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INVEST guide

April 2013

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CIRCA 2012

COVER STORY pg 06

02 VALUATIONS ARE ALWAYS IMPORTANT TO CONSIDER WHILE INVESTING IN EQUITIES

04 TOP UP & SUPER TOP UP PLANS - A PRUDENT WAY TO ENHANCE YOUR HEALTH INSURANCE COVER...

13 SIGNIFICANCE OF PORTFOLIO DIVERSIFICATION

15 MUTUAL FUND REPORT

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CEO's DESK

Dear Investors,

ABHINAV ANGIRISH
C.E.O. & MANAGING DIRECTOR

After having upswings in the previous few quarters, equity markets turned weak in the last quarter of FY 2012-13. The Benchmark Indices – NSE Nifty and S&P BSE Sensex ended the quarter to close at 5682.55 points and 18835.77 points respectively. Although correction in large caps was small with Sensex and Nifty losing around 3% during the quarter but midcaps and small caps bore the brunt of downward movement with BSE Midcap and BSE Small cap tumbling 14% and 21% respectively during the quarter. Among sectors IT and technology sectors performed well while Capital goods and Metals were laggards. The markets have reacted negatively to the Union Budget, probably because expectations were running high. The market sentiments have turned further weak after DMK withdrew its support to the UPA Government.

According to the latest data available with the market regulator SEBI, foreign institutional investors have poured in a record Rs 1.4 lakh crore ($26 billion) in the Indian stock market in FY 2012-13, the highest ever since overseas entities started investing in the country. This was the highest net inflow by FIIs in a single fiscal year since their entry into Indian capital markets in 1992-93. Moreover, FIIs were also seen pouring money in the debt market and infused Rs 28,334 crore during 2012-13 in the segment. The pace of foreign investments picked up in the past few months as the current calendar year has seen FIIs pumping in over Rs 55,000 crore ($10 billion) in a record time of three months.

India's wholesale price inflation changed course and accelerated in February. Inflation, as measured by the Wholesale Price Index (WPI), quickened to 6.84% in February from 6.62% in January. Inflation measured by WPI has been slowing steadily from 8.07% in September. CPI inflation rate also climbed to 10.91% in February from 10.79% in January. The rise was primarily owing to higher food prices and base effect. The RBI has brought down the repo rate to 7.50 per cent though rate cuts of 25 basis points each in January and March. But while it nudged down the repo rate to address growth risks, the central bank has cautioned that inflationary pressures still remained.

India's economy expanded at a much slower pace in the December quarter – GDP was up by 4.5% in real terms vis-à-vis 5.3% in the sequentially previous quarter. Slowdown was led by weakness in services sector – growth slid to 6.1% from above 7% levels clocked in previous quarters. India's economy is expected to grow in 2012-13 at 5%, the slowest pace in a decade. The budget has tried to strike a balance between conflicting objectives of moderating fiscal deficit, reviving growth and social welfare. The budget has targeted a fiscal deficit of 4.8% for FY14. But it will not be easy for the government to achieve this ambitious target. The Government will need to take a number of steps to attain the same.

The high current account deficit is a key risk and the economy remains vulnerable to a disruption in external capital flows. A moderation in either oil prices or gold import volumes will ease things considerably. Currently, the Indian market is trading below its 15 year P/E average indicative of the fact that the market may be reasonably priced. In our view we are currently at the bottom of the earnings cycle with a reasonable possibility of an up cycle ahead. Our view is that this is right time for the investors to stay invested or nibble into equities on dips. Risk-averse investor can consider investing into income or dynamic bond funds, thus taking advantage of expected easing of interest rates.

Happy Investing!

Regards,

ABHINAV ANGIRISH

CONTENTS

01 CEO's DESK - CONTENTS

02 VALUATIONS ARE ALWAYS IMPORTANT TO CONSIDER WHILE INVESTING IN EQUITIES

04 TOP UP & SUPER TOP UP PLANS - A PRUDENT WAY TO ENHANCE YOUR HEALTH INSURANCE COVERAGE

06 CIRCA 2012

10 MARKET UPDATES

13 SIGNIFICANCE OF PORTFOLIO DIVERSIFICATION

15 MUTUAL FUND REPORT

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ARTICLE

Many times you must have read news headlines screaming that Sensex has breached so and so level. But these screaming headlines about BSE Sensex breaching say 10,000 or 20,000 levels do not give you the complete picture of the stock market. If you want to figure out how the market is valued, and whether it is cheap or costly, you have to look at valuations. Price-to-earnings (PE) ratio is one such tool you can employ to get a clearer picture of the market and stocks.

PE Ratio can tell you the valuation of the equity markets – whether it is overvalued, undervalued or fairly valued. In this article we will discuss that how PE for single stock is calculated, how Sensex PE is calculated and why valuation is important for every investor.

Let's first try to understand how P/E is calculated for single stock.

PE=Price (MPS-Market Price Per Share)/Earning (EPS-Earning Per Share)

Valuations are always important to consider while **investing in equities**

To understand PE, we need to first understand Price and the earning per share (EPS) of stock for this we take example of HUL (Hindustan Unilever Ltd). Current Market Price of HUL is Rs. 455. Now what about earning per share? If we divide the Total Net profit (past 12 months) of HUL by the numbers of shares it has, we will get what is known as Earning per share so EPS of HUL comes out to be 14. Now we can divide Price by EPS, we will get HUL current PE that is 32.5(455/14). In simple words PE is nothing but the price that an investors ready to pay to earn Re. 1 every year. So in case of HUL people are ready to pay Rs 32.5 to earn Rs. 1 every year.

BSE Sensex PE Ratio

To understand Sensex PE, we need the price and the earnings of Sensex. Sensex is nothing but price movement of 30 largest companies in India like RIL, Infosys, TCS, Maruti etc. Price of Sensex is nothing but what is quoted before us – Sensex at 19000 or Sensex at 20000. Now what about earnings? Now these companies are working for profits which are meant for owners of of the company. In case of companies, owners are shareholders. Now if we divide the Total Net profit of the company by the number of shares it has, we will get is known as Earning Per Share (EPS). If we add the EPS (according to weightage – for eg. weightage of Larsen & Toubro in Sensex is 4.72% and its current EPS is Rs. 65, therefore Rs. 3.07 will be taken for calculating Sensex EPS. Similarly it can be done for other companies) of all 30 companies, we get the EPS of Sensex. The combined EPS of Sensex is the earning which we were looking at. Now PE of Sensex is nothing but Level of Sensex/EPS.

Relationship of Sensex values with corporate earnings

It might be surprising for you that the combined earnings (EPS) of Sensex companies in 1991 was Rs. 60, in 2000 was Rs.240 & now close to Rs. 1200. This EPS growth has converted into growth of Sensex from 1991 (At the beginning of 1991 Sensex was close to 1000). Till today Sensex EPS has grown around 20 times and our Sensex has also grown approximately 19 to 20 times. Thus over long term equities are slaves of earnings. In the long run they will always follow growth in corporate profits.

Trailing Vs Forward Sensex PE

There is not much of difference in method of calculation of Trailing Vs Forward Sensex PE – in trailing PE past 12 months EPS is taken and in Forward PE future expected PE will be taken. For example if current PE is 16.5 and some analyst believes that EPS of Sensex companies should increase by 12% – he will say next year EPS (current EPS 1195) will be 1338 so 1-year forward PE is 14.5.

How does valuation at entry point impact your returns?

The lower the PE ratio is, the cheaper the equity markets are. The cheaper the equity markets are, greater is the potential for getting good returns on equity investments. A Fund house has done the below research on the returns received by the investors when invested within a particular range of PE multiples.

The Indian equity markets historically have traded within a broad

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PE band of 10 to 28. Based on historical trends, they broadly classified this into three discreet bands for the study. They have used trailing PE - not forward PE since forward PE tends to be subjective.

Green zone: inexpensive valuations - where trailing PE is between 10 and 16
Amber zone: fair valuations - where trailing PE is between 16 & 19
Red zone: expensive valuations - where trailing PE is between 19 and 28

P/E	3 YR RETURN
>19	2%
16-19	15%
<16	21%

The results in above table shows the actual returns that investors would have got over a three year period by investing in the Sensex at different valuation levels. Over the last 15 years, on an average, if an investor had invested in the Sensex when it was in the red zone (valuations above 19), over the next 3 years, his return would have been only around 2% CAGR.

If on the other hand, he had invested at a time when market valuations were in the amber zone (PE between 16 and 19), his returns over the next three years would have jumped up to a very healthy 15% CAGR. And, if he had actually invested in the green zone - when markets were cheap, his returns over the next 3 years on average would have been around 21% CAGR.

Thus as the table above shows that investing when markets are low gives you the best chance to create wealth and that investing when markets are richly valued is often not a rewarding experience. In times of expensive valuations it is better to stay away from lumpsum investing in equities.

Current Valuation of Equity Markets

Our markets historically have traded within a broad PE band of 10 to 28 for most of the times. As the below chart shows that average 1-year forward PE of Indian markets over last 15 years is around 14.8 times. The present PE is nearly 14.5 times based on FY2014 estimated earnings which is slightly below long term average valuations. Thus we can say that PE multiple being reasonable, the markets are neither overvalued nor undervalued at these levels.

PE ratio is a good guide for assessing the valuations of the markets as a whole and should definitely be considered before making lump sum equity investment. It is also true that sometimes rise in equity markets can be entirely due to P/E expansion without the backing of earnings growth. However PE ratio cannot be treated as the gospel to assess the future directions of the markets since prospects for markets also depends on the outlook for economic and corporate profit growth rates. Moreover, investors should understand that equities are by nature volatile, especially over short periods. Therefore a high or low PE multiple alone is definitely not a guide to the prospects of the markets especially over short term.

The equity markets have such nature that if they are undervalued (are trading at low PE multiples) they can become even more undervalued in the short term as happened in FY 2002-03; on the other hand, if they are overvalued it does not mean the markets will fall immediately and they can actually become more overvalued in the short term. We have already seen this in 2000 & 2007 when PE multiple was close to 30 and in 1994 when PE multiple even rose to 50 before it came down. Thus valuations alone cannot be used as a guide to predict the movements of the markets, especially over the short term. But if you are assessing medium to long-term prospects of the markets, then you must take into consideration valuations along with outlook for economic and corporate profit growth since over long periods of time returns from equities always track corporate profit growth rates and valuations also tend to become closer to their long term average.

Thus it is necessary that before making any investment decisions on equities or mutual funds you take everything into consideration including valuations.

For such detailed investment decisions and professional advice, contact your wealth manager or call us on +91 22 4071 3322 or SMS MF to 56677.

Top up & Super top up plans - A prudent way to enhance your health insurance coverage

It is difficult for anyone to disagree on this point that health is the most valuable asset that a person has. Thus it is must for anyone to buy the protective coverage to ensure that one is able to seek quality medical treatment in times of need. Moreover, today when the health care costs are rising rapidly every year, it is necessary for a person not only keep himself insured but also assess adequacy of his health insurance covers regularly so as to keep pace with rising costs. As per Irda data, health care inflation shows a year-on-year rise of 15-20%, even as the headline inflation increases by 7-9%. With such spiralling healthcare costs, your existing health policy could run out of breath in case of a serious hospitalisation. A top-up health insurance plan can be used in this case.

An example will help illustrate this. A relative of my friend suffered from renal failure in the kidney and had to undergo an expensive surgery, which cost him around Rs 5 lakh. He only had a mediclaim for Rs 2 lakh and hence had to pay the balance Rs 3 lakh out of his pocket. Had he taken a top-up policy with a deductible of Rs 2 lakh, it would have reimbursed him Rs 3 lakh (total cost of Rs 5 lakh less deductible of Rs 2 lakh). Thus, the top-up policy would have worked very well for him.

Earlier in the past the answer to finding yourself an additional cover was buying another health insurance policy that will add up to a sufficient amount or increasing the Sum Insured under your existing policy. However the problem was that paying for another policy or increasing the Sum Insured would prove to be too expensive. Thus grew the need for a top-up plan.

A top-up health insurance is a policy taken in addition to the base standard policy. Top-up policies can be issued either as individual or as floater policies. The top-up policy comes into force only when the hospitalisation expenses exceed the threshold limit of the base policy. This limit is called deductible. A deductible is that portion of the claim amount that is not covered by the insurance company and has to be paid by the insured person/insurance company providing the base cover.

