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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 more than 25 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 ten 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 branches or email your requirements at information@wiseinvestadvisors.com and our professional advisors will do the rest.

Dear Investor,

The Bhartiya Janata party, led by Prime Minister Narendra Modi and Amit Shah swept polls in two important states of Haryana and Maharashtra. In Haryana, the party formed the government having swept the poll to bag a majority 47 seats in the 90 seats assembly, winning the state for the first time alone since it was formed in 1966. In Maharashtra, the BJP has formed the government as it emerged as the single largest party with 122 seats.

Buoyed by the victories in these two states, the government took bold steps to deregulate the pricing of diesel and increase the price of gas to $ 5.6/ mmbtu, with effect from November 1, 2014. The NDA government is showing urgency in rolling out GST and hence these victories gain more significance. Besides, with more states coming into the BJP's fold, the party will have more seats in the Upper House making it possible to pass the crucial economic bills.

On inflation front, the WPI rose an annual 2.38 percent in September 2014, its slowest since October 2009. The CPI dropped sharply to 6.46 percent in September, the lowest since the data series started in January 2012. However, the real picture of inflation will emerge only after November when a favourable base effect fades out and the impact of sub-normal monsoon will become more visible. If the CPI inflation for January to March 2015 remains around the current level, the RBI may respond by reducing the policy rate. This augurs well for the economy and the markets.

Of course, there are challenges too. India's gross fiscal deficit touched 82.6 percent of the budgeted estimates for 2014-15 in the first six months of the year itself. Although there was a modest rise in the expenditure, the deficit expanded mainly due to weak growth in government tax collections. However, the government financed 71.8 percent of its deficit through market borrowings during April-September 2014 as against 77.2 percent last year. Besides, the latest data release by the CSO shows that the industry grew by only 0.4 percent in August 2014 compared with the same month a year ago. The deceleration in industrial growth was mainly because of decline in the manufacturing sector. These are indications that improvement in the sentiment post General elections 2014 are yet to yield results on the ground. However, the growth in core sectors like steel and cement indicates that the recovery may be round the corner.

As for the prospects of the stock market going forward, although the market has touched an all time high, there are still ample opportunities for long-term investors to earn healthy returns. We are at an early stage of a multi-year bull run driven on the back of an economy which is substantially and structurally changing.

Warm regards,

Hemant Rustagi
Editor

Address to be affixed here

The Stock Market Performance During October 2014.

Indices	1st October 2014	31st October 2014	Change in (%)
Sensex	26,567.99	27,865.83	4.88%
MIDCAP	9,511.40	9,834.60	3.40%
SMLCAP	10,641.82	10,930.95	2.72%
BSE-100	7,996.71	8,383.91	4.84%
BSE-200	3,243.23	3,392.39	4.60%
BSE-500	10,146.17	10,594.89	4.42%

In Conversation With Mr. Vetri Subramaniam, CIO, Religare Invesco Mutual Fund

How is the stock market positioned at this stage?

A year ago the market was extremely pessimistic. Then we witnessed a hope trade in the run-up to the general elections. Now the market has turned more selective with the focus being on visibility of earnings growth. Markets are currently at a premium to the long-term average P/E multiple on a trailing basis. It is not cheap but it is not particularly expensive either. This run-up however can be attributed more to the change in the PE multiple rather than to earnings growth. In our view, any significant progress in the market hereon will be driven by earnings growth.

Which are the sectors you are bullish / bearish on at present?

We are overweight on the consumer discretionary sector which we believe will benefit from a recovery in the economy. Further we have been adding to our exposure in Financials. We have cut our exposure to industrials because valuations appear expensive and the recovery in the investment cycle may be quite slow. We are overweight IT – where valuations are reasonable and growth is steady. We are underweight Consumer Staples, given the high valuations the sector is presently commanding. For other sectors such as Pharmaceuticals, Utilities & Telecom our focus is more on stock selection than a sector view.

Are there enough value opportunities in the market now?

Today it is fairly hard to find absolute cases of under valuations as everything has run-up fairly sharply. But there are relative value opportunities. Also sensitivity of companies to a recovery in the economy is different and we are looking for companies that are more geared to an upcycle while having the balance sheet strength to navigate a revival if it were to take much longer than anticipated.

Religare Invesco Contra has fared well over a period of time. What would you attribute this good performance to?

