



KNOW THE NOW

BUY THE 15% CORRECTION?

PREFACE

Dear Clients,

At the time we write this, NIFTY 50 has corrected 12% since its peak of 18,477 in October, 2021 and has breached the 18,000 mark in January, 2022 and then in early April, 2022. During this phase, we have recommended to clients who are at their strategic weights to ride out the volatility. In our March edition of **Know the Now : Stylish Bears and Boring Bulls**, we talked about post war recoveries of markets, attractive valuations, COVID19 receding, commodity prices peaking and suggested to stagger deployment into the equity markets. With the rising inflation in the U.S. and the aggressive U.S. central bank rate hikes in the April edition of **Know the Now: Feeling F.U.D (Fear, Uncertainty and Doubt)** we wrote 'the prognosis for equities looks challenging for the next few months. But things can change quickly'.

The last two months have seen about a 15% (approx.) correction and for seasoned investors it's good to watch the short-term sharp market moves from the side lines and to react to these moves in a manner that may enhance performance in the long term. In this edition of **Know the Now: Buy the 15% Correction?**, our Chief Investment Strategist talks about the signal to noise ratio used by Warren Buffett that compares useful information to false or useless data. With so much information at unprecedented speed this is a crucial factor for our clients to keep in mind - Cut out the Noise.

The key risk that markets globally are challenged with is the U.S. inflation and consequent slow down with the key question being whether the Fed can slow the US economy enough to bring down inflation without causing recession? It's a tricky balance no doubt, but there are many reasons that can enable them to achieve this. The job-worker gap is at its most heated level in the U.S., and for the Fed that means damping the growth outlook just enough for companies to put expansion plans on hold but not so much that they lay off workers. That may lead the U.S. GDP to slump but contraction is not a given. We can all agree that the U.S. Fed will put all its might and resources behind this problem to find a way to strike this delicate balance.

If you followed our cues over the last couple of years, your portfolio is in good shape and now it seems Indian inflation has likely peaked, forward PE and trailing PE valuations are at attractive levels, NIFTY50 EPS is up 72% while multiples have contracted 31%, with 68% of NIFTY 50 reporting sales up at 16.6% and PAT at 39.8%. Times like today are a time to play the long game. Buying into markets when stocks are down increases the probability of higher forward returns. Start deploying, be prudent, and stagger and choose from the carefully curated Ambit Select managers.

Happy Investing.

Amrita Farmahan

Chief Executive Officer

INVESTMENT COMMENTARY

Sunil A. Sharma

Buy the 15% Correction? Here's What the Data Says

Chief Investment Strategist

Historic Bearish Readings on U.S. Sentiment

On April 28th, 2022, we witnessed the third highest bearish investor sentiment reading for U.S. investors in the past 22 years. The 59.4% bearish reading exceeded the high of the Nasdaq Bubble bottom of 57.9%. The only time bearish sentiment has been higher... was March 2009. The Fed giveth and the Fed taketh away.

On April 14th, 2022, Bullish sentiment hit 15.8%, the lowest number in the past 20 years. **Sentiment has plummeted. One precondition for a bottom is in place.**

Bears at 59.4% is a surprisingly high reading — it's worse than the Taper Tantrum, worse than the 2020 COVID Crash, worse than IL&FS. Will it get even worse? It's possible. In hindsight, and bubbles are typically visible only in hindsight, the U.S. probably had a bubble in NFTs, SPACs, and arguably in tech stocks that had strong topline but negative earnings.

Speculative Investments Decimated

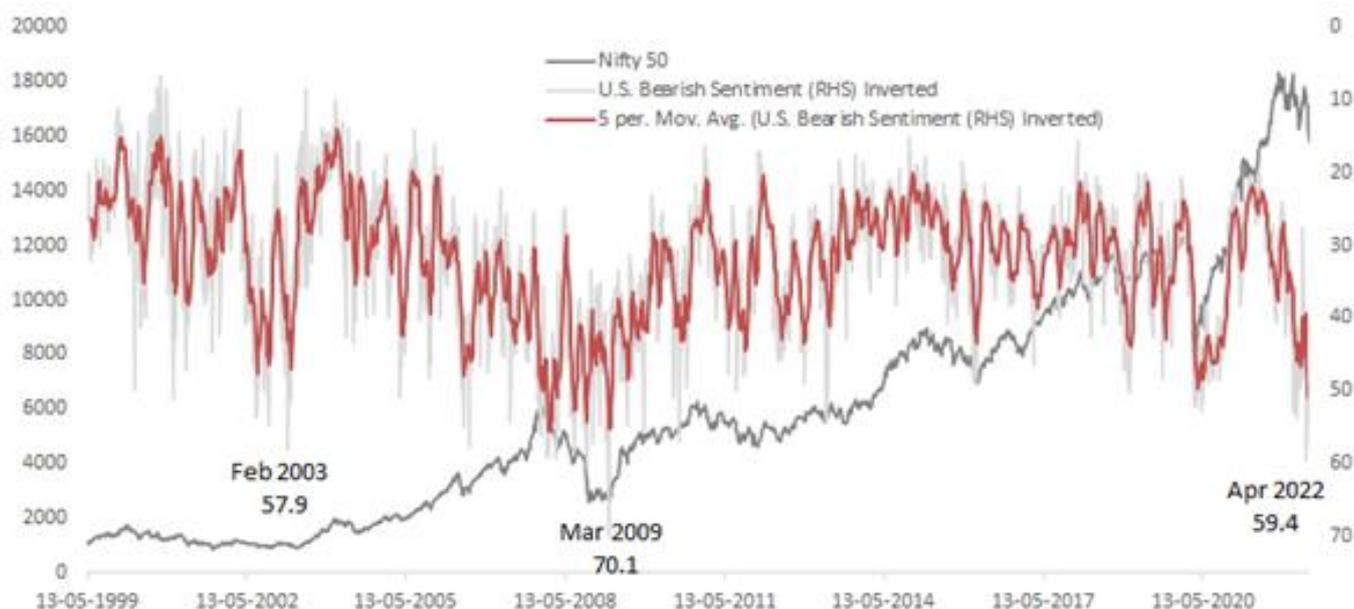
Regardless of the nomenclature, NFTs are flatlining. SPACS have imploded. Bitcoin is down 50%+, ARKK 70%+. Market leadership – tech - has been decimated. The U.S. central bank has abandoned the “Fed put” in the face of rampant speculation and rapidly rising inflation, and markets have been pummelled.

Let's recognize these **remain predominantly U.S. problems**, and the spectre of 8-9% inflation with 1-2% growth must be a terrifying prospect for the central bank. Let's also call Bitcoin for what it is – not a negatively correlated safe haven; but rather, a highly speculative growth investment with – to us – a questionable floor of value.

U.S. Insider Purchases – Smart Money - are Rising

Separately, and equally meaningfully, true smart money – U.S. insiders – are purchasing their own company stock. Their **historical track record is stellar**, they were buyers in Mar 2020, Nov 2019 and Feb 2016, each was a bottom in equities, incidentally.

