



## Time to Sow the Seeds...

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Mutual Fund



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(An open-ended scheme)

- Low Volatility
- Invests in Fixed Income Instruments

This product is suitable for investors who are seeking\*

- Income over medium term.
- Investment predominantly in debt instruments having maturity of more than 1 year and money market instruments.
- low risk. ■ (BLUE)

\*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Note: Risk may be represented as:

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

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SMS charges apply.

- The investment of the fund is based on short to medium term interest rate view and typically maintains a moderate duration upto 2 years, thereby being low volatile.

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

Dear Investor,

Indian equity markets turned a little weaker in June after making some gains during April and May months. Although large caps did not correct significantly with Sensex and Nifty losing just about 2% but fall in midcap and small cap was relatively bigger with BSE Midcap and BSE Small cap going down by 5% and 7% respectively during June. BSE Midcap and BSE Small cap are now down 16% and 24% since the start of CY 13. Among sectors IT and Oil & Gas performed well while Consumer Durables and Metals were laggard during the month.

The annual rate of inflation, based on monthly WPI, stood at 4.70% for the month of May, 2013 (over May, 2012) as compared to 4.89% for the previous month and 7.55% during the corresponding month of the previous year. The fall in inflation was driven mainly by declining prices of manufactured items which has fallen to 3.11% in May from 3.41% in April, although prices of food articles have inched up to 8.25% in May from 6.08% in April. Dropping for the third straight month, retail inflation also fell to 9.31% in May from 9.39% in April and 10.39% in March.

India's Gross Domestic Product (GDP) grew at 4.8% in the fourth quarter of FY13, marginally above the Q3 GDP growth rate of 4.7%. The GDP for the entire FY13 grew at 5%, which is a decade low number. The manufacturing sector of the economy grew at 2.6%. The rupee touched its historic low of 60.73 against the dollar during June, as the potential for reduced US monetary stimulus exposes emerging nations like India to the risk of capital outflows. The Net FII investments in India during the first half of CY2013 was \$13.5 billion in equities but net FII investment in the Indian debt market has turned negative during this period, with outflows of \$1.2 billion.

Overall, economic environment in India continues to remain challenging with sluggish investment stimulus, sharp slowdown in growth and weakening of rupee although an improving fiscal deficit is a silver lining. Going forward, future direction of the markets will depend on various factors such as policy and fiscal reforms by the government, handling of quantitative easing by US Federal Reserve, lowering of interest rates by RBI, growth in corporate earnings and upcoming elections.

In our view the worst is behind us and growth is likely to pick up gradually in the current financial year. Some important factors like less inflationary pressures, favourable monsoons are also supportive of it. However, a return to a high growth trajectory will be gradual and will only happen over the coming years. In brief, current times are not for making quick gains but patient equity investors can surely expect to be rewarded in the long run. Our advice for our equity investors will be to start building their portfolio by investing systematically. Risk-averse investor can look at investing into dynamic bond funds in view of uncertainty in future direction of interest rates.

Happy Investing!

Regards,



ABHINAV ANGIRISH



ABHINAV ANGIRISH  
C.E.O. & MANAGING DIRECTOR

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# 12 MISTAKES TO AVOID WHILE INVESTING



**A**voiding investment mistakes is as important to wealth creation as taking good investment decisions. Even a single big mistake can prove to be a big setback for the wealth creation potential of your portfolio. Investors can be better off if they take care to avoid below investing mistakes.

- Do not invest in anything you don't understand - Investing in products we don't understand can many times prove disastrous for the health of the portfolio. But the fact seems to be missed by many investors. Many complex products like Equity Linked Debentures and other forms of structured and leveraged products were once the flavor of the season amongst High Net worth Individuals. But many investors burnt their hands by investing in such products they didn't know much of. Remember that Investing in an opaque or exotic product may add zing to your portfolio but can be toxic for your financial health eventually. If you don't understand how an investment provides a return to you, or how a business is organized, or how it makes money, you need to either learn more about it or completely avoid it.

- Do not invest without a plan with clear goals - What are you saving for and how much do you need? Are you saving for retirement? A house? A car? Will you need to use your money in five, ten or 25 years? You need to know these things before you invest. It is always good to prepare a written investment plan that's tailored to your unique ability, willingness and need to take risk. Having a written plan helps to minimize the risks created by behavioral mistakes. Then you can choose investments that best fit your situation. For instance, if you will need your money soon, you may want to choose safer investments. Why? You won't have time to make up any losses. Never invest on rumors, hot tips, stories, conjecture, future predictions, or an expectation the market will go up. None of these approaches qualifies as a plan despite their widespread use and popular appeal.

- Do not delay your investments, start it early in your career - For

most people, investing is often not on the priority list when they start their career. When you start your career, your saving capacity may not be much in absolute terms, as your income itself may not be much. But this should not deter you from making investments. This is because the first few years of your earning life has a huge impact on your future finances. As with anything else in life, investing also benefits with an early start. The earlier you start your investments, the greater will be your return on investment. The most important reason for you to start investing early in your career is to get the benefit of compounding. Compound interest works magic for any investor. The corpus built by someone investing early in life is much bigger than the corpus built by someone who starts a little later. Delay will cost you dearly. Please remember that the first principle to create wealth is to start early.

- Do not forget to account for time horizon while investing - The type of asset in which you invest should be chosen based upon your time frame. Regardless of your age, if you have capital that you will need in a short period of time (one or two years, for example), you should not invest that money in the stock market or equity mutual funds. Although equity investments offer the greatest chance for long-term wealth building, they frequently experience short-term gyrations that can wipe out your holdings if you are forced to liquidate. Likewise, if your horizon is greater than ten years, it makes no sense for you to invest a majority of your funds in bonds or fixed income investments unless you believe the stock market is grossly overvalued.

- Do not miss to create right asset allocation for you - Many research studies tell us that over 80% of a diversified portfolio's returns are attributable to asset allocation. What's surprising, however, is that most people mistakenly focus 80% of their efforts on the remaining 20% of return. It makes no sense. Don't make the mistake of spending all your time on the decisions that has less impact on your overall performance. Therefore rather than thinking about the next hot stock or top performing fund, spend more time and resources determining your correct allocation to asset classes and strategies, and you will be focusing on what is really important.

- Do not become too conservative or too aggressive - Some investors are so afraid of the market they want to park all of their hard-earned savings into the safest investments they can find, regardless of how little returns it pays. Their argument is that the traditional products ensure guaranteed returns though they are comparatively lower than returns from stocks or mutual funds. However, a good investment is not only about guaranteed returns but about real returns. Real returns are

returns post inflation. On the other hand, some investors are fond of taking too much risk. Remember that a group of 10 penny stocks is not a diversified portfolio. It is much closer to gambling than investing. You should invest aggressively when the reward merits the risk, and conserve capital by hiding in the safe harbor of cash equivalents when risk is excessive. Always have an exit point for every investment so that you can preserve capital when the big storm strikes.

■ **Diversify, But Don't Diworsefy** - Many investors mistakenly think that the greater the number of funds or the more the stocks, the better diversified they are. But the investors should understand that diversification does not simply translate into greater numbers. The basic premise for diversification is simple - owning a variety of assets that will prosper in different market and economic conditions. Thus as a mutual fund investor if you have bought various funds in the same category or from the same fund house then that dilutes the diversification. Thus if you are adding more assets having a similar risk profile it is not diversification, it is di-worse-ification.

■ **Avoid investing in sectoral/ thematic / flavor of the season funds** - Investing in a sectoral or thematic fund is often not advisable since their portfolio is skewed towards a single or a few sectors. Thus not being adequately diversified across different sectors exposes it to risk of non-diversification. It is a fact that all sectors are affected by economic cycles and therefore no single sector can consistently outperform all other sectors. Sectoral funds usually come into flavour for a short period and then lose steam. Therefore investing in any particular sector as a theme in your portfolio should be done only if you have the conviction as well as research expertise about the sector.

■ **Do not become over-confident with your successes in bull markets-** A rising tide lifts all boats. When the tide goes out is when you see who is standing naked in the water. Don't confuse brains with a bull market just because you happened to be in the right place at the right time and made some good money through sheer luck. The ability to conserve capital and even prosper when underlying market conditions are adverse is which separates the novice from the skilled investor. That means having a risk management discipline to manage losses to an acceptable level. Investment results should only be viewed over the course of an entire market cycle because short term

results in one way markets can lead to false conclusions.

■ **Do not sell in panic in falling markets** - The best time to buy is when the markets are falling and there is fear in the minds of investors. As these times you can get quality stocks at distressed valuations. Yet, many retail investors do exactly the opposite. They sell when the markets are falling and buy only when the markets are high. This way they end up losing twice - by selling low and buying high, when they should be doing exactly the opposite. If nothing has changed about the long-term outlook for the holdings that you own, then you should not sell them. Use this opportunity to bargain-hunt in falling markets. In fact, some of the world's biggest fortunes were made by buying when others were selling in panic.

