



1-Market Highlights:

Indian equities witnessed a steep correction at the beginning followed by a good recovery during the latter half of the month. The ongoing tussle in commodity rich Russia-Ukraine belt and the disruptions in supply chains have triggered inflationary spikes. Given the current uncertain scenario, financial markets may continue to observe a risk-off phase.

Market performance (%)

INDEX	1M	3M	6M	1Y
NIFTY 50	4.0	0.6	-0.9	18.9
SENSEX 30	4.1	0.5	-0.9	18.3
NIFTY MIDCAP 150	4.8	-3.6	-2.0	23.8
NIFTY SMALLCAP 250	6.2	-4.0	0.8	35.8

Source: Ace Equity

As of 31st March '22

• FII/DII Activity

The last month of FY22 observed a rampant selling by FIIs to the tune of INR 43K crores on account of inflation, war, and Fed hawkishness making it perhaps the longest monthly selling streak with high volumes. However, domestic investors have been showing a strong buying interest, which is perhaps a validation of India's long-term growth prospects.

INR cr.	1M	3M	6M	1Y
FII	-43,281	1,23,856	-2,24,824	2,68,406
DII	39,677	1,04,824	1,71,086	2,22,524

Source: NSE

As of 31st March '22

• Global Market

March offered global investors a sweet relief following a forlorn January and February. On expected lines, for the first time in four years, the US Fed raised its federal fund rate by 25 bps to rein in the surge in domestic inflation.

(Returns in %)

INDEX	1M	3M	6M	1Y
DOW JONES	2.4	-4.6	2.5	5.1
FTSE	0.8	1.8	6.1	12.0
HANG SENG	-3.2	-6.0	-10.5	-22.5
DAX	-0.3	-9.3	-5.5	-4.0
NASDAQ	3.4	-9.1	-1.6	7.4

Source: Investing.com

As of 31st March '22

• Sectoral Performance

On the sectoral front, there is robust growth visible in banking, manufacturing and capital goods. Healthcare seems to be the new sunrise sector for those adopting digital proactively. The table shows the top 3 and bottom 3 sector performance in March 2022:

TOP 3 (%)	1M	3M	6M	1Y
S&P BSE IT	8.0	-3.8	6.4	37.2
S&P BSE Energy	7.0	8.4	1.7	29.4
S&P BSE Healthcare	5.3	-7.3	-7.4	14.0

BOTTOM 3 (%)	1M	3M	6M	1Y
S&P BSE Consumer Durables	-0.1	-5.6	1.4	28.8
S&P BSE Power	1.3	16.1	26.2	63.4
S&P BSE Capital Goods	1.5	-4.3	6.2	30.4