**U.S. Bullish Investor Sentiment Hit a 20 Year Low of 59.4 in April 2022...
... and U.S. Bearish Investor Sentiment is the 2nd Lowest in 20 Years**



U.S. Insider Buying Rose in Mar 2020, Nov 2019, Feb 2016... Each Was a Period Equities Bottomed

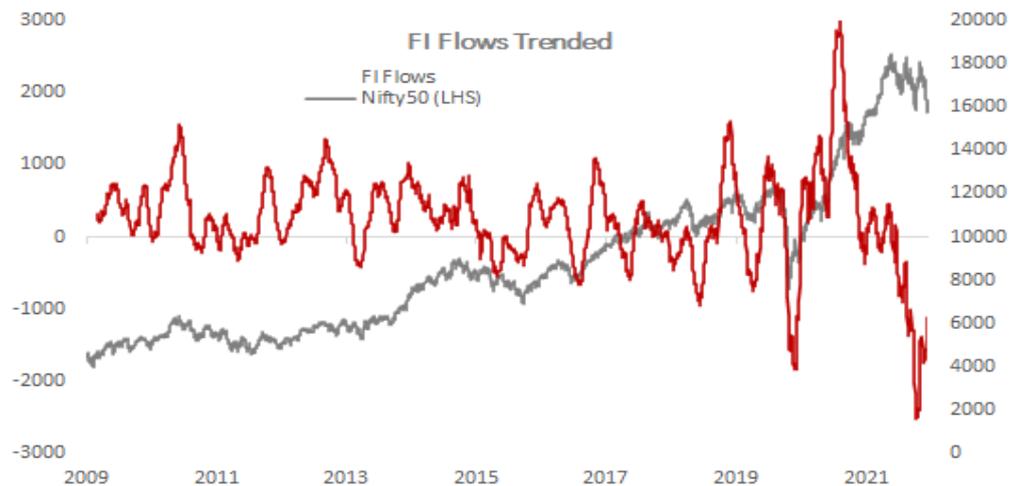


Source: Bloomberg May 20, 2022

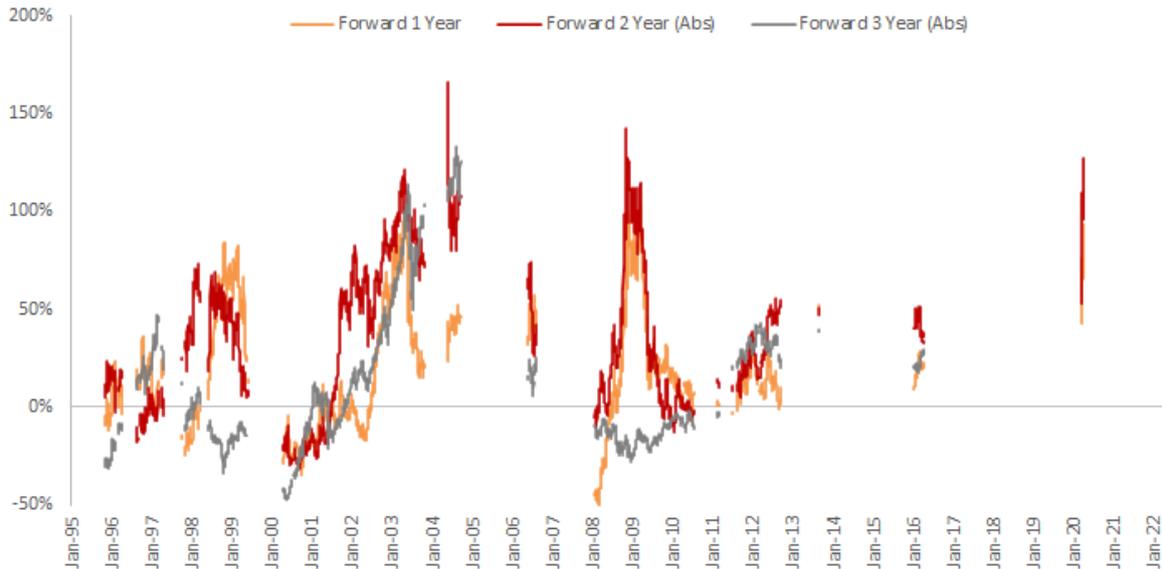
U.S. Consumer Sentiment is Heading Back to March 2009 Levels



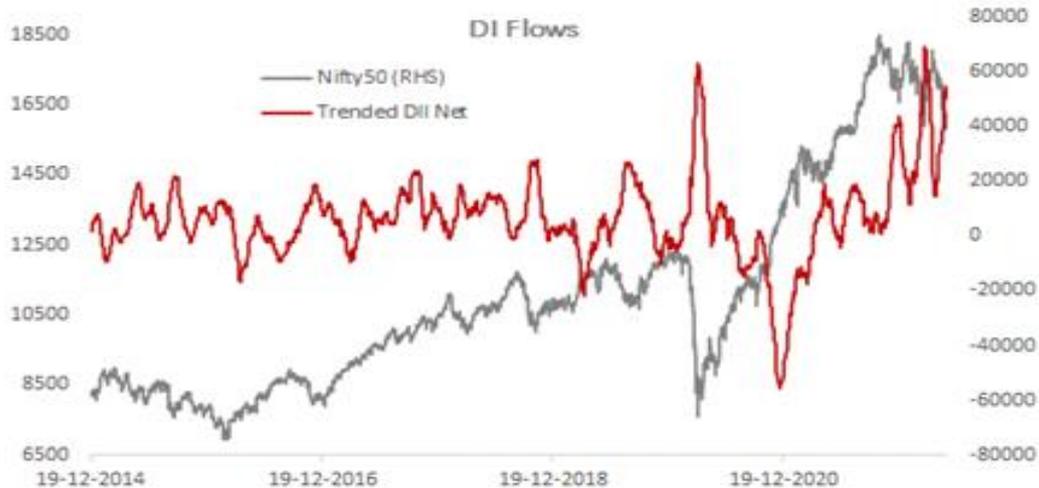
FIs Have Sold Over 2 Lakh Crores in India Equities in the Past 6 Months



Forward 1 Year, 2 Year and 3 Year Returns from a 15% Dip



Retail Investors Have Stayed the Course and Saved Our Markets from Disaster



Commodities Are Peaking and Rolling Over Globally

23-May-22	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %
Nifty 50	16,266	3.1	-5.3	-4.9	-4.7	-7.1	-6.9	-6.3	7.2
Crude									
Brent Crude	113.2	-0.9	6.1	3.5	16.9	37.5	4.9	45.5	70.3
WTI Crude	110.7	-3.1	8.5	5.8	20.2	41.0	10.4	47.2	74.1
Metals									
LME Copper	9,451.0	2.9	-7.3	-3.3	-5.6	-3.1	-8.8	-3.0	-5.8
LME Aluminum	2,935.0	6.3	-9.7	-3.2	-11.0	9.2	-15.7	4.6	24.1
LME Nickel	27,941.0	2.8	-16.5	-11.9	13.5	38.5	-12.9	33.8	63.2
LME Zinc	3,726.0	6.7	-16.6	-10.2	3.5	13.5	-12.0	3.8	26.6
LME Lead	2,186.5	7.0	-9.6	-3.2	-7.4	-1.4	-9.7	-6.5	-1.7
LME Tin	34,942.5	4.0	-19.3	-14.1	-21.1	-11.8	-20.3	-11.3	6.4
Commodities									
Lumber	9,451.0	2.9	-7.3	-3.3	-5.6	-3.1	-8.8	-3.0	-5.8
Palm Oil	6,741.0	-3.0	-1.9	-12.3	3.6	27.5	5.5	30.7	53.5
BBG Cmnty ex-Prec Mtl	125.5	-0.2	3.0	2.1	19.2	33.4	8.0	40.2	57.2
CRB Metals Index	1,251.0	3.0	-11.1	-8.2	-2.6	0.2	-11.3	-2.1	9.4

23-May-22	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %
Nifty 50	16,266	3.1	-5.3	-4.9	-4.7	-7.1	-6.9	-6.3	7.2
Bloomberg Commodity I	131.0	0.1	1.5	1.2	14.6	26.9	5.3	32.1	44.1
CRB Commodities Index	631.6	0.3	-1.7	-1.8	4.8	11.0	-0.5	9.2	16.7
Wheat	1,178.8	-5.5	10.6	12.9	34.6	37.7	17.2	52.9	74.8
CRB Raw Industrials Inde	658.7	1.0	-3.7	-3.4	0.9	1.6	-3.7	1.7	12.6
Commodities									
Bloomberg Grains Spot	400.40	-2.7	2.7	2.4	15.3	33.9	8.8	36.3	31.5
Raw Sugar	19.95	4.1	1.7	3.1	9.6	-0.2	2.4	5.7	17.1
Simex Iron Ore	137.90	5.3	-10.0	-8.5	-3.0	45.5	-8.6	22.6	-33.6

India Inflation is Likely Peaking

Recognizing that **forecasts are fraught with uncertainty**, one can make a case that inflation has peaked, or will peak in the current month, particularly on the back of the **subsidy reduction in domestic petrol and diesel prices** announced over the weekend.

