

## **Index Performance Analysis on Indian Budget Day**

**A**t Desai Research Associates, though we have been harping on the benefits of investing in fundamentals-based indices for a medium-to-long term to earn better returns, an intra-day movement also gives a fair indication of the superiority of fundamentals-based indexes over market-capitalization based index families. And what better day to choose for this comparison that Annual Budget Day of Indian Government?

As observed, the market did not like to lack of clear-cut guidelines about divestment, rise in fiscal deficit and absence of any tax sops to corporate world. This led to very high losses in the stock market on the budget day and all the indices ended lower – except the BSE FMCG, which ended slightly higher.

When one compares apples with apples, namely benchmark index with benchmark index, the BSE Sensex lost 5.83%, while NSE's Nifty 50 lost 5.84%. As compared to these benchmarks widely tracked by the market, the FINDX Benchmark lost 5.27%.

Similarly, if one talks of composite indices, comprising of stocks from different sectors as well as from different spheres of business, the best performing composite index was FINDX Middleweight, which is comprised of stocks having revenues between Rs. 500 crores to Rs. 2000 crores. The FINDX Middleweight lost only 3.30%.

Also, the best thematic index was FINDX MNC, which lost only 3.52%.

For comparison of similar indices, FINDX indices were way ahead than their counterparts with similar compositions. FINDX PSU lost 5.08% compared to BSE PSU, which lost 5.51%. FINDX Metals lost 5.37%, compared to BSE Metal Index, which lost 6.57%. FINDX Infra40 index tracking Indian Infrastructure stocks lost 6.01% while the CNX Infrastructure Index lost 6.43%. To top it all, the sector which lost most of the ground on budget day, the Banking sector tells an interesting story. While the BSE Bankex lost 8.17% and CNX Bank lost 8.19%, the FINDX Banks lost only 6.68%.

These numbers are only an indication of the performance of Fundamentals-based indices, which surpasses the market-capitalization oriented indices on a highly regular basis. On top of it all, the FINDX series of indices have comparatively lower Standard Deviation, indicating high stability, coupled with superior returns. All these things are achieved without resorting to 'value' stocks, which may be illiquid. The stock composition of FINDX indices reflects around 50-70% of the stocks in a comparable market-capitalization based index. **All this points out to high degree of investability of the FINDX indices, making them one of the most efficient instruments for investment.**

The chart provided on next page depicts tabulated returns of all indices on the budget day and the list is sorted on best returns to worst returns.

We shall be happy to answer any of your queries about FINDX indices. You may post it on mail to [info@desairesearch.com](mailto:info@desairesearch.com) or call on 9823707907.

