

Market Outlook

April 2024

Market Update

Equity markets globally continued the positive momentum in March 2024, with most ending the month with strong gains. Taiwan (+7.0%), Germany (+4.6%) and UK (+4.2%) were the major gainers, while Malaysia, Brazil, Philippines, and Indonesia were among the few that ended up losers. Indian markets saw a roller coaster ride with Nifty hitting all-time highs in the first couple of weeks of March, followed by a sharp corrective phase lasting for ten days and then recovering again to end of the month with small gains of 1.6%. Broader markets bore the brunt of the correction, with quite a few stocks correcting sharply as views of exuberance in small caps started to cause nervousness. However, there was a rebound towards the end of the month, with the S&P BSE Midcap & S&P BSE SmallCap250 down by a modest -0.6% and -3.8% respectively. Sector-wise, capital goods, auto and metals were the top performers with gains of 6.1%, 5% and 5% respectively, whereas IT, realty and FMCG declined 7.2%, 1.2% and 0.7% respectively in March.

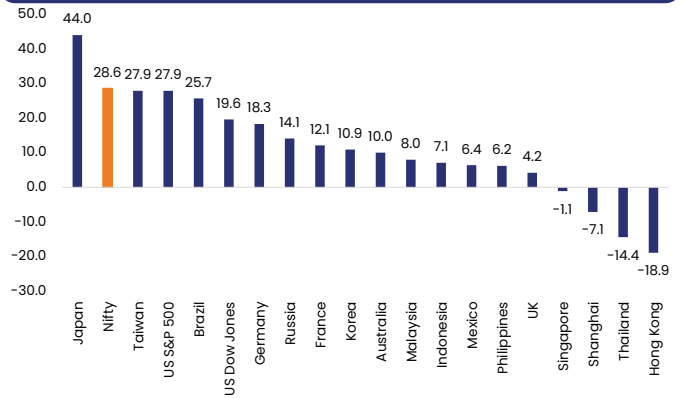
Globally the US Federal Open Market Committee (FOMC) officials reiterated that there was no rush to cut rates early. However, market indicators are saying that global monetary tightening cycle has effectively ended, and that developed market central banks will soon sound dovish as growth is holding up leading to a scenario of a soft landing. Foreign Institutional Investors (FIIs) recorded net inflows of USD 4.2 billion during the month. On the other hand, Domestic Institutional Investors (DIIs) continued to see net inflows, amounting to USD 6.7 billion.

Global and regional indices 1 Month performance (%)



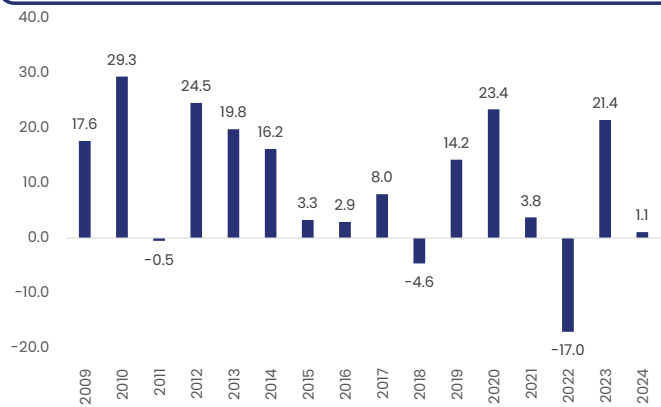
Source: Bloomberg, Kotak Institutional Equities (Data as on March 31, 2024 in Local Currency)

Global and regional indices 1 Year performance (%) FY24



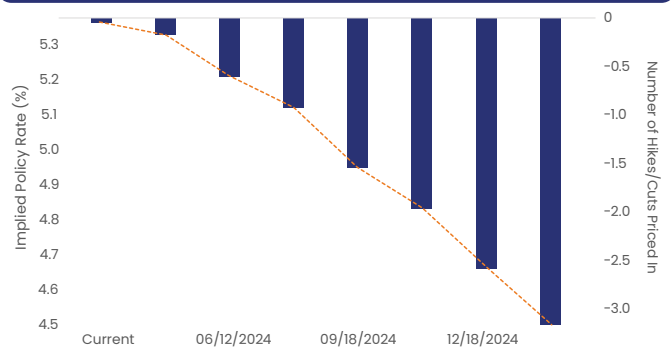
Source: Bloomberg, Kotak Institutional Equities (Data as on March 31, 2024 in Local Currency)

