

4th July-2025

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-June-2025

Investment Approach (Benchmark)	Inception Date	AUM (INR cr)	1M	3M	6M	1Y	Since Inception (Annualized)*
PMS Large Midcap	11-Apr-23	80	5.4%	15.3%	12.0%	13.3%	25.6%
(S&P BSE 500 TRI)			3.7%	10.8%	5.9%	5.1%	24.2%
(Nifty 50 TRI)			3.4%	9.0%	8.7%	7.5%	19.6%
PMS Small MidCap	11-Dec-23	116	5.7%	29.2%	3.5%	21.6%	31.9%
(S&P BSE 500 TRI)			3.7%	10.8%	5.9%	5.1%	16.9%
(Nifty 50 TRI)			3.4%	9.0%	8.7%	7.5%	14.9%
AIF Alpha Fund I**	24- Mar-25	30	4.8%	20.0%	NA	NA	17.8%
(S&P BSE 500 TRI)			3.7%	10.8%	NA	NA	11.1%
(Nifty 50 TRI)			3.4%	9.0%	NA	NA	9.8%
PMS Other AUM		250					
Total AUM		477					

**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.*

*** Returns for AIF Alpha Fund I are pre-tax but post all fees and expenses.*

War and Peace

- There's been a growing concern around escalating global conflicts and geopolitical instability, with fears that it may derail economic growth. While these risks are real, history reminds us that conflict has been a constant feature of human civilization.
- Our goal isn't to downplay these threats. Instead, we aim to provide a perspective on how investors should broaden their investment lens and focus on factors within their control, rather than being overly influenced by unpredictable geopolitical events.
- Exhibit 2 highlights the performance of the Dow Jones over the past century despite enduring world wars, pandemics, and political upheavals, markets have shown remarkable resilience and a long-term upward trajectory.
- This underscores a timeless lesson, time in the market matters more than timing the market. We continue to believe that riding out volatility is the best strategy for long-term wealth creation even in the face of potential "Black Swan" events.
- That said, we acknowledge the limitations of this view. Past performance isn't a guarantee of future results, and as Murphy's Law suggests: "Anything that can go wrong will go wrong."

- That's why it's crucial to dynamically manage portfolios and rebalance asset allocation in response to evolving market conditions from a medium to long term horizon, rather than reacting to noises from rising geopolitical tensions and conflicts.
- From an Indian context, despite skirmishes with China and Pakistan, we do not foresee a full-scale war. All three are nuclear-armed, and the doctrine of MAD acts as a powerful deterrent against large scale conflict.
- Nuclear deterrence effectively confines conflicts to border tensions and diplomatic posturing. While there's always a theoretical risk of irrational actors, such scenarios are highly unlikely and beyond the scope of this discussion.
- We remain constructive on India's long-term growth story. However, sustaining this trajectory requires consistent structural reforms, progressive policymaking, and significantly higher investments in R&D.
- Exhibit 3 shows how countries like South Korea have avoided the middle-income trap by continually increasing R&D expenditure as a percentage of GDP. In contrast, nations with stagnant R&D spending have struggled to break through and remained a middle-income country.
- Exhibit 4 shows India's R&D expenditure and increasing it would unlock its full growth potential to achieve the vision of *Viksit Bharat @ 2047*.

Exhibit 2: Dow Jones performance since 1900(Log scale)

