



## 1-Market Highlights:

The stock market rally took a breather in August as investors considered whether or not the latest batch of economic data will force the Federal Reserve to issue at least one more interest rate hike before the end of the year. The Reserve Bank of India (RBI) maintained its stance of a pause on repo rates in its August meeting for the third consecutive time with hopes of inflation easing and preparedness to act if the situation merits. The retail inflation figure, however, hit the park as it spiked above the RBI's tolerance threshold to a 15-month high of 7.44%. Nevertheless, small and mid-cap indices outperformed with gains of 5% and 4%, respectively. The positive sentiment was broad-based for fifth month in a row. From flows perspective, domestic flows continue to remain strong SIP crossed monthly flow of Rs150bn+.

### Market performance (%)

INDEX	1M	3M	6M	1Y
NIFTY 50	-2.5	3.9	11.3	8.4
SENSEX 30	-2.5	3.5	10.0	8.9
NIFTY MIDCAP 150	3.9	16.4	28.8	23.8
NIFTY SMALLCAP 250	5.1	20.4	33.7	28.5

Source: Ace Equity

As of 31<sup>st</sup> Aug 2023

### FII/DII Activity

Overseas investors pulled out funds during the month of August. However, domestic institutions were net buyers on the back of strong macroeconomic fundamentals and attractive valuations.

INR cr.*	1M	3M	6M	1Y
FII	-20,620	20,552	56,418	11,590
DII	25,017	28,291	57,750	1,40,727

Source: NSE \*FII Cash

As of 31<sup>st</sup> Aug 2023

### Global Market

Globally equity indices were weak on profit booking during the month after Fitch downgraded US from AAA to AA+. Investors were discouraged by commentary by Federal Reserve Chair Jerome Powell at the Jackson Hole Economic Symposium suggesting more monetary policy tightening may be coming. (Returns in %)

INDEX	1M	3M	6M	1Y
DOW JONES	-2.4	5.5	6.3	10.2
FTSE	-3.4	-0.1	-5.6	2.1
HANG SENG	-8.5	0.8	-7.1	-7.9
DAX	-3.0	1.8	3.8	24.3
NASDAQ	-2.2	8.5	22.5	18.8

Source: Investing.com

As of 31<sup>st</sup> Aug 2023

### Sectoral Performance

On the sectoral front, we believe that healthcare and pharmaceutical sector are gaining momentum due to revival of growth prospects in the US led by reduced intensity of price erosion, ability of Indian pharma companies to cater to shortage of drugs especially in injectable category, and niche launches. 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 Aug 2023:

TOP 3 (%)	1M	3M	6M	1Y
S&P BSE Consumer Durables	4.2	8.6	17.7	4.3
S&P BSE IT	4.1	6.9	6.7	9.0
S&P BSE Capital Goods	2.7	21.6	31.4	40.3

BOTTOM 3 (%)	1M	3M	6M	1Y
S&P BSE Oil & Gas	-5.0	2.8	6.6	-9.1
S&P BSE Bank	-4.0	-0.5	5.7	9.0
S&P BSE FMCG	-2.8	1.2	12.9	15.7

