Issue 55 | March, 2025

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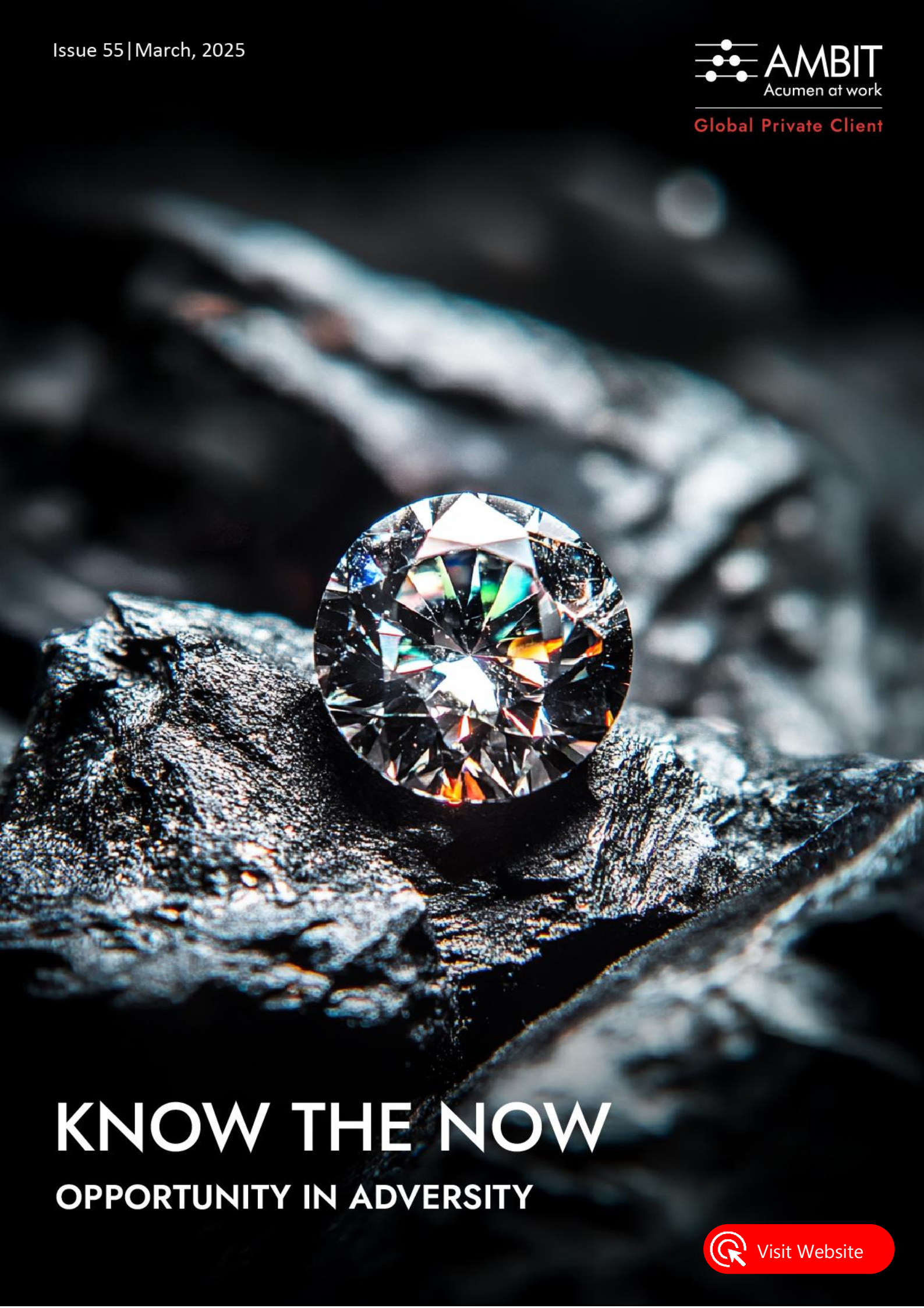

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INVESTMENT OUTLOOK

A Historic Market Sell-Off

A historic sell-off that matches the severity of prior bear markets has unfolded in the past few months. The reasons as we see them, are a massive outflow by Fis towards U.S., China, a strong U.S. exceptionalism narrative, a slowdown in India and very high valuations in the domestic equity markets.

The current market sell-off has been unique, as most bear markets tend to be. The Nifty 50 is down 14.8% from it's high. That's basically a correction, not a bear market. It masks the carnage that has unfolded in the broader market. The average small cap is down more than 30% from its highs. New lows, advance decline, percentage of stocks below their 200 day moving average, market RSI and a host of other technical indicators we track have hit extreme readings only witnessed during prior bear markets.

Flows Remain Resilient, DIs Bullish

DIs have remained buyers in the cash markets. DIs have also increased their **bullish positioning** in futures to the most bullish since the bottom in June 2022.

The Gold to Nifty ratio is another interesting marker. The ratio is roughly 2.7 times right now, i.e., one gram of Gold buys 2.7 Nifty. That's the lowest it's been since the Covid bottom. The only other times this ratio has been lower is the bottom in Feb 2016, the PIGS crisis bottom and the GFC bottom.

Finally, on flows, global equity ETF flows peaked in Oct, Nov 2024 as Trump euphoria took hold, alongside AI euphoria and a resurgent U.S. economy. China flows peaked last year as well. (page 6)

U.S. Exceptionalism Narrative Fades

The consensus chose to focus on the positives post the Trump victory: an improving U.S. economy, optimism on AI, tax cuts and U.S. exceptionalism. Investors discounted the rhetoric on tariffs and were unprepared for what's unfolded in the past few weeks.

Progress on AI now looks likely to take longer. Consumer confidence typically precedes recessions, as does rising unemployment. The U.S. economy appears to be sharply decelerating and a recession is a real possibility. Mag 7 stocks look less magnificent than they did a quarter ago.

Germany and China have come forward with massive stimulus programs, Germany focused on infra and defence, China on consumption, creating alternative attractive opportunities to U.S.

The India Narrative Looks Strong

Meanwhile, signs are emerging across the economy domestically. India is already emerging out of the growth slowdown witnessed in August 2024. Strong macro tailwinds lie ahead. We list out the various reasons we believe the India structural growth story remains intact and we're emerging out of a cyclical slowdown.

Valuations Have Corrected to Attractive

Valuations are back to fair value. However, given superior earnings growth that Indian equities have delivered since 2020, we'd argue that Indian equities deserve to trade at a premium to prior year trough valuations.

Trade War

Indian equities attempted a strong rally from the potential bottom in late February. Things were looking good, and then came the tariff announcements. What's notable is despite the horrific news flow last week, Indian equities – large, mid and small – showed resilience in the face of bad news.

Outlook

We **reduced our equity exposure in Oct** in small and mid caps to essentially neutral, Oct 8th to be precise (see Market Update – Oct 8, 2024). We similarly reduced our large cap weight to close to neutral on Oct 28th.

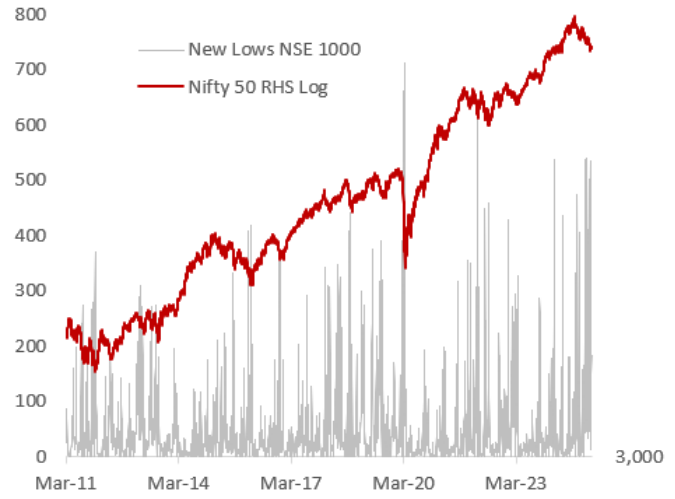
We think the **time is right**, despite the horrific news flow, to **up our exposure to equities**. We lay out our rationale in the Asset Allocation, with our rationale for active managers that construct reasonably valued portfolios. More details around our rationale in the Asset Allocation section on page 17.

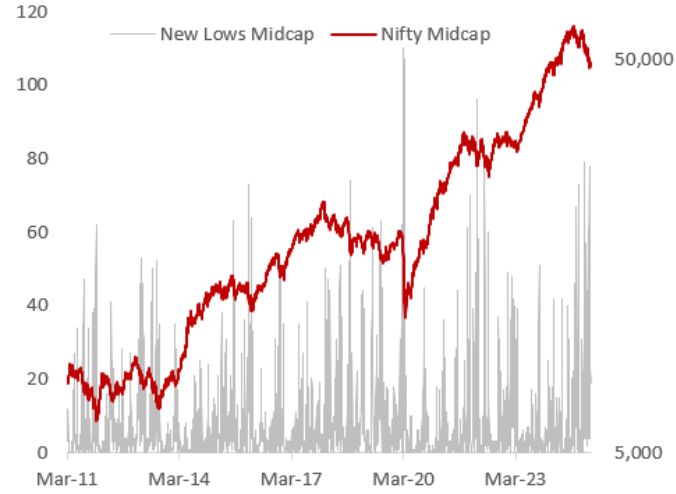
SELL-OFF HITS BEAR MARKET EXTREME MARKERS

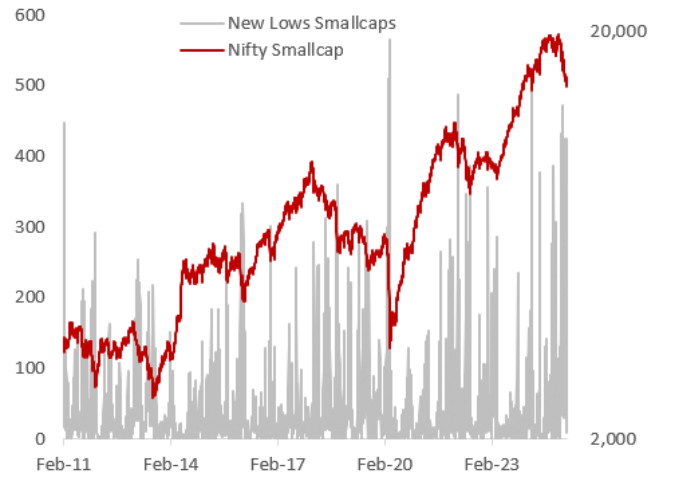
A Historic Sell-Off

We share below a few technical indicators that showcase the severity of the sell-off relative to past bear markets.

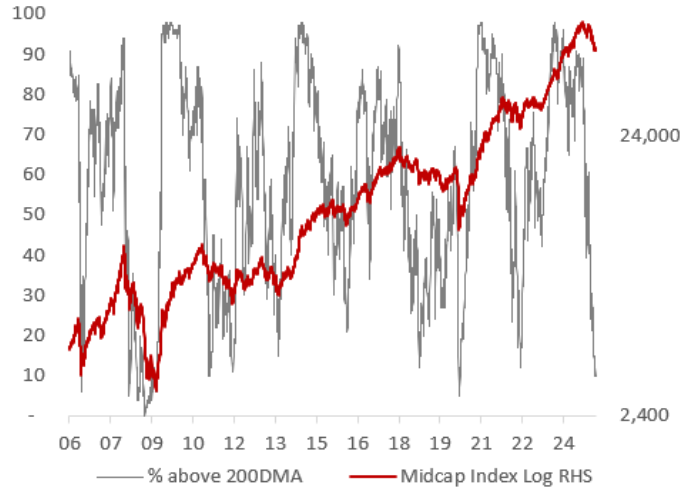
New Lows Exceed Levels of Prior Bear Markets

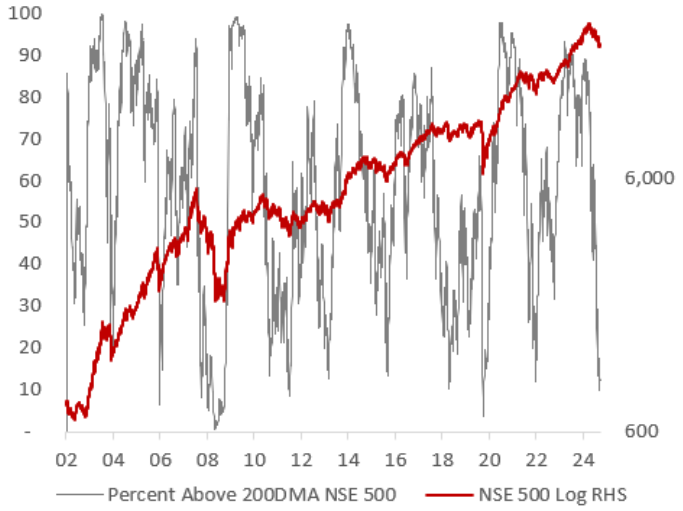




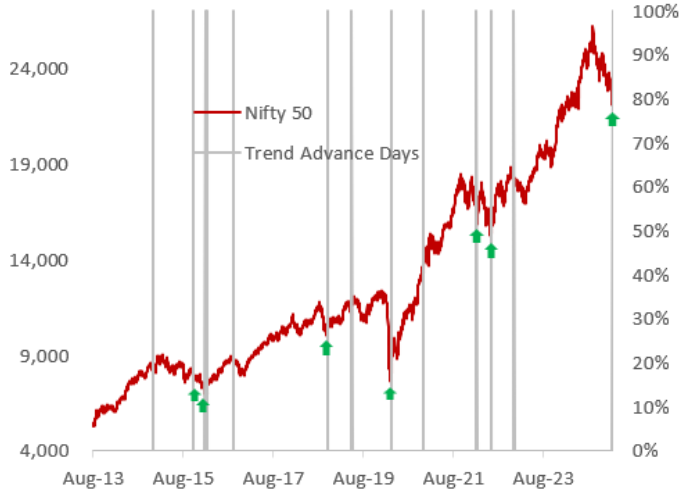


Percentage of Stocks Below 200 DMA

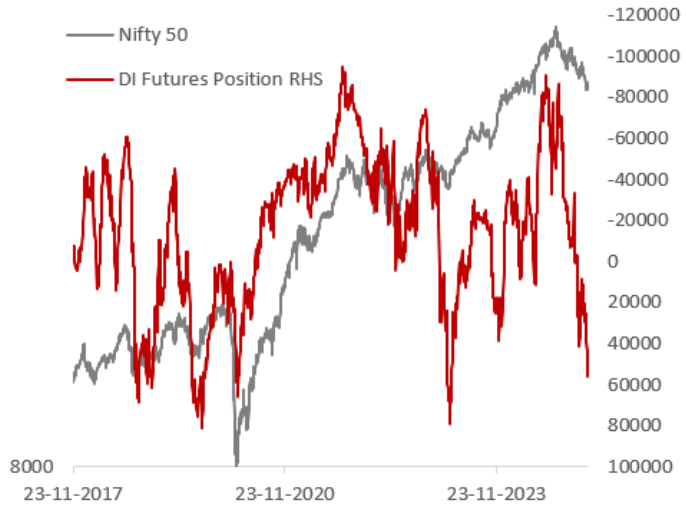




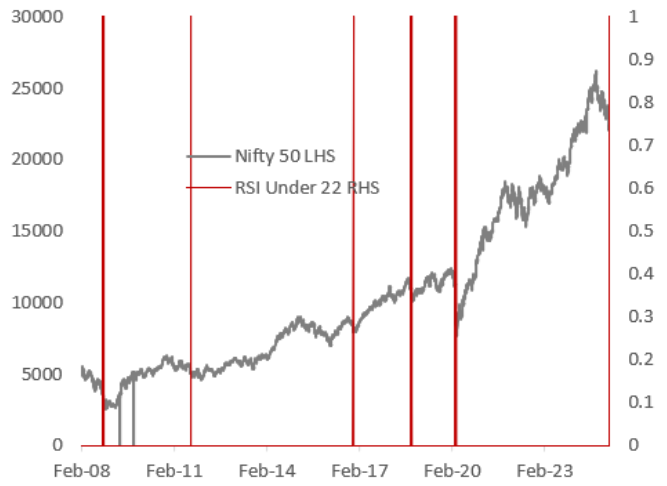
Rare Trend Days Typically Witnessed at Bottoms



