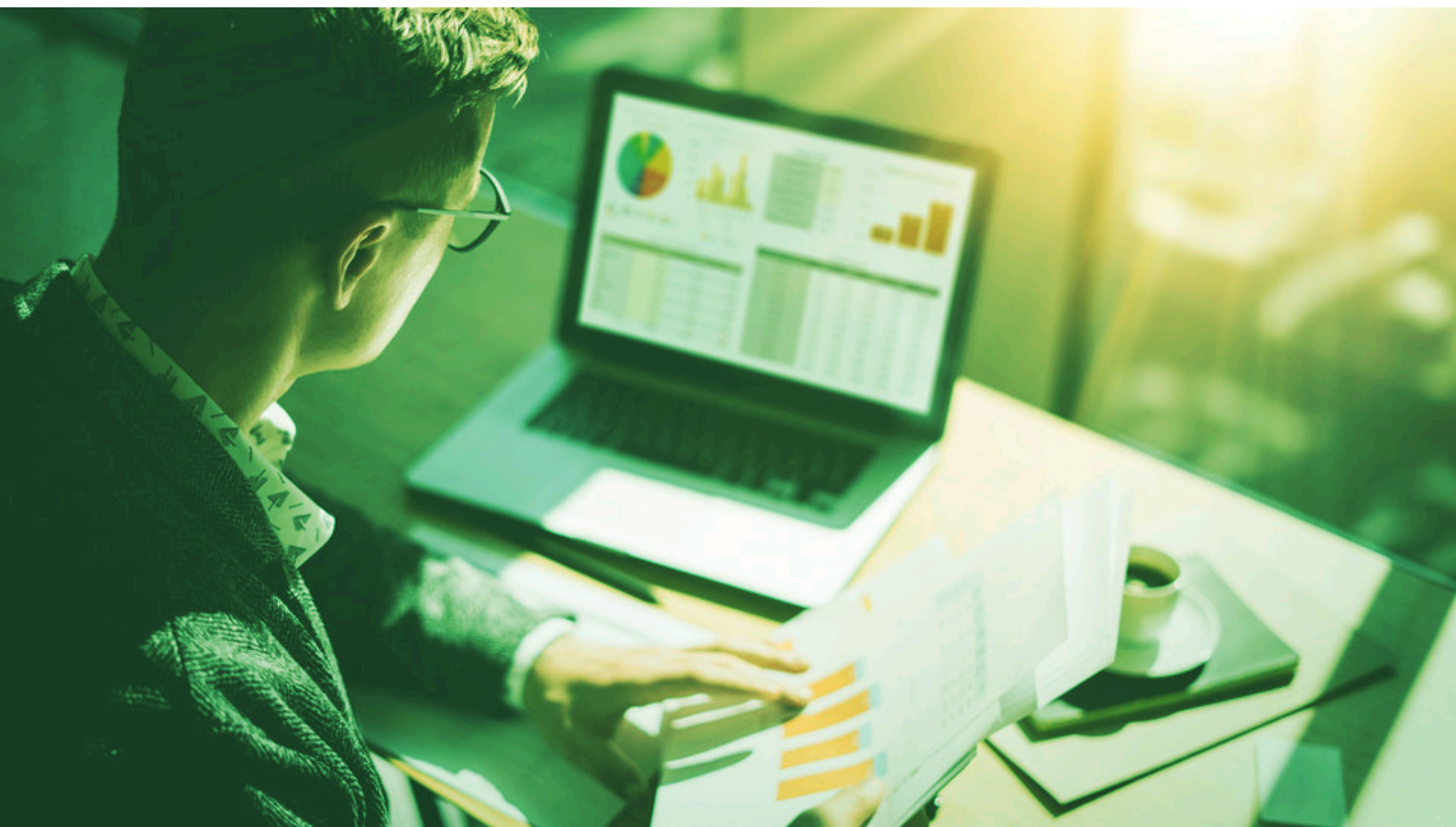


MONTHLY MARKET INSIGHT

NOVEMBER 2020

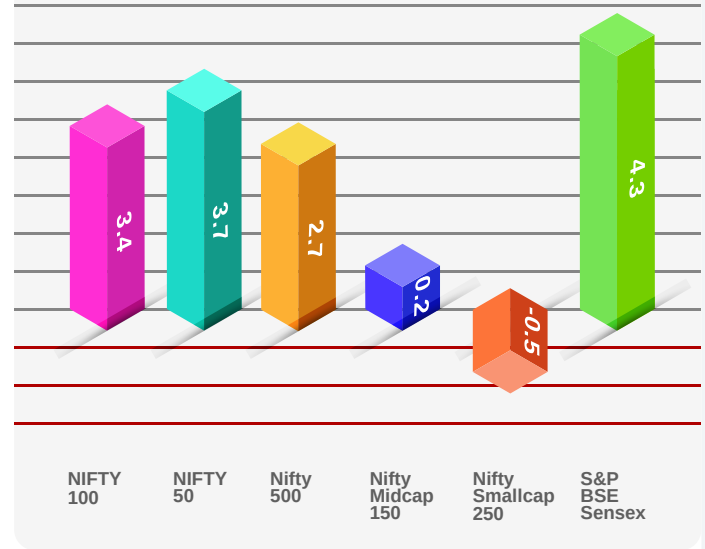




MARKET INDICATORS	RETURNS (%)			
	6M	1Y	3Y	5Y
Nifty 100	18.2	-1.4	4.3	8.9
Nifty 50	18.9	-1.0	5.4	9.0
Nifty 500	20.3	-0.1	2.7	8.5
Nifty Midcap 150	26.7	5.7	-0.2	9.1
Nifty Smallcap 250	38.2	5.0	-8.5	3.7
S&P BSE Sensex	18.5	-0.1	7.3	9.6

All indices are TRI.

MARKET RETURNS (%) IN OCT-20



HOW FUNDS HAVE PERFORMED

EQUITY-ORIENTED FUND RETURNS (%)			
CATEGORY	1Y	3Y	5Y
Large Cap	-2.2	2.7	7.2
Large & Mid	-0.9	0.6	7.6
Multicap*	-1.3	0.7	7.1
ELSS	-0.9	1.1	7.4
Mid cap	5.5	0.3	7.4
Small cap	10.1	-2.3	7.0
Hybrid Aggressive	0.7	2.0	6.5

* Includes Value, Dividend Yield and Focused funds

DEBT-ORIENTED FUND RETURNS (%)			
CATEGORY	6M	1Y	3Y
Hybrid Conservative	7.7	5.1	4.0
Medium duration*	6.0	7.7	6.0
Dynamic Bond	4.7	8.5	6.7
Credit Risk	4.0	-2.3	1.1
Debt Short term [#]	5.8	8.7	7.1
Debt Ultra - short term ^{\$}	3.9	6.0	5.9
Liquid	1.7	4.4	6.0