■ **Do not hold on to losers** - A cardinal sin of most investors is holding on to loser stocks or funds for too long. In such many investors wait to get even. Getting even means waiting to sell a loser until it gets back to its original cost basis. Behavioral finance calls this a "cognitive error." By failing to realize a loss, investors actually lose in two ways: first, they avoid selling a loser, which may continue to slide until it is worthless. Moreover, there is the opportunity cost of what may be a better use for that investment amount. Thus hanging on too long to a bad investment will further pull down your returns. In such cases admit your mistake and move on by cutting your losses.

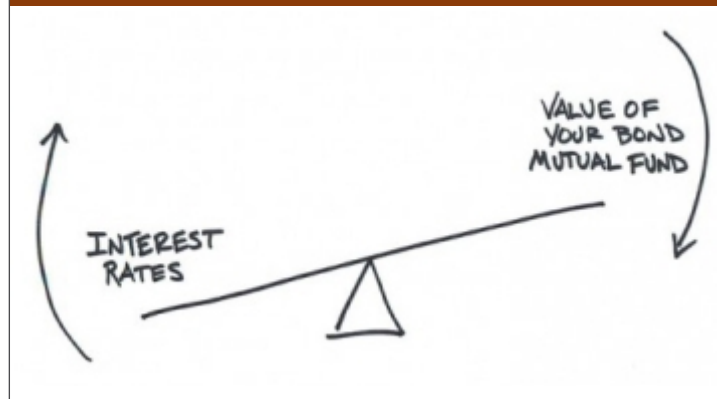
■ **Do not confuse Total Return with Value Added** - When measuring investment results don't make the mistake of looking solely at how much return you got. The reason is because total return is a composite of market return, style return, and management skill. Looking at total return without separating the source of the return will cause false conclusions. The real measure of investment skill is value added return and that is determined by comparing total returns against an appropriate benchmark index over a full economic cycle. By doing this you isolate style and market returns from management skill. For example, a large cap fund manager with annual compound returns of 20% could be a bad performer or a star performer depending on whether the benchmark large cap index (Sensex/Nifty etc.) gained 32% (value lost -12%) or lost 5% (value added +25%) over the same time period.



Do you have a query or need guidance on any investment matters? Contact your wealth manager or call us on +91 22 4071 3322.

Debt funds are those mutual funds which mainly invest in a variety of debt or fixed income securities such as Treasury Bills, Government Securities, Corporate Bonds, Certificate of Deposits (CDs), Commercial Papers (CPs), Money Market instruments and other debt securities of different time horizons. Generally, debt securities have a fixed maturity date and pay a fixed rate of interest.

## Understanding Debt mutual funds



A simple way of understanding debt funds is to think of them simply as a way of passing through the interest income that they receive from the bonds they invest in. There are a couple of further complexities to this. First, unlike the FDs that individuals invest in, mutual funds invest in bonds that are tradable, just like shares are tradable. Second, on this debt market, the prices of different bonds can rise or fall, just like they do on the stock markets. If a mutual fund buys a bond and its price subsequently rises, then it can make additional money over and above what it would have made out of the interest income alone. This would result in higher return for investors. Obviously, the opposite is also true.

But why bond prices rise or fall? There can be a number of reasons. The major one is a change in interest rates, or even the expectation of such a change. Suppose there is a bond that pays out interest at a rate of 8 per cent a year. Then, the interest rates in the economy fall and newer bonds start getting issued at 7 per cent. Obviously, the old bond should now be worth more than earlier. After all, a given amount of money invested in it can earn more money. Its price would now rise. Mutual funds that hold it would find their holdings worth more and they could make additional profits by selling this bond. Again, obviously, the reverse could happen when interest rates rise. Despite the expectation of safety, such a situation could actually result in some losses for a bond fund.

The interest rate sensitivity on the bond price depends on the tenure of the bond. Higher the tenure of the bond, higher would be its sensitivity to the interest rate movement. The reason is that the investors will sell the longer tenure bond, if they are getting higher interest on another bond of similar maturity. Investors will not be willing to bear the interest rate risk for a longer period. On

the other hand, securities with lower tenure will be less volatile as the interest rate movement is more predictable in the short run and short term securities offer interest close to the prevailing interest rate for short tenure. Even if some other securities of similar maturity offer slightly higher yield, then the investors can satisfy themselves at a slightly lower yield and hence take interest rate risk for a shorter period.

Before investing in debt mutual funds, it is vital to understand factors like yield and duration and how the change in interest rates impacts them and the valuation of debt instruments.

### Yield

Yield literally means profitability of your investment. However, in finance it denotes the rate of return on your bond investment. It takes into consideration the income accrued by the way of interest only. Further, there are different ways of calculating yield on bonds.

### Current Yield

As you know, bonds can be bought at par (at their face value), at premium (by paying more than their face value) or at discount (by paying less than the face value). Even so, the coupon rate (rate agreed to be paid throughout the life of the bond by the issuer) remains the same for you, no matter whether you are buying the bond at par, at premium or at a discount, but a noteworthy point is that the yield though will differ. Current Yield is calculated as  $\text{Annual Cash Inflows/Market Price} \times 100$ .

For example, say a fund manager bought a bond with a face value of Rs. 100 at par with a coupon rate of 10% p.a. current yield will be 10%. But the same would drop to 9.80% if he would have bought it at Rs. 102. Similarly, if he would have purchased a bond at a discount of Rs. 2 to the face value – i.e. at Rs. 98, then the current yield on the bond would have moved up to 10.20%.

## Yield to Maturity (YTM)

YTM, to simply put is the anticipated rate measuring the time adjusted total returns that one will make on a bond as an investor, if he holds the bond till maturity date. Thus it is nothing but IRR of the bond. The price of a bond takes into account a lot more than just the current coupon payment. Keep in mind that most bonds make several coupon payments over time. Also, regardless of the price we pay for a bond in the market, when it matures, we get back only the 'face value' of the bond. So, the price of the bond moves towards the face value as the bond nears maturity. The yield to maturity (YTM) takes into account all the coupon payments, plus the gains or losses on the price of the bond as it approaches maturity.



## Duration

The literal meaning of duration is "the length of the time". However, in finance, duration has a specific connotation. It measures (in number of years) the time taken by all expected future cash flows of the bond to repay the time adjusted true value of the bond. A bond essentially has a set of cash flows into the future, and its price today is the discounted value of these cash flows. If we find the weighted average of the discounted cash flows, using the time from today as the weight, we will have the duration of the bond.

Duration tells us something about the sensitivity of the bond to interest rate changes. How much the price of a bond will move, given a change in interest rates, is actually a function of the bond's duration. If rates go up, a bond's value will fall; if rates go down a bond's value will increase. Duration can tell us the approximate extent to which prices can be expected to



change. Higher the duration, greater the sensitivity of a bond to interest rates. If a bond has a duration of 4 years, we can generalize that a 1% change in rates will approximately result in a 4% (Duration times the interest rate change) change in the value of the bond. Duration can therefore hold important clues to the risk and interest rate sensitivity of a bond or a bond portfolio.

## Types of debt funds

**Gilt Funds:** They invest their corpus in securities issued by the government. Therefore these funds carry zero credit or default risk but they do have interest rate risk. So, there could be a possibility that the gilt funds lose some part of their net asset value (NAV) in rising interest scenario.

**Income Funds:** They invest a major portion in various debt instruments such as bonds, corporate debentures and government securities.

**Fixed Maturity Plans:** FMP is a closed-ended fund that invests in debt and money market instruments of the same maturity as the stated maturity of the plan. The focus of a fixed maturity plan is to provide a stream of income through interest payments, while exposing the investor to a lower level of risk.

**Floating Rate Funds:** An open-end fund that invests in floating debt and money market instruments whose coupon rate is linked with the interest rate prevailing in the market. For example if market rate of interest goes up then these instruments will provide extra returns than the earlier expected.

**Short Term Debt Funds:** These funds are for those with an investment horizon of three to six months. These funds primarily invest in short term papers like Certificate of Deposits (CDs) and Commercial Papers (CPs). Some portion of the corpus is also invested in corporate bonds.

**Liquid Funds:** Also known as money market schemes. These funds provide easy liquidity and preservation of capital. These schemes invest in short-term instruments like Treasury Bills, inter-bank call money market, CPs and CDs and are meant for an investment horizon of one day to three months.

## How to Determine Suitability of debt funds?

Debt funds play a vital role in a portfolio of an individual and could be best utilized keeping in consideration the investment

objective and risk profiling of an investor. Investment horizon is an important factor in choosing the appropriate debt fund along with other parameters such as risk profiling and interest rate outlook. Investors should choose the debt fund that best suits their investment time horizon. Liquid funds are suitable for a very short-term horizon of one day to three months, while income funds can be chosen for relatively longer terms of 12 to 24 months. Investors can look to invest in Fixed Maturity Plans when they have their investment horizon defined.

