



KNOW THE NOW

WHAT'S YOUR NARRATIVE?

PREFACE

Dear Clients,

'I have always felt that a person's intelligence is directly reflected by the number of conflicting points of view he can entertain on the same subject.' - Abigail Adams

The current narrative on the prospects of the global economy and markets is sounding fairly pessimistic. The commentaries are wrapped around inflation concerns leading to harsh interest rate hikes required to slow down the US economy, which is overheated from the excess dose of liquidity infused by the Fed over the last few years. Commodity price increases caused by supply side pressures, geo political uncertainties, the long drawn Russia - Ukraine conflict, threats looming over potential China - Taiwan escalations, resurface of new COVID-19 variants are headline grabbers and are potential real risks, many of which may have already been priced in by the markets and for some it's wait and watch.

In the midst of this noise, in the latest edition of **Know the Now: What's Your Narrative?** we would like to draw your attention on some data points in India:

- Credit is picking up across sectors: Bank credit up 11%, Personal loan growth up 14.7%, Credit to Industry up 8%, Services credit up 11.1%, Credit to agriculture and allied at 10.6%
- PMI real time measures are the best reading in years, Composite PMI at 58.3, Services PMI at 58.9, Manufacturing at 54.6
- Key Core Industries and IIP data is tracking above 7.5%
- Top-line sales growth of NIFTY companies are strong and EBIDTA margins at 24% are at all-time highs

This data suggests that the domestic economy is recovering and we think this should not be ignored by investors. Our Chief Investment Strategist draws attention to India rapidly ascending the global rankings in economic growth while some of the western economies like the US, Germany, Russia, France, Italy steadily descend in their relative ranks. The decoupling theory has been debunked multiple times but we are reminded that the 2000's were a lost decade for the US whereas the Indian economy and markets zoomed in that time. Markets are globally interconnected and withstanding the outflow of liquidity from the FIIs is not easy, thus far the domestic flows have helped blunt the impact and we are closely monitoring that as slowdown in the SIP numbers can create further volatility.

So what do you do now? Well you play the long game. Morgan Housel in his book 'The Psychology of Money' talks about confounding compounding as a reference to how \$81.5 bn. of Warren Buffet's \$84.5 bn. networth came after his 65th birthday. If we attach all of Mr. Buffet's success to his investment acumen, we miss a key point – of being invested for three quarters of a century. There is no better way to do generate significant performance than allowing your wealth to season in the markets.

We recommend that you make time for a meeting, allow us to take you through the data, let us review your portfolio, stress test the holdings you have and let us build a plan to stagger investments into the market over the next six months for a very positive outcome over the next few years.

We also recommend that you brace for further volatility as with so many risk factors, things may break (bitcoin, tech valuations) and those could lead to further liquidity pressures. It's prudent to never waste a crisis, difficult times are most suited to evaluate your portfolio, the performance of your managers and advisors, and build a solid plan to navigate through strong winds.

The team @ Ambit GPC is available 24*7, do reach out to us.

Amrita Farmahan
Chief Executive Officer

INVESTMENT COMMENTARY

What's Your Narrative?

Sunil A. Sharma

Chief Investment Strategist

Conflicting Narratives from India & U.S. Data

Consider an economy that has been essentially an **ICU patient since 2008**, consistently pumped with steroids and shock therapy and is now hyper convulsing into stagflation. There is a massively bearish narrative today emanating out of developed markets. The **FI** - herd driven, momentum chasing, prone to extreme bullishness and extreme bearishness – has sold like never before and **wreaked havoc on our markets**.

Consider the flip side, an economy that has implemented massive structural reforms, we would argue successfully, enjoys the strongest demographics, a healthy urban and rural consumer and a government that has implemented policies for growth.

Do the fortunes of one determine the fortunes of the other? That maybe in the short term, but we would point out that **the U.S. suffered a Lost Decade in the 2000s, while India soared.**

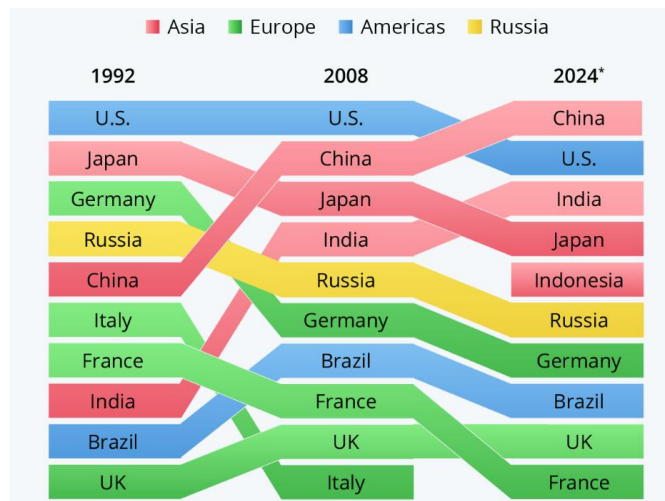
We posit that the **choice of narrative** today becomes the critical input for investors, asset allocation and portfolio construction.

Asia - and India – are Rising

Statista bears this out. Four of the top five economies by purchasing power parity will be Asian by 2024. Germany is showing a decline. As is France. **India is ascendant**, and Indonesia has shown up out of nowhere.

This week I met a client who I've had the privilege of working with and learning from in the past 6 years. During the past two decades, he has amassed stellar returns in equities, a 20%+ CAGR. He knows a thing or two about long- term wealth creation. I asked him about his outlook for India and he is **easily the most bullish I have seen him in the past 6 years**. According to him, India is hitting the same milestones

India is Rapidly Ascending the Global Rankings in Economic Growth (PPP)



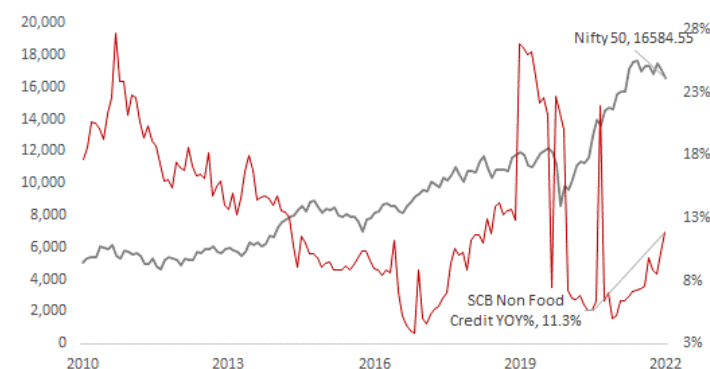
Source: IMF. Based on purchasing power parity.

China hit and the **next 8 years look incredibly exciting** for our economy. India is gaining in the global ranks. **Do we buy into the global pessimistic narrative or focus on our positives?**

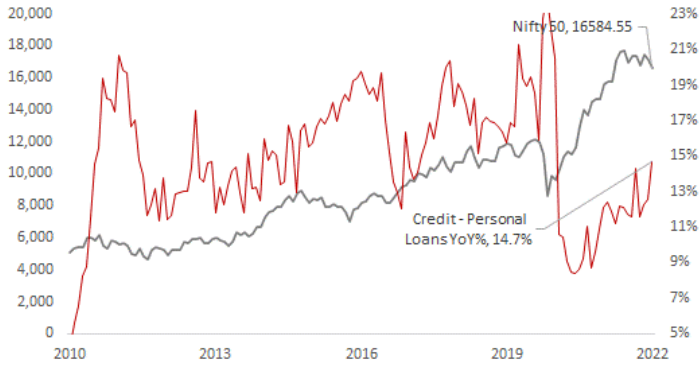
Credit is Picking Up +11% YoY

Credit is the lifeblood of the economy. Non-food credit growth at scheduled commercial banks is up 11%, personal loan growth is up 14%, even credit to industry is finally growing in excess of GDP at 8%, credit to services is up 11%, and credit to agriculture and allied is up 10%.

