INVASSET NEWS

Edition 5 - May 2024



BREAKING NEWS

MODI 3.0 PROVIDES A STRONG CABINET GIVING STABILITY SIGNALS IN THE MARKETS

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WHATSAPP NO.

98768-34172

Anirudh Garg in an exclusive webinar with PMS AIF WORLD discussing the INVasset four stage model



Anirudh Garg, Partner & Fund Manager at INVasset PMS, recently shared insights on market dynamics, differentiating between the old economy run and the new economy run. He highlighted how his firm navigates markets using their **"Four Stage Model"** focusing on Value, Growth, Quality, and Pension fund investment. Garg emphasized understanding shifts between the old and new economies and discussed the pivotal role of government policies in creating multi-bagger opportunities, especially in sectors like Railways, Defence, and Power. These policies have fostered a conducive environment for growth and investment.

By leveraging their Four Stage Model, INVasset PMS aims to invest in high-quality companies offering value and growth potential, utilizing the Quality and Pension stages during expensive markets to align with long-term objectives. This approach helps manage risks and capitalize on opportunities in both traditional and emerging sectors. In summary, Garg's insights highlight the importance of balancing Alpha Generation and Alpha Creation.

For the complete interview click on the link - https://youtu.be/F0YVEhDy4tM?si=3LXLG3R-aA7OPAEg

Indian Retail Money is flowing towards Domestic Sectors, Old Economy Sectors and Capex is leading the way for the Indian Markets : Anirudh Garg

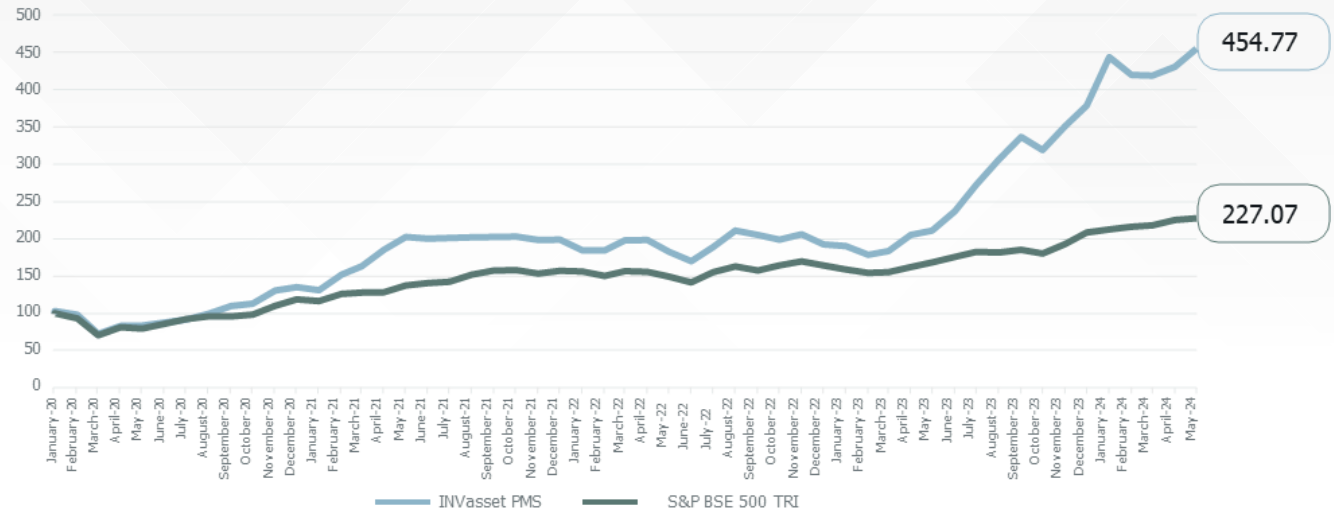


Anirudh Garg, Fund Manager at INVasset PMS, shares his expert views on the current market landscape with Money Control TV

