

Fund Manager Survey

January 2010

Nifty

14 000-15 000

15 000-16 000

✓ 16 000-17 000

17 000-18 000

18 000-19 000

Where Do You See the
Market Going ?

Religare PRIDE Fund Manager Survey

As we enter the New Year, there is an anxiety in every investor's mind, "What this year 2010 will be all about?"

In order to catch trends of year 2010, we conducted our Eighth Quarterly Fund Manager Survey, to get a consensus on the various aspects of market & investments. This survey was targeted towards knowing expectations of Fund Manager for the year 2010 with regards to economy, market direction, favorite sectors, etc.

The following are the major finding of the survey for the third quarter of FY09-10.

- ♦ Mixed views on the market movement
- ♦ Markets to show a positive growth in the year 2010
- ♦ Nifty 50 stocks expected earnings growth would be in the range of 6% to 12%
- ♦ Nifty trail PE would be in the range of 19X -21X.
- ♦ Flavor of the Month- Largecap
- ♦ Crude Oil to trade in the upper range
- ♦ Inflation can surge to 7% by the end of Q4FY10
- ♦ Rupee to stay in the range of Rs. 45 -Rs. 49 per dollar
- ♦ US Markets may witness a bull run in 2010
- ♦ G-Sec to trade in the higher range above 7% in 2010
- ♦ Upward Revision of 75-100 basis point in Repo, Reverse Repo and CRR
- ♦ STP remains flavor of the season

Mixed views on the market movement

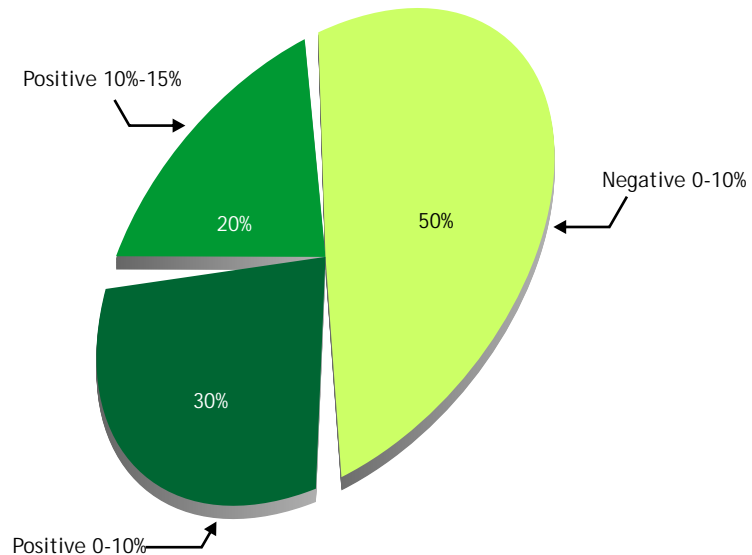
In our last survey, we have asked the Fund Managers their three months view on the market movement and large chunk gave an outlook of 10% surge in the Index value.

Post three months from October till December, the markets have actually risen by 10%. Therefore, with the Q3 results awaited along with the Budget in Feb, we asked the Fund managers to share their view on the road ahead for the markets in the next 3 months.

We got a mixed views on the market movement, 50% of the respondents expect the market may correct till the end of FY09-10, while 30% felt the indices might surge 10%.

However, 20% of the respondent were optimistic and quoted that the indices could rise by 10-15%.

% Respondent expect the market to be in the ...



Markets to show a positive growth in the year 2010

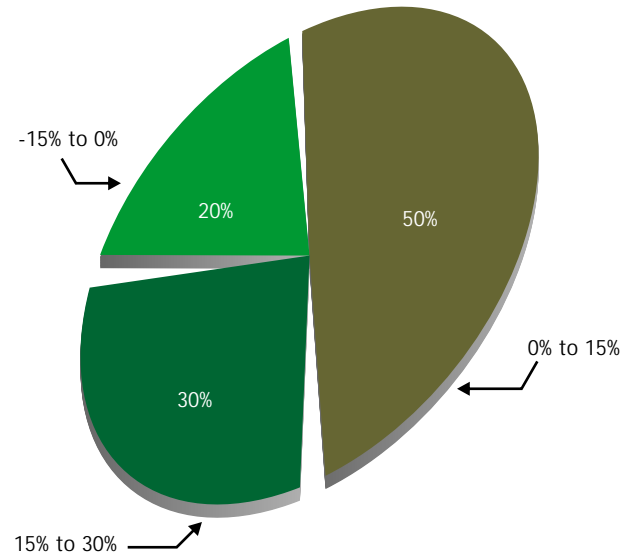
With the kick start of the New Year, every investor has only one thing in his mind, "How the market would perform this year?"