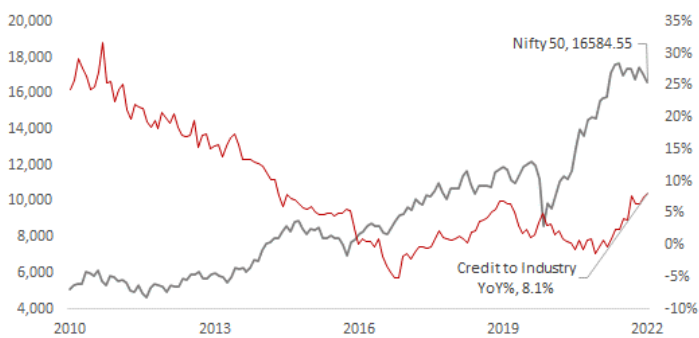
Bank Credit Growth is Up +11%



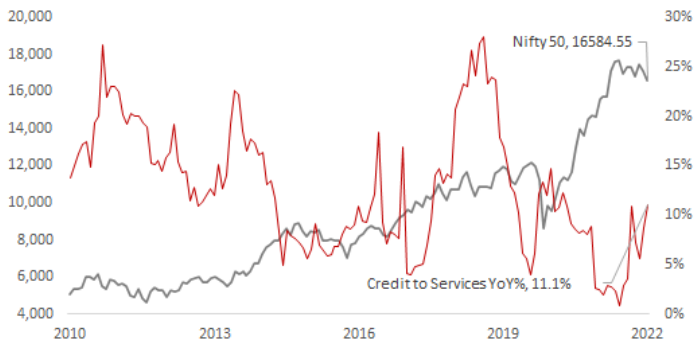
Personal Loan Growth is Up 14.7%, a 2 Year High



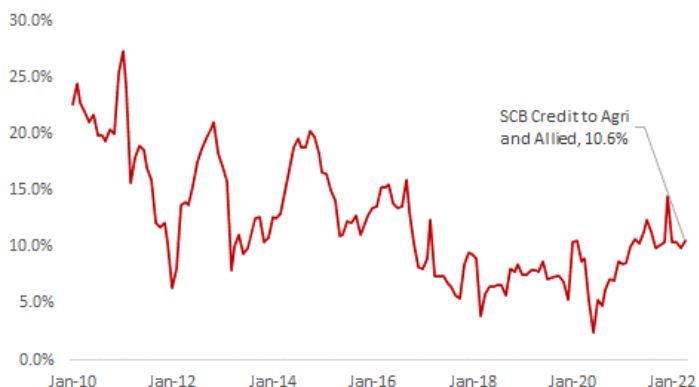
Credit to Industry is Rising +8%, a Multi Year High



Services Credit is Rising at a Healthy 11.1%



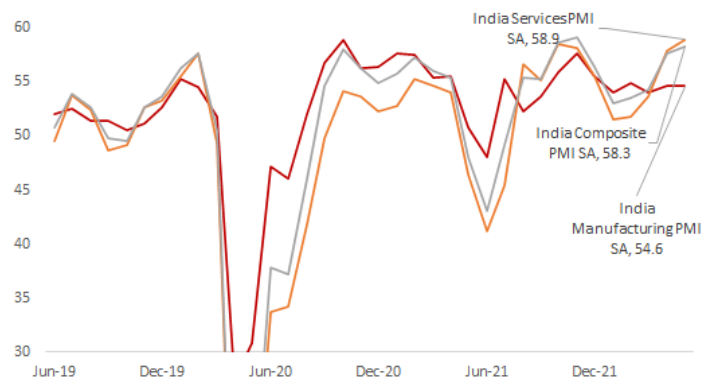
Credit to Agriculture & Allied Is Growing at 10.6%, Debunking the Narrative that Rural is Struggling



PMI is Surging to the High 50s

India's Services PMI is 58.9, Composite is 58.3 and Manufacturing at 54.6. These are amongst the most robust readings we have had in years. **India's economy is on the rise, despite inflation.** If 59% of surveyed participants are reporting improving conditions, that's **not indicative of a recession.** Our markets are being sold like a recession is coming. Maybe so in the U.S., but not in India.

PMI Composite Manufacturing & Services are Growing Robustly with the Composite at 58.3

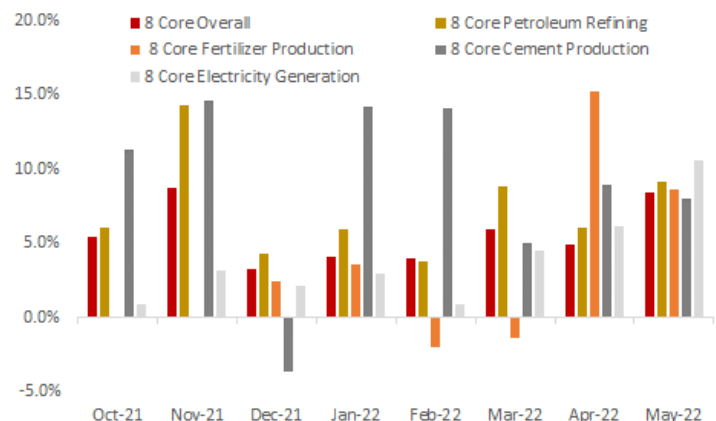


Source: Bloomberg and NSE for all data unless noted otherwise.

Key Core Industries & IIP Are Showing Strong Upticks

If we needed further verification that our economy is trending up, key 8 core industries and IIP data are all tracking at or above 7.5%. It's rare that we get such a confluence of indicators, all indicating that the domestic economy appears robust.

Key Core Industries Electricity, Cement, Fertilizer and Overall are Growing Healthily



Source: Bloomberg and NSE for all data unless noted otherwise.

Inflation

Urea, a Key Fertilizer Input and Palm Oil Have Peaked

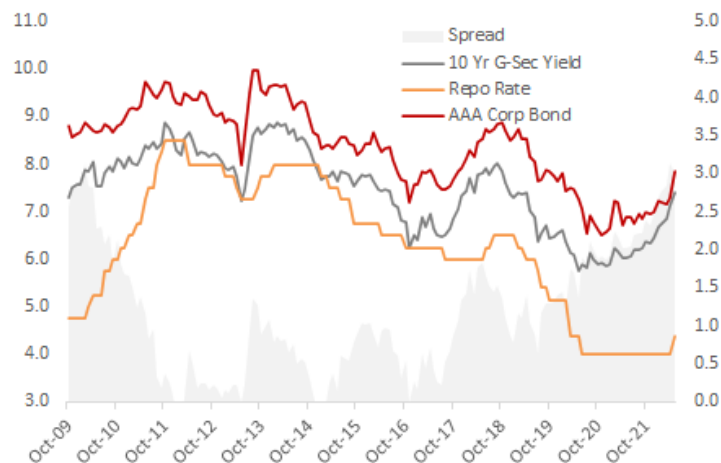
Urea, Lumber have crashed. Copper remains at similar levels to 2011, ie., real Copper prices are lower today than 10 years ago. Palm Oil appears to have peaked but remains at elevated levels. Wheat has moderated lower by 10% over the past month.

Urea Prices - a Key Fertilizer Input - are Reverting



contracting rapidly, driven by rapid moves higher in 1 year yields. If 2011 is a template, and it is playing out that way, expect the spread to narrow further. The central banker toolkit is structured around liquidity withdrawal and rate hikes and the RBI will raise rates until inflation comes within the acceptable band.

