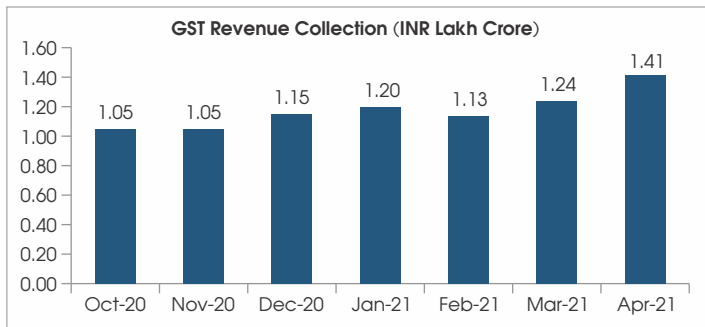


It was a nervous and volatile April for the Indian equity markets as it faced heightened local news flow related to Covid and imposition of partial lockdowns. The surge in number of cases and fatalities led to global concerns and nervousness from investors perspective. This led to bouts of sharp corrections. However, investors looked beyond the current challenges and used every correction as an opportunity. As a result, the Nifty-50 index ended the month with minor losses of 0.4%. Broader markets did better with the BSE Mid-cap and BSE Small-cap 250 indices gaining 0.6% and 4.1% respectively.

On the monetary front, the RBI (India's Central Bank) as well as the US Fed kept interest rate unchanged. FPIs sold ~USD1.3bn of Indian equities while DIIs bought ~USD1.3bn during the month. On the macro front, March CPI inflation rose to 5.52% compared to 5.03% in February. February IIP contracted 3.6% as against a fall of 0.9% in January. March WPI inflation rose to 7.4% compared to 4.2% in February. GST Collections reported for April were very strong setting new highs and exceeding Rs 1.4 lakh crore (~USD 20bn), a 14% MoM growth.

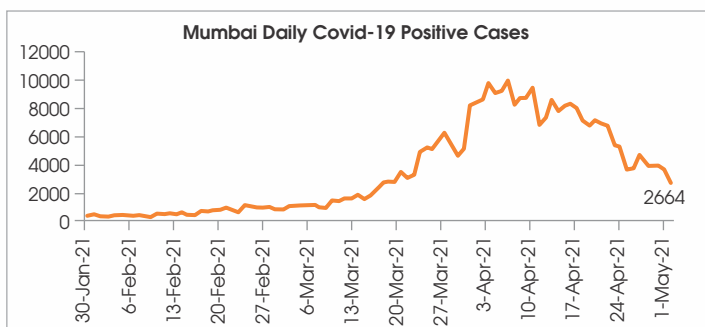


Source: Pib.gov.in

Covid - Near Term Pain, but there is hope

Covid Daily cases reported in India crossed 1st wave highs and reached over 4 lakh cases a day by April end. The sharp increase in number of Covid cases led to a shortage of medical supplies leading to higher fatalities and scare, along with imposition of stricter restrictions on movement and lockdowns.

The shortages of medical supplies should be remedied soon with help from industry and global support. Mumbai, amongst the worst affected cities, has already shown signs of having flattened the curve and the city also has enough oxygen to meet demand. Hopefully, other parts of Maharashtra and the country will also report a flattening of the curve soon. The rise in daily new cases has slowed. The Indian government also stepped-up vaccination drive allowing all persons above 18 years of age to get Covid vaccine doses from May 1, 2021.



