



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

NEWSLETTER SEPTEMBER 2024

In August 2024, financial markets experienced significant turbulence due to a mix of geopolitical events, economic data, and shifting investor sentiment. Early in the month, volatility spiked sharply, with the US VIX index soaring above 65 before settling around 38.6, such levels were not seen since the COVID-19 pandemic. The initial sell-off was largely triggered by Japan's surprise rate hike leading to nearly 20% selloff in its equity market, though it quickly recovered due to Japan's better economic data. Japan's shift from its long-standing ultra-low rates disrupted markets as the yen carry trade unfolded. The political uncertainty in the US also played a role, as shifts in election polls introduced new concerns about future fiscal and monetary policies.



Raghvendra Nath
Co-Founder & Managing Director

The Indian equity market briefly fell 4-5% during this period but quickly rebounded to new highs, driven by strong retail investor enthusiasm and positive economic expectations. However, Mid and Small cap indices are now trading at even higher valuations at 36.3x and 24.3x 1 Year Forward PE relative to their 10-year average PE of 23.7x and 15x, which is a 53% and 62% premium respectively. Large cap indices also show a premium, though smaller. The broad-based market rally which we have been seeing in the past few months seems to be winding down, with future growth likely driven by stock-specific opportunities.

India Inc. saw sluggish growth in Q1 FY25, with profits increasing at their slowest rate in five quarters. As markets have already factored in higher result expectations, the current premiums are expected to decline. Excluding BFSI, sales rose by 5.2%, reversing a 2.5% decline in Q1 FY24. However, PAT dropped 3.1% YoY reversing the 31.3% growth from the previous year. Including BFSI, sales growth reached 7.7% and PAT growth growing about 3.4%.

The topline of most companies were affected by heatwaves and the elections, whereas consumer durables companies benefited from the heat, achieving their best quarterly sales. The automotive sector posted a mixed performance in August with sustained demand momentum for two-wheelers, premium cars and the export market revived. However, the other segments like passenger and commercial vehicles experienced a subdued performance with inventory levels piling up to unprecedented levels at dealerships nationwide. However, support is expected from a pickup in demand due to the upcoming festive season, moderation in inflation and revival in rural demand. Interest costs, too, are expected to decline once the RBI cuts rate.



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The progress of monsoons has been satisfactory, as the country has received 7% above normal rains so far, with a 2% increase in kharif sowing area, the agriculture sector is projected to be in better shape in FY25. Additionally, if the rabi season turns out to be a productive one, this key pillar of rural income is expected to regain its strength. Improving agricultural sector income would further support the overall economy growth going ahead, as there has been significant weakness in rural demand. The result of all the above factors will also lead to a cool off in inflation, a major aspect discerning the path to rate cuts.

India's gross domestic product grew at the slowest pace in five quarters, at 6.7%. There's one main component which has pulled down the growth, it's both the Central and State government expenditure, perhaps due to the election season. With an unexpected drop in the GDP trend across quarters, the RBI Governor has assured that India's growth story is intact and mentioned that all the other major sectors reported growth above 7%.

Jerome Powell has finally given a clear indication in his speech at Jackson Hole Symposium of reducing the interest rates in the upcoming September FED meeting, with most members favouring a larger rate cut. With inflation numbers coming down, both in the States and in India, the chances of a higher rate cut is anticipated by most investors, favourably affecting stock and bond markets across the world.

During the month, we launched Credit Opportunities Portfolio, a fixed income PMS that aims to earn healthy double-digit returns by investing in medium-term high-quality credit opportunities. We feel that this is a good time to book some profits from Equity investments and direct them to towards fixed income investments like this PMS.

Proud Portfolio

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

Market Update

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

Proud Portfolio Performance vs benchmark for August 24

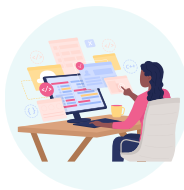
Particular	Proud PMS	NIFTY 50 TRI
1 Month	1.89%	1.36%
3 Months	15.76%	12.55%
6 Months	16.10%	15.76%
1 Year	25.50%	32.65%
3 Years	14.11%	15.17%
Since Inception	23.13%	23.54%

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

STOCK IN THE NEWS

Yatra Online Ltd.

Yatra has acquired Globe All India Services Ltd (Globe Travels) from Ramkrishna Forgings Ltd for ₹128 crore, marking a strategic move to bolster its corporate business and drive inorganic growth. The acquisition is set to expand Yatra's corporate customer base by 40%, adding 360 companies to its current client base of about 850. The acquisition, will enhance Yatra's capabilities in the reservation and booking services sector, which spans both corporate and leisure travel, as well as tour planning and car rentals.



