

Dear Investors,

Greetings!! Our performance as of last month is as follows (Exhibit 1).

Exhibit 1: Performance as of 30-Jun-2024

| Investment Approach (Benchmark) | Inception Date | AUM (INR cr) | 1M | 3M | 6M | 1Y | Since Inception (Annualized)* |
|---------------------------------|------------------|--------------|---------------|---------------|---------------|---------------|-------------------------------|
| Flexicap | 11-Apr-23 | 79 | 8.8 % | 14.6 % | 16.8 % | 31.3 % | 36.5 % |
| (S&P BSE 500 TRI) | | | 7.1 % | 11.7 % | 16.7 % | 38.3 % | 42.3 % |
| (Nifty 50 TRI) | | | 6.8 % | 8.1 % | 11.3 % | 26.7 % | 30.6 % |
| Small MidCap | 11-Dec-23 | 109 | 19.2 % | 24.3 % | 29.9 % | NA | 26.5 % |
| (S&P BSE 500 TRI) | | | 7.1 % | 11.7 % | 16.7 % | NA | 21.2 % |
| (Nifty 50 TRI) | | | 6.8 % | 8.1 % | 11.3 % | NA | 15.3 % |
| Other AUM | | 131 | | | | | |
| Total AUM | | 320 | | | | | |

*Returns for Flexicap are annualized as it has completed one full year. However, returns for Small Midcap are not annualized as it is yet to complete one full year.

Amazing June!!

- Early June witnessed exceptional volatility around the election results. Fortunately, the dust has settled. Modi government is firmly back and there is continuity of leadership in the key cabinet ministers. This gave comfort to the markets, and we saw an amazing bounce back. FII's also switched from being net-sellers to net-buyers.
- Some of our investments that are a play on policy and reform theme (particularly in the Small Midcap investment approach) bounced back sharply.
- All our client portfolios also recovered nicely, and we are pleased to report the overall performance.

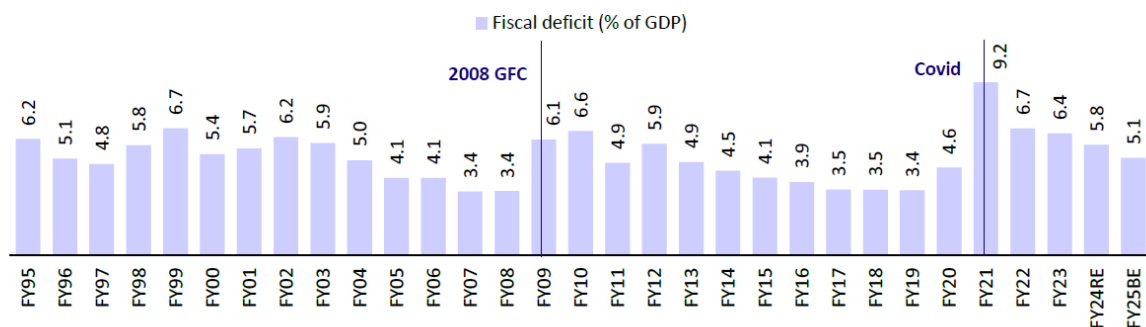
Union Budget 2024-25:

- Looking ahead, the next big trigger is the upcoming Union Budget later this month.
- On one hand, one feels that there will be no significant policy change as there is an absolute continuity in key ministries e.g. Finance, Commerce etc. However, the recent announcements from BJP as well Congress ruled states show a high propensity to come up with populist measures. Maharashtra (BJP ruled) announced a monthly allowance of INR 1500/month for eligible women and 3 free gas cylinders every year. They also announced waiver of electricity dues of farmers and VAT reduction on fuel for city dwellers. Similarly, Telangana (Congress ruled) announced a farm loan waiver.
- Given the above dynamics, the budget becomes a very important economic event to focus on.
- Our specific expectations are:
 - We feel that government will use the gigantic RBI dividend to drive some welfare and populist policies but will not go overboard to such an extent that it threatens the

overall fiscal prudence. Overall, fiscal deficit should decrease slightly to 5% of GDP (Exhibit 2).

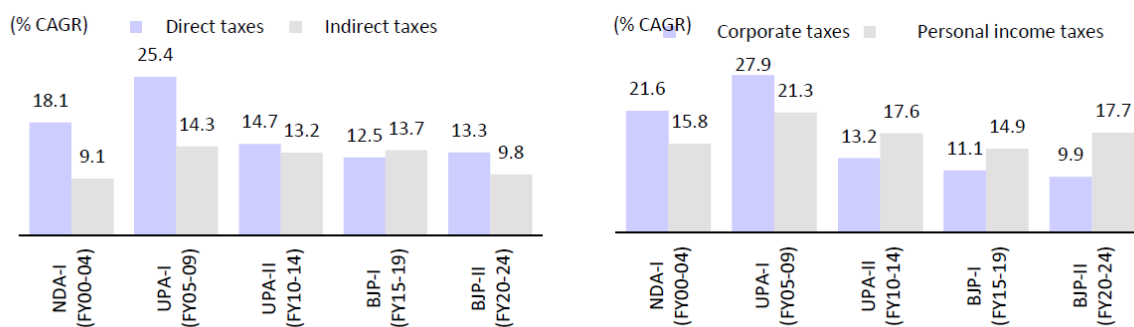
- Tax revenues are expected to grow moderately, driven by improved tax collections (Exhibit 3).
- Social spending will increase to address the rural distress, potentially increasing support to farmers under PM-Kisan scheme (Exhibit 4).
- Thrust should be to significantly increase capital expenditure in infrastructure, affordable housing and major transportation projects.

