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WEALTHWISE®

Wiseinvest®
With YOU, in meeting
FINANCIAL CHALLENGES

Inside

Wealthwise

"Wealthwise" is a monthly publication brought to you by Wiseinvest Advisors, which is a quality investment advisory firm that specializes in mutual funds. Our CEO, Hemant Rustagi, is a well known personal finance expert. He brings with him an experience of around 30 years in this field. He regularly writes articles for major national dailies and business magazines as well as appears as a personal finance expert on many investments related TV shows. Besides, our team of advisors has professionals who have spent years in the mutual fund industry. In the last fourteen years, thousands of our clients have benefitted from our quality advice and have made mutual funds as the mainstay of their portfolio. You can benefit too from our expertise for your existing as well as new investments. All you need to do is to just call up any of the offices or email your requirements at information@wiseinvestadvisors.com and our professional advisors will do the rest.

Dear Investor,

At the outset, let me wish you and your loved ones a Very Happy and Prosperous 2019 on behalf of Team Wiseinvest.

Contrary to expectations, the year 2018 turned out to be a tough one for equity investors due to both global as well as domestic factors. Global equities lost about $13 trillion last year, and the erosion in value equals the combined market capitalization of Asia's three biggest economies- China, Japan and India.

The turbulence that the Indian markets witnessed since the beginning of the year and particularly in the months of August, September and October was primarily linked to concerns on fraying of macro-economic fundamentals of the country. The country's fiscal deficit touched 114.8 percent of the full year target of ₹6.24 lakh crore at the end of November on account of lower revenue collections.

On the positive side, crude oil prices have fallen 40 percent from their peak. This will benefit our economy as well as corporate profitability. India's foreign direct investment (FDI) was the highest ever amounting to around USD 38 billion in 2018. For the first time in 20 years, India got more foreign investment than China. The country is expected to witness strong economic growth in 2019, after it emerged as the fastest growing major world economy despite growing global vulnerabilities.

Mid and small cap stocks that have corrected sharply from their peak levels in January 2018 have started to look attractive. Since mid and small cap stocks have the potential to play a significant role to play in one's wealth creation process, short term performance shouldn't be a deterrent in allocating money to these two segments in a disciplined manner. However, the key is to select funds carefully and avoid investing in them in an aggressive manner.

We expect 2019 to be a good year for equity markets. Once there is clarity on the political scenario, the focus will shift to fundamental strength that is there in our economy. Besides, Monetary Policy Committee (MPC) has lowered inflationary forecast for the second half of FY19 as well as for the first half of FY20 which opens up a window for it to consider changing their stance to neutral from calibrated withdrawal of accommodation and also lower repo rates over the next couple of quarters.

Happy Investing!!!

Warm regards,

Hemant Rustagi
Editor

Address to be affixed here

The Stock Market Performance During December 2018.

Indices	3rd December 2018	31st December 2018	Change in (%)
Sensex	36,241.00	36,068.33	-0.48
MIDCAP	15,107.83	15,438.45	2.19
SMLCAP	14,494.09	14,706.69	1.47
BSE-100	11,146.20	11,161.02	0.13
BSE-200	4,638.97	4,653.68	0.32
BSE-500	14,469.78	14,540.39	0.49

Equity Market Outlook

As we look into 2019, the equity markets are on a better footing than what they were at the beginning of 2018. The macroeconomic parameters have improved and there has been a fair bit of correction in the markets. To the point about the correction, while the NSE 50 and the BSE Sensex indices are marginally up for the year to date, the strong performance has been led by a few stocks. For example, the 10 best performing stocks in 2018 have contributed 1108 points to Nifty returns (the Nifty TR is up 329 points) during the year. The mid cap and the small cap indices are down meaningfully during the year. In terms of sectors, while the IT sector and Consumer staples have done well, most other sectors like financials, metals, cement, autos and pharmaceuticals were down for the year.

