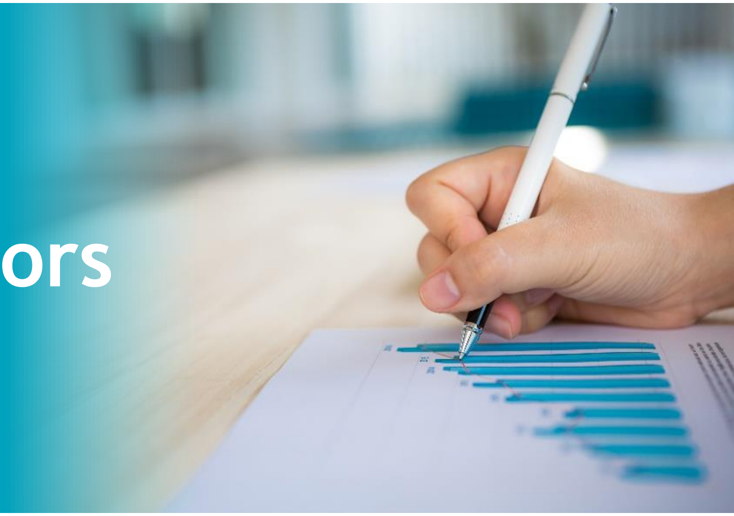
CANARA ROBECO

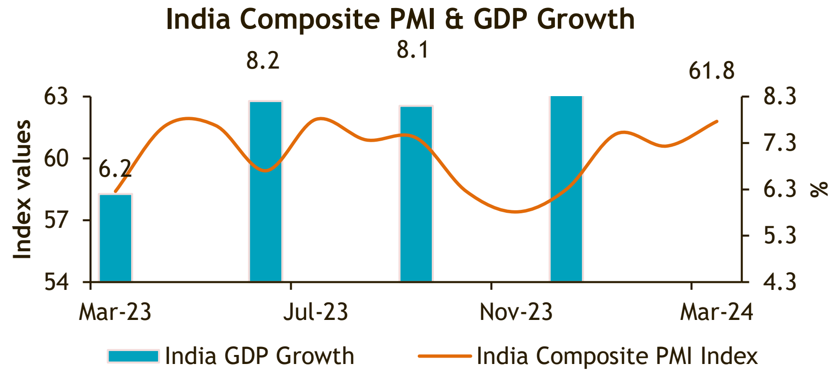
Monthly Factbook

April 2024

Indian Economic Indicators

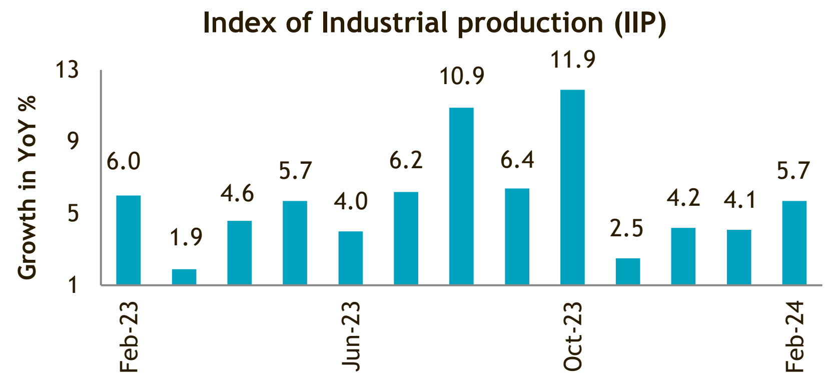


CANARA ROBECO



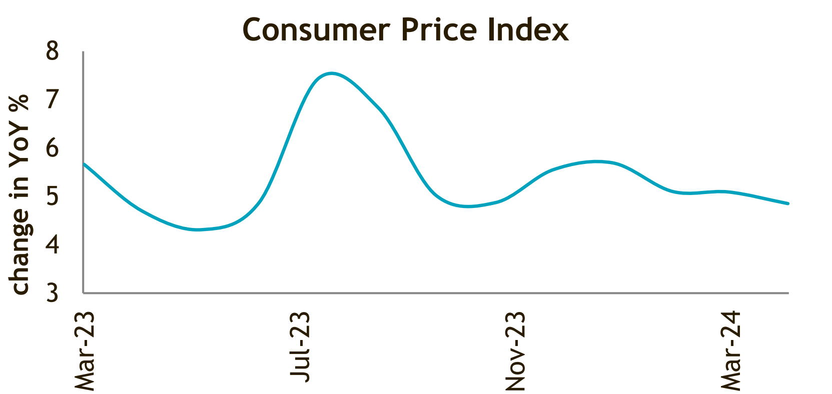
Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

The S&P Global India Composite PMI rose to 61.8 in Mar 2024 from 60.6 in Feb 2024 and GDP of the Indian economy at constant (2011-12) prices witnessed a growth of 8.4% in the third quarter of FY24.



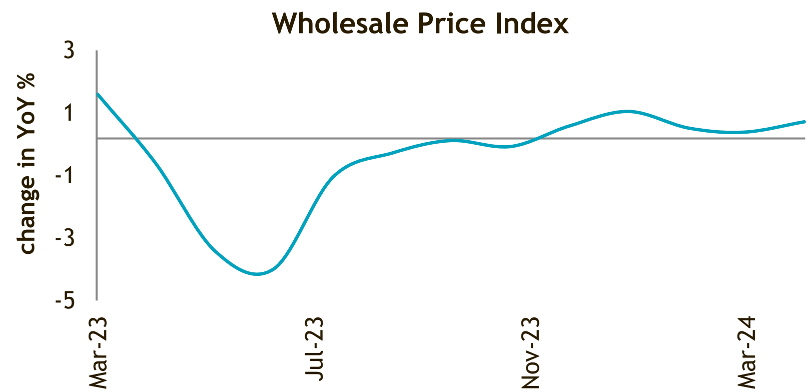
Source: Refinitiv

Industrial production growth in India (IIP) accelerated to 5.7% YoY in Feb 2024, as compared to 4.1% rise in Jan 2024.



Source: Refinitiv

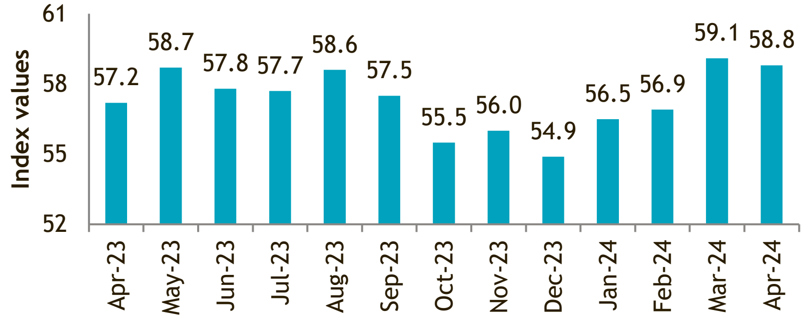
The consumer price index-based inflation eased to 10-month low of 4.85% YoY in Mar 2024 compared to 5.09% in Feb 2024, mainly due to cooling food prices.



