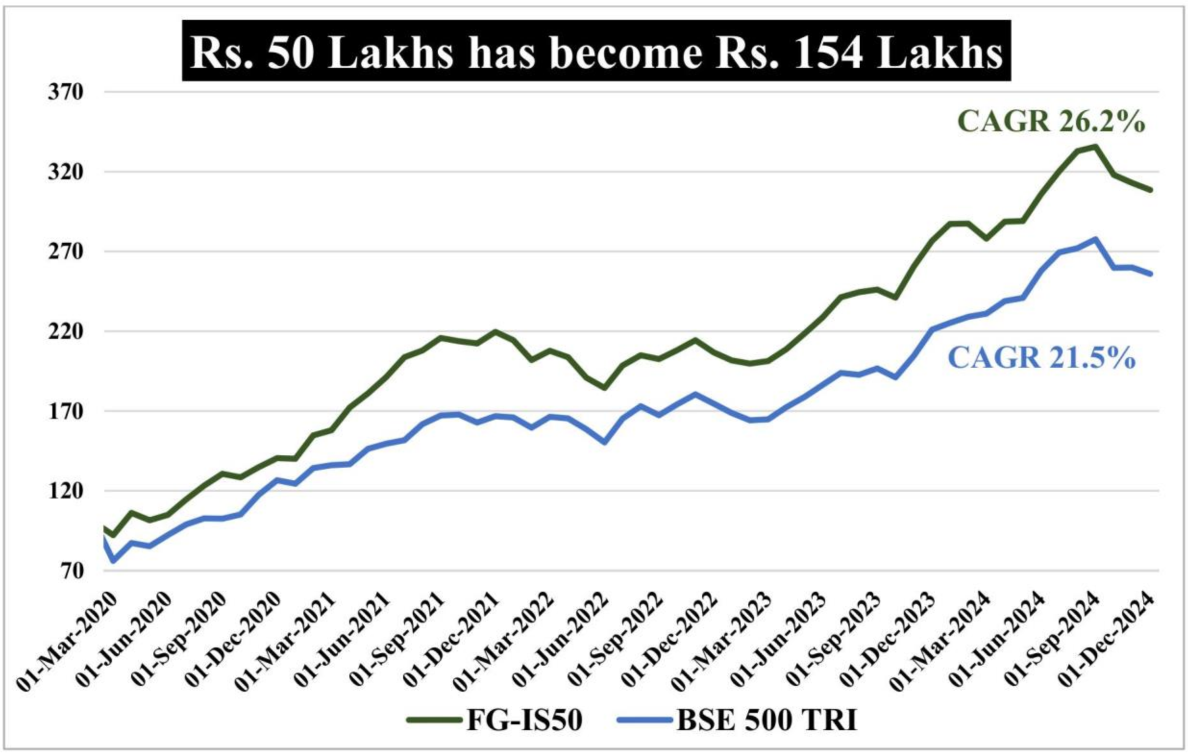
# FIRST GLOBAL

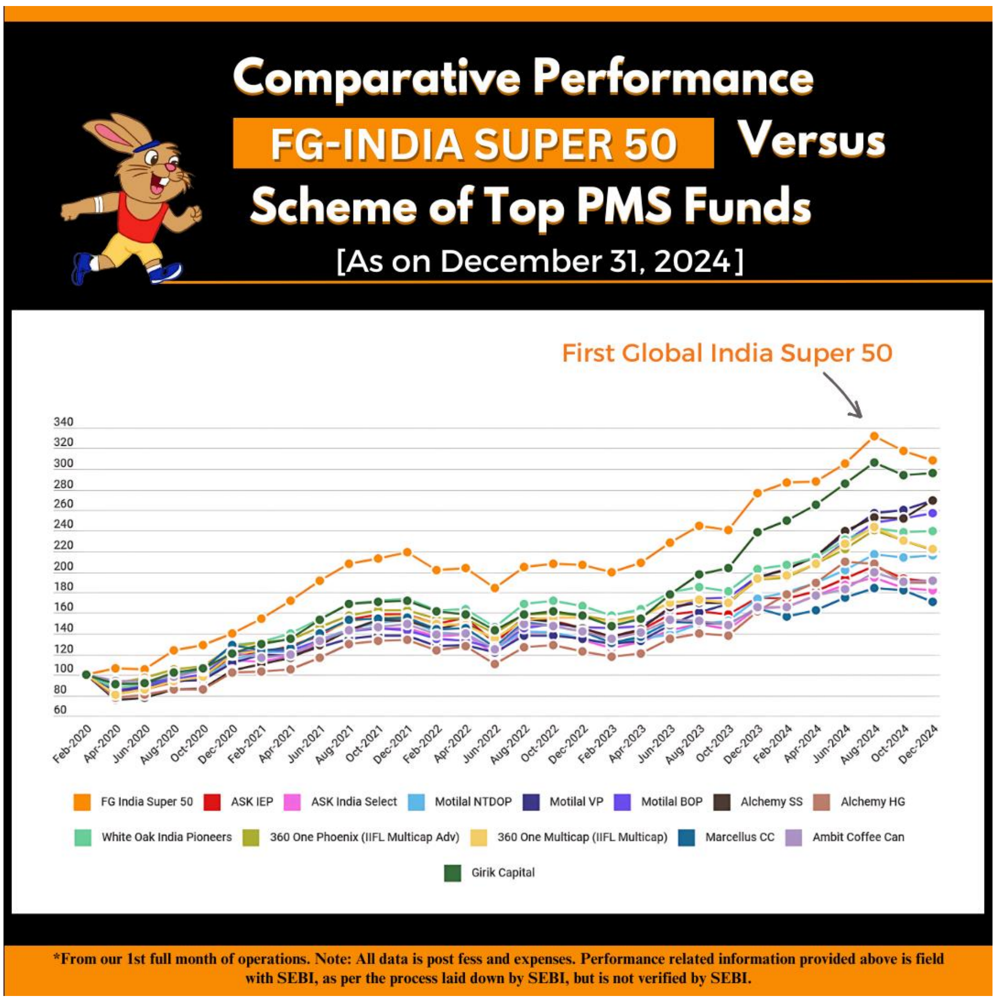
*Be One Step Ahead™*

## Our December '24 Performance

## The First Global - India Super 50 (IS50) PMS Scheme




## Comparison of First Global - India Super 50 PMS Scheme with various Multi-cap PMSs





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**Contact: info@firstglobalsec.com • WhatsApp +91 88501 69753**


**Global Asset Management | Portfolio Management | Wealth Management**

**India** **UK**

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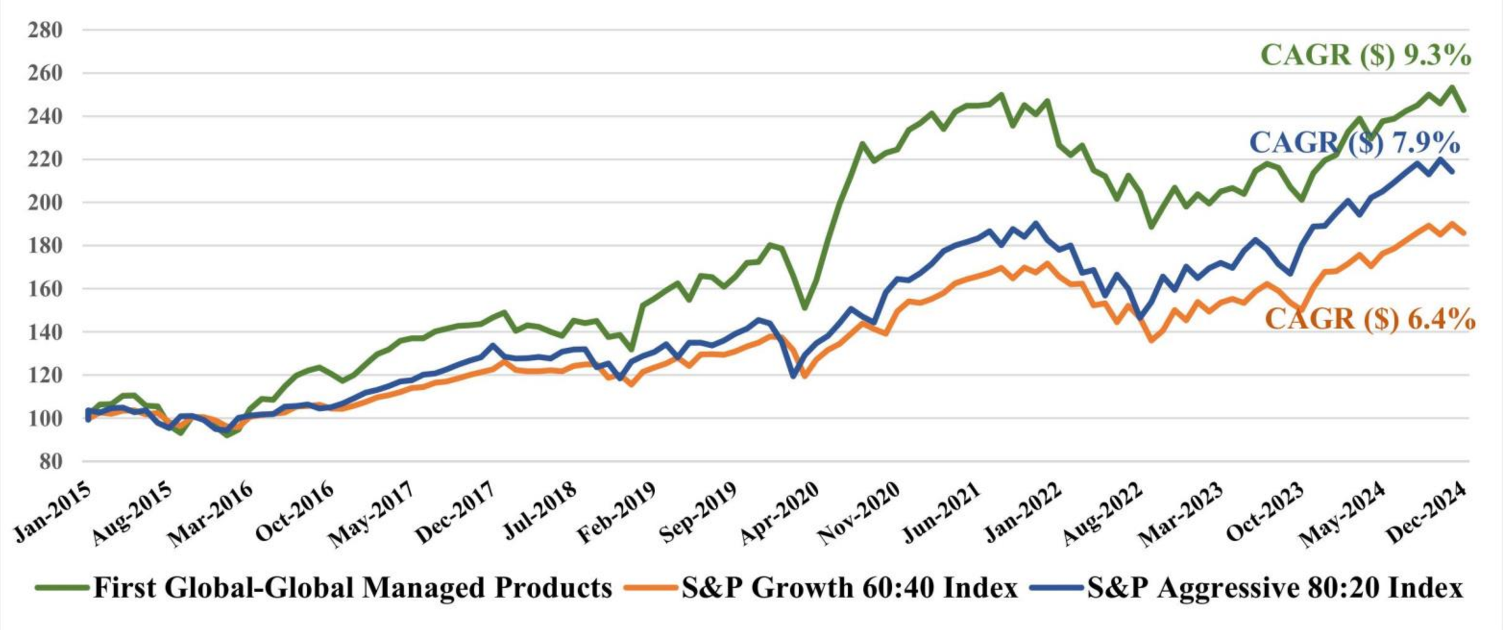
| Sr. No. | Top Multicap PMS Schemes | Total Return* (Mar '20 to Dec '24) | Risk Adj Return (CAGR / Volatility) (Equivalent of Sharp Ratio) | Gain to Pain (x) |
|---|---|---|---|---|
| 1 | Stallion Asset Core Fund | 363.8% | 1.91 | 2.69 |
| 2 | First Global India Super 50 | 208.6% | 1.69 | 2.09 |
| 3 | Girik Capital | 195.7% | 1.49 | 1.85 |