Globally, the geopolitical situation and the macroeconomic dynamic is going to keep markets volatile for 2019. Both, the issues between US and China and those between US and Iran will likely remain in the headlines through 2019. A 'hard' Brexit can potentially lead to some contagion in the Eurozone. In global economic issues, as central banks shrink balance sheets and as some of them raise rates, capital flows into emerging markets including to India could be impacted. While global trade is slowing down, India should be relatively less impacted as compared to countries in East Asia as it is not part of the technology 'food chain' and our economy remains more domestic focused. One key variable to watch for India will be the price of oil. Should crude oil prices remain persistently higher than USD 75, it will have a negative impact on our economy. In terms of Indian economy, economists are bringing down their estimates for economic growth in FY 20. RBI is expected to change stance to neutral and remain on pause mode for most of the year unless there is a significant deterioration in growth. However, challenges on the fiscal front due to increased pressure on government spends will be a factor to watch for. We have had at least 10 states which have had some sort of farm loan waiver. There are reports of more such or similar steps (like the Universal basic income) which are in the news. The need for such steps given the stress in rural areas in parts of the country is a separate discussion, but these additional expenses will either increase the deficit or will lead to crowding out of government capital expenditure which impacts long term economic growth. This point is particularly relevant as in the last few years, states have accounted for over 40% of public capex. Lastly, as we know, India will have the national elections this year which will be a key event for the near term.

Returns in equity markets can come from either earnings growth or PE multiple expansion or both. Given the uncertain global macro environment, volatility in price of crude, the slowing economy, potential stress on the fiscal side, and the elections in the first half of the year, the market returns will likely be a factor of earnings growth rather than PE multiple expansion. In any case, basis consensus estimates, India is trading in line with long term valuations, at about 16X FY 20 earnings. However, there is a wide divergence in valuations of individual stocks with select consumer names trading at fairly rich valuations.

In terms of sectors, we think banks should gain as fresh slippages are lower, aging NPAs are substantially provided for, and NBFCs generally are on the back foot, at least temporarily. Performance in IT stocks would be a function of corporate budgets and global economic growth. However, given uncertainty, they would always become defensive plays if the currency were to weaken. Construction companies have pretty strong order books and project execution will be key to their performance. Given the likelihood of increased government in rural areas as mentioned above, consumer durables and potentially tractor demand are expected to do well.

Earnings for the broad market have not met expectations for many quarters now, bit that is because different segments of the market have not done well at different times (be it metals, IT or financials). For FY 20, general consensus estimates for earnings are in the low 20% range with growth particularly from financials, banks, autos, chemicals, pharmaceuticals etc. Given the past experience with earnings disappointments, the markets will watch for the numbers carefully, and while markets should have positive growth in 2019, the growth may be slightly tepid compared to the growth in earnings. However, as said earlier, there has been a sharp correction in mid cap and small cap names. There are quite a few companies in this space which are run by good managements, have good medium term opportunities and are available at valuations which are not expensive. We hence think that a good selection of these companies may also reward investors over the medium term.

Rajat Jain
CIO
Principal Mutual Fund

Here's How To Make SIP More Effective

Investing through SIP is a very effective investment strategy as you commit to invest a certain percentage of your "take home salary" and that goes a long way in ensuring that you save as your earn. Moreover, the commitment to invest every month takes emotions out of your decision-making process. These emotions vary from "greed" to "fear" depending upon the state of the stock market, which often makes it difficult to make sound investment decisions. By adopting a disciplined investment approach propagated by SIP, you can benefit from the volatility in the market through "averaging"- investing at different levels of the markets- rather than worrying about it.

Here's what you need to do benefit from the true potnetial of this amazing process.

The earlier you start, the better : It is crucial to start investing early through SIP as it allows you to invest for a longer period and benefit from "Power of Compounding". Remember, delaying your investment can prove very costly.

Align your investments to your goals : While SIP is a great tool to build a large corpus through smaller contributions over time, it is important to have a purpose to your investment. All of us have investment goals to be achieved like buying a house, providing for children's education and marriage, going on a vacation and creating a retirement fund that allows you to retire comfortably.

By defining your goals, assigning a time horizon and target for each one of them, you can work out which asset class to invest in and how much to invest every month to achieve each of the target. Also, create a separate portfolio for each of your goal rather than creating a pool. This approach will help you in not only monitoring the progress of the portfolio but also in ensuring that money is utilized for the goal it was intended to achieve.