Let's understand the workings with another example. Suppose, a person has a medical policy of Rs 3 lakh from employer or has bought it himself, he has the option of purchasing a top-up of Rs 7 lakh. Now he has a total health insurance cover of Rs 10 lakh. But it is from two different companies. In an emergency, if this person is hospitalised and the total expenses incurred are Rs 5 lakh the base policy insurer will pay Rs 3 lakh and the remaining liability of Rs 2 lakh will be borne by the top-up insurer.

Many confuse health top-ups with riders like hospital cash, critical illness and personal accident covers-all definite-benefit plans. In reality, top-up health plans are indemnity policies and provide the same benefits as regular reimbursement plan. Riders in usual policies cover a few serious illnesses whereas top-up policies cover all treatment costs due to hospitalisation.

Moreover, while riders or add-on covers belong to particular policies and can be taken only with them, top-up plans are independent covers that can be bought separately from the existing policy. This means you can buy regular hospitalisation reimbursement plan and top-up cover from different insurers.

Important points to note about top-up policy are as follows-

- Top-ups are available for both individual and family floater policies. However, top-up insurance policies have some restrictions as well. The person can avail a floater top-up, if it consists of spouse and children only. Generally parents are not covered in a top-up insurance plan. This is because there is a higher propensity for older people to file claims.

- Apart from having a high deductible, a top-up plan generally covers only single incidence hospitalisation. That is, if your hospital bill exceeds the deductible during single hospitalisation, only then can the top-up plan be used.

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- You can buy a top up medical insurance policy even if you don't have a base health insurance policy covering the first level expenses.
- You can buy a top-up health insurance policy with any insurance company, even if your base policy is from some other company. Since there is no contribution clause, if a policyholder has health policies from two insurers, each insurer will pay its part of the claim.
- Riders - Do not confuse top up health insurance plans with riders of insurance companies. A top up medical cover is same as a mediclaim with a high deductible.
- Pre-existing illnesses are generally not covered for a certain number of years.
- No expense will be covered within 30 days of buying health insurance policy.
- In top-up policies, most insurers do not ask for medical check-ups up to the age of 55 years. In reimbursement plans, this is usually 45 years.
- Premium paid towards top-up policies are eligible for tax deduction under Section 80D which is over and above 80 C.

Super Top Up policy

There is only a minor difference between top-up plans and super top-up plans. Like top-up plans, super top-up policies also provide for reimbursement of medical expenditure beyond the threshold level but it covers any number of illnesses and is not restricted to only one illness per year. Thus super top-up works on an annual aggregate basis and not on per claim basis. Thus between top-up health insurance and super top-up, super top-up is more beneficial for the customer. There should be clarity whether the plan mandates the per-claim deductible or the overall deductible during the year.

For instance, if a person has a top-up cover with a threshold of Rs 3 lakh and gets hospitalised twice in a year with bills of Rs 2.5 lakh and Rs 2 lakh, respectively, the top-up plan will not be triggered. The same is the case with a floater plan under which two members are hospitalised with individual bills of Rs 2.5 lakh each. Even as collectively the bill overshoots the limit of Rs 3 lakh, individually they are well within the deductible limit. But if the person has taken a super top up policy then in the both cases mentioned here, the claim amount above the deductible of Rs. 3 lakh will be paid since super top-up works on an annual aggregate basis and not on per claim basis.

Although the top-up plans are now offered by many insurance companies, there are only two companies - United India and Max Bupa that provide super top-up policies.

Are top-up plans/super top-up plans worthwhile to have?

Top-up plans or super top-up plans are useful if you want to increase your health cover without paying too much. A top-up plan is an economical and simple option to augment your health-cover. You can easily save to the extent of 20% – 30% by going for top up health insurance policies than a new health insurance policy or mediclaim. These plans are cheap, owing to their deductible clause. This is because the insurer can protect itself from minor hospitalization claims, which can be frequent or highly probable.

Top up plans are most cost effective when the deductible is high. A top-up plan that comes with a higher deductible is cheaper than a top-up plan with a lower deductible. For example a top up policy of Rs. 10 lakh sum assured with a deductible of Rs. 4 lakh is cheaper than a top up policy of Rs. 5 lakh sum assured with a deductible of Rs. 2 lakh. The reason is that minor claims that are between Rs 2 lakh and Rs 4 lakh are more likely to happen than huge claims that are above Rs 4 lakh.

Top-up plans or super top-up plans are useful only when you already have an existing policy and expect that to be insufficient. Additionally, when you already have a health insurance policy, you should not buy a top-up plan which has a deductible higher than the existing plan's coverage. So if you have a health insurance policy with a cover of Rs. 2 lakhs, then do not buy a top-up plan with a deductible higher than Rs. 2 lakhs. It does not make sense to opt for top-up plans with high deductibles or if you already have an existing policy with a very high cover.

Thus in order to make top-up plans or super top-up plans work in your favour, always ensure you have a comfortable base. Though it is not compulsory to have a health reimbursement policy to buy a top-up plan, it is not worthwhile to take a top-up policy unless you have reimbursement cover equal to at least the threshold limit of the top-up plan. This way you will be able to take care of your bills before the top-up plan kicks in.

Do you want to buy a health insurance plan or want to increase your health insurance cover? Contact your wealth manager or call us on +91 22 4071 3322 or SMS MF to 56677. You may also get on touch with our Insurance expert at rachits@abchlor.com.

"The feel good trading continued through the day in spite of the fact that the government had announced a massive increase on diesel the key goods transport previous evening to the tune of Rs. 5 across the board. Our story "India: Where Next?" in the – July 2012 issue of Invest Guide we had mentioned the need for reforms and how even the major opposition political party could benefit from the push to reforms. Whether the measures that are announced are a political gimmick to pull voters for the upcoming state elections in the most crucial state today – Gujarat along with Himachal Pradesh at the end of the year or has the party in opposition realized that with the sinking of a weak Prime Minister at the country's helm the political aspirations to rule India rather than serve the citizens of a great nation will also go a-begging come May 2014 (if not earlier)."

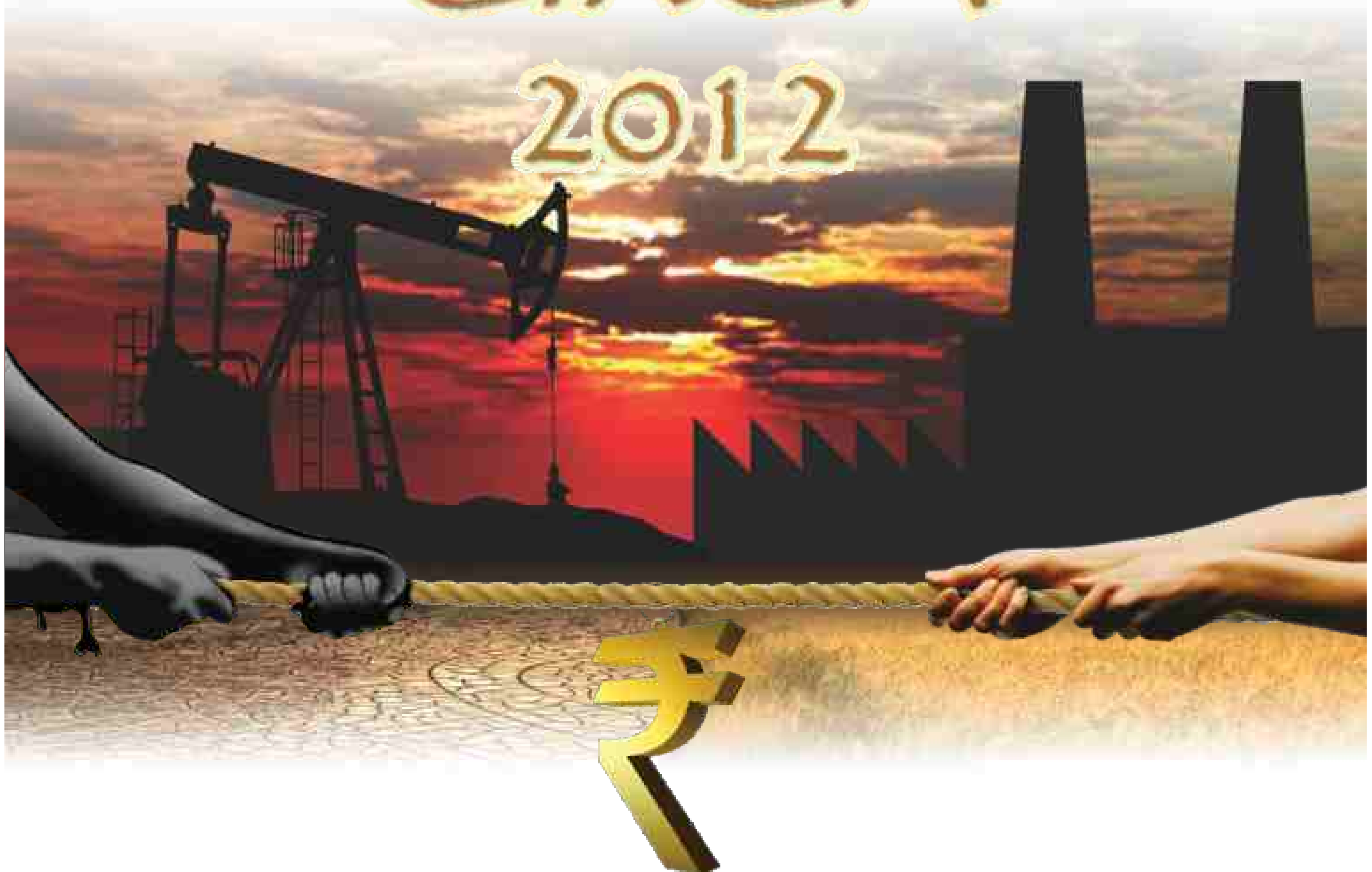
It wasn't a prophecy, but just common sense. So simple are the laws of nature but so complicated is the way of us humans. The biggest political party in the opposition has sat on its haunches or wasted its breath and the tax payer's money time and again raising useless matters and nonsensical issues in the parliament. When will India ever have a constructive opposition? Our guess is as good as anyone's...

Before we discuss the next steps, let us have a quick run through on some commonly used terms to scare the common man:

- **Fiscal deficit:** When a government's total expenditures exceed the revenue that it generates (excluding money from borrowings) it is called fiscal deficit.

- **Current account deficit:** Occurs when a country's total imports of goods, services and transfers, is greater than the country's total export of goods, services and transfers. This situation makes a country a net debtor to the rest of the world. In India the villain has been OIL and while though of late some may want to argue that even gold is responsible for the same.

The rise in the Current Account Deficit is mainly attributed to excessive dependence on oil imports, high volume of coal imports, our passion for gold and slowdown in exports. Also, the rupee depreciation has worsened the current account as a large portion of imports, including crude oil, are largely price inelastic.

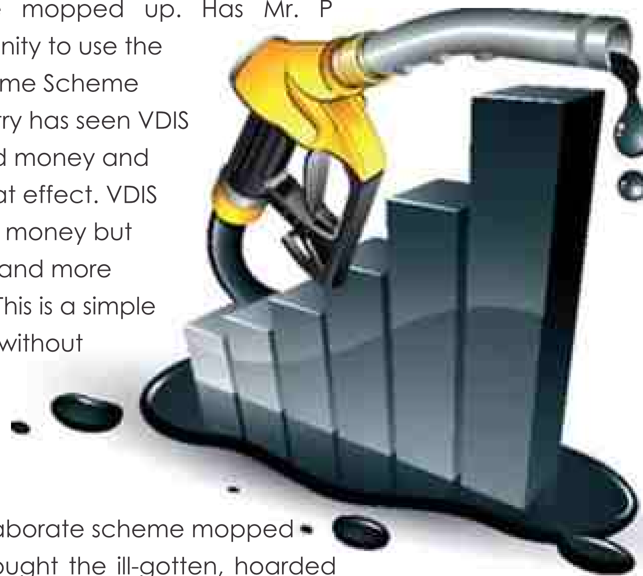


This government has shown some guts if not character by raising the price of subsidized diesel. Diesel has been bleeding the country dry since time immemorial and while the rich and more so the *nouveauriche* seem to regale in their fancy new diesel guzzling big cars. But this bane of a fast developing economy, where a strong new upper middle class and fast growing young millionaires is actually a sign of progress. The government on its part should through its social measures keep a check on the haves versus the have-nots.

