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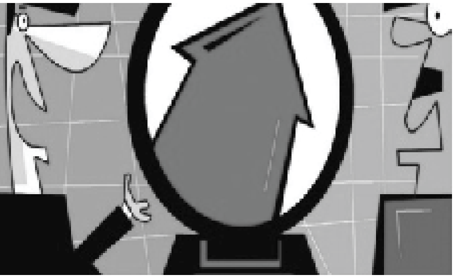
CAN YOU SEE SENSEX AT 100,000?



Morgan Stanley sure does: the investment banker has predicted that the benchmark index can rise to 100,000 by 2028, with Indian being world's 3rd largest economy

Morgan Stanley expects the benchmark Sensex to cross the 1 lakh-mark by 2028, making it one of the the top five equity markets in the world with a market capitalisation of $6.1 trillion.

"We think India's stock market could be among the world's best performers in the next ten years, leading to India's market cap rising from $2 trillion to $6 trillion. We see the BSE Sensex crossing the 100,000 mark, albeit the bulk of the returns are likely to be front ended in the coming five years," said Morgan Stanley in a note on Wednesday .

The firm also expects India to become the world's third largest economy in the world with a GDP of $6 trillion, helped by digitisation. The firm said that digitisation will provide a boost of 50 to 75 basis points to GDP growth.

Morgan Stanley expects India's real and nominal GDP growth to compound annually by 7.1% and 11.2% respectively over the next 10 years. It said that a stronger Gross Domestic Product Growth will lead to a stronger equity market performance.

A strong nominal GDP growth along with rising ratio of credit to GDP bodes well for corporate earnings, the report said. Morgan Stanley expects equity market multiples to expend driven by strong participation by domestic investors and declining ratio of public debt to GDP .

Excerpts From :
The Economic Times
28th, September 2017

INVEST & FORGET, THAT'S THE BEST STRATEGY

Highest returns were from investors who completely forgot about their investments, for years

Last week, in a sister publication of this newspaper, I wrote a column about the high returns made by investors because they were dead.

Here's what I wrote, "Being dead may be a good investing strategy. Some years ago, Fidelity Investments conducted a study in the US to find out what kind of investor accounts had the best returns. The highest returns were from investors who completely forgotten about their investments for years, even decades. They also discovered that a good proportion of these investors had died a long time ago. As far as managing your investments goes, the most profitable strategy may be to do what a dead person would do -- which is nothing."

Later, I came across an article about equity investing about investors who had an even longer time horizon -- about 82 years. This is an American mutual fund named Voya Corporate Leaders Trust Fund, which has not made any changes to its holdings since 1935!

The fund was started in 1935. It's initial fund managers selected 30 stocks which they thought were the best companies at that time ('Corporate Leaders') and bought equal amounts of shares of each.

Over the next 82 years, no change has been made to this mutual fund's portfolio. Some changes happened automatically as companies have merged or been acquired.

For example, the fund now has Exxon in its portfolio, which is a descendant of the historic Standard Oil company of John Rockefeller.

Over the years, some names that were corporate leaders still have the same status, DuPont, General Electric, and Procter & Gamble being the most prominent examples in Voya's portfolio.

However, a number of companies have disappeared, reducing the original number of holdings from 30 to 21.

The important thing is that this fund has beaten the markets by a huge margin. From 1935 till date, this fund has had returns of 10.6% a year, which is about 3,600 times.

During the same period, Dow Jones Industrial Index (S&P 500 was started much later) is up 6.7% p.a., or 200 times.

It's easy to dismiss something like this as a fluke and active stock investors and MF professionals would like to do so.

The reason is that this fund has not needed a fund manager or even an equity analyst for 82 years and has charged very low expenses. It shows that over a long term, very high returns can be made without further action.

Once you select good stocks, no more action may be needed for long period. Should an equity investor try this kind of a buy-and-hold strategy? Of course, no individual can have 80-year horizon. However, buying carefully-chosen companies and then forgetting about it for a couple of decades is not a bad idea.

