

India Investment Strategy

March 2025

Index

→	External Influence	03
→	Local Story	08
→	Inflation and Rates	11
→	Valuation and Earnings	14
→	Allocation of Capital	20
→	Trends and Sentiments	23
→	Portfolio Exposures	25
→	India Fixed Income	28
→	India Equity	37

Summary

External Influences



US

- **Current Economic Conditions are in Balance, as such a Soft Landing Continues to Remain the Base Case Scenario**
 - Rising Jobs & Falling Sales – Can the Economy Keep its Balance? Yes, if credit dependency begins declining, then a moderation in default rates and a pick-up in consumer spending over the medium-term is quite possible.
 - The Price of Protectionism – Can Tariffs Balance the Treasury’s Books? While the increase in tariff revenue from Trump’s proposed tariffs would generate a significant amount of revenue through customs duties, it would still be a long shot towards solving the \$36 trillion fiscal deficit. However, a combination of tariffs with the Treasury, under Scott Bessent, buying back short-term Treasuries and the government, under DOGE, reducing discretionary spending could lower that figure substantially.

What might the Fed do next? The Fed has guided 2 quarter point rate cuts in 2025 as members indicated that risks to inflation have become ‘weighted to the upside’ while risks to unemployment and GDP growth remain ‘broadly balanced’. Since taming inflation has now taken priority over the labor market and economic growth, stronger than expected CPI reports like the one seen in January 2025 may delay rate cuts further. For further details please refer to our ‘Inflation & Rates’ segment.

Europe

- **We Continue to Maintain a Cautious Stance Towards Europe:**
 - The Europe Economic Surprise Index has flipped sharply into positive territory on account of improving consumer sentiment and business expectations as Trump forces European NATO members to increase defense expenditure.
 - Moreover, the AfD party’s rise to power following the German election is expected to result in more fiscal spending to support businesses. As a result, European equities have made a comeback and outperformed US equities in January and February 2025 by the widest margin seen in a decade.

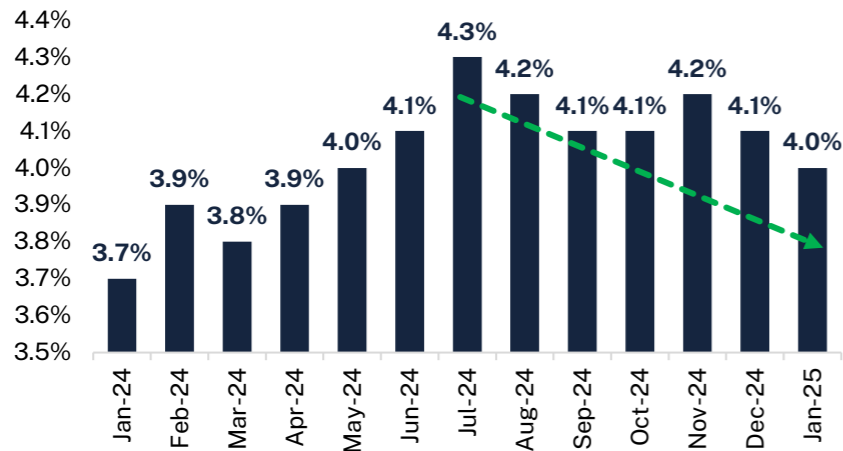
China

- **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 rallied sharply, reaching very close to levels seen during the October rally when the government announced an array of monetary easing. 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.

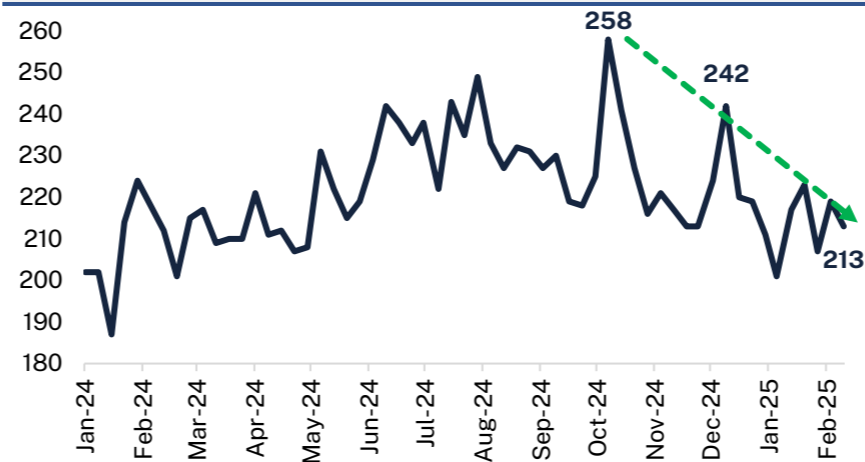
US: Rising Jobs & Falling Sales – Can the Economy Keep its Balance?

While the labor market continues to support the idea that US resilience will continue, we have been saying that the average US consumer's high credit dependency will likely weigh on consumption at some point.

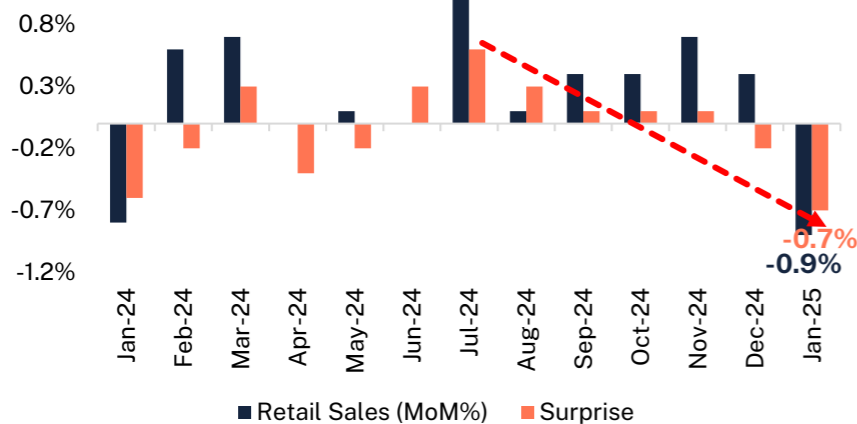
Unemployment Rate Moderated to 4%, Signaling Labor Market Robustness



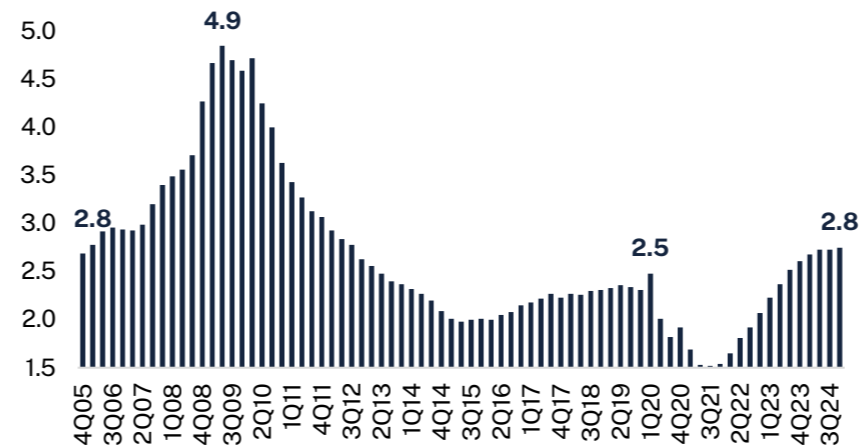
Initial Jobless Claims Continue to Trend Downwards



Retail Sales Declined -0.9% MoM in January, Missing Expectations by the Largest Amount in 12 Months



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



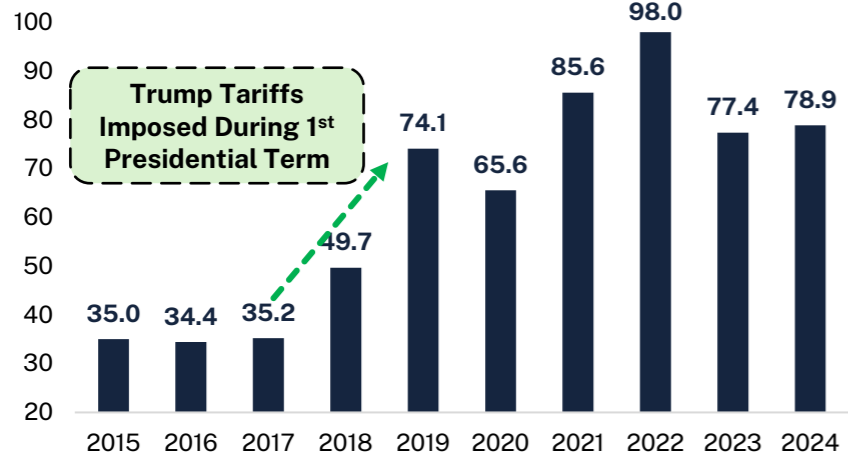
- **What have we been saying?** The US labor market has shown resilience over the past few months with higher-than expected nonfarm payroll change, fewer jobless claims and moderation in the unemployment rate. At the same time, we have also noted that the average US consumer is highly dependent on credit, which would be unsustainable in the long-term.
- **What still holds?** The job market remains stable as payroll growth and other figures continue improving. Credit usage continues to rise.
- **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.

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

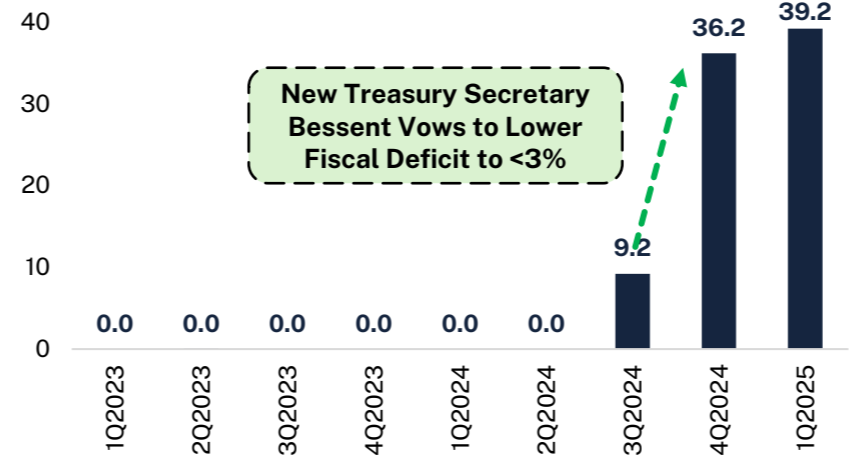
US: The Price of Protectionism – Can Tariffs Balance the Treasury’s Books?

Although retail sales were positive, the print was weaker than expectations as consumer savings picked up marginally and outstanding credit moderated amidst high-interest rate expectations.

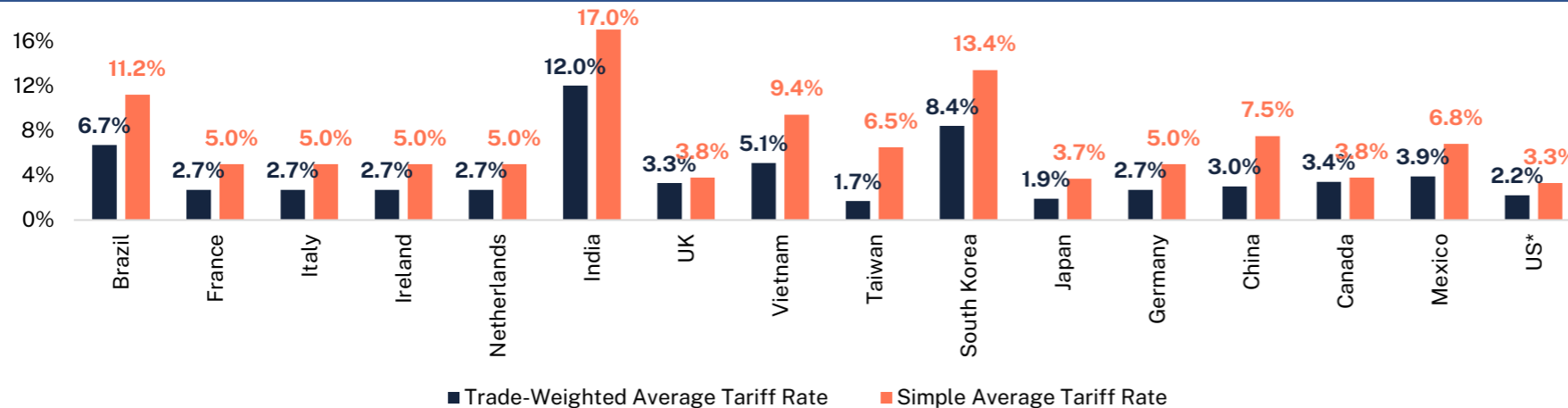
Annual US Treasury Federal Budget Net Receipts from Tariffs (\$ Bn)



Treasury Department Has Began a Buyback Cycle to Reduce Fiscal Deficit (\$ Bn), which was Last Seen in 2002



Trump’s Plan to Impose a Flat 25% Tariff Rate on Canada and Mexico Along with a 10% Tariff on Other Trading Partners is Expected to Boost Annual Tariff Revenue to \$300-500 Billion in 2025



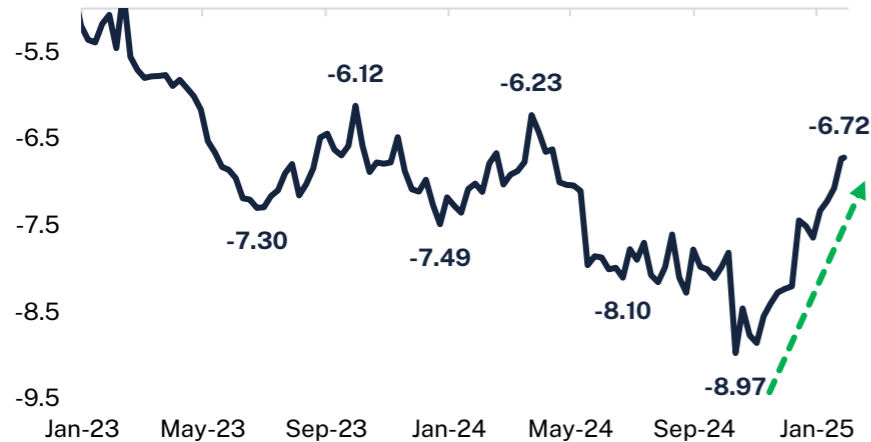
- **What have we been saying?** Trump has made it abundantly clear that he plans to use tariffs to protect American businesses and simultaneously fix the government’s \$36 trillion deficit. Moreover, the new Treasury Secretary Scott Bessent has stated that his predecessors made a grave error by issuing lots of short-term debt.
- **What still holds?** Both Trump and Bessent stand by the views proposed in November 2024.
- **What’s shifted?** When Trump implemented minor tariffs in 2018, US customs duty revenue doubled. If he follows through with 25% tariffs on Mexico and Canada, and an additional 10% on other partners, revenues could increase 4-6x. Moreover, the Treasury has started a buyback program, which has not been seen since 2002.

Source: Archives from the US Treasury Borrowing Advisory Committee, Reuters, World Trade Organization, Bloomberg, Spark PWM

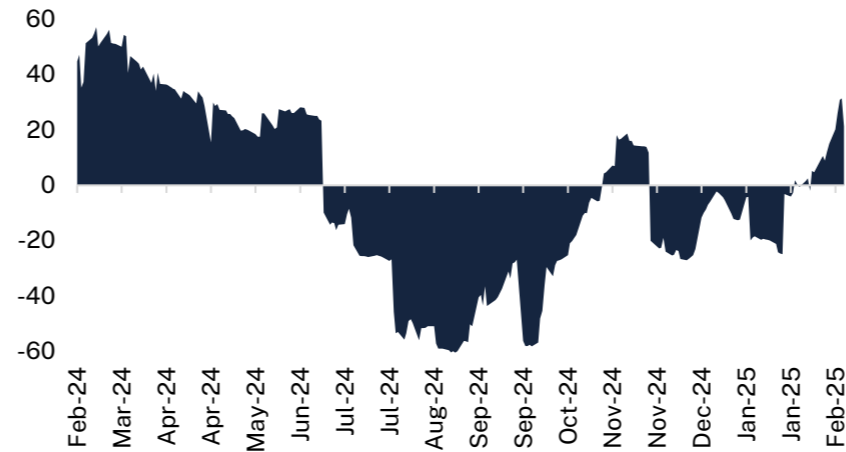
Europe: US Tariff Threats and German Election Outcome Raise EU Spending Expectations

Trump stated that European NATO members will face tariffs if they don't raise defense expenditure. Moreover, the rising control of Germany's AfD Party, which aims to raise spending to stimulate business activity, has caused European stocks to outperform their US counterparts in 2025.

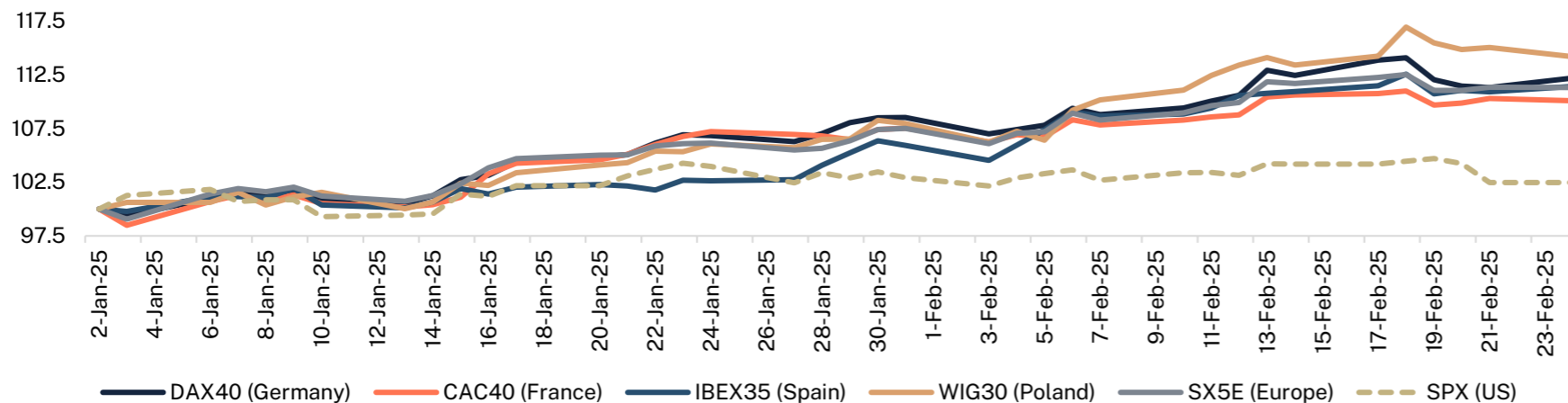
The Gap Between EuroStoxx50 and S&P500 12M BF P/E Ratios Has Started Narrowing



Europe Economic Surprise Index Flipped Sharply into Positive Territory on Hopes of Higher Defense Spending



European Stocks Have Outperformed Their US Counterparts in Jan and Feb 2025 by the Largest Margin in Over a Decade (Indices Rebased to 100 as of 2nd Jan 2025)



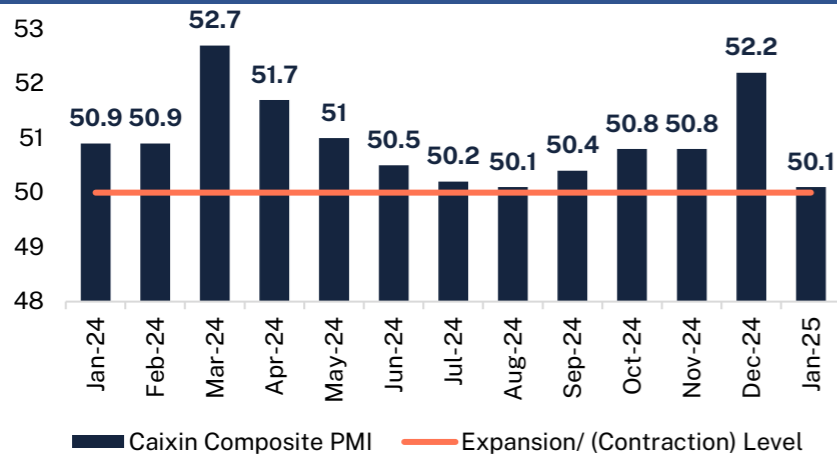
- **What have we been saying?** PMI and other economic data releases have been showing signs of weaknesses in the core economies. However, periphery economies such as Spain are exhibiting strength, and are likely preventing the continent from entering a recession.
- **What still holds?** Core economies 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

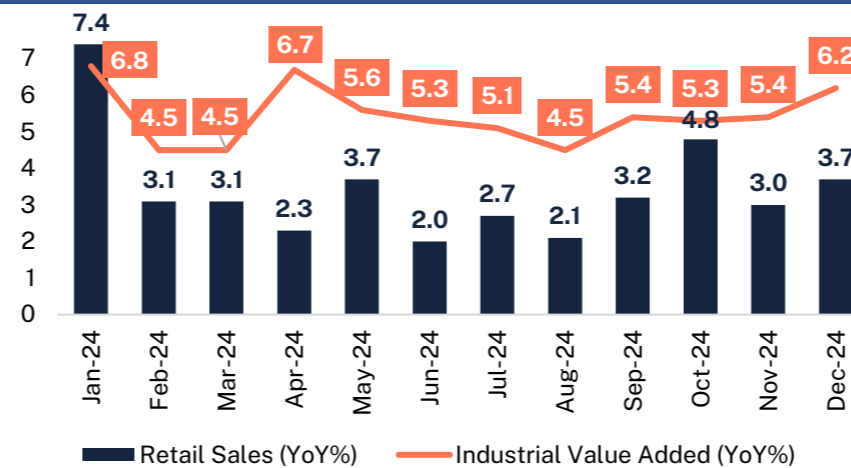
China: Economic Activity Improved & AI Euphoria Sparks A Rally in Equities

Industrial activity improved as US businesses loaded up on Chinese goods before Trump enforces tariffs. Domestic consumption strengthened as retail sales rose 3.7% YoY. The absence of mentions to tariffs on China in the near-term during Trump's inauguration provides hope for recovery.

