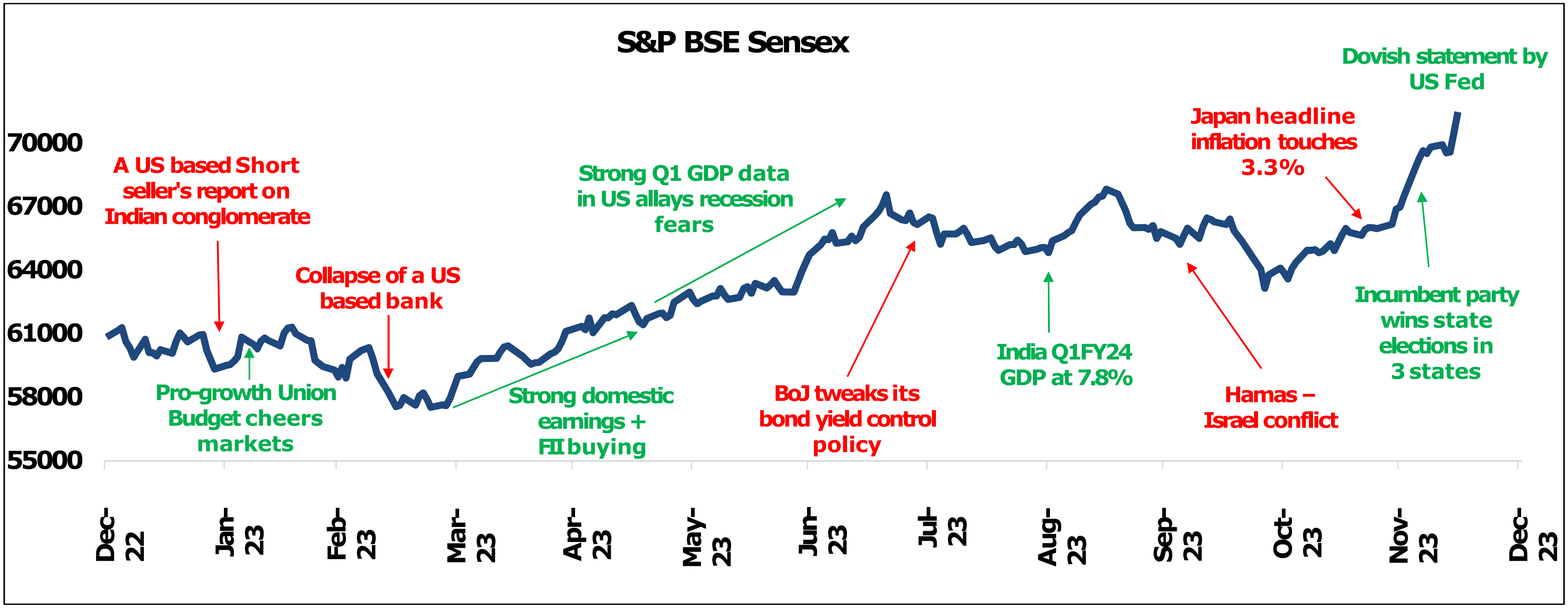
