1st December 2022

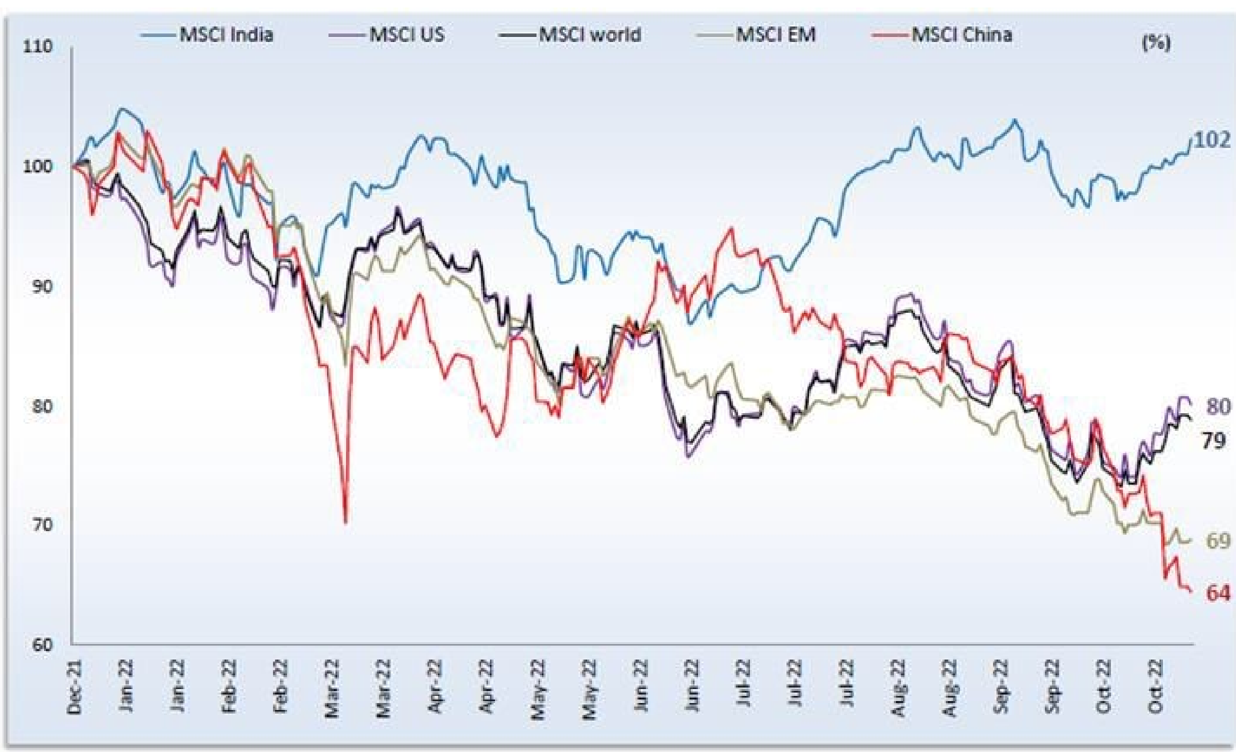
Dear Investor,

Greetings from KRIIS Portfolio. We hope this mail finds you in good health.

NSE benchmark crossed an all-time high of 18758 during the month of November 2022 after a gap of one year, despite fears of recession, and currency volatility.The rally which started in mid- October was largely due to buying by foreign investors and softening crude oil prices, which helped improve investors sentiment. Besides US markets especially the Dow gained nearly 5000 points plussince end October with the hope that Fed would be less aggressive on interest hike. The FPI continued theirbuying spree during November.

Indian equity markets continue their decoupled movement from the rest of the world,(as we mentioned in our October 2022 monthly note) after bouts of huge volatility and panic. We have entered a new regime with macro factors driving asset prices and contributing to a higher level of volatility never seen before. The ongoing transition to a multi-polar world from a largely unipolar world and the rise of several global and regional powers with different agendas and ideologies has fractured global supply chains of energy, raw materials and manufactured goods & services which is throwing new opportunities for largely neutral countries like India. India has emerged as a shining star in CY2022 with healthy outperformance amid varied global headwinds on macros, inflation, rates, currency and geopolitics. While most global equity markets are down 20-25% in YTD'CY22, India outperformed and with steady in local currency.

Refer the chart below.



Performance of the MSCI India index v/s MSCI US, MSCI World, MSCI Emerging Market and MSCI China Indices,

