

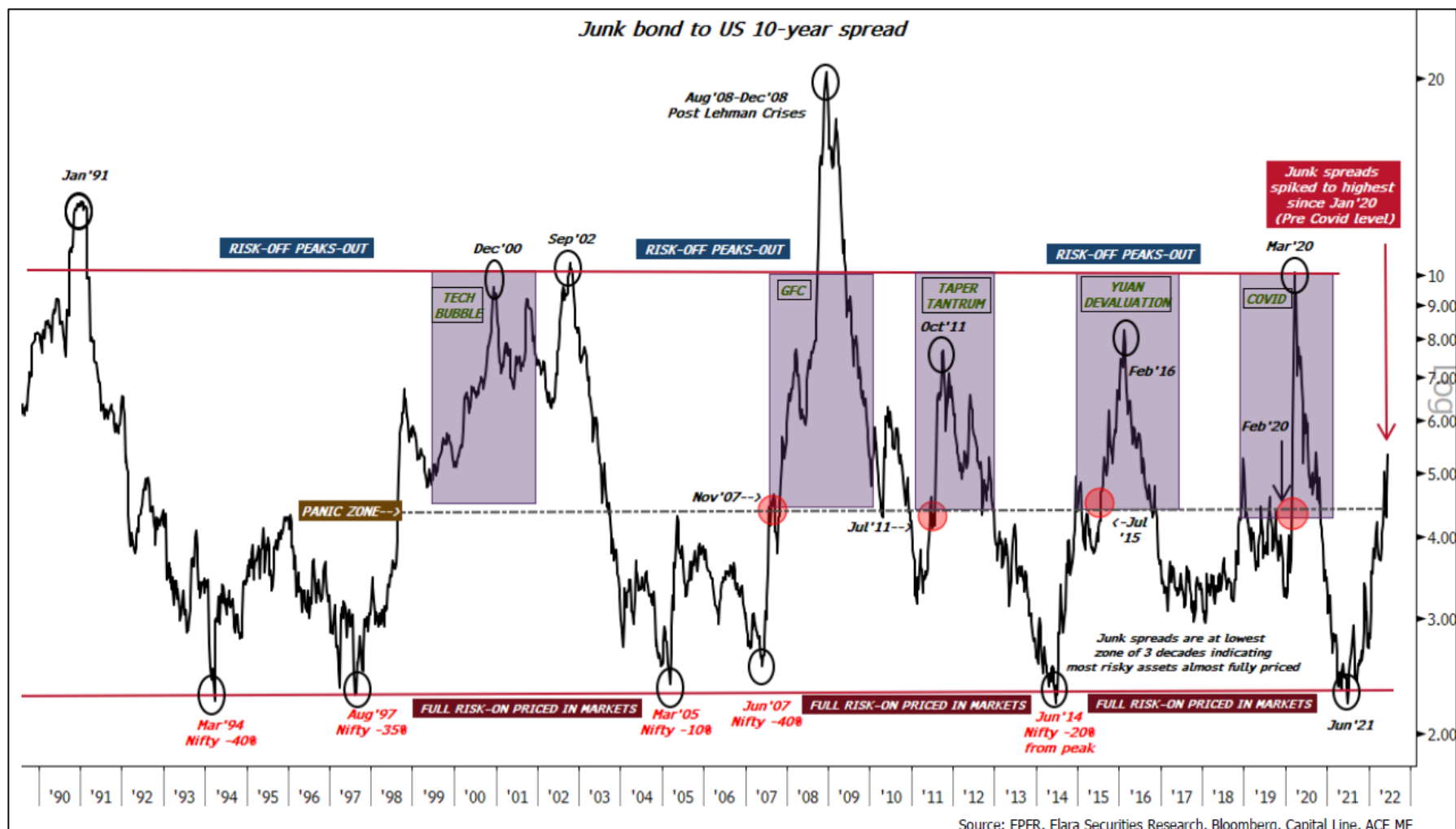
Brave New World

Edition 16



Junk Bond Spreads spike to Pre-Covid levels

- Last spike of Junk/High yield bonds over G-Sec was seen in Jan'08/Aug'11/Oct'15; which was a phase of rampant price damage in equities globally, lasting for a few weeks to months. However, this was also mostly the last phase of sell-off where people throw-in their towel.
- 1- year rolling returns on all Equity funds globally has reached -13.5%. In the last decade, the returns have bottomed in the -10% to -13% range, other than 2000-2002 and 2008-09. Hence, it will be critical to see if sell-off halts here or extends into a bear market.



