



PMS AIF WORLD
High Performance Investing

AUGUST, 2024 NEWSLETTER

CAT 3 ALTERNATIVE INVESTMENT FUNDS

MONTH

AUGUST, 2024

DATA AS OF

31ST JULY, 2024

PREPARED BY

PMS AIF WORLD

MONTHLY PERFORMANCE REPORT

GLOBAL HEADWINDS v/s DOMESTIC TAILWINDS

Dear Investors,



Kamal Manocha

Founder & CEO

August is unwinding a few surprises – be it at the Paris Olympics, or the Equity Markets globally.

On August 5th, reflecting the turbulence in global financial markets, Indian equities fell, and the rupee hit new lows. This was driven by concerns over a potential US recession, renewed Iran-Israel tensions, and a prolonged slump in Japanese stocks, which collectively fuelled a risk-off sentiment worldwide.

2 MAJOR GLOBAL CONCERNS:

Weakening US Economy:

The weak manufacturing numbers, low new orders, high unemployment claims, and low job creation, especially with unemployment hitting 4.3%, indicate a weakening US economy.

This has brought alive the risk of recessionary conditions prevailing in the US economy.

Major brokerages now expect the Federal Reserve to cut interest rates by 50 basis points in September, another 50 basis points in November, and 25 basis points in December.

The unease in the US has spilled over to stocks & currencies worldwide and on Monday [05th Aug] the S&P 500 was down by 3.1% in morning trading – gearing for its worst trading day in nearly 2 years.

Traders are speculating if the damage is so severe that the Federal Reserve might need to cut interest rates in an emergency meeting before the scheduled decision on September 18, 2024.



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GLOBAL HEADWINDS v/s DOMESTIC TAILWINDS

Yen Carry Trade:

What supported the Monday drawdowns worldwide alongside the news of a weakening US economy, was the Bank of Japan's decision to raise its key interest rate to 0.25% from near zero, to counter the Yen's decline against the USD.

Japan has been in stagflation for 40 years, with interest rates at zero. Traders, especially US hedge funds, took advantage of these zero-interest loans to invest in risky assets like NASDAQ stocks.

However, last week the Japanese Central Bank raised interest rates by 0.25% for the first time in 40 years and hinted at more hikes. This caused panic among traders who had borrowed yen at 0% interest, leading US hedge funds to sell off stocks rapidly.

The yen strengthened from 162 JPY a month ago to around 147 JPY per USD today, hurting Japanese exporters and prompting foreign investors to sell Japanese stocks.

In wake of this, the Yen Carry Trade has come into focus. A carry trade is a popular strategy where investors borrow money from a country with low interest rates and a weak currency to invest in assets in another country with higher returns. This approach has driven significant flows in the global currency market.

The Japanese yen is a common choice for carry trades. Investors, including Japanese retail investors, borrow yen at low interest rates and invest in higher-return assets abroad, like US equities and bonds. But now, these trades are being reversed & positions are being exited.

The unwinding of Yen carry trades can significantly impact global markets because many investors use this strategy. When these trades are reversed, it causes major market volatility, with sharp changes in currency and asset prices. The large volume of cross-border yen borrowing further amplifies market disruptions.



GLOBAL HEADWINDS v/s DOMESTIC TAILWINDS

Why are we STILL betting on India?

The Indian stock market has recently experienced a decline, mirroring global trends. After a notable 12% rise over the past couple of months, a correction in India was anticipated, triggered by global factors. The muted Q1FY25 earnings have also contributed to the bearish sentiment.

However, the worst seems to be behind us in terms of earnings and macroeconomic factors.

Key uncertainties related to elections and the budget have been resolved, and the demand slowdown due to these factors and the heatwave has already occurred. We can expect an acceleration in earnings for the rest of the financial year and beyond. Government spending, which was reduced dramatically in Q1FY25 due to the election code of conduct, is expected to increase, boosting growth. Additionally, better monsoons are anticipated to aid recovery.

A decline in USD and global commodity prices should reduce inflation concerns and support a dovish stance from the RBI. India's market, driven by domestic investors, remains insulated from Foreign Institutional Investor (FII) selling and the Yen carry trade. This makes the current correction an excellent buying opportunity.

Historically, Indian equities have seen milder declines during global sell-offs. The robust flow of domestic money has prevented sharper drops in the local market.

For instance, in the first 4 to 5 trading sessions of August, most Asian markets fell between 4% and 11%, whereas the Nifty dropped only 3.8%.

This has happened before also – let's dig into some data.