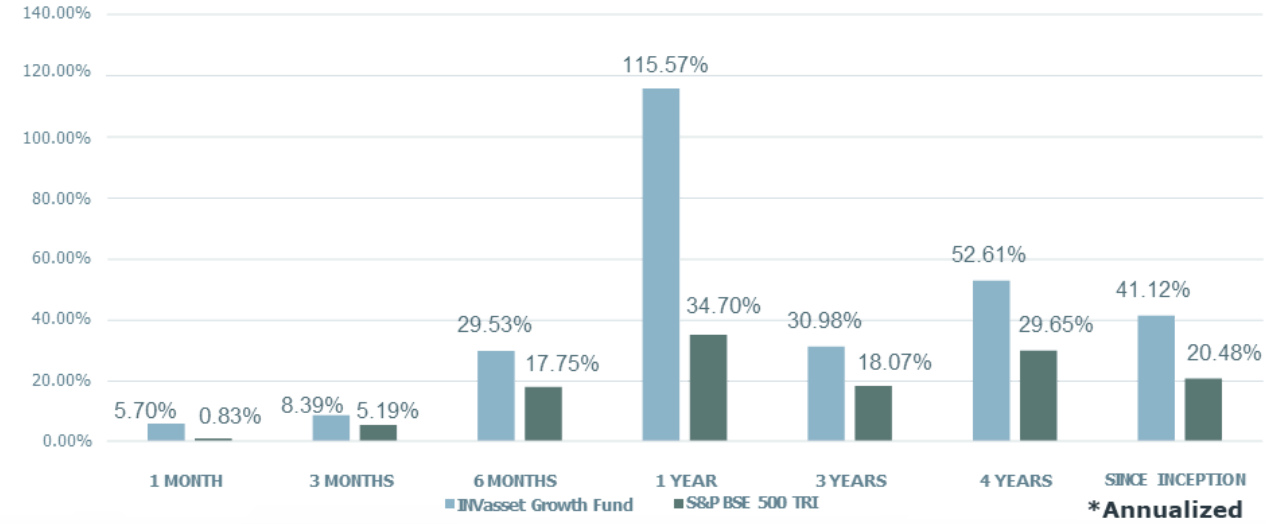
Anirudh delves into how retail inflows are shaping market dynamics and the significant impact of the ongoing capex cycle. Discover his predictions for market growth and the key factors driving the future of investments.

For complete interview click on the link : https://youtu.be/Hq2K13kFt7o

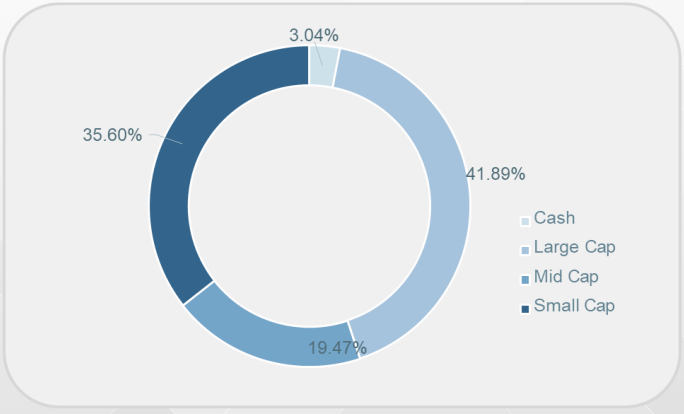
INVasset Growth PMS Fund Performance – Absolute Basis



INVasset Growth PMS Fund Performance – Period Wise



MARKETCAP CLASSIFICATION



INVasset Growth PMS Fund Top 5 Holdings

Security	Assets%
Garden Reach Shipbuilders & Engineers Ltd.	8.48%
Mazagon Dock Shipbuilders Ltd.	7.89%
Hindustan Aeronautics Ltd.	7.34%
Cochin Shipyard Ltd.	4.52%
Rail Vikas Nigam Ltd.	4.34%

INVasset Growth PMS Fund Top 3 Sectoral Exposure

Security	Assets%
Defence	32.39%
Engineering Railways	14.67%
Finance Lending	14.19%

Disclaimer : Past Returns are not an indication of future returns. If you are investing in PMS or taking any financial decisions then please consult your financial advisor before investing.

Calendar Year Returns

	INVasset PMS	S&P BSE 500 TRI
Jan 20 to Dec 20	35.24%	19.39%
Jan 21 to Dec 21	47.15%	31.63%
Jan 22 to Dec 22	-3.21%	4.77%
Jan 23 to Dec 23	96.57%	26.55%
Jan 24 to May 24	20.11%	8.98%

Financial Year Returns

	INVasset PMS	S&P BSE 500 TRI
Jan 20 to March 20	-27.31%	-28.22%
April 20 to March 21	124.14%	78.63%
April 21 to March 22	21.59%	22.26%
April 22 to March 23	-7.48%	-0.91%
April 23 to March 24	128.47%	40.16%
April 24 to May 24	8.59%	4.30%

Disclaimer : "Past performance is not indicative of future results; investments in the stock market carry inherent risks. Please consult with your financial advisor before making any investment decisions."

