



We focus on **doing the right things** than doing too many things

NEWSLETTER MAY 2024

After a volatile ending to a brilliant FY 2024, the Equity markets started on a positive note in April. However, the ongoing Israel-Hamas conflict continued to keep the investors on their toes and most asset categories have been volatile. While the Oil prices have gone up significantly, safe haven assets like gold have also risen in prices. Indian Equity markets continue to trade sideways, having seen all-time highs in almost all the segments, and the market volatility seems to be inching up.

On the global front, both European Central Bank & the US Fed in the latest meetings kept their reference interest rates at the same level. The US continues to face sticky inflation with the latest CPI number seeing a 3.5% increase, which was considerably higher from February's 3.2%. The market expectations of rate cuts by Fed have been pushed from June to December. The recent Fed statements indicate that Fed is in no mood to rush towards changing their policy stance as the US Economy continues to grow strongly even if it faces higher than targeted inflation. Therefore, there is no urgency for Fed to start reducing rates.



Raghvendra Nath
Co-Founder & Managing Director

Back home in India, all eyes are going to be on the outcome of the general elections which are being held from 19th April and will last till the end of May'24. The market is banking on the continuance of the present dispensation as it shall provide stability and consistency from a policy standpoint and the various measures that the government has taken to push infrastructure and manufacturing shall have positive impact on the Economic Growth. Judging by how crucial the election's outcome is for the mood of the market, most equity participants are in a wait and watch mode, with investors holding on to positions rather than building any significant exposures, which is indicated by the markets having entered a consolidation phase in the previous few months. We expect the markets to stay flattish over the next 2-3 weeks till the election results are out.

From a macroeconomic perspective, our economy continues stay resilient with inflation cooling down to 4.85%. The Index of Industrial Production (IIP) on the other hand has grown strongly at 5.7% vis-à-vis 3.8% in the month of April. Even the manufacturing PMI came at 58.8, which was the second strongest expansion in the last three and a half years. The GST collections in April'24 reflects upon the strong domestic economy having recorded the highest ever collections at Rs 2.10 lakh crore. All these macro numbers suggest a growing momentum and gives confidence on the consistency of 7%+ GDP growth in the coming year.

One of the biggest factors for the Indian Economy is a normal monsoon as we are still heavily dependent on monsoon rains. The early forecasts suggest a Normal Monsoon this year.

As for corporate earnings, a moderation in growth is expected for the March 2024 quarter, with the aggregate net earnings of the Sensex and the Nifty expected to rise at a slower pace. This moderation is primarily due to slower growth in sectors such as information technology services, oil and gas, metals, and mining. Despite this, preliminary updates for Q4 FY24 indicate mixed performances, with some sectors like banking, non-banking financial companies (NBFCs), and real estate providing optimistic business updates.

In the month of May we do not see any major action in equities, in the absence of any policy decisions from the government side as well as the impending outcome of the Lok Sabha elections.

Proud Portfolio

A unique approach to build a 'high quality high growth' portfolio of stocks that can deliver sustainable growth.

Market Update

It has been a historical trend where markets have been volatile before the general elections and the markets in April followed suit. FIIs have been seen pulling money off the Indian equities in April while DIIs stayed put. Flows are expected to normalize post elections outcome. Historical trends suggest, on an average, markets trade higher one year post elections.

Proud Portfolio Performance vs benchmark for April' 24

| Particular | Proud Portfolio | NIFTY 50 TRI | Outperformance |
|-----------------|-----------------|--------------|----------------|
| Since Inception | 23.66% | 21.89% | 1.78% |
| 3Y | 17.11% | 16.94% | 0.17% |
| 2Y | 15.36% | 16.29% | -0.93% |
| 1Y | 24.30% | 26.51% | -2.21% |
| 6M | 14.66% | 18.77% | -4.11% |
| 3M | 3.40% | 4.19% | -0.79% |
| 1M | 2.75% | 1.24% | 1.51% |

STOCK IN THE NEWS

Titan Company Ltd

The company's net profit for Q4 FY24 stood at Rs 771 crore, an increase of 4.7% YoY and a sequential decline of 26.7%, revenue from operations grew to Rs 12,494 in Q4 FY24, up 20.6% on year and down 11.8% QoQ. A soft demand environment driven by volatile and elevated gold rates and amidst growing competitive intensity have impacted the topline for the jewellery segment. Titan Eye+ launched campaigns around 'Affordable Fashion' to compensate for the losing market share. Emerging Businesses comprising of Fragrances & Fashion Accessories (F&FA), and Indian Dress Wear (Taneira) clocked a growth of 26.0% in Total Income YoY.



