TATA CAPITAL

Investment Advisory Services

INVESTMENT TRACKER

Apr - May 2018

From the Wealth Head Desk

Global trade war concerns took centre stage during the month after the US imposed trade sanctions on China, including restrictions on investments and tariffs on $60 billion worth of products. China retaliated by announcing a plan for reciprocal tariffs on 128 US products. On the other hand, the gradual tightening of global liquidity has also kept investors on edge. The US Federal Reserve raised its interest rates rate by 25 bps, the sixth rate hike since December 2015. The US Federal Reserve now projects three rate hikes in 2019 compared with the two projected earlier.

Coming to the domestic economy, the macro-economic indicators continue to paint a mixed picture. February CPI inflation (came in at 4.4%) was lower than RBI and market expectation, trade deficit narrowed, and growth indicators like GDP, industrial production and auto sales showed healthy growth. However, India's fiscal deficit for the Apr 2017- Feb 2018 period increased to Rs. 7.16 lakh crore which is 120% of the government's revised target for FY18. The fiscal deficit target for the current fiscal was revised at 3.5% from the earlier 3.2%; is the concern for the markets.

Equity markets have actually started losing momentum soon after the surprise announcement of Long Term Capital Gains (LTCG) tax in the Budget; caught both domestic as well as foreign investors by surprise. Rising crude oil prices, mixed macro data and also detection of frauds in public sector banks has led to downfall. While at the global level, faster tightening by US Federal Reserve amid global trade war tensions between US and China have impacted markets.

Going forward, we continue with our philosophy at TATA Capital to invest conservatively and tactically. Thus, accordingly, looking at the current market juncture, it's very important that investors maintain their asset allocation by taking adequate exposure into debt schemes. Considering the attractiveness of large-cap valuations over mid and small-cap, we suggest investing in large-cap schemes. Moreover, we would also suggest that new investors should use this correction as an entry opportunity, as we believe long-term fundamentals of the economy remains intact and we suggest investors to enter equities in a staggered manner and can also go through the SIP route. Conservative investors can park the funds in liquid scheme and enter through STP.

Indian Bond markets (10-year G sec) yields fell in March due to reduction in government borrowing for the next six months amid the RBI allowing banks to spread mark to market losses on bonds over four quarters. Moreover, the RBI's Monetary Policy Committee (MPC) turned dovish and reduced inflation forecasts; which further supported market sentiments. Accordingly, we continue to suggest accrual based funds and also suggest to look at investment in short term bond funds.

At TATA Capital, we always ensure that we give the right guidance to our clients for their investments by ensuring in-depth research of products as well as markets. We ensure to maintain highest service standards for all your investment requirements.

Dasvir Ankhi
National Head – Wealth Management, Distribution & Advisory
Tata Capital Financial Services Ltd.

Message from Advisory Desk

The war between world's top two major countries - US and China over trade tariff, has already hit investments and might result in economic slowdown, it has already severely impacted stock markets globally. And the US Federal Reserve signalled that it still expects to deliver two more before the end of the year; which has impacted the markets further. At the domestic level, India's fiscal deficit jumped to Rs 7.16 lakh crore at the end of February, which is 120% of the government's revised target for FY18. The fiscal deficit target for the current fiscal was revised at 3.5% from the earlier 3.2%. The target for FY19 has been set at 3.3% making changes to fiscal consolidation glide path.

Fears of a trade war between the US and China affected equities across the globe. While, the UK's central bank, the Bank of England, maintained the interest rate at 0.5%; while, the European Central Bank kept its policy rate unchanged at 0% and hinted at tightening the policy. The Bank of Japan kept monetary policy unchanged and maintained its upbeat view on the economy in its March meeting.

Bond markets rallied in March. The 10-year government bond yield fell 38bps during the month, to end at 7.30%. Bond markets traded with positive bias as headline inflation cooled off significantly for month of Feb which reduced fear of rate hike in near future. Moreover, bond yields fell further on the government's assurance that borrowings in the first half of FY2019 will be lower than expected, which if implemented would slightly ease the pressure on interest rates. However, persistent FII outflows from the debt segment after depreciation of the local currency and rise in crude oil prices; kept the bond yields under check. While, the RBI left the policy rates unchanged and surprised markets by lowering inflation projection and increased GDP growth forecast in its first bimonthly monetary policy review for FY19; has led a rally in bond markets. Going ahead, we expect bond yields to be volatile in the short term and accordingly; we continue to suggest accrual based funds and also suggest to look at investment in short term bond funds.

Indian equities maintained the downward trend for the second consecutive month; with Sensex and Nifty losing around 4% each in March. However, Sensex and Nifty ended FY2018 with gains of 11.3% and 10.25%, respectively. Domestic equities fell on rising concerns about the interest rate hike by the US Fed. Moreover, prospects of a global trade war, disappointing current account deficit and trade deficit numbers also dented sentiments. Some losses were capped due to release of strong domestic macros including rise in the industrial output and easing of inflation. Announcement of the lower-than-expected borrowing programme for the first half of fiscal 2019 also boosted sentiments. On the sectoral front, barring Consumer Durables; all the indices ended lower. A trend reversal was seen in Mar18, where FIIs turned buyers of Indian equities and bought worth Rs. 116.5bn after being net seller in the previous month. Mutual Funds continued to remain buyers with net inflows of Rs. 92.6bn in Mar18.