GLOBAL HEADWINDS v/s DOMESTIC TAILWINDS

Between April 1st and April 17th of this year, indices like the Dow Jones, NASDAQ, Nikkei, and Kospi fell between 4% and 6%, while the Nifty was down just 1.4%.

Similarly, from October 17th to October 27th, 2023, when the NASDAQ, Dow Jones, Nikkei, and Kospi declined by over 4%, Nifty fell by only 2.3%.

Indian markets have shown resilience due to strong economic growth and healthy corporate earnings. Domestic inflows have further supported the equity market.

Falls in Global Indices: A Comparison (in %)							
Date	Nifty	DOW Jones	Nasdaq	Nikkei 225	FTSE 100	Kospi	Hang Seng
6 - 14 Jun 2022	-4.2	-8.5	-11.1	-4.7	-5.4	-5.1	-2.2
19 - 30 Sep 2022	-3.0	-7.4	-8.3	-5.9	-4.7	-8.5	-7.2
3 - 12 Oct 2022	-0.9	-3.6	-6.8	-2.2	-3.7	-0.3	-2.2
13 - 19 Dec 2022	-1.0	-4.0	-6.3	-2.6	-1.9	-0.9	-1.2
16 - 19 Jan 2023	1.2	-3.7	-2.0	2.3	-1.4	-0.8	-0.4
3 - 13 Mar 2023	-2.5	-4.7	-4.3	-0.3	-5.0	-0.9	-4.2
14 - 29 Sep 2023	-2.3	-4.0	-5.1	-4.0	-0.8	-4.2	-1.3
17 - 27 Oct 2023	-3.9	-4.6	-6.6	-3.3	-5.0	-6.4	-2.1
1 - 17 Apr 2024	-1.4	-4.6	-4.4	-4.6	-1.3	-6.0	-1.8
1 - 6 Aug 2024	-3.8	-5.2	-8.0	-11.3	-4.2	-9.0	-4.0

Source: Economic Times

The Indian market's ability to decouple from other emerging markets is evident. Strong economic growth, corporate earnings, domestic investment, and international investor confidence position India's stock market for continued outperformance. **Despite the recent correction, the downside appears limited, and the correction is expected to be short-lived.**



Domestic Indices – 1M Change

SENSEX	81,741.34	+ 3.43%
NIFTY 50	24,951.15	+ 3.92%
NIFTY BANK	51,553.40	- 1.51%
NIFTY MIDCAP 100	58,990.90	+ 5.84%
NIFTY SMALLCAP 100	19,137.65	+ 4.48%

*Data as of 31st July 2024

Global Indices – 1M Change

DOW JONES	40,842.80	+ 4.41%
NASDAQ 100	19,362.43	- 1.63%
S&P 500	5,522.29	+ 1.13%
SHANGAI COMP	2,938.75	- 0.97%
NIKKEI 225	39,101.60	- 1.22%

*Data as of 31st July 2024



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NIFTY Indices – 1M & 1Y Change

IT	12.98%	36.50%
PHARMA	10.37%	45.26%
PSU BANK	0.42%	60.09%
PVT BANK	- 1.39%	9.83%
AUTO	5.89%	69.88%
METAL	- 2.35%	41.80%
FMCG	9.38%	17.94%
INFRA	4.00%	55.34%

*Data as of 31st July 2024



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Price-to-Earnings (PE) Ratio

NIFTY 50

22.30

NIFTY 500

25.80

NIFTY MIDCAP 100

42.30

NIFTY SMALLCAP 100

28.10

Market Outlook

Indian stocks are trading at a record premium compared to Global Emerging Markets, and the overall earnings season has been average.

The ongoing market correction seems to be collateral damage but is unlikely to have a long-term impact. Recovery is around the corner but for the near term, investors should be patient with new investments and avoid speculative sectors.

Local positives will outweigh global uncertainties. Domestic liquidity will cushion shocks from global factors, keeping the Indian growth story intact.



