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WEALTHWISE®

Wiseinvest®
AMFI-registered Mutual Fund Distributor

Inside — Pg No.

Wealthwise

"Wealthwise" is a monthly publication brought to you by Wiseinvest, an AMFI-registered Mutual Fund Distributor. Our CEO, Hemant Rustagi, is a well known personal finance expert. He brings with him an experience of more than 30 years in this field. He regularly writes articles for major national dailies and business magazines as well as appears as a personal finance expert on many investments related TV shows. Providing quality service is our top priority. In keeping with that, we constantly take steps to provide up-to-date information to our clients. In the last seventeen years, thousands of our clients have made mutual funds the mainstay of their portfolios. You can benefit too from our service support for your existing as well as new investments. All you need to do is to just call up any of the offices or email your requirements at **information@wiseinvest.co.in.**

Dear Investor,

India's core sector output grew 16.8% in May amid increasing evidence that the economy picked up pace as the second wave of Covid-19 receded and states eased restrictions. E-way bill generation and goods exports also gained momentum in June. Besides, power and fuel demand picked up and mobility improved.

India Inc put up a strong show in Q4FY21 on account of subdued base, demand recovery, higher realisations and continuing cost reductions. The operating margins of the companies expanded to 20% in the March quarter from 14% a year ago. However, going forward, inflation and likely asset-quality slippages due to second wave could pose challenges.

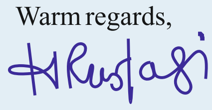
The strong earnings led by upswing in key commodities and strong underlying demand prospects have set stage for further upside in the market, albeit with occasional bouts of volatility. GST collection of around Rs.1.02 lakh crore for the month of May is a testimony to robust domestic macroeconomics. Going forward, with the peak of Covid resurgence behind us, increasing pace of vaccination and calibrated state specific unlocking underway, economic activity is expected to bounce back sharply over the next couple of quarters. Increasing government spending will create a multiplier effect for the economy.

The Finance Minister announced measures to support sectors hit hard by the second Covid wave. These include new credit guarantee schemes for healthcare, tourism and small borrowers as well as Rs.23,220 crore plan to strengthen the country's medical infrastructure. Besides, the tenure of PLI scheme for electronics has been extended.

Rising fuel and food prices pushed retail inflation to a six-month high of 6.3% in May, breaching Reserve Bank of India's targets. This is the first time in six months that the CPI data has come over the Reserve Bank of India's (RBI) upper margin of 6 per cent. The RBI has projected the CPI inflation at 5.1% during the on-going financial year 2021-22.

The MPC of the RBI voted unanimously in favour of keeping the repo rate unchanged and agreed to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of Covid-19 on the economy, while ensuring that inflation remains within the target going forward. Interest rates on small saving schemes will remain unchanged for the July-September quarter.

Warm regards,



Hemant Rustagi
Editor

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The Stock Market Performance During June 2021.

Indices	1st June 2021	30th June 2021	Change in (%)
Sensex	51,934.88	52,482.71	1.05
MIDCAP	21,760.70	22,535.95	3.56
SMLCAP	23,522.99	25,232.17	7.27
BSE-100	15,807.70	16,009.72	1.28
BSE-200	6,723.35	6,823.58	1.49
BSE-500	21,032.85	21,463.09	2.05

Equity Market Update

Indian equities moved within a range during the month and NIFTY 50 ended ~1% up compared to last month. Equity movement were guided by recovery in growth, receding of 2nd wave in India, strong Q4FY21 results, elevated commodity prices, etc. This was partially offset by higher than expected inflation print in US, intermittent concerns over premature tapering of bond purchases by US Fed, rise in oil prices, etc. Midcaps and Smallcaps outperformed the largecaps during the month. Sectoral performance was mixed as Information Technology, Healthcare, Consumer staples and Capital goods delivered positive returns while Banking, Power and Oil & Gas ended the month in negative.

Global equities performance was mixed with most major indices in US and Europe ending the month in positive while in Asian markets like Japan, China, Hongkong etc. delivering a negative return. The tables below give the details of performance of key domestic and global indices.

% Change in Indices	Jun-21	FYTD22^
S&P BSE India Auto	1.0	6.8
S&P BSE India Bankex	(2.5)	4.8
S&P BSE India Capital Goods	2.0	8.8
S&P BSE India FMCG	2.9	5.0
S&P BSE India Healthcare	4.3	20.0
S&P BSE India Metal	(1.1)	30.1
S&P BSE India Power	(2.2)	11.3
S&P BSE India Oil & Gas	(1.8)	9.1
S&P BSE India IT	9.2	13.5
S&P BSE SENSEX	**1.0**	**6.0**
NIFTY 50	**0.9**	**7.0**
NIFTY Midcap 100	**4.6**	**13.8**
NIFTY Smallcap	**5.0**	**20.0**

