



IndiaNivesh
TRUST, WE EARN IT

ISSUE: XXIX | February 2018 - March 2018



Nivesh Wealth

IndiaNivesh Wealth Management

For Private Circulation Only

Contents

Tabula Rasa	1
RBI Sixth Bi-Monthly Monetary Policy 2017-18	2
India: Macro	3
Global: Macro	5
India: Fixed Income	7
India: Equity Market	8
INOM – IndiaNivesh Optimisation Model	11
Scheme Recommendations	
a. Money Market – Liquid Funds	12
b. Debt – Ultra Short Term Funds	13
c. Debt – Short Term Funds	14
d. Debt – Income Funds	15
e. Debt – Credit Risk Fund	16
f. Debt – Gilt Funds	17
g. Equity – Large Cap Funds	18
h. Equity – Multi Cap Funds	19
i. Equity – Mid and Small Cap Funds	20
j. Equity Linked Savings Schemes	21
k. Hybrid – Balanced Funds	22
IndiaNivesh Model Portfolios	23
Global Economic Variables	24

Tabula Rasa

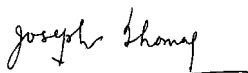
On the budget day and around that time the equity markets swayed both ways, sometimes losing altitude and sometimes gaining a bit. But, interestingly, there was not much in the budget to propel the markets to very high levels nor was there anything capable of pulling down the markets too. But immediately after the budget came the fall occasioned by what is styled global economic or market developments. These global factors continue to hold a negative sway over the markets as they are relatively persistent and strong winds. The US is going through a period of rising economic growth, higher inflation and a rising US budget deficit. These three factors put together warrant a rise in interest rates. There is more or less a general consensus that the Fed is likely to hike rates at least three times during this year with very clear indications of rising price level. The Fed going by its history has seldom been behind the curve, and therefore, most likely to continue with its pre-emptive strikes against inflation.

High interest rates is invariably the biggest enemy of equity markets. It was the underlying fears that prompted the sell off in the global markets in the last two weeks and it had its impact on domestic markets too. Something that should strike us at this juncture is that the US equity returns in 2018 may not be as good as it has been in the last two years in the light of rising rates, while Europe looks attractive from a valuation perspective and going by the steady pace at which the economies are reviving now. It may be one or more of these factors that has been at play all this while which led to some amount of volatility in our markets too.

Coming to the domestic factors, one should appreciate the one way movement that we have seen in the indexes, ahead of valuations, and the premia built up in mid-caps and small-caps over the large caps. This needed some moderation over time. Hopefully, this correction could bring the levels to more sustainable perches and would also provide further buying opportunities to discerning investors. Year till date, broader equities have fallen by around a percent while debt has lost mainly due to rising inflation and fiscal slippages. As one would assume that the two asset classes generally have a negative correlation, but in the short run confluence of several factors may cause them to run in the same direction. However, in the long run the negative correlation stands true, and provides the basis of asset allocation for asset managers.

After a year of broad based equity performance, it may be a year of sector and stock preferences. The key would be, to have a financial advisor by your side to see you through this volatile market and guide you in making the right investment decisions. Moreover, as debt markets go through the pangs of rising bond yields and rising inflation, it is time to manage the debt portfolio with greater agility. A small portion of the bond portfolio may be allocated to an appropriate duration call once the yields at the long end move beyond 7.90-8.00 % levels.

Happy Investing !!!



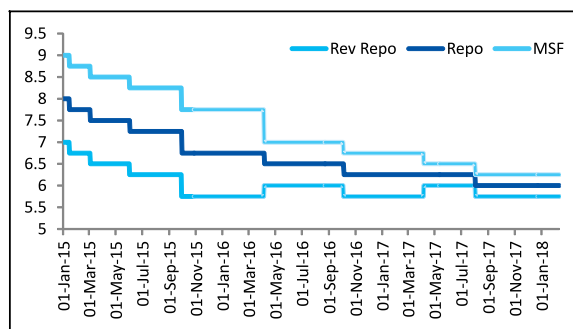
K. Joseph Thomas Ph.D
Director - Wealth Management

RBI Sixth Bi-Monthly Monetary Policy 2017-18

The Sixth bi-monthly monetary policy announced today was on expected lines with RBI keeping the rates unchanged. The policy decision was however not unanimous one, with 1 member of the committee favoring the rate hike while 5 members favoring a status quo on rates. This gives an early indication of the direction in which the RBI might take its first step whenever it decides to move. Though RBI has raised concerns on the upside risks to inflation going ahead, the policy stance cannot be termed overtly hawkish. The RBI did not sound too concerned by the increased quantum of government borrowing either. While it did mention possible crowding-out effect, there were no red flags raised on the quality of spending. Thus, we do not expect the current policy to have any adverse impact on market yields.

One key development that was announced today, outside the policy document, was with regards to classification of a loan account as NPA for MSME. The existing 90/120 days delinquency norm to be revised to 180 days for Banks and NBFCs exposure to MSME, with a condition that the account was standard as on August 31, 2017. This would come as a relief to MSME's who saw their business and cash flows disrupted owing to the implementation of GST.

Policy Rates



Source: MOSPI, IndiaNivesh Research

On Inflation:

- Inflation for Q4 FY18 is now estimated at 5.1%.
- FY19 H1 CPI inflation is estimated in the range of 5.1% - 5.6%.
- FY19 H2 CPI inflation is estimated in the range of 4.5% - 4.6%.

The CPI based inflation is expected to remain elevated during the last quarter of the current fiscal on the back of high food and fuel prices. The seasonal easing in food prices has been modest and not resulted in reversal of inflation figures. Going ahead, high crude prices and global uptick in non-oil industrial raw material prices are expected to keep inflation numbers sticky at current levels during the first half of FY19. There onwards, RBI expects inflation to ease during the second half of FY19 on the back of positive base effect and unwinding of 7th CPC's HRA impact. The food inflation is envisaged to remain contained with assumption of normal monsoon and effective supply management by the government. Continued rise in oil prices and global growth remain the key caveats to inflation projections.

The possible inflation mitigating factors as mentioned in the policy are (1) capacity utilization remains subdued, (2) oil prices have moved both ways and thus can potentially soften from current levels based on production response, and (3) rural wage growth remains moderate.

On Growth:

- GVA growth for FY18 is projected at 6.6% and to improve to 7.2% for FY19

There are early signs of revival in investment activity as reflected in improving credit offtake, large resource mobilisation from the primary capital market, and improving capital goods production and imports. The process of recapitalization is expected to improve credit flows further and create demand for fresh investment. Export growth is expected to improve further on account of improving global demand.

Given the upside risks to inflation highlighted in the policy statement and one of the MPC member voting in favor of a rate hike can lend a hawkish perception to the policy. However the following statement from the policy needs a special mention

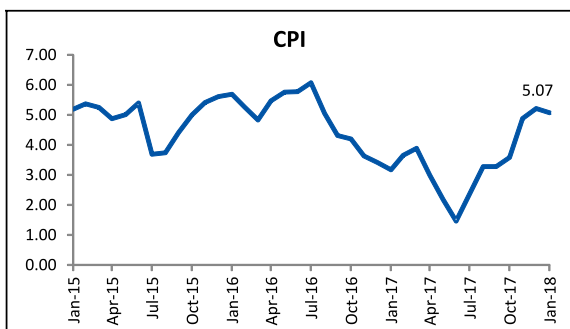
"The Committee is of the view that the nascent recovery needs to be carefully nurtured and growth put on a sustainably higher path through conducive and stable macro-financial management".

India: Macro

Inflation

India's headline inflation eased to 5.07% for the month of January 2018 as compared to 5.21% in the previous month and 3.17% seen in Jan 2017. After a steady rise since June 2017, it is the first dip in the retail inflation figure calming the hyper sensitive markets a little. The fall in the January inflation has been on account of a drop in the food inflation and fuel prices. The Consumer Food Price Index (CFPI) stood at 4.7% in January as compared to 4.96% in the last month but it is significantly higher than 0.61% in Jan 2017. Taking in to considerations the recent occurring, several parts of the country witnessed hailstorms destroying crops and vegetables ready for harvesting. This will have a negative impact on the overall supply in the coming months and would impact the food and vegetable inflation.

The fuel and light index was also seen easing from 7.9% in the previous month to 7.7% in Jan 2018. Meanwhile, the elements that have had a negative bearing on the general inflation, is the rise in housing inflation which is seen at 8.33% as compared to 5% in Jan 2017. The housing index has seen steep uprising in past 6 months which can be on account of rise in property prices in tier I and tier II cities.



Source: MOSPI, IndiaNivesh Research

The core inflation too has witnessed a rise in the recent months and stood at 5.14%, nearly static as the previous month. This could be a cause of concern indicating the rise in inflation being more permanent in nature as it excludes the volatile food and fuel components.

Inflation in the coming month especially till March could be helped by a favorable base effect. RBI has raised its inflation projection for Q4 of FY18 to 5.1% on the back of rising fuel prices and the HRA impact.

Our View:

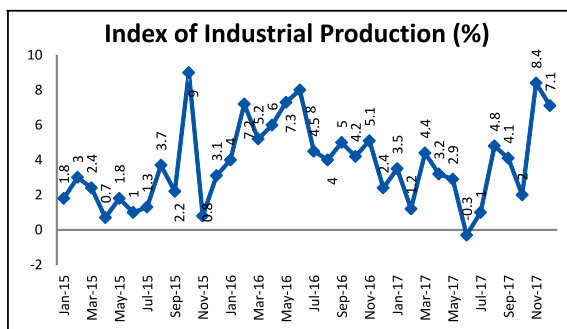
The disruption in the vegetable and fruit supply due to abnormal weather effects could be a dampener for the overall inflationary sentiments. Global crude oil prices which have been the largest contributor to the recent

rise in imported inflation have receded from the highs and the only positive to be drawn for the short term inflation forecast. The overall trend of inflation depicts a rising trend and would continue to put pressure on the longer end of the curve. The distress in the bonds is also on account of the fiscal slippage and the resultant higher borrowing and a sooner than earlier anticipated turn towards an aggressive monetary policy stance by the RBI.

