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WEALTHWISE®

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Inside — Pg No.

"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,

Indian stock indices turned volatile towards the end of the month after the Sensex touched an all-time high of 60,412.32 and Nifty a record high of 17,947.65 on September 24, 2021. The volatility in the market, mirrored weakness in global markets, which have been weighed down by concerns over rising inflation and firming bond yields. Overall, while the Sensex was up 3.12%, mid and small cap indices of the BSE were up 4.90 and 4.08% respectively during the month.

Although the indices may cool off further in the coming days, longer term trend remains bullish. There are indications of strengthening economic recovery as pandemic eases. GST collection for September stood at ₹1.17 lakh crores, the highest since April and 23% higher than ₹ 95,480 crore in the year earlier. India's exports stood at $33.4 billion in September, against $27.6 billion in the previous corresponding period. The HIS Markit-compiled PMI rose to 53.7 in September from 52.3 in August. The government's fiscal deficit stood at Rs 4.68 lakh crore or 31.1 per cent of the Budget estimates at the end of August. The government expects this positive trend to continue and that should result in higher revenue in the second half of the year.

With Indian stock market touching dizzying heights, investors are experiencing mixed emotions of awe and fear. While those who stayed away from the market have been watching it rise to an all-time high in awe, existing investors are faced with the fear of losing some of the gains they have made. The situation is even tricky for those, who pared exposure to equities over the last one year or so, hoping for a correction and reinvesting at lower levels. Then, there are fence sitters, who are wondering whether they should begin investing in the markets at the current levels or not.

Although the prospects of the stock market look promising from the long-term point of view, it is important not to get carried away by the euphoria that exists today. The right way for a common investor would be to follow a goal-based strategy rather than investing with the sole objective of making some quick money.

Warm regards,

H Rustagi

Hemant Rustagi
Editor

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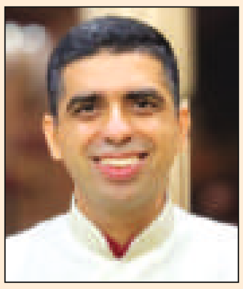
The Stock Market Performance During September 2021.

Indices	1st September 2021	30th September 2021	Change in (%)
Sensex	57,338.21	59,126.36	3.12
MIDCAP	24,072.58	25,253.09	4.90
SMLCAP	26,979.89	28,081.74	4.08
BSE-100	17,347.53	17,880.57	3.07
BSE-200	7,381.39	7,617.01	3.19
BSE-500	23,167.46	23,937.54	3.32

Invest In The Early Signs



Midcaps of today have the opportunity and ability to grow!

Today, there are number of exciting early signs of growth across sectors to justify optimism on long term prospects in the midcaps space. Be it private sector capex numbers or export momentum across specialty chemicals, Pharma API, Mobile manufacturing, textile, Aquaculture – there's a lot that's happening in the midcaps space, throwing up significant wealth creation opportunities.

Economic upcycle and growth story

Over the longer term, the returns generated by any index is dependent on the performance of their underlying constituents. How the businesses are growing and expect to grow in future has far larger impact on the performance of indices than any other factor. We remain very constructive on the growth story of our country in the coming years and its corresponding impact on the corporate earnings growth. We believe we are at the cusp of an economic upcycle and midcaps of today are very well positioned to take advantage of this growth opportunity. Current consensus estimate point toward the same and are building in strong growth in midcap earnings over the next two years. Considering our outlook on the economy, we believe this is the most opportune time for mid caps.

Valuations

While we remain cognizant of valuations, we don't believe they are a cause of any worry at the moment. One needs to look at valuations in conjunction with the growth a business is witnessing. Corporate earnings have grown at single digit growth rate annually over the last decade and the valuations over the last decade was based on this relatively low growth rate scenario. However, the current consensus estimates point to a strong earnings growth for midcap companies. In addition, the cost of capital currently is close to a decadal low. The current valuation in the market reflect this higher growth expectation and low cost of capital scenario.

