

India Investment Strategy

April 2025

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Summary

External Influences



US

- **Current Economic Conditions are in Balance, as such a Soft Landing Continues to Remain the Base Case Scenario**

- US: Is it Time for the US Economy to Undergo a Tough 'Period of Transition'? – When asked about the potential economic drawbacks from his tariff policies, Trump stated that the US will go through a 'period of transition' wherein short-term growth may be impacted for long-term benefits. This has sparked growth fears, but economic data doesn't fully support that.
- US: Bullish Positioning Amid Equity Dip, Bonds Lead in Returns – Fears of slowing growth have sent equities into a technical correction over the past month. However, even before Trump's tariffs, we stated that US equity valuations appeared euphoric in Jan 2025. The good thing about this correction is that insiders have been buying more stocks.

What might the Fed do next? The Fed continued to guide 2 quarter point rate cuts in 2025 despite revising inflation forecasts upwards and GDP growth forecasts downwards. This has led to stagflation fears. For further details please refer to our 'Inflation & Rates' segment.

Europe

- **We Continue to Maintain a Cautious Stance Towards Europe:**

- For the past decade, European equities have underperformed their US counterpart, as the mega-cap tech stocks in US underwent significant valuation re-ratings due to rapid growth, especially in the past 5 years. Now, the US valuation premium over Europe appears to be closing. This is primarily due to high defense spending expectations from Germany. For further details please refer to our 'Trends & Sentiments' segment.

China

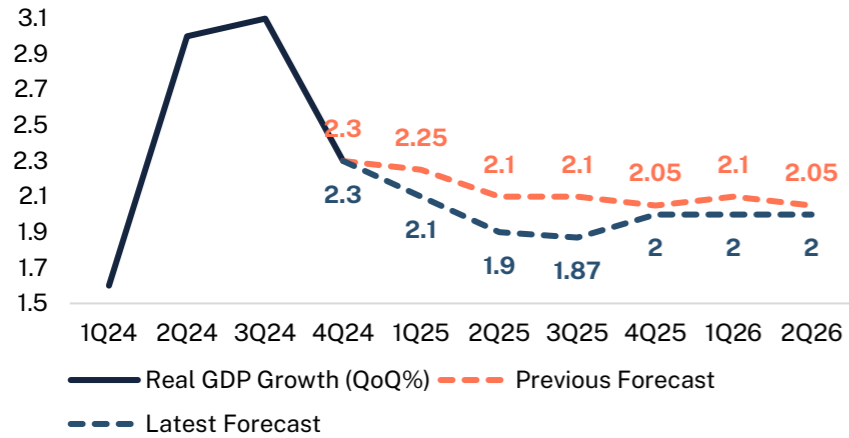
- **We Continue to Maintain a Neutral Stance Towards China:**

- Industrial activity, domestic consumption and PMI data continue to show improvement in China.
- Moreover, Chinese equities led by the tech sector have continued to rally, reaching very close to long-term average valuations after years. As a result, the valuation gap between US and Chinese firms has also began mean-reverting. The rally in Chinese tech firms has been sparked by the launch of DeepSeek AI, which claims to be a smarter, faster, and cheaper alternative to OpenAI's ChatGPT. However, given that the October 2024 rally faded away on account of weak fiscal measures, it is too soon to determine whether this one will likely be sustained once the immediate euphoria subsides. Other catalysts to support the rally other than cheap valuations are crucial for the momentum to continue.

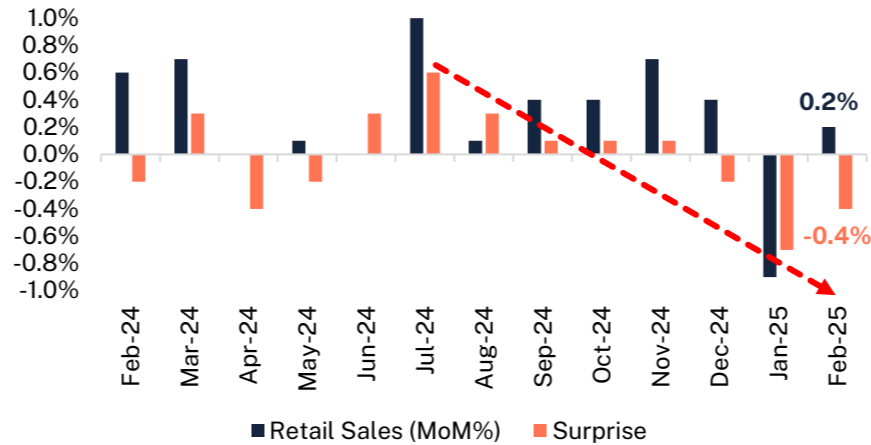
US: Is it Time for the US Economy to Undergo a Tough ‘Period of Transition’?

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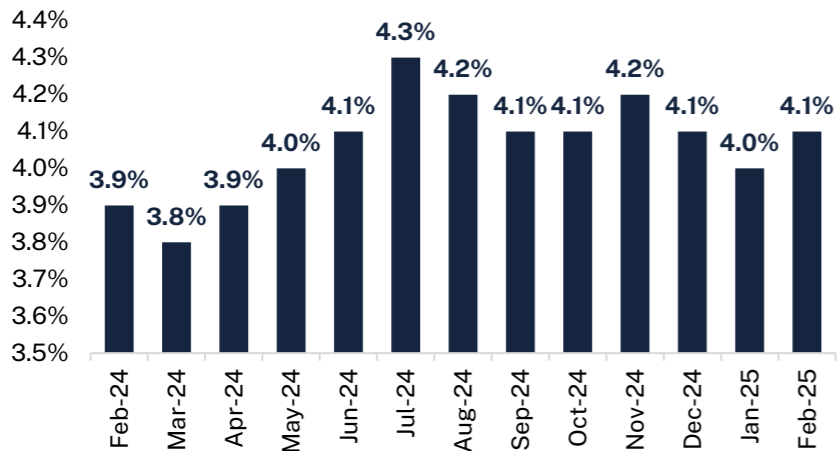
Real GDP Growth (QoQ%) Estimates Revised Lower as Tariffs are Expected to Have a Negative Impact on the Economy



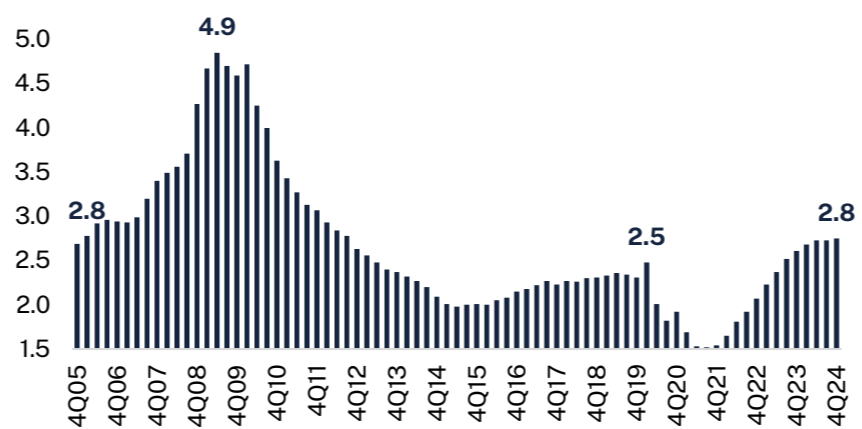
Retail Sales Increased 0.2% MoM in February, But Missed Expectations for the 3rd Consecutive Month



Unemployment Rate Ticked Up by 0.1% Between January and February 2025



Delinquency Rate (%) on Consumer Loans For All Commercial Bank Surpassed COVID Peak & Reached Early 2006 levels



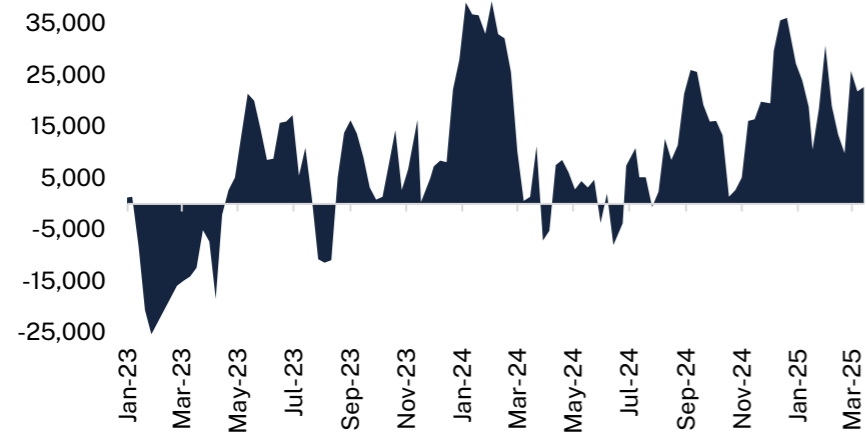
- What have we been saying?** The US labor market has shown resilience over the past few months with fewer jobless claims and moderation in the unemployment rate. At the same time, we have also noted that the average US consumer is highly dependent on credit, which would be unsustainable in the long-term.
- What still holds?** The job market remains stable despite the slight uptick in unemployment. Consumers still appear to be overleveraged.
- What’s shifted?** It appears that the US labor market and consumption landscape are diverging from each other. Retail sales declined on MoM basis by a larger than expected amount and delinquency rates on consumer loans taken across all commercial banks has surpassed COVID-19 levels. If this continues, GDP growth will be negatively impacted.

Source: US Federal Reserve Economic Database, US Bureau of Labor Statistics, US Bureau of Economic Analysis, Bloomberg, Spark PWM

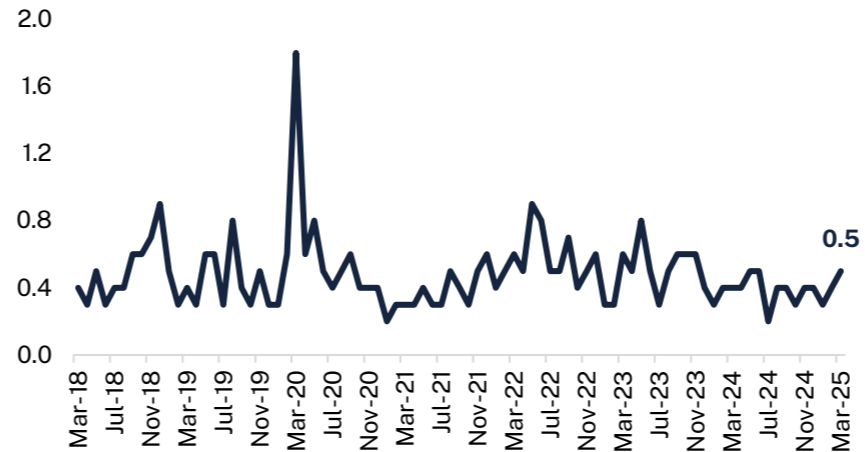
US: Bullish Positioning Amid Equity Dip, Bonds Lead in Returns

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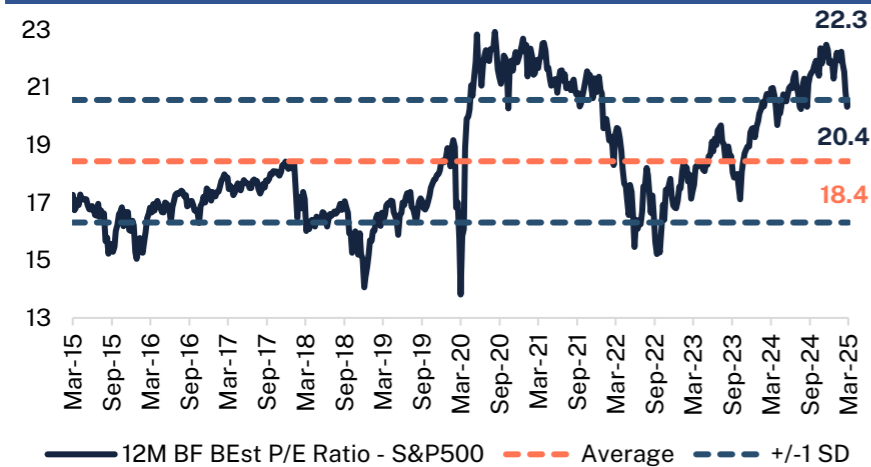
Positioning on Nasdaq (Number of Contracts) Suggests Investors Are Still Net Long on US Equities



Ratio of S&P500 Companies Where Insiders Bought Stocks vs Sold Picked Up Amidst the Sell-Off



In Jan 2025 We Noted That US Equity Valuations Looked Euphoric and That Low Earnings Yield Made Bonds Favorable



While US Equities Have Entered a Technical Correction Since Jan 2025, 10Y US Treasury Yields Have Moderated by 60 bps



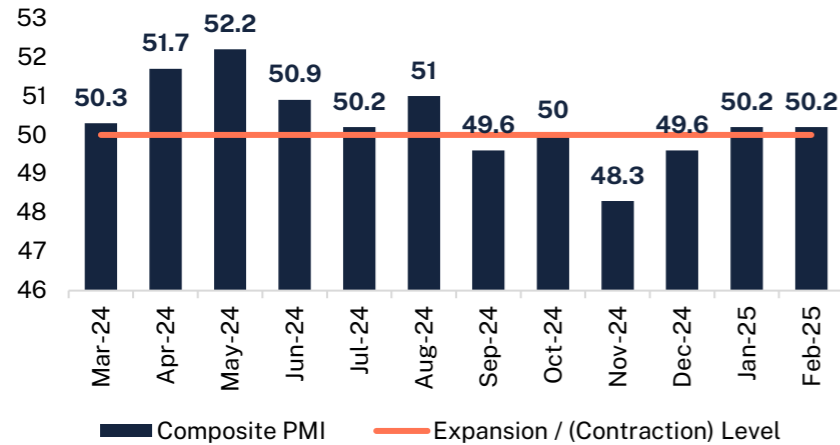
- **What have we been saying?** US equity valuations appeared euphoric post the election and were trading at peak post-COVID levels. Moreover, back in Jan 2025 we stated that the earnings yield on S&P500 was lower than the yield from 10Y US Treasury bonds, indicating that a rotation from equities to debt may be likely.
- **What still holds?** Valuations are still on the higher end relative to the long-term mean, but within 1 SD of it.
- **What's shifted?** Despite the sharp \$5 trillion sell-off in US equities, investor positioning on Nasdaq 100 futures has become more bullish. Moreover, insiders of S&P500 companies have been buying back more stocks in their respective companies than usual, which is a positive indicator of corporate profitability.

Source: CFTC, CME Group, Washington Service, US Securities & Exchange Commission, Bloomberg, Spark PWM

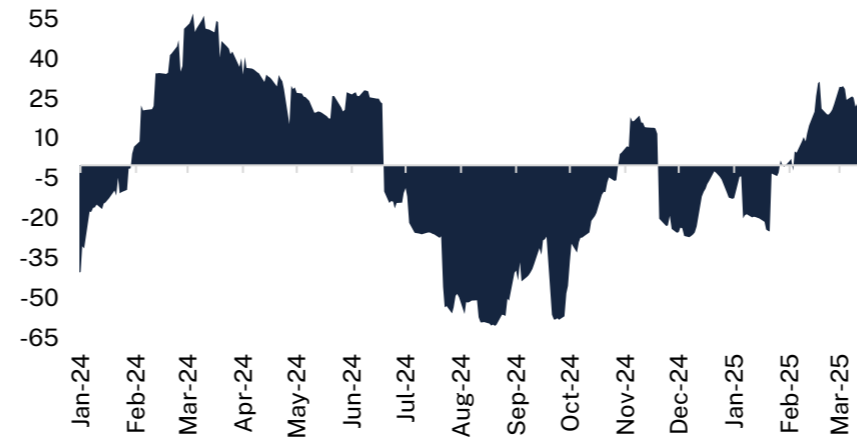
Europe: US-EZ Valuation Gap Moderates on German Defence Spending Expectations

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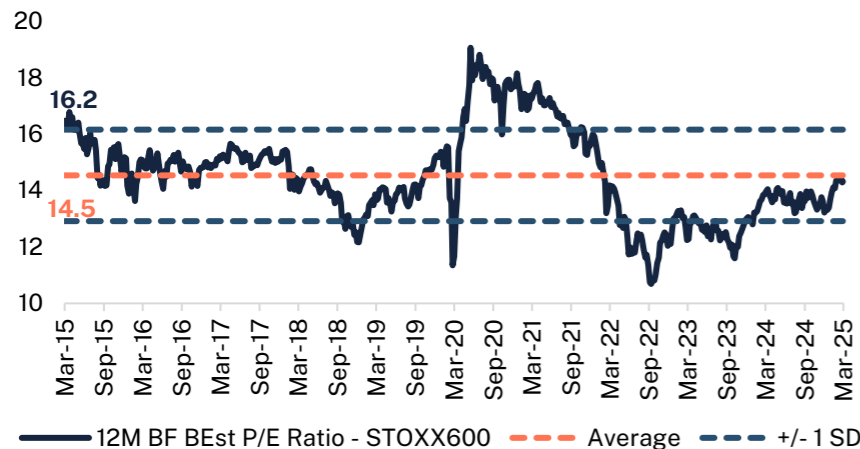
Eurozone Composite PMI Remains Unchanged & Marginally in Expansory Zone for 2nd Consecutive Month



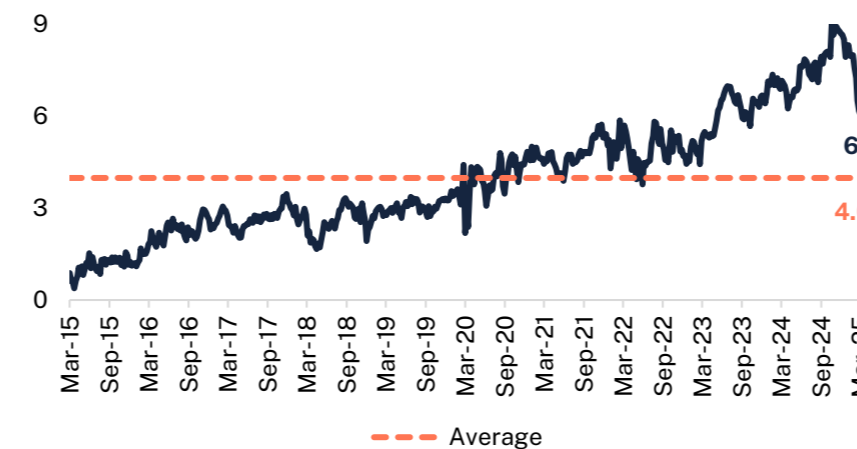
Europe Economic Surprise Index Remains in Positive Territory on Hopes of Higher Defense Spending



EuroStoxx 600 12M BF P/E Ratio Catches Up to Long-Term Mean



After a Decade of Underperformance, European Stocks are Catching Up to US Valuations (12M BF P/E Spread)



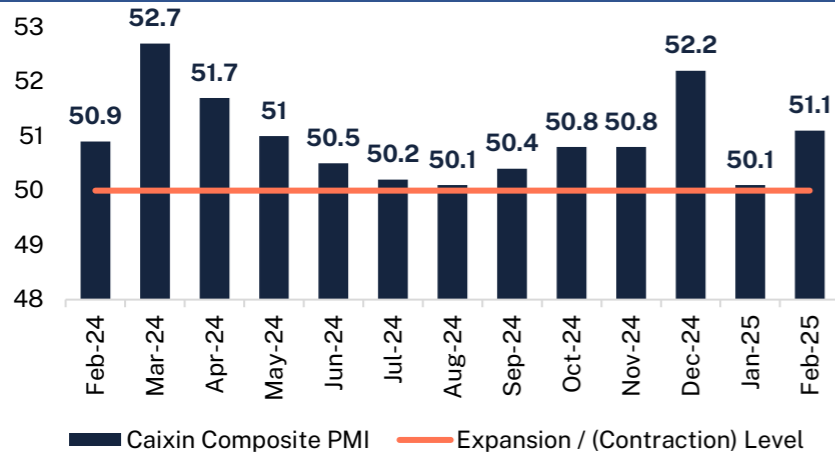
- **What have we been saying?** PMI and other economic data releases have been showing signs of weaknesses in the core economies. However, periphery economies such as Spain are exhibiting strength, and are likely preventing the continent from entering a recession.
- **What still holds?** Core economies like Germany continue to exhibit weakness and are largely the reason behind why economic activity in Europe has been damp.
- **What's shifted?** Despite economic weakness, years of underperformance relative to the US has made European equities very cheap. This along with renewed hopes that higher defense spending has caused European equities to rally sharply in 2025.

Source: Bloomberg, Spark PWM

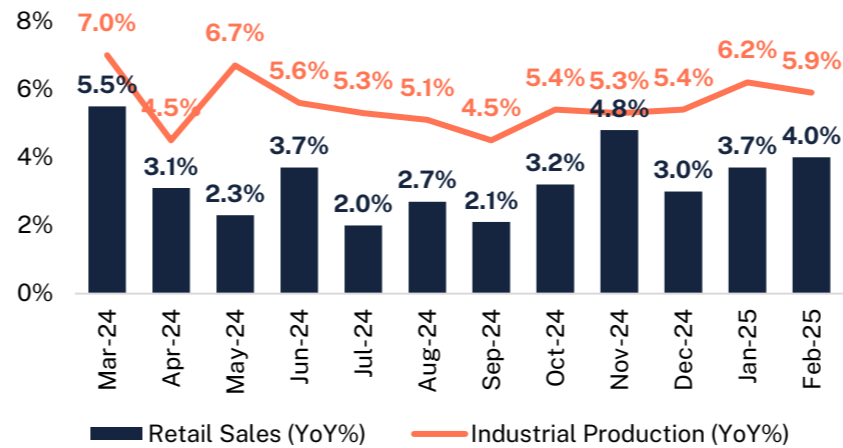
China: Strong Economic & Consumption Data Fuel Momentum in Chinese Equity Rally

Economic data suggests that domestic consumption has been steadily improving over the past quarter. This development, alongside the fact that Chinese tech firm DeepSeek made an AI breakthrough, has sparked a sharp rally where equities have reached their long-term fair valuations.

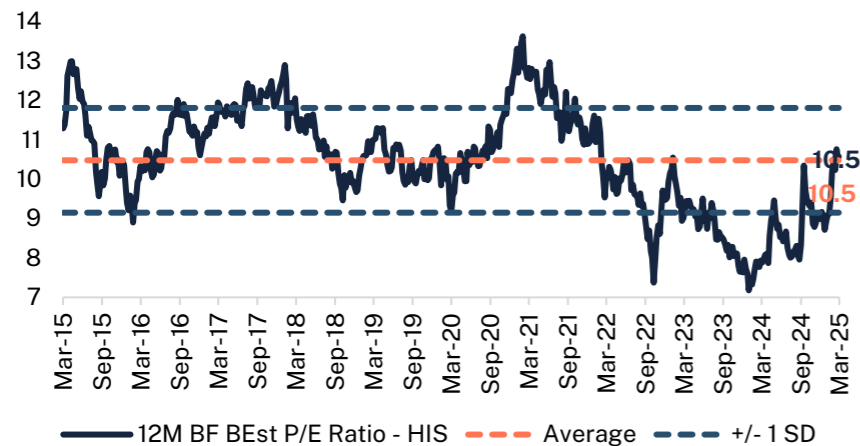
Composite PMI Remained in Expansive Zone



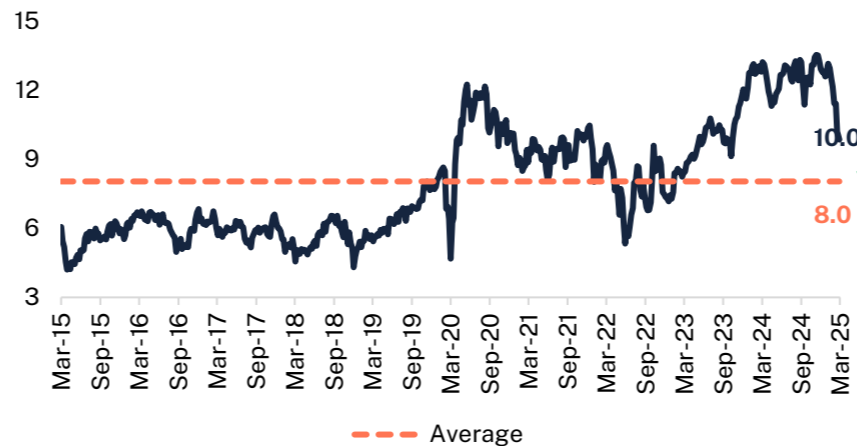
Retail Sales & Industrial Production Maintain Strong Upward Trend, Indicating Improved Domestic Demand



Hang Seng 12M BF P/E Ratio Catches Up to Long-Term Mean



S&P500 Valuation Premium Relative to Hang Seng (12M BF P/E Spread) Appears to be Mean Reverting



- **What have we been saying?** The PBOC's monetary easing policies that were introduced between September-October will not be sufficient in stimulating the economy without announcements of ample fiscal expenditure in the near-term.
- **What still holds?** Retail sales and industrial value added continue to remain positive. Moreover, China's trade balance with the US has been positive as American businesses attempted to stock up their inventories before Trump's tariffs make Chinese goods more expensive.
- **What's shifted?** Trump has doubled the tariffs on China to 20%. In case tariffs are delayed or lower than expected by markets, the Chinese economy may outperform current consensus. Moreover, the DeepSeek fuelled euphoria about China being able to create cheaper and better AI models has sparked another rally in tech equities in 2025.

