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WEALTHWISE

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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,

At the outset, on behalf of everyone at Wiseinvest, I would like to wish you, and your loved ones, a happy and prosperous 2011. As always, we remain committed to our values that are guided by an ethical compass that puts our clients' interest first and foremost.



It gives me an immense pleasure to inform you that Wiseinvest Advisors has been adjudged as “IFA of the Year 2009-10- All India” by WealthForum e-zine, India's first exclusive magazine for the wealth management industry. As you may recall, we were also awarded “IFA of the Year 2009-10 -Western Zone” in July, 2010. The year 2009-10 was truly a great year in our short and remarkable history. Needless to say, our achievements can be attributed to the manner in which we conduct our business and untiring efforts of our dedicated team. Of course, without your continued support it wouldn't have been possible for us to make it this far. We are thankful to you for all your support and sincerely hope that it would continue in the years to come.

The year 2010 turned out to be a good one for investors who were invested in equity and equity-oriented funds. While the Sensex rose around 17%, the BSE Mid-cap and Small cap indices were up 16% and 15% respectively. Interestingly, the Sensex has risen more than 400% during the last decade. In other words, if someone had invested Rs.20,000 in the Sensex at the beginning of the decade, it would currently be valued at around Rs.1,03,000. It is quite evident that during the last decade or so, equity as an asset class, has retained its position as the biggest Wealth Creator. FIIs inflows during 2010 were the highest ever in the history of Indian stock markets. For debt and debt-oriented fund investors too, 2010 was a year wherein they earned healthy returns. Debt oriented hybrid funds like Monthly Income Plans (MIPs) and Fixed Maturity Plans (FMPs) gave better returns than traditional instruments.

The question on everyone's mind is: What 2011 holds for the markets? We believe that Indian stock market is poised for good growth as our economy is likely to grow at around 9%. Besides, FII inflows, in all likelihood, would continue to remain robust in 2011. However, investors will have to grapple with increased volatility in the markets. A disciplined investor, however, would benefit from this scenario as systematic investing would allow him to turn volatility to his advantage.

Happy Investing!

Warm regards,

Hemant Rustagi
Chief Executive Officer

Wiseinvest
With YOU, in meeting
FINANCIAL CHALLENGES

Address to be affixed here

The Stock Market performance during December 2010.

Indices	1st December 2010	31st December 2010	Change in (%)
Sensex	19850.00	20509.09	3.32%
MIDCAP	7,983.60	7,802.71	-2.27%
SMLCAP	10,050.86	9,670.31	-3.79%
BSE-100	10,469.35	10,675.02	1.96%
BSE-200	2,498.63	2,533.90	1.41%
BSE-500	7,874.81	7,961.06	1.10%

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The Key to Investment Success : Asset Allocation

Many investors start the process of investment without determining their investment objectives and deciding the right asset allocation. They fail to realize that while the portfolio's performance is important, more important is allocation or diversification of the portfolio they build over time. Asset allocation not only reduces risk but also helps in optimizing returns on a risk-adjusted basis. It is a proven fact that around 90 percent of a portfolio's performance comes from the asset allocation strategies employed and the remaining from the performance of any of the individual securities that one invests in.

That's why the right way to invest is to decide the asset allocation first and then select investment options. Asset allocation is an investment strategy that is used to choose among various asset classes such as equities, debt, real estate and commodities. Simply put, asset allocation as a method of investing is an integral part of an investor's financial planning process.

The advantage of asset allocation lies in achieving superior returns when markets are down while minimizing the portfolio exposure to volatility. In fact, asset allocation is based on certain dimensions that, when combined, tend to control the volatility while achieving the targeted returns.

It is important to know that asset allocation is different from simple diversification. For example, if one diversifies one's equity portfolio by investing in 10 different equity funds, it doesn't do much to control the risk in the portfolio. In case of an adverse reaction, all these funds will react more or less in a similar way as they belong to the same asset class. On the other hand, different asset classes will react differently in any given situation.

