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WEALTHWISE

Wealthwise

"Wealthwise" is a monthly publication brought to you by Wiseinvest Advisors. Wiseinvest Advisors is a quality investment advisory firm that specializes in mutual funds. Though mutual funds are a simple way to invest money, you can get the best only if you get professional advice. Our CEO, Mr. Hemant Rustagi, is a well known mutual fund expert. He brings with him an experience of more than 24 years in this field. He regularly writes articles for major national dailies and business magazines as well as appears as a mutual fund 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 five 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 in mutual funds. All you need to do is to just call up any of the branches or email your requirements at **information@wiseinvestadvisors.com** and our professional advisors will do the rest.

Dear Investor,

The stock market was on quite a roller coaster ride during the month of May 2011. In fact, the combination of high fuel prices and high inflation has been keeping the stock markets on tender hooks for quite some time now. While the Sensex fell by 2.60% during the month, the mid-cap and small cap indices of the BSE were down by 1.67% and 4.40% respectively. In the absence of any major trigger, the stock market is likely to remain range-bound for a quarter or so.

However, the stock market would be keenly awaiting the outcome of EGoM meet on fuel prices on June 9, 2011. If the prices are raised after the meet, it would clearly highlight the government's intent on controlling fiscal situation. Besides, there would be more clarity on the government's policy on increasing Foreign Direct Investment (FDI) in certain critical sectors. Some positives steps can boost the sentiment of the market.

With the disappointing GDP numbers for the fourth quarter ending March 2011 and the expectation of a sluggish GDP growth in Q1 2011-12, the RBI may have to review its stance on rate hikes. Earlier on May 3, 2011, the RBI abandoned "baby steps" and instead took a "large step" by raising repo rates by 50 basis points to 7.25%. While highlighting the demand –supply balance, the global trend in the commodity prices and the likely demand scenario, the RBI displayed its keenness to sacrifice growth to tame inflation. The RBI also pegged the economic growth for 2011-12 at 8% as against the estimated 8.6% for the year 2010-11.

On the inflation front, food inflation shot up to 8.55% for the week ended May 14, the highest level in four weeks, as prices of fruits, cereals and protein-based items escalated. Food inflation, as measured by the Wholesale Price Index (WPI), was on a declining trajectory for the previous three weeks.

A situation like the current one wherein inflation is at a much higher level than its long-term average, investors need to prep their short term portfolio for a prolonged period of higher inflation. An important aspect of high inflationary environment is that although it can have damaging impact on one's wealth, investments remain attractive if one invests wisely.

Warm regards,

H Rustagi

Hemant Rustagi
Chief Executive Officer

Wiseinvest
With YOU, in meeting FINANCIAL CHALLENGES

Address to be affixed here

The Stock Market performance during May 2011.

Indices	2nd May 2011	31st May 2011	Change in (%)
Sensex	18998.02	18503.28	-2.60%
MIDCAP	7027.83	6910.24	-1.67%
SMLCAP	8615.19	8235.72	-4.40%
BSE-100	9915.60	9720.96	-1.96%
BSE-200	2345.50	2301.65	-1.87%
BSE-500	7366.53	7233.85	-1.80%

Fidelity India Growth Fund

Investment Objective

Fidelity India Growth Fund (FIGF) is an open-ended large cap fund. It aims to generate capital appreciation & provide long term growth opportunities by investing in stocks listed in India & opportunistically in Indian companies abroad and in International companies benefitting from India's Growth.

The fund is managed by Mr.Sandeep Kothari & Anirudh Gopalakrishnan. The fund has a corpus of ₹317.81 crores as on 27th May 2011.