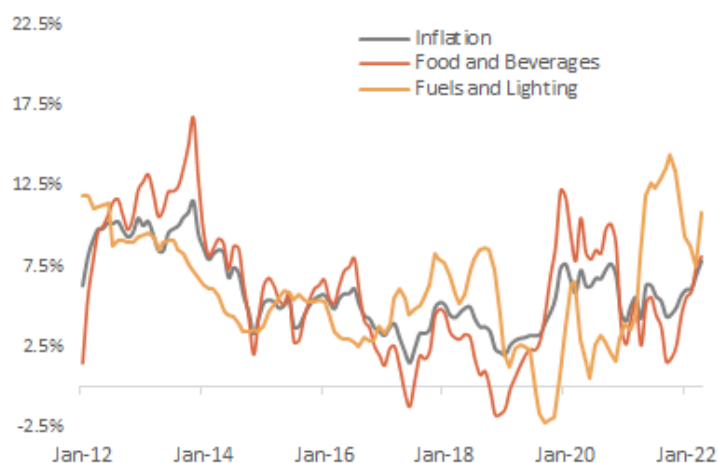
The Repo Rate - 10 Year G-Sec Spread is Likely to Narrow as the RBI Raises Rates



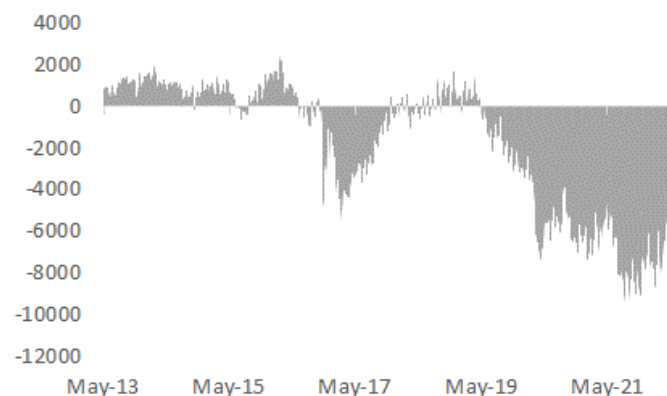
Inflation is Showing Signs of Peaking

As we finalize our commentary, retail inflation fell to 7% in May from 7.8% in April. Urban inflation remained at 7.1% while rural fell from 8.4% to 7%. Fuel and light inflation fell to 9.5% from 10.7%.

Inflation Just Fell to 7% in May from 7.8% in April



The RBI is Extracting Surplus Liquidity from the System



Source: Bloomberg and NSE for all data unless noted otherwise.

Continued on next page...

Interest Rates

As in 2010-11, the RBI is behind the curve, with the repo rate significantly below market rates, and there are more rate hikes in the offing. The 10-1 g-sec spread is

Equities

Earnings Growth is Looking Strong



For those willing to write off the volatile IIP and 8 core data, let's look at what ultimately matters for investors. Earnings are showing strong and rising trends, particularly Nifty 50 and midcaps. While midcap EPS growth has been volatile, Nifty 50 EPS growth has been steadier and now accelerating to a higher slope.

Top Line Sales Growth is Strong, and Trailing 12 Month Nifty 50 EBITDA Margins are Near Historical Highs at 24%

After peaking at 24.5% in March 2010, Nifty margins fell to 20% over the next couple of years as inflation soared.

Surprisingly, despite a year of high inflation, Nifty margins remain resilient at 24%. For all the gloom and doom over inflation, EBITDA margins remain healthy.

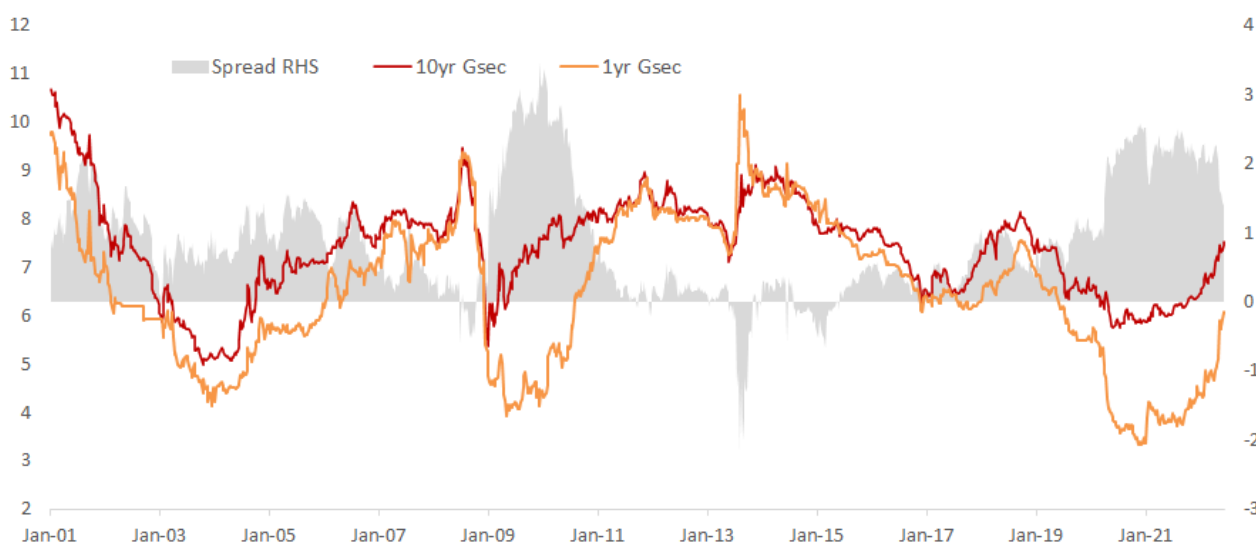
Nifty 50 EBITDA Margins Remain Steady at 24%



With top line growth, margins, economic data, urban and rural consumer - all being healthy, our economy is well positioned to weather the shock from rising rates.

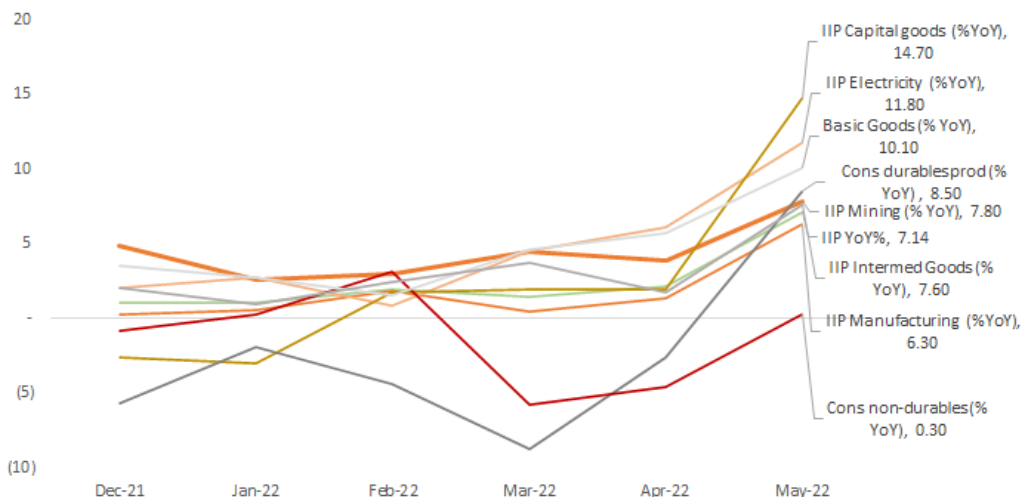
Our inflation problem is also far more addressable than the situations facing some developed markets.

The 10 – 1 G-Sec Spread is Narrowing Rapidly As It Did in 2011... ...Good News on Inflation Data Suggests a Light at the End of the Tunnel is Visible

