

Date: 08th November, 2021

Dear Investor,

Wish you all a very Happy Diwali and a New Year.

Hope all is well at your end with your family and friends. The market continued to display strong momentum and made a lifetime high of 18605 with the support of technology, automobiles, and infrastructure sector while the mid-cap and small cap remained steady. However, the high level could not be maintained due to global volatility and corrected nearly 1200 points from the top thus making the markets healthy and light.

Strong Samvat 2077.

Samvat 2077 has been the best in 12 years with Nifty 50 giving 41 percent return and Sensex surging ahead 38 percent. The liquidity driven rally saw the broader markets doing better with small cap up 83 percent and Midcap up 63 percent. The tailwinds that resulted in the sharp rise in Samvat 2077 like liquidity, opening the business, higher tax collections, aggressive vaccination drive, low interest rate, growth in corporate profits etc. We are entering the new year with concerns like high fuel and energy costs, freight costs, chip shortages which can affect if lasted for long. However we feel the supply-led disruptions could ease over a period and remove the inflation expectations. While there are valuation concerns, we feel there are several pockets of opportunities to invest with bottom-up approach to manage risks and rewards.

Rising tide of retail investors...

The digital revolution has brought about a major change in the use of mobile apps in stock investments. This in turn brought a new class of investors especially the younger generation in the segment who has started investing directly in equities as an asset class. This can be verified by the number of Demat accounts opened in CDSL/NSDL. We hope this class of investors in India will only go up in the future. Despite the steady rise in equity ownership as an asset class among Indians, still just 4% of the population has some participation in equity markets. This figure compares to around 13% for China and around 55% for American population. Thus, there is a huge scope for growth in equity ownership among Indians in the years to come. Despite the foreign investors reducing exposure to India over the last 6 months and being net sellers of USD 6 billions the domestic investors and funds were net buyers.

Next decade will be Golden period for India....

In our earlier monthly notes, we have been highlighting that Indian corporates are at the cusp of a major earnings upcycle over the next five years. This optimism was stemming from the policy changes and steps being taken by Government of India. However with the recent developments that have happened in China over the past few months beginning with the crackdown on Tech giants like Alibaba and Didi and thereafter the Evergrande and other multi-billion dollar real estate companies debacle, the communist leadership ambition for territorial expansion and takeover of Taiwan and thereby the global repercussions and finally with the major power crisis that has crippled most industries in China, the writing has got clearer on the wall, that what started off as a China+1 opportunity for India is soon turning into a golden opportunity for Indian economy. We should just ensure that we don't miss this lifetime opportunity to attract global businesses and get investments across various sectors. Thanks to the various business friendly and tax friendly policy changes announced like the PLI schemes across sectors to make it competitive, we are increasingly seeing India being seen as the most favored destination of FDI investment into Asia.



Portfolio Positioning

We monitor our investments and pick up new one by following a policy of 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 KRIIS team and stay safe.

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