The decline in commodity prices is ultimately going to be a beneficial outcome to equities. While crude remains persistently high, we'd argue that crude as a percentage of pocket spend has continued to decline over the years, especially as wages have risen.

Forward P/E Valuations Are at Attractive Levels, Close to Bottoms in 2018, 2019 and 2016

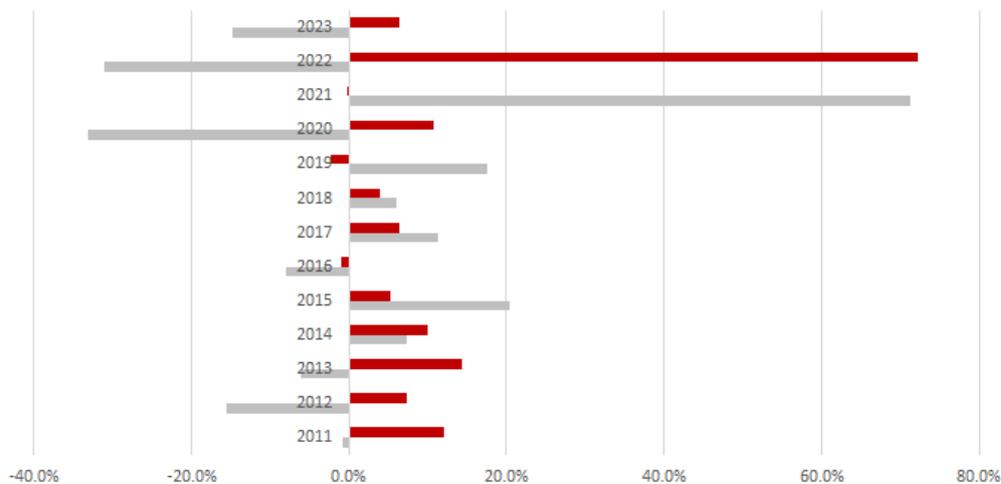


Trailing Valuations Are at the Lowest Since Feb 2016, excluding March 2020



**In FY2022, Nifty 50 EPS are up 72.2%, While Multiples Have Contracted 31%...
... Making 2022 – a “High Inflation Environment” - the Highest EPS Growth Year in 12 Years**

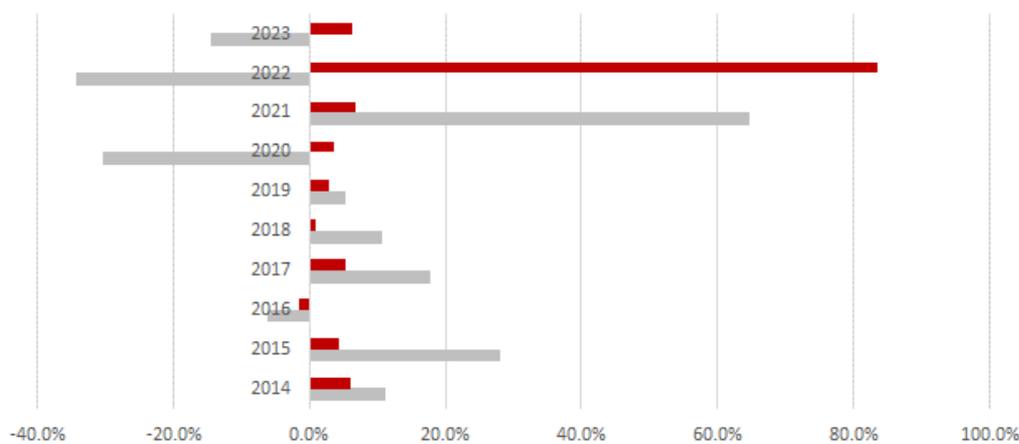
Nifty 50 - Earnings Growth vs Valuation Multiple



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
■ Change in Earnings Growth	12.1%	7.4%	14.3%	9.9%	5.2%	-1.0%	6.5%	4.0%	-2.3%	10.7%	-0.3%	72.2%	6.3%
■ Change in Valuation Multiple	-0.9%	-15.5%	-6.1%	7.3%	20.4%	-8.0%	11.3%	6.0%	17.6%	-33.2%	71.3%	-31.0%	-14.9%

Similarly, Nifty 500 EPS Growth is up 83.4%, While Multiples Have Contracted 50% Since 2021

Nifty 500 - Earnings Growth vs Valuation Multiple



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
■ Change in Earnings Growth	6.0%	4.3%	-1.5%	5.4%	0.8%	3.0%	3.7%	6.9%	83.4%	6.3%
■ Change in Valuation Multiple	11.1%	28.0%	-6.1%	17.6%	10.6%	5.3%	-30.2%	64.6%	-34.0%	-14.4%

With 68% of Nifty 50 Reporting, Sales are Up 16.6% YoY and PAT is up 39.8% YoY

Sector	Qtrly			Qtrly			Op			Net Profit		
	Sales YoY%	Operating Profit YoY%	PAT YoY%	Sales QoQ%	Operating Profit QoQ%	PAT QoQ%	Margin	Margin Prior Qtr	Margin Prior Yr Qtr	Margin	Prior Qtr	Prior Yr Qtr
Communication Services	22.3%	30.1%	205.1%	5.5%	9.1%	190.1%	50.9%	49.2%	47.9%	9.5%	3.5%	3.8%
Consumer Discretionary	-6.6%	-23.5%	NM	4.8%	14.0%	26.4%	11.2%	10.3%	13.7%	3.0%	2.5%	-2.3%
Consumer Staples	10.1%	9.2%	8.5%	1.9%	-1.1%	6.7%	21.6%	22.3%	21.8%	14.8%	14.1%	15.0%
Energy	36.8%	34.3%	19.3%	10.8%	5.6%	-12.4%	14.8%	15.5%	15.1%	8.4%	10.7%	9.7%
Financials	11.3%	NM	38.5%	3.0%	NM	9.4%	NM	NM	NM	20.9%	19.7%	16.8%
Health Care	13.9%	-5.8%	-9.3%	-4.0%	-39.1%	-50.4%	14.4%	22.6%	17.4%	7.2%	13.9%	9.1%
Industrials	9.9%	-3.0%	9.5%	33.6%	33.1%	60.5%	15.1%	15.1%	17.1%	7.6%	6.3%	7.6%
Information Technology	19.7%	7.9%	22.6%	2.7%	-1.4%	2.0%	23.8%	24.8%	26.4%	17.3%	17.4%	16.9%
Materials	30.0%	5.0%	33.5%	16.0%	2.8%	9.8%	21.2%	23.9%	26.2%	13.5%	14.3%	13.2%
Real Estate	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Utilities	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Nifty50	16.6%	9.0%	39.8%	7.7%	5.1%	6.7%	14.1%	14.5%	15.1%	12.8%	12.9%	10.7%

Operating and PAT Margins are Holding Steady vs Prior Qtr and Up YoY

Sector	FY22			FY22		FY21	
	Sales YoY%	Operating Profit YoY%	PAT YoY%	Operating Margin	Operating Margin	PAT Margin	PAT Margin
Communication Services	13.7%	23.7%	NM	49.4%	45.4%	5.0%	-22.0%
Consumer Discretionary	12.0%	-5.1%	327.5%^	9.7%	11.5%	1.0%	0.3%
Consumer Staples	8.8%	7.1%	4.8%	21.9%	22.3%	14.7%	15.2%
Energy	54.6%	38.2%	26.9%	15.3%	17.1%	9.4%	11.4%
Financials	-6.5%	NM	31.7%	NM	NM	18.8%	13.3%
Health Care	12.9%	7.2%	6.6%	21.1%	22.2%	11.8%	12.5%
Industrials	5.5%	-24.2%	-20.3%	15.4%	21.5%	6.6%	8.7%
Information Technology	18.9%	12.2%	17.4%	24.8%	26.3%	17.6%	17.8%
Materials	41.6%	61.6%	178.8%	24.1%	21.1%	15.0%	7.6%
Real Estate	NA	NA	NA	NA	NA	NA	NA
Utilities	NA	NA	NA	NA	NA	NA	NA
Nifty50	16.3%	20.4%	47.0%	14.4%	13.9%	12.5%	9.9%

