



MARKET REVIEW OCT 2019

GLOBAL EVENTS

The global markets were positive amidst optimism surrounding the US-China trade war and breather on Brexit deal. Better than expected Q3 earnings from the US corporates along with fed rate cut lifted the sentiments further.

The US high frequency data showed subdued trend for the month of September. The ISM manufacturing PMI slid to 47.8, missing the 50 consensus and ISM Non-Manufacturing Index slid to 52.6 vs. 55.5 consensus. The tepid U.S. services sector activity data combined with weak manufacturing woes and a slowdown in private sector job creation, sparked hopes that the Fed will cut interest rates further. At the end of the month, the Fed continued its mid-cycle adjustment by cutting interest rates to the 1.5%-to-1.75% range, but also indicated that it would pause the monetary easing cycle before implementing additional rate cuts. The trend was reflected in other Global central banks as well with their dovish stances of reduction in rates coupled with easy money policy. The concerted efforts from central banks and sovereign initiatives will impose faith in the fragile economies.

During the month the Euro zone was weighed not only by the trade war concerns but also the impending Brexit issue. This was rightfully addressed by ECB in its latest meeting by bringing the interest rates to sub zero level of -0.5% and quantitative easing of Euro 20 bln per month in place until the inflation target is close to being achieved.

The Emerging markets were the outperformer during the month with Taiwan leading with a return of close to 5%. China's economic growth hit 6% in Q3, the slowest growth in at least 26 years, amid broad declines that seemed to presage the need for more intervention to arrest the declines. The end of the quarter saw some recovery in industrial production and retail sales, according to China's statistics bureau, but investment in fixed assets was on the decline and investment in agriculture, manufacturing and industrial sectors fell off in September. The Caixin/Markit manufacturing PMI came in at 51.7 for Oct'19 as export orders and production rose. We have to observe for the coming months to see if it bottoms out.

The oil prices remained rangebound during the month. Brent closed lower by 0.9% and WTI closed marginally higher by 0.2%. Gold for the month surged higher by 2.8%.

INDIAN MARKETS PERFORMANCE

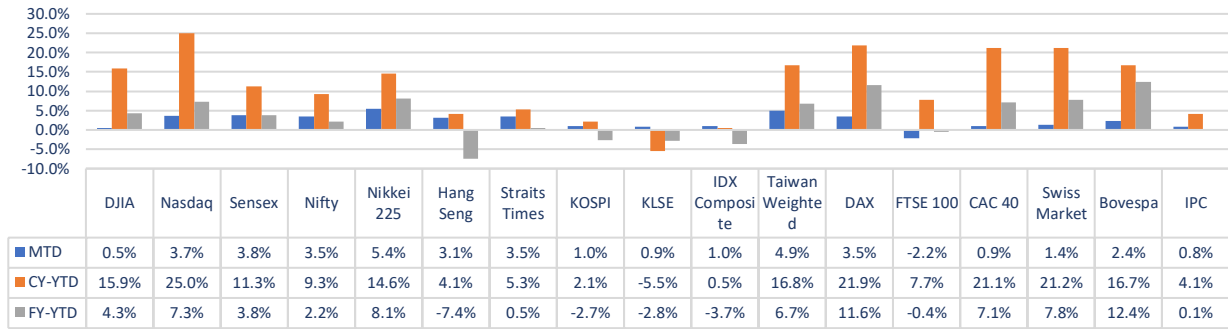
Confluence of factors such as further repo rate cut by RBI, reduction in Corporate tax, improved festive demand, better than anticipated Q2 corporate earnings resulted in Indian Indices surge higher during the month. Both Nifty and Sensex closed higher by 3.5% and 3.8% respectively. FIIs were net buyers to an extent of Rs 12,376 crores.

However, on the macro front, the high frequency economic indicators reported during the month were below normal. The GST collection has dropped to Rs. 95K crores for Oct'19 which is the lower than last year. IIP for the month of Aug'19 fell to (-) 1.1% on YoY basis and against street expectation of 1.8% growth. The decline in IIP suggests to the fact that measures taken by the government though supply side is yet to move the demand side. Inflation (CPI) for Sep'19 touched 3.99% which was above market expectation of 3.7% and closer to RBI's inflation target rate. This is on the back of higher food prices which are likely to continue over next couple of months. The Scheduled commercial banks (SCBs) credit growth moderated to single digit and 24-months low of 8.79% YoY as on 27 Sep'19. However the festive credit and shamiana loan mela might drive growth in the coming weeks.

The Auto sales for the month of October saw a boost on a sequential basis as the festive demand picked up. The availability of finance through the NBFCs too improved driving fresh purchases. But we must wait and see whether the trend would continue in upcoming months, as the revival in the auto sales were on the back of higher discounts provided to the customers.