Index of Industrial Production

Industrial production in the month of December has remained strong growing by 7.1%, as compared to the upwardly revised growth of 8.8% for November. The IIP growth for the month December although slipped a little as compared to the preceding month, but remained on firm footing. The continued robust performance of the manufacturing sector was one of the major factors behind sustenance of revival in industrial production. The low base of the previous year is also partly responsible for the healthy growth in IIP numbers.

The fiscal year to date growth for FY18 still lags the one recorded in FY17. The Apr-Dec growth for FY18 stands at 3.7% as against the growth of 5.1% for comparable



Source: MOSPI, IndiaNivesh Research

period of FY17. The growth numbers tell the tale of how the growth has panned out over the past two years. FY17 started on a strong footing but the growth faltered in the second half owing to demonetisation induced demand destruction. On the other hand, the story is expected to reverse in FY18. The growth expansion as measured by industrial production remained subdued during the first half of FY18 due to lingering effects of demonetisation and introduction of GST. The growth has already shown signs of stabilising and as the market participants get further acclimatized with GST the growth is expected to end the year on a robust note.

The manufacturing growth for Dec'17 was reported at 8.4% as compared to 10.7% in the preceding month and the growth of 0.6% registered in Dec'16. Sixteen out of

the twenty three industry groups under manufacturing reported positive growth.

The Mining and Electricity sectors too continued to post positive growth rates. The mining activity expanded at the rate of 1.2% as compared to growth of 1.1% in the preceding month. The electricity generation grew at the rate of 4.4%, a minor improvement over preceding month's growth rate of 3.9%.

The growth in use-based categories indicated that underlying mix remained healthy in the month of Dec'17 as well. The growth in Capital Goods segment improved further and was reported at 16.4%; the expansion in November stood at 10%. Infrastructure/Construction goods growth too hinted that revival in capex cycle is underway. The segment grew at the rate of 6.7%. The growth in Consumer Non-Durables segment was the strongest for the fourth consecutive month. On the other hand, Consumer Durables segment growth remained sluggish (0.9%), pointing at slower recovery in consumer demand. The items groups, based on weight, that had the highest contribution to IIP growth were Digestive Enzymes & Antacids, Cement, Electricity, Diesel and Two-wheelers. The biggest negative contributors were Electric Heaters, Jewellery of Gold, Other Tobacco Products, Readymade Garments and Medical/Surgical Accessories.

Our view:

The continued expansion in IIP growth is indeed a positive sign for the overall economic growth. The pressures of demonetisation and GST at last seemed to be receding. The intended benefits of GST implementation should help in sustaining the growth momentum.

The growth mix too remains healthy, with capital goods segment being one of the fastest moving components. The growth mix should give some comfort on the inflation front, as a capex led revival has the potential to subdue the effects of inflationary pressures that may emanate from the eminent revival of consumer demand. Even though in the near term, the debt markets can react negatively as this would mean that RBI's entire focus can now turn towards containing inflation. In this regard, the upcoming GDP data for Q3FY18 would be keenly watched.

India PMI

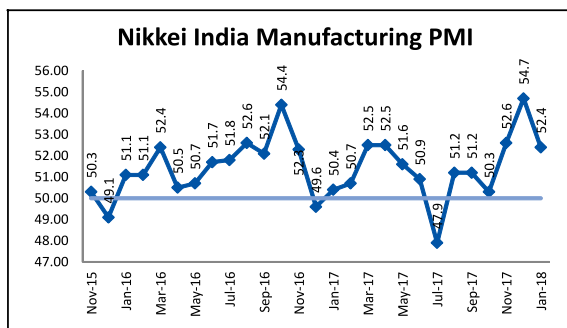
The manufacturing PMI number for the month of January was reported at 52.4, the survey has been in expansionary mode for the sixth consecutive month. A reporting above 50 indicates expansion. Even as the economic activity remained in expansionary territory, the pace of growth slowed as compared to the preceding

month. The PMI number was reported at 54.7 for the month of December 2017. Output and new orders grew at a slower rate. As the new order growth slowed, it also impacted the pace of new hiring. The employment numbers were too seen growing at a slower pace as compared to the earlier month.

On a positive note, even as the pace of domestic orders eased, export orders reported the strongest showing since September 2016. Even as the order growth rate slowed, manufacturers got no respite from the rising input costs. The rise in input cost pressures continue to mount on manufacturers as their ability to pass these on to the customers has been severely restricted due to intense competition.

Our View:

The latest PMI numbers in conjunction with IIP growth rates are giving early indications of an economic revival underway. The slight slippage in growth rates as compared to the preceding month should not be a cause of concern as the survey still remains in expansionary mode. The manufacturers' confidence on the outlook for the next 12 months remained positive. The level of confidence though remains low as compared to historical standards.



Source: MOSPI, IndiaNivesh Research

The PMI survey instills confidence on the growth front but continues to raise concerns on the inflation front. The manufacturers have been complaining of rising input costs and their inability to pass on the same. The RBI too took cognizance of the same in its latest policy review and indicated that it could be one of the key upside risks to inflation going ahead. The RBI as of now seems to be in a stance to support the nascent recovery but that would be dependent on how quickly the consumer demand returns and manufacturers regain pricing power. Apart from the gauge on economic outlook, the PMI survey would also be keenly watched to understand the evolving inflationary outlook.

Global: Macro

Global bond yields

The US Fed maintains status quo in its first policy meeting of 2018; the announcement was largely on expected lines. Even as the rates were held steady, it indicated that inflation can move up during the year. The central bank raising concerns over inflationary risks has lead to market participants anticipating a swift and higher quantum of tightening by the Federal Reserve. The latest CPI inflation for US was reported at 2.1% as against the expectation of 1.9%.

Led by the expectations of higher inflation and improving growth environment yields traded with a hardening bias. The yields for all the global markets under purview have risen during the previous month in a synchronised fashion. Notwithstanding, few of the central banks still maintaining a commitment towards loose monetary policy.

Date	US 10 Yr Yield (%)	UK 10 Yr Yield (%)	JP 10 Yr Yield (%)	Germany 10 Yr Yield (%)	India 10 Yr Yield (%)
15-Feb-18	2.910	1.646	0.067	0.764	7.573
31-Jan-18	2.705	1.510	0.085	0.697	7.430
22-Jan-18	2.650	1.358	0.079	0.567	7.264
15-Jan-18	2.546	1.323	0.077	0.587	7.269

Source: Bloomberg, IndiaNivesh Research

Outlook

The recent yield movements indicate that the markets seem to have modified the expected trajectory of central bank actions for the current year. The rise in inflation on the back of improved economic growth outlook can lead to yields maintaining an upward bias over the medium to longer term.

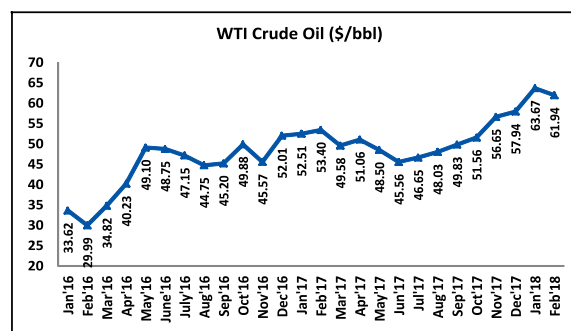
Apart from rising inflation the fiscal stimulus introduced in the US by way of tax breaks too is having a negative bearing on interest rates. In the wake of fiscal stimulus, the loose monetary policy might need to be reversed at a quicker pace to keep the economy from overheating. Even though the yields have moved up as growth is expected to accelerate, it is having a negative impact on equity asset class. The low interest rate scenario had forced the conservative investors to enter riskier assets in search for growth. As the interest rates inch-up, conservative money can be expected to move out of equities.

Crude Oil

The oil prices remained stable over the previous month. The global oil output remained steady during the month

of January. The OPEC nations maintained their firm support for supply cuts and the compliance rate was seen at 137%. The compliance rate of Non-Opec nations too remained healthy and was reported at 85%.

The falling stock piles of US oil inventory have been one of the major factors supporting the upward trend in oil prices. After a gap of more than six months the US inventory numbers have turned a corner and displayed a rising trend for three continuous weeks. The rise in demand and fall in global crude supply on the back of supply cuts had led to fall in US inventories. The revival in US shale gas production has helped keeping a lid on rising crude prices. The latest US rig count was reported at 791 as compared to 752 a month ago.



Source: Bloomberg, IndiaNivesh Research

Outlook

With oil prices stabilising, the trend going ahead would be dictated by evolving outlook of US oil production. The initial signs of revival in the same are visible in the decreased drawdowns in US oil inventories. The supply glut concerns had taken a back seat recently, but they can easily come back to haunt the oil markets if Non-OPEC oil production continues unabated.

We believe the trend for oil prices over the medium term would be dictated by the dynamics between US production gains and ability of the OPEC nations to cut the supply. The production cuts effected by OPEC nations had led to upmove in oil prices and in turn revival of the US shale industry. Given the background, the oil prices can be expected to trade sideways over the near term.

