

THE **UPPER** EDGE

QUARTERLY INVESTORS' DIGEST

POLLS AND PORTFOLIOS



Q2 2024
APRIL
ISSUE 5

Disclaimer

The information provided herein is for the use of the exclusive and confidential addressee only. Any use of this information will be strictly prohibited if reproduced or distributed without the prior permission of UpperCrust Wealth Pvt. Ltd. The information contained here is not an official confirmation of any transaction, but it is prepared for the audience's request. Additionally, any information that comprises value, analysis, prices mentioned are for the public only and may be subject to change.

The information included here is solely intended to provide general guidelines pertaining to interest for the personal use of the reader that uses it for his/her own use. Readers must evaluate all risk-related factors while making any investments. The result may differ materially from stated by the forward-looking statement due to certain risks, uncertainty, or factors, and so readers should consider all elements before making any investments.

UpperCrust Wealth Pvt. Ltd. makes every effort possible in order to make this information more comprehensive, reliable, however no warranties that the company provide nor assume any liability for the use of any information herein provided in this document. It does not imply any representation with respect to any data set forth herein.

This document serves as a general source of information and does not construe as a form of recommendation or any particular transaction. UpperCrust and its directors, employees, and agents will not be liable for any direct or indirect, incidental or consequential damages incurred relative to any information contained in this document.

Neither UpperCrust Wealth Pvt. Ltd. nor its affiliates has undertaken any legal, tax, regulatory, compliance, financial analysis relating to the suitability of the securities. All recipients should consult their attorney, advisor, a tax expert for any finance or tax-related implication prior to acting on the information set forth herein.

UpperCrust Wealth Private Limited - AMFI ARN: 181135 | CIN: U67100GJ2021PTC122268
Moat Financial Services Private Limited - SEBI PMS: INP000004482 | CIN: U67120KL2012PTC031033
Ideal Insurance Brokers Private Limited - IRDA License Number: 310 | CIN: U65929WB2005PTC101118
MyAdvisor Finserv Private Limited - CIN: U67190GJ2010PTC060177
Alphaware Advisory Services Private Limited - SEBI RIA: INA000015747 | CIN: U74999MH2019PTC320573



In this Issue

01

Notes from My Inbox

The Inevitable Return

03

Market Update

Momentous Markets



06

Sector Analysis

The Post-Election Plot

10

Asset Allocation

Creating
Safety Nets

11

Strategic Partnerships

12

UpperCrust Updates and
Performance



13

Moat UpperCrust
Wealth Funds

14

Uppercrust Turns 3
What Did We Accomplish?



If you're viewing this document digitally, clicking on the topic in the index will take you to the respective article. And, clicking on the UpperCrust logo anywhere in the document will take you back to the index.



Notes from My Inbox

*By Durgesh Pandya
Chairman
UpperCrust Wealth*

The Inevitable Return

"The power of 125 crore Indians is equal to the power of all the countries of the world." - Prime Minister Narendra Modi

This charismatic line from 2014 is not an election spiel, but the source of strength that fuelled the incumbent to fulfil the objectives it guaranteed a decade ago, changing the world's perception of India in its wake.

While the number of Indians has grown to 142 crore (14% growth), the nation's GDP has grown by 2x to US\$ 4 trillion, ranking us as the 5th largest economy in the world from being among the "Fragile 5" prior to 2014!

Now that we're back in election season, the incumbent has outlined its next set of voracious goals of 8x GDP growth, 3x growth in electronics manufacturing and being energy + defence independent - all before 2047.

As we look forward to hitting a century of being an independent nation, the continuation of the incumbent seems to not just be preferable, but inevitable - and the markets will reward this for 3 reasons.

1. Minimal Uncertainty

While the average return in the cumulative 2-year span around the election is around 41%, the volatility is fairly high in the weeks preceding the election.

Yet, we're in a unique position (one that we as a nation seldom receive) where the market has almost unequivocal conviction in the result of this election.

This clarity with which the majority rests is a safety net against excessive volatility at the least, and a beacon of higher returns at best.

2. Tenured Evidence

The above assurance hasn't materialised out of thin air, but built over the last decade of the incumbent's efforts to achieve multiple feats of nation-building.

Alleviating 25 crore people from generational poverty, building 3 crore affordable houses, and creating infrastructure (physical and digital) to ensure that India doesn't just remain a "developing nation"

3. External Triggers

In addition to this, 2024 is already set to be a year of more - rate cuts, the assumption that inflation will remain under the 5% mark, private capex catching up, and overall business revival for certain sectors.