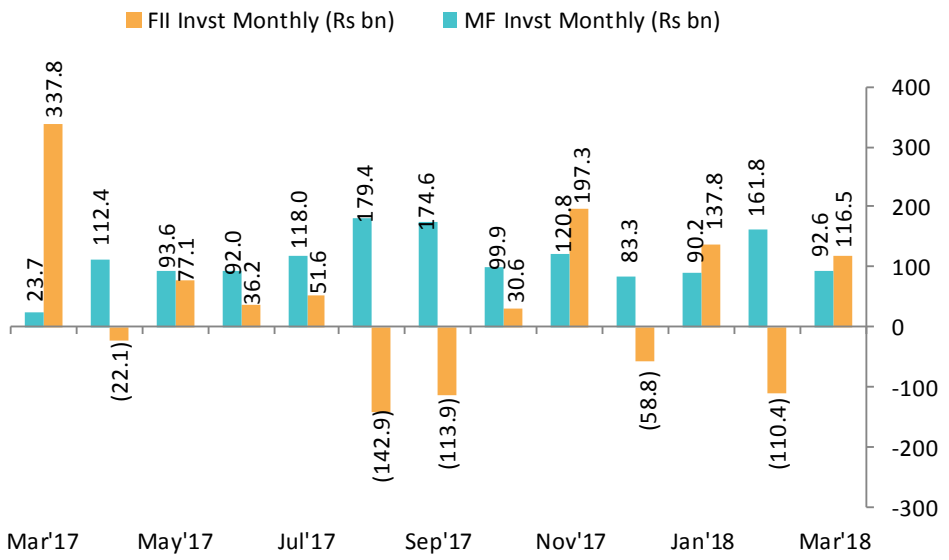
Thus, accordingly, looking at the current market juncture, it's very important that investors maintain their asset allocation by taking adequate exposure into debt schemes also. Considering the attractiveness of large-cap valuations over mid and small-cap, we suggest investing in large-cap schemes. Moreover, we would also suggest that new investors should use this correction as an entry opportunity, as we believe long-term fundamentals of the economy remains intact and we suggest investors to enter equities in a staggered manner and can also go through the SIP route. Conservative investors can park the funds in liquid scheme and enter through STP.

Equity Markets

Indian equity markets delivered negative returns for the second consecutive month. Market sentiment was primarily dented on tracking a sell-off in global equities amid rising concerns over a trade war between the US and China. Further decline was seen after the US Fed raised interest rates and maintained its view on three hikes this year. On the domestic front, disappointing current account deficit and trade deficit numbers weighed on the markets. However, downside was limited after the government announced lower-than-expected borrowing programme for the first half of fiscal 2019. Over the month, Sensex and Nifty fell by 3.6% each; while BSE Midcap index fell 3.6% and BSE Small-cap index lost 6.3%. On the sector front, barring Consumer Durables; all other sectors ended in red. The biggest loser was the Metal index; metal stocks witnessed heavy selling pressure due to imposition of import tariffs by the US on steel and aluminium from China and other countries.

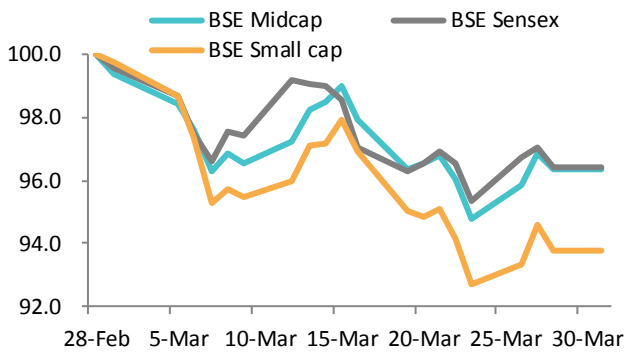
Equity markets – Performance

FII & Mutual Funds trends (Mar'18)

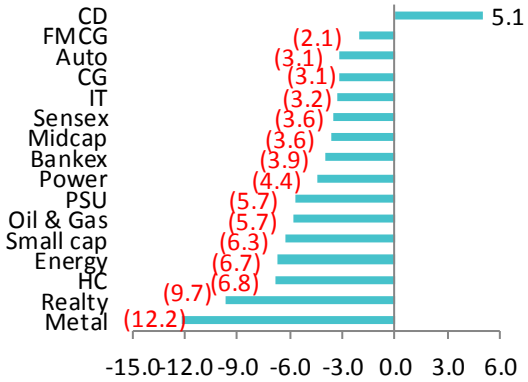


Source: SEBI and NSDL

Indices movement from 28th Feb'18 to 31st Mar'18 (prices rebased to 100)



Indices* movement between 28th Feb'18 to 31st Mar'18



*Source: BSE India, *S&P BSE Sectoral Indices*

Equity markets – Outlook

Indian equity markets have actually started losing momentum soon after the surprise announcement of Long Term Capital Gains (LTCG) tax in the Budget; caught both domestic as well as foreign investors by surprise. Mixed macro data and also detection of frauds in public sector banks has led to downfall.

While at the global level, faster tightening by US Federal Reserve, global trade war tensions between US and China and rising crude oil prices have impacted markets. These will still remain key datapoints to watch out for in the next financial year.

At the domestic level, upcoming state elections, GST collection revenue, quarterly corporate results, global crude oil prices, moderation seen in Mutual fund flows amid delays in NPA resolution and monsoon are some of the key domestic factors that the markets will keep a close eye on.

The market is expected to gain momentum in coming months and bounce back from the lows on expectations of good earnings numbers which will start kicking in the April. Though volatility is likely to rise and there is still uncertainty regarding how the US markets will unfold and the impact of trade wars if it heightens.

Thus, accordingly, looking at the current market juncture, it's very important that investors maintain their asset allocation by taking adequate exposure into debt schemes also. Considering the attractiveness of large-cap valuations over mid and small-cap, we suggest investing in large-cap schemes. Moreover, we would also suggest that new investors should use this correction as an entry opportunity, as we believe long-term fundamentals of the economy remains intact and we suggest investors to enter equities in a staggered manner and can also go through the SIP route. Conservative investors can park the funds in liquid scheme and enter through STP.

