Monthly Update
October 2024

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1-Market Highlights:

October was a volatile month for markets, with equities moving lower after a strong rally during the first nine months of the year. Growth risks remained the primary concern for investors, despite signs of resilience, particularly in the US economy. Uncertainty was also heightened by the upcoming US election and the potential implications of a policy shift on inflation and interest rates. Oil prices were choppy, as macroeconomic concerns and risks of falling demand were weighed against the geopolitical tensions in the Middle East. Concerns over slowing earnings growth, elevated valuations, rising geopolitical tensions, and recent developments in China prompted foreign investors to pull out record funds from Indian equities in October, resulting in the worst monthly performance for Indian front-line indices in over four years.

Market performance (%)

INDEX	1M	3M	1Y	FY25
NIFTY 50	-6.2%	-3.0%	26.9%	8.4%
SENSEX 30	-5.8%	-2.9%	24.3%	7.8%
NIFTY MIDCAP 150	-6.4%	-4.5%	43.3%	17.5%
NIFTY SMALLCAP 250	-3.6%	-1.1%	47.6%	23.9%

Source: NSE As of 31st October 2024

- **FII/DII Activity**

Overseas investors sold ₹1.14 lakh crore worth of stocks last month, marking the highest monthly outflow on record.

INR cr.*	1M	3M	6M	1Y
DII	1,07,255	1,88,287	2,96,139	4,74,422
FII	-1,14,446	-1,22,173	-1,56,942	-2,05,399

Source: NSE *FII Cash As of 31st October 2024

- **Global Market**

October marked three significant events influencing the global market: U.S. election, China's economic stimulus measures, and heightened geopolitical tensions. With the U.S. election set for early November 2024, investors are closely watching potential impacts such as increased tariffs on several trading partner countries and the likelihood of higher bond yields, especially if Trump secures a win. Meanwhile, China introduced both monetary and fiscal policies aimed at achieving 5% growth. The People's Bank of China (PBoC) lowered the benchmark interest rate by 25 basis points to 1.75%, offered credit support to local governments for purchasing unsold properties, and reduced the minimum down payment on second homes from 25% to 15%. And lastly, the escalation of political tensions in the Middle East has led to rising commodity prices, particularly in oil, and strengthened the U.S. dollar against other currencies.

INDEX	1M	3M	6M	1Y
DOW JONES	-1.3%	2.3%	10.4%	26.4%
FTSE	-1.5%	-3.1%	-0.4%	10.8%
HANG SENG	-3.9%	17.1%	14.4%	18.7%
DAX	-1.3%	3.1%	6.4%	28.8%
NASDAQ	-0.5%	2.8%	15.6%	40.8%

Source: Investing.com As of 31st October 2024

- **Sectoral Performance**

India is currently experiencing a multi-year capital expenditure cycle driven by investments in sectors like power, real estate, renewable energy, data centers, production-linked incentive (PLI) schemes, and export-oriented opportunities. Companies facilitating these investments are expected to reap significant benefits. Furthermore, defensive sector like FMCG could offer safer investment opportunities due to their stable valuations and ongoing festive season benefiting from increased consumer spending, better monsoon, and rural recovery from pandemic disruptions. The table shows the top 3 and bottom 3 sector performances in October 2024:

TOP 3 (%)	1M	3M	6M	1Y
S&P BSE Healthcare	-0.8%	8.4%	24.0%	60.6%
S&P BSE Bankex	-2.4%	-0.3%	4.8%	21.6%
S&P BSE Industrials	-5.3%	-8.3%	10.5%	53.5%

BOTTOM 3 (%)	1M	3M	6M	1Y
S&P BSE Oil & Gas	-13.1%	-15.7 %	-5.3%	42.9%
S&P BSE Auto	-12.6%	-11.0%	4.8%	48.8%
S&P BSE Energy	-12.0%	-14.4%	-4.8%	50.1%

