

November, 2011

Price ₹ 2

Volume 5, Issue 11

A Monthly Publication from Wiseinvest Advisors Private Limited

WEALTHWISE

Inside	Pg No.
ELSS - A smart option to save taxes	2
How to invest effectively?	3
Performance of Select Funds	4
Don't lose faith in equities during market downturns	5-6

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 started the month with a negative bias on the back of weak global cues. Concerns over eurozone debt crisis and weakness in the US manufacturing sector signalled worries for the markets. On the domestic front, high interest rates and weak rupee dented the July-September earnings of Indian corporate sector.



However, as the month progressed, the eurozone bailout deal, better than expected US economic numbers and a hint of interest rates peaking off helped the markets gain some momentum. As a result, the BSE Sensex appreciated 9.62 % and outperformed mid-cap and small cap indices during the month. The BSE mid-cap and small cap indices were up by 4.73 % and 2.88 % respectively. However, towards the end of the month, Greek Prime Minister George Papandreou's decision to hold referendum on the Greek bailout package rattled the global markets.

On the inflation front, India's food price index rose 11.43 % and the fuel price index climbed 14.70 % in the year to October 15, 2011. The primary articles price index was up 11.75 %, compared with an annual rise of 11.18 % a week earlier.

The Reserve Bank of India (RBI) raised short term lending and borrowing rates by 25 basis points to tame inflation. This was the 13th, and possibly the last one, in a tightening cycle that began in early 2010. The RBI also revised down its target forecast for the current fiscal year to 7.7 %, from 8 % with a downward bias earlier. The Central bank, however, kept its WPI inflation forecast unchanged at 7 %.

In the current interest rate scenario, FMPs provide a great opportunity to lock-in money at the peak rates. Besides, it is also a good time to consider investing in income funds with a minimum time horizon of 18 months. No doubt, income fund would suit you only if you don't mind taking some risk to get higher returns.

Warm regards,

Hemant Rustagi
Chief Executive Officer

Wiseinvest
With YOU, in meeting
FINANCIAL CHALLENGES

Address to be affixed here

The Stock Market performance during October 2011.

Indices	3rd October 2011	31st October 2011	Change in (%)
Sensex	16151.45	17705.01	9.62%
MIDCAP	6013.42	6297.99	4.73%
SMLCAP	6779.16	6974.61	2.88%
BSE-100	8463.18	9196.79	8.67%
BSE-200	1992.40	2155.58	8.19%
BSE-500	6274.53	6763.26	7.79%

NOW A FUND THAT'S TRULY GOOD AS

GOLD

NOW INVEST IN GOLD WITH THE BENEFIT OF SIP.

SMS: KGF to 5676788
Call: 1800-222-626 (Toll Free)
Visit: mutualfund.kotak.com



KOTAK GOLD FUND

kotak Mutual Fund

For more details, contact us at : Mumbai 66384400, Delhi 66306900 / 01 / 02, Chennai 28221333 / 28220500, Kolkata 22822411 / 12, Pune 64013395 / 96, Ahmedabad 26770888 / 26766077, Bangalore 6612805051, Hyderabad 66128140 / 41

Kotak Gold Fund: An open ended Fund of Funds Scheme. Investment Objective: The investment objective of the scheme is to generate returns by investing in units of Kotak Gold Exchange Traded Fund. Load Structure: Entry Load: Nil. Exit Load: 2%, if redeemed/switch-out within 6 months from date of allotment; 1%, if redeemed/switch-out after 6 months and before 1 year from the date of allotment; Nil, if redeemed/switch-out after 1 year from the date of allotment. Scheme Specific Risk Factors: The investors of the Scheme will bear dual securing expenses and possibly dual loads, viz. those of the scheme and those of the underlying Scheme. General Risk Factors: 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. As with any securities investment, the NAV of the Units issued under the Scheme can go up or down depending on the factors and forces affecting the securities market. Past performance of the Scheme/Mutual Fund or that of any scheme of the Fund does not indicate the future performance of the Scheme of the Fund. Kotak Gold Fund is only the name of the Scheme and does not in any manner indicate the quality of the Scheme, future prospects or returns. Statutory Details: Kotak Mahindra Mutual Fund is a Trust, Indian Regd. Act, 1860. Investment Manager: Kotak Mahindra Asset Management Company Ltd. Sponsor: Kotak Mahindra Bank. Discontinuation: Kotak Mahindra Bank. Kotak Mahindra Bank is not liable or responsible for any loss or shortfall resulting from the operations of the Scheme. Please read the Scheme Information Document (SID) and Statement of Additional Information (SAI) carefully before investing. SAI and SID are available on mutualfund.kotak.com.