The best way for an investor to replicate such a strategy could be to invest in an index fund (or better, an ETF which is a lower cost equivalent) and then forget about it. Unlike the Voya fund, indexes are not static -- they are changed by stock exchanges when companies fall from or rise into significance.

However, it's a close enough approximation of the strategy and the past returns are there for all to see. An added advantage is that you can invest through a SIP and make the inherent volatility of stocks to work in your favour.

Whether you choose to buy stocks directly or through a passive fund, doing very little and letting time take care of things is a great strategy for making money.

Excerpts From :
The Economic Times
16th, September 2017

AVOID THESE 3 MISTAKES WHILE INVESTING THROUGH SIPS

Be realistic with your expectations from MF SIP. Do not lose track of your financial goals.

Mutual fund systematic investment plan (SIP) has become the 'sure-shot' answer to all investment needs, thanks to flourishing stock markets and dull performance of other asset classes such as bonds, gold and real estate. Many think that by signing up for an SIP in an equity mutual fund scheme, they will save money to achieve their financial goals. While the success stories want you to believe it, here are three scenarios wherein one may fail to achieve his financial goal even if he opts for an SIP in equity mutual funds.

Investing too small amount

Many investors want to go for SIP, but find it difficult to invest 'large' enough sum each month. Especially the first timers want to taste the waters with an SIP of Rs 1000 per month. Nothing wrong in that. Even Warren Buffett has warned us against testing the depth of waters with both feet.

"It is fine to start with a token amount, but once you become comfortable with the regular investments, it is time to raise the investment amount per month in line with your financial goals," says a distributor.

Let's understand with an example. If you want to save a sum of Rs 20 lakh over next ten years for the down payment of your dream home and you expect a return of 12 percent from your investments, you should be investing Rs 9000 per month. If you hang on to your SIP of Rs 1000, it will be of no help.

Try to use a SIP planner to understand how much money will you get with your existing SIP.

Picking wrong schemes

A lot of experts have written about picking the right schemes. However, there are still many who land in trouble when they pick their horses. Many a time, investors end up picking schemes based on their recent performance or bet on some sectoral fund without understanding the risk-reward involved. "Don't bet on sectoral funds in SIP. By the time you accumulate sizable chunk of investment, the sector may be out of favour," says a CFP.

Here's Why You Should Invest In Equity Mutual Funds

Instead stick to diversified equity schemes with long term performance track record. If you cannot choose the right schemes that cater to your needs, you can consider taking expert help. "Look for SIP returns and do not get swayed by point to point returns," a CFP adds.

Investing for very short time periods

Most of the times, investors are seen at two ends. Either they use some 'investment apps' on their mobile phone and sign in for a perpetual SIP or they end up signing for the minimum six months to 12 months SIP. If you have signed for a perpetual SIP, you are supposed to review the performance at least once a year.

In case you have signed for a one year SIP, you are expected to review it and extend it. If possible you should be ideally increase the SIP amount.

SIP done for short-term may not be of much help as you do not allow your money to compound. Longer your stay, more you mint. Let's understand this with an example.

Suresh invests Rs 5000 per month at 12 percent rate of interest for 10 years. He takes home a sum of Rs 11.09 lakh. Ramesh invests Rs 5000 per month at 12 percent rate of interest for 15 years and he takes home a sum of Rs 23.57 lakh. Here Ramesh invests 50 percent more money than Suresh, but he takes home more than double the money invested by Suresh.

Planning to invest in mutual funds? Here are 10 fund options to look at

Even if Ramesh does not invest after 10 years of monthly investment of Rs 5000 per month and let his money compound for five more years, he walks away with a sum of Rs 19.55 lakh at the end of the fifteenth year.

If you really want to see your money grow, you should be starting with your financial goals. Decide the amount you should be investing per month and then sign up for SIP in schemes that have a long-term track record. Be realistic with your expectations. Do review both your financial plan and your mutual fund SIP.

Excerpts From :
The Economic Times
16th, September 2017

SHRIRAM TRANSPORT FINANCE CO. LTD.

