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INVEST guide

October 2013

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CEO's DESK

Dear Investors,

ABHINAV ANGIRISH
C.E.O. & MANAGING DIRECTOR

Equity markets pulled back in September after falling during July and August months. The Benchmark Indices – S&P BSE Sensex and NSE Nifty ended the September quarter to close at 19379.77 points and 5735.3 points respectively. On quarter on quarter basis large caps largely remained flat but midcap and small caps continued to have their downward journey in September quarter like they had in previous quarters of March and June. BSE Midcap and BSE Small cap indices are now down 21% and 25% since the start of CY 13. Among sectors IT and technology were top performers while Banking and Capital Goods were laggards during the quarter.

The US FED (Federal Reserve) left its $85 billion a month stimulus programme in place during its meeting on 17th and 18th September, against broad expectations that it would reduce it as the economy grows. After getting surprise from FED with deferring of tapering of QE3, markets got another surprise from RBI. In his maiden monetary policy review on 20 September, new RBI governor Raghuram Rajan raised the repo rate by 25 bps to 7.5% in an effort to contain rising inflation. He, however, eased liquidity through a reduction in the MSF rate by 0.75% to 9.5% and eased the minimum daily maintenance of the CRR to 95 from 99 per cent. The tone of the monetary policy clearly suggests that for now RBI will focus on inflation, which still remains at elevated levels and, therefore, any easing in interest rates in the near term are unlikely.

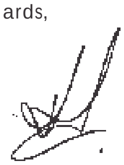
The Net FII investments in India during the first 9 months of CY2013 have been inflow of $13.6 billion in equities and outflow of $5.6 in debt. On the equity side, after being net sellers of Rs. 6086 crore and Rs. 5922 crore during July and August FIIs turned buyers to the tune of Rs.13057 crore in September. Inflation, as measured by Wholesale Price Index, rose to 6.10% in the month of August from 5.79 % in July and 5.16% in June, dragged by massive rise in prices of food articles. Food inflation based on WPI has jumped from 18.18% in August from 11.91% in July. However, CPI inflation gradually declined from 9.87% in June to 9.64% in July and further to 9.52% in August.

Indian economy is battling problems on multiple fronts in terms of slow growth, high inflation, high fiscal & current account deficit and a weakened currency. The economy expanded meagerly at 4.4% in the April-June quarter, far below the average of 8-9% growth of just a few years ago. This was the slowest quarterly expansion in four years. Among positives are good monsoons, improvement in exports and increased government spending ahead of 2014. We feel that markets are likely to remain volatile on account of the pre-election period and due to mixed global and domestic cues. Current market valuations are attractive barring a few stocks. Hence, there lies a potential investment opportunity.

In our view investors should not get carried away by the short-term market volatility. They should, instead, consider investing in equities in staggered manner through SIP or STP. Fixed Income investors can consider investing into short term debt funds which will benefit once interest rate curve normalizes and high short end rates ease further. In view of volatility in debt markets, investments in Gilt funds and Income funds should be considered only if you have high risk appetite and longer investment horizon to ride out the volatility. Conservative investors willing to compromise on liquidity can also look at investing into Fixed Maturity Plans which are offering attractive yields currently.

Happy Investing!

Regards,



ABHINAV ANGIRISH

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

Fixed Maturity Plans

- A good investment option for ensuring attractive returns with safety

In recent times we have seen both debt and equity markets passing through a very volatile phase. This has led to investors becoming wary about investing in today's market conditions as there is a great deal of uncertainty as to where the market is headed in the short to medium term. In its recently monetary policy, Reserve Bank of India has shocked the investors with a 25 basis points (100 bps = 1%) hike in repo rate. RBI has signaled that inflation is the most important thing for it right now and while framing its monetary stance it will assign a higher weight to consumer price inflation (CPI) as against only targeting the wholesale price index (WPI). This being the case we can see a couple of more repo rate hikes in future till inflation concerns especially, in retail price inflation are abated. In such scenario many investors are naturally skeptical of investing fresh money in long term bond funds now, as the markets may remain volatile in near term. Such uncertainty prevailing regarding the future interest rate movements makes FMPs a good and safer option to invest for conservative investors.

Let's know more about FMPs to understand them better.

What is an FMP and how does it work?

FMPs (Fixed Maturity Plans) are debt mutual fund schemes. These are essentially close-ended income schemes with a fixed maturity date i.e. that run for a fixed period of time. This period could be 15 days, 30, 90, 141, 180 or even 366 days. Some FMPs even have a three or five-year time frame. When the fixed period comes to an end, the scheme matures, and your money is paid back to you. The portfolio is mostly invested in certificates of deposit (CDs) and commercial papers (CPs) maturing in line with the tenure of the scheme. So a FMP with tenure of 1 year will invest in papers with a maturity of 1 year. The objective is to lock-in the investment at a specified rate of return thereby immunizing the scheme against market fluctutaions. Since FMPs hold debt instruments till maturity it doesn't have any mark-to-market loss.

Liquidity in FMPs

FMPs are close-ended mutual funds and you can only invest in them during the new fund offer (NFO). FMPs have a lock-in period till maturity and you will not have access to your money for this duration. Even though these instruments are listed on the exchanges and are tradeable, the liquidity is quite low. So you cannot sell whenever you want without having to compromise on price.

What are the advantages of FMP

- Capital protection: FMPs have much lower risk of capital loss than other mutual fund schemes due to their investment structure. On the risk profile they are quite close to Bank FDs.

- Tax Efficient (Benefit of Indexation): FMPs score over fixed deposits because of their tax efficiencies both in the short-term as well in the long-term.

■ Protects against Interest rate volatility: While income funds invest in similar instruments as an FMP, being open-ended and having a specific tenure based investment strategy, they are subject to interest rate risk leading to fluctuations in the NAV. On the other hand, FMPs are not affected by interest rate volatility as the securities in the portfolio are held till maturity.

■Lower cost: FMPs involve minimum expenditure on fund management, as there is no requirement for a time-to-time review by fund managers to buy/sell the instruments constituting the fund. Since these instruments are held till maturity, there is a cost saving in respect of buying and selling of instruments. Thus expense ratios in FMPs are quite low.

How FMPs score over Bank Fixed Deposits

The tax treatment on interest income for both FMPs and FDs are different. Interest income from FDs is added to the investor's income and is taxable at the applicable tax slab for that investor. Interest from FDs is categorized as 'Income from other sources' under Income Tax laws.

In the case of FMPs, tax implication depends on the investment option – Dividend or Growth. In Dividend option, investors have to bear dividend distribution tax, whereas in the Growth option returns earned are treated as capital gains (short-term or long-term depending on tenure of the investment).

For short-term FMPs: Tax rate (dividend distribution tax) levied on dividend plans of FMPs is 28.325% (applicable from June 1, 2013) while interest income on bank deposits is taxed at the applicable slab rates. So if an investor falls under the highest tax bracket of 33.99% (30% tax rate+ 10% surcharge+3% cess), dividend plans of FMPs have a slight edge over FDs. On the other hand if he chooses to invest in the growth option of the FMP for less than a year, just like FDs the gains will be added to the investor's income and taxed at the investor's slab rate.

For long-term FMPs: Indexation benefits of FMPs, which have a maturity of more than 1 year, allow them to score highly over Bank FDs. Indexation is a benefit that allows you to remove the impact of inflation on your investments. It means that you do not have to pay tax on gains that have been eaten up by inflation. So this concept ensures that tax is paid only on the real gains. If you invest in the growth option of the FMP for over a year, you pay either 10% capital gains tax without indexation (along with 10% surcharge if applicable +3% cess) or 20% capital gains tax with indexation (along with 10% surcharge if applicable +3% cess). Thus due to indexation benefit, FMP ends up becoming more tax efficient than an FD as indexation lowers tax liability.

The following table summarizes the advantage that an FMP has over a fixed deposit.

	FMP – Growth Option		FMP – Dividend Option	Bank FD
	With Indexation	Without Indexation		
Amount of Investment (Rs.)	100,000	100,000	100,000	100,000
Yield (annualised)	10.00%	10.00%	10.00%	10.00%
Tenor (in days)	400	400	400	400
Maturity Value (Rs)	111,010	111,010	100,000	111,010
Dividend (Rs)	NA	NA	11,010	NA
Gain (Rs)	11,010	11,010	11,010	11,010
Inflation Indexation	7.00%	NA	NA	NA
Indexed Cost (Rs)	107,000	NA	NA	NA
Indexed Long Term Capital Gain (Rs)	4,010	NA	NA	NA
Tax Rate (including surcharge & cess)	22.66%	11.33%	28.325%	33.99%
Tax (Rs)	908.67	1247.43	3118.58	3742.30
Post Tax Gain (Rs)	10101.33	9762.57	7891.42	7267.70
Post Tax Annualised Return	**9.18%**	**8.87%**	**7.18%**	**6.61%**

Note: The above example is purely illustrative and assumes the investor falls into the highest tax bracket

The above example has illustrated the incidence of single indexation. In the same manner "double Indexation" can give an investor more advantage by indexing his investment to inflation for two years while remaining invested for a period of slightly more than 1 year. This advantage can be availed by investing in an FMP just prior to the end of a financial year and withdrawing it after the end of the next financial year. For example, consider a 400 day FMP into which investment has been made on or just before 31st March of a financial year. Since the duration of the FMP crosses two financial years, the original investment amount can be inflated two times to account for the average inflation in the two financial years. Double indexation, in some cases, can even lead to a net loss figure, even though actually there is a profit, and thus expunges the tax obligation of the investors enhancing the returns for the investors. In fact you can even carry forward this loss for eight years and can set it off against long-term capital gains.

Choosing the right FMP

While investing in an FMP, factors like the yield being offered, the investment horizon and the quality of investments, among other factors should be considered. Opt for fund houses that typically invest in the highest quality instruments, such as AAA or AA rated corporate or PSU bonds. If you are risk-averse, go for a higher tenure product, which will enable you to lock in at high yields for a long period. You should match the tenure with your financial goal. So, if you need money to buy a car after a year, a one-year FMP will be ideal to help make the down payment.

