

EQUITY MARKET ASSESSMENT

-Dec'24

PMS RESEARCH DESK

Right Horizons Portfolio Management Services (RH PMS)

RH PMS is a SEBI registered PMS for segregated accounts

MACRO UPDATE

KEY INDICATORS	Nov'24	Oct'24
MARKET UPDATE		
SENSEX	79,802.79	79,389.06
P/E	22.65	23.74
P/B	4.00	4.11
Dividend Yield (%)	1.16	1.12
CURRENCY UPDATE		
USD/INR	84.4716	84.0891
USD/EUR	0.9467	0.9209
USD/CNY	7.2429	7.1148
COMMODITY UPDATE		
Brent Oil (USD Per Barrel)	74.27	73.25
Gold (USD per ounce)	2,653.55	2,743.80
Bloomberg Commodity Index	98.14	98.10
FPI NET INVESTEMNTS		
Equity (INR Cr)	-21,612	-94,017
Debt (INR Cr)	1,217	-4,406
ECONOMY UPDATE		
GDP Growth (FY24) (YOY)	8.20%	
CPI (Oct'24)	6.21%	
Repo Rate (Dec'24)	6.50%	

COMMENTARY

RBI's MPC in fifth bi-monthly monetary policy of FY25 decided to keep the benchmark repo rate unchanged at 6.5% for the eleventh straight meeting and maintain the monetary policy stance 'Neutral'. Inflation was forecasted for FY25 at 4.8% with Q3/Q4 for FY25 at - 5.7%/4.5% respectively and Q1/Q2 for FY26 at 4.6%/4% Respectively. RBI has revised its real GDP growth projection for the current fiscal year, lowering it from 7.2% to 6.6%. The growth is projected to be 6.9% in the first quarter and 7.3% in the second quarter of FY26.

The MPC has decided to lower the CRR by 50 basis points, likely releasing approximately ₹1.10 lakh crore to ₹1.2 lakh crore of liquidity parked with the RBI. This surplus liquidity can be utilized by banks for lending, potentially stimulating economic growth, provided banks pass on the benefits of the cut to borrowers.

MACRO DASHBOARD- POSITIVE

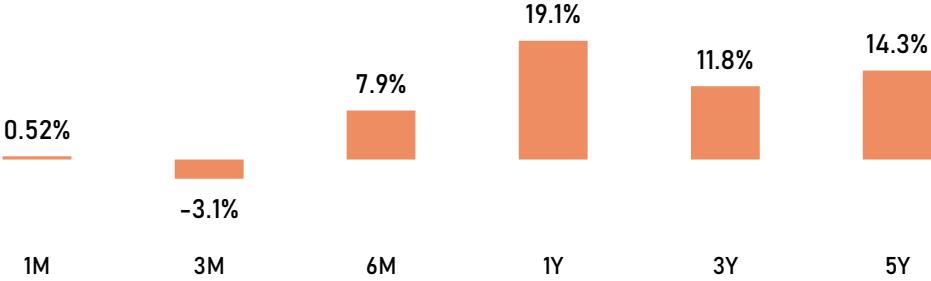
KEY INDICATORS

PMI			Outlook
PMI MANUFACTURING (Nov'24 Vs Oct'24)	56.50	57.50	POSTIVE
PMI SERVICES (Nov'24 Vs Oct'24)	59.20	58.50	
DEMAND			
Consumer Confidence (Nov'24 Vs Sep'24)	94.00	94.70	NEUTRAL
Infrastructure O/P (YOY) (Oct'24 Vs Sep'24)	3.10%	2.00%	
UTILIZATION	2QFY25	1QFY25	
Capex Utilization	75.80%	74.00%	POSITIVE
PRODUCTION			
Industrial Production (YOY) (Sep'24 Vs Aug'24)	3.1%	-0.1%	NEUTRAL
Manufacturing Production (YOY) (Sep'24 Vs Aug'24)	3.90%	1.00%	
Mining Production (YOY) (Sep'24 Vs Aug'24)	0.20%	-4.30%	
Steel Production (Thousand Tonnes) (Oct'24 Vs Sep'24)	12,500	11,700	
Passenger Vehicle Sales (Units) (Oct'24 Vs Sep'24)	3,45,107	3,15,689	
FISCAL	Nov'24	Oct'24	
GST Collections (INR in Cr)	1,82,269	1,87,346	NEUTRAL