ELSS - A smart option to save taxes

Come April 2012 and equity linked savings schemes (ELSS) will disappear from the investment universe of investors. The Direct Tax Code (DTC) provisions will not only take away the flexibility that investors enjoy currently while investing to save taxes but also one of the most efficient and perhaps potentially the best investment option in terms of returns. Currently, ELSS and ULIPs are the only two options through which investors can save taxes and have exposure to equities.

Under ELSS, one can invest up to ₹ 1 lac and save taxes under Section 80C of the Income Tax Act. Over the years, ELSS has emerged as an ideal option to save taxes for those who believe in equity as an asset class to build wealth over time. The tax savings combined with the mandatory lock-in period allows investors to take a long-term view and in turn reap the benefits of this approach. That is why ELSS is considered as the best example of an investment option that provides investors a simple way to invest in the stock market and save taxes while doing so.

Another notable feature of the ELSS is the tax efficiency in terms of returns earned from them. As per the current tax laws, an equity fund investor is entitled to earn tax free dividend and long-term capital gains i.e. capital gains made out of an investment held for 12 months or more.

ELSS is governed by the guidelines issued by the Government of India. These guidelines have specified the minimum investment amount to be ₹ 500 and thereafter-in multiples of ₹ 500. Being open-ended funds, ELSS also allow investors to invest in a disciplined manner through SIP. A disciplined approach goes a long way in not only allowing an investor to turn the market volatility to his advantage by benefiting from “averaging” but also in avoiding making investment in a haphazard manner towards the fag-end of the financial year.

As regards the investment pattern, a fund manager managing an ELSS has to invest at least 80 % of the corpus in equity and equity related instruments. The fund manager has the flexibility to either invest the balance 20 % in the debt instruments or go for enhanced exposure to equities.

Each fund house managing an ELSS also has the flexibility of following its own investment strategy. For example, most of the ELSS are managed as

multi-cap funds with varying degree of exposure to different segments of the stock market. Few ELSS are managed as an index fund too. This allows investors to select a fund considering the portfolio composition rather than looking at the past performance alone. No wonder, many investors have made ELSS an integral part of their equity fund portfolio.

As a product category, ELSS has given handsome returns over the years. While the past performance alone cannot be the sole criteria for investing in an investment option, the fact remains that equity as an asset class has the potential to perform better than other asset classes over time. Needless to say, being an equity oriented product, there are attendant risks too. However, a lock-in period of 3 years ensures that one of the major risks i.e. volatility over the short and medium term, is handled efficiently.

Nevertheless, once the DTC is implemented all this will change. With ULIPs coming under exempt-exempt-tax (EET) and ELSS making exit, investors will have to rework their strategies in terms of both selecting another option for saving taxes as well as maintaining the desired level of exposure to equities. Given the proposed structure of the DTC, it would be difficult for investors to achieve both with the same amount of investment that is being made now. While they will have an option of investing in the New Pension Scheme (NPS), the restriction in terms of a maximum exposure to equities to the tune of 50% can be a dampener. Besides, NPS and ELSS are two different investment options with different features and suitability.

It is truly hard to understand the logic for excluding an option like ELSS out of the list of eligible investments to save taxes. While on the one hand efforts are being made to spread the equity culture through the length and breadth of the country, on the other hand an investment option that provides an ideal platform to do so is being withdrawn by the government.

One can only wish and hope for a re-think on the part of the government to reinstate ELSS as one of the options to save taxes under the DTC. In the mean time, investors will do well to continue investing in these schemes during the current financial year and benefit from the same. Do not give up on the ELSS even before the DTC draws curtains on them.

**TAX SAVINGS. WEALTH CREATION.
AIM FOR THE BEST OF BOTH WORLDS.**



Presenting BNP Paribas Tax Advantage Plan (ELSS)

A fund that allows you to save taxes under Section 80C while giving you an opportunity to create wealth by investing in a diversified equity portfolio. Who says you can't aim for the best of both worlds?