Source: Bloomberg, Spark PWM

Summary

Local Story



Government Finances: Revenues Remain Strong & Capex Shows Positive Surprise

- Revenues: Cumulative Corporate Tax receipts declined by -0.6% YoY, while Personal Income Tax Collections increased 22% YoY for 10MFY25, respectively.
- Expenses: Cumulative Government Capex for 10MFY25 was 10.5% higher than the figure noted for 9MFY25. However, the government's revised estimates for FY25 suggest it will miss its BE by about 10%.

State Capex: Slow Deployment of Capital Suggests States Will Undershoot Expectations

- Central capex as a percent of India GDP stands at 3.2% for 9MFY25, which is positive. However, the average figure for state capex as percent of their GSDP is only 2.8% for 9MFY25.
- FY25TD state specific capex as percent of FY25RE suggests 18 major states will likely undershoot expectations due to weak execution.

Economic Activity: Slower Pace of Recovery Seen in February 2025

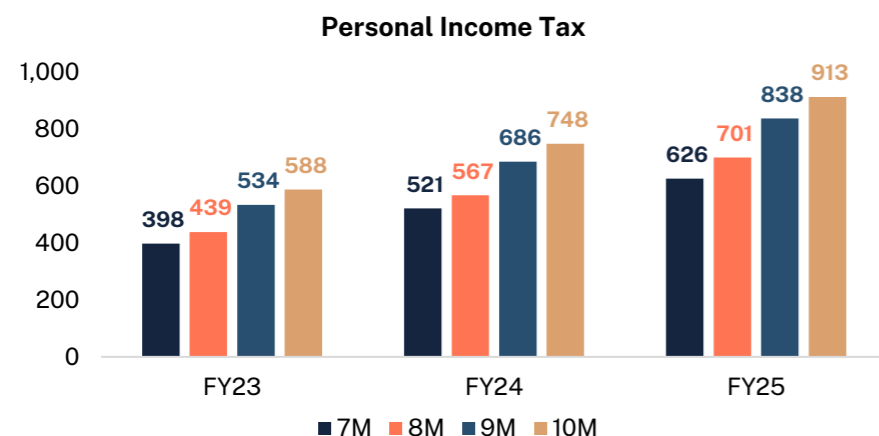
- (i) Composite PMI improved to 58.8 in February from 57.7 in January, (ii) Industrial production picked up by 5% YoY, the highest in 6 months, (iii) E-Way Bills generation dipped to 111.6 million from 118.1 million in January 2025, (iv) GST Collection grew 8.2 YoY in February, marginally lower than the growth seen last month.

Government Finances: Revenues Remain Strong & Capex Shows Positive Surprise

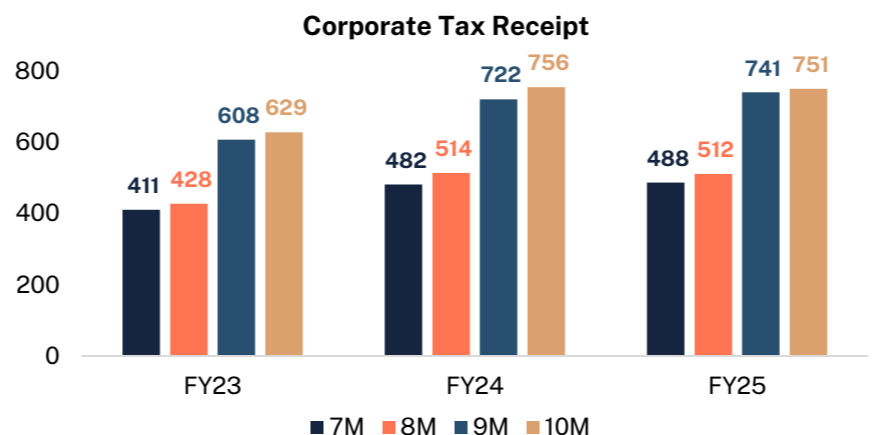
Fiscal Deficit on Lower Side, but Showing Early Signs of Improvement

Government finances (INR Bn)	Apr-Dec'24	Apr-Dec'25	Increase	Budget Estimates (FY25)	% of Budgeted Estimates
Total Expenditure	33,547	35,700	6%	48,205	74%
Revex	26,335	28,126	7%	37,094	76%
Capex	7,212	7,574	5%	11,111	68%
Total Revenues	22,305	23,802	7%	32,072	74%
Tax Revenue	18,798	19,036	1%	25,835	74%
Non Tax Revenue	3,381	4,676	38%	5,457	86%
Others	125.55	90.19	-28%	780	12%
Fiscal Deficit	11,243	11,897	6%	16,133	74%

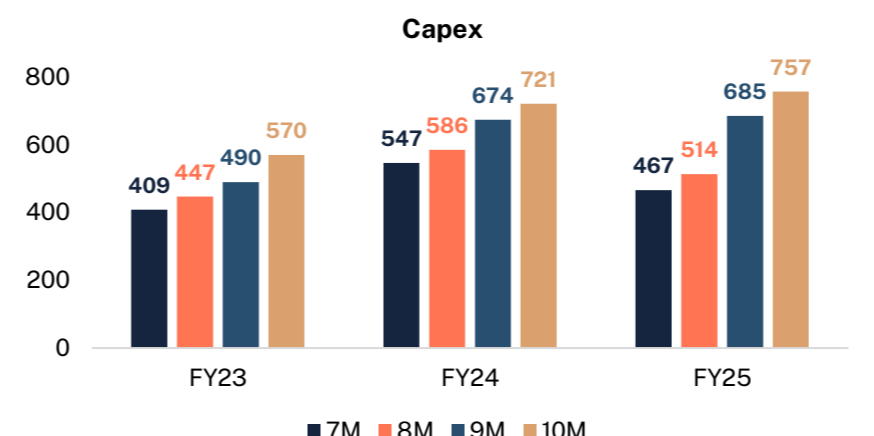
Cumulative Personal Income Tax Collection for 10MFY25 Grew 22% YoY



Cumulative Corporate Tax Receipts for 10MFY25 Declined by 0.6% YoY



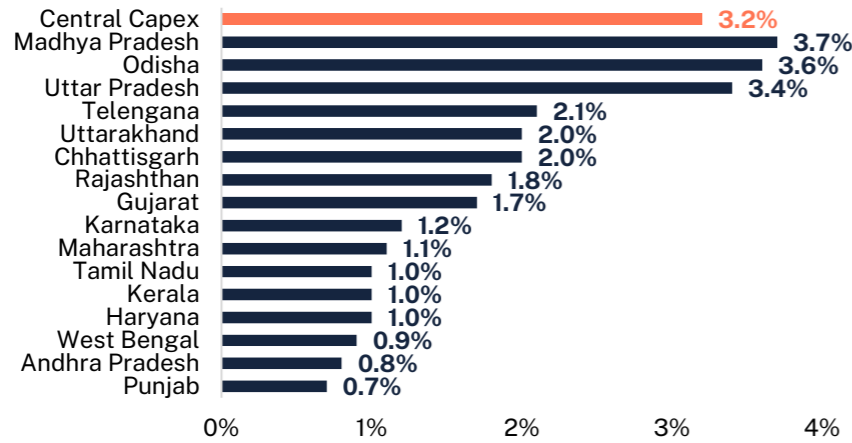
Cumulative Government Capex for 10MFY25 was 5% Higher Than the Figure Noted for 10MFY24



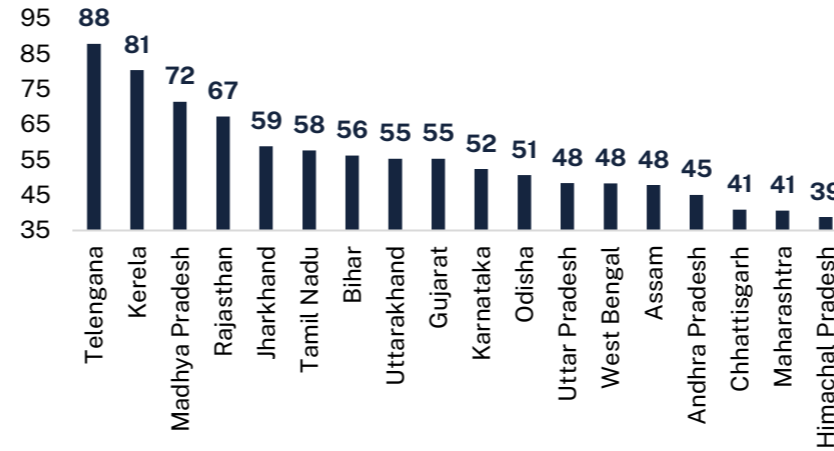
- What have we been saying?** Government spending was constrained due to elections being underway and strong revenues in 1HFY25 suggested that GOI is capable of ramping up its average monthly capex in 2HFY25. Moreover, GOI's spending trends suggested that it would fall short of meeting its BE unless incremental average monthly capex grew ~20% MoM.
- What still holds?** Government revenues continue to be strong as personal income and corporate tax receipts for 10MFY25 are either better than or in line with 10MFY24 figures.
- What's shifted?** Cumulative FYTD capex for 10MFY25 is higher than the figure seen in 10MFY24. This is very encouraging because up until 9MFY25, capex had been lower on a YoY basis. Moreover, the incremental monthly capex growing by 10.5% between 9MFY25 and 10MFY25 is very positive.

State Capex: Slow Deployment of Capital Suggests States Will Undershoot Expectations

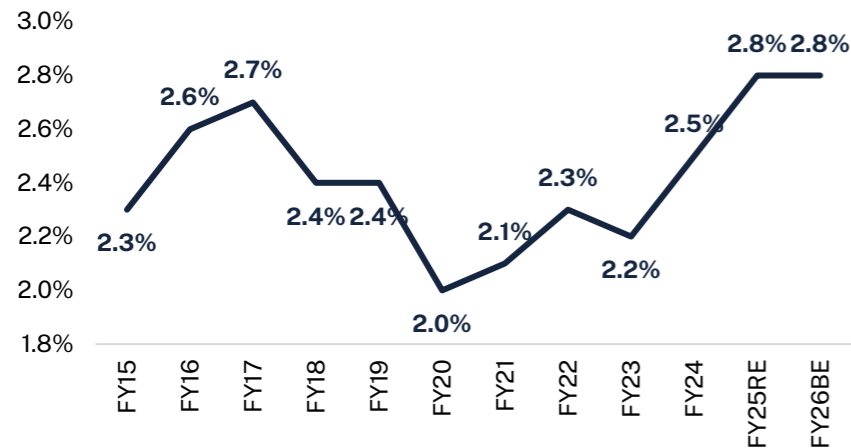
State Capex as % of GSDP Lags Behind Central Gov Capex as % of GDP in 9MFY25 for 16 Major States



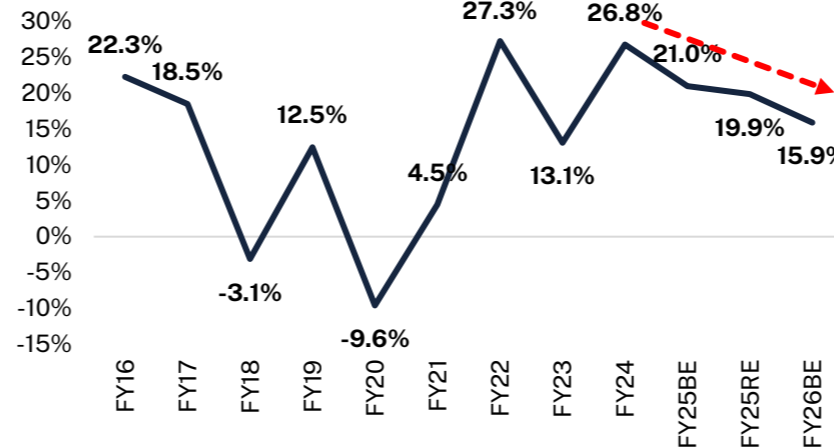
FY25TD Capex as % of FY25RE Suggests 18 Major States Likely to Undershoot Expectations Due to Weak Execution



Capital Outlay as % GSDP for 18 Major States is Expected to be Steady and Below Central Capex as % GDP Figure of 3.2%



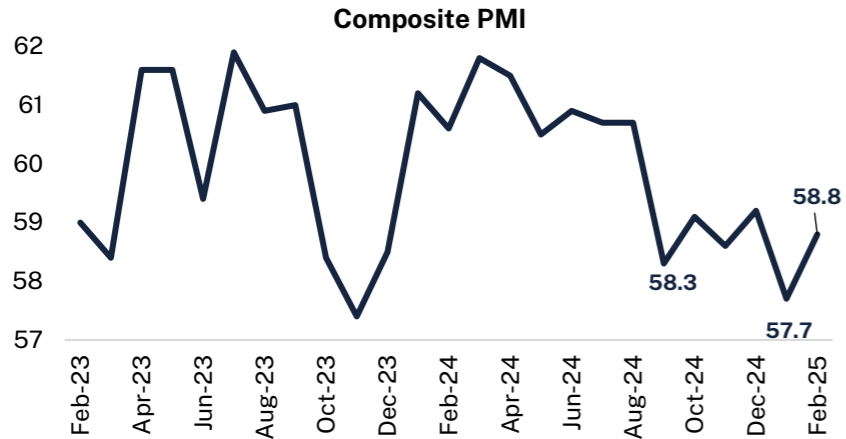
Moreover, YoY% Change in Capital Outlay as % of GSDP for 18 Major States Suggests Growth is Normalizing



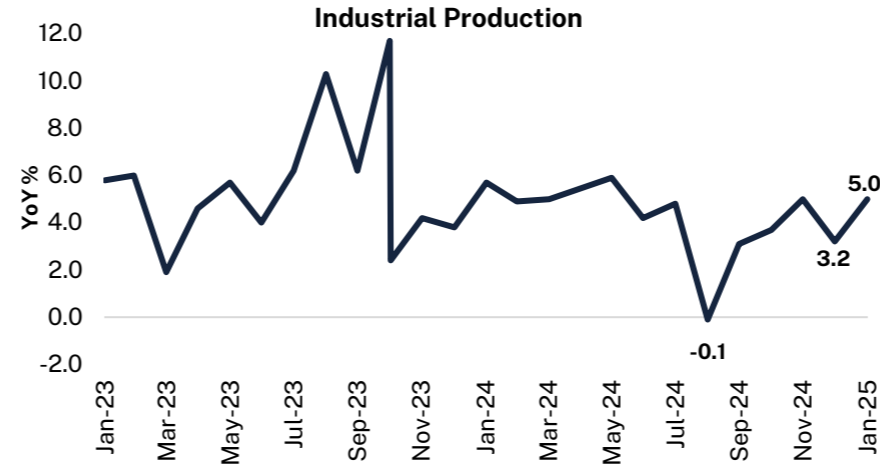
- What have we been saying?** There are certain areas that exhibit some weakness. A recovery in these areas, specifically state capex deployment, banking system liquidity, and trade balance, could improve business conditions in a way where companies can further improve profitability.
- What still holds?** From a structural perspective the Indian economy continues to be very strong.
- What's shifted?** While central government capex deployment has picked up sharply in 9M and 10M FY25, the same is not true at the state level. State capex as a % of their respective GSDPs is much lower than central capex as a % of India's GDP. Hence, there is likely to be a lag on the economy due to this.

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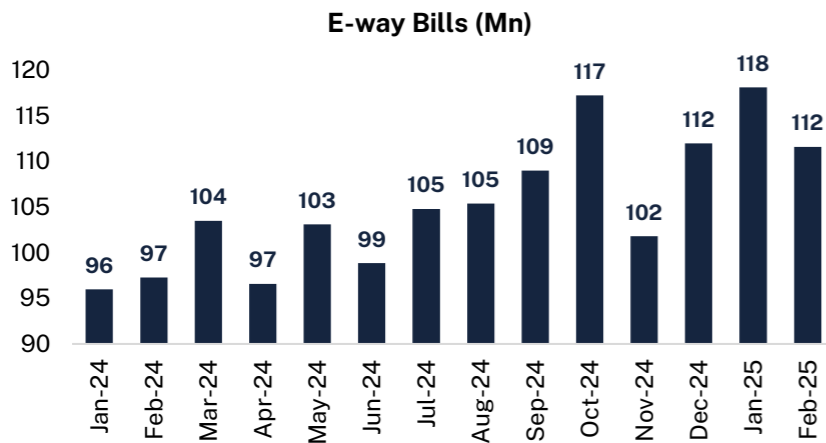
Composite PMI Reached Improved to 58.8 Maintaining its Stable Trajectory



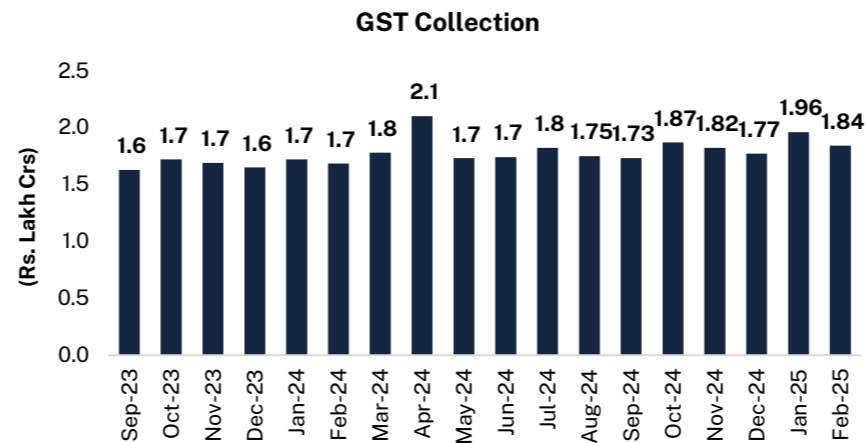
Industrial Production Grew 5% YoY, Maintaining Upward Trend Since August 2024



E-Way Bills Dip to 111.6M in February After January's Record 118.1M



GST Collection Grew 8.2% YoY in February



- What have we been saying?** There was above normal rainfall in September, as Northern India witnessed 29.2% more rainfall than its long-period average. This explains the slowdown in industrial activity and retail foot-traffic that was observed in September. We emphasized that the drop in PMI and industrial production would normalize once the effects of the excess rainfall subside by the end of 3QFY25.
- What still holds?** GST collections and E-Way Bills continue to remain robust, while industrial production growth has continued picking up since September.
- What's shifted?** The surge in high frequency indicators during Dec 2024 and Jan 2025 suggest that at a macroeconomic level, conditions are better than they were before the slight slowdown seen in September 2024. The changes in Feb 2025 were weaker than the previous 2 months, but nonetheless positive.

Source: Bloomberg, Spark PWM

Summary

Inflation and Rates



Fed Eases US Stagflation Fears During March FOMC

- The Fed's latest quarterly Summary of Economic Projections showed that inflation forecasts had been revised higher while GDP growth forecasts were revised lower. While this hints at stagflation, Chair Powell stated that US tariffs do not change the course of monetary policy, implying that the US economy will continue to grow at a slower pace, but not contract.
- US CPI moderated from 3% YoY in Jan 2025 to 2.8% YoY in Feb 2025, breaking its upward trend since Sep 2024.
- Markets are pricing in twice as many rate cuts between now and EoY 2026 in comparison to Jan 2025, in spite of the Fed leaving its rates forecast unchanged. This is probably because markets believe GDP risks are higher than the Fed perceives. As such, market pricings have raised the odds of a US recession in the next 12M to 25% from 20%.

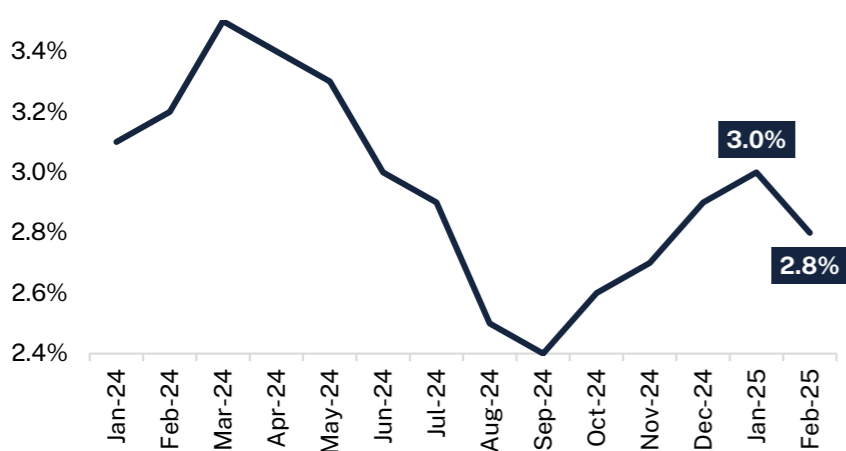
Soft Inflation Print Bolsters Market Conviction For Another RBI Rate Cut in April 2025

- India CPI has finally fallen within RBI's target range of 2-4%, suggesting that the central bank now has room to cut rates. This could be very positive for 10Y G-Secs as well as stocks as liquidity to India's banking system can improve from easing monetary policy.
- CPI rose 3.61% YoY in Feb 2025, marking its 4th consecutive month of moderation from Oct 2024 peak of 6.21% YoY
- India YoY CPI forecasts suggest further moderation till 2QFY26, adding to the case for more rate cuts from RBI.
- Market-Implied Probability of RBI Cutting Rates by 25 bps in April Meeting Jumped After Soft CPI Print for Feb 2025. Moreover, onshore INR 6M forward swap rates suggest RBI will deliver a total of 2 rate cuts in the next 2 quarters.