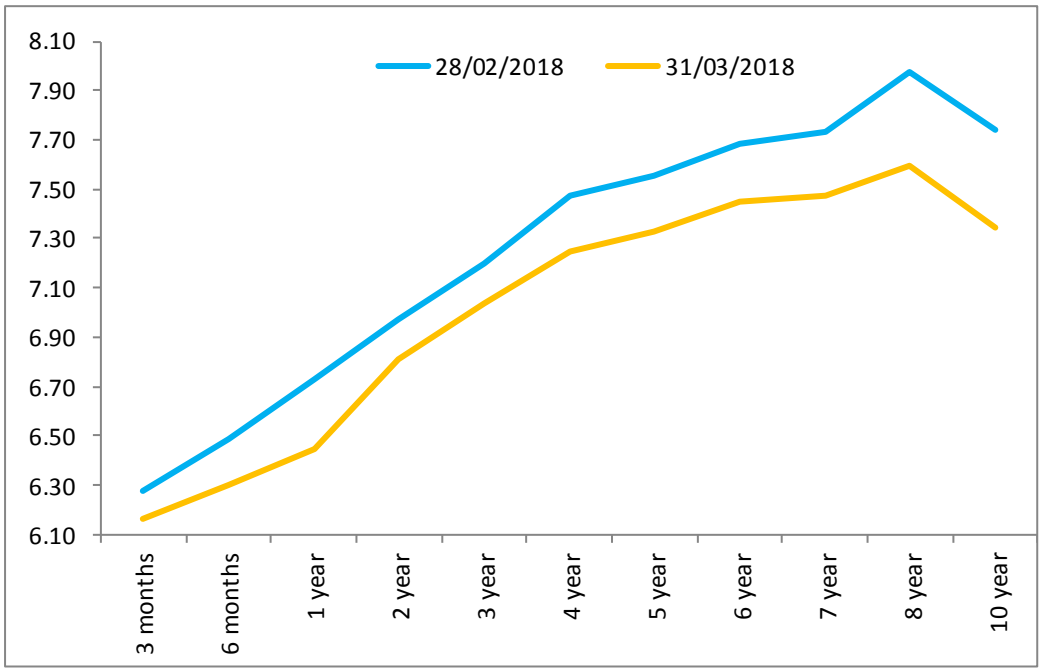
Debt markets - Key Influencers

Factors	Short term Outlook	Medium Term Outlook
Inflation	**Increase**	**Increase**
India's retail inflation eased for the second straight month in February but remained above the 4% medium-term target of the RBI. Retail inflation fell to a 4-month low of 4.44% in February on cheaper food articles and lower cost for fuel. On the other hand, the annual rate of inflation, based on monthly wholesale price index (WPI), continued to decline for the third consecutive month. Helped by a softer rise in food and fuel prices led to fall in India's wholesale inflation in February to 2.48%. Going forward, the central bank expects retail inflation to pick up to 5.1% to 5.6% in April-September before easing, assuming normal rainfall.		
Currency	**Neutral**	**Neutral**
The Indian rupee remained almost flat as against the US dollar in March by 0.1%. The local currency received support as sentiment for the dollar was dampened after the U.S. Fed decided to retain its projection of three interest rate hikes this year. However, rupee fell following upbeat U.S. economic data amid weakness witnessed in Indian equities. Moreover, rupee remained under pressure on concerns of a global trade war after the U.S. President decided to impose steep tariffs on imported steel and aluminium. Later, intermittent dollar sales by exporters prior to the end of the financial year prevented a sharper decline in the local unit.		
Monetary Policy	**Neutral**	**Neutral**
The RBI Governor Urjit Patel-led monetary policy committee (MPC) maintained status quo on repo rate - at 6% for the fourth time and retained its "neutral" stance, in its first bi-monthly policy review of 2018-19. The policy decision was in line with the market expectations. The RBI revised CPI inflation projection for 2018-19 to 4.7-5.1% in the first half of the financial year and 4.4% in the second half, including the HRA impact for central government employees, with risks tilted to the upside. However, the RBI chose to take a cautious path. There are plenty of uncertainties around the global trade such as hardening of crude oil prices, rising gold prices, the uncertainties surrounding the globe in the wake of trade wars and the U.S. Fed move on rate hike; have all combined to add up further to the policy challenges in the near term		

Debt markets – Performance

Indicators	28/03/18	28/02/18	Change
Domestic Indicators			
10-Yr G-sec (%)	7.30	7.68	38 bps
CP 1 Year (%)	7.80	8.15	35 bps
Corporate 5 Year (%)	7.77	8.07	30 bps
Overnight Call Rates (%)	5.25	6.05	80 bps
Five Year OIS (%)	6.05	6.00	5 bps
Libor 3 mnth (%)	2.31	1.98	33 bps
US Treasury 2 Yr. (%)	2.25	2.24	1 bps
US 10 Yr (%)	2.73	2.86	13 bps