www.bnpparibas.in

Statutory Details: Sponsor: BNP Paribas Investment Partners Asia Ltd. Trustee: BNP Paribas Trustee India Pvt. Ltd. Investment Manager / AMC: BNP Paribas Asset Management India Pvt. Ltd. (Reg. Office of Trustee & AMC is at BNP Paribas House, 1 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai - 400051). BNP Paribas Mutual Fund has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882), by the Sponsor and the Trustee as per the terms of the superseding Trust Deed. The Sponsor / Associates are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs.1 lakh made by it towards setting up the Fund. **BNP Paribas Tax Advantage Plan (ELSS):** An Open-Ended Equity Linked Tax Saving Scheme. **Investment Objective:** The Investment Objective of the Scheme is to generate long-term capital growth from a diversified and actively managed portfolio of equity and equity related securities along with income tax rebate, as may be prevalent from time to time. **Load Structure:** Entry Load: Nil. Exit Load: Nil. The investment in the Scheme shall be locked in for a period of 3 years from the date of allotment. **Risk Factors:** All mutual funds and securities investments are subject to market risks, and there can be no assurance that the Scheme's objective will be achieved. Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the NAV of the Scheme may go up or down depending upon the factors and forces affecting the securities market. Various factors impact the value of the Scheme's investment include, but are not limited to, fluctuations in the bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc. **The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns.** Past performance of the Sponsor / AMC / Mutual Fund do not guarantee future performance of the Scheme. The Scheme does not guarantee or assure returns. Statement of Additional Information (SAI), Scheme Information Document (SID) & Key Information Memorandum cum Application Forms (KIM) are available at AMC offices / AMC web-site: www.bnpparibas.in / Investor Service Centres / Distributors. **Please read the SAI, SID & KIM carefully in its entirety before investing and retain these documents for future references.**

How to invest effectively?

As an investor, you must have faced the dilemma of how to invest effectively. Adding to this, the anxieties arising out of uncertainties surrounding the financial markets might have affected your decision making process.

The fact, however, is that investing is a simple process that requires planning, perseverance and time. By following a disciplined approach to investing, you can not only achieve your investment goals but also keep emotions out of the process. Here's what you need to do to ensure your investments remain on track:

Have an investment plan

Many of us delay investing, either for the fear of choosing a wrong investment option or thinking we do not have enough money. Since investing is a continuous process, you can begin even if you don't have a lumpsum amount to start with. However, you must have an investment plan in place. It would help keep you on track, disciplined and focused on your investment goals. A carefully designed asset allocation strategy, and the process of rebalancing it, from time to time, will ensure you remain invested in originally selected asset classes at all times. It will also help you in tackling bull and bear markets without letting the "greed and fear" factors affect your mindset.

Don't underestimate risk and/or overestimate returns

While making investment decisions, a balance must be maintained between risk and reward. To ensure this, the key is not to underestimate risk and/or overestimate returns. Therefore, you must understand the potential and the risks associated with different asset classes in your portfolio. This helps in avoiding disappointments, and the consequent panic reactions that may derail your investment process.

Don't compromise your long-term goals

Many of us often lose sight of our long-term goals when we spot an opportunity to earn some short term gains. For example, in a current market-

like situation, it can be tempting to pull the money out of equity markets and invest it in debt instruments. However, if you do so, you would be compromising the long-term prospects of your portfolio. Similarly, a depressed stock market may tempt you to invest even short-term money in it to make a quick buck. This could result in you either losing a part of your investments or earning low returns. Remember that timing the market is a strategy that even experts find difficult to implement successfully.

Have a tax-efficient portfolio

While paying taxes when necessary is understandable, paying more taxes than necessary is not! Therefore, ensuring your portfolio has the utmost tax efficiency is one key factor that can help improve your portfolio returns. While it is true that tax efficiency of the instruments alone cannot guarantee success, a tax-aware investment strategy can make a substantial difference to your portfolio's ultimate size.

Tax efficiency is important for both short-term as well as long-term investing. While we primarily focus on debt instruments, while investing for the short term, tax-efficient options such as a debt mutual fund can help you in earning higher post-tax returns. It becomes even more important when you plan for your medium and/or long-term investment goals such as children's education, buying a house and retirement planning. To achieve these very important goals of your lives, it is essential to invest in options that have the potential to provide higher as well as tax-efficient returns. This factor is very important, especially considering the escalating costs. That's why equity has an important role to play while designing a portfolio for long-term goals. Remember, investing to beat inflation generally involves steering clear of tax-inefficient instruments.

(This article written by our CEO Mr. Hemant Rustagi was published in Business Standard on October 5, 2011).

CANARA ROBECO
Mutual Fund

Small Is Powerful
SYSTEMATIC INVESTMENT PLAN. INVEST A LITTLE, EVERY MONTH.