FII Inflows



Source: Bloomberg, Kotak Institutional Equities (Data as on Mar 31, 2024 in USD)

Estimated US Fed- Implied Overnight Rate & Number of Hikes/Cuts



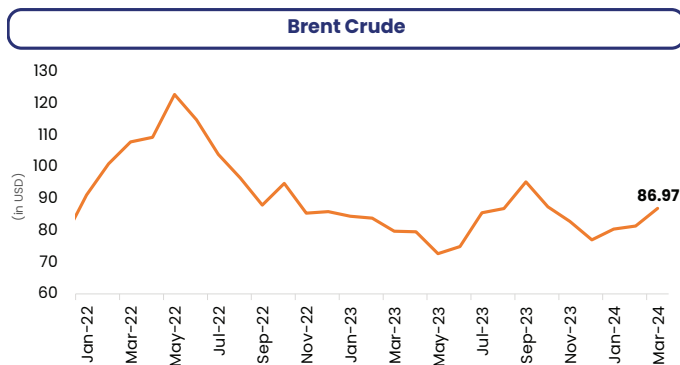
Source: Bloomberg

FY period: April-Mar, CPI: Consumer Price Index, WPI: Wholesale Price Index FI: Foreign Institutional Investors, GST: Goods & Services Tax, DI: Domestic Institutional Investors Fed: US Federal Reserve, IIP: Index of Industrial Production, GOI: Government of India, FDI: Foreign Direct Investment, YTD: Year To Date, CY: Calendar Year, FOMC: Federal Open Market Committee. Inflation numbers released with 1 month lag, Core Sector number released with 1 month lag, IIP number released with 2 months lag.

Macro Update

On the domestic macro front, India's CPI inflation for February'24 month was flattish at 5.09% YoY vs. 5.10% YoY in January'24, but food inflation measured by the Consumer Food Price Index, which accounts for nearly half of the overall consumer price basket, rose to 8.66% in February 2024. WPI inflation in February'24 was marginally low at 0.2% vs. 0.3% in January'24. IIP grew by 3.8% in January'24 vs. 3.8% in December'23 indicating the steady pace of growth for the Indian economy.

India's merchandise trade deficit widened to USD 18.71 billion in February'24 from USD 17.50 billion in January'24, largely due to imports outstripped exports in value terms against the backdrop of the Red Sea conflict. GST collections rose 11.5% YoY to INR 1.78 lakh crore in March'24. GST collection for FY24 saw an increase of 11.7% at INR 20.14 lakh crore. The INR for the month was stable and closed at ~83.38. India 10-year G-sec yield ended the month at 7.05%. Brent crude price rose to USD 86.97 per barrel in the month of March'24.



Source: Bloomberg

Market Outlook

Indian equity markets, on a monthly basis, looked pretty stable in March. However, huge swings were witnessed during the month. The mid and small caps corrected very sharply intra-month amidst views floating of over-valuation and exuberance. There was definitely a case for corrections, particularly in stocks that had moved far ahead of fundamentals and the fall was more pronounced in this category of stocks. Typical financial year phenomenon also added to the fall. Towards the end of the month though stocks recovered as expected. Strong economic indicators lent comfort to the markets, aided also by optimism on a consecutive 3rd term for the ruling Modi-government. Strength in global equity markets also helped.

April will see results season setting in, wherein we are expecting corporate India to continue reporting healthy earnings. Globally things have stabilized with both inflation and interest rates having clearly peaked. In the near term the recent spike in crude prices needs to be closely monitored.

Our view continues to be optimistic as we head into a new financial year. However, we would advise investors to have reasonable return expectations and refrain from chasing momentum in the quest to make quick high returns. We reiterate that this is a time to overcome greed and ensure the quality of the portfolio is not compromised.

Abakkus Diversified Alpha Approach

PMS Strategy

Abakkus
Believe in the Basics

April 2024

Portfolio Update

The Portfolio continues to focus on our core philosophy of fundamental based investing. Despite the huge volatility and sharp corrections in most of the broader market stocks, the portfolio ended the month with a small negative return of -0.5%. Compared to the broader market indices, we have performed better, reinforcing our view of not chasing momentum.