Source: Refinitiv

India's wholesale price index (WPI) based inflation accelerated by 0.53% YoY in Mar 2024 as compared to 0.20% in Feb 2024.

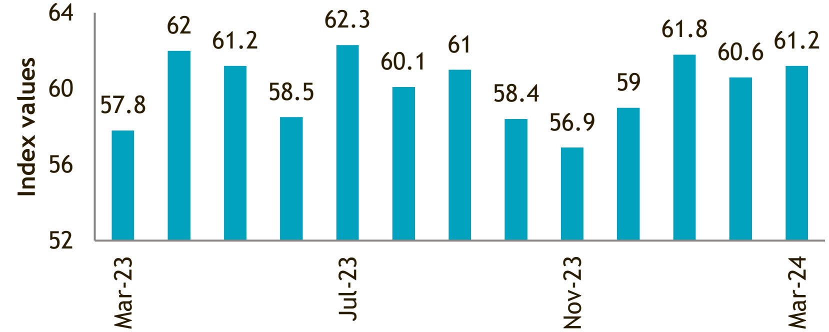
India Manufacturing PMI



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

The Manufacturing Purchasing Managers' Index eased slightly to 58.8 in Apr 2024 compared to 59.1 in Mar 2024 bolstered by strong demand conditions which resulted in a further expansion of output.

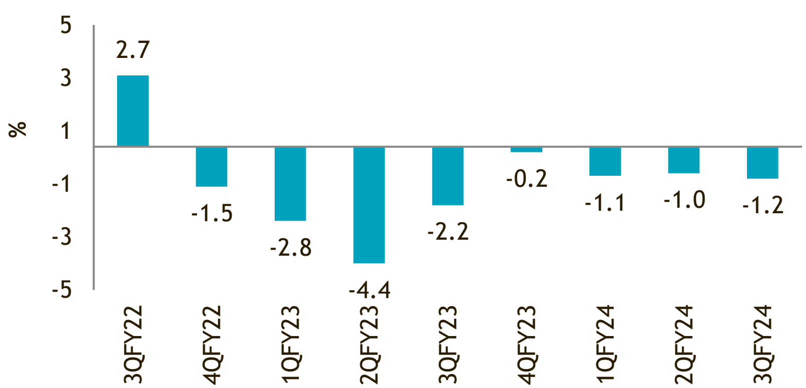
India Service PMI



Source: Refinitiv; PMI >50 denotes expansion and <50 is contraction

India's Services Purchasing Managers' Index (PMI) rose to 61.2 in Mar 2024 as compared to 60.6 in Feb 2024 on the back of strong demand that spurred sales and business activity.

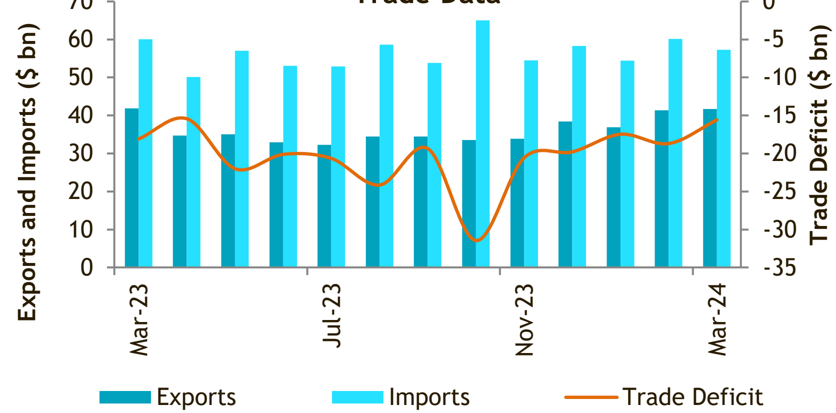
Current Account Deficit as % of GDP



Source: Refinitiv

India's current account deficit narrowed to US$ 10.5 billion (1.2% of GDP) in Q3 FY24 from US$ 11.4 billion (1.3% of GDP) in Q2 FY24 and it was also lower than US$ 16.8 billion (2.0% of GDP) compared to the same period of previous year.

Trade Data



Source: Refinitiv

India's merchandise trade deficit narrowed to $15.60 billion in Mar 2024 from $18.96 billion in Mar 2023.

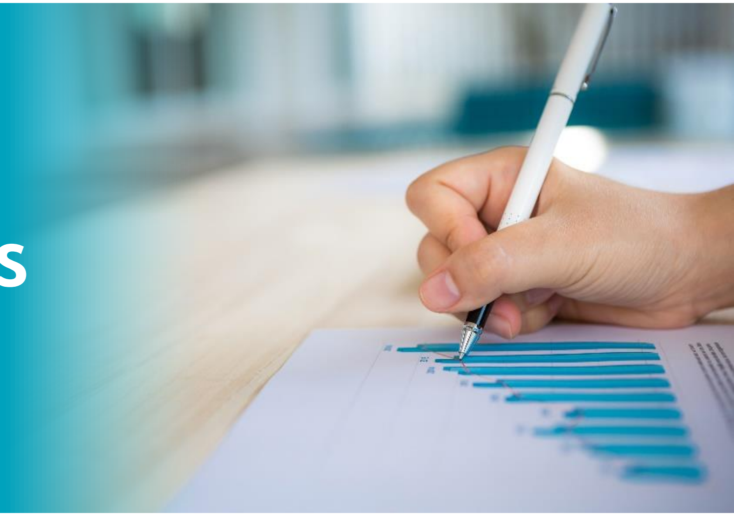
Key Domestic Market Highlights

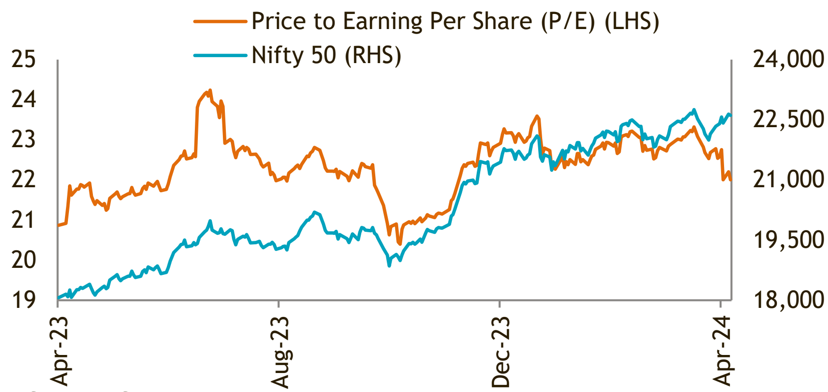
- Domestic equity markets rose initially during the month under review supported by robust domestic manufacturing and services data for Mar 2024. Data showed that the seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index (PMI) climbed to a 16-year high in Mar 2024. India services PMI also rose in Mar 2024, and it was one of the strongest growth rates seen in over 13-and-a-half years. This can be largely attributed to healthy demand conditions, efficiency gains and positive sales developments.