A large part of state government subsidy is spent on non developmental and corrupt issues like regularizing illegal slums and providing free housing and electricity to squatters while ignoring the tax paying citizens. Infrastructure, which is a shining example of a country's over all progress is riddled with lethargy, delays, corruption and a general apathy which seems to be costing the country and the tax payer more and more while the government keeps using terms like fiscal deficit and current account deficit.

Our current account deficit will continue to rise as long as the US$ continues to climb and Oil continues to act as a thinner to our already badgered pockets. Levying heavy taxes on imported goods or cars can only add as much to the government exchequer but then the subsidy on the fuel that the same cars guzzle negates the duties recovered on import of the car.

If the government needs to add to its coffers and reduce the fiscal deficit, it needs to make sure that the inflation causing cash or 'black money' needs to be mopped up. Has Mr. P Chidambaram missed the opportunity to use the tool of Voluntary Disclosure of Income Scheme (VDIS)? Twice in the past the country has seen VDIS to pull out huge chunks of hoarded money and channel it into the system to a great effect. VDIS not only brings out the tax evaded money but also reduces inflationary pressures and more over fills the government treasury. This is a simple and brilliant way to reduce deficit without printing new money to the level of the entire too a simple and in But, now did the government miss a simple trick. In the past too the government through a very elaborate scheme mopped up huge tracts of money and brought the ill-gotten, hoarded and non productive money into the legal system. Being a part of Government of India, The Central Board of Direct Taxes launched this scheme on June 18, 1997. It continued till December 31, 1997.



To quote wikipedia:

VDIS succeeded more than the India finance ministry expected. Over 3.5 lakh individuals, with a sprinkling of companies and firms, disclosed their undisclosed incomes. Sequestered assets worth was over INR 26,000 crore. With tax levied at 30 per cent of the disclosed asset, the inflow of around INR 7,800 crore to the treasury is a good one-fifth of what the Government had collected in direct taxes in the past financial year. Watching the success, then Union Finance Minister, P. Chidambaram commented, "It is my faith that, given a chance, the people of India come clean". He claimed that his team of Income Tax officials had got INR 33,000 crores to turn white.

On January 3, Finance Minister P. Chidambaram announced the figures. Disclosures under the scheme had topped Rs. 33,000 crores and the Government had collected a tax of Rs. 10,050 crores, he said. This tax revenue will figure in the accounts of the Central Government this financial year and it will be shared with the States only next year. A total of 466,031 persons had made declarations under the scheme……

While the fiscal deficit was Rs. 65,454 crore which is 4.5% of GDP in 1997, it has grown to 500,000 crores in 2013-2014 – or 5.2% of GDP. But, what has this got to do with VDIS you ask? Picture this, even if the Income Tax Department is able to mop up 1/10th of its deficit as again a significantly higher 1/6th it would amount to nearly 50,000 crores of money back into the system. Money when used to transact and go unaccounted plays a huge part in taking the inflation to newer heights. Can this be achieved? The population of the country has grown from ≈ 962.4 million in 1997-98 to ≈1239 million currently and the number of multi – millionaires and billionaires keeps growing at a steadfast rate in India – so now, can this be possible? We guess every drop in the ocean will count as every 10,000 crores collected would mean a very significant 0.1% reduction in fiscal deficit.

Ok, so what if it happens or does not happen?

If it happens - the country grows, reduces its deficits, introduces fast paced growth opportunities and can take schemes that benefit to grass roots level, and if the government is serious compare the list of 1997 defaulter's with the current one and keeps a tab on the habitual offenders. And if it doesn't the government will have to continuously find

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ways to curtail expenses and increase revenue. As mentioned earlier, this would mean easing of subsidies, taxing luxuries and taking serious measures to reduce dependence on imports. Putting growth back on track and then moving it to a fast track is the need of the hour. Whether it is the incumbent government or anyone waiting to form the next government cannot lose sight of this fact. Indians continue to grow restless and want to see change and drop in corruption levels as well rise in real income coupled with overall growth.

For you dear investor, with an all round state of limbo it makes great sense to start investing NOW. We are in a volatile zone as far as the equity markets are concerned but measured and good governance (even if it is with elections in May, 2014 in mind) mixed with populist schemes, however small, will boost overall market sentiments. The debt markets too will benefit as the ability to contain inflation would mean that RBI would be in a better position to cut in interest rates over the next 18 to 30 months which will further boost overall market sentiments.

For small investors, Systematic Investment Plans (SIPs) should remain a continuous avenue to enter in parts. One good move would be to pick 4 – 5 schemes and increase SIPs by way of investing in them at different dates in the same month for e.g.: 5th and 20th if one wishes to get in twice or 1st, 10th and 20th if fund flow permit entry into markets thrice a month.

Abchlor Investment has been at the forefront of advising investors to look at Systematic Transfer Plans (STPs) from a decent liquid fund to a strong equity based fund in the same fund house. Why now you ask? Then when would be our retort? Consider this: you invest 20%-25% of your available funds into long or medium term Debt funds, and 75%-80% in liquid funds, these types of funds have the lowest possible risk in any market situation and most importantly are liquid with a chance to withdraw in about 24 hours. From here you may start STPs into certain equity funds. When another opportunity arises, the investor can move another 20% - 25% into longer term debt funds again. STPs can be coupled with SIPs which are backed by continuous income drawn – salary, returns from other investments, rent collection etc. SIPs and STPs can be stopped at will with a maximum of 1 month.

News which affect trading sentiments are a common feature – while a government on shaky ground is never good news; a bail out package like that given to Cyprus has cheered the market! Markets will move and it is for us to take advantage at all times. While we cannot time entry with perfection, “now” is always a good time to be in.

Are we serious on our advice to invest? The answer is a resounding YES, and here is why:

December, 2012 flows in equity:

Date	Investment	Purchases (cr)	Sales (cr)	Net (cr)	Dec 12 Cum. (cr)
31.12.12	FIIs	1599.30	727.80	+870.50	+23130.10
24.12.12	MFs	289.90	400.70	-110.80	- 2614.79

January, 2013 flows in equity:

Date	Investment	Purchases (cr)	Sales (cr)	Net (cr)	Jan 13 Cum. (cr)
30.01.13	FIIs	4063.60	2814.40	+1249.20	+21187.70
30.01.13	MFs	481.40	877.20	- 395.80	- 4713.19

February, 2013 flows in equity:

Date	Investment	Purchases (cr)	Sales (cr)	Net (cr)	Feb 13 Cum. (cr)
27.02.13	FIIs	4376.00	3533.40	+842.70	+26759.90
26.02.13	MFs	476.40	575.20	- 98.70	- 1589.09

March, 2013 flows in equity:

Date	Investment	Purchases (cr)	Sales (cr)	Net (cr)	March 13 Cum. (cr)
25.03.13	FIIs	3410.20	2603.30	+806.90	+9832.20
25.03.13	MFs	442.30	616.10	-173.90	- 1745.39

FIIs have been net buyers to the tune of Rs. 80,909.9/- crores while domestic MFs have been net sellers to the tune of Rs. 10,662.46/- crores. This means there has been a staggering net purchase of Rs. 70,247.44/- crores. Even when we say that the MFs are net sellers, we notice that they still continue to buy worth hundreds of crores everyday even though they sell over the last 4 months. So if situation was all bad, would they still buy when on the other hand they have sold? Couldn't this be a simple case of profit booking by MFs? Could it be for dividend distribution? So why the panic or what is it that small investors know that MFs and FIIs don't and while the larger players buy, the small investors choose to wait in the wings?

The Nifty closed at 5295.55 on 31st March, 2012 and is at 5651.35 at closing on 22nd March 2013 – a modest rise of ≈ 6.72% in the last one year. Yet our recommended funds have given you returns ranging from 8% to 14.2% in the last one year under the growth option. To reiterate, with markets volatile an investor needs to make moves at all times whether it is entry or exit. A more prudent choice would be to enter at all times and book profits when certain targets or goals have been reached.*

*And yes, all mutual fund investments are subject to market risk and an investor should read the offer documents before investing.

Besides MF, there are opportunities galore in Equity purchases as well. An investor should look at value picking. He or she may choose equities at regular levels for entry points. Only, and if Only, the investor is sure should he or she enter the daily trading segment. You may speak to our trading desk for more information.

With the first of the interest rate cuts announced by RBI on 19th March 2013, it has signaled the start of a measured softening of interest in the country. And we say measured only because a dramatic cut could result in spiraling inflation in the country. The government has no choice but to balance interest rate cuts and reduction in subsidies at a very calculated pace or else there could be more harm to the economy than good. However, there is a silver lining to the first interest rate cut. Some banks have now begun to offer home loan at interest linked to the base rate of the bank. In the January, 2013 issue of Invest Guide we had written about the option of shifting your home loan. Therefore, going by an old saying "every rupee saved is a rupee earned", the reversal in a long term home loan should benefit you too. Abchlor Investment specializes in helping you move your home loan to a better option for the long run.

Please speak to your Relationship Manager or speak us on +91 22 4071 3322 to get professional advice on how you may benefit more.

At the risk of repetition, we would again like to highlight the pitfalls of under insurance especially in Medical Insurance. Even those who are employed and carry a company provided health insurance cover; you must understand that the cover, most unlikely to exceed Rs. 6 lakhs would work as a family floater cover. Ask yourself and then ask yourself again is this enough? In some cases it may even cover aged parents. And going by the current expenses incurred, medical care in the years to come will only rise. Another, problem is that most insurance companies today do not cover pre-existing diseases or have a 2-4 year exclusion clause for pre-existing diseases. However, a cover provided by your employer may not have this clause as it is a group cover. Hence, it may be prudent to keep this free employer provided cover for the exclusive use for your parents while you and your children may opt for a fairly healthy new floater policy.

The benefits are manifold:

a. Any Insurance – whether medical or life would be cheaper to buy at a younger age.

b. Chances of carrying a disease is lower at a younger age and hence it becomes easier and cheaper for one to get himself or herself covered for a health plan.

c. The employer provided limit may be used for parents or older dependants as it may be very expensive for them to get a big new health cover from a private insurance company.

d. Many insurance companies today also provide enhanced cover or no claim bonus on premiums payable on renewal. With cost of health care likely to head only one way – up, it makes senses to cover oneself early in life and carry the benefits into sunset.

Speak to your Relationship Manager or call us on +91 22 4071 3322 to know more.

MARKET UPDATES

BEST PERFORMERS OF 2012

A' GROUP

Sr. No.	Company Name	CMP 28-Mar-13	Price On 2-Jan-13	% Change
1	Mind Tree	908.00	698.80	29.94
2	HCL Technologies Ltd	800.00	626.00	27.80
3	Infosys	2885.00	2316.20	24.56
4	TCS	1571.95	1262.95	24.47
5	Pidilite Industries Ltd	265.00	229.75	15.34
6	Tech Mahindra Ltd	1058.00	933.00	13.40
7	Asian Paints	4914.50	4426.05	11.04
8	Sunpharma	820.00	740.10	10.80
9	GlaxoSmith Consumer	4200.00	3840.00	9.38
10	TATA Coffe	1474.00	1421.00	3.73

B1' GROUP

Sr. No.	Company Name	CMP 28-Mar-13	Price On 2-Jan-13	% Change
1	Finolex Industries Ltd	96.20	62.80	53.18
2	Gagan Gases	10.10	6.75	49.63
3	Orient Green Power Ltd	14.15	11.29	25.33
4	TD Power System	264.70	225.05	17.62
5	Ramco System Ltd	116.35	101.00	15.20
6	NIIT Tech	281.35	247.50	13.68
7	Amara Raja Batteries Ltd	273.65	246.15	11.17
8	Symphony	357.10	324.25	10.13
9	Greenply Industries Ltd	352.00	325.00	8.31
10	Shriram City Union Fin. Ltd	1070.60	990.00	8.14

WORST PERFORMERS OF 2012

A' GROUP

Sr. No.	Company Name	CMP 28-Mar-13	Price On 2-Jan-13	% Change
1	Hindalco Industries Ltd	91.55	136.45	-32.91
2	Voltas	75.5	107.5	-29.77
3	TATA Steel	312.3	442.5	-29.42
4	LIC Housing Finance Ltd	225.35	298.85	-24.59
5	BHEL	178.1	235.8	-24.47
6	NHPC Ltd	19.95	25.55	-21.92
7	Ashok Leyland Ltd	21.95	27.55	-20.33
8	Bajaj Auto Ltd	1777.25	2144	-17.11
9	Maruti Suzuki India Ltd	1275.00	1518.80	-16.05
10	ICICI Bank Ltd	1050.15	1170.00	-10.24

