

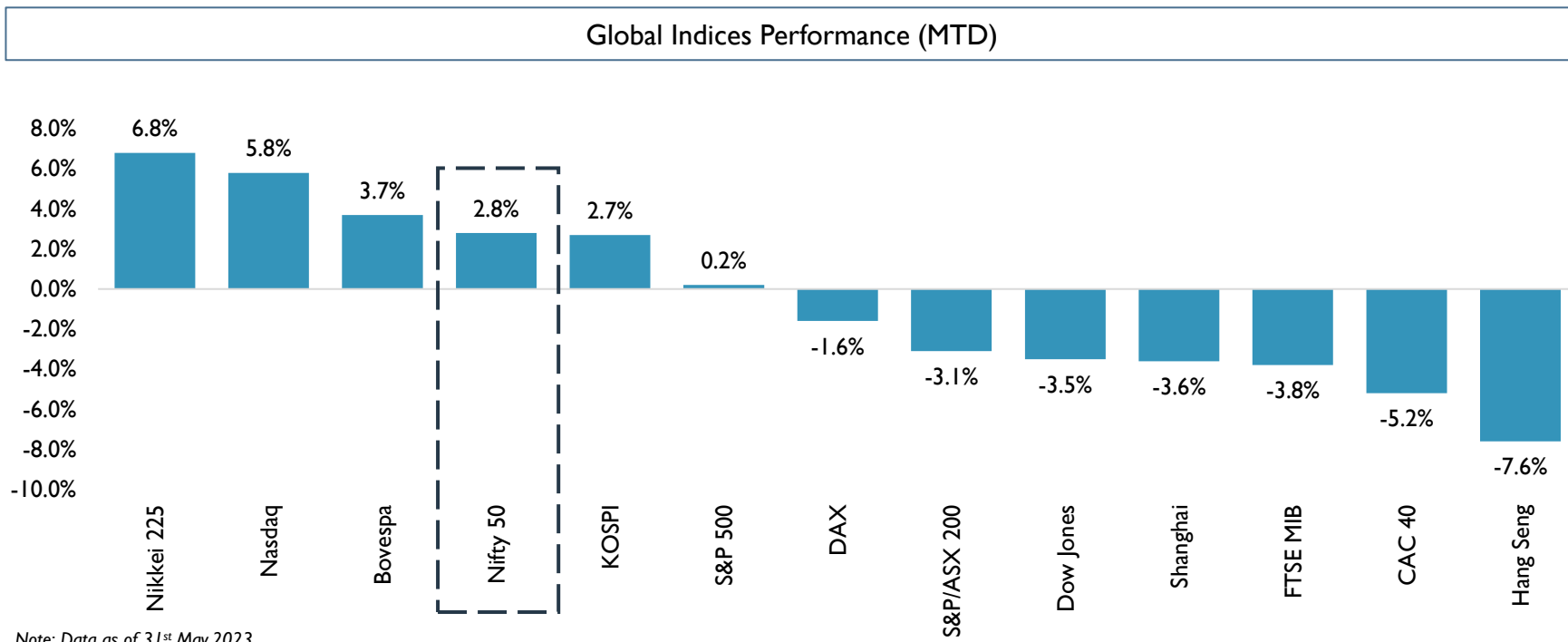


Pi Square Investments

The Market Compass

May, 2023

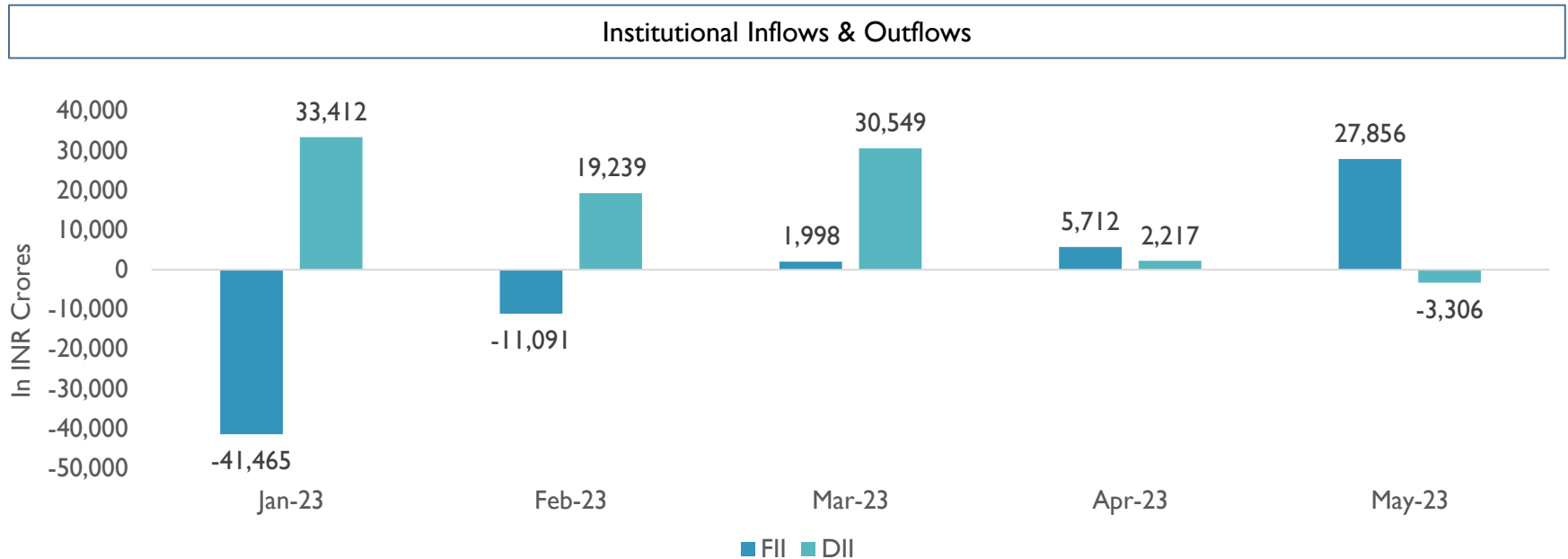
Global indices performance



- Japan Index led the global indices as factory activity expanded in May led by increases in output and new orders
- Generative AI created Buzz across the globe leading the Nasdaq index to grow 5.8% during the month.
- India Index gained 2.8% in the month on the back of receding signs of inflation, corporate earnings and FII inflows. Top performing indices included auto, realty and consumer durable goods continuing last month's uptrend.

Source: Investing.com

FII flows Indian equities pick up

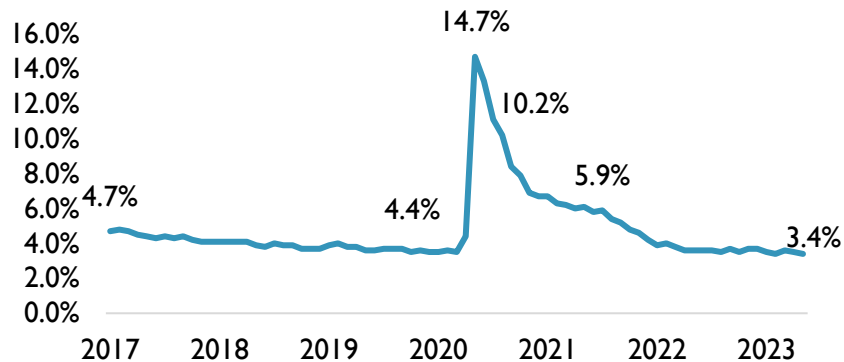


- FIIs turned bullish on India against EM peers, May also recorded the longest (14 days) streak of FII inflows in two and a half years.