An investor education initiative brought to you by Canara Robeco Mutual Fund.

Mutual Fund investments are subject to market risks. Read the Offer Document carefully before investing.

Performance of Select Funds

Data as on October 28, 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	5.91	-3.95	-7.55	-11.15	6.87	31.31	12.16
Canara Robeco Equity Diversified	Sep-03	4.13	-3.57	-3.92	-7.06	11.38	36.48	13.65
DSPBR Top 100 Equity Reg	Mar-03	5.66	-2.45	-6.06	-8.40	6.90	27.59	13.02
DSPBR Equity	Apr-97	3.40	-5.89	-7.90	-13.87	8.55	30.41	13.70
Fidelity Equity	May-05	5.35	-2.34	-5.24	-9.07	11.83	32.89	12.50
Fidelity India Growth	Oct-07	5.54	-2.16	-4.83	-8.54	11.76	34.11	—
Franklin India Flexi Cap	Mar-05	6.29	-3.46	-7.57	-10.96	9.52	32.90	9.46
HDFC Equity	Jan-95	3.79	-7.73	-11.27	-14.87	10.22	36.49	12.93
HDFC Top 200	Oct-96	5.18	-4.96	-8.66	-12.10	8.58	33.49	13.63
ICICI Prudential Dynamic	Oct-02	5.91	-4.68	-7.59	-6.91	10.73	32.87	11.56
ICICI Prudential Focused Bluechip	May-08	6.79	-1.64	-4.59	-5.59	13.08	38.79	—
Kotak 50	Dec-98	5.06	-3.37	-5.45	-10.61	5.25	24.88	9.05
Kotak Opportunities Fund	Sep-04	4.91	-4.40	-7.47	-16.20	5.21	28.85	10.42
Reliance Regular Savings Equity	Jun-05	4.13	-8.54	-11.88	-19.54	5.49	30.82	13.60
Reliance Equity Opportunities	Mar-05	4.63	-4.62	-4.34	-9.32	18.18	41.07	12.14
Tata Equity PE	Jun-04	5.31	-5.44	-9.65	-13.51	6.70	33.20	13.16

Sector, Specialty & Tax Saving

ICICI Prudential FMCG	Mar-99	1.77	-0.47	14.65	17.72	25.26	40.13	15.20
Reliance Banking Retail	May-03	2.57	-9.84	-16.27	-23.12	12.31	37.89	20.34
Reliance Pharma	Jun-04	2.40	-6.55	-0.70	-0.93	24.45	49.61	23.01
Canara Robeco Equity Tax Saver	Mar-93	3.33	-4.68	-4.48	-8.93	12.02	39.17	15.71
Fidelity Tax Advantage	Feb-06	5.21	-2.94	-5.41	-9.58	12.48	33.68	13.13
HDFC Tax saver	Mar-96	3.25	-7.50	-8.91	-14.00	10.01	33.56	9.01

Midcap & Smallcap

Birla Sun Life Dividend Yield Plus	Feb-03	2.78	-3.75	-4.81	-11.67	13.28	37.49	14.69
DSPBR Small and Mid Cap Reg	Nov-06	2.36	-7.11	-6.12	-15.39	14.87	39.34	—
HDFC Mid-Cap Opportunities	Jun-07	0.64	-7.71	-3.88	-9.00	17.56	37.84	—
ICICI Prudential Discovery	Aug-04	4.32	-8.81	-10.78	-12.87	11.84	46.27	10.89
IDFC Premier Equity	Sep-05	3.56	-1.47	1.01	-7.12	18.12	40.20	23.04
IDFC Sterling Equity	Mar-08	-0.07	-7.69	-6.22	-11.81	13.57	34.47	—
Sundaram Select Midcap Reg	Jul-02	0.99	-9.94	-6.00	-16.26	9.45	35.52	10.70
UTI Dividend Yield	May-05	4.10	-2.10	-4.62	-7.08	13.37	33.24	15.81
UTI Master Value	Jun-98	2.34	-5.87	-7.88	-12.69	16.12	37.73	11.75

Gold: Fund of Funds

Kotak Gold	Mar-11	4.0110	17.0572	22.2065	—	—	—	—
Reliance Gold Savings	Mar-11	2.7573	17.8939	22.2862	—	—	—	—

