



1-Market Highlights:

In the first quarter of new financial year, Indian markets reflected the sell-off and pullback in global equities. The Nifty universe marked the highest monthly decline since March 2020. Furthermore, the benchmark index fell 10% in the April-June quarter, recording the worst decline since quarter ended 31st March 2020. The pressure was also visible in smaller indices as they saw their vulnerability exposed in a highly volatile market.

Market performance (%)

INDEX	1M	3M	6M	1Y
NIFTY 50	-4.8	-9.6	-9.1	0.4
SENSEX 30	-4.6	-9.5	-9.0	1.0
NIFTY MIDCAP 150	-5.4	-9.8	-13.0	-1.4
NIFTY SMALLCAP 250	-6.7	-14.3	-17.8	-4.3

Source: Ace Equity

As of 30th June '22

• FII/DII Activity

Tighter monetary conditions, strengthening inflationary pressures and economic slowdown continued to dominate investors' sentiment. Foreign investors continued to pull out funds from the Indian market with June entailing the biggest monthly outflow since March 2020. However, domestic investors have consistently remained strong buyers.

INR cr.	1M	3M	6M	1Y
FII	-58,112	-1,53,057	-2,76,913	-4,02,729
DII	46,599	1,27,605	2,32,429	3,29,929

Source: NSE

As of 30th June '22

• Global Market

Markets across the world have finally woken up to the reality of high inflation, tighter monetary conditions and slowing growth. The U.S. GDP contracted an annualized 1.6% last quarter marking the first contraction since the pandemic. The S&P 500 index fell 11% earlier in June, getting to bear market territory before a bounce-back in the third week of the month.

(Returns in %)

INDEX	1M	3M	6M	1Y
DOW JONES	-6.7	-11.2	-15.3	-10.8
FTSE	-5.8	-4.6	-2.9	1.9
HANG SENG	2.1	-0.6	-6.6	-24.2
DAX	-11.2	-11.3	-19.5	-17.7
NASDAQ	-8.7	-22.4	-29.5	-24.0

Source: Investing.com

As of 30th June '22

• Sectoral Performance

On the sectoral front, Auto was the sole sector that gave positive return in the month of June which advanced for the third consecutive month; while metal was the worst performing sector of the month. Further, banking sector declined by nearly 7% registering the highest decline since November 2021. The table shows the top 1 and bottom 3 sector performances in May 2022:

TOP (%)	1M	3M	6M	1Y
S&P BSE Auto	2.1	11.4	9.7	12.6

BOTTOM 3 (%)	1M	3M	6M	1Y
S&P BSE Metal	-12.6	-30.8	-17.5	-16.7
S&P BSE Consumer Durables	-9.4	-17.8	-21.0	-2.5
S&P Bank	-6.9	-7.7	-3.5	-2.2