Exhibit 2: Long term trends of Govt’s fiscal deficit



Source: Union Budget documents, CSO, MOFSL

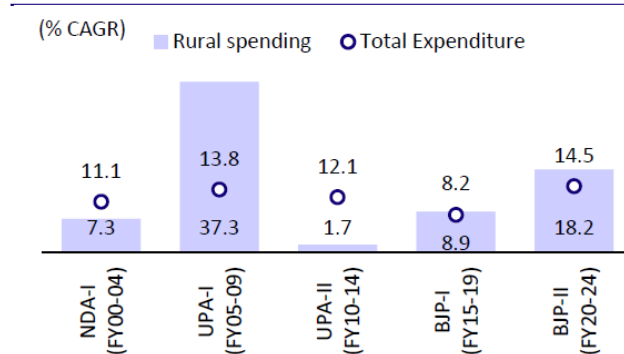
Exhibit 3: Direct taxes grew faster than indirect taxes during most periods



Direct taxes include corporation income taxes and non-corporate (also called personal) income taxes

Source: Union Budget documents, CGA, MOFSL

Exhibit 4: Rural spending growth grew faster than total expenditure during the past decade



Source: CSO, MOFSL

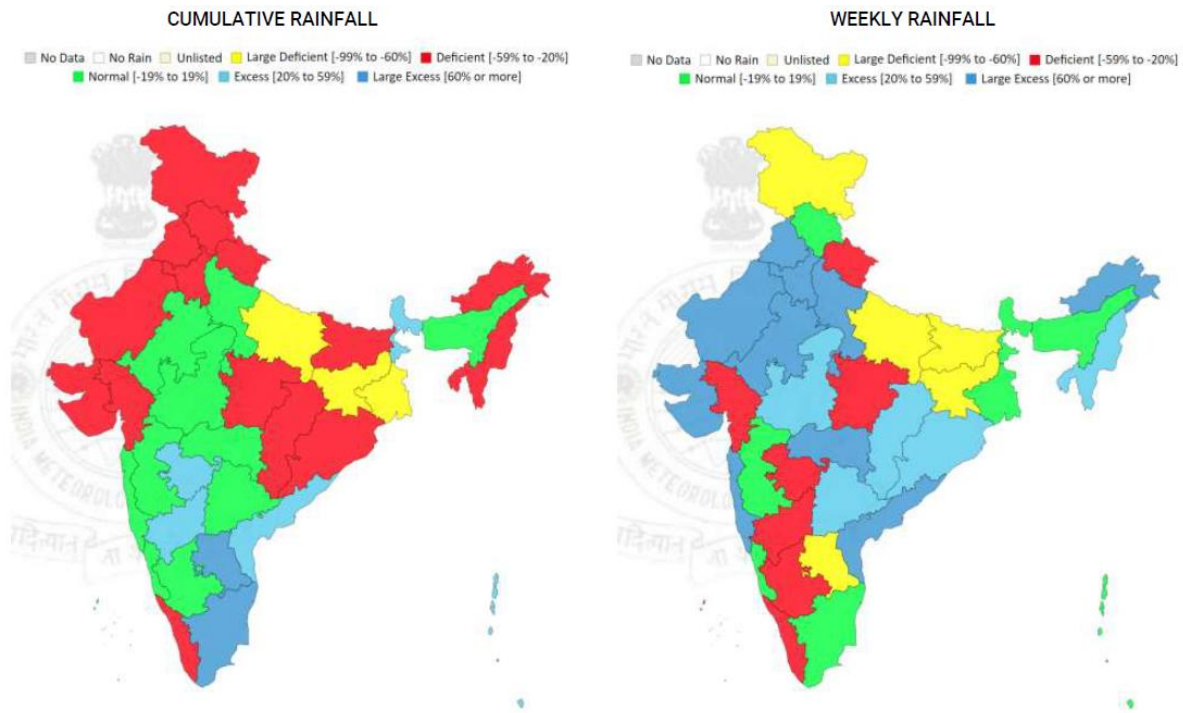
Bond Market: Exciting Times ahead

- Finally, the big event of India's inclusion in JP Morgan's bond index has just gone live. We expect this inclusion to draw in approximately \$2-3 billion in monthly FII inflows. This can boost liquidity and confidence in India's bond markets and can reduce the yield and can help leveraged business to decrease the finance cost.
- Fund raising by Indian companies will become cheaper after inclusion of country's sovereign bonds in JPMorgan emerging markets index.

Agricultural and Monsoon Update

- The 2024 monsoon season is vital for agriculture. Till 28th June, India's cumulative rainfall was 14.5% below average, but weekly rainfall was 8.3% above average. Southern India saw above-normal rainfall, while the rest of the country faced deficits (Exhibit 5).
- A good monsoon is expected to help control food prices, supporting economic stability by keeping inflation under control.

Exhibit 5: Monsoon update till 28th June,2024.



Kotak Institutional Equities Research

Conclusion

- We believe that the domestic economy seems to be doing fine, particularly the manufacturing sector. While consumption is slow, it may see a pick-up if monsoon gathers pace, and some populist measures are announced by the new government.
- Globally, interest rates have clearly peaked and have already started to see a decline. This may happen in India too and will be positive for businesses, consumption and markets. In this times RBI meeting, 2 out of 4 members voted for a rate cut.

- The period of high volatility is behind us. Budget is an event to watch, but we do not foresee any significant issue that can derail the sentiment in a major way. Markets have always been and will continue to remain volatile. Any pullbacks should be used to top-up further investments as the bigger trend of sustainable growth appears firmly in place.
- 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.

We will be happy to have a quick call with you to discuss your portfolio.

Also, we will highly appreciate any references that you can share.

Warm regards,
MoneyGrow Team

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