- Gains were extended as India's strong economic growth outlook, anticipation of upbeat corporate earnings for the quarter ended Mar 2024 and the prospects of political stability following the outcome of general elections kept the underlying sentiment positive. The S&P BSE Sensex breached the 75,000-mark for first time ever while the Nifty 50 also climbed to a new record peak. Market participants remained hopeful of an acceleration in consumption demand amid election-related spending.

- Domestic equities regained lost momentum towards the month end as worries over the rising tussle between Iran and Israel eased to some extent after Iranian officials stated they had no plans to immediately retaliate against Israel. Upbeat quarterly earning numbers for the quarter ended Mar 2024 from some index heavyweight and hopes of an early Israel-Hamas truce eased fears of a wider conflict in the Middle East which further boosted market sentiments.

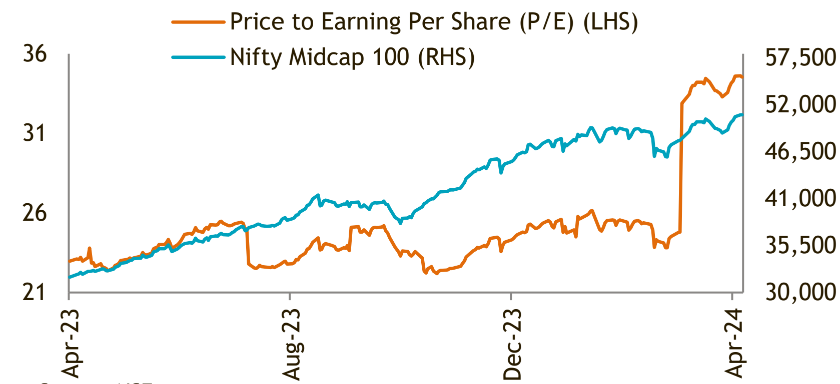
Domestic Equity Markets





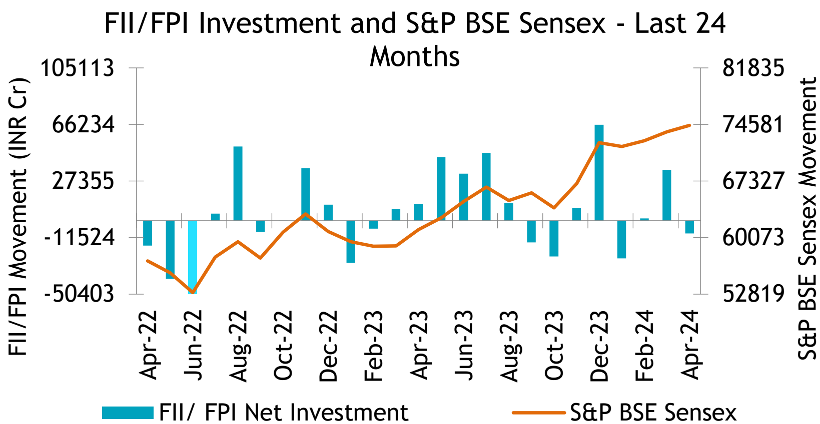
Source: NSE

During the month, S&P BSE Sensex and Nifty 50 rose 1.13% and 1.24% respectively to close at 74,482.78 and 22,604.85 respectively



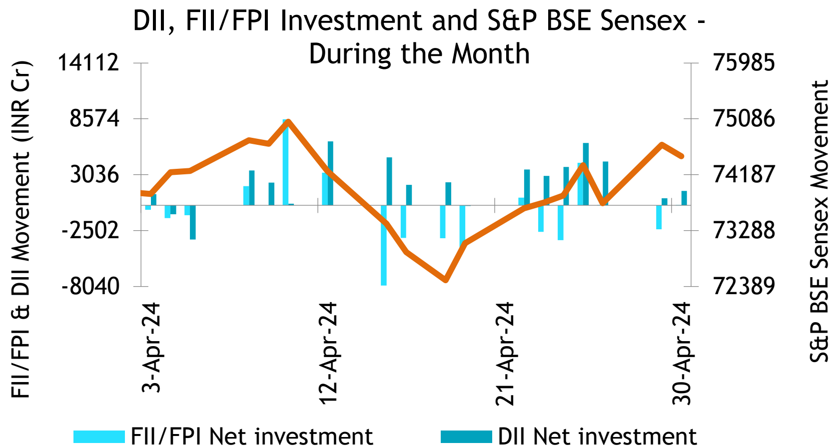
Source: NSE

Nifty Midcap 100 and Nifty Small cap 100 rose 5.81% and 11.40% respectively to close at 50,868.2 and 17,011.8 respectively.



Source : MFI Explorer

Foreign portfolio investors (FPIs) were net seller of domestic stocks worth Rs. 8,671.27 crore in Apr 2024 compared with net buy of Rs. 35,098.32 crore in Mar 2024.



Source : MFI Explorer

Domestic mutual funds remained net buyer in the equity segment to the tune of Rs. 30,995.440 crore in Apr 2024 (As on April 29, 2024).