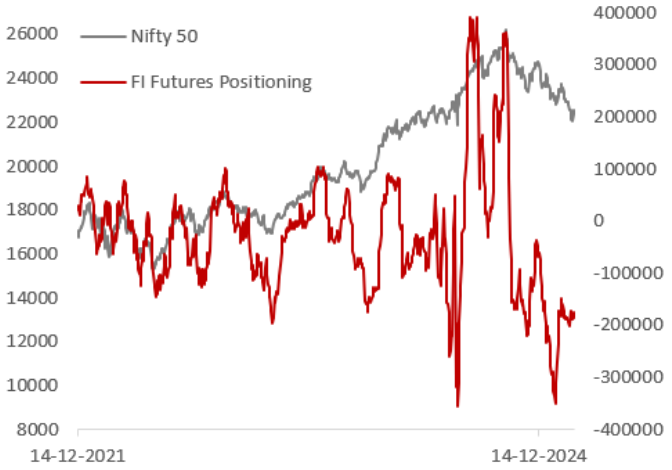
DI Futures Positioning Turns Strongly Bullish



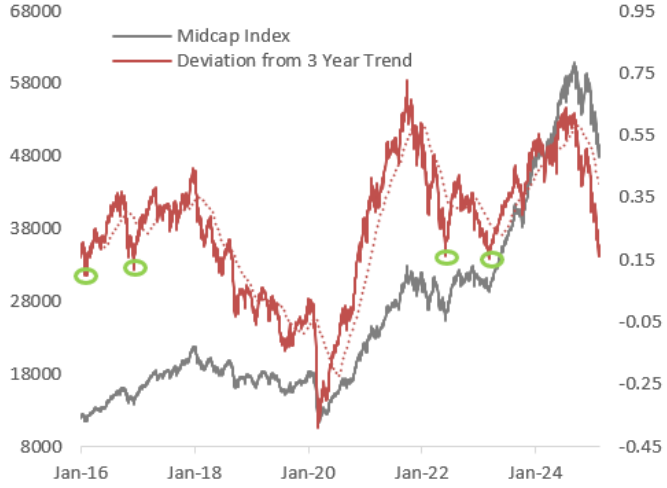
Extreme Bearish Reading on Nifty RSI



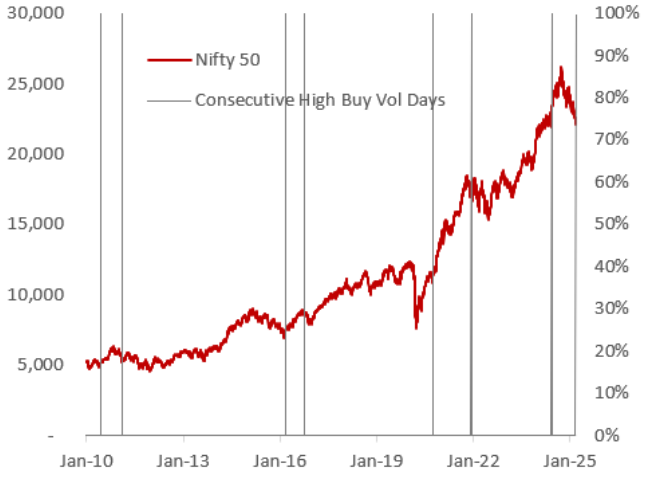
While FIs Pull Back from Extreme Bearish



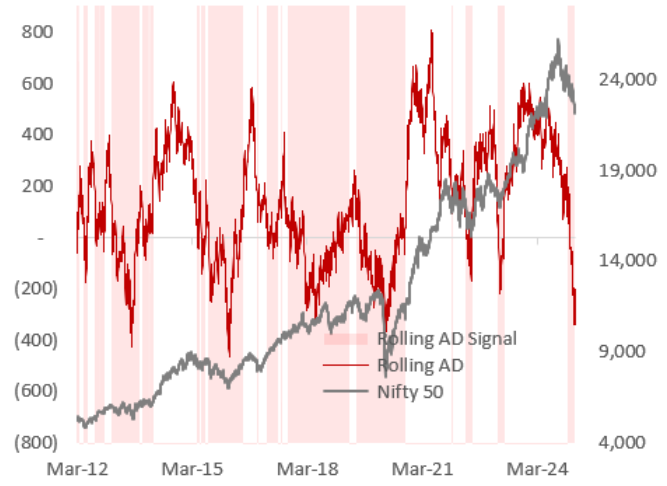
Reversion Back to Mean Vs 3 Year Trend



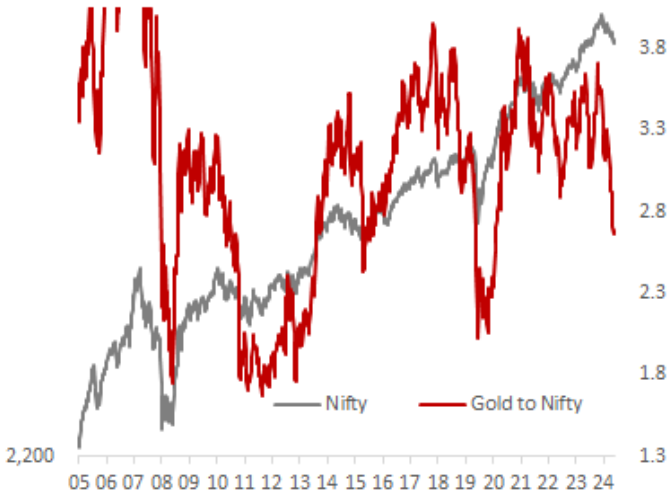
Consecutive Days of Buying Volume Thrust



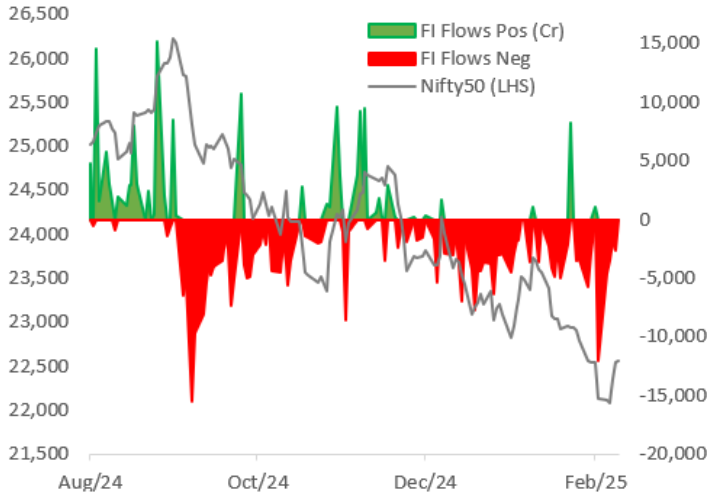
AD Line Reaches Bear Market Extreme Reading



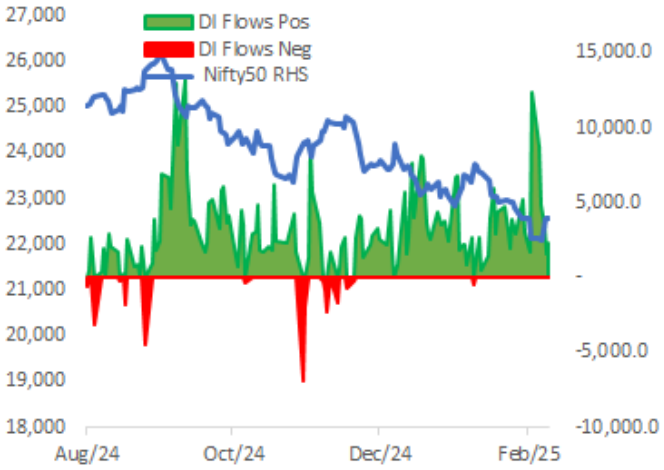
Price of Gold to Nifty Approaches Attractive



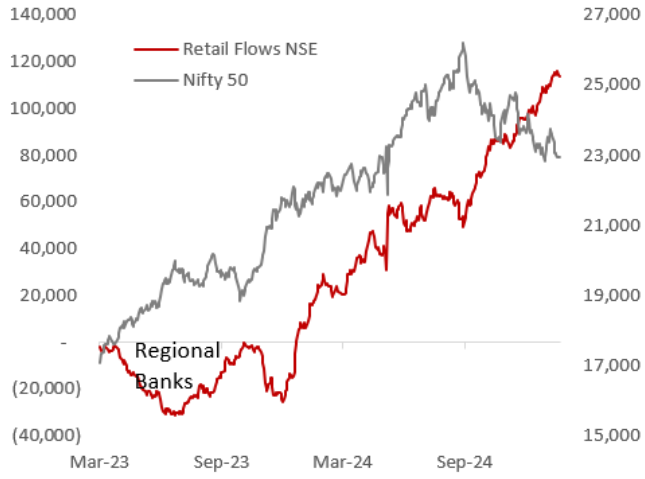
FI Selling Appears to be Moderating



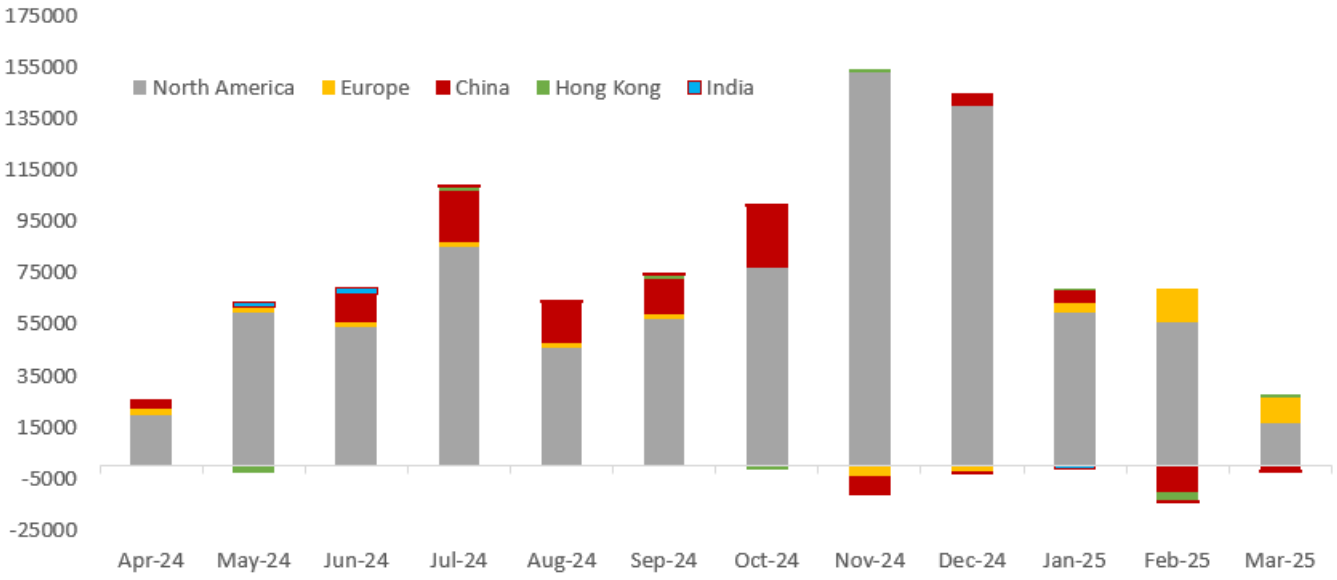
DI Flows Remain Resilient and DIs Buying Picks Up



Retail Net Flows Remain Steady



U.S. ETF Flows Into China Have Dried Up and the Trump Bump Flight to U.S. Is Also Drying Up



THE U.S. RESURGENCE – AND ROTATION - NARRATIVE COLLAPSES

Most U.S. Job Cut Announcements Since Covid

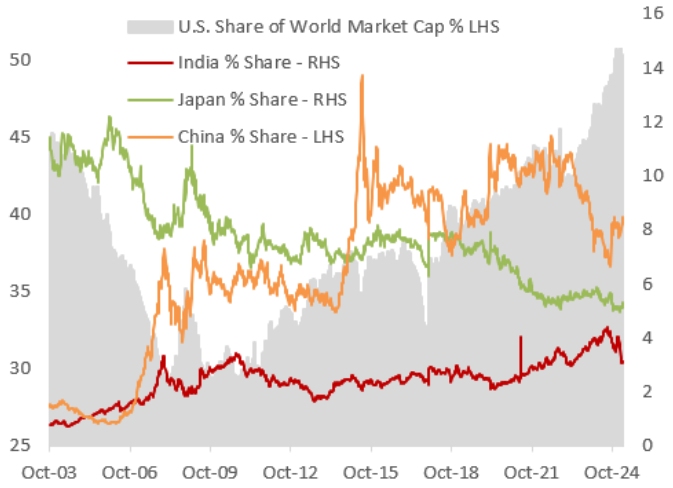
Private companies announced plans to cut 172,000 jobs in Februrary, the most since the days of Covid. The Federal government accounted for a third of the cuts, at over 62,000, with more on the way, followed by Retail and Tech. On the flip side, companies also announced plans to hire 34,000 in Feb.

With 340~ million population, much of it struggling, does the U.S. deserve to be 50% of world market cap, while China is 8.4% and India 3.1%?

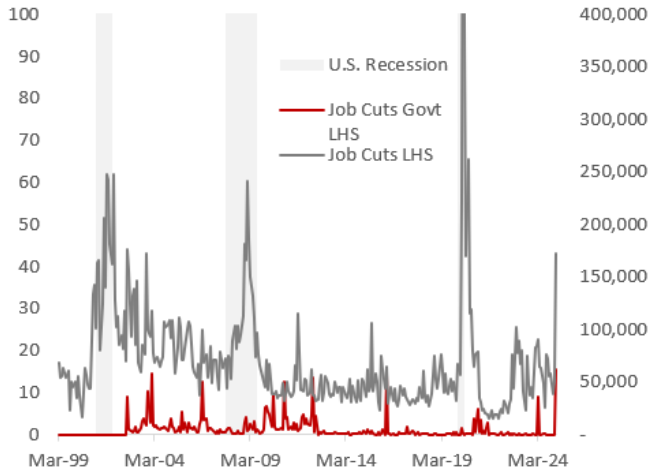
U.S. Exceptionalism Takes a Hit

The U.S. is faced with a suddenly weakening economy, crumbling consumer sentiment, rising inflation expectations. The emergence of DeepSeek and Alibaba's AI models, have raised questions about U.S. models around LLM. Two years since ChatGPT, there is only evidence of productivity enhancements and data intensive research applications. The killer app remains missing for now. AI agents remain a lot of talk. Meanwhile, massive stimulus spending by Germany and China has accelerated a shift away from U.S. equities.

