



IndiaNivesh[®]
TRUST, WE EARN IT

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Nivesh Wealth

IndiaNivesh Wealth Management

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Tabula Rasa

This edition of Nivesh Wealth brings to you our broad outlook on the equity and bond markets for the current year, along with a glance at a variety of events that affected our investment journey in the previous year. The major theme that played across the globe for major financial markets was the tariff war and its impact on global trade. The tremors of the tariff war were so severe that the whole narrative for global growth took a hit by the end of the year. Commodity prices, which rose initially on tailwinds from high global demand, soon took a U-turn when the threat to global trade became real. Further denting sentiments were events on the home turf such as the tax on equity, IL&FS defaults, liquidity scare, state elections, and bank frauds. Prices of commodities across the segment, from industrial metals to minerals and oil, slackened during the year, and the forecast in present times too remains murky with growth tapering off.

The decline in commodity prices has been heartening for home buyers, with retail domestic inflation staying at below-par levels. Food prices in India, in fact, have deflated over the past few months, changing the overall inflation and policy expectations. The projections for retail inflation and interest rate remain benign, which should result in a decline in bond yields, mostly in the second half. A prudent strategy would be to gradually build the portfolio of long duration papers/funds. The fear psychosis arising from the recent default and short-term liquidity concerns has left the yields higher and credit spreads wider. Aggressive investors may take this opportunity to benefit from the wider spreads and higher accruals by investing in well-diversified credit risk funds.

Equities start the year with a flagging investment appetite and uncertainties of an election year apart from the usual global slowdown narrative. As we read further in this edition, we see that historically events and elections have had only a short-term reaction, whose impact fades over a longer time. Hence, an investor should look forward for events such as these to tactically position his/her investments to benefit from it. We see equities as the best performer this year despite all the hindrances, but the journey is expected to be fraught with high volatility. We see opportunities in the mid and small cap space this year and recommend a higher tactical allocation to it within the equity portfolio. As always highlighted, it would be prudent to gradually build on exposures, wading through the multiple events due in this year.

I wish all investors success in their investment journey this year and the years ahead.

Happy Investing !!!



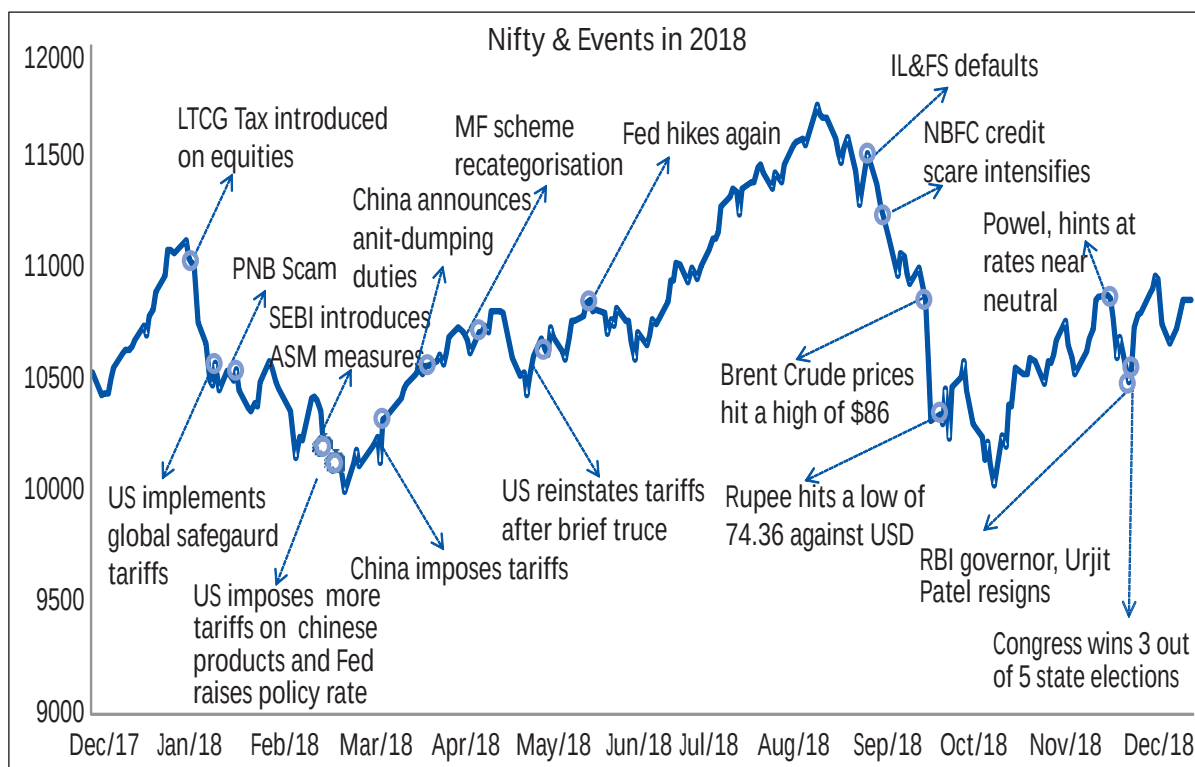
Sanket Desai
Head – Research & Advisory (Wealth Management)

2018: A Bitter Bygone

The year 2018 could very well go down in history as a year of hope and despair. The year started very much on a bullish note, with strong global growth momentum, strong uptrend in the previous year, hopes of a positive impact from GST implementation, expectations from Union Budget, etc. However, hope soon turned into despair, which led to one of the largest corrections in the Indian financial markets. At a time when investor sentiments were already bogged down by tax implementation and tariff threats, the financial markets were rocked by a scam in PNB. The unfolding of the event and its impact on the banking sector led to a further slide in the stock markets. The past year saw a series of events that led to a diminishing risk appetite and emergence of a more uncertain scenario for global economic growth. The LTCG tax on equities was definitely one move that resulted in a knee-jerk reaction despite having a grandfathering date for the calculation of LTCG gains,

which made it a prospective tax. Nevertheless, the whole purpose of equity tax has remained unproductive so far, considering the large correction and no capital gains to realize. On the global front, President Trump's protectionist ambitions turned dangerous when tariff actions started to feature. Since then, the actions and reactions on tariffs have been one of the biggest factors inducing volatility and bearishness in investor sentiment. Indices were seen gyrating to the news and related actions.

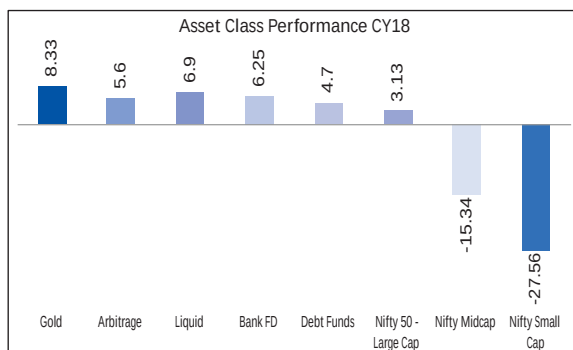
A fallout of the tariff threat was the headwinds to commodity prices, including crude oil. Crude oil, which initially rose rapidly till October 2018 to the highs of \$86/bbl, saw prices crashing to near \$50 levels. Prices had earlier risen due to the overhang of expected US sanctions on Iranian oil exports. Since Iran is one of the largest crude oil producers, talk of sanctions sent prices rocketing to near four-year highs. The rush in oil has now



subsided thanks to concerns over global economic growth. Tariff threats and sanctions significantly affect global trade, and the concerns are expected to continue considering the rhetoric on protectionism remains strong from the US. Meanwhile, tariffs directly focused on China impacted the country's economic growth, causing it to slump to its weakest pace since 2009. As China remains an important growth engine for the world economy, this leads to diminishing expectations for global growth for the current year.

The fag end of the year saw shocking outcomes of state elections for the ruling government. However, much to everyone's surprise, the markets took it in its stride and continued to give more relevance to lower oil prices and their favorable impact on the fiscal balance. The year 2018 ended with marginal gains for large cap benchmark indices.

Throughout the year, FIIs continued to pull out of equity markets. By the end of 2018, FIIs had pulled out equity investments worth Rs.36,000cr, while another Rs.46,000cr was taken out of debt investments. The outflows of money from the financial markets led to significant strain on the currency, which saw a low of 74.36. Had it not been for mutual fund inflows, equities could have witnessed a scary fate. During the year, equity mutual funds saw healthy inflows to the tune of Rs.1.2 lakh crores, thus enabling some resistance to the bearish movement. A large part of mutual fund inflows



Source: ACE MF

were on account of SIP investments. By the end of the year, the monthly SIP book for the mutual fund industry has grown to Rs.8,022cr, a rise of 29% over the previous year.

Amongst the asset classes, gold, the most conservative one, ended on top, with returns of 8.3%. However, gold prices in dollar terms witnessed a 1.5% decline during the year, which means that the entire performance is due to rupee depreciation and not gold price movement.