Source: NSE

As of 30th June '22

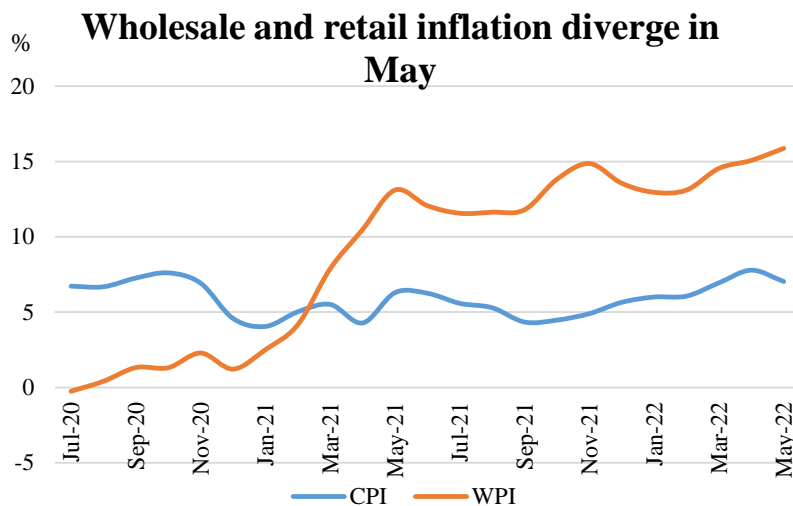
• Events to be watched out for

- 1- Inflation** – The CPI inflation print in May of 7% has moderated from April's eight-year high of 7.8% but remained outside the RBI's tolerance limit of the 4+-2% band for fifth month in a row. The RBI's Consumer Confidence Survey now finds a steadily rising trend of both current and prospective inflation expectations. However, there was a divergence observed between the two measures of inflation where wholesale inflation spiked further in a broad-based manner to fresh all time high of 15.9% in May'22.
- 2- FOMC Meet** – With three rate hikes in the year (first in March, second by May, and third in June) taking the funds rate from 0.25% to 1.75%, the US central bank is strongly committed to surge inflation running at its fastest pace in four decades. The US Fed has stated that they would continue to hike rates until there is a compelling evidence of inflation declining monthly along with shrinkage of their massive balance sheet. In their updated economic projections, they indicated that unemployment is likely to rise in the coming months. In minutes of the June meeting, the participants judged a rate hike of 50 or 75 bps likely to be appropriate at the July policy meeting and saw little evidence to date that supply constraints were easing enough to control inflation. The next meeting of the US Fed is scheduled to be held on 26-27th July 2022.
- 3- Corporate Earning Season** – Companies will be declaring Q1FY23 results where several companies



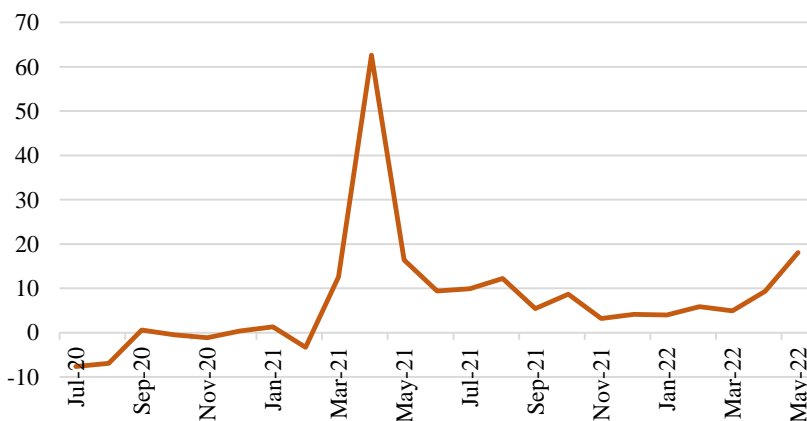
will be addressing the full impact of Russia-Ukraine war, Covid-19 restrictions in China which led to skyrocketing of edible oil prices (before witnessing current cool-off), fall in metal prices. The entertainment industry, especially multiplexes will witness higher footfalls compared to the year before with less disruptions. Retail sector will also witness an uptick in earnings with increasing spends on discretionary items. Auto sector, which uses metal as a raw material, is expected to give a decent quarter with falling raw material prices and cut in excise duty of fuels. Elevated crude oil prices and a double hike in domestic gas prices would drive robust rise in earnings of oil and gas companies.

2-Major Economic Developments:



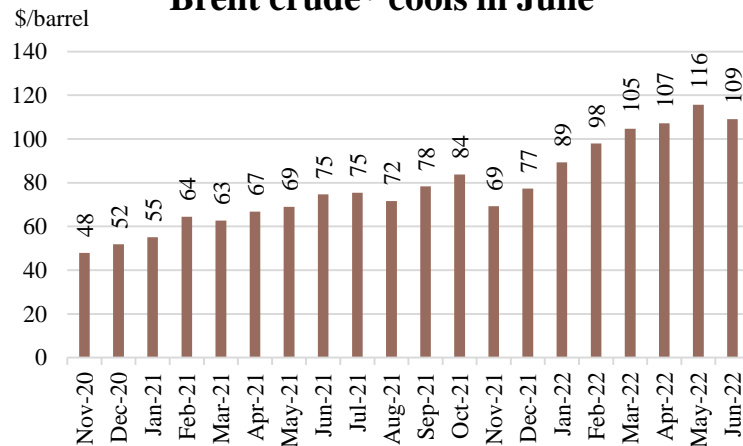
Source: Mospi

Core Sector expands highest in 13 months



Source: Office of the Economic Advisor

Brent crude* cools in June



Source: Investing.com

*Monthly average (futures)

a) Vehicle retail data for the month of June released by FADA indicated that all categories were in green. 2-wheeler, 3-wheeler, passenger vehicles, tractors, and commercial vehicles were up by 20%, 212%, 40%, 10%, and 89% respectively. On a yearly basis, total vehicle retail increased by 27%. However, they were down by 9% when compared to a pre-covid month of June 2019.

