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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 thirteen 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,

On behalf of entire team of Wiseinvest Advisors, I would like to Wish you and your loved ones a "Happy and Prosperous Diwali"!

The market volatility continued through the month of October 2018. While the benchmark Sensex was down by 5.71 percent, the mid-cap and small cap indices were down by 1.54 and 1.35 percent respectively. The volatility in the market is likely to continue in the run up to the general elections 2019. However, the stock market could get a boost from correction in oil prices from their peak in the past month and the possibility of on-going earning season providing some upside to earnings estimates.

On the earnings front, more than half of Nifty companies have reported earnings so far. While most companies have posted strong show on topline, margins are under pressure for some of the companies. On a more positive note, a broader analysis of earnings of over 400 companies indicates that large number of smaller companies have held on to their ground.

The Reserve Bank of India (RBI) in its fourth bi-monthly Monetary Policy Committee (MPC) meeting kept the repo rate unchanged at 6.5 percent and changed the stance to 'calibrated tightening' from 'neutral'. However, India's retail inflation edged up to 3.77 percent in September 2018 from 3.69 percent in August, but below market expectations of 4 percent. Food inflation increased only slightly, in line with central bank expectations.

Industrial production growth slipped to a three-month low of 4.3 percent in August mainly due to a sharp decline in the mining sector output and poor offtake of capital goods. The IIP growth is the lowest since May when industrial production grew at 3.9 percent. Industrial production expanded by 6.8 percent in June and 6.5 percent in July.

While it is evident that market volatility could continue till general elections 2019, investors with a clear long-term time horizon will do well to carry on with their investment process. If you have been on the sidelines, the current market volatility is a good opportunity to start your investment process. However, it may not be prudent to invest aggressively. In fact, a combination of lump sum and systematic investments can go a long way in helping you benefit from the volatility in the market.

Warm regards,

**Hemant Rustagi**
**Editor**

Address to be affixed here

## The Stock Market Performance During October 2018.

| Indices | 1st October 2018 | 31st October 2018 | Change in (%) |
|---|---|---|---|
| Sensex | 36,526.14 | 34,442.05 | -5.71 |
| MIDCAP | 14,840.74 | 14,612.59 | -1.54 |
| SMLCAP | 14,395.23 | 14,201.37 | -1.35 |
| BSE-100 | 11,226.62 | 10,661.72 | -5.03 |
| BSE-200 | 4,664.16 | 4,440.16 | -4.80 |
| BSE-500 | 14,533.55 | 13,881.71 | -4.49 |

# Multi-Cap ELSS Best For First-time Investors

With just over five months to go in the current financial year, it's time to ensure that your tax savings investments are on track. The habit of investing at the fag-end of the financial year puts a lot of financial burden in the form of having to generate a lump sum amount. Hence, by planning your tax savings investments and by investing systematically in options that are potentially better, you can save taxes more efficiently.

A good tax planning starts with calculating your tax liability. Considering the mandatory lock-in period for tax saving options, align them to your long-term investment goals so that these investments can contribute in a meaningful manner towards achieving them.

Don't make the mistake of either investing in any eligible option that comes your way or relying mainly on traditional options like 5 year bank fixed deposit, investment cum insurance products, National Saving Certificates and Public Provident Fund as that can undermine the role these investments can play in your portfolio. Although these options provide safety of capital, low returns, both pre and post-tax makes you compromise on your ability to generate large enough corpus to achieve your long-term goals.

Mutual funds have an important role to play here. Equity Linked Savings Schemes (ELSS) of mutual funds qualify for tax exemption under section 80C of the Income tax Act. An ELSS is perhaps the best way to achieve the dual objectives of benefiting from the growth in the stock market as well as save taxes while doing so.

As a product category, ELSS has given handsome returns over the years. Of course, being equity-oriented, these schemes carry the attendant risks that are associated with any equity investment. Besides, a three years lock-in period, ensures that volatility over the short term is handled efficiently.

As per the current tax laws, long-term capital gains (LTCG) as well as dividend distribution are taxed at a flat rate of ten percent. The difference being that while tax on LTCG is paid by you, Dividend Distribution Tax is paid by MFs before distributing dividend.

