



Mera Funds
Investment Services

INVESTMENTS KNOWLEDGE CENTER

A monthly News letter on Investing & Personal Finance



EDITORIAL

In the Current Scenario of COVID Crisis, this newsletter issue is quite important for our readers.

In this issue, we have covered their key concern related to market's reaction on rising number of COVID cases. We have also added a featured article on '**Volatility Management**'

As always, we have added a case story this month, which is going to be very inspiring and informative for all our readers.

I wish you all , the best of health. Please stay safe and take care of your family and yourself.

Happy reading !



Mr. VR Aiyappan,
CFA, FRM
Mera Funds Investment Services

ABOUT US

Mr. VR Aiyappan - CFA, FRM

Mera Funds Investment Services

he is an AMFI registered MF Distributor providing the seamless investment platform to all the MF investors; we also provide the complete hand holding, incidental advice and investment motivation to the aspiring investors , whenever required.

he possess vast experience in this Mutual Funds and Financial Services.

Besides Mutual Funds, he also provide referral services and transactional support in other financial products like- Insurance, Taxation etc

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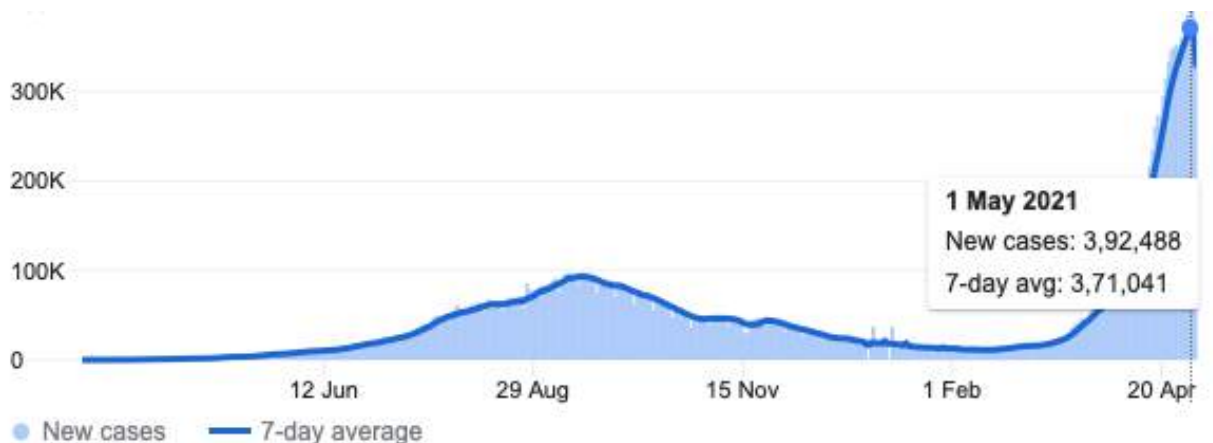
**READING THE MARKET PULSE
DURING THIS COVID CRISIS**

**CASE STORY OF RAMESH, 37 YRS,
WHO STARTED INVESTMENT HABIT
AT THE AGE OF 27 ONLY**

**WHAT IS FUND OF FUND (FOF)
SCHEMES ? IS IT GOOD FOR ASSET
ALLOCATION ?**

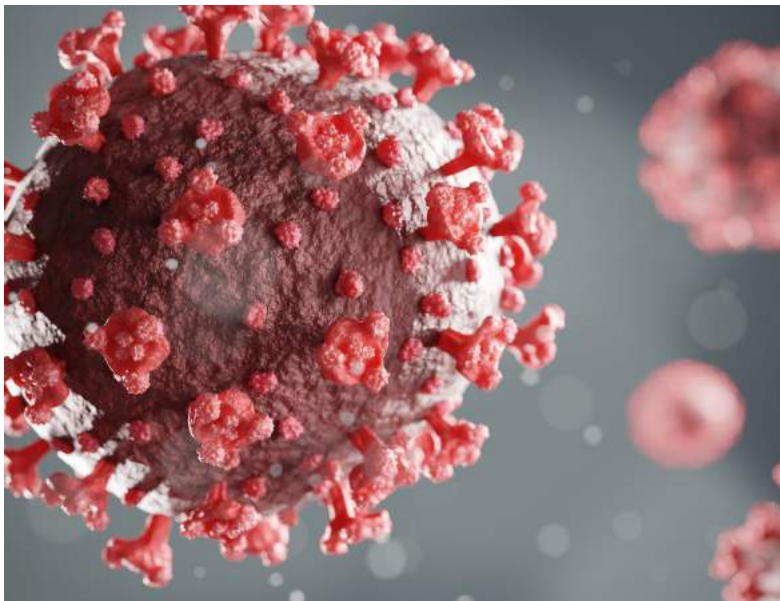


Chapter 1 : Rising COVID cases is a concern !