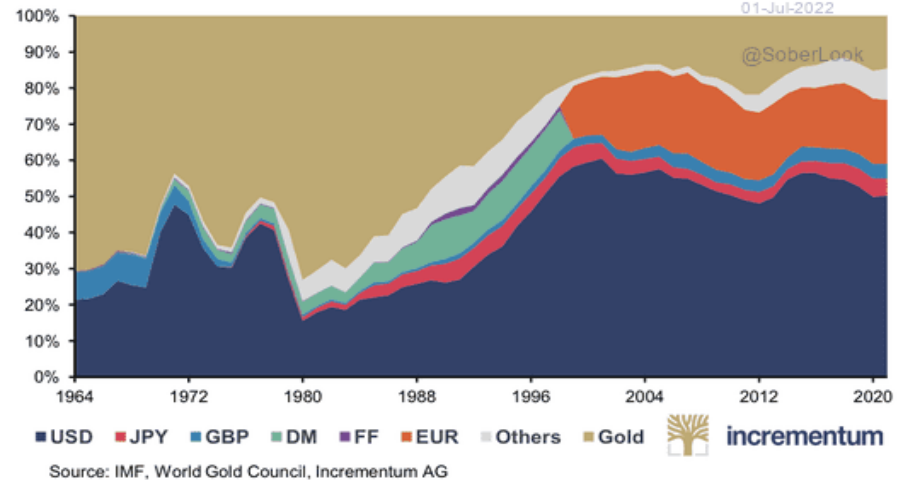
Will Gold be at the center of new payment currency?

- One trend that is common across many nations: gold as a percentage of reserves has risen consistently since Q3 of 2018.
- Gold's value has stagnated over the past 1-2 years as bitcoin and equities had taken the spotlight with an increasing fiat money.
- As Bitcoin joins Bonds and Equities towards the downward journey, will value return back to real assets?

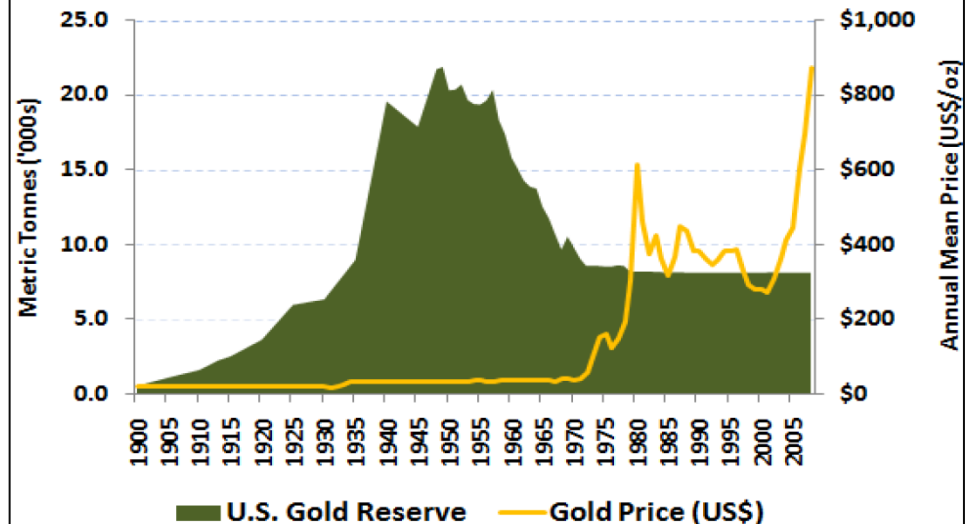
"The third and the final stage on the new economic order transition will involve a creation of a new digital payment currency...A currency like this can be issued by a pool of currency reserves of BRICS countries..the basket could contain an index of prices of main exchange traded commodities : Gold and other precious metals, key industrial metals, hydrocarbons, grains, sugar, as well as water and other natural resources.."