For this, our Fund Manager Survey consensus is more weighted on the upside of the market than the downside.

Around 80% of the respondents expect the Markets to gain 30%, backed by strong FII inflow, by the end of Calendar year 2010. Among this 50% respondents expects market to gain 15%, while 30% respondents expects it to be in the range of 15-30%.

But as said two minds do not think alike, 20% of the respondent expect the markets may correct by 15% in this year.

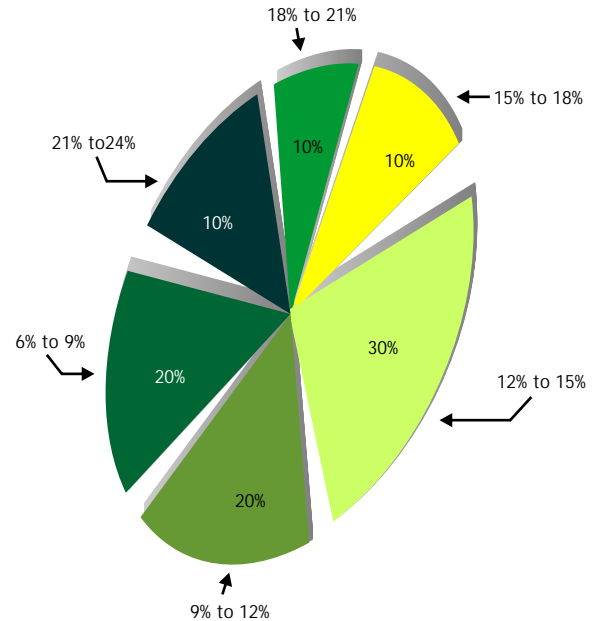
How will the Market perform in year 2010 ?



Nifty 50 stocks expected earnings growth would be in the range of 6% to 12%

The fund Managers consensus view gives a reason for investors to put on their smile, as they expect the earnings of Q3FY09 to be better. Around 70% of the Fund Manager expects an earning growth of 6% to 15% in the Nifty 50 stocks. Of this 20% each expects the growth to be in the range of 6% to 9% and 9% to 12% each, while 30% expects to be in the range of 9% to 12%.

What would be the expected Nifty earning Growth ?



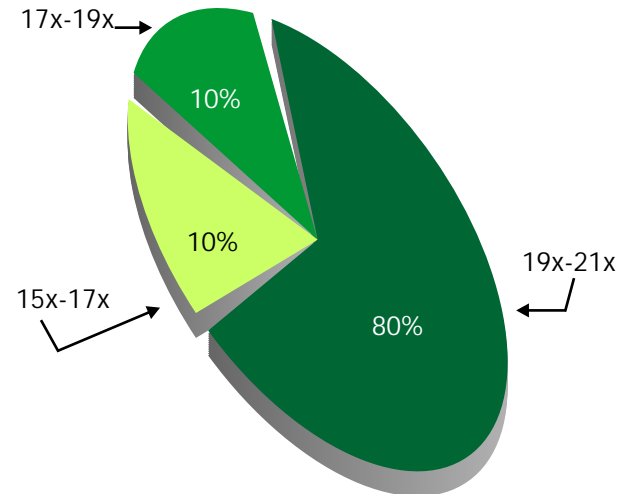
Nifty trailing PE would be in the range of 19X-21X.

As the markets have already peaked and are trading at a PE level of 23 multiples, most of the Fund Manager expects that the markets may consolidate in the near term. So, the investors who have missed the rally can think of investing whenever the correction takes

A major chunk i.e. 80% of the respondents expects the Nifty to trade at a multiple of 19 to 21 multiples till end of Q4FY09.

Infact merely 20% of expect the Nifty PE to ease below the 20X.

Trailing PE expected....