The type of asset allocation strategy that works the best for an investor will depend largely on his time horizon and ability to tolerate risk. Here's a look at both of them and what one needs to consider while weighing different options.

Time Horizon - Time horizon is the expected number of years one will be investing to achieve an investment objective. An investor with a longer time horizon would generally feel more comfortable investing in riskier or more

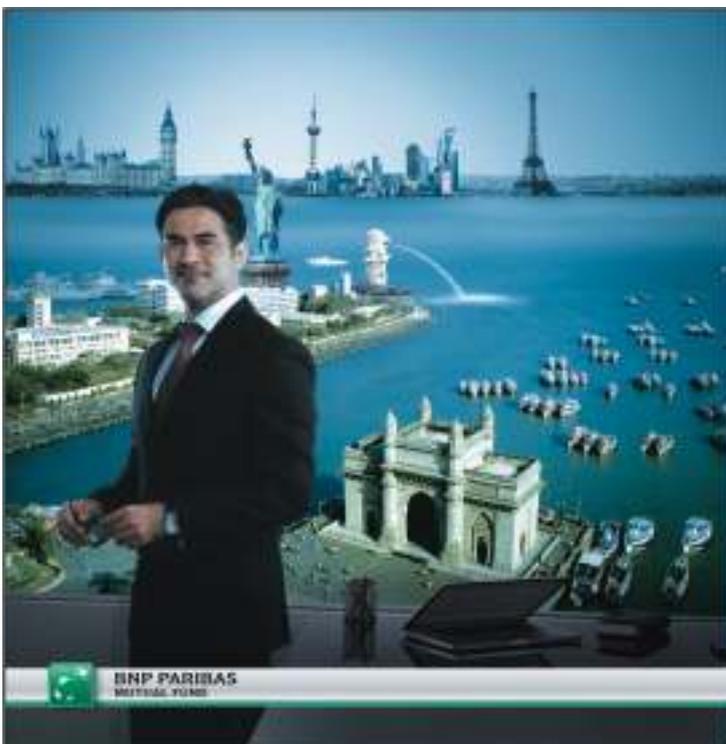
volatile asset classes as he can wait out slow economic cycles and the inevitable ups and downs of the markets. On the other hand, an investor investing with an objective to achieve a short term goal is likely to have less appetite for the risk taking.

Risk Tolerance - Risk tolerance is an investor's ability and willingness to lose a part of his original investment in order to achieve higher potential returns. Therefore, an aggressive investor, or one with a high-risk tolerance, is more likely to risk losing money in order to get better results. On the other hand, a conservative investor, or one with a low-risk tolerance, will prefer investment options that will preserve his original investment.

When it comes to identifying specific risks, most investors focus mainly on the market risk. However, the fact remains that there are a variety of risks that an investor has to face during the entire investment process. Some of these are:

- **Longevity risk** - An investor might outlive his assets. Hence, it is absolutely necessary to design a portfolio that has the potential to provide positive real rate of return over time.
- **Market risk** - Market risk is the risk that the value of an investment will decrease due to fluctuations in the securities prices. The most important way to manage risk in the portfolio is through diversification. There are many different ways to diversify the portfolio such as by investing in different asset classes, sectors, market capitalization as well as geographically. Another important strategy to manage risk is to rebalance the portfolio periodically. This is surely one way of buying low and selling high in a disciplined manner.
- **Inflation risk** - Inflation risk is the risk of losses resulting from erosion of an income or in the value of assets due to the rising costs of goods and services. It is one of the major risks for those investors who mainly invest in debt and debt related securities.
- **Behavioral risk** - It is a well known fact that uncertainty is a natural part of investing. It is quite common to see investors not acting in their own best interest when faced with uncertainties and hence causing

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* IPE Top 400, June 2010 (figures per December 2009). ** S&P (AA). Long Term Credit Rating.

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The Key to Investment Success...