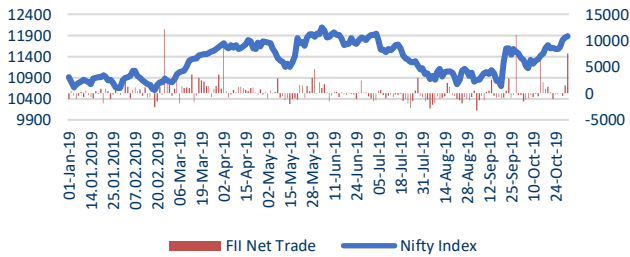
As regard the Second quarter results of index companies around 29 companies in NSE 50 have reported their Q2 earnings and among them 17 companies have beaten the market expectations. The total revenue for Q2'20 surged by 2.5% YoY and marginally fell by 0.6% on QoQ basis. The total earnings increased by 24.9% YoY and 18.2% QoQ. About 219 companies have reported their Q2 earnings in Nifty 500. The total revenue for Q2'20 surged by 2.8% YoY and 0.3% on QoQ basis. The total earnings increased by 18.2% YoY and 6.7% QoQ. The reduction in corporate tax has played a major role in improved bottomline with 60% of the companies opting for the new rate during the current year. The topline will see improvement in the coming quarters on the back of good monsoon across the country.

GLOBAL MARKETS PERFORMANCE

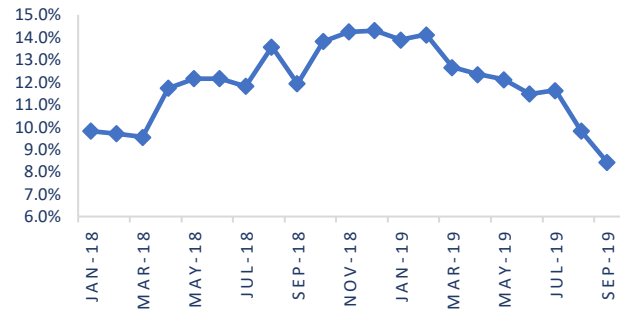


Source: Ksema Wealth

Nifty Vs FII's Trade

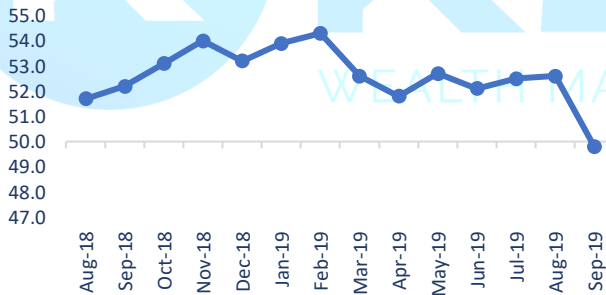


Bank Credit growth (%)



Source: NSEINDIA; SEBI

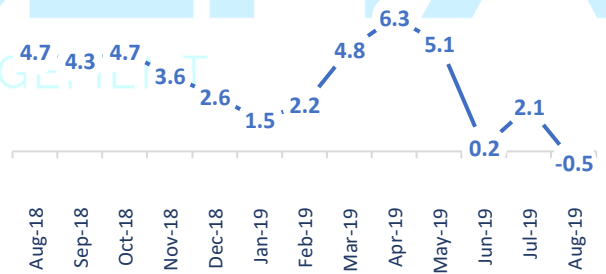
PMI Composite (%)



Source: MOSPI

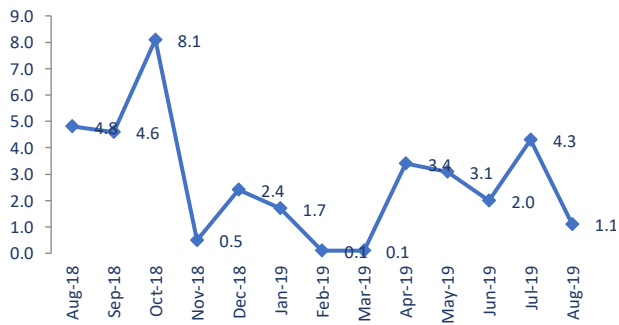
Source: RBI

Eight Core Industries (%)



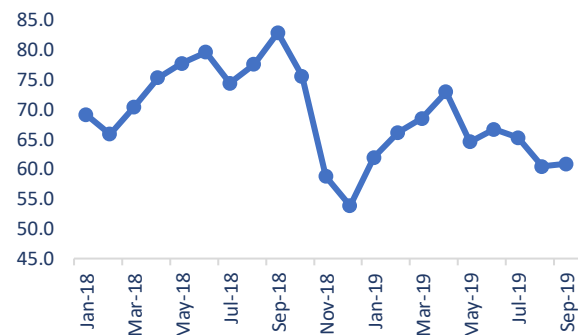
Source: MOSPI

IIP (%)



Source: MOSPI

Brent Crude (In \$)



