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INVESTMENT COMMENTARY

JUNE 2024

Every month, our focus is on the relevant issues of the day for Indian investors. This month, we look back and look ahead to the next five years, with a key focus on how demographics will continue to drive India's growth, alongside strong reforms, favorable geopolitics and public investment. We look at surprising data coming out on the global economy. We also review behavioral investing strategy, and its critical role in ensuring investment plan objectives are met.

CHOICE

The increasingly important role of behavior in investing.

A QUICK LOOK BACK OVER THE PAST 5 YEARS

We review key accomplishments of the past 5 years by the Modi government.

LOOKING AHEAD AT THE NEXT 5 YEARS

A look ahead to the next 5 years with a focus on demographic and workforce structural trends and their implications.

SURPRISING DATA OUT OF THE U.S. AND GLOBAL

We update surprising data on the U.S. and global economy.

INVESTMENT OUTLOOK

We update our investment outlook, asset allocation, style preferences, sector preferences.

MARKET DATA, TACTICAL ASSET ALLOCATION & RATIONALE

Key market data across asset classes, tactical asset allocation preferences and investment rationale.

Authored by:

SUNIL A SHARMA

Chief Investment Strategist

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TABLE OF CONTENTS

Main Content

Market Data & Asset Allocation

CHOICE - INVESTMENT STRATEGY VERSION

Panic or Patience

The action on June 5th got us thinking about choice and emotions. That day, markets sold off sharply on the lack of clarity on government formation. During that panic sell off, we came across a **research note by a wealth outfit.** They were **turning defensive** on the markets, **cutting Nifty price targets** to 22,000 post disappointing results in the general elections. Wholesale changes to the portfolios were laid out.

Decisions Amidst Fear & Uncertainty

The most important decisions in the investment journey are often the ones made at times of volatility, fear and uncertainty, generally near bottoms but often near peaks as well when greed sets in. Those unable to manage their emotions end up making decisions that ultimately prove costly, and sometimes irrecoverable.

Behavioral Investing Strategy

In recent years, the behavioral aspect of investing – the choices we make and the narratives we build – have taken front and center stage in the U.S. wealth advisory community. Rightly so. Maintaining prudence and being able to sort through emotional volatility is possibly the **most important job of the investor, and wealth advisor**.

Activity, Time Horizon and Exposure

Can emotion and the need for kneejerk reactions be controlled? Investing as Charlie Munger said best, and we paraphrase, is about sitting back and letting a portfolio of great companies, bought with a margin of safety, deliver on the magic of compounding.

Asset allocation has the largest contribution to portfolio return; however, we would submit that decisions at times of uncertainty, and high emotion, often determine if **performance expectations** are met.

The **time horizon** is equally important. Are we judging portfolios and managers **weekly, monthly, annually**, or longer time frames? How tactical? Do we treat it like a **trading vehicle** or are we content to let great companies compound wealth for us, and trust that the **historical precedence** will continue to deliver in the future as well.

Flexibility Vs Forecasting

Equally important is the ability to choose the right narrative. Our experience is that getting the narrative right requires a sound framework, experience, and effort. Flexibility is vastly preferable to forecasts, which invariably create anchor and confirmation bias.

Choice

All this brings us to **choice**. We'll pick up on this in the Investment Outlook section, where we highlight how too much information flow, **too much social media**, TV/print media, research, emotion *will* lead to sub-optimal outcomes, and share some of our rules to invest by.

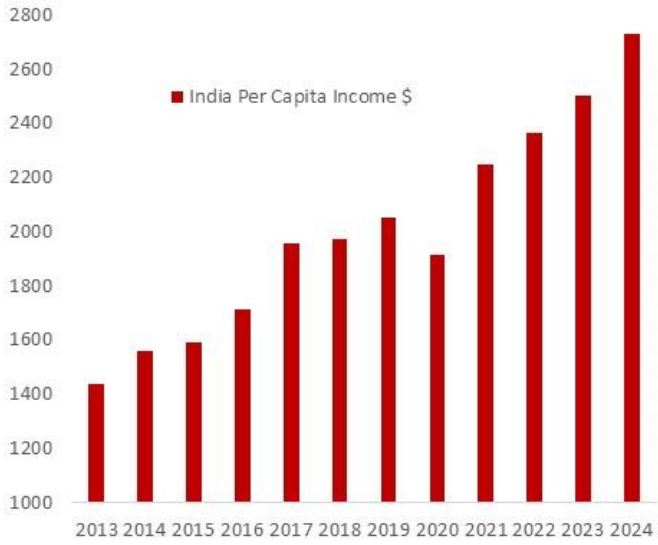
A Quick Look Back – The Past Five Years

India became the **5th largest** economy versus ranking **11th** a decade ago.

Reforms, FDI

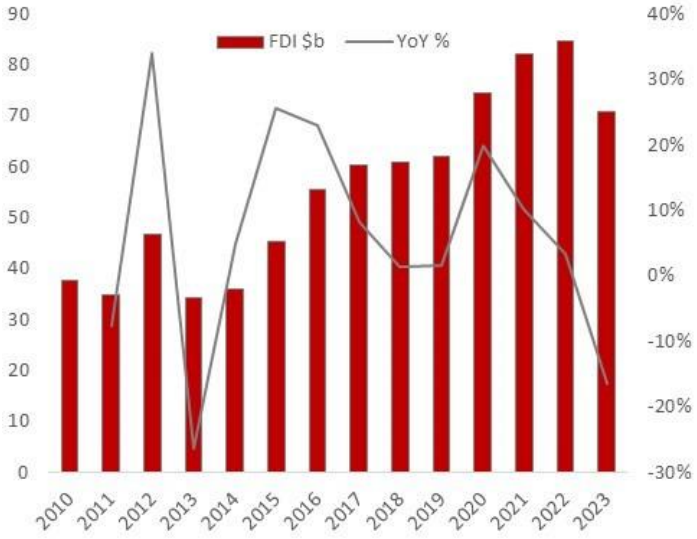
The government successfully implemented massive reforms, upgrading the physical, financial and digital infrastructure. Modi's vision and charisma captivated global investors, and FDI poured in. **FDI** was stagnant from 2010-14; starting 2015, FDI soared, doubling from a run rate of $35 billion annually to $75 billion.

India's Per Capita Income Doubled



FDI Was Stagnant in the Early 2010s…

In 2015 and Beyond, FDI Soared



Source: NSE, Bloomberg unless stated otherwise.

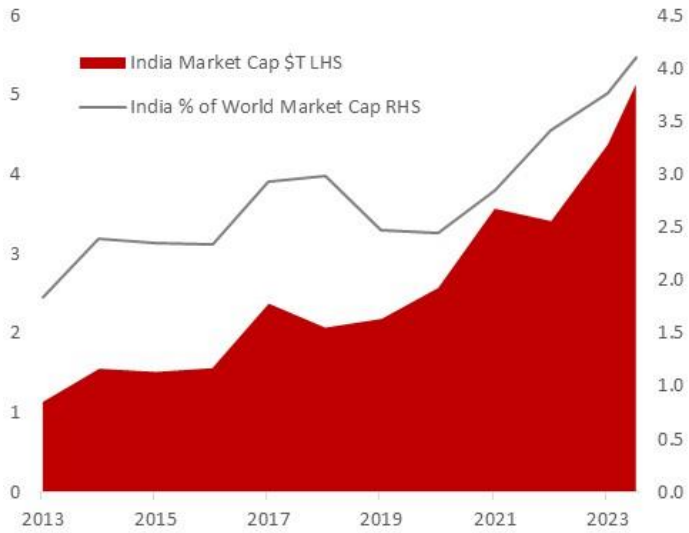
Poverty Eradication

Multidimensional poverty in India was 29.2% in 2013-14. Poverty declined to 11.3% in 2022-23, a reduction of 17.8 percentage points. 24.8 cr Indians rose above the poverty line, per Niti Aayog, Oxford.

Wealth Creation

Average per capita income doubled from $1430 to **$2731** p.a., not an easy feat in a nation with millions below the poverty line. Middle class and upper middle class Indians enjoyed wealth creation and income growth. The market cap of listed companies crossed **$5 trillion** recently. India's market cap as a percent of world market cap doubled to 4%~.

India's Share of World Market Cap Doubled

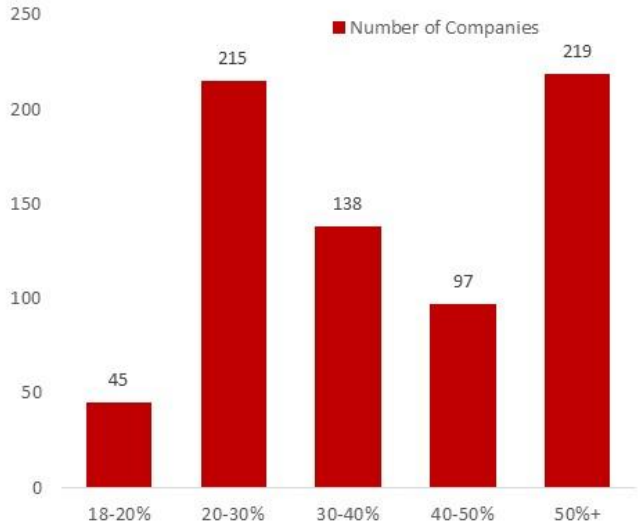


Strong Equity Markets

Unlike the U.S., where Mag 7 and FANG stocks – delivered eye popping returns, the returns in India's stock market were very **broad based**.

In the past 5 years, 714 companies with current market cap greater than 1000 cr, delivered a 5 year CAGR of at least 18%. 200 companies delivered 5 year CAGRs of over 50%. Massive wealth creation occurred for those that invested, and invested wisely. (See table below)

714 Companies Delivered 18%+ 5 Year CAGR



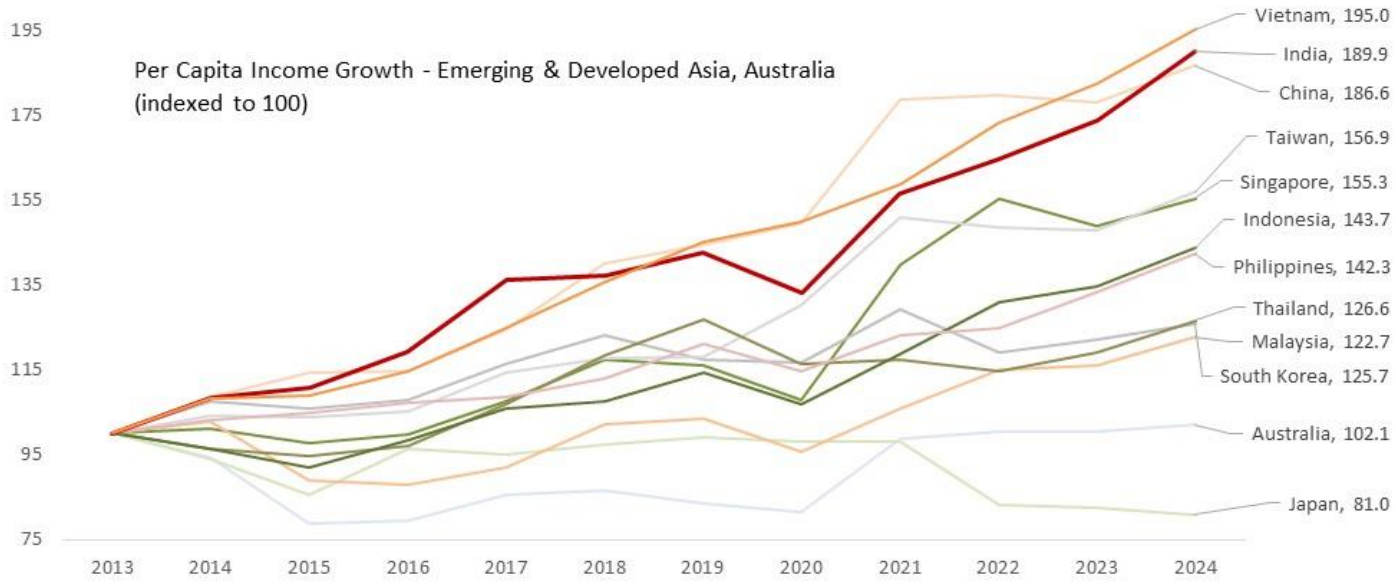
Many of these companies were well known five years ago. State Bank of India delivered a 5 year CAGR of 19.0%. Cera, Eicher, Voltas, Havells, L&T, Chola. Pidilite, Reliance, HCL Tech, Interglobe, Titan, Crisil, Power Grid, Staid PSEs like SAIL & NMDC delivered 25% CAGR. Godrej Properties, Abbott India, Bajaj Auto, PI Industries, Astral, Oberoi Realty to name just a few. Bharti Airtel delivered 30% CAGR. Indian Hotels, REC, DLF, Tata Consumer, Siemens, and on and on.