FMPs are a good investment option for investors looking to protect their portfolio from erosion and also to guard against fluctuating interest rates. If the investment horizon is less than a year, the dividend option is more tax-efficient, where as for investments of over a year one should opt for the growth plan, which provides the benefits of indexation. Investors should also note that since FMPs are open for only 2-5 days for subscription, they need to be in constant touch with their financial advisor.

Current Scenario – whether you should go for FMPs?

The liquidity-tightening measures taken by Reserve Bank of India (RBI) in July to address volatility in the rupee have resulted in an upward movement in money market yields. According to Bloomberg data, yields on 3-year certificates of deposit (CDs) rose to 11.41% as on 22 August, up from 7.97% on 12 July. Yields on 3-month commercial papers (CPs) rose to 12.16%, up from 8.38% during the same period. Afterwards they have subsidized to some extent but still are at attractive levels. Currently as on September 26, 2013 yields for commercial papers (CPs) for 3 months and 12 months are approaching 10.23% pa and 10.26% pa respectively. Besides yields for certificates of deposit (CDs) for 3 months and 12 months are hovering at 9.66% pa and 9.63% pa respectively.

It is clear that short-term rates have increased much more than long-term rates thus leading to an inverted yield curve. Going forward this situation is expected to correct itself when the rupee stabilizes. This gives a good opportunity for investors to lock in higher yields through investment into FMPs. We think that this may be the right time for investors to consider fixed maturity plans (FMPs), looking at the current term-structure of the money market curve (relation between bond yields and maturity periods) which indicates a good investment opportunity. In short, FMPs are now providing good investment opportunity for people who want their portfolios to be protected from volatility, especially for those who belong to the highest tax bracket.

Do you want to know more about Fixed Maturity Plans or invest in them? Contact your wealth manager or call us on +91 22 4071 3322.

Health care inflation skyrocketing in India - Are you adequately insured?

Inflation is a regressive tax because it is the poor and common people who bear the maximum brunt of it. While inflationary effects are felt all across by the people in terms of rising costs of day-to-day services and products. But the pace of rapidly rising health care inflation can shock you. While on an average, general inflation is rising around 6% every year, your medical bills are going up at a much higher rate of around 14-15% every year. Such skyrocketing health care inflation can be terrible for those of you who are not medically insured or are under-insured but unfortunately happen to face a serious medical emergency. A singe serious illness has the potential to throw all your financial goals out of gear.

The cost of Health care is rising every year

First we have a look at official figures published by government agencies. A health insurance report published by the Insurance Regulatory and Development Authority (IRDA) of India published in 2011 revealed that the average claim in case of major diseases was Rs 1,34,550 in 2009-10 compared to Rs 98,101 in 2007-08, a compounded annual growth rate of 17 per cent. The report was based on the 'amount claimed' as, according to IRDA, it reflects the actual expenditure incurred, which shows medical costs over the years. The report considered cases where the amount claimed was more than Rs 40,000 as small claims for diagnostics tests and medicines without major treatment, etc, could have distorted the overall data disproportionately.

Now let's also check figures in below table to find out that how much the average cost of some common medical procedures has increased in India over last 6 years.

Cost of Medical treatments in India (Market Rates)

Procedures	2013	2007	Change(%)
Angiography	25,000	14,000	79%
Angioplasty with 2 stents	274,000	155,000	77%
Appendectomy	47,000	28,000	68%
Cataract	27,000	16,000	69%
Cholecystectomy (Gall Bladder Removal)	58,000	32,000	81%
Coronary Artery Bypass Graft	263,000	165,000	59%
Heamorrhoidectomy (Piles)	39,000	21,000	86%
Maternity – Cesarean	47,000	29,000	62%
Maternity – Normal	29,000	18,000	61%
Prostate Surgery	69,000	37,000	86%

Why is healthcare cost rising so rapidly?

Healthcare costs in India are going up because of various reasons. One of the main reasons responsible for this is arrival of the latest in sophisticated technologies and equipments. In earlier times, in the absence of the latest equipment all the doctor had to do was to examine a patient and prescribe medicines. Diagnostic tests were done only if the patient's illness was serious and the tests were also simple. Now doctors advise a number of complex tests to ensure correct diagnosis. Besides, after medical negligence cases have been brought under the purview of consumer courts, doctors have no alternative but to ask for the test reports before prescribing the preferable line of treatment. This has also led to the over-recommendation of diagnostic services.

The opening up of the private sector in providing healthcare has also contributed to the rise in costs. Apart from higher diagnostic charges patients have to pay more for hospital stay, doctor fees, nursing charges, and planned diet while seeking treatment from private hospitals.

Another factor responsible for pushing up the cost of healthcare is the advancement in management and cure of diseases over the years with the help of modern technology, resulting in better results, but at a higher cost. Shortage of doctors, especially specialists and surgeons in particular is also a reason. There is a clear demand-supply gap of doctors in India. According to Ministry of Health and Family Welfare estimates the country has just one doctor per 2000 people.

Importance of having an adequate health insurance cover

Health Insurance provides risk coverage against expenditure caused by any unforeseen medical emergencies. Despite grave necessity for health insurance the stark reality is that most people in India are not insured at all and more than 70 per cent of healthcare expenses are out of pocket (self-funded). Even in other poor and developing countries, the ratio of self-funding is not this high and in developed countries, the ratios are much lower. In India even among those who have some kind of medical insurance, quite lesser number of people have taken adequate coverage of insurance. The situation is gradually becoming such alarming in India that as many as 4 crore people of India plunge into poverty each year due to expenses on medical treatment.

Thus in today's high medical inflation rates, failing to hold adequate amount of health insurance cover can often prove to be a major personal financial blunder. It can either result in poor health care because of non-affordability or spiral an individual into deep financial distress due to high medical bills.

How you can protect yourself against rapidly rising medical costs

For those of you who are not yet medically insured, the immediate thing to do is take a health insurance cover by choosing an appropriate policy which suits your need the best. Do not procrastinate it until you are faced by a challenging situation. Always remember this popular saying about health insurance: "Buy health insurance when you don't want it, because you may not get it when you want it." Buying a personal Health Insurance policy when you are young and free from medical complications would be best option. The advantage is that you will be serving out the waiting period at a much younger age and there is no risk of being refused a policy at an older age or buying a policy with lots of exclusions.

Even after you have taken medical insurance you need to review your coverage every 4-5 years based on your requirements and family dynamics. The reason is that in view of fast rising medical costs, a coverage looking decent today will not be adequate after some years, leave alone your twilight years.

Different ways through which you can enhance your health insurance cover

- Upgrade your cover with existing insurance company - This is by far, the most ideal option if you have a lifetime health insurance plan and your family is reasonably healthy. Just apply for an upgrade to an appropriate high coverage available first, before you try anything else, including a Top-up plan. Yes, you will have to request for the upgrade at the time of renewal by filling an application, which will be subject to approval of the Insurance Company.

- Buy second Health Insurance policy - If the sum insured you have availed is the maximum sum insured offered by the Insurance Company, and portability is also not possible, another option is taking a second health insurance policy from another Insurance Company. If you ever claim above the sum insured of Policy 1 you can always claim from Policy 2 for the rest of the claim.

- Take a Top up cover - Though Top-up plans are now a popular option to increase your health insurance coverage, you need to understand how they work, before you sign-up for such plans. The policy provides a high coverage with a threshold amount upto which you cannot make any claims. For instance, you buy a 10 Lakh cover with a 3 Lakh threshold (also called deductible) – you will be able to claim in this policy only when you have made claims of above Rs. 3 Lakhs.

Below are some of the benefits that you can avail in a good health insurance plan

- Hospital Accommodation - Single Private Room
- In-patient treatment (Hospitalisation)
- Pre & Post Hospitalization Medical Expenses
- All Day Care Procedures Covered
- Maternity Benefits
- Newborn Baby cover
- Any Age enrollment
- Health Relationship Programme
- Free Annual Health Check-Up
- Tax Benefit
- Direct Claim Settlement
- Assured Policy Renewal for Life
- Organ Transplant
- Cashless Facility
- Domiciliary Treatment
- Emergency Ambulance

Besides a normal health insurance cover, it is always prudent to also take a Rs. 5-10 Lakhs critical Illness plan, which covers maximum no. of ailments, especially for the earning members of the family. This will help you get lump sum payment for critical ailments, and compensate for any loss of earnings. Thus taking an adequate health insurance is an important financial tool for providing you cushion against medical emergencies. In order to protect yourself and to fight the monster called medical inflation, TAKE ACTION NOW! Buy an adequate health insurance cover for yourself and your family members immediately if not already taken.

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. You may also get on touch with our Insurance expert at rachits@abchlor.com.

DO YOU KNOW about Portability of Health Insurance?

Do you know that nowadays you can port your health insurance policies from one insurance provider to another insurance provider without you having to lose any of the benefits that your current health insurer provides. Portability helps you to carry forward continuity benefits accrued on your previous policy to the new plan. For example, let us assume that your new policy covers a pre-existing disease only after three years but you have been in possession of another policy for two years. In such a case, portability will ensure that you have to wait just one year for the claim while earlier you would have to wait for another three years.

As per IRDA's portability guidelines you can port from any retail (individual & floater) health insurance plan offered by a non-life insurer in India to any retail (individual & floater) health insurance plan offered by a non-life insurer. According to Irda guidelines, a policyholder desirous of porting his policy to another insurance company needs to apply to such insurance company at least 45 days before the renewal date of his existing policy. If the request for the portability is made after 45 days, the insurer may reject the request.

When a customer shifts to a new insurer, he will have to undergo all underwriting procedures just like a new policyholder. The new insurer would accept the policy according to its own terms and conditions, irrespective of the previous terms and conditions.

