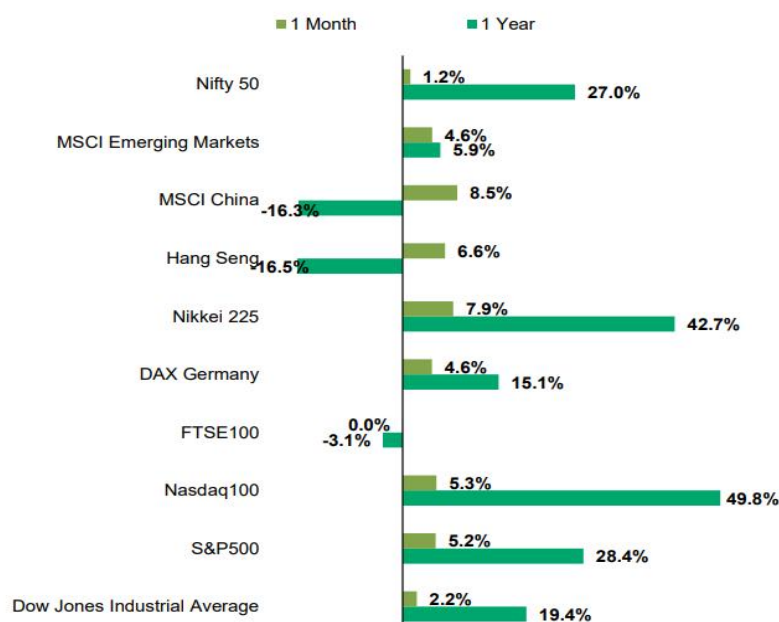


Market Commentary
Mar 2024
Global Indices


While Nifty 50 had a good run last 1 year, globally Nasdaq 100 (+49.8%) has been the best performer propelled by investor optimism about Artificial Intelligence.

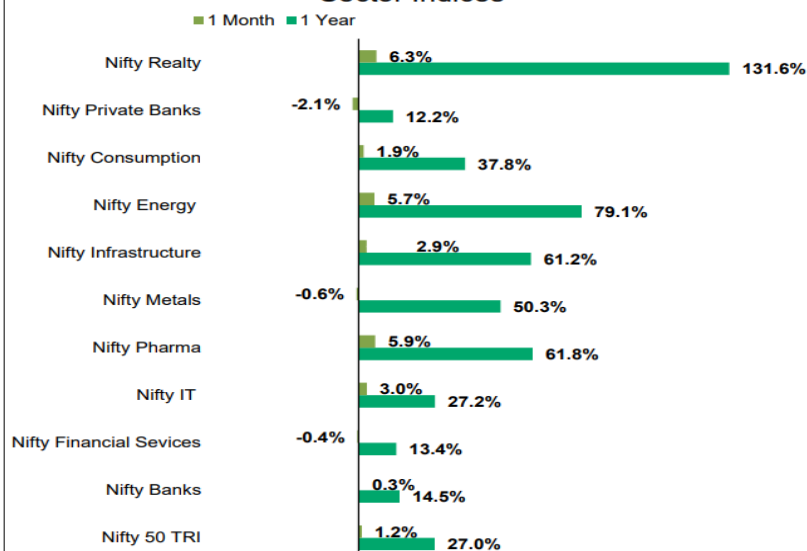
The worst performing markets in the last 1 year, were Shanghai (-16.3%) & Hang Seng (-16.5%)

This month these markets saw a bounce back with Shanghai (+8.8%) Hangseng (+6.6%)

February month was good for overall global markets, with Nikkei, up 7.9% during the month (continuing the rally it has seen in the last 1 year).

The Indian markets continue to see strong momentum around mid cap and small cap segment, in-spite of fund managers & regulators red flagging lofty valuations in large pockets within the segment

	Date	Peak Values	Values on 29 Feb 24	Diff from Previous Peak
Nifty	15-Sep-23	20192	21983	8.87%
Nifty Midcap 150	08-Sep-23	15505	17831	15.00%
Nifty Small Cap 250	17-Oct-23	12530	14965	19.43%

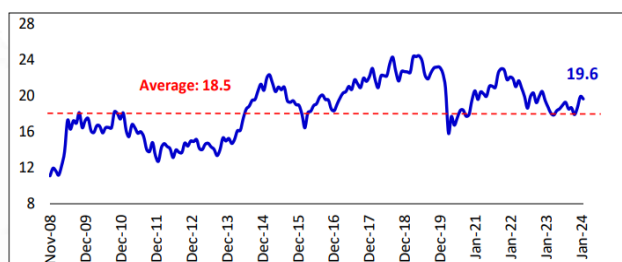
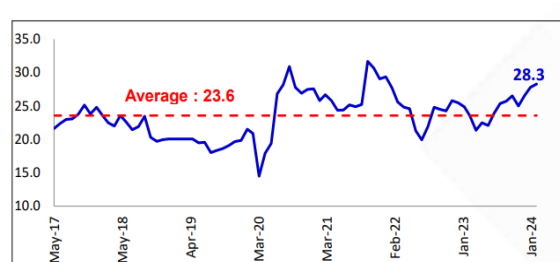
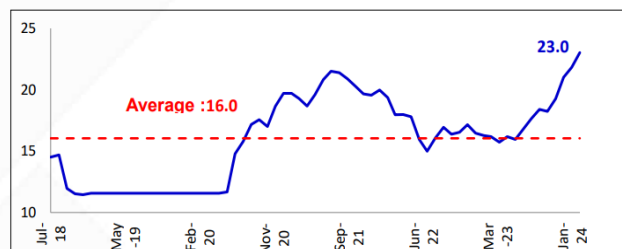
Sector Indices


The year was good for all sectors which ended in the positive with Nifty Realty posting the highest return of 131%. The realty Index was also the best performer during the month (+6.3%)

Nifty Private Banks & Financials were laggards during the last 1 year.

Nifty 50 (+1.2%) in February, outperformed the Nifty Midcap150 (-0.20%) & Nifty Smallcap250 (-0.56%)

- Mid & Small caps are trading at high premiums over their historical averages.
- Fund Managers have voiced concerns about lofty valuations in this segment as a whole, and this has been the view since the last 4-5 months for a lot of managers.
- SEBI too has raised concerns & have advised caution to the AMCs.

NIFTY P/E (x) - 1 Year Forward

NIFTY Midcap 150 P/E (x) - 1 Year Forward

NIFTY Smallcap 250 P/E (x) - 1 Year Forward

Valuation

Largecap	6% premium to historical average
Midcap	20% premium to historical average
Smallcap	44% premium to historical average

Source : Motilal Oswal, Bloomberg

Market Outlook – Riding High on Optimism

- The rally in the Indian markets has been mostly driven by strong retail participation.
- The market depth is not sufficient to absorb secular FII inflows & thus most inflows are likely to be directed towards large caps. We believe, FIIs inflows could be selective and in spurts
- Earnings season has been positive and in line with expectations, but markets are trying to discount FY 26 Earnings and justify valuations
- Secular rally may be difficult going forward. Stock selection and fund manager alpha will matter
- Markets are also adjusting to the upcoming large event – Lok Sabha elections in May
- While markets are riding high on optimism around the NDA partners led by BJP forming the govt yet again, the markets may have discounted this to a large extent.
- However, any -ve surprise (albeit a very low probability event as of now), could lead to a stronger reaction & increased volatility.
- We continue to follow asset allocation as a strategy

For any queries, please contact:

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