

INVESTMENT OUTLOOK

National Front Highlight and Sector Spotlight

PSU, Pharma, Infrastructure, and Energy
Shine Amidst Market Correction



Mr. Uddhav Tulshibagwale
Founder
Udyam Investments

Monthly Investment Update:

Exploring Investment Opportunities in PSU and Pharma

"It has been a dynamic month on the national front. The grand inauguration ceremony of the Ram Mandir marked a monumental event for the country, witnessing a tremendous outpouring of both emotional and financial support. Over 15 stocks associated with the event experienced unprecedented rallies. Additionally, the impactful message delivered by the honorable Prime Minister on the 75th Republic Day has elevated the patriotic spirit to new heights."

While NIFTY and Sensex reached all-time highs this month, they were unable to sustain those levels and corrected to lower values. Both Sensex and Nifty concluded the month in the red. However, amidst this overall market correction, certain sectors and themes exhibited notable performance. Notably, PSU, Pharma, Infrastructure, and Energy emerged as the top-performing themes, delivering positive returns of 9.30%, 6.45%, 5.65%, and 3.64%, respectively. These trends align with our earlier discussions on emerging themes in our previous publications.

You can keep a closer eye on two mega themes – PSU and Pharma. In this month's 'Investment Gyan' section, we delve into the opportunities and options presented by these two significant themes.

Anticipate our special budget supplement, featuring a concise report, by February 10, 2024, as an exclusive edition for our readers.

Wishing you good health and a positive outlook!
Happy Investing!

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INVESTMENT GYAN

As you can see in the Category wise performance chart (data as on 28th Jan 2024), PSU & Pharma has really been a shining star in the month of January 2024:

Category	1 Day	YTD	1 Week	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
Equity: Thematic-PSU	0.84	5.93	3.50	9.30	36.61	70.04	43.55	24.35	16.81
Equity: Sectoral-Pharma	-0.99	4.08	1.06	6.45	19.56	42.52	15.17	22.42	15.20
Equity: Sectoral-Infrastructure	0.37	3.32	1.35	5.65	23.44	52.06	34.09	23.70	19.18
Equity: Thematic-Energy	0.59	0.44	1.56	3.64	19.82	29.81	24.95	21.53	20.00

Let us first drill the PSU theme:

PSU Funds are top performer in current chart. But you need to check the risk rewards equation in this special category...Is it the right time to invest in such fund or is it already costly? In last 3 months, this category has done extremely well and have emerged as a new industrial house. See the phenomenal performance of this category over last few months (data as on 28th Jan 2024):

Funds	1 Week Ret (%)	1 Month Ret (%)	3 Month Ret (%)	6 Month Ret (%)	1 Year Ret (%)
SBI PSU Fund	5.59	12.88	40.44	45.04	68.63
Aditya Birla Su Life PSU Equity Fund	3.30	9.62	41.69	50.23	73.25
ICICI Prudential PSU Equity Fund	2.37	7.53	33.41	39.26	61.40
Invesco India PSU Equity Fund	2.06	6.82	31.43	34.87	62.81

Even the SIP returns in these sectoral PSU funds, are more than 40% P.A.

PSU Stocks which have been listed for years and till a year back were available at dividend yield of 6 % and no one was ready to look at them. They have suddenly caught the fancy.

As reported in Economic Times:

"While this phase of **PSU** rally started with anything related to railways, in the last few sessions, every **PSU stocks** has been rallying. Given the fact that the institutional holding is not very high, any participation by either domestic or international investors can lead to a sharp spike. Normally, after this kind of spike comes into picture "money chases the momentum" part of any bull run. If one is looking to invest in a **PSU** after this run up, have the right expectations as their risks are very different as compared to private companies."

Another reason why expectations need a reset is that in the last six months, everyone has been looking for PSU stocks and when too many people are looking for something one needs to be watchful, as the possibility of weaker hands getting caught on the wrong foot are high.