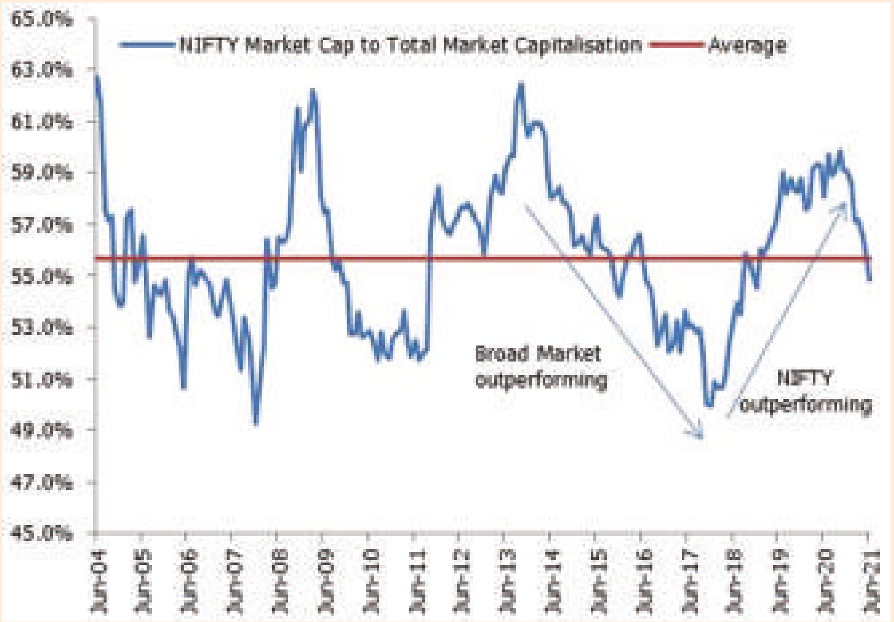
% Change	Jun-21	FYTD22^
S&P 500	2.2	8.2
FTSE	0.2	4.8
DAX	0.7	3.5
CAC	0.9	7.3
Nikkei	(0.2)	(1.3)
Hang Seng	(1.1)	1.6
KOSPI	2.9	7.7
Shanghai	(0.7)	4.3
MSCI Emerging Market Index	(0.1)	4.4

FPIs bought net equity worth USD 2.4 billion in June 2021 as compared net seller of USD 0.4 billion a month ago. On a cumulative basis, FPIs has bought net equity of USD 0.6 billion in Q1FY22 vis-à-vis USD 3.9 billion in Q1FY21.

Domestic equity oriented mutual funds registered net inflows of INR 11,845 crore in May 2021 compared with a net inflows of INR 4,221 crore a month ago. In first 2 months of FY22, domestic mutual funds have recorded net inflows of over INR 16,000 crores compared to net inflows of ~INR 9,000 crores last year.

In general, the corporate profitability in Q4FY21 was strong aided by good demand recovery, rise in realisation, cost rationalisation, etc. Specifically, lower provisioning in banks, improvement in execution in Infrastructure, higher spreads in metals, etc. supported earnings. Q4FY21 results of sectors like Auto, Banks, Chemicals and Metals were better than expected whereas of Utilities, NBFCs, Infrastructure and capital goods were in largely in line with expectations. Results of Consumer staples, consumer durables and Pharma sectors were relatively below expectations.

Market rally becomes broad based in CY21: NIFTY 50 in last 12 months or so has seen significant rally after bottoming out in March. While from the low base the rally seems sharp one should view it in the context that NIFTY 50 returns in last 10 and 15 years are largely in line with nominal GDP growth during that period. Another important aspect to be noted is that movement in NIFTY 50 has been relatively concentrated during CY18-CY20 with top 5 stocks accounting for bulk of the returns. However, the rally became broad based in CY21 with share of top 5 stocks in returns dropping in H1CY21 (refer table below). Further, the broader market also outperformed NIFTY 50 in CY21 supported by outperformance in midcaps and smalls caps (refer chart below).



Source: Bloomberg

CY	NIFTY50 Returns	Top 5 contributors
2005	39.1	48.9
2006	46.2	45.8
2007	57.1	47.7
2008	-51.2	n.a.
2009	77.9	38.1
2010	19.5	53.5
2011	-23.6	n.a.
2012	29.9	49.8
2013	8.5	102.3
2014	33.4	38.8
2015	-2.8	n.a.
2016	4.5	72.8
2017	30.3	48.4
2018	4.6	152.2
2019	13.5	81.3
2020	16.1	81.7
H12021	13.2	43.0

n.a. – not applicable

While rally has become broad based recently, there is still considerable divergence in valuations across sectors compared to their long term averages. The same has been presented in the table below:

	Price To Earnings			Price to Book		
	Current	LTA	Discount / Premium^	Current	LTA	Discount / Premium^
Auto	24.1	16.6	45.0	3.1	2.8	10.0
Consumer staples*	56.3	41.4	36.2	12.1	15.0	-19.7
Consumer Discretionary	70.2	44.6	57.3	15.8	10.5	50.7
Oil and gas	14.2	11.3	25.9	1.4	1.4	2.5
Cement	31.2	23.2	34.4	3.2	2.5	25.4
IT services	27.1	18.0	50.1	7.5	4.5	65.1
Pharma	27.7	22.7	21.9	3.9	4.0	-2.3
Private Banks	19.7	18.3	7.6	2.6	2.5	4.8
Metals	8.0	10.2	-21.9	1.7	1.5	12.9
Tobacco	15.5	24.0	-35.5	3.9	6.9	-43.7
PSU Banks	10.2	11.9	-14.5	1.0	1.1	-4.9
Electric utilities	8.6	10.6	-18.9	1.0	1.1	-6.9

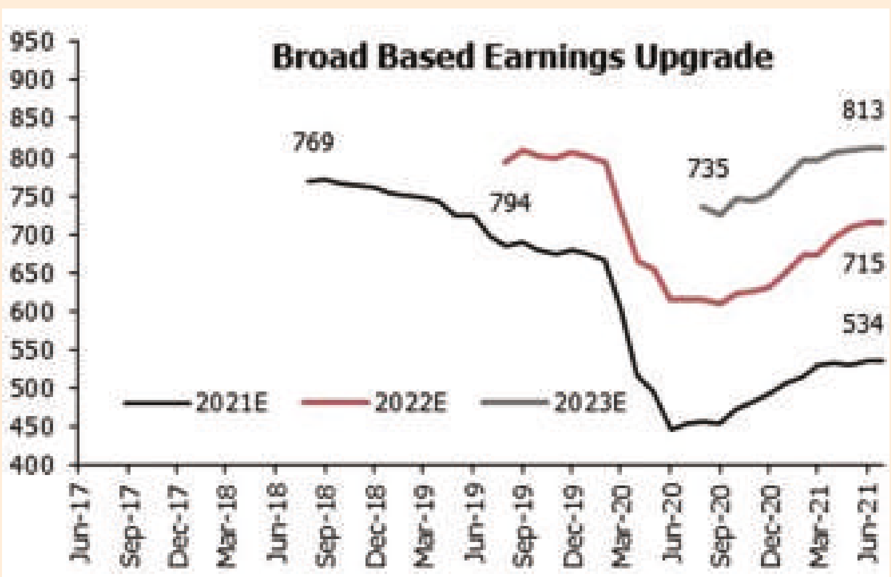
- as on 30 June 2021. *ex tobacco; ^to Long term (LT) average. Cells in green are sectors which are trading at premium while in red are ones which are trading at discount relative to long term average. All are figures are calculated based on 12 months forward estimates. Source: Kotak Institutional Equities. Stocks are part of Kotak Institutional Equities universe.
Oil & Gas PE valuations are high due to one company. Excluding that company, the multiple for Oil & Gas stood at 7x vs 10 year average of 9x.

Cont. on page 3...

Equity Market...

...Cont. from page 2

2nd Wave and Equity markets: The resurgence in Covid cases over the past quarter has had minimal impact on equity market performance. Interestingly, NIFTY 50 has risen by ~7% since end-March 2021 despite strict lockdowns imposed by most states. This is probably because of multiple reasons. Firstly, the impact of manufacturing and goods mobility was relatively lower compared to first wave as the lockdowns were more localised. Further, firms were better geared to adapt to Covid protocols during the 2nd wave. More importantly, bearing of lockdowns on corporate earnings is likely to be limited and that too transitory on bulk of sectors in NIFTY 50. This is also reflected in the broad based earnings revisions and upgrades in NIFTY 50 earnings (refer adjacent chart) since the downgrades seen post lockdown in Q1FY21.

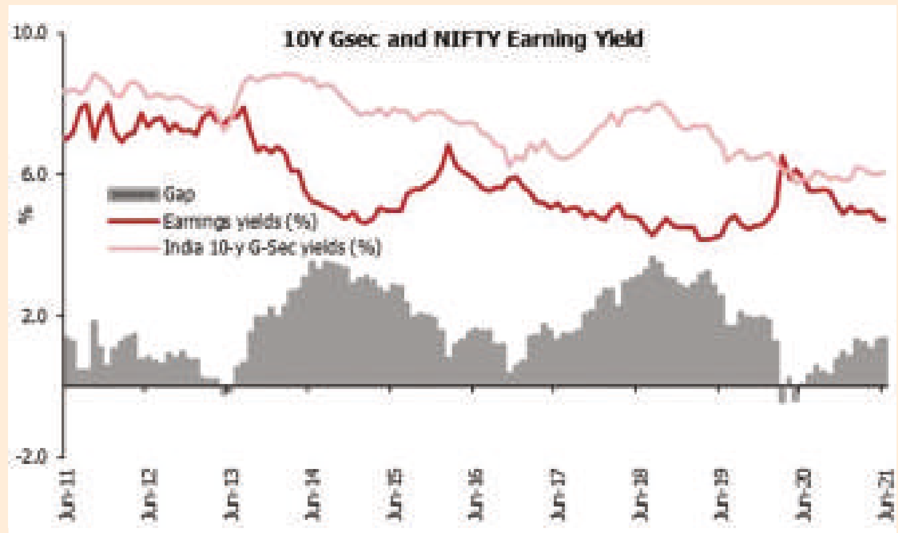


Source: Kotak Institutional Equities

Specifically, impact on FMCG / Pharma / Telecom / Utilities / IT etc. is likely to be limited. Further, global cyclical sectors like metals, oil & gas, etc. are not materially impacted due to local conditions. Additionally, large players in financial services stand to gain from lower provisioning costs, competitive technology leading to cost savings and possible increase in market share. While sectors like Auto and other discretionary spends might get impacted but their weights in NIFTY 50 are relatively low. Interestingly, global experiences of equities in US, UK, Eurozone, etc. during the 2nd and 3rd wave was also similar and impact on equities was limited.

