Accumen Wealth Advisors Private Ltd
Market update –7th October, 2017

GLOBAL MARKETS

Against this positive economic backdrop, central bankers have continued to indicate that they want to gradually reduce the level of monetary policy stimulus in place. The US Federal Reserve (the Fed) announced that it will start the process of "quantitative tightening". This reduction in the size of its balance sheet will begin to reverse some of the quantitative easing (QE) that has been so supportive of bond prices in recent years. The Fed also continues to suggest that another rate rise is on the cards for December. Meanwhile, the European Central Bank (ECB) looks set to announce a further slowdown in the pace of its own QE programme and, not to be left out, even the Bank of England (BoE) has strongly suggested that it will raise interest rates before the year is out.

In US the Republicans unveiled a sweeping tax reform proposal aimed at lowering the corporate tax rate from 35% to 20% which if passed would feed through to companies' bottom lines. However, the US President's unpredictability, coupled with his fraught relationship with Congress, has tempered expectations of the bill passing through.

Having Stopped Yields Rising, BOJ Now Finds Them Falling Too Low: Japan's 10-year yield has gone from a one-year high in February (0.15%) to slipping below the BOJ's targeted zero percent level (-0.015%) on September 8th amid a bout of global risk aversion stemming from North Korea tensions. While the central bank has cut back on its debt purchases three times since mid-August, strategists question if that will be enough should global bonds keep rallying.

China saw a rating downgrade from S&P due to high debt and property measures aimed at curbing rising house prices

World Equity Markets Performance (%) as on 6th October 2017

Countries	Exchange Name	Index Level	P/E (x)	P/B (x)	Divd Yield (%)	ROE (%)	1 Week (%)	1Month (%)	3Month (%)	6Month (%)	1 Year (%)	YTD (%)
Developed Market												
USA	S&P500	2552	19.3	3.1	1.9	15.9	1.7	3.5	5.9	8.3	18.1	14.0
Europe	STOXX 600	390	16.2	1.9	3.3	11.7	0.5	4.3	2.6	2.5	13.8	8.0
UK	FTSE 100	7527	15.3	1.9	4.1	12.5	2.1	2.3	2.6	3.1	7.5	5.4
Germany	DAX	12980	14.4	1.8	2.9	12.3	2.2	6.3	4.8	6.1	22.8	13.1
France	CAC 40	5371	15.8	1.6	3.1	10.1	0.8	5.3	4.2	4.9	19.9	10.5
Japan	Topix	1687	15	1.3	2	8.8	0.7	6	4.4	14	24.6	11.1
Australia	ASX 200	5711	15.8	1.9	4.5	12	0.5	0.4	-0.8	-2.5	4.2	0.8
Singapore	STI INdex	3291	15.1	1.2	3.3	8	2.2	1.8	2	3.6	14.1	14.3
Hong Kong	Hang Seng	28458	13	1.3	3.3	10.2	3	2.6	11.5	16.6	19.6	29.4
Emerging Market												
India	Sensex	31814	20.4	2.9	1.4	14.1	1.7	0.5	1.4	6.3	13.2	19.5
China	Shanghai composite	3349	14.7	1.6	2	10.9	-0.1	-0.5	4.9	3.9	11.5	7.9
Brazil	Bovespa	76618	14.7	1.7	2.8	11.6	4.1	4.4	22.6	19.3	26.3	27.2
Russia	RTS	13584	7.1	0.7	5.3	9.6	1.2	4.9	9.2	1.7	4.6	-7.8
South Africa	Johnanesburg All share	57286	15.8	1.7	3.2	10.9	3.1	3.3	9.6	8.3	11	13.1
Korea	KOSPI	2394	10.3	1.1	1.6	10.6	0.2	1.6	0.1	10.8	17.2	18.2
Mexico	IPC	50481	18.7	2.5	2.2	13.6	0.7	-0.1	0.9	3	5.3	10.6
Phillipines	PCOMP	8311	20.2	2.4	1.5	11.9	1.7	4.1	5.4	9.9	9.1	21.5
Turkey	XU100	103791	8.6	1.3	3.7	14.7	0.9	-5.3	3.1	17	33.2	32.8

EQUITY MARKET OVERVIEW:

Liquidity Wave keeping Markets Buoyant

Unprecedented inflows into equity markets in domestic mutual funds and increased equity allocation from EPFO and rising NPS corpus is proving ample liquidity to the markets and are driving factors behind the recent rally.

Total assets managed by mutual funds touched a record high of 20.59 lakh crore in August 2017, up 3.12% from July 2017 level of 19.97 lakh crore. This represented a 31.74% increase YoY and a 17.4% increase from March 2017. Of the total MF corpus, 42% was held by income funds and 31% by equity and ELSS funds

According to Amfi data, inflows through systematic investment plans (SIPs) for August were at 5200 crore, up from 4950 crore in the previous month. SIP inflows averaged 3600 crore/month in FY17.

In the trailing 12 months, the mutual fund industry saw a net inflow of 3.07 lakh crore. Out of the total net inflow, 99,441 crore (i.e. 32%) came into equity and ELSS funds

Despite volatility in equity markets, inflows in equity mutual funds have remained steady. August saw a net inflow of 28,023 crore in equity and equity-oriented funds, which is a multi-year high. This trend reflects the increasing participation of investors in mutual funds and using correction as an opportunity to deploy capital

Are the Macros looking shaky?

