



MARKET REVIEW SEP 2019

GLOBAL EVENTS

Despite the ongoing US-China trade escalation, attack on Saudi's Aramco and a dismal economic data around the world, the global markets closed the month in green. However, for the quarter ending Sep2019 it was mixed.

The month began with US govt imposing tariffs on roughly \$110B in Chinese imports with 15% duty on consumer goods. China too retaliated by imposing additional 5% - 10% tariffs on some American goods, including U.S. crude oil.

On the macro front, the ECB cut its deposit rate by 10 bps to (-0.50%). In addition, QE is planned to be restarted on Nov. 1 to the tune of €20bn per month to prop up the ailing eurozone economy. The market fears, Europe may be entering a "Japanification" phase, where growth and inflation remain sluggish for an extended period. In China, the Industrial output growth weakened to 4.4% in August, the weakest in 17 years, amid impact from the trade war with the U.S. and softening domestic demand.

Germany's factory activity has slowed to levels last seen during the global financial crisis as the country's manufacturing PMI tumbled to 41.4 in September, from 43.5 the previous month. As per IHS Markit all the uncertainty around trade wars, the outlook for the car industry and Brexit are paralyzing order books. On its current trajectory, the German economy might not see any growth before the end of 2019, meaning a recession is around the corner.

The spiraling economic crisis in Argentina has prompted the central bank to slap currency controls on businesses after the peso lost more than a quarter of its value since primary elections last month. The decision reverses one of the first big achievements of President Macri who removed strict capital controls after taking power in December 2015. The restrictions had prompted the MSCI index to strip Argentina of its status as an emerging market, demoting it to a frontier market.

The oil prices were volatile during the month as the OPEC meeting failed to bring in measures on further production cuts despite a mounting global supply glut and weakening demand growth for crude. The attack on the Saudi Aramco facility increased the geopolitical risk for the oil due to which oil prices surged almost 20% in a day. With Saudi restoring the Aramco facility within a week, the supply constraint fears vanished and oil closed the month marginally higher by 0.6%. Gold for the month declined by 3.7%.

INDIAN MARKETS PERFORMANCE

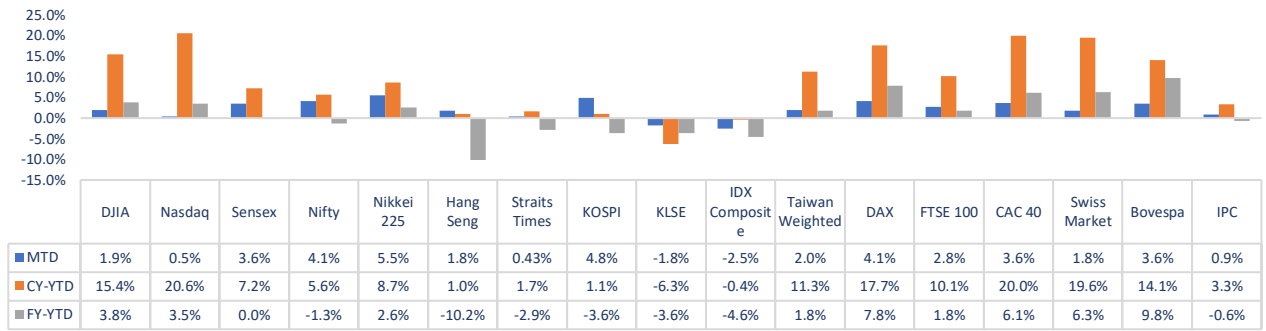
Indian government came up with series of measures during the month. The highlight was the slashing of corporate tax cut from existing 34% to 25% and also a tax rate of 15% for any new domestic manufacturing unit incorporated on or after 1st Oct 2019. This was announced subsequent to various measures such as Infusing Rs 70k crores into public sector banks, to enable release of Rs 5 lakh crore liquidity in the market to benefit Corporates, Retail borrowers, MSMEs, small traders. Similarly more credit support for NBFC's and HFC's to boost the purchases of houses, vehicles and consumption goods. Additional liquidity support to HFCs of Rs 20k Cr by NHB thereby increasing it to Rs. 30k Cr. This announcement gave a much-required animal spirit to the markets and both Nifty and Sensex surged for the month. FIIs turned Net buyers to an extent of Rs 7,550 crores.

On Macro front, the Consumer Price Index (CPI) combined inflation was 3.1% in Apr-Aug 2019, as compared to 4.4% in Apr -Aug 2018. CPI-combined inflation was 3.2% in Aug 2019 as compared to 3.1% in Jul 2019 which was driven by a rise in food prices. India's current account deficit (CAD) was 2.0% of GDP (\$14.3 bn) in Q1'20, as compared to 2.3% of GDP (\$15.8 bn) in Q1'19. The CAD contracted in Q1'20 was primarily on account of higher invisible receipts.

