



THREAT OR OPPORTUNITY?



FINISH

CORRECTIONS ARE TEMPORARY WHILE GROWTH IS PERMANENT

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Somerset Indus Capital Partners
Somerset Viewpoint:
Covid-19 Impact

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Data as of Feb 28, 2020;
Source: S&P Dow Jones Indices; Paper on - sp-500-global-sales-2018; Published in August 2019. For world's largest economy – world bank GDP number.
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CHAIRMAN MESSAGE

DEAR READERS,

“WISHING YOU AND YOUR FAMILY PEACE AND HEALTH IN THESE TRYING TIMES!”

In these unprecedented and challenging times when we all are fighting the onslaught of the COVID-19 pandemic, the nation wide lockdown may be a cause of concern for many of you. I would like to share a few details with you to sum up our thoughts on this crisis and what we believe investors should be doing over the next few months. The safety and good health of you and your loved ones is of prime importance.

Together with you, our offices and franchises / branches also face a total lockdown. However, we are working behind the scenes to ensure that our services to you remain uninterrupted through all possible platforms. In fact, almost 95% of our team has moved to working from home and we are servicing you when you most need it. On behalf of the company, let me assure you that MEHTA is standing by its people in their hour of need.

Coming back to business, Volatility is an intrinsic nature of market. In my experience with historical data, we know that in moments of great crises like COVID-19, a lot is done by Governments, Regulatory bodies and Central Banks to bring about a slew of measures to ameliorate initial difficulties and rebuild business for the long term. The Finance Minister's and the regulator – SEBI's announcements relaxing several compliance deadlines along with RBI's monetary policy responses are indicative of such concerted and coordinated actions.

Capital markets likely to stay unpredictable until the COVID-19 pandemic reaches a manageable level and global community puts up a strong defence against the virus. This may take its own time but the outcome is certain. Our past experience holds confidence that markets in India and the world will regain and bounce back. Also, markets are forward looking and therefore the bounce back may happen much before economic recovery. Markets might be volatile but our investment objectives will largely remain the same as those would be driven by our personal goals. What we need to revisit is our asset allocation, with right mix of equity and debt investment, so let's not panic and exit at current levels, as we will end up converting notional loss into real loss.

It is good time to move quality money towards quality businesses; however, we should be doing this gradually in phased manner, over a period of time. Valuations of quality businesses have dropped significantly and provide a great opportunity to reserve these wealth multipliers for the long term. Good businesses make great long term investments with much lower risks.

Team MEHTA is working hard while staying safely indoors. We hope you continue to do the same. As they say – tough times don't last forever, tough people do. I am confident that we will get past this crisis, and re-emerge stronger looking for new businesses and opportunities to growth.



CA RAKESH MEHTA

Chairman, MEHTA GROUP

I KNOW THAT WE'RE GOING TO GET THROUGH THIS, TOGETHER.

STAY SAFE. STAY IN. STAY INVESTED.



EQUITY FUND MANAGER OUTLOOK



MR. TAHER BADSHAH, CIO

Invesco Mutual Fund

Mr. Taher Badshah has over 24 years' of experience in the Indian equity markets. In his role as Chief Investment Officer – Equities, Taher is responsible for the equity management function at the firm. He joins Invesco - India from Motilal Oswal Asset Management where he was the Head of Equities, responsible for leading the equity investment team. In the past, he has also worked with companies like Kotak Mahindra Investment Advisors, ICICI Prudential Asset Management, Alliance Capital Asset Management, etc. Taher holds Masters in Management Studies (MMS), with specialization in finance from S.P. Jain Institute of Management and a B.E. degree in Electronics from the University of Mumbai.

**There is a Chinese proverb that says -
“May you live in
interesting times”.**

Like it or not, we do live in interesting times. They are supposed to be times of danger and uncertainty but for someone who is willing to take some risk, also of abundant opportunity. The global and Indian markets alike are currently going through such interesting times. The markets crash of nearly 35pc has been a source of significant distress but as is said – in adversity lies opportunity.

With many countries on the planet in an unprecedented lockdown mode,



due to the corona pandemic, a global slowdown in many parts and a recession in some parts is most certain. This will lead to considerable unpredictability and a sharp contraction in corporate earnings for a short period. However, the coordinated action by various countries, including India, to combat the virus, to provide monetary responses that ensure adequate credit flow to stressed market segments so as to prevent this from converting into a financial crisis; and fiscal stimuli that makes up for lost income of households and businesses make us confident that the recent correction in the market is now gradually transforming into an attractive investment opportunity. Markets have moved away from a scenario of extreme fear to guarded skepticism as authorities and central banks stand prepared to do whatever it takes to curb near-term economic and market volatility. It is almost clear that fresh rounds of fiscal and monetary support will be made available by Govts and central banks across the world in the event the spread of the pandemic were to worsen.

Concerns regarding issues such as spread of the virus, extent of economic lockdowns, time to restore economic normalcy and change in consumer and business trends in a post-COVID world will likely dominate discussions in the near-term but ultimately it will be important to separate emotions from investing logic. The near-term will likely remain uncertain; but more than thinking of what MAY or MAY NOT happen over the next few weeks to a few months, investors will be well-served by thinking about what WILL happen to economies and growth over the next few years.

