

Raging Bulls take shares into uncharted space

Investors should be cautious

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Graphic: Nirmal Sharma

New Delhi: Money managers are advising retail investors to be cautious and not get too excited with Sensex scaling 6,000 points. Investors can make money but should go with proper advice, say financial planners.

"It is good to keep your excitement down when there is a boom or a crash," says Alok Vajpeyi, president DSP Merrill Lynch Fund Managers. "But it's time for retail investors to keep some portion of their savings in equity."

Equity-mutual funds have offered solid returns in the current rally. The average domestic equity linked fund has given a return of over 150 per cent in the last one year.

Should investors bank on the strong performance? "I expect a correction. But investors with a focussed time horizon of three years can get the best in the current scenario," says a Mumbai-based fund manager.

Where should you put your money? Bajaj Capitals suggest

HAVE A LONG-TERM PLAN



- Retail investors are now looking at the equity market. And the market has also created room for them
- Equity investment is giving a good return, ranging from 120 to 150 per cent
- Analysts advise investors to make money and invest in savings options like RBI bonds. One should have a 3-5 year plan, they add

Monthly Income Plan. "There is a resurgence in MIPs. They have given an average 20 per cent return," says Rajiv Bajaj, MD Bajaj Capitals.

"Market is still looking risky. We are advising people to book a profit of 20 per cent and ask them to exit after achieving it," says Bajaj.

Mindset of small investors have changed. They are taking money from savings accounts or FDs and putting in equities in the last six months.

"If you have a portfolio of 30 per cent in equity and 70 per cent in debt or bonds it is time to reorganise. Increase the equity portion to 40 per cent to get the real benefit," advises Himanshu Kohli, Client Associates, a specialised wealth management firm.

Kohli added that whatever earned from equity should be rebalanced and invested back into debts or the Reserve Bank of India bonds.