

# Investor Insights & Outlook

05-June-2014

## Market Update

Nifty	7474
Sensex	25019
10Y G-sec	8.53%
1Y CP	9.30%
CD	8.90%
USD	59.33
Gold	27180 (Rs/10gm)
Brent	107.98 \$/bbl

Monthly Newsletter - May 2014

## Strategy

### MANIC MID-CAPS TO RIDE ON...!!

The election results 2014 are far ahead of all the expectations which is an extremely positive structural move for the potential returns in the equity markets. The emergence of PM Narendra Modi has started to bolster the stock prices. However, markets have now digested the euphoria and optimism surrounding the BJP-led govt's clean sweep and the focus now shifts to policy announcements across various portfolios that will keep the participants hooked on to markets. This potentially offers a game changing environment to our markets and stock prices.

It is extremely important for investors to consider investing in equities. Currently, Domestic investors are extremely underinvested in equities and we believe that financials, infrastructure and mid-caps are likely to outperform and we suggest that every dip should be bought.

### Debt

Our view has been vindicated (see our last newsletter) that "If BJP comes to power, long term yields could see a rally of 25-30 bps without any change in fundamentals". Now, the next two triggers are: One, the extent to which the new Government brings complementary supply side policies to ease RBI's burden. Two, the announcement of the restated full year budget and a possible increase in borrowing.

We remain convinced that long term rates will fall albeit with some volatility only in the next few months. There is a strong case to continue accumulating tax free bonds (for those at the highest slab) through the secondary market.

### 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
- ◆ JP Morgan Greater China

## Contact

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## Disclaimer

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