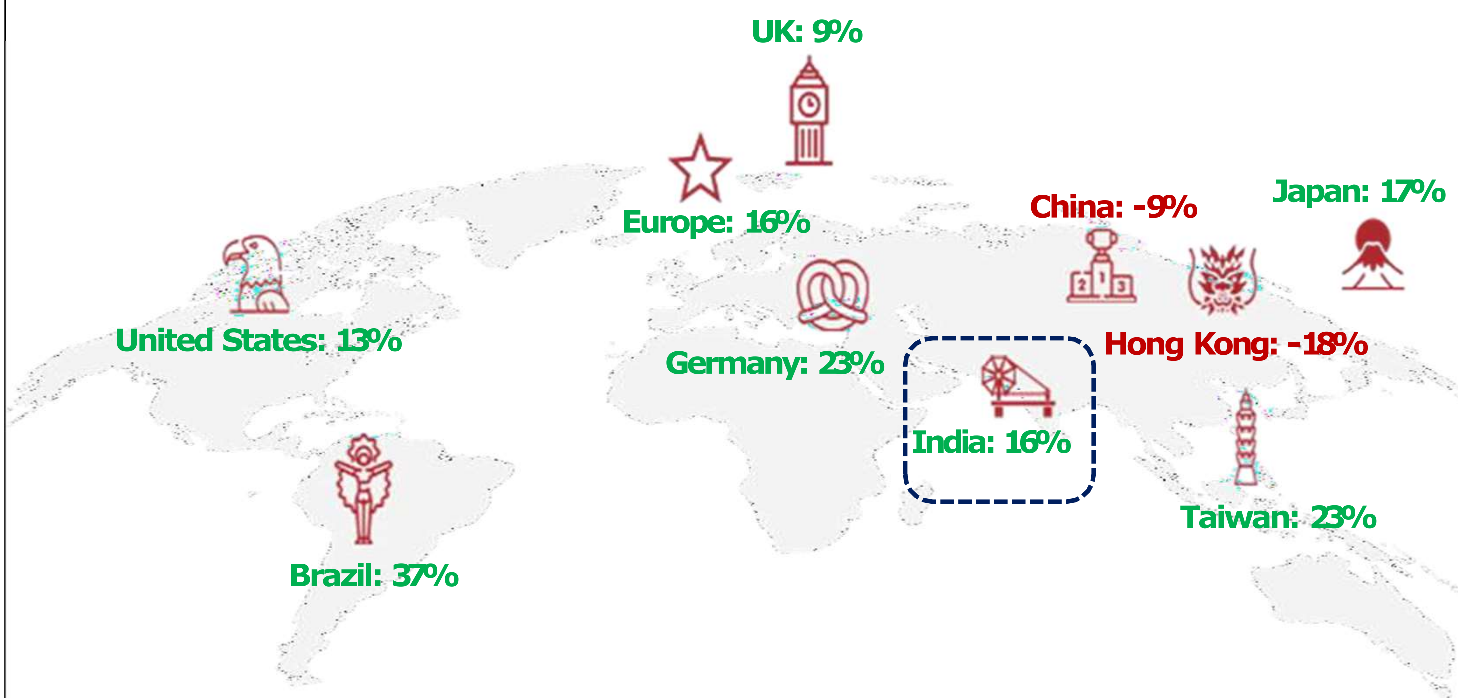
Annual Outlook - 2024