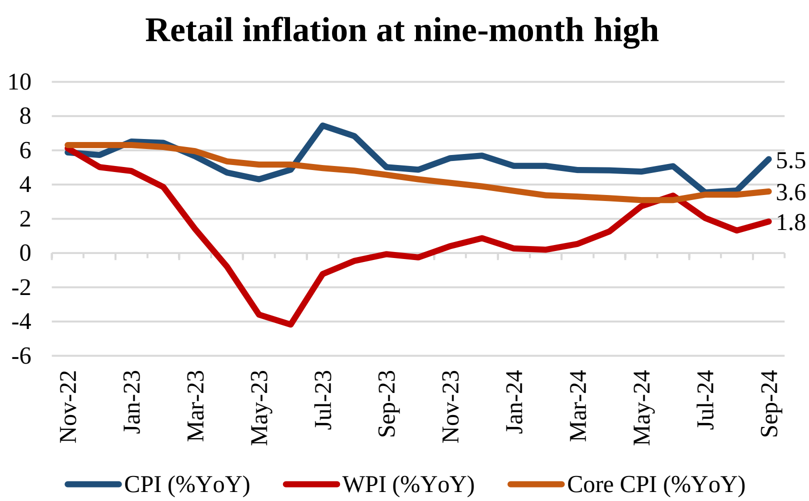
Source: BSE As of 31st October 2024

- **Important Events**

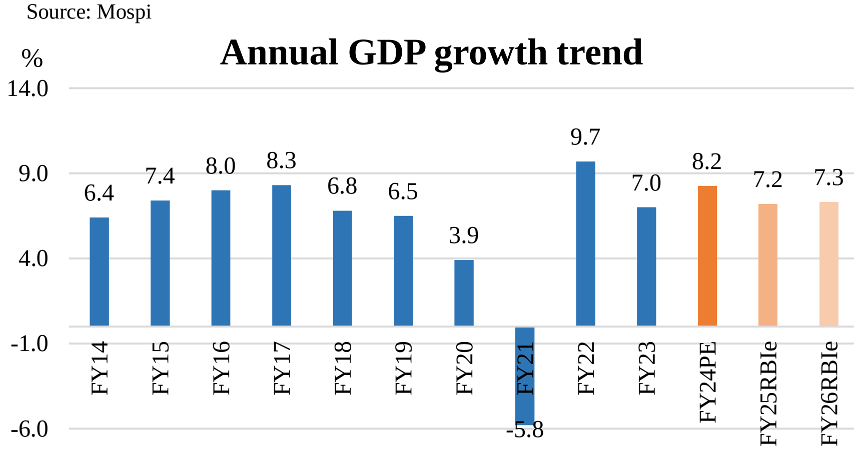
1- The RBI's MPC, with a new set of external members, expectedly decided to retain the policy repo rate at 6.5% for the 10th consecutive time with a 5:1 majority. The stance, however, was unanimously revised from "withdrawal of accommodation" to "neutral", first time since April 2019, reflecting increased confidence in the disinflation trajectory later in the fiscal year. The GDP growth forecast for FY25 was retained at 7.2%, with resilience primarily fueled by momentum in consumption (festive season demand, revival in rural demand) and investment activities (strong government capex and signs of pick-up in private investment aided by healthy corporate balance sheets). Similarly, the inflation forecast for FY25 was kept unchanged at 4.5%. A temporary spike in the near term, thanks to unfavorable base and rising food prices, is likely to be followed by a moderation in Q4. Despite the improved performance of banks and NBFCs, the RBI governor explicitly highlighted the stress build-up in certain segments of NBFCs, underscoring the need for sustainable business goals and strong risk management framework.

2- Headline retail inflation rose to 5.5% YoY in September from 3.7% in August, a large part of which is attributed to waning favorable base effect and increase in food prices, particularly vegetable prices. Food inflation, which accounts for around half of the overall CPI basket, increased to 8.4% YoY in September from 5.3% YoY in August, primarily led by vegetable inflation that came in at a 14-month high of 36%. Core inflation also saw an uptick, rising to an eight-month high of 3.6% YoY. Wholesale inflation also increased to 1.8% YoY in September from 1.3% in the previous month, primarily due to higher food inflation, partly offset by deflationary pressures in the fuel component. The gap between CPI and WPI has now widened to a five-month high of 3.6%.

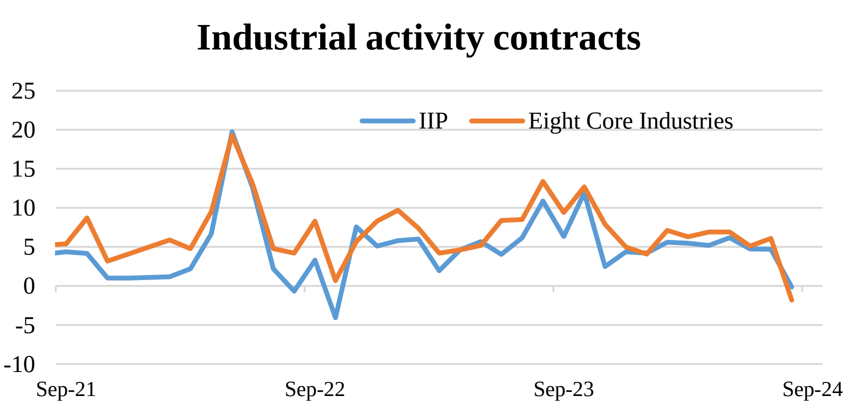
2- Economic Developments:



Source: Mospi



Source: CSO, PE= Provisional Estimate, RBIe = RBI Estimate



Source: PIB

a) India's merchandise trade deficit contracted to a five-month low of US$ 20.8 bn in September from US$ 29.6 bn in the previous month. This was on the back of a steep 13.9% MoM drop in imports, thanks to a 56.3% MoM decline in gold imports, while exports remained broadly steady. On a YoY basis, import growth momentum slowdown to a six-month low of 1.6% YoY to US$ 55.4bn from a 22-month high of US$64.4bn in the previous month. Exports, after declining sharply in the previous month, grew by a modest 0.5 % YoY to US$ 34.6 bn in Sept'24, with strong growth observed in engineering and electronic goods. For the first half of this fiscal, the merchandise trade deficit widened to US$ 137.5 bn, 15.3% higher than the corresponding period last year.