Currency markets

The USD traded with a weakening bias against all the global currencies. The sharp rise in US bond yields on the back of improving growth scenario offered no respite for the USD. As growth outlook improves across the globe, US no longer stands out as the oasis of economic revival. The interest rates have started moving up in other

developed nations as well. The rising interest rates in other nations have led to reduced attractiveness of the greenback.

The rising rate of inflation in US is another factor that has led to currency depreciating despite the high yields. Whereas other nations are still hunting for revival in inflation, the numbers for US have started beating estimates. The latest reported data being a case in point.

Date	GBP/USD	USD/JPY	EUR/USD	USD/INR	USD/CNY
15-Feb-18	1.410	106.130	1.251	63.910	6.342
31-Jan-18	1.419	109.190	1.241	63.586	6.289
22-Jan-18	1.399	110.920	1.226	63.870	6.405
15-Jan-18	1.379	110.540	1.226	63.493	6.437

Source: Bloomberg, IndiaNivesh Research

Outlook

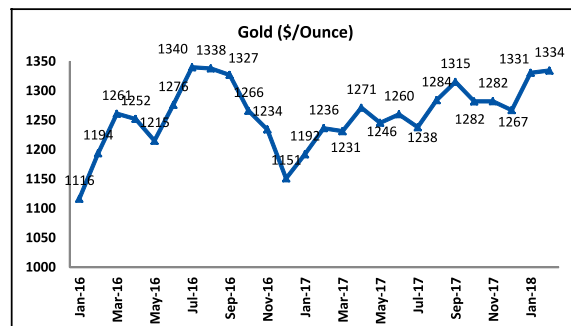
While markets yields have moved up, the outlook for the greenback remains murky. The conundrum of rising interest rates and depreciating currency supposedly lies in the growth outlook. Few media reports indicated that aggressive tightening from US Fed can lead to worsening growth outlook for the economy. Thus, even though rates have risen in the near term they may not sustain at elevated levels if concerns of stagflation grip the markets. Over the near term the trend can reverse if the volatility seen in equity markets continues, any risk-off sentiment developing in the wake of recent market correction can benefit the USD.

Gold

Gold prices remained steady over the month gone by. The weakness seen in USD was one of the reasons that kept the prices of shining metal stable. The easing of geopolitical risks was another key factor that led to demand for the safe haven remaining muted. The news emanating from the rogue nation of North Korea has supported gold prices, but these tailwinds dissipated as Kim Jong Un expressed his desire to initiate diplomatic talks with South Korea. The steep rise in market yields across the globe could also have been a dampener for the non-interest bearing asset. The prices remaining stable, despite the several headwinds discussed above, indicates towards the strong support available at current levels. Any support from demand revival has the potential to push the prices further upwards.

The intention to develop gold as an asset class found mention in India's recently declared budget. The key points mentioned pertaining to gold in the budget were, (1) formulation of a comprehensive policy to develop gold as an asset class, (2) establishing a system of regulated gold exchanges, and (3) intention to revamp

Gold Monetisation Scheme (GMS). If implemented correctly these policies can lead to enhance demand of gold going ahead.



Source: Bloomberg, IndiaNivesh Research

Outlook

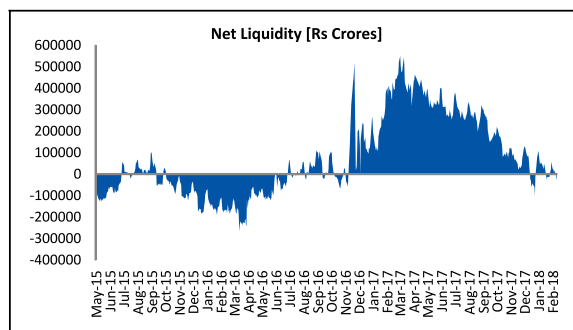
The outlook for gold prices is turning positive at the margins. The strength of the asset was witnessed in the month gone by as the prices remained steady despite the headwinds. If the turmoil in equity markets continues for an extended period of time, the demand for gold as an investment avenue can go up. Traditionally gold is witnessed as a safe haven asset, turmoil in other asset classes has benefitted gold. The recent rout witnessed in cryptocurrencies is another positive for gold. The multi fold rise in crypto prices in 2017 had led to some sections of the market terming it as the substitute of gold. As the prices have plummeted and have seen extreme volatility, investors can return to safety of gold.

The pick-up in inflation in US is another positive for gold. The improvement in global growth and emergence of inflationary pressures could see gold prices trending higher in 2018 as well.

India: Fixed Income

The domestic debt markets remained volatile during the previous month as well. The upward bias in global bond yields coupled with two important announcements, budget and monetary policy, being lined up kept the market participants on toes.

The first announcement to hit the markets was the annual Union Budget. The fiscal deficit targets were revised upwards for the current fiscal from 3.2% of the GDP to 3.5% and for FY19 the target has been set at 3.3% as compared to 3% projected earlier. The fiscal deficit budget estimates indicate a gross government borrowing of Rs. 6.06 trillion and a net market borrowing of Rs. 4.62 trillion; largely unchanged levels from the current fiscal. Despite the deficit level being largely on expected line the debt markets reacted sharply to the budget announcement; the benchmark 10yr g-sec yield spiked-up by 18bps to close at 7.61% on the budget day. The focus of the current budget has been towards the upliftment of the rural economy. To achieve that end there were several measures announced, one of the most critical one was to fix the MSP for crops at 1.5x



Source: Bloomberg, IndiaNivesh Research

of the production cost. The inflationary tilt and the resultant expectation of a hawkish policy stance by RBI could be one of the reasons for the sharp market reaction.

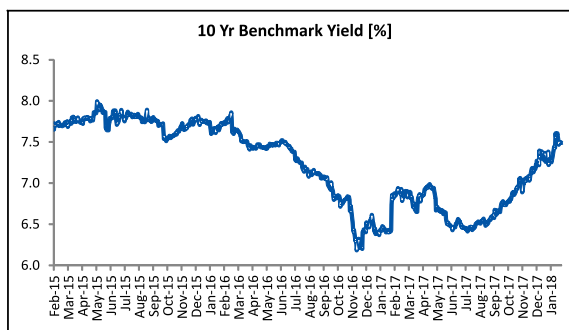
The second announcement was the RBI Monetary Policy. The RBI did raise concerns over the upside risks to inflation but did not sound alarmist on the quantum of fiscal slippage and the quality of government's spending. Instead, acknowledged the fact that growth is still in a nascent stage and may require nurturing. Thereby, temporarily, putting at rest the market fears of a hawkish stance.

In order to allay concerns regarding oversupply of government bonds, some sections of the market have

called for increase in the FII investment limits; even if implemented we do not believe it could have a meaningful impact given the upward bias of yields in FII home countries. With credit growth witnessing a revival whereas deposit growth rates lagging behind, the transmission channel too remains impacted thereby taking out the possibility of any further lending rate decreases by banks. On the contrary, few of the banks have raised the rates on bulk deposits.

View:

Given the multiple headwinds at the longer end of the yield curve, we would like to reiterate our investment recommendation of maintaining allocation at the shorter end of the yield curve. The systemic liquidity, as measured by the LAF window, has dried-up recently but the upcoming maturities in the month of March of MSS bonds could provide some relief. Also, the pick-up in government expenditure in the new financial year should support liquidity. The recommended product categories at current juncture continue to be Short



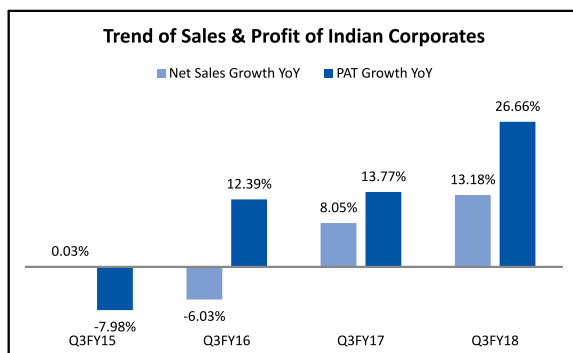
Source: Bloomberg, IndiaNivesh Research

Term Funds and Credit Risk Funds, based on individual investment horizon and risk appetite.

Even though we do not recommend taking tactical positions at the longer end of the yield curve currently, some value may emerge in that space going ahead. At a yield of close to 7.6%, the 10 year benchmark security is trading at a spread of 160bps against the repo rate. At these spreads, the markets seem to be already pricing-in a rate hike of 50bps to 75bps. Unless there is a swift and stubborn spike in inflation numbers, RBI is not expected to hike rates in a hurry as recovery in growth is still at a nascent stage. Thus, if the selloff in bond market continues and 10 year yield breaches 7.9% levels, aggressive investors can consider making opportunistic investments at the longer end of the curve.

India: Equity Market

The past few weeks have been quite volatile for the stock markets. The Indian markets are perennially seen to have been taking cues from the global stock movements, especially the US equity markets. As for the US stocks, the S&P 500 Index, the barometer for the US equity markets, has declined significantly. US markets are now adjusting to the revised inflationary expectations and predictions of a higher than expected rise in the interest rates. It is not that the markets had not factored-in the rate hikes in the projections earlier but the fears of significant rise in inflation, as the global economy is expected to pick up significantly, may have altered the base case scenario. The IMF forecasts the global economy to expand at 3.9% in 2018 the fastest in seven years. The plight of the markets has been even aggravated by the recent rise of 4.5% in US wages y-o-y, which was the best since the recession.