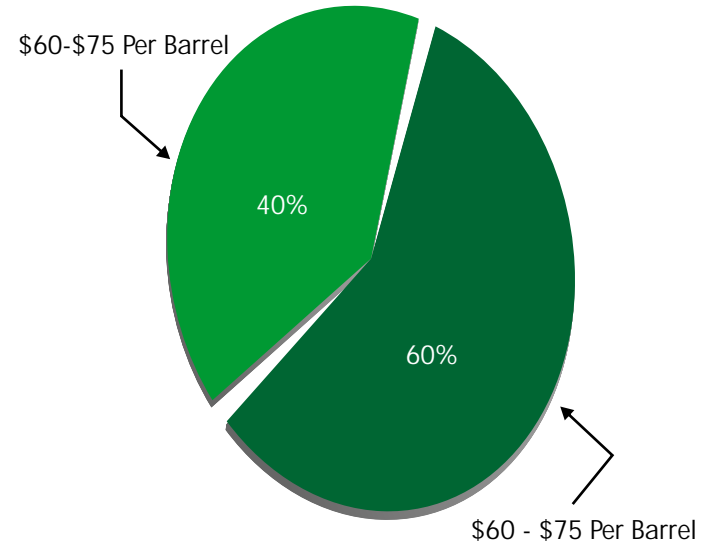
Crude Oil to trade in the upper range

Oil prices increase would have an indirect effect on economy as whole. We have seen that Crude reached a mark of \$145 per barrel in 2008, and started easing in the year 2009 trading in the range of \$34 per barrel to \$81 per barrel. As any change in the Crude oil prices has a direct effect on the commodity prices, we asked the respondents their view on Crude Oil for the year 2010.

Around 60% of the respondents expect the Oil to be in the range of \$75-\$90 per barrel and 40% expected it to be in the range of \$60-\$75 per barrel.

Therefore, we can expect a pinch on our pockets, if the Crude oil trades in the upper band.

Where will the Crude Oil move in the New year 2010?



Inflation can surge to 7% by the end of Q4FY10

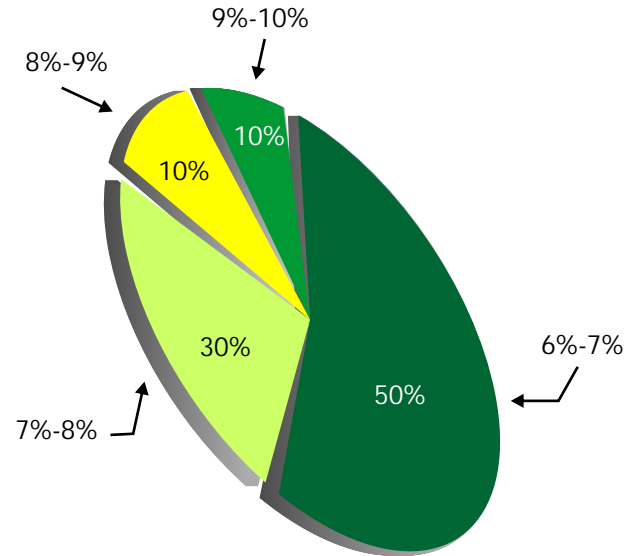
Inflation initially which dived into the negative territory due to the base effect, has started moving up in the third quarter of 2009.

With the Fund Manager expecting Crude touching the upper band, we can expect a surge in the commodity prices, which may push inflation higher.

As per the survey consensus we found that around 50% of the respondent expects the inflation to be in the range of 6%-7%, while another 30% expects it to be in the range of 7% to 8% by the end of Q4FY10.

At the same time, in order to curb the inflation effect on the economy, Fund Manager expects that the Central Bank may tighten the monetary policy.

Where do you see inflation moving by end of Q4 ?



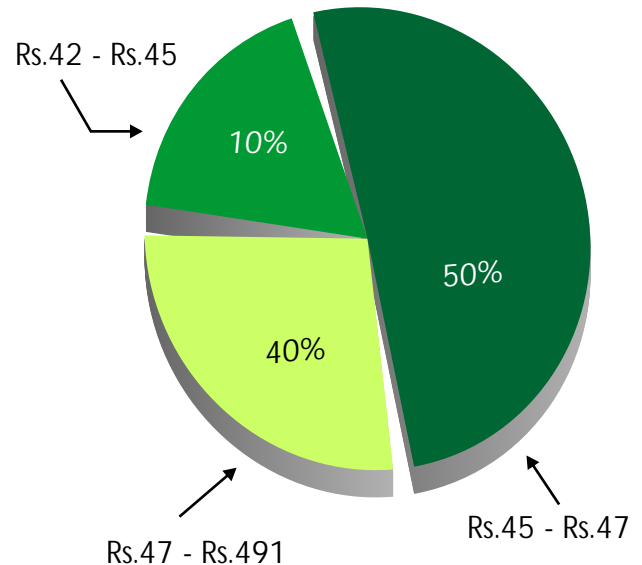
Rupee to stay in the range of Rs.45 -Rs.49 per dollar

With the weakening in dollar during the third quarter, around 50% of the Fund Manager expects the Rupee to stay in the range of Rs.45-Rs.47 per dollar by the end of Q4FY10

While another 40% felt that it can move on the upper side in the range of Rs.47-Rs.49 per dollar.

