1-Market Highlights:

Indian markets, while lagging early in the year, are playing catch up as foreign inflows returns after the exodus last year. The rising trend of the last three months, after a lull of more than a year as easing inflation, a better GDP print than expected and relatively robust macro fundamentals have showcased India's attractiveness to global investors. Also, the FOMC decided to hike their interest rate by 25bps. The global equity markets have continued strengthening in July riding on improved macroeconomic stability and positive investor sentiments. Many global indices like the US S&P 500 and Japan's Nikkei 225 have recently touched its 52-week high. Japan markets touched new high after 33 years. Indian equity markets too have fared well with Nifty50 also touching all-time high in July 2023.

Market performance (%)

INDEX	1M	3M	6M	1Y
NIFTY 50	2.9	9.3	11.8	15.1
SENSEX 30	2.8	8.9	11.7	15.6
NIFTY MIDCAP 150	5.5	18.4	21.9	26.3
NIFTY SMALLCAP 250	7.7	20.9	22.6	29.2

Source: Ace Equity As of 31st July 2023

- **FII/DII Activity**

Overseas investors poured in funds during the month of July on the back of strong macroeconomic fundamentals and attractive valuations. However, domestic institutions were net sellers.

INR cr.*	1M	3M	6M	1Y
FII	13,922	69,029	65,647	35,726
DII	-1,184	-32	51,972	1,19,570

Source: NSE *FII Cash As of 31st July 2023

- **Global Market**

The last two months have seen global equities pricing in the scenario of easing inflation without an incremental tilt towards recessionary conditions. Recovery in the US and Euro Area have led to growth upgrades by multilateral institutions, even as questions remain on the Chinese recovery after the recent Q2 GDP print. (Returns in %)

INDEX	1M	3M	6M	1Y
DOW JONES	3.4	4.3	4.3	8.3
FTSE	2.2	-2.2	-0.9	3.7
HANG SENG	6.2	0.9	-8.1	-0.4
DAX	1.9	1.9	8.7	22.0
NASDAQ	4.1	17.3	23.8	15.8

Source: Investing.com As of 31st July 2023

- **Sectoral Performance**

On the sectoral front, we believe that the pharma sector is witnessing improvement due to several factors such as recovery in performance in US generics market, a gradual alleviation of cost pressures, market share gains in recently launched products. This would result in margin improvement on the back of declining cost inflation. The renewable energy theme can be seen playing through this year as demand prospects for the industry look good considering traction in government-backed projects and initiatives like improving grid infrastructure and storage capacity. The table shows the top 3 and bottom 3 sector performances in July 2023:

TOP 3 (%)	1M	3M	6M	1Y
S&P BSE Infra	10.7	16.7	21.9	26.3
S&P BSE Power	9.2	17.0	12.1	-3.9
S&P BSE Realty	9.0	27.4	38.3	26.3

BOTTOM 3 (%)	1M	3M	6M	1Y
S&P BSE Consumer Durables	-0.3	11.4	13.3	8.0
S&P BSE IT	1.3	10.1	2.1	2.7
S&P BSE FMCG	1.6	10.1	17.9	22.6