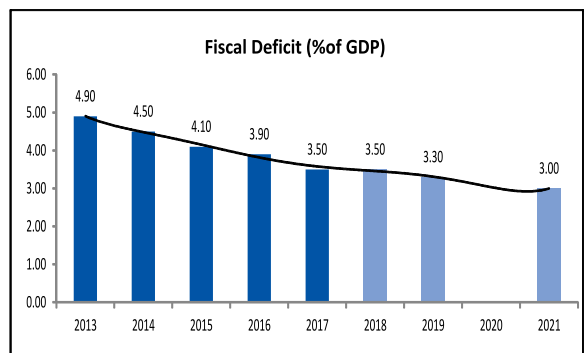
Source: Bloomberg, IndiaNivesh Research

The correction in US equities has no doubt taken a toll on the global equity markets. Some of the worst impacted markets have been China, Germany, Japan, UK. The impact on Indian large cap stocks has been significantly muted as compared to other markets but the worst affected were the mid and small cap stocks as represented by Nifty MidCap 100 index and Nifty Small Cap Index. Anecdotally, Indian equity market's correlation with the US markets has been patchy and low. During several periods, it was seen historically, Indian stock market decoupling from the US markets and progressed on its own fundamentals. In practicality also, a strong correlation is unlikely as India's contribution to global trade remains a miniscule 1.7%. Hence the ongoing correction in Indian markets linked with correction in the US markets, which has induced unintended domestic frenzy, would soon make lesser sense for our market to play the follow me game.

With local investors playing a major role as seen last year, domestic markets would eventually follow its own fundamentals and economic progress.

The Earnings Picture:

The biggest factor for the markets to remain fearful for the past few months has been the weakness in the fundamental support to the valuations. The notion that prices have run ahead of its fundamental truth was the reason the market had to take a breathing halt. Thankfully though, the December quarter results have been quite satisfactory. Out of BSE 500 index, 327 companies which have declared the results so far, the net sales grew by 13% while the net profit has expanded by 26% in December quarter over the previous year same quarter. This translates in to a phenomenal improvement in the quarter on quarter



Source: Bloomberg, IndiaNivesh Research

performance over the recent times. Some sector that stand out in performance both on topline and bottom-line are the Auto & Auto Ancillaries, Aviation, Mining, Capital Goods, Chemicals, Fertilizers, NBFC, Refineries, etc. While sectors that were laggards on the quarterly performance are Banks, Realty, Construction, selective IT companies, Hotel Industry, Media, etc. The attention now would shift towards the expectation of sustenance of the earnings momentum given that the benefit of a depressed quarter in the previous year could have come in to play here.

The Fiscal Trouble, is it really?

Of late another factor that has had an overwhelming impact on the sentiments is the deteriorating fiscal balance of country. The fiscal balance defines the financial health of the country and impacts the flow

of capital in to the country. The Union Budget 2018 highlighted the already expected fact that the previously budgeted fiscal deficit target will not be met and has been revised to 3.5% of the GDP as against 3.2% projected earlier. The same has been revised to 3.3% for FY19. A higher deficit translates in to higher borrowing by the government from the market and eventually in to higher interest rates. Expectations of higher rates in the coming future would have a dampening effect on the stock valuations but will not materially impact the growth momentum. While some may argue about the pros and cons of running a fiscal deficit, we shouldn't oversee the fact that the expansion of our fiscal deficit is due to decline in budgeted revenue on account of GST and not due to some un-productive expenditure. In fact, it is at times desirable to run fiscal deficit to boost aggregate demand. Overtime as manufacturers, producers, traders, retailers and all of them who fall within the chain from producer to consumer acclimatize to it, the revenues would rise propelling the economy back to fiscal consolidation path.

The domestic story is intact:

As per the latest projections of the IMF, India's economy is expected to grow at 7.8% in 2019 making it the fastest growing large economy on the global atlas. India's economy has come out of setback caused by demonetization in 2016 and while the initial reports about GST also indicate normalization is with industry getting a hang of it. The recent economic survey indicated significant increase in indirect tax assesseees and greater formalization of the economy. With global growth expected to expand faster at 3.9% as compared to 3.7% in 2017, India's exports are forecasted to pick up thereby supporting the economic growth projection. Inflation has been on the rise over the past few months owing to rise in oil prices globally and due to few other domestic factors, as witnessed in the firming up of core inflation. However, the oil prices have begun to have eased from the highs and as per RBI projections the Inflation is expected to taper down to 4.5%-4.6% band in the second half of FY19. This bodes well for the economy and interest rates scenario.

The LTCG tax scare:

To some extent the LTCG announcement has impacted

the sentiments of the markets. The imposition of 10% on long term gains would surely impact the net return for the long term investors. However if we look at our global counterparts, the LTCG tax on equities has been there in some way or the other. Moreover in most of the countries, the tax is on progressive basis favoring the retail participation in equity as an asset class. For eg, in the US, LTCG is levied based on income levels and the tax rate is progressive as the income goes up. One key thing amongst various countries is that the taxation of long term equity gains has been kept concessional/ lower than other asset classes, the sanctity of which has been maintained for Indian equities as well. Moreover, the key here why it has not significantly disrupted the markets is the fact that the long term gains prior to 31st of Jan 2018 have been grandfathered or in other words declared tax free. From a global perspective, this would not have any meaningful impact on the foreign investment flows considering that the same is levied in their respective home country as well. Some portfolio churn is however not completely unexpected considering that any churn of long term equity would still be tax free till 31st of March 2018. What happens to investment behavior going ahead would be known by the nature of money. Active intelligent small investors would see an opportunity/benefit in booking profit every year to the extent of one lakh (since it is tax free) thereby making use of the limit every year. However the lazy money may stay put not understanding the benefit of the same. The large SIP book that the MF industry rides upon is to the tune of ₹6,222 crores also comes under tax net. This would impact the goals of many which were expected to be funded through MF SIPs. In the end it would all settle down with the realization of the fact that it had to come one day.

Equity Investment Strategy:

Equity will still be the best asset class from a long-term investment perspective. As discussed above in the note if the Indian economy is expected to grow at the fastest pace in the world, equities cannot be a laggard in the basket of assets. Although 2018 could be a tricky year as far as sector/stock selection is concerned. After a year of broad based equity performance, it may be a year of sector and stock preferences. Moreover, as debt market go through its own pain of rise in bond yields and rising inflation, it is time to manage the debt portfolio with

more agility. A small portion of the bond portfolio could be kept for taking a duration call if the yields move beyond 7.9-8% levels. The medium-term money can be invested in short term funds and credit risk funds. The long-term money which is not needed for a few years should be invested in equity stocks/funds. It will be prudent to have a higher allocation to large caps at this juncture and make smaller investment in selective midcaps at the opportune times. Here, it would be advisable for retail investor to choose an advisor to pick the best category of funds for him.

Increased volatility favors Arbitrage Funds and hence the funds available only for short term parking should be diverted to Arbitrage segment. The recommendation will hold despite a 10% DDT is now applicable to all equity funds. That is off course due to lower rate of DDT as compared to DDT on other asset classes.

Key things to remember are:

■ **Stagger your investments:**

Investment is an art as well as science. It requires meticulous research in selecting the stocks to invest, which forms the science part of it while choosing the right time to invest makes it an art. Especially during such volatile times when the initial investment may run the risk of declining, it makes sense to account for such fall and average down your cost of purchase by buying more, in simple words to make investment in tranches.

■ **Don't stop your SIPs:**

The best time for SIP is when the markets are in the correction mode. This is because with every fall you essentially reduce the average cost of investment. If the SIP is allowed to run a full market cycle, it tends to reap the best results vs other strategies.

■ **Don't fall for cheap ones:**

Price only is no criteria for selection of stocks. One should avoid picking stocks just because the price has fallen quite significantly. The fact that the prices of some stocks has fallen sharply is due to significant rise in them seen earlier. It would be more prudent to keep the fundamental strength of the company/stocks while making an investment decision. Mid and small caps have shed the most and there is general tendency to pick them quickly without much research. A prudent advice will be to entrust your money with a good manager with requisite expertise and knowledge.