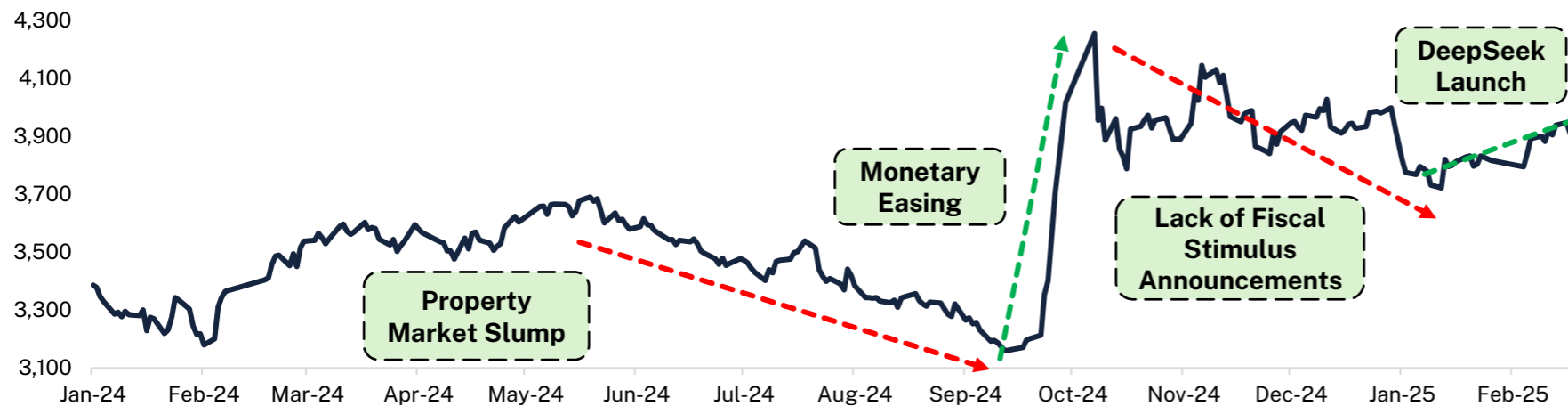
Composite PMI Remained in Expansionary Zone



Industrial Value Added and Retail Sales Both Grew Sharply on YoY Basis, Ending 2024 on a Strong Note



Chinese Equities Back in Headlines After DeepSeek Launch Attracts Investment Flows to Chinese Tech Companies



- **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 also improved as American businesses attempt to stock up their inventories before Trump's tariffs make Chinese goods more expensive.
- **What's shifted?** Trump has stated that he intends to impose a 10% tariff on China soon. 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 and Personal Income Tax Collections increased 2.7% YoY and 22.2% YoY for 9MFY25, respectively.
- Expenses: Cumulative Government Capex for 9MFY25 was 33.5% higher than the figure noted for 8MFY25. However, the government's revised estimates for FY25 suggest it will miss its BE by about 10%.

Economic Activity: Strong Improvement Continued in January 2025

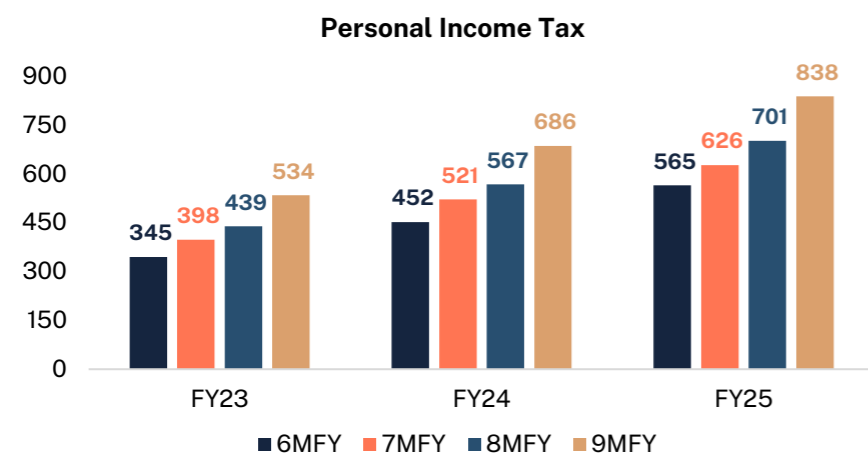
- Composite PMI improved to 60.6 in February from 57.7 in January.
- Industrial production picked up to 3.2% YoY lowest in 3 months.
- E-Way Bills generation recorded their highest ever collection in January 2025.
- GST Collection grew 13.9 YoY in January.

Government Finances: Revenues Remain Strong & Capex Shows Positive Surprise

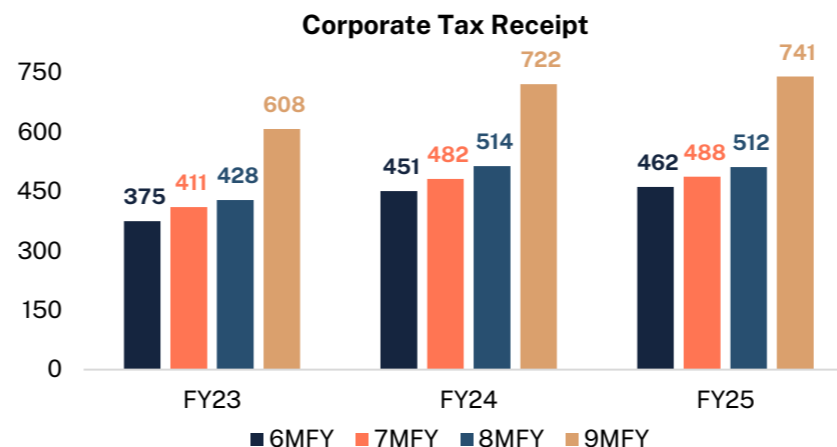
Fiscal Deficit on Lower Side, but Showing Early Signs of Improvement

Government finances (INR Bn)	Apr-Dec'24	Apr-Dec'25	Increase	Budget Estimates (FY25)	% of Budgeted Estimates
Total Expenditure	30,542	32,321	6%	48,205	67%
Revenx	23,806	25,468	7%	37,094	69%
Capex	6,736	6,853	2%	11,111	62%
Total Revenues	20,523	22,997	12%	32,072	72%
Tax Revenue	17,299	18,431	7%	25,835	71%
Non Tax Revenue	3,124	4,477	43%	5,457	82%
Others	101	90	-11%	780	12%
Fiscal Deficit	10,019	9,324	-7%	16,133	58%

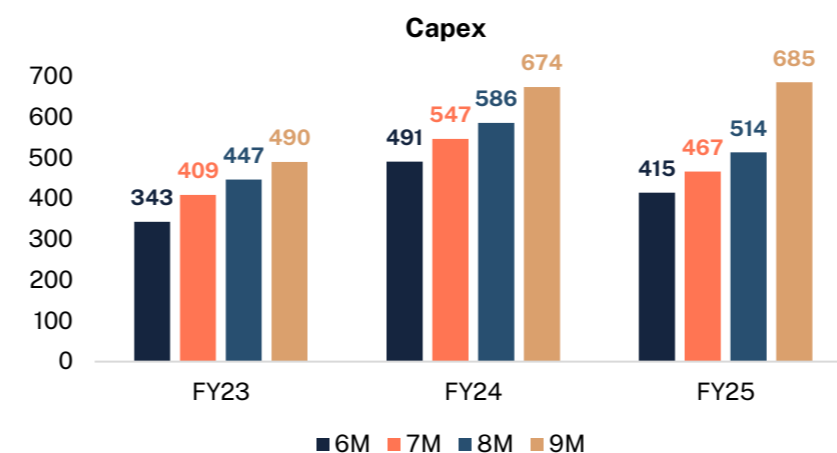
Cumulative Personal Income Tax Collection for 9MFY25 Grew 22.3% YoY



Cumulative Corporate Tax Receipts for MFY25 Increased 2.7% YoY



Cumulative Government Capex for 9MFY25 was 33.5% Higher Than the Figure Noted for 8MFY25



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?

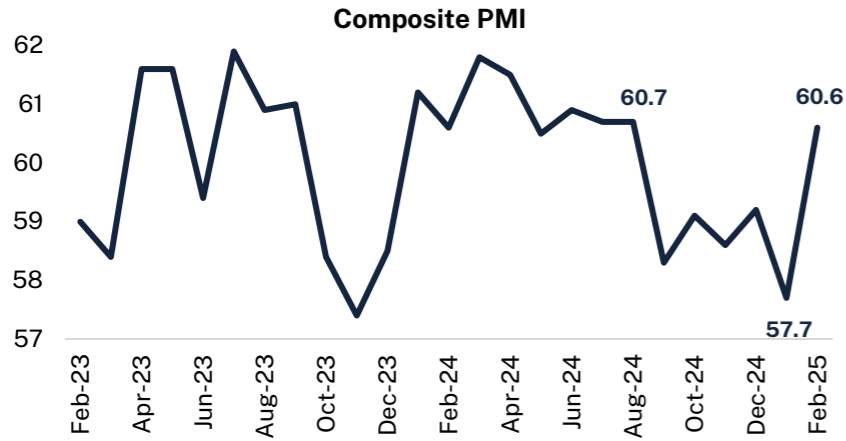
Government revenues continue to be strong as personal income and corporate tax receipts from 8MFY25 to 9MFY25 showed a sharp jump.

What's shifted?

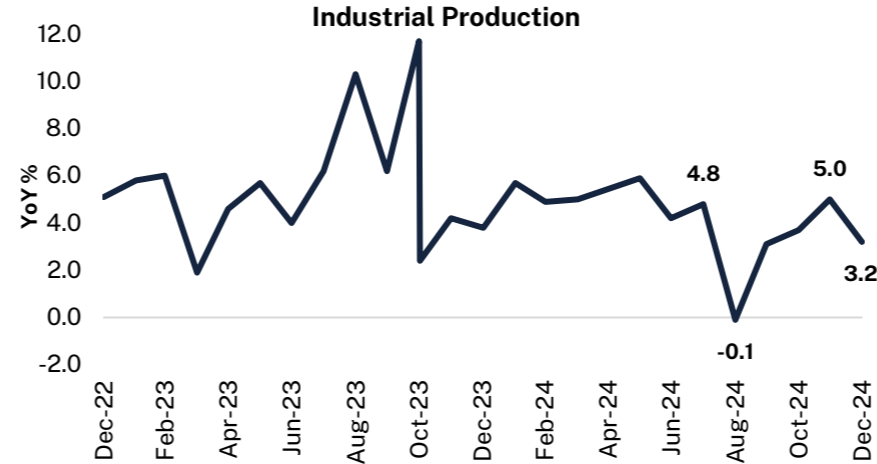
Cumulative FYTD capex for 9MFY25 is higher than the figure seen in 9MFY24. This is very encouraging because up until 9MFY25, capex had been lower on a YoY basis. Moreover, since incremental monthly capex grew 33.5% between 8MFY25 and 9MFY25, this is very positive.

Economic Activity: Strong Improvement Continued in January 2025

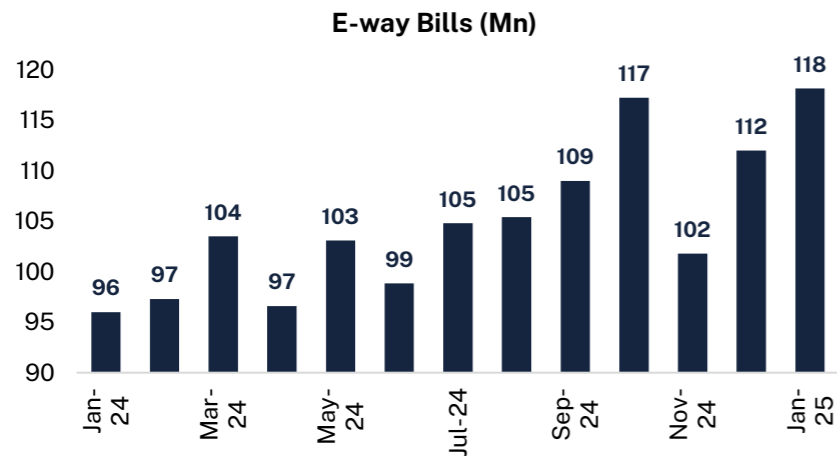
Composite PMI Reached a 6M High, Reaching Pre-Market Correction Levels



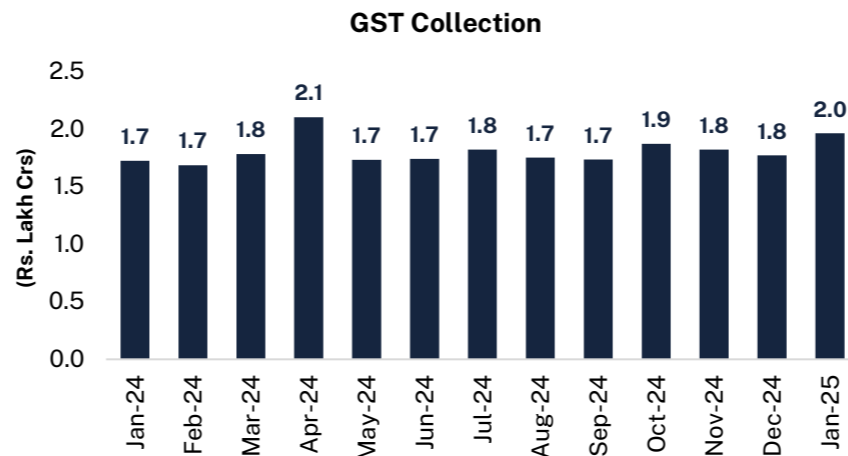
Industrial Production Grew 3.2% YoY, Maintaining Upward Trend Since August 2024



E-Way Bills Collections Reach Record Levels



GST Collection Grew 13.8% YoY in January



- 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 continue to remain robust, while PMI and industrial production growth have continued picking up since September.
- What's shifted?** The surge in our high frequency indicators during December 2024 and January 2025 suggest that at a macroeconomic level, conditions are better than they were before the slight slowdown seen in September 2024.

Source: Bloomberg, Spark PWM

Summary

Inflation and Rates



The Fed's New Problem: Sticky Core Services Inflation Has Pushed CPI Back to 3% YoY

- US CPI is back at 3% YoY, after slowly trending upwards from 2.5% YoY in August 2024, on account of sticky core services inflation.
- What's causing core services inflation to be sticky? The answer: Shelter costs, as they have historically accounted for nearly 70% of the changes in monthly core services inflation figures.
- The Zillow Rent, which has traditionally served as a lead indicator for 12M-ahead shelter cost figures, suggests that shelter costs are unlikely to moderate further and will remain around current levels.
- Overnight Index Swap rates suggest that the next Fed rate cuts will occur in September 2025 and April 2026.

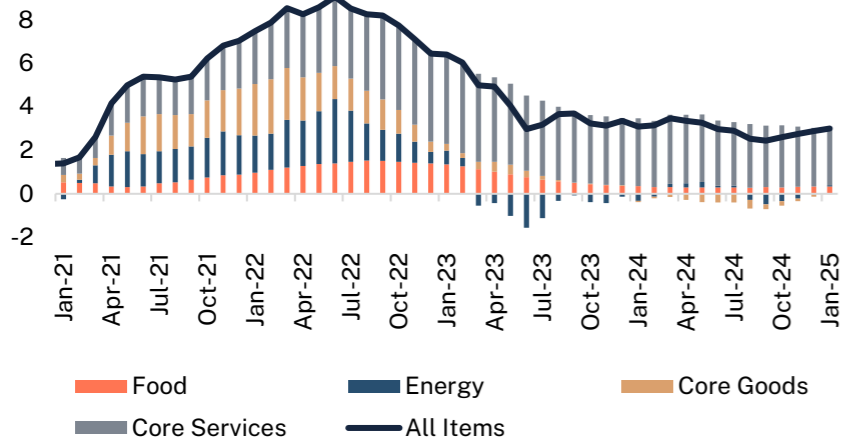
RBI Delivered a 25 bps Rate Cut and CPI Continued its 3rd Consecutive Decline

- As said previously, we expected RBI to lower rates by 25 bps in February on account of decreasing banking system liquidity and positive initial signs of CPI moderating. Our view played out during the MPC meeting on 6th February 2025 when RBI lowered rates by a quarter point.
- CPI rose 4.3% YoY in January 2025, moderating further from the October 2024 peak of 6.21% YoY. Given that there are no favorable high base effects in play, this trend of declining price levels on a YoY basis is very encouraging.
- Moreover, CPI decreased on a MoM basis for the 3rd consecutive month, giving RBI room for more rate cuts if the trend continues. The declines over the past 2 months were led by moderation in food prices which accounts for 50% of the weight in India's basket of goods used to monitor price levels.

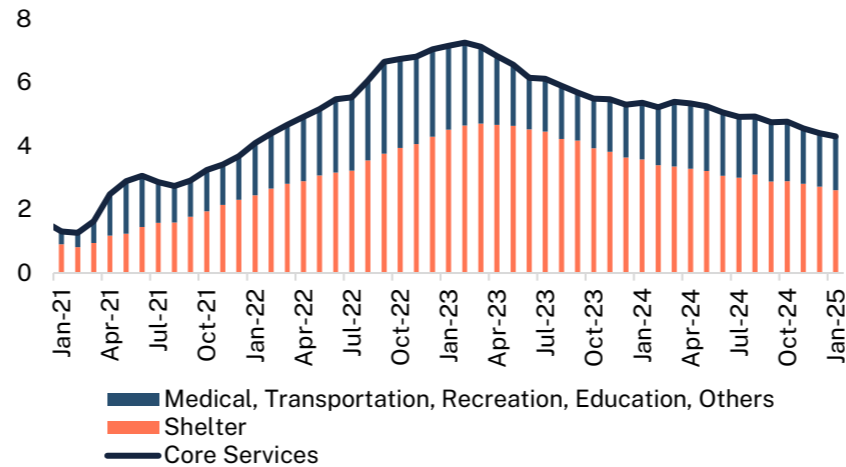
The Fed's New Problem: Sticky Core Services Inflation Has Pushed CPI Back to 3% YoY

We previously highlighted that the impact of Trump's tariffs and a strong labor market weakened the case for further Fed rate cuts. Now there's another obstacle that the Fed must deal with: sticky core services inflation driven by shelter costs.

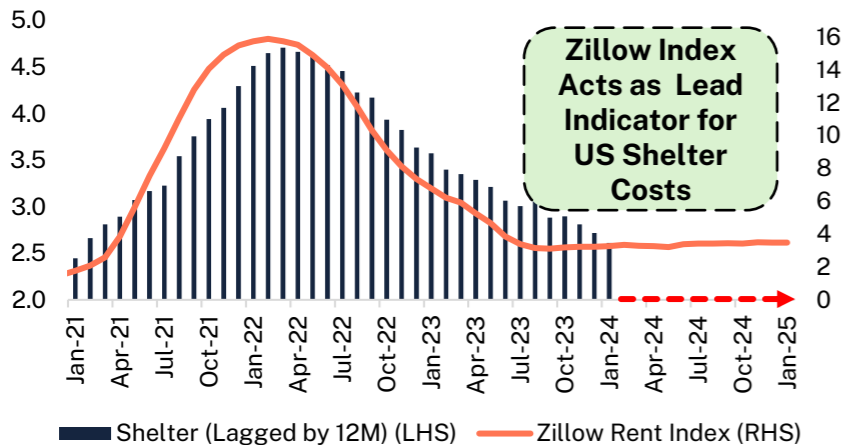
US CPI is Back at 3% YoY, Up from 2.5% YoY in August 2024, On Account of Sticky Core Services Inflation



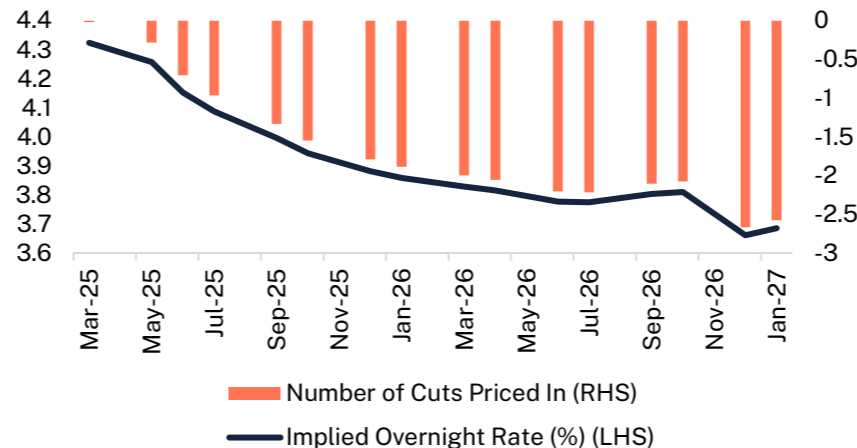
What's Causing Core Services Inflation to be Sticky? Shelter Costs Have Been Driving Most Core Services Inflation



Zillow Rent Index Suggests that Shelter Costs Are Unlikely to Moderate Further & Will Remain Around Current Levels



Overnight Index Swap Rates Suggest that the Next Fed Rate Cuts Will Occur in September 2025 and April 2026



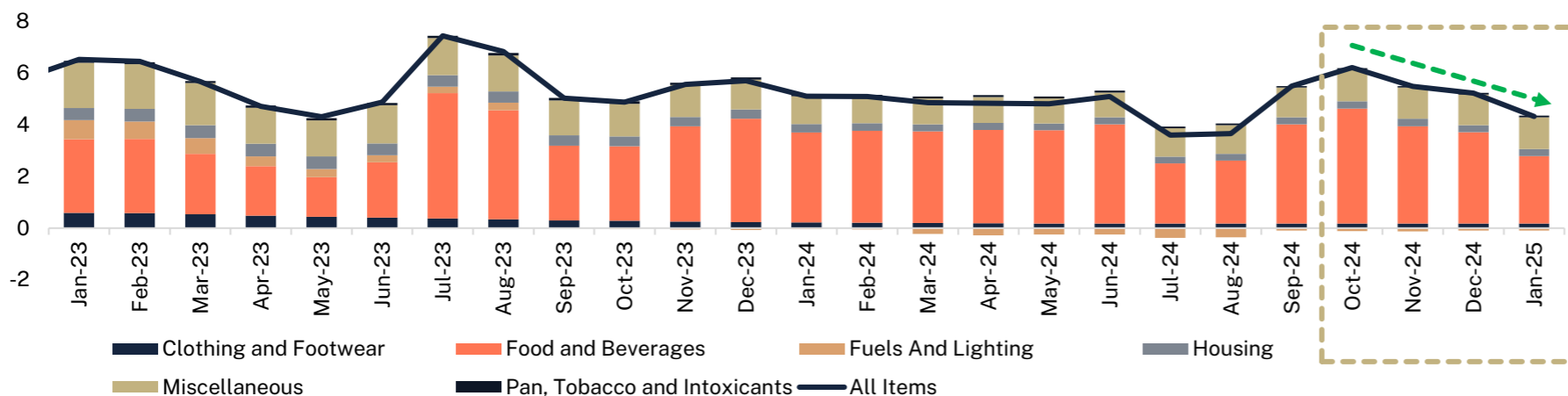
- What have we been saying?** Over the past 4 months, markets have been pricing in fewer and fewer rate cuts as the US economy's growth and labor market continue to show positive data. Following the December FOMC, markets priced in even fewer rate cuts as Fed members stated that risks to inflation are now 'weighted to the upside' and not 'broadly balanced'.
- What still holds?** The labor market and GDP growth continue to show resilience, indicating that the Fed has a case to keep rates higher for longer, especially as inflation has been slowly edging higher on a YoY basis even without the presence of any Trump tariffs at the moment.
- What's shifted?** In previous months, stronger than expected economic data spurred markets to price in fewer rate cuts. However, now that risks to inflation are higher than risks to unemployment and GDP growth, inflation data appears to be the more relevant indicator of rate expectations.

