



1-Market Highlights:

Despite adverse developments on global front, Indian economy has shown remarkable resilience in 2022. High-frequency data remains robust. Inflation story is a bit tricky as latest print has lowered but at a slower pace and core inflation remains sticky at 6%+ levels. Recent change in global outlook (hawkish central banks and higher longer interest rates), pose limited risk to India's macro fundamentals. Huge surplus in services exports and normalization of monthly trade deficit have calmed the concerns around current account & exchange rate. Indian economy still remains of the best performing ones, and has been hailed as one of the brightest spots in global economy.

Market performance (%)

INDEX	1M	3M	6M	1Y
NIFTY 50	0.3	-4.1	1.6	-0.6
SENSEX 30	0.0	-3.0	2.7	0.7
NIFTY MIDCAP 150	-0.5	-4.5	-2.6	2.0
NIFTY SMALLCAP 250	-1.5	-7.3	-4.5	-6.9

Source: Ace Equity

As of 31st March 2023

• FII/DII Activity

Overseas investors poured in funds during the month of March. Domestic institutions were also net buyers on the back of strong macroeconomic fundamentals.

INR cr.*	1M	3M	6M	1Y
FII	1,998	-45,770	-26,519	-1,71,337
DII	30,549	72,175	69,858	1,94,820

Source: NSE *FII Cash

As of 31st March 2023

• Global Market

Global markets performed well in the last month. The most recent data on jobs creation has been strong, pushing the unemployment rate down to 3.5%, signaling persistent labor market tightness. The recent comments from the US Fed members indicate that Fed will maintain a hawkish stance and keep rates elevated for longer and thus bond yields witnessed volatility. China has reopened up much faster and earlier than expected – turning a headwind into a tailwind for the first time in 3 years.

(Returns in %)

INDEX	1M	3M	6M	1Y
DOW JONES	1.9	0.4	15.8	-4.1
FTSE	-3.1	2.4	10.7	1.5
HANG SENG	3.1	3.1	18.5	-7.3
DAX	1.7	12.3	29.0	8.4
NASDAQ	6.7	16.8	15.6	-14.1

Source: Investing.com

As of 31st March 2023

• Sectoral Performance

On the sectoral front, we believe that there are some greenhoots emerging in machinery and consumables, and capital goods imports picking up momentum. Government push on infrastructure (higher budgetary allocations) and the manufacturing sector (Production- Linked Incentive scheme, domestic manufacturing for defence etc.) could help prime the budding private investment cycle further. The table shows the top 3 and bottom 3 sector performances in March 2023:

TOP 3 (%)	1M	3M	6M	1Y
S&P BSE Power	8.1	-17.7	-24.1	-10.8
S&P BSE Infra	2.2	-6.3	0.6	0.5
S&P BSE FMCG	2.1	2.6	1.9	23.6

BOTTOM 3 (%)	1M	3M	6M	1Y
S&P BSE Auto	-3.4	-2.3	-3.2	17.5
S&P BSE IT	-3.2	-0.7	3.6	-21.8
S&P BSE Consumer Discretionary	-2.3	-6.4	-9.9	-2.8