The dilemma that confronts most of us today is - Have markets hit rock bottom? As someone rightly puts it, “the bottom is the day before the recovery begins”. It is thus absolutely impossible to know when the bottom has been reached. What we can however confidently say is that

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conditions that create opportunities and make bargains available in the market are clearly in place. Panic reactions, considerable uncertainty about the future, hazy picture about growth etc. being a few of them. It may not be THE BEST time, but it certainly IS A GOOD time to invest and look at markets afresh. Having said, a staggered approach to investing in these times should be adopted as that will provide the best chance for someone to be able to take advantage of the bottom as well. And for investors who are only starting on their investing journey, this may be just that Godsent opportunity.

It is particularly during such times that the importance of long-term investing cannot be over-emphasized. Even during the global financial crisis of 2008, the Indian markets fell nearly 30pc from its then peak to the bottom but in the subsequent 12 years to 2020, investors who endured the fall saw markets recover with a 6% compounded return and those who managed to take advantage of the fall could have seen as much as between 10-15% CAGR. Markets to our mind present a similar opportunity once again. Markets hate uncertainty but as certainty reverts, investors willing to assume calibrated risks end up receiving disproportionate rewards (see table below):

INDEX PERFORMANCE (%)	NIFTY	Midcap 100	Smallcap 100
GLOBAL FINANCIAL CRISIS 2008-2010			
Dec'07 - May'08	(34.2)	(43.1)	(43.3)
May'08 - Nov'08	(31.8)	(36.8)	(54.4)
Total Decline (Dec'07 - Nov'08)	(55.1)	(64.0)	(74.1)
Nov'08 - Feb'09	0.3	(4.0)	(3.5)
Feb'09 - May'09	61.0	68.6	87.3
May'09 - Aug'09	4.8	14.3	12.8
Aug'09 - Dec'09	11.6	21.5	14.0
Total Recovery (Nov'08 - Dec'09)	88.8	124.6	132.3
COVID - 19 2020			
The sell-off so far (since Feb 20th)	(24.6)	(30.7)	(38.0)
More damage in store or a Recovery?	?	?	?

Typical earnings-based metrics to determine value may not necessarily be most suited under current circumstances. Enterprise value comprises of two elements:

- 1) Value for the growth component of the firm and
- 2) The long-term sustainable franchise value that comprises of a company's ability to generate cashflows over its lifetime also known as intrinsic value. In today's environment it is important to assess if companies are available at well below their intrinsic value without ascribing much value to its near to medium term growth prospects. At valuations which are at well below multi-year averages, we think many businesses are now available at below their intrinsic or fair value.

At Invesco India, we continue to take a balanced approach, being aggressive and conservative in equal measure. Our effort is to access value wherever its cheap but after taking sufficient cognizance of balance sheet and franchise risks in our investee companies. In the current environment we prefer investors choose a combination of low to medium risk strategies. We recommend a staggered approach to investing and urge investors to take advantage of the current conditions to rebalance their portfolios. We believe a combination of our multicap value or growth portfolios such as Invesco India Contra Fund or Invesco India Growth Opportunities fund along with our highly consistent Invesco India Midcap fund offer investors the right blend of strategies to benefit from current market conditions.



AIF - COVID-19 IMPACT

1. Covid - 19 India Status

India's response to COVID-19 has been pre-emptive, pro-active and graded with a high-level commitment and a 'whole government' approach. India is currently in Stage 2 of local transmission. The next few weeks will decide the actual impact of the disruption on the economy as a whole.

2. India Outlook

The Indian economy would face challenges in the short term (period of total to partial lockdown) and will have to re-adapt / re-organize in the medium to long term (return to normalcy). The Governments (both Central and State), RBI and Ministry of Health have taken various measures to control and re-boot the economy.

4. Measures to Mitigate Impact on the Economy

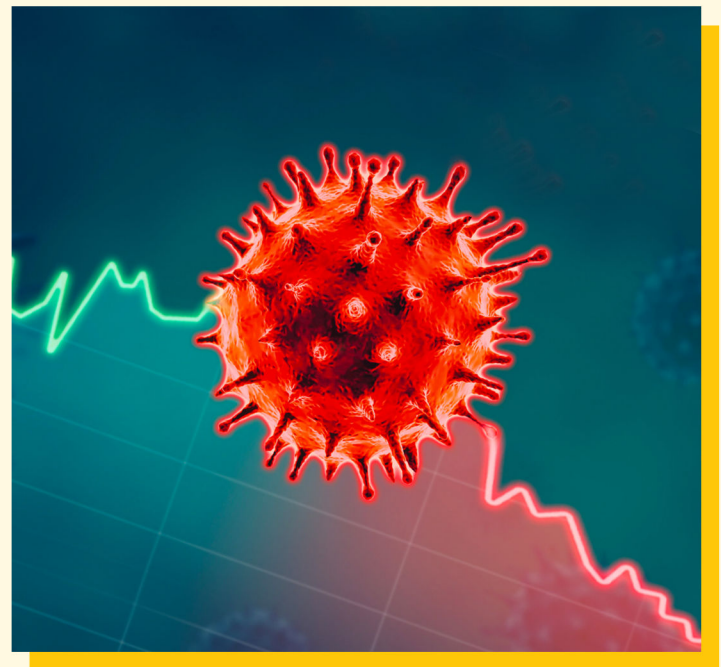
The Government and Reserve Bank of India has come out with some initial measures and intends to follow up with other steps going forward. Some key steps are highlighted below:

