AnandRathi
Private Client Group
Equity

FINANCIAL FLASH

June 2021

Index

01 PCG Communique

03 ▸ Market Commentary

06 ▸ Equity Outlook

07 ▸ Debt Outlook

08 ▸ Commodities Outlook

10 ▸ Currency Outlook

10 ▸ Currency Outlook

11 ▸ MNC Portfolio PMS

12 ▸ Impress PMS

13 ▸ Nifty Magnifier

14 ▸ Technical Analysis

15 ▸ Fixed Income Services

PCG Communique

From the Desk of the PCG Head

Rajesh Kumar Jain

In my previous month communique, I have mentioned in the last part that we are at the darkest hour of the night and the morning is anytime nearby. The Sensex climbed back to the 50,000 level, many would-be wondering if the markets operate in a different hemisphere oblivious to the ground realities in India. The market is sensing a victory for India in the coming months over tackling the second wave of the pandemic and expecting to see a robust and throbbing economy by December 2021. At the start of May, we were @ 4 lakhs Covid cases which was the darkest truth of India history with 4000 plus deaths on most of the days in May, and today we are @ 1.50 lakhs cases end of May. Like always, the market is a forward-looking animal and presently it is looking way beyond the current coronavirus numbers and the depressing situation. Covid is a known beast now. Total doses have been given to 21.3CR, with 4.36CR people has been fully vaccinated which is very less and this drive has to be paced up now.

Added to this, the global market rally, the stimulus-generated institutional money, broader markets' marathon rally, and the quality results' season is leaving no stones unturned to spur our markets too. Inflation fears, at least for now, are overblown in my view. We need not worry about inflation data and its consequent impact on interest rates as of now. The market is neither overbought nor oversold and it continues to be a stock-pickers' market with odds clearly in favor of investors that are bullish and have a long-term perspective.

The exuberance in the market is palpable and best observed in the performance of BSE 500 stocks in 2021. As many as 228 stocks have generated more than 15 percent returns on YTD basis alone with at least 10 stocks more than doubling. While experts may be wary about the market valuation and prospects, but retail investors took a bold view of the markets and participated in the market either directly or through MFs/PMS/AIF.

India's gross domestic product (GDP) for COVID-hit 2020-21 contracted by 7.3 percent, even as GDP for the year's last quarter (January-March 2021) grew by 1.6 percent. This contraction is much better than the forecasts of the Reserve Bank of India (RBI) and the Ministry of Statistics and Programme Implementation (MOSPI), both of which had expected GDP for the full year to contract by 8 percent. Once again the primary driver was the agriculture sector, as manufacturing, construction and services also showed improvement quarter-on-quarter (QoQ). RBI (The Unsung Hero) has come with the announcement concerning the Emergency Credit Line Guarantee Scheme (ECLGS). An Rs.50,000-crore on-tap liquidity facility to ramp up health infrastructure and additional loan restructuring schemes to help the Covid-hit economic segments.

As the second wave of the Covid-19 pandemic stretches out, the hope that the Indian economy will recover robustly in FY22 and grow in double digits is slowly slipping away. The double-digit growth didn't mean much, to begin with. It was coming atop the pandemic base year. The only thing it implied was India will be able to get close to pre-pandemic levels of output by the end of this financial year and narrow the gap between the before-Covid and after-Covid growth path.

As parts of the country remain under lockdown, economists worry these restrictions and—equally importantly, the uncertainty—will stretch out the process of economic repair.

Most of the economist is contingent on their forecast of a 7.3% contraction in GDP in FY21 and a 9% growth in FY22. The forecast for the latter has been marked down from 11.2% earlier because of the expectation of the 7% sequential contraction forecast in the April-June quarter. While the near-term pothole may be smaller than last year's, what's likely to be different this time is the continuing uncertainty that the second wave could engender.

Most of the sectors took a very bad hit in terms of sales. The Consumer durable has gone into the worst-hit for their business where A/C, Refrigerators sales has been completely down due to lockdowns. The auto will be a major sector where sales are down by 50% in the passenger car segment, two-wheelers, CV. Mobile phone sales fell by 50%. The HIS Markit purchasing manager index for manufacturing fell to 50.8 in May from 55.5 in April.

When the economy began unlocking last summer, and especially once cases had peaked by September, there was a sense among economic agents that Covid-19 was in the rear-view mirror. It was that comfort and confidence that likely drove the strong rebound in subsequent quarters. This time is likely to be different, though. The suddenness and sheer viciousness of the second wave are likely to create behavioral scars for the coming months.
There are four ways in which the second wave is different from the first. For one, the state-level lockdowns are staggered and less predictable. Second, the urban spread has been more concentrated in more affluent households, which drives more consumer demand. Third, a wider spread in rural areas may take away the comfort of strong rural demand. Finally, rising commodity prices could impact the margin of the domestic manufactures.

Even if the direct economic cost of this wave is contained in the April-June quarter, the economic cost of uncertainty could extend into the future as businesses stop hiring and investing or consumers save rather than spend.

However, global growth remains strong, supporting exports, and buoyant capital markets can provide funding when bank credit growth is soft. Firms have learned to cope with lockdowns. And the central government has the cash to cover falling tax revenues.

Speeding up vaccination must be India's priority but reforms are important too. Government should strengthen the Insolvency & Bankruptcy Code, sustain social-welfare spending, disinvest public assets, and choose export promotion over import substitution.

We are very optimistic about the India growth story going forward. There can be short-term blips but over the long term, the India growth story will play. We firmly believe that the demand is postponed and not lost. With cases coming down the lockdown is bound to get open by the mid of June in most of the states and we can see growth trajectory back. Monsoon will play a major role where the IMD forecast that the monsoon will be slightly above normal. There are fears of a 3rd wave by October but we believe by then 50% of the 18years+ population should get vaccinated. The govt. has to try to increase the pace of the vaccination which will major decider of the growth going forward.

We are increasingly bullish on consumer discretionary space, Chemical companies, Pharma & IT looks promising. Banks have corrected and can be looked at as an opportunity to enter for the long term. With lockdown going to get open and monsoon should be good, Auto & Tractor companies should be looked upon.

Market Commentary

Markets ended Positive in May as Benchmark indices, S&P BSE Sensex, and Nifty50 both increased by 6.5%, to settle at 51937.44 and 15582.8, respectively, at the end of May.

Markets started the month on a quiet note as NDA's sub-par performance in the West Bengal assembly election and the possibility of the emergence of strong opposition from an alliance of regional parties to fight against NDA weighed on investors' sentiments. RBI unveiled liquidity support measures amid rising Covid-19 cases in India. US President Joe Biden's decision to back waiving intellectual property rights on vaccines also boosted traders' sentiments.

Markets started the holiday truncated the second week on an optimistic note as traders remain encouraged after the Union Health Ministry said more than 72 lakh COVID-19 vaccine doses are still available with states and union territories, while over 46 lakh doses will be received by them within the next three days. However, Indian equity benchmarks ended the second week on red terrain with a cut of over 1% each on worries that accelerating U.S. inflation could lead to interest rate hikes sooner than expected.

Markets started the third week on an optimistic note as sentiments got a boost with the government data showing that India's exports in April jumped nearly three-fold. Indian markets showed jubilation in the passing week, with gathering gains of over three percent each as ongoing corporate earnings season seen improving going forward.

The fourth week turns out to be a fabulous week of trade for Indian equity benchmarks with frontline gauges settling above their crucial levels as strong economic data pointing towards a fast global recovery. Markets started the week on an optimistic note as traders took support with a private report stating that the RBI surprised the Centre with a record Rs 99,122 crore in surplus transfer for FY21 and this will help the government tide over the revenue losses from lockdowns and extend more support to the pandemic hit industries and to the poor people. Indian markets ended the week on green terrain amid positive global cues as reopening of economies in western countries and encouraging data points towards a fast global recovery.

In terms of economic performances, the IHS Markit India Manufacturing Purchasing Managers' Index (PMI) for May was at 50.8, sliding from April's reading of 55.5 and indicating a significant loss of growth momentum.