Fds rated "FAAA" by CRISIL

Fds rated "FAAA" by CRISIL

RATE OF INTEREST % p.a.

Period (Month)	Quarterly	Half Yearly	Yearly	Senior Citizen (60 Yrs+)
12	7.54	7.61	7.75	0.25 extra
24	7.63	7.70	7.85	0.25 extra
36	7.77	7.85	8.00	0.25 extra

MAHINDRA FINANCE

Fds rated "FAAA" by CRISIL

RATE OF INTEREST % p.a.

Fds rated "MAAA" by ICRA

Period (Month)	Quarterly	Half Yearly	Cumalative	Senior Citizen (60 Yrs+)
12	7.30	7.35	7.50	0.25 extra
18	---	---	7.50	0.25 extra
24	7.30	7.35	7.50	0.25 extra
36	7.35	7.40	7.55	0.25 extra

Fds rated "FAAA" by CRISIL

BAJAJ FINANCE LIMITED

Fds rated "FAAA" by CRISIL

RATE OF INTEREST % p.a.

Period (Months)	Monthly Income	Quarterly Option	Half Yearly Option	Annual Income	Senior Citizen (60 Yrs+)
12	7.35	7.39	7.46	7.60	0.25 extra
24	7.53	7.58	7.65	7.80	0.25 extra
36	7.58	7.63	7.70	7.85	0.25 extra

Fds rated "FAAA" by CRISIL

HDFC DEPOSITS

(FOR INDIVIDUALS & HUF)

Fds rated "FAAA" by CRISIL

RATE OF INTEREST % p.a.

Period (Months)	Monthly Income	Quarterly Option	Half Yearly Option	Annual Income	Senior Citizen (60 Yrs+)
*15 / 30	7.25	7.30	7.35	7.50	0.25 extra
22 / 44	7.30	7.35	7.40	7.55	0.25 extra
12 / 24 / 36	7.15	7.20	7.25	7.40	0.25 extra

*Only Cumulative

Please Check Company's Financials Before Investing In Fixed Deposits/NCDS

WHAT KIND OF AN INVESTOR ARE YOU?

Investments are not about the asset you invest in. They are about you. So, find out what your investor traits are:

PLAYING IT SAFE

TRAITS: You stay away from risk and rebalance your portfolio regularly. You invest mainly in Debt Securities.

YOU ARE A: Conservative investor. You try to avoid risk.

WHAT YOU STAND TO LOSE: Low-risk investments like Fixed Deposits (FDs) may not help you grow wealth.

THE UNBOTHERED

TRAITS: You assume a little risk and are satisfied with nominal returns. You invest mainly in Fixed-Income Securities like FDs, Bonds, and Debt Funds.

YOU ARE A: Defensive investor. All you want is peace of mind.

WHAT YOU STAND TO LOSE: Your investments give moderate returns but are not enough to grow your wealth.

THE FIGHTER

TRAITS: You assume substantial risk to grow your wealth. You invest majorly in equities.

YOU ARE AN: Aggressive growth investor. You seek attractive returns.

WHAT YOU STAND TO LOSE: Too much short-term Equity exposure can put your capital at risk.

THE PERFECT BLEND

TRAITS: You balance risk and returns by investing in Debt and Equity assets.

YOU ARE A: Balanced investor. You accept some Equity exposure with low risk.

WHAT YOU STAND TO LOSE: Despite having a well-diversified portfolio, you could lose out on returns in the long run.

Investors can also be grouped as follows:

THE FOLLOWER

You follow the 'Wherever you go, we follow' mantra. You base your portfolio decisions on what others say or do.

RISK AND RETURN: This can be risky as independent reasoning is crucial. You might not invest in a way that suits your unique goals or risk appetite.

MR. KNOW-IT-ALL

You base your investment decisions on careful study and analysis. You research religiously before investing.

RISK AND RETURN: You may benefit from market fluctuations. Consider offloading your tasks to an expert Mutual Fund (MF) manager too.

THE ADVENTUROUS SOUL

You look for new and different investment options. Your investment portfolio holds many different tools.