Themes and opportunities across the spectrum

There are many signs that are making us positive currently. FY21 was first year of robust corporate earnings growth, after almost a decade of single digit growth. On the manufacturing side, capex to GDP ratio increased to ~2.3 in FY21 and expected to reach ~2.5% in FY22 after being about 1.6-1.8% for the last 7-8 years. We are seeing positive momentum on exports also. We saw highest ever exports from India in the first quarter of current fiscal. These early signs are making us positive on the strength of the growth going forward.

We are seeing opportunities across the spectrum and are positive on quite a few themes that we believe will play out in the coming years. One big theme that we are positive on is that of exports. Global growth momentum has been on an upswing. As the growth picks up so does demand for goods and services. This strong global growth coupled with diversification of global supply chains where global customers are trying to reduce their dependence on one country, is providing a strong growth opportunity for Indian corporates. Supported by these tailwinds, we expect exports to grow at rapid pace in coming years.

We are seeing opportunities emerging in various sectors such as specialty chemicals, Pharma API, Mobile manufacturing, textile, Aquaculture amongst others which is leading to our positive view on this theme. Another such theme is make in India. Government of India has come out with a lot of incentives in the form of PLIs to promote domestic manufacturing. These incentives are making Indian businesses a lot more cost competitive allowing them to compete with cheaper imports as well as making them competitive in global trade. It's a long term opportunity available to domestic corporates and we believe they have a long runway of growth in front of them driving our positive stance.

Midcap opportunities

Midcap stocks offer more diversified universe for Investment than large cap. We believe there are opportunities available across many sectors that find little space in large cap indices. To that extent we have an opportunity to invest into more diversified themes vis-à-vis large caps. Many of these additional sectors have a very large opportunity size which many midcaps companies are taking advantage of and continue to grow at a rapid pace. We are excited by this opportunity and definitely see midcap companies being big gainers there.

We believe many midcaps of today have the opportunity and ability to grow at a rapid pace and become large caps of tomorrow. They are on a journey to become much larger players in their respective segments as long as they execute well and capture the opportunity that the strong economic growth cycle is providing. Typically, maximum returns are generated when investment period coincides with the evolution of the business till it becomes stable. Since, the time period for the stability of businesses should come in 5-7 years, an investment horizon should also have the same time frame.

Ankur Arora
SVP and Fund Manager
HSBC Asset Management

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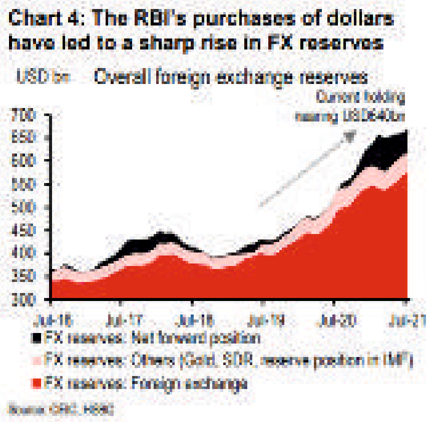
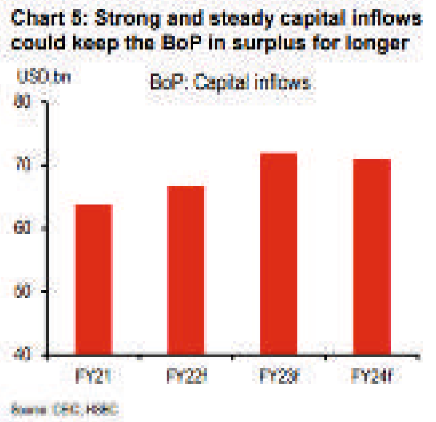
Debt Market Outlook

