

9-Mar-24

Dear Investors,

Hope all is great at your end. Our performance for the month of February is as follows (Exhibit 1).

Exhibit 1: Performance as on 29-Feb-24

| Investment Approach (Benchmark) | Inception Date | AUM (INR cr) | 1M | 3M | 6M | Since Inception |
|---------------------------------|----------------|---------------|-------|-------|-------|-----------------|
| Bespoke | 13-Apr-23 | 33.79 | -0.45 | 4.74 | 10.19 | 32.44 |
| (S&P BSE 500 TRI) | | | 1.66 | 11.93 | 18.86 | 35.39 |
| (Nifty 50 TRI) | | | 1.32 | NA | NA | 24.82 |
| Flexicap | 11-Apr-23 | 62.73 | 0.09 | 6.63 | 10.77 | 26.95 |
| (S&P BSE 500 TRI) | | | 1.66 | 11.93 | 18.86 | 35.39 |
| (Nifty 50 TRI) | | | 1.32 | NA | NA | 26.16 |
| Small MidCap | 11-Dec-23 | 74.36 | 0.72 | NA | NA | 7.40 |
| (S&P BSE 500 TRI) | | | 1.66 | NA | NA | 7.62 |
| (Nifty 50 TRI) | | | 1.32 | NA | NA | 5.02 |
| ND PMS | 11-Apr-23 | 1.98 | -0.56 | 6.54 | 12.79 | 29.03 |
| Advisory PMS | NA | 46.37 | NA | NA | NA | NA |
| Total | | 219.23 | | | | |

India's GDP:

- India's GDP growth was strong at 8.4% for Q3FY24. The growth was led by better performance in the manufacturing sector.
- For the full year FY24, the GDP is expected to grow at 7.6%.
- India is poised to overtake Japan and Germany as the third largest economy in the coming years. But the agriculture sector continues to lag due to weak monsoon rains.

Exhibit 2: India's real GDP growth rate



Source: Ministry of Statistics and Programme Implementation • 2021-22: Second Revised Estimates, 2022 - 23: First revised estimates, 2023-24: Second advance estimates | The Hindu Graphics

Q3FY24 Earnings Review

- Higher growth in earnings for cyclicals (autos, financials, metals, oil & gas) was driven by strong domestic growth. Tech companies continued to face headwinds and posted a marginal decline in earnings.
- Earnings for NIFTY 50 grew by 17% YoY, led by strong domestic earnings.
- Despite the uncertain geopolitical situation around the world, India has shown resilience supported by moderating inflation, stable oil prices and higher corporate earnings.

Exhibit 3: Sector wise Q3 FY24 performance of MOSFSL Universe companies. (INR in bn)