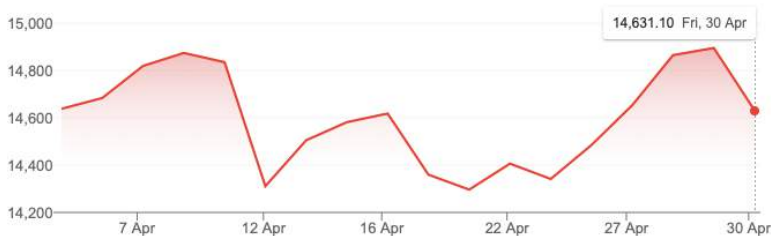


We saw a sharp rise in the COVID cases during the month of April 2021. Of-course , it was a panic button for Stock Market. As you know Stock Market always behaves on perception and it reacts in advance. Like, if market assumes that the death numbers will be higher , it will react negatively; if it assumes that recovery rates will be higher, then it will not react so negatively.

Besides, every body knows that '**Fear of Health**' consequently gets converted into '**Fear of Wealth**'. Read this special article to guess the pulse of Market in current situation.



Month of APRIL was a highly volatile month for Equity Market...



All Key indices, like NIFTY , SENSEX etc were highly volatile during the whole month, reflecting the mixed reaction by investor's - some thought that rising case will peak out in few days then will be good for everybody ; and some thought that the rising number of cases will increase the death numbers , which will increase the fear of worst !

Experts believe that business will certainly get hampered and economy may get a hit, but the phenomenon will not be much longer. The spread is so fast , that they assume a peak out within next 30-45 days. Market's number also endorses this assumption, because it is not slipping one way ! Over all Indices like- NIFTY and SENSEX, in the month of APRIL, ended almost at the same place where it started

But one thing was very remarkable- we saw FIIs (Foreign Institutional Investors) as a seller but DI I(Domestic Institutional Investors) as a buyer in this whole volatility. FIIs were a net seller of **Rs 12,039.43** , while DIIs were a net buyer of **Rs 11,359.88** in the month of APRIL . **What does this indicate ?**

That locally, we have not lots any faith in our country and we that we can manage this panic soon. However foreigners are not too sure about the Indian health management and crisis management system.

On the performance front, one should see the chart given below :

Fund Category Returns				
Name	1 Month	1 Year	3 Years	5 Years
Equity: Sectoral-Pharma	8.93	51.19	21.47	11.1
Equity: Thematic-Energy	6.19	77.08	16.98	17.1
Commodities: Gold	5.69	-2.32	13.31	7.1
Equity: International	5.36	45.79	12.40	13.1
Equity: Small Cap	4.42	91.69	7.07	15.1
Equity: Thematic-PSU	2.46	34.76	-0.20	6.1
Equity: Thematic	2.34	57.16	7.03	12.1
Equity: Mid Cap	1.37	68.71	8.96	14.1
Equity: Thematic-Dividend Yield	1.30	54.67	7.60	13.1
Equity: Large & MidCap	0.87	54.64	8.71	13.1
Equity: Value Oriented	0.87	59.59	6.62	12.1
Equity: Thematic-FSG	0.85	49.71	11.28	12.1
Equity: ELSS	0.60	51.89	8.60	13.1
Equity: Flexi Cap	0.39	49.19	9.40	13.1
Equity: Sectoral-Technology	0.27	95.80	24.03	20.1
Equity: Thematic-Consumption	0.02	45.35	7.54	13.1
Equity: Thematic-MNC	-0.04	41.02	6.28	10.1
Equity: LargeCap	-0.06	46.82	10.33	13.1
Equity: Sectoral-Infrastructure	-0.16	63.26	3.77	10.1
Equity: Sectoral-Banking	-1.37	50.39	5.11	11.1