Source: Investing.com

KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES

OCT 2019

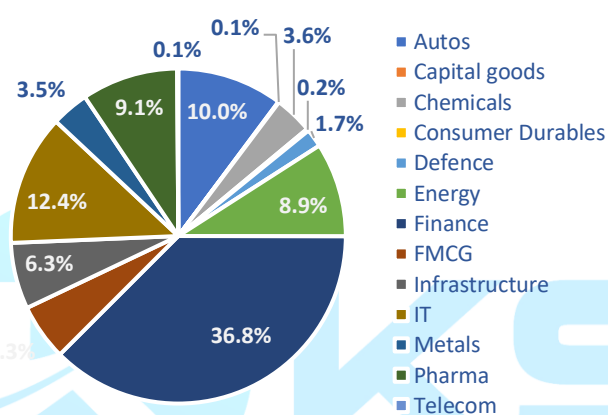
THEME

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



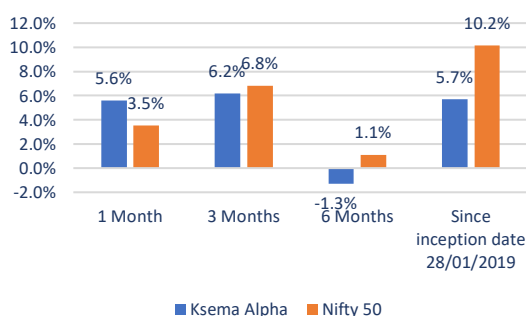
SECTORAL ALLOCATION



TOP HOLDINGS

Company Name	Holdings (%)
Larsen & Toubro Ltd	6.1%
ICICI Bank Ltd	6.0%
Reliance Industries Ltd	5.9%
SBI	5.2%
TCS	4.6%
Cash	1.9%

PERFORMANCE (%)



PERFORMANCE REVIEW

Better than anticipated Q2 earnings announcements from the largecaps lifted the market sentiments. Above expectation results from Banking sector and declining provisions boosted interest from institutional investor in the sector. Chemicals and Pharma too supported with better performance for the month. Our Alpha theme outperformed the benchmark during the month where we are overweight in these sectors.

MARKET CAPITALISATION (%)

Large Cap	88.1%
Mid Cap	9.9%
Small Cap	0.2%

OUTLOOK

Large-caps may witness a re-rating on the back of reduction in Corporate Tax which is likely to boost the profitability along with improvement in the core performances. The increased interest in FPIs can assist further momentum in the market.

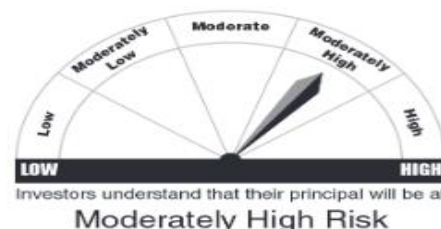
KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES

OCT 2019

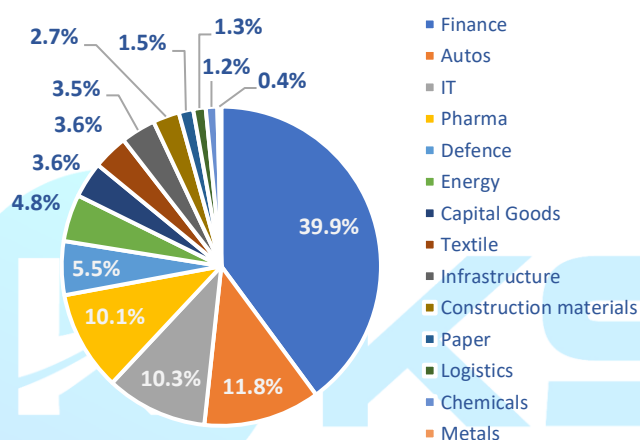
THEME

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

RISKOMETER



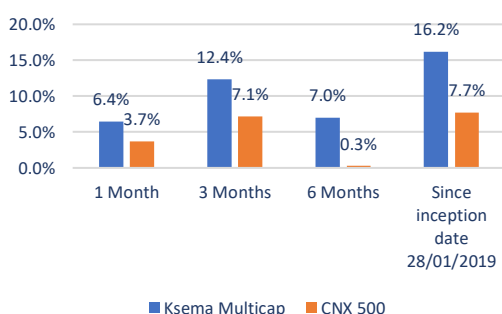
SECTORAL ALLOCATION



TOP HOLDINGS

Company Name	Holdings (%)
State Bank of India	5.4%
Bharat Electronics Ltd	4.9%
ICICI Bank Ltd	4.8%
Federal Bank Ltd	4.5%
Infosys Ltd	4.3%
Cash	1.2%

PERFORMANCE (%)



PERFORMANCE REVIEW

The Financials, Pharma and Auto stocks did well on the back of good results. The general market for the first time in a year experienced broader interest in the mid and small cap stocks. Throughout the month the adv-dec ratio were tilted positively. Our holdings were among the outperformers due to their strong foothold in their respective business segments.

MARKET CAPITALISATION (%)

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

OUTLOOK

The upcoming month might continue to see increased interest as the investors who were in sidelines have started investing. This includes FPIs and HNIs. With valuations very attractive in the mid and small segment compared to the large cap, we foresee enhanced interest in this segment of the market. Financial sector which shows signals of bottoming out, could lead the market further.



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