

Dear Investors,

Our PMS and AIF performance as of last month is as follows (Exhibit 1).

Exhibit 1: TWRR Performance (after all fees and expenses) as of 30-April-2025

Investment Approach (Benchmark)	Inception Date	AUM (INR cr)	1M	3M	6M	1Y	Since Inception (Annualized)*
PMS Large Midcap**	11-Apr-23	85	5.4 %	4.5 %	- 0.4 %	12.2 %	22.4 %
(S&P BSE 500 TRI)			3.2 %	2.2 %	- 2.8 %	5.7 %	22.1 %
(Nifty 50 TRI)			3.5 %	3.7 %	0.8 %	9.0 %	18.4 %
PMS Small MidCap	11-Dec-23	132	4.9 %	- 8.0 %	- 19.0%	6.4 %	17.3 %
(S&P BSE 500 TRI)			3.2 %	2.2 %	- 2.8 %	5.7 %	13.1 %
(Nifty 50 TRI)			3.5 %	3.7 %	0.8 %	9.0 %	12.5 %
AIF Alpha Fund I	24- Mar-25	23	3.6 %	NA	NA	NA	1.7 %
(S&P BSE 500 TRI)			3.2 %	NA	NA	NA	3.4 %
(Nifty 50 TRI)			3.5 %	NA	NA	NA	4.2 %
PMS Other AUM		166					
Total AUM		406					

**Returns for Large Midcap and Small Midcap are annualized as they have completed full year. However, returns for Blend and Alpha Fund I are not annualized as it is yet to complete one full year.*

*** Large Midcap was earlier known as Flexicap.*

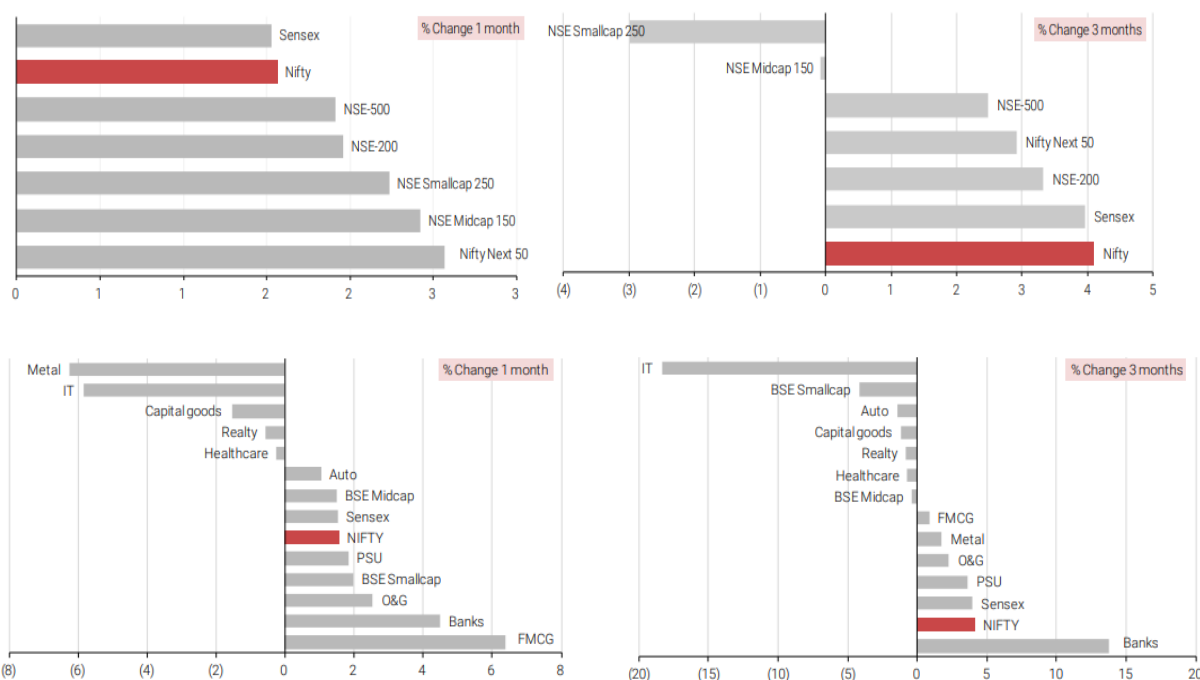
Uncertainty continues despite sharp rebound in the market

- The recent market rebound (Exhibit 2) has been supported by rising inflows into emerging markets, with India standing out as a relatively strong performer amid a shifting global order.
- As confidence in Pax Americana wanes, global investors are beginning to reduce exposure to US equities and price in higher risk for US Treasuries (Exhibit 3).
- We believe this trend is structural and unlikely to reverse, as the US cannot indefinitely sustain rising trade and fiscal deficits, and Trump's policies have only hastened the inevitable.
- For Q4 FY25, Bloomberg consensus estimates project 8% YoY earnings growth for NIFTY 50, led by telecom, healthcare, and utilities, while consumer discretionary, energy, and IT are likely to lag (Exhibit 4).
- We expect short-term volatility to persist amid tariff tensions and Indo-Pakistan conflict, but India remains well-positioned to weather the storm and then thrive in a medium to longer time frame.
- We maintain our conviction in India's domestic-led growth, driven by a rising middle class, China+1 strategy, and a strategically balanced geopolitical stance.