Furthermore, with the US General Elections also set for November this year, the markets in India could be further fuelled by the decision on their end, with that result also being fairly inevitable as well.

Without further adieu, join us in this edition of The Upper Edge as we dive into the prospects that the market will offer us in the weeks to come, picking the right ingredients for the Upper crust Wealth Fund, "swad anusar"!

As always, I invite you to get in touch via mail@uppercrustwealth.com if there is any aspect of our service to you that requires attention.

A handwritten signature in blue ink that reads 'Anvesh Anandya'.



Market Update

*By Manish Shah
Executive Director
UpperCrust Wealth*

Momentous Markets

While the markets might be frothy, the long-term India Growth Story, triggered by the continuation of the incumbent's leadership, will fuel the economy towards the US\$ 7 trillion GDP mark within the decade

With the bold chants of "ab ki baar 400 par" echoing into the masses, there is little room for error in estimating the result for the 2024 Elections, weeding out the seed of uncertainty - but what about the markets?

At a 25x PE multiple, the Nifty commands a 32% premium to global PE averages - a historic high - and is well above the nation's own 10-year average of 20x. Bottom line - yes, markets are frothy and volatility is prevalent.

Yet, this is only a red flag if growth doesn't follow. With the incumbent's continuation at the helm of India, growth is another inevitable phenomenon.

With the markets already having rallied by around 24% in the year leading up to the election, investors might be wary of whether returns will flow through once more, the answer to which is a simple physics concept.

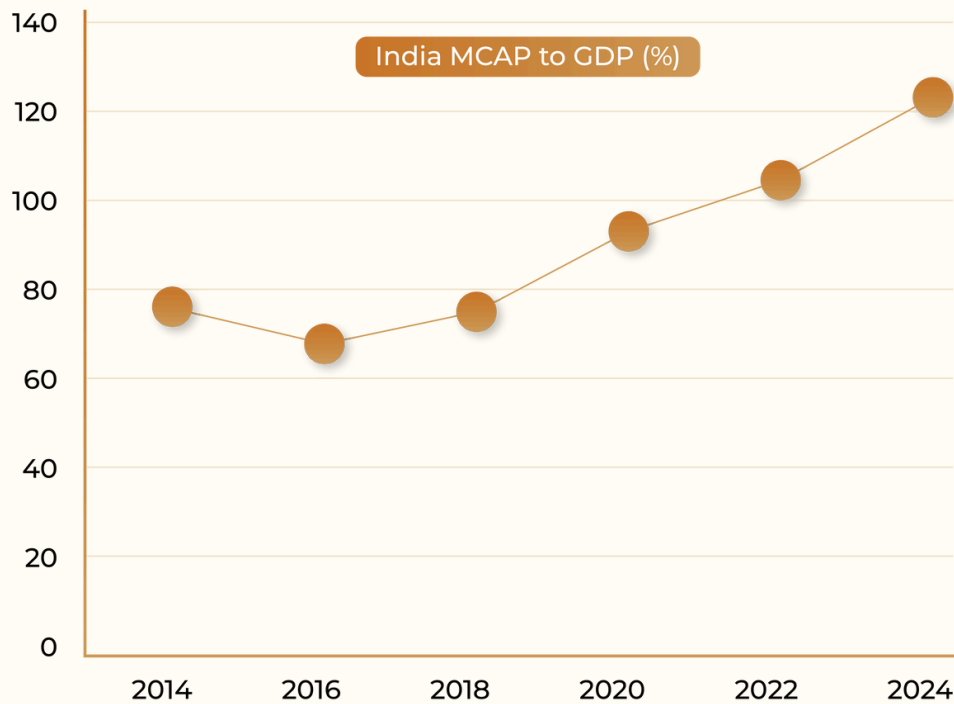
Momentum = mass x velocity; this basically tells us that while India has always had the “mass”, being a powerhouse of geographic and demographic abundance, velocity (economic growth) is what we’re seeing!