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. 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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Rajanomics!

All hail Raghuram Rajan – the 23rd Governor of the Reserve Bank of India. He has graciously accepted this tough stint after having obtained leave from his day job, where at the University of Chicago he is a professor of finance.

Between 2003 and 2006, Dr. Rajan was the Chief Economist and Director of Research at the International Monetary Fund. In November 2008, Indian Prime Minister appointed Rajan as an honorary economic adviser. More remarkable has been achievement where in 2010 and 2012, he was featured on Foreign Policy magazine's FP Top 100 Global Thinkers. In a 2011 poll in The Economist, Rajan was ranked by his peers as the economist with "the most important ideas for a post-crisis world". One must know that it was Dr. Rajan amongst the very few, who despite severe ridiculing, stood firm on his stand on the dangers of sub-prime lending.

Before taking over from D. Subbarao, Dr. Rajan was appointed as Chief Economic Advisor to the Government of India on 10 August 2012.

Much against the expectations (and wishes) of the markets, in his continuing fight against inflation, Dr. Rajan of the Reserve Bank of India raised repo rate by 25 bps to 7.5 percent in its mid-quarter policy review. The move sent shockwaves through the investor community which culminated into sharp sell-off in the equity market. The policy, however, reduced the marginal standing facility (MSF) rate by 75 basis points from 10.25 per cent to 9.5 percent and lowered the minimum daily maintenance of the cash reserve ratio (CRR) from 99 percent to 95 percent of the requirement, effective from the fortnight beginning September 21, 2013. Consequently, the reverse repo and Bank Rate rates stand adjusted to 6.5 percent and 9.5 percent, respectively. The RBI ruled out additional change in minimum daily maintenance of the CRR but clarified that further actions need not be announced only on policy dates.

Reacting to the policy announcement, the rupee fell 1 percent, bond yield rose to 8.3 percent, and share prices of banking stocks witnessed a sharp decline. Benchmark indices gave up all the gains accumulated in anticipation of a growth-oriented RBI policy and the positive outlook post Fed's no-taper policy on 18th September. Contrary to market expectations, the new governor Raghuram Rajan's maiden policy came in as hawkish, primarily because it maintained the traditional apex bank's views on inflation and its seriousness to controlling it. The RBI noted that WPI inflation, which had eased in Q1 of 2013-14, has started rising again as the pass-through of fuel price increases has been compounded by the sharp depreciation of the rupee and rising international commodity prices. "What is equally worrisome is that inflation at the retail level, measured by the CPI, has been high for a number of years, entrenching inflation expectations at elevated levels and eroding consumer and business confidence," Rajan's policy stated. Most of the economists polled were expecting the RBI to bring down the daily requirement to 90 percent of CRR, while a few expected it to come down below 90 percent. Some had opined that MSF should be brought back to its old level and instead repo rate should be hiked by about 50 bps. In a bid to control liquidity, the RBI had last month restricted banks from borrowing at 7.25 percent from the repo window. It had forced them to borrow at a higher rate of 10.25 percent from MSF.

The markets have reacted and impact of the policy is done and dusted. All attention has moved now to guess Dr. Rajan's next move. It is very clear he will go after inflation and we opine he should. He had made his intent clear even in his first statement as Governor on Sept 4, when he said the goal of the RBI is monetary stability which means low and stable inflation expectation, whether that inflation springs for demand or supply factor, from domestic or imported products. Following from this his decision to hike the repo rate is logical. After all CPI has remained sticky at 9.5 percent and the wholesale inflation after bottoming at 4.8 percent has moved rapidly to 6.1 percent in just a couple of months. As the monetary policy statement reasoned: Inflation is high and household financial saving is lower than desirable. As a matter of fact the saving rate has been lowest in the last decade at around 30% from a high of a little over 34% in 2005-06. As the inflationary consequences of exchange rate depreciation and suppressed inflation play out, they will offset some of the disinflationary effects of a better harvest and the negative output gap. We are the harbingers of doom, aren't we? Thus, concluded our new Governor that "bringing down inflation to more tolerable levels warrants raising the LAF repo rate by 25 basis points immediately."

To anticipate Rajan's next step we need to understand whether he will focus on CPI or WPI. It appears he will prefer CPI because he strongly believes that the WPI does not have any component of services. The decision to track CPI can mean a much more hawkish RBI than we are really prepared for. Assuming food inflation drops rapidly in the last quarter of 2013, headline CPI may remain well above 8 percent. In which case, RBI is likely to go for a few more rate hikes, well at least 2. Separately Governor Rajan also said he wants to bring the gap between repo rate and MSF rate to one percentage point from the current two percentage points. Even after one more repo hike of 25 basis points we will be at 7.75 percent. With a CPI of 9.5 percent, many economists believe, a repo of 7.75 percent is not even hawkish. The problem faced by new governor, like for all RBI governor's of the past is the government is not taking charge of growth. RBI measures need to be supported by a will by the government to accelerate growth by clearing fuel issues, working to remove mining bans, ensures power distribution companies can buy power and charge their consumers for it, if he gets a government that hikes diesel prices and works at reducing the subsidy by slowly eliminating unproductive and wasteful expenditure then Dr. Rajan can go after inflation even faster.

FIIs will keep the faith because one arm is taking charge of growth. And this is evident from the return of the FIIs money all through September. But if the government doesn't support this bold move by the very governor it has brought in to bolster its own image in the election year, Dr. Rajan's attack on inflation will hurt growth even more. And the result is most likely to be that the FIIs will flee and we will be back to the July run on the Rupee. Hence, perhaps the key statement of Rajan's statement is this: "Let us remember that the postponement of tapering is only that, a postponement. We must use this time to create a bullet proof national balance sheet and growth". One hopes the government hears this understated plea from the new Governor, asking it to do its bit. But like we said in an election year will the government be more worried about staying in power or serving the nation.

The government has just announced FY 14 borrowing program and the same is pegged at Rs 6.29 lakh crore – 1st HFY 14 borrowing already completed – Rs. 3.44 lakh crore. So any government borrowing the balance Rs 2.85 lakh crore (Rs 3.44 + 2.85 = Rs 6.29 lakh crore) will be a negative and anything below the Rs 2.85 lakh crore figure will be assumed to be a positive.

Positive economic data out of the world's second largest economy, China, has raised expectations of a growth rebound in the third quarter, from the previous three months. China's manufacturing sector picked up further steam in September, a preliminary survey of factory managers showed that the country's economic recovery is gaining traction. The HSBC flash Purchasing Managers' Index (PMI) hit a six-month high. This sows an expanding activity in the sector from a contraction. Economists are hopeful of a domino effect and thus expect a more sustained recovery as the further filtering-through of fine-tuning measures by the government should lift domestic demand. This will create more favorable conditions to push forward reforms, which should in turn boost mid and long-term growth outlooks. The improvement in manufacturing survey which is weighted towards small and medium-sized companies follows a jump in the official PMI reading.

In the aftermath that followed the 2008 crisis, the concept of QE or quantitative easing has become quite popular with central banks. Started by US, it essentially translated to central banks pumping money into the economy at cheap interest rates. The entire exercise was copied by the Eurozone and subsequently by Japan. Not that the program helped US or the Eurozone much. But it did lead to a flood of cheap money that eventually found its way into the emerging markets and created asset bubbles. While no one complained when the money came in, we are all now aware what a threat of the flight of dollars triggered in the debt and equity markets of India. Now there is news that our very own central banker plans a stimulus program for India as well.

A leading daily had reported the finance ministry and the Reserve bank of India (RBI) are looking at ways to provide cheaper money to some sectors. The sectors being considered are those that need the push if the economic growth needs to revive. These include engineering, infrastructure, small and medium enterprises amongst others. The plan is to provide funds at cheap rates to these sectors with the hope that these funds would help turn their fortunes.

With the RBI in a hawkish mode, the investment cycle in the country has come under pressure due to the high interest rates. Sectors that are capex heavy have suffered the most. However due to inflation that continues to remain high and the languishing rupee, the RBI has been unable to cut down the rates. Even in the latest monetary policy, the new RBI governor has hiked the short term interest rates. As a result these sectors have had little to celebrate about. Therefore any stimulus would be welcome news.

Whether these measures provide the boost to the economy or not is something that remains to be seen. The more pressing point here is that the sectors, for which the stimulus is being considered, are some of the biggest contributors of the stress in the banking system at present. Therefore providing them with additional funds may add further to that stress. The RBI and finance ministry have to keep this point in mind in their stimulus plans.

One thing that our new Governor is most unlikely to forget is that easing and any other such stimuli are at the best short term fixes. They may provide short term boosts to the concerned sectors and the economy as a whole. However for India to continue on its path of growth in the long term, more steps need to be taken. These include sorting out policy issues, bringing in and implementing the reforms and improving governance. Only when these bottlenecks, bureaucratic or otherwise, are removed can growth flourish in the long term.

All is not lost and many a good things have just begun. We have reasons to rejoice on account of the adequate monsoons over 90% of India. Short term pain for long term gain is the mantra that our new governor of the RBI the right and honorable Dr. Raghuram Rajan seems to believe in and while our own bankers have given thumbs up to his opening moves, the FIIs have played their bit too in showing faith in one of the most complicated yet loved economies of the world:

Flows in Equity Market

Date	Investment	Purchases (cr)	Sales (cr)	Net (cr)	July '13 Cum. (cr)
30.07.13	FIIs	2523.80	2296.60	+ 227.20	- 5973.90
30.07.13	MFs	423.60	597.00	- 173.30	- 2184.40

Flows in Equity Market

Date	Investment	Purchases (cr)	Sales (cr)	Net (cr)	Aug. '13 Cum. (cr)
30.08.13	FIIs	6416.90	6517.00	- 100.10	- 6199.70
28.08.13	MFs	881.60	1026.30	- 144.70	+ 1025.19

And this is what September figures look like:

Flows in Equity Market

Date	Investment	Purchases (cr)	Sales (cr)	Net (cr)	Sept. '13 Cum. (cr)
30.09.13	FIIs	2148.30	2672.80	- 524.50	+ 12629.80
26.09.13	MFs	723.20	660.90	+ 62.30	- 2900.80 (sept)

Rupee has appreciated from a dismal 68.86 / $ and is in the range of 61.50 – 63.20 to a USD.