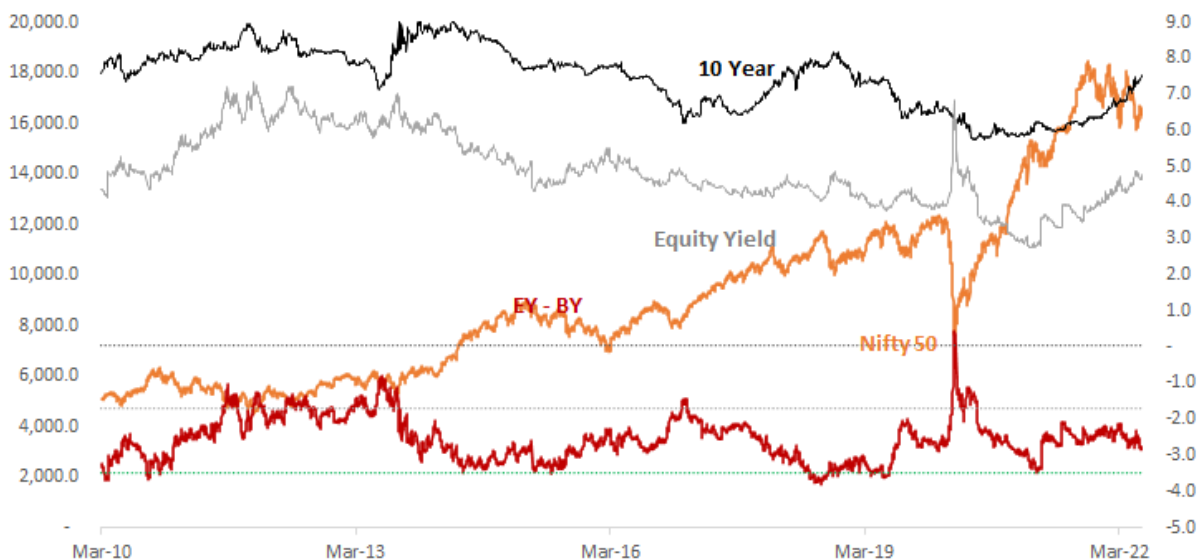


Source: Bloomberg

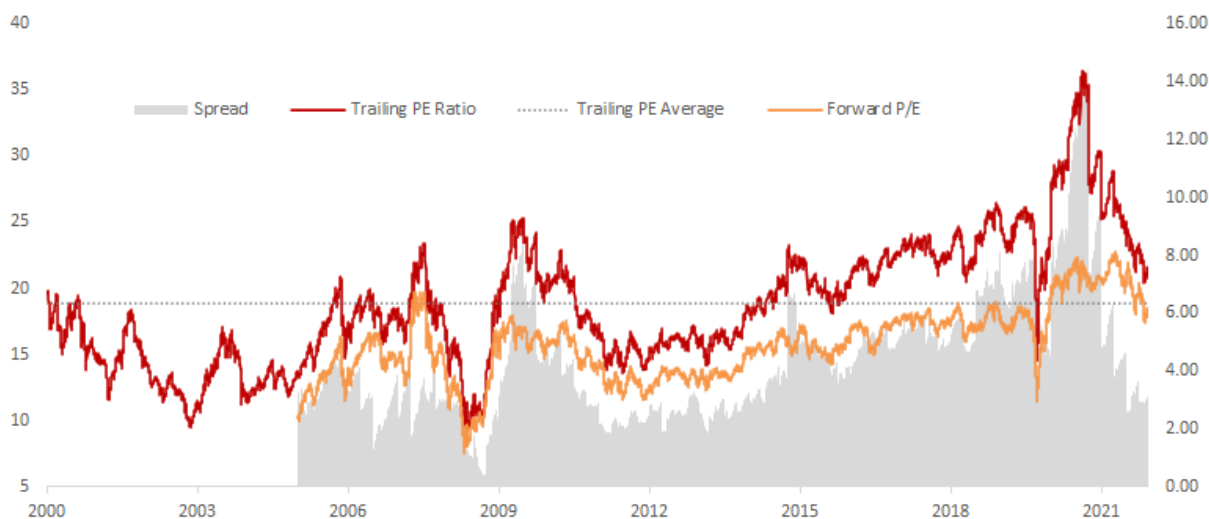
IIP Data Confirms that the Economy Remains on a Healthy Footing



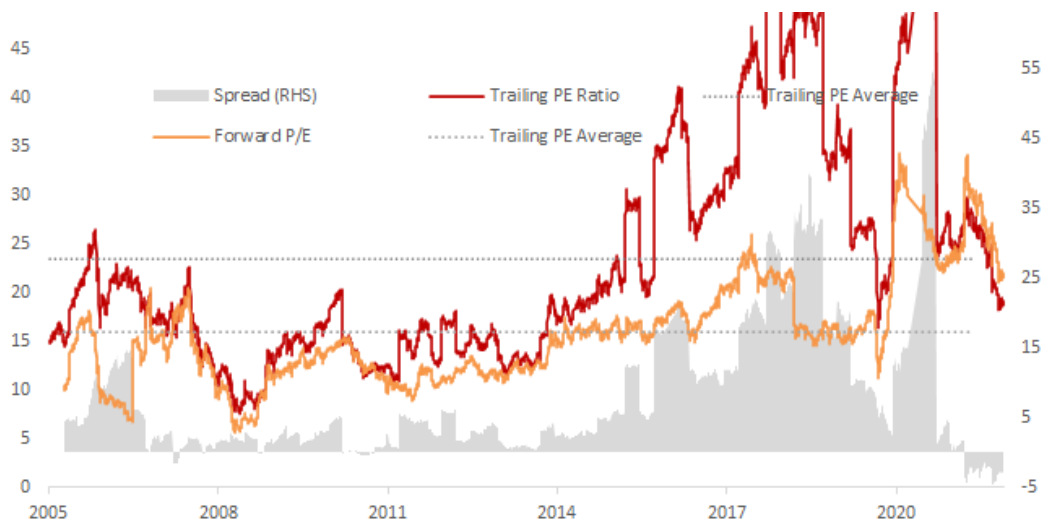
Equity & Bond Yields Have Risen... Enhancing the Attractiveness of Both Asset Classes



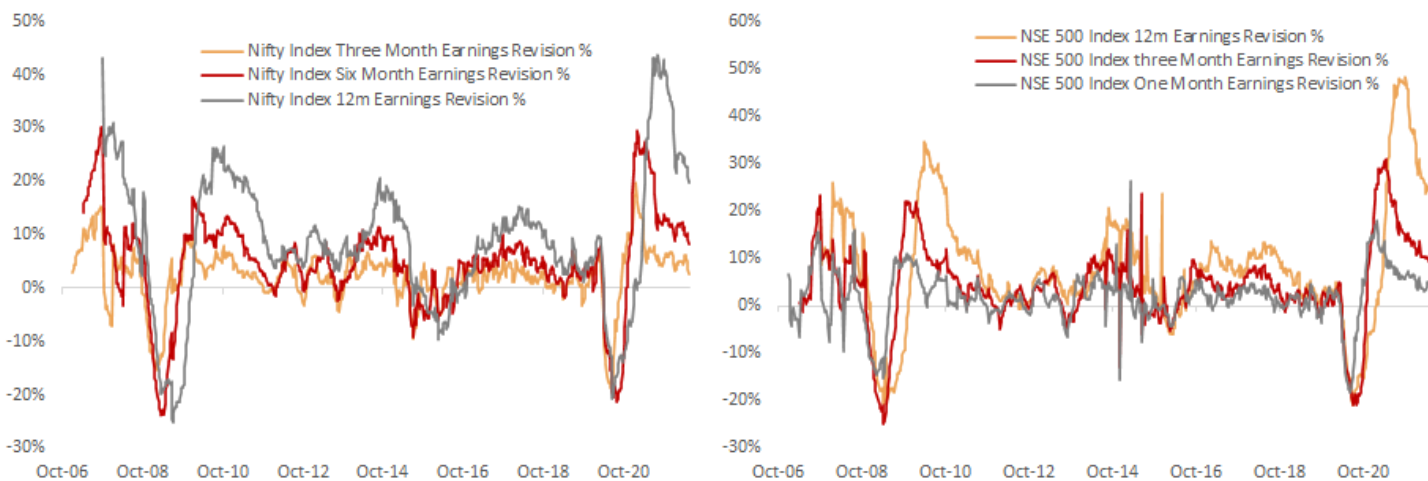
The Forward – Trailing P/E Ratio Spread Narrowed in 2011 and Doing So Again...



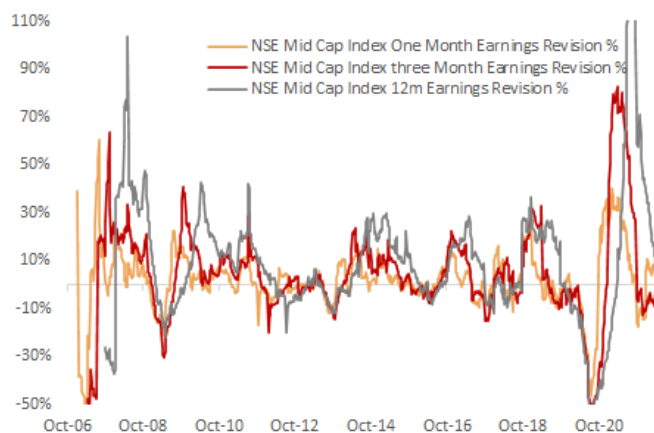
**Mid Cap P/E Ratios Have Contracted Significantly As Well...
...Now at the Lowest They've Been Since Early 2014**



Earnings Estimates & Revisions Continue to Trend Higher for the Nifty, NSE 500...



