SENSEX	NIFTY	USD	GOLD (10 grams)	CRUDE
60048.47	17853.20	73.65	46274.00	5528.00

Equity Market Updates

The market tide worldwide has been choppy this week as jittery investors navigated through uncertain currents. After a short bout of divergence, Indian bourses returned to echoing global markets and displayed whipsaw movements in tandem with the foreign securities. Amidst fears of a global contagion triggered by a probable default by debt-ridden Chinese behemoth, Evergrande, and the overhang of the Fed's tapering stance as well as interest rate timelines, investor sentiments swayed by episodes of pessimism and optimism. However, towards the latter half, the pressure on bourses eased as each thread of the story began to unravel. Concerns about China's Lehman moment and its global linkages were laid to rest as USA junk bonds were observably unbothered by the debacle while the yields on their Chinese counterparts soared. The infusion of liquidity into the banking system worth $18.6 billion by China's central bank also cooled off some anxiety. Even the Fed's hawkish stance signalling tapering towards the end of this year, was in line with estimates and already factored in by the markets. In fact, S&P 500 snapped its 4-day losing streak post the FOMC meet. Considering these factors, the rise of Indian equities continued with both the benchmark indices making a record high again this week. Moreover, the comeback of the FIIs after a hiatus of 5 months and the support garnered at every dip also hint at the continuation of this optimism in Indian indices. Thus, every dip presents a good opportunity to deploy funds.

Event of the week

In the past week, realty stocks have defied gravity with Nifty Realty surging by 21.22% this week alone. This optimism is not unfound considering a supplementary drop in home loan rates which have dwindled to as low as 6.5% ahead of this festive season. The existing demand in housing is expected to be boosted further by increased affordability and various new launches by developers adding to the already dwindling inventory. As a matter of fact, despite stamp duty being reinstated in one of the country's most expensive real estate markets, MMR, registrations in August jumped by ~16% as against August 2019. Moreover, to tackle any further potential COVID-waves, some developers have adopted virtual tools to boost sales. Considering the existing tailwinds, it seems like realty stocks have rightfully made a comeback. However, the stocks have become overheated in the short term and investors should wait for prices to cool down before entering any long positions.

Technical Outlook

Nifty 50 index closed the week again in green, after making a new high of 17947. While Nifty is trading at new highs, the BankNifty ended on a flat closing and continues to struggle around its previous all-time high. To maintain the bullish momentum, BankNifty will need to catch up. The midcap basket is showing signs of underperformance compared to the benchmark. A failure to surpass the previous highs decisively will be a sign of weakness for the broader markets. The immediate support on the downside for Nifty is now placed at 17600. Traders are advised not to create aggressive longs at current levels, rather maintain a bullish bias and initiate longs on dips or around immediate supports.

(Cont..)

Expectations for the week

The volatility seen in the markets this week may seep into the forthcoming week as well given the monthly expiry towards the latter half. Considering the increased concerns around chip shortage and the resultant dampened sales prospects, monthly sales numbers of the automobile sector are sure to grab eyeballs to determine a future trend in auto stocks. With no major domestic economic data expected in the following week, markets may be dominated by global news flows such as another interest payment on Evergrande's bond due next Wednesday. Thus, in the current volatile markets, investors must carefully invest only in fundamentally sound stocks as markets are fickle and unpredictable. Nifty closed the week at 17853.2, up by 1.52%.

New investors should stagger their equity mf bets: experts

Mumbai: Financial planners believe new investors should stagger their investments into equity mutual funds over a period of time using systematic investment plan (SIP) or systematic transfer plan (STP) into large cap funds or index funds.

Many new investors have entered equity mutual funds over the last one year. Data from HDFC MF shows that the mutual fund industry added 2.8 million investors between June 2020 and June 2021 with the total number of investors at 23.9 million. Many of these investors are starting their investment journey into equities. Financial planners point out that many new investors have started getting interested in equity mutual funds because of the one-way rally of the stock markets since March 2020 with no significant correction in the last 18 months.

"Many investors who were earlier investing only in fixed deposits are entering equity mutual funds looking at past returns," said Vijay Kuppa, founder of Orowealth, an MF investment platform.

There are many who feel they have missed out on the last 18-month rally where investors more than doubled their money on the Nifty 50 alone and are now coming with expectations of earning high returns in equity mutual funds, financial planners said. Such investors are not used to the ups and downs of the equity market and could be unnerved if the correction is sharp. Hence, they should stagger their investments, the planners said. They pointed out that the markets are not cheap from valuations perspective. On March 23, 2020, the Nifty traded at a PE of 17.15 and a P/B of 2.17, while it now trades at a PE of 27.29 and P/B of 4.5.