presented by **Bhavya Sharma**
B.Com, M.Com, CFP

2023 in nutshell. Global events kept Indian markets volatile. But Sensex delivered **+17%** return till December 2023.

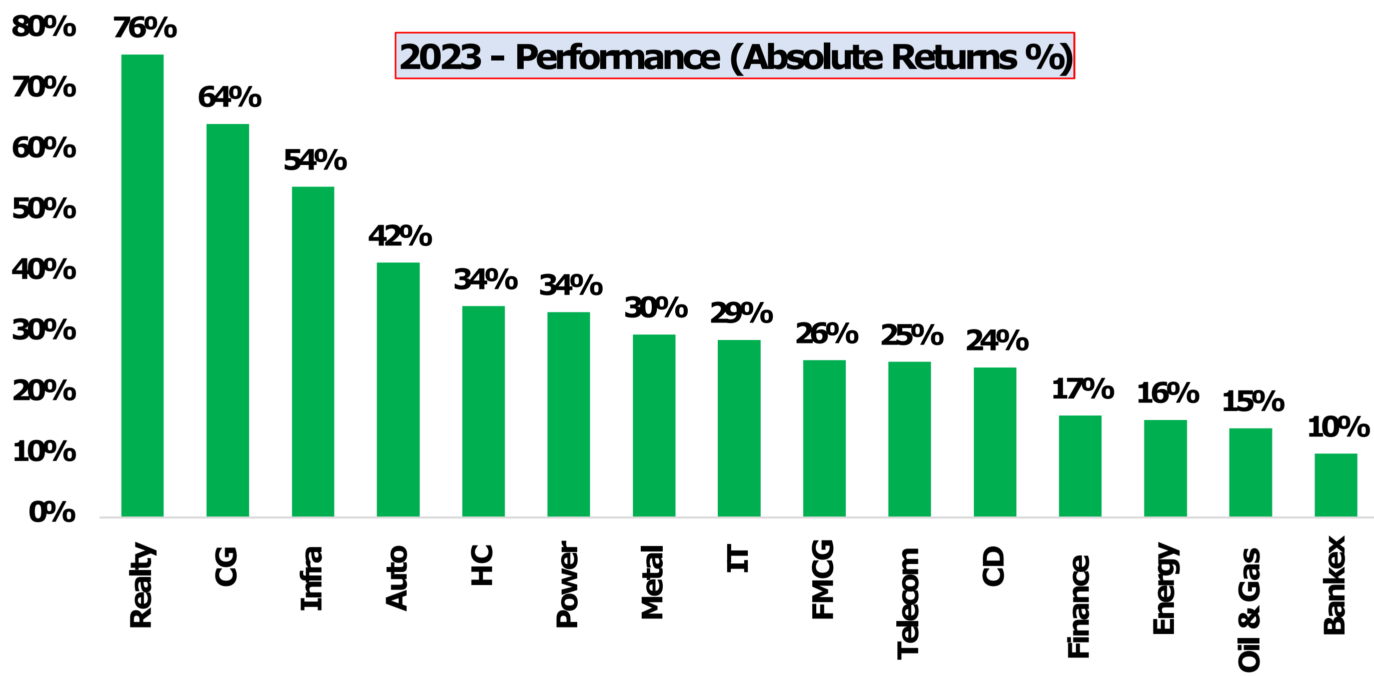


Global markets in 2023: Japan competes India



- After years of muted performance Japan delivered positive returns in 2023 due to Government reforms and Rising Inflation.
- China and Hong Kong remained laggards due to slow economic recovery.

Sector performance in 2023



- Market Cap Performance in 2023 (%)
- Large Cap +17%
- Mid Cap +42%
- Small Cap +45%

Global Asset Class Performance in 2023

Asset Class /Index

Gold (USD/oz)	Silver (USD/oz)	Brent Crude (USD Barrel)	US Dollar Index (DXY)	MSCI World Index	MSCI India Index	MSCI Emerging Market Index	India 10Y G-Sec*	US 10Y Treasury*
12%	2%	-7.6%	-1.6%	19%	17%	4%	7.3%	3.1%

CY 2023 Absolute Returns

What we recommended last year in 2023

Our outlook for 2023

first planner
we plan, you gain

As we enter 2023, our Annual Outlook is based on the theme ***'Multi Asset'*** as we believe that transition of decadal macro trends from

1. Low inflation to high inflation.
2. Low interest rates to high interest rates.
3. Abundant liquidity to limited liquidity.
4. De-escalation to escalation.
5. Monetization to tightening.
6. Low to high volatility is now complete.

The new era warrants for a change in investment style with a need to prudently handpick asset classes which may perform at different points in time.

Hence, going forward we believe that the new era will be an era of investing in multiple asset classes (Multi Asset Funds / Dynamic Asset Allocator)

Our recommendation and your profit

Typical Portfolio in 2023

first planner
we plan, you gain

Assuming 100 rupees is to be invested:- **OPTION 1**

1. Invest 60 rupees in Fixed Income/Guaranteed Insurance Products/Debt MF.
2. Invest 30 rupees in Global Technology/China/Asia Pacific Fund/Indian Pharma and Technology sector fund.
3. Invest 10 rupees in Gold/Silver Fund.

- **Gold Fund gave 15% return in 2023**
- **Debt Fund gave 7.5% return in 2023**

Assuming 100 rupees is to be invested:- **OPTION 2 (Preferred)**

1. Invest 80 rupees in Multi Asset Fund/Dynamic Asset Allocator Funds
2. Invest 20 rupees in Global Technology/China/Asia Pacific Fund/Indian Pharma and Technology sector fund.

- **Multi Asset Fund gave 20% return in 2023**
- **IT Sector (Technology Fund) gave 30% return in 2023**
- **Pharma sector fund gave 35% return in 2023**

