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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 16 years in the mutual fund industry. 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](mailto:information@wiseinvestadvisors.com) and our professional advisors will do the rest.

Dear Investor,

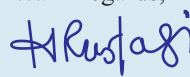
The month of April 2010 turned out to be a mixed bag in terms of the impact of various events and happenings both in global as well as Indian markets. Firstly, on the positive side, the keenly awaited March 2009 results broadly managed to deliver as expected. Most of the results have either beaten the market expectations or were in line with the estimates. However, it remains to be seen how market behaves in the absence of any major news flow on the domestic front. On the negative side, events like alleged misreporting by Goldman Sachs in the US and Standard & Poor's decision to lower Greece government's bonds as “Junk” jolted the global as well as domestic markets. Though SEC is examining the Goldman Sachs case, it is expected to be one of the stray incidents. On the Greece's front, IMF's decision to increase the Euro 45 billion aid package to Euro 120 billion over the next three years helped in soothing the nerves. As a result, inspite of overall cautious mood, the stock market gained on the last two days of the month.



As regards the performance of the indices, the Sensex ended the month on a flat note. Though the Sensex was up by just 0.02%, the increased bouts of volatility were witnessed from time to time depending on the news flows. The BSE Mid-cap and Small cap Indices closed the month 5.18% and 8.02% higher respectively. Going forward, we expect the markets to do well on the back of healthy GDP growth and strong FII flows. Besides, positive surprise may happen if monsoon is better than expected and inflation remains under control.

On the inflation front, India's annual food inflation rate, as measured by the wholesale price index (WPI) was down to 16.61% for the week ended April 17, 2010 from the level of 17.65% during the previous week. The rate of inflation for the corresponding week in the preceding year was 8.56%. The 52 week average inflation for the week ended April 17, 2010 was 15.01%.

One issue that has been worrying investors is the rift between IRDA and SEBI on the regulations for ULIPs. We believe that there is a need to resolve anomalies in pricing and distribution of investment related products to create a level playing field and to ensure healthy sales practices. Investors need not worry about the safety of their money invested in ULIPs. This whole episode is most likely to ensure more benefits for them by way of greater transparency, lower costs and better advice.

Warm regards,  
  
**Hemant Rustagi**  
 Chief Executive Officer

**Wiseinvest**  
 With YOU, in meeting  
 FINANCIAL CHALLENGES

Address to be affixed here

## The Stock Market performance during April 2010.

Indices	1st April 2010	30th April 2010	Change in (%)
Sensex	17555.04	17558.71	0.02%
MIDCAP	6830.62	7184.78	5.18%
SMLCAP	8523.51	9207.14	8.02%
BSE-100	9350.07	9379.04	0.31%
BSE-200	2210.53	2230.17	0.89%
BSE-500	6952.74	7042.68	1.29%

  
**What does the world's tallest tree have in common with Kotak 30 and Kotak Opportunities?**

**A strong foundation and growth, of course.**

### Enjoy the advantage of sound investing.

A solid foundation is the only assurance of growth over time. It's the reason why the world's tallest tree is still growing even at 378.1 feet, after a lifespan of over a 1000 years. It's also why Kotak 30 and the Kotak Opportunities Fund are amongst our top-performing and long-running mutual funds in the market today. And it has been the solid investment principles that we follow which has helped these funds deliver over time, helping those who invest with us to get the most out of their money.

Over 11 times your investment in 11 years 3 months in Kotak 30	Amount (Rs)
Investment amount (since inception on 29th Dec, 1998)	1,00,000
Value of investment (31st March 2010) 24.36% CAGR	11,64,476

Kotak 30 NAV: Rs. 29.86 (Div. Option) on 31st March 2010, Returns <= 1 yr: absolute; Returns > 1 yr: CAGR. Rs. 1 lakh invested in Kotak 30 would have become Rs. 1,70,420 (70.42%) in 1 year, Rs. 1,44,826 (13.14%) in 3 yrs and Rs. 2,68,062 (21.8%) in 5 yrs. Rs. 1 lakh invested in S&P Nifty would have become Rs. 1,73,760 (73.76%) in 1 year, Rs. 1,37,281 (11.14%) in 3 yrs, Rs. 2,57,770 (20.85%) in 5 yrs and Rs. 6,01,261 (17.27%) since inception. Returns assumed re-investment of dividend.