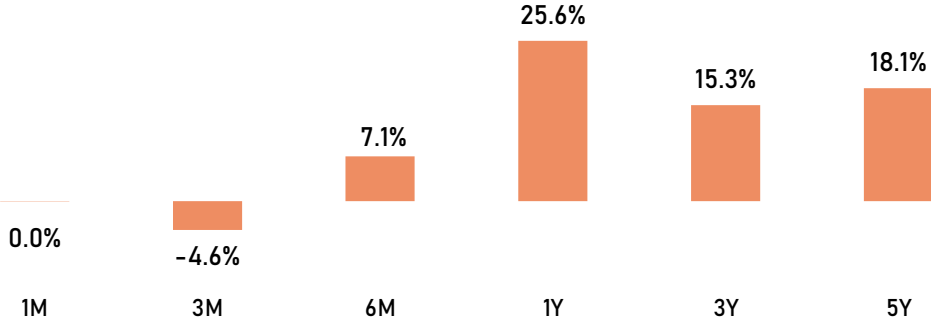
DOMESTIC MARKET PERFORMANCE

The equity markets remained largely flat in November, consolidating after the sharp pullback observed in October. Sensesx/BSE 500/BSE Midcap/BSE Smallcap during the month delivered 0.5%/0.0%/0.2%/0.4% as against the previous months fall of -5.8%/-6.5%/-6.9%/-3.8% respectively.

