



KNOW THE NOW

KEEPING THE MAIN THING THE MAIN THING

PREFACE

Dear Clients,

In this edition of **Know the Now: Keeping the Main Thing the Main Thing**, we ask our clients to keep their attention on the basics that drive returns in markets - owning quality businesses that deliver a high return on capital and compound wealth consistently over time at a high rate.

The Indian market has shown resilience over all the global uncertainty and is amongst the best performing large markets over the last 2-3 years. While the NIFTY has been flattish over the last year, it's up 54% over the last two years. Developed markets have a serious inflation problem, and all eyes are on the Central Banks, especially the U.S. Fed, on whether they will continue the path of increase in rates as promised in their last two meetings, or pivot. While that makes for good coffee conversation, it is ultimately just speculation. We will know in the next few weeks the direction this takes and how global markets respond.

Back home, we seem to be benefitting from the fact that we are largely a domestic growth driven economy, PMI data suggests strong readings in stark contrast to deteriorating readings witnessed in developed markets, and corporate earnings over the last two years have grown significantly, which have attracted flows from both domestic and FII. India is also benefitting from geo-political shifts away from China and Russia - the recent announcement of Apple to manufacture the iPhone14 is one of many such announcements of investments in India. Further, the shift away from the unorganised sector to the organised sector have helped boost tax collections with robust GST numbers, FDI flows have been robust with domestic companies pursuing capex investments and the cooling off of oil prices comes in handy.

The Indian Equity markets have been rewarding for long term investors and volatility comes with the terrain. Over the next few weeks, there remains the possibility of tangible downside in the markets and we favour a ride it out, and a staggered approach for increasing allocations into good performing managers (refer Ambit Select).

Happy Investing.

Amrita Farmahan

Chief Executive Officer

INVESTMENT COMMENTARY

Sunil A. Sharma

Keeping the Main Thing the Main Thing

Chief Investment Strategist

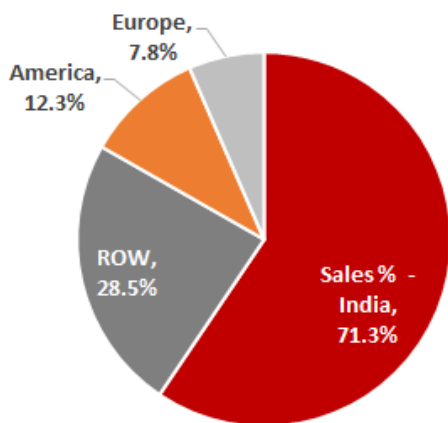
Volatility has been a signature feature of global markets since 2007. In a world replete with a laundry list of concerns, we review what’s important, the main things if you will, to arrive at an appropriate investment strategy.

I. Nifty 50 – Revenue Exposure to the U.S. and Europe

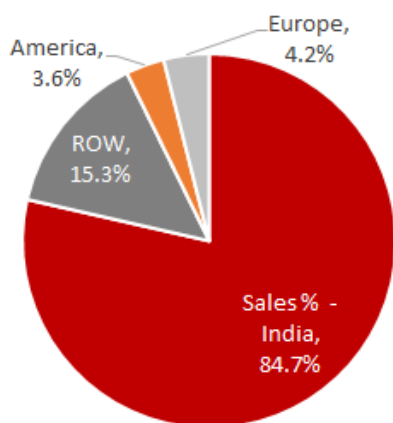
The Nifty 50 is by and large a domestic focused index. Half the Nifty 50 companies have greater than 90% of their sales coming from India. Financials are essentially 100% India, as are Consumer companies. Delving deeper, 71.3% of Nifty 50 sales come from India. 28.5% of sales come from overseas. Pharma companies and

71.3% of Nifty Sales are Domestic...

12.3% Sales are to the U.S. and 7.8% to Europe



Ex Info Tech & Pharma...84.7% of Sales are Domestic...
...Sales to the U.S. & Europe Drop to Less than 10%



Source: Bloomberg

IT lead the pack in terms of overseas exposure. **Ex Pharma and IT, domestic sales are 84.7% of total sales.** India is a domestic growth story.

II. Performance – Indian Equities are Amongst the Best Performing Large Markets over the Past 2-3 Years

The Nifty 50 is roughly flat over the past year, but **up 54% over the past two years**, making it one of the top performers across major global markets. Meanwhile, the Nasdaq 100 is **down 31% YTD**, almost flat (up 1%) over 2 years, and just about 1% above its June low. What gives? **Markets price for future growth prospects** and the future is fantastically bright for India.

III. A Key Question Investors are Asking: Have We Seen Capitulation?

The India Vix – a proxy for fear in the market – touched 31.9 in June 2022. That’s in line with levels seen during IL&FS, Demonetization, PIGS and the Fragile Five sell-offs (see chart on next page). However, Covid and the GFC in 2008 saw much higher readings (chart on next page).

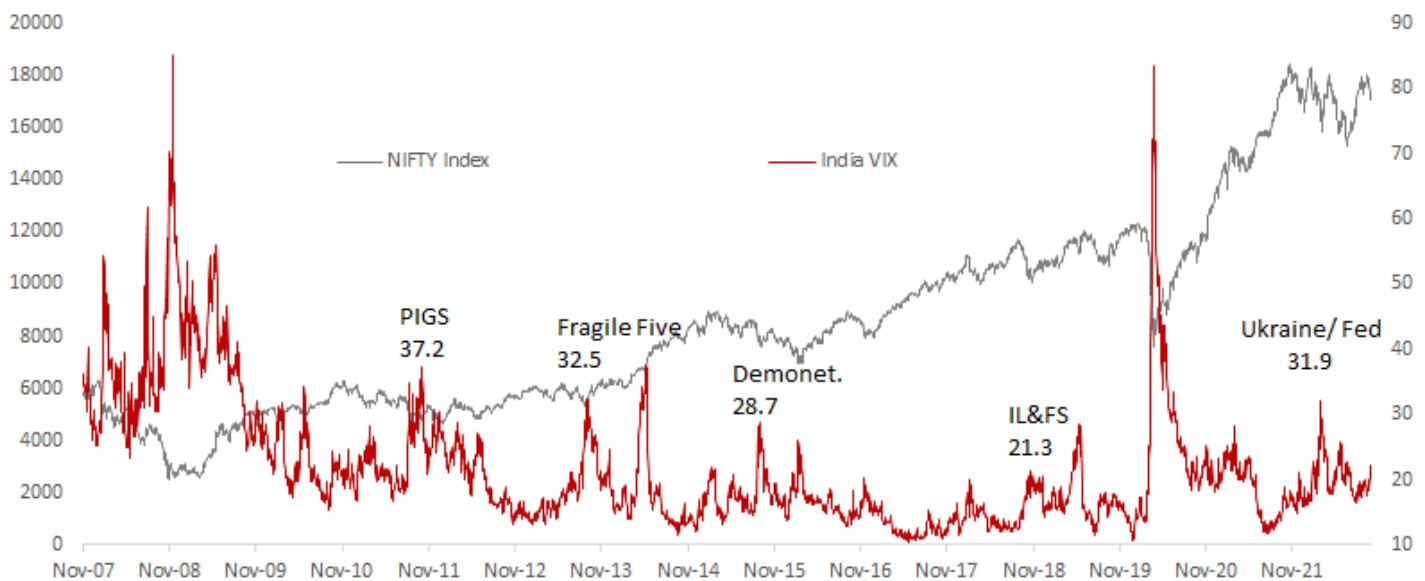
The answer then **depends on how deep** this correction turns out to be. Almost a year in, our markets are down roughly 1.7%, while the U.S. and European markets are in clear bear territory. That tells it’s own story.