| 4 | MoneyLife Mass Growth | 251.1% | 1.26 | 1.66 |
| 5 | IIFL Multicap Adv (360 One Asset-Phoenix) | 121.2% | 1.19 | 1.43 |
| 6 | Motilal Oswal Value | 169.6% | 1.18 | 1.68 |
| 7 | BSE 500 TRI | 156.0% | 1.13 | 1.50 |
| 8 | White Oak India Pioneers Equity | 139.1% | 1.11 | 1.41 |
| 9 | Alchemy Select Stock | 169.2% | 1.09 | 1.54 |
| 10 | Nifty 50 TRI | 123.5% | 0.98 | 1.26 |
| 11 | MoneyLife Mass Prime | 131.6% | 0.97 | 1.24 |
| 12 | Ambit Coffee CAN | 91.2% | 0.93 | 1.08 |
| 13 | Motilal Oswal NTDOP | 115.5% | 0.91 | 1.14 |
| 14 | Axis Brand Equity | 109.5% | 0.91 | 1.11 |
| 15 | IIFL Multicap (360 One Asset-Multicap) | 122.0% | 0.87 | 1.20 |
| 16 | Axis Core and Satellite | 93.4% | 0.83 | 0.99 |
| 17 | ASK Growth | 90.4% | 0.73 | 0.95 |
| 18 | ASK IEP | 90.0% | 0.70 | 0.86 |
| 19 | ASK India Select | 81.9% | 0.69 | 0.84 |
| 20 | Alchemy High Growth | 89.5% | 0.67 | 0.81 |
| 21 | Marcellus Consistent Compounders | 70.4% | 0.65 | 0.71 |