The world has changed and how! – over the past 6 quarters. From boom to gloom and back to possible boom. Financial practitioners and policy makers have risen to the occasion to apply ointment to the economy in response to the pandemic. From a malnourished economy to potential obesity – that is the journey most world economies have traversed since the pandemic broke out in early 2020. A monetary situation which was created to ward off possible ill effects of the pandemic on the economy, now needs reversal as vaccinations gather momentum world over. The key point to ponder – is this likely to be gradual? Or a hasty one. For now it seems like central banks across the world are not a mood to press the accelerator pedal in a hurry. US Fed has clearly stated that the tapering of bond purchases should not be construed as a precursor to immediate rate hikes. Ditto could be the thought process for our policy makers in India.

Global growth is showing signs of moderation in the wake of slowing credit impulse in China and growth peaking out in US and Euro Area. Renewed global risk-off environment triggered by China's property and energy sector crisis, rising commodity prices and a clear indication of initiation of policy normalisation by global central banks including the US Fed and BoE may weigh on emerging markets as well. While INR could depreciate near term, the adequate foreign exchange reserves (US$639bn as on September 17th 2021) is expected to limit the volatility and temper the depreciating bias





India's current account balance surprised on the positive by recording a surplus of US$6.5bn 0.9% of GDP in Q1FY22 after a deficit for two consecutive quarters. While exports exhibited resilience on buoyant external demand, imports bore the brunt of renewed COVID-induced restrictions during the second wave. Higher-than-expected current account surplus and healthy foreign capital inflows resulted in Balance of Payments (BoP) recording a surplus of US$31.9bn in Q1FY22—the second highest record surplus! While the economy is pretty much on the mend, key now is to see the monetary normalization process kickstart. As a step towards normalisation in India, we have already seen introduction of VRRR (variable rate reverse repo) by RBI – 7 & 14 days for now. The core banking system liquidity is in excess of INR 11 tn which warrants a phased reduction. Currently, the RBI is conducting INR 6 tn worth of 7 & 14 day VRRR. There is a high probability that we could see an increase in VRRR tenor in the upcoming policy and an increase in amount too. This to our mind is a precursor towards narrowing of the reverse repo and repo corridor (which is at 65 bps as of now). This could be followed by a reduction in the GSAP amount as well in the Oct – Dec quarter. Bond yields have stabilised and the H2 (2nd half Fy 22) government borrowing too is in line with market expectations. Add to that, the possibility of India fixed income index inclusion in a global index has led to buying emerge in the FPI segment (Foreign portfolio investors). After a long while, the net sales in Indian debt has outpaced the net sales in equity for the month of September (~ INR 10,000cr in debt v/s INR 8000cr in equity). GSAP could however take the form of OT (operation twist) where RBI buys long end bonds and sells short end bonds simultaneously. This is to ensure no further addition of liquidity, which is in surfeit mode.

On the inflation front, while we saw upward revisions in the previous policies (currently projected at 5.7%) the headline CPI has been trending lower. The fall in inflation over the next 3 months will be base effects-driven. While next few data points may continue on lower side, RBI may not want to revise its forecast lower, given the recent spike in crude oil prices. Thus; from an outcome perspective, we may see adjustments in VRRR and GSAP and status quo on policy rates. The reverse repos rate hike could wait till December policy as VRRR is anyways playing its intended role. We have seen short end of the yield curve back up by 25-35 bps already in the past 1 month. Also with festivities approaching, it does make sense to wait out to gauge any possible adverse developments on the pandemic front. The steep yield curve has already started to flatten out, and with continued VRRR, the case for further flattening continues.