PSU stocks over a long period of time use to do well only when, there was a divestment announcement in that stock or there was any dividend announcement in it. Nobody on the street was interested in looking at whether the company is growing at a good enough rate, what the business was, whether it had any moat or not. But then all of sudden things changed and the changes are flowing into every part of the PSU space.

Over the last nine years, rather than focusing on divestments, the government has been fixing some issues which were acting as hindrance in operational efficiency.

Well, this is not to say that everything has been sorted and doing well, but it surely far better than what it used to be. If one reads the management discussion and analysis part of some of the PSUs of last two years annual reports, they are every different from what they used to be a decade ago.

In the last three months, the returns delivered by PSU stocks have not only made them out performers in the short term, but in certain cases, they have been able to cover the underperformance of the past many years. Key reason has been the realization on the street that some of these PSUs operate in an area where the private sector will not or cannot make an entry for multiple reasons. Like in case of railways, the project is so large with such a long payback period that only a PSU financier focusing on railway has the ability to do it because its cost of funds is very low.

Not to forget - government has pushed for operational reforms through their various administrative ministries, which has resulted in this change! So, policy continuity at the central government level has becoming extremely important for PSU to continue good performance. Street has crossed their fingers to see the continuity in central government stand.

Conclusion: This PSU category is a good, long term wealth creator category. There are a lot of upside remaining in this category and one should capture this theme through SIP route.

Now let us drill upon the second mega theme – Pharma! Pharma as an index has shown a historic break out after 2015. Experts believe that this break out is sure shot bull signal. Even the pharma fund chart given below speaks the same signal (data as on 28th January 2024):

Funds	1 Wk Ret (%)	1 Mth Ret (%)	3 Mth Ret (%)	6 Mth Ret (%)	1 Yr Ret (%)
Quant Healthcare Fund - Regular Plan	-0.77	8.40	24.15	28.29	--
Aditya Birla Sun Life Pharma & Healthcare Fund - Regular Plan	1.14	7.57	21.20	24.60	48.12
Tata India Pharma & Healthcare Fund - Regular Plan	1.17	6.72	19.72	22.58	43.94
ICICI Prudential Pharma Healthcare & Diagnostics (P.H.D) Fund	0.86	6.63	20.31	24.11	50.83
Nippon India Pharma Fund	0.60	6.34	19.91	22.31	47.31
Mirae Asset Healthcare Fund - Regular Plan	1.60	6.10	18.76	21.13	41.43
HDFC Pharma And Healthcare Fund - Regular Plan	1.47	6.02	20.25	--	--
ITI Pharma and Healthcare Fund - Regular Plan	0.48	5.81	19.48	19.69	37.17
SBI Healthcare Opportunities Fund	0.19	5.69	18.83	17.19	44.75
UTI Healthcare Fund - Regular Plan	0.82	5.29	18.15	22.88	45.77
DSP Healthcare Fund - Regular Plan	1.02	5.22	18.96	22.51	42.64
LIC MF Healthcare Fund - Regular Plan	1.39	4.74	19.99	19.36	34.24
Kotak Healthcare Fund - Regular Plan	1.26	4.56	--	--	--

On the Risk – Reward proposition also, pharma as a sector is very well placed.

“The government aims to grow the pharmaceutical industry by about four times to \$200 billion by 2030, Arunish Chawla, secretary, department of pharmaceuticals, said on Friday. And to rise to that challenge, we have initiated the production-led incentive scheme, but not just for formulations, but also bulk drugs, drug intermediates, and the medi-tech sector, which are the rising sectors of our economy,” he added.



pharmaceutical
market

India has the largest number of FDA- approved plants in the US and exports to 200 countries with value accounting to more than \$50 billion. Further, two-thirds of global vaccines for World Health Organization requirements are met by India.

