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WEALTHWISE

Inside

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 seven 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 month of April turned out to be a tepid one for the stock markets. While the BSE benchmark index Sensex as well as mid-cap index were down by 0.91% and 1.54% respectively, the small cap index was marginally up by 0.35%. Factors such as slow economic growth, currency fluctuation, government's inability to carryout big ticket reforms and widening fiscal deficit have been weighing on the markets. The recent announcement by Standard & Poor (S & P) to cut its outlook for India from stable to negative would further add to the woes. Although all these factors indicate to a bearish stock market in the near term, FIIs inflows and some positive developments on the economic and political front hold the key to long-term prospects of the market.

The Reserve Bank of India cut its short-term lending rate for the first time in three years by a greater-than-expected half a percentage point in its Annual Monetary Policy announced on April 17, 2012. However, the Cash Reserve Ratio was left unchanged at 4.75%. The RBI also announced that its baseline expectation for GDP growth in the fiscal year that ends in March 2013 is 7.3%, compared with an expected 6.9% in the just-completed year. The RBI expects headline inflation to end the year at 6.5%, with little deviation expected during the year.

India's overall inflation, measured by Wholesale Price Index (WPI) dropped marginally to 6.89% in March 2012 . Inflation stood at 6.95% in the previous month of February and stood at 9.68% in March last year. While Food inflation stood at 9.94% in March compared to 6.07% in February, non-food manufactured inflation dropped to 4.87% in March compared to 5.7% in February.

These are certainly difficult times for investors. However, your ability to tackle these tough times would depend upon your mindset and preparedness to deal with such a situation. If your exposure to equity is in line with what you can afford emotionally and financially, it would be easier to remain focused on the end result. In any case, don't allow these intermittent periods of uncertainty to impact your chances of successfully achieving your long-term investment goals.

Warm regards,

Hemant Rustagi
Editor

Wiseinvest
With YOU, in meeting FINANCIAL CHALLENGES

Address to be affixed here

The Stock Market performance during April 2012.

Indices	2nd April 2012	30th April 2012	Change in (%)
Sensex	17478.15	17318.81	-0.91%
MIDCAP	6414.81	6315.85	-1.54%
SMLCAP	6741.03	6764.62	0.35%
BSE-100	9219.00	9083.47	-1.47%
BSE-200	2171.76	2136.82	-1.61%
BSE-500	6806.09	6698.51	-1.58%

When Opportunity Knocks, Open The Door!

Investing to achieve different goals over different time periods is a process that requires an investor to have an investment plan and a strategy to implement it effectively. An asset allocation strategy can ensure that one's investments remain on track over different time periods.

While sticking to a carefully designed asset allocation model helps in avoiding any haphazard decisions, realigning your portfolio within an asset class to benefit from opportunities provided by factors such as the emerging interest rate scenario, changes in tax laws, regulations as well as announcements made in the Union Budget can make a huge difference to the portfolio returns. Therefore, as an investor, you must keep an eye on these changes and have enough flexibility in your portfolio composition to benefit from them

Here are some of the opportunities that you must consider while making investment decisions during the current financial year:

Continue to Invest In ELSS

Since the Direct Tax Code (DTC) is going to be implemented from April 2013, Equity Linked Savings Schemes (ELSS) will continue to exist for one more year. Hence, let ELSS be a part of your tax planning. If you are a first time investor, investing through SIPs would be an ideal option for you.

Rajiv Gandhi Equity Savings Scheme

If your annual income is less than ₹ 10 lakh and you are open to taking the plunge into the stock market for the first time, you can opt for the Rajiv Gandhi Equity Savings Scheme (RGESS) that has been introduced in the Union Budget 2012. The scheme would allow for income tax deduction of 50 per cent for investments of up to ₹ 50000 in direct equities. Being a tax saving instrument, it will have a lock-in period of three years. Needless to say, you will have to be careful about the stock selection. Once the details are out, it would be easier to work out a strategy to invest through this scheme.

Tax Free Infrastructure Bonds

During the last financial year, i.e. 2011-12, tax free infrastructure bonds provided an excellent long-term investment opportunity for investors. These bonds were issued for tenures of 10 and 15 years. Moreover, the high interest rate regime also ensured attractive tax free annualised returns in the range of 8-8.35 per cent.

These bonds scored high on safety, predictability of returns and liquidity through listing on the stock exchanges. Besides, it was a real bonanza to be able to invest in debt instruments for such a long-term period without having to worry about the implications of interest rate movements on your investments. It is important to know that these bonds are different from infrastructure bonds that entitled you for a tax benefit of ₹ 20000 under Section 80CCF.