Dear Investors,

What a rollercoaster ride we have had in the stock markets recently. The index is rising on good news of opinion polls and then crashing to almost a down freeze in the markets on actual results. What can we all make of this? What is that one key understanding we can take away from this? One thing that we at Invasset emphasize repeatedly: never sell on bad news. Whenever there is a crash in the market accompanied by bad news, it generally marks a long-term bottom for the market. Something similar may have happened with this extreme bad news of the election results. Always remember the adage: “Buy when others are fearful and sell when others are greedy.” We even advised our investors to top up their accounts on the day of the fall, and I truly appreciate all those investors who did not listen to the chatter on the news channels and social media and instead followed the simple principle mentioned above. Please remember, news channels are here to sell news and will create feelings of greed and fear, which are most detrimental to an investor.

We have taken a significant step at Invasset. As you may have noticed over the past couple of months, we were juggling between expensive markets and a possible fall. What I realized is that trying to shift the entire portfolio from growth stocks to other stocks from time to time does not tend to save much. It involves too many factors:

1. There are too many decisions, and decisions have a tendency to be wrong.
2. It involves transaction costs and opportunity costs.
3. It involves paying capital gains.
4. Lastly, it involves straying from the investor's attitude

To focus on the best of both worlds, we have decided to hedge your portfolios through long term puts. The beta for our portfolio is currently around 1.25 to 1.5. We have hedged almost all domestic portfolios to beta of 1, and as the markets become more expensive, we may use the remainder to hedge further. When we buy a put, if the market falls and the stocks correct around 25% while the Nifty falls 18%, our portfolio would fall only 7% when fully hedged. Conversely, if there is no fall in the market for the next six months, the growth stocks we are holding will grow much more, and we will be just left with the 3% cost we paid for the put, capitalizing on the extra growth our growth stocks have to offer. By this approach, we can save on all the problems highlighted earlier.

Please remember, I give you my word that we are not trading futures and options in your portfolio. Long-term puts are the best way to hedge your portfolio when you feel the markets are expensive. It does not involve any day-to-day paying or payouts and is purely a vanilla hedging strategy. I personally believe that options are often misrepresented because they are used for purposes other than their original design. Various traders use options for day-to-day trading for short gains or to fulfill their gambling tendencies. We are using options as they were originally intended: to provide insurance. This combination of growth and hedging, I believe, provides an optimal balance to our portfolio, allowing us to ride the growth while not being overly concerned about a significant market fall.

For our NRI investors, hedging is not an option as the RBI does not permit any trade in futures and options. We are actively seeking a solution to balance your portfolios. However, please don’t worry. We are closely monitoring your portfolios and will make timely decisions as needed.

All my NRI client portfolios are very close to my heart, and I assure you that I will give my utmost effort to ensure as much similarity as possible between our domestic and NRI portfolios. Please remember, you are in the best growth stocks according to INVasset’s calculations.



In conclusion, thinking long-term, growth is the only solution in the stock market as the market rewards relative growth and nothing else. So let’s not be afraid of any options data you see in your portfolio. It is akin to buying insurance from the stock market and nothing else.

Thank you for your continued trust and support.

Anirudh Garg
Fund Manager, INVasset PMS

Daily Voice : INVasset's Fund Manager is upbeat on Capital Goods, Financials; Capex, Rate Cut the next big play

Excerpts of the Interview of Mr. Anirudh Garg, Fund Manager, INVasset with Daily Voice, Money Control 6th May, 2024

The markets are forward-looking and seem to have already factored in potential rate cuts, which explains the buoyancy in sectors like metals, real estate, and automobiles, says Anirudh Garg (Fund Manager - INVasset PMS). Optimistic about capital goods and financial sectors amidst increased government spending. Caution advised in expensive markets; future opportunities in sectors tied to capital expenditure.

Among sectors, he is optimistic about the capital goods and financial sectors. "The capital goods sector is poised for growth as the investment cycle takes an upward turn." Further, in case of major market correction, sectors tied to capital expenditure and those sensitive to interest rate changes may become attractive, said the fund manager with more than 15 years of experience in stock market research.