Market Velocity Triggers

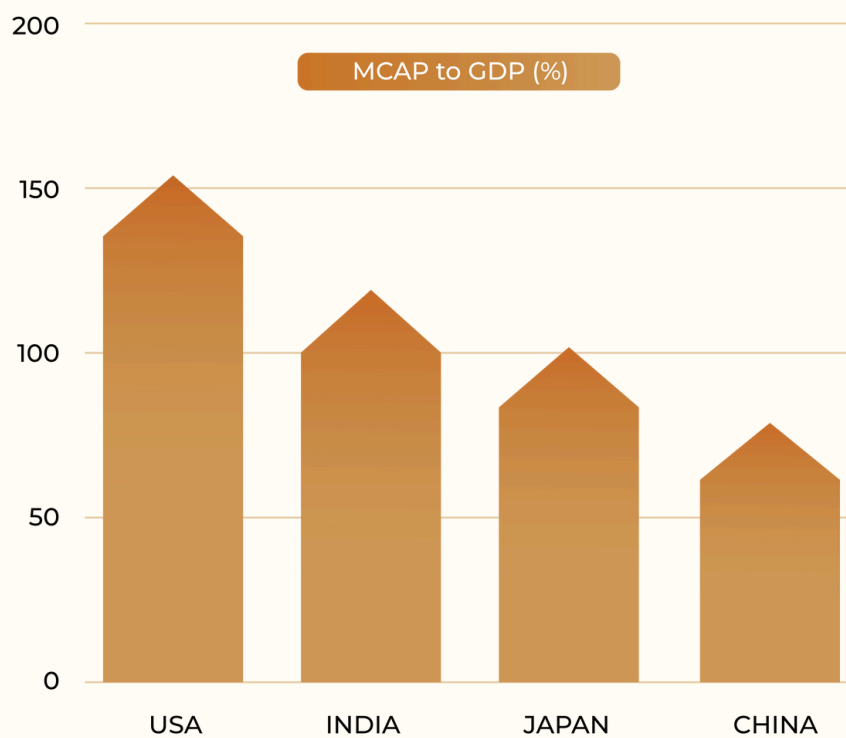
- 1) The IMF recently updated India’s GDP growth forecast to 7.5% in 2024 (from 6.3%), expecting India to not just be the fast-growing but the largest contributor of growth in the region
- 2) India’s stellar economic performance was also cited when the 4QFY23 numbers showcased an 8.4% growth rate, a result of the incumbent’s strategies and progress, which will continue as private capex catches up
- 3) Feb’24 saw inflation at 5.09%, a massive improvement from the 6.44% seen in Feb’23. With this easing trajectory expected to be sustained, India might witness rate cuts soon after the elections
- 4) FII’s poured in Rs. 33,000 crore in Mar’24 (that is more than the cumulative inflow seen in March’14 and March’19 election seasons), expectation of better earnings in FY25 and the election result
- 5) India recently crossed the 18 %-weight mark (up from 9% in 2021) on the MSCI Emerging Markets Index, inching closer to China (down to 25% now from 40% in 2021), with the world clearly gung-ho about India

All this euphoria is clearly not unjustified, and while May (peak voting month) is usually 50% more volatile than February/March, the longer-term story for India is being driven by the momentum established above.

The truth is that the incumbent has created that value over the decade-long term, and the next term will be an exercise in displaying why the Indian markets deserve the hype!



Investor confidence dictates that the past decade has seen an exuberant growth of Market Cap to GDP from 80% to 125%, reaching all-time highs for our market's valuations, and ranking 2nd globally





Sector Analysis

*By Yash Joshi
Director - Private Wealth
UpperCrust Wealth*

The Post-Election Plot

To ride the post-election wave, identifying lucrative sector plays that have not only been built by the incumbent's efforts over the last decade but also have tailwinds for the future are vital

With the largest electorate in the world (5x larger than the country in second place) set to make its decision, various people will tell you how it is a "non-issue" for the stock market - they would be grossly incorrect.

There is a reason that the average return given by the Indian markets in the 2 years around the election is a neat 41% - investors wish to satisfy nationalistic faith in the country's future prosperity.

Good thing that the Uppercrust Wealth Fund is no different!

Hence, we've identified 3 sectors that look attractive in the post-election world that have been incubated by the incumbent over the past decade, and will continue to fuel the India Growth Story and our portfolios

Power

What Happened?

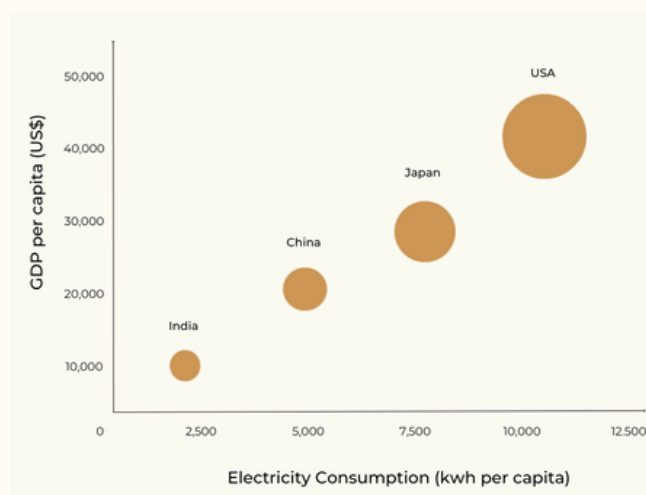
- 1) Since 2014, the nation has seen a 60% increase in power generation and consumption.
- 2) This is owed to the myriad reforms and budgetary action deployed by the government, whether it's the Rs. 4.5 lakh crore that's gone into revamping discoms or reduction of AT&C costs from 24% to 15%
- 3) Furthermore, renewable energy has taken a step forward, from being 13% of the mix in 2014 to 30% now, making us the world's 3rd largest renewable energy generator

What Might Happen?

