

Monthly Communication

October 2024

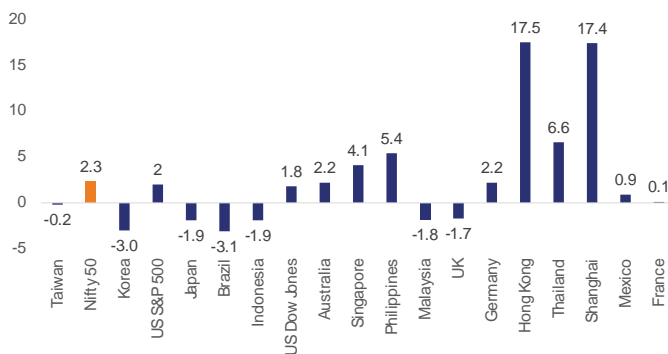


Market Update

September 2024 began with a sharp decline in Indian markets, in line with the global markets sell-off. Volatility was high in equity markets globally, though most markets bounced back sharply by the end of September. Indian markets too, recovered quite well with the Nifty Index ending the month up 2.3%, hitting its all-time high on September 27, 2024. The sectoral indices had a mixed finish. Oil & gas (-4%), PSU (-3%) and IT (-3%) were the main losers, while metals (+7%), consumer durables (+6%), and power (+4%) were the biggest winners. Hong Kong, Shanghai, and Thailand saw gains of 17.5%, 17.4%, and 6.6% worldwide, while Brazil, South Korea, and Japan fell 3.1%, 3%, and 1.9% respectively.

Foreign Portfolio Investors (FPIs) bought US\$4.2 billion of Indian equities in the secondary market, whereas Domestic Institutional Investors (DIIs) continued to be huge buyers at US\$3.8 billion for the month.

Global and regional indices 1 Month performance (%)

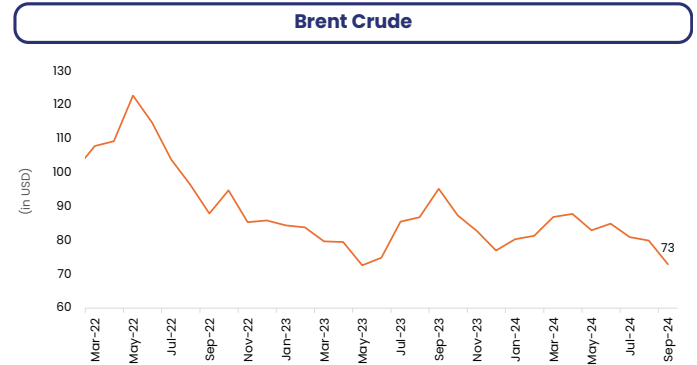


Source: Bloomberg, Kotak Institutional Equities (Data as on 30th September 2024 in local currency)

Macro Update

On the economic front, CPI inflation in August rose marginally to 3.7% from 3.6% in July, supported by a favourable base. WPI inflation fell to 1.3% (Provisional) from 2% in July. IIP growth rate in July was 4.8% compared to 4.7% in June. India's total exports during April-August 2024 saw a growth of 5.3% as compared to total exports during April-August 2023 and the total imports rose by 7.2% during the same period resulting in an overall trade deficit of USD \$46.46 billion during the first five months of FY25. The gross GST collection, which is the number before adjusting refunds, stood at Rs 1.73 trillion in September, with growth falling to 6.5% Y-o-Y from 10% in the previous month. Gross GST revenue stood at Rs 1.75 trillion in August 2024. India 10-year G-sec yield ended the month at 6.8%. The USD/INR for the month was stable and closed at ~83.8. Brent crude price fell to USD 73 per barrel in the month of September '24. Other key developments include revision by Moody of its CY2024 growth forecast for India to 7.1% from its earlier estimates of 6.8% and increase in the minimum wage rates for the unorganized sector by revising the variable dearness allowance by the Indian government.

Brent Crude



Source: Bloomberg

Market Outlook

Geopolitical Tensions and Economic Implications

The complexity of global geopolitics is weighing on market sentiment. Escalating tensions in the Middle East have raised concerns over oil price volatility, which could hinder global recovery and intensify inflationary pressures, especially in developed economies like the U.S. and Europe.

U.S. Political Landscape and Market Impact

In the U.S., the upcoming presidential election is becoming a key focal point for global markets. Policy uncertainties regarding fiscal spending, taxation, and trade may have significant repercussions. The Federal Reserve's hawkish stance, combined with elevated U.S. Treasury yields and a strong dollar, poses risks for foreign capital flows into emerging markets, including India. Recently, the Fed announced a 50-basis point rate cut aimed at reducing unemployment and targeting long-term inflation of 2%, leading to a temporary easing of the U.S. 10Y yield.

Developments in China and Japan

In contrast, China has introduced various stimulus packages to support its economy, culminating in a positive September for the Chinese markets, with the Shanghai Composite Index gaining over 8% on the last day of the month. The strong showing has continued in October, with the Chinese markets up a whopping 12.5% over the last two weeks. This has also increased the clamour for some fund movements from Indian markets to Chinese equities. Additionally, a recent presidential change in Japan may signal a shift toward tighter monetary policy, impacting global liquidity. This shift could affect investors engaged in the yen carry trade, which has fuelled investments in higher-yielding markets, particularly in emerging economies like India.