Over 4 times your investment in 5 years 6 months in Kotak Opportunities	Amount (Rs)
Investment amount (since inception on 9th Sept, 2004)	1,00,000
Value of investment (31st March 2010) 29.04% CAGR	4,12,578

Kotak Opportunities NAV: Rs. 42.83 (Growth Option) on 31st March 2010, Returns <= 1 yr: absolute; Returns > 1 yr: CAGR. Rs. 1 lakh invested in Kotak Opportunities would have become Rs. 1,91,300 (91.39%) in 1 year, Rs. 1,53,161 (15.27%) in 3 yrs and Rs. 3,35,356 (27.38%) in 5 years. Rs. 1 lakh invested in CNX 500 would have become Rs. 1,87,950 (87.95%) in 1 year, Rs. 1,37,059 (11.08%) in 3 yrs, Rs. 2,43,181 (19.45%) in 5 years and Rs. 3,00,530 (21.88%) since inception.

Past performance may or may not be sustained in future.

Avg AUM - Rs. 34,787 crs for March, 2010

SMS: KOTI to 5079788  
[www.kotakmutual.com](http://www.kotakmutual.com)

 **kotak** Mutual Fund

Risk Factors: Kotak Mahindra 30 Fund is an open-ended equity growth scheme. Investment Objective: To generate capital appreciation from a portfolio of predominantly equity-related securities. The portfolio comprises of equities and equity related investments of around 30 companies which may go up to 30 companies. Kotak Opportunities is an open-ended equity growth scheme. Investment Objective: The investment objective of the scheme is to generate capital appreciation from a diversified portfolio of equity and equity related securities. Risk Factors: Mutual Fund and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Schemes would be achieved. As with any securities investment, the NAV of the units issued under the Schemes may go up or down depending on the factors and forces affecting the capital and money markets. Past performance of Sponsor / AMC / Fund does not indicate the scheme's future performance. Kotak 30 & Kotak Opportunities are only the names of the schemes and do not in any manner indicate the quality, return prospect or returns. Subscribing Kotak Mahindra Mutual Fund is a Trust under the act, 1983 Investment Manager: Kotak Mahindra Asset Management Company Ltd. Sponsor: Kotak Mahindra Bank Ltd. Distributors: Kotak Mahindra Trustee Company Ltd. Please read the Scheme Information Document (SID) and Statement of Additional Information (SAI) carefully before investing. SID & SAI are available on [www.kotakmutual.com](http://www.kotakmutual.com).

# Templeton India Pension Plan

## Investment objective

Templeton India Pension Plan (TIPP) is an open ended tax saving scheme designed to help plan for your retirement. Launched in March 1997, it is India's only Central Government notified pension scheme from the private sector that offers tax benefits under Section 80C of the Income Tax Act. Investments in TIPP are subject to a lock-in of 3 financial years and repurchase criteria only after the investors attains the age of 58 years.

As per the asset allocation of the scheme, it can invest upto 40 percent of the corpus in equity and equity related instruments, whereas the exposure to debt and debt related instruments can be upto 100 percent. As of March 31, 2010, the scheme has invested 36 % of the corpus in equities and the balance is in debt and debt-oriented securities.

## Who can invest in TIPP?

Any resident individual upto the age of 58 years can invest in TIPP. Age is computed in completed years. Parents on behalf of minors can also invest but such investments will not be eligible for tax rebate. Non-individuals such as HUFs, Corporates, firms etc. cannot invest in TIPP.

## Choice of Plans

Investors can choose between "Growth" and "Dividend" Plan. Dividend Plan is also the default option. Under the dividend plan, dividends will be compulsorily reinvested till the investor attains the age of 58. The scheme intends to declare dividends in March each year, subject to the availability of distributable profits and Trustee approval.

## Performance as on March 31, 2010

Fund	Since Inception*	1-Year	3-Year*	5-Year*	7-Year*	10-Year*
TIPP	13.97	29.44	8.54	11.18	15.87	13.42
Benchmark**	N.A	35.03	10.52	12.36	15.75	N.A

Past performance may or may not be sustained in future. \*Annualized and Compounded returns based on NAV of Growth Plan of Rs.54.800 as on 31.03.2010. Inception Date: March 31, 1997. Dividends are assumed to be reinvested and Bonus is adjusted. Load is not taken into consideration. \*\* 40% S&P CNX 500 + 60% Crisil Composite Bond Fund Index.

## Top Equity Holdings as on March 31, 2010

Company Name	% of Corpus
Infosys Technologies	3.49
HDFC Bank	2.60
Kotak Mahindra Bank	2.56
Reliance Industries	2.19
Bharti Airtel	1.91
ICICI Bank	1.87
Larsen & Toubro	1.87
HDFC	1.83
Hero Honda Motors	1.72
Nestle India	1.57
Others	15.33
<b>Total</b>	<b>36.94</b>

## Debt Holdings as on March 31, 2010

Company Name	Instrument	% of Corpus
State Bank of Patiala	Certificate of Deposit	15.01
Oriental Bank Of Com.	Certificate of Deposit	1.44
ONGC Videsh	Debenture	12.45
Power Grid Corp.	Debenture	3.67
Power Finance Corp.	Debenture	2.86
National Bank Agr. Rur. Devp	Debenture	2.09
HDFC	Debenture	0.51
Others	Net Current Assets	11.74
Tata Motors	Structured Obligation	13.3
<b>Total</b>		<b>63.07</b>

## What are the options that one has at 58 years?

Once the investor reaches the age of 58, he /she can choose from the following options:

**a) Lumpsum Option** - Investors can redeem all their units at Net Asset Value and close their Account (Available to investors under both Dividend Plan and Growth Plan).

