

Indian Economy – Momentum Continues

Second Quarter (Sep-23) earnings season is currently underway and it is observed more companies have managed to beat the streets earnings estimates, and consequently their FY24 and FY25 earnings estimates are upgraded. In general, cyclicals related to capex, discretionary consumption, and Financials lead the upgrades and defensive sectors such as IT, FMCG, and retail are getting downgrades. It is estimated that NIFTY 50 companies can register a decent double-digit earnings growth in FY24, supported by sound growth in the banking, automotive, and capital goods sectors.

The RBI, in its Oct-23 MPC, kept the policy rate unchanged at 6.5% while maintaining hawkish stance on further taming the inflation. CPI Inflation fell sharply in September to 5% from 6.83% in August, mainly due to the fall in food inflation. Food inflation was +6.3% YoY in Sep compared to +9.2% in Aug. Though the food inflation fell, it is still high compared to average 4-5% in Jul-Aug, indicating the non-food inflation (+3.9%) has moderated further. Non-food inflation printed at 3.9% YoY, the lowest since Dec 2019. October print is further expected to be lower.

As per RBI's data release, over the past 4 quarters manufacturing capacity utilization has averaged 74.5%, the highest in the last 4 years. Even though India's exports declined by 2.6% YoY to USD 34.47 bn in September, the trade deficit stood at 5-month low of USD 19.37 bn, aided by double-digit fall in imports.

GST collection for October was Rs 1.72 trillion, registering the highest YoY growth in 10 months, which reflects higher sales in the on-going festive season.

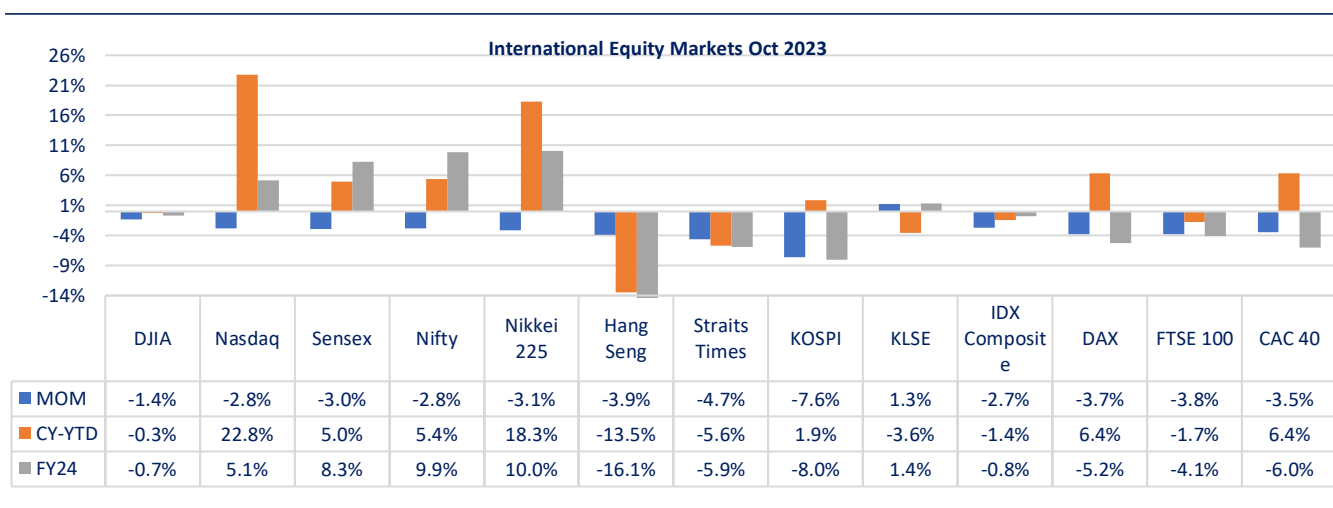
Festive season helped the auto sector with the highest-ever October sale of 3.91 Lakh passenger vehicles (PV). In October the electric 2-wheeler segment sold 70k units, 5.1% of overall 2W market, which helped 2W OEMs register double digit growth.

As the 10-yr US treasury yield almost touched 5% in October, the FII were net sellers in Indian Equity with a net outflow of USD 2.95 Bn during the month. The Domestic investors more than compensated with higher flows in Mutual funds and Insurance companies. Despite good results the global situation incited selling from FPIs, which we believe will be short lived.

Global Economy – West Asia Turmoil keeps a check.

