



KSEMA WEALTH PVT LTD

Ksema Wealth- Alpha

CAGR18.0%

Ksema Wealth-Multicap

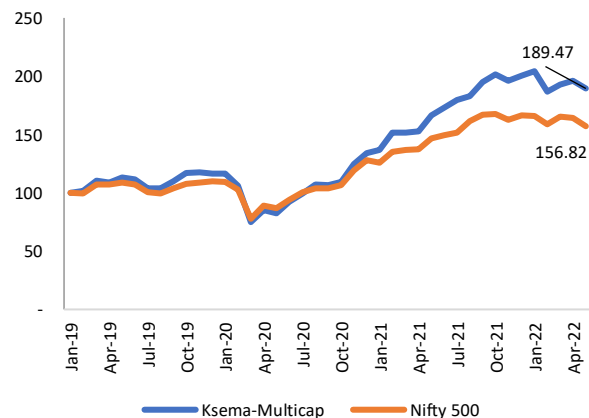
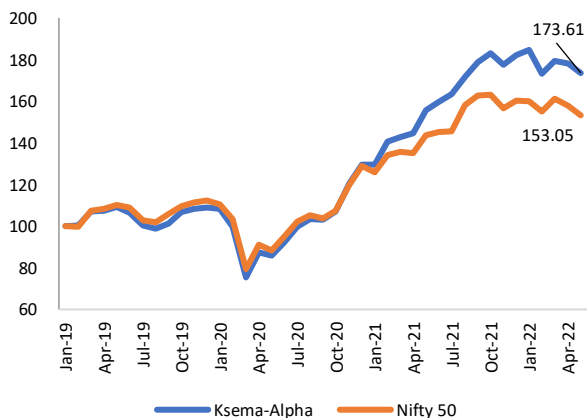
CAGR21.1%

KSEMA WEALTH ALPHA- INDIA OPPORTUNITIES

	Alpha	Nifty 50
Average Monthly return	1.60%	1.26%
Monthly maximum loss	-24.3%	-23.3%
Month of Maximum loss	Mar-20	Mar-20
Annualized Return	18.0%	13.6%
Annualized Volatility	22.0%	21.0%
% of winning months (against benchmark)	65.0%	na
% of gained months	68%	60.0%
YTD	-3.22%	-5.04%
Sharpe (RF 7%)	0.50	0.31
Alpha	4.98%	na

KSEMA WEALTH MULTICAP- INDIA OPPORTUNITIES

	Multicap	Nifty500
Average Monthly return	1.90%	1.33%
Monthly maximum loss	-29.6%	-24.3%
Month of Maximum loss	Mar-20	Mar-20
Annualized Return	21.1%	14.5%
Annualized Volatility	25.7%	21.4%
% of winning months (against benchmark)	65.0%	na
% of gained months	70%	62.5%
YTD	-1.62%	-5.21%
Sharpe (RF 6.5%)	0.55	0.35
Alpha	8.33%	na



KSEMA WEALTH PVT LTD

MARKET REVIEW& OUTLOOK

Global

The U.S. real GDP decreased at an annual rate of 1.5% in the first quarter of 2022. The decrease in real GDP reflected decreases in private inventory investment, exports, federal government spending, and state and local government spending, while imports increased. According to U.S. Bureau of Economic Analysis, in April 2022, the personal income increased USD 89.3 bn, or 0.4 percent at a monthly rate, while consumer spending increased USD 152.3 bn, or 0.9 percent. The increase in personal income in April primarily reflected an increase in compensation and personal income receipts on assets that were partly offset by a decrease in proprietors' income. This higher-than-expected spending is being viewed positively by the investment community.

However, signs of weakness in consumer spending pose a challenge. For instance, Walmart stating that some of its more price-sensitive customers are beginning to trade down to private-label brands, Target stating that they had higher levels of markdowns last quarter, and Amazon stating that it had recorded the slowest revenue growth for any quarter since the dotcom bust.