**b) Pension Option** - Investors seeking regular income can choose this option. Dividends declared will be paid out to investors at regular intervals depending on the choice of their option i.e. Monthly, Quarterly, Half yearly and Annual. However, there is no certainty of dividend distribution.

**c) Flexible Option** - Investors seeking regular returns can choose this option, which works like a Systematic Withdrawal Plan. Under this option, investors can choose to withdraw a fixed amount from their account every month (minimum Rs.500) either on the 15th or the last working day of the month. Units to the extent of the amount withdrawn will be redeemed from the account and the unit balance will stand reduced accordingly.

**d) Combination Option** - As the name suggest, this option is a combination of partial redemption and regular income. Investors can make a partial withdrawal from the accumulated amount at 58, and on the balance either choose a regular pension or systematic withdrawal depending on whether their investment is under dividend plan or growth plan.

## Our recommendation

TIPP is a good option for those investors who wish to invest to save taxes and at the same time plan for long-term objective such as retirement. The scheme is ideally suited for investors who would like to opt for "low risk strategy" and still aim to get better returns as compared to a pure debt product. The fund has been a consistent performer and hence can be considered for investment provided one is sure about putting aside the money for the long term.

To know more about this fund and/or to invest in this fund, please call any of our offices. The contact details have been provided on page 6.

**Fortis Mutual Fund**

**Fortis Mutual Fund strikes gold - yet again.**

All thanks to your support, our valued investors and distributors.

**Fortis Money Plus Fund (Institutional Plan)**  
Gold Awards from ICRA Online for 'Best Performance' for the 1-year and 3-year periods ending December 31, 2009.  
(Category: Open Ended Ultra Short Term - Institutional Plan)

**Fortis Money Plus Fund**  
Gold Award from ICRA Online for 'Best Performance' for the 3-year period ending December 31, 2009.  
(Category: Open Ended Ultra Short Term)

Past performance is no guarantee of future results.

**Fortis Investments**

**Ranking Methodology:** ICRA Mutual Fund Awards 2010: Fortis Money Plus Fund - Institutional Plan has been ranked as a Seven Star Fund in the category of 'Open Ended Ultra Short Term - Institutional Plan' schemes for its 1 year performance till December 31, 2009. There were 21 schemes considered in 'Open Ended Ultra Short Term - IP' category for the ranking exercise. Fortis Money Plus Fund - IP has been ranked as a Seven Star Fund in the category of 'Open Ended Ultra Short Term - IP' schemes for its 3 years performance till December 31, 2009. There were 23 schemes considered in 'Open Ended Ultra Short Term - IP' category for the ranking exercise. Fortis Money Plus Fund has been ranked as a Seven Star Fund in the category of 'Open Ended Ultra Short Term' schemes for its 3 year performance till December 31, 2009. There were 32 schemes considered in 'Open Ended Ultra Short Term' category for the ranking exercise. 7-star rated funds are the best performing funds among the 5-star rated funds with composite score in the top 4.6% confidence interval based on the positioning of a scheme in the category's normal distribution in the respective category. **ICRA Mutual Fund Awards 2009:** Fortis Money Plus - Institutional Plan has been ranked as a Seven Star Fund in the category of 'Open Ended Liquid Plus - Institutional Plan' schemes for its 3 years performance till December 31, 2008. There were 21 schemes considered in 'Open Ended Liquid Plus - Institutional Plan' category for the ranking exercise. 7-star rated fund is the best performing fund among the 5-star rated funds that comprise the top 10% of the funds in the respective category. These ranks are an outcome of an objective and comparative analysis against various parameters, including risk adjusted return, fund size, sector concentration, credit indicator this indicator was not present in 2009 and average maturity. The ranking methodology does not take into account entry and exit loads imposed by the Funds. These ranks are neither a certificate of statutory compliance nor any guarantee on the future performance of Fortis Money Plus Fund and Fortis Money Plus Fund - Institutional Plan. **Ranking Source & Publisher:** ICRA Online Limited. **Statutory Details:** Sponsor: ABE AMRO Asset Management (India) Ltd. Trustee: Fortis Trustee India Pvt. Ltd. **Investment Manager / AMC:** Fortis Investment Management (India) Pvt. Ltd. With effect from October 24, 2009, ABE AMRO Mutual Fund has been renamed to Fortis Mutual Fund with the same SEBI registration number. Fortis Mutual Fund has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882), by the Sponsor and the Trustee as per the terms of the superceding Trust Deed dated March 5, 2009. **Type & Investment Objective:** Fortis Money Plus Fund: An open-ended income Scheme. The primary objective of the Scheme is to provide income consistent with the prudent risk from a portfolio comprising of floating rate debt instruments, fixed rate debt instruments, money market instruments and derivatives. **Load Structure: Entry Load: Nil. Exit Load: 0.15%** shall be charged if units are redeemed / switched out within 7 days from the date of investment. The exit load shall not be charged in case of switches between plan/options of the scheme. Further, no exit load shall be charged on Bonus units and/or units allotted on reinvestment of Dividend. **Risk Factors:** All mutual funds and securities investments are subject to market risks, and there can be no assurance that the fund's objectives will be achieved, investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. As the price / value / interest rates of the securities in which the scheme invests fluctuate, the NAV of the scheme may go up or down depending upon the factors and forces affecting the securities market. Various factors impact the value of the Scheme's investments include, but are not limited to, fluctuations in the bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc. **The name of the Scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns.** Past performance of the Sponsor / AMC / Mutual Fund does not guarantee future performance of the scheme. The Sponsor is not responsible or liable for any loss resulting from the operation of the scheme beyond the initial contribution of Rs. 7 lakh made by it towards setting up the Fund. The Scheme does not guarantee or assure returns. Investment decisions made by the AMC may not always be profitable. Statement of Additional Information (SAI), Scheme Information Document (SID) & Key Information Memorandum (KIM) Application forms (KIM) are available at AMC offices / AMC web-site: www.fortisinvestments.in/Investor-Service-Centre / Distributors. **Please read the respective OD/SAI, SID & KIM carefully in its entirety before investing and retain these documents for future references.**

