

# THE ECONOMIC TIMES wealth

SPENDING DECISIONS  
IN A FAMILY P13



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# BEST NPS FUNDS 2024

To boost your retirement savings, pick the pension funds that have given the best returns. P2



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WATCH YOUR  
FUND COUNT  
AMID SOARING  
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**“INVESTORS  
NEED TO  
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**INVEST IN  
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# Best NPS funds 2024

To boost your retirement savings, pick the pension funds that have given the best returns.



By Babar Zaidi

Many investment options that used to be tax-free have now become taxable. Long-term gains from stocks and equity funds are taxable beyond ₹1.25 lakh. Dividends get taxed at the slab rate. Income from Ulips is taxable if the premium exceeds ₹2.5 lakh in a year. Even traditional policies will be taxed if the premium is over ₹5 lakh in a year. Debt funds and real estate have lost the indexation benefit. Even the Provident Fund interest is taxed if the subscriber's contribution exceeds ₹2.5 lakh in a year.

While the tax benefits on these investments have shrunk in the past few

years, things have been very different for the National Pension System (NPS). Tax benefits for the NPS have progressively increased in the past 10 years, each change making the pension scheme more advantageous for the investor. This year's Budget has enhanced the tax deduction for those opting for the new tax regime. Under Section 80CCD(2), up to 10% of the basic pay put in the NPS is tax-free. This has been increased to 14% of the basic pay under the new tax regime.

This makes the NPS a compelling investment. A person with a basic salary of ₹1 lakh a month can potentially save ₹52,000 in tax by opting for the NPS benefit. High income earners with large investible surpluses will find it especially beneficial. Some corporates are going the

extra mile to encourage their employees to sign up for the pension scheme. "A leading MNC offered to contribute ₹1,000 for six months for every employee who chose to open an NPS account. It's like a Swavalamban scheme for corporate employees," says Sriram Iyer, CEO of HDFC Pension.

## Magic of compounding

If given enough time to grow, investment in the NPS can transform the life of investors. "We see a lot of people with very large Provident Fund corpus of ₹2-3 crore. If 8.5% return could build such a huge corpus over 25-30 years, imagine what the 10-10.5% return from the NPS could do," says Iyer.

Apart from the tax benefits enjoyed by

the NPS, the Pension Fund Regulatory and Development Authority (PFRDA) has done its bit by making the scheme more flexible. Last year, it allowed investors to spread their investments across different fund managers. Investors are also allowed to stagger the withdrawal of 60% portion of the corpus till the age of 75.

Our cover story this week identifies the best performing NPS funds to help investors decide which pension fund manager they should opt for. Don't look at the annualised returns in isolation. They are point-to-point returns and may not give the correct picture. The SIP returns, which are calculated using the internal rate of return formula, will be a better indicator, especially if you intend to invest through monthly SIPs.

**EQUITY FUNDS**

# Equity bull run continues to enrich aggressive investors

However, growth in corporate earnings is moderating so lower your expectations.

Equity funds of the NPS have rewarded investors handsomely. In the past year, the average equity fund delivered 32% return, compared to the 27% rise in the Nifty. This is because the PFRDA relaxed investment norms in 2021, allowing NPS equity funds to go beyond the index and invest in stocks with a market cap of at least ₹5,000 crore.

So, while most funds are decidedly large-cap oriented, some also have sizeable in-

vestments in mid-cap stocks. For instance, Coromandel International is among the top five holdings of newcomer DSP Pension Fund. "We follow a strategy of a concentrated portfolio. We generally prefer companies with zero debt because such stocks tend to do well in the long term," explains Rahul Bhagat, CEO of DSP Pension Fund.

Mid-cap stocks are more volatile, but also more rewarding. DSP Pension Fund's equity scheme has shot up 21% in the past six months, while the average equity fund rose 15.33% and the Nifty only 13.7%.

There are some surprises in the equity fund ranking this year, with UTI Retirement Solutions emerging as the best

performing pension fund. The SIP returns of the pension fund are also the highest, an indication of the fund's consistency. Investors should watch the performance of another newcomer. The equity fund of Tata Pension Management has given 35.78% return in the past year.

Equity funds have given high returns, but don't expect this to continue at the same pace. "Corporate earnings are growing faster than India's overall growth. However, growth is moderating, so investors need to lower their expectations," says Amit Ganatra, Head of Equities at Invesco Mutual Fund (see interview on page 9).

"NPS funds do not face the possibility of redemption pressure. So pension funds can invest in long-term bets with conviction."



**RAHUL BHAGAT**  
CEO, DSP PENSION FUND

PENSION FUND MANAGER	ANNUALISED RETURNS (%)			SIP RETURNS (%)		
	3-YEAR	5-YEAR	10-YEAR	3-YEAR	5-YEAR	10-YEAR
Aditya Birla Sun Life Pension Scheme	16.27	19.77	--	17.62	16.66	--
HDFC Pension Fund	15.92	20.37	13.80	17.47	16.91	12.99
ICICI Prudential Pension Fund	17.10	20.87	13.52	18.45	17.68	13.04
Kotak Pension Fund	17.18	20.79	13.62	18.30	17.37	13.00
LIC Pension Fund	16.14	19.95	12.56	17.00	16.92	12.30
SBI Pension Fund	15.45	18.97	12.78	16.51	16.09	12.16
UTI Retirement Solutions	🍏 17.66	🍏 21.04	🍏 13.86	🍏 19.37	🍏 18.07	🍏 13.20
<b>AVERAGE</b>	<b>16.53</b>	<b>20.25</b>	<b>13.36</b>	<b>17.82</b>	<b>17.10</b>	<b>12.78</b>

🍏 Best performing scheme

Data as on 9 Sep 2024. Source: Value Research

**GILT FUNDS**

# Bond funds poised for bounceback if interest rates are cut

Rate cuts will prove beneficial for the funds holding long-term bonds.

After several years of insipid growth, gilt funds have bounced back. In the past year, the average return has been in double digits. The long-term performance is also quite decent. Aditya Birla Sun Life Pension Fund has been the best performing scheme in the past 3-5 years, but as mentioned earlier, investors should not see the annualised returns in isolation. The SIP returns are a better indicator of how much investors actually made. The

long-term SIP returns of the NPS gilt funds are not very impressive.

The situation could become better when the interest rate cycle turns. Consumer inflation is comfortably below the RBI's medium-term target of 4%, raising hopes for an interest rate cut. The 10-year government bond yield has averaged 7% in the past nine

months. The average yield to maturity of NPS gilt funds roughly mirrors the prevailing yield. NPS schemes usually have very long-term bonds in their portfolios, which are more sensitive to interest rate changes. If the RBI decides to cut rates, NPS gilt funds are likely to do very well.

However, some analysts say inflation

has softened due to the base effect and will climb to 4.5-5% in the coming months. This could delay the anticipated cut in rates. "The RBI will not begin its rate easing cycle before the third quarter of 2024-25, despite an increased likelihood of a Fed rate cut in September," says Arsh Mogre, Economist, Institutional Equities at Prabhudas Lilladher.

Gilt funds suit investors looking for low, but stable, returns. Although they are not for long-term investors, individuals who will retire in 2-3 years can slowly shift from equity schemes to gilt funds to reduce the portfolio risk.

"RBI won't begin easing rates before the third quarter of 2024-25, despite the likelihood of a Fed rate cut in September."



**ARSH MOGRE**  
ECONOMIST, INSTITUTIONAL EQUITIES, PRABHUDAS LILLADHER

PENSION FUND MANAGER	ANNUALISED RETURNS (%)			SIP RETURNS (%)		
	3-YEAR	5-YEAR	10-YEAR	3-YEAR	5-YEAR	10-YEAR
Aditya Birla Sun Life Pension Scheme	🍏 6.95	🍏 7.40	--	7.05	🍏 6.03	--
HDFC Pension Fund	6.71	7.40	9.21	7.01	5.95	6.57
ICICI Prudential Pension Fund	6.61	7.12	9.12	6.86	5.84	6.44
Kotak Pension Fund	6.87	7.27	9.20	7.01	5.98	6.57
LIC Pension Fund	6.75	7.34	🍏 9.69	6.97	5.94	🍏 6.85
SBI Pension Fund	6.71	7.24	9.25	6.99	5.91	6.53
UTI Retirement Solutions	6.85	7.18	8.92	🍏 7.09	5.94	6.38
<b>AVERAGE</b>	<b>6.78</b>	<b>7.28</b>	<b>9.23</b>	<b>7.00</b>	<b>5.94</b>	<b>6.56</b>

🍏 Best performing scheme

Data as on 9 Sep 2024. Source: Value Research

## CORPORATE BOND FUNDS

# Short-term maturity profile of holdings proved to be a drag

Relaxation of investment norms has enhanced the risk profile of these funds.

Unlike gilt funds that hold very long-term bonds, corporate bond funds have a shorter maturity profile. The average maturity of bonds is about 5-6 years, compared to 12-15 years in gilt funds. This reduces the risk by making the portfolio less sensitive to rate changes. Corporate bond funds have, therefore, not gained as much as gilt funds in the past year. Their long-term performance also lags behind gilt funds.

“If 8.5% returns can build a huge Provident Fund corpus in 25-30 years, imagine what 10-10.5% returns from the NPS could do?”



**SRIRAM IYER**  
CEO, HDFC PENSION

HDFC Pension continues to hold the pole position across time horizons. Its SIP returns are also the highest, although there is not much variation in the returns of the eight pension funds. Experts say investors should not go by returns when it comes to bond funds, but examine the risk profile of the portfolio. The PFRDA has allowed

these funds to invest in bonds with an A rating, as long as this exposure is not more than 10% of the portfolio. This exposure to high-yield paper might boost returns, but also enhances the risk of the portfolio. One bad call can play havoc with the fund's NAV and wipe out the gains of several months. “Corporate bond funds of the NPS have

a higher risk profile than gilt funds, but the PFRDA allows pension funds to invest only in bonds with a minimum rating of AA, though we don't go below AA+,” says Bhagat of DSP Pension Fund.

Even if we assume that the bonds in a fund's portfolio are safe, corporate bond funds are best avoided in the current scenario. The shorter maturity profile of corporate bond funds makes them useful when rates are rising because they are less sensitive to interest rate changes. They are not the best option when the market is expecting a rate cut. Long-term investors should also avoid these funds.

PENSION FUND MANAGER	ANNUALISED RETURNS (%)			SIP RETURNS (%)		
	3-YEAR	5-YEAR	10-YEAR	3-YEAR	5-YEAR	10-YEAR
Aditya Birla Sun Life Pension Scheme	6.17	7.48	--	5.91	5.60	--
HDFC Pension Fund	6.35	7.74	9.06	5.97	5.75	6.51
ICICI Prudential Pension Fund	6.10	7.26	8.95	5.85	5.56	6.31
Kotak Pension Fund	6.00	6.98	8.47	5.79	5.41	5.96
LIC Pension Fund	5.97	7.37	8.73	5.71	5.47	6.22
SBI Pension Fund	6.04	7.36	8.82	5.80	5.51	6.28
UTI Retirement Solutions	5.95	7.34	8.51	5.80	5.43	6.07
<b>AVERAGE</b>	<b>6.08</b>	<b>7.36</b>	<b>8.76</b>	<b>5.83</b>	<b>5.53</b>	<b>6.23</b>

Best performing scheme

Data as on 9 Sep 2024. Source: Value Research

## ALTERNATIVE INVESTMENTS

# Marked improvement in returns over previous years

The wide variation in returns means investors need to choose carefully.

This fourth option was introduced a few years ago. These funds invest in real estate investment trusts (REITs) and Infrastructure Investment Trusts (InvITs). REITs invest in completed and under-construction real estate projects and must have at least 80% of the assets in completed and income-generating properties. InvITs invest in infrastructure projects, such as roads, power plants, highways and warehouses. At least 80% of

the corpus has to be invested in completed and revenue-generating infrastructure projects. Alternative investment funds suffered a setback when the new tax rules were proposed for REITs in 2023. However, a subsequent amendment put REITs back on track. In the past year, the average alterna-

tive investment fund has generated double-digit returns, though the long-term returns are not as impressive.

HDFC Pension leads the pack in this category. There is a wide variation in the returns of the eight funds, so investors should choose a fund carefully. Investors who are

bullish on infrastructure and real estate should go for these funds.

Alternative investment funds were introduced to help diversify the portfolio, but this diversification also enhances the risk. Some experts believe this risk is not worth the returns these funds have generated in the past. “Please note that there is a 5% cap on the exposure to these funds. This is cognisant of the risks of investing in this sector,” says Deepti Goel, Associate Partner, Alpha Capital. Perhaps this is why the three Lifecycle funds of the NPS do not invest in this asset class.

“The 5% cap on exposure to the alternative investment funds is cognisant of the risks of investing in this sector.”



**DEEPTI GOEL**  
ASSOCIATE PARTNER,  
ALPHA CAPITAL

PENSION FUND MANAGER	ANNUALISED RETURNS (%)		SIP RETURNS (%)	
	3-YEAR	5-YEAR	3-YEAR	5-YEAR
Aditya Birla Sun Life Pension Scheme	7.41	6.29	5.78	5.53
HDFC Pension Fund	8.66	8.46	6.80	6.88
ICICI Prudential Pension Fund	7.04	6.58	6.07	5.85
Kotak Pension Fund	6.63	6.67	6.38	5.64
LIC Pension Fund	6.87	7.16	5.68	5.74
SBI Pension Fund	7.40	9.31	6.64	6.71
UTI Retirement Solutions	6.26	6.02	5.30	5.11
<b>AVERAGE</b>	<b>7.18</b>	<b>7.21</b>	<b>6.09</b>	<b>5.92</b>

Best performing scheme

Data as on 9 Sep 2024. Source: Value Research



## PRODUCT LAUNCHES

### ❖ MUTUAL FUNDS

**UTI Mutual Fund** has launched the UTI Nifty200 Quality 30 Index Fund. It's a thematic equity fund aiming to deliver returns that mirror the total returns of securities represented by its underlying index, before expenses, and subject to tracking error. The fund is benchmarked against the Nifty 200 Quality 30 TRI, with a minimum investment of ₹5,000. **The NFO is open till 16 September.**

**Nippon India Mutual Fund** has launched the Nippon India Nifty 500 Momentum 50 Index Fund, an equity fund investing at least 95% of its assets in securities constituting the underlying index. The fund is benchmarked against the Nifty 500 Momentum 50 TRI, with a minimum investment of ₹1,000. **The NFO is open till 25 September.**

**HSBC Mutual Fund** has rolled out the HSBC India Export Opportunities Fund, a thematic equity fund focused on companies engaged in or benefitting from the export of goods or services. The fund is benchmarked against the Nifty 500 TRI, with a minimum investment of ₹5,000. A 1% exit load applies for withdrawals exceeding 10% of the investment within one year. **The NFO is open till 19 September.**

**Bandhan Mutual Fund** has launched the Bandhan Business Cycle Fund. It's a thematic equity fund that will invest in equity and equity-related instruments, with focus on riding business cycles through dynamic allocation among various sectors and stocks at different stages of business cycles in the economy. The benchmark of the fund is Nifty 500 TRI. The minimum investment is ₹1,000 and there is a 0.5% exit load on redemption within 30 days. **The NFO is open till 24 September.**

### ❖ BANKING

**Finacus Solutions**, in collaboration with Pi-labs.ai, has launched a deepfake-proof eKYC solution designed to enhance the identity verification process in response to the growing threat of deepfake fraud in the financial sector. This collaboration aims to reinforce the existing manual authentication system by creating a hybrid approach that combines human expertise with AI-driven insights to bolster security.

### ❖ INSURANCE

**Magma HDI** has introduced two new add-ons to its motor insurance policy: Zero Excess Add-on and Car Spa Add-on. The Zero Excess Add-on waives the compulsory deductible, allowing vehicle owners to avoid this cost for up to two claims during a policy period. The Car Spa Add-on covers the costs of cleaning and washing the insured vehicle.

# BHF sets IPO record with bids worth ₹3.2 lakh crore

Investors should remain guarded amid market enthusiasm.

The Bajaj Housing Finance IPO has shattered records after receiving bids worth over ₹3.2 lakh crore. The company sought to raise around ₹6,560 crore through a combination of fresh equity sale and an offer for sale (OFS). The issue was subscribed 64 times at close, driven by a strong interest from non-institutional investors, a category that was subscribed over 200 times. While the BHFL stock will list on bourses on 16 September, here are some key points that investors should pay attention to.

### Valuation

At the upper price band of ₹70, BHFL is valued at 3.2x its June 2024 book value, higher than its peers like LIC Housing Finance (1.2x) and PNB Housing (1.7x). Analysts justify this premium due to BHFL's strong AUM growth (+30% CAGR), solid asset quality (NPAs under 1%), and advanced technology. However, its funding costs are higher and margins are weaker. BHFL's AUM, which grew 29.3% annually to ₹91,370.4 crore, is concentrated in five states, posing potential risks similar to other companies with regional exposure.

