



1-Market Highlights:

In the last three months, markets have turned the corner from optimism in July to caution in August to concern in September to an interesting October. Events such as Russia-Ukraine war continuing for now along lines both expected and unexpected, reversal of the proposed tax cuts in the UK before Ms. Truss demits office, depreciating currencies against USD inflation continues to be front and center in the economic and market discourse, with implications for global food and energy availability, a INR making new lifetime lows against the USD, introduction of CBDCs by our own central bank. Nonetheless, global and Indian equities performed relatively better in October.

• Market performance (%)

INDEX	1M	3M	6M	1Y
NIFTY 50	5.4	5.0	5.3	1.9
SENSEX 30	5.8	5.5	6.5	2.4
NIFTY MIDCAP 150	1.8	6.0	5.9	4.2
NIFTY SMALLCAP 250	1.9	6.6	-1.3	-0.1

Source: Ace Equity

As of 31st October'22

• FII/DII Activity

Equity selloff by overseas investors eased in October on the back of buying towards the end of the month in a volatile market.

INR cr.*	1M	3M	6M	1Y
FII	-489	3,228	-1,15,744	-3,55,649
DII	9,277	15,327	1,23,608	3,20,093

Source: NSE *FII Cash

As of 31st October'22

• Global Market

Global markets witnessed sustained equity rally in the second half of October. The Dow Jones Industrial Average (DJIA) soared nearly 14%, delivering its best one-month performance since 1976. The equity surge arrived amid disappointing earnings reports from big tech companies that tend to dictate market index performance.

(Returns in %)

INDEX	1M	3M	6M	1Y
DOW JONES	13.9	-0.3	-0.7	-8.6
FTSE	2.9	-4.4	-6.0	-2.0
HANG SENG	-14.7	-27.1	-30.4	-42.1
DAX	9.4	-1.7	-6.0	-15.5
NASDAQ	3.9	-11.3	-10.9	-29.1

Source: Investing.com

As of 31st October'22

• Sectoral Performance

On the sectoral front, we believe that banking sector in India has witnessed a high credit growth as compared to deposits. The growth in credit has nearly been double the growth in deposits in the current financial year. Indian defence sector is going through a major transformational phase as the government looks committed to reducing imports and increasing indigenisation of various key defence platforms, systems and associated equipment required for these platforms. The structural shift in the Indian defence budget is clearly visible with increased allocation for modernisation platforms and equipment. The table shows the top 3 and bottom 3 sector performances in October 2022:

TOP 3 (%)	1M	3M	6M	1Y
S&P BSE Bank	7.3	8.8	14.1	4.4
S&P BSE Energy	6.6	2.3	1.7	7.8
S&P BSE Capital Goods	6.6	10.3	22.8	23.1

BOTTOM 3 (%)	1M	3M	6M	1Y
S&P BSE FMCG	-0.3	4.0	14.4	14.0
S&P BSE Consumer Durables	0.4	6.6	2.4	-3.0
S&P BSE Power	2.5	3.3	1.7	43.7

Source: NSE

As of 31st October'22

• Events to be watched out for

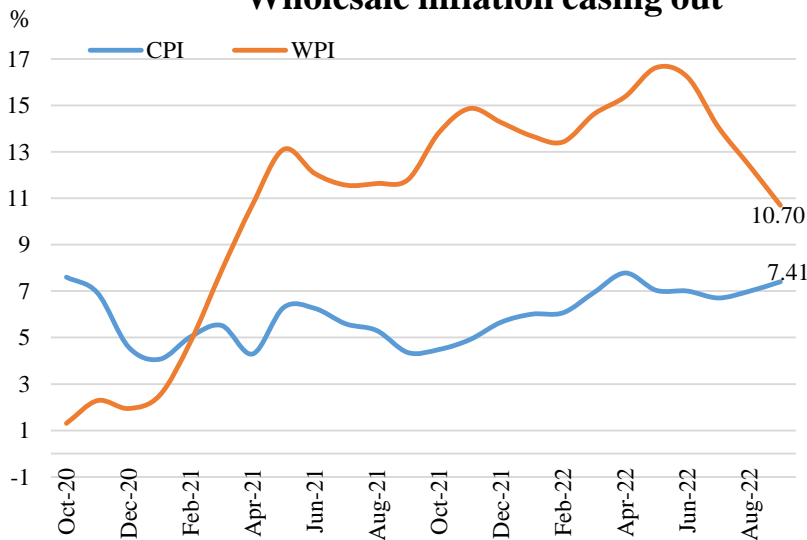
- 1- Inflation** – The headline CPI inflation jumped to a five-month high to 7.4% for Sep'22 from 7.0% in Aug'22, breaching the RBI's upper tolerance limit of 6% for the ninth consecutive month. Surge in prices of food and beverages (led by cereals & products, vegetables, and spices), fuel & light and clothing & footwear led to the spike in both headline and core inflation. WPI on the other hand, has been easing since May 2022 and further declined to 10.7% in September (vs. 11.8% in Sep 2021) from 12.4% in Aug'22, primarily reflecting the impact of easing crude oil and commodity prices. On the global side, the annual U.S. inflation rate was little changed in September, hitting 8.2% year over year compared with August's 8.3% reading as the pace of price increases remains at multi-decade highs, causing pain for many households.
- 2- US Mid-term elections** – Midterm elections in the United States are the general elections that are held near the midpoint of a president's four-year term of office, on the Tuesday after the first Monday in November. This time it will determine the makeup of the 118th US Congress. Federal offices that are up for