As you can see in the above chart , Gold has got its lost shine and Pharma is on top of the chart. This is quite obvious when there is fear around. One should not shuffle their portfolio in short term , rather focus on your diversified portfolio in Equities and must invest your safer funds through '**ASSET ALLOCATION FUNDS**'

Chapter 2 : Key Market Indicators

(As on 30th April 2021)

EQUITY MARKET SNAPSHOT - LAST ONE YEAR

Period	INDIAN INDICES		Period	KEY INTERNATIONAL INDICIES		
	SENSEX	NIFTY 50		NASDAQ 100	S & P 500	Dow Jones
30-Apr-21	48782.36	14631.10	30-Apr-21	13962.68	4181.17	33879.00
1 Month	-1.47%	-1.44%	1 Month	5.40%	5.24%	2.72%
3 Months	5.39%	7.31%	3 Months	6.82%	12.57%	13.00%
6 Months	10.49%	12.82%	6 Months	14.46%	15.45%	14.31%
1 Year	50.45%	53.15%	1 Year	47.13%	37.34%	33.47%

COMMODITY MARKET SNAPSHOT - LAST ONE YEAR

Period	GOLD (USD) / OUNCE	%	SILVER(USD) / OUNCE	%	CRUDE OIL (USD)	%
30-Apr-21	1768.60	-	25.92	-	66.66	-
1 Month	1713.80	3.20%	24.53	5.64%	63.54	4.91%
3 Months	1850.30	-4.42%	26.95	-3.85%	55.88	19.29%
6 Months	1784.80	-0.91%	22.66	14.36%	47.59	40.07%
1 Year	1771.70	-0.17%	18.79	37.96%	35.33	88.68%

OTHER MARKET INDICATORS

Period	G-SEC Rate 10 YR G SEC	Period	CURRENCY		Period	INFLATION Rate %
			INR /USD	%		
30-Apr-21	6.06	30-Apr-21	73.14	-	30-Apr-21	5.52%
1 Month	6.18	1 Month	73.14	1.26%	1 Month	5.03%
3 Months	5.95	3 Months	72.88	1.62%	3 Months	4.59%
6 Months	5.91	6 Months	73.99	0.09%	6 Months	6.93%
1 Year	6.01	1 Year	75.59	-2.03%	1 Year	5.91%

NIFTY EQUITY BENCHMARK INDICIES 31st MARCH 2021

INDEX	CURRENT 30th APRIL2021	1 WEEK %	1 MONTH %	1 YEAR %	52W H	FALL FROM 52 WEEK HIGH
NIFTY 50	14,631.10	2.02%	-1.44%	53.15%	15,431.75	-5.19%
NIFTY NEXT 50	34,759.20	1.38%	1.99%	47.13%	35,958.25	-3.33%
NIFTY 100	14,790.60	1.93%	-0.97%	52.31%	15,513.50	-4.66%
NIFTY 200	7,683.95	2.06%	-0.55%	55.56%	7,987.90	-3.81%
NIFTY 500	12,364.35	2.14%	-0.19%	58.57%	12,816.15	-3.53%
NIFTY MIDCAP 100	24,195.90	2.99%	2.48%	82.92%	24,740.45	-2.20%
NIFTY SMALLCAP 100	8,565.10	3.81%	5.96%	111.45%	8,645.10	-0.93%
NIFTY BANK	32,781.80	3.34%	-3.23%	55.44%	37,708.75	-13.07%
NIFTY AUTO	9,640.85	0.46%	-2.27%	73.90%	11,093.15	-13.09%
NIFTY FMCG	33,623.45	-0.30%	-2.76%	17.30%	35,442.85	-5.13%
NIFTY IT	25,664.45	0.22%	-1.75%	91.17%	27,524.60	-6.76%
NIFTY MEDIA	1,547.95	2.27%	0.04%	32.76%	1,830.95	-15.46%
NIFTY METAL	4,847.95	9.02%	22.33%	181.24%	4,936.50	-1.79%
NIFTY PHARMA	13,469.25	1.12%	10.34%	43.51%	13,633.40	-1.20%
NIFTY REALTY	309.60	2.58%	-5.75%	69.04%	365.60	-15.32%
NIFTY COMMODITIES	4,699.85	4.90%	4.98%	84.41%	4,760.70	-1.28%
NIFTY ENERGY	18,031.10	2.81%	-2.11%	42.97%	19,907.95	-9.43%
NIFTY INFRASTRUCTURE	4,053.10	3.07%	-1.26%	52.12%	4,315.55	-6.08%
NIFTY100 ESG SECTOR	2,496.30	1.26%	-1.65%	-	-	-

