



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

## NEWSLETTER JUNE 2024

The month of April was abuzz with elections activity and debates and discussion around the Election outcome of who would be forming the next government. The Equity Markets therefore sensing uncertainty remained rangebound. The limited market activity was also due to the lack of any surprise around key macro data like inflation number, industrial production growth, GDP growth rate either locally or globally. Additionally institutional participation remained sketchy, so the markets remained sideways.

The result are out and BJP has emerged as the single largest party and NDA has gained a simple majority with 292 seats. There is of course a big political change vis-à-vis the previous two terms. The BJP now shall be leading a government with minority numbers and therefore taking the allies along shall be critical for the survival of the government.

Investors have a little doubt whether as a less than stable political scenario would have any impact on the macro economic growth story of India or not? In our view, India is a diverse country and has always seen coalition governments at the centre for many decades now, except for these last 2 terms. A quick peek in the past can comfortably reveal that substantial policy decisions happened even in the coalition governments. While a majority on its own, could have given BJP a slight edge in governance, the current balance of power with a coalition government and a strong opposition, only strengthens the democracy and takes away some of the negatives which are associated with absolute power.

With the commitment that BJP has demonstrated towards the development of nation and policy reforms in the past, we are confident that the Economic Agenda of the government shall continue as is.

Incidentally, I was interviewed by Moneycontrol.com, just two days before the counting, where they asked me quite a few interesting questions. Those questions are still relevant now that the results are out. In case you haven't read the interview, below are some key excerpts:

### **What do you see in the 100-day plan of Modi 3.0 as exit polls signaled NDA coming to power?**

Examining the current policy framework in India, we do not anticipate any major announcements related to industry or taxes. The government's primary responsibility is to the citizens, and thus, their policies and schemes are likely to focus on benefiting the common man. Key areas of emphasis will be employment generation and extending benefits to the lower section of the country.

Additionally, the government may lay the groundwork for future growth by investing in education, healthcare, and skill development. In the first 100 days, the focus is expected to be on enhancing citizen empowerment, fortifying institutions, and setting clear goals and targets for the third term.

### **Do you expect a significant jump in PSUs valuations in the third term of NDA government?**

PSUs have experienced a significant rally over the past 18 months. While some argue that this surge was warranted due to the previous undervaluation of the sector, the efficiency of PSUs when it comes to delivery is something which has been questioned time and again, with a few exceptions. Moreover, this rally has pushed many of these companies to valuations that seem to have factored in the expected future growth. We believe it is now prudent for investors to exit some of these positions and reinvest in high-quality, high-growth opportunities.



Raghvendra Nath  
Co-Founder & Managing Director



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

## NEWSLETTER JUNE 2024

### What are three challenges for the NDA government in the third term?

The foremost challenge lies in revitalizing consumption, especially in rural India. Recent surveys indicate that over the past decade, private final consumption expenditure has only grown by 3.2 percent, significantly lower than the real GDP growth rate. The government's priority should be to ensure that its schemes reach the common man effectively, thereby increasing disposable income in their hands.

Another significant hurdle is the limited employment opportunities in semi-urban and rural areas compared to the number of job seekers. The government must incentivize the private sector to establish industries and infrastructure in these regions, promoting economic decentralization and generating employment opportunities for the youth.

Additionally, India's small share in global trade presents a persistent challenge. Despite efforts spanning decades, our participation in global trade remains modest. To sustain and bolster economic growth, it's imperative to enhance the share of exports in GDP, thereby expanding India's footprint in the global market.

### Will you prefer to rejig portfolio considerably after election results?

This year's elections are taking place amid a thriving economy. In Q4, the GDP grew by 7.8%, and for the full year, it expanded by 8.2%, surpassing the Reserve Bank of India's (RBI) estimate of 7.8%. India remains not only one of the fastest-growing economies globally but also one of the largest economies experiencing rapid growth. Post-COVID, nearly every sector in the country has performed well due to various factors. Increased government spending, driven by improved tax collections and compliance, has bolstered the infrastructure sector and related industries.

The focus on manufacturing, fueled by trade tensions with China, has attracted numerous multinationals to establish operations in India. The rapid growth rate necessitates substantial investment in the power sector, which has benefited power sector and related businesses. Additionally, the improving economic status of the population has boosted the consumption sector.

With a young population possessing diverse aspirations, credit growth has been strong due to both corporate capital expenditure and retail credit demand, leading to robust performance in the banking and financial sectors. While the election results may lead to some policy changes, the current economic momentum is expected to continue, and therefore, we see no need to adjust existing allocations based on the election outcome.

### Five themes to bet on for the next five years?

Infrastructure, Financial Services, New-age tech companies, Hospitality and consumer discretionary, Capital goods and engineering industries.

Read the interview in the below link to understand the rationale behind the above chosen themes.

[Daily Voice: Bet on these 5 themes for next five years, says Raghvendra Nath of Ladderup \(moneycontrol.com\)](#)

## Proud Portfolio

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

### Market Update

The Q4FY24 earnings season has concluded, with most of our holding companies reporting positive results. The Banking and Finance sector, the largest component of our portfolio, performed particularly well. Typically, Q4 is a period of slow growth for some industries, including the travel and hospitality. This presented us with a valuable buying opportunity, which we capitalized on by adding a new stock to our portfolio in the month of May that aligns with our PMS ideology of investing in businesses for the long term, particularly those poised to become market leaders in their respective domains. This addition enhances our portfolio's exposure to the hospitality and airline sectors, which are currently benefiting from favourable economic conditions. Moreover, this company also provides a strategic advantage in the Information Technology sector.