The IHS Markit India Services PMI moved to 46.4 in May falling from 54 in April, indicating that Indian service providers struggled in May, with the intensification of the COVID-19 crisis causing renewed declines in new business and output. The combined Index of Eight Core Industries stood at 126.7 in April 2021, which increased by 56.1% as compared to the Index of April 2020. Coal, Natural Gas, Refinery Products, Fertilizers, Steel, Cement & Electricity recorded growth whereas Crude Oil negative growth.

India's retail inflation, measured by CPI was down at 4.29% in April lower than 5.52% in March. The easing of the retail inflation in April month can be attributed to the softening of food prices. The inflation figure in April is within the tolerance level of the RBI's inflation target (2% to 6%). India's wholesale price index (WPI) based inflation increased to 10.49% in April from 7.39% in March.

Regarding export-import activity, India's exports grew by 67.39% year over year at $32.21 billion in May while imports increased by 68.54% year over year to $38.53 billion. The Goods and Services Tax (GST) collection in April recorded an all-time high at Rs. 1,41,384 crore.

Also, India's foreign exchange reserves increased by $2.86 billion to $592.89 billion in the week ended May 23, foreign currency assets (FCAs), a key component of the overall reserves increased by $1.65 billion. Additionally, Foreign Portfolio Investors (FPIs) were net sellers of Rs. 1,958 crores in May, driven by net outflows inequity of Rs.2,954 crore.

On the global front, The U.S. markets ended higher during the passing week as the economic reopening supported markets. The optimism on the economy came as U.S. average daily Covid cases fall below 25,000 and as nearly half the U.S. population has received at least one vaccination dose. Further, support also came in as investors cheered stronger-than-expected labor-market data.

In the labor market, first-time claims for U.S. unemployment benefits dropped in the week ended May 23rd, according to a report released by the Labor Department. The report said initial jobless claims dipped to 406,000, a decrease of 38,000 from the previous week's level of 444,000. The street had expected jobless claims to drop to 425,000 from 444,000 originally reported for the previous week.

Meanwhile, the economic activity in the US manufacturing sector Decreased in May as per Institute for Supply Management (ISM) report, manufacturing PMI stood at 61.2 in May, from 60.7 in April.

The eurozone manufacturing economy experienced a new record improvement in operating conditions during May. IHS Markit's Manufacturing PMI rose to 63.1 in May and its highest reading in the survey history. As per the report of the global data firm, "Eurozone manufacturing continues to grow at a rate unprecedented in almost 24 years of survey history, the PMI breaking new records for the third month in a row. Surging output growth adds to signs that the economy is rebounding strongly in the second quarter."

The final au Jibun Bank Flash Manufacturing PMI edged down to 53 in May as compared to 53.6 in April, signaling a softer but still moderate improvement in the health of the manufacturing sector.

Regarding China, the National Bureau of Statistics reported that the official manufacturing PMI for May came in at 51, down from 51.1 in April. The country's non-manufacturing PMI, which gauges sentiment in the services and construction sectors, rose to 55.2 in May from 54.9 in April.

Going Ahead

The global economy is recording a major growth turnaround in recent months. Across countries, there has been an acceleration in the growth of GDP, industrial production, and retail sales. The forward-looking indicator such as purchasing manager index for manufacturing and services are also suggesting improving growth outlook for most economies. The low base effect of the last year due to the pandemic induced lockdown and progressive lifting of lockdown restrictions as the rate of infection falls and rate of vaccination rises are resulting in the normalization of growth. Huge stimulus measures extended by most countries including large government spending and accommodative liquidity and monetary policy are also helping the revival of growth.

Bounceback of demand coupled with a sharp rise in commodity prices, however, has resulted in acceleration of global inflation. This is raising uncertainty about the ability of the governments in many countries including the US to maintain record-low interest rates and continue with a huge overhang of liquidity. Yet, given the early stage of growth recovery and the fragile nature of employment, income, and consumer confidence in most countries, we expect the accommodative policies to continue for a considerable period. This will maintain the attractiveness of equity as an asset class.

The Indian economy was moving on the recovery path, with sectors such as construction, manufacturing, and financial services reporting growth. However, with the second wave wreaking havoc across the country in April and May, the recovery might have de-railed. GDP grew 1.6% during Q4-FY21 recording a slight pickup in GDP growth amid the Covid-19 second wave hitting the economy hard. It is estimated that the GDP growth during the current year maybe around 9% compared to more than 10% estimated earlier. The muted growth in public administration is also delaying the growth revival. Moving forward, we expect the growth rate to pick up on the back of the latest relief measures announced by the government, phased unlocking by states, normal monsoon, high vaccination, and a lower number of new cases.

As markets continue to tread in volatility, we advise investors to remain invested in healthy growth and value-oriented companies with quality management to create long-term sustainable wealth.

government has extended support to the corporate sector for setting up a new capacity in specific areas. Fourth, the government has rolled out various measures to attract foreign funding of investment in India. Fifth, the government is also setting up a development finance institution that would fund infra investment in a big way.

We expect India's investment rate to increase from the current 24% of the GDP to over 30% i.e., about $900 billion in the near term. The multiplier effect of investment would further boost and sustain India's GDP and corporate earnings growth. The multiplier effect is likely to be more pronounced because a major part of this investment would go to the infrastructure sector which has more forward and backward linkages. As has been highlighted by the Union budget, apart from roads, the government is focusing on other infrastructure areas including water, railways, energy, and natural gas. Because of the above, we continue to advise our clients to invest in Indian equities over longer periods and not to get unsettled by the short-term movements.

As markets continue to tread in volatility, we advise investors to remain invested in healthy growth and value-oriented companies with quality management to create long-term sustainable wealth.

Equity Outlook

Major global indices continued their upward trend for the 2nd consecutive month except for few Asian countries. Positive performance sustained as major developed economies are well past their COVID-19 peaks, targeted and on-going vaccination drives have been implemented successfully as a result of which there is a decent pick-up in demand and subsequently inflation. Indian Equity Markets (Nifty 50 Index) surged 6.5% during the month due to a decline in COVID-19 cases, ease of lockdowns like restrictions in some states, and good earnings season. However, markets may remain vigilant and take further cues from the outcome of the upcoming June Federal Open Market Committee i.e. FOMC meeting.

Indian Markets did well as investors rejoiced moderation in COVID-19 cases, good earnings season, and lifting of restrictions in some states. Continued liquidity support by Global Central Banks, firm global markets, and demand also aided positive sentiments. Domestic Institutional Investors (DIIs) were more active than Foreign Portfolio Investors (FPIs). The RBI announced several liquidity measures to help banks support healthcare, infrastructure, and small borrowers impacted by the 2nd COVID wave. The key triggers for Indian markets going forward can be

1) Any policy measures.
2) The pace and quality of vaccination drives,
3) Further lockdowns in certain parts restricting mobility and economic activities
4) Pace of implementation of Govt. reforms measures mentioned in the budget to revive the economy.

On the macro front, India released its 4QFY21 & FY21 GDP data which came in at 1.6% and -7.3% respectively much better than estimated. The April Composite PMI (Purchasing Manager's Index) data held steady above the 50 marks at 55.4. April CPI inflation declined to 4.3% from 5.5% in March. March IIP rose 22.4% in March on account of favorable base effects compared to last year.

In sectoral trends, Power, Capital Goods, etc. were key contributors, while Telecom was a key laggard. We believe, economic recovery though delayed continues to remain on track as the domestically, Govt. and RBI are taking active measures to spur growth through structural reforms, and globally, economies continue to support Growth with various fiscal & monetary stimulus measures. With developed economies reporting a strong set of activity numbers, demand recovery is expected which may benefit Indian exports. The current macro-economic scenario is much more conducive for a Business Cycle Recovery as we are at a nascent stage of the economic cycle and sentiments to are not euphoric. We continue to remain positive on sectors that are closely linked to the economy like Banks, Capital Goods, Infrastructure, Metals & Mining, etc. We believe Indian markets may recover and do well until the following triggers play out - the US acknowledging inflation & in conclusion, pausing stimulus, and US Treasury Yields reaching 2%.