Debt-related volatility is high in gilt funds and income funds. The prices of these instruments fall with a rise in rates and rise with a fall in interest rates. While the volatility is high in these instruments, returns are also high. So if you can take a little risk, you can earn higher returns than traditional bank deposits. The best time to invest in long-term debt is when the RBI begins to reduce rates to stimulate growth. The fall in interest rates results in bond prices appreciating, resulting in capital gains. Therefore while selecting debt funds you should also consider various market factors such as- whether interest rates rise or fall in the near term and how are the interest rates likely to move over the next few years?

On the basis of their investment strategy we can classify debt funds into three categories - duration funds (income and gilt funds), accrual funds (liquid and floating rate funds) and actively managed funds (dynamic bond funds). In any given interest rate trend, only one of these class can deliver the best returns to the investor. For instance, in a rising interest rate scenario, accrual funds will do well. In a falling interest rate scenario, gilt and income funds will do well. These funds are a good option to invest when the interest rates have peaked and are likely to turn around. In a volatile or range-bound debt market, active funds like dynamic bond funds may do well since they can shift quickly across different types of debt, based on wherever opportunities lie. Thus in any market scenario you always have at least one debt category to invest into.

So those of you who have not yet started investing in debt schemes of mutual funds, you could consider it now and explore the benefits of a whole new world of investing!!

*To know more about opportunities and options in debt funds, Contact your wealth manager or call us on +91 22 4071 3322.*



MUTUAL FUND

## Investing a little every month makes for a better future!

All of us want to put aside some money for the future. Investing that money is far better than merely saving it. But invariably, we fail to set aside enough money to invest. So we don't invest at all.

But what if we invest small amounts every month, rather than wait for a large amount to arrive?

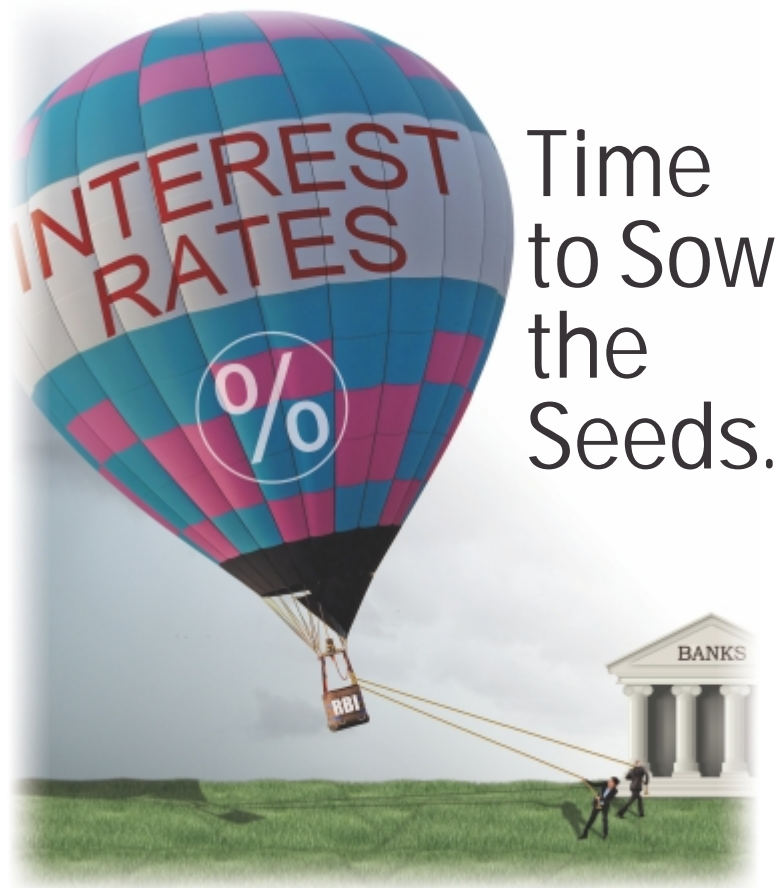
The good news is you can do exactly this, with a Systematic Investment Plan or SIP.



**SYSTEMATIC INVESTMENT PLAN**

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





## Time to Sow the Seeds...

More often than not it is human tendency to believe, and worse accept the negatives than to even look for the positives. Individual investors miss rallies because they perpetually believe that the markets will fall and bide their time. Time and again they go against the sentiments till such time the markets appear heated. This is usually when they step in only to find the returns diminishing. Stay Invested. It is important to review investments regularly. Even once a quarter is good. A fund or funds performing badly can be given a quarter for a turn around. Abchlor Investments usually calls the fund house regularly to know the views of the fund manager and the road ahead for the fund. We then take our own investment calls for our clients based on the information sourced from different quarters.

Look back at all the issues of Invest Guide over the last 1 year and in almost every cover story we have asked our investors to make investments at regular intervals. There is no better discipline than a systematic investment plan (SIP) to ensure creating an egg nest that does not pinch you when it goes out on a monthly basis but becomes a fantastic pot of gold when you may so require it after a few years.

Let us solicit the basics of the current geo-political and

economic situation in tandem with the way forward.

Taking the easy way out is another human tendency. Almost everyone at some point in time in his or her life takes up the easier option either for convenience or as part of the herd mentality. Political situation in our country proves the adage right that "politics makes strange bed fellows". And this has become the command that every single politician has taken up upon himself or herself. Yet, in spite of the perpetual turmoil India survives and wonders of wonder, continues to grow. Over the last decade one particular state has caught the imagination of the largest corporate houses and almost all have flocked there to set up shop. What India needs is governance at the highest level and whether the next government elect will provide us that or sink us to new lows, only time will tell.

However, there are things to look forward to. The incumbent government may have to dole out more than simple sops before the office of the Chief Election Commissioner announces the poll dates. The government can thus hope to put our country and its economy in order by January, 2014. Law of nature suggests that there is no gain without pain. Mother Nature seems to have heard the country's prayers thus far too. With rains forecast as normal – above normal, we can expect a fall in food inflation and a 'no drought' situation will be the most welcomed event of the century.

In India the Rupee dipped to the worst ever against the USD on 26/June/2013, the lowest being approximately 60.738 / Rupee. While the exporters rejoiced, import bills soared. The prices of Oil and other essential items may go soaring on account of crude prices rising. This as India's largest commodity imported is Oil which is priced in USD. But we all know that. Yet the fact that India is a net importer hasn't yet sunk in to us and we continue to import gold literally by the tons.

Currently the world markets are in a state of panic, especially with the US Fed announcing the cut in Quantitative Easing (QE). To quote investopedia - Central banks tend to use quantitative easing when interest rates have already been lowered to near 0% levels and have failed to produce the desired effect. Which means that this "unconventional monetary policy used by central banks to stimulate the national economy" is being stopped by the US central bank. Now let us use some common sense based on the 2 definitions above and think on 1 keyword – "unconventional".

Now why would a central bank stop using unconventional

methods to boost economy? Anyone with half a brain should be able to answer this, isn't it? So that the Central Bank can safely go back to using the conventional methods as the QE has possibly got the desired result! And this means that the economy of USA is limping back to normal if not speeding back to normalcy. So why exactly are we panicking here? Expert economists had suggested the same to Mr. Ben Bernanke as far back as January, 2013 to "end QE if it wants to lower unemployment and spur economic growth." In other words he has now shown belief about a likely tapering of its quantitative easing program. Apparently, the US central bank has grown optimistic about an economic recovery in the US. Worrying about ending QE is like relatives of a now healthy person worrying about his discharge from a hospital since he is now moving away back to taking care of himself... ABSURD!!!

So there, with the indications of the QE having stimulated the economy in the right direction, isn't it now time for the crutches to go? Shouldn't the prospect of an economic recovery be good news? Doesn't it mean better growth and earnings? And shouldn't stock prices be driven by earnings?

The sad truth is the world stock markets have become increasingly disconnected from real fundamentals. Central bankers in developed economies had resorted to a massive money printing spree. But the liquidity that was meant to prop up the economy found its way into risky financial assets. Effectively, the global stock market rally was fuelled by nothing but cheap liquidity alone. So now when there is a probable threat of liquidity getting squeezed, investors have pressed the panic button. But are the central banks so foolish to think that raising interest rates again alone is the answer to all problems?

Do not get misled one way or another. Markets are driven by sentiments but fundamentals are not hidden forever. It is amazing how the "expert" with his half baked opinion predicted gold to rise to Rs. 40,000/- (per 10 grams) by end of 2013, but are now pegging the gold at Rs. 20,000/- – 22,000/- (per 10 grams) or there about. Is it only the sentiments or because the trend of gold happens to be in a particular direction? What is even better is that many experts today end their articles with: All opinions expressed and data provided are subject to change without notice. Some of these opinions may not be appropriate to every investor.