Dow Jones With Major Geopolitical Events Since 1900

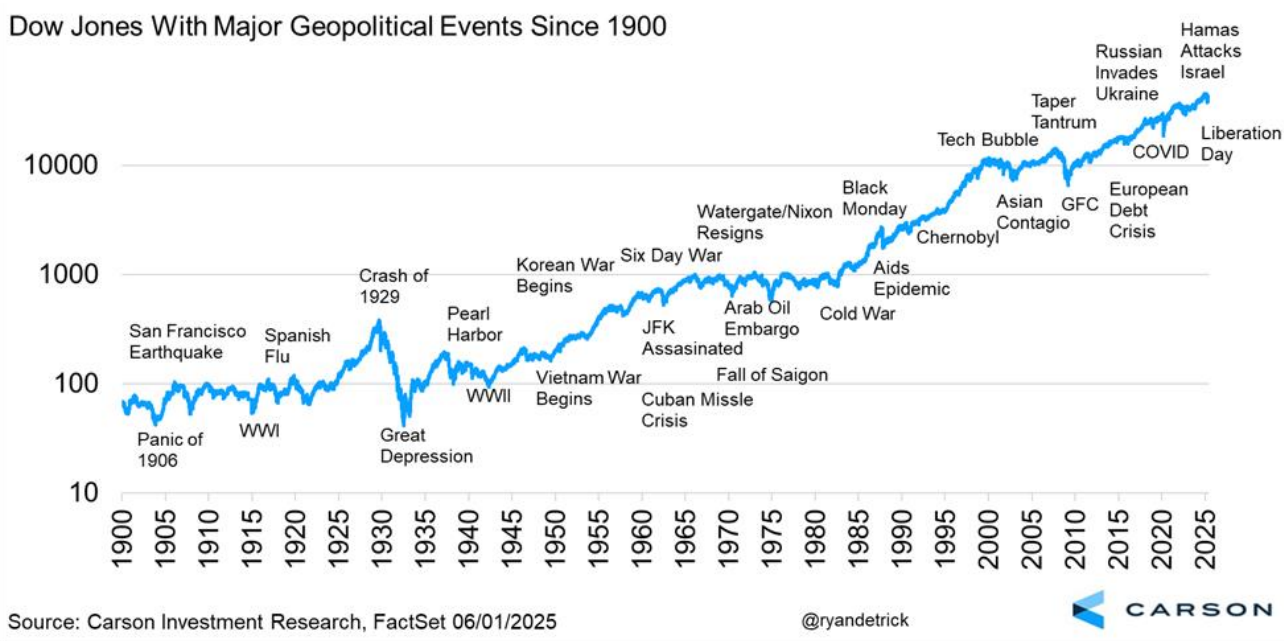
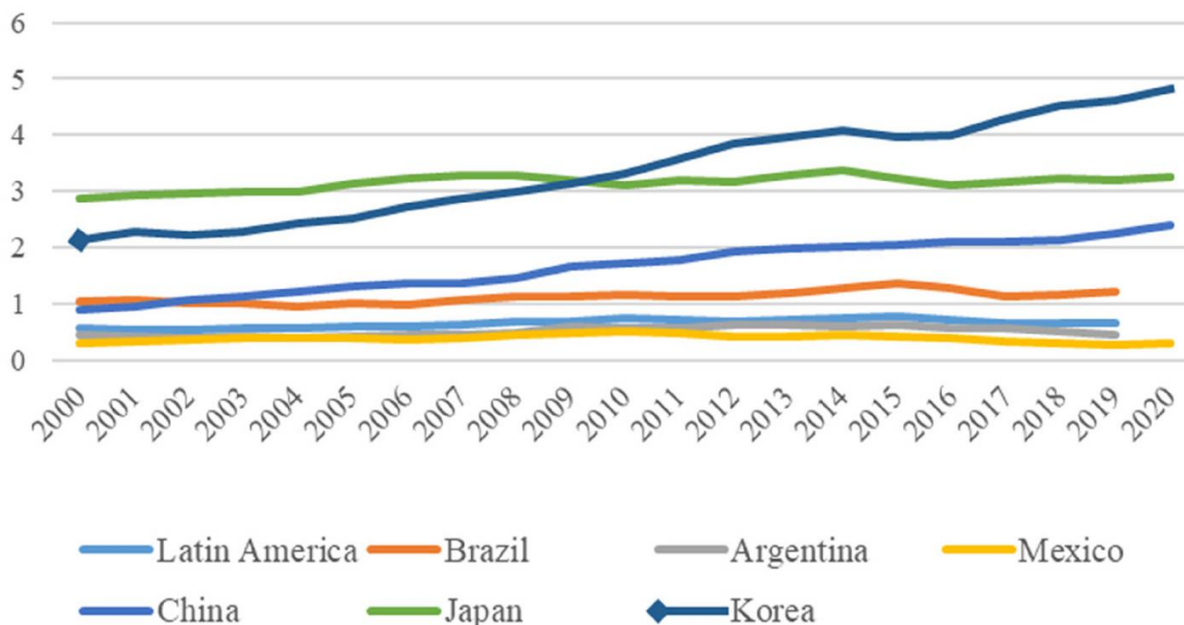