G-Sec Yield Curve

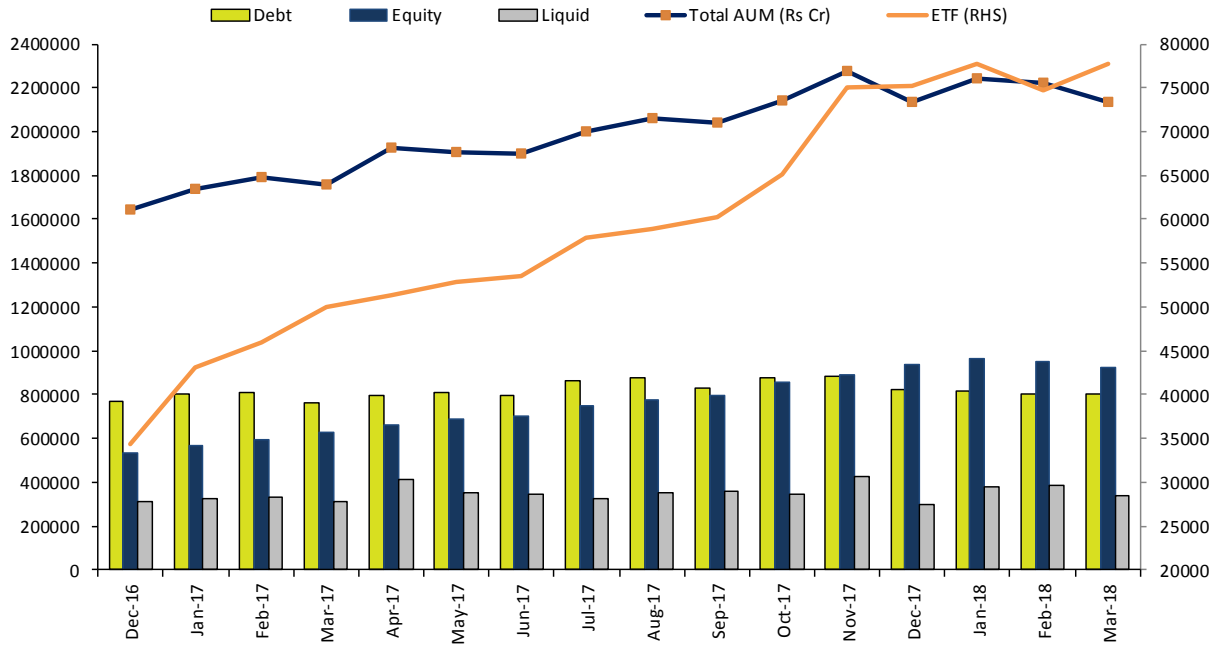


Debt markets - Outlook

Bond markets rallied in March. The 10-year government bond yield fell 39bps during the month, to end at 7.30%. Bond markets traded with positive bias as headline inflation cooled off substantially for month of February which subdued fear of rate hike in near future. Moreover, bond yields fell further on the government's assurance that borrowings in the first half of FY2019 will be lower than expected, which if implemented would slightly ease the pressure on interest rates. The government announced that India will sell bonds worth Rs. 2.88 trillion during Apr-Sep of 2018 accounting to only 47.56% of the government's budgeted fiscal-year borrowing, which is lower than 60%-65% in the last five years. However, persistent FII outflows from the debt segment after depreciation of the local currency and rise in crude oil prices; kept the bond yields under check. While, the RBI left the policy rates unchanged and surprised markets by lowering inflation projection and increased GDP growth forecast in its first bimonthly monetary policy review for FY19.

From a bond market standpoint, the policy has provided an additional momentum to the recent rally which we already saw last week. Given the RBI commentary which turned dovish; it seems there is no immediate fears of rate action. Though the RBI has lowered inflation forecast for FY18-19. However, it still believes the major risks to inflation are - rising crude oil prices, hovering around $70 dollars a barrel, looming global trade war, risks from slippages in government borrowing plans, hike in minimum support prices (MSP) for the summer-sown kharif crop for this year, and a below normal monsoon rains can; however, lead to rise in inflation. Accordingly, we expect bond yields to be volatile in the short term and accordingly; we continue to suggest accrual based funds and also suggest to look at investment in short term bond funds.

AUM Movement (Rs. in Crore)



The AUM of Debt category fell m-o-m. The AUM declined by 0.76% m-o-m. The AUM decreased from Rs. 8.06tn in Feb'18 to Rs. 7.99tn in Mar'18. Currently, the category accounts for 37.43% of the overall assets of the Indian MF industry. The fall in AUM was led by huge outflows witnessed in Liquid and Income and funds. The category witnessed net outflows of Rs. 0.55tn and Rs. 0.14tn, respectively during the month.

The inflows in equity mutual funds stood at Rs. 0.39tn in Mar'18, a 21% m-o-m growth. However, the outflows grew a significant 105% m-o-m to Rs. 0.36tn in Mar'18, which, consequently, led to an 80% m-o-m dip in net inflows to Rs.0.03tn during the month. The AUM of Equity category fell from Rs. 9.51tn in Feb'18 to Rs. 9.22tn in Mar'18. The AUM reflected a fall of 3.09% m-o-m.

The Liquid fund assets under management fell significantly during the period under review. It reduced by 13.36% m-o-m. The AUM fell from Rs. 3.87tn in Feb'18 to Rs. 3.36tn in Mar'18. It witnessed net outflows of Rs. 0.55tn during the month. The fall was on back of money redeemed by large institutions and corporates for the financial year end.

The total industry's AUM fell during Mar'18 by 3.80%, or Rs. 0.84tn m-o-m to Rs. 21.36tn as against Rs. 22.20tn seen in Feb'18. Overall, the industry witnessed net outflows of Rs. 0.51tn, largely on account of outflows seen in Liquid, Income and Gilt funds. On y-o-y basis, the total industry's AUM rose by 10.89%.

The other ETFs categories witnessed rise in its AUM m-o-m; it rose to Rs. 0.73tn in Mar'18 from Rs. 0.70tn witnessed in Feb'18. It rose by 4.35% m-o-m. While, Gold ETFs category fell by 0.50% for the month. The overall ETF category (Gold + Other ETFs) accounts for only 3.64% of the overall assets of the Indian MF industry in the month of Mar'18.

