

# THE ECONOMIC TIMES Wealth



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## Are you chasing past returns?

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# ARE YOU CHASING PAST RETURNS?



Switching to the best performing mutual fund or investment style may not deliver the best returns in the long run.

By Sanket Dhanorkar

Everybody wants to invest in the best performing funds. Amid a raging bull market, this proclivity for higher returns is stronger than ever. A study by *ICICIdirect.com* shows that investors have been piling on to schemes that have topped the charts in the past three years. Among large-cap funds, the top three outperforming funds garnered 74% of the total inflows from December 2023 to May 2024. In the mid-cap category, just five funds have received 75% of the total inflows in the

past six months. Four out of these five schemes were the top performers in the past three years. Among small-cap funds, 60% of the inflows were in three schemes, two of which sit at the top of the performance charts. “Narrow themes, styles and market-cap segments that have performed well recently have attracted a lot of investor interest,” points out Manuj Jain, Co-Head of Product Strategy, WhiteOak Capital Mutual Fund.

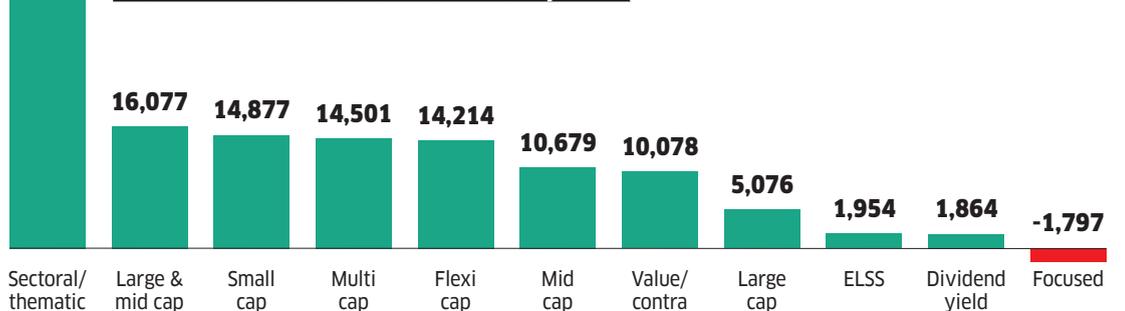
Meanwhile, investors in struggling funds have voted with their feet. In the large-cap segment, just two funds accounted for 75% of the outflows.

54,370

## Investors have piled on to thematic and sectoral funds in the past six months

Nearly 40% of the record ₹1.4 lakh crore inflows went into these funds

Mutual fund inflows in ₹ cr from Dec 2023 to May 2024



SOURCE: ICICI DIRECT

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“The winners keep rotating. Today’s best performing segment may or may not do well in future, and vice versa.”



**MANUJ JAIN**  
CO-HEAD OF PRODUCT STRATEGY, WHITEOAK CAPITAL MUTUAL FUND

It turns out they have been among the weakest performers over the past three years. In the mid-cap space, the bulk of outflows are from two schemes. This investor behaviour—latching on to recent winners and dumping the losers—makes sense intuitively. However, investors are only setting up their portfolios for a sub-par performance. Here is why.

### Fund performance is cyclical

The basic premise for chasing top performers—the belief that past success will continue into the future—is flawed. Chasing past returns is a futile exercise. Funds, like the broader markets, tend to perform in cycles. The ups and downs in a fund’s life cycle are inevitable. A period of outperformance is typically followed by a period of underperformance, and vice versa. This is particularly evident in funds where outperformance is very sharp, observes Sachin Jain, Research Analyst at ICICI Direct.

It is impossible for a fund to remain a top performer across market cycles. Data from FundsIndia shows that only one out of four top performing funds over a three year time frame continued to remain in the top quartile over the next three years. Over five-year time frames, only one out of five funds could manage this feat. Vivek Banka, Co-Founder, GoalTeller, observes, “Reversion to mean is a fundamental investing axiom, and sooner or later some of these funds and stocks revert to averages.” Jain of WhiteOak Capital Mutual Fund asserts, “It is important for investors to remind themselves that winners rotate. Today’s best performing segment of the market may or may not do well in the future, and vice versa.”

Let’s consider a few examples. Axis Bluechip was among the consistent outperformers between 2018 and 2020, topping the charts with 16.6% annualised return. If you had latched on to this fund in early 2021 on the back of this show, it would not have turned out well. The fund has been languishing at the bottom of the charts in its category for the past few years. In the mid-cap space, Axis Midcap and PGIM India Midcap Opportunities were the pace-setters in 2018-20. Anybody hopping on to these funds then would find them lagging behind the rest of the pack. Data from FundsIndia shows that the top three funds of 2018-20 have now slipped to 190th, 192nd and 70th positions, respectively, in the performance charts for 2021-23 (see graphic).

### Investors gravitate towards outperforming funds...

Table-topping funds have attracted bulk of the inflows.

TOP LARGE-CAP FUNDS WITH HIGHEST INFLOWS	3-YEAR RETURN RANK
Nippon India Large Cap	1
ICICI Pru Bluechip	3
HDFC Top 100	4

Top 3 large-cap funds saw **74%** of the inflows.

TOP MID-CAP FUNDS WITH HIGHEST INFLOWS	3-YEAR RETURN RANK
Quant Midcap	2
HDFC Midcap Opportunities	4
Nippon India Growth	3
Motilal Oswal Midcap	1
SBI Magnum Midcap	13

Top 5 mid-cap funds contribute to **75%** of the flows.

Inflows are for the past six months from December 2023 to May 2024. Source: ICICI Direct

### ...even as laggards are quickly discarded

Most of the outflows are from underperforming funds.

TOP LARGE-CAP FUNDS WITH HIGHEST OUTFLOWS	3-YEAR RETURN RANK
Axis Bluechip	28
Mirae Asset Large Cap	24

Only 2 funds accounted for **75%** of the outflows

TOP MID-CAP FUNDS WITH HIGHEST OUTFLOWS	3-YEAR RETURN RANK
Axis Midcap	25
PGIM India Midcap Opp	26

Data shows that the top performing funds keep changing.



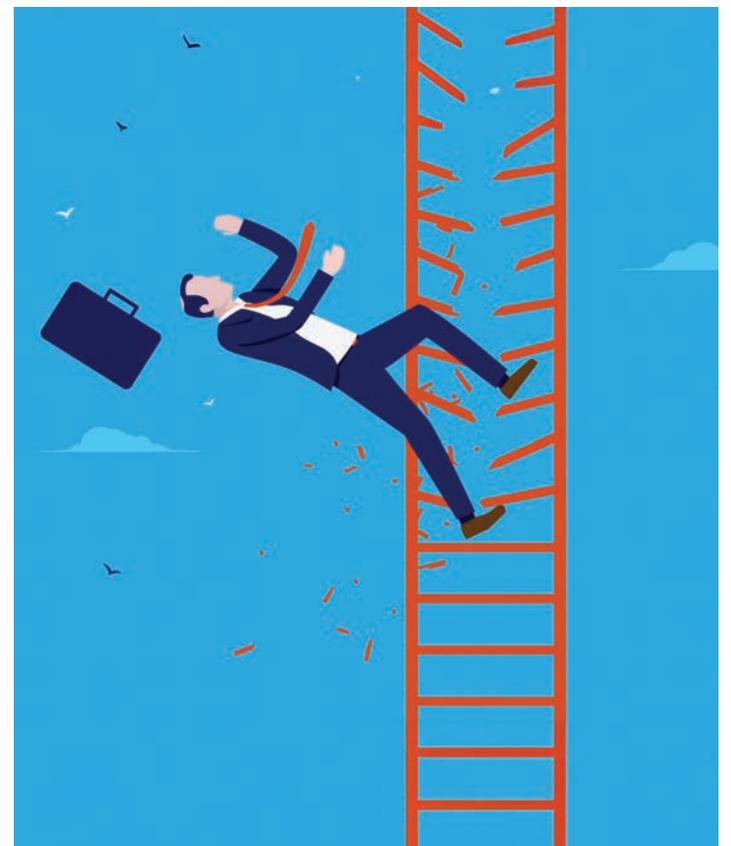
### Past winners may not always be future outperformers

Many leading funds of the past have seen a sharp fall in ranking within a few years.

PREVIOUS 3-YEAR FUND RANK	NEXT 3-YEAR FUND RANK	PREVIOUS 3-YEAR FUND RANK	NEXT 3-YEAR FUND RANK
2015-17	2018-20	2016-18	2019-21
1	175	1	22
2	20	2	17
3	161	3	63
4	68	4	184
5	139	5	84

PREVIOUS 3-YEAR FUND RANK	NEXT 3-YEAR FUND RANK	PREVIOUS 3-YEAR FUND RANK	NEXT 3-YEAR FUND RANK
2017-19	2020-22	2018-20	2021-23
1	165	1	190
2	161	2	192
3	53	3	70
4	33	4	189
5	166	5	13

The number 1 ranked fund of 2018-20 is currently ranked 190. The table shows the ranking of diversified equity funds (large cap, mid cap, small cap, flexi cap, large & mid cap, multi cap, ELSS, value/contra, focused & dividend yield) based on 3-year returns | Source: FundsIndia



Likewise, a fund that underperforms today may not remain at the bottom of the charts forever. It could even become tomorrow’s winner. Many times, after sustained underperformance and redemptions, funds witness a turnaround in performance. Franklin India Bluechip and HDFC Top 100 endured a horrid time between 2018 and 2020. Both funds underperformed their peers miserably, but have emerged among the top performers since 2021. HDFC MidCap Opportunities and Motilal Oswal Mid Cap, among the weakest perform-

“If you go by past returns, your portfolio will gravitate to the segment that is in favour. When it loses currency, your portfolio will underperform.”



**ARUN KUMAR**  
HEAD OF RESEARCH, FUNDSINDIA

# cover story

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ers in 2018-20, are among the table-toppers of 2021-24. According to FundsIndia, the funds currently ranked first and third for the period 2021-23 were at 160th and 166th spots during 2018-20.

The cyclical nature of returns is also evident at the fund category level. Investors often hop between large-, mid- and small-cap categories, chasing the category that delivered the highest return in the past. This strategy is self-defeating. A study by WhiteOak Capital Mutual Fund shows that an investor who started an SIP in a mid-cap index fund in April 2005 and shifted the SIP every year to the best performing index of the previous year fetched lower returns than if he had simply stuck to the mid-cap category till the end (see graphic).

Why do successful funds tend to lose form eventually? This phenomenon is often down to the particular investing style the fund pursues or even the market-cap bias it takes. Different investing styles and market segments work in different market phases. One style cannot perform uniformly across an entire market cycle. "In different market environments, preferences shift towards a specific set of stocks, captured in the fund's investing style, market cap or even sectoral bias," contends Arun Kumar, Head, Research, FundsIndia.

If you switch to a fund based on its recent performance, you often risk catching it near the end of its upcycle. For instance, if you latch on to current market favourites—value funds or small-cap funds—it may not be the best point of entry. Likewise, if you exit a fund after a period of underperformance, you potentially risk leaving it near the start of its upcycle. "Before the comeback in 2021, the value style underperformed most other styles of fund management for three consecutive calendar years (2018, 2019, 2020), delivering a poor investor experience," points out Jain.

In other words, if you simply follow returns, your portfolio will ultimately suffer. Kumar remarks, "We have seen this pattern repeat itself over long periods of time. If you go by past performance, your portfolio will begin to gravitate to one particular market pocket that is in favour. When that segment inevitably loses currency, your portfolio will underperform."

## How to avoid the return trap

To be sure, past performance is a key factor in choosing a fund. Even so, there are better ways of looking at the past than relying on simple point-to-point returns. Rolling

**"Reversion to mean is a fundamental investing axiom. Sooner or later some funds and stocks revert to averages."**



**VIVEK BANKA**  
CO-FOUNDER,  
GOALTENDER

## Current winners have often been previous underperformers

Many of the current outperforming funds have been among the laggards in previous years.

PREVIOUS 3-YEAR FUND RANK	NEXT 3-YEAR FUND RANK	PREVIOUS 3-YEAR FUND RANK	NEXT 3-YEAR FUND RANK
2015-17	2018-20	2016-18	2019-21
140	1	167	1
143	2	11	2
77	3	79	3
NA	4	89	4
56	5	93	5

PREVIOUS 3-YEAR FUND RANK	NEXT 3-YEAR FUND RANK	PREVIOUS 3-YEAR FUND RANK	NEXT 3-YEAR FUND RANK
2017-19	2020-22	2018-20	2021-23
113	1	160	1
158	2	16	2
67	3	166	3
149	4	133	4
159	5	9	5



The current number 1 fund was ranked 160 during 2018-20. The table shows the ranking of diversified equity funds (large cap, mid cap, small cap, flexi cap, large & mid cap, multi cap, ELSS, value/contra, focused & dividend yield) based on 3-year returns. | Source: FundsIndia

## Only one out of four winners remained at the top in next three years

Blindly chasing past winners is a futile exercise because outperformance is followed by underperformance.



ORIGINAL 3-YEAR PERIOD	SUBSEQUENT 3-YEAR PERIOD	PERCENTAGE OF FUNDS THAT REMAINED IN THE TOP QUARTILE
2011-13	2014-16	38%
2012-14	2015-17	68%
2013-15	2016-18	18%
2014-16	2017-19	10%
2015-17	2018-20	7%
2016-18	2019-21	22%
2017-19	2020-22	20%
2018-20	2021-23	26%
Average		26%

Source: FundsIndia

### Switching lanes can hurt portfolio returns

Moving to the best performing segment will not yield expected outcomes.

**10-year rolling SIP returns (% XIRR)**

Scenario	Return (%)
Average	14.5
Maximum	21.3
Minimum	3.9

Started in mid-cap index and switched annually to best performing index of previous year

SIP continued in mid-cap index

These outcomes are for an investor who had started SIPs in the mid-cap index and switched to the best performing index (large, mid or small) of the previous year, every year. The 10-year rolling SIP return period is from 1 Apr 2005 to 1 Apr 2024. Mid-cap index is represented by Nifty Midcap 150 TRI | Source: WhiteOak Capital AMC

returns are a better way to analyse the performance of mutual funds. Trailing returns have a recency bias because they are based on a single point-to-point reading. The market trajectory, and fund's performance, near the end of the period have undue influence on its entire trailing return. A sharp uptick in recent performance will make returns across all trailing periods—one, three or five years—look healthy. So when a fund's one-year, three-year or five-year returns look better than others, it doesn't necessarily imply that the fund has always been better. Rolling returns, on the other hand, capture multiple instances of point-to-point returns over a period of time. They help the investor gauge performance across blocks of time, without any bias towards any particular period of time. It, thus, facilitates a more accurate reading of a fund's track record, provided the look-back period is reasonably long.

### Avoid fixation on returns

The obsession with past returns leads you to an endless cycle of fund-hopping. Performance alone should not be the criterion for gauging the merits of holding a fund. It is important to add more layers to your fund selection matrix. Try and explore risk characteristics of the fund. Typically, a fund that takes higher risks will be prone to alternating bouts of outperformance, followed by underperformance. A fund that is more conscious of its risk positioning will deliver more consistent outcomes. Ideally, a fund's risk profile should be aligned with your risk tolerance. "Apart from returns, one should closely look at other metrics like volatility, downside capture ratio and beta to determine how risky the fund is," says Banka.

Similarly, don't get fixated on how a fund is doing relative to its peers or index. This leads to disenchantment if a fund starts underperforming. It may not always be a good idea to seek an exit and explore greener pastures. Instead, fix a broad range of expected returns from the chosen fund. If

## Winners keep rotating as styles & segments perform differently

It is important to diversify across styles and segments to ensure that your portfolio performs consistently.

2018	2019	2020	2021	2022	2023	2024
Quality 9%	Global 34%	Quality 26%	Value 56%	Value 23%	Value 63%	Value 30%
Low volatility 7%	Nifty 50 TRI 13%	Size (Mid-cap) 26%	Momentum 54%	Nifty 50 TRI 6%	Size (Mid-cap) 45%	Momentum 30%
Nifty 50 TRI 5%	Momentum 11%	Low volatility 24%	Size (Mid-cap) 48%	Dividend yield 5%	Dividend yield 44%	Size (Mid-cap) 22%
Global 4%	Quality 6%	Global 21%	Dividend yield 34%	Size (Mid-cap) 4%	Momentum 42%	Dividend yield 17%
Dividend yield 1%	Low volatility 5%	Momentum 20%	Global 31%	Low volatility 2%	Low volatility 32%	Global 16%
Momentum -2%	Dividend yield 1%	Nifty 50 TRI 16%	Quality 26%	Quality -4%	Quality 32%	Quality 13%
Size (Mid-cap) -13%	Size (Mid-cap) 1%	Dividend yield 16%	Nifty 50 TRI 26%	Momentum -5%	Global 28%	Nifty 50 TRI 11%
Value -26%	Value -14%	Value 8%	Low volatility 24%	Global -9%	Nifty 50 TRI 21%	Low volatility 11%

The indices considered are as follows: Quality: Nifty 200 Quality 30 TRI; Value: Nifty 500 Value 50 TRI; Size (Mid-cap): Nifty Midcap 150 TRI; Global: S&P 500 TR INR; Momentum: Nifty 200 Momentum 30 TRI; Low volatility: Nifty 100 Low Volatility 30 TRI; Dividend yield: Nifty Dividend Opportunities 50 TRI. | Source: FundsIndia

your fund exhibits outcomes within this range, you should remain invested even if it strays from its peers or index intermittently. Likewise, even if the fund is outperforming sharply, anchoring to a specific range will make sure your future return expectations are moderated. "Investors should exercise extra due diligence in analysing and investing in funds that have significantly outperformed," argues ICICI Direct's Jain.

To avoid being swayed by extreme outcomes, investors should bring more style

diversification in their portfolios. "Always have a mix of different styles with very low overlap," suggests Kumar. "You can't build a team with only fast bowlers. You will do great in a few matches, but will miss the spinners in others." In the past four years, funds leaning on the value style have outperformed, while growth and quality-led funds have lagged. But the tide could turn in the next few years as mean reversion inevitably plays out. It may not be a good idea to junk your growth funds at this juncture. Instead, spread your portfolio across

funds geared towards value, quality, momentum, size (mid/small cap) and global equities. This style diversification will ensure that you not only capture today's top performing segments but are also positioned to benefit from a turnaround in others. "A balanced portfolio with a blend of these factors can help improve the consistency of performance," avers Jain.



