



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

NEWSLETTER JULY 2024

The month of June started with the much awaited Election Outcomes after a prolonged 7-phased elections. The result threw a surprise, as everyone had assumed that BJP is going to get majority on its own. Even the Exit Polls went horribly wrong and could not gauge the voter's opinion. The bullish sentiment in the market following the exit polls quickly disappeared as the counting began on June 4th, and the markets fell sharply. However, over the next few days, once it became clear that NDA shall form the government comfortably, the markets rallied once again and have not looked back. The index has surged almost 7% in the month of June and is trading at all-time high, with Nifty crossing 24,000 and Sensex crossing 79,000 decisively. The ongoing rally is being supported by a strong macro-outlook of the Indian economy, as well as the flow of investments from FIIs. The month of May saw inflation cooling down to 4.75% and getting closer to the RBI's target of 4%. Along with that, after a long period India saw a current account surplus in the Jan-March quarter, in a country where current account deficit has always been a norm. The surprise is owed to an increase in service exports and private transfer receipts. However, this surplus seems temporary, and we will take a long time to turn our current account deficit into surplus on a sustainable basis. Till the time we see the rise in our exports sustaining, the reliance on foreign remittance will be a major factor in the current account and maintaining currency stability.



Raghvendra Nath
Co-Founder & Managing Director

During the month, periodic credit reviews took place across many countries by the central banks. Major nations like the US and the UK opted to keep interest rates unchanged, while Canada was an exception and slashed its rates to 4.75%, becoming the first G7 nation to do so. The Reserve Bank of India (RBI) also maintained its repo rates at 6.5% citing a favorable balance between inflation and growth.

The current growth momentum in Equities is underpinned by several factors, including the government's sustained focus on capital expenditure, robust private consumption, healthy balance sheets of banks and corporations, high-capacity utilization in various industries, and improving business optimism.

However, the US economy is showing signs of a slowdown, with increasing jobless claims and no spikes in inflation, making conditions ripe for potential rate cuts. Expectations of a normal monsoon will aid India's prices to cool down further, especially the vegetable prices which have generally been inflationary. There is a good probability that RBI may follow the Fed's rate cut trajectory and move towards a more accommodative policy in the next couple of quarters. This shall not only benefit the bond markets but shall also bring in cheer for the equity markets, as lowering borrowing costs for companies which would enhance their profitability, adding to the positive market sentiment.

Nifty 50 index has increased by over 10% in the first half of 2024, reaching new record highs on 12 occasions in June alone, bringing the total record attempts for CY24 to 38.

There seems to be no signs of the current rally abating. In the next couple of weeks, the first quarter results season shall start, and the growth expectations are quite positive. After the broad-based rally of last year, the further action in the Equity Markets shall be very stock specific and therefore not only should the investors be more prudent in their investment choices, but we should also tone down our return expectations from the markets, at least in the near term.

Proud Portfolio

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

Market Update

Our strategy to hold cash for the past few months bore fruit as we could deploy almost 12% cash in stocks, capitalizing on the market volatility.

Considering the nature of investments in Liquid PMS, we have changed its benchmark from Nifty 50 TRI to Nifty Medium to Long Duration Debt Index as it better fits the strategy.

Proud Portfolio Performance vs benchmark for June 24

Particular	Proud PMS	NIFTY 50 TRI
1 Month	6.85%	6.77%
3 Months	8.08%	8.13%
6 Months	5.42%	11.29%
1 Year	20.49%	26.66%
2 Years	20.83%	24.77%
3 Years	14.26%	16.54%
Since Inception	23.18%	22.98%

The performance related information provided therein is not verified by SEBI.

STOCK IN THE NEWS

ICICI Bank becomes 15th most valued bank globally as m-cap breaches \$100-billion mark:

ICICI Bank, India's second-largest bank by market capitalization in India after HDFC Bank, valued at \$102.72 billion, slightly behind the global players Citigroup Inc. (\$117.40 billion) and China Merchants Bank (\$118.10 billion). Among the top 20 global banks by valuation, five are from China, four from the US, three from India, and others from Canada, Japan, Russia, Saudi Arabia, Australia, and the UK. Analysts note that ICICI Bank's current price-to-book ratio is higher than its global peers, reflecting growth prospects unique to India, resulting in premium valuations for the bank.