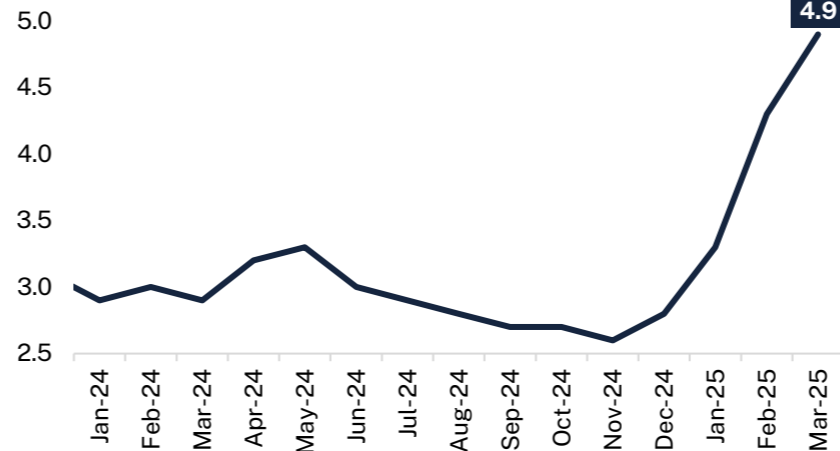
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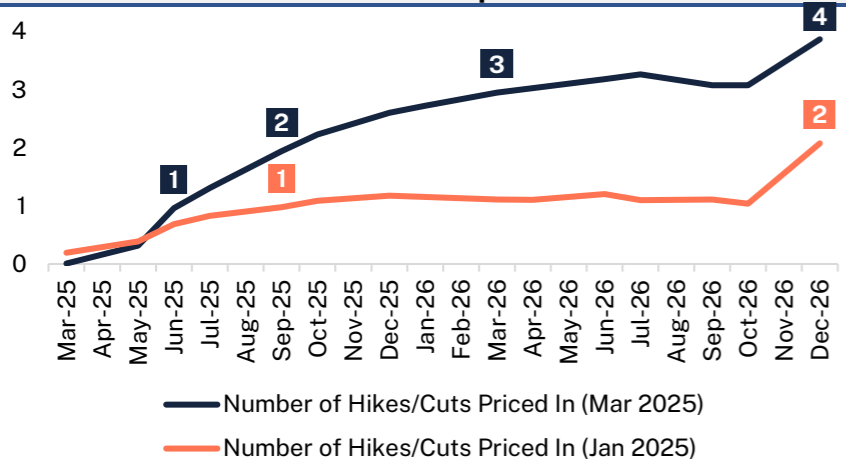
US CPI Moderated From 3% YoY in Jan 2025 to 2.8% YoY in Feb 2025, Breaking its Upward Trend Since Sep 2024



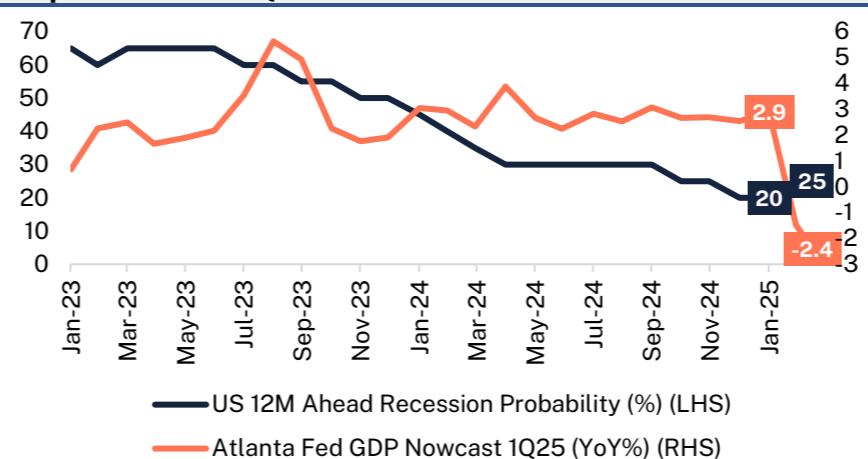
UMich 1Y Ahead Inflation Expectations Rose Sharply, Indicating Consumer Fears that Price Levels Will Pick Up



Markets Are Pricing in Twice as Many Rate Cuts Between Now and EoY 2026 In Comparison to Jan 2025



Odds of a US Recession in 12M Rose From 20% to 25% While Expectations of 1Q25 GDP Fell From 2.9% YoY to -2.4% YoY



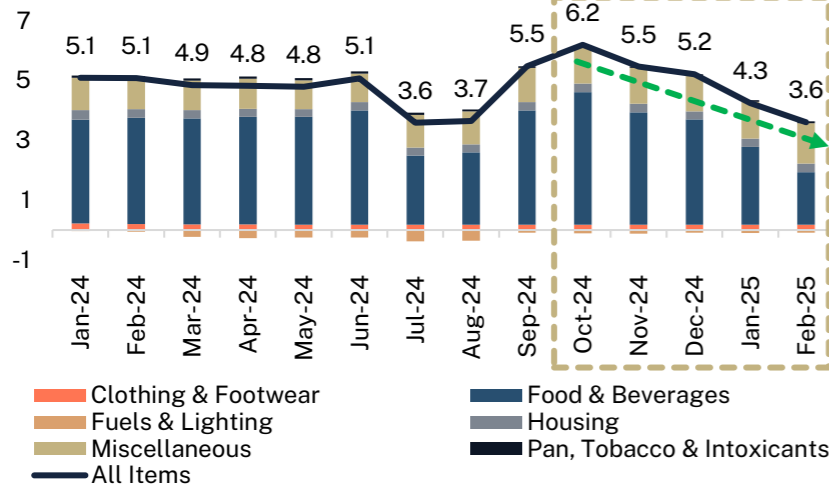
- **What have we been saying?** The Fed signaled 2 rate cuts in 2025 during the Dec 2024 FOMC as members stated that risks to inflation were 'weighted to the upside' and not 'broadly balanced'. However, risks to unemployment and GDP growth were 'broadly balanced'.
- **What still holds?** The Fed continues to believe that risks to inflation are 'weighted to the upside'. While the Fed did lower GDP growth forecasts, members stated that they still expect the US economy to grow (albeit at a slower pace than before), indicating that risks to GDP growth remain 'broadly balanced' and not 'weighted to the downside'.
- **What's shifted?** Although the Fed is still signaling 2 rate cuts this year, markets are pricing in 3 on the belief that GDP growth risks are higher than the Fed believes as odds of the US entering a recession have increased from 20% to 25%. This is not yet worrisome as the long-term average probability of a recession is 15%.

Source: Bloomberg, US Federal Reserve Economic Database, Spark PWM

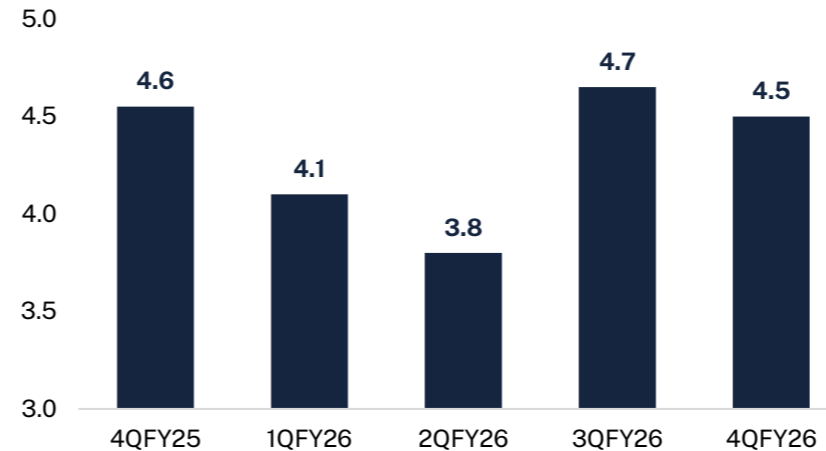
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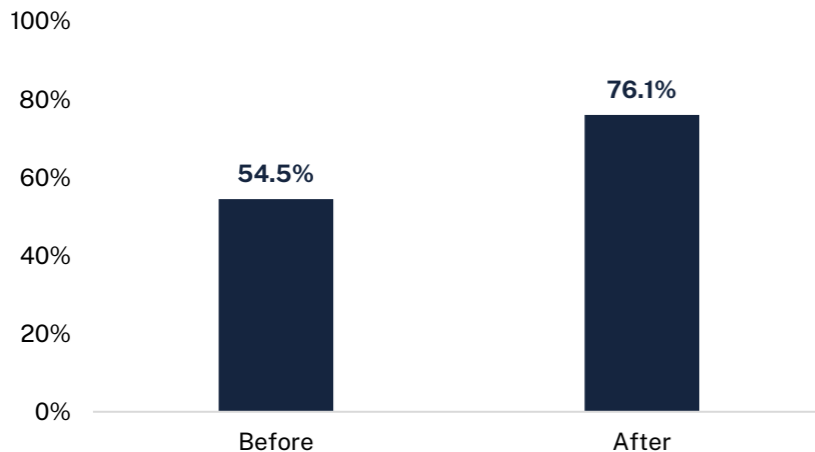
CPI Rose 3.61% YoY in Feb 2025 Marking its 4th Consecutive Month of Moderation From Oct 2024 Peak of 6.21% YoY



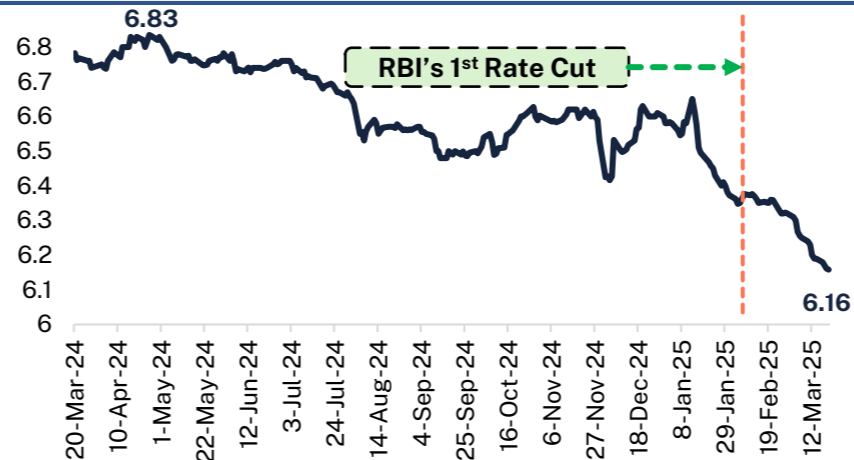
India YoY CPI Forecast Suggests Further Moderation Till 2QFY26, Adding to the Case for More Rate Cuts From RBI



Market-Implied Probability of RBI Cutting Rates by 25 bps in April Meeting Jumped After Soft CPI Print for Feb 2025



Onshore INR 6M Forward Swap Rates Suggest RBI Will Deliver 2 More Rate Cuts in the Next 2 Quarters



- **What have we been saying?** The moderation in inflation on both a YoY and MoM basis along with increasing stress in the banking system's liquidity conditions made a plausible case for RBI to cut rates in February 2025.
- **What still holds?** We continue to see signs to confirm the view that inflation is currently on sustainable path of moderation.
- **What's shifted?** CPI has now dipped to RBI's target range, bolstering conviction for more rate cuts in the coming month. Following the release of Feb 2025's lower than expected CPI print, the OIS implied probability of a rate cut in the April meeting jumped from 54.5% to 76.1%.

Source: Bloomberg, RBI, Spark PWM

Summary

Valuation and Earnings



Decoding Valuations

- Large Caps: Currently trading nearly 1 SD below long-term average valuation multiples.
- SMID Caps: Still trading above their respective long-term fair valuation multiples.

Optimistic on Large Caps; Small & Mid caps Remain a Stock Picker's Market

- Sales Growth: Both small-cap and Nifty Next 50 stocks contributed very marginally to the overall expansion in net sales and PAT for Nifty 500 companies in 3QFY25.
- Relative Performance: The absolute relative performance of large to small caps appears to have bounced sharply from an all-time low reached in 2HCY24, suggesting that large caps are well positioned to outperform the broader market.

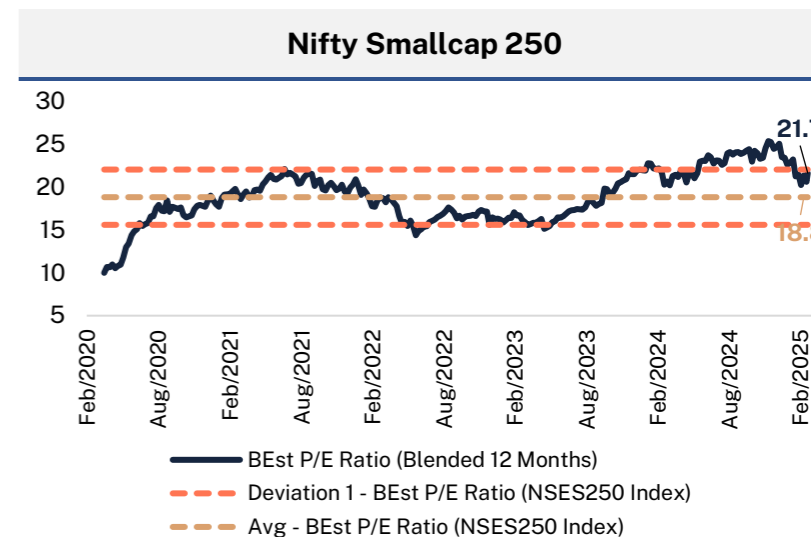
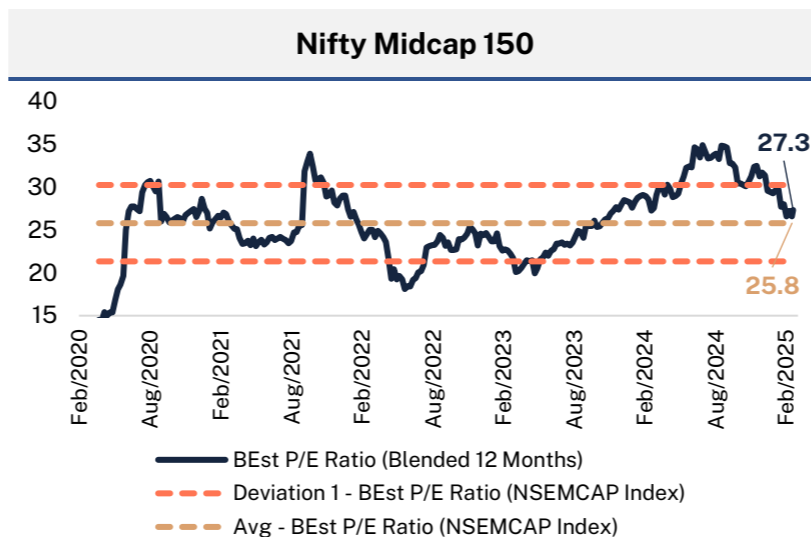
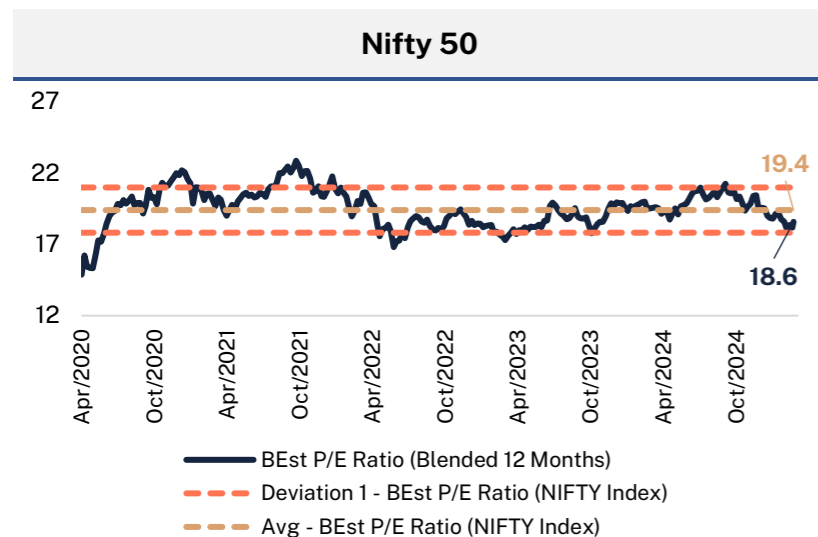
Sectoral Valuations & ROE Trends

- Valuations: Auto stocks are currently at multi-year low valuations, while banks and consumer durable stocks are currently trading below their long-term means.
- ROE: Steady improvement in ROE for pharma, banks and PSU banks suggests some favorability. Auto ROEs have somewhat declined but still well above average.

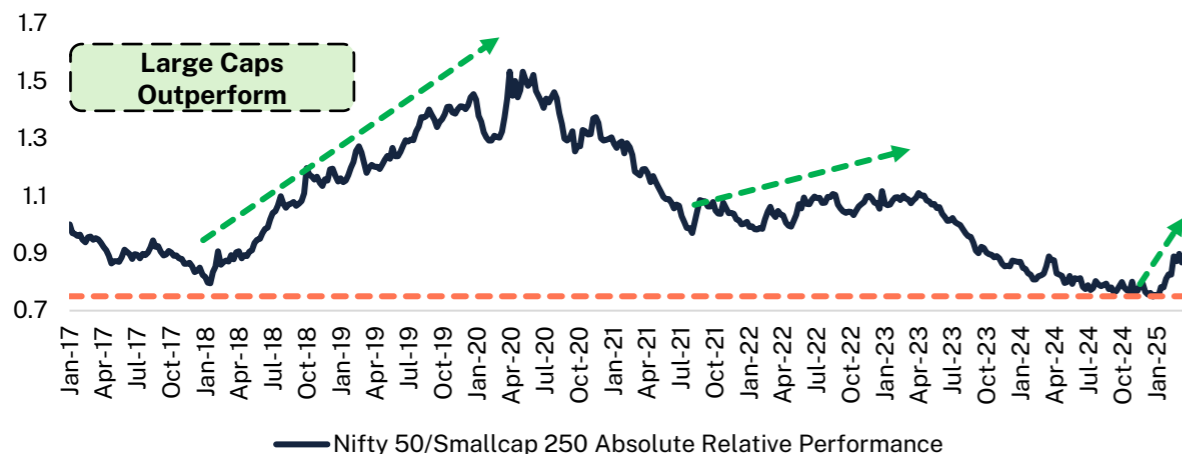
3QFY25 Performance Decomposition of Nifty 50 Companies Grouped by Sectors

- Net Sales: Consumer discretionary saw the largest sequential growth in 3QFY25, supporting our positive outlook on auto stocks.
- EBITDA: Financials led in EBITDA margin expansion both QoQ and YoY in 3QFY25.
- PAT: Financials, driven by banks, remain the top contributor to Nifty 50 PAT. Moreover, the consumer discretionary sector posted the highest PAT growth QoQ, after communication services.

Decoding Valuations



On an Absolute Relative Performance Basis, it Appears that Large Caps Will Likely Outperform Small Caps, Which are Still 1 SD Above Their Mean Historical Valuation

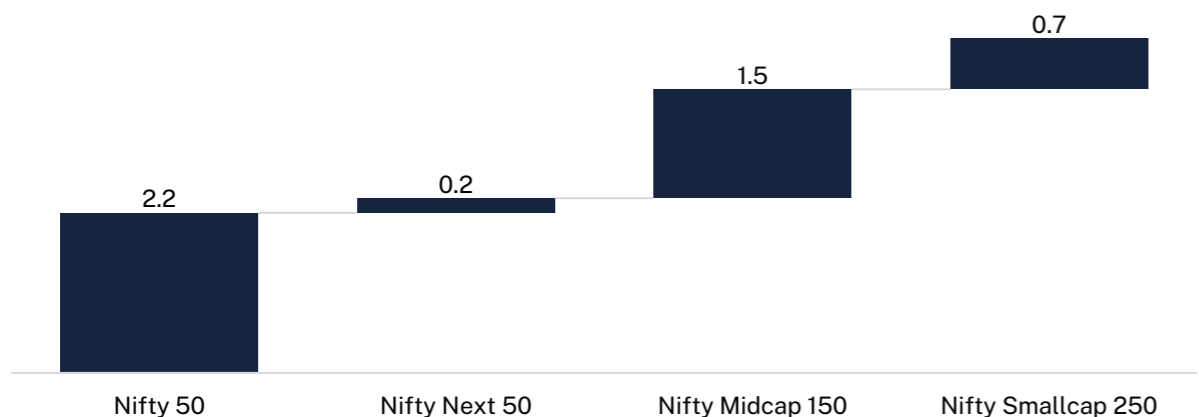


- **Large Caps:** Currently trading nearly 1 SD below long-term average valuation multiples, thereby making risk/reward favorable.
- **SMID Caps:** Still trading above their respective long-term fair valuation multiples. However, a market recovery led by large-caps could prevent SMID caps from correcting significantly.
- **Relative Performance:** Looking at the relative performance of Nifty 50 vs Nifty Smallcap 250, the absolute relative performance of large to small caps appears to have bounced sharply from an all-time low reached in 2HCY24, suggesting that if the trend maintains then large caps could outperform the broader market.

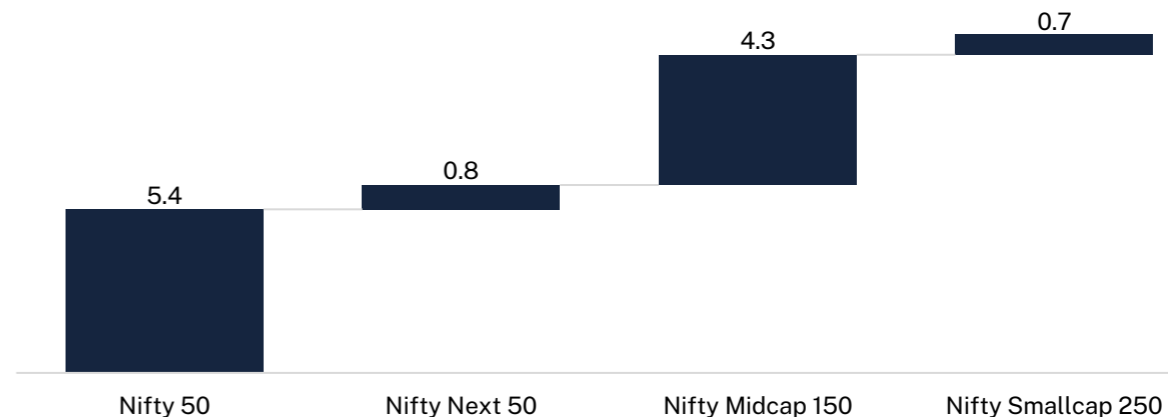
Optimistic on Large Caps; Small & Mid caps Remain a Stock Picker's Market

Despite expectations for higher growth, both small-cap and Nifty Next 50 stocks contributed very marginally to the overall expansion in net sales and PAT for Nifty 500 companies in 3QFY25. We retain our view of maintaining a large cap bias and being cautious towards SMID-caps.

Share of Index Constituents in Net Sales Growth of Nifty 500 Companies in 3QFY25
(Total Nifty 500 Net Sales Growth = 4.6% YoY in 3QFY25)



Share of Index Constituents in PAT Growth of Nifty 500 Companies in 3QFY25
(Total Nifty 500 PAT Growth = 11.1% YoY in 3QFY25)



Monthly Sector-Wise Revisions to FY26 Sectoral-Level Consensus Earnings Growth Estimates (YoY%) for Top 200 Companies by Market Cap
(Financials Have Witnessed Positive Earnings Revisions in Recent Months)

Sector	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Communication Services	290.9	228.7	409.4	341.2	233.6	232.6	180.2	224.3	713.7	576.7	254.9
Consumer Discretionary	18.2	18.9	19.2	19.6	20.7	20.8	20.9	21.3	21.3	21	20.4
Consumer Staples	13.2	13.8	13.7	13.9	14.4	14.6	14.4	14.4	14.4	14.3	13.5
Energy	6.7	10	10.7	10.8	13.2	13.9	14.1	16.2	16.8	17.2	19.2
Financials	14.6	15.1	15.2	15.3	14.1	14.1	14.1	12.8	12.6	12.2	10.3
Healthcare	16.2	16.2	17.2	17.4	18	18.3	18	18.1	18.1	18.1	16.9
Industrials	19.6	19.7	20.6	20.5	20.9	21.3	21.1	22.5	22.5	22.8	22.3
Information Technology	13	12.8	12.8	12.9	13.1	13.1	13.9	13.5	13.1	13.6	13.5
Materials	18.3	21.3	22.3	23.3	28.8	29.4	31.4	39.9	40.6	42.7	42.8
Real Estate	29.9	28.8	29.1	27.9	27.8	28.1	28.1	23.9	24.3	24.1	19.4
Utilities	9.2	8.9	9.8	10.4	10.6	10.9	10.9	11	10.8	10.9	10.7
Total	14.8	15.9	16.5	16.7	17.2	17.4	17.6	18.1	18.4	18.5	17.6

Source: Bloomberg, NSE, Spark PWM

Summary

Allocation of Capital



FPIs Maintain Selling Streak & DIIs Continue Absorbing; SIPs & MF Flows Still Strong

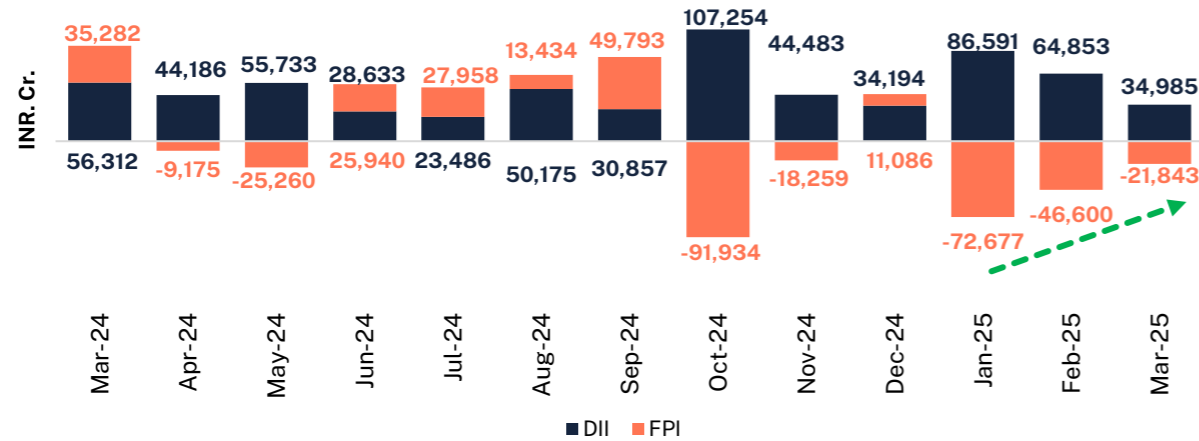
- FPIs net sold 21.8k Rs Cr worth of equities while DIIs net bought worth 35k Rs Cr in March 2025 (as of 19th March, 2025).
- Gross SIP inflows rose 36% YoY to INR 25,999 Cr in February 2025, but declined 1.5% MoM.