Outlook and Strategic Focus

As we enter October 2024, Indian economy continues to demonstrate resilience, supported by strong domestic fundamentals. Robust rural demand, driven by favourable monsoon conditions, and strong urban consumption are expected in the coming months, especially with the festive season approaching. However, increasing global uncertainties, particularly in the geopolitical arena, are

starting to affect investor sentiment. Crude prices have also shot up in recent times by as much as 12-15% due to the Middle Eastern conflict.

Valuations, particularly in broader markets and in few 'hot sectors', leave little room for positive surprises. Unsatiated demand for IPOs, offers for sale, blocks and unheard-of companies; are all screaming to investors to practice utmost caution. By focusing on both stress-adjusted and risk-adjusted returns, we aim to navigate these challenges while capitalizing on India's structural growth opportunities. Our strategy emphasizes identifying quality companies

with strong fundamentals, even at the cost of avoiding overvalued sectors.

In the very near-term, we anticipate continued global volatility driven by geopolitical tensions, evolving monetary policies in major economies, and uncertainties surrounding the U.S. presidential elections. Elections results in key Indian states of Haryana and Maharashtra, might also be reasons for some softness. However, this might be the time when Indian markets finally give some decent correction that could provide attractive entry points for long-term investors.

Abakkus All Cap Approach

Portfolio Update

The Portfolio continues to focus on our core philosophy of fundamental based investing. The month of September saw gains with returns of 2.3% as compared to benchmark 2.1%, despite not chasing momentum. Since inception the portfolio is up 211.6% absolute. Focus on risk-adjusted returns over maximum returns will be the mantra for us over the near term. The portfolio has been deploying the inflows carefully and gradually, while avoiding stocks that are intrinsically significantly overpriced, even at the cost of near-term performance drag due to cash holdings.

Portfolio Performance as on September 30, 2024 (in INR)

Period	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	2 Years (%)	3 Years (%)	Since Inception CAGR (%)	Since Inception Absolute (%)	FY25 YTD (%)	FY24 (%)	CY24 YTD (%)	CY23 (%)
Abakkus All Cap Approach	2.3	6.0	17.5	31.1	34.2	19.1	33.6	211.6	17.5	44.8	21.8	36.2
BSE 500 TRI	2.1	7.7	20.2	41.1	28.7	18.4	27.9	163.9	20.2	40.2	25.6	26.5

**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 TWRR as on September 30, 2024. Inception Date is October 29, 2020. 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.

Top 5 Sector Classification as on September 30, 2024

Sector	Asset %
BANKS	17.3
INDUSTRIALS	11.8
NBFC	11.8
TELECOMMUNICATION	11.6
COMMODITIES	9.0

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 %*

BHARTI AIRTEL PP LIMITED	MAX FINANCIAL SERVICES LIMITED
SUN PHARMACEUTICAL INDUSTRIES LIMITED	AXIS BANK LIMITED
NTPC LIMITED	STATE BANK OF INDIA
HCL TECHNOLOGIES LIMITED	LARSEN AND TOUBRO LIMITED
JINDAL STAINLESS LIMITED	POLYCAB INDIA LIMITED

Data as on September 30, 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.

About Us

Abakkus Asset Manager Private Limited (formerly known as Abakkus Asset Manager LLP) ("Abakkus") is registered as a Portfolio Manager with SEBI under SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time and the Circulars and Guidelines issued there under from time to time vide SEBI Reg. No.: INP000006457 dated March 14, 2019 and as an Investment Advisor under SEBI (Investment Advisors) Regulations, 2013 as amended from time to time and the Circulars and Guidelines issued there under from time to time vide SEBI Reg. No.: INA000015729 dated February 03, 2021.

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 and Abakkus India Equity Trust, a SEBI registered Category III AIF vide SEBI Reg. No.: IN/AIF3/23-24/1326 dated August 9, 2023 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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Abakkus operates from within India and is subject to Indian laws and any dispute shall be resolved in the courts of Mumbai, Maharashtra only.

Redressal of client grievances

Investors can seek clarification for their queries and are further entitled to make a complaint in writing, verbally or telephonically. An email may be sent to:

For PMS, IA and AIF related queries and complaints - service@abakkusinvest.com and complianceteam@abakkusinvest.com (both) Alternatively, the Investor may call on +91 22 6884 6601/02/85

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.crisil.com/en/home/what-we-do/financial-products/alternate-investment-funds-benchmarks.html> and <https://www.nseindia.com/products-services/aif-benchmark-report>.

Compliance Officer details under AIF:

Mr. Biharilal Deora, Tel: 022-68846600

Portfolio Management Services:

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

Principal Officer and Compliance Officer Details under PMS:

Principal Officer: Mr. Aman Chowhan, Tel: 022-68846600

Compliance Officer: Mr. Biharilal Deora, Tel: 022-68846600

Investment Advisory Services:

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

Principal Officer and Compliance Officer Details under IA:

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Compliance Officer: Mr. Lijo Varghese, Tel: 022-68846600

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