Indian Hotels Company Limited

IHCL reported a revenue of Rs 1,951 crore in Q4 which was up by 18% YoY and an all-time high revenue for FY24 at Rs 6,952 crore which was up 17% YoY. PAT grew by 26% to Rs 1,259 crores. The company has signed 53 new hotels and opened 34 in FY23-24 and now has a sizeable portfolio of around 310 hotels, surpassing its AHVAAN target which it aimed to reach by FY2025. Management has guided for double digit revenue growth in FY25 and opening of 25 new hotels.

Bandhan Bank Ltd

The bank saw a boost in its deposit base in Q4, with a 12.1% quarter-on-quarter increase in retail deposits. However, despite the impressive growth in deposits, the CASA ratio experienced a marginal decline, standing at 37.1%. Loans & Advances grew at 17.8% YoY while Total Deposits grew at a higher pace at 25%. After leading the bank for almost a decade including three consecutive tenures as MD & CEO, Mr. Chandra Shekhar Ghosh has decided to step down and take up a larger strategic role at the bank from July onwards.



LADDERUP IN THE NEWS

Are Markets Sustainable In The Long Run?

This concern manifests when people are reminded of the inherent volatility of the Equity markets



[Read More](#)

Keep an eye on these 2 important sectors that lagged behind in current rally

With the broadbased stock market rally behind us, the market movements shall become more stock specific



[Read More](#)

Fund Snapshot – DSP Top 100

Historical Performance

| Particular | FY 21 | FY 22 | FY 23 | FY 24 |
|--------------------|-------|-------|-------|-------|
| DSP Top 100 | 63.7 | 10.3 | 2.3 | 36.6 |
| Category Average | 62.8 | 17.6 | -0.3 | 36.4 |
| Nifty 100 | 71.1 | 20.6 | -1.5 | 34.7 |

Performance Snapshot : FY 23 – FY 24

| Particular | Return |
|------------------|--------|
| DSP Top 100 | 36.6 |
| Category Average | 36.4 |
| Nifty 50 | 34.7 |

Top 3 sectors performance wise FY 23-24

| Sector | Weight | Sector Return | Contribution to fund return |
|------------------------|--------|---------------|-----------------------------|
| Healthcare | 15.4% | 75.2% | 10.4% |
| Consumer Discretionary | 14.3% | 71.8% | 4.7% |
| Financials | 41.3% | 19.9% | 3.9% |

Top stocks as per performance FY 23-24

| Stocks | Weight | Return | Contribution |
|-----------------------|--------------|--------|--------------|
| TATA MOTORS LTD | 3.24 | 133.06 | 2.61 |
| IPCA LABORATORIES LTD | 3.53 | 47.93 | 2.48 |
| CIPLA LTD | 3.96 | 63.59 | 2.42 |
| SUN PHARMA | 3.59 | 64.48 | 2.07 |
| HERO MOTOCORP LTD | 2.44 | 92.55 | 1.99 |
| Total | 16.7% | | 11.5% |

Top stocks as per weight FY 23 - 24

| Particular | Weight |
|---------------------|--------|
| ICICI BANK LTD | 9.50 |
| AXIS BANK LTD | 7.48 |
| HDFC BANK LIMITED | 6.82 |
| ITC LTD | 4.58 |
| MAHINDRA & MAHINDRA | 4.20 |

SUMMARY

The fund is managed by Mr. Abhishek Singh, who has over 16 years of experience and has previously worked with Edelweiss and Kotak Mahindra group. He started managing this fund since June 2022 along with DSP Equity savings fund.

The fund performed significantly well compared to the benchmark with an absolute return of 36.6% and an outperformance of over 2%, with returns majorly attributed to the stock selection skills of the manager

The fund had strategically invested into healthcare and auto segment which led to superior performance driven by the likes of Tata Motors, Hero Motocorp, Alcem Lab and Ipca Lab.

The fund manager is comfortable taking position in stocks which are currently priced in with conservative estimates of future growth so as to provide a margin of safety and benefit from unexpected positive developments in the future

Disclaimer: Mutual Fund investments are subject to market risks, read all scheme related documents carefully. The NAVs of the schemes may go up or down depending upon the factors and forces affecting the securities market including the fluctuations in the interest rates. The past performance of the mutual funds is not necessarily indicative of future performance of the schemes. The Mutual Fund is not guaranteeing or assuring any dividend under any of the schemes and the same is subject to the availability and adequacy of distributable surplus. Investors are requested to review the prospectus carefully and obtain expert professional advice about specific legal, tax and financial implications of the investment/participation in the scheme.