Money Control : Are you optimistic about the capital goods and financial sector?

Anirudh Garg :Yes, I am optimistic about the capital goods and financial sectors. In India, the capital goods sector is poised for growth as the investment cycle takes an upward turn. The government's increased focus on capital expenditure, as evidenced by the 2023 budget—where 19.5 percent of budgetary expenses were allocated towards capital expenditure, the highest in the last 20 years—underscores a strong commitment to this sector. For the financial sector, especially those institutions that provide primary lending to the capital expenditure sectors such as railways, defense, infrastructure, and power, there is expected growth. Public sector banks, in particular, are likely to see significant improvement. They have effectively managed their non-performing assets (NPAs), are strengthened by capital raising initiatives, and benefit from robust NCLT laws. With the economy showing signs of an upcycle, public sector banks are expected to outperform their private counterparts like Kotak Mahindra Bank and HDFC Bank. The RBI's cautious stance on the growth of retail lending, predominantly catered to by these private banks, further supports this view.

Money Control : Do you think the possibility of a benchmark rate cut later this year is gradually vanishing looking at the economic data points?

Anirudh Garg : Considering the current economic indicators, it appears that the United States does not face the growth concerns previously anticipated, which suggests that a rate cut may be delayed. While it remains a topic of frequent discussion whether a rate cut will occur this year, it is crucial to note that the markets have already priced in the likelihood that there will be no further rate hikes. This is a significant factor moving forward. The markets are forward-looking and seem to have already factored in potential rate cuts, which explains the buoyancy in sectors like metals, real estate, and automobiles.

Money Control : **Do you expect a significant rise in the energy sector, particularly with cross subsegments?**

Anirudh Garg : Yes, there is a strong expectation for significant growth in the energy sector in India, particularly within the renewable energy subsegments. The Indian government has set ambitious targets, aiming to achieve 450 GW of renewable energy by 2030. The market is experiencing rapid growth, especially in solar and wind energy, which have seen substantial increases in installed capacity over the past decade. Overall, the combination of government support, decreasing costs of renewable technologies, and increasing industrial demand paint a bullish picture for the future of the energy sector in India, with renewables leading the way.

What are the sectors that must be added to the portfolio at current levels?

Given the current market conditions, which are perceived as expensive with significant volatility expected due to upcoming electoral events, a cautious approach to portfolio management is advisable. In such a volatile market environment, defensive sectors typically provide a safer investment haven. Once the market corrects and valuations become more appealing - leading to new investment opportunities - sectors tied to capital expenditure and those sensitive to interest rate changes, such as real estate, automobiles, and metals, may become attractive.

Do you see headwinds rising for the equity markets even though there are strong tailwinds?

The Indian economy is somewhat in a Goldilocks situation. The government's focus on capital expenditure is commendable, particularly in a global economic environment that is sluggish. Currently, the largest concern for the equity market is valuation, particularly in leading sectors and the broadly celebrated mid and small caps, which have seen significant appreciation over the last two years. Additionally, the upcoming election results pose a significant risk. Market sentiment could be greatly affected if there is a change in government, especially if the incumbent BJP does not secure re-election. This potential political shift could destabilize market confidence, particularly given the speculative distribution currently observed in mid and small-cap stocks.

For the complete interview click on the link : https://www.moneycontrol.com/news/business/markets/daily-voice-fund-manager-optimistic-capital-goods-financials-12715009.html

Disclaimer : "Information provided in this article is for general informational purposes only and should not be construed as investment advice. Investments in the stock market carry inherent risks; please consult with your financial advisor before making any investment decisions."

Anirudh Garg, Partner & Head of Research at INVasset PMS in an interview with CNBC Awaaz, as he unveils his strategic approach to today's dynamic markets. He delves into his cautious stance on the market's current expensive valuation, opting for defensive tactics to safeguard investments. Amidst this backdrop, he shares his bullish sentiment towards the metal sector, offering compelling insights contrasting its potential with the auto sector's challenges.

Excerpts of the Interview of Mr. Anirudh Garg, Fund Manager, INVasset with CNBC Awaaz



> NIFTY targets of 23456 are looking in sight. Though, the HDFC Bank and Kotak are good shares to buy at this price, the markets are in an expensive zone. We have to use extreme caution in investing. The duration of markets staying in the expensive zone my be for a long time.
>
> INVASSET

For the complete interview click on the linkhttps://youtu.be/uCeOuyrwN8U?si=YZCY8Esh1EYZr_al

Shifting to Large Caps is a strategic move.

