

SENSEX: 38,672.91 | **NIFTY: 11,623.90** | **DOW JONES: 25928.68** | **NASDAQ: 7729.32** | **USD/INR: 69.44** | **GOLD: 1298.50** | **OIL: 60.14**
(June 2019 future Contract) (May 2019 future contract)



Stock Picks

Company Name	CPM (Rs)	Target(Rs)
BAJAJ AUTO LIMITED	2970	3294
SIEMENS	1055	1120
BANK OF BARODA	121	137

Source: Geojit Financial Services

INR Fund Picks

Company Name	Performance as on 27/03/19	Returns (CAGR)	
		3Yr	5Yr
HDFC Top 100 - Growth	Largecap	17.06	14.65
HDFC Mid-Cap Oppor	Midcap	15.45	20.08
Mirae Asset India Equity	Multicap	18.68	18.55
Tata India Consumer	Thematic	21.47	-
ICICI Prudential Equity & Debt	Balanced Hybrid	14.03	15.14

UAE Round Up

Dubai's GDP at constant prices achieved a growth rate of 1.94 percent in 2018 with a value added of AED398.1 billion (\$108.3 billion), according to Dubai Statistics Centre (DSC). Dubai digital bank Liv launches Liv, the lifestyle digital bank by Emirates NBD and the fastest growing bank in the UAE, has partnered with US-based Kasisto, to introduce Olivia, an artificial intelligence-powered chatbot. With the launch of Olivia, Liv customers can get account information and insights on their spending as naturally as texting a friend, the bank said in a statement.

Uber and Careem have reached an agreement on the deal consisting of \$1.7 billion in convertible notes and \$1.4 billion in cash in a bid to expand operations in the greater Middle East region.

Global:

- # The S&P 500 bounced back this week, gaining 1.2% to cap off its best quarter (+13.1%) since 2009. Leadership from the recently-battered industrial sector (+2.9%) helped the market overcome lingering growth concerns.
- # The Dow Jones Industrial Average (+1.7%), the Nasdaq Composite (+1.1%), and the Russell 2000 (+2.3%) finished with quarterly gains of 11.2%, 16.5%, and 14.2%, respectively.
- # The S&P 500 industrials (+2.9%), consumer discretionary (+1.9%), and consumer staples (+1.6%) sectors led the broader market higher. Conversely, the utilities (-0.5%) and communication services (-0.5%) sectors were the lone groups to finish with losses.
- # Continued weakness in the eurozone contributed to a slow start for the broader market. Burgeoning concerns about growth sent the yield on the benchmark 10-yr German bund into negative territory. Dwindling growth expectations, and the hunt for yields, likely sent investors flocking to the U.S. Treasury market, sending yields even lower.
- # The 2-yr yield and the 10-yr yield declined five basis points each to 2.27% and 2.41%, respectively. Strikingly, the 2-yr yield dropped 23 basis points this month, while the 10-yr yield dropped 30 basis points this month. The U.S. Dollar Index advanced 0.6% to 97.27.
- # In other key news, U.S. and China held "constructive" trade talks in Beijing; UK Prime Minister Theresa May's Brexit deal was shut down for the third time; and Fed Governor Randal Quarles believes further rate hikes may be necessary, as he remains optimistic about economic growth.

Index	Started Week	Ended Week	Change	Change%	YTD %
DJIA	25502.32	25928.68	426.36	1.7	11.2
Nasdaq	7642.67	7729.32	86.65	1.1	16.5
S&P 500	2800.71	2834.40	33.69	1.2	13.1

India:

- # In the week ended Friday, 29 March 2019, the Sensex rose 508.30 points or 1.33% to settle at 38,672.91. The Nifty 50 index rose 167 points or 1.46% to settle at 11,623.90.
- # The BSE Mid-Cap index rose 402.73 points or 2.67% to settle at 15,479.62. The BSE Small-Cap index rose 268.56 points or 1.82% to settle at 15,027.36.
- # Meanwhile, Prime Minister Narendra Modi on Wednesday, 27 March 2019, announced successful launch of the country's Anti-Satellite Missile System (A-SAT). Defence Research and Development Organisation (DRDO) successfully conducted an A-SAT missile test 'Mission Shakti' from the Dr AP J Abdul Kalam Island in Odisha. A DRDO-developed Ballistic Missile Defence (BMD) Interceptor Missile successfully engaged an Indian orbiting target satellite in Low Earth Orbit (LEO) in a 'Hit to Kill' mode. The interceptor missile was a three-stage missile with two solid rocket boosters. Tracking data from range sensors has confirmed that the mission met all its objectives.
- # The test has demonstrated the Nation's capability to defend its assets in outer space. It is a vindication of the strength and robust nature of DRDO's programmes. With this India joins a select group of nations, which have such capability. The test has once again proven the capability of indigenous weapon systems, Ministry of Defence said in a statement.