Q4 FY25 earnings, FII-DII inflows

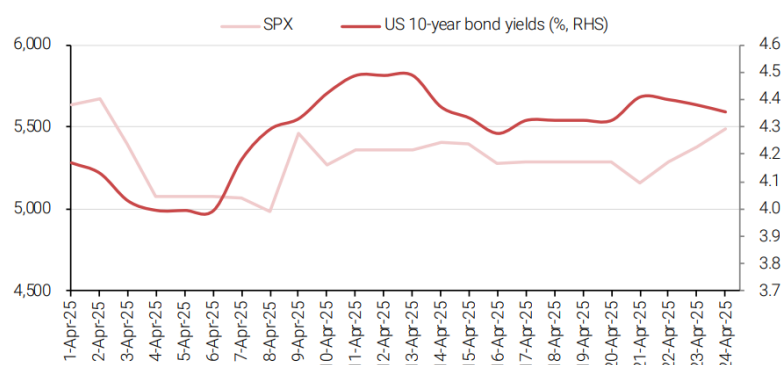
- The earnings have been flat as slowdown persists amidst volatile geopolitical situation.
- Merchandise exports declined by 4% YoY, but interestingly US-bound shipments saw a sharp growth.
- With muted advance tax collections and 16% YoY fall in Jan-Feb corporate taxes (Exhibit 5) and lagging credit growth (Exhibit 6), weak earnings momentum is expected to persist in Q4 results and Q1 FY26.
- With the weakening of \$ dollars and volatility, FII flows is turning back to India (Exhibit 7), leading to sharp recovery in the index.
- We expect INR rupee to stabilize and FII inflows to sustain in the near term.
- As of March 25, DIIs with 16.9% total equity holdings have surpassed FPIs holding (16.8%), propelled by active retail investor participation and FIIs exit (Exhibit 8).

Exhibit 2: Rally across all indices and sectors in the last month



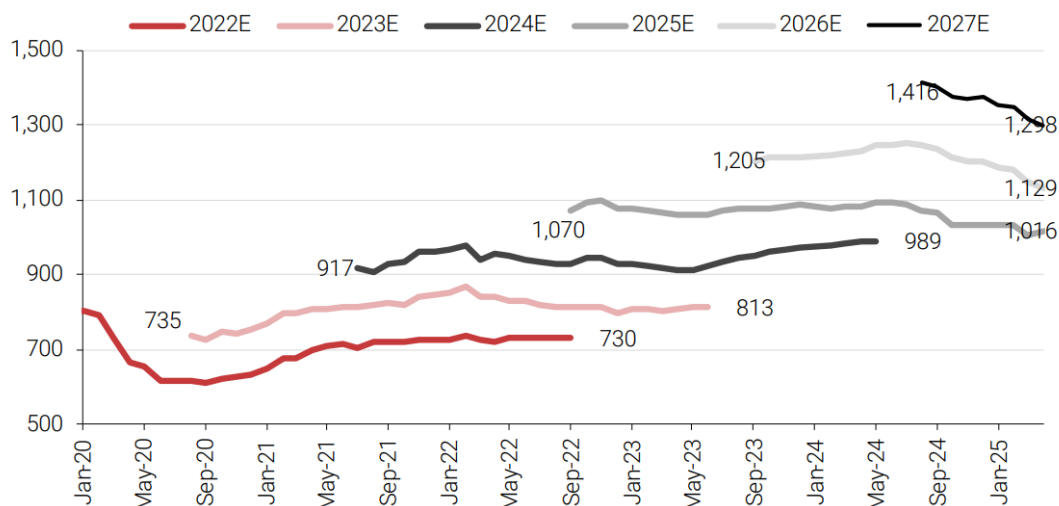
Source: Bloomberg, Kotak Institutional Equities

Exhibit 3: Wild fluctuations in the Bond yield over last month due to uncertainty



Source: Bloomberg, Kotak Institutional Equities

Exhibit 4: EPS estimates reduced due to uncertain global environment



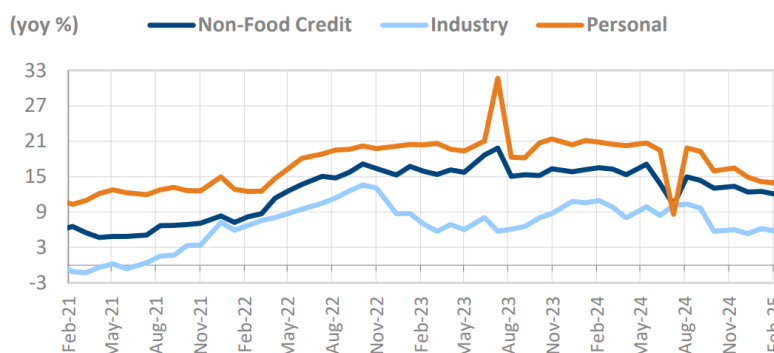
Source: Kotak Institutional Equities estimates

