Monthly Update

August 2024

1-Market Highlights:

August was an eventful month for investors. Any hopes of a late summer lull were quickly dashed at the beginning of month after the publication of disappointing US economic data, together with an interest rate hike by the Bank of Japan, sparked a sharp sell-off across global equity markets. However, by month end, the markets rebounded as investors began to price in policy easing by the Federal Reserve. Against this backdrop, global equity markets sold off and volatility (VIX) spiked, while global bonds rallied. Expectations of a US rate cut, the prospects of solid economic growth amid a healthy monsoon and the strong influx of retail investors are driving the market. Moreover, FIIs have also resumed buying Indian stocks as the start of the US rate-cut cycle nears. Geopolitical tensions, elevated valuations, and unimpressive Q1 earnings remain key overhangs. Additionally, rate cuts and the outcome of the US Presidential Election will be keenly watched as they impact markets.

Market performance (%)

INDEX	1M	3M	1Y	FY25
NIFTY 50	1.1%	12.0%	31.1%	13.0%
SENSEX 30	0.8%	11.4%	27.1%	11.8%
NIFTY MIDCAP 150	0.3%	13.6%	49.2%	23.4%
NIFTY SMALLCAP 250	1.2%	16.3%	52.3%	26.8%

Source: NSE As of 30th August 2024

- **FII/DII Activity**

FPI remained net sellers in the month of August while DIIs have been maintaining their buying spree for a year now.

INR cr.*	1M	3M	6M	1Y
DII	50,175	1,02,294	2,58,525	3,81,729
FII	-20,339	-12,894	-87,486	-1,59,314

Source: NSE *FII Cash As of 30th August 2024

- **Global Market**

After a brief dip in early August as a weaker than expected jobs report stoked recessionary fears, stocks ramped right back up and approached their highs by the end of the month. Tailwinds from moderating inflation, declining interest rates, and soon to be easing monetary policy are offsetting the headwind from a slowing rate of economic growth. After the initial spike in volatility investors took comfort in the prospect of lower interest rates as well as a solid Q2 earnings season that showed few signs of an imminent economic slowdown.

INDEX	1M	3M	6M	1Y
DOW JONES	1.8%	7.4%	6.6%	19.7%
FTSE	0.1%	1.2%	9.8%	12.6%
HANG SENG	3.7%	-0.5%	9.0%	-2.1%
DAX	2.2%	2.2%	7.4%	18.6%
NASDAQ	0.7%	5.9%	10.1%	26.2%

Source: Investing.com As of 30th August 2024

- **Sectoral Performance**

On the sectoral front, with focus on infrastructure development & capital expenditures which are the key drivers for long-term economic growth and productivity enhancement, sectors like capital goods, real estate, power, financial institutions, defense, and technology are poised for growth for long term keeping in mind the elevated valuation. Factors such as steady demand, upcoming rate cuts, and strong order books will be vital for these sectors to outperform in the longer run. The table shows the top 3 and bottom 3 sector performances in August 2024:

TOP 3 (%)	1M	3M	6M	1Y
S&P BSE Healthcare	6.6%	23.8%	23.1%	54.8%
S&P BSE Consumer Durables	4.4%	15.8%	24.1%	42.7%
S&P BSE IT	4.3%	31.1%	13.2%	37.9%

BOTTOM 3 (%)	1M	3M	6M	1Y
S&P BSE Capital Goods	-3.3%	4.4 %	27.4%	61.8%
S&P BSE Industrials	-2.8%	7.3%	29.8%	62.1%
S&P BSE Power	-2.5%	6.9%	27.4%	61.8%