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## Claim both HRA exemption and home loan deduction

By Naveen Kumar

The deduction on home loan interest and exemption for house rent allowance (HRA) are two widely used options to save tax. Though most people can claim either the home loan deduction or HRA exemption, in some situations taxpayers can claim both. Here are a few circumstances in which both tax benefits can be claimed.

### Home in one city, living in another

It is not uncommon for people to shift to another city for work. If you have taken a loan for a house in one city but moved to another for work, you can claim both deduction of the loan interest as well as exemption for HRA. Many people also take a home loan to buy or construct a house in



their hometown even as they live on rent in another city. They, too, can claim both HRA exemption and home loan deduction. The only condition is that you should have rented the accommodation in the

city where you work to be able to claim HRA exemption. Claiming both the benefits can lead to big savings in tax.

### Self-occupied home and rental ac-

### commodation in same city

In metros, the daily commute to work can take several hours. This is why many people take a rented accommodation near their place of work even though they have a house in the same city. In such a situation, they can claim exemption for HRA as well as the deduction for the home loan interest. However, they must provide evidence that their self-owned house is too far away from their workplace which made it necessary to rent a house nearby.

### Let-out property and rental accommodation in same city

Both tax benefits can also be claimed if the property for which the loan was taken has been given on rent. While you can claim HRA exemption, you cannot claim deduction for principal repayment of your home loan.

SECTORAL FUND

THEMATIC FUND

# Should you buy sectoral and thematic funds?

Investors have poured nearly ₹55,000 crore in these funds in the past six months. Find out if these schemes suit you.

By Yasmin Hussain

**M**utual funds have witnessed a record inflow of more than ₹1.4 lakh crore in the past six months, with nearly 40% of this amount going into thematic and sectoral funds. Sectoral and thematic funds are riskier because they are less diversified and take a concentrated exposure to a sector or theme. Here are a few things investors must keep in mind to avoid disappointment later.

## Don't go by past returns

Our cover story explains why investing on the basis of past returns is not a good idea. This is especially true in case of sectoral and thematic funds. Sectors and themes tend to be cyclical in nature, and the performance depends on a host of factors, including news developments, economic conditions, global trends, government policies and market sentiments. For instance, the pharma sector was the top performer after the Covid outbreak in 2020, but it was the worst performer in 2021 and gave negative returns the next year (see table). "That's how cyclical nature plays out," says Chirag Muni, Executive Director, Anand Rathi Wealth.

To navigate these cycles, investors must keep their ears close to the ground. For instance, government policies can change a sector's fortunes. After the government announced in 2020 its plans to spend ₹100 lakh crore on infrastructure over the next five years, infra stocks took off. The infrastructure category gave more than 50% return in 2021. It lost some steam in 2022, but powered ahead in the following years.

## Concentrated exposure, high volatility

At the same time, sectoral and thematic funds are more volatile because they have a concentrated exposure to one sector or theme, unlike a diversified fund that spreads the risk thin across several sectors. Since the universe is narrow and there are only a few stocks to invest in, the top 4-5 stocks in a sector or thematic fund account for a significant portion of the portfolio. A downturn in one or two holdings

can impact the fund adversely. For example, the HDFC Defence Fund has doubled investors' money in just nine months. However, two stocks—Hindustan Aeronautics and Bharat Electronics—account for more than 50% of its portfolio, which makes the fund very risky. If any of these two stocks slips, the fund will follow suit.

Given the high risk they carry, sectoral and thematic funds are not for everyone. Experts typically recommend these funds only to investors who can stay ahead of the curve and have good knowledge of recent developments, trends and policy changes.

"We don't recommend sectoral and thematic funds unless the investors have a special requirement for a sectoral or thematic inclusion in their portfolio," says Santosh Joseph, Founder, Germinate Investor Services. These funds are suitable for savvy investors who understand sector dynamics and are willing to take extra risk to earn higher returns.

## Not for the long term

The cyclical nature of sectoral and thematic funds also means that they are not meant

to be kept in the portfolio forever. Just like savvy investors know when to get in, they also know when to exit.

"The timing of the exit is extremely crucial. If you get it wrong, you'll be in it for a really long time without making any money," says Joseph. "In 2008, when the power and infrastructure sectors were doing very well, there were several NFOs in the infrastructure category. The people who invested in these funds, but failed to exit at the right time, suffered losses when the tide turned against these sectors. It took almost 8-10 years for these funds to recover," adds Vivek Banka, Co-founder, Goalteller.

Though these funds have the potential to provide high returns, sectoral funds should not form the core of your investment portfolio. According to financial planners, one should not allocate more than 10-15% of the portfolio in sectoral or thematic funds. The core of the portfolio should be an index fund and diversified schemes.

Also, when a sectoral or thematic fund gives good returns, book partial profits. "Rebalance your portfolio by taking out profits from thematic funds once it exceeds the allocated percentage," says Banka.

## How different sectors have performed in the past 10 years

Sectors are cyclical in nature, which means new winners are thrown up every year.

SECTOR	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (TTD)
Financial	62.01	-8.04	13.06	40.71	-1.63	19.44	-0.84	15.33	14.97	21.07	12.51
Technology	23.36	5.32	-3.86	18.77	17.75	8.81	57.71	65.22	-21.18	34.21	16.62
Auto	103.96	5.72	4.78	39.61	-19.52	-8.74	11.02	24.34	14.69	42.82	33.13
Power	48.81	-0.68	21.5	45.74	-17.32	3.75	17.65	46.11	7.37	38.95	28.86
Infra	63.54	-0.36	3.61	47.6	-17.49	2.89	8.55	50.88	9.7	44.84	35.2
Pharma	50.02	19.6	-12.24	5.13	-4.1	3.8	66.47	20.49	-9.85	35.6	20.17
Consumption theme	41.82	4.52	4.95	43.11	-2.83	5.59	16.12	26.79	7.23	28.96	18.52
MNC theme	66.8	12.72	-2.88	39.1	-4.98	2.88	18.41	29.13	-3.1	23.93	17.31
PSU theme	48.05	-4.29	17.09	23.11	-20.36	8.04	-1.94	33.52	26.03	55.93	38.59

Source: Anand Rathi Wealth. Figures are annual sectoral returns in percentage.

# Be a boring investor

Applying the 'Boring Technology' concept to personal finance, investors should stick to proven strategies instead of trying new fads, says **Dhirendra Kumar**.



**DHIRENDRA KUMAR**  
CEO, VALUE RESEARCH

## MONEY MYSTERIES

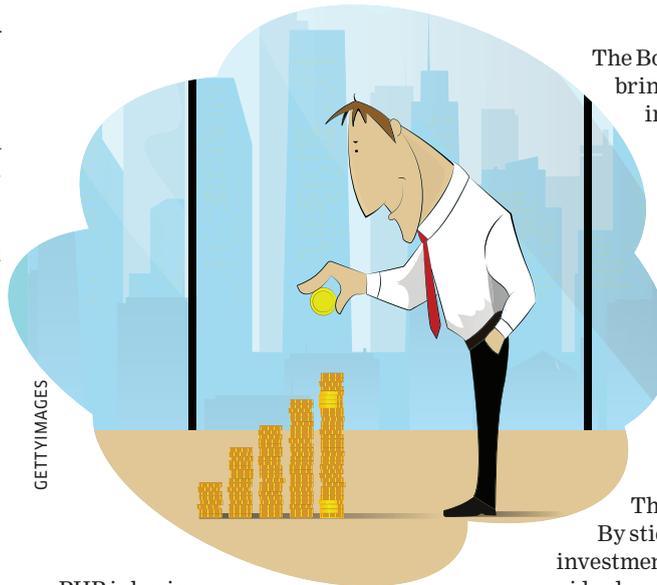
By sticking to simpler, well-understood investment concepts and strategies, one can avoid the stress and potential mistakes that come with constantly chasing the latest investment fads or timing the market. This allows investors to focus their energies on other aspects of financial health, such as budgeting, saving or long-term financial planning.

A few days back, someone in my technology team pointed out a website called *boringtechnology.club*. The 'Boring Technology' principle was first advocated by Dan McKinley, a software engineer and former Etsy employee. McKinley introduced the concept of 'choose boring technology' in a blog post that gained popularity in the tech industry. The core idea is that while building systems or making technological choices, it's often better to opt for well-established, proven technologies, rather than chasing the latest, trendiest options.

A key element of McKinley's essay is the idea of 'innovation tokens', which he describes as a limited resource that organisations should spend wisely. In the context of technology choices, McKinley suggests that companies have a finite capacity for innovation and should, therefore, be selective about where they decide to be cutting-edge. If a company uses up some of its innovation tokens in trying out a glamorous new technology that is not tried and tested widely, it will have fewer resources left for innovation in its business domain and in serving its customers.

As McKinley puts it, "If you think about innovation as a scarce resource, it starts to make less sense to also be on the front lines of innovating on databases. Or on programming paradigms. The point isn't that these things can't work. Of course, they can work. There are many examples of them actually working. But software that's been around longer tends to need less care and feeding than software that just came out."

He goes on to explain why he uses the word 'boring'. "What counts as boring? That's a little tricky. 'Boring' should not be conflated with 'bad'. There is technology out there that is both boring and bad. You should not use any of that. But there are many choices of technology that are boring and good, or at least good enough. MySQL is boring. Postgres is boring.



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PHP is boring.  
Python is boring.  
Memcached is boring. Squid is boring. Cron is boring. The nice thing about boringness (so constrained) is that the capabilities of these things are well understood. More importantly, their failure modes are well understood."

I'm not a technology person by education, but over the past few decades, I've managed and grown a business that does all its tech in-house, and I understand exactly what this idea signifies. However, beyond that, these ideas transfer perfectly to personal investing. By focusing primarily on well-established investment vehicles like diversified mutual funds or passive funds, investors can build a stable foundation for their portfolios. These are boring choices that have demonstrated their effectiveness over time and typically come with predictable outcomes. Meanwhile, you can spend the limited 'innovation tokens' on other carefully selected alternatives if you put in the effort to understand them.

The Boring Technology principle also brings in the importance of reducing cognitive load, which translates well to personal finance. McKinley comes to the conclusion that the total list of technologies that you use should be as few as possible. This also maps perfectly to investing. What are the boring things that you need to understand to be a successful investor? Diversification, asset allocation, large cap versus mid cap, cost averaging, and ... actually, that's the shortest list. This is all you need.

By sticking to simpler, well-understood investment concepts and strategies, individuals can avoid the stress and potential mistakes that come with constantly chasing the latest investment fads or attempting to time the market. This approach allows investors to focus their energies on other aspects of financial health, such as budgeting, saving or long-term financial planning, which is the equivalent of companies paying attention to their actual business rather than frivolities.

I don't know whether I've been able to explain this idea effectively, but the Boring Technology concept, when applied to investing, encourages a balanced, thoughtful approach that prioritises consistency and proven methods over chasing the latest thing that claims to be innovation. It suggests that for most investors, a primarily boring portfolio, optionally supplemented with a few well-chosen innovation tokens, is the most effective path to long-term financial success.

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## Top offers dry up for IIT graduates

**Hit by the hiring** slowdown, salaries of engineers graduating this year from the Indian Institutes of Technology (IITs) have dropped. For the class of 2024, the annual pay is in the range of ₹15-16 lakh, according to separate studies by Deloitte and TeamLease.

Compensation for graduates from top 10 engineering institutes, of which eight are IITs, as ranked by the National Institutional Ranking Framework, has declined marginally for the class of 2024, according to Deloitte Campus Workforce Trends 2024 study. "They can expect a median

compensation of ₹16.3 lakh per annum in 2024 as per our study," said Neelesh Gupta, Partner, Deloitte India.

Annual pay is down to a median ₹15-16 lakh, compared with ₹18-20 lakh in 2023 at old IITs, as per a TeamLease Services study conducted in May.

Placements are still on at some of the IITs with the season slightly longer than before. "The decline in median salary is particularly pronounced across the seven old IITs," said Ramesh Alluri Reddy, CEO, TeamLease Degree Apprenticeship. The new IITs have also seen a fall in median

salaries to ₹12-14 lakh per annum, from ₹15-16 lakh in 2023, TeamLease findings suggested.

Top offers at the IITs this year have nearly halved from ₹4 crore for the 2023 batch. "The factors contributing to the decline in median salaries include the global economic slowdown, industry shifts favouring sectors like manufacturing and electric vehicles, increased competition, and the preference for offering internships over full-time positions," said Reddy.

Another reason is that many companies have moved to skill-based hiring practices, according to TeamLease. "Despite the

wide salary range, with some individuals commanding hefty packages exceeding ₹1-2 crore, many graduates are witnessing offers below ₹10 lakh, with some as low as ₹6 lakh per annum," Reddy said.

In 2022, out of 17,900 registered students across all IITs, 14,490 secured placements, leading to 19% unplaced rate, according to the report. This year, out of 21,500 registered students, only 13,410 have been placed. "This has left a staggering 8,090 without placements, a 38% unplaced rate," according to the study.

—Prachi Verma



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# stocks

08 The Economic Times Wealth July 22-28, 2024

# Bet on stocks favoured by institutional investors

Following foreign investors and domestic mutual funds is an easy way to identify good stocks.

by Sameer Bhardwaj

**T**he Indian equity markets have consistently hit new highs in 2024, driven by robust domestic inflows. The Nifty 50 index achieved 31 new closing highs between 1 January and 14 July, delivering year-to-date returns of 12.7%, outperforming the MSCI Emerging Market Index's return of 9.75%. The optimism is driven by strong macroeconomic fundamentals, government assurances of ongoing reforms, and robust domestic demand. Supportive policies for manufacturing and a rebound in private sector investments further bolster the market expansion. Both domestic mutual funds and retail investors are actively investing in equities.

Domestic mutual funds poured ₹1.91 lakh crore in equities in the first half of 2024, up from ₹57,921 crore in the same period last year, as per ACE MF data. Every month has recorded positive inflows, with July registering over ₹5,300 crore till the 10th of the month.

Conversely, foreign portfolio investor (FPI) net inflows were volatile, recording ₹3,201 crore during the first half of 2024, down from ₹77,407 crore in the same period last year. NSDL data shows that FPIs were net sellers in three out of six months between January and June this year.

“The reason for this divergence is that FII activity is influenced by external factors like the US bond yields and valuations in other markets, while DII activity is largely driven by domestic flows in the market,” says V.K.Vijayakumar, Chief Investment



## Higher food prices

Rising food prices remain a concern as India's June CPI inflation jumped to 5.08%, surpassing market expectations. The Reuters poll had forecast inflation at 4.8% for June. India's WPI inflation reached a 16-month high of 3.4% year-on-year in June. Higher inflation rates could delay the RBI rate cuts and dampen sentiments. “Despite growing expectations of a Federal Reserve rate cut in September, the RBI is unlikely to cut rates within this calendar year,” states a Prabhudas Lilladher Ecoflash report.

## Stock selection strategy

Given the valuation concerns and rate cut uncertainties, focus on stable, fundamentally sound stocks that withstand volatility. Investing in institutional favourites is a prudent strategy. Institutional investors, with their expertise and resources, track global and domestic financial markets. They forecast key economic variables like inflation, currency values and interest rates, impacting the overall market performance.

We have identified stocks where both domestic mutual funds and foreign investors have increased stakes on quarter-over-quarter and year-on-year basis. In other words, the stocks where both foreign investors and domestic mutual funds have increased stakes between the March 2024 quarter and the June 2024 quarter (q-o-q), and the June 2023 quarter and June 2024 quarter (y-o-y), were identified.

There are 377 stocks with market caps greater than ₹500 crore that have declared their June quarter shareholding pattern. Of these 40 have seen a rise in stake by both domestic funds and foreign investors. Here are five of these 40 stocks that are covered by several analysts and are showing strong potential for double-digit share price growth.

Strategist, Geojit Financial Services.

The US 10-year bond yields have softened from 4.6% in May to 4.2% in the second week of July. Moreover, the drop in the US inflation has renewed expectations of an early rate cut by the Fed in September. Lower yields are expected to sustain FPI buying. In July 2024, FPIs have bought ₹20,720 crore of net equities (till 15 July).

“In the event of a global risk environment, triggered by increasing expectations of rate cuts, it could lead to increasing flows to emerging market equities, with India expected to emerge as one of the bigger beneficiaries of flows,” says Milind Muchhala,

Executive Director, Julius Baer India.

## Valuations

Despite positive momentum, analysts are cautious due to stretched valuations across all market segments—large, mid, and small caps. While the Nifty 50 trades at TTM (trailing twelve month) PE at 23.3 times, which is at over 4% premium to its one-year average, the Nifty Midcap 100 index is trading at TTM PE of 42.8 times compared to the one-year average of 28 times.

The Nifty Smallcap 100 index trades at 30.3 times compared to the one-year average of 26.5 times, as per the data from Trendlyne.

## Ujjivan Small Finance Bank

12-month forward PBV	Current price (₹)	1-year target price (₹)
1.3	45	62

**UPSIDE POTENTIAL**  
**38.9%**

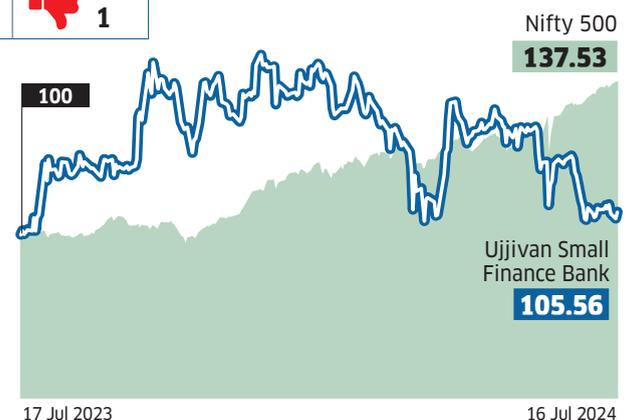
ANALYSTS' RECOMMENDATIONS		
BUY	HOLD	SELL
13	0	1

**THE SMALL FINANCE** bank is better positioned than most of its peers in terms of slippages and credit costs. However, rising headwinds are expected to impact performance in the near term. The bank is expected to report a 10.8% year-on-year decline in the net profit growth in the June 2024 quarter, according to the consensus estimates of analysts compiled by Reuters-Refinitiv.