Key Market Indicators ...contd

(As on 30th April 2021)

Ratio of total market cap over GDP	
Recent 10 Year Maximum - 106.1%	
Recent 10 Year Minimum - 48.29%	
Current Mkt Cap / GDP- 98.2%	
Current Market Cap of India as on 30TH APRIL 2021 - 2545 in billions INR	
Current GDP: \$2592.58 billion US dollars or 190000 in billions INR	

GDP Growth Figures	% of Growth
Current (Q2 - FY 21)	0.40%
Last Quarter (Q1 - FY 21)	-7.50%
Q1 - (FY 20-21)	-23.90%
Q4 - (FY 19-20)	3.10%

FII / DII - ACTIVITIES IN INDIAN EQUITY MARKET (CASH)		
Month- Year	FII (Rs Crores)	DII (Rs Crores)
	Net Purchase / Sales	Net Purchase / Sales
Apr-21	-12,039.43	11,359.88
Mar-21	1,245.22	5,204.42
Feb-21	42,044.46	-16,358.10
Jan-21	8,980.81	-11,970.54
Dec-20	48,223.94	-37,293.53
Nov-20	65,317.13	-48,319.17
Oct-20	14,537.40	-17,318.44
Sep-20	-11,410.69	110.30
Aug-20	15,749.86	-11,046.78
Jul-20	2,490.19	-10,007.88
Jun-20	5,492.95	2,434.40
May-20	13,914.49	12,293.19

..contd

Key Market Indicators ...contd

(As on 30th April 2021)

Mutual Fund CATEGORY AVG Performance across Industry - 31ST MARCH 2021				
Equity Funds Category - AVG Performance across Industry				
Category Type	1 Month	3 Months	6 Months	1 year
Small-Cap	4.48	19.15	43.35	92.38
Mid-Cap	1.34	13.96	35.66	68.60
Contra	0.07	9.36	33.74	62.62
Value	1.07	11.21	32.12	59.04
Large & Mid- Cap	0.97	10.93	30.60	54.43
ELSS (Tax Savings)	0.52	9.24	28.14	51.89
Multi-Cap	0.83	9.61	28.88	50.97
Focused Fund	0.37	8.94	28.01	49.02
Large-Cap	-0.23	6.13	24.12	44.47

Fixed Income Category- AVG Performance across Industry				
Category Type	1 Month	3 Months	6 Months	1 year
Short Duration	0.68	0.91	1.77	7.91
Floating Rate	0.58	0.82	2.13	7.88
Banking & PSU	0.60	0.77	1.60	7.86
Low Duration	0.39	0.98	1.92	6.93
Corporate Bond	0.67	0.83	1.60	6.82
10 yr Government Bond	1.18	-0.13	0.80	5.44
Government Bond	0.92	0.08	0.84	5.37
Dynamic Bond	0.88	0.56	0.53	5.25
Long Duration	0.83	-0.81	0.74	5.23
Medium to Long Duration	0.82	0.20	-0.41	5.04
Money Market	0.31	0.95	1.67	4.65
Ultra Short Duration	0.29	0.91	1.67	4.56
Credit Risk	0.71	1.15	1.05	3.97
Medium Duration	0.75	1.01	-0.16	3.38

Balance Fund Category- AVG Performance across Industry				
Category Type	1 Month	3 Months	6 Months	1 year
Aggressive Allocation	0.85	7.69	22.17	39.97
Balanced Allocation	0.80	5.20	16.73	32.28
Dynamic Asset Allocation	0.19	3.83	12.77	25.19
Equity Savings	0.15	3.37	10.62	20.02
Conservative Allocation	0.41	2.19	5.86	13.94

Source - Morning Star as on 30th APRIL 2021

NOTE: This is not a single scheme fund performance ,this is an Average performance of all the funds in same Category across the MF Industry . However Performance may be different for different scheme under same category , Pls check with your advisor the TOP Performing funds in above category for last one year)