The banking system continues to be in comfortable liquidity mode, hence the case for carry in fixed income remains. By November, the action points from US Fed will be abundantly clear, which could then pave way for a reverse repo rate hike in Dec policy for us in India. There is a strong case for fixed income investors to stay invested as the steep yield curve allows for a healthy portfolio carry. Despite volatilities, investor must consider investing in line with their intended investment horizon. Low to moderate duration strategies with moderate credit risk and with floating rate instruments as part of portfolio could be some of the strategies that can be considered in such an environment. On the risk front, high energy prices and cost push inflation remain a key watch point for now. Cost adjustments around the world are leading to unpredictable inflationary pressures, which need to be monitored, especially in the face of already elevated core inflation. As policy makers take baby steps towards normalcy, there seems no scope for complacency

Till then – the buzz word for central bankers will be ' Jaagte Raho.."

Lakshmi Iyer
Chief Investment Officer (Debt) & Head Products
Kotak Mahindra Asset Management Company

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Performance Of Select Funds

Data as on September 24, 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	25.12	69.27	24.55	17.50	13.44	13.17	16.09	14.73
ABSL Flexi Cap Fund	Aug-98	28.03	73.59	27.51	19.51	15.14	15.66	18.06	14.46
Axis Bluechip Fund	Jan-10	24.67	62.21	24.05	21.58	18.19	15.11	17.15	—
Axis Focused 25 Fund	Jun-12	29.40	73.49	28.22	21.35	19.30	17.66	—	—
Axis Growth Opportunities Fund	Oct-18	32.55	76.77	36.04	—	—	—	—	—
Canara Robeco Flexi Cap Fund	Sep-03	26.95	65.80	30.28	22.52	17.97	14.87	16.15	15.37
Canara Robeco Emerging Equities	Mar-05	28.39	71.57	33.57	22.13	18.21	18.85	22.54	17.60
HDFC Flexi Cap Fund	Jan-95	21.77	79.59	21.57	15.84	13.67	11.82	14.70	14.19
HDFC Top 100 Fund	Oct-96	20.42	69.14	19.23	14.27	12.97	11.36	13.94	13.74
HSBC Large Cap Equity Fund	Dec-02	20.02	61.22	22.81	17.06	14.01	12.55	13.57	11.61
HSBC Focused Equity Fund - Regular	Jul-20	25.11	68.57	—	—	—	—	—	—
ICICI Prudential Bluechip Fund	May-08	23.04	66.80	24.18	17.02	14.83	13.45	15.87	—
IDFC Core Equity Fund - Regular Plan	Aug-05	23.36	65.70	24.01	16.03	13.67	13.52	14.19	11.31
Invesco India Contra Fund	Apr-07	23.46	63.78	27.76	18.58	17.07	16.05	18.03	—
Kotak Bluechip Fund - Regular Plan	Dec-98	23.64	65.41	26.91	19.91	15.01	14.17	15.25	13.13
Kotak Equity Opportunities Fund	Sep-04	22.60	63.33	27.29	20.60	15.68	15.56	16.99	14.62
Kotak Flexicap Fund Regular Plan	Sep-09	20.01	60.12	21.74	17.40	14.69	15.17	17.64	—
Mirae Asset Emerging Bluechip Fund	Jul-10	26.94	77.34	34.35	26.04	20.99	21.71	24.68	—
Mirae Asset Focused Fund - Regular	May-19	26.37	72.42	32.66	—	—	—	—	—
Mirae Asset Large Cap Fund - Regular	Apr-08	23.57	62.58	24.63	18.70	16.57	15.64	18.36	—
Nippon India Large Cap Fund	Aug-07	26.13	76.22	21.41	15.27	14.11	13.23	16.22	—
Nippon India Multi Cap Fund	Mar-05	31.32	91.52	23.68	17.04	13.71	11.96	15.99	14.74
SBI Bluechip Fund	Feb-06	21.93	69.65	24.77	19.15	13.80	14.23	17.21	12.41
SBI Focused Equity Fund	Oct-04	30.51	75.80	29.14	22.64	17.72	16.92	18.60	16.21
UTI Flexi Cap Fund - Regular Plan	May-92	28.67	81.81	36.54	25.15	19.26	16.62	18.25	15.74