In the Union Budget 2012, the Finance Minister has doubled the target for these bonds to ₹ 60000 crore. Therefore, make sure that these bonds remain in the contention for long-term allocation to debt instruments in your portfolio. Considering the emerging interest rate scenario, it is quite likely that these bonds will offer lower returns than those offered last year. However, for investors in the higher tax brackets, these bonds will continue to remain quite attractive as the returns are tax free.

FMPs and Short-Term Bond Funds

With a fiscal deficit of 5.90 per cent for the current financial year and a projected deficit of 5.19 per cent for the next financial year, it is highly unlikely that the RBI will go in for aggressive rate cuts. In a situation like this, Fixed Maturity Plans (FMPs) will continue to remain an attractive option for those who are sure about their time horizon. Remember that FMPs are much more tax efficient than traditional investment options like fixed deposits and bonds.

However, if you are not in a position to lock your money in for a fixed period, as required by FMPs, ultra short-term bond funds as well as short-term bond funds are good options to consider for higher and tax efficient returns as compared to traditional investment options.

Those investors who have been thinking of investing in income funds to take advantage of a reversal in the interest rate cycle should note that the risk-return matrix has turned unfavourable for the short term.

(This article written by our CEO, Mr. Hemant Rustagi was published in Dalal Street Journal-Issue dated April 22, 2012).

Discipline alone is not enough for an investor

It is a known fact that equity investments require time commitment. Besides, a disciplined approach to investing goes a long way in tackling the volatility in the stock market. However, to ensure success on a consistent basis, you would be required to do much more than be patient and disciplined. Different stages of your investment horizon would require you to constantly refine or rejig your investment strategy. Here's some help:

Focus on core holdings:

Very often, investors chase the performance of a fund when choosing one for investment. A strategy like this can take you beyond your defined risk level. Remember, an aggressive portfolio doesn't guarantee better performance. Therefore, you need to focus on the core holdings or components of a fund(s) that are managed well and have a consistent performance record. Simply put, you must avoid funds that have been performing inconsistently over different time periods of time.

Review product lines across fund houses:

Most fund houses offer a family of funds, thereby, allowing you to diversify across different asset classes to achieve different investment objectives as well as to invest for different time periods. Therefore, while making an investment decision, it would be wise to review the products on offer from a fund house you are interested in investing. This can be of great help in case you have to make changes in your portfolio, in view of either your investment objective(s) or change in horizon.

It is much more convenient to move money within the same fund house compared to redeeming from one fund house and reinvesting in some other fund house. However, if the performance of alternate fund being considered is not up to the mark, it may not be prudent to go for the convenience alone.

Diversified vs concentrated portfolio:

A common dilemma for investors is to decide whether to opt for a well-diversified fund or to invest in a fund that has a concentrated portfolio. The choice between a diversified and concentrated portfolio would largely depend on your risk profile. A fund with a well-diversified portfolio enables you to spread your investments across different sectors and segments of the market. The idea is that, if one or more stocks do badly, your portfolio is not affected much. At the same time, if one stock does very well, your portfolio can't reap all the benefits. A diversified fund, therefore, will be an ideal choice if you are looking for steady returns over a longer term.

A fund that has a concentrated portfolio works exactly in the opposite manner. While a fund with a concentrated portfolio has a better chance of giving higher returns, it also exposes you to higher risk during a market downturn. Thus, you should opt for a fund with a concentrated portfolio if you have the capacity to shoulder higher risk in order to improve your returns. The risk of higher volatility can be mitigated by a systematic investment approach.

Fund size:

Another issue that often worries investors is the size of a fund. Many believe a fund with a huge corpus can become too unwieldy to manage efficiently. However, the fact is that you must look at the fund size in the context of its nature and investment style. A fund's performance, generally, suffers only in case it outgrows its investment style. For instance, stock picking is key in a mid-cap fund. But if the fund is very large it may force the fund manager to make certain compromises in terms of the investment approach. However, the fund size would not matter for funds, such as index funds, pure large-cap funds and those diversified funds where the fund manager has the flexibility to move assets across different market caps.

Therefore, if the corpus of some of the funds in your portfolio start worrying you (or are too big), make an informed decision on whether or not to continue investing in that fund.

(This article written by our CEO, Hemant Rustagi was published in Business Standard on April 17, 2012).