Investment Strategy

India's growth story fuels the portfolio of FIGF. The fund manager believes that India's growth drivers are many and the potential can be highlighted to a number of factors:

- One of the world's highest savings rate- 33% of the country's GDP. Inclusive growth and financial inclusion can further boost savings.
- A high 61% literacy rate. Besides, median age of India's population is 23 years.
- Economy is still heavily dependent on domestic consumption i.e. 57% of the GDP. This is due to rise in nuclear families and better pay scales have led to upswings in life style consumptions- increased spending on eating out, mobile phones, car and homes.
- Increasing urbanization which drives demand for a variety of goods and services- from infrastructure and transport to telecommunications.
- A 200 million strong middle class that is expected to touch 500 million by 2015. Discretionary spending of this group is expected to rise 126%.

Since it is quite challenging to spot the strongest growth opportunities, the fund manager follows a time tested "bottom-up" approach backed by comprehensive research and invests primarily in bluechip companies benefitting from India growth story.

Performance as on May 27, 2011

Fund	3 Month*	6 Month*	1 Year*	2 Year**
Fidelity India Growth Fund	3.36	-4.63	12.58	24.16
BSE Sensex	3.19	-4.55	9.6	13.78

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

Top 10 sector as on April 29, 2011

Sector	Percentage (%)
Banks	17.56
Software	11.70
Finance	9.48
Petroleum Products	8.86
Pharmaceuticals	6.70
Consumer Non Durables	6.54
Cash & Current Assets	6.35
Gas	5.52
Industrial Capital Goods	4.71
Media & Entertainment	3.58

Top 10 holdings as on April 29, 2011

Company Name	% of Corpus
Reliance Industries Limited	8.05
Infosys Technologies Limited	5.37
ICICI Bank Limited	5.09
ITC Limited	4.72
HDFC Bank Limited	4.43
Tata Consultancy Services Limited	4.41
Housing Development Finance Corporation Limited	3.22
Gujarat Fluoro chemicals Limited	2.64
Dr. Reddy's Laboratories Limited	2.61
Cipla Limited	2.59
Others	56.87
Total	**100.00**

Our recommendation

Considering that the fund invests primarily in bluechip companies and the fact that India's growth story drives its investment philosophy, FIGF has the potential to be a part of the core portfolio of long-term equity investors. Besides, the fund has been a consistent performer over time. Any investor looking at enhancing exposure to large cap stocks in the portfolio can consider this fund with a time horizon of at least 3-5 years.

To know more about this fund and/or to invest in this fund, please call any of our offices. The contact details have been provided on page 6.

Wiseinvest in the News

Article of our CEO published in Dalal Street Journal - June 5, 2011.

The Right Fit

It is always important to invest in funds that suit your needs

KEY POINTS

- One must select the funds carefully rather than following a haphazard approach.
- Mutual funds offer debt as well as equity-oriented hybrid schemes.
- Investing in equity funds in a disciplined way for long term improves the overall returns.

Many mutual fund investors make the mistake of not investing in funds that suit their needs and hence end up compromising their chances of success in the beginning itself. As we all know, a good start is half the job done! Therefore, one must select the funds carefully rather than following a haphazard approach. The key factors in this process are the time horizon, i.e. the period for which one intends to invest, risk profile, investment objectives and the type of investment strategy one follows. Some of us are naturally averse to risks and invest too conservatively, which impacts our ability to grow our savings and investments.

The difference between a conservative and an aggressive investment approach relates to the proportions of the various instruments that one has in the portfolio. A genuinely risk-averse investor generally has a heavy bias towards traditional fixed return instruments. However, to improve post-tax returns, it is necessary to consider various debt and debt-related schemes which are more tax-efficient and liquid. Then there are balanced investors who are willing to take some risk on their investment to improve their returns. Depending on the level of risk they are willing to take, mutual funds offer debt as well as equity-oriented hybrid schemes like monthly income plans, fund of funds and balanced funds.

For an aggressive investor, there are many options available from mutual funds. Apart from diversified equity funds, there are specialty and sector funds. It is generally perceived that only young people and those who have very few commitments should invest in equities. But the fact is that investing in equity funds in a disciplined way for long term not only improves overall returns but also eases the savings burden in terms of amount that one needs to save over a period of time.