...As Well as the NSE Mid Cap Index



Continued on Next Page...

Outlook

The Domestic Economy Is Recovering Nicely

Aside from the indicators we've laid out, commercial vehicle sales and tractor sales are showing strong demand as well. Possibly a critical component driving India's growth is that domestic food inflation remains under control.

The FI – As Usual - Continues to Wreak Havoc on Our Markets

When the history books are written, there were multiple opportunities where the U.S. central bank could have bitten the bitter pill and wrung out excess. Each time, they chose to re-flate until speculation became excessive.

The U.S. Central Bank Will Retain an Aggressive Stance in the Near Term

With CPI coming in hot in the U.S. at 8.6%, Powell will continue aggressive rate hikes to rein in inflation back towards the 2% target. Their task will be vastly easier if longer-term inflation expectations remain well anchored, which currently is the case.

Wringing speculation out of our markets and global markets is ultimately sensible and necessary. Short term pain for long term growth. The policymakers are making the right choice to control inflation and squash rampant speculation.

Equities Continue to Deliver EPS Growth

Nifty 50 EPS are currently at 771.8, up 47.9% year over year on a trailing 12 month basis. That's despite the inflation witnessed, the spike in crude oil, natural gas, commodities such as wheat and palm oil etc.

The Earnings Yield on Equities is Rising

As a result of the stellar earnings growth, the yield on equities has risen to 4.76% (see chart on page 7). The EY hit a low of 2.7% in March 2021. The yield in February 2016 was 5.5%.

The Nifty 50 Has Grown EPS at a 19% CAGR over the Past 3 Years

EPS CAGR	Nifty 50	Nifty MidCap	S&P 500	Nasdaq 100
1 Year	47.9%	51.1%	39.1%	24.5%
2 Year	32.2%	53.5%	17.3%	21.8%
3 Year	19.1%	40.8%	9.7%	14.8%
5 Year	12.7%	19.9%	11.7%	16.0%
7 Year	10.9%	12.9%	8.5%	13.4%
10 Year	8.2%	10.5%	7.7%	11.4%

The Yields on Fixed Income are Rising

Similarly, the yield on fixed income using the 10 year proxy has risen to 7.5% and corporates trending closer to 8%.

Net net, both equities and fixed income have become incrementally more attractive for staggered fresh money deployments.

A 4.76% yield on equities plus capital appreciation versus a fixed yield of 7.5 to 8.0% are both attractive for an averaging strategy over the next few months.

Ultimately Fundamentals Will Prevail

Mr. Market will often present prices that swing to extremes. The pendulum has swung to fear and pessimism. Ultimately, fundamentals drive prices in the long run.

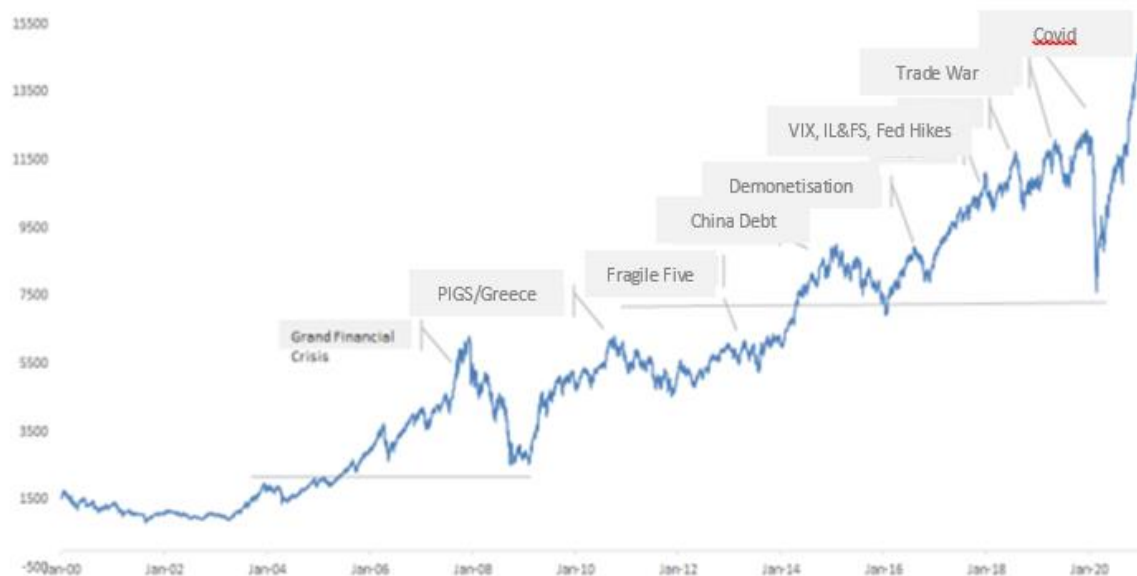
Long Term Perspective

Over the past 20 years, we've had two bubbles, numerous end of the world or systemic collapse scenarios such as PIGS, Greece, trade war, IL&FS, derivatives and European banks, Covid et al. The market (Nifty 50) is up ~14.6x (~14.7% CAGR) in the last 20 years.

Outlook for the U.S.

The current bout of U.S. inflation was triggered by federal spending and that inflation source has all but dried up. M2 is growing at a slow 1.3% annualized

The Long Term Equity Story is Ultimately a Story of Strong Returns ... Interspersed with High Volatility



pace. This effectively removes a major source of future inflation potential going forward. Markets are similarly wringing excess out from speculative asset classes.

The U.S. endured a lost decade in the 2000s. During that same period, India's markets zoomed. India's fortunes aren't necessarily tied at the hip to developed markets.

The great inflation of the 1970s was created by the Nixon administration's 1971 decision to abandon the dollar's peg to gold, and also by the oil crisis. Conditions aren't as worrisome in the U.S. today. CDS are stable, junk bond yields are marginally higher, and financial conditions have not worsened as they did during the grand financial crisis in 2008.

There is light at the end of the tunnel on inflation, and reason to be hopeful that the central bank tightening won't be a threat to the U.S. economic cycle.

April & May Economic Data in India Have Improved

April – May data looks encouraging. While the short term could witness further volatility, we'd use **any opportunities to deploy capital using an averaging approach staggered** over the next 6 months. The inflation print is also reason for cautious optimism.

The risk to our forecast remains a non-forecastable event such as a China Taiwan war, or a spike in Crude. Spikes in crude will inflict short term distress but ultimately are self-correcting.

The choice of narrative will form the basis of asset allocation strategy. We choose to focus on the positive data points we're witnessing unfold in India, and the long term economic prospects for our economy remain healthy.

Finally, words of wisdom from Seth Klarman:

It is easy for the volatility of one's thinking to match the volatility of prevailing conditions. Time horizons have shortened even more than usual, to the point where the market's 4:00 p.m. close seems to many like a long-term commitment. To maintain a truly long-term view, investors must be willing to experience significant short-term losses; without the possibility of near-term pain, there can be no long term gain.

