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OLM 50

PG. 46

INDIA'S BEST FUNDS 2024

Power your portfolio by checking how your MFs are faring

\+

3 stocks that mutual funds with a broad mandate love to invest in

RETIRE RIGHT: What seniors should keep in mind before taking a trip

RNI NO. DELENG/2002/08292

BUY, SELL OR HOLD?



NIDHI SINHA
Editor, Outlook Money
nidhi@outlookindia.com



If your portfolio is already equity-heavy and you need the money in the near future, it may not make sense to add more stocks or equity funds. You should instead look at realigning your asset allocation level

If you are an equity investor, seeing your portfolio fattening, given the current market levels, would be surely heartening. The stock market recently breached another psychological level, with the BSE Sensex index crossing the 75,000 mark. And carefully crafted portfolios would be reacting positively to that development. In fact, even some not-so-carefully-crafted portfolios may be experiencing a high.

Spirits are up but such times can also be dangerous for your portfolios, if you don't steer clear of some impulsive decisions. Let me list three of the most common ones.

One, if you are a compunctious investor and want to follow the common advice—buy when markets are low and sell when they are high—you may feel it's the right time to book some profits. That advice does make a lot of sense, but not in all situations. If you don't need the money immediately and your equity-debt ratio has not changed significantly, you may do well to remain invested even at such high levels.

Those high fixed deposit rates—currently in the range of roughly 7-8 per cent—may look attractive, especially because the interest rates seem to have peaked and are expected to be reduced later in the year. But weigh that against the long-term returns of 10-12 per cent in quality stocks and funds.

Two, you may also feel tempted to sit on cash until the market comes down to invest it oppotunistically, but if you don't track the market regularly or don't have enough knowhow, you should steer clear of this trading mentality. Various experts, research reports and even politicians like Amit Shah have, in fact, signaled that the market may reach higher levels soon.

Don't fear the market rally and pause your systematic invetsment plans (SIPs) or other investments. SIPs, in particular, are meant to balance out different market levels and create wealth. As Kundan Kishore's analysis of a couple of OLM 50 funds shows: if you started a monthly SIP of ₹15,000 in SBI Small Cap Fund in 2010, your investment would have grown to ₹1.57 crore by May 17, 2024. Similarly, in Kotak Small Cap Fund, it would have reached ₹1.24 crore over the same period. Even if in a large-cap fund, known for lower risk compared to small-cap funds, such as ICICI Prudential Bluechip Fund, it would have grown to ₹84.21 lakh.

Three, you may want to simply follow the herd—or perhaps heed Shah's advice—and rush to invest more. The markets may indeed go up in the future, given the positive macroeconomic indications, but whether you should expose yourself to equity in excess in such times would again depend on the situation you find yourself in.

If your portfolio is already equity-heavy and you need the money in the near future, it may not make sense to add more stocks or equity funds to your portfolio. In fact, in such situations it would make sense to book some profits and keep it aside for the imminent need. Also, if the equity portion has swayed significantly higher, you should prefer realigning it to your preferred asset allocation level. The level of debt or equity you should have in your portfolio depends on multiple factors such as your risk appetite and capacity, any upcoming need for cash, your age and others.

The markets are in a flurry, but that doesn't necessarily mean you go into a tizzy too. Before doing anything, think through your decision. ▸OM

PF Worries

It's quite worrisome that so many Employees' Provident Fund (EPF) claims are being rejected (*Delayed Claims Chip Off EPF Popularity? What You Can Do*, May 2024 issue). EPF still remains the only source of retirement income for the majority of the salaried people. Many people in my office who are nearing retirement age have savings in insurance policies and fixed deposits, with EPF occupying the lion's share of their retirement corpus. I had also increased my EPF contribution beyond the stipulated limit, but now I will give it second thoughts. I had always stayed away from equity investments because of the inherent risk but now I feel I should seek proper advice.

Rajan Kamath, email



MAY | 2024

Stock Picking

I first heard of Peter Lynch in the aftermath of the 2008 economic meltdown, but it was only in vague reference to the overall market sentiment. He wasn't known to most people outside of the world of business and investing, and I had never read any of his books. The story *Peter Lynch Guide To Picking Stocks* (May 2024), was my first introduction to the man and his investing strategy. I was surprised to know there could be so many classifications. I always thought BASF India was a stalwart, given its undisputed standing as the world's largest chemical company. Overall, it was informative to know that his investing philosophy also revolves around the universal concept of stalwarts (large-caps) for stability, fast growers (small caps) for returns and slow growers (mid-caps) to balance growth and returns.

Piyush Ranjan, email



Unplanned Retirement

There is a huge disparity between urban and rural India when it comes to lifestyle and living, and this is reflected also in the way people save for their future, including retirement (*From Savings To Security: How Indians Are Preparing For Their Sunset Years,* May 2024.) The majority of people in the urban areas invested in mutual funds (76 per cent), took the advice of some professional, such as mutual fund distributors, registered advisors, chartered accountants or bank managers, while interestingly, a mere 14-15 per cent of the total population invests in the securities market. Also, if 58 per cent of the surveyed population in cities preferred to stay with children or family, it can be safely assumed that the entire rural population will be dependent on their children for their retirement living. I feel that Indians are likely to have a lower standard of living going ahead if they don't plan.

Vishal Kaul, email

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India's Best Funds 2024 issue aims to empower you with valuable insights and analysis, so that you can make informed investment decisions

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OLM 50

ANNUAL REPORT CARD

We present the annual review of the OLM 50 list. Almost all the funds in the OLM 50 list are among the top five funds in their respective categories in terms of performance. However, we have replaced three funds this time

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THREE STOCKS MFs WENT BANANAS OVER

An analysis of the 149 funds having a broad mandate to invest in a wide array of stocks revealed that most mutual funds in the flexi-cap, multi-cap, equity-linked savings scheme, and large-and-mid-cap categories invest the most in 3 stocks, as per three different parameters



Illustration: Saahil

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COLUMN

HOW AVERAGES CAN RUIN THE MATH

Calculating a retirement corpus on the basis of average returns can have disastrous consequences as different sequence of returns can lead to different outcomes. Ravi Saraogi explains through an example



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COLUMN

DON'T JUST BLINDLY FOLLOW MAXIMS

The given investment maxims have proven relevant most of the time, but they are not carved in stone. Investment strategies should be tailored to individual situations, writes Larissa Fernand

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INDIA'S BEST FUNDS 2024

IS YOUR *fund* FARING WELL?

Outlook Money's India's Best Funds 2024 issue aims to empower you with valuable insights and analysis, to help you make informed decisions on the funds you already own or the ones you plan to invest in

Kundan Kishore

India's vibrant democracy is currently immersed in the festival of elections. By the time you would be reading this, the results for the Lok Sabha elections will probably be out. In some ways, the process of elections and investments are not so different.

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Just like it is crucial to choose who you vote for by considering the value it can add to the economy, policies and the social fabric of India, it is also important to choose the right mutual fund (MF) that can add value to your investment portfolio across market cycles.

Elections give an opportunity to you to consider the past performance of a party or government and assess their potential for delivering better outcomes in the future. Of course, out of these, performance tops the list as that differentiates winners from losers. Performance is also a crucial metric, among others, to assess an MF.

The popularity of MFs has grown by leaps and bounds—the total assets under management (AUM) of the industry has gone up 37.29 per cent, from ₹41.53 trillion in April 2023 to ₹57.01 trillion in April 2024. Till a few years ago, the MF industry was dominated by institutional investors, but now individual investors command 60.5 per cent of the AUM. Interestingly, the share of equity-oriented schemes is 58.1 per cent of the AUM, and 88 per cent of it is coming from individual investors, showing their preference for the category.

But investors will do well only if they choose right by assessing how their fund is doing. Our Best Funds list, powered by Morningstar India ratings, will give you an idea about the best performing funds. It ranks the funds according to their three-year performance ending financial year 2024 (see *How We Did It*). As the market is cruising at its all-time high levels, the recent returns from most funds will look good, but not all of these may be suitable for you or deliver

Illustration: Saahil


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similar results over the long term. That's why we have chosen to base it on three-year performance.

Do note that this is not an investment advisory; this exercise is only meant to help you better understand how the schemes you may have invested in or are planning to invest in are faring. The analysis along with the ratings will help you make informed decisions.

The Way Forward

The election results usually have a direct bearing on the market, and thereby your MF investments, at least in the short term. For instance, a fractured mandate leads to weak market sentiments, while a strong mandate acts like a booster.

This was visible during the first few phases of the election: lower turnout made the markets jittery and improved turnout added to its confidence.

In fact, after the fifth phase of elections, the Indian equity market saw a revival. Both broad market indices, BSE Sensex and NSE Nifty, touched fresh new highs of 75,636 and 23,026 points, respectively, on May 24, 2024. On the same day, India achieved another milestone with its market capitalisation crossing $5 trillion. "India's aggregate market cap crossing $5 trillion is driven primarily by continuing strong economic growth and robust corporate performance trend. India is now the world's fourth-largest country in terms of aggregate market cap. This signifies the breadth and the depth of Indian listed equity space and its long-term potential," says Harsha Upadhyaya, chief investment office of equity, Kotak Mutual Fund.

There are various factors that contribute to lifting the market mood, including anticipation of the current government's continuation, declining inflation, and a stable macroeconomic environment. The Reserve Bank of India's (RBI's) announcement of a record dividend has added to the positive sentiment. Besides, various research reports suggest that the highest-ever surplus transfer is estimated to reduce the fiscal deficit by 30-40 basis points from the budgeted level of 5.1 per cent of the GDP for FY25, as set in the interim budget.

If you want further details on which funds can give you a hand in the long-term, look at our *OLM 50* list in this issue (page 46), which are chosen on a variety of criteria.

Given India's status as an emerging market with robust macroeconomic conditions coupled with high growth potential, mutual funds are poised to deliver better returns in the future. If you have not invested yet, it is time to board the flight now. Consider the Best Funds issue as your boarding pass. ▸OM

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How We Did It

- While Morningstar India rated the funds, we ran the rest of the numbers ourselves. We chose key categories in the equity, hybrid and debt segments.
- In India, most individuals invest more in equity-oriented schemes. Therefore, we have included all the equity categories defined by capital markets regulator, the Securities and Exchange Board of India (Sebi), except contra and dividend yield. We have excluded these two categories because the number of schemes in these are very less—three in contra and nine in dividend yield.
- Hybrid funds are also becoming popular among retail investors, as they help balance out market volatility. We included three categories from hybrid funds, which have the maximum retail participation.
- From the debt space, which is largely dominated by institutional investors, we have covered five sub-categories, considering that a rate cut may happen later in the year. These sub-categories cover the universe in terms of duration, which is key to retail investor decisions when it comes to debt fund investments.
- We went a step ahead to analyse Morningstar's 5-star rated schemes in each category to make the listing more useful for our readers. We have also shown the SIP performance of these 5-star rated funds to give a more comprehensive picture to you.

MORNINGSTAR RATING METHODOLOGY

Outlook Money's rating partner Morningstar India helped us rate mutual fund schemes with an investment track record of more than three years. The cut-off date for this exercise was March 31, 2024.

The ratings are based on the funds' risk-adjusted returns. Morningstar uses three steps to calculate Morningstar Risk-Adjusted Return (MRAR). The calculations are done on a monthly basis first and then the results are annualised. Here's the three-step process.

Total Return: This is the first step in which the monthly total returns for the funds are calculated.

Morningstar Return: At the second step, it calculates or collects monthly total returns for the appropriate risk-free rate. It then adjusts returns for the risk-free rate to get the Morningstar Return.

MRAR: The third step in the selection process is about adjusting the Morningstar Return for risk to get MRAR. Morningstar Risk is then calculated as the difference between Morningstar Return and MRAR. On the basis of these scores, Morningstar India then assigns the star ratings. Morningstar ranks all mutual funds in a category using MRAR, and the funds with the highest scores get the most stars.

EQUITY

INDIA'S BEST FUNDS 2024

The equity market is in a bull run, and so are most equity mutual funds. However, there is a huge divergence in returns within the category.

In the flexi-cap category, there is a huge difference between the best and the worst performers. The best fund in the category gave a return of 63 per cent, while the worst fund show merely 18 per cent, a gap of around 45 percentage points.

Among large-caps, out of the 31 schemes, 27 qualified for our analysis, and only 10 could beat the benchmark index Nifty 100-TRI. The fund managers who caught the market pulse well in advance and increased exposure to the auto, fast moving consumer goods (FMCG), infrastructure, and financial services, especially banks, scored well.

In the mid-cap space, the returns were impressive at 45-50 per cent. However, only four of the 28 schemes managed to beat the Nifty 150-TRI index.

Similarly, in the small-caps, merely three schemes beat the S&P BSE 250 Small Cap-TRI index.

LARGE-CAP

KNOWN FOR THEIR STABILITY AND LOWER VOLATILITY, THEY FORM THE CORE OF ANY PORTFOLIO

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
HDFC Top 100	33,170.08	33.61	21.11	16.62	★★★★★
ICICI Pru Bluechip	54,904.23	38.15	21.57	18.94	★★★★★
Nippon India Large Cap	26,137.65	38.37	25.14	18.82	★★★★★
Aditya Birla SL Frontline Equity	27,192.15	29.35	17.72	16.37	★★★★
Baroda BNP Paribas Large Cap	1,930.52	38.52	20.15	18.94	★★★★
Edelweiss Large Cap	874.24	30.88	18.23	17.17	★★★★
Invesco India Largecap	1,036.65	36.37	19.73	17.30	★★★★
JM Large Cap	144.17	44.16	21.47	17.71	★★★★
Tata Large Cap	2,103.32	32.00	18.51	16.48	★★★★
Bandhan Large Cap	1,396.11	31.34	17.78	16.59	★★★
Kotak Bluechip	8,027.99	29.82	17.47	17.46	★★★
Mahindra Manulife Large Cap	448.64	31.03	16.23	16.22	★★★
SBI BlueChip	45,410.51	23.27	16.71	16.50	★★★
Sundaram Large Cap	3,430.76	25.96	16.53	NA*	★★★
Taurus Large Cap	46.12	35.86	17.51	15.14	★★★
Union Largecap	335.49	30.77	17.35	16.15	★★★
Canara Robeco Bluechip Equity	12,830.12	27.80	16.11	18.09	★★
DSP Top 100 Equity	3,694.78	32.79	16.47	15.13	★★
Groww Largecap	120.26	31.78	17.16	14.10	★★
HSBC Large Cap	1,813.32	31.07	17.05	16.19	★★
ITI Large Cap	296.94	36.62	16.19	NA*	★★
Axis Bluechip	33,351.61	25.86	12.44	14.41	★
Franklin India Bluechip	7,705.18	25.99	13.29	14.82	★
LIC MF Large Cap	1,423.06	23.48	14.01	14.39	★
Mirae Asset Large Cap	38,060.19	21.54	14.50	14.81	★
PGIM India Large Cap	572.73	21.54	12.77	13.66	★
UTI Large Cap -Reg(IDCW)	12,482.57	25.19	14.69	15.60	★
Category Average	**NA**	**31.81**	**17.33**	**18.94**	**NA**
NIFTY 100 - TRI	**NA**	**31.94**	**16.64**	**16.70**	**NA**

NA: Not applicable | NA*: Not available as the scheme is less than five years old | Returns as on May 17, 2024 |
Source: Data from Accord Fintech | Ratings from Morningstar India

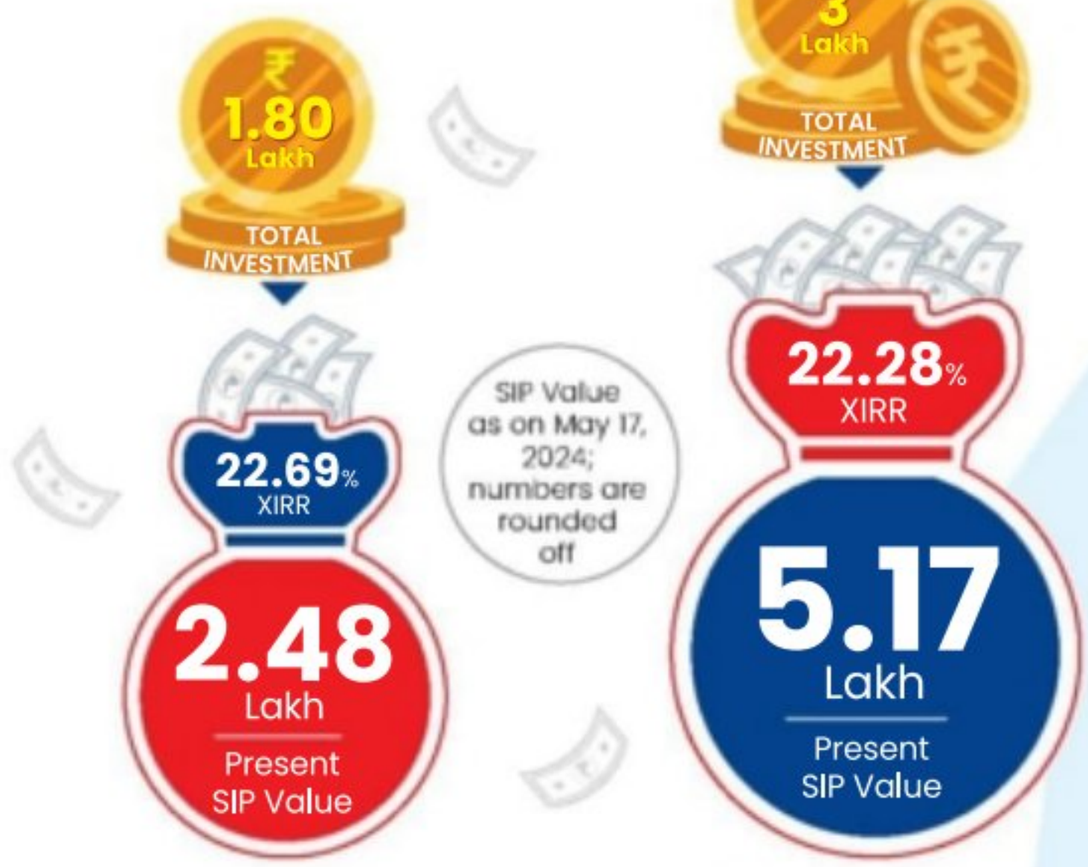
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HDFC TOP 100 ★★★★★

Launch Date
September 3, 1996

Fund Manager
Rahul Baijal

SIP Performance
Investment: ₹**5,000** per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

This is one of the oldest mutual fund schemes in the country. It is among the few schemes that have withstood the most difficult of times across market cycles and stayed ahead of the race. The scheme invests primarily in banking, followed by IT, crude oil, healthcare and power. It has about 29.91 per cent exposure in banking.

Source: OLM Research

ICICI PRU BLUECHIP ★★★★★

Launch Date
May 23, 2008

Fund Manager
Anish Tawakley

SIP Performance
Investment: ₹**5,000** per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

This is the largest fund in the large-cap equity category in terms of assets under management (AUM) and the best performing scheme in the last five years. The two things fundamental to fund management in this scheme is avoiding big mistakes and aiming to be in the top two quartiles. It primarily invests in banking.

Source: OLM Research

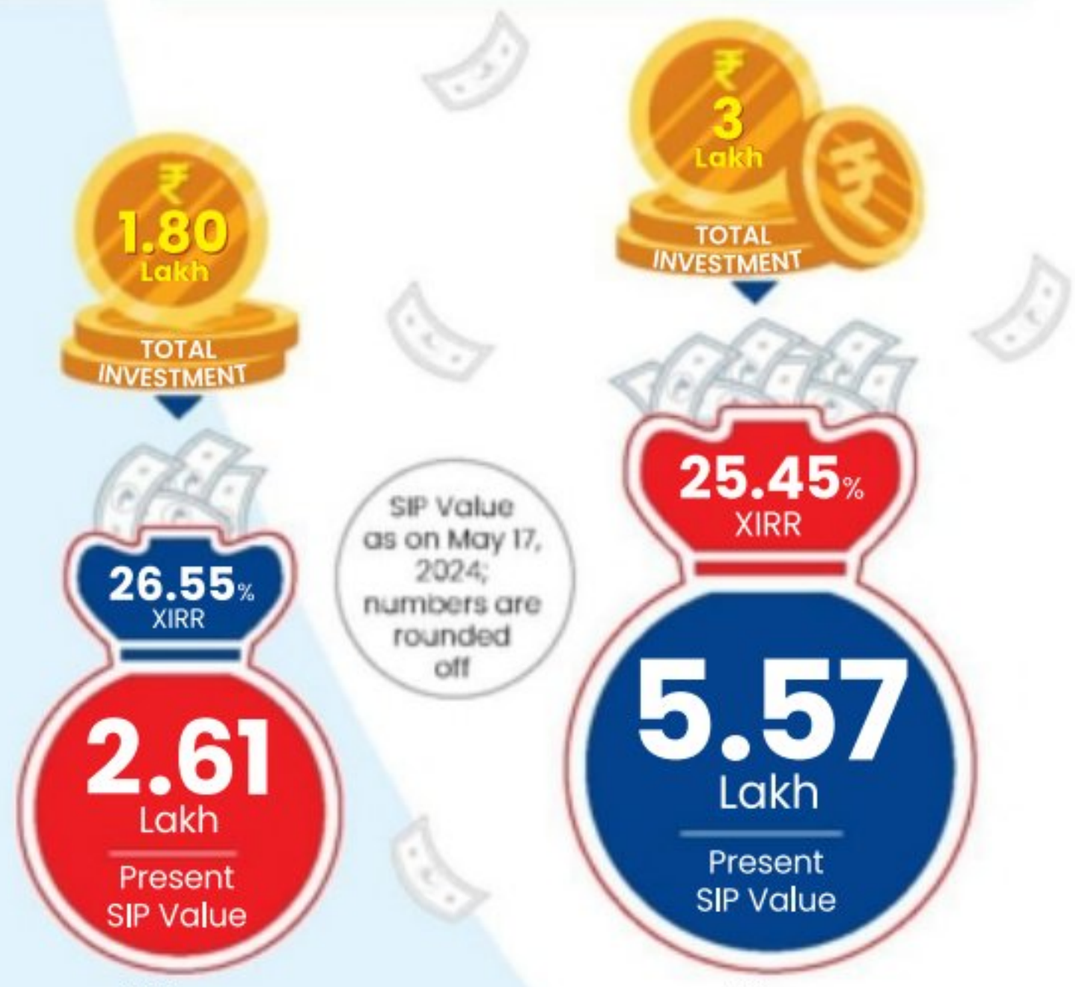
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NIPPON INDIA LARGE CAP ★★★★★

Launch Date
August 8, 2007

Fund Manager
Ashutosh Bhargava

SIP Performance
Investment: ₹**5,000** per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The fund has secured the top position in terms of performance over the last three years and holds the second position in the last five years. It primarily invests in growth companies that are leaders or emerging leaders within their sectors, as well as in companies with robust free cash flows. The scheme invests primarily in banking, automobile and ancillaries, followed by fast-moving consumer goods (FMCG), finance and healthcare sectors.

Source: OLM Research

LARGE-AND-MID-CAP

THEY BRING TOGETHER THE STABILITY OF LARGE-CAPS AND GROWTH OF MID-CAPS

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
ICICI Pru Large & Mid Cap	13,117.39	44.40	26.91	22.67	★★★★★
Quant Large & Mid Cap	2,535.89	63.15	28.36	28.22	★★★★★
Bandhan Core Equity	4,394.78	53.55	26.03	22.02	★★★★
Baroda BNP Paribas Large & Mid Cap	1,172.17	44.05	23.69	NA*	★★★★
HDFC Large and Mid Cap	18,691.62	46.03	26.21	22.65	★★★★
Mahindra Manulife Large & Mid Cap	2,142.54	47.40	23.79	NA*	★★★★
Motilal Oswal Large & Midcap	4,036.22	49.80	27.05	NA*	★★★★
UTI Large & Mid Cap	2,978.06	44.48	23.01	20.82	★★★★
Axis Growth Opp	12,096.56	38.67	20.29	22.51	★★★
Bank of India Large & Mid Cap Equity	310.46	40.96	21.29	20.52	★★★
DSP Equity Opportunities	11,631.00	43.66	20.61	20.61	★★★
Edelweiss Large & Mid Cap	2,973.90	36.47	20.34	20.19	★★★
HSBC Large & Mid Cap	3,009.60	46.31	22.56	20.57	★★★
Invesco India Large & Mid Cap	5,203.02	47.93	22.81	19.72	★★★
Kotak Equity Opp	21,495.80	44.24	23.77	22.01	★★★
Nippon India Vision	4,536.11	45.59	23.77	20.42	★★★
SBI Large & Midcap	22,689.50	32.08	21.79	20.46	★★★
Union Large & Midcap	735.02	34.48	21.02	NA*	★★★
Canara Robeco Emerging Equities	21,508.53	33.58	19.33	19.63	★★
Franklin India Equity Advantage	3,216.18	32.04	17.47	16.52	★★
LIC MF Large & Midcap	2,738.57	41.57	20.57	19.23	★★
Mirae Asset Large & Midcap	34,974.46	37.29	18.81	21.57	★★
Navi Large & Midcap	281.82	24.29	17.34	16.66	★★
Sundaram Large and Mid Cap	6,387.67	36.16	21.15	18.19	★★
Tata Large & Mid Cap	7,203.51	30.40	20.39	19.38	★★
Aditya Birla SL Equity Advantage	5,745.66	32.31	14.53	15.82	★
Category Average	**NA**	**41.19**	**22.03**	**20.47**	**NA**
NIFTY LargeMidcap 250 - TRI	**NA**	**45.29**	**22.22**	**21.98**	**NA**

NA: Not applicable | NA*: Not available as the scheme is less than five years old | Returns as on May 17, 2024 |
Source: Data from Accord Fintech | Ratings from Morningstar India

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ICICI PRU LARGE & MID CAP ★★★★★

Launch Date
July 9, 1998

Fund Manager
Ihab Dalwai

SIP Performance
Investment: ₹5,000 per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The robust investment process and skilled fund management team have consistently proven their mettle over the years. It has maintained its position among the top-five funds over the last three, five, and seven years. The scheme opportunistically invests in small-cap companies, but avoids momentum stocks.

Source: OLM Research

QUANT LARGE & MID CAP ★★★★★

Launch Date
December 11, 2006

Fund Managers
Ankit Pande, Vasav Sahgal

SIP Performance
Investment: ₹5,000 per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The fund's investment strategy is centred on momentum and high dividend yield. This strategy has worked in its favour. As a result, it has delivered the best returns in the last five years. However, this strategy comes with its own set of risks. Last year, it delivered almost 50 per cent higher returns than the category average.

Source: OLM Research

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MID-CAP

THEY HAVE THE POTENTIAL TO GIVE HIGHER RETURNS, BUT ARE ALSO VOLATILE

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
HDFC Mid-Cap Opportunities	63,413.49	54.29	29.82	26.05	★★★★★
Motilal Oswal Midcap	9,819.09	56.99	37.05	28.29	★★★★★
Quant Mid Cap	6,920.17	72.24	33.17	34.69	★★★★★
Mahindra Manulife Mid Cap	2,433.01	62.52	28.51	27.50	★★★★
Nippon India Growth	26,821.89	56.03	30.27	26.83	★★★★
Aditya Birla SL Midcap	5,303.06	45.11	23.79	20.40	★★★
Baroda BNP Paribas Mid Cap	1,890.74	48.84	24.57	24.88	★★★
Edelweiss Mid Cap	5,534.33	50.10	26.64	26.84	★★★

ITI Mutual Fund

Long-term wealth creators

Accelerate Your Goals with Top-Up SIP



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Why Top-Up SIP is important?

Purchasing Power Maintenance

By increasing SIP contributions, investors may ensure that their investments keep pace with inflation.

Incremental Savings

Gradually increasing investments are easier to manage and may lead to substantial growth over time.

Accelerated Wealth Accumulation

With more money being invested regularly, the overall growth of the investment portfolio may be significantly enhanced.

Diversification of Investment

By increasing contributions regularly, investors may spread their investment over different market conditions.

Systematic Investment Plan (SIP) is a facility, wherein investors can invest in the ITI Mutual Fund Schemes at regular intervals.

An investor education and awareness initiative by ITI Mutual Fund

Visit ITI Mutual Fund's website, https://www.itiamc.com/investors to know about the process to complete a one time Know Your Customer (KYC) requirement to invest in Mutual Funds, the procedure w.r.t. change of address, phone number, bank account details etc. Investors should only deal with registered Mutual Funds, details of which can be verified on the SEBI website (www.sebi.gov.in/intermediaries.html). For any queries, complaints and grievance redressal, investors may reach out to the AMC and/or Investor Relations Officer, as per details available on website. Additionally, investors may lodge complaints on https://scores.gov.in if they are unsatisfied with the resolution given by the AMC. Further, investor can also initiate dispute resolution through the SMART ODR (Online Dispute Resolution) Portal (https://smartodr.in/login) if the grievance lodged with any of the concerned was not satisfactorily resolved.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
HSBC Midcap	10,342.47	60.11	24.45	22.03	★★★
ICICI Pru Midcap	5,814.03	54.98	25.84	23.21	★★★
Invesco India Midcap	4,512.43	47.63	25.84	24.63	★★★
Kotak Emerging Equity	42,699.18	44.39	24.86	25.30	★★★
Mirae Asset Midcap	15,139.44	49.10	24.40	NA*	★★★
SBI Magnum Midcap	17,910.24	36.74	25.14	25.13	★★★
Sundaram Mid Cap	10,732.06	53.83	27.04	21.48	★★★
Tata Mid Cap Growth	3,637.33	53.44	25.97	24.71	★★★
Union Midcap	1,139.50	42.04	24.70	NA*	★★★
Axis Midcap	26,636.78	41.81	21.29	23.14	★★
Franklin India Prima	10,706.25	49.95	23.34	21.03	★★
ITI Mid Cap	820.00	66.29	24.92	NA*	★★
PGIM India Midcap Opp	10,154.97	28.04	19.45	27.08	★★
Taurus Mid Cap	125.90	48.85	23.19	23.89	★★
UTI Mid Cap Fund	10,474.79	39.58	21.94	23.35	★★
DSP Midcap	17,079.09	45.44	17.98	19.77	★
LIC MF Midcap	260.04	49.06	21.65	20.61	★
Category Average	**NA**	**50.77**	**25.43**	**24.58**	**NA**
Nifty Midcap 150 - TRI	**NA**	**59.29**	**27.76**	**27.22**	**NA**

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NA: Not applicable | NA*: Not available as the scheme is less than five year old | Returns as on May 17, 2024 | Source: Data from Accord Fintech | Ratings from Morningstar India

HDFC MID-CAP OPPORTUNITIES ★★★★★

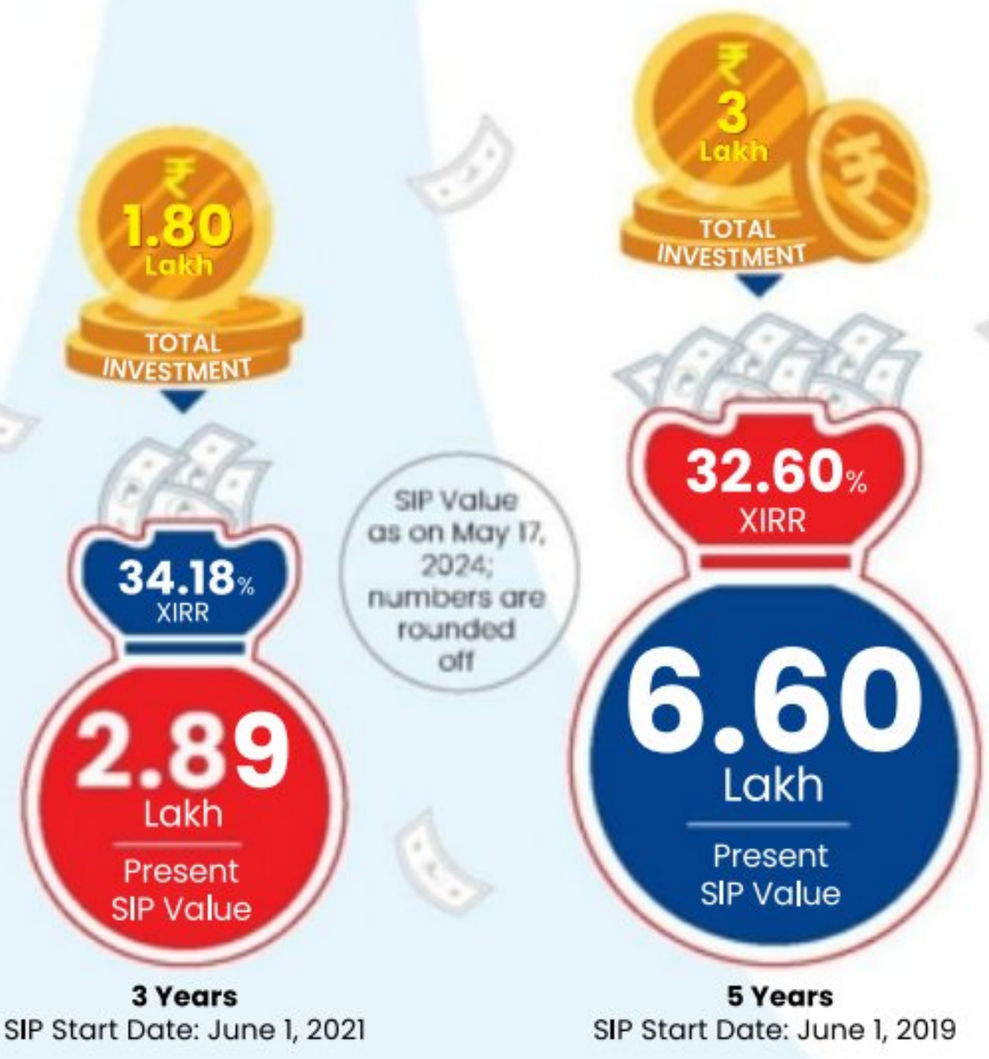
Launch Date
June 25, 2007

Fund Manager
Chirag Setalvad

SIP Performance ▸
Investment: ₹**5,000** per month

This is one of the largest funds in the mid-cap category with a proven track record of more than 15 years. Chirag Setalvad, who is known for his mid-cap stock picking acumen, has been at the helm for the last 15 years. With one of the lowest portfolio turnover ratios in the category, the scheme proves the fund manager's high conviction strategy and stock-specific approach. The scheme invests primarily in automobile and ancillaries, followed by healthcare, bank, finance and IT.