- ▶ The Government has announced Rs.1.7 lakh crore package which includes cash transfers to workers especially under the MANREGA scheme, measures on food security, free cooking gas, etc.
- ▶ RBI has slashed repo rate, CRR to ease liquidity into the system. There is a moratorium of three months on EMIs of loans
- ▶ Insurance cover worth Rs. 5 Million for sanitation workers, doctors, nurses, paramedics and ASHA health workers. This should provide some marginal benefits to healthcare service providers
- ▶ There has been relaxation / extension on regulatory compliance for ease of business
- ▶ Enabling participation of large corporates to a Nation Wide Relief Fund (PM Cares) by linking their mandatory Corporate Social Responsibility (CSR) scheme to it

The pandemic is expected to negatively impact the GDP in FY21. The government is planning to take a series of stimulus measures. With monetary and fiscal stimulus, fiscal slippage is expected which may lead to slight downgrades in sovereign credit rating. At the same time, the oil price crash will benefit India in a significant way. The rupee is expected to remain volatile with a downward bias to USD. RBI measures to contain the rupee movements are expected to be a positive step. India is currently one of the fastest growing economies in the world. It is expected to maintain this position on the back of strong public policy measures, rising ease of business ranking and increasing Indian competitiveness. In the medium to long term, we expect a positive return on Indian investments, especially in the area of healthcare.

3. Macro Measures - To Control the Epidemic

- ▶ As a precautionary measure, the Government of India announced a 21-day lockdown across the Country starting from March 25, 2020.
- ▶ Advisory for work from home with limited staffing for essential services like banking, insurance, capital markets, etc. Norms for social distancing for manufacturing units and movement of goods (both essential and non-essential)
- ▶ Export of essential supplies and medical equipment is under the restrictive export list and permitted on a case by case basis
- ▶ Shelter homes and food distribution for migrant and daily labourers
- ▶ Designated public and private health centres / hospitals to test and treat for the virus
- ▶ CMR as a nodal agency is monitoring the situation with designated helpline numbers for information





5. Impact of Corona Virus on the Indian Healthcare sector

The Indian Healthcare sector could face very different challenges in the immediate to long term based on how the situation evolves with regards the Corona Virus Pandemic.

Currently, the need is to control the virus spread which involves both greater testing to identify infected patients, treatment of these patients in hospitals and ICU units and mainly social distancing and isolation. Certain medicine combinations seem to be working to reduce the effect of the virus. Vaccines are also being tested – normally it takes 18 months to get a vaccine approved but it could be possible that this will be fast tracked in line with the global issue at hand. The Indian Healthcare sector too is being impacted in all sub sectors especially in the area of elective surgeries etc. however, over the medium to long term analysts are projecting higher demand for consumables, medical devices, medical equipment and Pharma products.

There are initial supply chain disruptions for product companies especially those importing products from China but as our experience at Brown-dove tells us, the China based supply chains have re-started. However, considering the stoppage on movement of people and goods across the world – we expect that short term supply disruptions could continue.

Digital healthcare and telemedicine to be a growing segment amid crisis. Increased focus on wellness/preventive care to give this segment a boost

8. Short term disruptions and mitigation measures

Unlike many countries, India took stricter lockdown measures early on with cases being in hundreds. Given India is reported to be in Stage 2 of local transmission, lockdown and other containment measures are expected to come into effect to control the Stage 3 going forward. However, how and when the curve will flatten out is still uncertain in the short term. There might be supply chain/export related hiccups in the short term but these are expected to reduce going forward.

Considering the demand and supply disruptions, we expect revenues to be impacted for at least two to three months. The severity of this will be understood in the coming weeks as we come to the end of the lockdown and the govt. decides on the path to normalcy. A so, collections will be an issue and some of that will have to be balanced with payments being made to vendors.

Deferment of working capital interest and EMIs will help ease some short term cash flow concerns but reductions in costs especially through a deferment of part salaries or reduction in manpower as an extreme case will need to be some of the measures required to support cash flow. Curbing travel costs and other fixed costs related to administration costs and office costs will also help. Overall, a very close watch on the unfolding situation and strict controls on costs will be necessary.



6. Impact on Product Companies

The product Companies in the healthcare segment (viz. equipment, devices, consumables, nutraceutical /nutrition products, etc.) are experiencing a short term demand surge. There is an initial disruption in logistics which is being sorted across the country by involving local administrations. Most Companies have resumed manufacturing and are operating at lower capacities due to the initial disturbance and are expected to resume higher productivity in due course. Digital / online retail distribution may start playing a larger role going forward. The long term prospects should improve for product companies as the requirement for better infrastructure, equipment, and service gear has been amplified. Also, manufacturing in India could see an increased impetus as it will be important to build alternative supply chains and to de-risk reliance on im-

7. Impact on Service Companies

The services companies in the healthcare segment (viz. hospitals, specialty clinics, diagnostic chains, wellness clinics, tele-medicine, etc.) are experiencing a short term dip due to the lock down and restriction / closure of elective procedures, avoidable OPD, etc. There has been a surge in patient care through tele-medicine. Some healthcare delivery networks are being associated with Covid-19 patient care which would include hospitals, diagnostic centres, etc., and these are seeing an increase in demand. Further penetration in Insurance as an outcome of the current scenario will provide a greater fillip to the healthcare delivery segment in the long term. Also, government push to develop / upgrade infrastructure especially in Tier 2&3 markets could benefit private healthcare delivery players including distributors, majority of this increased investment he government could be in the form of PPPs (Public Private by Partnerships