Focused Equity Mutual Funds and Returns

Large Cap	1 Years	3 Years	5 Years	Since Inception
Mirae Asset Large Cap Fund	61.31	13.47	15.69	15.75
Canara Rebeco Bluechip Fund	56.46	16.51	16.43	12.82
Franklin India Bluechip Fund	70.56	12.73	12.17	16.75
Large & Midcap				
Kotak Equity Opportunities Fund	62.81	14.56	15.78	18.51
Flexi Cap				
Canara Robeco Flexi Cap Fund	58.77	15.58	16.86	18.23
HDFC Flexi Cap Fund	76.45	12.06	14.51	18.41
Midcap Fund				
Kotak Emerging Fund	89.58	15.33	17.48	13.63
DSP Midcap Reg Gr	65.06	13.42	16.98	15.56
Focused Fund				
SBI Focused Equity Fund	59.16	13.32	15.96	19.56

Source: Anand Rathi Internal Research.

Note: Such representations are not indicative of future returns.

Debt Outlook

Gilts prices ended slightly higher with the yield on the 10-year benchmark 5.85% 2030 paper settling at 6.02% on May 31, 2021, Compared with 6.03% on April 30. The decline in the benchmark bond yields despite the underlying inflationary pressures and a huge supply of government securities can primarily be attributed to the RBI's announcement in early April to purchase sizeable quantities of government securities from the secondary market under the G-sec acquisition or G-SAP 1.0 program in conjunction with the regular open market operation, to limit the rise in bond yields.
In the wake of the pandemic the RBI Governor, in an unscheduled announcement enumerated several liquidity boosting measures including special liquidity facility to the emergency health services, small finance banks for on-lending, relaxation of OD (Overdraft) facility for state governments, resolution framework 2.0, and additional relaxation on the KYC norms. The Governor added that the RBI will continue monitoring the emerging situation and deploy the necessary resources to mitigate the impact of the second wave.

The RBI also undertook the second auction under the GSAP 1.0 program of Rs 35,000 CRS on May 20, 2021, after the strong- response witnessed in the first auction of Rs 25,000 CRS undertaken in April 2021. The RBI has been aiming to keep yields in check as that reduces borrowing costs for the government while preventing any upward movement in yields at the longer end of the curve. RBI's guidance may foster an orderly normalization and smoother transition between the shorter and longer end of the yield curve, albeit it may bring along bond market volatility.

Going forward, RBI may have to do a fine balancing act. On one hand, there is a possibility of further downside risk to the growth recovery due to the second wave, which in normal conditions would have warranted for easing of monetary condition, and on the other hand, RBI would need to keep an eye on upside risk to inflation due to: 1. The reflationary global environment with US-Dollar weakness 2. Commodity prices getting heated up 3. Monetary policy is already expansionary with a 115 bps rate cut in the last FY-2020 and ample system liquidity. And these reasons in normal conditions would have warranted for normalization of expansionary policy measures.

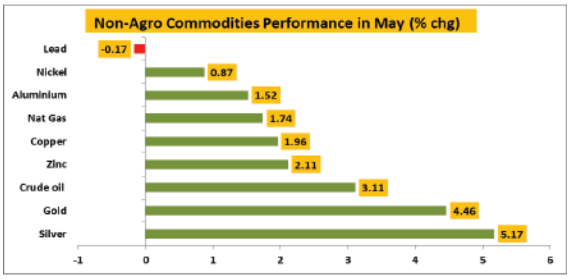
So, currently, the fixed income market has to navigate between growth getting interrupted due to second wave and upside risk to inflation due to commodities heating-up and various monetary and fiscal stimulus measures announced globally and domestically. Hence, we believe the above evolving conditions points towards a more nimble and active duration management strategy which may help in navigating a higher interest-rate-sensitive period. Also, as communicated earlier, we believe that we are at the fag-end of the interest rate cycle and the above-mentioned strategy would provide better accrual (an active strategy that may take advantage of higher term premium) and would help in mitigating mark-to-market impact (active strategy of having adequate short-duration instruments). It may be an opportune time to invest in a floating-rate bond in this interest rate scenario with expected volatility.

In our Outlook 2021, we have highlighted that the capital gains strategy has played out meaningfully, and going forward return expectations need to be rationalized. RBI is expected to continue the gradual normalization of liquidity management operations as the growth & economic activity picks-up. In the coming years, we recommend the following strategies: Accrual Strategy and Active Duration strategy. Accrual strategy due to high spread premium which is still prevalent between the spread assets and AAA & MMI instruments, as going forward capital appreciation strategy may take a back seat due to limited rate cuts. Term premiums (spread between longer and shorter end of the yield curve) remain one of the highest seen historically, because of which active duration strategy is recommended to benefit from the high term premium. In our portfolios, we may follow a barbell strategy i.e having high exposure to extreme short-end instruments to protect the portfolio from interest rate movements and high exposure to long-end instruments to benefit from higher carry.

Commodities Outlook

The rally in non-agro commodities continued in May

For the second consecutive month, the non-agro commodities advanced on account of recovery in the economic activities around the globe and weaker dollar. The US dollar retreated by approx. 1.6% in May due to disappointing employment data and Fed's accommodative stance. The gold market has achieved some impressive milestones in the last month, with Comex's spot price pushing above $1,900 an ounce to their highest level this year. ON the domestic front too MCX gold achieved a level of Rs 49,000 per 10 gram last month.



Gold's newfound momentum in the last month has come as the U.S. dollar has lost significant traction. The U.S. dollar index is currently trading near its lowest levels for the year as prices fall below critical support at 90 points. Last month's higher US inflation data and crypto volatility also pushed many investors back into the gold space, boosting prices.

One of the major trend reversals in May was investor demand coming back in the form of ETF purchases. In SPDR Gold ETF, the holding as of 1st June was at 1,045.83 tonnes which were at 1,017.04 as of 30th April.

Meanwhile, according to the minutes of the Fed's latest meeting, Federal Reserve officials were cautiously optimistic about the US economic recovery at the central bank's April meeting, with some officials signaling they'd be open to discussing scaling back the central bank's massive bond purchases "at some point."

Several participants suggested that if the economy continued to make rapid progress toward the Committee's goals, it might be appropriate at some point in upcoming meetings to begin discussing a plan for adjusting the pace of asset purchases. But after a disappointing April employment report, the market shrugged off Fed's statement.

The outlook for June is positive but in the short term, correction is not overruled. The current debate within the Fed about a possible reduction in bond purchases is still very much in its early stages. If it were to take a more concrete shape, causing bond yields to rise, gold would briefly come under pressure. However, this is unlikely to weigh on gold for any prolonged period. We, therefore, expect the price to continue climbing to Rs. 50,500 – 51,000 in June. Investors should expect to see further weakness in the greenback, which will continue to benefit gold.

Silver, on the other hand, having risen by more than 7% in April, the staller performance continued on May also as it closed the month with more than 5% gains. Along with a buoyant sentiment in the bullion segment, the optimism for the rise in industrial demand will also drive silver higher in June. Undoubtedly, there will be volatility but the undertone is positive in silver.

Copper hit an all-time high but China warning spoiled the party

Base metals in May witnessed a positive trend, except for lead, all four metals on the MCX finished with gains. With the copper price soaring to record highs on tight supply and heavy demand, as the world's biggest economies revive following a year of coronavirus-related restrictions, the temptation for producer nations to cash in on more valuable copper reserves to pay for social programs is proving hard to resist.

Chile and Peru, the number one and two producers, are both seeking to raise the royalty tax on copper miners, while in DRC, Africa's top copper-mining country, the government has just slapped a ban on the export of copper and cobalt concentrates — an action almost identical to what has happened in Indonesia with nickel.

Adding to these events, workers at BHP's Spence and Escondida mines in Chile downed tools, fueling concerns about the long-term supply of the industrial metals, that has become essential not only for its traditional uses in construction, transportation, and telecommunications, but the shift from fossil fuels to electrification and de-carbonization.

Metals were buoyant as US President Biden recently proposed a $6 trillion budget that would reinvest in infrastructure and education. However, China's National Development and Reform Commission vowed to show "zero tolerance" for illegal activity, including price-fixing, spreading false information, hoarding, or any speculative activity after the meeting with the key companies in iron ore, steel, copper, coal, and aluminum.

China's top economic planning agency did not specify what measures it would take to tame soaring commodity prices but implied tighter supervision and intervention in specific cases. Whether infrastructure spending anxiety and Beijing's clampdown on speculative activity will result in a longer-term fall in prices remains to be seen. Having said this, we expect the sentiment to stay buoyant in copper, nickel, and zinc in June.