Source: OLM Research



3 Years
SIP Start Date: June 1, 2021

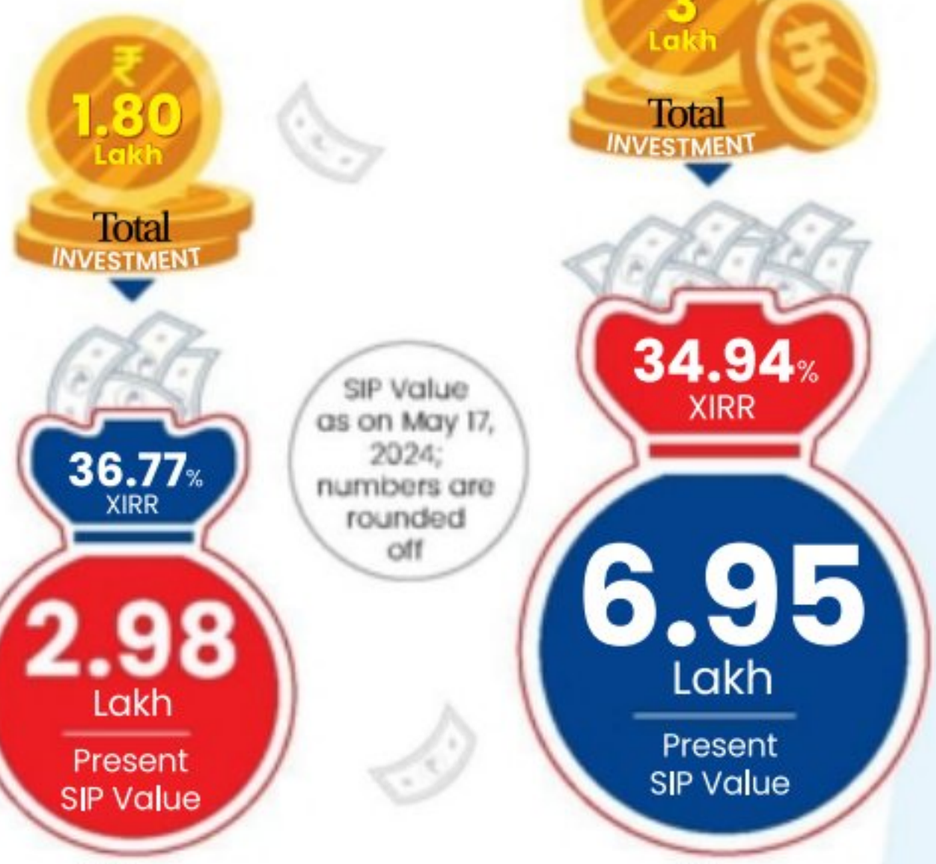
5 Years
SIP Start Date: June 1, 2019

MOTILAL OSWAL MIDCAP ★★★★★

Launch Date
February 24, 2014

Fund Manager
Niket Shah

SIP Performance
Investment: ₹5,000 per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The fund seeks to identify high-conviction and high-growth mid-cap stocks, which can benefit from a favourable environment and offer an attractive risk-reward payoff over the long term. It invests in quality businesses with growth potential and sufficient longevity at a fair price.

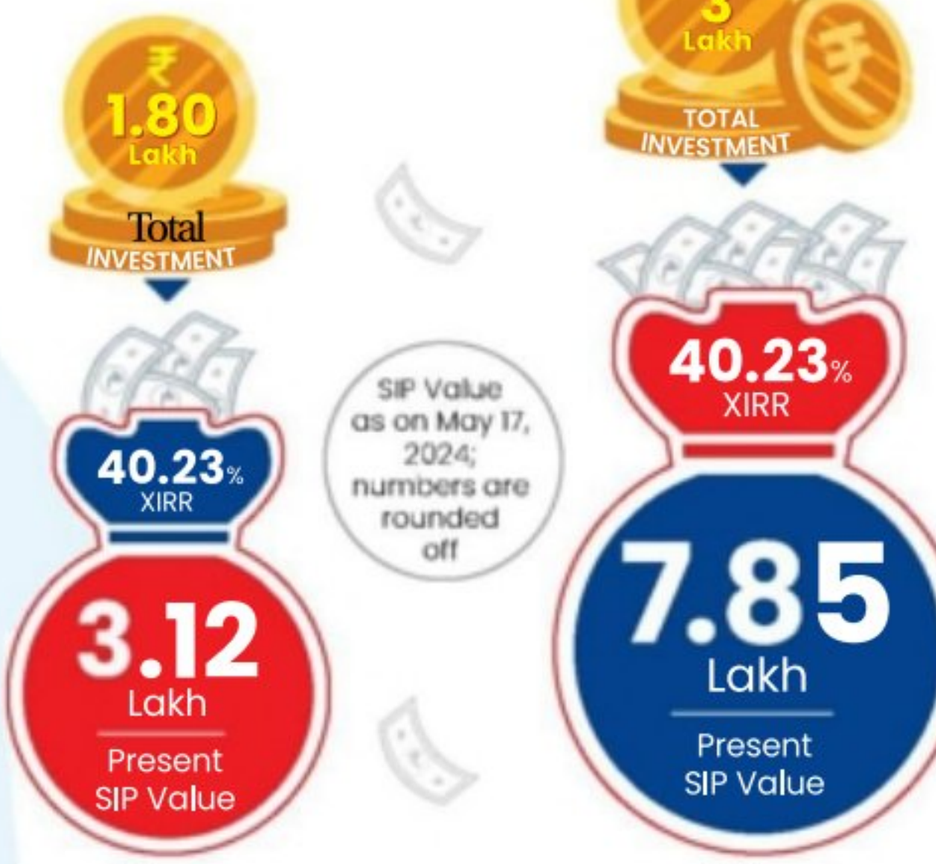
Source: OLM Research

QUANT MID CAP ★★★★★

Launch Date
February 26, 2001

Fund Managers
Ankit Pande, Vasav Sahgal

SIP Performance
Investment: ₹5,000 per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The fund follows a quantitative approach based on its proprietary VLRT framework. The fund manager relies on valuation and liquidity while picking a stock to build a portfolio. It has delivered decent returns in the last couple of years, but has the highest portfolio churning in its category.

Source: OLM Research

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SMALL-CAP

THEY HAVE THE ABILITY TO BOOST YOUR PORTFOLIO RETURNS, BUT CAN BE HIGHLY VOLATILE

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
Nippon India Small Cap	50,422.78	57.25	34.87	32.47	★★★★★
Quant Small Cap	20,164.09	64.00	33.64	40.76	★★★★★
Canara Robeco Small Cap	10,085.98	39.44	27.71	29.21	★★★★
Franklin India Smaller Cos	12,586.94	55.37	32.49	25.74	★★★★
HDFC Small Cap	29,685.32	42.13	29.59	24.70	★★★★
HSBC Small Cap	14,619.42	48.85	32.24	27.07	★★★★
Tata Small Cap	6,951.59	44.81	30.33	29.06	★★★★
Axis Small Cap	20,136.63	36.92	24.88	27.45	★★★
Bandhan Small Cap	4,994.19	70.23	29.70	NA*	★★★
Bank of India Small Cap	1,052.37	49.26	27.74	32.75	★★★
DSP Small Cap	14,072.97	43.86	25.73	26.35	★★★
Edelweiss Small Cap	3,361.40	45.29	27.73	29.74	★★★

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
ICICI Pru Smallcap	7,658.95	42.27	28.49	27.39	★★★
Invesco India Smallcap	3,964.76	53.01	29.76	28.29	★★★
LIC MF Small Cap	223.18	45.38	28.14	25.51	★★★
Sundaram Small Cap	3,145.73	45.39	26.22	24.24	★★★
ITI Small Cap	1,937.79	64.91	23.04	NA*	★★
Kotak Small Cap	14,815.19	41.23	24.18	28.84	★★
SBI Small Cap	27,759.65	37.59	24.03	26.59	★★
Union Small Cap	1,408.37	43.08	24.93	27.30	★★
UTI Small Cap	3,791.34	35.72	23.24	NA*	★★
Aditya Birla SL Small Cap	4,762.48	43.10	20.68	19.19	★
Category Average	**NA**	**47.94**	**27.70**	**19.19**	**NA**
S&P BSE 250 Small Cap – TRI	**NA**	**59.60**	**27.74**	**26.03**	**NA**

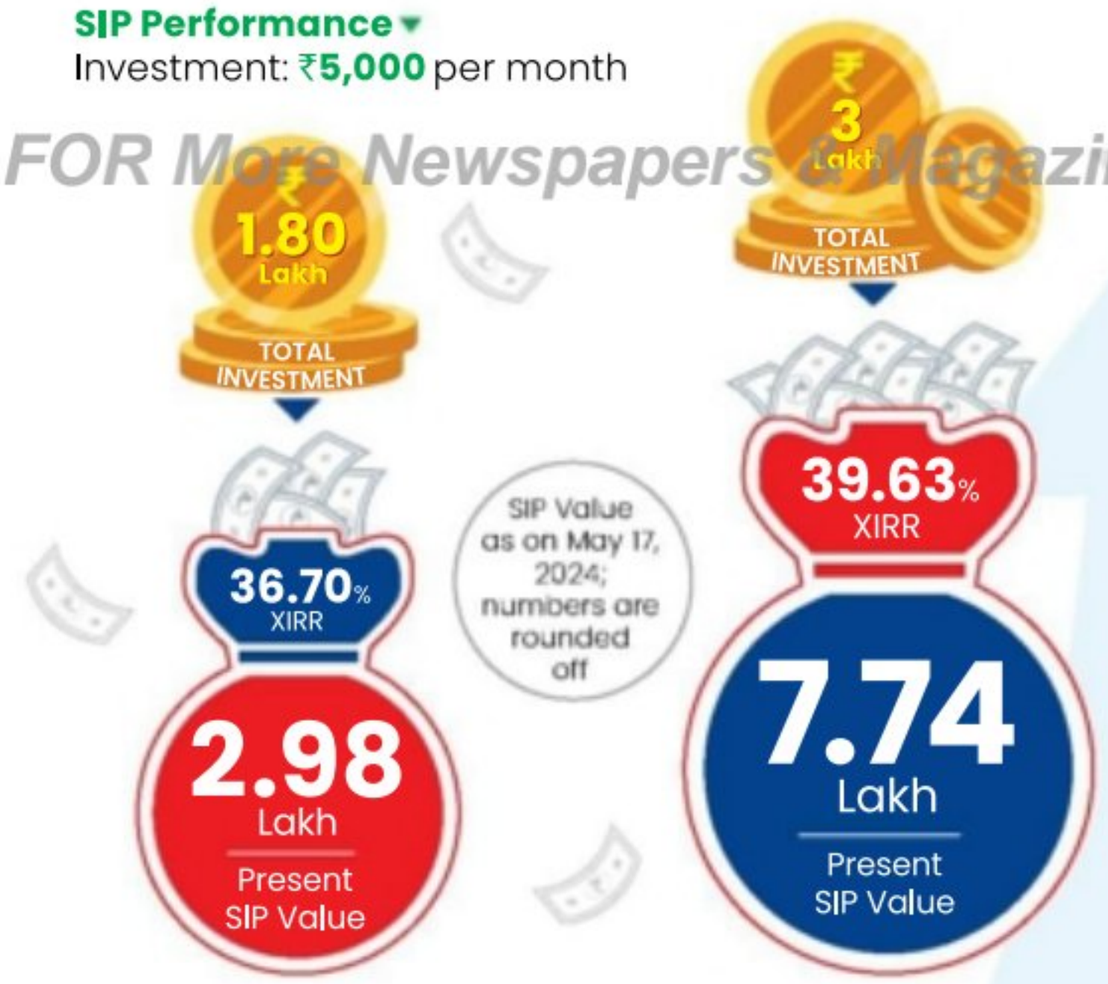
NA: Not applicable | NA*: Not available as the scheme is less than five year old | Returns as on May 17, 2024 | Source: Data from Accord Fintech | Ratings from Morningstar India

NIPPON INDIA SMALL CAP ★★★★★

Launch Date
September 16, 2010

Fund Manager
Samir Rachh

SIP Performance
Investment: ₹5,000 per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The largest and best-performing scheme in its category, it follows prudent risk management measures—safety and diversification. The fund manager prefers to build the portfolio with an optimal mix of growth and value, but also takes advantage of thematic play if there is an opportunity.

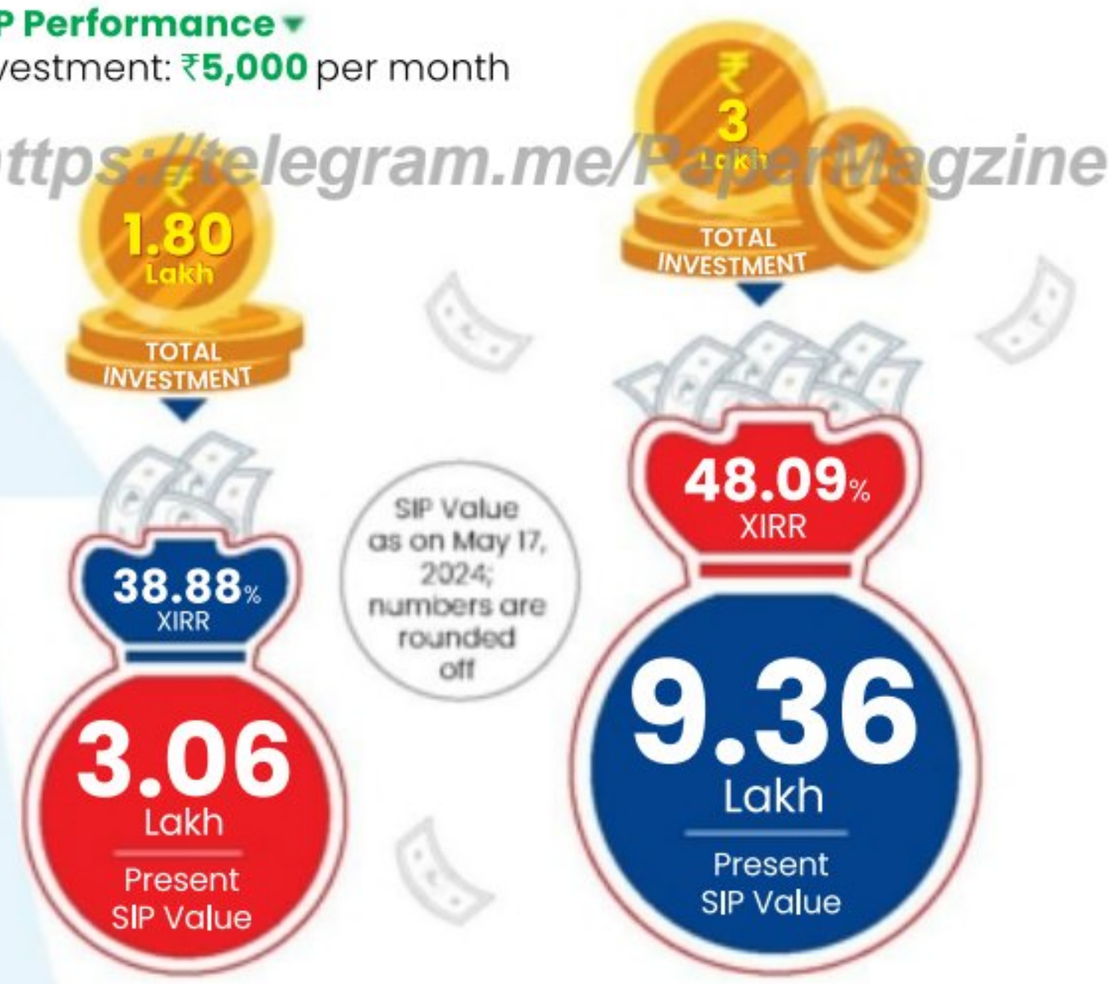
Source: OLM Research

QUANT SMALL CAP ★★★★★

Launch Date
October 16, 1996

Fund Managers
Ankit Pande, Vasav Sahgal

SIP Performance
Investment: ₹5,000 per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The fund began its journey as an income bond fund and became a small-cap fund in October 2018. It follows an in-house proprietary VLRT framework and has delivered superior returns over the year among its peers, with the highest turnover ratio.

Source: OLM Research

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FLEXI-CAP

FLEXI-CAP FUNDS HELP UNCOVER HIDDEN OPPORTUNITIES ACROSS SECTORS AND MARKET CAPS

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
Bank of India Flexi Cap	879.32	60.37	27.80	NA*	★★★★★
HDFC Flexi Cap	52,874.12	41.30	26.36	20.91	★★★★★
Quant Flexi Cap	5,562.88	55.98	28.06	32.15	★★★★★
Edelweiss Flexi Cap	1,784.41	39.15	21.08	18.98	★★★★
Franklin India Flexi Cap	15,267.10	41.81	22.82	20.63	★★★★
HSBC Flexi Cap	4,399.08	40.99	21.05	18.45	★★★★
JM Flexicap	2,107.42	63.76	30.55	24.80	★★★★
Parag Parikh Flexi Cap	63,933.76	36.21	21.76	23.96	★★★★
Union Flexi Cap	2,051.30	34.92	19.86	19.65	★★★★
Aditya Birla SL Flexi Cap	20,563.54	34.59	16.78	17.13	★★★
Bandhan Flexi Cap	7,004.20	34.45	18.10	15.96	★★★
Canara Robeco Flexi Cap	12,325.32	28.52	17.11	18.01	★★★
Kotak Flexicap	47,465.64	33.34	18.50	16.85	★★★
Navi Flexi Cap	251.26	25.26	16.37	15.13	★★★
Shriram Flexi Cap	90.78	40.98	19.27	15.49	★★★
Taurus Flexi Cap	344.30	38.18	18.40	14.50	★★★
Axis Flexi Cap	11,975.93	29.66	14.40	15.74	★★
DSP Flexi Cap	10,409.46	33.79	17.17	18.67	★★
LIC MF Flexi Cap	975.86	30.61	16.59	14.87	★★
Motilal Oswal Flexi Cap	10,012.54	51.51	17.95	15.20	★★
PGIM India Flexi Cap	6,094.89	22.13	13.98	19.81	★★
SBI Flexicap	20,783.59	26.55	16.17	16.19	★★
Tata Flexi Cap	2,751.38	32.36	16.35	16.00	★★
UTI Flexi Cap	24,295.37	18.07	9.56	15.19	★
Category Average	**NA**	**37.01**	**19.42**	**18.45**	**NA**
NIFTY 500 - TRI	**NA**	**38.80**	**19.34**	**19.03**	**NA**

NA: Not applicable | NA*: Not available as the scheme is less than five years old | Returns as on May 17, 2024 |
Source: Data from Accord Fintech | Ratings from Morningstar India

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INDIA'S BEST FUNDS 2024

BANK OF INDIA FLEXI ★★★★★

Launch Date
June 29, 2020

Fund Manager
Alok Singh

SIP Performance
Investment: ₹**5,000** per month



3 Years
SIP Start Date: June 1, 2021

The fund employs a multi-faceted strategy to select stocks across various market capitalisations. It predominantly remains invested in mid- and small-caps which has helped it deliver better returns in the last three years. The scheme invests primarily in the banking, capital goods and automobile sectors.

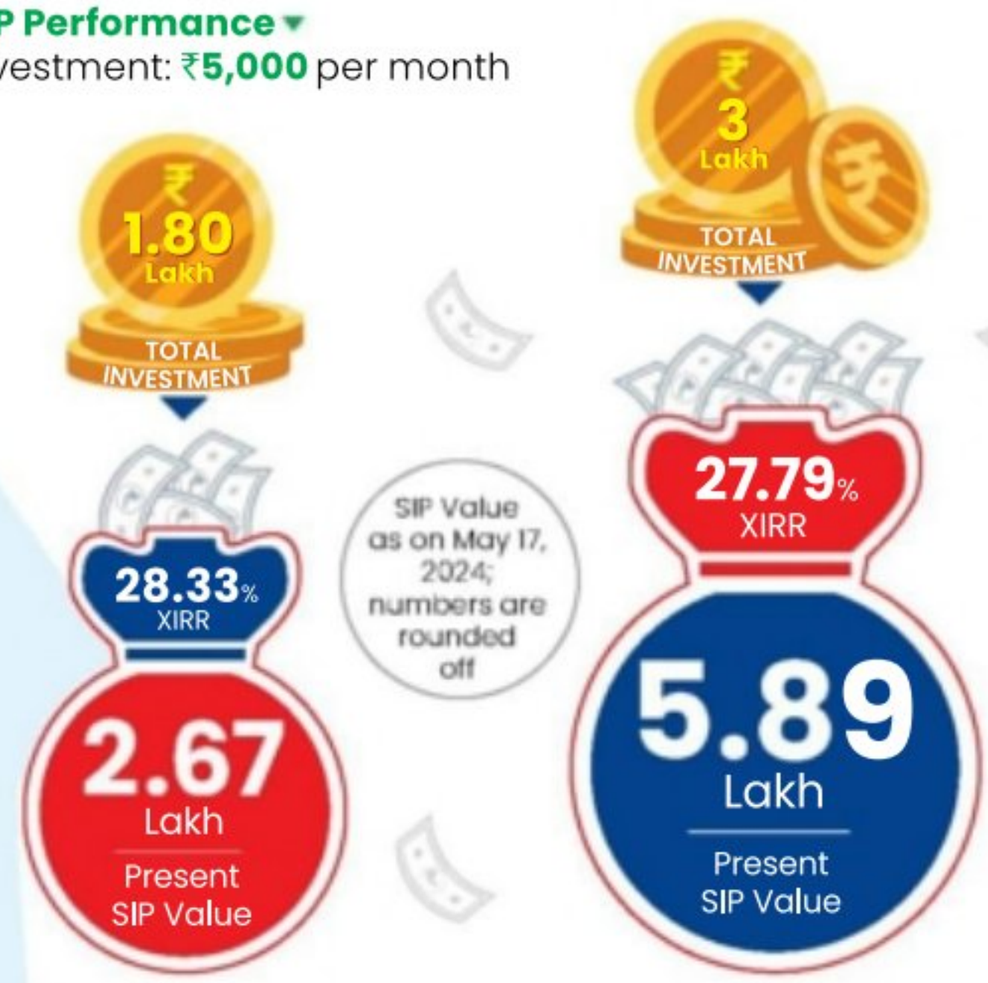
Source: OLM Research

HDFC FLEXI CAP ★★★★★

Launch Date
January 1, 1995

Fund Manager
Roshi Jain

SIP Performance
Investment: ₹**5,000** per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The fund follows a flexible investment strategy, investing across large-, mid-, and small-cap stocks. With a remarkable track record of wealth creation spanning over 28 years, it has adeptly navigated through market excesses and meltdowns. The scheme invests heavily in the banking sector (35.22 per cent).

Source: OLM Research

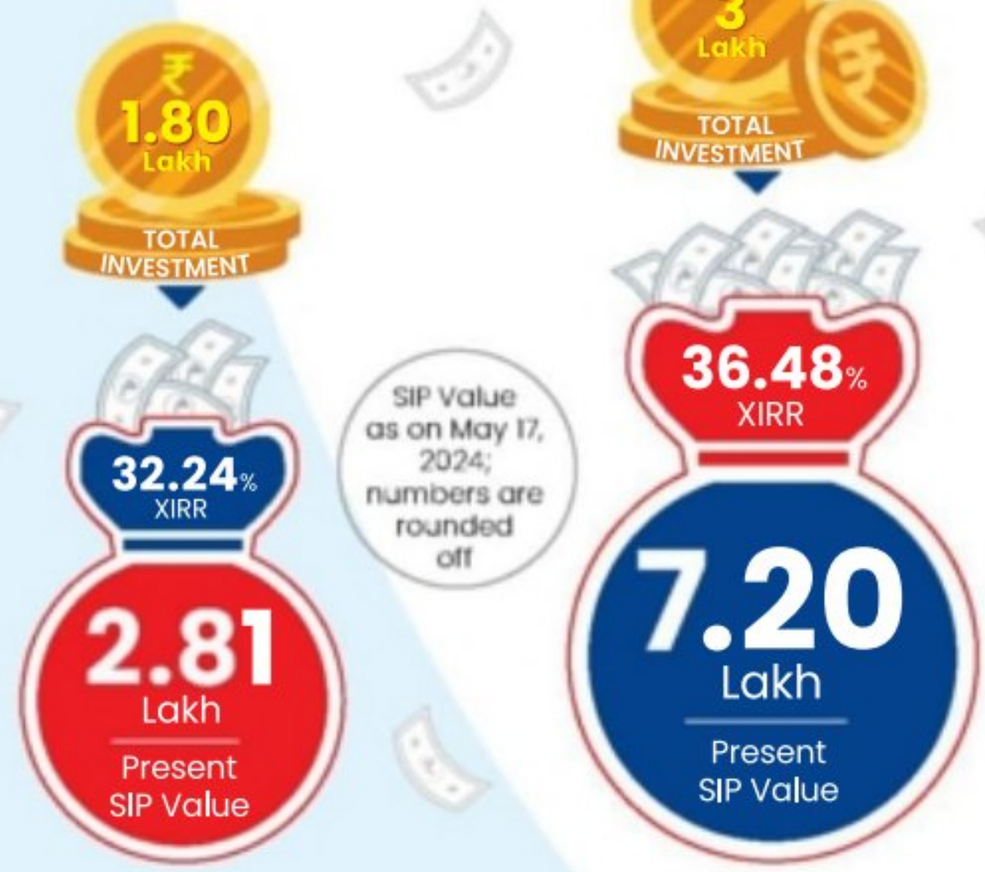
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QUANT FLEXI CAP ★★★★★

Launch Date
September 23, 2008

Fund Managers
Ankit Pande, Sandeep Tandon

SIP Performance
Investment: ₹**5,000** per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The fund uses a proprietary quantitative model and algorithm to identify investment opportunities. The fund frequently churns its portfolio to generate an alpha. As compared to the category average of 55.10 per cent, the fund has delivered 170.28 per cent in the last one year. The scheme invests primarily in the finance, crude oil, banking power and chemical sectors. The finance and oil sector account for more than 20 per cent of the scheme allocation.

Source: OLM Research

MULTI-CAP

THEY OFFER DIVERSE EXPOSURE ACROSS MARKET CAPS FROM LARGE-CAPS TO SMALLER COMPANIES

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
Nippon India Multi Cap	30,500.56	52.83	32.53	23.04	★★★★★
Mahindra Manulife Multi Cap	3,478.08	49.81	24.55	24.57	★★★★
Quant Active	9,790.64	51.42	24.44	30.91	★★★★
Baroda BNP Paribas Multi Cap	2,423.52	46.38	24.55	22.33	★★★
ICICI Pru Multicap	11,881.69	46.85	23.99	19.90	★★★
Sundaram Multi Cap	2,497.79	40.79	22.72	19.89	★★★
Invesco India Multicap	3,345.28	42.64	21.10	20.75	★★
ITI Multi-Cap	1,122.52	53.98	18.13	17.13	★
Category Average	**NA**	**45.92**	**23.60**	**22.31**	**NA**
Nifty500 Multicap 50:25:25 – TRI	**NA**	**46.75**	**22.44**	**NA**	**NA**

NA: Not applicable | Returns as on May 17, 2024 | Source: Data from Accord Fintech | Ratings from Morningstar India

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NIPPON INDIA MULTI CAP ★★★★★

Launch Date
March 28, 2005

Fund Managers
Sailesh Raj Bhan,
Ashutosh Bhargava

SIP Performance
Investment:
₹5,000 per month

The scheme's investment philosophy is based simply on buying good businesses at better-than-reasonable prices. The large-cap allocation is based on fundamental and technical momentum, considering short-to-medium term view. The scheme invests primarily in the banking, and finance sectors followed by a decent amount of exposure in capital goods, automobiles and ancillaries, and healthcare sector. The banking and finance sector accounts for more than 25 per cent of the allocation.