“India for India makes sense. And China for the world used to be the biggest title. Today, I want to say China and India for the world, not only China. We need to balance. You don’t put all your eggs in one basket. India will need to make sure the infrastructure exists for these companies to grow. We will have much more manufacturing.” said Elie Chaillot, president and chief executive of Intercontinental GE HealthCare told Mint in September.

Over the past five decades, Indian pharma stocks have experienced significant growth in domestic and global markets. From contributing just 5% of the medicine consumption in 1969 (95% share with the global pharma), the share of “Made in India” medicines in the Indian pharma market is now a robust 80%.


Thus, considered the third largest in terms of volume and the thirteenth largest in value, the Indian pharma companies are attracting a new set of investors heavily. Therefore, pharma sector stocks are suitable for top-down and bottom-down investing, which are also considered defensive stocks.






Conclusion: Pharma as a theme is the most attractive theme in the year 2024 and needs to be added in your SIP portfolio or lumpsum investment portfolio.

Disclaimer: Mutual Fund investments are subject to market risks. Read all scheme related documents carefully.

MARKET INDICATORS

EQUITY MARKET SNAPSHOT - LAST ONE YEAR







Period	KEY INDIAN INDICES 					
	SENSEX	NIFTY 50	Nifty Next 50	Nifty Midcap 150	Nifty Smallcap 250	Nifty 500
31st January 2024	71752.11	21725.70	55299.25	17884.70	15063.50	19802.10
1 Month	-0.68%	-0.03%	3.66%	4.73%	7.28%	1.92%
3 Months	12.33%	13.87%	25.63%	22.78%	25.28%	17.86%
6 Months	7.85%	9.98%	22.11%	26.48%	32.66%	16.08%
1 Year	20.49%	23.01%	41.07%	54.22%	62.64%	32.58%
Current P/E	25.57	22.46	24.78	27.5	28.76	24.2
Current P/B	3.73	3.81	4.44	4.24	3.89	3.98

Period	KEY INTERNATIONAL INDICIES					
	USA 		UK 	HONG KONG 	JAPAN 	GERMANY 
	NASDAQ 100	S&P 500	FTSE 100	Hang Seng	Nikkei 225	DAX
31st January 2024	17137.24	4848.87	7630.57	15485.07	36286.71	16903.76
1 Month	1.85%	1.66%	-1.33%	-9.16%	8.43%	0.91%
3 Months	18.93%	15.62%	4.22%	-9.51%	17.59%	14.13%
6 Months	8.76%	5.66%	-0.89%	-22.88%	9.39%	2.78%
1 Year	41.61%	18.94%	-1.82%	-29.11%	32.79%	11.74%
Current P/E	22.8	26.0	11.6	10.9	16.6	16.5
Current P/B	3.7	2.9	1.8	1.0	1.9	1.3

COMMODITY MARKET SNAPSHOT - LAST ONE YEAR

Period	GOLD - MCX		SILVER - MCX		CRUDE OIL	
	INR 10 GRAMS	%	INR 1 KG	%	USD / BRL	%
31st January 2024	62860	-	72330	-	80.55	-
1 Month	62954	-0.15%	74430	-2.82%	77.04	4.56%
3 Months	61077	2.92%	72770	-0.60%	87.41	-7.85%
6 Months	59628	5.42%	75258	-3.89%	85.56	-5.86%
1 Year	56864	10.54%	68831	5.08%	84.49	-4.66%

OTHER MARKET INDICATORS

Country	India 	USA 	China 	Japan 	Germany 	UK 
GDP (USD Bil.)	USD 3730 Bn	USD 25462 Bn	USD 17963 Bn	USD 4231 Bn	USD 4072 Bn	USD 3070 Bn
10 yr Govt. Bond Yield	7.12%	3.94%	2.44%	0.69%	2.16%	3.79%
Global Currencies vs. INR	1.00	USD 1 / INR 82.98	Yuan 1 / INR 11.71	Yen 1 / INR 0.57	Euro 1 / INR 89.67	GBP 1 / INR 105.19
Current Inflation Rate	5.69%	3.40%	-0.30%	2.60%	2.90%	4.00%