Source: NSE

As of 31<sup>st</sup> Aug 2023

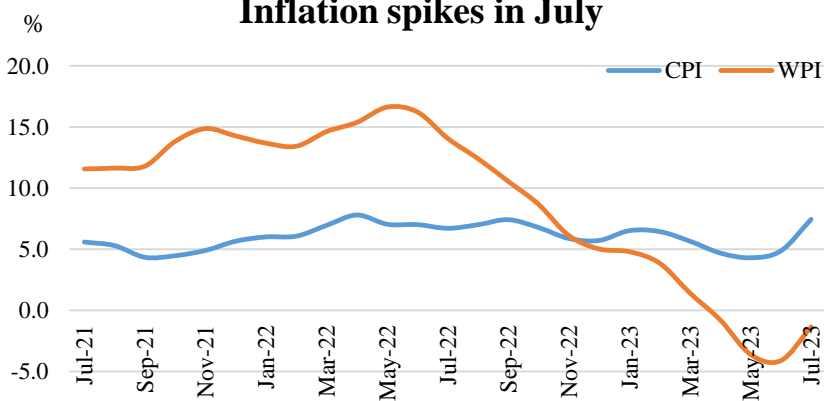
### Events to be watched out for

- 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 third consecutive time in its latest meeting. The next meeting is scheduled to be held on October 4-6. The committee marginally revised inflation forecast to 5.4% for FY24 from 5.1% earlier on account of spike in vegetable prices. To absorb surplus liquidity generated by various factors, including return of ₹2000 notes to the banking system, RBI has asked banks to maintain an incremental Cash Reserve Ratio (ICRR) of 10 per cent on the increase in their deposits between May 19 and July 28. However, in a new order, it will discontinue incremental cash reserve ratio in a phased manner. Powell mentioned that while inflation has come off highs from level of 7% in June 2022 to level of 3.3% in July 2023, the risks are still elevated. Fed chair is particularly worried with core inflation levels, which declined only by 110 bps with the same period. In the minutes, most US Fed officials saw 'significant' upside risks to inflation, requiring further tightening.
- Inflation** – Retail inflation resurged in July to hit 7.44% from 4.87% in June, with consumers facing a sharp

11.5% spike in food prices. This is the highest pace of retail inflation since April 2022 and the first time since September 2022 that price rise has been over 7%. Vegetable prices soared 37.3% while cereals and pulses became over 13% costlier, lifting the food bill by over 12.3% for urban consumers, while rural consumers encountered 11% food inflation. Rural residents however faced a higher overall inflation rate of 7.63% in July. This inflation print broke a four-month streak below the central bank's 6% tolerance threshold for consumer price rise. Going forward, a slight let-up in tomato prices this month may help cool the inflation trend a little in August, but elevated pulses, spices (up 21.6%), milk (up 8.34%) and cereal prices remain a concern along with a below-normal monsoon outlook for this month and patchy progress on the crop sowing front. As per the RBI projection, inflation is expected to remain above 5 per cent till the first quarter of 2024-25 and is likely to hit the 6.2 per cent level in the ongoing quarter (July-September)

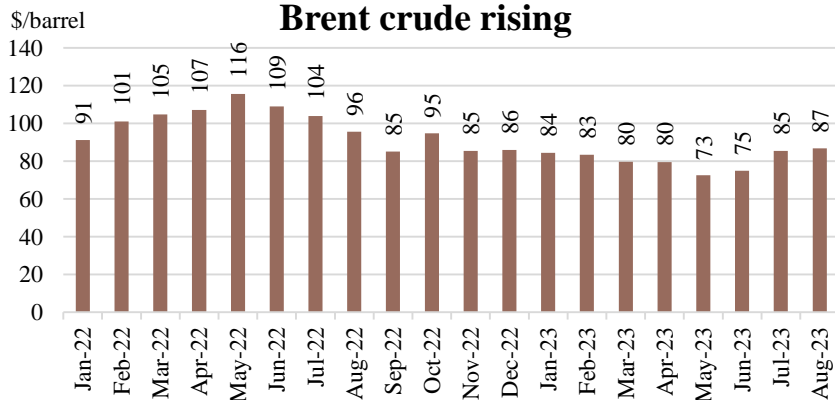
## 2-Major Economic Developments:

### Inflation spikes in July



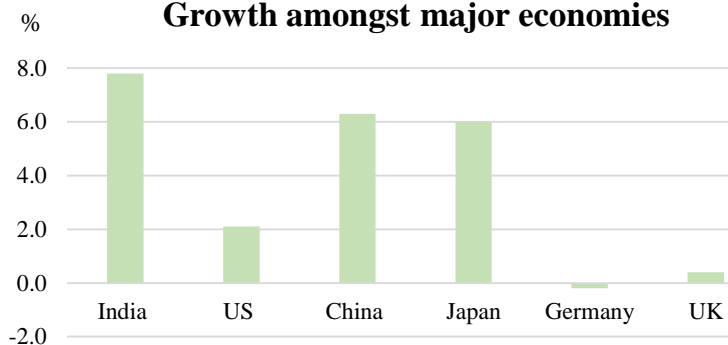
Source: Mospi

### Brent crude rising



Source: PIB

### Indian outperforming in Q1FY24 GDP Growth amongst major economies



Source: Mospi, Investing.com

- Q1FY24 Real GDP growth came in at a four-quarter high of 7.8% vs. 6.1% in 4QFY23 and 13.1% 1QFY23. Better private consumption (at +6% YoY) and investments (+7.1% YoY) led to better-than-expected growth, while growth was offset by weak fiscal consumption and real exports.
- India's manufacturing PMI data released for the month showed a strong momentum as the index grew from 57.7 in July to 58.6 in August which indicates that the underlying domestic demand is still strong.
- According to Federation of Automobile Dealers Association (FADA), there has been a 3% Month-on-Month (MoM) growth in the retail sales of all segments of the automobile industry, except tractors, which declined by 19% while three-wheeler sales reached a historic high.
- The gross GST revenue collected in the month of August, 2023 is ₹1,59,069 crore, an 11% increase on yearly basis.
- India's core sector growth accelerated to 8.0% in July due to a low base effect and positive growth in all the eight sectors during the month on the back of favourable signs from high-frequency indicators (such as power generation, etc) and sustained capex frontloading by the general government.