b) Industrial activity moderated in August, as indicated by the Index of Industrial Production (IIP), which fell by 0.1% YoY (vs. 4.7% YoY in July), the first contraction in 22 months. A high base, coupled with heavy monsoon, weighed on overall industrial activity during the month. This decline was primarily led by a significant contraction in the electricity and mining sectors, falling by 3.7% and 4.3% YoY. Manufacturing was the only sector to record an expansion of 1% YoY in August, with 12 out 23 sectors registering an expansion. An expected improvement in rural demand and resilient urban consumption demand in the run up to the festive season should result in a revival in industrial activity, partly offset by an unfavorable base over the next two months.

c) India's core sector output, which accounts for about two-fifths of industrial production, rebounded during September after falling to a 42-month low the previous month. Five of the eight core sectors reported positive growth during September. The index rose by 2% annually in September after contracting by 1.6% in August. Easing of disruption related to rainfall on sectors like mining and electricity contributed to turnaround in the core sector's performance.

3-Market Outlook:

1. Indian stocks are currently experiencing one of the bleakest days in recent history, as a convergence of global and domestic factors continues to weigh heavily on investor sentiment, pushing the frontline indices to fresh monthly lows. Weak Q2 earnings,

combined with recent developments in China, have triggered a significant outflow by foreign investors Investors should focus on sectors demonstrating resilience and growth potential while remaining cautious about those facing structural challenges.

2. The recent surge in the US Dollar index, combined with escalating tensions in the Middle East and the resurgence of crude oil prices, is further contributing to the market volatility.
3. Despite short-term volatility, in the medium to long term, Indian markets are on a structural growth path and investors should look at interim corrections as an opportunity to add to equity positions with strong financials and growth prospects. Furthermore, investors should cut down their losers in the hopes of a recovery and add their winners in times of correction.

4-Our Portfolio Management Services:

Strategy 1: DREAM

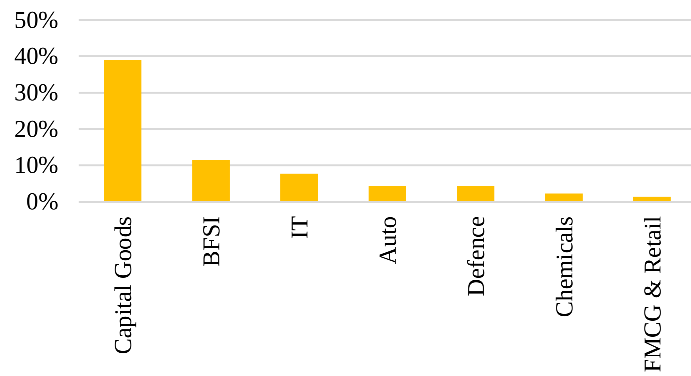
- Investments in equities cash segment with a mix of stable and growth-oriented companies having strong fundamentals.
- Our Multi-cap strategy rests on two pillars- Steady picks for large cap for resilience, stability, and long-term wealth and Growth for Small & Mid-caps for capturing new opportunities & potential multi-baggers.
- In order to minimize concentration risks, we believe in sector diversification.
- We make dedicated efforts to find attractively valued firms with sustainable business models to capture new and dynamic opportunities.

Performance as on 31st October 2024:

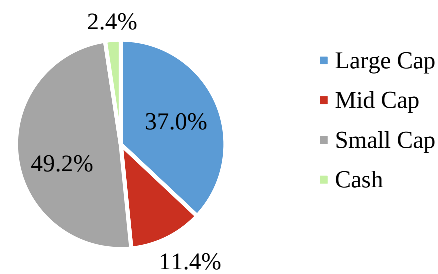
	6M	1Y	2Y	3Y	Since inception (CAGR)
HEM PMS	**16.10%**	**42.23%**	**33.24%**	**24.07%**	**29.25%**
S&P BSE 500	**7.83%**	**34.33%**	**20.54%**	**14.21%**	**20.84%**

Inception date: 4th March, 2020. Returns presented are not verified by SEBI

Sectoral Mix



Market Capital Diversification



Our Top 10 Holdings in DREAM

PG Electroplast Ltd.	Anant Raj Ltd.Ltd.
Agarwal Industrial Corporation Ltd.	Gravita India Ltd.
ICICI Bank Ltd.	Titagarh Wagons Ltd.
Hindustan Aeronautics Ltd.	Va Tech Wabag Ltd.
KEI Industries Ltd.	Bharat Electronics Ltd.

Strategy 2: IRSS

1- Niche SME & Small Cap based PMS.
2- Exclusive selection of high conviction bets in high growth phase.
3- It is a high risk & high return strategy and therefore suitable for investors having high risk appetite

Performance as on 31st October 2024:

	6M	1Y	2Y	Since inception (CAGR)
HEM IRSS	**30.86%**	**39.36%**	**41.20%**	**45.43%**
S&P BSE 500	**7.83%**	**34.33%**	**20.54%**	**16.74%**

Inception Date: 18th Feb 2022.Returns presented are not verified by SEBI. Please read Disclaimer and T&C before investing.

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