



## 1-Market Highlights:

July proved to be a volatile month as markets digested a number of notable economic and political developments. Beyond the growth-inflation trade-off, global markets have seen an attempted assassination and a change in the presidential nomination in the US. The wars in Ukraine and Gaza continue, and there were elections in the UK and France. Amidst all this, a combination of continued political stability with better-than-expected corporate earnings, and strong economic performance underlined by the Union Budget have led the Indian markets in the June-July period. The soft-landing central banks have been hoping for might finally come around. The Bank of Japan raised rates after decades of easing, as inflation remains above target for a prolonged period of two years. The IMF's July update points to a 3.2% growth globally for 2024 with India and China expected to contribute nearly half of the incremental growth this year, even as the downward trajectory is expected to continue for the Chinese economy.

### Market performance (%)

INDEX	1M	3M	1Y	FY25
NIFTY 50	3.9%	10.4%	26.3%	11.8%
SENSEX 30	3.4%	9.8%	22.9%	11.0%
NIFTY MIDCAP 150	4.9%	15.7%	54.6%	23.1%
NIFTY SMALLCAP 250	4.9%	13.4%	58.1%	25.2%

Source: NSE

As of 31<sup>st</sup> July 2024

## • Sectoral Performance

On the sectoral front, we believe that domestic manufacturing, infrastructure development, etc. are likely to continue and there could be an incremental shift of focus to support employment generation and domestic consumption, especially rural consumption revival. Furthermore, the favorable macroeconomic environment, policy support measures, and attractive valuations, opportunities can be found in these sectors. Meanwhile, capital goods, logistics, auto, railways, and defense will continue to outperform as they are the key drivers for long-term economic growth and productivity enhancement. The table shows the top 3 and bottom 3 sector performances in July 2024:

TOP 3 (%)	1M	3M	6M	1Y
S&P BSE Infra	13.1%	22.9%	33.2%	113.7%
S&P BSE IT	10.8%	22.3%	11.6%	36.4%
S&P BSE Oil & Gas	10.2%	12.4%	25.7%	67.9%

BOTTOM 3 (%)	1M	3M	6M	1Y
S&P BSE Bank	-1.7%	5.1%	13.2%	14.7%
S&P BSE Metal	-1.6%	4.9%	22.5%	46.6%
S&P BSE Consumer Durables	2.7%	10.4%	21.0%	42.7%

Source: BSE

As of 31<sup>st</sup> July 2024

## • FII/DII Activity

Foreign portfolio investors joined the party after a hiatus of two months while DIIs have been maintaining their buying spree for 11 months in a row.

INR cr.*	1M	3M	6M	1Y
DII	23,486	1,07,852	2,33,729	3,56,571
FII	5,408	-34,769	-83,109	-1,59,595

Source: NSE \*FII Cash

As of 31<sup>st</sup> July 2024

## • Global Market

Financial markets remained highly volatile during July amid rapidly changing macroeconomic and geopolitical environment. Although some progress was seen on the inflation front, combined with weaker US labour market data, reassured investors that the Federal Reserve will soon begin cutting interest rates. Global equity markets portrayed a cautious approach amid excessive valuations, concerns over sustainability of AI driven optimism, and geopolitical situation. Oil prices contributed to the decline as the market weighed the impact of weaker demand from China against supply issues arising from tensions in the Middle East.

INDEX	1M	3M	6M	1Y
DOW JONES	4.4%	8.0%	7.1%	14.9%
FTSE	2.5%	2.8%	9.7%	8.7%
HANG SENG	-2.01%	-2.4%	12.0%	-13.6%
DAX	1.5%	3.2%	9.5%	12.5%
NASDAQ	-0.8%	12.4%	16.1%	22.7%