The ambitious goals of hit 500 GW of renewable energy capacity by 2030 (currently 190 GW), for 60% of power to come from renewables, and to become self-sufficient in our coal needs, the power sector still looks ripe for the picking



Stocks To Watch: NTPC, Tata Power, NHPC



As India's per capita income will rise, its low electricity consumption leaves ample room for growth.

Defence

What Happened?

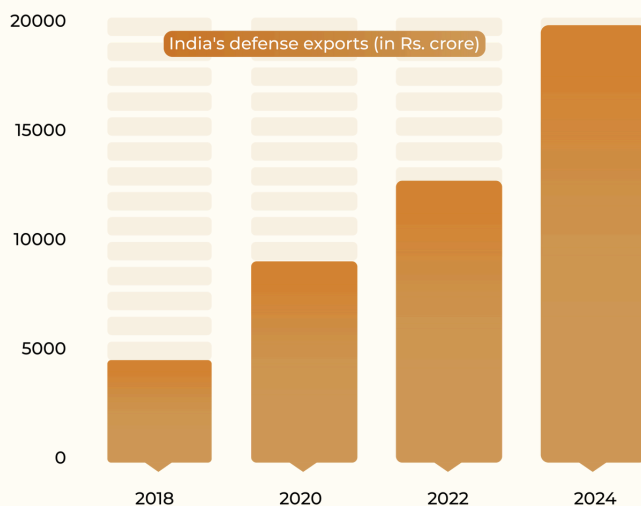
- 1) India is slowly, but surely, being recognised as a noteworthy defence player, with defence exports going from about Rs. 4,000 crore in 2004-2014 to more than Rs. 88,000 crore from 2014-24
- 2) The effectiveness of budgetary support and incubating innovation has paid off in the Atmanirbhar Bharat movement, with about 60% of the massive 5,000-item list of defence products indigenised
- 3) The tailwinds of the sector continue to look into the future, with companies like HAL having order books worth Rs. 2 lakh crore, showcasing strong visibility for 8 years (among our prized holdings)

What Might Happen?

The government's promise to 2x yearly defence exports and 3x yearly defence production by 2028, the opportunity to execute will result in Indian defence being further recognised as the behemoth it can be



Stocks To Watch: HAL, BEL, Mazagon Docks



India's defence exports has grown almost 5x from Rs. 4,700 crore in 2018 to Rs. 19,800 crore in 2024.

Manufacturing

What Happened?

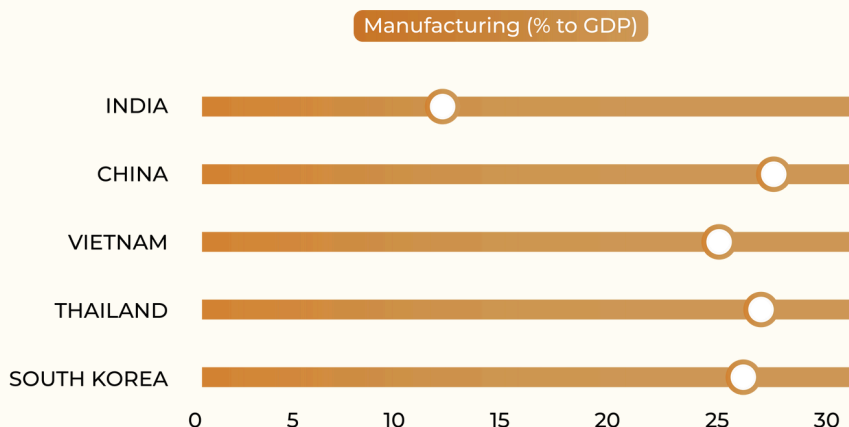
- 1) The Make In India movement has been quite a success, bringing India's rank in Ease of Doing Business up to 63 from 142 in 10 years, while also recently hitting a 16-year high in manufacturing activity
- 2) A reduction of legal red tape has resulted in massive annual FDI inflows, going from US\$ 40 billion to almost US\$ 80 billion in the last 10 years
- 3) With the PLI scheme having targeted 14 key sectors and having an investment outlay of almost Rs. 2 lakh crore, India aims to increase its standing as the preferred manufacturing hub of the world

What Might Happen?