RISK AND RETURN: Before investing, weigh the risk and returns of each option. Ensure that it fits your needs.

THE PROTECTED ONE

Investment-linked and other insurance policies dominate your portfolio. You believe insurance is an investment.

RISK AND RETURN: Investment-linked insurance often generates lower returns than other investment options. A pure-protection term insurance is cheap and supports you during a financial crisis.

THE WANDERER

You invest as and when you fancy. Or, you invest whatever little you have left at month-end. You do not follow an investment plan.

RISK AND RETURN: If you are lucky, you might get good returns. But not having a well-defined investment plan can cost you in the long run. What next?

ALL THE WORLD'S A STAGE

You look beyond geographical boundaries while investing. You invest in assets around the world.

RISK AND RETURN: You diversify your risk across countries and continents. But too much exposure can be risky.

THE GOLD-LOVER

Your investment portfolio comprises mainly Gold and Real Estate. You avoid paper-based investments like Stocks and MFs.

RISK AND RETURN: Gold and property prices have not grown in the past few years. So, your returns are safe but could be limited. Build a well-balanced portfolio through MFs.

Excerpts from : UTI SWATANTRA : 29, August 2017

INDIAN MARKETS MAY NOT CRASH; ODDS FAVOUR RALLY

Robert Baur, chief global economist at Principal Global Investors , says Indian market valuations are high in part because earnings have not kept up with optimism in the market. But a pick-up in earnings is on the cards going ahead as benefits from reforms, such as demonetisation and Goods and Services Tax, come through. In an e-mail interview with Sanam Mirchandani, Baur says he doesn't expect Indian markets to crash despite the sharp rally this year. Edited excerpts:

The war of words between the US and North Korea is not showing any signs of ending. Are markets being complacent about the risks from North Korea?

The situation on the Korean Peninsula is clearly very serious. The problem for markets is that the probability of an extreme event in the area is likely very low, but if something did happen, the result would be dire. And it's very hard for investors to adjust a portfolio to fit that combination. So, markets are looking at that low probability, concluding that it won't happen and focusing on matters of higher likelihood or fact: robust global economic growth, strong profit gains, high confidence levels for both consumers and business in most of the world, rebounding capital spending, healthy consumer spending and rising international trade. This evidence suggests that equity markets have strong fundamental support and investors are focusing on that underpinning rather than a war of words with

North Korea. Market reaction got smaller with each missile launch, so the effect seems to be wearing off as investors believe there is only rhetoric and little interest in definitive action to match the rhetoric on North Korea's part. The US will likely only respond to real provocation, not threats. If actions heat up further, markets will surely begin to recognise that rising risk at some point.

Emerging markets have fared well this year. With US Fed set to trim its balance sheet, what will be the impact on EMs?

The rally in emerging markets was based on a weakening US dollar, rebound in commodity prices, continued very low interest rates and robust global growth that will likely continue well into 2018. The fall in the US dollar is over; long-maturity interest rates have likely also hit a trough and will see moderate upward pressure; and the commodity price rebound may be about to run out of steam. Thus, three of the four catalysts for emerging markets' outperformance are falling by the wayside. Continued outperformance by

emerging markets will be difficult as headwinds rise.

What is your outlook on the US dollar and subsequently flows into emerging markets?

The US dollar has likely bottomed and may strengthen slightly. The dollar weakened because of robust global growth, disappointment in the Trump administration's inability to get its fiscal stimulus and tax reform through Congress, and the recognition that the ECB was moving toward reducing its monetary accommodation, taking focus off the Fed's move in the same direction.The move in the US dollar has gone as far as those forces could push it.

Is the Indian equity market a buy at these levels or will it correct more? PE on the Indian market is high in part because earnings have not kept up with market optimism. Demonetisation, Goods and Services Tax and recognition of non-performing loans have hit business with uncertainty and slowed profit growth. Earnings should pick up as that uncertainty is reduced and the benefits from the changes come through. So, certainly no crash and the odds favour a further rally at least tactically.

Why are foreign investors selling Indian equities the most among emerging markets? Will the outflows continue?

