

Monthly Communication

November 2024



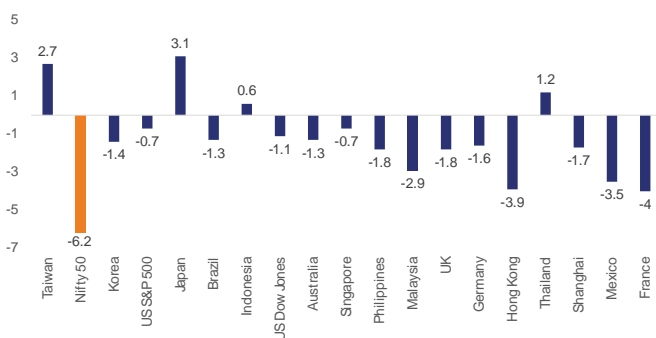
Market Update

Indian equity markets had a challenging month, with Nifty declining 6.2% for the month of October. This was its biggest monthly drop since March 2020. Small and midcap indices dropped 3% and 6.7%, respectively. The worst-performing industries were oil and gas (-14%), consumer durables (-10%), and auto (-12%). Investor sentiment was impacted by (1) the Chinese market's strong early-month surge, (2) ongoing FPI outflows, (3) poor 2Q performance, (4) geopolitical concerns, and (5) uncertainty around the forthcoming US presidential election. Indian market performed the worst globally for the month, with France (-4%) Hong Kong (-3.9%), and Mexico (-3.5%) being the other notable losers. Dow Jones and US SPX both fell by a modest 1%. Other significant events include: (1) BJP winning the Haryana assembly elections; (2) SEBI introducing plans to limit retail participation in speculative index derivatives; (3) Government raising the minimum support price for rabi crops; (4) RBI prohibiting four NBFCs from approving and disbursing loans; and (5) IMF maintaining India's GDP forecast at 7% for FY2025.

The data of 2QFY25 point to a widespread decline in the Indian economy. However, it is expected that H2FY25 will be a much better period as demand has shifted to the second half due to delayed monsoons and delayed onset of festive and marriage seasons. 34 Nifty-50 stocks have released their results thus far, and their net income rose 1.9% year over year, which is less than the 4.5% growth which we had anticipated.

Foreign Portfolio Investors (FPIs) were aggressive sellers to the tune of US\$12.4 billion of Indian equities in the secondary market, whereas Domestic Institutional Investors (DIIs) continued to be buyers at US\$12.8 billion for the month.

Global and regional indices 1 Month performance (%)



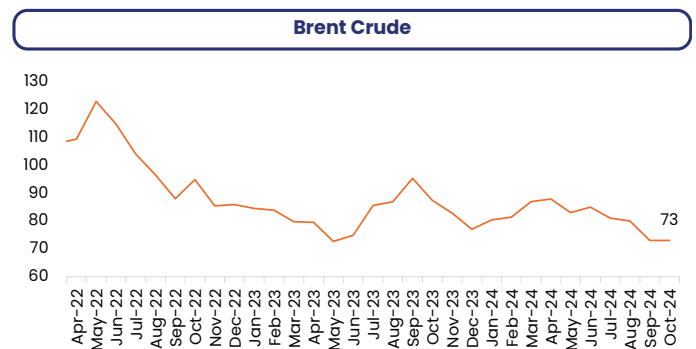
Source: Bloomberg, Kotak Institutional Equities (Data as on 31st October 2024 in local currency)

Macro Update

On the economic front, CPI inflation in September rose to 5.5% from 3.7% in August. WPI inflation fell to 1.8% (Provisional) from 1.3% in August. August IIP witnessed a contraction of 0.1% against a growth of 4.7% in July. India's total exports during April-September 2024 saw a growth of 4.86% as compared to total exports during April-September 2023 and the total imports rose by 6.89% during the same period resulting in an overall trade deficit of USD \$54.83 billion during the first six

months of FY25. The gross GST collection, which is the number before adjusting refunds, stood at Rs 1.87 trillion in October. On a month-on-month basis, India's GST collections rose 8.1 per cent in October 2024. It was 8.9 per cent higher than in October 2023, when it stood at Rs 1.72 lakh crore. India 10-year G-sec yield ended the month at 6.8%. The USD/INR for the month was stable and closed at ~84. Brent crude price was stable and closed at ~73 barrel in the month of October '24.

Brent Crude



Source: Bloomberg

Market Outlook

Geopolitical Tensions and Energy Market Impact

October saw intensified geopolitical tensions, with ongoing conflicts in the Middle East leading to a temporary spike in oil prices. However crude has since reacted to \$73 per barrel as possibility of Iran-Israel tension escalation reduced. Though demand for crude should increase in winter months, our view on oil prices is soft due to massive deployment of solar and renewable energy as also new age technologies like battery storage, hydrogen as also resurgence of nuclear power.