Recent macroeconomic data suggests a weakening of India's macroeconomic position with (1) CAD rising to 2.4% in 1QFY18, (2) CPI inflation rebounding to 3.4% in August from historical-low levels and set to cross 4% in the next 2-3 months and (3) GDP growth slowing to 5.7% in 1QFY18 pulled down by a combination of cyclical (demonetization, GST) and structural (low investment) factors. India's fiscal deficit continues to be high and could worsen (without one-off asset sales by the government) if taxation revenues disappoint.

The recent worsening of India's macroeconomic woes may be paradoxically better for the Indian market's earnings given the high share of companies with US dollar-linked revenues and profits in the overall revenues and profits of the Indian market (45% and 50% of the net profits of the BSE-30 and Nifty-50 indices having direct and indirect linkages with the currency). Of course, the impact of a weaker macro on sentiment and valuations will be a bigger issue, especially if the global central banks were to reduce or remove their accommodative monetary policies.

Market Performance

Realty (66.7%), Consumer Durables (60.7%), Bankex (31.1%) & Capital Goods (26.7%) have been the key outperformers so far this year as on 6th October 2017 while Healthcare (-5.1%) and IT (-7%) were the main laggards.

India Market Performance (%) as on 6th October 2017

	Last Price	1 Week %	1Month %	3Month %	6Month %	1 Year %	YTD %
India's broad based Indices							
Sensex	31814	1.7	0.5	1.4	6.3	13.2	19.5
Nifty	9980	2.2	0.6	3.2	7.7	14.6	21.9
Defty	5265	1.9	-1.7	1.7	6	16.3	26.1
BSE 100	10383	2.4	0.5	3.6	8.2	15.4	23.8
BSE 200	4370	2.4	0.5	3.6	8.3	15.5	24.5
BSE 500	13910	2.7	0.7	3.7	8.8	16.7	26
Nifty Jr	28176	3.5	-0.7	4.9	10.2	18.9	31.7
Bse Mid cap	15840	3.5	0.9	6	11	17	31.7
Nse Mid Cap	18528	3.3	-0.2	2.5	6.1	15.9	29.1
BSE Small Cap	16629	4.3	2.3	5.3	12.7	25.7	38
Sectoral Indian Indices							
Auto	24585	2.9	2.4	3	10.1	8.3	21.4
Bankex	27210	0.8	-0.8	2.4	10.3	22.8	31.1
Capital Goods	17312	1.6	0.5	0.3	0.4	16.4	26.7
Consumer Durables	18063	4.2	0.3	12.3	15.6	40.8	60.7
FMCG	10057	2.2	0	-6.2	8.9	17.7	23.7
Health Care	13978	4.3	6	-1.8	-9.4	-14.2	-5.1
IT	10109	1.4	1.9	2.5	-1	-0.6	-0.7
Metal	14162	5.8	2.9	20.3	18	39.4	40.1
Oil & Gas	15467	5.4	1.5	15.1	11.3	27.2	27.3
Power	2237	2.2	-0.8	0.4	-3.3	10.6	12.5
PSU (State Owned Enterprises)	8522	3.3	-1.6	3.2	-1.9	10	10.8
Realty	2107	4.5	-4.2	-0.9	23.6	33.7	66.7

Source: Bloomberg, Money Control

Net Cash Market Purchases

Category (Rs cr)	Sep - Month	CY17	CY-16	CY-15
DII	21,026	63,357	37,125	66,816
MF	15,826	86,555	48,005	71,562
Insurance, Banks & Insurance	5,200	(23,198)	(10,880)	(4,746)
FII	(11,836)	33,508	18,783	18,356

Source: NSE, BSE, SEBI, Kotak AMC. FII & MF data updated till 30th Aug 2017

Mutual funds absorbing FII selling

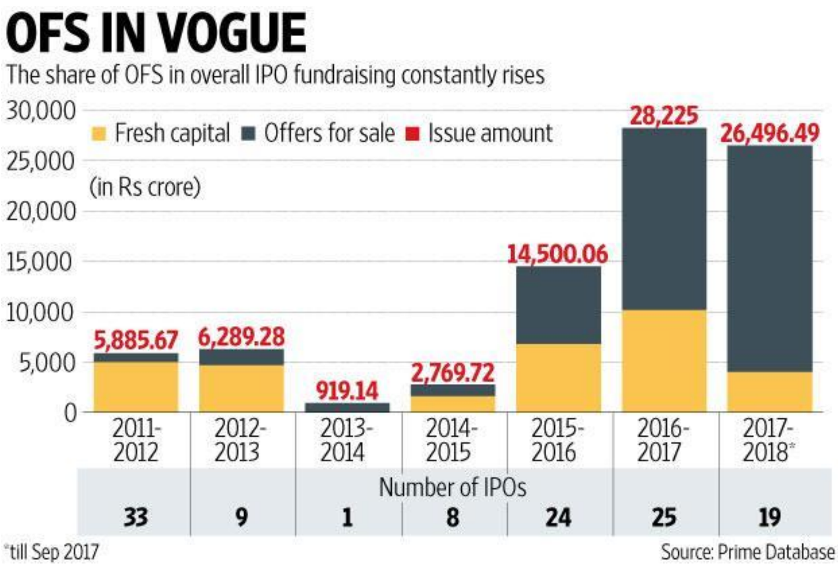
Great time to be a Promoter – Fund -raising via the equity route could hit Rs 1 lakh crore in 2017 -

Companies and financial institutions having mopped up close to Rs 93,000 crore so far this year. The amount is the highest raised via equity in the last five years and almost twice of Rs 46,733 crore mopped up in 2016. Future IPOs from a couple of insurance companies and some logistics firms are expected to raise close to Rs 20,000 crore. As on 30th September 19 IPOs have raised 26,500 crs (USD 4 bn approx.) mainly driven by offer for sale rather than fresh capital raising.