Investment Strategy

Model Portfolios

	Safe	Moderate	Growth	High-Growth
Cash	20%	15%	5%	5%
Liquid/Ultra Short Term MFs	• ICICI Pru Liquid Fund • L&T Liquid Fund • TATA Money Market Fund		• Aditya Birla Sunlife Savings • Kotak Low Duration Fund • HDFC FRIF-ST	
Debt	60%	50%	20%	5%
Debt MF	• L&T Income Opportunities Fund • IDFC Credit Opportunities Fund • UTI Income Opportunities Fund • Reliance RSF Debt Fund		• Reliance Corporate Bond • SBI Corporate Bond Fund	
Corporate Fixed Deposit	• Bajaj Finance Limited • HDFC Limited • Mahindra & Mahindra Financial Services		• Shriram Transport Finance • Dewan Housing Finance	
Bonds/NCDs	• Up to AA only As per availability		• Up to AA- As per availability	
Equity	20%	35%	60%	70%
Mutual Funds				
Large Cap Funds	• Aditya BSL Frontline Eq. • Kotak 50 • SBI Bluechip	• SBI Bluechip	• Kotak 50 • SBI Bluechip • Aditya Birla Top 100	
Diversified Funds	• Kotak Select Focus • DSPBR Opps.	• SBI Multi-cap • L&T India Value	• Kotak Select Focus • TATA Equity P/E • L&T India Value • SBI Magnum Multi-cap	
Midcap Funds		• Canara Emerging equities • HDFC Midcap Opps.	• L&T Emerging Business • Kotak Emerging Equity • HDFC Midcap Opps. • Canara Emerging equities	
Theme Funds			• Reliance Diversified Power Sector Fund • SBI Comma Fund • L&T Infra	
PMS			• Motilal Oswal IOP • Kotak Special Situations Value Strategy	
AIF	Nil	Nil	15%	20%
			• As per Availability	

Our Product Recommendations

Equity Mutual Funds - BUY Recommendations & Performance

Category	Absl (%)		CAGR (%)		Std. Dev.	Sharpe
Large Cap Funds	**6 Months**	**1 Year**	**3 Years**	**5 Years**	**1 Year**	**1 Year**
Aditya Birla Sun Life Top 100 Fund	0.4	8.4	8.5	17.2	6.5	2.2
Kotak 50	2.8	9.3	7.4	15.0	6.8	1.7
Motilal Oswal MOSt Focused 25 Fund	0.5	10.3	8.3	--	6.6	2.5
SBI Bluechip Fund	3.8	11.0	9.5	18.2	6.6	1.9
Mid and Small Cap Funds	**6 Months**	**1 Year**	**3 Years**	**5 Years**	**1 Year**	**1 Year**
Canara Robeco Emerging Equities	3.6	15.2	15.6	29.8	10.6	2.6
HDFC Mid-Cap Opportunities Fund	4.4	11.5	14.7	26.3	9.7	2.2
Kotak Emerging Equity Scheme	5.2	11.1	14.9	26.6	9.7	2.1
L&T Emerging Businesses Fund	8.4	27.6	22.8	--	11.1	3.6
Diversified Funds	**6 Months**	**1 Year**	**3 Years**	**5 Years**	**1 Year**	**1 Year**
DSP BlackRock Equity Opportunities Fund	2.5	11.0	12.4	20.3	8.7	2.2
Kotak Select Focus Fund	1.5	10.8	11.8	21.2	7.5	2.5
L&T India Value Fund	2.6	11.9	14.9	25.5	8.9	2.6
Mirae Asset India Equity Fund	1.3	12.5	11.4	20.7	7.4	2.7
Motilal Oswal MOSt Focused Multicap 35 Fund	3.1	15.7	15.7	--	8.0	3.0
SBI Magnum Multi Cap Fund	3.1	13.6	12.7	21.1	7.3	2.3
Tata Equity P/E Fund	1.9	14.7	14.3	24.1	8.7	3.0
ELSS Funds	**6 Months**	**1 Year**	**3 Years**	**5 Years**	**1 Year**	**1 Year**
Aditya Birla Sun Life Tax Relief 96	6.0	18.3	12.0	22.6	9.2	2.2
DSP BlackRock Tax Saver Fund	0.6	8.9	11.5	20.6	8.2	2.1
IDFC Tax Advantage (ELSS) Fund	6.4	22.6	12.0	21.8	10.1	2.7
L&T Tax Advantage Fund	12.4	32.7	17.4	25.3	10.5	3.6
Mirae Asset Tax Saver Fund	2.4	16.3	--	--	9.0	3.1
Reliance Tax Saver (ELSS) Fund	-2.7	6.5	6.2	22.2	10.5	2.0
Tata India Tax Savings Fund	1.5	14.2	12.3	--	9.6	2.2
Balanced Funds	**6 Months**	**1 Year**	**3 Years**	**5 Years**	**1 Year**	**1 Year**
DSP BlackRock Equity & Bond Fund	2.1	8.4	9.9	16.4	6.4	1.8
HDFC Balanced Fund	3.6	11.3	10.7	19.2	4.8	3.0
ICICI Prudential Balanced Fund	3.5	9.4	10.9	18.1	5.5	2.5
L&T India Prudence Fund	2.1	10.6	9.9	18.7	4.9	2.8
Reliance RSF - Balanced	1.8	12.3	10.6	17.5	5.1	2.9
Sectoral & Thematic Funds	**6 Months**	**1 Year**	**3 Years**	**5 Years**	**1 Year**	**1 Year**
Canara Robeco Infrastructure Fund	0.5	9.2	8.0	18.2	10.0	1.9
Kotak Infrastructure & Economic Reform Fund	1.4	10.2	10.7	21.8	10.0	2.1
L&T Infrastructure Fund	4.5	21.2	16.2	24.6	11.0	3.2
Sundaram Infrastructure Advantage Fund	3.7	15.4	10.7	18.2	12.5	2.1
Reliance Diversified Power Sector Fund	3.0	13.0	13.5	18.0	11.7	2.9
SBI Magnum COMMA Fund	1.4	10.1	16.1	15.6	10.1	2.4

New Entrants *Less than one-year absolute, CAGR returns more than one year, Returns as on 28 Mar 2018*