Per Capita Income Growth

India consistently grew per capita income during the past decade. A doubling over 10 years implies India's per capita income grew roughly in line with GDP growth at 7.2%~.

India's growth was matched by Vietnam. Most Asian peers weren't able to achieve even half that growth. China's per capita growth was the leader heading into covid, and everything changed. China's income growth hit a wall. (see chart below).

India's Per Capita Income Growth is the Best Amongst Asian Peers Since 2020

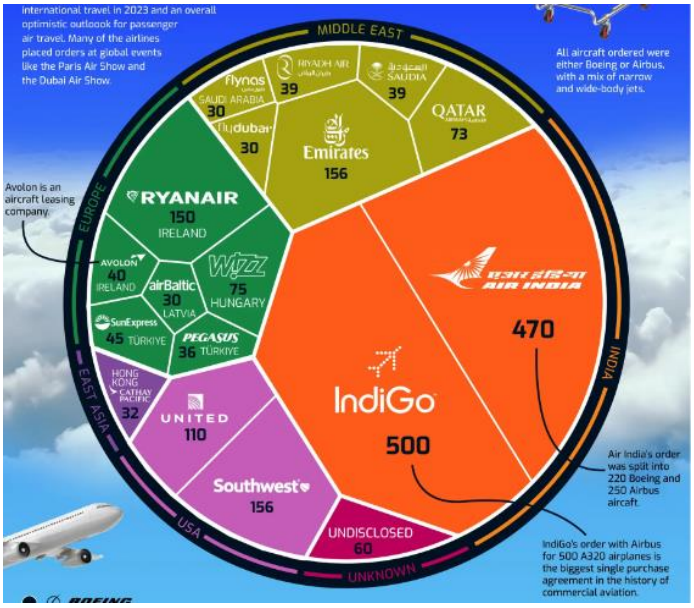


India's National Highway Network Grew by 60%

Infrastructure

The National Highway network increased by 60% under the past 10 years, from 91,287 km to 1, 46,145 km at the end of 2023. The number of **airports** doubled from 74 to 149. Indigo and Air India are the biggest buyers of aircraft in the world.

Indigo and Air India Are the Largest Buyers of Aircraft in the World in 2023



Source: Visual Capitalist

The number of cities with **metros** rose from 5 to 20. Indian Railways electrified 63,456 route km, or 96.4% of the total broad gauge network of Indian Railways as of April 2024. As of 2014, 21,800 km was electrified. **Electrification** reached almost all villages, and strong progress was made on clean water, housing, poverty and sanitation.

Other Accomplishments

There are too many accomplishments to list… we'll list a few additional … the number of **universities** doubled, a tsunami of startups were launched, **electronics exports** tripled from $7b to $22.7b. Make in India, China plus 1 were strong successes.

Inflation remained under control for the most part. India gained the mantle of the world's fastest growing economy. India got a seat at the table of global geopolitics. India's large consumer market attracted large multi-nationals.

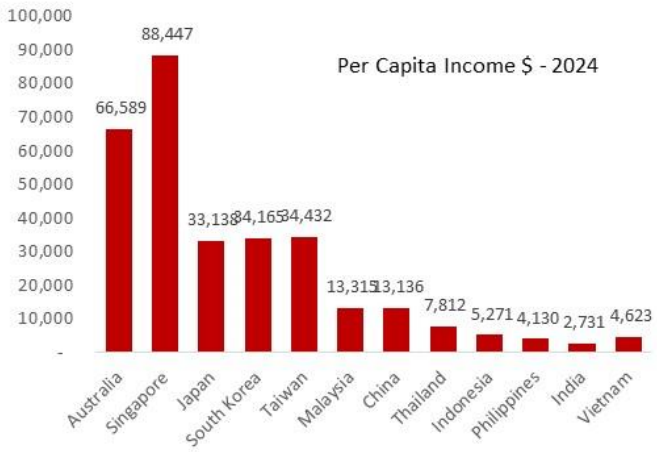
LOOK AHEAD – THE NEXT 5 YEARS

Demographics is Destiny

'Demography is Destiny' is a phrase attributed to Auguste Comte, a French nineteenth-century philosopher, who argued that the size and **structure of a population** will **influence its future**. We wholeheartedly agree and so does macro-economic theory. Demographics is a key factor in economic growth alongside productivity growth.

We start by reviewing how Japanese and Chinese growth was built on the foundation of attractive demographics, the availability of an abundant young work force at a labor cost advantage. That labor cost advantage is clearly India's today, with the lowest per capita income amongst its peers by a significant margin. (See chart below).

India's Labor Cost is the Cheapest Amongst Peers

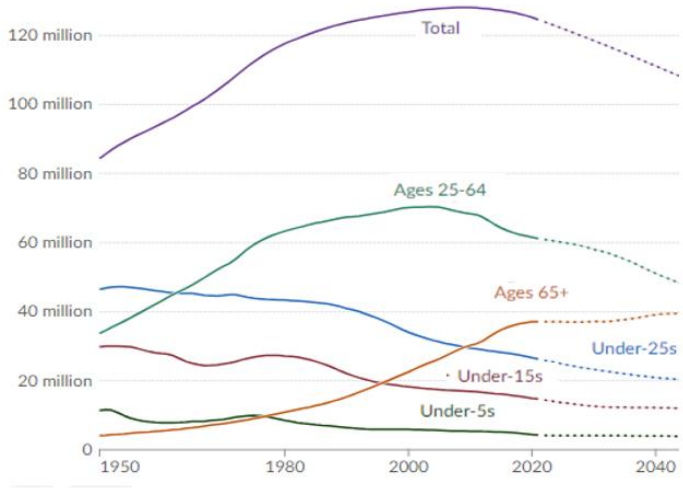


In states like Andhra Pradesh, Telangana and Bihar, one could surmise that the labor cost advantage would probably be even greater.

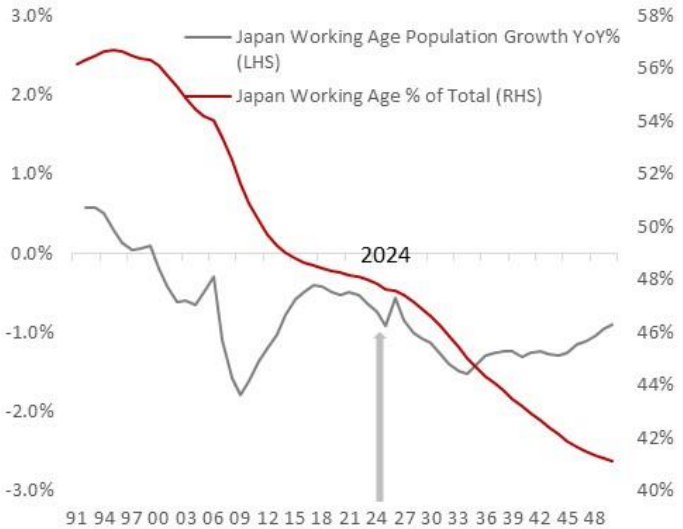
Demographic Drivers

The Japanese dominated the auto and electronics industries in the 1970-80s as their labor force (25-65 years) was surging. Over 65s and Under 15s were a small segment, and dependency ratios were low. In the 1990s, the Under 25s started dropping rapidly, and the Over 65s started to rise rapidly. The Ages 25-64 started to peak. As these trends started unfolding in the 1990s, the Japanese economy stonewalled.

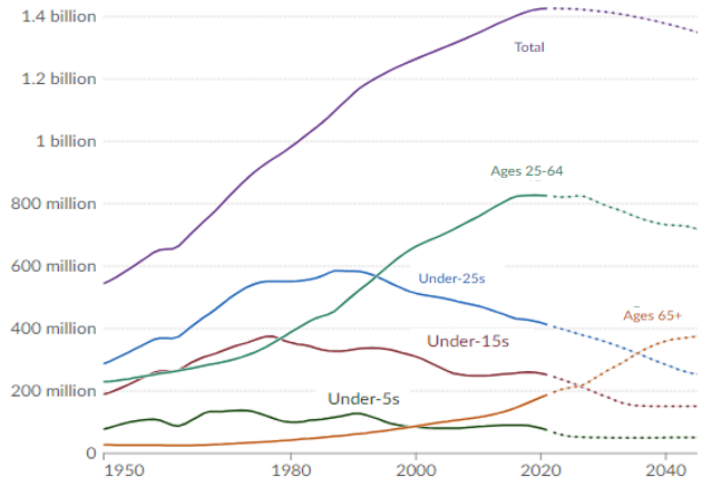
Japan's Demographics Peaked Around 1990… … Since Then, the Economy Has Stalled



Japan's Working Age Population Ratio Started Falling Rapidly in 1994…



China's Demographics Peaked Around 2018 As the 25-64 Workforce Peaked & Is Now Shrinking



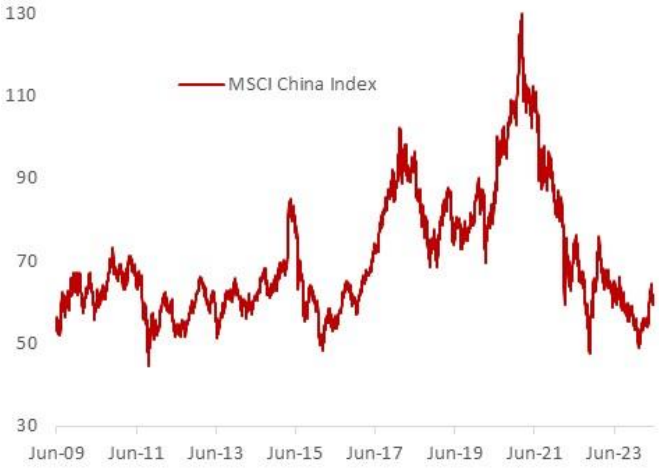
Next we turn to China.