Source: NSE

As of 31st March 2023

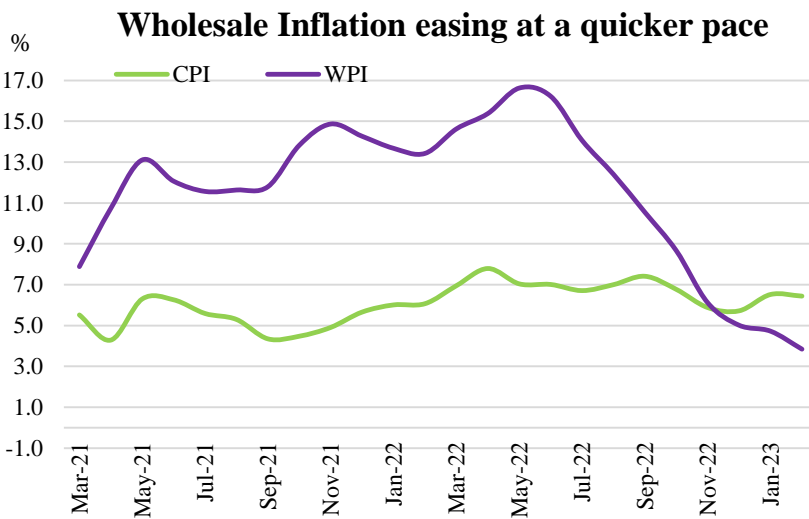
• Events to be watched out for

- 1- Inflation** – The headline CPI inflation at 6.4% in February came in marginally above the RBI's upper tolerance level for the second consecutive month, The acceleration was largely on account of surge in food prices (particularly cereals, eggs, meat and fish, milk products, and oils and fat) that witnessed a sharp uptick from 4.6% in Dec to 6.3% in Feb. Core inflation continued to remain sticky on account of a persistent uptick in housing prices (4.8% in Feb vs. 4.5% in Dec),. India's wholesale price index (WPI)-based inflation eased to 4.73 per cent in January from 3.85 per cent in February, easing to 25-month low led by dip in all its components. With this, the gap between retail and wholesale inflation trajectory that had almost nullified in November has been widening again since December.
- 2- Domestic and Global Central Banks-** Witnessing a surprise move, the Monetary Policy Committee of RBI unanimously decided to pause the key repo rate, and it thus remains unchanged at 6.5 per cent. GDP growth forecast for 2023-24 has been raised to 6.5% from 6.4% previously while FY24 inflation forecast was lowered to 5.2% from 5.3% earlier. However, they emphasized that headline inflation is moderating but remains above target. The European Central bank has also raised interest rates in the Eurozone again by half a percentage

point. The US Fed raised their policy rate by 25 bps. The hike and forecasts suggest that the policymakers remain firmly focused on bringing down inflation to their 2% goal, indicating they see rising prices (especially based on recent data) as a bigger growth threat than the bank turmoil.

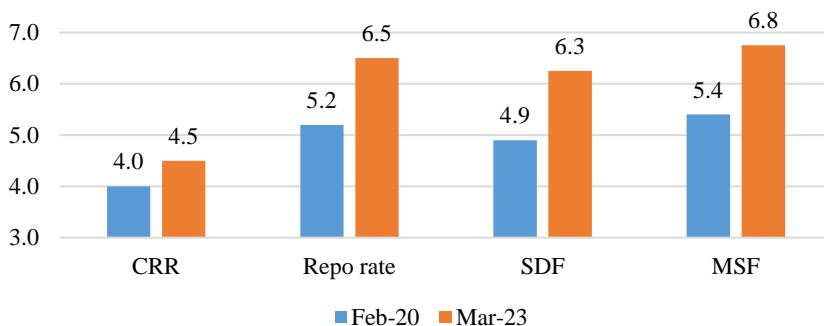
3- Corporate Earnings Season – Companies will be declaring their Q4FY23 and FY23 results. With some signs of recovery in rural demand, sales growth in staples would be primarily led by value growth and premiumization. Financials, auto and auto ancillary have been driving growth amid strong deposit and credit rate, and strong sales numbers. Cement demand remains strong supported by increased government spending, accelerated project executions, rising real-estate demand and private capex. A slowdown in growth, higher rates, and geopolitical volatilities have had a more pronounced impact on certain sectors.

