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INVESTMENT COMMENTARY

MARCH 2024

SELLING IN MID & SMALL CAPS
There's been a fair amount of selling in small and mid-caps. We review markets and strategy in the Investment Outlook section (Page 9).

WHY ARE GOLD & BITCOIN RALLYING AT THE SAME TIME?
Both Gold and Bitcoin have hit new highs. We lay out a thesis on what is driving these asset classes, and implications for equity markets.

GREEN SHOOTS IN U.S. AND GLOBAL ECONOMIC DATA
We cover some surprising data coming out of U.S, Europe and Japan.

THE INDIAN ECONOMY SLOWED IN JAN & FEB
On the flip side, some economic data slowed in Jan, Feb in India.

INVESTMENT OUTLOOK
We review the global and domestic economic and fundamental data, the sell-off in small caps, and update asset allocation and share investment strategy, style and positioning.

EMERGING INDUSTRIES
Beyond the short term, a number of nascent industries offer attractive growth and investment opportunities.

MARKET DATA, TACTICAL ASSET ALLOCATION & RATIONALE
Key market data across asset classes, tactical asset allocation preferences and investment rationale.

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Chief Investment Strategist

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Main Content

Market Data & Asset Allocation

GOLD & BITCOIN ARE MAKING NEW ALL TIME HIGHS

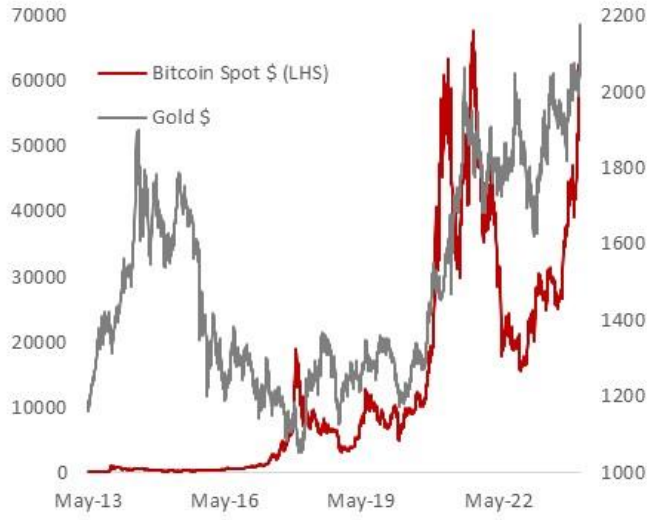
Bitcoin & Gold New Highs

Gold has been trending higher of late and has broken out of its range to all-time highs. Turkey, India, China have been making sizeable purchases of Gold, adding more than 30 metric tons to their reserves. On Bitcoin, theories abound. One is a halving event in April which halves the rewards for mining new coins. Another is Bitcoin's attractive hedge characteristics to events such as currency devaluations, as recently occurred in Egypt. Third is supply and demand. There's just not enough supply.

But both assets also fundamentally point to nervousness amongst investors about U.S. debt, global debt and the dollar.

U.S. debt has risen by $3.1 trillion in the past year. To put some perspective around that number, U.S. government revenue collections are roughly $4.5 trillion annually, and the U.S. runs a budget deficit. Actual spending is higher. Interest payments on debt are rising every year, and are estimated to be $870M in 2024. Over the past 2 decades, U.S. debt as a percentage of GDP has doubled, from 55% to 122% of GDP. Over the past 5 years, it's up 20 percentage points.

Bitcoin & Gold Are Trading at All Time Highs

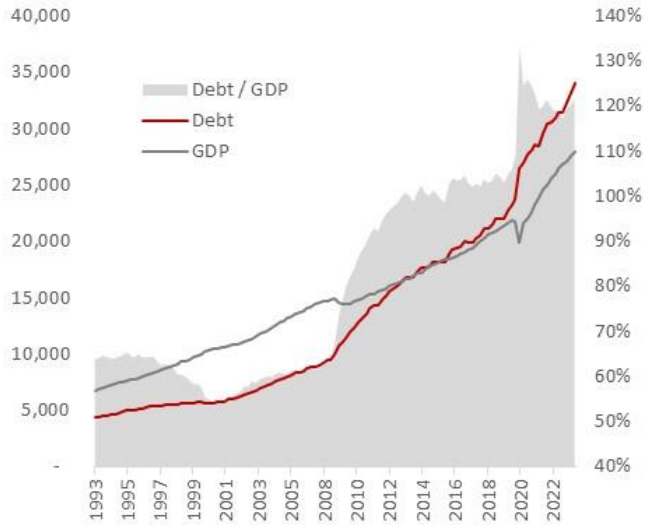


Source: Bloomberg

As Elon Musk rightly pointed out, the math is alarming. Since 2020, U.S. GDP is up $6 trillion, or +27%. Meanwhile, U.S. debt is up $10.8 trillion, or 46%.

So $10.8 trillion in debt has been generated to create $6 trillion in gross domestic product. Not ideal.

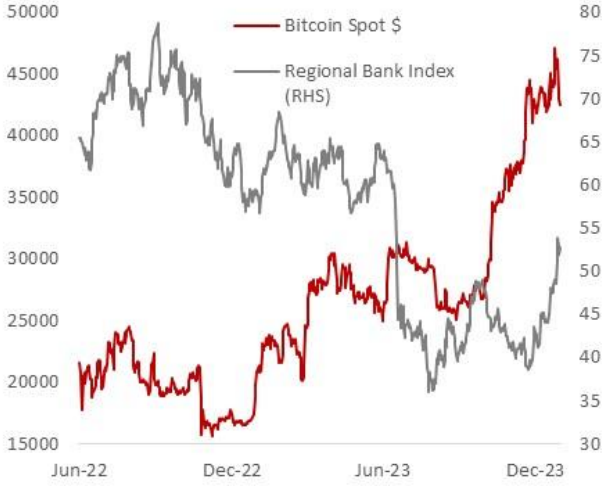
$10.8 Trillion in New Debt Since 2020



Implications

The consensus view of 3 rate cuts in CY24 looks less likely. What looks more likely is more quantitative easing down the line, and that's why Gold is rising. And worries about the U.S. currency, and that's partly why Bitcoin may be rising.

Bitcoin Was a Solid Portfolio Hedge During the Regional Banking Crisis



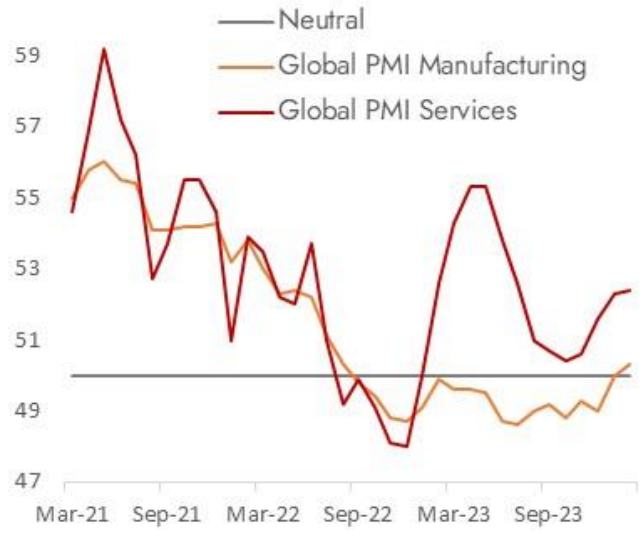
Bitcoin is increasingly being recognized as an inflation hedge, like Gold, liquid, safe, accessible. Scarcity increases the possibility of capital preservation and returns. It offers diversification, like Gold. It is out of the control of a single government entity.

ECONOMIC DATA IN U.S. & DEVELOPED MARKETS ARE IMPROVING

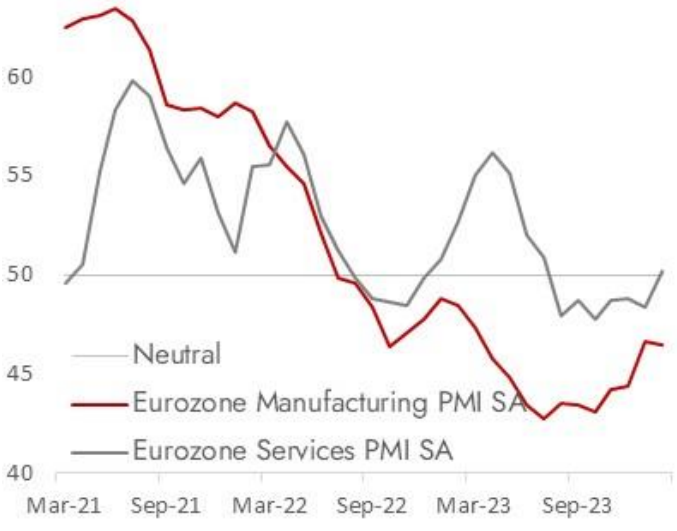
Green Shoots Visible in Global, U.S., Japanese & Europe PMI Data

We've made the argument that Tech innovation waves have driven economic cycles since 1984. It could be happening again. AI led investments are spurring optimism and investments. Worries about recession are receding. Across major developed markets, we are witnessing improving economic fundamentals.

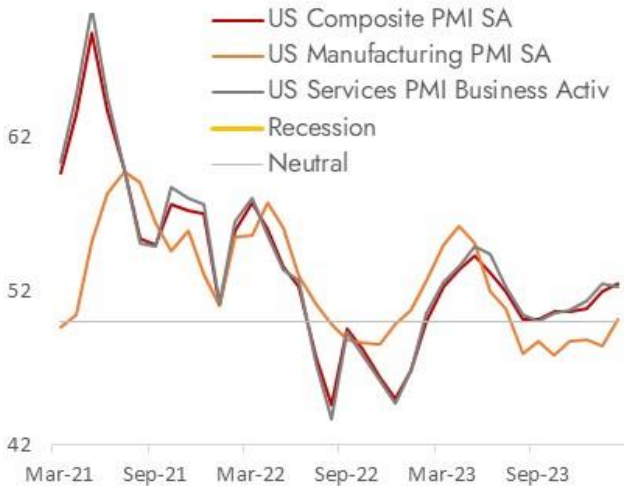
Global PMI for Manufacturing and Services are now above 50 & Rising



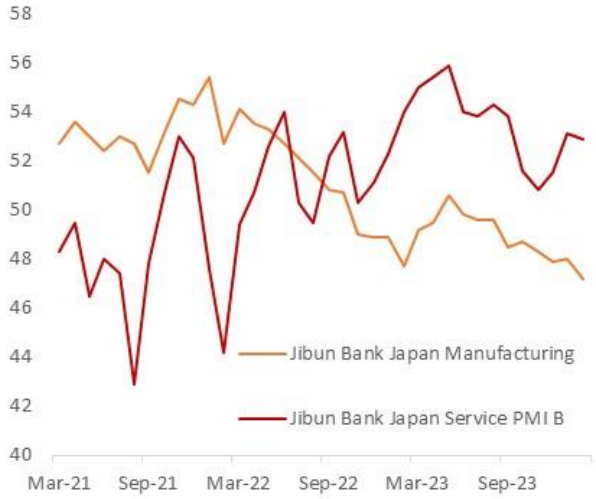
Europe PMIs are Trending Higher, Services is Above 50



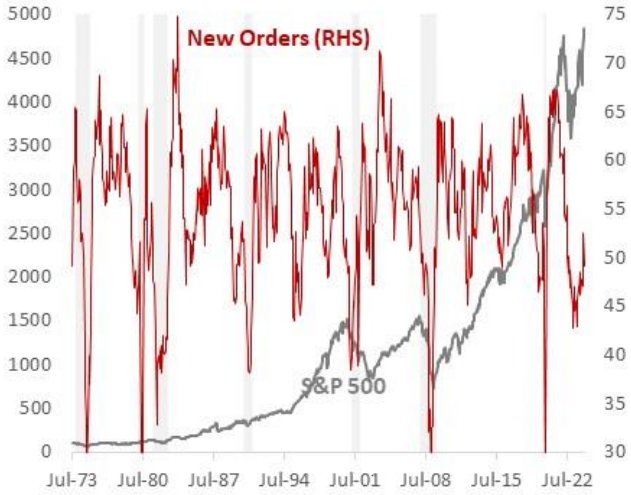
U.S. PMI are Trending Higher



Japanese Services PMI Solidly in Growth Model



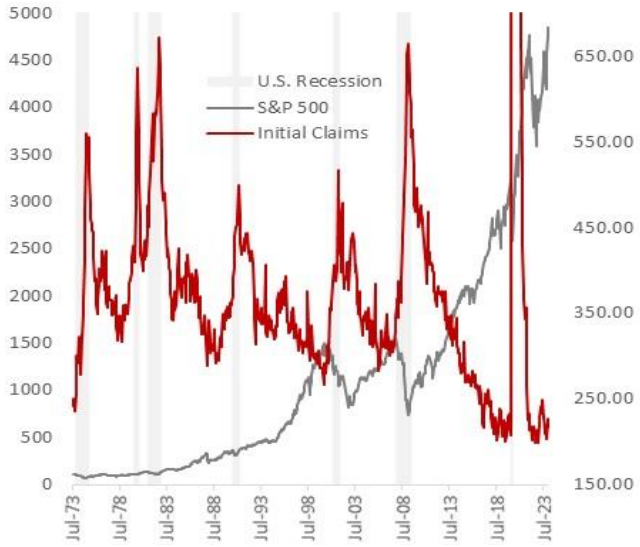
U.S. New Orders in Cyclical Recovery



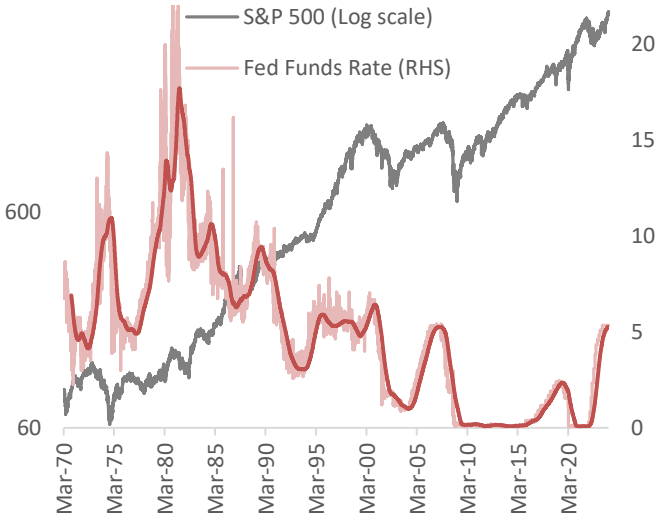
U.S. Construction Spending is Up Strongly