Source: OLM Research



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

EQUITY-LINKED SAVINGS SCHEME

THEY HELP YOU SAVE TAX ON YOUR INCOME, WHILE BUILDING WEALTH FOR THE FUTURE

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
HDFC ELSS Tax saver	14,474.85	44.80	27.31	19.20	★★★★★
Quant ELSS Tax Saver	9,360.89	57.37	27.21	33.41	★★★★★
SBI Long Term Equity	23,411.67	56.67	27.92	23.03	★★★★★
Bandhan ELSS Tax Saver	6,432.29	34.44	21.51	21.07	★★★★
Bank of India ELSS Tax Saver	1,297.72	53.04	25.14	26.81	★★★★
Franklin India ELSS Tax Saver	6,383.38	42.24	22.69	18.98	★★★★
JM ELSS Tax Saver	141.14	48.34	24.13	22.09	★★★★
Kotak ELSS Tax Saver	5,608.21	39.04	22.19	20.38	★★★★
Motilal Oswal ELSS Tax Saver	3,402.11	54.01	26.15	21.89	★★★★
Nippon India ELSS Tax Saver	14,931.85	41.84	22.32	16.91	★★★★
Parag Parikh ELSS Tax Saver	3,360.61	30.67	21.29	NA*	★★★★
DSP ELSS Tax Saver	14,859.56	40.18	20.76	20.87	★★★
Edelweiss ELSS Tax saver	342.70	32.67	18.32	16.85	★★★
HSBC ELSS Tax saver	3,888.63	41.28	19.93	18.01	★★★
HSBC Tax Saver Equity	229.39	38.88	20.39	17.74	★★★
ICICI Pru ELSS Tax Saver	13,415.48	33.19	18.70	17.09	★★★
ITI ELSS Tax Saver	325.14	52.86	19.26	NA*	★★★
Mahindra Manulife ELSS Tax Saver	858.41	30.52	19.70	18.27	★★★
Mirae Asset ELSS Tax Saver	22,471.76	33.01	18.21	20.39	★★★
PGIM India ELSS Tax Saver	682.76	20.84	16.30	17.13	★★★
Quantum ELSS Tax Saver	181.72	38.70	19.29	16.59	★★★
Sundaram ELSS Tax Saver	1,286.67	32.38	19.72	18.14	★★★
Tata ELSS Tax Saver	4,196.77	30.92	18.80	16.93	★★★
Taurus ELSS Tax Saver	75.21	34.45	18.98	16.87	★★★
Union ELSS Tax Saver	875.87	33.60	20.64	19.95	★★★
Baroda BNP Paribas ELSS Tax Saver	880.80	42.47	18.61	18.43	★★
Canara Robeco ELSS Tax Saver	7,760.97	30.21	17.98	19.66	★★
Groww ELSS Tax Saver	45.71	35.29	17.76	14.86	★★
Invesco India ELSS Tax Saver	2,633.07	37.76	17.72	17.84	★★
LIC MF ELSS Tax Saver	1,049.91	29.97	17.93	16.03	★★
Shriram ELSS Tax Saver	49.62	36.31	17.73	16.41	★★
Sundaram Diversified Equity	1,602.76	25.64	17.87	14.94	★★
Aditya Birla SL ELSS Tax Saver	15,384.10	31.13	12.14	11.94	★
Axis ELSS Tax Saver	35,641.94	28.62	11.98	14.74	★
Navi ELSS Tax Saver	61.69	27.21	15.98	13.99	★
UTI ELSS Tax Saver	3,614.56	29.27	15.98	17.36	★
Category Average	**NA**	**36.69**	**19.96**	**18.67**	**NA**
NIFTY 500 – TRI	**NA**	**38.80**	**19.34**	**19.03**	**NA**

NA: Not applicable | NA*: Not available as the scheme is less than five year old | Returns as on May 17, 2024 |
Source: Data from Accord Fintech | Ratings from Morningstar India

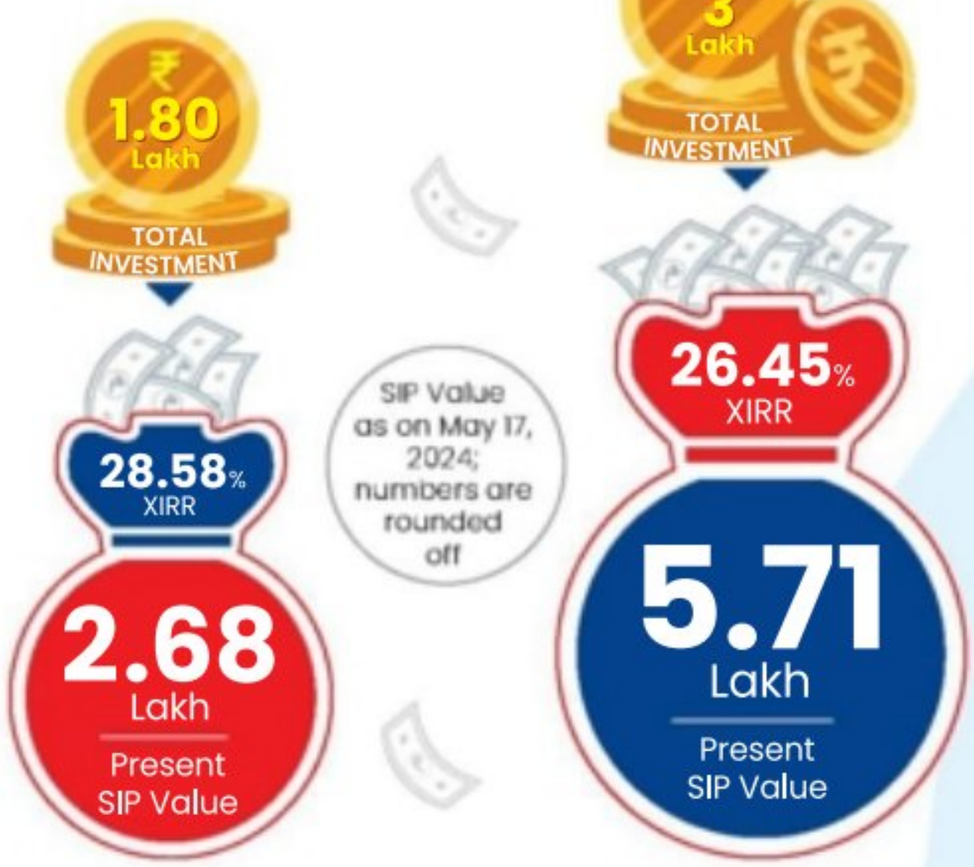
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HDFC ELSS TAX SAVER ★★★★★

Launch Date
March 31, 1996

Fund Manager
Roshi Jain

SIP Performance
Investment: ₹5,000 per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The fund invests in fundamentally strong companies poised for growth in the medium-to-long term. The fund manager prioritises valuation to ensure a reasonable margin of safety, which is reflected in the portfolio's overweight position in large-caps due to higher valuations in mid-and small-cap stocks.

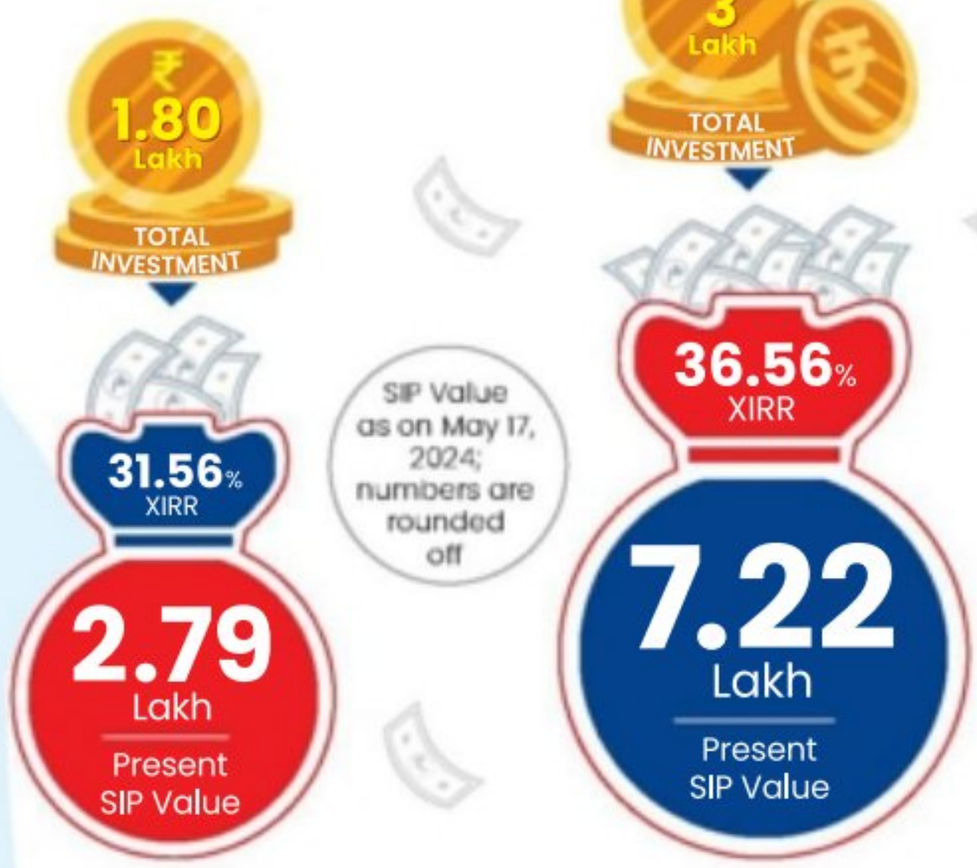
Source: OLM Research

QUANT ELSS TAX SAVER ★★★★★

Launch Date
April 13, 2000

Fund Managers
Ankit Pande, Vasav Sahgal

SIP Performance
Investment: ₹5,000 per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The fund has rewarded investors handsomely in the last five years with over 33 per cent returns. This is the highest return delivered by any mutual fund in the tax-saver category. The fund follows the highest portfolio churning strategy in its category. It invests primarily in the power and crude sectors.

Source: OLM Research

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SBI LONG TERM EQUITY ★★★★★

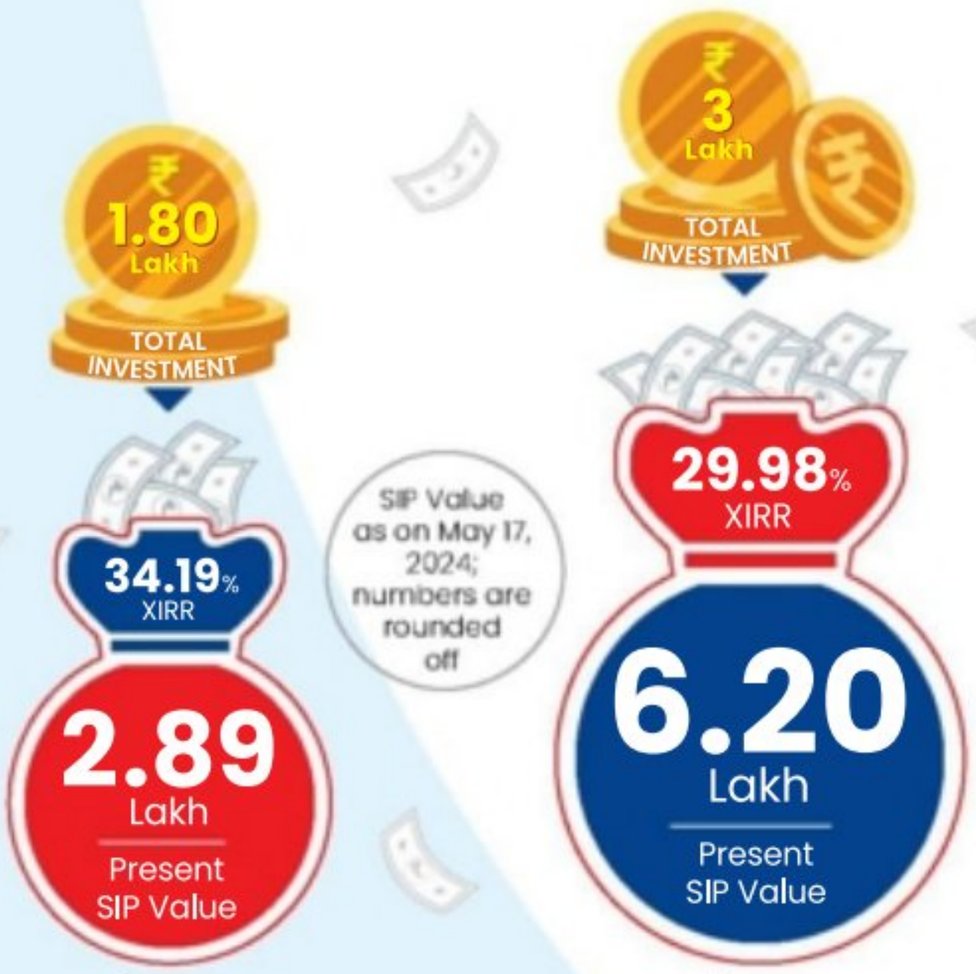
Launch Date
March 31, 1993

Fund Manager
Dinesh Balachandran

SIP Performance
Investment:
₹5,000 per month

This is one of the oldest tax-saving funds in the industry. In terms of AUM, this is second-largest fund. After a brief period of underperformance, it has rebounded with a bang. It invests 50-60 per cent in large-cap stocks for stability, but takes a fair bit of exposure in mid- and small-cap stocks, for growth. The scheme majorly invests in the banking and automobile sectors, which together account for 27 per cent of its allocation.

Source: OLM Research



3 Years
SIP Start Date: June 1, 2021

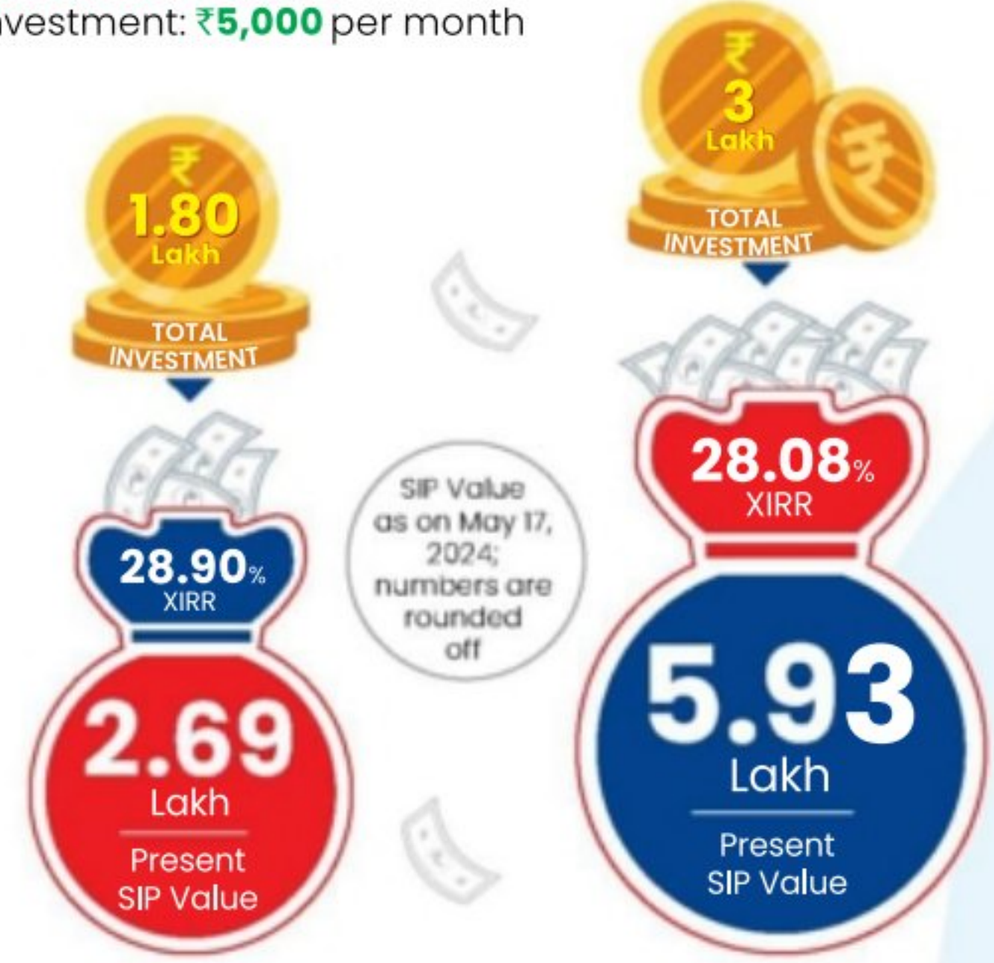
5 Years
SIP Start Date: June 1, 2019

HDFC FOCUSED 30 ★★★★★

Launch Date
September 17, 2004

Fund Manager
Roshi Jain

SIP Performance
Investment: ₹5,000 per month



The fund invests in 30 meticulously chosen high-conviction stocks. In order to achieve diversification, it invests across various market caps and sectors despite its focused nature. The scheme focuses on quality stocks that are available at reasonable valuations to manage portfolio risk.

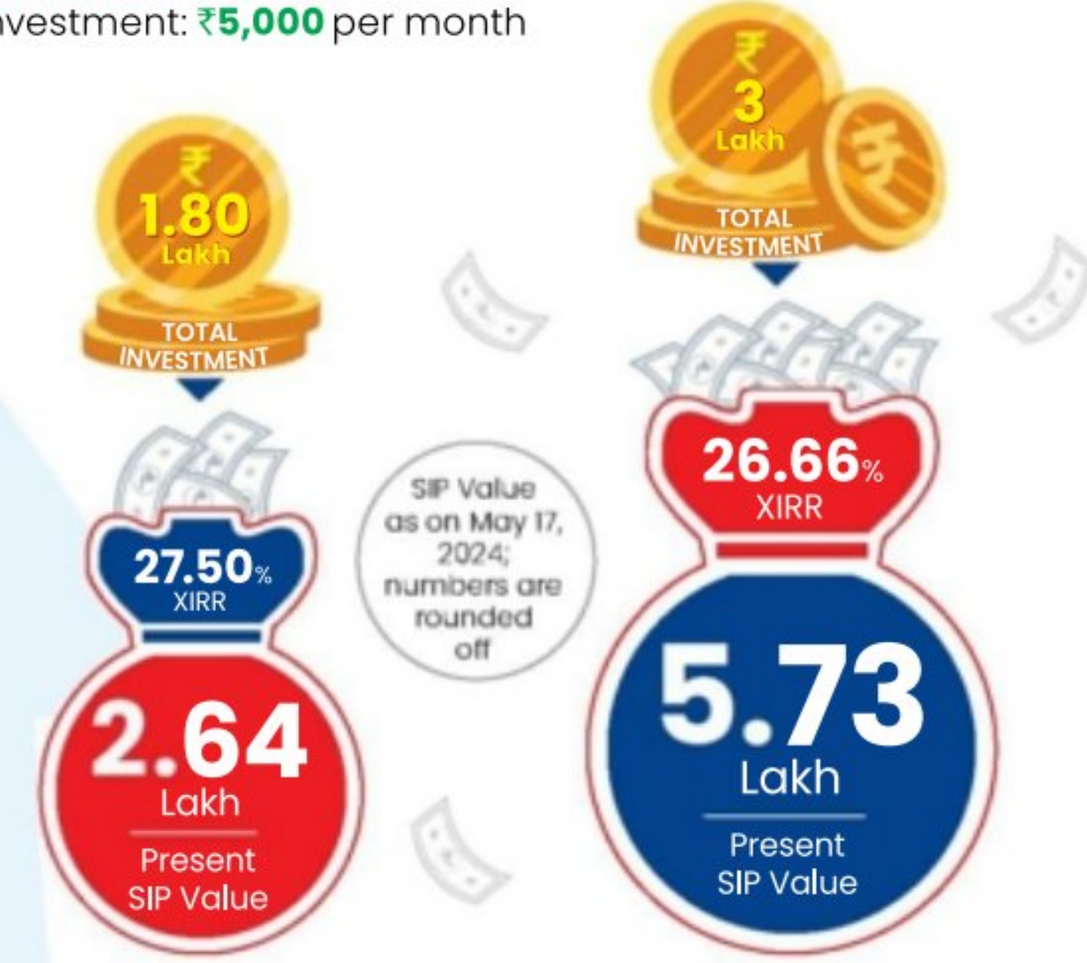
Source: OLM Research

ICICI PRU FOCUSED EQUITY ★★★★★

Launch Date
May 28, 2009

Fund Managers
Anish Tawakley, Vaibhav Dusad

SIP Performance
Investment: ₹5,000 per month



This is among the few mutual funds which have consistently beaten the benchmark and the category average. A higher allocation in the automotive and banking sectors have helped it to emerge as a winner in its category. The scheme invests primarily in the banking and healthcare sectors.

Source: OLM Research

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MAHINDRA MANULIFE FOCUSED ★★★★★

Launch Date
November 17, 2020

Fund Manager
Krishna Sanghavi

SIP Performance
Investment: ₹5,000 per month



The fund has proven its mettle and rewarded investors with superior return in a short span of time. Fund manager Krishna Sanghvi, who has been at the helm since its inception, is known for his high-conviction stock-picking strategy. The portfolio is broadly positioned on capturing company re-rating opportunities led by a change in earning trajectory, change in business model or ownership. It follows a flexi-cap approach with preference for large-cap stocks.

Source: OLM Research

*SIP value as on May 17, 2024; numbers are rounded off

VALUE FUND

THEY DISCOVER VALUE FOR INVESTORS ACROSS THE MARKET SPECTRUM

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
Bandhan Sterling Value	8,943.61	42.76	25.69	23.23	★★★★★
ICICI Pru Value Discovery	42,664.32	41.50	25.25	23.48	★★★★★
Aditya Birla SL Pure Value	5,942.33	50.90	21.65	19.02	★★★★
HSBC Value	12,067.47	55.22	27.57	23.18	★★★★
JM Value	665.51	66.23	30.17	25.21	★★★★
Nippon India Value	7,523.32	57.13	26.67	23.18	★★★★
Templeton India Value	1,922.69	44.05	27.32	22.42	★★★★
Union Value	237.46	42.84	22.20	19.67	★★★★
HDFC Capital Builder Value	6,762.91	42.37	21.86	17.85	★★★
Tata Equity P/E	7,753.52	49.22	25.32	20.27	★★★
DSP Value	812.45	36.60	17.31	NA*	★★
Groww Value	18.86	40.04	19.11	16.26	★★
Quantum Long Term Equity Value	1,082.23	40.46	18.96	16.47	★★
UTI Value	8,931.67	38.72	19.20	19.41	★★
LIC MF Long Term Value	110.03	35.16	17.62	16.98	★
Category Average	**NA**	**47.02**	**23.05**	**20.47**	**NA**
NIFTY 500 – TRI	**NA**	**38.80**	**19.34**	**19.03**	**NA**

NA: Not applicable | NA*: Not available as the scheme is less than five year old | Returns as on May 17, 2024 |
Source: Data from Accord Fintech | Ratings from Morningstar India

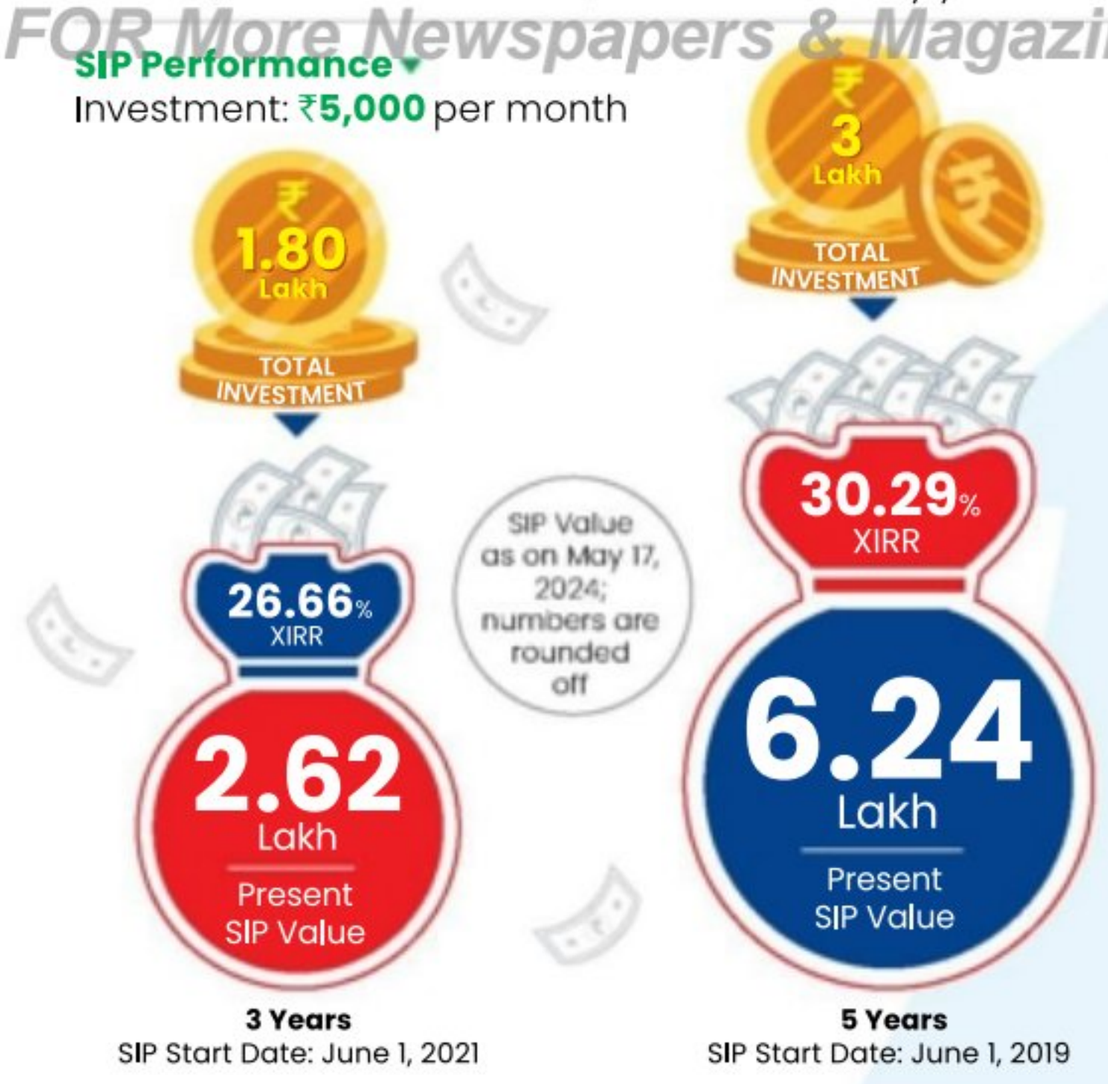
BANDHAN STERLING VALUE ★★★★★

Launch Date
March 7, 2008

Fund Manager
Daylynn Pinto

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SIP Performance
Investment: ₹5,000 per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The investment strategy of the fund centers around constructing a portfolio of undervalued stocks in both leading or challenger companies and emerging businesses across various market capitalisations.

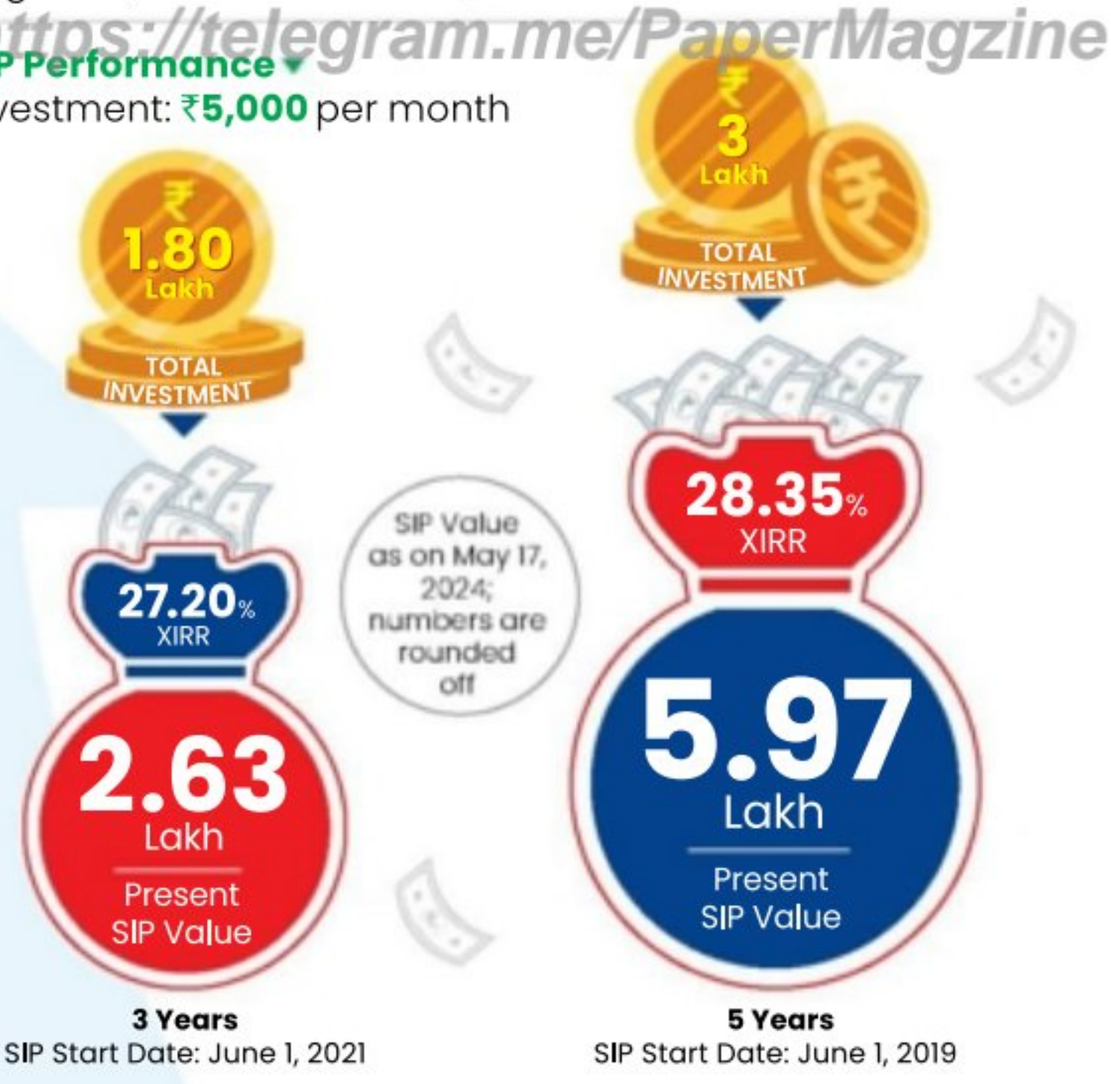
Source: OLM Research

ICICI PRU VALUE DISCOVERY ★★★★★

Launch Date
August 16, 2004

Fund Manager
Sankaran Naren

SIP Performance
Investment: ₹5,000 per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The scheme follows a value investment style and offers a diversified portfolio consisting of stocks which have good potential, but are quoting at a discount to their fair/ intrinsic value.