Opt for growth option : The power of compounding works out the best when you invest for long-term and allow the gains to remain invested. Taking out money through dividend would defeat the purpose. So, go for growth option.

Avoid investing randomly : Investing randomly through SIP can prove to be counter-productive. For example, if you decide to invest through SIPs in equity funds only for a year or so and if the market doesn't perform well during this short period, you will be disappointed and could feel compelled to stop investing. Remember, this would be an illogical way of assessing the performance of an asset class like equity and the effectiveness of a powerful mechanism like SIP. So, invest with a clearly defined time horizon and that can be done by aligning your investment to your goals.

Continue investing thru volatile periods : The objective of investing through SIPs is to turn market volatility to your advantages. Therefore, don't stop investing when the markets fall. Remember, those could be the best times for you to invest in the stock market. Therefore, you must continue your investment process for a committed period of time, irrespective of the market mood.

Be prepared to see losses during short term : While investing through SIP helps you tackle the risk of volatility and benefit from it in the longer term, there could be periods where you might see poor/negative short term returns. However, you must remember that investment made during these periods will help you improve your returns substantially when the market turns around. Hence, keep your focus on long-term results rather than getting distracted by short term uncertainties.

Avoid investing in too many funds : Investing in too many funds can prove to be counter-productive. By definition, mutual funds are diversified and hence having too many funds could result in over-diversification. Remember, it is always difficult to monitor a portfolio that has a large number of funds and that often results in some of the under-performing funds pulling down overall portfolio returns.

Performance Of Select Funds

Data as on December 28, 2018

EQUITY FUNDS

Large Cap & Multi Cap

Fund	Launch	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**	7 Year**	10 Year**	15 Year**
ABSL Frontline Equity Fund	Aug-02	2.13	-2.70	13.56	10.88	14.74	16.59	18.15	17.48
ABSL Equity Fund	Aug-98	1.49	-3.97	14.02	13.93	18.90	19.23	18.47	18.27
Axis Bluechip Fund	Jan-10	0.48	7.05	22.24	12.69	14.52	16.45	—	—
Axis Focused 25 Fund	Jun-12	-1.47	1.67	22.09	15.47	17.05	—	—	—
Franklin India Equity Fund	Sep-94	0.47	-3.97	12.76	9.38	16.43	16.68	18.23	17.90
HDFC Equity Fund	Jan-95	8.24	-3.30	15.69	12.06	15.53	16.14	19.16	18.17
HDFC Top 100 Fund	Sep-96	8.11	0.53	15.91	12.66	14.50	15.21	17.79	17.85
HSBC Large Cap Equity Fund	Dec-02	-1.74	-2.95	13.49	11.01	12.24	12.26	12.92	14.31
ICICI Prudential Bluechip Fund	May-08	3.58	-0.44	15.77	12.36	14.72	15.60	19.27	—
IDFC Core Equity Fund - Regular Plan	Aug-05	1.23	-5.10	14.90	12.07	13.66	15.06	14.35	—
Kotak Bluechip Fund - Regular Plan	Dec-98	1.73	-1.97	13.55	9.09	13.88	13.63	14.85	16.30
Kotak Standard Multicap Fund Regular	Sep-09	2.79	-0.70	16.57	13.39	18.72	18.67	—	—
L&T Equity Fund	May-05	-1.19	-4.31	14.25	9.90	14.84	14.75	17.64	—
Motilal Oswal Multicap 35 Fund	Apr-14	-2.70	-7.60	16.07	12.73	—	—	—	—
Reliance Large Cap Fund	Aug-07	7.04	-0.06	18.46	12.13	17.15	18.00	17.61	—
Reliance Multi Cap Fund	Mar-05	11.43	-1.97	18.30	8.81	15.64	17.82	21.60	—
Invesco India Contra Fund	Apr-07	2.08	-2.90	19.81	14.54	20.55	19.38	20.54	—
SBI Bluechip Fund	Feb-06	0.13	-3.84	12.80	9.50	15.83	17.43	17.70	—
Principal Emerging Bluechip Fund	Nov-08	-1.99	-10.80	16.01	13.87	22.97	24.40	24.94	—