B1' GROUP

Sr. No.	Company Name	CMP 28-Mar-13	Price On 2-Jan-13	% Change
1	PG Electroplast Ltd	82.20	373.05	-77.97
2	MMTC Ltd	198.50	644.70	-69.21
3	Elantas Beck India Ltd	624.90	1167.00	-46.45
4	AGC Networks	117.75	196.75	-40.15
5	Dhanlaxmi Bank	45.70	69.00	-33.77
6	Network 18	29.30	42.05	-30.32
7	TVS Motor	32.35	42.80	-24.42
8	LML Ltd	5.20	6.80	-23.53
9	Vishnu Chemical	39.55	51.50	-23.20
10	Dalmia Bharat Sugar	14.50	18.55	-21.83

IPO's IN 2013

(As on 28th March, 2013)

Sr. No.	Company	List Date	Offer Price	List Price	Open	High	Low	Last Price	Gain/Loss
1	Bothra Metals	3/25/2013	25.00	26	26.00	26.00	24.85	26.00	-0.15
2	HPC Bio	3/19/2013	35.00	37.25	37.25	41.05	35.00	41.05	0.00
3	Channel Nine	3/12/2013	25.00	26.00	26.25	30.30	25.00	30.30	0.00
4	Kavita Fabrics	3/12/2013	40.00	41.00	40.90	42.75	39.10	39.10	-0.90
5	Sunstar Realty	3/11/2013	20.00	22.00	21.45	29.70	20.00	29.70	0.00
6	Esteem Bio	2/8/2013	25.00	27.8	27.80	51.95	25.00	51.95	0.00
7	Eco Friendly	1/14/2013	25.00	25.00	24.50	37.60	21.10	37.60	-3.90

SOME RECENTLY ANNOUNCED BONUS

Sr. no.	Company	Bonus Ratio	Year : 2013 - D A T E - Announcement	Record	Ex-Bonus
1	Rasoya Protein	2:01	2/11/2013	3/22/2013	3/21/2013
2	Warren Tea	7:10	1/30/2013	3/22/2013	3/21/2013
3	Medi-Caps	3:01	2/7/2013	3/20/2013	3/19/2013
4	Hasti Finance	1:10	2/5/2013	3/14/2013	3/13/2013
5	Visesh Infotech	1:10	1/21/2013	3/8/2013	3/7/2013
6	Rollatainers	3:02	1/10/2013	2/28/2013	2/27/2013
7	Pradip Oversea	1:05	10/18/2012	2/13/2013	2/12/2013
8	Mishka Finance	7:01	12/24/2012	2/6/2013	2/5/2013
9	Dhanleela	4:01	12/21/2012	2/6/2013	2/5/2013
10	Kanani Industr	1:10	1/24/2013	-	2/1/2013
11	Yantra Natural	5:02	12/18/2012	1/28/2013	1/24/2013
12	Gammon Infra	1:34	12/17/2012	1/24/2013	1/23/2013

THE QUARTER THAT WAS:

Indices	As on 28th Mar 2013	As of 2nd Jan 2013	Difference Points
SENSEX	18,835.77	19693.30	-19693.30
NIFTY	5682.55	5982.60	-300.05
NIFTY JUNIOR	11222.80	12497.30	-1274.50
CNX MIDCAP	7401.60	8604.15	-1202.55
BSESMLCAP	5804.65	7464.62	-7464.62

INDICES PERFORMANCE (2nd Jan '13 - 28th March '13)

S No.	Index	Close 28-Mar-13	Prev. Close 2-Jan-13	%Change
1	BSE Auto	9,994.23	11,584.33	-13.73
2	BSE Metal	8,758.32	11,427.27	-23.36
3	BSE Midcap	6,142.06	7,212.33	-14.84
4	BSE Oil & Gas	8,326.60	8,569.64	-2.84
5	BSE SmallCap	5,804.65	7,464.62	-22.24
6	BSE Bankex	13,033.35	14,650.48	-11.04
7	BSE_CDS	7,094.55	7,711.91	-8.01
8	BSE_CGS	9,017.59	11,085.51	-18.65
9	BSE_FMCG	5,919.19	5,978.07	-0.98
10	BSE_HCI	8,008.09	8,188.61	-2.20
11	BSE_IT	6,885.46	5,711.71	20.55
12	BSE_PSU	6,481.16	7,444.89	-12.94
13	BSE200	2,287.96	2,459.45	-6.97
14	BSE500	7,084.96	7,689.09	-7.86
15	BSETeck	3,900.94	3,454.78	12.91
17	CNX 100	5,578.90	5,923.95	-5.82
19	CNX IT	7,219.05	6,049.90	19.33
20	CNX500	4,438.35	4,804.15	-7.61
21	CNX MIDCAP	7401.60	8,604.15	-13.98

NET INFLOWS / OUTFLOWS

March 2013	Equity Rs. (In crores) Gross Purchase	Gross Sale	Net Purchase/Sales	Debt Rs. (In crores) Gross Purchase	Gross Sale	Net Purchase/Sales
FII INVESTMENTS	59,584.80	49,186.30	10,398.50	24,016.20	18,985.30	5,030.90
MUTUAL FUND INVESTMENTS	7,075.10	8,846.20	-1,771.10	2,12,029.90	1,36,976.60	75,053.30

email your queries on finance and investments to response@abchlor.com

SOME RECENTLY ANNOUNCED DIVIDENDS

Sr. no.	Company	- DIVIDEND -		- DATE -		
		Type	%	Announcement	Record	Ex-Dividend
1	Assam Company	Final	5	3/1/2013	-	5/31/2013
2	Thomas Cook	Final	37.5	2/20/2013	-	5/28/2013
3	Goodyear	Final	70	2/27/2013	-	5/23/2013
4	Bosch	Final	600	2/27/2013	-	5/10/2013
5	BOC India	Interim	15	2/4/2013	-	5/6/2013
6	ABB	Final	150	2/21/2013	-	4/30/2013
7	Pantaloon Ret	Final	55	2/26/2013	-	4/30/2013
8	ITD Cementation	Final	20	2/28/2013	-	4/30/2013
9	Fulford	Interim	10	2/25/2013	-	4/29/2013
10	Paper Products	Final	130	2/6/2013	-	4/22/2013
11	Esab India	Final	75	2/19/2013	-	4/18/2013
12	SKF India	Final	75	2/21/2013	-	4/18/2013
13	Abbott India	Final	170	2/20/2013	-	4/16/2013
14	Rain Commoditie	Final	55	2/21/2013	-	4/16/2013
15	Vesuvius India	Final	45	2/26/2013	-	4/16/2013
16	Clariant	Final	175	2/28/2013	-	4/12/2013
17	Castrol	Final	35	2/26/2013	-	4/12/2013
18	Honeywell Autom	Final	100	2/6/2013	-	4/12/2013
19	Styrolution ABS	Final	40	2/26/2013	-	4/10/2013
20	Surabhi Chemica	Interim	1	3/25/2013	4/12/2013	4/10/2013
21	Goodricke Group	Final	40	2/28/2013	-	4/9/2013
22	Sanofi India	Final	290	2/25/2013	-	4/5/2013
23	Colgate	Interim	900	3/1/2013	4/5/2013	4/4/2013
24	GlaxoSmithKline	Final	500	2/19/2013	-	4/4/2013
25	DIC India	Final	40	2/4/2013	-	4/2/2013
26	DIC India	Interim	40	2/4/2013	-	4/2/2013
27	Hexaware Tech	Final	60	2/11/2013	-	3/26/2013
28	FAG Bearings	Final	50	2/14/2013	-	3/26/2013
29	NALCO	Interim	15	3/18/2013	3/28/2013	3/26/2013
30	Ruchira Papers	Interim	10	3/12/2013	3/30/2013	3/26/2013
31	State B Bikaner	Interim	161	3/13/2013	3/29/2013	3/26/2013
32	State Bnk Tr	Interim	170	3/12/2013	3/28/2013	3/26/2013
33	Manappuram Fin	Interim	75	3/14/2013	3/25/2013	3/22/2013
34	OM Metals Infra	Interim	10	3/13/2013	3/25/2013	3/22/2013
35	ONGC	Interim	80	1/29/2013	3/25/2013	3/22/2013
36	State Bnk My	Interim	115	3/13/2013	3/25/2013	3/22/2013
37	ACC	Final	190	2/7/2013	-	3/21/2013
38	Foseco India	Final	70	1/21/2013	-	3/21/2013
39	Lakshmi Energy	Final	10	2/15/2013	-	3/21/2013
40	Oil India	Interim	120	3/7/2013	3/22/2013	3/21/2013
41	Arihant Found	Final	10	3/12/2013	-	3/20/2013
42	Best Eastern Ho	Interim	15	3/12/2013	3/21/2013	3/20/2013
43	Geojit BNP	Interim	75	3/8/2013	3/21/2013	3/20/2013
44	Helios and Mat	Final	18	2/5/2013	-	3/19/2013
45	GlaxoSmith Con	Final	450	2/15/2013	-	3/19/2013
46	Coal India	Interim	97	3/1/2013	3/19/2013	3/18/2013
47	EngineersInd	Interim	60	3/6/2013	3/19/2013	3/18/2013
48	India Glycols	Interim	40	3/6/2013	3/16/2013	3/14/2013
49	Mayur Leather	Interim	5	3/6/2013	3/15/2013	3/14/2013
50	StanChart IDR	Interim	0	2/28/2013	3/15/2013	3/14/2013
51	Gateway Distri	Interim	30	3/4/2013	3/14/2013	3/13/2013
52	CRISIL	Final	400	2/14/2013	-	3/12/2013
53	Neyveli Lignite	Final	10	2/27/2013	3/12/2013	3/11/2013
54	Bharat Forge	Interim	50	2/25/2013	3/8/2013	3/7/2013
55	CARE	Interim	120	2/22/2013	3/8/2013	3/7/2013
56	Escorts	Final	12	11/27/2012	-	3/7/2013
57	Merck	Final	25	2/11/2013	-	3/7/2013
58	KSB Pumps	Interim	45	2/22/2013	3/8/2013	3/7/2013
59	Sinclair Hotels	Interim	180	2/26/2013	3/8/2013	3/7/2013
60	CHL	Interim	10	2/8/2013	3/4/2013	3/1/2013
61	NTPC	Interim	37.5	2/18/2013	3/4/2013	3/1/2013
62	Jeypore Sugar	Final	25	11/30/2012	-	2/28/2013
63	Kaveri Seed Co	Final	80	2/14/2013	3/1/2013	2/28/2013
64	Kaveri Seed Co	Interim	80	2/14/2013	3/1/2013	2/28/2013
65	Rajapalayam	Interim	50	2/15/2013	2/28/2013	2/27/2013
66	MPS	Interim	50	2/14/2013	2/27/2013	2/26/2013
67	VTM	Interim	70	2/14/2013	2/27/2013	2/26/2013
68	Bliss GVS	Interim	30	2/13/2013	2/26/2013	2/25/2013
69	Goldiam Inter	Interim	10	2/13/2013	2/26/2013	2/25/2013
70	Hi-Tech Gears	Interim	10	2/14/2013	2/26/2013	2/25/2013
71	Kewal Kiran	Interim	65	2/14/2013	2/26/2013	2/25/2013
72	Nestle	Interim	125	2/15/2013	2/26/2013	2/25/2013
73	SRF	Interim	50	2/15/2013	2/26/2013	2/25/2013
74	Take Solutions	Interim	30	2/14/2013	2/26/2013	2/25/2013
75	LG Balakrishnan	Interim	55	1/29/2013	2/8/2013	2/22/2013
76	Amrutanjan Heal	Interim	50	2/11/2013	2/22/2013	2/21/2013
77	Precision Wires	Interim	25	2/11/2013	2/22/2013	2/21/2013
78	Advani Hotels	Interim	13	2/11/2013	2/22/2013	2/21/2013
79	Sterling Tools	Interim	50	2/4/2013	2/23/2013	2/21/2013
80	Zodiac Clothing	Interim	15	2/14/2013	2/23/2013	2/21/2013
81	Page Industries	Interim	140	1/21/2013	2/21/2013	2/20/2013
82	Aurobindo Pharm	Interim	100	2/7/2013	2/20/2013	2/18/2013
83	Ambuja Cements	Final	110	2/8/2013	-	2/18/2013
84	GAIL	Interim	40	2/1/2013	2/20/2013	2/18/2013
85	GE Shipping	Interim	30	2/7/2013	2/20/2013	2/18/2013
86	Aegis Logistics	Interim	17.5	2/7/2013	2/19/2013	2/15/2013