In May, the Fed raised rates by 50 bps raising its rate to 0.75%. Federal Reserve Governors and Treasury Secretary have alerted on higher inflation and are expected to act sharply raising concerns of hard landing or may even lead to recession sooner than later. This resulted in decline in the markets during the month. The calendar year return has further declined into red with most of the lead stocks in 52 wk low lvls.

Since June, Shanghai has begun to lift its two-month citywide lockdown. The economic impact of this lockdown was more severe than the prior lockdowns in China. In April, output from Shanghai's industrial sector was valued at 128.6 billion yuan (US\$19.2 billion), a decline of 61.5% compared with the same month last year. Most other big cities in the region – such as Ningbo and Hangzhou – also recorded falling growth rates in the industrial sector in April. As Shanghai is the strategic centre for supply chains and logistics networks in the region, the effect on manufacturing output and supply chains has been large.

India

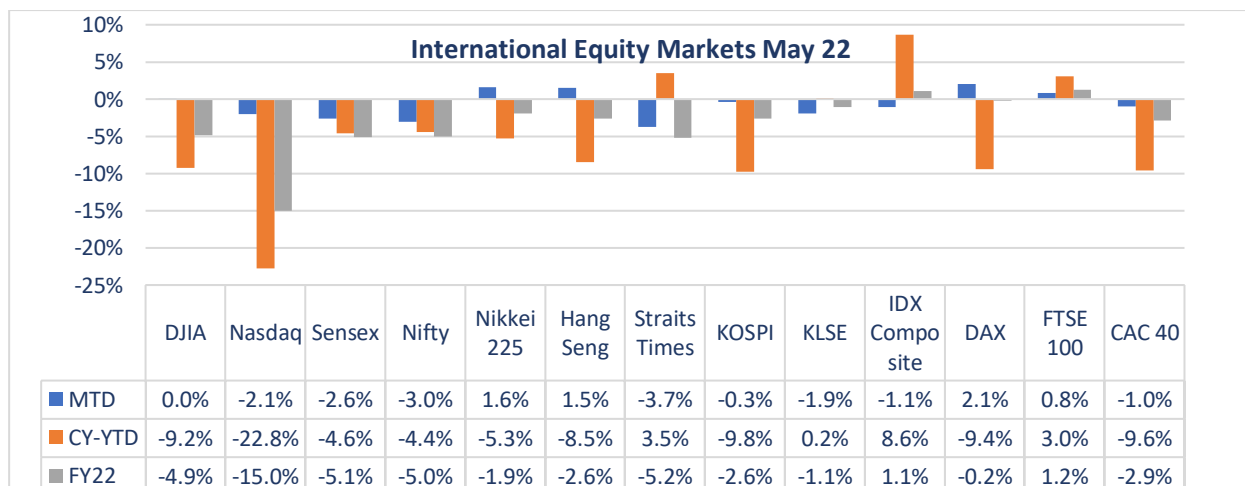
In FY22, India's GDP stood at INR 147.4 lakh cr, registering a yoy growth of 8.7% and 1.5% compared to FY20. In Q4FY22, the GDP stood at INR 40.7 lakh cr, registering a yoy growth of 4.1%. The growth was hindered by covid third wave, Russia-Ukraine conflict, supply chain disruptions, commodity prices increase, rising inflation, and slow rural demand. The nominal GDP has risen by 19.5%.

On May 4, the RBI unexpectedly tightened monetary policy, increasing its policy interest rate and reducing liquidity in the banking system. It raised the policy repo rate by 40 basis points to 4.4% and increased the cash reserve ratio by 50 basis points to 4.5%. This is the first-rate hike since August 2018.

Retail inflation surged to a near 8-year high of 7.79% in April, persisting above the Reserve Bank of India's inflation target for the fourth straight month. Though, the rate hikes are proposed to combat rising inflation, critics argue that RBI was behind the curve. This sudden move to increase the repo rate is also being viewed as a measure of maintaining (more or less) the interest differential against the US dollar and thereby keeping the dollar-rupee exchange rate relatively stable. The current interest rate differential is 3.65%.

