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# WEALTHWISE®

Wiseinvest®
With YOU, in meeting
FINANCIAL CHALLENGES

## Inside



## Wealthwise

"Wealthwise" is a monthly publication brought to you by Wiseinvest Advisors, which is a quality investment advisory firm that specializes in mutual funds. Our CEO, Hemant Rustagi, is a well known personal finance expert. He brings with him an experience of around 30 years in this field. He regularly writes articles for major national dailies and business magazines as well as appears as a personal finance expert on many investments related TV shows. Besides, our team of advisors has professionals who have spent years in the mutual fund industry. In the last fifteen years, thousands of our clients have benefitted from our quality advice and have made mutual funds as the mainstay of their portfolio. You can benefit too from our expertise for your existing as well as new investments. All you need to do is to just call up any of the offices or email your requirements at information@wiseinvestadvisors.com and our professional advisors will do the rest.

Dear Investor,

Reliance Industries became the first Indian company to cross the total market capitalization of ₹ 10 lakh crore and also became the most valued company in terms of market cap. The Sensex and Nifty touched a fresh record high of 41673.79 and 12158.80 respectively on November 26, 2019. FIIs remained net buyers during the month as they bought equities worth ₹ 22,489.64 crore. While it appears that some more steam is left in the current move on the upside, there are concerns on account of some domestic as well as international issues.

India's economy grew 4.5% in July-September quarter, the slowest expansion in over six years. The GDP grew 5% in the June quarter and 7% in the September quarter last year. It is evident that slow-down in GDP growth is mainly on account of the slump in consumption expenditure and de-growth in exports. But, for the government expenditure growth, July-September GDP growth would have been much lower. The slowest quarterly expansion before this was in January-March 2014 at 4.3%. The core sector expansion contracted 5.8% in October making a second successive month of decline and yet another record low. The disappointing GDP growth makes a case for further rate cut when the RBI reviews monetary policy in the first week of December 2019.

Another challenge for the finance minister is to meet fiscal deficit target for FY 2019-20 as revenue growth remains muted. The April-October fiscal deficit was ₹ 7.2 lakh crore, 2.4% higher than ₹ 7.04 lakh crore budgeted for the entire year. One of the key factors in controlling the fiscal slippage would be how the government fares on disinvestment front. Besides, the impact of stimulus package may be seen in the last two quarters.

In terms of valuations, the Price to Earning (P/E) ratios of Sensex and the Nifty are at 21-22 times their FY 20 estimated earnings, higher than most of the peers. The record high valuation premium of large caps, when compared with mid-cap stocks, is reviving interest of investors in the latter. Mid-caps have underperformed their large cap counterparts by 26% in the past 3 years. For those investors who may have been investing largely in large-cap oriented funds during the last couple of years, there is certainly a case to enhance exposure to mid and small cap funds, provided the intent is to invest for the long-term.

Warm regards,

**Hemant Rustagi**
**Editor**

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## The Stock Market Performance During November 2019.

| Indices | 1st November 2019 | 29th November 2019 | Change in (%) |
|---|---|---|---|
| Sensex | 40,165.03 | 40,793.81 | 1.57 |
| MIDCAP | 14,890.58 | 15,084.86 | 1.30 |
| SMLCAP | 13,600.92 | 13,560.57 | -0.30 |
| BSE-100 | 12,012.72 | 12,142.80 | 1.08 |
| BSE-200 | 4,989.02 | 5,046.49 | 1.15 |
| BSE-500 | 15,409.93 | 15,567.67 | 1.02 |

# Equity Outlook

The slowdown in the economy has been continuing over the last five quarters and is hurting. The broader segments of housing, finance companies, auto and auto component sectors remain weak impacting the economy at large. The uncertainty over the corporate stress and labour markets are adding to the worries. Weakness in the rest of the world is not helping either; though monetary policies are in full swing to reverse it.

