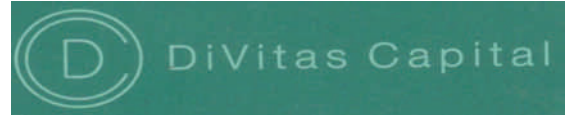


Investor Insights & Outlook



06-May-2013

Monthly Newsletter

Market Update

Nifty	5971
Sensex	19674
10Y G-esc	7.75%
1Y CP	8.89%
CD	8.35%
USD	54.18
Gold	27096 (Rs/10gm)
Brent	105.46 \$/bbl

Strategy

Our aggressive fixed income approach of recommending gilt and bond funds for the last six months when 10 year bond yields were at 8.25% has paid off with yields falling to 7.75% now, yielding on an average 12-15%. We believe that 10 year G-sec yield may go back to 8% again for a brief period as Government seeks to borrow. Investors should use this opportunity to get back into long duration funds as the entire repo reductions have not been transmitted or reflected in the 10 year yield.

Equities will remain volatile given the political uncertainty, and therefore higher levels should be seized to book some profits. However, falls should be used to re-enter whilst crude remains subdued.

From a portfolio positioning we continue to invest in funds and companies in line with our philosophy of leaders in their respective space, efficient allocators of capital and low leverage.

Change in DDT

What will be the impact of the proposed change in dividend distribution tax on debt mutual funds?

New provisions will now treat all debt oriented funds at par and DDT would be charged at a universal rate of 28.33% inclusive of surcharge and education cess. New rules will come in effect from June 1, 2013. This will affect returns, particularly liquid funds. The tax advantage that liquid funds have over Fixed deposits will now disappear.

Product recommendations

Contact

If you require any detailed information, please contact:

Gurmeet Singh
gurmeet@divitascapital.com
+91 - 98 73 010 019

Ashish Tyagi
ashish@divitascapital.com
+91 - 99 11 222 707

Equity

Diversified funds which invest across the breadth of market. Portfolios that blend best of large & midcap ideas.

- ◆ ICICI Pru Focused Bluechip Equity Fund
- ◆ HDFC Equity Fund
- ◆ Franklin India Flexi Cap Fund
- ◆ HDFC Midcap Opportunities Fund

Debt

Dynamic bond funds are actively managed with exposure across the yield curve.

- ◆ IDFC Dynamic Bond Fund
- ◆ SBI Dynamic Bond Fund
- ◆ ICICI Pru Dynamic Bond Fund
- ◆ DWS Gilt Fund

Disclaimer

Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved. Please read the Statement of Additional Information and Scheme Information Document carefully before investing.