## Budget Day (6th July 2009) Performance of Indian Indices

Index	Style/Theme	Category	06-Jul-09	Prev Close	Gain/Loss
BSE FMCG	FMCG Stocks	Sectoral	2312.49	2290.22	0.97
BSE CD	Consumer Durables Stocks	Sectoral	2931.34	2985.46	-1.81
BSE HC	Healthcare Stocks	Sectoral	3586.33	3654.91	-1.88
BSE IT	ALL IT Companies	Sectoral	3236.33	3327.35	-2.74
CNX IT	ALL IT Companies	Sectoral	3430.55	3545.30	-3.24
FINDX Middleweight	Mid Sized Companies	Composite	889.06	919.44	-3.30
BSE Auto	Auto & Auto Parts stocks	Sectoral	4459.96	4612.81	-3.31
FINDX MNC	Multinationals Stocks	Thematic	1109.68	1150.22	-3.52
FINDX All Stars	Best Financial Performers	Composite	1045.13	1085.09	-3.68
FINDX Hi-Tech	Hitech Stocks	Thematic	989.69	1030.03	-3.92
BSE TECK	Telecom, IT & Media stocks	Thematic	2539.79	2643.54	-3.92
FINDX Heavyweights	Highest Revenue Grossers	Composite	958.61	1003.23	-4.45
BSE Smallcap	Bottom 5% stocks	Composite	5562.87	5824.95	-4.50
FINDX Megastars TRI	Top 50 Total Returns	Composite	1047.72	1097.83	-4.56
CNX Midcap	All Midcap stocks	Composite	5271.50	5537.45	-4.80
S&P ESG India	Environment, Social & Govern	Thematic	2445.52	2570.52	-4.86
S&P CNX 500 Shariah	Shariah-based	Thematic	995.80	1048.41	-5.02
FINDX PSU	PSU Stocks	Thematic	1005.77	1059.60	-5.08
BSE Midcap	Midtier 80-95% stocks	Composite	4918.88	5187.22	-5.17
FINDX Leaders	Sectoral Leaders	Composite	874.78	922.52	-5.17
S&P CNX Nifty Shariah	Shariah-based	Thematic	1004.56	1059.79	-5.21
<b>FINDX India</b>	<b>Benchmark</b>	<b>Composite</b>	<b>2044.44</b>	<b>2158.09</b>	<b>-5.27</b>
FINDX Metals	All Metal Stocks	Sectoral	739.42	781.40	-5.37
S&P CNX 500	Broadbased 93% cap	Composite	3374.15	3568.05	-5.43
FINDX Riches	Highest Asset Holders	Composite	902.74	954.86	-5.46
BSE PSU	Public Sector Srocks	Thematic	7773.24	8226.83	-5.51
BSE-500	95% of listed companies	Composite	5331.28	5646.62	-5.58
BSE-200	Most Liquid	Composite	1715.51	1819.02	-5.69
BSE-100	Most Liquid	Composite	7350.70	7799.42	-5.75
BSE Oil & Gas	Oil & Gas Stocks	Sectoral	9039.22	9597.26	-5.81
<b>BSE Sensex</b>	<b>Benchmark</b>	<b>Composite</b>	<b>14043.40</b>	<b>14913.05</b>	<b>-5.83</b>
<b>S&amp;P CNX Nifty</b>	<b>Benchmark</b>	<b>Composite</b>	<b>4165.70</b>	<b>4424.25</b>	<b>-5.84</b>
CNX 100	Diversified Most Liquid	Composite	4036.60	4287.95	-5.86
FINDX TARA	Tata,ADAG,Reliance,AVB	Thematic	728.82	774.72	-5.92
CNX Nifty Junior	Liquid - Next 50 to Nifty	Composite	7515.65	7992.50	-5.97
FINDX Infra40	Infrastructure Stocks	Thematic	932.29	991.87	-6.01
Nifty Midcap 50	50 Midcap stocks	Composite	1985.50	2113.15	-6.04
BSE Power	All Power related Stocks	Sectoral	2743.83	2930.23	-6.36
CNX Infrastructure	All Infrastructure stocks	Thematic	3415.11	3649.64	-6.43
BSE Metal	Mining & Metal Stocks	Sectoral	10560.22	11303.34	-6.57
FINDX Banks	All Bank Stocks	Sectoral	1007.44	1079.55	-6.68
BSE Dollex-200	Dollar Linked BSE-200	Composite	589.20	631.72	-6.73
BSE Dollex-100	Dollar Linked BSE-100	Composite	1568.70	1683.04	-6.79
BSE Dollex-30	Dollar Linked Sensex	Composite	2378.46	2553.94	-6.87
S&P CNX Defty	Dollar Linked Nifty	Composite	2976.55	3198.20	-6.93
BSE CG	Capital Goods Stocks	Sectoral	12099.76	13013.06	-7.02
BSE Realty	Real Estate Stocks	Sectoral	3185.19	3435.23	-7.28
CNX Realty	Real Estate Stocks	Sectoral	405.75	438.10	-7.38
BSE Bankex	All banks	Sectoral	7768.63	8459.70	-8.17
CNX Bank	All Banks	Sectoral	6946.45	7566.05	-8.19