Sr. no.	Company	- DIVIDEND -		- DATE -		
		Type	%	Announcement	Record	Ex-Dividend
87	Dhanuka Agritec	Interim	75	2/4/2013	2/19/2013	2/15/2013
88	Ind Motor Parts	Interim	65	2/7/2013	2/18/2013	2/15/2013
89	India Nippon	Interim	40	2/6/2013	2/19/2013	2/15/2013
90	JM Financial	Interim	40	2/7/2013	2/19/2013	2/15/2013
91	Madras Cements	Interim	0	1/15/2013	2/19/2013	2/15/2013
92	Orbit Exports	Interim	15	1/23/2013	2/18/2013	2/15/2013
93	Ramcoind	Interim	90	1/31/2013	2/19/2013	2/15/2013
94	SAIL	Interim	16	1/28/2013	2/18/2013	2/15/2013
95	Carborundum	Interim	50	2/5/2013	2/15/2013	2/14/2013
96	KPR Mill	Interim	30	1/30/2013	2/15/2013	2/14/2013
97	MOIL	Interim	20	1/25/2013	2/15/2013	2/14/2013
98	Mayur Uniquoter	Interim	22.5	1/31/2013	2/16/2013	2/14/2013
99	OCL India	Interim	125	2/4/2013	2/15/2013	2/14/2013
100	Rane Holdings	Interim	35	2/6/2013	2/16/2013	2/14/2013
101	Suprajit Eng	Interim	35	1/30/2013	2/15/2013	2/14/2013
102	Selan Explore	Interim	50	2/1/2013	2/16/2013	2/14/2013
103	Sundaram Fin	Interim	45	2/4/2013	2/15/2013	2/14/2013
104	BS Limited	Interim	10	2/4/2013	2/14/2013	2/13/2013
105	Sundaram-Clayto	Interim	180	1/17/2013	2/14/2013	2/13/2013
106	DCM Shriram Con	Interim	40	2/1/2013	2/13/2013	2/12/2013
107	Power Grid Corp	Interim	16.1	1/30/2013	2/19/2013	2/12/2013
108	Triveni Engg	Final	10	11/21/2012	-	2/12/2013
109	Tube Investment	Interim	75	1/31/2013	2/13/2013	2/12/2013
110	Ashoka Buildcon	Interim	20	1/31/2013	2/12/2013	2/11/2013
111	Aarti Drugs	Interim	30	1/24/2013	2/12/2013	2/11/2013
112	Aarti Industrie	Interim	25	2/6/2013	2/12/2013	2/11/2013
113	Container Corp	Interim	80	1/29/2013	2/12/2013	2/11/2013
114	Cummins	Interim	250	1/31/2013	2/12/2013	2/11/2013
115	Greaves Cotton	Interim	20	1/30/2013	2/12/2013	2/11/2013
116	GMM Pfaudler	Interim	35	1/22/2013	2/12/2013	2/11/2013
117	IRB Infra	Interim	10	1/29/2013	2/12/2013	2/11/2013
118	AVT Natural	Interim	50	1/30/2013	2/11/2013	2/8/2013
119	Guj Flourochem	Interim	150	1/30/2013	2/11/2013	2/8/2013
120	Rural Elect Cor	Interim	67.5	1/23/2013	2/11/2013	2/8/2013
121	Surya Roshni	Interim	10	1/14/2013	2/11/2013	2/8/2013
122	Godrej Consumer	Interim	100	1/31/2013	2/8/2013	2/7/2013
123	Hatsun Agro	Interim	50	1/17/2013	2/8/2013	2/7/2013
124	Sarasind	Final	100	2/1/2013	-	2/7/2013
125	Kama Holdings	Interim	10	1/28/2013	2/8/2013	2/7/2013
126	Thirumalai Chem	Interim	50	1/29/2013	2/8/2013	2/7/2013
127	Financial Tech	Interim	100	1/15/2013	2/8/2013	2/7/2013
128	Edelweiss Fin	Interim	55	1/25/2013	2/7/2013	2/6/2013
129	Gravita India	Interim	15	1/29/2013	2/7/2013	2/6/2013
130	Signet Ind	Interim	12	1/28/2013	2/7/2013	2/6/2013
131	TVS Motor	Interim	60	1/17/2013	2/7/2013	2/6/2013
132	BHEL	Interim	106	1/23/2013	2/6/2013	2/5/2013
133	EID Parry	Interim	600	1/25/2013	2/6/2013	2/5/2013
134	HIL	Interim	75	1/24/2013	2/6/2013	2/5/2013
135	Auto Corp Goa	Interim	25	1/21/2013	2/5/2013	2/4/2013
136	Banaras Beads	Interim	25	1/15/2013	2/5/2013	2/4/2013
137	India Infoline	Interim	150	1/21/2013	2/5/2013	2/4/2013
138	Power Finance	Interim	60	1/18/2013	2/5/2013	2/4/2013
139	Gandhi Spl Tube	Interim	120	1/16/2013	2/4/2013	2/1/2013
140	Indiabulls	Interim	275	1/22/2013	2/4/2013	2/1/2013
141	Neelamalai Agro	Interim	200	1/31/2013	2/12/2013	2/1/2013
142	Transport Corp	Interim	20	1/21/2013	2/4/2013	2/1/2013
143	Torrent Pharma	Interim	120	1/18/2013	2/4/2013	2/1/2013
144	Automotive Axle	Final	100	11/29/2012	-	1/31/2013
145	Aptech	Interim	15	1/22/2013	2/1/2013	1/31/2013
146	Bajaj Hind	Final	10	11/26/2012	-	1/31/2013
147	Zensar Tech	Interim	35	1/21/2013	2/1/2013	1/31/2013
148	Indiabulls Sec	Interim	50	1/22/2013	2/1/2013	1/31/2013
149	Persistent	Interim	60	12/26/2012	-	1/31/2013
150	Rane Brake	Interim	20	1/22/2013	2/1/2013	1/31/2013
151	Rane Madras	Interim	20	1/23/2013	2/2/2013	1/31/2013
152	Bharat Elec	Interim	60	1/11/2013	1/31/2013	1/30/2013
153	DB Corp	Interim	20	1/21/2013	1/31/2013	1/30/2013
154	Cholamandalam	Interim	25	1/18/2013	1/31/2013	1/30/2013
155	Kar Mobiles	Interim	20	1/21/2013	1/31/2013	1/30/2013
156	MRF	Final	190	11/29/2012	-	1/30/2013
157	Supreme Ind	Interim	100	1/15/2013	1/29/2013	1/28/2013
158	Sun TV Network	Interim	50	1/9/2013	1/29/2013	1/28/2013
159	Damodar Threads	Interim	12	1/17/2013	1/28/2013	1/24/2013
160	Bajaj Corp	Interim	650	1/11/2013	1/25/2013	1/23/2013
161	Oil India	Interim	110	1/11/2013	1/24/2013	1/23/2013
162	TCS	Interim	300	1/14/2013	1/24/2013	1/23/2013
163	Wipro	Interim	100	1/15/2013	1/25/2013	1/23/2013
164	Walchandnagar	Final	50	11/26/2012	-	1/23/2013
165	Varun Shipping	Final	5	1/10/2013	-	1/22/2013
166	HCL Tech	Interim	100	1/17/2013	1/22/2013	1/21/2013
167	Chemfab Alkalie	Interim	100	1/9/2013	1/18/2013	1/17/2013
168	RS Software	Interim	15	1/8/2013	1/18/2013	1/17/2013
169	Siemens	Final	300	11/23/2012	-	1/16/2013
170	MphasiS	Final	170	12/5/2012	-	1/14/2013
171	NELCO	Final	5	11/22/2012	-	1/4/2013
172	Sharon Bio Medi	Final	18	10/23/2012	-	1/3/2013

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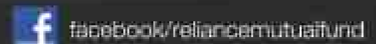
Reliance Monthly Income Plan

An open ended fund. Monthly Income is not assured and is subject to availability of distributable surplus

- **Regular returns**
  Aims at giving regular monthly returns
- **Tax free dividends***



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*Tax Free Dividend implies that in case of dividend, Dividend Distribution Tax (as applicable) will be directly paid by the scheme and no tax is required to be paid by the investor. The NAV of the scheme, pursuant to payment of dividend would fall to the extent of payout and statutory levy, if any.

SMS charges apply

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

Significance of Portfolio Diversification

The famous phrase *"Never put all your eggs in one basket"* holds very true in case of your investments too. Portfolio diversification is the means by which investors minimize or eliminate their exposure to concentration risk, minimize or reduce systematic risk and moderate the short-term effects of individual asset class performance on portfolio value. In a well-conceived portfolio, this can be accomplished at a minimal cost in terms of expected return. Such a portfolio would be considered to be a well-diversified.

Although the concepts relevant to portfolio diversification are customarily explained with respect to the stock markets, the same underlying principals apply to all types of investments.

Why Portfolio Diversification?

When you diversify you investments over different asset class , not only your money gets diversified , but also risk , so if some particular asset class is not performing well , it will affect only that part of your portfolio and not whole of it. Obviously it also affects the returns, you returns are collection of returns from all the asset class, so even if some asset class did not perform over a period, it does not affect you very much.

Every asset class has its features like:

- **Equity :** Very high returns , volatility , liquidity
- **Debt :** Low but secure returns , low liquidity
- **Real Estate :** Good returns , stability , no liquidity
- **Gold :** Hedge against inflation , stability
- **Cash :** High liquidity

Every asset class provides some thing good and some thing bad. Diversification helps in getting all benefits in some or the other way and being at the centre of all. With diversified portfolio you try to get all the elements of: Good returns, Stable returns, Liquidity, Security etc.

Let's take some examples:

- Anyone who was heavily invested in "Debt" around 2003-2004 missed out on high returns from the zooming stock markets (equity) for 4-5 yrs.

- Anyone who was heavily invested in Equity around end of 2007, saw his investments go down by 50-60%.

- Anyone who is totally invested in Debt can't get instant money if required, either he has to take some loan over those investments or break his PF or FD etc.

How you can diversify your portfolio and manage it

1. Investment Plan – Before you go around for any kind of investment it is important for you to have an investment plan that includes the tenure for investment, the minimum amount, returns expected and the mode of payment.

2. Choose different Investments of low correlation – Correlation means the relationship between two assets, schemes or plans. In simple words it means the interdependence of two assets, schemes etc. in your portfolio. This means that you need to choose your investments that go up and come down at different times. This helps you to sail comfortably through the bulls and bears of the market.

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3. Monitoring and rebalancing – It is mandatory for you to keep a close watch over your assets and keep rebalancing and monitoring your portfolio. The work of portfolio diversification does not end by simply selecting different options. It extends to rebalancing your portfolio by selling and buying.

4. Stay invested and watch out for new opportunities – It is important for you to keep yourself invested for a longer duration in order to reap good returns and also keep a close watch on the new opportunities coming your way. Search for new investments and get rid of the non-profitable chunk.

5. Investment Principles Work – Invest by following the investment principles. Merely going by predictions may land you in deep waters as no one can accurately predict the future. Create a quality well-diversified portfolio and avoid being solely carried away by predictions.

Thus in order to create a truly diversified portfolio, you need to invest in assets that have a low correlation (weak relationship) with each other. That is, if your equity investments decline in value, your commodity investments should not. This also means that if your equity investments increase in value, your commodity investments cannot. You should use your financial objectives as checkpoints to decide your allocation across assets. The asset classes and the proportion you choose will really depend on your long-term goals and your comfort with risk.

What about Over-diversification ?

Investors should also know that over-diversification becomes di*worsi*fication. For the investors it is very important to strike equilibrium in case of diversifying their portfolio. In order to create a diversified portfolio do not get so much carried away that you end up investing in too many assets, schemes and plans. You should not spread your money so thin that all the effort goes in vain. Over-diversification may shield you from great losses but it would surely lead you to losing good gains. So while you create your diversified portfolio do keep in mind that you need to strike the right balance without over indulgence as too many cooks spoil the broth.

Moreover, diversification does not say that you have to invest some money in every asset class for sure; the idea behind it is just that the risk is minimized by diversification and the portfolio is more stable.

Is your portfolio un-diversified or requires some attention? Contact your wealth manager or call us on +91 22 4071 3322 or SMS MF to 56677.