Being open-ended, ELSS also allow investors to invest systematically. These schemes have to invest at least 80 percent of the corpus in equity and equity related instruments. However, fund houses launching ELSS can decide its own investment strategy. Therefore, you must analyze the portfolio composition while selecting a tax savings scheme.

For a first-time investor, an ideal ELSS will be the one that has a multi-cap portfolio, with a bias towards large cap stocks. Remember, while the past performance can't be ignored, it is equally important to analyze the risk taken by the fund manger in achieving those returns. You would be better off investing in an ELSS that has a well-balanced portfolio as well as consistent performance track record.

**This article written by our CEO, Hemant Rustagi, was published in DNA Money on October 29, 2018.**

## A Note To Our Esteemed Readers

Wealthwise is being sent to some of you on a Complimentary basis as a part of our humble effort to ensure that more and more investors get the best from their investments. We sincerely hope that you would like the contents of Wealthwise and in some way benefit from it. However, if you do not wish to receive "Wealthwise" on a regular basis, please let us know by sending us a mail on information@wiseinvestadvisors.com. You can also write to us at our Corporate Office address mentioned on page 6.

# Strategize Your Wealth Building Process

Building wealth is an important goal for all of us. However, not many of us do enough to achieve this goal. While many investors err either by delaying the start of investment process or not remaining committed to it during their defined time horizon, there are those who don't build their portfolios with the right asset mix required to earn positive real rate of return, that is, returns minus inflation and taxes. Investing in a haphazard manner often causes panic and anxiety and that compels them to abandon their investment process.

No wonder, building wealth remains just a distant dream for many investors. Considering that there are no short cuts for making your portfolio grow to a level that there are enough financial resources at every stage of your life, the key is to have an investment plan in place and the conviction to stick with it during the periods of market turbulence.

It is important to have a clear thinking through your investment process. In other words, following a haphazard approach or abandoning your asset allocation in a current market like situation can make you compromise on your financial future. Therefore, while planning your investments you must look at bigger picture by establishing your goals to be achieved over short, medium and long-term horizon. A goal-based investment process ensures that you follow budgeting, give risk management its due and follow an asset allocation model that helps you understand the risk associated with your investments as well as what to expect in terms of returns.

Once a time horizon is assigned to a goal, you must remain committed to it. This approach prepares you to tackle the volatility without having to worry about its impact on the portfolio in the short term. Besides, if you continue your investment process un-interruptedly, you benefit from averaging.

It is a proven fact that there is no straight path to investment success. Hence, your investment process as well as options must provide you the flexibility required to realign your portfolio in line with your changing circumstances as well as economic and political environment. Besides, you may have to contend with the challenge of handling non-performance of some of the investments in your portfolio. Therefore, investing in open-ended mutual funds can be a much better option than investing in traditional options that do not allow you the required flexibility.

It is equally important not to get emotionally attached to your investments as you may find it difficult to make changes, when required. It is important to be open to make changes in the portfolio in case some of the investments under-perform their peer group and benchmarks for prolonged periods. However, it should be done only by after giving sufficient time to fund managers to perform and prove their worth over different market cycles.

Allowing greed and fear to cloud your investment decisions can be harmful for your financial health. While greed can take you beyond your defined level for risk, fear stops you from looking beyond traditional investment options. Also, avoid discussing your portfolio with all and sundry as conflicting views on your portfolio composition can make you lose your focus and compel you to make investment decisions that may compromise your financial future.

Today, a lot of information is available on various investment options and strategies to invest in them through different mediums. Hence, you must be open to absorb this knowledge and use it in your investment process. If you find it overwhelming to analyze this information, don't hesitate to take help of an advisor. Once you start working with an advisor, listen to him/her carefully as that can go a long way in allowing you to tackle the complexities of investment world.

# Q&A

### I have been investing in mutual funds for the last couple of years. Do I need to redesign my portfolio now?

Considering that volatility in the market is a natural phenomenon, it is important to deal with this in a manner that your investment process doesn't get derailed. If you have been investing in a disciplined manner with a clearly defined time horizon and still have a longer-term time horizon from here on, you must continue with your investment process. Of course, you need to ensure that your portfolio has the right balance in terms of allocation to different market segments like large, mid and small cap stocks. In case you find it to be quite aggressively in favour of mid and small cap stocks, you will be better off rebalancing it.