Chapter 3 : Case Story

How Ramesh' early start gave him mileage

Albert Einstein famously said that compound interest is the most powerful force in the universe. He said, **“Compound interest is the 8th wonder of the world. He who understands it, earns it; he who doesn't, pays it.”**

Ramesh, 37 Yrs, is proud to learn this in his young stage of life. He says - ' thanks to **Mera Funds** team and Mr. **VR Aiyappan Ji**, that they taught me this simple yet so powerful trick of wealth creation" . Today , at his young age of 37 years, Ramesh is having a Mutual Fund portfolio of around Rs 82 Lacs. He humbly accepts the fact that he would have never created so much of wealth if he would not learn about the magic of '**Compound Interest**'

First of all let me explain you the **Power of Compound Interest** and how it applies in Mutual Funds ?

When you get interest over interest, it is called compounding. The issuers can provide you options

to choose your compounding interval - Daily, Weekly, Monthly, Quarterly etc. Best is the daily compounding, if available.

In Mutual Funds, your valuation is reset everyday by way of NAV (Daily Unit Price). So in a way, Mutual Funds provide you daily compounding.

When Ramesh learnt this trick in his early age of 27 years, he focused on only one thing - accumulating more and more units to earn higher profit in the portfolio. And that's why he chose - SIP (Systematic Investment Plan) to invest his monthly savings of Rs 25K. Today he has accumulated close to 8000 units in his portfolio; imagine, a rise of Re. 1 a day will give him growth of Rs 80000/-

Fund Name	Current Nav	Units accumulated	Investment Amount	SIP value as on 15-03-2021	XIRR (%)
Kotak Equity Opp Gr	164.03	8486.79	6,10,000	13,92,071	15.31
Mirae Asset Emerging BlueChip Reg Gr	79.61	26736.03	6,10,000	21,28,375	22.88
Canara Robeco Emerging Equities Reg Gr	131.65	13920.56	6,10,000	18,32,642	20.01
Invesco India Multi Cap Gr	63.16	22884.54	6,10,000	14,45,387	15.94
SBI Focused Equity Reg Gr Invest Online	188.97	7788.83	6,10,000	14,71,844	16.50
TOTAL		79816.75	30,50,000	82,70,319	

So what is so inspiring about his story ? And what is the learning here ?

1. **He was regular and disciplined during last 10 years of investment process ; he started with Rs 25000 per month through SIP**
2. **He stuck to stable and well diversified Equity funds and never shuffled it during bad or good times in the market. This gave him the advantage of average cost**

"SIP works on the principal of Snowball theory. As the ball travels it become bigger and bigger "

As you can see in the picture, the ball multiplies in its size faster once it becomes bigger in size. On the same principal, SIP works better , once your total unit becomes bigger. So keep investing regularly in your selected Equity MF Scheme and target to accumulate as many units as you can . Do not look at the ROI in initial phase of your SIP , because that might mislead you in your actual target of unit accumulation.

Call us freely at our given numbers or E mail, to set up the right SIP for you. Remember, you can start the monthly SIP in Mutual Funds , for as low as Rs 1000/-





Chapter 4 : How to ride the volatility for better gain ?

We have often heard of the risks of investing in equity markets, whether directly in stocks or through mutual funds; but huge volatility in past few years, have taught investors the risks of not investing in equities and a high level of regret. If you don't invest in equity, you feel missed out at times and when you have invested in equity, you may feel trapped at times

So what to do ? How can you get stability in your investments ?

As a financial product distributor, we are suppose to take a tactical calls but more importantly strategically ensuring that the asset allocation to equity is aligned to your goals as well as your risk profile. We do not get in or get out of the market fully, and hand hold the investor to staying within the boundaries so that he benefits from the upside of markets, as also does not take undue risks. Like , you can imagine, doing such things in last year was almost impossible

So here comes the solution : **Dynamic Asset Allocation Fund or popularly known as ' Dynamic Asset Allocation Fund'**