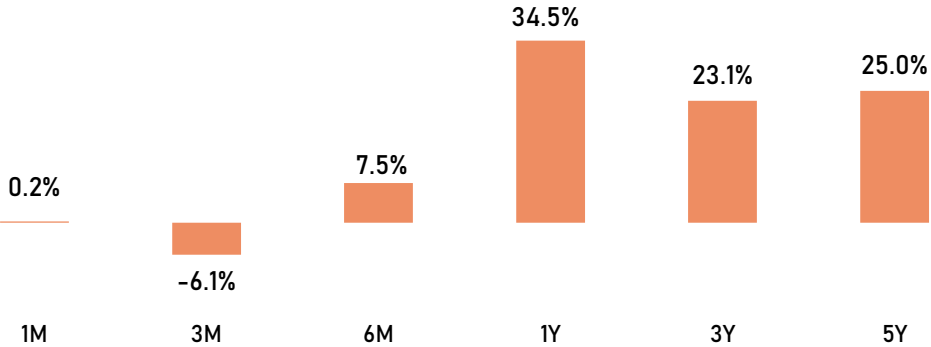
SENSEX



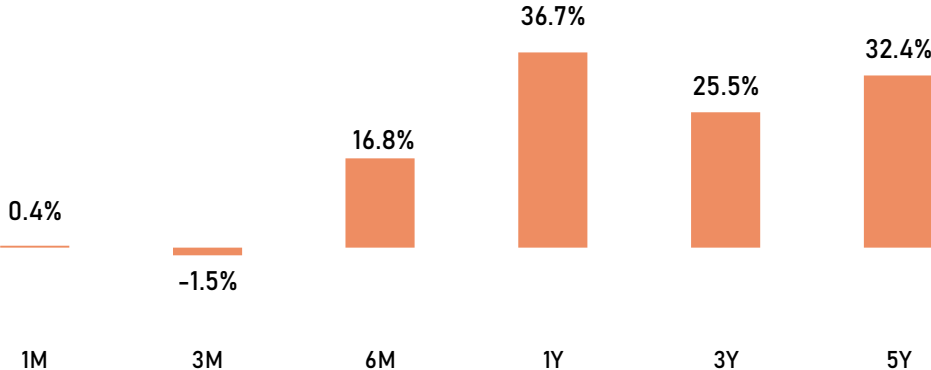
BSE 500



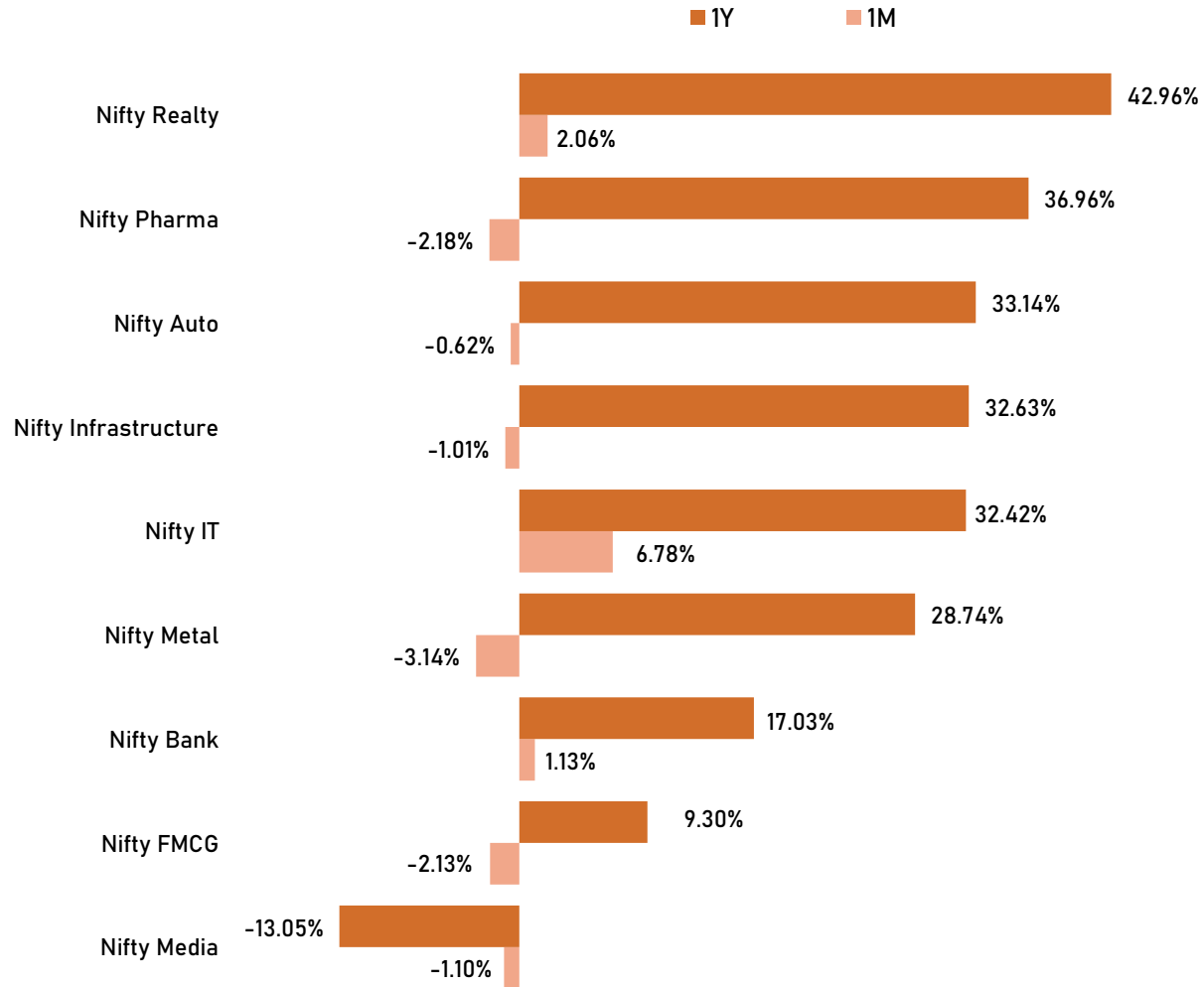
BSE MIDCAP



BSE SMALLCAP



MARKETS PERFORMANCE: SECTORAL



During the month IT emerged as the best performer, delivering 5.8%, amidst expectations of gradual recovery with references to green shoot in the BFSI vertical while the Realty sector lagged, posting a modest 1.9% gain due to weak pre-sales in H1FY25 relative to the guidance. On an FYTD basis, the Healthcare sector leads with a 24.6% gain. In contrast, Energy and Oil & Gas underperformed, declining -4.9% and -3.0%, respectively.

We are playing Realty and Infra theme through Building Materials and have exposure to **Pipe businesses, Structural tube companies, Paints and wires & Cable businesses** which can get benefitted due to increased capex spending, new real estate launches and Governments thrust on housing.

Macro Playbook:

1. Rate Cut:

NBFCs preferred over bank – to benefit from rate cut cycle. Auto/ Real Estate/ Consumer would be beneficiaries of rate cut cycle going forward

2. Crude:

Paints/ Tyre/ Chemicals/ Airlines would get benefit of lower crude prices

3. China Stimulus:

Metals / Commodities would be bullish

4. Trump Trade:

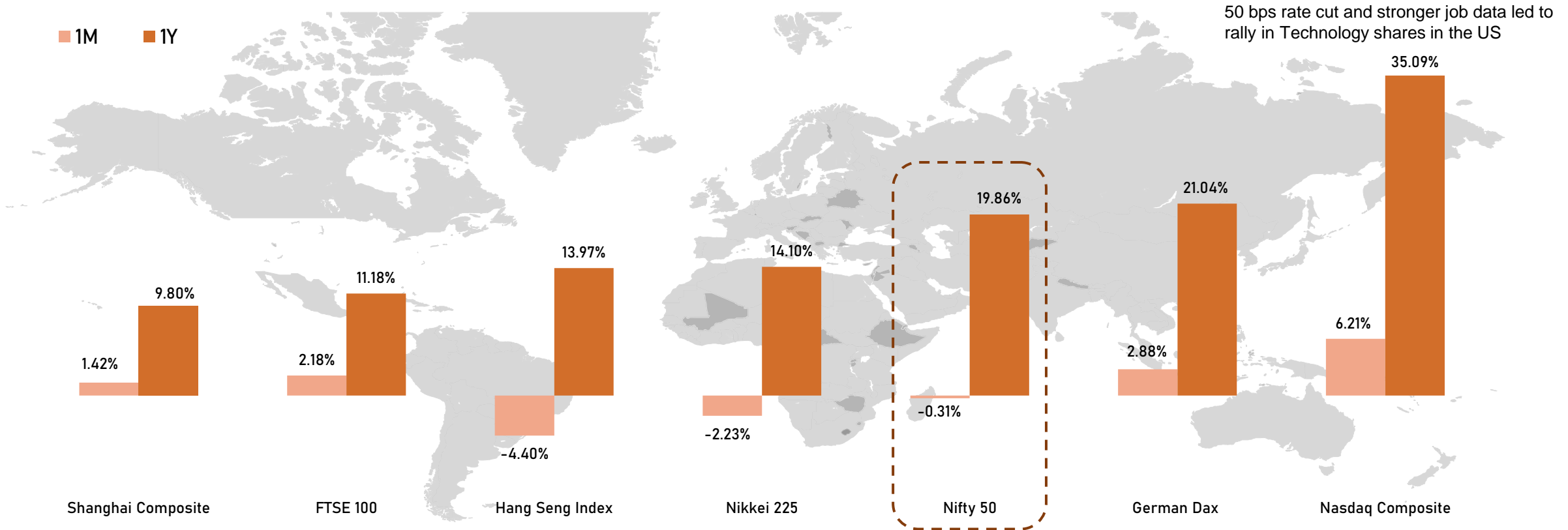
IT due to US banks/ Pharma and specialty chemicals on China Duty