9. Long Term Impact on Healthcare

In the long term, we believe healthcare especially public health and communicable diseases will get a significant upside as henceforth there will be a significant increase in investments in Pharma products, biotech and vaccines. Diagnostics, especially quick POC testing and upgradation of the healthcare delivery sector will get a major boost in the area of critical care. The awareness of the public health sector would increase significantly and government initiatives like PPP with the private sector and the Ayushman Bharat insurance schemes with focus on primary and preventive care will get a massive fillip due to the current environment, especially in Tier 2&3 markets. This may increase interest from a lot of financial investors in the service / delivery network assets. With disruption in supplies from China there could be a concentrated attempt to de-risk supply chains and look for alternate manufacturing sources domestically and outside China. The product companies in India could benefit as their market could expand and interest from overseas MNCs could increase in terms of strategic participation. We believe in the medium to long term there would be significant interest in Indian healthcare services and product platforms from both financial and strategic investors.

Overall, we believe that Healthcare will receive greater emphasis and funding in the coming years especially from the government and from financial and strategic investors. We believe there would be greater focus on healthcare - primary and preventive care including greater emphasis on adequate equipment, increased use of medical devices and consumables, screening diagnostics (both product and services) , digital health, expansion of healthcare delivery infrastructure and support in terms of financing to patients through Ayushman Bharat and private insurance. This will have a positive impact on the performance of our portfolio companies in the medium to long term, and provide better exit opportunities for these companies. As a result, we believe this could be a very good time to invest in the healthcare segment of the economy.



PHARMA FUND MANAGER OUTLOOK

SAILESH RAJ BHAN

He has over 24 years of experience in Indian Equity Markets with over 15 years at Reliance Nippon Life Asset Management Limited in Fund Management.

Mr. Sailesh manages the Largest Pharma Sector Fund in India since its inception 15 years back in May 2004, in addition to managing Nippon India Consumption Fund - a broad based Consumption Thematic product since 2004. He also advises on international mandates for some strategies for the last 5 years. He manages the flagship diversified equity schemes like Nippon India Multi Cap Fund (previously Nippon India Equity Opportunities Fund) - a strategy with assets of over Rs10,000cr (\$1.5bn) since its inception in March 2005 and Nippon India Large Cap Fund (previously Nippon India Top200 Fund) – with assets of over Rs13000cr (over \$1.8bn) since its inception 2007.



MR. SAILESH RAJ BHAN

Deputy CIO-Equity / Fund Manager
Nippon India MF

Pharma Sector Opportunity and Outlook in current uncertain times

Pharma sector is among the most resilient, secular and defensive sectors in India. In fact with a footprint in over 100 countries this sector is one of most globally competitive India sectors. After a difficult past few years primarily due to the pricing challenges in US Markets, the sector has started displaying improved strength. Lot of cost rationalization measures, moving out of non-profitable products / markets, incremental capital allocation to domestic business, etc., are some of the measures been taken by the pharma companies over the years, which can lead to improvement in earnings.

Most segments in the Pharma sector will benefit with some lead lag effect. We look at the possibilities across key sub segments:

1 Domestic branded businesses

continue, to report strong secular growth. Earnings from domestic business is secular in nature due to high incidence of chronic diseases in India. While India is a young country, has a sizeable portion of the population who are old and are on medication. Share of domestic business contribution has been improving significantly over the last few years levels 4 years back. US market slowdown, increase in competitive intensity and excessive profitability of US having come off has led to the above.

Also API manufacturing in India is set for revival as Govt has announced USD 1.2 billion support following supply constraints from China. This can be a medium term positive for the sector



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2 International Business Reviving:

Exports as an opportunity is huge, given the size of international pharma market and the competence of Indian companies, who sell to over 100 countries in the world and have globally acknowledge processes and scale. After years of compression of earnings from US markets, the outlook is improving. The sharp decline in US margins is now largely behind and there is visible signs of stabilization. Also the pace of new product approvals has started improving thereby providing more tailwind.



3 Hospitals

also have a long way to go in India, given the disease profile and scale of the country. COVID 19 is showing the lacuna. India has a chance to use this opportunity to accelerate improvements in healthcare infrastructure. Policy support and larger pool of resources would be required to bring about the much-required change.

4 Diagnostic Care services

is the starting point of disease identification and is likely to be more appreciated going ahead. Mandated healthcare programs for early identification of disease trends can immensely boost this segment. These are less capital-intensive businesses and can generate sustainable return on capital.

OUTLOOK

Given the magnitude of the current crisis, the importance of healthcare as a sector in India will be brought to fore and a material improvement in Government, private sector & individual spends are likely to remain elevated. In India healthcare spends are significantly lower around 1.3% of GDP, while they are multiples of the same in most developed economies.

The strong earning possibilities combined with low equity ownership of the sector has created a platform for a meaningful revival in prices in the backdrop of rising investors interest. Long term trends also are very favorable supporting the thesis for a positive sector outlook. Between Pharma (Domestic, Export markets), Hospitals and Diagnostics, sector provides good diversification and secular investment opportunity

Indian Pharma sector is one of the fastest growing sectors



by volume in the last 20 years. In background of secular nature of the sector, level of under-penetration in the market, higher investments both from public and private sector, attractive valuations etc, the pharma sector appears to be well placed for multi years of reasonable revival.