The NDA Govt, in its second term, continues its push to spur the infrastructure investment cycle, focus on rural incomes and spend to help broad-based growth and serve as a long-term driver of the consumption story. The stress in the banking system has seen significant & targeted addressing, though elongated in timelines, as expected; with recognition, provision of bad loans, resolution and subsequent capitalization. The NBFC sector is slowly emerging from high cost of funds and liquidity tightness thanks to efforts of Govt. & RBI. We expect continued action here in order to bring back confidence in the asset quality of the book. The government's initiative to set up an AIF to finance 1,600 stalled housing projects and expected measures to restructure real-estate developer loan books are announcements that could go a long way to bring about a structural pick-up in domestic growth.

The major policy reform from the Govt. in the form of the corporate tax rate cut and incentivisation of a low 15% rate for new manufacturing companies is a game changer to kick start the next big corporate capex cycle. We expect a fairly huge FDI acceleration as India positions itself as a major alternative to China. The recent Jewar airport (UP) award to Switzerland's Zurich International Airport stands indicative of many more such investments ahead. Upon completion, the Jewar airport is set to be India's biggest. Another big step is the privatisation and or strategic divestment program of the Govt., something that again is a bold step in the right direction, necessitated by the deteriorating fiscal condition.

The Govt. continues the path of sustainable growth through broader reforms & efficient administration. Monsoon progress has improved significantly and is not a worry any longer this year. We expect economic growth to steadily improve from here and accelerate in the next fiscal. Spurred by strong infra related spends, urban consumption, rising rural incomes and improved demand, with the bottom clearly behind us. Recent softness in commodity prices and enhanced political capital should provide adequate levers for the Government to deal with economic challenges without compromising on macro stability. We expect the RBI to provide enough domestic liquidity, soft rates, enable strong rate cut transmission and confidence in financial market stability. The recent results have been a bit of a mixed bag and still reflect the weakness in demand conditions. However, earnings growth boosted by better margins are helping. We expect the earnings trend to be better over the next 12 months.

Softer than historic inflation and better growth will gradually lead to a shift in the saving pattern of Indian households from physical to financial with a sharp bias towards equity. Mutual funds are well positioned to absorb this incremental shift. Corporate earnings are set to enter a double-digit growth trajectory driven by the domestic recovery. India continues to remain prudent in managing its fiscal while providing stimulus to sustain growth; a well-balanced act. In the medium term, with its twin deficits reasonably managed, lower base levels of inflation, improving long term corporate growth, India stands taller than the rest of its peer within the EM pack.

In the near term however, the markets continue to remain volatile while the broader markets have seen a bounce post the tax reforms and expectations of a festive demand recovery. As we highlighted, the growth scare, we feel is temporary and transient. Foreign equity outflows have picked up sharply while domestic liquidity continues to be comfortable. We would keep faith in the corporate earnings recovery and look ahead into forward valuations of FY21 and beyond which are reasonable. The noises on the trade wars, local growth scares and loan defaults could create some short-term volatility in markets. Investors should continue to get invested in a disciplined manner without trying to time the markets. Valuations look reasonable across broad markets and we continue to remain positive on our equity markets with a medium to long term outlook.

**S. Krishna Kumar**
Chief Investment Officer – Equity
Sundaram Asset Management Company Limited

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

# Fixed Income Outlook

The US-China trade deal continues to overshadow the global demand and growth outlook. The recent developments suggest that a partial deal before a full trade agreement can take place sometime soon. The US Federal Reserve Bank, in its October meeting, in line with the market expectation delivered the third rate cut of 25bps. The policy statement in forward guidance indicated towards a pause or "wait and see mode" for now. In addition, the Fed will continue to purchase $60bn Treasury bills every month till Q2 2020 to improve liquidity.

