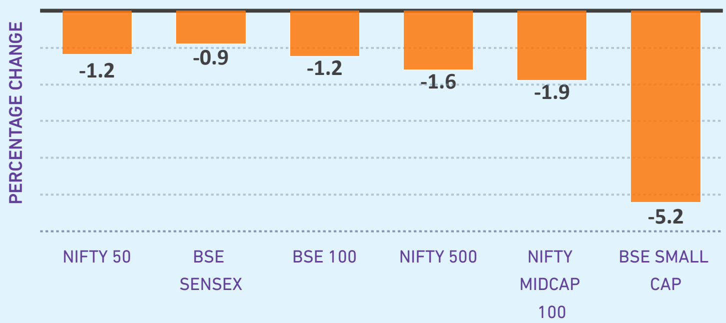
FUNDSINDIA ADVISOR
Connect & Grow

MONTHLY MARKET INSIGHT JUNE 2019

Market Indicators	Returns (%)			
	6M	1Y	3Y	5Y
Nifty 50	8.6	11.3	13.2	9.4
BSE Sensex	9.2	12.4	14.1	9.4
BSE 100	6.8	9.7	12.9	9.3
Nifty 500	5.5	6.9	12.2	9.7
Nifty Midcap 100	-0.8	-1.1	9.4	10.2
BSE Small Cap	-2.5	-9.5	7.3	7.3
Prices of Gold	7.6	11.3	3.4	3.9
Nifty Aggressive	8.0	12.5	12.4	10.3
Nifty Conservative	6.1	11.8	8.9	9.2

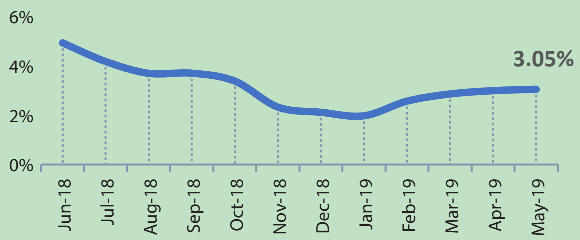
Performance as on Jun 28, 2019
Returns over one year are annualised.

MARKETS LAST MONTH

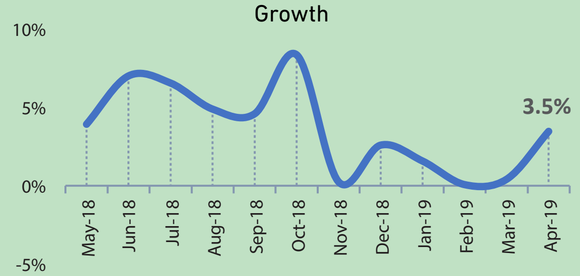


MACRO TRENDS

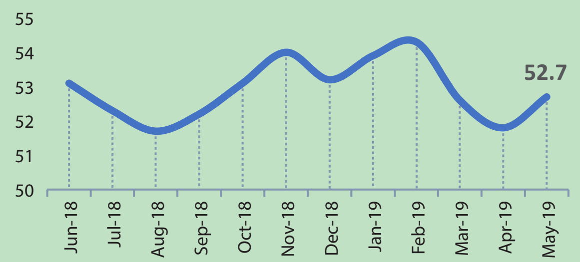
Consumer Inflation



Index of Industrial Production Growth



Nikkei Manufacturing PMI



Source: MOSPI and Markit Economics

THE NEWSMAKERS

- After a post-election rally, markets entered correction mode in June, with global events playing a part in the heightened uncertainty in markets
- Markets worldwide eased as a dovish **US Federal Reserve left rates unchanged** and hinted at rate cuts down the line. The euphoria was short-lived, however; continuing US-China tensions and a tussle between the US and Iran after an attack on a Japanese oil tanker, kept global sentiments subdued.
- In its third **bi-monthly monetary**, RBI cut the benchmark repo rate by 25 basis points to 5.75%. RBI also changed its stance from neutral to accommodative.
- The **Nikkei Services PMI** fell to a 1-year low of 50.2, indicating a slowdown in the services sector. The **Manufacturing PMI**, on the other hand, rose to 52.7, spurred by an improvement in output.
- **GST collection** was slightly over ₹1 lakh crore in May, up 6.7% from May 2018. This is still below what is needed to avoid compensating states for revenue losses.
- **CPI** inflation rose to a seven-month high of 3.05% in May 2019 from 2.99% in April, led by rising food prices.
- **Index of Industrial Production** (IIP) grew at a 6-month high of 3.4% in April after a contraction of 0.1% in March.
- India slapped **higher tariffs** on 29 US products in June. The move was announced after the U.S.'s imposition of higher import tariffs on Indian aluminium and steel. The two countries are in talks to reach a favourable agreement.