U.S. Economic Landscape

The Federal Reserve, after its recent rate cut to support employment and stabilize inflation, is still closely watching inflation trends. Elevated U.S. Treasury yields and a strong dollar continue to impact foreign capital flows into emerging markets, creating pressure on economies like India, which rely on steady foreign investments. The dollar's strength has already led to some capital reallocation out of Indian equities in October, a trend likely to persist if the Fed's hawkish stance continues.

Developments in China and Japan

China's markets witnessed continued momentum in October, driven by government stimulus measures that have now catalyzed a nearly 15% rise in the Shanghai Composite Index over the past month. Investors are increasingly reallocating funds to Chinese equities, viewing the country's economic policies as stabilizing factors amidst global uncertainties. There was a clear move of allocation away from India to China, a combination of Indian markets having done very well, valuation difference and positive outlook post stimulus on Chinese equities. In Japan, a policy shift under new

leadership could signal the start of monetary tightening, raising concerns about the yen carry trade's sustainability. This could redirect some liquidity away from emerging markets, impacting global investment flows, including those into India.

- **India's Domestic Economy**

The Indian economy has shown resilience, though consumer spending in first half of current financial year has been soft. However, festive spending has led to a revival in demand, bolstering retail sales and consumption. Positive monsoon effects have boosted the agricultural sector and can also contribute to increased consumer spending in second half of FY25.

- **Near-Term Outlook**

Looking into November, we anticipate persistent global volatility, driven by geopolitical tensions, U.S. election developments, and shifting policies in major economies. Additionally, any fluctuations in crude prices will likely impact India's inflation and fiscal balance. State elections in Maharashtra and Jharkhand are set to influence market

sentiment and could lead to short-term fluctuations. This period might also provide potential entry points for long-term investors as Indian markets adjust, balancing short-term pressures with underlying economic strength.

As we write this communication, the news of Donald Trump coming out winner in the US Presidential elections comes as a positive for the global equity markets generally and for India in particular. We expect a risk on emerging in global markets and the trend away from Indian equities to Chinese equities to reverse a bit, lending support to Indian equities.

Valuations in certain sectors remain high, with IPOs and offer for sale reflecting market enthusiasm, but also signalling potential overvaluation and desperation to invest in some areas. Our strategy focuses on quality investments, emphasizing fundamentals over speculative growth. With India's structural growth drivers intact, particularly in sectors like infrastructure, technology, and finance, we advise a cautious approach—prioritizing companies with strong fundamentals while avoiding overheated segments. Our fundamental based investment philosophy has worked well, with our broader market focussed mid and small cap fund delivering positive returns even in a very challenging month of October.

Abakkus Diversified Alpha Approach

PMS Strategy

Abakkus
Believe in the Basics

November 2024

Portfolio Update

The Portfolio continues to focus on our core philosophy of fundamental based investing with small negative returns of 3.4% as compared to benchmark -6.5%. 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 October 31, 2024 (in INR)

Period	1 Month (%)	3 Months (%)	6 Months (%)	FY25 YTD (%)	Since Inception Absolute (%)
Abakkus Diversified Alpha Approach	-3.4	0.3	9.9	15.2	16.7
BSE 500 TRI	-6.5	-3.6	8.7	12.5	14.8

**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 October 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.

Top 5 Sector Classification as on October 31, 2024

Sector	Asset %
BANKS	18.6
NBFC	15.9
COMMODITIES	10.5
HEALTH CARE	6.5
TELECOMMUNICATION	6.3

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 %*

PNB HOUSING FINANCE LIMITED	VEDANTA LIMITED
JUBILANT PHARMOVA LIMITED	LARSEN AND TOUBRO LIMITED
HDFC BANK LIMITED	STATE BANK OF INDIA
BHARTI AIRTEL LIMITED	AXIS BANK LIMITED
NTPC LIMITED	CANARA BANK

Data as on October 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.

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.

Disclaimer and Disclosures

This website/email/content is confidential and is intended only for the personal use of the prospective investors/contributors (herein after referred as the Clients) to whom it is addressed or delivered and must not be reproduced or redistributed in any form to any other person without prior written consent of Abakkus. This website/email/content does not purport to be all-inclusive, nor does it contain all of the information which a prospective investor may desire. This website/email/content is neither approved, certified nor its contents is verified by SEBI.

Abakkus retains all the rights in relation to all information contained in the website/email/content(s) and to update the same periodically or otherwise from time to time. The website/email/content is neither a general offer nor solicitation to avail the service of investment from the SEBI Registered Intermediary under the services offered by Abakkus/Fund nor is it an offer to sell or a generally solicit an offer to become an investor in the services offered by the Abakkus/Fund. The delivery of this email/content at any time does not imply that information herein is correct as of any time subsequent to its date. The contents of this website/email/content are provisional and may be subject to change. In the preparation of the material contained in this website/email/content, Abakkus has used information that is publicly available, certain research reports including information developed in-house. Abakkus warrants that the contents of this

website/email/content are true to the best of its knowledge, however, assume no liability for the relevance, accuracy or completeness of the contents herein.