The Nifty 50 is Up 54% over the Past 2 Years and Down 1.7% in the Past Year...

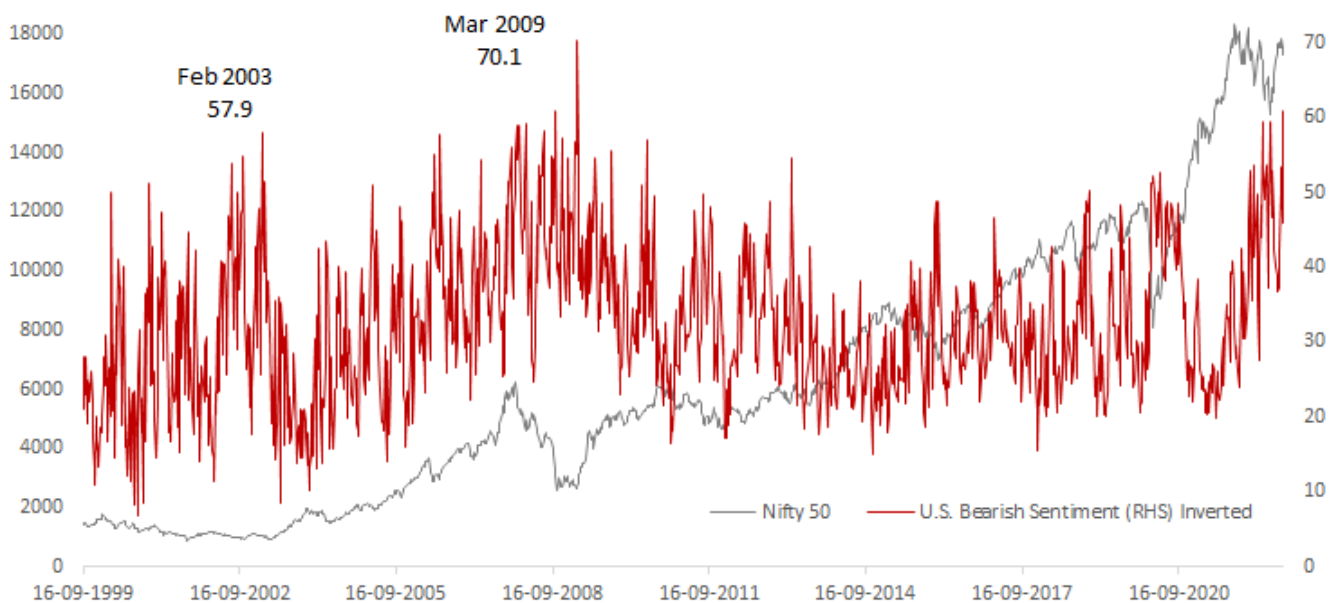


Source: All data from Bloomberg / NSE unless otherwise noted.

The India VIX Reading of 31.9 in June 2022 Was In Line with IL&FS, Demonetisation and Fragile Five Readings... ... But Much Lower than the Financial Crisis and Covid Peaks



U.S. Investor Bearish Sentiment Just Hit the Second Highest Reading in 22 Years



Source: Bloomberg and NSE, unless otherwise noted, for all charts. Data of Sep 27th, 2022 unless noted otherwise.

IV. Fear is Rampant in the U.S. ... Again

Fear is palpable in the U.S. The U.S. retail investor bearishness hit the second highest reading in the last 22 years this week. Put option purchases and speculative short positions were through the roof.

The India VIX also shows that our markets witnessed the highest levels of fear (excluding Mar '20) in the past 8 years.

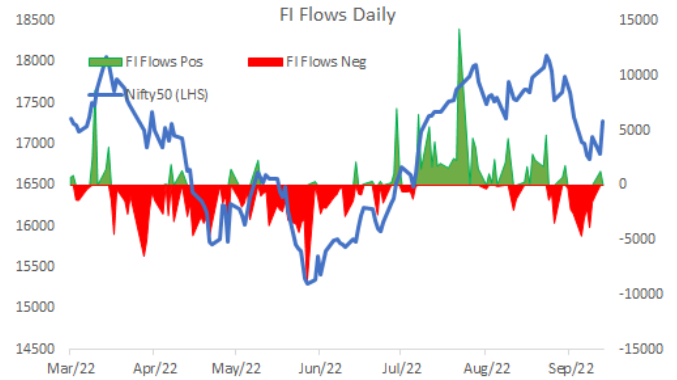
V. Inflation Remains Largely a Developed World Problem

While Russia leads with 14.3% inflation, the U.K., Euro Area, U.S. and Germany are all struggling with stagflation, with inflation in excess of 7.9%. In contrast, S. Korea, Malaysia and Indonesia, Taiwan have inflation below 6%. **India is middle of the pack on inflation, with the fastest growth in the world.** In other words, countries that printed are the ones facing persistent inflation.

Very High Inflation Remains a QE driven European and U.S. Problem



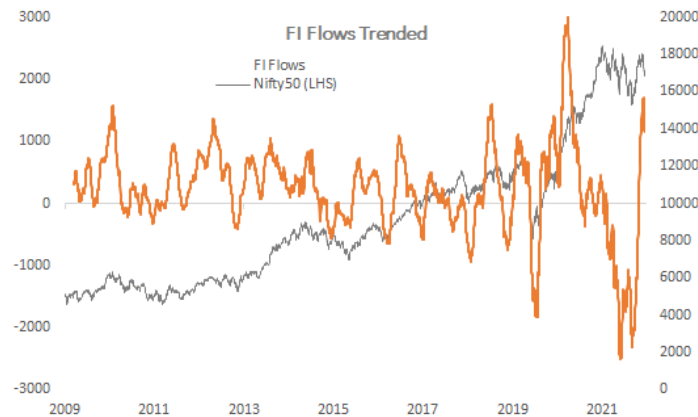
FI Flows Have Tapered Off Since the Fed Meeting



VI. FIs Selling, DIs Resilient and Buying on Dips

FIs were the primary buyers of the rally from June 2022. The Fed’s hawkish commentary however, and resulting turmoil, has turned FIs into sellers.