Markets are uncertain and always volatile

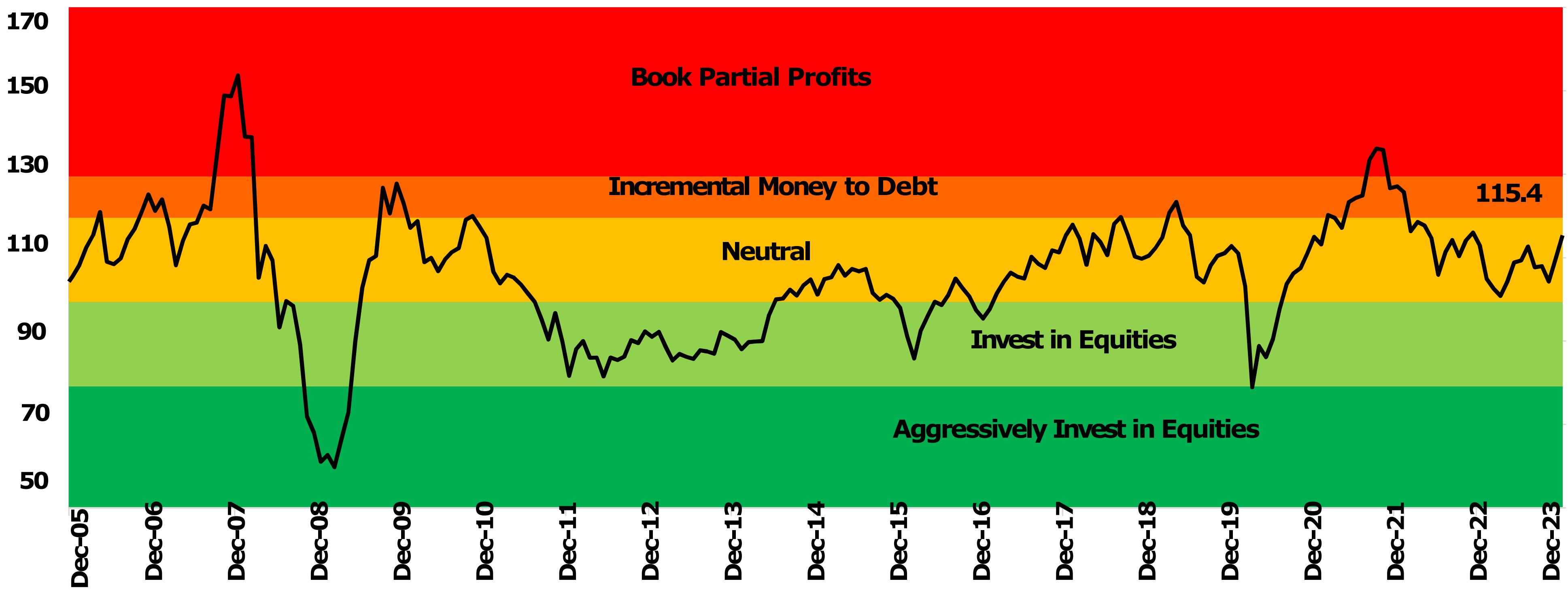
- **"There are decades where nothing happens; and there are weeks where decades happen" a very apt quote by Vladimir Ilyich Lenin that perfectly fits recent market dynamics. Seems like yesterday when COVID crisis struck, globally affecting growth & inflation and Central Banks tried supporting their economies by announcing stimulus packages. Not to forget the two wars (Russia-Ukraine and Israel-Hamas) that are adding to global supply chain woes**

- **In our Annual Outlook for 2023 we had highlighted how a new era of high inflation, high interest rates, geo-political tensions and volatility has begun and that this will become the new norm. At that time there was uncertainty as to how India will navigate global headwinds. One year down the line, Indian macros stay resilient amidst challenging global backdrop marking a 'Paradigm Shift' in domestic and global trends**

India has shed its Fragile Five tag and is now going from strength to strength with its robust macros

Particulars	Global Financial Crisis *(2008-09)*	Taper Tantrum *(2013-14)*	Covid-19 *(2020-21)*	Current *(FYTD)*
CPI Inflation *(%)*	10.4	8.4	7.2	5.5@
GDP Growth *(%)*	3.1	6.4	-5.8	7.2*
India's share in World Exports *(%)*^	1.2	1.7	1.7	1.8
Net FDI Flows *($, Bn)*	22.4	21.6	43.9	4.9!
Govt. Capex Spends *(INR Cr)*	90,158	1,87,675	3,46,919	9,18,024&
GDP Per Capita *($, Current Prices)*	1,014	1,560	1,913	2,392
Forex Reserves *($, Bn)*	278.0	288.3	547.3	594.3
Govt. Debt to GDP *(%)*	74	67	89	83#

ICICI Prudential AMC Equity Valuation Index continue to remain in Neutral Zone



Pre election rally historically have witnessed a lower starting point. But this time valuations are on a higher side

Particulars	5 months prior to 2004	5 months prior to 2009	5 months prior to 2014	5 months prior to 2019	5 months prior to 2024
Market Cap (INR Tn)	10.7	28.2	68.1	142.9	323.4
P/E	18.3	11.8	18.5	26.3	21.7
P/B	3.6	2.3	3.0	3.4	3.6
Indian market cap to GDP	39	52	62	76	114
Returns till General Elections	8.4	29.7	7.7	8.0	??