DXY Weakened Amidst Tariff Uncertainty & US Growth Fears: Could Flows Find Their Way to EMs?

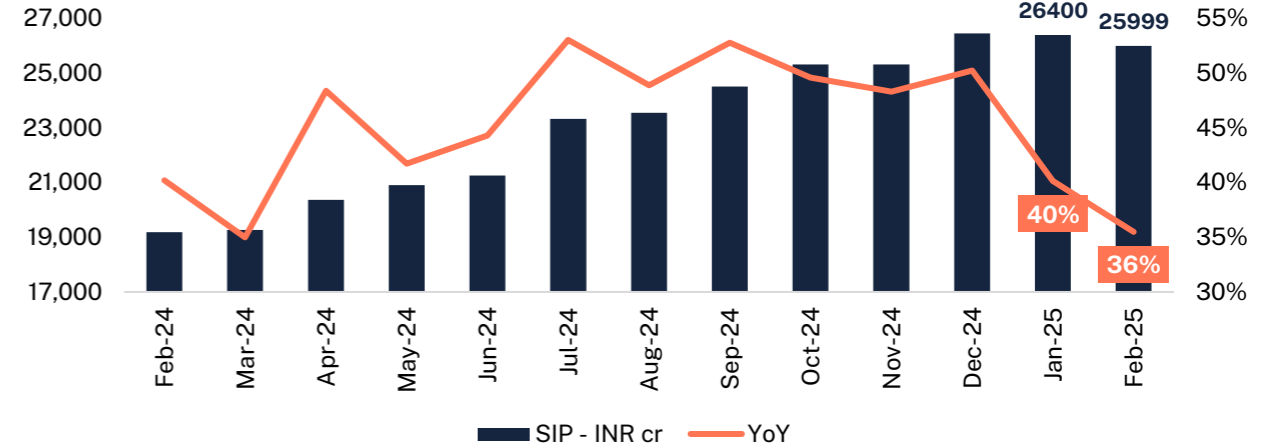
- A weaker US Dollar has traditionally been positive for FII flows to Indian assets as it indicates that the currency's carry has worsened and makes foreign domiciled assets more attractive. As such there has been a visible rotation from US assets to other AEs and EMs.
- Daily net foreign investment (\$ millions) in Indian debt surged by the most in 6 months on bets of further RBI rate cuts.
- Net flows to all equity, fixed income, specialty, commodity, alternative investments & money market ETFs Improved in non-US markets as DXY softened. INR also had its best 1W performance against USD since 2022.

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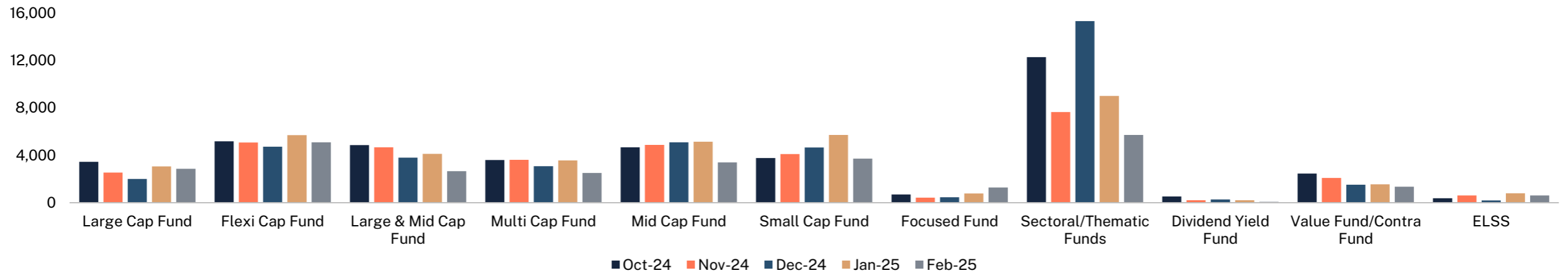
FPIs Continued to Sell Indian Equities in March 2025, But by a Significantly Lower Magnitude



Gross SIP Inflows Rose 36% YoY to INR 25999 Cr in Feb 2025, But Declined 1.5% MoM



Equity Mutual Fund Flows - January 2025 (Rs. Crore)

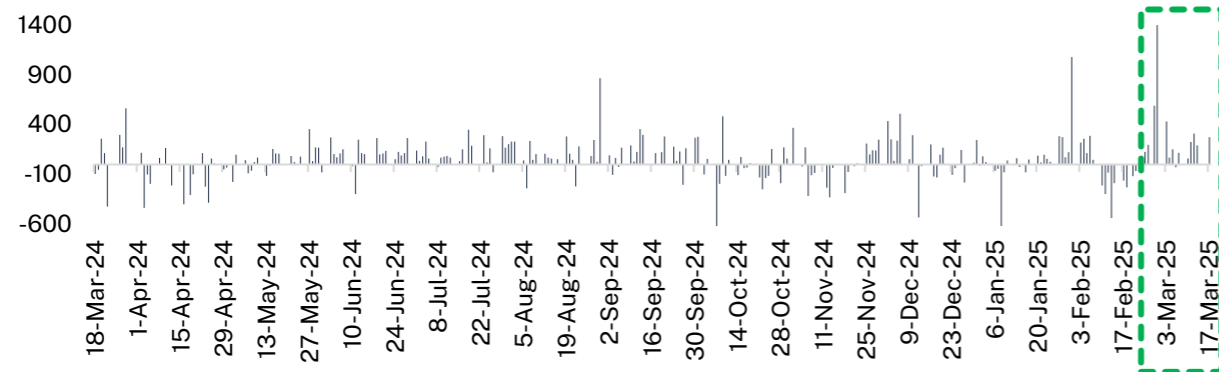


Source: Bloomberg, Association of Mutual Funds in India, NSDL, SEBI, Spark PWM

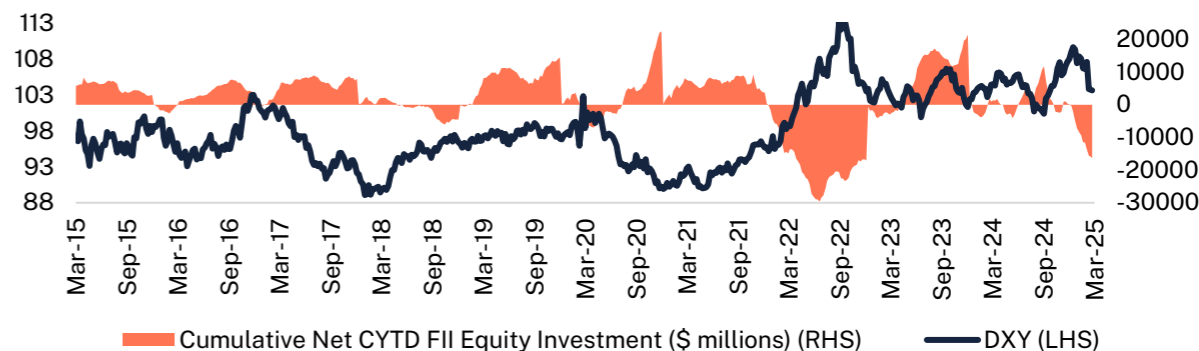
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Daily Net Foreign Investment (\$ millions) in Indian Debt Surged by the Most in 6 Months on Bets of Further RBI Rate Cuts



FII Investments in Indian Equities Are Inversely Proportional to USD Strength so the Current Decline in DXY Could Make FIIs Return



Net Flows to All Equity, Fixed Income, Specialty, Commodity, Alternative Investments & Money Market ETFs Improved in non-US Markets as DXY Softened

	Classification	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
United States	Developed Market	182139	159549	93841	93883	35454
DXY	Currency Index	107.6	107.5	107.4	107.1	103.5
Germany	Developed Market	-476	-79	-9	1827	2761
Western Europe	Developed Market	-906	-122	959	3364	2562
Poland	Emerging Market	-45	-6	-3	57	63
Eastern Europe	Emerging Market	-42	11	-20	222	198
Japan	Developed Market	-3442	-3449	961	2528	2626
India	Emerging Market	-311	-251	-741	-328	89

Breakdown of Fortnightly FII Flows to Indian Equities by Sectors (Rs Crore) in 2025

SECTOR / DATE	15-Jan-25	30-Jan-25	15-Feb-25	28-Feb-25	15-Mar-25	Trailing 12M
Automobile and Auto Components	-1,924	-3,899	-690	-3,279	-3,640	-33,603
Capital Goods	-2,620	-3,077	-3,206	-1,258	-1,912	12,807
Chemicals	42	313	337	92	-129	6,885
Construction	-2,416	-2,533	-3,910	-3,285	-2,329	-27,756
Consumer Durables	-931	-2,869	-1,049	-1,241	-1,566	-6,918
Consumer Services	-3,507	-4,840	-2,262	-595	-1,900	-827
Fast Moving Consumer Goods	-1,134	-4,294	-4,336	-2,568	-5,106	-30,507
Financial Services	-12,204	-12,745	-5,344	-1,647	-3,311	-53,541
Healthcare	-1,460	-2,912	1,534	-2,996	-2,049	15,636
Information Technology	-1,927	-4,544	693	112	-6,934	-4,368
Metals & Mining	-1,997	-385	-558	-606	1,179	-739
Oil, Gas & Consumable Fuels	-1,203	-369	-2,434	-943	-970	-62,183
Power	-3,115	-1,083	-1,852	-1,234	-1,867	-18,029
Telecommunication	-499	643	2,337	5,661	-340	32,827
Total	-34,895	-42,594	-20,740	-13,787	-30,874	-170,316

Source: Bloomberg, NSDL, Securities & Exchange Board of India, Spark PWM

Summary

Trends and Sentiments



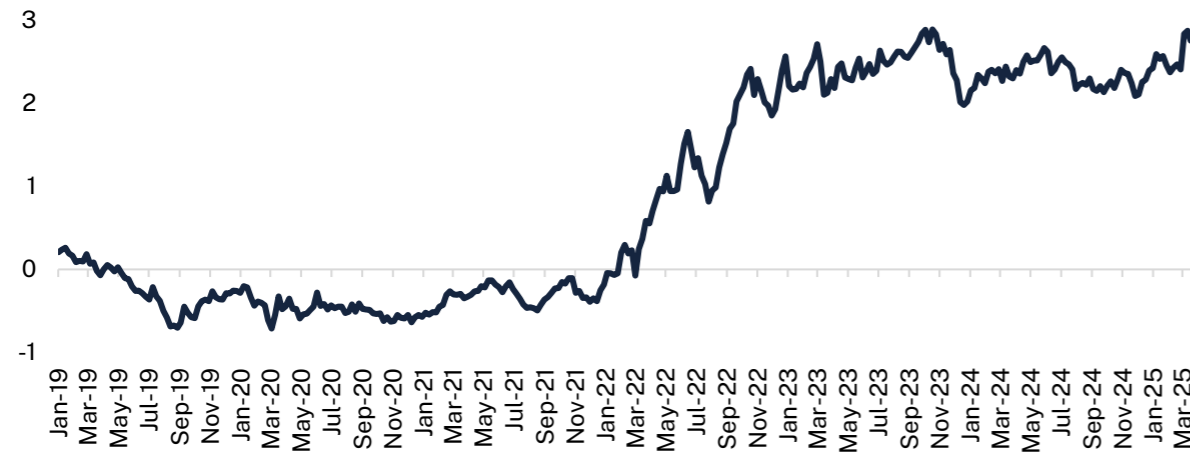
Germany's Power Play: 'Whatever It Takes'

- The German parliament and Bundestag approved a landmark defense spending bill of EUR 500 billion, the largest in history, in hopes that it will reignite economic growth in Europe's largest country. As a result, European defense stocks have surged over 40% YTD and the Euro pared most of its losses against USD.
- 10Y German Bund yields soared to their highest level since the European Sovereign Debt Crisis in the early 2010s as this level of fiscal spending is unprecedented in EZ.
- Details of the spending package:
 - Defense spending in excess of 1% of GDP will be released from constitutional borrowing restrictions.
 - Special, off-budget infrastructure fund will be empowered to borrow as much as EUR 500 billion (\$542 billion) over 12 years.
 - Of that amount EUR 100 billion will be transferred to the Climate and Transition Fund and states will receive EUR 100 billion for regional projects.
 - Germany's 16 states will have leeway to borrow as much as 0.35% of GDP, or the equivalent of EUR 16 billion, instead of having to run balanced budgets.

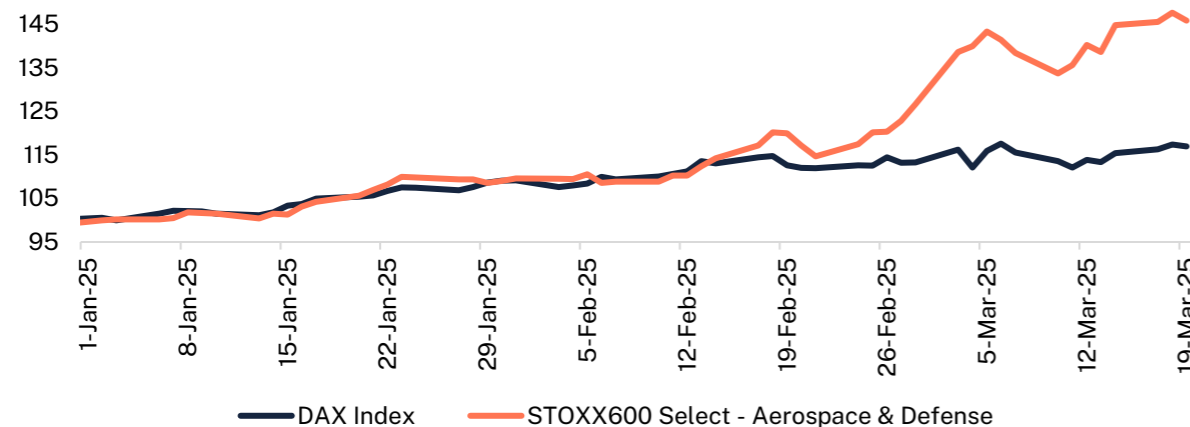
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10Y German Bund Yields Soared to Their Highest Level Since the European Sovereign Debt Crisis in the Early 2010s

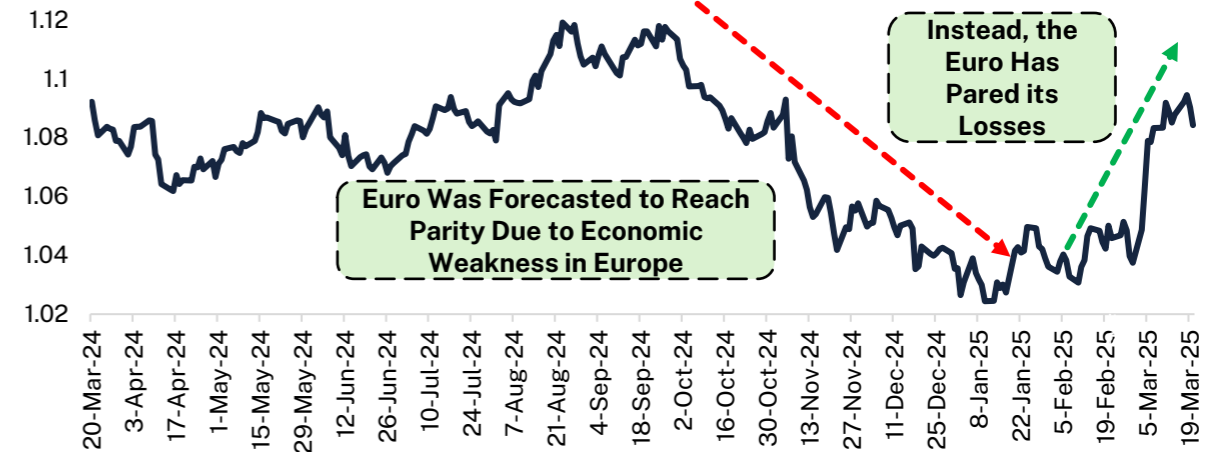


European Equities Led by German and Other Aerospace & Defense Stocks Have Had a Very Strong Start in 2025 (Index = 100 on 1st January 2025)



Source: Bloomberg, Spark PWM

EUR/USD was Forecasted to Reach Parity in 2025, Instead the Euro Has Reversed From 1.02 & Gained Against the US Dollar



Germany's Spending Package:

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01 EXTERNAL INFLUENCE

- **US:** The US economy remains balanced with a soft landing expected, though concerns over a potential period of transition due to tariff policies may impact short-term growth while equities face a correction. The Fed continues to plan 2 rate cuts despite rising inflation and growth concerns
- **Europe:** European equities have underperformed compared to the US, but the valuation gap is narrowing, largely due to increased defense spending in Germany, with high expectations for future growth despite slow progress over the last decade.
- **China:** China's economy shows signs of recovery, with improving industrial activity and a rally in tech stocks, but the sustainability of this growth remains uncertain due to weak fiscal measures and the need for more catalysts beyond cheap valuations to maintain momentum.

02 LOCAL STORY

- In 10MFY25, government revenues showed strength, with personal income tax collections rising 22% YoY, although corporate tax receipts declined by 0.6% YoY. Capex grew by 10.5% compared to 9MFY25, but the government is expected to miss its budget estimates for FY25 by about 10%.
- Economic activity showed mixed signals in February, with a slight increase in PMI to 58.8, industrial production up by 5%, and GST collections growing 13.8%, though E-Way Bills generation dipped slightly.
- Some structural changes are needed to support a sustained market recovery, with state capex lagging behind central government spending. The banking system remains in a liquidity deficit of INR 2432 billion, and further RBI rate cuts could address this. While the trade deficit narrowed, it was primarily driven by declining imports rather than rising exports, indicating weaker domestic consumption.

03 INFLATION & RATES

- **US:** Stagflation fears rise as inflation forecasts increase and GDP growth slows, with markets pricing in higher recession risk and more rate cuts than the Fed has indicated.
- **India:** CPI moderates to 3.61% YoY in Feb 2025, creating room for RBI rate cuts, with markets expecting 2 cuts in the next 2 quarters.

04 VALUATION & EARNING

- Valuations are below historical averages for large caps, but still above average for mid and small caps. Nifty 50 EPS expected to grow 12.6% by FY26, driven by a potential 4QFY25 recovery. Based on 1Y BF estimates of sector-specific fundamentals it appears that auto and bank stocks have become relatively cheap.

05 ALLOCATION OF CAPITAL

- **FPIs & DII:** FPIs sold INR 21.8k Cr of equities, while DIIs continued to absorb with a net purchase of INR 35k Cr in March 2025 (as of 19th March).
- **US Dollar Weakness:** The weakening DXY supported FII flows into Indian assets, with significant foreign investment in Indian debt and improved ETF flows into non-US markets as the INR saw its best 1-week performance against the USD since 2022.

06 TRENDS & SENTIMENTS

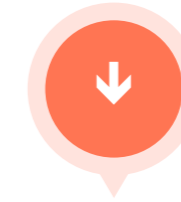
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- 10Y German Bund yields soared to their highest level since the European Sovereign Debt Crisis in the early 2010s as this level of fiscal spending is unprecedented.

Spark PWM Portfolio Exposure



India Equities Earnings Outlook

- We estimate that NIFTY 50 will deliver **earnings growth of 12.6%** over CY24-26E.
- Domestic liquidity chasing Indian equities have led to asset getting re-priced in the near term. The valuations do not appear euphoric but remain marginally above the fair valuations.
- On the risk adjusted return based on the 'ELIVATE' framework, we continue to maintain our equal weight stance on equities. We will try to mitigate the correction risk by increasing allocation to large-cap and participating through lower beta products and fund managers.
- On a sectoral basis, we are OW on Banks, Auto, and Pharma.