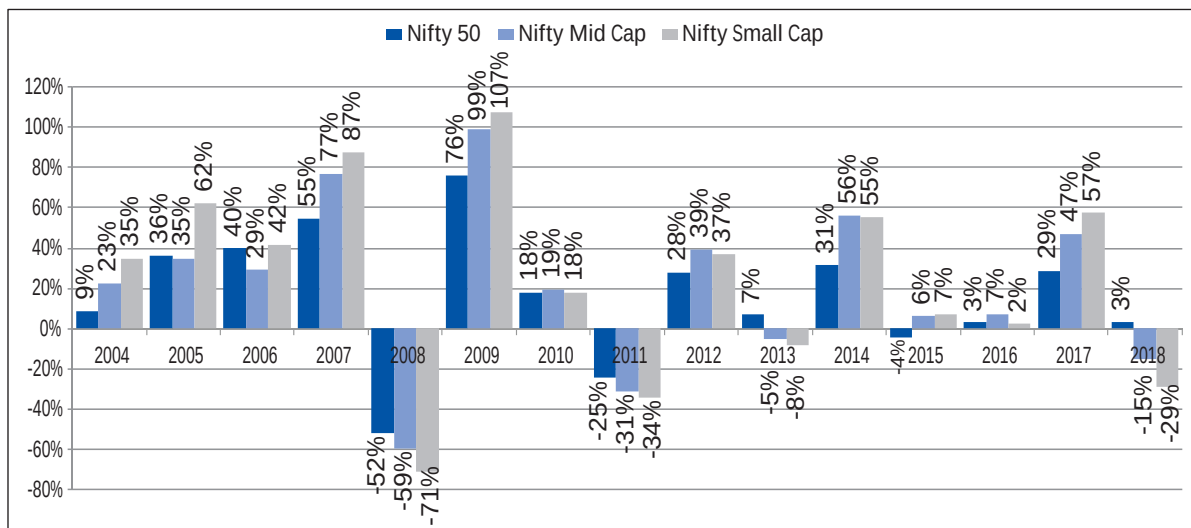
Volatility remained high during the year, which led to decent performance in arbitrage funds, delivering gains of 5.6% (tax-free). The biggest loser during the year were small caps, with the Nifty Small Cap index down by 28%, followed by mid caps (down 15%). Despite an extremely volatile year for bonds, the 10-year benchmark G-sec bond yield ended nearly flat, delivering only the accrual return of 7.17%.

Elections and Events: A Look Back

If investors were to look at past returns to make their investment decision, equities may feature quite low on the pecking order for 2019. However, investment decisions are seldom as simple as taking a peek at past returns. There are basically two flaws in it, apart, of course, from fundamental wisdom: 1) Past returns are not indicative of future performance; and 2) Equity market returns vary widely over time and may provide an opportunity during depressed periods. Historical anecdotes suggest that investing just after a bad year has

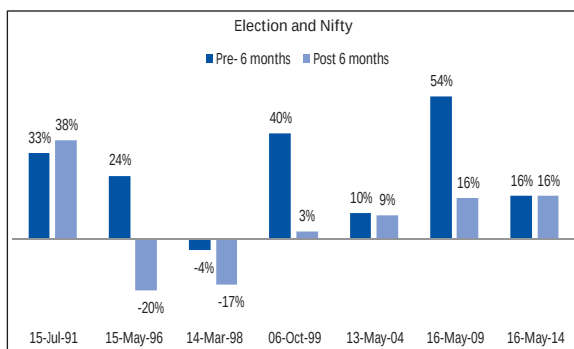
and 71% in 2008 but recovered by a massive 99% and 107% respectively, in just the following year. A similar trend was seen in 2012 and 2014 as depicted in the chart below.

It is important to look at critical events when making investment decisions. However, it is equally important to filter the noise from the news and look at the impact on the overall economy, sectors, or business. Coming to this year's major events, the general elections is one that is on



Source: www.nseindia.com & IndiaNivesh Wealth Research

fetches handsome gains for investors. For instance, 2008, the worst year for small and mid caps, was followed by what turned out to be the best year for small and mid caps. The Nifty Mid and Small Cap indices corrected 60%



Source: www.nseindia.com & IndiaNivesh Wealth Research

everyone's mind. Politics has always been a major influencer of the stock market, but history suggests that the real impact has been quite short-lived. For instance, the elections of May 2004 saw NDA losing to a coalition government and causing a knee-jerk reaction, with Nifty crashing 20% over two days, only to recover 12% the following two days and completely recover in the next 4–5 months. Several studies on election outcomes and

Events: Impact and Recovery				
Event	Crash period	Fall	Recovery period	Gain
IL&FS Crisis	Sep'18 – Oct'18	-14.13%	Oct'18 – So far	9.34%
Global Financial Crisis	Jan'08 – Mar'09	-51%	Apr'09 – Oct'10	104%
Taper Tantrum	Jun'13 – Aug'13	-11.02%	Aug'13 – Sep'13	15.72%
Demonetization	Nov'16 – Dec'16	-7.50%	Dec'16 – Feb'17	10.22%
China Slowdown	Jul'15 – Feb'16	-19.26%	Feb'16 – Jul'16	23.89%

Source: www.nseindia.com,

their impact on financial markets indicate that the event risk is largely felt in the short term and its effect fades out in the long term. An impact analysis of the performance of the Nifty six months before and after election results indicates that five out of seven times since 1991, both the pre- and post-six months' performance was positive, irrespective of the political dynamics. Moreover, six out of seven times, the pre-six months' returns were better or equal to the post-six months' performance (election of 1998 had negative returns for both pre and post periods). It may highlight that there is usually a run-up before the elections. However, statistically speaking, elections have had an insignificant impact on the medium- to long-term performance of the Nifty.

The same goes for the impact of critical events on stock market performance, irrespective of the short-term sentimental impact of the event. For instance, events such as Brexit, demonetization, global financial crises, European debt crises, change in US policy stance, reversal in carry trade, liquidity outflow, and IL&FS credit crisis have only had a short-term impact on stock market performance. Even the biggest financial market collapse of 2008 saw the subsequent year delivering massive returns. This is indicative of the fact that the stock market largely reflects corporate performance and earnings growth in the long term.

While one may look at past events and performance, it is important to note that one cannot drive a car looking backward. Only a forward-looking approach with a focus on long-term goals should define the investment decision. What actually matters is the fundamental strength of the underlying economy and the actual impact on it from certain global and domestic events. For instance, the outlook on crude oil impacts the fiscal balance and, in turn, the government's spending capacity.

A view on inflation and consumer demand similarly would determine the direction of markets in the short to medium term. Interest rates in the economy too have a lot of bearing on the pace of economic growth and, hence, need to be accounted for. Realistically, with subdued inflation, low domestic crude prices, and a stable currency, along with a less hawkish US Fed stance for this year, the business and investment environment is expected to be conducive.

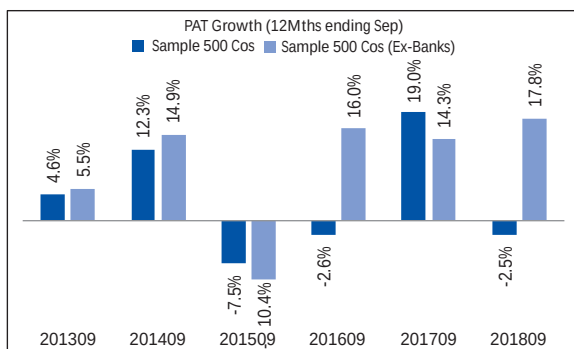
At the end, there will always be events that might affect our investment decisions, but the occurrence of such events also remains unpredictable. Hence, being focused on long-term investment goals and staying patient is the right mantra.

Equity Strategy: 2019

For the year gone by, equities may have ended as the worst asset class, but in no way should one be overwhelmed by its negative performance and tempted to sit out this year. Going by the nature of any risky asset, the returns never come in a linear fashion, and this is what we call volatility or risk in common parlance. The higher the volatility, higher is the risk. Another way of looking at risk is how much the value of the asset may fall to external factors. An increase in the risk of any asset class comes with a higher reward potential. Risky investment assets are one where the cash flows to the investor are not defined in advance and vary based on internal or external factors. Hence, it is important to look at the factors affecting the asset performance rather than its immediate past performance. One factor that most impacts and is highly positively correlated to equities is the fundamental strength of the underlying company/portfolio.

Corporate Earnings & Sectors

Corporate India's performance, which had been languishing till mid-2016, witnessed a pick-up. We have assimilated the 12-month performance of BSE 500 companies for each year ending September to check the trends in both revenue and profit growth. The compounded growth for the top line picked up from below 5% for the three-year period ending September 2016 to 13% in the two-year period ending September 2018. PAT for the same period jumped from a meager



Source: capitaline

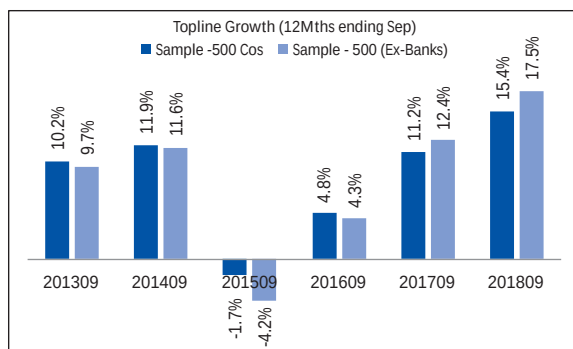
0.4% to 7.7%. The sample shows a significant improvement sans the banking sector, with revenue growth jumping to nearly 15% from 3.5%, while profits grew 16% instead of 6%. This highlights that corporate profitability did pick up meaningfully and was aptly

reflected in stock price movements. Some may argue that the pickup comes on the base depressed from the shocks of demonetization, but the continued decent performance in the second consecutive 12-month period would clear some doubts. India's earnings trajectory seems to have already bottomed out and has surely turned the corner. With the rise in aggregate consumer demand and improving bank lending after the clean-up, corporate performance is expected to improve further.

The expectations of NPA ratios improving in 2019 also points to a brighter period of economic and banking sector revival. The improvement in the bad debts of the banking sector is expected to be driven by: 1) significant reduction in fresh bad debt cropping up; and 2) a large part of existing bad debt being up for active resolution, which will help in recouping a part of the earlier NPAs.