Financial Conditions in U.S. & Euro Improving

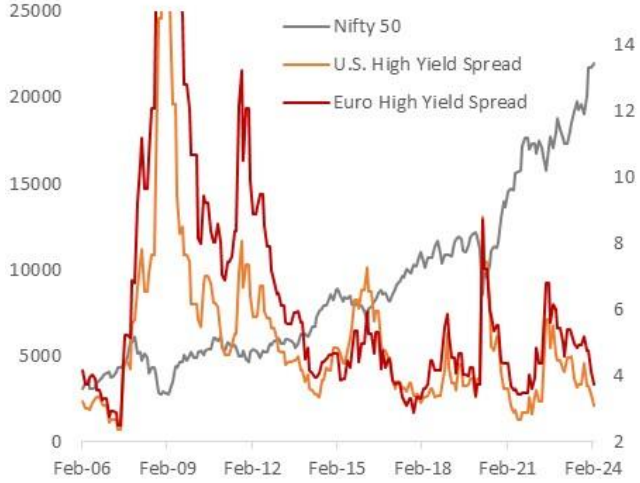
Initial Unemployment Claims are Trending Down



The Fed Backstop Remains in Place



Despite Alarming U.S. Debt, Conditions That Signalled the Financial Crises of 2008 and 2011 are Not Evident Today

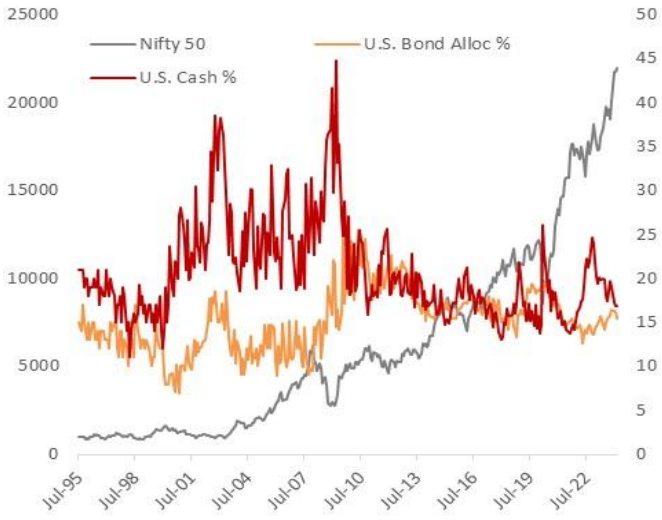


Peaks in the Fed Funds rate have in prior cycles – 2000, 2007 - coincided with economic slowdowns and volatility. However, the volatility dissipated and rallies ensued once the market got clarity on Fed support and rate cuts. By transmitting intent early this time around, the Fed has provided markets comfort and support. We've also noted in the past that business cycles are elongating. Throw in AI enthusiasm and it's not surprising to see the improvement in some data.

Once benign Fed policy intent is transmitted, markets have historically delivered strong returns. That could be the Fed attempting to leapfrog the initial storm that often accompanies a rates peak.

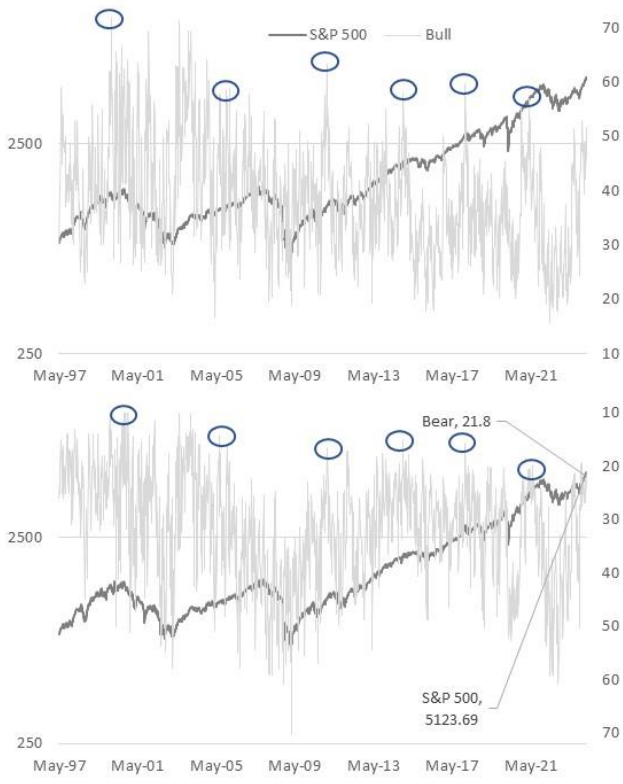
Crude Oil is Coming Off Highs

Cash is Being Deployed into Equities



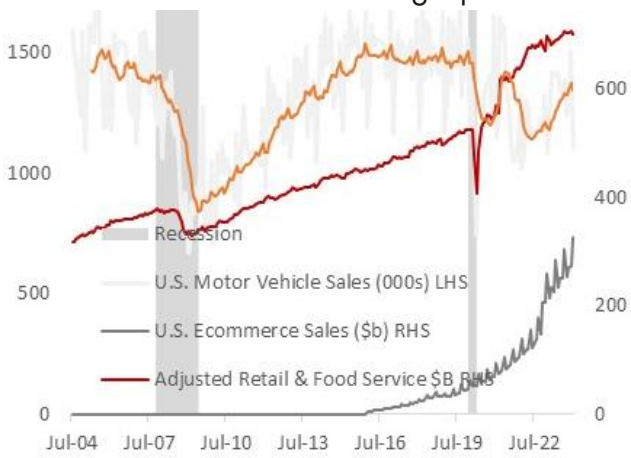
Consumer Net Worth Remains High

Sentiment Measures Are Not at Extremes Yet



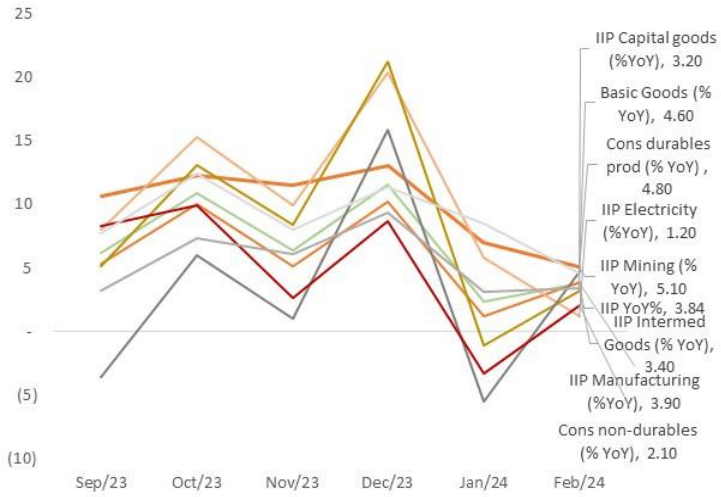
Despite Bitcoin Euphoria, U.S. Sentiment Remains in Check – Allocation to Equities Not at Extremes

Retail & Vehicle Sales Holding Up...



SOME INDIAN ECONOMIC DATA SLOWED IN JAN & FEB, BUT…

IIP Data Peaked in Dec 2023 and Has Softened to Low Single Digit Growth



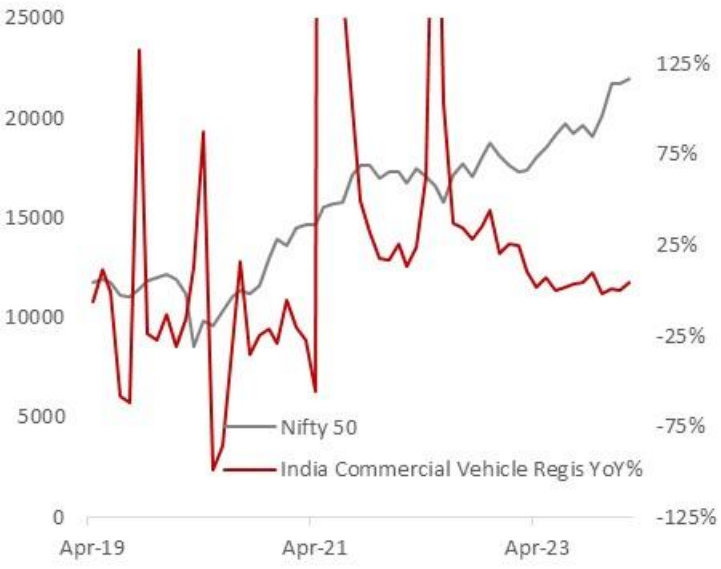
However, Consumer Confidence Is Rising

Eight Core Industry Data Confirms Growth Peaked in Nov/Dec 2023 and Has Slowed

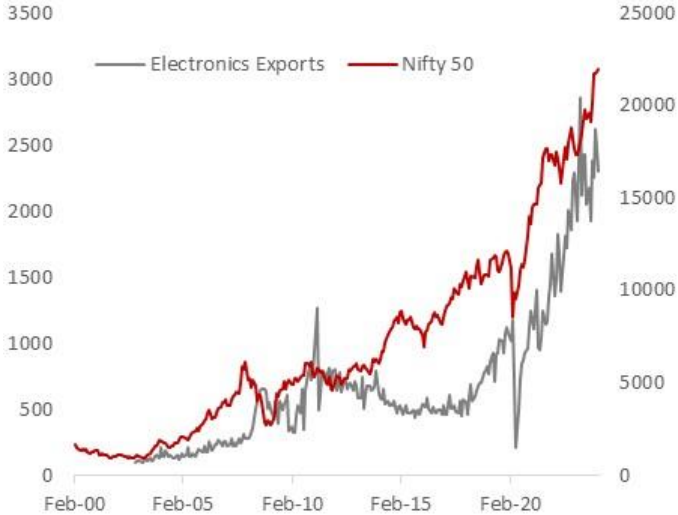
Date	8 Core Overall	8 Core Petroleum	8 Core Fertilizer Producti	8 Core Cement Productio	8 Core Electricity Generatio
29-02-2024	3.6%	-4.4%	-0.6%	5.6%	5.2%
31-01-2024	4.9%	4.1%	5.8%	3.8%	1.2%
31-12-2023	7.9%	12.4%	3.4%	-4.0%	5.8%
30-11-2023	12.7%	4.3%	5.4%	16.9%	20.4%
31-10-2023	9.4%	5.5%	4.2%	4.7%	9.9%
30-09-2023	13.4%	9.5%	1.8%	19.7%	15.3%
31-08-2023	8.6%	3.5%	3.3%	6.9%	8.0%
31-07-2023	8.4%	4.5%	3.4%	9.9%	4.2%

Consumer Expectations for the Future are Improving

Commercial Vehicle Sales Growth Has Softened



And Electronics Exports Continue to Shine



INVESTMENT OUTLOOK & THE SMALL CAP SELL-OFF

A Sharp Sell-off in Small & Mid Caps

A sell off is underway in small and mid-caps as of this writing. Small caps have been the prime targets, down 8.5% MTD. We see a few reasons leading to the sell-off:

- Regulatory stress test mandates and actions aimed at curbing excesses and froth in lending markets, as well as enforcing lending norms and practices in fin-tech and securities markets
- A slowing in the economy, possibly as the government focus has shifted to elections from investment
- Forced unwinds due to excessive leverage, illegal round-tripping
- Concerns around valuations in smaller caps

Likelihood of a U.S. Recession Has Receded

We'll assess these concerns by noting that, after a long period, the U.S., Europe, Japan and the global economy are showing signs of a nascent economic improvement, and a recession looks increasingly unlikely. AI is leading a surge in investments and has invigorated investor sentiment.

