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Dear Investor,

Wish you all a Happy New Year 2022. Hope all is fine at your end with your family. The market consolidated after a high during December

Memorable and eventful year 2021

It has been very eventful 2021, with equity markets performing well across the globe, supported by global ample liquidity supported by low interest rates. As we see economies recovering from the once in a century pandemic and subsequent variants, the debate has begun on inflation, taper, rate hikes across the world. In the overall bullishness sentiments of 2021, we have seen the great advancement of technology and its adaptation. We saw continued progress in Artificial Intelligence (AI), Block-chain, Meta-verse, cloud, etc. which has the potential to transform our lives. Equally path-breaking was the embracing of new age business by the investors. With the new listings capital market has embarked on an exciting phase of growth innovation and entrepreneurship. New age has drawn upon us with evolving business models and the way we look at them.

Global scene

Let us discuss and analyze the global scene and the developments. The course of global inflation, whether it is sticky, transitory due to temporary disruptions in supply chain and demand spike post Covid. Global rally in various asset classes especially commodities, have been aided due to easy liquidity at low rates. We believe once the tightening starts, the narrative will likely shift towards better economic growth and earnings, which has been elusive so far. Fed action will be watched closely. To sum up from the global perspective, if the economic growth sustains, we may enter the cycle of tightening which has the potential for the valuations to come off. However, overall, we expect the central banks to have a loose monetary policy.

Domestic scene

India among other emerging market economies look the best positioned. Robust economic recovery, with controlled inflation and stable currency resembles a positive scenario. Proactive reform by government along with adequate and timely support by RBI has helped our economy to post very good recovery. I expect growth to remain buoyant, translating to robust earnings growth which would be the focus of the market.

Next decade belongs to India

In our earlier monthly notes, we have been highlighting, that Indian corporates are poised for a major- upcycle over the next decade. We are already leaders in pharmaceuticals and technology space. This optimism was stemming from the policy changes and steps being taken by Government of India to make India more competitive globally in numerous sectors. We all know that India is the startup capital of the world, lot of capital is waiting to flow into startups both domestic and overseas, to fund entrepreneurs' dreams. Also, China+1 opportunity for India is soon turning very positive for Indian economy.

New age business to dominate

There are two path breaking trends that markets as witnessed in 2021. Rapid progress of technology driven companies and global focus on climate and environment. 2021 would be remembered as a year of listing of digital age businesses on the bourses. The disruption due to technologies in various fields such as food, education, finance etc. are redefining the customer experience and market-share enhancement in their fields. Their investments into technology and ecosystems driven approach, are likely to capture large revenue and better profitability. This in turn will lead to never-seen type of valuations and potential wealth creators. Another area of climate change issues has opened massive opportunities like renewables, electric vehicles, pollution control and many more. Both these segments will define our ways of lives going ahead and thereby our investments as well.

Portfolio Positioning

Our investments approach has been of bottom-up approach in investing across caps. We continue to track the portfolios liquidity, market-cap, and new age allocations on an ongoing basis. Wishing you the best from KRIIS team and stay safe.

Thanks with Regards,
CA Rakesh Doshi
Principal Officer & Fund Manager
KRIIS – The Portfolio Management Company