

Equity Market Review



Mr. Sachin Relekar, CIO - Equity

Market Review

- On ground momentum in the economy continues to remain weak. February WPI came in at 2.26% as against 3.10% in the previous month while CPI came in at 6.58% in February vs 7.59% in January. Due to the sluggish economic environment and the covid-19 issue, equity market saw decline during the month with BSE Sensex decreasing by 23.1% month-on-month and CNX Nifty decreasing by 23.2% for the same month.
- Sector-wise indices- The indices saw significant depreciation in value and were in the red during the month gone by with BSE Realty, BSE Bankex, BSE Auto, BSE Metal, BSE Capital goods, BSE Consumer Durables BSE Oil & Gas, BSE Power, BSE IT, BSE Healthcare and BSE FMCG losing month-on-month value by 36.3%, 34.0%, 31.0%, 30.7%, 28.7%, 26.0%, 20.6%, 19.7%, 14.3%, 9.9% and 6.5% respectively.

Benchmark Index	Latest Price	1 Month Return	3 Month Return	6 Month Return
BSE Sensex	29,468	-23.10%	-28.60%	-23.80%
CNX NIFTY	8,598	-23.20%	-29.30%	-25.10%
BSE FMCG Sector	10,255	-6.50%	-10.10%	-12.90%
BSE Healthcare	12,149	-9.90%	-9.50%	-2.80%
BSE IT Sector	12,843	-14.30%	-17.00%	-18.00%
BSE Power	1,378	-19.70%	-28.50%	-28.80%
BSE Oil & Gas	10,021	-20.60%	-32.00%	-31.60%
BSE 100	8,669	-23.20%	-29.20%	-25.10%
BSE 200	3,610	-23.50%	-28.90%	-24.70%
BSE 500	11,098	-24.10%	-29.20%	-25.10%
BSE Cons Durables	19,363	-26.00%	-22.60%	-25.20%
BSE Mid Cap	10,570	-27.60%	-29.40%	-25.10%
BSE Cap Goods	10,979	-28.70%	-35.20%	-41.30%
BSE Small-Cap	9,609	-29.90%	-29.90%	-27.00%
BSE Metal	5,713	-30.70%	-45.20%	-37.10%
BSE Auto	10,746	-31.00%	-41.90%	-35.90%
BANKEX	22,050	-34.00%	-39.90%	-33.00%
BSE Realty	1,354	-36.30%	-40.60%	-31.60%

Capital flows:

FII's were net sellers in the equity to the tune of ₹ 62,433 crores (US\$ 8,372 mn) in March 2020. Cumulatively, FII's bought equity worth ₹ 2,429 crores (US\$ 769 mn) in last twelve months i.e. from April'19-March'20 and DII bought equity worth ₹ 79,919 crores (US\$ 11,120 mn) for the same period. (As on 31st March 2020, Source: SEBI) (March 2020 Avg. 1 USD = INR 74.5712)

Outlook

- The past few weeks have seen countries across the world clutched by the global pandemic, COVID-19. While the markets globally as well as in India, have reacted sharply than ever before and remain volatile, the uncertainty of the virus and the ultimate economic reconfiguration suggest that it is relatively early to decisively call the market is in either direction.
- While every crisis is different, the response to the crisis plays an important role in determining the economic and social impact of the crisis. Hence the response of the authorities and public in managing the pandemic will be critical.
- The hysteria is justified, however, being India-focused investors, exponential changes in the capital values of companies in this market matter to us to a larger extent.
- As bottoms-up focused investors, we aim to treat macro aspects as risk factors while building our portfolio. While macro doings/outcomes are of utmost importance, it is clearly difficult to gain edge over it. Short term outlook remains very uncertain as there are number of unknown variables affecting the economy. As a fund house, we continue to follow a well-articulated investment framework which begins with focus on risk management.
- We are allocating capital incrementally to business which are likely to be relevant and gain advantage because of changes in competitive landscape or having wherewithal to adapt and reshape. Given the sharp volatility, we are focusing on behavioral discipline and maintaining portfolio quality in strong conformity with the framework.

Statutory Details Sponsor: Life Insurance Corporation of India.
Investment manager: LIC Mutual Fund Asset Management Ltd. CIN: U67190MH1994PLC077858

For further details, please refer to the Scheme Information Document, Statement of Additional Information & Key Information Memorandum cum Application forms, available on our website www.licmf.com and at the official points of acceptance of LIC Mutual Fund Asset Management Ltd.

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