



Stocks Newsletter 5th November 2018 - Vol 6

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This has been a good week for the market. Both on **domestic front and on global front**. Stability returned in U.S. markets as well which improved the overall sentiment in Global markets. **Our currency did see some substantial cool off** which in turn aided to improve sentiments in Bond markets. **This had a positive impact on Equities** as well as broader market staged a strong comeback. Overall market breadth though still remains very dismal. It will take some time for this to repair as **Price would require some corrective action in terms of time consolidation as well.**

Sector & Portfolio Update

Pharma, FMCG, I.T., Banking and Energy remain the sectors which are still showing positive signs along with good price structure. The only caveat here is that valuation wise, none of the sectors look as good as **Pharma and I.T. to some extent**. I still don't have exposure to Energy stocks and I am looking to short list 1-2 in this space if the opportunity arises. **For now, my main focus is on Pharma sector along with some limited exposure to Banks, FMCG & I.T. sector.**

At this stage, I am looking for **more defensive exposure until signs are**

clear that a bottom is in place for the next 1-2 years. For now, I still don't have that confidence. I would be more comfortable if more broader market participation begins and more Stocks start forming good price structure. As of now, **I don't find more than 10-12%** stocks which are in good price structure. I also have exposure to Gold in current scenario.

Stocks Update

I have not added any new Stock this week. Previous Stocks SIP are continuing. I can see some good opportunities in **Small and Mid Cap space** but I will only select those stocks once the overall market stabilizes. In my opinion, there's still some time to go for this to happen.

This week, **Axis Bank, Lupin** came out with results. Axis Bank results were really good as they beat estimates by good margin. Lupin results were more or less on expected lines but they appeared good as a result of Forex gains. Till now, **I have not made any adjustments** based on results declared. Results have been fairly good for the Stocks I am holding.

For anyone looking to build a portfolio here, there are two important things to consider; **Realistic expectations of return and underlying volatility**. By realistic expectation, I mean expecting portfolio to grow 15-25% per year and by volatility I mean facing higher open draw-downs in portfolio. **I don't expect this portfolio to start doing well before June 2019.**

SIP Update

Stock	Sector	SIP Start Date	SIP 1	SIP 2	SIP 3	SIP4	SIP 5	SIP 6	Average Price	Profit/Loss %
Axis Bank	Banking & Financials	1st October 2018	613.00	568.00	585.00	562.00	536.00	610.00	579.00	5.35
Dr Reddy	Pharmaceutical	1st October 2018	2530.00	2394.00	2450.00	2552.00	2398.00	2423.00	2457.83	-1.42
Lupin	Pharmaceutical	1st October 2018	900.00	838.00	846.00	880.00	850.00	850.00	860.67	-1.24
Sun Pharma	Pharmaceutical	1st October 2018	623.00	597.00	590.00	609.00	550.00	572.00	590.17	-3.08
ITC	Consumer Goods	1st October 2018	297.00	276.00	275.00	289.00	280.00	283.00	283.33	-0.12
Cipla	Pharmaceutical	5th October 2018		636.00	623.00	633.00	601.00	607.00	620.00	-2.10
Gold ETF	Gold	19th October 2018				2900.00	2904.00	2890.00	2898.00	-0.28
Wipro	I.T.	20th October 2018				323.00	318.00	318.00	319.67	-0.52
ICICI Bank	Banking & Financials	26th October 2018					316.00	354.00	335.00	5.67

Legend - SIP 1, SIP 2, SIP 3 represent Week 1, Week 2, Week 3

Average Price - This is Average Price of SIP

Market related observations are posted in the Video below.

You Can contact me on the following mediums below,

Tc & Be Safe.

ST.



Systematic Investment Plan (SIP) & Methodology

SIP is a wonderful way to Invest in Stocks that interests you for the long term. The main benefit of SIP is to invest small amount of money each week/month as per your requirement. Markets are cyclical and whenever markets undergo prolonged period of correction, it is better to allocate small amount of money in Stocks you prefer as you can average out buying cost over a period of Time. Its important however to not buy indefinitely. There has to be a Stop loss wherein you stop investing or even think of investing money elsewhere if current Stock falls.

In times like these where some Stocks are falling 30-50% in a day, whatever you buy will more often than not move lower. Which is why for these stocks, I am starting out small and will increase positions as volatility subsides. One more filter I use while doing SIP is that as a Stock falls 10% or more after I begin SIP, I stop allocating more money till further clarity emerges. Its important to not confuse Trading with Investments. In volatile times, this is the most common mistake that market participants commit.

These are Stocks which I am looking to Buy or am already buying into. **Again, these are not recommendations but just what I am doing as an individual Investor.** All Stocks I am buying are from a **Systematic Investment Plan** point of view. Not attempting to Trade in these Stocks. **This is not the time to be brave in the market. Risk management should be of prime importance.**

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Market Analysis 5th Nov – 9th Nov 2018



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