CANARA ROBECO

Returns of Major NSE Indices

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	CYTD
Smallcap 69.57%	Media 10.30%	Metal 45.20%	Realty 110.22%	IT 23.64%	Realty 28.49%	Pharma 60.43%	Metal 69.66%	PSU Bank 70.92%	Realty 81.64%	PSU Bank 33.12%
PSU Bank 67.07%	Smallcap 10.20%	Auto 10.75%	Smallcap 57.47%	FMCG 13.57%	Finance 25.65%	IT 54.75%	Smallcap 61.94%	Metal 21.83%	Smallcap 48.26%	Realty 24.29%
Midcap 60.26%	Pharma 9.26%	Midcap 5.41%	Midcap 54.53%	Finance 10.54%	Largecap 10.42%	Smallcap 25.02%	IT 59.58%	FMCG 17.59%	Auto 47.78%	Auto 20.74%
Finance 57.34%	Midcap 8.41%	Finance 4.93%	Metal 48.71%	Largecap 1.13%	IT 8.39%	Midcap 24.31%	Realty 54.26%	Auto 15.36%	Midcap 43.82%	Metal 15.01%
Auto 56.69%	FMCG 0.33%	PSU Bank 4.11%	Finance 41.56%	Pharma -7.77%	Midcap -0.28%	Metal 16.14%	Midcap 46.81%	Finance 9.55%	Pharma 33.72%	Smallcap 12.76%
Pharma 43.42%	IT -0.03%	Largecap 3.60%	Media 32.80%	Midcap -13.26%	FMCG -1.29%	Largecap 14.82%	PSU Bank 44.37%	Largecap 3.64%	PSU Bank 32.40%	Pharma 12.71%
Largecap 33.17%	Auto -0.32%	FMCG 2.78%	Auto 31.47%	PSU Bank -16.47%	Smallcap -8.27%	FMCG 13.42%	Media 34.56%	Midcap 2.97%	FMCG 29.10%	Midcap 10.63%
Media 33.02%	Largecap -2.41%	Smallcap 0.36%	Largecap 31.15%	Metal -19.84%	Pharma -9.34%	Auto 11.43%	Largecap 25.04%	Smallcap -3.66%	IT 24.16%	Largecap 6.92%
FMCG 18.22%	Finance -5.41%	Media -0.85%	FMCG 29.47%	Auto -22.99%	Auto -10.69%	Realty 5.11%	Auto 18.96%	Media -10.25%	Largecap 20.11%	Finance 1.65%
IT 17.84%	Realty -15.02%	Realty -4.20%	PSU Bank 24.17%	Media -25.80%	Metal -11.20%	Finance 4.46%	Finance 13.96%	Realty -10.84%	Media 19.94%	FMCG -4.82%
Realty 10.02%	Metal -31.35%	IT -7.25%	IT 12.21%	Smallcap -26.68%	PSU Bank -18.25%	Media -8.55%	Pharma 10.12%	Pharma -11.46%	Metal 18.72%	IT -6.52%
Metal 7.02%	PSU Bank -32.91%	Pharma -14.18%	Pharma -6.32%	Realty -32.87%	Media -29.72%	PSU Bank -30.50%	FMCG 9.96%	IT -26.11%	Finance 13.24%	Media -20.74%

IT returns represented by NIFTY IT
Metal returns represented by NIFTY Metal
Realty returns represented by NIFTY Realty
Auto returns represented by NIFTY Auto
Pharma returns represented by NIFTY Pharma
Media returns represented by NIFTY Media
Finance returns represented by NIFTY Finance
FMCG returns represented by NIFTY FMCG
PSU Bank returns represented by NIFTY PSU Bank
Largecap returns represented by Nifty 100
Midcap returns represented by Nifty Midcap 150
Smallcap returns represented by Nifty Small cap 250

Source: MFI Explorer

CANARA ROBECO

Equity Market Outlook

- Global macro environment while remains complex on geopolitical front, it seems to be stabilizing on the economic front. US growth is stabilizing, employment data remains healthy, and inflation is moderating gradually. This is leading to a possible goldilocks scenario where you might get lower inflation without hurting growth too much. Having said this, inflation remains higher at around 3-3.5% and growth and employment data too strong – a recipe for delayed timelines for interest rate cuts. We are now expecting interest rates cuts only post August'24. Europe is gradually stabilizing at lower growth /degrowth state, but not deteriorating further, as inflation and interest rates peak in most economies there. China continues to have challenges on growth revival due to ageing population and leverage in households/Real estate, which are structural in our view and thus commodities in general will remain muted for extended period, given >30-40% of every commodity is consumed by China. Geopolitical tensions are taking time to abate and are only getting complex. Given these tensions, supply chains and global trade has become vulnerable to new dimension now, missing till pre-covid. India remains one of the differentiated markets in terms of growth and earnings. In our worldview, 1) the Liquidity, 2) Growth and 3) Inflation surfaced post monetary and fiscal expansion in CY20-21 in that order and they will reverse in the same order during CY23-24. We have seen an initial downtick in inflation, which will accelerate in our view over next few quarters. Inflation is taking more time than usual to recede given healthy household savings in US, elevated energy prices, tight labor markets and challenged supply chains.

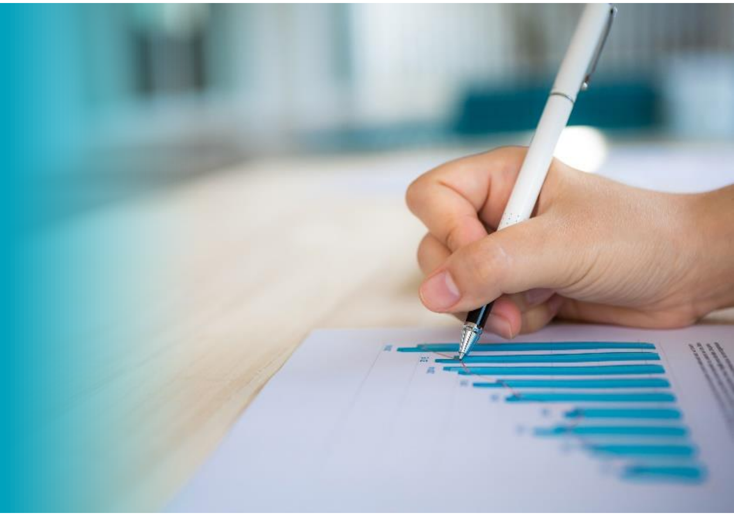
Equity Market Outlook

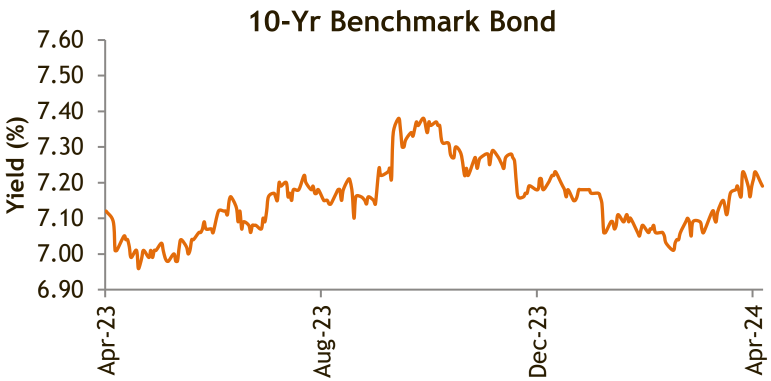
- Indian macro remains best among large markets. Political stability looks almost given. CAD has improved significantly and is expected to be ~1% for FY24. Most domestic macro and micro indicators remain steady. Given these aspects, the domestic equity market remains focused on earnings. Earnings growth (>15% earnings CAGR FY24-26E) remains relatively far better than most EM/DM markets. While the earnings are not getting upgraded significantly yet; they are resilient and seems to be bottoming. Financials, Auto, industrials, Cement, Telecom, Hospital and Hotels and Real Estate are witnessing a healthy earnings cycle whereas FMCG, chemicals and IT continue to face headwinds. Indian equity market trades at 20FY26 earnings – with earnings CAGR of >15% over FY24-26E – in a fair valuation zone from medium term perspective – given longevity of earnings cycle in India. The broader market has moved up >50% in last 1 year -capturing near term earnings valuation positives for FY24/25. Expect a rollover return as the earnings rollover to FY26. Given the upfronting of returns in mid and small caps (aided by very strong flows also), valuation premium of mid/small caps over past; we are more constructive on large caps from FY25/26 perspective.