Source: BSE As of 30th August 2024

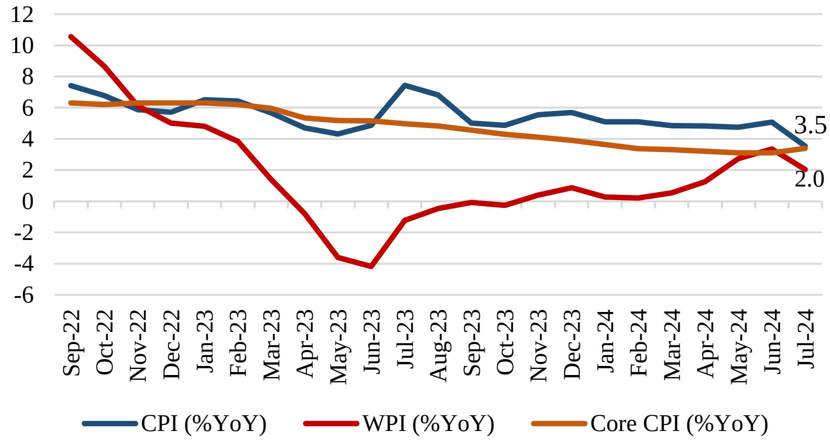
- **Important Events**

1- Recent monetary policy meetings across advanced economies exhibited a significant divergence as central banks navigated through distinct economic conditions and inflationary pressures, presenting a mix of accommodation, policy continuation and hawkish policy actions across central banks. While the US Fed continued with a status quo, the Bank of England commenced the accommodative policy action by cutting rates for the first time in the last four years. Similarly, the Bank of Canada cut policy rates in its second consecutive meeting, underscored by weakness in the labour market and easing inflationary concerns. Bank of Japan, however, remained an outlier, by hiking rates for the second time in 2024 and reducing the quantum of bond purchase.

2- The RBI's Monetary Policy Committee, with a 4:2 majority, decided to keep the policy repo rate unchanged at 6.5% for the ninth consecutive time. The 'withdrawal of accommodation' stance was also retained, citing the need to remain vigilant on inflation amid a strong growth landscape. The GDP growth forecast for FY25 has been retained at 7.2%, reflective of sustained growth momentum, underpinned by a revival in rural demand amid an expected normal monsoon, buoyancy in services reflecting steady urban demand, healthy corporate balance sheets, sustained thrust on government capex. Similarly, the inflation forecast for FY25 was kept unchanged at 4.5%, with near-term risks emanating from base-effect tapering off, hike in telecom tariff rates and adverse climate conditions. The Governor has specifically emphasized on the importance of remaining vigilant to elevated food inflation, its persistence and the second-round effects on core inflation.

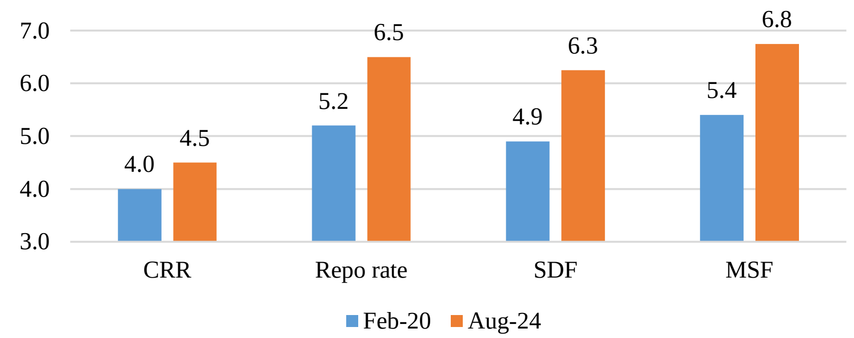
2- Economic Developments:

Retail inflation decelerates to a near five-year low



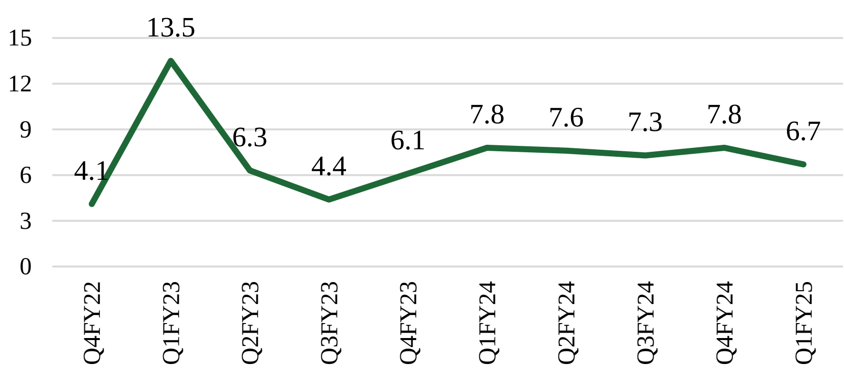
Source: Mospi

Key policy rates



Source: RBI

GDP Growth Rate (%YoY)



Source: CSO

a) India's first quarter GDP growth for FY25 decelerated to a five-quarter low of 6.7% YoY from 7.8% in Q4FY24, albeit off a low base (8.2% YoY in Q1FY24). This was broadly in line with the consensus estimate but 40 bps lower than the RBI's estimate of 7.1% YoY. This noticeable decline was primarily led by reduced government spending in the wake of election season spending constraints, even as robust growth in consumption and investment activity, manifested by various high-frequency indicators and solid services exports, capped the downside.

