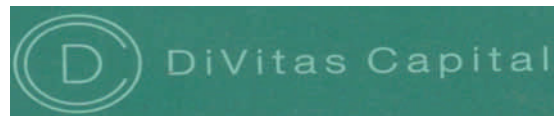


# Investor Insights & Outlook



03-Dec-2014

## Market Update

Nifty	8537
Sensex	28442
10Y G-sec	7.97%
1Y CP	8.62%
CD	8.90%
USD	62.02
Gold	26276 (Rs/10gm)
Brent	71.66 \$/bbl

Monthly Newsletter - November 2014

## Strategy

### Equity

Indian equities' exceptional performance in 2014 has many investors in a dilemma on how to position equity allocations for the coming year. If the stated reforms can be implemented, stocks will continue to rise on earnings revival with bouts of profit-taking. Our markets are better positioned with improved macro fundamentals than ever before.

As the economic growth picks up and reforms gather pace, the recovery in the companies with stressed balance sheets and overall recovery for India Inc. is imminent. Leveraging on the economic revival, domestic cyclicals like infrastructure and financials offer a potential upside in 3-5 years.

### Debt

RBI left key policy rates unchanged in the Monetary Policy review. The policy acknowledges the easing inflationary trends on the back of lower commodity and food prices. RBI clearly remained unnecessarily cautious until there is further evidence that the inflation trajectory is sustainable and the external environment is calm. Given this backdrop, interest rates will begin to be cut in early 2015.

RBI also states that once the monetary policy stance shifts, subsequent actions will be consistent with the changed stance. This implies that RBI would look at a continued rate cut cycle in 2015. **We continue to recommend investing in Gilt and to add duration to your portfolio.** Further, seize any opportunity to purchase tax frees and preference shares so that risks of re-investments are removed.

### Product

#### Recommendations

#### DEBT

- ◆ Axis Constant Maturity Fund
- ◆ ICICI Long Term Gilt
- ◆ IDFC - GSF IP

#### EQUITY

- ◆ HDFC Infrastructure Fund
- ◆ Franklin India Smaller Companies Fund
- ◆ ICICI Infrastructure Fund
- ◆ DSP BR Microcap Fund
- ◆ JP Morgan Small & Mid-cap 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.

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