Now, once again, what are you waiting for? We are bound to hit turbulent weather at some time or another but that simply means there will be smooth sailing as well. Are you buying at peaks and selling in distress? Our guess is more often than not that has been your inadvertent mistake and misfortune. Time and again through Investguide we have advised to have a long term view on debt funds and a systematic approach to equity. It is evident from the below mentioned SIP returns on the benefits of long term disciplined Systematic Investing in a conservative large – cap fund in a little over 5 years:

Scheme	Current NAV	No. of Installments since inception (Rs. 10000 / month)	Total Amount Invested	Present Value	Yield (CAGR)	Profit – SIP
ICICI Prudential Focused Bluechip Equity Fund – Growth*	18.77	64	640000	912814.96	13.51	272814.96

The above is just one factual representation of the performance of one of the funds in the "Large Cap Mutual Fund" category. *Mutual Funds are subject to market risks. Please read the offer document carefully before investing.

Home Loan & You

Most of us believe that the cost of the home pertains only to the agreement value entered with the builder. And believe that we have got a bargain of an "investment." What about the interest paid over the years? Besides, the fact remains that the house stays under mortgage with the bank for 20 years or more.

Are you aware that there are offerings in the market that allow you to treat the loan as an overdraft and thereby give you the option to reduce the burden on your home loan interest? A solution called HomeSaver is a unique home loan that enables you to pay your home loan in half the time, at half the cost.

- Low-cost mortgage: HomeSaver is a unique home loan that enables you to pay your home loan in half the time, at half the cost
- Easy access to funds: Deposit and withdraw your money (salary and other income) whenever you need, without any charges
- Simple interest calculations: With a HomeSaver loan, interest is calculated on daily balance and applied monthly

This type of an arrangement serves to minimize your interest cost on your home loan. Every month when the loan EMI is paid, interest (at the applicable rate) is calculated on the aggregate principal outstanding after taking into account the balance in the linked current account. Therefore, you can park your temporary and permanent cash surplus funds (if any) in the Home Saver home loan account for the dual advantage of - reducing your interest outgo on the loan and at the same time deposit / withdraw from this Current account freely as and when required.

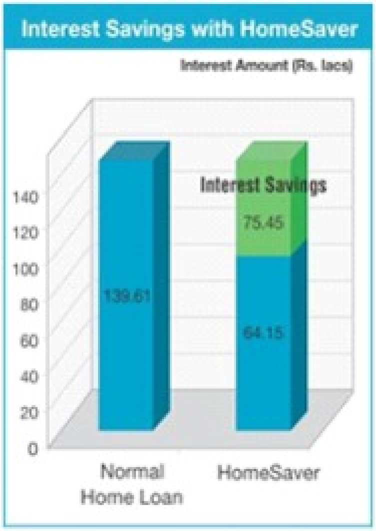
In this way, you can see that the principal gets paid off much quicker even where the money deposited in the linked current account is withdrawn later.

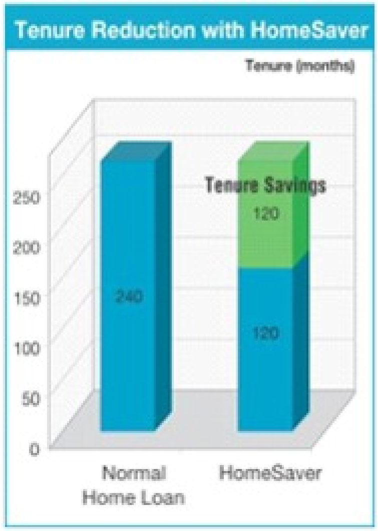
In case you do not use the linked-current account at all, the break-up of interest and principal will remain the same as a normal home loan.

The table below and the graph on the next page show how you can save on interest costs as well as shorten the tenure on your loan by opting for HomeSaver:

	Normal home loan	HomeSaver
Loan amount	10,000,000	10,000,000
ROI	10.50%	11.00%
Loan tenure (months)	240	240
EMI (Rs.)	99,838	103,219
Initial Deposit	NA	1,000,000
Monthly Savings deposited in HS a/c	NA	35,000
Total interest repaid (Rs.)	13,961,117	6,415,525
Savings on interest (Rs.)	-	7,545,592
Actual repayment period (months)	240	120
Tenure reduced by (months)	-	120

Savings compared to normal home loan	
Savings on interest: 54%	Reduction in tenure: 50%





*The rates used above are just for demonstration purposes. The interest rate applicable to your loan will be specified in your Sanction letter.

The most accepted adage in the financial world or as a matter of fact in any venture is: when you cannot increase profit, you MUST reduce cost.. Speak to us..

And yet again, what are we waiting for?

Please speak to us on 022 4071 3322 or 98203 18468 for a complete financial planning. Ignorance isn't bliss when it is your own hard earned money, now is it?

MARKET UPDATES

BEST PERFORMERS OF 2013

A' GROUP					B1' GROUP				
Sr. No.	Company Name	CMP 30-Sep-13	Price On 1-Jul-13	% Change	Sr. No.	Company Name	CMP 30-Sep-13	Price On 1-Jul-13	% Change
1	HCL Technologies	1087.20	758.40	43.35	1	Intense Tech.	13.21	4.33	205.08
2	Wipro	473.05	351.25	34.68	2	Gallantt Ispat	227.40	79.00	187.85
3	TCS	1927.80	1492.35	29.18	3	Soma Papers	23.60	8.65	172.83
4	Tech Mahindra	1335.75	1034.45	29.13	4	Mahamaya Steel	125.70	47.00	167.45
5	Hind.Zinc	133.55	104.95	27.25	5	Ashika Credit	139.50	57.25	143.67
6	Coromandel Inter	234.05	183.95	27.24	6	Four Soft	33.05	13.90	137.77
7	Infosys	3013.00	2451.00	22.93	7	Punjab Commun.	89.50	39.70	125.44
8	Sesa Sterlite	180.75	149.05	21.27	8	C Mahendra Exp	221.00	98.15	125.17
9	Engineers India	173.40	143.05	21.22	9	Yuvraaj Hygiene	3.50	1.59	120.13
10	Britannia Inds.	822.00	687.25	19.61	10	Murli Industries	12.70	6.00	111.67

WORST PERFORMERS OF 2013

A' GROUP					B1' GROUP				
Sr. No.	Company Name	CMP 30-Sep-13	Price On 1-Jul-13	% Change	Sr. No.	Company Name	CMP 30-Sep-13	Price On 1-Jul-13	% Change
1	Financial Tech.	141.15	789.85	-82.13	1	Dhenu Buildcon	5.41	27.35	-80.22
2	Gitanjali Gems	55.7	222.25	-74.94	2	Finalysis Credit	6.55	31.90	-79.47
3	Multi Comm. Exc.	381.1	783.55	-51.36	3	Omnitech Info.	25.50	119.35	-78.63
4	Wockhardt	523.5	1073.1	-51.22	4	SMS Techsoft	0.10	0.44	-77.27
5	MMTC	48.25	96.95	-50.23	5	Innoventive Ind.	17.05	72.95	-76.63
6	Indian Bank	67.40	118.55	-43.15	6	Net 4 India	8.33	33.50	-75.13
7	Union Bank of India	109.65	188	-41.68	7	Radford Global	19.85	78.85	-74.83
8	Canara Bank	221.45	384.55	-42.41	8	Karuturi Global	0.68	2.49	-72.69
9	Syndicate Bank	67.65	112.75	-40.00	9	Aptus Indust.	33.80	112.85	-70.05
10	Yes Bank	287.35	470.15	-38.88	10	Polytex India	8.53	28.35	-69.91

NET INFLOWS / OUTFLOWS

September 2013	Equity Rs. (In crores)			Debt Rs. (In crores)		
	Gross Purchase	Gross Sale	Net Purchase/Sales	Gross Purchase	Gross Sale	Net Purchase/Sales
FII INVESTMENTS	68,855.20	56,222.30	12,632.90	18,922.10	26,820.10	-7,898.00
MUTUAL FUND INVESTMENTS	7,751.90	10,555.30	-2,803.40	1,18,252.30	37,952.20	80,300.10

THE QUARTER THAT WAS:

Indices	30-Sep-13	1-Jul-13	Difference Points
SENSEX	19,328.46	19577.39	-248.93
NIFTY	5735.30	5898.85	-163.55
NIFTY JUNIOR	11208.00	11891.85	-683.85
CNX MIDCAP	6997.95	7511.10	-513.15
BSESMLCAP	5466.29	5753.44	-287.15

IPO's IN 2013 (As on 30th Sept., 2013)

Company	List Date		Offer Price		List Price
SilverPoint Infratech	28-Aug-13		15.00		15
	Open	High	Low	Last Price	Gain/Loss
	13.00	13.60	12.40	13.60	-2.60