Stress is building up in the bank's microfinance portfolio in some

districts (Punjab, Haryana, Gujarat, Kerala, Uttar Pradesh), which is likely to affect the disbursement growth. This has led to a downward revision of growth guidance by the management for 2024-25. However, the impact of lower disbursements in MFI will be offset to a certain extent by the growth in individual loans and affordable housing segment. Moreover, gold and vehicle loans will boost the share of secured assets and support margin and profitability.

The bank is also set to approach the RBI in 2024-25 for a universal banking licence and acknowledge that it fulfills universal banking licence guidelines. The acquisition will provide benefits in terms of lower capital requirements, increased product diversification and lower PSL requirements. Recent brokerage reports from Antique Stock Broking and DAM Capital are bullish on the stock due to its potential for generating decent return ratios.



## Aptus Value Housing Finance India

12-month forward P/BV	Current price (₹)	1-year target price (₹)
3.6	324	379

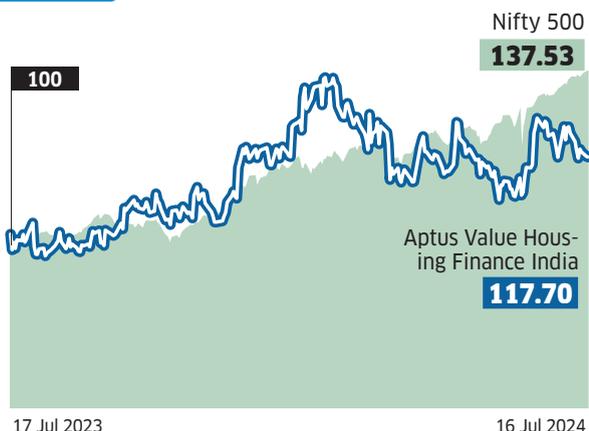
**UPSIDE POTENTIAL**  
**16.8%**

ANALYSTS' RECOMMENDATIONS		
BUY	HOLD	SELL
9	2	2

**THE AFFORDABLE HOUSING** loan company is expected to report a 20% year-on-year jump in net profit in the June quarter, according to the consensus estimates of analysts compiled by Reuters-Refinitiv. Healthy disbursements and strong AUM growth are expected to support the performance. In the March quarter, segments such as housing loans, quasi housing loans and small business loans contributed significantly to the disbursement growth. Analysts say that the company's cost-to-income ratio is the lowest in the affordable housing loan industry.

The management had guided 30% AUM growth for the next few years supported by branch addition, productivity improvement and an increase in average ticket size. It is expected to add branches in its newer states of Odisha and Maharashtra in 2024-25, as well as in its existing states of Telangana and Karnataka. It also aims to focus on improving sourcing from the non-branch channel to manage cost ratios in the future.

Aptus is gradually increasing the proportion of its float-rate borrowings, which will provide benefits when



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the rate cycle reverses. With approximately 80% of loan book on fixed rate, the management is confident of maintaining spreads in the future. Besides, it enjoys a stable asset quality supported by improved collection efficiency and strong underwriting practices.

## APL Apollo Tubes

12-month forward PE	Current price (₹)	1-year target price (₹)
38.2	1,553	1,740

**UPSIDE POTENTIAL**  
**12.1%**

ANALYSTS' RECOMMENDATIONS		
BUY	HOLD	SELL
11	1	1

**THE STRUCTURAL STEEL** tubes manufacturer is expected to report 13.9% and 11.8% growth in revenue and EBITDA in the June quarter on a year-on-year basis, according to the consensus estimates of analysts compiled by Reuters-Refinitiv. Growth in volumes and margins are expected to support performance during the quarter.

The management is confident of demand improvement in 2024-25, led by traction in the building, construction and infrastructure sectors. It expects 20-25% volume CAGR over the next 2-3 years, supported by capacity expansion and ramp-up in plant utilisation.

The company will be a beneficiary of the growing structural steel market, and its robust distribution network and rising share of VAP (value-added products) are expected to support margins in the future. The management aims to ramp up the capacity to 5 million tonne by 2025-26. In 2023-24, the company achieved volume growth of 2.62 million tonne.

There are strong growth opportunities in solar structures as steel tubes offer better design and optimisation. The company is working with major solar power producers to manufacture tubular structures for tracking solar panels.

Moreover, the return ratios of the company are set to improve as the majority of the capex is over. Analysts list the company's strong brand positioning, cash generation ability, industry-leading capacity, strong market share, led by higher discount offerings to dealers, and export opportunities as key strongholds.



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## PSP Projects

12-month forward PE	Current price (₹)	1-year target price (₹)
15.0	684	797

**UPSIDE POTENTIAL**  
**16.6%**

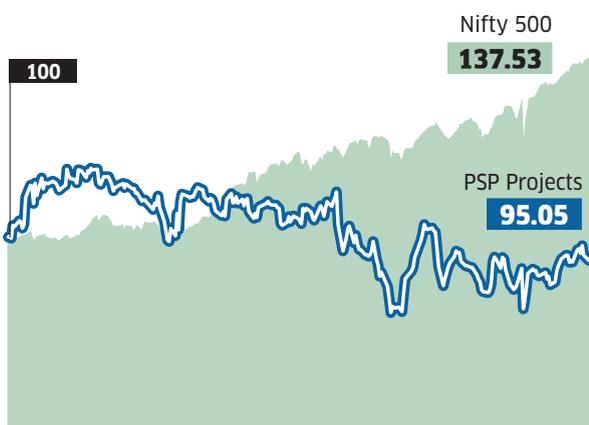
ANALYSTS' RECOMMENDATIONS		
BUY	HOLD	SELL
6	1	0

**THE DIVERSIFIED CONSTRUCTION** company is expected to report a 9.7% year-on-year standalone revenue growth in the June quarter, according to the consensus estimates of analysts compiled by Reuters-Refinitiv. However, the EBITDA and PAT are expected to contract by 7.8% and 18.8%, respectively. While the higher base will drag EBITDA, higher depreciation and interest costs are likely to dent PAT.

The company saw no order inflows in the June quarter due to muted tendering activity amid general elections. NHAI's bid pipeline stands at ₹84,200 crore in July 2024. Such a strong bid pipeline could lead to an uptick in awarding in the coming months.

Moreover, the company's order book is robust at ₹6,049 crore (at the end of the March quarter), which provides good revenue visibility. The management is targeting revenue growth of 15% year-on-year with an EBITDA margin of 10-11% for 2024-25. It is a beneficiary of the government's focus on infrastructure development and revival of private sector capex.

The balance sheet is expected to strengthen as pro-



17 Jul 2023 16 Jul 2024

ceeds from the Surat Diamond Bourse settlement and QIP are likely to be used largely towards payment of outstanding borrowings. Its total debt was ₹455 crore at the end of March 2024, which declined by ₹23 crore on a quarter-over-quarter basis.

## Prince Pipes and Fittings

12-month forward PE	Current price (₹)	1-year target price (₹)
33.2	700	770

**UPSIDE POTENTIAL**  
**10.1%**

ANALYSTS' RECOMMENDATIONS		
BUY	HOLD	SELL
11	2	0

**THE PVC PIPE MANUFACTURER** and multi-polymer processor is anticipated to achieve significant growth in revenue (9.4%) and EBITDA (50.6%) year-on-year for the June 2024 quarter, based on analysts' consensus estimates from Reuters-Refinitiv. Strong demand in agriculture and plumbing sectors is likely to drive performance, with improvements expected in net working capital for the quarter.

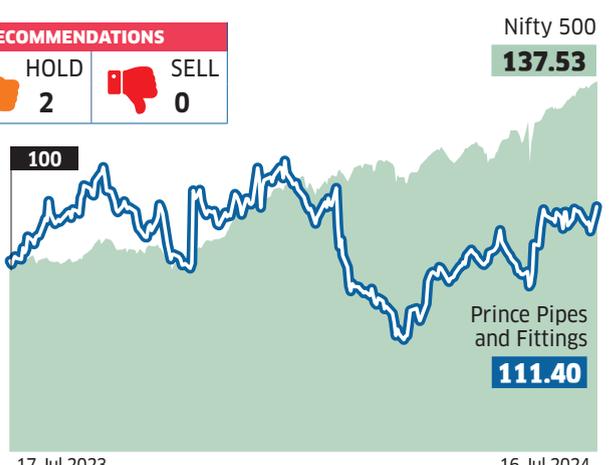
The buoyant growth prospects of the domestic PVC pipe market are

expected to support the company's performance in the future. Low piped water penetration in India, strong growth of the housing and infrastructure sectors, replacement demand and growing demand from the agriculture and industrial sectors are some of the factors that are driving the growth of PVC pipes. The management is confident of achieving 15% volume growth in the pipes segment and operating profit margins of 12-14% in 2024-25.

The bathware segment shows

strong revenue potential, with plans for a nationwide presence in 2024-25, including launches in south and east markets in this fiscal year.

According to a recent ICICI Securities report, the company is poised for long-term growth due to its broad product range, expanded distribution network, and branding efforts. The report projects a 14.3% CAGR in pipe volumes from 2023-24 to 2025-26, primarily fuelled by increased plumbing demand.



17 Jul 2023 16 Jul 2024

Current price as on 16 July 2024. Nifty 50 12-M forward PE: 21.4. Source: Refinitiv & Trendlyne



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## Multiple goal planning for young earners

Siddhant Singh is a 24-year-old graduate who has just started his career. He earns ₹65,000 a month. He has a lot of financial goals on his wish list for the next decade. He would like to enrol and self-finance a good quality post graduate management program. Once he has settled in a career, he plans to buy himself a car and possibly a house. Then there are the expenses for his wedding and starting a family. How should he plan and prioritise to meet his objectives?

One of the first steps in the financial planning process is setting goals. Every person has some requirements that do not fit in their incomes. Though Singh has listed out his requirements, his income is too small to accommodate all of these. Hence, he needs to evaluate and prioritise his goals.

If, in today's rupee terms, his higher education costs ₹25 lakh, car costs ₹10 lakh, house ₹1 crore and wedding ₹25 lakh, he is looking at a spend of ₹1.6 crore. With an annual salary of ₹7.8 lakh, this is almost 20 times his income. If, after allowing for expenses, he manages to save ₹3 lakh a year, at current estimates, his goals are almost 50 times his saving capability. Inflation will also increase the value of goals. So, he needs to save and invest in assets that beat inflation if he plans to fund his goals with savings. However, even this may not be sufficient considering his current income level.

Singh will be able to meet his goals only through a combination of three options: higher income, higher savings, and borrowings. If his income increases, say, after the

post graduate degree, he can take an education loan to fund his studies. He can then use the higher income to save more, and also borrow a portion of what he needs for the house and car. For example, if Singh's income increases after two years, when he completes his education, he will have more surplus to repay the education loan. In that time, he would also have saved some money for his wedding. If he postpones buying the car till after he has repaid the education loan, it will leave him with some savings. The house can be bought after the car loan has been paid off and after his income has increased further.

Along the way, Singh may also notice that some goals are more ambitious than others. He will find it useful to set 'stretch' goals, the ones he'll have to stretch to reach. He may achieve some in the specified time frame, but for others, he may have to extend the timeline. Instead of taking on all the goals at the same time and funding them with savings, he can prioritise so that he can borrow to fund some goals, while increasing his income and savings. Without this balance, he may have to sacrifice a few goals or postpone them.

Content courtesy Centre for Investment Education and Learning (CIEL). Contributions by Girija Gadre, Arti Bhargava and Labdhi Mehta.

### PAPER WORK

#### •• Nominations

Nomination is a crucial step in securing one's assets. It ensures that in case of demise, investments are transferred smoothly to the chosen nominee, reducing potential legal complexities and offering financial security to beneficiaries.

#### Identifying investments



The first step is to identify all the investments that require nomination. This includes bank accounts, fixed deposits, mutual funds, insurance policies, and other financial instruments.

#### Filling nomination forms



Most financial institutions provide nomination forms at the time of investment. If not done initially, investors can fill

out the form anytime during the investment period. These forms typically require details like nominee's name, relation and contact information. The form can be submitted to the respective financial institution after which it usually provides a confirmation, ensuring that the nomination is recorded.

#### Types of investments



• **Bank accounts and fixed deposits:** Nominations for these can be easily made by submitting a simple form. It's essential to update these nominations regularly, especially after significant life events like marriage or the birth of a child.

• **Mutual funds:** Each folio can have up to three nominees, with the option to specify the percentage of claim for each nominee.

• **Insurance policies:** Nomination in life insurance policies is crucial as it ensures the death benefit is paid to the nominee. Policies can be updated to reflect changes in the policyholder's life circumstances.

• **Provident Fund and PPF:** Nomination is mandatory for these investments. If not done at the time of account opening, it can be added later.

#### •• Points to note

- Life changes such as marriage, divorce, or the birth of a child necessitate updates to nominations to ensure they reflect current wishes.
- Nomination does not override a will. In case of a conflict, the will takes precedence.

### SMART THINGS TO KNOW

#### Time diversification

1

Time diversification is the idea that over the long term, above-average returns tend to offset below-average returns.

2

The impact of short-term market volatility reduces as the standard deviation of annualised returns decreases with an increase in time horizon.

3

If a risky investment performs poorly at the beginning of a long horizon, one can postpone consumption or work harder to achieve the financial goals, compared to a short horizon.

4

This theory is useful in investing for retirement and children's education goals, where the horizon is long, and consistency and discipline are important.

5

There are theories that refute the benefits of time diversification, claiming that a long horizon does not equal lower risk.

# Is gifting a wasteful exercise?

Instead of both the giver and taker of gifts suffering the agony of choosing and disappointment of receiving, it may be a better idea to remove objects from the personal equation, says **Uma Shashikant**.



GETTY IMAGES



**UMA SHASHIKANT**  
IS CHAIRPERSON,  
CENTRE FOR INVESTMENT  
EDUCATION AND LEARNING

**We fall into the trap of spending to impress, gifting to gain favour, and our actions cater to impressions we like to create about wealth. These are one-sided actions that don't provide the opportunity to express a contrarian view and stay true to what really matters. We drown in the cesspool of social acceptance, appropriate behaviour and unbroken ritual.**

**I**t was my friend's landmark birthday, as we now call these events. We live in times when we need an excuse to celebrate. Dressing up, meeting people, singing, dancing, clicking pictures and videos, and eating good food is a preferred choice to spend one's weekend. These enjoyable experiences notwithstanding, the question of an appropriate gift remains tricky.

Buying something for another person has never been as tough as it is now. Our friend expected us to do something 'nice'. She had told us earlier that a gift is a thoughtful deed that only dear friends and close relatives are capable of. It should be something that one strongly desires, but is unable to acquire or achieve. Given this framework, we chatted away on the WhatsApp group, to no avail.

Women have a pet peeve when it comes to gifting. People get stuff for the house—appliances, artefacts, crockery and cutlery—as gifts for a woman's birthday or anniversary. How impersonal and patriarchal, we would argue. Getting personal gifts is even tougher. I once received, from a friend, an expensive perfume that I hated and I haven't told her that I gave it away to someone who liked it. Gifts circulate, saving money as they go, if I must uphold a virtue of the act.

Buying clothes, bags, ties, shoes, pins, watches, jewellery are all unlikely to work, as there is always a personal preference of colour, design, material and brand. After much thought, I have concluded that gifting is a wasteful endeavour. Those who know me also know that I give or accept nothing. My husband disapproves of my candid act of returning stuff that is gifted by others, but I argue that I have clarified my position several

times. To him it is a matter of great relief that I don't expect him to buy me gifts.

I argue that gifting is one of those wasteful rituals that we have perpetuated, but we live in denial and hate to admit it. Our personal finances would benefit from getting rid of this vain pursuit of trying to please others with an object. Insisting that the other accept, appreciate and use something that one has unilaterally bought, is also an act of tyranny. Sounds drastic? Think about it.

We subject ourselves to the need to give and take gifts for various reasons. How does one go and meet someone empty-handed, ask my friends. I confess to having done just that for the past 40 years, and I have lived to tell the tale. My circle of friends has only grown. We don't have to reduce relationships to transactions. We can believe in the generosity and goodness of the world, and accept that those who fed us and those of us who ate are happy people who will spread happiness. Spending time with one another, when we could have done something else, is a precious gift. We made the other feel wanted, cared for and respected. All priceless gifts.

Sometimes, gifts are seen as a way to remember others. My mother bought me a stainless steel pressure cooker when it was first introduced. It has travelled with me to all the homes I moved into, and not because I remember her when I use it; it would be a shame if I needed a cooker to think of a woman who meant so much to me. Our memories don't need objects to survive. We all know how objects we got as gifts, that we can't keep or throw, end up crowding our homes.

Some believe that being obligated is a bad thing and that we have to exchange objects

and make it even. Someone invited us to an event, and we passed on an envelope with token money, eating the meal with a sense of entitlement. The account is even. Think about how the world would be if we were to keep accounts for everyone who came into our lives and repaid everything we thought we owed.

Micheal Sanders would list for us the many things money can't buy, and the many joys we would kill by bringing money into the picture. We would be a better society if we believed that living with a sense of gratitude made us better people. Try as much as we like, we can't repay the goodness we receive as we live. Think for a moment about how our celebrations would be if we did not need any of this quid pro quo. What we do to others would be an expression of gratitude, and the recipients would pass the goodness forward, instead of measuring generosity with a token gift.

If we don't take a gift, won't others take us for granted? If we don't buy a gift, won't others think we are stingy? If we bought a lot, won't they call us reckless? A lot of time and energy is lost trying to figure out what the other is doing, what the motivations are, and what they must instead do. What if we simply focused on what we do? We allocate our money the way we think is best, and we take along people who we believe matter to us. If we realise that someone is trying to piggyback on our personal wealth, we decide to take action that suits us. Isn't that simple?

We fall into the trap of spending to impress, gifting to gain favour, and our actions cater to the impression we like to create about our wealth. These are clearly one-sided actions that don't provide the opportunity to express a contrarian view and stay true to what really matters. We drown in the cesspool of social acceptance, appropriate behaviour and unbroken ritual. We can prevent wastage of misallocated wealth if we do not subscribe to the notion of giving and gifting as 'tokens of love'.

As for the friend in question, a weekend trip to her dream destination, a special meal cooked by friends, eaten at the top of her favourite trekking destination, to the sound of birds and the beauty of the morning sun, was the gift we friends gave. That we woke up at 4 a.m. to make it happen is an act of love. We are sure we saved her the disappointment over the colour of the expensive designer bag we might otherwise have bought. Gifts are overrated. Both giver and taker suffer and are mostly disappointed.