Equity Mutual Funds - HOLD Recommendations & Performance

Category	Absl (%)		CAGR (%)		Std.Dev.	Sharpe
Large Cap Funds	6 Months	1 Year	3 Years	5 Years	1 Year	1 Year
Aditya Birla Sun Life Frontline Equity Fund	0.4	8.4	8.5	17.2	6.5	2.2
ICICI Prudential Focused Bluechip Equity Fund	3.1	12.6	9.5	17.0	6.4	2.5
ICICI Prudential Top 100 Fund	1.5	6.0	8.9	16.3	7.8	1.9
Mid and Small Cap Funds	6 Months	1 Year	3 Years	5 Years	1 Year	1 Year
DSP BlackRock Small Cap Fund	4.7	8.2	16.5	33.4	11.3	1.8
Franklin India Smaller Companies Fund	5.4	14.1	15.3	30.2	9.2	2.2
Mirae Asset Emerging Bluechip Fund	0.9	11.8	17.6	30.2	10.7	2.5
Diversified Funds	6 Months	1 Year	3 Years	5 Years	1 Year	1 Year
Franklin India High Growth Companies Fund	3.9	9.0	8.2	22.3	8.7	1.9
IDFC Classic Equity Fund	3.6	13.1	10.7	15.7	7.5	2.7
Balanced Funds	6 Months	1 Year	3 Years	5 Years	1 Year	1 Year
Franklin India Balanced Fund	1.7	7.8	7.6	16.3	4.1	1.8
SBI Magnum Balanced Fund	4.3	12.6	9.0	17.7	5.4	1.9
Sectoral & Thematic Funds	**6 Months**	**1 Year**	**3 Years**	**5 Years**	**1 Year**	**1 Year**
SBI PSU Fund	-8.9	-4.9	5.7	7.7	14.6	1.1

Less than one-year absolute, CAGR returns more than one year, Returns as on 28 Mar 2018

Equity PMS Offerings

Sr. No	Name of the PMS	Fund Manager	Theme	Ticket Size	Suitable for	Our View
1	Tata Consumption[1]		Consumption related	25 Lacs	Growth & High-Growth	HOLD/BOOK PROFIT
2	Motilal Oswal NTDOP	Manish Sonthalia	Small and Mid Cap	25 Lacs	High Growth	HOLD/BOOK PROFIT
3	Birla Core Equity PMS	Vishal Gajwani, Natasha Lulla	Diversified	25 Lacs	Growth & High-Growth	HOLD/BOOK PROFIT
4	Motilal Oswal IOP	Manish Sonthalia, Mythili Balakrishnan	Small and Mid Cap	25 Lacs	High-Growth	BUY
5	Kotak Special Situations Value Strategy	Anshul Saigal	Diversified	25 Lacs	Growth & High-Growth	BUY
6	Birla Select Sector Portfolio (SSP)	Vishal Gajwani, Natasha Lulla	Diversified	25 Lacs	Growth & High-Growth	BUY
7	ASK Indian Entrepreneur Portfolio	Sumit Jain	Diversified	25 Lacs	Growth & High-Growth	BUY

1: Due to change in fund management, we suggest no fresh buying

Name of the PMS	Theme	Suitable for
Tata Consumption	**Consumption related**	**Growth & High-Growth**

Investment Strategy:
This thematic portfolio would have companies that have the ability to generate sustainable stakeholder value through their positioning to capture the transformational changes of the Indian economy on the basis of changing demographic profile, rapid urbanization and resilience of rural demand i.e. Indian consumption opportunities. Stock selection would focus on companies possessing long-term competitive advantage underscored by brand loyalty and which are continuously introducing products/ideas to create new markets.

Suitability:
On a fundamental basis, we believe that India is at an inflexion point as far as discretionary consumer spending is concerned. As the economy revives and GDP growth picks up, increase in the consumer disposable income is expected to drive growth in the consumption related sectors in India. The portfolio is suitable for Growth and High-Growth investors with an investment horizon of 3-5 years.

Model Portfolio Performance:	**1-Month**	**3-Month**	**6-Month**	**1 Year**	**3 Year**	**Since Inception (Dec'10)**
Consumption Portfolio	-1.34%	-0.64%	6.97%	26.98%	17.71%	19.51%
Nifty 50	-4.85%	2.60%	5.80%	18.17%	5.63%	7.69%

Returns <= 1 year: Absolute. Returns > 1 year CAGR, 28th Feb'18

Name of the PMS	Theme	Suitable for
Motilal Oswal NTDOP	**Small & Mid Cap**	**High-Growth**

Investment Strategy:
The Strategy aims to deliver superior returns by investing in stocks from sectors that can benefit from the Next Trillion Dollar GDP growth. It aims to predominantly invest in Small and Mid-Cap stocks with a focus on non-Nifty companies. The stock portfolio would consist of 20-25 scrips with individual stock allocation limit of around 10% for Mid-caps and 5% for Small caps.

Suitability:
This small & mid-cap focused portfolio strives to invest in companies from sectors which are poised to benefit from the GDP growth and the growth in the discretionary spending. The small and mid-cap spectrum of universe offer better valuations and therefore increased returns potential in this space albeit with a higher investment horizon and volatility. The strategy is therefore suggested to High-Growth investors with an investment horizon 5 years.

Model Portfolio Performance:	**3-Month**	**6-Month**	**1 Year**	**3 Year**	**5 Year**
Motilal Oswal NTDOP	-9.29%	-0.22%	10.72%	15.99%	30.27%
Nifty 500	-6.10%	3.63%	11.47%	8.50%	14.96%

Returns <= 1 year: Absolute. Returns > 1 year CAGR, 28th Mar'18

Name of the PMS	Theme	Suitable for
Birla Core Equity PMS	**Diversified**	**Growth and High-Growth**

Investment Strategy:
The PMS consists of 25-30 stocks selected from a multi-cap universe. The strategy followed is of value investing based on quantitative screeners supported by fundamental research. One of the most important tools used to identify growth industries and businesses at attractive valuations is the P-score (Piotroski – Score) methodology. P-Score measures the overall strength of the firm's financial position and the improvement (delta) in the financial position of the firm. The PMS offers a differentiation through an investment strategy that buys High P-score stocks and shorts Low P-score stocks within its universe.

Suitability:
The PMS has a multi-cap universe, with a mid & small-cap bias (around 65% in mid & small-cap currently). The strategy offers differentiation led by its selection methodology and proven track record due to its strong patronage in stringent policies and processes. The strategy is therefore suggested to Growth and High-Growth investors with an investment horizon 3-5 years.