A moderate rise in inflation could unfold; however, AI will be inherently deflationary. An external catalyst such as the onset of the Ukraine war is missing this time around, and investor euphoria is not at extreme levels.

An Economic Soft Patch in India

There has been a deceleration in economic growth from double digit growth to low-mid single digit growth in India in Jan & Feb. The government appears to have taken its foot off the investment accelerator, and is focused on elections. Private investment has come forward, but has not picked up the slack. So we're looking at an economic soft patch until at least H2CY24.

Earnings Growth Has Been Solid

Earnings growth has been largely solid, with revisions data holding strong and valuations reasonable in the larger caps. (Please see scorecard tables on page 17).

Earnings Continue to Grow for Large/Mid/Small

PE for Nifty 50 Companies Is at a Reasonable 21.7

Sector	Price to Sales	Price to Operating Income	Price to Earnings
Communication Servic	4.8	9.2	66.4
Consumer Discretionar	2.1	14.8	27.9
Consumer Staples	8.4	30.5	**41.2**
Energy	1.0	7.1	12.7
Financials	3.3	8.2	17.8
Health Care	6.5	24.5	36.2
Industrials	3.3	17.8	35.1
Information Technolog	4.7	20.8	30.4
Materials	1.4	10.3	33.3
Utilities	2.7	6.8	16.9
Nifty 50	2.4	10.7	21.7

Note: P/E computed on a bottom up basis.

Estimate Revisions Are Holding Up or Rising

3 month % Chg in EPS	Nifty 50	NSE 200	NSE 500	Mid cap	Small cap
Communication Service	-3.2%	-5.9%	-4.6%	-8.1%	-6.0%
Consumer Discretionary	2.9%	-2.9%	-6.4%	-12.0%	5.7%
Consumer Staples	-1.0%	-1.2%	-0.8%	-9.4%	0.2%
Energy	7.7%	12.1%	12.0%	12.4%	11.8%
Financials	-1.5%	-2.3%	-0.8%	-1.5%	2.4%
Health Care	0.6%	-3.4%	-42.2%	-3.4%	-8.2%
Industrials	-10.6%	-3.3%	-20.2%	-9.3%	3.5%
Information Technology	-3.5%	-3.0%	-2.7%	-1.4%	-4.1%
Materials	-20.2%	-10.2%	-11.8%	-7.7%	-23.5%
Real Estate	n/a	3.0%	-1.1%	1.2%	-13.6%
Utilities	1.5%	1.8%	2.0%	-2.9%	8.2%
Index	-0.7%	1.7%	1.2%	6.1%	-1.7%

Mid & Small Caps Have Corrected Over the Past Month...

Cap	Cap Range (Cr)	Return over 1week	Return over 1month	Return over 3months	Return over 6months
Giga	> 500k Cr	(0.2)	0.9	9.4	13.6
Mega	100k - 500k Cr	(0.9)	3.0	15.6	34.2
Large	50k - 100k Cr	(1.5)	0.4	16.4	27.9
Mid	10k - 50k Cr	(4.6)	(4.2)	6.7	19.4
Small	2000 - 10,000 C	(6.1)	(6.5)	2.5	13.9
Micro	500 - 2000 Cr	(6.1)	(7.1)	2.1	16.3
Nano	< 500 Cr	(4.4)	(6.5)	1.5	12.8
Total Market		(3.4)	(2.9)	7.7	19.7
Nifty 50		(0.3)	2.7	6.7	11.3
NIFTY Midcap 100		(2.4)	0.5	7.0	19.5
NIFTY Smallcap 100		(6.2)	(3.5)	3.0	20.0

Wide Dispersion in Mid & Small Cap Performance

It is challenging to evaluate mid and small caps at an index or consolidated basis. Dispersion in financial performance is wide. Valuations are also widely dispersed. While some companies have become expensive, others remain reasonably priced, with attractive growth prospects.

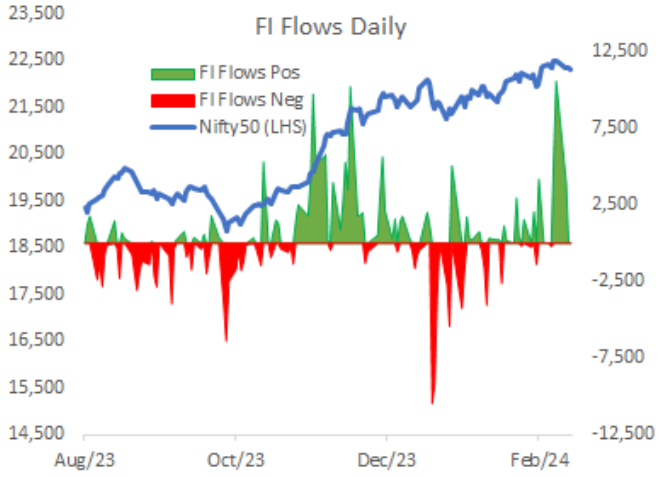
But Valuations for Mid & Small Are Widely Distributed... and Supported by Earnings Growth

Nifty Mid cap 150	P/S	P/E	Sales Qtr YoY %	Net Profits Qtr YoY%	Net Profits LTM YoY%
Communication Services	2.1	(10.0)	6.3%	-33.9%	-6.4%
Consumer Discretionary	1.6	55.7	-13.7%	19.4%	16.4%
Consumer Staples	2.5	58.4	-1.7%	74.3%	-9.2%
Energy	0.3	6.3	5.9%	8.9%	520.0%
Financials	1.9	14.2	15.7%	-2.4%	19.0%
Health Care	5.0	42.1	16.1%	60.0%	32.5%
Industrials	4.1	56.0	8.4%	4.1%	22.2%
Information Technology	6.6	45.5	10.8%	23.8%	10.4%
Materials	2.5	25.9	-2.4%	4.3%	-1.0%
Real Estate	10.7	45.7	-2.4%	-7.6%	51.8%
Utilities	3.9	14.4	18.9%	100.2%	63.3%
Total	**2.2**	**27.0**	**4.6%**	**17.4%**	**36.0%**

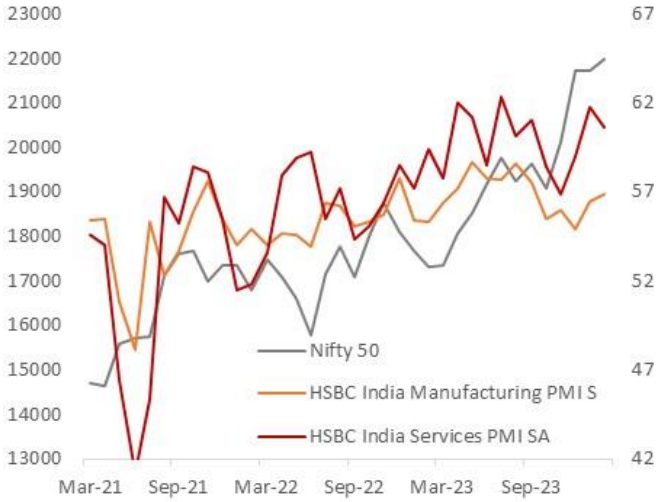
Small Caps Have the Best EPS Upgrade to Downgrade Ratio...

Upgrade Ratio	Nifty 50	NSE 200	NSE 500	Mid cap	Small cap
Communication Service	0.0%	28.6%	61.1%	20.0%	80.0%
Consumer Discretionary	85.7%	48.0%	36.2%	11.1%	29.7%
Consumer Staples	40.0%	33.3%	50.0%	0.0%	60.0%
Energy	50.0%	75.0%	72.7%	100.0%	66.7%
Financials	20.0%	55.6%	60.5%	60.7%	70.3%
Health Care	60.0%	47.8%	52.0%	50.0%	36.0%
Industrials	33.3%	47.6%	41.5%	28.0%	52.0%
Information Technology	16.7%	20.0%	33.3%	28.6%	41.2%
Materials	14.3%	37.9%	46.8%	32.0%	46.8%
Real Estate	n/a	50.0%	53.8%	40.0%	0.0%
Utilities	100.0%	61.5%	52.9%	33.3%	60.0%
Index	40.0%	47.0%	48.3%	35.3%	49.2%

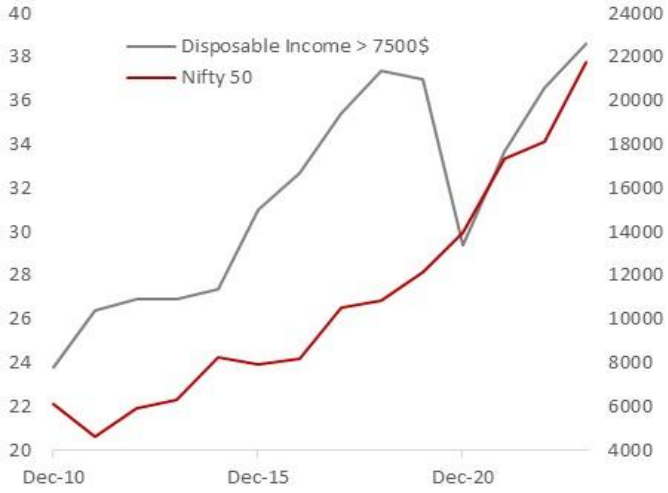
FIs Have Not Been Sellers This Time Around



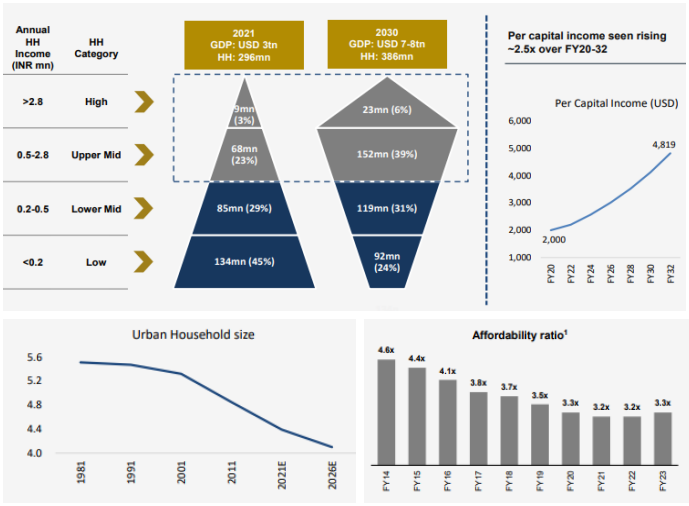
PMI Data Remains Strong



Disposable Income Continues to Rise Rapidly



A Strong Real Estate Cycle Supported by Fundamentals



Source: Lodha, U.N., India Census, AICTE, HDFC

Asset Allocation & Outlook

We view the factors ailing markets as short term in nature. We expect the government focus on growth to pick up in the second half post elections. For investors with cash on hand, staggered entries into attractively priced equities is likely to yield handsome returns.

Later this year, there is a decent likelihood of rates declining, as the RBI lowers interest rates, or foreign flows come into debt. With low core inflation, the preconditions for growth remain in place.

We recommend staggered deployments over the coming months until visibility on the economy, regulation, and elections clarifies.

After riding a tremendous rally in small and mid cap rally from April 2022, reiterating our view in May 2023, we reduce our exposure on mid and small caps to strategic weight.

On valuations, large caps appear reasonably valued at a PEG on current quarterly growth of less than 1. Our preference shifts to an over-weight tilt to large and cap agnostic multi cap strategies that invest in reasonably priced growth. We continue to be over-weight long/short, REITs, and InvITs.

We raise our allocation in Gold to strategic weight, as a proven inflation and currency debasement hedge, while reducing our weight in Fixed Income. Timing duration remains a challenging undertaking within a high taxation and long holding period structure. We continue to consider fixed income opportunistically at a security level.

Style, Sector & Manager Selection

We prefer active manager exposure in multi-cap and large cap funds, given the wide dispersion in sector, and stock fundamentals and valuations.

Giga, mega and large caps have been delivering consistent growth. On mid and small caps, the actual holdings in the portfolio matter more than index fundamentals. Performance disparity is likely to be wide, across sector and stocks, and driven by stock, manager and sector selection.