GLOBAL MARKET PERFORMANCE

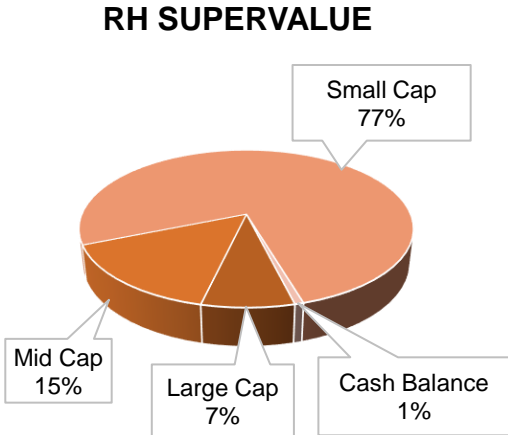
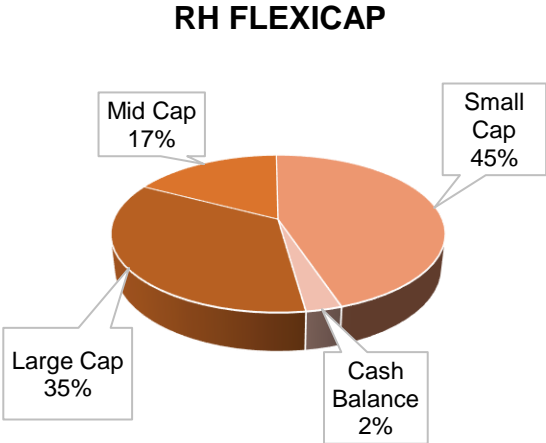
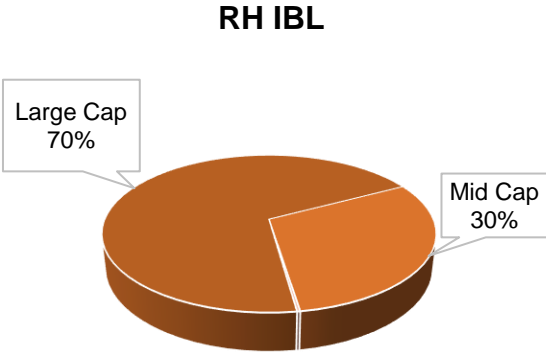
Global equity markets rallied in November. The weight of the US market continues to swell and the US dollar also strengthened. European markets posted moderate gains in November due largely to US dollar strength and a rebound in inflation. In Asia, markets also sold off as the threat of US tariffs rattled investors. China continued to retreat after the hype over its stimulus plans proved short-lived.

Ratio of Emerging Markets to US equities at 25 year low.