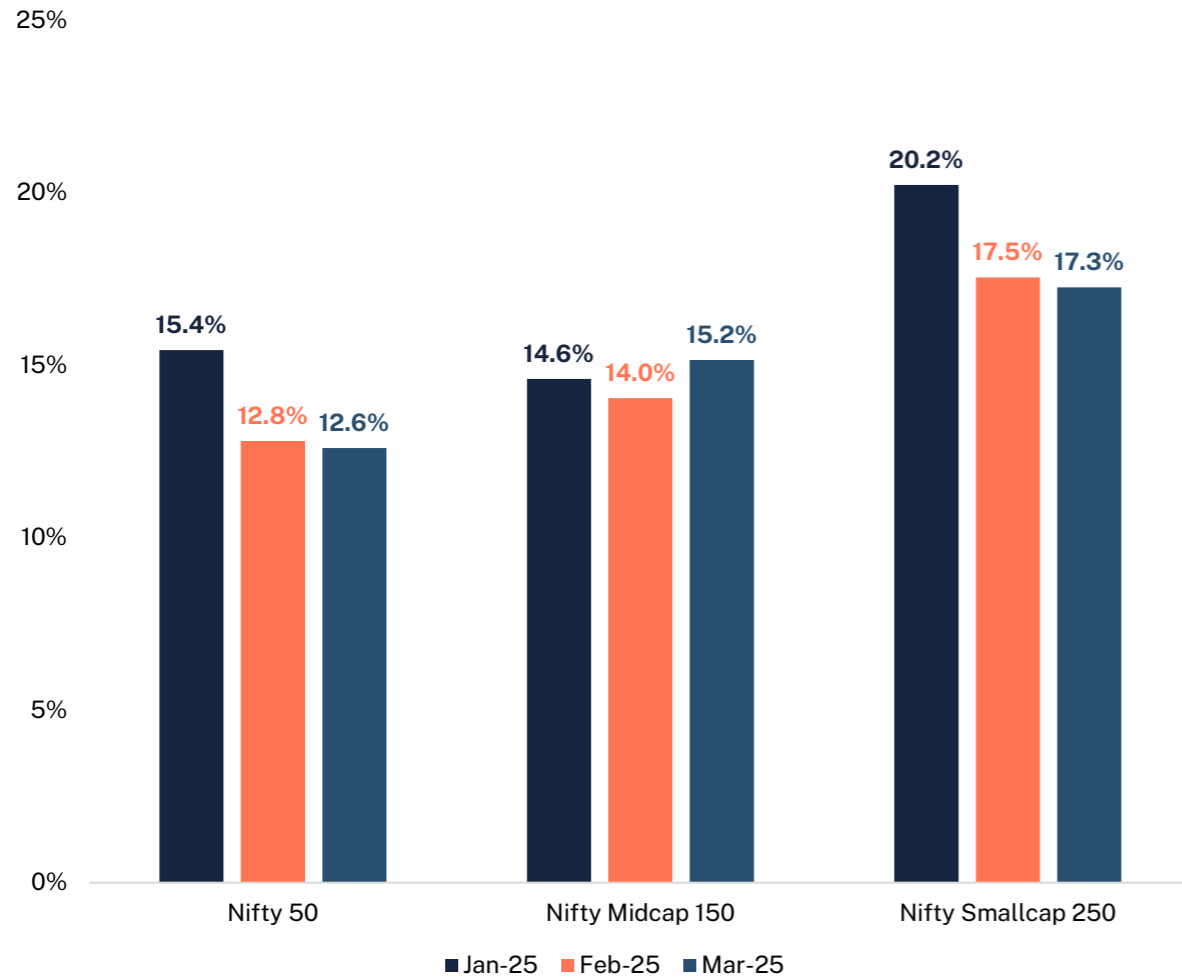


India Fixed Income Outlook

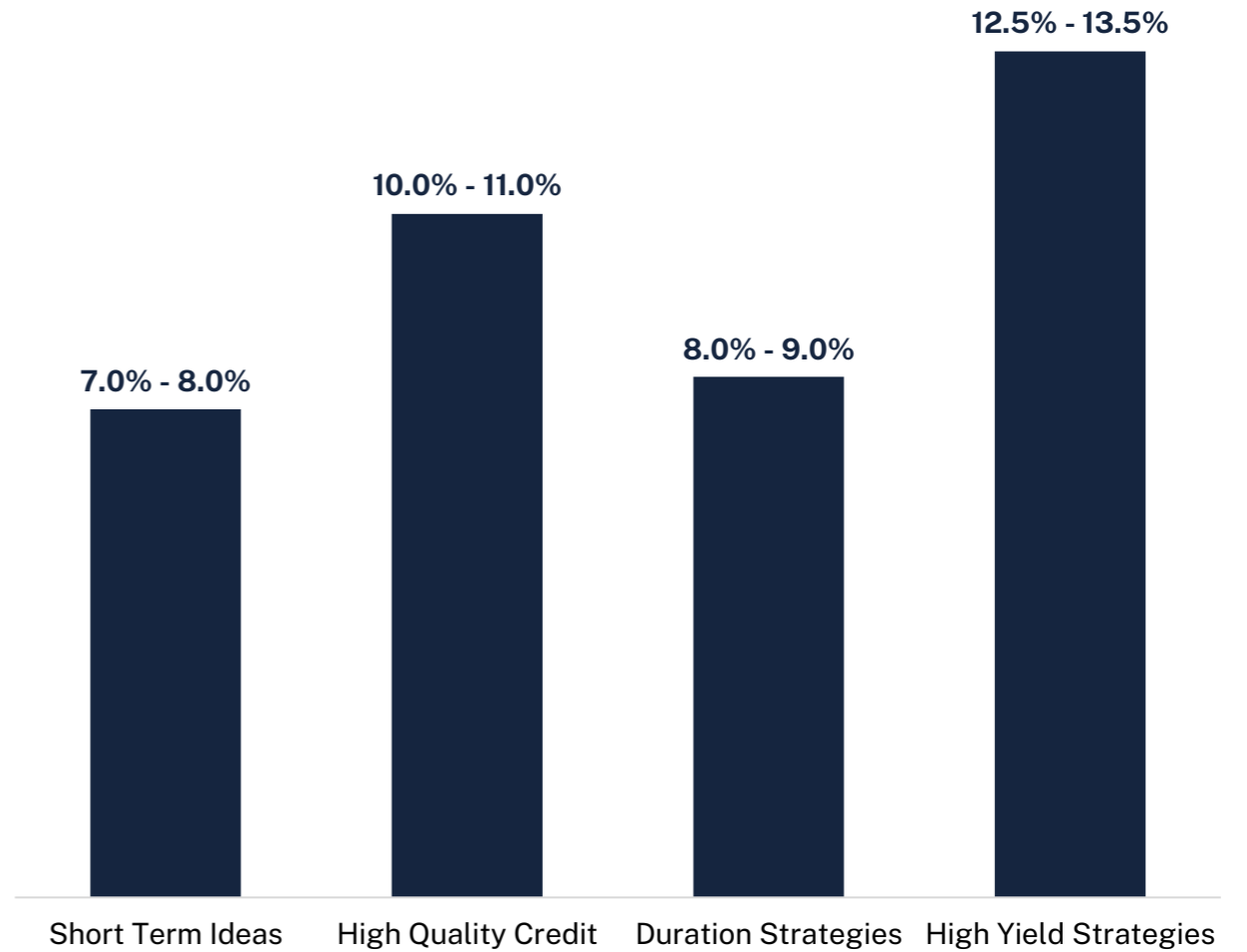
- The inclusion of Indian bonds in global indices, alongside it being one of the best major macroeconomic stories in the world, is expected to drive substantial investment flows over the next few years.
- Banking liquidity moved to surplus due to the dividend by RBI and FPI flows over last two months. To neutralize the surplus liquidity, RBI conducted OMO and VRRR sales.
- We continue to remain constructive on rates due to positive demand supply dynamics and lower inflation.
- Investors should continue to build a mix of Carry and Duration in their portfolios.

Expected Return & Asset Allocation

Index Expected Earnings (CY24-26E %)



Debt Yield Expectations



Source: Bloomberg, Spark PWM

Summary

India Fixed Income



Carry Opportunity

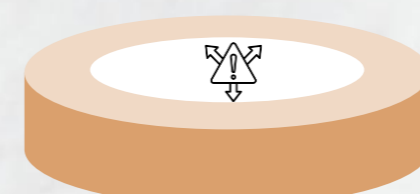
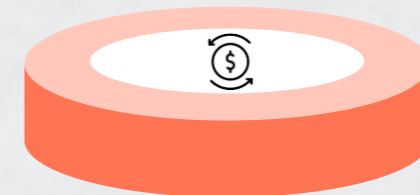
- Corporate Bonds offer attractive carry opportunity plus additional capital gains as the inverted yield curve normalizes
- Carry Opportunity in Money market instruments as banking system liquidity is expected to remain in neutral to deficit zone in the near term

Neutral on Duration

- While Central banks across the globe are expected to cut rates further this year, Trade tensions and geo-political developments can keep yields volatile
- **We suggest focusing on Carry and adding Duration selectively as and when yields spike using the longer tenor G-Secs or Mutual Funds.**

Positive on REITs

- Historically, REITs have had an inverse correlation with interest rate hikes majority of the time.



Domestic factors favourable for yields

- Bond yields should continue to take cues from stable demand and supply environment for Govt securities, controlled fiscal deficit, neutral monetary stance on the back of moderating GDP growth
- FPI flows rose sharply in March as Indian bonds were added to Bloomberg Emerging Market local currency index. India sovereign bonds inclusion in JP Morgan EM bond index, Bloomberg index and FTSE Russel EM Govt Bond Index should continue to attract foreign flows and put lower pressure on yields going forward

Risk-reward in Credit Space

- Spreads in the 3 year AA & A rated space trade higher than 10 year average.
- **A “Carry” trade in the 3Y maturity using quality credit papers appears attractive.**

Debt Portfolio Construction

Category	Product Ideas	Indicative Allocation	Indicative Yield
Liquidity Bucket: Upto 12 Months		30%	
Arbitrage MF	Bandhan/Edelweiss Arbitrage		6.80% - 7.20%
Money Market Fund	ICICI Pru / Bandhan Money Market Fund		7.45% - 7.60%
Liquid Plus AIF	Northern Arc Money Market Alpha Fund		9.00%*
Absolute Return AIF	Alpha Alternatives – Multi-Strategy Absolute Return Fund (MSAR)		10.5% to 11.5%^
Commercial Papers	ICICI Securities – 6M [ICRA A1+]		7.50%
HTM Bucket: 12-36 Months		45%	
Corporate FDs	Bajaj Finance [CRISIL FAAA] /Shriram Finance [CRISIL FAAA] 36M		8.05%9.50%
High Quality Bonds (AA & above)	Shriram Finance – Avg Maturity 2Y - [CRISIL AA+]		8.70%
	Muthoot Finance - Avg Mat 2. 5 Years - [CRISIL AA+]		8.30%
	State Bank of India – Call Date Dec 2026		8.00%
Curated NCD	Secured, Rated, Listed Krazybee CRISIL A- /Indel Money Ltd. NCD [CRISIL BBB+ Stable]		11.25%/12.00%
Equity Linked MLD	Nuvama – All Weather Equity linked MLD 39 Months		Max Coupon 47.55%
Corporate Bond Fund	ICICI Pru / HDFC Corporate Bond Fund		7.5% - 7.7%
Income Plus Arbitrage FoF	Bandhan Income Plus Arbitrage FoF		7.25%-7.30%
Hybrid Funds	ICICI Pru / Mirae Asset Equity Savings Fund		7.0% - 11.0%
	Tata / ICICI Pru Balance Advantage Fund		10.0% - 14.0%
	White Oak / ICICI Pru Multi-Asset Fund		10.0% - 14.0%
Duration/Yield Enhancer Strategies: > 36 Months		25%	
REITs	Mindspace REIT		6% Pre-tax dividend yield + 5% upside to NAV**
Credit AIF	SpECS Fund III		13.50%*
	Neo Income Plus Fund – CRISIL AA- (SO)		12.95%*
	Sundaram Performing Credit Opportunities Fund – CARE AA+ (SO)		13.00%*
	Northern Arc Finserv Fund		12.20%*
Real Asset AIF	ICICI Prudential Office Yield Optimiser Fund		13.00%*
	Neo Infra Income Opportunities Fund		16%*

*Indicative yields of funds is post expense

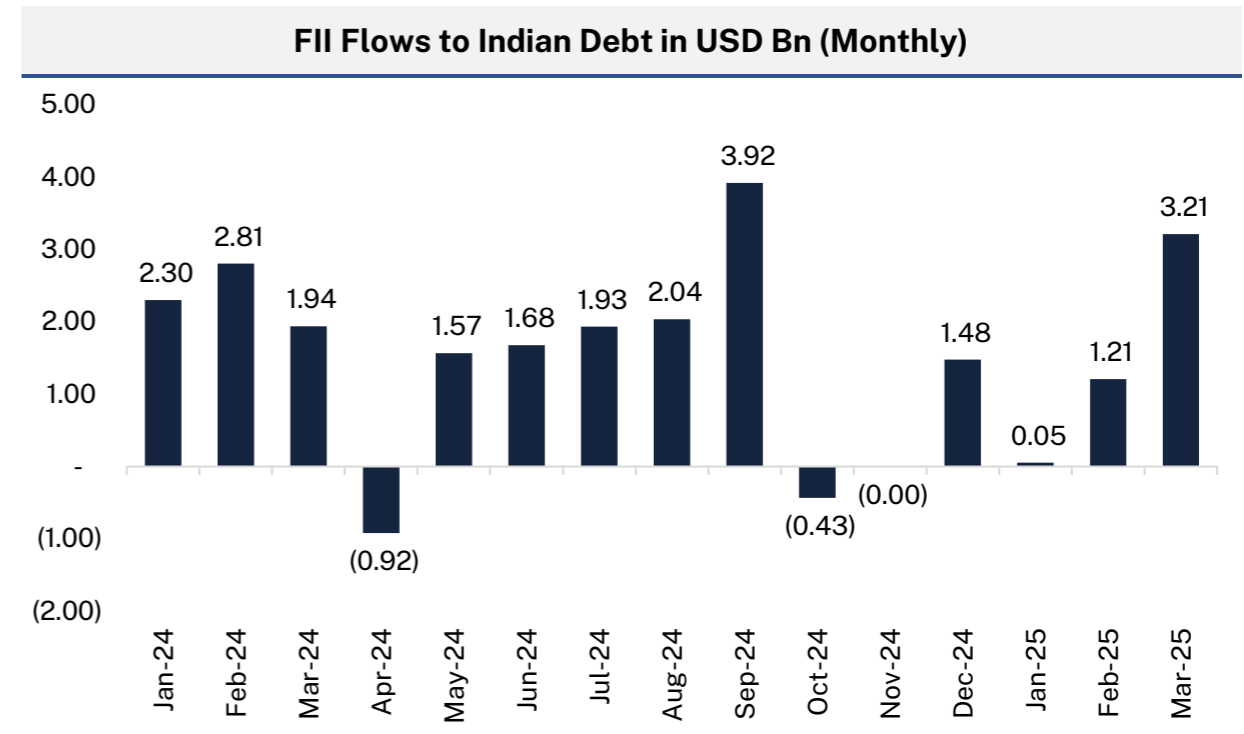
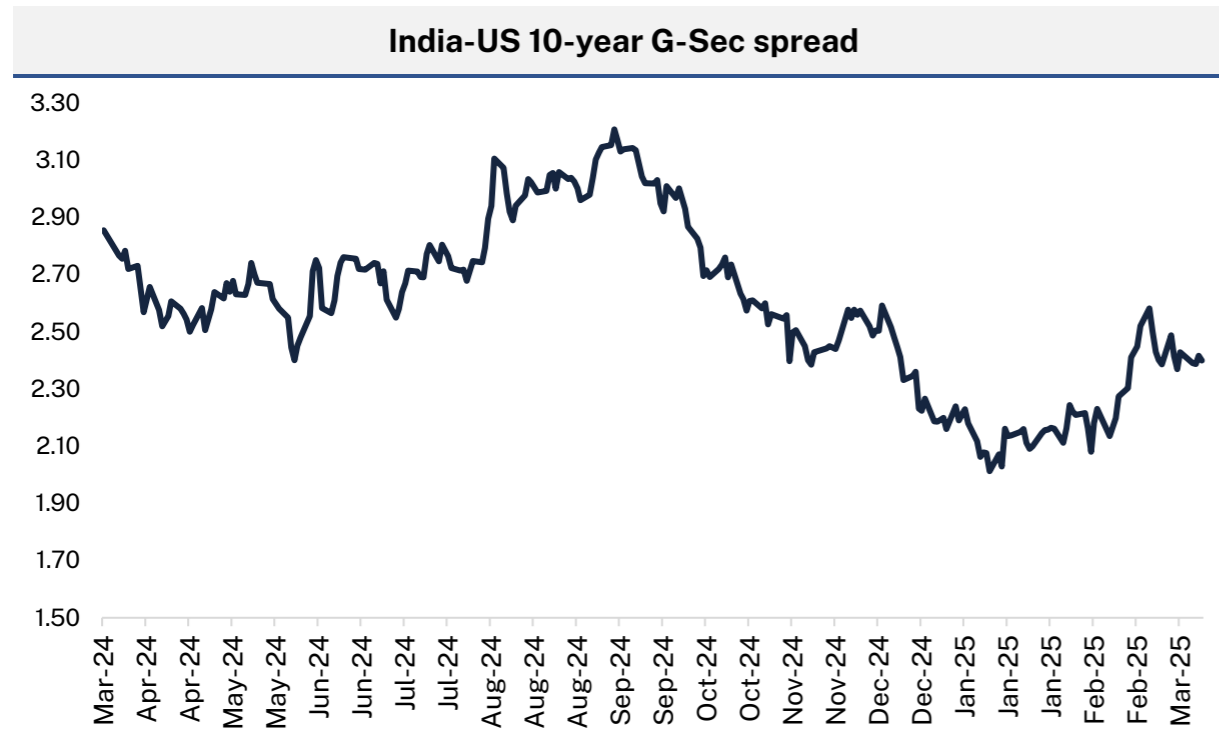
^Targeted post-expense return of the fund

Hybrid MFs suggested are Equity oriented hybrid funds, taxed at 12.5%+ after holding of 1 year

**As per Avendus Spark report at CMP as of 30th June 2024, Mindspace REIT offers 1-year forward pre-tax dividend yield of 6% and 5% upside of NAV. (NAV of Rs 380.5 as of 31st March 2024.

FPI Flows jump sharply in March

Anticipation of rate cuts and Indian bonds inclusion in global indices are key factors driving FPI flows in India

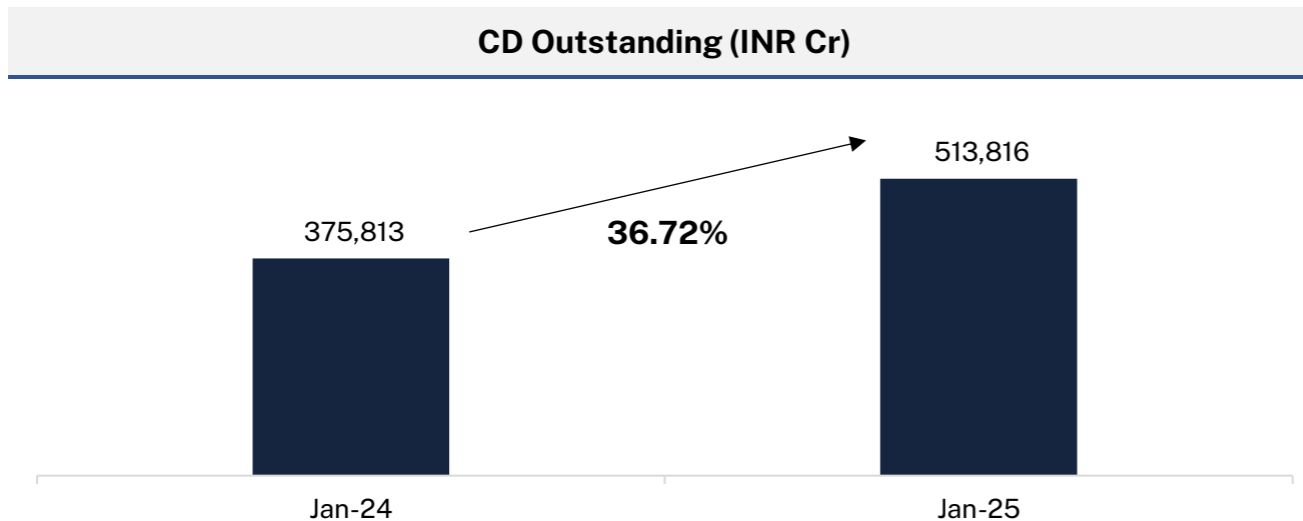
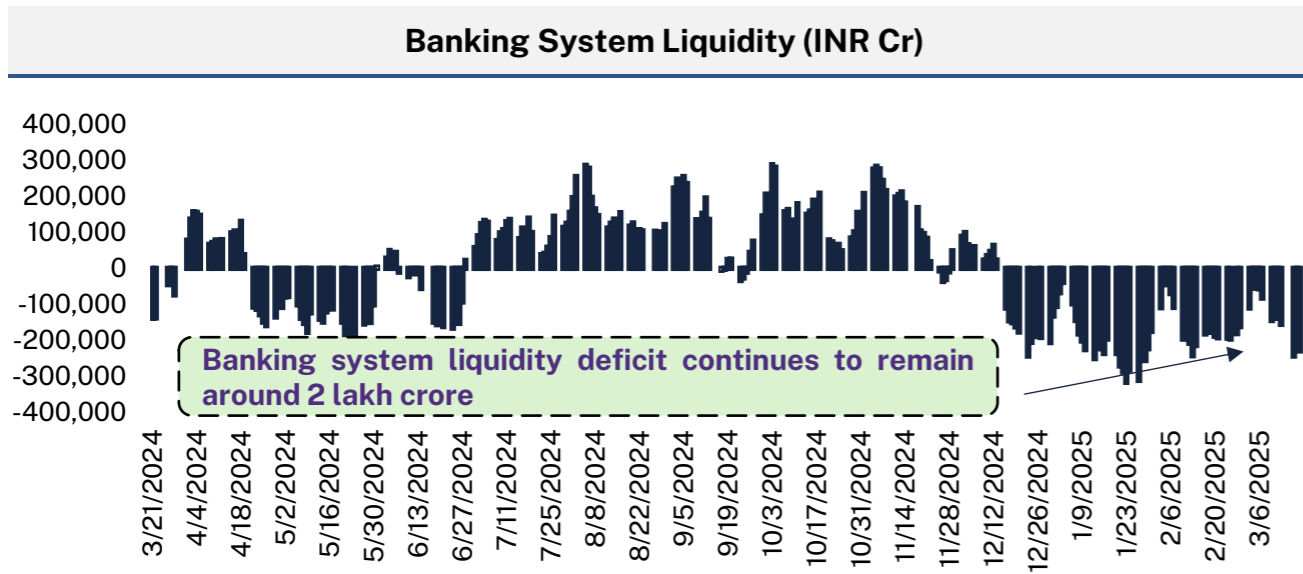


- FPI net inflows into debt picked up in Mar-25 and rose to \$3.21 bn
- In FYTD25, FPI invested USD 15.7 billion into Indian bonds, supported by India’s strong Macro Economic outlook and Indian bond inclusion in global indices
- The India-US 10Y interest rate differential has improved to 237 bps (as of 21 Mar) from 215 bps a month ago, mainly due to a fall in US yields. The US 10Y yield has fallen by around 30bps in the past month as trade policy uncertainty has raised growth concerns.

Source: Bloomberg, Spark PWM.
Yield Data as of 21st March 2025
FII Flows data as of 19th March 2025

Banking System liquidity Negative despite actions by RBI

Tight Liquidity Conditions and higher supply of CP and CD have kept money market yields at attractive levels



In Q4, RBI has injected around ~6.9 lakh crore of durable liquidity into the banking system through OMO purchases, longer-term VRR auctions and forex swaps. The banking system liquidity deficit has narrowed from its Jan-25 peak. The average deficit for Mar-25 (up to 18 Mar) was Rs 1.4 lakh crore compared to Rs 1.7 lakh crore in Feb and Rs 2 lakh crore in January. Liquidity is expected to improve in Q1FY26 on the back of RBI liquidity measures and sizable RBI dividend in Q1FY26

RBI actions so far :

- Repo rate cut by 25 bps to 6.25%, CRR Cut by 50 bps to 4%
- Daily VRR auctions, 56-day VRR for Rs 50,000 crore, 49-days VRR for Rs 75,000 Cr and another VRR of Rs 2.75 lakh crore
- Rs 60,000 crore of OMOs in three tranches
- USD/INR Buy/Sell Swap auction of \$5 bn for a tenor of 6 months

Additional RBI measures in March:

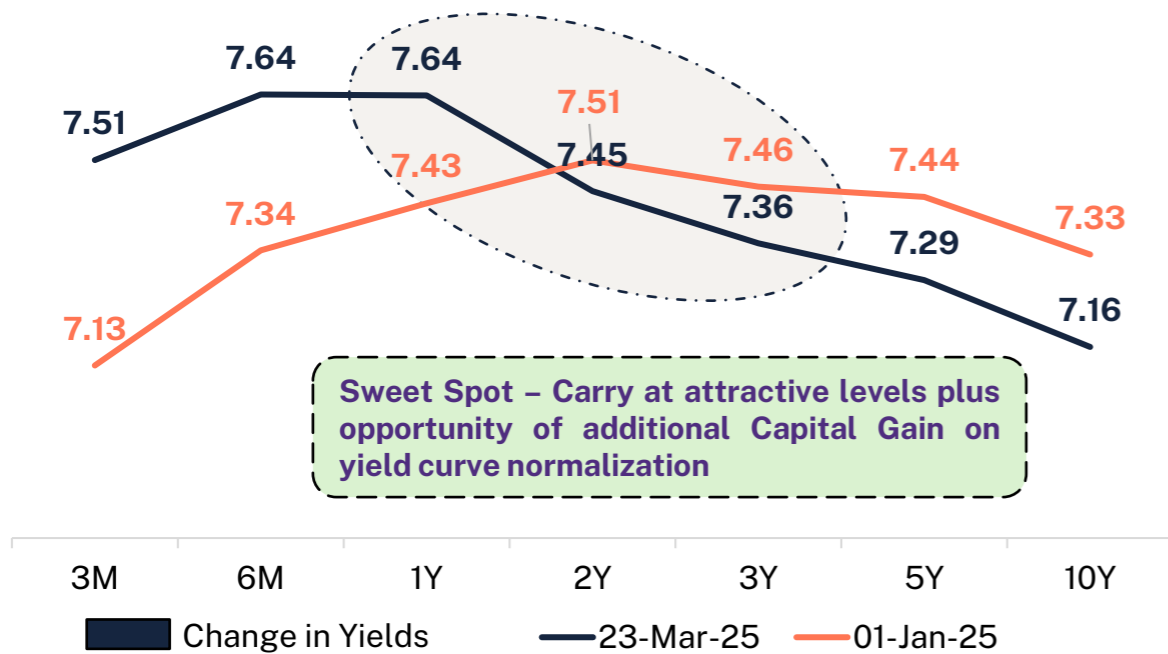
- Cumulative OMOs of 1.5 lakh crore
- US\$10bn (₹ ~87,000 crs) dollar-rupee buy-sell swap

Tight Liquidity conditions and Higher than anticipated supply of CD have kept Money Market yields at attractive levels