The RBI allowed non-residents to participate in the rupee interest rate derivatives market. The RBI relaxed foreign exchange management regulations pertaining to opening of accounts by foreign portfolio investors (FPIs) and foreign venture capital investors, and opening of non-resident ordinary account by long-term visa holders.



The Bull, the Bear and the Tortoise!!

In equity market parlance, players and traders are described by two famous references: 'The Bull' and 'The Bear'. Bulls are those packed with action anticipating a price rise and Bears are those loaded with stuff anticipating a price drop. Bulls and Bears are opposite to each other. They don't cheer together. The market is always a combination of both.

There is another type of investing community that may be called 'The Tortoise', and they are fast growing in the recent times. Tortoises are a type of investors, who keep it simple, invest gradually but regularly, make use of the opportunity during the price drop, patiently hold on to their investments and benefit from gains during the price rise in the long-term: yes, they are the ones who invest systematically through SIPs.

What's best? Tortoises are friends with both Bears and Bulls. Bears help them in buying more units during market corrections thus enabling rupee cost averaging and Bulls help in compounding of wealth over the long-term through price rises.

As an asset class, equity outperforms other assets in the long term; but in the shorter periods, it is subject to constant volatility. It is difficult, almost impossible, to time the market. That makes us ponder over a question: Is there a way to invest in equities which would not only help us to participate on the upside in the long-term but would at the same time manage the in between volatility sensibly? Yes, the answer is Systematic Investment Plans (SIPs).

All of us invest expecting growth in our investments. But market doesn't move in a straight line. The key question is, when markets drops in between, what are we doing about it or are we doing anything at all? SIP essentially handles this vital element in a better way. SIP helps to invest steadily, without having to worry about timing the market. This regular investing habit helps in cost averaging by buying more units when the NAV or market comes down and acquiring lesser units when the market or NAV moves up. In the long run this helps in discovering an average price and resultant yield, which is likely to be better than what one would have got otherwise with multiple investments (except for some cycles). When the prices appreciate over a period of time, enhancing the underlying portfolio's performance, the returns are compounded.

Patience is a Virtue

With the ongoing market corrections, many SIPs started recently have been giving negative returns and many investors might feel bad about starting one and some may even be thinking of stopping their SIPs. A look at investment history would help balance the thought. There were many instances in the past, when SIP returns were negative in the short-term, but grew remarkably positive over the next many months / years.

We did some number crunching to understand this. To get a better idea, the illustration was done across market cap portfolios, viz., large-cap: Sensex – comprising the top 30 companies, mid-cap: BSE-Midcap Index – comprising midcap companies and small cap: BSE-Small cap Index – comprising companies with smaller market cap. Then we carefully selected the 10 lowest short-term SIP performance (over one year) in Sensex and 5 lowest cycles in the case of mid and small caps, to assess the performance if someone CONTINUED with the SIPs over longer tenure As can be observed from the outcome in the table given below, there were many instances in the past, when the SIP returns were negative over one year (short-term), some lesser than -70%. But interestingly if the SIPs were continued, which is what is ideally expected, the returns were surprisingly positive in the next three to five years or in the long run. The overall pattern or observation is similar across Large, Mid or Small companies portfolio,

except for varying figures. This shows, how at times short-term negatives can be misleading and stopping SIPs can deprive us of the longer term compounding benefit. There is a possibility for a period bias here. Intermittent period like 2 and 4 years could be different. But overall what we observed in an SIP investing is that, beyond 4 to 5+ years, the probability of loss becomes negligible and also even in those instances when returns were negative due to an end-of-the-term bear cycle, the return becomes positive in the next 7 to 10 months. Also if you observe closely, the value of investments and the gains expand over the long term because of the compounding effect. For example, a Rs.5000 SIP in Sensex started in Sep-1997 was valued Rs.2.59 lakhs after 5 years, with a loss of -41,126. If one had continued the SIPs, going through the corrections by accumulating more units at lower cost, the value at the end of 10 years was Rs.20.16 lakhs with gains of Rs.14.16 lakhs. That's the power of Compounding, the 8th wonder of the world.

One of the main reasons we compare an SIP investor to Tortoise is because of the needed quality called 'Patience'. It is a strong ingredient when it comes to the recipe of success in equity investing. Investors should not be distracted by the near term corrections that sway the returns, but keep investing regularly focusing on the long-term goals.