- The easing of concerns about the banking crisis abroad, rising expectations that the Fed may go slow on rate hikes, and consolidation in Indian markets leading to rationalization in valuations have boosted FII's interest as well.
- With the economy in good shape, the domestic-focused companies are reaping the benefits, such as capital goods, banking and auto, a theme that has interested foreign investors.

Source: NSE

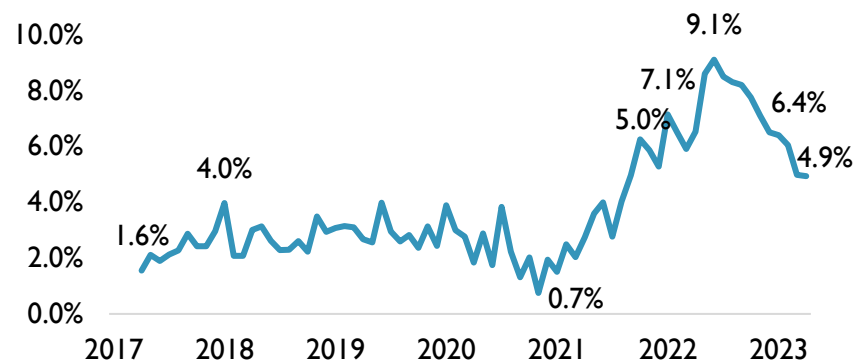
US Economy Indicator

Unemployment rate lowers



- Despite massive layoffs in the technology sector, increased demand for leisure & hospitality along with the education sector are some of the factors driving job growth.
- However, the participation in workforce remains below the pandemic levels.