In Europe, the macro data out of Eurozone especially Germany continues to be weak with PMI manufacturing moving deeper into contraction zone and close to recession. The ECB will resume buying of eurozone government bonds at a rate of €20 billion per month. Further the uncertainty on Brexit continues to add on to the risk off sentiments. In domestic markets the growth data for October'19 remained weak with continued slowdown in consumption, capex and external demand. High frequency growth indicators like non-oil, non gold imports, capital goods imports and exports continued to contract.

The domestic PMI's remained in contraction mode in October. GST collections also continued to undershoot the budgeted number, collection for October was INR 0.95 tn. This raises the worries of fiscal slippage and additional borrowings by the Government. On the back of deteriorating growth and comfortable inflation data, Monetary Policy Committee (MPC), in its October policy decided to cut the repo rate by 25bps. The policy statement mentioned that the MPC is willing to keep policy stance accommodative as long as it is required to revive the growth, while ensuring the inflation remains within the target. Later in the minutes of the meeting it was evident that most of the committee members were concerned about deteriorating growth and transmission of rate cuts delivered so far.

We believe that the comfort that the MPC members have drawn so far from lower inflation is likely to be challenged in the coming months with recent inflation prints already hovering around RBI's target of 4%. MPC will have to weigh in whether the potential downside risks on growth outweighs the upside risks on inflation. We believe that growth risks will outweigh inflation at target and the MPC will deliver another 15-40bps of rate cuts in FY20. However, rising inflation expectations and risk of fiscal slippage will keep the rate cut possibilities under check. Hence, RBI will focus more on transmission of earlier rate cuts by liquidity and guidance.

Money Market rates have started to adjust to policy rates in expectation of a rate cut and on the back of easy liquidity in the system. The current term spreads are still on the higher side than what we have seen in the recent times. This is largely due to risk aversion among market participants and poor demand supply dynamics in bonds. Going ahead, we believe that higher system liquidity should result in steepening of the rate curve i.e. front end of the rate curve getting better aligned with repo rate compared to the long end rates.

Accordingly, we expect short term bonds to deliver better risk adjusted returns compared to long bonds. We recommend short duration funds like Money Market Fund, Banking and PSU Debt Fund, Short Term Debt Fund and Corporate Bond Fund as they offer better risk adjusted opportunities, while we recommend mid duration and systematic deployments in long duration funds for investors with 36 months and greater investment horizons.

**Sandeep Agarwal**
Senior Fund Manager - Debt
Sundaram Asset Management Company Limited

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

## A Note To Our Esteemed Readers

Wealthwise is being sent to some of you on a Complimentary basis as a part of our humble effort to ensure that more and more investors get the best from their investments. We sincerely hope that you would like the contents of Wealthwise and in some way benefit from it. However, if you do not wish to receive "Wealthwise" on a regular basis, please let us know by sending us a mail on information@wiseinvestadvisors.com. You can also write to us at our Corporate Office address mentioned on page 6.