# Fiscal consolidation – A big challenge for the government

One of the biggest challenges before the Finance Minister has been to correct the country's fiscal course. While deficits are a part of growing economies on account of investing for future growth, a large fiscal deficit could prove to be highly destabilizing for the economy, both in terms of its inflationary impact and risks to financial stability. To bring the fiscal deficit within an acceptable limit, the government generally resorts to steps that can either increase revenues or cut down expenditure. At times, it has to do a bit of both. Needless to say, the real challenge in such a scenario could be to decide which expenditure to cut and which taxes to raise. Another step that can contribute in a situation like this is to realign the spending from consumption to investment. Government spending can be wasteful if it does not result in improving social welfare through infrastructure development, better social programmes and employment generation.

To put it simply, fiscal deficit is government's net borrowings needs. If the fiscal deficit reaches an alarming level, it can result in a host of very painful consequences. The first and foremost can be increased government borrowings. The persistent high borrowings increase public debt and as a result interest payments eat up a large portion of government revenues. This leaves less with the government for productive expenditure. The increased government borrowing also creates competition for the funds and that can result in shifting resources away from the private sector.

Another implication can be increase in the interest rates as the demand for funds increases. Besides, investment activities also slow down thereby depressing the economy. As loans become costly for individuals and the industry, some of the interest rate sensitive sectors such as auto, real estate and consumer goods have to bear more impact than others by way to slow down in the demand. The absence of a concrete roadmap on fiscal consolidation can result in the global rating agencies downgrading or lowering their outlook on the country.

Realizing the serious implications of a large fiscal deficit and considering that stimulus measures forced the government to go way off its self imposed fiscal discipline target, the question on every one's mind has been whether the government will be able to do enough to retrieve the situation. Being aware of the grim reality, the government took a few steps to rein in fiscal deficit.

Firstly, the 13th Finance Commission has emphasized that the overall debt to GDP ratio should be brought down to 68% and for this the Commission has suggested separate targets for the Centre and the States. As per the roadmap laid down by the Commission, fiscal deficit is targeted to be brought down to 3% by 2013-14 from around 6.8% this fiscal and the revenue deficit to be eliminated by the same year from around 4.8% this fiscal.

Secondly, the Finance Minister laid special emphasis on fiscal consolidation in the Union Budget, 2010. The fiscal deficit as a percentage to GDP is projected at 5.5%. Besides, he has also fixed rolling targets for the fiscal deficit at 4.8% and 4.1% for 2011-12 and 2012-13 respectively. The net borrowings of the government is estimated to be around Rs.3,45,000 crores as against the market's expectation of Rs.4,50,000. The reduced number leaves enough headroom for the private sector borrowings. The FM has targeted Rs.40,000 crore from disinvestment of its stake in PSUs and another Rs.35,000 from the auction of 3G spectrum. The FM also rationalized the income tax rates for tax payers, which is expected to benefit around 60 percent of the individual tax payers. This is likely to leave an additional Rs.25,000 crores in the hands of the middle class and that will boost consumption. Supplementing the data released in the Annual Survey, the FM pegged the growth for the current fiscal at 7.2% and laid ambitious path for double digit growth.