Crude oil gains sharply in May on bullish forecast ahead of Summer

Crude oil prices gained further momentum in May with WTI gaining 4.3% and MCX prices surging by 3.1%. Reopening of major economies with the US and certain countries of EU easing travel restrictions ahead of the summer coupled with optimistic demand forecasts supported the upside in crude oil prices.

In its May Monthly Oil Market Report, OPEC remained optimistic on second-half recovery and estimated demand for its crude to surge in 2021 by an overall 5.2 million barrels a day, or more than 20 percent, after a drop by about the same amount in the previous year. They added that the world economy will continue to recover, thanks to stimulus measures and vaccination programs in the US and Europe and accelerating growth in most Asian economies though it warned of "significant uncertainties" mainly around the pandemic especially in India. Similarly, EIA maintained its outlook for 2021 global liquid fuel demand at 97.7 million b/d while raising 2022 global demand by 100,000 b/d to 101.4 million b/d.

Also, the latest EIA report showed US crude oil inventories as of May 21 stood at 484.3 million barrels, about 2% below the five-year average for this time of year Baker Hughes report showed oil and gas rig count rose two to 457, its highest since April 2020, in the week to May 28.

Fears of supply addition were put to ease after Iran said there are still differences around the timing of when countries will return to compliance with the original 2015 nuclear agreement. US-Iran talks remained inconclusive even if after extending into the fifth week easing concerns of Iran increasing oil production to pre-sanction levels of about 3.9 million BPD.

Oil prices are likely to gain further in June as OPEC+ group's Joint Technical Committee tightened their outlook for global oil markets, expecting that the surplus in oil stocks will disappear by the end of next month while OPEC Secretary-General Mohammad Barkindo maintained their bullish stance estimating oil demand growth of 6.6% in 2021 to average around 96.5 mbpd. In the June 1 meeting, OPEC decided to boost July oil production by 840,000 barrels per day (BPD) following the group's April decision to return 2.1 million BPD to the market between May and July but did not make any announcement for August extension. Also, consistent positive economic data from the US points towards a rebound and supports the demand outlook for crude oil.

Currency Outlook

USDINR to depreciate on RBI's status quo

Indian Rupee made a sharp recovery of 2% in May 2021 on the basis of weaker DX, strong foreign fund inflows and improving COVID-19 situation in the latter part of May.

Robust forex reserves which surged to record to record high of $592.89 billion during the week ended May 21has been a strong pillar of support for the domestic currency boosted by persistent FPI and FDI inflows. Further, dollar inflows from MSCI rebalancing buoyed an upside.

Additionally, Second wave of COVID-19 infections that started in April 2021 is likely to have peaked in the first half of May considering that fresh cases have fallen sharply below 3 lakh sine the third week.

Dollar index, weakened 2% in May as a number of Fed officials indicated in their comments that it is still premature to discuss tapering. An unexpectedly disappointing US labor market report pushed farther prospects of rate hike any time soon as Nonfarm payrolls increased by only 266,000 jobs vs. expectations of a million while jobless rate rose to 6.1% in April. Markets focused on the green shoots of US economic rebound signaled by favorable GDP and jobless claims while increasing price pressures with Core PCE, jumping sharply by 3.1% in April was largely ignored as transitory.

Still, prospects of higher crude oil prices going forward as demand is expected to pick up with summer driving season in the US and easing restrictions on travel and transport is negative. Further, Major rating agencies have downgraded India's growth forecast to below 10% for FY22 adding that the resurgence of deadly virus may slow the near-term economic recovery and could weigh on longer-term growth dynamics.

So, RBI is most likely to maintain its accommodative stance in the upcoming meet due 4th June to provide much needed support to the economy although increasing Inflationary pressures may limit RBI's ability to announce any further easing via rate cuts. Besides, the upcoming data releases might show a rebound largely owing to a low base effect and this may continue in the next 2-3 months morphing the real economic situation. Hence, we expect Rupee spot to depreciate further towards 73.5 – 73.8 levels in June.

Anand Rathi PMS

MNC Portfolio

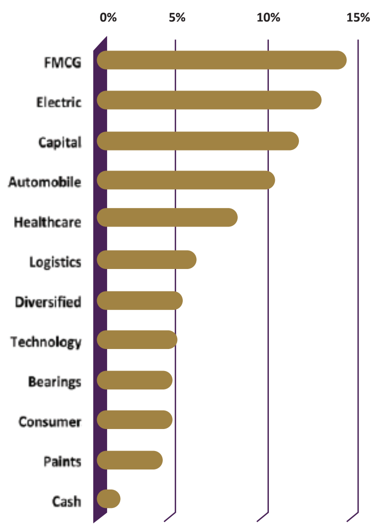
Focus on consistency of return and risk moderation by investing in Multinational Companies listed in India. Investments into listed companies in India in which the foreign shareholding is over 50% and/or the management control is bestowed in foreign company and/or the technological and managerial know-how brought in by foreign partner/investor

Strong Business model	MNC benefits from a) Innovation b) Strong R&D c) Advanced Technology d) Strong Brand/Product e) Economies of scale
Strong Corporate Governance	MNC's are generally rated high for their corporate governance standard. They depict high transparency and accountability with well laid out policies and regulatory framework, internal control and risk management
Healthy Balance Sheet	Most MNC's have a) Better operating ratios b) Zero Debt or Low debt /Equity c) Positive Free Cash flow d) Healthy Return ratio
Special opportunity	MNC companies sometime carries an additional trigger for value appreciation in form of corporate actions like open offers, Buybacks and Delisting etc. This usually add substantial appreciation to the share price enhancing investors ROI

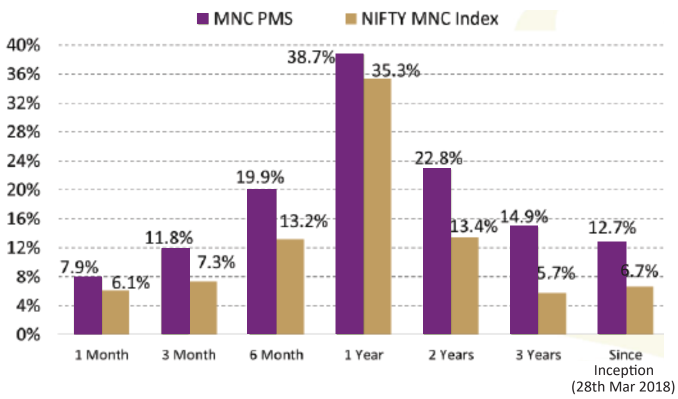
Top Holdings and Allocation

Sr. No.	Top 10 Holdings	% Holdings
1	Honeywell Automation India Ltd.	7.5%
2	KSB Ltd.	7.2%
3	Blue Dart Express Ltd.	6.3%
4	Hindustan Unilever Ltd.	6.1%
5	Grindwell Norton Ltd.	5.9%
6	Maruti Suzuki India Ltd.	5.8%
7	Siemens Ltd.	5.7%
8	Mphasis Ltd.	5.6%
9	SKF India Ltd.	5.3%
10	Coforge Ltd.	5.3%

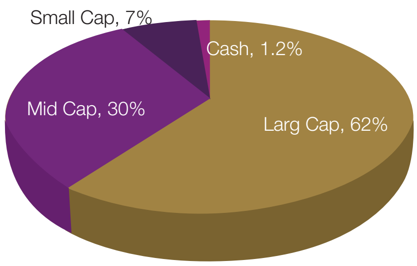
Sector Allocation



Performanceas on 30th Apr, 2021



Market Cap Allocation



Source: Anand Rathi Internal Research.
Note: Such representations are not indicative of future returns.

Data as on 31st May 2021

Anand Rathi PMS
Impress

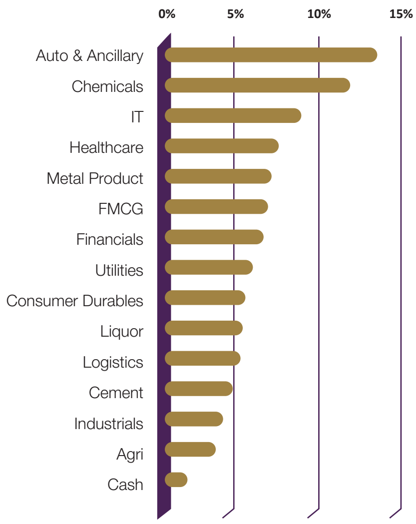
Focus on Return Optimization by investing in multicap portfolio of rising enterprises with sound corporate track record and sustainable business model keeping balance between value and growth strategy.

