



KSEMA WEALTH PVT LTD

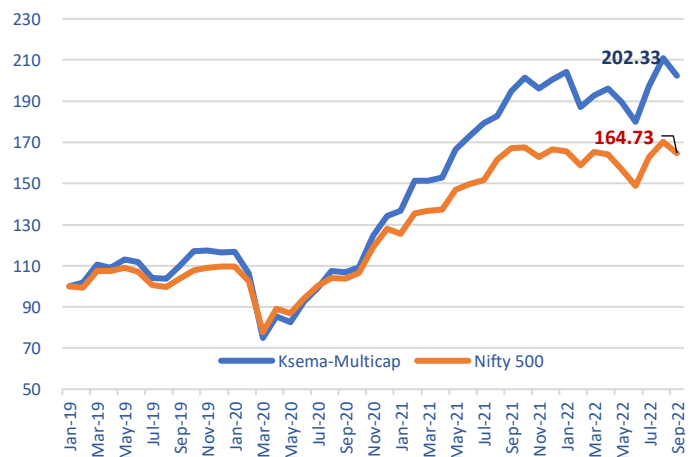
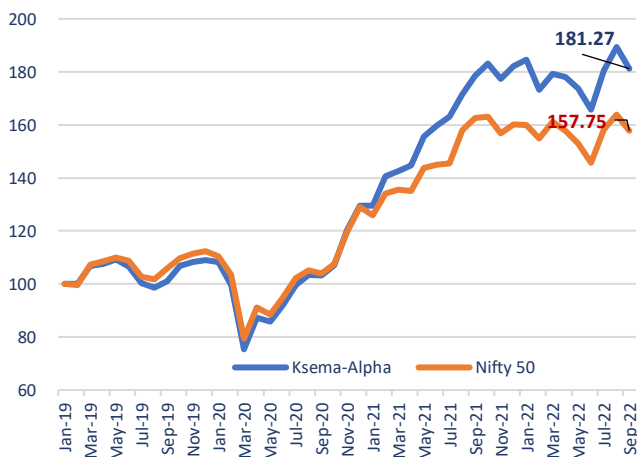
Ksema Wealth- Alpha

CAGR 17.6%

Ksema Wealth-Multicap

CAGR 21.2%

| KSEMA WEALTH ALPHA- INDIA OPPORTUNITIES | | | KSEMA WEALTH MULTICAP- INDIA OPPORTUNITIES | | |
|---|--------|----------|--|----------|----------|
| | Alpha | Nifty 50 | | Multicap | Nifty500 |
| Average Monthly return | 1.57% | 1.23% | Average Monthly return | 1.90% | 1.34% |
| Monthly maximum loss | -24.3% | -23.3% | Monthly maximum loss | -29.6% | -24.3% |
| Month of Maximum loss | Mar-20 | Mar-20 | Month of Maximum loss | Mar-20 | Mar-20 |
| Annualized Return | 17.6% | 13.2% | Annualized Return | 21.2% | 14.6% |
| Annualized Volatility | 21.9% | 20.9% | Annualized Volatility | 25.4% | 21.3% |
| % of winning months (against benchmark) | 65.9% | na | % of winning months (against benchmark) | 65.9% | na |
| % of gained months | 66% | 59.1% | % of gained months | 68% | 61.4% |
| YTD | 1.05% | -2.12% | YTD | 5.06% | -0.43% |
| Sharpe (RF 7.5%) | 0.46 | 0.28 | Sharpe (RF 7.5%) | 0.54 | 0.33 |
| Alpha | 4.88% | na | Alpha | 8.11% | na |





MARKET REVIEW & OUTLOOK

Global

The ECB raised its interest rates by 75 bps, the largest hike, to tame inflation. The ECB has indicated in its guidance that it is likely to go beyond the neutral rate as pacifying inflation is its priority. The market expects another 75 bps rate hike in the next two meetings.

The Munich based IFO index which measures business confidence dropped to 84.3 in September, its lowest level since the global financial crisis. The damped sentiments are attributed to high energy and commodity prices that are weighing on demand and putting pressure on profit margins. The trend of inflation pain caused by the energy crisis across Europe is expected to push it into a recession.