### Market size

The outstanding credit in the Indian housing finance market grew at around 13.1% CAGR from 2019-20 to 2022-23. The overall housing finance segment outstanding credit is around ₹33.1 trillion as of 2023-2024, which grew 15.2% y-o-y, led by



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the aspirations of a growing young population with rising disposable income migrating to metro cities and elevated demand in tier II/III cities. Overall, the housing segment is expected to grow at a CAGR of 13-15% from 2023-24 to 2026-27, as per Crisil MI&A (Market Intelligence & Analytics). During 2019-20 and 2023-24, BHFL's AUM grew 24.4%, compared to 10.8% for LIC HF and 13% for ICICI Home Finance during the same period.

### NPA levels

NPA levels are crucial for housing finance companies as loans are typically secured by assets. However, property and developer loans can still pose risks. After the Covid-19 slowdown, GNPA levels for housing loans rose from 1.6% in 2018-19 to 3.9% in 2020-21, leading to a sharp fall in HFC stocks. As of June 2024,

BHFL's GNPA ratio has been 0.28%, much lower than LIC HF (3.29%), PNB Housing (1.35%), and Tata Capital Housing (0.84%).

### Return on assets

For 2023-24, Aptus Value Housing Finance had the highest ROA at 6.8%, followed by Aadhar Housing (4.2%), Home First Finance (3.8%), and Aavas Financiers (3.3%). BHFL's ROA stood at 2.4%, similar to Tata Capital Housing, with PNB Housing and CanFin Homes at 2.2%, and LIC HF at 1.7%. BHFL's NIM was above 4%, compared to the industry average of 3.2%. Housing-focused NBFCs typically have ROAs of 1.9-2.1% with low credit costs (0.3-0.5%), while affordable housing NBFCs command higher ROAs (2.8-3%) and premium valuations due to their low credit costs.

— Sunny Verma

## IN A NUTSHELL



# ₹4,500 cr

worth of inflows reported in gold ETFs in the past four months, compared to ₹4,728 crore in the previous financial year. Favourable post-Budget taxation of gold, reduction in customs duty, fall in gold prices and no fresh issuance of sovereign gold bonds are driving investors to gold ETFs.

## Form 67 for foreign income earners

If you are an Indian taxpayer with foreign income, such as dividends from foreign stocks or earnings from the sale of shares/ESOPs of foreign companies, you may benefit from a lower tax rate under Section 90 or 91 of the Income-tax Act, 1961. This relief is provided through the Double Taxation Avoidance Agreement (DTAA) provisions. Section 90 applies if India has a DTAA with the country of your foreign income. If no DTAA exists, you can seek relief under Section 91 of the Indian tax law.

“To claim either bilateral relief under Section 90 or unilateral relief under Section 91, taxpayers must file an Indian income-tax return and provide a tax payment or deduction certificate from the relevant foreign tax authority,” says CA Abhishek



Soni, Co-founder, Tax2Win.

According to CA Suresh Surana, Section 90 'bilateral relief' applies when a DTAA agreement exists between India and the other country. Surana says that taxpayers who want to claim relief under the DTAA provisions would be required to file Form 67 online on or before the filing of the ITR.

“Form 67 (statement of income

from a country or specified territory outside India and Foreign Tax Credit) is a form used by taxpayers in India to claim tax credit for foreign taxes paid outside India,” he says.

Surana says that you need to file Form 67 on or before 31 March 2025, for 2023-24 if you want to claim DTAA benefits under Section 90.

“In accordance with Rule 128 of the Income-tax Rules, 1962, Form 67 is to be furnished on or before the end of the assessment year relevant to the financial year in which the relevant income has been offered/assessed to tax in India, as well as the return for such assessment year has been furnished within the time specified for original return under Section 139(1) and belated return under Section 139(4),” he says.

— ET Online

# review preview

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## Interchange charge for UPI credit lines

The National Payments Corporation of India (NPCI) has announced interchange charges (similar to merchant discount rates) for pre-sanctioned UPI credit lines offered by banks. The new charges will be effective from 16 October 2024.

An interchange charge of 1.2% of the transaction amount will be applicable, except for special rate categories. The acquirer bank (which processes the payment on behalf of the merchant) will pay this interchange charge to the issuer bank (the bank that has given the credit to the individual). The interchange charge of 1.2% will be applicable to 'non-industry merchants', a category the NPCI uses to classify businesses. This charge will apply to interest-free credit lines on UPI. The interchange charge on 'industry merchants' will be between 0.50% and 1.10% of the transaction amount.

For customers, the UPI credit line gives an easier option to buy goods on credit without credit cards. They just have to activate the credit line option on their UPI application linked to a bank. There will be no charges—interchange fee, Payer PSP and UPI app charges—for transactions up to ₹2,000 at small offline merchants.

—Preeti Motiani

## Now, Ayushman Bharat for all senior citizens above 70 years

By Sneha Kulkarni

The government has approved health insurance coverage for all senior citizens aged 70 years and above, regardless of their income or socio-economic status, under the flagship initiative Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY). A new, unique card would be given to the senior citizens who qualify.

"It is indeed a step in the right direction to ensure accessible health benefits for the aged population of the country by bringing all senior citizens aged 70 years and above within the ambit of the expanded Ayushman Bharat scheme. The move will be highly beneficial in many ways for those who are left vulnerable due to limited access to health and finances. This will ease the burden on the families as it provides health insurance cover of ₹5 lakh per year, ensuring that medical emergencies do not become a financial crisis. It's a good move, benefitting one and all: public health improves, family security improves, and India moves toward more inclusive health-care solutions," said Pankaj Nawani, CEO of CarePal Secure.



Senior citizens aged 70 years and above and belonging to families that have already been covered under AB-PMJAY will get an additional top-up cover up to ₹5 lakh per year. They will not have to share this cover with the other members of the family who are below 70 years.

Senior citizens who are already availing of benefits of other public health insurance schemes, such as Central Government Health Scheme (CGHS), Ex-Servicemen Contributory Health Scheme (ECHS), and Ayushman Central Armed

Police Force (CAPF), can choose their existing scheme or opt for AB-PMJAY. Senior citizens (70 years and above), who are under private health insurance policies or Employees' State Insurance scheme, will be eligible to avail of benefits under AB-PMJAY.

### How to apply for AB-PMJAY

Visit the official website <https://abdm.gov.in/> and get your Aadhaar card or ration card verified at a PMJAY kiosk. Submit the family identification proofs and get the e-card printed with a unique AB-PMJAY identity.

The scheme covers all expenses related to medical examinations, treatment and consultations; pre-hospitalisation care, up to three days before admission; medicines and medical consumables; non-intensive and intensive care services (ICU care); diagnostic and laboratory investigations; medical implants, if necessary; accommodation and food services during hospitalisation; complications during treatment; post-hospitalisation follow-up care up to 15 days after discharge.

This health insurance scheme aims to benefit approximately 4.5 crore families with 6 crore senior citizens.

## 78% Indian parents sending kids to study abroad

The cost of education is up to 64% of their retirement savings, claims the recent HSBC Quality of Life report.

### Over two-thirds of affluent parents sending kids to study abroad

Q. Do any of your children currently study abroad or are planning to do so?



48-64%

is the annual cost of international education (for 3-4 years) as a percentage of the parents' retirement savings.

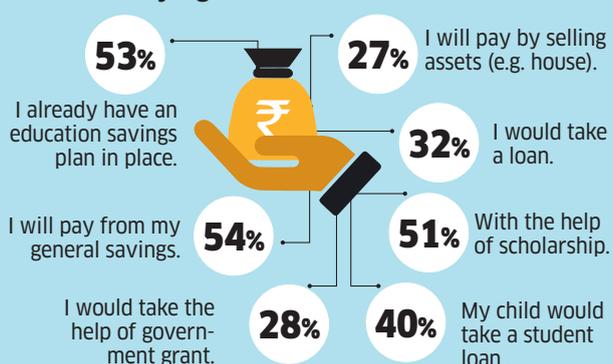
\$62,364

(₹52.3 lakh)

is the average cost of international education per year.

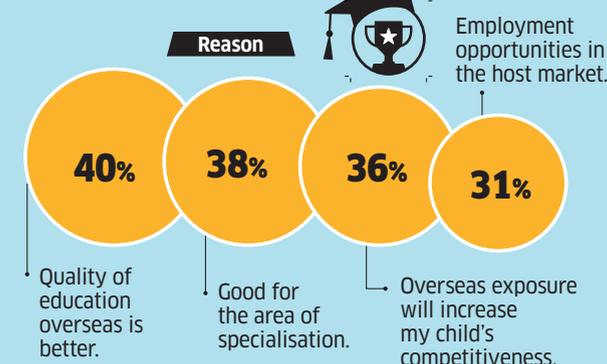
### 40% parents expect their child to take student loans

Q. How are you or your child going to cover the cost of studying abroad?



### Quality of education main reason for studies abroad

Q. What is the main reason for considering overseas education?



### USA top destination for Indian students

Q. In which country is your child studying or will study?



### Financial concern tops the list of parental worry

Q. What is the main concern regarding your child's well-being overseas?



Source: HSBC Quality of Life Report 2024. The online survey was conducted among 11,230 affluent respondents in the 25-69 age group, in 11 countries, including India.

# Is ₹250 SIP a good step?

Sebi's initiative will help open the doors for more investors, but increasing fund complexity may prove to be a challenge, says **Dhirendra Kumar**.



**DHIRENDRA KUMAR**  
CEO, VALUE RESEARCH

## MONEY MYSTERIES

As we welcome new investors, we must also consider the hurdles they may face. The variety of funds available today can be daunting even for experienced investors. This complexity presents a considerable challenge for newcomers, especially those with limited incomes who need more room for financial missteps.

**M**arket and investment regulator, Sebi, recently announced an initiative that could enhance access to mutual fund investments in India. Over the next three years, more people can invest in mutual funds through SIPs with as little as ₹250 a month. This announcement, made by the Sebi chairperson at an event organised by the SBI Mutual Fund, is a good step in broadening financial participation in our country.

As an observer of financial markets, I see this as a positive development in our gradual progress towards wider financial inclusion. The ₹250 SIP potentially opens the doors for many Indians who have previously been unable to participate in mutual fund investments. By lowering the entry barrier, Sebi invites a broader segment of our population to consider mutual funds as an investment option.

This initiative aligns with one of the key objectives of mutual funds, particularly in the Indian context—to make a range of stocks and bonds accessible, with relatively small amounts of money. Mutual funds pool investments from numerous individuals, allowing them to access a diverse portfolio of securities that might otherwise be challenging for individual investors to compose independently. The ₹250 SIP extends this concept further, potentially bringing professional fund management and diversified portfolios within the reach of more people.

This was referred to by the Sebi chief as 'sachetisation' of mutual fund products, drawing a parallel to small packaging, which made consumer goods more widely available. It's an apt comparison, as this strategy could make mutual funds more accessible in a country where a significant portion of the population might find the current minimum SIP amounts of ₹500 or ₹1,000 out of reach.

While this initiative is a step in the right direction, maintaining perspective is important. The mutual fund landscape in India still faces



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significant challenges, particularly in terms of complexity. As we welcome new investors, we must also consider the hurdles they may face. The variety of funds available today, each with its own characteristics and risk profiles, can be daunting even for experienced investors. This complexity presents a considerable challenge for newcomers, especially those with limited incomes who need more room for financial missteps.

This challenge is made significantly more difficult by the Indian fund industry's shift from simple-to-understand vanilla diversified funds to thematic, sectoral, or other specialised types of funds.

Consider this analysis, which I pulled out from Value Research's data warehouse. In 2018, of the total number of equity funds available to the Indian investor, 61% were simple diversified funds. After 2018, a shift started taking place, and now the pattern has almost reversed. In 2023, 48% of the funds launched were diversified and, in 2024, a mere 37% of the funds launched are diversified. This is ridiculous. If the goal of

mutual funds is to provide simple, easy-to-understand investment avenues, then this shift by the fund industry is completely anti-investor.

Why is this happening? It's a by-product of the interplay of certain regulatory changes and the attitude of the Indian fund industry. While this is not the topic of discussion this week, it does demonstrate a potential problem with the ₹250 SIP plan.

The exploding complexity of mutual fund choices and the difficulty of choosing appropriate funds warrant urgent attention. Considering the potential for broader financial participation, we must also recognise the need to simplify fund options and improve financial education. Otherwise, even well-intentioned initiatives will lead to poor outcomes.



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## SBI Life Insurance fined ₹1 crore

The Insurance Regulatory and Development Authority of India (Irdai) has imposed a penalty of ₹1 crore on SBI Life Insurance for violating various regulations related to dealings with insurance Web aggregators and outsourcing activities. It has also issued an advisory to the insurer for repudiating multiple insurance claims.

The insurer was found to have engaged with Web aggregators without clearly outlining the services provided and the corresponding fees, as per the Irdai order. It neglected to report outsourcing payments to the regulator as mandated.

Irdai's inspection revealed that the insurer had engaged with several Web aggregators, including Policybazaar, MIC Insurance, Compare Policy, Easypolicy, and Wishfin. While the insurer claimed to have outsourced post-sale activities like premium reminders and policy service assistance, the agreements lacked specific details on the services provided and the basis for per seat, per month payment structure.

The regulator also found that the insurer paid ₹1.93 crore to Extent Marketing and Technologies during 2017-18 and 2018-19. Despite being obli-

gated to report these payments, the insurer failed to do so. The vendor was found to have no infrastructure of its own and relied heavily on outsourcing, with 95% of its revenue being transferred to third parties.

Irdai concluded that the insurer's outsourcing arrangements violated regulations regarding conflict of interest, transparency, and due diligence. The insurer was also found to have paid unreasonable fees to the aggregators.

Irdai has directed the insurer to establish a comprehensive outsourcing policy that aligns with current regulations and

guidelines. The insurer is required to present Irdai's order to its board for a review of the effectiveness of its systems and processes related to outsourcing transactions and conflict resolution.

Another issue was related to death claim processing where Irdai cautioned SBI Life Insurer to strictly follow the provisions of Section 45 of the Insurance Act, 1938. SBI Life Insurance was found to have repudiated 21 insurance claims on the grounds of non-disclosure or death occurring within three years of policy issuance.

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# Time to watch your fund count amid soaring market

With a bloated portfolio, you may not go horribly wrong, but it will take the bite out of your good choice.

by Sanket Dhanorkar

**R**aging bull markets are notoriously intoxicating. As the stock market continues its upward march, mutual fund investors are also getting tipsy. For many, it is not just the portfolio values that are swelling, but also the portfolio tail that is getting longer as investors binge on the latest chart-toppers and exotic new flavours. A bad hangover awaits the gluttonous investor, warn experts.

The voracious appetite among MF investors is evident in the flows pouring into funds. Gross money invested via systematic investment plans (SIPs) surged to an all-time high of ₹23,547 crore in August. The total number of SIP accounts reached 9.61 crore, while the folio count surpassed 20 crore. The share of equity funds in total AUM now constitutes 62% of the industry's AUM—an all time high—showing a growing appetite for risk. Individual share in total AUM has grown from 54.9% to 63.2%.

However, investors are not simply putting more money in the existing funds in their baskets. They are adding new funds in a bid to boost their returns. This is a familiar story in every bull market. As fund performance kicks into higher gear and gets entrenched, investors start getting adventurous. They start fishing for bigger opportunities for outsized return. Recent table-toppers are the obvious targets for most. A recent study by *ICICI Direct.com* shows that investors have been piling on schemes that have topped the charts in the past three years.

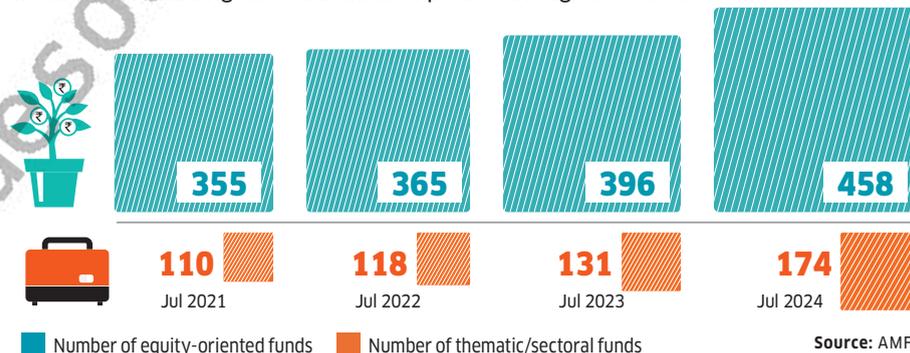
Investors are not just chasing past return. Perhaps more alluring than established funds are new fund offers, particularly of the exotic variety. A large portion of the money has been flowing into thematic funds, which are being pushed aggressively by AMC's of late. Some of these funds invest in narrow ideas like defence, electric vehicles and tourism, while others cover broad themes like manufacturing, business cycles and special opportunities. As many as 93 new equity funds have been launched since July 2022. Of these, 56 are sectoral or thematic funds. At ₹4.21 lakh crore, net assets under management in thematic funds have now raced ahead of all equity fund categories. Comparatively, it stood at ₹1.54 lakh



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## Newer funds, chart-toppers are tempting investors

Investors are adding more schemes in pursuit of higher returns.



crore in July 2022, behind large-cap, flexi-cap and mid-cap categories. Clearly, the bulk of individual MF investors have favoured riding newer themes amid a broader market uptick. Rushabh Desai, Founder, Rupee with Rushabh Investment Services, observes, "Investors are itching to add new funds as they seek excitement or change in their current portfolios. Many also wrongly associate new funds with higher returns."