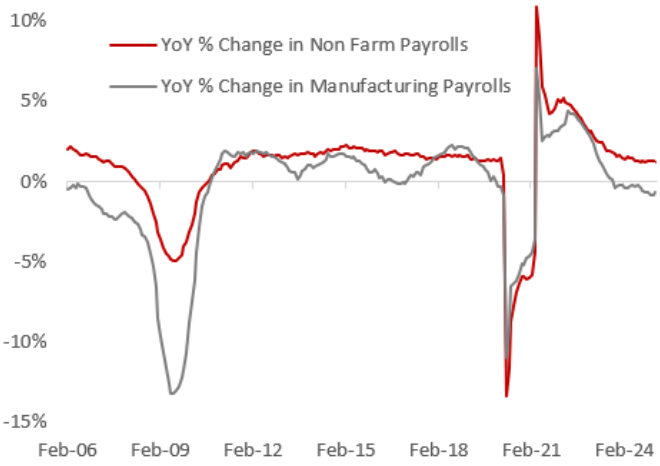
U.S. Share of World Market Cap at Historic Highs



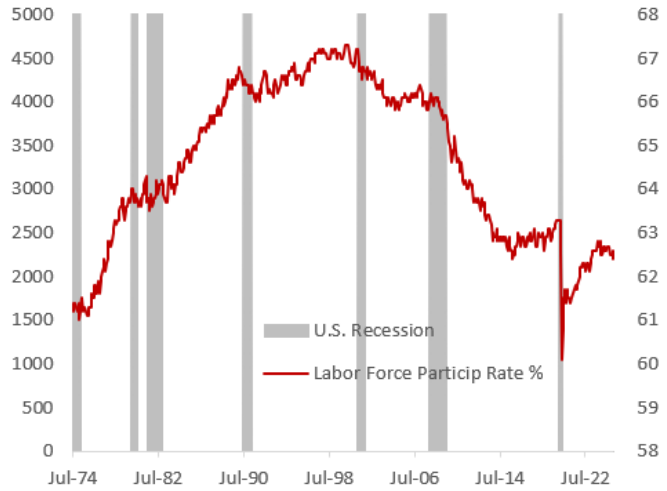
Job Cut Announcements Soar



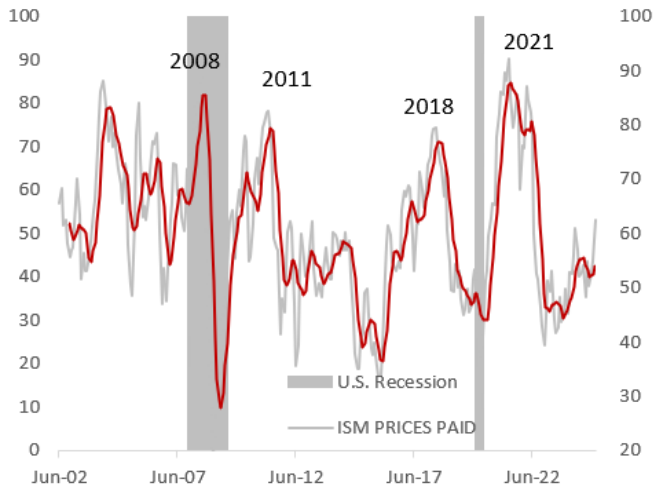
Manufacturing Payrolls Contracting and Non Farm Payroll Growth Slowing



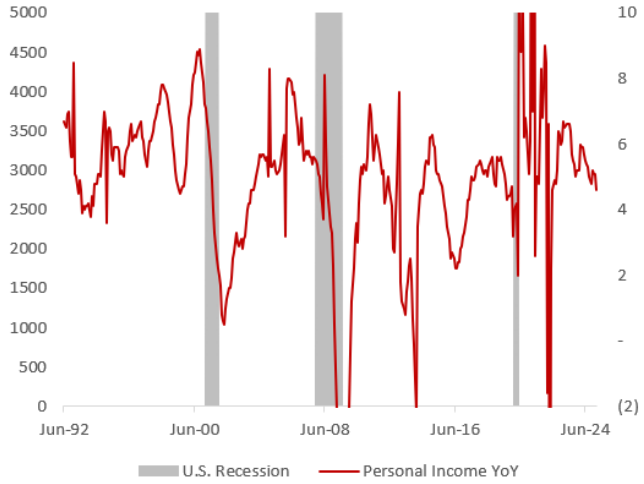
Labor Force Participation Contracts



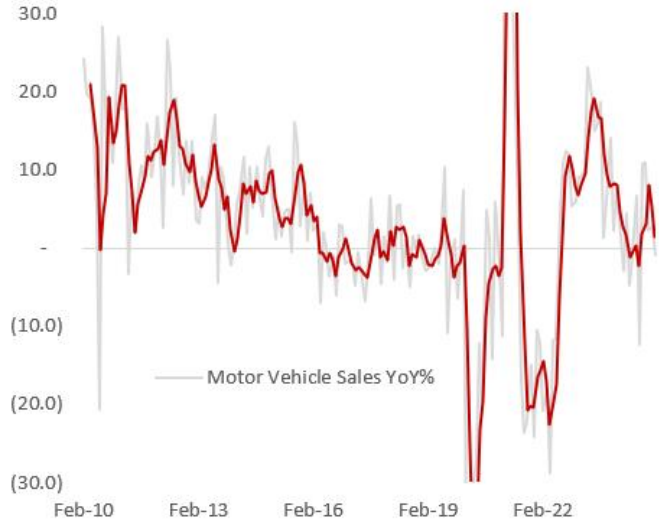
Inflation in the Pipeline



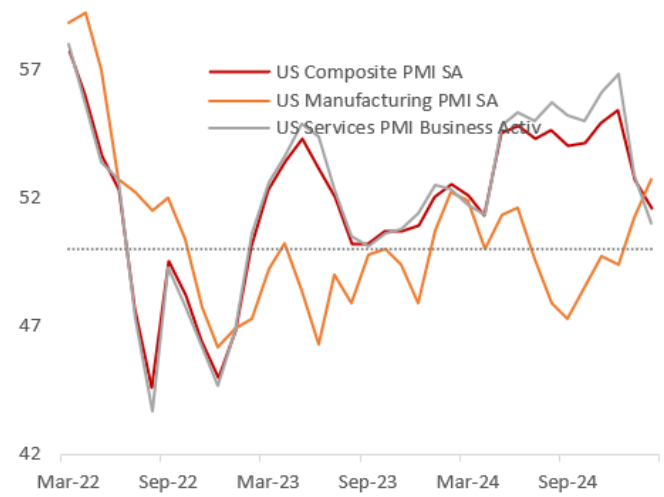
Personal Income Growth Slowing



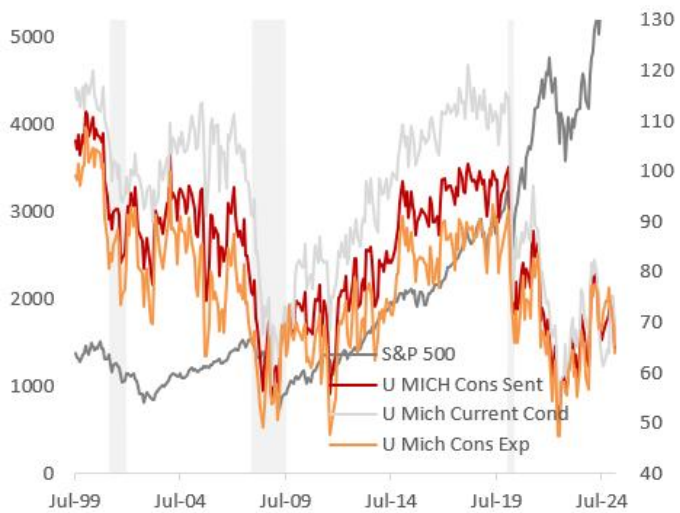
Vehicle Sales Slowing



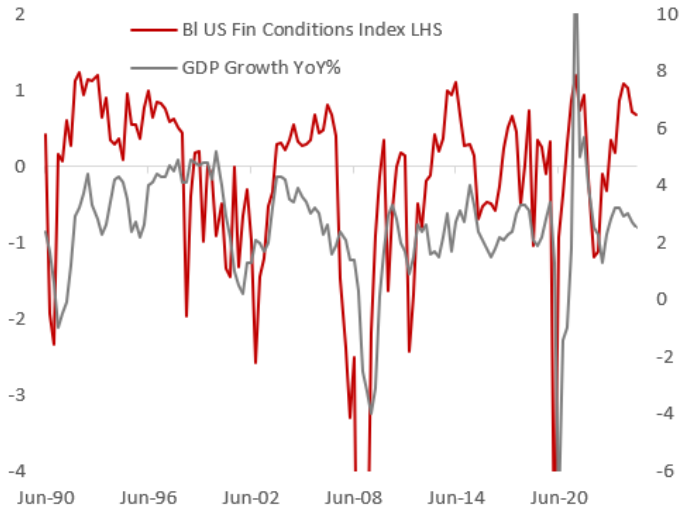
Services PMI Plummets While Manufacturing Rises



Consumer Confidence Drops Typically Lead to Recession



Business Conditions Deteriorating



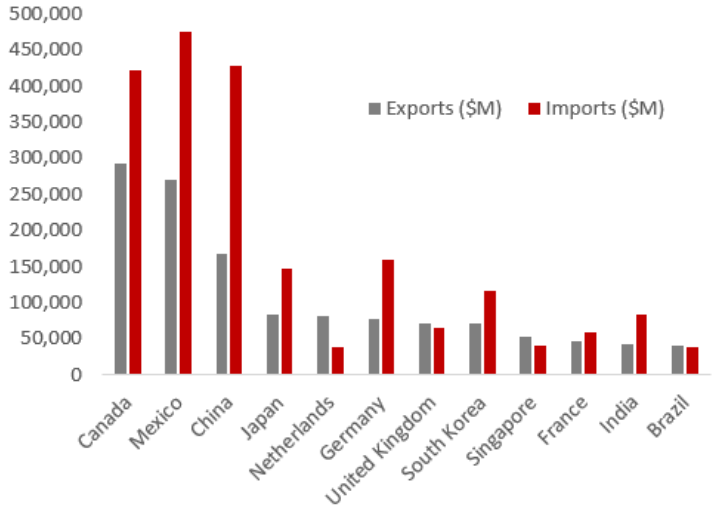
IMPROVING PROSPECTS FOR INDIAN EQUITIES

Contained Exposure to Tariffs & Exports

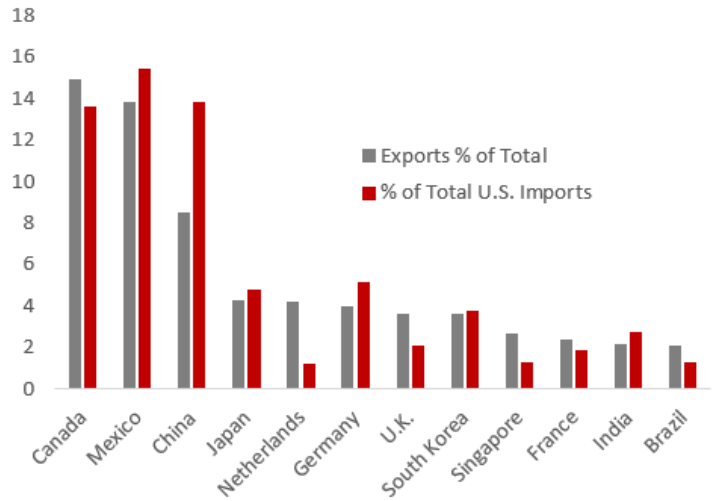
China, Canada and Mexico represent the primary countries and conduits for exports to the U.S. India with $42 b in merchandise imports from the U.S. in 2023 and $83 b in merchandise exports to the U.S. from India for a trade balance of $-40 b represents a tiny portion of the U.S. trade deficit.

In global trade, India is well placed with low goods exports, strong services exports and policy support for domestic demand.

India Exports to the U.S.

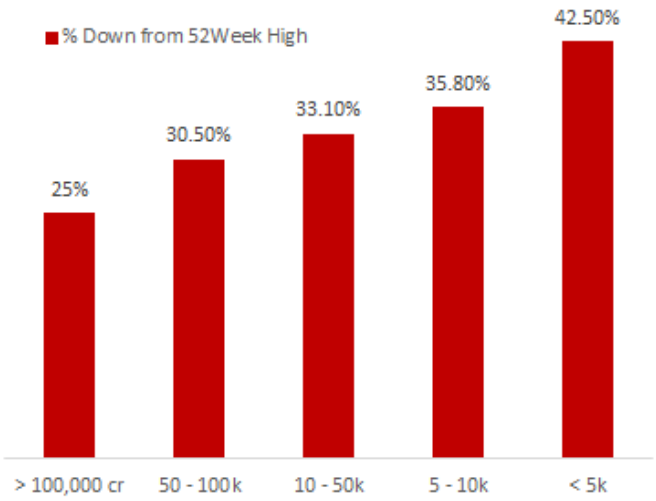


India Exports Percent of Total to the U.S.

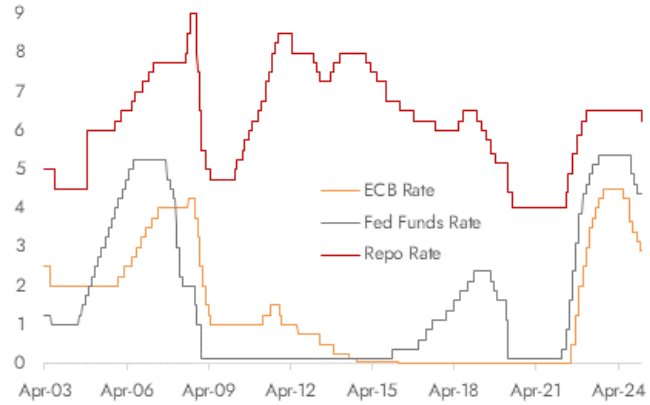


Source: IMF Merchandise Trade DOT

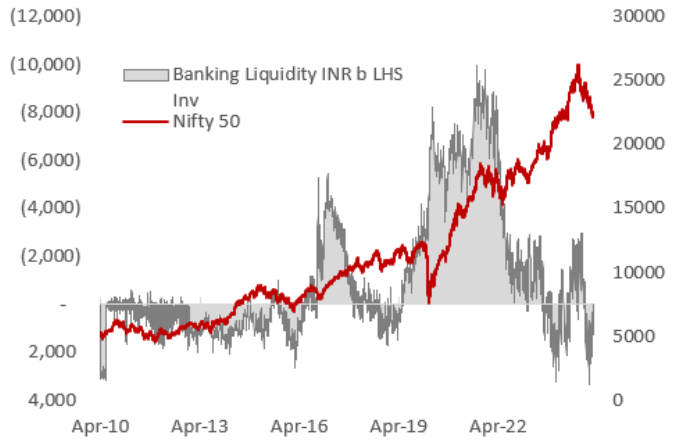
Equities Are Down 25% - 45% Across Cap



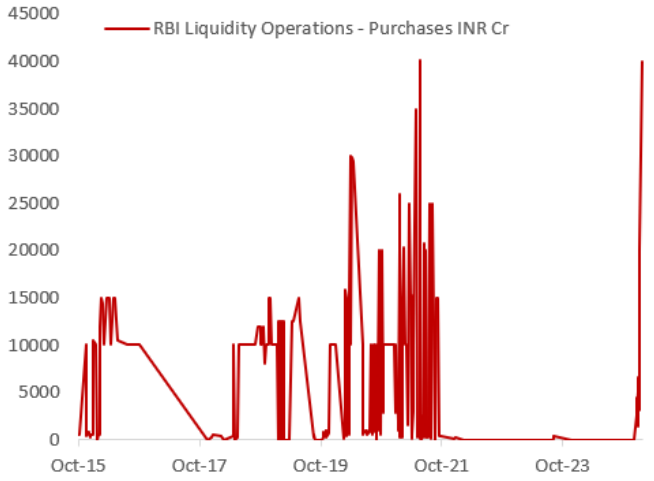
Additional Rate Cuts on the Way by the RBI



