FOCUS

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STARTER

Lets call this monthly thought sharing as **"FOCUS"**. Somehow the name "Newsletter" doesn’t reflect what I want it to be.

Most important concept I want to emphasize on in this month's FOCUS is "Policy" since this is a budget month. Policy is the steering wheel that drives the system. Budget in India drives the growth vehicle called Indian economy. Any government with sanity will try to take measures that pump demand optimally to retain the growth and create opportunities for every one. I want to filter down all the effects and point out how all these are factoring in to the market cap of the economy as more the market cap of the economy, more the wealth we can create. Lets see some major policy changes in the budget and how they effect the concerned companies in creating wealth in our macro talk along with our macro factors that impact us

MACRO TALK

Increament in capex

Capex is nothing but expenditure to be spent on the infrastructure and other assets that aid in generating revenue for the government of india

This will create lot of employment opportunities which in turn will create demand that help companies to make revenues. As we know, more the revenues, more the profit & more the profit, more the valuation. The only simple thing we need to do here is stick to companies which can take advantage of this capex increase and ultimately make margins. Companies like Ultratech cement and Shree cements are the biggest beneficiaries of this capex spend. They have been creating wealth for years together and with this boost, they have much better years to come

MACRO TALK

Life insurance as a tax saving instrument

Neutralization of life insurance as a tax saving instrument and taxation of income on life insurance policies will discourage our people to buy life insurances. This creates demand worries for the life insurance companies which in turn will cut down the revenue guidance and consequent profits to the insurance companies.

This will impact the valuation of the life insurance companies negatively. We as a fund doesn't have any exposure to any insurance company and so this change will not bring any significant changes in our focused portfolio

Policy changes of this kind like increased outlay to railways, urban infrastructure development fund, increased agricultural credit are poised to increase the demand in general which will increase the valuations of equity as a cascading effect

MACRO TALK

Easing inflation

Inflation is still haunting us but we can see some signs of easing. US Fed's outlook is still hawkish going forward whereas Indian counterpart RBI may pause the interest rate hike with the easing inflation.

COVID

As we discussed in our last interaction, impact of COVID on india is relatively nothing when compared with China. So for now I don't see COVID as any threat to the supply chain and demand. It implies no panic for the economy on demand and supply chain levels.

Adani rout

Hindenburg, a trading firm shorted Adani stocks and bonds heavily backed by their own research report accusing the Adani group of stock manipulation and accounting fraud. But Adani group is not real bad in honoring their short term cash commitments. If at all the claims made are real and it affects the cash flow commitments of Adani, SBI and PNB stand at an exposure of close to 30k crores which may slightly shake the banking fabric of the country and this may raise lot of questions on corporate governance standards of India . We have no exposure to Adani so far for such inflated valuations across and highly leveraged business models.

OUR FOCUS

We focus on the best 50 stocks from different sectors. We select 25-30 stocks for each client from this focused set of stocks only depending upon their risk profile and fund available for investment.

Factoring in all the above events, we have all our positions well placed to take the growth ahead. I can assure that we will get our share in the growth of the economy

We are not exiting or entering in to any new positions for this month and we would like to focus on the 50 stocks we have chosen

I always see equity as one best asset class with the advantages of liquidity, divisible investing flexibility and fair price delivery at all times and if the portfolio is well managed with risk management parameters in place, we are going to beat the benchmark for sure...lets do and hope for the best

NAG MUNAGAPATI WEALTH ADVISORS

Our charges and operational contact

We charge 1% per annum on the Asset under management or 5000/- per annum whichever is higher

We serve our clients alike with the passion we have for the markets

Please contact our Business development and Operations lead Mr. Manindhar vsv

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