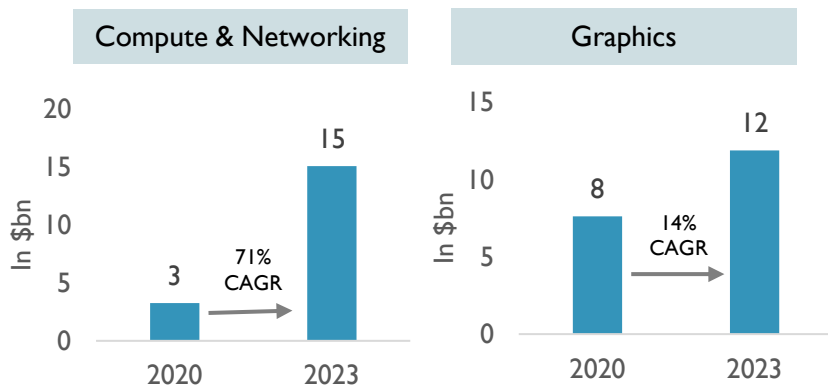
Inflation is cooling off



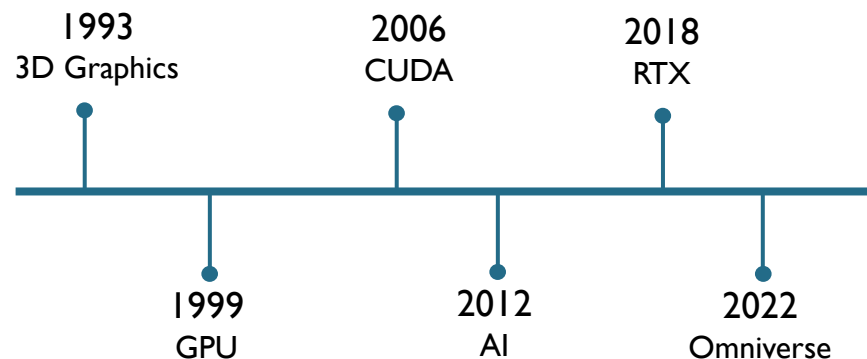
- In April inflation recorded an annual increase of 4.9%, slightly less than the 5% estimate and the lowest annual pace since November 2020.
- Increases in shelter, gasoline and used vehicles pushed the index higher, and were offset somewhat by declines in prices for fuel oil, new vehicles and food at home.