SOME RECENTLY ANNOUNCED DIVIDENDS

Sr. no.	Company	- DIVIDEND - Type	%	- DATE - Announcement
1	P and G	Final	250	14-Aug-13
2	Singer India	Final	15	27-Aug-13
3	Asian Paints	Interim	0	30-Sep-13
4	Shree Cements	Final	120	30-Jul-13
5	Diamond Power	Final	10	24-Jul-13
6	Phyto Chem	Final	10	31-Jul-13
7	Veer Energy	Final	6	16-Aug-13
8	Greaves Cotton	Interim	15	13-Sep-13
9	Rajesh Exports	Final	100	5-Jul-13
10	Futuristic Sol	Final	5	10-Sep-13
11	Intec Capital	Final	5	3-Sep-13
12	Neo Corp	Final	5	8-Jul-13
13	Suraj Products	Final	5	29-Aug-13
14	Sunraj Diamond	Final	10	3-Jul-13
15	Star Delta Tran	Final	5	16-Sep-13
16	Atlas Cycles	Final	45	16-Aug-13
17	Bloom Dekor	Final	8	1-Jul-13
18	Binayaka Tex	Final	20	6-Sep-13
19	CCL Internation	Final	2.5	17-Sep-13
20	Chaman Lal Seti	Final	11	26-Aug-13
21	Integ Fin Ser	Final	6	10-Sep-13
22	Fortis Malar	Interim	5	30-Aug-13
23	Monnet Ispat	Final	15	11-Sep-13
24	Som Distillerie	Final	15	12-Aug-13
25	Titan Bio-Tech	Final	7.5	5-Sep-13
26	Tech Mahindra	Final	50	8-Aug-13
27	National Oxygen	Final	10	29-Aug-13
28	CenturyPlyboard	Final	25	8-Jul-13
29	Accelya Kale	Final	400	7-Aug-13
30	Kalpena Ind	Final	12	14-Aug-13
31	Pix Transmissio	Final	15	22-Aug-13
32	Indus Finance	Final	3.5	12-Aug-13
33	Puravankara Pro	Final	20	8-Aug-13
34	DHP	Final	10	25-Jul-13
35	Kwality Dairy	Final	10	5-Jul-13
36	Govind Poy Oxyg	Final	7.5	5-Sep-13
37	Pressman Advt	Final	40	14-Aug-13
38	Simmonds-Marsha	Final	25	2-Sep-13
39	Zodiac JRD-MKJ	Final	5	7-Aug-13
40	MPS	Interim	50	12-Aug-13
41	R.J. Shah	Final	15	1-Aug-13
42	Supreme Ind	Final	275	18-Jul-13
43	Mac Charles	Final	60	31-Jul-13
44	Foseco India	Interim	30	2-Aug-13
45	Rajoo Engineers	Final	14	12-Aug-13
46	CARE	Interim	60	12-Aug-13
47	IKF Finance	Final	10	5-Aug-13
48	Manappuram Fin	Interim	22.5	12-Aug-13
49	MBL Infra	Final	30	15-Jul-13
50	Mayur Uniquoter	Interim	22.5	12-Aug-13
51	KJMC Corporate	Interim	5	8-Aug-13
52	Nandan Exim	Final	12	5-Aug-13
53	Malabar Trading	Final	1	26-Jul-13
54	Infinite Comp	Final	30	29-Jul-13
55	PI Industries	Final	100	5-Aug-13
56	Manaksia	Interim	100	14-Aug-13
57	Andhra Sugar	Final	60	13-Aug-13
58	StanChart IDR	Interim	0	1-Aug-13
59	Kewal Kiran	Final	10	11-Jul-13
60	IRB Infra	Interim	20	8-Aug-13
61	Godrej Consumer	Interim	100	3-Jul-13
62	CRISIL	Interim	300	19-Jul-13
63	GMM Pfaudler	Interim	35	18-Jul-13
64	Sun TV Network	Interim	45	2-Aug-13
65	Financial Tech	Interim	100	16-Jul-13
66	Castrol	Interim	35	16-Jul-13
67	MRF	Interim	30	25-Jul-13
68	Pricol	Interim	40	25-Jul-13
69	Clariant	Interim	100	24-Jul-13
70	Sanofi India	Interim	100	24-Jul-13
71	Indiabulls Real	Interim	50	24-Jul-13
72	Indiabulls Sec	Interim	50	24-Jul-13
73	R Systems Intl	Interim	25	29-Jul-13
74	Indiabulls Hsg	Interim	300	23-Jul-13
75	Nestle	Interim	180	8-Jul-13
76	Hexaware Tech	Interim	70	19-Jul-13
77	ACC	Interim	110	17-Jul-13
78	Ambuja Cements	Interim	70	18-Jul-13
79	TCS	Interim	400	18-Jul-13
80	Haryana Leather	Final	6	16-Jul-13
81	Orient Cement	Final	200	19-Jul-13
82	Natural Capsule	Final	15	17-Jul-13

SOME RECENTLY ANNOUNCED BONUS

Sr. no.	Company	Bonus Ratio	Year : 2013 - D A T E - Announcement	Record	Ex-Bonus
1	BS Limited	1:01	9-Aug-13	1-Oct-13	30-Sep-13
2	Alembic	1:01	9-Aug-13	30-Sep-13	27-Sep-13
3	AVT Natural	1:01	31-Jul-13	-	26-Sep-13
4	Rapicut Carbide	3:02	27-Jul-13	23-Sep-13	20-Sep-13
5	Ajanta Pharma	1:02	29-Jul-13	18-Sep-13	17-Sep-13
6	Indo Amines	1:01	3-Aug-13	17-Sep-13	16-Sep-13
7	Samruddhi Real	1:05	23-Jul-13	12-Sep-13	11-Sep-13
8	Container Corp	1:02	25-Jul-13	10-Sep-13	6-Sep-13
9	Diamond Power	1:03	24-Jul-13	27-Aug-13	26-Aug-13
10	Finkurve Fin	6:01	3-Jul-13	23-Aug-13	22-Aug-13
11	CCL Products	1:01	3-Jul-13	20-Aug-13	19-Aug-13
12	Syncom Formula	5:02	8-Jul-13	20-Aug-13	19-Aug-13
13	TataTeleservice	2:15	20-Jun-13	8-Aug-13	7-Aug-13
14	Kovalam Investm	7:10	20-Jun-13	7-Aug-13	29-Jul-13
15	Sun Pharma	1:01	28-May-13	30-Jul-13	29-Jul-13
16	Heritage Foods	1:01	17-Jul-13	29-Jul-13	26-Jul-13
17	Torrent Pharma	1:01	30-May-13	24-Jul-13	23-Jul-13
18	Shilpa	1:02	29-May-13	-	16-Jul-13
19	Larsen	1:02	22-May-13	13-Jul-13	11-Jul-13
20	Sah Petroleums	23:19	24-May-13	10-Jul-13	9-Jul-13
21	Poly Medicure	1:01	13-May-13	10-Jul-13	9-Jul-13
22	PNB Gilts	1:03	23-May-13	4-Jul-13	3-Jul-13
23	Centrum Capital	5:01	15-May-13	4-Jul-13	3-Jul-13
24	Ashoka Buildcon	1:02	10-May-13	4-Jul-13	3-Jul-13
25	Adi Finechem	1:10	20-May-13	4-Jul-13	3-Jul-13
26	Sutlej Textiles	1:02	8-May-13	28-Jun-13	27-Jun-13
27	Gloster	1:01	10-May-13	-	26-Jun-13
28	Emami	1:02	6-May-13	27-Jun-13	26-Jun-13
29	Ras Resorts	1:05	10-Apr-13	-	21-Jun-13
30	Nitta Gelatin	1:03	3-May-13	20-Jun-13	19-Jun-13
31	Transformers	1:09	3-May-13	14-Jun-13	13-Jun-13
32	Midland Polymer	1:01	16-Apr-13	11-Jun-13	10-Jun-13
33	Nagarjuna Agric	3:14	27-Apr-13	1-Jun-13	30-May-13
34	Magnanimous Tra	3:01	23-Mar-13	4-Jun-13	28-May-13
35	Balmer Lawrie	3:04	26-Mar-13	24-May-13	23-May-13
36	Emmsons Interna	1:01	21-Mar-13	9-May-13	8-May-13
37	VKS Projects	5:02	20-Mar-13	6-May-13	3-May-13
38	Matru-Smriti Tr	1:01	14-Mar-13	7-May-13	26-Apr-13
39	Ansal Housing	2:01	14-Feb-13	12-Apr-13	10-Apr-13
40	Warren Tea	7:10	30-Jan-13	22-Mar-13	21-Mar-13

INDICES PERFORMANCE (1st July ‘13 - 30th Sept. ‘13)

S No.	Index	Close 30-Sep-13	Prev. Close 1-Jul-13	% Change
1	BSE Auto	10,996.59	10,914.67	0.75
2	BSE Metal	8,371.23	7,906.25	5.88
3	BSE Midcap	5,605.98	6,072.55	-7.68
4	BSE Oil & Gas	8,216.34	9,039.27	-9.10
5	BSE SmallCap	5,466.24	5,753.44	-4.99
6	BSE Bankex	10,964.19	13,382.58	-18.07
7	BSE_CDS	5,773.02	6,208.94	-7.02
8	BSE_CGS	7,706.52	9,363.55	-17.70
9	BSE_FMCG	6,838.02	6,594.25	3.70
10	BSE_HCI	9,463.81	8,953.67	5.70
11	BSE_IT	7,839.86	6,154.87	27.38
12	BSE_PSU	5,446.02	6,253.22	-12.91
13	BSE200	2,281.12	2,356.59	-3.20
14	BSE500	7,019.96	7,276.11	-3.52
15	BSETeck	4,436.99	3,662.99	21.13
16	CNX 100	5,621.68	5,809.00	-3.22
17	CNX IT	8,167.30	6,526.45	25.14
18	CNX500	4,392.05	4,572.05	-3.94
19	CNX MIDCAP	6997.95	7,511.10	-6.83

MF INDUSTRY UPDATE

- AMFI to standardize product labeling guidelines

AMFI is likely to standardize the process of product labeling for AMCs. Product labeling, which came into effect from July 1, 2013, was introduced by SEBI to curb mis-selling. “We are working on standardizing the product labeling procedure for the industry. It is in a preliminary stage,” said H N Sinor, CEO, AMFI. The recent volatility and negative returns seen in debt funds has put the relevance of product labeling under question. For instance, liquid funds are denoted by blue color, which according to SEBI's definition carry low risk of losing principal. Many mutual fund officials have not been enthused about the idea of color coding their schemes ever since it was introduced by SEBI.