Investing in a large cap fund adds growth and stability to your portfolio. Morgan Stanley Growth Fund (MSGF) precisely does that. Tide over volatile market conditions by benefitting from the size and strength of large cap stocks. Keep growing from strength to strength with MSGF.

Morgan Stanley Mutual Fund

Morgan Stanley

www.morganstanley.com/indiamf

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

MF INDUSTRY UPDATE

Now MF distributors' nominees can get commissions without ARN

AMFI has agreed to a longstanding demand of mutual fund distributors to allow their nominees to get commissions even if they do not hold an AMFI Registration Number (ARN). So far, nominees of mutual fund distributors were not entitled to get commissions if they did not hold an ARN. In a circular issued on March 28, AMFI has said that the nominees will also be entitled to get trail commissions on ongoing SIP installments even after the death of the ARN holder. AMFI has clarified that no new systematic transactions or changes to existing systematic transactions registered under the ARN code of the deceased distributor. In cases where an ARN holder has procured business before the demise and has yet not received commission from an AMC, commissions will be paid to the legal heir or the investor does not change the nominee until the time the ARN code of the deceased distributor.

AMFI has encouraged AMCs to urge distributors to provide their nomination details in order to reduce the unnecessary hurdles, which the legal heirs of a deceased distributor face in obtaining legal heir certificate. In cases where nominees are registered, nominees can get commissions without the requirement of legal heir certificate or succession certificate. Nominees need to just submit a copy of death certificate. Distributors have welcomed the move. "I inherited my father's AUM and he had not nominated anyone and the AMCs were not paying any commission to us on those assets. Back in 2002, there was no provision for an ARN holder to appoint nominee. Insurance companies provide commission to nominees of their agents even if they do not have a license. Back in 2004, some AMCs were providing nomination facility to their distributors.

AMFI subsequently asked all AMCs to follow a uniform practice of providing nomination facility. AMCs will keep paying commission to the nominee until AUM under the ARN of the deceased ARN holder becomes nil. Commissions will be only paid to the nominee if the business is generated when the ARN was valid and had not been suspended by AMFI. Also, the ARN of the distributor should be valid on the date of demise of ARN holder. Nominees are not allowed to transfer the assets in their account unless they have the permission from investors. If the nominees have received permission to transfer assets to their accounts, the nominees should hold an ARN. Nominees have to inform AMFI about the death of the ARN holder by providing a death certificate duly attested by gazette officer. AMFI will then inform all the AMCs about the same.

MF industry AUM rises by Rs 1.5 lakh cr in 2012-13

Improved market sentiments helped mutual funds' assets under management (AUM) soar by over Rs 1.5 lakh crore to touch Rs 8.2 lakh crore in 2012-13. The countries 44 fund houses together had an average AUM (assets under management) of Rs 8,16,400 crore at the end of fiscal year ended March 31, 2013, According to latest data available with the Association of Mutual Funds in India (AMFI). The total AUM rose by a staggering Rs 1.51 lakh crore or an increase of 23 per cent during 2012-13 from Rs 6,64,792 crore in the preceding fiscal. Mutual Funds assets have been growing since January-March quarter of 2012. The industry's total assets base was at Rs 7, 86,543 crore in the October-December quarter of fiscal 2012-13.Mutual funds collect money from investors and later invest the same into various market segments including stocks, IPOs and bonds. During the fiscal, the market benchmark Sensex soared by about 8 percent on positive measures taken by the government. Most of the fund houses, including the top-ranked HDFC, Reliance, ICICI Prudential and UTI saw their AUMs rise during the last quarter.

However, fund houses like Sahara, BNP Paribas, Edelweiss, ING and Canara Robecco witnessed a decline in their AUMs from the levels seen in the previous fiscal. Of the 44 fund houses, 39 entities saw their AUMs rise during the period. Market experts largely attributed the rise in AUM to a number of factors, including steps taken by the government and the market regulator to revive equity culture in the country and help channelize household income into stocks and mutual funds. In the past fiscal, Reliance Mutual Fund's assets have grown by Rs 16,468 crore amounting to 21 per cent to Rs 94,580 crore, while that of HDFC MF has increased by Rs 11,842 crore translating to a 13-percent growth at Rs 1,01,720 crore. Excluding the domestic Fund of Funds, wherein a mutual fund schemes invest in various funds, HDFC MF retained its top slot with AUM of Rs 1, 01,720 crore, followed by Reliance Mutual Fund (Rs 94,580 crore), ICICI Prudential Mutual Fund (Rs 87,835 crore), Birla Sun Life Mutual Fund (Rs 77,046 crore) and UTI Mutual Fund (Rs 69,450 crore) in the top five list.

Mutual fund products will be labeled from 1st July

To prevent any mis-selling of mutual fund products, the Securities and Exchange Board of India, or Sebi, on Tuesday asked mutual fund companies to label their schemes based on parameters such as the level of risk and suitability to investors. The labeling has to start from 1 July. Mutual funds have to state the nature of their schemes—short, medium or long term, the investment objective, and if the funds will invest in equity or debt, the stock market regulator said. Level of risk will have to be depicted in colour

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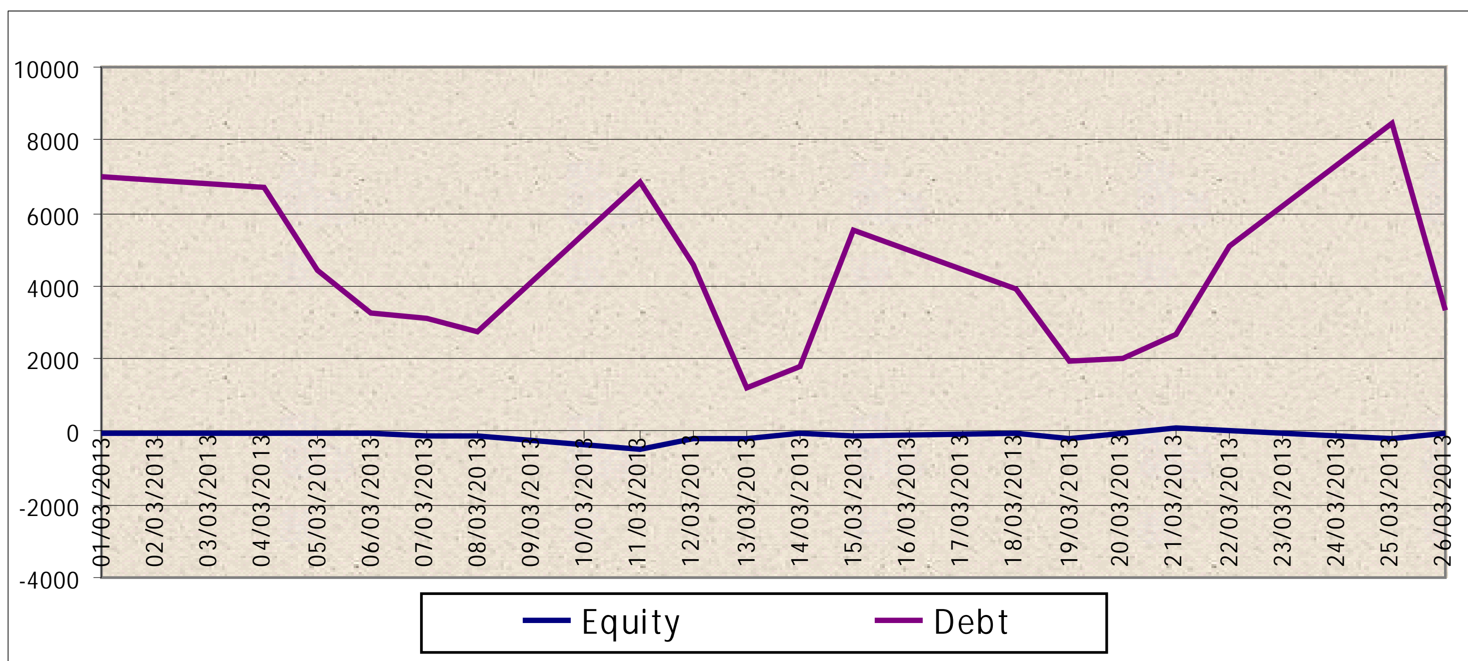
coded boxes, with blue indicating low-risk, yellow medium-risk and brown high-risk schemes. Mutual fund schemes will also carry disclaimers that investors should consult their financial advisers if they are not clear about the suitability of the product.

- **SEBI invites applications for mutual fund distribution SRO**

Starting the process for setting up a Self Regulatory Organisation (SRO) for the mutual funds (MF) distributors, capital markets regulator SEBI invited applications from groups of intermediaries interested in forming such an oversight body. The move follows notification of norms by the Securities and Exchange Board of India (SEBI) in January to set up an SRO for regulation of distributors of mutual fund and portfolio management products. In a public notice issued, the SEBI said it is inviting applications from "any group or association of intermediaries which are desirous of being recognized as an SRO...for distributors of mutual fund products". As per the norms, an applicant seeking SRO status from SEBI has to be a registered company under the Companies Act. Among others, the applicant should have a minimum net-worth of Rs 1 crore and have adequate infrastructure to enable it to discharge its functions as a SRO. Besides, the directors of the applicant entity would need to have professional competence, financial soundness and general reputation of fairness and integrity to the satisfaction of SEBI. In addition, the applicants and their directors must not be involved in legal proceedings connected with the securities market or have any conviction for an economic offence. According to the norms, the certificate of recognition as an SRO would be valid for a period of five years.

Trends in Transactions on Stock Exchanges by Mutual Funds



The above chart is prepared based on reports submitted to SEBI by custodians on 31/03/2013 and constitutes trades conducted by Mutual Funds on and upto the previous trading day.

Favourite stock picks in the portfolios of mutual funds.

An analysis has been undertaken indicating the favourite picks of fund managers as per latest data available:

Stocks	Market Value (Rs. cr)
ICICI Bank	11,516.27
State Bank of India	8,494.57
Infosys	6,454.66
HDFC Bank	6,078.91
ITC	5,269.90
Larsen and Toubro	5,043.74
Reliance Industries	5,028.37
Bharti Airtel	3,552.24
Housing Development Finance Corporation	3,420.91
Tata Consultancy Services	2,675.83

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Bulk deals in March 2013

Exc	Date	Company	Client	Tran	Qty	Price	
						Traded	Close
NSE	21-Mar-13	Tribhovandas	HSBC GLOBAL INVESTMENT FUNDS A/C HSBC GLOBAL INVESTMENT FUN	Sell	731877	250.02	250.00
BSE	15-Mar-13	Agro Tech Foods	SBI MUTUAL FUND	Sell	169511	473.00	473.00
BSE	15-Mar-13	Agro Tech Foods	SBI MUTUAL FUND	Buy	169511	473.00	473.00
NSE	15-Mar-13	Agro Tech Foods	SBI MUTUAL FUND	Buy	678638	473.00	473.00
NSE	15-Mar-13	Agro Tech Foods	SBI MUTUAL FUND	Sell	678040	473.00	473.00
BSE	15-Mar-13	Manugraph Ind	HDFC MUTUAL FUND	Sell	550000	31.25	31.25
BSE	13-Mar-13	Himatsingka Sei	HDFC MUTUAL FUND	Sell	500000	32.75	34.85
NSE	13-Mar-13	Himatsingka Sei	HDFC MUTUAL FUND A/C HDFC MIDCAP OPPORTUNITIES FUND	Sell	950000	32.75	34.60
NSE	08-Mar-13	Mahindra Holida	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP	Buy	500000	273.00	273.95
NSE	07-Mar-13	Guj Alkali	SUNDARAM MUTUAL FUND	Sell	600000	147.33	147.30

Performance of Select Mutual Fund Schemes as on 31st March 2013 (Returns up to one years is absolute and returns for more than one year are compounded annualized)

Equity Diversified – Pure Large Cap	3mth	6mth	1yr	2yr	3yr	5yr
ICICI PRU - FOCUSED BLUECHIP EQUITY FUND REG (G)	-4.64	0.23	8.53	2.46	7.37	12.08
ICICI PRU - TOP 100 FUND (G)	-4.80	0.90	7.28	2.81	5.38	7.33
FRANKLIN - INDIA BLUECHIP FUND (G)	-5.01	0.83	6.16	1.63	5.10	9.20
RELIANCE - TOP 200 FUND (G)	-6.67	-1.43	9.39	1.50	5.17	6.20
DSP BLACKROCK - TOP 100 EQUITY FUND (G)	-8.7	-2.27	3.23	0.47	3.67	7.69

