

5th November, 2024

Dear Investor,

New hopes for Samvat 2081

Diwali is a time for new beginnings, new hope. Both the Reserve Bank of India and the Finance ministry have said that the slowdown in the September quarter is temporary. Also good kharif crops will stoke rural consumption. The India Flash Purchasing Managers index for October has signalled a return of momentum for the economy, for the top firms along with private capex. Globally, too, there are several positives. First, inflation is waning, and rate cuts will support markets. Global growth seems to have bottomed out. Crude oil prices have shifted lower, in spite of all the mayhem in the Middle East.

India's long-term growth prospects remain intact, and any short-term volatility introduced by triggers such as the US elections, should be used as opportunities to accumulate fundamentally strong businesses at attractive valuations.

Flight for safety global phenomenon

It goes without saying that massive FII sales have been behind the fall in the benchmark indices. But a look at the MSCI indices shows it's not just the Indian market that is having a bad October. As on 30th October 2024, MSCI India was down 7.4 percent in USD terms, MSCI China was down 5.4 percent, Malaysia lower by 8.1 percent, Korea fell by 5.99 percent and MSCI Emerging Markets ex-China was down by 3.5 percent. In fact, developed markets too have been affected as there has been a flight to safety before the US elections, which is also seen from the spike in US bond yields and in gold prices.

There are reports to suggest that FPIs have been actively investing in the primary market through Initial Public Offerings (IPOs). In the first 10 months of the year, FPIs invested a total of \$10.27 billion in India's IPO market as per Money Control . The FPIs are reallocating their investments to stocks where they see value. They are selling off frontline and mid-cap stocks that have surpassed their long-term valuation levels. The primary market presents an opportunity for both FPIs and retail investors to invest when the secondary market is experiencing selling pressure.

India's Growth story cannot be missed:

Consumption, rising urbanization and higher demand for financial services are some themes which are expected to benefit due to India's demographics. Millennials prefer to invest in financial assets rather than physical assets. Over 50% of new investors in mutual funds are millennials. Financialization of savings is reflected in the rising SIP inflows into mutual funds. Domestic manufacturing across a wide range of sectors is expected to benefit India's GDP. India's digital infrastructure is expected to provide growth opportunities to financial services and e-commerce.



Valuations

Identifying and investing in good quality businesses at reasonable valuation with long-term philosophy are the core of our approach which we continue to do with discipline.

Thank you.

Thank you.

Thanks with Regards,

CA Rakesh Doshi

Principal Officer & Fund Manager

KRIIS – The Portfolio Management Company