Sales are likely because of slower growth and not as good earnings growth as forecast as well as better performance of other EM countries. If the EM rally slows down, which is likely, India might be come to be viewed more favourable, slowing the outflows.

When you look at India, what are the key risks?

One risk is political. If the current administration doesn't have enough political support, it can't carry out its reform agenda. So far, it has that support. Other risks are likely outside of India such as fast debt growth in China in excess of nominal economic growth may at some point cause financial problems in China that could spill over into emerging markets as well as India. Second, rising developed country long-term interest rates and a stronger US dollar could impair liquidity in India and other emerging markets and be a big headwind to growth. Third, though not likely this year or in 2018, a US recession and a slowdown in global growth would be another risk.

India's GDP hit a three-year low in the April-June quarter. Is that worrying you?

Not so much, as the recent slower growth is likely from the uncertainty surrounding demonetisation, the implementation of the GST and the recognition of potential loan losses and provisioning for them. Once the difficulties of adjusting to the new environment fade away, growth should pick up from its recent deceleration.

Excerpts From :
The Economic Times
26th, September 2017

WHY THIS IS A GOOD TIME TO INVEST IN EQUITY

LOW INFLATION

Inflation is at its lowest since 2012. Usually, people spend more when inflation is low. This helps companies make profits and the economy to grow.

LOWER INTEREST RATES

When inflation is low, the Reserve Bank of India (RBI) usually cuts interest rates to help the economy grow. This, too, encourages people to spend money.

IMPROVING CURRENT ACCOUNT DEFICIT (CAD)

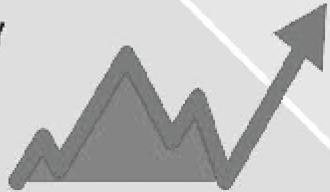
India's CAD is low today. This means India owes less money to the world. This helps shield the economy from negative global factors.

WIDER PROFIT MARGINS

When costs are low (due to low inflation) and people spend more, companies tend to make more profit. This can be measured by widening profit margins. Secondly, when companies sell more, they can cut costs by producing in bulk. This, too, helps widen profit margins.

EARNINGS RECOVERY

Stock markets rise when corporate profits grow. In the next few years, experts foresee profits and the economy to recover.



*This content was created exclusively for UTI Swatantra. Visit www.beswatantra.com for more information

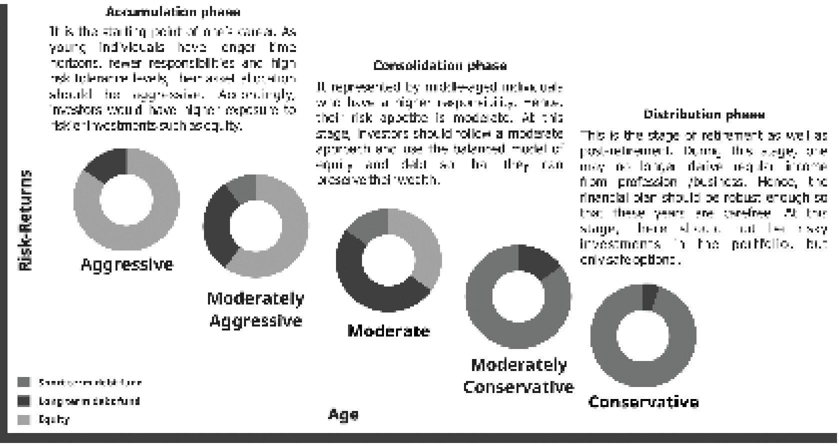
Excerpts From : The Economic Times
26th, September 2017

Plan For Your Golden Years With Mutual Funds

India is a young nation enjoying the gift of demographic dividend with its youth entering the workforce in large numbers. Young investors should have a high risk-taking appetite, but the asset allocation mix of our country is not in sync with the risk profile as bulk of household savings are put in banks' fixed deposits. Such a conservative approach is not prudent, especially for a long-term investment goal such as retirement planning.