The China Under 25s have been shrinking rapidly since the late 1990s. Meanwhile, the 65+ cohort has started rising rapidly post 2015. During its heyday in the 1990s, China's workforce was rising rapidly providing abundant supply of labor and limiting labor's ability to negotiate higher wages.

China's Working Age Population Percentage Peaked in 2010 and Has Been Plummeting Since… It will Only Get Worse

Chinese Equity Markets Flattened Out in 2010…

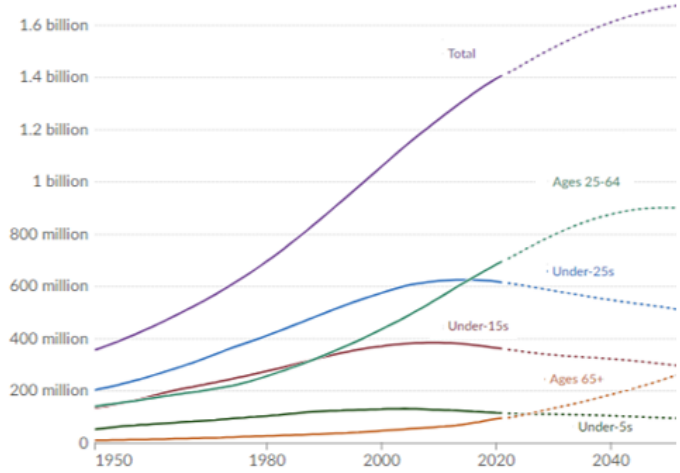
…And Have Been Stagnant Aside from Stimulus Driven Spikes… Plummeting Post Covid



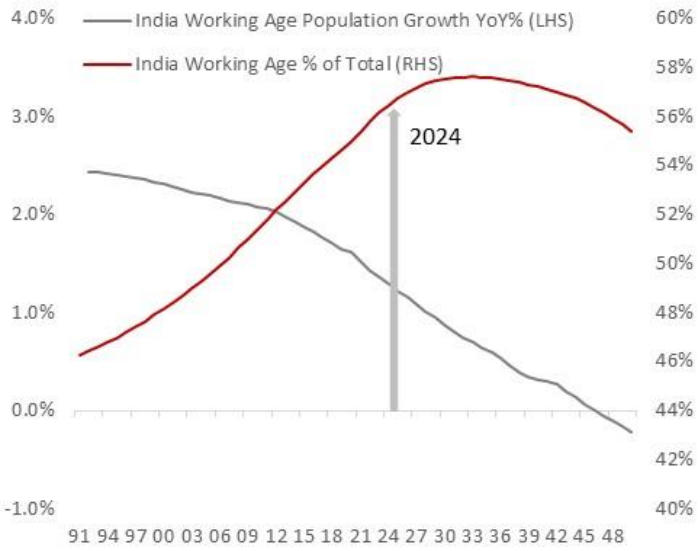
We consider India next. The demographics of other Asian peers are shared in the Appendix on page 24.

India's workforce Ages 25-64 is on **an accelerated rise higher and will grow through 2040**. However, it isn't all roses. The Under 25 appears to be peaking. And the Aging 65+ population has started to move higher. The good news is that the Under 25s are expected to be in a stable slight downtrend. The data looks **good through 2030** and after that it'll be a time to reassess.

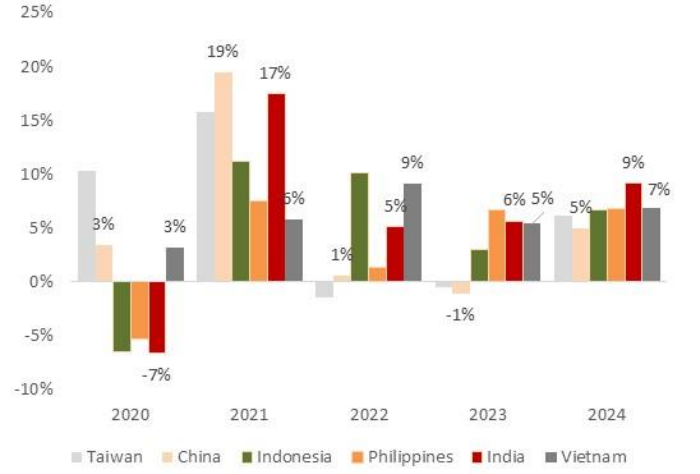
India's Workforce Is Growing Rapidly



India's Working Age Population Percentage Will Continue to Rise Through 2030



Separately, India's Per Capita Income Has Risen the Fastest Amongst Peers Since 2020



Alongside rising workforce and rising per capita income, India will have a manageable age dependency ratio, ranging from 45%-46% till 2040.

The Age Dependency Ratio Will Be a Key Concern for the World by 2040

Indonesia and Phillipines alongside India are well positioned. However, **China's** dependency ratio will rise from 45.6% in 2030 to an eye popping 49% in 2040 and **71% in 2050**. G7 countries look equally challenged. The **G7 age dependency ratio** will climb to 64.4% by 2030, **72.6% by 2040** and 77% by 2050. Maybe this was the demographic crisis that Merkel and others were looking to head off with their ill-conceived immigration policies.

The BJP Manifesto

From a market perspective, the BJP **vision** will be to continue to accelerate the country's growth by investing in connectivity, reducing logistics costs and improving efficiency, improving ease of doing business, and making India an attractive destination for manufacturers and foreign investors.

China's draconian laws, approach with foreign corporations, alongside a post-covid recognition that supply chains need to be diversified, recent belligerent statements on Taiwan, and no limits support of Russia, spell massive **opportunity** for India.

$133 Billion on Infrastructure Spending

In February 2024, the Modi government unveiled the country's largest-ever spending allocation on capital expenditures at $133 billion, a tripling from just five years ago.

India's infrastructure build-out is entering a phase of acceleration, and Bloomberg estimates $534 billion worth of new infrastructure is set to come online over the next two years.

Industrial Townships, Corridors & Logistics Hubs

The BJP will look to build out the India Middle East Europe corridor, the New Delhi Mumbai corridor, the Western Dedicate Freight corridor, Bengaluru Chennai expressway, East coast corridor, and announce several new dedicated freight and

industrial corridors. These projects will boost connectivity, improve travel time, create jobs and multiplier benefits.

Physical & Digital Infrastructure

The government will continue its focus on the country's highways, railways, waterways, airports and ports. In addition, outlays on digital infrastructure - data centers, fiber-optic lines, payments infrastructure - will be priorities. **Artificial intelligence** and semi-conductors are likely to be key areas of focus in upcoming plans.

Roads

The estimated cost of road projects between 2024 and 2026 is 7.5 trillion rupees, an increase from 4.7 trillion rupees over the last three years. The **Bharatmala Project** will connect India's four corners via national highways. The Delhi-Mumbai expressway will be the country's longest and halve travel time.

Railways

Railway network upgrade projects worth 12 trillion rupees are scheduled to be completed in 2024, a fivefold increase to an estimated 13-15% of GDP.

Water

With a recognition that farmers and rural needs support, water will likely be a priority. Irrigation, clean drinking water, linking of rivers, waterways, dam construction, managing excess flooding will be key focus areas over the next three years with 5.8 trillion rupees budgeted relative to just 0.7 trillion the prior three years.

National Security & Defense Spending

With China's expansionist territorial ambitions, and recent uptick in terrorist attacks, spending on defense will be a non-negotiable priority. Fortifying defense infrastructure along the borders and continuing to upgrade the armed forces will be a priority.

Energy

Power demand will continue to remain high, and **AI and data centers** will only add to demand. Energy sector investments are set to quadruple to 13.3 trillion rupees for the 2024-2026 period. Moody's estimates over **$385 billion investment in the country's power sector** in the next six to seven years to meet the 500 GW target for renewable energy. Coal will remain a key source of power generation, but nuclear increasingly looks like an option the government will consider.

Fiscal

Interest payments on federal and state government debt could drop below 4.0% of GDP over the next decade from 5.4% of GDP in fiscal 2024, per estimates provided by Bloomberg, allowing the share of capital spending in public outlays to keep rising in the decade ahead, alongside healthy RBI dividends.

Social Welfare Programs

The BJP will work with allies to blend growth investments with ensuring farmers and the poor receive minimum support prices, agricultural subsidies, and inflation is kept under control. Jobs, housing, electricity, free rations, price stability, health and clean water, sanitation are likely priorities.

U.S. – SURPRISING SIGNS

A Resilient U.S. Economy

The U.S. economy is proving to be resilient. The consensus expectation for what seems like two years now has been impending recession, has not transpired.

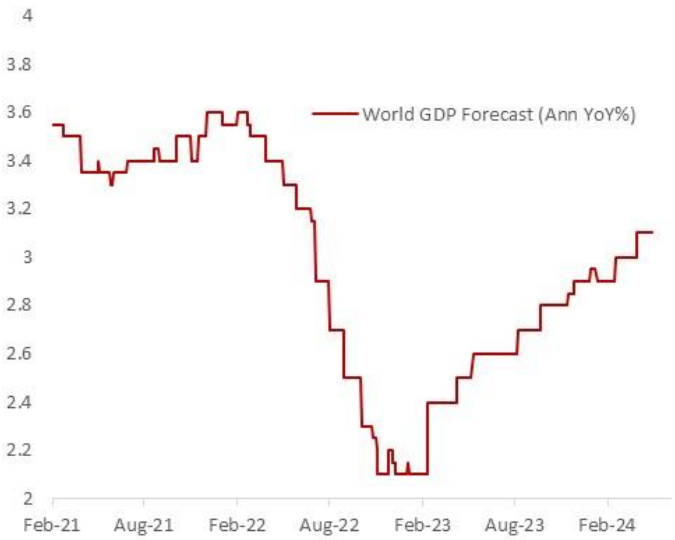
Strong U.S. Jobs and PMI Data

US job growth surprised to the upside in May with payrolls growing 272k, surpassing expectations handily. Wages moved higher as well. The bond market reacted by pushing back anticipated Fed rate cuts. Average hourly earnings rose 4.1% from a year ago. The Fed looks likely to remain on hold, which is just fine for markets.

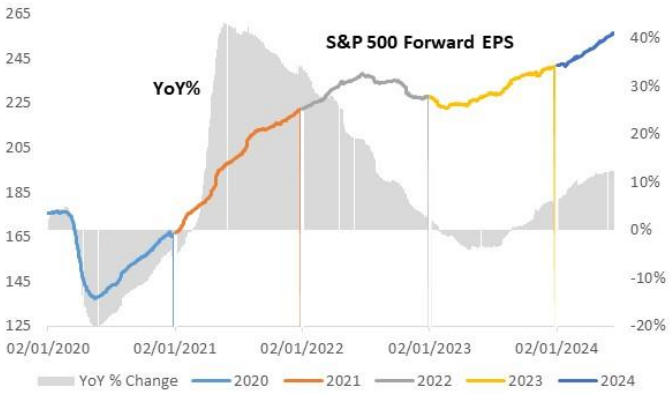
Rising Earnings Expectations & Growth

Earnings expectations are rising for the S&P 500 and NASDAQ, while EM remains in single digits, Europe remains flat and Japan is showing promising signs of a recovery.

