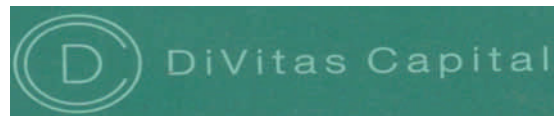


# Investor Insights & Outlook



04-Nov-2014

## Market Update

Nifty	8324
Sensex	27860
10Y G-sec	8.26%
1Y CP	9.25%
CD	8.73%
USD	61.45
Gold	26074 (Rs/10gm)
Brent	85.11 \$/bbl

### 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
- ◆ Reliance Japan Equity Fund

## Contact

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## Strategy

### Equity

Expectations of a rate cut by RBI Governor in early December with green shoots in the economy are powering stocks of rate-sensitive sectors such as infrastructure, banking and finance. Bucking the long-running trend of negative returns, the Indian stock market has turned the tide this time with a combination of global cues turning positive as well as a number of reform oriented steps. The stability of global markets and the announcement of a stimulus in Japan has driven markets even higher. Second quarter earnings and the movement in crude oil prices along with RBI's monetary policy is expected to dictate the trend ahead. **We remain optimistic on Indian equities and suggest that financials, mid-caps and infrastructure stocks should be aggressively bought.**

### Debt

With CPI inflation undershooting consensus expectations and a sharp fall in crude prices providing a windfall, market expectations of an early rate cut from the RBI seem to have driven bond yields. In line with our expectations, inflation numbers are likely to hit RBI's targets earlier than market expectations. Falling commodity prices particularly crude, stable currency and tight MSP (minimum support price) has helped to control food inflation. 10 Y benchmark yield fell to 8.22% as policy rate cut expectations have started to get priced in leading to rising bond prices. **Investors should continue to add duration to their portfolio, and our view on Gilt funds over the last six months has been vindicated by the returns earned.**

## 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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