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substantial impact on their investment results in the long run. Therefore, the key is to stick to one's investment plan irrespective of the market condition.

- **Sequence risk** - Even an investor who has an investment plan in place as well as follows a disciplined approach to investing can have the misfortune of experiencing a market downturn just around the completion of his time horizon. Hence, 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.

Needles to say, one's risk level is an important aspect to be considered while deciding asset allocation. The process of deciding which mix of assets to hold in the portfolio would broadly depend on one's comfort level and willingness to make sacrifices in returns.

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

Mutual funds not only provide diversification but also offer a "family of funds" to suit investment objectives of investors in different age groups with varied time horizons and occupations. Moreover, they also provide opportunities to re-balance the portfolio, which may be required as a result of changes in the circumstances.

Remember, a successful asset allocation strategy requires a commitment to keep a designated percentage of assets invested in their respective classes, regardless of the current performance of those classes. Inevitably, some asset classes and subclasses perform better than others over the short term.

(This article written by our CEO was published in Dalal Street Investment Journal - December 20, 2010 - January 2, 2011)

Some mistakes that could derail your investments

Here are some of the common mistakes that investors commit and also the manner in which these can be avoided:

Delay the process of investing

Many investors delay the process of investing because they either fear choosing the wrong investment option or think that they do not have enough money to start investing. The fact, however, is that today there are investment options like mutual funds that not only allow investors to start investing with a small amount but also provide the flexibility to increase this amount as well as make changes in the investment strategy to suit their changing requirements from time to time.

Underestimate risk and/or overestimate reward

One of the aspects of the investment process where investors often go wrong is to underestimate risk and/or overestimate reward from an investment. There is definitely a need to be more careful about this aspect of investing. One should not invest one's hard earned money in the instruments unless one knows how to select them. Besides, it is important to know that estimating the risk associated with an investment option is more crucial than estimating the returns.

Market timing is the best way to make money in the stock market

There is a general belief that the best way to profit from equity investments is through "market timing"- a strategy in which one tries to buy before the market goes up and sell before the market goes down. Unfortunately, very few can predict the market with any degree of accuracy when, and how much, the stock prices will go up or down. In fact, it has been proven time and again that even experts find it difficult to forecast market movements consistently. Considering that the rallies in the stock market usually occur in spurts, one needs to focus on time in the market rather than timing the market.

Biased towards traditional instruments

It is quite common to see investors often refusing to consider investing in smart options like mutual funds just because they do not offer guaranteed returns. The fact is that one needs to invest in instruments that have the potential to provide positive "real rate of return" i.e. returns minus inflation on an on-going basis. Besides, the tax efficiency, variety and flexibility should be taken into consideration at all times.

Compromise long term goals for the short term ones

There are a lot of investors who often lose sight of their long term objectives in order to fulfill their short term needs. While at times it may become absolutely necessary to do, one should try to remain focused on longer term goals. This can be made possible by examining various options rather than rushing to look for easier options.