Adding funds in the pursuit of better returns can be counter-productive in the long run. This is where investors' psychology fails them, observes Vidya Bala, Head, Research, *Primeinvestor.in*. "Performance determines investors' action rather than portfolio hygiene." MF investors should

guard against adding indiscriminately to their portfolios. First, it makes the portfolio unwieldy. When you have 10 or more funds in your bag, managing the portfolio will take more of your time than is necessary. Reviewing your holdings will seem like a task. Without timely checks, chronic underperformers are likely to escape scrutiny and remain a drag on the portfolio.

Second, a typical equity fund invests in at least 50-60 stocks. If you hold 8-10 different equity funds, you will be invested in around 250-300 different stocks or even more. At this point, the entire portfolio will resemble a tracker fund, mimicking the index. If you are comfortable owning the entire market, you are better off simply buying an

index fund. It will save you a lot of costs and avoid any heartburn related to underperformance.

Third, with a bloated portfolio, you may not go horribly wrong, but it will take the bite out of your good choices. By spreading money thin, you are not giving enough heft to any fund to meaningfully add value. Even the best performers will not move the needle on portfolio return by much.

If your portfolio holdings have ballooned amid this market uptick, it may be time to cull the bloat. Experts maintain that going beyond 8-10 funds is a bad idea, irrespective of portfolio value. At a broader level, your focus should be on presence in the right asset classes in the right proportion. "Avoid chasing after performance and fads. Focus on asset allocation and rebalancing once a year or as per the changes in life goals," insists Amol Joshi, Founder, PlanRupee Investment Services.

While adding new funds to your portfolio, keep asset allocation intact. Keep the portfolio lean by using the current uptick to weed out chronic underperformers. Tweak individual fund allocations to stay in step with the market. Desai suggests, "Stick with 5-6 funds at the most, maintaining a good mix of large-cap, mid-cap and small-cap funds. Add allocations to specific market cap segments when valuations turn in their favour."

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# “Investors need to lower their return expectations”

This is because in the current environment, where the earnings growth is moderating incrementally, the scope for PE rerating is limited, Amit Ganatra tells **Sanket Dhanorkar**.



**Amit Ganatra**  
Head of Equities,  
Invesco Mutual  
Fund

**How are you reading the current market scenario? Is the buoyancy likely to persist on the back of expected interest rate cuts?**

Market conditions have to be evaluated on the basis of macro outlook and earnings outlook. India's macro outlook has strengthened in the past few years due to an improvement in the fiscal and current account deficits, and health of balance sheets in the corporate and banking sectors. This has happened at a time when the overall macro conditions for many large economies in the world are either deteriorating or, at best, remain steady. So, in that context, India is demonstrating macro outperformance to the rest of the world.

On top of that, India's business cycle is a beneficiary of credit upcycle, leading to improved growth outcomes compared to the past. Listed corporates in India are also beneficiaries of positive trends, such as revival of investment demand, market

share gains from unorganised to organised sectors, higher level of inflation leading to higher nominal growth, emergence of manufacturing as a net new growth driver, digitisation, and financialisation of savings. As a result, listed corporate earnings growth is currently outpacing the overall national growth, and India is experiencing a broad-based earnings recovery. All the above factors are driving the capital market buoyancy. Some of the above factors are long term in nature and, hence, make us constructive on corporate India's growth outlook. However, a lot of future earnings buoyancy, as well as events such as interest rate cuts, seem to be priced into the current valuations, moderating the risk-reward outcome.

**Is corporate earnings growth enough to justify the current valuations? How are the next few quarters likely to shape up?**

Listed corporate earnings in India are growing faster than India's overall growth due to the factors discussed above. We believe that earnings growth is a very important factor that can drive long-term wealth creation for investors. However, incrementally, growth is moderating due to the catching up with base, moderating credit growth, as well as the impact of global slowdown. Hence, in a moderating earnings growth environment, the scope for PE rerating is limited and investors need to lower their return expectations.

**What do you make of the current frenzy in the IPO space? Do you see good offers coming through?**

IPOs help in expanding the breadth and diversity of the market. They also enable us to identify unique businesses with strong fundamentals. However, since the number of IPOs has gone up in recent years, we apply additional filters and prefer companies with differentiated business models that are not available in the existing listed universe, business moats stronger than peers in the listed universe, and compelling valuations, leaving a lot on the table for participating investors.

**Invesco MF has recently launched back-to-back thematic funds. Why are you backing manufacturing and technology at this point?**

We focus on the NFOs that we think offer an

opportunity for wealth creation, such as the small-cap fund in 2018 and flexi-cap fund in 2022. Recent launches like the manufacturing fund and the technology fund, follow the same rationale.

Companies in the manufacturing space are beneficiaries of India's focus on import substitution, global shifts in supply chain, improved viability through PLI, and India's rising competitiveness in manufacturing. Companies in the technology space are beneficiaries of rising global tech adoption making technology the new staple, beginning of global rate cut cycle led by the US, improvement in earnings growth from October 2024 to March 2025, digitisation and India's rising focus on tech hardware.

After a long time, companies in India's listed space are benefiting from multiple themes, as highlighted earlier. We believe investors can gain by having focused exposure to some of these themes.

**“Listed corporate earnings growth is currently outpacing the overall national growth, and India is experiencing a broad-based earnings recovery.”**

**Which are the other sectors or themes that you are favouring?**

Our sectoral exposure is mandate-driven. However, we have increased exposure to the financial and technology sectors and reduced exposure to industrials due to profit booking. We remain underweight on energy and global commodities.

**How are you navigating the mid- and small-cap arena now? Do you see enough runway for returns?**

We are more focused on sustainability and longevity of growth, and quality of businesses, rather than evaluating companies based on their cap bias. There is always going to be a runway for good businesses ideated at right valuations.

**With value segment in pole position in recent years, how are your equity funds positioned?**

Our positioning between growth and value is mandate-specific. The contra and PSU funds have a greater focus on value. Other funds are a blend of growth and value, but with growth bias. All our funds continue to retain higher exposure to quality.



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# stocks

10 The Economic Times Wealth September 16-22, 2024

# Invest in companies that have reduced debt

The companies that deleverage their balance sheets are adequately rewarded by the markets.

by Sameer Bhardwaj

**T**he tepid performance in the first quarter of 2024-25 has impacted corporate India's debt servicing ability.

The moderation in profit growth has led to a marginal decline in interest coverage ratio (ICR) for most sectors in the June 2024 quarter, compared to the June 2023 quarter, according to an earnings review report by Bank of Baroda.

Though the ICR was comfortable despite moderation, the higher base effect is likely to keep profit growth under pressure. This is distressing as profits are the main driver of the debt servicing ratio. ICR measures a company's debt servicing capability and indicates whether the company is making enough profits to meet its interest liabilities.

Moreover, the sectors that contributed significantly to top line or revenue growth in 2023-24 saw a slowdown in the June quarter. These sectors included automobiles, consumer services, airlines, industrials and cement. "The demand slowdown is a sign of worry," states the Nuvama report.

Looking at the debt profile of India Inc., the aggregate total debt (long term and short term) of 2,300 non-financial companies (with market cap greater than ₹100 crore) stood at ₹46.3 lakh crore at the end of 2023-24 and grew at 3.96% year-on-year (y-o-y), according to the data compiled from Reuters-Refinitiv. In absolute terms,



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Reliance Industries, Vodafone Idea, NTPC, Bharti Airtel and ONGC were the biggest five companies in terms of total debt in 2023-24. Energy, utilities and industrials were among the sectors with the most total debt in 2023-24. In terms of growth, construction materials, real estate and chemicals were among the sectors that saw the most y-o-y growth in total debt between 2022-23 and 2023-24. While the key equity market benchmarks continue to climb, experts are advising caution due to the emerging headwinds.

Mixed global signals, amid the uncertainty of outcome in the US presidential polls, weak US manufacturing data and declining oil prices could contribute to the increased global volatility. The domestic markets are also not free from concerns. Moderation in the June quarter GDP growth, decline in auto sales and elevated valuations are some of the factors that could negatively impact sentiments. The valuations of the Indian equity markets are the highest among the key global benchmarks. While the Nifty

50 index trades at a 12-month forward PE of 22.1 times, the forward PEs of European markets, including the UK, Germany, France, Netherlands and Switzerland trade between 12-18.5 times. The Asian market benchmarks of China, Japan and HongKong are trading at valuations between 10.8-14.1 times, as per the Reuters-Refinitiv data.

The higher valuations are also putting the FPI inflows at risk. Though the FPI inflows have improved in September after a significant moderation in August, experts anticipate flows to intensify (after the Fed rate cut) towards markets where valuations are more appealing. The high valuations may deter India from being a meaningful beneficiary of such inflows.

Given the profitability headwinds in the near future, it is better to consider companies that have strengthened or deleveraged their balance sheets. Deleveraging helps in reducing interest costs and improving financial ratios.

We tried to identify companies that have reduced their consolidated total debt in 2023-24 compared to 2022-23. There are 530 non-financial companies (with market cap of more than ₹100 crore) that reduced their total debt by more than 20% in the last financial year. The group of these 530 companies delivered an average return of 109.4%. Comparatively, the Nifty 500 index has delivered 34.4% return in the past year.

Out of the 530 stocks, over 58.4%, or 310 stocks, delivered returns higher than the Nifty 500 index in the past year. The data is based on 9 September 2024 closing values.

The following are five such stocks that have been covered by a decent number of analysts and are currently offering a double-digit share price potential.

## HG INFRA ENGINEERING

12-month forward PBV	Current price (₹)	1-year target price (₹)
15.7	1,558	1,777

**UPSIDE POTENTIAL**  
**14.0%**

ANALYSTS' RECOMMENDATIONS		
BUY 10	HOLD 1	SELL 0

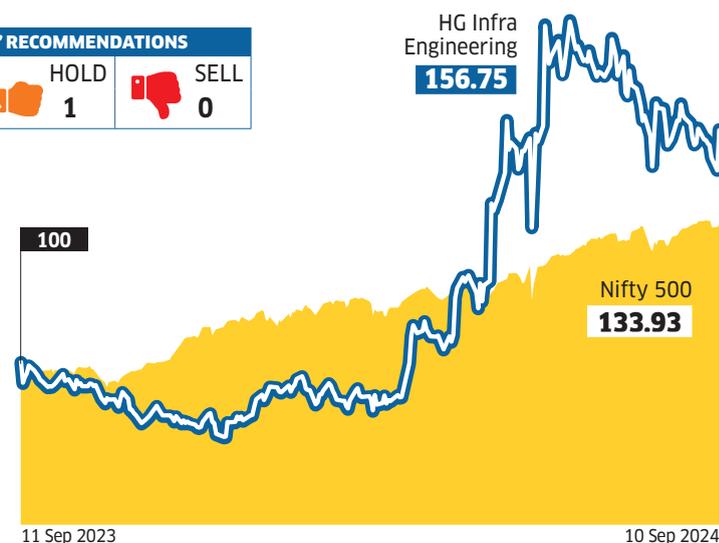
**THE INFRASTRUCTURE CONSTRUCTION** company reduced its consolidated debt by 20.8% y-o-y in 2023-24. It has maintained a strong financial health, with a credit rating of ICRA AA-(positive)/ ICRA A1+ for long-term and short-term credit facilities, respectively.

Its order book of ₹15,600 crore provides strong revenue visibility. In the June quarter, both standalone revenue and PAT grew by 18% y-o-y. The management has

guided 18-20% revenue growth and stable EBITDA margins at around 16% for 2024-25. The order book is diversified, with roads, railways/ metro and solar projects. It expects strong order inflows in 2024-25, with an increase in the share of non-road projects. Currently, roads constitute 63% of the order book. The company is also trying to explore new projects in the water segment in Jal Jeevan Mission.

It will be a beneficiary of

growth opportunities arising from public-private partnerships, increased motor vehicle penetration, high-speed freight corridors and a growing focus on increasing the renewable energy share in the total energy mix. A recent Axis Securities report is bullish on the company and expects the growth momentum to sustain, led by a strong order book position, better order intake, diversification in related sectors and government's infrastructure thrust.



## BEML

12-month forward PE	Current price (₹)	1-year target price (₹)	UPSIDE POTENTIAL
40.7	3,882	4,549	17.2%

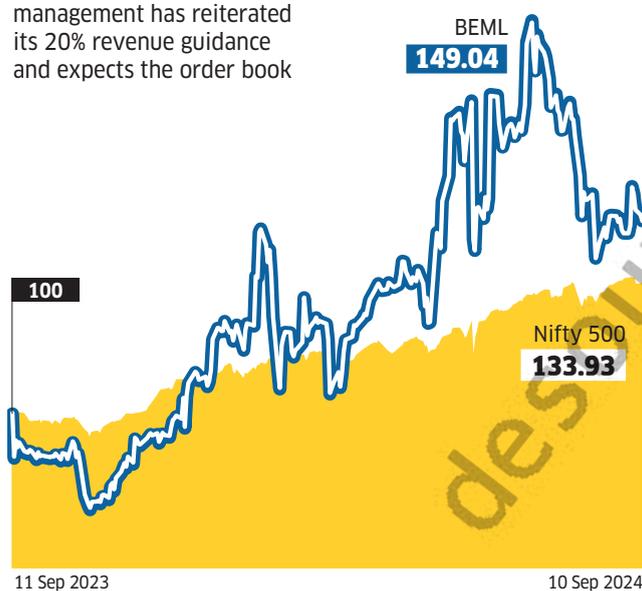
ANALYSTS' RECOMMENDATIONS			
BUY	HOLD	SELL	
3	0	1	

**THE HEAVY EQUIPMENT** manufacturer reduced its consolidated debt by 81.4% y-o-y in 2023-24. Its strong client base, comprising major government organisations and robust in-house R&D, are the key strongholds. It reported a decent performance in the June 2024 quarter, with a 9.9% y-o-y jump in the consolidated revenue. The net loss was narrowed, compared to the corresponding period in the previous year, aided by a fall in interest costs and deferred taxes.

Though the order inflow declined during the quarter due to the elections' impact, the overall order book is healthy at ₹1,1810 crore, which provides a good revenue visibility. The management has reiterated its 20% revenue guidance and expects the order book

to reach ₹20,000-30,000 crore at the end of 2024-25. Major orders are expected in the railways and metro segments, and the management is also anticipating orders from the defence segment over the next five years.

A Prabhudas Lilladhar report, released after the June quarter results, states that BEML is in a sweet spot to capture long-term growth on the back of healthy order prospects in the modernisation of defence vehicles, expansion in higher value defence segments, such as engines and aerospace, large tender pipeline for metro and Vande Bharat rolling stock and large capacity expansion leading to a ramp-up in execution.



## MARUTI SUZUKI

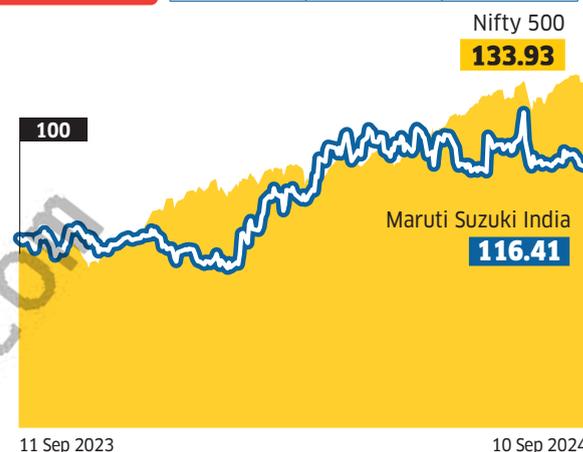
12-month forward PE	Current price (₹)	1-year target price (₹)	UPSIDE POTENTIAL
23.6	12,263	14,300	16.6%

ANALYSTS' RECOMMENDATIONS			
BUY	HOLD	SELL	
23	11	4	

**THE AUTOMOBILE MANUFACTURER** reduced its total consolidated debt by over 90% y-o-y in 2023-24. Its strong operating performance in 2023-24 resulted in free cash flow of ₹8,200 crore (after adjusting capex). Comparatively, the company had generated free cash flow of ₹2,980 crore in 2022-23.

Looking at the June quarter performance, improved volumes and higher UVs (utility vehicles) mix supported standalone revenue, which grew by 10% y-o-y. On the other hand, operating leverage benefits and favourable commodity prices supported EBITDA, which grew by 50.9% y-o-y. The company is increasing UVs in its mix to overcome the slowdown in the entry-level or small car segment.

It is planning to increase its annual production capacity to 40 lakh units by 2030-31, from the current 20 lakh units. It is also focusing on the diversification of the powertrain mix in battery electric vehicles, hybrid, CNG and biofuels. Analysts list recent launches, brownfield expansion, increased CNG penetration, export opportunities, likely recovery in demand during the upcoming festive season and better product mix as



the key growth drivers. A recent Motilal Oswal report expects the company to outperform industry growth over 2023-24 and 2025-26, with a steady 15% earnings CAGR. Further, any GST cut or favourable policy for hybrids by the government may drive a rerating, as Maruti Suzuki would be the key beneficiary.

