

Investor Insights & Outlook



04-Sep-2014

Market Update

Nifty	8096
Sensex	27085
10Y G-sec	8.53%
1Y CP	9.40%
CD	9.05%
USD	60.69
Gold	27570 (Rs/10gm)
Brent	99.55 \$/bbl

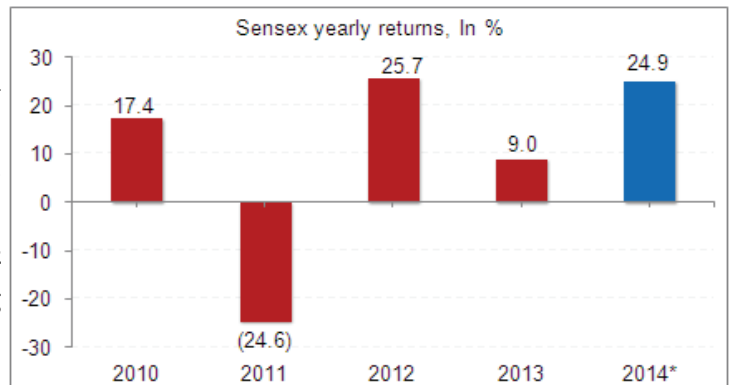
Monthly Newsletter - August 2014

Strategy

Equity

India has been a favourite with FIIs post the election results in this calendar year. The turnaround in the Indian economy seems to have just begun. While the economic environment has been sluggish for some time, there is general optimism. However, the valuations in the near term appears stretched

as markets have run up in the recent months, and a correction cannot be ruled out which should be seen as an opportunity to re-enter. We remain optimistic about Indian equities in the long run. If the Narendra Modi Government is able to execute its plans, there will be considerable upside to the markets. We remain buyers of beaten down infra stocks and select mid-caps.



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Debt

The bond market outlook is expected to be constructive for the remainder of the year. Our view is that RBI's policy rates have peaked and depending upon how strong and proactive Government policies are and the extent to which they help the disinflation process, the RBI may be able to ease monetary policy sometime soon. Debt yields have been elevated over the last few months on account of fresh supply of bonds, geopolitical risks causing volatility in oil prices and risk to inflation owing to below average monsoon. Once inflation abates, and foreign investment in debt liberalizes, yields are likely to fall. Gilt remains the ideal opportunity to capitalize from these events.

Product

Recommendations

DEBT

- ♦ Axis Constant Maturity Fund
- ♦ ICICI Long Term Gilt

EQUITY

- ♦ HDFC Mid Cap Opportunities Fund
- ♦ IDFC Infrastructure Fund
- ♦ ICICI Infrastructure Fund
- ♦ ICICI Pru Midcap Fund
- ♦ UTI Midcap Fund

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

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.

CIN : U74140DL2007PTC164346