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Samvad 2066-67

2 years ago I had circulated the attached note at a time when if you were investing it was like looking into the barrel of a loaded gun or catching a falling knife! Well a lot has changed since then and we are now looking upwards at a Sensex of 21000!

Uncertainty has finally given way to exuberance. After 32 months the Sensex crossed the 21,000 mark once again. India's growth story has always remained strong. But, for the markets to move up, FIIs with their large pockets have to believe it. And that they did. FIIs came back with a bang. Their investments crossed US\$ 18 bn by the end of September 2010. This surpassed the 2007 level, at the height of the bull-run.

While the anchors of all business channels and their 'experts' will be beaming and business news paper headlines will be cheering, I advise caution at these levels. You have to be cautious because you always have to worry about the pitfalls which may come in the future. At the end of the day, you have to balance your risk and return

At the same time, you always have to be confident about future. It is very rare to see a pessimistic man making money in the market. It is always the optimism which prevails.

- *DO NOT IGNORE this market thinking it is too high PARTICIPATE through SYSTEMATIC INVESTING.*
- *Have a close look at your ASSET ALLOCATION ie how much money of your total wealth is in equities?*
- *TONE DOWN your expectation of return from the Equity Markets. Over a longer term (5 to 10 years) will deliver 15% plus returns.*
- *BELIEVE in the Growth Story of our country and you will prosper.*

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