Performance of Select Funds

Data as on April 27, 2012

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	0.28	1.41	0.94	-9.79	-0.23	19.77	9.41
Canara Robeco Equity Diversified	Sep-03	0.16	4.09	3.91	-2.43	3.29	24.23	12.13
DSPBR Top 100 Equity Reg	Mar-03	0.64	1.71	4.71	-4.55	3.49	19.43	10.75
DSPBR Equity	Apr-97	1.43	3.88	3.58	-7.26	2.09	23.03	11.68
Fidelity Equity	May-05	-0.98	0.54	-0.39	-8.49	2.58	22.20	8.95
Fidelity India Growth	Oct-07	-1.22	-0.13	-1.09	-8.84	2.22	22.30	—
Franklin India Flexi Cap	Mar-05	-0.82	-0.14	-0.1	-10.48	0.49	20.75	7.67
HDFC Equity	Jan-95	-0.53	2.43	3.00	-11.72	2.72	26.33	11.27
HDFC Top 200	Oct-96	-1.07	0.91	2.27	-9.94	2.50	22.35	12.04
ICICI Prudential Dynamic	Oct-02	-1.85	0.87	3.46	-7.07	3.02	21.63	9.06
ICICI Prudential Focused Bluechip	May-08	-0.75	0.50	0.95	-6.71	5.34	23.01	—
Kotak 50	Dec-98	-1.66	-1.17	-1.56	-9.22	-0.81	15.40	6.56
Kotak Opportunities Fund	Sep-04	-0.61	0.64	1.31	-8.97	-1.39	18.83	7.67
Reliance Regular Savings Equity	Jun-05	0.77	4.07	2.69	-12.74	-3.07	21.16	12.14
Reliance Equity Opportunities	Mar-05	2.69	7.66	8.20	0.15	7.35	34.24	11.57
Tata Equity PE	Jun-04	-2.84	1.97	2.90	-10.23	-0.60	22.68	10.89

Sector, Specialty & Tax Saving

ICICI Prudential FMCG	Mar-99	8.19	18.7	17.4	31.69	29.93	39.49	18.43
Reliance Banking Retail	May-03	-1.43	1.35	5.40	-16.15	5.11	27.96	19.07
Reliance Pharma	Jun-04	6.53	6.24	6.78	3.43	8.60	41.51	22.07
Canara Robeco Equity Tax Saver	Mar-93	-0.18	3.68	3.86	-3.17	2.47	25.74	13.77
Fidelity Tax Advantage	Feb-06	-0.54	1.66	0.05	-8.38	2.95	23.10	9.94
HDFC Taxsaver	Mar-96	-0.96	2.45	3.10	-8.92	1.96	24.73	8.79

Midcap & Smallcap

Birla Sun Life Dividend Yield Plus	Feb-03	-0.43	5.52	2.88	-3.94	5.36	28.19	14.51
DSPBR Small and Mid Cap Reg	Nov-06	2.54	8.75	2.46	-6.43	3.03	32.93	10.46
HDFC Mid-Cap Opportunities	Jun-07	0.74	8.56	8.67	1.96	8.92	33.55	—
ICICI Prudential Discovery	Aug-04	2.90	8.35	11.89	-2.88	4.42	34.34	13.19
IDFC Premier Equity	Sep-05	3.00	6.24	2.90	1.49	6.92	30.10	18.56
IDFC Sterling Equity	Mar-08	5.39	12.78	7.46	-0.88	4.82	30.85	—
Sundaram Select Midcap Reg	Jul-02	-0.91	3.18	0.77	-7.88	1.43	28.39	9.46
UTI Dividend Yield	May-05	-2.40	-0.26	-1.74	-8.93	2.60	22.07	13.42
UTI Master Value	Jul-98	-0.04	3.33	-1.01	-10.88	1.03	29.23	11.31

Gold: Fund of Funds

Kotak Gold	Mar-11	1.4923	2.1399	6.6681	29.0904	—	—	—
Reliance Gold Savings	Mar-11	0.9769	2.2726	6.3114	29.0093	—	—	—

Hybrid: Equity Oriented

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Canara Robeco Balanced	Feb-93	1.00	5.43	4.88	1.00	4.81	19.85	10.94
HDFC Balanced	Sep-00	0.71	5.45	5.48	2.28	9.65	25.35	13.70
HDFC Prudence	Feb-94	0.62	4.19	4.82	-2.19	6.66	26.68	13.29
Reliance Regular Savings Balanced	Jun-05	0.52	4.78	5.28	-3.82	1.83	20.22	13.32

Hybrid: Debt Oriented

Canara Robeco MIP	Apr-01	1.0106	3.1046	4.6912	6.9819	6.7605	9.9231	10.3921
HDFC MIP LTP	Dec-03	0.5915	2.5211	4.7505	4.3182	6.4439	12.0742	10.1831
Reliance MIP	Dec-03	1.4425	3.3389	6.9562	6.9499	7.0157	10.5387	11.4728
FT India Dynamic PE Ratio FoF	Oct-03	-0.9446	0.4804	1.824	0.3302	4.4598	14.8757	10.4400

