



## MARKET REVIEW NOV 2019

### GLOBAL EVENTS

Most part of 2019 was witness to the trade tussle between United States and China. While the US and China are yet to arrive at a concrete phase-1 trade deal, the optimism that the trade war would come to a close pushed most of the global markets higher during the month. The developed markets continued their rally during November and emerged as the best performing markets for the year especially the US. Emerging markets displayed a mixed performance with most Asian markets underperforming.

Going forward, the tariffs are likely to be increased if the US-China trade deal is not reached on or before Dec 15. The US recently passed bill on Xinjiang and Hong Kong which has strained the relation between China and US and cast doubt over a potential trade deal.

According to the new estimates by OECD, the world economy is growing at the slowest pace since the financial crisis, which cut GDP growth to 2.9% for 2019 and 2020. Besides trade wars and a sharp Chinese slowdown, bigger concerns include climate change, digitalization, and the crumbling of the multilateral order.

OPEC in its annual World Oil Outlook has said that the outlook for global growth, at least in the short- and medium-term, has been revised down repeatedly over the past year as U.S. tight oil (shale), in particular, has again outperformed expectations. As a result, it lowered its outlook numbers for global oil demand growth, to 104.8M barrels per day by 2024, and 110.6M bpd by 2040. OPEC's production of crude oil and other liquids is also expected to decline to 32.8M bpd by 2024, compared with 35M bpd in 2019.

The oil prices remained rangebound during the month. Brent closed higher by 3.6% and WTI closed marginally higher by 1.8%. Despite the central banks across the globe taking effective measures to arrest the slowdown, Gold for the month declined by 3.2% owing to aggressive stands of the US and China on the trade issue.

### INDIAN MARKETS PERFORMANCE

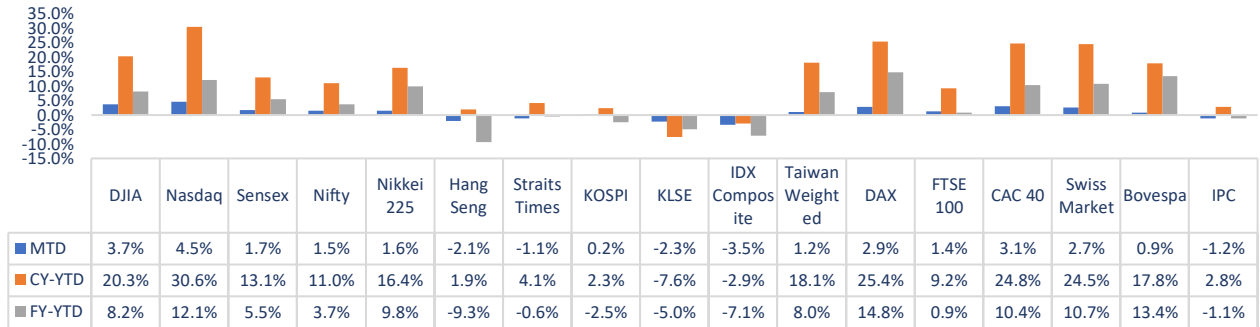
The month saw some of the high frequency economy indicators flashing new lows. However the Indian equity indices ignored the same on the back of significant inflows from the FII's and positive global sentiments. FII's remained buoyant in the Indian markets post the announcement of the Corporate rate tax cut and in an anticipation of furthermore reforms such as labour code, land acquisitions and removal of Dividend Distribution Tax or reversing the Long Term Capital Gain tax (LTCG). The month saw the highest FII inflow during the year to an extent of Rs 25,229 cores. Both Nifty and Sensex closed higher by 1.5% and 1.7% respectively.

The Q2 FY20 GDP fell to the lowest level in a decade to 4.5% on the back of muted consumption growth and a stagnant private investment. The eight core industries decelerated further to (5.8%) levels. IIP for the month of Sep'19 fell to (-) 4.3% on YoY basis. Inflation (CPI) for Oct'19 touched 4.6% due to high vegetables and pulses prices.

However certain indicators provided a respite. The GST collection for November was at Rs 1.03 lakh crores which is a 6% surge on MoM basis. The Brent crude prices were at 60\$ levels providing cushion to the fiscal deficit. The Government Final Consumption Expenditure (GFCE) which denotes government expenditure recorded a steep rise which had surged by 15.6% YoY during Q2 FY 20.

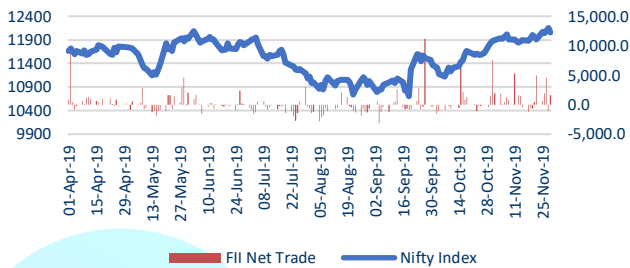
The Government is also firm on continuance of the reform process particularly on the sectors related to Real Estate and Infrastructure. With successful closure of Essar steel case the banks are well capitalized and stands firm to support any of the reform measures in these sectors. The positive capital markets always enable lifting the economy from the slumber and the Government of the day has realized the same.