Source: NSE

As of 31st March '22

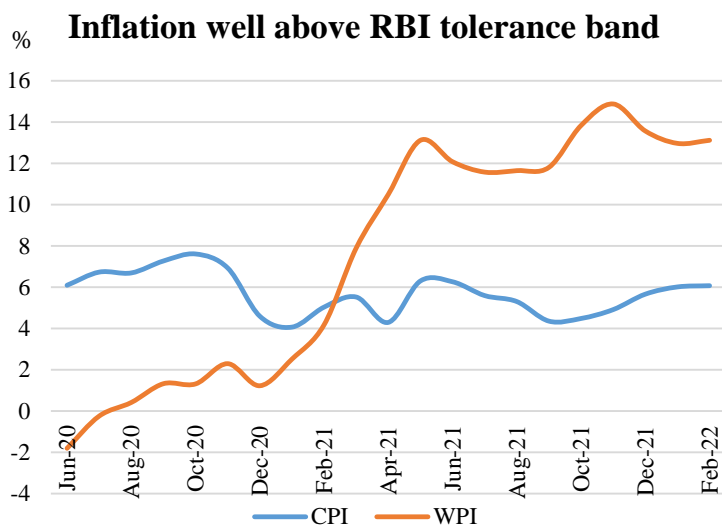
• Events to be watched out for

- 1- Developments on Russia-Ukraine Crisis** – As the war enters the second month and has yet to show signs of any resolution, commentary and forecasting based on peace returning after a short, terrible war needs to be realigned with reality. The Brent crude oil hit 14-year high which will be an additional overhang on fiscal and current account deficit of oil importing countries. The implications of this unanticipated war has trimmed down global growth projections and an upward revision in inflationary forecasts. There are three types of effects on the Indian economy: direct, affecting trade between India and both Russia and Ukraine; indirect, through global commodity and energy market shifts; and macroeconomic, as policy implementation and business choices may have to be deferred or adjusted to manage any fallout from the crisis.
- 2- RBI Monetary Policy Meet** – In the first monetary policy meeting of FY23, the RBI kept key policy rates unchanged and maintained its accommodative stance to revive growth which is in line with our expectations. The committee has decidedly shifted away from being dovish. The central bank has put inflation above growth in the sequence of priorities, indicated by inflation estimates revised to 5.7% from 4.5%, while FY23 GDP growth estimates has been lowered from 7.8% to 7.2%. We expect the stance to be changed to “neutral” from “accommodative” in the June policy.

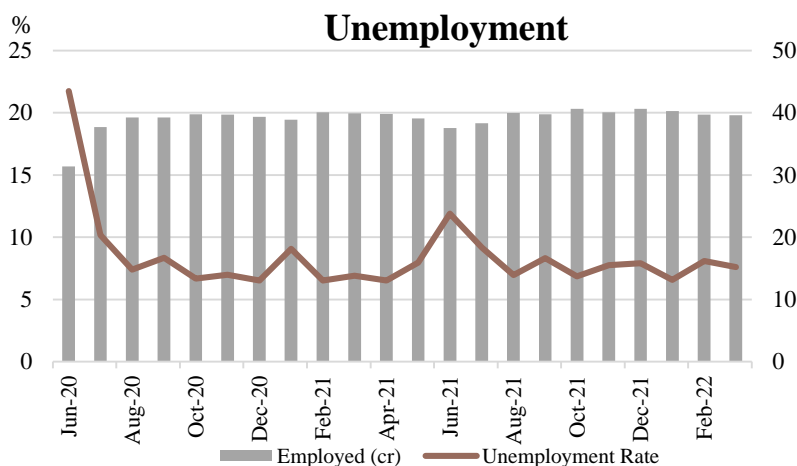


3- Corporate Earning Season – Companies will be declaring Q4FY22 results where some sectors are likely to present good numbers. Commodity companies may gain on account of higher commodity prices and inventory gains. Banks can witness strong credit growth due to increase in working capital as a result of higher commodity prices. Infra/Manufacturing/Capital goods look promising as companies indicate a decade high trajectory of order books and enquiries. However, most of the consumer companies which are unable to pass on the cost and facing decline in demand due to higher prices are likely to witness poor results.

2-Major Economic Developments:

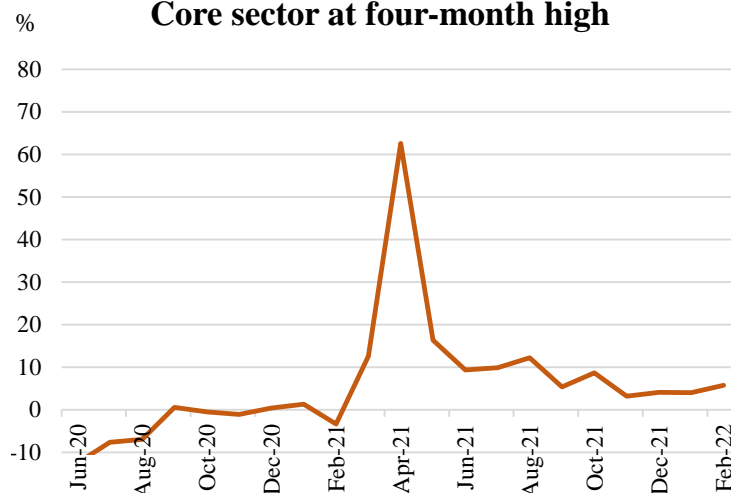


Source: Mospi



Source: CMIE

Core sector at four-month high



Source: Office of Economic Advisor

- India's current account deficit widened to a 36-quarter high of US\$23bn or 2.7% of GDP in Q3FY22 vs. a deficit of US\$9.9bn or 1.3% of GDP in the previous quarter. This was led by higher trade deficit thanks to a sequentially steeper surge in imports as well as higher investment income outflows.
- The YoY CPI inflation hardened to an eight-month high of 6.07% in Feb 2022 from 6.01% in Jan 2022, exceeding the 6.0% upper threshold of the Monetary Policy Committee's (MPC) of 2-6% for the second consecutive month.
- Goods and Services tax (GST) collections touched an all-time high of over Rs. 1.42 lakh crore in March boosted by improved economic activity as the Omicron wave waned as well as anti-evasion measures and rate rationalization.
- India achieved highest monthly value of merchandise export in March 2022 amounting \$40.38 billion, up by 14.53% YoY due to robust demand in engineering goods, petroleum products, gems and jewellery, organic and inorganic chemicals.
- The Centre's fiscal deficit at the end of February stood at 82.7 per cent of the full year budget target, mainly on account of higher expenditure and transfers to states compared to 76% for the corresponding period of FY21.