A significant portion – close to 42% – of the total equity raised this year has been by way of qualified institutional placements (QIPs) at Rs 39,382 crore. State Bank of India's Rs 15,000-crore offering has been the biggest so far in 2017. The country's biggest lender had issued around 52.21 crore new shares at a price of Rs 287.25. The issue was aimed at augmenting the bank's capital adequacy ratio and for general corporate purposes. This was the biggest QIP issue in the past 11 years. Market participants said the need for tier-I capital and the necessity to meet Basel III requirements are the reasons behind banks opting for QIPs. Bajaj Finance completed its QIP worth Rs 4,500 crore in September.

Adequate liquidity in the market and the desire of private equity players to exit their holdings and the Promoters ability cash out on equities as better than fair valuations due to good sentiments have created action in the primary market. Moreover, the IPOs and offers for sale (OFS) by the government to meet its disinvestment target could take fund-raising in 2017 to a record high. Even Small enterprises raised Rs 1,181 crore through SME the highest since 2012.

As much as 4-5 institutions have launched or are looking at launching Pre-IPOs funds a sign of increase demand for Pre-IPO shares by HNI clients.



Source: Mint

Euphoria in NBFC (especially Housing Finance Companies) / Broking / Financials sector

Market is extremely Euphoric in NBFC (especially Housing Finance Companies) / Broking / Financials. Housing Finance companies Return on Assets and price to book value are usually positively correlated but over the last 3 years the relationship has become inverse Price to Book Value is near record highs and return on Assets are at record low. Refer the graph below

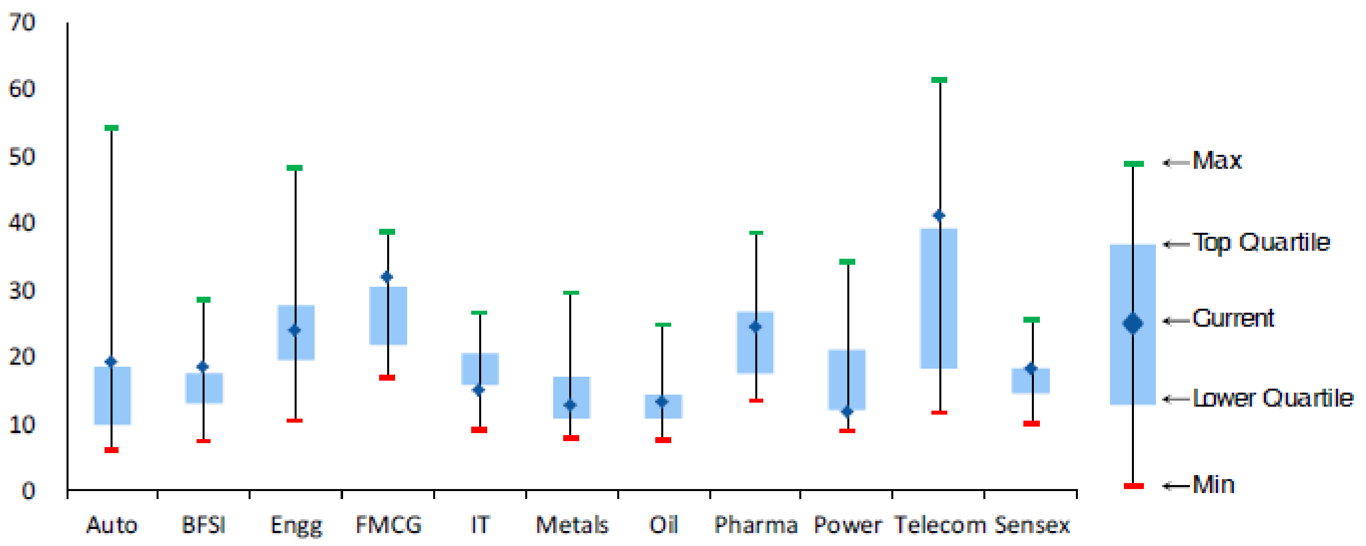
Most of the NBFCs are trading at expensive valuations. Investors are chasing NBFCs that are into, getting into or could get into affordable housing, which is the new buzzword. However, though there have been many launches in affordable housing, where are the buyers? Affordable housing is for the people who get new jobs. If job creation is not happening, from where will the buyers (borrowers) come?

On the broking companies Market is willing to pay a premium valuation (20-30 times FY 19) expecting that these companies will grow continuously at 25%-30%. However it is to be noted that revenue growth for broking companies is extremely sensitive to market conditions and not as consistent and stable as FMCG companies.

Note:- This is the market cap weighted RoA and valuation for the sector. Companies included are HDFC, Canara housing finance, Dewan housing, Gruh finance, LIC housing finance, GIC housing finance, PNB housing finance, Repco home finance, Indiabulls housing finance. For HDFC, we have excluded the market cap of HDFC Bank while calculating the sector's 1 yr fwd P/B and RoA.