Business model	Improving Market Shae, Leadership and Niche Market
Rising Enterprises	Stable and Impoving Margin and Impoving ROE and ROCE
Sustainability	Visibility of Eaning Over Next 2-3 Years and Pedictable Business Model
Sound Corporate Track Record	Management Backgound and Accounting & Corporate Policies

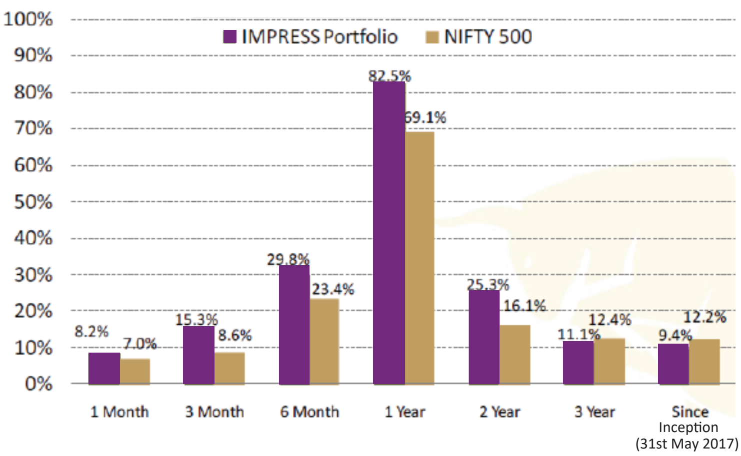
Top Holdings & Market Cap Allocation

Sr. No.	Top 10 Holdings	% Holdings
1	Ratnamani Metals & Tubes Ltd.	7.08%
2	Galaxy Surfactants Ltd.	6.93%
3	Tata Consumer Products Ltd.	6.69%
4	Somany Ceramics Ltd.	6.07%
5	Blue Dart Express Ltd.	5.36%
6	Crompton Greaves Consumer Electricals Ltd.	5.29%
7	JK Lakshmi Cement Ltd.	5.14%
8	Radico Khaitan Ltd.	5.13%
9	Ceat Ltd.	4.81%
10	TVS Motor Company Ltd.	4.77%

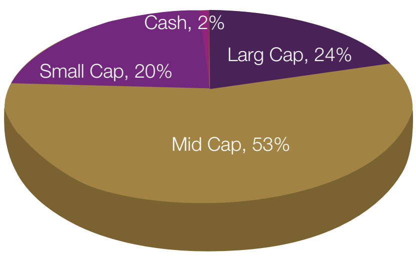
Sector Allocation



Performanceas on 30th Apr, 2021



Market Cap Allocation



Source: Anand Rathi Internal Research.
Note: Such representations are not indicative of future returns.

Data as on 31st May 2021

Structure Product Idea

Nifty Magnifier

<table>
<tr><th>Product Name</th><th colspan="2">Nifty Accelerator - 98.5% (Leverage)</th></tr>
<tr><td>Issuer</td><td colspan="2">Anand Rathi Global Finance Limited</td></tr>
<tr><td>Underlying</td><td colspan="2">Nifty 50 Index</td></tr>
<tr><td>Capital Guarantee</td><td colspan="2">Principal is not protected</td></tr>
<tr><td>Tenor(days)</td><td colspan="2">1875 Days</td></tr>
<tr><td>Initial Fixing Level</td><td colspan="2">150 points contingent from closing nifty then rounded to next 100</td></tr>
<tr><td>Final Fixing Level</td><td colspan="2">Average of Closing NIFTY on last Thursday of 50th, 53rd,& 56th Month.</td></tr>
<tr><td>Nifty Performance (NP)</td><td colspan="2">(Final Fixing Level/Initial Fixing Level)-1</td></tr>
<tr><td>Contingent Coupon (CC)</td><td colspan="2">98.5% (IRR – ~14.28%)</td></tr>
<tr><td>Participation Rate (PR1)</td><td colspan="2">100%(From 106% to 123% of Initial Fixing Level)</td></tr>
<tr><td>Participation Rate (PR2)</td><td colspan="2">4850%(From 135% to 136% of Initial Fixing Level)</td></tr>
<tr><td>Decay Multiple (DM1)
Knock-In Put @ 90%</td><td colspan="2">1.30x (below -10% till -30% fall with catch-up)</td></tr>
<tr><td>Decay Multiple (DM2)
Nifty @ 70% of initial</td><td colspan="2">0.30x (Beyond -30% fall decay decreases)</td></tr>
<tr><td rowspan="4">Payoff</td><td>If Final Fixing Level is at or above 136% of Initial Fixing Level</td><td>Contingent Coupon</td></tr>
<tr><td>If Final Fixing Level is above 106% & below 136% of Initial Fixing Level</td><td>MIN(50%,IF(NP>=23%,50%,MAX(0%, (NP-6%)*PR1)))+MIN(48.5%,MAX(0%,(NP-35%)*PR2))</td></tr>
<tr><td>If Final Fixing Level is above 90% & at or below 106% of Initial Fixing Level</td><td>Principle Protected</td></tr>
<tr><td>If Final Fixing Level is below 90% of Initial Fixing Level</td><td>MAX(-100%,MAX((-30%*DM1), NP*DM1)+MIN(0%,(NP+30%)*DM2))</td></tr>
</table>

Product IRR* **14.28%**

Tenor **500 Days**

Target Nifty Perf. **2%**

Product Explanation

NP >= 36%	98.5% (Contingent Coupon)
6% < NP < 36%	MIN(50%,IF(NP>=23%,50%, MAX(0%,(NP-6%)*PR1)))+MIN (48.5%,MAX(0%,(NP-35%)*PR2))
-10% < NP < 6%	Principal Protection
-30% < NP < -10%	1.30x Decay with Catch-up
Nifty falls beyond -30%	Decay decreases to 0.30x

*Product IRR assume to be Pre-Tax IRR
•NP : Nifty Performance
^ Initial Fixing Level is assumed for 30th Oct 20 as 11620 rounded off to 11700+ 200 = 11900

Source: Anand Rathi Internal Research.
Note: Such representations are not indicative of future returns.

Technical Analysis

NIFTY:

Since the last couple of months; we have been constantly echoing our view that any dips should be taken as a buying opportunity unless NIFTY do not breach the support of 14200. Well; in line with that the zone of 14200 proved to be a strong demand zone for the markets. The domestic markets remained a bit choppy during the first half of May due to obvious reasons of COIVD 19 but gradually picked up the momentum in the second half and eventually NIFTY made a new life time high above 15400 mark. The bending curve of COVID 19 cases in the last couple of weeks and absence of a complete lockdown brought the bulls back into front seat. As a result; the index NIFTY gained over 5% during the month neglecting the old saying of ‘Sell in May and Go Away’.

Technically; based on price pattern we now have two formations on the chart of NIFTY spot. Firstly there is a breakout from the falling channel which has an upside target of around 15800 to 16000. Next; if we consider the consolidation band of NIFTY since FEB 2021 then we can observe that the index oscillated in a range of around 1200 points (15400 to 14200). Considering recent breakout from this broad range we could expect 1000 points upside from 15400 mark. In such scenario 16400 could be the target for few months. Major supports are placed at 15000 – 14600 levels. Now for coming 2 – 3 months the major trend

won’t get impacted unless 14600 is not taken out on the downside. Now contrary to this there is one key observation on the data front. The FII’s long to short ratio in index futures have surged to around 89%. This has been the max which we observed in the last few years. Thus short term traders need to be extremely vigilant. Medium term players can still hold their bets as we expect the higher levels which we mentioned above but gradually.

Thus for the month of June; we expect volatility to be back as on one hand we are witnessing a sing on caution while on the other hand larger trend is very strong and intact. It would be a tough of war where in both the bulls and bears would have their share. On the levels front; 15000 - 14600 is a key support for the index while on the higher side 15600 - 15800 would be an intermediate resistance. In a best case scenario we expect the markets to go beyond 16000 mark.