World Bank downgraded its 2022 China growth outlook to 2.8% from its initial forecast of 5% citing a sharp slowdown in China caused by its strict zero-COVID rules that have disrupted industrial production, domestic sales, and exports. The momentum of the economic recovery since August has been disrupted due to factors such as extreme hot weather, regional power restrictions and COVID flare-ups. For the first time in more than 30 years China is expected to grow at a lower rate than the other economies in East Asia.

The August CPI at 8.3% released mid-month, followed by Fed rate hike, gloomy economic projections by the Fed dampened the spirits resulting in US indices shedding major gains. The yield spread continues to be negative since July, intensifying fears of recession. The 10-year treasury yields hovering near 4% had a butterfly effect on the interest rates across emerging nations.

The change in political landscape in the Europe is throwing challenges like the UK situation where the central bank was forced to adopt the fiscal line despite higher inflation. The unwarranted chaos that prevails in the financial world is likely to settle by November when the base effect of Inflation will kick in.

With the exception of Indonesia, all the major markets ended the month in red. India continues to outperform for the 1 year time frame.

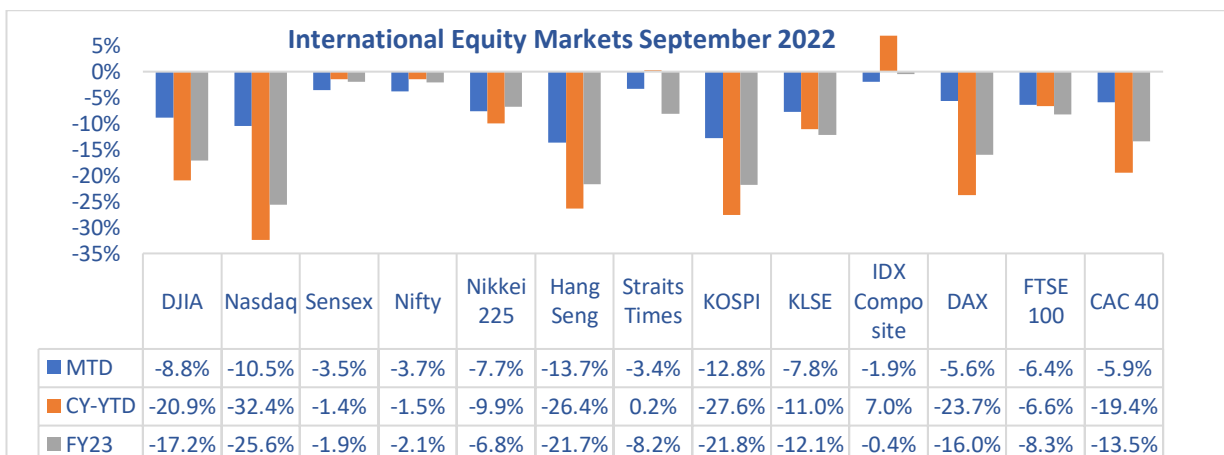
India

The Reserve Bank of India cut its GDP forecast for FY23 to 7% from 7.2%, an arithmetic adjustment owing to higher Q1 figures. However, the inflation projection at 6.7% albeit on a reducing quarterly trend going forward is still a cause for concern.

RBI increased the interest rate 50 bps, raising the repo rate to 5.9%. This 50 bps increase was in line with street expectation. In the next meeting, the market predicts atleast another 35 bps increase bringing the repo rate to 6.25%-6.50%, which market estimates as the neutral rate. Fed rate hike trajectory, inflation trajectory, growth-inflation dynamics, and geopolitical risks are factors which would influence the MPC going forward. All the major banks have hiked their lending rates post this announcement. The RBI has its back to the wall as it has to increase interest rates to curb inflation without sacrificing Growth.

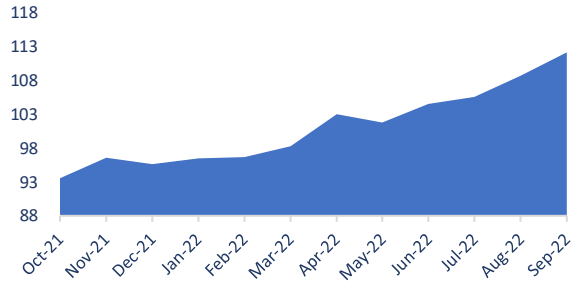
The fall of the INR to a low of 81.65 against the dollar was attributed to the strong greenback, aggressive Fed rate hike guidance, risk-averse investor sentiment, and recession fears. The mere standalone impact of a depreciating rupee is negating the impact of sharp fall in the commodity prices from its recent highs. Oil has fallen to USD 90/brl, Copper, Steel and Alumina has collapsed 25%-30% from its high. The current prices are closer to the previous year November figures clearly leading to reduced inflationary pressure in India in the coming months.