Lifecycle-based investment – the ideal approach

The ideal approach for retirement planning is lifecycle-based investments viz., splitting retirement planning in three phase - accumulation, consolidation and distribution. As per lifecycle investing, asset allocation should be aggressive in the accumulation phase, moderate in the consolidate phase and conservative in the distribution phase. As the investor reaches retirement age, risk profile and asset allocation should change from aggressive (accumulation) to conservative (distribution).



For representation purpose only; asset allocation differs from case to case

Make retirement planning holistic via mutual funds

With a plethora of options in the mutual fund space, a portfolio suitable for each phase can be created in sync with investors' risk-return profile. For instance, equity mutual funds have returned over 21% p.a. in the past 15 years ended April 28, 2017 compared with market benchmark Nifty 50's 15%. It means Rs 1 lakh invested would have grown to around Rs 18 lakh during the period. In the debt space, mutual funds have different offerings for different needs. For instance, for liquid investments there are money market funds, for regular income there are accrual funds and for capital appreciation there are funds that do duration and credit play. Investors in debt funds also get benefits of indexation (which helps in lowering tax liability and improving post-tax performance) for a holding period of more than three years.

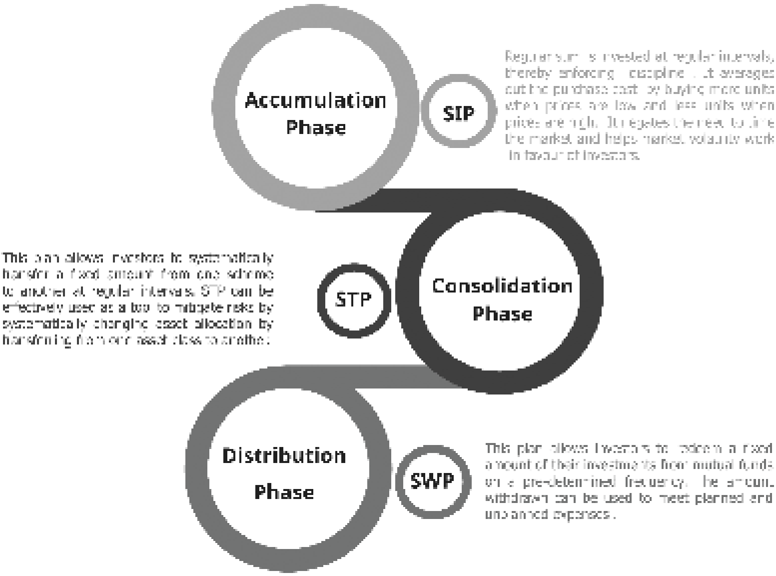
Table 1 - Performance of mutual fund categories across periods

Category	6 Months	1 Year	3 Years	5 Years	10 Years	15 Years
CRISIL – AMFI Equity Fund Performance Index	9.00	26.64	19.43	17.00	12.50	21.24
CRISIL – AMFI Hybrid Fund Performance Index	6.68	21.00	15.39	14.06	12.11	14.54
CRISIL – AMFI Debt Fund Performance Index	3.17	8.51	9.70	8.96	8.52	7.66
CRISIL – AMFI Money Market Fund Performance Index	3.42	7.47	8.21	8.58	7.94	7.21
Benchmark						
Nifty 50	7.71	18.56	11.22	12.29	8.57	15.30
CRISIL Balanced Fund – Aggressive Index	6.01	15.74	11.39	11.54	9.10	12.57
CRISIL Composite Bond Fund Index	2.04	10.12	10.99	9.26	8.02	7.07
CRISIL Gilt Index	1.53	9.95	11.44	9.73	8.43	7.69
CRISIL Short Term Bond Fund Index	3.40	8.71	9.18	9.05	8.31	7.28
CRISIL Liquid Fund Index	3.30	7.07	7.98	8.32	7.58	6.81

Returns below one year are absolute and over one year are annualised returns as of April 28, 2017. CRISIL – AMFI Equity Fund Performance Index consists of mutual fund schemes from diversified equity, large cap equity and small and midcap equity categories. CRISIL – AMFI Hybrid Fund Performance Index consists of mutual fund schemes from Monthly Income Plan (MIP) and Balanced Fund categories. CRISIL – AMFI Debt Fund Performance Index consists of mutual fund schemes from Income, Gilt and short term debt categories. CRISIL – AMFI Money Market Fund Performance Index consists of mutual fund schemes from liquid and ultra short fund categories.