| Sector (no of companies) | Sales | | | | EBIDTA | | | | PBT | | | | PAT | | | |
|----------------------------------|---------------|---------------|---------------|------------------------|--------------|---------------|---------------|------------------------|--------------|---------------|---------------|------------------------|--------------|---------------|---------------|------------------------|
| | Dec-23 | Chg. % QoQ | Chg. % YoY | Var. over Exp. % | Dec-23 | Chg. % QoQ | Chg. % YoY | Var. over Exp. % | Dec-23 | Chg. % QoQ | Chg. % YoY | Var. over Exp. % | Dec-23 | Chg. % QoQ | Chg. % YoY | Var. over Exp. % |
| Automobiles (23) | 2,803 | 2.4 | 19.9 | 1.0 | 387 | 5.0 | 44 | 4.2 | 276 | -0.5 | 57.5 | 10.4 | 223 | 9.9 | 59.7 | 19.4 |
| Capital Goods (10) | 820 | 7.9 | 17.3 | 0.4 | 92 | 5.7 | 18.5 | -4.2 | 81 | 2 | 22.7 | -2.6 | 55 | 0.6 | 28.4 | -4.8 |
| Cement (11) | 511 | 4.9 | 8.7 | 0.2 | 93 | 27.2 | 56 | 1.0 | 62 | 16.4 | 93.5 | 0.8 | 47 | 14.3 | 104.8 | 3.6 |
| Chemicals-Specialty (9) | 63 | 1.2 | -11.3 | 1.2 | 10 | -1.1 | -21.6 | -4.7 | 9 | -5 | -27.1 | -7.5 | 7 | -5.5 | -28.2 | -8.9 |
| Consumer (19) | 792 | -1.2 | 3.8 | -2.7 | 195 | -0.4 | 9 | -1.9 | 192 | 0.4 | 10.5 | 0.6 | 150 | 4.7 | 14.3 | 4.1 |
| EMS (5) | 19 | 13.0 | 39.0 | -6.2 | 2 | 22.9 | 21.4 | -12.0 | 2 | 21 | 37.3 | -8.8 | 1 | 16.1 | 35.6 | -6.7 |
| Financials (49) | 2,655 | 3.7 | 12.9 | 0.4 | 1,416 | 1.9 | 5 | 1.4 | 1,085 | -4.1 | 12.7 | -2.4 | 875 | 2.6 | 22.3 | 4.6 |
| Banks-Private (13) | 860 | 3.5 | 17.7 | -0.6 | 644 | 3.9 | 14.2 | -0.2 | 535 | 0 | 17.5 | -3.8 | 420 | 1.0 | 22.4 | -0.5 |
| Banks-PSU (6) | 856 | 1.9 | 6.0 | -0.3 | 519 | -1.8 | -9 | 3.6 | 357 | -13.3 | 1.2 | -0.1 | 306 | 3.8 | 21.3 | 17.0 |
| Insurance (6) | 632 | 5.8 | 11.5 | 2.5 | 33 | 7.6 | -4.0 | 4.3 | 19 | 0 | 18.3 | -10.5 | 18 | -4.0 | 9.3 | -9.1 |
| NBFC - Lending (18) | 274 | 5.1 | 22.6 | 0.8 | 207 | 4.6 | 23 | 1.1 | 160 | 6.1 | 25.1 | -1.1 | 121 | 6.2 | 26.3 | -0.9 |
| NBFC - Non Lending (6) | 33 | 6.4 | 40.7 | 0.1 | 14 | -2.7 | 24.5 | -8.2 | 14 | -1 | 27.7 | -6.4 | 11 | 1.1 | 29.6 | -4.8 |
| Healthcare (23) | 764 | 0.3 | 10.3 | -0.2 | 168 | -1.9 | 13 | -2.2 | 130 | -4.6 | 14.1 | -3.1 | 101 | -4.1 | 16.8 | -3.0 |