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	30.14	72.00	35.33	25.77	21.07	17.93	21.57	—
DSP Midcap Fund - Regular Plan	Nov-06	24.31	57.41	30.53	21.32	15.73	17.19	18.73	—
HDFC Mid-Cap Opportunities Fund	Jun-07	26.57	75.11	31.27	19.18	14.78	16.29	19.55	—
Kotak Emerging Equity Fund Regular	Mar-07	25.60	79.86	34.79	24.36	17.35	18.72	21.08	—
L&T India Value Fund	Jan-10	28.06	71.68	28.00	17.56	14.71	15.82	19.43	—
Motilal Oswal Midcap 30 Fund	Feb-14	31.84	75.56	26.13	19.30	12.34	15.71	—	—
UTI Mid Cap Fund - Regular Plan	Apr-04	30.39	78.36	38.15	23.86	15.13	15.73	20.05	16.31

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	20.59	82.46	15.21	15.74	13.21	15.45	18.60	—
Nippon India Banking & Financial	May-03	23.55	93.29	13.98	12.57	11.72	12.84	15.06	17.09
ICICI Prudential Pharma Healthcare	Jul-18	25.35	37.73	48.25	26.18	—	—	—	—
Nippon India Pharma Fund	Jun-04	26.41	42.64	47.00	25.03	16.14	14.69	19.12	20.40
SBI Healthcare Opportunities Fund	Jul-99	22.86	38.45	44.40	22.60	9.57	11.92	18.26	13.55
Kotak Pioneer Fund - Regular Plan	Oct-19	22.38	69.45	—	—	—	—	—	—
Axis Long Term Equity Fund	Dec-09	27.61	74.90	27.86	22.06	18.20	16.97	20.45	—
IDFC Tax Advantage (ELSS) Fund	Dec-08	28.70	85.04	31.76	20.00	17.41	15.96	18.06	—
Kotak Tax Saver Regular Plan	Nov-05	22.25	63.94	25.83	19.89	15.31	15.30	15.93	12.76
Mirae Asset Tax Saver Fund - Regular	Dec-15	25.15	73.09	31.86	23.80	20.87	—	—	—

ARBITRAGE FUNDS

Funds	Launch	3 Mth*	6 Mth*	1 Year*	2 year**	3 Year**	5 Year**
ICICI Prudential Equity Arbitrage Fund	Dec-06	0.91	2.16	3.87	4.30	4.95	5.34
IDFC Arbitrage Fund - Regular Plan	Dec-06	0.85	2.00	3.63	3.96	4.82	5.24
Kotak Equity Arbitrage Fund Regular	Sep-05	0.88	2.15	3.95	4.40	5.03	5.46

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	21.02	57.25	20.51	14.50	11.02	12.08	14.04	13.63
Canara Robeco Equity Hybrid	Feb-93	19.53	47.99	24.34	18.84	14.57	13.99	15.45	13.74
DSP Equity & Bond Fund	May-99	20.16	54.24	22.85	19.37	13.60	14.27	14.42	13.71
ICICI Prudential Equity & Debt	Nov-99	25.38	72.60	26.12	17.75	14.48	14.13	16.57	13.58
Kotak Equity Hybrid Fund	Nov-99	17.15	55.16	23.73	18.73	13.06	12.77	13.70	11.61
SBI Equity Hybrid Fund	Dec-95	19.63	52.38	21.05	17.81	13.96	13.78	16.43	13.29
DSP Dynamic Asset Allocation	Feb-14	8.73	23.42	12.40	11.49	8.67	—	—	—
ICICI Prudential Bal. Advantage	Dec-06	9.96	31.87	14.92	13.06	10.69	—	—	—
IDFC Bal. Advantage Fund	Oct-14	12.44	26.19	15.34	12.30	10.11	—	—	—
Kotak Bal. Advantage Fund	Aug-18	10.22	25.61	15.48	13.50	—	—	—	—
IDFC Equity Savings Fund	Jun-08	7.62	18.00	10.21	8.41	6.82	—	—	—
Kotak Equity Savings Fund	Oct-14	7.59	18.92	11.30	9.43	8.89	—	—	—