- Having said this on near term earnings /market context, we believe that Indian economy is in a structural upcycle which will come to fore as global macroeconomic challenges recede over next few quarters. Our belief on domestic economic up-cycle stems from the fact that the enabling factor are in place viz. 1) Corporate and bank balance sheets are in best possible shape to drive capex and credit respectively, 2) Consumer spending remains resilient through cycle given our demographics, 3) Govt is focused on growth through direct investments in budget as well as through reforms like GST(increasing tax to GDP), lower corporate tax and ease of doing business (attracting private capex), PLIs(private capital through incentives for import substitution or export ecosystem creation) and 4) Accentuated benefits to India due to global supply chain re-alignments due to geopolitics. This makes us very constructive on India equities with 3years view. We believe that India is in a business cycle / credit growth cycle through FY24-27E – indicating starting of healthy earnings cycle from medium term perspective.

CANARA ROBECO

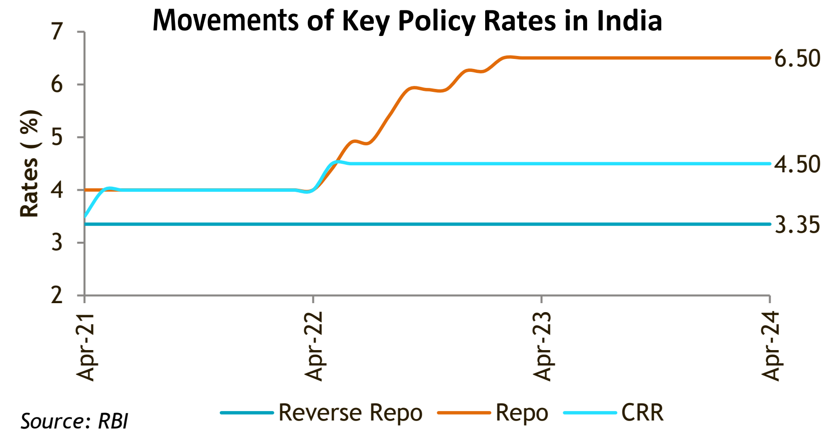
Domestic Debt Markets





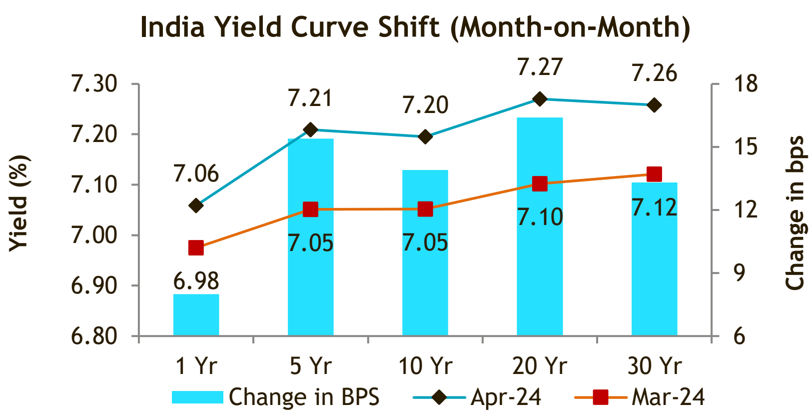
Source: Refinitiv

Bond yields rose during the first month of the new financial year (FY25) following surge in U.S. Treasury yields.



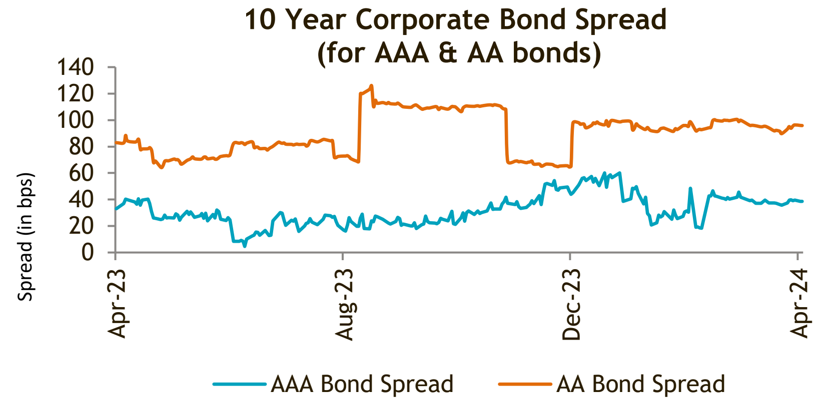
Source: RBI

The Monetary Policy Committee (MPC) in its first bi-monthly monetary policy review of FY25 kept key policy repo rate unchanged at 6.50% with immediate effect for the seventh consecutive time.



Source: Refinitiv

Yield on gilt securities rose between 11 to 18 bps across the maturities. Yield rose the most on 1- & 5-year papers and least on 30-year paper.



Source: Refinitiv

Yield on corporate bonds increased between 10 to 20 bps across the curve.

CANARA ROBECO

Category-wise Fixed Income returns

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	CYTD
LD 9.05%	LT 14.31%	LD 8.94%	10 Y Gilt 14.93%	LD 6.80%	LD 7.69%	LT 10.72%	LT 12.25%	ST 4.38%	LIQ 5.08%	LD 8.86%	LD 7.87%
LIQ 9.03%	10 Y Gilt 14.14%	ST 8.66%	LT 12.91%	LIQ 6.66%	LIQ 7.58%	10 Y Gilt 10.46%	ST 10.39%	LD 4.23%	LD 3.65%	10 Y Gilt 7.82%	LT 7.65%
ST 8.27%	ST 10.47%	LT 8.63%	ST 9.82%	ST 6.05%	ST 6.65%	ST 9.53%	10 Y Gilt 9.23%	LIQ 3.60%	ST 3.59%	LT 7.30%	ST 7.46%
LT 3.79%	LD 9.87%	LIQ 8.23%	LD 9.02%	LT 4.71%	10 Y Gilt 6.03%	LD 8.60%	LD 7.45%	LT 3.44%	LT 2.51%	ST 7.26%	LIQ 7.38%
10 Y Gilt -0.68%	LIQ 9.21%	10 Y Gilt 7.39%	LIQ 7.48%	10 Y Gilt -0.05%	LT 5.91%	LIQ 6.86%	LIQ 4.60%	10 Y Gilt 1.35%	10 Y Gilt 0.46%	LIQ 7.13%	10 Y Gilt 6.74%