"We have not seen a big correction since March 2020 and it's just a matter of time before one comes in, and it could be sharp. By staggering your investments, you will have money remaining with you to buy at those lower levels," said Harshvardhan Roongta, principal financial planner at Roongta Securities. He advises investors to stagger their investments over the next 12 months.

Wealth managers believe that first-time investors will be better off buying into large blue-chip companies, and should stay away from thematic funds, mid- and small-cap indices. That is because large companies have the capacity and financial muscle to weather any adverse environment and gain market share, while small companies could vanish or lose in a downturn. Also, small-cap funds could be driven more by liquidity and could be volatile if a sharp correction were to happen in the markets, experts said.

"First time investors would be better off opting for large-cap funds and index funds using SIPs," Roongta said. He recommends the Nifty 50 fund for first-time investors and asks them to come with a minimum time frame of five years.

Rising market may be a cause of worry for RBI

Investors have been cheering the record high levels of equity indices, but this seems to be increasing the worries of policy makers at the Reserve Bank of India (RBI), which has already flagged adverse fallouts of inflated financial asset prices. Unprecedented fund flows into equity mutual funds, rising amount of share demat accounts, and a surge in the portion of retail trading through discount brokerages are all making some experts fear that equities may have reached unsustainable valuations. The central bank has already proposed a lending cap for non-banking financial companies (NBFCs) for initial public offer (IPO) subscriptions. RBI governor Shaktikanta Das, in a speech last week, highlighted the widening disparities in income amid less-than broader economic recovery that has pushed many small enterprises out of business and left many jobless. This reflected the central bank's concerns about uneven progress and possible impact of a stock market correction on small investors.

Benchmark indices had last week touched a record high on the back of optimism that economic expansion is gathering pace and that corporate earnings would also grow. Mutual funds are witnessing record fund flows and even global portfolio investors have been pouring in funds even as they pull out from some other emerging markets. The clampdown of tech companies in China and the burst of the real estate bubble is driving more funds into India. Governor Das as well as the RBI's Financial Stability Report have raised red flags about the froth in the financial markets. Last year, when the BSE Sensex was around 38,000, Das had said, "There is so much liquidity in the system, in the global economy, that's why the stock market is very buoyant and it is definitely disconnected with the real economy. It will certainly witness correction in the future. But when the correction will take place, it is hard to predict."

Last week, the Sensex touched 60,000, and the correction he talked about has not happened. The broadly tracked Nifty is trading at 22 times forward year earnings, a 40% premium to its historical average. As per the estimates of investment bank Jefferies, in the past year, Nifty outperformed the emerging markets indices by 33 percentage points and its PE ratio is at a 76% premium. "Sensex has turned out to be a perceived barometer for the economy, luring people with its outstanding return potential," said Madan Sabnavis, chief economist at Care Ratings. "Retail investors are desperate for higher returns on savings when traditional bank deposits are at record low. Inflation is pinching further." This calendar year, there were 39 initial public offers aggregating Rs 74,363.39 crore, shows ETIG Data. Many of those share sales subscribed multiple times with Zomato's offer for Rs. 9,375 crores getting bids 38.26 times higher.

The central bank has proposed a cap of Rs 1 crore lending by NBFCs for IPO subscriptions. "The unbridled stock market rally looks very frothy," said Sanjiv Bhasin, director at IIFL Securities. "Valuations are extremely stretched as the fear of missing out, prompting both retail and select institutional investors to buy. Risk-reward is unfavourable for any investor betting new." Although the central bank hasn't publicly cautioned about stock market levels, governor Das has talked about rising inequality. "Daily wage earners, service and informal sector workers were badly hit.

(Cont.)

Their employment and income opportunities were curtailed," he said last week. "The lasting damage inflicted by the pandemic on these segments is of serious concern for inclusive growth. In the medium-to-long-run, both efficiency and equity will greatly matter for sustainable growth and macroeconomic performance," he said.

According to independent research house QuantEco Research, approximately 320 top-ranked companies (basis assets and turnover) have shown an annualised sales growth of 17.6% on an average over the last four quarters while 320 bottom-ranked companies saw their sales decline 53.3% on an average during the same period. "This broadly underscores the inequality in performance of the non-financial corporate sector and points towards an underlying shift in market share and structure," said Vivek Kumar, an economist at QuantEco Research. During the same period, the wage bill for the same sets of companies have shown an annualised growth of 6.1% and decline of 39.6%, respectively, on an average. The RBI's Financial Stability Report (FSR) in its July edition had flagged concerns about asset price inflation. "Monetary and fiscal stimulus and regulatory relief have engendered generally benign financial conditions globally," FSR had said. "Accordingly, financial markets have extended gains with intermittent corrections. This has stretched equity valuations, with market-based inflation expectations pushing up bond yields, and as capital flows cautiously return to emerging market economies (EMEs) on the tailwinds of rekindled risk appetite."