If we take the aggregate of the consensus we found that most of the Fund Managers think that the Rupee would trade in the range of Rs.45-Rs.49 per dollar.

Where do you see the rupee moving by end of Q4FY10 ?



US Markets may witness a bull run in 2010

After recovering from the financial turmoil, which took place in the year 2008, the US markets were seen recovering in the year 2009, thanks to the stimulus measures taken by the Central Banks.

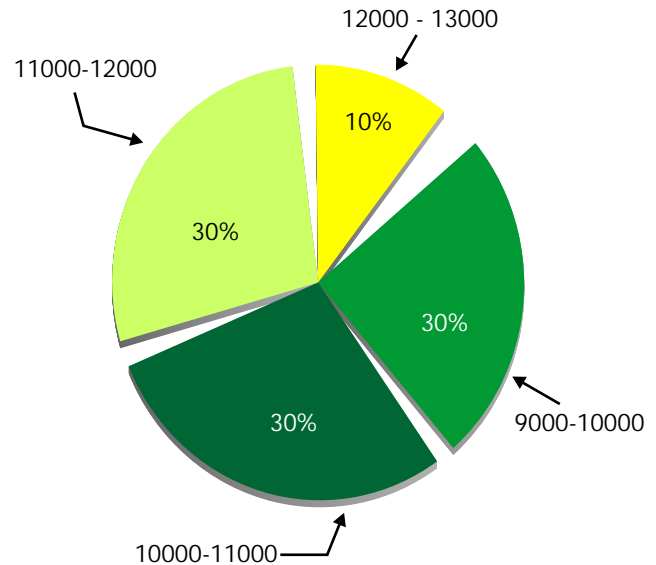
As the Indian markets mirrors the happening in the US market, we tried to take a consensus view of the Fund Managers on the US market movement.

Around 90% of the Fund Manager thinks that the US Dow will boom in the year 2010.

30% of the respondents have given the Dow range of 9000 - 10000, 10000 - 11000 and 11000 - 12000 each.

This indicates a bull run in the US markets in CY 2010.

Where do you see the US Dow Index by end of year 2010 ?



G-Sec to trade in the range of 7% to 7.5% in 2010

G-Sec Yields were seen rising since the start of the year 2009. This was mainly due to two reasons. First, the huge borrowing plan by government, which fuelled the rise. Secondly, the Indian G-Sec started mirroring the US Govt Yields behavior with an average deviation of 0.12% through out the year 2009.

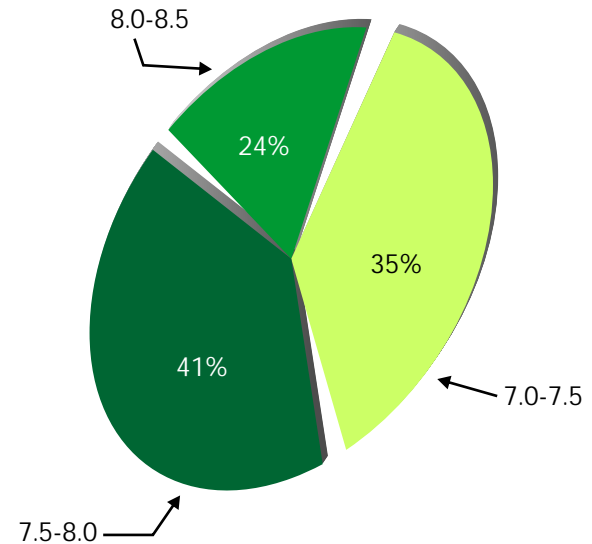
It is important to know the G-sec movement if one has invested in the Debt funds.

Therefore, Fund Manager expects the G-sec to stay in the higher range.