As the name suggests, these funds automatically adjust the level of equity in line with the markets – as the Sensex levels go up, their allocation to equity comes down; and as the market gets cheaper, they increase their equity allocation. The category of fund is not without risk since it will always have some equity allocation. Considering the fact that markets may remain volatile over the next six months or so, and opportunities to invest may exist during that time as well, this is a good category to invest in. During the tumultuous 2020, these funds increased their allocation to equity to nearly 90% during the end of March and have steadily been bringing down the allocation during the sharp rally in the last quarter of 2020 . Let us see the list of some of the top performing Dynamic Asset Allocation funds, wherein fund managers has done full justice to the schemes objective and provided a peace of mind to investors



India's Top 'Dynamic Asset Allocation Funds'

Fund Name	Launch	1 Yr Ret (%)	Net Assets (Cr)
HDFC Balanced Advantage	Feb-94	42.23	39,784
Franklin Dynamic Asset Alloc FoF	Oct-03	36.72	922
Baroda Dynamic Equity	Nov-18	34.70	1,099
ICICI Pru Balanced Advantage	Dec-06	32.76	30,284
ABSL Balanced Advantage	Apr-00	31.85	3,181
Edelweiss Balanced Advtg	Aug-09	31.27	3,315
Union Balanced Advantage	Dec-17	30.52	842
Nippon India Balanced Advantage	Nov-04	30.06	3,251
Kotak Balanced Advantage	Aug-18	29.23	7,670
Tata Balanced Advantage	Jan-19	27.02	2,260
Sundaram Balanced Advtg Fund	Mar-20	26.27	889
UTI Unit Linked Insurance	Oct-71	26.20	4,929
Axis Retrmnt Svngs Fund - Dynamic Plar	Dec-19	25.90	257
IDFC Dynamic Equity	Oct-14	24.04	1,757
SBI Dynamic Asset Allocation	Mar-15	23.97	636
Invesco India Dynamic Equity	Oct-07	23.83	647
Shriram Balanced Advantage	Jul-19	20.85	46
DSP Dynamic Asset Allocation	Feb-14	20.37	3,205
BNP Paribas Dynamic Eqt	Mar-19	20.17	236
L&T Balanced Advantage	Feb-11	18.38	1,582
Axis Dynamic Equity	Aug-17	17.89	1,337
Motilal Oswal Dynamic	Sep-16	17.21	1,252
Principal Balanced Advantage	Dec-10	14.98	195
BOI AXA Eqt Debt Rebalancer	Mar-14	11.90	71
ITI Balanced Advantage Fund	Dec-19	9.06	191





Q. Which are the top 2 SIPS you will recommend me ?

A. We always ask our customer to go for a product suitability test before selecting a scheme. However, one should choose among Equity scheme only. And under an Equity scheme, you should go for a well diversified multi-cap category for getting the mix of all.

Q. What can I accumulate as a wealth in next 15 years, if I start an SIP of Rs 5000/- per month from today ?

A. Remember, a SIP of Rs 5000/- can take you to level depending upon the overall ROI in the scheme. Still I am giving you a projection chart based upon the past performances of Indian Equity Funds :

Summary	
Expected Amount	Rs. 2522880 (25.2 Lakhs)
Amount Invested	Rs. 900000 (9 Lakhs)
Wealth Gain	Rs. 1622880 (16.2 Lakhs)

Q. How can I invest in international stocks like facebook etc

A. Investing in international stocks is very easy , by way of Mutual Funds. There many mutual fund schemes available in the name of International Fund, which are technically the FOF (Fund of Fund) . These schemes collect money from you in India and invest in their International basket in US and other countries.

Before investing in any international funds you should be clear about its objective , like- is it NASDAQ based or S7P based or FANG (Facebook, Apple, Netflix or Google) based...etc ? Such funds are good for investments if your outlook for dollar is positive or you want to chase some big giant stocks which are not available in India

DISCLAIMER

Mutual Fund investments are subject to market risks, read all scheme related documents carefully. The NAVs of the schemes may go up or down depending upon the factors and forces affecting the securities market including the fluctuations in the interest rates. The past performance of the mutual funds is not necessarily indicative of future performance of the schemes. The Mutual Fund is not guaranteeing or assuring any dividend under any of the schemes and the same is subject to the availability and adequacy of distributable surplus. Investors are requested to review the prospectus carefully and obtain expert professional advice with regard to specific legal, tax and financial implications of the investment/participation in the scheme.

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