We continue to emphasize the importance of maintaining a long-term perspective despite short-term uncertainties.

### Proud Portfolio Performance vs benchmark for May 24

Particular	Proud Portfolio	NIFTY 50 TRI
1 Month	-1.56%	0.03%
3 Months	0.29%	2.86%
6 Months	5.42%	12.51%
1 Year	15.98%	23.02%
2 Years	15.09%	17.87%
3 Years	13.02%	4.19%
Since Inception	22.17%	21.33%

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

## STOCK IN THE NEWS

### Medi Assist Healthcare Services

Medi Assist Healthcare Services, the only listed TPA for insurance companies, reported a net profit of ₹25.10 crore for Q4 FY24, up 58.26% from ₹15.86 crore in Q4 FY23. Sales increased 22.63% to ₹166.79 crore. For the full year, net profit declined 9.61% to ₹66.94 crore due to recent acquisitions, while sales rose 25.71% to ₹634.73 crore.



### Pidilite Industries

Despite short-term demand softness, optimism remains for medium-term market demand due to increased construction activities, government spending, and rising prosperity. Rural markets outpaced urban growth. The board recommended a dividend of Rs 16 per equity share for FY24. Profit rose 6.4% YoY to Rs 304.3 crore, with revenue surging nearly 8% to Rs 2,901.9 crore. Underlying volume growth remained strong at 15%. Consumer & Bazaar (C&B) segment revenue grew 6% YoY, and B2B grew 11.7%.

### PB Fintech

The company reported a net profit of Rs 60.19 crore compared to a loss of Rs 9.34 crore in the previous year. Consolidated revenue increased by 25.3% YoY to Rs 1,089 crore. Policybazaar achieved an annual recurring revenue (ARR) of Rs 20,000 crore, with new premiums up 47% YoY. Paisabazaar disbursed loans worth Rs 14,800 crore, with over 75% to existing customers, showing strong trust. Net profit improved to Rs 64 crore from a loss of Rs 488 crore in the previous fiscal year. Revenue surged to Rs 3,438 crore, up 34.40% YoY.



## LADDERUP IN THE NEWS

Why This Is The Right Time To Invest In Gilt Funds?

**BW BUSINESSWORLD**

Gain a better understanding of the interest rate cycle and its impact on your investments.

[Read More](#)

Daily Voice: Ladderup's Raghvendra Nath explains why he prefers PV, 2-wheeler stocks over commercial vehicle maker

**moneycontrol**

Views on some sectors which have seen traction in the past year like auto, cement, commodity.

[Read More](#)

## Fund Snapshot – Quant Flexi Cap

### Historical performance as of 20-05-2024

Scheme Name	Returns (in %)						Rankings out of 39			
	1 mth	3 mths	6 mths	1 Year	3 Years	5 Years	1 mth	3 mths	6 mths	1 Year
Quant Flexi Cap Fund(G)	2.3	4.5	34.8	57.3	28.0	32.3	36	25	1	3
Category Average	4.1	5.7	19.8	38.5	19.1	18.4				
Nifty 500	4.1	5.0	20.5	38.5	19.3	19.0				

### Rolling returns as of 20-05-2024

Scheme Name	Returns (in %)						Rankings out of 39			
	1 mth	3 mths	6 mths	1 Year	3 Years	5 Years	1 mth	3 mths	6 mths	1 Year
Quant Flexi Cap Fund(G)	5.6	16.0	30.1	46.1	32.3	28.8	1	1	2	2
Category Average	3.3	8.8	17.0	33.6	18.7	17.0				
Nifty 500	3.4	9.3	18.4	32.5	19.5	17.8				

### Top 10 Sectors

Sector	Benchmark	Quant Flexi Cap	Difference
Finance	7.1	11.2	4.1
Crude Oil	7.6	9.4	1.8
Bank	20.1	7.1	-13.0
Power	3.9	6.5	2.6
IT	9.5	5.2	-4.3
Automobile & Ancillaries	7.8	4.7	-3.1
FMCG	6.3	3.4	-2.9
Healthcare	5.5	3.3	-2.1
Capital Goods	3.4	2.9	-0.5
Infrastructure	3.1	2.7	-0.4

### Top 10 Companies

Company	Weight
Reliance Industries Ltd.	9.4
Kotak Mahindra Bank	5.3
JIO Financial Services Ltd.	4.9
Samvardhana Motherson International Ltd.	4.7
Adani Power Ltd.	4.7
Swan Energy Ltd.	4.7
Tata Consultancy Services Ltd.	3.8
Housing & Urban Development Corporation Ltd.	3.6
Britannia Industries Ltd.	3.4
Tata Power Company Ltd.	2.7
<b>Total</b>	<b>47.1</b>

## Investment Team

### Ankit Pande - Fund Manager

Ankit has an experience of over 9 years in Indian equities and over 3 years in software products.

### Sandeep Tandon - CIO

Sandeep is the founder & chief investment officer of the quant Group and has a vast experience of over 27 years in the capital markets

**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.