While these numbers look quite impressive, the key issue is whether the government will be able to achieve them. If one were to analyse the results so far on the fiscal consolidation front, a part of the success has been on account of higher GDP numbers, which to an extent can be attributed to change in the base year from 1999-2000 to 2004-05. Similarly, though the government took steps on expenditure compression and were successful too in 2009-10, the targets of 14% rise in net tax revenues, 8% increase in expenditure, 29.4% and 36% increase in collections from excise and customs duty respectively for 2010-11 could prove to be a little ambitious. A few other factors such as future course of the macro economy and inflation will determine the level of success the government will achieve in keeping the fiscal deficit at 5.5%.

The government needs to make efforts in the right direction to achieve the targeted 8% economic growth in 2010-11. A strong economic growth can make it possible to tackle fiscal deficit without a sharp squeeze on consumption. It is a proven fact that financial discipline is the key for sustainable growth.

One of the examples of how financial discipline can prove to be critical is what the people of Chile experienced. In spite of the widespread public resentment in 2008, the then President Michelle Bachelet and her Finance Minister Andres Velasco, resisted from using receipts from soaring Copper exports. However, the severe recession hit the global economies changed the scenario completely. The duo succeeded in moderating the downturn by increasing the spending using the assets the country had acquired during the copper boom. The result was unparalleled success that very few countries could achieve.

On the other hand, the struggling economies of PIGS countries (Portugal, Ireland, Greece and Spain) highlights the havoc that financial indiscipline can cause. It is estimated that Greece's deficit came to around 13% of the GDP last year and the total debt was in excess of 100% of the GDP. As a result, Greece had to borrow about \$75 billion. The other three countries too faced problems of varying degree.

Coming back to Indian government's effort to achieve the targeted growth, one of the key areas is going to be infrastructure development as the right steps taken in this direction can kick start multi-layer growth in the economy. No wonder, the Union Budget 2010 provided Rs.1,73,552 crores for infrastructure development which accounts for over 46 percent of the total plan allocation. While the allocation for road transport has been increased by over 13 percent to Rs.19,894 crores, Rs.16,752 crores have been provided for Railways.

Inflation is another area that requires attention. No doubt, the government is aware of the seriousness of the situation and is committed to take steps to counter the situation. However, to tackle this, the government will have to do something more than just monetary policy. As we all know, one of the major reasons for the current inflation level is food prices. The saving grace is that the catching up of the base effect will make inflation look less menacing.

Though fiscal consolidation remains quite a challenge for the government, it has laid out a roadmap to achieve it. The government's commitment to fiscal discipline can go a long way in achieving the desired results.

(This article written by our CEO was published in March 2010 issue of Business and Management Chronicle magazine).



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# Performance of Select Funds

Data as on April 23, 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 Fund	Aug-2002	2.43	4.53	9.64	74.83	12.49	16.55	27.98
Canara Robeco Equity Diversified	Sep-2003	4.24	7.80	14.79	82.64	14.92	18.56	23.33
DSPBR Top 100 Equity Fund	Feb-2003	1.54	4.32	6.47	61.76	11.07	16.21	28.66
DWS Alpha Equity Fund	Jan-2003	3.25	5.66	5.68	55.34	3.60	13.58	24.52
DWS Investment Opportunity Fund	Jan-2004	4.79	7.15	9.49	69.99	3.40	17.94	26.05
Fidelity India Special Situations Fund	Apr-2006	3.26	6.61	12.31	88.48	8.10	10.40	—
Franklin India Prima Plus	Sep-1994	2.36	4.91	11.07	65.42	10.21	13.33	26.41
HDFC Equity Fund	Dec-1994	4.03	7.27	11.43	94.66	17.88	17.47	28.99
HDFC Top 200	Sep-1996	2.65	6.43	7.56	77.97	15.73	19.19	29.19
ICICI Prudential Focused Equity Fund	May-2008	1.63	6.15	10.15	70.07	—	—	—
Kotak 30	Dec-1998	1.98	4.39	4.98	58.66	3.40	11.79	25.17
Kotak Opportunities Fund	Aug-2004	2.99	5.17	7.81	75.13	3.90	14.37	26.28
Reliance Growth	Oct-1995	4.77	6.45	14.71	91.62	12.46	18.47	29.40
Reliance Regular Savings Equity	May-2005	2.84	4.12	12.40	91.50	12.13	24.55	—
Reliance Vision	Oct-1995	2.42	4.67	9.40	71.12	8.32	12.51	23.67
SBI Magnum Sector Umbrella - Contra	Jul-1999	2.39	2.88	7.46	67.66	7.86	14.04	28.84
SBI Magnum Multiplier Plus 93	Feb-1993	3.88	5.00	11.11	73.13	9.40	13.35	28.87
Sundaram BNP Paribas Select Focus	Jul-2002	2.62	2.40	3.81	60.90	3.37	12.49	26.08
Tata Equity PE Fund	Jun-2004	3.37	2.98	11.65	88.67	11.71	19.50	26.69
Tata Select Equity Fund	Apr-2001	2.37	4.24	15.83	91.55	2.86	8.55	21.51