■ **Asset allocation is the key**

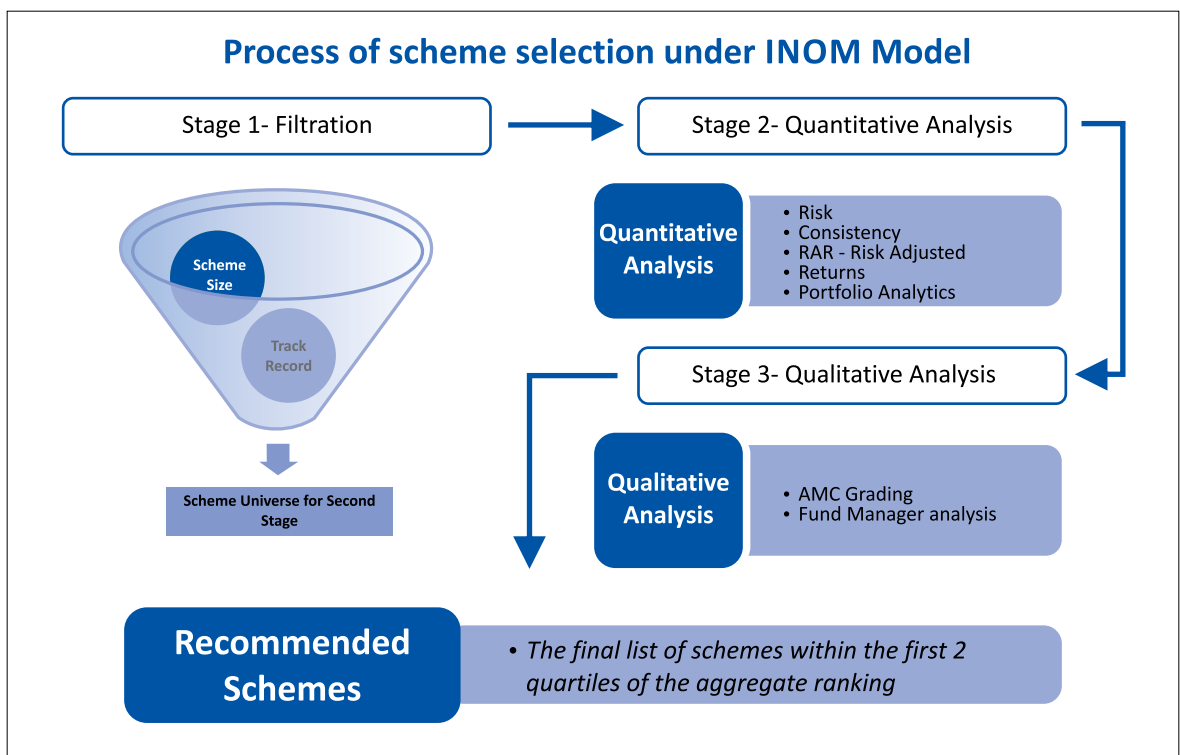
After a period of supernormal performance of one asset class, it is quite natural that the portfolios are automatically skewed towards it. Hence it is essential to normalize/rebalance the portfolio to its strategic proportions. A timely and regular rebalancing helps in minimizing the emotional attachment to the outperforming category and also reduces the risk by timely diversification.

INOM- IndiaNivesh Optimisation Model

INOM – A Proprietary Scheme selection model of IndiaNivesh

The scheme selection process at IndiaNivesh is based on a methodology known as INOM. It stands for IndiaNivesh Optimisation Model. INOM forms the core of our scheme selection process and therefore, of the recommendations.

- INOM uses a three stage selection process. In the first stage certain basic criteria are applied and this is called the Primary Stage. The objective of this stage is to eliminate those products which do not conform to certain basic criteria. In the context of mutual funds it may be a certain minimum size of assets for the mutual fund, a certain minimum size for the specific scheme a certain number of years of track record for the product etc. In the Primary Stage, those products which do not conform to the criteria are eliminated.
- In the Second Stage the actual selection criteria are applied to the schemes or products which have successfully come through Primary Stage. The parameters in the Secondary Stage are quantitative, like performance indicated by returns, consistency in performance measured by rolling returns, risk adjusted returns indicated by Treynor Ratio or Sharpe Ratio and portfolio quality – composition by way of AAA and AA rated papers.
- The Third Stage takes cognizance of the qualitative parameters such as AMC vintage/rating and fund manager experience as well. The third stage introduces a human element in to the scheme selection process in order to fine tune the quantitative selection.
- The Final Stage is the selection of schemes which are most preferred.



Recommended Funds

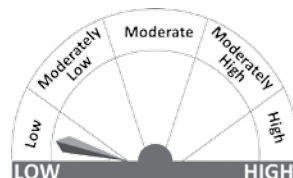
Money Market - Liquid Funds

Scheme Name	Axis Liquid Fund	Baroda Pioneer Liquid Fund	Invesco India Liquid Fund	JM High Liquidity Fund	L&T Liquid Fund	Reliance Liquid-Treasury Plan	Tata Money Market Fund-Reg	UTI Money Market Fund-Inst
Point to Point Returns								
2 Weeks	6.56	6.55	6.57	6.62	6.56	6.53	6.56	6.57
1 Month	6.53	6.52	6.51	6.57	6.53	6.48	6.50	6.47
3 Months	6.48	6.47	6.44	6.44	6.48	6.42	6.45	6.44
6 Months	6.52	6.47	6.47	6.48	6.51	6.45	6.49	6.47
1 Year	6.70	6.67	6.68	6.72	6.69	6.66	6.67	6.66
Benchmark	Crisil Liquid Fund Index	Crisil Liquid Fund Index	Crisil Liquid Fund Index	Crisil Liquid Fund Index	Crisil Liquid Fund Index	Crisil Liquid Fund Index	Crisil Liquid Fund Index	Crisil Liquid Fund Index
Point to Point Returns								
2 Weeks	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75
1 Month	6.34	6.34	6.34	6.34	6.34	6.34	6.34	6.34
3 Months	6.35	6.35	6.35	6.35	6.35	6.35	6.35	6.35
6 Months	6.42	6.42	6.42	6.42	6.42	6.42	6.42	6.42
1 Year	6.68	6.68	6.68	6.68	6.68	6.68	6.68	6.68
AUM in Crs.	25,159	9,147	10,194	3,936	15,073	29,173	10,835	17,417
Average Maturity (Days)	37	28	42	29	33	45	35	35
Exit Load	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Fund Manager	Devang Shah	Hetal P. Shah	Krishna Venkat Cheemalapati	Shalini Tibrewala	Shriram Ramanathan	Anju Chhajjer	Amit Somani	Amandeep Singh Chopra

Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 31st Jan 2018

Data Source: ACEMF

Risk-o-meter of the above recommended schemes is shown alongside



Recommended Funds

Debt - Ultra Short Term Funds

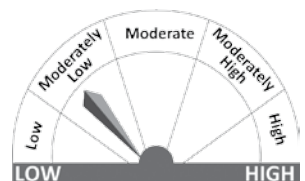
Scheme Name	Aditya Birla SL Savings Fund	Baroda Pioneer Treasury Adv Fund	HDFC FRIF-Short Term Plan	ICICI Pru Flexible Income Plan	Kotak Low Duration Fund	Kotak Treasury Advantage Fund	Tata Ultra ST Fund
Point to Point Returns							
2 Weeks	5.43	5.57	5.21	4.98	5.01	6.01	5.40
1 Month	5.49	5.61	5.36	5.15	5.51	5.63	5.47
3 Months	4.99	5.35	4.47	4.71	4.78	5.03	4.93
6 Months	5.73	6.08	5.64	5.57	5.75	5.61	5.71
1 Year	6.72	7.16	6.49	6.68	6.74	6.51	6.68
Benchmark	Crisil Short Term Bond Fund Index	Crisil Liquid Fund Index	Crisil Liquid Fund Index	Crisil Liquid Fund Index	Crisil Liquid Fund Index	Crisil Liquid Fund Index	Crisil Liquid Fund Index
Point to Point Returns							
2 Weeks	0.14	6.75	6.75	6.75	6.75	6.75	6.75
1 Month	2.20	6.34	6.34	6.34	6.34	6.34	6.34
3 Months	1.84	6.35	6.35	6.35	6.35	6.35	6.35
6 Months	3.56	6.42	6.42	6.42	6.42	6.42	6.42
1 Year	5.38	6.68	6.68	6.68	6.68	6.68	6.68
AUM in Crs.	19,275	1,821	15,275	21,564	5,649	6,229	4,578
Average Maturity (Days)	303	361	341	365	423	179	239
Exit Load	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Fund Manager	Kaustubh Gupta	Alok Sahoo	Shobhit Mehrotra	Rahul Goswami	Deepak Agrawal	Deepak Agrawal	Akhil Mittal

Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 31st Jan 2018

Data Source: ACEMF

Risk-o-meter of the above recommended schemes is shown alongside

*These schemes fall in the moderate profile as per the risk-o-meter. Please refer to Income Funds section to see the suitable risk-o-meter.



Recommended Funds

Debt - Short Term Funds

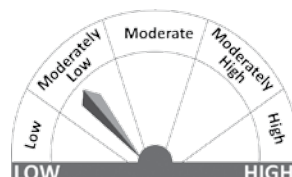
Scheme Name	Aditya Birla SL Short Term Fund	Axis Short Term Fund	DHFL Pramerica Short Maturity Fund	HDFC Short Term Opportunities Fund	ICICI Pru Short Term Plan	L&T ST Income Fund-Reg	SBI Short Term Debt Fund
Point to Point Returns							
1 Month	3.99	3.89	4.01	4.82	3.93	5.51	4.26
3 Months	2.64	2.20	2.15	3.28	1.54	4.17	1.92
6 Months	4.26	3.87	4.00	4.76	3.01	5.76	3.57
1 Year	5.85	5.24	6.21	6.11	5.32	7.30	5.24
3 Years	8.24	7.63	8.10	7.93	7.99	8.75	7.64
5 Years	8.88	8.10	8.64	8.57	8.60	8.92	8.24
Benchmark	Crisil Short Term Bond Fund Index	Crisil Short Term Bond Fund Index	Crisil Short Term Bond Fund Index	Crisil Short Term Bond Fund Index	Crisil Short Term Bond Fund Index	Crisil Short Term Bond Fund Index	Crisil Short Term Bond Fund Index
Point to Point Returns							
1 Month	2.20	2.20	2.20	2.20	2.20	2.20	2.20
3 Months	1.84	1.84	1.84	1.84	1.84	1.84	1.84
6 Months	3.56	3.56	3.56	3.56	3.56	3.56	3.56
1 Year	5.38	5.38	5.38	5.38	5.38	5.38	5.38
3 Years	7.89	7.89	7.89	7.89	7.89	7.89	7.89
5 Years	8.53	8.53	8.53	8.53	8.53	8.53	8.53
AUM in Crs.	19,226	6,319	1,657	10,174	8,998	1,187	7,931
Average Maturity (Years)	2.00	2.20	1.94	1.49	2.17	1.12	2.15
Exit Load	Nil	Nil	0.50% on or before 6M, Nil after 6M	Nil	0.25% on or before 7D, Nil after 7D	Nil for 10% of units and 1% for remaining units on or before 9M, Nil after 9M	Nil
Fund Manager	Maneesh Dangi	Devang Shah	Puneet Pal	Anil Bamboli	Manish Banthia	Vikas Garg	Rajeev Radhakrishnan

Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 31st Jan 2018

Data Source: ACEMF

Risk-o-meter of the above recommended schemes is shown alongside

*These schemes fall in the moderate profile as per the risk-o-meter. Please refer to Income Funds section to see the suitable risk-o-meter.