Rategain Travel Technologies Ltd

Rate Gain Travel Technologies reported an 82.2% surge in consolidated net profit to Rs 45.38 crore and 21.23% rise in revenue from operations to Rs 260.01 crore in Q1 FY25 over the same period last year. EBITDA increased 31.70% YOY as EBITDA margin improved to 19.1% in Q1 FY25 as compared to 17.6% in Q1 FY24. The company remains focused on making the right investments in product, inorganic opportunities and talent to strengthen their return ratios and create long term value for all stakeholders.

Medi Assist Healthcare Services Ltd

Medi Assist has acquired 100% of Mumbai-based firm Paramount Health Services and Insurance TPA Pvt Ltd for an enterprise value of ₹311.8 crore which will increase Medi Assist TPA's market share to 36.6% in the group segment and 23.6% in the health insurance industry. Paramount Health Services and Insurance TPA works with 30 insurers and over 3,000 group customers and retail policyholders. The deal will enable Medi Assist to position the combined business as a long-term strategic partner to general, health and life insurance companies.



LADDERUP IN THE NEWS

Global vs Indian Investing

Does diversification across geographical location matter?



[Read More](#)

Are FD rates set to fall?

FD investors enjoyed high interest rates recently, but a decline may be imminent as RBI is expected to cut rate.



[Read More](#)

Fund Snapshot – ICICI Pru-Multi Asset Allocation

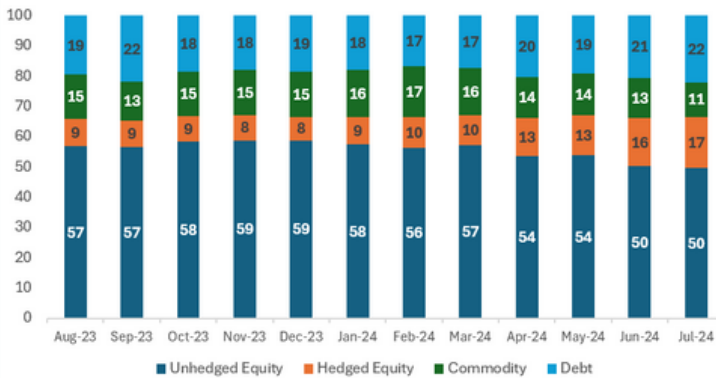
Historical performance as of 31-08-2024

Scheme Name	Returns (in %)				Rankings out of 29			
	6 mths	1 Year	2 Years	3 Years	6 mths	1 Year	2 Years	3 Years
ICICI Pru Multi-Asset Fund	14.56	31.68	25.08	22.36	9.00	5.00	3.00	2.00
Category Average	13.47	27.42	21.20	15.94				

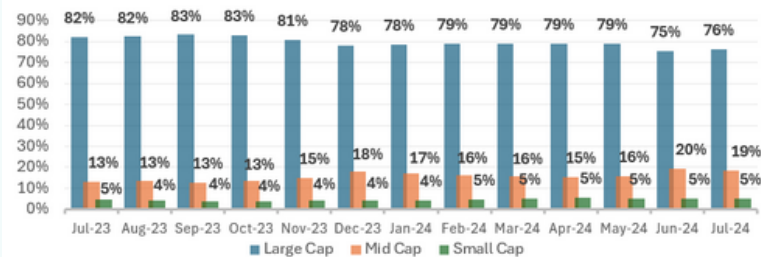
Rolling returns as of 31-08-2024

Scheme Name	Returns (in %)				Rankings out of 29			
	6 mths	1 Year	2 Years	3 Years	6 mths	1 Year	2 Years	3 Years
ICICI Pru Multi-Asset Fund	15.49	31.65	23.53	23.28	5.00	3.00	3.00	2.00
Category Average	10.41	24.98	19.40	16.02				

ASSET ALLOCATION



MARKET CAP ALLOCATION



Fund Strategy & About the Fund Manager

It is a well-diversified scheme that invests across different market capitalizations and asset classes (Minimum 10% each in three or more asset classes). The fund aims to deliver long-term alpha by strategically allocating assets to capitalize on growth opportunities over time.

The fund follows a counter-cyclical approach, While the equity allocation can range between 10-80%, under normal market conditions, the fund aims to maintain gross equity exposure within the 65-75% range to benefit from equity taxation. Currently considering the market valuations it has reduced the unhedged equity exposure to 49.6% in July 2024 from 56.8% a year back.

As of July 24, equity exposure is at 67% (of which unhedged is 49.6%), 11% is invested in commodities (gold, silver, crude oil futures etc) and remaining 22% in debt.

Mr. Sankaran Naren has been managing this fund from Feb 2012. Earlier he managed it from Sep 2006 to Feb 2011. Has overall experience of 34 years.

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.