Valuations

After the lackluster performance of the equity markets in 2018, the trailing 1-year PE for the Nifty 50 index fell from a high of nearly 25x to 22.5x as of today. The fall in large cap valuations may not be that radical, but the correction in small and midcaps has been quite substantial. The mid and small cap indices corrected 15% and 30%, respectively, bringing the trailing PE to more reasonable levels. The PE for the Nifty Midcap 50 fell from 100x to 51x, while the price-to-earnings ratio for the Nifty Smallcap 250 has declined to 43x from a high of 121x. We



Source: capitaline

expect small and mid caps to outperform large cap peers this year. Although PE multiples have come down significantly for mid and small caps, it would be prudent to approach small caps selectively or entrust a professional manager to invest in mid and small cap stocks.

Since small caps are less researched with a lot of undiscovered companies, the segment offers great potential for outperformance. Moreover, as SEBI has provided the exact classification for large caps and mid caps within the top 250 by market capitalization, small caps provide a larger universe for selection.

Global and Domestic Growth Expectations

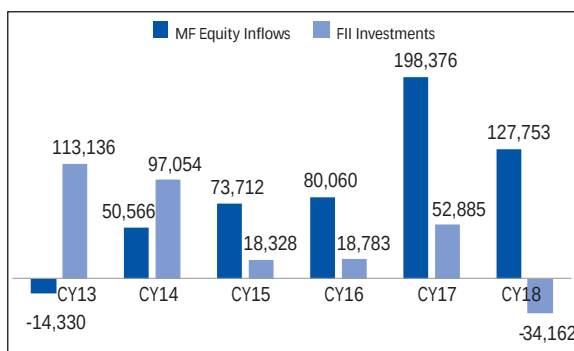
Global economic growth over the past few months has been threatened by increased tariff conflict and its impact on global trade. The US is in the process of correcting its trade balance with other countries, especially China, which has led to softer growth projections in the year. The IMF projects global economic growth to taper down to 3.7% in 2019, with the two economies in conflict, the US and China, expected to grow at 2.5% and 6.2%, respectively. Tariff threats and ebbing export demand have dented the outlook for Europe as well. The UK's economic growth has already slipped on account of its decision to separate from the EU, and the possibility of a disorderly exit, scheduled for March this year, may hurt its growth even further. Within the global context, India remains the only large economy to grow at a healthy clip of 7.4%. Tailwinds from strong structural reforms, such as IBC, improved corporate governance, GST, and improvement in ease of doing business, are expected to propel the Indian economy to remain the fastest in the world. Meanwhile, India's efforts to grow even faster would entail softer interest rates and ease of borrowing.

Interest Rates and Bank Lending

The RBI increased interest rates twice in the previous year by 50bps, raising the borrowing cost for corporates. Apart from the rise in interest rates, stricter bank regulations, rise in NPAs, slow resolution, liquidity crises, banking frauds, etc., remained in focus and impacted the lending capacity of banks, which resulted in a further rise in yields. The RBI is poised to ease the prompt corrective actions (PCA) norms, thus easing bank lending in the system. The NPA trend for banks also shows signs of topping out, with larger cases having possibly already been reported. A concern, however, could arise from the liquidity scare in the NBFC segment, which has been a major contributor to corporate financing. Nevertheless, it also presents an opportunity for the banking segment to expand and recover lost business. Capital market rates remain high at the moment and are expected to decline as confidence and credibility are restored.

Liquidity

The biggest contribution to domestic liquidity has come from mutual funds. Equity MFs witnessed an influx of Rs.1.27 lakh crores in 2018 on the back of strong SIP flows and demand for passive funds. Meanwhile, foreign investors took Rs.33,000cr out of Indian equities. With relatively high growth and better underlying economic fundamentals, Indian equities may see improving demand from FIIs.



Source: bloomberg and Amfi data

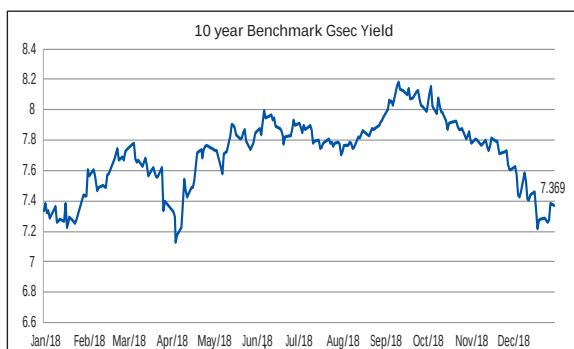
Outlook

With the start of a new year, we would suggest investors reassess their portfolios in order to check the need for realignment to one's long-term objectives. The exercise of reallocation is an important activity, which is also undertaken to reassess one's risk profiles to changing wealth and individual circumstances.

Moreover, as usually seen after a year of underperformance, portfolio allocation drops below strategic levels and reallocation is needed. Keeping in mind our optimistic stance on equities for 2019, we would recommend greater exposure to mid and small caps within the equity portion. We recommend investing in the multi-cap and large & mid cap categories over solely large caps, considering the larger investment universe and greater flexibility for fund managers. Considering the events slated for the year ahead, it would be prudent to have a phased approach to investing. We also recommend investors to keep some buffer funds to take advantage of any market dips during the election period.

Debt Strategy: 2019

Debt markets in the new year have started off on a positive note, with heightened expectations of an easing interest rate stance. After an extremely volatile and eventful 2018, sentiments surrounding the market seem to have turned a corner. In order to look ahead with clarity, it is sometimes essential to look at past events that have the potential to alter your investment thoughts. Looking at the opening and closing yield of the benchmark government security, one may be beguiled into thinking it was a dull and flat year. But a lot has transpired between these two data points. What the two data points hide between them is an elaborate story of a drastic rise and an equally drastic fall in the yields. The



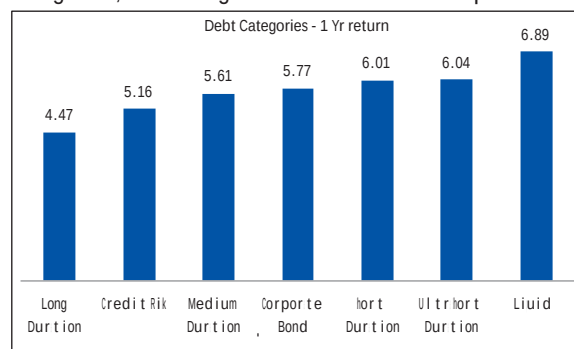
Source: ACE MF

initial part of the rise in yields was the structural rise in global growth, led by the US. Strong economic recovery in the US meant more strength to the dollar and also brought along with it the fear of faster rate hikes and balance sheet normalization. The yields were on an uptrend for the first quarter of 2018 but soon returned to earlier levels due to lower borrowing projections and a lower inflationary forecast. The reversal was short-lived, and yields soon jumped back to its upward momentum with crude and currency playing spoilsport. A rise in crude oil prices upset the momentum, unsurprisingly, as this commodity has the potential of destabilizing India's trade balance. By the end of September, Brent crude had risen by a massive 30%, shaking the trade balance out of favor. Yields, as a result, touched a high of 8.2% for the benchmark 10-year G-sec, nearly aligning itself to oil prices. Hence, when oil prices fell, it brought down yields too. The magnitude of the fall in yields was as surprising as it was for crude oil prices.

By the end of the year, the yields were back in the zone where it started from. A key theme that played out, which

would linger in one's mind, is the liquidity and credibility crises emanating from the IL&FS default. The systemically important entity failed on its debt obligations, leading to credibility crises, and cascaded to other finance companies feeling the heat from the loss of risk appetite. Corporate yields and spreads went up significantly, thus limiting the borrowing ability of NBFCs. Although the IL&FS issue was sorted, corporate bond yields remain elevated even now.

As far as year-end performance is concerned, it was the lowest risk category that performed the best. Liquid funds and low duration funds were the best performing categories, while long duration and credit risk performed



Source: RBI, IndiaNivesh Wealth Research

the worst. Nevertheless, debt funds still outperformed other asset classes. Credit risk funds, which in the initial half of 2018 were on track with a healthy performance, were impacted by the liquidity and credibility crises. It was a year of surprises and shocks, which impacted the overall performance of the debt category, with risk-takers unable to reap any rewards for additional duration or credit risks taken. However, with changing macro dynamics and the global growth storyline, gradually going longer in the curve is expected to reap benefits for risk-taking debt investors.

Key events and factors to watch out for in 2019

Crude Oil

Prices of crude oil will continue to be one of the major factors affecting sentiment across debt markets. As agreed upon in the previous year, OPEC's reduced production is expected to weigh on global prices. However, rising oil supply from the US and the steady rise in inventory levels have been able to restrain a major upward momentum. The issue of sanctions on Iran will

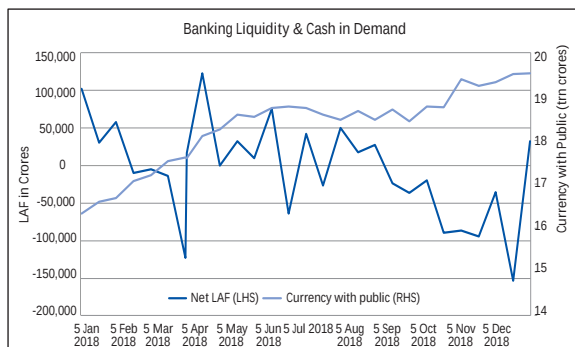
again shake the oil market. Sanctions, OPEC decisions, US production, and inventory levels would definitely keep prices volatile throughout the year. However, the broader theme that the markets would be watching for and which would also paint a weakening tinge to oil prices is the global growth narrative, which could affect global demand and thus prevent prices flaring up.