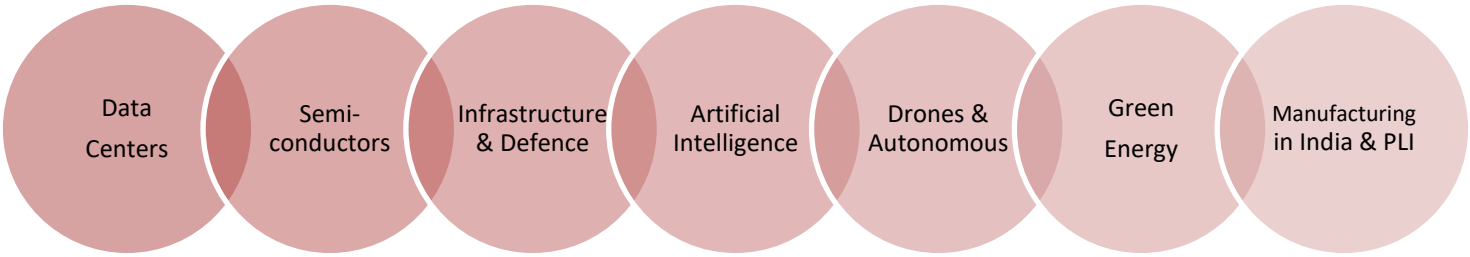
Ultimately, portfolios are comprised of individual companies. We prefer reasonably priced companies with strong balance sheets, moat, earnings visibility and immunity from disruption.

Our sector preferences are infrastructure, energy/power, mid small cap tech, leisure, hotels, building materials, real estate, PSU banks and selectively industrials. We are underweight consumer staples, materials, chemicals, large IT and healthcare.

The fundamental drivers for wealth creation remain in place. India is home to a disproportionate number of high-quality companies which remain under-represented in equity indices.

Over 150 companies have exceeded a billion dollar valuation and delivered above 33% CAGR over the past 3 years. This includes growth stocks such as Titan Co and value stocks such as NTPC. The story of wealth creation has been ongoing for the past 2 decades, and looks set to continue in coming years.

AN UPDATE ON EMERGING INDUSTRIES WITH INVESTMENT PROMISE



We list a few emerging industries that offer strong wealth creation opportunities. For a list of stocks in these industries, please reach out to your wealth advisor for a curated portfolio tailored to your investment horizon & objectives.

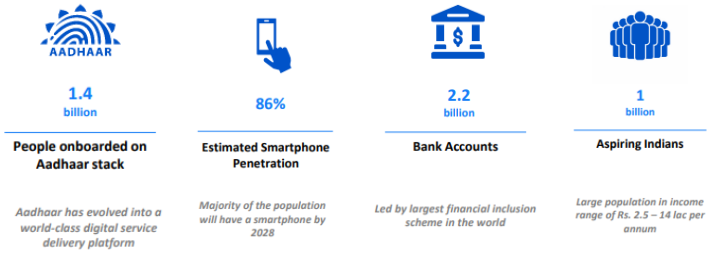
Data Centers

Increasing cloud adoption, AI demands and rising per capita data consumption are driving an exploding demand for data centers. There is a growing requirement of reliable power across industries. Data centers as an industry are forecast to grow at 20%+ CAGR over the medium term.

Meta just announced its first data center in India to meet surging demand for Reels. Vast swaths of the U.S. are at risk of running short of power as electricity hungry data centers and clean tech factories proliferate around the country. The situation is similar in India.

India's data center capacity in the top seven cities has grown three-fold in just four years. A major factor behind the skyrocketing demand is the rapid innovation in artificial intelligence, which is driving the construction of large warehouses of computational infrastructure that require exponentially more power than traditional data centers. AI is part of the huge scale up, alongside cloud and mandates for data localization.

India's Digital Economy on a Sound Footing



Source: Company reports

Digital ecosystems are enabling India's growth. All of India is on the Aadhaar stack, 86% are estimated to have smartphones, with 2.2 billion bank accounts, and 1 billion Indians are aspiring to rise.

Innovation

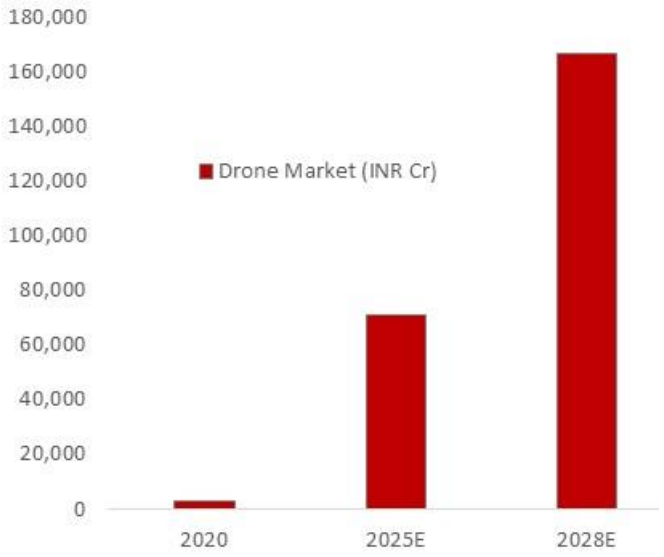
The large winners from the last decade won on obvious businesses – paints, consumer goods, lending, banking, IT services etc. The new breed of entrepreneur is creating innovative businesses in sunrise industries such as green energy, semi-conductors, drones, marketplaces, software.

Drones

CARE projects the drone market size to be INR 1.6L cr in FY28, and the export market at INR 1.94L cr by FY28. The government aims to create India as a global hub by 2030 for drone manufacturing and services. India has key advantages, as Chinese drones pose data related security concerns and strategic considerations.

Non-defense drone services are on the rise as well. The civil aviation ministry expects the drone industry to achieve 12,000-15,000 Cr turnover by 2026. Besides drone production and services, anti-drone security is a large opportunity. Listed companies are designing and manufacturing combat training solutions and counter-drone solutions for defense and security forces.

Drones are a Structural Growth Story



Source: CARE Ratings, RattanIndia Ent

Semiconductors

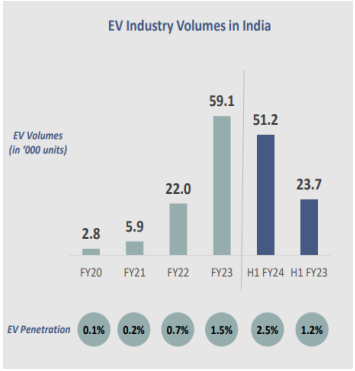
The Union Cabinet on Thursday approved proposals to set up three semi-conductor units with an investment of ₹1.26-lakh crore. Two of the units will be set up in Gujarat while third one will be in Assam. With this, India will have four units, with supply from first unit expected by year end. Several ingredients for success are in place: rising demand, low manufacturing cost, fiscal support, and strategic relationships with global leaders.

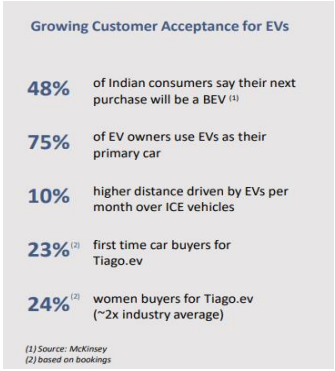
The EV Industry

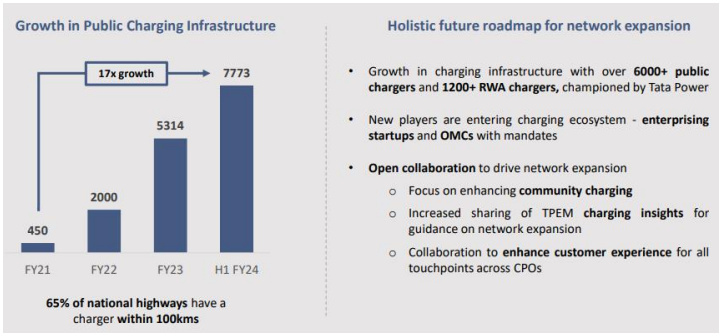
The EV industry tracked to 59,000 units in FY23, per data provided by Tata Motors, implying a 20x growth from FY20, and a run rate of 8k / month. Increased customer demand for EVs is coming through, with a wide range of available models, government support and incentives, a widening charging network and robust supplier ecosystem development.

New model launches are opening up new customer segments. 48% of Indian consumers in a survey said their next purchase would be a BEV2. Localization to secure PLI, cost benefits and greater flexibility are driving acceptance.

48% of Buyers in a Survey Plan to Buy an EV





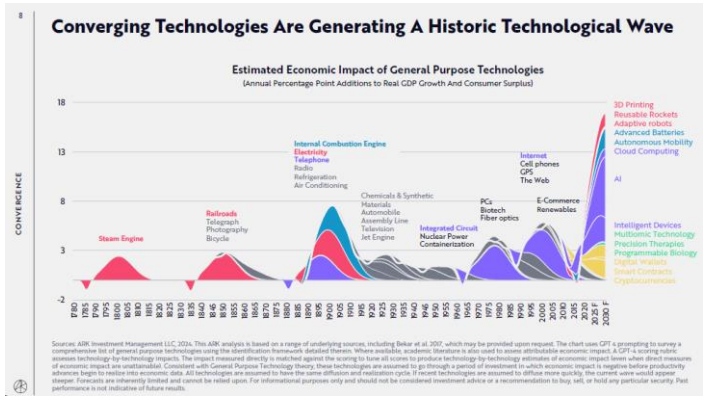


Source: Tata Motors

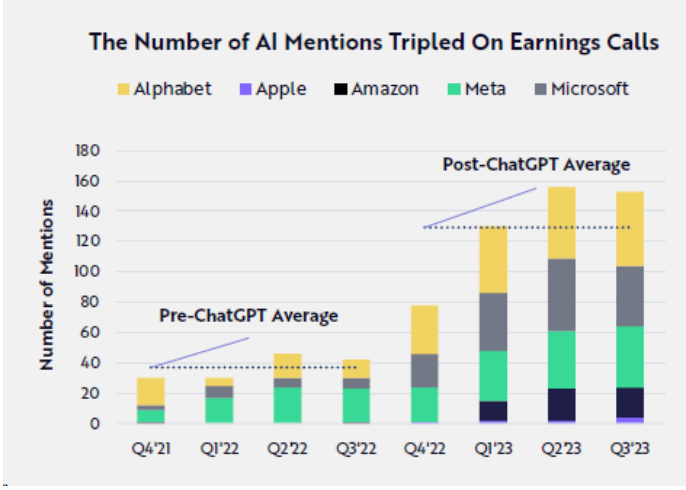
Artificial Intelligence

In a recent presentation, Cathy Woods made the point that converging technologies are generating a historic technological wave. Food for thought.

AI is pervading our collective consciousness, and mentions of AI initiatives by companies on conference calls in India has exploded. Indian companies are already deploying AI at a dizzying pace and are ahead of the curve, poised to garner a share of the exploding AI wave. Global players are flocking to India to recruit talent for AI development.

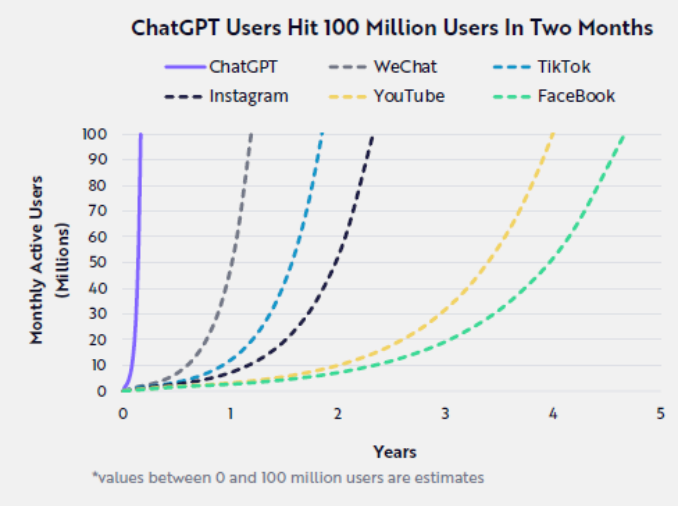


AI Mentions on Earnings Calls



Source: ARK

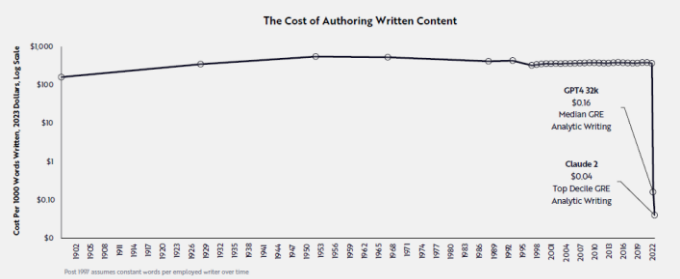
ChatGPT Adoption the Fastest in History

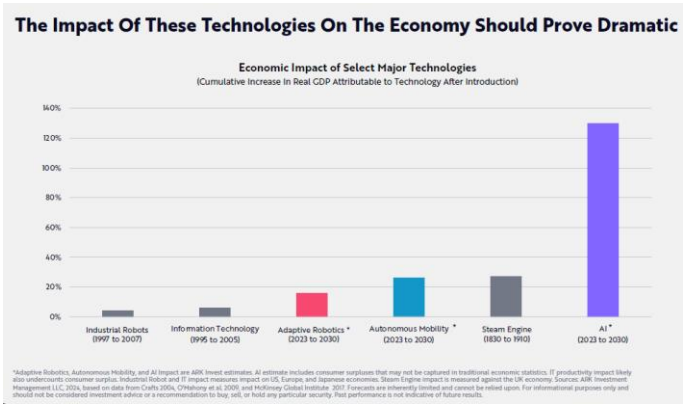


Source: ARK

AI is Highly Destructive & Deflationary...