Similarly, if the completion of your time horizon is say up to one year away for a particular goal, it would be ideal to rebalance the portfolio by reducing your allocation to equity.

### Is it a good time to invest in an International fund?

Investing in international fund is always a good idea from diversification point of view. However, it should be done by only those investors who have gained experience of investing in funds that invest in domestic market and have also built a large portfolio. Besides, one can benefit from this diversification only if the exposure level is at least 5- 10 percent of overall equity allocation lest it won't provide any benefit to the portfolio. In the current situation, funds investing in US markets can be considered. The recommended funds are Franklin US opportunities fund, ICICI Prudential US blue chip equity fund, Reliance US equity opportunities fund.

### I would like to invest a lump sum amount (10/12 Lakhs) for 5 years time frame. Please guide me how to go about this since I am a new investor.

Since the time horizon is 5 years and the intent is to invest a lumpsum amount, large cap oriented multi-cap funds will be a better choice as not only will you get exposure to all three segments of the equity market but also benefit from the flexibility to the fund manager to make changes in the allocation based on the potential and the market conditions. The recommended funds are Kotak standard multi-cap fund, Mirae asset India equity fund and Invesco India contra fund.

# Performance Of Select Funds

**Data as on October 26, 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 | -8.49 | -8.05 | 4.40 | 6.84 | 13.89 | 13.65 | 18.21 | 18.52 |
| ABSL Equity Fund | Aug-98 | -11.04 | -9.16 | 4.10 | 9.64 | 18.74 | 15.72 | 18.14 | 19.65 |
| Axis Bluechip Fund | Jan-10 | -5.67 | 1.19 | 10.18 | 8.39 | 13.33 | 13.56 | — | — |
| Axis Focused 25 Fund | Jun-12 | -9.94 | -0.24 | 10.60 | 11.54 | 15.52 | — | — | — |
| Franklin India Equity Fund | Sep-94 | -9.46 | -7.34 | 3.43 | 5.60 | 16.06 | 13.78 | 17.83 | 19.17 |
| HDFC Equity Fund | Jan-95 | -6.13 | -9.20 | 6.01 | 7.34 | 15.59 | 12.65 | 18.45 | 19.07 |
| HDFC Top 100 Fund | Sep-96 | -3.30 | -7.04 | 7.43 | 8.25 | 14.29 | 12.10 | 17.36 | 18.95 |
| HSBC Large Cap Equity Fund | Dec-02 | -10.55 | -7.72 | 4.87 | 7.46 | 11.35 | 9.94 | 12.88 | 15.92 |
| ICICI Prudential Bluechip Fund | May-08 | -5.63 | -4.18 | 8.35 | 9.00 | 14.08 | 13.25 | 19.87 | — |
| IDFC Core Equity Fund - Regular Plan | Aug-05 | -10.72 | -8.51 | 5.83 | 9.96 | 12.69 | 11.82 | 13.81 | — |
| Kotak Bluechip Fund - Regular Plan | Dec-98 | -9.92 | -7.53 | 3.83 | 4.57 | 12.34 | 11.09 | 14.55 | 17.16 |
| Kotak Standard Multicap Fund Regular | Sep-09 | -8.11 | -7.49 | 6.40 | 8.92 | 17.46 | 15.80 | — | — |
| L&T Equity Fund | May-05 | -12.08 | -7.01 | 4.96 | 6.27 | 14.20 | 11.95 | 17.28 | — |
| Motilal Oswal Multicap 35 Fund | Apr-14 | -17.43 | -12.71 | 4.66 | 8.27 | — | — | — | — |
| Reliance Large Cap Fund | Aug-07 | -5.60 | -4.36 | 8.61 | 8.35 | 16.95 | 14.44 | 17.67 | — |
| Reliance Multi Cap Fund | Mar-05 | -9.86 | -7.16 | 5.52 | 3.93 | 15.50 | 13.75 | 20.77 | — |
| Invesco India Contra Fund | Apr-07 | -11.36 | -2.61 | 9.49 | 10.99 | 21.34 | 15.98 | 20.57 | — |
| SBI Bluechip Fund | Feb-06 | -12.36 | -8.17 | 2.93 | 6.22 | 14.80 | 14.60 | 17.08 | — |
| Principal Emerging Bluechip Fund | Nov-08 | -14.79 | -12.39 | 5.98 | 10.98 | 23.96 | 20.78 | — | — |