The much-awaited inclusion of India into JP Morgan's emerging market debt index has been delayed to 2023 due to operational issues such as local bond settlement rules, tax complexities and the way in which investors will repatriate their money. According to Morgan Stanley, the inclusion was expected to witness investors pump \$30 billion into India's bond market within 10 months and between \$170 billion and \$250 billion over the next decade. This dilly-dallying increased the volatility in the Indian markets as INR depreciated. The forth coming Q2 results will see Banking, consumption sectors doing well, metals and building materials would show compression in margins. IT sector will be neutral as execution will overwhelm the guidance impact.

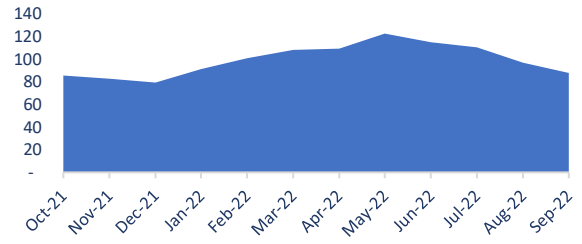


CHARTS OF THE MONTH

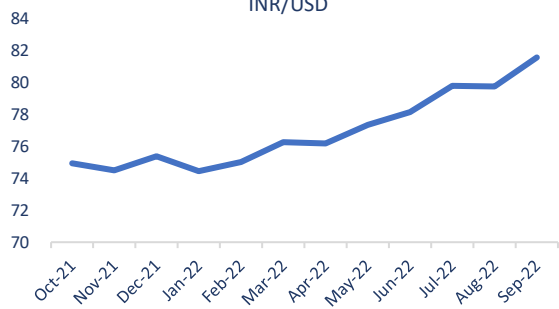
USD Index



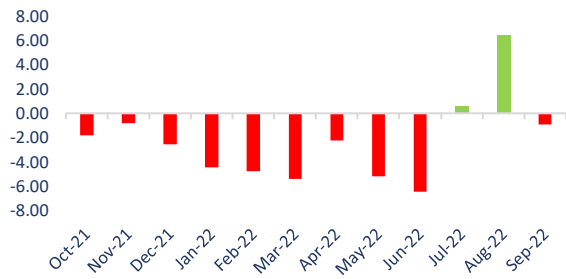
Crude Oil (USD/barrel)