# Performance Of Select Funds

**Data as on November 29, 2019**

## EQUITY FUNDS

### Large Cap, Large & Midcap, Multi Cap

| Fund | Launch | 6 Mth* | 1 Year* | 2 Year** | 3 Year** | 5 Year** | 7 Year** | 10 Year** | 15 Year** |
|---|---|---|---|---|---|---|---|---|---|
| ABSL Frontline Equity Fund | Aug-02 | 0.94 | 7.94 | 3.81 | 10.45 | 7.77 | 13.19 | 11.66 | 16.91 |
| ABSL Equity Fund | Aug-98 | 2.66 | 8.19 | 3.57 | 10.51 | 10.35 | 15.95 | 12.19 | 16.82 |
| Axis Bluechip Fund | Jan-10 | 6.14 | 17.72 | 13.65 | 18.84 | 9.91 | 14.95 | — | — |
| Axis Focused 25 Fund | Jun-12 | 6.49 | 15.14 | 9.53 | 17.56 | 12.41 | 15.33 | — | — |
| Franklin India Equity Fund | Sep-94 | -0.93 | 4.72 | 1.05 | 8.24 | 7.38 | 13.15 | 12.31 | 16.74 |
| HDFC Equity Fund | Jan-95 | -3.41 | 9.10 | 2.92 | 11.41 | 6.73 | 13.09 | 11.61 | 17.44 |
| HDFC Top 100 Fund | Oct-96 | -2.76 | 9.66 | 5.02 | 11.86 | 7.10 | 12.43 | 11.03 | 17.10 |
| HSBC Large Cap Equity Fund | Dec-02 | 3.89 | 14.01 | 7.02 | 12.93 | 8.20 | 11.42 | 9.28 | 13.54 |
| ICICI Prudential Bluechip Fund | May-08 | 1.71 | 9.92 | 5.42 | 12.28 | 8.44 | 13.33 | 12.72 | — |
| IDFC Core Equity Fund - Regular Plan | Aug-05 | -0.13 | 4.46 | 0.50 | 9.93 | 8.28 | 10.77 | 9.15 | — |
| Kotak Bluechip Fund - Regular Plan | Dec-98 | 4.09 | 14.08 | 6.89 | 12.10 | 8.51 | 12.48 | 10.44 | 15.65 |
| Kotak Standard Multicap Fund Regular | Sep-09 | 1.18 | 12.80 | 6.69 | 13.57 | 10.93 | 16.45 | 13.61 | — |
| L&T Equity Fund | May-05 | -1.03 | 4.55 | 1.68 | 9.33 | 6.73 | 12.00 | 11.09 | — |
| Mirae Asset Large Cap Fund - Regular | Apr-08 | 3.22 | 12.24 | 7.42 | 15.10 | 11.47 | 16.74 | 14.82 | — |
| Mirae Asset Emerging Bluechip Fund | Jul-10 | 5.04 | 15.55 | 5.93 | 15.89 | 16.17 | 23.12 | — | — |
| Motilal Oswal Multicap 35 Fund | Apr-14 | -0.06 | 6.74 | 1.05 | 10.75 | 12.23 | — | — | — |
| Nippon India Large Cap Fund | Aug-07 | -2.81 | 7.76 | 4.53 | 13.15 | 8.35 | 13.89 | 12.16 | — |
| Nippon India Multi Cap Fund | Mar-05 | -4.33 | 4.43 | 1.32 | 11.06 | 5.58 | 12.29 | 13.74 | — |
| Invesco India Contra Fund | Apr-07 | 0.10 | 6.35 | 3.74 | 13.59 | 10.59 | 16.39 | 13.22 | — |
| SBI Bluechip Fund | Feb-06 | 1.29 | 11.32 | 4.66 | 10.71 | 9.24 | 14.17 | 11.77 | — |
| Principal Emerging Bluechip Fund | Nov-08 | 1.34 | 6.27 | -1.19 | 10.81 | 11.03 | 18.36 | 14.91 | — |

### Midcap & Smallcap

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Axis Midcap Fund | Feb-11 | 7.74 | 14.98 | 9.32 | 16.99 | 10.55 | 17.15 | — | — |
| DSP Midcap Fund - Regular Plan | Nov-06 | 2.92 | 9.63 | 0.24 | 9.74 | 10.66 | 16.30 | 15.25 | — |
| HDFC Mid-Cap Opportunities Fund | Jun-07 | -3.40 | 2.61 | -3.64 | 6.90 | 8.80 | 16.72 | 16.49 | — |
| Kotak Emerging Equity Fund Regular | Mar-07 | 2.45 | 11.28 | -0.42 | 9.82 | 11.24 | 17.16 | 14.68 | — |
| Franklin India Smaller Companies Fund | Jan-06 | -9.52 | -3.06 | -10.26 | 3.03 | 7.05 | 17.11 | 15.08 | — |
| HSBC Small Cap Equity Fund | May-05 | -12.93 | -9.16 | -15.65 | 1.31 | 4.45 | 11.74 | 7.72 | — |
| L&T India Value Fund | Jan-10 | -2.64 | 3.73 | -2.10 | 7.97 | 9.86 | 17.06 | — | — |
| SBI Magnum Global Fund | Sep-94 | 5.76 | 8.76 | -0.17 | 8.66 | 8.33 | 15.25 | 14.60 | 18.48 |