### Sector, Specialty & Tax Saving

Canara Robeco Infrastructure Fund	Nov-2005	5.40	5.60	11.19	73.97	5.02	16.67	—
DSPBR India T.I.G.E.R. Fund	May-2004	3.66	5.12	7.61	61.48	3.44	11.28	26.80
ICICI Prudential Infrastructure Fund	Aug-2005	2.64	3.90	6.68	49.85	1.91	15.82	—
DSPBlack Rock World Gold Fund	Aug-2007	1.58	3.41	-4.69	32.67	1.61	—	—
Reliance Banking Fund	May-2003	8.79	11.68	8.01	95.18	22.18	30.71	27.55
Reliance Diversified Power Sector Fund	Apr-2004	3.64	5.80	5.55	76.12	10.60	29.94	40.55
Canara Robeco Equity Tax Saver	Mar-1993	5.66	10.63	16.79	93.05	20.06	21.76	28.88
SBI Magnum Taxgain Scheme 93	Mar-1993	1.36	3.24	6.99	66.57	4.17	9.49	25.50
Sundaram BNP Paribas Tax saver	Nov-1999	3.08	0.88	1.68	64.78	9.13	15.33	25.99

### Midcap & Smallcap

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Birla Sun Life Mid Cap Fund Plan A	Oct-2002	3.89	3.96	11.34	114.69	13.89	19.41	26.73
IDFC Premier Equity Fund Plan A	Sep-2005	6.08	7.29	19.31	92.90	16.09	26.70	—
Principal Emerging Bluechip Fund	Oct-2008	4.54	7.22	17.17	120.63	—	—	—
Sundaram BNP Paribas Select Midcap	Jul-2002	2.50	0.42	9.64	108.85	12.46	15.30	28.82
Sundaram BNP Paribas S.M.I.L.E.Fund	Jan-2005	5.49	1.73	5.76	102.95	12.77	22.24	25.64

### MIP

HDFC MIP LTP	Dec-2003	1.8144	3.0388	5.5808	24.7978	14.4187	12.7221	13.4306
Reliance MIP	Dec-2003	1.3957	2.1310	5.6752	18.1659	19.9479	14.6064	13.5216
Principal MIP Plus	Dec-2003	0.8459	1.0032	3.0964	15.3813	9.3871	12.2612	10.9737

### Debt Oriented & Liquid Plus Funds

Funds	Launch	1 Week*	1 Month*	3 Months*	6 Months*	1 Year*	2 year**	3 Years**
Birla Sun Life Dynamic Bond Fund	Sep-2004	0.3019	0.6979	1.9722	3.5289	6.4102	10.4625	10.5838
DWS Money Plus Advantage Fund	Nov-2007	-0.06	0.69	1.59	2.32	5.52	8.45	—
Fortis Flexi Debt Fund	Sep-2004	0.3454	0.6748	1.4192	3.3968	5.3747	12.2094	11.1138
Templeton India Short-term Income	Jan-2002	0.4198	0.8782	1.8942	4.3296	10.1844	10.8541	—
Birla Sun Life Savings Fund Ret	Nov-2001	0.0834	0.4031	1.0636	2.0947	4.4886	6.5205	—
DSPBR Money Manager Fund	Jul-2006	0.0780	0.3549	0.9109	1.7074	3.5001	6.0185	—
Fortis Money Plus Fund	Oct-2005	0.0930	0.4017	1.1324	2.2876	5.0320	7.3622	—
ICICI Prudential Flexible Income Plan	Mar-2009	0.0884	0.4086	1.0390	2.0204	4.4430	—	—
Kotak Floater LT	Aug-2004	0.1004	0.4364	1.1921	2.4000	5.0684	6.9607	—

\*Absolute \*\* Annualized.

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

Scheme name	Date	Dividend declared in Rs. Per unit
UTI Wealth Builder Sr-2 RP (D)	29/04/2010	1.20
IDFC Small&Midcap Eqty -D	29/04/2010	1.60
Bharti AXA Equity Fund -RP(QD)	29/04/2010	1.00
Bharti AXA Equity Fund -RP (D)	29/04/2010	1.00
Bharti AXA Equity Fund -Eco(QD)	29/04/2010	1.00
Bharti AXA Equity Fund -Eco (D)	29/04/2010	1.00
Birla SL Pure Value Fund (D)	30/04/2010	1.00

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 you 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.