Source: Edelweiss

Sensex sectoral long-term valuation snapshot: Forward PE*



Source: Axis Capital, Bloomberg *Note: * Since April-2005*

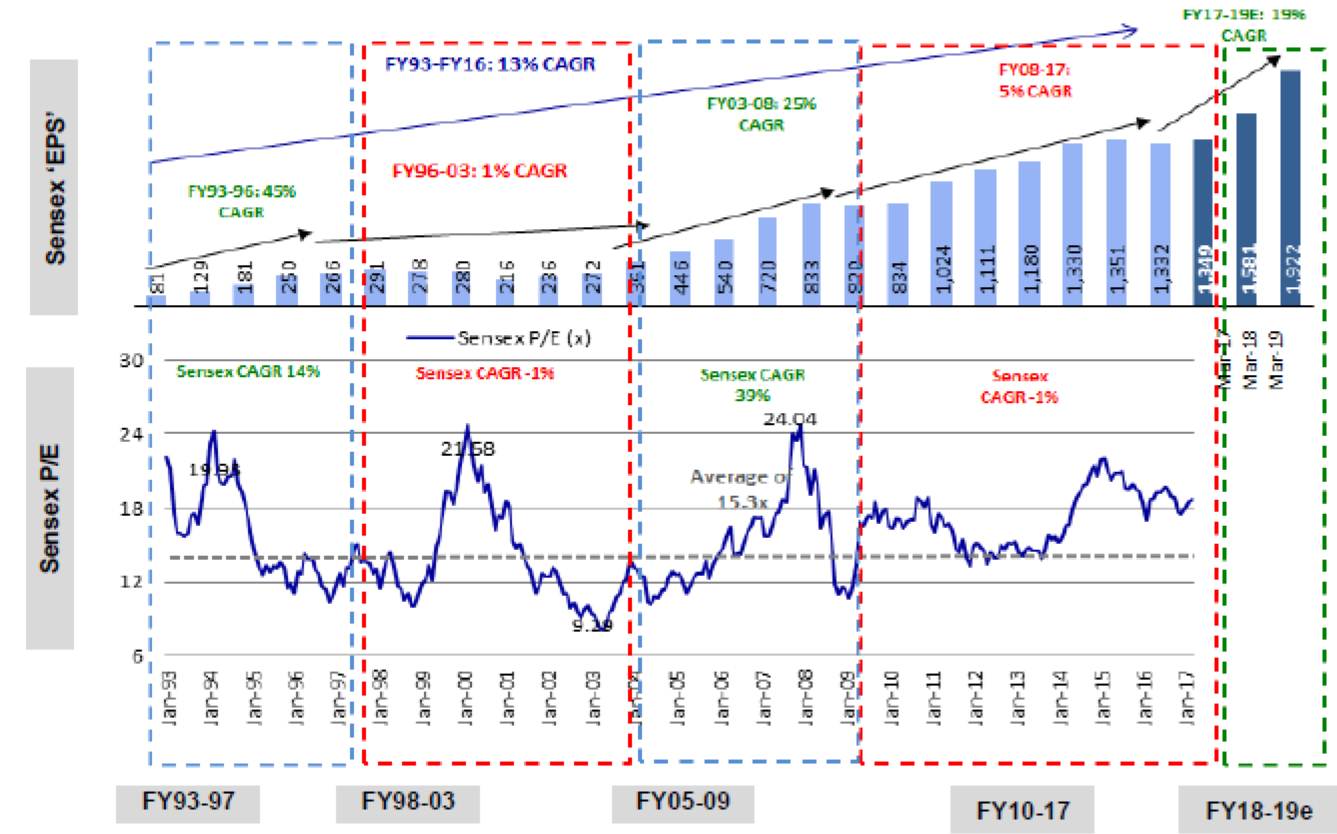
IT, Metal& Power are at lower end of valuations, other sectors moving towards upper end of valuation zone
*PE as on 29th Sep , 2017

	Forex Reserves			Currency Rates		
Country	Sep-17	Sep-13	% Change	Sep-17	Sep-13	% Change
Brazil	384.39	376.00	2.23%	3.16	2.00	-58%
China	3092.00	3644.00	-15.15%	6.65	6.10	-9%
India	399.66	247.90	61.22%	65.29	62.60	-4%
Malaysia	99.44	132.00	-24.66%	4.22	3.30	-28%
Russia	423.98	472.00	-10.17%	57.54	32.40	-78%
South Africa	49.38	41.50	18.99%	13.56	10.00	-36%
Thailand	196.91	163.00	20.81%	33.53	31.20	-7%

Owing to sharp improvement in India's BOP front, India's foreign exchange reserve increased by 152bn USD from the lows in Sep 2013 to 399.66 bn USD as on Sep, 2017. Amongst very few emerging markets which has improved so significantly on external sector front.

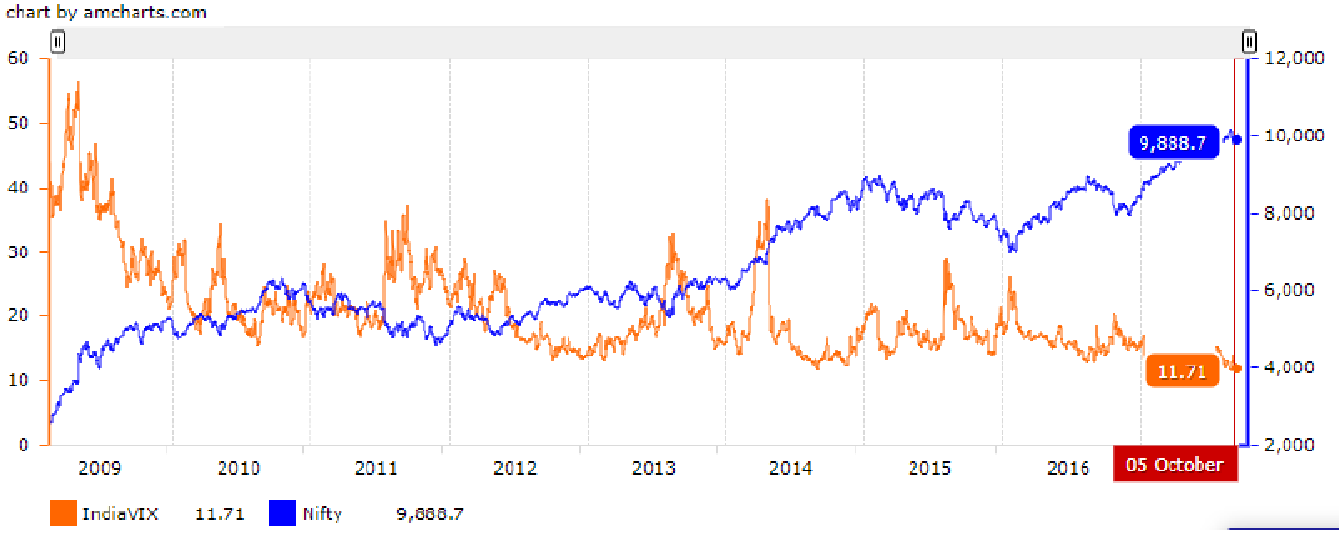
Source: Bloomberg and various Central bank data