CAMS and Google Cloud collaborate to transform Mutual Fund Services:

The initiative focuses on integrating artificial intelligence (AI) and automation throughout the platform, enabling automated, event-driven transaction processing to improve operational efficiency and accuracy. CAMS and Google Cloud's joint efforts aim to introduce unprecedented functionalities that will set new benchmarks in the financial services sector, catering specifically to the evolving needs of investors and financial institutions in India.



RBI names former central banker on Bandhan Bank board to aid succession:

The banking regulator has appointed retired Chief General Manager Arun Kumar Singh as an additional director on the board of Bandhan Bank, about two weeks ahead of Founder and Chief Executive Chandra Shekhar Ghosh's retirement. The transition within the bank has been progressing well, and the appointment of an additional director by the RBI will only strengthen this process. RBI has not highlighted any concerns to the bank in the context of the appointment of the additional director.



LADDERUP IN THE NEWS

4:2 Split In RBI, CPI At 4.75% - A Case For An Early Rate Cut In 2024!

good  returns

Read the article for expert opinions including Mr. Raghvendra Nath, CFA, MD.

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RBI Monetary Policy Live Updates

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The Repo Rate is unchanged at 6.5% for eighth time in a row.

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Fund Snapshot – Motilal Oswal Midcap Fund

Historical performance as of 30-06-2024

Scheme Name	Returns (in %)				Rankings out of 29			
	6 mths	1 Year	3 Years	5 Years	6 mths	1 Year	3 Years	5 Years
Motilal Oswal Midcap Fund-Reg(G)	34.0	64.5	39.2	30.7	1	4	1	2
Category Average	25.1	54.1	25.2	25.7				
Nifty Midcap 150 - TRI	23.3	57.2	27.9	27.9				

Rolling returns as of 30-06-2024

Scheme Name	Returns (in %)				Rankings out of 29			
	6 mths	1 Year	3 Years	5 Years	6 mths	1 Year	3 Years	5 Years
Motilal Oswal Midcap Fund-Reg(G)	25.9	52.5	34.7	26.3	6	7	2	2
Category Average	21.6	46.6	24.5	22.4				
Nifty Midcap 150 TRI	23.8	53.7	27.9	24.7				

Top 10 Sectors

Sector	Benchmark	Motilal Midcap	Difference
IT	7.4	13.8	6.4
Automobile & Ancillaries	12.4	11.9	-0.5
Finance	8.0	11.6	3.6
Telecom	2.5	10.7	8.1
Retailing	1.2	8.2	7.0
Diamond & Jewellery	0.3	7.5	7.2
Healthcare	9.9	6.1	-3.8
Realty	4.8	5.9	1.1
Consumer Durables	2.6	5.7	3.1
Electricals	1.8	4.2	2.4

Top 10 Companies

Company	Weight (%)
JIO Financial Services Ltd.	10.0
Vodafone Idea Ltd.	9.6
Zomato Ltd.	8.2
Tube Investments of India Ltd.	7.8
Kalyan Jewellers India Ltd.	7.5
Persistent Systems Ltd.	7.0
Prestige Estates Projects Ltd.	4.2
Polycab India Ltd.	4.2
Balkrishna Industries Ltd.	4.1
Coforge Ltd.	4.0
Total	66.6

Investment Team

Niket Shah - Fund Manager for the equity component of the Motilal Oswal Midcap Fund

He has over 10 years of overall experience and has worked with Edelweiss and Religare securities prior to joining Motilal

Rakesh Shetty - Fund Manager for the debt component of the Motilal Oswal Midcap Fund

He has over 13 years of experience in trading equity, debt, ETFs, and corporate treasury

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.