BANKNIFTY:

Let us now focus on BANKNIFTY which comprises of majority of the weightage in the benchmark index. The index NIFTY BANK too had a wild run during the month. It made a low near 32000 mark and recovered sharply near 35000 mark. It gained over 7% until the last session of May 2021. The golden crossover of 50 SMA and 200 SMA on the weekly time frame of NIFTY BANK index is still intact. Thus we are still of the opinion that unless the major supports are broken; chances of NIFTY BANK index outperforming is quiet high. If the index sustain above 35000 mark then it could possibly travel towards life time highs of 37700

and also towards 40000 mark. On the downside 30000 could be a major decisive support.

Technical Pick - BUY HDFCLIFE
POTENTIAL UPSIDE 16.76%- 22.75%

• Given above isthe weekly chart of HDFCLIFE which depicts that the stock has confirmed a breakoutfrom the pattern 'Inverse Head &Shoulder during the month of Nov 2020. Then after the stock has been consolidating.

• The theoretical target for the pattern comes around 900 which the stock is still sitting near 650 mark.

• On the daily scale; it is hovering near the placement of its 200 DSMA and 200 DEMA which is a very strong support.

• Consideringthe H&S pattern and the current market price of the stock it is at a very decent risk reward

forgoing long. Thus; traders are advised to buy the stock in the range of 670 650 with a stop loss of 580 on closing basis for the upside potential target of 780 followed by 820 levels in coming months.

Fixed Income Services

The Monetary Policy Committee (MPC) unanimously kept the Repo and the Reverse Repo rate unchanged in its April, 2021 review, with an accommodative stance, as long as necessary to sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

Key Takeaways:

- The MPC voted unanimously to continue with an accommodative stance, with all key rates unchanged. The MPC stance of monetary policy will remain accommodative till the prospects of sustained recovery are well secured while closely monitoring the evolving outlook for inflation.
- The projection for CPI inflation has been revised to 5.0% in Q4:2020-21; 5.2% in Q1:2021-22; 5.2% in Q2; 4.4% in Q3; and 5.1% in Q4, with risks broadly balanced.
- The projection of real GDP growth for 2021-22 is retained at 10.5% consisting of 26.2% in Q1; 8.3% in Q2; 5.4% in Q3 and 6.2% in Q4.

The "time based" guidance was replaced with the "state based" guidance, in view of the COVID-19 situation in India and evolving economic growth. The RBI made a couple of announcements in the policy with the INR 1 lakh crore G-Sec acquisition programme (G-SAP 1.0) for April-June 2021, surprising the markets the most. Through this programme the RBI will buy government bonds through open market operations in 1Q FY2022. In a first, RBI has given commitment of buying amount from secondary market. The first OMO of 25,000 cr has been announced for 15th April 2021. RBI also acknowledged that liquidity in system was high and hence they are likely to do longer term variable reverse repo rate auctions.

G-Sec yields rallied post the OMO announcement, with the longer end easing more as the variable reverse repo announcement impacted sentiment on the short end. The curve may flatten going forward as RBI is cautious on excess liquidity in the system, which they intend to normalise using the Variable Reverse Repo auctions. However, the long end may not rally too much on large government supply.

Over the last 3 months, the debt market has seen a couple of announcements in the form of normalisation of money market activities, the borrowing announced in the budget, impact of rising global yields and the recent monetary policy. Going forward, the markets will be driven by incoming data on CPI inflation, demand in government auctions and the longer term variable reverse repo auctions.

Tax Free Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
8.46% REC 2028	24-Sep-28	Annual on 1 Dec	IND AAA/Stable	4.30%
8.67% NHPC LIMITED 2-Nov-2033	02-Nov-33	Annual on 1-April	CARE AAA/Stable	4.35%
7.35 NABARD 2031	23-Mar-31	Annual on 23-March	IND AAA/Stable	4.33%
PSB Perpetual Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
7.74% SBI Perp 9-Sep-2025	09-Sep-25	Annual on 9-Sep	AA+ by Crisil	7.35%
9.5% Union Bank Perp 15-Sep-2026	15-Sep-26	Annual on 15-Sep	IND AA	8.50%
8.50 Bank Of Baroda	28-Jul-25	Annual on 28-Jul	AA+ by CRISIL & IND	7.70%
PSU Quotes				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
8.56 REC 2028	29-Nov-28	29-May & 29-Nov	AAA by CRISIL & ICRA	6.65%
6.83 PFC 2031	22-Jan-31	Annual on 22-Jan	CARE	6.75%
8.37 REC 2028	07-Dec-28	07-Dec & 07-Jun	CARE	6.65%
Corporate Bonds				
Security	**Maturity/Call**	**IP**	**Rating**	**Yield**
09.00 Mahindra & Mahindra Financial Services Ltd. 2026	06-Jun-26	Annual on 6-Jun	IND AAA/Stable, CARE AAA/Stable	7.15%
8.20 India Grid Trust 2031	06-May-31	Annual on 6-May	AAA CRISIL & ICRA	7.51%
9.00 Shriram Transport Finance Corporation 2028	28-Mar-28	Annual on 28-Ma	AA+ crisil & ind	9.20%
7.35 Muthoot Finance Ltd 2026	20-Apr-26	Monthly on 1st	CRISIL AA+, ICRA AA+	7.50%
9.50 Shriram Transport Finance Corporation 2023	27-Feb-23	Annual on 26-Feb	AA+ CRISIL	7.50%
8.10 L&T Finance Ltd 2030	28-Jun-30	Annual on 30-Jun	AAA CRISIL & IND	7.05%
10.15 Tata Capital Financial Services Ltd 2024	26-Sep-24	Annual on 26-Sep	AA+ by Crisil & Care	6.75%
9.5 Piramal Capital & Hsg Finance Ltd 2022	15-Apr-22	Monthly on 15th	AA CARE	8.10%

The above mentioned offer(s) are indicative and subject to changes in market conditions.

'Please note that investments in these bonds should not be construed as an advice or recommendation however we can facilitate the execution of the same. The bonds are tradeable on the Exchange platform, however we do not provide any assurance or guarantee on the liquidity of bonds. The investment decision shall at all times exclusively remain with the investor. The organisation shall not responsible or liable for any loss or shortfall incurred by the investors.'

Purnartha

RESEARCH - RESULTS - RELATIONSHIPS

40.4%*
year-on-year returns

Purnartha's investment strategy

We believe in "wealth creation through long term equity investments". We use a data driven approach (30 Years+ data) to identify good quality businesses with potential to create wealth.

OUR LEADERS

Rahul Rathi
Chairman

Master of Science in Industrial administration from Carnegie Mellon University, USA. Extensive research and implementation experience spanning 15 years of working with global financial institutions.

Prof Raghu Sundaram
Co-founder

Dean, New York University's Stern School of Business. Has worked as a consultant with major Wall Street firms.

Hemant Vispute
Managing Director

Masters in Computer Science and an MBA, he has over 20 years of experience in strategic planning, consulting and operations.

Proven Investment Success Formula
Investing in Good Companies...And Being Lazy!

Investment Philosophy: Investing in companies -

- That are likely to grow at 1.5x to 3x volume growth
- Having zero or low net debt
- With owners having 'skin in the game'
- In non-cyclical businesses
- With lower drawdowns and potential to recover quick

Managed by industry experts, the Purnartha portfolio has delivered 40.4% CAGR versus 14.3% of NIFTY from April-2009 till March-2021

Rs. 1cr invested with Purnartha in 2009 became Rs. 55.12cr v/s Rs. 4.86cr with NIFTY

Purnartha Portfolio Statistics April 2009 to March 2021

Key Statistics	Purnartha	Nifty
Absolute Return	5412.6%	386.3%
CAGR	40.4%	14.3%
Beta	0.7	1
Annualized Vol.	22.4%	19.0%
Max Drawdown	44.0%	38.4%

- SEBI-registered investment advisor
- Data-driven approach
- You handle your own money
- Focus on long-term wealth creation

Purnartha
EQUITY RESEARCH AND INVESTMENT ADVISORY

Research Process

History

We determine how the GDP has affected a company's fundamental performance by considering an 11-year credit cycle, which sees varying economic conditions.

Channel checks

The data we obtain is validated with the findings of our on-field research team, providing us unique insights into market dynamics and consumer behaviour.