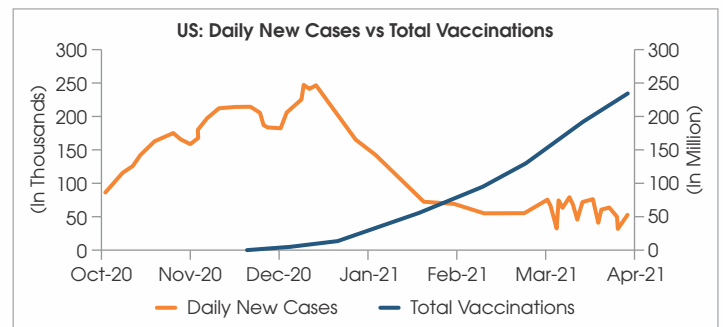
Source: BMC

Source*: NSDL, PTI, ANI, Bloomberg, BSE

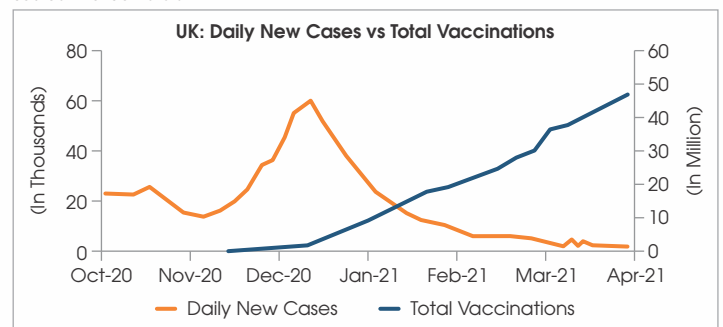
Vaccinations seem to be working

As per projections, it is expected that almost 88% of population over 40 would be vaccinated by October 2021 and over 25% of the population would be inoculated atleast once by August. (Source: Investec Research). Given the experiences of lower covid infection rate and lower mortality in other countries, there can be expectations of tiding over the pandemic without major impact to the economy going forward.

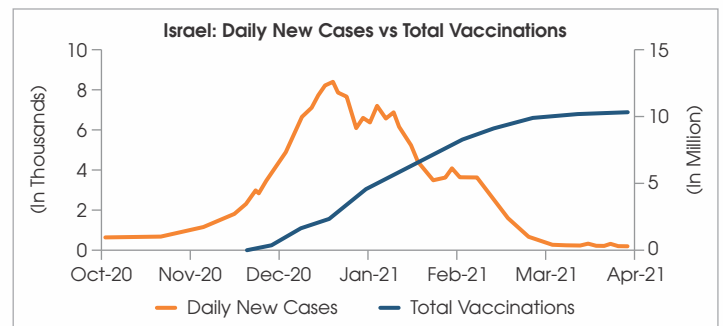
Given the experiences from other countries, there may be expectations that most of the pain of the second wave might be over before the end of this quarter.