Incorporate systematic features in retirement planning

In order to achieve the retirement goal seamlessly, investors can strategically use the systematic features of mutual funds. To meet the retirement goal, investors may start systematic investment plan (SIP) in equity funds in the accumulation phase to kick start the power of compounding, then use systematic transfer plan (STP) from equity to debt funds to preserve wealth and finally use systematic withdrawal plan (SWP) to enjoy the retirement kitty.



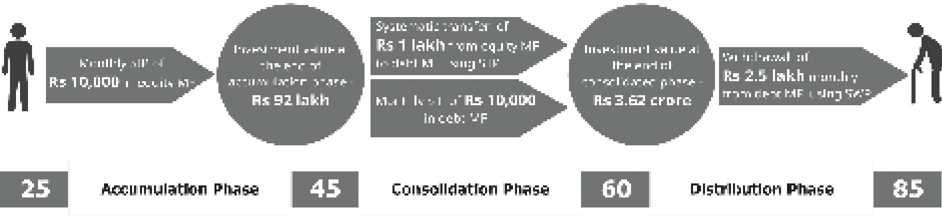
Case Study

A hypothetical case study shows how an investor can strategically use SIP, STP and SWP to build a sizeable retirement corpus.

A 25-year-old investor wants to build an ample retirement corpus till the age of 60 so that he can maintain his current lifestyle after retirement too. His key requirement is to get inflow of Rs 2.50 lakh post retirement, which is derived from his current expenses of Rs 30,000 after taking into account inflation of 6%.

Goal Assumptions

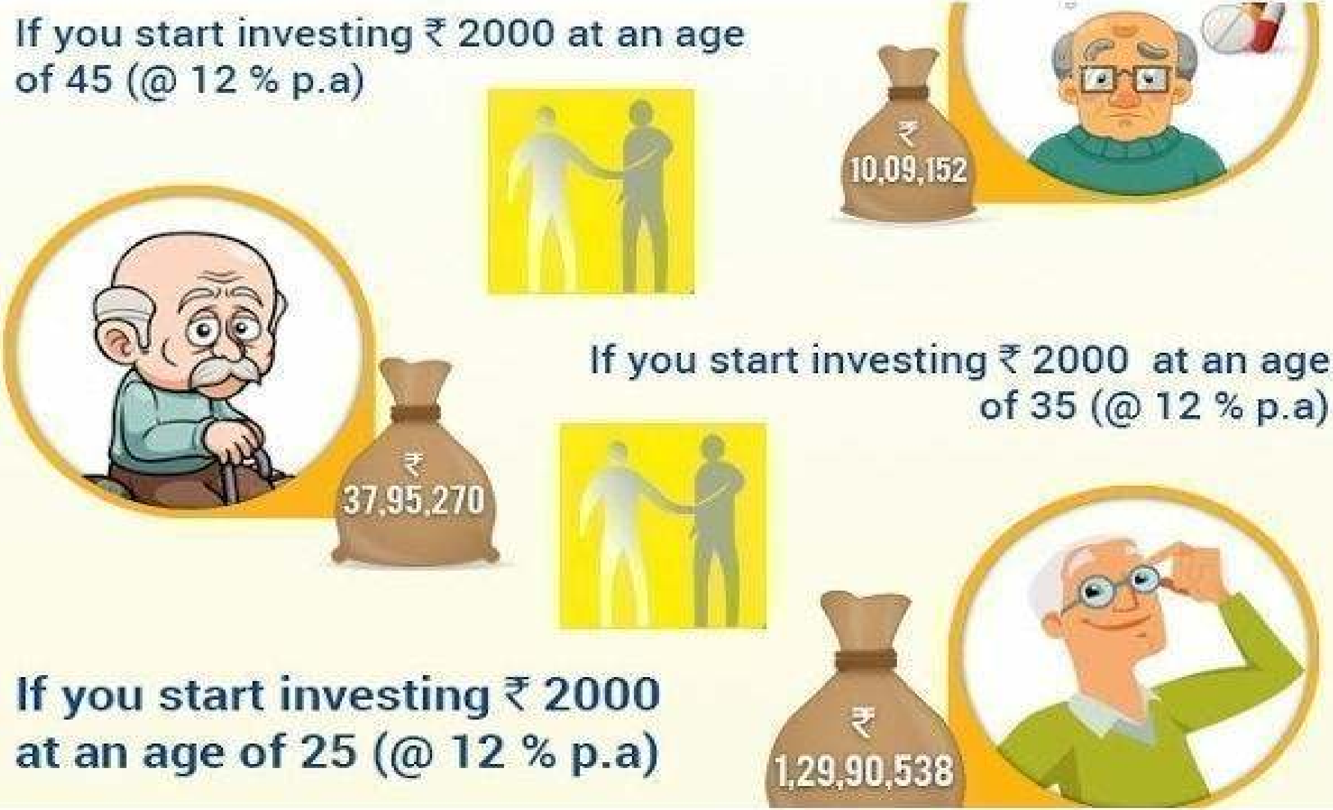
- Monthly income of Rs 2.50 lakh post retirement
- Equity and debt investment grows at 12% and 7%, respectively
- Equity exposure is systematically reduced to zero and portfolio becomes 100% debt by the age of 60 via STP