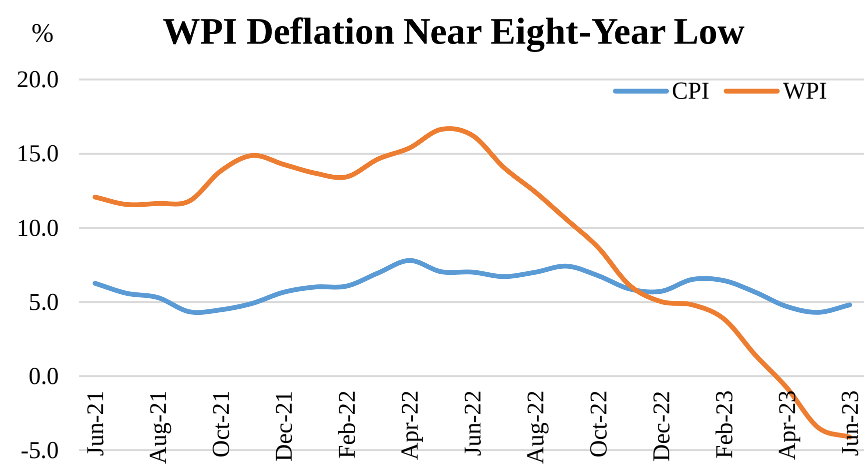
Source: NSE As of 31st July 2023

- **Events to be watched out for**

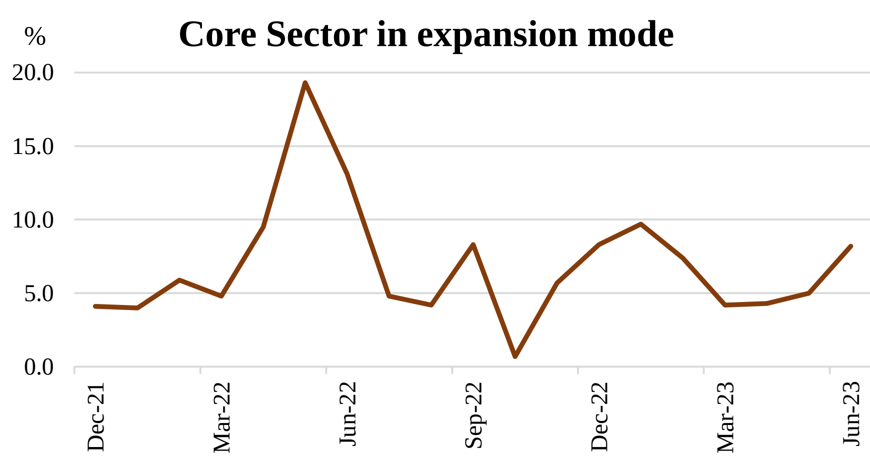
1- **Domestic and Global Central Banks-** The RBI Monetary Policy Committee left the main policy instrument, repo rate, unchanged at 6.50 per cent for the second consecutive time in its latest meeting. The next meeting is scheduled to be held on August 8-10. While inflation is presently running at less than 5 percent there would be some upside risk to this number in the coming months with prices of vegetables and pulses going up sharply. The US Federal Open Market Committee (FOMC) had skipped a rate hike for the first time in 15 months in its June meeting. After raising rates by 25bps in its last meeting to a 22-year-high ranging from 5.25% to 5.50%, the Fed has guided that future interest rate decisions will be data dependent. At the same time, Fed has also guided for one more interest rate hike for sure this year (CY2023). The core inflation in US is rather steady and which is driven by firm and increasing consumer spending and the US economy has actually grown stronger than earlier estimated and the policymakers hardly expect economy to face recession now. Labour market is still running hot but wages have receded somewhat. US CPI inflation is now within grasp of Fed's long-term target of 2%, however Fed believes that it will take time to achieve the same, probably by 2025. The European Central Bank (ECB) raised interest rates by 25 bps to its highest level since 2001 to 3.75%.

2- **Q1FY24 Corporate Earnings Season** – Companies have started declaring their Q1FY24 results where the corporate performance has been in line with estimates for majority of the companies and, in many cases, exceeded market expectations. Earnings have been led by the BFSI sector with excellent performance from the banking sector with higher loan growth, improving asset quality and higher profitability, although NIMs peaked out in Q4FY23. IT companies while may have clocked year-on-year (y-o-y) growth but have been muted qoq and most importantly managements have provided with weak guidance. As raw materials have now eased for two quarters and more importantly, easing of supply chains have been reflected in profitability. Operating margin pressure in Q1FY24 was majorly witnessed in IT services, cement and staples.

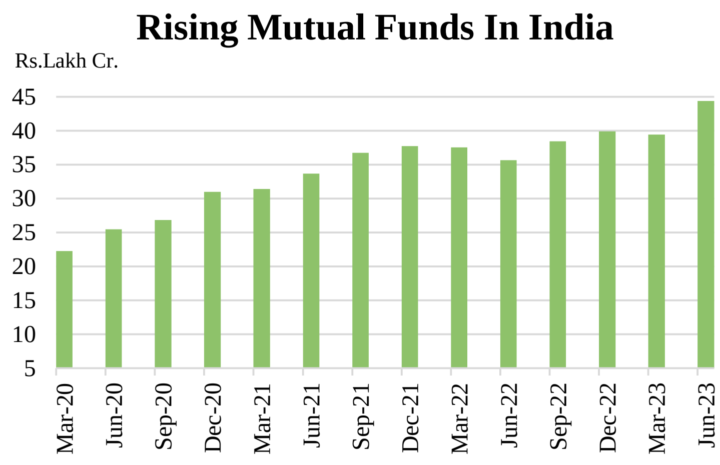
2-Major Economic Developments:



Source: Mospi



Source: PIB



Source: AMFI

a) India's fiscal deficit at the end of the first quarter touched 25.3% of the full-year target. In absolute terms, the fiscal deficit was ₹4,51,370 crore.

b) India's dominant services sector expanded at its fastest pace in 13 years last month as demand increased significantly despite elevated inflationary pressures. S&P Global's India services purchasing managers' index rose to 62.3 in July from 58.5 in June.

c) India's Goods and Services Tax (GST) revenues crossed ₹1.6 lakh crore mark for 5th time since inception of GST. The revenues for the month of June 2023 are 11% higher than the GST revenues in the same month last year. During the month, the revenues from domestic transactions (including import of services) are 15% higher than the revenues from these sources during the same month last year.

d) India's core sector growth accelerated to 8.2% in June, the fastest in five months, as a capital expenditure push by the central and state governments supported expansion in cement and steel sectors, while energy-related products witnessed improvements.