Model Portfolio Performance:	**3-Month**	**6-Month**	**1 Year**	**3 Year**	**5 Year**
Birla Core Equity PMS	-9.20%	-0.40%	7.00%	13.00%	33.90%
Nifty 500	-6.10%	3.60%	11.50%	8.50%	15.00%

Absolute returns as on 28th Mar'18 till 1 year and annualized for greater than 1 year

Name of the PMS	Theme	Suitable for
Motilal Oswal IOP	**Small & Mid Cap**	**High-Growth**

Investment Strategy:
The Strategy aims to generate long term capital appreciation by creating a focused portfolio of high growth stocks having the potential to grow more than the nominal GDP for next 5-7 years across and which are available at reasonable market prices.

Suitability:
This small & mid-cap focused portfolio focuses to capitalize on three themes viz. Rise in Discretionary Spending, Make in India, and the Infrastructure Push by the government. The portfolio construction is done keeping in view these three key themes. The strategy is levered to the economic & manufacturing revival of India story. The strategy is therefore suggested to Growth & High-Growth investors with an investment horizon 5 years.

Model Portfolio Performance:	**3-Month**	**6-Month**	**1 Year**	**3 Year**	**5 Year**
Motilal Oswal IOP	-16.78%	-7.03%	4.79%	14.91%	22.90%
Nifty Free Float Midcap 100	-11.25%	3.58%	9.07%	13.00%	20.44%

Absolute returns as on 28th Mar'18 till 1 year and annualized for greater than 1 year

Name of the PMS	Theme	Suitable for
Kotak Special Situations Value Strategy	**Diversified**	**Growth & High-Growth**

Investment Strategy:
The main objective of this strategy is to generate capital appreciation through investments in equities with a medium to long-term perspective. This strategy invests in all listed equity and equity related instruments with emphasis on capturing Value and Special Situation opportunities.

Suitability:
This diversified portfolio with a mid & small cap bias would comprise 10-20 stocks having Nifty 500 as its benchmark. The portfolio strategy is a mix of value & special situation opportunities. The value strategy aims to identify companies trading at a discount to its intrinsic value and offer lucrative investment opportunities. The special situations strategy keeps an eye on the probability of occurrence of one or more corporate events, rather than market events. Such situations could include; Price Related situations, Merger Related situations, Corporate Restructuring such as spin offs, management change, asset sales etc. While the value strategy is expected to provide long term returns, the special situations strategy is likely to be used as a yield kicker to boost overall portfolio returns. The strategy is suggested for growth & high-growth investors from 3-5 year investment horizon.

Model Portfolio Performance:	**3-Month**	**6-Month**	**1 Year**	**3 Year**	**5 Year**
Kotak Special Situations Value 1	-10.07%	3.51%	12.51%	21.84%	33.39%
NIFTY 500	-6.10%	3.63%	11.47%	8.49%	14.95%

Absolute returns as on 28th Mar'18 till 1 year and annualized for greater than 1 year

Name of the PMS	Theme	Suitable for
Birla Select Sector Portfolio (SSP)	**Diversified**	**Growth & High-Growth**

Investment Strategy:
This portfolio endeavours to invest in companies which can double in the next 3 to 4 years on the back of high earnings growth while having lower downside on account of reasonable valuations. The strategy followed is of value investing based on quantitative screeners supported by fundamental research. One of the most important tools used to identify growth industries and businesses at attractive valuations is the P-score (Piotroski – Score) methodology. P-Score measures the overall strength of the firm's financial position and the improvement (delta) in the financial position of the firm.

Suitability:
The portfolio is concentrated of 15-25 stocks selected from a multi-cap universe; 80% of the portfolio is invested in 4-6 sectors. The portfolio owns companies that have high quality businesses with consistent growth/returns profile. The strategy offers differentiation led by its selection methodology and proven track record due to its strong patronage in stringent policies and processes. The strategy is therefore suggested to Growth and High-Growth investors with an investment horizon 3-5 years.

Model Portfolio Performance:	**3-Month**	**6-Month**	**1 Year**	**3 Year**	**5 Year**
SSP	-10.20%	7.20%	15.30%	17.10%	35.50%
Nifty 500	-6.10%	3.60%	11.50%	8.50%	15.00%

Absolute returns as on 28th Mar'18 till 1 year and annualized for greater than 1 year

Name of the PMS	Theme	Suitable for
ASK Indian Entrepreneur Portfolio	**Diversified**	**Growth & High-Growth**

Investment Strategy:
The concept invests into Indian entrepreneurs with adequate skin in the game who have demonstrated high standards of governance, vision, execution, wisdom, capital allocation and capital distribution skills. They run businesses that are amongst the highest long-term earnings growth. The portfolio identifies large and growing business opportunities. The strategy is to identify businesses with competitive advantage that are significant sized (min Rs.100cr of PBT) but not a large part of the opportunity which enables growth from both market share gains and growth of the opportunity size and can sustain for multiple years.

Suitability:
The portfolio is concentrated of 20-25 stocks selected from a multi-cap universe. The portfolio seeks to identify businesses at reasonable discount to value and stay invested for a length of time and make money as EPS compounds strategy. The portfolio is therefore suggested to Growth and High-Growth investors with an investment horizon 3-5 years.