Outlook

As on 30 June 2021, NIFTY 50 was trading near 19.3x FY23E price to earnings ratio. In our view, these are reasonable multiples, especially given the low interest rate environment and healthy earnings growth. Further, the gap between 10Y Gsec and 1Y-Forward NIFTY 50 Earning yield* stood at 1.4, below its 10-year average of 1.7. *Earning yield = 1/(one year forward P/E).



Source: Kotak Institutional Equities

Further, though NIFTY 50 is trading near all-time highs, if one views the 10 year CAGR of NIFTY 50, returns are largely similar to growth in India's nominal GDP.

In view of the above, in our opinion, markets hold promise over the medium to long term and there is still good value in select pockets of the market. Improvement in corporate profitability, fall in Covid-19 cases and relaxations in restrictions, easy financial conditions and low cost of capital, comfortable external sector, supportive monetary and fiscal measures, etc. also bode well for equities.

Thus, there is merit in increasing allocation to equities in a phased manner or in staying invested with a medium to long term view and in line with individual risk appetite. Resurgence of spread of Covid-19, premature unwinding of fiscal and monetary stimulus, higher than expected NPAs, etc. are key risks in the near term.

HDFC Mutual Fund

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

Could an all-season fund help mitigate risk from market conditions?

The market goes through many cycles and with it, comes certain risks. **Aditya Birla Sun Life Balanced Advantage Fund** aims to mitigate risk by balancing your portfolio and through asset allocation.

Why invest?

- Participates in growing stocks and limits investments in low-yield stocks.
- Invests in both equity and debt asset classes, but seeks to maintain gross equity exposure of minimum 65% with the benefit of equity taxation.
- Conservative stock selection approach to keep a reasonable margin of safety at the time of investment.

Mutual Funds

Aditya Birla Sun Life Mutual Fund

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Scheme:	This product is suitable for investors who are seeking*:	
Aditya Birla Sun Life Balanced Advantage Fund (An open ended Dynamic Asset Allocation fund)	• Capital appreciation and regular income in the long term • Investment in equity & equity related securities as well as fixed income securities (Debt & Money Market securities) *Investors should consult their financial advisors, if in doubt about whether the product is suitable for them.	RISKOMETER Investors understand that their principal will be at High risk

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

Performance Of Select Funds

Data as on June 25, 2021

EQUITY FUNDS

Large Cap, Large & Midcap, Multi Cap

Fund	Launch	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**	7 Year**	10 Year**	15 Year**
ABSL Frontline Equity Fund	Aug-02	17.43	55.62	16.37	12.47	13.25	12.25	13.54	15.14
ABSL Flexi Cap Fund	Aug-98	20.95	63.30	20.61	14.48	16.48	14.52	15.59	15.01
Axis Bluechip Fund	Jan-10	11.69	47.05	18.79	15.80	17.11	13.91	14.76	—
Axis Focused 25 Fund	Jun-12	12.71	52.57	20.62	14.25	18.16	16.15	—	—
Axis Growth Opportunities Fund	Oct-18	24.79	61.80	28.65	—	—	—	—	—
Canara Robeco Flexi Cap Fund	Sep-03	19.27	56.43	22.02	17.61	18.07	13.71	14.08	15.28
Canara Robeco Emerging Equities	Mar-05	21.89	64.74	24.11	16.19	18.86	19.21	20.47	17.37
HDFC Flexi Cap Fund	Jan-95	26.16	64.47	13.06	14.18	14.88	11.43	12.47	14.79
HDFC Top 100 Fund	Oct-96	20.48	54.66	10.51	12.65	13.84	10.59	11.74	14.31
HSBC Large Cap Equity Fund	Dec-02	13.79	50.61	16.93	13.10	14.51	11.29	11.24	11.96
HSBC Focused Equity Fund - Regular	Jul-20	16.20	—	—	—	—	—	—	—
ICICI Prudential Bluechip Fund	May-08	17.58	53.55	16.48	13.53	14.78	12.83	13.62	—
IDFC Core Equity Fund - Regular Plan	Aug-05	23.99	65.50	18.46	12.40	14.65	12.93	12.25	11.58
Invesco India Contra Fund	Apr-07	19.69	56.20	20.79	14.65	17.69	16.28	16.09	—
Kotak Bluechip Fund - Regular Plan	Dec-98	18.33	57.16	20.13	15.50	14.44	13.53	13.01	13.24
Kotak Equity Opportunities Fund	Sep-04	21.52	56.84	21.64	16.67	16.71	15.63	14.95	14.79
Kotak Flexicap Fund Regular Plan	Sep-09	18.52	51.42	16.06	13.89	15.48	15.33	15.61	—
Mirae Asset Emerging Bluechip Fund	Jul-10	26.63	69.51	27.39	22.05	21.88	22.39	22.77	—
Mirae Asset Focused Fund - Regular	May-19	23.78	67.43	27.69	—	—	—	—	—
Mirae Asset Large Cap Fund - Regular	Apr-08	17.78	54.87	17.34	15.32	16.73	15.41	15.93	—
Nippon India Large Cap Fund	Aug-07	20.57	57.98	12.02	11.75	14.14	12.51	13.37	—
Nippon India Multi Cap Fund	Mar-05	29.50	69.45	12.25	12.16	12.55	11.14	13.40	14.61
SBI Bluechip Fund	Feb-06	17.21	56.34	17.25	13.49	13.47	14.05	14.75	12.50
SBI Focused Equity Fund	Oct-04	20.39	51.71	20.68	16.35	17.36	16.55	17.42	15.83
UTI Flexi Cap Fund - Regular Plan	May-92	18.03	68.29	27.63	18.38	17.80	15.55	15.68	15.49