election during the midterms include all 435 seats in the United States House of Representatives, and 33 or 34 of the 100 seats in the United States Senate. In addition, 34 of the 50 U.S. states elect their governors for four-year terms during midterm elections. The election results will set the tone for the rest of US President Joe Biden's first presidential term. With major issues like global economic slowdown, the Russia-Ukraine war, unrest in Iran, etc., the world currently seems to be standing at a critical juncture and changes in the politics of the USA can give it a different turn.

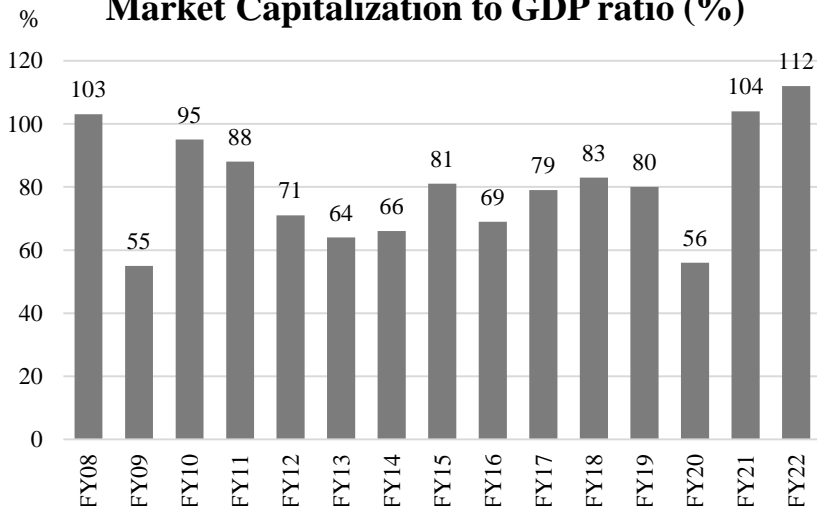
2-Major Economic Developments:

Wholesale inflation easing out

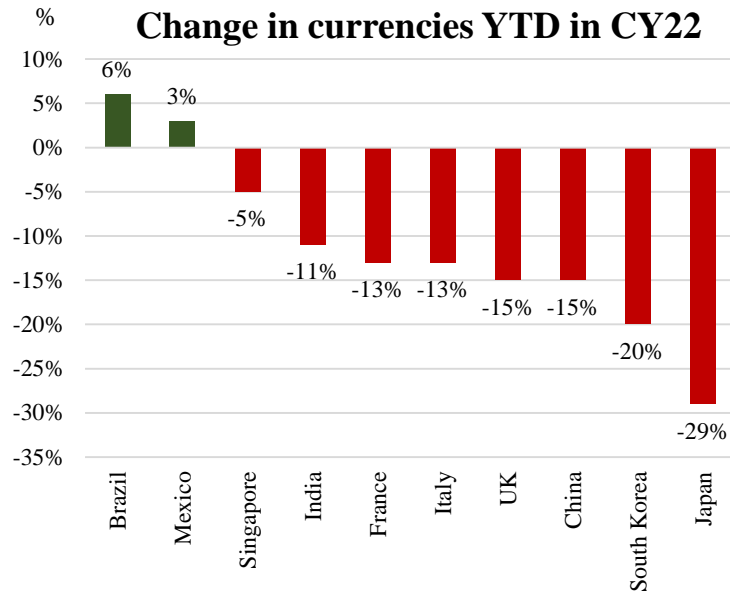


Source: Mospi

Market Capitalization to GDP ratio (%)