AMCs are supposed to put color codes in all their advertisement materials, front page of initial offering application forms, key information memorandum (KIM), and scheme information documents (SIDs) and common application forms. “There are discrepancies in the way products are labeled across AMCs. We are waiting for AMFI to bring some standardization in this process,” said Arvind Sethi, Managing Director & CEO, Tata Mutual Fund. “AMCs might differ in categorizing some products based on their risk so the color code may differ,” says the product head of a bank sponsored fund house. Currently the product labels are divided into three categories – blue, yellow and brown. Blue determines that principal is at low risk while yellow signals that the principal is at medium risk. Brown indicates that the principal might be at high risk

- AMFI may launch 'MF Utility' portal by end of FY 2014

The Association of Mutual Fund in India is likely to launch 'MF Utility' portal as a single platform for all mf transactions by the end of this financial year, a top AMFI official said today. The trial for 'MF Utility' will run in January next year. If the trial run is as per operational satisfaction, then it will be launch within the next few months. The interfaces will not only help investors to invest across MF schemes through creation of a single a/c but will also benefit distributors as they can upload their transactions. MF Utility is a centralised mf distribution platform, which will facilitate transactions by customers, distributors and financial advisors in schemes offered by fund houses on a unified platform.

Sebi is likely to announce the appointment of the Self Regulatory Organization (SRO) by next month, in which AMFI is also one of the three applicants. As per reports, three companies are in race to obtain the regulator's approval to become the mutual fund distributors' self regulatory organization, namely Institute of Mutual Fund Intermediaries (IMFI), floated by AMFI, Organization of Financial Distributors (OFD) and FPSB India. Sebi, in its August 2012 Board meet, had taken the decision to set up a separate regulatory body for mutual fund distributors.

- 3 apply to SEBI for forming mutual fund distributors SRO

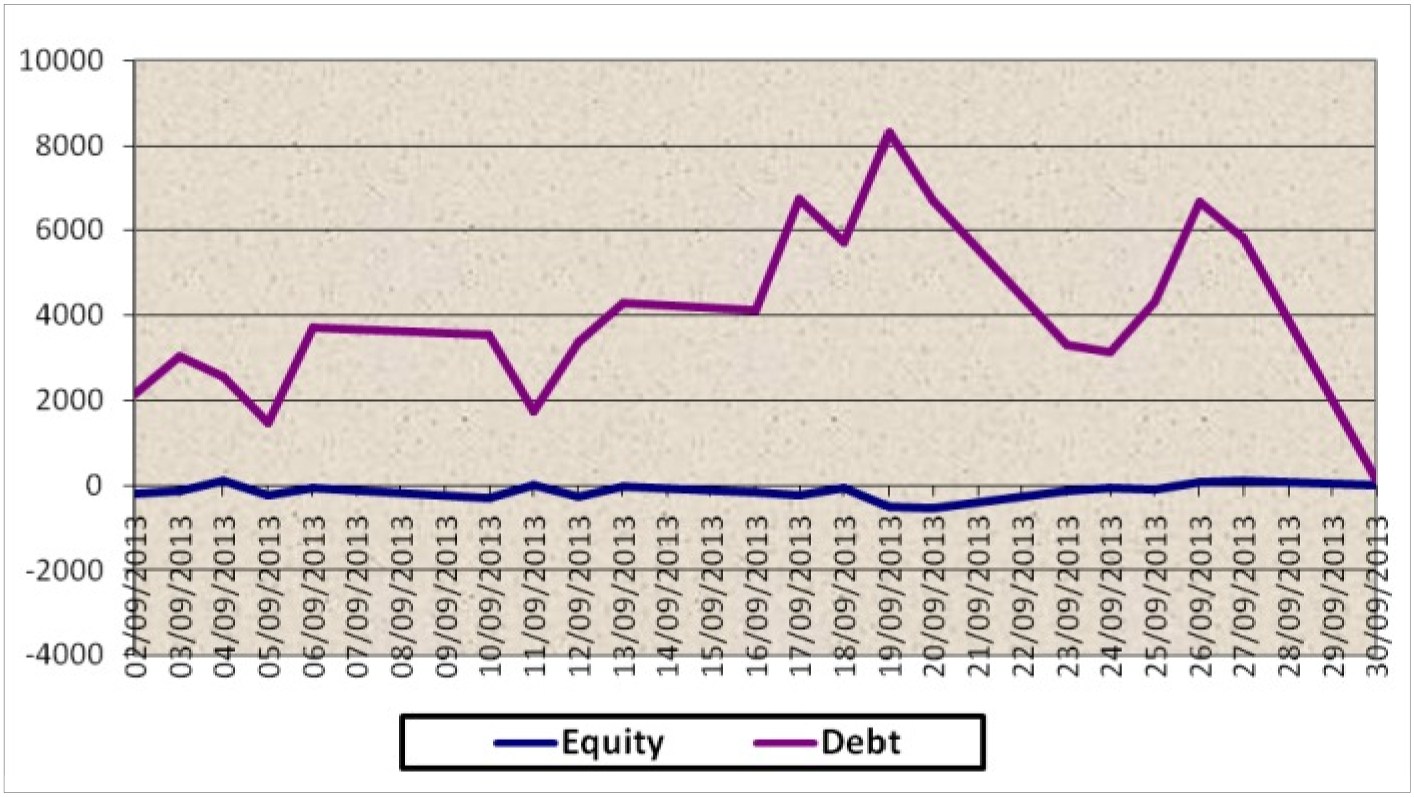
SEBI is said to have received applications for forming mutual fund distributors' Self Regulatory Organization (SRO) from AMFI, Financial Planning Standards Board India (FPSB) and Financial Intermediaries Association of India (FIAI). While the SEBI decision on which of these entities will eventually is awaited keenly, it is understood that SEBI will take more time. The deadline for submitting applications for SRO was July 31. Interestingly, the three entities are very different – while AMFI is the trade body of mutual fund manufacturers (albeit with the responsibility of distributor registrations), FIAI is an association of 15 large distributors and FPSB provides CFP certification. “FPSB India has applied to SEBI under SEBI SRO Regulations, 2004. We have established the best board on FPSB. We trust the wisdom of SEBI. It doesn't matter who gets SRO status. It should be in the larger interest of investors,” said Ranjeet Mudholkar, Vice Chairman CEO, FPSB India.

A non-for-profit association, FPSB provides CFP certification. Representatives from media, financial advisors, regulators and AMC CEOs are its board of directors. Also, it has 48 charter members who represent insurance firms, AMCs, banks and national distributors. In the meanwhile, AMFI had begun its search for the SRO CEO in April 2013 when it issued an advertisement inviting applications. SEBI's board had approved the proposal to set up SRO in its meeting held on August 16, 2012. The regulator has said that there will be a single SRO for MF distributors. The SRO must be a company registered under section 25 of the Companies Act, 1956, and must have a minimum net worth of Rs 1 crore. SEBI will initially grant an in-principle approval for setting up an SRO. According to SEBI, the applicant will be given a reasonable time period for complying with all requirements (to meet the minimum requirement of Rs 1 crore, setting up of infrastructure for SRO, etc.) for getting the recognition of SRO.

Bulk deals in September 2013

Exc	Date	Company	Client	Tran	Qty	Price	
						Traded	Close
NSE	12-Sep-13	ARSS Infra	AJAY ASSET MANAGEMENT PRIVATE LIMITED	Sell	100214	22.03	20.95
NSE	11-Sep-13	JBF Industries	ICICI PRUDENTIAL	Sell	1428173	103	99.45
BSE	06-Sep-13	VST	SBI MUTUAL FUND	Buy	250000	1459.5	1473.05
BSE	06-Sep-13	VST	SBI MUTUAL FUND	Sell	250000	1459.5	1473.05

Trends in Transactions on Stock Exchanges by Mutual Funds



The above chart is prepared based on reports submitted to SEBI by custodians on 30/09/2013 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	9,896.21
Infosys	7,754.68
State Bank of India	6,246.45
HDFC Bank	6,150.66
Reliance Industries	6,136.31
ITC	5,376.90
Larsen and Toubro	5,158.38
Housing Development Finance Corporation	3,848.13
Tata Consultancy Services	3,422.03
Bharti Airtel	3,359.24

Performance of Select Mutual Fund Schemes as on 30th September 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 - TOP 100 FUND REG (G)	4.08	3.49	5.20	13.21	2.25	11.33
ICICI PRU - FOCUSED BLUECHIP EQUITY FUND REG (G)	2.39	3.71	4.53	10.46	2.43	15.67
RELIANCE - TOP 200 FUND (G)	-2.01	-4.23	-4.35	07.73	-2.28	08.53
KOTAK - 50 EQUITY SCHEME (G)	-4.68	-3.84	-1.20	05.09	-2.37	07.15
IDFC - IMPERIAL EQUITY FUND REG (G)	3.68	3.09	0.32	05.04	-2.90	08.66

Equity Diversified - Large & Mid Cap	3mth	6mth	1yr	2yr	3yr	5yr
UTI - OPP FUND (G)	0.25	2.31	0.91	09.23	2.88	16.14
ICICI PRU - DYNAMIC PLAN REG (G)	7.23	4.79	5.58	11.06	2.44	13.15
BIRLA SL - FRONTLINE EQUITY FUND REG (G)	-0.42	1.65	5.19	11.39	0.81	13.26
CAN ROBECO - EQUITY DIVERSIFIED (G)	-0.43	0.40	-0.35	08.21	0.56	14.30
SBI - M EQUITY FUND REG (G)	-1.40	-1.28	1.39	08.49	-0.59	11.56

