

LIC MUTUAL FUND EQUITY MARKET OUTLOOK

The overall macro outlook should be divided into near term and long term. Macroeconomic indicators as of now are not very encouraging. Discretionary demand in sectors such as auto remains abysmal due to the industry facing regulatory and underlying demand challenges. Data points from core sectors – cement, steel – are on the lower side. Demand side headwinds coupled with liquidity concerns remain an overhang. On the global front, while Covid-19 has caused an epidemic worldwide, this could be an opportunity for Indian Inc as global giants consider to de-risk their businesses from over-dependence on China. However, global risk aversion, fall in tourism and input shortage in certain industries could result in a volatility in the equity market.

While one needs to be cautious with respect to change in trend or long-term direction, short term volatility is something investors need not react to on immediate basis.

The longer-term fundamentals of the economy continue to be strong. Despite the weak GDP print, India remains one of the fastest growing economies in the world. While recovery maybe gradual as multiple segments of the economy are still in a difficult phase, we do expect investment cycle to pick up substantially going forward which would result in healthy GDP growth rates, if the global macro factors turn favourable. The share of unorganised businesses in the economy is also very large. Consumption continues to offer tremendous scope for growth if we compare its potential with other developing countries.

Technology and tax reforms are driving the formalisation. As the formalisation drive in the economy gains traction, it will improve the share of organised businesses. The government's initiatives in rationalising corporate tax rates will enhance the competitiveness of India Inc.

We follow a bottoms-up approach of investing for which we have a clearly articulated investment framework where we consider "risk" as an important parameter. We focus on avoiding unsustainable businesses as well as companies with corporate governance issues. We prefer businesses, which are scalable, having clear competitive advantage and capital efficiency. We believe, this is where the wealth gets created over a long term. Having selected such businesses, we try to avoid overpaying for the same.

While we track macro variables, being bottom up investors, we find individual investment ideas of having more relevance. We are positive on long term theme of financialization of savings. And continue to remain positive on equity as an asset class over the longer term notwithstanding the near-term volatility. For investors, sticking to asset allocations and disciplined investment process is key to mitigate risks.

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.

Disclaimer: The views expressed herein are based on internal data, publicly available information and other sources believed to be reliable. Any calculations made are approximations, meant as guidelines only, which you must confirm before relying on them. The information contained in this document is for general purposes only. The document is given in summary form and does not purport to be complete. The document does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. The information / data herein alone are not sufficient and should not be used for the development or implementation of an investment strategy. The statements contained herein are based on our current views and involve known and unknown risk and uncertainties that could cause actual results, performance or event to differ materially from those expressed or implied in such statements. Past performance may or may not be sustained in the future. LIC Mutual Fund Asset Management Ltd. / LIC Mutual Fund is not guaranteeing / offering / communicating any indicative yield on investment made in the scheme(s). Neither LIC Mutual Fund Asset Management Ltd. and LIC Mutual Fund (the Fund) nor any person connected with them, accepts any liability arising from the use of this document. The recipient(s) before acting on any information herein should make his/her/their own investigation and seek appropriate professional advice and shall alone be fully responsible / liable for any decision taken on the basis of information contained herein.

LIC Mutual Fund Asset Management Ltd.

Investment Managers to LIC Mutual Fund
Industrial Assurance Building, 4th Floor,
Opp. Churchgate Station, Mumbai - 400020

For more details, contact:



Connect with us:



[/LICMutual](https://www.facebook.com/LICMutual)



[@LICMutual](https://twitter.com/LICMutual)



[/company/LICMutual](https://www.linkedin.com/company/LICMutual)



1800-258-5678



www.licmf.com

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.