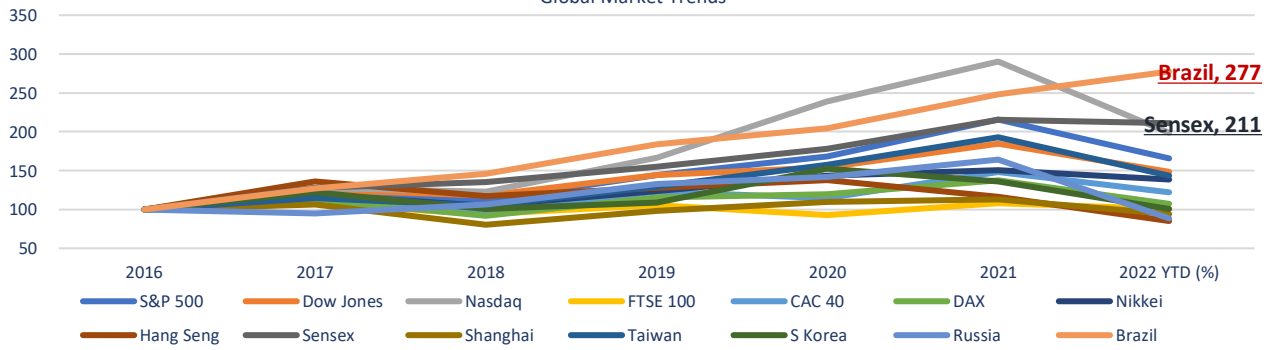
INR/USD



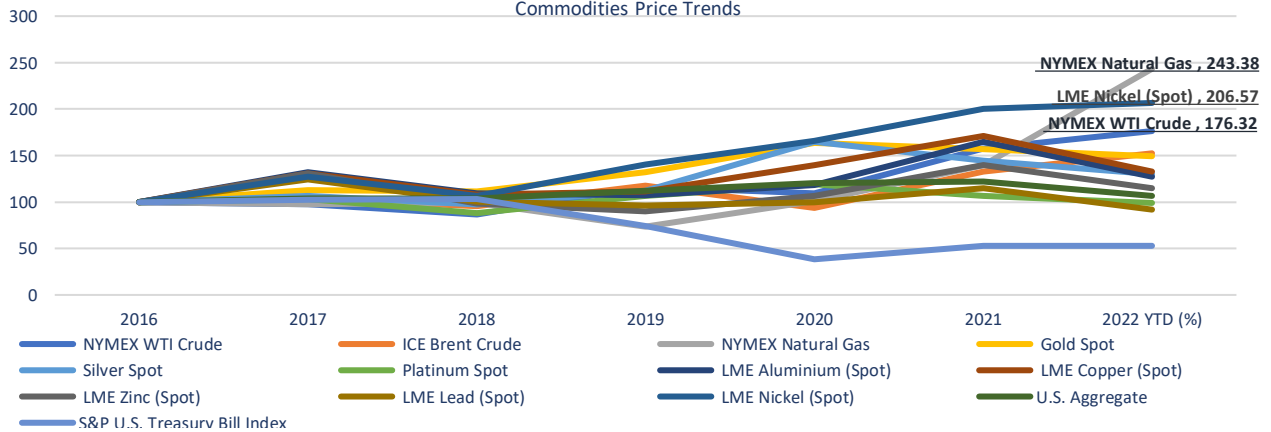
FII Net Investments (USD Bn)



Global Market Trends



Commodities Price Trends



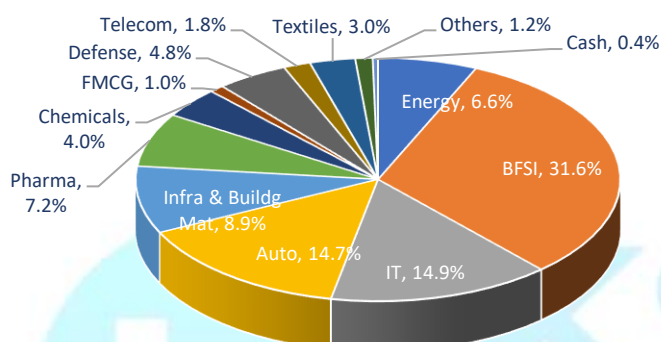
KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES

September 2022

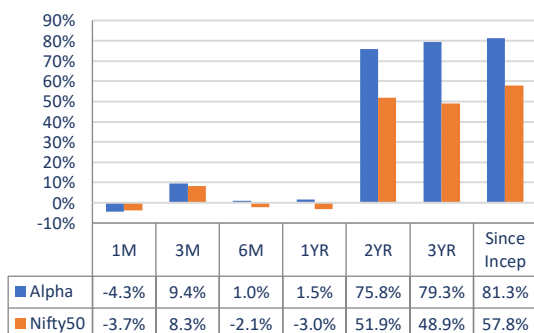
THEME

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.

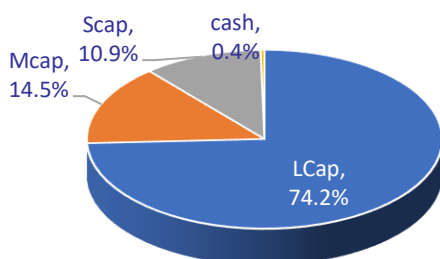
SECTORAL ALLOCATION



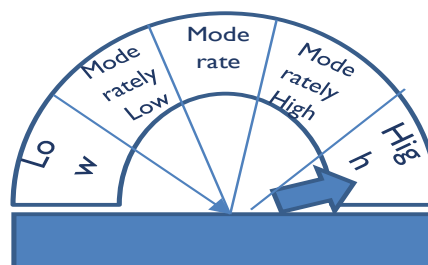
Performance Review



MARKET CAPITALISATION (%)



RISKOMETER



TOP HOLDINGS

| Company Name | Holdings (%) |
|-------------------------|--------------|
| ICICI Bank Ltd | 7.45% |
| State Bank of India | 6.26% |
| Reliance Industries Ltd | 5.57% |
| Larsen & Toubro Ltd | 5.52% |
| Axis Bank Ltd | 4.45% |
| Cash | 0.35% |

PERFORMANCE (%)

The portfolio witnessed volatility owing to Banking overweight amidst fear of higher cost of borrowing. The defense stocks continued to do well negating a part of losses. The global recession factors continue to linger over Auto ancillaries and specialty chemicals where we are invested in. Exporters in general saw the valuation compression. Though our portfolio underperformed for the current month, the upcoming results is likely to bring about reversal in the same.