b) India's services activity touched an 11-year high of 59.2 in June. However, India's factory output fell to a nine-month low of 53.9 in June in June as elevated price pressures continued to dampen demand and output.

c) Eight core industries in the month of May grew by 18.1% vs 9.3% in April where the cement industry recorded the highest growth of 26.3 per cent on a yearly basis.

d) Rupee fell 1.7% against the US dollar, posting sixth consecutive monthly fall. On the other side, benchmark bond yields rose 3 bps in June which is the seventh consecutive monthly rise.

e) India achieved a monthly value of merchandise export in June 2022 amounting \$37.9 billion, an increase of 16.8% over previous year. While merchandise imports rose by 51% at \$63.6 billion thus widening the trade deficit to \$25.6 billion.

3-Market Outlook:

1. We believe that inflation has mostly peaked out with the fall in food, commodity, and crude oil prices. India has a proactive monetary and fiscal policy which helps the economy having a strong footing and we feel that markets will fare better from where they are currently.



- Some sectors will continue to face margin headwinds though investments are likely to pickup with the public and private capex on the back of PLI schemes and large infra projects. Rural economy, led by good agriculture produce and record prices also look buoyant.
- The financial markets have been impacted by global disruptions causing lifetime high outflows by FIIs, nonetheless, the Indian economy is more resilient compared to previous period of shocks with significant forex reserves well above foreign debt. High frequency indicators like credit growth, E-ways bills, power consumption continue to grow despite the global volatility.
- We believe that the current fall in Nifty is a correction within a structural bull market in India and is a very good investment opportunity for long term investors.

4-Our Portfolio Management Services:

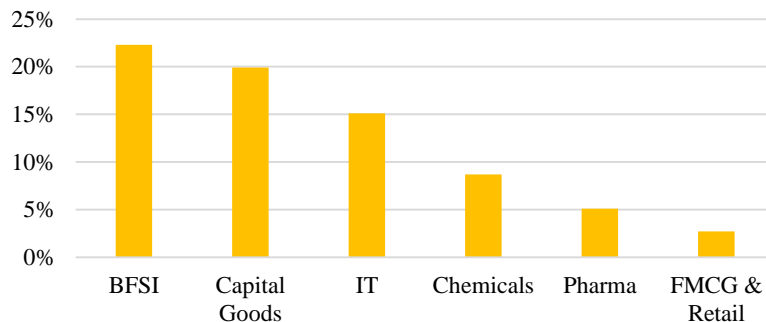
Strategy 1: DREAM

- 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.

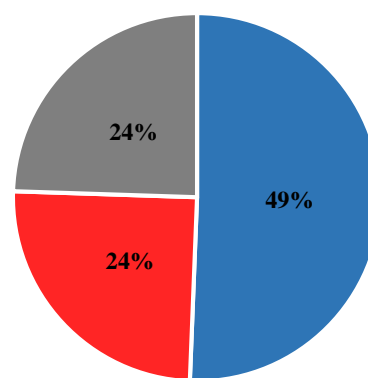
Performance as on 30th June 2022:

	1Y	Since inception (Absolute)	Since inception (CAGR)
HEM PMS	3.5%	56.6%	21.3%
Nifty500	-0.6%	43.6%	16.8%

Sectoral Mix



Market Capital Diversification



■ Large Cap ■ Mid Cap ■ Small Cap

Our Top 10 Holdings[#]

Agarwal Industrial Corporation Ltd.	Mold-Tek Packaging Ltd.
ICICI Bank Ltd.	Bajaj Finance Ltd.
Larsen & Toubro Ltd.	State Bank of India Ltd.
Reliance Industries Ltd.	Balaji Amines Ltd.
Mahindra & Mahindra Ltd.	Caplin Point Laboratories Ltd.

#As of 30th June'22

Strategy 2: IRSS

- We launched India's Only SME & Small Cap based PMS.
- We gave outstanding returns in the month of April of 8.9%. Overall we came at 3rd position in India as per PMS Bazaar.
- Exclusive selection of potential multibaggers from SME & Small cap space.
- It is a high risk & high return strategy and therefore suitable for investors having high risk appetite.



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