...The Cost of Authoring Content is Collapsing





AI in the Core

Companies are constantly on the lookout to improve productivity, and this is abundantly achievable via AI automation.

The scramble is driving explosive demand for experts in large language models, data centers and computational power, which in turn is driving rising demand for power. Data center segment revenues for Nvidia rose to USD18.4bn, up 27% q-q and 409% y-y.

AI training is positioned to be a significant growth sector for Indian IT companies in coming quarters. Companies that provide infrastructure, data center services, and companies with the expertise to design meaningful LLMs will be in demand.

Creative Destruction & Job Creation

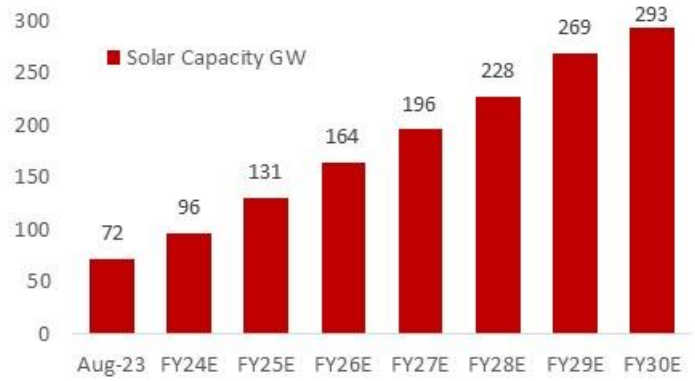
We expect AI will follow the model of job creation dating back to the Industrial Revolution. Jobs in content creation, design and many service industries are likely to be disrupted, while there will be an explosion in demand for knowledge workers, skilled in new technology, technology sales, automation and research. Complexity will possibly continue to trump simplicity - the car over the horse, the computer over the typewriter, the email over the hand written letter and so forth.

Renewable Energy

The Indian government has released a bidding trajectory for renewable energy tenders, with plans to invite bids of 50GW capacity annually from FY24 to FY29. The CEA, Central Electricity Authority, is targeting 293 GW of Solar Power by 2030, with overall installed capacity set to reach 777 GW, and solar at 38%.

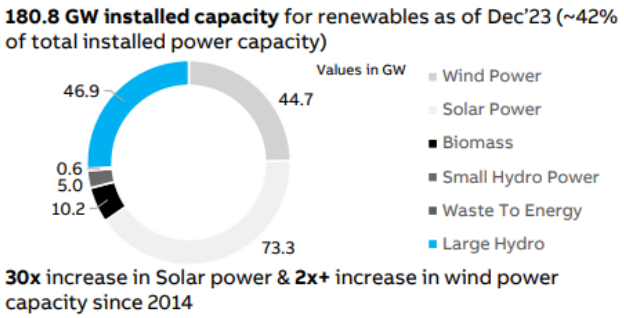
The Indian renewable energy market is set to grow from $22 billion to $47 billion by 2032. With 67GW installed solar energy capacity, India is now fourth in the world behind China, U.S. and Japan.

Bidding Trajectory for Solar – 293 GW by 2030



Source: CEA

India Solar Power Up 30x Since 2014



Source: ABB India

The Cabinet has approved a rooftop solar subsidy scheme at an outlay of INR 75k cr. The scheme provides a central financial assistance of 30,000 subsidy for 1 kW system, 60,000 for 2 kW systems and 78,000 for 3 kW systems or higher. PFC, REC, IREDA and Tata Power stand to be key players.

The Indian renewable energy market is poised to more than double to $47 billion by 2032 from $22 billion in 2023. India is expected to take non fossil energy capacity to 500 GW by 2030 and generate 50% of its energy from renewable.

India's power demand is expected to reach 817 GW by 2030. The government plans to outlay INR 19k cr by 2030 in the National Green Hydrogen Mission and INR 24k cr PLI in solar PV manufacturing.- India's installed capacity for renewables is 180.8 GW as of Dec '23, or 42% of total installed power capacity, per ABB India.

Key Takeaways

Many companies in India are thriving in nascent, high growth industries. Many of these companies are small caps that will in coming years, grow into mid and large caps. There are large caps as well in the space; however, due to the size and valuation of many large caps, the impact of their involvements in these emerging industries is muted.

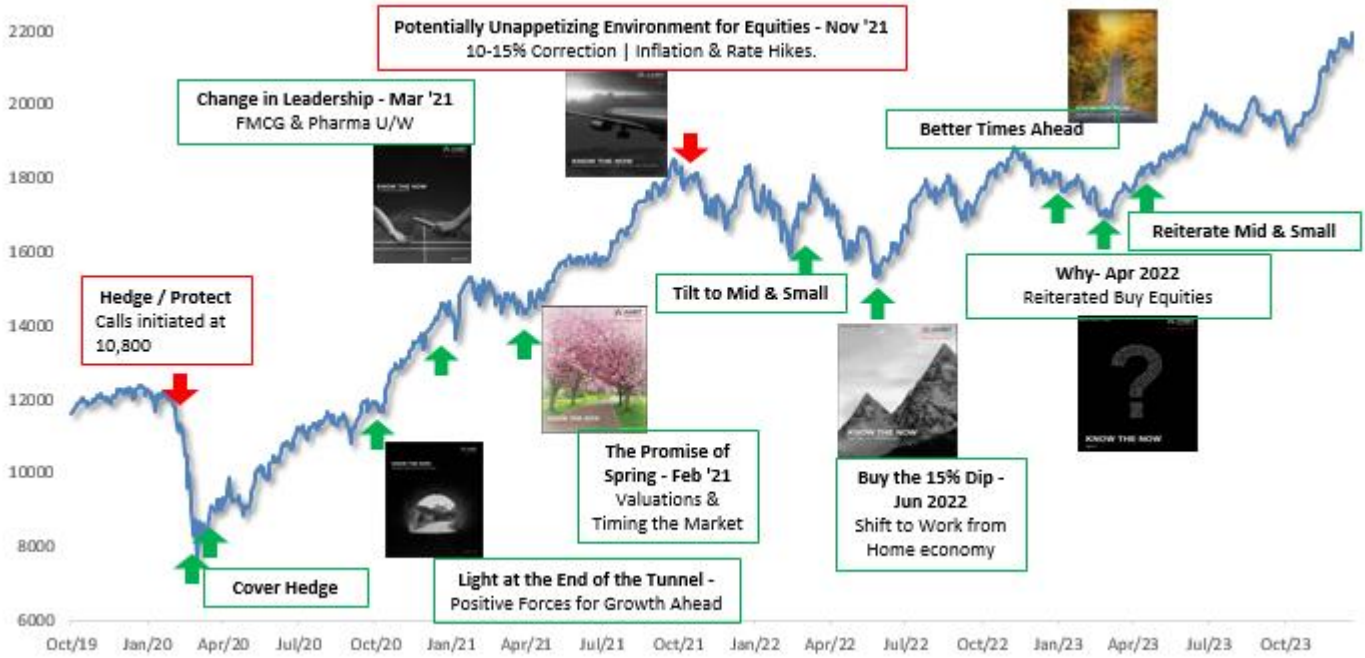
Ergo, opportunities to make multi bagger returns continue to present themselves in India like never before, especially for investors with a 3 to 5 year time frame.

For a custom curated portfolio suited to your investment horizon, risk and return objectives, please reach out to your wealth manager.

KEY CALLS FROM PAST COMMENTARIES

- Hedge in March 2020, Exited Hedge at the Bottom March 24, 2020
- Neutral Summer 2020
- Bullish Fall 2020 – Nov 2021
- Cautious Nov 2021 – Expected a 10-15% Correction
- Bullish in June 2022, Reiterated in April 2023 post the Regional Bank crisis
- Tilt to Mid & Small Caps in Apr 2022, Reiterated in May 2023

Know the Now - Equity View - Timeline



Earnings Scorecard – Q4 CY2023

Nifty 50

Nifty 50	P/S	P/E	Sales Qtr YoY %	Net Profits Qtr YoY%	Sales LTM YoY %	Net Profits LTM YoY%	Sales QoQ %	Net Profits QoQ%	Cap Wt %	Profit Contrib %	Net Margin
Communication Services	4.9	86.8	5.9%	53.8%	10.2%	25.1%	2.3%	82.2%	4.2%	1.3%	6.4%
Consumer Discretionary	2.1	27.8	21.6%	52.5%	25.7%	125.6%	3.5%	21.7%	9.7%	9.5%	8.4%
Consumer Staples	8.4	40.6	2.3%	-0.5%	4.7%	10.2%	-0.8%	-0.5%	8.6%	4.9%	20.4%
Energy	1.3	15.7	0.3%	8.7%	-1.5%	28.3%	5.4%	-13.6%	15.2%	20.9%	7.4%
Financials	2.4	17.4	38.1%	17.2%	37.0%	32.3%	7.9%	1.6%	24.1%	33.4%	12.8%
Health Care	6.2	37.8	10.2%	19.1%	11.5%	20.0%	1.1%	0.0%	4.4%	2.9%	17.1%
Industrials	3.2	47.0	16.2%	54.4%	5.5%	35.3%	12.7%	35.5%	6.3%	3.7%	7.8%
Information Technology	4.5	29.2	2.0%	-1.2%	8.8%	5.3%	1.5%	3.1%	17.4%	13.9%	15.4%
Materials	1.4	30.8	1.0%	72.8%	0.6%	-27.2%	-1.0%	29.1%	6.9%	4.8%	4.2%
Utilities	2.5	15.6	-2.7%	9.0%	3.9%	8.5%	-3.3%	9.4%	3.1%	4.8%	16.9%
Total	**2.4**	**23.6**	**11.8%**	**16.7%**	**11.2%**	**23.0%**	**4.4%**	**2.4%**	**100.0%**	**100.0%**	**10.0%**

MidCap 150

Nifty Mid cap 150	P/S	P/E	Sales Qtr YoY %	Net Profits Qtr YoY%	Sales LTM YoY %	Net Profits LTM YoY%	Sales QoQ %	Net Profits QoQ%	Cap Wt %	Profit Contrib %	Net Margin
Communication Services	2.1	(10.0)	6.3%	-33.9%	3.0%	-6.4%	1.0%	-18.2%	3.3%	-9.7%	-20.5%
Consumer Discretionary	1.6	55.7	-13.7%	19.4%	4.7%	16.4%	30.7%	7.3%	13.0%	7.3%	3.3%
Consumer Staples	2.5	58.4	-1.7%	74.3%	15.7%	-9.2%	23.3%	59.5%	1.7%	1.1%	4.6%
Energy	0.3	6.3	5.9%	8.9%	-1.3%	520.0%	23.1%	-39.8%	2.5%	7.6%	3.0%
Financials	1.9	14.2	15.7%	-2.4%	19.6%	19.0%	4.2%	-4.7%	22.7%	47.7%	12.4%
Health Care	5.0	42.1	16.1%	60.0%	16.3%	32.5%	0.6%	12.6%	10.0%	8.8%	14.1%
Industrials	4.1	56.0	8.4%	4.1%	10.5%	22.2%	2.4%	6.2%	15.7%	8.4%	7.5%
Information Technology	6.6	45.5	10.8%	23.8%	14.0%	10.4%	5.0%	24.3%	4.9%	3.8%	16.1%
Materials	2.5	25.9	-2.4%	4.3%	3.6%	-1.0%	-7.7%	-9.5%	14.3%	14.4%	9.0%
Real Estate	10.7	45.7	-2.4%	-7.6%	9.8%	51.8%	10.5%	-24.1%	4.6%	2.5%	19.6%
Utilities	3.9	14.4	18.9%	100.2%	9.2%	63.3%	-6.4%	-56.4%	7.3%	8.0%	14.4%
Total	**2.2**	**27.0**	**4.6%**	**17.4%**	**8.5%**	**36.0%**	**8.7%**	**-12.9%**	**100.0%**	**100.0%**	**7.4%**

Small Cap 250

Nifty Smallcap 250	P/S	P/E	Sales Qtr YoY %	Net Profits Qtr YoY%	Sales LTM YoY %	Net Profits LTM YoY%	Sales QoQ %	Net Profits QoQ%	Cap Wt %	Profit Contrib %	Net Margin
Communication Services	2.3	94.8	9.4%	-20.3%	30.9%	1.0%	-3.0%	6.0%	2.7%	0.9%	3.1%
Consumer Discretionary	2.5	42.1	14.1%	66.0%	9.5%	50.0%	8.0%	24.9%	11.7%	8.5%	6.3%
Consumer Staples	1.9	56.1	11.5%	-17.2%	13.1%	-47.6%	1.8%	38.5%	4.7%	4.4%	6.8%
Energy	0.6	9.1	-7.5%	90.2%	-15.3%	15.4%	28.1%	-40.2%	1.9%	3.3%	3.8%
Financials	3.1	19.7	26.6%	38.6%	27.7%	39.1%	6.6%	5.9%	23.7%	35.6%	15.8%
Health Care	4.2	52.4	3.6%	-14.0%	15.8%	7.3%	-3.8%	-15.8%	10.5%	5.0%	7.5%
Industrials	2.4	36.2	10.7%	15.1%	9.8%	-1.8%	5.1%	-6.2%	20.0%	15.1%	6.7%
Information Technology	1.6	42.8	10.1%	6.4%	19.2%	3.2%	5.6%	-4.6%	6.5%	4.0%	3.4%
Materials	1.4	23.0	-5.5%	3.5%	-1.9%	-21.5%	4.8%	11.4%	13.5%	18.4%	6.9%
Real Estate	5.6	127.0	-5.5%	3.2%	11.5%	-33.0%	-7.8%	11.5%	1.3%	0.4%	6.5%
Utilities	2.2	17.3	3.7%	97.2%	4.6%	21.0%	-9.3%	-46.7%	3.5%	4.3%	10.7%
Total	**2.2**	**28.5**	**7.4%**	**21.7%**	**9.1%**	**8.0%**	**5.5%**	**-1.2%**	**100.0%**	**100.0%**	**7.9%**

Notes: Data as of March 20, 2024. Scorecard financial data is computed on a bottom up basis. Earnings are adjusted for extraordinary items.
Source: NSE, corporate filings.