Equity Diversified – Multi cap	3mth	6mth	1yr	2yr	3yr	5yr
TATA - EQUITY OPP. FUND PLAN A (G)	0.87	2.67	3.36	9.85	-0.60	09.36
KOTAK - OPPT FUND (G)	-0.19	2.15	0.38	7.84	-2.41	09.70
RELIANCE - REG SAVINGS EQUITY PLAN (G)	-5.37	-5.28	-9.70	4.41	-5.43	09.80
BIRLA SL - EQUITY FUND REG (G)	-0.09	-0.69	-1.63	6.40	-4.86	08.40
TATA - EQUITY P-E FUND (G)	3.76	-1.22	-7.02	4.64	-4.18	11.20

Equity Diversified – Mid & Small Cap	3mth	6mth	1yr	2yr	3yr	5yr
SBI - EMERGING BUSINESS FUND REG (G)	-7.45	-8.95	-6.50	07.55	4.44	17.06
RELIANCE - EQUITY OPP (G)	-3.73	-7.47	-7.32	07.82	-0.51	16.76
ICICI PRU - DISCOVERY REG (G)	1.77	-3.42	-1.53	11.10	0.57	18.88
TATA - DIVIDEND YIELD PLAN A (G)	0.75	-1.15	-1.90	06.20	-0.21	14.74
IDFC - PREMIER EQUITY FUND REG (G)	-3.31	-2.99	-1.66	06.23	0.66	16.36

Equity Tax Saving	3mth	6mth	1yr	2yr	3yr	5yr
ICICI PRU - TAX PLAN REG (G)	2.65	0.83	01.01	8.55	-0.38	13.97
L&T - TAX ADVANTAGE FUND (G)	0.20	1.25	-00.17	5.68	-1.80	12.42
RELIGARE - INVESCO TAX PLAN (G)	-2.75	-1.47	00.86	6.15	-0.61	13.25
RELIANCE - TAX SAVER (G)	-6.15	-5.20	-11.10	3.69	-4.11	11.34
BIRLA SL - TAX RELIEF 96 FUND ELSS REG (G)	2.51	4.28	02.69	9.22	-4.00	10.20

Balanced Funds	3mth	6mth	1yr	2yr	3yr	5yr
ICICI PRU - BALANCED REG PLAN (G)	0.52	1.49	5.37	11.14	5.88	12.45
TATA - BALANCED FUND PLAN A (G)	0.18	2.12	2.42	10.64	3.82	13.94
SBI - M BALANCED FUND REG (G)	-1.25	0.55	6.47	11.36	0.76	09.97
BIRLA SL - 95 FUND REG (G)	-1.19	0.09	1.67	06.83	1.32	14.10
UTI - BALANCE FUND (G)	-0.74	-1.59	0.80	06.28	-0.58	09.95

Monthly Income Plan	3mth	6mth	1yr	2yr	3yr	5yr
CAN ROBECO - MIP REG (G)	1.51	2.71	4.59	7.33	6.00	09.94
BIRLA SL - MIP PLAN REG (G)	-2.09	1.28	4.22	7.17	5.88	09.19
SBI - M MIP REG (G)	-2.73	-0.04	4.92	8.39	5.95	06.24
RELIANCE - MIP (G)	-3.48	-0.59	2.19	7.06	5.04	11.58
KOTAK - MONTHLY INCOME PLAN (G)	-2.98	-0.69	3.27	7.16	5.21	05.90

Debt - Gilt Funds	1week	1mth	3mth	6mth	1yr	3yr
BIRLA SL - GILT PLUS PF PLAN (G)	0.85	-1.04	-6.8	-1.51	4.29	7.87
RELIANCE - GILT SEC FUND (G)	0.73	-0.12	-6.31	-0.93	4.23	6.83
KOTAK - GILT INVESTEMENT (G)	0.67	-1.07	-8.22	-3.46	1.26	7.19
IDFC - G SEC PF PLAN REG (G)	0.98	0.54	-2.39	1.32	8.62	9.71
ICICI PRU - GILT FUND INVESTMENT PLAN PF OPTION REG (G)	0.59	-0.4	-8.2	-3.64	1.57	4.98

Debt - Income Funds	1week	1mth	3mth	6mth	1yr	3yr
MORGAN STANLEY - ACTIVE BOND FUND REG (G)	0.48	-0.34	-2.13	2.63	10.23	7.10
IDFC - SSIF INV PLAN REG (G)	0.59	-0.03	-2.80	0.10	06.61	7.81
UTI - BOND FUND (G) REG	0.67	0.19	-3.57	-	06.53	8.65
SBI - DYNAMIC BOND FUND REG (G)	0.60	-0.43	-4.08	-0.44	05.36	9.08
KOTAK - BOND PLAN A (G)	0.66	-0.21	-5.51	-1.71	02.94	7.37

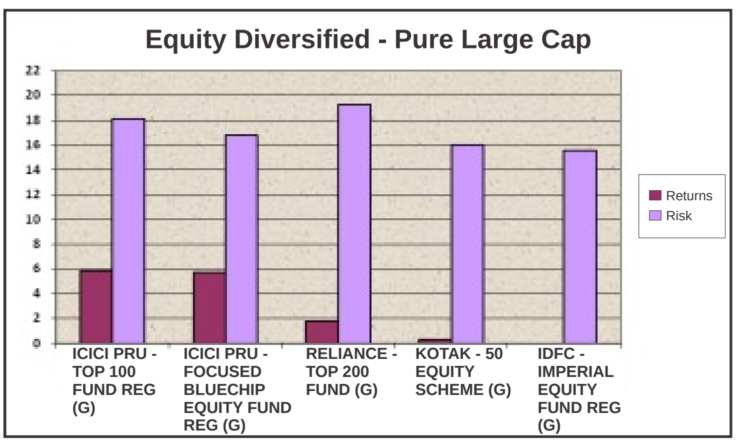
Debt - Short Term Funds	1week	1mth	3mth	6mth	1yr	3yr
BIRLA SL - ST FUND REG (G)	0.20	1.55	0.82	3.23	7.90	8.78
RELIANCE - STF (G)	0.33	1.90	0.10	2.50	7.23	8.02
IDFC - SSIF ST PLAN REG (G)	0.32	1.86	0.78	2.92	7.15	8.17
KOTAK - BOND STP (G)	0.40	1.71	-0.12	2.33	7.11	7.70
ICICI PRU - STP REG (G)	0.40	1.66	-0.43	2.12	6.81	7.88

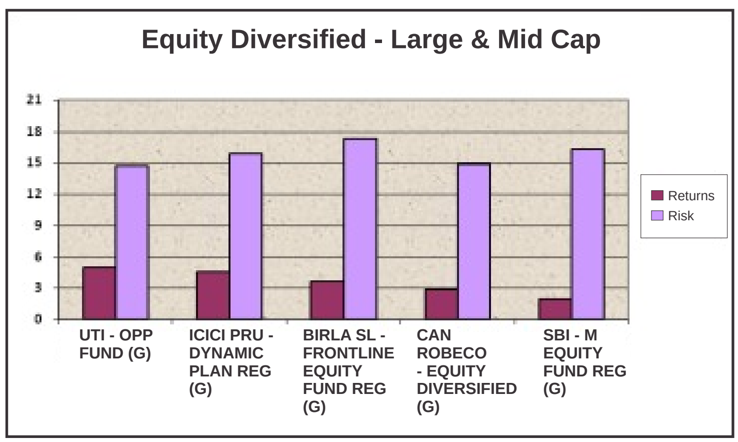
Ultra Short Term (Liquid Plus) Funds	1week	1mth	3mth	6mth	1yr	3yr
RELIANCE - MONEY MANAGER FUND (G)	0.23	1.20	2.30	4.49	9.13	9.21
ICICI PRU - FLEXIBLE INCOME PLAN REG (G)	0.23	1.17	2.24	4.47	9.21	9.22
IDFC - ULTRA SHORT TERM FUND REG (G)	0.18	1.33	2.05	4.36	9.09	9.51
KOTAK - FLEXI DEBT PLAN A-(G)	0.25	1.51	1.69	3.79	8.58	9.03
RELIANCE - MEDIUM TERM FUND (G)	0.23	1.73	1.34	3.59	8.12	8.84

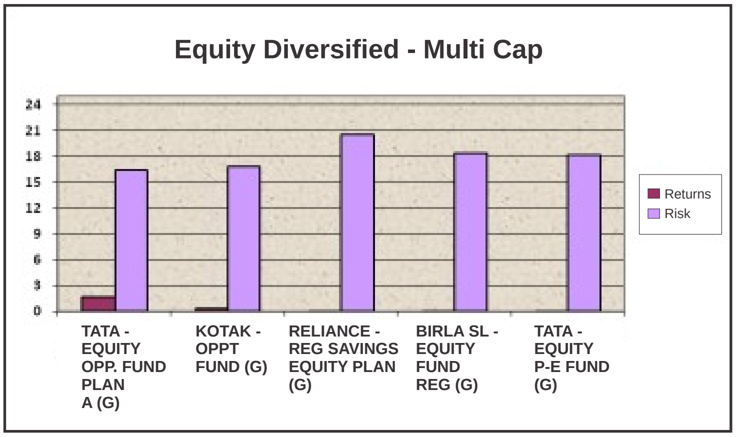
Liquid Funds	1week	1mth	3mth	6mth	1yr	3yr
SBI - M INSTA CASH FUND REG (G)	0.21	0.89	2.41	4.58	8.97	8.92
RELIANCE - LIQUIDITY FUND (G)	0.20	0.88	2.30	4.47	8.97	9.07
ICICI PRU - LIQUID PLAN REG (G)	0.20	0.88	2.31	4.46	9.01	9.09
BIRLA SL - CASH PLUS REG (G)	0.25	0.94	2.32	4.49	9.04	9.13
KOTAK - LIQUID PLAN A-(G)	0.21	0.88	2.27	4.44	8.96	9.08