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

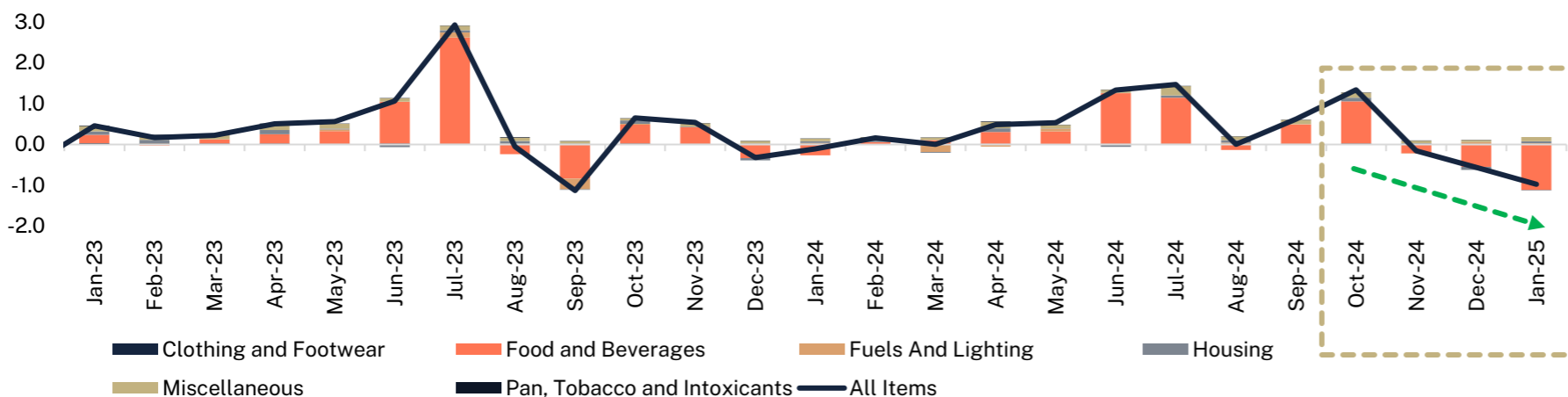
RBI Delivered a 25 bps Rate Cut and CPI Continued its 3rd Consecutive Decline

Food prices declined -1.11% MoM in January 2025, continuing its downward trend from the October peak. As a result, headline CPI has also strongly moderated, showing a 4.3% YoY increase in January 2025 relative to the 5.22% YoY increase seen in December 2024.

CPI Rose 4.3% YoY in January 20245 Marking its 3rd Consecutive Moderation From the October 2024 Peak of 6.2% YoY



CPI Decreased on a MoM Basis for the 3rd Consecutive Month, Giving RBI Room for More Rate Cuts if the Trend Continues



- **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?** Price levels continue to remain above RBI's 4% range. However, over the past 3 months we have seen signs to confirm the view that inflation is currently on a better trend than it was throughout most of 2024.
- **What's shifted?** India has seen more monetary easing this month as RBI delivered a 25 bps rate cut, in line with our view. However, the question of how many and how frequently we may see more rate cuts is still unclear. We continue to keep monitoring key trackables going forward, in order to determine whether this rate cut cycle will be shallow or not.

Source: Bloomberg, RBI, Spark PWM

Summary

Valuation and Earnings



Decoding Valuations

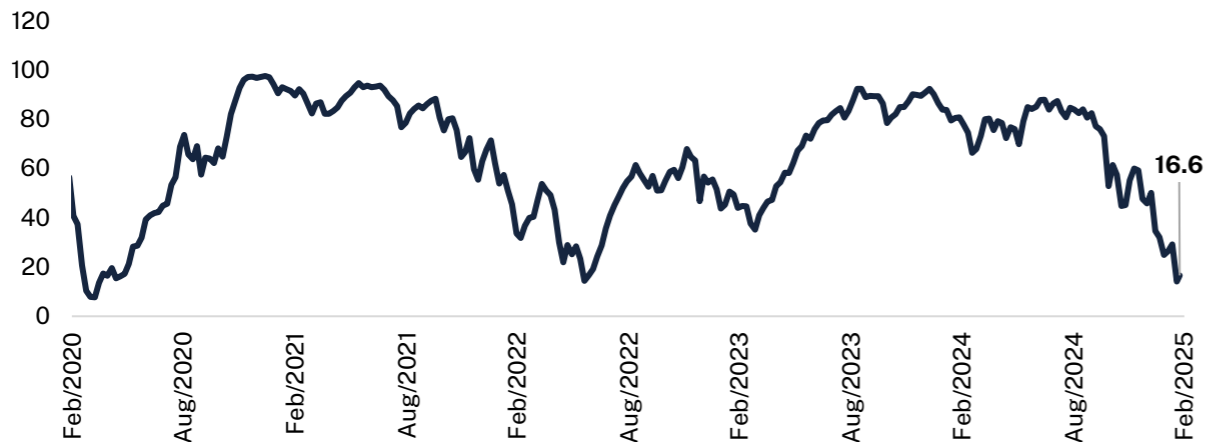
- Out of Nifty 500 stocks, 16.6% are trading above their 200 Day Moving Averages.
- Amidst the recent market correction that has been driven by heavy FII selling, Nifty 50 is trading slightly below its historic average P/E ratio, while Nifty Midcap 150 and Smallcap 250 are trading less than 1 standard deviation above their respective long-term average P/E ratios.

Sectoral Valuations

- Based on 1-year blended forward looking estimates of sector-specific fundamentals it appears that auto, banks, and consumer durable stocks have become relatively cheap.
- Moreover, IT and FMCG equities have reached fairly close to fair long-term valuation levels. However, IT stocks ROEs have improved whilst the same for FMCG stocks has declined over the past month.

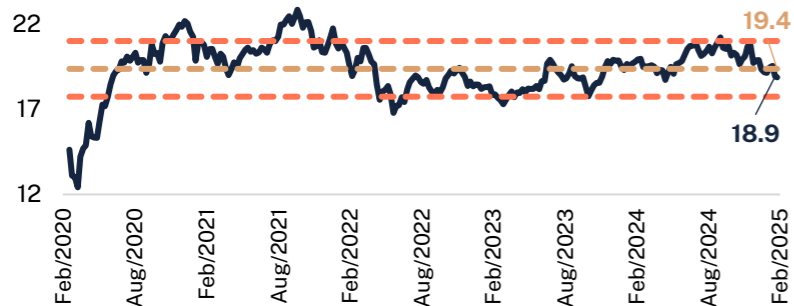
Decoding Valuations

16.6% of Nifty 500 Members are Trading Above their 200 Day Moving Average



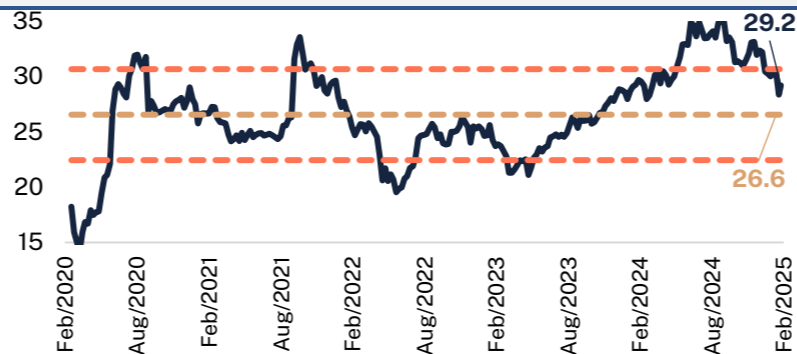
- Out of Nifty 500 stocks, 16.6% are trading above their 200-day Moving Average.
- Amidst the recent market correction that has been driven by heavy FII selling, Nifty 50 is trading slightly below its historic average P/E ratio, while Nifty Midcap 150 and Smallcap 250 are trading less than 1 standard deviation above their respective long-term average P/E ratios.

Nifty 50



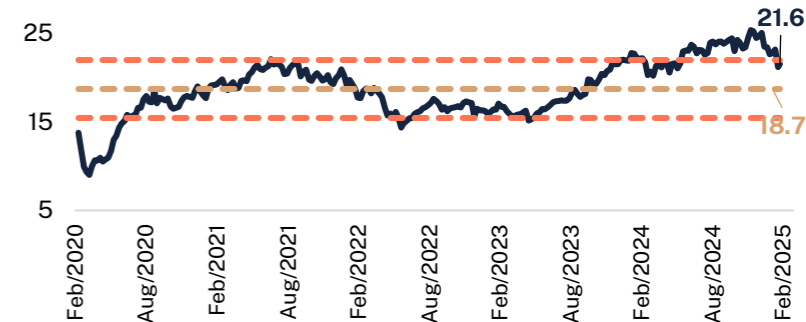
— BEst P/E Ratio (Blended 12 Months)
 - - - Deviation 1 - BEst P/E Ratio (NIFTY Index)
 - - - Avg - BEst P/E Ratio (NIFTY Index)

Nifty Midcap 150



— BEst P/E Ratio (Blended 12 Months)
 - - - Deviation 1 - BEst P/E Ratio (NSEMD150 Index)
 - - - Avg - BEst P/E Ratio (NSEMD150 Index)

Nifty Smallcap 250

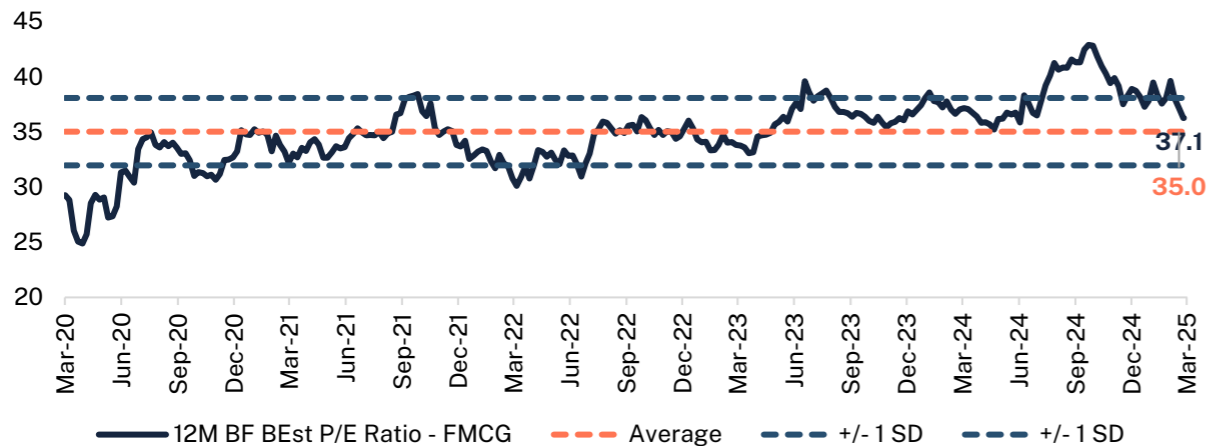


— BEst P/E Ratio (Blended 12 Months)
 - - - Deviation 1 - BEst P/E Ratio (NSSES250 Index)
 - - - Avg - BEst P/E Ratio (NSSES250 Index)

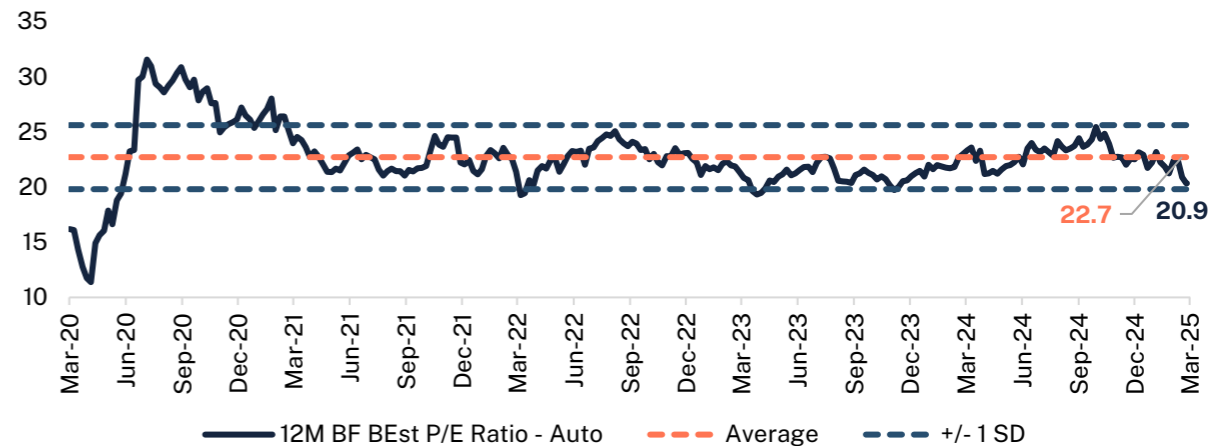
Source: Bloomberg, Spark PWM

Sectoral Valuations - I

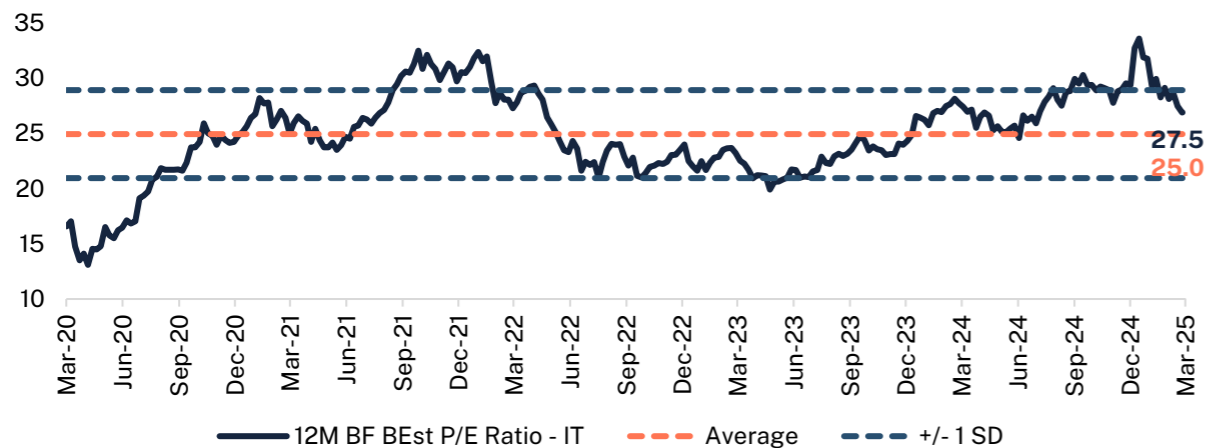
Nifty FMCG (P/E)



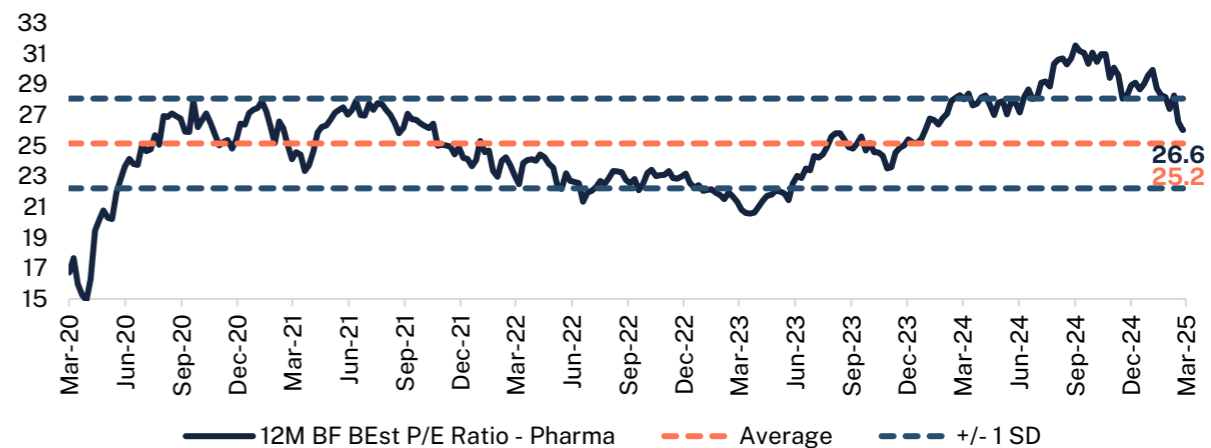
Nifty Auto (P/E)



Nifty IT (P/E)



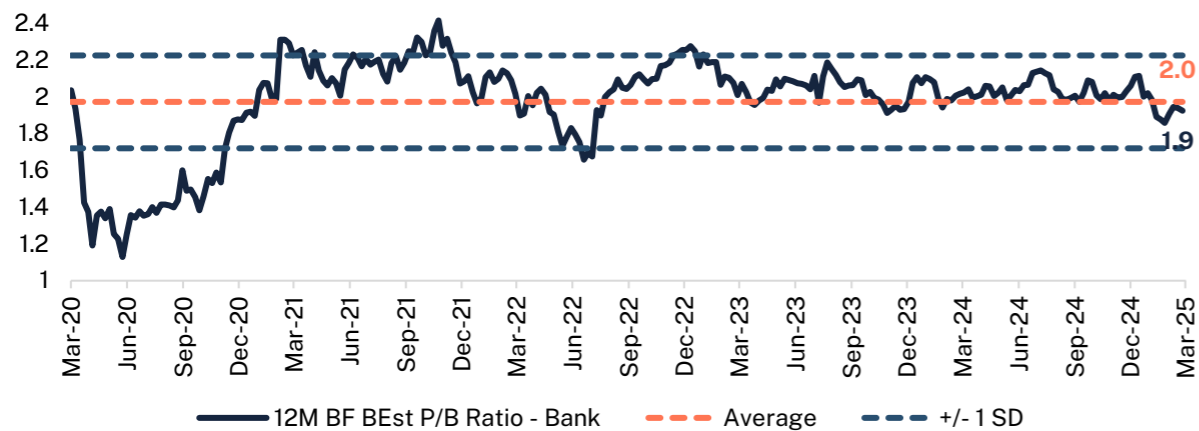
Nifty Pharma (P/E)



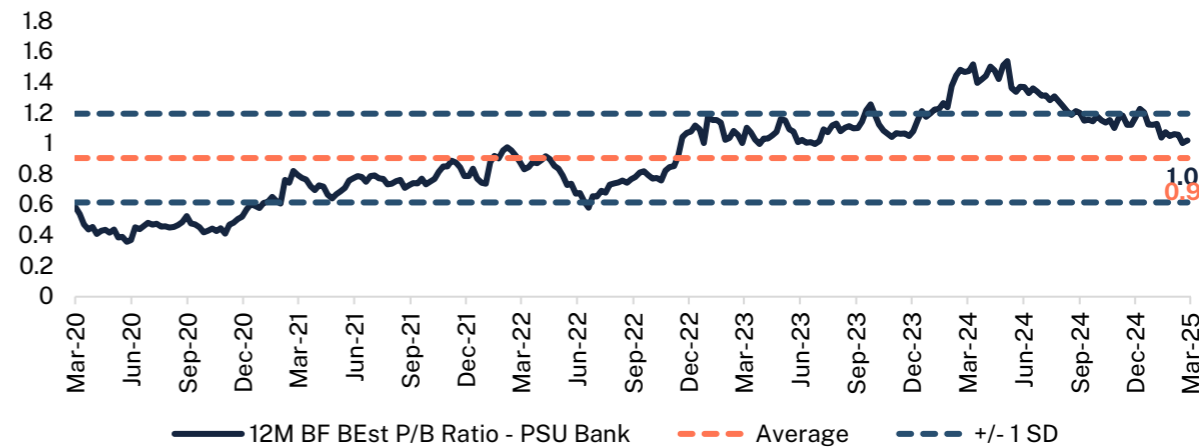
Source: Bloomberg, Spark PWM

Sectoral Valuations - II

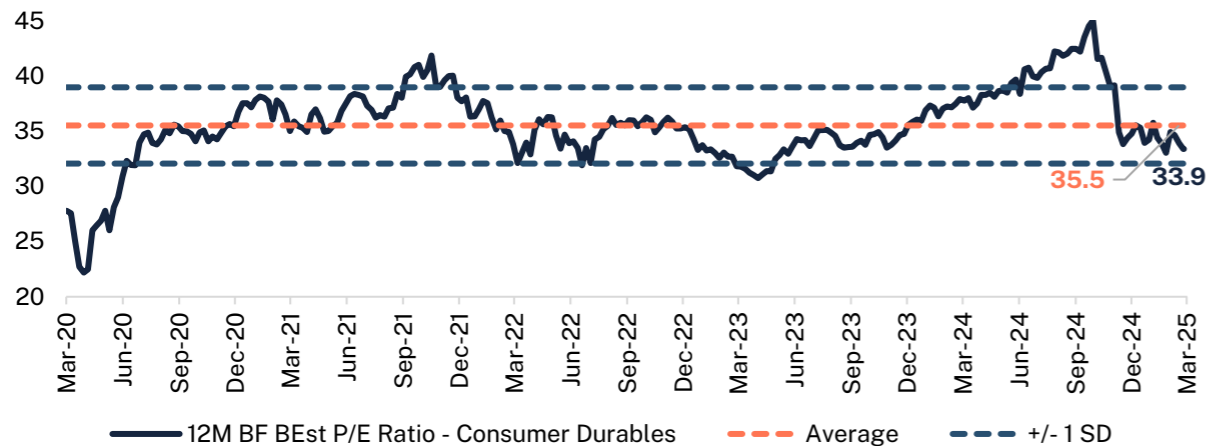
Nifty Bank (P/Bk)