## TITAGARH RAIL SYSTEMS

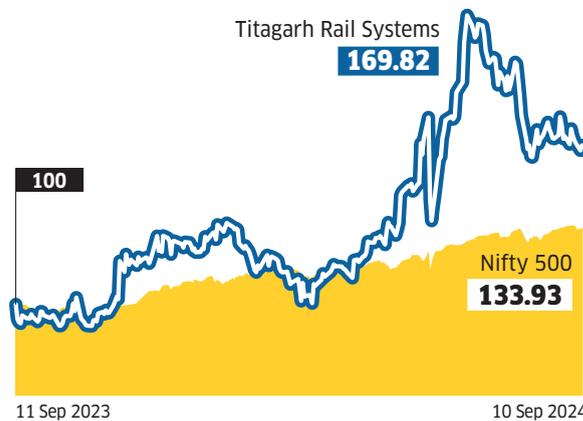
12-month forward PE	Current price (₹)	1-year target price (₹)	UPSIDE POTENTIAL
37.9	1,392	1,780	27.9%

ANALYSTS' RECOMMENDATIONS			
BUY	HOLD	SELL	
5	1	1	

**THE RAILWAY ROLLING** stock manufacturer reduced its total consolidated debt by over 53% y-o-y in 2023-24. Its financial risk profile is supported by a healthy net cash accrual of ₹324 crore in 2023-24, compared to ₹126 crore in fiscal 2022-23. Substantial debt reduction also resulted in an improvement in the debt to EBITDA ratio of 0.13 times in 2023-24, from 0.95 times in 2022-23. The data is sourced from the Crisil Ratings note.

In the June quarter, the revenue declined by 0.8% y-o-y amid modest execution due to the elections' impact. Its standalone order book is healthy and stood at ₹14,117 crore, which provides potential business visibility in the medium term. The Ahmedabad Metro and Vande Bharat orders in 2025-26 are expected to provide traction to the passenger rail systems segment. It has recently commenced production of trainsets for the Bengaluru Metro and has completed the Pune Metro order.

An Antique Stock Broking report, released after



the June quarter results, states that the company has created a manufacturing set-up that is difficult to replicate. The recently concluded fund raising, coupled with the expected strong cash-flow generation in the next few years, will support the company.

## RRKABEL

12-month forward PE	Current price (₹)	1-year target price (₹)	UPSIDE POTENTIAL
39.2	1,575	2,035	29.2%

ANALYSTS' RECOMMENDATIONS			
BUY	HOLD	SELL	
6	2	0	

**THE WIRE AND CABLE MANUFACTURER** reduced its total debt by over 38% y-o-y in 2023-24. It has used the proceeds of its public issue for debt repayment and general purposes. The company is funding its capex through internal accruals, which is supporting its credit metrics. In the June quarter, it reported a 13% y-o-y growth in revenue, though both EBITDA and PAT fell by 15.9% and 13.4%, respectively. Increased expenses, flat export

business and higher losses in FMEG impacted the overall performance during the quarter. Going forward, the cable demand is expected to outpace the demand for wires in both domestic and export markets. In the domestic segment, defence, solar and infrastructure sectors will provide growth opportunities.

The management expects over 20% volume growth in the wires and cables segment over the next few years, whereas exports are set

to deliver a robust growth in the coming quarters. Its capex plans are on track and include doubling the power cable capacity and expansion of copper wire production.

The FMEG segment is also expected to turn around by 2025-26, aided by new product launches, premiumisation, procurement efficiencies, scale advantages, redistribution system and entry in newer areas, according to an Asian Markets Securities report.



Current price as on 10 Sep 2024. Nifty 50 12-M forward PE: 22.1. Source: Reuters-Refnitv



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## Insurance planning before starting family

Ankush Sinha, 35, is planning to start a family. He has been saving regularly for a house, foreign holidays and his retirement. About 12 years ago, he took a life insurance policy worth ₹25 lakh. He feels he is covered sufficiently with this policy and investments in case of any emergency. He believes he only needs to top up his life cover as he prepares for family life. Is this the right approach?

**S**inha is planning well, but he needs to continue funding for his goals. The risk of an untimely death could disrupt his investment plans and leave his family without a stable income. A term insurance policy is ideal for covering such risks. However, it's important to review coverage at each life stage, and starting a family is a good time for this. He should consider inflation, his financial situation, dependants, and his family's needs in his absence.

Just as death is a possibility one cannot ignore, so is the loss of earning capacity. A personal accident policy meets the need for replacing loss of income. Sinha must look for a comprehensive policy, which covers all contingencies: death, permanent total disability, permanent partial disability, and temporary total disability.

Hospitalisation due to illness, accident or serious ailment may strike anyone in the family at any point of time. It can be a huge financial drain for the family. In the absence of a health insurance plan, Sinha may not only have to dip into his savings, but also resort to borrowings from friends or relatives in case of a shortfall. So, he must cover the risk of rising medical costs by opting for health insurance.

Insurance providers offer products that evolve with changing needs. Choosing the right insurance product is a critical part of financial planning as insurance is a risk management tool and should not be confused or mixed with investments that serve a completely different purpose. It is important to identify key risks and manage these by purchasing appropriate insurance plans.

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

### PAPER WORK

#### Loan against shares

Taking a loan against shares (LAS) is a way to access liquidity without selling valuable shares. This enables investors to leverage their equity portfolio to meet immediate financial needs, such as business expansion or personal expenses.

#### How LAS works



Under LAS, investors may pledge their shares as collateral to secure a loan. Banks and non-banking financial companies (NBFCs) offer this service, with the loan amount usually capped at 50% of the market value of the pledged shares. The borrower can continue to retain ownership of the shares, enjoy dividends and voting rights. However, the shares are held in a demat account, with a pledge marked in favour of the lender until the loan is repaid. The loan can be structured as a lump sum or an overdraft facility, giving flexibility to the borrower.

#### Eligibility



Borrowers must hold shares in listed companies approved by the lender. In addition to shares, some institutions allow securities like mutual funds or bonds to be pledged.

#### Documentation



To be able to process the LAS request, the bank or NBFC may ask for the following documents:

- KYC documents (PAN, Aadhaar).
- Proof of ownership of shares or securities (demat account statements).
- Proof of income (bank statements, salary slips, IT returns).

#### Loan terms



One of the benefits of LAS is that interest rates tend to be lower than those for unsecured loans like personal loans. The tenure for such loans varies, often between one and three years. Lenders typically offer flexible repayment options, allowing borrowers to pay monthly interest and repay the principal at the end of the tenure.

#### Points to note

- If the market value of the pledged shares falls significantly, the lender might ask for additional collateral or partial repayment, which is termed as a margin call.
- The loan amount is limited to a percentage of the portfolio's current market value.

### SMART THINGS TO KNOW

#### Taxation for listed equity shares

**1**

A securities transaction tax of 0.1% is levied on buy and sell transactions for equity delivery transactions.

**2**

A securities transaction tax of 0.025% is levied on the sell side for equity intra-day transactions.

**3**

The dividends declared by companies are taxed at marginal rate of tax for the investor.

**4**

The capital gains at the time of sale of equity shares are taxed at 20% if the holding period is less than a year.

**5**

Capital gains of more than ₹1.25 lakh at the time of sale of equity shares are taxed at 12.5%, if the holding period is more than a year.

# Spending decisions in a family

A household needs to approach spending with some personal finance discipline, where decision-making can spring from family discussions and become a joint exercise without any negativity, says **Uma Shashikant**.



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

**W**hen I discuss household budgeting, the responses I get are rarely positive. ‘We overshot the budget by such a large amount that making it seemed like a cruel joke.’ ‘We cannot make budgets for family events as it does not work.’ ‘Budgets are boring; they impose rules where they aren’t needed.’ ‘It’s not always about money; sometimes the heart must make the decision.’

Many of us believe that we are living in prosperous times and setting limits for spending is old school and outdated. In today’s India, spending power defines the freedom of a household to break free from the shackles of erstwhile shortages. It is a proud social symbol to signal that one can spend without a tinge of remorse or regret.

Among various markers of household personal financial position—earning, spending, saving and investing—spending gets the most attention, both for the spender and onlooker. We no longer discuss incomes openly. Saving is always secretive and somewhat guilt-ridden, and we only tell half the story with respect to our investments. However, spending is our everyday message that comes across loud and clear to anyone who cares to notice. The personal financial discipline that enables lifelong habit of sensible allocation of money is lost when spending becomes the sole marker of our wealth and turns reckless.

There are two core ideas to imbibe about personal finance. First, money is a limited resource. For everyone, except the top 1% who have more than they can realistically use, money is a limited resource. Second, there are alternative uses of money and one makes a choice every time one uses it. I never tire of repeating these two principles because household financial behaviour, habits and, thus, health, depends on how well-entrenched these

ideas are in the minds of its members.

We don’t live in the dark times when households routinely ran out of money. We no longer have to make allocation decisions under duress, sacrificing even the important spends because we may not have enough. We can continue to live life with joy and plenty, and do not have to sacrifice the discipline of being thoughtful about how we allocate our money. Let’s consider some approaches.

First, are we able to anchor large spending plans to the income and wealth of the household? For example, do we know in broad percentage to annual income terms, the amount we spend on discretionary items every year? Suppose a young household spends 50% of the post-tax income on essentials, 20% on savings and 30% on discretionary items. Do they consider the impact of the annual vacation as a percentage of 30%?

My discussion with Indian families living in the US with young children brought home this point somewhat painfully. The annual trip to India with children wiped off their savings and kept them in credit card debt well into their 40s. They could not explain the burdens of the large mandatory expenses on house, car, education, child care, and insurance to their family back home, and how this left too little to allocate to travel. Or, how the decision to use it to visit home left the younger members of the family resentful about holiday plans.

Second, are we encouraging open discussion and decision-making in the family? Or, do we anchor spending to how we can do better than the Joshis next door? Do we not indulge in mindful spending? The desire to refurbish the wardrobe too often, to acquire the latest gadgets as soon as they hit the market, to have the latest toys and tools, to signal status based on where we eat out or take away, is all too common. The percentage allocation can be a

confidential decision taken by elders and earners, while the amount available to spend can be disclosed to everyone to be understood and decided jointly.

I have heard stories of resentment from couples, who have been guilting by the spouse on their spending preferences. ‘That handbag is too expensive. Isn’t it meant only to be functional?’ ‘Why should we have coffee at that branded outlet at exorbitant prices?’ ‘The ticketing and travel expense incurred for your extended family was unnecessary.’ Picking on specific expenses after they have been incurred is pointless. Talking about it beforehand and applying a household’s principled approach to these heads is helpful.

Many households fear confrontation, quarrel and drama, and choose to walk on eggshells around these issues. Spending discipline is a cultural approach that needs work. Earning members now have their own portion of income to spend as they wish. We are only discussing the discretionary portion of the family pool of the household income, whose allocation can become a joint exercise in which the family can participate actively.

Long ago, we were at a restaurant for dinner. My husband was telling the children that they should order food after considering their choices and not waste money. When the bill arrived, our then 10-year-old son examined it. He told his father, ‘Dad, it might be a good idea for you to get a drink at home. The same peg of liquor is so expensive here.’ My husband turned red, but he abided with what he saw as a fair point. We now laugh as a family every time we get a drink outside, but as a young household then, with many large future financial goals, the advice was fair and wise, even if it came from a kid.

Third, a household enjoys the process of allocation in matters that affect them directly. Give the children a fixed budget for their birthday party and watch them make decisions about how to spend it under various heads. The kids who insist on a fancy menu and return gifts will rework the math when they know that it cuts the allocation to their birthday costume. We know from experience that it is a powerful way to teach them financial decision-making.

There is a dire need to bring some personal finance decisions to the table and make it a part of family discussion and decision-making. It doesn’t have to hold negative elements of blaming, shaming or name calling. It can be an empowering exercise in jointly considering the priorities, and learning the fine art of persuasion and negotiation in a congenial setting.



Please send your feedback to  
etwealth@timesgroup.com

**There are two core ideas to imbibe about personal finance.**

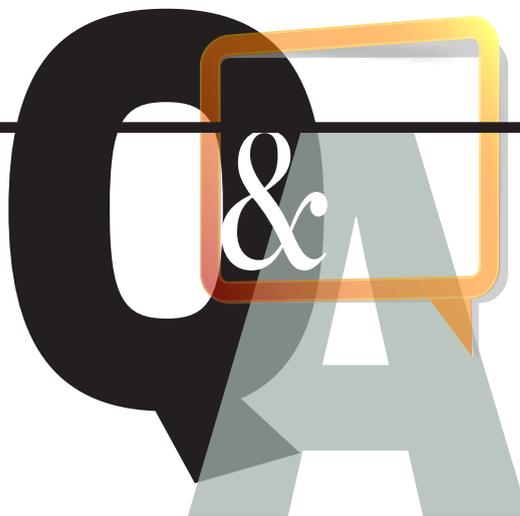
**First, money is a limited resource.**

**Second, there are alternative uses of money and one makes a choice every time one uses it. I never tire of repeating these two principles because household financial behaviour, habits and, thus, health, depend on how well-entrenched these ideas are in the minds of its members.**

**There are two core ideas to imbibe about personal finance. First, money is a limited resource. For everyone, except the top 1% who have more than they can realistically use, money is a limited resource. Second, there are alternative uses of money and one makes a choice every time one uses it. I never tire of repeating these two principles because household financial behaviour, habits and, thus, health, depends on how well-entrenched these**

# your queries

14 The Economic Times Wealth September 16-22, 2024



**My father had shares in SBI Securities. He passed away recently and I need to transfer the shares to me or my mother. How can I do this?**

To transfer the shares of your late father to yourself or your mother, you need to first obtain a copy of the death certificate and a legal heir or succession certificate (as asked by the company). Submit a Transmission Request Form (TRF) to SBI, along with the above-mentioned documents. If a beneficiary/nominee has been named, the shares can be transferred to that person. Otherwise, the company will transfer the shares to legal heirs as per the succession certificate provided. It's advisable to consult with SBI secretarial to ensure that all procedures are correctly followed for a smooth transfer process.

**Raj Lakhotia**  
Managing Partner,  
LABH & Associates



**I am a central government employee covered under the Central Government Health Scheme (CGHS). Given the range of benefits provided by CGHS, is it advisable to purchase additional health insurance? Are there any limitations in CGHS?**

The CGHS offers comprehensive healthcare services to central government employees, pensioners and their dependants, providing a wide range of benefits. However, an additional health cover may be considered for more choice and freedom. Here are the scenarios in which a second insurance can help.

- While the CGHS Wellness Centre and empanelled hospitals have a good network, they may not be at a convenient distance.
- While travelling in India or in case of an emergency, if treatment is taken at private, non-empanelled hospitals, reimbursement will be limited to the lower of the CGHS rates or actuals. Since non-empanelled, private hospitals often charge rates different from those of the CGHS, there will be a difference in the reimbursed amount.
- There can be a change in the list of empanelled hospitals, which can enhance or limit options.
- The entitlement of wards (general/ semi-private/ private) in private hospitals empanelled under the CGHS facility is as per the basic pay/pension. While CGHS meets most needs, additional health insurance provides more freedom in choosing hospitals and care.

**Prableen Bajpai**  
Founder, FinFix Research  
and Analytics



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

**Our housing society in Mumbai was redeveloped. Now the builders are asking the flat owners for GST, claiming that the GST department is insisting on it. A GST clause is added in the Permanent Allotment Agreement (PAA), not in the Society Development Agreement (SDA), stating that the owners must pay, if applicable. I want to know if this is mandatory and valid?**

The SDA is signed between the society and the builder at the project level, while the PAA is signed between the flat owner and the builder. The clauses in the PAA will dictate the transaction between the unit owner and the builder.

The GST department has been insisting on GST payments for redeveloped flats. Although the builder handles the GST compliance and deposits the tax, the cost is ultimately borne by the unit owner, who must pay the GST to the builder in advance. The GST department does not specifically demand payment from original members, but from the builder. As an indirect tax, GST is typically passed on to the end consumer, which, in this case, is the original flat owner.

Since the PAA governs the owner-builder relationship, the inclusion of the GST clause in the PAA is correct.

**Shubham Agrawal**  
Senior Taxation Adviser,  
TaxFile.in



**Please clarify the mechanism of 'off-market' transfer of listed equity shares, typically between family members, in case the transferee does not hold a demat account. What are the tax implications, if any, for the transferor and transferee, including subsequent dividend receipts and capital gains on the sale of shares. What will be the implication of gifting these shares by a husband to his wife?**

Since 2019, shares of publicly listed companies can only be transferred electronically, meaning the shares must be in demat form to be traded. If the shares are not listed, off-market transactions are irrelevant. Off-market transactions involve the transfer of ownership in securities between two parties without using a stock exchange, typically for agreements, ESOPs, gifts within family, or sub-broker transactions.

Regardless of the recipient, shares must be held in dematerialised form. Capital gains tax on transfer depends on the holding period, except in cases of inheritance, where the original ownership date of the deceased is considered. There is no gift tax on transfers between specified relatives, such as spouses, but clubbing provisions will apply to income derived from these securities, like dividends.