KFintech and CAMS launch MF Central

CAMS announced the launch of MFCentral, a digital solution for enhanced service experience for mutual fund investors. This comes after the Securities and Exchange Board of India (Sebi) had directed RTAs to come up with a platform for MF transactions.

MFCentral is a collaborative effort of KFintech and CAMS, the Mutual Fund Registrar & Transfer Agents in association with AMFI. MFCentral offers digital access to investor with the entire MF industry under one roof. MFC doesn't need you to open a new account. By entering your Permanent Account Number and mobile number, you can fetch all your investments – made across Statement of Account format and demat – in a consolidated list.

MFC will be launched in three phases. Phase 1 has been launched. It will allow you to make non-financial transactions on its website, in addition to providing a single view of your portfolio, CAS and unclaimed dividends.

In Phase 2, it will launch a mobile app. You could then do the same things via the app. Phase 3 will allow you to buy and sell MF units. In later phases, it will also allow your distributors to log in and execute your transactions, on your behalf.

In addition to a single portfolio view, the platform offers investors the added convenience of generating reports on unclaimed payments and raising service requests for non-commercial transactions (Digital and Scan based), such as nominee change and address update.

Aditya Birla Sun Life AMC IPO to open on Sep 29

Aditya Birla Sun Life AMC on Friday said it has fixed a price band of Rs 695-712 a share for its over Rs 2,768-crore initial share-sale. The three-day initial public offering (IPO) will open for subscription on September 29 and conclude on October 1, the company announced in a virtual press conference.
The initial share-sale is entirely an offer for sale, wherein two promoters -- Aditya Birla Capital and Sun Life (India) AMC Investments -- will divest their stake in the asset management firm.
The IPO of up to 3.88 crore equity shares comprises an offer for sale of up to 28.51 lakh equity shares by Aditya Birla Capital and up to 3.6 crore equity shares by Sun Life AMC.

Mutual fund employee salary rules to be tweaked from Oct 1

Asset management cos' junior staff to compulsorily make minimum investments in mutual funds: SEBI

The Securities and Exchange Board of India (Sebi) on Monday said its proposed skin-in-the-game rule for junior employees of mutual funds would be implemented in a phased manner.
Initially from October 1, junior employees will be required to invest up to 10% of their compensation in mutual fund units of the fund house. This will be increased to 15% from October next year and then brought up to 20% in 2023.
The regulator has defined a junior employee of an asset management company as one below 35 years of age. However, chief executives, fund managers and heads of any department would be required to invest up to 20% of their salaries in mutual fund units from next month and these would be locked in for three years. In April, Sebi had mandated that a part of the compensation of key employees of AMCs be paid in the form of units of mutual fund schemes in which they have a role or oversight.
Many fund managers and key personnel have investments in existing schemes. "Employees may set off their existing investments, if any, against the fresh investments as required in the same schemes, which is welcome," said a CEO at a fund house.

Our clients have six more months to link Aadhaar and PAN

MFDs have six more months to ensure that their clients link Aadhaar and PAN.
The government has extended the last date for mandatory linking of Aadhaar and PAN by another six months to March 31, 2022. The previous deadline was September 30, 2021.
In a press release, the Central Board of Direct Taxes (CBDT) said the decision was taken in view of hardships being faced by "various stakeholders on account of the Covid-19 pandemic."
This is the fourth time that the government has extended the last date for linking of two documents. At first, the deadline was set as March 31, 2021. It was later extended to June 30 and then to September 30. Now, it has been pushed to March 31, 2022.
Linking of both the documents before the last date is important for continuity of mutual fund transactions. This is because PAN numbers, which are required for MF transactions, will become invalid if they are not linked to Aadhaar.

Largecap funds that are rated the best by CRISIL

In present times, it's tough for active large cap funds to deliver benchmark-beating returns. But still some fund managers have been doing an excellent job of squeezing out alpha in the large-cap category. CRISIL Research has released its latest ranking for large cap funds to identify such out performers.

The rankings for the first quarter of FY 2022 places three funds in the top category (very good performance) and five funds in the next best category (good performance).

Here are the funds that have made it to the top two categories:

Canara Robeco Bluechip Equity Fund

This fund has been placed in the top bracket by CRISIL Research along with two other funds in the latest rankings. The Canara Robeco Bluechip Equity Fund has delivered 3-year trailing return of 19% compared to 15.5% growth in S&P BSE 100 TRI during the same period, according to Value Research.