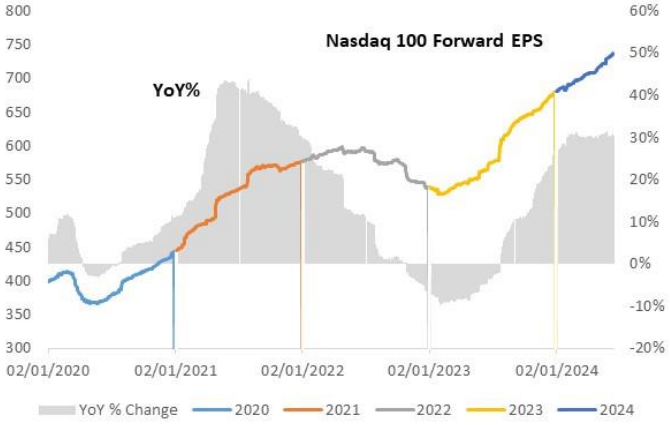
World GDP Forecasts are Rising



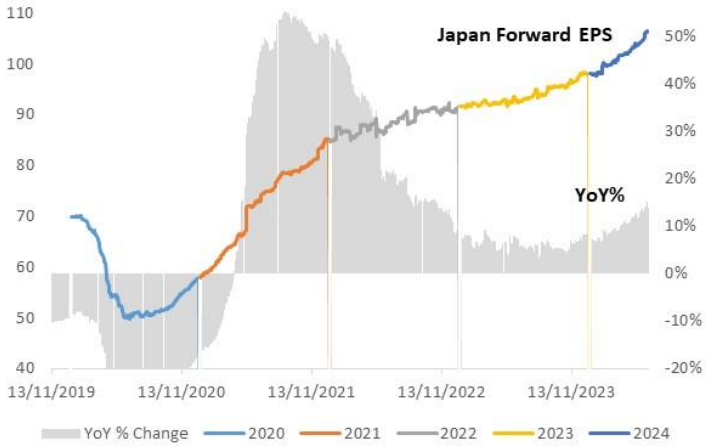
S&P 500 EPS Expectations Are Rising & Healthy



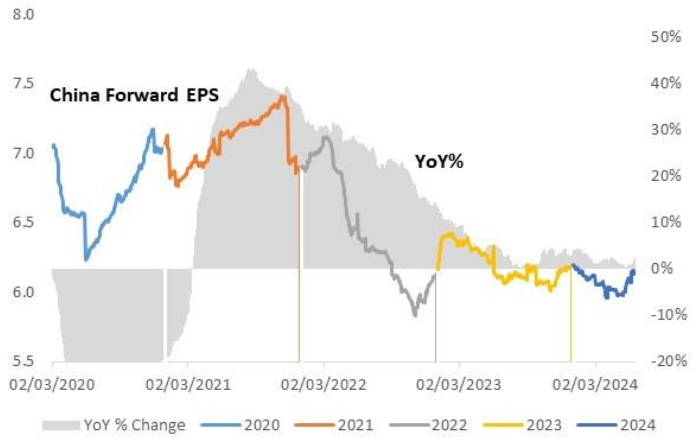
Nasdaq 100 Forward EPS are Accelerating Higher



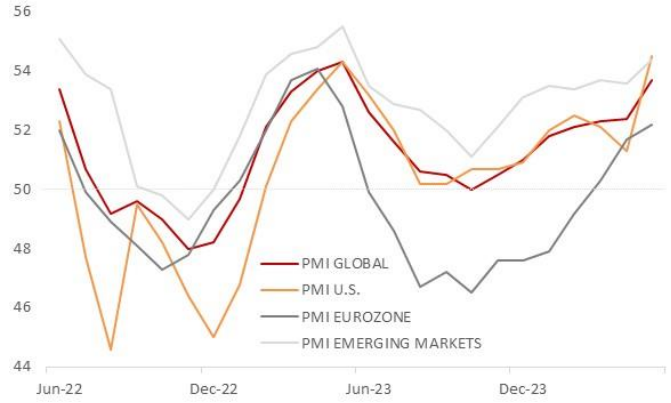
Japan Showing Signs of Recovery



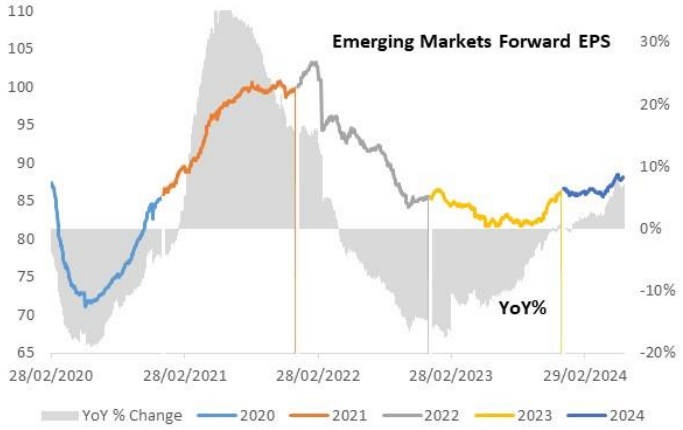
While China Remains Flat



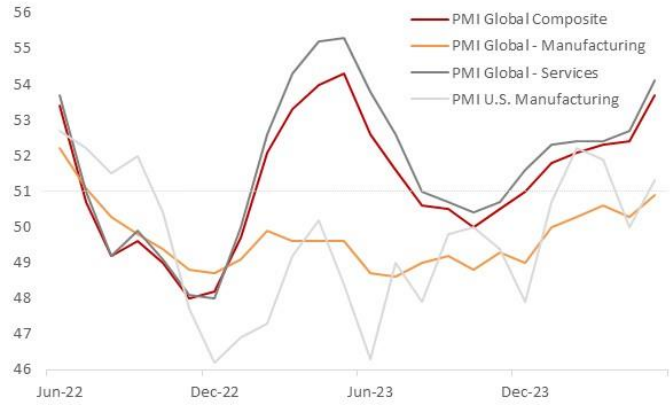
PMIs Across U.S. Euro EM Are Back to Growth



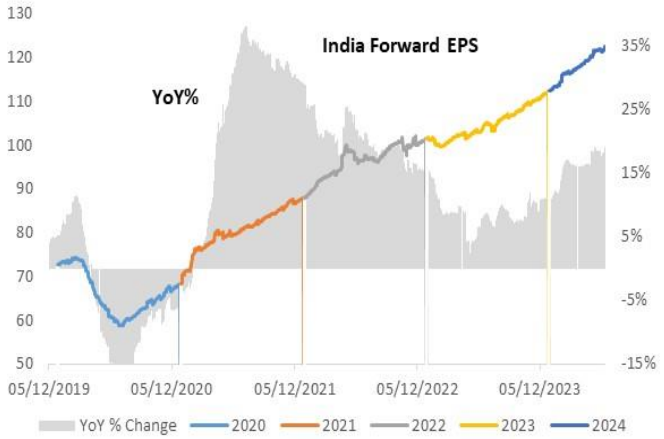
While EM Continues to Grow at 7.9% YoY



With Services Leading the Way



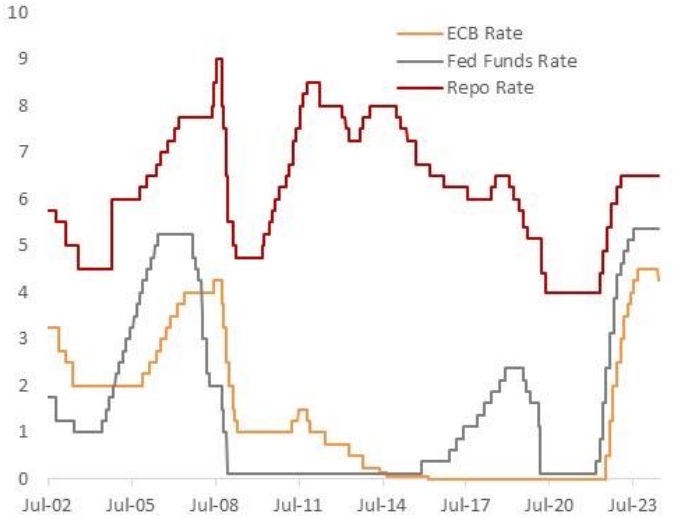
And India's Showing a Strong Uptrend



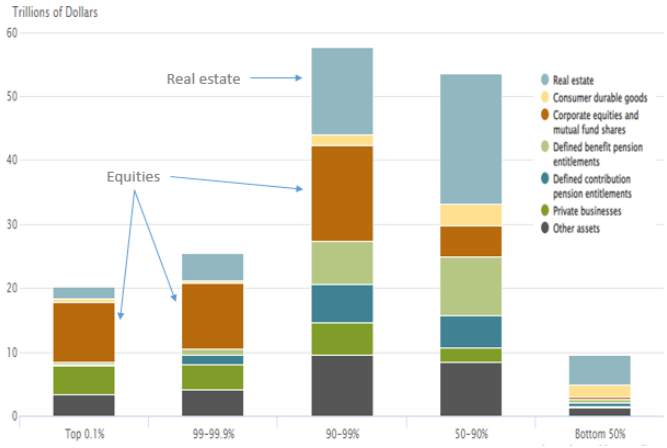
Source: Bloomberg, MSCI

Central Banks Have Leg Room to Cut…

Fiscal & Monetary Policy Remain Stimulative



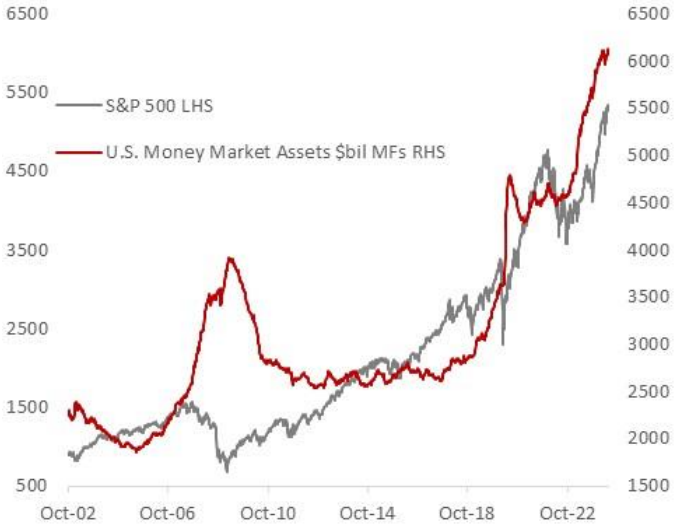
The top 1% and top 10% Are Heavily Invested in Equities, with Upwards of 50% in Equities



Source: Survey of Consumer Finances of U.S.

There is A Large Amount of Cash on the Sidelines

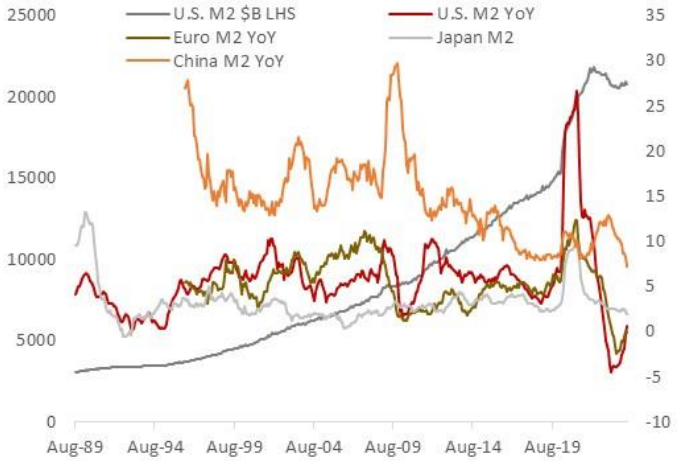
Excess savings have possibly ended up in the coffers of the wealthy and large corporations, with limited marginal propensity to consume.