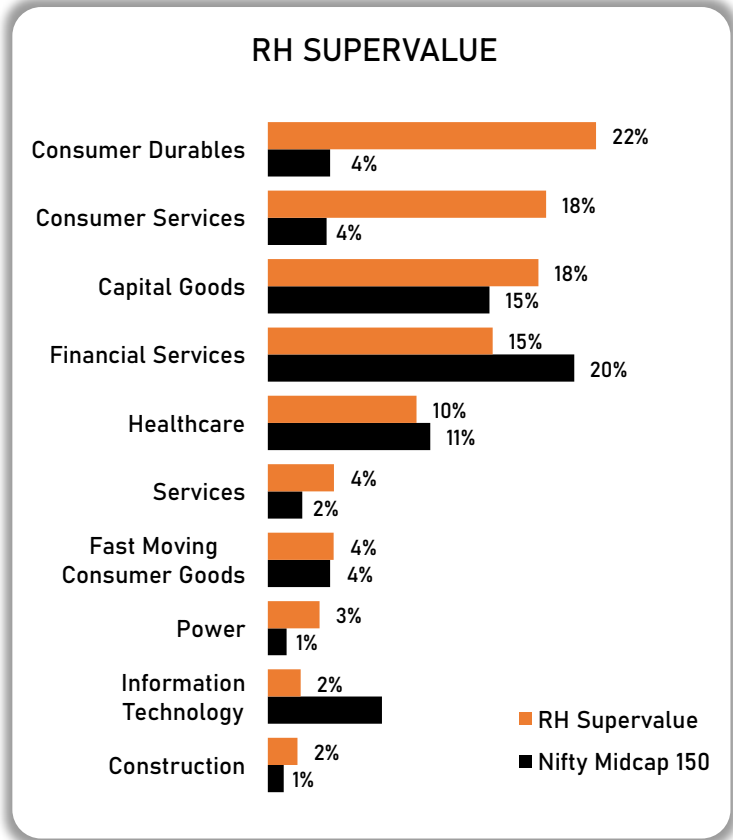
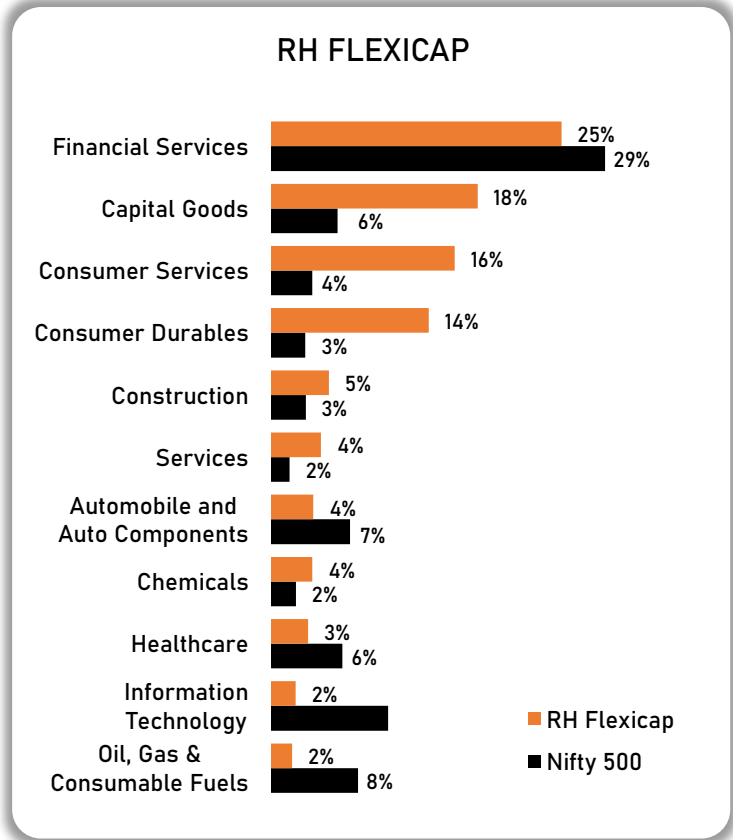
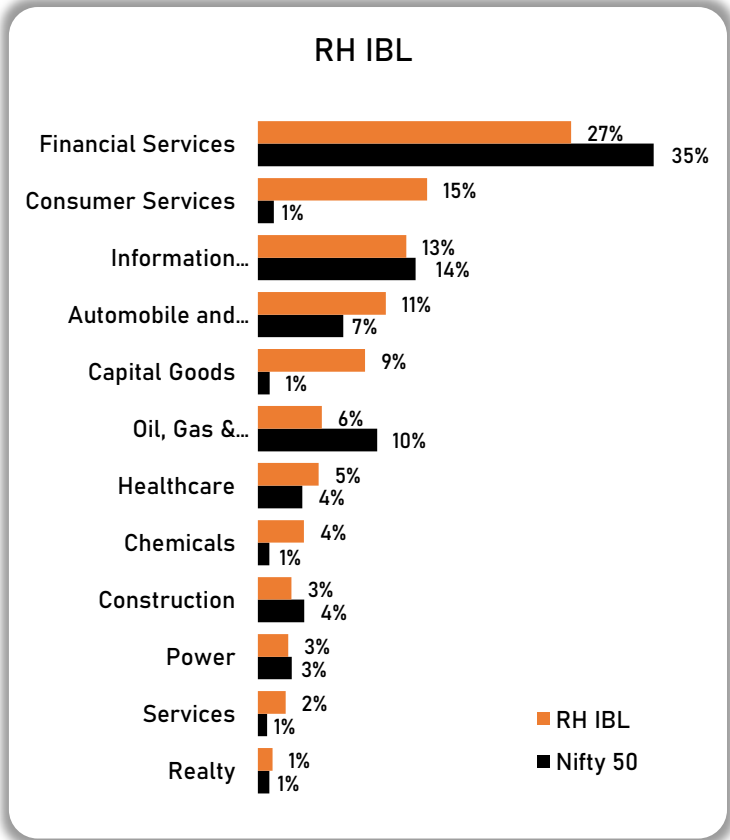
US markets are up 10% since Sep end while India markets are down 6% still from the peak. US markets trading at 30 PE while Indian markets at 22.5 PE