Hybrid: Equity Oriented

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Canara Robeco Balanced	Feb-93	2.78	-2.82	-1.92	-3.88	10.80	28.93	10.24
HDFC Balanced	Sep-00	2.01	-3.40	-1.00	-1.91	16.38	32.56	12.32
HDFC Prudence	Feb-94	2.07	-4.68	-4.61	-6.69	13.63	34.38	14.20
Reliance Regular Savings Balanced	Jun-05	3.30	-4.91	-6.26	-12.67	8.83	31.40	13.34

Hybrid: Debt Oriented

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Canara Robeco MIP	Apr-01	1.3892	0.7816	2.6418	4.6398	7.7634	15.0554	10.5452
HDFC MIP LTP	Dec-03	0.7324	-0.6799	0.3396	1.9188	7.6351	17.3267	10.1063
Reliance MIP	Dec-03	0.1968	-0.5115	0.3279	1.6080	6.6105	15.2715	10.2242
FT India Dynamic PE Ratio FoF	Oct-03	3.7916	0.8408	0.2157	2.3697	8.4893	23.6266	11.3108

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	0.2727	0.4922	1.8740	4.5314	8.0590	6.8821	8.6807
BNP Paribas Flexi Debt Reg	Sep-04	0.3465	-1.0885	0.0113	1.3017	3.9055	4.1986	8.4046
Templeton India Short-term Income Ret	Jan-02	0.1863	0.7222	2.2513	4.6334	8.1460	7.4163	9.4247
Templeton India Income Opportunities	Dec-09	0.2035	0.7346	2.3088	4.6738	7.9814	—	—
BNP Paribas Money Plus Reg	Oct-05	0.1584	0.6900	2.1451	4.3198	8.5200	6.7983	7.0681
Kotak Floater LT	Aug-04	0.1715	0.7228	2.2843	4.5893	8.8814	7.0442	7.0374

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

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

Scheme name	Date	Dividend declared in ₹ Per unit
UTI Wealth Builder Sr-2 RP (D)	03/10/2011	1.10
ING Dividend Yield (D)	13/10/2011	2.00
SBI Magnum Contra Fund (D)	14/10/2011	3.50
Can Robeco Equity Divers (D)	14/10/2011	1.00
Franklin Infotech Fund (D)	21/10/2011	1.50
Franklin India Oppor. (D)	21/10/2011	0.70
Edelweiss Absolute Return Fund (D)	28/10/2011	0.18
UTI Mastershare (D)	31/10/2011	2.20

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.



Choose a healthy investment.

In today's volatile market, it pays to have a healthy investment plan. HDFC MF Systematic Investment Plan (SIP) is a simple, convenient and disciplined way to meet your financial goals. It invests a minimum of ₹ 500 every month, irrespective of market conditions. Truly, a healthy way to invest!



Systematic Investment Plan

Toll Free No.: 1 800 233 6767

Registered Office: Ramon House, 3rd Floor, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020. Tel.: 022-6631 6333. Fax: 022-2282 1144.

Disclaimer: HDFC MF SIP does not assure a profit or guarantee protection against loss in a declining market. HDFC Mutual Fund is not guaranteeing or promising or forecasting any returns. Risk Factors: All mutual funds and securities investments are subject to market risks and there can be no assurance that the Scheme's objectives will be achieved and the NAV of the Scheme may go up or down depending upon the factors and forces affecting the securities market. Past performance of the Sponsors and their affiliates / AMC / Mutual Fund and its Scheme(s) do not indicate the future performance of the Scheme of the Mutual Fund. There is no assurance or guarantee to unit holders as to the rate of dividend distribution nor that dividends will be paid regularly. Investors in the Schemes are not being offered any guaranteed / assured returns. The NAV of the units issued under the Schemes may be affected, inter-alia by changes in the interest rates, trading volumes, settlement periods, transfer procedures and performance of individual securities. The NAV will inter-alia be exposed to Price / Interest Rate Risk and Credit Risk. Please read the Scheme Information Document and Statement of Additional Information before investing. In view of individual nature of tax consequences, each investor is advised to consult his/ her own professional tax advisor. Statutory Details: HDFC Mutual Fund has been set up as a trust sponsored by Housing Development Finance Corporation Limited and Standard Life Investments Limited (liability restricted to their contribution of ₹ 1 lakh each to the corpus) with HDFC Trustee Company Limited as the Trustee (Trustee under the Indian Trusts Act, 1882) and with HDFC Asset Management Company Limited as the Investment Manager.

Publicis Ambience-11-02-0021

Don't lose faith in equities during market downturns

If you compare the current valuations of your equity fund portfolio with that of November 2010, it would project a completely different picture. With the stock markets down by more than 24 percent since then, most of your investments made in the last few years, either as a lumpsum or through a Systematic Investment Plan (SIP), would be showing negative returns. Moreover, if you have not been careful in terms of selection of funds, the picture could be even gloomier.