Abchior Investments continue to advise you to be between 5% - 10% in gold or gold funds. Moreover, treat it as an asset and not just another investment. Also, just a thought – if India can

manage to taper its imports of Gold down, (and help the deficit shrink and thereby strengthen the Rupee), what would happen to the prices of gold in India? The debt markets too showed us new entry points and some of the fund and fund houses we have recommended in the past have exactly done what we had hoped. According to the information received, they moved to assets from where the gains were healthier without taking very high risks and or had the option to move back to assets of their choice in the short term. Going forward, to quote the Head of the fund houses holding such Fixed Income ideas, "It remains our view that despite near term uptick we have seen in yields, investors would potentially be rewarded in fixed income with a 1-2 yr investment outlook. Always remember 'Patience Pays'."

As we write this we are on the last trading day of June and the SENSEX closed at 19,395.81 points, up 519.86 points from previous day. And guess what, even on Thursday 27th June, the last day of F&O expiry the Sensex 30 and the NIFTY 50 ended up 323.83 and 93.85 points respectively. And they said there was good news on the current account deficit (CAD) front. Rejoice.

Positive data from the Reserve Bank of India (RBI) on the value of the country's transactions with the rest of the world brought momentary cheer to the rupee, which had breached the level of 60 to the dollar on 26th June. The deficit moderated to 3.6 per cent of gross domestic product (GDP) in the January-March quarter, on the back of an increase in exports and a marginal decline in imports, as per RBI data released on 27th June, 2013.

The deficit had touched a historic high of 6.7 per cent of GDP in the October-December quarter. On an annualised basis, the deficit rose to 4.8 per cent in 2012-13, from 4.2 per cent in 2011-12. A higher CAD means increased dollar outgo, putting further pressure on the rupee. A comfortable CAD level for economies such as India is 2.5 per cent, which is why the situation had become alarming, forcing the Government to initiate efforts to curb gold imports. Expenditure on net gold imports makes up over 40 per cent of the deficit.

In a change from the usual practice by the RBI, the numbers were released at around 9 a.m on Thursday 27th June, in an apparent bid to spread some positivity, before the stock and currency markets opened. This buoyed the BSE benchmark Sensex and NSE's Nifty, which closed with gains mentioned above in the article along with a Rs. 0.54/- increase in the Rupee against the USD. The Rupee closed at Rs. 60.19 as against an opening of Rs. 60.73 per USD.

Now here is the data for investments in the equity markets over the last quarter:

#### Flows in Equity Market

March, 2013 inflows – equity:

Date	Investment	Purchases (cr)	Sales (cr)	Net (cr)	Mar 13 Cum. (cr)
01.04.13	FIIIs	8069.50	6807.50	+1262.00	+1262.00
25.03.13	MFs	442.30	616.10	-173.90	- 1745.39

April, 2013 inflows – equity:

Date	Investment	Purchases (cr)	Sales (cr)	Net (cr)	April 13 Cum. (cr)
29.04.13	FIIIs	2849.90	2189.20	+660.70	+4152.10
29.04.13	MFs	508.50	708.00	-199.60	- 1370.99

May, 2013 inflows – equity:

Date	Investment	Purchases (cr)	Sales (cr)	Net (cr)	May 13 Cum. (cr)
31.05.13	FIIIs	5397.30	5695.80	-298.50	+19712.60
28.05.13	MFs	198.00	401.70	-203.70	- 3301.00

June, 2013 inflows – equity:

Date	Investment	Purchases (cr)	Sales (cr)	Net (cr)	June 13 Cum. (cr)
27.06.13	FIIIs	5110.50	5953.20	-842.80	-10529.90
26.06.13	MFs	471.30	376.60	+94.70	- 272.70

To repeat what we had said in the April 2013 issue: Most MFs sold to either book profits and or pay dividends. Moreover, do take a look at the table above. Even though in some months both FIIIs and MFs have been net sellers, you may want to see the column “purchases”. If things were bad and everyone was selling then why does the purchase column have a figure not equal to ZERO? FIIIs who have been net sellers in June to the tune of approximately Rs. 10,500 crores have in fact added over Rs. 25,120/- crores worth of equity in their bag in the preceding 3 months. This simply means that both FIIIs and MFs see opportunities for value stock picking for the future, right?

Why a positive message is always perceived negative in the beginning? Or is there intent to it – malicious or just being cautious? Those who understand the above explanation better and continue to stay invested or even happen to start investing now will stand to gain more than those who try to time the market! Investment is not a gamble. It is a planned process which aims to maximize returns and create value to meet the requirements at various milestones in the life of the investor. As a matter of fact it is also supposed to include unexpected / unplanned capital expenditures in the interim between milestones.

However in spite of early warning signs and knowledge that every good thing may also have pit falls we rarely seem to take

notice till we are faced with the situation? How many times have you put away important decisions for tomorrow when the same should have been made yesterday? The whole idea of financial planning is thrown into chaos because a part or major part of the advice was not followed. Whether the advice was on diversification, consolidation, health insurance, life insurance or simply other investment opportunities it is ignored or put away for no other reason other than unwillingness to commit. Did you say never? Now answer the following simple questions:

1. Is the retirement planning on course?
2. Are you and your family adequately medically covered?
3. Are you or the head of the family adequately covered with a life insurance for the family in case of an eventuality?
4. Does the discipline investment continue?
5. Are milestones in the life stage being met with confidence without the need to worry about finances?

If the answer to any of the above remains NO then there lies a gap in your planning.

Is the diversification in your portfolio adequate? Have you spread the investment opportunities therefore risks amongst the various asset classes?

You do know for a few thousand rupees you could have your whole family covered for a very large amount for any medical exigencies, right? But, is there a justified reason for the procrastination? The idea of having sizable money at hand or lying in savings accounts is usually an amount considered for 'emergency'. But come to think of it this emergency pertains more to medical emergency than any other. Now if we were to think carefully and transfer this liability to someone else for a small fee, wouldn't it be a better option? So if one was to encounter such an unforeseen event, wouldn't you rather concentrate on the ailing family member than worry about arranging the finances including a hefty deposit? An important

reason that you may want to consider the same immediately is that according to a recent press release, RBI may look to hike the health insurance premium by a hefty 25% – 30%. For those amongst us who are self employed, are sitting on a time bomb, which god forbid, may wipe out a large chunk of our assets or at least a sizeable part of our bank balances in case of a medical eventuality. Are You Listening???

Even if you do not carry the burden of a large home loan, wouldn't you be more comfortable knowing in case of an eventuality your family is adequately covered against monetary loses in the absence of the main bread earner?

Has your Relationship Manager been speaking to you often enough and or vice versa? Isn't it time you revisited all your investments and planning again?

## MARKET UPDATES

IPO's IN 2013										(As on 28th June, 2013)
Sr. No.	Company	List Date	Offer Price	List Price	Open	High	Low	Last Price	Gain/Loss	
1	Onesource Tech	5-Jun-13	14.00	13.00	13.00	13.00	12.40	12.40	-1.60	
2	Just Dial	5-Jun-13	530.00	590.00	590.00	631.90	589.00	611.45	59.00	
3	Repco Home Fin	1-Apr-13	172.00	165.00	165.00	176.00	158.05	160.85	-13.95	

SOME RECENTLY ANNOUNCED BONUS					
Sr. no.	Company	Bonus Ratio	Year : 2013		
			- DATE -		
			Announcement	Record	Ex-Bonus
1	Centrum Fin	5:1	15-May-13	4-Jul-13	3-Jul-13
2	Sutlej Textiles	1:2	8-May-13	28-Jun-13	27-Jun-13
3	Gloster	1:1	10-May-13	-	26-Jun-13
4	Emami	1:2	6-May-13	27-Jun-13	26-Jun-13
5	Ras Resorts	1:5	10-Apr-13	-	21-Jun-13
6	Nitta Gelatin	1:3	3-May-13	20-Jun-13	19-Jun-13
7	Transformers	1:9	3-May-13	14-Jun-13	13-Jun-13
8	Midland Polymer	1:1	16-Apr-13	11-Jun-13	10-Jun-13
9	Nagarjuna Agric	3:14	27-Apr-13	1-Jun-13	30-May-13
10	Magnanimous Tra	3:1	23-Mar-13	4-Jun-13	28-May-13
11	Balmer Lawrie	3:4	26-Mar-13	24-May-13	23-May-13
12	Emmsons Interna	1:1	21-Mar-13	9-May-13	8-May-13
13	VKS Projects	5:2	20-Mar-13	6-May-13	3-May-13
14	Matru-Smriti Tr	1:1	14-Mar-13	7-May-13	26-Apr-13
15	Rasoya Protein	2:1	11-Feb-13	22-Mar-13	21-Mar-13
16	Warren Tea	7:10	30-Jan-13	22-Mar-13	21-Mar-13
17	Medi-Caps	3:1	7-Feb-13	20-Mar-13	19-Mar-13
18	Hasti Finance	1:10	5-Feb-13	14-Mar-13	13-Mar-13
19	Visesh Infotech	1:10	21-Jan-13	8-Mar-13	7-Mar-13
20	Rollatainers	3:2	10-Jan-13	28-Feb-13	27-Feb-13
21	Pradip Oversea	1:5	18-Oct-12	13-Feb-13	12-Feb-13
22	Dhanleela	4:1	21-Dec-12	6-Feb-13	5-Feb-13
23	Mishka Finance	7:1	24-Dec-12	6-Feb-13	5-Feb-13
24	Kanani Industr	1:10	24-Jan-13	-	1-Feb-13
25	Yantra Natural	5:2	18-Dec-12	28-Jan-13	24-Jan-13
26	Gammon Infra	1:34	17-Dec-12	24-Jan-13	23-Jan-13