Flows & Currency Movement

In the year gone by, the rupee depreciated 9.5% against the dollar owing to the strength of the US economy and inherent weakness in the rupee due to oil prices. While there are a lot of factors that affect the exchange rate, ranging from commodity prices, fiscal position, relative economic growth, inflation differentials, real rates, etc., the primary catalyst going ahead could be the strength of the US economy and its progress on balance sheet unwinding. With deceleration in US economic growth anticipated, the greenback can be expected to show mild calmness, especially considering the tariff threats could continue. India's better fundamentals with nearly no threat from inflation present a stable outlook for currency this year, barring volatility arising from external factors.

Liquidity

Banking liquidity in the system remains scarce, which has kept the money market and short-term rates at high



Source: Bloomberg

levels. The RBI, for most part of the year, conducted regular OMO purchases to infuse durable liquidity in the system. A rise in demand for currency in hand has been one of the reasons draining systemic/banking liquidity, apart from the impact of interventions in the forex

market. Currency with the public increased by nearly 3.2 lakh crores over the year, roughly at 20%, much higher than the normal historical rate. The rate of growth in cash also seems high from the standpoint that the nominal growth rate of the economy during the period was 10–11%. Moving to this year's liquidity situation, the first half is expected to witness high cash demand ahead of the elections. Moreover, the capital outflows and currency fluctuations may continue to strain domestic liquidity. The RBI is expected to keep the system well lubricated, with infusion of durable liquidity through OMOs till March 2019 and possibly beyond. Overall, the liquidity situation is expected to improve in the second half, with stability in capital flows and normalization of cash demand, among others. This would mean yields at the shorter end would align to lower levels gradually over the year.

IL&FS Aftermath on Credit Spreads

Even if broader sovereign yields during the year settled nearly unchanged, the corporate bond market witnessed a rather shocking upheaval from the IL&FS fiasco. The aftershocks of the IL&FS default might have subsided, but the credibility and liquidity issues continue to hurt the corporate bond segment. The yields remain high and credit spreads have widened. The AAA spreads remain away from normal levels by nearly 50–60bps at the longer end and 35–40bps at the shorter end. The pressure on the AA is even higher, with the credit spreads 70–80bps higher across the curve. This means the borrowing for the corporate segment from the capital markets remains significantly affected, which would impact the cost of financing in the year ahead. A lot would depend on support from formal banking channels and unless that fructifies, the corporate financing market will remain under pressure. For the year ahead, the spreads could remain wide for a protracted period and could benefit from any positive developments on loan recoveries.

Global Growth and Policy Tuning

The pace of global economic expansion also remains important, considering its impact on commodities, currency, and capital flows. After a period of strong growth, the US is staring at a slowdown in growth owing to the tariff wars. China, which has been a catalyst for global growth, is facing a severe economic impact from

the trade conflict, which is expected to dampen global consumer demand. This might be good for India, as it benefits from lower commodity prices, but the ongoing balance sheet normalization is expected to continue to strain capital flows, which may consequently impact the rupee. India is expected to maintain a strong rate of growth despite global sluggishness due to domestic consumer demand and possibly due to benefits arising from the US-China trade conflicts. Owing to multiple complex factors affecting the debt market, it is expected the market may remain volatile. Taking into account domestic factors, such as benign inflation and mild deceleration in growth, an accommodative policy stance with easing of rates can be expected. At the current juncture though, a prolonged pause may be more suitable considering the fiscal situation.

Outlook:

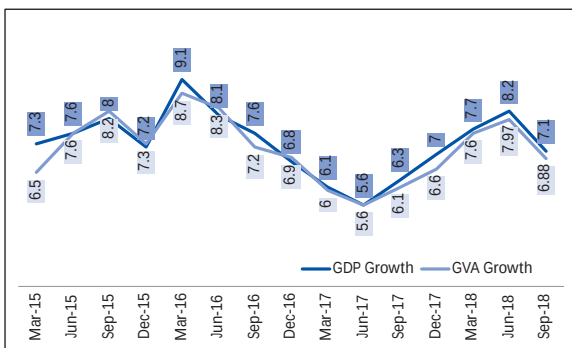
Owing to the larger theme being that of slowing growth and tapering commodity prices on account of it, the general trend would be that of gradual easing of yields.

India is currently in a protracted phase of benign inflation, arising from a deflation in food inflation. With the expected inflation trajectory within a comfortable range, the leg room for an accommodative stance is likely to continue to be available to the RBI. The current situation of a larger fiscal deficit and expected higher election-year spending may prevent any immediate steps in the accommodative direction. Which means the RBI may maintain status quo for the initial part of the year and would turn dovish in the second half. Nevertheless, it would be prudent to assume that the rate moves and policy stance would be data dependent. In keeping with our broader view, the portfolios can be constructed in a phased manner with gradual investments to lock in at better rates. Widening credit spreads, especially in the NBFC segment, have provided a good opportunity in the credit and corporate bond space, which is worth investing in. Stepped-up investing in medium term funds and credit risk funds can be a good idea this year. The debt market is better poised this year compared to last year and, hence, debt portfolios may be positioned to have a larger duration play.

India: Macro

GDP Growth

India's GDP grew 7.1% in the September quarter as compared to 6.3% in the same quarter previous year. The GVA for the September quarter was recorded at 6.9% as compared to 6.1% in the corresponding quarter previous year. The GDP growth rate, however, has fallen from the June quarter peak of 8.2%. The actual growth has been much slower than the street expectation of 7.5% despite the advantage of a lower base and, in that sense, it can be construed as little disheartening.



Source: Bloomberg, IndiaNivesh Research

Manufacturing activity has remained brisk and steady, with the growth at 7.4% in the September quarter, slightly higher than the 7.1% achieved in the same quarter previous year. Construction activity too has remained robust, with 7.8% growth as compared to lackluster growth of 3.1% in the previous year September quarter. The energy segment was seen growing at 9.2% compared with 7.7% previously. The brisk manufacturing activity has buoyed overall economic growth, given its weight of over 30%.

A part of the deceleration in overall economic growth seems to have emanated from the mild slowdown in growth in trade, hotels, transport, communication, and services related to broadcasting within the services segment, with growth of 6.8% vis-à-vis 8.5% in the September quarter previous year. The segment accounts for 20% of overall GDP. However, what has compensated for it is the strong government spending, which led to healthy 10% growth in Public Administration, Defense & Other Services, which previously grew at 6%. Since nearly 12% of economic growth is contributed by the public services segment, it could be said that stepped-up expenditure by the government has partly helped in lifting economic growth. The higher expenditure and lower tax revenues have also resulted in India breaching its full-year fiscal deficit target by 15%.

The private services segment (Financial, Real Estate & Professional Services) grew at 6.3%, a tad higher than the previous quarter. The only segment that witnessed negative growth is Mining and Quarrying, which recorded 2.4% de-growth. Agriculture has maintained a moderate pace of growth at 3.8%, higher than the 2.6% previously.

View

GDP is projected to grow at 7.4% in FY19 on the expectations that private consumption will remain robust and is likely to be sustained even with high oil prices. Improving capacity utilization and FDI inflows bode well for economic growth. The tailwinds on rupee (pressure on rupee) will dissipate due to slowing global trade and escalating trade tariff wars.

IIP Growth

Industrial activity slowed down drastically in November rekindling the risks to economic growth momentum. IIP growth for November stood at a meager 0.5% compared to 8.4% the previous month and 8.5% in November 2017. The IIP, which hit a 12-month high in just the preceding month, dropping to a 17-month low highlights the volatility of this high-frequency indicator. The slowdown in the IIP was mainly due to significant deceleration in manufacturing activity. The manufacturing sector contracted 0.4% in November as the strong unfavorable base effect set in. Just to highlight the base impact, November 2017 witnessed an 840bps rise in the manufacturing index; the month had seen a significant pick-up in manufacturers' activity to restock inventory for the festival demand, especially because inventory stocks were utilized just before GST implementation. As per the Use Based classification, both capital goods and intermediate goods saw a deceleration in November 2018, declining 3.4% and 4.5%, respectively. Consumer durables, after a good run in FY19, dipped 0.9% in November.

However, IIP growth at 5% in April–November 2018 was better than the 3.2% in the same period previous year. The highest growth came from electricity, which grew 6.6% vs. 5.2% previously. However, it was the manufacturing segment, which has a weight of 78% and grew by 5%, that contributed the most to the IIP.

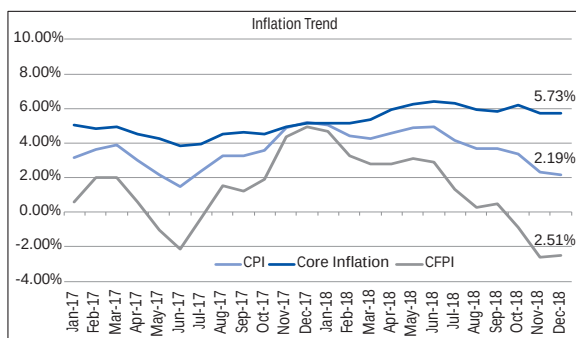
View

IIP growth for April–November 2018 stood at 5%. During this period, the sub-optimal growth of 0.7% in

Intermediate goods has been a major drag. Considering the pickup in the base in the previous year, IIP momentum was expected to slow down a little, at least statistically.