A situation like this can shake the confidence of even the most seasoned investors. However, having witnessed situations like this many a times in the past, experienced investors have the mindset to wait, knowing that better days would follow. However, for not-so-experienced investors, the challenge is to resist making impulsive decisions. Continuation of the investment process, through these turbulent times, requires an unflinching commitment to this asset class.

Alas, not all the investors behave rationally during the market downturns! Many of them abandon a carefully designed investment strategy and lose out big time in the process. If you are one of those investors who may be facing a dilemma of what to do in the current scenario, you must look beyond the short term performance before taking any action. You need to consider factors such as ability of equities to out-perform other asset classes over the long-term, portfolio quality of the funds, and their long-term performance track record.

Simply put, for an asset class that requires you to have time commitment, patience and perseverance, it could be suicidal to act in haste. Here are a few typical reactions of equity investors during rising and falling markets and why you need to avoid them:

Abandon equities during the market downturn

It is quite common to see investors pulling all stops to their equity investments whenever the stock market turns volatile. Remember, if you do that, it would cost you dearly in the long run. Let us understand this by way of an example:

Let's say, you invested ₹1,00,000 in an equity fund and over the next couple of years made a gain of 40%. Then, the plunging stock market makes the fund value fall by 30%. You will now be faced with a completely different scenario. As against a profit of 40%, you now have a loss of 2% as the current value of your holdings in the fund would be down to ₹ 98,000. The noticeable thing

here is that even though in percentage terms your gain was bigger than your loss, it still puts you below from where you started.

The most challenging part would be to get back to the valuations prior to the fall i.e. ₹ 1,40,000. To do so, you would have to make a gain of 43%. By succumbing to the panic and moving your money to the safer heavens of debt instruments, you would either forfeit your chances of recovering the losses or inordinately delay the recovery process.

However, if you continue to invest at lower levels, your recovery process would become easier and faster. After investing at higher NAVs during a rising market, a falling market provides you an opportunity to invest at lower NAVs. This not only helps you in bringing your average cost down but also enhance your chances of being amongst the first ones to benefit from the upward trend in the market, as and when it happens.

When I book profits, the market continues to go up and when I don't, it falls

Investors face a situation like this on a number of occasions. Actually, this happens when you try to time the market. As we know, even the most seasoned investors find it difficult to time the market successfully. Therefore, when a common investor tries to do so, he invariably finds the market moving in the opposite direction.

While equities are meant to be a long term investment option, different investors may have different reasons to sell. Whatever the reason, it is necessary to have a proper strategy to avoid taking decisions that are dictated by the emotions rather than any logic. One such strategy could be to rebalance the portfolio periodically. Rebalancing is a method by which the allocation to debt and equity are brought back to the original level. Rebalancing becomes necessary because we make investments to achieve our goals at an acceptable level of risk. By allowing the portfolio to ride, we violate this premise and get exposed to unacceptable level of risk.

Having made decent profits, it's time to book profits

A common mistake made by investors is that they follow a different strategy for selling from what they do at the time of investing. For example, many a times they redeem their holdings in a better performing fund as they get

Cont. on page 6...

RELIANCE
Mutual Fund

India's first fund with SIP in Gold

Turn your savings into pure gold

Toll free 1800-300-11111 | SWB 'GOLD' by SEBI12 | www.reliancemutual.com

RELIANCE GOLD SAVINGS FUND

AFFORDABLE | SAFER | CONVENIENT

An open ended Fund of Fund Scheme

■ No Demat ■ No Locker ■ No Jeweller

The investors will be bearing the recurring expenses of the scheme, in addition to the expenses of underlying Schemes. Sales in terms of storage, 99.9% purity of gold under the underlying scheme.