INDICES PERFORMANCE (1st April '13 - 28th June '13)				
S No.	Index	Close	Prev. Close	% Change
		28-Jun-13	1-Apr-13	
1	BSE Auto	10,715.77	9,978.50	7.39
2	BSE Metal	7,753.76	8,757.85	-11.47
3	BSE Midcap	5,964.50	6,157.61	-3.14
4	BSE Oil & Gas	8,900.41	8,387.81	6.11
5	BSE SmallCap	5,643.52	5,812.49	-2.91
6	BSE Bankex	13,257.76	13,104.92	1.17
7	BSE CDS	6,134.72	7,056.20	-13.06
8	BSE CGS	9,111.38	9,062.20	0.54
9	BSE FMCG	6,458.09	5,932.68	8.86
10	BSE_HCI	8,845.26	8,032.92	10.11
11	BSE IT	6,255.10	6,898.91	-9.33
12	BSE PSU	6,162.99	6,500.51	-5.19
13	BSE200	2,323.83	2,295.20	1.25
14	BSE500	7,164.06	7,105.97	0.82
15	BSETeck	3,679.08	3,907.19	-5.84
17	CNX 100	5,736.30	5,592.40	2.57
19	CNX IT	6,634.15	7,230.65	-8.25
20	CNX500	4,510.90	4,449.35	1.38
21	CNX MIDCAP	7342.40	7,430.95	-1.19

THE QUARTER THAT WAS:			
Indices	As on 28th June 2013	As of 1st April 2013	Difference Points
SENSEX	19,395.81	18890.81	505.00
NIFTY	5842.20	5697.35	144.85
NIFTY JUNIOR	11546.65	11238.05	308.60
CNX MIDCAP	7342.40	7430.95	-88.55
BSESMLCAP	5643.52	5812.49	-168.97

NET INFLOWS / OUTFLOWS						
June 2013	Equity Rs. (In crores)			Debt Rs. (In crores)		
	Gross Purchase	Gross Sale	Net Purchase/Sales	Gross Purchase	Gross Sale	Net Purchase/Sales
<b>FII INVESTMENTS</b>	49,915.80	60,445.90	-10,530.10	10,724.30	42,066.10	-31,341.80
<b>MUTUAL FUND INVESTMENTS</b>	8,834.90	8,935.40	-100.50	1,46,314.90	82,711.30	63,630.60







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## Financial Planning for a Special Needs Child



**W**hen you have children you have worries for their welfare and education. Learning that your child has special needs may mean that you get worried not only about their developmental or educational issues but also about their financial well being in the future. It is natural to have such questions occurring in your mind that what will be your child's future when you will not be there to take care of child. But if you have a proper financial planning, you can have a peace of mind in this regard. Ideally you should start developing a plan immediately after their child is diagnosed with a special need.

In such case you can take below steps for your financial planning in order to provide your child with a secure future.

- Consider all child related costs and keep an account of it: One of the first things you should consider is the cost of education and therapy for your child. If the child is young he/she can start receiving early intervention programs that can help with therapy and other services that will help your child to work towards his fullest potential. These therapies could be physiotherapy, occupational therapy, speech therapy, special or remedial education etc. depending on the requirement of the child. It is important that you begin these services as soon as possible, because the earlier your child gets help, the better off he will be in the long run.

Even though you may not know whether higher education is possible at this point, you should still be planning for it. When your child is very young, it is difficult to determine just how much he will be able to progress throughout his life. But you can make sure that he is not held back because of your poor planning.

Keep an account of all the costs related to your child including tutoring, customized learning material, transportation and therapies. This is the first step in financial planning.

- Set a target to accumulate a corpus: In case of a special child, you may have to provide for income for the entire life. Even if the child might eventually generate income based on his abilities and skill sets, your financial planning should be done in a manner that the child has sufficient means of income through other sources. By keeping an account of expenses, you can find out how much you need every month for your child and where your money gets spent. Make an estimate of your child's current costs and future possible costs like higher education etc. Then take a realistic rate of return to extrapolate the expenses over the child's expected lifetime, factoring in inflation. This is the amount you need to accumulate over your lifetime. Once you set this goal, you can figure out what investment options will get you there.

- Begin early and have equity allocation through mutual funds: Asset allocation is the key and knowing the required returns to achieve the target corpus is also important. The earlier you start investing towards their special child's future, the better it is. Although many parents of special children tend to become risk-averse, especially when it comes to investing for the future of their children but they need to become realistic and take on some risk, especially since this will help them create a bigger corpus for their child in the long run. If you start early to put money in investments like equity mutual funds, you will have longer investment horizon and therefore your risk in equities will get reduced to a great extent. Besides, you can also consider taking some special policies offered by some insurance companies for parents of special children which can add an additional safety net for the child.

- Cover your risks through adequate insurance: For a family, the survival of a breadwinner is the key to a child's future. If a bread-earner dies, the family not only loses income but single parent also finds it difficult to take care of such a child. Thus both parents (even if one of them may not be working) should have an adequate cover, which in case of any mishap can support the family. Also if you have a housing loan, you need to take a higher life insurance cover which also covers your home loan repayment requirements in case of your demise. Moreover, although it sometimes becomes difficult to buy a health insurance cover for a special child but it is always a prudent idea to have a health insurance cover for your child that can take care of various medical costs.



■ **Get your own residence in your lifetime:** A house is an important asset for anyone. If the breadwinner of a family passes away, the life can become quite tough for a family not having their own house and living on rent. And for a family with a disabled child, things become more difficult in such cases. Apart from managing expenses, finding a suitable house with requirements to take care of disabled child may also be a daunting task if they have to move from the house. Thus it is very important for you to get your own house in your lifetime if you do not already have one.

■ **Legal Guardianship after 18 years:** In a regular case, parents' responsibility could be for a limited period. For a child with special needs, requirements do not end and it is possible that assistance is required even after they attain adulthood. Remember that you are natural guardian to your children only until they are 18 years; but once their status changes from 'minor' to 'major', you need to take legal guardianship from court for your special child. Parents can take the legal guardianship themselves or appoint a sibling or somebody else as guardian to the child. He should be willing and capable to take on those extra child related responsibilities, whether personal or legal.

■ **Make a will:** If you want to distribute assets into children as per your wishes, it is necessary that you write down your intention in a will. Spell out clearly what assets you are leaving behind and ensure that the will is simple. A will is not difficult or expensive to make. If you do not have a complex asset holding, you can have one made for a few thousand rupees. The executor of your will can be the person you have identified as guardian of your child. If you have a trustworthy relative it is any day easier to create a will than setting up a trust. The process of setting up a will and its execution is far simpler and affordable for most people.

■ **Create a trust:** If you want to place a system where there is someone who takes care of the child when you are no more then another way is to create a non-revocable trust and appointing trustees. Creating a trust comes with its own set of challenges such as setting up the trust, registering a PAN Card, defining the functions of the trust, choosing the trustees etc. You can form a trust any time. Trusts can be started during your lifetime by transferring assets, or through wills to become operational after your death. Someone who will act in the best interests of your child should administer the trust. It is better to start a trust when you have accumulated a minimum level of assets, some of which are liquid since there is administration cost involved, so it does not make sense to have a trust with

lesser incomes.

A private discretionary trust is considered a separate taxable entity, provided the beneficiaries are not members of any other trust or have other income sources. In absence of close family members to become trustees, you can take help of The National Trust. It is an autonomous organisation of the ministry of social justice and empowerment, Government of India, set up under the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act (Act 44 of 1999). The National trust identifies and works with local organisations that will act as guardians or caregivers for children with mental disabilities and no family support.

■ **Avail of Income tax benefits:** Under section 80DD of Income Tax act, an income tax deduction can be claimed if you are incurring expenditure for maintenance including medical treatment of a handicapped dependent who is a person with disability. The amount deductible is a fixed deduction of Rs. 50,000 whenever the conditions for deduction are satisfied, irrespective of the amount incurred or deposited. A higher deduction of Rs. 1,00,000 shall be allowed, where such dependent is a person with severe disability having any disability of 80% or above.

■ **Invest in your child's skills:** Disability should not be reason to neglect your child's potential. With today's technology, you can surely find an area where your child can do something special. Invest in developing your child's skill sets so that he becomes as self-sufficient as possible. At the same time, also give the child a rudimentary idea of how to manage finances. Education or skill-building is possibly the best insurance you could give to him.