Valuation of Large Cap stocks looks cheaper compared to Small-Mid Cap

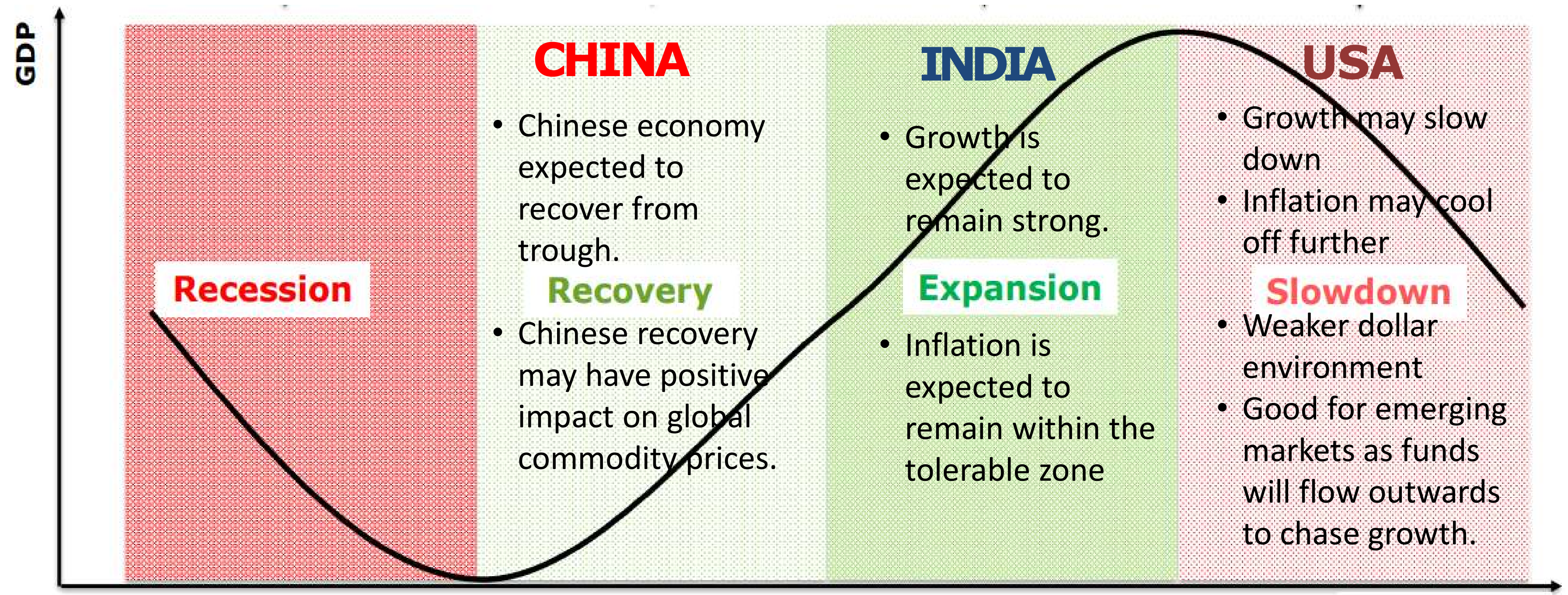
Period	Large Cap	Midcap	Smallcap	As a %of Total Market Cap Sum of Mid & Small cap
2013	80.3	12.4	7.2	19.6
2014	76.8	14.1	9.1	23.2
2015	73.8	15.2	11.0	26.2
2016	72.9	15.3	11.8	27.1
2017	68.1	17.3	14.6	31.9
2018	72.0	16.3	11.7	28.0
2019	74.9	15.6	9.5	25.1
2020	74.2	15.5	10.2	25.7
2021	68.7	16.8	14.5	31.3
2022	69.2	16.1	14.7	30.8
2023^	64.0	18.0	18.1	36.1

Large Cap Funds: Looks safe as compared to Mid and Small Cap Funds

Category	Net Flows into Mutual Funds (INR Bn)				Growth in count of Folios (CYTD)
	2021	2022	2023	CYTD	
Large Cap Funds	29	137	-30	-26	2%
Midcap Funds	106	205	189	214	23%
Smallcap Funds	38	198	335	373	58%
Other Funds	794	1071	797	929	11%

- Investors continued to flock towards Midcap & smallcap schemes due to past returns.
- Overall sentiments remained positive due to strong FPI and DII flows.

