

Client Name: XYZ  
 Age: 64  
 Evaluation Date: \_\_\_\_ 2014  
 Advisor Name: \_\_\_\_\_

### Risk Profile: Growth

For investors whose primary objective is capital appreciation while accepting volatility & moderate portfolio risk.

### Market Views

#### **Markets ended with gains after a choppy ride**

- The markets witnessed bouts of volatility during the month. Indian BSE Sensex & CNX Nifty managed to close the month in green with gains of 1.9 percent and 1.4 percent respectively.
- Geo-political tensions in Iraq and Ukraine played spoilsport during the month, dragging the market sideways.
- The growth push from the government, strong monetary policy measures and fiscal prudence augur well for the long term prospect of the Indian equity markets. We maintain our long term bullish view on equities based on the likely positive turnaround in the economic cycle and stable political leadership in the country supporting growth. Accordingly, investors with an appetite to take risk can look at equities at current levels with a horizon of 3 years and above.

#### **Debt Market View**

- The 10-year benchmark initially saw yields moderating due to the strengthening value of the Rupee. Ahead of the budget, the sentiments turned negative as the market participants had concerns over the overall government borrowing and the fiscal deficit target for FY15.
- The government raised the investment limit of FII's in the bond market by another \$5bn towards the end of the month. This move was cheered by the participants in the bond market and resultantly saw the yield inching down.
- In the medium term, bond yields may react to geo-political tensions and near term demand-supply of G-secs. Accordingly, aggressive investors could look forward for creating duration in their portfolio with a horizon of 2 years and above.
- Moderate investors could continue investment at the shorter end of the yield curve with a horizon of 12-18 months. Conservative investors can look at accrual products for investments.

#### **Gold Market View**

- As investors continued to cheer improving U.S. economic data, gold price settled at \$1,282.95 an ounce for a 3.27% monthly drop in July. Gold prices were also dragged lower as U.S. crude oil tumbled to a more than four-month low.
- Historically, gold's strongest months are August, September, November and January. The approaching festive season in some of the biggest consuming countries like India and China could support the prices of gold in the coming period.
- Continuing tensions between Ukraine and Russia could also provide some support to prices.

### Plan Objective

- To realign your existing portfolio to meet the family investment objective and risk profile.
- To recommend an ideal asset allocation mix in line with the prevailing market conditions and suiting your risk appetite for a period of 3-5 years.
- To recommend portfolio solutions with the investment objective of earning regular monthly income flow of Rs. 50,000 cumulatively with other family portfolios.
- More tax efficient returns.

**Existing Portfolio Review**

Instrument Name	Cost	Existing Fund Category	Recommended Fund Category	Action
Birla Sun Life MNC Fund - DR	10,000	Sector & Theme Based	Sector & Theme Based	Change Investment Option from Dividend Reinvestment to Dividend.
<b>Rationale</b>	The fund is a theme based fund. The investment strategy is to invest in multinational companies in India. The fund's performance over the last two years has picked up. The fund has been a top dividend yielding fund as per the past 3-4 years dividend history. The client is advised to hold on to this fund for long term to earn regular income. Since the past 2 years the fund has been declaring dividend every six months. The fund has been categorized as a consistent performer by Crisil.			
DSP Blackrock Small and Midcap Fund - D	25000	Midcap Equity Fund	ELSS	Exit and Invest in Reliance Tax Saver - D
<b>Rationale</b>	The fund is a midcap fund which invests in equity that are not part of top 100 stocks by market capitalization. The fund was a top quartile performer in the past 2 years. However, its ranking has come down drastically in the past two quarters while the markets were in an upswing. We advise to exit this fund and invest in <u>Reliance Tax Saver Fund - D</u> .			
DSP Blackrock Tax Saver Fund - D	15,000	ELSS	Sector & Theme Based Fund	Exit and Invest in Reliance TaxSaver - D
<b>Rationale</b>	This fund belongs to the ELSS category. The fund appears in the top five funds of our internal category rankings. As the fund does not meet the objective of earning superior and consistent dividends, we advise to hold the fund till the fund has completed three years and later switch to <u>Reliance Tax Saver - D</u> for long term that meets the objective.			
HDFC Balanced Fund - D	10,000	Balanced Fund	Balanced fund	Exit and Invest in Tata Balanced Fund - Monthly Dividend
<b>Rationale</b>	The fund is categorized as a category balanced fund by Crisil due to high quality debt papers, suitable returns and diversification of portfolio. However, the fund does not declare regular monthly dividends like <u>Tata Balanced Fund - Monthly Dividend</u> . We advise to exit.			
HDFC Growth Fund - D	10,000	Diversified Fund	Sector & Theme Based	Exit and Invest in Birla MNC Fund - D
<b>Rationale</b>	The scheme is aimed at generating long-term capital appreciation by investing 80-100 per cent of its assets in equity and equity-related instruments. The schemes performance has been very poor over the past couple of years. As a result the fund falls in the last quartile in our internal rankings. The fund has underperformed its peers on a consistent basis. The client is advised to exit this fund and look to invest in <u>Birla MNC Fund - D</u> .			
HDFC Large Cap Fund - G	31,400	Large Cap Equity Fund	Balanced fund	Exit and Invest in Tata Balanced Fund - Monthly Dividend
<b>Rationale</b>	The fund is a large cap fund and classifies in the last quartile of our ranking due to its poor performance as compared to its peers. We advise to exit and invest in <u>Tata Balanced Fund - Monthly Dividend</u> .			