### Sectoral / Thematic Fund & Tax Saving

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ICICI Prudential Banking and Financial | Aug-08 | -10.08 | -12.72 | 6.42 | 13.31 | 21.14 | 18.85 | 21.53 | — |
| Reliance Banking Fund | May-03 | -12.63 | -11.27 | 7.15 | 9.59 | 18.50 | 14.84 | 20.29 | 20.94 |
| Reliance Pharma Fund | Jun-04 | 3.54 | 12.05 | 0.55 | -1.99 | 14.82 | 15.24 | 23.94 | — |
| Canara Robeco Consumer Trends | Sep-09 | -10.48 | -5.19 | 6.28 | 8.93 | 16.71 | 15.32 | — | — |
| SBI Consumption Opportunities Fund | Jul-99 | -13.41 | 1.27 | 11.87 | 10.95 | 13.93 | 18.12 | 24.68 | 21.18 |
| Tata India Consumer Fund - Regular | Dec-15 | -10.99 | 0.50 | 18.83 | — | — | — | — | — |
| Axis Long Term Equity Fund | Dec-09 | -9.95 | -1.16 | 7.53 | 7.71 | 19.80 | 17.78 | — | — |
| HDFC Taxsaver Fund | Mar-96 | -8.14 | -12.23 | 4.90 | 6.65 | 14.64 | 12.07 | 17.25 | 19.56 |
| HSBC Tax Saver Equity Fund | Jan-07 | -15.49 | -13.03 | 2.72 | 5.60 | 14.59 | 13.64 | 16.59 | — |
| IDFC Tax Advantage (ELSS) Fund | Dec-08 | -15.47 | -8.65 | 8.22 | 9.46 | 16.67 | 15.10 | — | — |
| Mirae Asset Tax Saver Fund - Regular | Dec-15 | -6.22 | -4.06 | 11.07 | — | — | — | — | — |

### Midcap & Smallcap

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Axis Midcap Fund | Feb-11 | -7.61 | 3.22 | 9.61 | 8.53 | 21.43 | 18.71 | — | — |
| DSP Midcap Fund - Regular Plan | Nov-06 | -17.22 | -12.81 | 1.60 | 9.05 | 21.88 | 16.16 | 22.08 | — |
| HDFC Mid-Cap Opportunities Fund | Jun-07 | -16.76 | -11.19 | 3.04 | 9.04 | 22.46 | 18.61 | 23.14 | — |
| Kotak Emerging Equity Scheme | Mar-07 | -17.90 | -12.85 | 1.67 | 8.31 | 23.96 | 18.08 | 19.99 | — |
| Franklin India Smaller Companies Fund | Jan-06 | -19.73 | -15.39 | 0.36 | 7.45 | 23.34 | 21.15 | 23.23 | — |
| HSBC Small Cap Equity Fund | May-05 | -28.46 | -22.51 | -2.00 | 4.78 | 22.69 | 14.67 | 15.70 | — |
| L&T India Value Fund | Jan-10 | -14.95 | -13.42 | 3.82 | 7.96 | 21.27 | 18.04 | — | — |
| SBI Magnum Global Fund | Sep-94 | -12.80 | -3.85 | 2.43 | 4.40 | 18.37 | 15.99 | 21.13 | 22.38 |

## ARBITRAGE FUNDS

| Funds | Launch | 3 Mth* | 6 Mth* | 1 Year* | 2 year** | 3 Year** | 5 Year** |
|---|---|---|---|---|---|---|---|
| ICICI Prudential Equity Arbitrage Fund | Dec-06 | 1.88 | 3.37 | 6.29 | 6.09 | 6.28 | 7.09 |
| Invesco India Arbitrage Fund | Apr-07 | 1.76 | 3.15 | 6.28 | 5.98 | 6.12 | 6.87 |
| Kotak Equity Arbitrage Fund Regular | Sep-05 | 1.90 | 3.40 | 6.48 | 6.22 | 6.33 | 7.23 |

