

Advisor Speak

What should you tell your clients to do now?

Sapna Narang, Capital League, Delhi



Sapna Narang is Managing Partner of Capital League - one of Delhi wealth advisory firms and among the top 50 IFAs in the country. us her views on what she would advice her clients to do now - in

WF: For equity inclined clients who want to make an incremental allocation to equity markets, would you recommend large caps or small and mid caps or just stay liquid and await a correction?

Sapna: We are not waiting for any corrections. We believe in allocating money to equity funds largely using STPs. Out of Rs 100, we would put about 60-70 rupees in large caps and the balance in mid and small caps.

WF: You wouldn't like to go overweight on mid and small caps considering the valuation differentials ?

Sapna: No - we would rather be neutral weight in mid and small caps - not overweight.

WF: On the debt side for a client who has got one year money, would you suggest gilt funds, income funds or FMPs ?

Sapna: We prefer FMPs and short term funds. We think interest rates will harden some more - and would therefore avoid exposure to gilt and income funds right now. When interest rates harden some more, 1 year FMP yields will be quite attractive.

Many of our clients generate regular surpluses. We typically park these in shorter term FMPs and short term funds - as and when we see good yields on 1 year FMPs, we would like to move into them.

WF: In the ultra short term space, following the new valuation guidelines, would you recommend the liquid plus schemes to your clients?

Sapna: Our exposure to these schemes and corporate clients is limited. We are basically into cash funds which are meant to be invested into equity. We play safe - liquid plus funds do not justify the hassles to get those incremental gains - especially since the money is to move into equity funds anyway.

WF: Within the STP space, there are now some variants - where the STP instalment will vary based on changing market conditions. What is your view on these STP - plus kind of facilities ?

Sapna: Honestly we have only evaluated the HDFC Flex STP scheme. It seems to make sense but we have no reasonable exposure in it yet. We continue with normal STPs right now, but are quite happy to consider it, going forward.

WF: Would you prefer SIPs or VIPs (value averaging) for investors opting for systematic investments?

Sapna: Most of our clients opt for the STP route because they get lump sums which need to be allocated into their financial portfolios. We have negligible exposure to SIPs since that is more suited to salaried employees, which is not meaningful to our HNI clients.