Moderate Equity Portfolio – February 2019

Portfolio Commentary

The portfolio underperformed the benchmark by 99 bps as NIFTY ended almost flat compared to last month however mid and small cap indices lost more than 5%. Nifty due to 8-10 stocks upside movement held its ground however broader market continued its downside. The market remained volatile on the various global and domestic uncertainties such as Global trade issues, US FED actions, Br-exit, forthcoming general elections, fiscal concerns and tight liquidity for NBFC sector but reasonable valuations attracted some overseas and domestic investors. US FED indications for easy monetary policy and continued slowdown in Europe, China and Japan provide more opportunity to emerging markets including India receiving more fund flows as higher growth differential with developed economies keep these markets attractive. The market sentiment remain subdued as liquidity concerns continued to keep NBFC sector under pressure although situation has improved slightly amid recovering rupee, declining crude prices, moderating interest rates on the back of global and domestic clues.

The interim budget for FY 2019-20 was considered reasonably good as fiscal deficit for both FY18-19 & FY19-20 are estimated at 3.4%. The market fear was much worse being in election year the government was under pressure to spend more. This is in spite of INR 20,000cr and INR 75,000cr provided in FY18-19 & FY19-20 respectively for direct income support to small and marginal farmers. The other big relief was given to small tax payers with Income up to 5lakhs with zero tax liability.

The market are expected to remain volatile in the first half of CY 2019 on the back of forthcoming general election in India during April-May, concerns on fiscal deficit, liquidity in NBFC sector besides global risks like trade war, Br-exit, China slowdown, volatile crude prices with upward bias amid OPEC production cut triggering in January and Iran sanctions along with geopolitical concerns in the Gulf region may continue to weigh on the global markets. The India will still be fastest growing major economy in the world amid global slowdown fears and should result into higher foreign investors inflows. The Indian equity market continued to be supported by domestic investors with net equity inflows of INR 4,900cr in mutual fund schemes in January, 19 as investments continued through SIP by retail investors although FPI has meagre net outflows of around INR 500cr in the equity market. The December Q3 corporate results are reasonably good till now as banking sector has shown improvement both in asset quality and profitability amid tight liquidity conditions as declining interest yields, crude prices and recovering rupee provided some relief to the corporate during the quarter. The NIFTY ended flat in the month amid high volatility however broader indices with mid and small cap stocks lost over 5%. During first half of 2019 one need to be cautious however number of opportunities will be available for long term investors with attractive valuations in quality stocks amid higher volatility. The stocks in consumption, infrastructure and rural theme besides IT and Pharma are expected to perform better and corporate banking stocks may surprise the markets on positive side going forward as the regulatory concerns ebbing and NPA cycle seems to be near its end. The portfolio stocks generally performed in line with market with Axis Bank and Reliance Industries going up by more than 9% with IDFC Bank and Yes bank ended up by more than 4% while L&T Finance, Mahindra CIE, L&T, M&M, Engineers India and Jain Irrigation down by more than 8%. The earnings are expected to improve in FY2019-20 and should drive the markets going forward. We expect equity market to be positive in medium to long term and outperform various other asset classes however return expectations has to be muted. We are holding around 8% cash in the portfolio.

Moderate Equity Portfolio – February 2019

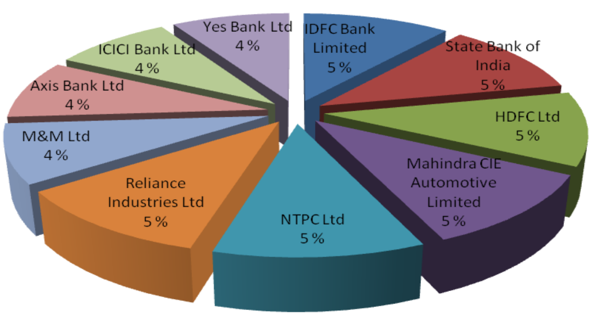
Portfolio Snapshot

Portfolio	Moderate
Objective	Capital Appreciation
Relative Risk Profile	Medium
Time Horizon	Long
Focus	Growth Stocks
Benchmark	BSE 200

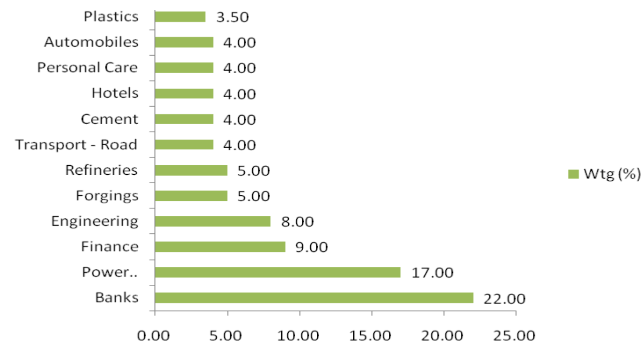
Portfolio Strategy

This portfolio will invest predominantly in large and midcap companies. The focus will be on stock selection upcoming businesses and in high growth sectors. The portfolio will be managed with lower portfolio turnover and it may also take small exposure to cash or short term debt, whenever felt necessary.

Top 10 Equity Holdings



Sector Holdings (%)



Portfolio Performance (%)

Portfolio	1 Month	3 Months	6 Months	1 Yr (XIRR)	3 Yrs (Annualized)	S.I (Absolute)
Moderate	-2.41	2.15	-6.71	-7.67	10.5	91.76
S&P BSE 200	-1.42	3.32	-5.69	-3.86	9.54	83.63

Note: Performance of scheme is calculated for live accounts only

Concentration Analysis

Portfolio	Top 10 Holdings	Top 15 Holdings	Scrip with Highest Exposure	Total No. of Scrips
Moderate	46.00%	66.00%	5.00%	21

Portfolio returns are absolute (point to point) and net of all fees and charges calculated on weighted average method. The above returns are calculated on NAV basis and are based on the closing market prices as on 31st January 2019. Individual returns and holdings of Clients under the Portfolio may vary significantly from the performance and holdings of the Model Portfolio given above. Past performance may or may not be sustained in future. Please refer to the disclosure document for further information. ** Inception Date: 29/12/2009*