## 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 | -8.79 | -8.02 | 3.18 | 6.75 | 14.42 | 12.71 | 17.22 | 16.65 |
| Canara Robeco Equity Hybrid Fund | Feb-93 | -5.60 | -2.38 | 5.26 | 6.97 | 14.65 | 12.99 | 17.26 | 16.78 |
| HDFC Hybrid Equity Fund | Sep-00 | -7.30 | -5.83 | 5.48 | 7.83 | 16.68 | 13.99 | 18.63 | — |
| ICICI Prudential Balanced Advantage | Dec-06 | -3.59 | -1.04 | 5.72 | 7.03 | 12.24 | — | — | — |
| ICICI Prudential Equity & Debt Fund | Nov-99 | -3.82 | -4.19 | 6.91 | 9.55 | 15.97 | 15.00 | 17.89 | 15.57 |
| Invesco India Dynamic Equity Fund | Oct-07 | -8.60 | -7.06 | 6.50 | 6.67 | 11.97 | | | |
| Kotak Equity Hybrid Fund - Regular | Nov-99 | -11.62 | -9.39 | 0.82 | 5.07 | 9.66 | 9.83 | 12.49 | 14.27 |
| L&T Hybrid Equity Fund | Jan-11 | -9.27 | -6.12 | 5.01 | 6.69 | 15.32 | 14.07 | — | — |
| Principal Hybrid Equity Fund | Jan-00 | -7.06 | -3.84 | 10.01 | 11.77 | 15.76 | 14.41 | 15.63 | 14.06 |
| Reliance Equity Hybrid Fund | Jun-05 | -8.79 | -7.95 | 5.42 | 7.09 | 15.23 | 13.40 | 18.24 | — |
| SBI Equity Hybrid Fund | Dec-95 | -6.33 | -3.14 | 5.12 | 7.13 | 15.41 | 14.75 | 16.23 | 17.17 |
| HDFC Equity Savings Fund | Sep-04 | -1.10 | -0.23 | 6.32 | 9.33 | 9.65 | — | — | — |
| IDFC Equity Savings Fund - Regular | Jun-08 | -1.79 | 0.66 | 2.89 | 4.17 | 5.58 | — | — | — |
| Kotak Equity Savings Fund - Regular | Oct-14 | -0.47 | 2.61 | 6.76 | 6.88 | — | — | — | — |
| Reliance Equity Savings Fund | May-15 | -4.02 | -2.75 | 5.21 | 5.58 | — | — | — | — |

## 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 | 1.01 | 1.70 | 3.08 | 4.48 | 5.68 | 7.37 | 8.52 |
| ABSL Medium Term Plan | Mar-09 | 0.49 | 0.19 | 1.84 | 3.87 | 5.99 | 7.40 | 8.89 |
| HDFC Credit Risk Debt Fund - Regular | Mar-14 | 0.87 | 0.96 | 2.23 | 3.24 | 5.59 | 7.32 | — |
| Kotak Credit Risk Fund Regular Plan | May-10 | 0.78 | 1.03 | 2.62 | 4.69 | 6.02 | 7.58 | 8.48 |
| Invesco India Short Term Fund | Mar-07 | 0.84 | 0.96 | 2.17 | 3.50 | 4.96 | 6.09 | 7.10 |
| Reliance Credit Risk Fund | Jun-05 | 0.77 | 1.07 | 2.73 | 4.56 | 6.23 | 7.46 | 8.43 |
| SBI Magnum Income Fund | Nov-98 | 1.03 | 0.50 | 1.77 | 1.87 | 5.27 | 6.92 | 7.77 |
| L&T Credit Risk Fund | Oct-09 | 0.73 | 0.98 | 2.16 | 4.13 | 6.11 | 7.36 | 8.62 |
| Kotak Savings Fund Regular Plan | Aug-04 | 0.77 | 1.67 | 3.44 | 6.59 | 6.85 | 7.29 | 8.06 |
| L&T Ultra Short Term Fund | Apr-03 | 0.79 | 1.73 | 3.43 | 6.61 | 6.88 | 7.41 | 8.04 |
| Kotak Banking and PSU Debt Fund | Dec-98 | 0.83 | 1.24 | 2.74 | 4.13 | 5.84 | 7.11 | 7.99 |

