

Date: 01st December, 2021

Dear Investor,

Hope all is fine at your end with your family.

Economy robust

The economy continues to do well with monthly GST collection showing an all-time high at 150k for November 21 mainly due to festival season and open up. Crude also cooled off 15% from the high with the virus fear. The commodities market was somewhat weak across the metals segment. Inflation continues to haunt all over the world but the central banks are not in a mood to relent to tighten the monetary policy with biased over growth and employment.

Period of consolidation provides opportunity

Generally in Nov/Dec period the equity market goes into consolidation especially by FPIs and Hedge funds. There are other reasons like high bond yields, taper news, inflation etc. which triggered the profit booking. Besides in India the new IPOs market has flourished which gives the opportunity for FPIs to invest in new age business which looks promising. There are reports that the funds from the secondary market have been deployed in IPOs which means not much money has left the country. The money invested by anchoring IPOs is not reported by the system. Also equally, the domestic money waiting for such correction has been absorbing the sell by FPIs.

We see this consolidation has a good opportunity to invest in business with strong moats and good governance. The tailwinds that resulted in the sharp rise recently like liquidity, opening the business, higher tax collections, aggressive vaccination drive, low interest rate, growth in corporate profits etc. continue to favor us to provide growth potential. Also the commodity prices have cooled a bit from the high which is positive. The valuation concerns have been partially addressed by the correction.

Reiterate strong outlook for India

In our earlier monthly notes we have been highlighting that Indian corporates are poised for a major upcycle over the next five years. This optimism was stemming from the policy changes and steps being taken by the Government of India. Also China+1 opportunity for India is soon turning very positive for the Indian economy. The new set of young Indian investors increasing everyday also add to improved outlook for the markets thereby leading to better transparency and governance.

Portfolio Positioning

Our investment approach has been a bottom-up approach in investing across caps. We continue to track the portfolios liquidity, market-cap and sectoral allocation on an ongoing basis and realign as needed which is the formula for building long term wealth. Wishing you the best from our team and stay safe.

Thanks with Regards,

CA Rakesh Doshi

Principal Officer & Fund Manager

KRIIS – The Portfolio Management Company