Global Index Performance

18/03/2024	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	% from 52 Wk Hi	% from 52 Wk Lo
Nifty 50	**22,078**	**-1.8**	**1.1**	**0.4**	**4.2**	**9.8**	**1.6**	**1.6**	**29.5**	**-2.0%**	**31.2%**
Americas											
S&P 500 Index	5,165	1.2	3.3	1.4	9.4	14.7	8.3	8.3	31.8	-0.5%	34.6%
Dow Jones Indus. Avg	39,043	1.0	1.6	0.1	4.8	11.8	3.6	3.6	21.4	-0.6%	24.2%
Nasdaq Composite	16,178	0.9	2.0	0.5	9.6	16.2	7.8	7.8	41.6	-1.7%	44.0%
Nyse Fang+ Index	9,836	0.5	-0.3	-0.6	15.1	25.0	12.8	12.8	77.4	-3.2%	84.2%
Canada	21,970	1.7	5.2	2.8	5.7	6.8	4.8	4.8	11.6	-0.2%	17.5%
Mexico	55,849	1.0	-2.4	0.8	-2.1	7.9	-2.7	-2.7	6.0	-5.4%	16.9%
Brazil Bovespa	128,006	-0.7	0.8	-0.8	-2.2	7.2	-4.6	-4.6	24.4	-4.8%	32.0%
Europe											
Euro Stoxx 50 Pr	5,001	1.7	6.2	2.5	10.2	16.8	10.6	10.6	19.6	-0.3%	25.6%
FTSE 100	7,772	1.2	2.7	1.9	1.6	1.3	0.5	0.5	1.8	-2.1%	7.8%
CAC 40 Paris	8,138	2.3	6.0	2.7	7.4	11.3	7.9	7.9	13.9	-0.2%	20.1%
DAX Germany	17,961	1.4	6.0	1.6	7.2	13.6	7.2	7.2	17.9	-0.2%	24.2%
Asia											
Nikkei 225	38,808	-2.0	2.9	-0.9	18.7	17.0	16.0	16.0	42.6	-4.1%	45.7%
Hang Seng	16,994	4.7	7.0	2.9	3.6	-5.8	-0.3	-0.3	-11.7	-18.6%	14.9%
Shenzhen CSI 300	3,574	1.3	6.2	1.7	6.6	-4.3	4.2	4.2	-10.3	-14.3%	15.0%
Australia	7,714	-0.6	2.2	0.2	4.6	7.3	1.6	1.6	10.1	-1.8%	14.3%
Taiwan	19,880	0.9	9.9	4.8	12.6	18.3	10.9	10.9	29.4	-1.2%	30.9%
Korea	2,717	2.6	3.7	2.8	6.8	5.6	2.3	2.3	15.6	0.0%	19.5%
Straits Times Index STI	3,185	1.6	1.5	1.4	2.0	-2.0	-1.7	-1.7	1.8	-6.1%	4.7%
Vietnam Ho Chi Minh	1,273	0.3	6.2	1.6	14.6	4.0	12.6	12.6	22.4	-0.4%	25.1%
Jakarta Indonesia	7,427	2.5	3.0	1.5	3.5	6.7	2.1	2.1	11.8	-0.4%	13.5%
Phillipines	6,951	1.7	1.4	0.1	8.4	12.0	7.8	7.8	8.7	-1.0%	17.4%

Leadership Stocks – U.S. & India

18/03/2024	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	% from 52 Wk Hi	% from 52 Wk Lo
Nifty 50	**22,078**	**-1.8**	**1.1**	**0.4**	**4.2**	**9.8**	**1.6**	**1.6**	**29.5**	-2.0%	31.2%
Microsoft Corp	415	3.2	1.4	0.4	13.4	22.6	10.4	10.4	59.2	-1.4%	62.2%
Meta Platforms Inc-Class A	496	-0.1	4.7	1.1	48.7	59.0	40.0	40.0	155.4	-5.3%	165.6%
Apple Inc	171	1.2	-7.1	-5.3	-13.6	-2.6	-11.1	-11.1	12.2	-14.3%	14.1%
Walt Disney Co/The	113	2.2	0.8	0.8	19.8	33.2	24.6	24.6	20.5	-2.3%	42.9%
Amazon.Com Inc	177	1.8	3.3	-0.1	19.8	22.0	16.2	16.2	86.1	-2.0%	90.4%
Netflix Inc	609	2.0	5.2	1.1	29.7	52.2	25.2	25.2	106.6	-2.4%	109.9%
Alphabet Inc-Cl A	140	6.4	-4.2	1.0	5.9	1.2	0.1	0.1	48.8	-9.1%	51.2%
Hdfc Bank Limited	1,450	0.5	4.7	3.3	-12.2	-11.8	-15.2	-15.2	-7.3	-17.5%	6.3%
Icici Bank Ltd	1,089	-0.7	6.5	3.5	5.4	10.3	9.3	9.3	31.2	-2.2%	34.4%
Tata Consultancy Svcs Ltd	4,115	1.2	0.4	0.5	12.7	16.1	9.0	9.0	28.6	-3.0%	34.6%
Bajaj Finance Ltd	6,434	1.9	-3.2	-0.9	-13.9	-14.2	-12.2	-12.2	12.3	-21.5%	17.3%
Hindustan Unilever Ltd	2,322	-3.3	-2.8	-3.7	-7.7	-7.1	-12.8	-12.8	-4.9	-16.2%	0.9%
Nestle India Ltd	2,598	2.6	4.5	0.1	4.8	15.6	-2.3	-2.3	42.2	-6.2%	45.3%
Titan Co Ltd	3,619	-5.0	0.9	-0.1	0.8	11.0	-1.5	-1.5	53.6	-6.9%	55.4%
Asian Paints Ltd	2,881	1.9	-3.2	2.1	-11.1	-11.1	-15.3	-15.3	4.9	-19.3%	6.4%
Srf Ltd	2,410	-0.1	2.2	0.9	-0.5	0.5	-2.8	-2.8	4.6	-8.6%	18.2%
Central Depository Services	1,728	-5.9	-9.0	-9.9	-11.3	30.6	-5.3	-5.3	77.1	-16.4%	96.1%

Large, Mid & Small

18/03/2024	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	% from 52 Wk Hi	% from 52 Wk Lo
India Indices											
Nifty 50	**22,078**	**-1.8**	**1.1**	**0.4**	**4.2**	**9.8**	**1.6**	**1.6**	**29.5**	**-2.0%**	**31.2%**
Sensex	72,956	-1.5	1.6	0.6	3.5	8.1	1.0	1.0	26.0	-1.7%	27.8%
Nifty 500	19,818	-2.8	-0.5	-1.4	4.5	12.6	2.0	2.0	38.0	-3.2%	39.8%
NIFTY Midcap 100	46,610	-4.6	-3.6	-3.6	2.4	14.5	0.9	0.9	55.6	-6.4%	59.6%
NIFTY Smallcap 100	14,626	-6.1	-8.0	-8.5	-1.0	14.8	-3.4	-3.4	61.7	-12.4%	68.5%

Nifty Sectors

18/03/2024	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	% from 52 Wk Hi	% from 52 Wk Lo
Nifty Sectors											
Nifty Auto	20,453	-3.4	3.7	0.2	13.3	26.5	9.9	9.9	65.7	-4.2%	71.8%
Nifty Bank	47,010	-2.0	2.4	1.9	-1.5	2.2	-2.7	-2.7	19.3	-3.3%	21.7%
NIFTY Private Bank	23,472	-1.9	2.1	1.6	-5.2	-1.2	-5.6	-5.6	17.2	-6.1%	19.8%
Nifty Financial Services	20,765	-1.1	2.2	1.7	-3.2	1.7	-3.4	-3.4	18.3	-4.0%	20.3%
Nifty India Consumption	9,835	-1.3	1.4	0.3	6.1	15.3	2.7	2.7	39.3	-2.3%	39.7%
Nifty FMCG	53,965	0.2	0.2	-0.1	-0.7	3.5	-5.3	-5.3	20.7	-6.9%	21.6%
Nifty Energy	38,028	-6.0	-3.1	-2.1	18.6	38.7	13.6	13.6	69.7	-6.7%	71.3%
Nifty Infrastructure	8,025	-3.7	0.3	-0.7	13.3	27.8	9.9	9.9	58.8	-4.1%	61.6%
Nifty IT	37,022	0.1	-2.0	-1.9	8.2	12.0	4.2	4.2	28.6	-4.0%	41.4%
Nifty Metal	7,707	-6.7	-2.1	-2.7	1.7	9.4	-3.4	-3.4	39.7	-8.7%	45.3%
Nifty Pharma	18,696	-2.3	0.6	-1.6	15.7	20.7	11.1	11.1	61.2	-3.6%	62.0%
Nifty PSU Bank	6,810	-7.0	-1.8	-1.7	21.0	35.7	19.2	19.2	85.3	-8.2%	93.0%
Nifty Realty	828	-9.8	-3.8	-9.1	7.2	40.5	5.7	5.7	114.3	-11.6%	123.4%
Nifty Sectors & Themes											
Nifty Media	1,832	-5.5	-14.6	-10.6	-25.0	-21.3	-23.3	-23.3	8.6	-27.0%	11.9%
Nifty CPSE	5,531	-8.5	-2.9	-4.2	20.6	45.1	13.8	13.8	88.8	-9.5%	95.6%
Nifty PSE	8,900	-7.3	-3.3	-2.6	17.9	51.6	13.3	13.3	97.2	-8.5%	103.8%
Nifty Commodities	8,026	-4.8	-2.0	-1.4	8.5	21.3	4.0	4.0	47.2	-5.8%	49.0%
Nifty MNC	24,798	-1.3	0.7	-1.2	6.3	11.2	2.4	2.4	31.4	-2.2%	33.0%