Valuations, Index Performance and Earnings Growth



Source: MOSL

Indian Markets exhibiting record low volatility – Data as on 5th October 2017



EQUITY MARKET OUTLOOK

Earnings releases by Corporate India paints a mixed picture– strong earnings growth expected in consumers (restocking post GST-implementation and early/strong festive season), energy (higher refining margins and large adventitious gains for downstream companies), industrials and metals & mining (higher realizations and consequent improvement in profitability) sectors, despite drag from automobiles (margin compression due to high input costs), pharmaceuticals (pressure in US revenues due to lack of meaningful approvals) and telecom (increase in indirect taxes, continuation of hyper-competitive sector activity). We expect net income of the BSE-30 Index to decline 4% yoy while that of the Nifty-50 Index to increase 8.4% yoy, led by strong earnings growth in the downstream companies. Market is estimating EPS of BSE-30 Index at 1,439 for FY2018E (6.5% YOY growth) and 1,812 for FY2019E (25% YOY growth)

Key themes which Investment Managers are playing in the current scenario are as follows: (1) Unorganised to Organised (2) Increase Govt Spending (3) Clean & Green technology / Renewables (4) Channelising of Savings from Physical Assets to Financial Assets (5) Affordable Housing theme

Last 3 years investors had it great with Equities delivering good returns with record low Volatility. Going forward because of Low visibility of corporate earnings coupled with high valuations is bound to increase Volatility in the broad markets which may be higher than the average volatility. We would suggest not to allocate lump-sum money to broad market oriented mutual funds (sectoral weightages similar to Indices) unless the investor is extremely underweight equities. On the Mutual fund space Lump-sum investments can be done in Value oriented funds and funds with lower weightages to Banking and financial services and low correlation to broad indices.

As this continues to be a stock pickers market we continue to suggest allocation to the following concentrated Niche investment themes of UNIFI Capital focused on Absolute returns

Investors can look at hedging their part portfolio by buying a 3 year ATM (At the Money) put option on Nifty which is trading at 6.25% - 6.5% approximately (i.e. 2.1% - 2.2% p.a.)

Investors looking at absolute returns with divergence to the index should look at allocating to UNIFI PM

UNIFI PMS - Investment Philosophy - their thematic investment styles are designed around niche investment opportunities that exist in the Indian capital markets. Usually such specialties offer limited scope for scale-up in terms of the capital we can deploy effectively. The focus is always upon discovering and taking advantage of an insight that can provide the edge, and then adding layers of research and due diligence to construct an Equity portfolio.

Following are the portfolio strategies where UNIFI PMS is currently raising capital from clients:

APJ 20 - The Portfolio focuses on the following sectors which are not currently fancied by the markets: agriculture, specialty manufacturing like defense equipment, mining, specialty chemicals and certain sectors in infrastructure have over the past few years, built a niche portfolio of industrial competencies that have bordered on being disruptive. Earnings growth for the portfolio companies for the current year and one year forward is around 23% per annum, FY 19 PE of 18 and the Debt Equity ratio is around less than 0.4 levels (Portfolio Manager is not taking balance sheet risk) These are all not turnaround that sense, but when you have companies with much stronger balance sheet, lower debt and leaders in their product segments, coming out of long years of lull and getting into growth mode 29% year-on-year growth does not sound unrealistic.