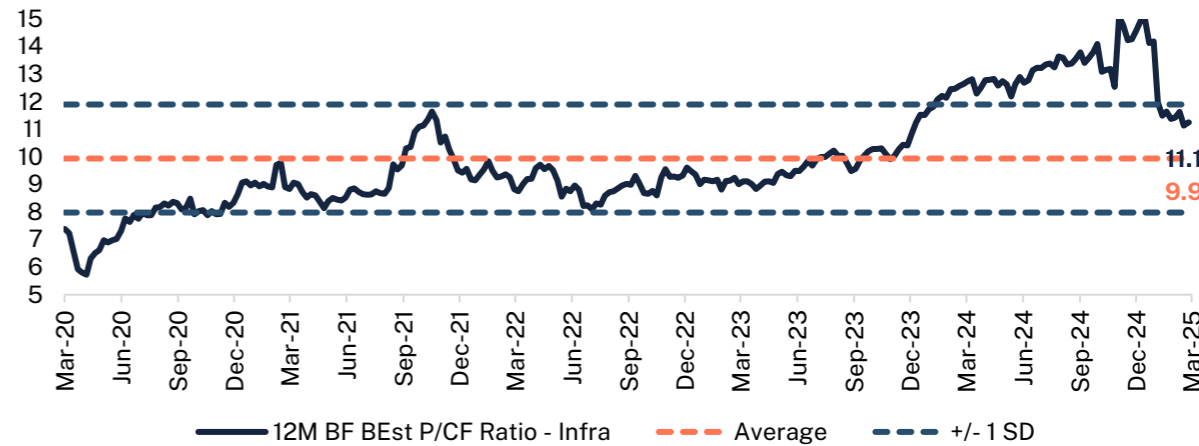
Nifty PSU Bank (P/Bk)



Nifty Consumer Durables (P/E)



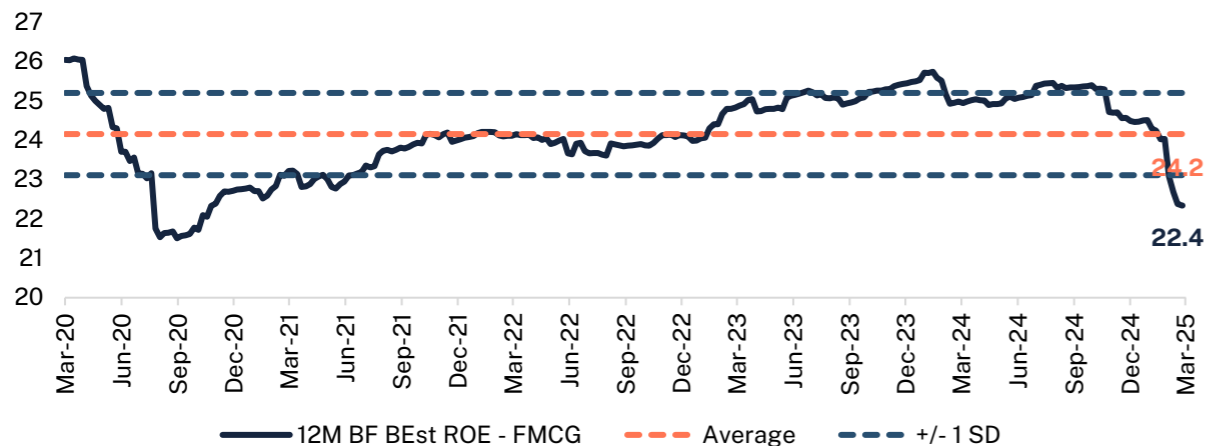
Nifty Infra (P/CF)



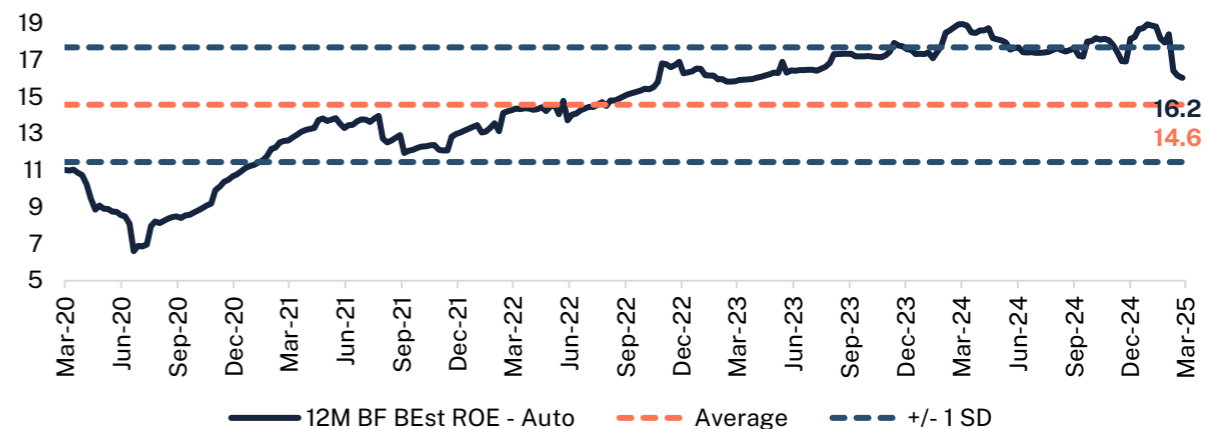
Source: Bloomberg, Spark PWM

Sectoral Return on Equity - I

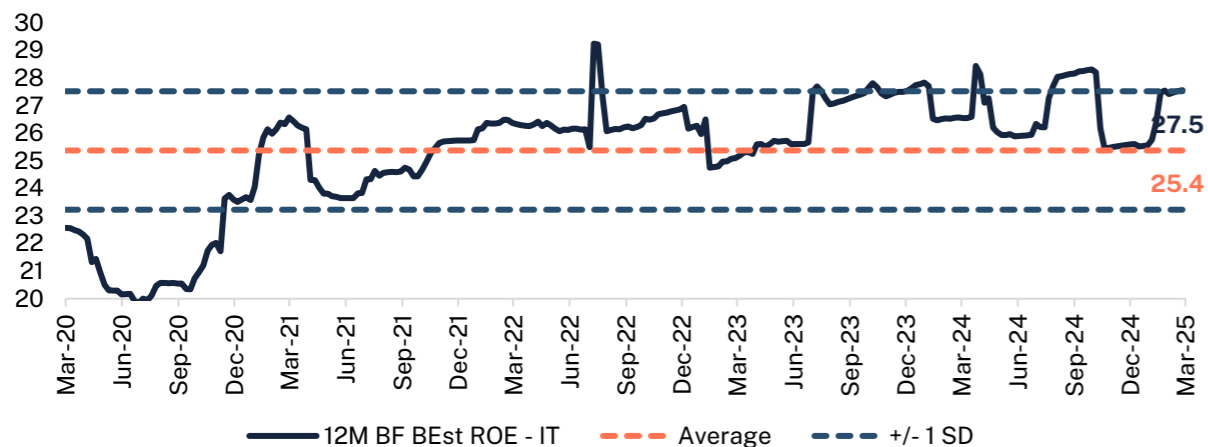
Fast Moving Consumer Goods



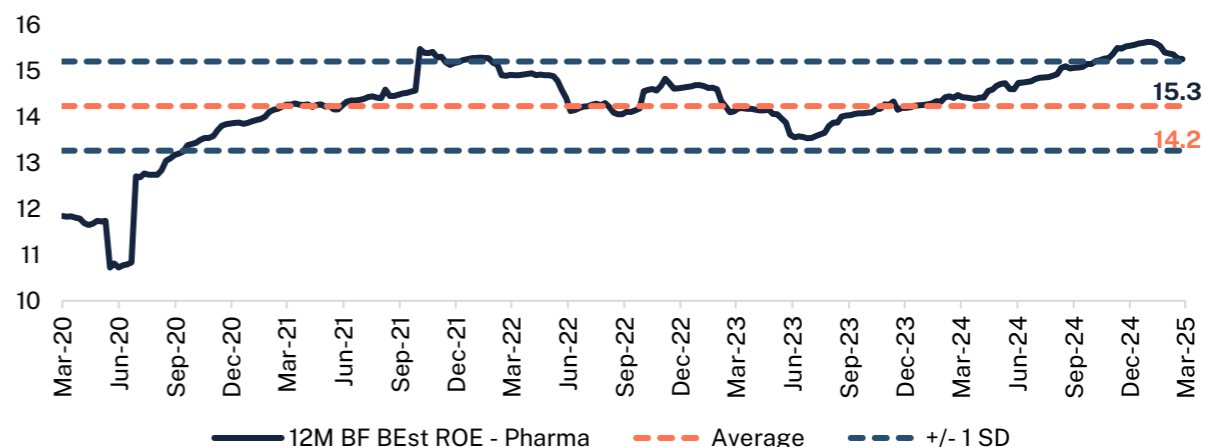
Automobiles



Information Technology

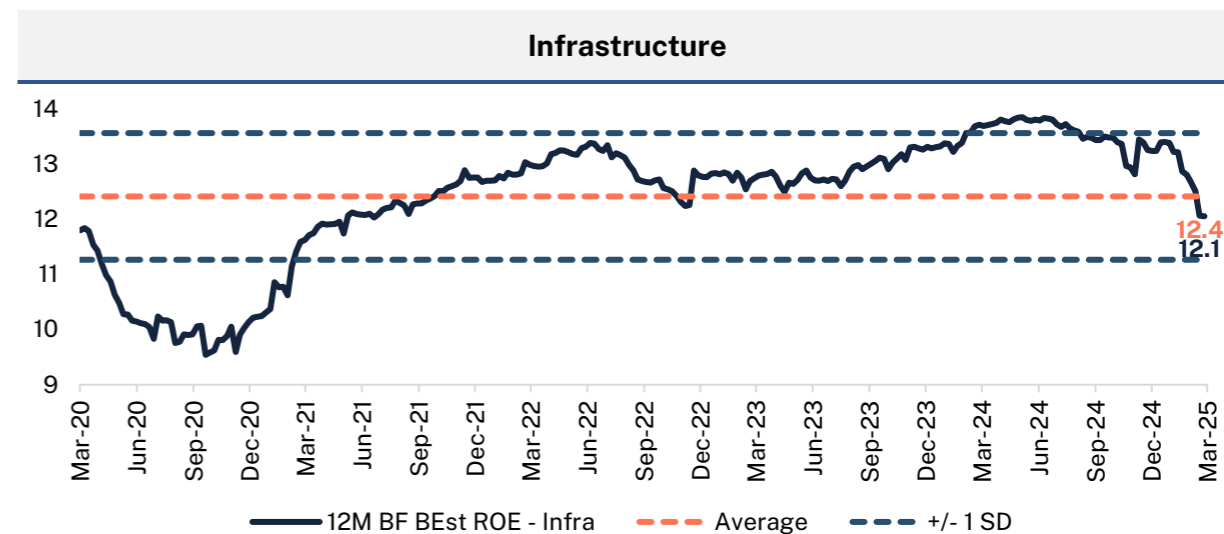
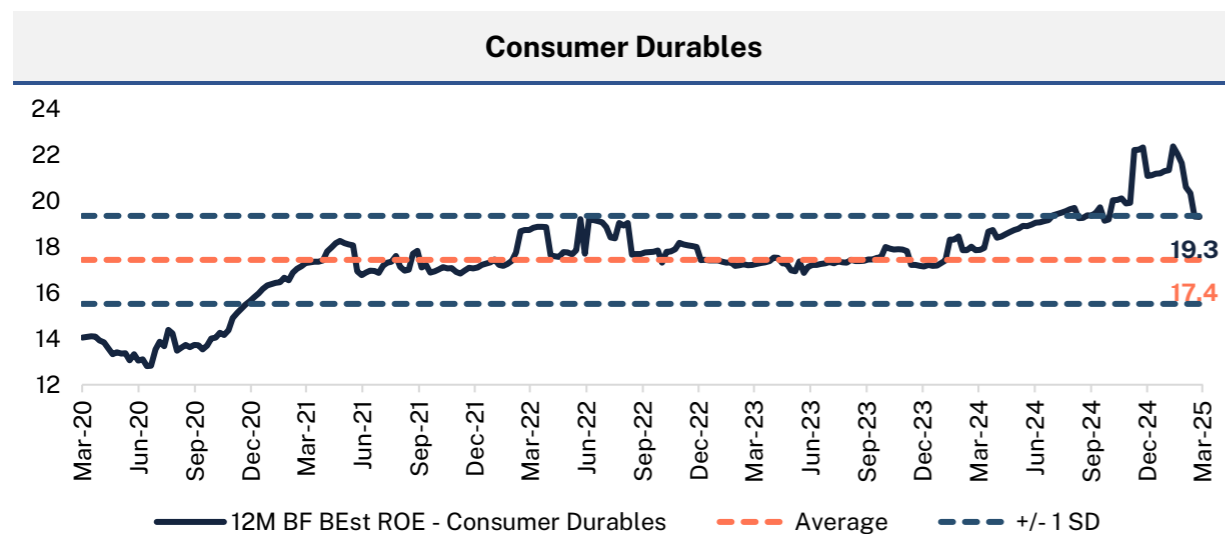
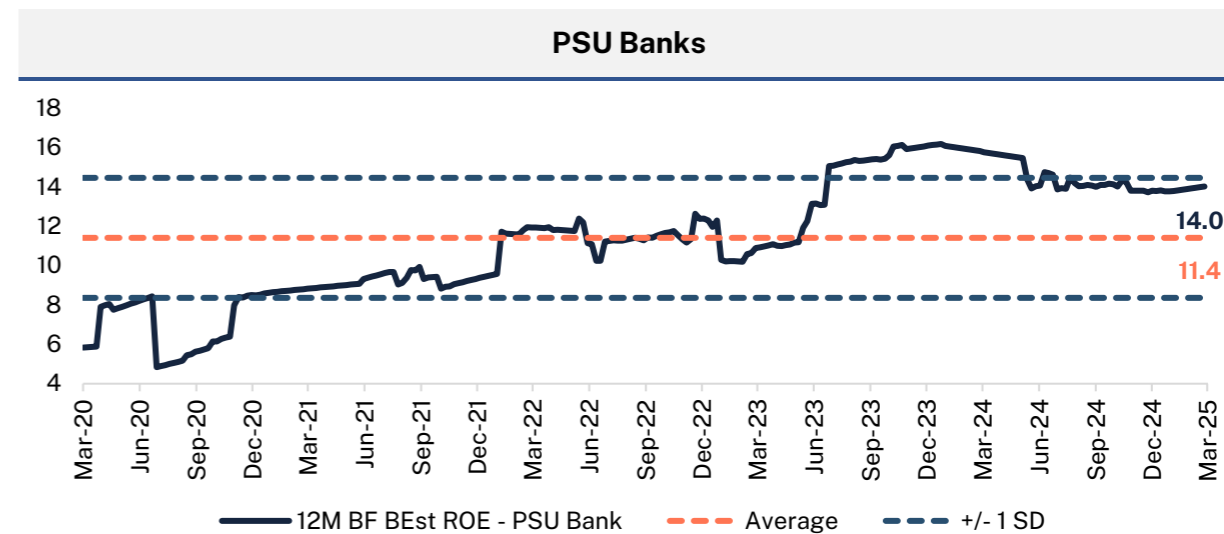
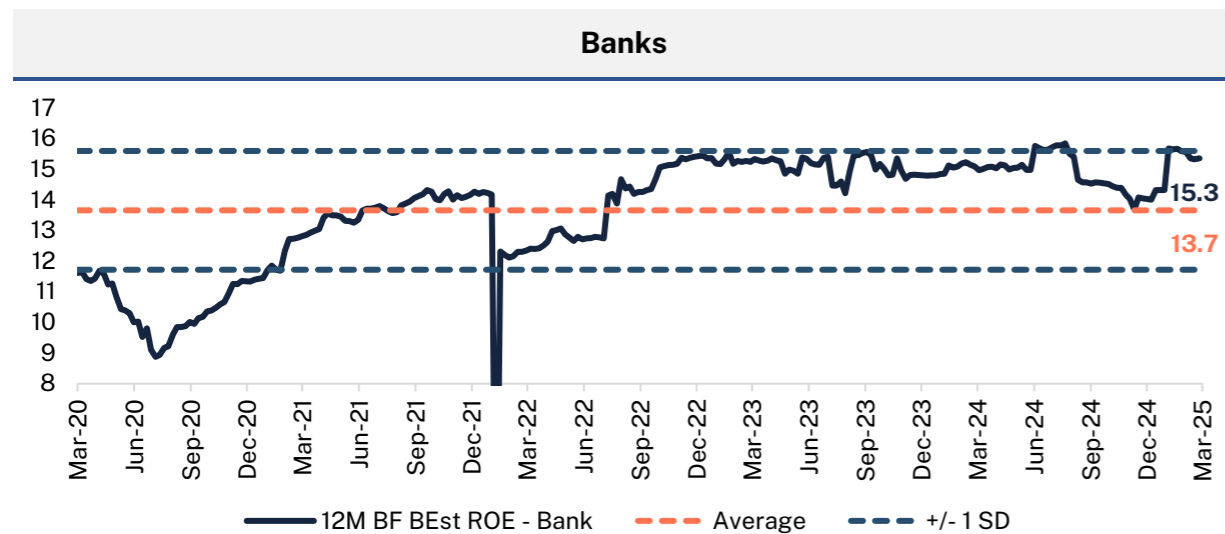


Pharmaceuticals



Source: Bloomberg, Spark PWM

Sectoral Return on Equity - II



Source: Bloomberg, Spark PWM

Summary

Allocation of Capital



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

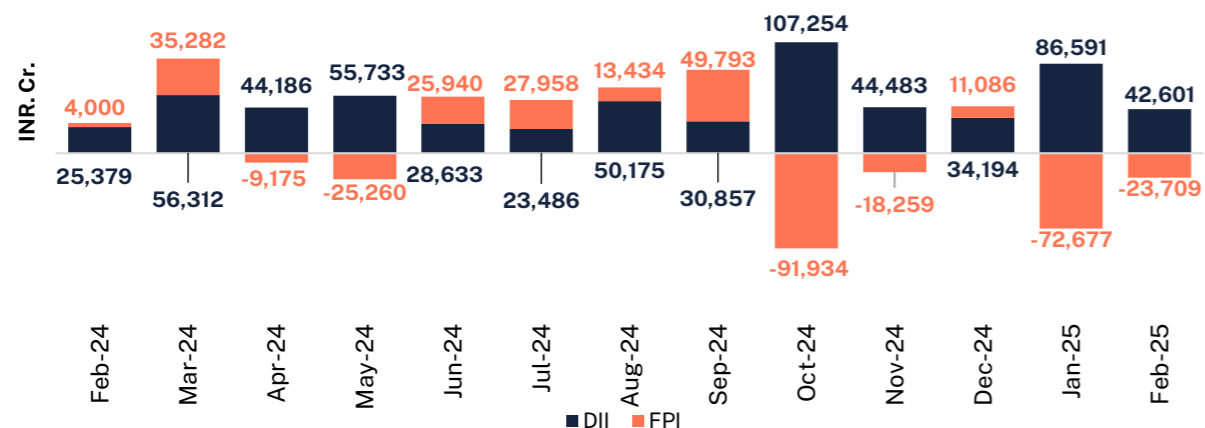
- FPIs net sold 23.8k Rs Cr worth of equities while DIIs net bought worth 42.6k Rs Cr in February 2025 (as of 21st February, 2025).
- Gross SIP inflows rose 40% YoY to INR 26,400 Cr in January 2025, but declined 1% MoM.

FII's Selling Pressure Continues in Indian Equities

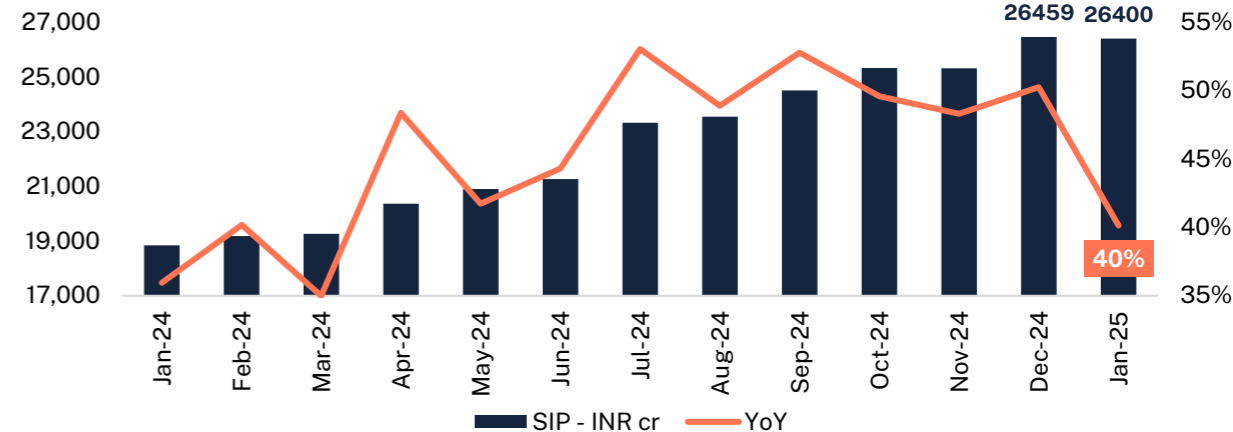
- In the last 2 weeks of January 2025 and the first 2 weeks of February 2025, FII's net sold equities in nearly every sector. Telecommunications and Healthcare sectors witnessed net inflows in February 2025.