M-CAP BREAKUP



PMS VS BENCHMARK SECTOR COMPARISON



VALUATION SNAPSHOT

TTM P/E	Nov'24	LT Avg.	SD+1	SD-1	SD
Nifty 500	25.8	25.4	31.3	19.5	5.9
Nifty Midcap 150	42.0	29.3	39.4	19.1	10.1
Auto	22.7	40.5	104.7	23.8	64.3
Bank* (PB)	2.3	2.6	3.1	2.1	0.5
Consumer Durables	83.6	42.6	76.5	8.7	33.9
FMCG	46.1	35.7	42.7	28.7	7.0
Healthcare	40.1	34.8	43.5	26.0	8.7
IT	34.2	23.1	29.0	17.3	5.9
Metal	21.5	14.9	22.1	7.7	7.2
Oil & Gas	13.2	14.6	21.7	7.6	7.1
Pharma	35.1	36.6	46.7	26.4	10.2

SECTOR	RH IBL	RH FLEXICAP	RH SUPERVALUE
Construction	UW	OW	OW
Healthcare	OW	UW	UW
Auto	OW	UW	-
Services	OW	OW	OW
Consumer Durables	-	OW	OW
IT	UW	UW	UW
Financials	UW	UW	UW
Chemicals	OW	OW	-
Capital goods	OW	OW	OW

Sectoral Stance is derived from underlying portfolio holdings, valuation numbers are for historical reference.

OW-Overweight N-Neutral UW-Underweight

GOING FORWARD

The Nifty has rebounded around 4% after falling around 10% from its highs, as Maha Election outcome Intensity improved positive sentiments for the markets

- **Foreign Flows** : 45,000 Cr selling in Nov as dollar index moved sharply from 103 to 107, however turned net buyers in Dec with 12,000 Cr of net long equity exposure in Indian Markets; bulk of the selling is behind us; Indian equities now trade at 30% valuation discount to US equities, dollar index has made its peak and expected to be rangebound going forward
- **Macroeconomic Fundamentals**: Weak Q2 GDP print however India's macroeconomic fundamentals are expected to be supported by increased fiscal spending in H2; Government spending is expected to support companies in infrastructure, banking, and cement sectors. Wedding season expected to provide INR 5.9 trillion boost to economy
- **Monetary Policy**: CRR cut of 50 bps to 4% will provide further liquidity to banking system; Oct inflation print was seasonal and expects inflation to ease going forward
- **Govt Capex**: Budgeted Capex of 11 Lakh Cr, H1 actual Capex at 4 Lakh Cr. Govt. capex slowdown is not a big problem as in 2019 also it was down 30% YoY post elections but picked pace in H2 ending with 10% higher over previous year. Election season is behind us- Capex targeted spending of 7 Lakh Cr in H2 is already picking pace now
- **Earnings Growth**: Muted growth at 5% for H1 on account of slowdown in cyclical sectors, expect nifty earnings to grow at 12 % for H2. Consumption in H2 would be supportive due to early onset of festive seasons, above average monsoon, increased govt spending, and record number of wedding dates.
- **Stock Picking**: Diversified industries where we have exposure have done well and portfolio has delivered 20%+ earnings growth in Q2 as well. H2 is typically better for Consumption and Manufacturing themes and expect 20%+ YoY earnings growth in H2 as well for overall portfolio.

Key Events: Trump Policy announcements in Jan, Inflation print for Dec

Risks:

- **Global Volatility**: Changing Geo-political landscape, Russia-Ukraine war can intensify before Trump resumes office
- **Domestic Volatility**: Slowdown in Consumption, Weak Q3 Earnings, Weak Govt Spending; Higher inflation print

Market Stance: Cautiously Optimistic

DISCLAIMER

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Investments are subject to market risks, read all scheme related documents carefully

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PORTFOLIO RETURNS

DATE	RH IBL	NIFTY 50 TRI	RH FLEXICAP	NIFTY 500	RH SUPERVALUE	BSE MIDCAP	RH SUPERVALUE AGGRESSIVE	BSE SMALLCAP
1 Month	-0.32%	-0.26%	-1.38%	-0.01%	0.25%	0.23%	5.84%	0.39%
3 Months	-1.59%	-4.23%	-4.21%	-4.41%	0.04%	-6.10%	5.75%	-1.47%
6 Months	11.17%	7.79%	11.99%	7.50%	25.08%	7.51%	35.63%	16.79%
1 Year	28.49%	21.27%	21.70%	26.12%	31.18%	34.49%	40.94%	36.73%
2 Year	22.96%	14.67%	20.46%	19.25%	32.95%	33.19%	NA	NA
3 Year	14.94%	13.75%	14.94%	15.68%	22.68%	23.09%	NA	NA
5 Year	18.98%	16.21%	22.36%	18.23%	28.88%	24.99%	NA	NA
Since Inception of Current Fund Manager	17.39%	15.11%	20.09%	16.23%	34.15%	28.44%	NA	NA
Since Inception of Scheme	12.29%	14.21%	13.02%	14.14%	17.87%	17.13%	58.44%	49.29%
FYTD	14.67%	9.16%	15.55%	12.01%	33.15%	17.16%	42.18%	27.88%