Recommended Funds

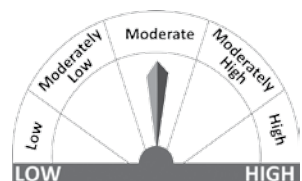
Debt - Income Funds

Scheme Name	Aditya Birla SL Income Plus	ICICI Pru Income Opportunities Fund	ICICI Pru Income	Kotak Bond Fund	UTI Bond Fund
Point to Point Returns					
1 Month	-6.58	1.73	-0.89	-3.22	-2.70
3 Months	-5.90	-0.61	-3.64	-7.24	-6.81
6 Months	-3.23	1.32	-2.28	-4.64	-2.85
1 Year	1.06	4.35	2.86	-0.55	2.27
3 Years	6.19	7.66	7.35	5.58	7.00
5 Years	7.38	8.49	8.01	6.88	8.04
Benchmark	Crisil Composite Bond Fund Index	Crisil Composite Bond Fund Index	Crisil Composite Bond Fund Index	Crisil Composite Bond Fund Index	Crisil Composite Bond Fund Index
Point to Point Returns					
1 Month	-3.42	-3.42	-3.42	-3.42	-3.42
3 Months	-3.49	-3.49	-3.49	-3.49	-3.49
6 Months	-0.39	-0.39	-0.39	-0.39	-0.39
1 Year	3.17	3.17	3.17	3.17	3.17
3 Years	7.97	7.97	7.97	7.97	7.97
5 Years	8.50	8.50	8.50	8.50	8.50
AUM in Crs.	2,288	4,438	1,952	2,116	1,627
Average Maturity (Years)	7.50	4.56	7.24	3.98	6.21
Exit Load	Nil	1% on or before 6M, Nil after 6M	0.25% on or before 1M, Nil after 1M	Nil	Nil
Fund Manager	Pranay Sinha	Manish Banthia	Manish Banthia	Abhishek Bisen	Amandeep Singh Chopra

Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 31st Jan 2018

Data Source: ACEMF

Risk-o-meter of the above recommended schemes is shown alongside



Recommended Funds

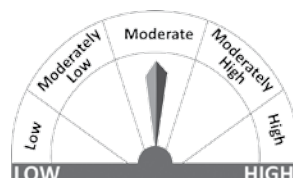
Debt - Credit Risk Funds

Scheme Name	Aditya Birla SL Corp Bond Fund	ICICI Pru Corporate Bond Fund	Kotak Income Opportunities Fund	Reliance Reg Savings Fund-Debt Plan
Point to Point Returns				
1 Month	6.01	3.49	5.44	0.76
3 Months	2.84	0.89	2.73	4.23
6 Months	4.34	3.03	4.65	5.78
1 Year	7.41	5.78	5.91	7.15
3 Years		7.91	8.49	8.63
5 Years		8.52	8.82	8.96
Benchmark	Crisil Short Term Bond Fund Index	Crisil Short Term Bond Fund Index	Crisil Short Term Bond Fund Index	Crisil Composite Bond Fund Index
Point to Point Returns				
1 Month	2.20	2.20	2.20	-3.42
3 Months	1.84	1.84	1.84	-3.49
6 Months	3.56	3.56	3.56	-0.39
1 Year	5.38	5.38	5.38	3.17
3 Years	7.89	7.89	7.89	7.97
5 Years	8.53	8.53	8.53	8.50
AUM in Crs.	5,277	7,959	5,046	10,229
Average Maturity (Years)	2.25	3.50	2.30	2.61
Exit Load	Nil upto 15% of units, 1% in excess of limit on or before 365D and Nil after 365D	1% on or before 1Y, Nil after 1Y	Nil for 10% of investment and 1% for remaining Investment on or before 1Y, Nil after 1Y	Nil for 10% of units and 1% for remaining units on or before 12M, Nil after 12M
Fund Manager	Maneesh Dangi	Manish Banthia	Deepak Agrawal	Prashant Pimple

Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 31st Jan 2018

Data Source: ACEMF

Risk-o-meter of the above recommended schemes is shown alongside



Recommended Funds

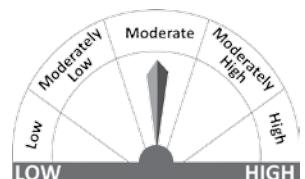
Debt - Gilt Funds

Scheme Name	HDFC Gilt-Long Term Plan	ICICI Pru Long Term Gilt Fund	Reliance Gilt Securities Fund	SBI Magnum Gilt-LTP	UTI Gilt Adv-LTP
Point to Point Returns					
1 Month	-4.50	-6.69	-6.39	-8.49	-6.21
3 Months	-6.37	-8.85	-7.97	-7.39	-8.07
6 Months	-3.83	-6.47	-4.39	-4.24	-4.93
1 Year	0.45	0.22	1.64	2.02	1.58
3 Years	6.75	7.26	7.53	7.65	7.21
5 Years	8.22	8.07	8.96	10.01	9.16
Benchmark	I-BEX (I-Sec Sovereign Bond Index)	I-BEX (I-Sec Sovereign Bond Index)	I-BEX (I-Sec Sovereign Bond Index)	I-BEX (I-Sec Sovereign Bond Index)	I-BEX (I-Sec Sovereign Bond Index)
Point to Point Returns					
1 Month	-4.51	-4.51	-4.51	-4.51	-4.51
3 Months	-3.86	-3.86	-3.86	-3.86	-3.86
6 Months	-1.28	-1.28	-1.28	-1.28	-1.28
1 Year	2.34	2.34	2.34	2.34	2.34
3 Years	7.67	7.67	7.67	7.67	7.67
5 Years	8.60	8.60	8.60	8.60	8.60
AUM in Crs.	1,993	911	1,487	3,054	579
Average Maturity (Years)	7.94	10.05	8.39	9.06	7.35
Exit Load	Nil	Nil	Nil	Nil	Nil
Fund Manager	Anil Bamboli	Rahul Goswami	Prashant Pimple	Dinesh Ahuja	Amandeep Singh Chopra

Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 31st Jan 2018

Data Source: ACEMF

Risk-o-meter of the above recommended schemes is shown alongside



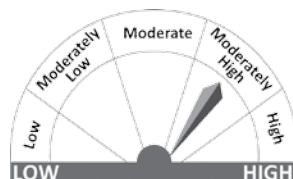
Recommended Funds

Equity - Large Cap Funds

Scheme Name	Aditya Birla SL Frontline Equity Fund	Axis Focused 25 Fund	Franklin India Prima Plus Fund	ICICI Pru Focused BlueChip Eq Fund	IDFC Classic Equity Fund	Kotak Select Focus Fund
Scheme Point to Point Returns						
3 Months	4.40	6.40	5.75	5.21	5.53	3.58
6 Months	6.81	9.69	7.58	10.36	10.22	6.87
1 Year	26.47	37.73	26.31	29.92	32.22	28.20
3 Years	10.56	14.02	11.09	11.18	14.27	12.87
5 Years	17.46	17.18	18.89	17.34	15.74	20.82
Scheme SIP Returns						
1 Year	21.28	28.24	22.69	27.35	26.55	20.65
3 Years	17.72	22.28	16.98	19.88	22.15	20.27
5 Years	18.25	20.43	19.67	18.64	19.51	21.90
Benchmark	S&P BSE 200	NIFTY 50	NIFTY 50	NIFTY 50	S&P BSE 200	NIFTY 200
Benchmark Point to Point Returns						
3 Months	5.97	6.70	6.70	6.70	5.97	6.03
6 Months	9.83	9.43	9.43	9.43	9.83	9.83
1 Year	30.02	28.81	28.81	28.81	30.02	30.15
3 Years	9.72	7.76	7.76	7.76	9.72	9.58
5 Years	14.34	12.81	12.81	12.81	14.34	14.27
Benchmark SIP Returns						
1 Year	27.02	27.68	27.68	27.68	27.02	27.20
3 Years	18.68	17.20	17.20	17.20	18.68	18.68
5 Years	16.67	14.63	14.63	14.63	16.67	16.57
Risk Ratios						
Treynor	9.46	9.84	9.34	8.80	10.72	11.91
Information Ratio	1.94	2.12	1.14	2.68	2.00	2.49
AUM in Crs.	20531	2949	12298	16739	2443	17843
Exit Load	1% on or before 1Y, Nil after 1Y	Nil for 10% of investments and 1% for remaining investments on or before 12M, Nil after 12M	1% on or before 1Y	1% on or before 1Y, NIL after 1Y	1% on or before 365D	1% on or before 1Y, Nil after 1Y
Fund Manager	Mahesh Patil	Jinesh Gopani	Anand Radhakrishnan	Sankaren Naren	Anoop Bhaskar	Harsha Upadhyaya

Returns < 1yr are absolute and returns more than 1yr are CAGR, as on 31st Jan 2018