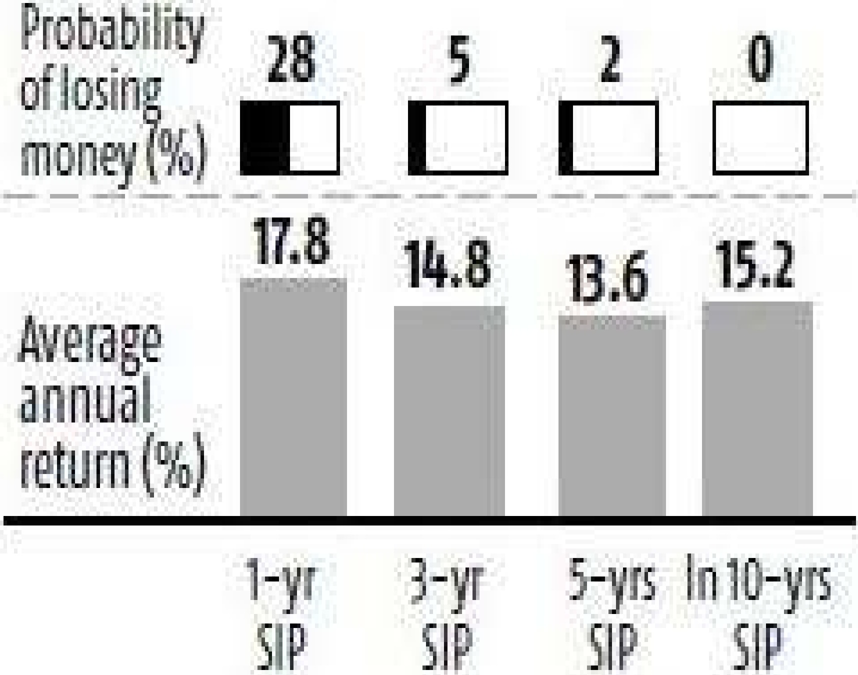
Mutual funds offer the best platform for retirement planning. You can allocate your corpus across various asset classes and opt for systematic features to make the process simple and seamless so that investors can enjoy their sunset years without a cloud of worries.

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

DELAY IN INVESTING FOR RETIREMENT



WHAT SHOULD BE THE TENURE OF YOUR SIP?



*Based on historical NIFTY returns from January 1995 to December 2016

Source: Mintwalk

Source: Business Standard, pg 9

Date: 25-9-17