– Sergey Glazyev, Ex-Economic Advisor to President Putin

Composition of Global FX Reserves incl. Gold, 1964-2021



Official U.S. Gold Reserves and Gold Price (1900 to 2008)



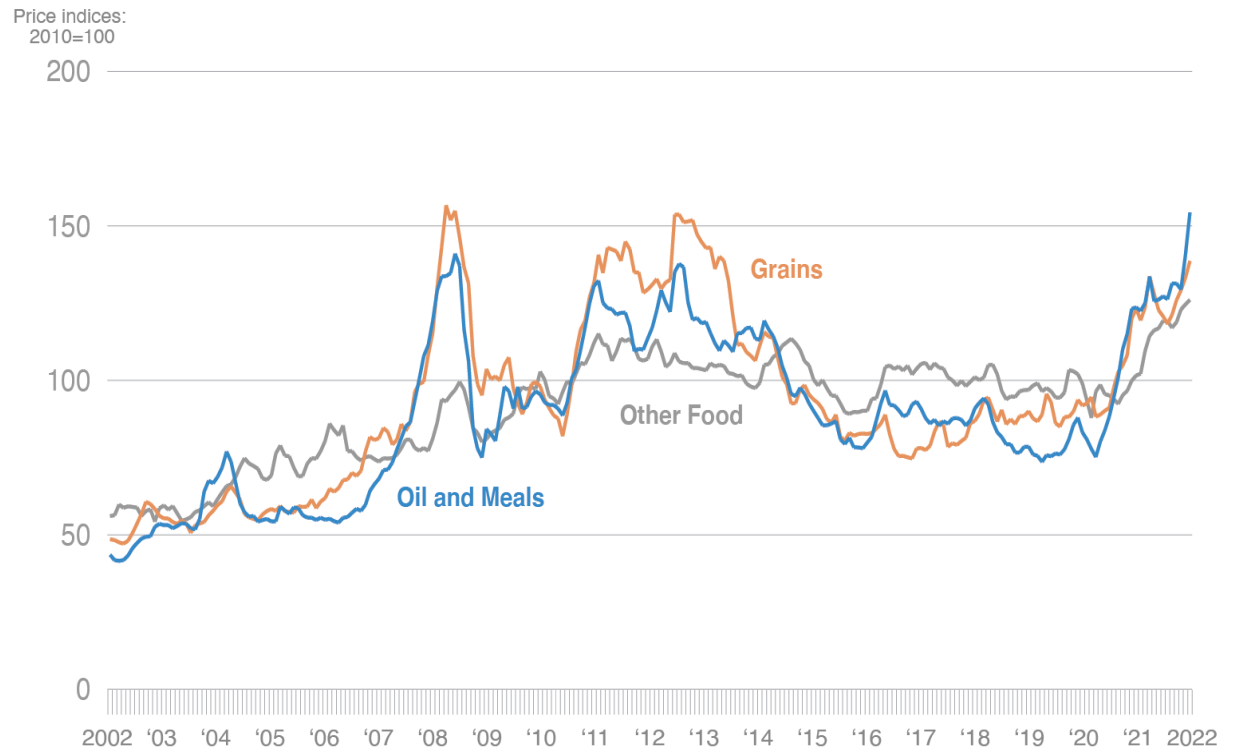
Agriculture: Will climate goals affect the farm production?

- The government of the Netherlands wants to impose new climate goals of reducing nitrogen output by 2030. In order to meet these goals, farmers will have to downsize their businesses or shut down.
- In Norway several large food producers implemented massive price increases on food. For example the price of Pepsi Max went up by over 30%.

- We are already looking at a worldwide food crisis as a result of skyrocketing fertiliser prices and the war in Ukraine (as Russia and Ukraine are major grain exporters, and that is now coming to a standstill).
- We will likely see even more expensive food next year, and unfortunately probably famines in some parts of the world. (Source: Peter Sweden)

There are agriculture themed ETFs like DBA available for investment by resident Indian investors.