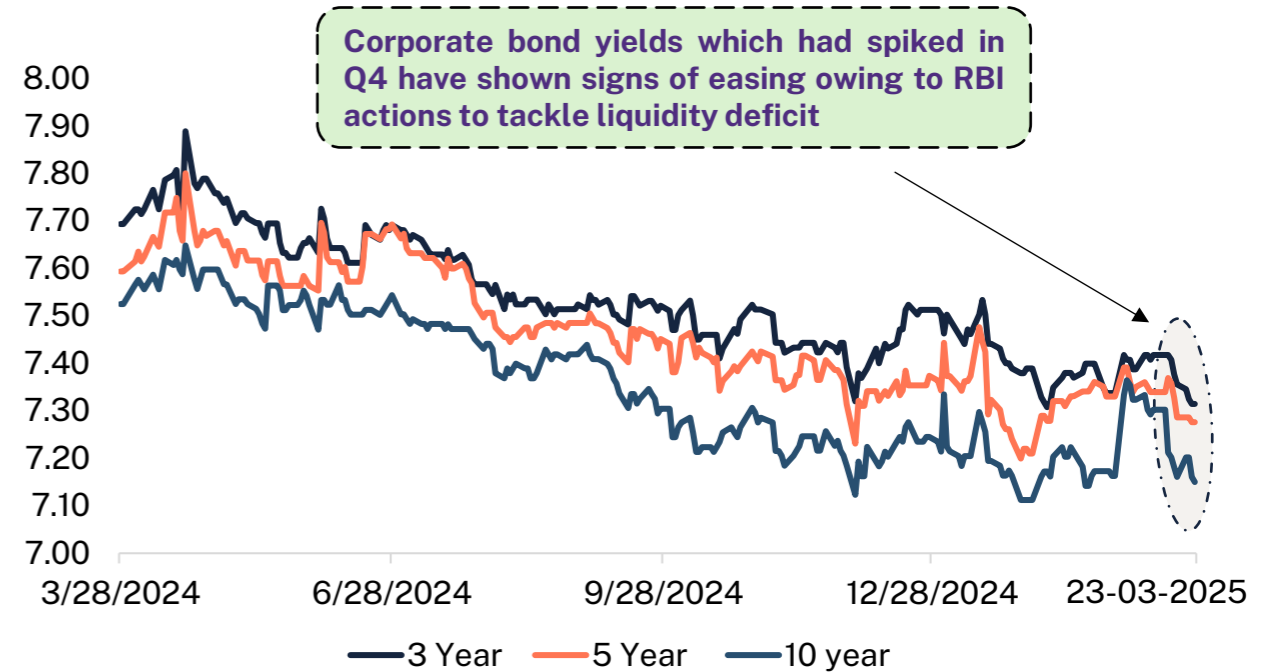
Shorter end of yield curve offers attractive Carry opportunity

Given the current shape of the yield curve, the biggest beneficiary of rate cuts would be the 1 to 3 year corporate bond yield curve. Market expects the yield curve to steepen from here

AAA Corporate Bond Yield Curve



3Y,5Y and 10Y AAA Corporate Bond Yields

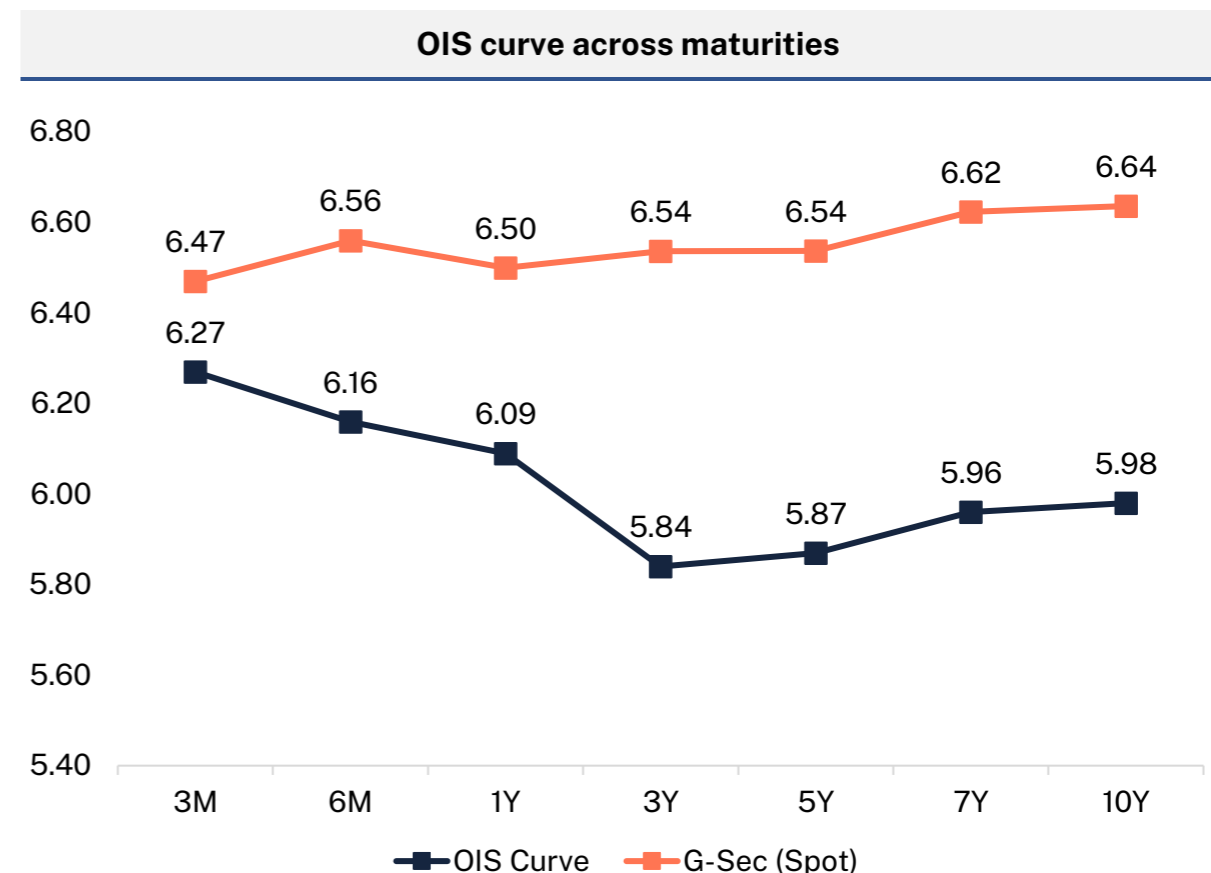
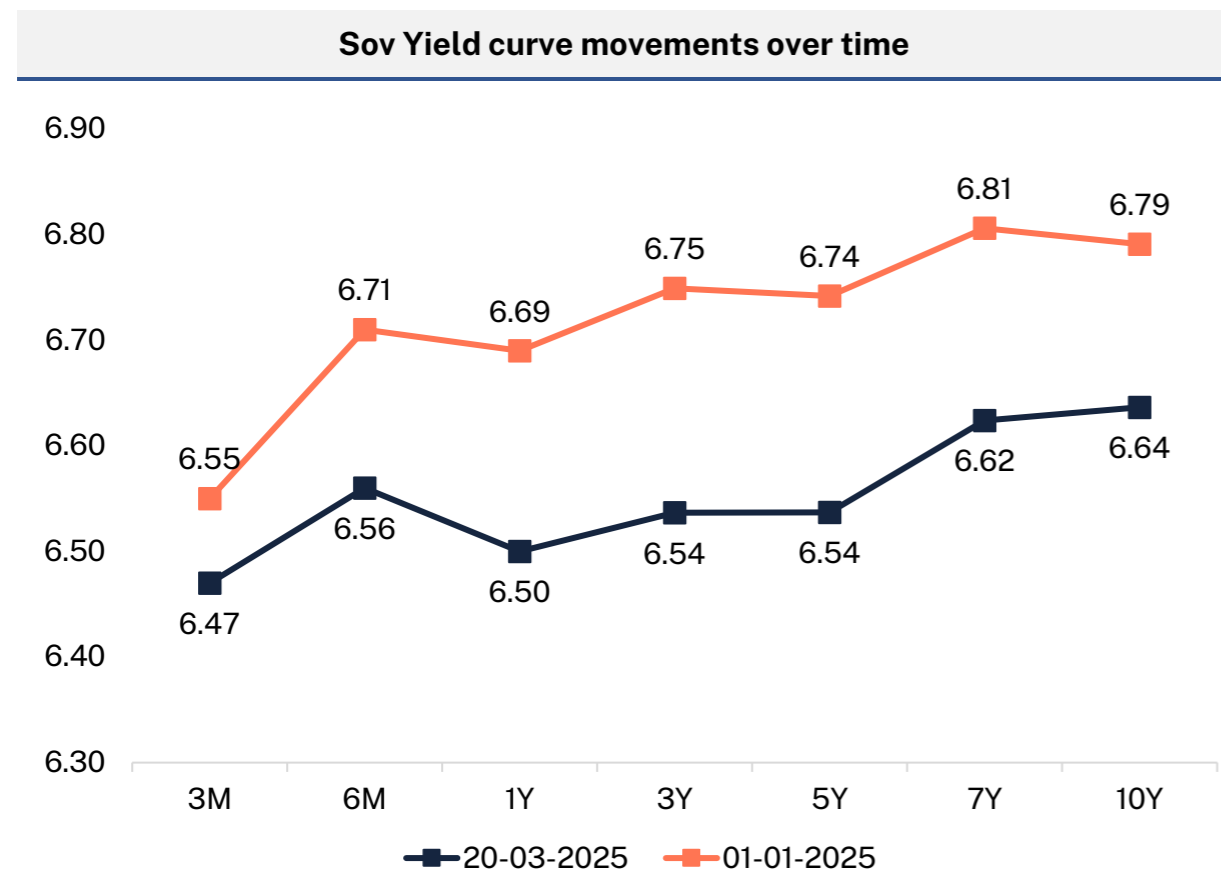


- The corporate bond curve continues to remain inverted with shorter end of the curve offering attractive carry opportunities
- Yield spreads in AAA corporate bond segment remained elevated in the last few months led by strong growth in bond supply and tight liquidity condition. However, yields have shown signs of easing towards end of March
- In the sub 1 year segment, Money Market Funds provide attractive carry opportunity
- Even though we have seen yield compression in the 2-3 years segment which has led to capital gains in the last one month, it continues to offer attractive carry opportunities with potential of capital gains

Source: Bloomberg, Spark PWM
Data as on 23rd March 2025

India G-Sec Yield curve has shifted downward on CYTD basis

India G-Sec Yield Curve has shifted downward owing to rate cut and large OMOs conducted by the RBI



- India 10Y G-Sec yield eased ~6bps over the past month. On CYTD basis, it has fallen by ~14bps, supported by RBI's OMO purchases and a decline in US yields and crude oil prices
- OIS Curve suggest yields to decline especially in the medium to long range of the yield curve

Global Dynamics & Investment Strategy

01

GLOBAL BACKDROP

Fed's Cautious Stance on Rates and Growth: The Fed kept interest rates steady but lowered its 2025 GDP growth forecast to 1.7% from 2.1%. It raised inflation expectations to 2.7% from 2.5% earlier and increased the unemployment rate forecast to 4.4%, citing uncertainty due to the Trump administration's tariff policies.

Dot Plot Divergence: 9 policymakers now expect two cuts in 2025, while 2 foresee three cuts, 4 predict just one, and another 4 expect no changes at all. This marks a shift from December, when only 1 official anticipated no rate changes, and 2 expected four or five rate cuts. The current divergence in opinions highlights the uncertainty surrounding the economic outlook.

02

EUROPEAN MARKETS

ECB Rate Cuts to Support Growth: The ECB has lowered interest rates to 2.5% for the sixth time since June 2024, aiming to boost economic growth and bring inflation closer to the 2% target. However, the revised 2025 growth forecast is just 0.9%, citing sluggish investments and trade risks.

Germany's Economic Outlook Improves: Germany is loosening its "debt brake," allowing increased defense spending and a €500 billion infrastructure fund, has boosted growth forecasts. Goldman Sachs raised Germany's 2025 GDP growth to 0.2%, with further improvements expected.

03

INDIA POLICY OUTLOOK

Inflation Easing & Rate Cut Outlook: India's CPI inflation fell to 3.61% in February, below RBI's target of 4%, driven by a decrease in food inflation, especially vegetables and pulses. A rate cut in April is likely, depending on inflation trends and external factors like the rupee's performance and global commodity prices.

Policy Outlook: The RBI is expected to maintain a measured approach to liquidity management, aiming to strike a balance between supporting growth and controlling inflation, especially in light of global uncertainties.

04

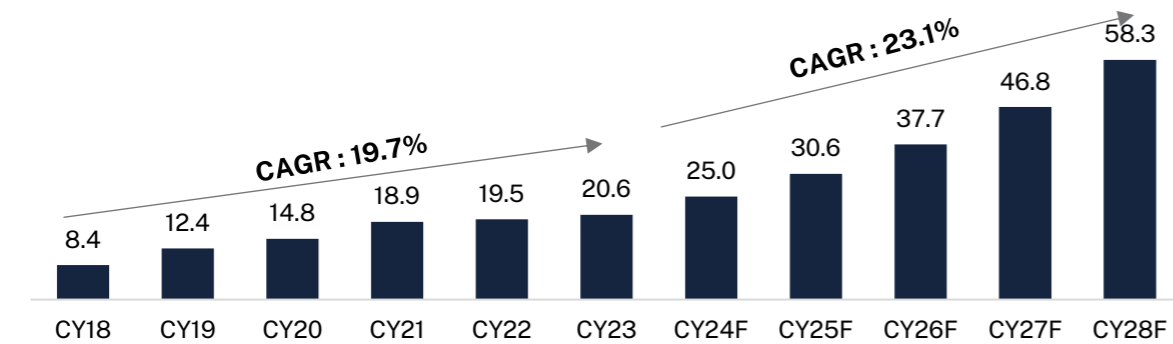
PORTFOLIO RECOMMENDATIONS

Investment focus should prioritize:

- We suggest focusing on Carry and selectively adding Duration as and when yields spike using the longer tenor G-Secs or Mutual Funds.
- Corporate bond yield spreads over G-Secs have widened significantly in recent months, driven by factors like strong bond supply and tight liquidity. However, with the RBI likely to maintain ample system liquidity, we anticipate a potential decline in corporate bond yields and a compression in spreads over the medium term.

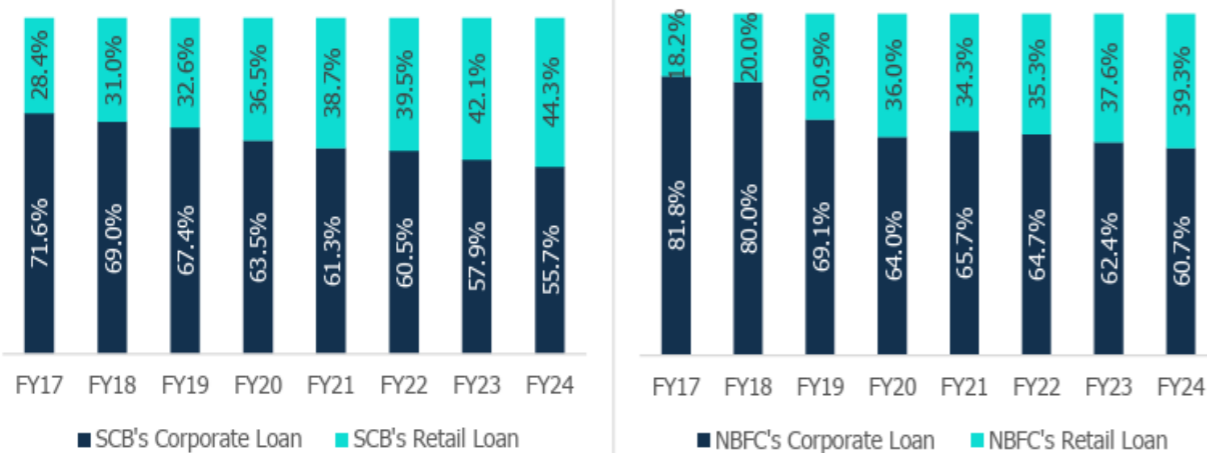
Overview of Indian Private Credit Market

Trends in Indian Private Credit AUM (in USD Bn)



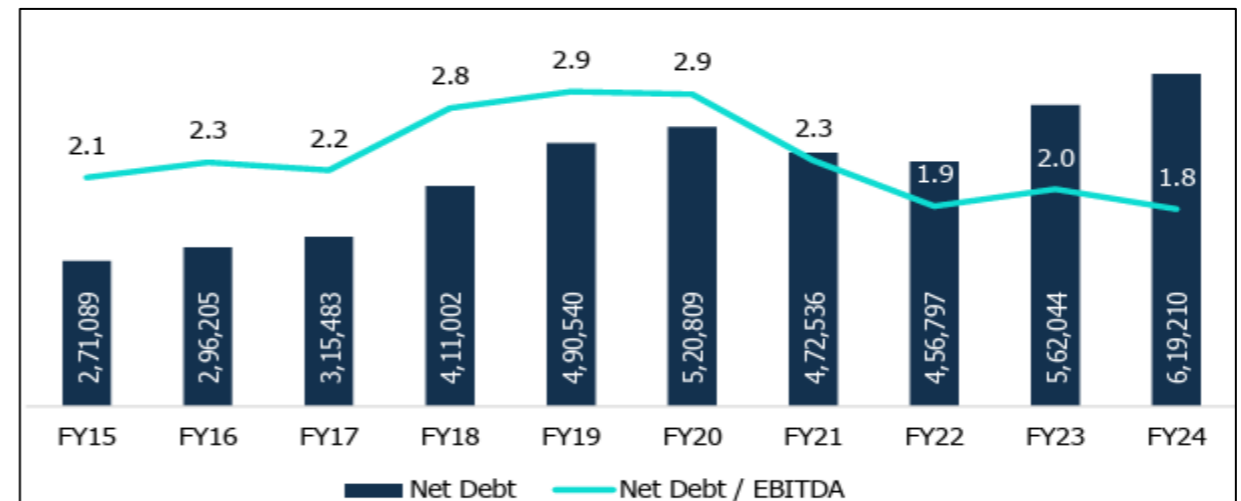
India's private credit AUM, currently at 0.5% of GDP, is projected to grow from \$25B in CY24F to \$58.3-\$70B by CY28F, reaching 1%-1.2% of GDP. This growth is driven by rising demand for alternative financing, a widening credit gap, and expanding opportunities for private credit providers.

Banks and NBFCs increasing focus on retail loans; creating whitespace for Private Credit funds in corporate credit



Strong Corporate Financial Health

Indian companies show impressive deleveraging with Net Debt to EBITDA ratio at a decade-low 1.8x in FY24, down from 2.9x in FY20. With operating profits growing at 11.4% CAGR over the last decade, companies demonstrate financial stability and sustainable growth potential.



Private Credit Opportunity

As traditional financial institutions shift toward consumer loans, a significant corporate financing gap has emerged.

This creates prime opportunities for AIFs to provide specialized funding solutions to companies seeking capital without equity dilution, positioning private credit funds to achieve high returns with reduced risk profiles.

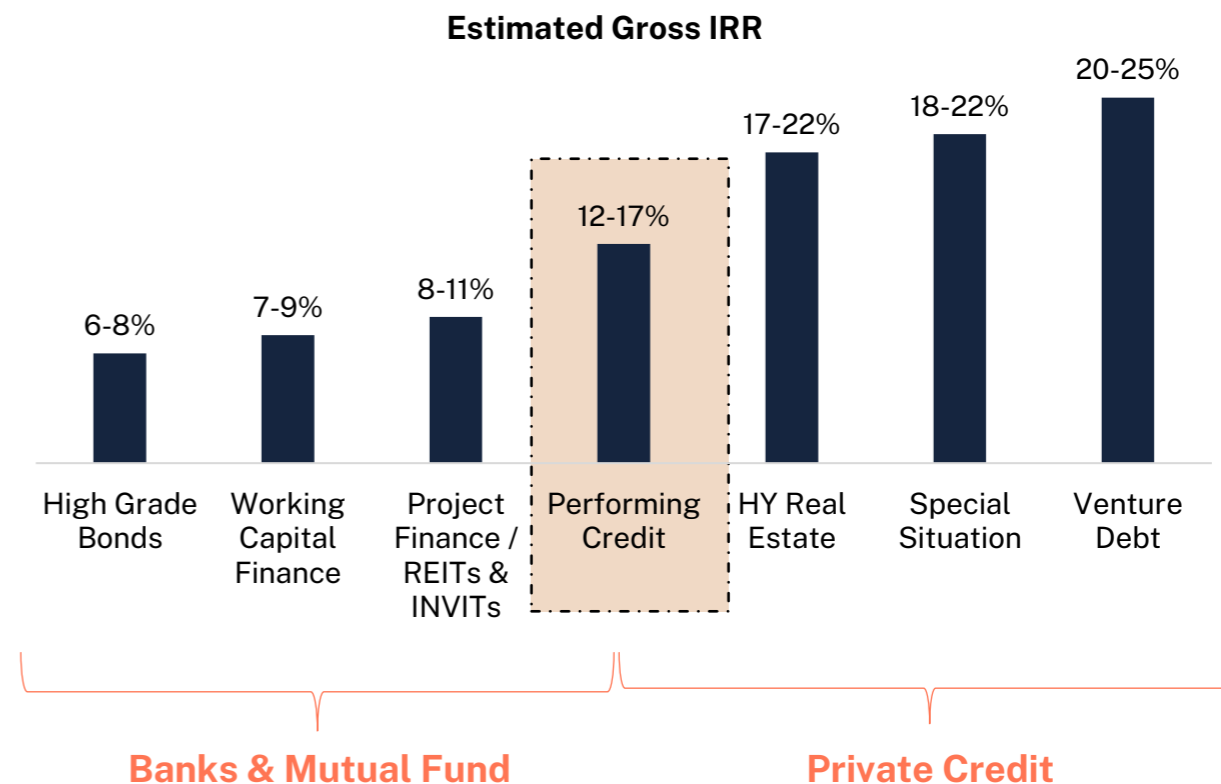
Tailwinds to Private Credit Investments

Catalysts for growth in India's Private Credit market

- **Infrastructure spending:** Government's push for infrastructure has doubled spending in three years, with INR 11.11 lakh crore (3.4% of GDP) allocated for FY25, creating more opportunities for mid-sized companies and increasing private credit demand.
- **Flexible financing solutions:** Private credit offers customized loan structures and repayment schedules that traditional banks cannot, better serving fast-growing mid-sized companies.
- **Regulatory climate:** The IBC (2016) safeguards investors' interests, expedites resolutions, and maximizes creditor returns, boosting confidence in private credit investments.
- **Secured and Covenant-Rich Framework:** India's private credit market relies on secured lending with robust financial and operational covenants, ensuring borrower discipline while providing strong lender protection.
- **Tax reforms:** Finance Act 2023 created tax parity across debt products, leveling the playing field for debt asset managers across investment vehicles.
- **Shift in investors' preference:** Higher incomes and better financial literacy have driven young Indians to shift from traditional investments toward private credit funds/AIFs.

Private credit in India shows significant opportunity in the "Performing Credit" space (12-17% IRR), which lies between mutual funds and distressed debt funds.

This undercapitalized segment focuses on cash flow-based lending to mid-corporates for growth, working capital, acquisition finance and capex.



Fixed Income Landscape

Type of Instruments		G-Sec	AA- rated MLDs	Direct Bonds		Multi-Asset Mutual Fund	Other Private Credit Funds			Real Asset Funds
				AAA rated NCDs	AA- to A- rated NCDs	Indicative 10%-14%	Target IRR < 14%	Target IRR 14% - 16%	Target IRR > 16%	Target IRR > 16%
						White Oak, Edelweiss Multi-Asset Allocation Fund	Axis / UTI / ICICI Pru / AK Credit Funds	SpECS III, Neo Income Plus, Sundaram PCOF, Northern Arc Finserv,	ASK Sr A / Incred II / True North	ICICI Pru OYO II, Neo Infra Income Opp.
Post Expense Pre Tax Yield / YTM		6.70% - 6.75%	11.0%	7.70%	9.30% - 11.20%	8.5% - 12.5%	11.5%	11.9%	13.6%	14.8%
Post Tax	Individual	4.09% - 4.12%	6.71%	4.70%	5.68% - 6.84%	7.44%-10.94%	7.03%	7.30%	8.30%	12.50%
	Corporate	5.02% - 5.05%	8.23%	5.76%	6.96% to 8.38%	7.44%-10.94%	8.65%	8.95%	10.2%	12.5%
Positioning		Exposure to duration through Gsec can lead to cap gains	Debt substitute MLD generating alpha of 50 bps in the rating band	High Quality Credit; Liquid; For Treasury and FO	Rated, Listed, Senior secured, Curated High yield NCDs with Quarterly or Monthly interest payout options	Access to different asset class with low or negative correlation thereby reducing volatility	Performing Credit funds with regular coupon paying and back-ended structures			Operating cash flow generating assets with Nil execution risk
Ideal Holding Period		24 - 36 M	HTM	12 M - 36 M	18 - 24 M	>24 M	36 - 60 M			60 - 72 M

• Tax rate considered for Individual with Income > 5 Crore and For Corporate with highest tax slab, as per Finance Bill 2024
 • Yields are indicative in nature and are subject to change.

