

Well, to start with, Sensex rallied from 58,000 to 65,000. As discussed in last Perspective (March ending 2023), retail participation is sub-dued and they are saying buy the dip.



This becomes the case to BUY THE DIP followed by reasonable valuation in last quarter. We would like to add that, psychology swings much more than fundamentals and usually in the wrong direction or at the wrong time.

CURREN MARKET SCENARIO



Talks about de-dollarization and gold took a front seat in last 2 months both in finance-oriented media and normal media.

In our recent training program, caretaker/executive of hotel who looks after meal arrangement, telling us about the collapse of the Dollar and how China, Russia and Brazil are going to remove it as the reserve currency. Our strong view: De-dollarization is a trend that will take decades, not months.

- **Regarding Gold**, we get tactically overweight when Equity Valuations are high and fixed-income rates are not attractive. Both the checklist, does not qualify right now. Other factors like falling real rates (Interest rate – Inflation) and gold time correction (which is not happening), is also not in the favour for getting overweight @ gold (Say 15%-20%).
- **Regarding US markets**, we do not believe there will be a recession in the US. Data shows that the US economy is strong, labour market is booming and unemployment is at multi-decade lows.
- Currently, Global Equity Market Cap: \$107 Trillion and Global GDP: \$90 Trillion which translates to 118 % (Global market cap to GDP) against long term average of 102%.
- FIIs have sold Rs 4 lakh Crore worth of Indian equities since April 2021, now that has started coming in. Even if 1/3rd of money comes back in steady manner, we will not see big correction (15 % +).

Just to give a perspective, in the last 23 years China has received \$1.4 Trillion in foreign portfolio flows, while India got \$330 Billion. Since 2000: Nifty (USD) CAGR: 9.5% & Shanghai Composite (USD) CAGR: 3%. USD stands for return in US DOLLAR.

FORECASTING NUMBERS



SENSEX guesstimates based on valuation implied framework tells:

- 59,000 – 58,000 (Fair to Cheap valuation zone)
@ Overweight Equity 75 % +
- 55,000 – 53,000 (Cheap Zone)
@ 90 % + Equity.

OUR APPEAL TO INVESTORS



The ultimate form of preparation is not to predict and plan a specific scenario, but a positioning and mindset that can handle uncertainty. Investor should maintain discipline, follows recommended strategies and control emotions. It is a symbiotic relation. One cannot deliver without cooperation from the other.

ACTION PLAN FOR INVESTORS



Our Internal Model asset allocation currently shows 75% max towards Equity for Aggressive investor. Ideal/prudent allocation at this valuation should be 55-58 %.

SUMMING IT UP



Markets have random environment hence focus on process, everything else is noise. Sticking to established investing principles and time-tested valuation variable/strategy yields better experience & outcome over time.

Effective goal setting gives direction and sticking to the sound system deliver results.

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