NIFTY EQUITY SECTORAL INDICIES 31st January 2024

INDEX	CURRENT	1 WEEK%	1 MONTH%	1 YEAR%	52W H	FALL FROM 52 WEEK HIGH
NIFTY AUTO	19,227.15	3.29%	3.40%	44.31%	19,257.10	-0.16%
NIFTY BANK	45,996.80	2.52%	-4.64%	13.14%	48,636.45	-5.43%
NIFTY COMMODITIES	7,973.10	3.10%	3.30%	39.84%	8,018.45	-0.57%
NIFTY CONSUMER DURABLES	31,471.65	1.36%	1.14%	30.32%	32,590.20	-3.43%
NIFTY ENERGY	36,748.00	4.39%	9.55%	54.97%	37,221.95	-1.27%
NIFTY FMCG	55,071.40	-0.26%	-3.88%	23.88%	57,966.70	-4.99%
NIFTY HEALTHCARE INDEX	11,421.85	2.90%	7.13%	45.65%	11,455.10	-0.29%
NIFTY INDIA CONSUMPTION	9,627.95	1.00%	0.82%	31.00%	9,709.60	-0.84%
NIFTY INDIA DIGITAL	7,641.60	1.51%	4.51%	47.31%	7,732.50	-1.18%
NIFTY INFRASTRUCTURE	7,859.90	2.65%	7.61%	55.29%	7,973.45	-1.42%
NIFTY IT	36,638.40	0.39%	2.64%	23.19%	37,929.30	-3.40%
NIFTY METAL	7,973.10	3.28%	-0.33%	23.26%	8,055.60	-1.02%
NIFTY OIL & GAS	10,728.65	5.36%	12.07%	41.42%	10,938.25	-1.92%
NIFTY PHARMA	17,938.65	2.32%	6.41%	45.13%	18,003.15	-0.36%
NIFTY REALTY	856.2	3.96%	8.85%	108.04%	894.4	-4.27%
NIFTY100 ESG	4,230.75	1.71%	0.61%	27.30%	-	-

Ratio of total market cap over GDP

Recent 10 Year Maximum - 132%

Recent 10 Year Minimum - 48.29%

Current Market Cap / GDP- 124%

Current Market Cap of India as on 31st January 2024 - INR 385.11 Lakhs CR.

Current GDP: \$3.73 TRLN US dollars or INR 310 Lakhs CR.

GDP Growth Figures**% of Growth**

LATEST QUARTER (JAS 2023)

7.60%

PREVIOUS QUARTER(AMJ 2023)

7.80%

YEAR AGO (JAS 2022)

6.20%

FII's/FPI's Activities in Indian Equity Markets**FII / DII - ACTIVITIES IN INDIAN EQUITY MARKET (CASH)**

Month- Year	FII (Rs Crores)	DII (Rs Crores)
	Net Purchase / Sale	Net Purchase / Sale
Jan-24	-35977.87	26743.63
Dec-23	31959.78	12942.25
Nov-23	5795.05	12762.14
Oct-23	-29056.61	25105.86
Sep-23	-26692.16	20312.65
Aug-23	-20620.65	25016.95
Jul-23	13922.00	-1184.00
Jun-23	27250.00	4458.00
May-23	27856.50	-3306.40
Apr-23	5711.80	2216.57
Mar-23	1997.70	30548.77
Feb-23	-11090.64	19239.28
Last 12 Months	-8945.10	174855.70

COUNTRY WISE FPI AUC (Asset Under Custody) IN INDIAN MARKET

Country Wise AUC (in cr.)	As on Dec 31, 2023	% of Holdings
UNITED STATES OF AMERICA	2568441	42%
SINGAPORE	449690	7%
LUXEMBOURG	450683	7%
MAURITIUS	335386	6%
UNITED KINGDOM	322280	5%
IRELAND	332520	5%
NORWAY	205847	3%
CANADA	165425	3%
JAPAN	153433	2%
FRANCE	182004	3%
OTHER	966446	16%
Total	6132155	100%