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# Wiseinvest in the News

Article of our CEO published in Dalal Street Investment Journal - May 9, 2010



Hemant Bhatia  
CEO  
Wiseinvest Advisors

## ULIP: Whose baby is it anyway?

ULIPs have become a cause for concern for the investors, thanks to SEBI and IRDA. But the spat between the two regulators could prove to be a blessing in disguise for investors by ushering in more transparency and lower costs.

### KEY POINTS

- For now, the government has directed IRDA and SEBI to go the court to decide as to who will regulate the investment part of ULIPs
- Most probably, outcome of the present ULIPs crisis would prove beneficial for investors through greater transparency, lower costs and better advice.

**U**LIPs, one of the most popular products offered by insurance companies, have been in the news ever since SEBI banned 14 life insurance companies in the private sector from raising funds through these plans.

ULIP is a unit-linked insurance plan. This is a type of investment where the characteristics of insurance and mutual funds are combined. Accordingly, a part of the premium is utilized towards the insurance cover as well as the administrative charges and the rest is invested as per the option selected by the investor. On the other hand, a mutual fund is a pure investment option that provides long-term growth through capital appreciation as well as dividend distribution. While ULIPs are regulated by Insurance Regulatory and Development Authority (IRDA), mutual funds are regulated by Securities and Exchange Board of India (SEBI).

The rift between the two regulators began when SEBI issued show cause notices to some life insurance companies early this year asking as to why action should not be taken against them for selling ULIPs without its approval. SEBI's premise was that since these products invest majority of their corpus in the capital markets, insurance companies should have taken its approval before launching them. Interestingly, the Central Board of Excise and Customs (CBEC) too had opined in February 2008 that ULIPs bear similarity to mutual funds.

However, insurance companies contested this by saying that ULIP is a life insurance product and hence is not covered under the definition of securities under the Securities Contracts (Regulation) Act, 1956. They have further added that insurance cover was the predominant feature of a ULIP and hence mere existence of an additional investment feature does not make it an investment product.

In the IRDA and SEBI's recent spat, IRDA directed the insurance companies to ignore SEBI's notice and continue

selling ULIPs. In fact, it was the Finance Minister's intervention that restored the status quo for ULIPs. For now, the government has directed IRDA and SEBI to go the court to decide as to who will regulate the investment part of ULIPs. Obviously, both the insurance companies and the policyholders heaved a sigh of relief.

The key issue is, is there any need for more stringent regulations on ULIPs? If yes, is the joint regulation by IRDA and SEBI the right way to go ahead? There is no denying the fact that ULIPs do not have the required level of transparency that a long-term investment product should have. Besides, there is a need to address the issue of mis-selling of ULIPs. Though most investment products including mutual funds too face this problem, there is a feeling that ULIPs require serious and immediate attention to get rid of this menace.

Moreover, there is also a need to resolve the anomalies in pricing and distribution of investment-related products in order to create a level playing field. This will ensure that the investors get the best possible advice for their hard-earned money and that can go a long way in achieving their various investment goals. It is a well-known fact that insurance companies pay much higher commissions for selling ULIPs than what mutual funds pay for selling their products. The scenario changed dramatically after introduction of a no-load regime for mutual funds w.e.f. 1st August 2009. This resulted in many distributors/agents hard-selling ULIPs, thereby compromising the interests of investors.

Insurance companies justify high commissions on account of low insurance penetrations and the efforts required on part of agents to reach out to investors. One must realise that even mutual funds face the same issues.

Hence, there should be a level playing field to ensure healthy sales practices. Also, regulators need to realise that entities involved in the expanding the market for investment products need to be compensated in a reasonable manner for their efforts. Too much focus on reducing the costs may curtail the reach of these products, jeopardizing the wealth creation process of millions of retail investors.

Meanwhile, investors need not worry about the safety of their money invested in ULIPs. This whole episode is most likely to ensure more benefits for them by way of greater transparency, lower costs and better advice. ■

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## What is the best way to achieve investment success?

What is the best way to achieve investment success is a question that haunts every investor. Though achieving investment success is not a hugely difficult task, the challenging part is to achieve it on a consistent basis and that too in line with one's investment objectives. Many investors struggle mainly because they do not go through the process of analyzing their investment needs in a proper manner. There is a general tendency to follow a haphazard approach to investing.