*Updated as of 30th Nov'24

PORTFOLIO QUANTS

METRICS	RH IBL	NIFTY 50	RH FLEXICAP	BSE 500	RH SUPERVALUE	BSE 500	RH SUPERVALUE AGGRESSIVE	BSE 500
SD	15.16%	15.35%	15.50%	15.02%	15.28%	12.09%	22.03%	20.15%
Beta	0.96	1.00	0.88	1.00	0.60	1.00	0.75	1.00
Sharpe	1.01	0.79	1.26	1.05	1.53	1.02	1.75	1.54
Treynor	0.16	0.12	0.22	0.16	0.39	0.12	0.31	0.20

*Supervalue Aggressive data is normalised

*Updated as of 30th Nov'24

PMS Vs MF COMPARISON

LARGECAP SCHEMES	1 Year	3 Years	5 Years	AUM (Cr.)	MULTICAP/FLEXICAP SCHEMES	1 Year	3 Years	5 Years	AUM (Cr.)
Nippon India Large Cap Fund(G)	30.04	21.34	19.74	23493	Quant Flexi Cap Fund(G)	31.54	19.95	31.28	3742
ICICI Pru Bluechip Fund(G)	28.50	18.32	19.19	44139	Parag Parikh Flexi Cap Fund-Reg(G)	28.66	17.16	24.60	27755
Canara Rob Bluechip Equity Fund-Reg(G)	28.44	14.38	17.85	8700	HDFC Flexi Cap Fund(G)	35.56	25.36	22.84	43414
Bandhan Large Cap Fund-Reg(G)	30.94	14.66	17.37	1399	Franklin India Flexi Cap Fund(G)	32.25	19.65	22.22	12319
HDFC Top 100 Fund(G)	24.03	18.66	17.33	26979	PGIM India Flexi Cap Fund-Reg(G)	22.84	10.72	20.62	4385
Kotak Bluechip Fund(IDCW)	27.13	14.79	17.10	200	Edelweiss Flexi Cap Fund-Reg(G)	38.34	19.74	20.61	2008
Aditya Birla SL Frontline Equity Fund(G)	26.55	15.08	17.01	23496	DSP Flexi Cap Fund-Reg(IDCW)	29.70	16.02	18.87	439
SBI BlueChip Fund-Reg(G)	22.87	14.28	16.67	35315	Canara Rob Flexi Cap Fund-Reg(G)	27.59	13.98	18.59	11354
Tata Large Cap Fund-Reg(G)	25.76	14.76	16.33	1860	Motilal Oswal Flexi Cap Fund-Reg(G)	50.70	22.66	18.36	6364
HSBC Large Cap Fund(G)	27.69	15.51	16.22	1518	Aditya Birla SL Flexi Cap Fund(G)	29.33	15.33	17.81	17410
Franklin India Bluechip Fund(G)	26.80	12.57	16.06	6378	Kotak Flexicap Fund(G)	28.90	16.74	16.75	37070
UTI Large Cap Fund-Reg(IDCW)	20.83	11.16	15.88	3946	UTI Flexi Cap Fund-Reg(IDCW)	22.31	6.78	16.33	7541
DSP Top 100 Equity Fund-Reg(G)	30.45	17.41	15.29	3433	SBI Flexicap Fund-Reg(G)	22.36	13.33	16.24	15645
Mirae Asset Large Cap Fund-Reg(G)	22.06	12.31	15.04	25807	Axis Flexi Cap Fund-Reg(G)	31.06	11.05	15.70	10972
Axis Bluechip Fund-Reg(G)	23.40	8.80	13.19	21819	Tata Flexi Cap Fund-Reg(G)	23.27	13.59	15.59	2737
RH IBL	28.49	14.94	18.98	-	RH Flexicap	21.70	14.94	22.36	-

PMS Vs MF COMPARISON

MIDCAP SCHEMES	1 Year	3 Years	5 Years	AUM (Cr.)
Motilal Oswal Midcap Fund-Reg(G)	62.16	35.93	32.51	7675
Quant Mid Cap Fund(G)	28.73	24.30	31.68	3770
Nippon India Growth Fund(G)	37.55	26.85	28.91	26501
HDFC Mid-Cap Opportunities Fund(G)	35.56	28.64	28.48	57114
Invesco India Midcap Fund(G)	47.49	25.07	27.58	4551
Kotak Emerging Equity Fund(G)	39.63	23.76	26.97	38693
SBI Magnum Midcap Fund-Reg(G)	25.60	19.78	26.68	16295
UTI Mid Cap Fund-Reg(IDCW)	30.06	18.49	25.19	1288
Tata Mid Cap Growth Fund-Reg(G)	30.99	21.63	24.84	3620
ICICI Pru Midcap Fund(G)	37.54	21.69	24.40	5540
Sundaram Mid Cap Fund-Reg(G)	40.27	25.33	24.25	10535
Franklin India Prima Fund(G)	40.65	22.69	23.08	9426
Aditya Birla SL Midcap Fund(G)	32.34	18.87	23.05	5139
Axis Midcap Fund-Reg(G)	36.45	17.27	22.67	20394
DSP Midcap Fund-Reg(G)	30.71	18.12	20.87	16018
RH Supervalue	31.18	22.68	28.88	-