According to advance estimates, US real GDP grew at an annual rate of 4.9% in the third quarter (Sep-23), reflecting increase in consumer spending and inventory investment. As US CPI was unchanged at 3.7% in Sep-23, the US Fed paused its rate hike in its Oct-23 meeting. After 10 consecutive rate hikes (0% to 4.5%) beginning Jul-22, the ECB took a pause as the Euro area inflation has fallen to 4.3% in September.

China's Q3 GDP grew at 4.9% YoY and industrial output and retails sales beat forecasts showing the benefits of stimulus. Global economy is disturbed by the turmoil, owing to withdrawal of momentum in certain geographies and Euro region is heading towards stagnation.



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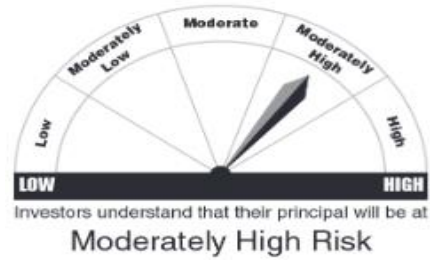
KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES

Oct 2023

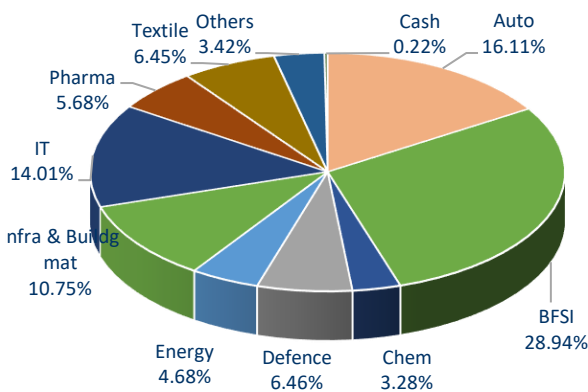
THEME

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



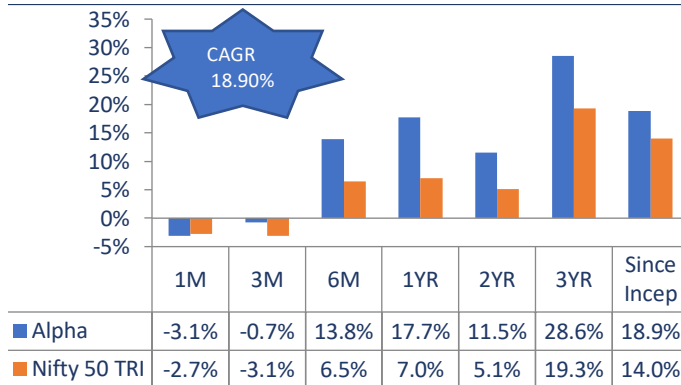
SECTORAL ALLOCATION



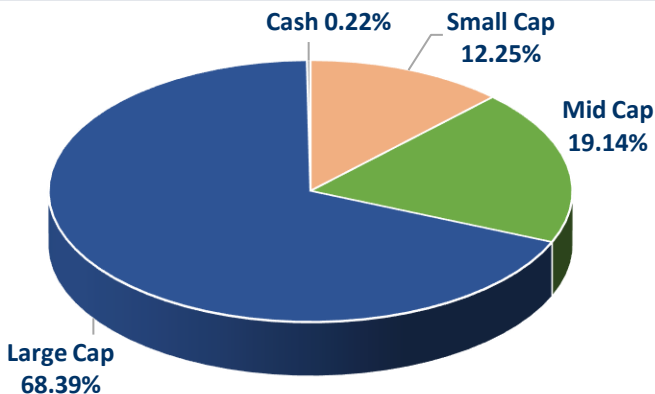
TOP HOLDINGS

Company Name	Holdings (%)
Larsen & Toubro Ltd	6.59%
ICICI Bank Ltd	6.57%
State Bank Of India	5.48%
Canara Bank	5.03%
HDFC Bank Ltd	4.97%
Reliance Industries Ltd	4.68%
Axis Bank Ltd	4.43%
Tata Motors Ltd - DVR	4.39%
Infosys Ltd	4.39%
Hindustan Aeronautics Ltd	4.29%
Tata Consultancy Services Ltd	4.04%
Mahindra & Mahindra Ltd	3.59%
NITIN SPINNERS LIMITED	3.00%
HCL Technologies Ltd	2.95%
Sun Pharmaceutical Industries Ltd	2.49%
Monte Carlo Fashions Ltd	2.48%
Dishman Carbogen Amcis Ltd	2.45%
Bharat Forge Ltd	2.35%
Bharat Electronics Ltd	2.17%
Tata Motors Ltd	2.14%

PERFORMANCE (%)



MARKET CAPITALISATION (%)



REVIEW & OUTLOOK

The volatility in the global markets hit the Indian markets and so our portfolio. The theme declined slightly more than the bench mark as small and mid cap stocks in the portfolio witnessed sharp selling. Though the recovery was seen towards the last week of the month the broader market lagged behind.