To ensure that you are selecting the funds that are appropriate for your needs, consider the following:

- Clearly determine what your financial goals are.
- Consider your time frame. Do you need money in six months time or six years? The longer your time horizon, the more risk you may be able to take.
- How do you feel about risk? Are you in a position to tolerate the ups and downs of the stock market for the possibility of higher returns? It is necessary to know your own risk tolerance. It can be a guide for choosing the right schemes. Remember, regardless of the potential returns, if you are not comfortable with a particular asset class, you should consider other options.

All these factors will have a direct impact on the fund you choose as well as the achievements of your goals. The most important thing that you need to keep in mind is that your desire to take risk should not exceed your capacity to take risk. While it is true that in the long run equities have the potential to outperform all the asset classes, it is important to have the right level of exposure in equity funds based on one's risk profile and time horizon. A long-term approach helps in reaping the benefits from the expertise of the professional fund managers as your investments are likely to appreciate steadily over time, overcoming most temporary setbacks.

If you are willing to have a long-term view and wish to build a portfolio of equity funds, it would be wise to invest systematically over a period of time. By doing so, you can not only reduce your anxiety about the current market level but also benefit from 'cost averaging'. Besides, for those who may like to book profits periodically or re-balance their portfolio from time to time, dividend payout option can do the needful. By receiving dividend, say once a year, one can ensure periodical profit booking as well as re-balance the portfolio without any tax implications.

Even if you have made the right selection, monitoring the performance remains one of the key factors. To do so, there are ample sources such as fact sheets, newsletters, websites and newspapers. These are provided by different sources like mutual funds, advisors, portals and agencies involved in MF analyses. Although all this information may seem overwhelming to a new investor, by tracking these over time one learns how to use them for keeping the portfolio on track.

(Send your feedback to comment@dsij.in)

Performance of Select Funds

Data as on May 27, 2011

EQUITY FUNDS

Diversified

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Birla Sun Life Frontline Equity	Aug-02	-5.58	4.15	-4.76	10.08	18.64	10.91	17.49
Canara Robeco Equity Diversified	Sep-03	-3.62	5.2	-2.14	9.08	21.64	13.63	15.03
DSPBR Top 100 Equity Reg	Mar-03	-4.49	4.89	-2.25	11.59	18.74	10.07	16.65
DSPBR Equity	Apr-97	-5.31	5.88	-3.79	11.22	22.32	11.45	17.18
Fidelity Equity	May-05	-4.94	3.83	-4.51	12.16	24.33	12.48	15.68
Fidelity India Growth	Oct-07	-5.13	3.36	-4.63	12.58	24.16	12.66	—
Franklin India Flexi Cap	Mar-05	-4.82	6.83	-4.11	15.52	21.43	11.59	13.07
HDFC Equity	Jan-95	-6.05	5.07	-5.94	14.92	27.68	17.42	18.17
HDFC Top 200	Oct-96	-6.07	4.64	-5.64	12.73	22.57	14.59	17.85
ICICI Prudential Focused Bluechip	May-08	-6.01	5.3	-1.29	16.75	24.54	17.13	—
ICICI Prudential Discovery	Aug-04	-3.2	8.35	-1.32	13.31	36.19	21.02	14.2
Kotak 50	Dec-98	-4.46	4.33	-5.53	9.18	15.29	4.5	11.38
Kotak Opportunities Fund	Sep-04	-5.41	5.03	-8.02	6.82	16.12	4.02	12.41
Reliance Regular Savings Equity	Jun-05	-6.22	5.88	-6.69	7.38	19.72	10.48	19.27
Reliance Equity Opportunities	Mar-05	-3.98	7.9	-3.42	15.18	33.9	16.77	15.13
Magnum Multiplier Plus	Mar-93	-6.17	6.24	-9.69	5.25	17.01	7.93	12.61
Tata Equity PE Fund	Jun-04	-6.09	6.02	-3.21	7.54	23.16	9.83	16.59
Templeton India Equity Income	May-06	-7.04	2.94	-2.61	17.49	24.08	7.95	15.67