* Includes Medium duration and Corporate debt funds

Includes short duration and banking & PSU funds

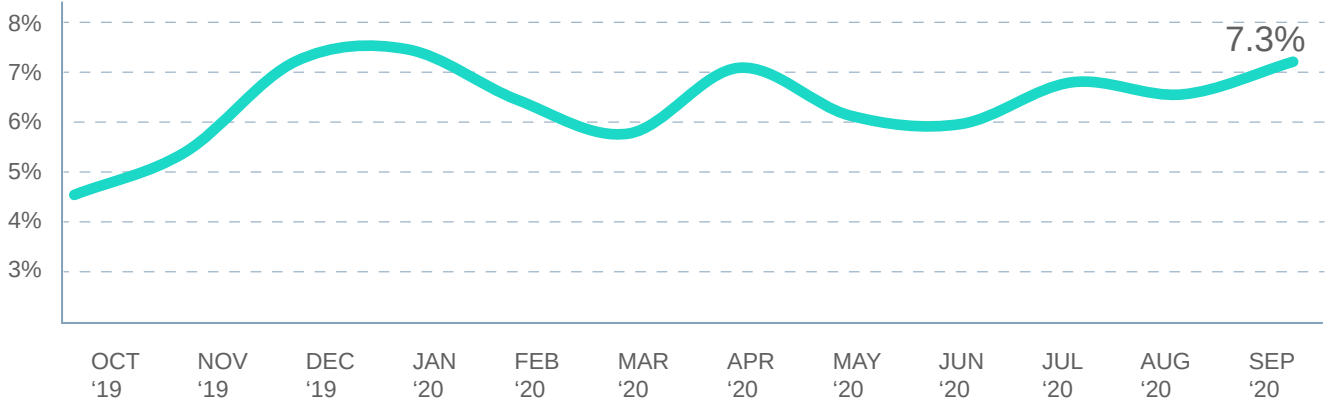
\$ Includes low duration, ultra-short duration, money market and floater funds

Source: MFI, FundsIndia Research. Average returns for each category as on October 31, 2020
Returns over 1 year are annualised.
Returns less than 1 year are absolute