2-Major Economic Developments:



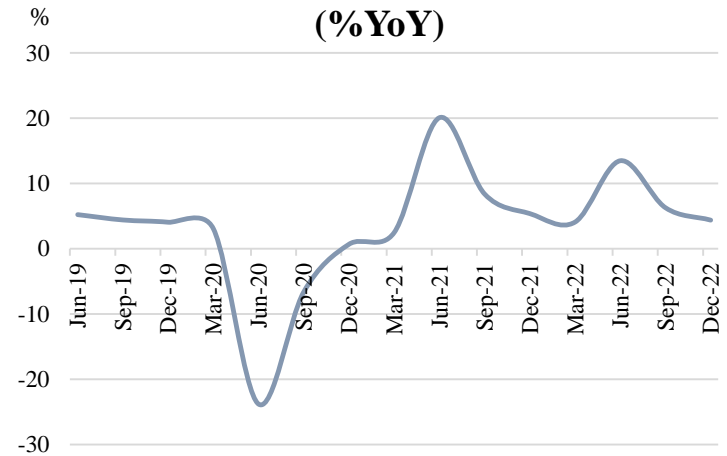
Source: Mospi

Key policy rates



Source: RBI

GDP Growth at Constant Prices (% YoY)



Source: Mospi

- India's current account deficit narrowed in the December quarter as trade deficit fell and services and remittances income surged. The current account ended in a deficit of \$18.2 billion or 2.2 per cent of GDP in Q3FY23 from \$30.9 billion or 3.7 per cent of GDP in Q1FY23.
- Factory output grew 5.2% in January supported by a broad-based expansion in manufacturing, mining and electricity output. The growth in the index of industrial production or IIP marked the third straight month of expansion, and it was the highest since June 2022, when output expanded by double digits.
- India's Goods and Services Tax (GST) revenues grew 13% in March, to record the second highest monthly collections of ₹1.6 lakh crore from the indirect tax, with receipts from goods imports rising 8% and inflows from domestic transactions and services imports rising 14% from a year ago. The growth in GST collections in March was the fastest so far in 2023, marking the 12th month in a row that inflows were over ₹1.4 lakh crore and the fourth month in 2022-23 over the ₹1.5 lakh crore mark.
- Auto retails for the financial year FY22-23 was up 21% with all categories firmly in the green. According to the latest numbers from the Federation of Automobile Dealers' Associations (FADA), auto retails hit 221,50,222 units, up from 1,83,27,326 units in FY 21-22.

3-Market Outlook:

- Global as well as Indian equity markets have been quite volatile in the recent past, primarily tracking inflation



led interest rate hike outlook by global central banks, geopolitical tensions and rise in crude prices.

- India is likely to be the fastest growing large economy in the world in FY24 and will remain relatively bright spot in the world economy, contributing to 15% of the global growth in 2023, as per IMF. The projected earnings growth for India is ~15% over next two years. Comparatively earnings growths for US and other DMs are fairly modest.
- We remain optimistic about the market's situation going forward amid robust earnings we believe that India will continue to be a structural overweight position for global investors and will continue to be a more attractive destination compared to other emerging markets.
- 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 coupled being sector and stock specific and invest in all dips in fundamentally sound companies for long term.

4-Our Portfolio Management Services:

Strategy 1: DREAM

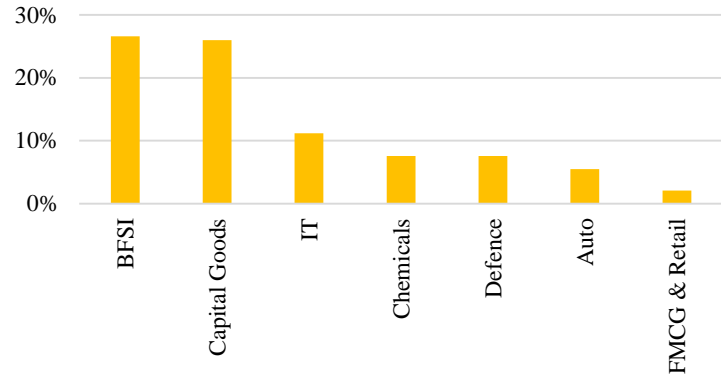
- Investments in equities cash segment with a mix of stable and growth-oriented companies having strong fundamentals.
- Our Multi-cap strategy rests on two pillars- Steady picks for large cap for resilience, stability, and long-term wealth and Growth for Small & Mid-caps for capturing new opportunities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