Retail Inflation

India's retail inflation slumped to an 18-month low of 2.2% in December 2018, dropping from 2.33% in the previous month and 5.21% in December 2017. The biggest contributor to the consistently low reading on inflation has been the deflation in food prices. Consumer food price inflation (CFPI) was seen falling 2.5% in December, a third consecutive month of price decline. On a sequential basis, food prices have been decelerating since August last year, causing a part of the CPI to drag the overall index. The largest contributors to this deflation are food items such eggs, fruits, vegetables, pulses, and



Source: Mospi, IndiaNivesh Research

sugar, with an aggregate weight of 15.5% in the overall index. Inflation in other components of the food index, such as cereals, milk, and oil, also remained low at 0.85%–1.4%.

Globally, fuel prices declined in December, which helped in easing fuel inflation. Fuel and light inflation dropped to 4.5% in December from 7.24% in the previous month. Domestic petrol and diesel prices were seen declining roughly by 5% and 6.5%, respectively. Inflation in pan & tobacco, housing, and miscellaneous items remained above 5%.

CPI's miscellaneous component, which accounts for 27.2% of the overall index, grew at the highest rate of 6.45%. In fact, it is this component that has led to a high and sticky core inflation. Core inflation was seen at 5.7% and has stayed above 5% for the last 12 months. Inflation in healthcare and medical services remains high, with December inflation touching 9%. Education costs have also been soaring, with inflation at 8.4% as of December. Household goods and services inflation expanded at 6.4%.

Overall, food inflation has been the main reason for subdued retail inflation, as it accounts for 45% of the index. Hence, till the time the deflation in food prices continue, retail inflation would remain low. Regional bifurcation points to an inflation of 2.9% in urban and 1.65% in rural areas.

View

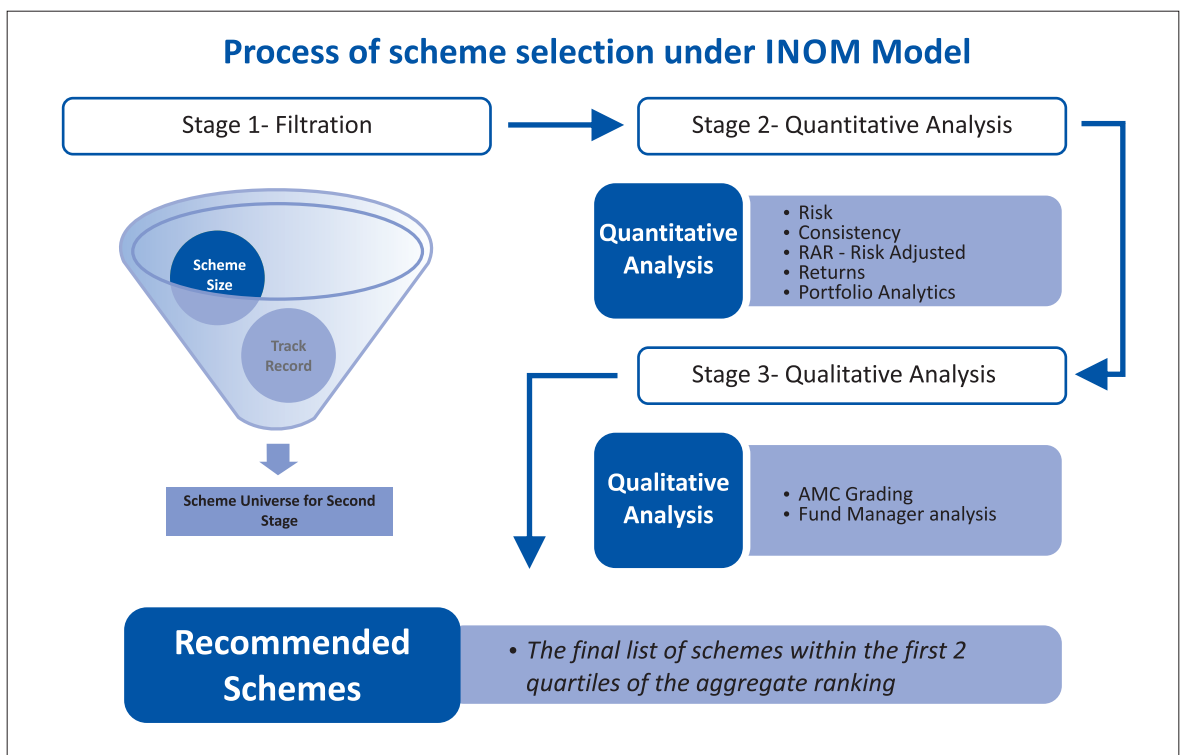
The recent inflation trend has been in line with the RBI's short-term projections and bodes well for forthcoming monetary policies. The RBI in its recent monetary policy revised its inflation projection to 2.7–3.2% for the second half of FY19. Two critical elements that would continue to affect inflation are the oil prices and currency exchange rate. Given the recent slowdown narrative for the coming quarters, a lower interest rate policy, along with a neutral to accommodative stance, may be in the offing in the next couple of quarters.

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

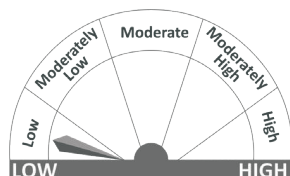
Liquid Funds

Scheme Name	Aditya Birla SL Liquid Fund	Axis Liquid Fund	Baroda Liquid Fund	ICICI Pru Liquid Fund	Invesco India Liquid Fund	Reliance Liquid Fund	Tata Liquid Fund-Reg	UTI Liquid Fund-Cash Plan-Inst
Point to Point Returns								
2 Weeks	7.22	7.18	7.10	7.13	7.21	7.22	7.26	7.21
1 Month	7.30	7.28	7.33	7.27	7.31	7.34	7.35	7.33
3 Months	7.53	7.50	7.53	7.51	7.51	7.58	7.52	7.47
6 Months	7.41	7.43	7.47	7.36	7.44	7.46	7.43	7.42
1 Year	7.45	7.49	7.51	7.43	7.46	7.48	7.47	7.47
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	7.26	7.26	7.26	7.26	7.26	7.26	7.26	7.26
1 Month	7.42	7.42	7.42	7.42	7.42	7.42	7.42	7.42
3 Months	7.65	7.65	7.65	7.65	7.65	7.65	7.65	7.65
6 Months	7.55	7.55	7.55	7.55	7.55	7.55	7.55	7.55
1 Year	7.64	7.64	7.64	7.64	7.64	7.64	7.64	7.64
AUM in Crs.	53,518	20,025	20,025	55,251	8,149	36,938	19,160	33,828
Average Maturity (Days)	197	80	80	303	206	223	2033	182
Exit Load	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Fund Manager	Kaustubh Gupta	Devang Shah	Hetal P. Shah	Rahul Goswami	Krishna Venkat Cheemalapati	Anju Chhajer	Amit Somani	Amandeep Singh Chopra

Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 15th Jan 2019

Data Source: ACEMF

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



Recommended Funds

Debt - UST & Low Duration Funds

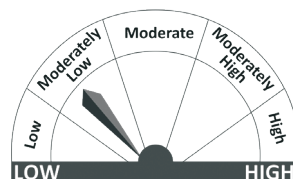
Scheme Name	UST				Low Duration			
	Aditya Birla SL Savings Fund	ICICI Pru Ultra Short Term Fund Fund	Kotak Savings Fund	SBI Magnum Ultra Short Duration Fund-Reg	SBI Magnum Low Duration Fund	Aditya Birla SL Low Duration Fund	ICICI Pru Savings Fund	Kotak Low Duration Fund
Point to Point Returns								
2 Weeks	10.66	10.02	10.10	9.28	10.08	10.87	10.32	11.02
1 Month	10.31	9.62	9.71	9.26	10.05	10.52	9.56	10.25
3 Months	9.48	9.09	8.90	8.98	9.11	9.21	8.91	9.05
6 Months	8.38	8.04	7.78	8.24	7.95	7.88	7.76	7.78
1 Year	7.81	7.58	7.58	8.07	7.67	7.38	7.43	7.50
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	7.26	7.26	7.26	7.26	7.26	7.26	7.26	7.26
1 Month	7.42	7.42	7.42	7.42	7.42	7.42	7.42	7.42
3 Months	7.65	7.65	7.65	7.65	7.65	7.65	7.65	7.65
6 Months	7.55	7.55	7.55	7.55	7.55	7.55	7.55	7.55
1 Year	7.64	7.64	7.64	7.64	7.64	7.64	7.64	7.64
AUM in Crs.	14,016	3,344	7,416	5,205	6,308	7,230	16,506	4,434
Average Maturity (Days)	635	3249	350	153	1084	442	737	1040
Exit Load	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Fund Manager	Kaustubh Gupta	Manish Banthia	Deepak Agrawal	Rajeev Radhakrishnan	Rajeev Radhakrishnan	Kaustubh Gupta	Rahul Goswami	Deepak Agrawal

Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 15th Jan 2019

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

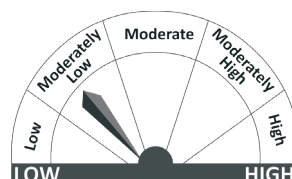
Scheme Name	Axis Short Term Fund	HDFC Short Term Debt Fund	ICICI Pru Short Term Fund	L&T Short Term Bond Fund Reg	SBI Short Term Debt Fund Reg	UTI ST Income Fund-Inst
Point to Point Returns						
1 Month	10.97	12.30	11.35	11.65	11.66	9.22
3 Months	10.20	10.62	9.72	10.59	10.18	8.75
6 Months	7.80	8.20	7.35	7.88	7.45	6.88
1 Year	6.56	7.23	6.09	6.71	6.19	6.12
3 Years	7.36	7.68	7.67	7.06	7.25	7.39
5 Years	7.98	8.38	8.39	7.90	7.98	8.21
Benchmark	Crisil Short Term Bond Fund Index	Crisil Short Term Bond Fund Index	Crisil Short Term Bond Fund Index	Crisil Liquid Fund Index	Crisil Liquid Fund Index	Crisil Liquid Fund Index
Point to Point Returns						
1 Month	12.30	12.30	12.30	12.30	12.30	12.30
3 Months	11.40	11.40	11.40	11.40	11.40	11.40
6 Months	8.56	8.56	8.56	8.56	8.56	8.56
1 Year	6.97	6.97	6.97	6.97	6.97	6.97
3 Years	7.57	7.57	7.57	7.57	7.57	7.57
5 Years	8.31	8.31	8.31	8.31	8.31	8.31
AUM in Crs.	4,810	8,985	7,168	3,064	5,983	8,649
Average Maturity (Years)	3.30	1.90	4.87	2.82	3.09	4.16
Exit Load	Nil	Nil	Nil	Nil	Nil	Nil
Fund Manager	Devang Shah	Anil Bamboli	Manish Banthia	Shriram Ramanathan	Rajeev Radhakrishnan	Sudhir Agarwal

Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 15th Jan 2019

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 - Credit Risk Funds

Scheme Name	Franklin India Credit Risk Fund	HDFC Credit Risk Debt Fund	ICICI Pru Credit Risk Fund	Kotak Credit Risk Fund	Reliance Credit Risk Fund
Point to Point Returns					
1 Month	16.01	10.98	9.56	11.24	12.77
3 Months	14.87	10.44	9.70	9.51	9.81
6 Months	10.42	7.24	7.11	7.09	7.31
1 Year	8.58	5.57	6.85	6.49	6.32
3 Years	8.53	7.68	7.70	7.81	7.79
5 Years	9.30	0.00	8.55	8.65	8.55
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
Point to Point Returns					
1 Month	12.30	12.30	12.30	12.30	12.30
3 Months	11.40	11.40	11.40	11.40	11.40
6 Months	8.56	8.56	8.56	8.56	8.56
1 Year	6.97	6.97	6.97	6.97	6.97
3 Years	7.57	7.57	7.57	7.57	7.57
5 Years	8.31	8.31	8.31	8.31	8.31
AUM in Crs.	7,124	17,053	11,528	5,009	10,464
Average Maturity (Years)	3.31	4.15	2.98	3.16	5.14
Exit Load	Nil upto 10% of units, For remaining units - 3% on or before 12M, 2% after 12M but on or before 24M, 1% after 24M but on or before 36M, Nil after 36M	Nil for 15% of Units, For excess of limits 1% on or before 12M and 0.50% after 12M but on or before 18M, Nil after 18M	Nil upto 10% of units and 1% on remaining units on or before 1Y, Nil after 1Y	Nil for 10% of investment and 1% for remaining units 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	Santosh Kamath	Shobhit Mehrotra	Manish Banthia	Deepak Agrawal	Prashant Pimple

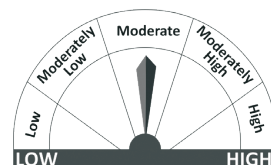
Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 15th Jan 2019

Performance of the schemes is compared with Crisil Short Term Bond index keeping in view the availability of index performance in the above table.

Reliance Credit Risk is benchmarked to NIFTY Credit Risk Bond Index, Kotak Credit Risk is benchmarked to CRISIL Composite AA Short Term Bond Index and ICICI Pru Credit Risk

Data Source: ACEMF

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



Recommended Funds

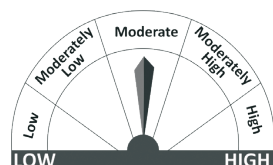
Debt - Medium to Long Duration Funds

	Medium Duration			Medium to Long Duration		
Scheme Name	HDFC Medium Term Debt Fund	L&T Resurgent India Bond Fund-Reg	SBI Magnum Medium Duration Fund-Reg	IDFC Bond Fund - Income Plan-Reg	Kotak Bond Fund-Reg	HDFC Income Fund
Point to Point Returns						
1 Month	10.65	11.28	9.08	6.29	9.24	9.46
3 Months	10.20	10.59	10.60	15.56	11.94	11.57
6 Months	7.06	6.36	7.54	10.91	7.98	7.36
1 Year	5.87	4.55	6.18	6.52	5.38	3.91
3 Years	7.60	7.22	9.16	7.36	6.83	6.46
5 Years	8.17	0.00	10.07	8.34	7.60	7.67
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	Crisil Composite Bond Fund Index
Point to Point Returns						
1 Month	12.55	12.55	12.55	12.55	12.55	12.55
3 Months	16.69	16.69	16.69	16.69	16.69	16.69
6 Months	10.19	10.19	10.19	10.19	10.19	10.19
1 Year	6.14	6.14	6.14	6.14	6.14	6.14
3 Years	7.83	7.83	7.83	7.83	7.83	7.83
5 Years	9.03	9.03	9.03	9.03	9.03	9.03
AUM in Crs.	1,100	2,137	1,603	727	1,779	849
Average Maturity (Years)	6.32	7.14	6.44	16.44	18.26	17.46
Exit Load	Nil	2% on or before 1Y, 1% after 1Y but on or before 2Y, Nil after 2Y	Nil for 8% of investment and 1.50% for remaining investments or before 12M, Nil after 12M	Nil for 10% of investment and 1% for remaining investment on or before 365D, Nil after 365D	0.20% on or before 3M, Nil after 3M	0.25% on or before 1M, Nil after 1M
Fund Manager	Shobhit Mehrotra	Shriram Ramanathan	Dinesh Ahuja	Suyash Choudhary	Abhishek Bisen	Shobhit Mehrotra

Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 15th Jan 2019

Data Source: ACEMF

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



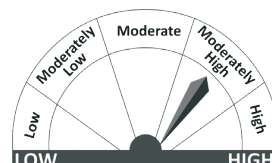
Recommended Funds

Equity - Large Cap Funds

Scheme Name	Aditya Birla SL Frontline Equity Fund	Axis Bluechip Fund	ICICI Pru Bluechip Fund	Reliance Large Cap Fund	SBI Bluechip Fund
Scheme Point to Point Returns					
3 Months	4.76	5.17	3.63	6.94	5.19
6 Months	-0.07	-4.65	1.53	4.95	-2.18
1 Year	-4.30	4.97	-1.87	-1.14	-5.48
3 Years	12.91	14.32	14.76	15.40	11.38
5 Years	14.83	14.40	14.73	17.55	15.55
Scheme SIP Returns					
1 Year	-0.34	4.88	1.26	5.00	-3.48
3 Years	11.96	21.19	16.19	19.20	9.62
5 Years	9.48	11.48	10.71	12.19	9.24
Benchmark	NIFTY 50 - TRI	NIFTY 50 - TRI	NIFTY 100 - TRI	S&P BSE 200 - TRI	S&P BSE 200 - TRI
Benchmark Point to Point Returns					
3 Months	3.76	3.76	3.88	4.19	4.19
6 Months	-0.67	-0.67	-0.82	-0.74	-0.74
1 Year	2.81	2.81	0.51	-1.33	-1.33
3 Years	15.06	15.06	15.24	15.33	15.33
5 Years	12.88	12.88	13.79	14.52	14.52
Benchmark SIP Returns					
1 Year	2.66	2.66	1.18	0.33	0.33
3 Years	11.46	11.46	10.99	10.66	10.66
5 Years	10.49	10.49	10.77	10.94	10.94
Risk Ratios					
Treynor	-0.03	0.01	-0.02	-0.01	-0.03
Information Ratio	-0.11	0.01	-0.07	-0.04	-0.12
AUM in Crs.	21,175	3,737	20,115	11,740	20,611
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, Nil after 1Y	Nil upto 10% of units on or before 12M, For remaining units 1% on or before 12M and Nil after 12M	1% on or before 1Y, Nil after 1Y
Fund Manager	Mahesh Patil	Shreyash Devalkar	Anish Tawakley Rajat Chandak	Sailesh raj Bhan	Sohini Andani

Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 15th Jan 2019

Data Source: ACEMF



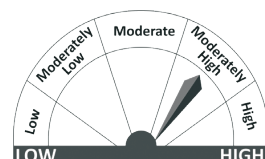
Recommended Funds

Equity - Large & Mid Cap Funds

Scheme Name	Canara Rob Emerg Equities Fund	Invesco India Growth Opp Fund	Kotak Equity Opp Fund	Mirae Asset Emerging Bluechip	Sundaram Large and Mid Cap Fund
Scheme Point to Point Returns					
3 Months	4.53	3.12	6.12	5.58	6.39
6 Months	-3.66	-2.64	-0.72	3.79	0.21
1 Year	-10.28	-2.56	-6.61	-7.89	-2.38
3 Years	15.79	14.99	14.32	18.96	15.12
5 Years	25.87	16.04	16.58	27.02	17.95
Scheme SIP Returns					
1 Year	-6.99	-0.91	-1.04	3.06	1.86
3 Years	14.55	18.19	12.43	20.27	19.40
5 Years	14.63	11.61	10.60	17.38	12.79
Benchmark	S&P BSE 200 - TRI	S&P BSE 250 Large MidCap 65:35 Index - TR	NIFTY 200 - TRI	S&P BSE 200 - TRI	NIFTY 200 - TRI
Benchmark Point to Point Returns					
3 Months	4.19	4.10	4.00	4.19	4.00
6 Months	-0.74	-2.14	-1.01	-0.74	-1.01
1 Year	-1.33	-5.44	-1.80	-1.33	-1.80
3 Years	15.33	15.14	15.14	15.33	15.14
5 Years	14.52	16.11	14.24	14.52	14.24
Benchmark SIP Returns					
1 Year	0.33	-3.15	-0.15	0.33	-0.15
3 Years	10.66	9.66	10.44	10.66	10.44
5 Years	10.94	11.29	10.68	10.94	10.68
Risk Ratios					
Treynor	-0.06	-0.02	-0.04	-0.04	-0.02
Information Ratio	-0.12	-0.06	-0.11	-0.09	-0.07
AUM in Crs.	4,064	1,017	2,373	6,340	485
Exit Load	1% on or before 1Y, Nil after 1Y	1% on or before 1Y, Nil after 1Y	1% on or before 1Y, Nil after 1Y	1% on or before 1Y(365D), Nil after 1Y(365D)	1% on or before 12M, Nil after 12M
Fund Manager	Miyush Gandhi Krishna Sanghavi	Taher Badshah Amit Ganatra	Harsha Upadhyaya	Neelesh Surana	S. Krishnakumar

Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 15th Jan 2019

Data Source: ACEMF



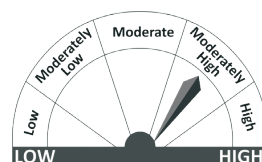
Recommended Funds

Equity - Multi Cap Funds

Scheme Name	Aditya Birla SL Equity Fund	Mirae Asset India Equity Fund	Franklin India Equity Fund	ICICI Pru Multicap Fund	Kotak Standard Multicap Fund	SBI Magnum Multicap Fund
Scheme Point to Point Returns						
3 Months	4.87	4.22	4.19	2.97	4.77	5.09
6 Months	0.28	1.68	-1.20	3.36	-1.35	-1.13
1 Year	-5.63	-2.52	-5.37	-1.50	-2.65	-6.74
3 Years	16.45	16.68	11.90	14.94	15.50	13.48
5 Years	18.89	18.63	16.69	17.08	18.67	18.72
Scheme SIP Returns						
1 Year	-1.39	2.90	-2.75	1.72	1.51	-2.70
3 Years	13.98	19.02	9.92	14.68	16.09	12.53
5 Years	11.92	13.21	9.62	11.30	12.32	11.78
Benchmark	S&P BSE 200 - TRI	NIFTY 200 - TRI	NIFTY 500 - TRI	S&P BSE 500 - TRI	NIFTY 200 - TRI	S&P BSE 500 - TRI
Benchmark Point to Point Returns						
3 Months	4.19	4.00	4.09	4.07	4.00	4.07
6 Months	-0.74	-1.01	-1.53	-1.53	-1.01	-1.53
1 Year	-1.33	-1.80	-4.38	-4.15	-1.80	-4.15
3 Years	15.33	15.14	14.93	15.06	15.14	15.06
5 Years	14.52	14.24	14.64	14.69	14.24	14.69
Benchmark SIP Returns						
1 Year	0.33	-0.15	-1.75	-1.71	-0.15	-1.71
3 Years	10.66	10.44	9.76	9.90	10.44	9.90
5 Years	10.94	10.68	10.57	10.69	10.68	10.69
Risk Ratios						
Treynor	-0.04	-0.02	-0.04	-0.02	-0.02	-0.04
Information Ratio	-0.09	-0.09	-0.11	-0.04	-0.08	-0.12
AUM in Crs.	10,148	10,036	11,462	3,121	21,718	6,395
Exit Load	1% on or before 365D, Nil after 365D	1% on or before 365D, Nil after 365D	1% on or before 1Y	1% on or before 12M, Nil after 12M	1% on or before 1Y, Nil after 1Y	0.10% on or before 30D, Nil after 30D
Fund Manager	Anil Shah	Neelesh Surana Harshad Borawake	Anand Radhakrishnan R. Janakiraman	Sankaran Naren Atul Patel	Harsha Upadhyaya	Anup Upadhyay

Returns < 1yr are annualised and returns more than 1yr are CAGR, as on 15th Jan 2019

Data Source: ACEMF



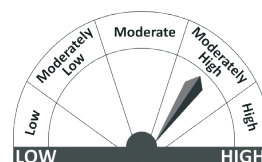
Recommended Funds

Equity - Mid Cap Funds

Scheme Name	Axis MidCap Fund	DSP Midcap Fund	Franklin India Prima Fund	Kotak Emerging Equity Scheme	L&T Midcap Fund	Sundaram Mid Cap Fund
Scheme Point to Point Returns						
3 Months	5.07	6.06	4.86	5.58	3.84	4.48
6 Months	-0.68	-2.70	-2.55	-3.09	-4.14	-5.49
1 Year	0.66	-12.71	-10.91	-13.59	-14.99	-17.22
3 Years	14.09	14.45	13.60	14.34	15.74	12.27
5 Years	20.37	20.76	21.42	23.20	24.22	20.98
Scheme SIP Returns						
1 Year	5.51	-6.57	-5.60	-7.13	-8.34	-10.32
3 Years	21.81	10.40	10.18	9.78	14.11	6.34
5 Years	12.60	11.87	11.49	12.39	14.14	10.17
Benchmark	S&P BSE Mid-Cap - TRI	NIFTY MIDCAP 100 - TRI	Nifty Midcap 150 - TRI	NIFTY MIDCAP 100 - TRI	NIFTY MIDCAP 100 - TRI	S&P BSE Mid-Cap - TRI
Benchmark Point to Point Returns						
3 Months	5.77	4.86	5.48	4.86	4.86	5.77
6 Months	-1.00	-2.53	-2.27	-2.53	-2.53	-1.00
1 Year	-15.39	-17.61	-14.86	-17.61	-17.61	-15.39
3 Years	14.93	13.64	15.90	13.64	13.64	14.93
5 Years	19.62	19.01	21.24	19.01	19.01	19.62
Benchmark SIP Returns						
1 Year	-7.63	-9.54	-7.72	-9.54	-9.54	-7.63
3 Years	6.56	5.35	8.52	5.35	5.35	6.56
5 Years	11.60	10.53	13.03	10.53	10.53	11.60
Risk Ratios						
Treynor	0.69	0.59	0.61	0.62	0.77	0.48
Information Ratio	-0.01	0.00	-0.04	-0.02	0.04	-0.06
AUM in Crs.	1,808	5,704	6,573	3,494	3,685	5,955
Exit Load	Nil for 10% of investments and 1% for remaining investments on or before 12M, Nil after 12M	1% before 12M, Nil on or after 12M	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	Shreyash Devalkar	Vinit Sambre Jay Kothari	R. Janakiraman Hari Shyamsunder	Pankaj Tibrewal	Soumendra Nath Lahiri. Vihang Naik	S. Krishnakumar

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Data Source: ACEMF



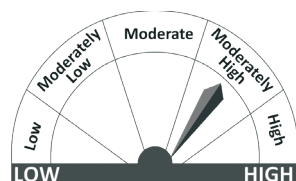
Recommended Funds

Equity - Small Cap Funds

Scheme Name	Franklin India Smaller Cos Fund	HDFC Small Cap Fund	L&T Emerging Businesses Fund	Reliance Small Cap Fund	SBI Small Cap Fund
Scheme Point to Point Returns					
3 Months	2.24	3.41	0.68	0.39	1.82
6 Months	-7.40	-2.04	-5.91	-4.04	-3.29
1 Year	-18.61	-11.15	-18.16	-20.75	-23.77
3 Years	12.23	19.56	18.95	16.14	16.12
5 Years	22.37	20.13	0.00	26.27	29.03
Scheme SIP Returns					
1 Year	-14.76	-7.70	-11.31	-13.43	-13.43
3 Years	4.17	21.53	18.14	14.64	16.73
5 Years	10.32	15.67	--	15.23	17.51
Benchmark	Nifty Smallcap 250 - TRI	Nifty Smallcap 100 - TRI	S&P BSE Small-Cap - TRI	S&P BSE Small-Cap - TRI	S&P BSE Small-Cap - TRI
Benchmark Point to Point Returns					
3 Months	3.63	5.61	2.07	2.07	2.07
6 Months	-8.43	-9.93	-9.13	-9.13	-9.13
1 Year	-29.55	-31.36	-26.41	-26.41	-26.41
3 Years	9.77	10.16	11.61	11.61	11.61
5 Years	17.67	15.04	18.30	18.30	18.30
Benchmark SIP Returns					
1 Year	-19.25	-20.40	-18.92	-18.92	-18.92
3 Years	-0.28	-0.84	2.57	2.57	2.57
5 Years	6.60	5.36	8.43	8.43	8.43
Risk Ratios					
Treynor	-0.13	-0.08	-0.13	-0.12	-0.16
Information Ratio	-0.17	-0.09	-0.13	-0.14	-0.16
AUM in Crs.	6,983	6,013	5,631	7,461	1,438
Exit Load	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 1Y, Nil after 1Y	1% on or before 1Y, Nil after 1Y
Fund Manager	R. Janakiraman Hari Shyamsunder	Chirag Setalvad Rakesh Vyas	Soumendra Nath Lahiri Karan Desai	Samir Rachh Dhrumil Shah	R. Srinivasan