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Performance of Select Funds

Data as on December 31, 2010

EQUITY FUNDS

Diversified

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Birla Sun Life Frontline Equity Plan A	Aug-02	2.80	1.27	14.32	18.70	50.36	5.20	22.78
Canara Robeco Equity Diversified	Sep-03	2.48	-1.96	9.63	20.67	52.60	4.61	19.70
DSPBR Top 100 Equity Reg	Feb-03	3.11	0.50	12.80	16.80	43.83	4.05	22.19
DWS Alpha Equity Regular	Jan-03	2.18	-0.68	12.73	16.79	38.89	-0.09	19.96
DWS Investment Opportunity Regular	Jan-04	0.07	-3.52	9.77	14.28	40.89	-3.02	20.66
Fidelity India Special Situations	Apr-06	1.44	-0.18	12.97	22.41	48.98	2.05	—
Franklin India Prima Plus	Sep-94	1.49	-1.53	13.58	19.48	43.81	2.65	20.13
HDFC Equity	Dec-94	1.00	0.63	17.85	29.22	62.98	10.15	22.77
HDFC Top 200	Sep-96	1.83	0.40	15.96	25.05	55.94	9.95	23.05
ICICI Prudential Focused Bluechip	May-08	3.89	3.33	18.16	27.07	55.86	—	—
ICICI Prudential Discovery	Jul-04	2.57	0.90	13.18	27.71	72.99	10.78	19.56
Kotak 30	Dec-98	2.12	-0.34	10.85	16.29	39.24	-1.26	18.15
Kotak Opportunities	Aug-04	2.36	-1.49	12.22	18.50	46.10	-2.65	19.58
Reliance Growth	Oct-95	1.34	-1.72	9.19	17.18	52.09	2.01	21.49
Reliance Regular Savings Equity	May-05	1.90	-0.25	12.42	19.61	55.78	3.27	27.08
Reliance Vision	Oct-95	2.34	-2.80	9.38	15.26	44.89	0.31	18.18
Religare Contra	Mar-07	1.55	-1.05	7.30	12.92	52.06	5.67	—
SBI Magnum Contra	Jul-99	2.62	-2.57	7.00	9.59	44.51	-0.72	19.61
SBI Magnum Multiplier Plus	Feb-93	1.19	0.24	10.94	19.30	49.57	0.08	19.89
Sundaram Select Focus Reg	Jul-02	2.16	-1.29	13.58	12.53	36.48	-3.96	18.83
Tata Equity PE	Jun-04	3.81	0.63	11.10	16.83	54.23	3.16	21.07
Tata Select Equity	Apr-01	2.62	0.03	11.83	19.77	57.53	-4.65	16.84

Sector, Specialty & Tax Saving

Canara Robeco Infrastructure	Nov-05	2.15	-4.59	4.11	11.75	45.28	-4.52	17.39
DSPBR T.I.G.E.R. Reg	May-04	-0.26	-4.51	6.58	13.78	41.51	-5.75	18.47
ICICI Prudential Infrastructure	Aug-05	3.47	-1.05	10.17	9.98	36.06	-3.62	22.32
DSPBR World Gold Reg	Aug-07	3.66	10.23	20.59	29.00	35.09	13.74	—
Reliance Banking Retail	May-03	-3.59	-2.18	26.16	46.08	63.45	18.42	28.37
Reliance Diversified Power Sector	Apr-04	2.17	-5.29	1.09	5.38	42.82	0.40	29.24
Canara Robeco Equity Tax Saver	Mar-93	1.40	-2.14	10.44	24.93	53.82	7.94	22.26
Magnum Taxgain	Mar-93	2.48	0.18	9.75	12.98	45.13	-1.67	16.43
Sundaram Tax saver	Nov-99	1.18	-0.65	13.37	13.06	39.46	0.65	17.77

Midcap & Smallcap

Birla Sun Life Mid Cap Plan A	Oct-02	-1.11	-0.79	9.55	13.30	57.80	1.17	20.03
DSPBR Small and Mid Cap Reg	Oct-06	2.71	-0.44	14.50	29.62	68.51	5.66	—
IDFC Premier Equity Plan A	Sep-05	1.67	-0.48	17.32	32.07	63.38	7.75	28.27
Principal Emerging Bluechip	Oct-08	-0.71	-1.73	10.38	19.74	72.08	—	—
Sundaram Select Midcap Reg	Jul-02	1.91	-0.63	14.93	20.76	60.99	2.59	23.14
Sundaram S.M.I.L.E. Reg	Jan-05	-0.20	-4.86	7.93	10.19	55.86	0.97	19.54

MIP

Canara Robeco MIP	Apr-01	0.6051	0.7567	3.9432	8.891	18.1096	7.2728	12.5955
HDFC MIP Long-term	Dec-03	0.6199	0.9128	5.6148	10.7935	20.3498	9.9468	12.0843
Reliance MIP	Dec-03	0.9253	0.5827	4.7219	8.7391	14.786	13.0194	12.4796
Principal MIP Plus	Dec-03	0.5572	0.7072	3.0568	5.0597	12.5962	5.5666	9.8529

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.