Data Source: ACEMF



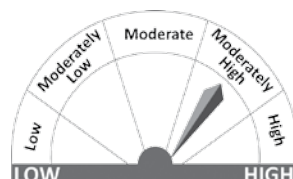
Recommended Funds

Equity - Multi Cap Funds

Scheme Name	Aditya Birla SL Advantage Fund	Franklin India High Growth Cos Fund	ICICI Pru Multicap Fund	Kotak Opportunities Fund	Mirae Asset India Opportunities Fund	Tata Equity P/E Fund
Scheme Point to Point Returns						
3 Months	-0.13	5.89	5.03	3.09	6.23	2.96
6 Months	4.60	11.16	9.45	6.43	10.88	10.22
1 Year	27.08	28.91	24.65	27.35	34.65	33.32
3 Years	13.87	11.77	12.16	12.64	14.54	16.40
5 Years	22.18	23.13	18.48	19.12	21.27	23.05
Scheme SIP Returns						
1 Year	16.02	27.09	20.94	19.49	29.91	24.97
3 Years	19.72	19.88	17.76	19.68	23.03	25.60
5 Years	22.96	23.40	19.38	20.58	22.97	26.25
Benchmark	S&P BSE 200	NIFTY 500	S&P BSE 200	NIFTY 500	S&P BSE 200	S&P BSE SENSEX
Benchmark Point to Point Returns						
3 Months	5.97	5.95	5.97	5.95	5.97	8.29
6 Months	9.83	10.29	9.83	10.29	9.83	10.61
1 Year	30.02	31.42	30.02	31.42	30.02	30.04
3 Years	9.72	10.59	9.72	10.59	9.72	7.20
5 Years	14.34	15.12	14.34	15.12	14.34	12.56
Benchmark SIP Returns						
1 Year	27.02	27.73	27.02	27.73	27.02	30.45
3 Years	18.68	19.61	18.68	19.61	18.68	17.20
5 Years	16.67	17.62	16.67	17.62	16.67	14.15
Risk Ratios						
Treynor	12.90	7.52	11.29	10.88	11.02	13.09
Information Ratio	2.67	1.38	1.01	1.95	3.56	1.66
AUM in Crs.	5966	8023	2968	2434	6612	2713
Exit Load	1% on or before 365D, Nil after 365D	1% on or before 1Y	1% on or before 18M, Nil after 18M	1% on or before 1Y, Nil after 1Y	1% on or before 1Y(365D), Nil after 1Y(365D)	1% on or before 365D, Nil after 365D
Fund Manager	Satyabrata Mohanty	Anand Radhakrishnan	George Heber Joseph	Harsha Upadhyaya	Neelesh Surana	Sonam Udasi

Returns < 1yr are absolute and returns more than 1yr are CAGR, as on 31st Jan 2018

Data Source: ACEMF



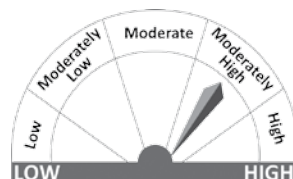
Recommended Funds

Equity - Mid and Small Cap Funds

Scheme Name	Aditya Birla SL Small & Midcap Fund	Canara Rob Emerg Equities Fund	Franklin India Prima Fund	Franklin India Smaller Cos Fund	Kotak Emerging Equity Scheme	L&T Midcap Fund	Sundaram Select Midcap Fund
Scheme Point to Point Returns							
3 Months	2.58	4.51	6.58	5.17	3.58	2.74	3.78
6 Months	13.65	9.72	10.29	12.44	9.83	10.48	8.80
1 Year	40.81	37.33	29.39	31.24	28.80	40.28	27.12
3 Years	21.74	18.14	14.91	17.67	16.73	20.33	16.54
5 Years	27.27	29.02	25.30	29.28	24.49	28.81	25.89
Scheme SIP Returns							
1 Year	28.71	24.89	23.33	25.31	20.74	27.80	20.01
3 Years	28.90	24.84	21.12	23.41	22.29	28.06	21.76
5 Years	30.39	30.74	25.64	29.18	27.93	31.09	26.76
Benchmark	NIFTY MIDCAP 100	NIFTY MIDCAP 100	NIFTY MIDCAP 100	NIFTY MIDCAP 100	S&P BSE Mid-Cap	NIFTY MIDCAP 100	S&P BSE Mid-Cap
Benchmark Point to Point Returns							
3 Months	6.16	6.16	6.16	6.16	4.68	6.16	4.68
6 Months	12.26	12.26	12.26	12.26	12.83	12.26	12.83
1 Year	34.85	34.85	34.85	34.85	35.05	34.85	35.05
3 Years	16.53	16.53	16.53	16.53	17.34	16.53	17.34
5 Years	19.96	19.96	19.96	19.96	20.01	19.96	20.01
Benchmark SIP Returns							
1 Year	27.77	27.77	27.77	27.77	27.84	27.77	27.84
3 Years	24.03	24.03	24.03	24.03	24.17	24.03	24.17
5 Years	24.24	24.24	24.24	24.24	24.57	24.24	24.57
Risk Ratios							
Treynor	17.26	12.49	13.77	16.72	15.04	13.71	14.67
Information Ratio	2.98	1.95	2.14	2.63	2.35	2.07	2.14
AUM in Crs.	2022	3208	6669	7280	3010	2222	6332
Exit Load	1% on or before 365D, Nil after 365D	1% on or before 1Y, Nil after 1Y	1% on or before 1Y	1% on or before 1Y	1% on or before 1Y, Nil after 1Y	1% on or before 1Y, Nil after 1Y	1% on or before 12M
Fund Manager	Jayesh Gandhi	Ravi Gopalakrishnan	R. Janakiraman	R. Janakiraman	Pankaj Tibrewal	Soumendra Nath Lahiri	S Krishnakumar

Returns < 1yr are absolute and returns more than 1yr are CAGR, as on 31st Jan 2018

Data Source: ACEMF



Recommended Funds

Equity Linked Savings Schemes

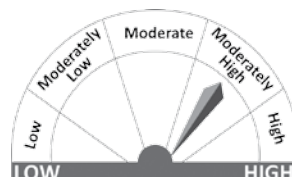
Scheme Name	Aditya Birla SL Tax Relief '96	Axis LT Equity Fund	DSPBR Tax Saver Fund	L&T Tax Advt Fund	Reliance Tax Saver (ELSS) Fund	Sundaram Diversified Equity
Scheme Point to Point Returns						
3 Months	5.37	6.09	4.15	5.57	3.61	4.62
6 Months	11.98	9.53	8.60	11.66	10.95	6.84
1 Year	35.93	32.90	26.88	36.63	34.76	28.47
3 Years	13.80	11.57	14.29	15.11	11.17	12.71
5 Years	22.07	23.52	20.55	19.71	22.94	17.24
Benchmark	S&P BSE 200	S&P BSE 200	NIFTY 500	S&P BSE 200	S&P BSE 100	S&P BSE 200
Benchmark Point to Point Returns						
3 Months	5.97	5.97	5.95	5.97	5.96	5.97
6 Months	9.83	9.83	10.29	9.83	9.45	9.83
1 Year	30.02	30.02	31.42	30.02	29.30	30.02
3 Years	9.72	9.72	10.59	9.72	8.63	9.72
5 Years	14.34	14.34	15.12	14.34	13.38	14.34
Risk Ratios						
Treynor	9.85	7.01	13.47	11.14	7.83	10.73
Information Ratio	2.05	0.75	2.13	2.56	1.28	2.06
AUM in Crs.	4949	16517	3983	3033	10811	2653
Fund Manager	Ajay Garg	Jinesh Gopani	Rohit Singhanian	Soumendra Nath Lahiri	Ashwani Kumar	S. Krishnakumar

Returns < 1yr are absolute and returns more than 1yr are CAGR, as on 31st Jan 2018

Data Source: ACEMF

Note:

- Investment done in ELSS qualifies for tax deduction under Section 80C of IT Act, 1961
- Investment upto Rs. 1.5 lakh are eligible for deductions from taxable income
- You can save upto Rs. 45,000 tax
- Dual benefit of Tax reduction and Tax-free Capital Gains
- ELSS has 3 years lock-in period