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

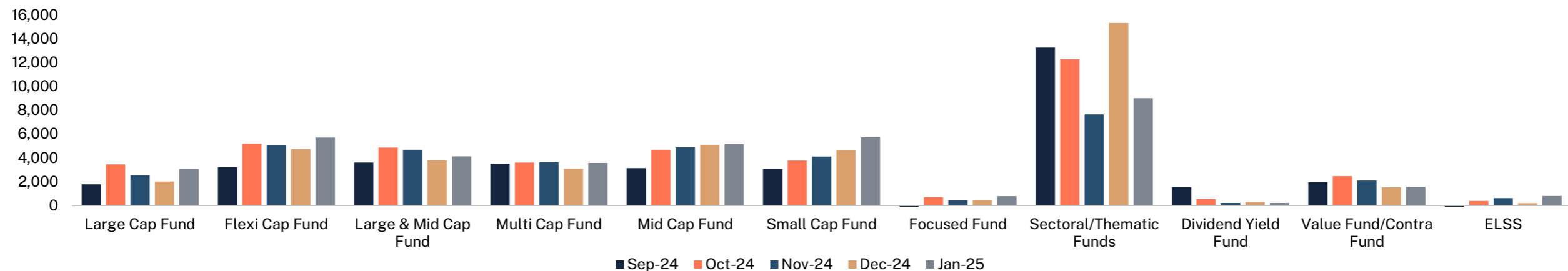
FPIs Continued to Sell Indian Equities in February 2025



Gross SIP Inflows Rose 40% YoY to INR 26,400 Cr in Jan 2025, But Declined 1% MoM



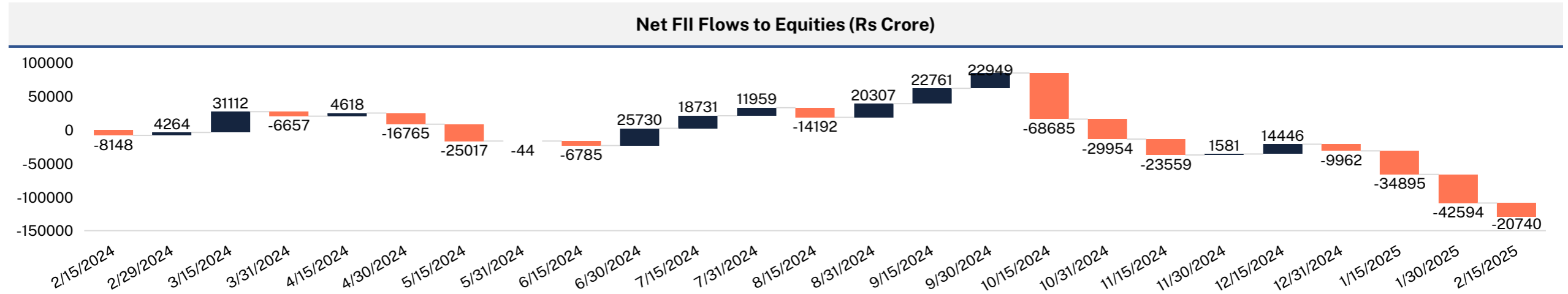
Equity Mutual Fund Flows - January 2025 (Rs. Crore)



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

FII Selling Pressure Continues in Indian Equities

Telecommunications and Healthcare sectors witnessed net inflows in February 2025.



Breakdown of Fortnightly FII Flows to Indian Equities Across Sectors (Rs Crore)

SECTOR / DATE	15-Feb-24	29-Feb-24	15-Mar-24	31-Mar-24	15-Apr-24	30-Apr-24	15-May-24	31-May-24	15-Jun-24	30-Jun-24	15-Jul-24	31-Jul-24	15-Aug-24	31-Aug-24	15-Sep-24	30-Sep-24	15-Oct-24	31-Oct-24	15-Nov-24	30-Nov-24	15-Dec-24	31-Dec-24	15-Jan-25	30-Jan-25	15-Feb-25	Trailing 12M Total
Automobile and Auto Components	2539	3003	3697	-2085	1679	-560	-706	-3323	-315	2054	2993	3155	-1628	-751	-1983	-123	-8131	-2,309	-4,411	-3,053	-1,823	-2,548	-1,924	-3,899	-690	-21,142
Capital Goods	921	2985	2838	951	1228	2408	376	5648	-137	2929	3612	1315	-1089	780	1778	2224	-853	-1,933	-1,004	681	2,657	471	-2,620	-3,077	-3,206	19,883
Chemicals	-790	-1	45	868	373	405	-96	568	923	1037	-118	-394	-204	182	699	746	552	31	210	-197	646	-46	42	313	337	6,131
Construction	-4251	-243	633	173	827	-547	-3811	1125	-2660	-63	-902	-627	-699	835	191	3	-3149	-4,941	1,115	-1,824	974	64	-2,416	-2,533	-3,910	-26,636
Consumer Durables	180	931	-167	-1175	-1624	-111	-659	-102	-953	1038	125	-313	-584	5297	2226	1510	-846	-2,017	-433	426	-748	-152	-931	-2,869	-1,049	-3,000
Consumer Services	3041	4497	4117	524	1713	-386	733	2026	1607	3097	1642	1787	2196	1962	-156	-2784	-4633	-4,230	-629	471	2,715	505	-3,507	-4,840	-2,262	9,206
Fast Moving Consumer Goods	-3011	-1461	11180	-4939	-4351	-3563	-1158	-3015	-245	-677	1809	-834	1785	1815	1372	3528	-6818	-4,764	-3,589	2,184	-1,655	-1,134	-1,134	-4,294	-4,336	-27,305
Financial Services	-7536	-2441	5365	-1900	3212	-12550	-9687	1104	1008	8162	471	-8119	-14790	2782	12253	14947	-23274	-2,865	-7,092	9,597	7,424	-4,338	-12,204	-12,745	-5,344	-58,560
Healthcare	4212	987	-1577	627	61	-768	172	-11	413	2886	2378	2676	3462	2369	3652	2987	-2376	2,321	734	-254	1,917	1,850	-1,460	-2,912	1,534	25,880
Information Technology	3240	-1043	-1104	-555	-4658	-4915	-5574	-228	-2559	1578	2765	8998	-493	4529	48	-1267	-2727	-172	3087	2429	6754	2296	-1927	-4544	693	4,651
Metals & Mining	-1067	391	275	931	279	-520	-735	-218	-1861	-1128	1969	5341	-2668	-1105	-1857	3012	222	-75	-1291	86	847	124	-1997	-385	-558	-1,988
Oil, Gas & Consumable Fuels	1035	-4578	-1110	-1169	-923	-1443	-2808	-2746	-3683	1048	1944	-325	-1311	2518	1672	-2312	-12371	-9,073	-7,214	-6,132	-5,337	-5,489	-1,203	-369	-2,434	-63,813
Power	-2895	1404	272	-227	5143	-834	-792	-2250	-59	-2439	-891	-2905	1169	-2305	1167	242	-2678	1,168	-906	109	-552	-1,310	-3,115	-1,083	-1,852	-16,419
Telecommunication	-3766	-167	6648	1319	1659	6619	-272	1378	1736	6208	934	2204	662	1399	1699	236	-1603	-1,095	-2,136	-2,942	627	-255	-499	643	2,337	23,573
Total	-8148	4264	31112	-6657	4618	-16765	-25017	-44	-6785	25730	18731	11959	-14192	20307	22761	22949	-68685	-29954	-23559	1581	14446	-9962	-34895	-42594	-20740	-129,539

Source: NSDL, SEBI, Bloomberg, Spark PWM
Data as of 15th Feb, 2025

Summary

Trends and Sentiments



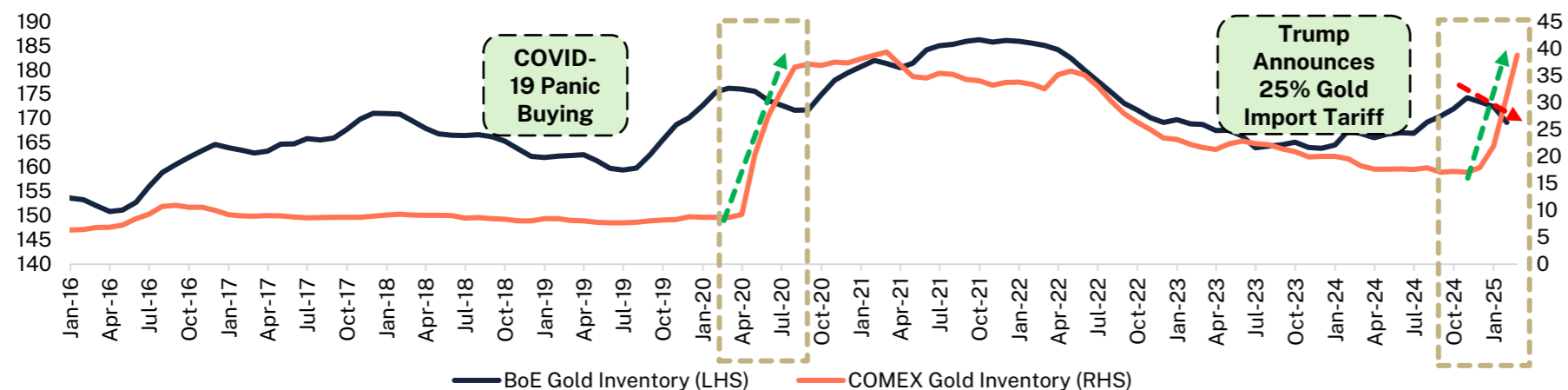
Trump's 25% Gold Import Duty Causes a Shortage at Bank of England

- When Trump announced a 25% gold import duty that could take effect as soon as 1st February 2025, American banks and traders attempted to physically settle their positions shift existing storages to COMEX's New York vaults from Bank of England. Front month gold futures briefly traded at a 2.3% premium relative to their London Metals Exchange counterparts.
- As a result COMEX's gold inventories have risen from less than 18 million ounces a quarter ago to nearly 38 million ounces, as financial institutions attempted to settle ~\$8 billion worth of gold per day.
- The move by Trump also induced fears about import duties on other precious as well as non-ferrous metals such as copper, causing the spread between front month futures on gold, silver, and copper at COMEX to trade at significant premiums relative to LME and SMM (Shanghai Metals Market).

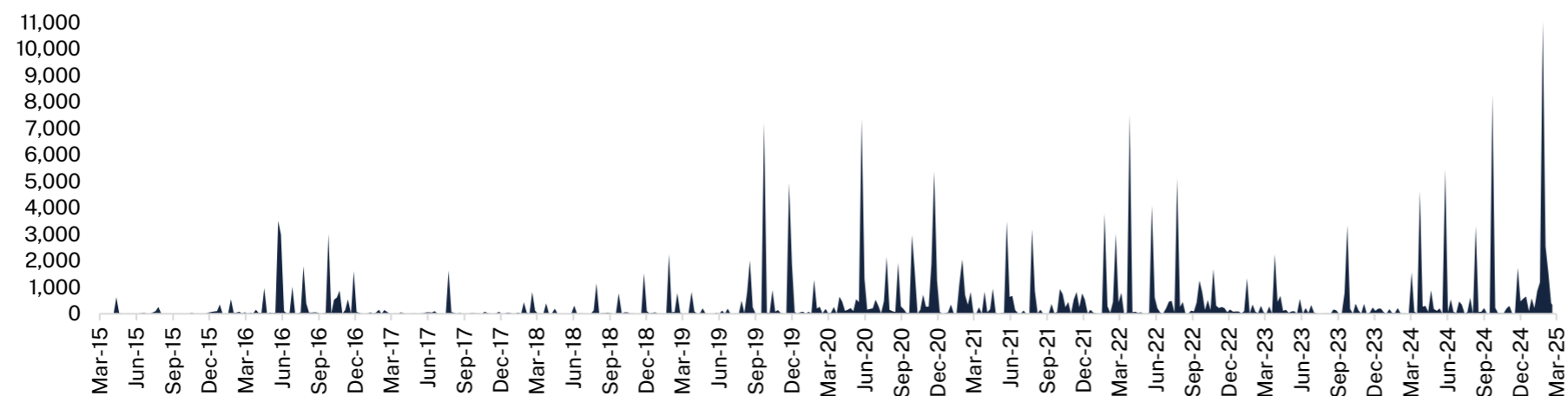
Trump's 25% Gold Import Duty Causes a Shortage at Bank of England

When Trump announced a 25% gold import duty, American banks attempted to physically settle their positions shifting existing storages to COMEX's New York vaults from Bank of England. Front month gold futures briefly traded at a 2.3% premium relative to their LME counterparts.

Bank of England & COMEX (New York) Gold Inventories (both in millions of Troy Ounces) Diverge as Trump Imposes 25% Import Duty on Gold



Weekly Delivery Declarations Against COMEX Gold Contracts Surge to Highest Level Since 1994 as Banks and Traders Plan Delivery of \$8 Billion in Gold Per Day



- Since late November 2024, several hundreds of tons of gold has flowed into the vaults of the COMEX in New York, causing their total gold inventories to rise from less than 18 million ounces to nearly 38 million ounces.
- Most of the world's largest banks tend to store their physical gold at the Bank of England, whilst traders usually roll over positions in gold through front-month future contracts as opposed to taking delivery. However, since the threat of import duties on gold was posed, many institutions sought to realize their positions in physical form rather than cash.
- The rush to realize open long positions on gold created delivery issues, thereby causing gold prices to trade at a premium in New York as demand in US picked up and positions on the London Metal Exchange were simultaneously closed.

Source: Bloomberg, COMEX, CME Group Spark PWM



01 EXTERNAL INFLUENCE

- **US:** The economy remains stable, supporting a soft-landing scenario. Consumption continues to show improvement despite rising borrowing costs, while the labor market stays resilient. Fed Chair Powell has shifted to a neutral policy stance, indicating fewer rate cuts in 2025.
- **Europe:** Core economies continue to struggle. Euro Area economic growth is expected to be tepid as core economies are expected to be laggards and peripheries are expected to do marginally better.
- **China:** A recent equity rally has corrected as announcements of fiscal spending lacked specifics. Growth relies on trade surplus, which faces risks from US tariffs, prompting a neutral stance despite improved industrial activity and consumption.

02 LOCAL STORY

- Government capex is picking up, but unlikely to meet its budgeted forecasts. Tax revenues are robust, with corporate and personal income tax collections rising 0.50% and 24.00% YoY, respectively, in 8MFY25.
- Economic activity improved in December after remaining broadly stable in November, with industrial production recovering to 5.2% YoY and GST collections growing 7.3% YoY.
- Banking system liquidity remains in deficit territory as RBI's intervention in FX markets continues and the moderation in credit and deposit growth spreads reversed a bit. However, the recent revision of import and trade balance figures for each month in FY25 suggests some pressure should be alleviated from CAD.

03 INFLATION & RATES

- The Fed held rates steady in January 2025 and continues to signal only 50 bps of easing in 2025 as opposed to 100 bps forecasted in September. A survey of FOMC members showed that most believe risks to inflation have shifted from broadly balanced to weighted to the upside. However, markets are pricing in only 1 quarter-point rate cut in 2025, and another 2026 as strong economic data weakens the case to support more rate cuts.
- India's December CPI rose to 5.22% YoY, though core inflation remains within RBI's target. Markets anticipate an RBI rate cut in February 2025 as food prices and overall inflation showed its 2nd consecutive MoM decline.

04 VALUATION & EARNING

- Valuations are near historical averages for large caps, but still above average for mid and small caps. Nifty 50 EPS expected to grow 15.4% 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 were net sellers of Indian equities in January 2025. Selling were primarily concentrated in power, consumer services, and capital goods. Domestic buying and SIP inflows continue to remain robust. Indian bonds remained stable despite rising US yields, supported by favorable demand-supply dynamics and expectations of lower inflation. FPI investments in bonds were also negative in January 2025, however, it is evident that FPI selling is a common theme across all emerging markets since October 2024.

06 TRENDS & SENTIMENTS

- **Trump's Inauguration Policies:** Trump implemented executive orders on immigration, border security, and energy, including withdrawing from the WHO, imposing tariffs on Canada and Mexico, and removing subsidies for electric vehicles while promoting oil and gas exploration.
- **FY26 Union Budget Highlights:** The budget includes revisions to MSME investment and turnover limits, expansion of Kisan Credit Cards, a focus on nuclear energy development, increased capex and borrowings, and significant tax reforms, such as raising the nil tax slab to INR 12 lacs and increasing FDI in insurance.



India Equities Earnings Outlook

- We estimate that NIFTY 50 will deliver **earnings growth of 12.8%** 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, Utilities, Metals and Infra (through Cement, Building Materials)

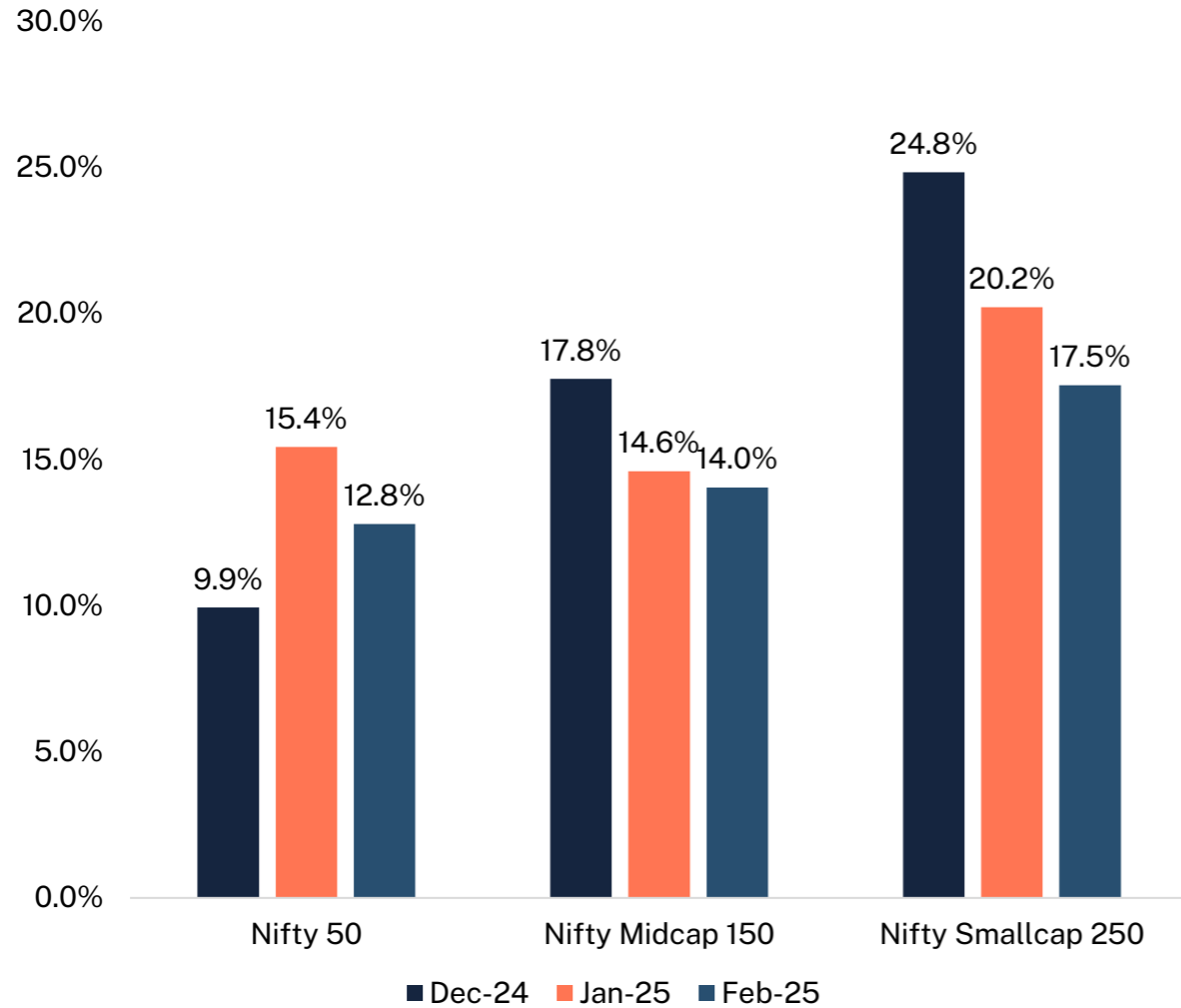


India Fixed Income Outlook

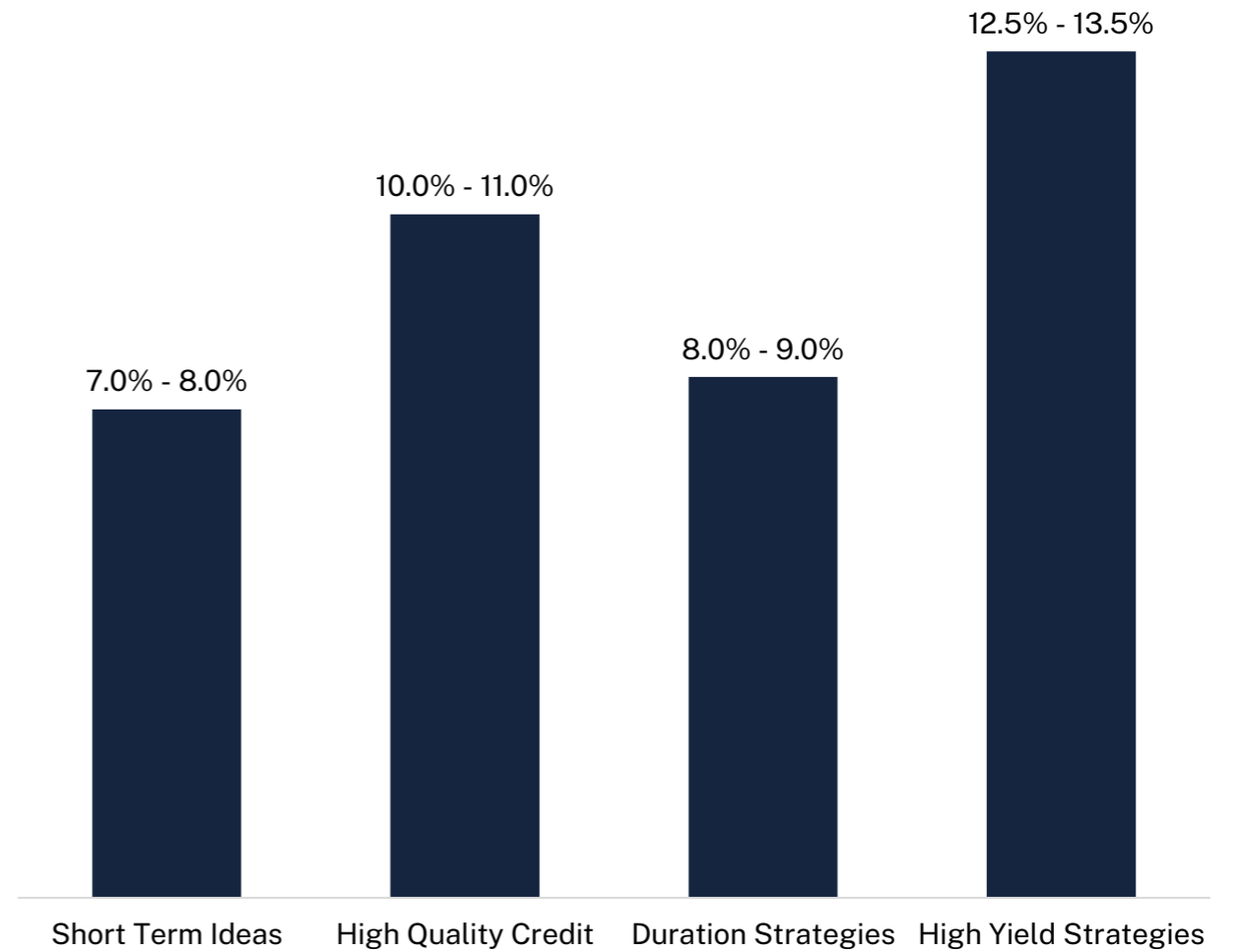
- The inclusion of Indian bonds in global indices, alongside it being one of the best major macroeconomic stories in the world, is expected to drive substantial investment flows over the next few years.
- Banking liquidity moved to surplus due to the dividend by RBI and FPI flows over last two months. 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

