

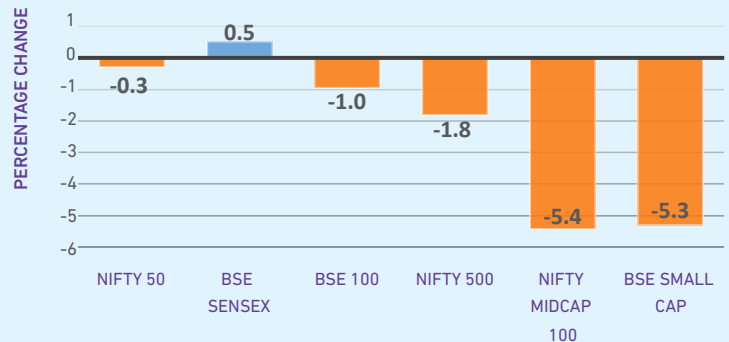
MONTHLY MARKET INSIGHT

JANUARY 2019

Market Indicators	Returns (%)			
	6M	1Y	3Y	5Y
Nifty 50	-4.6	-1.8	12.7	12.2
BSE Sensex	-3.6	0.8	13.4	12.1
BSE 100	-4.9	-3.2	13.0	12.7
Nifty 500	-6.7	-7.2	12.4	13.8
Nifty Midcap 100	-10.4	-18.7	10.6	17.5
BSE Small Cap	-16.0	-25.6	8.6	17.3
Prices of Gold	11.5	9.5	7.6	2.2
CRISIL Aggressive	-1.9	0.2	12.2	13.2
CRISIL Conservative	3.2	5.0	8.8	10.1

Performance as on Jan 31, 2019
Returns over one year are annualised

MARKETS LAST MONTH

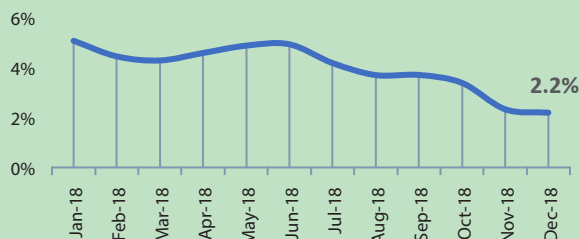


THE NEWSMAKERS

- Markets traded flat-to-negative, reacting to macro developments.
- Consumer price inflation slipped to an 18-month low of 2.2% in December 2018 against 2.3% in November 2018, on the back of lower food prices. Wholesale price inflation also fell to an 8-month low of 3.8%.
- The index of industrial production grew at its slowest pace in 17 months at 0.5% in November. This was the outcome of an unfavourable base effect and contraction in manufacturing.
- Brent crude gained 13% in January, despite surging output in US and Russia. Saudi Arabia's production cuts, optimism regarding US-China talks, and US sanctions on Venezuelan oil were major drivers of oil prices. The rise in crude prices hurt the rupee and mixed signals from other global events kept it volatile.
- Global uncertainty weighed on markets early in the month, with US markets struggling on the back of pessimistic earnings forecasts, a manufacturing slowdown, the US government shutdown, and a reduction in IMF's forecast for global growth.
- Relief came later in the month, on commentary that the US Federal Reserve would reduce rate hikes and the temporary reopening of the US Government.
- The Interim Budget of 2019 included a string of measures to provide relief to taxpayers and rural sector as well as a lower-than-expected fiscal deficit target.
- While this sparked off a brief surge in stock markets, bond yields rose over concerns that sops announced could lead to increased government borrowings. Bond yields had been falling as rate cut expectations intensified.

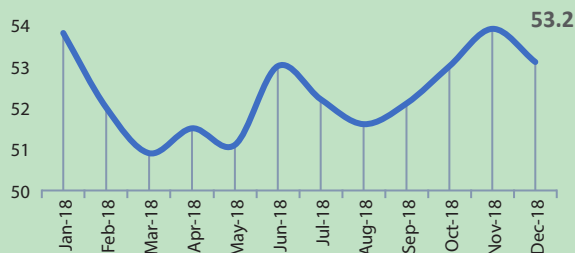
MACRO TRENDS

Consumer Inflation



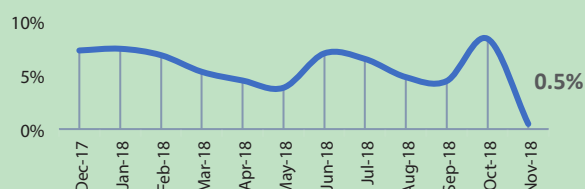
Source: MOSPI and Markit Economics

Nikkei Manufacturing PMI



Source: MOSPI and Markit Economics

Index of Industrial Production Growth



Source: MOSPI and Markit Economics

HOW FUNDS HAVE PERFORMED

EQUITY-ORIENTED FUND RETURNS (%)