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	0.0232	1.0381	2.2891	5.4096	10.1718	7.8197	7.3668
BNP Paribas Flexi Debt Reg	Sep-04	-0.2044	1.3521	2.8818	6.2015	7.656	5.7429	5.6022
Templeton India Short-term Income Ret	Jan-02	0.0728	1.1456	2.3931	4.6438	9.4549	7.5484	8.4270
Templeton India Income Opportunities	Dec-09	0.0521	1.1768	2.2995	4.6665	9.5137	7.7699	—
BNP Paribas Money Plus Reg	Oct-05	0.1269	0.9429	2.4689	4.7891	9.267	8.0544	7.0301
Kotak Floater LT	Aug-04	0.1714	0.9229	2.3242	4.7296	9.4811	8.2091	7.1496

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

Dividends declared by equity and equity-oriented funds during the month of April 2012

Scheme name	Date	Dividend declared in ₹ Per unit
Tata Equity P/E Fund (D) (TO-B 10%)	16/04/2012	2.00
Tata Equity P/E Fund (D) (TO-A 5%)	16/04/2012	1.00
UTI Opportunities Fund (D)	19/04/2012	0.90
Tata Ethical Fund (D)	26/04/2012	2.00
ICICI Pru Top 100 Fund (D)	27/04/2012	1.00
Birla Sun Life MNC Fund (D)	27/04/2012	5.00
Birla SL Frontline Equity -A (D)	27/04/2012	1.00
IDFC Sterling Equity	30/04/2012	1.40

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.

Q & A

Q: I have invested around ₹ 7 lacs in 30 equity funds during the last three years. I feel that I would have done better if I had lesser number of schemes in my portfolio. Therefore, I would like to bring the number down to around 10-15 schemes. Can you suggest the right way to achieve this and also recommend a proper strategy for investing in mutual funds?

A: Yours is a definitely a case of excessive diversification. Many a times when we don't follow a proper strategy for investing, we end up having a hodgepodge portfolio. It is quite common to see investors following a strategy of investing in every fund that comes their way. In other words, the long-term track record of existing schemes is completely ignored.

If that indeed is the case with you, then you also need to tackle an issue of ascertaining your exposure to different market caps i.e. large cap, mid cap and small cap and rebalance it according to your risk profile and time horizon.

First of all, you need to identify the non-performing funds in your portfolio. For this, the right way would be to compare the performance of your schemes with the peer group. After identifying the poor performing schemes, ascertain the tax liability that would arise if you were to redeem your holdings. In case some of the non-performing schemes are about to complete one year in near future, phase out the redemption process to avoid paying short-term capital gains tax.

Secondly, ascertain the level of exposure to different market caps. This can be a little tricky and it would be better if you take help of a professional advisor. In any case, it is important to know that the offer document clearly states the investment strategy of the fund and that together with the fact sheet can be used to find out the level of exposure to different market caps. After doing that consider weeding out some of the schemes to rebalance your portfolio to suit your profile and time horizon.

While redesigning the portfolio, the focus should be on those schemes that have been performing consistently and have a good quality portfolio. It is equally important to know that the price at which you buy units of a scheme i.e. ₹10 or ₹ 50, does not have any bearing on the returns that you can expect from it. The key is to invest in the schemes that suit your investment objective and widen your investment universe.

Live Your Seniority

All India Senior Citizens Confederation (AISSCON), in association with Chrysolite Media, Mumbai organized a one-day fun-filled interactive session for senior citizens on 28th April at Nerul. The sessions on the day included talks on legal, financial, security, health and self healing topics.

Mr.Hemant Rustagi, CEO, Wiseinvest Advisors explaining personal finance management to Senior citizens and how they can use it for their own benefits.

Senior citizens listening with rapt attention at the Seminar

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IFA of the Year-Mumbai Region (2010-2011)

Wiseinvest Advisors has been adjudged IFA of the year-Western Zone-Mumbai Region (2010-11) by WealthForum e-zine-India's first exclusive magazine for the Wealth Management Industry. This is the second year in a row that we have won this coveted award. Our CEO, Mr. Hemant Rustagi received the coveted award. A big thank you to all our investors.

Wiseinvest Advisors was also adjudged Winner - Increase in Investor Folios, IFA West - Mumbai Region. Ms. Rajalakshmi S (Vice President) & Ms.Parvathi S (Vice President) received the trophy.

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 benefit from the potential of mutual funds. 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 either by sending us a mail on information@wiseinvestadvisors.com or by calling us on (022) 65281507/09. You can also write to us at our Corporate Office address mentioned below.

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