



Equity Outlook

Stock markets continued to exhibit its natural characteristics of being volatile. The Indian stock markets corrected, largely on the back of global event like China slowdown. Depreciation of the Chinese currency send shocking waves in the global currency markets, in tandem, FII's flow started pressing the exit button from emerging markets and India wasn't an exception.

The Chinese stocks at the peak had a market cap of close to US \$ 10 trillion and in the correction its has come down by almost 50% to US \$ 5 trillion, however the loss in the free float came down from US \$ 4.5 trillion to US \$ 2.3 trillion. This means the retail investors wealth has corrected by 2.2 \$ trillion in China from the peak levels. In order to pass the buck to the international markets – Yuan has corrected marginally and this send shivers in the world.

Domestically Indian corporate results for December quarter have not been encouraging. The nature of stock markets is a bipolar thinking – either things are too negative and only sad, bad and gloomy news are discussed or shared or reflected in media and stock markets corrects accordingly. On the other hand if going is good only positive news appear from all corners of newspaper and media. It is important to have a neutral zone and rational thinking to differentiate between the two and take action accordingly. We are currently going through one such phase of gloomy outlook, we believe it is an opportunity to add more at realistic price and stay invested.

We continue to like businesses of companies we have purchased. We await their results and mostly will be positively surprised. We will be adding stocks as they look more attractive given the price correction. Most of our stock picks are insulated from events of China or dependent on Govt. policies, each of our stock has been cherry picked on its own merit, the added advantage now is their valuation too has become attractive.

We stay invested with our belt tightened in this momentarily rough journey....

Happy Investing....

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