Reliance Gold Savings Fund (An Open Ended Fund of Fund Scheme): The investment objective of the Scheme is to seek to provide returns that closely correspond to returns provided by Reliance Gold Exchange Traded Fund (RGETF). **Asset allocation Pattern:** Units of RGETF - 95 to 100%, Reverse repo and /or CBLO and/or short-term fixed deposits and/or Schemes which invest predominantly in the money market securities or Liquid Schemes - 0 to 5%. *The Fund Manager may invest in Liquid Schemes of Reliance Mutual Fund. However, the Fund Manager may invest in any other scheme of a mutual fund registered with SEBI, which invest predominantly in the money market securities. **Load Structure: Entry Load - Nil. Exit Load - 2%** - If redeemed or switched out on or before completion of 1 year from the date of allotment of units, Nil thereafter. **Terms of issue:** The NAV of the Scheme will be calculated and declared on every Working Day. the Scheme provides sale / switch - in & repurchase /switch - out facility on all Business Days at NAV based prices. **RGETF is an open-ended Gold Exchange Traded Fund that tracks the domestic prices of gold through investments in physical Gold.** The investment objective is to seek to provide returns that closely correspond to returns provided by price of gold through investment in physical Gold (and Gold related securities as permitted by Regulators from time to time). However, the performance of the scheme may differ from that of the domestic prices of Gold due to expenses and or other related factors. **Asset Allocation Pattern:** Physical Gold or Gold Related Instruments as permitted by regulators from time to time - 90 to 100%. Money Market Instruments, Bonds, Debentures, Government Securities including T-Bills, Securitised Debt & other debt securities as permitted by regulators from time to time - 0 to 10%. **Load Structure - Entry Load & Exit Load - Nil. Terms of Issue -** As the units of the scheme are listed on the Exchange, subsequent buying or selling (trading) by Unit holders can be made from the secondary market on all trading days. The minimum number of Units that can be bought or sold on the exchange is 1 (one) unit. **Statutory Details:** Reliance Mutual Fund has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882. **Sponsor:** Reliance Capital Limited. **Trustee:** Reliance Capital Trustee Co. Limited. **Investment Manager:** Reliance Capital Asset Management Limited Registered Office of Trustee & Investment Manager: 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhaim, Navi Mumbai - 400 710, Maharashtra. The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act 1956. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lakh towards the setting up of the Mutual Fund and such other accretions and additions to the corpus. **Risk Factors: 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. As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on the factors and forces affecting the securities market. Reliance Gold Savings Fund and Reliance Gold Exchange Traded Fund are only the names of the Schemes and do not in any manner indicate either the quality of the Scheme; its future prospects or returns. Past performance of the Sponsor/AMC/Mutual Fund is not indicative of the future performance of the Scheme. The Mutual Fund is not assuring that it will make periodical dividend distributions, though it has every intention of doing so. All dividend distributions are subject to the availability of distributable surplus in the Scheme. The NAV of the Scheme may be affected, inter alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures. Being a Fund of Fund Scheme, it may be noted that the investors are bearing the risk and the recurring expenses of RGETF also. For detailed risk factors, please refer to the Scheme Information Document & Key Information Memorandum, which is available at all the DISC, Distributors and www.reliancemutual.com. Investors can also call at our call centre 1800-300-11111 (toll free) for more details. **Please read the Scheme Information Document and Statement of Additional Information carefully before investing.****

Don't Lose Faith...

...Cont. from page 5

tempted to book profits. More often than not, this money is re-invested in funds that have lower NAVs with a belief that they can extra profits.

It is completely illogical to think that funds with low NAVs have more potential than funds that have high NAVs. Besides, by exiting from better performing funds, every now and then, we allow non-performing funds to remain in the portfolio. By doing so, we compromise the long-term prospects of our portfolio.

Of course, if a fund is not keeping pace with its peer group, it makes sense to exit from it. Here too, one needs to consider relative performance and not absolute performance alone.

Monitoring the performance of equity funds on a daily basis

While it is absolutely necessary to monitor your portfolio, doing so on a daily basis doesn't serve any purpose. Since equities have a tendency to be volatile over the short term, there is no point in tracking the daily movements. Constantly monitoring your portfolio can create panic in your minds, and hence you might get tempted to take illogical decisions.

It'll be a good idea to begin reviewing your portfolio on a quarterly basis. Besides, you need to review your portfolio in greater detail when your investments goals or financial circumstances change. While reviewing the portfolio, you must consider the following:

- How is your portfolio performing from the view point of your personal goals? Are you comfortable with the price fluctuations that may have occurred keeping in view your short term, medium term and long term goals?
- How are your investments performing compared with others in the same category? It is important as for example, a 10 % growth in your fund may look great, but not if the average returns given by other funds in the same category is 15 %. However, too much emphasis shouldn't be put on the short term performance.

(This article written by our CEO Mr. Hemant Rustagi was published in moneycontrol.com on October 10, 2011).

Infosys ITC Bharti Airtel Oil & Natural Gas Corporation Reliance Industries Bajaj Auto Mahindra & Mahindra Cipla ICICI Bank Grasim Industries ...