Business Model

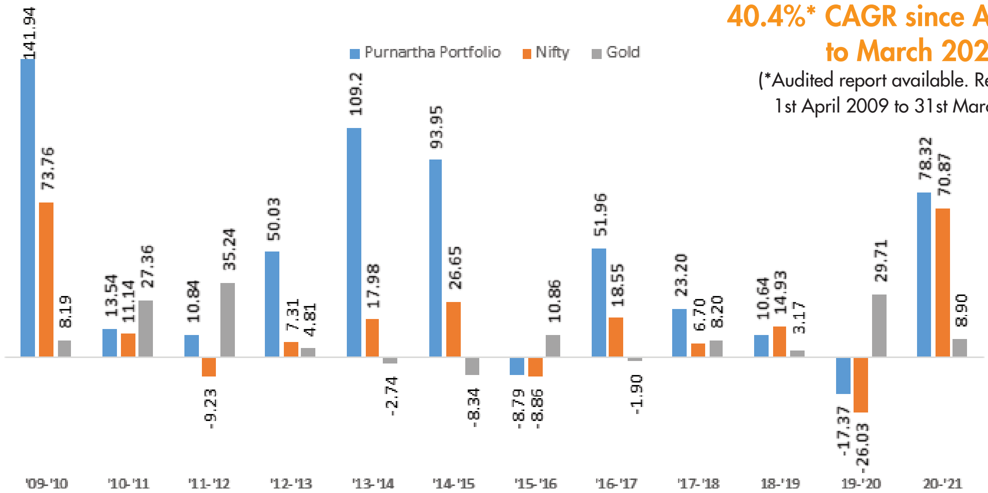
We choose companies that are built on a robust business model, which generates healthy cash flows year-on-year.

Valuation

We value companies on enterprise value to operating cash flow.

40.4%* CAGR since April 2009 to March 2021

(*Audited report available. Returns from 1st April 2009 to 31st March 2021)



Recommended Stocks	Recommended Date	Recommended Adjusted Price (Rs.)	Price (Rs.) as on 31st Mar 2021	Performance till 31st Mar 2021
Cera	02-Feb-12	190.00	2,500#	1,216%
Bajaj Finance	19-Sep-13	124.60	5,149	4,033%

#Sold in Mar-2020 at Rs.2500

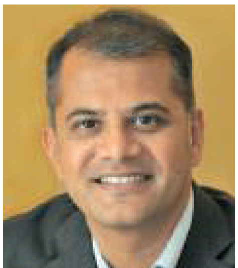
April 2009 to Mar 2021	CAGR
Purnartha Portfolio	40.4%
Nifty	14.3%
Gold	9.5%

About Marcellus

Marcellus Investment Managers was founded in 2018 and currently has c.US$300m in assets under management and advisory. The founders have worked together for the past 15 years.

Saurabh Mukherjea, CFA - Chief Investment Officer

- Former CEO of Ambit Capital assets under advisory were $800 mn
- Author of three bestselling books Gurus of Chaos 2014 The Unusual Billionaires 2016 and "Coffee Can Investing 2018
- Co founder of **Clear Capital,** a London based small cap equity research firm which he and co-founders created in 2003 and sold in 2008
- MSc in Economics from **London School of Economics**
- Member of SEBI's Asset Management Advisory Committee



Pramod Gubbi, CFA - Head of Sales

- Formerly, MD Head of Institutional Equities at Ambit Capital
- CEO of Ambit Singapore
- Tech analyst at Clear Capital and also worked in the tech industry HCL Technologies and Philips Semiconductors
- Post graduate in Management from IIM Ahmedabad
- B Tech from Regional Engineering College, Surathkal (NIT, Karnataka)

Rakshit Ranjan, CFA - Portfolio Manager

- Formerly, Portfolio manager of Ambit Capital 's Coffee Can PMS, which was one of India's top performing equity products during 2018
- Ambit's consumer research head, voted as No 1 for Discretionary Consumer and top 3 for Consumer Staples
- At Clear Capital ranked amongst the top 3 UK Insurance analysts
- B Tech from IIT (Delhi)

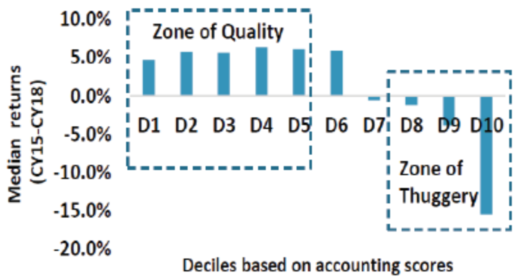
Key steps for identifying consistent compounders

Step 1: Identify companies with clean accounting

Ten forensic accounting checks used to identify naughty companies.

Category	**Ratios**
Income statement checks	1) Cashflow from operations (CFO) as % of EBITDA 2) Volatility in non operating income 3) Provisioning for doubtful debts as a proportion of debtors overdue for >6 months
Balance sheet checks	4) Yield on cash and cash equivalents 5) Contingent liabilities as % of Networth (for the latest available year) 6) Change in reserves explained by the profit / loss for the year and dividends
Auditor checks	7) Growth in auditor's remuneration to growth in revenues 8) Miscellaneous expenses as proportion of total revenues 9) CWIP to gross block
Cash theft checks	10) Free cash flow (cashflow from operations cashflow from investing) to median revenues

Strong correlation between accounting quality and shareholders' returns



Note: Returns above represent median of decile-wise median returns calculated for every year from CY15 (accounting scores based on FY15 financials) to CY18 (accounting scores based on FY18 financials).

MARCELLUS

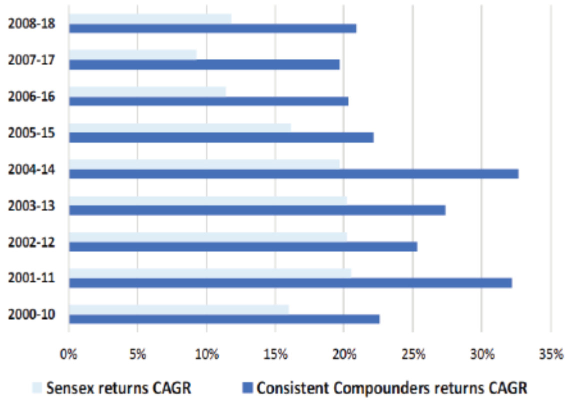
Methodology: We look at over six years of consolidated financials for the universe of firms. Wefirst rank stocks on each of the 10 ratios individually (outlined in the table on the left) These ranks are then cumulated across parameters to give a final pecking order on accounting quality for stocks.

This framework draws upon Howard Schilit's legendary text on forensic accounting, "Financial Shenanigans".

Step 2: Identify companies with superior capital Allocation

We create a list of stocks using a twin-filter criteria of double digit YoY revenue growth and return on capital being in excess of cost of capital, each year for 10 years in a row.

Next, we build a portfolio of such stocks each year and hold each of these annual iterations of portfolios for the subsequent 10 years (without any churn). The bar chart on the right shows the back testing performance of such a filter based portfolio.



Source: Bloomberg. Note: Only the Consistent Compounder Portfolios which have finished their 10 year run have been shown. Note: These are total shareholder returns in INR terms.

There are two conclusions from this exercise:

- This filter based portfolio delivers returns of 20-30% p.a. (of INR returns) and 8-12% out- performance relative to the Sensex.
- The volatility of returns of such portfolios, for holding periods longer than 3 years, is similar to that of a Government of India Bond.

Returns here (both for our portfolio and for the Sensex) are on a Total Shareholder Return basis i.e. all dividends are included in the returns.

step 3: Identify companies with high barriers to entry

In depth bottom up research of companies which pass our filters to assess sustainable competitive moats and build a portfolio of 10 15 stocks which consistently compound earnings

What do we look for in our research?