Going forward, with Federal maintaining status quo, and 10 yr yield declining from its peak we may see USD index declining and FPI return to the market. Also the new year allocation is likely to be higher in CY24 as India stands out in the globe with high growth rate and corporate showing strong growth trajectory in the forthcoming years.

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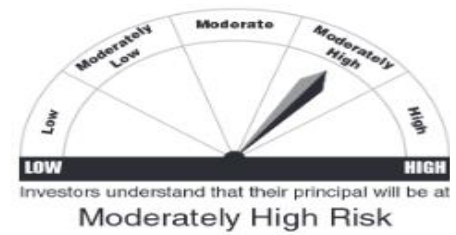
KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES

Oct 2023

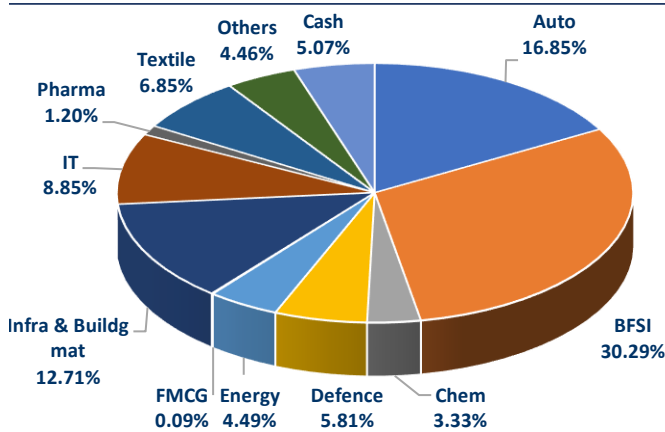
THEME

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

RISKOMETER



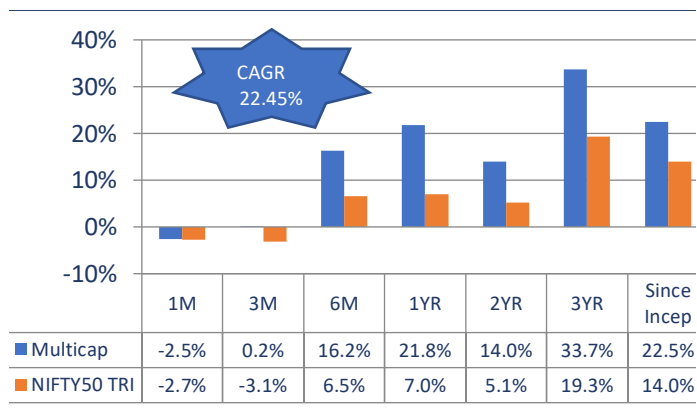
SECTORAL ALLOCATION



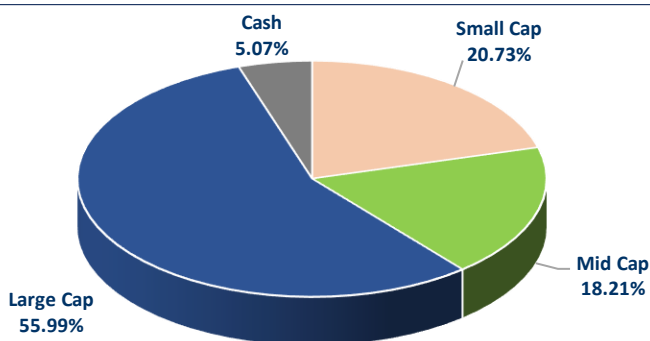
TOP HOLDINGS

Company Name	Holdings (%)
ICICI Bank Ltd	6.45%
State Bank Of India	5.03%
Canara Bank	4.94%
Larsen & Toubro Ltd	4.91%
Reliance Industries Ltd	4.49%
HDFC Bank Ltd	4.44%
Axis Bank Ltd	4.42%
Infosys Ltd	4.18%
Tata Consultancy Services Ltd	3.61%
City Union Bank Ltd	3.33%
Hindustan Aeronautics Ltd	3.31%
Bharat Forge Ltd	3.12%
Tata Motors Ltd - DVR	2.92%
Monte Carlo Fashions Ltd	2.90%
NITIN SPINNERS LIMITED	2.55%
Bharat Electronics Ltd	2.50%
Tata Power Co. Ltd	2.24%
Mahindra & Mahindra Ltd	2.13%
Va Tech Wabag Ltd	1.88%
Thirumalai Chemicals Ltd.	1.85%

PERFORMANCE (%)



MARKET CAPITALISATION (%)