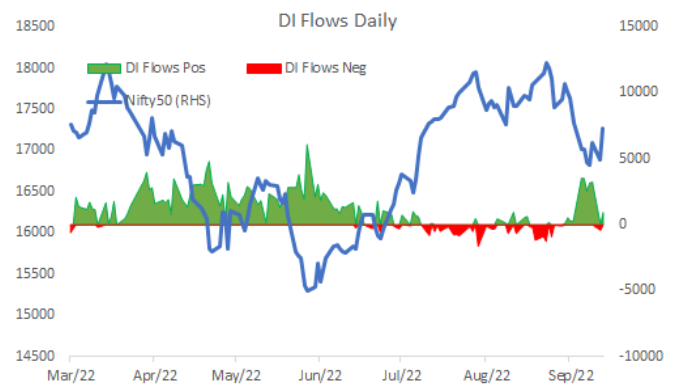
FIs Were Buyers of the Market in June-Aug '22...



We would surmise the reasons for the drop in domestic flows are two-fold. One, **fears about the Fed, the global economy** are probably leading investors to stay on the sidelines. Second, **rising costs** related to rising interest rates, rising inflation, rising cost of transportation as employees head back to office, elimination of moon-lighting opportunities, limited opportunity for trading etc are all secondary issues that could be leading to reduced flows into markets.

That leaves SIPs, which remain healthy, and mutual funds to be the counter to any global flight to quality.

However, DI Buying Remains Resilient on Sell-offs



VII. Brent Crude is Down 21% over the Past 3 Months... Another Strong Positive for India

Historically, declining crude oil has been a precursor to market recovery, particularly in instances crude has declined from 100+ levels. The decline in crude will aid in reducing imported inflation, offset the depreciation in the Rupee, aid in the fiscal situation and reduce operating expenses (chart on next page).

VIII. Commodities Are Crashing, a Strong Positive for India

Commodities such as palm oil (-21% over 3 months) and crude oil (-20.5% over 3 months) have crashed back to earth. Inflation clearly appears to have peaked and should continue to head lower, in India, in coming months.

India's Purchasing Manager Composite Improved to 58.2... ...While Developed Markets Surveys Have Declined into Contractionary Readings

	Aug-22	Jul-22	Jun-22	May-22	Apr-22	Mar-22	Feb-22	Jan-22	Dec-21	Nov-21	Oct-21
JPMorgan Global Composite PMI	49.3	50.8	53.5	51.3	51.2	52.8	53.5	51.1	54.3	54.8	54.5
Developed Markets Composite PM	46.9	49	52.5	53.6	55.5	55.9	54.7	51.3	54.8	55.8	55.2
Emerging Markets Composite PMI	53.4	54	55.2	46.9	43.5	46.9	51.3	50.8	53.2	52.5	52.8
EU Composite PMI Output SA	48.8	49.7	51.8	54.7	55.8	54.8	55.4	52.3	53.4	55.3	54.2
Eurozone Composite PMI SA	48.2	48.9	49.9	52	54.8	55.8	54.9	55.5	52.3	53.3	55.4
India Composite PMI SA	58.2	56.6	58.2	58.3	57.6	54.3	53.5	53	56.4	59.2	58.7
US Composite PMI SA	49.3	44.6	47.7	52.3	53.6	56	57.7	55.9	51.1	57	57.2

Diverging Growth Prospects – India Stands Apart

India's composite PMI score of 58.2 – based on purchasing manager surveys (table) – is a strong reading, in stark contrast to the deteriorating readings witnessed in Developed Markets PMI, Eurozone and U.S. PMIs.

India's strong trends aren't necessarily correlated to global growth; rather, they're a function of geo-political re-positioning, reforms, demographics, rising wages and a shift to organized. More on this in our Outlook.

Declines in Brent Crude Have Typically Been a Precursor to Market Recoveries



IX. Junk Bond Yields Are Inching Higher But Not Suggesting a 2008 Type Crash

Junk bond yields both in the U.S. and Euro zone have started moving higher, but remain low on an absolute basis, nor are they suggesting accelerating worsening conditions (chart on next page).

X. Financial Conditions Have Worsened Appreciably in the Euro zone

However, financial conditions have worsened appreciably in the Eurozone, to the worst levels since 2011 (PIGS / Greece).

Outlook

A Peak Rates Could be in Place

The Fed acted aggressively in rescuing the global economy post Covid. In the event, the Fed was instrumental in creating an asset bubble in SPACs, Bitcoin and real estate. Subsequently, the Fed missed seeing inflation as a concern and was late in hiking rates.

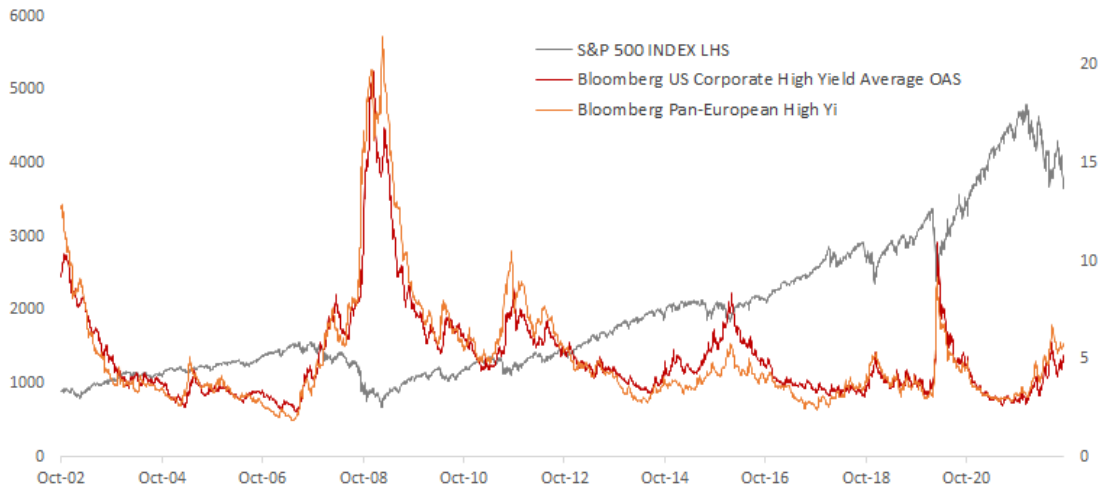
In 2022, the Fed is now creating an epic bust in the U.S. and Europe and it now sees persistent inflation.

Markets are telling us – as is the ECB news out as of this writing – that rates will likely peak soon. **Markets typically bottom prior to the final Fed hike.** Which then suggests 2023 will see conditions incrementally improving and a favourable growth environment emerging.