A few reasons SIP investors should behave like a Tortoise:

- Longevity – Equity delivers in the long-term. SIP is an effective tool to plan for the long-term goals.
- Measured Start – It is good to allocate some time for goal planning. SIP is an effective tool to plan for the Goals. Planning takes time. But start adequately and early. Invest Right.
- Keep moving on – Ignore what others are doing and just focus on advancing your investments step by step, steadily towards the goal.
- Consistency – Since we have calculated and started investing the needed amount that is well within our means, it doesn't strain the fund availability and hence one can keep investing continuously.
- No Fatigue – In SIPs we invest regularly, irrespective of the price levels. Essentially we don't take the stress, pressure and anxiety of 'Timing the Market', and hence there is no fatigue for such investors.
- Shell cover – Asset allocation and systematic investments are a great combination. They protect and help during times of adversaries and sensibly approach the sporadic volatility.

In reality, a long-term investment journey consists of many Bull runs and Bear descends. Though we cannot stop the volatility, we can manage the investment approach in such a way that it handles volatility better.

Tortoises do SIP - a unique technique where both Bears and Bulls help them in wealth creation. Like in Aesop's fable, the Tortoise eventually wins!!

SIP of Rs.5000 p.m Started in Equity Index - BSE-Sensex in

SIP Start Month >>>		May.94	Dec.95	Sep.97	Nov.99	Oct.00	May.02	Dec.07	Oct.10	Jan.11	Mar.15
Value after 1 Year <i>(10 Lowest 1 Year Negative cycles)</i>	Amount Invested	60000	60000	60000	60000	60000	60000	60000	60000	60000	60000
	Market Value	47905	51282	48209	47580	45328	55923	35725	51991	51259	51088
	Gain / Loss	-12095	-8718	-11791	-12420	-14672	-4077	-24275	-8009	-8741	-8912
	CAGR	-34.93%	-25.66%	-34.11%	-35.80%	-41.72%	-12.30%	-64.62%	-23.67%	-25.73%	-26.21%
If SIP continued for 3 Yrs	Amount Invested	180000	180000	180000	180000	180000	180000	180000	180000	180000	180000
	Market Value	196228	145938	210971	141684	235564	264595	241227	190426	207796	216953
	Gain / Loss	16228	-34062	30971	-38316	55564	84595	61227	10426	27796	36953
	CAGR	5.68%	-13.14%	10.58%	-14.92%	18.26%	26.66%	19.95%	3.69%	9.54%	12.50%
If SIP continued for 5 Yrs	Amount Invested	300000	300000	300000	300000	300000	300000	300000	300000	300000	-
	Market Value	284162	323693	258874	435682	634005	764834	369570	383466	378425	-
	Gain / Loss	-15838	23693	-41126	135682	334005	464834	69570	83466	78425	-
	CAGR	-2.13%	3.00%	-5.77%	14.90%	30.46%	38.50%	8.27%	9.75%	9.22%	-
If SIP continued for 10 Yrs	Amount Invested	600000	600000	600000	600000	600000	600000	600000	-	-	-
	Market Value	925590	1345271	2016207	1661872	1929547	1289926	1033499	-	-	-
	Gain / Loss	325590	745271	1416207	1061872	1329547	689926	433499	-	-	-
	CAGR	8.40%	15.42%	22.92%	19.35%	22.11%	14.64%	10.48%	-	-	-
If SIP continued for 15 Yrs	Amount Invested	900000	900000	900000	900000	900000	900000	-	-	-	-
	Market Value	2225326	3417591	2627874	3356499	2898124	2616223	-	-	-	-
	Gain / Loss	1325326	2517591	1727874	2456499	1998124	1716223	-	-	-	-
	CAGR	11.21%	16.19%	13.16%	15.98%	14.29%	13.11%	-	-	-	-
If SIP continued Till AUGUST-2018 (before ongoing correction)	No. of Years	24.33	22.75	21.00	18.83	17.92	16.33	10.75	7.92	7.67	3.50
	Amount Invested	1460000	1365000	1260000	1130000	1075000	980000	645000	475000	460000	210000
	Market Value	8539957	7542974	6374786	4960600	4511848	3472131	1254913	796314	767636	278358
	Gain / Loss	7079957	6177974	5114786	3830600	3436848	2492131	609913	321314	307636	68358
CAGR	12.54%	13.07%	13.56%	13.98%	14.33%	14.06%	11.84%	12.73%	13.06%	16.28%	
If SIP continued Till JAN-2019	No. of Years	24.75	23.17	21.42	19.25	18.33	16.75	11.17	8.33	8.08	3.92
	Amount Invested	1485000	1390000	1285000	1155000	1100000	1005000	670000	500000	485000	235000
	Market Value	8037125	7101758	6005767	4678982	4257964	3282505	1202318	772062	745156	286117
	Gain / Loss	6552125	5711758	4720767	3523982	3157964	2277505	532318	272062	260156	51117
CAGR	11.83%	12.29%	12.68%	12.97%	13.25%	12.86%	10.03%	10.17%	10.37%	10.02%	

SIP helps to Average the cost during downfalls, Add more units & Yields better returns when market recovers

Source: BSE, Price Index. infoTOUCH. Geojit Research & Analytics. %CAGR: End of the respective period. 10 lowest 1yr cycles considered.