Common Source: NIMF Internal Research, CMIE, Bloomberg

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RESEARCH OUTLOOK

CORRECTIONS ARE TEMPORARY, GROWTH IS PERMANENT

Time to be Over Weight on Equities in staggered manner

We believe equity markets will react and behave in tandem with global trends until the pandemic reaches a manageable level going forward

Equity markets environment is challenging and uncertainty is been played in markets, with difficulty of predicting what comes next a relief recovery or yet another volatile markets for short term. So one should keep in mind that volatility is going to remain for some more time as we are not yet out of the corona woods. The threat of earnings cuts, lower GDP numbers, lower GST collections and subdued IIP data will be a big hangover on the market in coming few months which will keep equity market under pressure and volatile. So in this kind of situation, there is no need to jump in and say it is a bottom fishing kind of opportunity.

Governments and policy makers across the world would come together with measures to help and manage the slowdown and get our economies back and running. This may take some time but certainly outcome would trigger markets globally.

Here is how we at MEHTA EQUITIES are looking at the ongoing scenario and what do we recommend to our investors/Traders?

Let us not panic and exit at current levels, as we will end up converting notional loss into real loss and regret after few quarters. It is a good time to move to quality businesses which you would assume to remain for next few decades or even centuries. Valuations of quality businesses have dropped significantly and provide a great opportunity to accumulate these wealth multipliers for the long term.

We note that such significant corrections opens up equally significant investment opportunities as well as one should keep in mind that recovery will take its own time. Markets would be unpredictable at any point of time and one thing we have to realize that market volatility is inevitable and it's the nature of the markets it to move up and down over the short-term discounting the visible event effecting economy.

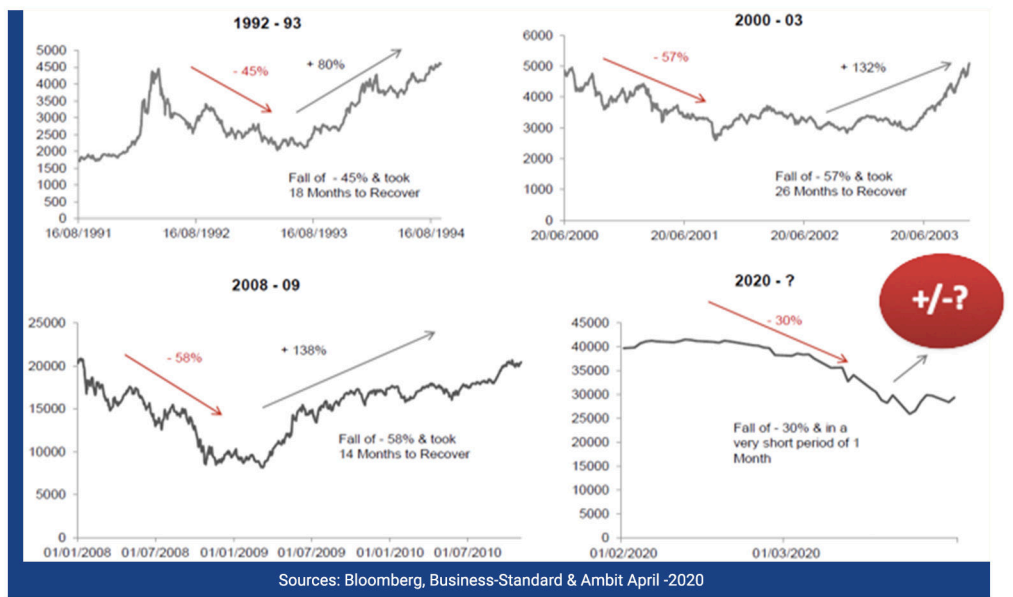
History of Bear Markets – India - BSE Sensex - Market Cycles & Crashes are realities of stock markets in India & globally for the last 100+ years

For INVESTORS:

We advise Investors should focus on phase wise investment strategy, as it is very difficult to gauge when will markets stand at bottom levels but given the favourable risk-reward situation investors need to take a long term vision and keep on accumulating high quality stocks at every such declines COVID-19 has meaningfully impacted the global economy and in order to counter the pandemic amid forecasts of a deep recession, G-20 nations have indicated they will be injecting US\$5 trn into the global economy.

All stock markets performance reflects the economic situation of country and the recent fall is already shaping up as the deepest dive on record for the global economy for over 100 years. Now everything depends on how long it lasts, but if this goes on for a long time, it's certainly going to be the mother of all financial crises. But one thing is for sure: this is not permanent.

Indian economic growth has no exemption with the effect of COVID-19 due to weaker private consumption and a contraction in investments, and higher government consumption. Risks to the forecasting the effects would be tough, given that the COVID-19 outbreak in India is relatively low number and appears to be just beginning especially considering that India is the world's second most populous nation with a population of over 130 crore.



We forecast an uncertain medium term outlook and long term outlook would be healthier when compared emerging economies.