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	1.56	0.54	11.35	19.66	42.71	6.73	18.94
HDFC Prudence	Jan-94	0.92	0.22	12.26	26.32	52.80	10.57	20.87
Reliance Regular Savings Balanced	May-05	0.91	-1.45	11.30	22.11	46.49	11.14	18.45

Debt Oriented & Liquid Plus Funds

Funds	Launch	1 Week*	1 Month*	3 Months*	6 Months*	1 Year*	2 year**	3 Year**
Birla Sun Life Dynamic Bond Ret	Sep-04	0.4671	0.9438	2.0712	5.5546	6.4997	9.2494	8.5775
BNP Paribas Flexi Debt Reg	Sep-04	0.1197	0.1381	0.8744	3.7933	3.4543	9.8551	9.2733
Templeton India Short-term Income Ret	Jan-02	0.3113	0.9284	2.1286	5.5788	8.7183	8.8974	8.6699
Templeton India Income Opportunities	Dec-09	0.1812	0.7713	2.2823	7.1136	—	—	—
BNP Paribas Money Plus Reg	Oct-05	0.6086	1.7096	3.1257	5.5446	5.9292	7.0806	7.2623
Kotak Floater LT	Aug-04	0.6321	1.776	3.1458	5.6871	5.8041	6.9229	7.2521

*Absolute ** Annualized.

Dividends declared by equity and equity-oriented funds during the month of December 2010

Scheme name	Date	Dividend declared in Rs. Per unit
L&T Opportunities (D)	09/12/2010	2.00
Mirae (I) Opportunities-RP (D)	10/12/2010	1.50
Sundaram Select Focus - IP (D)	10/12/2010	2.00
Sundaram Select Focus - RP (D)	10/12/2010	2.00
Taurus Ethical Fund (D)	10/12/2010	1.80
Sundaram Tax Saver (D)	16/12/2010	1.50
Templeton (I) Growth Fund (D)	16/12/2010	4.50
Fidelity Tax Advantage (D)	21/12/2010	1.50
UTI Dividend Yield Fund (D)	21/12/2010	0.70
Sahara Midcap Fund (GAP)	24/12/2010	3.00
Sundaram Rural India Fund (D)	24/12/2010	3.00
Taurus Tax Shield (D)	24/12/2010	2.00
Edelweiss ELSS Fund (D)	27/12/2010	2.00
Sahara Midcap Fund (D)	27/12/2010	3.00
Religare Growth Fund (D)	30/12/2010	1.25
Tata Dividend Yield Fund (D)	31/12/2010	1.50
Tata Equity Opp. Fund (D)	31/12/2010	0.50

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.



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Mutual Fund investments are subject to market risk, please read the offer document carefully before investing.

Right approach to achieve investment success

Today, investors have plenty of investment options to choose from. However, the complexities in the marketplace and ever changing economic scenario make it increasingly difficult for investors to select the right investment avenues. Considering that each of the investment options carries some risk and that there is a direct relationship between risk and reward, it is vital to choose wisely. Therefore, the key is to invest in a manner that allows you to potentially lower your investment risk and enhance your chances to achieve your varied financial goals. All of us have certain financial goals and also have a certain tolerance for risk when it comes to investing our money.

Time diversification i.e. remaining invested over different market cycles is an important aspect of investing. It helps reduce the risk that you may encounter by investing or selling a particular investment or a category of investment at a bad time in the market cycle. It has much more of an impact on investments that are volatile, such as equity or equity fund. If one doesn't have the capacity and the temperament to remain invested in a volatile asset class over relatively longer time periods, the right thing to do would be to avoid those investments. Time diversification is equally important even for stable investments such as liquid funds, short term, and medium to long term debt funds as well as Fixed Maturity Plans (FMPs) of mutual funds.