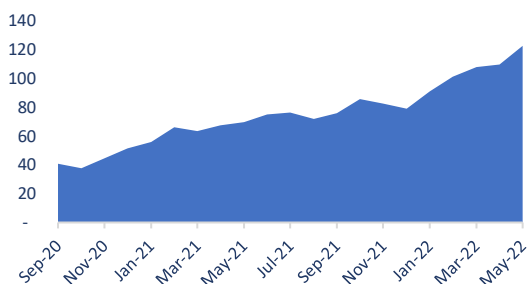
The RBI Governor has further indicated rate rise in the upcoming meeting. In the current scenario, the investment community expects an addition rate hike of 35-50 bps in the next MPC meeting and an overall rate hike of 100 bps in FY23.

In FY22, the Nifty revenues stood at INR 51.2 tr (up 29% yoy and 28% compared to FY20) and profits at INR 6.1 tr (up 45% yoy and 102% compared to FY20). Metals & mining, oil gas & consumable fuels, IT, and financial services accounted for 70.2% of the Nifty revenues and 75.8% of Nifty profits in Q4FY22. In general, during the quarter companies increased their prices to offset their cost pressures but the high commodity prices coupled with rising fuels costs continue to squeeze the margins. We continue to maintain our expectation of 18% profit growth in the FY 2023, leading to PEG of 1.

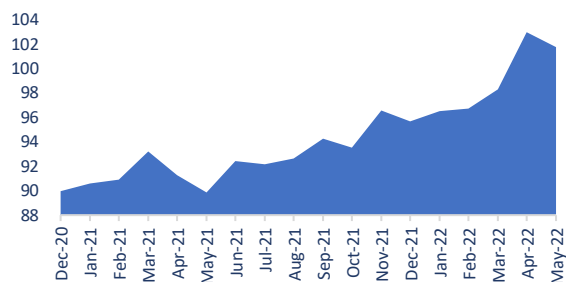


CHARTS OF THE MONTH

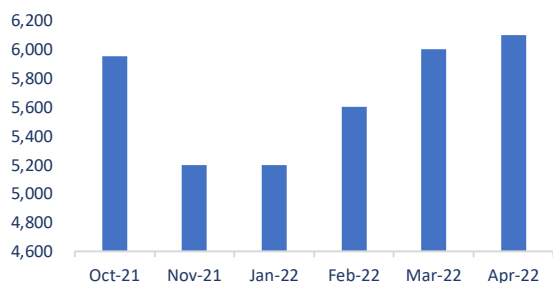
Crude Oil (USD/barrel)



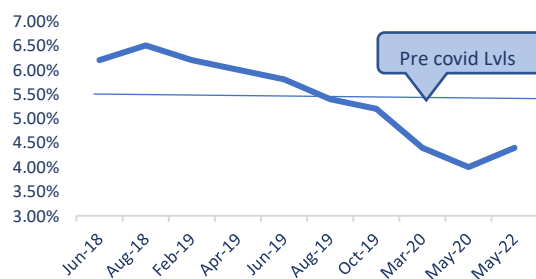
USD Index



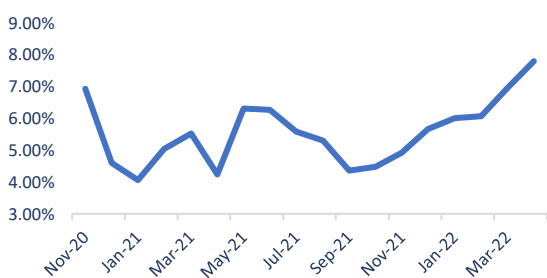
Iron ore lump (INR/tonne)