SECTOR WISE FPI AUC (Asset Under Custody) IN INDIAN MARKET

Sector Wise AUC (in cr.)	As on Dec 31, 2023	% FPI Holdings
Financial Services	1947278	31.76%
Information Technology	600018	9.78%
Oil, Gas & Consumable Fuels	519314	8.47%
Fast Moving Consumer Goods	419522	6.84%
Automobile and Auto Components	411001	6.70%
Healthcare	333871	5.44%
Capital Goods	270580	4.41%
Power	248719	4.06%
Consumer Durables	203322	3.32%
Metals & Mining	188162	3.07%
Top 10 Sector Holdings	5141787	83.85%
OTHERS	990368	16.15%
FPI HOLDING IN INDIAN EQ MARKET	6132155	100.00%

Mutual Fund CATEGORY AVG Performance across Industry - 31st January 2024

Equity Funds Category - AVG Performance across Industry				
Category Type	1 Month	3 Months	6 Months	1 year
Equity- Infrastructure	6.45	25.17	26.98	55.53
Small-Cap	4.11	18.57	23.44	49.05
Sector - Healthcare	6.56	23.09	21.02	46.67
Mid-Cap	3.49	19.72	22.18	46.23
Multi-Cap	3.39	18.89	20.06	41.96
Dividend Yield	3.42	20.96	21.72	41.45
Value	3.82	21.75	22.38	41.39
Contra	3.24	21.42	21.6	39.40
Large & Mid- Cap	2.72	18.36	18.22	37.07
Flexi Cap	2.11	17.13	16.94	34.53
ELSS (Tax Savings)	1.81	16.7	16.17	33.83
Focused Fund	1.7	16.49	15.11	31.33
Large-Cap	0.92	16.17	13.08	28.60
Sector - Technology	4.03	20.52	23.78	28.09
Equity - ESG	1.27	15.35	13.9	28.08
Sector - Financial Services	-0.96	11.72	9.6	22.73
Sector - FMCG	4.18	7.86	2.8	19.46

Fixed Income Category- AVG Performance across Industry				
Morningstar Category	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR
Credit Risk	0.68	1.75	3.63	7.44
Government Bond	0.83	2.93	3.4	7.31
Arbitrage Fund	0.8	1.8	3.74	7.31
Floating Rate	0.51	1.61	3.08	7.02
Long Duration	1.51	3.4	3.26	6.96
10 yr Government Bond	0.73	2.92	3.12	6.95
Medium to Long Duration	0.71	2.56	2.82	6.73
Dynamic Bond	0.64	2.41	2.87	6.52
Low Duration	0.48	1.48	2.88	6.48
Corporate Bond	0.56	1.84	2.78	6.36
Banking & PSU	0.5	1.74	2.83	6.33
Medium Duration	0.54	1.89	2.62	6.24
Ultra Short Duration	0.47	1.44	2.9	6.21
Short Duration	0.5	1.67	2.74	6.18
Money Market	0.49	1.42	2.78	6.14
Liquid	0.43	1.35	2.8	5.95

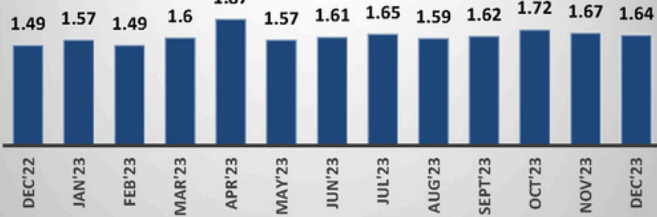
Balance Fund Category- AVG Performance across Industry				
Category Type	1 Month	3 Months	6 Months	1 year
Aggressive Allocation	1.86	13.03	12.25	25.81
Dynamic Asset Allocation	1.64	11.12	11.15	21.47
Balanced Allocation	0.11	7.54	6.69	16.75
Equity Savings	1.05	6.11	6.70	14.43
Conservative Allocation	0.73	4.84	5.09	11.19