*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 2018

| Scheme name | Date | Dividend declared in ₹ Per unit |
|---|---|---|
| ICICI Prudential Equity & Debt (MD) | 03/10/2018 | 0.20 |
| ICICI Pru Balanced Adv (MD) | 04/10/2018 | 0.07 |
| Tata Hybrid Equity Fund (MD) | 04/10/2018 | 0.55 |
| ABSL Emer. Leaders-Sr 6-RP (D) | 15/10/2018 | 0.53 |
| DHFL Pramerica Hybrid Equity (MD) | 17/10/2018 | 0.17 |
| Invesco India Dynamic Equity (D) | 19/10/2018 | 0.15 |
| Principal Balanced Adv (D) | 19/10/2018 | 0.11 |
| Principal Hybrid Equity Fund (D) | 19/10/2018 | 0.23 |

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.

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.

# Equity Outlook

Indian equities have witnessed sharp decline in the past few weeks. Primarily, this has been driven by a deteriorating macro-economic climate, higher level of valuations and negative sentiments triggered by credit event at IL&FS leading to funding constraints for NBFCs in general. Rising crude oil prices, currency depreciation and higher interest rates have been the major macro headwinds to contend with. Impending state and central elections have also added to the uncertainty in the markets.

While Nifty 50 index has declined by about 12 percent from its peak, Nifty Midcap and Nifty Smallcap indices have fallen by about 20 percent and 37 percent respectively at the end of October 2018. Substantial correction seen in mid/small cap segment has resulted in those indices tracing back to almost 2 year/ 4year old levels. The current levels of mid/small cap indices were witnessed last time when Nifty 50 was trading at sub-9000 levels.

With such sharp fall, bulk of the valuation excesses in mid/small cap segment has been corrected to a large extent. Even large cap valuations have drifted towards 'fair range' of valuations based on 10 year history.

While the market may remain volatile in the immediate term due to the concerns mentioned above that are yet to be resolved, it may offer attractive investment opportunities for longer term investors, who are able to withstand likely interim volatility and are patient. Any favorable turn in macro climate and/or clarity on political side could lead to meaningful upside in the market from the current levels.

The ongoing quarterly earnings season has been a mixed one, with likely cut in consensus earnings numbers for FY19 and FY20. We expect corporate India earnings to grow at about 15 percent annually in FY19 and FY20 - a couple of percentage points of lower growth as compared to consensus.

Some of the key trends from the results declared so far are :

- Consumer companies reported mixed numbers. Risks on margins are elevated given the rising input cost dynamics.
- Within Financials, Private Banks continued reporting steady trends in loan growth, though the margins performance has been mixed. NBFCs posted another quarter of healthy core performance, even as concerns around growth and margins have surfaced, given the underlying context of tight liquidity and rising cost of funds.
- Volume and margin risks are rising in the Auto sector, given the higher cost of insurance and financing for buyers, increased discounting, currency volatility, higher commodity costs and a weak start to the festive season.
- In the IT sector, seasonal strength of 2Q manifested across the top-tier companies. The revenue performance was patchy across tier-II. Overall commentary on the demand environment remains positive and is substantiated by another quarter of healthy deal wins.
- Cost pressures continue adversely impacting the profitability of Cement companies, even as volume growth remains in line.

We continue to focus on domestic economy recovery plays in our portfolios. We like domestic cyclicals with high operating leverage. We remain overweight on Capital Goods and Cement sectors. In Cement sector, we expect pricing scenario to turn favourable going forward given continuing strong volume growth. The fortunes of the capital goods sector are also brightening up gradually. In addition, there is not much debt on the books of the capital goods and cement companies. The profitability improvement is going to be much stronger once demand picks up on a sustainable basis. We also expect Government spending to continue in infrastructure creation in the run-up to the elections, which augurs well for these sectors.

**Harsha Upadhyaya**
CIO - Equity
**Kotak Mahindra Asset Management Company**

**Mutual Fund investments are subject to market risk, read all scheme related documents carefully.**

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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 Advisers at our Andheri office.**



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