The scheme has got a value investment style. We are early to take on risk if the valuations provide comfort. We don't necessarily wait for sound-bytes of improvement in growth or earnings numbers before investing. Our focus on balance sheet health and return on capital provides comfort even if the company experiences headwinds in their Revenue account. We are very valuation conscious in terms of which stocks we want to buy but we are happy to stay invested even as the company does well and comes into favour in the market.

Do you think there is a case for investors to increase asset allocation to mid-caps at this stage?

Midcaps normally trade at a discount to the large caps. However, presently they are trading at a premium. Thus, the valuation support for mid-caps is not convincing at this point in time. However, having said that, we believe that the key to generate an alpha in equities, particularly in midcaps, is long term stock selection and patience to let these business grow and mature. For midcap companies, especially, this is more important than the economic and market valuation cycles. Over the longer run, midcaps have delivered higher returns than the large caps.

Your advice to investors looking to start equity investing at this point in time.

Any time is a good time to invest in equities provided it is done systematically, over a period of time and with an intention to stay invested for long. For investors considering a significant allocation to equities, our advice is that such kind of investment is best done when the valuations are trading below the long-term averages. But with valuations trading above their long term averages presently, we would advise investors to invest in equities through systematic investment plans (SIP). Investment and allocation to equities should be guided by valuations and not by outlook or sentiment.

Suitable for Investors who are seeking*

Religare Invesco Contra Fund Open – ended Equity Scheme	• Capital appreciation over long – term • Investment in equity and equity – related instruments through means of contrarian investing • High risk (BROWN)

* Investor should consult their financial advisor if in doubt about whether the product is suitable for them.

Note - Risk is represent

(BLUE) Investor understand that their principal will be at low risk | (YELLOW) Investor understand that their principal will be at medium risk | (BROWN) Investor understand that their principal will be at high risk

Disclaimer

The views are expressed by Mr. Vetri Subramaniam, CIO - Religare Invesco Asset Management Company Private Limited. The views and opinions contained herein are for informational purposes only and should not be construed as an investment advice or recommendation to any party or solicitation to buy, sell or hold any security or to adopt any investment strategy. The views and opinions are rendered as of the date and may change without notice. The recipient should exercise due caution and/or seek appropriate professional advice before making any decision or entering into any financial obligation based on information, statement or opinion which is expressed herein. Religare Invesco Mutual Fund/Religare Invesco Asset Management Company Private Limited does not warrant the completeness or accuracy of the information disclosed and disclaims all liabilities, losses and damages arising out of the use of this information.

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

Not Yet Invested In Mutual Funds?

Mutual funds have proved to be an ideal investment option for investors the world over. In India, the popularity of mutual funds has been growing over the years, albeit at a very slow pace. There are a number of reasons why investors haven't warmed up to the idea of investing in market linked products offered by mutual funds. Over the years, investors have got used to investing in traditional investment options like fixed deposits, bonds and small savings schemes as they get guaranteed returns. While doing so they end up ignoring the need to earn positive real rate of return i.e. post tax returns minus inflation. No wonder, most Indian investors struggle to make their long-term investments grow at a healthy rate.

If you are one of those investors who have stayed away from market linked products, it's time for you to rethink your investment strategy as these products have the potential to provide higher and tax efficient returns. You must know that investing in mutual funds is not a risky proposition as is generally perceived by investors. No doubt, market linked products have the tendency to be volatile from time to time. However, if you select the right fund in keeping with your risk profile and time horizon and follow a disciplined approach, the risk of volatility can turn into an opportunity and enhance overall returns.

It is also important for you to understand that mutual funds themselves are not risky as they are only a medium to invest in different asset classes. Therefore, to strike the right balance between risk and reward you must select the right asset class and then invest in funds that have a consistent long-term performance track record. In fact, being a diversified investment vehicle, mutual funds minimize the risk that you may face if you were to invest in individual securities on your own. Mutual fund managers are full time professionals who make investment decisions based on their own understanding and knowledge as well as that of the research team of the fund house.

It is proven fact that mutual funds are an ideal investment vehicle for investors as they offer benefits such as professional fund management, variety of schemes, tax efficiency, flexibility and transparency. However, many investors find it difficult to make the transition as they face certain dilemmas about mutual fund investing. Here are some of the dilemmas and how these can be tackled:

Can I take the risk of investing in mutual funds?