Source - Morning Star as on 31st January 2024

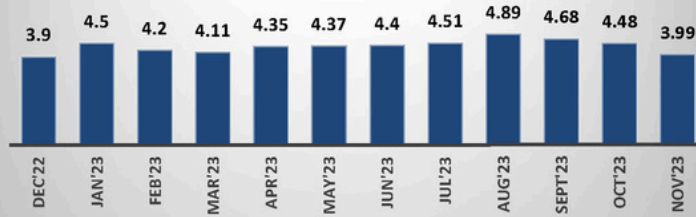
NOTE: This is not a single scheme fund performance. This is an average performance of all the funds in same category across the mutual fund industry. However, performance may be different for different scheme under same category. Please check with your advisor for the top performing funds in above category for last one year.

MACRO ECONOMIC INDICATORS

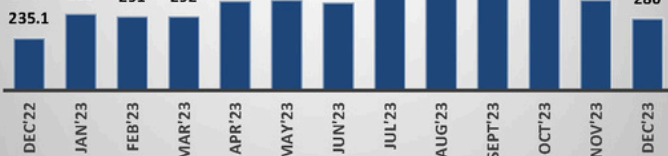
GST Collection (Rs. Lakh cr.)



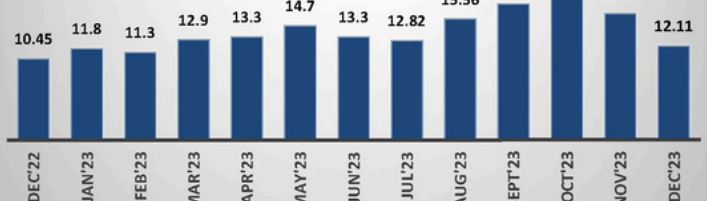
Power Consumption('000 MU)



Passenger Vehicles Sales('000 Units)



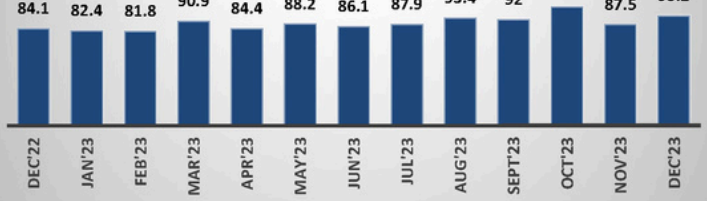
2-Wheeler Vehicles Sales('00000 Units)



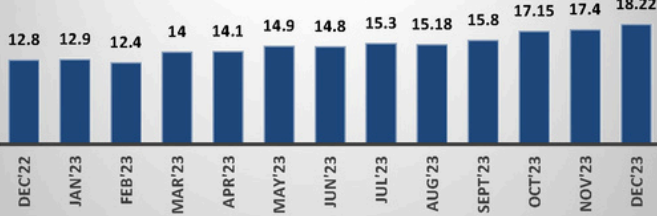
Electric Vehicles Sales('000 units)



E-way bills(Mn.)



UPI Transaction(Rs. Lakh cr.)



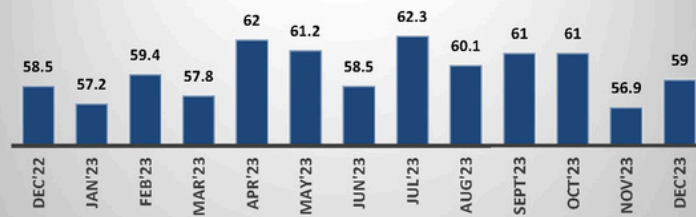
E-toll Collection(Rs. Cr.)