As the chosen sectors like tech, chemicals, and auto get more traction, the contribution of manufacturing sector to GDP is expected to rise to 25% as opposed to less than 15% now, with exports from India set to grow by 11x - all of this by 2047



Stocks To Watch: Dixon Tech, SRF, Tata Motors



India's low manufacturing-to-GDP ratio among emerging economies is set to rise with targeted government initiatives, bringing it in line with peers.



Asset Allocation Strategy

An Enticing Mix

With markets touching all-time highs after seeing corrections in the weeks before, creating unwavering moats around your money is of utmost importance by engaging in strategic diversification across asset classes

EQUITY	DEBT	GOLD	INTERNATIONAL
Long-term India growth story stands on the back of effects of fiscal stimulus, private capex and overall economic growth	Expectations of a rate cut could result in appreciation in value of long-term bonds locked in at higher rates	Continues to remain a safe haven amid volatility but also a strong asset class due to recent rallies to all-time highs	Monetary policy reversal in the cards for major economies as inflation is being curbed, resulting in positive stimulus in markets abroad



Strategic Partnerships

We believe strategic partnerships are a major driver of the success of any business. We are committed to creating milestones, with all our partners.

As we scale newer heights, we want to take a moment to thank our growth partners for their long term relationship with us.



Audit and
accounting
partner



Corporate
service partner



Design and
branding
partner



UpperCrust Updates and Performance

as of March 31, 2024

688

New SIPs started in the
last quarter

Rs. 810 crore



Up 12% QoQ

Total assets under
management

2,384

Total family investment
accounts



Moat Financial Services Private Limited

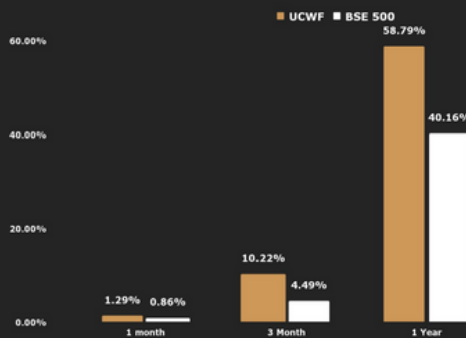
(Investment Manager to UpperCrust Wealth Funds)



UpperCrust Wealth Fund

A portfolio made of high-quality stocks, with strong moats, meant to compound over the long-term and generate wealth

Returns



Portfolio Name: UpperCrust Wealth Fund

Co-Portfolio Manager: Manish Shah

Inception Date: January 20, 2022

Benchmark: S&P BSE 500 TRI

Investment Style: Core and Satellite (Value-Growth Fund)

Custodian: Orbis

Banker: IndusInd Bank

AMC Name: Moat Financial Services

SEBI Reg. No.: INP000004482

Total no. of subscribers: 61



UpperCrust Growth Fund

Diversified multi-asset portfolio investing in stocks, MFs, ETFs, and bonds to generate long-term capital appreciation and constant risk-adjusted returns



UpperCrust One Fund

A non-discretionary fund, custom built to suit your needs. Made by you and our team of experts, so you see your money grow first hand



Uppercrust Turns 3

FY21-22

Mutual Fund New SIP	—————●	₹ 42 lakh
PMS Inflow AUM	—————●	₹ 7 crore
Alternative Asset Inflow	—————●	₹ 9 crore
No. of New Client Acquisition	—————●	207

Total AUM

₹ 333 crore



Uppercrust Turns 3

FY22-23

Mutual Fund
New SIP



₹ 77 lakh

PMS Inflow
AUM



₹ 25 crore

Alternative
Asset Inflow



₹ 22 crore

No. of New Client
Acquisition



263

Total AUM

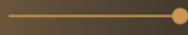
₹ 520 crore



Uppercrust Turns 3

FY23-24

Mutual Fund
New SIP



₹ 1 crore

PMS Inflow
AUM



₹ 31 crore

Alternative
Asset Inflow



₹ 31 crore

No. of New Client
Acquisition



311

Total AUM

₹ 810 crore

THE **UPPER** EDGE

INVEST IN BHARAT

<https://www.uppercrustwealth.com>

For any suggestions and feedback,
please write to us at
mail@uppercrustwealth.com

Vadodara | Ahmedabad | Mumbai |
New Delhi | Bengaluru | Kochi