Equity Index Performance

13-Jun-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	16,202	-2.3	2.7	-2.3	-2.6	-6.7	-7.2	-6.6	2.5	18,604	15,451	-12.9%	4.9%	19/10/2021
Americas														
S&P 500 Index	3,901	-5.1	-3.1	-5.6	-7.2	-16.5	-13.9	-18.2	-8.2	4,819	3,810	-19.0%	2.4%	04/01/2022
Dow Jones Indus. Avg	31,393	-4.6	-2.5	-4.8	-4.7	-11.9	-9.5	-13.6	-9.0	36,953	30,636	-15.0%	2.5%	05/01/2022
Nasdaq Composite	11,340	-5.6	-3.9	-6.1	-11.7	-26.4	-20.3	-27.5	-19.4	16,212	11,036	-30.1%	2.8%	22/11/2021
Nyse Fang+ Index	5,051	-3.0	0.0	-4.0	-10.8	-31.1	-23.4	-31.9	-25.0	8,077	4,619	-37.5%	9.4%	04/11/2021
Canada	20,275	-2.5	0.9	-2.2	-5.5	-2.3	-7.4	-4.5	0.7	22,213	19,480	-8.7%	4.1%	05/04/2022
Mexico	48,472	-4.4	-2.2	-6.3	-9.1	-3.9	-14.3	-9.0	-5.5	57,064	48,399	-15.1%	0.2%	01/04/2022
Brazil Bovespa	105,481	-5.1	-1.3	-5.3	-5.6	-1.8	-12.1	0.6	-18.5	131,084	100,075	-19.5%	5.4%	14/06/2021
Europe														
Euro Stoxx 50 Pr	3,599	-4.9	-2.8	-5.0	-2.4	-14.0	-7.8	-16.3	-12.8	4,415	3,387	-18.5%	6.3%	18/11/2021
FTSE 100	7,318	-2.9	-1.4	-3.8	2.3	1.2	-2.6	-0.9	2.6	7,687	6,788	-4.8%	7.8%	10/02/2022
CAC 40 Paris	6,187	-4.6	-2.8	-4.4	-1.2	-10.9	-7.1	-13.5	-6.3	7,385	5,756	-16.2%	7.5%	05/01/2022
DAX Germany	13,762	-4.8	-1.9	-4.4	1.0	-11.9	-4.5	-13.4	-12.3	16,290	12,439	-15.5%	10.6%	18/11/2021
Asia														
Nikkei 225	27,041	-3.1	2.3	-0.9	7.5	-5.6	-2.8	-6.1	-6.6	30,796	24,682	-12.2%	9.6%	14/09/2021
Hang Seng	21,198	-2.1	6.5	-1.0	3.1	-11.5	-3.6	-9.4	-26.5	29,395	18,235	-27.9%	16.2%	28/06/2021
Shenzhen CSI 300	4,175	0.2	4.7	2.0	-3.1	-17.9	-1.1	-15.5	-20.1	5,276	3,757	-20.9%	11.1%	11/06/2021
Australia	6,932	-4.2	-2.0	-3.9	-1.9	-6.1	-7.6	-6.9	-5.2	7,633	6,758	-9.2%	2.6%	13/08/2021
Taiwan	16,072	-3.2	1.5	-4.4	-6.9	-9.5	-9.2	-11.8	-6.6	18,620	15,617	-13.7%	2.9%	05/01/2022
Korea	2,525	-5.5	-3.1	-6.0	-5.1	-15.9	-8.4	-15.2	-22.3	3,316	2,520	-23.9%	0.2%	25/06/2021
Straits Times Index STI	3,155	-2.2	-1.1	-2.4	-2.9	1.1	-7.4	1.0	-0.1	3,466	3,038	-9.0%	3.9%	17/02/2022
Vietnam Ho Chi Minh	1,250	-3.1	5.7	-3.3	-14.8	-15.3	-16.2	-16.6	-7.5	1,536	1,157	-18.7%	8.1%	10/01/2022
Jakarta Indonesia	6,962	-1.9	5.5	-2.6	0.6	4.5	-1.5	5.8	14.2	7,355	5,885	-5.3%	18.3%	11/04/2022
Phillipines	6,483	-3.5	1.6	-4.3	-8.8	-9.9	-10.0	-9.0	-6.1	7,552	6,270	-14.2%	3.4%	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	16,202	-2.3	2.7	-2.3	-2.6	-6.7	-7.2	-6.6	2.5	18,604	15,451	-12.9%	4.9%	19/10/2021
Microsoft Corp	253	-6.3	-3.1	-6.9	-9.7	-25.5	-17.9	-24.8	-1.9	350	246	-27.6%	2.7%	22/11/2021
Apple Inc	137	-5.7	-6.8	-7.9	-11.4	-22.0	-21.5	-22.8	7.7	183	127	-25.0%	7.9%	04/01/2022
Walt Disney Co/The	99	-8.5	-7.4	-10.0	-24.6	-33.9	-27.5	-35.8	-44.0	188	99	-47.0%	0.0%	13/08/2021
Amazon.Com Inc	110	-10.4	-3.0	-8.8	-24.7	-35.3	-32.7	-34.2	-34.5	189	101	-41.9%	8.3%	13/07/2021
Netflix Inc	183	-8.1	-2.5	-7.3	-46.2	-69.7	-51.2	-69.6	-62.6	701	163	-73.9%	12.4%	17/11/2021
Alphabet Inc-Cl A	2,223	-3.0	-4.2	-2.3	-14.4	-23.8	-20.1	-23.3	-8.5	3,031	2,038	-26.6%	9.1%	02/02/2022
Hdfc Bank Limited	1,351	-2.1	4.6	-2.7	-3.3	-10.6	-8.1	-8.7	-9.1	1,725	1,278	-21.7%	5.7%	18/10/2021
Icici Bank Ltd	720	-3.3	6.3	-4.4	6.2	-4.5	-1.4	-2.7	13.3	867	616	-17.0%	16.8%	25/10/2021
Tata Consultancy Svcs Ltd	3,360	-2.3	-1.6	-0.1	-6.6	-6.9	-10.2	-10.1	2.6	4,043	3,132	-16.9%	7.3%	17/01/2022
Reliance Industries Ltd	2,714	-2.3	11.9	3.1	13.1	12.6	3.0	14.6	22.6	2,856	2,016	-5.0%	34.6%	29/04/2022
Bajaj Finance Ltd	5,668	-6.0	2.8	-6.8	-14.5	-21.5	-21.9	-18.8	-7.4	8,050	5,488	-29.6%	3.3%	18/10/2021
Hindustan Unilever Ltd	2,200	-4.0	0.3	-6.5	5.0	-4.5	7.4	-6.8	-7.0	2,859	1,902	-23.1%	15.7%	21/09/2021
Nestle India Ltd	16,775	-2.3	2.3	-5.2	-3.2	-11.6	-3.5	-14.9	-4.3	20,609	16,000	-18.6%	4.8%	14/09/2021
Titan Co Ltd	2,142	-2.8	2.4	-3.3	-14.1	-8.9	-15.5	-15.1	23.9	2,768	1,663	-22.6%	28.9%	21/03/2022
Asian Paints Ltd	2,709	-6.2	-11.6	-5.3	-7.6	-17.4	-12.1	-19.9	-8.4	3,590	2,599	-24.5%	4.2%	10/01/2022
Srf Ltd	2,305	-2.9	3.3	-6.5	2.4	7.2	-14.0	-4.8	63.1	2,773	1,373	-16.9%	67.8%	08/04/2022
Central Depository Serv	1,111	-7.2	2.0	-11.7	-26.9	-30.0	-25.0	-26.0	13.8	1,734	916	-36.0%	21.2%	15/12/2021

Large, Mid & Small

13-Jun-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	16,202	-2.3	2.7	-2.3	-2.6	-6.7	-7.2	-6.6	2.5	18,604	15,451	-12.9%	4.9%	19/10/2021
Sensex	54,303	-2.6	2.9	-2.3	-2.2	-6.8	-7.3	-6.8	3.5	62,245	51,601	-12.8%	5.2%	19/10/2021
Nifty 500	13,782	-2.1	2.3	-2.4	-3.2	-8.5	-7.5	-8.1	1.6	16,004	13,156	-13.9%	4.8%	19/10/2021
NIFTY Midcap 100	27,576	-1.6	1.8	-2.5	-2.2	-11.4	-7.1	-9.4	0.9	33,244	25,894	-17.0%	6.5%	19/10/2021
NIFTY Smallcap 100	8,955	-2.8	1.8	-2.8	-11.8	-20.3	-14.2	-20.7	-8.2	12,047	8,430	-25.7%	6.2%	18/01/2022