Geopolitical Risks Have Simmered Down

China Taiwan tensions appear to be moderating from a belligerent tone a few weeks ago. Russia-Ukraine, Israel-Iran conflicts, for markets, have receded into the background as well.

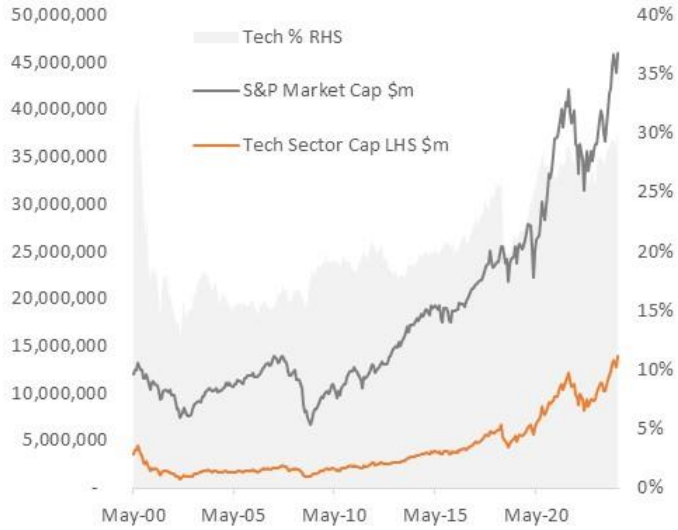
A Liquidity Spike in the U.S. in 2020 is Still Sloshing Around in the System



The Promise of AI is Driving the Bullish Narrative

We are of the view that the optimism visible and improving fundamentals largely derive from the recognition that the U.S. is again about to revolutionize the way lives are lived. Bold statement, but the promise to do so is abundantly visible and the companies that succeed will become new trillion dollar gorillas.

However, Tech Market Cap Is Again 30% of Total… Levels Last Seen Prior to the Bubble in '00



The Bearish Narrative

The bears key concerns:

- Alarming levels of **debt and debt service** concerns, which have been around since 2009 and a Minsky moment.
- The **concentration** of the U.S. markets in **Mag 7 and tech** as a sector is at historical levels last seen in the 2000 tech bubble
- The worsening situation of the have nots, with high interest rates could bring a **recession**. Sentiment surveys suggest buying conditions for houses, vehicles and durable goods are the worst in a generation. Small businesses are struggling. Monetary conditions remain tight for the consumer.
- **Elections** are likely to bring **volatility**, and risk. More specifically, Trump's leading in all six swing states. Should Trump win, his support for Taiwan will be a key issue, not to mention his support for NATO and the war in Ukraine. Should Biden win, the concerns are related to age.
- What if **AI does not live up** to the hype? In that case, there could be a significant correction.
- **Commercial real estate** crash and a regional banking crisis.

INVESTMENT OUTLOOK & ASSET ALLOCATION

Assessing U.S. & Geo-Political Risks

From our vantage point, the U.S., mostly via **the Fed, will manage** volatility around **debt** to the extent it's manageable. The creditworthiness of the U.S. continues to remain strong. So for us, this remains a watch list item and not an imminent concern.

The **concentration of tech** stocks *is* reminiscent of the Nifty 50 of the 1970s. However, this time around, the moats appear strong. Time will tell. For now, valuations are extended but not egregiously so. Again, with the promise of AI, and no imminent issues, this is a **watch list** item as well.

While anecdotal evidence shows **weakness** in the economy, it's **not evident in the economic data**. The social media influencers, and media are experts at selling fear and misery. Any crisis in commercial real estate is likely to find value buyers, and the central bank will step in as a last resort. Moreover, large banks aren't exposed.

We believe a potential President Trump will make the right choices for the nation, and stock markets. Again, not a concern at this time, we'll revisit.

AI Hype & Reality

It will remain to be seen if AI lives up to the hype. We think it **will deliver massive value** in ways we're certainly unable to conceptualize. One example is AI cracking the **code of protein structures**, something that would have taken scientists decades to accomplish.

New enhancements to Chat GPT are on the way. Competitors are likely to emerge. Announcements around AI will continue to gain momentum and possibly surprise.

As far as we can tell, things in the U.S., Japan, and even Europe are getting better. Europe is slightly better than flattish and trending in the right direction. China remains flattish as well but in our view, trending lower.

India Riding a Demographic Wave with Strong Leadership

A slew of factors are aligned for this to continue to be India's decade. It took three sessions for Indian stocks to more than recover from the selling that occurred on election results. Despite FI selling, India's markets are at all-time highs.

Indian Equities Have Soared Higher this Past Decade, Aside from Covid

The Structural Drivers of India's Growth

India is in the midst of a perfect rare alignment of **positive factors**: demographics, leadership, rising foreign investment, a tsunami of infra spending, strong geopolitical positioning, cheaper energy, strong domestic market and rising productivity.

The Promise of AI

AI is actually different than every technological revolution in mankind, in that the learning is done by machines. It has the potential to change lives in unimaginable ways, and will be disruptive. It's already making inroads into smart phones, health care, virtual assistants, semiconductor design etc.

The Promise of Demographics

Mr. Lodha of Macrotech Developers recently stated about 70 million Indian households will seek new homes, creating a total need of as many as 100 million new homes over the next few years.

Cult of Equity

Separately the culture of equity investing is increasingly well established and deepening monthly. Beneath the indices, there has been relentless buying this past week in Indian equities.

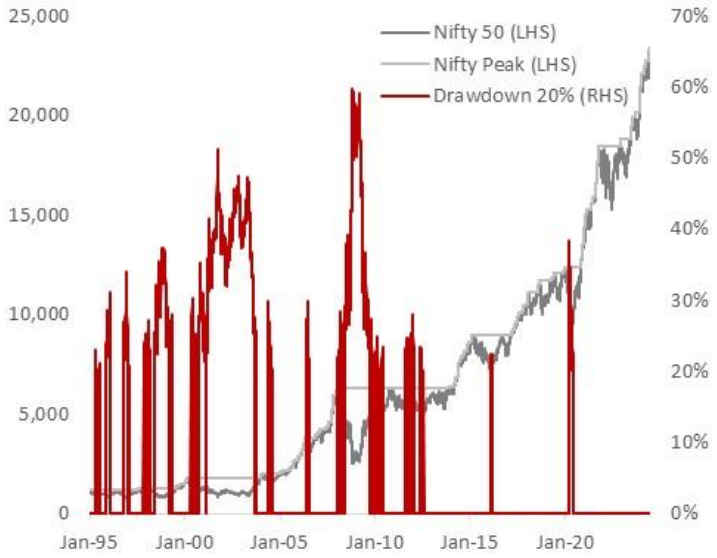
Earnings Delivery

The long run trend in earnings continues to be up, with volatility around the economic cycle. The consumer remains generally healthy – just look at other sales and luxury spending, travel. Rural trends look promising. Inflation is under control.

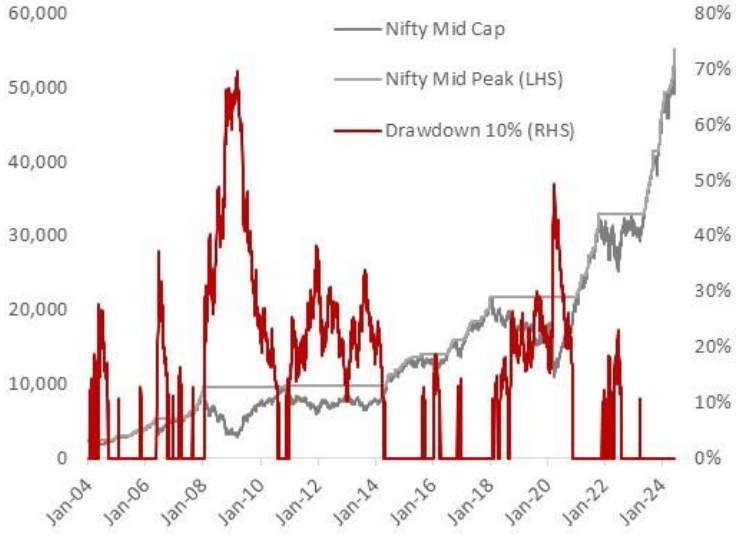
As Earnings Growth Has Kicked In…

Indian Market Volatility Has Declined of Late…

…Driven by Rising Consistent Domestic Flows



The Nifty Midcap Also Has Lower Volatility



Choices

We close the loop on our opening statements:

- Our **most important task** is to understand data, frameworks, cycles and history, and advice based on investing and wealth creation principles that have stood the test of time.
- We choose not to be focused on the short term vagaries if our game plan and base case remain intact.
- We endeavor to not get caught up in greed and fear, or let emotions interfere with prudent decision making per the plan.
- There are times when caution is warranted. Covid was such a time, and we made a call in early March 2020 to protect loss of capital (Know the Now – Hedge Strategy, and What to Do Now, March 2020). It is our endeavor to continue to identify such times by continually refining our framework and understanding of the key drivers of the domestic and global economy.
- We choose to align portfolio strategy with the business cycle.
- We eschew the need to be overly active on research dissemination and portfolio churn. This rarely leads to optimal outcomes.
- We choose not to be part of the noise, and not send out noise when prudent course of action, much of the time, is to stay the course.
- We choose to invert our thesis regularly.
- We choose to be optimistic on the long term prospects of the economy.

We're focused on ensuring our clients benefit from tactical shifts in style, cap, and sector. (See pg 19)

Asset Allocation

With election event risk receding, we **revert to gradually building a slight overweight in small and mid-caps between now and July**. Our tactical weights are listed on page 27.

Sector & Style

Valuations remains elevated in parts of the market. Going forward, **sector** allocations, **stock selection philosophy and manager skill** will be key determinants of return. Value stocks look likely to continue their outperformance, while **expensive growth is likely to remain challenged**.

We suggest managers with GARP, emerging value frameworks, and creating direct equity or direct equity like PMS portfolios. **Sectorally**, infrastructure, manufacturing, PSU, financials, power, defence, building materials, real estate, mid/small cap IT and inflation hedges such as metals are our preferred themes.

Portfolio Construction

Between now and Budget is an ideal time to review your portfolio construct. Owning a portfolio of predictable, non-disruptable businesses with earnings visibility, riding structural trends, at reasonably priced valuations, hopefully non-correlated is the proven way to take advantage of the magic of compounding for wealth creation.