## 3-Market Outlook:

- With India faring much better than most of the developed economies of the world, we believe that our economy stands out offering a combination of various macroeconomic indicators such as strong GDP, financial market stability, demographics, and resilient earnings growth outlook. The inflation levels across the globe will be watched out for in the near term due to rising food crude oil prices owing to production cuts. From a low of 3% consumer inflation in June 2023, the headline

inflation in the US for July bounced marginally by 20 bps to 3.20%. India's retail inflation, which is measured by the consumer price index (CPI), rose to a 15-month high of 7.44% in July 2023, from 4.81% in June this year.

- We are bullish on India's growth fueled by foreign fund flows and domestic factors. We believe that public capex will continue its sustained momentum along with improvement in the drivers of private capex recovery. It is the optimal time to buy quality businesses with a long-term hold approach. It is advisable to be sector and company specific. Invest in stocks with quality names and promising long-term growth prospects while avoiding high debt companies.
- While the markets are expected to gradually move upwards on the back of healthy corporate earnings, 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

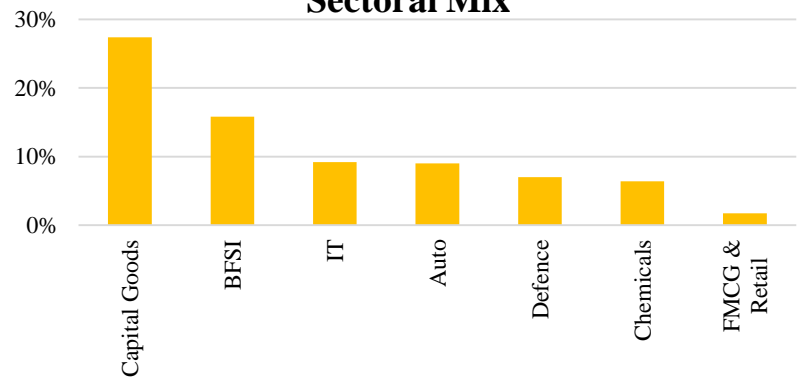
- Investments in equities cash segment with a mix of stable and growth-oriented companies having strong fundamentals.
- Our Multi-cap strategy rests on two pillars- Steady picks for large cap for resilience, stability, and long-term wealth and Growth for Small & Mid-caps for capturing new opportunities & 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 31<sup>st</sup> Aug 2023:

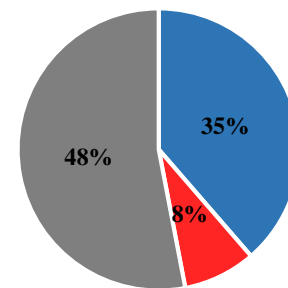
	1M	3M	6M	1Y	3Y	Since inception (CAGR)	Since Inception (Absolute)
HEM PMS	5.1%	17.9%	34.5%	27.3%	29.9%	27.8%	135.3%
BSE 500	-0.8%	7.1%	16.3%	9.9%	21.7%	18.6%	81.6%

Inception date: 4th March, 2020

## Sectoral Mix



## Market Capital Diversification



■ Large Cap ■ Mid Cap ■ Small Cap

## Our Top 10 Holdings#

Agarwal Industrial Corporation Ltd.	Praj Industries Ltd.
Gravita India Ltd.	HDFC Bank Ltd.
ICICI Bank Ltd.	Caplin Point Laboratories Ltd.
State Bank of India Ltd.	Deepak Fertilizers and Petrochemicals Corp Ltd.
Raghav Productivity Enhancers Ltd.	Tata Motors Ltd.

#As of 31<sup>st</sup> Aug 2023

## Strategy 2: IRSS

- Niche SME & Small Cap based PMS launched in February 2022.
- We came No. 1 in India according to PMS Bazaar by delivering 34% returns in FY23.
- 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

	1M	3M	6M	1Y	Since inception (CAGR)
HEM IRSS	17.1%	29.6%	42.7%	57.4%	55.3%
S&P BSE 500	-0.8%	7.1%	16.3%	9.9%	9.0%



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