DEBT

Debt Oriented & Ultra Short Term Debt Fund

Funds	Launch	1 Mth*	3 Mth*	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**
ABSL Short Term Fund	May-03	0.42	1.48	3.26	5.81	7.92	8.71	7.40
Invesco India Short Term Fund	Mar-07	0.25	1.24	2.63	4.43	6.87	7.87	6.69
Axis Corporate Debt Fund	Jul-17	0.44	1.35	2.96	5.66	8.51	7.88	—
HDFC Corporate Bond Fund	Jun-10	0.64	1.73	3.58	6.28	8.61	9.54	8.11
Kotak Corporate Bond Fund	Sep-07	0.46	1.56	3.21	5.57	7.51	8.37	7.79
Kotak Banking and PSU Debt Fund	Dec-98	0.73	1.64	3.55	5.86	8.18	9.24	7.92
SBI Banking and PSU Fund	Oct-09	0.31	1.31	2.81	4.98	7.51	8.37	7.59
ICICI Prudential Savings Fund	Sep-02	0.41	1.41	2.81	5.45	7.00	7.64	7.41
Kotak Savings Fund Regular Plan	Aug-04	0.21	0.85	1.73	3.50	5.04	6.13	6.41
L&T Ultra Short Term Fund	Apr-03	0.24	0.89	1.73	3.47	4.86	5.98	6.33

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

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

Scheme name	Date	Dividend declared in ₹ Per unit
ICICI Prudential Equity & Debt Fund	02/09/2021	0.16
ICICI Prudential FMCG Fund	06/09/2021	7.00
ICICI Prudential Long Term Equity Fund (Tax Saving)	14/09/2021	0.70
Mahindra Manulife ELSS Kar Bachat Yojana Plan	17/09/2021	0.50
Mahindra Manulife Multi Cap Badhat Yojana Plan	17/09/2021	0.50
Mahindra Manulife Mid Cap Unnati Yojana Plan	17/09/2021	0.50
Mahindra Manulife Large Cap Pragati Yojana Plan	17/09/2021	0.50
Mahindra Manulife Hybrid Equity Nivesh Yojana Plan	17/09/2021	0.40
Mahindra Manulife Top 250 Nivesh Yojana Plan	17/09/2021	0.50
Mahindra Manulife Focused Equity Yojana Plan	17/09/2021	0.50
PGIM India Hybrid Equity Fund	17/09/2021	0.13
Sundaram Equity Hybrid Fund	17/09/2021	0.15
ICICI Prudential Equity & Debt Fund	21/09/2021	0.75
IDFC Hybrid Equity Fund Plan	23/09/2021	0.15
L&T Large and Midcap Fund	23/09/2021	0.16
L&T Hybrid Equity Fund	23/09/2021	0.13
Canara Robeco Equity Hybrid Fund Plan	24/09/2021	0.81
Sundaram Diversified Equity	24/09/2021	0.41
HDFC Hybrid Equity Fund	27/09/2021	0.25
Aditya Birla Sun Life Equity Hybrid 95 Fund Plan	27/09/2021	2.26
Aditya Birla Sun Life Pharma & Healthcare Fund Plan	27/09/2021	1.26
Edelweiss Large Cap Fund	27/09/2021	1.00
Edelweiss Aggressive Hybrid Fund	27/09/2021	0.17
Edelweiss Long Term Equity Fund (Tax Savings)	27/09/2021	0.30
DSP Equity & Bond Fund Plan	28/09/2021	0.15
LIC MF Tax Plan	28/09/2021	0.25
LIC MF Large & Mid Cap Fund	28/09/2021	0.15
Axis Equity Hybrid Fund	28/09/2021	0.10
Axis Equity Hybrid Fund - Quarterly	28/09/2021	0.30
Aditya Birla Sun Life Dividend Yield Fund Plan	30/09/2021	0.27

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.