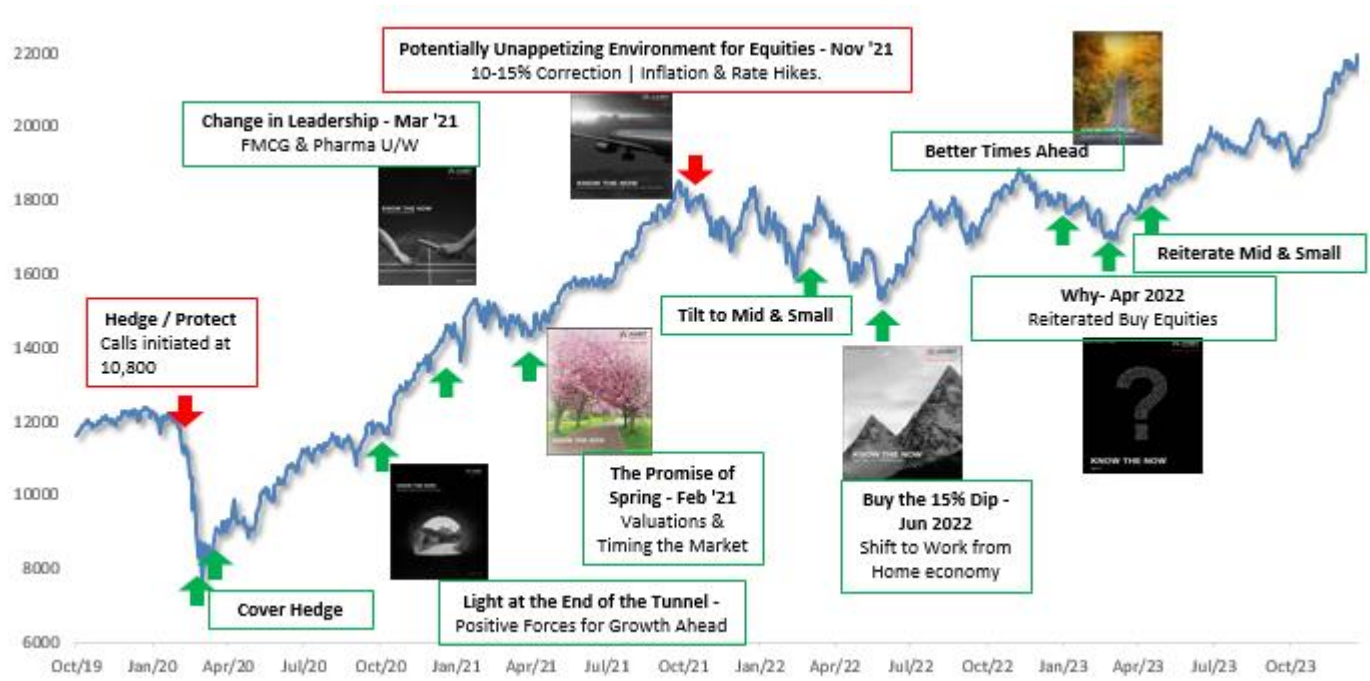
Please contact your Ambit wealth advisor for a review or discussion of your portfolio holdings, a discussion on asset allocation, our tactical calls, long term planning, or any other requirements whereby we may be of assistance.

AMBIT
Acumen at work
Global Private Client

KEY CALLS FROM PAST COMMENTARIES

- Hedge in March 2020, Exited Hedge at the Bottom March 24, 2020
- Neutral Summer 2020
- Bullish Fall 2020 – Nov 2021
- Cautious Nov 2021 – Expected a 10-15% Correction
- Bullish in June 2022, Reiterated in April 2023 post the Regional Bank crisis
- Tilt to Mid & Small Caps in Apr 2022, Reiterated in May 2023

Know the Now - Equity View – Timeline



Global Index Performance

19-Jun-24	Price	1 Day %	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	% from 52 Wk Hi
Nifty 50	**23,500**	**-0.2**	**1.0**	**4.4**	**4.3**	**7.7**	**9.5**	**5.3**	**8.1**	**25.3**	**-0.6%**
Sensex	77,249	-0.1	1.0	4.4	4.4	7.3	8.1	4.9	6.9	22.3	-0.4%
Nifty 500	22,231	-0.4	1.7	5.1	5.3	13.4	16.0	9.8	14.4	37.7	-0.8%
NIFTY Midcap 100	54,978	-0.9	2.4	6.0	6.3	19.7	20.8	14.4	19.0	56.4	-1.3%
Nifty Midcap 150	20,615	-0.9	2.5	6.5	6.8	21.1	22.4	16.0	20.7	56.2	-1.3%
NIFTY Smallcap 100	18,145	-0.5	3.3	7.6	8.7	24.4	21.4	18.8	19.8	68.5	-1.1%
NSE NIFTY Smallcap 250	16,940	-0.4	3.2	6.3	8.4	23.5	22.0	18.2	20.6	61.6	-1.0%
Americas											
S&P 500 Index	5,487	0.3	2.1	3.5	4.0	6.0	15.1	4.4	15.0	24.4	-0.1%
Dow Jones Indus. Avg	38,835	0.1	0.2	-2.9	0.4	-0.7	3.4	-2.4	3.0	13.2	-3.1%
Nasdaq Composite	17,862	0.0	3.0	7.0	6.7	10.5	19.1	9.1	19.0	30.5	-0.4%
Nasdaq 100 Stock Indx	19,909	0.0	3.6	7.3	7.4	10.4	18.4	9.1	18.3	32.0	-0.3%
Nyse Fang+ Index	11,350	-0.4	5.4	9.3	10.0	14.8	29.3	13.5	30.2	46.5	-1.1%
S&P Ex Magnificent 7	113	0.3	1.3	-0.4	1.3	0.8	7.8	-1.2	7.6	15.5	-1.4%
Canada	21,611	0.1	-1.3	-3.8	-3.0	-1.1	3.7	-2.5	3.1	8.4	-4.2%
Mexico	53,236	1.6	0.2	-7.5	-3.5	-4.2	-7.7	-7.2	-7.2	-3.1	-9.8%
Brazil Bovespa	119,630	0.4	-1.6	-6.6	-2.0	-6.2	-9.3	-6.6	-10.8	-0.2	-11.0%
Europe											
Euro Stoxx 50 Pr	4,915	0.7	-1.0	-2.9	-1.4	-1.8	8.4	-3.3	8.7	12.7	-4.0%
FTSE 100	8,191	0.6	0.5	-2.7	-1.0	5.9	7.2	3.0	5.9	7.9	-3.3%
CAC 40 Paris	7,629	0.8	-2.1	-6.6	-4.6	-7.0	0.7	-7.0	1.1	4.3	-7.6%
DAX Germany	18,132	0.4	-1.3	-3.1	-2.0	0.8	8.3	-1.9	8.2	11.9	-4.0%
Asia											
Nikkei 225	38,509	0.1	-0.9	-0.7	0.1	-3.7	15.9	-4.6	15.1	15.4	-6.3%
Hang Seng	18,389	2.6	2.5	-6.0	1.7	11.2	11.4	11.2	7.9	-7.7	-9.7%
Shenzhen CSI 300	3,536	-0.3	-0.2	-3.9	-1.2	-1.2	6.1	-0.0	3.1	-10.0	-13.0%
Australia	7,770	-0.1	0.7	-0.6	0.9	0.9	3.7	-1.6	2.4	6.5	-1.8%
Taiwan	23,210	2.0	5.3	9.2	9.6	16.9	32.0	14.4	29.4	34.4	-0.3%
Korea	2,798	1.2	2.6	2.7	6.1	5.3	8.9	1.9	5.4	7.2	0.0%
Straits Times Index STI	3,315	0.4	0.2	0.1	-0.6	4.5	6.4	2.8	2.3	2.3	-2.3%
Vietnam Ho Chi Minh	1,272	-0.6	-2.2	-0.1	0.8	2.4	16.0	-0.9	12.6	15.1	-2.6%
Jakarta Indonesia	6,756	0.3	-2.4	-7.7	-3.1	-7.8	-6.1	-7.3	-7.1	0.9	-9.4%
Phillipines	6,370	0.0	-1.4	-3.8	-1.0	-7.0	-2.3	-7.7	-1.2	-1.3	-9.9%

Leadership Stocks – U.S. & India

Select Leadership Stocks - India U.S.	Price	1 Day %	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	% from 52 Wk Hi
Nifty 50	**23,500**	-0.2	1.0	4.4	4.3	7.7	9.5	5.3	8.1	25.3	-1%
Microsoft Corp	446	-0.5	3.2	6.2	7.5	5.9	19.6	6.1	18.7	30.4	-1%
Apple Inc	214	-1.1	3.4	12.9	11.5	21.7	8.8	25.0	11.3	15.9	-3%
Amazon.Com Inc	183	-0.7	-2.4	-1.0	3.6	3.9	18.9	1.3	20.3	45.7	-5%
Walt Disney Co/The	102	-0.0	0.6	-1.7	-2.3	-11.4	8.1	-17.0	12.4	11.1	-18%
Nvidia Corp	136	3.5	12.1	46.6	23.7	51.7	173.3	50.1	173.8	217.6	-1%
Netflix Inc	686	1.5	5.7	10.4	6.9	10.5	38.5	12.9	40.8	58.7	0%
Tesla Inc	185	-1.4	8.3	4.2	3.8	7.9	-28.1	5.2	-25.6	-29.0	-38%
Alphabet Inc-Cl A	175	-1.2	-0.9	-0.6	1.5	19.1	28.1	16.0	25.3	41.7	-3%
Hdfc Bank Limited	1,630	1.4	4.2	11.2	6.4	12.5	-1.4	12.6	-4.6	1.6	-7%
Icici Bank Ltd	1,142	1.7	2.1	1.0	1.8	5.3	12.4	4.4	14.5	23.7	-3%
Tata Consultancy Svcs Ltd	3,801	-0.4	-1.3	-1.3	3.5	-4.4	0.1	-1.9	0.7	18.9	-11%
Reliance Industries Ltd	2,938	-0.8	0.8	2.4	2.7	3.1	14.8	-1.1	13.6	26.4	-3%
Bajaj Finance Ltd	7,249	-1.2	1.6	7.6	8.2	9.9	-5.0	0.1	-1.1	-1.9	-12%
Hindustan Unilever Ltd	2,476	-0.4	-3.1	6.4	6.3	9.2	-3.3	9.4	-7.0	-7.7	-11%
Nestle India Ltd	2,547	-0.2	0.2	1.7	8.1	2.0	-0.1	-2.9	-4.2	11.7	-8%
Titan Co Ltd	3,487	-2.8	2.2	3.7	7.6	-2.7	-3.4	-8.3	-5.1	17.5	-10%
Asian Paints Ltd	2,894	-0.8	-0.3	2.8	0.4	2.8	-13.3	1.7	-14.9	-12.6	-19%
Srf Ltd	2,405	-0.7	3.3	5.7	8.7	-1.2	-1.0	-6.1	-3.0	0.0	-11%
Central Depository Services	2,058	-0.7	-1.4	-2.7	-1.0	22.7	7.6	20.2	12.8	98.4	-8.1%

Large, Mid & Small

19-Jun-24	Price	1 Day %	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	% from 52 Wk Hi
India Indices											
Nifty 50	**23,500**	**-0.2**	**1.0**	**4.4**	**4.3**	**7.7**	**9.5**	**5.3**	**8.1**	**25.3**	**-0.6%**
NIFTY Midcap 100	54,978	-0.9	2.4	6.0	6.3	19.7	20.8	14.4	19.0	56.4	-1.3%
NIFTY Smallcap 100	18,145	-0.5	3.3	7.6	8.7	24.4	21.4	18.8	19.8	68.5	-1.1%