## GLOBAL MARKETS PERFORMANCE

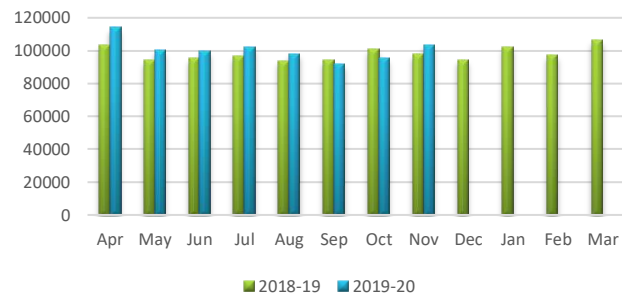


Source: Ksema Wealth

### Nifty Vs FII's Trade



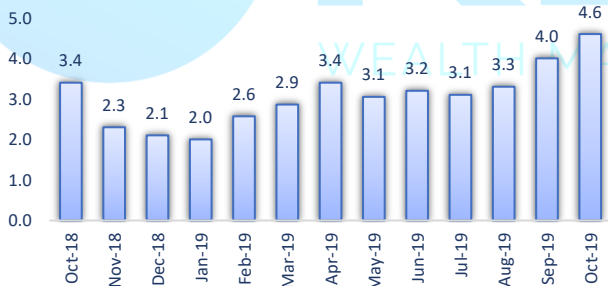
### GST Collection (In Rs Crs)



Source: NSEINDIA; SEBI

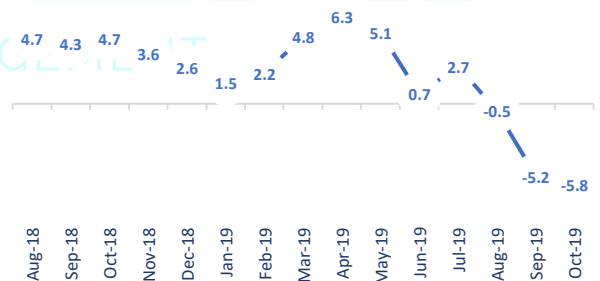
Source: MoF (DoR)