HDFC Premier Multicap Fund - D	10,000	Diversified Fund	Balanced fund	Exit and Invest in Tata Balanced Fund - Monthly Dividend
<b>Rationale</b>	The fund is a diversified fund and is classified in the last quartile as per internal ranking. The fund has generated poor returns and high volatility in its performance as compared to its peers. We advise to exit and invest in <u>Tata Balanced Fund - Monthly Dividend</u> .			
LIC Nomura MF Balanced Fund - D	16,413	Balanced	Balanced fund	Exit and Invest in Tata Balanced Fund - Monthly Dividend
UTI Opportunities Fund - D	58,957	Large Cap Equity Fund	Arbitrage Fund	Exit and Invest in ICICI Prudential Blended Plan A - D
<b>Rationale</b>	This scheme seeks to capitalize on opportunities arising in the market by responding to the dynamically changing Indian economy by moving its investments amongst different sectors as prevailing trends change. This scheme trend had picked up in the past few years. However, the return on this fund has come down in the past few quarters. We advise to exit and invest in <u>ICICI Prudential Blended Plan A - D</u> .			
UTI Top 100 Fund - D	54,837	Large Cap Equity Fund	Balanced fund	Exit and Invest in Tata Balanced Fund - Monthly Dividend
<b>Rationale</b>	The fund aims to invest in the top 100 stocks by market capitalization. This additional fund of UTI is also classified as a large cap fund and delivering a subpar performance. We advise to exit the same and invest in <u>Tata Balanced Fund - Monthly Dividend</u> .			
<b>Total</b>	8,17,541			

\* Single holding of A

# Single holding of B

### Recommended Portfolio

Recommended Portfolio				
Fund Name	Fund Category	Approximate amount	Allocation	Likely period of dividend payout
Birla MNC Fund - D	Theme Based Fund	145,000	18%	April & Nov
ICICI Prudential Blended Plan A - D	Arbitrage Fund	191,113	23%	Monthly
Reliance Tax Saver - D	ELSS	285,473	35%	Quarterly
Tata Balanced Fund - D	Balanced Fund	195,955	24%	Monthly
<b>Total</b>		<b>8,17,541</b>	<b>100%</b>	

**Advisor's Comments****Asset Allocation & Liquidity:**

We understand that the client has been investing in different asset classes. The client has sufficient funds in the debt segment such as fixed deposits and post office savings on which regular interest is earned. As Ms. XYZ seeks tax efficient regular income in other assets, we have advised investments in the equity segment of Mutual funds which is a partial allocation in the overall portfolio. As the equity investments are long term investments, we believe Ms. XYZ has set aside funds to meet his liquidity needs.

**Dividend Paying Schemes:**

We understand that the client would like to earn regular monthly dividend of Rs. 50,000 on the combined portfolio of his family. In case of equity investments, there are very few schemes which have a mandate to pay regular dividends due to the volatile nature of the markets. We have suggested a combination of schemes that declare monthly, quarterly, such that the balance could be maintained to earn good dividends and regular dividends.

**Rationale for exit:**

Due to transfer of units from one member to another, there are discrepancies of amount, duplicity of transactions and date of investment, we have advised the action on the basis of the fund's performance. We advise the client to look at the lock-in period and investment date to avoid exit load, if any. In cases of exit mentioned for certain funds, where lock-in is applicable for 1 tranche of investment, we advise to stay invested till lock-in is over for the same.

In case of certain schemes, where the amount has not been mentioned we have merely advised on the fundamentals of the scheme.

**Consolidation of portfolio:**

The number of schemes in the portfolio has been reduced drastically from 36 schemes to 4 schemes, in order to achieve the objective of exiting non performing schemes and reinvesting in superior dividend yielding schemes. This exercise needs to be conducted regularly such that the portfolio can be aligned with market trends and performance.

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