



Post Election Results Update

Panic or Opportunity?

Investments will still see growth. Analysis!

- In the past India market valuations were at 22.4 trailing P/E
- Even if we derate the P/E to lower number because of coalition Government worries we will end up making positive returns
- We can expect 1yr returns to be around 8% – 18%. (as mentioned in the table below)

Nifty 50	Nifty 50 PE	Nifty 50 1yr Forward Level	1yr Return expected
Current Long Term Avg PE	22.40	26,368.22	20.49
PE De-rating (due to adverse effect of coalition government)	22.00	25,897.36	18.34
	21.00	24,720.20	12.96
	20.00	23,543.05	7.58

Worried about your current investments?

- Market today:
 - Nifty 50 **(-5.93%)**
 - Nifty Midcap 150 **(-7.11%)**
 - Nifty Small cap 250 **(-7.45%)**
- In a volatile market, it is important to be invested in quality & large cap companies and in sectors that offer better growth at lower valuations.
- Your portfolio with us has more than 80% in Large caps. This give us higher margin of safety.
- In fact, based on the current valuations, Nifty 50 is **7.6% below it's fair value**.
- Even you had invested **on 3rd June peak**, your returns could well be **13%** (as per earlier projections)

The markets have corrected should I add more?

YES

- End of the day, market returns are a function of Earnings growth & PE (price to earnings)
- **Election impact may keep markets volatile for a few days but there is no threat to corporate profitability.**
- We believe in the current situation Nifty 50 can range between 21,000 (at 20 PE) to 22,500 (at 21.4 PE)
- **Action**
 - **At the current level, it is good to invest as the valuation is cheap.** Any further fall from here will make it even more attractive.
 - We will remind our investors about such opportunistic scenarios.

Coalition Govts have been good for investors

Election Year	Largest Party Seats	Largest Party	2nd Largest Party seats	2nd Largest Party	Winning coalition	Coalition	No of years in Governance	5 year returns CAGR
1999	182	BJP	114	Congress	269	NDA	5	7%
2004	145	Congress	138	BJP	218	UPA	5	20%
2009	206	Congress	116	BJP	262	UPA	5	16%
2014	282	BJP	44	Congress	336	NDA	5	11%
2019	303	BJP	52	Congress	353	NDA	5	16%
2024	240	BJP	100	Congress	295	NDA		