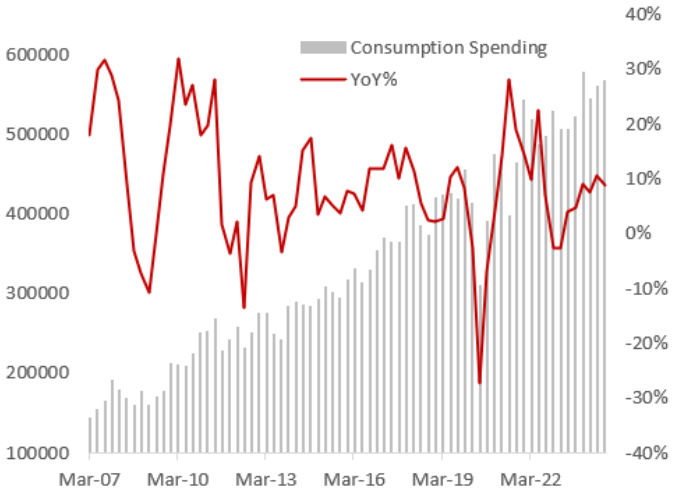
Systemic Liquidity is Approaching Neutral



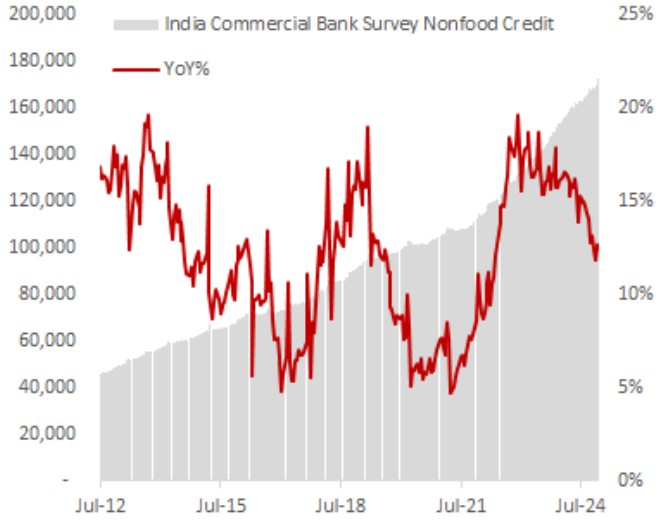
RBI Has Aggressively Injected Liquidity Vis OMO



Consumption Spending Set to Receive a Boost from the INR 1.1 Lk Cr Tax Cut

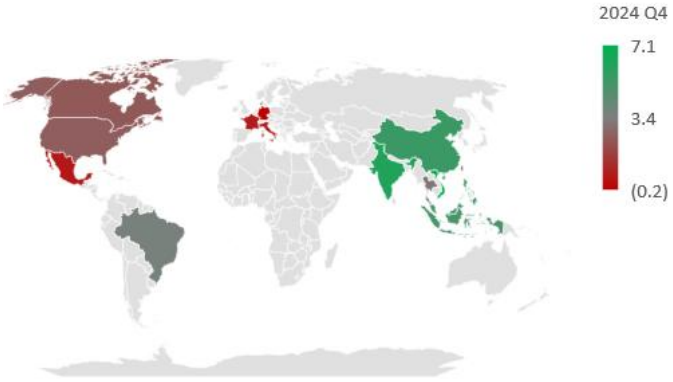


Credit Growth Will Pick Up with Regulatory Reduction in Risk Weights for Loans to NBFC and Micro Fin

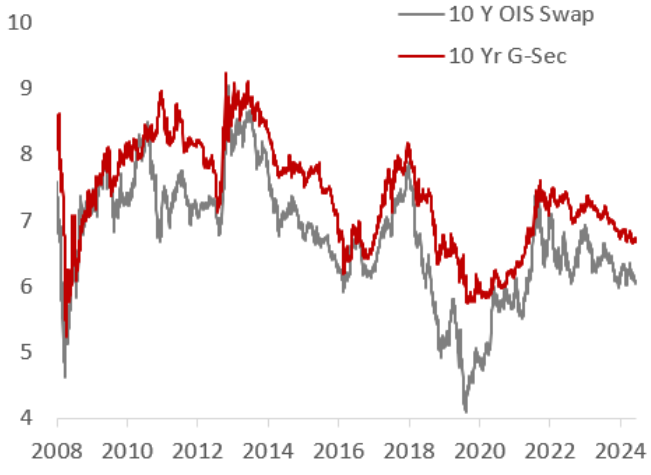


Brent Crude Has Dropped to $70~

India is the Second Fastest Growing Economy in the World Amongst Large Economies

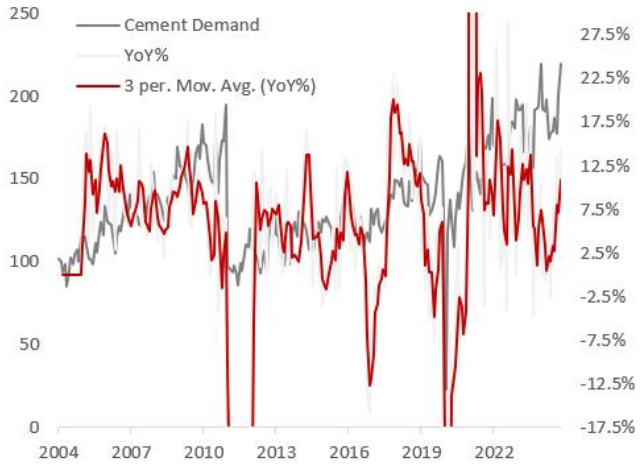


Interest Rates Should Continue to Head Lower

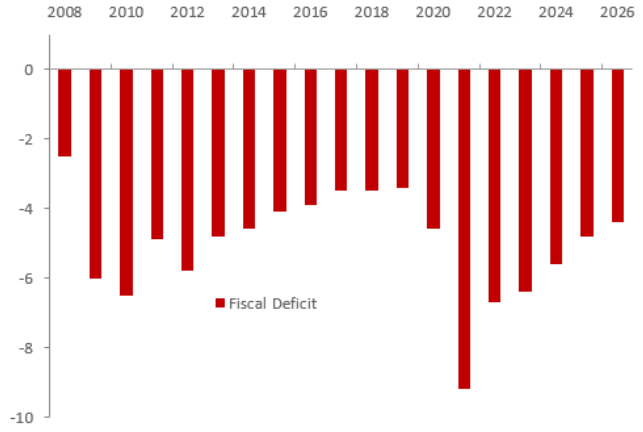


Headline and Vegetable Inflation Headed Lower

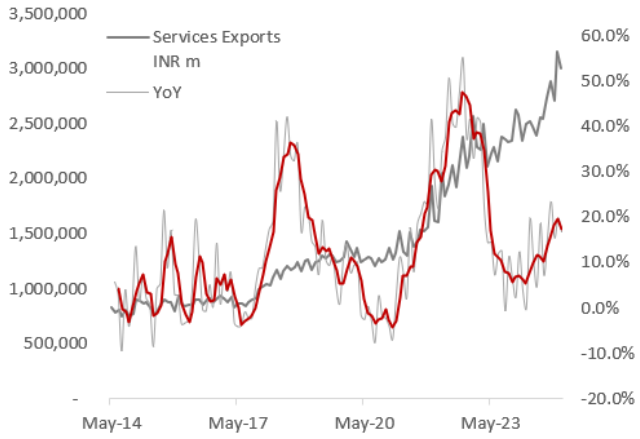
Cement Production Has Picked Up



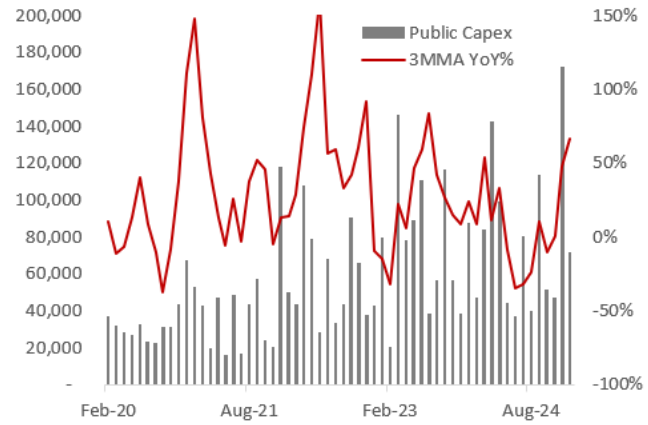
The Fiscal Deficit is Headed Lower to 4.4%



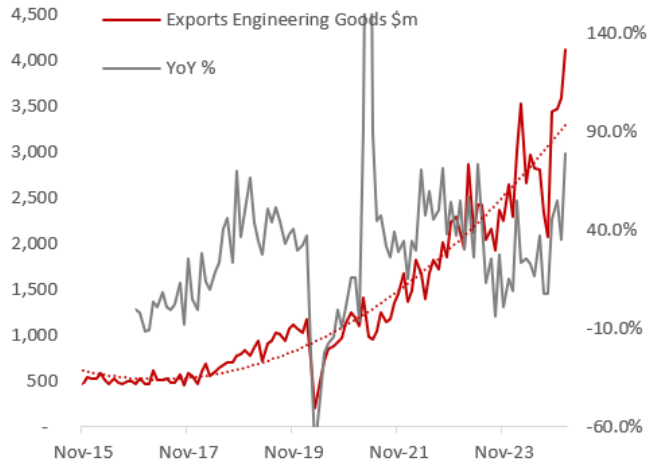
Services Exports Continue to Do Well



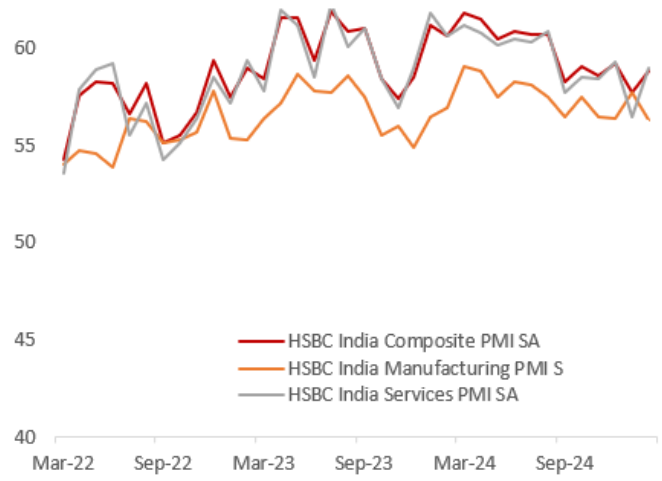
Public Capex Spending Has Accelerated in the Past 2 Months



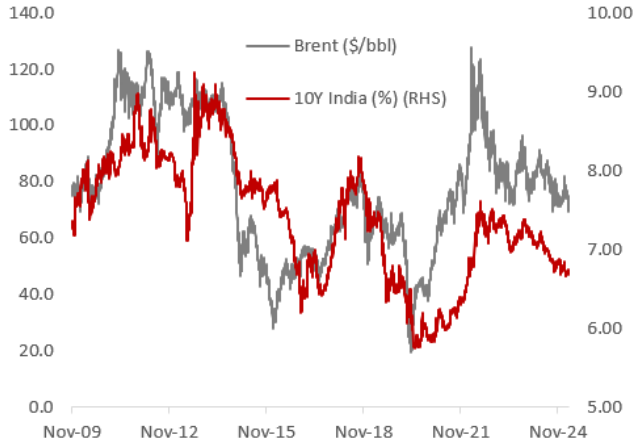
Engineering Goods Exports are Surging



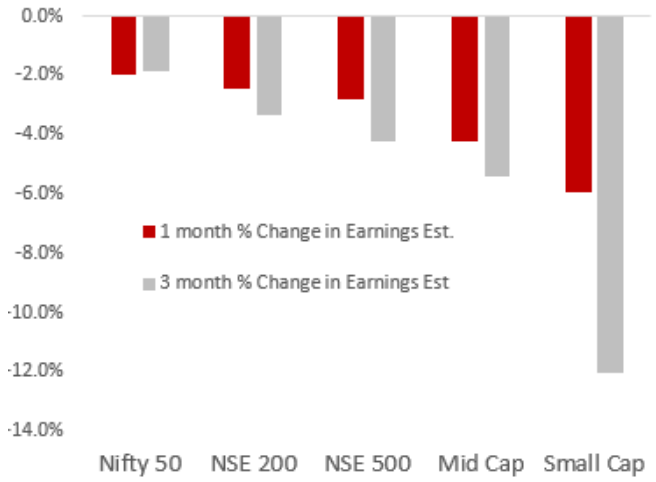
India PMI Data Remains Strongest Amongst Large Economies



Brent Crude Prices Lead India Bond Yields Lower



The Pace of Downward Earnings Estimate Revisions Has Stabilized



Improving Prospects for India

We make the case that the narratives for India has improved, better prospects lie ahead for Indian equities. Monetary and fiscal policy are operating in tandem to rejuvenate growth. India remains a predominantly domestic consumption based economy and any loss of U.S. exports is likely to be offset by increasing trade opportunities in other regions.

Free Trade Agreements

India is negotiating free trade agreements with the U.S., Europe, U.K., the Gulf Cooperation Council, and others, as well as reviewing agreements with Japan, South Korea and ASEAN. While creating export opportunities, free trade will also be expected to lower inflation and open up the country's market and external opportunities.

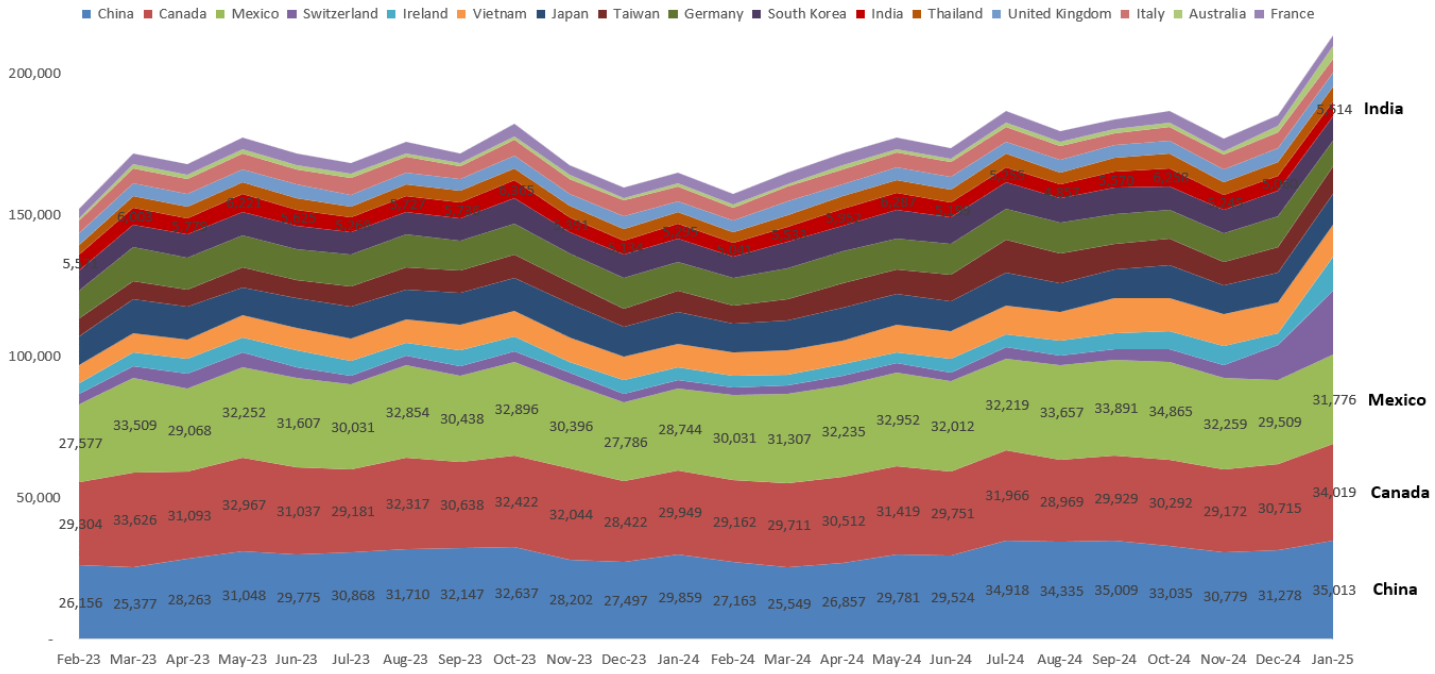
Large Stimulus Measures in China & Europe

China announced last week a $41 billion stimulus intended to boost consumption, hinting more to come to ensure the 5% growth target is achieved. Germany and the European Union are looking to ramp up spending on defense and infrastructure, and the ECB has been cutting rates.