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MConnect Lockdown Portfolio April 2020

(April 1st 2020)

LARGE CAP CATEGORY

Sr. No	Company Name	Sector	Portfolio Price
1.	TCS Ltd	IT	1,823
2.	HDFC Bank Ltd	BFSI	862
3.	ITC Ltd	FMCG	172
4.	ICICI Bank Ltd	BFSI	325
5.	SBI Ltd	BFSI	197
6.	Bajaj Finance Ltd	BFSI	2,216
7.	Larsen & Toubro Ltd	Infra	807
8.	Ultratech Cement Ltd	Cement	3,254
9.	HDFC Life Insurance Co Ltd	BFSI	441
10.	BPCL	Oil & Gas	316
11.	Britannia Industries Ltd	FMCG	2,690

MID & SMALL CAP CATEGORY

Sr. No	Company Name	Sector	Portfolio Price
12.	HDFC AMC Ltd	BFSI	2,112
13.	ICICI Lombard Gen Ins Co Ltd	BFSI	1,077
14.	United Breweries Ltd	FMCG	918
15.	PI Industries Ltd	Agrochemicals	1,170
16.	Sanofi India Ltd	Pharma	6,242
17.	Godrej properties Ltd	Realty	603
18.	Ramco Cement Ltd	Cement	514
19.	Natco pharma Ltd	Pharma	506
20.	Polycab India Ltd	Cable & Wire	742
21.	MGL	Oil & Gas	818
22.	KRBL	FMCG	136
23.	Granules India Ltd	Pharma	144
24.	Radico Khaitan Ltd	FMCG	267
25.	Triveni Engg Industries Ltd	Commodities	37
NSE NIFTY 50		INDEX	8597
BSE SENSEX 30		INDEX	29468



OUTLOOK ON CRUDE

CRUDE HIGHLIGHTS

- ▶ US oil prices plunged to historical low amid continued fears about oversupply in the market.
- ▶ Fall in the price is because of the lack of sufficient demand and lack of storage place.
- ▶ Prices are under pressure amid fears about over supply in the market and slumping demand due to the coronavirus pandemic.
- ▶ US oil prices have been particularly hard hit, with high fixed-costs in the US shale industry.
- ▶ US oil prices plunged 30% in a day in early March after Saudi Arabia started a price war with Russia by increasing oil production and slashing prices.
- ▶ The feud was resolved two weekends ago when the OPEC+ oil cartel, which Saudi Arabia and Russia are both part of, agreed to cut global oil output by 9.7m barrels per day. It represented the largest single cut to oil output ever.
- ▶ IEA last week said it expects global demand for oil this month to fall to a level not seen since 1995.
- ▶ Air travel has all but ground to a halt around the world and countries around the world had told citizens to stay at home as much as possible, reducing demand for vehicle fuel.
- ▶ China's first quarter GDP shrank 6.8% in 2020 as compared to a year ago, marking the first quarterly decline since 1992.

U.S. shale oil output is expected to drop by 194,000 barrels per day (bpd) in April, most on record

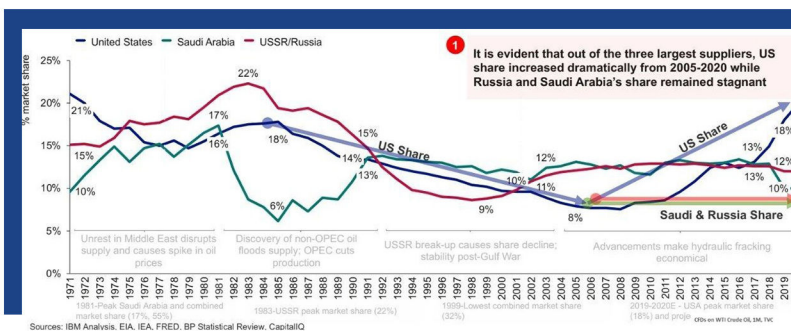
to about 8.7 million bpd, according to the U.S. Energy Information Administration, as producers slash drilling activity after oil prices plunged. Shale production has been sliding for several months, but the declines are expected to accelerate as demand has fallen by roughly 30% worldwide due to the coronavirus pandemic. April's decline is forecast to be followed by fall in May by 183,000 bpd to 8.53 million bpd, which would be the lowest since June 2019, and a sixth straight month of declines, the EIA said in a monthly forecast. Overall U.S. production hit a record of 12.9 million bpd in November 2019; of that, shale production was 9.1 million bpd, also a record, according to U.S. Energy Department figures.

Oil producers pin hopes for massive cuts on unprecedented stockpile purchases

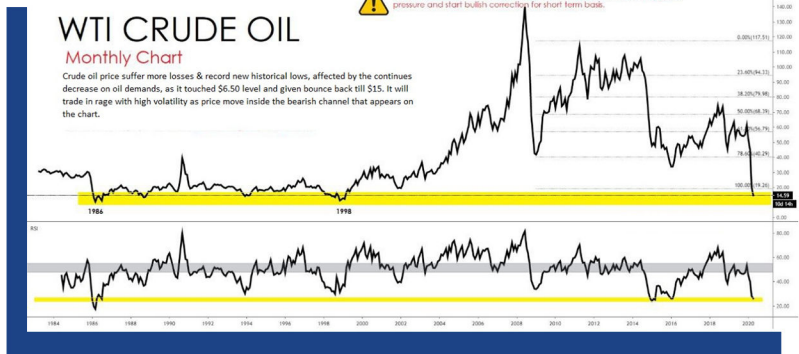
An unprecedented deal by oil producers to curb supply to match demand hollowed out by the coronavirus pandemic is set to depend partly on purchases by consumer countries for their strategic stockpiles on a scale not before seen. The Organization of the Petroleum Exporting Countries, along with Russia and other producing countries - a grouping known as OPEC+ - partnered with other oil-pumping powerhouses like the United States for an agreement set to remove a total of around 19.5 million barrels per day

China's crude oil imports in March rose 4.5% from a year earlier

according to official customs data, as refiners stocked up on cheaper cargoes despite falling domestic fuel demand and cuts in refining rates caused by the COVID-19 disease outbreak. China, the world's top crude oil importer, took in 41.1 million tons of oil, according to the official data from the General Administration of Customs. That is equal to 9.68 million barrels per day (bpd). The official March figure in bpd compared to an average of 10.47 million bpd for the first two months of the year.