	2Y	Since inception (CAGR)	Since Inception (Absolute)
HEM PMS	11.7%	19.9%	74.7%
Nifty500	8.7%	15.67%	56.1%

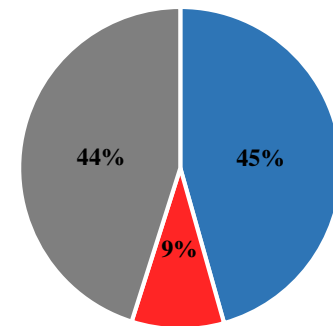
Performance as on 31st March 2023:

Inception date: 4th March, 2020

Sectoral Mix



Market Capital Diversification



■ Large Cap ■ Mid Cap ■ Small Cap (2% cash)

Our Top 10 Holdings[#]

State Bank of India Ltd.	Larsen & Toubro Ltd.
ICICI Bank Ltd.	HDFC Bank Ltd.
Agarwal Industrial Corporation Ltd.	Share India Securities Ltd.
Gravita India Ltd.	Hindustan Aeronautics Ltd.
Raghav Productivity Enhancers Ltd.	Bajaj Finance Ltd.

As of 31st March 2023

Strategy 2: IRSS

- India's Only SME & Small Cap based PMS launched in February 2022.
- We delivered a staggering return of ~50% in CY22 (since inception) significantly outperforming our benchmark which makes us one of the top performing PMS fund in India.
- 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.

	6M	1Y	Since inception (CAGR)
HEM IRSS	5.3%	34.3%	29.4%
S&P BSE 250 SMALLCAP INDEX	-3.6%	-4.1%	-3.8%



Disclaimer:

All opinions, figures, charts/graphs, estimates and data included in this document are as on date and are subject to change without notice. While utmost care has been exercised while preparing this document, Hem Securities Limited does not warrant the completeness or accuracy of the information and disclaims all liabilities, losses and damages arising out of the use of this information. No content of this material including the performance related information is verified by SEBI nor has SEBI Certified the accuracy or adequacy of the same. No part of this document may be duplicated in whole or in part in any form and/or redistributed without prior written consent of the Hem Securities Limited. Readers should before investing in the Strategy make their own investigation and seek appropriate professional advice. Investments in Securities are subject to market and other risks and there is no assurance or guarantee that the objectives of any of the strategies of the Portfolio Management Services will be achieved. Clients under Portfolio Management Services are not being offered any guaranteed/assured returns. Past performance of the Portfolio Manager does not indicate the future performance of any of the strategies. The name of the Strategies do not in any manner indicate their prospects or return. The investments may not be suited to all categories of investors. Neither Hem Securities Limited (HSL), nor any person connected with it, accepts any liability arising from the use of this material. The recipient of this material should rely on their investigations and take their own professional advice. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. The Portfolio Manager is not responsible for any loss or shortfall resulting from the operation of the strategy. Recipient shall understand that the aforementioned statements cannot disclose all the risks and characteristics. The recipient is requested to take into consideration all the risk factors including their financial condition, suitability to risk return, etc. and take professional advice before investing. As with any investment in securities, the value of the portfolio under management may go up or down depending on the various factors and forces affecting the capital market. For tax consequences, each investor is advised to consult his/her own professional tax advisor. Distribution Restrictions - This material should not be circulated in countries where restrictions exist on soliciting business from potential clients residing in such countries. Recipients of this material should inform themselves about and observe any such restrictions. Recipients shall be solely liable for any liability incurred by them in this regard and will indemnify HSL for any liability it may incur in this respect. Securities investments are subject to market risk. Please read disclosure document carefully before investing.

Portfolio Management Services | Regn No. PMS INP 000006794