## Performance of First Global - Global Managed Products vs. Benchmark Indices

US $1000,000 has become US $2,427,518

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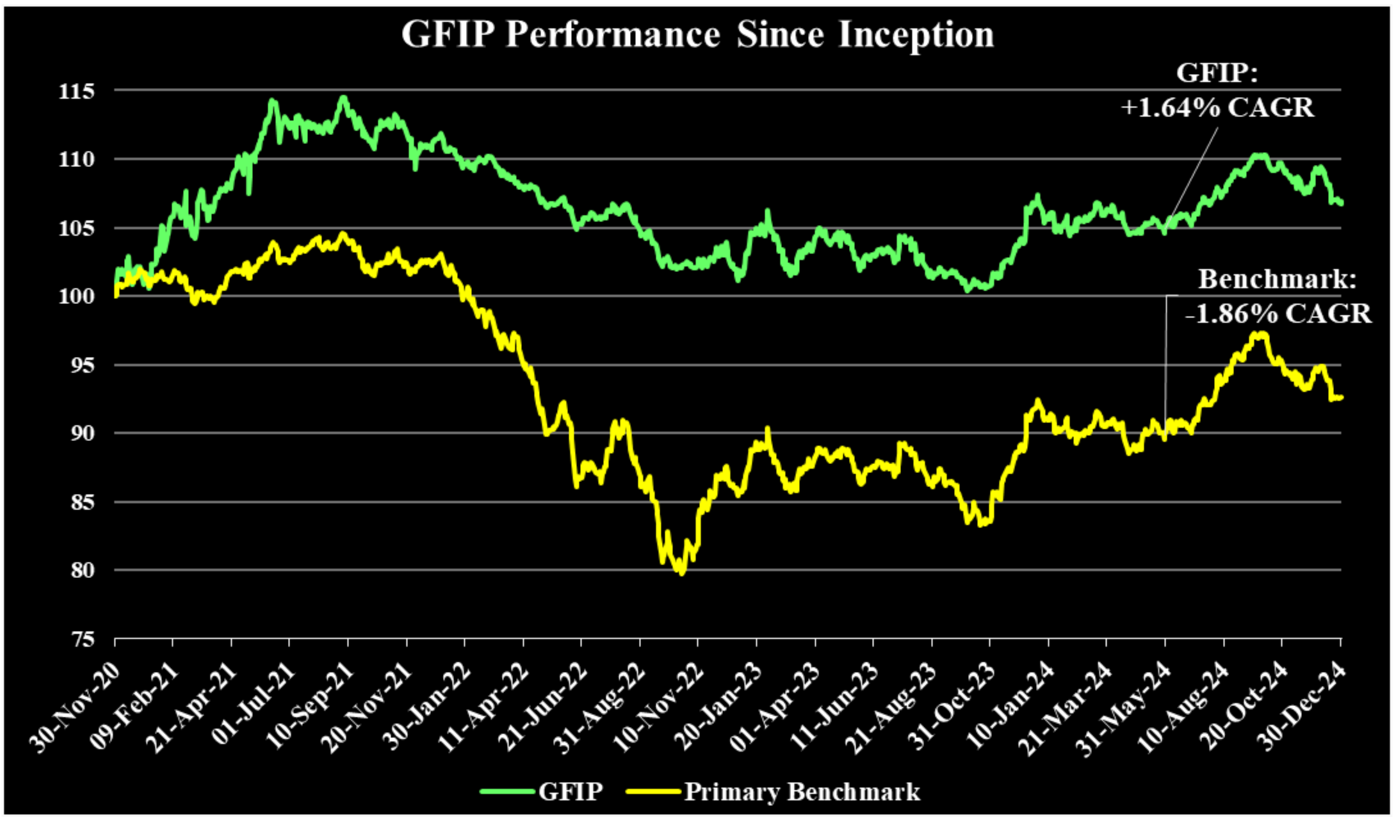
# Global Fixed Income Portfolio: December '24




## December 2024 misses the Santa rally but ends the full year on a strong note…

Although December was down month in most markets, overall 2024 wrapped up well with a strong positive move in most Equities, Bonds, REITs and even crypto. In Commodities, precious metals did well but Energy, Agriculture and Industrial metals did not.