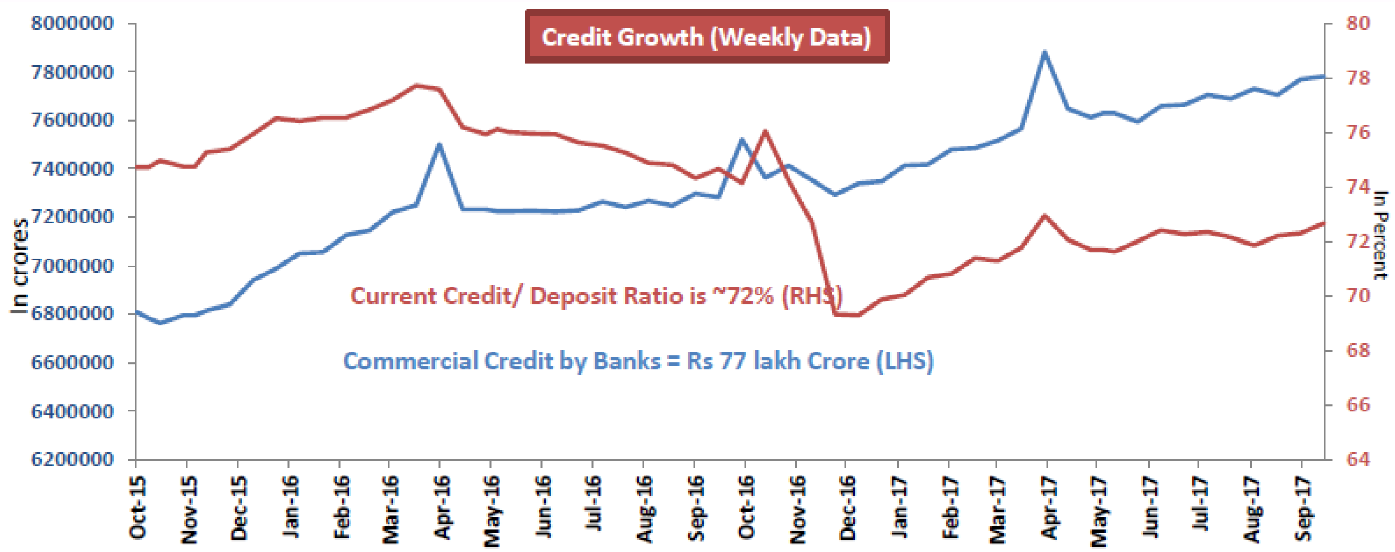
India Spinoff Portfolio - Corporate India has woken up to the fact that spinning off an unrelated business, or a business with a distinctly and vastly different growth profiles is key to realising the right value of the respective business and is in the long term interest of key stake holders Investing in Companies going through a demerger. They consider an opportunity only after demerger is announced and the resolution is passed in the board, and do not speculate on the event and therefore we do not take the risk of event happening or not.

Debt Market:

Key Recent Events

- India's GDP growth slumped to a three-year low of 5.7% during April June—lagging China for the second straight quarter —as manufacturing slowed ahead of the GST launch amid demonetisation effect
- Factory output grew unexpectedly in August to bring the country's manufacturing sector back into growth zone on surge in new business orders after the GST-related contraction in July, a monthly survey showed. The Nikkei India Manufacturing Purchasing Managers' Index (PMI) rebounded to 51.2 in August from a low of 47.9 in the previous month, indicating a substantial turnaround from July's contraction amid confusion over the new GST (Goods and Services Tax) regime.
- India's fiscal deficit at July- end touched 92.4 % of the budget mainly because of front loading of expenditure by various government departments

- **Monetary Policy Update – 4th October 2017**
  - In line with our expectation, the RBI kept repo rate unchanged at 6%. It also kept the monetary policy stance unchanged at 'neutral'.
  - Acknowledging the negative impact of Q1FY18 GDP print on full year growth, the RBI lowered its GVA growth forecast for FY18 to 6.7% from 7.3% in Aug '17 policy review with risks evenly balanced
  - Taking into account the upside risks to inflation, the central bank revised its inflation forecast up. According to revised forecasts, inflation is expected to range between 4.2-4.6% in H2FY18 up from 4-4.5% in the Apr '17 policy review
  - The RBI lowered SLR to 19.5% from 20% previously requiring banks to invest less in government securities



Source: Bloomberg, Data as on 29th Sept 2017

Credit growth continues to falter due to lack of large-ticket project funding and corporates moving increasingly to bond markets which has seen significant monetary transmission.

Government borrowing Programme for FY 2017-18

Government Borrowing Programme (Rs. Cr.)	
Budgeted G-Sec Gross Borrowings for FY18	580,000
Budgeted G-Sec Net Borrowings for FY18	423,226
Budgeted Redemptions for FY18	139,758
G-Sec Gross Borrowings till Date	372,000
G-Sec Gross Borrowing Completed (%)	64.14%
Maturities till date	122,871
Net G-Sec Borrowings till date	249,129
Buyback till date	0
364 Day T-Bill Gross Borrowings till date	78,000
SDL auction till date	177,933
OMO Purchases till date	0
OMO Sales till date	60,010

Source: www.stcipd.com. Data as on 3rd October 2017

DEBT MARKET OUTLOOK

Since early September, INR sovereign bond prices have weakened marginally. This was caused by a number of factors including - global volatility after the Fed announced the start of balance sheet tapering and amidst ongoing geopolitical concerns; inflation (especially core inflation) which came in marginally higher than expectations; as well as potential fiscal deficit increase due to government's plan to increase spending to boost to economic growth.

As the scare of additional borrowing under the fiscal stimulus package wore off in the beginning of the 1st week of October, the domestic bond markets witnessed some gains. However, this fear continued to shadow market sentiments as news agencies reported discussions of increasing H2 FY18 borrowing by a staggering Rs 1 Lac Cr. Resultantly, selling pressured led Yields to break the psychological barrier of 6.70% on the benchmark bond.

We think an expenditure led fiscal expansion is unlikely. With no material changes to total spending we don't think there will be any implications on RBI policy. From a bond supply standpoint, H2 gross borrowing by the Central Government is slated to be the lowest in 3 years. However there is room for clearer communication from government 'sources' when regarding borrowings and / or future fiscal slippages.

The government is running fiscal, with no room for error. Therefore market will remain on the tenterhooks. This will keep the bond yields range bound till the clarity emerges either way.

Given the CPI trajectory, we believe inflation is likely to be under the RBI threshold. However we will have to wait till Dec-17 at the least to be sure on the same, since RBI may be seeking additional data to react

We have Q2 GDP data release in the end of November. This is likely to be soft and may raise the expectation of a cut.