Manufacturing PMI



Services PMI



Source - Morning Star as on 31st January 2024

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INSPIRNIG INVESTMENT STORY

A JOSEPH - Age: 65 years

This is another inspiring story about a retired person Mr. A Joseph, glowing recommendation of one of our esteemed clients and little did we know that we were about to unravel a tale of financial wisdom and foresight. At the age of 65, Mr. Joseph, a retired individual, approached us with a keen interest in exploring investment opportunities in Mutual Funds. As we delved into the planning process for his fresh investment, he shared a remarkable backstory that captured the essence of his financial journey.

Recounting the years 2006 and 2007, Mr. Joseph revealed that upon the maturity of his Fixed Deposits during those years, he made a pivotal decision to channel the entire amount, along with accrued interest, into Mutual Fund schemes. Fast forward to our meeting, and the revelation was awe-inspiring – his initial investment of nearly Rs. 4.75 Lakhs had burgeoned into a staggering Rs. 45.2 Lakhs.

The joy radiating from Mr. Joseph's face was palpable as he witnessed his investment grow almost tenfold. It was a testament to the untapped potential of the equity market and the remarkable growth one can achieve through steadfast, long-term investment.

Eager to share the wealth of his newfound financial wisdom, Mr. Joseph decided to extend the benefits of compounding to his loved ones. Fueled by the success of his own Mutual Fund journey, he took the initiative to invest a fresh amount in Equity Mutual Funds for his children. This thoughtful gesture reflected not only his confidence in the market's potential but also his desire to secure a prosperous future for his family.

Mr. Joseph's journey serves as a beacon of inspiration, illustrating the incredible rewards that come to those who choose to stay invested in the equity market over the long haul. His decision to shift funds from Fixed Deposits to Equity Mutual Funds was not just a financial move; it was a strategic step toward unlocking the true power of compounding.

Fund Name	Investment Since (Date)	Balance Unit	Average Cost	Cost - Amount	NAV	Present Market Value	Growth (No. of Times)
Franklin India Equity Advantage-G	01/02/2006	19211.784	16.14	310078	152.401	2927895	9.4
HDFC Flexi Cap-G	03/02/2006	564.794	114.56	64700	1539.884	869717	13.4
Nippon India Large Cap-G	08/08/2007	9779.951	10.23	100000	74.0151	723864	7.2
Total				474778		4521476	9.5
Fixed Deposit	01-02-2006	-	-	474000	-	1624451	3.4
Gold	01-02-2006	-	-	474000	-	3636008	7.7
PPF	01-02-2006	-	-	474000	-	1869916	3.9

In the tapestry of financial stories, Mr. A. Joseph's narrative stands out as a testament to the profound impact of informed decisions, patience, and a belief in the potential for growth. As he embraces the fruits of his investment journey, Mr. Joseph leaves an indelible mark on the canvas of financial wisdom, inspiring others to navigate the markets with confidence and foresight.

Note: The above story is not a real story of an investor. However, names and figures are calculated for the purpose of presentation. The schemes shown here are not to be treated as our recommendation. Investor should check their own risk return appetite before choosing any plan for investments.



AMFI REGISTERED MUTUAL FUND DISTRIBUTOR

Disclaimer: Mutual Fund investments are subject to market risks. Read all scheme related documents carefully. The NAVs of the schemes may go up or down depending upon the factors and forces affecting the securities market including the fluctuations in the interest rates. The past performance of the mutual funds is not necessarily indicative of future performance of the schemes. The Mutual Fund is not guaranteeing or assuring any dividend under any of the schemes and the same is subject to the availability and adequacy of distributable surplus.



www.udyaminvestments.com



mutualfunds@udyaminvestments.in



+91-9822672235, +91-8448440734



**Ground floor, Shop No. 1, Shantideep, Tulshibagwale colony, Pune,
Maharashtra - 411009**