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Data Source: ACEMF



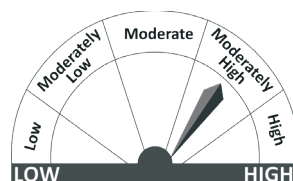
Recommended Funds

Value & Contra Funds

Scheme Name	HDFC Capital Builder Value Fund	Invesco India Contra Fund	L&T India Value Fund	Tata Equity P/E Fund
Scheme Point to Point Returns				
3 Months	2.54	2.75	2.77	3.63
6 Months	-2.66	-1.58	-2.87	-7.34
1 Year	-7.61	-5.62	-14.69	-10.38
3 Years	14.60	16.65	12.66	17.10
5 Years	17.25	20.73	21.61	20.98
Scheme SIP Returns				
1 Year	-3.24	-1.90	-8.75	-7.62
3 Years	15.82	19.78	9.48	14.21
5 Years	11.38	13.74	11.52	12.23
Benchmark	Nifty 500 - TRI	S&P BSE 500 - TRI	S&P BSE 200 - TRI	S&P BSE Sensex - TRI
Benchmark Point to Point Returns				
3 Months	4.09	4.07	4.19	4.42
6 Months	-1.53	-1.53	-0.74	-0.10
1 Year	-4.38	-4.15	-1.33	5.53
3 Years	14.93	15.06	15.33	15.61
5 Years	14.64	14.69	14.52	12.82
Benchmark SIP Returns				
1 Year	-1.75	-1.71	0.33	5.15
3 Years	9.76	9.90	10.66	13.06
5 Years	10.57	10.69	10.94	11.13
Risk Ratios				
Treynor	-0.05	-0.03	-0.07	-0.06
Information Ratio	-0.15	-0.10	-0.16	-0.14
AUM in Crs.	4,154	3,084	7,979	5,176
Exit Load	1% on or before 1Y, Nil after 1Y	1% on or before 1Y, Nil after 1Y	1% on or before 1Y, Nil after 1Y	1% on or before 18M, Nil after 18M
Fund Manager	Miten Lathia Rakesh Vyas	Taher Badshah Amit Ganatra	Venugopal M. Karan Desai	Sonam Udasi Amey Sathe

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Data Source: ACEMF



Recommended Funds

Equity Linked Saving Schemes

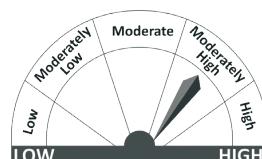
Scheme Name	Aditya Birla SL Tax Relief '96	Axis Long Term Equity Fund	DSP Tax Saver Fund	HDFC Long Term Adv Fund	L&T Tax Advt Fund	Reliance Tax Saver (ELSS) Fund
Scheme Point to Point Returns						
3 Months	2.45	2.90	5.48	6.08	0.46	5.31
6 Months	-2.99	-6.28	-0.71	1.40	-5.60	0.28
1 Year	-6.10	-2.13	-8.98	-4.54	-12.46	-21.89
3 Years	13.97	12.91	13.75	16.70	14.49	9.57
5 Years	18.83	19.00	17.26	15.82	15.84	17.26
Benchmark	S&P BSE 200 - TRI	S&P BSE 200 - TRI	NIFTY 500 - TRI	S&P BSE SENSEX - TRI	S&P BSE 200 - TRI	S&P BSE 100 - TRI
Benchmark Point to Point Returns						
3 Months	4.19	4.19	4.09	4.42	4.19	4.21
6 Months	-0.74	-0.74	-1.53	-0.10	-0.74	-0.13
1 Year	-1.33	-1.33	-4.38	5.53	-1.33	0.62
3 Years	15.33	15.33	14.93	15.61	15.33	15.47
5 Years	14.52	14.52	14.64	12.82	14.52	13.62
Risk Ratios						
Treynor	-0.05	-0.02	-0.05	-0.03	-0.08	-0.10
Information Ratio	-0.09	-0.06	-0.13	-0.12	-0.16	-0.17
AUM in Crs.	7,220	17,852	4,675	1,468	3,208	10,158
Fund Manager	Ajay Garg	Jinesh Gopani	Rohit Singhania	Chirag Setalvad Rakesh Vyas	Soumendra Nath Lahiri	Ashwani Kumar Kinjal Desai

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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
- ELSS has 3 years lock-in period



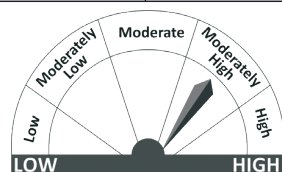
Recommended Funds

Aggressive Hybrid Fund

Scheme Name	Aditya Birla SL Equity Hybrid '95 Fund	Canara Rob Equity Hybrid Fund	ICICI Pru Equity & Debt Fund	L&T Hybrid Equity Fund	Mirae Asset Hybrid - Equity Fund	Reliance Equity Hybrid Fund	SBI Equity Hybrid Fund
Scheme Point to Point Returns							
3 Months	2.98	4.17	3.37	2.22	4.08	1.62	4.91
6 Months	-1.38	-0.03	3.84	-3.92	2.38	-2.15	1.29
1 Year	-5.78	0.59	-2.56	-6.79	-0.21	-6.51	-1.26
3 Years	10.61	11.83	13.81	9.79	13.59	10.71	11.24
5 Years	14.81	15.21	15.73	15.08	0.00	14.97	15.29
Scheme SIP Returns							
1 Year	-2.81	2.24	1.30	-4.16	4.33	-4.84	3.79
3 Years	8.43	13.52	13.35	9.11	15.77	9.63	14.00
5 Years	8.52	10.16	10.72	8.66	0.00	8.99	10.24
Benchmark Point to Point Returns	CRISIL Hybrid 35+65 - Aggressive Index	CRISIL Hybrid 35+65 - Aggressive Index	CRISIL Hybrid 35+65 - Aggressive Index	CRISIL Hybrid 35+65 - Aggressive Index	CRISIL Hybrid 35+65 - Aggressive Index	CRISIL Hybrid 35+65 - Aggressive Index	CRISIL Hybrid 35+65 - Aggressive Index
Benchmark Point to Point Returns							
3 Months	4.22	4.22	4.22	4.22	4.22	4.22	4.22
6 Months	1.43	1.43	1.43	1.43	1.43	1.43	1.43
1 Year	1.47	1.47	1.47	1.47	1.47	1.47	1.47
3 Years	12.87	12.87	12.87	12.87	12.87	12.87	12.87
5 Years	12.81	12.81	12.81	12.81	12.81	12.81	12.81
Benchmark SIP Returns							
1 Year	3.71	3.71	3.71	3.71	3.71	3.71	3.71
3 Years	9.39	9.39	9.39	9.39	9.39	9.39	9.39
5 Years	10.04	10.04	10.04	10.04	10.04	10.04	10.04
Risk Ratios							
Treynor	-0.06	-0.02	-0.04	-0.07	-0.02	-0.07	-0.03
Information Ratio	-0.08	-0.04	-0.05	-0.09	-0.04	-0.07	-0.05
AUM in Crs.	13,839	1,883	26,695	10,081	1,442	13,171	28,635
Exit Load	Nil upto 15% of units, 1% in excess of limit on or before 365D and Nil after 365D	Nil upto 10% of units on or before 1Y, 1% for more than 10% of units on or before 1Y, Nil after 1Y	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	1% on or before 1Y (365D), Nil after 1Y (365D)	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 on or before 12M, Nil after 12M
Fund Manager	Mahesh Patil Dhaval Shah	Shridatta Bhandwalder Krishna Sanghavi	Sankaran Naren Atul Patel	Soumendra Nath Lahiri Shriram Ramanathan	Neelesh Surana Sudhir Kedia	Sanjay Parekh Amit Tripathi	R. Srinivasan Dinbesh Ahuja

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Data Source: ACEMF



IndiaNivesh Model Portfolios

	I-Conserve	I-Build	I-Balance	I-Grow	I-Multiply
	■ Equity	■ Risk Free Dept	■ Long/Short Dept	■ 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	CAD/GDP	Debt/GDP
BRICS						
Brazil	1.30%	6.50%	9.04%	3.75%	-0.48%	74%
Russia	1.50%	7.75%	8.63%	4.30%	2.20%	13%
India	7.10%	6.50%	7.53%	2.19%	-1.90%	69%
China	6.40%	4.35%	3.58%	1.90%	1.30%	48%
South Africa	1.10%	6.75%	9.20%	5.20%	-2.50%	53%
Americas						
United States	3.00%	2.50%	3.17%	1.90%	-2.40%	105%
Canada	2.10%	1.75%	2.02%	2.00%	-3.00%	90%
Mexico	2.50%	8.25%	8.73%	4.83%	-1.60%	46%
Europe						
Germany*	1.10%	0.00%	0.21%	1.70%	8.00%	64%
UK	1.50%	0.75%	1.53%	2.10%	-4.10%	85%
France*	1.40%	0.00%	0.66%	1.60%	-0.80%	97%
Italy*	0.70%	0.00%	2.76%	1.10%	2.80%	132%
Spain*	2.40%	0.00%	1.37%	1.20%	1.90%	98%
Portugal*	2.10%	0.00%	1.62%	0.70%	0.50%	126%
Greece*	2.20%	0.00%	4.15%	0.60%	-0.80%	179%
Poland	5.10%	1.50%	3.21%	1.10%	0.30%	51%
Switzerland	2.40%	-0.75%	0.00%	0.70%	9.80%	30%
Asia						
Japan	0.00%	-0.10%	0.00%	0.30%	4.02%	253%
Australia	2.80%	1.50%	2.30%	1.90%	-3.10%	42%
New Zealand	2.60%	1.75%	2.36%	1.90%	-2.80%	22%
Indonesia	5.17%	6.00%	8.63%	3.13%	-1.70%	29%
Singapore	2.20%	1.76%	2.58%	0.30%	19.50%	111%
South Korea	3.10%	1.75%	2.32%	1.30%	5.60%	38%
Philippines	6.10%	4.75%	8.04%	5.10%	-0.80%	42%
Malaysia	4.40%	3.25%	4.15%	0.20%	1.30%	51%

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

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