b) Investment rate in the economy surged to a 47-quarter high of 34.9%, reflective of revival in the private capex cycle, conducive business environment and sustained improvement in capacity utilisation. Import growth (4.4% YoY) was discernibly lower on the back of subdued non-petroleum imports.

c) By economic activity, GVA growth moderated to 6.8% YoY (vs. 8.3% in Q1FY24) led by muted Agriculture output (weather-related disruptions) and moderation in growth of Trade, Hotels, Transport, Storage & Communications and Financial Services, Real Estate & Business Services. That said, upbeat industrial activity, coupled with a robust eight-quarter high growth in Public Administration, Defence & Other Services (9.5% YoY), limited the overall deceleration in the GVA growth.

d) The retail headline inflation number in July decelerated to 3.5% YoY, marking its lowest level in near five years and dipping below the median inflation target of 4% for the first time since Sept'19. This moderation was primarily due to a favorable base effect while price momentum observed in the food sub-components (especially vegetables), and recently announced telecom rate hikes capped the fall in the headline number. The progress of monsoon has been steady and widespread, facilitating improvements in interstate distribution.

3-Market Outlook:

1. Indian stock market will continue to be influenced by global economic trends, fiscal policies. Investors should focus on sectors demonstrating resilience and growth potential while remaining cautious about those facing structural challenges.
2. We recommend maintaining a selective approach in the mid and small cap segments, focusing on themes gaining significant interest and offering appealing

valuations. Additionally, investors should avoid increasing their positions in loss-making stocks with the expectation of a rebound.

3. Economic growth is likely to remain steady, aided by a revival in rural demand amid normal monsoon, sustained urban demand ahead of the festive season, and increase in government spending post elections. Further, improvement in capacity utilization and healthy balance sheets of corporates and banks provide a conducive environment for a steady recovery in the private capex cycle, signs of which are visible in strong credit expansion. Headwinds from geopolitical tensions, tepid growth in agriculture production and its related impact on inflation and rural incomes, and volatility in international commodity prices could pose risks to the growth outlook.

4-Our Portfolio Management Services:

Strategy 1: DREAM

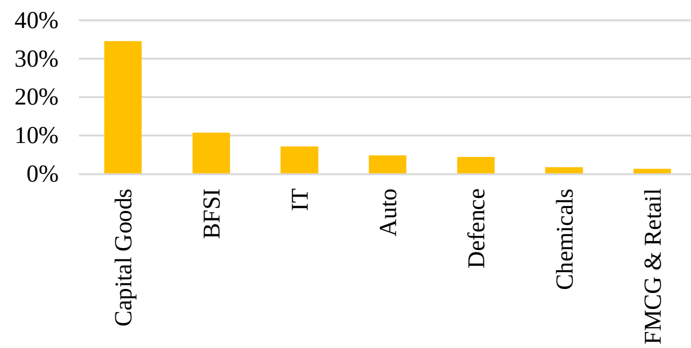
- Investments in equities cash segment with a mix of stable and growth-oriented companies having strong fundamentals.
- Our Multi-cap strategy rests on two pillars- Steady picks for large cap for resilience, stability, and long-term wealth and Growth for Small & Mid-caps for capturing new opportunities & 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 30th August 2024:

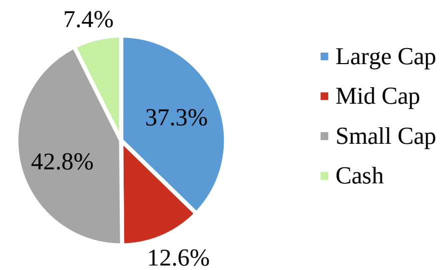
	1Y	2Y	3Y	Since inception (CAGR)
HEM PMS	**44.36%**	**35.54%**	**27.68%**	**31.27%**
S&P BSE 500	**39.52%**	**23.79%**	**17.35%**	**22.98%**

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.	ICICI Bank Ltd.
Hindustan Aeronautics Ltd.	Bharat Electronics Ltd.
PG Electroplast Ltd.	Gravita India Ltd.
Titagarh Wagons Ltd.	Tata Motors Ltd.
KEI Industries Ltd.	InterGlobe Aviation Ltd.

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 in June 2024.
3- Exclusive selection of potential multi baggers from SME & Small cap space.
4- It is a high risk & high return strategy and therefore suitable for investors having high risk appetite

Performance as on 30th August 2024:

	1Y	2Y	Since inception (CAGR)
HEM IRSS	**43.28%**	**50.12%**	**50.38%**
S&P BSE 500	**39.52%**	**23.79%**	**20.15%**

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

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