

# Investor Insights & Outlook



30-Nov-2013

Monthly Newsletter - November 2013

## Market Update

Nifty	6176
Sensex	20791
10Y G-sec	9.03%
1Y CP	10.00%
CD	9.30%
USD	62.26
Gold	30221 (Rs/10gm)
Brent	110.08 \$/bbl

### Product Recommendations

#### DEBT

- ◆ IDFC Govt. Securities Fund—IP
- ◆ HUDCO Tax free
- ◆ NTPC Tax free

#### EQUITY

- ◆ ICICI Pru Banking & Financial Services Fund
- ◆ UTI Banking Sector Fund
- ◆ HDFC Mid-Cap Opportunities Fund
- ◆ SBI Emerging Businesses Fund

## Contact

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## 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.

## Strategy

### Debt:

Long term yields (10Y) continue to be high at 9% mainly on account of the high inflation and the expectation that the RBI may raise repo rates in the December policy. However, as the benign effects on food inflation from a better harvest start to show, this should begin the rub off on market sentiment as well and rates could well begin to soften. **Current tax free offers extremely attractive returns of up to 9% tax free (12+% gross @ 30% tax rate) with opportunities to make a significant gain once inflation and rates start falling, or alternatively Gilt funds are an attractive option in case investment horizon is shorter.**

### Equity:

Indian Equity markets recorded the strongest run since Jan 2012, with 2QFY14 aggregate results better than expectations. This could partially be due to the expectation of a potential BJP wave. On the reform front, GOI announced its plans of infusing Rs140bn in 26 public sector banks. The results of the recent polls could be a strong indicator for a trend in the general elections due next year. Midcaps stocks have seen a renewed interest from FIIs and DIIs as most of the mutual funds have or are launching mid and small cap funds. We continue to advise matching risk appetite and investment horizon to fund selection. Also, as a general rule, investment horizons amidst heightened market uncertainties should be longer than what they otherwise would be under normal markets.