Business cycle of India vs others



Chinese Economy could remain in focus for next 2-3 years.

Impact of various business cycle on economy

The Push

USA

- Slow-down in the U.S. growth would have a downward pressure on the US bond yields.
- A weaker dollar environment signals relief for emerging market flows. Likewise, Indian bond yields, too, may see downward pressure.

The Pull

CHINA

- China's recovery out of trough could undo the fall in global commodity prices.
- Higher commodity prices may put upward pressure on Indian bond yields.

Impact

INDIA

- Indian bond yields could see push-and-pull effects playing out through 2024. This could increase market volatility.
- Hence, the uncertainty in direction of yields would prevail in the next year.

Global Investment Idea - **CHINA**

- China Index known as SSE 100 Index.
- Currently trading around 5000 levels.
- As per technical indicators Chinese economy offers a perfect risk-reward opportunity for investors.
- There is very little downside and in next 2-3 years SSE 100 Index should give 70-100% if all goes well.

Conclusion of our report

- Change in world order: Developed economies are getting weaker and Indian economy getting stronger year after year. **China also looking attractive from next 3-5 years perspective.**
- Although India's macros looks robust but valuations are not cheap nor over priced. They are in middle which means equity allocation of 35-55% in portfolio is what it should be at current levels. Hence we suggest Multi Asset and Hybrid schemes for lumsum investment in current time.
- For existing investors doing SIP, we would recommend them to remain invested and continue doing SIP as India's long term story remains intact.

1. **For investors who wish to add equity asset class in their portfolio we would suggest schemes like Flexicap/Multicap/Large and Midcap fund through SIP/STP route only for next 12-18 months.**
2. **To conclude: Multi Asset Allocation Funds/Dynamic Asset Allocation category should do well in next 2/3 years looking at current valuation.**
3. **As per technical analysis which is a study of charts and patterns: Following sectors, commodities, currencies look cheaper. Banking Index, Media, Copper, Oil, USDINR.**

Bhavya Sharma – Your investment coach

Stock Broking and Loans - (Tie-up)

Stock Broking: Tie up with Associates of MOSL/Arihant Capital/Emkay

- Mr. Ashish Trivedi +91.9819909963
- Mr. Vijay Sheth +91. 9768363429.

Loans: Home Loan-Loan against Share-Loan against property-Working Capital-CC-Education Loan-Car Loan etc...

- Mr.Pparag Rughani +91.9821040979.

Health / Life / 4 Wheeler Insurance

Channel Partner of Gen Next Insurance (Policy world – Prudent Corporate). Advising Insurance since 2002.   (Prudent Corporate is among the top 3 National Distributors in India)

Flat No.503, 5th floor, Ganjawala Residency CHSL, Ganjawala Lane, aBOVE TATA Mutual Fund, Next to petrol pump, Borivali (West), Mumbai 400092.

Mr. Bhavya Sharma (B.Com, M.Com, CFP) +91.90290 20078 / +91.98920 56858

Mr. Pawan Dubey +91.7045693914.

Mutual Funds – PMS – AIF - CFDs

Registered Broker with BSE Star MF. (We deal directly with BSE, the oldest stock exchange in India), PMS - Channel Partner of PMS Bazaar, distributor of more than 60+ PMS & AIF products in India

604-605, Sargam, Opp Pawar Public School, Near Poisar Gymkhana, Kandivili (West), Mumbai 400067.

Mr. Bhavya Sharma (B.Com, M.Com, CFP) +91.98920 56858

Mr. Nilesh (Office) +91.9029988661

Income Tax & Real Estate

H.N. Goyal & Co Chartered Accountants, B-124/125, Rolex Shopping Centre, Near Station Road, Goregaon (W), Mumbai 400 062

Mr. Ashok Nagori (**B.Com, CA) +91.96994 42337**

Prudent Properties is a RERA registered Real Estate Agent in the states of Maharashtra /Gujarat/Karnataka, which provides Real Estate solutions in these areas.

Mr. Avneesh +91.9820431415. / Mr. Bhavya Sharma +91.9029020078.

Thank You
for your time & interest

presented by **Bhavya Sharma**
B.Com, M.Com, CFP

+91.98920.56858

+91.9029.988661

bhavyamfd@gmail.com