Summary

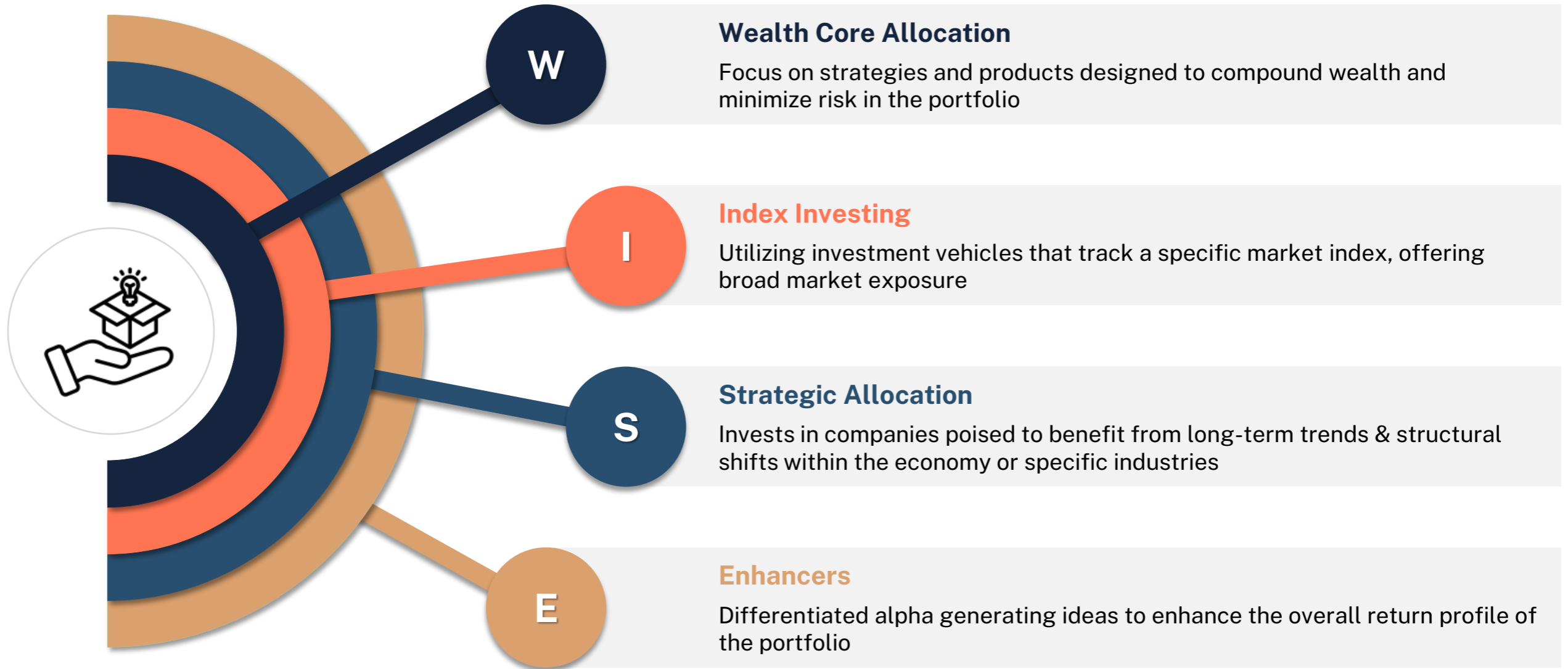
India Equity



Our view:

- Market Outlook: Economic growth and earnings trajectory seems to be bottoming out. Market volatility will likely continue due to geopolitical tensions and policy uncertainty (e.g., Trump tariffs). We believe that SMID caps will be a stock-pickers market given domestic MF will continue to invest in companies with stock earnings and favourable valuations . As such, a bottom-up stock picking approach remains as our prudent strategy.
- Key Sectors: Financials and Auto are two sectors where we observe pockets with low valuations and strong growth, given positive trends in ROEs and robust balance sheets. Moreover, consumption appears to be a key theme in the coming quarters, given recent policy actions.
- Policy Actions:
 - Personal income tax cuts to benefit consumers.
 - Capex set to increase in continue but and fiscal deficit remains under control.
 - RBI adopting a more nuanced pro-growth strategy that will help address tight liquidity. Moreover, easing of lending regulations, such as reducing the risk weight on loans to NBFCs, will free up significant lending capacity.
- Liquidity and Flows: Liquidity will play a crucial role in the near-term market movements. Mutual fund flows continue but need to monitor as domestic flows are a key driver. Market's flow of new securities are inversely correlated to market; unfavorable market conditions may reduce new issuances. While meaningful price corrections have been observed, we may not entirely be out of the woods.

W.I.S.E. Equity Product Offering Framework



W.I.S.E. – Preferred Equity Portfolio Allocation

W = Wealth Core Allocation, I = Index Investing, S = Strategic Allocation, E = Enhancer

WISE Framework	Category	Products	Product Type	Allocation	Returns (%)			
					1M	3M	6M	1Y
Wealth Core (10% to 20%)	Large cap	ICICI Pru Bluechip	MF	10%	-6.0	-9.1	-12.4	2.6
Index Investing (5% to 10%)	Smart Beta	Bandhan Nifty100 Low Volatility 30	MF	10%	-7.2	-7.5	-13.7	-0.8
Strategic Allocation (45% to 75%)	Large & Midcap	ICICI Pru Large & Midcap	MF	10%	-6.0	-7.4	-11.9	7.3
		Alchemy Smart Alpha 250	D PMS		-10.5	-20.4	-26.3	-4.2
	Flexi Cap/Multicap	Spark@75 Core and Satellite	D PMS	10%	-4.9	-10.2	-16.5	-4.5
		ICICI Contra	D PMS	25%	-6.1	-11.3	-14.9	1.9
		Abakkus All cap			-8.4	-15.1	-17.9	-7.2
		Buoyant			-6.9	-10.4	-10.7	4.8
		Renaissance India Next			-8.7	-16.6	-17.1	4.3
		Nippon India Multi Cap	MF		-7.4	-14.0	-16.1	4.4
		Parag Parikh Flexi Cap	MF		-4.6	-3.9	-3.1	10.8
		WhiteOak Capital Flexi Cap	MF		-7.4	-12.8	-12.2	4.4
	Old Bridge Focused Equity	MF		-6.0	-12.5	-16.9	4.8	
Mid & Small Cap	Spark GEMS/ Bespoke/ HCI	ND PMS	10%	-9.5	-17.6	-20.7	-4.6	
	AAA Budding Beast	D PMS	5%	-11.3	-18.4	-20.4	6.7	
Enhancer (10% to 25%)	Theme Focused	Carnelian Shift PMS/ Franklin India Opportunities	D PMS	5%	-13.7	-21.1	-17.0	6.9
					-9.8	-15.1	-16.9	7.5
	Near IPO	Spark Near IPO	Cat II AIF	10%	-	-	-	-
	Unlisted	NSE & Other Unlisted	Non-Blind Pool Alternates	5%	-	-	-	-
Benchmark	-	Nifty 500 – TRI	-	-	-7.8	-12.2	-16.0	-0.1
		Nifty 50 – TRI	-	-	-5.8	-8.1	-12.0	1.9

Performance as on February 28, 2025

W.I.S.E Recommended Equity Products – Calendar Year Performance

Fund	Category	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025 YTD
ICICI Pru Bluechip	Large Cap Fund	29.2	6.9	27.4	16.9	-7.2
Bandhan Nifty100 Low Volatility 30 Index	Large Cap Fund	-	-	29.6	10.8	-6.7
ICICI Pru Large & Mid Cap	Large & Mid Cap	41.8	11.7	29.9	20.4	-5.3
Alchemy Smart Alpha 250	Flexi Cap Fund	-	-	22.5	31.6	-22.8
Spark India@75 Core and Satellite Strategy	Flexi Cap Fund	32.0	16.3	42.0	9.8	-8.1
ICICI Contra	Flexi Cap Fund	36.1	20.0	34.8	18.6	-10.1
Abakkus All Cap	Flexi Cap Fund	71.5	-1.4	36.2	13.5	-13.8
Buoyant Opportunities Scheme	Flexi Cap Fund	69.4	3.2	40.4	18.8	-9.3
Renaissance India Next	Flexi Cap Fund	67.4	22.4	28.5	32.4	-14.3
Nippon India Multi Cap	Multi Cap Fund	48.9	14.1	38.1	25.8	-13.2
Parag Parikh Flexi Cap	Flexi Cap Fund	45.5	-7.2	36.6	23.9	-4.9
WhiteOak Capital Flexi Cap	Flexi Cap Fund	-	-	31.2	23.7	-12.8
Old Bridge Focused Equity	Focused Fund	-	-	-	17.0**	-11.0
Spark GEMS	NDPMS	-	-	11.2**	16.1	-14.0
Bespoke	NDPMS	-	-	6.6**	28.3	-21.5
HCI	NDPMS	-	1.1**	18.3	14.2	-13.7
AAA Budding Beasts Portfolio	Mid and Small Cap	50.5	4.7	47.1	31.4	-17.9
Carnelian Shift	Flexi Cap Fund	79.3	-4.2	65.6	38.0	-19.5
Franklin India Opportunities	Thematic Fund	29.7	-1.9	53.6	37.3	-15.3
NIFTY 500 - TRI	Benchmark	31.6	4.2	26.9	16.2	-11.0
NIFTY 50 – TRI	Benchmark	25.6	5.7	21.3	10.1	-6.2

**Some funds were launched in the middle of a calendar year. Examples in this regard include the Old Bridge Focused Equity Fund (January 24, 2024), Spark GEMS PMS (September 1, 2023), HCI (September 19, 2022), and Bespoke (September 6, 2023). Accordingly, calendar year returns for the respective years have been calculated since the inception dates.

2025 YTD returns are as on February 28, 2025

All returns are in absolute terms

Source: Ace MF, Spark PWM Products

W.I.S.E. – Preferred Equity Portfolio Allocation (1/2)

Products	Brief Rationale & 1-Month Attribution	
ICICI Pru Bluechip	<ul style="list-style-type: none"> A combination of growth & quality and value styles of investing Has been one of the most consistent performers within the large cap funds space 	<ul style="list-style-type: none"> In Feb 2025, the fund outperformed the Nifty 100 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Materials, Communication Services An underweight stance on IT, Consumer Staples Good stock selection in Consumer Discretionary, Industrials, IT
Bandhan Nifty100 Low Volatility 30	<ul style="list-style-type: none"> Factor-based exposure within the large cap space Builds a portfolio 30 stocks which exhibit the lowest volatility over the last 12 months Rebalanced on a quarterly basis 	<ul style="list-style-type: none"> In Feb 2025, the fund underperformed the Nifty 100 TRI. This can be attributed to: <ul style="list-style-type: none"> A higher skew towards Consumer Staples, Healthcare, Consumer Discretionary A lower skew towards Financials Weakness exhibited by Materials and Healthcare stocks
ICICI Pru Large & Midcap Fund	<ul style="list-style-type: none"> A countercyclical investing style with a bias towards large caps The fund manager takes positions in stocks where there is valuation comfort and business improvement is expected 	<ul style="list-style-type: none"> In Feb 2025, the fund outperformed the Nifty Large & Midcap 250 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Materials An underweight stance on Industrials, IT Good stock selection in Consumer Discretionary, Financials, Materials
Alchemy Smart Alpha 250	<ul style="list-style-type: none"> Quant Driven Approach that aims to dynamically managing weights to factors such as Quality, Growth and Momentum in the top 250 stocks The fund is rebalanced daily and selects the top 25 stocks as per the ranking of the model, with minimal fund manager intervention 	<ul style="list-style-type: none"> In Feb 2025, the fund has underperformed the BSE 500 TRI. The key detractors were Trent, PB Fintech, UNO Minda, Hitachi Energy, Persistent systems and Multi Commodity Exchange of India.
Spark@75 Core and Satellite	<ul style="list-style-type: none"> Flexi cap mandate managed by a fund manager with over 3 decades of experience across Indian and global markets The fund manager dynamically rotates across sectors and market cap, while taking a valuation conscious approach towards portfolio construction 	<ul style="list-style-type: none"> In Feb 2025, the fund outperformed the Nifty 50 TRI. A significant amount of cash has cushioned performance. Key contributors were Bajaj Finance and Abott India.
ICICI Contra /Abakkus All cap/ Buoyant/ Renaissance India Next	<ul style="list-style-type: none"> ICICI Contra <ul style="list-style-type: none"> Flexi cap mandate to cherry pick the high conviction ideas via contrarian approach. In Feb 2025, the fund outperformed the BSE 500 TRI. The key contributors were Interglobe Aviation, Jindal Stainless & Power Ltd and Tata Steel. Abakkus All cap <ul style="list-style-type: none"> Flexi cap portfolio managed by Mr. Sunil Singhania with bias towards large and mid caps; employs a bottom-up approach towards portfolio construction In Feb 2025, the fund underperformed the BSE 500 TRI. Key detractors were Akzo Nobel, Birla Corporation, DCM Shriram, KEC International and Tata Communications. 	<ul style="list-style-type: none"> Buoyant <ul style="list-style-type: none"> Managed by 3 FMs who bring their unique set of expertise to manage the portfolio with a flexi cap mandate A core and satellite approach is followed, and the fund manager has flexibility to take cash calls In Feb 2025, the fund outperformed the BSE 500 TRI. Key contributors were Camlin Fine Sciences, Bajaj Finance and Interglobe Aviation. Renaissance <ul style="list-style-type: none"> Managed by an experienced fund manager with a sector-agnostic approach Focuses on key themes that will drive the economy - Manufacturing, Exports, Revival of Investment Cycle, Technology Adoption, Digital Ecosystem In Feb 2025, the fund underperformed the Nifty 50 TRI. Key detractors were Alembic Pharma, ABB India, Varroc Engineering and Sunteck Realty.

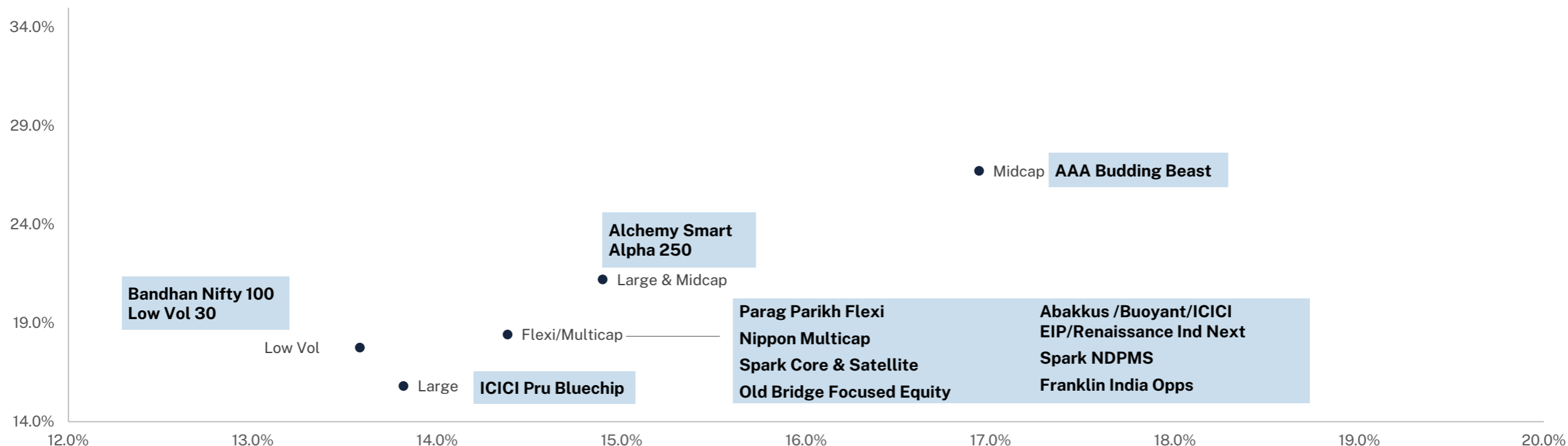
W.I.S.E. – Preferred Equity Portfolio Allocation (2/2)

Products	Brief Rationale & 1-Month Attribution	
Nippon India Multi Cap	<ul style="list-style-type: none"> Exposure spans multiple themes, sectors, and stocks Skewed toward large caps to minimize downside risk Minimum 50% exposure to the broader markets 	<ul style="list-style-type: none"> In Feb 2025, the fund outperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Financials An underweight stance on IT, Consumer Staples, Real Estate Good stock selection in Financials, Consumer Discretionary, Healthcare, Utilities
Parag Parikh Flexi Cap	<ul style="list-style-type: none"> A valuation-conscious and low churn approach aimed at minimizing downside risk Offers exposure to international stocks, which helps in diversifying geographical risk 	<ul style="list-style-type: none"> In Feb 2025, the fund outperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Financials, Communication Services An underweight stance on Industrials Good stock selection in Financials, Consumer Discretionary, IT
WhiteOak Capital Flexi Cap	<ul style="list-style-type: none"> Growth style of investing followed with emphasis on bottom-up stock picking Key stock selection parameters include Superior return on incremental capital, Scalable long-term opportunities, Strong governance and Price at a substantial discount to intrinsic value 	<ul style="list-style-type: none"> In Feb 2025, the fund outperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Financials An underweight stance on Consumer Staples, Utilities Good stock selection in Financials, Consumer Discretionary, Industrials, Real Estate
Old Bridge Focused Equity	<ul style="list-style-type: none"> Investment approach lays emphasis on value as a style and is skewed towards broader markets The fund manager may select contrarian and turnaround plays as well The portfolio construct predominantly comprises market leaders and export-focused players 	<ul style="list-style-type: none"> In Feb 2025, the fund outperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Healthcare, Communication Services An underweight stance on Consumer Discretionary Good stock selection in IT, Financials, Consumer Staples, Materials
Spark GEMS/ Bespoke/HCI	<ul style="list-style-type: none"> Bespoke solution for UHNI clients who would require higher touch of engagement with Fund Manager(s) 	<ul style="list-style-type: none"> In Feb 2025, Bi Spoke, GEMS and HCI underperformed the BSE 500 TRI.
AAA Budding Beast	<ul style="list-style-type: none"> Diversified portfolio of high quality, established, and emerging leaders with low debt and net profit greater than Rs 50 crore 	<ul style="list-style-type: none"> In Feb 2025, the fund underperformed the BSE 500 TRI. The key detractors were Max Estates, Man Industries, Jyothy Labs, Finolex Cables, Artemis Medicare.
Carnelian Shift PMS/Franklin India Opportunities	<ul style="list-style-type: none"> Carnelian <ul style="list-style-type: none"> Theme exposure to Manufacturing and IT with a flexi cap mandate while having a mid and small cap bias across 25- 30 stocks In Feb 2025, the fund underperformed the BSE 500 TRI. The key detractors were Concord Biotech, JTEKT India, Quick Heal Technologies, Sun Pharma. 	<ul style="list-style-type: none"> Franklin India Opportunities <ul style="list-style-type: none"> Exposure spans themes across market capitalization, such as Rising Affluence, Digitalization, Make in India, Sustainable Living (Energy) In Feb 2025, the fund underperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Consumer Discretionary, Real Estate An underweight stance on Financials Weak stock selection in Consumer Discretionary, Healthcare, IT
Spark Near IPO	<ul style="list-style-type: none"> Exposure to Near IPO ideas in the mid market segment and where there is a visibility of an exit through lpo in next 1-3 years at a valuation of ~INR 4000 Crs (0.5 Bn USD) 	

W.I.S.E. Product Suite – Risk Return Matrix

W = Wealth Core Allocation, I = Index Investing, S = Strategic Allocation, E = Enhancer

Risk - return Matrix - Avg 1 Year Rolling Ret and Standard Deviation



- Returns are based on average of monthly 1 Year rolling returns of indices as on February 28, 2025
- The risk(standard deviation) is plotted in x-axis which is the annualized monthly standard deviation over last 3 years
- Ideal Product should have lower risk while generating higher return to enhance risk adjusted return profile of the portfolio
- The funds highlighted in blue boxes above correspond to the blue dots of the respective category. Funds are mapped based on their risk-return profile

We have taken the following Indices Monthly return data since 1 Jan 2014, to arrive at the average annualized return and standard deviation to construct the risk-return matrix:
 Large: Nifty 100 TRI; Mid: Nifty Midcap 150 TRI; Small: Nifty Small cap 250 TRI; Multi/Flexi: Nifty 500 TRI; Large & Mid: Nifty Large Midcap 250 TRI; Low Vol: Nifty100 Low Volatility 30 TRI; Momentum: Nifty200 Momentum 30 TRI
 Buyout, PE s and Venture Capital s have no benchmark we have positioned as per the industry risk reward historically based on the return profile and probability of writeoffs
 Data as on 28th Feb 2025

Manager Outlook Takeaways: Equity PMS

AMC (Manager)	Market Outlook	Positioning & Deployment
Abakkus (Sunil Singhania)	<ul style="list-style-type: none"> The 3QFY25 corporate earnings season was modest, with BFSI, Technology, Telecom, Healthcare, Capital Goods, and Real Estate contributing positively Earnings for the quarter, though slightly better than the previous quarter, continued to be lower than long-term trends & expectations RBI has injected significant liquidity, including a rate cut after 3 years. The US dollar is expected to weaken going forward, with its recent highs likely behind. Frequent tariff announcements are likely to have less impact on the markets going forward. Despite the sharp fall, Indian stocks aren't cheap, though some good opportunities are emerging. 	<ul style="list-style-type: none"> Positive on Banks, Infra, IT and Healthcare
Spark Asia Impact (P. Krishnan)	<ul style="list-style-type: none"> Valuations are not cheap but have become reasonable and the market is providing more opportunities than 3 months ago Exercise caution when investing in mid and small-cap stocks The market is unlikely to see a sharp recovery, but one can start taking positions at market dips Avoid investing in companies that are not fundamentally strong and do not have sustainable cashflows Invest in proven business model with strong fundamentals and visibility of earnings Macro outlook will play a significant role in portfolio construction going forward 	<ul style="list-style-type: none"> Reduced IT exposure Positive on Financials & Insurance Bought select fundamentally strong stocks during correction Significant cash holdings in new accounts while maintaining ~15% cash in older accounts Avoid Momentum stocks and focus on earnings resilience and visibility
Carnelian (Vikas Khemani)	<ul style="list-style-type: none"> RBI has cut rates, boosted liquidity, and prioritized growth over strict inflation control. Tax relief, fiscal consolidation, and business ease reforms were crucial but often overlooked. Q3 earnings were lackluster but met expectations, stabilizing earnings projections. Caution is advised in sectors with excessive optimism due to overvaluation risks. 	<ul style="list-style-type: none"> Positive outlook on banking, Pharma, IT and Manufacturing sectors
Renaissance (Pankaj Murarka)	<ul style="list-style-type: none"> GDP growth accelerated in 3Q, with strong macro indicators like services PMI, government capex, GST collections, and rural employment. RBI has supported higher credit and deposit growth through measures like repo rate and CRR cuts, liquidity easing Brent crude is at a 3-year low, with OPEC+ pledging output increases amid US slowdown fears, while Chinese GDP growth stabilizes. US 10-year bond yields and the Dollar have fallen amid fears of a US slowdown, driven by weak consumer sentiment, potential government cuts, and trade uncertainty. Valuations are now reasonable, particularly in the large-cap segment. Domestic inflows into active equity MFs have remained strong. 	<ul style="list-style-type: none"> Positive on Private sector financials, Housing NBFCs, IT, Pharma, and Telecom The portfolio is focused on credit growth, export/outsourcing, and select consumer discretionary sectors.
AAA (Rajesh Kothari)	<ul style="list-style-type: none"> Trump's policy to boost crude oil production aims to lower energy prices, limiting the potential for price spikes. Food inflation in India is easing, and overall inflation is now under control. The RBI has implemented one rate cut, and there's a possibility of one or two more rate cuts over the next 3 to 12 months Nifty earnings growth has slowed, with improvements in Q3, and is expected to reach double digits by Q3 FY25. Post recent market correction the valuation has become attractive and is trading at below the 10-year avg on 1 year forward PE basis The tariff impact is already priced in by the market, current correction presents an opportunity to create alpha in one's portfolio 	<ul style="list-style-type: none"> Positive on Banking & Finance, Chemicals, Software and Pharma Reduced exposure in Auto, Consumer and Engineering.