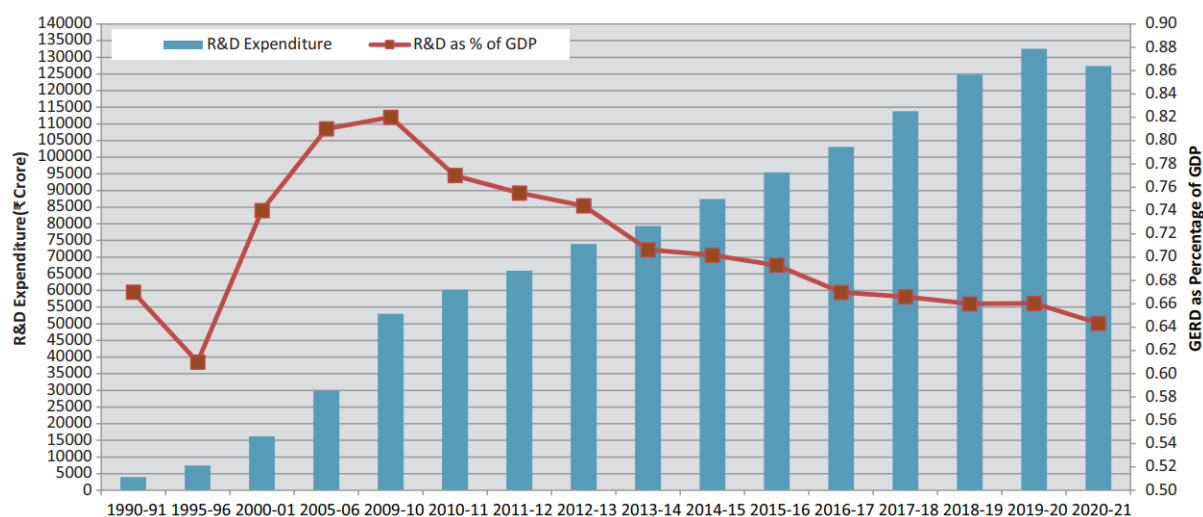
Exhibit 3: Middle Income Trap: How South Korea avoided

Research and development expenditure (% of GDP)



Source: Wu, Q., Fang, W. The middle-income trap and the middle-technology trap in Latin America—practice comparison based on East Asian perspective. ARPE 3, 12 (2024). Data compiled from World Bank

Exhibit 4: India's R&D Spending as % of GDP



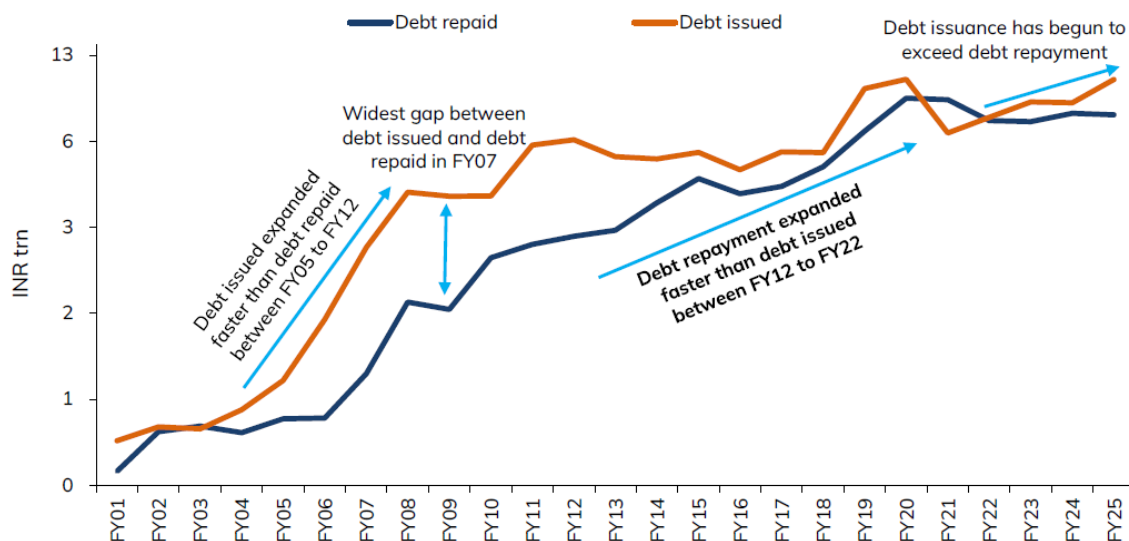
Source: NSTMIS, Department of Science & Technology, Government of India