India witnessed one of the best monsoons in 25 years and the abundant rains is likely to bring with them the hope of uplifting rural demand, jobs and income. As per RBI, in its Monetary Policy announcement, said that the prospects of agriculture have brightened considerably, positioning it favourable for regenerating employment and income, and the revival of domestic demand. Abundant rains in August and September have led to improved soil moisture conditions in most parts of the country, particularly central India, compared to the corresponding period of the last year.

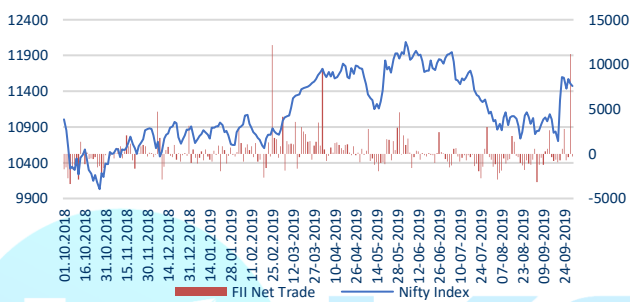
We believe markets to consolidate at the current levels and likely to take further directions from the upcoming Q2 earnings. We expect the aggregate corporate earnings of the index companies to grow between 4% to 8%.

GLOBAL MARKETS PERFORMANCE



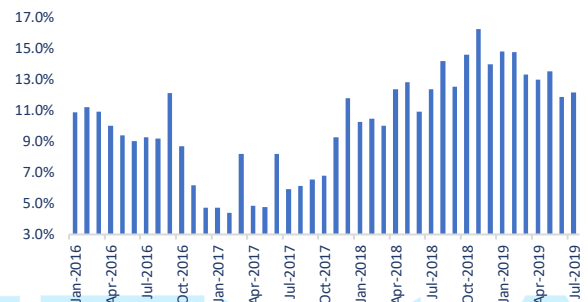
Source: Ksema Wealth

Nifty Vs FII's Trade



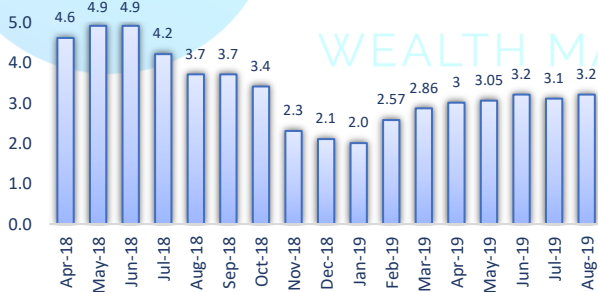
Source: NSEINDIA; SEBI

Bank Credit growth (%)



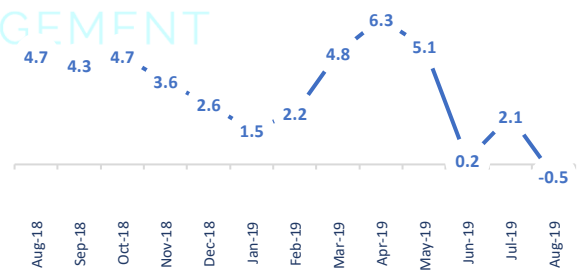
Source: RBI

Inflation - CPI (%)



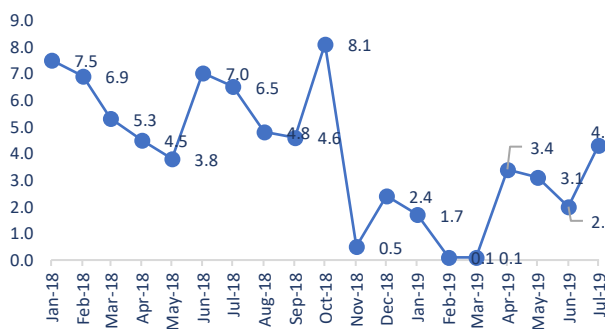
Source: MOSPI

Eight Core Industries (%)



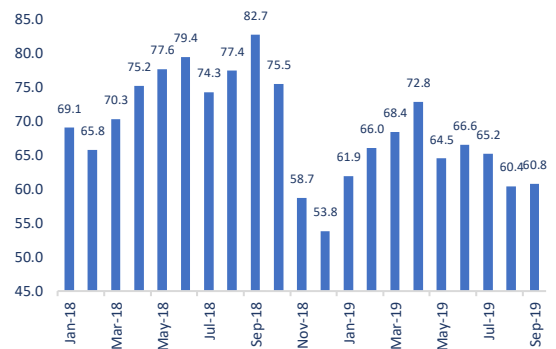
Source: MOSPI

IIP (%)



Source: MOSPI

Brent Crude (In \$)