| Infrastructure (3) | 47 | 9.9 | 10.3 | 1.3 | 12 | 7.8 | 5.7 | -1.7 | 6 | 9 | 8.7 | -11.0 | 4 | 31.7 | 6.8 | -6.8 |
| Logistics (7) | 140 | 3.0 | 22.4 | -2.2 | 51 | 5.8 | 31 | 0.7 | 37 | 14.8 | 45.1 | 7.2 | 29 | 3.6 | 37.2 | 5.6 |
| Media (3) | 45 | -17.9 | 1.2 | -0.2 | 10 | -33.3 | -14.2 | 0.2 | 8 | -34 | -16.2 | 16.5 | 6 | -31.7 | -0.8 | 12.6 |
| Metals (10) | 2,729 | -0.9 | 0.7 | -0.9 | 511 | 20.1 | 27 | 20.2 | 329 | 37.3 | 43.1 | 41.6 | 230 | 28.5 | 73.5 | 38.3 |
| Oil & Gas (15) | 7,779 | 7.0 | -1.0 | 5.5 | 929 | -18.7 | 24.3 | 6.8 | 640 | -26 | 39.7 | 11.7 | 464 | -25.7 | 37.4 | 13.7 |
| Ex OMCs (12) | 3,520 | 1.1 | 0.0 | -3.8 | 690 | -3.2 | 9 | -1.8 | 479 | -6.1 | 10.7 | -0.6 | 344 | -4.1 | 10.3 | 1.4 |
| Real Estate (10) | 106 | 6.9 | 5.4 | -6.8 | 32 | 11.5 | 5.9 | -2.7 | 26 | 11 | 5.7 | -1.0 | 22 | 13.0 | 10.2 | -2.8 |
| Retail (18) | 471 | 12.7 | 17.5 | -1.6 | 61 | 22.6 | 15 | -6.1 | 37 | 28.8 | 6.2 | -15.6 | 27 | 27.7 | 7.3 | -16.9 |
| Staffing (3) | 104 | 2.6 | 10.5 | -3.4 | 4 | 8.5 | 21.4 | -4.9 | 2 | -5 | 25.0 | -27.1 | 1 | -16.0 | -11.2 | -35.9 |
| Technology (12) | 1,858 | 1.5 | 2.4 | 1.1 | 425 | 2.6 | 0 | 4.3 | 385 | 2.8 | 1.0 | 2.9 | 284 | 2.4 | -0.2 | 1.9 |
| Telecom (4) | 614 | 2.7 | 6.4 | -0.6 | 289 | 2.3 | 16.1 | -0.2 | -11 | Loss | Loss | PL | -35 | Loss | Loss | Loss |
| Others (18) | 685 | 5.6 | 1.1 | -1.0 | 102 | 15.5 | -4 | -2.4 | 47 | 17.2 | -23.9 | -18.4 | 49 | 55.2 | -5.0 | -1.7 |
| MOSFSL Universe (252) | 23,003 | 3.9 | 5.4 | 1.7 | 4,790 | -0.4 | 14.7 | 3.9 | 3,342 | -4.4 | 22.3 | 4.0 | 2,538 | -0.8 | 28.7 | 7.8 |
| Ex Financials (203) | 20,348 | 4.0 | 4.5 | 1.9 | 3,374 | -1.3 | 19.2 | 4.9 | 2,257 | -4.5 | 27.5 | 7.4 | 1,663 | -2.4 | 32.4 | 9.5 |
| Ex Metals & Oil (227) | 12,495 | 3.2 | 10.9 | 0.1 | 3,351 | 3.4 | 10.7 | 1.0 | 2,373 | -0.8 | 16.0 | -1.4 | 1,844 | 5.1 | 22.8 | 3.6 |
| Ex OMCs (249) | 18,744 | 2.1 | 7.1 | -0.8 | 4,551 | 3.9 | 12.1 | 2.4 | 3,181 | 1.2 | 17.5 | 1.9 | 2,418 | 5.5 | 24.3 | 5.8 |
| Nifty (50) | 14,268 | 2.3 | 6.2 | -0.3 | 3,572 | 1.8 | 9.9 | 2.0 | 2,392 | -4.3 | 9.5 | 0.4 | 1,848 | 0.7 | 17.3 | 5.9 |
| Sensex (30) | 10,344 | 0.8 | 8.1 | -2.3 | 2,924 | 3.7 | 10.7 | 1.6 | 1,900 | -3.2 | 8.6 | -1.5 | 1,466 | 2.7 | 18.7 | 4.9 |