Mahakumbh Boost

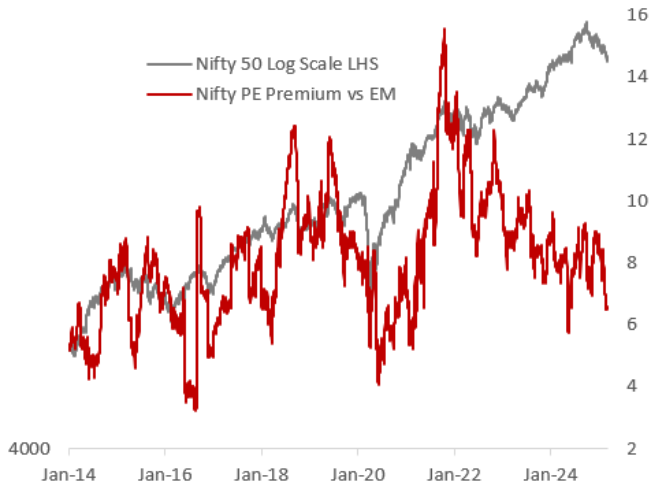
The Mahakumbh is expected to generate above 2 lakh cr in revenues across groceries, edible oils, vegetables, beds, mattresses, bedsheets, household goods, dairy products, hospitality, travel.

Incoming Merchandise at U.S. Ports

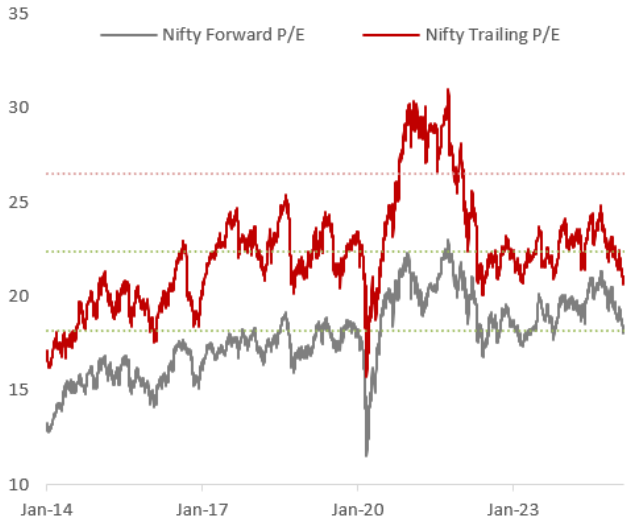


VALUATIONS BELOW HISTORICAL AVERAGE FOR LARGE & SMALL

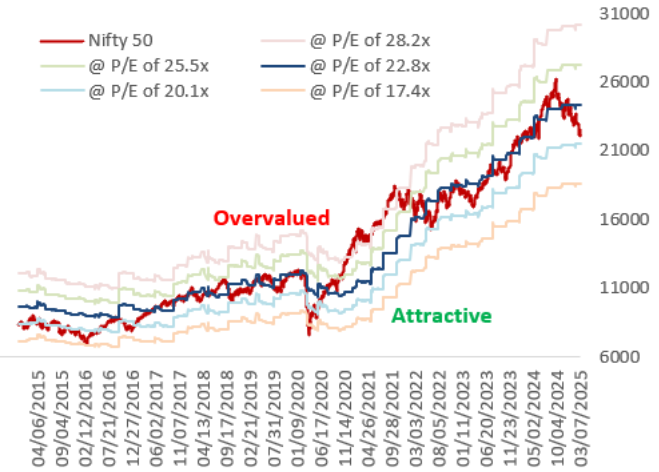
The Nifty PE Premium Vs EM Has Compressed to Close to Bear Market Lows



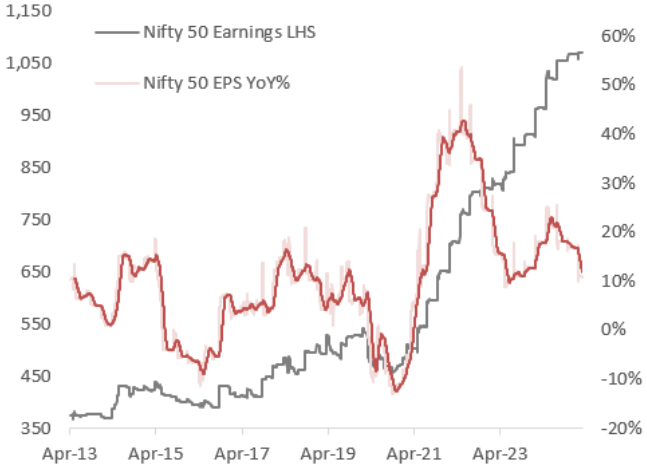
Nifty Trailing & Forward PEs Back to Below Median



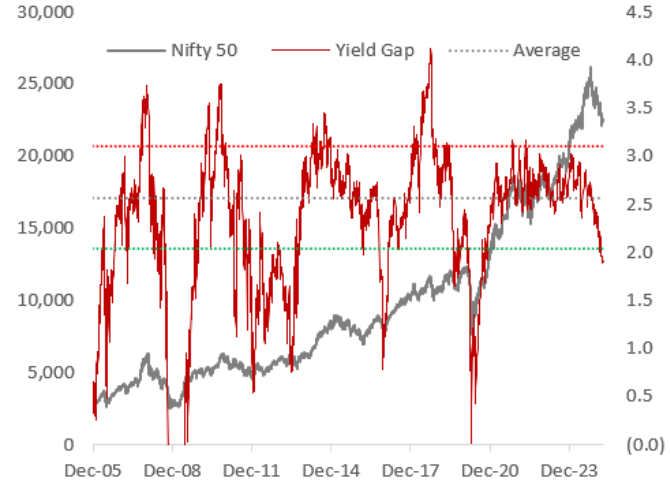
Nifty Trailing P/E is 1 Std Deviation Below 10 Year Mean



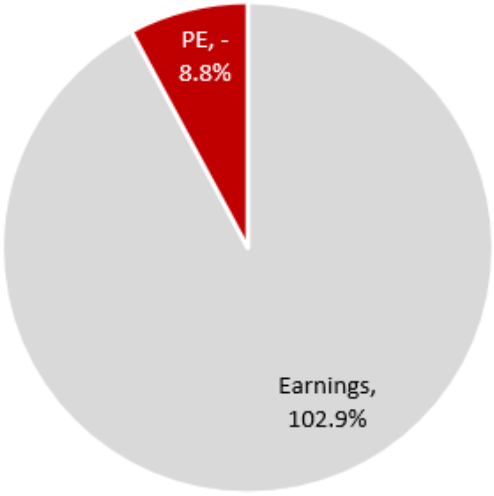
Nifty 50 EPS Growth Trend Remains in Place



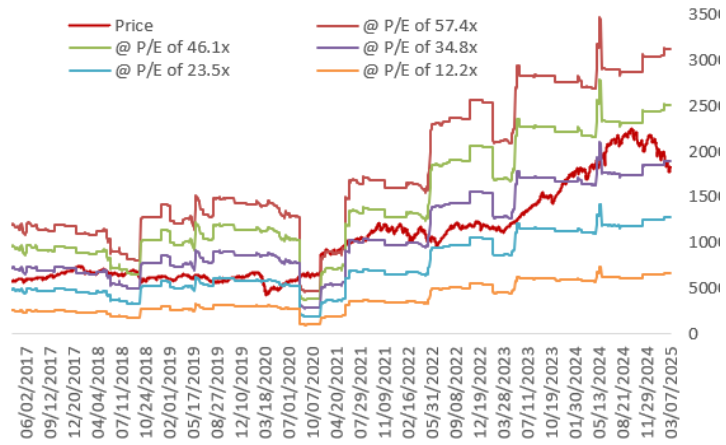
Yield Gap Model Entering Equities Attractive Level



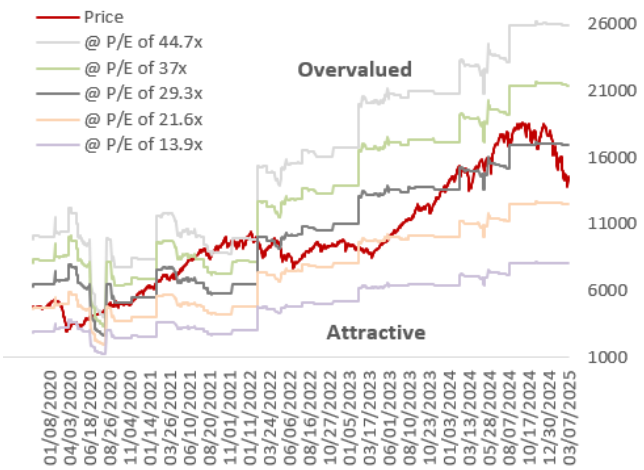
Earnings Contribution Driving the Index Return



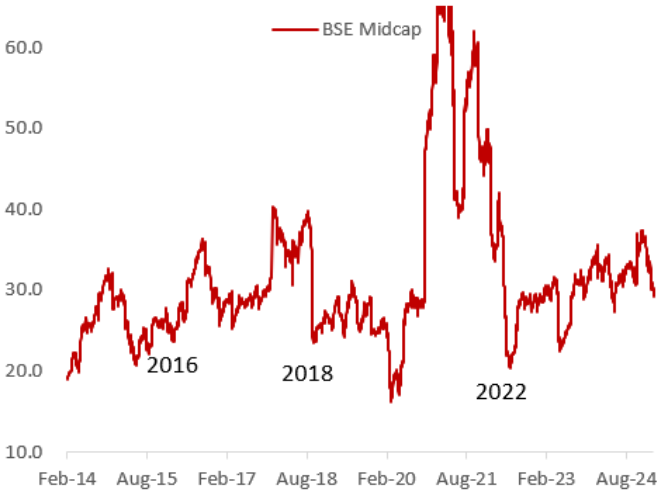
Mid Caps are Back to Median PE Valuation



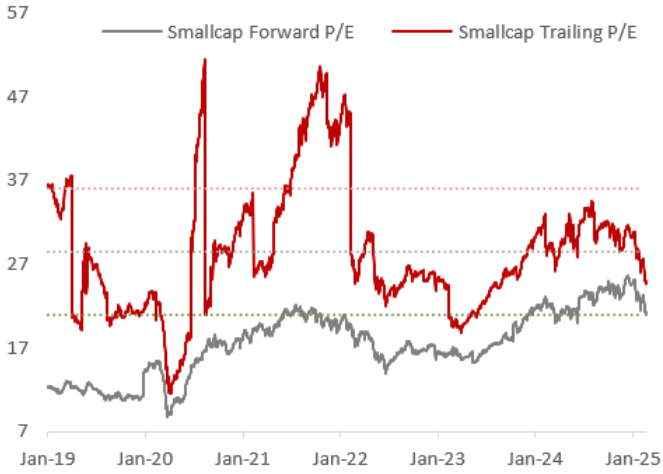
Small Caps Approaching 1 Std Dev Below Average



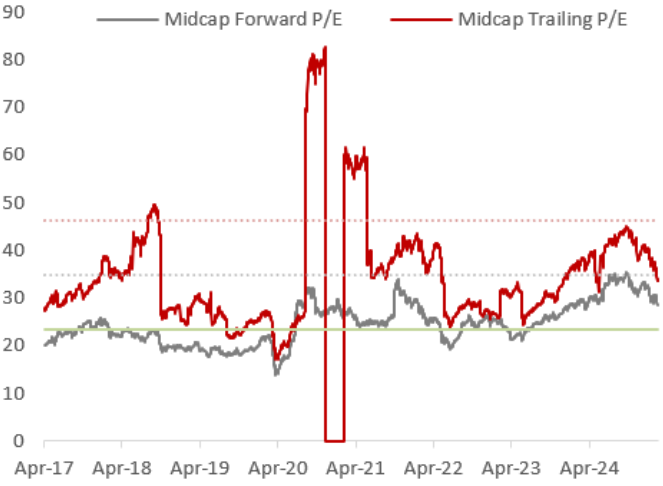
Midcap Absolute PE Expensive But PEG is Not



Small Cap Trailing PE Below Historical Averages



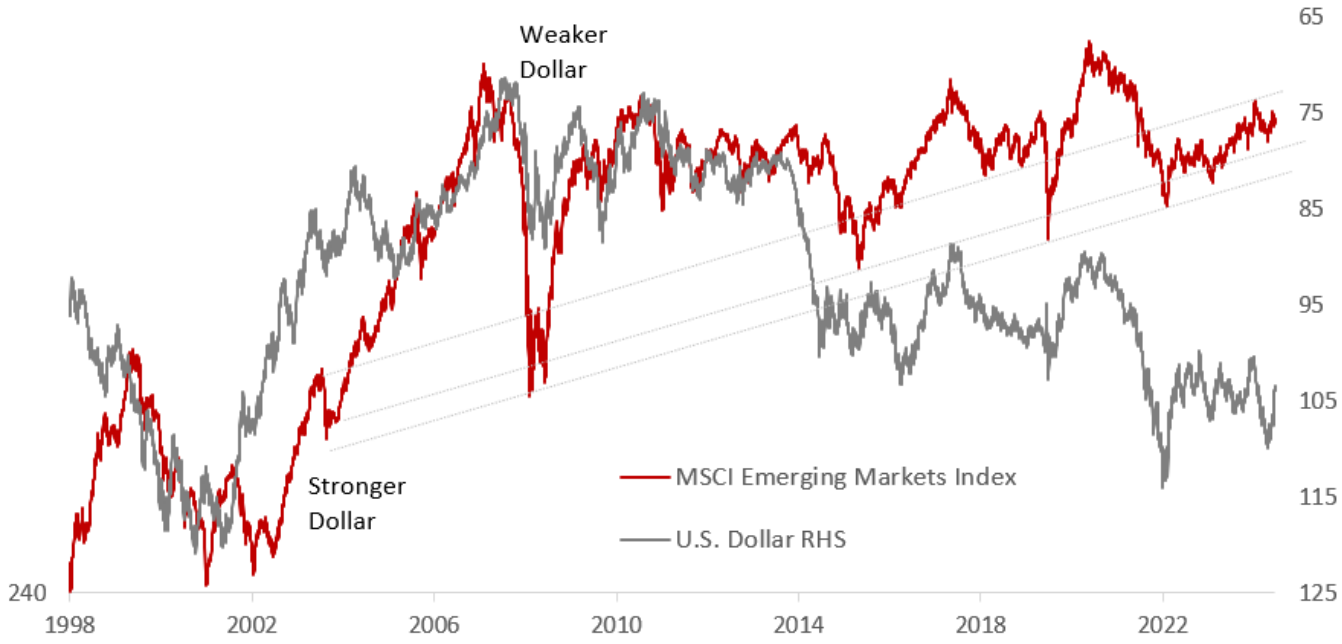
Midcap Trailing & Forward PE Back Below Average PE



