



Ladderup
WEALTH MANAGEMENT

FEBRUARY 2024

NEWSLETTER

"RISK MEANS, **MORE THINGS CAN HAPPEN**
THAN WILL HAPPEN"

- Elroy Dimson



RISK



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

NEWSLETTER FEBRUARY 2024

The Robust Indian Consumption Story

The month of February saw the markets display mixed performance with the Nifty50 growing by 1.1%, while the BSE SmallCap 250 Index and Midcap Index stayed flat.

The third quarter results got over. While the revenue of India Inc grew by 8% YOY, the net profit grew at a healthy 31% YoY, fueled by cost reduction measures, a decline in input prices, and the stabilization of major commodity prices post the Covid-induced highs. However, revenue growth was somewhat muted due to the high base effect and a slight contraction in rural demand.

India continues to maintain its position as one of the fastest-growing economies globally, with a robust GDP growth rate of 8.4% YoY for Q3 FY24. This was a pleasant surprise as it surpassed RBI's estimate of 6.5% with notable contributions from the manufacturing and construction sectors. There are indications, however, of potential moderation in the coming quarters due to various challenges, including issues with kharif crops, sluggish performance in industrial sectors, tepid rural demand, and global economic headwinds. Additionally, there have been upward revisions in the GDP growth figures for Q1 and Q2 of FY24, now standing at 8.2% and 8.1%, respectively, compared to the previous estimates of 7.8% and 7.6%.

The biggest news however for the month of February, was the release of the Consumption Survey for FY22-23. This survey was last done in 2011-12. The 11-year gap allows us to look at how the overall population has benefited from the India Growth Story. The survey shows that Rural consumption has grown by 40% over these 11 years, a growth of 3% p.a. whereas the urban consumption is lower at 2.7% p.a. (34% growth). While in absolute terms, these numbers may show a reduction in poverty levels, these numbers pale when we compare them to much stronger GDP growth of an average of 6.1% p.a. over the last decade. This is indicative of a widening wealth gap, as more and more wealth gets concentrated in the hands of a few. This also has bearing on future growth of India, as without adequate growth in consumption at the population level, the sustainability of growth shall itself become a question. What is needed is a stronger political will to increase inclusion at the grassroots level, that may include, more education, more jobs, better medical facilities and host of other things.

From the monetary policy standpoint, both the US Federal Reserve and the Reserve Bank of India have maintained status quo in their reference rates, without providing forward guidance. However, market expectations lean towards potential rate cuts in the US starting from the second half of the year, with the RBI likely to follow suit.

SEBI has cautioned mutual fund houses about the mid and small-cap segments, which have attracted significant investor interest, far outstripping inflows into large-cap stocks. This highlights the need for investor vigilance during periods of market bullishness. Inflows into mid and small caps reached Rs. 22,252 Cr and Rs. 13,042 Cr respectively, compared to just Rs. 1,577 Cr in large-cap stocks from August 2023 to January 2024. This underscores the importance of exercising caution in investment decisions amidst such exuberant market conditions.



Raghendra Nath
Co-Founder & Managing Director

Year on Year Growth in Q3FY24 (%)

Top 5	Revenue
BFSI	25.9
Infra and Engineering	17.6
Auto and Ancillaries	16.6
Hospitality	14.2
Textiles	12.3

Bottom 5	Revenue
Agri and allied	-23.1
Chemicals	-3.5
Oil and Gas	-1.3
Metals and Mining	2.4
IT and ITes	2.8

LADDERUP IN THE NEWS



Daily Voice: Ladderup's Raghendra Nath on why private banks offer better risk reward

The Ladderup Wealth Management managing director expects the market to continue doing well on the back of continued domestic and international flows

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December quarter, when GDP beat every forecast

Q3FY24 GDP: The GDP growth in the third quarter widely beat Street estimates and India has retained its position as one of the world's fastest-growing economies.