Though over the years mutual funds have expanded their product line to suit just about any and every type of investors' needs, many investors still feel that mutual funds invest only in equities and hence are a risky proposition. The fact, however, is that mutual funds offer many options for conservative investors too. There are income funds, liquid funds, floating rate funds, capital protection funds, arbitrage funds and Fixed Maturity Plans (FMPs). Therefore, it is wrong to think that mutual funds are meant only for those who can take risk.

Will my money be safe in mutual funds?

Investors often feel that it is much safer to invest in banks, insurance or bonds than in mutual funds. The fact, however, is that mutual fund industry is a very well regulated one and that should be a big comfort for them. The regulations governing the industry are well defined and also SEBI is doing a great job of monitoring and ensuring that schemes are managed on a day-to-day basis in the interest of investors. Besides, there are trustees who have the responsibility of safeguarding mutual funds assets on behalf of the unitholders.

One of the major benefits of investing in mutual funds is the wealth of information that they provide to existing as well as prospective investors. Taken together, the various reports provide investors with vital information regarding the financial status and the manner in which the fund is managed. To a new investor, all this information may seem overwhelming. However, regulations governing the industry have standardized the reports. Once one knows where to look for information, the location will hold true for all the funds.

Do I have enough money to start investing in mutual funds?

One of the hallmarks of mutual fund investing is that an investor doesn't have to start investing with a large sum of money. Mutual funds are accessible to investors of varying income levels. One can begin investing thru a Systematic Investment Plan (SIP) with as little as ₹ 500 or ₹ 1000. However, one must invest in mutual funds with a defined time horizon to benefit from their true potential.

As is evident, mutual funds have a lot to offer to investors with varying risk profile, time horizon and investment goals.

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 either by sending us a mail on information@wiseinvestadvisors.com or by calling us on (022) 26732676 / 77. You can also write to us at our Corporate Office address mentioned on page 6.

Performance Of Select Funds

Data as on October 31, 2014

EQUITY FUNDS

Diversified

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Axis Equity Fund	Jan-10	4.61	10.24	27.97	37.93	28.08	21.76	—
Birla Sun Life Frontline Equity Fund	Aug-02	4.71	9.69	30.24	43.13	28.65	22.35	16.15
Birla Sun Life Equity Fund	Aug-98	4.47	7.81	35.37	59.64	31.47	23.45	14.81
BNP Paribas Equity Fund	Sep-04	3.35	10.15	37.24	43.96	30.03	22.41	16.52
Canara Robeco Equity Diversified	Sep-03	3.92	8.57	28.68	38.65	22.60	18.93	16.20
Franklin India Prima Plus Fund	Sep-94	4.53	13.30	35.81	52.45	29.18	21.68	17.65
HDFC Equity Fund	Jan-95	4.22	10.54	35.49	60.85	30.19	21.80	17.16
HDFC Top 200 Fund	Sep-96	5.24	10.39	32.47	50.35	27.20	19.87	15.40
ICICI Prudential Dynamic Fund	Oct-02	4.38	8.49	26.13	43.33	29.12	21.96	17.58
ICICI Prudential Focused Bluechip	May-08	5.43	10.75	30.84	41.00	27.70	20.70	17.92
Kotak 50	Dec-98	5.41	11.72	30.23	37.99	24.38	17.67	12.83
Kotak Select Focus Fund	Sep-09	5.42	14.88	37.83	50.88	30.51	23.60	16.40
L&T Equity Fund	May-05	4.75	11.31	33.02	47.41	26.32	18.80	16.28
Reliance Top 200 Fund - Retail Plan	Aug-07	6.32	14.04	37.89	57.64	28.32	23.10	16.13
Religare Invesco Contra Fund	Apr-07	2.85	12.57	41.43	69.25	30.49	22.35	16.21
SBI Bluechip Fund	Feb-06	3.87	11.48	33.56	46.59	28.46	23.98	14.93
UTI Opportunities Fund	Jul-05	3.36	10.62	31.81	40.23	24.21	20.06	16.83