Anirudh Garg, fund manager at INVasset PMS, in an interview with CNBC TV18



Garg highlighted concerns about the exuberance in mid and small-cap spaces, prompting a shift towards large-cap investments earlier this year during February 2024 , prioritizing alpha preservation over alpha generation. Garg's stance on the market reflects caution, particularly regarding sectors like autos, where he sees limited potential. However, he remains bullish on interest-sensitive sectors, particularly metals, and luxury real estate. His reluctance to chase the last leg of a rally underscores his commitment to risk management, even if it means leaving a fraction of potential gains on the table.

This interview serves as a timely reminder for investors to tread carefully in euphoric markets. Garg's prudent strategy emphasizes the importance of avoiding the 'Dance with the devil' mentality, where chasing every market uptick can lead to costly mistakes. As we navigate through dynamic market cycles, Garg's insights offer valuable guidance for preserving wealth and navigating uncertainties effectively.

For the complete interview click on the link : https://youtu.be/gF9u1taUaO8



Mr. Rajnish Garg
Partner & Fund Manager

Hedging is a strategic financial practice used by INVasset PMS to mitigate risks in volatile markets. It involves taking opposite positions to offset potential losses from adverse price movements. In today's highly volatile and expensive market environment, hedging becomes crucial to safeguarding investor capital and minimizing downside risks. By employing hedging techniques such as options, futures contracts, or inverse ETFs, INVasset PMS aims to protect portfolios from unpredictable market fluctuations, ensuring more stable returns and preserving investor confidence amidst fluctuating market conditions. Hedging thus plays a pivotal role in maintaining portfolio stability and achieving long-term investment objectives in challenging market climates.



PMS Bazaar's exclusive NRI webinar featuring Mr. Anirudh Garg, Fund Manager at INVasset PMS. In this episode, Mr. Garg offers insights into market trends and shares details about INVasset's pioneering AAID strategy.

> "Do what the FED is saying ?"

For complete interview click here : https://youtu.be/5JnXB4-e6uk?si=eM8-pMSnniFJegvO

Anirudh Garg (Fund Manager at INVasset PMS) - Exclusive interview with CNBC TV18,



> "Relative Change in the companies helps in generating returns"

> "INVasset balances portfolio equally in Quality Stocks & Growth Stocks"



For complete interview click on the link : https://youtu.be/MDPsKAVZ1Og?si=0ud-d7Fl0R0Fo9p

Fiasco: A Summary
"Clouded Judgments: SEBI's Crackdown on Varanium Cloud Ltd."
SEBI Interim Order on Varanium Cloud Ltd.

Background
The Securities and Exchange Board of India (SEBI) issued an interim order on May 10, 2024, against Varanium Cloud Ltd. and its Managing Director, Harshawardhan Hanmant Sabale, prohibiting them from engaging in securities market activities. This action stemmed from numerous complaints and concerns about the company's financial statements and corporate announcements, which prompted SEBI to investigate possible violations of SEBI laws.

Company Profile
Varanium Cloud Ltd., previously known as Streamcast Cloud Private Limited, was incorporated in December 2017 and listed on NSE Emerge in September 2022. The company is involved in digital audio, video, and blockchain streaming services and also offers online payment facilitation, digital education platforms, and IT-related services to startups and SMEs.

IPO Proceeds Utilization
Varanium raised approximately Rs. 36.60 crore through an IPO in September 2022 and an additional Rs. 6.93 crore via pre-IPO placements. However, discrepancies were found in the utilization of these funds:
- The company claimed to use funds for setting up data centers and digital learning centers.
- NSE's investigation revealed that most claimed expenses were unverified, raising doubts about the authenticity of the company's financial transactions.

Financial Irregularities
Several alarming findings were reported:
1. Promoter Shareholding and Pledges : There were significant changes and discrepancies in promoter shareholding patterns and the number of shares pledged.
2. Unverified Transactions : Payments were made to entities like Avance Technologies Ltd. and Turmeric Lifestyle Pvt. Ltd. without sufficient documentation or justification.
3. Diversion of Funds : A substantial portion of IPO proceeds was diverted to entities unrelated to Varanium's business objectives, including BM Traders and promoter group companies.
4. Misleading Announcements: Public announcements by Varanium about the commissioning of data centers and digital learning centers were found to be misleading.



