# KSEMA WEALTH MANAGEMENT PVT LTD

## MARKET REVIEW OCTOBER 2020

### GLOBAL MARKETS

The month of October saw the second wave of Covid spreading across the western world resulting in many Governments announcing lock down or restriction of public movement. The new active cases have created flutter among the investment community as the relapse of old situation might create chaos and impact the economic recovery that we have started seeing. This resulted in most of the European and developed markets close with a negative return ranging from 2% to 9% for the month.

The US markets were engrossed in the presidential elections which were a polarized one and was seen in the results as well. The uncertain situation was further aggravated by the deferment of the much-awaited stimulus. However Federal Reserve indicated its intention to keep the interest rate lower until the inflation moves up to 2%. The easy money policy as well the upcoming stimulus will keep the risky assets in buoyant mood.

The European energy heavy weights and financial sector took the brunt amidst the re-emergence of the Covid wave. The Euro region PMI too fell to 49.4 in October compared to 50.4 in September showing the slowing economic activity in the region. With winter setting in, the situation might get tricky unless the vaccine becomes available for public.

The precarious situation in developed economies led to funds shifting towards Emerging markets. The MSCI Emerging market index outperformed the world index. Countries like India, Hongkong, Taiwan performed well as these economies were recovering faster.

### INDIAN MARKETS

The Indian markets reported Positive return amidst muted performance of Global markets. The economic recovery was faster than expected, which was visible in the high frequency data of PMI for the month of October being at 58.9 the highest. The GST Collection too was recorded at Rs 1.1 lakh crs equivalent to the pre covid levels. The results of the corporate for the quarter ending Sep20, was much better than expectation and also better than Sep19. The highlight of the results were that of the financial sector, which not only posted good results but also provided guidance of better growth prospects going ahead. Though the credit growth until the first half was in mid-single digit the aggregate guidance for the second half is in the region of 10%-12%. This moved the market in its favor leading to high contribution from this sector.

Apart from that the IT, Textiles and Pharma sector profitability were significantly higher owing to growth fueled by the global revenue. The IT sector also showed higher order flow owing to digitization and optimization in this troubled scenario.

The positivity surrounding the current festive season is likely to lift the economy to a higher trajectory in the second half of the year. This along with the stimulus from the Government should drive the demand leading to better performance from the cyclicals including Infrastructure, Auto and Banking. This should deepen the activity in the market with more participation from Mid and Small cap Stocks.

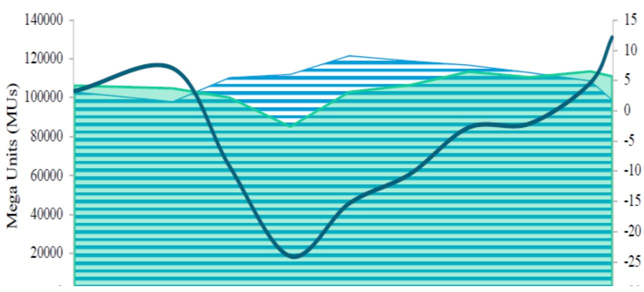
### GLOBAL MARKETS PERFORMANCE


| | DJIA | Nasdaq | Sensex | Nifty | Nikkei 225 | Hang Seng | Straits Times | KOSPI | KLSE | IDX Composite | Taiwan Weighted | DAX | FTSE 100 | CAC 40 | Swiss Market | Bovespa | IPC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MTD | -4.6% | -3.2% | 4.1% | 3.5% | -0.9% | 2.8% | -1.7% | -2.6% | -2.5% | 5.3% | 0.2% | -9.4% | -4.9% | -4.4% | -5.9% | -0.7% | -1.3% |
| CY-YTD | -7.1% | 23.2% | -4.0% | -4.3% | -2.9% | -14.5% | -24.8% | 3.2% | -7.7% | -18.6% | 4.6% | -12.8% | -26.1% | -23.1% | -9.7% | -18.8% | -15.1% |
| FY-YTD | 26.8% | 46.1% | 33.9% | 30.8% | 22.6% | -0.6% | -0.6% | 32.7% | 11.4% | 7.3% | 28.9% | 28.4% | 3.4% | 9.3% | 9.4% | 29.6% | 8.4% |