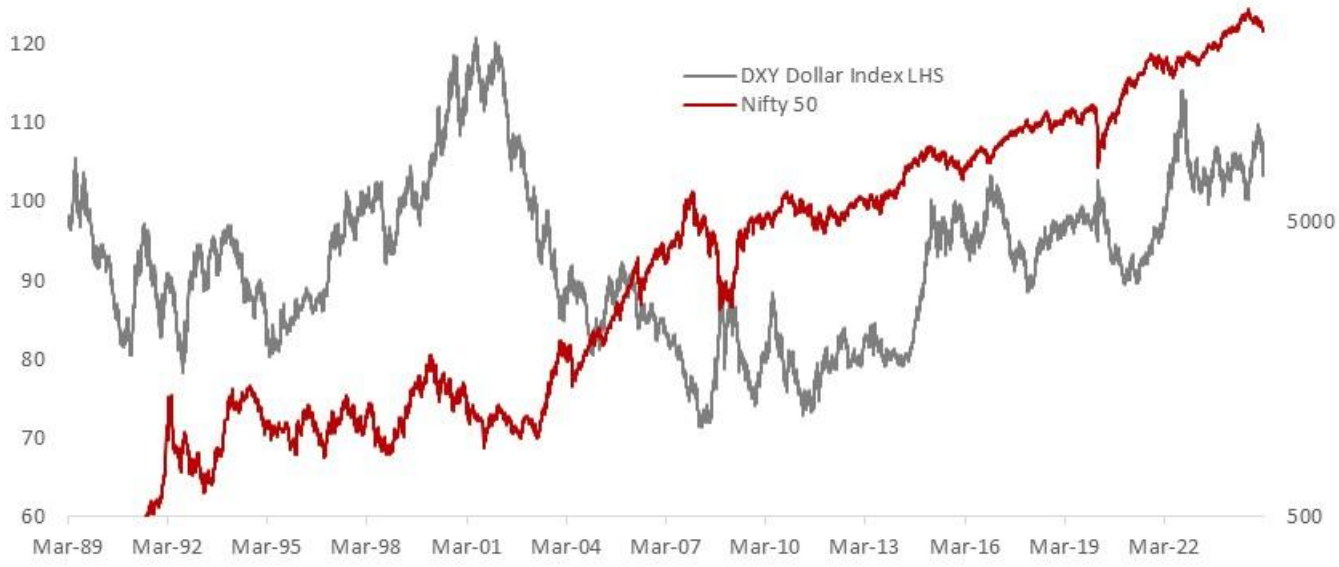
WHAT IS THE WEAK DOLLAR TELLING INVESTORS?

The Dollar Index Peaked at 109.9 and Has Since Weakened to 103.7…

… With Implications for Major Markets



Periods of Dollar Weakness Typically Correlate to EM Outperformance



Dollar Weakness a Harbinger of Change?

Dollar weakness typically corresponds to weakness in the U.S. economy, capital flows exiting the U.S. The recent weakness in the dollar appears to be an outcome of the policies being pursued by the U.S. As risk premia increase, as economic growth decelerates, as U.S. exceptionalism recedes, and as prospects for rising inflation, and even worse, stagflation come to the fore, capital will increasingly head for greener pastures. Today, that appears to be Europe and China.

Whether this proves to be a lasting trend remains to be seen. Much will depend on the outcomes of the tariff wars the U.S. is waging, as well as impacts felt in Europe, China, E.M.

ASSET ALLOCATION & STYLE PREFERENCES

Why We Cut Our Equity Exposure in Oct '24

On **October 8th 2024**, this publication warned of a slowdown in the Indian economy, and reduced equity exposure across mid & small caps, and subsequently in late October on large caps from moderately over-weight to close to neutral.

Our thesis was that the Indian economy was experiencing a slowdown, with restrictive monetary policy focused on inflation over growth, extremely high valuations in mid and small, sentiment was excessively bullish on India, alongside an emerging narrative around rising U.S. exceptionalism and China recovery.

We Stagger Raise Equity Exposure to Equities

We wrote then that we'd flip to being buyers of equities at more reasonable valuations. That time is upon us. The U.S. exceptionalism narrative has collapsed, valuations are back to reasonable, the economy is well-positioned for a recovery and sentiment is extremely bearish, India has limited exposure to a tariff war and could well be a beneficiary in due course.

We **up our exposure to equities**, preferring to do so via skilled, experienced active managers in our Ambit Select program. For conservative investors, we prefer large caps. We prefer a staggered approach to deployment, with this being the first increment (see **Asset Allocation table, page 25).**

There are no certainties in markets. We acknowledge risks remain, primarily related to tariffs, global geo-politics, and inflation. But our markets have also suffered a **deep correction**. The average mega cap above 1 lakh cr market cap is down 25%, average mid cap is down around 30%, small 33-35%, and micro down 42%.

Furthermore, India isn't tied at the hip to the U.S. In fact, during periods of Dollar weakness and U.S. equity weakness, Indian equities have performed admirably well. The prime example is the "**lost decade**" of the 2000s for the U.S. We also note that **forward 1 year returns** from market bottoms for mid and small caps are consistently stellar. (see tables below).

India Long Term Story Remains Intact

We **remain committed to the long term growth story of India, and believe the India narrative is shifting to positive.**

1. Demographics - amongst the most attractive demographics amongst large economies, a median age of 30~ with contributions from productivity improvement as well.
2. India is still the 2nd fastest growing large economy at 6.4% GDP growth, with attractive annual labor force growth
3. The 5th largest economy, projected to be the third largest economy by 2030.
4. A stable democracy, low political risk, reliable and fair regulatory practices.
5. Low cost of labor - $2800 per capita income, versus $50,000+ for developed economies, and an increasingly skilled workforce.
6. English speaking, increasingly skilled cheap labor availability.
7. Monetary & Fiscal policy working in tandem can add 40 to 60 bps to GDP and raise growth to 7%+
8. Declining inflation, declining interest rates and a fiscal tax stimulus, talks underway for a GST cut.
9. Massive European and Chinese capex and stimulus
10. Rising capex momentum, strong services momentum and improving economic data
11. Limited tariff exposure and pending Free Trade Agreements negotiations
12. Large, healthy domestic consumer market, with 200 million - 400 million consumers.
13. Tax incentives for manufacturing
14. Strong services and manufacturing momentum
15. A structural financialization trend, rising incomes, rising wealth
16. SIPs are holding strong above 26,000 cr a month.
17. A vibrant private equity and start up eco system
18. Stable fiscal deficit at 4.4%, strong reserves, fiscally conservative government, strong corporate balance sheets, and low Debt to GDP,
19. A largely domestic economy, over 75% domestic. Of the exports, U.S. accounts for roughly a third.
20. Extremes on market sell-off markers that suggest this has been the worst sell off in Indian markets since GFC.
21. Mahakumbh could generate over 2 lakh crores revenue

22. Free Trade Agreements in the works with EU, U.S and others
23. Easing lending standards for NBFCs and microfinance
24. Improving banking liquidity
25. Low crude oil prices
26. Rising cement demand.
27. Valuations are back to fair value.

The prospects for a return to healthy growth remain solid.

Style and Sector Preferences

We prefer domestic focused sectors, domestic focused businesses. Domestic healthcare, telecom companies with rising pricing power, improving margins and new products, selective banks and NBFCs, travel and leisure, platform players, dominant financial services and financial infra plays, metals, defence, infra as well as selective opportunities across infra, consumption etc.

Corrections – Mid Cap

Peak	Midcap Index	Trough	Midcap Index	Peak to Trough	Duration of Fall (mo)	New Peak	Time to Regain Peak (mo)	Forward 1 Year Return % from Trough
Jan-04	2,480	May-04	1,792	-28%	4.5	Nov-04	6.1	67%
May-06	5,323	Jun-06	3,335	-37%	1.2	Feb-07	7.8	68%
Jan-08	9,655	Mar-09	2,938	-70%	14.2	Nov-10	20.4	157%
Nov-10	9,783	Dec-11	6,037	-38%	13.5	May-14	29.1	40%
Jan-13	8,791	Aug-13	6,456	-27%	7.7	May-14	8.6	72%
Aug-15	14,150	Feb-16	11,518	-19%	6.8	Feb-17	11.5	42%
Oct-16	16,076	Dec-16	13,762	-14%	2.7	Feb-17	1.4	53%
Jan-18	21,732	Oct-18	16,055	-26%	8.6	Jan-21	27.4	-3%
Feb-20	18,368	Mar-20	10,991	-40%	1.5	Nov-20	7.9	117%
Oct-21	32,885	Jun-22	25,293	-23%	8.2	May-23	11.2	40%
Sep-24	60,851	Feb-25	49,654	-18%	4.8	?	?	?
Average ex GFC				-27%	6.0		12.3	55%

Corrections – Small Cap

Peak	Small cap Index	Trough	Small cap Index	Peak to Trough	Duration of Fall (mo)	New Peak	Time to Regain Peak (mo)	Forward 1 Year Return % from Trough
Jan-04	1,017	May-04	719	-29%	4.5	Sep-04	3.8	117%
May-06	3,050	Jun-06	1,991	-35%	1.2	Feb-07	7.8	76%
Jan-08	6,048	Mar-09	1,362	-77%	14.2	Aug-16	90.1	162%
Nov-10	4,620	Dec-11	2,682	-42%	13.5	May-14	29.4	39%
Jan-13	3,889	Aug-13	2,525	-35%	7.0	Apr-14	8.2	101%
Apr-15	6,039	Feb-16	4,354	-28%	10.2	Jul-16	5.5	53%
Oct-16	6,516	Nov-16	5,459	-16%	0.9	Feb-17	2.5	56%
Jan-18	9,580	Oct-18	5,748	-40%	9.5	Jun-21	31.8	-3%
Jan-20	6,347	Mar-20	3,340	-47%	1.9	Nov-20	8.2	142%
Jan-22	11,981	Jun-22	7,983	-33%	5.1	Aug-23	13.8	36%
Sep-24	19,538	Feb-25	15,407	-21%	5.0	?	?	?
Average ex GFC				-33%	5.9		12.3	68%

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 equities in June 2022, Reiterated in April 2023 post the Regional Bank crisis
- Recommend O/W in Mid & Small Caps in Apr 2022, Reiterated in May 2023
- Reduced weight in equites to close to Neutral in Oct 2024

Know the Now – Tactical Asset Allocation Views – Timeline

Global Index Performance

15-Mar-25	Price	1 Day %	5 Day %	MTD %	1 Mo %	QTD %	3 Mo %	6 Mo %	YTD %	1 YR %	% from 52 Wk Hi	Price to Earning
Nifty 50	**22,397**	**-0.3**	**-0.7**	**1.2**	**-2.4**	**-5.3**	**-8.0**	**-11.9**	**-5.3**	**1.7**	**-14.8%**	**20.8**
SENSEX	73,829	-0.3	-0.7	0.9	-2.9	-5.5	-8.5	-11.1	-5.5	1.6	-14.1%	21.5
Nifty Next 50	58,976	-0.5	-1.9	3.4	-0.8	-13.3	-18.3	-21.6	-13.3	1.6	-24.3%	19.9
Nifty 200	12,287	-0.4	-1.1	1.4	-2.4	-8.4	-11.3	-14.8	-8.4	1.7	-17.2%	21.9
Nifty 500	20,176	-0.4	-1.3	1.5	-2.3	-9.8	-12.6	-15.8	-9.8	1.8	-17.9%	22.3
NIFTY Midcap 100	48,125	-0.7	-2.5	0.4	-3.5	-15.9	-18.6	-20.0	-15.9	3.1	-21.0%	32.2
Nifty Midcap 150	17,902	-0.6	-2.4	0.9	-2.8	-15.3	-17.7	-19.5	-15.3	3.8	-20.5%	33.0
NIFTY Smallcap 100	14,897	-1.0	-3.3	1.3	-3.3	-20.6	-23.2	-23.5	-20.6	0.3	-24.4%	21.3
NSE NIFTY Smallcap 250	14,096	-0.7	-2.8	1.8	-2.6	-20.6	-22.7	-24.0	-20.6	1.2	-24.6%	23.3
Microcap	40,268	-	-5.8	0.1	-5.6	-26.7	-30.5	-28.5	-26.7	-1.5	-31.0%	n/a
Nifty Microcap 250 (MOS)	14	-0.9	-3.9	1.6	-7.8	-21.0	-24.0	-22.6	-21.0	11.2	-25.2%	n/a
Americas												
S&P 500 Index	5,639	2.1	-2.3	-5.3	-7.8	-4.1	-6.8	0.1	-4.1	10.2	-8.3%	22.9
Dow Jones Indus. Avg	41,488	1.7	-3.1	-5.4	-6.9	-2.5	-4.5	-0.3	-2.5	7.2	-8.0%	20.9
Nasdaq 100 Stock Indx	19,705	2.5	-2.5	-5.6	-10.9	-6.2	-10.4	1.4	-6.2	10.6	-11.3%	29.2
Nyse Fang+ Index	12,057	3.2	-0.4	-6.3	-14.1	-8.1	-11.9	7.9	-8.1	24.4	-14.2%	34.9
Bbg Magnificent 7 Pr Usd	22,652	2.8	-2.7	-7.1	-14.5	-13.1	-18.0	5.9	-13.1	27.5	-18.5%	31.5
Russell 2000 Index	2,044	2.5	-1.5	-5.5	-10.3	-8.3	-12.4	-7.3	-8.3	0.2	-17.1%	30.4
Canada	24,553	1.4	-0.8	-3.3	-3.6	-0.7	-2.3	3.7	-0.7	12.4	-5.1%	16.3
Mexico	52,484	1.2	-0.7	0.3	-3.7	6.0	5.0	-0.2	6.0	-6.7	-10.0%	13.5
Brazil Bovespa	128,957	2.6	3.1	5.0	0.3	7.2	3.4	-4.4	7.2	1.7	-6.2%	10.8
Europe												
Euro Stoxx 50 Pr	5,404	1.4	-1.2	-1.1	-2.1	10.4	9.3	11.2	10.4	8.4	-2.9%	15.6
FTSE 100	8,632	1.1	-0.5	-2.0	-1.5	5.6	5.3	3.9	5.6	11.7	-3.1%	12.5
CAC 40 Paris	8,028	1.1	-1.1	-1.0	-2.0	8.8	9.0	7.2	8.8	-1.7	-2.8%	15.6
DAX Germany	22,987	1.9	-0.1	1.9	0.8	15.5	13.5	22.8	15.5	28.2	-2.1%	16.9
MIB Italy	38,655	1.7	0.2	0.0	0.9	13.1	12.6	14.4	13.1	13.9	-1.5%	10.5
Norway OSEBX	1,505	0.8	0.9	1.0	0.9	5.6	6.1	7.1	5.6	16.3	-1.2%	11.2
Asia												
MSCI Emerging Markets	1,120	1.2	-0.8	2.0	-1.0	4.1	2.4	2.7	4.1	8.2	-6.2%	13.9
Japan - Nikkei 225	37,053	0.7	0.4	-0.3	-5.4	-7.1	-5.9	2.3	-7.1	-4.3	-12.7%	20.3
Hang Seng	23,960	2.1	-1.1	4.4	5.9	19.4	21.6	35.7	19.4	43.3	-2.9%	11.4
HSTECH	5,881	2.3	-2.6	5.6	6.9	31.6	34.0	66.3	31.6	65.7	-5.1%	24.5
China CSI 300	4,007	2.4	1.6	3.0	1.5	1.8	2.2	26.8	1.8	12.2	-10.0%	16.1
Australia	7,790	0.5	-2.0	-4.7	-8.8	-4.5	-6.3	-4.3	-4.5	1.6	-9.6%	18.0
Taiwan	21,968	0.0	-2.7	-4.7	-6.5	-4.6	-4.6	0.5	-4.6	11.6	-10.0%	18.1
Korea	2,566	-0.3	0.1	1.3	-1.7	7.0	4.5	-0.4	7.0	-3.8	-11.4%	11.6
Singapore	3,836	-0.0	-2.0	-1.5	-1.8	1.3	0.9	6.8	1.3	20.9	-2.9%	12.0
Vietnam	1,326	-0.0	0.0	1.6	4.2	4.7	5.1	5.3	4.7	4.9	-1.2%	13.3
Indonesia	6,516	-2.0	-1.8	3.9	-4.6	-8.0	-9.0	-16.8	-8.0	-11.1	-17.6%	15.1
Malaysia	1,512	0.1	-2.3	-4.0	-4.5	-7.9	-5.3	-9.1	-7.9	-2.6	-10.2%	14.3
Phillipines	6,294	0.8	-0.1	4.9	5.0	-3.6	-3.2	-12.3	-3.6	-7.7	-17.2%	11.5