Credit Cycle turning for corporate

- The period from FY03 to FY12 marked a strong industry credit upcycle. However, a downcycle followed, leading to widespread deleveraging, where repayments began to outpace fresh credit issuance (Exhibit 5).
- Since FY22, however, this trend has reversed as debt issuance has begun to exceed repayments, potentially signalling the early stages of a new credit cycle that could support economic growth.
- Corporate financial leverage is now at a decadal low (Exhibit 6), and the share of net cash on corporate balance sheets is at a historic high with a suboptimal capital structure (Exhibit 7).
- Additionally, both fiscal and monetary policies are supportive of credit expansion (Exhibits 8 and 9), further strengthening our conviction that a new credit upcycle is underway.

Exhibit 5: Debt issuance to exceed repayment after a decade

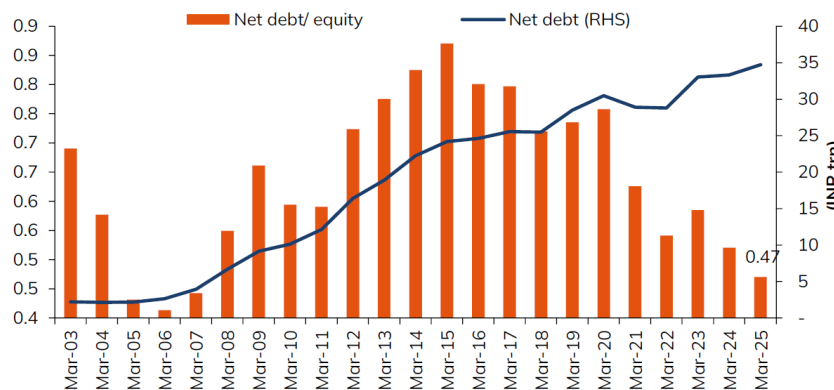
(Universe of listed corporates - based on cashflow statement data)