*Source: Ksema Wealth*

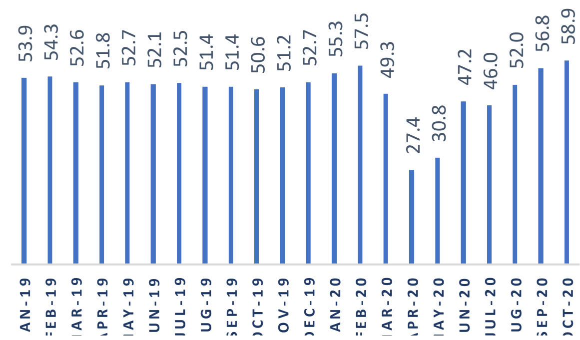
# India – Recovery Map

## PowerConsumption



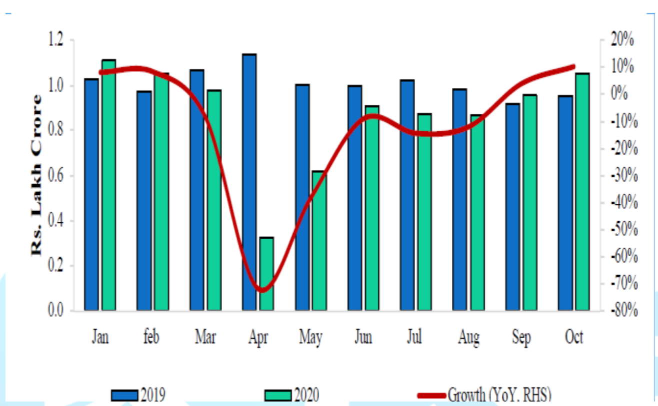

Source: MOSPI

## PMI



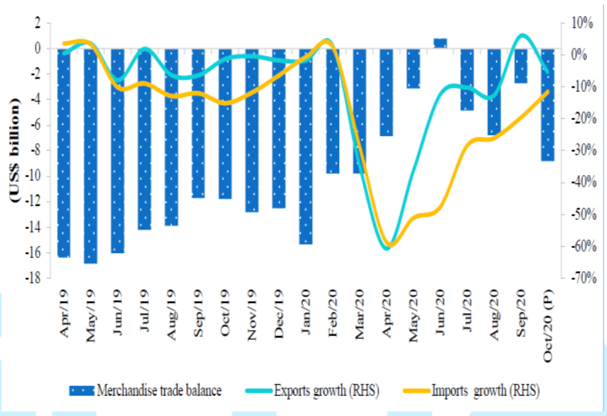

Source: DEA

## GST Collection




Source: DEA

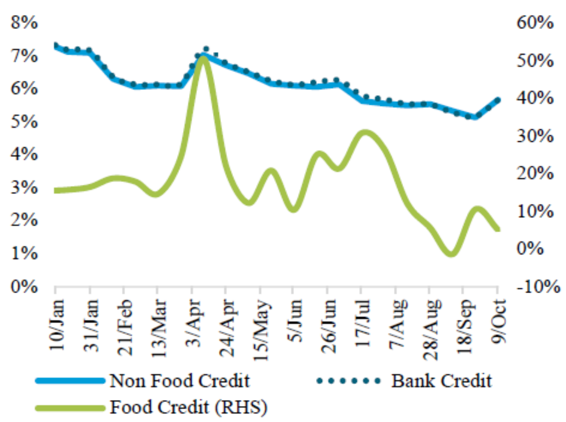
## Trade Balance




Source: DOC-MOCI

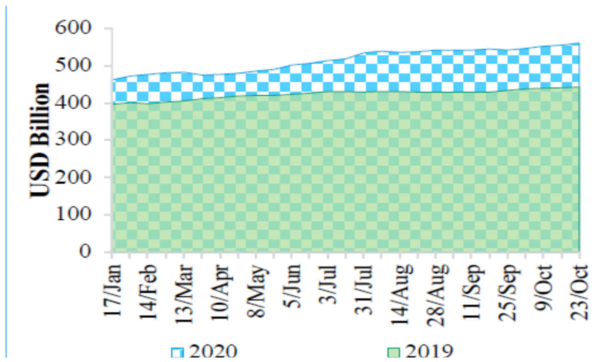


## Credit Growth




Source: RBI

## Forex Reserves




Source: RBI

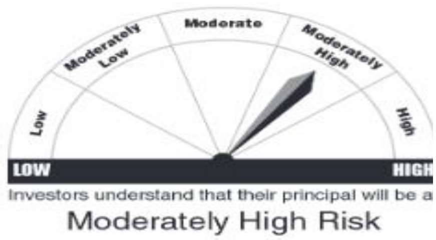
# KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES

## October 2020

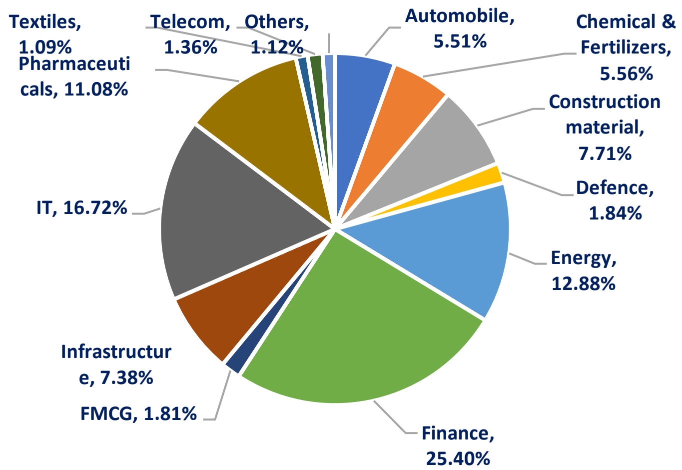
### THEME

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

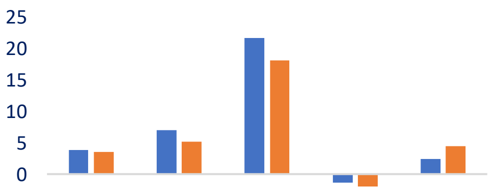



### TOP HOLDINGS

| Company Name | Holdings (%) |
|---|---|
| Reliance Industries Ltd | 7.02% |
| ICICI Bank Ltd | 5.02% |
| Infosys Ltd | 4.86% |
| Tata Consultancy Service Ltd | 4.38% |
| Kotak Mahindra Bank Ltd | 4.26% |
| Cash | 0.94% |



### PERFORMANCE (%)

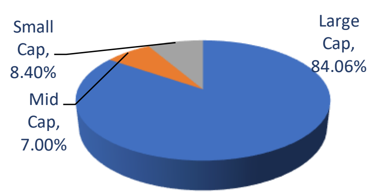



| | 1 Month | 3 Month | 6 Month | 1 Year | Since inception |
|---|---|---|---|---|---|
| Ksema Alpha | 3.82 | 6.99 | 21.61 | -1.32 | 2.43 |
| Nifty 50 | 3.51 | 5.14 | 18.08 | -1.98 | 4.47 |

### PERFORMANCE REVIEW

As expected, the Financials took center stage by surpassing other sectors. The increased weight in the BFSI has enabled the portfolio to outperform the benchmark. At stock level too, ICICI Bank was leading driver despite pressure from heavy weight Reliance. We were overweight in the stock that led to higher contribution. The IT sector too continued to do well as most companies were liberal in dividend owing to better performance.

