

Dear Investors,

Hope all is great at your end. Our performance as of last month is as follows (Exhibit 1).

**Exhibit 1: Performance as of 30-Apr-24**

Investment Approach (Benchmark)	Inception Date	AUM (INR cr)	1M	3M	6M	Since Inception
<b>Discretionary PMS</b>						
<b>Bespoke</b>	13-Apr-23	37.73	5.08	4.69	17.62	37.05
(S&P BSE 500 TRI)			3.44	6.05	25.01	38.88
(Nifty 50 TRI)			1.24	4.19	18.77	28.23
<b>Flexicap</b>	11-Apr-23	70.85	5.75	6.54	19.84	32.97
(S&P BSE 500 TRI)			3.44	6.05	25.01	39.99
(Nifty 50 TRI)			1.24	4.19	18.77	29.01
<b>Small MidCap</b>	11-Dec-23	88.23	15.28	10.00	NA	17.30
(S&P BSE 500 TRI)			3.44	6.05	NA	12.28
(Nifty 50 TRI)			1.24	4.19	NA	7.85
<b>Non-Discretionary PMS</b>						
<b>ND PMS</b>	11-Apr-23	1.13	9.60	8.04	22.70	37.66
<b>Advisory PMS</b>						
<b>Advisory PMS</b>	NA	82.90	NA	NA	NA	NA
<b>Total AUM</b>		<b>280.84</b>				

I am delighted to report to you all that we have completed our first full year of operations on 11-Apr-2024. It has been a terrific journey, and we would like to thank you all for your support and motivation.

The most topical issue on every investor’s mind is the outcome of the ongoing general elections. Our views on this matter are as follows:

- About a month ago, everyone on the Street was confident of a BJP Government coming to power with an absolute majority (300+ seats). However, of late, especially in the last two weeks, the narrative has shifted, and people are not as confident.
- Our view is that the election outcome is extremely hard to predict in today’s day and age of social media, fake news, media manipulation, AI-morphed videos etc. There are also reports of several global and domestic forces that are trying to influence the elections in our and other countries so that they can push their own agendas. Most of us living in the cities keep accessing Twitter, YouTube etc and are perceptions tend to get coloured. What’s happening at the grass root level maybe a different story altogether and is difficult to form a conclusive election view on. So, it is better to be patient and let the actual results come out.
- Despite the minor correction in the market in the last few days, I feel that the return of BJP Government in power is pretty much priced into the market. In case there is an outcome where

BJP is not able to form a government (very low probability event to my mind), markets may see a knee-jerk reaction as it will cause a lot of uncertainty around the economic policies that will be followed by the newly elected UPA/INDIA government. So, if an investor strongly believes that an adverse outcome is a reasonable probability event, they can use the F&O market and hedge part of their portfolio. We are happy to discuss more with you and explain the mechanics of hedging the portfolio.

- As of now, we have not put in place any such hedges for our portfolio as we still feel that chances of BJP forming the government are quite high.
- Also, given the recent correction, we feel that there can be a reasonable relief rally in the market if BJP is able to garner absolute majority. Some of the foreign capital that has been waiting on the sidelines will feel more confident in allocating incremental capital to India. Domestic Indian flows have anyway been very strong in the last 4-5 years and that pace may continue.

Moving on to the other fundamental matters, Q4 earnings have so far shown robust double-digit growth for key indices. Rest of India Inc. and country fundamentals are also in excellent shape.

**Exhibit 2: Q4FY24 earnings for various indices**

Free float (INR bn)	No*	Sales (ex-financials)			EBITDA (ex-financials)			PAT (ex-financials)			PAT (Incl-financials)		
		Q4FY24	YoY	QoQ	Q4FY24	YoY	QoQ	Q4FY24	YoY	QoQ	Q4FY24	YoY	QoQ
Nifty	28	2,643	8%	3%	498	10%	0%	324	12%	8%	763	44%	8%
Nifty (ex-HDFC bank)	27	2,643	8%	3%	498	10%	0%	324	12%	8%	599	46%	10%
Nifty Next 50	18	865	1%	0%	101	1%	-12%	38	-39%	-24%	79	-13%	-4%
Nifty Midcap 100	32	287	8%	7%	52	-5%	-9%	35	1%	16%	65	5%	10%
Nifty Smallcap 100	35	177	12%	11%	24	16%	21%	13	18%	27%	33	34%	33%
NSE200	78	3,795	6%	3%	651	7%	-3%	397	3%	4%	907	33%	7%
NSE200 (ex-HDFC bank)	77	3,795	6%	3%	651	7%	-3%	397	3%	4%	744	32%	8%

Source: Bloomberg, Capitaline, I-Sec research

Also, the prediction for monsoon is quite healthy for 2024. Indian Met Department has officially forecasted an above-normal monsoon. This is extremely important for rural consumption and also to keep a check on food inflation.

## Conclusion

- Just to conclude, we believe that the domestic economy seems to be doing fine, particularly the manufacturing sector. While consumption is slow, it may see a pick-up as election related spending percolates to the bottom of the pyramid.
- Return of the Modi-led BJP government by a comfortable majority remains fully priced in by the market. Any negative surprise on this front may lead to reasonable correction in the market. If an investor strongly feels that there is a reasonable chance of BJP not being able to form the government, they can consider hedging the portfolio. We are not in that camp and have not placed any hedges as of now. However, in our Small Midcap scheme, we have started to orient the portfolio towards some more defensive names.
- We remain watchful of the above developments and continue to remain focused on investing in bottom-up fundamentally sound growth-oriented companies trading at reasonable valuations.

Will be happy to have a quick call with you to discuss your portfolio.

Warm regards,  
MoneyGrow Team

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