3-Market Outlook:

- We have a broadly constructive view on the market with some caution warranted in short term as there are uncertain economic and market implications at the global level. We



have witnessed extreme daily volatility in global equity, bond, commodity, and foreign exchange markets.

2. Economic recovery and earnings delivery remain strong which bodes well from 3-5 year perspective, however, valuation compression could moderate returns in the short-run.
3. With a potential revival in private capex cycle along with the real estate recovery can lead to a virtuous cycle which has been absent in the last decade.
4. Investors should assess & shuffle their portfolio during the current bouts of ups and downs in the market and consolidate their position to achieve optimum returns.

4-Our Portfolio Management Services:

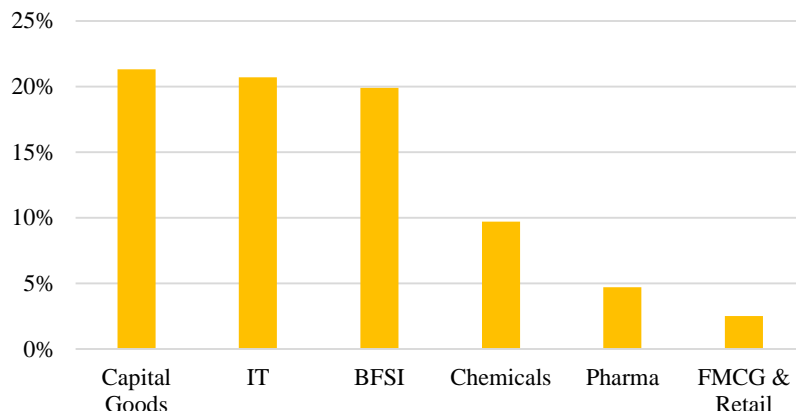
Strategy 1: DREAM

- Investments in equities cash segment with a mix of stable and growth-oriented companies having strong fundamentals.
- Our Multi-cap strategy rests on two pillars- Steady picks for large cap for resilience, stability, and long-term wealth and Growth for Small & Mid-caps for capturing new opportunities & potential multi-baggers.
- In order to minimize concentration risks, we believe in sector diversification. This has also resulted in achieving outstanding results by outperforming the markets by capturing opportunities across the board.
- We make dedicated efforts to find attractively valued firms with sustainable business models to capture new and dynamic opportunities.

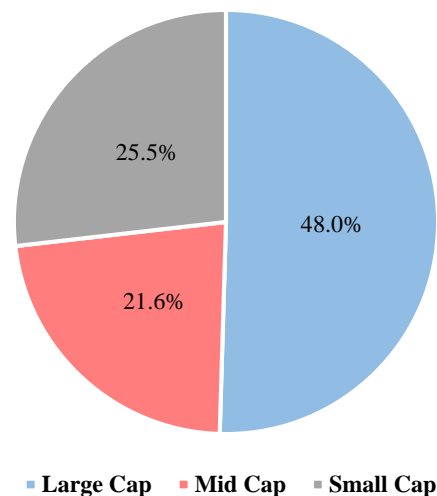
Performance as on 31st March 2022:

	1M	3M	6M	1Y	Since inception (Absolute)
HEM PMS	6.2%	-0.2%	6.5%	29.4%	81.1%
Nifty500	4.1%	-0.7%	-1.1%	21.0%	59.7%

Sectoral Mix



Market Capital Diversification



Our Top 10 Holdings[#]

Agarwal Industries Corporation Ltd.	Axis Bank Ltd.
Larsen & Toubro Ltd.	Persistent Systems Ltd.
ICICI Bank Ltd.	Infosys Ltd.
Deepak Fertilizers and Petrochemicals Ltd.	Tata Power Company Ltd.
Bajaj Finance Ltd.	Deepak Nitrite Ltd.

#As of 31st March '22

Strategy 2: IRSS

We recently launched India's first SME focused PMS!



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