**Rajat Dutta**  
Founder & Initiator,  
Inheritance Needs Services



**My father, who is 62 years old, was laid off after working for 22 years in an organisation. The case has been in the court for over 20 years. We want to check his PF status online, but he doesn't have a Universal Account Number (UAN). How can we retrieve his UAN?**

Your father can use his employment documents, like the joining letter, salary slips, Form 16 and bank statements to help retrieve the UAN. He can try this through the EPFO website's 'Direct UAN allotment by employees' option, by entering the required details. Once the UAN is generated, he can complete the KYC online, and after approval, he can apply for PF withdrawal and pension.

If the process can't be done online, he can visit the regional PF office with all the documents, and meet the PRO or EPFO commissioner for assistance. The PF office may require some forms to be signed by a bank manager or gazetted officer. He can submit these forms along with the supporting documents. If unresolved, he can file a grievance with the Centralised Public Grievance Redress and Monitoring System (CPGRMS) for further action.

**Vikash Jain**  
Co-founder, Share Samadhan



**I have 100 shares of Manpasand Beverages, bought at ₹368 per share. Since the company has shut down and is not trading on the BSE or NSE, I cannot sell these. How can I claim the loss in my ITR?**

According to income-tax laws, capital gains or losses are recognised only when a capital asset is transferred. The term 'transfer' includes not just the actual transfer, but also the extinguishment of rights in the asset. If the shares are only delisted, the investment becomes difficult to recover, and you cannot claim a loss since the shares haven't been transferred or extinguished. However, if the company has liquidated or the NCLT has authorised share extinguishment, you can claim the loss. Check your demat statement to confirm. If extinguished, you can claim the loss, which can be carried forward up to eight years if not adjusted in the current year.

**Sudhir Kaushik**, Co-founder & CEO, TaxSpanner



## Ask our experts

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



# SMART STATS

## ET WEALTH TOP 50 STOCKS

The Economic Times Wealth  
September 16-22, 2024

In This Section

MUTUAL FUNDS - P16

LOANS AND DEPOSITS - P18

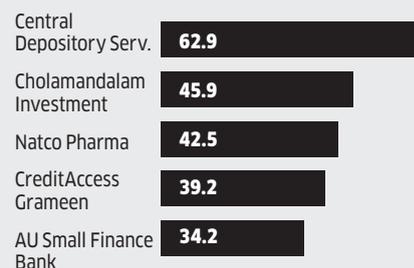
ALTERNATIVE INVESTMENTS - P19

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
Kotak Mahindra Bank	1	1	1,827	29	32	16.9	2.6	1.1	0.1	142	*****
CreditAccess Grameen	2	2	1,254	39	44	13.4	2.9	0.4	0.8	60	*****
Can Fin Homes	3	3	908	23	19	15.8	2.7	0.9	0.7	44	*****
Manappuram Finance	4	5	206	29	31	7.7	1.4	1.0	1.6	9	*****
Aavas Financiers	5	6	1,799	22	12	28.1	3.7	1.5	0.0	38	*****
Bajaj Finance	6	4	7,428	32	19	30.8	5.8	1.3	0.5	102	****
REC	7	7	573	21	25	10.3	2.1	0.6	2.8	118	*****
Petronet LNG	8	8	343	-5	17	13.0	2.8	1.1	2.9	30	*****
Central Depository Services	9	10	1,378	63	64	60.0	16.9	1.0	1.6	50	*****
PI Industries	10	12	4,644	11	35	40.4	7.7	1.2	0.3	64	*****
Maruti Suzuki India	11	13	12,401	17	47	26.5	4.4	1.8	1.0	173	*****
Cholamandalam Inv & Fin Co.	12	47	1,576	46	28	36.1	6.5	1.6	0.1	124	*****
Karur Vysya Bank	13	14	219	24	38	10.3	1.7	1.0	1.1	42	*****
The Great Eastern Shipping co.	14	15	1,279	-2	6	6.4	1.4	0.1	2.8	21	*****
ICICI Bank	15	23	1,252	26	21	19.4	3.3	1.0	0.8	270	*****
NMDC	16	18	215	16	5	10.7	2.3	2.1	3.4	38	*****
AU Small Finance Bank	17	11	721	34	3	32.5	4.1	1.0	0.1	38	****
Gujarat Pipavav Port	18	17	226	10	31	28.6	4.5	1.9	3.2	15	*****
The Federal Bank	19	36	184	29	4	11.2	1.4	0.7	0.7	88	*****
Chambal Fertilisers & Chemicals	20	21	508	-34	27	14.7	2.7	1.3	1.5	11	*****
Bandhan Bank	21	9	197	21	27	12.3	1.4	0.9	0.8	17	****
City Union Bank	22	24	166	10	12	11.6	1.4	2.2	0.9	24	*****
Indus Towers	23	16	433	1	127	17.3	4.3	1.0	0.0	59	*****
Hero MotoCorp	24	26	5,803	14	37	28.4	6.2	5.1	2.4	110	*****
Utkarsh Small Finance Bank	25	--	48	29	2	10.0	1.7	0.4	1.0	8	*****
Shriram Finance	26	22	3,401	21	20	16.6	2.5	1.5	1.3	101	*****
Ashoka Buildcon	27	70	247	27	188	11.2	2.9	0.3	0.0	10	*****
Natco Pharma	28	67	1,593	42	103	17.4	4.4	0.9	0.6	11	*****
Hawkins Cookers	29	20	8,881	4	23	41.1	13.1	2.9	1.4	5	*****
DCB Bank	30	28	120	25	9	6.9	0.8	0.7	1.0	20	*****
Gulf Oil Lubricants India	31	33	1,359	8	33	20.5	4.9	1.8	2.7	8	*****
National Aluminium Company	32	31	179	-6	76	14.7	2.2	1.9	1.7	37	*****
State Bank of India	33	30	788	21	2	10.4	1.7	0.8	1.7	214	****
Coal India	34	35	496	3	14	8.6	3.3	0.6	5.1	110	*****
Sun Pharmaceutical Industries	35	41	1,865	9	23	43.1	6.7	0.3	0.7	171	*****
Innova Captab	36	--	759	19	27	41.1	5.1		0.0	16	*****
Eicher Motors	37	32	4,875	13	30	31.9	7.1	2.2	1.0	65	*****
Axis Bank	38	29	1,203	24	122	13.9	2.3	0.8	0.1	205	****
NIIT Learning Systems	39	--	520	10	13	32.4	7.1	9.0	1.0	13	****
CMS Info Systems	40	--	552	19	9	25.5	4.5	1.9	1.0	27	*****
Zydus Lifesciences	41	34	1,120	12	66	26.9	5.3	1.5	0.3	68	*****
Repco Home Finance	42	39	543	15	30	7.8	1.1	2.6	0.6	10	*****
Gland Pharma	43	--	1,891	18	47	43.1	3.5	28.4	1.1	54	****
Just Dial	44	43	1,190	19	42	24.1	2.4	2.1	0.0	6	*****
HCL Technologies	45	27	1,808	7	9	29.8	6.8	2.9	2.9	123	****
IndiaMART InterMESH	46	25	3,129	19	16	51.4	10.3	1.5	0.6	28	****
UTI Asset Management Co.	47	--	1,271	20	35	20.5	3.5	1.7	3.7	24	*****
LG Balakrishnan & Bros	48	46	1,386	7	13	15.5	2.6	0.6	1.3	8	*****
Birlasoft	49	19	640	9	82	27.7	5.7	1.0	1.0	40	***
Escorts Kubota	50	45	3,791	1	56	39.8	4.4	2.3	0.5	54	*****

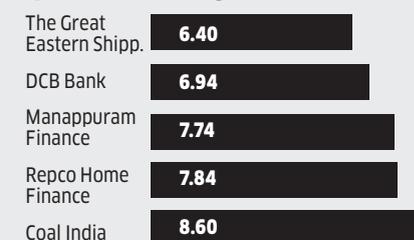
### 1 Fast growing stocks

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



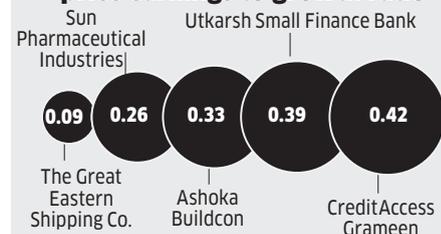
### 2 Least expensive stocks

Top 5 stocks with the lowest price to earnings ratio



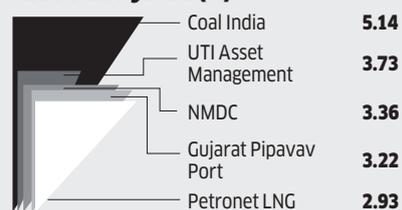
### 3 Best PEGs

Top 5 stocks with the least price earnings to growth ratio



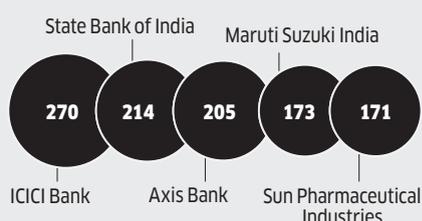
### 4 Income generators

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.

\*REVENUE AND EPS FIGURES BASED ON ONE-YEAR GROWTH. DATA AS ON 12 SEP 2024.

SOURCE: VALUE RESEARCH

# 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	★★★★★	31,800.96	6.98	15.09	32.81	22.00	22.57	1.58
Quant Focused Fund	★★★★★	1,115.99	4.41	10.45	38.85	20.96	25.52	2.14
HDFC Top 100 Fund	★★★★	37,080.92	7.72	12.04	31.62	19.98	19.84	1.6
ICICI Prudential Bluechip Fund	★★★★★	62,717.11	7.64	13.73	35.71	19.43	21.73	1.45
JM Large Cap Fund	★★★★★	331.31	5.64	12.44	38.29	19.26	20.1	2.41
DSP Nifty 50 Equal Weight Index Fund - Regular Plan	★★★★	1,683.73	8.41	13.59	34.85	18.74	22.65	1
Baroda BNP Paribas Large Cap Fund	★★★★	2,284.71	8.22	15.9	38.24	17.74	20.76	2.01
Edelweiss Large Cap Fund - Regular Plan	★★★★	1,043.39	7.79	14.89	31.76	15.89	19.89	2.18
Kotak Bluechip Fund - Regular Plan	★★★★	9,292.36	7.44	16.54	31.47	14.79	20.39	1.74
Canara Robeco Bluechip Equity Fund - Regular Plan	★★★★	14,528.68	8.54	16.01	31.41	14.05	20.77	1.65
<b>EQUITY: LARGE &amp; MIDCAP</b>								
Quant Large and Mid Cap Fund	★★★★★	3,572.83	2.49	13.26	48.07	26.56	29.11	1.88
ICICI Prudential Large & Mid Cap Fund	★★★★★	15,746.10	9.63	20.28	43.1	25.61	26.28	1.71
Motilal Oswal Large and Midcap Fund - Regular Plan	★★★★★	5,335.94	15.43	30.65	53.24	24.81	-	1.8
HDFC Large and Mid Cap Fund - Regular Plan	★★★★	23,046.87	8.66	18.95	38.33	24.3	26.46	1.66
UTI Large & Mid Cap Fund - Regular Plan	★★★★	3,748.61	12.45	24.92	44.95	22.86	25.57	1.96
Kotak Equity Opportunities Fund - Regular Plan	★★★★	25,074.70	5.41	20.04	36.98	20.47	24.54	1.59
SBI Large & Midcap Fund	★★★★	27,382.12	8.36	18.8	31.16	20.37	23.93	1.6
<b>EQUITY: FLEXI CAP</b>								
JM Flexicap Fund	★★★★★	3,855.23	8.44	24.31	52.82	27.89	27.69	1.82
HDFC Focused 30 Fund	★★★★★	13,794.80	8.08	18.17	39.77	27.6	24.64	1.67
HDFC Flexi Cap Fund	★★★★	61,571.57	8.36	17.33	39.43	26.32	24.57	1.44
ICICI Prudential Retirement Fund - Pure Equity Plan	★★★★★	944.04	5.14	16.06	42.57	26.15	25.1	2.18
Bank of India Flexi Cap Fund - Regular Plan	★★★★	1,700.33	6.03	20.16	49.81	23.54	-	2.03
ICICI Prudential Focused Equity Fund	★★★★	9,745.36	10.59	21.81	44.79	22.92	25.53	1.74
Mahindra Manulife Focused Fund - Regular Plan	★★★★	1,690.84	8.46	17.11	43.6	22.24	-	2.02
HDFC Retirement Savings Fund Equity Plan	★★★★★	5,851.58	8.1	17.13	32.88	21.66	25.9	1.77
Franklin India Flexi Cap Fund	★★★★	17,417.27	8.98	17.48	37.69	21.29	24.52	1.71
Franklin India Focused Equity Fund	★★★★	12,545.87	8.15	18.14	34.46	19.9	23.19	1.76
360 ONE Focused Equity Fund - Regular Plan	★★★★	7,986.59	7.91	18.22	33.28	18	24.87	1.79
Parag Parikh Flexi Cap Fund - Regular Plan	★★★★★	75,956.22	6.6	14.41	33.43	17.3	25.85	1.33
Union Flexi Cap Fund	★★★★	2,276.38	7.18	12.44	28.96	15	22.04	2.01
<b>EQUITY: MID CAP</b>								
Motilal Oswal Midcap Fund - Regular Plan	★★★★★	14,445.55	17.57	34.91	60.22	36.77	34.2	1.65
Quant Mid Cap Fund	★★★★★	9,282.92	0.38	13.69	45.46	29.39	36.33	1.73
HDFC Mid-Cap Opportunities Fund	★★★★	75,382.30	9.88	20.75	42	28.46	30.64	1.39
Nippon India Growth Fund	★★★★	32,970.78	9.78	26.53	45.39	26.93	31.56	1.59
Edelweiss Mid Cap Fund - Regular Plan	★★★★	6,994.17	13.18	28.52	52.27	26.11	31.72	1.74
Kotak Emerging Equity Fund - Regular Plan	★★★★	50,601.84	9.78	29.56	41.94	23.56	29.49	1.42
SBI Magnum Midcap Fund	★★★★	21,127.45	7.94	22.71	31.39	22.71	29.15	1.66
<b>EQUITY: SMALL CAP</b>								
Nippon India Small Cap Fund	★★★★★	60,372.55	9.87	27.87	42.05	30.84	37.65	1.42
Tata Small Cap Fund - Regular Plan	★★★★	8,448.91	15.8	34.36	44.75	27.73	34.03	1.69
Axis Small Cap Fund - Regular Plan	★★★★	23,399.15	10.51	24.02	34.4	22.36	29.57	1.61
<b>EQUITY: VALUE ORIENTED</b>								
JM Value Fund	★★★★	985.91	10.88	25.48	51.22	29.22	29.27	2.2
SBI Contra Fund	★★★★★	37,845.69	7.53	16.39	39.15	27.4	31.81	1.52
ICICI Prudential Value Discovery Fund	★★★★★	48,805.97	11.19	16.9	40.11	25.62	27.36	1.53
Templeton India Value Fund	★★★★	2,246.77	6.69	16.55	37.53	25.39	26.88	2.04
<b>EQUITY: ELSS</b>								
SBI Long Term Equity Fund - Regular Plan	★★★★★	27,527.24	7.95	18.38	49.44	26.43	27.12	1.59
Motilal Oswal ELSS Tax Saver Fund - Regular Plan	★★★★	3,835.43	15.07	32.48	59.96	24.47	26.16	1.83
HDFC ELSS Tax Saver Fund	★★★★	16,145.24	7.95	17.16	41.81	24.03	23.22	1.7
Quant ELSS Tax Saver Fund	★★★★★	11,065.42	2.62	11.85	41.42	23.88	35.58	1.71
DSP ELSS Tax Saver Fund	★★★★	17,267.83	11.03	22.94	42.9	19.99	24.51	1.62
Parag Parikh ELSS Tax Saver Fund - Regular Plan	★★★★★	4,016.58	9.66	14.7	31.4	19.5	24.37	1.72
Bandhan ELSS Tax Saver Fund - Regular Plan	★★★★	7,178.74	7	13.67	28.46	19.24	24.89	1.73
Kotak ELSS Tax Saver - Regular Plan	★★★★	6,334.74	4.22	16.38	33.22	18.76	22.89	1.74
Bank of India ELSS Tax Saver Fund - Regular Plan	★★★★★	1,484.56	2.36	12.51	39.41	18.6	28.01	2.08
Union ELSS Tax Saver Fund	★★★★	960.42	9	15.21	30.25	16.63	22.8	2.24