With 64% Reported, NSE 200 Sales, PAT and Margins Tell a Similar Story

Sector	Qtrly			Qtrly			Op			Net Profit		
	Sales YoY%	Operating Profit YoY%	PAT YoY%	Sales QoQ%	Operating Profit QoQ%	PAT QoQ%	Margin	Margin Prior Qtr	Margin Prior Yr Qtr	Margin	Prior Qtr	Prior Yr Qtr
Communication Services	15.7%	21.9%	NM	4.8%	10.7%	NM	48.6%	46.0%	46.1%	-2.6%	-8.4%	-9.5%
Consumer Discretionary	-2.6%	-20.6%	NM	4.9%	9.1%	9.7%	11.5%	11.1%	14.1%	3.4%	3.2%	-0.8%
Consumer Staples	11.5%	11.2%	15.2%	0.5%	-4.1%	3.2%	17.2%	18.0%	17.3%	11.9%	11.6%	11.5%
Energy	31.7%	20.7%	5.8%	7.2%	10.9%	-6.9%	10.8%	10.5%	11.8%	5.9%	6.8%	7.4%
Financials	9.3%	NM	60.5%	2.5%	NM	8.1%	NM	NM	NM	17.5%	16.6%	11.9%
Health Care	14.5%	1.3%	-22.7%	3.7%	-12.9%	-32.3%	18.7%	22.3%	21.1%	9.8%	15.0%	14.5%
Industrials	21.8%	-0.1%	25.6%	33.4%	37.8%	84.8%	13.0%	12.6%	15.9%	8.4%	6.0%	8.1%
Information Technology	20.7%	8.9%	22.7%	2.8%	-1.2%	2.5%	23.5%	24.5%	26.1%	17.1%	17.2%	16.9%
Materials	29.7%	17.2%	16.1%	13.6%	11.5%	19.9%	25.2%	25.7%	27.9%	15.3%	14.5%	17.1%
Real Estate	34.2%	108.7%	290.8%	57.4%	21.2%	77.5%	21.7%	28.2%	14.0%	18.4%	16.3%	6.3%
Utilities	25.6%	26.3%	30.0%	2.6%	24.1%	83.9%	24.3%	20.0%	24.1%	8.2%	4.6%	7.9%
Nifty200	18.2%	11.0%	39.5%	7.1%	9.4%	11.0%	13.2%	12.9%	14.1%	10.9%	10.5%	9.2%

Sector	FY22 Sales YoY%	FY22 Operating Profit YoY%	FY22 PAT YoY%	FY22 Operating Margin	FY21 Operating Margin	FY22 PAT Margin	FY21 PAT Margin
Communication Services	13.7%	24.0%	NM	46.5%	42.6%	-7.3%	-35.8%
Consumer Discretionary	13.9%	-0.8%	115.7%^	10.5%	12.0%	1.7%	0.9%
Consumer Staples	20.2%	11.6%	11.3%	17.9%	19.2%	12.0%	12.9%
Energy	73.8%	30.5%	24.4%	0.0%	0.0%	0.0%	0.0%
Financials	-6.5%	NM	36.2%	NM	NM	15.4%	10.5%
Health Care	12.9%	5.8%	-3.8%	22.0%	23.5%	13.5%	15.8%
Industrials	19.9%	-11.2%	-0.3%	13.0%	17.6%	7.0%	8.4%
Information Technology	19.5%	12.7%	17.9%	24.5%	25.9%	17.4%	17.6%
Materials	38.4%	51.5%	88.2%	26.7%	24.4%	15.8%	11.6%
Real Estate	22.1%	73.0%	242.4%	24.9%	17.6%	18.3%	6.5%
Utilities	36.4%	13.8%	7.0%	24.3%	29.2%	7.2%	9.1%
Nifty200	22.3%	21.7%	52.0%	13.3%	13.3%	10.3%	8.3%

Outlook

Last month, we stated “For investors with limited risk appetite, concerned about short term notional losses, hedging portfolios or reducing allocations to strategic makes sense.”

Today, we’re flipping our stance to pro-active positioning, recommending staggering buys on the 15% dip strategy to average in, post dramatic and widespread selling by FIs this month, for investors with an investment horizon of 2-3 years.

Our confidence is supported by strong earnings growth, peaking inflation, improving supply chain dynamics, receding covid, attractive valuations and a healthy, recovering economy.

15% Drops in Non-Bubble Setups Have Consistently Lead to Strong Returns

Buying when stocks are in a bear market (20%) tends to be a winning strategy over the long run. Since 2010, a strategy of buying on a 15% correction has led to overwhelmingly positive returns over 1, 2 and 3 years (see chart on page 5).

Times like today are a time to play the long game. The head of business development at one of the leading hotel chains in India sees dramatic, inelastic demand. Restaurants are packed. Bars and hotels are charging

higher prices. Is this what a slowing economy looks like?

The Fed’s action to prick the stimulus bubble will ultimately be beneficial for equities over the longer term. Most FI money that came in over the past 6 years has almost exited. As that selling subsides, retail money will continue to pour in because there is no other asset that can generate 15%+ CAGR returns with liquidity today, and SIPs remain resilient.

Earnings are Healthy

As we’ve laid out, earnings are growing at the portfolio level as well. Ultimately, that will drive prices higher.

Our Caliber PMS Sports a PE/G Below 1.0 ... Alongside Strong EPS growth of 37.8% YoY

Sales Growth	%	Valuation	
YoY	29.0	TTM PE	38.9
QoQ	4.3	PE/3Y growth	0.9
FY22 YoY	37.8	PE/FY growth	0.6
Last 3Y (FY19-22)	21.0	PE/Qtr YoY growth	1.0

...With Strong 29% ROE and 0.3 Debt to Equity

Earnings Growth	%	Return Ratios and Leverage	
YoY	40.0	RoE	29.2
QoQ	7.5	RoCE	31.0
FY22 YoY	62.1	Debt to Equity	0.3
Last 3Y (FY19-22)	44.6		

Ignore the Noise

“Signal-to-noise ratio” is an important concept used by Buffett that compares useful information to false or useless data. The **Signal remains earnings growth and expected future earnings growth**. The future value of an asset is ultimately based on the dividends the asset pays, and discounted present value of those dividends.

Behaviour As a Key Determinant of Return

We define behavioural success as follows:

- i. Identify strategies that suit return objectives
- ii. Conviction to hold portfolios during sell-offs
- iii. Contrarian thinking, a willingness to deploy during market sell-offs, or
- iv. A willingness to Just Keep Buying

The half-life of financially prudent behaviour is typically low at peaks and bottoms. Following the right behaviours leads to consistent good returns which with the power of compounding turn into meaningful returns over time. The inability to manage emotions and behaviour particularly at bottoms, has been the financial undoing of many.

Ultimately, the **best investment strategy is the one that you're likely to stick with.**

Our goal is for clients to own a broadly diversified, portfolio of global assets, and strategies, albeit with a home concentration bias for India due to local familiarity

and the best growth prospects in the world, accompanied by incremental tactical calls/ rebalancing, tax loss harvesting, and stay informed as to what is going on in markets and the economy, while guiding portfolios until financial goals (retirement, generational wealth transfer) are realized.

Don't Stress about the following: the Federal Reserve, the Dollar versus the Euro, hyper-Inflation, geopolitics, European sovereign debt, China, deflation, central bank QE. Ultimately earnings drive growth. P/E and price do matter, particularly at extremes. The value of **a quality portfolio will compound wonderfully with time.**

Speculate If You Want But... keep your exposure to alt coins, risky early stage seed funding opportunities and similar to less than 5-10% of your portfolio.