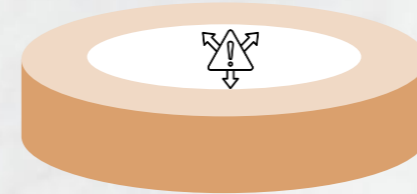
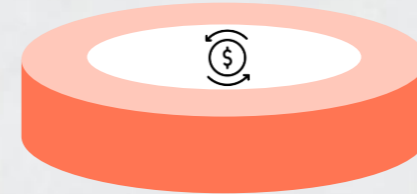
- Corporate Bonds offer attractive carry opportunity plus additional capital gains as the inverted yield curve normalizes
- Carry Opportunity in Money market instruments as banking system liquidity is expected to remain in neutral to deficit zone in Q4 FY25

Neutral on Duration

- Sharp rise in US yields and strengthening US dollar have limited RBI's ability to cut rates despite relatively better conditions domestically
- **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 turned positive in February 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%*

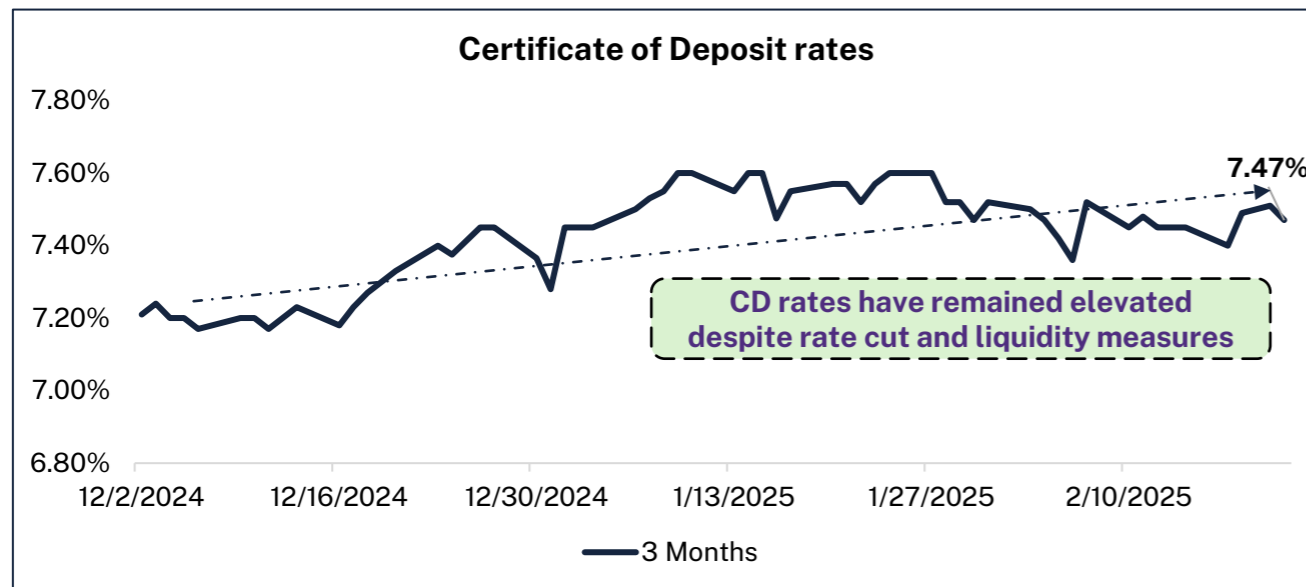
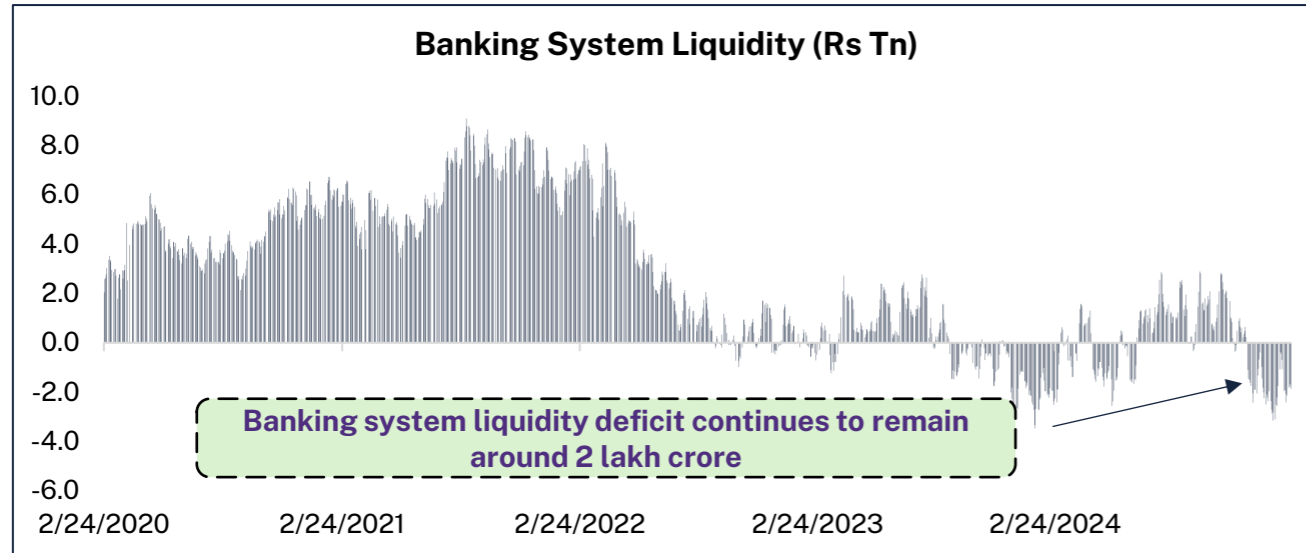
*Indicative yields of funds is post expense

^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).

Banking System liquidity Negative despite actions by RBI



Despite RBI's continued effort via VRR, OMO purchases and the FX swap, liquidity conditions in the banking system continued to remain tight. Excise and TDS payments along with heavy intervention by RBI to stem the weakening of INR, continued to exert additional pressure on liquidity.

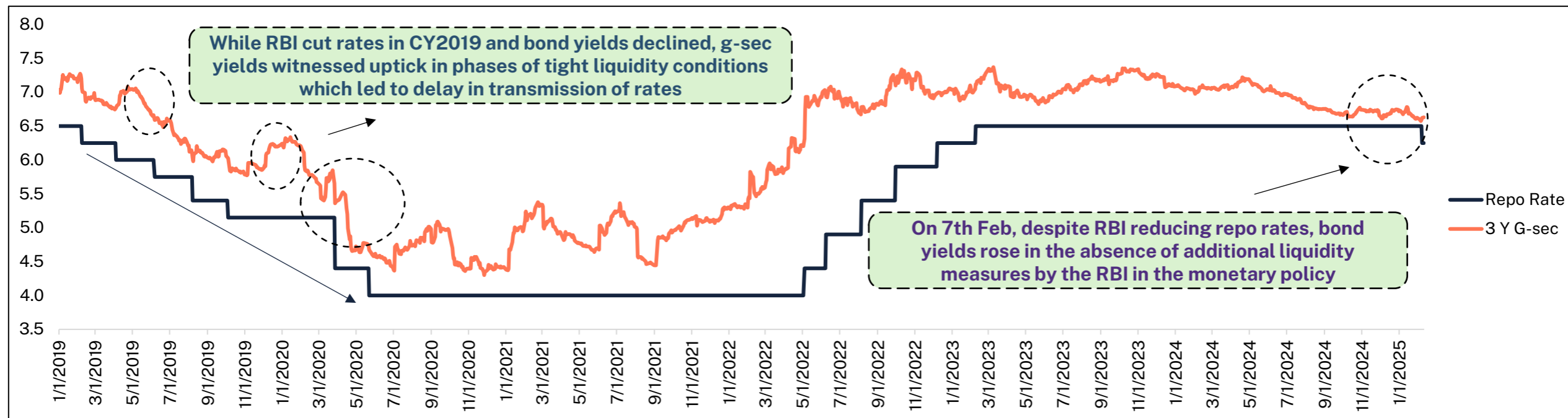
RBI actions so far :

- 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 of purchasing government securities in three tranches
- USD/INR Buy/Sell Swap auction of \$5 bn for a tenor of 6 months
- Additional US\$10bn (₹ ~87,000 crs) dollar-rupee buy-sell swap

The additional measure taken via FX swap still might not be sufficient as liquidity drain can continue to happen via fresh RBI FX intervention in spot market

- Tight system liquidity expected to keep shorter end of the yield curve elevated
- Banks are expected to issue ~₹2.5 lakh Cr of CDs in the coming month which is expected to keep money market yields at attractive levels

Tight liquidity conditions impacting efficient transmission of rate cuts



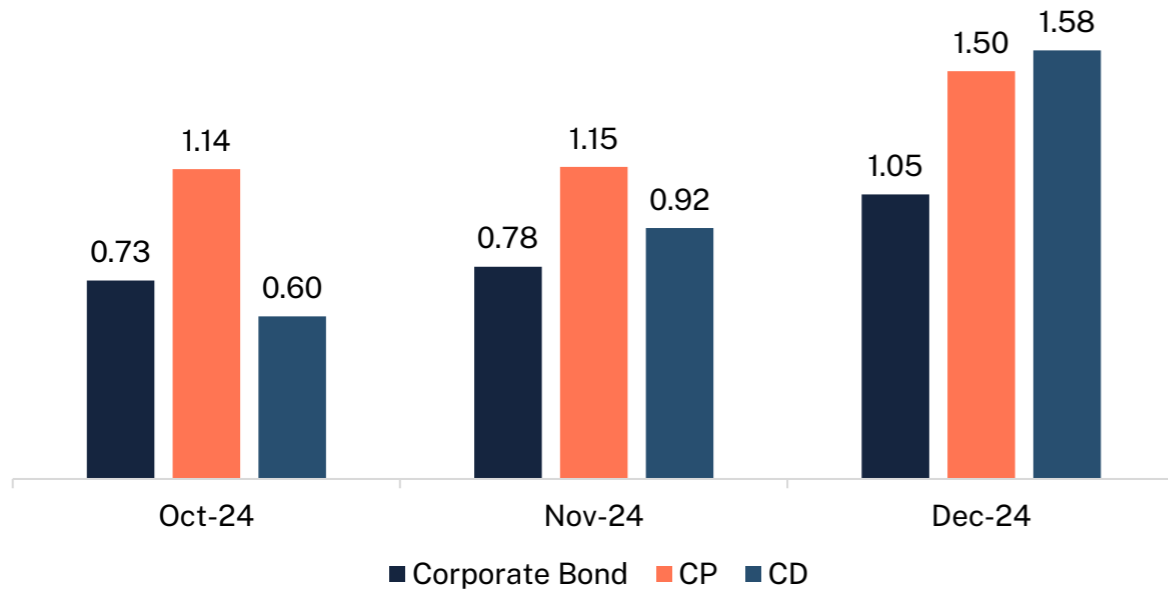
Negative Liquidity key challenge for rate transmission

- Banking sector liquidity has remained in the deficit range in the last couple of months on the back of Tax outflows, GST payment, Forex market interventions and volatility in capital inflows
- Continuous intervention by RBI in the forex market to contain rupee depreciation has led to Forex reserves declining by ~\$75bn since Sept. and has put further pressure on liquidity
- While RBI has announced and undertaken multiple measures, liquidity conditions continued to remain tight with shortfall hovering around Rs 2 lakh crore
- Starting next quarter, with the credit "lean" season underway and core liquidity expected to improve on the back of measures undertaken by RBI and partly due to a sizable RBI dividend, the transmission process is likely to begin more broadly

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

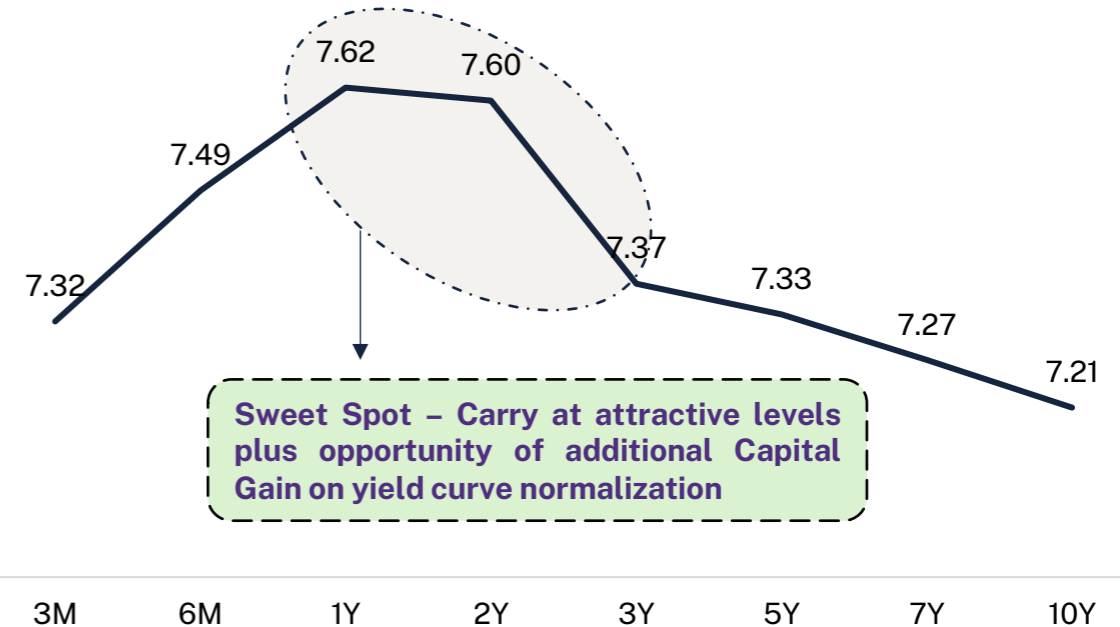
Corporate Bond, CP and CD issuance rise sharply in Dec'24



- Corporate bond issuance rose to a 3-month high at 1.05 lakh crore as issuers rushed to lock in funding ahead of the anticipated spike in SDL supply in Q4
- States and union territories are expected to borrow Rs 4.75 lakh crore through SDL in the Q4 FY25 which could lead to spike in yields

- Corporate bonds continues to offer attractive carry opportunities with sweet spot around ~2-3 years of maturity as it offers possibility of capital gains as yield curve normalizes in addition to attractive carry

AAA Corporate Bond Yield Curve



Sweet Spot - Carry at attractive levels plus opportunity of additional Capital Gain on yield curve normalization

- The corporate bond curve continues to remain inverted with shorter end of the curve offering attractive carry opportunities
- Spreads between corporate bond and G-sec is the highest around 1-year tenure at 108 bps

Multi Asset Funds – Hedge against volatility

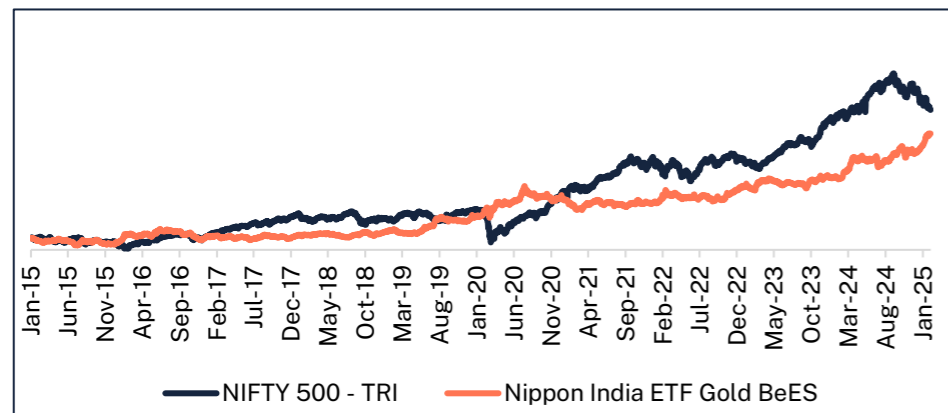
Multi-asset funds operate on the principle of diversification, aiming to reduce volatility and enhance returns by investing across multiple asset classes. This strategy ensures that when one asset class underperforms, another is likely to perform well, balancing overall portfolio performance across economic cycles.

Taxation across MAAFs varies depending on their equity exposure

- **Gross Equity > 65%** - Long Term Capital Gain rate of 12.5% after 1 year
- **Gross Equity within 35% - 65%** - Long Term Capital Gain rate of 12.5% after 2 years

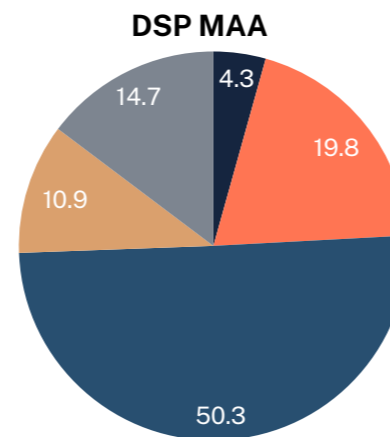
Fund manager can rebalance between asset classes without attracting taxes

- Over the past decade, gold's 12.5% CAGR slightly edged out the Nifty500 TRI's 12.4%, but the real advantage lies in reduced volatility.
- A balanced mix of gold and equity would have provided smoother returns and lower stress for investors.
- Gold isn't just a crisis hedge – it's a strategic asset that enhances portfolio resilience and long-term returns. Instead of chasing rallies, a consistent allocation to gold ensures stability across market cycles.

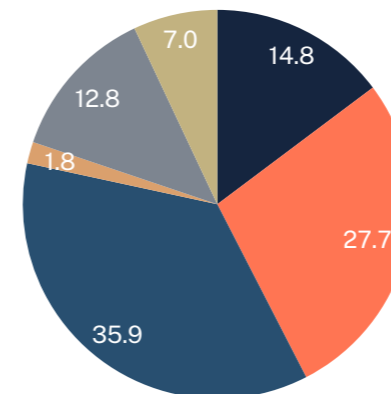


Asset Allocation as on 31st January 2025

Funds with 2 year taxation

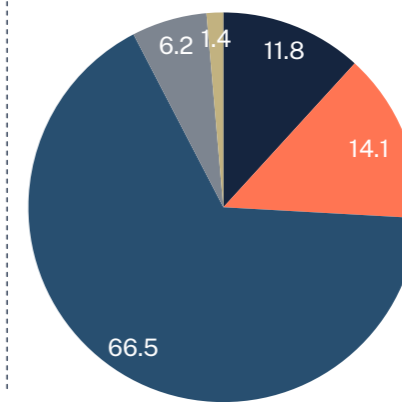


WOC MAA



1 year taxation

ICICI Pru MAA



- Cash
- Debt
- Equity
- Foreign Equity
- Gold & Silver
- REITs & INVITS

Fund's performance in periods when Nifty fell > 5%

Period of Fall	% Fall			
	Nifty 50	DSP MAA	WOC MAA	ICICI MAA
12/11/24 - 24/2/25	-5.33	0.69	2.15	0.43
30/8/24 - 12/11/24	-5.23	-0.16	1.61	-1.8
1/12/22 - 23/12/22	-5.35	-	-	-2.2
18/3/20-23/3/20	-10.03	-	-	-6.16

* 3 years annualized rolling return rolled daily from 23rd Feb 2020 to 23rd Feb 2025 for all the funds in the category

Multi Asset Allocation Funds : Our Recommendations

Unified Solution for Growth, Stability and Diversification

Why Multi Asset Funds?

