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US election: Mutual fund investors should stay focused on goals

By [Aakar Rastogi](#) & [Shivani Bazaz](#), ECONOMICTIMES.COM | Updated: Nov 09, 2016, 12.15 PM IST

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A likely [Trump](#) presidency has clearly spooked the markets. The BSE Sensex has plunged 1,600 points, dollar has sunk, and only [gold](#) is gaining on mounting uncertainties. Should mutual fund investors be worried?

Do an STP?

"We are buying since morning and we will keep on buying even if the market falls further," says Mukesh Dedhia, Director, Ghalla & Bhansali. "You can never catch the bottom in the market. So, when you are getting it at a discount, you should grab it," he adds.

Dedhia says he has been following "buy on news and sell on rumours" (the opposite of the strategy that most market participants follow) for a long time and it has served him well.

"Trump winning was a possibility and the market has already factored it."

He says mutual fund investors with spare cash can do a daily STP (Systematic Transfer Plan) to benefit from the big fall in the market.

The logic is whether you are buying stocks directly or through [mutual funds](#), you should grab the opportunity to buy stocks at a discount.



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Stay focussed and calm

What if you are not really sitting on cash? "Well, stay focused and stay calm," says Vishal Dhawan, founder & CEO, Plan Ahead Wealth Advisors.

"There is always a tendency to overestimate the impact when there are two events coming together like Trump presidency and yesterday's announcement on demonetisation of certain currency notes," he says. "Unless you have plans to use real estate investment to meet any short-term goals or invested in stocks to meet any short term goals, you don't have anything to worry," he adds.

The real estate sector is likely to feel the pinch because the demonetisation of Rs 500 and Rs 1,000 is likely to tighten liquidity and curb flow of black money into the sector. As for investing in equities to meet a short-term goal, that was a stupid idea. Trump or no Trump, equity can be volatile in the short term.

As for your long-term goals, these events are not likely to have any lasting impact on your financial plan. "You should remain focussed on your goals and investment strategy," says Dhawan. And resist the temptation to tinker. Just do a quick search to find out how the markets have recovered from similar situation like [Brexit](#).

"This is the time for systematic purchase in the market. The Trump presidency was seen to be disruptive globally. Now we have to wait for his transformation from candidate Trump to President Trump," says VK Vijayakumar, Investment Strategist, [Geojit BNP Paribas Financial Services](#).

"During the last eight years, the global markets have seen many such events, including the Lehman collapse, the European debt crisis and most recent, Brexit. All these were great opportunities to buy. But there should be a systematic investment while you buy," he adds.

Gold is shining

Gold is enjoying its spot under the sun. Basking on the uncertainties on the global front, the precious metal was up by more than Rs 1,000 in early trade.

"This is not the right time to invest in gold. One should wait for a little bit of correction." says Navneet Damani, AVP - Commodity Research Analyst at Motilal Oswal Commodities. Damani asks investors to hold on to their investments for the next one to two years. He believes

that investors can easily make 12-13 per cent per annum on gold.

"The recent price rise in gold can also be factored with the demonetisation of Rs 500 and Rs 1000 currency notes as gold competes with paper currency" tells Devender Nevgi, CEO, ZyFin Funds.

However, this is limited to India and gold will continue to give positive returns till the time uncertainty factor is there due to the [US elections](#) and new policies, especially, if Trump comes in, he adds.

Nevgi also asks investors to hold on to their gold investments and have a long-term perspective. He further advises to look at it as a hedge only and not for returns.

Pharma to stage a comeback?

A likely Hillary presidency was considered bad for Indian pharmaceutical industry. Pharma funds category was down -6.15 per cent in the last year. Will a likely Trump presidency revive the fortunes of the sector?

"The fear of [Hillary Clinton](#)'s impact on Indian pharma sector has gone away. Now, there are value buying opportunities in the sector. Investors should be considering these value buying opportunities," says Vijaya Kumar.

"The pharma sector might be flat in the very short term but medium to long term it is going to be very bullish at the present valuations," he adds.

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