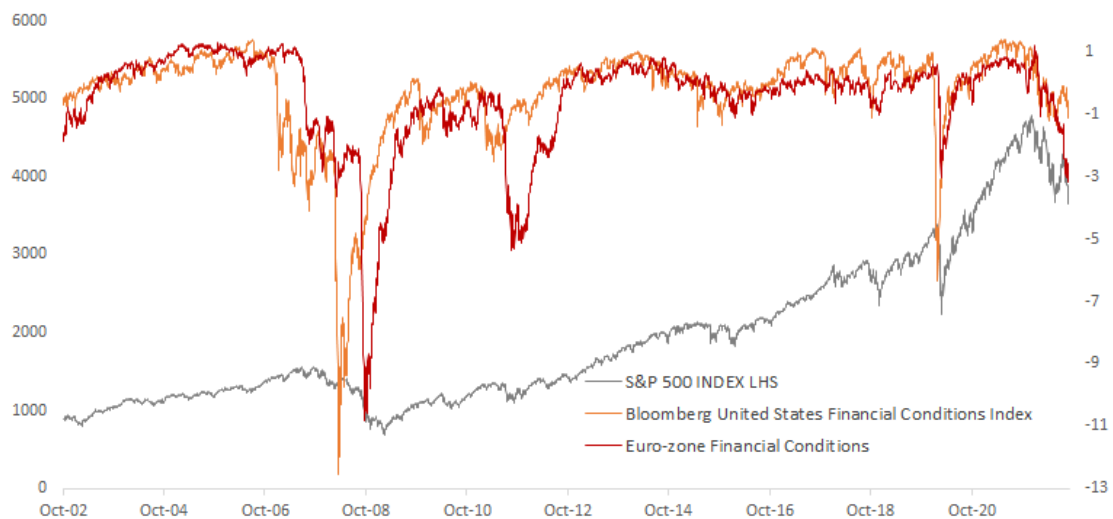
To recap... Indian markets are amongst the best performing in the world. The India story is a predominantly domestic story, fairly insulated from global demand deceleration.

Equities are at fair value today, and the premium for markets like India is arguably justified. Where else are companies growing 19% a year EPS CAGR over 3 years?

High Yields in the Eurozone and U.S. Remain Are Suggesting Worsening Conditions



But Financial Conditions Have Worsened Considerably in the Eurozone and Bear Watching



Meanwhile significant measures of extreme sentiment have been recorded, again, in the U.S. Inflation has by and large, been addressed.

Keeping Earnings a Main Thing

Despite the largest FI selling ever, our markets are within 7.5% of all-time highs. The key reason our markets have done well is obviously flows, but flows are drawn to Nifty 50 earnings that are growing at **19% CAGR** since 2019. Those that managed the market volatility either via protection or via **staying invested have witnessed their wealth grow meaningfully, to the tune of 54% over 2 years.**

Other Main Things

India is benefitting from geo-political shifts away from China and Russia, new global supply chains, a domestic shift to organized, strong demographics and rising disposable incomes.

The **Indian economy is in a sweet spot**, driven by rising per capita income (\$2200 per year), China plus 1 de-risking, Make in India, the move to organized, an increasingly talented labor force, rising wages and improving productivity in the economy.

Indian Equities Ground Reality is Fairly Healthy

Domestic **Info Tech** management commentary has suggested strong demand and healthy deal wins. The

broad macro narrative on the sector has been all about IT being a high duration rate sensitive asset.

Discretionary consumption spending – paints, adhesives, lifestyle, footwear, QSR – are expecting a very strong festive season after two years of Covid-led disruption. The **BFSI** sector is also bullish with soaring credit growth, rising capex investments are coming through, asset quality continues to improve, and balance sheets are healthy.

Billions in FDI to India

In the past few months, we've counted billions in incoming FDI that have us believing the government's \$100 billion figure is accurate. Domestic companies are also pursuing capex investments for the first time in years. **Capital seeks growth.** (See chart on next page)

Volatility is the New Normal, But the Rewards from Equity are Worth It

Markets are now witnessing sharp corrections every 2-3 years. Volatility is the new normal, but the rewards for equity investors have been handsome. If you're not benefitting in your equity portfolio, it's time to revisit your investment strategy and have a conversation with your wealth advisor.

Full disclosure, the strategy we manage has delivered a **19%+ CAGR, outperforming the markets by 5-6% a year.**

Risks to Our Forecast

Aside from geo-political risks, the key risk remains that the Fed goes too far and something breaks... equity markets, currency markets or bond markets could suffer dislocations. These will ultimately get resolved rapidly by the central banks, as happened during PIGS and Greece.

We continue to favor a staggered approach until clarity on the Fed emerges. We'd look to raise cash from non-performing assets and raise equity allocations on a sell-off.

Our preferred positioning remains large focused, multi-cap, Financials, Info Tech, and Consumption led cyclical recovery.

Review Portfolios

As always, please consult with your wealth advisor and have a portfolio review to ensure your investments are performing as per expectations, as well as creating a plan for re-allocation as conditions and the business cycle evolves.

Recent Announcements of Investments in India

Apple: Among the world's most valuable companies, Apple intends to invest heavily to develop its operations in India		Vedanta Group Foxconn to invest ₹1.6 lakh cr in Maharashtra, likely to generate over 2 lakh jobs
Applied Materials to invest Rs 1,800 cr in India <small>In addition, the company is investing Rs 340 crore in India currently and will invest another Rs 1,500 crore over the next few years.</small>	Nestle 5000 Cr	NEW DELHI: Ingka Centres, part of Sweden's Ingka Group which also runs Ikea retail stores, said on Tuesday that it will invest €900 million (about ₹7,266 crore) to build two mega
Tata Steel to invest ₹12,000 cr in FY23 on India, Europe operations: Narendran <small>Watsa plans to invest \$7 billion more</small>	Tube Investments to invest up to ₹1,000 cr. to create four EV platforms	Gail India to invest Rs 6,000 crore on renewables in next three years
Saudi PIF Steps Up India Plans, Set to Invest \$4 Billion in Real Estate Sector	India to invest ₹91,700 crore in 329-km new metro rail networks in Delhi-NCR	Japan to invest 3.2 lakh crore in India
Hero Group, KKR to invest \$450 million in Hero Future Energies	Mitsubishi Electric to invest ₹220 crore to set up factory in Maharashtra <small>Daikin India to invest Rs 500 crore to set up R&D centre in Rajasthan</small>	India expects at least \$25 billion investment under semiconductor incentive scheme <small>Contract logistics provider DHL Supply Chain will invest 500-million Euro (around Rs 4,000 crore) in India over the next five years to expand its warehousing capacity</small>
Exide to invest Rs 6,000 crore in setting up lithium-ion unit in Karnataka <small>Thrasio CEO calls India a big long-term bet, to invest \$500 million</small>	Avaada to invest \$5 billion in green hydrogen, ammonia plant in India	Oppo to invest \$60 million in India to strengthen smartphone ecosystem
Adani to build 3 giga factories in India as part of \$70 bn green investment <small>Blackstone: After securing massive profit on its seed investment, Wall Street major Blackstone is planning to invest more in India.</small>	General Atlantic to invest \$2 billion in India, Southeast Asia	
UAE Committed Investments of \$100 billion in	Reliance Jio to invest ₹2 lakh crore in 5G; rollout in metros by Diwali	
SentinelOne plans to invest \$50 million in India	Toyota's big investment in India: Rs 4,100 crores <small>Taco Bell's master franchise partner, Burman Hospitality, will invest over \$100 million to fast track its pan India expansion</small>	Exide to invest Rs 6,000 crore in setting up lithium-ion unit in Karnataka
SAP to double investments in India, sees 'major growth'	Saudi PIF Steps Up India Plans, Set to Invest \$4 Billion in Real Estate Sector	Panattoni enters India; to invest \$200 mn on building 4 logistics
Japan's Suzuki to invest \$1.4 billion for EVs, batteries at India factory	Hero Group, KKR to invest \$450 million in Hero Future Energies <small>Japan's Suzuki to invest \$1.4 billion for EVs, batteries at India factory</small>	Hero's PIF Steps Up India Plans, Set to Invest \$4 Billion in Real Estate Sector
	Bosch will invest over Rs 200 crore in India in the next five years in advanced automotive technologies	
	PepsiCo to invest over Rs 1,000 crore in Gorakhpur greenfield	