Source: Investing.com

As of 31<sup>st</sup> July 2024

## • Important Events

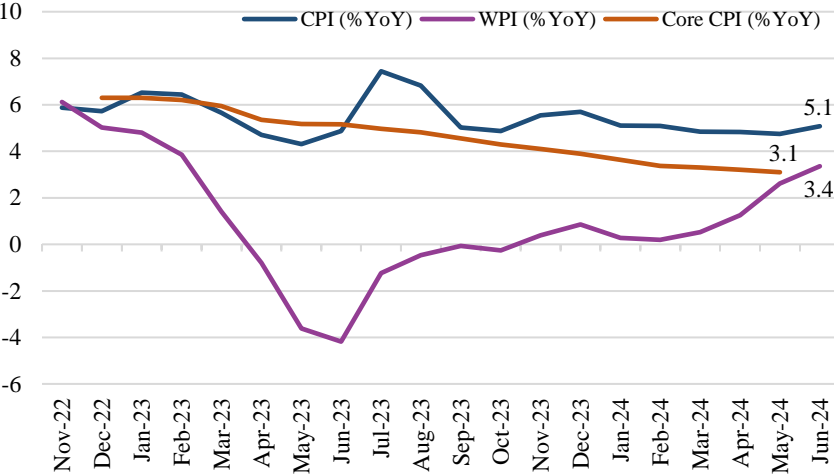
- 1- There are mixed monetary policy actions and narratives in both advanced and emerging market economies. The US Federal Reserve left its policy rate unaltered, but Powell hinted that easing might begin in September. The European Central Bank also left its deposit rate unchanged – it had already reduced it in June – though the Bank of England lowered its base rate by 25 basis points to 5%. In Asia, the Bank of Japan modestly raised its policy rate target from a range of 0.00-0.10%, to around 0.25%, while the People's Bank of China conversely lowered interest rates amid ongoing property sector issues (inflation remained muted there). The RBI has held policy rates steady for ninth consecutive meetings, but recently there has been some divergence observed in the opinions of the MPC members.
- 2- The headline retail inflation accelerated to a four-month high of 5.1% YoY in June'24 (vs. 4.8% in May'24), with the increase primarily led by elevated food inflation (specifically vegetables, cereals and pulses). Food inflation rose to a six-month high of 8.4% YoY, spurred by a combination of heatwave like conditions and deficit monsoon in June. Rural inflation has outpaced urban inflation for the second consecutive month. Wholesale inflation inched up further to a 16-month high of 3.4% YoY in June, thanks to a low base and double-digit inflation in the food basket. Inflation in the manufacturing segment at 1.4% YoY has been picking up in the last two months after 14 consecutive months of deflation, led by the firming up of commodity prices (non-ferrous



metals). The retail and wholesale headline inflation wedge has moderated to an 18-month low while the food inflation gap has widened meaningfully, posing upside risks of spillovers from wholesale to retail.

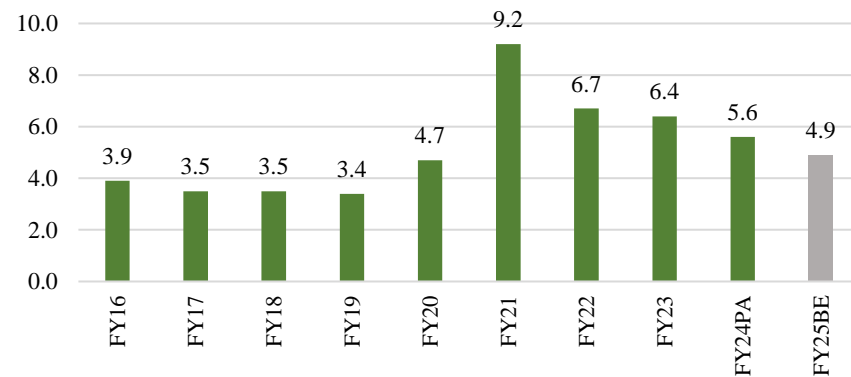
## 2- Economic Developments:

### Headline inflation inched above 5% YoY



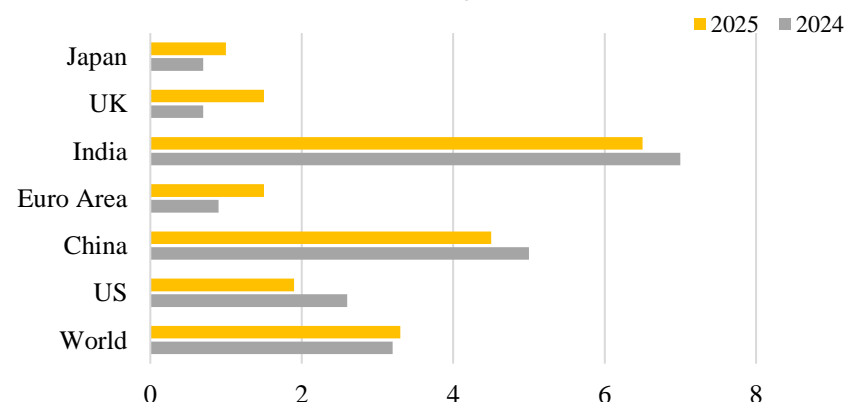
Source: IMF

### Fiscal Deficit trend (%GDP)



Source: CSO

### IMF revises GDP growth forecasts



Source: IMF

- a) Industrial activity accelerated with IIP growth expanded to a seven-month high of 5.9% YoY in May'24 with strong acceleration in electricity (led by excessive heat conditions) and manufacturing while the mining segment remained steady. There has been a broad-based pick-up within the manufacturing sector as 17 out of 23 industries have registered positive growth. Consumer durables and primary goods have been the key drivers of the IIP as per the use-based classification. On the other hand, capital-intensive segments like construction goods and capital goods exhibited some moderation.
- b) The Union Budget FY25 strategically aims to boost India's economic landscape, focusing on job creation, fiscal consolidation, and infrastructure development. One of the standout features of the budget is its robust emphasis on creating employment opportunities by involving the private sector.
- c) The sustained focus on fiscal consolidation has continued in this budget with the fiscal deficit pegged at 4.9% of GDP, 20 bps lower than the interim budget estimates. The Government remains on track to reduce the fiscal deficit to GDP ratio to sub-4.5% by FY26 with prospective fiscal trajectory ensuring downward trend in debt/GDP ratio.
- d) Since the interim budget estimates, there has been a noticeable jump in non-tax revenues, bolstered by the RBI dividend, while the capital expenditure has been retained at the same level. Capital expenditure at Rs 11.1 lakh crore in FY25BE at 3.4% of GDP is the highest in 26 years, implying a strong 27% CAGR in the last five years and a strong focus on housing, roads, railways, defense and solar.