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CAT 3 Alternate Investment Fund Performance Data as of 31st July 2024

LONG ONLY AIFs											
Strategy	Inception Date	AUM	1M	3M	6M	1Y	2Y	3Y	5Y	SI	Type
360 ONE Turnaround Opp. Fund	Jul-21	-	5.2%	12.4%	11.1%	20.2%	53.9%	39.3%	28.2%	28.9%	Close Ended
Abakkus Diversified Alpha Fund-1	Dec-22	-	2.5%	12.5%	23.1%	54.0%	-	-	-	40.6%	Close Ended
Abakkus Diversified Alpha Fund-2	Nov-23	-	2.8%	11.1%	22.1%	-	-	-	-	33.8%	Close Ended
Abakkus Emerging Opportunities. Fund	Jun-19	-	2.1%	7.4%	13.1%	36.7%	38.5%	21.6%	38.6%	37.5%	Close Ended
Abakkus Growth Fund-1	Jul-18	-	3.3%	13.6%	20.5%	36.7%	33.8%	16.8%	28.4%	23.8%	Close Ended
Abakkus Growth Fund-2	Nov-21	-	2.7%	12.9%	19.0%	42.8%	35.9%	-	-	28.3%	Close Ended
Accuracap AlphaGen Next ^	Dec-18	86.59	1.3%	8.0%	14.5%	33.5%	22.2%	12.5%	17.3%	14.5%	Open Ended
Accuracap Vectra Fund ^	Dec-18	43.34	1.3%	9.0%	13.8%	28.4%	23.3%	11.3%	19.1%	14.6%	Open Ended
Alchemy Emerging Leaders of Tomorrow	Oct-22	1335	4.5%	18.0%	27.5%	52.8%	-	-	-	37.4%	Close Ended
Alchemy Emerging Leaders of Tomorrow - 2	Mar-23	324	7.1%	13.0%	26.3%	55.8%	-	-	-	58.6%	Close Ended
Alchemy Leaders of Tomorrow	Jan-18	594	2.1%	18.3%	30.2%	55.7%	33.8%	28.3%	30.2%	19.6%	Open Ended
Ampersand Growth Opportunities	Sep-17	732	6.7%	17.9%	36.1%	78.7%	48.2%	34.9%	34.7%	25.7%	Open Ended
Carnelian Bharat Amritkaal Fund	Apr-24	-	4.8%	12.2%	-	-	-	-	-	14.2%	Close Ended
Carnelian Compounder Fund – 1	May-19	-	3.9%	8.3%	21.6%	53.9%	40.8%	24.8%	27.0%	25.4%	Close Ended
Carnelian Structural Shift Fund	Apr-22	-	7.3%	11.5%	20.1%	51.2%	43.9%	-	-	38.8%	Close Ended
Dalal & Broacha India Oppo. Multicap^	Dec-19	-	2.2%	10.3%	25.3%	49.0%	33.8%	20.2%	-	19.6%	Open Ended
First Water Capital Fund	Aug-20	-	8.0%	13.3%	17.6%	81.2%	53.6%	33.8%	-	47.6%	Close Ended
First Water Capital Fund - II	Jul-23	-	6.9%	9.2%	13.8%	61.8%	-	-	-	61.2%	Open Ended
Girik Multicap Growth Equity Fund II	Jan-22	229.79	5.7%	13.0%	22.5%	55.2%	39.9%	-	-	24.7%	Close Ended
Guardian Capital Parners Fund Opportunities Scheme	Jan-20	-	6.6%	13.9%	17.8%	31.9%	32.7%	22.1%	-	38.0%	Close Ended
ICICI Pru Growth Leaders Fund	Nov-21	860.59	2.0%	11.8%	22.1%	43.1%	38.4%	-	-	28.3%	Close Ended
Incred Emerging Business Fund	Mar-22	-	11.5%	21.4%	22.8%	41.6%	34.8%	-	-	28.8%	Close Ended
Monarch AIF MNCL Capital Compounder Fund - I	Aug-22	220	3.9%	9.6%	14.9%	33.3%	-	-	-	29.9%	Close Ended
Motilal Oswal Growth Anchors Fund	Feb-23	1810	5.1%	16.8%	26.7%	58.9%	-	-	-	56.2%	Close Ended
Motilal Oswal Hedged Equity Multi Factor Strategy	Feb-22	156	8.4%	16.2%	20.9%	73.8%	39.7%	-	-	29.6%	Close Ended
Nepean Long Term Opportunities Fund II	Oct-21	221	5.0%	11.0%	17.1%	38.9%	27.7%	-	-	20.8%	Open Ended
Prudent Equity ACE Fund	Dec-22	-	6.6%	13.8%	16.5%	75.5%	-	-	-	68.0%	Open Ended
Rational Equity Flagship Fund I	Mar-23	96	7.0%	11.8%	20.4%	94.5%	-	-	-	145.1%	Close Ended
SageOne Flagship Growth 2 Fund	Aug-21	1250	3.6%	12.8%	21.7%	61.8%	37.5%	-	-	23.3%	Close Ended
Sameeksha India Equity Fund	Feb-22	274.1	6.7%	10.1%	18.7%	52.9%	44.7%	-	-	35.7%	Open Ended
Samvitti Capital Alpha Fund ^	Nov-15	441	4.4%	10.9%	13.8%	61.8%	45.0%	27.9%	26.4%	16.6%	Open Ended