Rise & Fall of Share Price of Varanium Cloud Ltd.

Key Entities and Transactions
1. Avance Technologies Ltd.: Varanium claimed to have received quotations from Avance for data centers, but NSE found that Avance lacked the capability to fulfill these orders.
2. Turmeric Lifestyle Pvt. Ltd. (TLPL): Varanium invested Rs. 1.83 crore in TLPL, a hospitality business unrelated to its technology focus, without proper disclosure.
3. BM Traders: Large sums were transferred to BM Traders, an entity with dubious operations and connections to the promoters.

Suspected Fictitious Sales
Varanium reported significant sales growth, particularly to Amtelfone Incorporated, which accounted for a large portion of its revenue. However, the legitimacy of these sales was questionable due to:
- Lack of supporting documentation.
- Inconsistent trade receivables.
- Public domain searches revealing limited information about Amtelfone.

Conclusion
SEBI's investigation into Varanium Cloud Ltd. unveiled numerous irregularities and potentially fraudulent activities. The interim order aims to protect investors and maintain market integrity by restraining the involved entities from further market activities until the investigation concludes. This case underscores the critical need for transparency and accountability in corporate financial practices to uphold investor confidence and market stability.

1. Which major Indian conglomerate announced the demerger of its financial services arm in May 2024, resulting in a significant spike in its stock price?

A) Tata Group

B) Adani Group

C) Reliance Industries

D) Mahindra Group

2. In May 2024, which sector saw a sharp rally due to the government's announcement of a new policy incentivizing green energy initiatives?

A) Automobile

B) Pharmaceuticals

C) Renewable Energy

D) Information Technology

3. Which Indian financial institution reported a significant drop in its net profit for Q4 FY24, attributing the decline to higher provisioning for non-performing assets?

A) State Bank of India

B) HDFC Bank

C) ICICI Bank

D) Axis Bank

4. What was the primary reason for the volatility in the Indian stock market in May 2024, as indicated by market analysts?

A) Unexpected changes in GST rates

B) Uncertainty surrounding the global crude oil prices

C) Political instability due to state elections

D) Fluctuations in foreign institutional investments (FIIs)

Question of month

What does 'beta' measure in stock market terms?

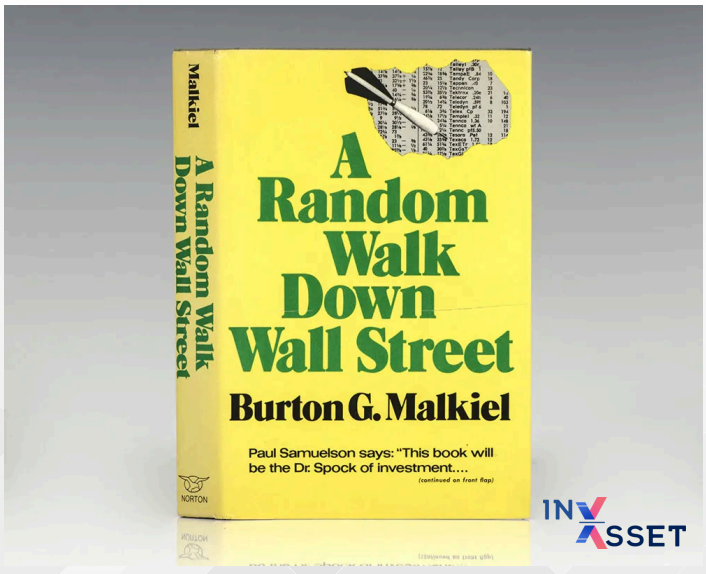
A) The risk-free rate of return

B) The volatility of a stock in relation to the market

C) The dividend yield of a stock

D) The earnings growth rate of a company

Book of the Month !



Answers to Quiz

Answer 1 : B (Adani Group) Adani Group announced the demerger of its financial services arm to streamline operations and enhance shareholder value.

Answer 2 : C (Renewable Energy) Government policy incentivizing green energy initiatives led to a rally in the renewable energy sector.

Answer 3 : A (State Bank of India) State Bank of India reported a significant drop in net profit due to higher provisioning for non-performing assets.

Answer 4 : C) Political instability due to state elections

Answer to Question of the Month

B) The volatility of a stock in relation to the market

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