Agricultural Commodity Prices Near Record Levels



Source: World Bank

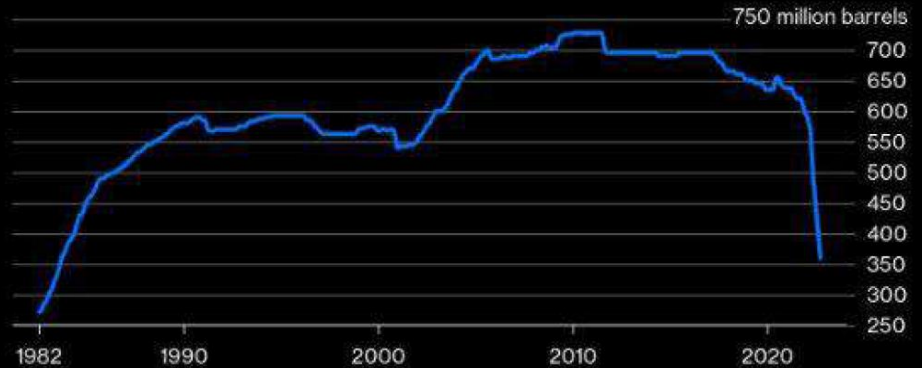
US 'Strategic Petroleum reserve' hits nearly 40 year low

- In order to curb the oil price and thereby inflationary pressures; the U.S released a large part of their 'Oil Strategic Reserve' stock thereby taking this near to 40 year lows.
- On the flipside, the western economies are shutting down gas pipelines, taxing oil companies thereby disincentivizing any additional supply.
- All eyes are now on Biden's visit to Saudi Arabia in mid-July and if Saudi agrees to pump more to stabilize supply markets.

The US Is Depleting Its Strategic Petroleum Reserve Faster Than It Looks

Oil Piggy Bank

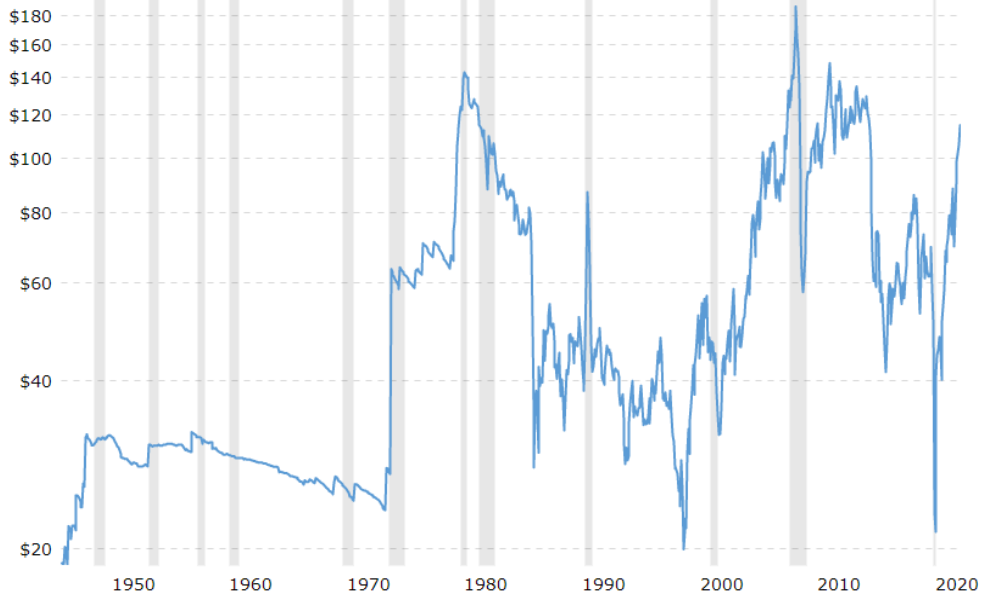
By October, the US Strategic Petroleum Reserve will shrink to a 40-year low as the White House taps it to put a lid on global oil prices



Source: US Department of Energy

Source: Jun-Oct 2022 is forecast based on releases already pre-announced

Bloomberg Opinion



- What could happen here – Biden returns with a promise from Saudi to pump more oil; which cools off prices and thereby inflation prints; gives Fed some leeway to pause tightening.
- However, ensuing months show that Saudi & Opec + production do not rise as much; which may again send oil prices back to prior highs.