***In December 2024, around 60% of the top Equity markets, bonds, REITs, Commodities (except Energy) and most currencies were in red. It was only a few markets like Sri Lanka, UAE, Israel and the Energy sub-index among commodities that were in green. The US Dollar strengthened against most other currencies.***

The S&P 500 index was down 2.4% in December though the NASDAQ was up marginally by 0.5%. Even the European markets and Japan were down and hence the Global market Index, the ACWI was also down 2.3%.

In CY24, continued US strength helped developed market equities deliver total returns of 19.2%, and a late rally in Chinese equities coupled with strong results out of India and Taiwan helped emerging market equities deliver 6.5%.

***Commodities were held back by weak demand in China and the broad commodity index delivered 5.4% in CY24.***

***However, gold was a standout performer with 27.1% returns for the year possibly due to range of concern from geopolitics to concern over the US fiscal direction.***

Developed market central banks started normalising policy in 2024, but resilient growth and sticky inflation meant markets pared back expectations for how quickly rate cuts would be delivered, particularly in the US.

The combination of a strengthening dollar and rising yields meant global investment grade bonds declined 1.7% over the year.

***In December 2024, our Global portfolios slightly lagged their benchmarks, while the Indian portfolios were ahead of their benchmarks. For the full year CY24, our Global Portfolios are in line to slightly ahead of the benchmarks while Indian portfolios, though slightly behind the BSE 500 TR Index, have beaten the Nifty 50 Index by 1.5 percentage points. This is of course after expenses and in spite of significant hedging costs during the year.***

Our Global Multi-Asset fund and portfolio were down 3.7-4.1% in December 2024, as against the benchmarks which were down 2.3-2.5%. Our overweight in Industrials, which added strong performance points in November 2024, hurt us in December 2024. This along with our positions in Tech hurt us, offsetting the positive returns from our positions in Communication Services and Japan.

***For the full year CY24, our Global portfolios and funds are up 10.4-10.6%, largely in line with the benchmarks which are up 10.7-13%.***

***Our Global Fixed Income Portfolio (GFIP) was down 2.2% in December 2024, but beat the benchmark which was down 2.3% due to slightly lower duration exposure and focus on investment grade bonds, while staying overweight on convertible bonds. For the full year CY24, GFIP is up 0.12%, largely in line with the benchmark which is up 0.48%.***

***In India, our Pure Equity portfolio (IS50) was down 1.4% in December 2024, outperforming its benchmark, the BSE 500 index which was down 1.5% and Nifty 50 Index which was down 2.0%. Our overweight positions in IT and Healthcare added strong performance points to the portfolio though this was offset to some extent by the negative contribution from Chemicals, Industrials and Consumer Staples.***

***Our portfolio is still beating both the BSE 500 and Nifty 50 Index by 0.2-4.0 percent points on a Financial Year (FY) to date basis. We remain among the top performers in the multi-cap space.***

In December 2024, among the top 42 countries by market cap, two-thirds declined, with markets like Denmark and Brazil leading the fall, being down 6-13%. For the full year CY24, only one-third of the markets were in red. Markets like Sri Lanka, UAE and Israel led the move and were up 29-71%. Even the US markets, had their second consecutive year of strong returns and were up 25-26%.

The strong move in the US drove the ACWI Global Equity index, which was up 18% in CY24.

Also, about 75% of the top 3000 stocks in terms of market cap went up and 40% outperformed the ACWI index in 2024, indicating that the overall move in CY24 was broader. Overall, in December 2024 and for the full year CY24, the sectors that drove the move were Tech, Financials and Communication Services.

Global bond markets ended the month on a negatives note, although Emerging Market, Europe and certain high yield categories were up 3-12% for the full year CY24.

The Commodity Index achieved a small gain in December 2024, led by Energy. For the full year CY24, the Commodity index is up 5%, led by Precious metals which are up 25%, while the Energy sub-index is up 1%.

While most markets and Commodities (except Energy) were in red in December 2024, the US Dollar gained 2.6% and is up 7.1% in 2024.

In India, the Equity markets were negative in December 2024, down 1.5-2%.  The large caps were down 2.0%, while the mid-caps and small caps were flat to up 0.8%. Sectors like Healthcare, Realty and Textiles were up 4-5%, while IT was up 1%, though all this was offset by the fall in Power, Oil & Gas and Metals. For the year, Indian equity indexes are still up 12-18%, led by small caps and midcaps that are up 10-16%.

**In both Indian and Global equity markets, our advice remains to stay invested, emphasizing the significance of not missing good trading days, which can substantially impact returns.**

In any event, when things look uncertain, we do buy hedges - as was done for our Indian PMS portfolios more than once during the year.

In keeping with our philosophy that investing is a Loser's Game we always err on the side of caution and buy insurance when things look uncertain. However, since our medium term outlook on equity (excluding certain frothy areas of the market) remain positive, we are almost fully invested - the cost of missing out on unexpected up moves is substantial.