## 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>	
16.12 Axis Bluechip Fund	27.35 BHARAT 22 ETF
16.26 PGIM India Large Cap Fund	27.17 ICICI Prudential BHARAT 22 FoF
16.65 Groww Large Cap Fund	25.52 Quant Focused Fund
17.11 LIC MF BSE Sensex Index Plan	24.65 SBI BSE Sensex Next 50 ETF
17.18 Tata BSE Sensex Index Fund	24.6 UTI BSE Sensex Next 50 ETF
<b>Equity: Flexi cap 5-year returns</b>	
15.22 Axis Focused Fund	35.93 Quant Flexi Cap Fund
15.25 LIC MF Children's Fund	27.69 JM Flexicap Fund
15.3 ABSL Bal Bhavishya Yojna	25.9 HDFC Retirement Savings Fund Equity
15.61 ABSL Retirement Fund - 30s Plan	25.85 Parag Parikh Flexi Cap Fund
17.89 Shriram Flexi Cap Fund	25.53 ICICI Prudential Focused Equity Fund
<b>Equity: Mid cap 3-year returns</b>	
15.68 PGIM India Midcap Opp	36.77 Motilal Oswal Midcap Fund
17.76 DSP Midcap Fund	29.39 Quant Mid Cap Fund
18.31 Axis Midcap Fund	28.46 HDFC Mid-Cap Opportunities Fund
19.96 UTI Mid Cap Fund	26.93 Nippon India Growth Fund
20.27 LIC MF Midcap Fund	26.86 Motilal Oswal Nifty Midcap 100 ETF
<b>Equity: Small cap 3-year returns</b>	
16.39 PGIM India Small Cap Fund	30.84 Nippon India Small Cap Fund
18.67 ABSL Small Cap Fund	30.73 Quant Small Cap Fund
19.11 ABSL Nifty Smallcap 50 Index	28.45 Bandhan Small Cap Fund
21.18 Union Small Cap Fund	28.21 Franklin India Smaller Companies
21.59 Kotak Small Cap Fund	27.88 LIC MF Small Cap Fund
<b>Hybrid: Aggressive 5-year returns</b>	
13.33 Aditya Birla Sun Life Retirement	28.00 BoI Mid & Small Cap Equity & Debt
13.94 PGIM India Hybrid Equity Fund	26.87 Quant Absolute Fund
14.25 Axis Children's Gift	26.81 JM Aggressive Hybrid Fund
14.69 LIC MF Aggressive Hybrid Fund	23.84 ICICI Prudential Equity & Debt Fund
14.76 Axis Equity Hybrid Fund	21.34 Mahindra Manulife Aggressive Hybrid

**22.00%**  
THE 3-YEAR RETURN OF NIPPON INDIA LARGE CAP FUND IS THE HIGHEST IN ITS CATEGORY.

**27.89%**  
THE 3-YEAR RETURN OF JM FLEXI-CAP FUND IS THE HIGHEST IN ITS CATEGORY.

**36.77%**  
THE 3-YEAR RETURN OF MOTILAL OSWAL MIDCAP FUND IS THE HIGHEST IN ITS CATEGORY.

**29.22%**  
THE 3-YEAR RETURN OF JM VALUE FUND IS THE HIGHEST IN ITS CATEGORY.

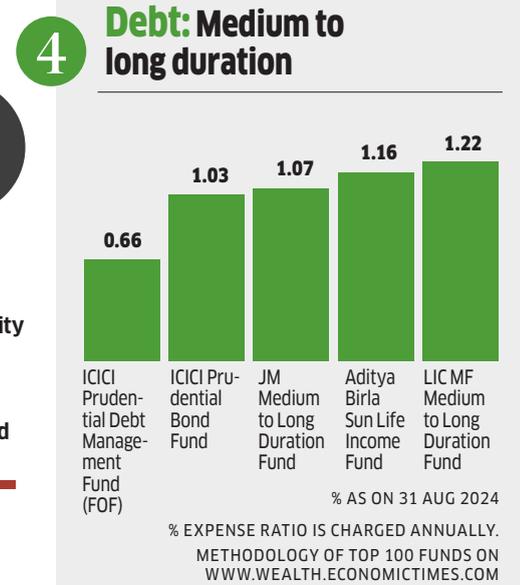
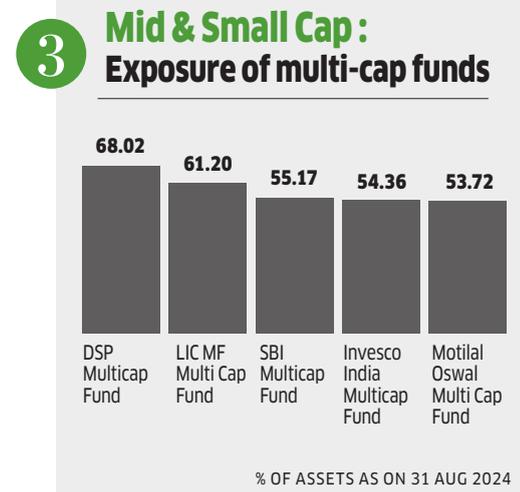
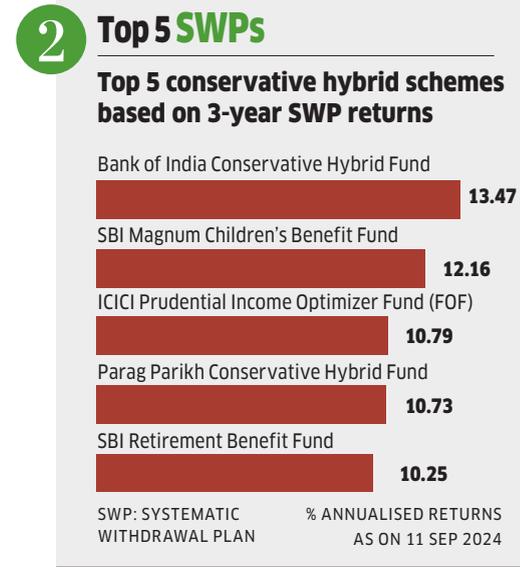
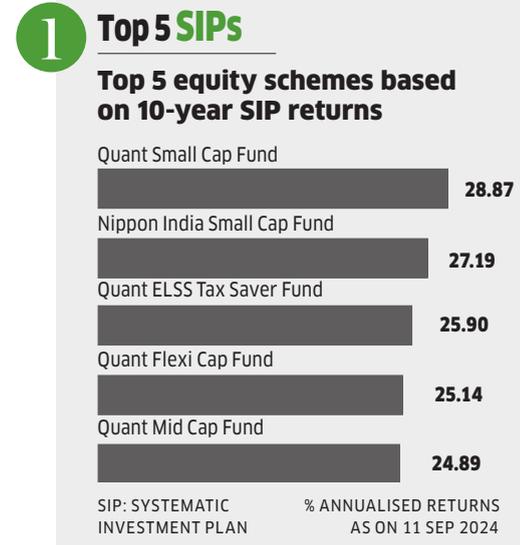
# ETW FUNDS 100

	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>								
Kotak Equity Savings Fund - Regular Plan	★★★★★	6,540.74	4.38	9.01	19.34	12.58	12.29	1.79
HSBC Equity Savings Fund	★★★★★	406.54	5.04	13.89	23.09	12.52	13.54	1.51
UTI Equity Savings Fund - Regular Plan	★★★★	441.64	3.46	6.76	15.21	10.9	11.66	1.67
SBI Equity Savings Fund - Regular Plan	★★★★	5,044.06	3.93	8.54	14.77	10.37	12.18	1.19
ICICI Prudential Equity Savings Fund	★★★★	10,938.68	3.69	5.74	10.15	8.73	8.84	0.97
<b>HYBRID: AGGRESSIVE (EQUITY-ORIENTED)</b>								
SBI Magnum Children's Benefit Fund - Investment Plan	★★★★★	2,571.71	13.64	29.25	40.11	26.53	-	1.89
JM Aggressive Hybrid Fund	★★★★★	486.95	7.61	20.93	45.4	23.05	26.81	2.31
ICICI Prudential Equity & Debt Fund	★★★★★	39,090.93	7	12.77	33.56	22.67	23.84	1.59
Bank of India Mid & Small Cap Equity & Debt Fund	★★★★★	921.20	7.23	19.26	37.77	19.4	28	2.27
Edelweiss Aggressive Hybrid Fund - Regular Plan	★★★★★	1,951.63	8.48	14.58	31.54	18.25	19.9	1.98
UTI Aggressive Hybrid Fund - Regular Plan	★★★★	6,063.77	9.45	17.74	32.07	18.06	20.19	1.88
Quant Absolute Fund	★★★★★	2,295.21	2.9	8.78	30.54	18	26.87	2
HDFC Children's Gift Fund	★★★★	9,779.92	5.85	14.63	25.2	16.71	19.92	1.74
Kotak Equity Hybrid Fund - Regular Plan	★★★★	6,355.01	8.16	18.57	29.57	16.66	20.38	1.77
HDFC Retirement Savings Fund - Hybrid Equity Plan	★★★★	1,555.90	6.87	13.22	24.81	15.72	18.96	2.09
Franklin India Equity Hybrid Fund	★★★★	1,985.36	6.6	12.95	27.26	14.79	17.83	2.1
Baroda BNP Paribas Aggressive Hybrid Fund - Regular Plan	★★★★	1,143.87	6.92	13.12	29.73	14.77	18.59	2.12
<b>HYBRID: CONSERVATIVE (DEBT-ORIENTED)</b>								
SBI Magnum Children's Benefit Fund - Savings Plan	★★★★★	116.81	7.79	12.83	21.54	13.08	13.83	1.21
Kotak Debt Hybrid Fund - Regular Plan	★★★★	2,677.08	4.05	7.72	17.03	10.43	12.22	1.68
HDFC Hybrid Debt Fund	★★★★	3,316.82	3.51	6.32	15	10.59	11.35	1.76
ICICI Prudential Regular Savings Fund	★★★★	3,368.03	4.32	8	14.69	9.69	10.56	1.66
SBI Conservative Hybrid Fund	★★★★★	10,106.55	3.84	8.39	14.04	10.42	11.76	1.12
Canara Robeco Conservative Hybrid Fund - Regular Plan	★★★★	966.11	4.13	7.23	12.41	7.23	9.85	1.82
<b>HYBRID: DYNAMIC ASSET ALLOCATION</b>								
HDFC Balanced Advantage Fund	★★★★★	94,048.24	5.04	11.47	31.49	23.55	21.57	1.35
Edelweiss Balanced Advantage Fund - Regular Plan	★★★★	12,117.03	5.53	11.3	23.85	12.2	16.8	1.69
ICICI Prudential Balanced Advantage Fund	★★★★	60,135.00	5.77	10.2	21.66	13.64	14.74	1.46
Tata Balanced Advantage Fund - Regular Plan	★★★★	10,051.50	4.23	7.6	18.96	11.89	14.43	1.68
<b>DEBT: FLOATER</b>								
SBI Floating Rate Debt Fund - Regular Plan	★★★★	1,126.76	2.28	4.46	8.27	6.21	-	0.46
Aditya Birla Sun Life Floating Rate Fund - Regular Plan	★★★★★	12,634.50	1.93	3.93	7.63	6.14	6.42	0.44
<b>DEBT: BANKING AND PSU</b>								
Aditya Birla Sun Life Banking & PSU Debt Fund	★★★★	9,424.24	2.21	3.87	7.67	5.6	6.51	0.73
ICICI Prudential Banking & PSU Debt Fund	★★★★★	9,213.52	1.95	3.7	7.56	6	6.6	0.74
HDFC Banking and PSU Debt Fund - Regular Plan	★★★★	5,963.48	2.16	3.79	7.52	5.49	6.47	0.79
ITI Banking and PSU Fund - Regular Plan	★★★★★	30.63	1.94	3.4	7.37	5.57	-	0.7
Bandhan Banking & PSU Debt Fund - Regular Plan	★★★★	14,211.17	2.09	3.79	7.35	5.43	6.44	0.63
<b>DEBT: SHORT TERM</b>								
HDFC Short Term Debt Fund	★★★★	13,653.76	2.26	4.06	8.04	5.8	6.77	0.71
ICICI Prudential Short Term Fund	★★★★	18,403.28	2.11	3.88	7.84	6.13	6.9	1.05
Sundaram Short Duration Fund	★★★★★	192.76	2.48	4.1	7.83	8.01	7.56	0.84
UTI Short Duration Fund - Regular Plan	★★★★★	2,745.43	2.16	3.73	7.82	7.28	7.49	0.84
Aditya Birla Sun Life Short Term Fund - Regular Plan	★★★★	8,019.38	2.18	3.85	7.75	5.78	6.63	1.01
Axis Short Term Fund	★★★★	8,413.57	2.14	3.82	7.68	5.58	6.39	0.89
<b>DEBT: CORPORATE BOND</b>								
Aditya Birla Sun Life Corporate Bond Fund	★★★★	20,993.53	2.41	4.17	8.28	6.06	7.09	0.52
HDFC Corporate Bond Fund	★★★★	29,726.31	2.36	4.22	8.06	5.81	6.81	0.61
Nippon India Corporate Bond Fund	★★★★★	3,287.78	2.38	4.02	8.03	6.13	6.68	0.7
Kotak Corporate Bond Fund - Standard Plan	★★★★	13,275.17	2.34	4.09	7.97	5.73	6.41	0.67
ICICI Prudential Corporate Bond Fund	★★★★★	27,056.37	2.09	3.94	7.75	6.18	6.91	0.58
Axis Corporate Debt Fund - Regular Plan	★★★★	5,511.39	2.28	3.89	7.72	5.64	6.71	0.91

**12.58%**  
THE 3-YEAR RETURN OF KOTAK EQUITY SAVINGS FUND IS THE HIGHEST IN ITS CATEGORY.

**21.54%**  
THE 1-YEAR RETURN OF SBI MAGNUM CHILDREN'S BENEFIT FUND IS THE HIGHEST IN ITS CATEGORY.

**7.67%**  
THE 1-YEAR RETURN OF ABSL BANKING & PSU FUND IS THE HIGHEST IN ITS CATEGORY.



**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:

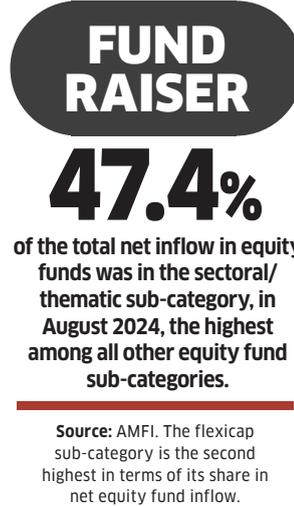
- ★★★★★ Top 10%
- ★★★★ Next 22.5%
- ★★★ Middle 35%
- ★★ Next 22.5%
- ★ Bottom 10%

(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 banks, PSUs, public financial institutions and municipal bonds.
- Debt: Floater:** Funds investing at least 58.5% in floating-rate instruments.



# loans and deposits

18 The Economic Times Wealth September 16-22, 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
IndusInd Bank	7.75	10,798
RBL Bank	7.50	10,771
Karnataka Bank	7.35	10,756
Bandhan Bank	7.25	10,745
YES Bank	7.25	10,745
<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
Karnataka Bank	7.35	11,568
<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
IndusInd Bank	8.25	10,851
RBL Bank	8.00	10,824
Karnataka Bank	7.85	10,808
Bandhan Bank	7.75	10,798
YES Bank	7.75	10,798
<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
Karnataka Bank	7.85	11,682
<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: 6.5%**

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	10.00	8.35	10.00	Not Given
Bank of Maharashtra	9.30	8.35	10.40	8.45	10.90	13 Jun 2024
Union Bank of India	9.25	8.35	10.75	8.35	10.75	11 Apr 2024
Indian Bank	9.20	8.40	9.80	8.90	10.30	15 Apr 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 Jun 2024
UCO Bank	9.30	8.45	10.30	8.45	10.30	15 Mar 2023
IDBI Bank	9.10	8.45	10.80	8.55	12.30	12 Aug 2024
SBI Term Loan	9.15	8.50	9.65	8.50	9.65	5 Apr 2024
Punjab & Sind Bank	8.45	8.50	10.00	8.50	10.00	16 Feb 2024
Canara Bank	9.25	8.50	11.20	8.55	11.25	12 Aug 2024
Karnataka Bank	--	8.60	10.62	8.60	10.62	1 Apr 2024
South Indian Bank	9.85	8.70	11.20	8.75	11.70	Not Given
Kotak Mahindra Bank	--	8.75	9.00	8.75	9.00	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	9.90	9.00	11.05	9.00	11.05	19 Aug 2024
J & K Bank	9.45	9.10	10.20	9.10	10.20	10 Jun 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 Aug 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