Model Portfolio Performance:	**3-Month**	**6-Month**	**1 Year**	**3 Year**	**5 Year**
ASK Indian Entrepreneur Portfolio	-4.50%	3.70%	14.50%	10.70%	25.90%
BSE 500	-5.80%	3.80%	11.80%	8.50%	14.80%

Absolute returns as on 28th Mar'18 till 1 year and annualized for greater than 1 year

Recommended Fixed Deposits

Name of the FD	Credit Rating	Rationale	Interest Payout Options				
			Mthly	Qrtly	Half-yrly	Yrly	Cum
Bajaj Finance	FAAA	Bajaj Finance has a very strong patronage and is among the largest consumer and SME finance companies in India. Also, the company has delivered strong financial performance on a continuous basis. The credit of AAA indicates that the degree of safety regarding timely payment of interest and principal is very strong.	√	√	√	√	√
DHFL	FAAA	Diwan Housing Finance Company Ltd. (DHFL) is one of the premier institutes in mid-small segment Home Loan sector. With over three decades into the business, the company also has sound financials. CARE has recently revised DHFL fixed deposit rating from CARE AA+ (FD) to CARE AAA (FD) indicating highest safety.	√	√	√	√	√
HDFC	FAAA	Housing Development Finance Corporation ltd (HDFC) is one of the respected financial groups in India, started operation in 1977 and have wide network of more than 283 offices in India. HDFC has received "AAA" rating for its deposit products indicates highest safety from CRISIL and ICRA for consecutive 16 years	√	√	√	√	√
HUDCO	AAA	Housing & Urban Development Corporation Ltd. (HUDCO), incorporated in 1970, is a public sector company fully owned by Govt. of India for financing of housing and urban infrastructure activities in India. The company's FDs are rated AAA (ICRA), indicating high safety	×	√	√	√	√

Name of the FD	Credit Rating	Rationale	Interest Payout Options				
			Mthly	Qrtly	Half-yrly	Yrly	Cum
MMFSL	FAAA	Mahindra Financial Service Ltd (MMFSL), a subsidiary of Mahindra and Mahindra, is a deposit-taking, asset financing NBFC that provides financing for cars, tractors and commercial vehicles. The highest credit rating of 'AAA' by CRISIL, comfortable capital adequacy, and good pedigree are the key arguments for taking the exposure.	×	√	√	×	√
PNBHFL	FAAA	PNB Housing Finance Limited is a Non-Banking Financial Company Incorporated in the Year 1988 and provides long term housing finance for construction / purchase / repair & renovation of residential housed / flats to individual (resident and NRIs) and corporate. The company scores well on credibility, financials and has sustainable growth model.	√	√	√	√	√
Shriram Transport Finance	AAA/ AA+	Shriram Transport Finance Company (STFC) is India's largest asset financing non-banking financial corporation (NBFC) with over Rs 30,000 crore of assets under management (AUM). This FD scheme has been assigned a FAAA/stable rating by Crisil and an MAA+/stable rating by ICRA, indicating high level of safety.	√	√	√	√	√

Debt Fund Recommendations

Liquid Funds

Liquid fund is a category of mutual fund which invests primarily in money market instruments like certificate of deposits, treasury bills, commercial papers and term deposits having maturity of up to 91 days.

Recommended Schemes	Axis Liquid Fund	ICICI Pru Liquid Fund	Kotak Floater - ST	L&T Liquid Fund	Tata Money Market Fund
Corpus (Rs. Cr)	25142	35421	20259	13995	12755
Avg Maturity (Days)	34	37	33	33	36
7 days returns (percent)	10.26	11.20	10.18	9.15	9.95
1 mth Return (percent)	8.15	8.40	8.09	7.85	8.04
Asset Profile (percent)					
AAA/P1+	107	94	97	112	91
AA+/P1	0	0	0	0	0
Below AA+	0	1	1	0	0
Cash/Call/Others	-7	5	2	-12	9

Simple Annualized Returns as on 28 Mar '18, Portfolio as on Feb'18

Ultra-Short Term Funds

Ultra-short-term funds invest in fixed-income instruments which are mostly liquid and can have short-term maturities higher than 91 days.

Recommended Schemes	Aditya Birla Sun Life Savings Fund	HDFC FRIF STF	IDFC Ultra Short Term Fund	SBI Ultra Short Term Debt Fund
Corpus (Rs. Cr)	18918	18217	4824	10502
Avg Maturity (Days)	277	344	305	172
7 days returns (percent)	14.79	18.48	14.98	17.32
1 mth Return (percent)	11.51	12.73	11.53	11.50
Asset Profile (percent)				
AAA/P1+	59	79	72	83
AA+/P1	22	9	10	7
Below AA+	15	6	8	6
Cash/Call/Others	5	6	10	4

Simple Annualized Returns as on 28 Mar '18, Portfolio as on Feb'18

Short Term Funds

Recommended Schemes	Aditya BSL Short Term Fund	HDFC Short Term Opportunities	ICICI Pru STP	SBI Short Term Debt Fund	Tata Short Term Bond Fund
Corpus (Rs. Cr)	17961	10056	8813	7793	6276
Avg Maturity (days)	701	522	938	672	631
6 mth Return (percent)	5.17	5.63	4.28	4.69	4.10
1 yr Return (percent)	6.80	6.72	6.21	6.14	5.72
Asset Profile (percent)					
AAA/P1+	77	88	87	82	87
AA+/P1	16	4	1	5	0
Below AA+	2	4	5	9	0
Cash/Call/Others	5	5	7	3	13

Simple Annualized Returns as on 28 Mar '18, Portfolio as on Feb'18

Credit Risk Funds

Recommended Schemes	IDFC Credit Opportunities Fund	L&T Income Opportunities Fund	Reliance Corporate Bond Fund	Reliance RSF Debt Fund	SBI Corporate Bond Fund	UTI Income Opportunities Fund
Corpus (Rs. Cr)	1172	3559	8053	10606	5117	4139
Avg Maturity (days)	1011	836	1449	960	938	613
6 mth Return (percent)	4.18	5.19	4.43	5.70	5.01	5.61
1 yr Return (percent)	6.49	6.83	6.81	6.94	6.87	6.80
Asset Profile (percent)						
AAA/P1+	24	20	25	32	29	16
AA+/P1	25	13	12	14	9	10
Below AA+	45	50	57	49	56	55
Cash/Call/Others	6	7	5	5	5	19

Simple Annualized Returns as on 28 Mar '18, Portfolio as on Feb'18

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