

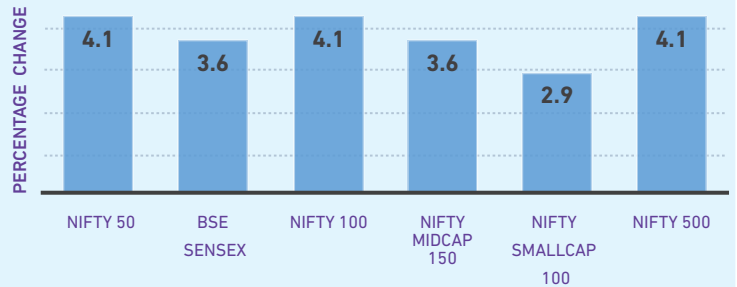
MONTHLY MARKET INSIGHT

SEPTEMBER 2019

Market Indicators	Returns (%)			
	6M	1Y	3Y	5Y
Nifty 50	-0.5	6.3	11.5	8.9
S&P BSE Sensex	0.8	8.0	12.9	9.2
Nifty 100	-0.7	5.7	11.0	9.4
Nifty 500	-2.5	3.7	9.4	9.1
Nifty Midcap 150	-8.4	-2.5	5.9	10.6
Nifty Smallcap 100	-15.4	-8.1	-2.1	3.5

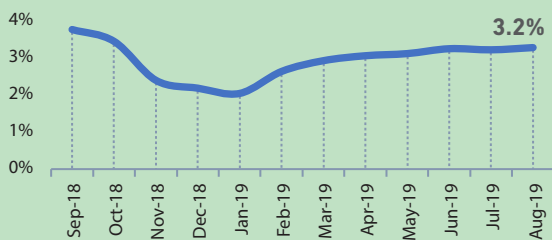
All indexes are TRI
Performance as on Sep 30, 2019
Returns over one year are annualised

MARKETS LAST MONTH

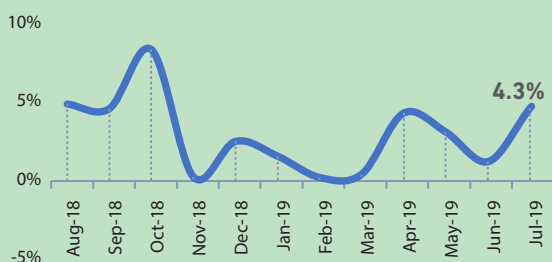


MACRO TRENDS

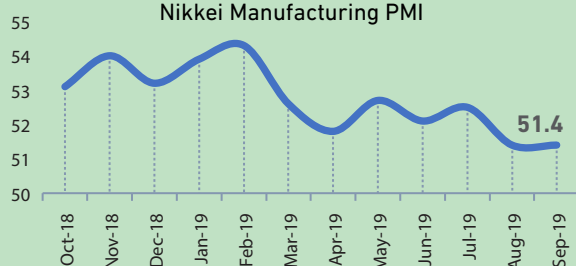
Consumer Inflation



Index of Industrial Production Growth



Nikkei Manufacturing PMI



THE NEWSMAKERS

- **Indian markets rallied** led by the announcement of **major corporate tax reforms** by the government.
- India's factory production (**Manufacturing PMI**) **remained unchanged** in Sep-19 at 51.4 led by muted demand conditions both domestically and globally.
- **GST collection came below ₹1 lakh cr** in **Aug-19**, lower than ₹1.02 lakh cr in Jul 2019. This is the second time during the year that the GST collection has slipped below the 1 lakh cr mark.
- **CPI inflation increased marginally** to **3.2%** in Aug 2019 from 3.1% in June. This was due to the rise in food prices.
- **CPI inflation dropped marginally** to 3.15% in July 2019 from 3.18% in June. Food inflation has continued to remain benign.
- **Index of Industrial Production (IIP) improved** to **4.3%** in Jul-19 vs downward revised 1.2% in Jun-19. The pickup in growth was driven by the manufacturing and mining sectors.
- Political uncertainty in the US following the launch of an **impeachment inquiry** on the **US President Donald Trump** weighed on most global equities.