### MARKET CAPITALISATION (%)




### OUTLOOK

The major economic high frequency data has started showing the improving ground reality. This was also visible in the initial half yearly results of leading corporate. The cyclicals including banks have shown the green shoots and this trend is likely to continue for the coming quarters. While the Government is satisfied with the progress of the economy it is also in the verge of announcing the Stimulus to sustain the demand and fuel the Growth.

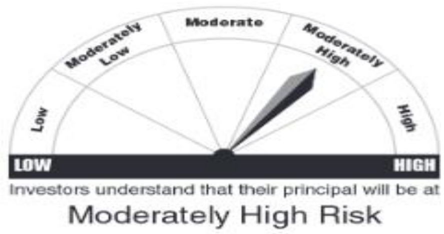
# KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES

## October 2020

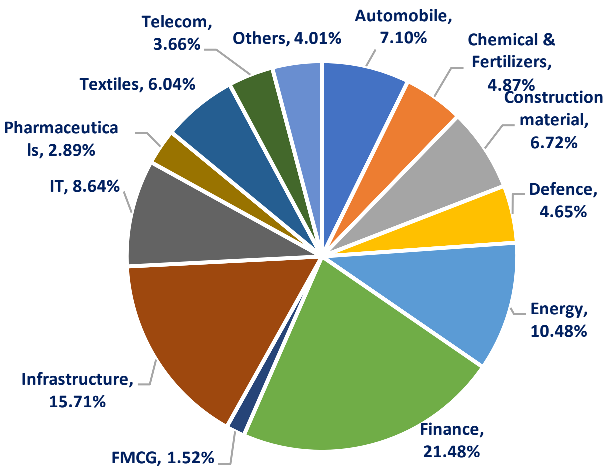
### THEME

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

### RISKOMETER




### SECTORAL ALLOCATION

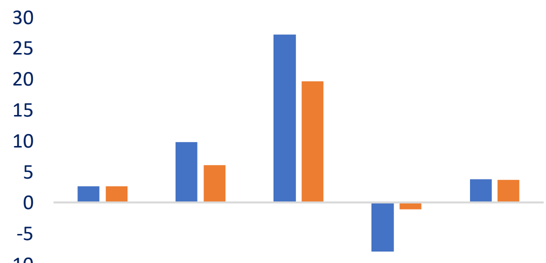



### TOP HOLDINGS

| Company Name | Holdings (%) |
|---|---|
| Tata Power Company Ltd | 4.58% |
| ICICI Bank Ltd | 4.05% |
| Finolex Industries Ltd | 4.03% |
| Infosys Ltd | 3.88% |
| KPR Mills Ltd | 3.75% |
| Cash | 2.23% |



### PERFORMANCE (%)

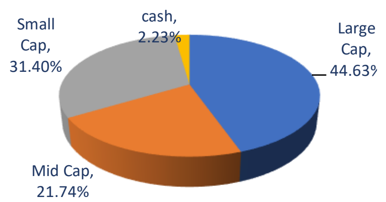



| | 1 Month | 3 Month | 6 Month | 1 Year | Since inception |
|---|---|---|---|---|---|
| Ksema Muticap | 2.58 | 9.74 | 27.19 | -7.96 | 3.71 |
| CNX500 | 2.57 | 6.04 | 19.58 | -1.11 | 3.66 |

### PERFORMANCE REVIEW

Though the small and mid cap stocks took the back seat in the month of October, certain performance backed movements were seen. Companies in the Textile exports, IT, Infra oriented reported better than expected performance and so enabled our portfolio to do well. The gains extended in the last six months and have outperformed the benchmark by a significant margin. Certain stocks like KPR Mills, Finolex, Dixon gained well and contributed to the outperformance.

### MARKET CAPITALISATION (%)




### OUTLOOK

With the volatile first half of the year being over in positive note, all hopes are embarked upon the second half. We believe that the cyclical and export dependent sectors will continue to do well in addition to consumption related stocks. The festive season drive will lift the 3rd quarter sentiments, the fresh allocation in Jan-Mar quarter by Foreign investors will boost the later part of the year.

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