LIQ	Liquid Returns represented by Crisil Liquid Fund Index
ST	Short Term Returns represented by Crisil Short Term Bond Fund Index
LT	Long Term Returns represented by Crisil Composite Bond Fund Index
LD	Low Duration Returns represented by Crisil Low Duration Index
10 Y Gilt	10 Year G-sec Returns represented by CRISIL 10 Yr Gilt

Source: MFI Explorer

CANARA ROBECO

Asset Class Returns

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	CYTD
Equity 4.44%	Equity 35.53%	Debt 8.63%	Debt 12.91%	Equity 33.54%	Gold 7.87%	Gold 23.79%	Gold 27.88%	Equity 27.47%	Gold 13.94%	Equity 23.56%	Gold 14.04%
Debt 3.79%	Debt 14.31%	Equity -1.90%	Gold 11.35%	Gold 5.12%	Debt 5.91%	Debt 10.72%	Equity 15.57%	Debt 3.44%	Equity 3.66%	Gold 15.41%	Debt 7.65%
Gold -4.50%	Gold -7.91%	Gold -6.65%	Equity 3.70%	Debt 4.71%	Equity -1.00%	Equity 8.68%	Debt 12.25%	Gold -4.21%	Debt 2.51%	Debt 7.30%	Equity 7.60%

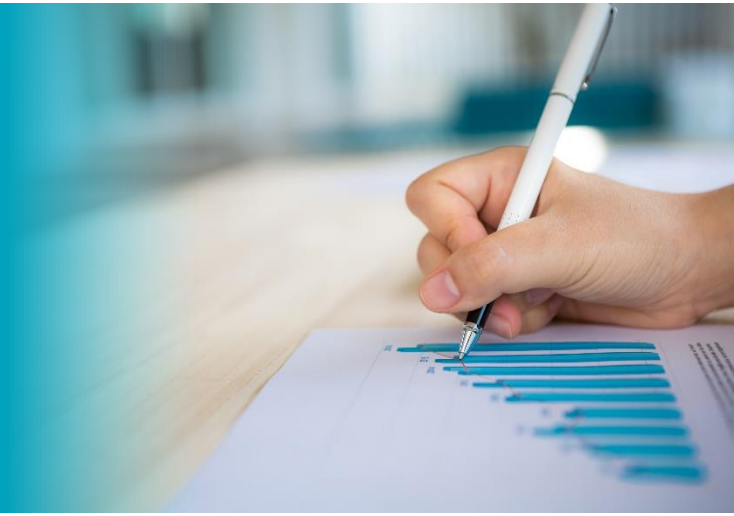
Equity	Equity Returns represented by Nifty 200 Index
Debt	Debt Returns represented by Crisil Composite Bond Fund Index
Gold	Gold Returns represented by domestic prices of gold

Source: MFI Explorer

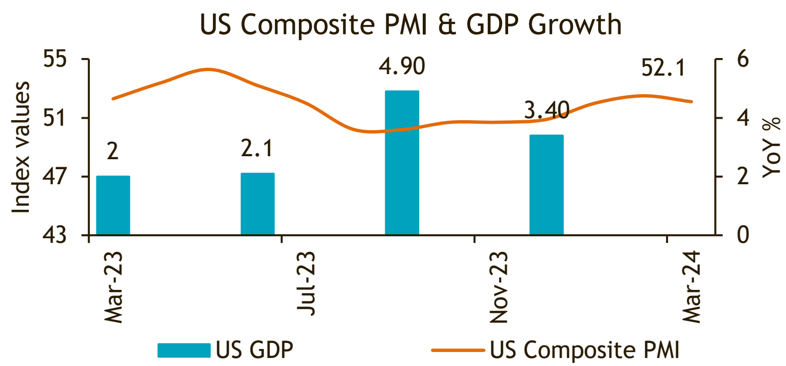
Fixed Income Market Outlook

- Market dynamics are largely likely to be influenced by US FED rate decisions.
- Recent data on US CPI inflation showing stickiness has spooked markets.
- The extent of US rate cut expectations have reduced for 2024.
- No rate easing is expected from RBI in the near term as US FED is seen delaying rate cuts.
- FII flows have been strong ahead of Index inclusion with USD 6.08 bn in CYTD2024.
- The influx of foreign funds is anticipated to be liquidity-positive, further contributing to the positive sentiment surrounding bonds.
- Looking ahead to the medium and long term, the effect on bonds is expected to be positive due to inclusion in JP Morgan Bond Index, as the demand for Government Securities (G-Sec) is likely to drive yields downward.
- Fiscal consolidation in the interim Budget is likely to provide further positive impetus to bond markets.
- Coupled with anticipated rate moves from the US FED, RBI may change to neutral stance in next few policies.
- We may expect about 25bps rate cut from RBI in FY2025.
- We anticipate that over the next few months, 10-year yields may gradually fall below 7%.

Global Markets

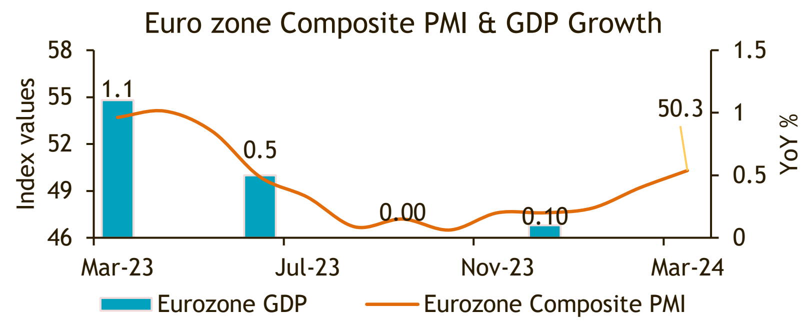


CANARA ROBECO



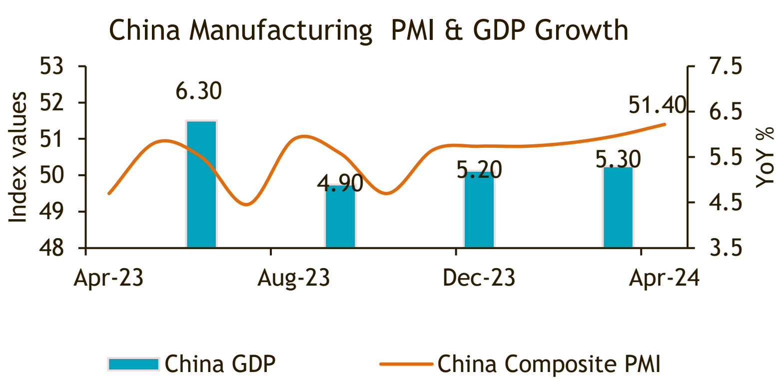
Source: Refinitiv, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

U.S. gross domestic product grew 3.40% in the fourth quarter of 2023 after jumping by 4.90% in the third quarter of 2023. And the U.S. Composite PMI rose to 52.1 in Mar 2024 from 52.5 in Feb 2024.