Sector, Specialty & Tax Saving

Reliance Banking	May-03	-10.25	1.6	-11.3	19.55	28.28	24.46	26.62
Franklin FMCG	Mar-99	1.31	12.45	3.78	26.05	37.59	21.25	14.58
Franklin Pharma	Mar-99	-1.65	7.05	-1.12	13.44	47.35	29.2	18.43
Reliance Pharma	Jun-04	-1.33	10.35	0.48	12.64	47.82	33.05	24.82
Canara Robeco Equity Tax Saver	Mar-93	-3.71	4.99	-3.7	8.88	22.28	16.32	18.29
Fidelity Tax Advantage	Feb-06	-5.09	4.03	-4.87	12.57	25.81	13.25	16.32
HDFC Taxsaver	Mar-96	-5.19	4.14	-5.89	11.13	26.14	15.19	12.77

Midcap & Smallcap

Birla Sun Life Dividend Yield Plus	Feb-03	-4.8	6.87	-5.51	12.66	28.01	20.32	16.64
DSPBR Small and Mid Cap Reg	Nov-06	-6.65	8.01	-7.17	9.67	31.35	15.46	—
IDFC Premier Equity	Sep-05	-3.67	7.84	-5.93	16.85	30.18	14.85	21.77
IDFC Small & Midcap Equity	Mar-08	-5	7.82	-4.6	10.69	30.81	20.97	—
Principal Emerging Bluechip Fund	Nov-08	-6.62	4.06	-15.51	-1.48	21.75	—	—
Sundaram Select Midcap Reg	Jul-02	-4.07	10.08	-6.59	13.15	23.89	13.07	12.73
UTI Dividend Yield	May-05	-5.73	4.99	-4.25	12.39	25.92	15.78	18.57
UTI Master Value	Jun-98	-6.3	6.94	-5.15	13.38	32.35	14.22	12.71

Hybrid: Equity Oriented

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Birla Sun Life 95	Feb-95	-3.63	4.18	-2.27	11.55	18.81	13.38	14.87
DSPBR Balanced	May-99	-3.83	4.89	-2.15	9.54	17.76	10.21	14.72
HDFC Prudence	Feb-94	-4	5.03	-2.3	12.47	26.23	18.01	17.88
Reliance Regular Savings Balanced	Jun-05	-4.78	4.08	-6.25	6.95	19.15	15.56	14.42

*Absolute ** Annualized.

Hybrid: Debt Oriented

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Canara Robeco MIP	Apr-01	-0.2603	2.3736	2.1521	6.5104	7.7929	10.8496	11.3147
HDFC MIP LTP	Dec-03	-1.2874	2.5608	1.037	7.7447	11.7158	12.1673	11.1029
Reliance MIP	Dec-03	-0.8986	2.807	1.1725	6.6037	11.1113	14.5233	11.036
Principal MIP Plus	Dec-03	-0.8636	1.9496	-0.3927	3.3033	6.0705	7.0114	8.9773
FT India Dynamic PE Ratio FoF	Oct-03	-1.8652	2.8554	1.1867	9.3327	12.9468	10.2053	13.829

Debt Oriented & Ultra Short Term Debt Fund

Funds	Launch	1 Week*	1 Month*	3 Months*	6 Months*	1 Year*	2 year**	3 Year**
Birla Sun Life Dynamic Bond Ret	Sep-04	0.0315	0.353	2.0569	3.3003	5.5135	6.2411	8.6594
BNP Paribas Flexi Debt Reg	Sep-04	-0.0156	0.1821	1.9427	2.1608	3.4676	4.4533	9.274
Templeton India Short-term Income Ret	Jan-02	0.1127	0.563	2.3704	3.5278	5.9078	7.7536	9.002
Templeton India Income Opportunities	Dec-09	0.1	0.522	2.4093	3.3254	6.0614	—	—
BNP Paribas Money Plus Reg	Oct-05	0.1547	0.6723	2.1962	4.1394	7.1966	6.0231	7.19
Kotak Floater LT	Aug-04	0.1661	0.715	2.2563	4.2516	7.3112	6.1441	6.9844