The Rise And Rise of NVIDIA

Segmental Revenue Split



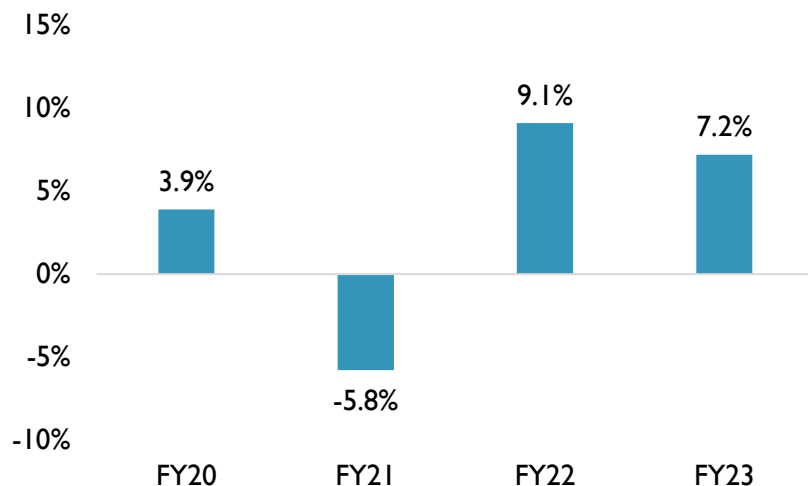
From a Gaming to an AI Company



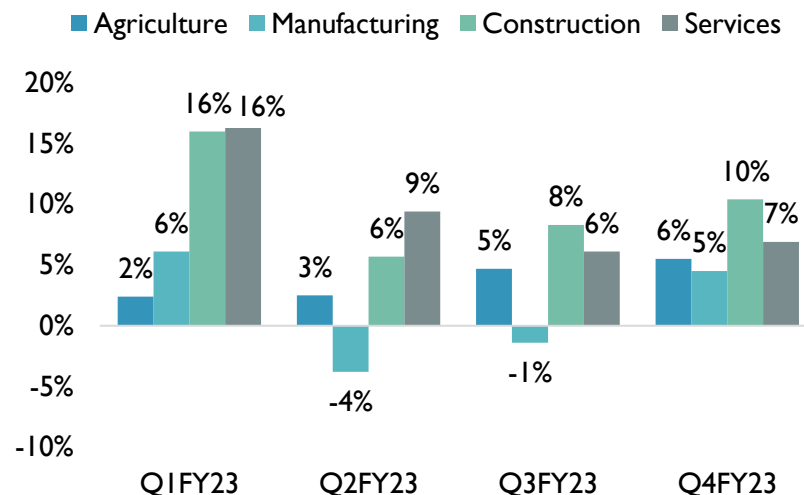
- Major cloud providers such as AWS and Azure have partnered with NVIDIA to create large-scale clusters of their GPUs (Graphic Processing Units) specifically for enterprise training purposes. The company has solidified its position in AI training with the introduction of their latest H100 series GPUs.
- NVIDIA's dominance in the AI market is evident, as demonstrated by its extensive use in training models like ChatGPT and Stable Diffusion. OpenAI utilized over 10,000 NVIDIA H100 and A100 GPUs for ChatGPT, while Stable Diffusion required around 200,000 GPU hours with the NVIDIA A100 GPU.
- More than 35,000 companies use NVIDIA AI technologies, with 13,000 global startups in NVIDIA Inception.

India's economy growth led by manufacturing & construction

Annual GDP Growth Trajectory



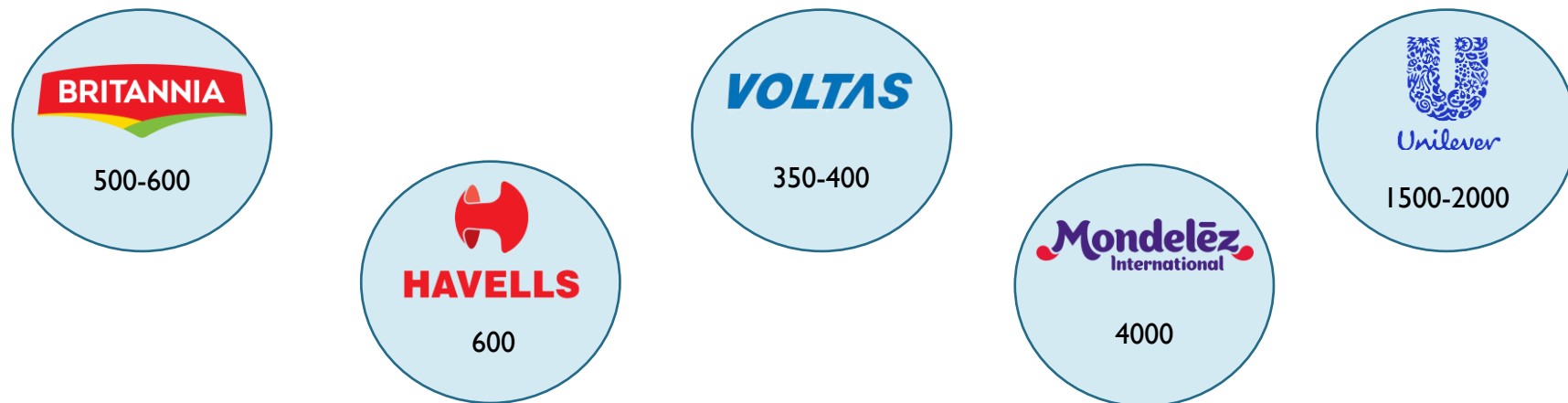
Sectoral Economy Growth



- India's GDP grew 7.2% in FY23, reflecting sustained strength in domestic demand amid a gloomy global outlook.
- Growth in gross fixed capital formation, which represents investment demand in the economy picked up sequentially to 8.9% during the quarter.
- This signals the sustained focus of the government on capex and initial signs of pickup in private investment.