Leadership Stocks – U.S., Europe & India

Select Leadership Stocks - India U.S.	Price	1 Day %	5 Day %	MTD %	1 Mo %	QTD %	3 Mo %	6 Mo %	YTD %	1 YR %	% from 52 Wk Hi	Price to Earning
S&P 500 Index	5,639	2.1	-2.3	-5.3	-7.8	-4.1	-6.8	0.1	-4.1	10.2	-8.3%	22.9
Apple Inc	213	1.8	-10.7	-11.7	-12.7	-14.7	-14.0	-4.0	-14.7	23.7	-17.9%	30.6
Nvidia Corp	122	5.3	8.0	-2.6	-12.4	-9.4	-9.4	2.2	-9.4	38.5	-20.5%	41.4
Microsoft Corp	389	2.6	-1.2	-2.1	-4.9	-7.8	-13.1	-9.8	-7.8	-6.7	-17.0%	31.2
Amazon.Com Inc	198	2.1	-0.7	-6.8	-13.4	-9.8	-13.0	6.1	-9.8	13.5	-18.4%	35.2
Alphabet Inc-Cl A	165	1.7	-4.8	-2.8	-10.7	-12.6	-12.8	5.1	-12.6	17.2	-20.1%	20.9
Meta Platforms Inc-Class A	608	2.9	-2.9	-9.1	-17.5	3.8	-2.1	15.8	3.8	25.5	-18.0%	25.2
Tesla Inc	250	3.9	-4.8	-14.7	-29.7	-38.1	-42.7	8.6	-38.1	52.8	-48.8%	113.9
Broadcom Inc	196	2.2	0.3	-2.0	-16.1	-15.7	-13.0	16.6	-15.7	58.3	-22.4%	58.0
Netflix Inc	918	3.1	3.0	-6.4	-13.3	3.0	-0.1	31.7	3.0	51.5	-13.8%	46.8
Bbg Magnificent 7 Pr Usd	22,652	2.8	-2.7	-7.1	-14.5	-13.1	-18.0	5.9	-13.1	27.5	-18.5%	31.5
Novo Nordisk A/S-B	530	1.0	-11.3	-17.7	-4.9	-15.1	-29.7	-42.3	-15.1	-41.3	-48.7%	23.4
Investor Ab-B Shs	309	1.7	-1.2	-3.3	-3.1	5.6	4.1	2.7	5.6	14.2	-5.3%	8.4
Atlas Copco Ab-A Shs	177	0.7	-3.4	-3.0	-5.6	4.9	0.1	-1.5	4.9	-3.8	-14.1%	29.0
Equinor Asa	257	-0.9	1.9	-0.1	-0.2	-1.7	1.3	-1.6	-1.7	-2.1	-13.8%	7.7
Volvo Ab-B Shs	314	1.8	-5.7	-5.6	-3.9	17.1	12.1	23.4	17.1	5.7	-8.7%	12.7
Eqt Ab	312	2.3	0.3	-6.5	-15.7	1.9	-1.1	-10.2	1.9	-8.7	-19.0%	43.1
Assa Abloy Ab-B	317	-1.5	-6.0	-3.8	-4.0	-3.1	-7.3	-3.4	-3.1	3.0	-9.4%	22.5
Dsv A/S	1,434	2.8	0.7	-0.7	-0.6	-6.2	-7.0	3.3	-6.2	35.3	-8.3%	30.3
Dnb Bank Asa	269	1.1	1.4	3.9	12.3	18.6	17.3	24.9	18.6	29.4	-0.5%	9.2
Lvmh Moet Hennessy Louis Vui	605	0.0	-4.7	-12.9	-15.1	-4.8	-5.3	-0.5	-4.8	-29.8	-30.8%	24.1
Nifty 50	**22,397**	-0.3	-0.7	1.2	-2.4	-5.3	-8.0	-11.9	-5.3	1.7	-14.8%	20.8
Hdfc Bank Limited	1,707	-0.3	0.9	-1.5	0.7	-3.7	-8.8	2.4	-3.7	17.5	-9.2%	18.7
Icici Bank Ltd	1,250	0.5	2.6	3.8	-0.8	-2.5	-7.1	-0.0	-2.5	15.7	-8.2%	17.9
Tata Consultancy Svcs Ltd	3,511	0.1	-2.5	0.8	-10.8	-12.9	-20.3	-21.1	-12.9	-15.5	-22.3%	26.1
Reliance Industries Ltd	1,248	-0.7	3.2	4.0	2.5	2.7	-2.0	-15.3	2.7	-12.0	-22.4%	24.4
Bajaj Finance Ltd	8,420	-0.8	0.1	-1.3	0.3	23.4	17.2	10.8	23.4	29.3	-3.6%	35.5
Hindustan Unilever Ltd	2,175	-0.8	-2.0	-0.7	-6.2	-6.5	-9.0	-25.6	-6.5	-6.2	-28.1%	47.6
Nestle India Ltd	2,192	-0.2	-0.4	0.1	-0.2	1.0	-2.7	-13.4	1.0	-15.8	-21.1%	88.4
Titan Co Ltd	3,010	-0.3	-3.6	-2.2	-6.3	-7.5	-14.2	-20.1	-7.5	-17.1	-22.2%	82.6
Asian Paints Ltd	2,231	-0.9	-1.6	2.4	-	-2.2	-7.3	-33.6	-2.2	-22.2	-34.3%	39.2

Nifty Sectors

15-Mar-25	Price	1 Day %	5 Day %	MTD %	1 Mo %	QTD %	3 Mo %	6 Mo %	YTD %	1 YR %	% from 52 Wk Hi	Price to Earning
Nifty 50	**22,397**	**-0.3**	**-0.7**	**1.2**	**-2.4**	**-5.3**	**-8.0**	**-11.9**	**-5.3**	**1.7**	**-14.8%**	20.8
Nifty Sectors												
Nifty Auto	20,554	-1.1	-1.9	0.3	-6.4	-10.0	-12.2	-20.6	-10.0	1.8	-25.8%	22.1
Nifty Bank	48,060	0.0	-1.2	-0.6	-2.4	-5.5	-9.0	-7.9	-5.5	3.1	-11.8%	12.7
NIFTY Private Bank	23,956	-0.1	-1.5	-1.1	-2.4	-3.3	-6.5	-8.7	-3.3	2.7	-12.2%	n/a
Nifty PSU Bank	5,784	0.4	-2.5	2.3	-2.0	-11.6	-16.5	-13.4	-11.6	-14.5	-28.2%	6.3
Nifty Financial Services	23,290	-0.2	0.5	1.1	0.1	-0.9	-4.9	-2.9	-0.9	12.8	-7.6%	16.4
Nifty India Consumption	10,286	-0.5	-1.5	1.2	-3.3	-9.5	-10.7	-17.7	-9.5	4.3	-21.2%	41.5
Nifty FMCG	51,879	-0.2	-0.0	2.3	-2.0	-8.7	-8.1	-19.8	-8.7	-4.2	-21.9%	40.4
Nifty Energy	31,483	-0.2	-0.8	4.9	2.4	-10.5	-13.4	-26.2	-10.5	-16.2	-30.1%	14.0
Nifty Infrastructure	7,940	-0.5	-0.5	3.6	0.0	-6.2	-9.5	-15.4	-6.2	-0.6	-18.2%	22.8
Nifty IT	36,123	-0.5	-5.3	-3.2	-12.1	-16.6	-20.5	-16.8	-16.6	-3.7	-21.6%	27.6
Nifty Metal	8,778	-0.9	-1.2	6.8	6.4	1.5	-4.5	-6.5	1.5	12.5	-15.0%	19.8
Nifty Pharma	20,387	-0.2	-0.2	2.9	-3.3	-12.9	-7.6	-12.8	-12.9	8.9	-14.7%	30.7
Nifty Realty	800	-1.8	-3.1	0.3	-3.8	-24.0	-28.4	-25.0	-24.0	-3.6	-30.9%	39.6
Nifty Sectors & Themes												
Nifty Media	1,438	-1.5	-1.7	3.7	-3.0	-20.9	-27.5	-32.0	-20.9	-21.1	-34.1%	31.9
Nifty CPSE	5,714	0.3	-0.6	6.1	4.6	-6.1	-10.9	-19.0	-6.1	4.1	-25.4%	11.8
Nifty PSE	8,611	-0.1	-1.3	6.8	3.2	-9.7	-14.6	-20.8	-9.7	-1.3	-27.1%	10.9
Nifty India Defence PR	5,656	1.2	2.5	10.2	7.0	-12.9	-19.5	-15.4	-12.9	26.1	-31.9%	40.7
Nifty Commodities	8,008	-0.5	-0.4	5.4	3.2	-1.4	-6.0	-14.9	-1.4	-0.0	-19.1%	16.9
Nifty MNC	25,287	-0.5	-2.0	1.4	-2.6	-9.5	-13.2	-19.5	-9.5	0.7	-23.0%	33.2

Crude Oil, Commodities and Precious Metals

15-Mar-25	Price	1 Day %	5 Day %	MTD %	1 Mo %	QTD %	3 Mo %	6 Mo %	YTD %	1 YR %	% from 52 Wk Hi
Brent Crude	70.6	1.0	0.3	-3.6	-5.6	-5.4	-5.2	-1.4	-5.4	-17.4	-23%
CRB Raw Industrials Index	571.5	-0.3	1.3	2.0	1.0	5.6	5.0	4.4	5.6	4.2	0%
BBG Cmdty ex-Prec Mtl	87.7	-0.1	-0.7	1.1	-2.0	4.6	7.0	7.4	4.6	0.2	-6%
CRB Metals Index	1,153.3	-0.1	4.4	6.7	4.6	11.7	10.3	10.0	11.7	13.3	0%
LME Copper	9,731.9	-0.2	1.3	4.2	2.5	12.5	8.9	5.9	12.5	10.8	-11%
LME Aluminum	2,701.5	-0.7	-0.7	3.1	1.5	6.9	5.3	10.0	6.9	22.5	-1%
LME Nickel	16,250.4	-0.2	-0.3	6.4	6.5	7.5	3.9	3.4	7.5	-9.0	-24%
LME Zinc	2,957.0	0.6	3.7	7.0	5.6	0.1	-3.7	3.2	0.1	17.8	-11%
LME Lead	2,050.2	-0.2	2.5	4.2	5.2	6.5	3.6	2.0	6.5	-4.5	-11%
LME Tin	35,339.0	-1.8	8.9	13.5	8.3	22.5	22.6	11.6	22.5	25.6	-1%
SGX Iron Ore	102.3	-1.7	2.4	-0.2	-2.4	2.6	-0.8	10.7	2.6	10.7	-12%
Commodities											
Bloomberg Commodity Index	104.9	-0.0	0.1	2.1	-0.9	6.2	7.6	8.1	6.2	5.8	-3%
CRB Commodities Index	541.0	-0.8	0.4	0.3	-2.1	0.8	0.3	1.9	0.8	1.8	-2%
Lumber	9,731.9	-0.2	1.3	4.2	2.5	12.5	8.9	5.9	12.5	10.8	-11%
Palm Oil	4,694.0	0.5	-3.6	-0.7	-0.7	-3.4	-8.7	19.4	-3.4	8.4	-13%
Wheat	557.0	-1.0	4.4	3.7	-7.2	1.0	5.8	-2.5	1.0	7.2	-23%
Cocoa	7,867.0	-3.7	-3.4	-12.7	-22.6	-32.6	-29.6	-21.9	-32.6	6.2	-39%
Commodities											
Bloomberg Grains Spot	223.10	-0.5	-0.5	-0.9	-7.2	1.0	3.7	3.9	1.0	-2.6	-13%
Raw Sugar	19.19	-0.3	4.8	-1.6	-6.0	-0.4	-7.4	0.9	-0.4	-11.9	-19%
Simex Iron Ore	102.15	-1.5	1.1	-4.4	-4.0	-1.4	-3.1	10.8	-1.4	-4.3	-15%
Gold U.S. & India											
Gold Spot $/Oz	2,984	-0.2	2.6	4.4	3.5	13.7	12.5	15.6	13.7	38.0	-0.7%
Gold India	86,410	-	0.8	1.9	0.7	13.8	12.6	18.8	13.8	32.3	0.0%
Silver Spot $/Oz	34	-0.2	3.9	8.5	5.3	16.9	10.6	10.0	16.9	36.2	-3.2%
NIPPON INDIA SILVER ETF	95	0.3	1.8	5.3	0.5	13.7	9.1	13.2	13.7	30.9	-4.8%
Platinum Spot $/Oz	996.7	-0.3	2.8	5.0	1.3	9.8	6.1	0.9	9.8	7.5	-9.0%