OUTLOOK

The fear of US & Europe recession is hitting the market sentiment and strengthening USD is attracting money flow toward it. The fall in the commodities and slow down witnessed due to sentiment, is likely to tone down the inflation in the coming months. The decline in the trend of inflation trajectory should bring about confidence in the market. India is well ahead of western nations in its target inflation band. This stronger note would suffice attracting more investments in the

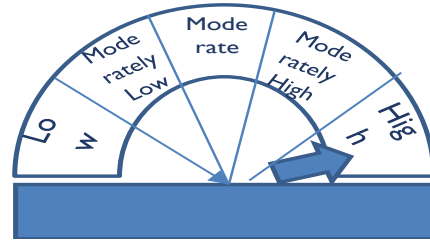
KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES

September 2022

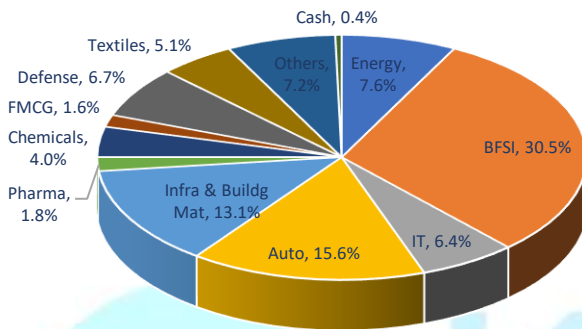
THEME

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

RISKOMETER



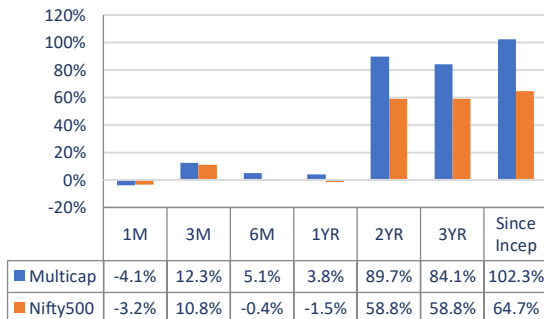
SECTORAL ALLOCATION



TOP HOLDINGS

| Company Name | Holdings (%) |
|-------------------------|--------------|
| ICICI Bank Ltd | 6.22% |
| State Bank of India | 5.77% |
| Larsen & Toubro Ltd | 4.60% |
| Axis Bank Ltd | 4.55% |
| Reliance Industries Ltd | 4.43% |
| Cash | 0.42% |

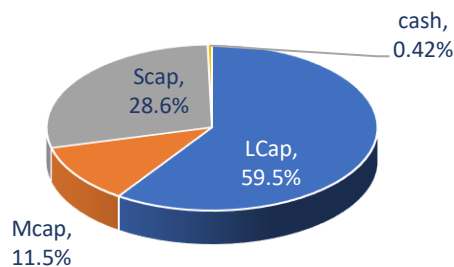
PERFORMANCE (%)



PERFORMANCE REVIEW

The portfolio slightly underperformed the benchmark index, owing to correction in the heavy weights as FPIs pulled out from these. Stock specific movements were in favour of the portfolio like in Defense, Auto OEMS, which held on to the portfolio. As we expected credit has grown well in the 2nd Quarter amidst raising interest rate-good for the BFSI segment. Our portfolio is well positioned to recoup the gap.

MARKET CAPITALISATION (%)



OUTLOOK

The persistent inflation has been a point of bother for the Federal which has been focused on increasing the rates to counter. Come November the base figures will catch up to enable the trajectory to decline. This implies that the signals of the market expectation as that of pivot is likely to come about by the end of November. India will continue to out perform as RBI is well ahead to reach its terminal rate before Federal does. This augurs well for Indian markets for attracting higher flows in the coming year.



KSEMA WEALTH

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