Source: OLM Research

DYNAMIC ASSET ALLOCATION

THEY HELP YOU OPTIMISE RETURNS BY ALLOCATING ASSETS AMONG CLASSES BASED ON MARKET CONDITIONS

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
HDFC Balanced Advantage	83,548.61	39.93	24.32	19.55	★★★★★
Bank of India Balanced Advantage	125.97	24.61	14.89	9.88	★★★★
Baroda BNP Paribas Balanced Advantage	3,805.37	26.13	14.44	15.84	★★★★
ICICI Pru Balanced Advantage	56,709.02	20.92	13.15	13.13	★★★★
Aditya Birla SL Balanced Advantage	7,191.86	20.59	11.71	12.45	★★★
Axis Balanced Advantage	2,123.94	25.23	12.98	10.99	★★★
Edelweiss Balanced Advantage	11,135.73	25.38	13.64	15.11	★★★
Invesco India Balanced Advantage	730.58	25.74	12.63	11.33	★★★
ITI Balanced Advantage	353.06	24.22	11.63	NA*	★★★
Kotak Balanced Advantage	15,844.02	18.60	11.40	12.12	★★★
Nippon India Balanced Advantage	7,928.38	23.64	12.90	12.11	★★★
Shriram Balanced Advantage	48.29	27.96	12.69	NA*	★★★
Sundaram Balanced Advantage	1,528.77	19.10	10.63	8.97	★★★
Tata Balanced Advantage	9,107.02	21.32	12.92	13.24	★★★
Bandhan Balanced Advantage	2,228.68	18.89	10.09	10.93	★★
HSBC Balanced Advantage	1,421.95	21.25	10.61	10.38	★★
Motilal Oswal Balanced Advantage	1,247.43	26.93	10.65	10.06	★★
PGIM India Balanced Advantage	1,145.95	15.05	9.84	NA*	★★
Union Balanced Advantage	1,601.68	18.63	9.89	11.94	★★
DSP Dynamic Asset Allocation	3,110.44	18.86	9.14	10.06	★
Category Average	**NA**	**24.47**	**12.51**	**12.24**	**NA**
NIFTY 50 Hybrid Composite Debt 50:50	**NA**	**NA****	**NA****	**NA****	**NA**

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NA: Not applicable | NA*: Not available as the scheme is less than five year old | NA**: Enough data is not available as the index is new | Returns as on May 17, 2024 | Source: Data from Accord Fintech | Ratings from Morningstar India

HDFC BALANCED ADVANTAGE ★★★★★

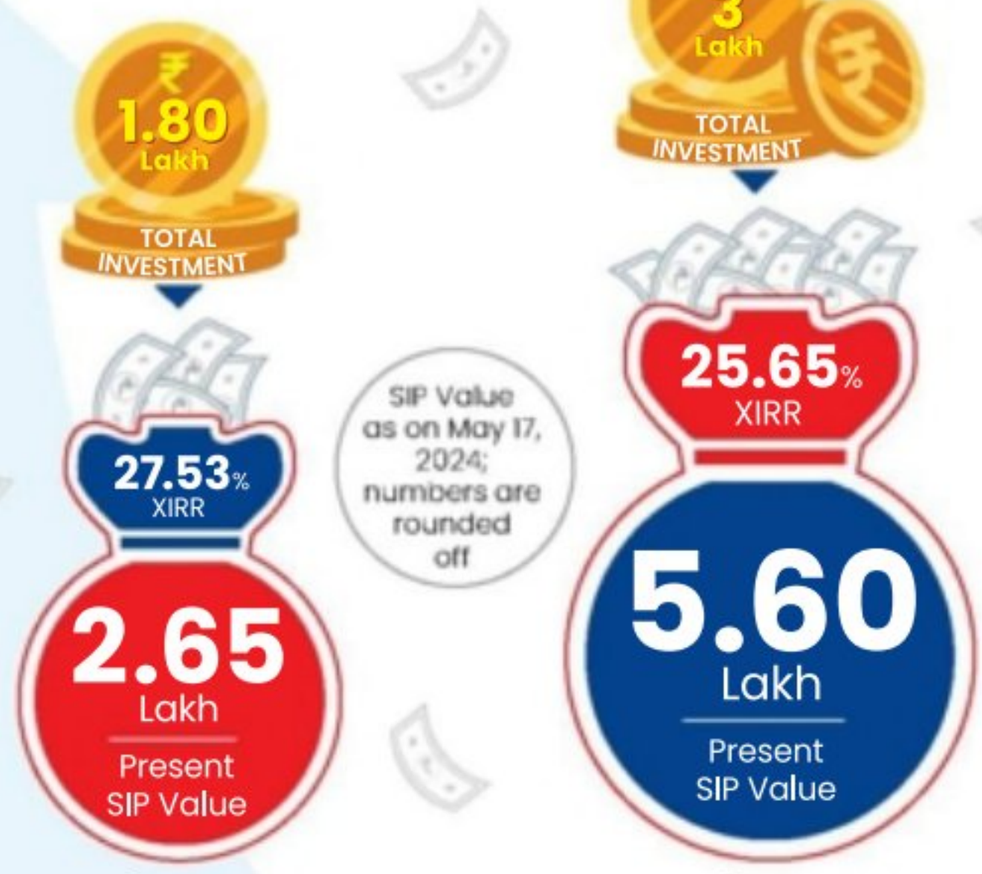
Launch Date
September 11, 2000

Fund Managers
Gopal Agrawal,
Srinivasan Ramamurthy

SIP Performance
Investment:
₹5,000 per month

The fund stole the show by delivering the highest returns in the category. This is an aggressively managed fund where equity allocation is always on the higher side compared to its peers. It follows a proprietary model to do asset allocation based on valuation and macroeconomic environment. The scheme invests primarily in the banking sector and government securities (G-secs).

Source: OLM Research



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

HYBRID



There are many categories in the hybrid category, but we have taken only two. Also, with the promise of dynamic asset allocation in volatile markets, balanced advantage funds (BAFs) have shot to fame recently. The rising AUM is the evidence of its popularity among investors. The majority of equity-oriented hybrid funds, managed to beat the Crisil Hybrid 35+65 – Aggressive index. As some of the funds in this category are mandated to take higher exposure in equity, they have delivered higher returns compared to peers. Typically, in a rising market, the equity factor gives a boost to returns, so the funds with higher equity allocation managed to deliver better returns. Funds with higher mid- and small-cap exposure secured the top positions in the category. For instance, Bank of India Mid & Small Cap Equity & Debt, which invests up to 85 per cent in equity, delivered 50 per cent returns against 24 per cent by the category.

AGGRESSIVE ALLOCATION

THEY STRIKE A BALANCE BETWEEN THE GROWTH POTENTIAL OF EQUITY AND THE STABILITY OF DEBT

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
Bank of India Mid & Small Cap Equity & Debt	724.24	49.15	23.89	23.52	★★★★★
ICICI Pru Equity & Debt	34,733.08	38.61	24.07	21.26	★★★★★
Quant Absolute	2,024.53	37.15	20.25	25.41	★★★★★
Baroda BNP Paribas Aggressive Hybrid	1,022.13	31.83	15.72	17.19	★★★★
Edelweiss Aggressive Hybrid	1,564.25	32.94	19.39	17.43	★★★★
JM Aggressive Hybrid	262.45	57.79	24.09	20.35	★★★★
Mahindra Manulife Aggressive Hybrid	1,138.39	32.84	18.18	NA*	★★★★
Nippon India Equity Hybrid	3,522.61	30.09	17.28	12.81	★★★★
UTI Aggressive Hybrid	5,487.53	31.13	18.31	16.78	★★★★
Bandhan Hybrid Equity	693.61	24.41	14.53	14.38	★★★
Canara Robeco Equity Hybrid	10,077.44	25.01	14.14	15.41	★★★
Franklin India Equity Hybrid	1,781.57	31.81	15.88	15.63	★★★
HDFC Hybrid Equity	23,113.38	20.57	15.37	15.18	★★★
Invesco India Aggressive Hybrid	442.63	33.10	15.92	14.22	★★★
Kotak Equity Hybrid	5,411.89	28.52	16.67	17.61	★★★
Mirae Asset Aggressive Hybrid	8,545.85	23.60	13.80	14.40	★★★
Navi Aggressive Hybrid	103.50	22.59	13.74	12.02	★★★
SBI Equity Hybrid Fund	68,409.82	24.66	13.67	14.14	★★★
Sundaram Aggressive Hybrid	4,579.47	25.88	14.67	13.91	★★★
Tata Hybrid Equity	3,748.90	22.95	15.46	13.92	★★★
Union Aggressive Hybrid	594.14	27.44	14.81	NA*	★★★
Aditya Birla SL Equity Hybrid '95	7,478.03	27.03	13.60	13.20	★★
DSP Equity & Bond	9,044.39	26.65	13.53	15.42	★★
Groww Aggressive Hybrid	41.37	27.10	14.44	13.31	★★
HSBC Aggressive Hybrid	5,367.33	32.65	15.08	14.54	★★
LIC MF Aggressive Hybrid	516.89	26.75	13.16	12.18	★★
PGIM India Hybrid Equity	210.39	18.73	10.43	11.39	★★
Shriram Aggressive Hybrid	47.58	32.06	14.52	13.34	★★
Axis Equity Hybrid	1,588.78	19.60	10.87	12.31	★
Category Average	**NA**	**28.76**	**15.52**	**15.60**	**NA**
CRISIL Hybrid 35+65 - Aggressive	**NA**	**18.98**	**18.84**	**11.85**	**NA**

NA: Not applicable | NA*: Not available as the scheme is less than five year old | Returns as on May 17, 2024 |
Source: Data from Accord Fintech | Ratings from Morningstar India

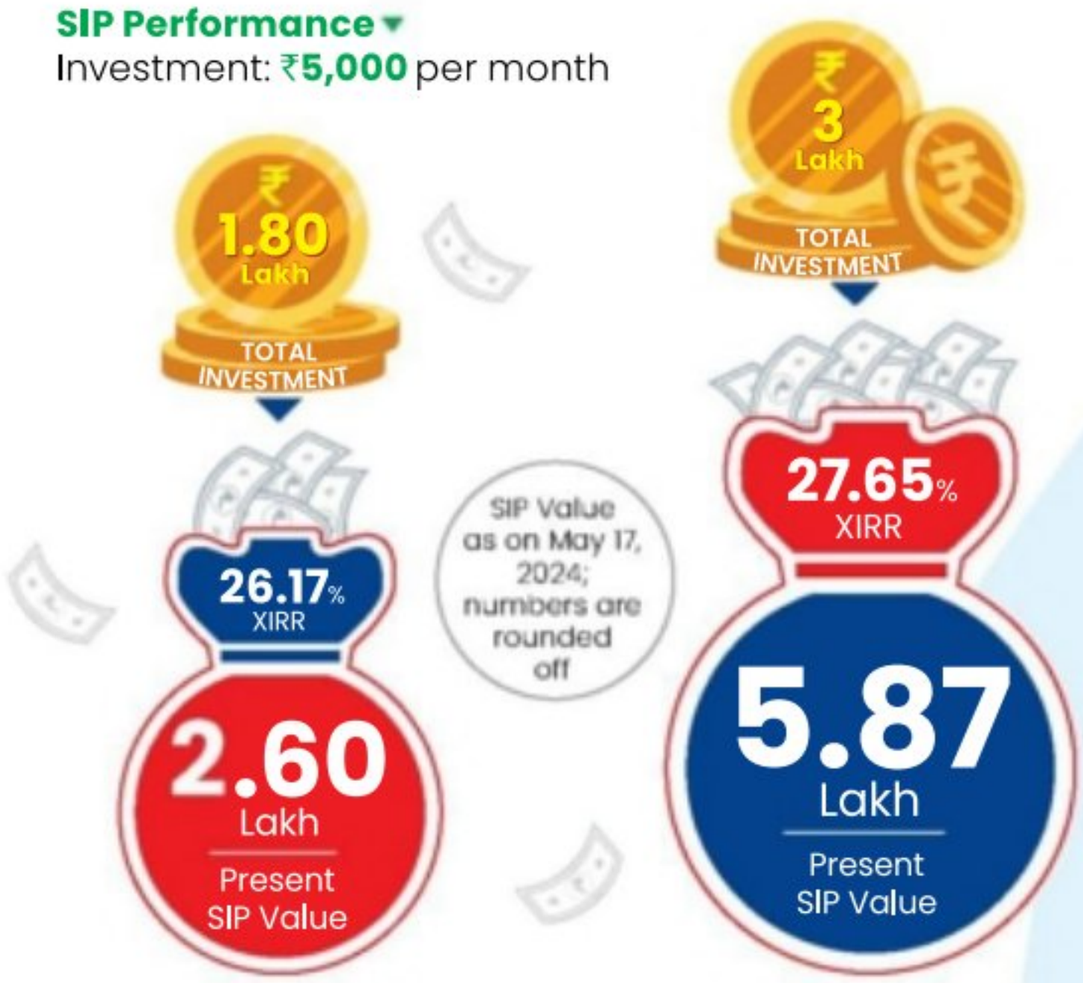
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BANK OF INDIA MID & SMALL CAP EQUITY & DEBT ★★★★★

Launch Date
July 20, 2016

Fund Manager
Alok Singh

SIP Performance
Investment: ₹5,000 per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

The fund follows an aggressive investment strategy. Unlike its peers who prefer to remain invested in large-caps, this fund goes aggressive on mid-and- small-cap stocks to build its portfolio, which helps it to deliver superior returns than its peers.

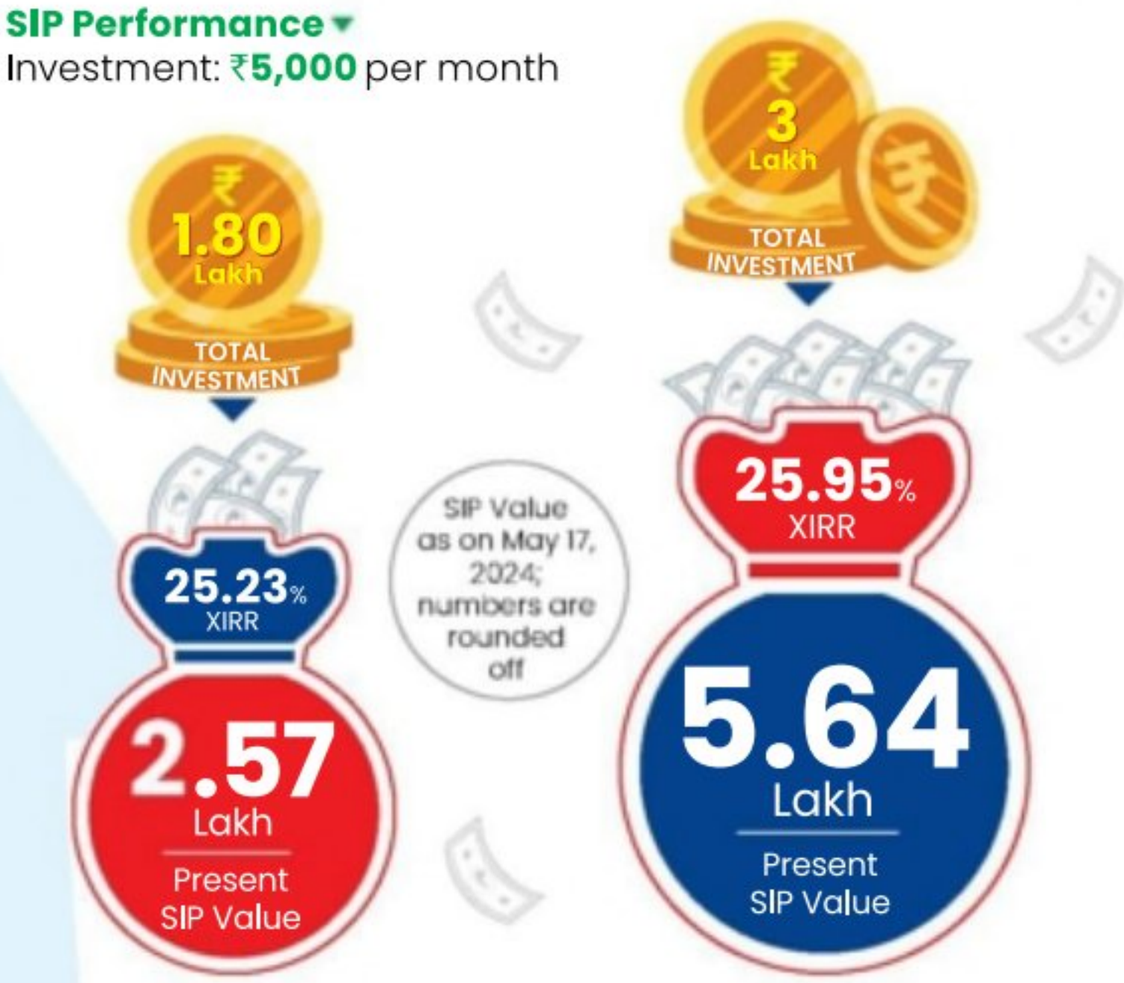
Source: OLM Research

ICICI PRU EQUITY & DEBT ★★★★★

Launch Date
November 3, 1999

Fund Manager : Sankaran Naren, Mittul Kalawadia, Manish Banthia

SIP Performance
Investment: ₹5,000 per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

This has been one of the consistent performers in its category. It has maintained an equity exposure of 65-80 per cent, with the rest in debt. It follows an in-house model to allocate in equity. In debt, it allocates to longer duration fixed-income securities.

Source: OLM Research

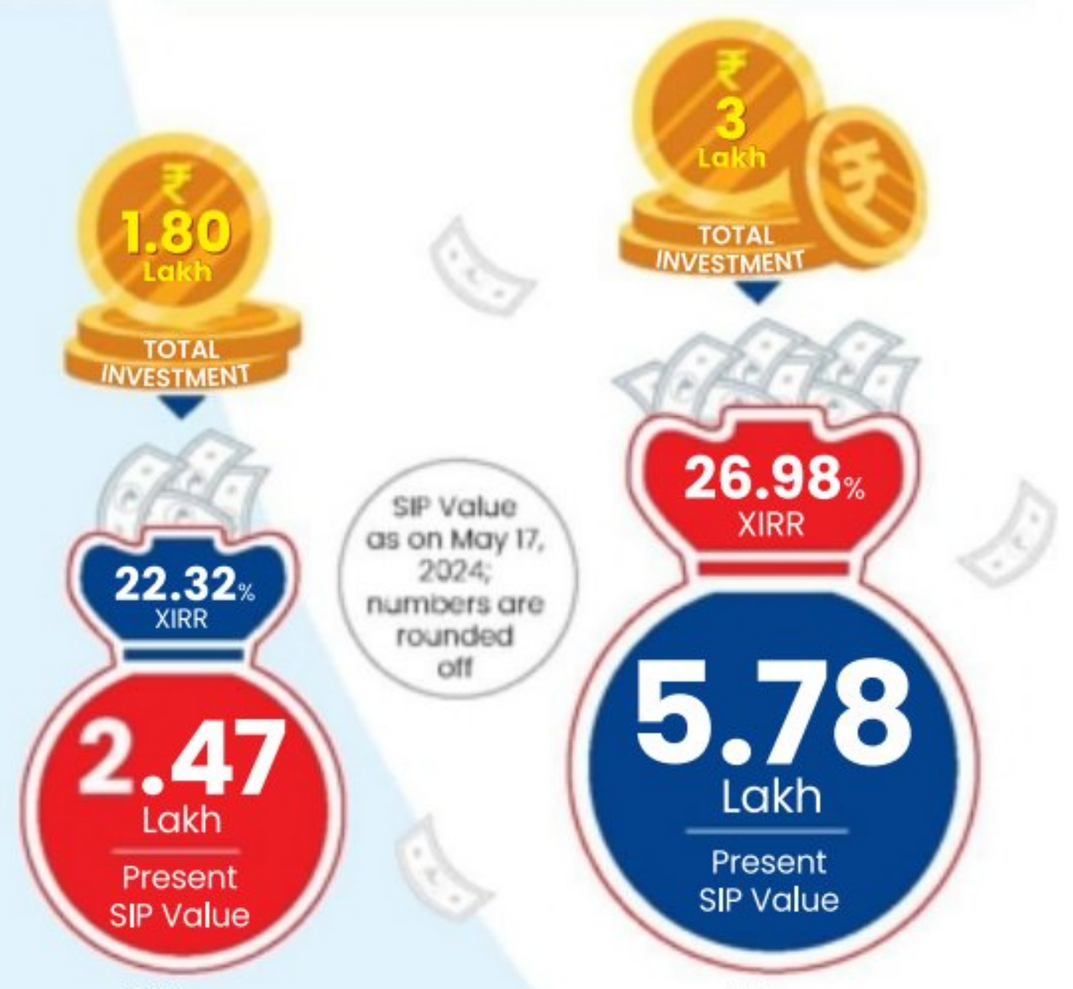
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QUANT ABSOLUTE ★★★★★

Launch Date
March 20, 2001

Fund Managers
Sanjeev Sharma, Ankit Pande, Vasav Sahgal

SIP Performance
Investment: ₹5,000 per month



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

It employs a proprietory quantitative model and algorithm to idenfity invesment opportunities. It focuses on generating alpha by tilting the portfolio towards equity allocation. The average equity exposure has been around 80 per cent in the last one year. The scheme has a high equity exposure (around 68.22 per cent), with less than 20 per cent investments in debt. It has a good exposure in the power sector.

Source: OLM Research

CONSERVATIVE ALLOCATION

THEY PREDOMINANTLY INVEST IN DEBT WHILE ENHANCING RETURNS THROUGH EXPOSURE TO EQUITY

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
Bank of India Conservative Hybrid	71.40	12.98	14.35	9.52	★★★★★
HDFC Hybrid Debt	3,140.27	15.39	10.90	10.71	★★★★
ICICI Pru Regular Savings	3,402.04	14.15	9.45	9.73	★★★★
Kotak Debt Hybrid	2,414.67	15.52	10.48	11.59	★★★★
SBI Conservative Hybrid	9,789.02	13.83	10.67	10.97	★★★★
UTI Conservative Hybrid	1,579.66	12.93	9.94	8.63	★★★★
Aditya Birla SL Regular Savings	1,390.95	10.82	8.78	9.09	★★★
Canara Robeco Conservative Hybrid	983.88	10.74	7.48	9.37	★★★
DSP Regular Savings	173.24	13.33	7.90	8.22	★★★
Franklin India Debt Hybrid	221.35	14.08	8.08	8.26	★★★
HSBC Conservative Hybrid	109.06	14.79	8.57	8.95	★★★
Nippon India Hybrid Bond	783.72	8.93	8.08	4.18	★★★
Sundaram Conservative Hybrid	30.27	9.21	8.72	6.95	★★★
Axis Regular Saver	336.50	8.47	6.35	6.92	★★
Bandhan Regular Savings	116.20	9.46	5.73	6.52	★★
Baroda BNP Paribas Conservative Hybrid	594.23	12.41	7.31	7.77	★★
LIC MF Conservative Hybrid	51.17	7.28	5.75	6.71	★★
Navi Conservative Hybrid	33.85	9.49	6.06	5.91	★★
Category Average	**NA**	**12.11**	**8.59**	**8.33**	**NA**
Crisil Hybrid 85+15-Conservative Index	**NA**	**11.65**	**8.21**	**8.90**	**NA**

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NA: Not applicable | Returns as on May 17, 2024 | Source: Data from Accord Fintech | Ratings from Morningstar India

BANK OF INDIA CONSERVATIVE HYBRID

★★★★★

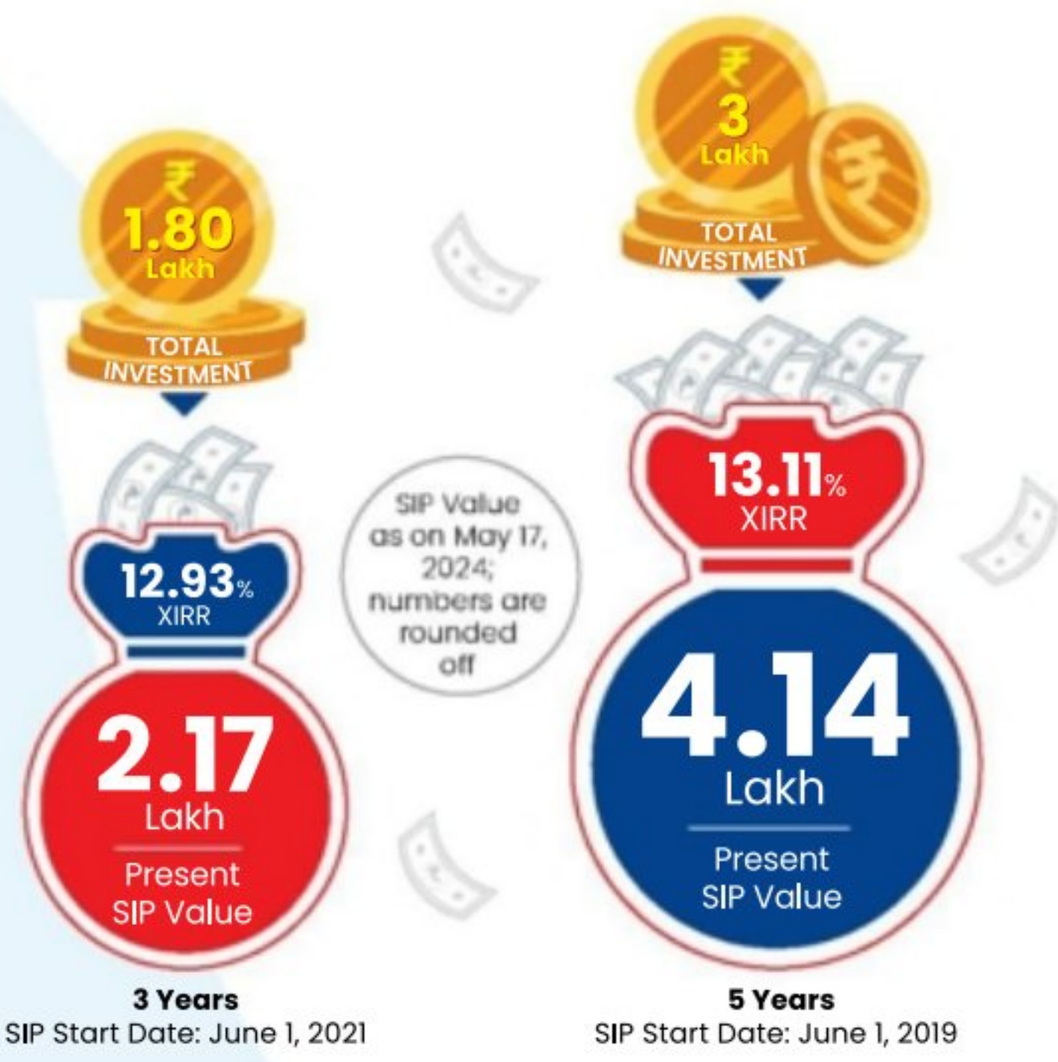
Launch Date
March 18, 2009

Fund Manager
Alok Singh

SIP Performance
Investment: ₹**5,000** per month

Higher allocation to small-caps than peers has helped the fund to deliver better returns in the category. It is noteworthy to mention that, unlike many schemes which remain overweight on the financial services sector, this fund has always been underweight in it. In terms of asset allocation, it consistently maintains higher equity exposure, subject to the permissible limit of around 25 per cent (currently, its allocation is around 19-20 per cent). The scheme's current allocation to debt is 71.93 per cent. It primarily invests in bonds, railways, and the power sectors.

Source: OLM Research



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

DEBT

INDIA'S BEST FUNDS 2024

After a rollercoaster ride of the last few years, debt fund managers are anticipating an interest rate cut by RBI which can help improve returns. Many factors are hinting at a potential downward trajectory for Indian bond yields, offering a buying opportunity for bond fund investors. The anticipated shift in the US Federal Reserve's policy is a factor that can influence Indian bonds positively. However, uncertainty is still looming over the timing of the rate cut.

On the domestic front, rate hikes seem to have peaked, signaling an imminent rate-cutting cycle as inflation seems to be cooling down. According to experts, domestically, the demand-supply dynamics in the bond market are looking more favourable with robust tax collections, the government's fiscal consolidation plan and India's inclusion in the global bond index. The best strategy is to invest in a mix of short-and medium-term debt funds in this market scenario.

BOND-SHORT TERM

THEY INVEST IN DEBT AND MONEY MARKET INSTRUMENTS WITH A LOWER MATURITY (1-3 YEARS) PERIOD

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
Bank of India Short Term Income Fund	76.67	5.77	9.43	11.88	★★★★★
UTI Short Duration Fund	2,680.40	6.81	6.68	7.00	★★★★★
Aditya Birla SL Short Term Fund	7,274.29	6.62	6.69	5.50	★★★★
ICICI Pru Short Term Fund	18,091.83	7.13	7.32	5.82	★★★★
Axis Short Term Fund	7,944.42	6.52	6.55	5.25	★★★
Bandhan Bond Fund - Short Term Plan	8,649.34	6.45	6.52	4.91	★★★
Baroda BNP Paribas Short Duration Fund	218.37	6.58	6.59	5.00	★★★
DSP Short Term Fund	2,955.58	6.20	6.14	4.75	★★★
HDFC Short Term Debt Fund	12,947.96	7.09	6.90	5.48	★★★
HSBC Short Duration Fund	3,648.10	6.28	6.16	4.67	★★★
Kotak Bond Short Term Fund	14,803.86	6.36	6.28	4.92	★★★
Mahindra Manulife Short Duration Fund	50.06	6.29	6.13	4.74	★★★
Mirae Asset Short Duration Fund	346.19	6.12	6.07	4.72	★★★
Nippon India Short Term Fund	5,496.93	6.65	6.48	5.20	★★★
SBI Short Term Debt Fund	12,824.61	6.44	6.39	5.08	★★★
Sundaram Short Duration Fund	187.10	6.35	6.40	5.15	★★★
Tata ST Bond Fund	2,333.49	6.09	6.16	4.74	★★★
Canara Robeco Short Duration Fund	392.05	6.09	5.91	4.51	★★
Groww Short Duration Fund	38.41	5.40	5.33	3.86	★★
Invesco India Short Duration Fund	463.50	6.52	6.11	4.56	★★
LIC MF Short Duration Fund	112.79	6.06	5.72	4.20	★★
Category Average	**NA**	**6.37**	**6.48**	**5.33**	**NA**
CRISIL Short Term Bond Index	**NA**	**7.48**	**4.83**	**5.46**	**NA**

NA: Not applicable | Returns as on May 17, 2024 | Source: Data from Accord Fintech | Ratings from Morningstar India

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BOND-MEDIUM TERM

THEY INVEST IN DEBT AND MONEY-MARKET INSTRUMENTS WITH A MATURITY PERIOD OF 3-4 YEARS

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
Aditya Birla SL Medium Term	1,858.58	6.27	12.32	8.67	★★★★★
Axis Strategic Bond	1,970.65	6.85	5.87	6.76	★★★★
Nippon India Strategic Debt	119.62	5.94	9.21	-0.29	★★★★
DSP Bond	357.79	6.41	5.01	5.19	★★★
HDFC Medium Term Debt	4,188.28	6.31	5.27	6.70	★★★
HSBC Medium Duration	801.50	6.63	5.19	6.46	★★★
ICICI Pru Medium Term Bond	6,321.81	6.55	5.70	7.33	★★★
Kotak Medium Term	1,743.87	6.89	5.41	6.02	★★★
SBI Magnum Medium Duration	6,222.05	6.48	5.52	7.44	★★★
UTI Medium Duration	40.31	5.88	5.74	4.40	★★★
Bandhan Bond Fund - Medium Term	1,581.38	5.46	4.11	5.89	★★
Baroda BNP Paribas Medium Duration	28.85	6.25	4.84	3.81	★★
Union Medium Duration	107.17	5.97	4.41	NA*	★★
Sundaram Medium Duration	43.59	4.39	3.18	4.32	★
Category Average	**NA**	**6.16**	**5.84**	**5.59**	**NA**
CRISIL Short Term Bond Index	**NA**	**7.48**	**4.83**	**5.46**	**NA**

NA: Not applicable | NA*: Not available as the scheme is less than five year old | Returns as on May 17, 2024 | Source: Data from Accord Fintech | Ratings from Morningstar India

BOND-MEDIUM-TO-LONG TERM

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THEY INVEST IN DEBT AND MONEY MARKET INSTRUMENTS WITH HIGHER MATURITY (4-7 YEARS) PERIOD

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
UTI Medium to Long Duration	297.39	5.18	9.54	5.36	★★★★★
ICICI Pru Bond	2,928.20	6.73	5.27	7.11	★★★★
Aditya Birla SL Income	1,758.50	5.80	5.00	7.05	★★★
Kotak Bond	1,831.30	6.23	4.85	6.59	★★★
Nippon India Income	320.12	5.80	4.86	6.67	★★★
SBI Magnum Income	1,748.14	6.00	5.29	7.44	★★★
Bandhan Bond Fund	491.18	5.19	3.81	6.08	★★
Canara Robeco Income	122.26	4.69	3.77	5.80	★★
HDFC Income	776.81	5.86	4.13	5.62	★★
HSBC Medium to Long Duration	45.32	5.07	3.64	5.36	★★
LIC MF Medium to Long Duration Bond	170.69	5.44	4.60	5.96	★★
JM Medium to Long Duration	22.87	5.45	4.09	2.41	★
Category Average	**NA**	**5.62**	**4.90**	**5.95**	**NA**
Crisil Bond Medium Term - TRI	**NA**	**NA**	**NA**	**NA**	**NA**