### Sectoral / Thematic Fund & Tax Saving

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ICICI Prudential Banking and Financial | Aug-08 | 0.94 | 18.85 | 7.37 | 16.71 | 14.01 | 17.97 | 16.83 | — |
| Nippon India Banking Fund | May-03 | -1.52 | 15.28 | 6.21 | 15.58 | 11.00 | 14.37 | 14.50 | 19.75 |
| Nippon India Pharma Fund | Jun-04 | 5.38 | -0.66 | 5.44 | 1.76 | 3.93 | 12.04 | 14.49 | 18.42 |
| Canara Robeco Consumer Trends | Sep-09 | 6.58 | 13.20 | 8.72 | 16.40 | 11.70 | 14.99 | 15.02 | — |
| SBI Consumption Opportunities Fund | Jul-99 | 3.63 | 3.97 | 1.40 | 14.94 | 10.92 | 12.94 | 19.29 | 18.05 |
| Tata India Consumer Fund - Regular | Dec-15 | 5.36 | -0.34 | 1.07 | 18.89 | — | — | — | — |
| Axis Long Term Equity Fund | Dec-09 | 5.45 | 14.26 | 9.97 | 15.83 | 11.38 | 18.56 | — | — |
| HDFC Taxsaver Fund | Mar-96 | -3.26 | 5.48 | -2.19 | 7.75 | 4.86 | 11.84 | 10.56 | 16.00 |
| HSBC Tax Saver Equity Fund | Jan-07 | 1.27 | 9.26 | -0.22 | 10.56 | 7.73 | 12.72 | 11.22 | — |
| IDFC Tax Advantage (ELSS) Fund | Dec-08 | -4.28 | 2.76 | -1.88 | 11.44 | 8.94 | 14.05 | 12.78 | — |
| Mirae Asset Tax Saver Fund - Regular | Dec-15 | 4.97 | 14.07 | 7.42 | 17.22 | — | — | — | — |

## HYBRID

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ABSL Equity Hybrid '95 Fund | Feb-95 | 0.09 | 5.08 | 0.44 | 6.93 | 7.26 | 12.25 | 11.22 | 14.85 |
| Canara Robeco Equity Hybrid Fund | Feb-93 | 2.75 | 11.16 | 7.01 | 11.16 | 9.13 | 13.05 | 12.54 | 15.90 |
| HDFC Hybrid Equity Fund | Sep-00 | -0.20 | 7.92 | 3.24 | 9.21 | 8.72 | 14.15 | 13.93 | — |
| ICICI Prudential Balanced Advantage | Dec-06 | 4.71 | 11.43 | 6.95 | 9.91 | 9.00 | — | — | — |
| ICICI Prudential Equity & Debt Fund | Nov-99 | 1.38 | 9.75 | 4.11 | 9.53 | 9.17 | 14.24 | 13.52 | 14.57 |
| Invesco India Dynamic Equity Fund | Oct-07 | 2.76 | 8.99 | 3.05 | 10.59 | 7.53 | — | — | — |
| Kotak Equity Hybrid Fund - Regular | Nov-99 | 3.01 | 14.10 | 4.27 | 8.69 | 7.73 | 10.67 | 9.61 | 13.44 |
| L&T Hybrid Equity Fund | Feb-11 | 0.86 | 5.96 | 2.02 | 8.49 | 8.50 | 13.47 | — | — |
| Principal Hybrid Equity Fund | Jan-00 | -1.87 | 3.19 | 1.30 | 10.52 | 9.05 | 12.58 | 10.38 | 12.64 |
| Nippon India Equity Hybrid Fund | Jun-05 | 1.25 | 3.01 | 0.00 | 7.84 | 7.24 | 11.61 | 11.31 | — |
| SBI Equity Hybrid Fund | Dec-95 | 4.70 | 15.10 | 7.37 | 11.66 | 10.27 | 14.65 | 12.14 | 15.53 |
| HDFC Equity Savings Fund | Sep-04 | 0.30 | 6.24 | 3.85 | 7.32 | 7.55 | — | — | — |
| IDFC Equity Savings Fund - Regular | Jun-08 | 0.29 | 5.18 | 4.18 | 4.19 | 5.49 | — | — | — |
| Kotak Equity Savings Fund - Regular | Oct-14 | 3.46 | 8.01 | 6.41 | 8.44 | 7.59 | — | — | — |
| Nippon India Equity Savings Fund | May-15 | -7.65 | -6.02 | -3.03 | 2.92 | — | — | — | — |