Dividends declared by equity and equity-oriented funds during the month of May 2011

Scheme name	Date	Dividend declared in Rs. Per unit
Sahara Bkg & Fin. Services (D)	02/05/2011	2.50
UTI Opportunities Fund (D)	02/05/2011	0.80
UTI Banking Sector (D)	09/05/2011	2.50
Birla Sun Life Equity Fund (D)	20/05/2011	3.00
Birla Sun Life Tax Plan (D)	20/05/2011	1.00
Birla Sun Life Top 100 (D)	20/05/2011	0.80
Escorts Growth Plan (D)	27/05/2011	0.75
UTI Dividend Yield Fund (D)	30/05/2011	0.50
IDFC India GDP Growth Fund (D)	31/05/2011	1.50
SBI Magnum Global Fund (D)	31/05/2011	5.00

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 any of the branches to avail of this free service.

Mutual funds, like securities investments, are subject to market and other risks. As with any investments in securities, the NAV of units can go up or down depending on the factors and forces affecting capital markets.

Don't ignore your Debt Portfolio

For most investors, a major cause of worry is their equity fund portfolio. As the stock market is often volatile, investors find themselves on their toes and worried. Since the focus remains on equity, the debt part of the mutual fund portfolio usually gets neglected. Moreover, as debt and debt-related instruments are perceived to be 'safe', not many investors feel the need to monitor their debt fund portfolio regularly. By doing so, they not only expose themselves to the risks associated with the impact of interest rate movements on the portfolio, but also compromise in terms of returns that they may earn from it.

As a debt fund investor, it is important for you to know that bond prices move inversely to interest rates. When interest rates go up, bond prices go down and when interest rates go down, bond prices go up. Since movements in interest rates can have a significant impact on a debt portfolio, there is a need to monitor it, not only to realign it in line with the changing interest rate scenario, but to protect gains and improve the overall performance.

Remember, although monitoring is crucial, it is equally important to make the right investment decisions. The key is to manage credit and duration risk efficiently. Among debt funds, a major differentiator is the maturity duration of the portfolio. Each category of debt funds has a different risk profile and commensurate return potential. Longer the maturity duration of the portfolio, greater the impact of an interest rate change. Similarly, funds that have shorter maturity durations such as ultra short-term debt funds and short-term funds experience lesser impact of the interest rate movements than medium-term debt funds.

Therefore, if you want to invest for a shorter duration, say more than three months, but less than six months, your focus should be on investing in ultra short-term category of funds. Similarly, if your time horizon is six-twelve months, short-term debt funds would be apt for you. In case you have a time horizon of one year or more, the toss up could be between medium-term debt or similar funds and debt-oriented hybrid funds.

As is evident, if you are a debt fund investor, you need to tread carefully. Keep an eye on the emerging rate scenario, as it has a direct impact on the kind of returns you can get from these funds. For example, in a high or rising interest rate scenario, Fixed Maturity Plans (FMPs) will give you better returns than medium-term debt funds. FMPs aim to generate predictable returns and, at the same time, protect you from interest rate volatility. While structurally FMPs are akin to fixed deposits, the tax efficiency makes these a better option for investors in higher tax brackets. If you have invested in FMPs over the last six months or so, you can expect much better returns as compared to other options in the debt fund category. On the other hand, in a falling interest rate scenario, medium-term debt and gilt funds perform better than FMPs.