We believe, Monetary policy still has space to react to GDP growth slow-down as compared to fiscal policy as our combined fiscal deficit (state plus centre) is already amongst the highest when compared with peer nations and there is uncertainties regarding Govt revenues this year

We recommend Investors looking at lower mark to market risk to allocate monies to Corporate Bond / Accrual funds and Open ended AAA or AA+ oriented residual maturity funds with 2-4 years maturity. These funds are also recommended as they reduce reinvestment risk for long-term debt investors.

Investors with higher risk appetite can look at adding medium term duration (3-4 years) to fixed income portfolios through Dynamic Bond funds only which have the flexibility to alter the maturities whenever required.

Investors can also look at investing in UNIFI Alternate to Debt Portfolio – Various corporate events like buybacks, delisting, mergers, demergers as well as open offers emanating from M&A have varying degrees of information asymmetry resulting in mispricing of the underlying stocks. The portfolio will look at allocating capital to such special situations as well as bonds having credit rating of AA and above. Minimum Capital contribution required is 25 lacs. To benefit from preferential treatment of small shareholders in corporate events the maximum allocation by an investor is restricted to 30 lacs. The target is to generate a post-tax and expense return of 9%-10% p.a. There is no fixed fee, a 25% profit share which will be charged on 31st March every year) over 8% p.a. return. Suggested investment horizon 1-2 years.

Change in Fixed Income Variables for last 18 months as on 6th October 2017

Certificate Of Deposit (CD)	06-Oct-17	30-Jun-17	31-Mar-17	31-Dec-16	30-Sep-16	31-Aug-16	30-Jun-16	31-Mar-16
3 MONTHS	6.22%	6.35%	6.20%	6.25%	6.50%	6.58%	6.75%	7.60%
6 MONTHS	6.60%	6.51%	6.30%	6.50%	6.76%	6.90%	7.14%	7.65%
1 Year	6.60%	6.75%	6.65%	6.52%	7.05%	7.22%	7.42%	7.60%
Commercial Paper (CP)								
3 MONTHS	6.85%	6.65%	6.52%	6.75%	6.60%	7.10%	7.75%	8.25%
6 MONTHS	7.00%	6.90%	6.90%	7.35%	7.15%	7.40%	8.25%	8.80%
1 Year	7.20%	7.20%	7.00%	7.50%	7.45%	7.75%	8.40%	8.80%
GOVERNMENT SECURITIES								
6.79% GOI 2027 (New Ten Year)	6.74%	6.50%	6.68%	6.51%	6.82%	7.10%	7.45%	7.48%
6.97% GOI 2026 (Old Ten Year)	6.97%	6.70%	6.85%	6.62%	6.97%	7.15%	7.61%	7.71%
AAA CORPORATE YIELDS								
NON PSU								
1 YEAR	7.05%	7.25%	7.10%	7.60%	7.70%	7.75%	8.49%	8.65%
3 YEAR	7.40%	7.50%	7.55%	7.75%	7.77%	7.82%	8.49%	8.55%
5 YEAR	7.50%	7.55%	7.70%	7.85%	7.85%	7.91%	8.47%	8.50%
10 YEAR	7.65%	7.58%	7.85%	7.90%	7.85%	7.96%	8.47%	8.50%
PSU								
1 YEAR	6.75%	7.00%	6.90%	6.85%	7.27%	7.33%	7.72%	8.00%
3 YEAR	6.98%	7.15%	7.20%	7.05%	7.38%	7.43%	7.85%	8.15%
5 YEAR	7.11%	7.24%	7.31%	7.20%	7.48%	7.48%	8.12%	8.17%
10 YEAR	7.47%	7.40%	7.60%	7.40%	7.50%	7.62%	8.24%	8.27%
10 YR US Treasury	2.36%	2.29%	2.42%	2.47%	1.55%	1.54%	1.47%	1.82%
NYMEX (OIL $)	50.65	45.15	50.08	53.91	47.57	45.44	49.43	38.30
BRENT CRUDE ($)	56.91	47.67	52.64	56.99	48.93	48.03	50.06	39.12
CALL	5.96	5.90	6.75	6.25	6.45	6.35	6.40	5.8-7.45
RUPEE	65.196	64.715	64.925	67.955	66.816	66.840	67.57	66.285-66.29
Gold $	1267.87	1245.43	1242.84	1159.75	1322.27	1346.00	1314.56	1227.87
Repo Rate (%)	6.00	6.25	6.25	6.25	6.50	6.50	6.50	6.75
Reverse Repo Rate (%)	5.75	6.00	5.75	5.75	6.00	6.00	6.00	5.75
Cash Reserve Ratio (CRR) (%)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Statutory Liquidity Ratio (SLR) (%)	20.00	20.00	20.50	20.75	21.00	21.25	21.25	21.50

Source: IDFC AMC

Performance of UNIFI PMS as on 30th September 2017

DVD - II Monthly Performance in %													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
CY13								-1.34%	4.94%	6.23%	5.01%	9.83%	**26.86%**
CY14	-5.88%	7.40%	8.75%	9.38%	20.48%	8.63%	1.80%	3.98%	10.25%	2.46%	-0.13%	8.02%	**103.00%**
CY15	2.44%	2.03%	10.51%	-1.62%	2.46%	-3.16%	12.40%	-3.35%	4.82%	-2.22%	2.22%	4.73%	**34.39%**
CY16	-3.10%	-9.98%	15.48%	6.56%	-3.44%	5.58%	4.05%	0.13%	3.63%	11.55%	-2.67%	-3.12%	**24.28%**
CY17	4.41%	3.09%	7.17%	10.53%	0.35%	4.08%	5.09%	2.21%	2.48%				**46.59%**