ACTION: Avoid trade in crude oil. Unless any fundamental report doesn't come avoid buy. If anyone wants to buy crude would suggest to go for June contract.



The opinion expressed in this article are those of the author alone and should not be regarded as investment advice. "Investors should obtain their own independent advice before taking a decision to invest in any securities."



OUTLOOK ON GOLD

PERFECT ENVIRONMENT FOR GOLD PRICES TO EXPLODE IN 2020

The COVID-19 outbreak has paralyzed the global economy and led to sharp volatility in the bullion markets. Gold's reputation as the ultimate safe haven asset took a real beating lately, as the collapse in stock markets forced investors to 'sell everything' in order to meet margin calls. Yet, that might be about to change. With central banks unleashing a tsunami of quantitative easing (QE) at a time when fear is running rampant in the markets and government debts are about to explode, this seems like the perfect cocktail that could push gold back to record highs.

Gold hasn't behaved like a safe haven at all lately, despite all the carnage in financial markets. The recent losses in bullion are owed mainly to a 'sell everything' approach. With leveraged funds absorbing heavy losses in stocks, many players were forced to close (profitable) positions in gold to cover margin calls. In other words, the key reason for gold's recent underperformance has been the speed of the sell-off in stocks. The sudden collapse caught many investors off guard and without liquid assets to sell, forcing them to raise cash by liquidating everything, including gold.

In fact, something similar happened back in 2008. Gold fell with stocks in the first few months of the crisis, until the Fed announced its first QE program. That gave investors the 'green light' to buy gold again, as the ocean of new liquidity meant they wouldn't have to worry about funding constraints that much. The sharp drop in the dollar following the 2008 QE announcement helped too. Bullion and the dollar usually have an inverse relationship. Since gold contracts are denominated in dollars, a drop in the greenback makes gold cheaper for investors using foreign currencies, boosting demand. Now, we might be entering the second phase (marked with Light Blue colour), where gold begins to act like a haven asset again, as fear-related buying eclipses liquidity-driven selling. Recent developments have been a perfect cocktail for gold prices.

PERFECT ENVIRONMENT FOR GOLD PRICES TO EXPLODE



LOWER INTEREST RATES:

Central banks around the world cut interest rates sharply during the 2007-2009 financial crisis. Following the coronavirus outbreak, emergency measures have been announced by many central banks. With central banks around the world cutting rates like there's no tomorrow and yields on government bonds falling to zero or negative, gold – which pays no interest anyway – suddenly looks much more attractive. Around 45 countries around the world have cut key policy rates. Some of them like Australia, US, UK and Canada have reduced policy rates twice in the span of 7-15 days this month.

SUPPLY SIDE ISSUE AS THE LOCKDOWNS :

In many countries have resulted in gold mines and refineries shutting down. Hence, less gold will be extracted and processed in the near term, while demand is likely to remain strong or even grow further, a combination which argues for a surge in price. Two key operational risks first, production shutdowns/curtailments and second disruptions to supply/transportation logistics.

GOLD OUTLOOK:

Gold has followed a bullish trend since July of 2019. The \$1720 level is an important resistance if gold manages to break that level and prices can rise up to \$1776 and above the same can test \$1864. RSI also supports a bullish view. RSI crossing 57 levels, past has shown that this is an indicator of an upcoming bullish trend. Support for Gold\$ is at 1634.95 and its resistance is at 1776.40. Next support and resistance comes at levels of 1562.75 & 1864.70 respectively. **Be-Alert: Gold can give one sharp fall at the time of lock down open by major countries.**

SILVER OUTLOOK:

Silver prices moved with greater volatility, prices are still under a descending triangle that we have seen since 2011, last month's fall was also in the same line we see silver prices will be as it consolidates some of the rally off March's low. Closes above the 20-day moving average crossing at \$14.924 are needed to confirm that a short-term low has been posted. If May renews this year's decline, the October 2008 low on the monthly continuation chart crossing at \$11.400 is the next downside target. Support for Silver\$ is at 13.24 and its resistance is at 15.40. Next support and resistance come at levels of 11.60 & 16.80 respectively.