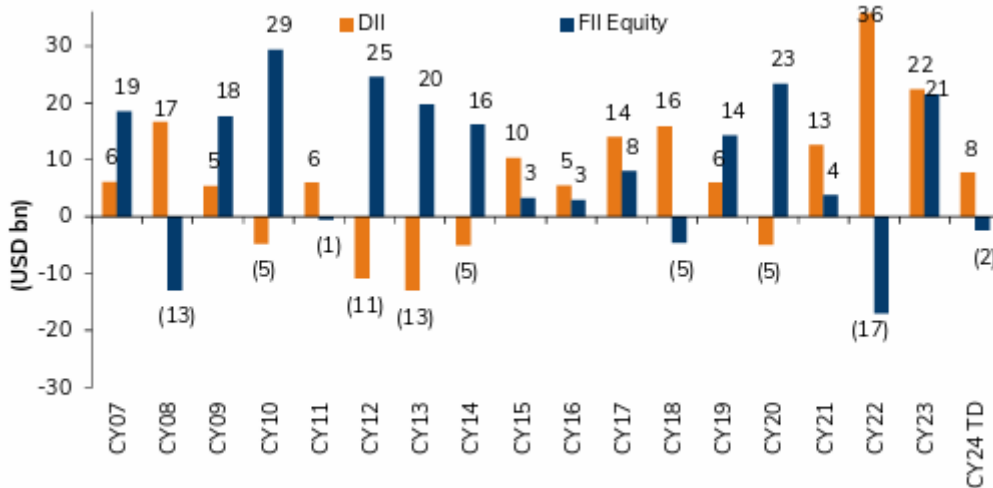
PL: Profit to loss

Source: Motilal Oswal Research

Funds Flows

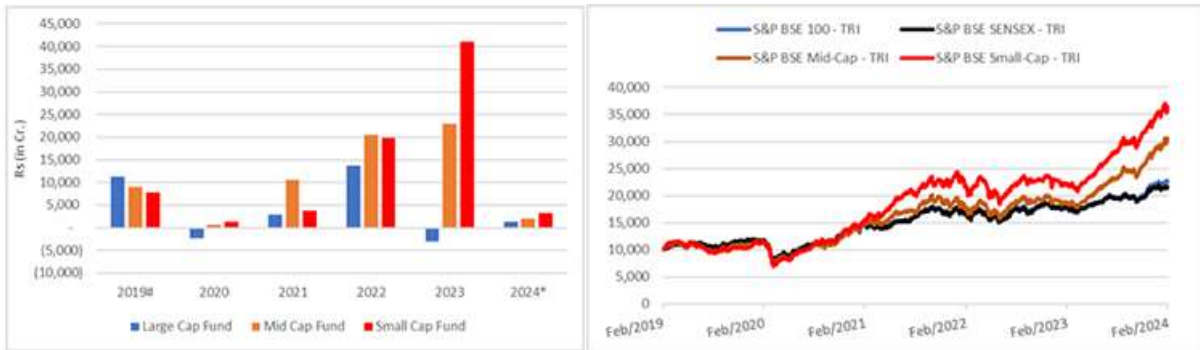
- Inflows into equities remain extremely robust, especially from DIIs (Exhibit 4)
- In 2023 and CY2024, the spike in fund inflows in small-caps is quite substantial (Exhibit 5). As such, regulators and MF industry body (AMFI) are concerned about over-heating in small and mid-caps and have asked MFs to stress-test the liquidity situation of the funds. This is a welcome step as over-heating is not healthy for anyone in the ecosystem. Such checks and balances enhance the robustness of the entire ecosystem.

Exhibit 4: DII vs FPI flows



Source: Bloomberg, I-Sec research

Exhibit 5: Inflows in various funds and performance of key indices



Source: ACE MF, PersonalFN Research

Valuations

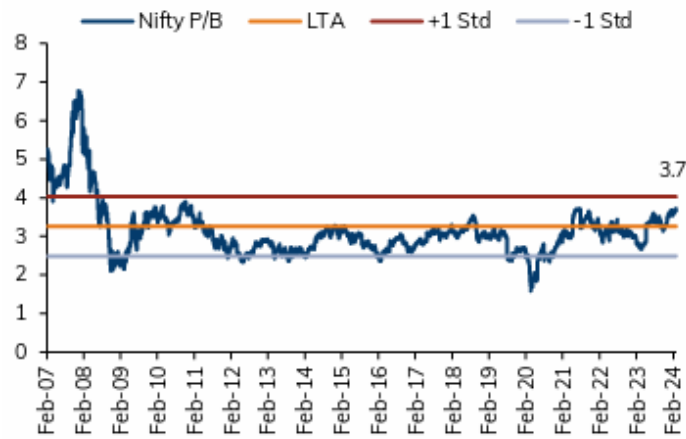
- With the recent rally, valuations are above average and one must be cautious (Exhibit 6, 7).

Exhibit 6: NIFTY50 forward P/E at 20x



Source: Bloomberg, I-Sec research

Exhibit 7: Nifty P/B is above its long-term average



Source: Bloomberg, I-Sec research

Conclusion

- On the upcoming Indian elections, return of Modi-led BJP government is fully priced in the market. With the electoral alliances that have been stitched together by BJP in various states and some of the pre-poll surveys, an overwhelming majority for BJP appears highly likely.
- The key risks to markets emanate from US Fed as well as US elections. The expectation of Fed cutting rates in 2024 is also very high. In case there is any change of expectation on this count, we may see a sharp correction in global indices. Also, separately the US elections in November will be keenly watched because of potentially very bold statements around US-China/Russia situation by Donald Trump.
- We remain watchful of the above developments and continue to remain focused on investing in bottom-up fundamentally sound growth-oriented companies trading at reasonable valuations.

Warm regards,

Manish Gupta & entire MoneyGrow team

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