

NEWSLETTER
APRIL 2021



PI SQUARE
INVESTMENTS

Covid-19 vaccine rollouts in the US and UK have continued to proceed well, with 51% and 56% of their respective populations now having received at least one dose, allowing for what looks like the start of a sustained reopening of their economies. In continental Europe, after a difficult start to the vaccine campaign it's been encouraging to see that the pace of vaccination has accelerated significantly. Global Equity Indices had another strong month with developed market equities returning 4.7%; the S&P 500 led the way, returning 5.3% on the month.

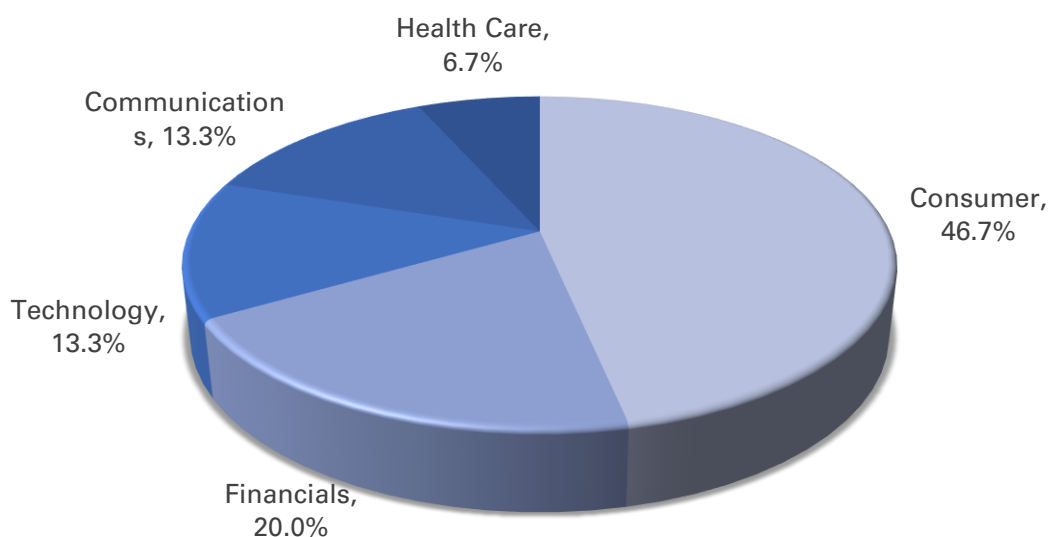
The pace of job growth in the US is also accelerating – March saw 916,000 jobs added and the unemployment rate fell to 6.0%. But the Federal Reserve (Fed) chairman, Jerome Powell, was keen to stress at the April meeting that it shall take more time to see more improvement in employment data at ground level. President Biden's first 100 days (or since Donald Trump permanently moved back to the Golf course from the White house) have now passed and the key takeaway for investors is that this president is not afraid to spend big. Following the passage of the American Rescue Plan – a USD 1.9 trillion stimulus package passed in the first quarter – the president has outlined his plans for two more spending packages. The USD 2.3 trillion American Jobs Plan is designed to invest in the country's infrastructure, while the USD 1.8 trillion American Families Plan will aim to ensure a more equitable recovery.

In Asia, the Chinese economy continues to normalise. In the first quarter of the year, it grew 0.6% quarter on quarter with a more balanced split across sectors, as activity in services continues to improve. Smaller emerging economies such as Israel, Bhutan, Maldives and others managed to get 80-90% of their population vaccinated. Travel and entertainment industry expected a robust summer this year and pointed to the shortage of employment all across. The UK posted a PMI above 60 after months of slowdown.

Bitcoin, Dogecoin and other digital currencies continued their furious rally posing serious questions to the sustainability of the prices. Dogecoins, which was created more of a joke for the digital currency has appreciated 10,000% in the last 12 months (100x). While Bitcoin crossed \$1Tn in market cap, covering almost 50% of all the digital currency out there. On a lighter note, Bitcoin is now bigger than most of the world economies (96 countries -to be specific) and now bigger than any listed bank in the world.

Pi Square's Global portfolio holdings continued to post strong earnings growth; top 3 positions posted almost 100% profit growth Y-o-Y. The clear sign for the month was the underperformance of NASDAQ compared to the wider market (S&P 500). For CY 2021, NASDAQ has gained 8.4% compared to 11.6% for S&P 500 and 14.8% for Russell 2000. As the economy opened up and more and more people started traveling, investors have started moving back to domestic themes, ignoring strong growth numbers by the Tech Giants. In Global portfolios, we have added a couple of new names, the largest homebuilder D.R. Horton in the housing segment and ChipMos, one of the largest semiconductor servicing companies. For the year Pi Square Global portfolios posted 10.4% returns compared to 7.4% for NIFTY (India). For the last 3 years, our equity portfolios have posted 30%+ CAGR compared to 11% for the domestic markets. Our global portfolio is split between three buckets (Consumer discretionary + Market monopolies + Disruptors). Compared to early 2020, we have slowly increased our allocation to the consumer and disruptors bucket. As we say it at Pi Square, in today's world, you are either a disruptor or to be disrupted.

Sector Allocation for model portfolio



	PORTFOLIO PERFORMANCE		NIFTY 50 (INR)
	USD	INR	
Since Dec 31, 2020	12.8%	13.8%	4.6%
Since Dec 31, 2019	28.1%	31.7%	14.8%
Since Dec 31, 2018	30.2%	38.7%	13.6%
Since Dec 31, 2017	20.6%	23.7%	10.4%
Since Dec 31, 2016	23.3%	25.7%	14.3%
Since Dec 31, 2015	20.3%	22.8%	12.1%

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