NA: Not applicable | Returns as on May 17, 2024 | Source: Data from Accord Fintech | Ratings from Morningstar India

CORPORATE BOND FUND

THEY HELP TO TAKE ADVANTAGE OF CORPORATE BONDS ISSUED BY COMPANIES WHICH ARE CONSIDERED SAFE

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
ICICI Pru Corp Bond	27,350.22	7.43	5.94	7.17	★★★★★
Nippon India Corp Bond	2,892.76	6.94	5.88	6.66	★★★★★
Aditya Birla SL Corp Bond	21,330.37	7.34	5.69	7.27	★★★★
HDFC Corp Bond	28,968.10	7.22	5.50	7.16	★★★★
Kotak Corporate Bond	12,144.90	6.87	5.42	6.58	★★★★
Axis Corp Debt	5,336.26	6.62	5.24	6.19	★★★
Bandhan Corp Bond	13,721.82	6.67	4.81	6.41	★★★
Franklin India Corp Debt	729.87	6.34	4.90	6.30	★★★
HSBC Corporate Bond	5,985.83	5.94	4.96	7.45	★★★
Invesco India Corporate Bond	3,465.13	6.65	4.91	6.56	★★★
Mirae Asset Corp Bond	49.85	6.08	4.73	NA*	★★★
PGIM India Corp Bond	99.51	6.06	4.94	6.43	★★★
SBI Corp Bond	20,164.54	6.43	4.98	6.54	★★★
Sundaram Corp Bond	759.68	6.48	5.00	6.94	★★★
UTI Corporate Bond	3,548.66	6.70	5.18	7.07	★★★
Baroda BNP Paribas Corp Bond	147.75	6.17	4.46	4.49	★★
Canara Robeco Corp Bond	147.92	5.99	4.51	5.98	★★
DSP Corp Bond	2,616.53	6.24	4.49	6.21	★★
Union Corporate Bond	411.46	6.38	4.59	5.43	★
Category Average	**NA**	**6.56**	**5.06**	**6.49**	**NA**
CRISIL Short Term Bond Index	**NA**	**7.48**	**4.83**	**5.46**	**NA**

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NA: Not applicable | NA*: Not available as the scheme is less than five year old | Returns as on May 17, 2024 |
Source: Data from Accord Fintech | Ratings from Morningstar India

ICICI PRU CORP BOND ★★★★★

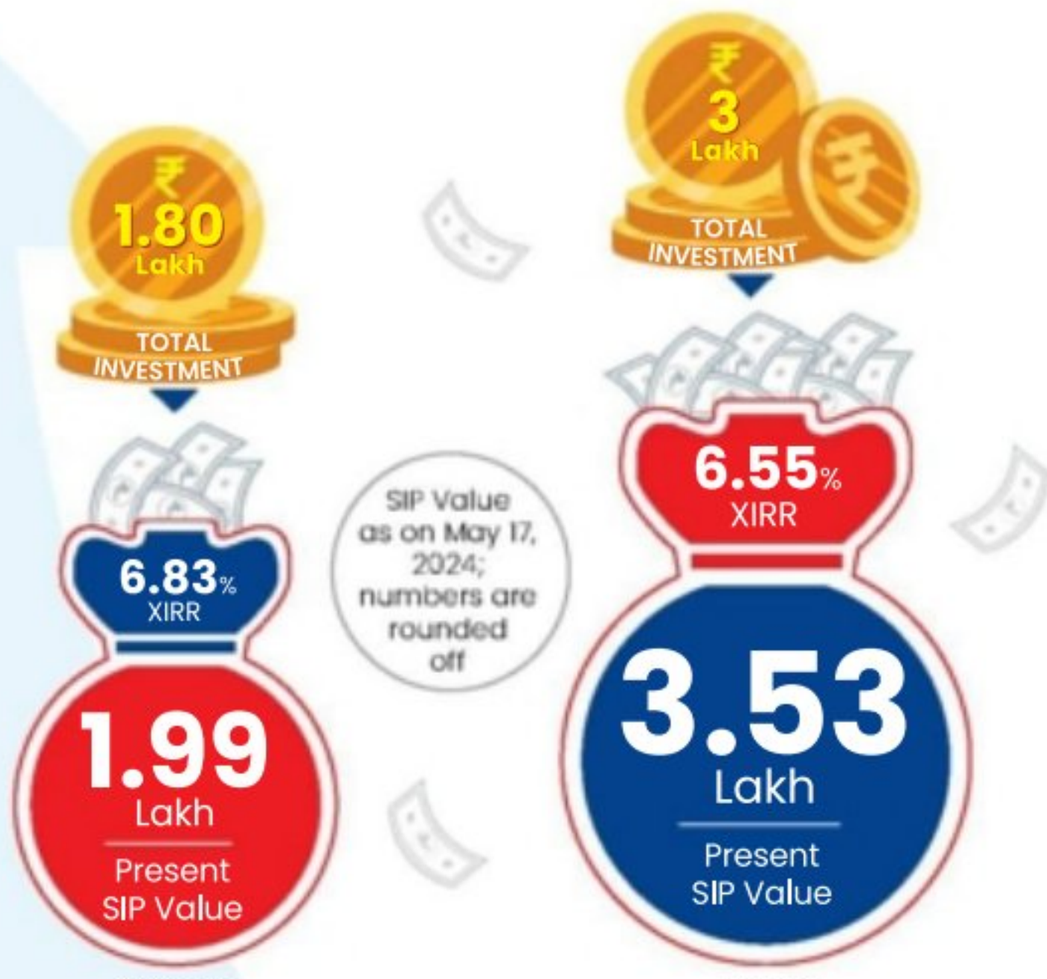
Launch Date
August 11, 2009

Fund Managers
Manish Banthia,
Ritesh Lunawat

SIP Performance
Investment: ₹5,000 per month

It predominantly invests in AA+ and higher rated corporate bonds. It avoids taking undue risk to boost returns by investing in low-rated instruments. At present, a little over 70 per cent of its portfolio is invested in AAA-rated papers and 26.43 per cent in sovereign securities. The scheme is heavily invested in the finance and banking sectors, accounting for more than 50 per cent of its allocation.

Source: OLM Research



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

INDIA'S BEST FUNDS 2024

NIPPON INDIA CORP BOND ★★★★★

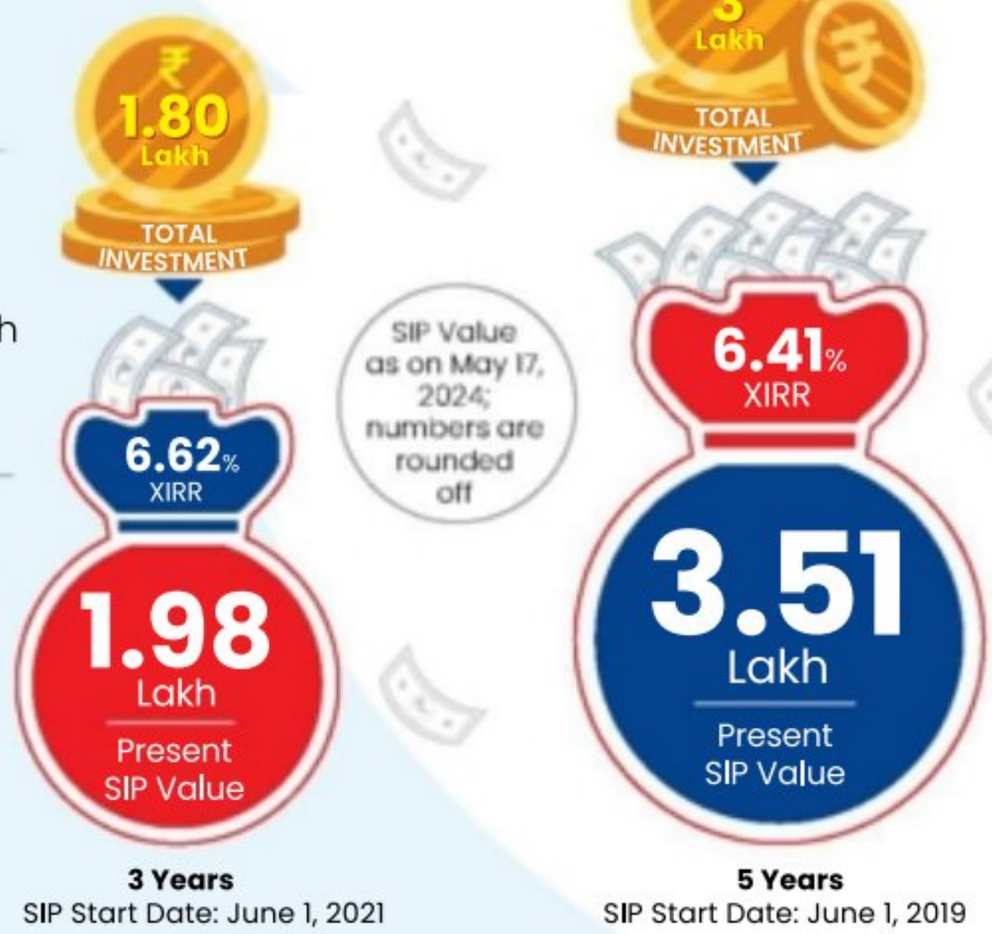
Launch Date
September 14, 2000

Fund Managers
Vivek Sharma, Kinjal Desai

SIP Performance
Investment: ₹5,000 per month

Its portfolio strategy focuses on investing exclusively in sovereign and AAA-rated instruments, thus ensuring high credit quality and safety. It also selectively invests in high-yield or structured instruments to boost returns from maturing assets, thus maintaing a moderate portfolio duration of 1.25-4 years. It has the highest allocation in the finance sector (36.97 per cent), followed by banking, G-secs, power and telecom.

Source: OLM Research



3 Years
SIP Start Date: June 1, 2021

5 Years
SIP Start Date: June 1, 2019

DYNAMIC BOND FUND

THEY HAVE THE FLEXIBILITY TO MOVE BETWEEN VARIOUS TYPES OF BONDS, MATURITIES AS PER MARKET DYNAMICS

Fund Name	AUM (₹ crore)	Returns (%)			Rating
		1-Year	3-Year	5-Year	
UTI Dynamic Bond Fund	570.62	6.35	6.17	10.12	★★★★★
360 ONE Dynamic Bond Fund	710.12	6.62	6.86	5.84	★★★★
Aditya Birla SL Dynamic Bond Fund	1,694.31	6.39	8.26	6.30	★★★★
HDFC Dynamic Debt Fund	677.79	6.59	6.45	6.23	★★★★
ICICI Pru All Seasons Bond Fund	12,458.02	6.96	7.71	5.83	★★★★
Quantum Dynamic Bond Fund	97.69	8.06	7.94	6.05	★★★★
Axis Dynamic Bond Fund	1,713.46	6.05	7.22	4.93	★★★
Bandhan Dynamic Bond Fund	2,319.73	6.89	6.94	4.64	★★★
Baroda BNP Paribas Dynamic Bond Fund	140.93	5.89	7.09	4.90	★★★
DSP Strategic Bond Fund	1,015.47	6.86	7.05	5.24	★★★
HSBC Dynamic Bond Fund	162.29	6.50	6.35	4.71	★★★
JM Dynamic Bond Fund	40.39	5.59	6.15	4.98	★★★
Kotak Dynamic Bond Fund	2,506.71	6.79	6.68	5.11	★★★
Nippon India Dynamic Bond Fund	4,554.19	6.14	7.26	4.99	★★★
PGIM India Dynamic Bond Fund	112.86	6.16	6.08	4.55	★★★
SBI Dynamic Bond Fund	3,060.25	6.26	7.50	5.48	★★★
Canara Robeco Dynamic Bond Fund	109.34	5.13	6.06	4.20	★★
Groww Dynamic Bond Fund	37.98	5.02	5.56	4.37	★★
Mahindra Manulife Dynamic Bond Fund	64.32	5.87	6.16	3.81	★★
Mirae Asset Dynamic Bond Fund	155.33	5.66	6.01	3.81	★★
Union Dynamic Bond	111.24	5.54	6.17	3.96	★
Category Average	**NA**	**6.25**	**6.75**	**5.24**	**NA**
CRISIL Short Term Bond Index	**NA**	**7.48**	**4.83**	**5.46**	**NA**

NA: Not applicable | Returns as on May 17, 2024 | Source: Data from Accord Fintech | Ratings from Morningstar India

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SBI MUTUAL FUND
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MUTUAL FUNDS SOLUTIONS SERIES – **PART 7**

Keep pace with your growing lifestyle with Top-Up SIP's

If you wish to increase the SIP amount periodically, Top-Up SIPs can help you do that seamlessly, while giving you the potential to reach your goal earlier compared to a regular SIP.



Most of you would have heard of SIPs or systematic investment plans of mutual funds. The mutual fund industry's campaign has ensured that awareness about SIPs has increased to a large extent.

For a quick recap, SIPs entail investing a fixed amount of money at regular intervals rather than investing a lump sum amount in one go. SIPs enable investors to accumulate more units when the markets fall, and vice-versa. This means that you buy less when the price is high and buy more when the price is low. Hence, the average cost per unit falls over a period of time.

While that is what a plain and simple SIP does, there are variants you can opt for to suit your needs. One of the variants is top-up SIPs that can help you increase your SIP amount regularly. They are meant for those who plan to increase the SIP amount periodically, say, to match the annual increase in income.

Let's understand more about Top-Up SIPs.

How Do Top-Up SIPs Work?

In your regular SIP, you invest a fixed sum every month. However, if your income increases over a period of time, and you want to increase your investment, you may need to enroll for a new SIP with a Top-Up option.

Top-Up SIPs do this automatically, as per mandate, allowing investors to increase the SIP instalments by a fixed amount or per cent at pre-defined intervals.

For instance, if you start an SIP of Rs. 5,000 for five years and choose a top-up facility of Rs. 500 half-yearly, your SIP amount will keep increasing by Rs. 500 every six months. By the end of third year your SIP amount will be Rs. 8,000.

Similarly, some funds allow you to increase the SIP amount by a percentage on either half-yearly or annual basis.

How Do Top-Up SIPs Benefit You?

Top-up SIPs are beneficial in many ways.

First, they offer the flexibility to increase the SIP amount at pre-determined period by a certain per cent or amount without any additional effort.

Second, they ensure that you increase the investment amount immediately after, say, a salary hike and not get tied down by paperwork or procrastination.

Third, it helps you increase your investments, which means you can try to reach your financial goals earlier. Let's understand how with an example.

Let's say two friends, Amit and Rajeev, started a SIP with Rs. 10,000 for 20 years. While Amit chooses the top-up SIP option with 10 per cent annual increase, Rajeev sticks to the regular SIP. If both investments grow at same rate of 12.93% (the mean of 10-year rolling returns of Nifty between June 1, 2013 and May 30, 2023) Amit would accumulate almost twice the wealth than Rajeev.

In order to reach the corpus Amit has achieved, Rajeev will have to invest for 5 more years (see Regular SIP vs Top-Up SIP).

REGULAR SIP VS TOP-UP SIP

Assuming the investments are in SIPs of equity funds, the one who chooses the top-up SIP feature will accumulate more wealth over the same period.

	Top-Up SIP	Regular SIP
SIP Amount (Rs)	10,000	10,000
Tenure (Years)	20	20
Returns (%)*	12.93	12.93
Annual Top-Up (%)	10	0
Final Amount (Rs)	2,20,08,032	1,13,45,230
Difference (Rs)	1,06,62,803	

*Mean of 10-year rolling return of Nifty between June 1, 2013 and May 30, 2023

To give you some perspective, from the above illustration a corpus of Rs. 2.20 crore is possible in 20 years through Top-Up SIP, whereas if one continues with a regular SIP, assuming the same return rate of return, the number of years to achieve the corpus of Rs. 2.20 crore would obviously be more.

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Disclaimer

The calculations are for illustrative purposes and based on the #mean of 10 years rolling returns of the benchmark i.e., Nifty50 between June 1, 2013 – May 30, 2023: 12.93%. Past Performance may or may not be sustained in the future and is not a guarantee of any future returns. The final value of investments is pre-tax, and investors may incur tax liability on capital gains based on prevailing tax laws at the time. The above calculations do not consider stamp duty / statutory taxes / levy that may be applicable. The calculations are shown purely to demonstrate the benefit of SIP Top-Up vis-à-vis SIP of the same amount throughout the investment period and is not an assurance of profit or guarantee protection against loss in a declining market. Any calculations made are approximations meant as guidelines only, which need to be confirmed before relying on them. These views alone are not sufficient and should not be used for the development or implementation of an investment strategy. Please consult your investment advisor before making an investment decision.

AN INVESTOR EDUCATION AND AWARENESS INITIATIVE BY SBI MUTUAL FUND.

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Outlook

LUXE

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ANNUAL REPORT CARD

The Indian equity market is in an upbeat mood, and almost all the funds in the *OLM 50* list are among the top five funds in their respective categories in terms of performance. As experts suggest a portfolio review regularly, here's our annual review of the *OLM 50* list. This time we are replacing three funds in the *OLM 50* list

Kundan Kishore

The Indian equity market is in an upbeat mood, and almost all the funds in the equity category that are part of *OLM 50*, our basket of curated and handpicked funds, have made the most of it. Not just in equity, but even in the hybrid and debt categories, the majority of our schemes are among the top five schemes in terms of performance over the last year, in their respective categories.

Yet, it's time for the annual review of the *OLM 50* list. Experts recommend a portfolio review regularly; we have now made it an annual exercise instead of half-yearly to ensure we give our funds time to breathe across market cycles.

For two years, no mutual fund scheme in any category was dropped, but this time we are tinkering the *OLM 50* list slightly, by dropping three schemes and replacing them with the ones in which we see more potential (see *The New Entrants* and *The Dropouts*).

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HOW DID OLM 50 FARE?

In the equity category, the majority of *OLM 50* funds managed to beat the category average. The outperformance was sharper in the small-cap category, while mid-cap funds underperformed. In the hybrid category, all schemes outperformed their benchmarks and the majority of them beat the category average.

Over the past one- and three-year periods, large-cap funds of *OLM 50* returned 32.13 per cent and 19.38 per cent as against 31.94 per cent and 16.64 per cent by the Nifty 100 TRI index, respectively.

Among large-cap funds, ICICI Prudential Bluechip fund stole the show with 40.12 per cent returns over the last year, the highest

recorded return from the *OLM 50* basket. The fund has secured the second position in the entire large-cap universe over the three-year period. In the dynamic asset allocation category (balanced advantage fund), HDFC Balanced Advantage Fund topped the chart with the highest return in the last one year. Even in the debt category, two of our short-term bond funds, ICICI Prudential Short Term and HDFC Short Term, secured the top two positions.

We must admit that some of our funds lagged on performance. That's because it is difficult for any fund manager to deliver the best returns every year; that's typically because they may choose to hold certain stocks in the portfolio which may not be doing well in the current market rally, but have the potential to do well in the future.

For instance, Mirae Asset Large Cap has underperformed recently, but we believe that the fund is likely to do well in the future. This is because certain investments it has made in banking stocks have not yet materialised into gains. That's why we have still kept it in *OLM 50*.

THE NEW ENTRANTS

LARGE-CAP
Nippon India Large Cap
Reason: Superior performance across market cycles.

FLEXI-CAP
HDFC Flexi Cap
Reason: One of the oldest flexi-cap funds with decent record.

MID-CAP
Motilal Oswal Midcap
Reason: Consistent strong performance.

THE DROPOUTS

LARGE-CAP
Axis Bluechip
Reason: Lagging on performance compared with peers; management transition.

FLEXI-CAP
PGIM Fexi Cap
Reason: Merged with DSP BlackRock Savings Manager.

MID CAP
Axis Mid Cap
Reason: Underperformance, transition in management, and better alternatives.

WHAT SHOULD YOU DO?

To start with, if your fund does not feature in the *OLM 50* list, it does not necessarily mean you should exit it, and if you were invested in a fund that featured in *OLM 50* earlier but is no longer there, it does not mean you need to replace it with another scheme from the list.

Our objective here is to suggest you a better alternative. Instead of pitching for funds that have done well in the short term, we have always believed in the importance of consistent long-term performance and the ability to sustain even in bad market conditions. ▸OM

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METHODOLOGY

The *OLM 50* basket of 50 funds has been chosen after much care and deliberation. The cut-off date for our analysis was March 31, 2024, and we have considered categories defined by the capital markets regulator, the Securities and Exchange Board of India. We have only considered direct growth plans. Accord MF database was used for all the data and analysis.

Filters

We used two filters to reduce the number of funds. We have only taken schemes with assets under management (AUM) of at least 10 per cent of the respective category's average corpus. If the category average AUM was ₹1,000 crore, we did not consider schemes with an AUM size of less than ₹100 crore in that category.

The other filter that we used is the number of years considered for the performance track record. We have only taken funds that have at least three years of track record.

Parameters

Equity Funds: Equity funds were evaluated on three key parameters: risk-adjusted returns, downside risk and the fund manager's stock-picking acumen. We considered these parameters keeping in mind the retail investors' risk-averseness and the fund manager's ability to deliver returns.

We considered the fund managers' track record. For this, we also evaluated other schemes under the fund manager to ensure consistency of performance and strategy. For those who started managing funds only in the last one year, we evaluated their past track record with other funds.

Debt Funds: We evaluated all debt funds on risk-adjusted returns and their credit quality (the score of investments in sovereign plus AAA/P1+ rating was evaluated and given due weightage) for three years. These ratings stand for relatively high safety and less risk.

OLM 50

OLM 50 is a list of 50 recommended mutual funds chosen from among 1,000-plus schemes in the industry that merit your attention. Before they made it to the list, the schemes were subjected to rigorous checks and filters

Categories	NAV (₹)	Returns (%) 1-Year	3-Year	5-Year	7-Year	10-Year	Expense Ratio (%)
EQUITY							
Equity (Large-Cap)							
Canara Robeco Bluechip Equity	62.97	30.60	17.34	19.55	16.41	15.70	0.47
ICICI Prudential Bluechip	106.91	40.12	21.96	19.54	16.30	16.29	0.90
Mirae Asset Large Cap	109.96	23.94	15.31	15.88	14.01	16.35	0.53
Nippon India Large Cap	89.51	40.74	25.16	19.11	16.93	17.20	0.74
SBI Bluechip	90.18	25.24	17.15	17.20	13.88	15.95	0.84
Category Average	**NA**	**34.54**	**18.13**	**17.27**	**14.28**	**14.76**	**NA**
Nifty 100 TRI	**NA**	**31.94**	**16.64**	**16.70**	**14.73**	**14.07**	**NA**
Equity (Others)*							
Canara Robeco Emerging Equities	253.25	37.08	20.54	21.07	16.00	21.87	0.56
Edelweiss Large & Mid Cap	87.50	40.21	21.95	22.03	17.63	17.39	0.45
HDFC Flexi Cap	1,818.55	43.75	26.03	20.95	17.52	16.56	0.80
ICICI Pru Value Discovery	441.76	42.27	25.94	24.15	17.58	18.85	1.03
Mirae Asset Large & Midcap	151.56	40.55	19.73	22.73	17.80	23.26	0.61
Parag Parikh Flexi Cap	78.12	37.89	22.27	24.97	20.89	19.90	0.62
Mid-Cap							
Invesco India Mid Cap	164.94	51.89	27.33	26.47	19.77	22.05	0.61
Kotak Emerging Equity	131.37	48.34	26.41	27.09	19.15	23.82	0.38
Motilal Oswal Midcap	95.29	58.77	37.31	29.08	20.23	23.12	0.60
Category Average	**NA**	**54.42**	**26.85**	**26.04**	**18.00**	**21.04**	**NA**
Nifty Midcap 150 TRI	**NA**	**59.29**	**27.76**	**27.22**	**19.38**	**21.53**	**NA**
Small-Cap							
Axis Small Cap	105.73	39.91	26.39	29.53	22.29	23.91	0.52
Kotak Small Cap	279.59	43.76	25.75	30.94	20.09	23.57	0.46
Nippon India Small Cap	175.33	59.76	35.93	33.79	23.76	27.77	0.68
SBI Small Cap	183.67	40.54	25.46	28.15	21.93	27.34	0.67
Category Average	**NA**	**51.33**	**29.46**	**29.83**	**19.55**	**22.79**	**NA**
Nifty Small Cap 250 TRI	**NA**	**65.49**	**28.38**	**26.95**	**15.94**	**19.20**	**NA**
Equity-Linked Savings Scheme							
Canara Robeco Equity Tax Saver	173.02	33.21	19.03	21.01	17.18	16.84	0.53
DSP Tax Saver	132.41	43.68	21.73	22.06	16.96	18.81	0.76
Kotak Tax Saver	126.55	42.66	23.66	21.97	17.11	19.07	0.58
Mirae Asset Tax Saver	48.07	36.05	19.24	21.83	18.29	NA*	0.57
Tata India Tax Savings	201.40	33.62	19.75	18.54	15.22	17.97	0.72
Category Average	**NA**	**40.11**	**21.06**	**19.89**	**15.44**	**16.82**	**NA**
Nifty 500 TRI	**NA**	**38.80**	**19.34**	**19.03**	**15.61**	**15.36**	**NA**

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OLM 50 is a guide for fresh investments only. Existing investors should keep reading our regular MF pages. *Large-and-mid cap, Flexi-cap and Value funds | NA: Not Applicable | NA*: Not completed 10 years | Returns less than a year are absolute, else CAGR | NAV and returns as on May 17, 2024 | Source: Accord Fintech

OLM 50

Index Funds/ETFs

HDFC Index - Sensex Plan	691.74	21.27	15.39	15.30	14.42	12.98	0.20
ICICI Prudential Nifty Next 50 Index	232.25	24.51	15.69	15.55	13.98	12.97	0.17
Motilal Oswal Nasdaq 100 ETF	151.01	39.94	16.30	23.84	22.57	21.73	0.58
Nippon India Nifty ETF Bank BeES	491.94	10.91	13.54	10.42	11.35	12.75	0.19
Nippon India ETF Gold BeES	61.82	19.57	13.66	16.84	13.21	9.29	0.79
Nippon India ETF Nifty BeES	249.04	24.81	15.94	15.77	14.35	13.26	0.04
SBI ETF Sensex	802.46	21.49	15.60	15.59	14.71	13.29	0.04
UTI Nifty Index	77.76	24.57	15.72	15.56	14.15	13.11	0.21

HYBRID

Equity-Oriented Hybrid

ICICI Prudential Equity & Debt	380.19	39.43	24.76	21.91	17.41	18.24	1.02
Kotak Equity Hybrid	63.33	30.28	18.31	19.21	14.35	14.86	0.48
SBI Equity Hybrid	283.65	25.50	14.45	14.91	13.36	14.91	0.74
Category Average	**NA**	**30.61**	**17.02**	**17.11**	**13.84**	**14.54**	**NA**
CRISIL Hybrid 35+65 - Aggressive Index	**NA**	**24.45**	**14.10**	**15.03**	**12.83**	**13.02**	**NA**

Balanced Advantage

Aditya Birla Sun Life Balanced Advantage	104.87	21.97	13.09	13.78	10.99	12.34	0.64
HDFC Balanced Advantage	507.33	40.79	25.11	20.29	15.76	16.60	0.73
ICICI Prudential Balanced Advantage	72.37	21.67	13.88	13.82	12.11	13.02	0.86
Category Average	**NA**	**24.47**	**12.51**	**12.24**	**11.41**	**12.63**	**NA**

Debt-Oriented

Aditya Birla Sun Life Regular Savings	66.13	11.86	9.78	10.05	8.10	10.70	1.02
ICICI Prudential Regular Savings	73.99	15.05	10.33	10.58	9.74	11.08	0.91
Kotak Debt Hybrid	60.62	17.01	11.98	13.02	10.77	11.47	0.50
SBI Conservative Hybrid	71.62	14.40	11.25	11.59	9.35	10.67	0.61
Category Average	**NA**	**13.11**	**9.60**	**9.33**	**8.07**	**9.38**	**NA**
Crisil Hybrid 85+15 - Conservative Index	**NA**	**10.50**	**7.30**	**9.22**	**8.38**	**9.32**	**NA**

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DEBT

Debt (Dynamic Allocation)

ICICI Prudential All Seasons Bond	35.97	7.75	8.51	6.62	8.39	8.03	0.53
Kotak Dynamic Bond	36.78	7.71	7.64	6.03	7.73	7.77	0.56
Category Average	**NA**	**7.02**	**7.47**	**5.96**	**7.12**	**6.81**	**NA**
Crisil 10 Yr Gilt Index	**NA**	**6.01**	**7.86**	**3.84**	**6.13**	**5.42**	**NA**

		Returns (%)					
Debt (Short-Term Bond)	NAV (₹)	1 Month	3 Months	6 Months	9 Months	1 Year	Expense Ratio (%)
Axis Short Term	30.48	0.75	1.95	4.01	5.83	7.13	0.34
HDFC Short Term Debt	29.96	0.75	1.93	4.00	5.82	7.40	0.40
ICICI Prudential Short Term	59.46	0.79	2.04	3.93	6.06	7.81	0.45
Kotak Bond Short Term	51.97	0.78	1.96	3.90	5.78	7.23	0.38
Category Average	**NA**	**0.73**	**1.80**	**3.71**	**5.48**	**6.85**	**NA**
Crisil 1 Yr T-Bill Index	**NA**	**0.55**	**1.81**	**3.54**	**5.43**	**7.10**	**NA**

Ultra Short-Term/Liquid

Aditya Birla Sun Life Liquid	393.64	0.56	1.87	3.74	5.55	7.37	0.21
Axis Ultra Short Term	14.34	0.57	2.01	3.87	5.71	7.61	0.28
ICICI Prudential Ultra Short Term	27.50	0.56	2.05	3.87	5.70	7.59	0.39
Category Average	**NA**	**0.56**	**1.95**	**3.74**	**5.55**	**7.38**	NA
Crisil 1 Yr T-Bill Index	**NA**	**0.55**	**1.81**	**3.54**	**5.43**	**7.10**	**NA**

OLM 50 is a guide for fresh investments only. Existing investors should keep reading our regular MF pages. *Large-and-mid cap, Flexi-cap and Value funds | NA: Not Applicable | NA*: Not completed 10 years | Returns less than a year are absolute, else CAGR | NAV and returns as on May 17, 2024 | Source: Accord Fintech

Keertana

TRAILBLAZERS
An Outlook Money Spotlight Initiative

Expanding Financial Inclusion with Keertana Finserv

Padmaja Reddy empowers underbanked communities through Keertana Finserv's innovative microfinance.



PADMAJA REDDY
Promoter and Managing Director of Keertana Finserv

In the dynamic landscapes of South India, Padmaja Reddy leads a transformative wave in microfinance as the Promoter and Managing Director of Keertana Finserv Private Limited. This Non-Banking Financial Institution (NBFI) boasts an AUM of ₹1,850 Cr, serving the financial needs of lower and middle-income segments since April 2022 under Padmaja's leadership.

A Journey of Resilience

Padmaja's career began with the founding of Spandana Sphoorty Financial Limited in 1998. Under her leadership, Spandana became India's second-largest Microfinance Institution by 2009. However, a 2010 ordinance by the Andhra Pradesh government halted microfinance activities, plunging Spandana into Corporate Debt Restructuring (CDR) with a net worth of -₹1,400 Cr. Padmaja's determination saw Spandana through this crisis, increasing its AUM eightfold post-CDR and listing it in 2019.