Midcap & Smallcap

Fund	Launch	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**	7 Year**	10 Year**	15 Year**
Axis Midcap Fund	Feb-11	22.83	59.45	28.84	20.53	19.93	17.13	19.39	—
DSP Midcap Fund - Regular Plan	Nov-06	22.68	59.30	26.03	17.06	17.09	17.09	17.48	—
HDFC Mid-Cap Opportunities Fund	Jun-07	27.51	70.19	23.32	13.69	16.12	16.11	17.87	—
Kotak Emerging Equity Fund Regular	Mar-07	32.76	80.21	29.35	18.76	18.27	19.88	19.51	—
L&T India Value Fund	Jan-10	24.75	65.44	18.50	12.74	15.11	15.25	17.00	—
Motilal Oswal Midcap 30 Fund	Feb-14	22.53	60.58	19.14	11.31	11.23	14.57	—	—
UTI Mid Cap Fund - Regular Plan	Apr-04	24.70	74.10	29.09	16.11	15.02	16.22	18.18	15.22

Sectoral / Thematic Fund & Tax Saving

Fund	Launch	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**	7 Year**	10 Year**	15 Year**
ICICI Prudential Banking and Financial	Aug-08	25.14	69.24	9.12	11.12	15.81	14.88	16.21	—
Nippon India Banking Fund	May-03	29.89	74.92	6.57	7.68	13.97	12.26	12.84	18.53
ICICI Prudential Pharma Healthcare	Jul-18	14.10	52.08	45.72	—	—	—	—	—
Nippon India Pharma Fund	Jun-04	19.08	56.87	46.51	27.42	18.50	18.18	18.06	21.48
SBI Healthcare Opportunities Fund	Jul-99	14.74	52.22	44.21	24.79	11.31	14.65	17.37	14.19
Kotak Pioneer Fund - Regular Plan	Oct-19	23.95	72.57	—	—	—	—	—	—
Axis Long Term Equity Fund	Dec-09	14.32	53.46	20.92	15.49	16.84	16.78	18.22	—
IDFC Tax Advantage (ELSS) Fund	Dec-08	33.78	82.14	23.15	14.86	17.56	16.06	16.30	—
Kotak Tax Saver Regular Plan	Nov-05	22.78	59.24	19.95	17.15	16.52	15.56	13.80	12.82
Mirae Asset Tax Saver Fund - Regular	Dec-15	24.52	68.86	25.30	20.37	21.84	—	—	—

ARBITRAGE FUNDS

Funds	Launch	3 Mth*	6 Mth*	1 Year*	2 year**	3 Year**	5 Year**
ICICI Prudential Equity Arbitrage Fund	Dec-06	1.32	2.16	3.69	4.55	5.18	5.51
IDFC Arbitrage Fund - Regular Plan	Dec-06	1.19	2.02	3.46	4.28	5.02	5.39
Kotak Equity Arbitrage Fund Regular	Sep-05	1.32	2.27	3.85	4.68	5.27	5.63