Source: RBI, Hem Research



Source: Investing.com

- The US Fed delivered a 4th consecutive 75 bps hike in November taking the funds rate from 0.25% to 4. The Federal Reserve Chair Jerome Powell said that there is a lot of uncertainty with lags of policy effects adding that the time to slow rate hikes may come as soon as next meeting.
- During the policy review meeting in September-end, the RBI's Monetary Policy Committee (MPC) expectedly decided to hike the policy repo rate by another 50 bps to 5.9%, while maintaining focus on withdrawal of accommodation. This has translated into a cumulative hike of 190bps since May'22. An additional meeting of the MPC was held on November 3, 2022 to discuss its failure to keep inflation within its target range for three consecutive quarters for the first time.
- India's gross GST revenue collected in the month of October 2022 was Rs. 1,51,718 crore which is second highest till date reflecting stable and improving demand conditions.
- In the ongoing result season, more than 85 percent of the Nifty50 constituents have declared their earnings and we have witnessed a mixed bag with domestic players outshining than those impacted by global macros. The results for the current quarter were led by banks and autos while the traditional growth engine, IT services sector, delivered mid-single-digit growth. With urban demand holding up well despite weak rural demand, FMCG sector posted moderately good numbers. (Source: Moneycontrol)
- After demonstrating continuous expansion for 17 months in a row, industrial production entered contractionary zone by recording an 18-month low (-0.8% YoY) in



August, moderating significantly from +2.2% in July and negatively surprising markets.

3-Market Outlook:

1. The macroeconomic situation in India has remained stable while the rest of the world is facing recessionary concerns, political instability and policy uncertainty in China. We are bullish and assign a higher probability of a breakout on the upside after a long spell of consolidation aided by relative economic resilience, falling crude oil and commodity prices and strong domestic participation.
2. With many factors at play, diversifying your portfolio will make a good case. We believe that amid bouts of volatility in the near term due to recessionary fears and inflation, investors should focus on asset allocation for optimal results.

4-Our Portfolio Management Services:

Strategy 1: DREAM

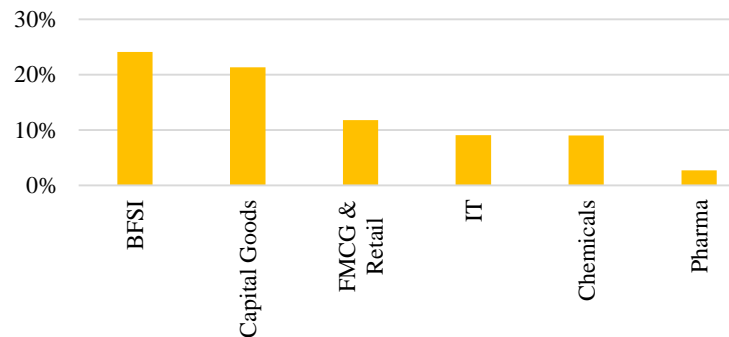
- Investments in equities cash segment with a mix of stable and growth-oriented companies having strong fundamentals.
- Our Multi-cap strategy rests on two pillars- Steady picks for large cap for resilience, stability, and long-term wealth and Growth for Small & Mid-caps for capturing new opportunities & 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 October 2022:

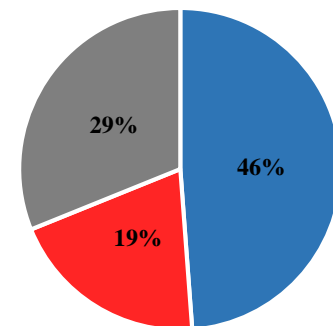
	3M	1Y	Since inception (CAGR)	Since Inception (Absolute)
HEM PMS	8.5%	7.6%	26.3%	86.3%
Nifty500	5.2%	2.2%	20.8%	65.4%

Inception date: 4th March, 2020

Sectoral Mix



Market Capital Diversification



■ Large Cap ■ Mid Cap ■ Small Cap

Our Top 10 Holdings[#]

Agarwal Industrial Corporation Ltd.	Varun Beverages Ltd.
ICICI Bank Ltd.	Mahindra & Mahindra Ltd.
Axis Bank Ltd.	State Bank of India Ltd.
Mold-Tek Packaging Ltd.	Deepak Fertilizers and Petrochemicals Ltd.
Bajaj Finance Ltd.	ITC Ltd.

As of 31st October'22

Strategy 2: IRSS

- 1- India's Only SME & Small Cap based PMS launched in February 2022.
- 2- We were ranked No. 1 in India in terms of returns in month of August by delivering returns of 19.5%.
- 3- Exclusive selection of potential multibaggers from SME & Small cap space.
- 4- It is a high risk & high return strategy and therefore suitable for investors having high risk appetite.

	1M	3M	6M	Since inception (CAGR)
HEM IRSS	9.1%	32.1%	27.7%	38.1%
S&P BSE 250 SMALLCAP INDEX	1.8%	7.4%	0.8%	1.2%



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