Equity Diversified - Large & Mid Cap	3mth	6mth	1yr	2yr	3yr	5yr
UTI - OPP FUND (G)	-6.72	-2.25	5.47	4.89	7.80	11.73
FRANKLIN - INDIA PRIMA PLUS (G)	-5.78	1.10	8.45	3.24	5.70	8.65
ICICI PRU - DYNAMIC PLAN (G)	-4.58	-0.16	5.27	1.17	5.33	9.14
BIRLA SL - FRONTLINE EQUITY FUND REG (G)	-5.06	2.73	14.57	2.92	5.30	9.21
HDFC - TOP 200 FUND - (G)	-7.60	-1.73	5.05	-0.77	4.59	10.09

Equity Diversified – Multi cap	3mth	6mth	1yr	2yr	3yr	5yr
TEMPLETON - INDIA EQUITY INCOME FUND (G)	-6.59	4.81	12.55	2.39	5.78	8.43
HDFC - GROWTH FUND (G)	-6.10	-2.00	4.85	0.95	5.98	7.48
HDFC - EQUITY FUND (G)	-7.91	-0.92	4.79	-1.20	5.00	10.64
DSP BLACKROCK - EQUITY FUND REG (G)	-10.70	-3.02	1.30	-1.25	2.98	7.86
RELIANCE - REG SAVINGS EQUITY PLAN (G)	-12.50	-4.67	8.29	-0.33	1.62	6.77

Equity Diversified – Mid & Small Cap	3mth	6mth	1yr	2yr	3yr	5yr
SBI - EMERGING BUSINESS FUND (G)	-12.20	1.22	21.08	16.66	15.65	10.64
RELIANCE - EQUITY OPP (G)	-7.47	-1.26	13.55	7.53	9.64	13.75
IDFC - PREMIER EQUITY FUND REG (G)	-8.97	0.33	11.77	7.84	9.92	13.02
HDFC - MID CAP OPPORTUNITIES FUND (G)	-7.61	-2.82	6.04	7.05	9.48	13.10
DSP BLACKROCK - SMALL & MIDCAP FUND REG (G)	-14.10	-5.65	3.11	0.19	4.29	9.94

Equity Tax Saving	3mth	6mth	1yr	2yr	3yr	5yr
FRANKLIN - INDIA TAXSHIELD (G)	-5.19	0.88	7.75	3.94	6.92	9.75
CAN ROBECO - EQUITY TAXSAVER (G)	-6.23	-0.74	7.90	4.11	6.15	-
RELIANCE - TAX SAVER (G)	-12.9	-7.79	1.30	0.97	4.53	9.07
ICICI PRU - TAX PLAN (G)	-8.05	-1.20	7.66	1.76	4.53	9.65
HDFC - TAX SAVER (G)	-8.10	-2.20	1.56	-1.36	2.84	8.54

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Balanced Funds	3mth	6mth	1yr	2yr	3yr	5yr
CAN ROBECO - BALANCE (G)	-5.43	-0.40	7.98	5.91	7.18	9.70
ICICI PRU - BALANCED PLAN (G)	-2.85	3.14	11.98	8.41	9.47	8.04
HDFC - BALANCED FUND (G)	-5.43	-2.41	4.15	5.14	8.58	12.28
TATA - BALANCED FUND (G)	-4.89	-0.39	11.04	6.83	7.16	10.00
HDFC - PRUDENCE FUND (G)	-8.09	-2.52	3.83	2.31	6.73	11.98

Monthly Income Plan	3mth	6mth	1yr	2yr	3yr	5yr
BIRLA SL - MONTHLY INCOME REG (G)	-0.29	2.38	7.35	6.91	7.05	8.68
RELIANCE - MIP (G)	-0.98	2.37	8.60	7.75	7.57	12.25
CAN ROBECO - MIP (G)	-1.37	1.24	6.25	6.73	6.72	9.20
HDFC - MIP LTP (G)	-0.95	2.36	8.07	6.72	7.51	10.26
DSP BLACKROCK - MIP (G)	-1.07	2.09	7.38	8.70	7.30	8.92

Debt - Gilt Funds	1week	1mth	3mth	6mth	1yr	3yr
KOTAK - GILT INVESTEMENT (G)	0.24	0.12	1.73	5.02	13.20	9.30
BIRLA SL - GOVT SEC LTF REG (G)	0.06	0.44	2.60	5.91	11.95	9.87
ICICI PRU - GILT PLAN INVEST (G)	0.02	0.20	1.63	4.73	10.59	8.07
HDFC - GILT FUND LONG TERM (G)	-	0.12	1.90	5.38	12.26	7.76
DSP BLACKROCK - G SEC FUND (G)	0.04	0.22	2.00	5.51	9.81	6.62

Debt - Income Funds	1week	1mth	3mth	6mth	1yr	3yr
RELIANCE - REG SAVINGS DEBT PLAN (G)	0.10	0.80	2.08	4.51	9.86	7.77
HDFC - MEDIUM TERM OPPORTUNITIES FUND (G)	0.08	0.97	2.04	4.37	10.89	-
SBI - DYNAMIC BOND FUND (G)	0.22	0.82	2.60	5.71	11.75	10.23
KOTAK - BOND PLAN A (G)	0.10	0.33	1.68	4.62	11.76	8.91
MORGAN STANLEY - ACTIVE BOND FUND (G)	0.16	0.68	2.53	7.13	10.59	6.54

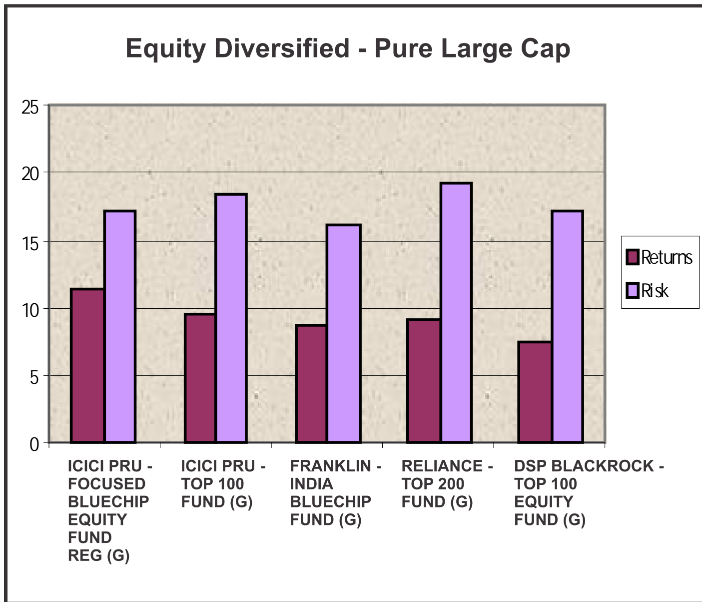
Debt - Short Term Funds	1week	1mth	3mth	6mth	1yr	3yr
BIRLA SL - ST FUND REG (G)	0.06	0.95	2.08	4.26	10.54	8.52
TEMPLETON - INDIA ST INCOME PLAN (G)	0.11	1.03	2.21	4.49	10.40	8.39
ICICI PRU - REGULAR SAVINGS FUND (G)	0.09	0.92	2.12	4.28	9.57	-
KOTAK - BOND STP (G)	0.10	0.91	2.18	4.46	10.07	7.58
HDFC - STP (G)	0.09	0.81	1.89	3.99	9.65	7.90

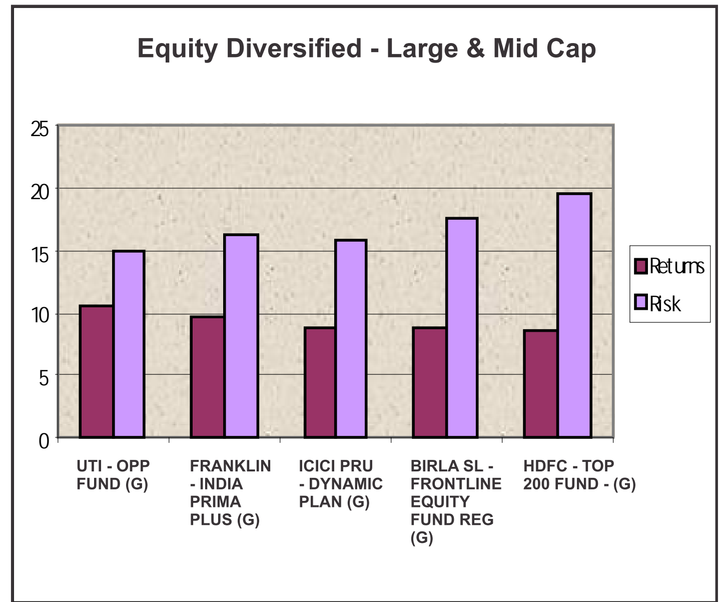
Ultra Short Term (Liquid Plus) Funds	1week	1mth	3mth	6mth	1yr	3yr
DAIWA - TREASURY ADVANTAGE FUND (G)	0.08	0.61	1.77	3.73	8.56	8.04
KOTAK - FLOATER LTP (G)	0.17	0.84	2.09	4.30	9.57	8.50
DSP BLACKROCK - MONEY MANAGER FUND REG PLAN (G)	0.04	0.75	1.90	3.92	8.67	7.85
IDFC - MONEY MANAGER FUND TP REG (G)	0.04	0.57	1.69	3.54	8.11	7.65
HDFC - CASH MGMT TREASURY ADVANTAGE PLAN (G)	0.08	0.68	1.83	3.78	8.48	7.89

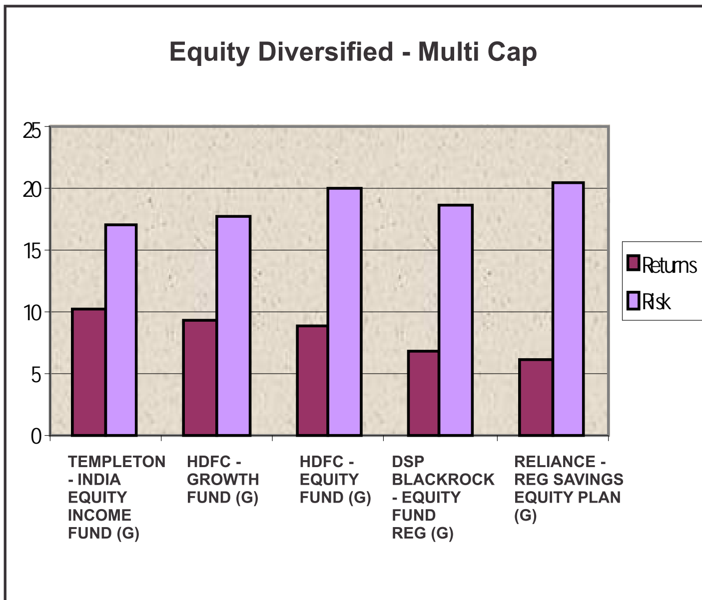
Liquid Funds	1week	1mth	3mth	6mth	1yr	3yr
PRINCIPAL - CASH MGMT (G)	0.19	-37.00	-36.10	-34.8	-31.6	-7.33
SBI - M INSTA CASH FUND (G)	0.19	0.78	2.08	4.18	9.08	8.24
ICICI PRU - LIQUID PLAN (G)	0.17	0.74	2.11	4.29	9.41	8.43
HDFC - CASH MGMT SAVINGS (G)	0.24	0.80	2.14	4.31	9.41	8.39
KOTAK - FLOATER STP (G)	0.21	0.79	2.17	4.36	9.52	8.43