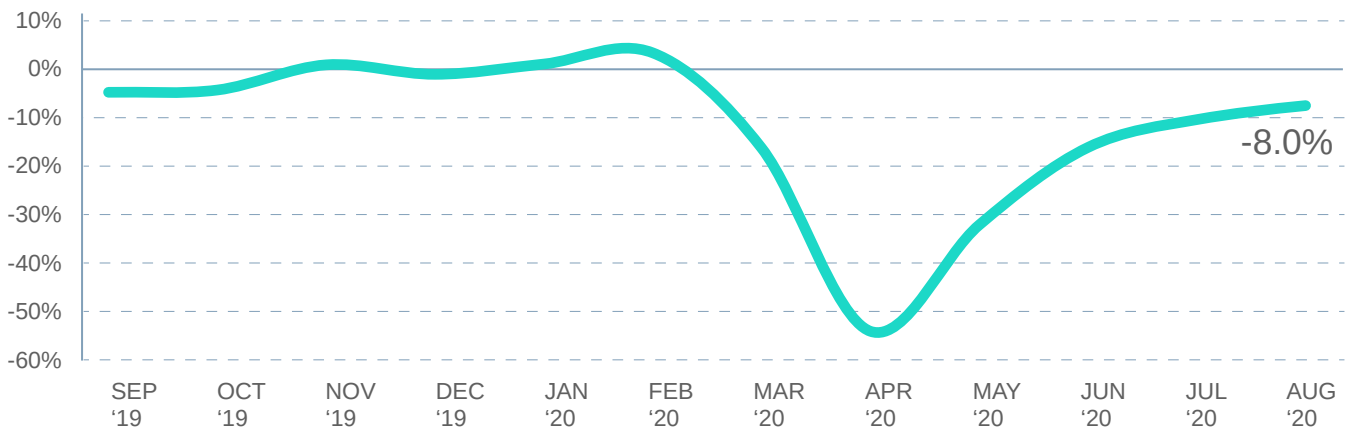
MACRO TRENDS

CONSUMER INFLATION



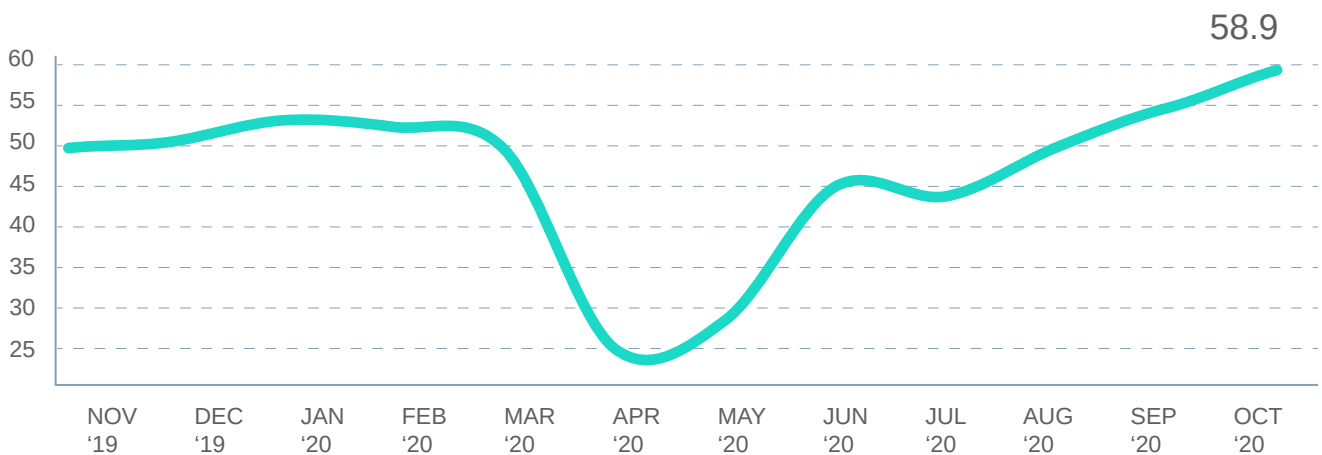
Source: NSO, MOSPI

INDEX OF INDUSTRIAL PRODUCTION – GROWTH



Source: NSO, MOSPI

MANUFACTURING PMI



Source: Markit Economics

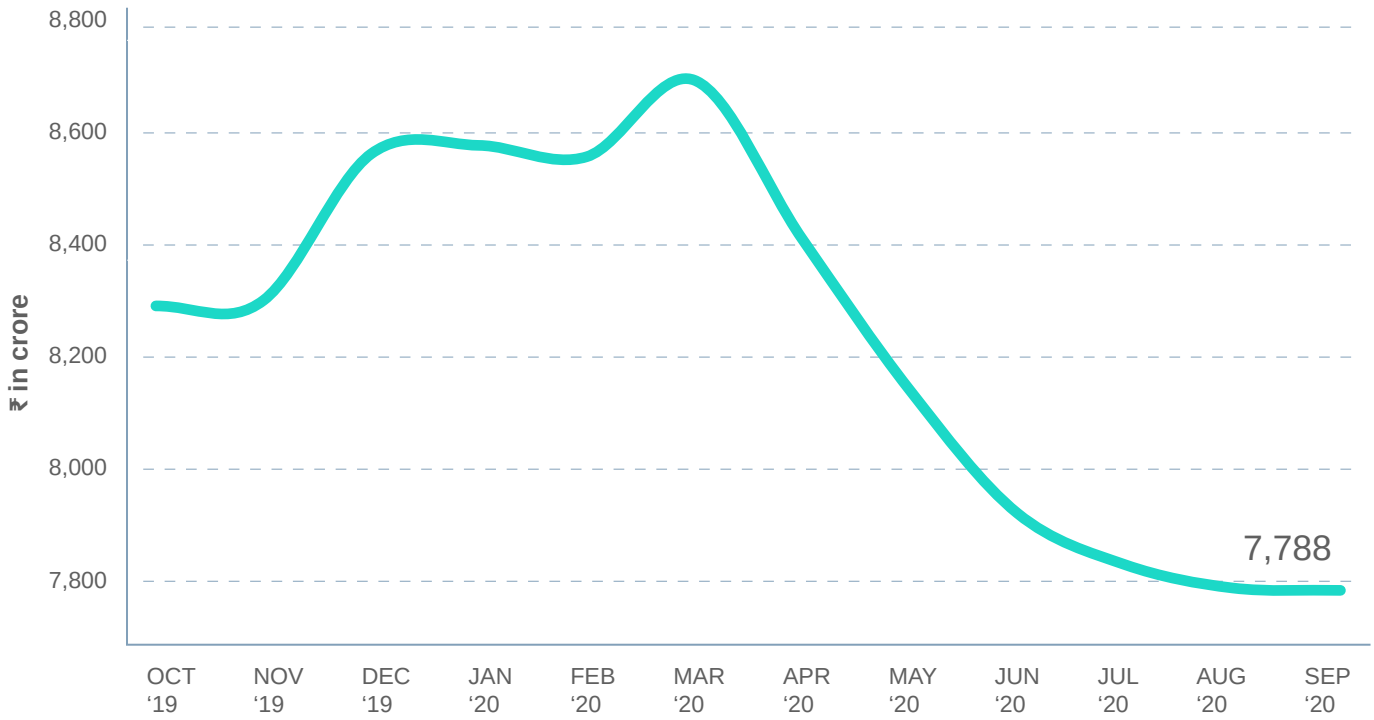


The Newsmakers

- Consumer Price Index (CPI) Inflation stood at 7.3% in Sep-20, highest since Jan-20 (7.6%), compared to 6.7% in Aug-20. The prices of Food and Beverages category, which weighs ~46% of the basket of goods, increased by 9.7% in Sep-20. This is the key reason the inflation in Sep-20 to remain at higher levels, exceeding the upper tolerance limit (6%) set by RBI.
- The Index of Industrial Production (IIP) declined by 8.0% in Aug-20, compared to the contraction of 10.8% in Jul-20. The production in Mining, Manufacturing and Electricity sectors contracted by 9.8%, 8.6% and 1.8% respectively in Jul-20.
- The Manufacturing Purchasing Managers' Index (PMI) rose to 58.9 in Oct-20, the strongest improvement since mid-2008, compared to 56.8 in Sep-20. Upturn in Sales, increase in New Export orders, robust expansion in the Consumer and Investment goods sub-sectors are the key factors that supported the growth in Manufacturing sector.
- Gross GST Revenue Collection in Oct-20 increased to ₹1.05 lakh crores, compared to ₹0.95 lakh crores in Sep-20. The revenue is highest since Feb-20, and ~10% higher compared to that of revenue collected in Oct-19 (₹0.95 lakh Cr).
- The Reserve Bank of India (RBI), in its Monetary Policy Committee (MPC) meeting in Oct-20, decided to keep rates unchanged but maintained its 'accommodative' stance as long as necessary to revive growth and mitigate the impact of COVID-19 on the economy while ensuring that inflation remains within the target going forward. Key announcements are as below:
 - **Repo rate** remains unchanged at **4.0%**
 - **Reverse Repo** remains unchanged at **3.35%**
 - **Targeted Long-Term Repo Operations (TLTRO)** of ₹ **1,00,000** cr with tenors upto 3 years to support liquidity.
 - **Open Market Operations (OMO)** for ₹ **20,000** crs.
 - **Ways and Means Advances (WMA)** for the centre has been kept higher at ₹ 1.25 lakh crore compared to ₹35,000 crore in H2:FY20 to ensure financial stability.