Nifty Sectors

19-Jun-24	Price	1 Day %	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	52 Wk Hi
Nifty Sectors											
Nifty Auto	25,517	-0.8	1.1	9.6	9.0	25.4	42.3	19.1	37.1	73.9	-2%
Nifty Bank	50,976	1.1	2.6	5.9	4.1	9.9	6.5	8.2	5.6	16.8	-1%
NIFTY Private Bank	25,333	1.1	2.8	5.7	4.6	9.1	2.3	7.5	1.8	13.6	-1%
Nifty Financial Services	22,744	0.7	2.8	5.9	4.7	10.4	6.1	8.4	5.8	17.1	0%
Nifty India Consumption	11,183	-0.6	0.7	5.4	6.8	14.5	20.3	10.4	16.8	36.3	-1%
Nifty FMCG	56,944	-0.4	-1.5	3.4	5.2	8.0	4.0	5.6	-0.1	9.2	-3%
Nifty Energy	40,823	-1.2	0.5	1.3	1.4	9.6	23.6	4.6	22.0	66.4	-5%
Nifty Infrastructure	8,947	-1.2	1.0	3.7	3.2	12.9	24.5	7.3	22.5	58.0	-2%
Nifty IT	34,698	-0.3	0.5	3.9	7.1	-3.1	-1.8	-0.6	-2.3	20.9	-10%
Nifty Metal	9,786	-1.1	-0.0	2.4	0.6	23.5	26.8	18.5	22.7	57.7	-4%
Nifty Pharma	19,725	-0.5	0.2	3.9	4.9	7.2	20.3	3.8	17.2	48.7	-1%
Nifty PSU Bank	7,485	0.0	1.9	5.3	1.3	12.1	29.8	6.8	31.0	83.4	-7%
Nifty Realty	1,116	-3.0	1.9	12.0	9.5	34.6	47.7	23.9	42.6	117.5	-4%
Nifty Sectors & Themes											
Nifty Media	2,018	-1.3	-1.2	11.4	7.9	12.2	-17.5	12.4	-15.5	12.7	-20%
Nifty CPSE	6,765	-1.5	2.5	5.7	2.7	24.5	42.8	17.5	39.2	111.7	-5%
Nifty PSE	10,741	-1.6	2.5	4.0	2.2	25.4	39.4	17.7	36.7	113.9	-5%
Nifty Commodities	9,103	-1.1	-0.0	2.7	2.4	13.9	20.7	9.3	18.0	50.1	-3%
Nifty MNC	30,372	-0.7	1.5	5.5	6.4	22.6	28.8	17.4	25.5	39.8	-1%

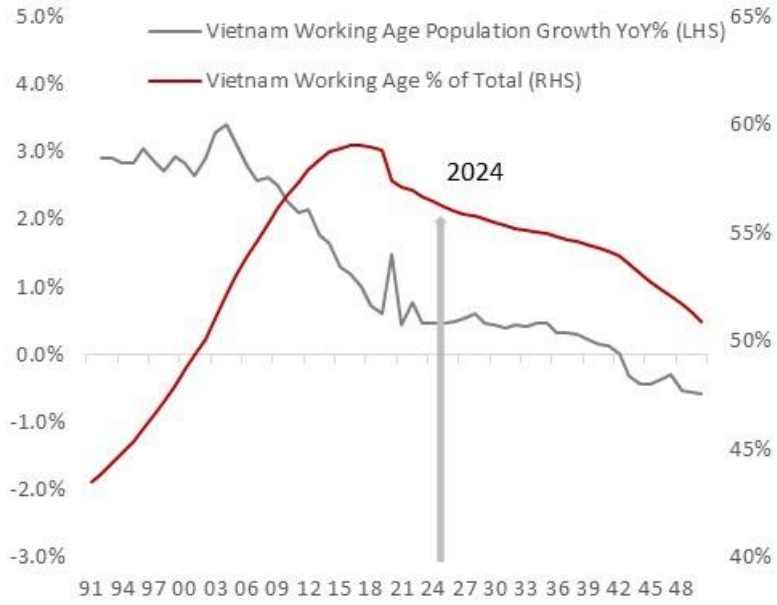
Crude Oil, Commodities and Precious Metals

19-Jun-24	Price	1 Day %	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	% from 52 Wk Hi
Nifty 50	23,500	-0.2	1.0	4.4	4.3	7.7	9.5	5.3	8.1	25.3	-0.6%
Crude											
Brent Crude	85.4	0.1	3.4	1.7	4.6	-2.3	7.8	-2.4	10.8	12.2	-13%
WTI Crude	81.6	0.0	3.9	1.9	6.0	-2.2	11.1	-1.9	13.9	13.7	-14%
GAS FUTURES NYMEX HEN HUB	2.50	0.7	4.5	-2.8	3.1	-9.4	13.7	-9.4	19.0	-6.7	
Metals											
CRB Raw Industrials Index	552.3	0.2	0.4	-1.5	-1.0	0.3	2.2	1.5	1.6	-0.3	-2%
BBG Cmdty ex-Prec Mtl	89.6	0.8	-0.2	-2.5	-0.1	1.7	0.8	2.3	2.2	-5.9	-10%
CRB Metals Index	1,069.4	-0.1	0.2	-5.4	-3.2	4.3	4.8	6.7	3.6	5.3	-6%
LME Copper	9,532.3	-0.0	-1.0	-10.1	-3.8	6.1	13.6	8.7	12.6	11.4	-13%
LME Aluminum	2,432.3	-0.5	-1.7	-5.0	-6.7	9.2	9.1	6.0	3.7	9.0	-11%
LME Nickel	17,025.7	-1.0	-3.1	-18.3	-12.5	-3.7	4.7	2.8	4.0	-25.8	-24%
LME Zinc	2,782.7	0.7	2.7	-7.0	-4.5	11.9	9.1	16.2	5.4	12.3	-10%
LME Lead	2,140.0	1.7	1.9	-4.2	-3.4	3.7	6.0	5.7	5.2	-2.2	-7%
LME Tin	31,839.0	-0.1	0.6	-6.7	-2.9	11.9	29.8	15.8	26.5	12.7	-11%
SGX Iron Ore	107.8	1.4	3.0	-7.7	-6.7	3.6	-12.1	10.0	-17.1	9.5	-20%
Commodities											
Bloomberg Commodity Index	102.7	0.8	0.0	-2.9	-0.3	3.2	3.2	3.3	4.1	-2.3	-5%
CRB Commodities Index	545.3	0.5	0.1	0.5	-0.2	1.6	6.4	1.7	6.9	-1.5	-4%
Lumber	9,532.3	-0.0	-1.0	-10.1	-3.8	6.1	13.6	8.7	12.6	11.4	-13%
Palm Oil	3,966.0	0.7	0.9	1.8	-2.5	-7.7	7.2	-8.3	8.3	5.3	-14%
Wheat	582.0	-1.6	-7.1	-10.6	-14.2	7.2	-5.7	3.9	-7.3	-15.4	-25%
Cocoa	9,938.0	2.9	0.3	35.2	6.5	21.6	132.7	1.8	136.8	211.7	-19%
Commodities											
Bloomberg Grains Spot	234.66	0.1	-2.6	-4.9	-5.4	1.6	-7.9	0.9	-7.2	-19.3	-23%
Raw Sugar	18.92	-0.3	0.7	4.4	3.4	-14.6	-11.2	-16.0	-8.1	-28.4	-33%
Simex Iron Ore	107.75	0.7	1.8	-8.1	-8.3	-1.9	-19.9	7.6	-21.0	-5.6	-28%
Gold, Silver U.S. & India											
Gold Spot $/Oz	2,330	0.0	0.2	-3.9	0.1	8.0	14.2	4.5	12.9	19.4	-4.9%
Gold India	71,029	-0.8	0.2	-2.7	-1.5	8.8	15.0	6.0	12.9	19.7	-3.9%
Silver Spot $/Oz	29	-0.3	-0.9	-7.5	-3.2	18.2	22.4	18.0	23.7	22.9	-9.5%
Silver India	87,409	-0.4	-1.6	1.3	-5.3	18.4	18.8	18.1	19.7	21.0	-7.5%
Platinum Spot $/Oz	977.8	0.1	1.7	-7.1	-5.8	9.0	2.1	7.3	-1.4	-0.1	-10.8%

Interest Rates and Inflation

19-Jun-24	Price	1 Day %	5 Day %	1 Mo %	MTD %	3 Mo %	6 Mo %	QTD %	YTD %	1 YR %	% from 52 Wk Hi
India G-Sec Yields											
10 Year India G-Sec	6.97	6.98	6.98	7.09	6.98	7.10	7.17	7.06	7.17	7.06	-42.5%
5 Year India G-Sec	7.00	7.01	7.01	7.09	7.05	7.11	7.14	7.06	7.13	6.99	-6.0%
3 Year India G-Sec	6.99	6.99	7.02	7.11	7.05	7.05	7.12	7.05	7.08	6.94	-5.1%
1 Year India G-Sec	7.09	7.10	7.08	7.08	7.08	6.83	7.38	7.09	6.72	6.30	-0.7%
3 Month India G-Sec	6.90	6.93	6.81	6.95	6.89	6.86	6.92	6.90	7.00	6.75	-2.5%
Repo Rate India	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	N/A
Spread 10-1	(0.12)	(0.12)	(0.09)	0.01	(0.10)	0.27	(0.20)	(0.03)	0.46	0.77	
Spread 10-3Mo	0.07	0.05	0.17	0.14	0.09	0.24	0.25	0.16	0.17	0.31	
India CPI											
India CPI Combined YoY	4.75			4.83	4.75	5.09	5.55	4.85	5.69	4.31	-269.0%
India WPI	2.61			1.26	2.61	0.20	0.39	0.26	0.86	(3.61)	0.0%
India Core CPI	3.40			3.49	3.40	3.51	4.32	3.49	4.12	5.76	-38.2%
U.S. & China Yields & CPI											
U.S. 10 Year	4.22	4.22	4.32	4.42	4.50	4.29	3.93	4.20	3.88	3.76	-79.6%
U.S. 5 Year	4.24	4.24	4.32	4.45	4.51	4.30	3.93	4.21	3.85	3.98	-74.9%
U.S. 2 Year	4.71	4.71	4.75	4.82	4.87	4.68	4.44	4.62	4.25	4.71	-54.5%
U.S. 1 Year	4.84	5.09	5.12	5.13	5.18	5.09	4.92	5.03	4.77	5.23	-66.4%
U.S. 3 MO T-BILL	5.24	5.38	5.39	5.40	5.40	5.39	5.37	5.37	5.34	5.22	-27.6%
Federal Funds Target Rate - Up	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.25	0.0%
Spread 10-2	(0.49)	(0.49)	(0.44)	(0.40)	(0.37)	(0.39)	(0.51)	(0.42)	(0.37)	(0.95)	
Spread 10-3mo	(1.01)	(1.16)	(1.08)	(0.98)	(0.91)	(1.09)	(1.44)	(1.17)	(1.46)	(1.46)	
Spread Fed Funds Vs 1 Year	(0.66)	(0.41)	(0.38)	(0.37)	(0.32)	(0.41)	(0.58)	(0.47)	(0.73)	(0.02)	
Bloomberg US Corporate High Yi	3.16	3.16	3.10	2.97	3.08	3.01	3.40	2.99	3.23	4.01	-122.0%
Bloomberg Pan-European High Yi	3.73	3.77	3.49	3.44	3.34	3.37	3.99	3.58	3.99	4.43	-122.0%
U.S. CPI	3.30			3.40	3.30	3.20	3.10	3.50	3.40	4.00	-10.8%
China CPI	0.30			0.3	0.3	0.7	-0.5	0.1	-0.3	0.2	-57.1%
Inflation Expectations 10 Year US	2.23			2.2	2.2	2.2	2.2	2.2	2.2	2.2	-5.1%
U.S. Dollar & INR											
USD INR	83.4	83.4	83.5	83.3	83.5	83.0	83.2	83.4	83.2	81.9	-0.2%
Dollar Index	105.3	105.3	104.6	104.4	104.7	103.8	102.2	104.5	101.3	102.2	-1.9%