Equity Market Overview

The Indian equity markets outperformed the rest of the Emerging Market (EM) pack in July -September 2021 quarter as most of the EMs remained volatile on the back of the Evergrande crisis. India on the other hand stood out with steady trends on the pandemic front with daily new COVID -19 cases being less than 30,000 and improvement visible in high frequency economic indicators. The Indian equity markets are trading at all-time highs across segments – large/mid/small.

Global markets remained under pressure as the September FOMC turned out to be more hawkish than street expectations which led to a rise in US bond yields. Indian markets were supported by continued inflows from both FIIs (Foreign Institutional Investors) /DIIs (Domestic Institutional Investors), the Government's relief measures for ailing telecom sector, progress on bad bank setup and improving vaccination / steady daily Covid cases. Capital market activity moderated a bit in recent weeks but investors are looking at a very busy October-December 2021 quarter with multiple IPOs likely to be launched during this period.

In the month September 2021, economic activity by and large normalized. Mobility improved across the board. Both, urban as well as rural unemployment exhibited improving trends. Rural unemployment stood at 6% and urban unemployment stood at 8.6%. Manufacturing PMI improved to 53.7 in Sept'21 from 52.3 in Aug'21. GST (Goods and Services Tax) collection was up 23% YoY and 4.5% MoM in Sept'21. Electricity generation witnessed a marginal pick-up while credit growth was flat. In order to support the small and medium enterprises, the Ministry of Finance has extended the timeline of Emergency Credit Line Guarantee Scheme (ECLGS) till 31st March, 2022 (from 30th September, 2021) or till guarantees for an amount of INR4.5Tn are issued under the scheme. In addition, the last date of disbursement under the scheme has also been extended to 30th June, 2022. As on 24th September, 2021, loans sanctioned under the scheme crossed INR2.9 Tn.

Export growth moderated to 21.3% YoY in Sept'21 from 45.2% YoY in Aug'21 and was up only 0.9% MoM. However, indicating return of domestic demand, import growth accelerated to 86% YoY in Sep'21 from 51.5% YoY in Aug'21. Import growth was also up 19.9% MoM. Non-oil, non-gold imports were up 18.2% MoM and 41.7% YoY.

Vaccinations are also progressing well, with more than 900mn vaccines having been administered and 18.5% of the population having received both the doses. Active Covid cases are now at levels seen before the start of the second Covid wave.

From here on the market will likely focus on the Q2FY22 corporate earnings season. The key to watch out for will be the management commentary on domestic demand especially with the festive season around the corner as well as the impact of higher commodity costs on margins, if any.

The Nifty is now trading at 21xFY23E EPS (Free float basis). India's premium valuations in terms of P/E is also higher than historical averages. This implies that the sustenance of the earnings growth trajectory and pace of upgrades would be one of the key variables for the market.

Centre's fiscal situation appears better than initially budgeted for; strong tax collections on the back on improvement in the economy likely to provide a buffer to the fiscal deficit estimates for FY22BE.

Center's gross tax revenues in 5MFY22 grew 70% while the net tax collections growth crossed the 100% mark yet again, surging by 127% (largely reflecting a sharp surge in customs and excise duty receipts). The net tax collection was at 42% of FY22BE, improving further from 34% of FY22BE in July.

The center has targeted a fiscal deficit to GDP ratio of 6.8% for FY22. Given the likely significant upside to the budgeted tax collections and RBI dividend, we remain optimistic on the center's fiscal health.

On the monsoon front things improved in the recent few weeks. The cumulative rainfall during the monsoons in the country has been marginally below long-term average with basin-wise reservoir levels moving into marginal surplus compared to long-term average levels. This bodes well for the rabi (winter) crop.