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## How to fund your child's education

Parents should adopt a three-pronged approach to deal with the rising cost of education, says **Eela Dubey**.

**E**ducation is increasingly becoming a financial strain in India. The costs associated with schooling have risen dramatically in the past decade. A lot of parents tend to prefer private, unaided schools over public institutions for their superior infrastructure, higher quality of education, and more diverse extra-curricular activities. A Unesco study found that nearly 73% parents choose private schools due to perceived inadequacies in public education.

The high demand for private education, paired with the limited supply of quality schools, has driven costs up. Schools have increased fees to offer better facilities and services. Besides, education costs now include other expenses, such as private coaching, lodging, sports, music, books, and travel. These expenses can add up to ₹16-30 lakh during a child's schooling, depending on the choices one makes.

To make matters worse, these costs are also rising at a fast clip. In Bengaluru, some schools have raised bus fees by 50-60% in the past year, while in Mumbai, bus operators are demanding 40% increase in transport charges. A survey conducted by Local Circles in Bengaluru showed a 30%

increase in school fees over the past two years.

Changing family dynamics and modern parenting choices further exacerbate the problem. As more parents enter the workforce, the demand for day-care services has surged. The cost of day care in India ranges between ₹20,000 and ₹1 lakh per month. Many parents are now considering boarding schools for their children. Boarding schools provide a structured environment, which aids a child's career prospects, but the cost can be as high as ₹6-12 lakh per annum. High education costs could soon become the new normal. Parents are likely to accept these high costs necessary for providing quality education to their children. They need a three-pronged approach to address the rising costs of education more effectively.

**Investing right:** Strategic investments in assets that outpace inflation are crucial. Mutual funds, particularly those focused on equities, can offer substantial returns over time, helping parents build a sufficiently



big corpus for their children's education. Mutual funds offer diversification, reducing the risk by spreading investments across a wide range of assets, and are managed by professional fund managers. They also provide systematic investment plans (SIPs), enabling parents to commit a fixed amount regularly and grow a corpus for their child over

time. There are also many fixed income options, such as the Sukanya Samriddhi Yojana and the Public Provident Fund that offer assured and tax-free returns. Note that the Sukanya scheme is only for girls below 10 and both schemes have an annual investment limit of ₹1.5 lakh.

**Borrowing wisely:** If the corpus built through investments falls short of the required amount, education loans can bridge the gap. Education loans come with tax benefits, wherein the entire interest paid on the loan can be claimed as a deduction under Section 80E. This brings down the cost of loan significantly, especially for those in the higher income brackets. For instance, if a person in the 30% tax bracket takes a loan at 12%, the tax deduction will reduce the

effective cost of borrowing to barely 8.25%. This deduction is available for a maximum of eight years. Parents should consider the long-term repayment implications before they go for such loans.

**Spotting funding opportunities:** Scholarships and grants can also reduce the cost of education. Parents and students should seek out such funding opportunities. But scholarships are uncertain, and one might have to adjust their financial strategy to account for potential shortfalls.

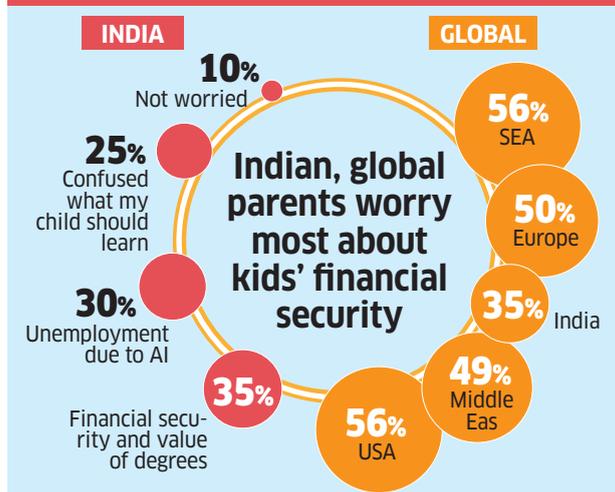
As parents navigate this financial labyrinth, they must balance immediate educational needs with long-term financial stability. By adopting a well-rounded financial strategy, they can ensure their children receive the quality education they deserve without compromising their financial future. The path ahead is challenging, but with careful planning and prudent financial management, parents can turn the dream of quality education into a sustainable reality.



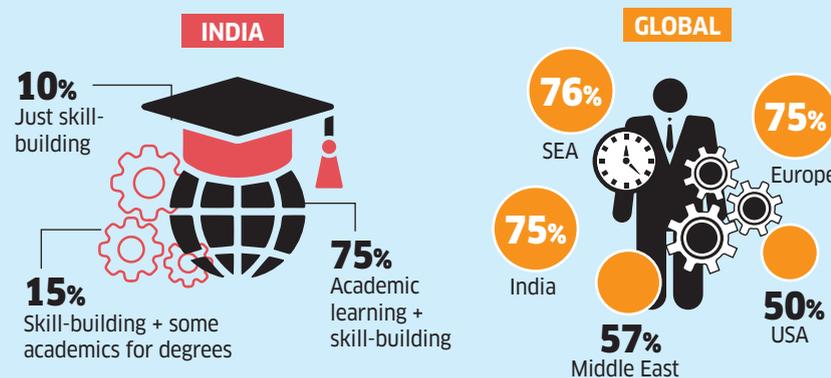
THE WRITER IS CO-FOUNDER OF EDU FUNDS.

## Parents worry most about kids' financial security

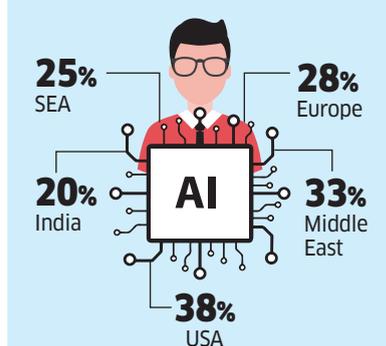
Globally, parents feel education needs to be supplemented with skill, claims a survey by BrightCHAMPS.



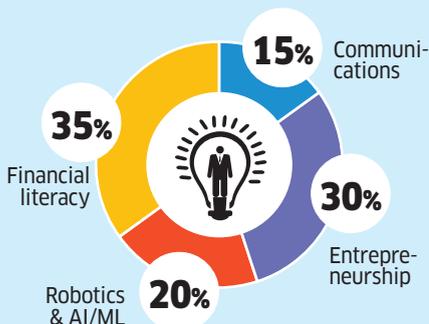
### 75% Indian parents, 65% globally feel skill-building should supplement academic learning



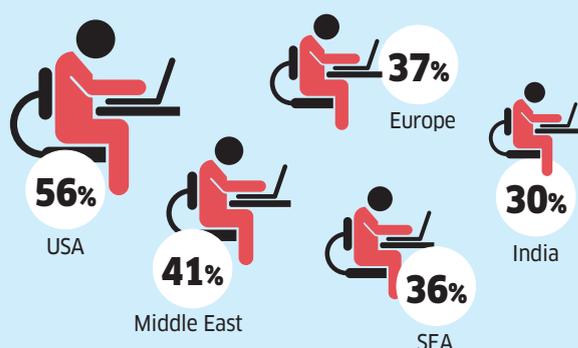
### 1 in 3 parents thinks robotics, AI/ML most important life skill



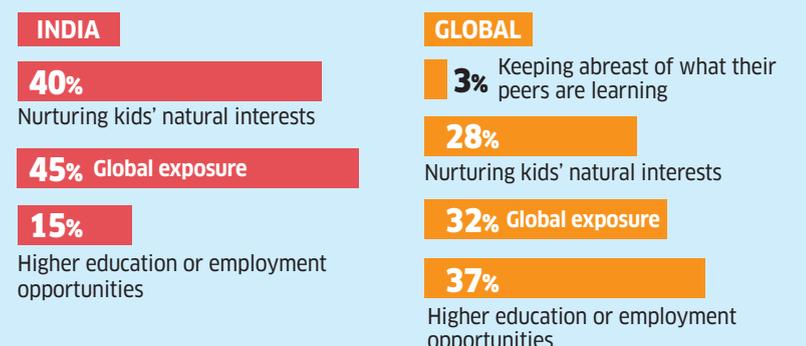
### 35% Indian parents feel financial literacy is a key emerging life skill



### 41% parents globally believe traditional route of education & employment can't secure kids' future



### 45% Indian parents focus on global exposure while taking educational decisions



Source: Pulse of Parents Report by BrightCHAMPS. The survey was conducted among 511 parents across 27 countries. All figures do not add up to 100%. SEA: South-East Asia

# SMART STATS

## ET WEALTH TOP 50 STOCKS

The Economic Times Wealth  
July 22-28, 2024

In This Section

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LOANS AND DEPOSITS - P16

ALTERNATIVE INVESTMENTS - P17

Every week we put about 3,000 stocks through four key filters and rate them on a mix of factors. The end result of this is the listing of the top 50 stocks based on the composite rating to help ease your fortune hunt.

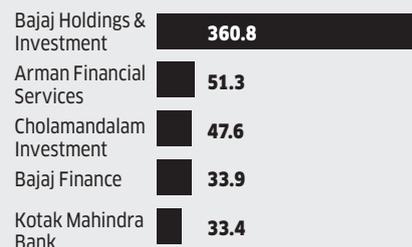
	RANK		PRICE ₹	GROWTH%*		VALUATION RATIOS				RATING	
	Current Rank	Previous Rank	Stock Price	Revenue	Net Profit	PE	PB	PEG (5-year)	Div Yield (%)	No. of funds	Value Research Stock Rating
Manappuram Finance	1	4	228.32	33	46	8.8	1.7	--	1.6	10	*****
Bajaj Finance	2	3	7,110.00	34	24	30.3	5.8	1.3	0.5	102	*****
Kotak Mahindra Bank	3	1	1,826.75	33	22	19.8	2.8	1.1	0.1	154	*****
Gujarat State Petronet	4	5	320.95	15	36	11.0	1.7	1.1	1.5	52	*****
Can Fin Homes	5	2	877.10	29	21	15.6	2.7	0.9	0.7	43	*****
PI Industries	6	7	3,905.00	14	43	35.2	6.8	1.4	0.4	63	*****
Coal India	7	6	505.25	3	10	8.3	3.8	0.8	5.1	106	*****
IndusInd Bank	8	9	1,456.90	26	21	12.6	1.8	0.8	1.1	124	*****
JK Paper	9	10	587.45	-6	2	8.5	1.9	0.5	1.5	11	*****
Indraprastha Gas	10	11	533.75	-1	21	18.8	3.9	1.3	1.7	40	*****
City Union Bank	11	12	158.86	12	8	11.6	1.4	2.2	0.9	25	*****
The Great Eastern Shipping	12	102	1,337.95	-8	2	7.3	1.5	0.0	2.7	23	*****
Nesco Ltd.	13	63	922.75	24	25	18.0	2.8	1.2	0.7	5	*****
Narayana Hrudayalaya	14	13	1,242.40	11	30	32.2	8.8	0.6	0.3	20	*****
Hawkins Cookers	15	39	8,550.10	2	16	41.3	13.6	2.7	1.4	5	*****
HCL Technologies	16	--	1,594.55	7	9	26.3	5.9	2.7	3.3	122	*****
Aavas Financiers	17	8	1,775.30	26	14	28.6	3.8	1.6	0.0	34	****
Bajaj Holdings & Investment	18	14	9,780.70	361	50	14.8	2.0	0.5	1.4	6	*****
Infosys	19	15	1,758.05	5	10	27.8	8.4	2.4	2.6	223	*****
Abbott India	20	44	28,795.65	9	27	50.8	16.7	2.3	1.4	50	*****
State Bank of India	21	21	893.55	25	21	11.9	2.1	0.9	1.5	220	****
Sun Pharmaceutical Industries	22	108	1,594.25	11	13	39.8	6.0	0.3	0.8	169	****
Birlasoft	23	83	749.45	10	88	33.3	7.0	1.4	0.9	45	*****
Gulf Oil Lubricants India	24	43	1,186.40	10	32	19.2	4.6	2.2	3.0	13	*****
Arman Financial Services	25	17	2,001.35	51	68	12.1	2.6	0.5	0.0	6	*****
Godfrey Phillips India	26	16	4,292.25	24	45	25.4	5.3	1.1	1.3	9	*****
DCB Bank	27	22	135.46	28	15	7.9	0.9	0.7	0.9	19	*****
Kovai Medical Center & Hosp.	28	67	4,210.00	20	55	25.9	5.2	1.1	0.2	5	*****
Shriram Finance	29	24	2,867.30	21	13	14.6	2.2	--	1.6	102	*****
Sun TV Network	30	19	801.20	13	12	16.4	3.0	3.1	2.1	23	*****
Repco Home Finance	31	29	552.60	17	34	8.3	1.2	-0.6	0.5	10	*****
Tata Motors	32	32	1,024.55	27	1200	10.8	4.0	0.1	0.6	127	****
ICICI Bank	33	28	1,250.30	32	29	19.8	3.5	1.2	0.8	270	****
Dr. Reddy's Laboratories	34	123	6,667.50	14	24	19.9	3.9	0.8	0.6	71	*****
Petronet LNG	35	27	347.05	-12	9	14.2	3.0	1.5	2.9	35	*****
Akzo Nobel India	36	105	2,934.65	4	27	31.5	10.1	2.1	2.5	13	*****
Just Dial	37	25	1,242.10	19	42	24.7	2.5	1.8	0.0	6	*****
Jamna Auto Industries	38	31	127.17	4	22	24.7	5.6	3.6	1.9	10	*****
Axis Bank	39	37	1,309.40	28	158	15.3	2.6	0.8	0.1	208	****
Ajanta Pharma	40	36	2,285.10	12	41	34.5	7.9	2.1	2.3	65	*****
Cyient	41	34	1,849.85	19	32	30.0	4.9	3.1	1.6	47	*****
Kansai Nerolac Paints	42	35	274.60	4	143	18.7	4.0	4.5	1.4	10	*****
Godawari Power and Ispat	43	379	1,127.45	-5	23	16.4	3.4	0.7	0.4	6	*****
Cholamandalam Investment	44	42	1,449.85	48	27	35.2	6.2	1.6	0.1	119	****
Persistent Systems	45	23	4,896.15	18	18	68.8	15.9	1.3	0.5	93	****
Tata Consultancy Services	46	26	4,315.55	5	8	33.1	15.2	4.0	1.7	161	****
Avenue Supermarts	47	40	5,083.45	18	9	123.9	16.9	6.1	0.0	95	****
Indiamart InterMesh	48	38	2,919.30	21	20	52.3	10.3	0.5	0.7	27	*****
Zydus Lifesciences	49	129	1,185.65	13	98	30.8	6.0	2.0	0.3	71	****
3M India	50	65	38,114.65	5	29	73.6	20.0	7.0	1.8	46	****

\*REVENUE AND EPS FIGURES BASED ON ONE-YEAR GROWTH. DATA AS ON 18 JULY 2024.

SOURCE: VALUE RESEARCH

### 1 Fast growing stocks

Top 5 stocks with the highest revenue (1-year) growth (%)



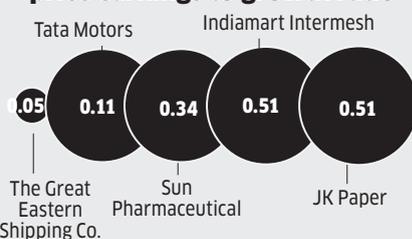
### 2 Least expensive stocks

Top 5 stocks with the lowest price to earnings ratio



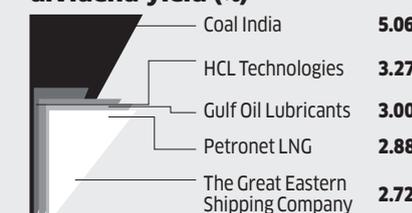
### 3 Best PEGs

Top 5 stocks with the least price earnings to growth ratio



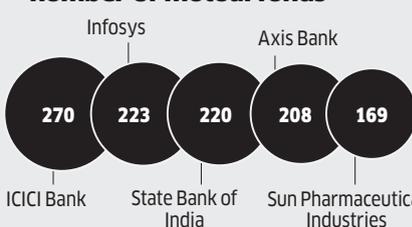
### 4 Income generators

Top 5 stocks with the highest dividend yield (%)



### 5 Most widely held

Top 5 stocks held by most number of mutual funds



SEE NUMBER OF MUTUAL FUNDS HOLDING THE STOCKS IN THE ADJACENT TABLE.

# ETW FUNDS 100

BEST FUNDS TO BUILD YOUR PORTFOLIO

ET Wealth collaborates with Value Research to identify the top-performing funds across categories. Equity funds and equity-oriented hybrid funds are ranked on 3-year returns while debt-oriented hybrid and income funds are ranked on 1-year returns.