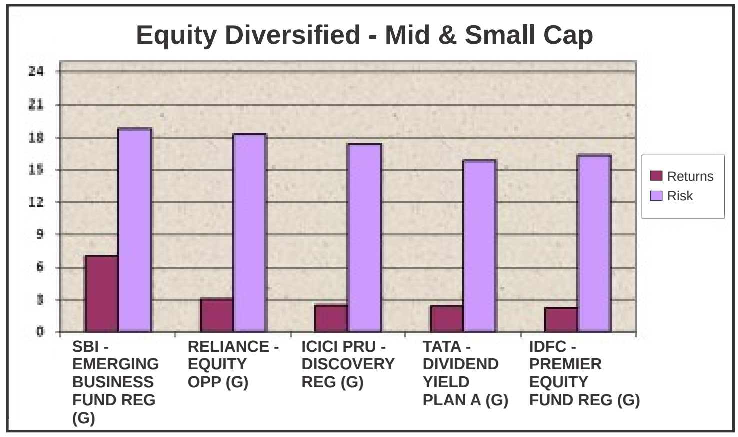
Risk-Return Analysis

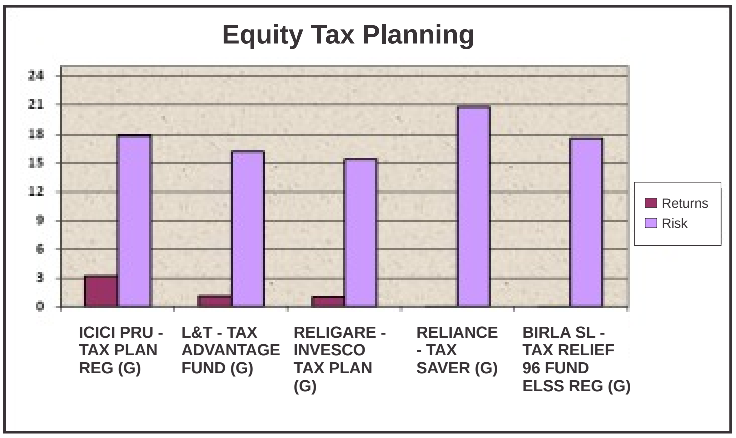
The following charts give you a snapshot of how the mutual funds have performed on the risk-return parameters in the past. The risk is measured by standard deviation, which measures the average deviation of the returns generated by a scheme from its mean returns, while returns are measured as one-year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

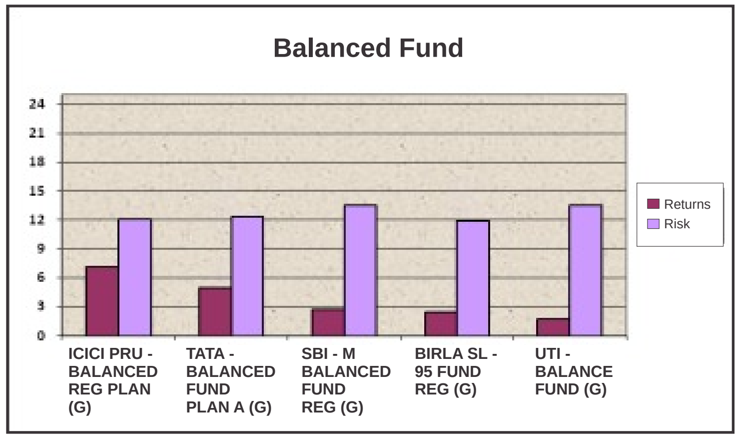


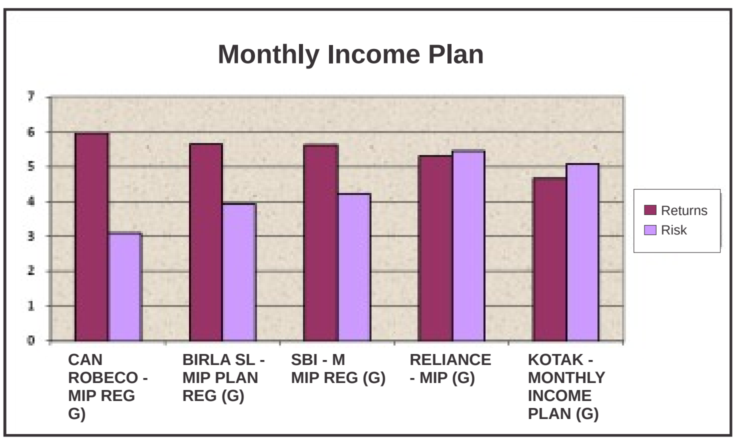


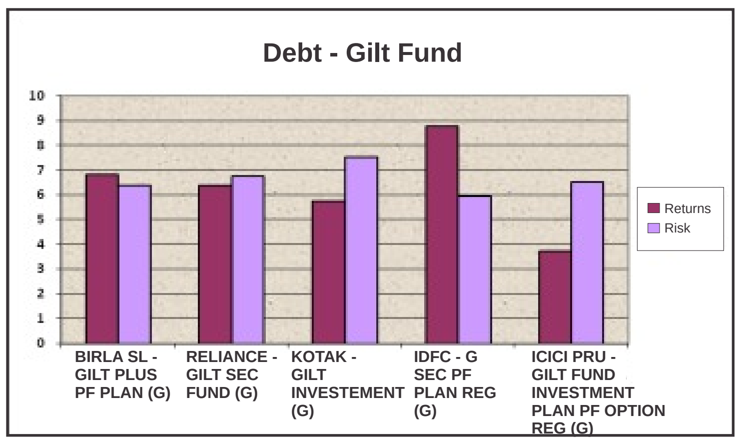

Equity Diversified - Multi Cap
Returns
Risk
TATA - EQUITY OPP. FUND PLAN A (G)
KOTAK - OPPT FUND (G)
RELIANCE - REG SAVINGS EQUITY PLAN (G)
BIRLA SL - EQUITY FUND REG (G)
TATA - EQUITY P-E FUND (G)

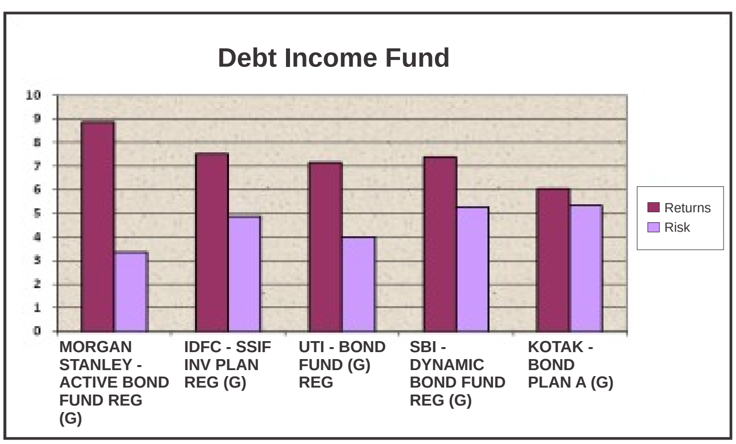

Equity Diversified - Mid & Small Cap
Returns
Risk
SBI - EMERGING BUSINESS FUND REG (G)
RELIANCE - EQUITY OPP (G)
ICICI PRU - DISCOVERY REG (G)
TATA - DIVIDEND YIELD PLAN A (G)
IDFC - PREMIER EQUITY FUND REG (G)

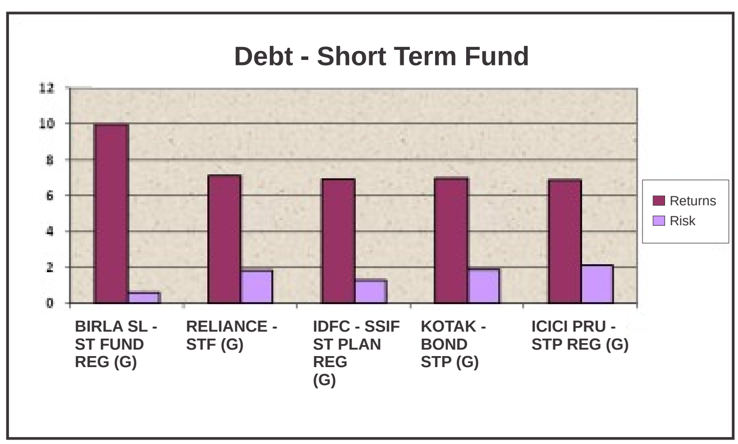

Equity Tax Planning
Returns
Risk
ICICI PRU - TAX PLAN REG (G)
L&T - TAX ADVANTAGE FUND (G)
RELIGARE - INVESCO TAX PLAN (G)
RELIANCE - TAX SAVER (G)
BIRLA SL - TAX RELIEF 96 FUND ELSS REG (G)


Balanced Fund
Returns
Risk
ICICI PRU - BALANCED REG PLAN (G)
TATA - BALANCED FUND PLAN A (G)
SBI - M BALANCED FUND REG (G)
BIRLA SL - 95 FUND REG (G)
UTI - BALANCE FUND (G)


Monthly Income Plan
Returns
Risk
CAN ROBECO - MIP REG G)
BIRLA SL - MIP PLAN REG (G)
SBI - M MIP REG (G)
RELIANCE - MIP (G)
KOTAK - MONTHLY INCOME PLAN (G)


Debt - Gilt Fund
Returns
Risk
BIRLA SL - GILT PLUS PF PLAN (G)
RELIANCE - GILT SEC FUND (G)
KOTAK - GILT INVESTEMENT (G)
IDFC - G SEC PF PLAN REG (G)
ICICI PRU - GILT FUND INVESTMENT PLAN PF OPTION REG (G)


Debt Income Fund
Returns
Risk
MORGAN STANLEY - ACTIVE BOND FUND REG (G)
IDFC - SSIF INV PLAN REG (G)
UTI - BOND FUND (G) REG
SBI - DYNAMIC BOND FUND REG (G)
KOTAK - BOND PLAN A (G)


Debt - Short Term Fund
Returns
Risk
BIRLA SL - ST FUND REG (G)
RELIANCE - STF (G)
IDFC - SSIF ST PLAN REG (G)
KOTAK - BOND STP (G)
ICICI PRU - STP REG (G)

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