Now for the details…

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# Country wise-performance in December 2024, CY24, CY23 and CY22

| YTD Rank | Indices | Country | Region | Dec'24 (%) | 2024 (%) | 2023 (%) | 2022 (%) |
|---|---|---|---|---|---|---|---|
| 1 | SRI LANKA COLOMBO ALL SH | Srilanka | Emerging | 20.0% | 70.8% | 48.5% | -60.3% |
| 2 | DFM GENERAL INDEX | UAE | Emerging | 6.4% | 34.5% | 27.8% | 8.2% |
| 3 | TA-35 Index | Israel | Developed | 6.3% | 28.6% | 0.1% | -19.7% |
| 4 | NASDAQ-100 INDEX | United States | Developed | 0.5% | 25.9% | 55.1% | -32.3% |
| 5 | S&P 500 INDEX | United States | Developed | -2.4% | 25.0% | 26.3% | -18.1% |
| 6 | HANG SENG INDEX | Hong Kong | Developed | 3.5% | 23.6% | -10.6% | -12.6% |
| 7 | TAIWAN TAIEX INDEX | Taiwan | Emerging | 2.7% | 22.8% | 32.0% | -26.9% |
| 8 | FTSE Bursa Malaysia KLCI | Malaysia | Emerging | 2.5% | 20.7% | -2.8% | -6.2% |
| 9 | Straits Times Index STI | Singapore | Developed | -0.8% | 19.2% | 6.3% | 9.1% |
| 10 | All Country World Index | Global | Global | -2.3% | 18.0% | 22.2% | -18.4% |
| 11 | BUDAPEST STOCK EXCH INDX | Hungary | Emerging | 0.5% | 14.3% | 49.0% | -24.4% |
| 12 | BIST 100 INDEX | Turkey | Emerging | 0.1% | 13.1% | -11.6% | 117.4% |
| 13 | SHANGHAI SE COMPOSITE | China | Emerging | 0.1% | 13.0% | -3.9% | -19.7% |
| 14 | IBEX 35 INDEX | Spain | Developed | -2.3% | 12.3% | 32.3% | -7.3% |
| 15 | FTSE MIB INDEX | Italy | Developed | 0.6% | 11.7% | 38.8% | -14.2% |
| 16 | S&P/TSX COMPOSITE INDEX | Canada | Developed | -5.9% | 11.7% | 14.6% | -11.9% |
| 17 | DAX INDEX | Germany | Developed | -0.2% | 11.7% | 24.3% | -17.0% |
| 18 | BEL 20 INDEX | Belgium | Developed | -1.0% | 10.8% | 6.9% | -16.7% |
| 19 | FTSE/JSE AFRICA ALL SHR | South Africa | Emerging | -4.9% | 9.7% | 2.0% | -2.8% |
| 20 | MSCI COLCAP INDEX | Colombia | Emerging | 1.3% | 9.6% | 32.2% | -18.4% |
| 21 | HO CHI MINH STOCK INDEX | Vietnam | Emerging | 0.9% | 8.8% | 11.1% | -34.1% |
| 22 | NIKKEI 225 | Japan | Developed | -0.5% | 8.7% | 21.8% | -18.5% |
| 23 | FTSE 100 INDEX | United Kingdom | Developed | -2.9% | 7.5% | 13.6% | -6.5% |
| 24 | AEX-Index | Netherlands | Developed | -2.4% | 7.2% | 21.1% | -16.7% |
| 25 | S&P BSE SENSEX INDEX | India | Emerging | -3.3% | 6.6% | 19.6% | -4.7% |
| 26 | TADAWUL ALL SHARE INDEX | Saudi Arabia | Emerging | 3.4% | 3.4% | 18.1% | -5.1% |
| 27 | STOCK EXCH OF THAI INDEX | Thailand | Emerging | -1.6% | 2.2% | -11.5% | -0.4% |
| 28 | S&P/ASX 200 INDEX | Australia | Developed | -8.2% | 2.0% | 14.3% | -5.8% |
| 29 | SWISS MARKET INDEX | Switzerland | Developed | -4.0% | -0.3% | 17.6% | -15.0% |
| 30 | PSEi - PHILIPPINE SE IDX | Philippines | Emerging | 0.2% | -0.5% | 1.5% | -13.7% |
| 31 | S&P/NZX 50 Index Gross | New Zealand | Developed | -5.2% | -1.8% | 2.4% | -18.4% |
| 32 | OMX STOCKHOLM 30 INDEX | Sweden | Developed | -2.4% | -2.2% | 25.4% | -24.3% |
| 33 | JAKARTA COMPOSITE INDEX | Indonesia | Emerging | -2.3% | -3.7% | 11.3% | -1.6% |
| 34 | S&P/CLX IPSA (CLP) TR | Chile | Emerging | 0.1% | -3.9% | 13.4% | 22.9% |
| 35 | CAC 40 INDEX | France | Developed | 0.0% | -5.6% | 24.1% | -12.2% |
| 36 | WIG 20 | Poland | Emerging | -1.3% | -5.6% | 50.4% | -24.1% |
| 37 | OMX HELSINKI 25 INDEX | Finland | Emerging | -2.0% | -5.8% | 0.9% | -14.8% |
| 38 | OMX COPENHAGEN 20 INDEX | Denmark | Developed | -13.2% | -12.3% | 31.4% | -4.9% |
| 39 | KOSPI INDEX | South Korea | Emerging | -7.4% | -19.9% | 17.3% | -27.6% |
| 40 | EGX 30 INDEX | Egypt | Emerging | -4.0% | -24.8% | 40.1% | -18.9% |
| 41 | S&P/BMV IPC | Mexico | Emerging | -2.9% | -27.8% | 40.9% | -1.1% |
| 42 | BRAZIL IBOVESPA INDEX | Brazil | Emerging | -6.5% | -29.6% | 33.1% | 10.1% |

*Source: Bloomberg*

# Our December '24 Performance

## India Performance Analysis

The Indian markets, which started Jan 2024 on a modestly positive note, continued this positive direction throughout, till September 2024, but finally started a correction in October. In November 2024 - the Indian market indexes were flat to moderately down (-0.3-0.1%) and even in December they are down 1.5-2%, although for the full year they are still up 10-16%.