Reflecting on her career, Padmaja acknowledged the cyclical crises in microfinance and the challenges faced during the COVID-19 pandemic. She emphasized the importance of building a stable business, which shaped her approach at Keertana. "I firmly believe in pursuing excellence, emphasizing exceptional quality in everything we do," she said.

Leading with Empathy and Innovation

At Keertana, Padmaja's leadership is marked by empathy-driven lending and financial literacy initiatives. Unlike traditional institutions, Keertana focuses on understanding the unique challenges of women entrepreneurs and rural communities. Customised loan structures and empathetic interactions ensure financial solutions meet borrowers' needs.

"We are advocates for social change, tackling issues like gender equality, healthcare awareness, and environmental sustainability," Padmaja highlighted. Keertana educates borrowers on responsible credit management, budgeting, and investment strategies, empowering them to make informed decisions and build sustainable futures.

Empowering Women and Rural Communities

Keertana tailors its services to support women-led businesses, providing access to capital, training programs, and market linkages. This approach fosters economic empowerment and community upliftment. Embracing digital solutions, Keertana makes financial services accessible even in remote areas through mobile banking platforms, digital literacy initiatives, and innovative loan disbursement methods.

Sustainable Growth and Ethical Leadership

Padmaja's leadership philosophy centres around leading by example, institutionalising systems and policies, and optimising technology adoption. "There is a continuous focus on scaling the business, institutionalising systems and policies, establishing layers of leadership, and optimising technology adoption, a set of critical areas we are actively addressing," she explained.

Ethics and high integrity are paramount in Padmaja's approach. By embodying these principles, she fosters a culture of excellence within Keertana, ensuring a trustworthy relationship with customers and stakeholders.

Diverse Financial Products

Keertana offers a range of financial products, including Micro Enterprise Loans, Business Loans, Gold Loans, Loans Against Property, and Housing Loans. "With a diverse product range offering loans ranging from ₹20,000 to ₹20,00,000, Keertana Finserv strategically manages the advantages and limitations of each product in its portfolio," Padmaja stated.

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Overcoming Challenges

Despite initial challenges in raising capital and acquiring talent, Keertana has thrived through strategic positioning and an employee-friendly environment. The firm's commitment to fairness and ethical conduct has attracted numerous lenders and skilled professionals, ensuring sustained growth and profitability.

Vision for the Future

Looking ahead, Keertana plans to double its branches and grow its assets fivefold within the next two years, expanding its reach and impact. Padmaja remains committed to fostering social progress through financial inclusion, advocating for issues like gender equality and environmental sustainability.

Padmaja Reddy's journey exemplifies the power of resilience, empathy, and ethical leadership in transforming communities and fostering economic empowerment. Her vision continues to inspire and drive Keertana Finserv's mission of inclusive financial growth.

THREE STOCKS MFs WENT BANANAS OVER

When you invest in mutual funds, you are indirectly investing in stocks. So, we decided to find out which are the stocks most mutual funds in the equity-linked savings scheme, flexi-cap, multi-cap and large-and-mid-cap categories invest in. We analysed 149 funds that have a broad mandate to invest in a wide array of stocks and came up with the three stocks that most mutual funds invest in

Shoaib Zaman

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As part of the special issue on mutual funds, we tried to understand which stock is bought the most by asset management companies (AMCs). Given that thematic or sectoral schemes focus on their themes and sectors, we eliminated the sub-category. Similarly, we eliminated schemes dedicated to one market-cap category only (such as large-cap, mid-cap and others), assuming there would be too much bias.

We chose equity-linked savings schemes (ELSS), flexi-cap, multi-cap, large-and-mid-cap, and value/contra categories. This led us to a shortlist of 149 funds that have a broad mandate, whereby a fund manager had invested in a wide array of stocks from April 1-30, 2024. Within this, we looked at the stocks that were bought the most from three aspects.

One, the stock that was most bought by value (Axis Bank).

Two, the stock which sold the maximum number of shares with a value of over ₹100 crore across AMCs (Vedanta). At times, the price of the stock changes due to market impact, and the change in value alone doesn't necessarily reveal interest. If a share is valued at a low price, it is traded more and showcases higher volume, but the value of the purchase may not be significant. So, we considered volume along with the value of the purchase.

Three, to make sure that a small fund house buying many stocks can also result in a lopsided view, we redid the exercise only on funds from the same set of categories, whose assets under management (AUM) was more than ₹5,000 crore (Angel One).

Here's our take on the three stocks thus chosen.

AXIS BANK

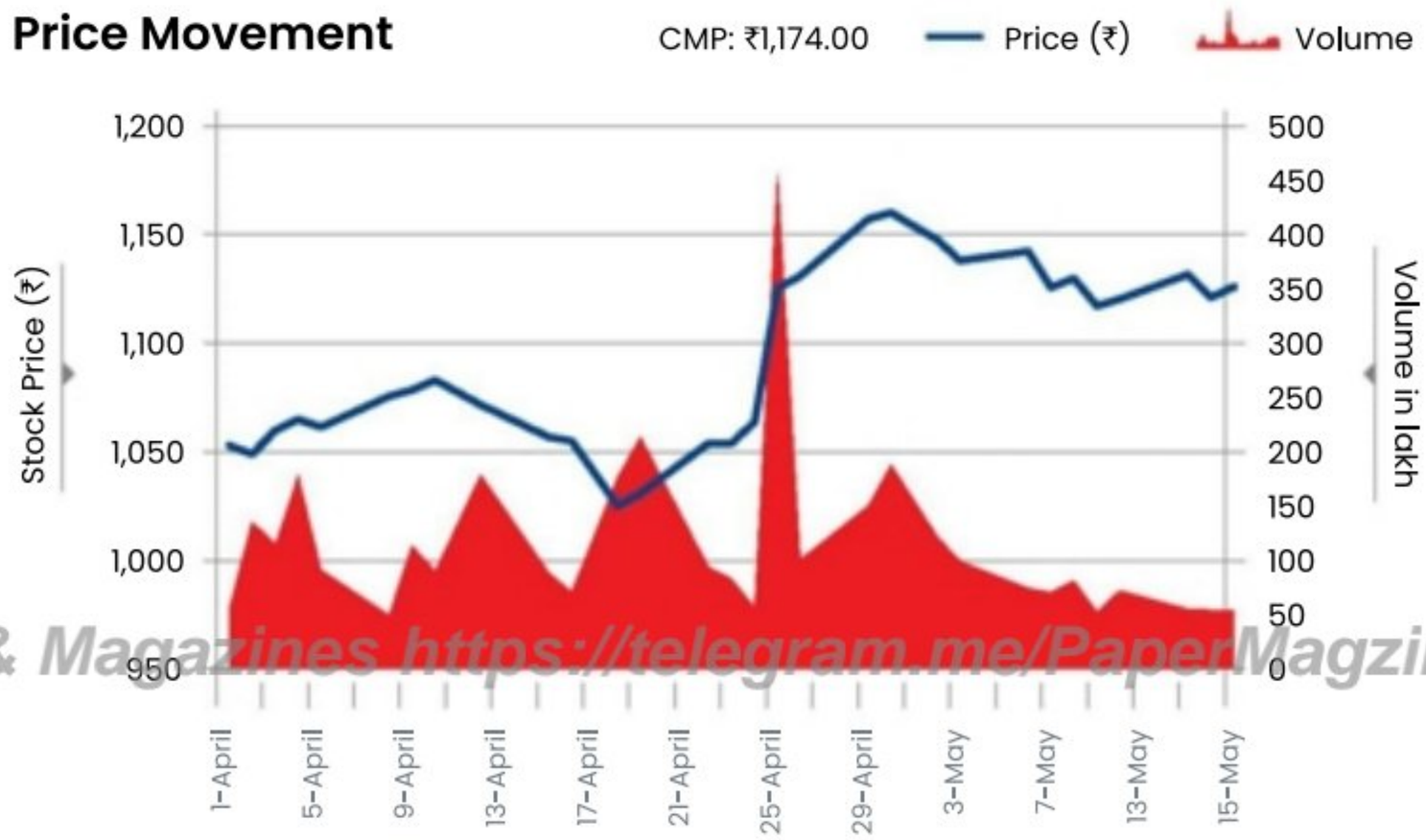
Part of the Nifty 50, Axis Bank is India's third-largest bank. If we look at the company from a SWOT (strength, weakness, opportunity, threat) framework, the bank's strength lies is in its institutional framework, the regulatory oversight by the Reserve Bank of India (RBI), being one of the most liquid stocks, and being managed by a professional board as there are no real promoters of the business; the promoters will be public sector undertakings (PSUs), and they only hold a small portion of the shareholding.

The stock has shown mixed performance. Mutual funds and domestic institutional investors (DIIs) have increased their holdings, indicating confidence in the company, while foreign institutional investors (FIIs) slightly reduced their stake.

Non-performing assets reduced—gross non-performing assets (GNPA) at 2.02 per cent declined by 80 basis points (bps) year-on-year (y-o-y) and 36 bps quarter-on-quarter (q-o-q); and net NPAs at 0.39 per cent declined 34 bps

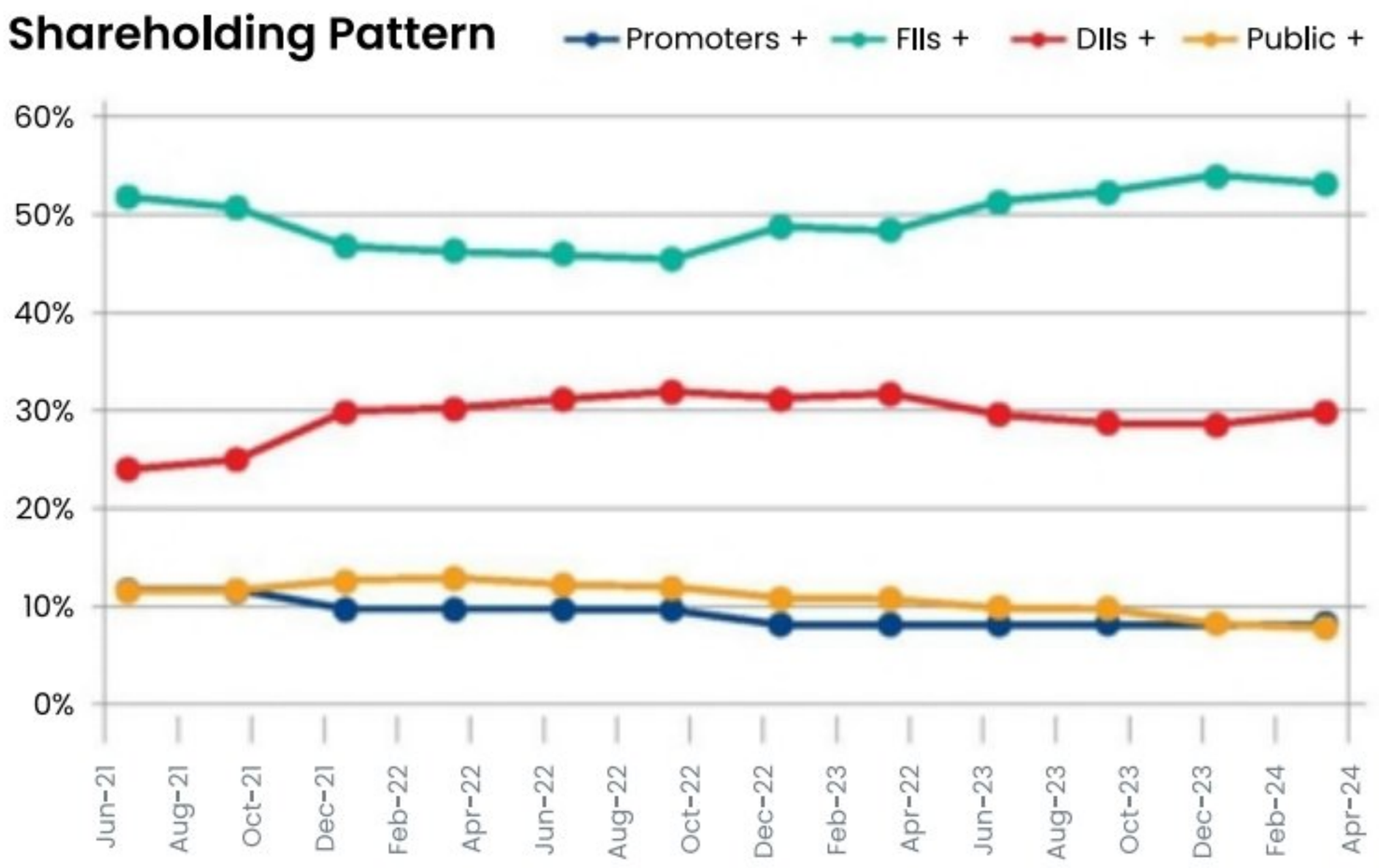
AXIS BANK

Price Movement



CMP as on May 24, 2024

Shareholding Pattern



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y-o-y and 8 bps q-o-q. However, from a price-to-book (P-B) ratio perspective, the bank is trading at a higher level; the median P-B for the last 10 years has been 2.4 times, whereas the current P-B value is 2.7 times.

The company has demonstrated good quarterly growth, with increasing revenue and profits every quarter for the past four quarters (ending in Q4 FY24). Despite these growth metrics, the stock's declining cash flow from operations over the past two years highlights a potential issue with cash generation from its core business.

It is extremely liquid as a stock, meaning it is easy to buy and sell on the stock exchange. Of the 149 funds in our universe, 109 held the stock, of which 42 increased their holdings; 12 funds, which had no investment in the bank earlier, bought it in April. Meanwhile, 20 funds reduced their holdings in the bank, and two funds exited the stock.

Of the 13 brokers who actively cover the stock and share the data in the public domain, nine have a "buy" recommendation, and two suggest "hold". The average broker consensus estimate pegs the fair value at ₹1,294, with the highest estimate putting the share price at ₹1,450 (this estimate is valid only until the June ending quarter results are out).

The increased holdings by mutual funds and DIIs also reflect heightened interest and confidence among investors. Long-term investors may invest via a large-cap index fund or let their active fund manager decide when to take exposure.

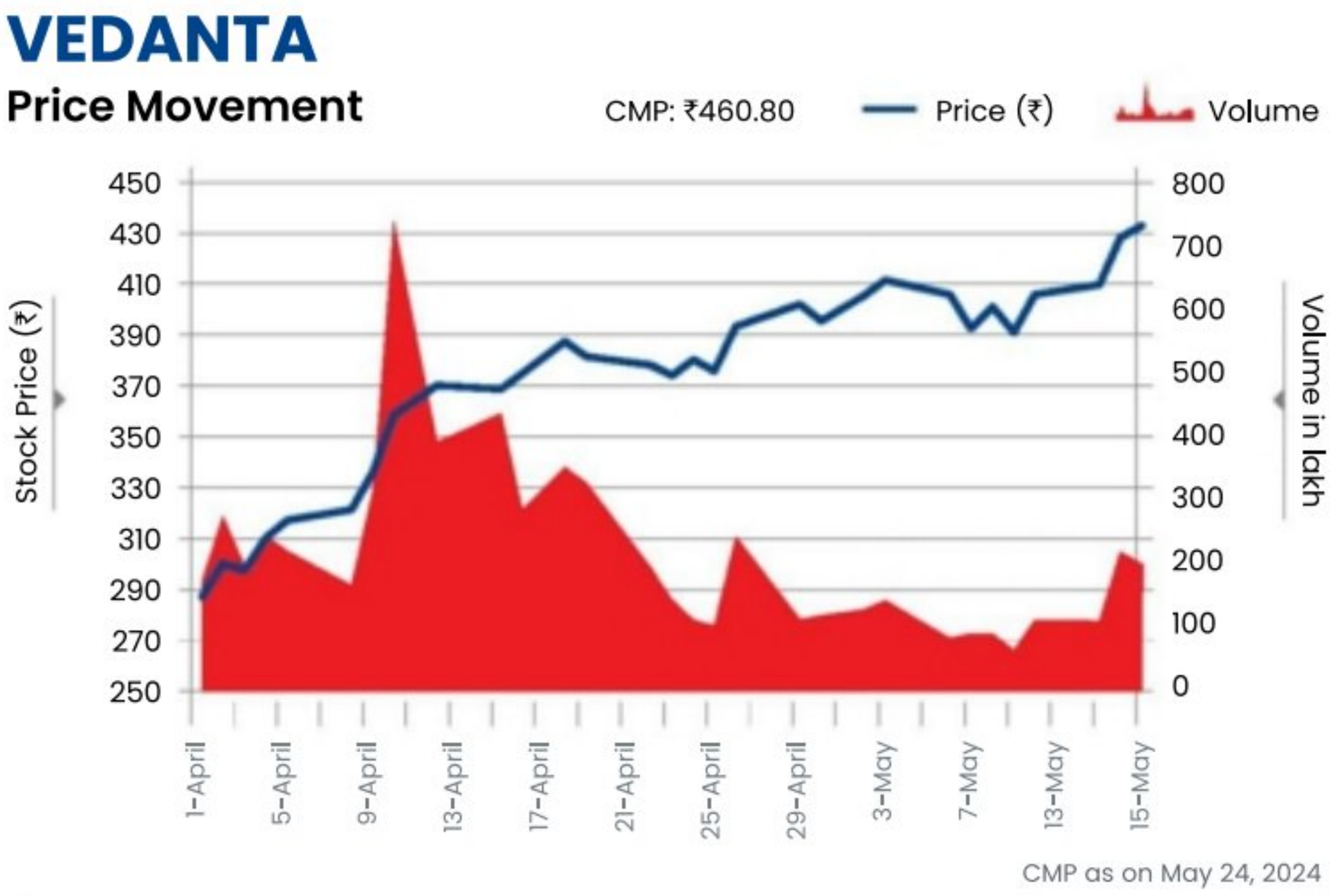
VEDANTA

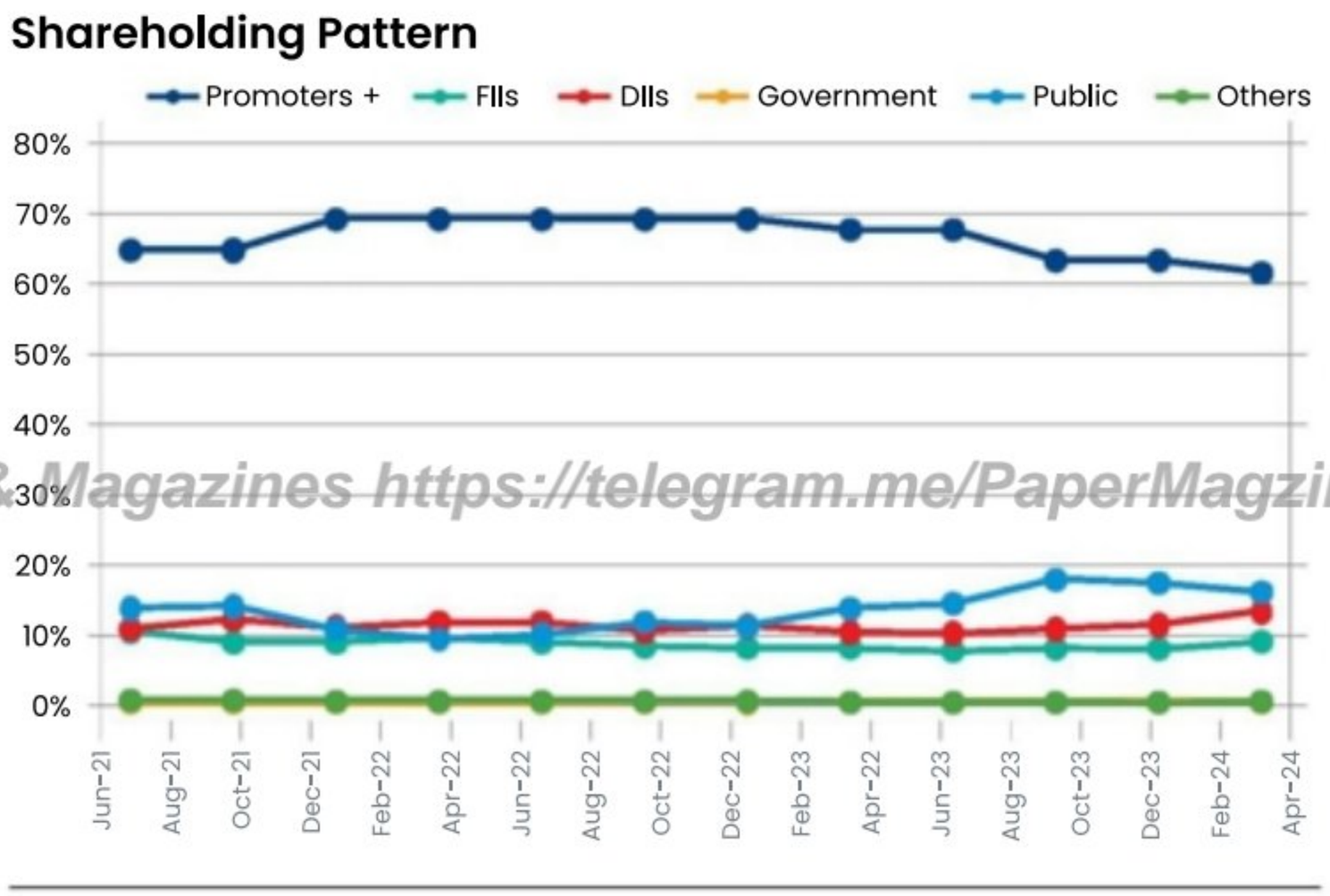
Vedanta is a large-cap company, which means it is among the top 100 companies by market capitalisation. The conglomerate manages many commodity businesses, which are typically cyclical in nature. Since Vedanta has many subsidiaries and they are all into commodities, predicting the cycle, and hence the business, is very difficult.

The company generates the majority of its revenue from India (65 per cent), followed by Malaysia (9 per cent) and China (3 per cent). Notably, it is the sole producer of nickel in India following its acquisition of a nickel and cobalt plant in Goa. Its subsidiaries, like Hindustan Zinc (HZL), dominate the market, with HZL holding 80 per cent market share in India's primary zinc production.

From a fundamental perspective, the stock shows several signs of concern. There is degrowth in revenue and profit, with declining quarterly revenue and profit over the past two quarters. The company has also seen a major fall in net profit trailing 12 months (TTM), coupled with a decline in annual net profit over the last two years.

Additionally, the company is struggling with increasing debt, and promoters are decreasing their shareholding q-o-q. Return on equity (ROE) and return on assets (ROA) have declined over the last two years, suggesting poor profitability and asset management. Red flags include links





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to ongoing regulatory investigations or legal cases, which could pose significant risks to valuations.

However, FIIs and foreign portfolio investors (FPIs) are increasing their shareholding, which reflects growing confidence from large investors.

In our universe of funds, only four funds held the stock at the start of April. During the month, seven funds added the stock to their holdings. Therefore, by the end of April, there were 11 funds with a position in the stock.

We also checked the views of the brokerage industry. Not many analysts have written about the stock; we were able to identify only three analysts who have shared their reports in the public domain. All their targets, ranging between ₹315 and ₹452, have been met. The next update will likely be released after the quarter ending June 2024.

Long-term investors with a contra view can choose to invest in it. However, it carries high risk over 1-2 years because if the business deteriorates, then valuations would fall further.

ANGEL ONE

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It is a stock broking and wealth management firm, often classified as a diversified financial services company. The broking arm can come under pressure if the trading and margin-giving business crumbles under market pressure or due to regulatory measures. However, the wealth management arm can protect the downside for the group.

The company has demonstrated impressive financial performance, which is evident from its high TTM earnings per share (EPS) growth and strong q-o-q EPS growth in recent results. It has reported good quarterly growth, with net profits and profit margins improving. Revenue has been on the rise for the past three quarters, and annual net profits have improved consistently in the last two years. Additionally, the book value per share has also been on the rise for the past two years.

Institutional investors, including FIIs and FPIs, have been increasing their shareholding. However, there has been a notable decrease in promoter holding by more than 2 per cent q-o-q, which could raise concerns. Despite this, the company's strong financial metrics position it well for future growth.

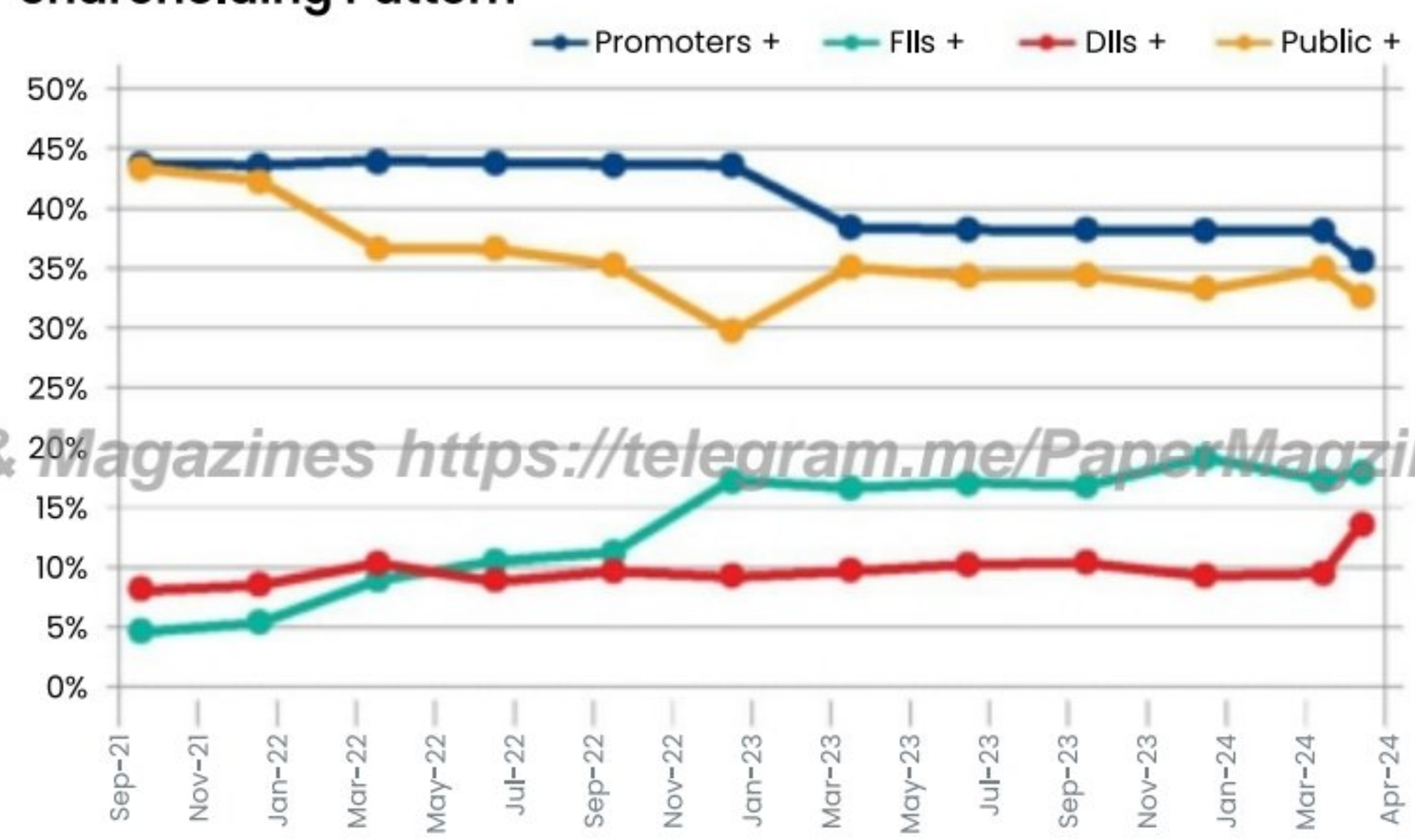
As of April-end, 19 mutual funds held the stock. Of these, 10 had bought the stock during the month, three had it earlier and didn't increase the holding and six funds increased their holdings during April.

We could identify only three analysts who had shared their reports in the public domain. One's target of ₹2,795 was met, while the other two set targets of ₹3,469 and ₹4,200.

If the stock price corrects further, long-term investors may invest in this stock. OM



CMP as on May 24, 2024



*These are not stock recommendations. Investments in securities markets are subject to market risks, consult a Sebi-registered investment advisor before investing.

The author is a Sebi-registered research analyst and a financial writer

Aditya Birla Sun Life Mutual Fund

ADITYA BIRLA CAPITAL MUTUAL FUNDS

Multiple IPLs, Similar Money Lessons



As India revels in this unique season of multiple IPLs, it's essential to draw insightful parallels and embrace the essence of each arena

K S RAO, Executive Vice President & Head – Investor Education & Distribution Development, Aditya Birla Sunlife AMC Ltd

Choosing empowerment means avoiding entanglement—a life trapped in debt, struggling paycheck to paycheck, and being constantly anxious about finances. This decision determines our future path.

India is buzzing with excitement as we find ourselves in a unique season marked by not one, but three exhilarating IPLs. We have the Great Festival of Cricket--the Indian Premier League, the Great Festival of Indian Democracy—the Indian Political League, and the Investors Prosperity League in the realm of financial services.

THE THREE IPLS

Indian Premier League: The cricket IPL is a grand symphony where strategy, skill, and stamina come together. The sheer intensity and passion exhibited on the cricket field hold valuable lessons for our financial lives as well.

Indian Political League: Elections in India are a celebration of democracy, where citizens are the stakeholders. This grand democratic exercise is akin to an enthralling, large-scale tournament with varied players, strategies, and unexpected turns, quite like your investment portfolio.

Investors Prosperity League: This one is a lifelong match in the financial services arena, where the prize is financial independence and wealth creation. It is about the persistent pursuit of smarter saving, strategic investing, and adept management of finances.

Whether it's on the cricket field, on the political grounds, or in the financial markets, preparation, strategy, and informed decisions are the cornerstones of success

CONNECTING THE DOTS

The connection between these diverse IPLs lies in the essence of preparation, strategy, and informed decision-making.

Financial literacy equips us with the knowledge to navigate the complex financial landscape, akin to understanding cricket strategies or political allegiances. It empowers us to build financial capabilities, ensuring that every financial decision—whether it's saving, investing, or managing—aligns with our long-term goals.

Building strong financial capabilities is just like developing a cricketer's or politician's skill set. It involves understanding various financial products, market dynamics, and economic indicators. This preparedness aids in making sound financial decisions, much like selecting the right shot in cricket or the right candidate in elections.

The goal of participating in the Investors Prosperity League is akin to winning the coveted trophy—financial independence. Achieving this goal mandates a disciplined approach to saving, a strategic approach to investing, and a prudent approach to managing finances. Much like a well-coordinated team effort in cricket or a political campaign, achieving financial independence is a result of consistent and collaborative efforts involving advisers, tools, and a well-informed mindset.

By cultivating financial literacy, honing our financial capabilities, and passionately pursuing the ultimate goal of financial independence, we can ensure that we emerge victorious.

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Disclaimer

Mutual Fund Investments are subject to market risks, read all scheme documents carefully. This article provides general information and should not be considered financial advice. Consulting with a qualified professional is recommended to assess your individual circumstances and make appropriate financial decisions



BY **LARISSA FERNAND,** Behavioural Finance Expert

Don't Just Blindly Follow Maxims

The given investment maxims have proven relevant most of the time, but they are not carved in stone. Investment strategies should be tailored to individual situations

I got the idea for this article from Abhishek Singh at DSP Mutual Fund. The fund manager of DSP Top 100 and DSP Equity and Bond, he recently shared some really interesting facts. The focus was on investment platitudes that we just take for granted. Here they go and the facts:

- **High Turnover Is Bad:** But Peter Lynch had a turnover ratio of 300 per cent during the early years of managing Magellan Fund at Fidelity Investments.
- **Concentration Is Bad:** But Charlie Munger had a 4-stock portfolio (Wells Fargo, Bank of America, Alibaba Group, U.S. Bancorp).