HOW FUNDS HAVE PERFORMED

EQUITY-ORIENTED FUND RETURNS (%)

	1Y	3Y	5Y
LargeCap	9.4	11.8	10.4
Large & Mid	6.9	12.1	12.0
Multicap*	6.0	12.0	11.2
ELSS	6.4	12.1	11.4
Midcap	1.7	9.9	12.2
Smallcap	-2.8	9.5	13.1
Hybrid Aggressive	6.2	10.2	10.0

** Includes Value, Dividend Yield and Focused funds*

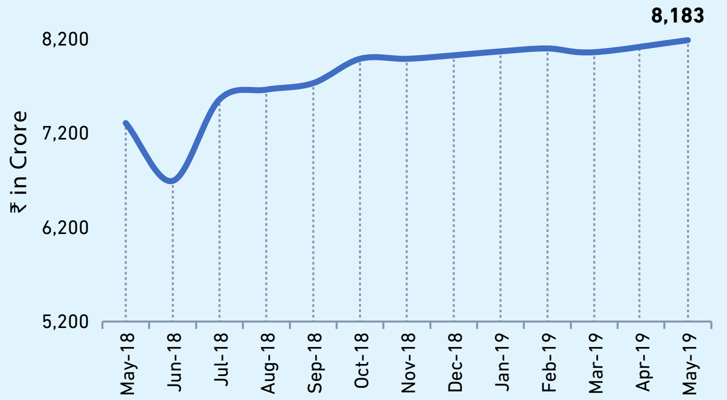
DEBT-ORIENTED FUND RETURNS (%)

	6M	1Y	3Y
Hybrid Conservative	3.1	5.8	6.9
Medium duration	2.5	6.1	7.0
Dynamic Bond	4.1	8.9	7.1
Credit Risk	0.4	3.9	6.2
Short term#	3.1	7.1	6.8
Ultra-short term$	2.8	6.4	6.8
Liquid	3.5	6.8	6.8

 # includes short duration and banking & PSU funds
$ includes low duration, ultra-short duration, money market and floater funds

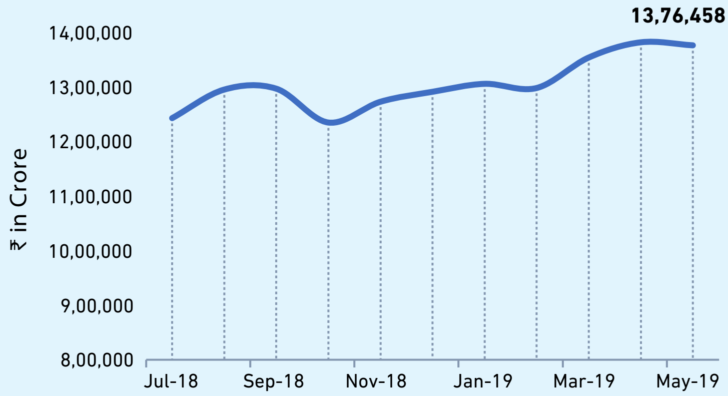
Average returns for each category as of Jun 28, 2019.
Returns over 1 year are annualised.

Industry SIP Inflows over the last 12 months



Source: AMFI

Total Retail and HNI AUM



Source: AMFI

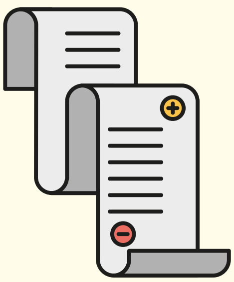
WHAT OUR RESEARCH TEAM IS SAYING

Conservative Hybrid Vs. Equity Savings for 1-3 years

For investors looking to invest money in mutual funds with a time-frame of 1-2 years, there are primarily two options – conservative hybrid funds, and equity savings funds. So, what differentiates these funds?

- Conservative hybrid funds invest mostly in debt while equity savings funds hedge their equity holdings
- Conservative hybrid funds generate higher returns, but are also more volatile
- Equity savings funds offer a significant tax advantage for investors in the 30% tax bracket

Read on to find out more



Children's education – why your clients to have a plan

Aspirations of children and parents with regard to higher education have changed over time. Many students prefer to go abroad to study. This, often leaves parents saddled with huge loans they cannot afford to repay. So how do your clients ensure quality education for their children without compromising their own lifestyle?

- Start saving early and use equity instruments
- Avoid prioritizing saving for a grand wedding and invest in a child's education
- Avoid locking in their money in long term products like PPF and or ULIPs