Source: Investing.com

KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES

SEP 2019

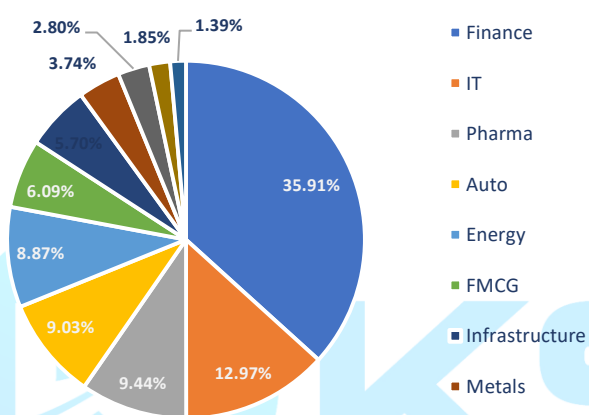
THEME

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



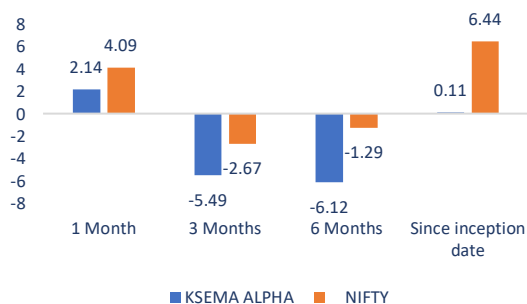
SECTORAL ALLOCATION



TOP HOLDINGS

Company Name	Holdings (%)
ICICI Bank Ltd	6.2%
Reliance Industries Ltd	5.7%
Larsen & Toubro Ltd	5.5%
Kotak Mahindra Bank Ltd	5.2%
Infosys Ltd	4.8%
Cash	3.2%

PERFORMANCE (%)



PERFORMANCE REVIEW

The Government measures boosted the market sentiments particularly Financials where we were invested in. The waning of uncertainty on the Auto sector GST rate too brought back consumers leading to better numbers sequentially bringing back investors interest. Our Alpha theme returned 2.14% for the month. The lack of investment opportunity in a heavy weight bank due to restriction and underperformance of pharma stocks played out in relative performance.

MARKET CAPITALISATION (%)

Large Cap	87.8%
Mid Cap	10.0%
Small Cap	0.0

OUTLOOK

With various announcements made by the government to prop up the sentiments as well as the economy along with surplus monsoon rains, we expect the headwinds to recede in coming months and the markets to consolidate at the current levels.

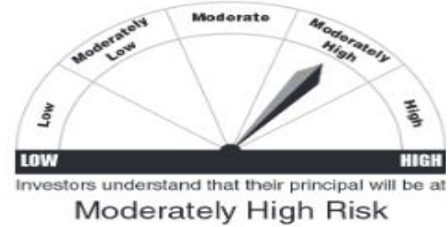
KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES

SEP 2019

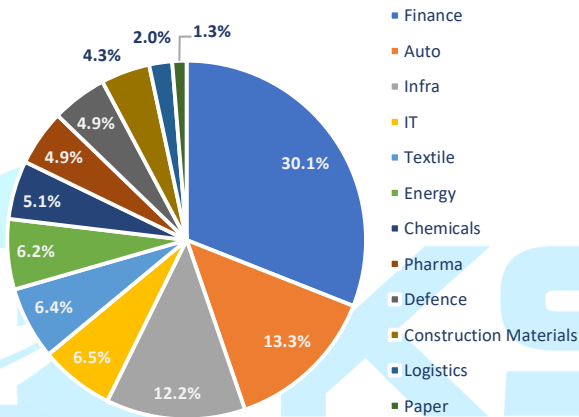
THEME

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

RISKOMETER



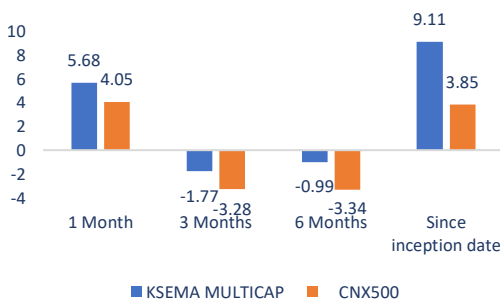
SECTORAL ALLOCATION



TOP HOLDINGS

Company Name	Holdings (%)
ICICI Bank Ltd	4.2%
Larsen & Toubro Ltd	4.1%
Kotak Mahindra Bank Ltd	3.9%
Infosys Ltd	3.9%
Bharat Electronics Ltd	3.8%
Cash	2.9%

PERFORMANCE (%)



PERFORMANCE REVIEW

The sentiment boost resulting out of the Government measures expanded into the broader market. The mid & small cap were the major gainers during the month. This resulted in the theme outperforming the benchmark.

MARKET CAPITALISATION (%)

Large Cap	47.7%
Mid Cap	19.6%
Small Cap	29.8%

OUTLOOK

The reforms undertaken by the Government is likely to spell benefits for the corporate sector in the coming quarters. This will result in better EPS growth ranging from 8% to 12% going forward. The change of sentiment is likely to prevail on the broader market leading to better consumption. The high frequency numbers during the festive season is likely to indicate the positive momentum. We are well diversified, and our portfolio will capture the positive sentiment.



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