

Equity Returns

Returns of market Indices	Mar-16	Apr-16	May-16
Sensex	10.17%	1.04%	4.14%
BSE 100	10.74%	1.77%	3.80%
BSE 200	10.61%	1.91%	3.65%
Nifty 50	10.75%	1.44%	3.95%
S&P BSE MIDCAP	10.90%	3.99%	2.93%
S&P BSE SMLCAP	10.40%	4.54%	1.11%
S&P BSE CG	14.43%	2.65%	9.56%
S&P BSE BANKEX	16.30%	3.93%	5.22%
S&P BSE AUTO	13.56%	2.60%	4.84%
S&P BSE REALTY	16.87%	10.45%	4.74%
S&P BSE FMCG	8.12%	0.07%	4.52%
S&P BSE India Mfg	8.65%	1.59%	3.78%
S&P BSE IT	11.32%	-0.51%	2.17%
S&P BSE POWER	12.21%	3.98%	1.37%
S&P BSE India Infrastructure	15.37%	1.88%	0.92%
S&P BSE METAL	11.56%	5.55%	-0.11%
S&P BSE PSU	10.51%	2.64%	-0.18%
S&P BSE CD	3.86%	2.67%	-0.22%
S&P BSE OIL&GAS	11.53%	2.12%	-0.37%
S&P BSE Telecom	8.24%	3.63%	-2.98%

Transaction Trends (Equity)

	Mar-16	Apr-16	May-16	CYTD 2016
MF				
Purchase	19,179	15,028	24,055	1,06,299
Sell	29,377	15,414	17,259	98,100
Net	-10,198	-386	6,795	8,199
FII/FPI				
Purchase	1,06,254	79,955	81,170	4,11,307
Sell	85,111	72,550	79,347	3,97,584
Net	21,143	7,405	1,823	13,723

Equity Outlook

- The equity rally which started in March has carried into its third month. The large cap index Nifty was up 4% for the month clocking the best return across global markets. The midcap (Nifty Mid100 Free Float) and small cap (S&P BSE Smallcap) indices underperformed the large cap index by clocking gains of 0.7% and 1.1% respectively.
- There were quite a few positives that worked for India during the month. Firstly, there is good news on the Monsoon front as it is widely believed that the rainfall will be above normal and timely. This should relieve the pressure faced by the rural economy. Secondly, the corporate earnings season seems to be seeing an uptick. The QoQ Net Sales growth for Nifty companies was just over 4%, EBIDTA growth and Adjusted PAT growth was over 12% each. In YoY terms Nifty earnings grew just below 3%.
- Thirdly, on the policy front, Rajya Sabha passed the Bankruptcy Bill which should help in establishing transparent and time bound process for failure of businesses. Meanwhile the way markets have taken in its stride the tweaking of Mauritius tax treaty is worth noting.
- On the data front, April CPI surged to 5.4% from 4.8% earlier due to increase in food article prices and March IIP has fallen to 0.1% from 2% in February. Though these are negative on the margin but nothing to be too concerned about at this stage.
- On the global front, there have been hawkish comments from fed members through out the month getting the market ready for a rate hike. However, last Friday's Non Farm Payroll data indicated job increase of only 38,000 has pushed the next rate hike further down. The probability of a September rate hike is about 40% now.
- We should be keenly watching the vote on Brexit – the vote whether Britain should exit the EU. The vote is too close to call according to the opinion polls and potentially create volatility in financial markets if Brexit happens.
- With that caution from global developments and our positive view on a medium to long term basis, we would advise investors to invest in our focussed funds namely BSL Balanced 95, BSL Top 100 & BSL Advantage Funds.

Equity Heat Map

SECTOR ASSET NAME	ADVG	BSLEQTY	BSLFEF	BSLR96	BTOP100	MIDCAP	MNC	GENNEXT
AUTOMOBILE								
CASH								
CEMENT & CEMENT PRODUCTS								
CHEMICALS								
CONSTRUCTION								
CONSUMER GOODS								
ENERGY								
FERTILISERS & PESTICIDES								
FINANCIAL SERVICES								
HEALTHCARE SERVICES								
INDUSTRIAL MANUFACTURING								
IT								
MEDIA & ENTERTAINMENT								
METALS								
Others								
PHARMA								
SERVICES								
TELECOM								
TEXTILES								

Positive contributor

Negative contributor

No Contribution

Focus Fund – Portfolio Action

BSL Advantage Fund

Owing to consumption theme that is expected to play out and a visible NPA cycle bottoming out, BSL Advantage fund marginally increased its exposure to Auto and BFS sectors respectively. Meanwhile the fund marginally reduced its exposure to Pharma sector owing to US FDA issues, however pharma sector continues to remain a long term bet. The fund would continue favouring sectors like Auto, NBFCs and Cement.

Fund continues to be market cap agnostic and focuses on bottom up approach to investing. The result of this is having unique picks in portfolio with likes of KPR mills, Capital First, Equitas Holdings and Dalmia cement (which do not belong in the benchmark).

BSL Mid-cap Fund

Though midcaps and small caps witnessed selling in months of Feb and March, they are slowly making a comeback in terms of performance.

BSL Midcap fund has taken exposure towards NBFCs and MFIs post the April interest rate cut by the RBI. Taking exposure to Equitas Ltd. during IPO has paid handsomely. The fund has cut its exposure to technology stocks as IT sector growth is expected to remain muted due to lowering of IT spends by US banks and other financial services companies.

Going forward the fund is expected reduce the number of stocks in its portfolio. The idea is to have a more concentrated portfolio with high conviction stocks.

BSL FEF and BSL Top 100

In the last month BSL FEF has increased its exposure to Cement & Cement Products, Fertilizers & Pesticides. Similarly Top 100 has also increased its exposure to Fertilizers & Pesticides while reduced its exposure to Metals. Playing out of government's focus on infrastructure spending and an above normal expected rainfall should help the fund to deliver superior returns.

BSL Top 100 fund is a pure large cap fund investing in top 100 companies by market cap. Fund would intend to run it as more concentrated large cap portfolio with minimal midcap exposure. On the other BSL FEF would continue to be run as large cap bias fund with some midcap exposure to 15%.

Focus to remain on themes such as domestic consumption (cyclical stocks) and banking & financial services owing to easing interest rates and an expected credit offtake.

BSL Balanced'95 Fund

The fund's broad focus is on cyclical recovery theme in the near future and looks to benefit from sectors like consumer discretionary and financial services. It also looks to have a more consolidated portfolio by reducing the number of stocks

Recently released Q4FY16 corporate results were better than expected. Exposure to stocks like Crompton Greaves Consumer Electronics, Natco Pharma, Kaveri Seeds and L&T contributed to the fund's performance

The fund has decreased its exposure to Consumer goods and reallocated that money to Automobiles owing to rising disposable income and an expected credit offtake. Mahindra & Mahindra, Ujjivan Financial Services and Equitas Holdings (recent IPOs) were some of the key picks that paid off handsomely.

BSL Tax Relief'96 Fund

The fund has increased its exposure to agrochemicals and cement & cement products which are expected to benefit from the coming monsoon season and government's thrust on infrastructure spending

The fund increased its exposure to quality stocks like Century textiles, Glaxosmith, Pfizer & Gillette India Limited which has strong fundamentals and is expected to do well in the near future.

Fund has marginally increased its exposure towards Automobiles due to an expected credit offtake along with rising disposable incomes and implementation of 7th Pay Commission which would contribute to the consumption story.

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