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%)					Expense Ratio (%)
			3-Month	6-Month	1-Year	3-Year	5-Year	
<b>EQUITY: LARGE CAP</b>								
Nippon India Large Cap Fund	★★★★★	29,533.68	12.46	18.28	39.45	25.06	20.04	1.61
JM Large Cap Fund	★★★★★	233.53	15.08	20.92	47.10	22.18	19.84	2.41
Quant Focused Fund	★★★★★	1,059.04	7.73	18.21	47.68	21.83	23.35	2.18
ICICI Prudential Bluechip Fund	★★★★★	59,364.40	12.21	17.91	39.54	21.82	20.18	1.47
HDFC Top 100 Fund	★★★★	35,435.30	11.14	13.75	35.96	21.57	17.56	1.61
DSP Nifty 50 Equal Weight Index Fund - Regular Plan	★★★★	1,558.99	12.02	15.48	36.57	20.73	20.33	1.00
Baroda BNP Paribas Large Cap Fund	★★★★	2,120.44	13.78	21.93	42.20	20.37	19.85	2.05
Edelweiss Large Cap Fund - Regular Plan	★★★★	974.94	12.42	16.98	33.49	18.41	18.57	2.21
Kotak Bluechip Fund - Regular Plan	★★★★	8,847.88	14.67	17.98	34.13	17.38	19.07	1.75
Canara Robeco Bluechip Equity Fund - Regular Plan	★★★★	13,930.64	12.92	16.50	31.75	16.34	19.24	1.66
<b>EQUITY: LARGE &amp; MIDCAP</b>								
ICICI Prudential Large & Mid Cap Fund	★★★★★	14,485.78	13.54	21.81	46.97	26.64	23.94	1.72
HDFC Large and Mid Cap Fund - Regular Plan	★★★★	21,459.36	15.49	19.40	47.62	25.94	24.27	1.68
Motilal Oswal Large and Midcap Fund - Regular Plan	★★★★★	4,942.82	16.59	23.96	53.54	25.69	-	1.84
UTI Large & Mid Cap Fund - Regular Plan	★★★★	3,440.75	18.90	25.34	51.25	23.73	23.31	1.99
Kotak Equity Opportunities Fund - Regular Plan	★★★★	24,055.26	15.32	24.77	45.48	23.00	23.33	1.60
SBI Large & Midcap Fund	★★★★	25,628.52	14.65	17.61	36.09	20.46	21.96	1.62
<b>EQUITY: FLEXI CAP</b>								
JM Flexicap Fund	★★★★★	3,216.32	21.96	33.01	65.81	32.28	27.53	1.87
ICICI Prudential Retirement Fund - Pure Equity Plan	★★★★★	871.84	13.38	23.18	52.05	30.38	23.67	2.22
HDFC Focused 30 Fund	★★★★★	13,136.59	14.63	20.66	44.15	28.62	22.26	1.68
HDFC Flexi Cap Fund	★★★★	59,123.83	14.84	20.45	44.62	27.13	22.08	1.46
Bank of India Flexi Cap Fund - Regular Plan	★★★★	1,467.36	17.14	29.21	68.85	26.32	-	2.07
Mahindra Manulife Focused Fund - Regular Plan	★★★★	1,551.99	15.02	25.38	53.52	25.36	-	2.04
ICICI Prudential Focused Equity Fund	★★★★	9,112.61	16.30	25.77	46.71	24.29	23.48	1.75
Franklin India Flexi Cap Fund	★★★★	16,677.20	14.25	18.65	45.57	23.08	22.45	1.72
HDFC Retirement Savings Fund Equity Plan	★★★★★	5,556.63	13.55	17.24	37.60	22.28	24.18	1.79
Franklin India Focused Equity Fund	★★★★	12,198.10	14.50	20.31	39.46	21.14	20.73	1.76
360 ONE Focused Equity Fund - Regular Plan	★★★★	7,640.97	15.22	20.35	39.65	21.12	23.74	1.79
Parag Parikh Flexi Cap Fund - Regular Plan	★★★★★	71,700.48	11.03	17.28	37.64	19.61	25.20	1.32
Union Flexi Cap Fund	★★★★	2,207.55	11.27	13.97	33.48	17.46	20.78	2.03
<b>EQUITY: MIDCAP</b>								
Motilal Oswal Midcap Fund - Regular Plan	★★★★★	12,627.68	22.74	32.26	65.08	38.63	32.50	1.69
Quant Mid Cap Fund	★★★★★	8,747.40	16.46	31.72	70.85	32.37	36.26	1.74
HDFC Mid-Cap Opportunities Fund	★★★★	70,569.70	16.65	23.00	52.55	29.68	28.63	1.41
Nippon India Growth Fund	★★★★	30,838.94	20.01	23.68	58.64	28.81	29.27	1.61
Edelweiss Mid Cap Fund - Regular Plan	★★★★	6,624.72	20.92	28.25	60.92	26.36	29.75	1.76
Kotak Emerging Equity Fund - Regular Plan	★★★★	49,023.27	23.20	28.85	53.83	25.46	27.99	1.44
SBI Magnum Midcap Fund	★★★★	20,315.81	13.44	18.31	37.87	23.39	27.29	1.67
<b>EQUITY: SMALL CAP</b>								
Nippon India Small Cap Fund	★★★★★	56,468.75	20.76	25.12	56.76	32.16	35.79	1.43
Tata Small Cap Fund - Regular Plan	★★★★	7,867.72	19.13	23.99	46.23	27.01	31.82	1.72
Axis Small Cap Fund - Regular Plan	★★★★	22,262.42	16.19	17.83	38.90	23.08	28.81	1.62
<b>EQUITY: VALUE ORIENTED</b>								
JM Value Fund	★★★★	839.05	22.02	25.61	66.83	31.11	27.85	2.27
SBI Contra Fund	★★★★★	34,366.43	12.55	19.94	47.50	28.99	29.82	1.56
ICICI Prudential Value Discovery Fund	★★★★★	45,470.95	12.61	18.20	43.62	26.62	25.03	1.56
Bandhan Sterling Value Fund - Regular Plan	★★★★	9,756.75	13.26	18.97	40.60	23.76	25.21	1.75
<b>EQUITY: ELSS</b>								
SBI Long Term Equity Fund - Regular Plan	★★★★★	25,738.08	14.49	26.21	56.85	27.83	25.07	1.61
HDFC ELSS Tax Saver Fund	★★★★	15,674.35	15.42	20.60	47.68	26.57	20.89	1.71
Quant ELSS Tax Saver Fund	★★★★★	10,527.57	11.70	23.45	59.27	26.37	33.96	1.74
Bank of India ELSS Tax Saver Fund - Regular Plan	★★★★★	1,428.33	15.19	25.88	59.47	23.35	28.59	2.08
DSP ELSS Tax Saver Fund*	★★★★	16,283.78	18.98	23.54	49.06	21.56	23.13	1.63
Kotak ELSS Tax Saver - Regular Plan	★★★★	6,100.96	14.99	24.40	41.47	21.45	21.60	1.75
Parag Parikh ELSS Tax Saver Fund - Regular Plan	★★★★★	3,731.20	12.95	15.82	35.76	21.03	-	1.71
Bandhan ELSS Tax Saver Fund - Regular Plan	★★★★	6,855.60	11.69	15.97	34.06	20.35	22.67	1.74
Union ELSS Tax Saver Fund	★★★★	933.32	12.37	15.47	33.99	18.81	21.37	2.25

## LAGGARDS & LEADERS

Taking a long-term view of fund returns, here is a list of 10 funds in each category—five leaders (worth investing) and five laggards (that may be a drag on your portfolio).

LAGGARDS	LEADERS
<b>Equity: Large cap 5-year returns</b>	
14.33 PGIM India Large Cap Fund	25.77 BHARAT 22 ETF
15.01 Axis Bluechip Fund	25.72 ICICI Prudential BHARAT 22 FOF
15.37 Groww Large Cap Fund	23.35 Quant Focused Fund
15.78 LIC MF BSE Sensex Index Plan	22.90 UTI Nifty Next 50 Exchange Traded
15.88 Tata BSE Sensex Index Fund	22.86 ABSL Nifty Next 50 ETF

<b>Equity: Flexi cap 5-year returns</b>	
13.50 Axis Focused Fund	33.62 Quant Flexi Cap Fund
14.43 ABSL Retirement Fund	27.53 JM Flexicap Fund
14.50 ABSL Bal Bhavishya Yojna	25.20 Parag Parikh Flexi Cap Fund HDFC
16.42 Taurus Flexi Cap Fund	24.18 Retirement Savings Fund Equity Plan
16.53 Motilal Oswal Focused Fund	23.74 360 ONE Focused Equity Fund

<b>Equity: Mid cap 3-year returns</b>	
18.21 PGIM India Midcap Opp. Fund	38.63 Motilal Oswal Midcap Fund
18.57 DSP Midcap Fund	32.37 Quant Mid Cap Fund
20.82 Axis Midcap Fund	29.68 HDFC Mid-Cap Opportunities Fund
21.33 UTI Mid Cap Fund	28.81 Nippon India Growth Fund
21.47 Taurus Mid Cap Fund	28.25 Motilal Oswal Nifty Midcap 100 ETF

<b>Equity: Small cap 3-year returns</b>	
17.60 ABSL Nifty Smallcap 50 Index	32.16 Nippon India Small Cap Fund
18.50 ABSL Small Cap Fund	30.89 Quant Small Cap Fund
21.03 Union Small Cap Fund	29.94 Franklin India Smaller Companies
21.25 ITI Small Cap Fund	29.44 HSBC Small Cap Fund
22.38 UTI Small Cap Fund	28.67 LIC MF Small Cap Fund

<b>Hybrid: Aggressive 5-year returns</b>	
12.40 ABSL Retirement Fund- 40s Plan	27.22 BOI Mid & Small Cap Equity & Debt
12.80 PGIM India Hybrid Equity Fund	25.40 Quant Absolute Fund
13.10 Axis Children's Gift	24.98 JM Aggressive Hybrid Fund
13.21 Nippon India Equity Hybrid Fund	22.10 ICICI Prudential Equity & Debt Fund
13.57 Navi Aggressive Hybrid Fund	18.97 Kotak Equity Hybrid Fund

**25.06%**  
THE 3-YEAR RETURN OF NIPPON INDIA LARGE CAP FUND IS THE HIGHEST IN ITS CATEGORY.

**32.28%**  
THE 3-YEAR RETURN OF JM FLEXI-CAP FUND IS THE HIGHEST IN ITS CATEGORY.

**38.63%**  
THE 3-YEAR RETURN OF MOTILAL OSWAL MIDCAP FUND IS THE HIGHEST IN ITS CATEGORY.

**31.11%**  
THE 3-YEAR RETURN OF JM VALUE FUND IS THE HIGHEST IN ITS CATEGORY.

# ETW FUNDS 100

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%)					Expense Ratio
			3-Month	6-Month	1-Year	3-Year	5-Year	
<b>HYBRID: EQUITY SAVINGS</b>								
HSBC Equity Savings Fund	★★★★★	344.15	9.54	15.88	25.37	13.28	12.78	1.51
Kotak Equity Savings Fund - Regular Plan	★★★★★	6,076.80	5.97	9.05	19.59	12.69	11.69	1.81
UTI Equity Savings Fund - Regular Plan	★★★★	382.26	4.96	7.05	16.47	11.42	11.09	1.51
SBI Equity Savings Fund - Regular Plan	★★★★	4,877.36	5.85	7.63	17.92	10.81	11.58	1.19
ICICI Prudential Equity Savings Fund	★★★★	10,621.99	3.66	4.69	10.62	8.61	8.29	0.97
<b>HYBRID: AGGRESSIVE (EQUITY-ORIENTED)</b>								
Canara Robeco Conservative Hybrid Fund	★★★★★	2,325.64	24.05	30.72	45.81	30.50	-	1.97
JM Aggressive Hybrid Fund	★★★★★	383.76	16.42	23.40	54.81	25.00	24.98	2.35
ICICI Prudential Equity & Debt Fund	★★★★★	37,036.78	9.10	16.52	38.77	24.61	22.10	1.60
Bank of India Mid & Small Cap Equity & Debt Fund	★★★★★	840.76	14.85	21.45	53.34	21.03	27.22	2.32
Quant Absolute Fund	★★★★★	2,216.28	8.20	18.45	38.37	19.68	25.40	2.01
Edelweiss Aggressive Hybrid Fund - Regular Plan	★★★★	1,860.39	12.06	16.76	34.34	19.67	18.81	1.99
UTI Aggressive Hybrid Fund - Regular Plan	★★★★	5,851.61	13.52	17.08	34.49	18.97	18.37	1.89
HDFC Children's Gift Fund	★★★★★	9,444.29	11.57	12.74	28.22	17.87	18.86	1.75
Kotak Equity Hybrid Fund - Regular Plan	★★★★	6,044.98	15.46	19.06	33.49	17.74	18.97	1.78
HDFC Retirement Savings Fund - Hybrid Equity	★★★★	1,494.71	10.68	12.84	27.56	16.05	17.49	2.10
Franklin India Equity Hybrid Fund	★★★★	1,901.46	9.87	14.15	31.93	15.74	16.53	2.11
Baroda BNP Paribas Aggressive Hybrid Fund	★★★★	1,100.09	10.34	16.91	32.83	15.60	18.05	2.13
<b>HYBRID: CONSERVATIVE (DEBT-ORIENTED)</b>								
SBI Magnum Children's Benefit Fund - Savings Plan	★★★★★	113.55	7.48	10.06	20.72	12.68	12.72	1.21
Kotak Debt Hybrid Fund - Regular Plan	★★★★★	2,548.26	5.76	7.67	16.67	10.94	11.69	1.70
HDFC Hybrid Debt Fund	★★★★	3,231.93	5.21	7.91	16.38	10.92	10.80	1.77
SBI Conservative Hybrid Fund	★★★★★	9,995.52	6.24	8.62	15.14	10.77	11.44	1.11
ICICI Prudential Regular Savings Fund	★★★★	3,334.80	4.60	7.57	14.19	9.99	10.01	1.67
Canara Robeco Conservative Hybrid Fund - Regular Plan	★★★★	984.14	4.78	6.20	12.02	7.51	9.37	1.82
<b>HYBRID: DYNAMIC ASSET ALLOCATION</b>								
HDFC Balanced Advantage Fund	★★★★★	89,903.19	10.89	16.19	41.20	24.56	19.98	1.36
Edelweiss Balanced Advantage Fund - Regular Plan	★★★★	11,720.55	9.05	13.24	25.41	13.72	16.09	1.70
ICICI Prudential Balanced Advantage Fund	★★★★	58,562.19	7.00	10.34	22.20	13.76	13.78	1.47
Tata Balanced Advantage Fund - Regular Plan	★★★★	9,464.82	6.94	10.28	21.83	13.06	13.80	1.69
<b>DEBT: FLOATER</b>								
SBI Floating Rate Debt Fund - Regular Plan	★★★★	1,153.82	2.18	4.22	8.30	6.09	-	0.46
Aditya Birla Sun Life Floating Rate Fund - Regular Plan	★★★★★	12,399.83	1.88	3.98	7.60	6.05	6.48	0.46
<b>DEBT: BANKING AND PSU</b>								
ICICI Prudential Banking & PSU Debt Fund	★★★★★	9,017.64	2.11	3.95	7.45	6.10	6.54	0.74
Kotak Banking and PSU Debt Fund - Regular Plan	★★★★	5,734.18	2.11	3.89	7.13	5.66	6.51	0.76
HDFC Banking and PSU Debt Fund - Regular Plan	★★★★	6,013.13	2.07	3.83	7.08	5.40	6.52	0.79
Aditya Birla Sun Life Banking & PSU Debt Fund	★★★★	9,396.96	2.10	3.82	7.06	5.51	6.44	0.73
ITI Banking and PSU Fund - Regular Plan	★★★★★	30.24	2.06	3.85	7.03	5.46	-	0.70
Bandhan Banking & PSU Debt Fund - Regular Plan	★★★★	14,109.10	2.02	3.67	6.78	5.28	6.55	0.63
<b>DEBT: SHORT TERM</b>								
HDFC Short Term Debt Fund	★★★★	13,080.16	2.12	4.06	7.50	5.67	6.78	0.69
ICICI Prudential Short Term Fund	★★★★	18,228.37	2.07	3.84	7.42	6.08	6.90	1.07
UTI Short Duration Fund - Regular Plan	★★★★★	2,566.21	1.88	3.84	7.14	7.15	7.51	0.84
Aditya Birla Sun Life Short Term Fund - Regular Plan	★★★★	7,901.54	2.06	3.78	7.05	5.69	6.58	1.01
Nippon India Short Term Fund	★★★★	5,433.56	1.99	3.75	7.05	5.36	6.37	0.94
Axis Short Term Fund	★★★★	7,698.10	2.04	3.84	7.02	5.48	6.42	0.88
Sundaram Short Duration Fund	★★★★★	187.41	2.04	3.67	6.81	7.70	6.83	0.85
<b>DEBT: CORPORATE BOND</b>								
Aditya Birla Sun Life Corporate Bond Fund	★★★★	20,005.55	2.30	4.17	7.65	5.92	7.02	0.52
HDFC Corporate Bond Fund	★★★★	29,024.30	2.16	4.23	7.63	5.72	6.75	0.61
ICICI Prudential Corporate Bond Fund	★★★★★	26,684.87	2.10	3.95	7.57	6.19	6.94	0.57
Nippon India Corporate Bond Fund	★★★★★	3,246.69	2.17	4.03	7.33	6.01	6.72	0.70
Kotak Corporate Bond Fund - Standard Plan	★★★★	12,722.87	2.16	3.98	7.31	5.62	6.43	0.67
Axis Corporate Debt Fund - Regular Plan	★★★★	5,386.52	2.11	3.92	7.07	5.50	6.76	0.91

**13.28%**  
THE 3-YEAR RETURN OF HSBC EQUITY SAVINGS FUND IS THE HIGHEST IN ITS CATEGORY.

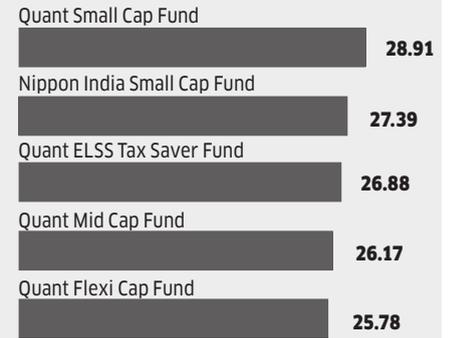
**20.72%**  
THE 1-YEAR RETURN OF SBI MAGNUM CHILDREN'S BENEFIT FUND IS THE HIGHEST IN ITS CATEGORY.