Sectoral / Thematic Fund & Tax Saving

ICICI Prudential Banking and Financial	Aug-08	6.98	-0.54	21.20	20.36	22.29	24.07	22.49	—
Reliance Banking Fund	May-03	1.93	-1.16	20.31	16.63	19.66	19.71	20.82	21.02
Reliance Pharma Fund	Jun-04	4.51	2.86	5.77	-0.49	12.01	16.36	22.84	—
Canara Robeco Consumer Trends	Sep-09	2.43	2.06	21.07	14.22	18.85	19.04	—	—
SBI Consumption Opportunities Fund	Jul-99	1.18	-1.37	24.00	15.59	16.35	20.11	25.50	19.71
Tata India Consumer Fund - Regular	Dec-15	-0.03	-1.14	31.56	—	—	—	—	—
Axis Long Term Equity Fund	Dec-09	0.30	3.43	19.58	12.07	19.89	21.15	—	—
HDFC Taxsaver Fund	Mar-96	2.13	-10.88	11.89	9.78	14.11	14.51	17.84	18.00
HSBC Tax Saver Equity Fund	Jan-07	-0.16	-11.36	13.35	10.16	15.16	16.45	17.03	—
IDFC Tax Advantage (ELSS) Fund	Dec-08	-2.44	-9.22	18.66	11.85	16.17	18.55	—	—
Mirae Asset Tax Saver Fund - Regular	Dec-15	5.03	-1.93	21.06	—	—	—	—	—

Midcap & Smallcap

Axis Midcap Fund	Feb-11	5.68	3.92	22.17	12.60	20.55	21.92	—	—
DSP Midcap Fund - Regular Plan	Nov-06	0.66	-9.96	12.64	11.75	20.79	20.76	23.15	—
HDFC Mid-Cap Opportunities Fund	Jun-07	-1.45	-11.25	12.83	11.67	21.08	21.89	23.96	—
Kotak Emerging Equity SchemeMar-07	-1.07	-11.69	12.77	11.55	23.07	21.65	20.42	—	—
Franklin India Smaller Companies Fund	Jan-06	-6.89	-17.56	9.34	9.33	21.92	24.54	24.04	—
HSBC Small Cap Equity Fund	May-05	-6.57	-25.82	10.02	6.33	19.63	19.51	16.36	—
L&T India Value Fund	Jan-10	0.64	-11.13	12.80	10.69	21.60	21.55	—	—
SBI Magnum Global Fund	Sep-94	2.20	-10.26	13.33	8.02	17.58	19.27	22.52	21.34

ARBITRAGE FUNDS

Funds	Launch	3 Mth*	6 Mth*	1 Year*	2 year**	3 Year**	5 Year**
ICICI Prudential Equity Arbitrage Fund	Dec-06	1.51	3.20	6.30	5.94	6.20	6.94
Invesco India Arbitrage Fund	Apr-07	1.23	2.82	6.02	5.80	5.99	6.78
Kotak Equity Arbitrage Fund Regular	Sep-05	1.43	3.17	6.37	6.12	6.27	7.06