Crude Oil, Commodities and Precious Metals

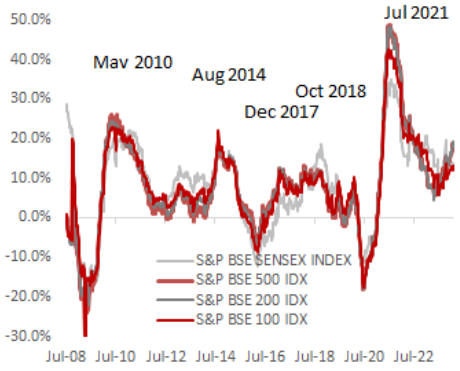
18/03/2024	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	% from 52 Wk Hi	% from 52 Wk Lo
Nifty 50	**22,078**	**-1.8**	**1.1**	**0.4**	**4.2**	**9.8**	**1.6**	**1.6**	**29.5**	**-2.0%**	**31.2%**
Gold U.S. & India											
Gold Spot $/Oz	2,171	0.5	9.0	6.2	6.6	13.6	5.2	5.2	14.0	-1.1%	19.9%
Gold India	65,182	1.2	4.9	5.1	7.0	11.4	3.6	3.6	14.9	-0.6%	15.9%
Platinum Spot $/Oz	938.4	1.9	5.1	6.6	-2.4	2.9	-5.4	-5.4	-4.9	-17.3%	11.3%
Crude											
Brent Crude	84.1	1.4	3.1	0.6	9.8	-10.2	9.2	9.2	8.6	-13.9%	20.0%
WTI Crude	79.8	1.1	4.1	1.9	11.4	-11.5	11.3	11.3	11.8	-16.1%	25.3%
Metals											
LME Copper	8,833.5	4.1	8.3	5.1	7.2	5.2	4.4	4.4	-1.0	-3.8%	13.4%
LME Aluminum	2,217.9	1.2	0.9	1.4	5.6	1.9	-5.4	-5.4	-2.9	-8.0%	7.6%
LME Nickel	18,124.5	3.6	13.2	2.6	11.6	-8.7	10.7	10.7	-20.9	-29.1%	16.1%
LME Zinc	2,537.3	3.2	10.7	6.5	4.7	1.6	-3.9	-3.9	-14.5	-16.4%	14.2%
LME Lead	2,162.7	4.8	7.7	5.1	8.2	-4.3	6.3	6.3	4.1	-6.5%	9.1%
LME Tin	27,960.0	3.5	2.2	6.1	14.2	9.7	11.1	11.1	21.9	-5.2%	28.5%
Commodities											
Lumber	8,833.5	4.1	8.3	5.1	7.2	5.2	4.4	4.4	-1.0	-3.8%	13.4%
Palm Oil	4,350.0	4.9	8.9	8.1	20.8	18.9	18.8	18.8	6.0	-1.0%	34.6%
BBG Cmdty ex-Prec Mtl	87.2	0.6	2.4	1.2	-0.6	-12.2	-0.5	-0.5	-8.0	-12.7%	3.0%
CRB Metals Index	1,018.6	-0.1	1.3	1.1	1.1	2.3	-1.3	-1.3	-4.0	-10.7%	5.0%
Bloomberg Commodity Index	98.9	0.6	3.7	2.3	0.3	-8.2	0.3	0.3	-5.1	-9.2%	3.9%
CRB Commodities Index	530.2	1.0	1.1	1.1	3.3	-3.9	3.9	3.9	-2.3	-6.8%	5.1%
Wheat	532.3	2.1	-10.9	-7.8	-9.1	-6.5	-15.2	-15.2	-20.8	-31.5%	2.4%
CRB Raw Industrials Index	548.6	0.0	1.1	0.1	1.4	-1.3	0.9	0.9	-2.1	-3.1%	2.5%
Commodities											
Bloomberg Grains Spot	231.79	2.0	-0.1	1.7	-9.4	-11.1	-8.4	-8.4	-24.1	-26.7%	3.7%
Raw Sugar	21.93	2.2	-5.9	-2.9	-0.2	-17.4	6.6	6.6	5.4	-22.1%	9.5%
Simex Iron Ore	109.60	-7.2	-15.4	-12.2	-19.1	-10.1	-19.6	-19.6	-16.3	-26.8%	11.4%

Interest Rates and Inflation

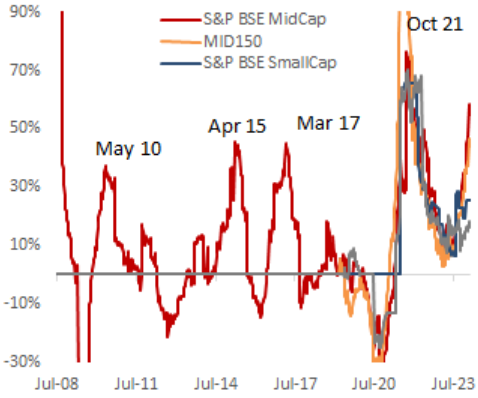
18/03/2024	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	% from 52 Wk Hi	% from 52 Wk Lo
India G-Sec Yields											
10 Year India G-Sec	7.05	7.03	7.11	7.08	7.20	7.13	7.17	7.17	7.37	-0.35	0.10
5 Year India G-Sec	7.05	7.05	7.09	7.07	7.22	7.16	7.13	7.13	7.27	-5.3%	2.8%
3 Year India G-Sec	7.05	7.05	7.08	7.06	7.22	7.16	7.08	7.08	7.18	-4.3%	3.9%
1 Year India G-Sec	7.09	7.08	7.08	7.08	6.83	7.38	7.09	6.72	6.30	-3.0%	4.8%
3 Month India G-Sec	6.87	6.90	7.02	6.86	6.97	6.84	7.00	7.00	6.89	-3.5%	3.0%
India CPI											
India CPI Combined YoY	5.09		5.10	5.09	5.55	6.83	5.69	5.69	6.44	-2.35	0.78
India WPI	0.27		0.7	0.3	-0.3	-1.2	0.7	0.7	4.8	-80.9%	-106.5%
India Core CPI	3.51		3.8	3.5	4.3	5.0	4.1	4.1	6.5	-43.7%	0.0%
U.S. & China Yields & CPI											
U.S. 10 Year	4.20	4.08	4.26	4.25	3.92	4.29	3.88	3.88	3.69	-0.82	0.95
U.S. 5 Year	4.20	4.07	4.24	4.24	3.90	4.42	3.85	3.85	3.85	-0.79	1.00
U.S. 2 Year	4.64	4.50	4.58	4.62	4.39	5.01	4.25	4.25	4.25	-0.62	1.09
U.S. 1 Year	4.75	4.94	4.95	5.00	4.91	5.43	4.77	4.77	4.47	-0.75	0.69
U.S. 3 MO T-BILL	5.21	5.39	5.39	5.38	5.38	5.47	5.34	5.34	4.80	-0.30	0.82
Spread 10-2	-0.44	-0.42	-0.32	-0.37	-0.47	-0.73	-0.37	-0.37	-0.56		
Spread 5-1	-0.55	-0.87	-0.71	-0.76	-1.01	-1.01	-0.93	-0.93	-0.62		
U.S. CPI	3.20		3.10	3.20	3.10	3.70	3.40	3.40	6.00	-36.0%	6.7%
China CPI	0.70		-0.8	0.7	-0.5	0.1	-0.3	-0.3	1.0	0.0%	-187.5%
Inflation Expectations 10 Year US	2.24		2.2	2.2	2.3	2.3	2.2	2.2	2.4	-4.7%	1.8%
U.S. Dollar & INR											
USD INR	82.9	82.8	83.0	82.9	83.3	83.0	83.2	83.2	82.5	-0.7%	1.6%
Dollar Index	102.9	102.8	104.7	104.2	102.0	105.4	101.3	101.3	103.6	-4.2%	3.3%

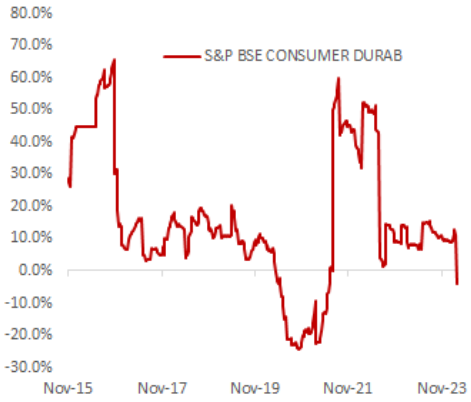
Earnings Revisions - YoY Change %

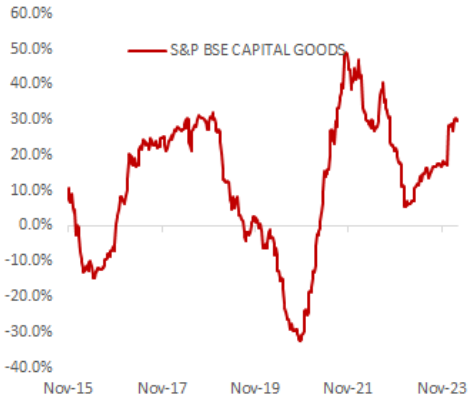
BSE 500, BSE 200, BSE 100

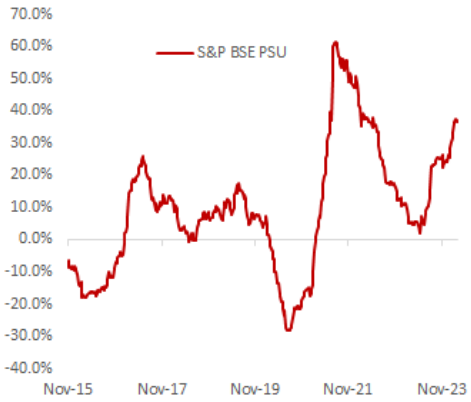


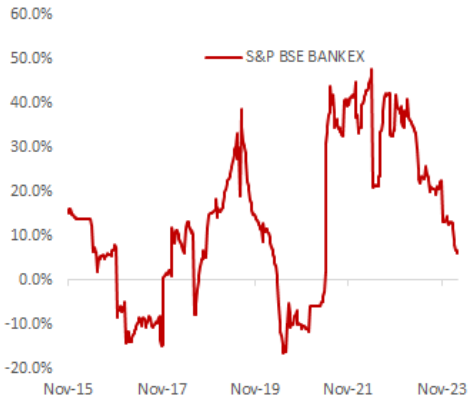
BSE Mid & Small Cap

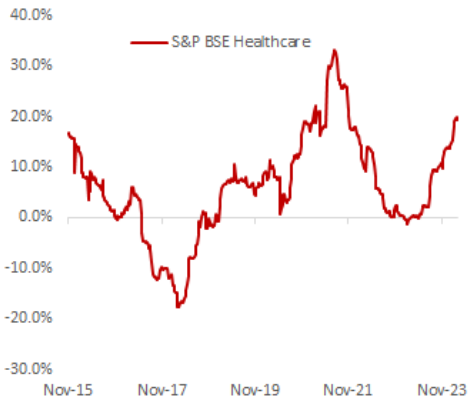


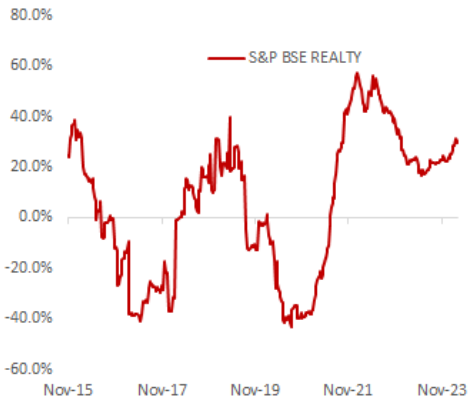




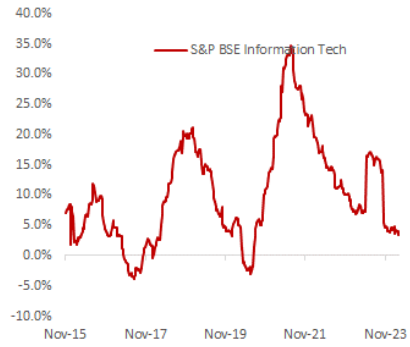


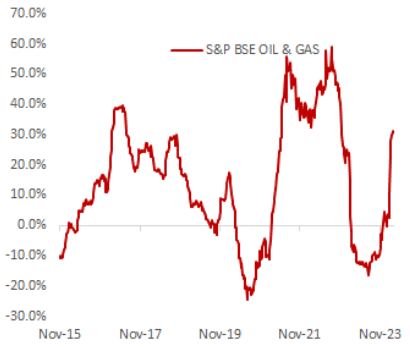


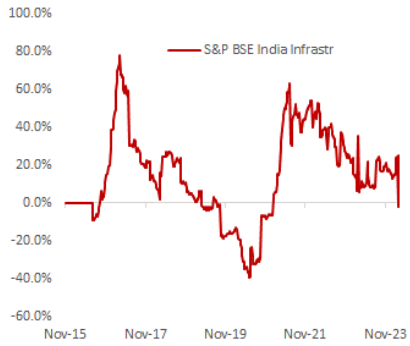


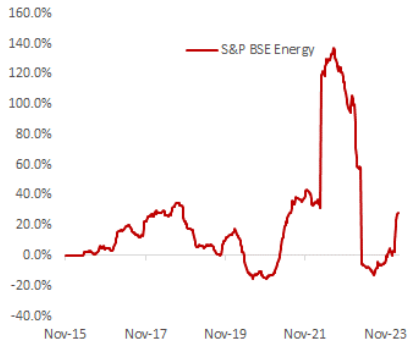


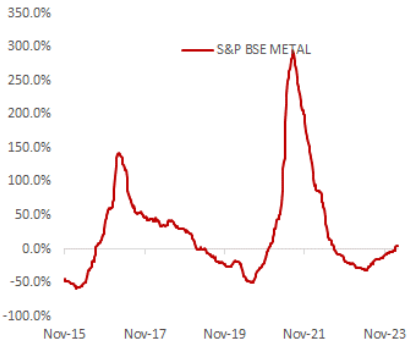
Forward Earnings Revisions by Sector – YoY Change% (Continued...)