At the end of 2023, Berkshire Hathaway owned about 6 per cent of Apple, which amounted to about 40 per cent of the conglomerate's total value. It was about four times bigger than Berkshire's second-biggest public stock holding, Bank of America.

- **Concentration Is Good:** But diversified indices beat the performance of most of the active fund managers.
- **Never Sell Quality:** But Walt Disney peaked at around $200 in early 2021. Currently, it is back at 2015 levels. The stock split history is not the reason.

Dividend king Coca-Cola has underperformed the average returns of the market over the past decade.

- **Value Always Wins:** But Seth Klarman's Baupost and Warren Buffett's Berkshire Hathaway are just about even with the S&P 500 over the past two decades.
- **The Last Decade Belonged To Growth:** But a vast majority of the best-performing funds in the decade were value-oriented offerings.
- **Mega Caps Will Never Fall Due To Flows:** In 2022, the S&P 500 shed 19.4 per cent this year, marking a roughly $8 trillion decline in market cap. Drawdowns ranged from 40 per cent to 75 per cent.
- **Mid- And Small-Caps Always Outperform:** The Russell 2000 index measures the performance of small-caps stocks while the S&P 500 index measures the stock performance of 500 large companies on the US stock market. And the S&P 500 has beaten the other index over a number of time periods.

We often believe the platitudes that are handed over to us and fail to look at the context in which they were stated

We often believe these platitudes that are handed over to us and fail to look at the context in which they were stated. Along the same lines, a social media influencer posted an opinion on X, previously Twitter, that berated certain investments. According to him, the Employees' Provident Fund (EPF) and the Public Provident Fund (PPF) were not "investments" but "tickets to losing your hard earned money".

Let us examine his stance objectively. Between 1986 and 2000, the PPF return was 12 per cent per annum. It dropped to 9 per cent and then 7.6 per cent (2018), climbed up to 8 per cent, and is now at 7.1 per cent. To save for your retirement goals and your child's education or marriage, you need to generate a better return on your investments. The PPF rate of 7.1 per cent, even though it is tax-free, is lower than what you will earn from equity.

So does that mean these are not "investments"? I don't agree.

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There is no good or bad investment. It all depends on what you are seeking from it and how it fits into your portfolio. Let's say a couple opened their PPF account when they were each 30 years of age. Each contributed the maximum amount (₹1.5 lakh) every single year and extended it by 5 years when it matured. So just when they cross the age of 50, they would have a massive corpus, that would have compounded over the years, completely tax-free. This would also provide an excellent buffer to their all-equity portfolio, for which they were investing systematically every single month via systematic investment plans (SIPs).

But an employee, who has to mandatorily subscribe to the EPF, might decide to also make a very substantial contribution to the Voluntary Provident Fund (VPF). In such a case, she need not opt for the PPF, because the provident fund is offering her an assured return at 8.25 per cent per annum that is higher than the PPF rate.

The EPF, VPF, and PPF are long-term investments that instil a disciplined savings habit. But in one of the examples, the PPF is a good avenue, while in the other, it doesn't really make sense.

The second aspect that the individual failed to address is the asset allocation.

Not every investment should be in equity. One needs a fixed income buffer to provide some stability to the portfolio. No matter how badly the stock market falls, the investor here is assured of a particular return.

During the pandemic, when the market dipped abysmally, I braced myself for a gut-wrenching dip in my portfolio. My portfolio then comprised fixed-return investments (a fixed deposit, EPF, PPF), debt mutual funds, and equity (stocks and mutual funds). At that time, there was no exposure to gold. I was pleasantly surprised to see the overall portfolio down by just 11.11 per cent, while the equity portion of my portfolio was down 25 per cent. If my entire portfolio was a pure equity play, the blow would have been harder. Yes, equity bounced back but we did not know it then. And the psychological impact of seeing it all collapse would have been tough.

Also, thanks to the asset allocation, I knew that if I needed money, I could sell my debt fund or close my bank fixed deposit. I wanted to leave the equity component untouched because pulling money out when the market is down is self-defeating. Asset allocation has the added advantage of putting boundaries in place that save us from extreme behaviour. It would prevent you from going all in during a bull run.



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An investing style outperforms in specific markets and underperforms in others. Nothing works all the time

A Final Word Of Caution

To cope with the tremendous amount of information we encounter and to speed up the decision-making process, our brains rely on shortcuts to simplify things. If someone sounds confident, we tend to believe what they have to say. On social media, we tend to blindly swallow what an influencer with a huge following has to say.

While there might be some evidence of truth in what they are conveying, applying it hastily to your portfolio could mean destruction.

Nothing is written in stone. You cannot view all investments through a black and white lens. Some believe that trading is bad, but it is a full-time occupation for many. Some believe that it is ridiculous to invest in thematic or sector funds, but I have made money in a pharma fund.

In investing, everything must be contextualised and adapted to the individual situation. For an individual barely making ends meet, and just managing to invest a few thousand every month, taking a tactical bet would be foolhardy. But for another with a portfolio of a few crores who already invests in the broad market, taking a reasonable tactical bet on a sector, or theme could be a smart choice.

An investing style outperforms in specific markets and underperforms in others. Ditto with specific market caps and asset classes. Nothing works all the time. So don't throw the baby out with the bathwater. ▸OM

A few regulatory changes in May 2024, and how they will impact you

REGULATORY ROUNDUP

CAPITAL MARKETS

Change: The Securities and Exchange Board of India (Sebi) issues a draft circular to stock exchanges, clearing corporations, and depositories to enhance efficiency and protect investors' interests, such as crediting securities' payouts directly to the demat accounts of clients.
Impact: It will ensure stockbrokers segregate their clients' securities to directly disburse the payouts into their demat accounts, helping reduce risks and prevent their assets' misuse.



Change: Sebi issues guidelines to minimise the impact of market rumours on stock price movements. From June 1, the top 100 listed companies must verify the rumours within 24 hours of the price trigger, and the next 150 entities will follow suit in December 2024.
Impact: This action will help exclude the sudden changes in stock prices due to disruptions triggered by market rumours.

Change: Sebi issues a master circular compiling all its past notifications regarding rules governing the credit rating agencies' criteria for judging the credibility of investment instruments, when rating a particular asset.
Impact: This move will ensure that all the applicable directions are available in one place and rating credibility goes up for investments.

Change: Sebi eases know-your-customer (KYC) rules for mutual fund investors by allowing them to redeem their investments if their KYC is on hold status or verify it with Aadhaar, PAN, and either of the registered email or phone number, instead of both. NRIs were also given a one-year extension to validate KYCs.
Impact: The changes will allow MF investors to carry out seamless transactions and NRIs will get a year to verify their details.

Change: Sebi mulls facilitating investments by Indian MFs in overseas funds, indices, and exchange-traded funds that invest a portion of their assets in Indian securities.
Impact: It will enable Indian MFs to diversify, providing more options for domestic MF investors.

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BANKING

Change: The Reserve Bank of India (RBI) directs all recognised banks, excluding payments banks, to review their lending rates to borrowers after it was found that some lenders were charging interest from the date of loan sanction or loan agreement instead of the date of funds' disbursal.
Impact: The review will help ensure transparency in their lending practices and require them to refund the excess interest and other charges to borrowers. It is also pertinent for loans given via cheques, where the cheque receiving date should be considered.

INSURANCE

Change: The Insurance Regulatory and Development Authority of India (Irdai) asks life insurers to state the objectives of the commission structure for insurance agents and intermediaries in board policies, aligning with customer needs and cost-effective distribution of insurance policies.
Impact: It will compel them to review their commission structure for efficiency and its impact on premium rates and benefit payouts, promote fair and transparent practices that protect policyholders' interests and boost insurance penetration.



Change: Irdai issues a master circular on corporate governance for life insurers, with a slew of provisions for implementation by June 30, 2024, including disclosure of claims intimated, disposed of and pending, commission and expense ratios, financial performance, etc.
Impact: These measures will boost transparency, accountability, and governance in the insurance sector, allowing policyholders to make informed decisions.

PENSION

Change: EPFO extends the scope of auto claims, which automatically processes claims by an IT-enabled system, to children's higher education, marriage of self, children, and siblings, and house purchase or construction, while doubling the limit from ₹50,000 to ₹1,00,000.
Impact: This move is expected to facilitate ease of living and benefit lakhs of EPFO members.

*List is not exhaustive | Compiled by Sanjeeb Baruah



Gold, Silver ETFs Help Diversify

Find out the significance of investing in gold and silver through ETFs amid market volatility

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Investing in both gold and silver, with a ratio tailored to your risk appetite, can enhance portfolio stability

In the latest episode of Outlook Money's Investment Made Easy webinar series, hosted by Versha Jain from Outlook Money, industry experts Chintan Haria, Principal Investment Strategy at ICICI Prudential AMC, and Bharat Pareek, Head- Product & Segment, Private Wealth at ICICI Securities, shared their insights on gold and silver ETFs. This session was spearheaded by ICICI Prudential Asset Management Limited as part of their investment awareness initiative.

GOLD AND SILVER MARKET SURGE

The session opened with an overview of the impressive surge in gold and silver prices this year, attributed to geopolitical tensions, expectations of US Federal Reserve interest rate cuts, and central banks' gold buying. Haria explained the benefits of investing in gold and silver through ETFs, stating, "Investors can gain from the price movements of gold and silver without the hassle of physical storage."

UNDERSTANDING GOLD AND SILVER ETFS

Haria further elaborated on how gold and silver ETFs function, highlighting their user-friendly nature for retail investors. "Gold ETFs have been around for 15 years, and the introduction of silver ETFs in 2022 has broadened investment opportunities. These ETFs hold physical gold and silver in vaults, ensuring purity and regulatory compliance," he said.

The Factors Behind Price Movements

Pareek offered a historical outlook on the factors driving the surge in prices of these metals. He pointed out the transition in central banks' strategies since 2010, shifting from USD to gold, and underscored the advantages of diversification. "Gold is now seen as a crucial store of value, especially amidst geopolitical volatility," he explained.

COMPARING GOLD AND SILVER AS SAFE HAVENS

Addressing the question of whether silver can be considered a safe haven like gold, Haria pointed out the distinct roles these metals play. He said, "While gold is a traditional safe haven, silver's increasing industrial applications in EVs, 5G technology, and solar panels make it a unique investment opportunity."

INVESTMENT STRATEGIES AND VOLATILITY

The discussion also covered the liquidity and volatility of gold and silver ETFs. Pareek mentioned, "Gold ETFs are more liquid due to their longer market presence, but silver ETFs are catching up fast." Adding to this, Haria stated, "Silver is inherently more volatile due to its industrial demand and less recycled supply. However, this volatility may decrease as demand stabilises."

TAXATION AND PORTFOLIO DIVERSIFICATION

Regarding taxation, Haria acknowledged the changes after April 2023, particularly the withdrawal of long-term capital gain tax advantages for gold and silver ETFs. He stressed their significance in diversifying a portfolio, and advised, "A 10-15% allocation in gold and silver can hedge against inflation and global uncertainties".

A BALANCED APPROACH

The session concluded with practical advice for investors. Pareek recommended a balanced approach, stating, "Investing in both gold and silver, with a ratio tailored to your risk appetite, can enhance portfolio stability." Haria concurred, suggesting, "For those new to these metals, a 70-30 allocation between gold and silver is a good starting point."

The discussion provided clarity on the benefits and considerations of investing in gold and silver ETFs, underscoring the importance of diversification and informed decision-making in today's volatile market.

Disclaimer

The information set out above is included for general information purposes only and is not exhaustive and does not constitute investment or tax advice.
Mutual Fund investments are subject to market risks, read all scheme-related documents carefully.
Investors are requested to review the prospectus carefully and obtain expert professional advice with regard to specific legal, tax and financial implications of the investment/participation in the scheme

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PLAN WISELY, INVEST SMARTLY, SPEND CAREFULLY

CHOOSING THE RIGHT PLAN WILL LEAD YOU TO INVEST IN THE MOST SUITABLE PRODUCTS THAT WILL, ULTIMATELY, ENSURE A SMOOTH POST-RETIREMENT LIFE

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5 TRICKY TRAVEL QUESTIONS, AND 1 FOOLPROOF TRAVEL PLAN

Now that you have finally bid goodbye to your worklife, you have all the available time at your disposal to satiate your travel bug. But before you set sail on your wanderlust, here are a few things you should keep in mind

Sanjeeb Baruah

If you are among those who have recently retired and want to relax, travel could be your best medicine. It is usually during this phase of your life that you have enough time—if your children are on their own, and you no longer have to work. If you are healthy enough to travel and have a fair amount of money, you may just want to pack your bags and travel.

However, this is also the phase when you need to plan your travel more meticulously than you did in your younger days, because of the age factor and other requirements, no matter whether you are travelling solo, as a couple or in a group.

Here are five questions you could ask yourself before planning your holiday, and we will help you with the answers to ensure your travel plan is flawless and you have a memorable experience.

WHERE SHOULD I TRAVEL?

The key to deciding the destination is to not necessarily get affected by your emotions and long-nurtured dreams, but by assessing practical factors.

First, check if you are in good health. For example, if you have breathing problem or knee issues, then the mountains may not be right for you. Similarly, if you travel to remote places across different time zones and are on medication, you will have to be mindful. Consult your doctor, carry enough medicine and a prescription in case your stay gets extended. Also check if a proper medical care facility is available that you can access during an emergency.

Says Jasmeet Singh, senior vice president, holidays & experiences, MakeMyTrip: "Senior travellers should prioritise comfort and accessibility when planning their trips. They should opt for destinations that offer senior-friendly amenities and ask for details, such as accessible local healthcare services, pharmacies, and accommodations with elevators and accessible bathrooms. If dietary restrictions are critical, they should opt for hotels that can fulfil their requirements, or choose hotels with such suitable restaurants nearby. Packing light, and a well-paced itinerary are essential to ensure a comfortable experience abroad."

Once you have clarity about your health, the second aspect to check is the activities you want to undertake and assess if you can do them. So, if you want to go hiking or take a food or sightseeing tour, your travel itinerary and location will likely differ. At the same time, the destinations that are difficult to reach, involves long treks, drives or train travel may not be suitable for some of you. So, consider the mode of transport, the travel time, and your physical condition.

Be realistic about your health and how much rigour you can endure. Accordingly, choose the destination. Next, take into account your funds and how much you can spare

HOW TO MANAGE THE BUDGET?

Once you have a list of the places, you would need to check if you can afford to travel there. When you have just retired, the corpus may seem huge, but you will have to assess how much you can allocate towards travel. The calculations can swing the balance either way—maybe you will be able to afford a Europe tour instead of just one destination or you may need to drop the idea of going to Switzerland and settle for similar places in Uttarakhand or Himachal Pradesh.

Even if your retirement corpus allows you to spend on travel, consider things like future travel plans you may have in mind to calculate how much you can spend on one trip. For this, make a budget for the two-three destinations you have narrowed down. Says Kiran Telang, a Securities and Exchange Board of India registered investment advisor (Sebi-RIA) and author, "One can have an annual allocation in the overall expenses towards travel. This allocation would depend on the kind of travel you would like to undertake, such as domestic versus foreign, budget versus luxury, travelling once or twice a year, or more. There can be a wide variation in the funds required for various combinations. You should also keep in mind whether you need to have a source of income or you have investments that you can dip into."

If you are travelling to an international destination, check the cost of visa, flights, stay, food, local sightseeing and other daily expenses, which may differ widely.

Travellers visiting Southeast Asia, Europe, and the US can expect varying daily expenses. For instance, the cost of flights, accommodation, food, transportation, and activities would be around ₹50,000-80,000 per person for a 5-7 day trip in Southeast Asia, about ₹1.5-2 lakh per person for a 7-9 day trip in Europe and ₹2-2.5 lakh per person for an 8-10 day trip in the US, according to Singh.

"These are rough estimates, and costs will vary based on location, travel season, experiences sought and spending habit. Visa cost for Southeast Asia is ₹3,000-5,000; for Europe, it is ₹7,000, with additional costs for specific countries; and for the US, it is around ₹20,000, with additional reciprocity fees based on nationality," he says.

He adds that as the Schengen visa allows entry into 26 European countries, it makes sense to plan a longer trip when going to Europe.

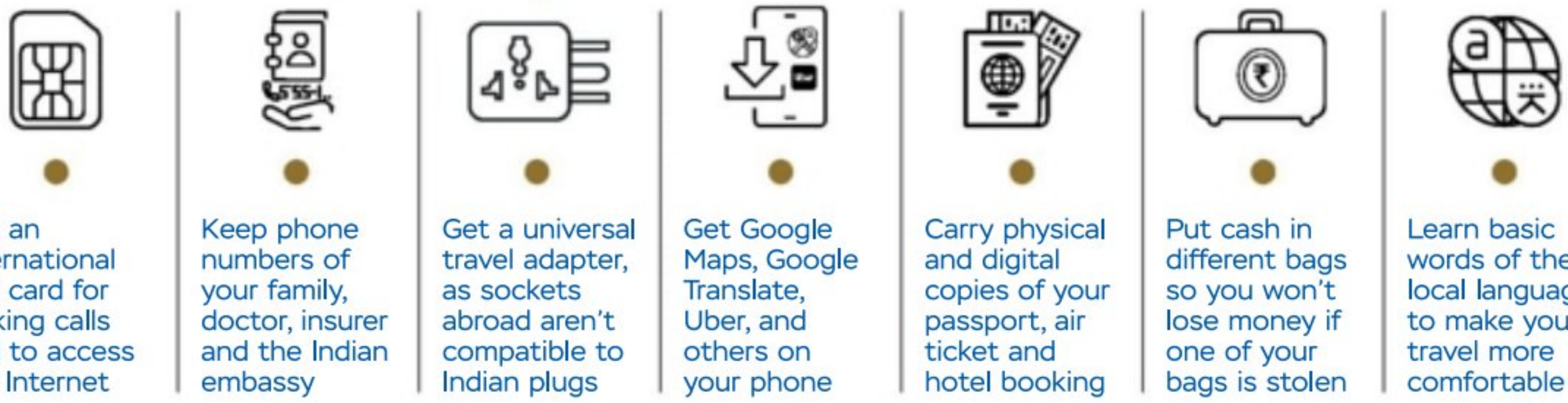
Air ticket costs are a big part of travel expenses. So, ideally, look for deals before buying one. Senior citizens can take the help of their children, relatives and younger friends to find the best possible deal.

Says Sumitra Senapaty, founder

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FEW BASICS FOR OVERSEAS TRIP



of Women on Wanderlust (WOW) Club, a leading tour operator: "Choose reliable airlines that help with cancellation and delays, and select them in advance. Premium economy seats or business class for long flights are good for them."

Singh adds, "Ticket prices vary with season, how much they are booked in advance, and airline preferences."

Most countries in Southeast Asia are cheaper to travel to than the West. So, if you are on a low budget, one of the Asian countries can be an option. You will also need to budget for each activity you plan to do in that country, like if you go for food or sightseeing tour, participate in adventure sports, and so on. Reputed travel sites and agents will give you this information.

You can also carry an international debit or credit card. But remember, you may have to pay more in transaction fees. Frequent ATM withdrawals can be expensive. So, make larger withdrawals at a time to minimise the transaction cost. Says Senapaty: "Debit and credit cards have steep bank charges. It's best to carry currency in small amounts. For safety, carry most of currency in travel cards." Also, avoid exchanging money at airports, as it can cost you more. Instead, exchange them at reputable money exchangers in the city where you are more likely to get better rates.

Adds Singh, "A multi-currency travel card will allow you to pre-load cash for use across countries. Alternatively, you can use debit cards with fee-free ATM withdrawals. These offer the cheapest currency exchange rates. Typically, keep credit cards only for use in emergencies as they come with high foreign transaction and cash advance fees. Also avoid airport exchanges and tourist kiosks, as they provide unfavourable exchange rates and charge higher fees."

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HOW SHOULD I TRAVEL?

As a senior citizen, you may prefer to travel in groups to ensure security and to avoid loneliness, but it may cost more than if you travel on your own.

Says Senapaty: "DIY travel planning is cheaper because you escape paying goods and services tax (GST), tax collected at source (TCS), and other taxes. The second advantage is that you don't pay upfront for hotels and can cancel them without penalty."

If you are travelling abroad, check the cost of visa, flights, hotels, sightseeing and local commute. Visit SE Asia if you are low on budget

The disadvantages could be that "you do not know the hotels or the finer details that distinguish a good holiday from a mediocre one. The guide is also unknown; reliability is also questionable, and you may end up overpaying for transport," adds Senapaty.

So, if you are on a budget, you must thoroughly research the places you want to visit to. However, you might still need a guide for certain experiences.

To make the most of your visit, you should know about the country's unique tours and the transportation available. Some countries have excellent public transport, while some don't. So, one should take these aspects into consideration as well. Also, some tours can give you unique perspectives about the country, so make sure you don't miss out on such opportunities when planning your trip. For instance, you can take unique food and sightseeing tours in Thailand, Vietnam, and Cambodia. But as such tours can be relatively expensive, so do your research and check the customer reviews to ensure a memorable experience and save time on research at the last moment.

Also, if you are eyeing an international destination, remember



THE COMFORT FACTOR



Don't cut down on your comfort and convenience in order to save on costs



Don't forget to take your health into account before choosing a destination



Check the food availability at the destination to align with your dietary restrictions



Check if the destination and the hotel you are staying at is senior-friendly



Compare the benefits of group travel versus DIY travel to assess which suits you better



Check access to medical facilities. Have adequate health cover before taking your trip

to apply for your visa in time. In many Asian countries, you can get a visa upon arrival. However, getting a visa for Europe, the US, Australia, and some other countries, can be time-taking. So, visit the websites of the respective embassies to learn about their visa rules.

Says Senapaty, "Set aside a month for the visa. These days, up to 20 per cent of Indian visas to Europe and the US are getting rejected. At times, it could take up to a year to get a visa. So, travelling to countries with e-visas is safer."

Also, research the local weather before you plan your trip, and pack accordingly. You must try to travel light. Remember that in some countries, you may have to walk quite a distance from your hotel to take public transport or a taxi, as they may be barred from entering the city centres and busy markets.

WHERE SHOULD I STAY?

When booking a hotel, research the neighbourhood within the city to find the best spot for your stay—whether the area is well-lit, has senior-friendly amenities, has security, and so on. Consider that it might make more sense to pay a little more and stay near the city centre rather than staying in a cheaper hotel on the outskirts, and spending more money commuting while visiting the places.

Get a health plan, as travel insurance is mandatory in many countries. Also, check the amount of coverage as medical treatment can be very expensive abroad

You may also consider cheaper accommodation within the city if you are not spending too much time in your hotel room. However, do go through customer reviews before settling for one. If you are travelling to a remote place, communicate directly with the hotel. Many websites allow you to pay after reaching your destination. It will help you avoid charges if plans change later.

Look for facilities like WiFi and Internet, and see whether the hotel offers complimentary breakfast, water, and other facilities.

WHAT TO DO IN EMERGENCIES?

Having a travel insurance coverage while on the move is always a wise choice, even if you are healthy and physically fit, or, there is even the remotest risk of theft or damage to your belongings. Travel insurance is mandatory in certain countries. Though most airlines have tie-ups with insurers, make sure to find out if the coverage is exhaustive.

Says Telang, "Travel insurance has many covers, but the most critical of those is the medical cover. Ensure that this is of a good value, as medical treatment costs can be very high abroad. Other covers would be accidental death and dismemberment, medical evacuation, repatriation of remains, baggage delay, loss of baggage, flight delay, loss of passport, and others. A comprehensive cover is better as it covers most of these risks and makes for tension-free travel."

Next, you will need a buffer fund to last at least 10 days more than you originally planned for, to cover for emergencies. Telang adds: "It is easy to access your bank account in India with your international debit cards. That can help in an emergency. You can also use the extra limit on your credit cards in an emergency. If you are travelling with a forex card that can be loaded while you are abroad, that can be another option if you have kept sufficient money in your account."

Planning a trip on your own, especially an overseas one, for the first time can be daunting, but if you keep these points in mind, you can hope to have a holistic experience. ▸OM

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spotlight

DIGNITY lifestyle
A Luxury Retirement Township

Calls For Urgent Action As India Braces For Dementia Crisis

As the ageing population grows, the threat of Alzheimer's disease has also spiked, drawing attention to whether India is prepared to provide the medical support it calls for.

The global population is rapidly ageing and while medical advances have found solutions to lifestyle diseases like Diabetes and Hypertension, it is still struggling with a treatment for Dementia i.e. Alzheimer's disease and many related forms of medical memory loss. In India, a rapid rise in Dementia among senior citizens is forecasted. With an increase in this debilitating condition, immediate action is required to make India dementia ready. This calls for a multifaceted approach, including the opening of assisted living facilities and day care centers specifically tailored to manage dementia among the elderly.

Recognizing this need, Dignity Lifestyle Trust in Neral – near Mumbai and Pune - offers a 24x7 assisted living facility for elders with dementia. With a commitment to providing top-class care, this facility not only offers comprehensive medical support but also provides therapies and psychologist consultations to address the holistic needs of its residents.

In addition, Dignity Foundation has pioneered the concept of dementia day care centers across India. These centers are equipped with trained caregivers and offer home pick-up and drop services to ensure that elderly with dementia receive care and support while their families carry on with their daily routines.

Furthermore, it's crucial for independent seniors to enjoy their retirement years with dignity and peace of mind. Residential facilities like those provided by Dignity Lifestyle Trust offer a carefree lifestyle tailored to meet the unique needs of seniors, allowing them to live independently while receiving necessary medical support and other assistance as and when required.



DR. SREENIVASAN
Senior Citizen Wellbeing

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Residential facilities like those provided by Dignity Lifestyle Trust offer a carefree lifestyle tailored to seniors' unique needs. They allow seniors to live independently while receiving medical support when required.

It is a must for senior citizens to remain mentally and physically active, which is said to help delay the onset of Dementia. Activity centres like Dignity Foundation's Chai Masti Centres serve as hubs for learning new skills, displaying talents and building social connections, thereby enriching the lives of the elderly. We operate these centres in 8 metro cities of India - Mumbai, Pune, Delhi & Gurgaon, Chennai, Coimbatore, Kolkata, Bangalore and Hyderabad.

In conclusion, as India grapples with the growing senior population, initiatives such as those spearheaded by Dignity Lifestyle Trust and Dignity Foundation play a pivotal role in creating a supportive and inclusive environment for the elderly and individuals with dementia. By collaborating with these time-tested initiatives, India can pave the way towards a brighter future for its ageing population.

Dignity Foundation: Empowering India's Elderly with Care and Compassion

Dignity Foundation, established from a 1995 magazine initiative, has evolved into a vital non-profit in India, dedicated to transforming elderly care. With a vision of dignified and productive ageing, the foundation offers extensive support to needy senior citizens in India. Its initiatives include distributing over 25,000 ration kits in six cities, managing loneliness mitigation centres with 357 members, operating three-day care and five dementia care centres, and hosting over 1,077 seniors at Chai Masti centres for social engagement. Furthermore, the foundation provides over 50,000 mid-day meals to economically disadvantaged elderly, emphasizing its commitment to creating a society where senior citizens are valued and lead fulfilling lives.

Disclaimer

This article is not a part of Outlook Money Editortial Feature.



By **RAVI SARAOGI,** CFA, Sebi RIA and Co-founder of www.samasthiti.in

HOW AVERAGES CAN RUIN THE MATH

Calculating a retirement corpus on the basis of average returns can have disastrous consequences as different sequence of returns can lead to different outcomes

It's 1996, and after a long and fulfilling career, Shalini is looking forward to her retirement in a couple of weeks. After having worked hard and accumulating a good retirement corpus, she is keen on spending the next many years in leisure.

Shalini is grateful that her retirement has come after the tumultuous years of 1990-1991 when the Indian economy went through a crisis. Much to her relief, the economic liberalisation that followed stabilised the economy. She was hopeful for better days.

A disciplined saver, she has accumulated a retirement corpus of ₹1 crore. This consists of a mix of Employees' Provident Fund (EPF), Public Provident Fund (PPF), fixed deposits, mutual funds and shares.

Before her official retirement date, she rang up her trusted adviser, Maya, to undertake a retirement planning exercise and Maya prepared the following analysis.

Shalini was about to turn 60. Based on family history, Maya assumes her life expectancy as 90 years. Both Shalini and Maya are aware that having a large allocation to debt investments would not be optimal as the post-tax return on these can be dismal, but some amount is needed for safety. Finally, Maya settles for an allocation of 70:30 in equity and debt.

For equity returns, she assumes an average return of 11 per cent each year, a conservative estimate, as the equity markets delivered close to double that return over the previous 15 years. Maya would always remind Shalini, "The reality should outperform the plan, and not the other way around."

For debt investments, she assumes an average return of 7 per cent each year, assuming a 1 per cent real rate of return over the projected inflation of 6 per cent. The blended portfolio return was expected to be 9.8 per cent each year.

Maya also needs to calculate a pension amount which can be increased by the expected inflation rate of 6 per cent each year.

After adjusting the portfolio return with inflation, Shalini can draw a monthly pension of ₹50,000 in the first year. In later years, the pension amount would increase by 6 per cent to account for inflation. Shalini is happy with the pension amount.

Maya told her that in the initial years, the corpus will grow as

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Actual Return vs Expected Return



Source: Samasthiti Advisors

Note – Retirement Corpus (Expectation) is based on average equity return (11%) and debt return (7%) each year. Retirement Corpus (Reality) shows how the retirement portfolio performed based on actual equity and debt returns.

Same Average Return, Different Outcomes

Two portfolios with the same average return of 12% on the same corpus of, say, ₹100 can have different outcomes in terms of the retirment corpus if the sequence of returns each year is different

figures in ₹

Year	Portfolio 1					Portfolio 2				
	Portfolio Return	Opening Value	Income	Expendi-ture	Closing Value	Portfolio Return	Opening Value	Income	Expendi-ture	Closing Value
Year 1	20%	100	20	-5	115	-15%	100	-15	-5	80
Year 2	25%	115	28.8	-5	139	5%	80	4	-5	79
Year 3	25%	138.8	34.7	-5	168	25%	79	19.8	-5	94
Year 4	5%	168.4	8.4	-5	172	25%	93.8	23.4	-5	112
Year 5	-15%	171.9	-25.8	-5	141	20%	112.2	22.4	-5	130
Avg. Return:		12%				12%				

Note: The sequence of return earned by Portfolio 2 is the inverse of the sequence of return earned by Portfolio 1.

Source: Samasthiti Advisors

the income from investments will exceed the withdrawals. However, later, due to inflation, the withdrawals will outstrip the income from the portfolio. From that point onwards, Shalini will have to start consuming a part of the principal. Maya assured Shalini that even then her retirement portfolio will not exhaust before 2026.

Initially, things worked out well. But this proved to be the lull before the storm. During the dot-com bust in 2000, the markets tanked by about 50 per cent. The value of Shalini's retirement portfolio deviated significantly from the projected value. Maya assured Shalini that when the markets recover, things will get better. Maya was right. The bull market during 2004-2007 took the retirement corpus to close to the projected value by the end of 2007.

Then came the global financial crisis in 2008, which severely hit Shalini's corpus. Maya again assured Shalini that this time around as well, and things will slowly get better.

Unfortunately, this was not to be. In every subsequent annual review, the gap between the projected and the actual corpus grew wider. Soon, the harsh reality dawned on them that the retirement corpus would exhaust itself as early as 2016, when Shalini would be 80 years old. At a time when financial security would be Shalini's foremost priority, she would have to grapple with the prospects of exhausting her retirement corpus a full 10 years earlier than anticipated.