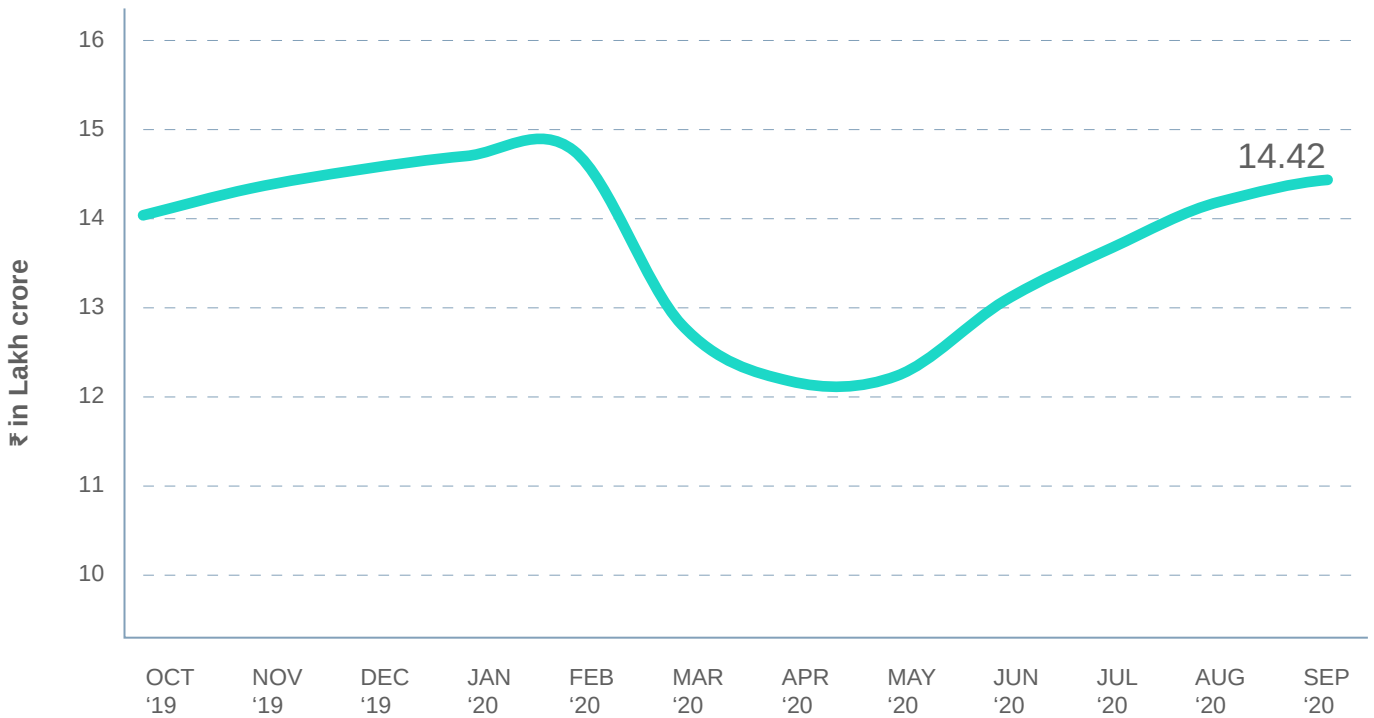


INDUSTRY SIP INFLOWS OVER THE LAST 12 MONTHS



Source: AMFI

TOTAL RETAIL AND HNI AUM



Source: AMFI



What our Research Team is saying

Debt Fund Returns – Setting the Right

In debt mutual funds, there are two legitimate risks that can be taken to improve returns

- **Credit Risk** – via higher exposure to borrowers with lower credit quality – implying higher borrowing rates and thus higher returns (assuming all is well and the borrowers don't default or get downgraded. Last few years provide a glimpse of what can happen when this assumption fails)
- **Interest Rate Risk** – via lending for a longer duration – if interest rates come down then you end up with higher returns (and vice versa)

[Click here to read more](#)

An Interesting Fund That Actually Thrives On Volatility

With the world getting adapted to the new reality of 'living with COVID' and US elections around the corner, uncertainty is omnipresent. Global markets, specifically, Indian markets are no exception to this norm.

[Click here to read more](#)

A Fund that says 'no' to fund managers and 'yes' to rules!

Quant Funds are funds where the investment decisions are driven by a set of predefined rules. These rules are built by the quantitative research team based on long term investment principles, proven investment factors and rigorous back testing.

[Click here to read more](#)

