Ladderup
WEALTH MANAGEMENT

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

NEWSLETTER APRIL 2024

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Co-Founder & Managing Director

The Financial year 23-24 turned out to be a fantastic year for Equities as the Nifty rose almost 28% during the year and the Financial Year 2022-23 saw the benchmark Nifty and Sensex rising by 28% and 25%, respectively, after a flattish previous financial year. This was a big surprise especially in the small and mid cap segment as the Nifty Midcap 100 and the Nifty Smallcap 250 moved ahead grew by 64% and 68% respectively.. These gains were driven not only by partly by improved fundamentals but also by large scale participation of almost all classes of the investor population. As it happens in large rallies, a lot of poor quality stocks have also grown by leaps and bounds fuelled by the excessive speculation. SEBI has come out and expressed its concerns at such large scale speculation and have cautioned institutional investors to be more watchful. Consequently the markets have seen some correction in the month of march in the small and mid cap segments largely by excess liquidity, especially in mid and small caps, evidenced by recent mutual fund inflows. which has attracted the attention of regulators and market experts, advising to put in place policies to safeguard the investors. Consequently, profit booking occurred in small and mid-cap stocks, with their indices underperforming the overall market, correcting by -3.8% and -0.4%, respectively, while Nifty rose by 1.6% in March. This has also compelled many Some mutual fund houses have halted lumpsum investments and imposed SIP limits in the small cap funds following the caution by SEBI.

The current financial year is starting with the election heat as the country goes for General Elections. Over the next two months, political noise shall dominate the media and policy actions shall be absent. Not only in India, almost 60 countries are going to witness elections this year and it covers about 2024 is not just an election year, it's perhaps the election year with more than 60 countries which represents a combined population of about 49% of the people in the world.

From an Economic Growth perspective, the current financial year shall be similar to the year gone by. Many global Institutions have raised India's FY25 growth forecast, with S&P revising it to 6.8% from 6.4%, and Fitch to 7% from 6.5%. Therevisions in forecasts have been on the back of improved demand and rise in xports of the nation. RBI is also confident, projecting a 7% growth. The upward revision in forecasts is a sign of confidence amongst the institutional investors in the growth story of India. However, much of this growth has been factored in into the prices as the Nifty Midcap index is trading at 35x and Nifty Smallcap at 36x, and these valuation levels were breached back in late 2017 which then saw a correction of the indices by almost 45% in the following two years.

While the earnings growth was broadly ahead of expectations in the last three quarters, some of this growth also had a base effect of covid years. It will be interesting to watch how the corporate India fares during the current financial year. With no substantial risks on the horizon we feel that the broader markets may remain rangebound during the current financial year and most of the movement will be stock specific. Portfolio manager selection becomes imperative in such times as the difference in performance can be substantial.

Investors should look at their overall asset allocation while investing, the risk-reward in the short term is more balanced. Fixed income on the other hand may see some opportunities. We are especially positive about investing in funds that are investing in Government Securities as they can benefit substantially because of any potential rate cuts. We feel that the time is ripe for RBI to considering reducing interest rates and any such move shall directly benefit the Government Securities through mark to market gains. Moving forward fresh allocation of money needs to be done taking the entire asset allocation into account, while existing equity investments can remain, but vigilance must be kept on the valuations. As rate cuts are expected around the corner for several countries including India, Gilt and Dynamic Bond Funds remain our top choice of investment on the debt side potentially benefitting from their higher duration and maturities.

From a little longer term perspective, India is extremely well positioned and shall continue to be the market of choice for global investors. We can continue to see high positive returns over the next three years.

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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 month of March saw net inflows from both FIIs and DIIs, as the benchmark Nifty50 scaled new highs. GST collections marked the second highest month since its implementation, growing by 11.5% YoY at Rs 1.78 lakh crore. The current financial year is starting with the election heat as the country goes for General Elections. Over the next two months, political noise shall dominate the media and policy actions shall be absent.