Special children have special needs which should be understood and taken care of. All it needs is proactive planning by the parents. If not planned, it can severely affect their lives along with that of other family members. Financial planning helps in identifying those needs and through it parents can make appropriate decisions for securing their child's future. It is important that you take your planning seriously so your child will be well cared for in the future. Whatever your plan, you should review it constantly to keep it in tune with changing realities.

*Do you have a query or need guidance on any financial planning issues? Contact your wealth manager or call us on +91 22 4071 3322.*

### ■ Mutual fund mis-selling comes under scanner

With an aim to check mis-selling of mutual funds by bank staff and employees of other financial services firms, the regulators have made it mandatory for such persons to get an 'Employee Unique Identification Number' (EUIIN) for sale of MF schemes. The decision has been taken by the mutual fund industry body and self-regulatory organization AMFI in consultation with capital markets regulator Sebi. As per the notifications issued by the fund houses, the EUIIN would be mandatory for all kinds of mutual fund transactions with effect from August 1. While EUIIN regime has been brought into effect this month for mutual fund transactions through traditional physical modes this month, the transactions made through mobile, stock exchanges, ATMs and call centre platforms would mandatorily need EUIINs from August 1 onwards. As per directions from Sebi, which regulates mutual fund in the country, the fund houses have been asked to create a unique identity number of the employee, relationship manager, and sales person of the distributors interacting with the investor for the sale of mutual fund products. This is in addition to the AMFI Registration Number (ARN) of the distributor. EUIIN aims to assist in tackling the problem of mis-selling even if the employees, relationship managers, sales persons leave the employment of the distributor and would also apply to employees of banks who sell mutual fund products. The issue of mis-selling of mutual funds by bank staff has come under regulatory scanner in the recent past, amid suspicion that certain employees might be selling wrong products to the investors to get higher commissions. Quoting of EUIIN would be mandatory in case of advisory transactions. The EUIIN is largely applicable to sales persons of non individual mutual fund distributors. It would be applicable for transactions such as purchases, switches, registrations of various mutual fund plans, but would be apply for payments of installments under any plans, as also for dividend reinvestments, bonus units and redemption.

### ■ Daiwa MF to sell its schemes to SBI MF

SBI Mutual Fund is likely to buy Daiwa's mutual fund schemes for an undisclosed amount, said a source privy to the development. Though there is no official announcement, the deal was confirmed by senior officials of both SBI MF as well as Daiwa MF on the condition of anonymity. Due to uncertain global market conditions, increasing competition and weak macro-economic indicators are factors that have made Daiwa MF take this decision to sell its mutual fund schemes to SBI

MF, said a senior official of Daiwa MF.

Daiwa MF is a subsidiary of Japan's second largest brokerage firm Daiwa Securities Group. In India, Daiwa MF started its operations in February, 2009. It manages AUM of Rs 266 crore as on March 31, 2013. Daiwa's AUM declined by 50 percent compared to the previous quarter. SBI Mutual Fund manages AUM of Rs 54905 crore as on April 13, 2013. It is the sixth largest in terms of AUM.

### ■ SEBI opens stock exchange gates for mutual fund distributors

In its board meeting recently, SEBI has allowed mutual fund distributors to take up limited purpose membership at stock exchanges for selling mutual funds. Distributors will have to comply with less financial and compliance burden to use the infrastructure of stock exchanges for distribution & redemption of mutual funds, stated the SEBI press release. "To reduce the financial and compliance burden on these limited purpose members requirements such as SEBI registration, compliance as member of stock exchange, paid up capital and base minimum capital etc., would not be applicable.

However stock exchanges may prescribe suitable eligibility criteria in this regard including net worth requirements, membership fee etc. This limited purpose membership would be granted on the basis of ARNs, granted to mutual fund distributor by AMFI," stated the release. However, SEBI has not allowed these limited purpose members to handle pay in and pay out of funds as well as units on behalf of investors to eliminate any default risk. Pay in & payout of funds & units would be directly from/to the account of the investors.

### ■ MF biz starts SRO selection to meet Sebi deadline

With the Sebi board recently allowing a single SRO (self regulatory organization) for all mutual fund distributors, the actual process of selecting an SRO has begun. But considering the stringent requirements that have to be met, only AMFI has so far shown any interest, reports CNBC-TV18's Manasvi Ghelani. On Wednesday, Sebi set the July 31, 2013 as deadline for accepting applications for being recognized as an SRO. Sebi chairman UK Sinha says, "There was a certain amount of discomfort about how many SROs will be available for distributors. So on Tuesday, the board decided that to have one single SRO and also set the deadline as per Sebi executive director Murlidhar's directive." But being recognized as an SRO is no cakewalk. To monitor product mis-selling and money inflow through distributors, Sebi has set up a strict regulatory regime to

govern SROs.

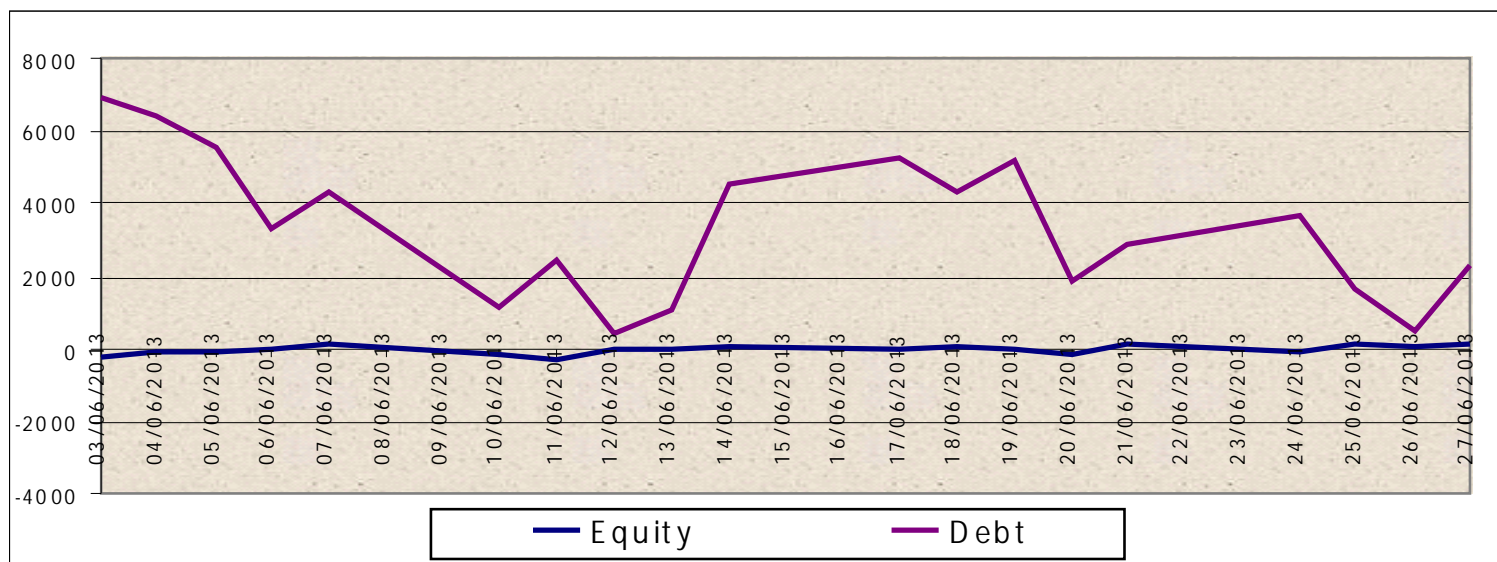
As per Sebi's norms, an applicant seeking SRO status will have to be registered under Section 25 of the Companies Act, 1956, should have adequate infrastructure to enable it to discharge its functions and it should also have a minimum net worth of Rs 1 crore. Even though currently, the number of mutual fund distributors making over Rs 1 crore in commission stands at 332

(in 2013), so far only India's MF industry lobby, AMFI has applied. AMFI chief HN Sinor says, "We have applied for a SRO license and AMFI has set up IMFI — Institute Of Mutual Fund Intermediaries under which it will be registered. AMFI is waiting for a certification of incorporation before submission with Sebi." While Sebi waits for others to throw their hat into the ring, analysts say this is a step in the right direction as the formation of a single SRO would help remove complexity and duplication and lower costs for the mutual fund industry.