HYBRID

Fund	Launch	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**	7 Year**	10 Year**	15 Year**
ABSL Equity Hybrid '95 Fund	Feb-95	0.28	-4.88	10.01	9.25	14.81	14.74	16.88	15.70
Canara Robeco Equity Hybrid Fund	Feb-93	2.88	1.39	13.14	9.43	15.21	14.95	16.71	16.24
HDFC Hybrid Equity Fund	Sep-00	2.82	-2.64	11.95	10.60	16.23	16.45	19.13	—
ICICI Prudential Balanced Advantage	Dec-06	3.50	2.63	11.06	9.37	12.45	—	—	—
ICICI Prudential Equity & Debt Fund	Nov-99	4.17	-1.71	11.34	11.58	15.60	16.78	17.36	14.74
Invesco India Dynamic Equity Fund	Oct-07	-2.75	-4.47	12.52	8.56	11.08	—	—	—
Kotak Equity Hybrid Fund - Regular	Nov-99	-0.41	-6.33	8.10	8.47	10.75	11.94	12.79	13.60
L&T Hybrid Equity Fund	Jan-11	-0.50	-3.46	11.57	8.73	15.32	16.44	—	—
Principal Hybrid Equity Fund	Jan-00	1.51	-1.44	16.54	13.88	15.44	16.59	15.67	13.29
Reliance Equity Hybrid Fund	Jun-05	-1.32	-4.58	11.87	8.73	14.83	15.59	17.30	—
SBI Equity Hybrid Fund	Dec-95	3.17	-0.03	13.37	9.78	15.31	17.17	16.26	16.41
HDFC Equity Savings Fund	Sep-04	2.84	0.99	8.76	10.19	9.64	—	—	—
IDFC Equity Savings Fund - Regular	Jun-08	1.81	3.18	3.98	5.01	5.93	—	—	—
Kotak Equity Savings Fund - Regular	Oct-14	2.57	4.27	9.37	8.14	—	—	—	—
Reliance Equity Savings Fund	May-15	0.32	-0.85	8.40	6.72	—	—	—	—

DEBT

Debt Oriented & Ultra Short Term Debt Fund

Funds	Launch	1 Mth*	3 Mth*	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**
ABSL Short Term Opportunities Fund	May-03	1.04	2.50	4.48	6.60	6.18	7.77	8.60
ABSL Medium Term Plan	Mar-09	0.98	2.32	2.98	5.68	6.48	7.80	8.97
HDFC Credit Risk Debt Fund - Regular	Mar-14	0.93	2.46	3.72	5.48	6.12	7.69	—
Kotak Credit Risk Fund Regular Plan	May-10	0.84	2.24	3.60	6.28	6.51	7.76	8.67
Invesco India Short Term Fund	Mar-07	0.88	2.39	3.60	5.51	5.23	6.61	7.29
Reliance Credit Risk Fund	Jun-05	0.87	2.21	3.67	6.11	6.63	7.69	8.56
SBI Magnum Income Fund	Nov-98	1.26	3.09	4.14	4.84	5.31	7.86	8.44
L&T Credit Risk Fund	Oct-09	0.92	2.15	3.32	5.66	6.47	7.60	8.71
Kotak Savings Fund Regular Plan	Aug-04	0.74	2.15	3.84	7.38	7.03	7.41	8.05
L&T Ultra Short Term Fund	Apr-03	0.80	2.17	3.87	7.37	7.06	7.53	8.04
Kotak Banking and PSU Debt Fund	Dec-98	1.10	2.98	4.49	6.76	6.64	7.61	8.17

*Absolute ** Annualised. Past performance may or may not be sustained in future.

Dividends declared by equity and equity-oriented funds during the month of December 2018

Scheme name	Date	Dividend declared in ₹ Per unit
Franklin Asian Equity Fund (D)	03/12/2018	1.00
Sundaram Diversified Equity (D)	03/12/2018	0.44
Tata Hybrid Equity Fund (MD)	04/12/2018	0.53
JM Large Cap Fund (D)	05/12/2018	0.09
ICICI Prudential Equity & Debt (MD)	07/12/2018	0.23
ICICI Pru Long Term Equity (Tax Svng)-D	13/12/2018	0.62
ICICI Prudential Multicap Fund (D)	17/12/2018	0.97
Templeton India Value Fund (D)	17/12/2018	6.50
DHFL Pramerica Hybrid Equity (MD)	17/12/2018	0.17
Sundaram Mid Cap Fund (D)	18/12/2018	0.18
Sundaram Equity Hybrid Fund (D)	18/12/2018	0.14

Please check whether you have received dividend for the fund/s that you may have in your portfolio out of this list. In case, you do not maintain any portfolio statement, Wiseinvest Advisors can do that for you free of charge. Once we have the details, we would send your updated statement every month. You can contact our corporate office or our branch to avail of this free service.

Here's How To Gain More From Your MF Investments

There are a number of factors like diversification, professional money management, tax efficiency of returns, liquidity and transparency that makes mutual funds an ideal investment option for investors with varied time horizons and risk profiles. However, despite these inherent advantages, it is important for investors to choose their funds well, remain committed to their defined time horizons and handle the volatility well to benefit from them.