Around 41% of the respondent expect that the G-sec would trade in the range of 7.5% to 8%, while close to this 35% of the respondent expect G-sec to stay in the range of 7 - 7.5%.

However, the remaining felt it could trade above 8%

What do you think would be the direction for the 10 year benchmark yield in the year 2010?



Upward Revision of 75-100 basis point in Repo, Reverse Repo and CRR

In order to curb the inflation effect, many Fund Managers think that the Central Bank may hike the Repo rate by 50 to 100 basis point (at present 3.25%) and Reverse Repo by 50 to 150 basis point (at present 4.75%).

Further, they also expect a revision in the CRR Rate by 50 to 150 basis point (at present 5%).

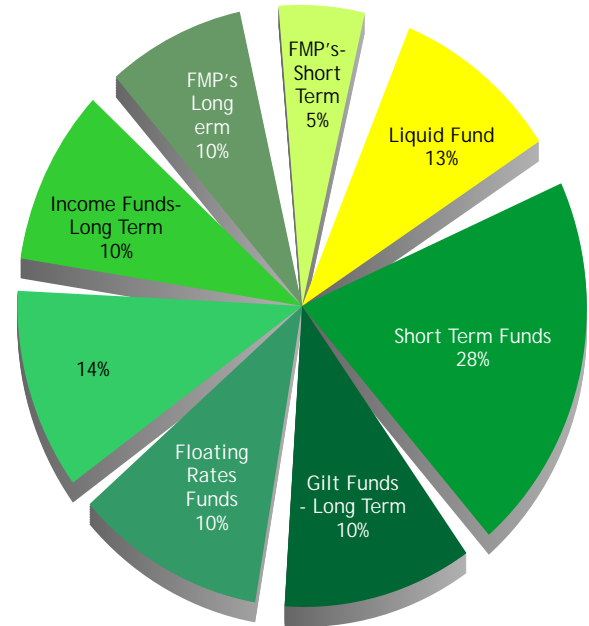


STP remains flavor of the season

As the Fund Managers are expecting the yield to stay in a higher range in the year 2010, this would directly have a positive effect on the Short Term Plan schemes.

Therefore, around 28% of Fund Managers are recommending investor to deploy their funds in Short Term Plans to gain from the opportunity.

Adding to this, Fund Managers are also recommending investment in short term Income Funds.



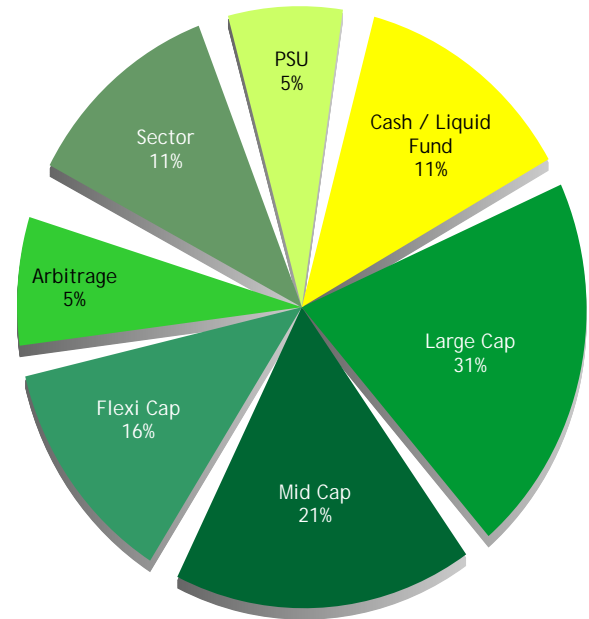
Flavor of the Quarter - Large Cap Funds

Fund Managers are highly recommending investment in Largecap Funds, even in our last survey they have suggested to take exposure in the Largecap funds. This time also 31% of the respondents were in favour of large cap funds, followed by the Midcap and Flexicap category.

Investor can also keep some amount in Liquid Funds, so that as and when the market corrects one can grab the opportunity of investing at lower levels.

As we are near the Financial Year end, investor can also think of investing in ELSS schemes in order to get tax benefit under Sec-80 C.

Where to invest in Equity Category ?



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For Inquiries Contact:-

Religare Finvest Limited, 3rd floor, "Dheeraj Arma",
Anant Kanekar Marg, Station road, Bandra (East)
Mumbai, India - 400 051,
Tel No: 66124000 / 66124686
Web site: www.religare.in
E-mail: pride@religare.in