

Investor Insights & Outlook



03-Mar-2015

Monthly Newsletter - February 2015

Market Update

Nifty	8957
Sensex	29459
10Y G-sec	7.73%
1Y CP	9.00%
CD	8.60%
USD	61.75
Gold	26745 (Rs/10gm)
Brent	59.73 \$/bbl

Product Recommendations

DEBT

- ◆ Axis Constant Maturity Fund
- ◆ ICICI Long Term Gilt
- ◆ IDFC - GSF IP
- ◆ FT India Corporate Bond Opportunities
- ◆ 3 Year FMPs

EQUITY

- ◆ HDFC Infrastructure Fund
- ◆ Franklin India Smaller Companies Fund
- ◆ ICICI Infrastructure Fund
- ◆ DSP BR Microcap 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

The run-up to the Budget was attributed by a high degree of optimism and an expected rise in growth trajectory. In the pursuit of double digit growth in the future, the Finance Minister's 'Make in India Budget' is a Budget for all with a balance between reforms and consolidation. Given the relative attractiveness of India and the dearth of opportunities in peer countries, foreign investors are likely to remain positive. This optimism is also supported by clarity on the deferment of GAAR and increase in the composite foreign investment limit in private banks, commodity and power exchanges.

The ongoing process of re-allocation of coal mines is one of the top achievements of the Government and likely to benefit the power, metal and cement companies in the long run. This with the proposed setting up of a National Infrastructure Fund and increased allocation to roads, ports etc. will give a further fillip to the markets. Our long term view on markets remain positive while expecting a consolidation in the near term.

Debt

The Reserve Bank of India (RBI) lowered its policy repo rate by 25 basis points in a surprise yet welcome move on 04th March 2015. RBI has been given ample headroom by the Finance minister while balancing the political, fiscal and growth exigencies. Therefore, we believe that RBI would continue to remain on path of monetary easing and additional rate cuts in around the April monetary may be possible.

Overall, there may be room for additional 50 bps rate cut in the next fiscal year. The Government borrowing figure announced is largely at similar levels as last year. On that account, the demand supply equation provides reason to believe that interest environment is set for a gradual softening in yields.

We recommend investors to continue increasing duration in their portfolios.

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