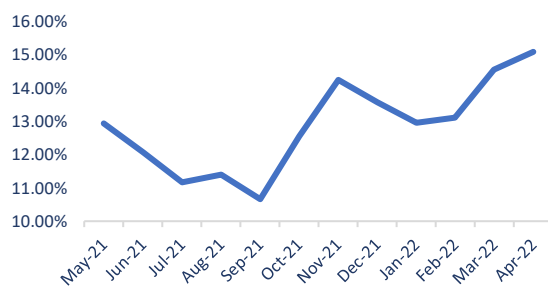
Repo Rate



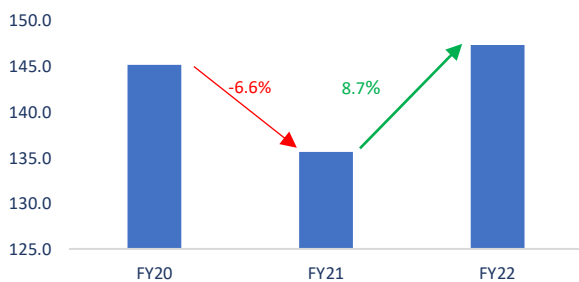
CPI



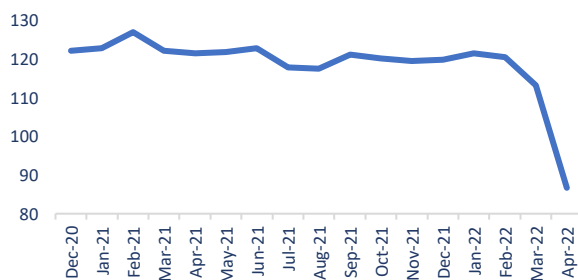
WPI



GDP



China Consumer Confidence Index



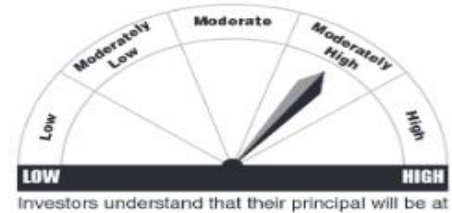
KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES

May 2022

THEME

The fund seeks long-term capital appreciation by investing substantially in the equity securities of companies that are leaders in their industries/segment of industries, and which the managers believe are suitable for a buy-and-hold strategy.

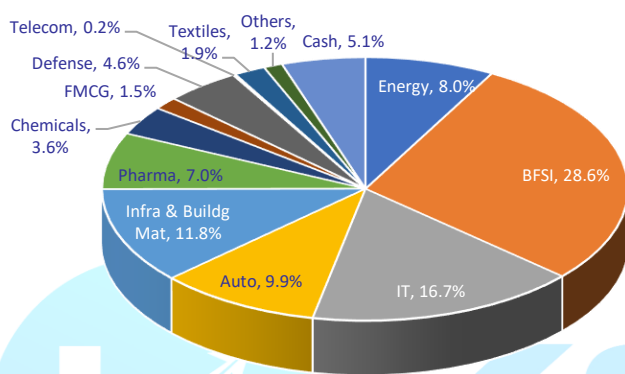
RISKOMETER



Moderately High Risk

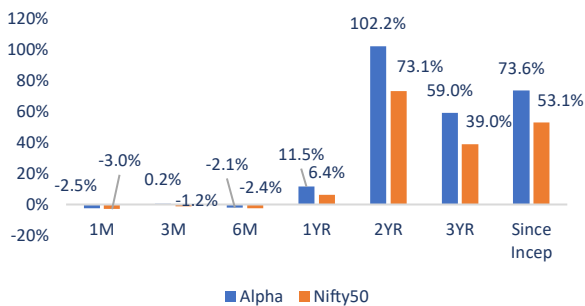
TOP HOLDINGS

SECTORAL ALLOCATION



Company Name	Holdings (%)
ICICI Bank Ltd	6.46%
Reliance Industries Ltd	6.16%
State Bank of India	5.85%
Larsen & Toubro Ltd	5.28%
TCS Ltd	4.27%
Cash	5.14%

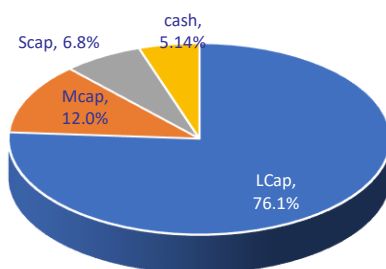
PERFORMANCE (%)



Performance Review

The better stock picks has enabled outperformance during the month albeit in negative territory. The broader market consisting of Banks, defense and textiles did well. The results of BFSI are encouraging as economy is reemerging and joined the old trajectory as we expected. The cyclicals are showing signs of support that kept our portfolio ahead of benchmark. The dividend payout ratio is also better than last year leading to higher overall return.