While all these factors play a significant role in determining the level of success an investor would achieve, the process leading up to the stage of fund selection lays the foundation of a successful mutual fund portfolio. Let's understand more about these factors and how not to falter in tackling them.

Define risk profile

Risk tolerance plays a significant role in designing an optimum investment strategy. In fact, the key to investment success is to build a portfolio that maintains the right balance between risk and reward. Hence, you must follow the right process to determine your risk profile.

Follow an asset allocation strategy

Asset allocation determines how you divide your portfolio among different asset classes like equity, debt and gold. Simply put, asset allocation helps in controlling risk as different asset classes react differently to changes in market conditions such as inflation, rising or falling interest rates or a market segment coming into or falling out of favour. Overall, asset allocation determines the kind of risk you would be taking and the commensurate returns you can expect from your portfolio. It is a proven fact that majority of the portfolio returns come from the asset allocation.

Remember, asset allocation is different from simple diversification. For example, if your portfolio has 5 equity funds either with similar investment strategies/ philosophies or investing in stocks belonging to same market cap like large, mid and small caps, it won't do much to control the risk in your portfolio. In case of an adverse reaction, all these funds will react in a similar way. On the other hand, different asset classes will react differently in any given situation.

Mutual funds are the most appropriate vehicle to practice asset allocation successfully. They not only provide diversification but also offer a "family of funds" to suit your varied investment objectives. Moreover, they also provide opportunities to re-balance the portfolio, which may be required consequent to changes in your circumstances.

Diversify across different market caps

Market cap of a company signifies its market value, which is equal to the total number of shares outstanding multiplied by the current stock price. It has a role to play in the kind of returns the stock might deliver and the riskiness or volatility that you may have to encounter from the stock. For example, large companies are usually more stable during the turbulent periods and the mid cap and small cap companies are more vulnerable.

As regards the allocation to each segment, there cannot be a standard combination applicable to all kinds of investors. Each one of us have different risk profile, time horizon and investment objectives. Therefore, the allocation to these segments would depend upon the fact whether you are an existing investor or a first-time investor. If you are an existing investor, your existing allocation must be considered. If you are a first-time investor, you will do well to begin with funds that invest predominantly in large cap stocks and have small presence in mid and small cap stocks.

Don't hesitate to take help of a professional advisor if you are not sure about how to decide the allocation as well as rebalance the portfolio from time to time. However, as an investor, you will always have an important role to play in this process as your outputs would define the broad parameters to get the allocation right.

Review Your Portfolio In The New Year

Considering that investment is an ongoing process, various aspects of your portfolio must be reviewed in a disciplined manner. If your are not ding this already, the start of a new calendar year can be the right time to start doing so. It helps in maintaining the discipline of reviewing the portfolio at fixed intervals. Here is what you need to do:

Monitor the progress of your portfolio

Monitoring the progress of your portfolio is as important as investing money in the right asset classes and funds. While analysing the performance of market-linked products look at the relative performance vis-à-vis the benchmark, as well as the peer group rather than absolute returns. Considering that volatility is a natural phenomenon, it will not be fair to compare the performance of an equity fund with traditional options in the short term. As long as your funds consistently generate better returns than average return of the peer group, don't panic or take ad hoc measures.

Rebalance the portfolio

Since asset allocation plays a key role in determining the potential return and the attendant risks, you must ensure that it remains relevant through defined time horizon. Remember, asset allocation changes over time as different asset classes behave differently over different time periods. Therefore, you must rebalance the portfolio, that is, bringing different asset classes back into proper relationship following a significant move in one or more, to keep the portfolio on track. Simply put, rebalancing is more about risk than return. Considering that your portfolio is structured to meet a particular risk tolerance, if you don't rebalance you suffer "risk drift".

Include tax- savings in investment plan

Many tax payers invest in an ad hoc manner at the fag-end of the financial year. No wonder, they lose an opportunity to make these investments count in their wealth creation process. If you still haven't invested for tax savings for the current financial year and with only 3 months left in the current financial year, the best option is to align it to a long-term goal.