## 3-Market Outlook:

1. Indian stock market will continue to be influenced by global economic trends, fiscal policies, and sector-specific developments. Investors will focus on sectors demonstrating resilience and growth potential while remaining cautious about those facing structural challenges.
2. The BSE Large Cap Index is currently holding steady with a P/E multiple around 24.25, a level it has consistently hovered at over the past two years. This stability suggests that large-cap stocks are reasonably valued, offering a balanced and reliable investment opportunity in today's market.



- The BSE Mid Cap and Small Cap indices are trading at elevated P/E multiples of 31 & 34.5 which is around 20% above their two-year average. With valuations riding high, a cautious and selective approach is wise for investors eyeing these segments. The elevated multiples suggest that while opportunities exist, a discerning eye is needed to navigate the mid and small-cap terrain.
- Volatility remains a key theme, with traders closely monitoring geopolitical developments and central bank policies. The Indian stock market remains dynamic, influenced by both domestic and global factors. Despite short-term volatility, in the medium to long term, Indian markets are on a structural growth path and investors should look at interim corrections as an opportunity to add to equity positions with strong financials and growth prospects.

## 4-Our Portfolio Management Services:

### Strategy 1: DREAM

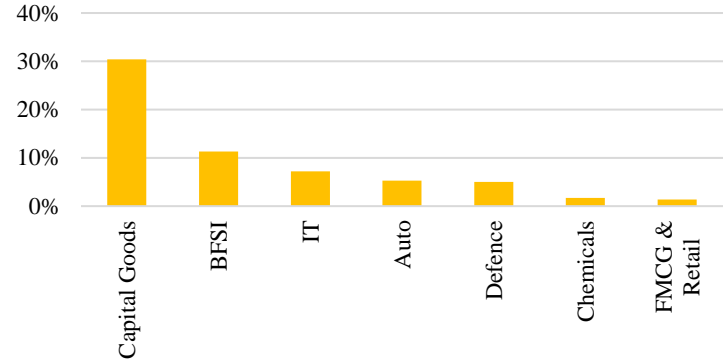
- Investments in equities cash segment with a mix of stable and growth-oriented companies having strong fundamentals.
- Our Multi-cap strategy rests on two pillars- Steady picks for large cap for resilience, stability, and long-term wealth and Growth for Small & Mid-caps for capturing new opportunities & potential multi-baggers.
- In order to minimize concentration risks, we believe in sector diversification.
- 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> July 2024:

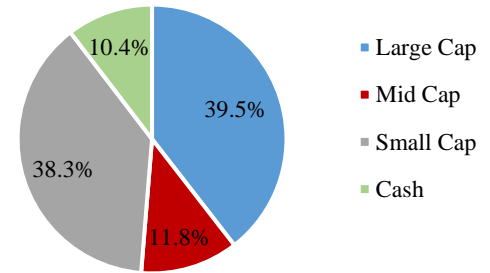
	1Y	2Y	3Y	Since inception (CAGR)	Since Inception (Absolute)
HEM PMS	47.91%	38.84%	27.70%	31.20%	231.28%
S&P BSE 500	37.33%	26.13%	19.55%	23.25%	151.45%

Inception date: 4th March, 2020. Returns presented are not verified by SEBI

### Sectoral Mix



### Market Capital Diversification



### Our Top 10 Holdings in DREAM

Agarwal Industrial Corporation Ltd.	Bharat Electronics Ltd.
Hindustan Aeronautics Ltd.	Titagarh Wagons Ltd.
PG Electroplast Ltd.	InterGlobe Aviation Ltd.
ICICI Bank Ltd.	Mahindra & Mahindra Ltd.
Tata Motors Ltd.	Gravita India Ltd.

### Strategy 2: IRSS

- Niche SME & Small Cap based PMS launched in February 2022.
- We came No. 1 in India according to PMS Bazaar in June 2024.
- Exclusive selection of potential multi baggers from SME & Small cap space.
- It is a high risk & high return strategy and therefore suitable for investors having high risk appetite

### Performance as on 31<sup>st</sup> July 2024:

	1Y	2Y	Since inception (CAGR)	Since inception (Absolute)
HEM IRSS	59.44%	60.0%	49.40%	167.62%
S&P BSE 500	37.33%	26.13%	20.53%	58.07%

Inception Date: 18<sup>th</sup> Feb 2022. Returns presented are not verified by SEBI. Please read Disclaimer and T&C before investing.



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