Equity Index Performance

4-Oct-22	Price	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
Nifty 50	17,274	-2.2	1.1	9.3	-3.8	1.1	-0.5	-3.1	18,604	15,183	-7.1%	13.8%
Americas												
S&P 500 Index	3,678	-6.3	2.6	-3.8	-19.7	2.6	-22.8	-14.5	4,819	3,584	-23.7%	2.6%
Dow Jones Indus. Avg	29,491	-5.8	2.7	-5.2	-15.6	2.7	-18.8	-13.3	36,953	28,716	-20.2%	2.7%
Nasdaq Composite	10,815	-7.0	2.3	-2.8	-25.6	2.3	-30.9	-24.1	16,212	10,565	-33.3%	2.4%
Nyse Fang+ Index	4,754	-7.8	1.3	-4.6	-31.3	1.3	-35.9	-30.2	8,077	4,619	-41.1%	2.9%
Canada	18,881	-2.0	2.4	-0.8	-14.5	2.4	-11.0	-5.8	22,213	18,170	-15.0%	3.9%
Mexico	45,430	-1.0	1.8	-5.4	-19.3	1.8	-14.7	-10.7	57,064	44,519	-20.4%	2.0%
Brazil Bovespa	116,134	4.8	5.5	17.8	-4.2	5.5	10.8	5.2	121,628	95,267	-4.5%	21.9%
Europe												
Euro Stoxx 50 Pr	3,459	-2.4	4.2	0.2	-12.5	4.2	-19.5	-13.5	4,415	3,250	-21.7%	6.4%
FTSE 100	7,047	-3.2	2.2	-2.6	-6.8	2.2	-4.6	0.5	7,687	6,788	-8.3%	3.8%
CAC 40 Paris	6,000	-2.7	4.1	0.8	-10.9	4.1	-16.1	-7.4	7,385	5,628	-18.7%	6.6%
DAX Germany	12,565	-3.7	3.7	-1.6	-13.5	3.7	-20.9	-16.4	16,290	11,863	-22.9%	5.9%
Asia												
Nikkei 225	26,992	-2.3	4.1	2.2	-2.9	4.1	-6.3	-3.0	29,961	24,682	-9.9%	9.4%
Hang Seng	17,080	-12.2	-0.8	-21.8	-24.1	-0.8	-27.0	-28.9	26,235	16,907	-34.9%	1.0%
Shenzhen CSI 300	3,805	-5.4	-0.0	-14.8	-11.0	-0.0	-23.0	-21.8	5,144	3,757	-26.0%	1.3%
Australia	6,699	-2.2	3.5	1.1	-11.0	3.5	-10.0	-7.6	7,625	6,407	-12.1%	4.6%
Taiwan	13,577	-7.4	1.1	-5.4	-23.0	1.1	-25.5	-17.5	18,620	13,273	-27.1%	2.3%
Korea	2,209	-8.1	2.5	-5.7	-19.9	2.5	-25.8	-25.4	3,052	2,135	-27.6%	3.5%
Straits Times Index STI	3,139	-2.4	0.3	1.1	-8.9	0.3	0.5	2.3	3,466	3,041	-9.4%	3.2%
Vietnam Ho Chi Minh	1,078	-15.6	-4.8	-8.7	-29.1	-4.8	-28.0	-20.4	1,536	1,070	-29.8%	0.8%
Jakarta Indonesia	7,072	-2.2	0.4	5.5	-1.1	0.4	7.5	12.5	7,377	6,278	-4.1%	12.7%
Phillipines	5,988	-10.3	4.3	-5.1	-16.3	4.3	-15.9	-14.2	7,552	5,699	-20.7%	5.1%

Leadership Stocks – U.S. & India

Select Leadership Stocks - India	Price	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
U.S.												
Nifty 50	17,274	-2.2	1.1	9.3	-3.8	1.1	-0.5	-3.1	18,604	15,183	-7.1%	13.8%
Microsoft Corp	241	-6.0	3.4	-7.3	-23.6	3.4	-28.4	-15.0	350	233	-31.2%	3.4%
Apple Inc	142	-8.6	3.1	2.5	-20.2	3.1	-19.8	2.4	183	129	-22.1%	10.4%
Walt Disney Co/The	97	-12.7	3.0	1.0	-29.9	3.0	-37.3	-44.0	180	90	-45.9%	7.6%
Amazon.Com Inc	116	-9.1	2.5	5.8	-31.2	2.5	-30.5	-27.3	188	101	-38.4%	14.4%
Netflix Inc	239	5.7	1.5	32.8	-38.9	1.5	-60.3	-60.4	701	163	-65.9%	46.9%
Alphabet Inc-Cl A	99	-8.5	3.1	-9.3	-31.0	3.1	-31.9	-26.2	152	96	-34.9%	3.2%
India												
Hdfc Bank Limited	1,453	-2.2	2.2	7.2	-12.3	2.2	-1.8	-8.4	1,725	1,272	-15.8%	14.3%
Icici Bank Ltd	868	-0.5	0.7	20.5	16.2	0.7	17.2	23.9	937	642	-7.4%	35.1%
Tata Consultancy Svcs Ltd	3,091	-1.3	2.9	-4.4	-18.0	2.9	-17.3	-18.1	4,043	2,926	-23.5%	5.6%
Reliance Industries Ltd	2,413	-4.6	1.5	-0.0	-9.4	1.5	1.9	-5.6	2,856	2,180	-15.5%	10.7%
Bajaj Finance Ltd	7,489	4.1	2.1	33.0	-0.0	2.1	7.3	-2.7	8,050	5,220	-7.0%	43.5%
Hindustan Unilever Ltd	2,668	2.5	-1.1	12.3	25.3	-1.1	13.0	-0.7	2,734	1,902	-2.4%	40.3%
Nestle India Ltd	19,252	-1.6	0.6	7.0	8.0	0.6	-2.3	-1.2	20,200	16,000	-4.7%	20.3%
Titan Co Ltd	2,585	-1.1	-0.8	31.7	2.7	-0.8	2.5	19.9	2,768	1,825	-6.6%	41.6%
Asian Paints Ltd	3,338	-2.7	-0.1	19.6	7.0	-0.1	-1.3	4.3	3,590	2,560	-7.0%	30.4%
Srf Ltd	2,546	-2.2	1.7	16.8	-3.4	1.7	5.2	10.1	2,865	1,973	-11.1%	29.0%