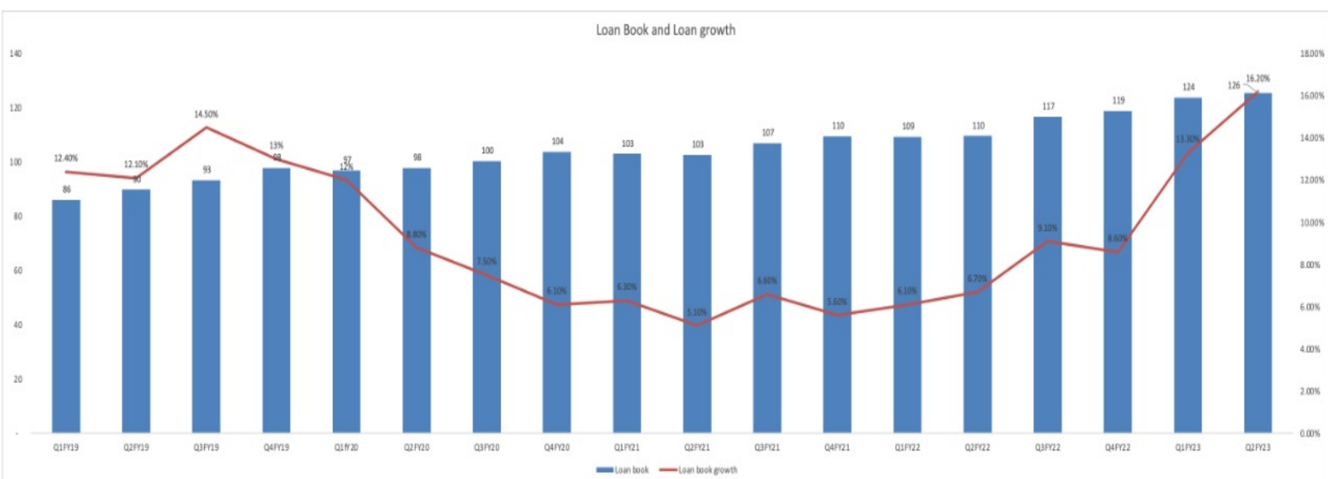
Domestic capex cycle on upswing.

India's emergence has a stable economic powerhouse with large production, service capacity and domestic market is getting the attention.Our neutral approach has won us many a friend and would be benefitting our businesses too as FTA agreements with various countries are being chalked out and many global MNCs are making India their sourcing and manufacturing hub.

In the defense sector private sector participation to play key role in better execution with more indigenization involving more private players, MSMEs and startups for improving the overall efficiencies. To modernize defense equipment and ensure domestic manufacturing capabilities, India has mandated a minimum indigenous content of 50% for the most preferred route of defense acquisitions. In recent months, many joint ventures have been announced between Indian private sector companies and global defense players and these are good steppingstonesfor large capex cycle and job creation and self-dependence in India. Besides the government working on improving logistics and the related costs with the huge, massive outlays on roads, railways and ports.Also, the clean energy has huge potential in terms of capex and employment. While private capex has lagged government capex in the past,it willnow outpace public spendingacross multiple sectors such as cement,metals,autos,chemicals,power and PLI-led capex.

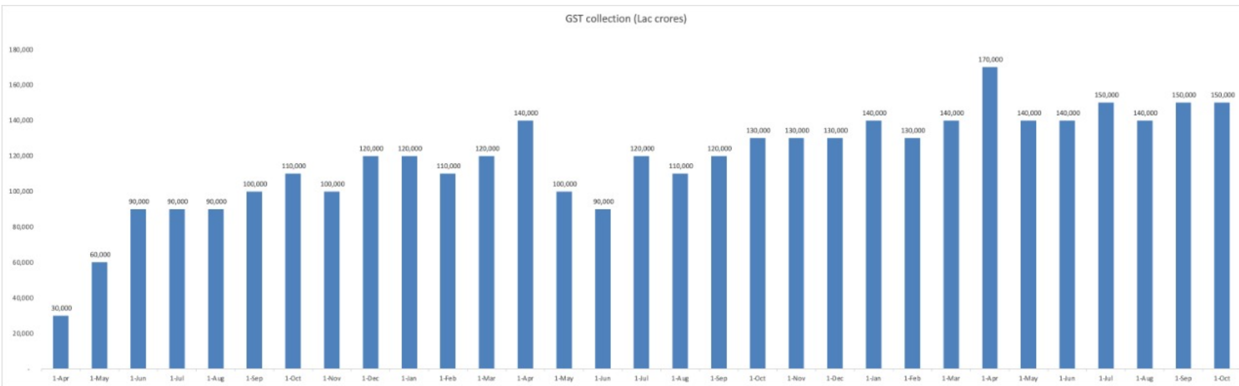
India's Credit growth showing at 10 years Highs

After a muted credit growth in the past couple of years, the credit demand has started to witness a continuous revival, with growth accelerating to 16% YoY in sept/oct 2022 led by traction in retail, SME segment, home loan, working capital loan, commercial vehicle loan has done well. Credit cards business seeing a healthy momentum with spends remaining strong.



GST collection sustain the momentum in Nov 2022

The GST collections in Novt'22 were 1.46 lakh crores up 11 % YoY. The trend in collection has been steadily improving over the last one year as seen in the picture below.



Market Ahead

It's quite normal for any investor to get nervous in current world environment and its quite tempting to reduce equity exposure and wait for better levels to enter or wait for the dust to settle down. Fear of losing money in the short term takes over, the fact that in the medium to longer run these short-term events get flattened out. If we lookat history, how markets reacted during major global and local events, and how markets performed post those events in the next 1-2 years. We all know the famous saying but never dare to implement it with exceptions – "buy when there is blood on the street and sell when everybody wants to buy".

Valuations are at a multi-year high premium over EM countries and thus could induce volatility backed by global developments. However, we feel the premium is justified factoring better corporate earnings and better macro management. Investment in fundamentally great companies combined with discipline and patience, success is positive. 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