Diversification

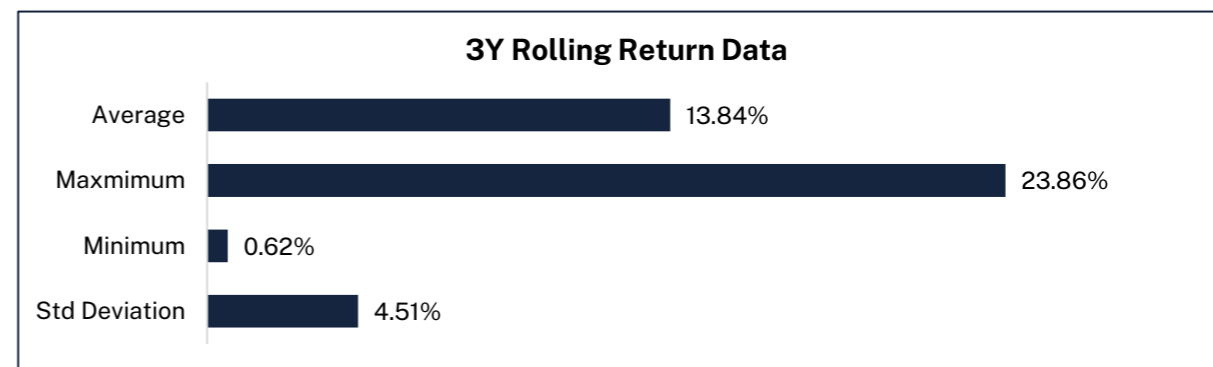
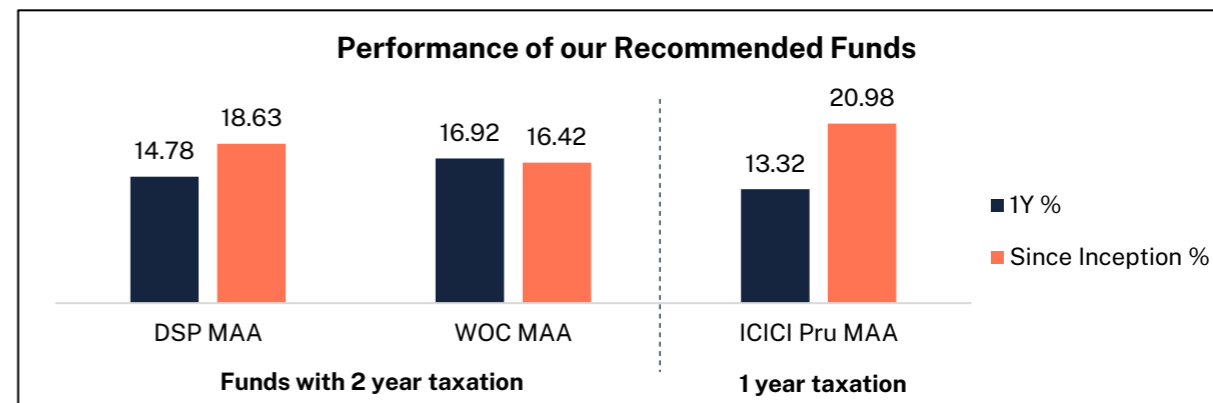
- Access to different asset classes: Includes equities, bonds, commodities, REITs, INVITs etc.
- Correlation Advantage: Adds low or negatively correlated assets, reducing overall portfolio risk.
- Enhanced Stability: Balances the impact of asset-specific volatility

Reduced Volatility

- Risk Mitigation: Spreads risk across multiple asset classes.
- Reduced Drawdowns: Limits the impact of market downturns in any single asset class.
- Consistent Returns: Provides a smoother investment journey with fewer dramatic swings.

Optimized Returns

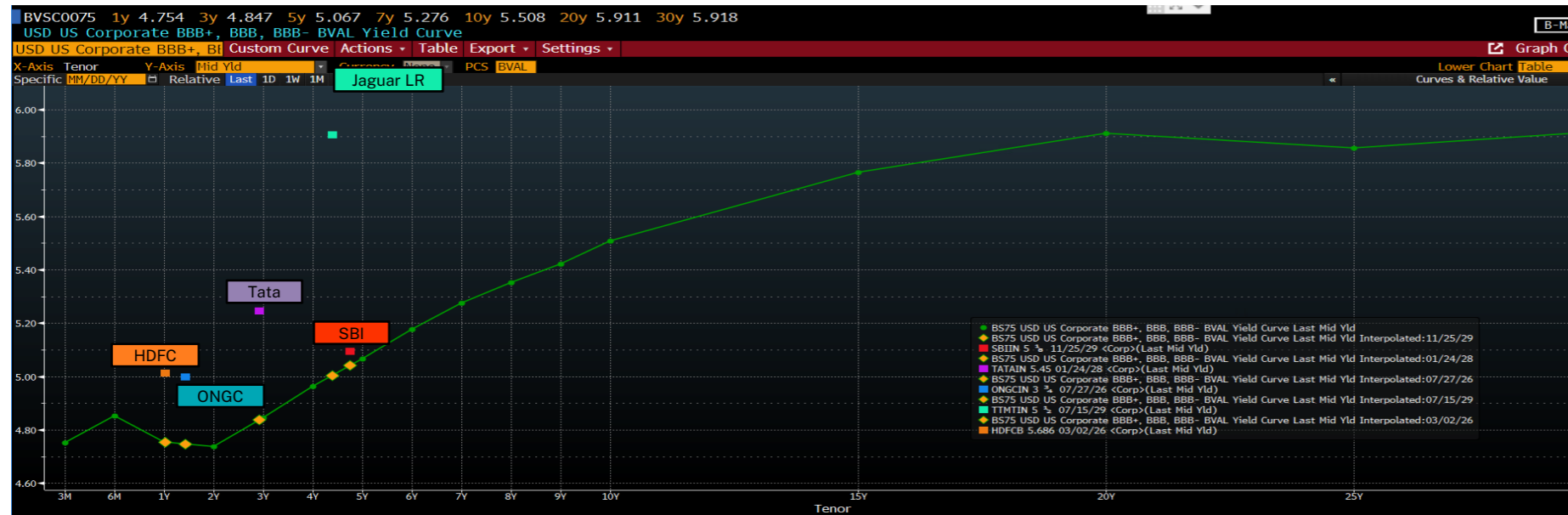
- Tax Efficiency: Hassel-free and tax efficient way of investing across asset classes
- Rebalancing: Fund manager does the rebalancing between asset classes based on market dynamics without attracting taxes to investors



Multi Asset Fund	Taxation	AUM (Jan'25)	Net Equity (Jan'25)	Asset Allocation Range					Trailing Returns (%)			
				Net Equity	Fixed Income	Commodities	Foreign Equity	REITs & INVITs	3 M	6 M	1Y	3Y
White Oak Multi Asset Fund	LT @ 12.5% in 2 years	1,289	25.9%	15% - 45%	10% - 55%	10% - 40%	0% - 10%	0% - 10%	2.35	4.87	16.92	-
DSP Multi Asset Fund	LT @ 12.5% in 2 years	2,536	26.4%	10% - 40%	10% - 50%	10% - 50%	0% - 50%	0% - 10%	1.19	1.82	14.78	-
ICICI Pru Multi Asset Fund	LT @ 12.5% in 1 year	52,760	49.9%	10% - 80%	10% - 35%	10% - 30%	0%	0% - 10%	1.92	0.42	13.32	18.11
Nifty 50 TRI			100%						-4.42	-7.80	3.90	11.46

*Net Equity range of these funds is not defined. The data shown represents Net Equity range since inception or 2020, whichever is later
Trailing Returns as on 23rd Feb 2025.
AUM and Current Net Equity data as on 31st Jan'2025. Net Equity data is received from AMCs

Case for USD denominated Indian Bonds



- Higher Yields vs. Global Peers** – Indian USD-denominated bonds offer a yield premium over similarly rated U.S. corporate bonds across the term structure, driven by market inefficiencies and country risk perception.
- Potential for Spread Compression** – The yield dislocation presents attractive entry points, as spreads are expected to tighten over time due to improving credit fundamentals and increased global investor participation.
- Resilient Yield Performance** – Over the past year, USD-denominated Indian corporate bonds have demonstrated resilience, with stable yields despite global macro volatility, making them a strong carry trade option.
- Hedge Against INR Depreciation** – With INR depreciating at an annualized ~4% over the last five years, USD-denominated bonds provide a natural hedge while offering higher returns compared to INR debt instruments.

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



Macro Story: Better in January; Visible Recovery in 4QFY25

- Consumption - GST collections grew 13.8% YoY in January, indicating steady consumption.
- Private Capex - Signs of improvement in industrial activity and positive revision of trade balance figures suggest potential support for private capex recovery.
- Industrial Activity - Industrial production continued rising upwards to 3.2% YoY in December and PMI data broke above the 60-level. Overall, the economy remains in expansion mode.
- Government Capex - Government revenues remain strong, but capex for FY25 is projected to be roughly 10% below budgeted estimates.
- Banking System Liquidity - Still in deficit as RBI FX intervention and widening of credit-deposit growth spread add pressure.

Micro Story: Valuation Close to Historic Average, Justified by Growth in the Indian Economy

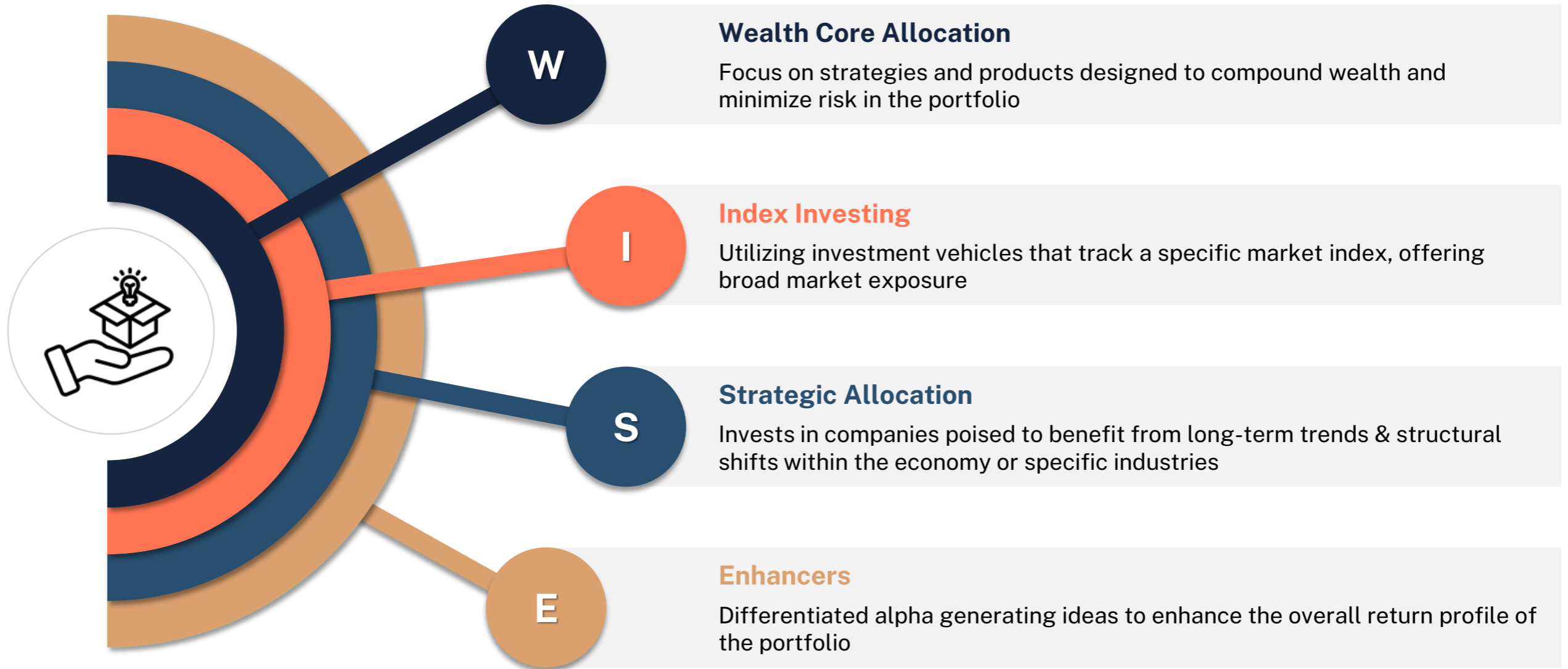
- Valuation - The recent market pullback coupled with lower earnings revisions has led to the Nifty 50 trading very close to its long-term historical average P/E.

Liquidity & Sentiment: DIIs Continue Absorbing FII Selling

- FIIs - Net sold worth Rs. 23.7k Cr worth of equities in February 2025.
- DIIs - Net bought worth Rs. 42.6k Cr worth of equities in February 2025.

Our view: Large-cap stocks currently offer more stability compared to mid and small caps. Although earnings have been subpar in 3QFY25, we believe stable macro environment continues to provide significant support to the markets. As a result, we can expect earnings to eventually align with these supportive factors, leading to a more balanced market outlook.

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%	-1.2	-3.4	-5.6	12.0
Index Investing (5% to 10%)	Smart Beta	Bandhan Nifty100 Low Volatility 30	MF	10%	0.5	-2.3	-4.8	10.5
Strategic Allocation (45% to 75%)	Large & Midcap	ICICI Pru Large & Midcap	MF	10%	0.7	-2.7	-4.9	17.1
		Alchemy Smart Alpha 250	D PMS		-13.8	-9.9	-16.8	7.9
		Spark@75 Core and Satellite	D PMS	10%	-3.3	-6.8	-10.5	3.2
	Flexi Cap/Multicap	ICICI EIP Abakkus All cap Buoyant Renaissance India Next	D PMS	25%	-7.2	-7.7	-8.3	NA
					-6.0	-8.0	-9.0	4.8
					-2.6	-2.2	-3.3	14.5
					-6.3	-8.4	-5.7	14.5
		Nippon India Multi Cap	MF	-6.3	-7.3	-8.8	15.1	
		Parag Parikh Flexi Cap	MF	-0.3	1.5	2.6	20.6	
		WhiteOak Capital Flexi Cap	MF	-5.8	-4.1	-3.0	15.5	
Old Bridge Focused Equity		MF	-5.4	-7.6	-8.7	9.9		
	Spark GEMS/ Bespoke/ HCI	ND PMS	10%	-5.0	-8.5	-8.5	5.3	
				-9.3	-23.0	-21.5	0.9	
				-5.6	-8.0	-11.1	6.1	
	Mid & Small Cap	AAA Budding Beast	D PMS	5%	-7.4	-7.3	-6.7	18.0
Enhancer (10% to 25%)	Theme Focused	Carnelian Shift PMS/ Franklin India Opportunities	D PMS	5%	-6.8	-3.6	2.2	22.6
					-6.1	-4.5	-6.4	22.1
	Near IPO	Spark Near IPO	Cat II AIF	10%	-	-	-	-
	Unlisted	NSE & Other Unlisted	Non-Blind Pool Alternates	5%	-	-	-	-
Benchmark	-	Nifty 500 – TRI	-	-	-3.5	-4.7	-7.9	10.1
		Nifty 50 – TRI	-	-	-0.4	-2.7	-5.3	9.6

Performance as on January 31, 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	-1.2
Bandhan Nifty100 Low Volatility 30 Index	Large Cap Fund	-	-	29.6	10.8	0.5
ICICI Pru Large & Mid Cap	Large & Mid Cap	41.8	11.7	29.9	20.4	0.7
Alchemy Smart Alpha 250	Flexi Cap Fund	-	-	22.5	31.6	-13.8
Spark India@75 Core and Satellite Strategy	Flexi Cap Fund	32.0	16.3	42.0	9.8	-3.3
ICICI Enterprising India	Flexi Cap Fund	-	-	-	-7.7**	-7.2
Abakkus All Cap	Flexi Cap Fund	71.5	-1.4	36.2	13.5	-6.0
Buoyant Opportunities Scheme	Flexi Cap Fund	69.4	3.2	40.4	18.8	-2.6
Renaissance India Next	Flexi Cap Fund	67.4	22.4	28.5	32.4	-5.7
Nippon India Multi Cap	Multi Cap Fund	48.9	14.1	38.1	25.8	-6.3
Parag Parikh Flexi Cap	Flexi Cap Fund	45.5	-7.2	36.6	23.9	-0.3
WhiteOak Capital Flexi Cap	Flexi Cap Fund	-	-	31.2	23.7	-5.8
Old Bridge Focused Equity	Focused Fund	-	-	-	17.0**	-5.4
Spark GEMS	NDPMS	-	-	11.2**	16.1	-5.0
Bespoke	NDPMS	-	-	6.6**	28.1	-9.3
HCI	NDPMS	-	1.1**	18.3	14.2	-5.6
AAA Budding Beasts Portfolio	Mid and Small Cap	50.5	4.7	47.1	31.4	-7.4
Carnelian Shift	Flexi Cap Fund	79.3	-4.2	65.6	38.0	-6.8
Franklin India Opportunities	Thematic Fund	29.7	-1.9	53.6	37.3	-6.1
NIFTY 500 - TRI	Benchmark	31.6	4.2	26.9	16.2	-3.5
NIFTY 50 – TRI	Benchmark	25.6	5.7	21.3	10.1	-0.4

**Some funds were launched in the middle of a calendar year. Examples in this regard include the ICICI Enterprising India (September 25, 2024), 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 January 31, 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 Jan 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 Utilities Good stock selection in Consumer Discretionary, Industrials
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 Jan 2025, the fund outperformed the Nifty 100 TRI. This can be attributed to: <ul style="list-style-type: none"> A higher skew towards Consumer Staples A lower skew towards Industrials, Utilities, Real Estate
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 Jan 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, Consumer Staples An underweight stance on Industrials, Real Estate, Healthcare 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 Jan 2025, the fund has underperformed the BSE 500 TRI. The key detractors were Dixon Technologies, Trent, PB Fintech, Zomato, IPCA Labs.
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 Jan 2025, the fund underperformed the Nifty 50 TRI. A significant amount of cash has cushioned performance. Key detractors were HCL Technologies, Federal bank, Updater Services and Abott India.
ICICI EIP/Abakkus All cap/ Buoyant/ Renaissance India Next	<ul style="list-style-type: none"> ICICI EIP <ul style="list-style-type: none"> Flexi cap mandate to cherry pick the high conviction ideas across all flagship ICICI PMS strategies (Contra/PIPE/Growth Leader) In Dec 2024, the fund underperformed the BSE 500 TRI. The key detractors were Stylam Industries, Ethos, LTI Mindtree and Power Finance Corporation 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 Dec 2024, the fund underperformed the BSE 500 TRI. Key detractors were Aarti Industries, Aditya Birla Capital, Axis Bank and NTPC Ltd 	<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 Jan 2025, the fund outperformed the BSE 500 TRI. Key contributors were Dalbia, Escorts Kubota and ICICI Lombard General Insurance. 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 Jan 2025, the fund underperformed the Nifty 50 TRI. Key detractors were Motilal Oswal, Alembic Pharma, Info Edge and Qess Corp.

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

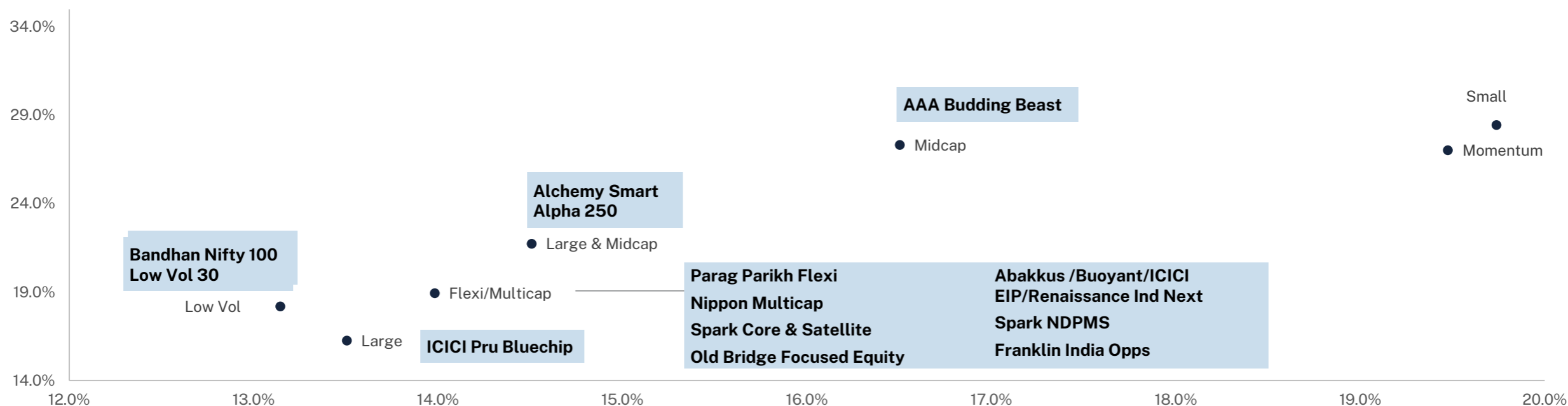
Products	Brief Rationale & 1-Month Attribution	
Nippon India Multi Cap	<ul style="list-style-type: none"> Exposure spans multiple themes, sectors, and stocks Skewed toward large caps to minimize downside risk Minimum 50% exposure to the broader markets 	<ul style="list-style-type: none"> In Jan 2025, the fund underperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Industrials, Consumer Disc. An underweight stance on Energy Weak stock selection in Industrials, Consumer Disc., Comm. Serv.
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 Jan 2025, the fund outperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Comm. Serv An underweight stance on Industrials, Healthcare Good stock selection in Cons. Disc, Comm. Serv, Utilities
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 Jan 2025, the fund underperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Industrials, Healthcare, Real Estate An underweight stance on Energy Weak stock selection in Financials, IT, Industrials
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 Jan 2025, the fund underperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Healthcare, Real Estate An underweight stance on Energy, Financials Weak stock selection in Healthcare, Consumer Staples, Real Estate and Cons Disc.
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 Jan 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 Jan 2025, the fund underperformed the BSE 500 TRI. The key detractors were CG Power, PB Fintech, Craftsman Automation, Finolex Cables, IPCA Labs, Gokaldas Exports.
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 Jan 2025, the fund underperformed the BSE 500 TRI. The key detractors were Cyient DLM, Cyient Ltd, Kirloskar Pneumatic, Quickheal Technologies, Sun Pharma and Anup Engineering. 	<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 Jan 2025, the fund underperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Cons. Disc., Healthcare An underweight stance on Financials, Energy Weak stock selection in Cons. Disc., Industrials, Materials
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 Ipo 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 – Last 3 year Avg Monthly 1 year Rolling Ret and Standard Deviation (Annualized)