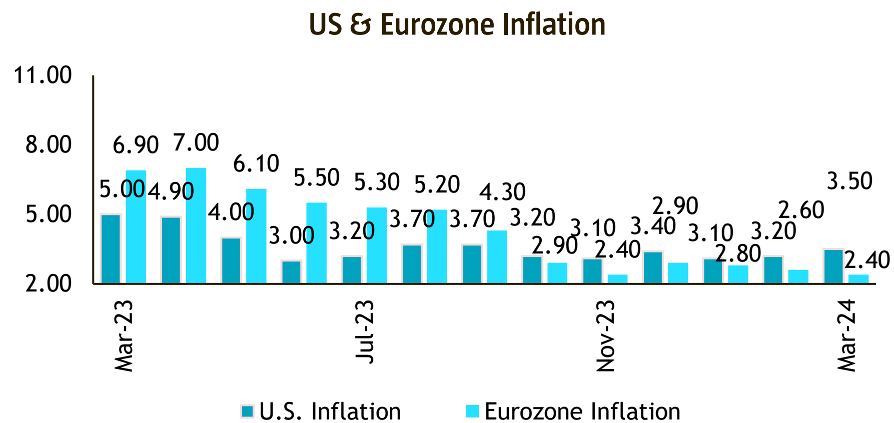
Source: Refinitiv, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

Year-on-year growth of the Euro zone economy grew to 0.1% in the fourth quarter of 2023 from 0.0% in the third quarter of 2023.



Source: Reuters, fxstreet; PMI > 50 denotes expansion and < 50 is contraction

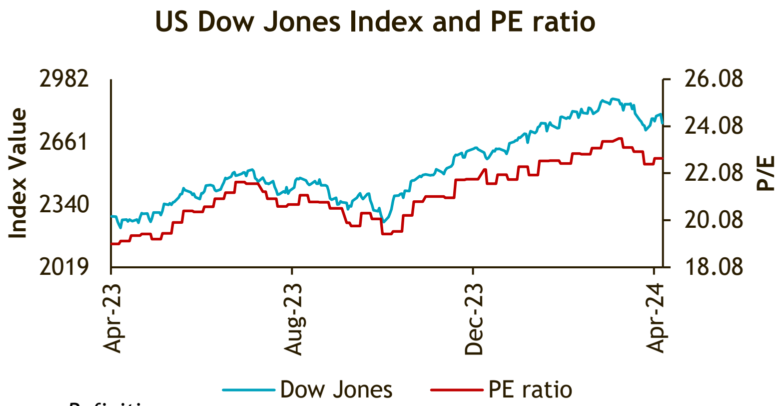
According to the National Bureau of Statistics, China's gross domestic product registered 5.30% annual growth in the first quarter of 2024 from 5.20% in the fourth quarter of 2023.



Source: Refinitiv

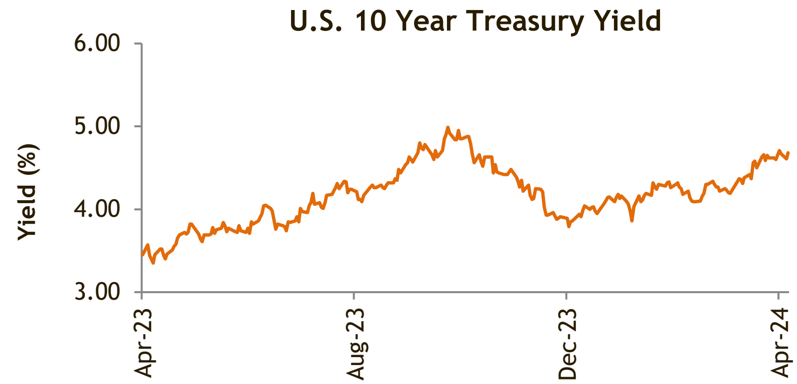
U.S. inflation stood at 3.50% in Mar 2024 from 3.20% in Feb 2024. The inflation rate in the eurozone for Mar 2024 rose to 2.40% YoY from 2.60% in Feb 2024.

CANARA ROBECO



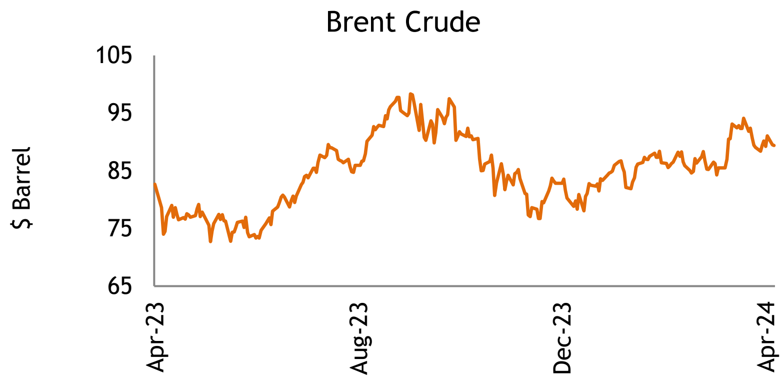
Source: Refinitiv

U.S. equity market fell after the Labor Department showed that U.S. non-farm payroll employment spiked by 303,000 jobs in Mar 2024 after surging by a downwardly revised 270,000 jobs in Feb 2024.



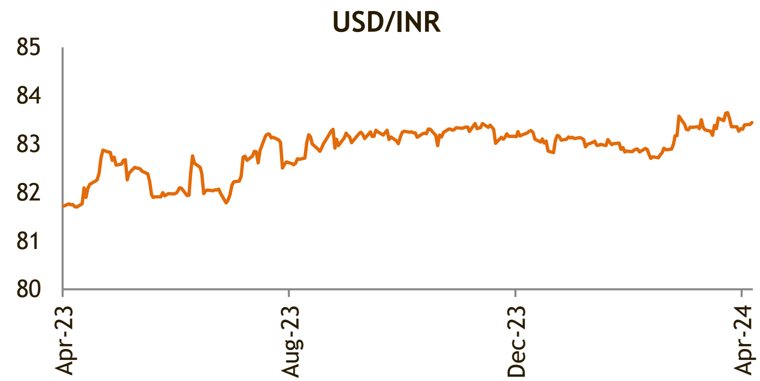
Source: Refinitiv

U.S. Treasury prices fell after the largest economy in the world produced more jobs than anticipated in Mar 2024.