Remember, your time horizon begins when you invest the money and ends when you need to take the money out. The length of time you remain invested is important because it can directly affect your ability to reduce risk. Longer time horizons allow you to take on greater risks in order to improve your total return potential. Some of the risks can be reduced by investing across different market environments.

Time horizons tend to vary over your life cycle. Most of the younger investors who invest to accumulate money for a long term investment objective like retirement have no real liquidity needs except for short-term emergencies. However, younger investors who are also saving for a specific event, such as buying a house or a child's education, may have greater liquidity needs at different time intervals. Similarly, investors who are on the verge of retirement as well as those who are already retired and largely depend on their investment income, have greater liquidity needs.

Remember, having a long-term view on investments helps in reducing the risk automatically. Since a long-term investor has time on hand, he can wait for the markets to recover. Therefore, it will not be wrong to say that the right approach to handle all kinds of markets, especially a volatile one, is to remain focused on your investment plan and objectives.

Someone who has spent time in the stock market would know that it is quite normal for the stock market to go up and down in certain time periods. Therefore, while a seasoned investor may take volatility in his stride, a novice investor will be tempted to react in a manner that may be detrimental to his fortunes.

For those who are not familiar with equity markets, it is important to put volatility in perspective. The fact of the matter is that irrespective of the instrument that one invests in, one still has to contend with volatility. Even conservative investors who invest in traditional instruments have to tackle interest rate fluctuations.

No doubt, some situations that cause sudden fall in the market also provide great investing opportunities too. However, the temptation to time the market by trying to sell in a falling market with a hope to invest at lower levels later can expose investors to a high risk situation. Remember, even full time professionals like fund managers find it difficult to achieve this. Therefore, the best way is avoid market timing and adopt a strategy of "buy and hold". The key is to invest through a well-defined financial plan as that helps in tackling the volatility by staying away from it altogether. The main advantage of remaining invested is that one minimizes one's chances of missing out on the sudden rallies in the market.

In a frequently volatile market, it helps to diversify. Diversification not only reduces risk but also helps in optimizing returns on a risk-adjusted basis. For those investing in equity directly, mutual funds can help achieve the level of diversification not possible to achieve through direct investment in equities alone. For a mutual fund investor, it is necessary to make sure that his funds from different fund families do not hold the same stocks in a very high proportion. If they do, it will have impact on the level of diversification that he aspires to achieve through them. Also one needs to avoid heavy concentration in a specific category of funds, sectors, segment and a particular fund house.

Another important aspect of investing is to rebalance your portfolio periodically. Rebalancing is a disciplined method of maintaining proper allocation to each asset class in your portfolio. Over a period of time, the mix of assets in your portfolio may become inconsistent with your original asset allocation. Rebalancing the portfolio in a planned manner makes your portfolio less prone to volatility.

(This article written by our CEO was published in www.moneycontrol.com)



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Wiseinvest Advisors has been adjudged "Distributor of the year-IFA-All India" by WealthForum e-zine-India's first exclusive magazine for the Wealth management Industry. The Distributor of the year IFA-All India award is given to an advisor / entity that displays commendable all round growth across all categories of funds as well as in promoting the savings and investment habits among investors using mutual fund products.



Our CEO Mr. Hemant Rustagi receiving the Distributor of the year Award IFA-All India



Our CEO Mr. Hemant Rustagi, accompanied by Ms. Shantasree Rustagi - Director, Ms. Parvathi S-Vice President, Ms. Rajalakshmi S-Vice President & Ms. Pallavi Naik - Associate Vice President & Mr. Vijay Venkatram - CEO of WealthForum e-zine with the coveted award.

Needless to say, it wouldn't have been possible to achieve this success without the untiring and honest efforts of the entire Wiseinvest team. And, above all, we would like to say a big thank you to all our investors for their continued support. On our part, we remain committed to ensure that you achieve all your investment goals by investing your hard earned money judiciously.

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