Capex to be the driver of economic engine

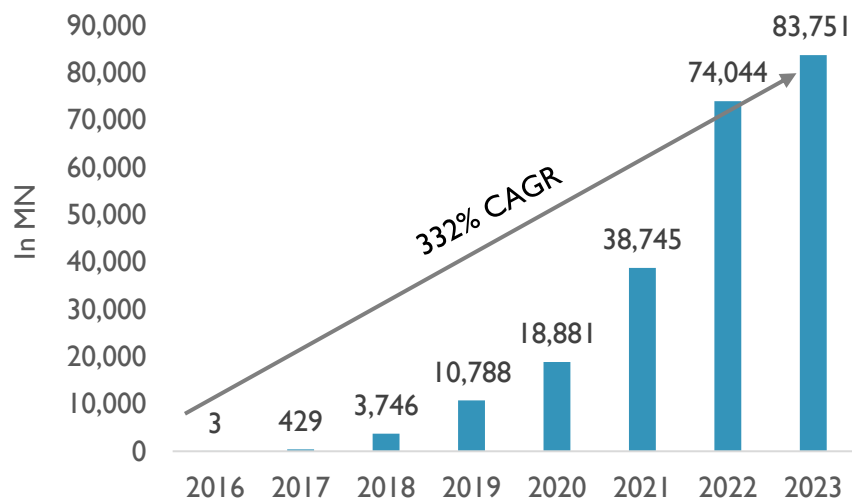
Capex Plans in INR Crores



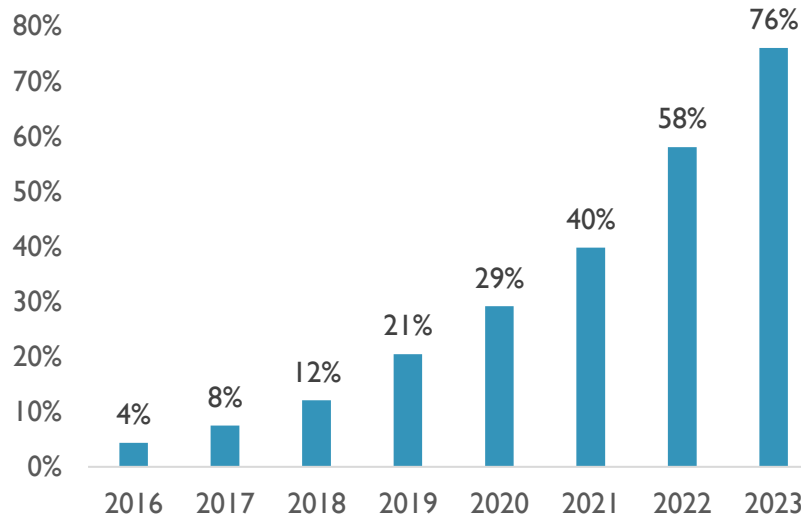
- There has been a resurgence in some businesses like brick-and-mortar retail and travel after the pandemic years of mobility restrictions and lockdowns.
- Much of the capex is ear-marked for new factories, expansion of capacities in existing factories or expansion of their business such as retail stores. Last fiscal, most companies had expanded their capex by record numbers after two years of the pandemic.
- High pace of capex will continue at least till the current fiscal even though it might be little lower year-on-year before moderating out as most of the new plants will be operational by then.

UPI transactions lead in India's digital payment market growth

UPI Transactions Volumes



Digital Transactions, % of GDP



- In a short span of 10 years, India has gained position in the world order with significant positive consequences for the macro and market outlook.
- In the formalization of the economy, digital transactions have played a major role. UPI has been instrumental in driving the digital payments revolution in India, which accounted for ~75% of the total transaction volume in the retail segment during the period of 2022-23 and is expected to account for 90% of retail digital payments by 2026-27.

About Us

Founded in 2011, Pi Square is a niche asset management firm with over a decade of experience in the listed equity space. Our fundamental, bottom-up research approach helps us identify the untapped growth opportunities. Catering to HNI, UHNI and family office clients with a wholistic approach to create consistent long-term wealth. Our research team strives to evaluate the businesses based on the 3P strategy: Product, Profits and Promoters

10+ Years

Portfolio Managers Average Industry Experience

Over 600 Crore

Asset Under Management

10+

Multi-Family Office Clients

**Global Equity
Market Leader**

More than 300

Clients Pan India

10 Years

Proven Track Record

7+

Product Offerings

Strategic Allocation & Actively Managed

Asset Management Team



VISHRUT PATHAK
CHIEF INVESTMENT OFFICER

Vishrut completed MBA from St. John's University, with specialization in International Finance and has a PGD from New York university in Financial Statement Analysis. Over 20 years of investment management and corporate finance experience.



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Abhijit is a finance graduate from the University of London. He has a history of working in the financial markets as well as the financial services industry for over 6 years.



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Hiloni has an experience of 2 years working in financial services Industry. She has an internship experience at global firms like ANG advisors and Duff & Phelps



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Megha has an experience of more than 9 years of progressive experience in portfolio management and investment analysis. She has a sound understanding of industry macros and works with fundamental research team build the GARV matrix.



PARTH RAVAL
TECHNICAL RESEARCH HEAD

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