Investing is a simple process that requires planning, perseverance and time. Therefore, one needs to begin with having an investment plan in place and a strategy to implement it. Before starting the process, it would help investors to know that risk is an inherent part of investing and that there is a direct correlation between risk and reward. The right way to make an investment plan is by taking into account factors like current financial situation, investment objectives, attitude towards risk and the time horizon. The level and the type of risk would mainly depend on one's time horizon i.e. the length of time one has to achieve an investment objective. For a short term investor, volatility is the main risk. Therefore, a short term investment strategy should focus on capital preservation. For a long term investor, however, important aspect is the annualized rate of return as volatility tends to work itself out over time. Moreover, compounding plays a major role in the wealth creation process of a long term investor.

As regards the risk, all of us have our own definition of risk. While investors recognize the risk of losing a part of the capital, inflation risk is ignored by them. For a long-term investor, it is crucial to earn positive real rate of returns i.e. returns minus inflation to take care of escalating costs. The real issue, therefore, is how can one find and maintain one's balancing point that can ensure success at a risk level one is comfortable with. This is where an asset allocation strategy has a role to play. An asset allocation strategy helps in spreading investments across different asset classes such as equity, debt, real estate and commodities thereby reducing portfolio risk.

It is important to choose the right investment option while investing in different asset classes. It is equally important to remember that different asset classes perform differently in different market conditions. For example, stock market does well during an economic boom, and loses ground during recessionary times. Bond market, however, goes in the opposite direction. While the recessionary conditions are good for the bond markets, a booming economy is not so good for it. Therefore, one shouldn't allow short term turmoil in the markets to block one's vision for a better financial future. One needs to look for appropriate and tax efficient options rather than investing in a state of fear and miss out on opportunities to make the money grow at a healthy rate.

Thankfully, there are various investment options to suit the needs of investors with different risk appetite and temperament. For a long term investor, equities are potentially better than other options. At the same time, the probability of an investor facing higher volatility in the short to medium term goes up too. This risk, however, can be tackled by following a disciplined approach whereby money is invested on a regular basis. Remember, the level of exposure to equities vis-à-vis the overall portfolio size decides the likely impact on the overall returns and the level of risk. For investors who are not familiar with equity markets, MFs can be a better option as they are not only diversified by nature but also offer many other benefits such as professional fund management, high level of liquidity through open-ended funds, transparency, flexibility, variety of options and tax efficiency. While investing in MFs, it is always advisable to focus on diversified equity funds. Though some of the aggressive funds like sector and thematic funds can be tempting, one should avoid investing in them atleast in the initial phase of portfolio building.

For conservative investors, the traditional investment options like bank deposits, bonds, small savings schemes and debentures have been the mainstay of their portfolios for years. Though as a category, these instruments do address their concern for the safety of their hard-earned money, most of these do not have much of a role to play in the wealth creation process. That's because they not only offer low returns but also are not tax efficient barring an exception like PPF. Besides, lack of liquidity in most of these instruments can be a major hindrance in the flexibility required to make changes in the portfolio from time to time. The time has come to look beyond these for atleast a part of the portfolio and explore options like debt and debt related funds offered by MFs. These are not only tax efficient and flexible but also have the potential to provide better returns.

Gold continues to be one of the effective investment options. However, considering that ultimate role that gold plays in a portfolio is that of hedging against the inflation, one needs to restrict the exposure to gold to around 10-15 percent of the portfolio. Here too, MFs have a role to play. In today's times, the better way to invest in gold is thru Gold Exchange Traded funds (GETF) rather than buying physical gold which has many risks and logistic issues. GETFs can be bought on a stock exchange through a stock broker.

Last but not the least, take help of a professional advisor to guide you through the maze of investment world. However, it is equally important to know that you, yourself, have an important role to play in the decision making process. No one will know about your objectives, needs and risk profile better than you. While an advisor can help you in terms of determining the course of action and selection of investment options, you have a big role to play in defining the parameters.

### WISEINVEST ADVISORS PVT. LTD.

- **Corporate Office:**

605, "D Wing", 6<sup>th</sup> Floor, Crystal Plaza, New Link Road, Andheri(W), Mumbai - 400 053. Tel : 6528 1507/09

Fax : 2673 2671. E-mail : [information@wiseinvestadvisors.com](mailto:information@wiseinvestadvisors.com)

- **Branches:**

**Fort :** 107, Vikas Building, Above Jimmy Boy Restaurant, 11, N.G.N. Vaidya Marg, Fort, Mumbai- 400 023. Tel: 6524 5333/34, 2263 2329

Fax: 2263 2330. E-mail : [information3@wiseinvestadvisors.com](mailto:information3@wiseinvestadvisors.com)

**Thane :** Aishwarya Laxmi, Shop No. 4, Opp. Namdeo Wadi Hall, Maharshi Karve Road, Thane (W) - 400 602. Tel : 6592 7051/52

Fax : 2539 1306. E-mail : [information1@wiseinvestadvisors.com](mailto:information1@wiseinvestadvisors.com)

[www.wiseinvestadvisors.com](http://www.wiseinvestadvisors.com)

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