Large, Mid & Small

4-Oct-22	Price	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
India Indices												
Nifty 50	17,274	-2.2	1.1	9.3	-3.8	1.1	-0.5	-3.1	18,604	15,183	-7.1%	13.8%
Sensex	58,065	-2.0	1.1	9.3	-3.5	1.1	-0.3	-2.8	62,245	50,921	-6.7%	14.0%
Nifty 500	14,966	-2.1	0.9	11.2	-2.8	0.9	-0.2	-2.1	16,004	12,856	-6.5%	16.4%
NIFTY Midcap 100	31,091	-1.4	1.4	16.5	0.1	1.4	2.1	0.3	33,244	25,048	-6.5%	24.1%
NIFTY Smallcap 100	9,544	-1.9	1.1	11.9	-12.2	1.1	-15.5	-14.2	12,047	7,905	-20.8%	20.7%

Nifty Sectors

4-Oct-22	Price	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
Nifty Sectors												
Nifty Auto	12,691	-4.2	-0.1	8.9	16.0	-0.1	16.0	18.7	13,422	9,227	-5.4%	37.5%
Nifty Bank	39,110	-1.7	1.2	15.7	2.7	1.2	10.2	3.6	41,840	32,155	-6.5%	21.6%
NIFTY Private Bank	20,250	0.1	1.6	18.5	3.5	1.6	12.2	3.9	21,719	16,280	-6.8%	24.4%
Nifty Financial Services	17,741	-2.9	1.3	12.8	-1.4	1.3	2.4	-3.4	19,779	14,857	-10.3%	19.4%
Nifty India Consumption	7,868	-0.7	-0.1	14.4	12.6	-0.1	11.6	9.2	8,147	6,178	-3.4%	27.4%
Nifty FMCG	44,287	1.2	-0.3	11.6	17.6	-0.3	17.8	9.5	45,238	33,408	-2.1%	32.6%
Nifty Energy	25,718	-6.6	0.5	6.1	-5.3	0.5	13.6	7.1	29,304	21,842	-12.2%	17.7%
Nifty Infrastructure	5,008	-2.1	1.0	9.6	-3.4	1.0	1.2	-2.3	5,363	4,406	-6.6%	13.7%
Nifty IT	27,497	-0.9	1.9	-1.4	-24.5	1.9	-29.0	-21.7	39,447	26,187	-30.3%	5.0%
Nifty Metal	5,769	-3.6	0.0	23.7	-13.1	0.0	4.5	-0.5	6,826	4,437	-15.5%	30.0%
Nifty Pharma	13,233	5.3	2.0	8.2	-4.2	2.0	-7.0	-10.2	14,850	11,726	-10.9%	12.9%
Nifty PSU Bank	3,002	-1.0	0.2	20.6	4.4	0.2	18.6	18.1	3,268	2,284	-8.2%	31.4%
Nifty Realty	428	-9.2	1.0	9.3	-9.8	1.0	-11.5	-16.0	561	366	-23.6%	17.1%
Nifty Sectors & Themes												
Nifty Media	2,095	-2.1	1.6	10.2	-14.4	1.6	-5.6	-6.0	2,495	1,752	-16.0%	19.6%
Nifty CPSE	2,633	-2.5	2.7	12.4	1.0	2.7	16.3	9.7	2,828	2,166	-6.9%	21.5%
Nifty PSE	4,061	-3.5	1.8	8.7	-5.9	1.8	5.9	-4.6	4,517	3,602	-10.1%	12.7%
Nifty Commodities	5,617	-3.2	1.0	13.4	-9.9	1.0	0.7	-4.6	6,458	4,774	-13.0%	17.7%
Nifty MNC	19,681	0.2	-0.1	9.7	5.5	-0.1	2.4	1.3	20,349	16,805	-3.3%	17.1%

