

Investor Insights & Outlook



31-Aug-2015

Monthly Newsletter - Aug 2015

Market Update

Nifty	7971
Sensex	26283
10Y G-sec	7.78%
1Y CP	8.50%
CD	7.85%
USD	66.48
Gold	26606 (Rs/10gm)
Brent	44.54 \$/bbl

Product Recommendations

DEBT

- ◆ ICICI Long Term Gilt
- ◆ IDFC - GSF IP
- ◆ ICICI Prudential Gold Savings Fund
- ◆ UTI Gilt Advantage Fund - LTP

EQUITY

- ◆ HDFC Mid Cap Opportunities Fund
- ◆ ICICI Pru Banking & Financial Services Fund
- ◆ ICICI Value Discovery
- ◆ Franklin India Bluechip Fund
- ◆ Franklin India Prima Plus 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

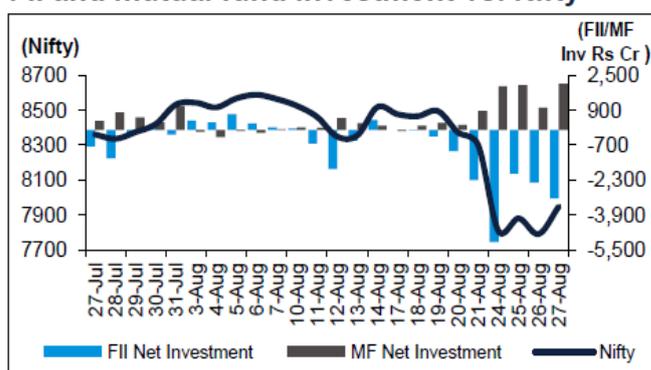
Strategy

Equity

Indian equities corrected 6% this month as worries over China's economy spread panic across global financial markets. China's weakness, fear of global slowing growth, currency and extreme stock market volatility despite government interventions added to the commodity woes. A sell-off in capital goods, small-cap and banking stocks induced more losses. This volatility has now abated as these fears were over-done. On the domestic front, the direction of our market depends on passage of GST, reduction in interest rates, and on the outcome of Bihar assembly elections.

As the graph suggests, the current fall in Nifty mainly due to the panic selling by FIIs was an excellent buying opportunity for mutual funds. In our last newsletter, we recommended raising exposure on sharp corrections. This has now played out and is an excellent buying opportunity.

FII and mutual fund investment vs. Nifty



Debt

The RMB (Yuan) depreciated by 5% last month over a short time spooking emerging market currencies and markets. Fixed income suffered collateral damage as well. However, softening commodity prices, credible fiscal consolidation and sharp moderation in inflation is likely to reverse any short term volatility in yields.

At the recently concluded Jackson Hole meetings, the RBI Governor has hinted at further rate cuts dependent upon data. The macros now support a rate cut particularly with muted growth in the economy. We remain bullish on the long end and continue to recommend duration through Gilt Funds.

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