Abakkus declares that the data and analysis provided shall be for informational purposes. The information contained in the analysis shall be obtained from various sources and reasonable care would be taken to ensure sources of data to be accurate and reliable. Abakkus will not be responsible for any error or omission in the data or for any losses suffered on account of information contained in the analysis. While the Abakkus will take due care to ensure that all information provided is accurate however the Abakkus neither guarantees/warrants the sequence, accuracy, completeness, or timeliness of the report. Neither the Abakkus nor its affiliates or their partners, directors, employees, agents, or representatives, shall be responsible or liable in any manner, directly or indirectly, for views or opinions expressed in this analysis or the contents or any systemic errors or discrepancies or for any decisions or actions taken in reliance on the analysis. Abakkus does not take any responsibility for any clerical, computational, systemic, or other errors in comparison analysis.

There can be no assurance that future results, performance or events will be consistent with the information provided in this content and the past performance, if any is not the guarantee of the future/assured performance. Any decision or action taken by the recipient/visitor of this website/email/content based on this information shall be solely and entirely at the risk of the recipient/visitor of the website/email/content. The distribution of this information in some jurisdictions may be restricted and/or prohibited by law, and persons into whose possession this information comes should inform themselves about such restriction and/or prohibition and observe any such restrictions and/or prohibition. Unauthorized disclosure, use, publication, dissemination or copying (either whole or partial) of this information, is prohibited. Abakkus shall not treat recipient/user as a client by virtue of his receiving/using the contents of the document in full or part. Neither the Abakkus nor its affiliates, directors, partners, employees, agents, or representatives, shall be responsible or liable in any manner, directly or indirectly, for the contents or any errors or discrepancies herein or for any decisions or actions taken in reliance on the information. The person accessing this information specifically agrees to exempt/absolve the Abakkus or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse/improper/illegal use and agrees not to hold the Abakkus or any of its affiliates or employees responsible for any such misuse/improper/illegal use and further agrees to hold the Abakkus or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Abakkus (including its affiliates) and any of its Partners, officers, employees, and other personnel will not accept any liability,

loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this website/email/content or any information in any manner whatsoever.

This website/email/content may include certain forward-looking words, statements and scenario which contain words or phrases such as "believe", "expect", "anticipate", "estimate", "intend", "plan", "objective", "goal", "project", "endeavour" and similar expressions or variations of such expressions that are forward-looking statements, words, and scenario. Actual results may differ materially from those suggested by the forward-looking statements due to risks, uncertainties, or assumptions. Abakkus takes no responsibility of updating any data/information.

The contents of this website/email/content cannot be copied, reproduced, in whole or in part or otherwise distributed without prior written approval of the Abakkus.

Prospective investors/clients are advised to review this website/email/content, the Private Placement Memorandum/Disclosure Document, the Contribution Agreement/Client Agreement, representations and presentation(s) and other related documents carefully and in its entirety and seek clarification wherever required from the SEBI Registered Intermediary/Abakkus. Prospective investors should make an independent assessment, and consult their own counsel, business advisor and tax advisor as to legal, business and tax related matters concerning this document and the other related documents before becoming investing with/through the Abakkus/in the Fund.

The information contained in this website/email/content has been prepared for general guidance and does not constitute a professional advice/assurance and no person should act upon any information contained herein without obtaining specific professional advice/Assurance. Neither the Abakkus nor its Affiliates or advisors would be held responsible for any reliance placed on the content of this document or for any decision based on it. Each existing/prospective client, by accepting delivery of this document agrees to the foregoing. The Investment portfolio are subject to several risk factors including but not limited to political, legal, social, economic, and overall market risks. The recipient alone shall be fully responsible/are liable for any decision taken on the basis of this document. Abakkus, its partners, employees, PMS clients, AIF scheme(s), Advisory clients may have existing exposure to the stocks that form part of the PMS portfolio/Advisory portfolio/AIF scheme(s). Further, in view of the investment objective/strategy of the PMS /Advisory and AIF scheme(s) there may be situations where Abakkus may be selling a stock which is part of the PMS portfolio/Advisory portfolio/AIF scheme as the case may be.

Abakkus (including its affiliates) may offer services in nature of advisory, consultancy, portfolio management, sponsorship of funds, investment management of funds which may conflict

with each other.

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:

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

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

Contact Us:

Website: www.abakkusinvest.com

Email: info@abakkusinvest.com

Tel: 022-68846600

Corporate and Registered Address:

Abakkus Corporate Center, 6th Floor, Param House, Shanti Nagar, Near Grand Hyatt, Off Santacruz Chembur Link Road, Santacruz East, Mumbai - 400055. **CIN:** U70200MH2024PTC432609