HYBRID

Fund	Launch	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**	7 Year**	10 Year**	15 Year**
ABSL Equity Hybrid '95 Fund	Feb-95	16.36	49.77	14.16	9.93	10.98	11.47	12.30	13.77
Canara Robeco Equity Hybrid	Feb-93	14.20	41.27	18.73	15.32	15.02	13.80	14.11	13.73
DSP Equity & Bond Fund	May-99	16.35	44.14	19.62	15.14	14.47	14.29	12.96	13.89
ICICI Prudential Equity & Debt	Nov-99	23.75	52.35	17.28	14.53	14.67	13.57	14.94	13.39
Kotak Equity Hybrid Fund	Nov-99	20.14	54.77	20.15	15.43	13.86	12.26	12.27	11.68
SBI Equity Hybrid Fund	Dec-95	14.07	39.66	16.09	13.81	13.53	13.72	14.24	13.19
DSP Dynamic Asset Allocation	Feb-14	6.37	20.56	12.36	10.46	9.70	—	—	—
ICICI Prudential Bal. Advantage	Dec-06	10.01	31.17	13.43	11.50	11.53	—	—	—
IDFC Bal. Advantage Fund	Oct-14	7.64	23.39	12.58	9.43	9.65	—	—	—
Kotak Bal. Advantage Fund	Aug-18	8.37	27.16	13.75	—	—	—	—	—
IDFC Equity Savings Fund	Jun-08	6.47	16.72	8.37	7.31	6.55	—	—	—
Kotak Equity Savings Fund	Oct-14	5.71	18.32	9.87	8.53	9.04	—	—	—

DEBT

Debt Oriented & Ultra Short Term Debt Fund

Funds	Launch	1 Mth*	3 Mth*	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**
Aditya Birla Sun Life Short Term Fund	May-03	0.25	1.69	1.81	7.91	8.47	8.58	7.93
Invesco India Short Term Fund	Mar-07	-0.03	1.31	1.04	4.25	7.50	7.72	7.17
Axis Corporate Debt Fund - Regular	Jul-17	0.11	1.51	1.77	6.75	9.27	7.89	—
HDFC Corporate Bond Fund	Jun-10	0.12	1.72	1.67	6.23	9.01	9.32	8.49
Kotak Corporate Bond Fund	Sep-07	0.22	1.55	1.60	5.80	8.00	8.29	8.07
Kotak Banking and PSU Debt Fund	Dec-98	0.40	1.81	1.62	5.90	8.61	9.08	8.29
SBI Banking and PSU Fund	Oct-09	0.15	1.41	0.97	4.79	8.06	8.33	7.75
ICICI Prudential Savings Fund	Sep-02	0.50	1.35	1.89	5.93	7.42	7.73	7.63
Kotak Savings Fund Regular Plan	Aug-04	0.25	0.85	1.59	3.74	5.57	6.39	6.68
L&T Ultra Short Term Fund	Apr-03	0.25	0.84	1.65	3.46	5.39	6.23	6.61

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

Dividends declared by equity and equity-oriented funds during the month of June 2021

Scheme name	Date	Dividend declared in ₹ Per unit
ICICI Prudential Equity & Debt Fund - Monthly	02-06-2021	0.16
Tata Hybrid Equity Fund - Monthly	03-06-2021	0.28
Tata Equity PE Fund Trigger Option A (5 Percentage)	04-06-2021	0.95
ICICI Prudential Long Term Equity Fund (Tax Saving)	10-06-2021	0.70
Sundaram Equity Hybrid Fund	11-06-2021	0.14
PGIM India Hybrid Equity Fund - Monthly	17-06-2021	0.13
Sundaram Long Term Tax Advantage Fund - Series II	18-06-2021	2.50
Sundaram Long Term Tax Advantage Fund - Series I	18-06-2021	1.75
Sundaram Small Cap Fund	18-06-2021	3.50
Sundaram Small Cap Fund - Institutional	18-06-2021	3.50
Sundaram Long Term Tax Advantage Fund - Series IV	18-06-2021	0.50
L&T Large and Midcap Fund	23-06-2021	0.17
Edelweiss Aggressive Hybrid Fund	23-06-2021	0.17
Edelweiss Long Term Equity Fund (Tax Savings)	23-06-2021	0.30
Edelweiss Flexi Cap Fund	23-06-2021	0.75
L&T Hybrid Equity Fund	23-06-2021	0.13
HDFC Hybrid Equity Fund	25-06-2021	0.25
L&T India Value Fund	25-06-2021	1.75
Baroda Hybrid Equity Fund - Plan A	25-06-2021	0.30
Franklin India Prima Fund	28-06-2021	6.00
DSP Equity & Bond Fund	28-06-2021	0.15
Axis Equity Hybrid Fund - Monthly	28-06-2021	0.08
Axis Equity Hybrid Fund - Quarterly	28-06-2021	0.24
Sundaram Multi Cap Fund Series I	28-06-2021	0.58
Sundaram Multi Cap Fund Series II	28-06-2021	0.57
LIC MF Equity Hybrid Fund - Plan A	29-06-2021	0.10
LIC MF Tax Plan	29-06-2021	0.25
Sundaram Mid Cap Fund	29-06-2021	2.87
Sundaram Mid Cap Fund - Institutional	29-06-2021	2.65
Sundaram Financial Services Opportunities Fund	29-06-2021	1.61
Sundaram Financial Services Opportunities Fund - Institutional	29-06-2021	1.77
Sundaram Large and Mid Cap Fund	29-06-2021	1.58
Sundaram Infrastructure Advantage Fund	29-06-2021	2.53
Sundaram Value Fund - Series VII	29-06-2021	0.73
Sundaram Value Fund - Series IX	29-06-2021	1.57
Sundaram Value Fund - Series X	29-06-2021	1.48
Aditya Birla Sun Life Dividend Yield Fund	30-06-2021	0.24
Aditya Birla Sun Life Equity Hybrid 95 Fund	30-06-2021	2.08
BOI AXA Tax Advantage Fund - Eco Plan	30-06-2021	1.00
BOI AXA Tax Advantage Fund	30-06-2021	2.00
BOI AXA Small Cap Fund	30-06-2021	1.25
BOI AXA Flexi Cap Fund	30-06-2021	1.00
Sundaram Diversified Equity	30-06-2021	0.37
Sundaram Services Fund	30-06-2021	1.12
Sundaram Equity Fund	30-06-2021	1.01

