

Date: 30th September, 2021

Hope all is well at your end with your family and friends. The market displayed strong momentum and was trading near its lifetime high of-course with the support of technology, automobiles and infrastructure sector while the mid-cap and small-cap remained steady. The benchmark nifty index rose 600 points and closed of 17600 during the September month. FPI and domestic institutions continued to be active mainly in large cap stocks.

Playing it cool

The suspense over the U S Federal Reserve taper decision has finally been put to rest. The Fed reiterated that the taper of bond purchases will be taking place soon without giving any details. That has been taken to mean that November meeting could see action on this front. Fed Chair Jerome Powell's statement that a lift-off in policy rates is not on its radar for now, comforted equity markets. Asian markets too was back in form as fears of the spillover effect from Chinese reality firm's possible default eased. While we are focused on the aftermath of the crisis on markets and its stakeholders the root of the problem lies elsewhere. The problem globally is that the real investments are not yielding adequate returns to service the debt or liabilities used to create assets. Any economy related negative news especially in China should be positive for India in terms of decent flow of capital both in FPI and FDI.

Positive on the domestic front

Improved mobility data has brightened the prospects for a recovery in the services sector as well. Most importantly we can be cautious yet a bit optimistic about the progress being made by India's vaccination program. The update shows that we are four months away to fully vaccinate two doses for eligible adults. Easy liquidity and low interest rates coupled with elevated inflation levels and heightened commodity prices are here to stay for some time which in turn will create exports demand for goods and services for country like ours. Government continued to make announcement on the PLI scheme in auto and textiles during the month. Government efforts to encourage private investments by focusing on capex and incentivizing manufacturing are finally showing nascent signs of private sector capex recovery. Large corporates are announcing fresh capex plans in the core areas of energy, metals, cement, green initiatives while those related to the digital economy continue to see strong investment demand. All in all, the economic environment and the festive season should boost the economic activity beginning the second half of fiscal. There are more than a dozen new age IPOs lined up during the next quarter which should keep the markets buoyant.

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. As markets were bullish, we did experience new flows in our funds, and we welcome new investors in our fold who chose the path of wealth creation through equities. Wishing good health from KRIIS team and stay safe.

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