Hold Co Monthly Performance in %													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
CY14					1.09%	11.47%	5.55%	9.04%	25.79%	3.60%	10.76%	-3.02%	**81.57%**
CY15	2.70%	-4.40%	-2.18%	3.92%	4.76%	0.26%	12.33%	-8.09%	-3.68%	11.35%	3.22%	2.33%	**22.59%**
CY16	-11.19%	-12.97%	12.89%	4.82%	1.86%	7.29%	4.59%	19.52%	-1.99%	14.95%	-13.03%	-1.54%	**20.53%**
CY17	7.06%	4.10%	16.31%	7.79%	-4.03%	1.66%	2.48%	6.40%	3.28%				**53.84%**

APJ20 Monthly Performance in %													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
CY15									5.78%	0.48%	2.65%	4.38%	**13.88%**
CY16	-5.88%	-11.24%	16.32%	3.48%	6.02%	4.07%	2.34%	5.54%	-3.48%	3.85%	-1.37%	-1.24%	**17.00%**
CY17	8.75%	-0.06%	10.54%	3.82%	-1.31%	0.59%	4.28%	-1.90%	4.05%				**31.80%**

Spin - Off Monthly Performance in %													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
CY14											-3.15%	7.21%	**3.84%**
CY15	5.97%	-0.16%	3.82%	-3.06%	1.83%	-2.95%	8.96%	-2.73%	6.92%	0.81%	14.98%	2.34%	**41.44%**
CY16	-7.20%	-14.81%	15.67%	5.27%	1.36%	1.56%	4.67%	0.89%	-1.73%	8.65%	-9.81%	-3.46%	**-2.72%**
CY17	5.92%	2.61%	1.98%	10.02%	0.40%	2.10%	3.04%	1.31%	-1.53%				**28.49%**

Green Monthly Performance in %													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
CY17	-0.21%	4.51%	3.03%	6.45%	3.80%	1.64%	2.66%	0.10%	0.92%				**25.16%**

The above returns are post management fee and before performance fee

Performance of Mutual Funds as on 4th October 2017

Debt Fund Category - Average	Annualised Returns (%)						CAGR (%)		
	1W	2W	1M	3M	6M	1Y	2Y	3Y	5Y
Liquid Plus / Ultrashort term funds	7.57	5.50	5.29	7.18	7.04	6.96	7.71	-	-
Liquid Funds	6.32	6.26	6.20	6.47	6.45	6.44	7.05	-	-
Short Term Funds	9.19	3.57	2.76	7.54	7.49	6.97	8.09	8.48	8.56
Accrual/ Corporate Bond Funds	10.25	4.43	4.20	8.12	8.36	8.41	9.24	9.64	9.40
Bond /Dynamic Bond Funds	2.89	-6.17	-4.16	5.28	7.27	6.01	8.25	9.70	8.86
Gilt Funds (Long Term)	-0.88	-11.70	-7.82	3.17	6.96	6.15	9.07	10.59	9.29
Equity Fund Category - Average	**Absolute Returns (%)**						**CAGR (%)**		
	1W	2W	1M	3M	6M	1Y	2Y	3Y	5Y
Large-Cap	2.01	-2.72	-0.19	3.48	8.17	12.91	12.98	11.03	14.72
Mid Cap	2.59	-2.59	0.75	3.44	8.99	16.00	17.34	17.02	22.42
Small Cap	3.23	-1.55	2.48	3.81	11.07	22.15	22.76	22.04	27.26
Multi-cap / Opportunities	2.08	-2.39	0.27	4.00	8.49	14.68	15.18	13.49	16.85
Balanced Funds	1.54	-2.01	0.06	3.14	7.34	12.45	13.52	12.05	15.14
Arbitrage Funds	7.27	7.15	5.15	5.78	5.70	5.86	6.12	6.70	7.45
Index									
S&P BSE Sensex	1.64	-2.25	-0.10	1.48	5.89	11.78	9.85	6.01	10.69
Nifty 50	1.84	-2.23	0.02	3.14	7.33	13.07	11.60	7.63	11.36
S&P BSE MID CAP	2.78	-3.01	0.22	5.80	10.04	15.24	20.02	17.90	18.31
S&P BSE Small Cap	3.31	-3.26	1.81	4.84	11.63	23.56	21.44	15.26	17.74

The questions at hand are should you sell a great business? And, if so, when?

- The answer for a long-term investor may actually be **never** ...
- *"**Selling great companies** with large growth potential, even at seemingly rich valuations, is usually a **mistake**." **Allan Mecham***
- *"Our favourite holding period is **forever" Warren Buffett***
- *"If the job has been correctly done when a common stock is purchased, the time to sell it is almost **never**" **Phil Fisher***
- Don't let a market correction scare you out of holding a **great business** for the long term. Remember, 'quoted' prices can and often do reflect the emotions of the crowd, not the true underlying value of the business.

- *"This is the **third time** that Warren and I have seen our holdings in **Berkshire Hathaway go down, top tick to bottom tick, by 50%**. I think it's in the nature of **long term** shareholding of the normal vicissitudes, in worldly outcomes, and in markets that the **long-term** holder has his **quoted value** of his stocks **go down by say 50%**. In fact, you can argue that if you're not willing to react with equanimity to a market price decline of 50% two or three times a century **you're not fit to be a common shareholder**, and you deserve the mediocre result you're going to get compared to the people who do have the temperament, who can be more philosophical about these market fluctuations."* **Charlie Munger 2009**

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