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 January 31, 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 31st January 2025

Views of Major Equity Mutual Fund Houses

AMC	Views
SBI	<ul style="list-style-type: none"> Valuations of large caps, as measured through our preferred gauges of earnings yield to bond yield spreads, is back near historical medians Advocate a defensive tilt tactically, with quality being the preferred style Ongoing macro challenges, pressure on local economic growth and earnings, and escalating tariff tensions globally support a defensive stance As the current panic subsides, markets may gravitate towards companies which have strong business models, long-term earnings growth visibility, and sustainable cashflows Sectorally, constructive view on Discretionary Consumption as a secular theme, given the disproportionate boost linked to rising incomes Positive on manufacturing and investment cycle related plays from a longer-term standpoint, even though this pack has taken a beating of late
HDFC	<ul style="list-style-type: none"> Divergent growth trend was witnessed across different regions of the world - economic activity in US remaining resilient, while EU and China witnessed weakness Most major central banks continue to remain in easing mode While capex is budgeted to grow at 10.1% YoY in FY26, allocation to Roads and Railways has been flat YoY Urban demand is likely to get a boost from income tax relief from a medium-term perspective, while rural demand is likely to rebound on the back of strong kharif output Policy continuity, benefits from PLI, shift in global supply chain, enhanced infra capex, potential resurgence in private sector capex, and consumption boost bode well over the medium term
ICICI	<ul style="list-style-type: none"> Weakness corporate earnings, persistent FII selling, weak global data, and rising economic uncertainty caused Indian equities to face headwinds The Union Budget 2025-26 focused on consumption revival, fiscal prudence, export promotion, tax rationalization, and boosting domestic manufacturing Rejig in income tax slabs should help the middle class with additional disposable income Large caps have suffered lately due to aggressive FPI selling, which makes them reasonably valued Valuations in the mid and small cap spaces continue to remain elevated
Nippon	<ul style="list-style-type: none"> Going forward, most Central Banks are likely to cut rates gradually owing to a sharp rise in global uncertainties Union budgetary proposals were aimed at supporting consumption through tax cuts, maintaining fiscal prudence, and driving capex growth Market pullback has helped reduce excess valuations in some pockets, especially in the mid and small cap spaces Large Banks, Consumer, Power, Urbanization, Premiumization, and Localization of Manufacturing appear well placed in the current environment 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 The govt lowered income tax rates in a bid to revive Consumption, which has been a pain point so far Auto, Retailing, Travel and Tourism, Hospitality and Real Estate could be beneficiaries Markets are gravitating towards companies with clear earnings growth visibility and a lower likelihood of significant earnings downgrades Bias towards Quick Commerce, Travel/Tourism, Automobiles, Capital Market Beneficiaries, and Consumer Discretionary Segments (Retail, Jewellery) Looking at IT, Healthcare, Renewable Capex, Power Transmission/Distribution, and Defence names

Manager Outlook Takeaways: Equity PMS

AMC (Manager)	Market Outlook	Positioning & Deployment
Abakkus (Sunil Singhania)	<ul style="list-style-type: none"> India's economic outlook is cautiously optimistic, with growth expected around 6-7% Government spending is anticipated to rise in the second half of FY25 Trump's tougher tariff stance on China could create opportunities for India Positive relations between Modi and Trump are likely to provide mild benefits for India Europe's economic outlook remains muted, with slower growth expected Returns are expected to moderate Corporate profit growth is projected at 13-15% moving forward 	<ul style="list-style-type: none"> Positive on Banks, Industrials, Commodities, and Telecommunications Avoiding overpriced stocks even at the cost of near-term performance drag due to cash calls
Spark Asia Impact (P. Krishnan)	<ul style="list-style-type: none"> Banking system is strong with low NPAs; RBI actions should manage retail asset quality Corporate leverage is controlled, enabling credit growth post-correction Fiscal deficit will stay below 4.9%, and government spending is focused on capex Market expectations are high, but high valuations and slowing earnings pose risks FII's were sellers in 2024; their sentiment depends on valuations and earnings growth 	<ul style="list-style-type: none"> Positioned in BFSI, IT and Healthcare Certain pockets in the market, previously overlooked, remain expensive - will selectively build exposure on these fronts Maintains a 20% cash allocation in new accounts
Carnelian (Vikas Khemani)	<ul style="list-style-type: none"> US economic and geopolitical policies could shape global markets this year Trump's tariffs on China could trigger inflation and affect Indian markets through a weaker Rupee India remains structurally strong, but inflation has caused the RBI to pause rate cuts Tight market liquidity, slowing earnings growth, and high equity paper supply persist Valuations are nearing perfection after a strong performance seen recently 	<ul style="list-style-type: none"> Positive outlook on Banking, Pharma, IT, and Manufacturing sectors Initiating a new position in the power infrastructure sector Maintaining low expectations and avoiding high-risk, especially leverage
Renaissance (Pankaj Murarka)	<ul style="list-style-type: none"> Post Q2 FY25 saw positive signals: increased government capex, positive PMI measures, strong rural indicators, and bank credit growth rising to 11.5% YoY in mid-December (up from 10.6% in Nov). RBI faces challenges linked to slowing economic growth, persistent food inflation, elevated CAD, and capital outflows INR fell ~3% vs USD in 2024, which is lower than other EM currencies RBI may allow a sharper depreciation in 1H 2025 to boost exports India long-term growth outlook strong, but cyclical slowdown persists 	<ul style="list-style-type: none"> Urban consumption, private corporate capex and industrial credit continue to remain subdued Positive on Private sector financials, Housing NBFCs, IT, Pharma, Industrial, Capital Goods and Telecom
AAA (Rajesh Kothari)	<ul style="list-style-type: none"> Fiscal deficit reduced from 9.2% in FY21 to 5.6% in FY24, indicating strong control Government spending up 25% from 7M FY24 to 7M FY25 Market volatility expected, but it presents opportunities 	<ul style="list-style-type: none"> Avoided microfinance for the last 5 years; most stocks down by 30%. Shifted from underweight to increasing exposure in IT Bullish on Banking, Capital Goods, especially tech/R&D Focused on CDMO in Healthcare No exposure to FMCG Reduced exposure in 2-wheelers and related ancillaries

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, Healthcare, and IT 	<p>AUM - 347</p> <p>Stocks - 17 Sectors - 11</p> <p>Up / Down Capture -3Y 115 / 82</p>	<table border="1"> <tr><th>Market Cap</th><th>Allocation</th></tr> <tr><td>Largecap</td><td>35.5%</td></tr> <tr><td>Midcap</td><td>26.0%</td></tr> <tr><td>Smallcap</td><td>19.0%</td></tr> <tr><td>Cash</td><td>19.5%</td></tr> </table>	Market Cap	Allocation	Largecap	35.5%	Midcap	26.0%	Smallcap	19.0%	Cash	19.5%	<p>Entry / Exit in the Month</p> <p>Entry:</p> <ul style="list-style-type: none"> Larsen & Toubro ICICI Pru Life Insurance <p>Exit:</p> <ul style="list-style-type: none"> Axis Bank Rategain Technologies ABB India Reliance Industries 	<table border="1"> <tr><th>Sector</th><th>Allocation</th></tr> <tr><td>BFSI</td><td>39.5%</td></tr> <tr><td>Pharma/Healthcare</td><td>11.0%</td></tr> <tr><td>IT</td><td>9.5%</td></tr> <tr><td>Consumer Staples/Disc. retionary</td><td>3.0%</td></tr> <tr><td>Others</td><td>16.0%</td></tr> </table>	Sector	Allocation	BFSI	39.5%	Pharma/Healthcare	11.0%	IT	9.5%	Consumer Staples/Disc. retionary	3.0%	Others	16.0%	<ul style="list-style-type: none"> Kotak Mahindra Bank HDFC Bank Abbott India ICICI Lombard General Insurance Company Updater Services
Market Cap	Allocation																											
Largecap	35.5%																											
Midcap	26.0%																											
Smallcap	19.0%																											
Cash	19.5%																											
Sector	Allocation																											
BFSI	39.5%																											
Pharma/Healthcare	11.0%																											
IT	9.5%																											
Consumer Staples/Disc. retionary	3.0%																											
Others	16.0%																											
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"> Positive on Capital Goods and Banking No exposure to FMCG 	<p>AUM - 490</p> <p>Stocks - 57 Sectors - 22</p> <p>Up / Down Capture -3Y 119 / 70</p>	<table border="1"> <tr><th>Market Cap</th><th>Allocation</th></tr> <tr><td>Largecap</td><td>9.0%</td></tr> <tr><td>Midcap</td><td>16.0%</td></tr> <tr><td>Smallcap</td><td>71.0%</td></tr> <tr><td>Cash</td><td>4.0%</td></tr> </table>	Market Cap	Allocation	Largecap	9.0%	Midcap	16.0%	Smallcap	71.0%	Cash	4.0%	<p>Entry / Exit in the Month</p> <p>Entry:</p> <ul style="list-style-type: none"> Sheela Foam Ltd Laxmi Dental Ltd TVS Motors Ltd JK Cements Ltd <p>Exit:</p> <ul style="list-style-type: none"> Ramky Infrastructure Ltd Safari Industries India Ltd Trent Ltd BSE Ltd 	<table border="1"> <tr><th>Sector</th><th>Allocation</th></tr> <tr><td>Engineering</td><td>16.9%</td></tr> <tr><td>Pharma</td><td>16.0%</td></tr> <tr><td>Banking & Finance</td><td>13.1%</td></tr> <tr><td>Auto & Auto Ancillary</td><td>11.3%</td></tr> <tr><td>Consumer</td><td>8.4%</td></tr> </table>	Sector	Allocation	Engineering	16.9%	Pharma	16.0%	Banking & Finance	13.1%	Auto & Auto Ancillary	11.3%	Consumer	8.4%	<ul style="list-style-type: none"> Cholamandalam Investment And Finance CG Power and Industrial Solutions Vesuvius India Sudarshan Chemical Industries. GNA Axles
Market Cap	Allocation																											
Largecap	9.0%																											
Midcap	16.0%																											
Smallcap	71.0%																											
Cash	4.0%																											
Sector	Allocation																											
Engineering	16.9%																											
Pharma	16.0%																											
Banking & Finance	13.1%																											
Auto & Auto Ancillary	11.3%																											
Consumer	8.4%																											
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 IT and Healthcare as the environment score is reflecting a risk-off environment 	<p>AUM - 512</p> <p>Stocks - 25 Sectors - 10</p> <p>Up / Down Capture -SI^ 140 / 121</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"> IPCA Labs HCL Tech Infosys <p>Exit:</p> <ul style="list-style-type: none"> Godfrey Philips India Amaraja Energy Power Finance Corp 	<table border="1"> <tr><th>Sector</th><th>Allocation</th></tr> <tr><td>Consumer Discretionary</td><td>24.8%</td></tr> <tr><td>Industrials</td><td>20.5%</td></tr> <tr><td>Financials</td><td>19.5%</td></tr> <tr><td>IT</td><td>14.9%</td></tr> <tr><td>Healthcare</td><td>11.6%</td></tr> </table>	Sector	Allocation	Consumer Discretionary	24.8%	Industrials	20.5%	Financials	19.5%	IT	14.9%	Healthcare	11.6%	<ul style="list-style-type: none"> Dixon Technologies India Ltd Trent Ltd PB Fintech Ltd Hitachi Energy India Ltd BSE Ltd
Market Cap	Allocation																											
Largecap	28.0%																											
Midcap	59.0%																											
Smallcap	10.0%																											
Cash	3.0%																											
Sector	Allocation																											
Consumer Discretionary	24.8%																											
Industrials	20.5%																											
Financials	19.5%																											
IT	14.9%																											
Healthcare	11.6%																											

Data - January 31, 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. ▪ Underweight on IT and Auto 	<p>AUM - 4150</p> <p>Stocks - 35 Sectors - 15</p> <p>Up / Down Capture -3Y 95 / 77</p>	<table border="1"> <tr><th>Market Cap</th><th>Allocation</th></tr> <tr><td>Largecap</td><td>41%</td></tr> <tr><td>Midcap</td><td>18%</td></tr> <tr><td>Smallcap</td><td>30%</td></tr> <tr><td>Cash</td><td>10%</td></tr> </table>	Market Cap	Allocation	Largecap	41%	Midcap	18%	Smallcap	30%	Cash	10%	<p>Entry / Exit in the Month</p> <ul style="list-style-type: none"> ▪ Tata Communications Ltd ▪ Ircan International Ltd ▪ India Cements Ltd ▪ Navin Fluorine International Ltd 	<table border="1"> <tr><th>Sector</th><th>Allocation</th></tr> <tr><td>Banking</td><td>20%</td></tr> <tr><td>Insurance</td><td>10%</td></tr> <tr><td>NBFC</td><td>8%</td></tr> <tr><td>HealthCare</td><td>7%</td></tr> <tr><td>Info Tech</td><td>7%</td></tr> </table>	Sector	Allocation	Banking	20%	Insurance	10%	NBFC	8%	HealthCare	7%	Info Tech	7%	<ul style="list-style-type: none"> ▪ State Bank of India ▪ ICICI Bank ▪ HDFC Bank ▪ Ramkrishna Forgings ▪ Blue Jet Healthcare
Market Cap	Allocation																											
Largecap	41%																											
Midcap	18%																											
Smallcap	30%																											
Cash	10%																											
Sector	Allocation																											
Banking	20%																											
Insurance	10%																											
NBFC	8%																											
HealthCare	7%																											
Info Tech	7%																											
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"> ▪ Bullish on Private Sector Financials, Housing NBFC's, IT, Pharma, industrials, Capital Goods and Telecom 	<p>AUM - 379</p> <p>Stocks - 27 Sectors - 14</p> <p>Up / Down Capture -3Y 140 / 84</p>	<table border="1"> <tr><th>Market Cap</th><th>Allocation</th></tr> <tr><td>Largecap</td><td>55%</td></tr> <tr><td>Midcap</td><td>19%</td></tr> <tr><td>Smallcap</td><td>25%</td></tr> <tr><td>Cash</td><td>1%</td></tr> </table>	Market Cap	Allocation	Largecap	55%	Midcap	19%	Smallcap	25%	Cash	1%	<p>Entry / Exit in the Month</p> <ul style="list-style-type: none"> ▪ Reliance Industries ▪ Syngene Ltd ▪ Kotak Mahindra Bank ▪ Godrej Consumer Products ▪ Cummins India ▪ LIC Housing ▪ Hindustan Petroleum ▪ L&T 	<table border="1"> <tr><th>Sector</th><th>Allocation</th></tr> <tr><td>BFSI</td><td>35%</td></tr> <tr><td>IT & Tech</td><td>19%</td></tr> <tr><td>Pharma & Chemicals</td><td>14%</td></tr> <tr><td>Consumer Discretionary</td><td>9%</td></tr> <tr><td>Diversified</td><td>5%</td></tr> </table>	Sector	Allocation	BFSI	35%	IT & Tech	19%	Pharma & Chemicals	14%	Consumer Discretionary	9%	Diversified	5%	<ul style="list-style-type: none"> ▪ HDFC Bank ▪ Tech Mahindra ▪ Infosys ▪ Reliance Industries ▪ PNB Housing Finance
Market Cap	Allocation																											
Largecap	55%																											
Midcap	19%																											
Smallcap	25%																											
Cash	1%																											
Sector	Allocation																											
BFSI	35%																											
IT & Tech	19%																											
Pharma & Chemicals	14%																											
Consumer Discretionary	9%																											
Diversified	5%																											

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 - 4,229</p> <p>Stocks - 120 Sectors - 30</p> <p>Up / Down Capture - 98.2 / 61.3</p>		<p>Quadrant Future Tek</p> <ul style="list-style-type: none"> Axis Bank Jindal Steel & Power Hyundai Motor India 		<ul style="list-style-type: none"> HDFC Bank ICICI Bank ICICI Securities Zomato Bharti Airtel
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 - 63,297</p> <p>Stocks - 68 Sectors - 27</p> <p>Up / Down Capture - 99.8 / 75.7</p>		<ul style="list-style-type: none"> Tata Steel Ashok Leyland ITC Hotels Titan Company Hindustan Unilever 		<ul style="list-style-type: none"> HDFC Bank ICICI Bank Larsen & Toubro 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, Banks, and Power Underweight on Crude Oil, Capital Goods, Infra 	<p>AUM - 89,703</p> <p>Stocks - 59 Sectors - 27</p> <p>Up / Down Capture - 86.1 / 51.7</p>		<ul style="list-style-type: none"> ITC 		<ul style="list-style-type: none"> HDFC Bank Bajaj Holdings & Investment Power Grid Corporation Of India Coal India ITC

Data as on January 31, 2025

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

Source: Ace MF, Spark PWM Products

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

Why we like Spark Midas Investment 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 approach**
 - Numerous transactions executed in late stage which has gone on to get 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 Market cap 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 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

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

Disclaimer

Spark PWM Private Limited (*formerly known as Spark Family Office and Investment Advisors (India) Private Limited*) (“Spark PWM”) is registered with SEBI as a Portfolio Manager, Stock Broker, Research Analyst, and Mutual Fund Distributor with Association of Mutual Funds of India.

Spark PWM makes no representation or warranty, express or implied, as to the accuracy, completeness or fairness of the information and opinions contained in this document. The contents of this document are not intended to provide any advice and / or recommendation relating to taxation, legal, business or investment matters and readers are encouraged to seek professional advice on same. The information and opinion expressed in this document do not constitute an offer or an invitation to make an offer, to buy or sell any securities. This document does not contain details of any exchange traded products and Spark PWM may act as a distributor, and hence disputes arising under, out of, or in connection with the contents of this document shall not have access to exchange investor redressal or Arbitration mechanism. This document is provided / distributed by Spark PWM on a strictly confidential basis for the exclusive use of the recipient and has been obtained from published information and other sources, which Spark PWM or its affiliates consider to be reliable.

Each recipient of this document should make such analysis as it deems necessary to arrive at an independent evaluation with respect to the information provided in this document and should consult their own advisors to determine the merits and risks of such information. Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This document is not directed or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Spark PWM and/or its affiliates to any registration or licensing requirement within such jurisdiction. Persons in whose possession this document may come are required to inform themselves of and to observe such applicable restrictions.

This document has been prepared and dependent entirely on the information, which is already available in publicly accessible media, without independent verification on the accuracy and completeness of the information. All valuation amounts or opinions as to valuation and other financial parameters (if any) specified herein are only indicative and are not intended to be relied upon as a certificate of valuation of the Company, a fairness opinion or any certification or opinion of Spark PWM on the fair value or valuation of the Company and may not be used as such by the Company or any Recipient or any other person for the purposes of any law or regulation, including the Companies Act, 2013, SEBI regulations or foreign exchange regulations. The securities quoted, if any, are for illustration purposes only and are not recommendatory in nature.

Neither Spark PWM nor its affiliates or their respective directors, employees, agents or representatives shall be responsible or liable in any manner, directly or indirectly, for views or opinions expressed in this document or the contents or any errors or discrepancies herein or for any decisions or actions taken by relying on the document or the inability to use or access our service or for any loss or damages whether direct or indirect, incidental, special or consequential including without limitation loss of revenue or profits that may arise from or in connection with the use of or reliance on this document.

Spark PWM Private Limited (*formerly known as Spark Family Office and Investment Advisors (India) Private Limited*). Registered Office: No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020; CIN: U93000TN2012PTC086696; Telephone No.: +91 44 69250000; Website: www.sparkcapital.in; Correspondence Address: Solitaire Corporate Park, unit 1252 , Building no 12, Andheri Kurla Road, Chakala, Andheri (East), Mumbai 400 093; Telephone No: +91 22 62916700; SEBI Registrations (Stock Broker: INZ000285135; Portfolio Manager: INP200007274; Research Analyst: INH200008954; Depository Participant: IN-DP-757-2023); AMFI – Registered Mutual Fund Distributor: ARN 86685. Compliance Officer details: Mr. Anupam Mohaney; Tel: +91 22 62916700 or email: pwm.compliance@sparkcapital.in.

Our Offices



Chennai

No. 1, 3rd Floor,
First Crescent Park Road,
Gandhi Nagar,
Adyar,
Chennai – 600 020



Mumbai

No. 302, 3rd Floor,
'Windsor House',
CST Road,
Kalina, Santacruz (East),
Mumbai – 400 098

No. 1252, 5th Floor,
Building No. 12, Solitaire
Corporate Park, Andheri Kurla
Road, Chakala, Andheri East,
Mumbai – 400 093



Delhi

No. 23, 1st Floor,
Community Centre,
Basant Lok,
Vasant Vihar,
New Delhi – 110 057



Bengaluru

No. 2, 3rd Floor,
Prestige
Emerald,
Madras Bank Road,
Bengaluru – 560 001



Hyderabad

No – 25 & 42, 3rd Floor,
Lumbini Avenue,
Near Preston Prime Mall
Main Road, Gachibowli,
Hyderabad – 500032



Pune

No. 7/352 1st Floor,
Elbee House,
Boat Club Road,
Sangamvadi,
Pune – 411 001



Ahmedabad

No. 409, 4th Floor,
Venus Amadeus,
Near Jodhpur Cross Road,
Satellite,
Ahmedabad – 380 015



Kolkata

No. 9A & 9B,
9th Floor,
No. 95A,
Park Street,
Kolkata – 700 016



Kochi

G-161, 2nd Floor
Near Panampilly Nagar
Central Park,
K V Nagar,
Kochi – 682036



Thiruvananthapuram

1st Floor,
Ushasandhya Building,
Devasom Board JCT,
Kowdiar,
Thiruvananthapuram – 695003



Lucknow

No.6, 3rd Floor
Marigold Building,
Sapru Marg Shahnajaf Road,
Hazratfang,
Lucknow - 226001



Kanpur

205, 2nd Floor,
Imperial Square,
16/105,
MG Road,
Kanpur - 208001