To sum up, Indian markets have continued to trade at higher valuations given improved economy as well as expectations of further momentum. However, at current valuations, one cannot rule out volatility as the bull -run has continued without even a 10% correction since March 2020 lows. Earnings delivery will be crucial for stocks to trade at higher multiples and/or sustain those elevated valuations.

As we all know, volatility is inherent to equity markets, and is unpredictable in the short term. However, long term investors, across markets and market cycles have generally made better returns. A regular and disciplined investing overcomes the ill-effects of market volatility. Prudent asset allocation, long term focus and regular investments are three important tenets of sustainable wealth creation.

Harsha Upadhyaya
President & CIO – Equity
Kotak Mahindra Asset Management

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

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Systematic Investing Helps You Build A Better Financial Future

Investing through a Systematic Investment Plan (SIP) has proved to be an ideal investment strategy as it brings discipline in one's investment process. No wonder, over the last few years, systematic investing has gained momentum and an ever-increasing number of investors are adopting this approach. For those investors who may not have yet begun investing thru SIP or require more clarity to adopt it, it is important to understand the concept of SIP and why it is important to have a strategy in place even for a disciplined approach.

SIP is an effective investment strategy as you commit to invest a fixed sum, on a fixed date, in a pre-decided fund. So, if you are investing in equity funds thru SIP, you save a part of your income every month, avoid timing the market, benefit from averaging and if you stay committed to your time horizon, you also benefit from the true potential of equity as an asset class and the power of compounding. However, to benefit from this disciplined and potentially rewarding approach, you must follow the right investment process. A random approach can either expose you to unwarranted risks or disappoint you in terms of returns.

Remember, you won't achieve your investment goals by following a haphazard approach of investing a random amount that is either not enough to achieve your goals or exceeds your capacity to invest, thereby compelling you to interrupt your investment process. Remember, ignoring your asset allocation while selecting funds, can either make your portfolio very aggressive or very conservative. Investing in too many funds, continuing with the same amount of investment despite rise in your income over the years and not tracking the performance of funds thinking that over time all funds do very well are some of the other pitfalls that can impact the final result.

Fund selection has to be the second stage after deciding asset allocation. Once the asset allocation is ascertained based on time horizon, the next step should be fund selection. For equity funds, you must begin with either with flexi-cap funds or large-cap and mid-cap funds or a combination of both. For hybrid funds, depending upon your time horizon, you can choose a mix of equity savings, balanced advantage and aggressive hybrid funds. For short-term goals, debt funds should be chosen by matching your time horizon with maturity duration of fund holdings. Besides, investing adequate amount is one of the most important aspects to avoid any disappointment in future.

Therefore, the right way to begin would be to establish goals to be achieved over short, medium and long-term horizon, set a target and then work out investment amount for each of the goals based on a realistic assumed rate of return. Let us understand this from an example. If your goal is to create a corpus for your child's higher education, you must consider inflation while setting a target. Assuming the current cost is ₹ 25 lakhs and inflation of 10 %, the actual cost after 15 years will be ₹ 1 crore. If your portfolio earns say 12% annualized return, you need to invest ₹ 21,000 per month to get there.

Similarly, if the time horizon is 20 years, the cost would be ₹ 1.68 crore and you need to invest ₹ 17000 per month. As is evident, starting your investment process early for long-term goals can make a big difference to how much you need to invest thanks to power of compounding. It is important to ensure that you keep increasing the investment amount as your income rises. Even if you have been investing adequate amount to achieve your goals, increasing investment amount creates a cushion for the future. Mutual funds have made it quite easy to increase investment amount through SIP top-up facility wherein you can opt for an upper limit and increase the amount of the SIP periodically.

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 by sending us a mail on information@wiseinvest.co.in. You can also write to us at our Corporate Office address mentioned below.

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