So, what went wrong? Did Maya use aggressive return assumptions?

She had projected equity returns of 11 per cent each year, which was the actual equity return between 1996 and 2016. She had assumed debt returns of 7 per cent each year, which actually was close to 9.5 per cent in the same period. It's clear that we cannot fault Maya on her return assumptions.

On closer examination, it appears that the real culprit was using averages. A typical retirement plan assumes that the investments will earn a constant average return each year. Such assumptions imply that there is no volatility in returns.

However, the reality is different as evidenced by Shalini's case. Her equity portfolio did indeed earn 11 per cent return on average, but it did so with wild gyrations.

During market crashes, the return went down significantly below 11 per cent and during periods of recovery and growth, the return was much higher than 11 per cent. This volatility prematurely killed her retirement portfolio. The higher return on her debt investments was unable to offset the volatility in equity returns.

Retirement planners call this the sequence of return risk. It is important to consider not only the average return earned by a portfolio, but also the sequence in which those returns were earned. Two portfolios with the same average return can have wildly different terminal values depending on the sequence of returns earned (see *Same Average Return, Different Outcomes*).

A better way to design a retirement plan that incorporates the sequence of return risk is to use the concept of safe withdrawal rates. Using this approach, a planner looks at the divergent sequences and possibilities considering that a retirement portfolio will not earn the same return each year, and then arrives at a withdrawal rate that will not exhaust the portfolio prematurely.

Luckily for Shalini, she decided to sell a real estate investment, which she was planning to bequeath to her daughter, to bail her out. We may not be so lucky, which is why it's imperative we don't let averages fool our retirement plan. ▸OM

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Mind Exclusions Before Buying Policy

Queries



Abhishek Sharma, Allahabad

I am a 29-year-old software engineer. I got married a year and a half ago and currently reside with my parents. My company provides insurance only for me and my spouse. So, I am facing difficulties in deciding which kind of health insurance I should buy to cover my parents, my spouse, and myself. I would like it to cover critical illnesses as well as hospitalisation costs, as my father has a heart condition.

It is always a good idea to have personal coverage and not depend solely on employer-provided health insurance. While buying a health insurance policy, remember that price is not the only deciding factor. Be mindful of the exclusions, especially clauses that restrict claims payout through co-payments, deductibles, and sub-limits.

Additionally, some policies in the market cover non-payable items that are standard exclusions that can make up to 10 per cent of the claim amount, which you end up paying out of pocket. These are the basics you must get right from the point of price. There are also some policies in the market with in-built critical illness cover. Ensure these are comprehensive and cover the critical illnesses that standalone plans offer.

While considering including your parents in a plan along with your spouse, floater policies, typically, work better from a cost point of view if the age gap between the policyholders is not huge. Also, given that your father has a heart condition it may not be easy to get a health insurance policy or even a critical illness cover for him. Since you have not specified the heart condition, you may still want to explore the market as accepting a member with a heart condition is completely a call of insurers, basis their underwriting or selection criteria. There are some policies designed for customers with heart conditions, but they come with restrictive clauses.

When you explore these policies, ensure you understand the exclusions and cappings and compare them with a regular health insurance plan. Also, it is very important to disclose your health conditions honestly at the time of purchasing a policy.

DEEPTI BHASKARAN, Head, Strategic Partnership and Risk, Clinikk.com

Kavita Kaushik, Thane

I have an Employees' Provident Fund (EPF) account, which was opened a few years ago. Should I now go for a Public Provident Fund (PPF), a National Pension System (NPS) account, or both? I am 25 years old and want to keep it as my long-term investment, separate from my existing EPF.

If you look closely, the aims of all three investment avenues—EPF, PPF, and NPS—are different and there are various levels of tax-free benefits available in these schemes separately.

EPF has a tax-free interest if the investment is up to ₹2.5 lakh a year. The scheme is not applicable for non-employees and the rate of interest is always higher than PPF. PPF gives you the option to invest only up to ₹1.5 lakh a year, interest is always tax-free and it has unlimited extension available. NPS is a product solely for retirement, offers an additional tax benefit of ₹50,000, and gives you the option to invest in equity up to 75 per cent with some conditions.

My suggestion is to use all three avenues—EPF as a high-safety and high-returns investment while you're working, PPF as a high-safety and fair tax-free returns avenue with no employment conditions, and NPS as your go-to retirement product. However, mutual funds also compete for this space provided you have the discipline for uninterrupted investments till retirement.

COL. SANJEEV GOVILA (Retd), Sebi RIA, CEO, Hum Fauji Initiatives

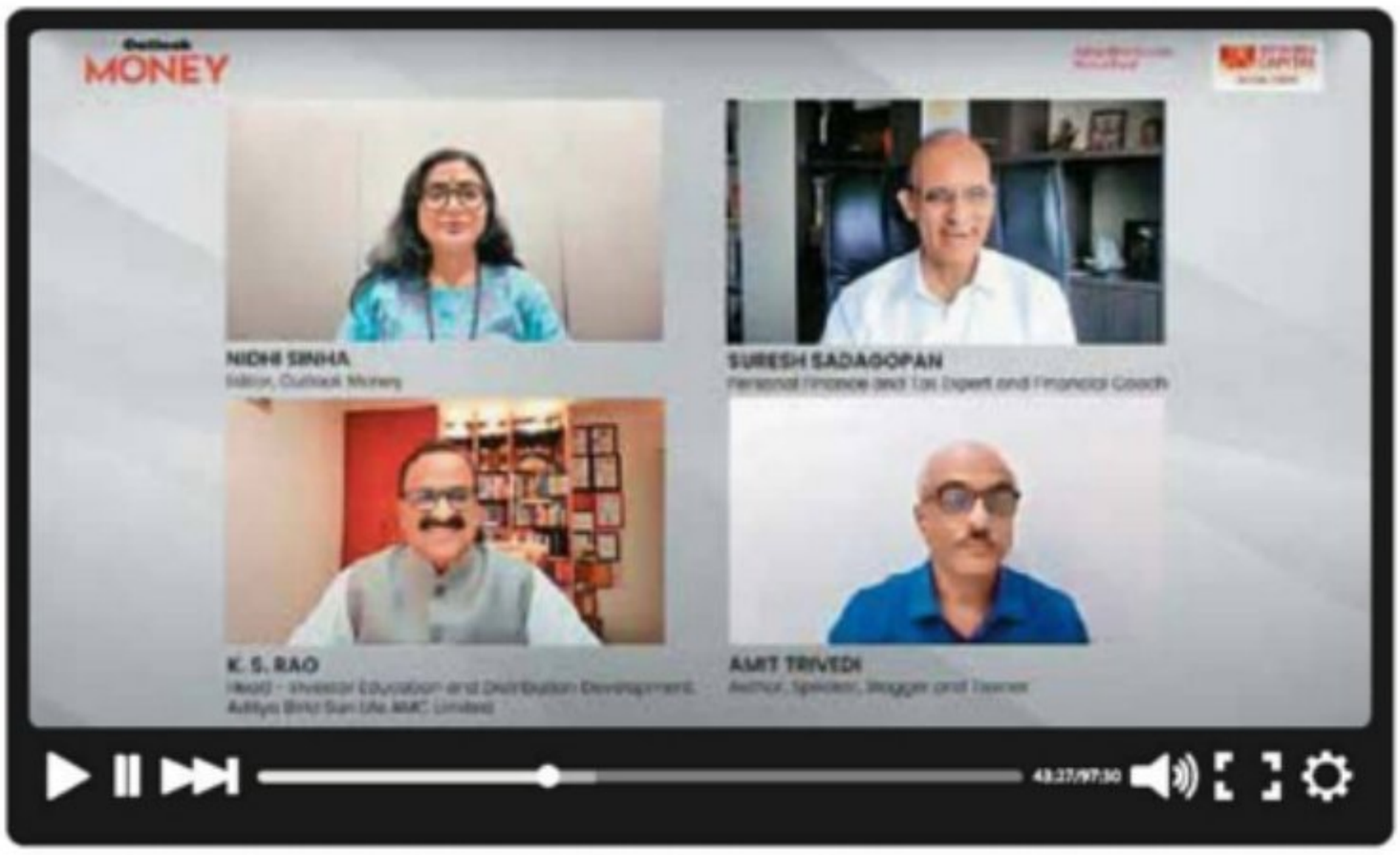
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Aditya Birla Sun Life Mutual Fund

ADITYA BIRLA CAPITAL MUTUAL FUNDS

Take Small Steps To Make Big Impact

Financial habits can. Be formed one step at a time, followed up by rigourous discipline and a balance between your present and future needs



The latest webinar in the investor education and awareness series by Aditya Birla Sun Life Mutual Fund, in association with Outlook Money, tackled the crucial topic of "Smart Money Habits to Achieve Financial Success". The discussion featured insights from K.S. Rao, Head of Investor Education and Distribution Development at Aditya Birla Sun Life AMC, Amit Trivedi, Co-founder of OSAT Knowledge Pvt. Ltd, and Suresh Sadagopan, Sebi-Registered Investment Advisor and Founder of Ladder7 Financial Advisories. The session was moderated by Nidhi Sinha, Editor, Outlook Money. Here are some key habits that the experts highlighted. Edited excerpts:

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START SMALL

Rao emphasised the importance of starting with small steps. "The first step is crucial. As Dr. Abdul Kalam said, 'You cannot change your future, but you can change your habits.' Starting with a simple habit like budgeting can have a significant impact," he said.

Echoing the sentiment, Trivedi highlighted that financial habits should be developed one step at a time. "Remember that even if you start saving just 5 per cent of your income, it can grow to 30 per cent over time. It's all about forming that initial habit," he said.

> **"SIPs are a great way to inculcate a saving habit and start investing systematically. This can lead to long-term financial success"**

HAVE FAMILY CONVERSATIONS

Sadagopan stressed the need for open discussions within families about financial goals and habits. "Financial success is a family pursuit. It's essential to have regular conversations and align on what financial success means for everyone in the family," he said.

BALANCE NOW AND THEN

Trivedi addressed the common concern of balancing current enjoyment with future savings. "Financial goals are deferred spending. It's not about saving versus spending; it's about spending now versus later. Prioritise your financial goals and balance them with your current lifestyle," he said.

AVOID COMMON MISTAKES

Sadagopan pointed out typical mistakes, such as buying a house too early or thinking of financial planning in terms of products rather than holistic goals. "Financial planning is not about accumulating products but about setting and achieving personal financial goals," he said.

MAINTAIN FINANCIAL DISCIPLINE

Rao recommended using tools like systematic investment plans (SIPs) to inculcate financial discipline. "SIPs are a great way to start saving and investing regularly, leading to long-term financial success," he said.

In conclusion, the speakers agreed that it is important to hire a financial advisor to plan your finances properly. Rao summarised it well: "Have an advisor to build investments and move towards wealth creation. Advisors provide the necessary guidance to stay on track with your financial goals."

The webinar concluded with a reaffirmation that adopting smart money habits can significantly impact one's financial success. Sinha highlighted: "It's never too late to start adopting smart money habits. These habits can ensure a secure financial future for you and your family."

To view the entire webinar, please visit: www.outlookmoney.com

spotlight

Wealth Creation Through Mutual Funds



Mutual funds are the safest and simplest way to invest in the stock market, as they are managed by professionals while helping you access the lucrative economic sectors for wealth creation.

AMRITA SAWHNEY, Mutual Fund Distributor

Discipline is a cornerstone of long-term investing, essential for wealth creation. Alongside this principle, diversification plays a vital role. Diversification involves spreading investments across various asset classes and sectors to lower risk. By diversifying, investors can reduce the impact of underperformance associated with investing in a single asset class on their overall portfolio. Incorporating these fundamental principles into investment strategies establishes a solid foundation for sustainable wealth creation while managing risk effectively. However, executing this strategy can be challenging in practice. This is where mutual funds come into play.

These investment avenues managed by professional fund managers aim to spread your investments across different asset classes thus following a systematic approach to investing, thereby reducing the overall risk.

Moreover, mutual funds offer various features such as Systematic Investment Plans (SIPs), where investors deploy a set amount regularly. Another advantage of mutual funds is the ease of managing investments through tools like Systematic Transfer Plans (STPs), that help transfer funds between schemes. This disciplined approach helps in balancing investment costs over time, lessening the effects of market ups and downs. Moreover, mutual funds diversify by investing across various sectors and asset classes. This spreads risk, lessening the impact of one investment doing poorly on the whole portfolio. Furthermore, mutual funds offer a diverse range of funds tailored to different investor preferences, from those who prefer low-risk options to those comfortable with more aggressive strategies.

Another powerful tool for wealth creation is compounding and mutual funds harness this power effectively. Compounding allows investors to earn returns not just on their initial investment but also on the returns generated over time. As these returns are reinvested, they continue to grow and generate additional returns, creating a snowball effect that can significantly boost wealth over the long term. By staying invested and reinvesting dividends or capital gains, investors can take advantage of compounding's exponential growth potential, especially over extended investment horizons.

Investing with specific financial goals in mind is another cornerstone of wealth creation which is facilitated by mutual funds. Investors can earmark each investment for a specific goal such as kid's education funding, marriage expenses or retirement planning. Additionally, one can start with a small investment amount and gradually increase it over time as the income increases, leveraging mutual funds to create wealth in the long term.

Mutual funds diversify by investing across various sectors and asset classes. This spreads risk, lessening the impact of one investment doing poorly on the whole portfolio.

FACTORS TO CONSIDER

When investing in mutual funds for wealth creation, several factors should be taken into consideration. First is determining your investment horizon, as it dictates the timeframe over which you aim to achieve your financial goals. Short-term goals may necessitate a more conservative investment approach, prioritizing capital preservation, while long-term goals allow for a growth-oriented strategy with higher-risk investments. Maintaining a balanced asset allocation across equity, debt, and other asset classes is key to diversifying risk and optimizing returns. Thoroughly researching and evaluating mutual funds based on factors such as historical performance, fund manager expertise, and investment philosophy ensures that your investment choices are aligned with your financial objectives. Additionally, considering cost implications like expense ratios, entry/exit loads, and transaction fees helps in choosing funds with competitive costs that suit your investment strategy.

Overall, mutual funds offer a simple and systematic approach to wealth creation, regardless of one's financial knowledge. By starting early, diversifying, getting expert management, and investing consistently, one can steadily build wealth and meet financial goals with ease.

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The Strategic Approach of Business Cycle Investing



A business cycle approach offers unique advantages, as investors can tailor their strategies based on economic phases, from expansion and peak to contraction and trough.

MANOJ KUMAR, Managing Partner, INSIGHT GROUP

Grasping the rhythm of the economy can go a long way in the journey towards successful investing. At the heart of this understanding is business cycle investing, a strategic approach that leverages the cyclical nature of economic expansion and contraction. By mastering the intricacies of the business cycle and its four distinct phases, investors can position themselves to seize opportunities and mitigate risks, paving the way for enduring financial success.

The business cycle, also known as the economic or trade cycle, refers to the recurring pattern of fluctuations in economic activity over time. These fluctuations are characterised by alternating periods of expansion and contraction, each with its unique implications for investors. By recognising the signs and signals associated with each phase of the cycle, investors can tailor their investment strategies to optimise returns and manage risks effectively. A typical business cycle unfolds through four primary phases: expansion, peak, contraction and trough.

During the expansion phase, the economy experiences robust growth, marked by rising consumer spending, increasing corporate profits, and bullish stock markets. Businesses thrive, unemployment rates decline, and optimism pervades the market. Investors often allocate capital to equities, particularly in sectors poised to benefit from economic growth, such as financials, consumer discretionary, and industrials.

As the economy approaches its peak, signs of overheating may emerge, including inflationary pressures and tightening monetary policy. This transitional period signals a potential shift in market dynamics, prompting investors to reconsider their asset allocation. At such times, defensive sectors such as utilities, and consumer staples may become more appealing as investors seek stability amidst economic uncertainties.

The contraction phase, commonly referred to as a recession, is characterised by falling GDP, rising unemployment, and declining corporate earnings. During this challenging period, investors may adopt a defensive stance, reallocating their portfolios towards safe-haven assets such as government bonds, gold, and defensive stocks.

At the trough of the business cycle, market sentiment hits rock bottom, but signs of stabilisation begin to emerge. Astute investors recognise this as an opportune moment to identify undervalued assets and position themselves for the eventual recovery. Sectors poised to rebound, such as financials, materials, and energy, may present compelling investment opportunities as economic conditions gradually improve.

“At the trough of the business cycle, market sentiment hits rock bottom. Astute investors recognise this as an opportune moment to identify undervalued assets and position themselves for the eventual recovery.”

While understanding the business cycle is crucial, effectively navigating its complexities is difficult. Therefore, it often helps to take professional help and insight to follow this style of investing. Here, an investor can consider the option of investing in Mutual Funds that follow the business cycle investing approach. These professional fund managers benefit from a team that can conduct in-depth research and specialise in certain sectors or stocks.

Furthermore, this approach can help investors steer clear of the emotional turbulence of market cycles and avoid common traps such as knee-jerk reactions to short-term market fluctuations. By taking support from the expertise of a financial advisor who can guide investors in choosing the right mutual fund, investors thus can make informed decisions, mitigate risks, and seize opportunities presented by the ever-evolving business cycle.

To conclude, business cycle investing offers a strategic framework for optimising investment returns and managing risks across various stages of an economic cycle. By investing in mutual fund offerings based on business cycle investing, investors can navigate market volatility with confidence, positioning themselves for long-term financial success.

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spotlight

The Power of Compounding: Building Wealth Through Market Cycles



The compounding power in the stock market can generate enormous returns over time, and what better than equities to accompany you in that journey of wealth creation?

M K BALAJI, Vice President-Investments, ithought Financial Consulting LLP

In the world of investing, compounding is the cornerstone of wealth creation. It means earning money not only on your initial investment but also on the money you've already earned, leading to accelerated growth. Historically, equity has been one of the best-performing asset classes for long-term wealth generation. However, equity investing comes with ups and downs, with some years yielding significant returns and others resulting in losses.

For instance, FY 2024 has been highly favourable for Indian equity investors. Despite rising inflation and increasing interest rates globally, equity investors achieved extraordinary returns. The Nifty Small Cap 100 index delivered returns of over 75%, the Nifty 500 yielded 42%, and Nifty 50 went up by 31%. These returns were achieved despite challenges such as global economic uncertainties and geopolitical risks.

In contrast, FY 2023 was not so favourable. Markets were mostly flat, and small-cap stocks saw significant declines due to global uncertainties. Nifty 50 had a slight negative return of -0.6%, NSE 500 faced a downturn of -2%, and Nifty Small Cap 100 dropped by -14%. These declines were influenced by the Federal Reserve tightening its policies, global inflation concerns, and the collapse of Silicon Valley Bank and Signature Bank in the US.

Despite these challenges, savvy investors saw opportunities. Lower valuations presented attractive entry points, leading to strategic equity positioning and portfolio adjustments. Investors who entered the market during this period reaped extraordinary returns in FY 2024. Currently, concerns linger about elevated valuations in mid and small caps and general uncertainty due to geopolitical tensions.

However, India's macroeconomic stability remains strong, supported by government initiatives to fortify economic health. With the country's GDP on a robust growth trajectory, the upcoming year presents a promising landscape for investments, providing ample potential for compounding. Compounding is more pronounced for those who started investing when valuations were attractive, as its true power is evident during bearish markets.

"The true power of compounding is not limited to bullish markets but extends to bearish markets as well. By understanding the principles of compounding, investors can navigate through market fluctuations and build wealth over time."

In bullish markets, investors typically see a steady increase in asset prices, leading to positive returns. This momentum can fuel compounding, but bearish markets magnify its effect. Those who understand compounding know that bearish markets present attractive investment opportunities. When asset prices are low, investors can buy assets at discounted prices, increasing potential future gains when the market rebounds. Compounding's effectiveness in bearish markets hinges on a long-term outlook and resilience to endure downturns.

In conclusion, the power of compounding extends to both bullish and bearish markets. By understanding its principles, investors can navigate market fluctuations and build wealth over time, regardless of market conditions.

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WEALTH CREATION JOURNEY OVER THE LAST DECADE

INDEX	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
NIFTY 50	18%	27%	-9%	19%	10%	15%	-26%	71%	19%	-1%	29%
NIFTY 500	18%	34%	-8%	24%	11%	8%	-28%	76%	21%	-2%	39%
NIFTY SMALL CAP 100	18%	52%	-13%	43%	12%	-14%	-46%	126%	29%	-14%	70%
NIFTY SMALL CAP 250						-13%	-41%	117%	36%	-7%	63%

DATA SOURCE: NSE

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Crafting a Resilient Portfolio: The Power of Multi-Asset Investing



A multi-asset investing strategy allows you to tap into various economic segments and cycles while ensuring you get to seize the best of all investment opportunities.

DIPANKAR MAJUMDAR, Mutual Fund Distributor

Irrespective of any economic climate, investors seek portfolios that can capture the upside in any asset class while protecting the portfolio from any sharp downturns. This can be made possible only by adhering to multi-asset investing – a strategy which offers both diversification and overall stability to the portfolio.

UNDERSTANDING MULTI-ASSET APPROACH

Multi-asset investing is a strategy that involves investing across various asset classes instead of investing in just one or two asset classes. The allocation to each of these asset classes should be based on one's risk tolerance and investment goals. Adopting this approach can help mitigate the risk associated with a single asset class and optimise returns as well.

Another advantage of this approach is that the portfolio will comprise of asset classes that have zero to low correlation with each other. As a result, when one asset class underperforms, the overall portfolio gets supported by the returns from the other performing asset classes.

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KEY ASSET CLASSES IN A MULTI-ASSET PORTFOLIO

Equities: While equities carry significant risk in the short term, this is also the asset class with the highest growth potential over the long run. Investors can take exposure to this asset class via equity mutual funds or through direct investing.

Debt: Debt is a relatively stable asset class among the various options available. Debt could be in the form of Government bonds, corporate bonds, commercial papers, certificates of deposits and treasury bills. Each of these options provides investors with regular and almost predictable income. However, the debt as an asset class is prone to credit and interest rate risk.

Commodities: Commodities such as gold and silver offer diversification and protect portfolio against volatility and inflation. They act as a hedge against market volatility.

BUILDING A MULTI-ASSET PORTFOLIO HERE IS HOW YOU CAN BUILD A MULTI-ASSET PORTFOLIO:

Determine Your Investment Goals: Your multi-asset portfolio mix will depend on your financial goals, the time horizon of these financial goals, income, age and your risk tolerance.

Asset Allocation: Decide the allocation proportion to each asset class. For example, if you are young and have the risk appetite, then you may opt for an equity-heavy portfolio for your long-term goals.

Rebalancing: It is important to regularly review your portfolio to maintain your desired asset allocation. For example, owing to the equity market rally, the equity allocation may have increased in the portfolio over the past few quarters, which may be beyond your level of comfort. In such a case, you might want to rebalance your portfolio by booking profits in equities and deploying the proceeds in other asset classes.

ALTERNATE APPROACH

For any lay investor following a multi-asset investing strategy can be a daunting task. It is here that they can consider mutual funds based on this strategy. Such a fund is mandated to invest a minimum of 10% each in at least three or more asset classes. Most often such funds invest in equity, debt and commodities. The beauty of these funds is that the fund manager can invest and rebalance the fund's portfolio as per the current and expected market scenario.

“Most often, such funds invest in equity, debt and commodities. The beauty of these funds is that the fund manager can invest and rebalance the fund's portfolio as per the current and expected market scenario.”

However, it is important to understand that diversification within a multi-asset allocation fund is different from the diversification that you may need at a portfolio level. For this, you can consult a financial advisor who can help towards building a balanced portfolio as per your requirements.

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Save As Per The Corpus You Need

DEVESH BANSAL, MUMBAI

I am 29. I started investing in mutual funds (MFs) two years ago. I invest ₹2,000 each in three equity funds—multicap, focused equity and multi asset allocation—every month. I also have fixed deposits (FDs) worth ₹10 lakh, besides Employees' Provident Fund (EPF) and Public Provident Fund (PPF), but I aim to have around ₹50 lakh in MFs. Is my contribution enough to create the portfolio I want over the next 25 years when I plan to retire, or should I increase it?

Yes, this contribution of ₹2,000 each in three good equity funds will easily help you accumulate more than ₹50 lakh after 25 years as it will accumulate around ₹1.12 crore assuming an annualised rate of 12 per cent. However, it may or may not be sufficient for your post-retirement expenses as you also need to calculate the right amount of retirement corpus that will be required to maintain the same standard of living after factoring in inflation.

The FDs will give you stable but lower returns in the long run and are not tax-efficient. The EPF and PPF investments will give you decent returns in the range of 7-8 per cent but it will just about beat inflation.

Get in touch with a financial advisor who can give you a clear picture after doing retirement corpus creation activity and risk appetite exercise with you, and suggest you the right investment amount for post-retirement expenses.

SUHEL CHANDER, CFP®,
Handholding Financials



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PRITAM SINGH, DELHI

I get my salary as a lump sum, and house rent allowance (HRA) is not mentioned in the salary slip. However, I want to claim HRA benefits in tax. How can I do that?

Though there is no HRA component in your salary, you can still claim an exemption for the rent you pay. Under Section 80GG, Chapter VI-A of the Income-tax Act, 1961, one can claim an exemption for rent of up to ₹5,000 a month, provided one does not own a property in the same city. The conditions to claim this are:

- Section 80GG applies to salaried and self-employed professionals.
- HRA should not be part of the salary package to claim Section 80GG deduction. If you have claimed HRA at any time during the financial year, you will not be able to claim a deduction under this section. This means that if HRA was part of your salary package in your previous job but is not in your current one, you will not be able to claim an 80GG deduction for that financial year.
- You, your spouse, or your minor child should not own a property in the city, where you occupy a rented accommodation for which you want to claim 80GG deduction.
- In case you own a residential property at any place for which your income from house property is calculated under applicable sections (as a self-occupied property), no deduction under Section 80GG is allowed.
- Individuals residing in property owned by their parents are also eligible to claim Section 80GG benefits. However, such individuals should sign a rental agreement with their parents and pay rent to them. The rental amount paid to their parents will be taxable when they file their ITR.
- You will need to file Form 10BA with the details of rent payment.
- If your rent exceeds ₹1 lakh per annum, you will have to submit PAN card of the property owner to claim the deduction.

The eligible amount of deduction will be the lowest of the following three:

- ₹5,000 per month or ₹60,000 per year.
- 25 per cent of the total income, excluding long- and short-term capital gains.
- Actual rent paid minus 10 per cent of income.

UMA S. CHANDER, CFP®,
Handholding Financials

spotlight

How to Gain from Market Changes with Business Cycle Investing

Business cycle funds offer many opportunities due to their ability to diversify and rebalance their portfolio based on domestic and global economic cycles.

NIKHIL G VATS, Designated Partner, Wealth Impression LLP



Every economy is constantly in a state of flux, moving from one phase to another. These phases can be described as recovery, expansion, recession and slump. Understanding these phases can help an investor decide which phase of the business cycle an economy is in. Based on this understanding, an investor can optimize his/her portfolio. In effect, business cycle investing is a strategy that aligns investment decisions with the macroeconomic environment. Different sectors behave differently during different phases of the economy.

ECONOMIC CYCLES AND SECTORS

The economic cycle serves as the foundation for identifying sectors that are likely to thrive or struggle.
Let's consider some typical sectoral behaviours in these four phases:

RECESSION

During recovery, the economy begins to rebound from a slowdown, favouring cyclical stocks like industrials and some consumer discretionary stocks. Additionally, financials may benefit from increased activity.

EXPANSION

As recovery progresses into expansion, cyclical sectors maintain momentum while broader consumer discretionary categories (luxury goods, automobiles) thrive. Demand for metals and real estate also rises to support growth.

RECESSION

In this period, defensive sectors like utilities, consumer staples, technology and healthcare show resilience.

SLUMP

During this phase, sectors that cater to essential needs are the most likely to weather the storm. Pharmaceuticals, consumer staples and technological companies are likely to perform well.

CHALLENGES

While identifying these phases may look simple and straight forward, many investors struggle when it comes to selecting the sectors that stand to gain or lose in each of these phases. This is because most investors select stocks based on recent returns, which can be misleading when investing based on business cycle as sectors that outperformed in the previous cycle may not replicate their performance as the phase changes. Another practical challenge for a lay investor is that when tweaking investments based on market cycles, each sell transaction may attract short-term capital gains (STCG) or long-term capital gains (LTCG), which will impact the overall investment return.

BUSINESS CYCLE FUND AS A SOLUTION

In the light of these challenges, the optimal approach would be to invest in funds which invest based on business cycles.

Here are a few key advantages of this approach:

Macroeconomic Expertise: Fund managers specializing in business cycle investing possess the expertise to analyse economic indicators, interpret macroeconomic trends, and identify cycles before they turn and reposition the portfolio accordingly.

Dynamic Rebalancing: These funds actively adjust sector allocation in response to shifting cycles which helps to optimize returns. When the portfolio is churned, an investor does not have to pay taxes on the gains. The investor only has to pay taxes only at the time of redemption.

Diversification: Even within the business cycle framework, a fund maintains exposure to a bunch of sectors, which helps mitigate risk and volatility.

While identifying these phases may look simple, many investors struggle to select the sectors that stand to gain or lose in each phase because most investors select stocks based on recent returns, which can be misleading.

CRUCIAL CONSIDERATIONS

Before investing in a business cycle fund, one has to understand the risk profile of the fund and decide if it matches one's risk tolerance or not. An investor here should have an investment horizon of at least five years as it may take some time for the fund calls to play out.

To conclude, if you are an investor who is looking for a macro-based investment strategy, then investing in a business cycle fund can be a good starting point. This will ensure that your investment is ready to tide any phase of the economy, delivering a positive investment experience.

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Short Selling

Tarun Bhardwaj



The capital markets regulator, the Securities and Exchange Board of India (Sebi), recently issued a new circular which said that while placing orders, institutional investors will have to inform in advance whether the transaction is short selling or not. The order also said that retail investors would be allowed to make similar disclosures till the end of trading hours on the day of the transaction.

Sebi has allowed short selling by all categories of investors, including retail and institutional, but has also imposed certain conditions to prevent market manipulation. Let's understand more about it.



WHAT IS SHORT SELLING?

- It is also known as 'shotting'. Under this strategy, traders first sell the shares to buyers at a higher price and then buy them back at a lower price at a later date or time.
- The price difference between these is the trader's profit or loss.
- Sebi defines short selling as a process in which traders sell shares even when they do not own them.
- These shares are usually sold in the market on margin (borrowed) money and bought when the price falls.
- Short selling can happen through any of these three modes: cash, options and futures.

HOW IS IT DONE?

- Let's say a trader feels that the share price of XYZ company may come down.
- If the trader borrows and short sells 10 shares at ₹100 per share in the cash market, he gets ₹1,000 (not including tax) and has a liability of 10 shares.
- If the share falls to ₹80 and the trader buys back 10 shares, he pays only ₹800. The trader eliminates his liability with these 10 shares, while making a profit of ₹200 (₹1,000-₹800).
- However, if the price of the share increases to, say, ₹120, he pays ₹1,200 to buy them back. Thus, after settling the liability of 10 shares, he would end up with a loss of ₹200.





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THINGS TO KEEP IN MIND

- Remember that short selling is a difficult process and involves speculation. If you get it wrong, you may incur huge losses.
- Short selling is complex and usually undertaken by traders. Retail investors should, ideally, overcome the lure of making quick gains from it that unscrupulous brokers may promise them.
- It not only comes with the risk of incurring a loss, but also taking on debt as short selling is usually done on borrowed money.
- Intraday short selling can be done only in the cash market, whereas shorts taken through options and futures can be carried forward.