Crude Oil & Commodities

4-Oct-22	Price	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
Nifty 50	17,274	-2.2	1.1	9.3	-3.8	1.1	-0.5	-3.1	18,604	15,183	-7.1%	13.8%
Crude												
Brent Crude	90.2	-3.0	2.6	-20.5	-16.1	2.6	16.0	11.0	139	66	-35.2%	37.3%
WTI Crude	84.7	-2.5	6.6	-21.9	-18.0	6.6	12.6	9.1	131	62	-35.1%	35.7%
Metals												
LME Copper	7,602.5	-1.2	-1.1	-5.4	-26.5	-1.1	-22.0	-16.8	10,730	6,995	-29.1%	8.7%
LME Aluminum	2,210.8	-3.8	2.6	-8.9	-35.7	2.6	-21.2	-22.1	3,985	2,079	-44.5%	6.3%
LME Nickel	21,141.5	3.3	0.6	-2.9	-36.4	0.6	1.2	17.6	43,000	17,798	-50.8%	18.8%
LME Zinc	2,998.3	-5.5	-0.5	-2.5	-32.0	-0.5	-16.5	0.9	4,530	2,829	-33.8%	6.0%
LME Lead	1,863.3	-1.2	-2.6	-3.8	-24.0	-2.6	-20.3	-14.6	2,512	1,753	-25.8%	6.3%
LME Tin	20,103.0	-5.6	-2.8	-25.2	-56.1	-2.8	-48.9	-42.7	50,026	20,000	-59.8%	0.5%
SGX Iron Ore	93.5	-0.6	-0.8	-12.8	-41.9	-0.8	-16.1	-12.6	160	91	-41.7%	2.5%
Commodities												
Lumber	7,602.5	-1.2	-1.1	-5.4	-26.5	-1.1	-22.0	-16.8	10,730	6,995	-29.1%	8.7%
Palm Oil	3,501.0	-8.6	5.2	-21.5	-45.0	5.2	-32.1	-27.6	8,757	3,143	-60.0%	11.4%
BBG Cmdty ex-Prec Mtl	107.8	-5.9	1.7	-2.7	-8.5	1.7	20.5	15.9	134	85	-19.4%	27.3%
CRB Metals Index	958.1	-3.5	-0.6	-11.9	-32.7	-0.6	-25.0	-17.1	1,431	406	-33.0%	136.2%
Bloomberg Commodity Index	113.8	-4.4	2.1	-2.8	-9.3	2.1	14.8	11.5	141	94	-19.0%	20.9%
CRB Commodities Index	558.0	-2.7	-0.3	-5.4	-11.8	-0.3	-3.5	0.3	644	557	-13.4%	0.2%
Wheat	914.8	15.4	-0.7	10.0	-9.5	-0.7	18.7	20.9	1,340	713	-31.7%	28.3%
CRB Raw Industrials Index	565.8	-3.9	-0.4	-7.6	-17.5	-0.4	-12.7	-9.2	689	566	-17.9%	0.0%
Commodities												
Bloomberg Grains Spot	328.86	3.3	0.2	5.3	-10.5	0.2	11.9	20.1	414	262	-20.6%	25.4%
Raw Sugar	17.52	-3.5	-4.9	-3.0	-10.7	-4.9	-7.2	-11.0	21	17	-15.3%	1.9%
Simex Iron Ore	95.00	-0.4	-3.4	-13.6	-41.4	-3.4	-15.6	-19.4	166	88	-42.6%	7.4%
Gold U.S. & India												
Gold Spot \$/Oz	1,705	-0.3	2.7	-5.7	-11.8	2.7	-6.8	-3.7	2,070	1,615	-17.7%	5.6%
Gold India	51,042	1.3	1.9	-1.8	-0.3	1.9	6.6	10.5	54,062	46,204	-5.6%	10.5%
Platinum Spot \$/Oz	921.2	8.4	6.6	3.5	-6.9	6.6	-4.9	-5.0	1,183	821	-22.1%	12.2%

Interest Rates and Inflation

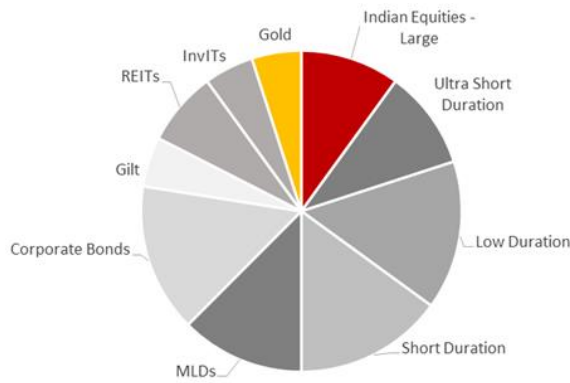
4-Oct-22	Price	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	52 Wk High	52 Wk Low	% from 52 Wk Hi	% from 52 Wk Lo
India G-Sec Yields												
10 Year India G-Sec	7.36	7.23	7.40	7.37	6.90	7.40	6.45	6.25	7.62	6.23	-0.26	1.13
5 Year India G-Sec	7.27	7.06	7.32	7.16	6.37	7.32	5.79	5.68	7.41	5.63	-1.9%	29.2%
3 Year India G-Sec	7.14	6.83	7.10	6.86	5.87	7.10	5.30	4.97	7.26	4.96	-1.6%	44.0%
1 Year India G-Sec	6.73	6.24	6.70	6.12	4.67	6.70	4.37	4.08	6.74	4.04	-0.2%	66.4%
3 Month India G-Sec	5.96	5.60	6.04	5.10	3.77	6.04	3.59	3.44	6.14	3.36	-2.9%	77.4%
Repo Rate India	5.90	5.40	5.40	4.90	4.00	5.90	4.00	4.00	5.90	4.00	N/A	N/A
Spread 10-1	0.63	0.99	0.70	1.26	2.23	0.70	2.09	2.17	0.87	2.19		
Spread 10-3Mo	1.40	1.63	1.36	2.27	3.13	1.36	2.86	2.81	1.48	2.87		
India CPI												
India CPI Combined YoY	7.00	6.71	7.00	7.04	6.07	7.01	5.66	5.30	7.79	4.48	-0.79	2.52
India WPI	12.41	13.9	12.4	16.6	13.4	16.2	14.3	11.6	17	12	-25.4%	0.0%
India Core CPI	6.02	5.9	6.0	5.5	5.6	5.8	5.3	5.2	6	5	-5.6%	16.2%
U.S. & China Yields & CPI												
U.S. 10 Year	3.59	3.19	3.83	2.88	2.40	3.83	1.51	1.48	4.02	1.33	-0.43	2.26
U.S. 5 Year	3.80	3.29	4.09	2.88	2.55	4.09	1.26	0.94	4.25	0.92	-0.45	2.88
U.S. 2 Year	4.04	3.39	4.28	2.83	2.42	4.28	0.73	0.28	4.35	0.26	-0.31	3.78
U.S. 1 Year	3.74	3.43	3.99	2.72	1.68	3.99	0.38	0.07	4.14	0.07	-0.40	3.67
U.S. 3 MO T-BILL	3.25	2.89	3.27	1.66	0.55	3.27	0.04	0.03	3.35	0.03	-0.10	3.22
Spread 10-2	-0.45	-0.20	-0.45	0.05	-0.03	-0.45	0.78	1.20	-0.33	1.08		
Spread 5-1	0.06	-0.14	0.10	0.16	0.87	0.10	0.88	0.87	0.11	0.84		
Bloomberg US Corporate High Yi	5.52	4.93	5.52	5.78	3.20	5.52	2.83	2.93	5.83	2.71	-0.31	2.81
Bloomberg Pan-European High Yi	6.49	5.85	6.31	6.60	3.93	6.31	3.18	3.09	6.75	3.06	-0.26	3.43
U.S. CPI	8.30	8.50	8.30	8.60	7.90	9.10	7.00	5.30	9	6	-8.8%	33.9%
China CPI	2.50	2.7	2.5	2.1	0.9	2.5	1.5	0.8	3	1	-7.4%	177.8%
Inflation Expectations 10 Year US	2.44	2.5	2.4	2.4	2.3	2.4	2.3	2.3	3	2	-3.4%	6.7%
U.S. Dollar & INR												
USD INR	81.5	79.8	81.3	79.0	75.5	81.3	74.3	74.3	82.0	73.8	-0.5%	10.5%
Dollar Index	111.2	109.5	112.1	105.1	99.0	112.1	95.7	93.8	114.8	93.3	-3.1%	19.2%