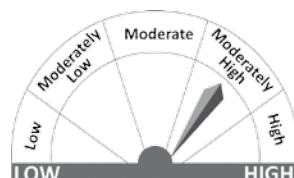
Recommended Funds

Hybrid - Balanced Funds

Scheme Name	Aditya Birla SL Balanced '95 Fund	Canara Rob Balance Scheme	ICICI Pru Balanced Advantage Fund	ICICI Pru Balanced Fund	L&T India Prudence Fund	Reliance Reg Savings Fund- Balanced Plan	SBI Magnum Balanced Fund
Scheme Point to Point Returns							
3 Months	2.00	3.45	1.70	3.40	3.41	4.08	4.19
6 Months	5.18	5.73	5.25	8.22	5.83	7.54	8.45
1 Year	19.92	21.05	15.57	20.92	23.35	26.29	23.65
3 Years	10.58	9.80	9.96	12.40	12.05	11.75	10.31
5 Years	16.96	15.91	14.01	18.21	18.38	17.15	17.37
Scheme SIP Returns							
1 Year	14.59	16.44	12.53	20.01	17.43	22.19	22.60
3 Years	15.34	14.75	12.35	18.21	16.14	18.04	15.69
5 Years	17.39	16.61	13.76	18.93	18.52	18.82	17.56
Benchmark Point to Point Returns	Crisil Balanced Fund Index	Crisil Balanced Fund Index	Crisil Balanced Fund Index	Crisil Balanced Fund Index	Crisil Balanced Fund Index	Crisil Balanced Fund Index	Crisil Balanced Fund Index
Benchmark Point to Point Returns							
3 Months	4.14	4.14	4.14	4.14	4.14	4.14	4.14
6 Months	6.15	6.15	6.15	6.15	6.15	6.15	6.15
1 Year	19.51	19.51	19.51	19.51	19.51	19.51	19.51
3 Years	8.11	8.11	8.11	8.11	8.11	8.11	8.11
5 Years	11.56	11.56	11.56	11.56	11.56	11.56	11.56
Benchmark SIP Returns							
1 Year	18.57	18.57	18.57	18.57	18.57	18.57	18.57
3 Years	13.80	13.80	13.80	13.80	13.80	13.80	13.80
5 Years	12.70	12.70	12.70	12.70	12.70	12.70	12.70
Risk Ratios							
Treynor	36.62	-108.39	51.25	16.24	-19.16	-13.49	-10.56
Information Ratio	0.44	0.18	0.17	0.52	0.35	0.38	0.14
AUM in Crs.	14085	1549	25101	27840	9578	12200	21025
Exit Load	Nil upto 15% of units, 1% in excess of limit on or before 365D and Nil after 365D	1% on or before 1Y, Nil after 1Y	Nil on 15% of units within 18M and 1% for more than 15% of units within 18M, Nil after 18M	Nil on 10% of units within 1Y and 1% for more than 10% of units within 1Y, Nil after 1Y	Nil for 10% of units and 1% for remaining units on or before 1Y, Nil after 1Y	Nil for 10% of investments and 1% for remaining on or before 12M, Nil after 12M	Nil for 10% of investments and 1% for remaining investment on or before 12M, Nil after 12M
Fund Manager	Mahesh Patil	Ravi Gopalakrishnan	Manish Banthia	Sankaran Naren	Soumendra Nath Lahiri	Sanjay Parekh	R. Srinivasan

Returns < 1yr are absolute and returns more than 1yr are CAGR, as on 31st Jan 2018

Data Source: ACEMF



IndiaNivesh Model Portfolios

	I-Conserve	I-Build	I-Balance	I-Grow	I-Multiply
	■ Equity	■ Risk Free Debt	■ Long/Short Debt	■ Alternative	
Risk Suitability	Conservative Aggressive				
(A) Debt - Conservative	65%	50%	30%	20%	15%
Fixed Deposits - Banks/Corporates					
Bonds - PSU Bonds, Tax Free Bonds, etc.					
Fixed Maturity Plans and Interval Funds					
Liquid/Ultra Short Term/Arbitrage Funds					
(B) Debt - Aggressive/Duration	30%	35%	30%	20%	15%
Short Term Funds					
Income Funds					
MIPs					
Accrual Funds					
Gilt-Medium to Long Term					
(C) Equity	5%	15%	30%	40%	50%
Diversified Equity Funds					
Direct Equity/Derivatives					
Equity PMS					
Private Equity					
(D) Alternate	0%	0%	10%	20%	20%
Gold ETFs/Funds					
Real Estate Products (REITs)					
Structured Products					
(A)+(B)+(C)+(D)	100%	100%	100%	100%	100%

I-Conserve – The most conservative of the portfolios; the focus here is preservation of capital combined with the ability to generate consistent alpha over risk free or bank deposit rate. The marginal exposure to equity is maintained so as to create a synthetic conservative structure, akin to a MIP.

I-Build – The focus is to improve the return profile without disproportionately increasing the risk profile. The allocation to equity goes up and also to duration debt, as the concentration to conservative debt goes down.

I-Balance/I-Grow/I-Multiply – The need for further improvement in returns also increases the risk in the portfolio, thereby emphasising further diversification. One more basket is introduced in these portfolios in the form of Alternate Asset Class. The allocation to Equity and Alternate Asset Class increases in these portfolios as the focus on capital appreciation is on upward trajectory. The Alternate Asset Class works as an effective diversifier as well, given the fact that they may not strictly have a positive correlation to Equity.

Key Global Economic Variables

Country	GDP Growth	Policy Rate	10yr Yield	Inflation	CA/GDP	Debt/GDP
BRICS						
Brazil	1.40%	6.75%	9.85%	2.86%	-0.48%	74%
Russia	1.80%	7.50%	7.04%	2.20%	1.80%	13%
India	6.30%	6.00%	7.58%	5.07%	-0.70%	70%
China	6.80%	4.35%	3.91%	1.50%	1.40%	46%
South Africa	0.80%	6.75%	8.11%	4.70%	-3.30%	52%
Americas						
United States	2.50%	1.50%	2.87%	2.10%	-2.60%	105%
Canada	3.00%	1.25%	2.32%	1.90%	-3.30%	92%
Mexico	1.80%	7.50%	7.72%	5.55%	-2.70%	48%
Europe						
Germany*	2.90%	0.00%	0.71%	1.60%	7.80%	68%
UK	1.50%	0.50%	1.58%	3.00%	-4.40%	89%
France*	2.40%	0.00%	0.95%	1.40%	-0.90%	96%
Italy*	1.60%	0.00%	1.99%	0.80%	2.60%	133%
Spain*	3.10%	0.00%	1.46%	0.60%	2.20%	99%
Portugal*	2.40%	0.00%	2.01%	1.00%	0.80%	130%
Greece*	1.30%	0.00%	4.28%	-0.20%	-0.60%	179%
Poland	5.10%	1.50%	3.41%	1.90%	-0.30%	54%
Switzerland	1.20%	-0.75%	0.16%	0.70%	11.00%	33%
Asia						
Japan	1.50%	-0.10%	0.06%	1.00%	3.70%	250%
Australia	2.80%	1.50%	2.98%	1.90%	-2.70%	41%
New Zealand	2.70%	1.75%	2.92%	1.60%	-2.70%	25%
Indonesia	5.19%	4.25%	6.41%	3.25%	-1.70%	28%
Singapore	3.60%	0.83%	2.29%	0.40%	19.00%	112%
South Korea	3.00%	1.50%	2.76%	1.00%	7.00%	39%
Philippines	6.60%	3.00%	6.71%	4.00%	0.20%	42%
Malaysia	5.90%	3.25%	4.02%	3.50%	1.30%	53%

*Eurozone Members. Data Source: Bloomberg / Trading economics. CPI yearly change is considered for inflation

Disclaimer:

This document is prepared by the Research Division of IndiaNivesh Securities Ltd (The Company) on the publicly available information, internally developed data and other sources believed to be reliable. Whilst no action has been taken based upon this information. IndiaNivesh Securities Ltd does not warranty either expressly or impliedly, the accuracy, completeness or reliability of any information provided herein. Neither IndiaNivesh Securities Ltd nor any of its employees / Directors / authorized representatives shall be liable for any direct, indirect, special consequential, punitive or exemplary damages including lost profits arising in any way from the information contained in this material, and hereby disclaims any liability with regard to the same. This report is disseminated for the information of authorized recipients only and is not to be relied upon or taken as substitution for the exercise of due diligence and judgment by any recipient. This report does not provide individually tailored investment advice; investor should seek independent financial advice with respect to the merits and risks involved in any of the matters concerning investment in the Schemes / products mentioned in the report. "MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS READ ALL SCHEME RELATED DOCUMENTS CAREFULLY BEFORE INVESTING. PAST PERFORMANCE MAY OR MAY NOT BE SUSTAINED IN FUTURE." Returns are for Growth Option. Calculations of return assume that all payouts during the period have been reinvested in the Scheme at the then prevailing NAV. Return of less than one year are absolute returns and returns of one year and more are compounded annualized returns.

Contacts

Dr. K Joseph Thomas	Director - Wealth Management	Mumbai	+91-9594013662
Sanket P Desai	Head - MF Research & Advisory	Mumbai	+91-9619200278
Amit Rawal	AVP - MF Research & Advisory	Mumbai	+91-7045780023
Narayana Swamy PV	Head - Sales & Strategy	Mumbai	+91-9821525947
Sandeep Singh	Senior Manager – Sales	Mumbai	+91-9004688740
Sunita Karkera	Manager - Customer Service	Mumbai	+91-7738393413
Anand Singh	Regional Head – North	Delhi	+91- 9971493313
Aakash Sharma	Manager - Sales & Customer Support	Delhi	+91-9811898906
Aditya Kumar Jain	Regional Head – East	Kolkata	+91-9830970958
Alok Chiranya	Team Leader	Kolkata	+91- 9007056355
Vinod Kalra	Regional Head – Punjab	Chandigarh	+91-9988100022
Krishnachander C	Regional Head – South	Chennai	+91-9884036432
Digvijay Mohite	Area Manager	Kolhapur	+91-8691047470
Raj Kumar Saini	Branch Manager	Kota	+91-9166880777
Shailesh S Gharpure	Regional Manager	Nagpur	+91-8691047474

Investor Support & Services

Phone: 022: 6240 6309

Email: wealthsupport@indianivesh.in

At IndiaNivesh, we believe in engaging with the customers by identifying their needs, goals and objectives and fulfilling them through a scientific and process-based approach. We believe in building enduring and long term relationships with our clients. Consistently providing service at a level that exceeds customer expectations through our focus on quality is a part of our business principles.



Corporate Office: Lodha Supremus, 17th Floor, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013.

Registered Office: 601 & 602, Sukh Sagar, N. S. Patkar Marg, Girgaum Chowpatty, Mumbai - 400 007.

Tel (Board): 022 6240 6240 | Fax: 022 6240 6241 | CIN: U67120MH2006PLC158634