In May 2020, with the Nifty 50 at 8200, there were a host of reasons to be bearish: a second wave of COVID-19, which came, stocks had risen too quickly, supply chains would struggle, too much sovereign debt, high valuations, fiscal stimulus. There were no reasons to buy equities. We all know what happened. Markets behave in counter-intuitive ways.

Every correction feels like it's going to be the end of the world, but most of the time the world does not in fact come to an end.

Most of the time when you buy stocks when they are down quite a bit, forward returns are good.

Equity Index Performance

23-May-22	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	52 Wk High	52 Wk Low	% from 52 Wk Hi	% from 52 Wk Lo	High Date
Nifty 50	16,266	3.1	-5.3	-4.9	-4.7	-7.1	-6.9	-6.3	7.2	18,604	14,986	-12.6%	8.5%	19/10/2021
Americas														
S&P 500 Index	3,901	-3.0	-8.7	-5.6	-7.7	-16.8	-13.9	-18.1	-6.1	4,819	3,810	-19.0%	2.4%	04/01/2022
Dow Jones Indus. Avg	31,262	-2.9	-7.5	-5.2	-5.6	-12.7	-9.9	-14.0	-8.6	36,953	30,636	-15.4%	2.0%	05/01/2022
Nasdaq Composite	11,355	-3.8	-11.6	-7.9	-12.9	-28.0	-20.2	-27.4	-15.7	16,212	11,036	-30.0%	2.9%	22/11/2021
Nyse Fang+ Index	4,846	-4.0	-11.4	-9.4	-19.3	-37.3	-26.5	-34.7	-24.3	8,077	4,623	-40.0%	4.8%	04/11/2021
Canada	20,198	0.5	-4.7	-2.7	-2.6	-5.9	-7.7	-4.8	3.4	22,213	19,480	-9.1%	3.7%	05/04/2022
Mexico	51,518	3.9	-3.1	0.2	0.3	0.8	-8.9	-3.3	3.5	57,064	48,598	-9.7%	6.0%	01/04/2022
Brazil Bovespa	108,488	1.5	-2.3	0.6	-3.1	4.7	-9.6	3.5	-11.5	131,190	100,075	-17.3%	8.4%	07/06/2021
Europe														
Euro Stoxx 50 Pr	3,657	-1.3	-4.8	-3.8	-8.0	-14.6	-6.3	-14.9	-9.2	4,415	3,387	-17.2%	8.0%	18/11/2021
FTSE 100	7,390	-0.4	-1.8	-2.0	-1.4	1.7	-1.7	0.1	5.3	7,687	6,788	-3.9%	8.9%	10/02/2022
CAC 40 Paris	6,285	-1.2	-4.5	-3.8	-7.3	-10.8	-5.6	-12.1	-1.6	7,385	5,756	-14.9%	9.2%	05/01/2022
DAX Germany	13,982	-0.3	-1.1	-0.8	-4.4	-12.3	-3.0	-12.0	-9.4	16,290	12,439	-14.2%	12.4%	18/11/2021
Asia														
Nikkei 225	26,872	1.2	-0.9	0.1	1.6	-9.7	-3.4	-6.7	-5.1	30,796	24,682	-12.7%	8.9%	14/09/2021
Hang Seng	20,389	2.2	-1.2	-3.3	-13.8	-17.3	-7.3	-12.9	-28.4	29,491	18,235	-30.9%	11.8%	02/06/2021
Shenzhen CSI 300	4,037	2.0	0.6	0.5	-12.7	-17.8	-4.4	-18.3	-21.4	5,378	3,757	-24.9%	7.4%	27/05/2021
Australia	7,137	0.6	-4.5	-4.0	-0.9	-3.7	-4.8	-4.1	1.5	7,633	6,758	-6.5%	5.6%	13/08/2021
Taiwan	16,223	2.0	-4.7	-2.2	-10.2	-8.2	-8.3	-11.0	-0.5	18,620	15,617	-12.9%	3.9%	05/01/2022
Korea	2,640	1.7	-2.4	-2.1	-2.9	-11.9	-4.3	-11.3	-16.4	3,316	2,547	-20.4%	3.7%	25/06/2021
Straits Times Index STI	3,227	1.1	-4.0	-3.9	-4.9	-0.0	-5.3	3.3	3.5	3,466	3,038	-6.9%	6.2%	17/02/2022
Vietnam Ho Chi Minh	1,241	5.9	-10.0	-9.2	-17.9	-15.2	-16.8	-17.2	-3.3	1,536	1,157	-19.2%	7.3%	10/01/2022
Jakarta Indonesia	6,869	4.1	-4.9	-5.0	-0.7	2.9	-2.9	4.4	19.0	7,355	5,742	-6.6%	19.6%	11/04/2022
Philippines	6,721	3.4	-4.0	-0.1	-8.7	-9.2	-6.7	-5.6	8.4	7,552	6,156	-11.0%	9.2%	09/02/2022

Leadership Stocks - U.S. & India

Select Leadership Stocks - India U.S.	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	52 Wk High	52 Wk Low	% from 52 Wk Hi	% from 52 Wk Lo	High Date
Nifty 50	16,266	3.1	-5.3	-4.9	-4.7	-7.1	-6.9	-6.3	7.2	18,604	14,986	-12.6%	8.5%	19/10/2021
Microsoft Corp	253	-3.3	-7.8	-9.0	-9.9	-25.2	-18.1	-24.9	3.0	350	243	-27.8%	3.9%	22/11/2021
Meta Platforms Inc-Class	194	-2.6	5.1	-3.5	-2.5	-42.6	-13.0	-42.5	-38.8	384	169	-49.6%	14.5%	01/09/2021
Apple Inc	138	-6.5	-15.0	-12.7	-14.0	-14.8	-21.2	-22.5	9.7	183	123	-24.8%	11.7%	04/01/2022
Walt Disney Co/The	102	-4.6	-13.4	-8.3	-29.8	-32.2	-25.3	-33.9	-40.6	188	99	-45.4%	3.0%	13/08/2021
Amazon.Com Inc	2,152	-4.8	-25.5	-13.4	-25.7	-39.9	-34.0	-35.5	-32.8	3,773	2,048	-43.0%	5.1%	13/07/2021
Netflix Inc	186	-0.7	-13.5	-2.1	-49.3	-71.5	-50.3	-69.1	-62.6	701	163	-73.4%	14.5%	17/11/2021
Alphabet Inc-Cl A	2,178	-6.2	-9.0	-4.6	-14.6	-25.3	-21.7	-24.8	-5.1	3,031	2,116	-28.1%	2.9%	02/02/2022
Hdfc Bank Limited	1,321	1.2	-2.6	-4.6	-12.0	-12.8	-10.2	-10.7	-11.8	1,725	1,278	-23.4%	3.3%	18/10/2021
Icici Bank Ltd	710	3.9	-5.1	-4.5	-4.7	-5.6	-2.8	-4.1	10.4	867	616	-18.2%	15.1%	25/10/2021
Tata Consultancy Svcs Ltd	3,293	-2.5	-8.8	-7.2	-7.6	-4.9	-12.0	-11.9	6.9	4,043	3,072	-18.6%	7.2%	17/01/2022
Reliance Industries Ltd	2,624	8.1	-4.9	-5.9	10.5	10.0	-0.4	10.8	31.1	2,856	1,960	-8.1%	33.9%	29/04/2022
Bajaj Finance Ltd	5,770	2.2	-18.9	-13.5	-18.1	-18.9	-20.5	-17.3	2.4	8,050	5,488	-28.3%	5.1%	18/10/2021
Hindustan Unilever Ltd	2,326	4.9	9.4	4.1	2.9	-2.9	13.5	-1.4	-1.5	2,859	1,902	-18.7%	22.3%	21/09/2021
Nestle India Ltd	16,862	4.0	-7.3	-8.0	-5.9	-12.1	-3.0	-14.4	-3.6	20,609	16,000	-18.2%	5.4%	14/09/2021
Titan Co Ltd	2,137	1.3	-15.0	-13.1	-14.4	-10.5	-15.7	-15.3	38.9	2,768	1,505	-22.8%	42.0%	21/03/2022
Asian Paints Ltd	3,110	3.7	-1.7	-3.9	-3.9	-2.4	1.0	-8.1	9.8	3,590	2,599	-13.4%	19.6%	10/01/2022
Srf Ltd	2,338	4.2	-6.1	-7.0	-2.4	6.7	-12.8	-3.4	81.2	2,773	1,276	-15.7%	83.3%	08/04/2022
Central Depository Serv	1,138	2.8	-20.4	-17.5	-17.8	-21.5	-23.2	-24.2	30.6	1,734	870	-34.4%	30.7%	15/12/2021

