

PERSPECTIVE

MARCH 2021

Date : 07/04/2021

Well to start with we want to say **Asset Allocation Bhagwan Che. Emotions Shaitan Che.**

Our guesstimate based on internal prop model during last year (2020 March) perspective indicated that base case for Sensex is 25,000-26,000 [Link for March 2020 Perspective:](#) and reiterated that when **the faith in Equity is shaken, is the time to have faith in Equity.** Similarly in last, (2020 December ending Perspective) our calculation **translates into 51,000-52,000 Sensex level** at best and market respected our level and **find a stiff resistance at 52,000.** [Link for Dec 2020 Perspective:](#)

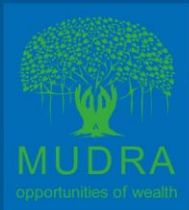
Current Market scenario: No major changes and **our market views are more or less similar** to views as mentioned in 2020 December ending Perspective. Market euphoria is a nice thing to experience but it is standing upon liquidity and most of this liquidity comes from countries where interest rates are near zero, like the U.S. Any **upward revision in interest rates in those countries, would impact flows. Cocktail of higher oil, rising yields and Strong dollar will** act as road block for Equity rally.

In a Nutshell, **investors are reacting to the confidence & others emotional reaction** towards rally. **The belief system that I would rather lose money in stocks than earn 4% in bank FDs/Debt is fueling the market further.**

Our Appeal to Investor: “Blind is leading the blind”. Nobody is in panic, that’s panicking. Well on above note, Will we jump into a well if someone else did ? The focal point of above question is to **not follow herd mentality.** Run your marathon, **don't be distracted by somebody else sprint.** If somebody is making money faster than you, let them. **Know yourself, Know your pace.**

Our forecasting numbers, What next?

The greatest gains are made in the final moments of the game. **Talking about Risk in a market mania is always Risky.** But then also we want to say that **Gore (FII) ki nazar kaali , jab jada pade (Superlative inflow) tab maal (Equity)kar do khaali.** Equity-markets are powered by narratives and our internal assessments are powered by maths. When narrative and numbers disagree, **one has to pay attention.** Our valuation implied forecasts indicates that **fair value of Sensex has risen to 42000-43000(Overweight@ Equity).** We can't predict but we can give guidance based on internal valuation frameworks and **guestimates shows 52500-53500 (Underweight@ Equity)** as big resistance for Sensex.



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Action Plan for investors: We have designed internal processes and investment strategies. These **processes and investment strategies are fundamentally driven by the investment philosophy.** Deviating from an investment philosophy in an effort **to benefit from short term market hype, rarely leads to good long term outcomes.**

At current market juncture, **investors are blind to risk.** When in **highest gear, obstacles are difficult to deal with** hence we would suggest to adopt Downside Protection. Our internal **Model asset allocation currently shows 55 % max towards Equity for Aggressive investor.** **Ideal/prudent allocation at this valuation should be 30-35%.**

Summing it all: Effective goal setting gives direction and sticking to the sound system deliver results. Being optimistic is good, but **being realistic is better.** There are many things never worth risking, no matter the potential gain. **Opportunity loss does not hurt as much as real loss. Nobody went broke, booking profits.** In a Roaring market even donkey gets sold at price of Lion hence **become a risk manager first and then a profit-seeker.**

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