Q2FY25 PORTFOLIO

SECURITY	SECTOR	PMS SCHEMES	RATIONALE
ZOMATO	Consumer Services (E-Commerce)	IBL, Flexicap, Supervalue & Supervalue Aggressive	Zomato is an Indian multinational restaurant aggregator and food delivery company. Blinkit plays a crucial role in Zomato's growth strategy as it is expected to account for 64% of the gross order value by FY30. The growth will be driven by expanding its presence in existing cities and entering new ones. Blinkit aims to achieve a 1.3% market share in relevant categories and is projected to be one of the largest national food and grocery retailers. Currently, Blinkit holds a 40% market share in quick commerce and has a 0.1% share of India's overall retail market. This market share is expected to increase to 2% within a decade (by FY34).
RKFORGINGS	Consumer Discretionary (Auto Components)	Flexicap	Ramkrishna Forgings (RKF) is a Kolkata based forging company that occupies a dominant position in India's forging sector. It is the largest in Eastern India and one of the largest in India providing forged products to discerning customers across India and across the world. Robust performance in the domestic sector has been fueled by an increase in customer wallet share, driven by new business in the automotive industry, along with strong revenue from the railway and highway sectors. The company has been emerging as a key beneficiary of China plus 1 and Europe plus 1 trends and hence building up capacities. Riding on the fortunes of the auto component industry, which is eyeing good export market off late, forging sector is set to do well in the future.
INDUSINDBK	FINANCIAL SERVICES (BANK)	IBL	IndusInd Bank (IB) is one of India's leading financial services brand. It is optimistic about its deposit growth prospects, primarily due to its robust strategy for attracting retail deposits. Furthermore, the bank's emphasis on reducing dependence on bulk deposits and enhancing the retail mix is expected to contribute to a stable, low-cost deposit base in the future. The bank expects to return to normalized RoA as retail growth accelerates.
POONAWALLA	FINANCIAL SERVICES (NBFC)	IBL	Poonawalla Fincorp Ltd, earlier Magma Fincorp, was rebranded after a ~62% stake acquisition by the Poonawalla Group. Post the change in promoters and induction of the new management team, PFL underwent significant restructuring, including reoriented strategy, realigned customer segment, and revamped product portfolio. The company has shifted its customer base from rural/ semi-urban to urban affluent, focusing on digitalisation. PFL is a non-deposit-taking NBFC that focuses on consumer and MSME financing. The company focuses on consumer and small business finance through diverse product offerings like pre-owned car finance, personal loans, loans to professionals, business loans, small and medium enterprise loans, loans against property, medical equipment loans, affordable home loans, and auto leases. We believe PFL's access to long-term capital significantly benefits the company's liability pricing. Its relatively smaller size AUM and immense opportunity in the consumer and small business lending segment provide an opportunity for the AUM to grow at a healthy pace.

Q2FY25 PORTFOLIO

SECURITY	SECTOR	PMS SCHEMES	RATIONALE
ANNAPURNA	FMCG	Supervalue & Supervalue Aggressive	Established in 2015, Annapurna Swadisht Limited specializes in producing snacks and food item. Positioned as a major player in the FMCG sector, the company holds a significant presence in the rapidly expanding markets of Fryums, Cakes, Candies, Namkeen, and Potato Chips in Eastern India. FMCG sector holds the position of the fourth-largest segment in the Indian economy, boasting a market size of USD 110 billion in 2020. Forecasts suggest substantial growth, with expectations to reach a market size of USD 220 billion by 2025, reflecting a CAGR of 19% during the forecast period. The snacks industry of India is the most promising and booming segment of the FMCG category. According to Renub Research latest report, the India Snacks Market is expected to reach US\$ 23.36 Billion by 2026.
ZENTEC	Capital Goods	Flexicap	Zen Technologies Ltd (ZTL) stands at the forefront of the industry, specializing in the design, manufacturing, and advancement of military training simulators, driving simulators, live-range equipment, and anti-drone systems. ZTL is also broadening its business scope beyond training simulators by actively engaging in design and developmental projects under the MAKE categorization of the Ministry of Defence. This strategic move positions ZTL to capitalize on emerging market opportunities by leveraging its inherent capabilities. The company is poised for robust future performance, propelled by its robust indigenization capabilities, a healthy order book, a promising order inflow pipeline, and strong execution capabilities.