**7.45%**  
THE 1-YEAR RETURN OF ICICI PRU BANKING & PSU DEBT FUND IS THE HIGHEST IN ITS CATEGORY.

Expense as on 30 June 2024  
Returns as on 16 July 2024  
Assets as on 30 June 2024  
Rating as on 30 June 2024

## 1 Top 5 SIPs

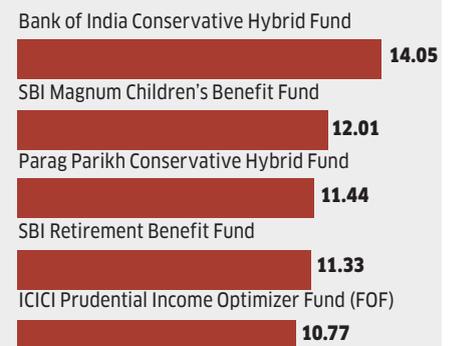
**Top 5 equity schemes based on 10-year SIP returns**



SIP: SYSTEMATIC INVESTMENT PLAN % ANNUALISED RETURNS AS ON 16 JULY 2024

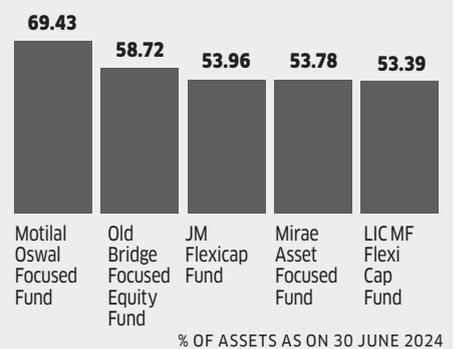
## 2 Top 5 SWPs

**Top 5 conservative hybrid schemes based on 3-year SWP returns**

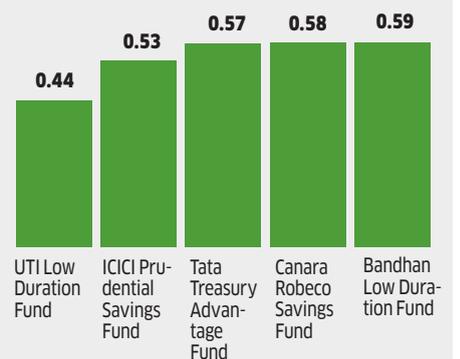


SWP: SYSTEMATIC WITHDRAWAL PLAN % ANNUALISED RETURNS AS ON 16 JULY 2024

## 3 Flexi Cap: Mid- & small-cap exposure



## 4 Debt: Low duration



% EXPENSE RATIO IS CHARGED ANNUALLY. METHODOLOGY OF TOP 100 FUNDS ON WWW.WEALTH.ECONOMICTIMES.COM

**Did not find your fund here?**  
Log on to [www.wealth.economictimes.com](http://www.wealth.economictimes.com) for an exhaustive list.

All equity funds ranked on 3-year returns. Debt funds ranked on 1-year returns.

### Methodology

The Top 100 includes only those funds that have a 5- or 4-star rating from Value Research. The rating of a fund vis-à-vis other funds in its category is determined by subtracting a fund's risk score from its return score. The resulting number is assigned stars according to the following distribution:

- ★★★★★ Top 10%
  - ★★★★ Next 22.5%
  - ★★★ Middle 35%
  - ★★ Next 22.5%
  - ★ Bottom 10%
- (Not covered in ETW Funds 100 listing)

Debt funds with less than 18-months performance history and equity and hybrid funds with less than three-years performance track record are not rated. This ensures that all the funds have existed long enough to be tracked for consistency of performance. Given the focus on long-term investing, we have considered only the 'growth' plan of funds as it reinvests interim gains unlike 'IDCW' plan which offers periodic payouts to investors, thereby reducing NAV. The fund categories are:

### Categories

- Equity: Large-cap:** Funds investing at least 80% in large cap stocks.
- Equity: Large & MidCap:** Funds investing at least 35% each in large and mid caps.
- Equity: Flexi Cap:** Funds investing at least 65% in equity with no particular cap on large, mid or small.
- Equity: Mid Cap:** Funds investing at least 65% in mid caps.
- Equity: Small Cap:** Funds investing at least 65% in small caps.
- Equity: Value Oriented:** Funds following value/contrarian investment strategy and grouped under 'Value' or 'Contra' categories as per SEBI.
- ELSS: Equity:** with a lock-in of three years and tax benefit under Section 80C.
- Hybrid: Aggressive:** Funds investing 65-80% in equity, and the rest in debt.
- Hybrid: Conservative:** Funds investing 10-25% in equity, and the rest in debt.
- Hybrid: Equity Savings:** Funds investing at least 65% in equity and equity related instruments, and at least 10% in debt.
- Hybrid: Dynamic Asset Allocation:** Funds which dynamically manage the asset allocation between equity and debt.
- Debt: Short Duration:** Funds with Macaulay duration between 1 and 3 years at the portfolio level.
- Debt: Corporate Bond:** Funds investing at least 72% in AA+ and above-rated corporate bonds.
- Debt: Banking and PSU:** Funds investing in at least 72% in the debt instruments of banks, PSUs, public financial institutions and municipal bonds.
- Debt: Floater:** Funds investing at least 58.5% in floating-rate instruments.

## FUND RAISER

**28.7%**  
of the AUM of Quant Flexi Cap Fund was concentrated in the top three stocks, the highest concentration among equity diversified funds in June 2024.

The average concentration in the top three stocks of 181 equity diversified funds was 14.8%  
SOURCE: ACE MF

# loans and deposits

16 The Economic Times Wealth July 22-28, 2024

## LOANS & DEPOSITS

ET WEALTH collaborates with ETIG to provide a comprehensive ready reckoner of loans and fixed-income instruments. Don't miss the information on investments for senior citizens and a simplified EMI calculator.

### Top five bank FDs

TENURE: 1 YEAR	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
Bandhan Bank	7.85	10,808
IndusInd Bank	7.75	10,798
RBL Bank	7.50	10,771
YES Bank	7.25	10,745
DCB Bank	7.10	10,729
<b>TENURE: 2 YEARS</b>		
RBL Bank	8.00	11,717
IndusInd Bank	7.75	11,659
DCB Bank	7.50	11,602
IDFC First Bank	7.50	11,602
Bandhan Bank	7.25	11,545
<b>TENURE: 3 YEARS</b>		
DCB Bank	7.55	12,516
RBL Bank	7.50	12,497
Bandhan Bank	7.25	12,405
IDFC First Bank	7.25	12,405
IndusInd Bank	7.25	12,405
<b>TENURE: 5 YEARS</b>		
DCB Bank	7.40	14,428
Dhanlaxmi Bank	7.25	14,323
IndusInd Bank	7.25	14,323
YES Bank	7.25	14,323
RBL Bank	7.10	14,217

### Top five senior citizen bank FDs

TENURE: 1 YEAR	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
Bandhan Bank	8.35	10,862
IndusInd Bank	8.25	10,851
RBL Bank	8.00	10,824
YES Bank	7.75	10,798
Indian Overseas Bank	7.60	10,782
<b>TENURE: 2 YEARS</b>		
RBL Bank	8.50	11,832
IndusInd Bank	8.25	11,774
DCB Bank	8.00	11,717
IDFC First Bank	8.00	11,717
YES Bank	7.75	11,659
<b>TENURE: 3 YEARS</b>		
DCB Bank	8.05	12,701
RBL Bank	8.00	12,682
YES Bank	8.00	12,682
Bandhan Bank	7.75	12,589
IDFC First Bank	7.75	12,589
<b>TENURE: 5 YEARS</b>		
YES Bank	8.00	14,859
DCB Bank	7.90	14,787
Axis Bank	7.75	14,678
Dhanlaxmi Bank	7.75	14,678
IndusInd Bank	7.75	14,678

### Top five tax-saving bank FDs

TENURE: 5 YEARS AND ABOVE	Interest rate (%)	What ₹10,000 will grow to
DCB Bank	7.40	14,428
Dhanlaxmi Bank	7.25	14,323
IndusInd Bank	7.25	14,323
YES Bank	7.25	14,323
City Union Bank	7.10	14,217



## HOME LOAN RATES

With effect from October 2019, all banks have made the transition to external benchmarks for pricing new home loans. Most banks have picked the RBI repo rate as the external benchmark.

**REPO RATE: 6.50%**

BANK	RLLR (%)	FOR SALARIED		FOR SELF-EMPLOYED (%)		WEF
		FROM (%)	TO (%)	FROM (%)	TO (%)	
City Union Bank	9.70	8.25	10.50	8.25	10.50	23 May 2024
IndusInd Bank	--	8.35	9.45	8.35	9.45	Not Given
UCO Bank	9.30	8.35	10.00	8.35	10.00	15 Mar 2023
Bank of Maharashtra	9.30	8.35	10.40	8.45	10.90	9 Feb 2024
Union Bank of India	9.25	8.35	10.75	8.35	10.75	11 April 2024
Indian Bank	9.20	8.40	9.80	8.85	10.35	3 April 2024
Indian Overseas Bank	9.35	8.40	10.50	8.50	10.60	13 Oct 2023
Bank of Baroda	9.15	8.40	10.60	8.40	10.60	14 Feb 2023
Bank of India	9.35	8.40	10.70	8.40	10.85	1 June 2024
IDBI Bank	9.10	8.45	10.75	8.55	12.25	12 Feb 2023
Canara Bank	9.25	8.50	11.20	8.55	11.25	12 June 2024
Punjab & Sind Bank	8.45	8.55	10.00	8.55	10.00	16 Feb 2024
Karnataka Bank	--	8.60	10.62	8.60	10.62	1 April 2024
Kotak Mahindra Bank	--	8.70	8.95	8.75	8.95	Not Given
South Indian Bank	9.85	8.70	11.20	8.75	11.70	Not Given
HDFC Bank	--	8.75	9.95	8.75	9.95	Not Given
Federal Bank	--	8.80	10.25	10.20	10.30	16 Feb 2024
Karur Vysya Bank	10.00	9.00	11.05	9.00	11.05	12 Feb 2024
J & K Bank	9.10	9.10	9.45	9.10	9.45	10 April 2024
SBI Term Loan	9.15	9.15	9.65	9.15	9.65	1 Feb 2024
Bandhan Bank	--	9.16	13.33	9.16	13.33	Not Given
ICICI Bank	--	9.25	9.90	9.40	10.05	Not Given
Dhanlaxmi Bank	8.50	9.35	10.00	9.85	10.50	1 June 2024

### Your EMI for a loan of ₹1 lakh

TENURE	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS
@ 7%	1,980	1,161	899	775	707
@ 8%	2,028	1,213	956	836	772
@ 9%	2,076	1,267	1,014	900	839
@ 10%	2,125	1,322	1,075	965	909

FIGURES ARE IN ₹. USE THIS CALCULATOR TO CHECK YOUR LOAN AFFORDABILITY. FOR EXAMPLE, A ₹5 LAKH LOAN AT 10% FOR 15 YEARS WILL TRANSLATE INTO AN EMI OF ₹1,075 X 5 = ₹5,375

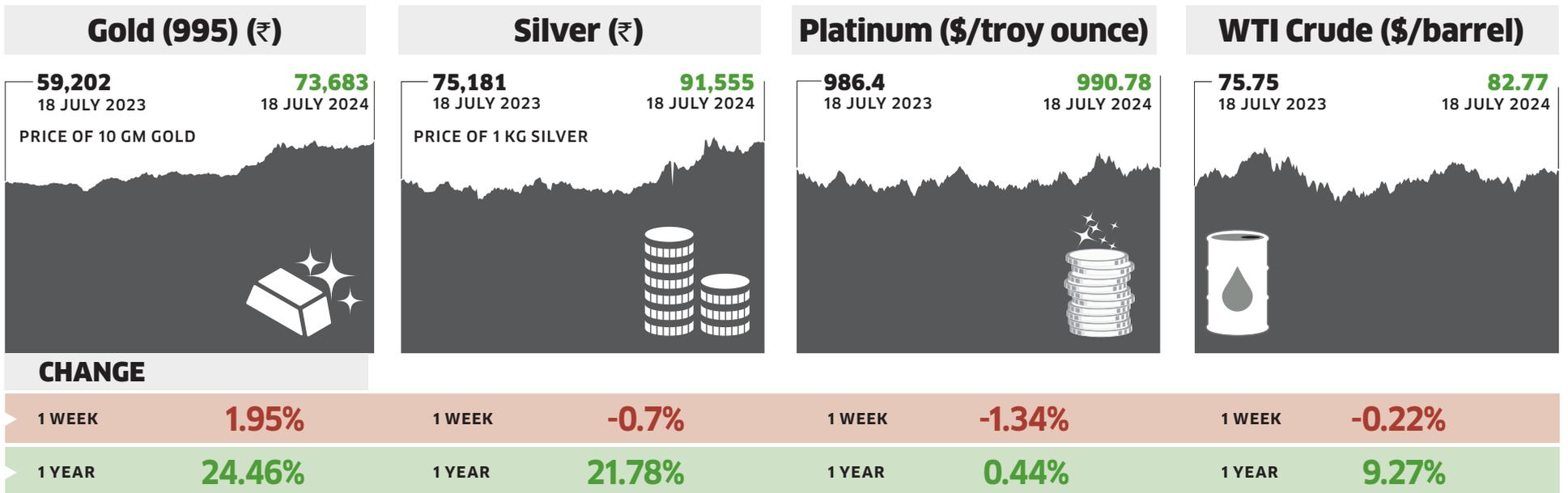
### Post office deposits



	Interest (%)	Minimum investment (₹)	Maximum investment (₹)	Features	Tax benefits
Sukanya Samridhi Yojana	8.20	250	₹1.5 lakh p.a.	One account per girl child	80C
Senior Citizens' Savings Scheme	8.20	1,000	₹30 lakh	5-year tenure, minimum age 60 yrs	80C
Public Provident Fund	7.10	500	₹1.5 lakh p.a.	15-year tenure, tax-free returns	80C
Kisan Vikas Patra	7.50	1,000	No limit	Can be encashed after 2.5 years	Nil
5-year NSC VIII Issue	7.70	1,000	No limit	No TDS	80C
Time deposit	6.9-7.50	1,000	No limit	Available in 1, 2, 3, 5 year tenures	80C*
Post Office Monthly Income Scheme	7.40	1,000	Single ₹9 lakh	5-year tenure, monthly returns	Nil
			Joint ₹15 lakh	5-year tenure, monthly returns	Nil
Recurring deposits	6.70	100	No limit	5-year tenure	Nil
Savings account	4.00	500	No limit	₹10,000 interest tax-free	Nil

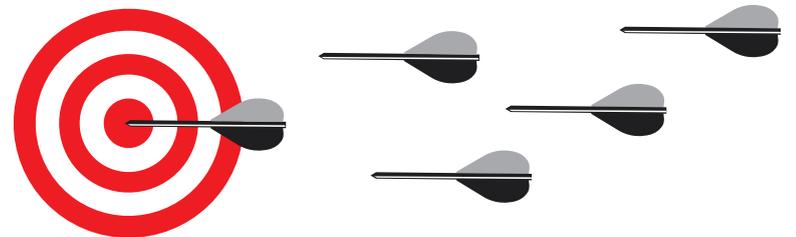
# ALTERNATIVE INVESTMENT RETURNS MONITOR

The scope and attractiveness of alternative investments is increasing. Here's a weekly tracker of returns from such investments. But don't compare these with returns from traditional investments since the proportion and purpose of alternative investments is vastly different.



## PENNY STOCKS UPDATE

Penny stocks as a recommended non-traditional investment? Not exactly. **ET WEALTH** neither has the expertise nor does it recommend investing in such stocks. But since the relatively 'low' cost of investment attracts some investors to penny stocks, we provide a weekly snapshot of this most volatile and uncertain type of stock investing.



### Top price gainers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MONTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹ CR)
Bridge Securities	5.37	21.22	<b>122.82</b>	2.36	1,349.89	18.04
Usha Martin Education	9.34	20.67	<b>75.23</b>	0.71	815.65	24.66
BITS	5.40	17.65	<b>73.63</b>	1.27	59.87	60.43
Mahan Industries	3.29	17.50	<b>67.01</b>	0.85	43.82	11.84
IL&FS Transportation	7.70	-7.56	<b>55.24</b>	1.46	323.94	253.30
LCC Infotech	5.01	7.74	<b>47.79</b>	1.46	-39.36	63.43
Blue Chip (India)	5.24	5.01	<b>43.96</b>	0.70	136.00	28.98
Shekhawati Poly-Yarn	5.83	7.96	<b>41.50</b>	3.89	-25.97	200.96
TV Vision	9.80	13.29	<b>41.01</b>	0.07	-71.35	37.97
Vertex Securities	6.81	-7.47	<b>39.26</b>	0.75	507.31	50.39

### Top volume gainers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHANGE (%)	MKT CAP (₹ CR)
Pratik Panels	5.69	-6.72	-14.31	0.58	<b>2,950.31</b>	36.36
Jackson Investments	0.67	-8.22	-14.10	35.43	<b>2,782.85</b>	19.48
Khoobsurat	1.42	0.71	-0.70	47.67	<b>1,477.01</b>	68.50
Bridge Securities	5.37	21.22	122.82	2.36	<b>1,349.89</b>	18.04
Usha Martin Education	9.34	20.67	75.23	0.71	<b>815.65</b>	24.66
Franklin Industries	3.90	-2.50	-38.00	58.25	<b>762.00</b>	56.39
First Fintec	9.97	2.26	29.31	0.11	<b>590.07</b>	10.37
IFL Enterprises	1.36	7.09	-20.93	143.33	<b>550.01</b>	101.37
Avance Technologies	0.90	-1.10	-9.09	395.02	<b>519.45</b>	178.37
Shashijit Infraprojects	7.16	-0.28	26.73	5.26	<b>516.82</b>	37.02

### Top price losers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MONTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹ CR)
Franklin Industries	3.90	-2.50	<b>-38.00</b>	58.25	762.00	56.39
Sawaca Business Machi	0.67	-5.63	<b>-33.66</b>	299.78	1.50	38.32
Jaiprakash Associates	7.61	1.20	<b>-32.65</b>	38.35	-38.63	1867.95
Wardwizard Foods	7.84	-14.04	<b>-30.43</b>	8.43	132.62	201.57
Filatex Fashions	7.36	-2.00	<b>-29.09</b>	37.08	189.25	1226.78
Sylph Technologies	1.59	-7.02	<b>-28.38</b>	2.48	-73.43	37.06
Grandma Trading Agenc.	2.49	-6.39	<b>-27.83</b>	3.07	-35.80	32.52
Rajnish Wellness	4.65	3.79	<b>-22.63</b>	149.98	424.15	357.35
Kretto Syscon	0.95	13.10	<b>-22.13</b>	8.16	-30.60	14.90
Sunshine Capital	2.54	0	<b>-21.60</b>	55.10	382.40	264.59

### Top volume losers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHANGE (%)	MKT CAP (₹ CR)
Scanpoint Geomatics	8.33	-0.12	5.18	4.13	<b>-81.58</b>	140.03
Sylph Technologies	1.59	-7.02	-28.38	2.48	<b>-73.43</b>	37.06
Baroda Extrusion	6.53	3.16	-7.51	2.34	<b>-72.75</b>	97.30
Rollatainers	3.89	-15.62	-21.10	3.95	<b>-66.90</b>	97.29
Maharashtra Corporation	0.83	-7.78	1.22	30.42	<b>-65.95</b>	51.53
Leading Leasing Finance	2.97	-1.66	-14.90	1.47	<b>-64.03</b>	31.69
Risa International	0.67	0	-4.29	1.89	<b>-62.60</b>	10.69
RGF Capital Markets	0.75	2.74	-2.60	5.94	<b>-52.61</b>	11.25
ACI Infocom	2.38	-7.03	11.74	1.93	<b>-50.09</b>	26.30
IEL Limited	6.35	5.48	-4.22	1.96	<b>-49.27</b>	21.21

STOCKS HAVE BEEN SELECTED USING THE FOLLOWING FILTERS: PRICE LESS THAN ₹10, ONE-MONTH AVERAGE VOLUME GREATER THAN OR EQUAL TO 1 LAKH, AND MARKET CAPITALISATION GREATER THAN OR EQUAL TO ₹10 CRORE. DATA AS ON 18 JULY 2024. SOURCE: ETIG DATABASE AND REUTERS-REFINITIV

# mutual funds

18 The Economic Times Wealth July 22-28, 2024

## KOTAK EQUITY OPPORTUNITIES

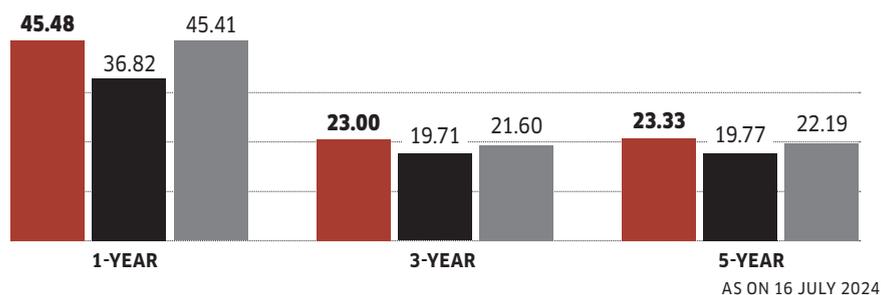
# Superior risk-return profile

ET Wealth collaborates with Value Research to analyse top mutual funds. We examine the key fundamentals of the fund, its portfolio and performance to help you make an informed investment decision.