Source: Capitaline, I-Sec research

Note - based on data from listed non-financial companies cashflow statement

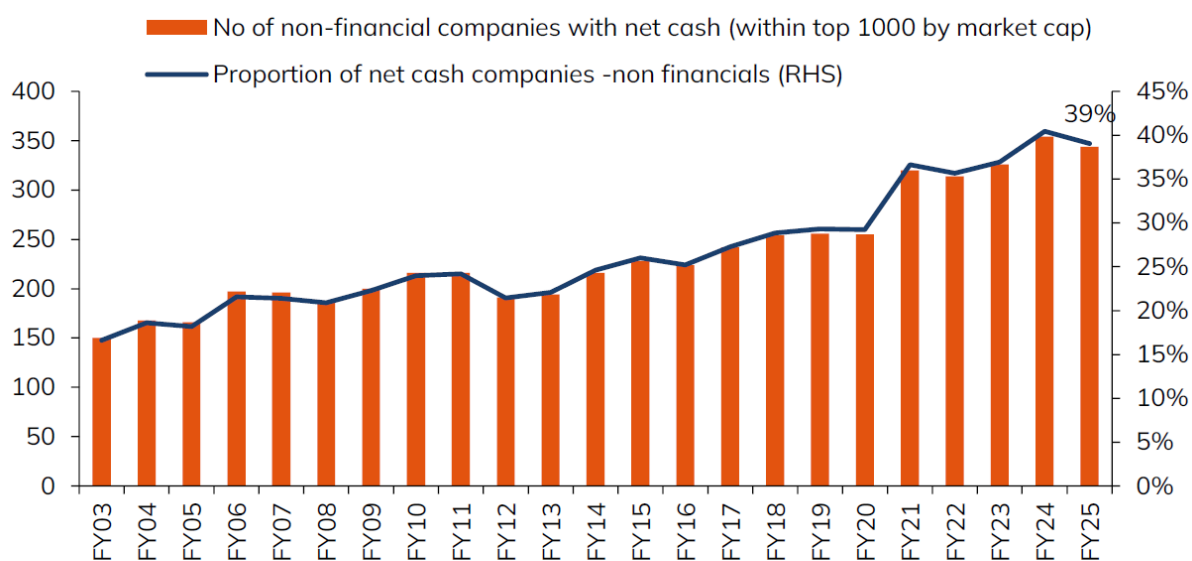
Exhibit 6: Listed corporate net debt/equity at decadal low



Source: Capitaline, I-Sec Research

Note: Net debt = Total debt - cash. Only top 1000 companies by market cap considered at respective point in time.

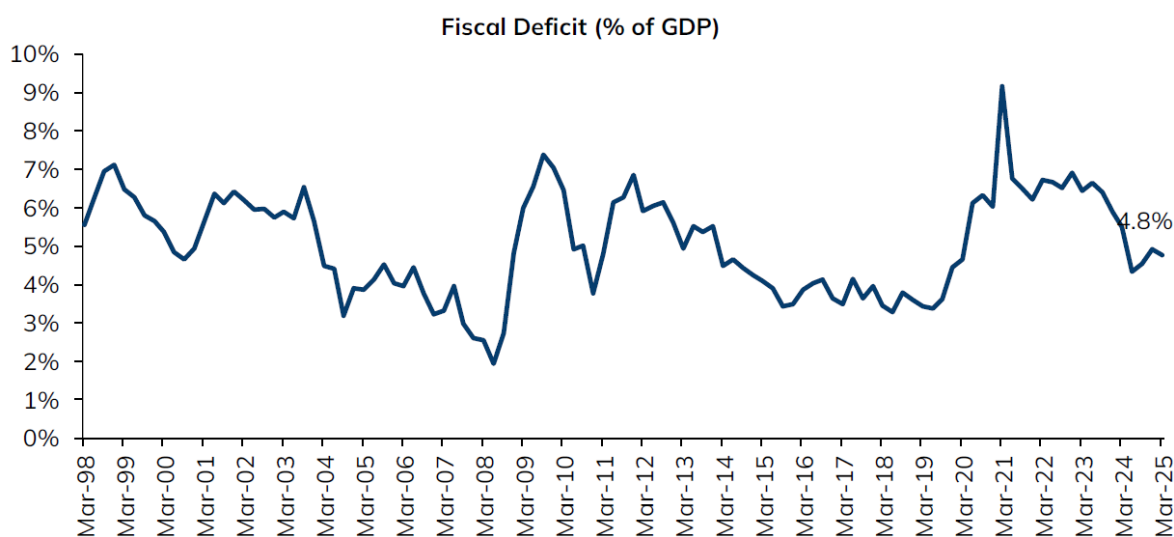
Exhibit 7: Proportion of net cash rising for companies