CAT 3 Alternate Investment Fund Performance Data as of 31st July 2024

LONG SHORT AIFs											
Strategy	Inception Date	AUM	1M	3M	6M	1Y	2Y	3Y	5Y	SI	Type
AlphaMine Absolute Return Fund	Apr-22	-	1.0%	3.9%	8.8%	18.4%	-	-	-	17.6%	Open Ended
Alta Cura AI Maximus Fund	Mar-24	-	4.7%	14.4%	-	-	-	-	-	15.3%	Open Ended
Avendus Absolute Return Fund	Mar-17	1059	1.0%	0.8%	4.7%	11.3%	9.8%	10.7%	10.7%	11.9%	Open Ended
Avendus Enhanced Return Fund-II	Nov-18	397	3.6%	7.3%	10.2%	21.8%	22.9%	17.6%	16.6%	14.4%	Open Ended
Divinion Dynamic Fund	Aug-22	-	2.2%	8.9%	9.1%	18.4%	-	-	-	32.6%	Close Ended
Dolat Absolute Return LLP	Jan-21	-	1.5%	4.8%	9.4%	22.2%	16.0%	12.7%	-	12.6%	Open Ended
ICICI Pru Enhanced Dynamic Equity Fund	Oct-22	615	2.5%	8.2%	16.3%	35.2%	-	-	-	26.2%	Open Ended
ICICI Pru Long Short Fund-Series I	Aug-18	236.4	0.4%	0.7%	0.9%	2.5%	5.1%	6.4%	10.1%	11.2%	Open Ended
InCred Liquid Alternative Fund - I	May-23	-	1.7%	1.6%	5.8%	-	-	-	-	12.9%	Open Ended
Inquant Debt Plus	Sep-22	-	1.5%	4.6%	8.3%	11.3%	-	-	-	8.8%	Open Ended
ITI Long Short Equity Fund *	Apr-18	-	3.0%	7.4%	14.8%	29.9%	19.8%	16.5%	16.8%	15.7%	Open Ended
Nuvama Enhanced Dynamic Growth Equity Fund	Apr-21	1600	5.1%	12.8%	23.5%	43.1%	34.0%	26.6%	-	27.6%	Open Ended
SBI Optimal Equity AIF	Jul-22	-	3.1%	8.8%	12.1%	25.8%	-	-	-	20.7%	Open Ended
Swyom India Alpha Fund	Sep-23	-	7.2%	20.9%	29.6%	-	-	-	-	70.1%	Open Ended
TATA Absolute Return *	Apr-19	292	0.9%	2.3%	4.2%	7.3%	7.8%	9.6%	-	8.1%	Open Ended
TATA Equity Plus Abs Returns Fund *	Mar-20	2597	1.3%	3.8%	7.1%	12.5%	12.5%	14.1%	-	20.2%	Open Ended
Volvin Growth Fund-Active Rabbit	Sep-22	-	3.2%	10.8%	14.1%	27.7%	-	-	-	31.8%	Open Ended
Whitespace Alpha Fund 1- Equity Plus	Oct-19	-	4.6%	13.0%	20.7%	38.2%	33.7%	27.7%	-	29.8%	Open Ended
Whitespace Alpha Fund 2- Debt Plus	Aug-20	-	1.4%	4.0%	9.0%	16.8%	17.2%	13.4%	-	14.4%	Open Ended

Index	1M	3M	6M	1Y	2Y	3Y	5Y
Nifty 50 TRI	4.0%	11.1%	15.7%	27.8%	21.9%	17.9%	18.9%
BSE 500 TRI	4.4%	12.7%	19.6%	38.9%	27.7%	21.1%	22.5%

The Data is indicative and as of 31st July 2024. Data is Net of Expenses & Pre-Taxes unless indicated by marks (* and ^) implied as mentioned below. Taxation in AIFs is different for Long only vs Long short and depends upon portfolio construct and structure.

Reading & understanding performance numbers appropriately is important. AIFs are governed by private placement norms. This is for general understanding. Do read the full disclaimer on the last page.

^ Net of Expenses & Taxes
* Gross of Expenses & Taxes

Returns upto 1 year are Absolute and above 1 Year are CAGR

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