Mr. A Balasubramanian
MD & CEO

Dear Investors & Distributors,

These are unprecedent times. Economies, Governments, Central Banks, Businesses are all in uncharted waters, battling the Covid-19 pandemic and at the same time trying to minimise the disruptions and after-effects of the battle against the virus. The medical fraternity and governments are focussing their efforts on prevention of transmission and finding a cure/ vaccine, businesses have adapted to ensure the disruption to their core critical operations is the minimum possible. Broad economy across the globe and in India will see a substantial slowdown due to the lockdowns. Governments across the globe along with central banks have been taking various steps to cushion the impact of Covid-19 pandemic and revive growth as and when lockdown is lifted and countries start functioning normally.

Under these circumstances, Government is expected to take decisive steps to revive economic growth by way of fiscal stimulus and take unprecedented measures to revive the economy back to normal. Government of India has been taking measures and instituting many structural reforms which would benefit the economy in the long run. Since India's growth rate has been falling continuously and will fall further as a result of this pandemic, we should probably hit the bottom soon and begin to move up on the back of Government becoming more aggressive in bringing the economy back to growth path. But this will not happen overnight and the recovery will be gradual. It is an opportune time for India, given the low oil prices prevailing overseas and its related impact on currency, low interest rates and the benefit it can provide to a large pool of consumers in India. RBI action in the form of cutting rates by 75 bps and providing more liquidity should help in interest rates to come down for needy borrowers as we move ahead.

Asset allocation is the all season mantra in investing. In the current market environment investors should have a good mix of actively managed Equity funds, Debt funds, and Index funds or ETFs. As a fund house, we cater to all types of investor needs by offering products for different objectives from Savings (Liquid Fund), Income (Debt Funds such as Money Market Fund, Low Duration Fund, Banking & PSU Debt Fund, Corporate Bond Fund), Long term wealth creation (Large-cap and Multi-cap funds) and for tax saving purpose (ELSS). Investors should have exposure across these four categories while planning their finances. When one invests only in equity scheme, she or he is exposed to higher market volatility and this may defeat the purpose of asset allocation that can be achieved through diversified portfolio selection. Investors should continue with their SIPs that is designed to take care of such volatilities.

The Coronavirus related market impact has affected the entire industry and investors across mutual funds have not made money this year post this unprecedented fall. The extensive market fall due to Covid-19 would have also impacted 2-3 year returns. While it is a painful period for all investors in the capital market and in equity schemes of mutual funds, markets also bounce back at the same speed if not faster when things return to normal. I expect markets will first come back to its normal range, stabilise and then begin to move up on the basis of fundamental changes. Therefore, one should keep the equity investment as a long term investment and should probably look at investing more at the current level in order to build long term portfolio. Markets have recovered from substantial losses in the past as well, hence investors should not worry and remain hopeful of a repeat of the same upside post a downtrend, as has happened in the past. It is important to sensitise investors that current markets have created opportunities both in equity and fixed income space. Unless one really has an urgent need of funds, redeeming out of panic in such unique market conditions will make their notional loss an actual loss. Best to avoid getting influenced by short term noises, and tracking short term data.

The biggest challenge is to overcome the uncertainty and negative sentiment of the economy. The timely measures undertaken so far along with those that will be undertaken as we go along, by the Government of India and the RBI should help in reviving the sentiment & help in restoration of normalcy to businesses and in revival of the markets & economy.

Be Safe! Stay Safe!