Demographics – Phillipines, South Korea & Vietnam



Tactical Asset Class Rationale

Equities	Over Weight	Rationale
India Equities	**Over Weight & Stagger**	Outlined in the commentary, we continue to remain over-weight equities and prefer staggered deployments into equities. Post event risk around elections, we gradually up our small/mid caps to slight over weight between now and July. We prefer predictable, dominant business models, riding structural trends with earnings visibility, at reasonably priced valuations.
India Hedge Funds	**Marginal Under Weight**	Hedged portfolios provide an attractive complement to equity portfolios, providing a diversifying non-correlated asset class that enhances risk adjusted return. However, we prefer to marginally reduce the weight here because of more compelling opportunities in small/mid cap equities, InvITs and precious metals.
Long Short (Absolute Return)	**Over Weight**	Long short funds that have consistently delivered post-tax 8% returns are a worthy consideration for portfolios. Due to the sharp rally, and the upcoming elections, the environment is favourable for L/S strategies. We remain marginally over weight.
U.S. Equities	**Market Weight**	Indian HNI portfolios are dramatically underweight U.S. equities. Diversification provides strong portfolio optimization benefits, particularly the Nasdaq. U.S. equities have dramatic barriers to entry and global leadership. We recommend a staggered accumulation approach.
Emerging Market Equities	**Market Weight**	The Japanese economy is witnessing a surprising uptick after many years. China debt concerns weigh but the economy is showing signs of recovery. Other emerging markets are valued reasonably and showing growth, but India remains a standout outperformer.
Europe Equities	**Under Weight**	Growth in India, emerging markets is likely to outpace European growth and therefore we find limited triggers to own exposure to European equities.
Fixed Income	**Under Weight**	**Rationale**
Duration	**Under Weight**	We reduce our weight in Duration to under weight, as India Government Bonds appear to be adequately pricing rate cuts, and flows are being absorbed, while inflation remains sticky globally. Accordingly, long term bond yields may not fall significantly; hence, duration doesn't look very attractive from a risk-reward perspective. Further challenges include a high taxation structure and timing duration.
Accrual	**Selectively Positive**	Accrual space offers good opportunity to lock in yields. Investors will enjoy good returns based on their ability to lock in spreads in quality papers available currently. Dual advantage of constant high spread and roll down will result in good returns. The near and belly of the curve offers good options for investors.
Credit Risk	**Selectively Positive**	Rich pickings are available in credit space of lesser understood / lesser known issuers and they offer attractive risk reward opportunities for risk savvy investors. Post RBI change in norms for NBFCs, spread widening for certain subsectors is likely. While there could be higher returns, they will come with higher risks too and investors are cautioned to be mindful of same while taking advantage of richer pickings available.
REITs	**Selectively Over Weight**	Real estate investment trusts (REITs) lagged in 2020 and 2021 due to the impact of Covid on retail and urban office space. However, REITs recovered in 2022. During an uncertain and inflationary environment, REITs offer an attractive inflation hedge that provides exposure to fixed assets. We recommend exposure be considered only with strong due diligence on a case by case bottom up basis.
InvITs	**Over Weight**	Infrastructure Investment trusts offer an attractive opportunity to invest in diversified portfolio of assets generating an attractive yield through regular income distribution
Alternate	**Strategic 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.
Precious Metals	**Strategic Weight**	**Rationale**
Gold	**Strategic**	We increase our exposure to Gold to market weight due to inflation, debasement of the US dollar, and concerns on the ever increasing US debt.
Silver	**Tactical**	We increase our exposure to Silver on the rising demand for the metal in industrial production, demand outstripping supply and the Gold/Silver Ratio being much higher than the historical long-term average.

Ambit Global Private Client - Asset Allocation & Investment Committee

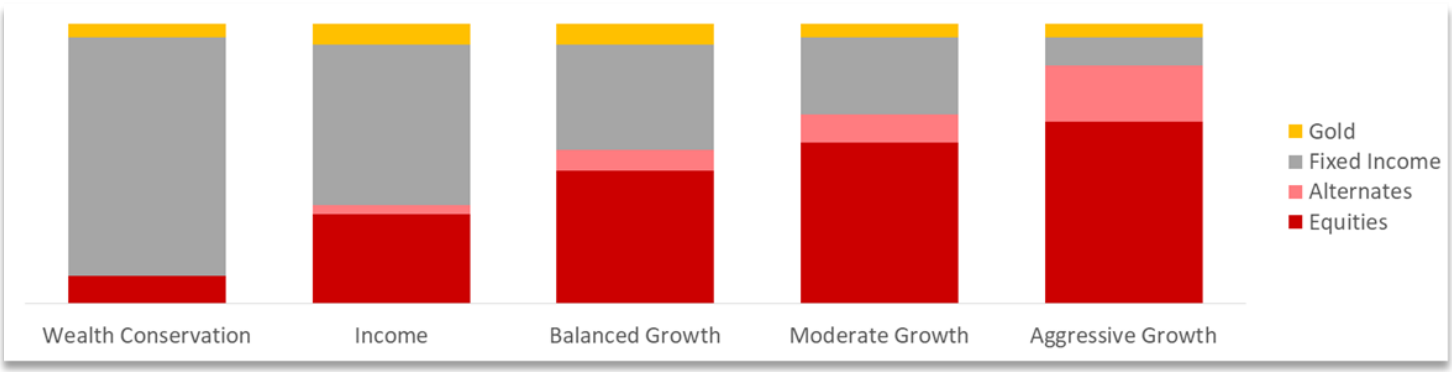
The Ambit GPC Asset Allocation & Investment Committee (AAIC) is a group comprised of the CEO, Head of Products and Alternates, Chief Investment Strategist and Head of Fixed Income (listed below). The team has over 100 years of collective investment experience in markets. The AAIC meets monthly and as 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	
Equities								◆				**Over-Weight**
India Equities – Large								◆				Over-Weight
India Equities – Mid & Small							→	◆				Strategic Weight
U.S. Equities						◆						Strategic Weight
International ex-U.S.				◆								Under-Weight
Long Short							◆					Over-Weight
Hedge Funds						◆	←					Under-Weight
Fixed Income					◆							**Under-Weight**
Duration					◆							Under Weight
Accrual						◆						Selectively Positive
Credit Risk						◆						Selectively Positive
InvITs								◆				Over-Weight
REITs								◆				Over-Weight
Alternates						◆						**Strategic Weight**
Private Unlisted						◆						Strategic Weight
Precious Metals						◆						**Strategic Weight**
Gold						◆						Strategic Weight
Silver							◆					Tactical

Wealth Profiles - Summary

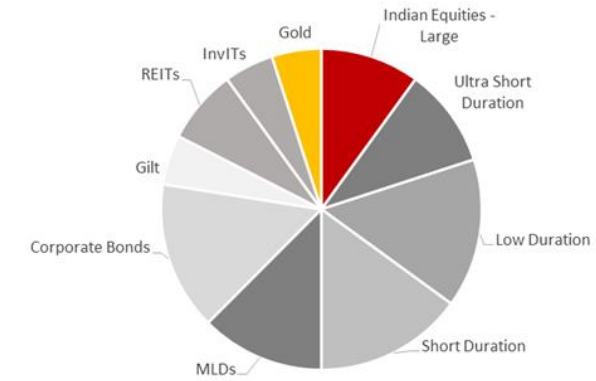
Strategic Asset Class Weights by Profile



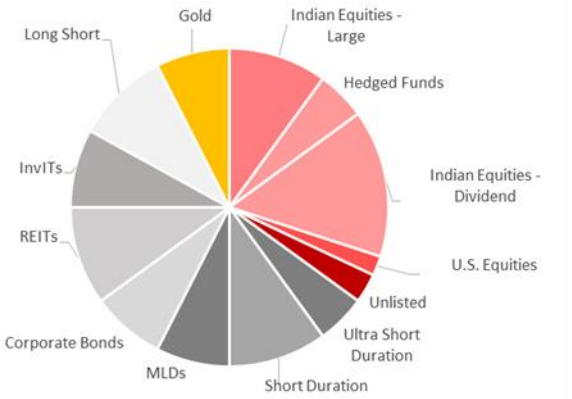
Ambit GPC Wealth Profiles - Strategic Weights

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.

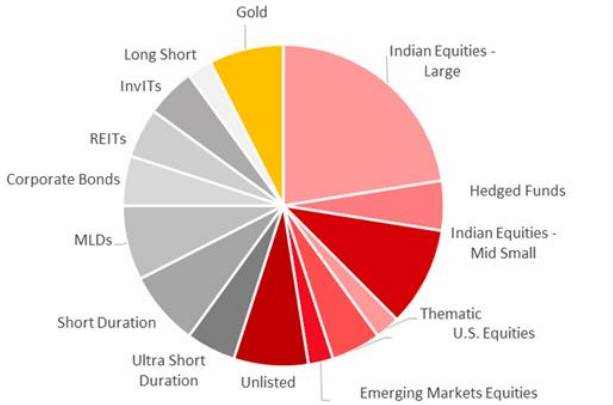
Wealth Conservation



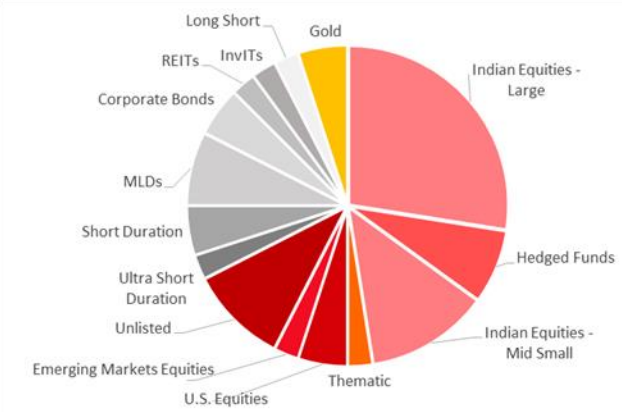
Income



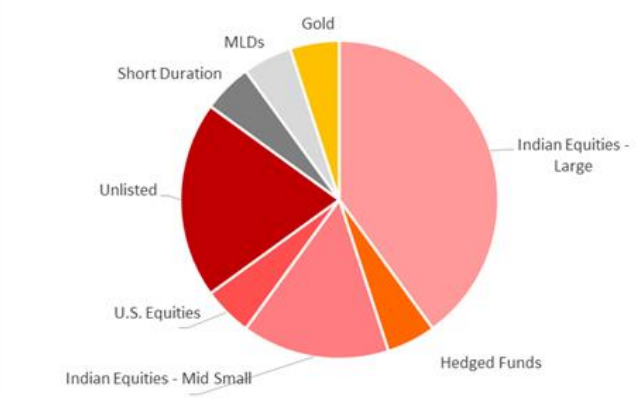
Balanced Growth



Moderate Growth



Aggressive Growth



Ambit Global Private Client – Asset Allocation & Investment Committee

Amrita Farmahan	Mahesh Kuppannagari	Sunil A. Sharma
CEO	Head – Products & Advisory	Chief Investment Strategist
Amrita.farmahan@ambit.co	Mahesh.kuppannagari@ambit.co	Sunil.sharma@ambit.co

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