Sector, Specialty & Tax Saving

Canara Robeco F.O.R.C.E Fund	Sep-09	6.69	12.85	35.12	44.15	23.82	21.20	17.87
ICICI Prudential Infrastructure Fund	Aug-05	7.13	7.50	35.60	58.32	23.43	15.02	8.54
Reliance Banking Fund	May-03	8.53	10.46	35.19	57.51	23.60	21.45	17.93
Reliance Pharma Fund	Jun-04	0.10	19.85	34.86	63.77	36.00	29.98	27.61
Axis Long Term Equity Fund	Dec-09	4.39	13.34	40.49	67.84	38.61	28.98	—
HDFC Long Term Advantage Fund	Jan-01	2.83	8.15	29.45	48.59	29.65	21.70	17.28
HDFC Taxsaver Fund	Mar-96	5.51	11.64	37.41	60.01	30.79	21.84	17.09
IDFC Tax Advantage (ELSS) Fund	Dec-08	0.43	8.15	30.23	42.93	28.37	21.23	16.87
Reliance Tax Saver Fund	Sep-05	5.37	18.09	53.87	95.48	38.67	31.10	22.76

Midcap & Smallcap

HDFC Mid-Cap Opportunities Fund	Jun-07	3.22	13.38	39.96	79.59	37.43	28.85	24.68
ICICI Prudential Value Discovery Fund	Aug-04	3.99	12.09	45.35	80.62	39.63	32.13	23.65
IDFC Premier Equity Fund	Sep-05	1.93	11.74	36.15	62.34	32.14	23.97	22.14
IDFC Sterling Equity Fund	Mar-08	1.39	12.24	38.28	53.31	26.53	22.60	18.96
SBI Magnum Global Fund	Sep-94	2.04	14.57	39.85	70.66	34.85	26.96	21.94
Reliance Equity Opportunities Fund	Mar-05	4.52	14.41	38.80	65.00	28.94	25.72	22.78
Religare Invesco Mid N Small Cap	Mar-08	2.86	13.26	42.05	72.87	37.41	29.45	25.74

HYBRID

Equity, Debt Oriented & Multi Asset Class

Birla Sun Life 95 Fund	Feb-95	4.09	10.08	29.15	43.40	25.26	19.20	15.42
Canara Robeco Balance Fund	Feb-93	3.15	9.83	31.48	42.25	23.07	19.26	16.14
HDFC Balanced Fund	Sep-00	3.49	9.41	29.75	53.09	27.44	21.02	19.28
HDFC Prudence Fund	Feb-94	4.06	9.71	33.89	58.93	27.19	20.65	17.92
ICICI Prudential Balanced Fund	Nov-99	4.05	10.28	29.51	46.17	28.68	23.11	18.62
Kotak Balance	Nov-99	4.85	8.17	18.69	28.18	18.25	15.86	12.05
Reliance Regular Savings Fund	Jun-05	5.35	11.76	32.69	51.66	25.22	21.58	16.51
Tata Balanced Fund - Plan A	Oct-95	3.03	9.83	32.00	45.74	26.12	22.04	16.89
Canara Robeco Monthly Income Plan	Apr-01	2.29	4.81	11.82	19.02	12.86	11.67	10.17
HDFC MF Monthly Income Plan	Dec-03	3.14	5.41	14.85	24.55	13.91	12.45	10.53
IDFC Monthly Income Plan	Feb-10	2.67	5.54	12.11	17.04	12.62	12.68	—
Reliance Monthly Income Plan	Dec-03	2.88	5.82	13.41	20.64	12.56	12.47	10.08
Axis Triple Advantage Fund	Aug-10	1.74	3.81	9.69	12.12	8.36	9.52	—
Franklin India Dynamic PE Ratio Fund	Oct-03	3.56	6.62	18.06	23.54	15.60	12.67	11.03

Arbitrage Funds

ICICI Prudential Equity Arbitrage Fund	Dec-06	0.60	1.84	4.21	8.97	9.51	9.55	8.09
IDFC Arbitrage Plus Fund	Jun-08	0.60	1.74	3.72	8.16	8.47	8.72	7.33
Kotak Equity Arbitrage Fund	Sep-05	0.68	1.97	4.30	9.47	9.21	9.31	8.11

International Funds

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Franklin India Feeder Franklin US Opp.	Feb-12	2.06	7.04	11.55	12.21	30.84	—	—
ICICI Prudential US Bluechip Equity	Jul-12	-0.18	5.20	6.92	13.57	28.35	—	—
JP Morgan Europe Dynamic Equity	Feb-14	-2.52	-4.13	-6.65	—	—	—	—