HOW FUNDS HAVE PERFORMED

EQUITY-ORIENTED FUND RETURNS (%)

	1Y	3Y	5Y
LargeCap	4.3	7.0	8.8
Large & Mid	4.8	7.6	9.6
Multicap*	3.5	7.2	8.8
ELSS	4.0	7.6	8.9
Midcap	1.7	4.8	9.3
Smallcap	-2.4	4.0	9.3
Hybrid Aggressive	4.5	5.9	7.3

* Includes Value, Dividend Yield and Focused funds

DEBT-ORIENTED FUND RETURNS (%)

	6M	1Y	3Y
Hybrid Conservative	0.7	5.1	4.7
Medium duration	-1.9	2.4	4.3
Dynamic Bond	3.8	9.5	6.0
Credit Risk	-2.3	1.1	3.9
Debt Short term [#]	1.8	6.8	5.9
Debt Ultra-short term [§]	1.31	5.2	5.9
Liquid	3.2	7.0	6.7

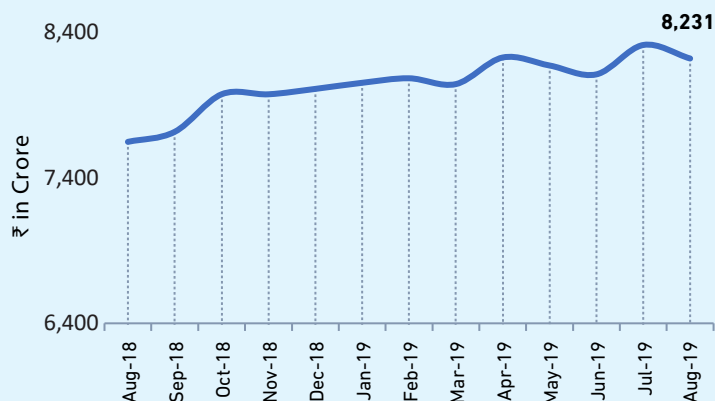
[#] includes short duration and banking & PSU funds

[§] includes low duration, ultra-short duration, money market and floater funds

Average returns for each category as of Sep 30, 2019.

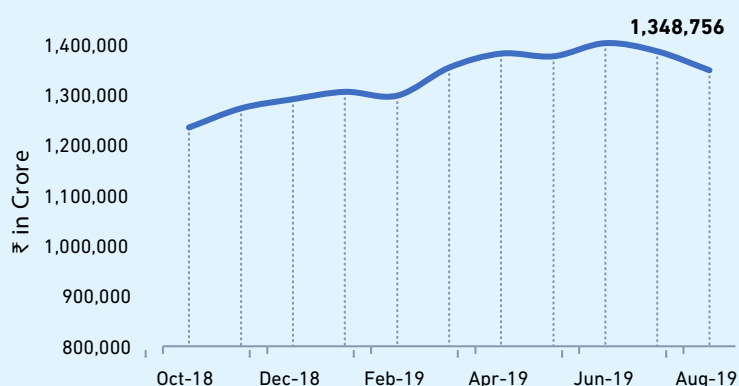
Returns over 1 year are annualised.

Industry SIP Inflows over the last 12 months



Source: AMFI

Total Retail and HNI AUM



Source: AMFI

WHAT OUR RESEARCH TEAM IS SAYING

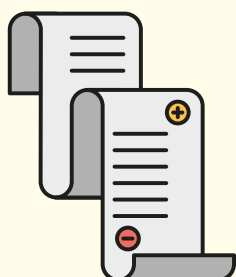


Taking Advantage of Volatility

The returns from equities for the last 1-2 years haven't been great. The mid and smallcap category has taken a larger hit compared to largecaps. The reasons range from US-China trade war, the global slowdown, domestic slowdown, tight funding conditions, NBFC credit crunch, the sharp decline in consumer sentiment etc. There are two ways to approach this problem:

- Every falling market is different. You need to manage your portfolio based on your views of the fundamental event that has caused it.
- All declines in the market are temporary and markets eventually recover. Equities go up in the long run and all declines are opportunities in retrospect. So all you need is a systematic process to buy equities when it falls.

[Read on to find out more](#)



Do Mutual Fund Returns Compound?

You might have heard people talking about the wonders of compounding. When talking about the benefits of long term investments, investors are often told that over a long time, the compounding effect leads to higher accumulation.

However, time and again we also come across articles claiming there is no compounding in mutual funds. They say anyone who talks about the wonders of compounding is lying. Why does this dichotomy exist and why only in case of mutual funds? Let us try to understand.

[Read on to find out more](#)

Past returns are not indicative of future performance.

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