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Proud Portfolio

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

Market Update

The Nifty 50 has made new highs in the past month, sparking debate on whether it's valued too high compared to its global peers. India's status continued as one of the fastest-growing economies with Nifty 50's impressive 17.2% earnings growth in Q3FY24. **The PMS seized this opportunity to secure gains and shifted to areas where the value difference still persisted.**

Proud Portfolio Performance vs benchmark for February' 24

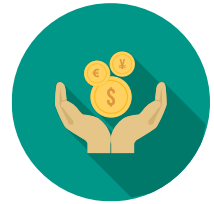
Particular	Proud Portfolio	NIFTY 50 TRI	Outperformance
Since Inception	24.28%	22.07%	2.21%
3Y	16.95%	16.16%	0.78%
2Y	17.80%	15.75%	2.05%
1Y	26.51%	28.49%	-1.99%
6M	8.55%	14.57%	-6.03%
3M	5.11%	9.38%	-4.27%
1M	1.50%	1.32%	0.18%

STOCK IN THE NEWS

Quarter 3 Financial Year 2024 Result Update for Proud Stocks

CAMS

CAMS reported a 21% YoY increase in PAT to Rs 89 crore and a 19% YoY rise in revenues to Rs 290 crore for Q3-FY24. Company's Mutual Fund AUM reached ₹ 33.95 lakh crore, up 22% YoY, with a market share of 68.2%. Equity AUM stood at ₹16.9 lakh crore, showing a 31% YoY growth, outpacing the industry's 24% growth. The Board approved an interim dividend of ₹12 per equity share..

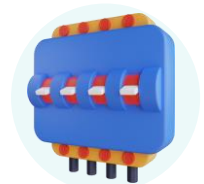


Bandhan Bank

The bank reported over two-fold increase in net profit at Rs 733 crore for the third quarter ended December 2023 on account of improvement in core income. Net interest income stood at Rs 2530 crore, a 21.4% annual increase. On the asset quality front, the bank recorded an improvement with gross NPAs to 7%, as compared to 7.2% last year. However, net NPAs increased to 2.2% as against 1.9% in the previous year. Provision and contingencies nearly halved to Rs 684 crore over Rs 1,541 crore in FY23. CASA to deposit fell to 36.1% from 38.5% last quarter.

3M India

PAT was up 8% at Rs 125 crore, smallest rise in 9 quarters. Sales declined by 3% on a sequential basis but rose by 1% YoY, at 944.7 crore. The sales increased at the mainstay safety & industrial and transportation & electricals segments, which together account for 69% total revenue, while the smaller healthcare segment saw a fall in revenue. Sustained infrastructure spending ahead of the 2024 general elections has boosted demand for industrial products, helping companies like 3M to make strong profits in the past year.



Fund Snapshot –Tata Multi Asset

Historical Performance

Particular	FY 21	FY 22	FY 23	FY 24 YTD
TATA Multi Asset	47.7%	17.3%	3.3%	23.2%
Category Average	41.6%	15.0%	3.0%	22.8%
Nifty 50	72.5%	20.3%	0.6%	26.4%

Performance Snapshot : Jan 23 - Jan 24

Particular	Return(%)
Tata Multi Asset	22.47%
Category Average	22.65%
Nifty 50	24.34%

Top 3 sectors performance wise Jan 23-24

Sector	Weight	Sector Return	Contribution to fund return
Industrials	8.2%	73.1%	5.0%
Financials	23.0%	17.0%	4.4%
Utilities	3.0%	100.3%	2.5%

Top stocks as per performance Jan 23-24

Stocks	Weight	Return	Contribution
LARSEN & TOURBO	3.0%	59.1%	1.6%
NTPC LTD	1.5%	106.2%	1.3%
DLF LTD	1.3%	122.6%	1.2%
RELIANCE INDUSTRIES LTD	3.5%	34.7%	1.2%
ICICI BANK LTD	4.7%	24.0%	1.1%
Total	14.0%		6.4%

Asset Allocation : Jan 23 – Jan 24

Asset Class	Weight
Equities	66%
Debt	10%
Gold	2%
Silver	5%
Others	17%
Total	100%

Fund Summary

The fund is managed by Mr. Rahul Singh, Mr. Murthy Nagarajan, Mr. Sailesh Jain and Mr. Aurobinda Prasad who oversee equity, debt and commodities and all of them have an experience of 15+ years.

The fund is performing significantly well compared to the category average with an absolute return of 23.2% vs the category average return of 22.8% for FY24 YTD.

The equity returns can be majorly attributed to the allocation effect of the fund manager, as his sectoral calls of industrials and real estate turned out to be accurate.

The top 3 performing stocks for the fund were L&T (+59%), NTPC (+106%) and DLF Ltd (122%) indicating the superior stock picking ability of the fund. The top 3 sectors of the fund were Industrials, Financials and Utility.

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.