Nifty Sectors

13-Jun-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	11,394	1.0	9.4	-1.7	14.2	3.1	8.0	4.2	5.8	12,140	9,227	-6.1%	23.5%	17/11/2021
Nifty Bank	34,484	-2.2	4.1	-2.8	-0.2	-6.6	-5.2	-2.8	-1.6	41,830	32,155	-17.6%	7.2%	25/10/2021
NIFTY Private Bank	17,588	-2.2	4.5	-2.9	0.6	-6.7	-4.5	-2.5	-4.6	21,719	16,317	-19.0%	7.8%	25/10/2021
Nifty Financial Services	15,847	-3.0	3.6	-3.8	-2.0	-12.0	-7.6	-8.6	-4.8	19,779	15,042	-19.9%	5.4%	25/10/2021
Nifty India Consumption	6,665	-1.6	2.0	-3.7	0.9	-5.7	-2.4	-5.5	5.8	7,653	6,178	-12.9%	7.9%	18/10/2021
Nifty FMCG	37,429	-2.2	1.5	-3.3	5.1	-1.0	3.1	-0.4	5.0	42,021	33,408	-10.9%	12.0%	18/10/2021
Nifty Energy	25,809	-0.3	1.8	0.7	3.2	11.4	-0.1	14.0	24.1	29,304	18,803	-11.9%	37.3%	29/04/2022
Nifty Infrastructure	4,784	-1.4	2.5	-1.9	-0.3	-5.1	-4.7	-3.3	7.0	5,363	4,292	-10.8%	11.5%	15/11/2021
Nifty IT	29,114	-2.6	-1.7	-1.9	-17.6	-19.2	-19.8	-24.8	3.2	39,447	27,424	-26.2%	6.2%	04/01/2022
Nifty Metal	5,200	-2.4	-2.1	-2.5	-16.0	-7.8	-19.1	-5.8	-3.8	6,826	4,859	-23.8%	7.0%	11/04/2022
Nifty Pharma	12,419	0.0	-1.7	-1.5	-7.3	-7.5	-8.6	-12.7	-14.1	14,938	12,170	-16.9%	2.0%	04/10/2021
Nifty PSU Bank	2,565	-0.7	6.7	-0.4	-3.5	-7.0	-5.9	1.4	3.7	3,134	2,205	-18.1%	16.3%	07/02/2022
Nifty Realty	400	-1.6	4.2	-2.7	-6.9	-21.8	-13.6	-17.3	11.9	561	332	-28.6%	20.8%	09/11/2021
Nifty Sectors & Themes														
Nifty Media	1,980	-2.4	1.8	-3.5	-7.1	-18.5	-16.8	-10.8	5.2	2,495	1,569	-20.6%	26.2%	13/12/2021
Nifty CPSE	2,658	1.9	6.0	2.0	5.4	15.9	6.3	17.4	26.0	2,828	1,927	-6.0%	37.9%	19/04/2022
Nifty PSE	4,120	1.0	3.6	0.9	0.7	4.9	0.8	7.4	10.3	4,517	3,424	-8.8%	20.3%	19/04/2022
Nifty Commodities	5,332	-1.7	-1.9	-2.7	-7.5	-5.6	-11.1	-4.5	1.1	6,458	5,012	-17.4%	6.4%	19/04/2022
Nifty MNC	17,677	-1.8	2.8	-3.7	-0.1	-8.0	-2.4	-8.1	2.0	20,130	16,809	-12.2%	5.2%	19/10/2021

Crude Oil & Commodities

13-Jun-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	16,202	-2.3	2.7	-2.3	-2.6	-6.7	-7.2	-6.6	2.5	18,604	15,451	-12.9%	4.9%	19/10/2021
Gold U.S. & India														
Gold Spot \$/Oz	1,862	1.1	2.8	1.3	-4.6	4.2	-3.9	1.8	-0.2	2,070	1,691	-10.1%	10.1%	08/03/2022
Gold India	50,779	-0.9	-0.7	-0.2	-2.8	6.6	-1.0	6.0	4.4	54,062	45,624	-6.1%	11.3%	09/03/2022
Platinum Spot \$/Oz	963.7	-5.7	1.8	-0.5	-6.9	3.3	-2.3	-0.5	-17.5	1,183	897	-18.5%	7.4%	08/03/2022
Crude														
Brent Crude	119.9	0.3	7.4	-2.4	6.4	61.1	11.1	54.1	64.9	139	65	-13.9%	85.5%	07/03/2022
WTI Crude	118.5	0.0	7.3	3.4	8.4	66.3	18.2	57.6	67.2	131	62	-9.2%	92.0%	07/03/2022
Metals														
LME Copper	9,447.3	-0.5	2.3	0.0	-6.4	-0.6	-8.9	-3.0	-4.2	10,730	8,766	-12.0%	7.8%	07/03/2022
LME Aluminum	2,661.0	-1.4	-2.2	-3.5	-21.9	1.7	-23.5	-5.2	7.0	3,985	2,351	-33.2%	13.2%	07/03/2022
LME Nickel	27,188.0	-3.1	-4.0	-4.1		36.9	-15.3	30.2	48.9	43,000	17,150	-36.8%	58.5%	07/03/2022
LME Zinc	3,706.8	-4.6	2.7	-5.9	-3.5	10.5	-12.4	3.3	24.7	4,530	2,829	-18.2%	31.0%	19/04/2022
LME Lead	2,143.8	-0.9	2.1	-1.4	-8.1	-7.0	-11.4	-8.3	-1.0	2,513	2,020	-14.7%	6.1%	18/08/2021
LME Tin	35,565.0	1.0	-0.5	1.8	-18.8	-10.7	-18.9	-9.7	9.7	50,026	30,950	-28.9%	14.9%	08/03/2022
Commodities														
Lumber	9,447.3	-0.5	2.3	0.0	-6.4	-0.6	-8.9	-3.0	-4.2	10,730	8,766	-12.0%	7.8%	07/03/2022
Palm Oil	6,281.0	-6.9	-9.7	-4.9	-18.2	19.8	-1.7	21.7	55.1	8,757	3,434	-28.3%	82.9%	02/03/2022
BBG Cmdty ex-Prec Mtl	129.1	-1.9	4.9	2.4	9.6	48.2	11.1	44.2	53.6	134	80	-3.4%	62.1%	08/03/2022
CRB Metals Index	1,230.9	-3.5	-0.5	-2.9	-10.7	-1.8	-12.7	-3.7	5.6	1,431	406	-14.0%	203.4%	04/04/2022
Bloomberg Commodity Ii	134.2	-1.6	4.6	2.2	6.2	39.0	7.9	35.3	41.3	141	90	-4.5%	49.2%	08/03/2022
CRB Commodities Index	629.5	0.1	0.4	0.0	0.2	10.3	-0.8	8.9	12.1	644	547	-2.3%	15.1%	04/05/2022
Wheat	1,088.5	-0.4	-6.7	0.1	-0.1	38.6	8.2	41.2	59.9	1,340	605	-18.8%	80.1%	04/03/2022
CRB Raw Industrials Inde	655.2	-0.8	-0.1	-0.6	-2.3	2.6	-4.2	1.2	7.8	689	601	-4.9%	9.0%	04/04/2022
Commodities														
Bloomberg Grains Spot	380.28	-1.2	-4.5	-1.2	-1.0	32.1	3.4	29.4	27.8	414	260	-8.2%	46.5%	17/05/2022
Raw Sugar	18.87	-2.2	1.8	-2.7	-1.2	-4.3	-3.2	-0.1	6.9	21	16	-8.8%	16.6%	18/11/2021
Simex Iron Ore	138.60	-4.6	5.9	3.8	-10.2	27.2	-8.1	23.2	-35.3	222	88	-37.6%	56.7%	08/07/2021