- Look for managements with an obsessive focus on the core franchise instead of being distracted by short term gambles outside the core segment
- Look for companies which relentlessly deepen their competitive moats over time
- Look for promoters who are sensible about capital allocation, i.e. refrain from large bets (especially those outside core franchise) and return excess cash to shareholders

"Most companies tend to focus on short term results and hence that makes them frequently do things that deviate away from their articulated strategy these diversions take them away from the path they have to travel to achieve their long term goals"

- Rama Bijapurkar

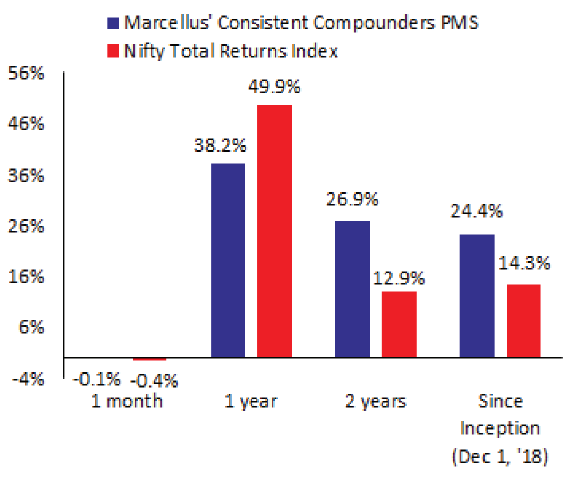
Leading market strategy consultant

In Most Sectors, the top 1- 2 Companies Account for 80% of the Profit Pie

Sector	Top 2-3 players Accounting for 70-80% of the Profit Pie
Paints	Asian Paints, Berger Paints
Small cars	Maruti Suzuki, Hyundai
Biscuits	Britannia, Parle
Cigarettes	ITC
Adhesives	Pidilite
Cooking oil	Marico, Adani
Hair oil	Marico, Bajaj Corp

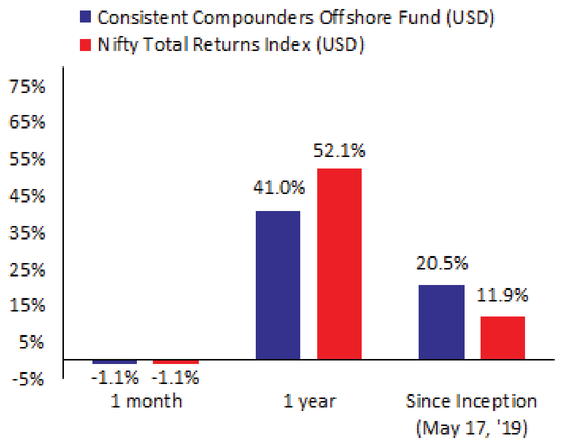
Fund performance (as on 30th April '2021)

Exhibit 1a: Marcellus' Consistent Compounders PMS performance as on 30th April'21 (INR)



Source: Marcellus, Bloomberg; All returns are net of fees and expenses (TWRR); 2 years and since inception returns are annualised; Other time period returns are absolute

Exhibit 1b: Consistent Compounders offshore fund advised by Marcellus - as on 30th April'21 (US$)



Source: Marcellus; All returns are net of fees and expenses (TWRR); Since inception returns are annualised; Other time period returns are absolute

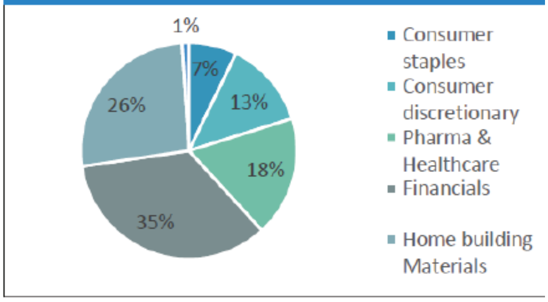
CCP FACTSHEET (1/2)

Fund Details	
Strategy Name	Consistent Compounders
Fund Manager	Rakshit Ranjan, CFA
AUM In INR Crs	3,563
Category	Large Cap
Benchmark	Nifty50 Total Return Index

Top 5 Holdings (accounts for ~50% of allocation)	
Asian Paints	Home Building Materials
HDFC Bank	Financials
Bajaj Finance	Financials
Pidilite Industries	Home Building Materials
HDFC Life	Financials

Market-Cap Wise Allocation	
Large-Cap	79%
Mid-Cap	20%
Cash	1%

Sector Wise Allocation



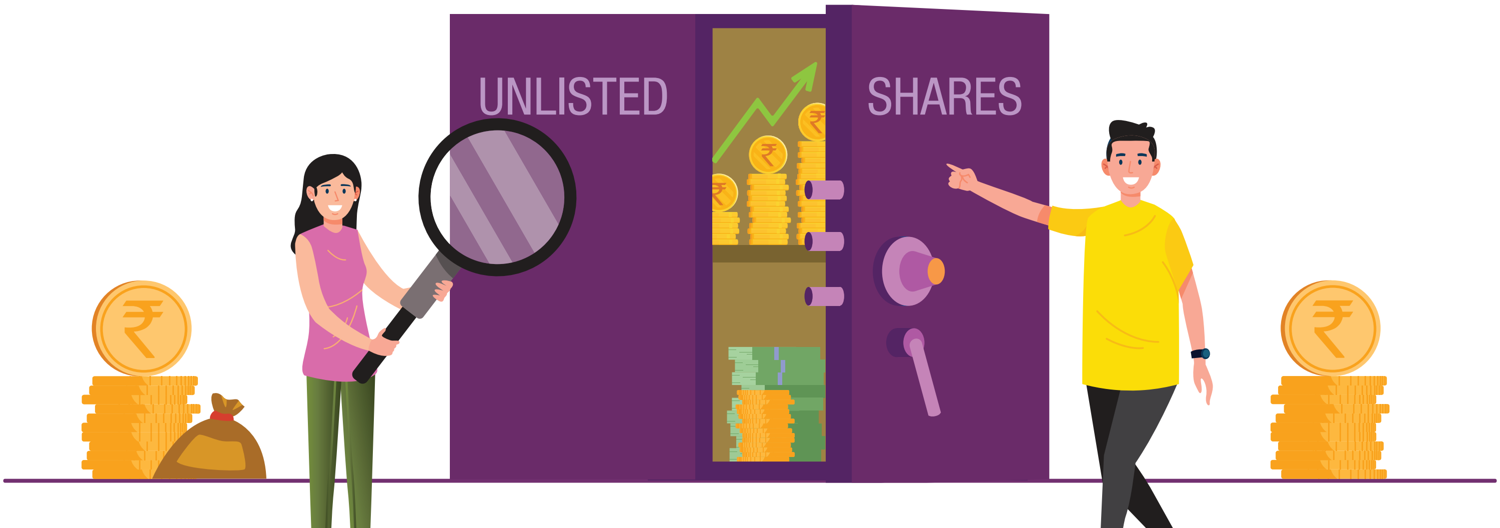
Portfolio Metrics	
Wtd. Avg. Market Cap (INR Cr.)	2,11,305
Portfolio P/E (FY20)	78.03x
Dividend Yield	0.86%
Churn Ratio (since inception)	20%
Std Deviation (12 month rolling)	11.72%
Sharpe Ratio (12 month rolling)	1.58

ANANDRATHI PRIVATE CLIENT GROUP EQUITY

Explore the **Hidden Treasure** of **Unlisted Shares** With

EQUITY UNICORN

Investment in Unlisted Shares*



What are **Unlisted Shares*?**

Unlisted shares is a financial instrument that is not traded on a formal exchange, Trading of unlisted shares is done in over-the-counter (OTC).

Company	Sector
Reliance Retail	Retail
HDB Financial Services Limited	Financial Services
Carrier Air Conditioning & Refrigeration Ltd.	Air Conditioning
Chennai Super Kings	IPL Team
Studds Accessories Ltd.	Helmet Accessories
Kurlon Ltd.	Mattresses
Phillips India Ltd.	Electronics
Otis Elevator	Manufacturing
Hero Fincorp Limited	Financial Services
TATA Technologies Limited	Engineering
Tamilnad Mercantile Bank	Banking
Care Health Insurance	Insurance

FINANCIAL

FLASH

June 2021

ANAND RATHI

INVESTMENT SERVICES

The Investments recommended in News letter / research reports, may not be suitable for all investors. Investors must make their own investment decisions based on their own specific investment objectives and financial position and using such independent professional advisors as they believe necessary.

Anand Rathi Share and Stock Brokers Ltd.,

Regd. Office: Express Zone, 10th Floor, A Wing, Western Express Highway, Goregaon (E), Mumbai - 400 063, Maharashtra. Tel: (022) 6281 7000.