Indian equity markets were quite narrow in December 2024. However while the Large-caps were down 2%, the small-caps and mid-caps were flat to up 0.8%.

***In December 2024, out of the top 1500 companies/stocks in terms of market cap, only 41% gave positive returns and 62% underperformed the markets. Nevertheless, in 2024 about 67% of the stocks have had a positive move.***

| Particulars for Dec-24 | No. Of stocks | % |
|---|---|---|
| Positive | 615 | 41.00% |
| Negative | 885 | 59.00% |
| Outperformer | 568 | 37.87% |
| Underperform | 932 | 62.13% |

| Particulars for CYT-Dec-24 | No. Of stocks | % |
|---|---|---|
| Positive | 1011 | 67.40% |
| Negative | 489 | 32.60% |
| Outperformer | 517 | 34.47% |
| Underperform | 983 | 65.53% |

For 2023, India was ranked No.21 - down from its No.10 position in CY22 among the top 42 global markets. In CY23, it fell to No. 25 with returns that are below the global average.

***In December 2024, almost all sectors except IT, Healthcare and Textiles were in red. The major sectors that were down were Financials, Power, FMCG, Metals and Chemicals. For the full year CY24, markets were led by IT and Healthcare.***

Our Pure Equity portfolio, India Super 50 (IS50) was down 1.4% in ***December 2024, still outperforming its benchmark, the BSE 500 index which was down 1.5% and Nifty 50 Index which was down 2.0%. Our overweight positions in IT and Healthcare added strong performance points to the portfolio though this was offset to some extent by the negative contribution from Chemicals, Industrials and Consumer Staples.***

***Our portfolio is still beating both the BSE 500 and Nifty 50 Index by 0.2-4.0 percent points on a Financial Year (FY) to date basis.***

**Of course, we remain among the top PMS providers in the multi-cap space - with a return that's far better than most others. Also, on risk-adjusted returns, we remain among the top with a wide gap with most other providers. (Please see the table given below).**

Our diversified portfolio has stood us in good stead. As usual, the best performing stocks in our portfolio came from a reasonably wide variety of sectors.

## Our Winners in December '24

| Name | Return | Name | Return | Name | Return |
|---|---|---|---|---|---|
| Newgen Software Technologies | 44.2% | Gabriel India Ltd. | 6.9% | HCL Technologies Ltd. | 3.8% |
| Lupin Ltd. | 14.9% | Hawkins Cookers Ltd. | 6.5% | Jindal Steel & Power Ltd. | 2.7% |
| Ipca Laboratories Ltd. | 9.9% | United Spirits Ltd. | 6.3% | Garware Technical Fibres Ltd. | 2.2% |
| Oracle Financial Services Soft | 9.3% | Glenmark Pharmaceuticals | 5.3% | Gujarat State Petronet Ltd. | 2.2% |
| Bhansali Engineering Polymers | 7.9% | CEAT Ltd. | 5.0% | Sanofi Consumer Healthcare | 2.1% |

# Global Performance Analysis

December 2024 was an overall volatile one with almost 60% of the top 42 Equity markets, all Commodities (except Energy) and all major currencies except the US Dollar in negative territory. However, within the US markets, though the NASDAQ was slightly up 0.5%, the S&P 500 Index was down 2.4% for the month and since the latter has the highest weight in the ACWI, the latter was down 2.3% for the month.

Out of top 3000 Global companies/stocks in terms of market cap, 58% of the stocks gave a positive return, while only 43% have outperformed the ACWI Index. Thus, the market move in December 2024 was quite narrow. However, for the full year CY24, the overall Global markets are still broad-based with about 78% giving positive returns.

| Particulars for Dec-24 | No. Of stocks | % |
|---|---|---|
| Positive | 1728 | 57.6% |
| Negative | 1272 | 42.4% |
| Outperform ACWI | 1284 | 42.8% |
| Underperform ACWI | 1716 | 57.2% |

| Particulars for CYT-Dec 24 | No. Of stocks | % |
|---|---|---|
| Positive | 2327 | 77.6% |
| Negative | 673 | 22.4% |
| Outperform ACWI | 1234 | 41.1% |
| Underperform ACWI | 1766 | 58.9% |

In December 2024, the Equities market fall was broad-based with markets like Brazil, South Korea and Denmark, down 7-13%. Most Developed markets like the European markets and Japan, were down 0.5-6%. Most Emerging markets were down in December except a few like China, Sri Lanka, UAE and Turkey which were positive.