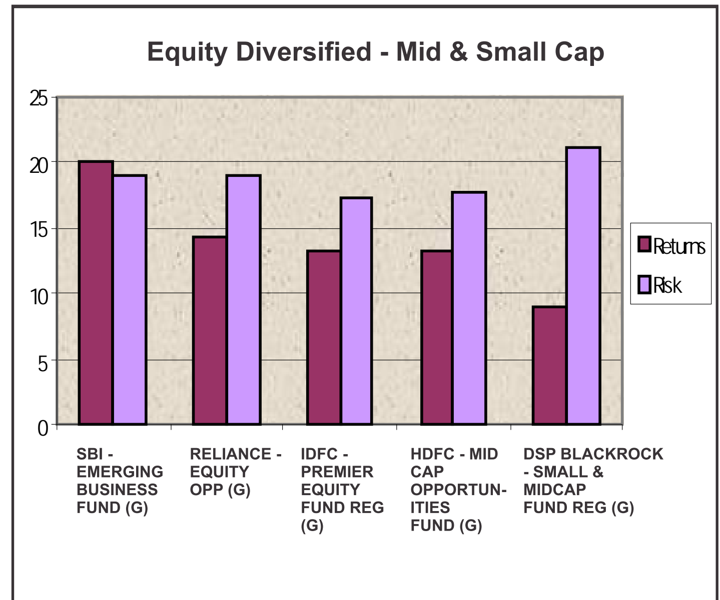
Risk-Return Analysis

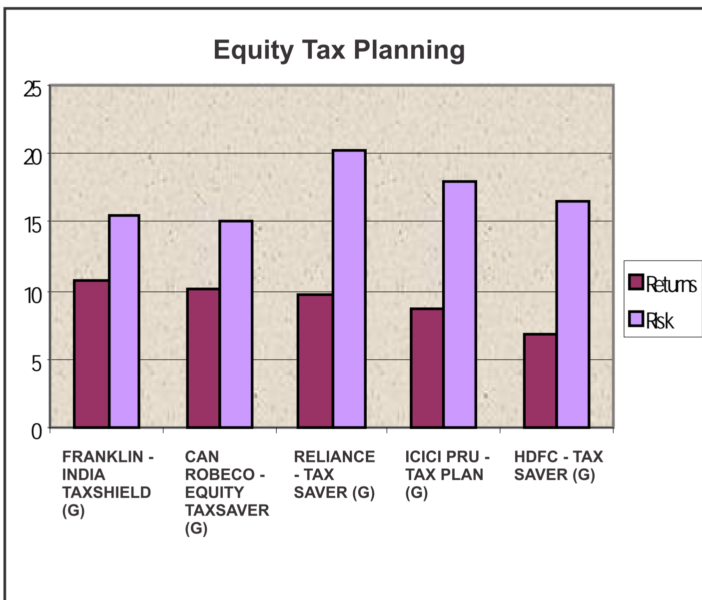
The following charts give you a snapshot of how the mutual funds have performed on the risk-return parameters in the past. The risk is measured by standard deviation, which measures the average deviation of the returns generated by a scheme from its mean returns, while returns are measured as one-year average rolling returns.

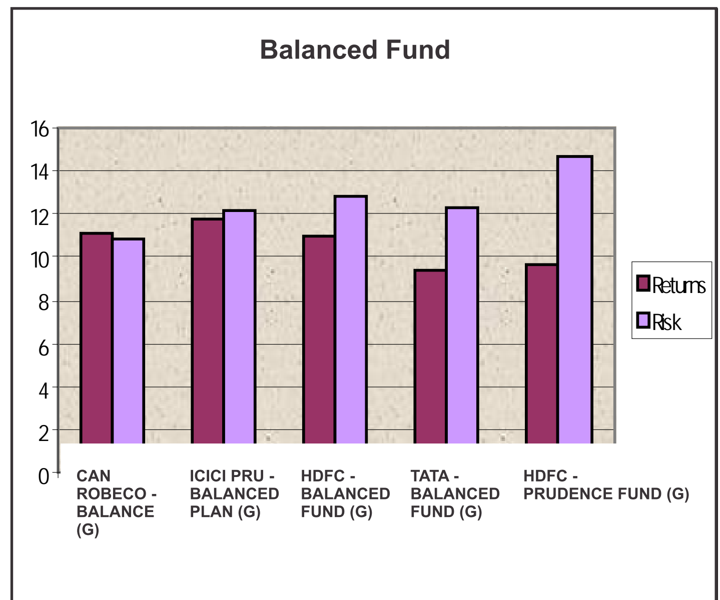












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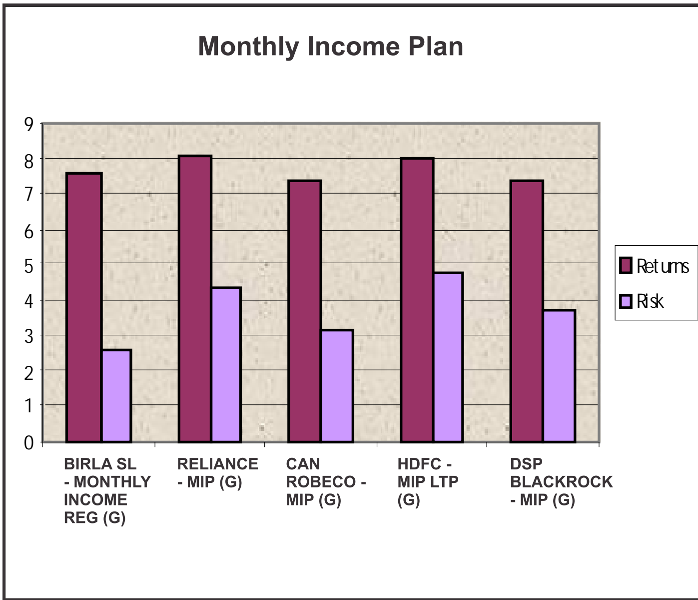

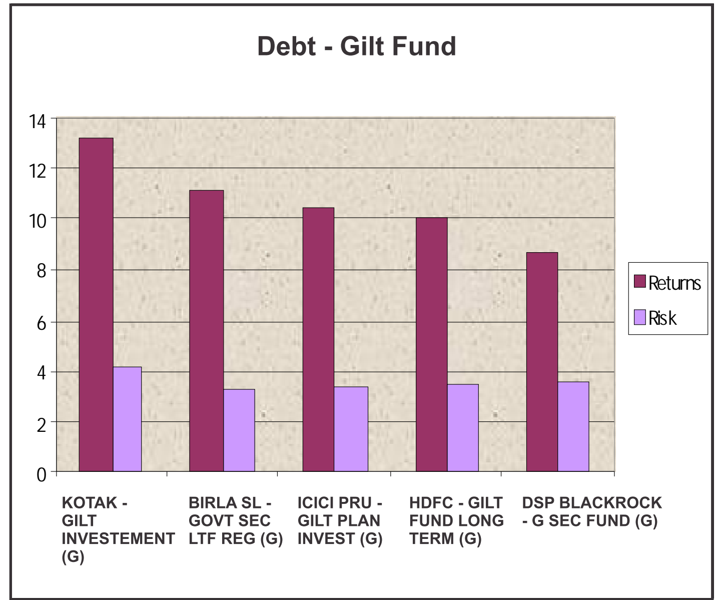

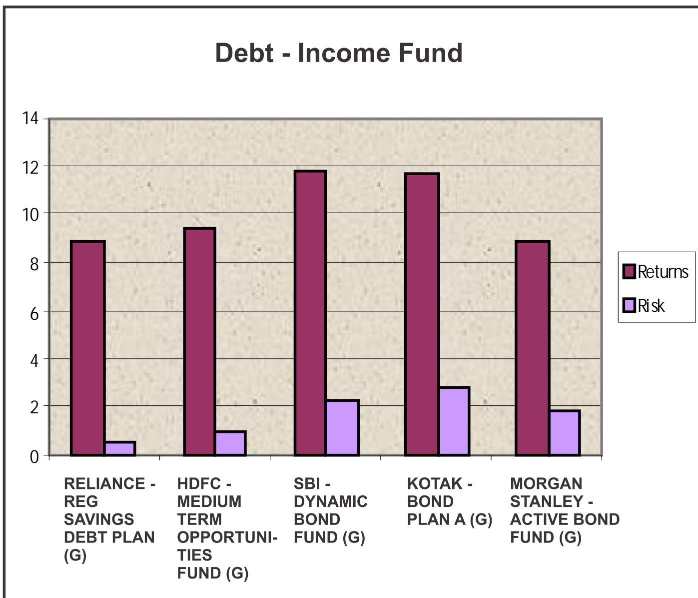

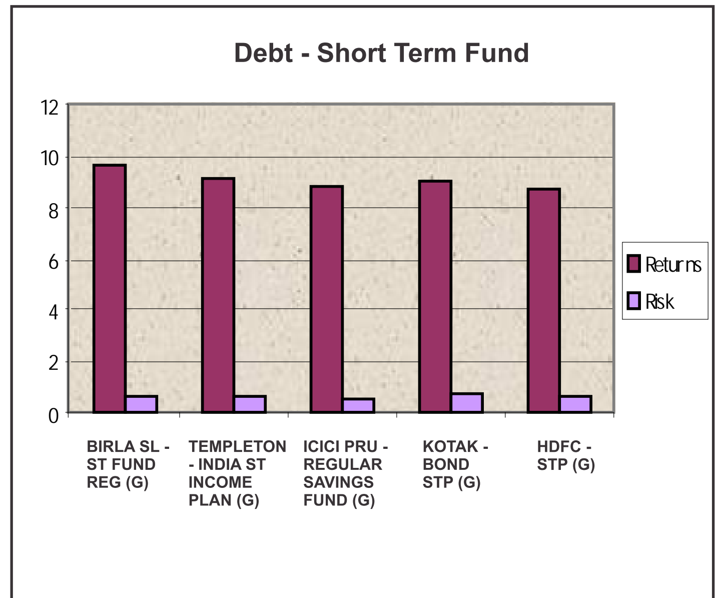

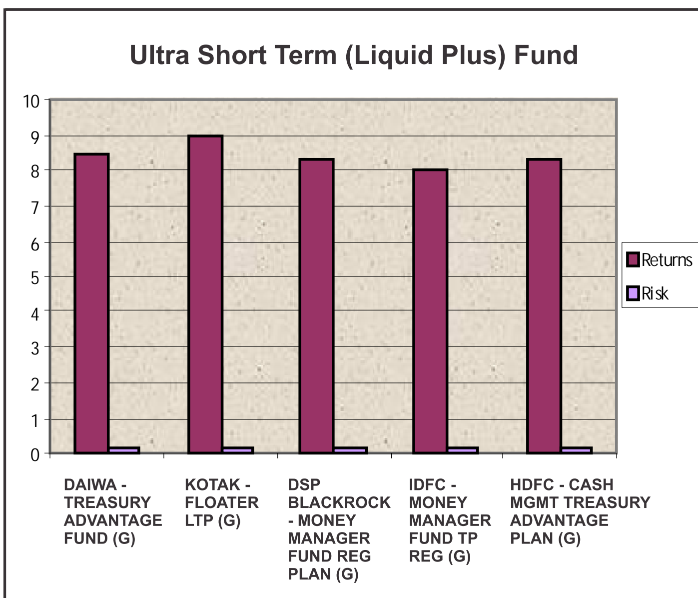

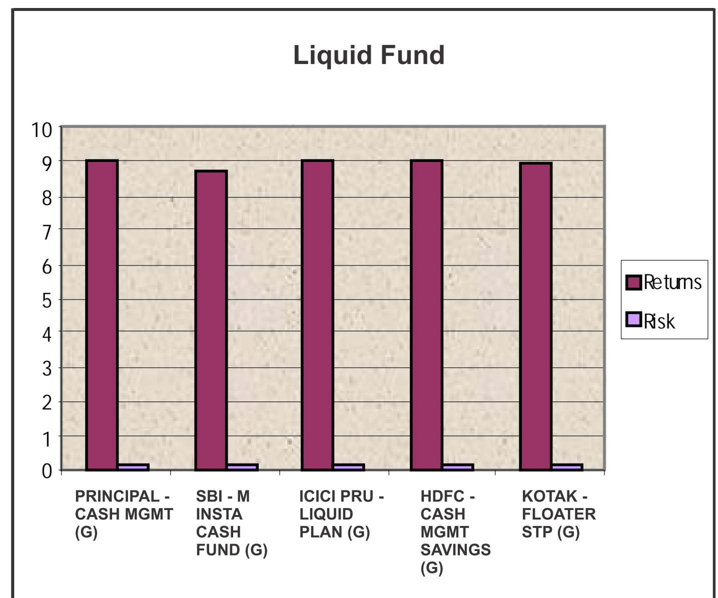

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Printer and Publisher: Prathamesh Paradkar, Editor: Abhinav Angirish for Abchlor Investment Advisors (P) Ltd.
Printed at Shree Swami Samarth Mudranalaya, Devalkar Building, 1st Akkalkote, lane, Khadilkar Road, Girgaon, Mumbai 400004.
Edited at 409, Laxmi Mall, Link Road, Andheri (W), Mumbai - 400 053. India.

REG. NO. : MAHENG11667/13/1/2008-TC