Bulk deals in June 2013

Exc	Date	Company	Client	Tran	Qty	Price	
						Traded	Close
NSE	18-Jun-13	Zandu Realty	AJAY ASSET MANAGEMENT PRIVATE LIMITED	Sell	4420	1032.75	1035.65
NSE	18-Jun-13	Zandu Realty	AJAY ASSET MANAGEMENT PRIVATE LIMITED	Buy	5048	1034.92	1035.65
BSE	17-Jun-13	Natco Pharma	KOTAK INDIA VENTURE FUND I	Sell	159070	445	445.95
NSE	17-Jun-13	Natco Pharma	KOTAK INDIA VENTURE FUND I	Sell	211810	445	445.9
BSE	14-Jun-13	ABG Infra logiest	IDFC MUTUAL FUND	Sell	80000	38.35	36
BSE	13-Jun-13	Tata Coffee	RELIANCE MUTUAL FUND	Buy	100000	880.25	1029.45
NSE	13-Jun-13	Tata Coffee	RELIANCE REGULAR SAVING FUND - EQUITY OPTION	Buy	200000	880.5	1026.45
BSE	12-Jun-13	Tube Investment	HDFC MUTUAL FUND	Sell	1104500	140	140
BSE	11-Jun-13	Lloyd Electric	KOTAK INDIA FOCUS FUND	Sell	406150	33.75	33.6

Trends in Transactions on Stock Exchanges by Mutual Funds



The above chart is prepared based on reports submitted to SEBI by custodians on 30/06/2013 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	10,469.44
Infosys	8,820.38
State Bank of India	6,960.60
HDFC Bank	5,477.51
ITC	5,339.06
Reliance Industries	5,143.58
Larsen and Toubro	4,345.06
Bharti Airtel	3,414.06
Housing Development Finance Corporation	3,121.94
Tata Consultancy Services	3,061.10

Performance of Select Mutual Fund Schemes as on 30th June 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)	2.43	-2.32	11.44	4.23	7.54	15.33
ICICI PRU - TOP 100 FUND REG (G)	0.39	-4.43	07.67	4.52	6.04	10.96
RELIANCE - TOP 200 FUND (G)	-0.35	-7.00	08.67	2.05	3.62	09.77
KOTAK - 50 EQUITY SCHEME (G)	2.38	-1.30	13.23	3.09	3.89	08.82
DSP BLACKROCK - TOP 100 EQUITY REG FUND (G)	2.67	-6.27	07.66	1.76	4.08	11.22

Equity Diversified - Large & Mid Cap	3mth	6mth	1yr	2yr	3yr	5yr
UTI - OPP FUND (G)	3.62	-3.35	09.90	6.61	8.80	15.82
SBI - M EQUITY FUND REG (G)	1.53	-1.99	10.92	3.98	4.39	12.07
CAN ROBECO - EQUITY DIVERSIFIED (G)	2.54	-4.55	08.93	4.52	5.39	15.50
BIRLA SL - FRONTLINE EQUITY FUND REG (G)	3.30	-1.92	17.18	5.55	6.18	13.98
ICICI PRU - DYNAMIC PLAN REG (G)	-1.21	-5.73	04.88	1.16	3.78	12.05

Equity Diversified – Multi cap	3mth	6mth	1yr	2yr	3yr	5yr
BIRLA SL - EQUITY FUND REG (G)	0.69	-07.94	09.62	0.59	0.01	08.29
KOTAK - OPPT FUND (G)	4.19	-04.91	11.16	3.01	3.02	09.33
DSP BLACKROCK - EQUITY REG FUND (G)	1.45	-09.88	05.92	-1.06	1.69	10.99
RELIANCE - REG SAVINGS EQUITY PLAN (G)	2.15	-11.40	10.31	0.48	1.10	11.37
TATA - EQUITY P-E FUND (G)	-4.86	-12.90	00.24	-2.84	-1.01	08.45

Equity Diversified – Mid & Small Cap	3mth	6mth	1yr	2yr	3yr	5yr
SBI - EMERGING BUSINESS FUND REG (G)	0.07	-12.10	15.17	11.84	14.19	16.66
IDFC - PREMIER EQUITY FUND REG (G)	2.00	-07.15	13.02	07.24	08.17	16.34
RELIANCE - EQUITY OPP (G)	-2.13	-09.44	08.61	05.11	07.29	17.72
ICICI PRU - DISCOVERY REG (G)	-3.83	-10.40	06.72	03.35	04.59	17.78
TATA - DIVIDEND YIELD PLAN A (G)	-0.38	-06.56	03.27	01.33	04.42	14.07

Equity Tax Saving	3mth	6mth	1yr	2yr	3yr	5yr
RELIGARE - INVESCO TAX PLAN (G)	0.37	-04.48	10.10	2.32	4.61	14.71
RELIANCE - TAX SAVER (G)	3.37	-10.00	05.50	2.94	4.19	13.65
ICICI PRU - TAX PLAN REG (G)	-0.08	-08.13	07.43	1.56	3.63	12.58
DSP BLACKROCK - TAX SAVER REG FUND (G)	3.65	-04.51	14.51	3.96	3.49	10.90
SBI - M TAX GAIN REG (G)	1.54	-05.25	09.77	4.17	3.01	08.56

Balanced Funds	3mth	6mth	1yr	2yr	3yr	5yr
ICICI PRU - BALANCED REG PLAN (G)	1.72	-1.18	14.36	8.05	9.56	11.89
BIRLA SL - 95 FUND REG (G)	2.46	-2.16	11.93	4.19	5.74	14.21
TATA - BALANCED FUND PLAN A (G)	2.89	-2.14	12.44	7.38	7.29	13.85
SBI - M BALANCED FUND REG (G)	3.43	-0.32	18.75	6.51	4.74	10.36
UTI - BALANCE FUND (G)	0.32	-3.83	09.12	2.61	3.60	10.51

Monthly Income Plan	3mth	6mth	1yr	2yr	3yr	5yr
BIRLA SL - MONTHLY INCOME REG (G)	2.56	2.26	08.74	7.47	7.18	09.74
RELIANCE - MIP (G)	3.33	2.32	10.16	8.84	7.80	12.95
BIRLA SL - MIP PLAN REG (G)	3.69	3.31	10.57	8.46	7.68	09.66
TATA - MIP PLUS FUND PLAN A (G)	3.58	3.20	11.70	9.06	7.26	08.77
CAN ROBECO - MIP REG (G)	1.57	0.17	05.90	6.59	6.60	10.22

Debt - Gilt Funds	1week	1mth	3mth	6mth	1yr	3yr
KOTAK - GILT INVESTMENT (G)	0.17	-1.19	5.18	7.00	13.05	10.14
ICICI PRU - GILT PLAN INVEST REG (G)	0.10	-1.18	5.23	6.95	12.70	09.13
BIRLA SL - GOVT SEC LTF REG (G)	0.25	-1.29	5.07	7.80	13.74	09.65
DSP BLACKROCK - G SEC REG FUND (G)	-0.06	-1.15	3.81	5.89	12.43	06.74
RELIANCE - GILT SEC FUND (G)	0.23	-1.04	5.68	7.81	14.46	09.18

Debt - Income Funds	1week	1mth	3mth	6mth	1yr	3yr
IDFC - SSIF INV PLAN REG (G)	0.08	-0.62	3.17	6.28	13.02	09.08
KOTAK - BOND PLAN A (G)	0.28	-0.85	4.17	5.92	12.00	09.29
UTI - BOND FUND (G) REG	0.07	-0.87	3.83	6.54	13.25	10.25
SBI - DYNAMIC BOND FUND REG (G)	0.18	-0.97	3.88	6.59	13.34	11.36
MORGAN STANLEY - ACTIVE BOND FUND REG (G)	0.11	-0.90	5.17	7.83	14.37	08.17

Debt - Short Term Funds	1week	1mth	3mth	6mth	1yr	3yr
BIRLA SL - ST FUND REG (G)	0.09	0.30	2.52	4.65	10.28	8.83
ICICI PRU - REGULAR SAVINGS FUND REG (G)	0.14	0.08	2.30	4.47	09.61	-
IDFC - SSIF ST PLAN REG (G)	0.13	0.38	2.28	4.13	09.27	8.02
ICICI PRU - STP REG (G)	0.12	-0.01	2.67	4.87	10.35	8.26
KOTAK - BOND STP (G)	0.15	0.09	2.64	4.87	10.21	7.92

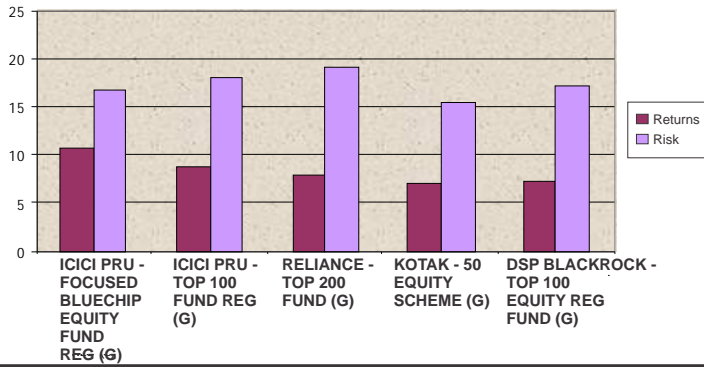
Ultra Short Term (Liquid Plus) Funds	1week	1mth	3mth	6mth	1yr	3yr
ICICI PRU - FLEXIBLE INCOME PLAN REG (G)	0.14	0.67	2.35	4.47	9.23	8.91
TATA - TREASURY MGR FUND PLAN A - (G)	0.23	0.78	2.21	4.23	8.72	8.67
KOTAK - FLEXI DEBT PLAN A-(G)	0.13	0.51	2.32	4.44	9.35	8.91
IDFC - ULTRA SHORT TERM FUND REG (G)	0.14	0.69	2.44	4.52	9.38	9.28
RELIANCE - MEDIUM TERM FUND (G)	0.16	0.57	2.42	4.39	9.32	8.84