***As the table below shows, even with markets being up significantly for the year, 31-37% of the stocks have declined and about two thirds have underperformed, depending on the index you look at - not just for the US but even for overall Global markets.***

| | November-2024 | | | 2024 CYTD | | |
|---|---|---|---|---|---|---|
| | **MSCI ACWI Index** | **S&P 500 Index** | **Nasdaq 100 Index** | **MSCI ACWI Index** | **S&P 500 Index** | **Nasdaq 100 Index** |
| **% Return** | 4.0% | 6.0% | 5.3% | 20.7% | 28.0% | 25.0% |
| **Top 10 Stocks Attribution** | 1.0% | 1.9% | 3.3% | 8.45% | 14.0% | 21.12% |
| **Outperforming Stocks** | 30.1% | 52.0% | 50.0% | 31.7% | 36.5% | 28.7% |
| **Underperforming Stocks** | 69.9% | 48.0% | 50.0% | 68.3% | 64.1% | 72.3% |
| **Negative Stocks** | 49.7% | 22.2% | 29.4% | 37.0% | 22.4% | 30.7% |

For our benchmarks, the S&P Aggressive 80:20 and 60:40 Indices, the key sectors that led the move in December 2024 were Tech and Consumer Discretionary. For the full year, CY24, Tech and Financials were the two major sector contributors.

In December 2024, the Bloomberg Commodities Index was up 1% and it was up 5% for the full year as the Energy sub-Index was up 6.5% in December and up 1% in CY24. The Precious metals index, which was up 25% in CY24, also led the Commodities move for the full year.

Fixed income markets were down with the Global Aggregate index down 2% in December 2024, while it was down 1.7% for the full year.

Most currencies were negative in December 2024, except for the US Dollar Index which was up 2.6% in December 2024 and 7.1% for the full year CY24.

## Cross-Asset Performance for December 2024 and CY24

| Cross-Asset Performance | Dec '24 | CY 2024 | Cross-Asset Performance | Dec '24 | CY 2024 |
|---|---|---|---|---|---|
| **Equities** | | | **Bonds** | | |
| MSCI Japan | -2.2% | 7.0% | VanEck EM High Yield ETF | -0.2% | 12.1% |
| S&P 500 | -2.4% | 24.9% | Bloomberg Global High Yield | -0.6% | 9.2% |
| MSCI Frontier and Select EM | 0.1% | 7.3% | Bloomberg Pan European High Yield | 0.7% | 9.1% |
| NASDAQ 100 | 0.5% | 25.9% | Bloomberg EM USD Aggregate | -1.2% | 6.6% |
| MSCI ACWI | -2.7% | 17.4% | Bloomberg Pan European Aggregate | -1.1% | 2.6% |
| MSCI Eurozone | -0.7% | 2.2% | Bloomberg Global Aggregate | -2.1% | -1.7% |
| MSCI India | -3.2% | 8.6% | | | |
| Core MSCI International Developed Markets | -3.3% | 4.5% | | | |
| EM ex-China | -2.3% | 2.7% | | | |
| MSCI Emerging Markets | -1.7% | 6.5% | | | |
| MSCI Asia ex-Japan | 0.1% | 9.7% | | | |
| MSCI China | 0.9% | 17.7% | | | |
| Bloomberg Latin America Index | -5.1% | -25.1% | | | |
| **REITs** | **Dec '24** | **CY 2024** | **Commodities** | **Dec '24** | **CY 2024** |
| S&P Global REIT | -7.1% | 4.0% | Bloomberg Livestock Subindex | -0.7% | 20.2% |
| Vanguard Global ex-US REITs ETF | -4.1% | -2.3% | Bloomberg Precious Metals Subindex | -2.2% | 25.3% |
| Vanguard US REITs ETF | -8.4% | 4.8% | Bloomberg Energy Subindex | 6.5% | 1.2% |
| | | | Bloomberg Commodity Index | 1.0% | 5.4% |
| | | | Bloomberg Industrial Metals Subindex | -3.0% | 3.5% |
| | | | Bloomberg Agriculture Subindex | 1.2% | -3.9% |

*Source: Bloomberg, Yahoo Finance*

Our Global Multi-Asset fund and portfolio were down 3.7-4.1%, largely in line with the benchmarks which were also down 2.3-2.5%.

Our overweight in Industrials which added strong performance points in November 2024, hurt us in December 2024. This along with our positions in Tech hurt us, offsetting the positive returns from our positions in Communication Services and Japan.

***For the full year CY24, our Global portfolios and funds are up 10.4-10.6%, largely in line with the benchmarks which are up 10.7-13%.***

***Our well-diversified portfolio, though it may seem a bit conservative now and then, generates steady, consistent returns over a period, without major drawdowns.***

That is indeed what we aim to do and our systems are designed that way!

As the table below shows, specific security winners were well diversified across sectors and geographies.

## Our Winners in December '24

| Name | Return | Name | Return | Name | Return |
|---|---|---|---|---|---|
| EASTROC BEVERAGE GROUP | 15.4% | SANRIO CO LTD | 6.7% | Apple Inc. | 5.5% |
| Alphabet Inc. | 12.2% | ADVANTEST CORP | 6.1% | WISDOMTREE JAPAN | 4.0% |
| ZHEJIANG CFMOTO POWE | 7.0% | Amazon.com Inc. | 5.5% | Meta Platforms Inc. | 2.0% |

# FG-GFIP Performance Analysis

In December, the Barclays Bloomberg Global Aggregate Index, which tracks investment grade bonds across major developed market economies, was down by **2.1%**. Global REITs were highly bearish for the month, falling by 7.07%, as **Fixed Income markets saw a decent sell-off, especially in the long maturity bonds**.