MARKET CAPITALISATION (%)



OUTLOOK

The macro situation in India is relatively better than many economic zones, except for imported inflation. Companies are showing signs of improved topline in the coming year with average utilization levels too touching mid 70%. This will call for capex, leading to cyclical further benefiting from the incremental demand. With the soft commodities prices correcting from its April high, we expect the margins to stabilize in Q2.

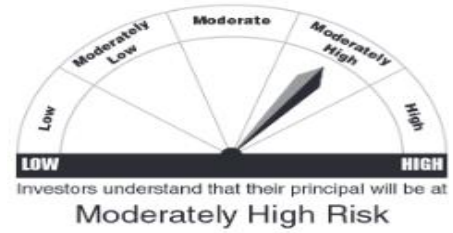
KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES

May 2022

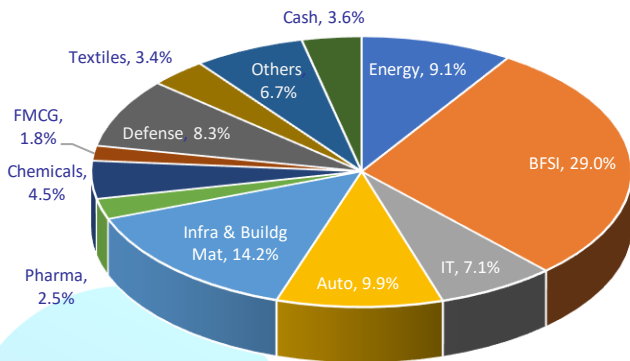
THEME

The fund seeks superior returns over long term by investing in high growth-oriented stocks that are sector agnostic

RISKOMETER



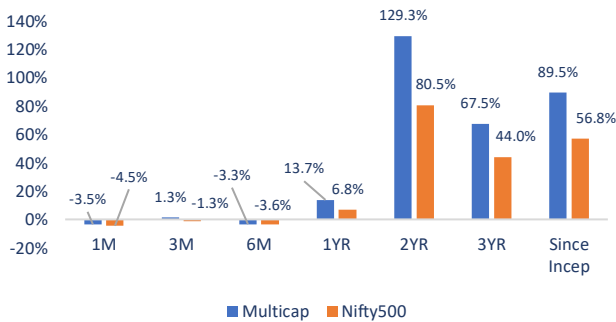
SECTORAL ALLOCATION



TOP HOLDINGS

Company Name	Holdings (%)
ICICI Bank Ltd	5.54%
State Bank of India	5.50%
Reliance Industries Ltd	4.97%
Axis Bank Ltd	4.48%
Larsen & Toubro Ltd	4.38%
Cash	3.57%

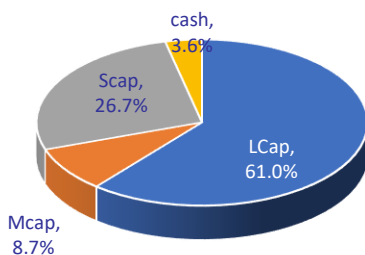
PERFORMANCE (%)



PERFORMANCE REVIEW

The portfolio continued to widen its outperformance though reporting losses for the month. The Textiles and Defense sector enabled the out beat. In the past one year the portfolio's return is twice that of the benchmark. Though the broader market corrected steeply, its recovery will also be sharp provided the stocks are fundamentally strong. We experienced the same during the month.

MARKET CAPITALISATION (%)



OUTLOOK

The year FY23 is going to see many more individual success stories in the energy, textile, defense, agriculture apart from BFSI. We are well poised to capitalize on the same by reshuffling the portfolio to accommodate the new winners. We are increasing our exposure to Agriculture, auto ancillary and energy. The current year is turning out to be stock pickers market and we will strive to lead the portfolio with good bets.



KSEMA

WEALTH MANAGEMENT

KSEMA WEALTH PVT LTD

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