REVIEW & OUTLOOK

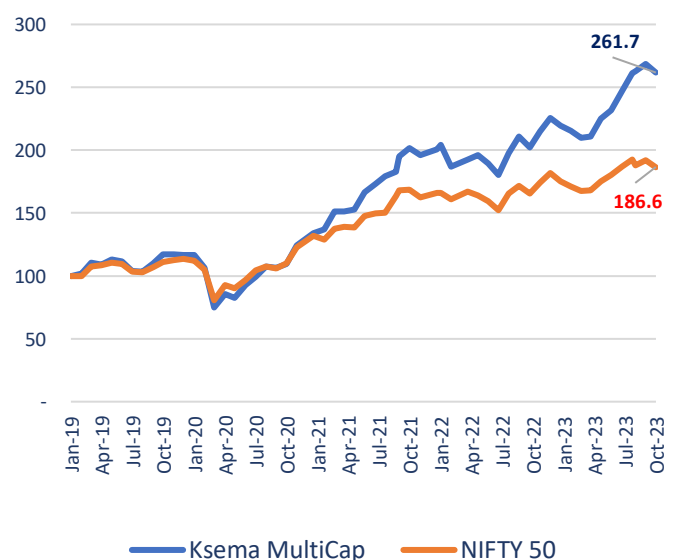
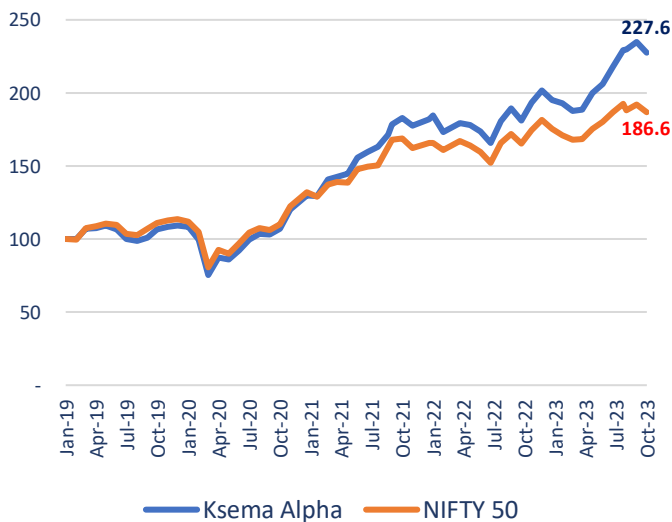
Multicap outperformed the benchmark with select stocks doing better than its peer and the index. Particularly the infra, construction and Automobile ancillaries held the portfolio. Though BFSI dragged the portfolio where we are overweight some of our sector stocks did well.

We expect the mood to change as US federal has put a break on the interest rate rise. While the West Asia turmoil is a concern in the short term, the fundamentals of Indian companies continue to strengthen quarter over quarter. With inflation - global and local remaining muted and are in down trend the potential for better prospects under lower interest rate increases for medium term.

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KSEMA INDIA OPPORTUNITIES			
Since Jan 2019	ALPHA	MULTICAP	NIFTY50TRI
Average Monthly return	1.63%	1.94%	1.25%
Monthly maximum loss	-24.3%	-29.6%	-23.0%
Month of Maximum loss	Mar-20	Mar-20	Mar-20
Annualized Return	18.9%	22.5%	14.0%
Annualized Volatility	20.1%	23.1%	18.9%
% of winning months (against benchmark)	63.2%	66.7%	na
% of gained months	67%	68%	60%
YTD	20.79%	24.07%	10.88%
Sharpe (RF 7.5%)	0.57	0.65	0.35
Alpha	5.49%	10.02%	na



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