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 an attractive complement to equity portfolios, 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 remain 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	Over Weight	Indian HNI portfolios are dramatically underweight U.S. equities. Diversification provides strong portfolio optimization benefits. U.S. equities have dramatic barriers to entry and global leadership. U.S. equities have experienced a dramatic sell-off and we recommend a staggered accumulation approach.
Emerging Market Equities	Under Weight	With sagging growth in Japan, a currency crisis, and heightened political and economic risk in China, we prefer exposure to non-Japan, non-China emerging markets that are on a 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	Neutral Weight	While global volatility led pressure could push yields upwards in immediate terms, slower pace of inflation increase domestically coupled with less worse than expected fiscal situation would act as lid on yield spike. Monitoring the volatility led spike and taking positions would in intermediate terms could generate attractive risk reward opportunities.
Accrual	Neutral Weight	Accrual space continues to remain attractive due to spread available to be locked in. Steady state accrual on the mid part of the curve offers good options for risk averse investors.
Credit Risk	Selectively Positive	We remain cognisant of credit being prone to worsening, especially the weaker/over leveraged credits. 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.
InvTs	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.

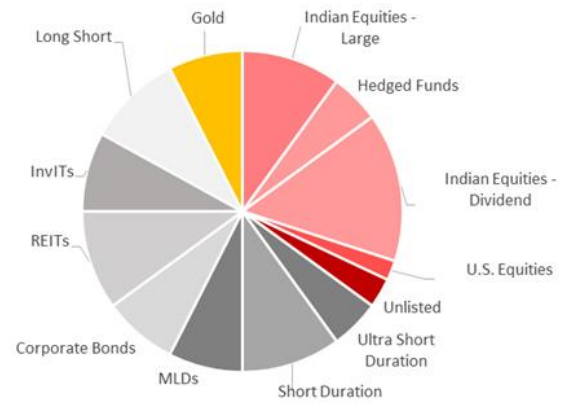
Ambit GPC Wealth Profiles - Strategic Weights

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.

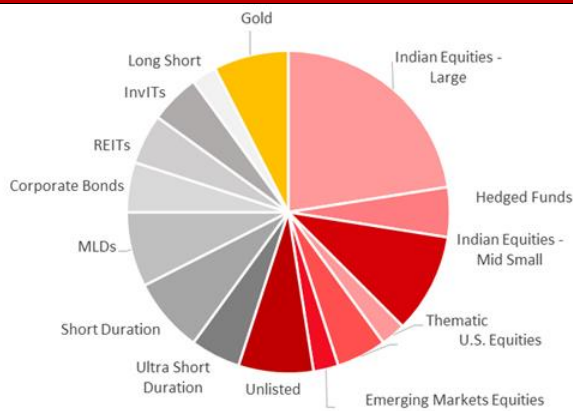
Wealth Conservation



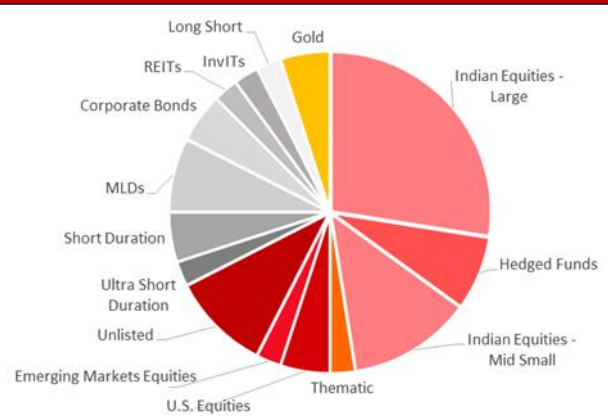
Income



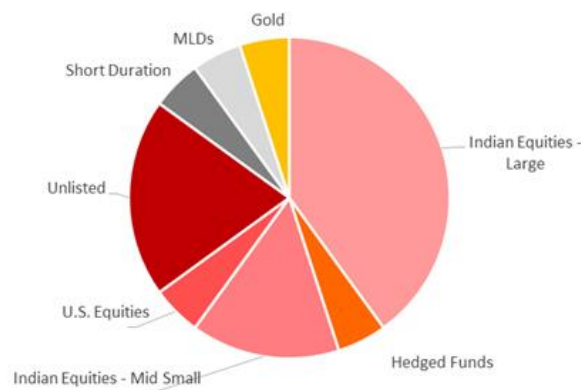
Balanced Growth



Moderate Growth



Aggressive Growth



Ambit Global Private Client - Asset Allocation & Investment Committee

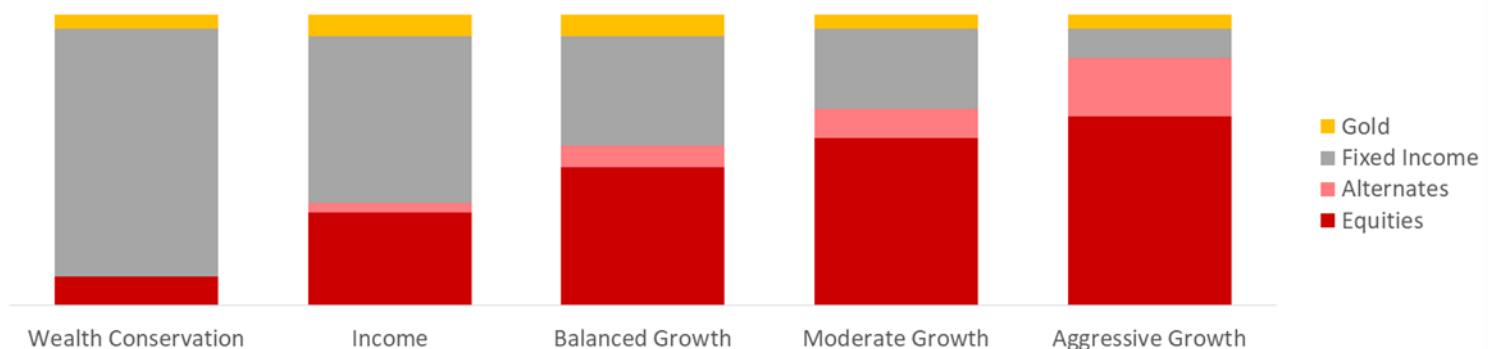
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Tactical Allocation Weights Vs Strategic

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

Wealth Profiles - Summary

Strategic Asset Class Weights by Profile



Ambit Global Private Client – Asset Allocation & Investment Committee

Amrita Farmahan

CEO

Amrita.farmahan@ambit.co

Mahesh Kuppannagari

Head – Products & Advisory

Mahesh.kuppannagari@ambit.co

Sunil A. Sharma

Chief Investment Strategist

Sunil.sharma@ambit.co

Malay Shah

Head – Fixed Income

Malay.shah@ambit.co

Sources: All sources unless otherwise noted are Bloomberg, NSE.

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