SIP Start Month >>>		SIP of Rs5000 p.m in BSE-Midcap Index					SIP of Rs5000p.m in BSE-Smallcap Index				
		Aug.05	Dec.07	Jan.11	Sep.12	Mar.15	Aug.05	Dec.07	Jan.11	Sep.12	Mar.15
Value after 1 Year <i>(5 Lowest 1 Year Negative cycles)</i>	Amount Invested	60000	60000	60000	60000	60000	60000	60000	60000	60000	60000
	Market Value	57535	28525	46368	49629	52965	52290	26724	42729	48767	50697
	Gain / Loss	-2465	-31475	-13632	-10371	-7035	-7710	-33276	-17271	-11233	-9303
	CAGR	-7.49%	-78.85%	-39.01%	-30.25%	-20.90%	-22.82%	-81.94%	-48.31%	-32.60%	-27.30%
If SIP continued for 3 Yrs	Amount Invested	180000	180000	180000	180000	180000	180000	180000	180000	180000	180000
	Market Value	181945	260033	190895	256350	238523	180343	273634	175640	257985	254761
	Gain / Loss	1945	80033	10895	76350	58523	343	93634	-4360	77985	74761
	CAGR	0.70%	25.38%	3.85%	24.34%	19.14%	0.12%	29.16%	-1.58%	24.81%	23.89%
If SIP continued for 5 Yrs	Amount Invested	300000	300000	300000	300000	-	300000	300000	300000	300000	-
	Market Value	430071	359937	461540	523814	-	445918	325018	464045	531240	-
	Gain / Loss	130071	59937	161540	223814	-	145918	25018	164045	231240	-
	CAGR	14.38%	7.22%	17.25%	22.46%	-	15.85%	3.16%	17.47%	23.04%	-
If SIP continued for 10 Yrs	Amount Invested	600000	600000	-	-	-	600000	600000	-	-	-
	Market Value	1131041	1428867	-	-	-	1031432	1396315	-	-	-
	Gain / Loss	531041	828867	-	-	-	431432	796315	-	-	-
	CAGR	12.18%	16.54%	-	-	-	10.45%	16.12%	-	-	-
If SIP continued Till AUGUST-2018 (before ongoing correction)	No. of Years	13.08	10.75	7.67	6.00	3.50	13.08	10.75	7.67	6.00	3.50
	Amount Invested	785000	645000	460000	360000	210000	785000	645000	460000	360000	210000
	Market Value	1929059	1471926	895964	631021	274565	1732375	1360861	869518	630530	271680
	Gain / Loss	1144059	826926	435964	271021	64565	947375	715861	409518	270530	61680
CAGR	12.87%	14.58%	16.97%	18.57%	15.46%	11.39%	13.24%	16.21%	18.54%	14.83%	
If SIP continued Till JAN-2019	No. of Years	13.50	11.17	8.08	6.42	3.92	13.50	11.17	8.08	6.42	3.92
	Amount Invested	810000	670000	485000	385000	235000	810000	670000	485000	385000	235000
	Market Value	1687510	1293234	796469	567957	260515	1426460	1125540	727559	533983	243320
	Gain / Loss	877510	623234	311469	182957	25515	616460	455540	242559	148983	8320
CAGR	10.25%	11.24%	11.97%	11.96%	5.20%	7.98%	8.93%	9.80%	10.06%	1.75%	

SIP helps to Average the cost during downfalls, Add more units & Yields better returns when market recovers

Source: BSE, Price Index. infoTOUCH. Geojit Research & Analytics. %CAGR: by the end of the respective periods. 5 lowest 1yr cycles considered.

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Q: Which of the following is truly international asset class ?

- a) Gold
- b) Real estate
- c) Equity
- d) Debt



Share the answer at reply@barjeel.ae

Answer to the last quiz:

Q: Which is the oldest known money or currency, still a currency of the modern world? is b) Shekal

Congratulations!

The answer to the question along with the **Winners Name** will be published in the next issue of Market Digest. All the best!

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