The majority of the world markets saw bond yields rising in the month, as the investors assessed economic conditions, and the evolving rate path scenario, taking cues from central bank meetings. The US benchmark 10-year yield was **up by a massive 40 basis points**, and ended the month at **4.57%**. In the Eurozone, 10-y bond yields were higher by 20 to 30 basis points across France, Germany, Italy and Spain, and around 5 basis points in Switzerland. UK bond markets also saw negative returns, as bond yields surged by more than 30 basis points for the UK 10y bond, and ended the month at 4.57%. Yields were mixed for the major economies in the Asia Pacific, as the 10y bond yields in Australia saw decline of around 2 bps, while the same in Japan was higher by around 2 basis points.

Globally, the major central banks continued easing on the monetary policy front. But investors were worried about the potential impact of Trump's policies in the future. Macro factors in Europe also weighed on the yields. *Yields across economies rose for the month, even when the Fed and the ECB delivered a rate cut, while the Bank of England held rates steady*. On the data front, **Non-Farm Payrolls** came in stronger at 227k, as Average Hourly Earnings ticked up at 0.4% for the month, higher than consensus. **Core PCE Price Index** came in at 0.1% for the month of November, lower than the expectations. CPI, and Core CPI in the US came bang in line with market expectations for the month of November. CPI in the EuroZone came in a bit lower at 2.2% (YoY), as against a market consensus of 2.3%.

Our exposure to the *investment-grade category* is currently **45%**, as the portfolio underwent a rebalancing in the last month, as our models had suggested changes owing to the changing rates scenario. We are still less than the benchmark allocation of around 76%. In the *global high-yield category*, our exposure was revised at **9.4%**. In *REITs* category, we took a discretionary call in the last rebalance to not increase the exposure, which currently remains at **3.9%** for the category**.** The exposure to the convertible bonds category is at **3.9%**. A major change was the addition of *cash and equivalents* to our portfolio, as the models suggested increasing our exposure there. Thus, the remaining exposure of **37.8%** was allocated to these funds.

**The GFIP portfolio gave a slight outperformance over the benchmark, even when the markets had negative returns, as the GFIP's return was at -2.23%, as against the benchmark return of -2.26%. Thus, the 3-month performance for GFIP also surpassed the benchmark, *as the GFIP gave returns of -3.06%, as against a return of -4.60% in the same period for the benchmark.* The CAGR since inception for GFIP also highly outperformed the benchmark as it delivered an impressive return of 1.64%, as against the benchmark which gave a CAGR of -1.86% since inception.**

## ***Yields retreat marginally after a rally in the last month***

Yields were largely higher in December for all major economies. Thus, the global bond indices went down for the month. A stronger US jobs data was expected, as the last month had a noisy data due to cyclones and strikes. *Markets also took cues from a hawkish Fed in the FOMC, as they signaled a slower rate cut, or even a pause if the incoming data warranted. The expectation of total cuts in the next year was also revised down*. Yields were higher even when the rates were cut in the US, as well as the Euro area. In the Eurozone, CPI also came in lower than expectations. A combination of potential policy impact, and macroeconomic conditions meant that yields were up for most of Europe, including France and Germany.

Consequently, the investment strategy is under-weight in interest rate risk, with a duration of ***2.95*** versus the 5.44 for the benchmark. The **yield-to-maturity (YTM)** for the GFIP portfolio is at **4.99%**, as against 4.06% for the benchmark. The focus remains on high quality investment grades, while monitoring and assessing the conditions in markets where yields are on a rally, after the central banks had initiated lowering the rates.

## ***Looking ahead***

Given that a global easing cycle has been initiated by major central banks, we recommend clients with short investment horizons (less than 3 years) consider our lower-duration active fixed income product called **GARP**. Those with a longer-term investment horizon should prefer the **GFIP**, which is usually more sensitive to interest rates. *But, here also, the GFIP portfolio has been adjusted to lower the interest rate risk, as per the model recommendations*. This is because the policy path remains uncertain until further data shows where the economy is headed.

*Fixed income markets are likely to experience further volatility, until the path for rate cuts become clearer, though historically, bonds have provided good returns in months succeeding the first rate cut. Investors will also closely monitor the economic policies as Trump is set to take the office this month. Markets will also price in the future rate path, depending on the incoming economic data.*

We are focusing on high-quality income with our fixed income products, GFIP and GARP, offering a gross yield-to-maturity of 4.99% (4.06% for the benchmark) and 7.31%, respectively. A higher yield helps cushion against losses in case yields rise materially.

## Our Investing Mantras

Avoid the Big Losses

Be the "House", not the "Gambler"

Protect in Down Markets
Participate in Up Markets

Play for Singles. Not for Home Runs

Play Everything. Believe Nothing

Not Bullish. Not Bearish. Be Hare-ish

Great trades are like buses
There's always one coming

No Storification. Just Datafication

Rigidity Kills. In Arteries. And in Investing

And our Human+Machine delivers these Returns with the lowest possible risk.

As we've said before:

**We do not run "High Conviction" risk.**

**We do not run "Storification" risk.**

**We do not run "High Concentration" risk.**

Being neutral and systematic in investing, will absolutely make us win, barring the occasional pullback patches.

That's what our unique Human + Machine Model delivers.

Consistency. Not stomach churning yo-yos.

For those who aren't invested with us, but want in, just drop us a line on **http://tinyurl.com/4xrnkrh6** or **info@firstglobalsec.com and we will respond quick.**

By the way, you can also **WhatsApp** us on +**91 88501 69753**

**Chat soon!**

**From Your Friends at First Global**