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 can do that for you free of charge. Once we have the details, we would send your updated statement every month. You can contact our corporate office or our branch to avail of this free service.

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

Debt Market Update

The fixed income markets traded within a narrow range in June 2021 with 10-year Gsec yields ending the month at 6.05%, up 3 bps compared to May 2021. The movement in yields was influenced by dovish commentary of RBI and announcement of G-SAP 2.0 of INR 1.2 lakh crore, range bound movement in treasury yields, etc. While the CPI came in higher than expected and oil prices also continue to inch up, the impact on the 10Y yield was relatively lower on account of continuous RBI intervention. The table below gives a summary view of movement of key rates and liquidity.

	May-21	Jun-21	Change (%)
10Yr Benchmark G-Sec Yield^ (%)	6.02	6.05	0.03
AAA 10Year Corporate Bond Yields#, & (%)	6.81	6.88	0.07
AAA 10Y corporate bond spread against 10Y benchmark@ (bps)	79	82	0.04
Average net liquidity absorbed / (infused) by RBI* (INR billion) (approx.)	4,628	4,788	3.5
MIBOR Overnight Rate (%)	3.39	3.36	-0.03

^ - bi-annual yield; #-annualised yield; & - Average yield of 6.49% NABARD maturing on 30-Dec-2030 provided by Independent valuation agencies has been taken. @ - Spreads calculated by subtracting non-annualised Gsec yields from annualised corporate bond yields.

*Average net daily liquidity infused / absorbed through Liquidity Adjustment Facility, exports refinance, marginal standing facility and term repos/reverse repos;

Average net interbank liquidity surplus was relatively stable compared to last month despite being a seasonally weak month (due to payment of advance taxes). This was supported by liquidity infusion by RBI through G-SAP 1.0 for forex purchases by RBI.

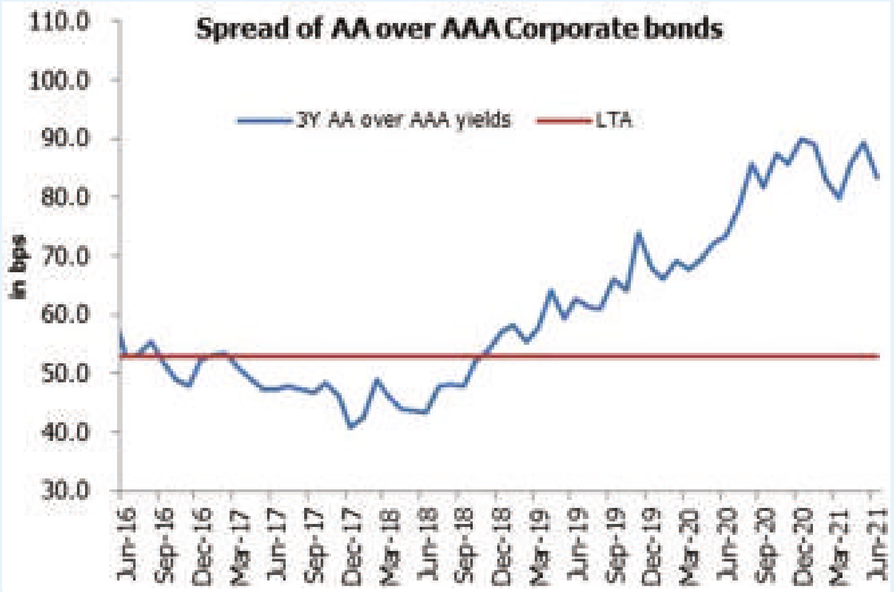
Net FPI flows in debt turned negative to USD 0.5 billion during the month from being marginally positive (USD 34 million only) in May 2021. Cumulatively in Q1FY22, FPIs net outflows into debt stood at USD 0.2 billion compared to net outflows of USD3.7 billion during Q1FY21.

Outlook

The MPC minutes released by RBI for its June 2021 meeting were largely in line with expectations. Most of the members expressed concerns over GDP growth owing to resurgence of 2nd wave of Covid-19. The members also expressed their concerns on higher than expected Inflation prints, however, they acknowledged that the current spike is attributed largely to supply side disruption and hence can be transitory as aggregate demand conditions remains weak.