We made fresh investments in a South based mid-size private bank. The banks trades at just around its book value inspite of reporting steady growth and control over NPA. This makes the risk reward favorable for us. We invested in a chemicals company wherein we feel that the headwinds faced by this sector are close to bottom and recovery is likely in the next 3-6 months. We invested in a leading water treatment company which is benefitting from the government policy of providing drinking water to households. We made a new entry in the AMC space by investing in one of the leading asset management company. This AMC is part of a large conglomerate and is well poised to benefit by the buoyancy in the capital markets. We have taken a small exposure in one of the leading metal and mineral company in India. Company has global operations and is benefitting from the rising global metal prices. It's a small exposure right now and we intend to increase the holding at appropriate price levels.

Portfolio Performance as on March 31, 2024 (in INR)

Period	1 Month (%)	Since Inception Absolute (%)
Abakkus Diversified Alpha Approach	-0.5	1.3
S & P BSE 500 TRI	0.9	2.1

**Unaudited Performance data for Portfolio Manager and Investment Approach provided hereunder is not verified by any regulatory authority and Past performance may or may not sustain in the future. The performance is based on TWR as on March 31, 2024. Inception Date is January 16, 2024. As per SEBI guidelines, returns are net of all expenses and investor returns may differ, based on their period of investment, fee structure and point of capital flows.

Please note that performance of your portfolio may vary from that of other investors and that generated by the Investment Approach across all investors because of 1) the timing of inflows and outflows of funds; and

2) differences in the portfolio composition because of restrictions and other constraints.

As per SEBI circular SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022, the comparison of the relative performance of the investment approach with other portfolio managers is available at <https://www.apmiindia.org/apmi/IACompare.htm?action=iacomaprepage>

Top 5 Sector Classification as on March 31, 2024

Sector	Asset %
BANKS	12.9
NBFC	8.1
INDUSTRIALS	4.4
UTILITIES	3.7
COMMODITIES	2.9

Securities/sectors quoted are for illustration only and not recommendatory. The sectors are classified as per internal classification.

Top 10 Holdings on the basis of Asset %*

LARSEN AND TOUBRO LIMITED	ADITYA BIRLA CAPITAL LIMITED
STATE BANK OF INDIA	360 ONE WAM LIMITED
NTPC LIMITED	ADITYA BIRLA SUN LIFE AMC LIMITED
HDFC BANK LIMITED	J KUMAR INFRAPROJECTS LIMITED
CANARA BANK	AXIS BANK LIMITED

Data as on March 31, 2024. *The current portfolio holdings may or may not be a part of the future portfolio holdings and may or may not be part of all client portfolios.

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Abakkus is also the Investment Manager to Abakkus Growth Fund, a SEBI registered Category III AIF vide SEBI Reg. No.: IN/AIF3/18-19/0550 dated June 05, 2018, India-Ahead Venture Trust, a SEBI registered Category I AIF vide SEBI Reg. No.: IN/AIF1/21-22/0976 dated January 25, 2022, India-Ahead Private Equity Trust, a SEBI registered Category II AIF vide SEBI Reg. No.: IN/AIF2/21-22/0980 dated January 27, 2022, Abakkus India Equity Fund, a SEBI registered Category III AIF vide SEBI Reg. No.: IN/AIF3/23-24/1326 under SEBI (Alternative Investment Fund) Regulations, 2012 as amended from time to time and the Circulars and Guidelines issued there under from time to time collectively referred as the SEBI Registered Intermediary.

The branch office of Abakkus situated at IFSC-GIFT City is registered with the IFSCA as Registered FME (Non-retail) (IFSCA/FME/II/2022-23/041) under IFSCA (Fund Management) Regulations, 2022.

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Alternative Investment Fund

As per SEBI Circular No. SEBI/HO/IMD/DF6/CIR/P/2020/24 dated February 05, 2020, details of industry benchmark and AIF level performance versus Benchmark Reports are available at <https://www.nseindia.com/products-services/aif-benchmark-report> & <https://www.crisil.com/en/home/what-we-do/financial-products/alternate-investment-funds-benchmarks.htm>

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Email – complianceteam@abakkusinvest.com

Portfolio Management Services:

You may refer the Disclosure Document available at <https://abakkusinvest.com/regulatory-disclosure/> for detailed disclosures.

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Investment Advisory Services:

You may refer the Disclosure Document available at <https://abakkusinvest.com/regulatory-disclosure/>

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