PORTFOLIO
MANAGEMENT SERVICES

ANANDRATHI
ADVISORS LIMITED

IMPRESS PORTFOLIO

QUARTERLY COMMUNICATION

December' 24

FUND MANAGERS COMMUNICATION

December 2024

Global Market: During the month of November 2024: S&P 500 was up by 6% and Indian markets has been volatile.

The IMF kept its 2024 global GDP growth forecast unchanged at 3.2% and raised its 2025 forecast by 0.1% to 3.3%. The global economy is set for modest growth over the next two years amid positive activity in US, a bottoming out in Europe and expected recovery in emerging economies.

Global industrial production contracted: Our GDP-weighted industrial production contracted in Aug'24, following good growth in Jul. The decline was driven by weaker production in the Eurozone and Japan, while China saw expansion following stimulus measures. Global manufacturing PMI improved but remained below the 50 mark.

Global inflation moderates: Our G20 GDP weighted inflation further moderated 40bps to a 15-month low of 4.6% in Sep'24. Inflation in most of the advanced economies moved toward the Central bank's target followed by rate cuts.

US Economy: US Fed lowered its benchmark overnight borrowing rate by a quarter percentage point, or 25 basis points, to a target range of 4.50%-4.75%.

Domestic Market:PMI: The HSBC India Manufacturing Purchasing Managers Index fell to 56.5 in November, marking an 11-month low.

India's GDP in Q2 FY25 grew 5.4%, below our projected 6.7%, due to moderation in consumption and investment. Despite H1's lower-than-expected growth of 6%, we expect H2 to improve, with 7.7% and 8.1% growth in Q3 and Q4 respectively. Therefore, we maintain our FY25 GDP growth forecast at 7%. Risks to our outlook emanate from weakness in private capex due to China's dumping and policy uncertainties post US elections.

Core sector output back to growth : Core sector output rose to 3.1% in October 2024, up from 2.4% in September, despite a higher base. Growth for the first seven months stood at 4.1%, lower than the 8.8% seen in the same period last year. Six sectors—coal, petroleum, fertilizers, steel, cement, and electricity—grew, while natural gas and crude oil declined

Fund Flow: FII flows were negative in the month of November 2024 with outflows of Rs.18258 crores. DII flows remained healthy with inflows of Rs.32154 crores during the month.

Consumer price Inflation (CPI): CPI inflation rose to 6.2% in Oct'24, above expectations, and from 5.5% in Sep'24. The figure is also above the RBI's average projection of 4.8% for the ongoing quarter. We expect the RBI to be cautious in its approach toward rate cuts and the government to take some supply-side measures.

IIP: Industrial production in Sep'24 accelerated to 3.1% after having contracted 0.1% the previous month as the impact of excessive rainfall fades. Mining and electricity, as well, accounted for growth in production. In the use-based category, all sectors reported growth in Sep'24. With risks to manufacturing production emanating from weak external demand, the trajectory of industrial production would be driven by recovery in capex along with better consumption. Ahead, the government's focus on capital expenditure could drive a significant rise in infrastructure spending, further boosting economic activity. Besides, favorable rainfall and more sowing should support rural demand. Asa result, we anticipate higher growth in H2 FY25.

GST Collection: GST Collections for the month of November grew 8.5 per cent Y-o-Y to Rs.182269-crores.

Equity Market Outlook: After a strong rally in markets in the first half of calendar year 2024, markets have corrected in October and November month led by weak corporate results, some softness in economy, and profit booking in high valued stocks and aggressive selling by foreign funds and big-ticket IPOs and QIPs.

We have seen back-to-back two quarters of subdued corporate earnings growth. To gain momentum back support of earnings would be required, hence market could consolidate for a month or so till the Q3FY25 earnings start kick in. December quarter is likely to see the recovery, leaving behind the monsoon, execution inefficiency and election uncertainty. With festive season benefit and supported by strong discretionary spending and pick up in government spending as decided in budget, the H2FY25 is likely to see better growth.

Overall macro picture is still strong with core inflation and interest rates under control, deficit under control, strong tax collections and stable government. Valuations post correction is now reasonable with Nifty trading at two year forward 17.5x PE multiple.

Recent correction, is providing investors long awaited attractive entry level for their long-term equity portfolio investments. Long term outlook on Indian equities & Indian economic growth remains positive.

Regards,
Mayur Shah
(Fund Manager-Anand Rathi
Advisors Ltd.)

Disclaimer: Anand Rathi Advisors ltd (ARAL) ("Portfolio Manager") SEBI Reg No. INP000000282 which is regulated under SEBI. This report has been issued by ARAL. Investments in securities are subject to market and other risks and there is no assurance or guarantee that the investment objectives of any of the investment approaches or portfolios offered by the Portfolio Manager (each, a "Portfolio") will be achieved. Portfolio performance may be affected by a wide variety of factors, including, without limitation, security-specific price shifts, changes in general market conditions and/or other micro and macro factors. A Portfolio performance results at any particular time will also be impacted by its investment objectives and the investment strategy it uses to achieve those objectives, including without limitation, its then-current asset allocation position. As the price/value of the underlying assets of a Portfolio fluctuates, the value of investors investments in that Portfolio and any income derived from it may go up or down. Individual returns of an investor for a particular Portfolio may also vary because of factors such as timings of entry and exit timings of additional flows and redemptions, individual investor mandate, specific Portfolio construction characteristics and/or structural parameters. Please refer to the Disclosure Document and Portfolio Management Services Agreement for Portfolio-specific, risk factors. Note that the composition of a Portfolio and the index(es) used to benchmark its performance are subject to change from time to time, as may be more fully described in the Disclosure Document. Note also that the composite benchmarks used for the Portfolios may be proprietary to the Portfolio Manager.

ARAL and its affiliates may trade for their own accounts as market maker / jobber and/or arbitrageur in any securities of this issuer(s) or in related investments, and may be on the opposite side of public orders. ARAL, its affiliates, directors, officers, and employees may have a long or short position in any securities of this issuer(s) or in related investments. ARAL or its affiliates may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. This is prepared for only private circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report.

Past performance of a Portfolio does not indicate its future performance. The Portfolio Manager does not guarantee that any Portfolio will generate positive returns or that it will meet the needs/investment objectives of any particular person. The names of the Portfolios do not in any manner indicate their prospects or likelihood of returns. Before making an investment decision, please(1) carefully review the Disclosure Document, Portfolio Management Services Agreement, and other related documents, including issue documents pertaining to the underlying investments of the relevant Portfolio(s), and (2)consult your legal, tax and financial advisors to determine possible legal, tax and financial or any other consequences of investing in any of the Portfolios.

Investors are also advised to refer to the risk factors associated with Portfolio Management Services and read the Disclosure Document carefully and consult their Financial Advisor before taking decisions of investment.

For detailed risk factor, please refer to Disclosure Document before investing

For internal circulation amongst registered clients only. Do not redistribute.