Apart from investing in the right funds and actively monitoring the portfolio, it is equally important to opt for an appropriate option, that is, dividend payout, dividend reinvestment and growth. For example, investors in a higher tax bracket can benefit from tax efficiency by opting for a dividend payout or dividend reinvestment, in case investments are to be made for a time horizon of less than 12 months and a 'growth' option for investments to be made for more than 12 months.

(This article, written by our CEO, Hemant Rustagi was published in Business Standard on May 4, 2011).

Asset Allocation - the key to success

Money is the fuel all we need to pursue our life's goals. Investing judiciously is one way to grow our hard-earned money at a healthy rate over time. Of course, one has to follow the right investment process to do so. Unfortunately, many investors start investing without determining their goals and the right asset allocation.

What they fail to realise is that while the portfolio's performance is important, its allocation or diversification over time is more significant.

Asset allocation is a strategy which allows an investor to choose from various asset classes such as equities, debt, real estate and commodities. Here's a look at what one needs to consider while weighing options.

Time Horizon: It is the expected number of years one would be investing for. An investor with a longer time horizon would generally have the capacity to invest in riskier or more volatile asset classes as he can wait out the inevitable market ups and downs.

Risk Tolerance: It is an investor's ability and willingness to take risks to achieve the desired results. An investor with high risk tolerance is more likely to risk losing money for better results. When it comes to identifying risks, most investors focus mainly on the market risk.

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Asset Allocation - the key ...

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There are a variety of risks:

Market Risk: This is common to an entire class of assets. Consequently, the portfolio value may decline on account of economic changes or other events that impact the market place. Diversification and rebalancing the portfolio periodically helps manage risk.

Inflation Risk: This involves the risk of losses resulting from erosion in income or the value of assets due to the rising costs of goods and services. It is a major risk in debt and debt-related securities.

Longevity Risk: An investor might outlive his assets. Hence, it is necessary to design a portfolio having the potential to provide a positive real rate of return.

Behavioural Risk: Many investors follow haphazard strategies when faced with uncertainties. This often causes substantial impact on their investment results.

Sequence Risk: Even as having a financial plan and following it in a disciplined manner helps, one can still experience a market downturn just around the completion of one's time horizon. Therefore, it pays to start protecting gains by altering asset allocation of the long-term goals in a phased manner, say around 12-18 months, before the target date.

While Asset allocation is the key to investment success in the long run, it is equally important to choose the right options to get the desired results. Several factors such as variety, flexibility, liquidity, tax efficiency and transparency need to be considered in the selection process. It is here that an investment option like a mutual fund scores over most others.

(This article, written by our CEO, Hemant Rustagi was published in Business Standard on May 17, 2011).

We have moved our Andheri Office!

Please be informed that we have moved our Andheri office. Our new address is as follows:

Wiseinvest Advisors Pvt. Ltd.
202, Shalimar Morya Park,
New Link Road, Andheri West,
Mumbai 400053.

The landline number: 65281507 / 09 & Fax : 26732671 remain unchanged.

WISEINVEST ADVISORS PVT. LTD.

- **Corporate Office:**
  202, Shalimar Morya Park, New Link Road, Andheri West, Mumbai 400053. Tel : 65281507 / 09
  Fax : 2673 2671. E-mail : information@wiseinvestadvisors.com
- **Branches**:
  Fort : 107, Vikas Building, Above Jimmy Boy Restaurant, 11, N.G.N. Vaidya Marg, Fort, Mumbai - 400 001. Tel: 6524 5333 / 34, 2263 2329
  Fax: 2263 2330. E-mail : information3@wiseinvestadvisors.com
  Thane : Aishwarya Laxmi, Shop No. 4, Opp. Namdeo Wadi Hall, Maharshi Karve Road, Thane (W) - 400 602. Tel : 6592 7051 / 52
  Fax : 2539 1306. E-mail : information1@wiseinvestadvisors.com

www.wiseinvestadvisors.com

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