## HOW THE FUND HAS PERFORMED

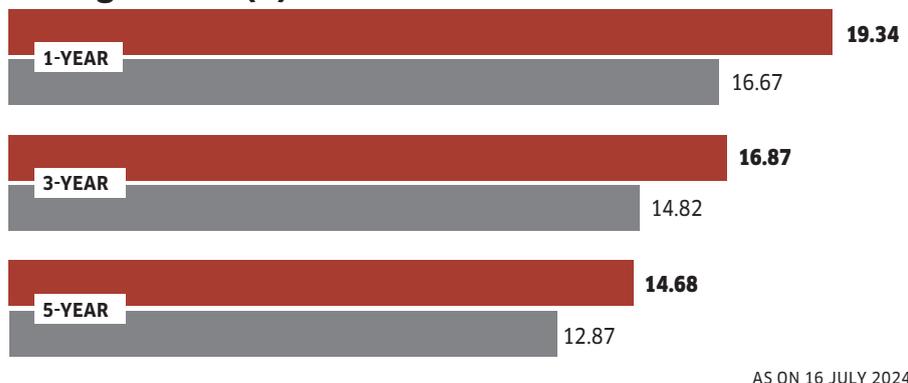
### Point-to-point returns (%)

FUND BENCHMARK CATEGORY AVERAGE



The fund has comfortably beaten the index, but has been on a par with category average over the past year.

### Rolling returns (%)

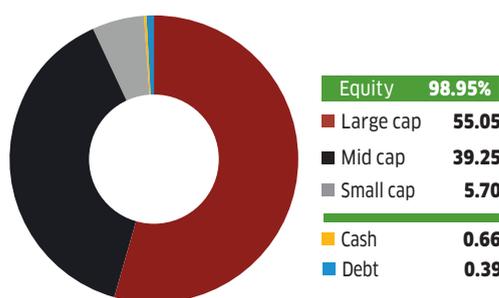


The fund's long-term track record indicates healthy outperformance across time frames.

Note: Different benchmark (BSE Large Mid Cap TRI) has been used due to non-availability of stated benchmark data. Returns have been rolled daily over the past decade for relevant time frames.

## WHERE THE FUND INVESTS

### Portfolio asset allocation



The fund currently takes a slight tilt towards large caps.

### Fund style box



## BASIC FACTS

DATE OF LAUNCH  
**9 SEPTEMBER 2004**

CATEGORY  
**EQUITY**

TYPE  
**LARGE & MIDCAP**

AUM\*  
**₹24,055 crore**

BENCHMARK  
**NIFTY LARGE MIDCAP 250 TOTAL RETURN INDEX**

## WHAT IT COSTS

NAV\*\*

GROWTH OPTION  
**₹339.69**

IDCW  
**₹59.26**

MINIMUM INVESTMENT  
**₹100**

MINIMUM SIP AMOUNT  
**₹100**

EXPENSE RATIO\* (%)  
**1.6**

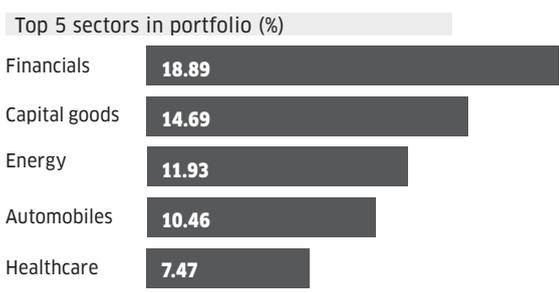
EXIT LOAD

For units in excess of 10% of investment, 1% will be charged for redemption within 365 days

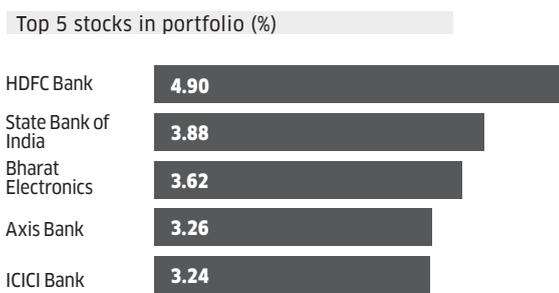
\*AS ON 30 JUNE 2024  
\*\*AS ON 16 JULY 2024  
#AS ON 30 JUNE 2024



**FUND MANAGER**  
**HARSHA UPADHYAYA**  
11 YEARS, 10 MONTHS



The fund's sectoral positioning is fairly diversified. AS ON 30 JUN 2024



The fund portfolio is well diversified, with modest positions in individual bets. AS ON 30 JUN 2024

### Recent portfolio changes

**New entrants**  
Biocon, Tata Steel (Apr).  
Power Grid Corporation of India (May).  
Kotak Mahindra Bank (Jun).

### Complete exits

Balkrishna Industries, Coforge (May).

### How risky is it?

	Fund	Category	Index
Standard Deviation	12.07	13.28	12.99
Sharpe Ratio	1.35	1.15	1.01
Mean Return	21.74	20.66	18.55

BASED ON 3-YEAR PERFORMANCE.

The fund boasts a superior risk-return profile in its category. AS ON 30 JUN 2024

Source: Value Research



Earlier run as a multi-cap fund, this fund adopted the large- and mid-cap mandate in 2018. It retains a large-cap tilt, even as it has hiked its mid-cap presence. Its biggest positions are in large caps, while the mid-cap exposure

is mostly towards the mid- and tail-end of the portfolio. The preference is for companies that have the ability to generate consistent cash flows, have a proven business model with efficient management, and are available at a

reasonable price. The fund has put in a strong, consistent show after 2018, barring a dip in 2021. It retains a superior risk-return profile among its peers, with the ability to provide better downside protection.

# Star Cement: Decent prospects

Capacity expansion, robust demand, cost levers and industry tailwinds will drive performance.

The cement manufacturing company is expected to report muted performance in the June quarter, amid volume pressure due to election impact and heavy rains in the Northeast. The revenue is expected to decline by 0.5%, whereas EBITDA is likely to grow by 0.4% on a year-on-year basis, according to the consensus estimates of analysts compiled by Reuters-Refinitiv. However, the management is confident of an improvement in volumes in 2024-25, aided by capacity expansion and a pick-up in cement demand.

A prominent player among the eastern India cement manufacturers, the company enjoys close to 24% market share in the Northeast market. It has a cement production capacity of 7.7 million tonne per annum (MTPA) and a clinker production capacity of 6.1 MTPA.

The company will benefit from the growing cement demand in the infrastructure, construction and housing sectors. ICRA, in its June note, expects cement industry volumes to grow by 7-8% to 455-460 million metric tonne in 2024-25. The government's priority to the development of the Northeast region, which includes rural housing projects and improved connectivity through railways and roadways, is expected to boost the cement demand in the region.

To meet the growing demand, the company is enhancing its production capacity. It plans to increase the capacity to 11.7 MTPA by 2026-27. The commissioning grinding unit in Silchar, Assam, in the third quarter of 2025-26 and the announcement of capacity at Jorhat in Upper Assam will help support the 2026-27 capacity expansion target. The increased capacities are expected to improve volumes and profitability. The management is taking numerous cost reduction initia-

tives that are expected to support its operating performance and margins. Sourcing of renewable power, investments to improve AFR (alternative fuels and raw material) share by the end of 2024-25, FSA (fuel supply agreement) contract with Coal India, efforts to reduce fly-ash transportation costs, and likely commissioning of WHRS (waste heat recovery system) plant in the third quarter of 2024-25 are some cost levers that are expected to reduce costs and improve operational efficiency.

The focus on strengthening the supply chain and distribution network and digitalisation of warehousing and transportation using advanced analytics are helping the company maintain its competitive position.

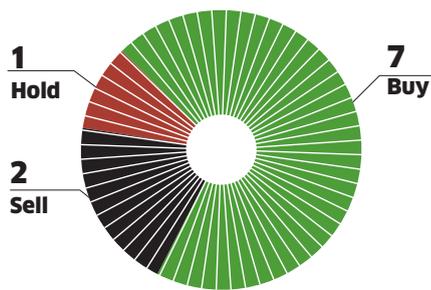
A recent HDFC Securities report states that the company remains in a sweet spot owing to the rising share of low-cost green power and timely expansions. It expects the balance sheet to remain extremely comfortable (despite ongoing expansions), with net debt to EBITDA of less than 1 during 2023-24 and 2026-27.

The stock has significantly outperformed the market benchmark in the past year, with 44.3% returns compared to the BSE Sensex with 22.2% returns.

**Selection methodology:** We pick the stock that has shown the maximum increase in 'consensus analyst rating' during the past month. The consensus rating is arrived at by averaging all analyst recommendations after attributing weights to each of them (1 for strong buy, 2 for buy, 3 for hold, 4 for sell, 5 for strong sell). An improvement in consensus analyst rating indicates that the analysts are getting bullish on the stock. Only stocks with more than five analysts covering them are considered. You can see similar consensus analyst rating changes during the past week in ETW 50 table.

—Sameer Bhardwaj

## Analysts' views



Star Cement is likely to benefit from the growing cement demand in the infrastructure, construction and housing sectors.

## Fundamentals

	ACTUAL		CONSENSUS ESTIMATE	
	2022-23	2023-24	2024-25	2025-26
Revenue (₹ cr)	2,704.80	2,910.70	3,358.80	3,934.70
EBITDA (₹ cr)	468.40	556.30	732.50	868.30
Net profit/loss (₹ cr)	247.60	295.10	382.90	460.40
EPS (₹)	6.13	7.30	9.41	10.96

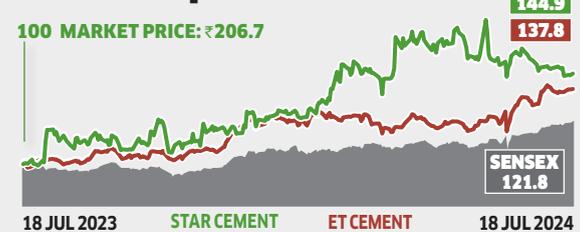
## Valuations

	PBV	PE	DIVIDEND YIELD (%)
Star Cement	3.46	28.32	-
Ultra Tech Cement	6.19	48.02	0.33
Ambuja Cements	4.10	47.55	0.26
Shree Cement	4.89	42.27	0.37
ACC	3.09	21.57	0.28

## Brokerage calls

RECO DATE	RESEARCH HOUSE	ADVICE	TARGET PRICE (₹)
28 June '24	HDFC Securities	Buy	250
26 May '24	Anand Rathi	Buy	275
23 May '24	ICICI Securities	Buy	271
23 May '24	PhillipCapital	Buy	300
22 May '24	Emkay	Add	250

## Relative performance



Star Cement is compared with ET Cement and Sensex. Stock and index values normalised to a base of 100. Source: ETIG and Reuters-Refinitiv



## WHAT EXPERTS ADVISE

### BUY

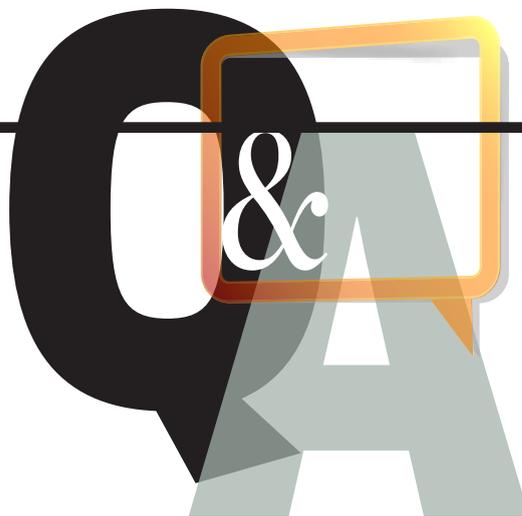
STOCK	RESEARCH HOUSE	ADVICE	STOCK PRICE (₹)	1-YEAR TARGET PRICE (₹)	POTENTIAL UPSIDE (%)	COMMENT
Aadhar Housing Finance	ICICI Securities	Buy	426	550	29.1	Initiate with 'buy' due to strong execution credentials among peers in terms of AUM and RoE. Impeccable asset quality, strong distribution network, experienced management and focus on diversification are key positives.
HDFC Life Insurance	JM Financial	Buy	638	819	28.4	Maintain 'buy' due to decent performance in the June quarter, with strong growth in APE. The company is also likely to deliver consistent topline growth with steady VNB margins, supported by an evolved product suite and growth led by policy count.
Coal India	PhillipCapital	Buy	497	611	22.9	Initiate with 'buy' as revival in thermal capex is expected to drive its volume growth. Resilient balance sheet, healthy cash generation, prospects of higher profitability and supportive dividend yields are key positives.
Sansera Engineering	IDBI Capital	Buy	1,370	1,625	18.6	Initiate with 'buy' as its robust order book provides strong revenue visibility. Diversification in high-growth sectors, expansion in export markets, strong client relationships, product innovation and attractive valuations are key positives.
HCL Technologies	Motilal Oswal	Buy	1,560	1,850	18.6	Reiterate 'buy' due to its decent performance in June quarter, with above-estimates EBIT margins and PAT. The investments in next-generation platforms and management's optimism about growth improvement in the September quarter are other positives.
Larsen & Toubro	BNP Paribas	Outperform	3,652	4,280	17.2	Rate 'outperform' as it is a key beneficiary of infrastructure sector growth. Besides, prospects of strong order inflows, potential EBITDA margin recovery and likely improvement in return ratios are key positives.

### SELL

STOCK	RESEARCH HOUSE	ADVICE	STOCK PRICE* (₹)	1-YEAR TARGET PRICE (₹)	POTENTIAL DOWNSIDE (%)	COMMENT
Bajaj Auto	Emkay	Reduce	9,718	8,300	-14.6	Retain 'reduce' due to its weakening position in two-wheeler segment and poor risk-reward profile due to expensive valuations. Also, there is uncertainty regarding the response to newly launched CNG motorcycle.

# your queries

20 The Economic Times Wealth July 22-28, 2024



**I have a lump-sum investment of ₹4.26 lakh in the HDFC Balanced Advantage Fund, with the current valuation of ₹7.56 lakh. Is it advisable to use this as an emergency corpus, or would it be better to switch some amount to a liquid fund? Is it better to invest in liquid or arbitrage funds as an alternative to keeping surplus cash in the savings account?**

The primary objective of an emergency fund is to manage expenses during unforeseen eventualities. It should be kept in financial instruments with the highest liquidity and capital protection. Mutual funds are subject to market risks and balanced advantage funds have a high short-term risk due to its significant equity exposure. For example, HDFC Balanced Advantage Fund has at least 65% equity exposure to benefit from equity taxation. Liquid and overnight funds have the lowest risk of capital erosion among mutual funds. Arbitrage funds also have low risk and benefit from equity taxation, but their returns depend on equity market arbitrage opportunities and perform best in volatile conditions.

Park your emergency fund and short-term savings (1-3 years) in high-yield bank fixed deposits of small finance banks. These offer around 8% returns, better liquidity and capital protection than mutual funds. FD proceeds are instantly credited to your account, while liquid and overnight funds take T+1 working day and have Sebi-capped instant redemption limits. While some funds offer instant redemption, Sebi caps this facility at ₹50,000 or 90% of investment, whichever is lower.

For short-term savings of less than a year, consider high-yield savings accounts. These accounts also suit emergency funds if you have lower income certainty, offering 3-4% interest for balances up to ₹1 lakh, 5-6.25% for ₹1-5 lakh, and 7-7.5% for ₹5-10 lakh. Maintain an emergency fund to cover essential expenses, including EMIs, for at least six months.



**Naveen Kukreja**  
Co-founder and CEO,  
Paisabazaar.com

**I bought a flat in Chennai eight years ago. The building developed cracks and the concrete started peeling off. Following a court order, the builder agreed to pay rental compensation for three years and reconstruct the building within that period. Is this rental compensation exempt from tax calculation?**

In cases of redevelopment, compensation from the builder to alleviate the hardship faced by the flat owner is typically considered a hardship or rehabilitation allowance and treated as a capital receipt, exempt from tax. The Mumbai ITAT decision in Ajay Parsmal Kothari versus ITO (2024) supports this view. Therefore, the rental compensation should not be classified as 'income from house property' or be part of your taxable income. However, the tax department may have a different interpretation, despite judicial precedents in your favour.