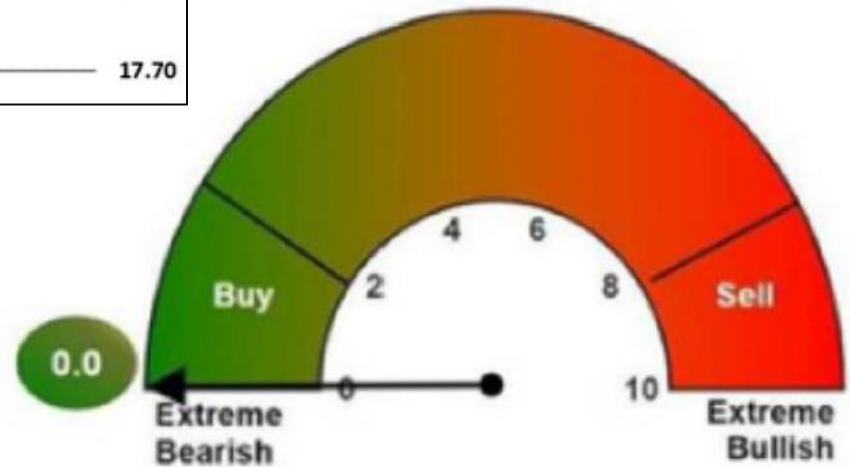
There are Energy themed ETFs and ETNs like OIL, XLE, OIH available for investment by resident Indian investors.

Investor sentiments hitting historic lows



- BofA's sentiment indicator hit '0' in June'22 indicating extreme 'bearishness'.
- Other instances where this hit zero were Aug'2002, Jul'2008, September'2011, September 2015 and March'2020.
- While not all of these dates were definite bottoms; but, these typically represents a buyer's more than a seller's market from a 6-12 months perspective.
- Also, US investor sentiment readings are at extreme bearishness, last seen during depths of Great financial crises.

The biggest catalyst driver for higher risk asset prices over next few months would be Fed's stance on tightening as recession fears loom. If oil prices are off for a bit that may provide Fed some breathing space.



Team



Mr. Ritesh Jain

Director

Master of Business Economics (MBE)
Executive MBA - Haskayne School
(Calgary)

He has held many senior leadership roles including CIO – BNP Paribas Mutual Fund, where he was responsible for managing US\$1.2 billion of AUM and also has served as the CIO of Tata Mutual Fund, where he was responsible for managing AUM of 6 billion.

In 2019, LinkedIn rated him among the top three influencers in the world of Economy and Finance. He is also a recipient of numerous national and international awards in the field of fixed income and equity investments.



Ms. Chanchal Agarwal

Head - Products

Chartered Accountant
CFA Charterholder

She brings with her about 12 years of Industry experience spanning across verticals like Family Office Investment Advisory, Equity management, Investment banking, etc.

In 2020, AIWMI recognized her amongst the 'Top 100 women in Finance'. She has featured in the Audio talk series 'Show me the Money' by Meghna Pant (available on Audible Suno). Her article reflecting on 'What stops women from investing' was published in The Hindu Newspaper.

Management



Mr. Ajoy Agarwal

Founder, Chairman & Managing Director

One of the pillars of the Indian investment advisor's fraternity.

Over the last five decades, his contribution to the growth of financial literacy is immense, led by un-biased, focused and disciplined approach with strong emphasis on ethics and creating a sense of ownership amongst the employees.



Mr. Abhishek Agarwal

Director

Having started his career at the grass-roots level of the financial services industry, his dedication and strategic planning has enabled EF to enter into several remote towns across Eastern India, thus spreading its wings with a large network of company-owned branches.



Mr. Ambrish Agarwal

Director

Aiming to change the speculative, traditional ways of trading by developing a sustainable, investment-based dealing platform.

His contribution helped catapult EF into the league of players actively catering to the discerning Institutional and High Net worth investors who are well aware of global developments and thus very demanding.

Thank You



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