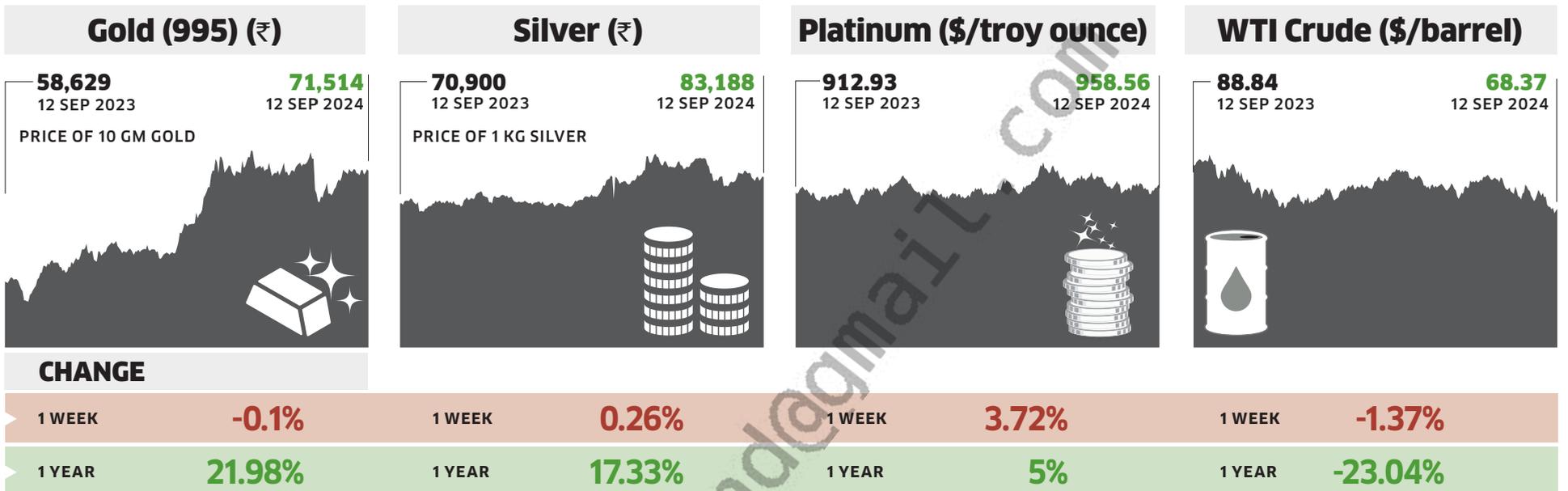
ALL DATA SOURCED FROM ECONOMIC TIMES INTELLIGENCE GROUP (ETIGDB@TIMESGROUP.COM)

Data as on 12 Sep 2024

#Benefit available only for 5-year deposit

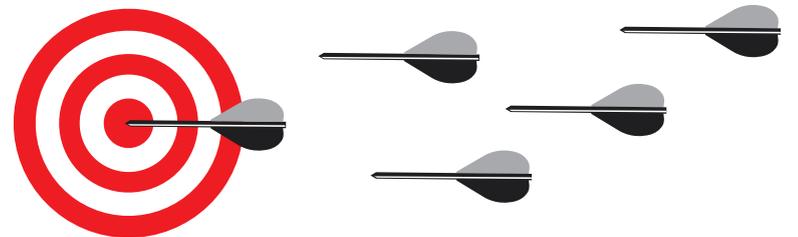
# ALTERNATIVE INVESTMENT RETURNS MONITOR

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)
Silverline Technologies	9.79	27.31	<b>184.59</b>	0.80	-100.00	58.73
Risa International	1.26	26.00	<b>88.06</b>	6.63	47.90	20.10
Pro Fin Capital Services	1.81	-1.09	<b>81.00</b>	44.80	226.18	38.37
DCM Financial Services	9.93	-9.40	<b>66.61</b>	0.22	262.93	21.98
Karnavati Finance	3.77	68.30	<b>62.50</b>	1.96	166.54	37.89
ARC Finance	1.91	17.18	<b>61.86</b>	125.01	205.76	96.44
Restile Ceramics	8.10	15.55	<b>56.67</b>	0.35	43.80	79.61
Lypsa Gems & Jewellery	8.83	-5.46	<b>49.66</b>	1.83	187.29	26.03
Leading Leasing Finance	5.73	9.98	<b>48.45</b>	5.14	-22.30	61.14
Jai Mata Glass	2.98	26.27	<b>48.26</b>	3.10	-8.07	29.80

### 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)
Infomedia Press	7.05	10.68	1.59	0.06	<b>3,21,110.50</b>	35.38
Radaan Mediaworks	2.31	15.50	9.48	0.27	<b>1,349.84</b>	12.51
Computer Point	7.13	-2.60	0.28	0.85	<b>848.02</b>	21.39
Lesha Industries	2.26	-8.87	-32.94	40.05	<b>817.38</b>	64.64
Unistar Multimedia	5.90	1.20	-12.85	3.14	<b>616.07</b>	14.75
Gautam Gems	7.62	-4.51	-3.42	3.68	<b>532.19</b>	31.13
Croissance	4.22	-4.74	13.75	3.60	<b>502.05</b>	28.91
Goenka Diamond	1.06	8.16	6.00	2.34	<b>499.01</b>	33.60
Sanwaria Consumer	0.55	-3.51	12.24	13.73	<b>483.40</b>	40.49
Thinkink Picturez	5.35	-0.37	-2.01	5.32	<b>458.30</b>	79.23

### 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)
Sakuma Exports	5.72	-5.61	<b>-41.39</b>	38.21	203.98	896.72
Shashijit Infraprojects	3.92	-3.69	<b>-38.07</b>	4.82	9.47	20.27
Janus Corporation	7.95	-12.44	<b>-35.63</b>	1.17	-74.00	10.65
Lesha Industries	2.26	-8.87	<b>-32.94</b>	40.05	817.38	64.64
Grandma Trading Agencies	1.29	-7.19	<b>-29.12</b>	1.59	-52.27	16.85
Scanpoint Geomatics	8.56	-5.93	<b>-21.32</b>	13.06	189.07	143.89
Integra Essentia	3.87	-3.25	<b>-20.21</b>	57.62	128.47	413.20
Veerkrupa Jewellers	1.95	-3.47	<b>-19.75</b>	9.34	-76.87	25.56
Saianand Commercial	0.48	-5.88	<b>-17.24</b>	49.32	88.01	10.91
Inventure Growth & Sec.	2.43	-1.22	<b>-16.78</b>	42.10	26.51	255.15

### 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)
Franklin Industries	2.01	8.06	13.56	10.96	<b>-86.53</b>	58.13
Shah Metacorp	5.34	-6.48	-11.59	5.41	<b>-82.80</b>	223.80
IFL Enterprises	1.17	-7.87	2.63	68.36	<b>-77.43</b>	87.21
Veerkrupa Jewellers	1.95	-3.47	-19.75	9.34	<b>-76.87</b>	25.56
Siti Networks	0.96	-7.69	2.13	4.11	<b>-74.46</b>	83.72
Janus Corporation	7.95	-12.44	-35.63	1.17	<b>-74.00</b>	10.65
GTL Infrastructure	2.58	1.18	-4.44	316.65	<b>-72.99</b>	3,304.21
Zee Learn	8.84	6.00	-13.16	2.14	<b>-71.53</b>	288.98
Luharuka Media & Infra	5.15	-9.17	-5.85	2.60	<b>-70.95</b>	96.51
Wardwizard Foods & Bev.	6.93	-4.28	-0.86	3.27	<b>-65.29</b>	178.17

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 12 SEP 2024. SOURCE: ETIG DATABASE AND REUTERS-REFINITIV

## HDFC LARGE AND MID CAP

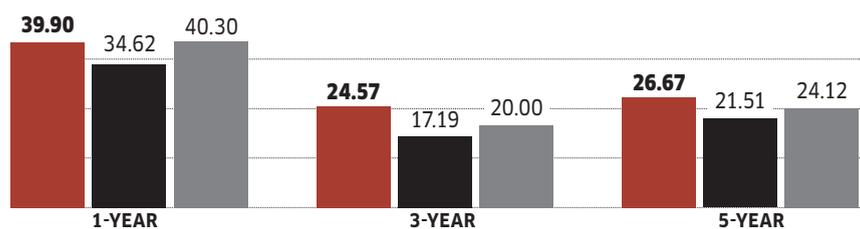
# Sustained performance

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

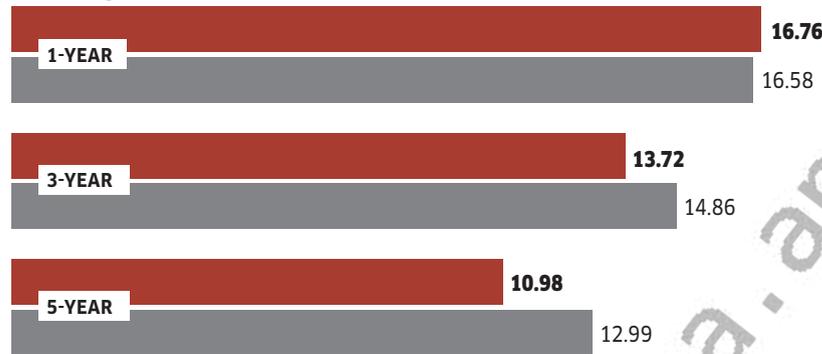


The fund has beaten the index comfortably in recent years.

AS ON 10 SEP 2024

### Rolling returns (%)

FUND BENCHMARK



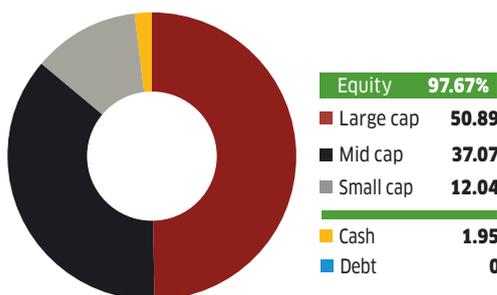
The fund's long-term track record indicates chronic underperformance over long time frames.

AS ON 10 SEP 2024

Note: Different benchmark (BSE Large Mid Cap TRI) has been used due to the 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



### Fund style box



The fund portfolio is fairly balanced between large- and mid/small-cap segments.

AS ON 31 AUG 2024

## BASIC FACTS

DATE OF LAUNCH  
18 FEBRUARY 1994

CATEGORY

EQUITY

TYPE

LARGE & MIDCAP

AUM\*

₹23,712 crore

BENCHMARK

NIFTY LARGE MIDCAP 250 TOTAL RETURN INDEX

## WHAT IT COSTS

NAV\*\*

GROWTH OPTION

₹346.76

IDCW

₹41.17

MINIMUM INVESTMENT

₹100

MINIMUM SIP AMOUNT

₹100

EXPENSE RATIO\* (%)

1.67

EXIT LOAD

1% for redemption within 365 days

\*AS ON 31 AUG 2024

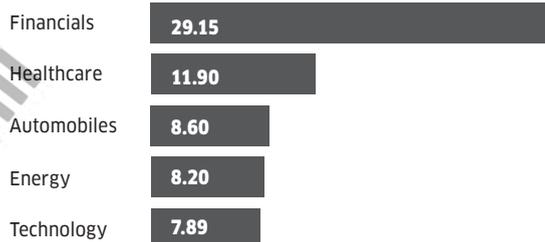
\*\*AS ON 10 SEP 2024

#AS ON 31 JUL 2024



**FUND MANAGER**  
**GOPAL AGRAWAL**  
4 YEARS, 1 MONTH

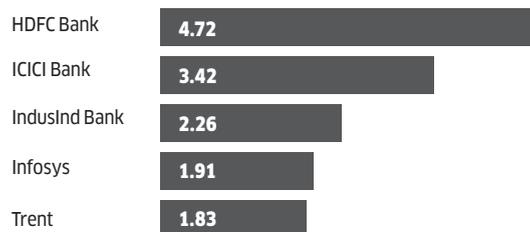
### Top 5 sectors in portfolio (%)



The fund's sectoral positioning is tilted towards financials.

AS ON 31 AUG 2024

### Top 5 stocks in portfolio (%)



The fund portfolio has diversified to the hilt with almost 200 positions.

AS ON 31 AUG 2024

## Recent portfolio changes

### New entrants

Aster DM Healthcare, Biocon, Craftsman Automation, JK Cement, PNB Housing Finance, Zydus Lifesciences (Jun).

Cello World, OCCL (Jul).

Adani Energy Solutions, Brainbees Solutions (Aug).

### Complete exits

Chambal Fertilisers & Chemicals, Tata Chemicals (Jun).

Tata Motors DVR (Aug).

## How risky is it?

	Fund	Category	Index
Standard Deviation	13.40	13.21	12.64
Sharpe Ratio	1.36	1.08	0.94
Mean Return	23.91	19.95	17.57

BASED ON 3-YEAR PERFORMANCE.

The fund's risk-return profile is among the top quartile in its category.

AS ON 31 AUG 2024

Source: Value Research

## Should You Buy



Earlier known as the HDFC Growth Opportunities, this fund shed its large-cap bias when it shifted to the large- and mid-cap mandate in 2018. It is currently evenly balanced between large caps and mid/small caps. The fund's preference is

for businesses with distinct competitive advantages, superior financial strength and the potential for unlocking value. The fund portfolio has bloated further, now featuring nearly 200 individual bets with a very long tail of tiny positions.

The fund's track record prior to 2021 was poor, with prolonged bouts of underperformance. However, the fund has turned the corner impressively under its current manager to show sustained outperformance.

# Canara Bank: Growth momentum

Focus on high-yielding segments, digital initiatives and industry tailwinds to drive performance.

The public sector bank reported a 10.9% year-on-year growth in the standalone net profit in the June 2024 quarter, aided by lower provisions. However, the earnings marginally missed Reuters-Refnitiv estimates by 0.6% as the business growth was impacted due to the higher cost of funds and lower other income. While term deposits aided the deposit growth rate of 12% y-o-y, the retail segment supported the loan book, which registered a growth of 10.7%. Though NIMs contracted during the quarter, the management is confident of maintaining margins at 2.95-3% at the end of 2024-25. The current NIMs stand at 2.9%.

The bank has a pan-India presence across urban and rural areas and has 9,623 branches. It is a beneficiary of the banking sector's long-term structural strengths. Rising incomes, buoyant economic growth prospects, significant under-penetration of credit, rebound in loan demand from retail, MSME and corporate segments, increasing digital adoption and product innovation are some of the factors that will continue to enhance the demand for banking and financial services.

The bank is focusing on increasing the share of high-yielding RAM (retail, agriculture, MSME) assets. In the June quarter, RAM constituted 57% of the total loan book, compared to 56.4% at the end of 2023-24. It is also aiming to improve its CASA ratio to lower its funding costs.

It has taken various steps to strengthen its retail lending segment. For housing loans, it has tied up with builders and corporate DSAs to improve loan sourcing. To strengthen the vehicle loan portfolio, the bank has collaborated with vehicle dealers and manufacturers (integrated Maruti Suzuki fi-

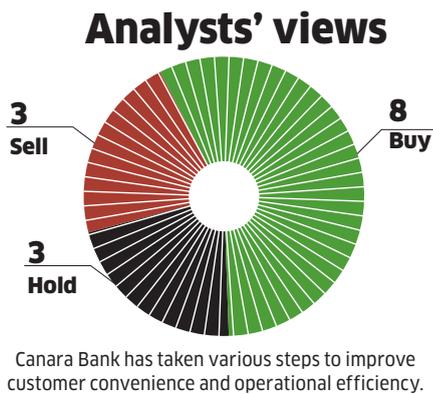
nance portal with its digital platform). It has also integrated the Jan Samarth portal with its loan origination system for facilitating education loans.

In addition, various digital initiatives have been undertaken by the bank to improve customer convenience. Some of these include pre-approved personal loans under the digital lending platform, the UPI123 feature for payment to nine ASI monument sites, new functionalities for credit cards through the WhatsApp channel, and green term deposits through mobile banking. This is expected to improve operational efficiency.

The asset quality is improving steadily, with sequential improvement in GNPA/NNPA during the quarter, aided by modest recovery and write-offs. However, the SMA 0 book (loans showing early signs of stress) spiked on a sequential basis due to a large PSU account. It is taking steps for NPA management with credit monitoring and strengthening recovery efforts. The stock has outperformed the sector and market benchmarks in the past year, with 44.4% returns, compared to the Nifty PSU Bank and Nifty 50 indices that delivered 34.2% and 24.6% returns, respectively.

**Selection methodology:** We pick the stock that has shown the maximum increase in 'consensus analyst rating' during the past three months. 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



## Fundamentals

	ACTUAL		CONSENSUS ESTIMATE	
	2022-23	2023-24	2024-25	2025-26
Revenue (₹ cr)	50,197.49	55,532.38	59,520.70	64,353.95
EBIT (₹ cr)	27,716.01	29,412.59	30,470.50	33,276.30
Net profit/loss (₹ cr)	10,603.76	14,554.33	16,197.17	17,093.00
EPS (₹)	11.69	16.05	18.04	19.45

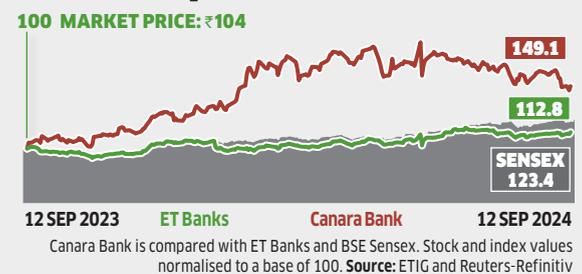
## Valuations

	PBV	PE	DIVIDEND YIELD (%)
Canara Bank	1.14	6.04	3.10
Bank of Baroda	1.02	6.44	3.21
Punjab National Bank	1.17	10.19	1.38
Uco Bank	2.40	29.07	0.58
Union Bank of India	0.98	6.37	3.05

## Brokerage calls

RECO DATE	RESEARCH HOUSE	ADVICE	TARGET PRICE (₹)
29 Jul '24	BoB Capital Markets	Buy	140
25 Jul '24	Motilal Oswal	Buy	133
25 Jul '24	DAM Capital	Buy	128
2 Jul '24	Emkay	Buy	130

## Relative performance



## WHAT EXPERTS ADVISE

### BUY

STOCK	RESEARCH HOUSE	ADVICE	STOCK PRICE (₹)	1-YEAR TARGET PRICE (₹)	POTENTIAL UPSIDE (%)	COMMENT
Century Textiles & Industries	Antique Stock Broking	Buy	2,482	3,667	47.7	Reiterate 'buy' due to the healthy performance of real estate business, led by focus on business development, surplus cash-flow visibility and diverse pipeline across key geographies. Steady performance of the paper business is another positive.
VA Tech Wabag	Axis Securities	Buy	1,313	1,700	29.5	Initiate with 'buy' due to its robust order book, expanding offerings, clear revenue visibility, focus on sustainable and profitable growth, and tailwinds in the water security market.
Kwality Pharmaceuticals	PhillipCapital	Buy	777	994	27.9	Initiate with 'buy' as higher number of product filings across categories and approval of its facilities by Brazil and EU will support performance in the future.
Global Health (Medanta)	Motilal Oswal	Buy	1,111	1,380	24.2	Maintain 'buy' due its focus on capacity expansion (new beds) in both Lucknow and Patna hospitals and investments in new technologies and equipment. The addition of new clinical talents are other positives.
Karur Vysya Bank	ICICI Securities	Buy	219	270	23.3	Maintain 'buy' due to its favourable loan to deposit and liquidity coverage ratios, low SMA pool, industry leading RoA, healthy asset quality and attractive valuations.
Newgen Software Technologies	Dolat Capital	Buy	1,081	1,300	20.3	Initiate with 'buy' due to its robust and scalable model, healthy customer addition, diversified market presence, strong SaaS adoption, focus on innovation and emerging technologies.