Source: Refinitiv

Brent crude oil prices rose on supply concerns due to geopolitical tensions and optimism about the future of energy demand.



Source: Refinitiv

Rupee fell against the U.S. dollar as rising Middle East tensions weighed on Asian currencies.

CANARA ROBECO

Returns of Major Global Indices

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	CYTD
SSEC 52.87%	DAX 9.56%	RTS 52.22%	HangSeng 35.99%	Nasdaq -1.04%	RTS 45.28%	Nasdaq 47.58%	CAC 28.85%	STI 4.09%	Nasdaq 53.81%	Nikkei 13.36%
Nasdaq 17.94%	SSEC 9.41%	FTSE 14.43%	Nasdaq 31.52%	RTS -7.65%	Nasdaq 37.96%	Kospi 30.75%	Nasdaq 26.63%	FTSE 0.91%	Nikkei 28.24%	RTS 8.42%
Nikkei 7.12%	Nikkei 9.07%	DAX 6.87%	Kospi 21.76%	STI -9.82%	CAC 26.37%	Nikkei 16.01%	DAX 15.79%	Nikkei -9.37%	DAX 20.31%	DAX 7.05%
STI 6.24%	CAC 8.53%	Nasdaq 5.89%	Nikkei 19.10%	CAC -10.95%	DAX 25.48%	SSEC 13.87%	RTS 15.01%	CAC -9.50%	Kospi 18.73%	CAC 5.86%
DAX 2.65%	Nasdaq 8.43%	CAC 4.86%	STI 18.13%	Nikkei -12.08%	SSEC 22.30%	DAX 3.55%	FTSE 14.30%	DAX -12.35%	CAC 16.52%	FTSE 5.31%
HangSeng 1.28%	Kospi 2.39%	Kospi 3.32%	DAX 12.51%	FTSE -12.48%	Nikkei 18.20%	HangSeng -3.40%	STI 9.84%	SSEC -15.12%	RTS 11.63%	SSEC 4.37%
CAC -0.54%	RTS -4.26%	Nikkei 0.42%	CAC 9.26%	HangSeng -13.61%	FTSE 12.10%	CAC -7.14%	Nikkei 4.91%	HangSeng -15.46%	FTSE 3.78%	HangSeng 4.20%
FTSE -2.71%	FTSE -4.93%	HangSeng 0.39%	FTSE 7.63%	Kospi -17.28%	HangSeng 9.07%	RTS -10.42%	SSEC 4.8%	Kospi -24.89%	STI -0.34%	Nasdaq 3.65%
Kospi -4.76%	HangSeng -7.16%	STI -0.07%	SSEC 6.56%	DAX -18.26%	Kospi 7.67%	STI -11.76%	Kospi 3.63%	Nasdaq -32.97%	SSEC -3.70%	STI 1.62%
RTS -45.17%	STI -14.34%	SSEC -12.31%	RTS 0.18%	SSEC -24.59%	STI 5.02%	FTSE -14.34%	HangSeng -14.08%	RTS -39.18%	HangSeng -13.82%	Kospi 1.39%

CAC returns represented by CAC 40 Index (France)
DAX Index returns represented by FSE DAX (Germany)
FTSE returns represented by FTSE 100 (United Kingdom)
HangSeng returns represented by HangSeng (Hong Kong)
Nasdaq returns represented by Nasdaq 100 (US)
Nikkei returns represented by Nikkei 225 (Japan)
RTS returns represented by RTS Index (Russia)
SSEC represented by SHANGHAI SE COMPOSITE (China)
STI returns represented by FTSE Straits Times (Singapore)
Kospi represented by Kospi Index (South Korea)

Source: MFI Explorer

Key Global Market Highlights

- U.S. equity market fell after the Labor Department showed that U.S. non-farm payroll employment spiked by 303,000 jobs in Mar 2024 after surging by a downwardly revised 270,000 jobs in Feb 2024. However, economists had expected employment to jump by 200,000 jobs, which sparked worries about the direction of U.S. interest rates in the future. Losses increased after the Commerce Department showed that U.S. gross domestic product increased by 1.6% in the first quarter of 2024 after surging by 3.4% in the fourth quarter of 2023.

- U.S. Treasury prices fell after the largest economy in the world produced more jobs than anticipated in Mar 2024, according to data, indicating that the U.S. Federal Reserve will not be moving quickly to lower interest rates in the near future.

- European equity markets mostly fell due to persistent tensions in the Middle East, continuing uncertainty over U.S. Fed interest rate decisions in the wake of hawkish comments made by some Fed members, and data showing a higher-than-expected growth in non-farm payroll employment in the U.S. for the month of Mar 2024.

- Asian equity markets closed on a mixed note. Asian markets rose following upbeat results from major U.S. companies that beat market expectations. The market rose further after China's gross domestic product grew 5.3% on a yearly basis in the first quarter of 2024, which exceeded forecasts. The Japanese market fell as investors got worried by elevated global tensions and escalating doubts about the trajectory of U.S. interest rates.

Disclaimer

The information used towards formulating the outlook have been obtained from sources published by third parties. While such publications are believed to be reliable, however, neither the AMC, its officers, the trustees, the Fund nor any of their affiliates or representatives assume any responsibility for the accuracy of such information and assume no financial liability whatsoever to the user of this document. The document is solely for the information and understanding of intended recipients only. Internal views, estimates, opinions expressed herein may or may not materialize. These views, estimates, opinions alone are not sufficient and should not be used for the development or implementation of an investment strategy. Forward looking statements are based on internal views and assumptions and subject to known and unknown risks and uncertainties which could materially impact or differ the actual results or performance from those expressed or implied under those statements. All information contained in this document has been obtained by ICRA Online Limited from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA Online Limited or its affiliates or group companies and its respective directors, officers, or employees in particular, makes no representation or warranty, express or implied, as to the accuracy, suitability, reliability, timelines or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and ICRA Online Limited, or its affiliates or group companies and its respective directors, officers, or employees shall not be liable for any losses or injury, liability or damage of any kind incurred from and arising out of any use of this document or its contents in any manner, whatsoever. Opinions expressed in this document are not the opinions of our holding company, ICRA Limited (ICRA), and should not be construed as any indication of credit rating or grading of ICRA for any instruments that have been issued or are to be issued by any entity.

Readers are requested to click here for ICRON disclaimer - http://www.icraonline.com/legal/standard-disclaimer.html