Exhibit 5: While on an absolute basis growing YoY, the growth in Advance tax collection slowed significantly in 4QFY25

Rs bn	Corporate tax			Non-Corporate tax		
	FY24	FY25	yoy	FY24	FY25	yoy
Q4	1,910.3	1,949.0	2.0%	951	938	-1.4%
Q3	2,011.6	2,306.5	14.7%	685	893	30.4%
Q2	1,879.3	2,173.8	15.7%	510	699	37.1%
Q1	927.8	1,143.5	23.2%	240	345	43.7%
Total	6,729.0	7,572.8	12.5%	2,386	2,874	20.5%

Source: CBDT, IIFL Research

Exhibit 6: Credit growth in Industry lagging overall and personal loans



Source: RBI, IIFL Research

Exhibit 7: Quarterly FPI flows (US \$ bn)

US\$ bn	FPI Net equity	FPI Net debt	Total FPI flows
FY2024	25.3	15.2	40.4
1QFY25	(1.0)	1.2	0.2
2QFY25	9.7	8.4	18.1
3QFY25	(11.8)	0.3	(11.5)
4QFY25	(13.5)	6.8	(6.8)
FY2025	(16.6)	16.6	0.0
1QFYTD26	0.4	(2.9)	(2.4)
FYTD26	0.4	(2.9)	(2.4)

Source: CEIC, CCIL, Kotak Economics Research

Exhibit 8: DIIs have overtaken FPIs in Indian equities for the 1st time in over two decades

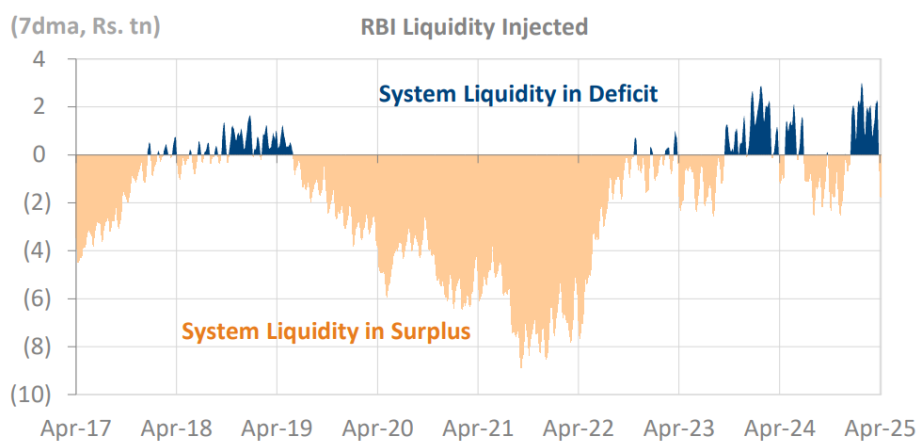


Source: NSDL, Graphics by CNBC

Economy and RBI's monetary policy

- India's economic indicators showed a mixed picture- with improved rural demand and lower inflation, but auto sales, housing, industrial and credit growth remained weak.
- With RBI taking a dovish stance and aggressively engaging in OMOs, banking liquidity is in surplus (Exhibit 9). It will support credit growth.
- The RBI's MPC cut its FY26 GDP growth forecast by 20bps to 6.5%, citing global trade and policy uncertainties that may hurt investment and spending.
- Economists now expect India's growth to slow to around 6–6.5% due to weaker global demand and rising tariffs impacting exports.

Exhibit 9: Banking system liquidity back in surplus



Source: CMIE, IIFL Research

Geopolitics and Conclusion

- Following the Pahalgam terrorist attack, India has suspended the Indus Water Treaty, and low-intensity skirmishes have been reported along the LoC.
- While tensions are elevated, a full-scale war remains unlikely given the nuclear capabilities of both nations.
- India is expected to respond through a combination of diplomatic pressure, economic sanctions, and limited targeted military strikes to deter Pakistan's support for separatist militant groups.
- Trump's first 100 days have been chaotic, marked by sweeping tariffs, downsizing the government workforce, and even threats of military action against allies like Canada and Greenland.
- With rising global instability—political polarization, slowing growth in developed markets, trade wars, and geopolitical tensions—it's unrealistic to think India will remain unaffected. We prefer domestic oriented stock picks.
- In a tumultuous global setup, India is relatively better positioned.
- That's why our investment focus remains on domestic-driven companies, relatively insulated from global shocks, following a bottom-up approach with reasonable valuations.
- The mantra is to stay invested and ride out the volatility for outsized medium to long-term returns.

We are pleased to inform you that we are currently in the process of onboarding investors for our Category III public markets equity AIF. This offering will have a slightly different risk-reward profile. If there is any interest, kindly let us know.

We will be happy to have a quick call with you to discuss your portfolio. Also, we really appreciate the references you have shared thus far and would request you to continue to remain generous in sharing more references.

Warm regards,
MoneyGrow Team

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