Interest Rates and Inflation

15-Mar-25	Price	1 Day %	5 Day %	MTD %	1 Mo %	QTD %	3 Mo %	6 Mo %	YTD %	1 YR %
India G-Sec Yields										
10 Year India G-Sec	6.70	6.68	6.69	6.73	6.71	6.76	6.73	6.79	6.76	7.04
5 Year India G-Sec	6.60	6.60	6.60	6.64	6.64	6.72	6.66	6.71	6.72	7.05
3 Year India G-Sec	6.58	6.57	6.53	6.54	6.61	6.72	6.67	6.70	6.72	7.05
1 Year India G-Sec	6.52	6.56	6.53	6.53	6.53	6.68	6.57	6.64	6.68	7.09
3 Month India G-Sec	6.46	6.48	6.47	6.47	6.44	6.54	6.45	6.61	6.54	6.87
Repo Rate India	6.25	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
WALR										
Spread 10-3Mo	0.24	0.20	0.22	0.26	0.27	0.22	0.28	0.18	0.22	0.17
India CPI										
India CPI Combined YoY	3.61			3.61	4.26	5.22	5.48	3.65	5.22	5.09
India WPI	2.31			2.31	2.37	2.37	2.75	2.10	2.37	0.33
India Core CPI	4.33			4.33	3.96	3.88	3.95	3.68	3.88	3.51
U.S. & China Yields & CPI										
U.S. 30 Year	4.62	4.59	4.60	4.49	4.70	4.78	4.60	3.98	4.78	4.43
U.S. 10 Year	4.31	4.27	4.30	4.21	4.48	4.57	4.40	3.65	4.57	4.29
U.S. 5 Year	4.09	4.03	4.09	4.02	4.33	4.38	4.25	3.43	4.38	4.29
U.S. 2 Year	4.02	3.96	4.00	3.99	4.26	4.24	4.24	3.58	4.24	4.69
U.S. 1 Year	4.03	4.03	4.05	4.09	4.22	4.15	4.24	4.02	4.15	5.07
U.S. 3 MO T-BILL	4.19	4.30	4.30	4.30	4.32	4.32	4.33	4.89	4.32	5.40
Federal Funds Target Rate - Up	4.50	4.50	4.50	4.50	4.50	4.50	4.75	5.50	4.50	5.50
Spread 10-5	0.22	0.24	0.22	0.19	0.15	0.19	0.15	0.22	0.19	0.00
Spread 30-2	0.60	0.63	0.60	0.50	0.44	0.54	0.36	0.40	0.54	(0.26)
Spread 10-2	0.30	0.31	0.30	0.22	0.22	0.33	0.15	0.07	0.33	(0.40)
Spread 10-3mo	0.12	(0.03)	(0.00)	(0.09)	0.16	0.25	0.07	(1.23)	0.25	(1.11)
Spread Fed Funds Vs 1 Year	(0.47)	(0.47)	(0.45)	(0.41)	(0.28)	(0.35)	(0.51)	(1.48)	(0.35)	(0.43)
Bloomberg US Corporate High Y	3.21	3.35	2.91	2.80	2.60	2.87	2.62	3.22	2.87	3.02
Bloomberg Pan-European High	3.25	3.21	3.00	2.97	2.96	3.18	3.07	3.79	3.18	3.40
U.S. CPI	2.80			2.80	3.00	2.90	2.70	2.50	2.90	3.20
China CPI	(0.70)			-0.7	0.5	0.1	0.2	0.6	0.1	0.7
Inflation Expectations 10 Year I	2.36			2.4	2.2	2.2	2.2	2.2	2.2	2.2
U.S. Dollar & INR										
USD INR	87.0	87.2	87.1	87.5	86.9	85.6	84.8	83.9	85.6	82.9
USD JPY Spot	148.6	147.8	148.0	150.6	152.3	157.2	154.2	140.6	157.2	148.3
XBT-USD Cross Rate	84,343.8	0.2	6.4	0.2	-13.7	-10.0	-18.0	41.0	-10.0	24.3
Dollar Index	103.7	103.8	103.8	107.6	106.7	108.5	107.0	101.1	108.5	103.4

Ambit Global Private Client - Asset Allocation & Investment Committee

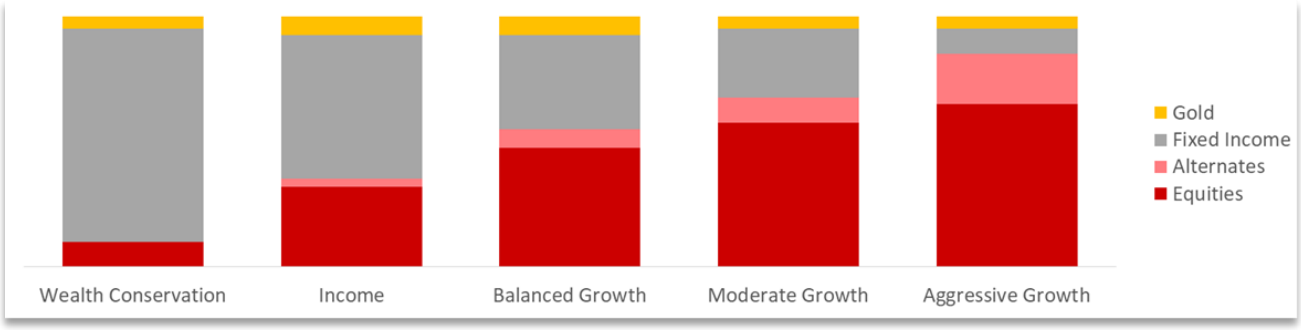
The Ambit GPC Asset Allocation & Investment Committee (AAIC) is a group comprised of the CEO, Head of Products and Alternates, Chief Investment Strategist and Head of Fixed Income (listed below). The team has over 100 years of collective investment experience in markets. The AAIC meets monthly and as 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

	Model Score											
Asset Class Pairs	-5	-4	-3	-2	-1	0	1	2	3	4	5	**View**
	← Under-Weight			Strategic/Neutral			Over-Weight				→	
Equities							◆					Over-Weight
India Equities – Large							◆					Over-Weight
India Equities – Mid & Small							◆					Over-Weight
U.S. Equities							◆					O/W Tech
Europe Equities					◆							Under-Weight
Emerging Markets						◆						O/W Hang Seng Tech
Hedge Funds					◆							Under-Weight
Long Short (Absolute Return)								◆				Over-Weight
Fixed Income					◆							Under-Weight
Duration						◆						Selectively Positive
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							◆					Slight Over-Weight
Silver							◆					Tactical O/W

Wealth Profiles - Summary

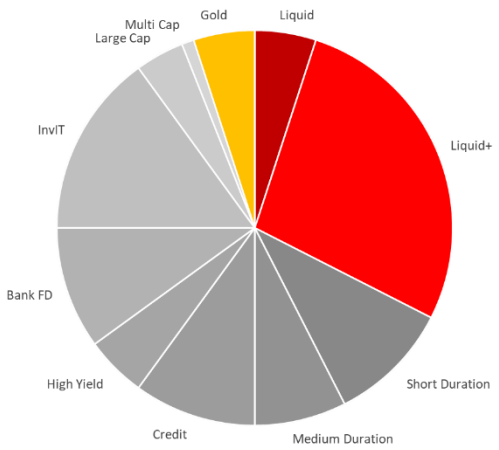
Strategic Asset Class Weights by Profile



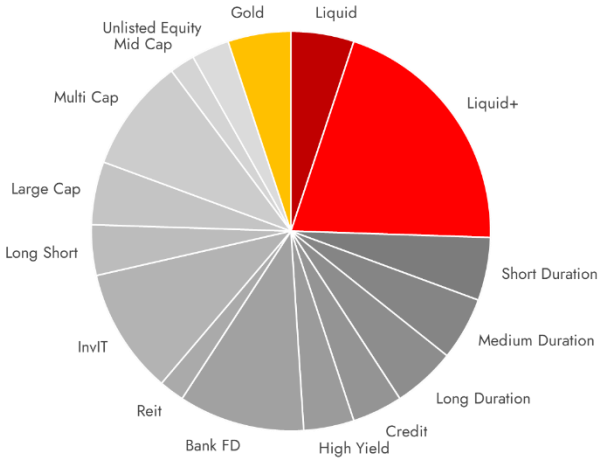
Ambit GPC Wealth Profiles - Strategic Weights

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.

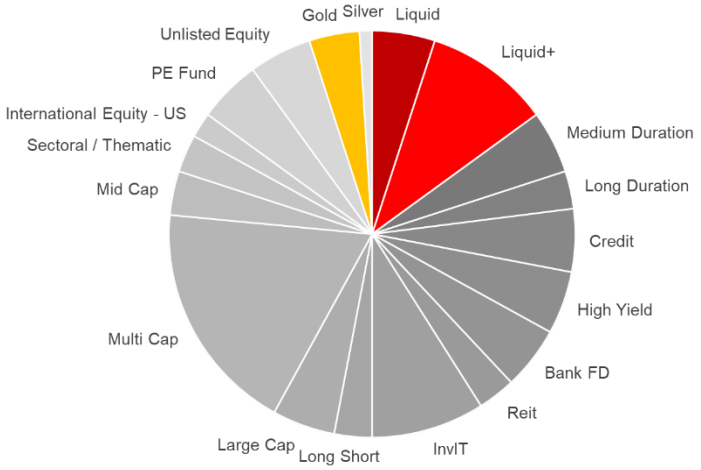
Wealth Conservation



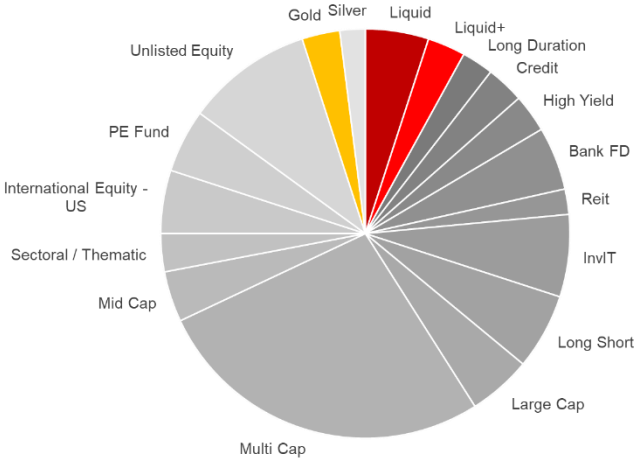
Income



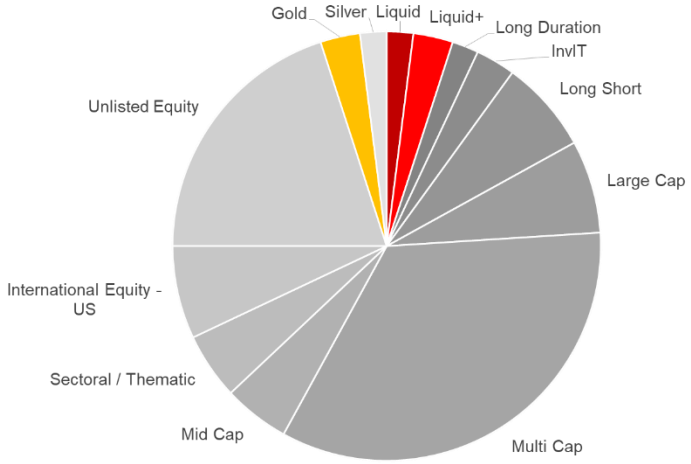
Balanced Growth



Moderate Growth



Aggressive Growth

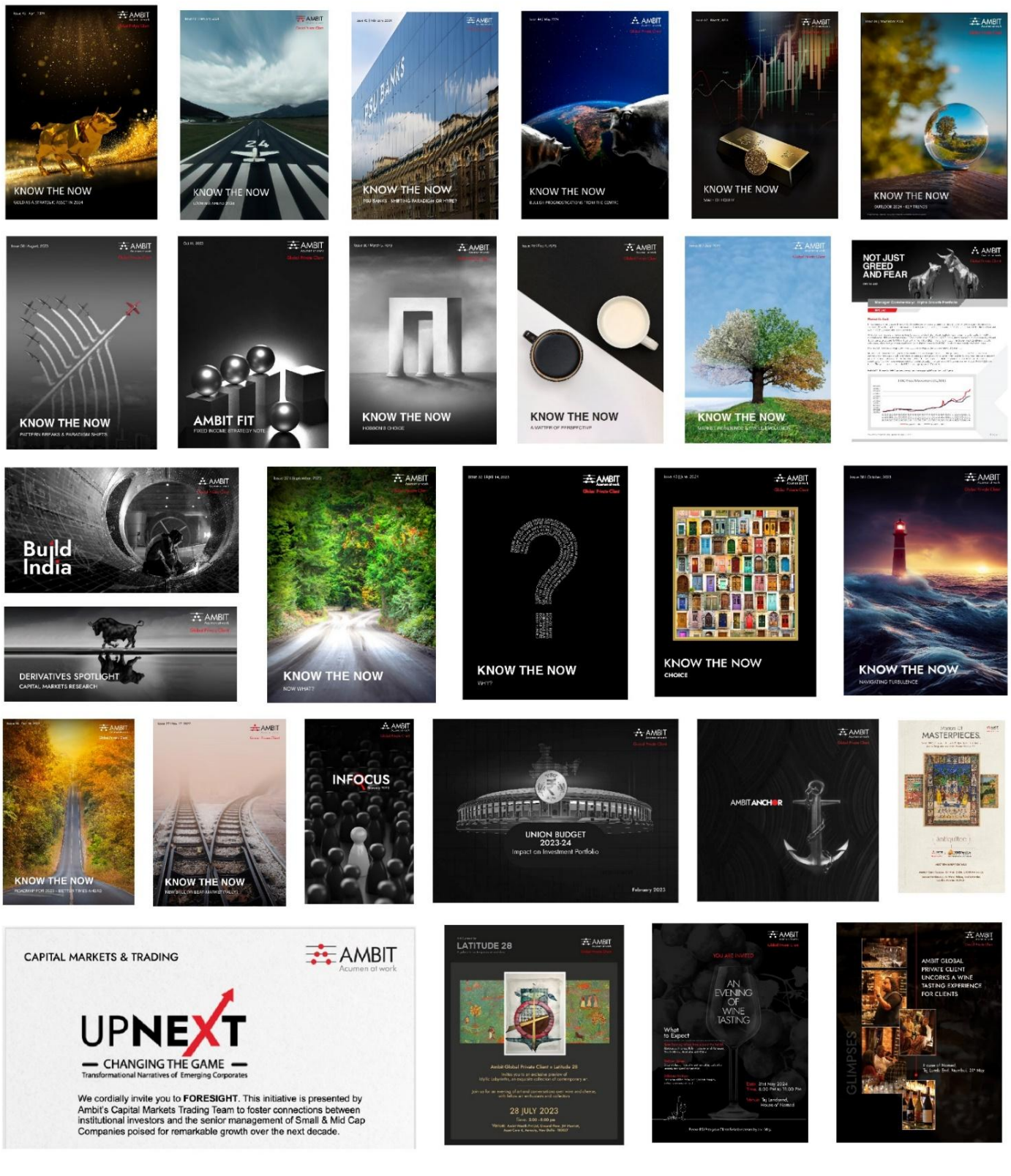


Tactical Asset Class Rationale

Equities	Over Weight	Rationale
India Equities	Over Weight	We reduced our equity exposure to close to neutral in October 2024. We continue to hold a preference for small and mid-caps for moderate to aggressive investors, based on superior earnings growth, earnings predictability and visibility. We prefer dominant business models, with earnings visibility, riding structural trends, at reasonable valuations.
U.S. Equities	Selectively Positive - U.S. Tech	Indian HNI portfolios are dramatically underweight U.S. equities. Diversification provides strong portfolio optimization benefits, particularly technology growth stocks with large barriers to entry and global leadership, and emerging technologies. We recommend staggered accumulation.
Europe	Selectively Positive	Growth in India, emerging markets is likely to outpace European growth over the longer term. We prefer to be selectively positive on European defence and infra.
Emerging Markets	Selectively Positive	Emerging markets such as Vietnam and Taiwan are attractive long term growth stories. Taiwan is well poised to ride the AI innovation and technology wave.
Hedge Funds	Under Weight	Hedged portfolios provide an attractive complement to equity portfolios, providing a diversifying non-correlated asset class that enhances risk adjusted return. We are under-weight given lack of attractive opportunities in the category.
Long Short (Absolute Return)	Over Weight	Long short funds have consistently delivered post-tax 8% returns are a worthy consideration for portfolios. The environment remains favourable for L/S strategies. We remain over weight.
Fixed Income	**Slight U/W**	**Rationale**
Duration	Selectively Over-Weight	Duration portfolio offers a good opportunity for taking advantage of the expected rate cuts post the Inflation release. Expected rate cuts and action from RBI offer an opportunity to add duration to the portfolio. Although, challenge of timing the duration remains both while entering and exiting the strategy; therefore, we prefer a selective, well-researched approach with strong due diligence.
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 Diresct 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	**Over Weight**	**Rationale**
Gold	**Over-Weight**	We are over-weight in Gold as a hedge against inflation, debasement of the US dollar, and concerns on ever-increasing US debt.
Silver	**Tactical**	We are over-weight Silver as a tactical call, 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 GPC Publications



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