Views of Major Equity Mutual Fund Houses

AMC	Views
SBI	<ul style="list-style-type: none"> ▪ The interplay of tariffs, tax cuts and other policy actions on geopolitics would have ramifications on the capital flow trajectory across markets ▪ As the current panic subsides, markets may gravitate towards companies which have strong business models, long-term earnings growth visibility, and sustainable cash flows ▪ The recent surge in government spending and urban consumption boost owing to recent personal income tax cuts could aide growth ▪ RBI appears to be doing the heavy lifting on reviving growth through a triple easing on rates, liquidity and regulation - all of which are credit growth supportive ▪ Positive on Discretionary Consumption, Manufacturing & Investment Cycle plays, strong banking franchises
HDFC	<ul style="list-style-type: none"> ▪ Growth is divergent across regions – while economic activity in the US remains resilient, EU and China are going through a weak phase in comparison ▪ US policies on trade and immigration could have bearing on growth inflation dynamics for US and all major economies ▪ Private capex has potential to accelerate in view of low leverage, increasing capacity utilization, healthy profitability, and a robust banking sector balance sheet ▪ While the premium for large caps has reduced, the premium for broader market remains reasonably high compared to historical average ▪ Key near-term risks include geopolitical tensions, cyclical moderation in corporate earnings, and sluggish pace of govt reforms ▪ Policy continuity, PLI, shift in global supply chain, capex resurgence, consumption boost, and lower borrowing cost bode well over the medium term
ICICI	<ul style="list-style-type: none"> ▪ India's GDP growth is estimated at 6.4% in FY25 and 6.5% in FY26, compared with 8.2% in FY24 ▪ Income tax cuts, lower inflation and the RBI's rate cuts are expected to support growth in fiscal 2026, assuming a normal monsoon and lower crude oil prices ▪ The Union Budget 2025-26 has focused on consumption revival, fiscal prudence, export promotion, tax rationalization, and boosting domestic manufacturing ▪ Large caps have suffered of late due to aggressive FPI selling, which makes them reasonably valued
Nippon	<ul style="list-style-type: none"> ▪ Downturn in Indian equities is primarily attributed to uncertainty in US policies, interest rate challenges, and weak near-term earnings growth ▪ US tariff related factors can lead to changes in global supply chains, thereby impacting near-term growth ▪ Large Cap and Large Cap oriented strategies appear better placed on a risk-reward basis, while Mid/Small cap allocation may be considered in a staggered manner ▪ While the market may consolidate in the near term, domestic fundamentals and lead indicators remain supportive from a medium-term perspective
Axis	<ul style="list-style-type: none"> ▪ Markets remain overvalued across the investment part of the economy, implying that normalization in some segments is likely ▪ Despite positive triggers such as tax cuts in the union budget, central bank easing measures, and increased government spending, market sentiment remains subdued ▪ However, improving data points, along with reasonable valuations, particularly in large-cap stocks, are expected to aid recovery ▪ In the current scenario, earnings growth is unlikely to support valuation expansion in near term ▪ Maintain a bias towards Quick Commerce, Travel/Tourism, Select Auto, Capital Market Beneficiaries, Consumer Discretionary pockets (Retail, Jewellery) ▪ India's long term growth story is supported by strong macros, healthy expected earnings growth, an emerging private capex cycle, and higher discretionary spends

PMS/AIF Key Ideas for the Month

	Overview	Details	Market Cap Allocation	Entry / Exit in the Month	Top 5 Sectors	Top 5 Stocks																						
Spark C&S*	<p>Suitable For Conservative investors seeking a large cap bias portfolio and consistent long-term return generation</p> <p>Strategy 12-20 stocks portfolio, sector agnostic portfolio with a market cap agnostic mandate, manager will rebalance the "Satellite" portion if the weight exceed the intended allocation</p> <p>Positioning</p> <ul style="list-style-type: none"> Bullish on BFSI and Healthcare 	<p>AUM - 330</p> <p>Stocks - 18 Sectors - 11</p> <p>Up / Down Capture -3Y 115 / 75</p>	<table border="1"> <tr> <th>Market Cap</th> <th>Allocation</th> </tr> <tr> <td>Largecap</td> <td>36.5%</td> </tr> <tr> <td>Midcap</td> <td>30.5%</td> </tr> <tr> <td>Smallcap</td> <td>13.0%</td> </tr> <tr> <td>Cash</td> <td>20.0%</td> </tr> </table>	Market Cap	Allocation	Largecap	36.5%	Midcap	30.5%	Smallcap	13.0%	Cash	20.0%	<p>Entry / Exit in the Month</p> <p>Entry</p> <ul style="list-style-type: none"> Bajaj Finance Indian Hotels Mahindra & Mahindra <p>Exit</p> <ul style="list-style-type: none"> Wonderla Vinati Organics 	<table border="1"> <tr> <th>Sector</th> <th>Allocation</th> </tr> <tr> <td>BFSI</td> <td>43.0%</td> </tr> <tr> <td>Pharma/Healthcare</td> <td>12.5%</td> </tr> <tr> <td>IT</td> <td>7.0%</td> </tr> <tr> <td>Construction/Engineering/Consumer Goods</td> <td>3.0%</td> </tr> <tr> <td>Others</td> <td>10.5%</td> </tr> </table>	Sector	Allocation	BFSI	43.0%	Pharma/Healthcare	12.5%	IT	7.0%	Construction/Engineering/Consumer Goods	3.0%	Others	10.5%	<ul style="list-style-type: none"> Kotak Mahindra Bank Abbott India HDFC Bank ICICI Lombard General Insurance Co Federal Bank
Market Cap	Allocation																											
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AAA BB	<p>Suitable For Balanced to Aggressive investors seeking broader market exposure through quality and established leaders</p> <p>Strategy Mid and small cap focused portfolio, where portfolio is constructed to deliver risk adjusted return by navigating volatile market through diversified portfolio construction and disciplined exit approach</p> <p>Positioning</p> <ul style="list-style-type: none"> Banking & Finance, Chemicals, Software and Pharma 	<p>AUM - 425</p> <p>Stocks - 53 Sectors - 22</p> <p>Up / Down Capture -3Y 119 / 80</p>	<table border="1"> <tr> <th>Market Cap</th> <th>Allocation</th> </tr> <tr> <td>Largecap</td> <td>10.0%</td> </tr> <tr> <td>Midcap</td> <td>18.0%</td> </tr> <tr> <td>Smallcap</td> <td>63.0%</td> </tr> <tr> <td>Cash</td> <td>9.0%</td> </tr> </table>	Market Cap	Allocation	Largecap	10.0%	Midcap	18.0%	Smallcap	63.0%	Cash	9.0%	<p>Entry / Exit in the Month</p> <p>Entry</p> <ul style="list-style-type: none"> Jyothy Laboratories Cyient Ltd <p>Exit</p> <ul style="list-style-type: none"> GE Vernova T&D India Dee Development Engineers E2E Networks Laxmi Dental Strides Pharma Science Gland Pharma 	<table border="1"> <tr> <th>Sector</th> <th>Allocation</th> </tr> <tr> <td>Banking & Finance</td> <td>14.6%</td> </tr> <tr> <td>Engineering</td> <td>13.8%</td> </tr> <tr> <td>Pharma</td> <td>12.7%</td> </tr> <tr> <td>Auto & Auto Ancillary</td> <td>11.4%</td> </tr> <tr> <td>Consumer</td> <td>9.4%</td> </tr> </table>	Sector	Allocation	Banking & Finance	14.6%	Engineering	13.8%	Pharma	12.7%	Auto & Auto Ancillary	11.4%	Consumer	9.4%	<ul style="list-style-type: none"> Cholamandalam Investment & Finance Company CG Power & Industrial Solutions Vesuvius India Sudarshan Chemical Industries Sumitomo Chemical
Market Cap	Allocation																											
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Alchemy Smart Alpha	<p>Suitable For Balanced to Aggressive investors seeking long-term alpha generation in large and midcap space</p> <p>Strategy A quant-focused approach to build a portfolio of ~25 stocks in the large and midcap space. Rebalancing is undertaken daily by dynamically changing factor weightage as per the prevailing macro environment</p> <p>Positioning</p> <ul style="list-style-type: none"> Increased exposure to Healthcare, Finance, Consumer Durables and Retailing. 	<p>AUM - 479</p> <p>Stocks - 25 Sectors - 10</p> <p>Up / Down Capture -SI^ 140 / 124</p>	<table border="1"> <tr> <th>Market Cap</th> <th>Allocation</th> </tr> <tr> <td>Largecap</td> <td>28.0%</td> </tr> <tr> <td>Midcap</td> <td>59.0%</td> </tr> <tr> <td>Smallcap</td> <td>10.0%</td> </tr> <tr> <td>Cash</td> <td>3.0%</td> </tr> </table>	Market Cap	Allocation	Largecap	28.0%	Midcap	59.0%	Smallcap	10.0%	Cash	3.0%	<p>Entry / Exit in the Month</p> <p>Entry</p> <ul style="list-style-type: none"> Narayana Hrudayalaya Bajaj Holdings and Investment, Laurus Labs <p>Exit</p> <ul style="list-style-type: none"> Torrent Pharma Aditya Birla Real Estate Suzlon 	<table border="1"> <tr> <th>Sector</th> <th>Allocation</th> </tr> <tr> <td>Consumer Discretionary</td> <td>25.8%</td> </tr> <tr> <td>Financials</td> <td>22.6%</td> </tr> <tr> <td>Industrials</td> <td>17.4%</td> </tr> <tr> <td>Information Technology</td> <td>15.6%</td> </tr> <tr> <td>Healthcare</td> <td>14.6%</td> </tr> </table>	Sector	Allocation	Consumer Discretionary	25.8%	Financials	22.6%	Industrials	17.4%	Information Technology	15.6%	Healthcare	14.6%	<ul style="list-style-type: none"> Dixon Technologies Trent PB Fintech Interglobe Aviation Hitachi Energy India
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Data - February 28, 2025

*Old client Portfolio is used for Entry and Exit analysis in Spark C&S analysis, New client portfolio entry and exit may differ

^Up/down capture for Alchemy smart alpha 250 is since inception

PMS/AIF Ideas Dashboard

	Overview	Details	Market Cap Allocation	Entry / Exit in the Month	Top 5 Sectors	Top 5 Stocks																						
Buoyant	<p>Suitable For Balanced investors seeking a large cap bias portfolio and consistent long-term return generation</p> <p>Strategy It uses core & satellite strategy, where core consists of stable, cash-generating industry leaders, while the satellite includes cyclical companies or those poised for turnaround.</p> <p>Positioning</p> <ul style="list-style-type: none"> Bullish on Healthcare, Finance and Bank. 	<p>AUM -3932</p> <p>Stocks - 38 Sectors - 16</p> <p>Up / Down Capture -3Y 95 / 68</p>	<table border="1"> <tr><th>Market Cap</th><th>Allocation</th></tr> <tr><td>Largecap</td><td>45.2%</td></tr> <tr><td>Midcap</td><td>17.4%</td></tr> <tr><td>Smallcap</td><td>28.2%</td></tr> <tr><td>Cash</td><td>9.2%</td></tr> </table>	Market Cap	Allocation	Largecap	45.2%	Midcap	17.4%	Smallcap	28.2%	Cash	9.2%	<p>Entry / Exit in the Month</p> <ul style="list-style-type: none"> Shriram Transport Finance Co. Ltd Interglobe Aviation Ltd Deepak Fertilisers And Petrochemicals Corporation Ltd Aarti Industries Ltd <ul style="list-style-type: none"> Hindustan Unilever Ltd. Itc Hotels Ltd 	<table border="1"> <tr><th>Sector</th><th>Allocation</th></tr> <tr><td>Banking</td><td>19.5%</td></tr> <tr><td>NBFC</td><td>10.0%</td></tr> <tr><td>Insurance</td><td>8.7%</td></tr> <tr><td>Building Materials</td><td>6.8%</td></tr> <tr><td>Info Tech</td><td>6.5%</td></tr> </table>	Sector	Allocation	Banking	19.5%	NBFC	10.0%	Insurance	8.7%	Building Materials	6.8%	Info Tech	6.5%	<ul style="list-style-type: none"> State Bank Of India HDFC Bank ICICI Bank Axis Bank Ramkrishna Forgings
Market Cap	Allocation																											
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Renaissance India	<p>Suitable For Balanced investors seeking a large cap bias portfolio and consistent long-term return generation</p> <p>Strategy Concentrated SQGARP Portfolio focuses on Sustainable Quality Growth at a Reasonable Price. It combines top-down theme selection with a bottom-up approach to stock picking.</p> <p>Positioning</p> <ul style="list-style-type: none"> Private sector financials, Housing NBFCs, IT, Pharma, and Telecom 	<p>AUM - 382</p> <p>Stocks - 27 Sectors - 14</p> <p>Up / Down Capture -3Y 140/ 86</p>	<table border="1"> <tr><th>Market Cap</th><th>Allocation</th></tr> <tr><td>Largecap</td><td>55.3%</td></tr> <tr><td>Midcap</td><td>19.4%</td></tr> <tr><td>Smallcap</td><td>23.3%</td></tr> <tr><td>Cash</td><td>2.0%</td></tr> </table>	Market Cap	Allocation	Largecap	55.3%	Midcap	19.4%	Smallcap	23.3%	Cash	2.0%	<p>Entry / Exit in the Month</p> <ul style="list-style-type: none"> Nil <ul style="list-style-type: none"> Nil 	<table border="1"> <tr><th>Sector</th><th>Allocation</th></tr> <tr><td>BFSI</td><td>37.1%</td></tr> <tr><td>IT & Tech</td><td>19.2%</td></tr> <tr><td>Pharma & Chemicals</td><td>11.2%</td></tr> <tr><td>Consumer Discretionary</td><td>9.1%</td></tr> <tr><td>Diversified</td><td>5.4%</td></tr> </table>	Sector	Allocation	BFSI	37.1%	IT & Tech	19.2%	Pharma & Chemicals	11.2%	Consumer Discretionary	9.1%	Diversified	5.4%	<ul style="list-style-type: none"> HDFC Bank Tech Mahindra Infosys Reliance Industries HDFC AMC
Market Cap	Allocation																											
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MF Key Ideas for the Month

	Overview	Details	Market Cap Allocation	Entry / Exit in the Month	Top 5 Sectors	Top 5 Stocks
WhiteOak Capital Flexi Cap Fund	<p>Suitable For Balanced and aggressive investors seeking to participate across the market cap spectrum</p> <p>Strategy The fund follows a growth style of investing. Stock picking is bottom-up in nature. Key stock selection parameters include superior return on incremental capital, scalable long-term opportunity, strong governance, well-managed businesses, and price at a substantial discount to intrinsic value.</p> <p>Positioning</p> <ul style="list-style-type: none"> Overweight on Financials ex Banks, Capital Goods, Retailing Underweight on Crude Oil, FMCG, Auto 	<p>AUM – 4,005</p> <p>Stocks - 117 Sectors - 30</p> <p>Up / Down Capture – NA*</p>		<p>Entry / Exit in the Month</p> <ul style="list-style-type: none"> Ajax Engineering ONGC Afcons Infrastructure Five-Star Business Finance NTPC Green Energy Strides Pharma Science 		<ul style="list-style-type: none"> HDFC Bank ICICI Bank ICICI Securities Bharti Airtel Zomato
ICICI Pru Bluechip Fund	<p>Suitable For Conservative and Balanced investors seeking to compound wealth steadily through large caps</p> <p>Strategy The fund includes exposure to growth and value stocks. Growth portion of the portfolio lays emphasis on sector leadership, profitability, and compounding potential. For the value portion, stocks are shortlisted based on temporary headwinds, undemanding multiples, and scope for mean reversion.</p> <p>Positioning</p> <ul style="list-style-type: none"> Overweight on Construction Materials, Auto, Infra Underweight on FMCG, IT, Financials 	<p>AUM – 60,177</p> <p>Stocks - 67 Sectors - 27</p> <p>Up / Down Capture - 99.8 / 75.5</p>		<p>Entry / Exit in the Month</p> <ul style="list-style-type: none"> Page Industries Grasim Industries ITC Hotels 		<ul style="list-style-type: none"> HDFC Bank ICICI Bank Bharti Airtel Infosys Maruti Suzuki
Parag Parikh Flexi Cap Fund	<p>Recommended For Conservative and Balanced investors seeking to participate across the market cap spectrum, while simultaneously being cautious about risk factors</p> <p>Strategy & Positioning The exposure predominantly pertains to mega and large caps. In addition, the fund offers exposure to select US-based tech stocks, thereby ensuring geographical diversification. Active cash calls may be taken when there are not enough investment opportunities.</p> <p>Positioning</p> <ul style="list-style-type: none"> Overweight on Mining, Financials, Power Underweight on IT, Crude Oil, Telecom 	<p>AUM – 88,004</p> <p>Stocks - 66 Sectors - 28</p> <p>Up / Down Capture - 86.1 / 48.9</p>		<p>Entry / Exit in the Month</p> <ul style="list-style-type: none"> TCS Jio Financial Services State Bank of India Sun Pharma Manappuram Finance 		<ul style="list-style-type: none"> HDFC Bank Bajaj Holdings & Investment Coal India Power Grid Corporation Of India ICICI Bank

Data as on February 28, 2025

Capture ratios: Represent average of 1-month values (calculated monthly) for the last 3 years

*WhiteOak Capital Flexi Cap Fund has not been in existence for 3 years, and therefore, capture ratios have not been mentioned

Source: Ace MF, Spark PWM Products

W.I.S.E - Product in Focus: Samara Capital III

Why we like Samara Capital III?

Firm

- **Expertise** : 15 years of experience in Mid market PE space in India
- **Scale**: Invested INR 10,000 Cr till date
- **Stake**: 51 to 100% stake in a company
- **Experience**: 9 senior MDs with cumulative ~136 years of experience
- **Stability and continuity** of the team
- Presence of **Offshore Institutional** and **Global Family offices** in the
- Ability to **source proprietary** deals
- **Network of CEOs** who have proven track record of business transformation
- Track record of creating market leading businesses such as **Sapphire Foods, First Meridian, Marengo Asia**
- **Ability to source exits** in tough times
- **Strong inhouse** research team
- Inhouse **Operating partner** team

Manager

- Ability to execute **Rollup** plays in sectors ripe for consolidation
 - E.g. Sapphire, First Meridian & Iron Mountain
 - **Valuation conscious**
 - Not lost money in any deals made **since 2010**
 - Expertise in **Consumer, Financial, Healthcare & Business Services**
 - **Value addition** framework enables to replicate success
 - Ability to **onboard high-quality CEOs** to transform portfolio companies
 - Key traits of deals made:
 - INR 300-2000 Cr Revenue
 - Profitable with **20% ROIC**
 - Growing at **15% p.a.**
 - Preference for control
 - Exit orientation

Fund

- Cat II AIF
- Focus on Buyout deals and Roll-up Plays
- 10+1+1 year time Tenure
- Investment time frame : 4 years
- Exits will be from end of 5th year
- Drawdown Schedule: 65% in first 2 years and rest in Year 3 and 4
- Average expected holding period is **4-6** years
- Investment Themes:
 - **Unorganized to Organized**
 - **Rising penetration on the back of awareness**
- Fees:
 - 2% management fees
 - 10 % Hurdle and 20% profit share with catchup

W.I.S.E - Product in Focus: TVS Capital

Why we like TVS Capital?

Firm

- **Founder:** Gopal Srinivasan, a third-generation entrepreneur from the TVS Group.
- ~17 years experience and track record as a growth investor in the private equity space; raised ~Rs 6000 crore till date
- Successfully managed 3 funds with a focus on top-quartile performance, delivering consistent returns (Fund 2 & 3).
- **Strong Exit Track Record:** Exited 2 funds fully and 4 out of 12 exits made in Fund 3 already
- **Some Key Investments:** Go Digit, Yubi, Leap, Phone pe, Insurance Dekho, Five Star
- **ABC Assessment process**
 - **A(AAA):** The best founder (Ambition, Ability to Execute, Attract and retain people)
 - **B (BBB):** Building Better Business
 - **C(CCC):** Consistent Capital Compounding

Manager

- Experienced leadership led by Mr. Gopal Srinivasan with a mix of investing and operating experience
- 7-member in an experienced investment team
- Dedicated Research team to conduct in-depth value chain analysis in focus sectors, as the fund manager believes in deriving alpha from depth and expertise in focus sectors/themes
- 27 successful exits out of 35 deals made across 3 funds
- Funds 2 & 3 are top quartile performers in their respective vintage

Fund

- **Focus**
 - Leveraging the expertise built in earlier years to focus in-depth across the Financial services space
 - Technology space (Tech services and Tech for financial service and business services)
- **Stage**
 - Across Stages : Early- growth to Late- Stage, Series B+ investing
 - 1st cheque to businesses focused on NBFCs, Insurance and IT services
- **Raising:.**
 - Size: 3000+2000 Crs
 - Currently raised ~₹3,000 Cr, all from domestic capital.
- **Investment Strategy:** 12-15 companies in Finance and Tech space with a cheque size of INR 200-400 Crores
- **Positioning:** Amongst India's largest Rupee capital focusing on next generation of entrepreneurs building resilient and multidecadal model to drive India's growth

W.I.S.E - Product in Focus: Spark Near IPO Fund

Why we like Spark Midas Investment Fund I

Firm

- **Expertise** : Practitioner heritage of >2 decades in deal making and sourcing
- **Established ecosystem across** Corporates, VC investors and wealth clients
- **Scale**: Consummated ~INR 64,000 Cr worth of Investment banking deals till date
- **Experience**: 9 senior MDs with diverse experience bring in a cumulative ~230 years of experience
- **Stability and continuity** of the team with 6 out of 9 have been associated with spark for more than a decade
- Ability to **source proprietary** deals
- **Ability** to partner with family offices, CVCs, and HNIs for co-investments
- Track record of curating successful transactions, exits and create shareholder value for leading businesses such as **Craftsman Automation, Suryodyay, Veritas Finance, Unicommerce, Jana SFB, Shadowfax, Shiprocket and Sutherland**

Manager

- Successful deal making heritage
 - Expertise in sourcing, structuring and facilitating exits
 - **Valuation conscious**
 - Numerous transactions executed in late stage which has gone on to be listed, are at near listing stage or have seen successful strategic sale.
 - Expertise in **Consumer, Tech and BFSI space**
 - **Value addition** framework enables to replicate success
 - Track record of advising on value creation pathways for entrepreneurs and investors alike
 - Strong post transaction performance of companies dealt with indicating a robust deal selection process
 - Evaluation matrices, deal making and due diligence DNA

Fund

- **Target Opportunities**:
 - INR 25-75 Cr ticket size having potential to list around INR 4000 cr Mcap or above
 - Estimated time to IPO is 1-3 years for underlying companies
- **Ownership**:
 - <10% stake; Not to be deemed as promoter at IPO
 - <25% of fund corpus in a single investment
 - Existing presence of Institutional investor in cap table
- **Investment criteria**:
 - Reasonable scale with 3 years vintage
 - Profitable
 - Target Returns >25% IRR (Pre -Tax)
- **Drawdown Schedule**: 100% in 2 years from first draw down
- Average expected holding period is **1-3** years

Disclaimer

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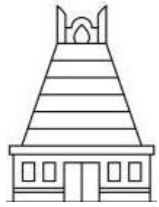
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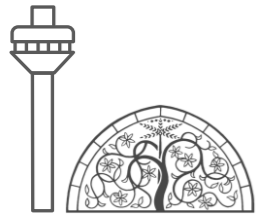
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