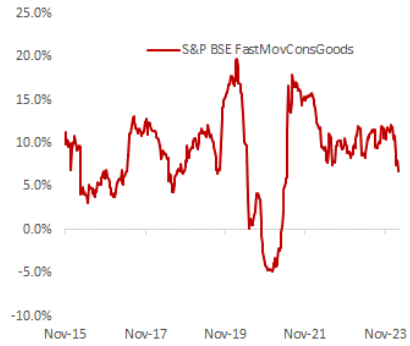


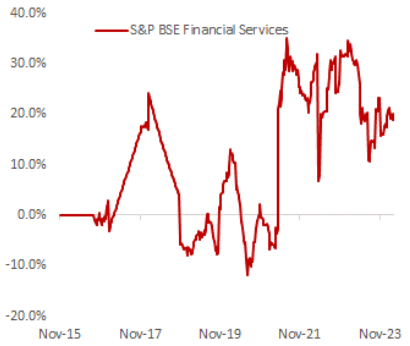


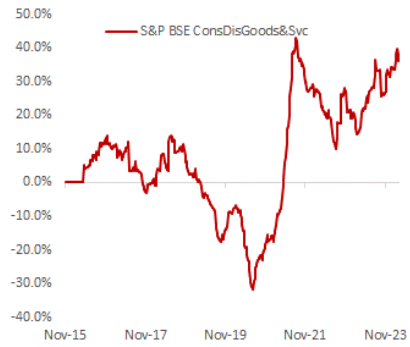


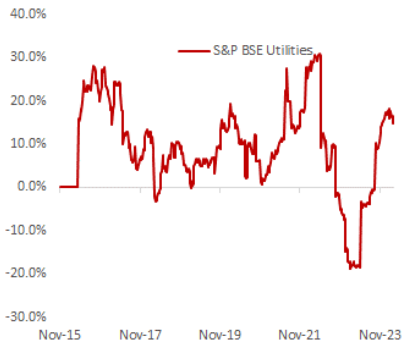












Tactical Asset Class Rationale

Equities	Over Weight	Rationale
India Equities	Over Weight & Stagger	Outlined in the commentary, we continue to remain moderately over-weight equities and prefer staggered deployments into equities. Post a historic rally in small and mid caps over the past year, we marginally reduce our exposure to small/mid caps to strategic weight. We prefer an overweight tilt to large caps and cap agnostic multi-cap strategies that invest in reasonably priced growth companies.
India Hedge Funds	Marginal Over Weight	Hedged portfolios provide an attractive complement to equity portfolios, providing a diversifying non-correlated asset class that enhances risk adjusted return, while holding the opportunity to provide equity-like returns with debt-like risk. Typically, rising volatility is a constructive environment for hedge fund managers; however, we have not witnessed it translate to alpha for fund managers.
Long Short (Absolute Return)	Over Weight	Long short funds that have consistently delivered post-tax 8% returns are a worthy consideration for portfolios. Due to the sharp rally, and the upcoming elections, the environment is favourable for L/S strategies. We remain marginally over weight here.
U.S. Equities	Market Weight	Indian HNI portfolios are dramatically underweight U.S. equities. Diversification provides strong portfolio optimization benefits. U.S. equities have dramatic barriers to entry and global leadership. We recommend a staggered accumulation approach.
Emerging Market Equities	Market Weight	The Japanese economy is witnessing a surprising uptick after many years. China concerns remain around real estate and debt. Other emerging markets are valued reasonably and showing growth, but India remains a standout outperformer.
Europe Equities	Under Weight	Growth in India, emerging markets is likely to outpace European growth and therefore find limited triggers to gain exposure to European equities.
Fixed Income	**Under Weight**	**Rationale**
Duration	Under Weight	We reduce our weight in Duration to market weight, as India Government Bonds appear to be adequately pricing rate cuts and impact of FPI flows on index inclusion H2 2024 onwards. Accordingly, long term bond yields may not fall significantly, hence duration doesn't look very attractive from a risk-reward perspective. Further challenges include a high taxation regime and timing duration.
Accrual	Selectively Positive	Accrual space offers good opportunity to lock in yields. Investors will enjoy good returns based on their ability to lock in spreads in quality papers available currently. Dual advantage of constant high spread and roll down will result in good returns. The near and belly of the curve offers good options for investors.
Credit Risk	Selectively Positive	Rich pickings are available in credit space of lesser understood / lesser known issuers and they offer attractive risk reward opportunities for risk savvy investors. Post RBI change in norms for NBFCs, spread widening for certain subsectors is likely. While there could be higher returns, they will come with higher risks too and investors are cautioned to be mindful of same while taking advantage of richer pickings available.
REITs	Selectively Over Weight	Real estate investment trusts (REITs) lagged in 2020 and 2021 due to the impact of Covid on retail and urban office space. However, REITs recovered in 2022. During an uncertain and inflationary environment, REITs offer an attractive inflation hedge that provides exposure to fixed assets. We recommend exposure be considered only with strong due diligence on a case by case bottom up basis.
InvITs	Over Weight	Infrastructure Investment trusts offer an attractive opportunity to invest in diversified portfolio of assets generating an attractive yield through regular income distribution
Alternate	**Strategic Weight**	**Rationale**
Private Unlisted	Selectively Positive	We are selectively positive and expect significant value and wealth creation in the unlisted space in India primarily led by Technology, Financial and New Age Consumption companies. Our Direct Deal Thesis focuses on late stage companies with significant market share & profitability and our Manager Selection in early stage investments focuses on fund managers with established track record across cycles.
Gold	**Strategic Weight**	**Rationale**
Gold	Strategic	We increase our exposure to Gold to market weight due to inflation, debasement of the US dollar, and concerns on the ever increasing US debt.

Ambit Global Private Client - Asset Allocation & Investment Committee

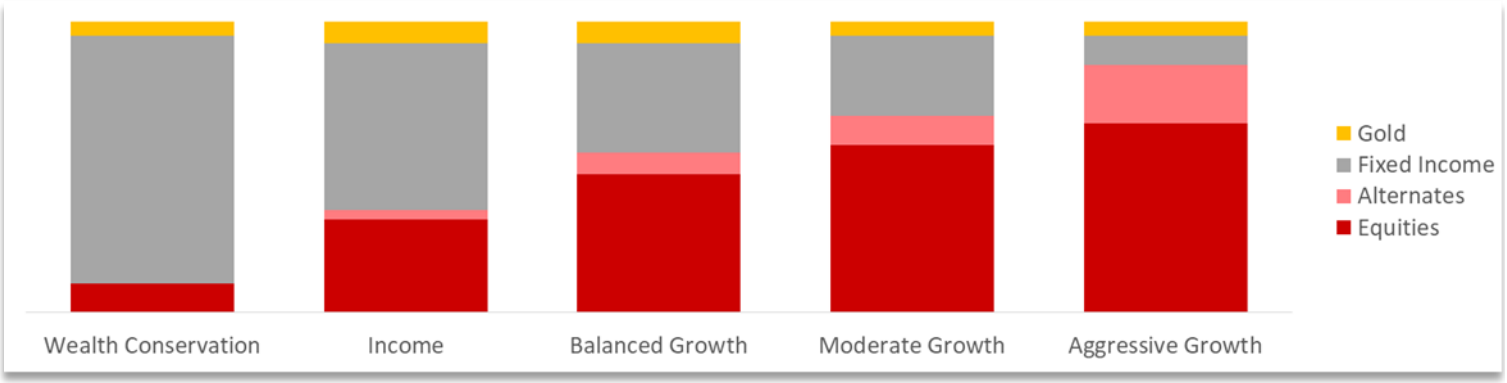
The Ambit GPC Asset Allocation & Investment Committee (AAIC) is a group comprised of the CEO, Head of Products and Alternates, Chief Investment Strategist and Head of Fixed Income (listed below). The team has over 100 years of collective investment experience in markets. The AAIC meets monthly and as necessary during periods of market volatility to discuss the economy and markets. The committee determines the investment outlook that guides our advice to clients. The AAIC continually monitors developing economic and market conditions, reviews tactical outlooks and recommends asset allocation model changes, as well as analysis, investment commentary, portfolio recommendations and reports.

Tactical Allocation Weights Vs Strategic

Asset Class Pairs	Scale											View
	-5	-4	-3	-2	-1	0	1	2	3	4	5	
Equities								◆				**Over-Weight**
India Equities – Large								◆				Over-Weight
India Equities – Mid & Small						◆	←					Strategic Weight
U.S. Equities						◆						Strategic Weight
International ex-U.S.				◆								Under-Weight
Long Short							→	◆				Over-Weight
Hedge Funds							◆					Over-Weight
Fixed Income					◆	←						**Under-Weight**
Duration					◆	←						Under Weight
Accrual						◆						Selectively Positive
Credit Risk						◆						Selectively Positive
InvITs							→	◆				Over-Weight
REITs							→	◆				Over-Weight
Alternates						◆						**Strategic Weight**
Private Unlisted						◆						Strategic Weight
Gold					→	◆						**Strategic Weight**

Wealth Profiles - Summary

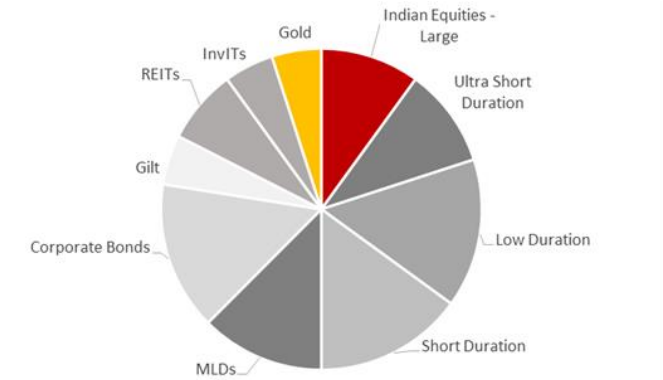
Strategic Asset Class Weights by Profile



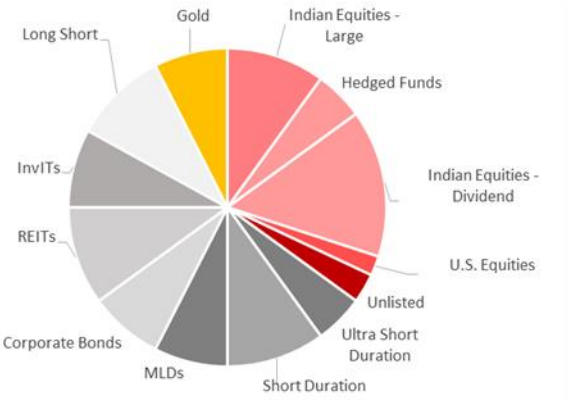
Ambit GPC Wealth Profiles - Strategic Weights

The Ambit GPC Asset Allocation & Investment Committee (AAIC) provide guidance on asset allocation via our wealth profile models below. The models are listed on a scale of rising return and rising risk and represent the most common investor profiles that we base our portfolio construction around.

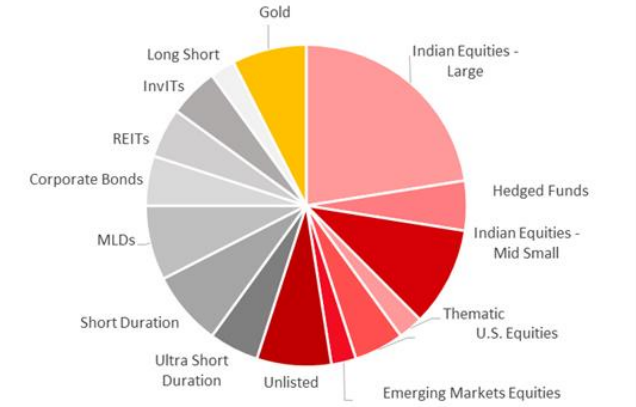
Wealth Conservation



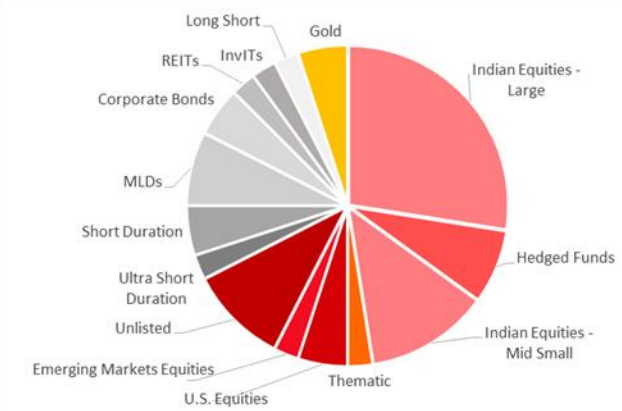
Income



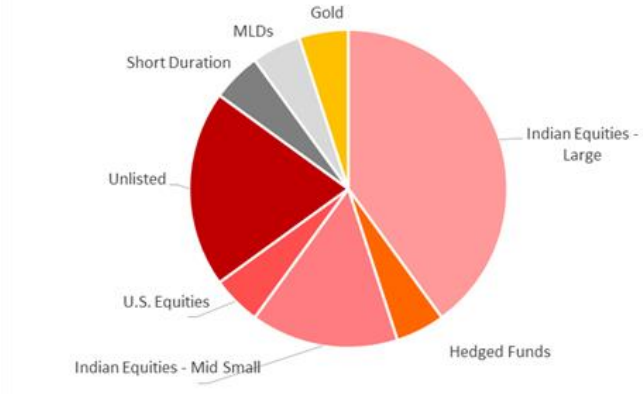
Balanced Growth



Moderate Growth



Aggressive Growth



Ambit Global Private Client – Asset Allocation & Investment Committee

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Sources: All sources unless otherwise noted are Bloomberg, NSE.