Liquid Funds	1week	1mth	3mth	6mth	1yr	3yr
TATA - LIQUID FUND PLAN A - (G)	0.14	0.67	2.35	4.47	9.23	8.91
SBI - M INSTA CASH FUND REG (G)	0.23	0.78	2.21	4.23	8.72	8.67
RELIANCE - LIQUID FUND TP (G)	0.13	0.51	2.32	4.44	9.35	8.91
ICICI PRU - LIQUID PLAN REG (G)	0.14	0.69	2.44	4.52	9.38	9.28
KOTAK - LIQUID PLAN A-(G)	0.16	0.57	2.42	4.39	9.32	8.84

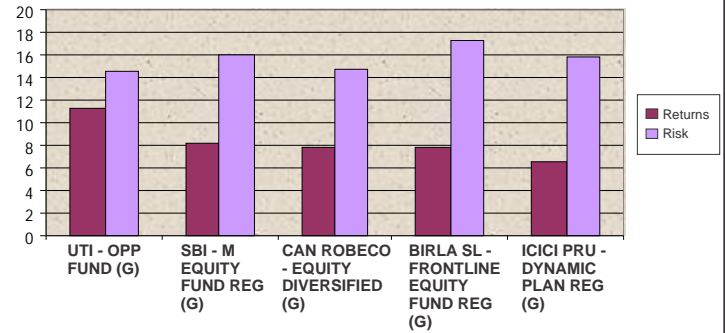
#### Risk-Return Analysis

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.

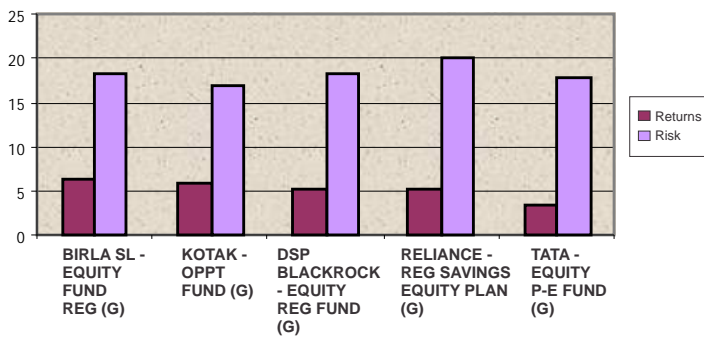
### Equity Diversified - Pure Large Cap



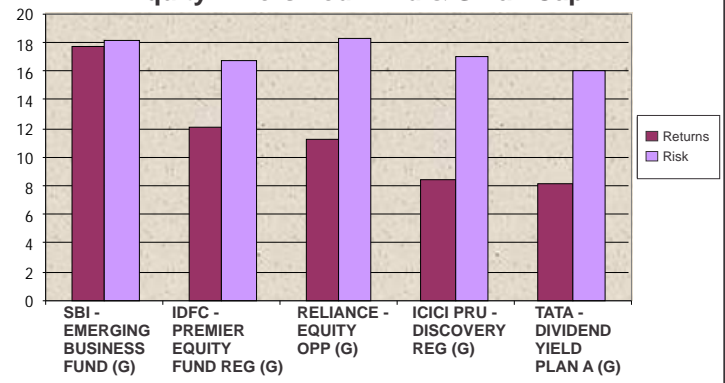
### Equity Diversified - Large & Mid Cap



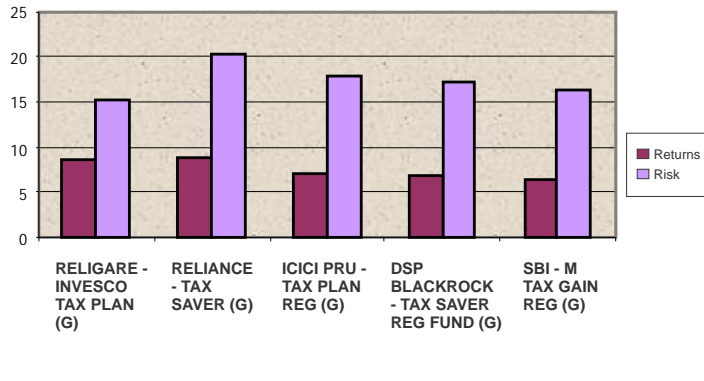
### Equity Diversified - Multi Cap



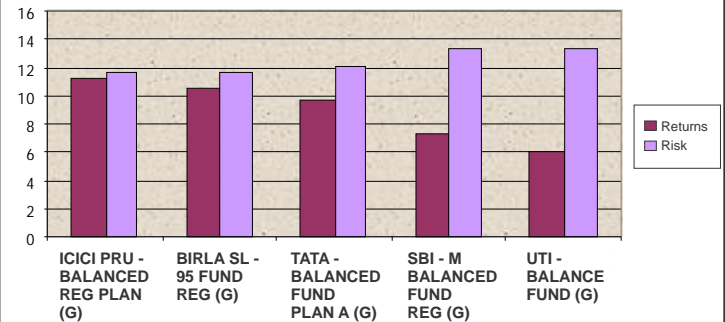
### Equity Diversified - Mid & Small Cap



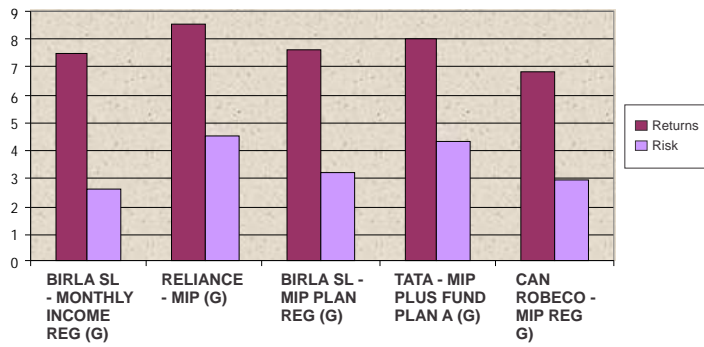
### Equity Tax Planning



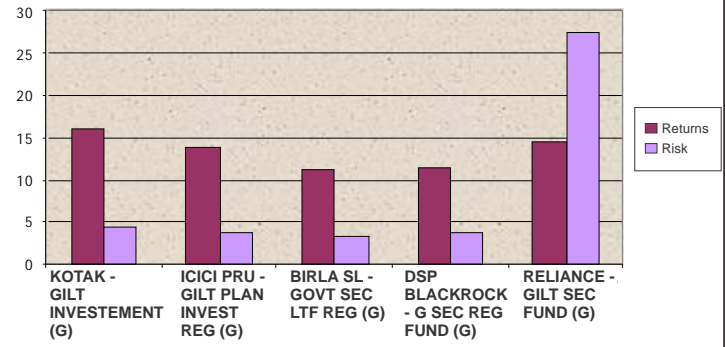
### Balanced Fund



### Monthly Income Plan



### Debt - Gilt Fund



Had you invested  
**10 years**  
**back,**  
you'd be sitting on  
**over 6 times**  
**the money.**

SENSEX on  
31<sup>st</sup> Mar 2003 - 3048.72  
SENSEX on  
28<sup>th</sup> Mar 2013 - 18835.77  
**A growth of over 6 times!**

Equity mutual funds are a smarter way for long term wealth creation. While equities can be volatile if you stay invested in the market for a shorter time, it is an ideal asset class if you have a longer wealth creation horizon.

Mutual funds are professionally managed, follow a diversified approach and are cost effective. That's why they are an ideal way to access equity markets. **For a sound financial future, invest now through mutual funds.**

**ADVANTAGE MF**  
A SMART INVESTOR DRIVE



**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**  
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**Aims to achieve an optimum mix.\***

\*Investment pattern: Equity And Equity Related Instruments between 65% to 75%, and balance in Debt & Money Market.

**This product is suitable for investors who are seeking\*:**

- Long Term Capital Appreciation.
- Investment predominantly in equity & equity related instruments and some portion (between 25% to 35%) in fixed income instruments.
- The scheme is classified as **High Risk** (BROWN). Investors understand that their principal will be at high risk.

\*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Note: Risk may be represented as:

(BROWN) investors understand that their principal will be at high risk	(YELLOW) investors understand that their principal will be at medium risk	(BLUE) investors understand that their principal will be at low risk
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**TATA**  
**BALANCED**  
(An Open Ended Balanced Fund)  
**FUND**

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