Value Research has given 5-star rating to the fund.

Franklin India Bluechip Fund

The Franklin India Bluechip Fund climbed one spot to make it to the elite club. The 3-year trailing return of the fund, as per Value Research, is 12.03% as against 15.47% rise in S&P BSE 100 TRI. The fund has performed well in the past one year as it delivered 66% return, which is highest among large-cap funds. During the same period, S&P BSE 100 TRI has risen 57%.

IDBI India Top 100 Equity Fund

This fund is also in the top club. Its standing has improved by one spot between March and June quarter. The fund has managed to beat the S&P BSE 100 TRI benchmark in 3-year returns. While the fund delivered 17% return during the period, the benchmark grew by 15.47%.

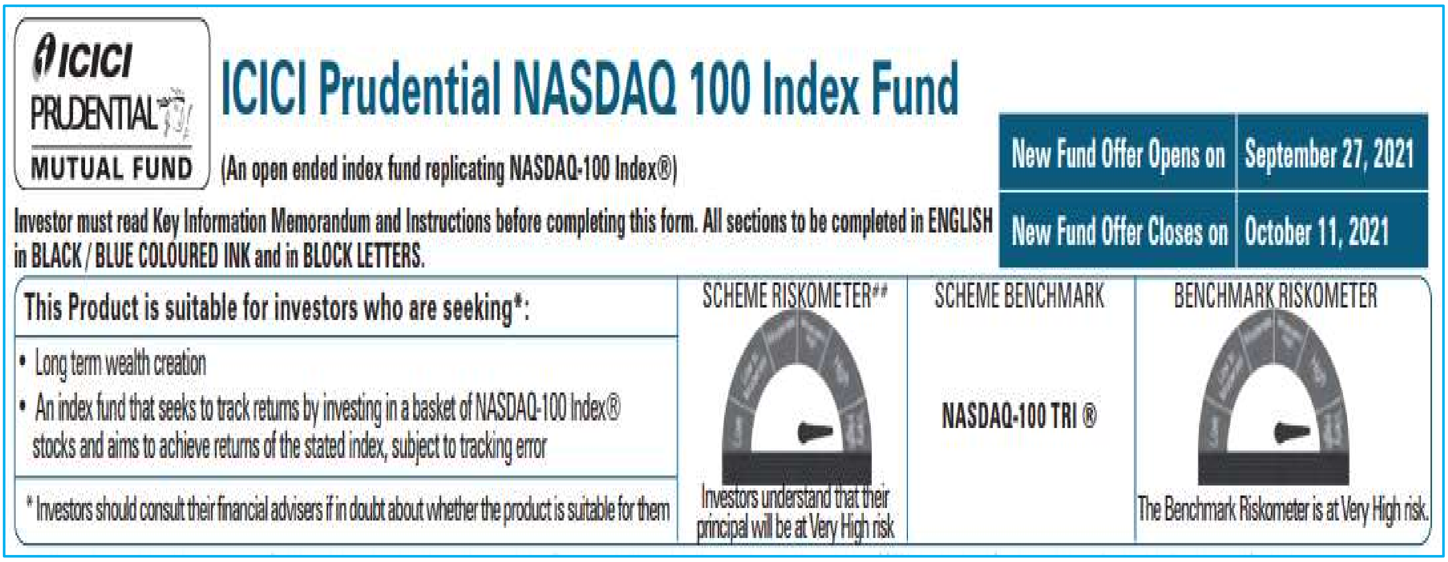
In the last one year, the fund has delivered close to 60% return.

The second-ranked funds

Among the five funds in the next-best bracket, Axis Bluechip Fund was the only fund to get promoted to the list. In March quarter rankings, the fund was in the third-best category. Baroda Large Cap Fund and Edelweiss Large Cap Fund were in this club in the March-quarter as well. Kotak Bluechip Fund and UTI Mastershare Unit Scheme were moved to the second from first category.

Fund	1-yr return	3-yr return	5-yr return
Axis Bluechip Fund	52.02	18.12	17.37
Baroda Large Cap Fund	55.65	14.55	14.62
Edelweiss Large Cap Fund	55.65	14.55	14.62
Kotak Bluechip Fund	57.89	16.66	14.54
UTI Mastershare Unit Scheme	58.85	15.85	14.79
Benchmark	57.01	15.47	15.58

New Fund Offer (NFO)



(**Source: - AMFI, Economictimes, Moneycontrol, IBJA, Livemint, Cafemutual etc.)**