GOLD

Fund of Funds

Kotak Gold Fund	Mar-11	-1.05	-4.98	-12.62	-15.34	-9.57	-2.62	—
Reliance Gold Savings Fund	Mar-11	-1.22	-5.25	-12.70	-15.99	-9.76	-2.48	—

DEBT

Income, Short Term & Ultra Short Term Funds

Funds	Launch	1 Week*	1 Month*	3 Months*	6 Months*	1 Year*	2 year**	3 Year**
Birla Sun Life Short Term Opp. Fund	Jun-08	0.44	1.42	3.07	5.72	11.00	10.53	10.70
Birla Sun Life Dynamic Bond Fund	Sep-04	0.98	2.61	3.74	6.81	11.74	9.43	9.93
Kotak Income Opportunities Fund	May-10	0.41	1.19	2.77	5.61	10.04	9.04	9.37
Religare Invesco Short Term Fund	Mar-07	0.43	1.25	2.46	4.64	8.43	7.69	8.94
Religare Invesco Bank Debt Fund	Dec-12	0.29	0.99	2.33	4.42	8.39	—	—
Reliance Regular Savings Fund	Jun-05	0.37	1.30	2.87	5.67	10.37	9.38	9.49
SBI Magnum Income Fund	Nov-98	0.93	2.30	3.30	5.92	8.00	7.38	9.22
L&T Income Opportunities Fund	Oct-09	0.45	1.40	3.09	5.98	10.90	8.27	8.58
BNP Paribas Flexi Debt Fund	Sep-04	0.93	2.44	3.76	6.20	9.72	9.69	10.17
BNP Paribas Money Plus Fund	Oct-05	0.25	0.78	2.14	4.22	8.48	8.37	8.70
L&T Ultra Short Term Fund	Mar-02	0.24	0.79	2.18	4.28	8.75	8.60	8.89
Kotak Floater Long Term	Aug-04	0.26	0.89	2.41	4.73	9.59	9.22	9.37
UTI Short Term Income Fund	Jun-03	0.43	1.21	2.59	5.50	9.89	9.66	10.01
Kotak Banking and PSU Debt Fund	Dec-98	0.20	0.71	2.16	4.47	9.63	9.54	9.32

*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 2014

Scheme name	Date	Dividend declared in ₹ Per unit
Birla Sun Life 95 Fund (D)	01/10/2014	7.00
ICICI Pru Value Fund - Sr 4-RP (D)	01/10/2014	2.00
Birla Sun Life Index Fund (D)	07/10/2014	6.00
Can Robeco Eqty TaxSaver (D)	10/10/2014	1.00
ICICI Pru Dynamic Plan (D)	10/10/2014	2.00
DWS Alpha Equity Fund -RP (D)	13/10/2014	1.00
DWS Alpha Equity Fund -WP (D)	13/10/2014	1.00
Birla Sun Life Equity Fund (D)	16/10/2014	4.50
Tata Equity P/E Fund (D) (TO-A 5%)	16/10/2014	0.50
Can Robeco Balance (QD)	17/10/2014	1.30
Can Robeco Equity Divers (D)	17/10/2014	2.80
HSBC Tax Saver Equity Fund (D)	17/10/2014	1.50
Sundaram Select Micro Cap-Sr 1-RP-D	17/10/2014	1.00
Sundaram Select Micro Cap-Sr 2-RP-D	17/10/2014	1.00
Sundaram Select Micro Cap-Sr 3-RP-D	17/10/2014	1.00
Sundaram Select Micro Cap-Sr 4-RP-D	17/10/2014	1.00
IDFC Equity Opport. -Sr 1- Reg (DP)	20/10/2014	1.50
Tata Equity P/E Fund (D) (TO-B 10%)	20/10/2014	0.95
Franklin India Oppor. (D)	22/10/2014	1.00
Franklin Infotech Fund (D)	22/10/2014	2.00
IDFC Arbitrage - Inst (D)	27/10/2014	0.10
Shriram Equity & Debt Opp -Reg (D)	27/10/2014	1.05
Birla SL Dividend Yield (D)	29/10/2014	0.50
ICICI Pru Top 200 Fund (D)	31/10/2014	2.00

Please check whether you have received dividend for the fund/s that you may have in your portfolio out of this list. In case, you do not maintain any portfolio statement, Wiseinvest Advisors can do that for you free of charge. Once we have the details, we would send your updated statement every month. You can contact our corporate office or any of the branches to avail of this free service.