Source: Capitaline, I-Sec Research

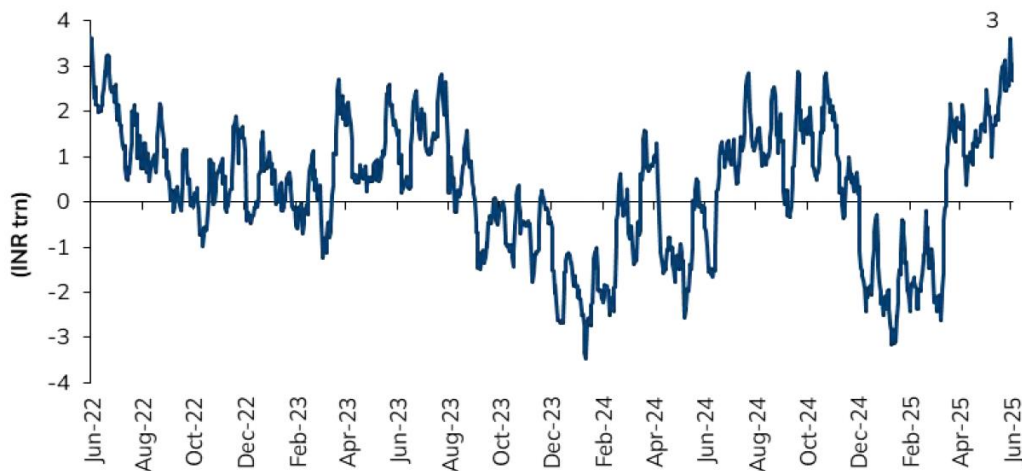
Note: Net debt = Total debt – cash. Within top 1000 companies by market cap, only non-financial companies considered at respective point in time.

Exhibit 8: Improving fiscal deficit outlook to have a crowding in effect on private borrowing



Source: CEIC, I-Sec Research

Exhibit 9: Banking system liquidity in surplus zone



Source: CEIC, I-Sec Research

Domestic Update and Conclusion

- Despite global headwinds and concerns around the Iran-Israel conflict, Indian equities remained resilient, with Nifty 50 rising 3.1% during the period.
- RBI's proactive approach can aid credit growth with, and we believe 50 bps cut sends a stronger signal to push for growth rather than staggered cuts.
- Easing commodity prices, lowering food inflation, and the forecast of an above normal monsoon are likely to provide a much-needed boost to the rural economy.
- India continues to retain its position as the world's fastest-growing major economy, reinforcing its appeal as a compelling investment destination for global investors.
- However, key risks remain includes a potential slowdown in domestic growth & earnings, elevated market valuations, and persistent geopolitical uncertainties.
- Also, valuations have caught up and leave little room for error in earnings growth.

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

Disclaimer:

The views expressed herein are meant for general reading purposes only and are not meant to serve as a professional guide for the readers or on any course of action to be followed by the reader. Certain factual and statistical (both historical and projected) industry and market data and other information was obtained by MoneyGrow Asset Private Limited from independent, third-party sources that deem to be reliable, some of which have been cited above. However, MoneyGrow Asset Private Limited has not independently verified any of such data or other information, or the reasonableness of the assumptions upon which such data and other information was based, and there can be no assurance as to the accuracy of such data and other information. Further, many of the statements and assertions contained in these materials reflect the belief of MoneyGrow Asset Private Limited, which belief may be based in whole or in part on such data and other information.

MoneyGrow Asset Private Limited or any of its respective directors, employees, affiliates, or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy, and reliability of such information. Whilst no action has been solicited based upon the information provided herein, due care has been taken to ensure that the facts are accurate, and the opinions given are fair and reasonable. This information is not intended to be an offer or solicitation for the purchase or sale of any financial product or instrument. Recipients of this information should rely on information/data arising out of their due diligence. Investments in securities are subject to market risks. Readers are advised to seek independent professional advice, verify the contents, and arrive at an informed investment decision before making any investment. MoneyGrow Asset Private Limited or any of its directors, employees, affiliates, or representatives shall not be liable for any direct, indirect, special, special, special, special, incidental, consequential, punitive, or exemplary damages, including lost profits arising in any way from the information contained in this material.

MoneyGrow Asset Private Limited or any of its directors, employees including the fund managers, affiliates, representatives including people involved in the preparation or issuance of this material may from time to time have long or short positions in, and buy or sell the securities thereof, of the company/companies/specific economic sectors mentioned herein.