Large, Mid & Small

23-May-22	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	52 Wk High	52 Wk Low	% from 52 Wk Hi	% from 52 Wk Lo	High Date
India Indices														
Nifty 50	16,266	3.1	-5.3	-4.9	-4.7	-7.1	-6.9	-6.3	7.2	18,604	14,986	-12.6%	8.5%	19/10/2021
Sensex	54,326	2.6	-5.0	-4.8	-5.1	-7.4	-7.2	-6.7	7.5	62,245	49,833	-12.7%	9.0%	19/10/2021
Nifty 500	13,895	2.4	-6.7	-6.0	-4.2	-8.0	-6.7	-7.3	7.6	16,004	12,803	-13.2%	8.5%	19/10/2021
NIFTY Midcap 100	27,872	1.6	-8.1	-6.7	-2.1	-9.7	-6.1	-8.4	9.7	33,244	25,291	-16.2%	10.2%	19/10/2021
NIFTY Smallcap 100	9,136	2.7	-13.3	-10.9	-8.2	-16.5	-12.5	-19.1	0.5	12,047	8,625	-24.2%	5.9%	18/01/2022

Nifty Sectors

23-May-22	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	52 Wk High	52 Wk Low	% from 52 Wk Hi	% from 52 Wk Lo	High Date
Nifty Sectors														
Nifty Auto	10,915	2.5	-1.0	-1.5	-3.6	-4.7	3.4	-0.2	5.8	12,140	9,227	-10.1%	18.3%	17/11/2021
Nifty Bank	34,276	2.0	-4.9	-5.0	-8.3	-8.0	-5.8	-3.4	-1.0	41,830	32,155	-18.1%	6.6%	25/10/2021
NIFTY Private Bank	17,411	1.9	-4.8	-5.0	-8.2	-8.7	-5.5	-3.5	-4.9	21,719	16,317	-19.8%	6.7%	25/10/2021
Nifty Financial Services	15,794	1.9	-5.2	-5.1	-9.4	-13.5	-7.9	-8.9	-3.3	19,779	15,042	-20.1%	5.0%	25/10/2021
Nifty India Consumption	6,779	2.9	-4.2	-4.4	-1.4	-6.7	-0.7	-3.9	11.7	7,653	6,038	-11.4%	12.3%	18/10/2021
Nifty FMCG	38,546	4.9	2.0	0.9	7.3	-0.0	6.2	2.6	11.1	42,021	33,408	-8.3%	15.4%	18/10/2021
Nifty Energy	26,434	3.0	-8.5	-7.6	9.4	12.1	2.4	16.8	36.8	29,304	18,803	-9.8%	40.6%	29/04/2022
Nifty Infrastructure	4,829	2.8	-7.1	-5.8	-0.3	-6.2	-3.8	-2.4	15.1	5,363	4,186	-10.0%	15.4%	15/11/2021
Nifty IT	28,789	-2.1	-11.2	-9.0	-15.6	-18.9	-20.7	-25.6	10.3	39,447	25,937	-27.0%	11.0%	04/01/2022
Nifty Metal	5,706	6.5	-11.4	-9.8	1.7	1.9	-11.2	3.3	11.9	6,826	4,859	-16.4%	17.4%	11/04/2022
Nifty Pharma	13,066	3.6	-3.7	-3.0	0.7	-3.1	-3.8	-8.1	-6.6	14,938	12,291	-12.5%	6.3%	04/10/2021
Nifty PSU Bank	2,490	0.6	-10.7	-9.7	-10.2	-9.5	-8.7	-1.6	6.0	3,134	2,205	-20.5%	12.9%	07/02/2022
Nifty Realty	401	1.7	-10.5	-9.6	-9.6	-22.3	-13.5	-17.2	25.1	561	318	-28.5%	26.0%	09/11/2021
Nifty Sectors & Themes														
Nifty Media	2,018	3.4	-11.9	-6.1	-1.6	-9.7	-15.2	-9.0	21.0	2,495	1,569	-19.1%	28.6%	13/12/2021
Nifty CPSE	2,611	2.8	-5.6	-1.3	11.3	13.3	4.4	15.4	32.3	2,828	1,927	-7.7%	35.5%	19/04/2022
Nifty PSE	4,090	1.6	-7.7	-3.4	5.2	2.5	0.1	6.7	18.2	4,517	3,424	-9.4%	19.5%	19/04/2022
Nifty Commodities	5,663	3.5	-10.8	-8.8	0.4	-0.9	-5.5	1.5	12.8	6,458	4,984	-12.3%	13.6%	19/04/2022
Nifty MNC	17,772	2.9	-4.2	-3.7	-4.4	-8.2	-1.9	-7.6	6.9	20,130	16,580	-11.7%	7.2%	19/10/2021

Crude Oil & Commodities

23-May-22	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	52 Wk High	52 Wk Low	% from 52 Wk Hi	% from 52 Wk Lo	High Date
Nifty 50	16,266	3.1	-5.3	-4.9	-4.7	-7.1	-6.9	-6.3	7.2	18,604	14,986	-12.6%	8.5%	19/10/2021
Gold U.S. & India														
Gold Spot \$/Oz	1,854	1.6	-2.3	-2.3	-2.9	3.6	-4.3	1.4	-1.4	2,070	1,691	-10.5%	9.7%	08/03/2022
Gold India	50,785	-0.4	-3.3	-2.0	1.8	3.6	-1.0	6.0	6.8	54,062	45,624	-6.1%	11.3%	09/03/2022
Platinum Spot \$/Oz	964.3	1.6	4.3	2.7	-11.9	-0.7	-2.2	-0.5	-18.2	1,216	897	-20.7%	7.5%	26/05/2021
Crude														
Brent Crude	113.2	-0.9	6.1	3.5	16.9	37.5	4.9	45.5	70.3	139	65	-18.7%	75.2%	07/03/2022
WTI Crude	110.7	-3.1	8.5	5.8	20.2	41.0	10.4	47.2	74.1	131	62	-15.2%	79.3%	07/03/2022
Metals														
LME Copper	9,451.0	2.9	-7.3	-3.3	-5.6	-3.1	-8.8	-3.0	-5.8	10,730	8,766	-11.9%	7.8%	07/03/2022
LME Aluminum	2,935.0	6.3	-9.7	-3.2	-11.0	9.2	-15.7	4.6	24.1	3,985	2,304	-26.3%	27.4%	07/03/2022
LME Nickel	27,941.0	2.8	-16.5	-11.9	13.5	38.5	-12.9	33.8	63.2	43,000	16,770	-35.0%	66.6%	07/03/2022
LME Zinc	3,726.0	6.7	-16.6	-10.2	3.5	13.5	-12.0	3.8	26.6	4,530	2,829	-17.7%	31.7%	19/04/2022
LME Lead	2,186.5	7.0	-9.6	-3.2	-7.4	-1.4	-9.7	-6.5	-1.7	2,513	2,020	-13.0%	8.2%	18/08/2021
LME Tin	34,942.5	4.0	-19.3	-14.1	-21.1	-11.8	-20.3	-11.3	6.4	50,026	30,950	-30.2%	12.9%	08/03/2022
Commodities														
Lumber	9,451.0	2.9	-7.3	-3.3	-5.6	-3.1	-8.8	-3.0	-5.8	10,730	8,766	-11.9%	7.8%	07/03/2022
Palm Oil	6,741.0	-3.0	-1.9	-12.3	3.6	27.5	5.5	30.7	53.5	8,757	3,434	-23.0%	96.3%	02/03/2022
BBG Cmdty ex-Prec Mtl	125.5	-0.2	3.0	2.1	19.2	33.4	8.0	40.2	57.2	134	79	-6.1%	58.2%	08/03/2022
CRB Metals Index	1,251.0	3.0	-11.1	-8.2	-2.6	0.2	-11.3	-2.1	9.4	1,431	406	-12.6%	208.4%	04/04/2022
Bloomberg Commodity Ii	131.0	0.1	1.5	1.2	14.6	26.9	5.3	32.1	44.1	141	90	-6.8%	45.7%	08/03/2022
CRB Commodities Index	631.6	0.3	-1.7	-1.8	4.8	11.0	-0.5	9.2	16.7	644	537	-1.9%	17.6%	04/05/2022
Wheat	1,178.8	-5.5	10.6	12.9	34.6	37.7	17.2	52.9	74.8	1,340	605	-12.0%	95.0%	04/03/2022
CRB Raw Industrials Inde	658.7	1.0	-3.7	-3.4	0.9	1.6	-3.7	1.7	12.6	689	583	-4.4%	13.0%	04/04/2022
Commodities														
Bloomberg Grains Spot	400.40	-2.7	2.7	2.4	15.3	33.9	8.8	36.3	31.5	414	260	-3.4%	54.2%	17/05/2022
Raw Sugar	19.95	4.1	1.7	3.1	9.6	-0.2	2.4	5.7	17.1	21	16	-3.6%	23.2%	18/11/2021
Simex Iron Ore	137.90	5.3	-10.0	-8.5	-3.0	45.5	-8.6	22.6	-33.6	222	88	-37.9%	55.9%	08/07/2021