### SELL

STOCK	RESEARCH HOUSE	ADVICE	STOCK PRICE* (₹)	1-YEAR TARGET PRICE (₹)	POTENTIAL DOWNSIDE (%)	COMMENT
ONGC	Nuvama	Reduce	296	232	-21.6	Retain 'reduce' due to uncertain production targets and likely decline in realisation and earnings as oil prices have fallen below the critical threshold of \$75 a barrel.

# Shift to new regime to save tax

**Sudhir Kaushik** of *TaxSpanner.com* tells readers how they can optimise their tax by rejigging their incomes and investments.

**H**yderabad-based software professional Naveen Bhanot earns well, but also pays a high tax because he is unable to avail of all the deductions and exemptions available to him. TaxSpanner estimates that Bhanot can save about ₹62,000 in tax if he opts for the new tax regime and increases the contribution to the NPS through his employer.

Bhanot wants to shift to the new regime this year. Under this, he will not get a deduction for home loan interest because it's available only for let-out properties. He will also not get deduction for the tax savings under Sec 80C or medical insurance under Section 80D.

However, he will get a higher basic exemption of ₹3 lakh (₹2.5 lakh in old regime) and standard deduction of ₹75,000 (₹50,000 in old regime). He will also get a higher deduction for NPS contributions through his employer. Under Section 80CCD(2), up to 14% of the employee's basic salary put in the pension scheme is tax-free. If he asks his company to increase the monthly contribution to ₹13,305 (14% of his basic salary), his annual tax will reduce by about ₹28,500.

Many of the tax-free perks in Bhanot's salary (fuel and car maintenance, driver's salary, LTA) get taxed because he is unable to claim exemption. These should be replaced with other tax-free perks. If he gets food coupons worth ₹26,400 (₹2,200 per month) and newspaper allowance of ₹12,000 (₹1,000 per month), he will save ₹12,000 in tax. Under Section 17(2), gadgets and appliances bought in the name of the company and given to the employee for personal use are taxed at 10% of their value. Gadget allowance of ₹60,000 (₹5,000 per month) will reduce Bhanot's tax by nearly ₹19,000.

## INCOME FROM EMPLOYER

INCOME HEAD	CURRENT	SUGGESTED
Basic salary	11,40,480	11,40,480
House rent allowance	4,56,192	4,56,192
Special allowance	10,30,836	8,80,793
Fuel reimbursement & car maintenance	28,800	0
Driver's salary	10,800	0
Gadget allowance	0	60,000
Communications reimbursement	18,000	18,000
Leave travel allowance	95,040	95,040
Newspaper allowance	0	12,000
Food coupons	0	26,400
Employer's contribution to Provident Fund	21,600	21,600
Contribution to NPS under Sec 80CCD(2)	68,424	1,59,667
<b>TOTAL</b>	<b>28,70,172</b>	<b>28,70,172</b>

Reduce this taxable component of the salary package.

Replace these perks with other reimbursements that can be claimed.

Items bought for personal use in company's name are taxed at 10% of the value.

These perks are tax-free subject to actual use and reasonable limits.

Increase the NPS contribution to maximum 14% of basic pay.

## + INCOME FROM OTHER SOURCES

Interest income	12,800	2,800
Capital gains	0	0
Rental income	0	0
<b>TOTAL</b>	<b>12,800</b>	<b>2,800</b>

Switch to debt funds or arbitrage schemes to avoid tax on interest.

All figures are in ₹

⬆ Denotes suggestion to increase ⬇ Denotes suggestion to reduce

## Tax-saving investments

INVESTMENT OPTION	CURRENT (₹)	SUGGESTED (₹)
Provident Fund	21,600	21,600
Life insurance	28,000	28,000
PPF	6,000	6,000
<b>TOTAL ADMISSIBLE</b>	<b>0</b>	<b>0</b>

No deduction available under new tax regime.

## Other deductions

EXEMPTION OR DEDUCTION	CURRENT (₹)	SUGGESTED (₹)
Home loan interest	2,25,000	2,25,000
Medical insurance	22,500	22,500
<b>TOTAL ADMISSIBLE</b>	<b>0</b>	<b>0</b>

No deduction available under new tax regime.

## Naveen Bhanot's tax

TAX ON SALARY	TAX ON INTEREST INCOME	TAX ON CAPITAL GAINS
<b>CURRENT</b>		
₹5,15,990	₹3,994	0
<b>₹5,19,984</b>		
<b>SUGGESTED</b>		
₹4,56,822	₹874	0
<b>₹4,57,696</b>		

**TOTAL TAX SAVED**  
**₹62,288**  
PER YEAR

**TAX RATIO**  
(Total tax as % of annual income)

EXISTING	SUGGESTED
18.0%	15.9%

**WRITE TO US FOR HELP**

Paying too much tax? Write to us at [etwealth@timesgroup.com](mailto:etwealth@timesgroup.com) with 'Optimise my tax' as the subject. Our experts will tell you how to reduce your tax by rejigging your pay and investments.

# Portfolio review required to weed out laggards

Amisha Sindhiya is investing for multiple goals. Here's what the doctor has advised her.

## 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

- Has been investing in mix of equity funds and small savings for the past 7-8 years.
- Started with ELSS to save tax and then moved to other funds.
- Disciplined and regular investing has helped build a sizeable corpus.
- Does not monitor performance or review portfolio. So, portfolio has many consistent underperformers.
- Move from regular plan to direct plans to reduce costs.
- Portfolio has a small-cap skew. Be ready for volatility.
- Portfolio also has some thematic funds. These can be quite volatile too.
- Diversified equity schemes give more stable returns.

### Note from the doctor

- Don't invest and forget. Review investments at least once a year.
- If a fund underperforms its category and benchmark for 3-4 quarters, it is time to dump it.
- In the NPS, opt for a balanced allocation to equity and debt funds.
- Should buy adequate life insurance to safeguard goals.
- Reduce risk when goal is near so that you don't miss the target.

GOALS	HOUSE RENOVATION: 5 years PRESENT COST: ₹25 lakh FUTURE COST: ₹35 lakh	CHILD'S EDUCATION: 15 years PRESENT COST: ₹25 lakh FUTURE COST: ₹1.04 crore	CHILD'S MARRIAGE: 22 years PRESENT COST: ₹50 lakh FUTURE COST: ₹2.22 crore	RETIREMENT INCOME: 20 years CURRENT NEED: ₹2.2 crore (₹75,000 a month) CORPUS NEEDED: ₹8.5 cr
INVESTMENT	AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION	NEW SIP (₹)
Aditya Birla SL Tax Saver	5,17,646	0	Both funds are consistent underperformers. Switch corpus to HDFC Index - Sensex Plan for better returns.	0
Axis ELSS Tax Saver	1,23,057	0		0
Kotak Small Cap (Direct)	2,46,858	2,500	Continue SIPs in this outstanding small-cap fund. Switch from regular option to direct plan for higher returns. Hike amount by 5% every year.	2,500
Kotak Small Cap (Regular)	1,32,146	0		
Parag Parikh Flexi Cap	20,931	5,000	Continue SIPs in this outperforming flexi-cap fund. Increase amount by 5% every year.	5,000
HDFC Index - Sensex Plan	2,70,814	5,000	Continue SIPs in this stable index fund. Increase amount by 5% every year.	5,000
Canara Robeco ELSS Tax Saver	2,33,267	5,000	Continue SIPs in this stable ELSS fund, but monitor its performance. Hike amount by 5% every year.	5,000
Sukanya Yojana	6,20,000	12,500	Continue contributing to the scheme to build a corpus for child's education.	12,500
SBI Small Cap	3,96,914	5,000	Small-cap funds can be volatile. Consider shifting to SBI Large & Midcap to cut risk.	0
SBI Large & Midcap	0	0	Start SIPs of ₹5,000 in this stable fund. Hike amount by 5% every year.	5,000
Bandhan Transportation and Logistics	6,311	1,500	Thematic funds can be volatile. Shift SIPs and corpus to Axis Growth Opportunities Fund.	0
Axis Growth Opportunities	2,16,459	0	Restart SIPs of ₹2,000 in this stable large- & mid-cap fund.	2,000
Public Provident Fund	5,71,472	500	Keep contributing to build a corpus for child's marriage.	500
UTI Nifty 50 Index	2,75,969	5,000	Continue SIPs in this stable index fund. Hike amount by 5% every year.	5,000
HDFC Defence Fund	18,787	4,500	Thematic funds can be volatile. Consider shifting SIPs and corpus to flexi-cap scheme HDFC Retirement Savings Equity.	0
HDFC Manufacturing	27,474	0		0
HDFC Retirement Savings Equity	0	0	Start SIPs of ₹10,000 in this outstanding flexi-cap fund. Hike amount by 5% every year.	10,000
Provident Fund	34,00,000	20,000	Keep contributing and do not withdraw before retirement.	20,000
NPS	18,49,000	10,000	Continue contributing to this low-cost scheme to build your retirement kitty. Hike amount by 5% every year.	10,000
<b>TOTAL</b>	<b>₹89,27,105</b>	<b>₹76,500</b>	The goals can be reached using the mutual funds marked in the same colour.	<b>₹82,500</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...

24 The Economic Times Wealth September 16-22, 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.

In the cover story, 'Can you rely on your financial adviser?', it has been pointed out rightly that many individuals seek an adviser for guidance in all aspects of their financial lives. This requires that the adviser take a holistic view of the person's finances, covering diverse areas like domestic and foreign equities, fixed income, gold, loans, property, art, cryptocurrency, and more. Providing guidance in a few areas of a client's portfolio, while ignoring others, limits the efficacy of advice. It may even render the whole exercise futile.

**Rita Verma**

**Apropos of the cover story, I would like to say that nothing is free of risk. The risk is in direct proportion to your net worth. We should know that not everyone in the financial advisory field is a saint, just as in other professions. People should be able to assess the advice rendered, and conduct due diligence and research before putting any money in any fund or financial scheme.**

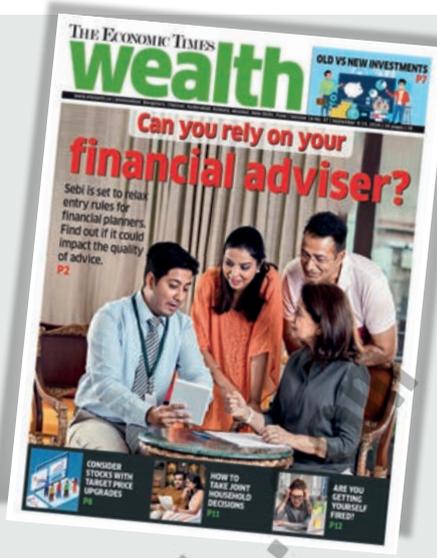
**Cactus**

### Trustworthy advice needed

I read with interest the cover story, 'Can you rely on your financial adviser?' Most of us have little domain knowledge in this field and we seek reliable financial advice. Only 950-odd registered investment advisers (RIA) and 2,700 certified financial planners obviously means that more are needed. With Sebi mulling tweaks to the existing framework to lower entry barriers for more financial advisers to join the fray, I hope the interests of investors do not get compromised. Experience matters in this field.

**Ashok**

In his article, 'Old vs new investments', Dhirendra Kumar makes a notable point. Some people are attracted to the latest fads, such as cryptocurrency. However, I agree with him that the allure of 'new' and 'innovative' investment options should not overshadow the importance of basic invest-



ment principles, risk assessment and value of diversification.

**P.N. Sarawgi**

**The ability to embrace change makes one resilient. Devashish Chakravarty makes a valid point in the article, 'Are you getting**

**yourself fired?' The only way to keep up in a fast-paced world is to continuously learn new skills, improve on deliverables and pursue new challenges. Skilling and upskilling will help professionals to be in synch with new developments. With increased AI penetration, it's important to be on the ball continuously.**

**Rajesh Awasthi**

Uma Shashikant has given invaluable advice in the article, 'Joint household decisions'. There is no magic formula to ensure harmony in the household, but it's important to build an operating process with respect to money. Major decisions on career, location and big-ticket spends are all issues for an open discussion and building of agreement. Spouses need to recognise this and make it a practice to discuss financial matters openly.

**Ritika Desai**

**I am a regular reader of ET Wealth. Why don't you publish a book with select articles by Uma Shashikant? Her articles are well-articulated, effective and simple to understand.**

**R. S. Sundar**



## Point-to-point vs Rolling returns

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 16th part of this series, **Riju Mehta** explains the difference between point-to-point and rolling returns.

### What is trailing or point-to-point return?

This is the absolute return of an investment between two specific points in time. All you need to know is the value of your investment on these two dates to be able to calculate the return. However, since it takes into consideration only two points in time, it does not reflect the asset's performance or volatility in the interim.

#### HOW IS IT CALCULATED?

If you invested in a mutual fund on 7 January 2023 and want to know the return you earned on 15 July 2024, find out the NAV for both these dates. So, if the initial NAV was ₹128.5 on 7 January 2023 and rose to ₹173.5 on 15 July 2024, the point-to-point return will be calculated as follows.

$$\text{Point-to-point return} = \frac{\text{NAV at end date} - \text{NAV at start date}}{\text{NAV at start date}} \times 100$$

$$= \frac{(173.5 - 128.5)}{128.5} \times 100 = 35\%$$

### What is rolling return?

This gives the return on an investment on a continuous basis for a specified duration. So, it's the average, annualised return rolled over a selected frequency from the start to the end of the specified period. For instance, if you want to know the two-year performance of a mutual fund over four years, then the average two-year return will be calculated for each day of these four years. This will help the investor know how much return he would have earned if he had invested for two years at any point in these four years.

#### HOW IS IT CALCULATED?

Suppose you want to know the two-year return of a mutual fund between 1 January 2020 and 1 January 2024. You will have to calculate the two-year CAGR on 1 January 2020 (1 Jan 2018 to 1 Jan 2020), two-year return on 2 January 2020 (2 Jan 2018 to 2 Jan 2020), and continue all the way for each day till 1 January 2024. This will give you the rolling return series for four years.

### WHICH ONE IS BETTER?

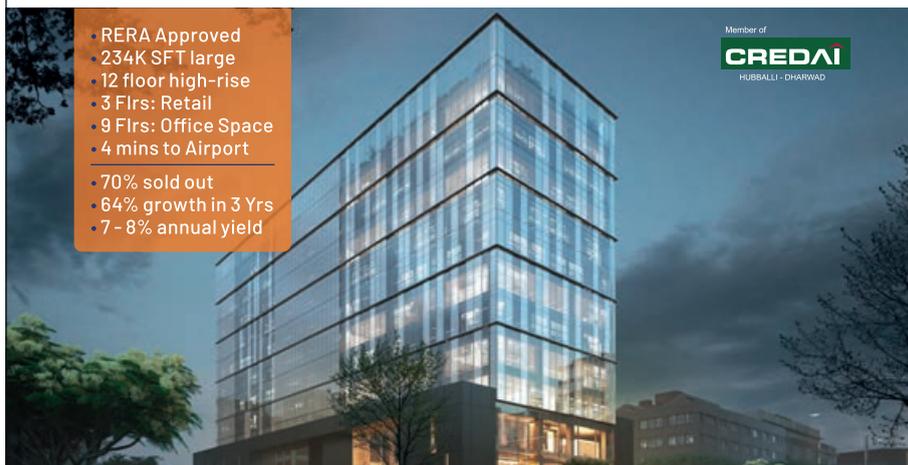
Rolling return gives a more comprehensive view of the asset's performance and, hence, is more accurate. It offers a better historical perspective and analysis of an asset's return because it is not affected by recency bias, that is, the market situation at the time of calculating the return, as happens in the case of point-to-point return. It is not affected by market volatility because it considers each day's return for the entire duration.

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