### Inflation (%)



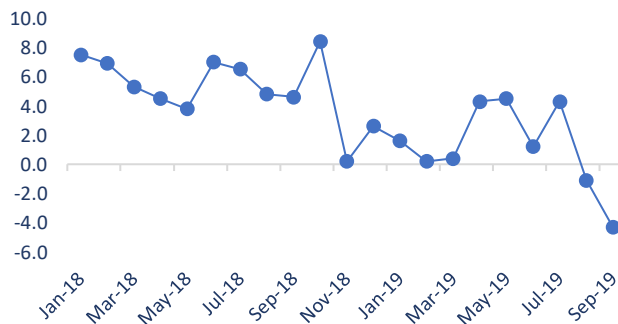
Source: MOSPI

### Eight Core Industries (%)



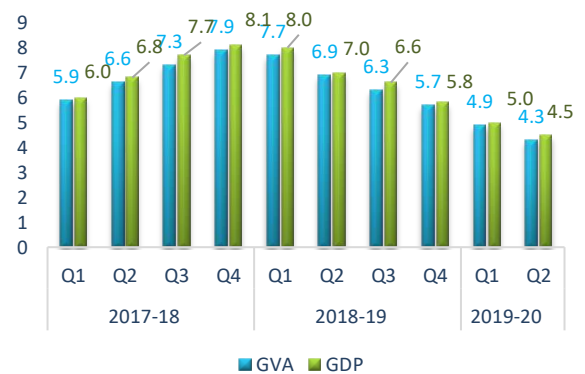
Source: MOSPI

### IIP (%)



Source: MOSPI

### Quarterly GDP (%)



Source: DEA

# KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES

NOV 2019

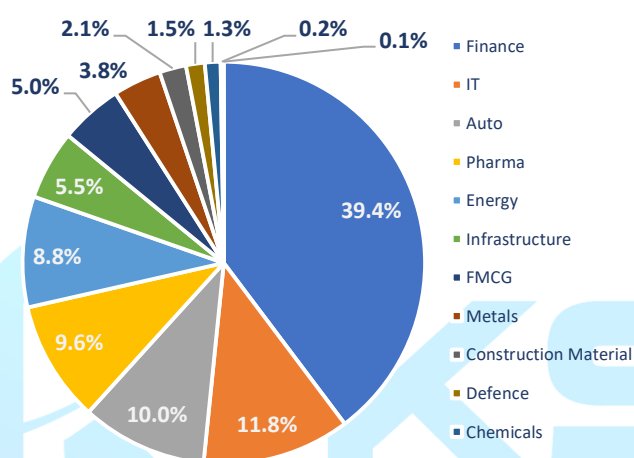
## THEME

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



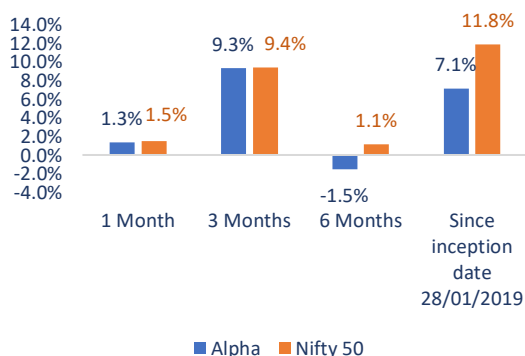
## SECTORAL ALLOCATION



## TOP HOLDINGS

Company Name	Holdings (%)
ICICI Bank Ltd	6.5%
Reliance Industries Ltd	6.1%
State Bank Of India	5.7%
Larsen & Toubro Ltd	5.5%
Kotak Mahindra Bank Ltd	4.6%
Cash	0.9%

## PERFORMANCE (%)



## PERFORMANCE REVIEW

FII's continued to pump in money on the back of further reforms expectations from the government which boosted the markets. Our Alpha theme marginally underperformed the benchmark during the month owing to skewed performance in the index constituents. As expected the Financials and Pharma sector contribution improved in the month which remained laggard for long period.

## MARKET CAPITALISATION (%)

Large Cap	88.3%
Mid Cap	9.7%
Small Cap	1.2%

## OUTLOOK

The Lower interest rate scenario, reform driven Governance, appearance of green shoots in rural consumption, abundance of Karif backed by good monsoon, forthcoming Budget with promise of personal tax tweaks – all augurs well for equity investments in the current situation. The flow of FPI funds also shows resurgence of this set of investors. We will stay invested in the value leaders which will attract further interest.

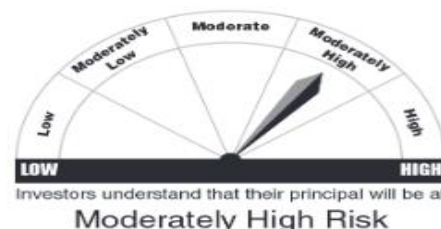
# KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES

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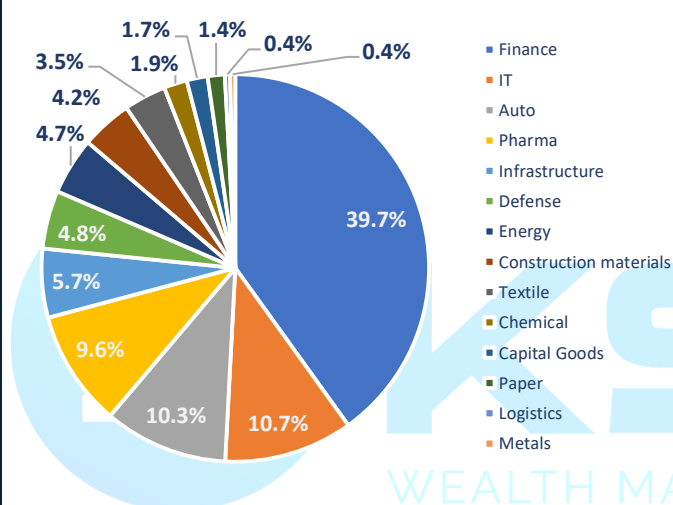
## THEME

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

## RISKOMETER



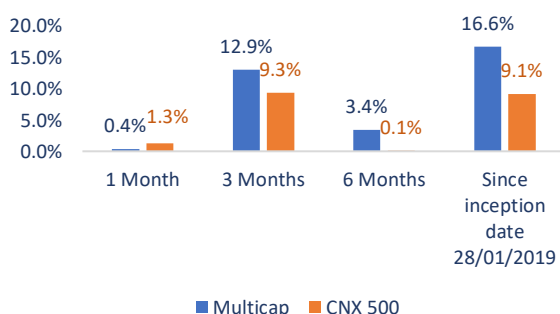
## SECTORAL ALLOCATION



## TOP HOLDINGS

Company Name	Holdings (%)
ICICI Bank Ltd	5.3%
Federal Bank Ltd	4.8%
State Bank of India	4.6%
Infosys Ltd	4.5%
Bharat Electronics Ltd	4.3%
Cash	1.2%

## PERFORMANCE (%)



## PERFORMANCE REVIEW

The skewedness was visible in the performance of the stocks with large cap outperforming the broader market. However, there were signs during the month with select beaten down midcap sectors like NBFCs and Pharma seeing fresh interest as their valuations were attractive. More broadening of market should enable spread of the risk and balance the market which is otherwise looking expensive considering the historic multiples.

## MARKET CAPITALISATION (%)

Large Cap	57.2%
Mid Cap	22.1%
Small Cap	19.6%

## OUTLOOK

As we expected the FPIs and HNIs have shown increased momentum. With renewed interest and wider participation of counters, the market is likely to attract further allocation from FPIs for the next Calendar year. This will keep the market firm for the coming months. In addition to the liquidity, the reform push by the Government could add confidence to the market. We will stay invested and would reshuffle the portfolio by increasing the weights in Mid and small cap stocks that are attractively valued.



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