**Amit Maheshwari**  
Tax Partner, AKM Global

**Our panel of experts will answer questions related to any aspect of personal finance. If you have a query, mail it to us right away.**

## QUESTION OF THE WEEK

**My mother is 72 years old, with diabetes and high blood pressure. I recently switched jobs and my new employer insurance covers dependants only up to ₹3 lakh. I want to get a new policy for my mother. Are there any senior citizen policies that provide coverage without health check-ups? If so, how expensive are these?**

Finding the right health insurance policy for senior citizens with pre-existing conditions can be challenging. It is advisable to have an individual health policy in place instead of relying on corporate coverage. There are now options that help strike a balance between coverage and affordability. The recent regulation by Irdai to remove the entry age cap on health insurance has been a significant move in casting a wider safety net for senior citizens. There are plans that cover policyholders up to 99 years and provide coverage from day 1 for pre-existing conditions. These plans don't compromise on coverage and come with a sum insured of up to ₹1 crore. Some insurers also offer senior citizen plans that don't require health check-ups, but these can vary in terms of premium and benefits.

Premiums for senior citizen plans are subject to the risk associated with age and pre-existing diseases. Nevertheless, the financial protection that health insurance offers is invaluable, particularly when it comes to managing chronic illnesses and potential hospitalisations. For a 72-year-old with diabetes and high blood pressure, you can expect monthly premiums ranging from ₹14,000 to ₹22,000 for a sum insured of ₹1 crore, depending on the insurer and policy features.

Some insurers also offer co-payment options, where the policyholder agrees to pay a fixed percentage of each claim. Opting for co-payment can reduce premiums, making the policy more affordable. However, carefully consider your mother's health condition and future medical needs before choosing this option. You can also combine your coverage with a top-up or super top-up policy to enhance the coverage.

While cost is an important factor, ensure that you do not compromise on coverage. Consider consulting an insurance adviser who can provide personalised recommendations based on your situation.



**Sarbvir Singh**  
Joint Group CEO, PB Fintech

**I am 43 years old with an annual package of ₹20 lakh. My current investments include ₹15 lakh in the PPF (annual contribution ₹1.5 lakh); ₹8.5 lakh in the NPS (annual contribution ₹50,000); ₹16 lakh in the PF (10% extra VPF contribution + monthly contribution ₹18,000), and ₹1.8 lakh in shares. I also get an annual rental income of ₹1 lakh from a flat worth ₹28 lakh. I live in a flat worth ₹55 lakh and own land worth ₹22 lakh. I have an outstanding home loan of ₹25 lakh for six years and a car loan of ₹8 lakh. What should be my retirement corpus, assuming monthly expenses of ₹50,000?**

Your monthly expenses of ₹50,000 will grow to ₹1.58 lakh by the time you retire. To cover this, aim for a corpus of ₹4.75 crore, adjusted for 7% inflation and 7% annual portfolio growth after retirement. Set aside additional funds for rising medical expenses.

Your current portfolio, excluding your home, is ₹91 lakh with an expected annual return of 7-8%, which falls short of post-tax inflation. To achieve a 10% pre-tax return and match inflation, increase your equity exposure. Gradually shift from non-liquid real estate to equity, aiming for 40% in multi-asset and dynamic asset allocation mutual funds.

If your assets grow at 9-10% annually for 17 years, you can reach your retirement goal with an additional ₹10,000 monthly investment. Prioritise repaying loans (approx. 8.5% interest) from savings, then invest the remainder to build a bigger retirement corpus.



**Sumit Duseja**  
Co-founder & CEO, Truemind Capital  
(Sebi-registered Investment Adviser)

**How should I invest ₹15 lakh in equity mutual funds, and which fund or funds should I choose? Should I invest the entire amount at once or spread it over 3-4 months?**

The equity markets, especially mid and small caps, are currently expensive, with two-thirds of the sectors trading at a premium. However, there are opportunities in large-cap funds, flexi-cap funds favouring large caps, and growth style flexi-cap funds. Large caps are reasonably priced, trading close to their long-term averages, and growth style funds are due for mean reversion, offering a margin of safety and upside potential. A minimum five-year time horizon is recommended for these investments.

For lower risk, consider hybrid funds like dynamic asset allocation or balanced advantage funds, which provide better downside protection and decent upside potential. These require a 3-5 year time horizon. Invest based on your goals, time horizon, risk appetite and portfolio composition, avoiding concentration risk and tactical bets in pure equity funds. Invest for the long term as market behaviour is unpredictable.



**Rushabh Desai**  
Founder, Rupee With  
Rushabh Investment Services

## Ask our experts

Have a question for the experts?  
etwealth@timesgroup.com

# Increase SIPs every year to reach all goals

Libni Phinehas and his wife are saving for multiple goals. Here's what the doctor has advised them.

## PORTFOLIO DOCTOR

Not many investors know whether they have invested in the right funds and if their fund portfolio is on track. The Portfolio Doctor assesses the health of the fund portfolio, examines the schemes and their suitability with regard to the goals and, if required, recommends corrective measures. The advice given is based on the performance of the funds, the risk profile of the investor as well as his financial goals.



### PORTFOLIO CHECK-UP

- Have been investing in equity funds for the past 3-4 years.
- Goals are very ambitious, but disciplined investing can help achieve them.
- Monthly investments will have to be increased by ₹13,000.
- SIPs will also have to be increased by 10% every year to reach the targeted amount.
- Portfolio is equity-heavy. Need to invest in fixed income options as well.
- Portfolio skewed towards small- and mid-cap funds. Be ready for volatility.
- Consider investing in the PPF to build a tax-free corpus.
- If expected child is a girl, they can invest in the Sukanya Samriddhi Yojana in her name.

### Note from the doctor

- Go for the NPS to save tax and build retirement corpus.
- In the NPS, opt for a balanced asset allocation to equity and debt funds.
- Both should buy term insurance of at least ₹2 crore each to safeguard goals.
- Review investments and rebalance the portfolio at least once in a year.
- Reduce risk when goal is near so that you don't miss the target.

GOALS	1	2	3	4
	<b>DOWN PAYMENT OF HOUSE: 5 years</b> PRESENT COST: ₹36 lakh FUTURE COST: ₹50 lakh	<b>FIRST CHILD'S EDUCATION: 16 years</b> PRESENT COST: ₹50 lakh FUTURE COST: ₹2.3 crore	<b>SECOND CHILD'S EDUCATION: 18 years</b> PRESENT COST: ₹50 lakh FUTURE COST: ₹2.7 crore	<b>RETIREMENT INCOME: 25 years</b> CURRENT NEED: ₹1.85 crore (₹75,000 a month) CORPUS NEEDED: ₹10 cr
INVESTMENT	AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION	NEW SIP (₹)
Axis Small Cap	1,42,451	10,000	Fund has slipped in recent months, but still holds promise. Continue SIPs and increase amount by 10% every year.	10,000
Mahindra Manulife Midcap	1,43,830	7,500	Continue SIPs in this outperforming mid-cap fund. Increase amount by 10% every year.	7,500
SBI Magnum Midcap	55,388	0	All three funds have performed well in the past, but have slipped in recent times. Shift the corpus and SIPs to ICICI Pru Large & Midcap Fund to consolidate portfolio.	0
SBI Focused Equity	1,07,255	5,000		0
PGIM India Flexicap	50,744	5,000		0
ICICI Pru Large & Midcap	0	0	Start SIPs of ₹10,000 in this outstanding large- and mid-cap fund. Hike amount by 10% every year.	10,000
ICICI Pru Equity & Debt	66,138	10,000	Continue SIPs in this stable equity-oriented hybrid fund. Hike by 10% every year.	10,000
UTI Nifty 50 Index	43,710	5,000	Continue SIPs in this stable index fund. Hike amount to ₹6,000 and increase by 10% every year.	6,000
Kotak Bluechip	5,149	5,000	Continue SIPs in this outstanding large-cap fund. Hike amount by 10% every year.	5,000
Kotak Small Cap	32,893	3,000	This small-cap fund has done very well. Increase amount to ₹5,000 and hike by 10% every year.	5,000
HDFC Large and Midcap	39,652	5,000	Continue SIPs in this stable large- and mid-cap fund. Hike amount by 10% every year.	5,000
SBI Large & Midcap	28,000	5,000	Continue SIPs in this outperforming large- and mid-cap fund. Hike amount by 10% every year.	5,000
SBI Smallcap	14,309	2,500	This small-cap fund has slowed down but holds promise. Continue SIPs and hike amount by 10% every year.	2,500
Quant Smallcap	32,741	3,000	Continue SIPs in this stable fund, but keep close watch on performance. Hike amount by 10% every year.	3,000
UTI Nifty50 Equal Weight Index	32,394	5,000	Keep investing in this index fund. Hike amount by 10% every year.	5,000
Motilal Oswal S&P 500	5,194	5,000	Continue contributing to this US-oriented equity fund. Hike amount by 10% every year if permitted by fund house.	5,000
SBI Conservative Hybrid	21,382	0	Restart SIPs of ₹5,000 in this outstanding conservative hybrid fund. Hike amount by 10% every year.	5,000
HDFC Retirement Savings Equity	0	0	Start SIPs of ₹5,000 in this outstanding flexi-cap fund for retirement. Hike by 10% every year.	5,000
Axis Gold	4,989	5,000	Gold funds are a costlier form of paper gold. Invest in gold ETFs to save on costs or in sovereign gold bonds to earn additional interest and avoid capital gains tax.	0
Axis Short Term	5,021	5,000	Instead of contributing to this debt fund, invest in the PPF to build a tax-free corpus. Shift corpus to PPF account.	0
NPS	0	0	Both husband and wife should start SIPs of ₹5,000 in this low-cost pension scheme to build retirement corpus and save tax. Hike amount by 10% every year.	10,000
<b>TOTAL</b>	<b>₹8,31,240</b>	<b>₹86,000</b>	The goals can be reached using the mutual funds marked in the same colour.	<b>₹99,000</b>

### Assumptions used in the calculations

**INFLATION**  
Education expenses: 10%  
For all other goals: 7%

**RETURNS**  
Equity funds: 12%  
Debt options: 8%



PORTFOLIOS ANALYSED BY  
**RAJ KHOSLA**,  
Managing Director and Founder,  
MyMoneyMantra



### WRITE TO US FOR HELP

If you want your portfolio examined, write to [etwealth@timesgroup.com](mailto:etwealth@timesgroup.com) with 'Portfolio Doctor' as the subject. Mention the following information:

- Names of the funds you hold.
- Current value of the investment.
- If you have SIPs running in any of them.
- The financial goals for which you invested.
- How much you need for each financial goal.
- How far away is each goal.

# your feedback & more...

22 The Economic Times Wealth July 22-28, 2024

## Readers' response, online and in print, to ET Wealth stories has been enlightening. We pick some that add information and perspective to our articles from previous issues.

After reading the cover story, 'Is it time to sell?', I believe that even if the developed economies collapse, the developing economies might limp along or even boom, depending on the substitution effect of the developed economies purchasing lower-cost goods. Let's hope we continue to boom as even a few billion dollars trickling into our economy will support robust growth for India.

**P. Pradeep**

This refers to the article 'Is medical corpus better than health insurance?'. India's insurance sector has asymmetric information, where sellers often know more than buyers. As a result, for some, medical corpus might be preferable to health insurance. Consumers are rational and aim to maximise satisfaction from their spending and savings. With proper knowledge of the insurance sector, a health policy can be the best choice.

**S. Ramakrishnasayee**

I find Uma Shashikant's columns and CIEL articles incredibly informative. As an insurance adviser with the LIC of India and other general insurance

### Need to rebalance

The cover story 'Is it time to sell?' rightly points out that with the Sensex crossing 80,000, many investors are concerned about a correction. While the market's growth is supported by healthy corporate earnings, the steep rise has altered some investors' asset allocations, necessitating portfolio rebalancing. Rebalancing helps mitigate risk and maintain desired asset distribution. Regularly reviewing and adjusting your portfolio, perhaps annually, ensures alignment with financial goals and risk tolerance, preventing panic during market downturns and fostering long-term stability.

**C. Gupta**

companies, I appreciate her focus on personal and family finances. However, often the columns include jargon and technical language that can be challenging for the average reader. I suggest simplifying the language to make the content more accessible to a wider audience, benefitting both seasoned investors and those new to finan-

cial matters. This could help Shashikant's columns reach and educate an even broader audience. I look forward to enjoying and learning from her valuable contributions.

**Vivek G. Laghate**

I am impressed with the contents of the issue dated 15 July. Dharendra Kumar's column

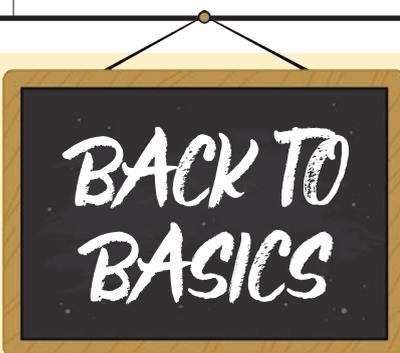


'Will market froth settle?' was an eye-opener for lay investors like me. It highlighted how investors lose money when the market boom ends and advised booking profits when target returns are reached. Uma Shashikant's column 'Why isn't the market available to retail households?' was also great. She emphasised the importance of research before investing and suggested that retail households shift some savings from low-interest accounts to the stock market. I thank ET Wealth for simplifying complex financial concepts and recommend it for becoming a well-informed investor.

**Murli Chari**

Apropos of the article 'Is momentum a good bet at market peaks?', my question is, can there be a stock market without any momentum for more than a day? It is a dynamic place where momentum is *in* and *out*. So, buying stocks with upward momentum and selling those with downward momentum is normal. It's pointless to discuss momentum as a prudent investor would never suffer losses unless there is foul play by brokers in select scrips.

**M. Subhash**



## What is CAGR?

If you are confused by personal finance terms, jargon and calculations, here's a new series to simplify and deconstruct these for you. In the eighth part of this series, **Riju Mehta** explains what compound annual growth rate means.

### What is compound annual growth rate?

A key deciding factor while choosing any investment option is its return. There are several types of returns that help determine an investment's yield over different time frames, such as absolute return, point to point, annualised, total return, among others. If, however, you want to know how an investment has grown or is likely to grow every year over several years, a good indicator is the CAGR.

CAGR gives you the rate at which an investment would grow every year if the profits were reinvested at the end of each year. Hence, it provides the average, annual growth of your investment as it compounds over a period of time. It is considered one of the most effective return indicators for individual assets or portfolios and helps in the comparative analysis of similar investments.

So it can help you check the performance of your stocks or real estate over the past few years, or compare two mutual funds to help decide which one to invest in.

### Drawbacks of CAGR

CAGR does have its drawbacks because it does not give you the true return, but a representative figure over a span of time.

It is a poor indicator of the risk or volatility associated with an investment instrument. Since it helps average out the returns by taking only the beginning and end values, it does not give an idea about the ups and downs or short-term variations in the performance of the instrument. It assumes the growth of an investment remains constant and uniform, and does not give the correct growth rate over a volatile period.

It will also not give an accurate return if the investor adds or withdraws funds any time during the specified period. This is because the addition of funds will inflate the figure and withdrawals would deflate it because the formula would take into account only the beginning and end values and consider the addition or subtraction as part of the annual growth or fall.

CAGR method is also not accurate for shorter investment periods or those more than 10 years. It can help analyse returns for comparable time periods only.

### How is it calculated?

You can calculate CAGR using either MS Excel or any of the easily available online calculators. Here's how you can do it on your own if you do not find the calculation too intimidating. All you need to know is the end value and beginning value of your investment, and the number of years you remained invested.

$$\text{CAGR} = \left\{ \frac{\text{EV}}{\text{BV}} \right\}^{1/n} - 1 \} \times 100$$

**EV** = End value

**BV** = Beginning value

**n** = Number of years

So, if you invested ₹1 lakh in a mutual fund on 1 January 2018 and, over five years, it grew to ₹1.7 lakh as on 1 January 2023, the CAGR will be calculated as follows.

$$\text{CAGR} = \left\{ \frac{1.7 \text{ lakh}}{1 \text{ lakh}} \right\}^{1/5} - 1 \} \times 100 = 11.2\%$$



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## Mirae Asset Nifty200 Alpha 30 ETF Fund of Fund

New Fund Offer Closes Today: **22<sup>nd</sup> July 2024**

Scheme re-opens for continuous Sale and Repurchase: **29<sup>th</sup> July 2024**

**PRODUCT LABELLING**

Mirae Asset Nifty200 Alpha 30 ETF Fund of Fund (An open-ended fund of fund scheme investing in units of Mirae Asset Nifty200 Alpha 30 ETF) is suitable for investors who are seeking\*

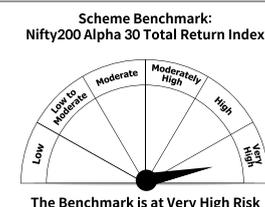
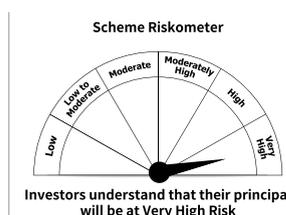
- Investments predominantly in units of Mirae Asset Nifty200 Alpha 30 ETF.
- To generate long-term capital appreciation/ income.

\*Investors should consult their financial advisors if they are not clear about the suitability of the product.

The Product Labelling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

Investors may note that they will be bearing the recurring expenses of the underlying Scheme in which the scheme makes investment in addition to the expenses of this scheme.

NFO: New Fund Offer | ETF: Exchange Traded Fund



Scan here for product details & disclaimers



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

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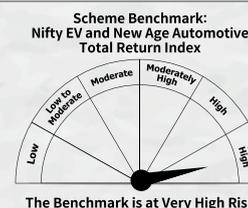
### PRODUCT LABELLING

Mirae Asset Nifty EV and New Age Automotive ETF (An open-ended scheme replicating/tracking Nifty EV and New Age Automotive Total Return Index) is suitable for investors who are seeking\*

- Returns that commensurate with performance of Nifty EV and New Age Automotive Total Return Index, subject to tracking error over long term
- Investments in equity securities covered by Nifty EV and New Age Automotive Total Return Index

\*Investors should consult their financial advisors if they are not clear about the suitability of the product.

EV: Electric Vehicle | ETF: Exchange Traded Fund



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