Proud Portfolio Performance vs benchmark for March’ 24

Particular	Proud Portfolio	NIFTY 50 TRI	Outperformance
Since Inception	23.30%	22.02%	1.27%
3Y	15.25%	16.31%	-1.06%
2Y	14.56%	14.39%	0.17%
1Y	25.77%	30.08%	-4.32%
6M	6.41%	14.09%	-7.68%
3M	0.46%	2.92%	-2.46%
1M	-0.86%	1.57%	-2.43%

STOCK IN THE NEWS

Indian Hotels Company Ltd

IHCL triples hotel signings, exceeds Ahvaan 2025 target
In 2022, the company launched 'Ahvaan 2025' to improve margins and expand its hotel portfolio. The company recently announced that it has signed 52 hotels in FY24, nearly triple of what it signed in FY22, accelerating its pace of expansion and also opened 34 hotels in this fiscal achieving its 300 plus hotels target under Ahvaan 2025, way ahead of schedule. With India’s rising affluence and growing appetite for travel, IHCL will tap into emerging segments with newer offerings like upscale full-service hotels.

ICICI Bank Ltd

The delisting of ICICI Securities has been approved by over two-thirds of its public shareholders facilitating its transition into a wholly owned subsidiary of ICICI Bank. Shareholders of the broking firm will receive 67 shares of ICICI Bank for every 100 shares held. ICICI Bank had resorted to an offer for sale to get I-Sec listed in 2018. Bank-led brokerages stand to benefit from low-cost funding provided by the lender.

ITC Ltd

BAT sells 3.5% stake in ITC at approximately Rs 400.2 per share:
British American Tobacco company has sold 3.5% shares of ITC for around Rs 17,500 crore bringing its shareholding down to 25.5%. More than 30 Institutional investors including FPIs, MFs, insurance companies and global investment firms have bought the stock. BAT has indicated that the company’s shareholding in ITC would not fall below 25%.

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moneycontrol

The Ladderup Wealth Management managing director expects private consumption to rise.

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Pockets in broader markets which have gone up on no fundamentals, with no rhyme or reason, will get normalised, depending on March quarter results.

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Fund Snapshot – Nippon India Large Cap

Historical Performance

Particular	FY 21	FY 22	FY 23	FY 24 YTD
Nippon India Large Cap	67.68	25.07	6.53	44.81
Category Average	62.83	17.60	-0.32	36.45
Nifty 100 TRI	71.18	20.63	-1.58	34.79

Performance Snapshot : Mar 23- Feb 24

Particular	Return
Nippon India Large Cap	44.8
Benchmark	33.3
Outperformance	11.5
Large Cap Category Average	34.4

Top 3 sectors performance wise Mar 23 – Feb 24

Sector	Weight	Sector Return	Contribution to fund return
Consumer Discretionary	13.84	118.84	13.26
Financials	35.78	23.78	9.39
Industrials	9.76	100.21	8.02

Top stocks as per performance Mar 23 – Feb 24

Stocks	Weight	Return	Contribution
Reliance Industries	6.77	41.54	3.12
Larsen & Toubro	4.78	74.24	3.01
State bank of India	4.98	49.99	2.47
NTPC Ltd	2.42	107.65	2.43
Zomato	1.77	211.21	2.42
Total	**14.0%**		**6.4%**

Asset Allocation : Mar 23 – Feb 24

Particular	Weight
HDFC Bank Limited	7.56
Reliance Industries Ltd	6.77
ICICI Bank Ltd	6.47
State bank of India	4.98
Larsen & Toubro	4.78
Total	**100%**

SUMMARY

The fund is managed by Mr. Sailesh Bhan, who has been managing the fund since last 17 years.

The fund performed significantly well compared to benchmark with an absolute return of 44.8% and an outperformance of over 11.5%, with returns majorly attributed to the stock selection skills of the manager.

The fund's overweight call on Consumer discretionary, Industrials and financials proved right with the fund generating most alpha from these 3 sectors.

Within the consumer discretionary sector the fund's call on Chalet Hotels, Indian hotels & Zomato contributed the most to outperformance.

Within the financials space - HDFC AMC, SBI & REC contributed the most.

The top 3 performing stocks for the fund were Reliance, L&T and SBI.

Currently the fund has significant exposure towards banking, FMCG & Hospitality sector. Top 3 holdings of the fund are HDFC bank, I CICI Bank & Reliance Industries.

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