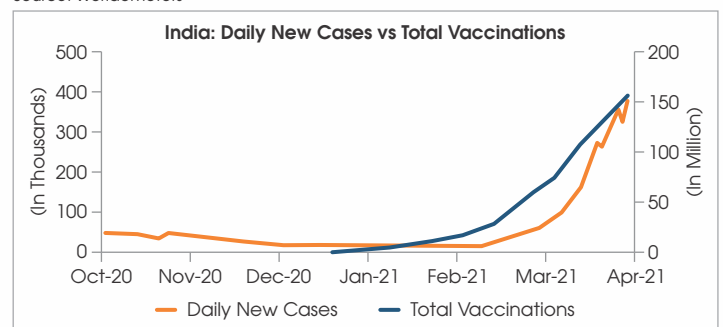
Source: Worldometers



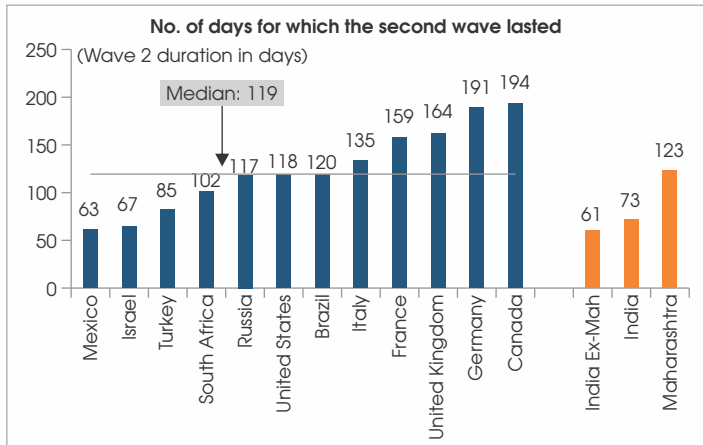
Source: Worldometers



Source: Worldometers



Source: Worldometers



Source: CLSA, Our World in data, Ministry of Health

Market Outlook

We are in the midst of an uncertain and confusing environment. On one hand, we are facing probably the biggest challenge since Independence due to the second wave of Covid and subsequent pressure on the economic recovery. On the other hand, there is optimism that this will also pass as Government, Global countries, corporates and mankind get together to do their best by addressing oxygen, hospital beds, ICUs and medicine shortages and massive aids. The surge in cases has also led to fast tracking of vaccine and drug approvals by Indian authorities and this would surely lead to major relief in both number of cases and fatality ratio soon.

The results season has started off well and it is expected that earnings will continue to be higher than expectations. Though the surge in Covid cases will surely have an impact in the April/June quarter, the partial lockdowns will mean that it will be much shallower than last year.

India has underperformed the global peers in the near term driven by the sharp increase in covid cases. Emerging market flows continue to be buoyant and our view is that near term outflows from FPIs will reverse into huge inflows, as Covid 2nd wave starts to mellow down. Domestic flows continue to be strong and can also accelerate from here.

We would recommend using any dips as an opportunity to correct any equity underweight. Broader markets have been doing much better than "Quality at any Price" and this trend will only strengthen in the year to come.

Disclaimer

Abakkus Growth Fund ("AIF Fund") is a SEBI registered Category III Alternative Investment Fund and is managed by Abakkus Asset Manager LLP ("Abakkus"). Abakkus is also a SEBI registered Portfolio Manager.

This document is for the purpose of information only and is neither a general offer to buy or sell nor solicitation of an offer to buy or sell any schemes of the AIF Fund or invest under the Portfolio Management Services offered by Abakkus. The delivery of this document at any time does not imply that information herein is correct as of any time subsequent to its date. The contents of this document are provisional and may be subject to change and Abakkus has no obligation to update any or all of such information. In the preparation of the material contained in this document, the information used is based on publicly available data, certain research reports including information developed in-house. Abakkus warrants that the contents of this document are true to the best of its knowledge, however assume no liability for the relevance, accuracy or completeness of the contents herein. Abakkus (including its affiliates) and any of its Partners, officers, employees and other personnel will not accept any liability, loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this document in any manner whatsoever. This document may include certain statements which contain words or phrases such as "believe", "expect", "anticipate", "estimate", "intend", "plan", "objective", "goal", "project", "endeavor" and similar expressions or variations of such expressions that are forward-looking statements. Actual results may differ materially from those suggested by the forward-looking statements due to risks, uncertainties or assumptions. Prospective investors should make an independent assessment, and consult their own counsel, business advisor and tax advisor as to legal, business and tax related matters concerning this document. The information contained in this document has been prepared for general guidance and does not constitute a professional advice and no person should act upon any information contained herein without obtaining specific professional advice. Abakkus nor its Affiliates or advisors would be held responsible for any reliance placed on the content of this document or for any decision based on it. Each existing / prospective investor, by accepting delivery of this document agrees to the foregoing. The investments are subject to several risk factors including but not limited to political, legal, social, economic and overall market risks. The recipient alone shall be fully responsible/are liable for any decision taken on the basis of this document.

CIN: AAM-2364 PMS SEBI Reg.: INP000006457 AIF SEBI Reg.: IN/AIF3/18-19/0550

Corporate Investment Adviser Registration no. INA000015729

Contact us

For Investor Service Queries

Write to us at abakkus@camsonline.com or call at +91 44 61092415 or +91 44 28432215

Abakkus Asset Manager LLP

Abakkus Corporate Center, 6th Floor, Param House, Shanti Nagar, Near Grand Hyatt, Off Santacruz Chembur Link Road, Santacruz East, Mumbai - 400055, India. Ph: +91 22 68846600 info@abakkusinvest.com