Long Term Average spread of AA over AAA over 10 yearsSince early 2021, overall environment has turned adverse towards yields. Rise in crude prices, surge in 10Y US treasury yields, higher than anticipated government borrowings, elevated CPI and Core CPI, etc. are likely to sustain and keep upward pressure on yields especially at the longer end. Additionally, high SLR holding of banks and signs of improvement in economic activity can also push yields higher. Further, with June 2021 inflation print surprising on the upside can result in RBI deliberating on calibrated withdrawal of liquidity (through VRRR, raising reverse repo, etc.) which can put pressure on risks to shorter end of the curve as well and thus, reducing the term premia to a certain extent.

To counter these factors, RBI has proactively kept liquidity in large surplus and kept benign financial conditions. Further, it has also often intervened through unconventional tools like LTRO, TLTROs, G-SAP, OMOs, Operation TWIST, etc. These measures have been effective and it has been able to stall the rise of 10Y Gsec yields despite multiple adverse factors. The dovish commentary and future guidance coupled with systematic liquidity infusion done by RBI indicates that these interventions will continue in near future. This should keep yields from rising sharply especially at the medium to longer end. Further, comfortable external position, muted credit growth, ample global and domestic liquidity, weakness in growth due to 2nd wave of Covid-19, etc. can also cap sharp rise in yields.



Long Term Average spread of AA over AAA over 10 years

In view of the above, we expect yields to trade with a marginal upward bias at the medium to longer end of the curve while yields at the shorter end of the curve can rise at a faster pace. Thus, we continue to recommend investments into short to medium duration debt funds, preferably, in a staggered manner in line with individual risk appetite.

Credit environment still warrants caution, measures undertaken by RBI so far have eased the spreads on AAA rated bonds significantly but opportunities continue to exist in select pockets of non-AAA rated bonds as credit spreads are still trading at attractive levels. Hence, allocation to credit oriented schemes or funds with some non-AAA exposure can be maintained / increased in a phased manner, in line with individual risk appetite.

Source for various data points: Bloomberg, NSDL, CMIE, RBI, Kotak Institutional Research, Worldometers.info, World Bank, Daily valuation provided by ICRA/CRISIL

HDFC Mutual Fund

Disclaimer

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

Make Your Investments Sustainable

An ever-expanding investment universe provides a number of interesting, effective and flexible investment options for investors with different risk profiles. However, one must follow the right selection process to get the best out of this situation. Every investor must understand that selection of investment option should be the last step in the selection process. The process must begin with establishing investment objectives. Assigning a time horizon to each of these goals helps in determining an ideal asset allocation. While equities should be the mainstay of a long-term portfolio, debt and debt-related instruments should be at the forefront of a short-term portfolio. Hybrid options can play a significant role in achieving medium term goals.

In reality, a number of factors impact the final outcome of an investor's investment process over different time periods. Hence, one must follow certain principles that not only help at the start of the process but also keep the portfolio on track during the defined time horizon. Here are some of the priority areas to ensure sustained investment success.

Focus on what you want to achieve

As an investor, you must avoid following a haphazard investment approach as it may compel you to make investment decisions depending on how different asset classes behave at certain points. Besides, it can make you miss out on opportunities in the market. Therefore, keep your focus on the bigger picture at the start by establishing your goals to be achieved over short, medium and long-term horizon. A goal-based investment process propagates budgeting, risk management and asset allocation model that helps you create the right balance between risk and reward.

Remain committed to your time horizon

Once a time horizon is assigned to a goal, you must remain committed to it irrespective of how the market behaves and continue your investment process. This approach not only helps you tackle the volatility but also allows you to benefit from averaging over time.

Work closely with your advisor

Today, a lot of information is available on various investment options and strategies to invest in them through different mediums. Therefore, you must always be open to absorb this knowledge and use it in your investment process. If you find it overwhelming, take help of an advisor. It helps if you listen to your advisor as it allows you to understand the complexities of investment world. Remember, the unwillingness to do so can make it difficult for you to adapt to the ever-changing investment and economic environment.

Be flexible

While investment is an on-going process, there is no straight path to investment success. Therefore, your investment process as well as options must have the flexibility required to rebalance your portfolio in line with changes in your own circumstances as well as in economic and political environment. Also, be prepared to tackle the challenge of non-performance of some of the investments in your portfolio. Although monitoring the performance holds the key to long-term investment success, don't get tempted to make frequent changes just because you have the flexibility to do so. Besides, avoid discussing your portfolio with all and sundry as conflicting views can make you lose your focus and compel you to compromise your financial future.

Plan your tax investments well

To get the best out of your tax savings investments, you must integrate them into your overall investment program. It not only allows you to choose options in line with pre-decided asset allocation but also avoid investing haphazardly at the fag-end of the year. This strategy creates place for options like equity linked savings schemes (ELSS) of mutual funds. Being equity-oriented funds, these have the potential to generate positive real rate of return. Another notable feature is a lock-in period of 3 years, which is shortest amongst tax savings instruments.

A Note To Our Esteemed Readers

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