Interest Rates and Inflation

13-Jun-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	7.52	7.46	7.30	7.42	6.81	6.37	6.84	6.45	6.02	7.56	6.00	-0.04	1.52	08/06/2022
5 Year India G-Sec	7.30	7.29	7.18	7.21	6.39	5.69	6.33	5.79	5.50	7.37	5.52	-0.8%	32.4%	07/06/2022
3 Year India G-Sec	6.92	7.01	6.82	6.94	5.86	5.11	5.84	5.30	4.92	7.09	4.43	-2.3%	56.2%	07/06/2022
1 Year India G-Sec	6.05	6.08	5.94	6.01	4.87	4.54	4.67	4.37	3.86	6.20	3.72	-2.5%	62.7%	03/06/2022
3 Month India G-Sec	4.96	4.94	4.69	4.94	3.81	3.50	3.77	3.59	3.38	4.98	3.26	-0.4%	52.1%	08/06/2022
Repo Rate India	4.90	4.40	4.40	4.40	4.00	4.00	4.00	4.00	4.00	4.90	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	3.19	3.04	2.92	2.84	1.99	1.42	2.34	1.51	1.45	3.20	1.13	-0.01	2.07	09/05/2022
U.S. 5 Year	3.34	3.03	2.87	2.82	1.95	1.20	2.46	1.26	0.74	3.34	0.60	-	2.74	13/06/2022
U.S. 2 Year	3.18	2.73	2.58	2.56	1.75	0.63	2.33	0.73	0.15	3.19	0.15	-0.01	3.03	13/06/2022
U.S. 1 Year	2.38	2.19	1.93	2.07	1.13	0.24	1.61	0.38	0.05	2.50	0.05	-0.12	2.33	13/06/2022
U.S. 3 MO T-BILL	1.26	1.20	0.98	1.06	0.38	0.05	0.50	0.04	0.02	1.34	0.02	-0.08	1.24	10/06/2022
Spread 10-2	0.01	0.31	0.34	0.29	0.24	0.78	0.00	0.78	1.30	0.01	0.98			
Spread 5-1	0.97	0.84	0.94	0.75	0.81	0.96	0.85	0.88	0.69	0.84	0.56			
U.S. CPI	8.60		8.30	8.60	7.90	6.80	8.50	7.00	5.00	9	5	0.0%	62.3%	31/05/2022
China CPI	2.10		2.1	2.1	0.9	2.3	1.5	1.5	1.3	2	1	-8.7%	200.0%	30/11/2021
Inflation Expectations 10	2.49		2.4	2.5	2.4	2.3	2.3	2.3	2.3	2	2	0.0%	11.1%	31/05/2022
U.S. Dollar & INR														
USD INR	77.8	77.6	77.3	77.6	76.3	75.8	75.8	74.3	73.1	77.9	72.9	0.0%	6.7%	10/06/2022
Dollar Index	104.5	102.4	104.6	101.8	99.1	96.3	98.3	95.7	90.6	105.0	90.3	-0.5%	15.7%	13/05/2022

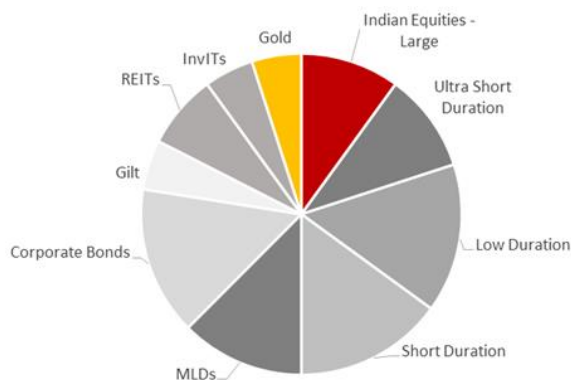
Tactical Asset Class Rationale

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 will witness temporary 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.

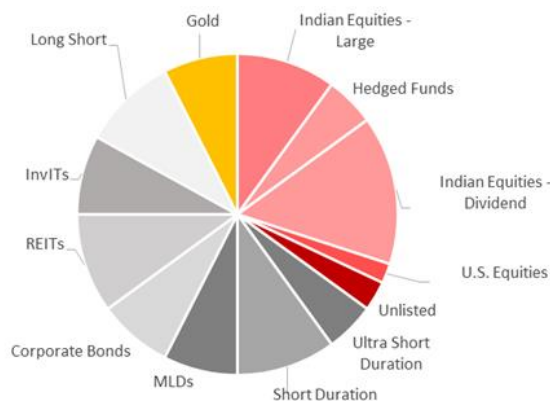
Ambit GPC Wealth Profiles - Strategic Weights

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.

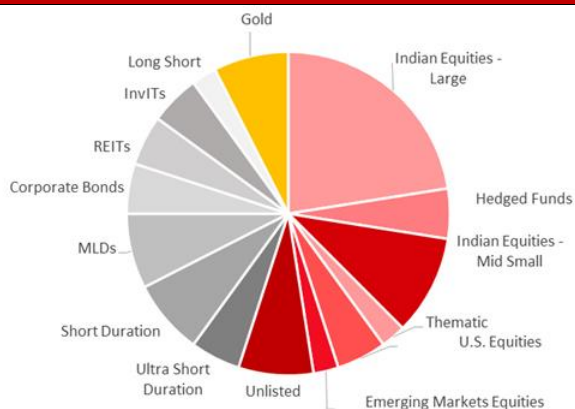
Wealth Conservation



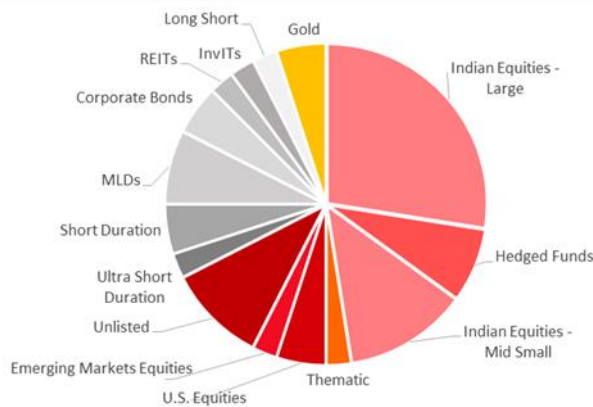
Income



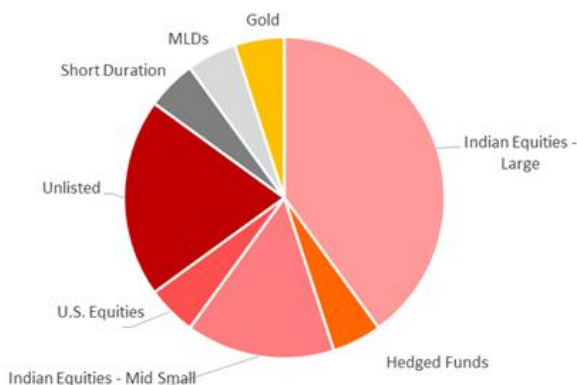
Balanced Growth



Moderate Growth



Aggressive Growth



Ambit Global Private Client - Asset Allocation & Investment Committee

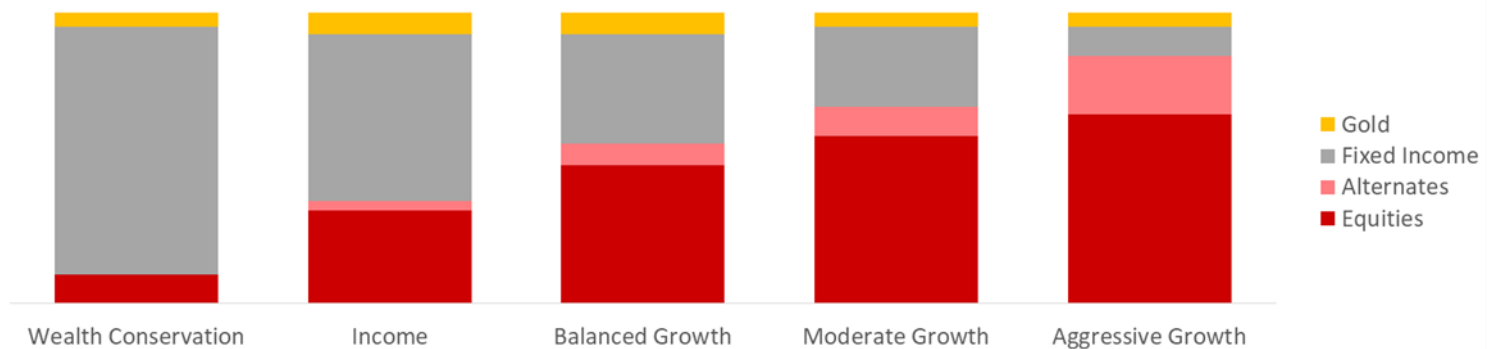
The Ambit GPC Asset Allocation & Investment Committee (AAIC) is a group comprised of the CEO, Head of Products and Alternates, Chief Investment Strategist and Head of Fixed Income (listed below). The team has over 100 years of collective investment experience in markets. The AAIC meets monthly and as necessary during periods of market volatility to discuss the economy and markets. The committee determines the investment outlook that guides our advice to clients. The AAIC continually monitors developing economic and market conditions, reviews tactical outlooks and recommends asset allocation model changes, as well as analysis, investment commentary, portfolio recommendations and reports.

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.

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