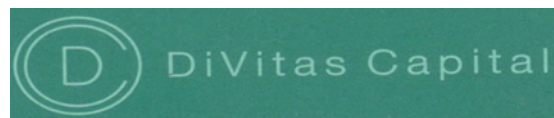


# Investor Insights & Outlook



04-Aug-2015

Monthly Newsletter - July 2015

## Market Update

Nifty	8517
Sensex	28071
10Y G-sec	7.84%
1Y CP	8.40%
CD	7.92%
USD	63.91
Gold	25080 (Rs/10gm)
Brent	50.31 \$/bbl

## Strategy

### Equity

The Indian equity market remained volatile with an upward bias as the concerns of a US interest rate hike diminished despite a meltdown in Chinese markets. Indian equities gained confidence as the worries of a weaker monsoon and corporate earnings subsided. Also, approval of Consumer Protection Bill and setting up of National Investment Infrastructure Fund (NIIIF), along with SEBI chief's clarification on P-Notes boosted the market sentiments. However, our dysfunctional parliament remains a concern, with the consequent effect on reforms.

In the June 2 policy review meet, the RBI had cut repo rate by 0.25% for the third time this year to spur investment and growth, but hinted that there may not be any more cuts in the near term. This negated any possible benefit.

We continue to recommend investors to buy but only on steep corrections as the long term view on Indian equities remains positive.

### Debt

As expected, RBI made no changes at today's monetary policy review despite falling crude prices and close to normal rainfall, presumably in line with the previous 'front-loading' rate reduction in the last policy. This allows the 10 year yield to remain at elevated levels particularly in comparison to the repo rate. While US fed rate hike is still a key event, normally progressing monsoon is an encouraging sign for monetary easing.

Normal rains have also reduced the likelihood on any surprises on supply side and this coupled with low crude prices will make a strong case for rate cuts in coming months. We continue to recommend duration through GILT Funds.

### 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
- ◆ JP Morgan Small & Mid-cap Fund
- ◆ JP Morgan India Equity Fund

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