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

Don't Be In A Hurry To Exit From Volatile Funds

One of the hallmarks of mutual fund industry's growth in India has been its ability to offer a variety of products suitable for different segments of investors. Today, investors have hundreds of funds to choose from for making an investment in asset classes like equity, debt and gold. While having a number of options is a great thing for investors, it is important for them to select the right funds to ensure that there is no mismatch between what the funds can deliver and what they expect from them. It is equally important for them to know what to expect from different funds and how to measure their performances.

In reality, however, all of us expect every fund in the portfolio to do well at all times. The fact is that market-linked products have the tendency to be volatile from time to time as their returns get impacted by a number of domestic and international economic and political factors. Hence, there could be periods of out performance as well as under performance. It is common to see investors getting disappointed with lower or negative returns and attributing the same to non-performance by the fund manager. While there is nothing wrong with getting concerned about the poor performance, investors need to measure the performance in the right manner so that they do not feel compelled to take illogical decisions due to their misperceptions.

Remember, the right way to analyse the performance of a fund is to not consider absolute return alone but to compare its performance vis-a-vis the benchmark and the peer group. Investors must know that every fund has a benchmark and the same is mentioned in the offer document and the fact sheet published by the fund houses. In fact, even if a fund has done better than its benchmark, it is necessary to compare its performance with the peer group. Many a times, one would find a fund doing better than its benchmark, but lagging its peer on a consistent basis. If a fund underperforms its peer group for prolonged periods, it indicates that there are better opportunities for investors elsewhere.

However, investors need not panic every time they see negative returns in the portfolio. For example, if one is invested in a mid-cap fund and its benchmark is CNX Midcap Index. If the benchmark itself is down by say 10 per cent and the fund's performance falls by six per cent, it shouldn't be considered as poor performance. In fact, the fund manager in this case would have done a good job of minimising the losses.

Investors must realise that the job of a fund manager is to minimise the losses through diversification during market downturns and provide higher return by picking good quality stocks when the markets do well. Remember, a fund manager can only reduce and not eliminate the risk that is associated with an asset class. Therefore, one must decide one's asset allocation carefully to create the right balance between risk and reward.

It is also important to give reasonable time to the fund manager to perform. Therefore, if a fund experiences some volatility in returns, one shouldn't be in a hurry to exit from it. For example, every equity fund manager endeavours to build a portfolio of potentially good stocks from different industries. It is quite possible that some of the stocks/sectors may underperform during certain periods. Investors must realise that poor/negative returns may not necessarily be due to poor selection of stocks. It could well be a result of some of the stocks/sectors losing investors' confidence due to certain short term adverse factors.

If the fund manager believes that these are not likely to have any bearing on long-term performance, in all likelihood he will ignore short-term volatility and continue to hold these stocks. On the other hand, if he believes that a particular stock doesn't fit the bill anymore, he will exit from it and replace it with another one.

Investors must realise that when they invest in a mutual fund, the job of fund management is entrusted to a full-time professional fund manager and hence they can expect him to take corrective measures. Investors themselves need not take any action unless they feel that the fund manager has failed to do so consistently.

Cont. on page 6...

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Don't Be In A Hurry...

...Cont. from page 5

It is also important for investors to know that even the best of fund managers may not be able to take the right decisions at all times. However, a fund manager's ability to do so on a consistent basis will reflect in his fund's long-term performance. Therefore, one must invest in funds that are managed well and provide consistent returns.

In other words, investors must avoid those funds that are showing very high past returns but are inconsistent performers over different time periods. For example, if one has sector funds in the portfolio, those might behave differently from broadly diversified funds due to their narrow focus. That's why one must have a mix of funds in the portfolio.

Most fund houses offer a family of funds, thereby allowing investors to invest in different asset classes to achieve their varied investment goals across different time horizons. This can be of a great help in case one is required to make changes in the portfolio in line with one's revised investment objective/s or time horizon.

Hence, considering the variety of funds on offer from a fund house is an important factor in the decision-making process. 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. Besides, one can avoid the risk of redeeming at one level and reinvesting at a different market level.

However, if the fund house where one is invested does not have the required options or the performance of alternate fund being considered is not up to the mark, it will not be prudent to go for the convenience alone.

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