Rethink on Dividend option

Those who opted for dividend payout in the past, because dividend from equity and balanced funds was tax free, need to review this strategy in the light of the Dividend Distribution Tax (DDT) of 10%, effective from April 1, 2018. If there is no real requirement of dividend, switch to the growth option.

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Equity Market Outlook

As we begin 2019, one question that we all have for ourselves is how will 2019 shape up? Instead of trying to forecast the future one needs to be prepared for it, and that can be best achieved by analyzing the past and understanding the present. Over last few years; India has been a combination of strong macro conditions, weak earning's cycle and expensive valuations. In fact, by Dec 2017, midcap and small cap premium versus large cap went up meaningfully. As we now enter 2019, India continues to have a reasonable macro environment. Inflation is benign and twin deficits of Fiscal and Current, although have gone up remain in control. The earning's cycle will bounce back because of mean reversion over next 4-5 years as previous 4-5 years have been depressed and factors responsible for weak earnings outcomes like high non-performing loans, weak capex are slowly turning around. Furthermore, recent currency depreciation and strong US economy should help our export-oriented companies. So we are well placed from an earnings cycle perspective. As far as valuations are concerned, in 2018 there has been a decent correction in midcaps as well as small caps, and on adjusted P/E multiple (adjusted for loss-making companies) midcaps and small caps are no longer trading at a premium to large caps. So from an opportunity perspective; value opportunities are now spread across market caps.

Investors should focus on right entry valuations and hence make use of any opportunity either as a result of election expectation or global factors to ensure that they get right entry valuations over next 4-5 months. Value oriented strategies have given reasonable returns over 3-5 year period as investors benefit not only out of earnings growth but also P/E rerating. However, investors looking at value strategies should remain patient for atleast 3 years and not give too much importance to 1 year performance as companies take time to turnaround and re-rate.

Taher Badshah
CIO,
Equities, Invesco Mutual Fund

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It's Time To Embrace Financial Planning

Financial planning is the process of making informed money management decisions to secure your future. Financial planning helps to achieve financial goals and meet personal priorities, taking into consideration available resources, responsibilities, risk appetite and lifestyle. A financial plan lays down the allocation of savings across various asset classes to achieve an appropriate risk-reward balance.

Do you need a financial plan?

All individuals and families regardless of age or income need a financial plan so that they know that they are saving enough for retirement, education funds or a new home. A financial plan gives you the discipline necessary to save money. A qualified and experienced financial planner can help you plan your investments so that you get the best returns for your risk level by spreading your investments into the different asset classes as well as investment options.

Wiseinvest Advisors is a SEBI registered Investment Adviser (Registration No. INA000000664). To maintain an arm's length distance between our Advisory and Execution services, we have set up a separate department named Investment Adviser Department (IAD).

We can help you achieve your goals by providing comprehensive fee based financial planning and making recommendations of financial products that suit your requirements the most. Our mission is to help you overcome uncertainty and take control of your finances and move confidently towards achieving your goals. The basis of fee calculation is the complexity of the engagement.

Remember, financial planning doesn't have to be an intimidating process. We have qualified and experienced advisers who can make financial planning a simple and fruitful process for you.

Our process:

Step 1: The first meeting provides an opportunity for you and us to get to know each other. You also get an opportunity to decide whether we have the capability to fulfill all your requirements.

Step 2: Establish a clear understanding of your goals and objectives as well as analyze your current situation. We have a discussion to determine what you want to achieve with your wealth.

Step 3: Determine your risk profile through discussion and a psychometric test. This enable us to find out how much risk you would like to and need to take to achieve your goals.

Step 4: Develop your unique financial plan. This will also include the recommended asset allocation and various investment options that suit your needs. While doing this, we also analyze your current investments. We present a final version of your customized financial plan so that you're positioned to move forward.

Step 5: Implement the investment plan. There would be no obligation on you to choose Wiseinvest Advisors to implement the recommendations made in the financial plan.

Step 6: We'll meet regularly to proactively address changes in your circumstances, as well as those in the markets, economy and taxes.

If you are keen to start the process of financial planning, you can get in touch with Investment Adviser Department at our Andheri office or mail us on iad@wiseinvestadvisors.com

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