3-Market Outlook:

The recent improvement in global macroeconomic scenario can be viewed as an impetus to growing positivity in investor sentiment driven by multitude of factors. The inflation levels across the globe have been declining due to strong monetary policies by the Central Bank of the various economies. US inflation levels fell below its long-term average of 3% in June 2023. Similar trend can be viewed in other parts of the world. Though Consumer Price Index (CPI) in India jumped to 4.8% in June, mainly led by food inflation, it was still within RBI's tolerance limit. Further, Wholesale Price Index

(WPI) being negative for third straight month should trickle down to the retail consumers in the coming months, and CPI would come within RBI's medium-term target of 4%.

2. We are bullish on India's growth fueled by foreign fund flows and domestic factors. It is the optimal time to buy quality businesses with a long-term hold approach. It is advisable to avoid fear-of-missing-out (FOMO) trades as lofty valuation in some sectors and companies makes it more vulnerable for them to fall. Invest in stocks with quality names and promising long-term growth prospects while avoiding high debt companies.
3. While the markets are expected to gradually move upwards on the back of healthy corporate earnings, strong macros, and consistent foreign institutional investors buying. While investing, top elements to analyze must include opportunities in specific sectors or stocks, management growth plans, corporate governance matrix, debt-ridden companies and stability in the companies' financials.

4-Our Portfolio Management Services:

Strategy 1: DREAM

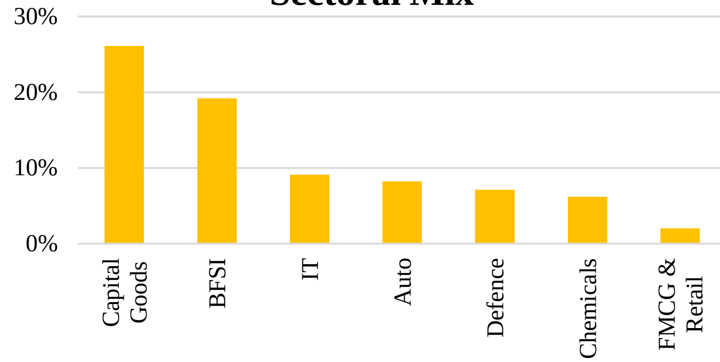
- Investments in equities cash segment with a mix of stable and growth-oriented companies having strong fundamentals.
- Our Multi-cap strategy rests on two pillars- Steady picks for large cap for resilience, stability, and long-term wealth and Growth for Small & Mid-caps for capturing new opportunities & 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 July 2023:

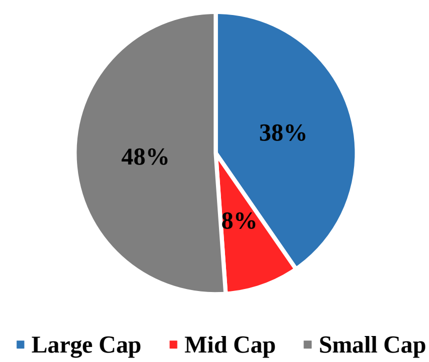
	1M	3M	6M	1Y	3Y	Since inception (CAGR)	Since Inception (Absolute)
HEM PMS	**5.3%**	**19.2%**	**23.8%**	**30.4%**	**30.0%**	**26.9%**	**124.0%**
BSE 500	**3.8%**	**11.8%**	**13.8%**	**15.9%**	**23.6%**	**19.4%**	**83.1%**

Inception date: 4th March, 2020

Sectoral Mix



Market Capital Diversification



Our Top 10 Holdings#

Agarwal Industrial Corporation Ltd.	HDFC Bank Ltd.
Raghav Productivity Enhancers Ltd.	Tata Motors Ltd.
State Bank of India Ltd.	Garden Reach Shipbuilders and Engineers Ltd.
ICICI Bank Ltd.	Hindustan Aeronautics Ltd.
Gravita India Ltd.	BLS International Services Ltd.

#As of 31st July 2023

Strategy 2: IRSS

1- Niche SME & Small Cap based PMS launched in February 2022.
2- We came No. 1 in India according to PMS Bazaar by delivering 34% returns in FY23.
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	1Y	Since inception (CAGR)
HEM IRSS	**4.7%**	**12.3%**	**9.0%**	**60.6%**	**42.9%**
S&P BSE 500	**3.8%**	**11.8%**	**13.8%**	**15.9%**	**10.2%**

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