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BEST PHARMA MUTUAL FUND SCHEMES

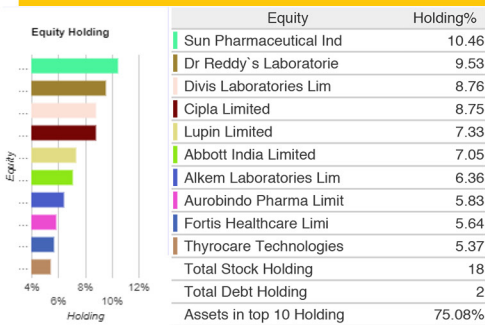
1 Nippon India Pharma Fund

Category: Equity - Sectorial/Thematic | **AUM:** Rs 2,451 Cr | **NAV:** Rs 176.33
Expense ratio: 2.32% | **Fund Manager:** Jhanvee Shah/ Sialesh Raj

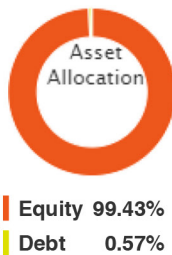
Past Performance

	6 month CAGR (%)	1 Year CAGR (%)	3 Year CAGR (%)	5 Year CAGR (%)	Since Inception CAGR (%)
Nippon India Pharma Fund	23.71	15.06	9.51	5.46	19.81
S&P BSE Healthcare	0.43	-13.44	-7.13	-6.86	12.62
S&P BSE Sensex	-19.62	-19.29	2.40	2.53	13.81

Top 10 Equity Holding



Asset Allocation



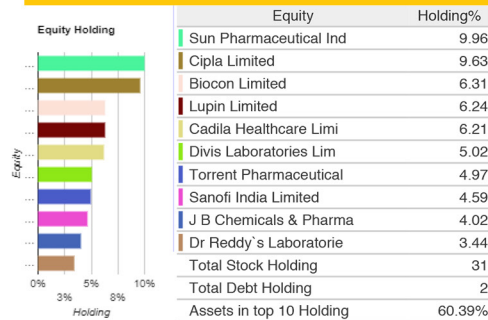
2 ICI Prudential P.H.D Fund

Category: Equity - Sectorial/Thematic | **AUM:** Rs 1,268 Cr | **NAV:** Rs 11.77
Expense ratio: 2.49% | **Fund Manager:** Priyanka Khandelwal/ Ihab Dalwai

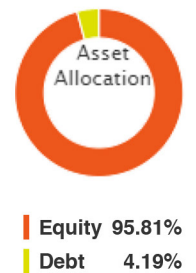
Past Performance

	6 month CAGR (%)	1 Year CAGR (%)	3 Year CAGR (%)	5 Year CAGR (%)	Since Inception CAGR (%)
ICI Prudential Pharma Healthcare and Diagnostics (P.H.D) Fund	22.10	14.61	0.00	0.00	9.58
S&P BSE Healthcare	0.43	-13.44	-7.13	-6.86	12.62
S&P BSE Sensex	-19.62	-19.29	2.40	2.53	13.81

Top 10 Equity Holding



Asset Allocation



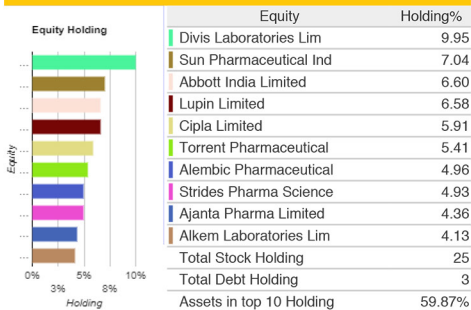
3 SBI Healthcare Opportunities Fund

Category: Equity - Sectorial/Thematic | **AUM:** Rs 956 Cr
NAV: Rs 134.57 | **Expense ratio:** 2.36% | **Fund Manager:** Tanmaya Desai

Past Performance

	6 month CAGR (%)	1 Year CAGR (%)	3 Year CAGR (%)	5 Year CAGR (%)	Since Inception CAGR (%)
SBI Healthcare Opportunities Fund	22.11	11.03	-0.04	-0.89	12.83
S&P BSE Healthcare	0.43	-13.44	-7.13	-6.86	12.62
S&P BSE Sensex	-19.62	-19.29	2.40	2.53	13.81

Top 10 Equity Holding



Asset Allocation



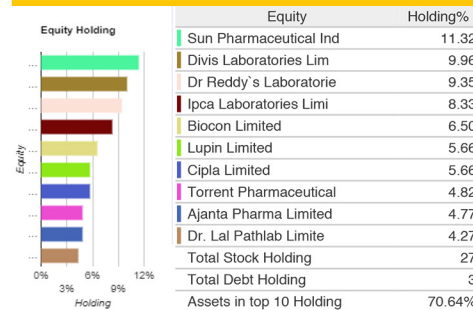
4 Mirae Asset Healthcare Fund

Category: Equity - Sectorial/Thematic | **AUM:** Rs 393 Cr
NAV: Rs 12.84 | **Expense ratio:** 2.43% | **Fund Manager:** Vrijesh Kasera

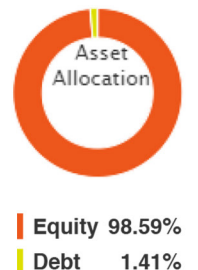
Past Performance

	6 month CAGR (%)	1 Year CAGR (%)	3 Year CAGR (%)	5 Year CAGR (%)	Since Inception CAGR (%)
Mirae Asset Health Care Fund - Regular Plan	25.34	19.53	0.00	0.00	14.94
S&P BSE Healthcare	0.43	-13.44	-7.13	-6.86	12.62
S&P BSE Sensex	-19.62	-19.29	2.40	2.53	13.81

Top 10 Equity Holding



Asset Allocation



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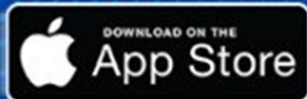
Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Data as on 21st April 2020

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