	1Y	3Y	5Y
Large-Cap	-5.1	11.3	13.9
Large & Mid	9.7	12.1	16.6
Multicap*	-8.9	12.1	16.4
ELSS	-8.6	12.0	16.1
Mid-cap	-13.1	10.5	19.4
Small-cap	-21.1	10.6	21.3
Hybrid Aggressive	-5.3	10.3	13.5

* Includes Value, Dividend Yield and Focused funds

DEBT-ORIENTED FUND RETURNS (%)

	6M	1Y	3Y
Hybrid Conservative	0.3	1.3	7.5
Medium duration	3.1	5.7	7.5
Dynamic Bond	3.9	5.8	7.2
Credit Risk	2.4	5.2	7.2
Short term [#]	3.6	6.4	7.2
Ultra-short term ^{\$}	3.6	7.1	7.4
Liquid	3.3	6.9	6.9

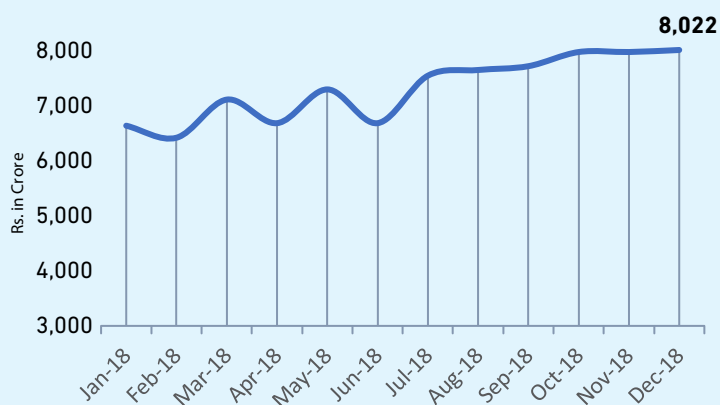
[#] includes short duration and banking & PSU funds

^{\$} includes low duration, ultra-short duration, money market and floater funds

Average returns for each category as of Jan 31, 2019.

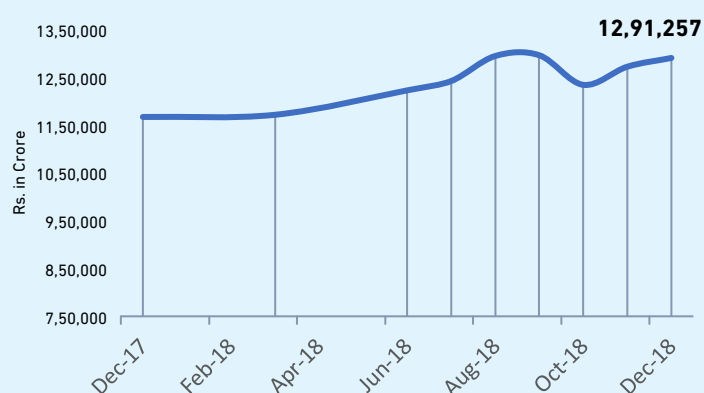
Returns over 1 year are annualised.

Industry SIP Inflows over the last 12 months



Source: AMFI

Total Retail and HNI AUM



WHAT OUR RESEARCH TEAM IS SAYING

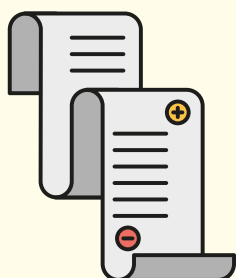


FundsIndia Views: 2019 – Equity and debt outlook

Both equity and debt markets exhibited volatility in 2018. What does 2019 have in store?

- With general elections taking centre stage this year, equity markets may continue to be volatile pre-elections
- Post-elections, earnings and macro factors may see a positive shift
- On the debt market front, we may enter a rate pause scenario making short-medium term funds more attractive
- Abnormally high short-term rates may ease, as a rate cut cannot be ruled out

[Read the detailed outlook & its reasoning here](#)



Budget 2019 - How it affects your taxes

The much-celebrated interim budget had a number of proposals which may impact your tax outgo in the upcoming year. Here are some major ones:

- Rebate u/s 87A of the income tax act increased from Rs.2,500 to Rs.12,500
- Standard deduction for salaried individuals increased from Rs. 40,000 to Rs.50,000
- Second self-occupied house property will be tax-free
- Exemption u/s 54 extended to two houses up to Rs.2 crore

[Read the full article here](#)

Past returns are not indicative of future performance.

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