A Bluechip fund that seeks to provide Growth • Stability

Some of the portfolio holdings as on September 30, 2011:

Value Research Fund Rating



MORNINGSTAR



Past performance is no guarantee of future results.

ICICI Prudential FOCUSED BLUECHIP EQUITY FUND
An Open-Ended Equity Scheme

ICICI PRUDENTIAL MUTUAL FUND

To invest, consult your Financial Advisor or log on to www.icicipruamc.com

TARAKKI KAREIN!

Value Research Rating Methodology: ICICI Prudential Focused Bluechip Equity Fund [IPFBEF] (Retail Option and Institutional Option I) has been rated 5 stars in Equity-Large Cap category out of 40 schemes denoting the fund is in top 10% category in terms of historical risk adjusted returns. Rating is based on weighted average monthly returns for last 3 years period ended 30-09-2011. For detailed methodology refer www.valueresearchonline.com. These ratings do not take into consideration any entry or exit load. Value Research does not guarantee the accuracy.

Morning Star Rating Methodology: ICICI Prudential Focused Bluechip Equity Fund (Retail and Institutional Option I) has been rated 5 Stars in the India OE Large Cap Category, denoting the fund is in the top 10% category in terms of risk adjusted returns; Total Universe: 293 schemes. Rating is based on NAV provided by respective fund for the 3 years period ended 30-9-2011. Loads are not considered for the rating purpose. For detailed methodology please refer www.morningstar.co.in.

Disclaimer: The mention of the above stocks is not an endorsement by the Mutual Fund and AMC of their soundness or a recommendation to buy or sell these stocks.

Statutory Details: Settlor of ICICI Prudential Mutual Fund (IPMF): ICICI Bank Ltd. and Prudential plc; IPMF was set up as a Trust sponsored by the settlor in accordance with the provisions of Indian Trust Act, 1882. **Trustee:** ICICI Prudential Trust Ltd. (IPTL); **Investment Manager:** ICICI Prudential Asset Management Co. Ltd. (IPAMCL); IPTL & IPAMCL are incorporated under Companies Act, 1956. **Liability:** Liability of IPMF/Sponsors/IPTL/IPAMCL is limited to ₹ 22.2 lacs collectively. Past performance of the Sponsors, AMC, Fund, and Trustee has no bearing on the expected performance of the mutual fund or any of its schemes. **Risk Factors:** All investments in Mutual Fund and securities are subject to market risks and the NAV of the Schemes may go up or down, depending upon the factors and forces affecting the securities markets and there can be no assurance that the fund's objectives will be achieved. **Investment objective:** IPFBEF seeks to generate long-term capital appreciation by investing in about 20 companies in the large cap domain. However, there can be no assurance that the investment objective of the Scheme will be realized. **Entry Load:** Not applicable; **Exit Load for Redemption/ Switch out made upto one year from the date of allotment:** 1% of applicable NAV; Else Nil. **Investments in the Scheme may be affected by concentration risk, trading volumes, settlement periods, volatility, price fluctuations, liquidity risks, derivative risk, market risk, currency risk for investments in foreign securities, lending & borrowing risks, risks associated with investing in securitised debt, credit & interest rate risks relating to debt investment.** IPFBEF is only the name of the scheme and does not in any manner indicate either the quality of the Scheme or its future prospects and returns. Mutual Fund investments are subject to market risks. Please read the Scheme Information Document and Statement of Additional Information of the Scheme carefully before investing.

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

DISCLAIMER: All reasonable care has been taken to ensure that the information contained herein is neither misleading nor untrue at the time of publication, but we make no representation as to its accuracy or completeness. All information is provided without any liability whatsoever on the part of Wiseinvest Advisors Private Limited.

RISK FACTORS: Mutual funds, like securities investments, are subject to market and other risks and there can be no assurance that the scheme's objectives will be achieved. As with any investments in securities, the NAV of units can go up or down depending on the factors and forces affecting capital markets. Please read the offer document before investing.

Edited, Published and Printed by Mr. Hemant Rustagi, on behalf of Wiseinvest Advisors Pvt. Ltd. from 202, Shalimar Morya Park, New Link Road, Andheri West, Mumbai 400053 at AdvantEdge Offset Printers, K-7 Rizvi Park, S V Road, Santacruz (W), Mumbai 400 054. Design by Mosaic Design. Copyright reserved © 2007. All rights reserved in favour of Wiseinvest Advisors Pvt. Ltd.