Interest Rates and Inflation

23-May-22	Price	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	52 Wk High	52 Wk Low	% from 52 Wk Hi	% from 52 Wk Lo	High Date
India G-Sec Yields														
10 Year India G-Sec	7.39	7.35	7.17	7.14	6.74	6.37	6.84	6.45	5.98	7.49	5.97	-0.10	1.42	09/05/2022
5 Year India G-Sec	7.18	7.13	6.77	6.83	6.16	5.68	6.33	5.79	5.55	7.30	5.48	-1.6%	31.0%	09/05/2022
3 Year India G-Sec	6.95	6.81	6.12	6.22	5.50	5.08	5.84	5.30	4.69	7.00	4.43	-0.8%	56.8%	06/05/2022
1 Year India G-Sec	5.79	5.71	5.11	5.11	4.63	4.17	4.67	4.37	3.80	6.04	3.72	-4.2%	55.7%	18/05/2022
3 Month India G-Sec	4.89	4.87	3.95	4.04	3.68	3.53	3.77	3.59	3.37	4.89	3.26	0.0%	50.0%	20/05/2022
Repo Rate India	4.40	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.40	4.00	N/A	N/A	N/A
India CPI														
India CPI Combined YoY	7.79		6.95	7.79	6.01	4.48	6.95	5.66	4.23	7.79	4.35	-	3.44	30/04/2022
India WPI	15.08		14.6	15.1	13.7	13.8	14.6	14.3	10.7	15	12	0.0%	30.3%	30/04/2022
India Core CPI	6.39		6.1	6.4	5.4	5.2	6.1	5.3	4.8	6	5	0.0%	24.1%	30/04/2022
U.S. & China Yields & CPI														
U.S. 10 Year	2.80	2.88	2.90	2.93	1.99	1.67	2.34	1.51	1.62	3.20	1.13	-0.40	1.68	09/05/2022
U.S. 5 Year	2.82	2.83	2.93	2.95	1.90	1.34	2.46	1.26	0.82	3.11	0.60	-0.28	2.22	09/05/2022
U.S. 2 Year	2.61	2.57	2.67	2.71	1.60	0.61	2.33	0.73	0.15	2.85	0.14	-0.24	2.48	04/05/2022
U.S. 1 Year	1.96	1.99	2.03	2.07	1.15	0.19	1.61	0.38	0.04	2.11	0.04	-0.16	1.92	03/05/2022
U.S. 3 MO T-BILL	0.96	1.01	0.81	0.83	0.36	0.05	0.50	0.04	0.00	1.07	0.00	-0.11	0.95	17/05/2022
Spread 10-2	0.19	0.31	0.23	0.22	0.39	1.05	0.00	0.78	1.47	0.35	0.99			
Spread 5-1	0.87	0.84	0.90	0.89	0.76	1.15	0.85	0.88	0.78	1.00	0.57			
U.S. CPI	8.30		8.50	8.30	7.50	6.20	8.50	7.00	4.20	9	5	-2.4%	66.0%	31/03/2022
China CPI	2.10		1.5	2.1	0.9	1.5	1.5	1.5	0.9	2	1	-8.7%	200.0%	30/11/2021
Inflation Expectations 10	2.38		2.3	2.4	2.3	2.3	2.3	2.3	2.3	2	2	-0.1%	6.2%	28/02/2022
U.S. Dollar & INR														
USD INR	77.7	77.4	76.7	76.4	74.6	74.4	75.8	74.3	73.0	77.8	72.3	-0.2%	7.4%	17/05/2022
Dollar Index	102.7	104.2	101.2	103.0	96.2	96.5	98.3	95.7	90.0	105.0	89.5	-2.2%	14.7%	13/05/2022

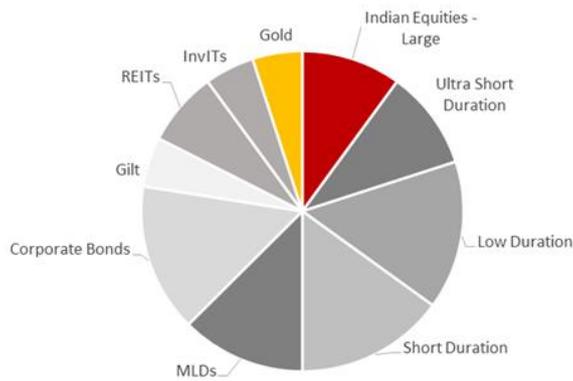
Tactical Asset Class Rationale

Equities	Weight	Rationale
India Equities	Over Weight & Accumulate	Outlined in the commentary, we continue to remain moderately over-weight equities and suggest staggered deployments into equities.
India Hedge Funds	Neutral Weight	Hedged portfolios provide the perfect complement to portfolios today, providing a diversifying non-correlated asset class that enhances risk adjusted return, while holding the opportunity to provide equity-like returns with debt-like risk. We move to neutral weight hedge funds. Typically, rising volatility is a constructive environment for hedge fund managers; however, we have not witnessed it translate to alpha for fund managers.
Long Short (Absolute Return)	Under Weight	Typically, long short funds that have consistently delivered post-tax 8% returns are a worthy consideration for portfolios. We remain under-weight due to a lack of predictable return and performance.
U.S. Equities	Accumulate	Indian HNI portfolios are dramatically underweight global equities. Diversification provides strong portfolio optimization benefits. U.S. equities have dramatic barriers to entry and global leadership. However, from a market's perspective, yield curve inversion, rising inflation and slowing growth create a stagflationary environment, alongside an aggressive central bank make for a tough short term outlook, we would recommend a staggered accumulation approach.
Emerging Market Equities	Under Weight	Given the action in Commodities, and the Dollar, and valuations for emerging markets trading at reasonable levels, most inflationary risks centered in the U.S., exposure to emerging markets will add to portfolio diversification. Most notably, political risk in China has risen, therefore we prefer exposure to non-Japan, non-China emerging markets that are on growth trajectory.
Europe Equities	Under Weight	Growth in India, emerging markets is likely to outpace European growth and therefore find limited triggers to gain exposure to European equities, except selectively at a company specific basis.
Fixed Income	Weight	Rationale
Duration	Under Weight	With risks on the inflation front, and demand supply dynamics eventually getting overwhelmed by supply, we are still away from a conducive rate range of taking/adding to long duration positions.
Accrual	Neutral Weight	With the rise in rates, absolute yields are heading into attractive levels, particularly with the future possibility of mid to long duration likely to witness negative MTM with upward movement of yields. At this point in time the near to mid part of the curve looks better from risk reward perspective.
Credit Risk	Selectively Positive	With rising rates, and consequent possible stress to over leveraged balance sheets, we remain cognisant of credit class as whole being prone to volatility. However selective opportunities do exist with strong balance sheets offering safety and with it opportunity to earn relatively outsized returns. Quality standalone credits provide a positive risk reward equation (especially with well researched and strongly constructed investments). Allocations should be in line with investor's risk appetite.
REITs	Over Weight	Real estate investment trusts (REITs) have lagged in the past year due to the impact of Covid on retail and urban office space. With the rising threat of inflation, REITs offer an attractive inflation hedge that provides exposure to fixed assets.
InvITs	Over Weight	Investment trusts have delivered attractive returns and are fast establishing themselves as core holdings in diversified portfolios, offering attractive yields, attractive long lived underlying assets, in a negative real / low interest rate environment.
Alternate	Weight	Rationale
Private Unlisted	Selectively Positive	We are selectively positive and expect significant value and wealth creation in the unlisted space in India primarily led by Technology, Financial and New Age Consumption companies. Our Direct Deal Thesis focuses on late stage companies with significant market share & profitability and our Manager Selection in early stage investments focuses on fund managers with established track record across cycles.
Gold	Weight	Rationale
Gold	Under Weight	Gold provides inflation protection, though the relationship isn't highly positively correlated. Gold provides currency debasement protection. It's suffered of late due to a slowdown in India, and the rush towards Bitcoin investing in the U.S. Given it's lacklustre performance amidst an inflationary environment, and a tightening central bank, we remain underweight.

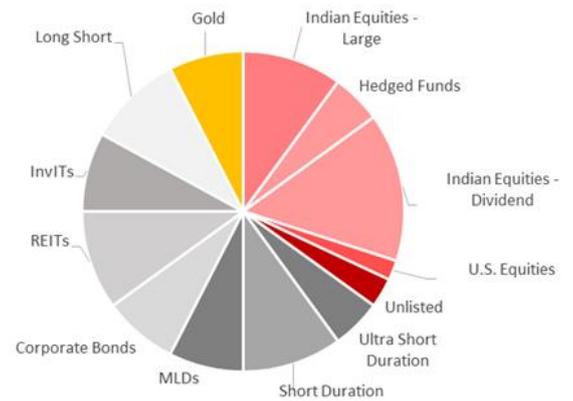
Ambit GPC Wealth Profiles - Strategic Weights

The Ambit GPC Asset Allocation & Investment Committee (AAIC) provide guidance on asset allocation via our wealth profile models below. The models are listed on a scale of rising return and rising risk and represent the most common investor profiles that we base our portfolio construction around.

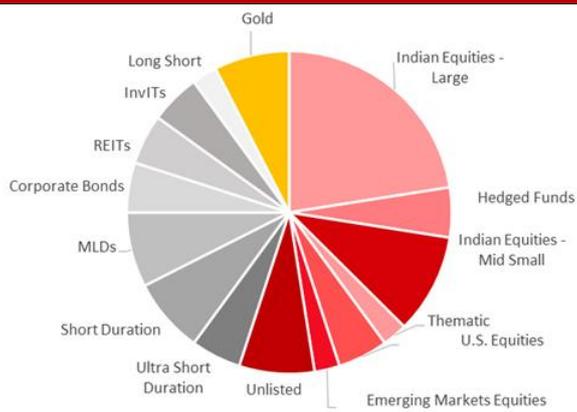
Wealth Conservation



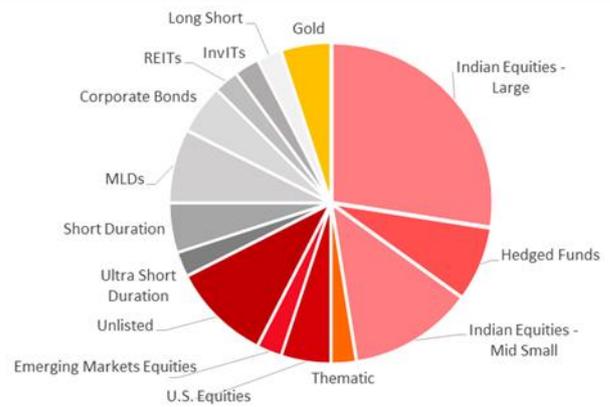
Income



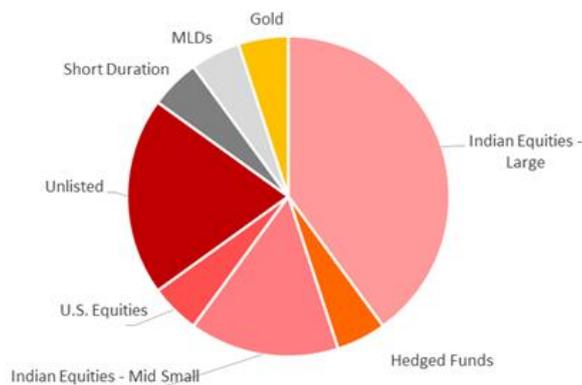
Balanced Growth



Moderate Growth



Aggressive Growth



Ambit Global Private Client - Asset Allocation & Investment Committee

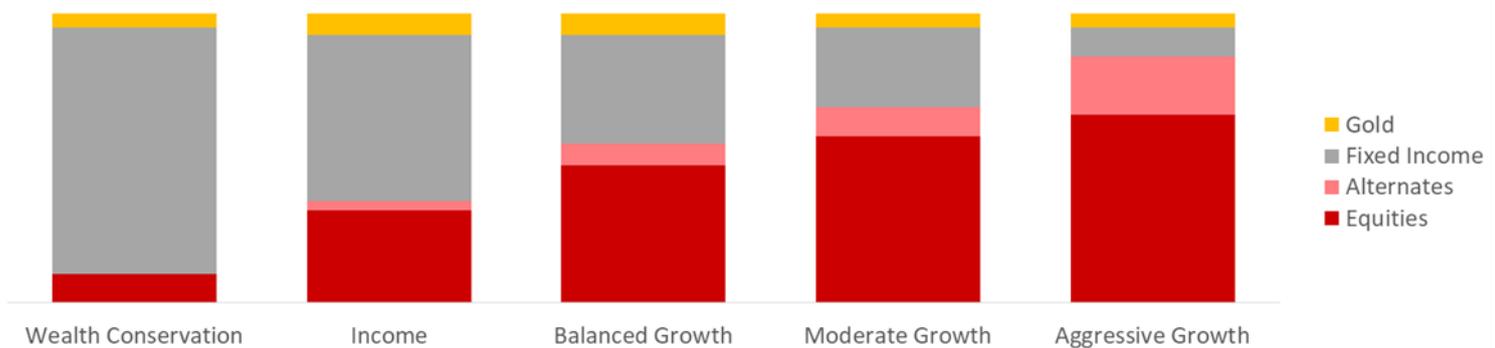
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Tactical Allocation Weights Vs Strategic

Asset Class Pairs	Scale											View	
	-5	-4	-3	-2	-1	0	1	2	3	4	5		
Equity								→	◆				Over-Weight
India Equities – Large								→	◆				Over-Weight
India Equities – Mid & Small								→	◆				Over-Weight
International Equities					◆	←							Under-Weight
Long Short					◆	←							Under-Weight
Hedge Funds						→	◆						Neutral-Weight
Fixed Income					◆								Under-Weight
Duration				→	◆								Under-Weight
Accrual						→	◆						Neutral-Weight
Credit Risk					→	◆							Selectively Positive
InvITs								→	◆				Over-Weight
REITs									→	◆			Over-Weight
Alternate					◆	←							Neutral-Weight
Private Unlisted						◆							Selectively Positive
Gold			→	◆									Under-Weight

Wealth Profiles - Summary

Strategic Asset Class Weights by Profile



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Sources: All sources unless otherwise noted are Bloomberg, NSE and Ace Equity. ^ Impacted by a few companies reporting losses in FY21

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