## ARBITRAGE FUNDS

| Funds | Launch | 3 Mth* | 6 Mth* | 1 Year* | 2 year** | 3 Year** | 5 Year** |
|---|---|---|---|---|---|---|---|
| ICICI Prudential Equity Arbitrage Fund | Dec-06 | 1.24 | 2.69 | 5.95 | 6.17 | 5.99 | 6.48 |
| Invesco India Arbitrage Fund | Apr-07 | 1.36 | 2.88 | 5.91 | 6.05 | 5.90 | 6.40 |
| Kotak Equity Arbitrage Fund Regular | Sep-05 | 1.31 | 2.79 | 6.12 | 6.32 | 6.16 | 6.57 |

## DEBT

### Debt Oriented & Ultra Short Term Debt Fund

| Funds | Launch | 1 Mth* | 3 Mth* | 6 Mth* | 1 Year* | 2 Year** | 3 Year** | 5 Year** |
|---|---|---|---|---|---|---|---|---|
| Aditya Birla Sun Life Short Term Fund | May-03 | 0.73 | 2.26 | 4.87 | 9.85 | 7.58 | 6.66 | 8.24 |
| Aditya Birla Sun Life Medium Term Plan | Mar-09 | -5.83 | -7.06 | -5.05 | -3.80 | 0.33 | 2.36 | 5.71 |
| HDFC Credit Risk Debt Fund - Regular | Mar-14 | 1.14 | 2.85 | 4.93 | 9.50 | 6.88 | 6.62 | 8.27 |
| Kotak Credit Risk Fund Regular Plan | May-10 | 0.92 | 2.83 | 5.03 | 9.59 | 7.48 | 7.00 | 8.33 |
| Invesco India Short Term Fund | Mar-07 | 0.61 | 2.20 | 4.93 | 10.10 | 7.26 | 6.30 | 7.39 |
| Nippon India Credit Risk Fund | Jun-05 | -0.57 | 0.59 | 0.73 | 2.34 | 3.72 | 4.75 | 6.74 |
| SBI Magnum Income Fund | Nov-98 | 0.90 | 2.38 | 5.55 | 11.31 | 7.21 | 6.56 | 8.36 |
| L&T Credit Risk Fund | Oct-09 | 0.70 | -0.72 | -0.83 | 2.72 | 3.75 | 4.78 | 6.91 |
| Kotak Savings Fund Regular Plan | Aug-04 | 0.52 | 1.75 | 3.82 | 8.23 | 7.61 | 7.31 | 7.79 |
| L&T Ultra Short Term Fund | Apr-03 | 0.45 | 1.64 | 3.70 | 8.02 | 7.46 | 7.20 | 7.77 |
| Kotak Banking and PSU Debt Fund | Dec-98 | 0.94 | 2.61 | 5.76 | 11.80 | 8.68 | 7.70 | 8.55 |

*Absolute ** Annualised. Past performance may or may not be sustained in future.

### Dividends declared by equity and equity-oriented funds during the month of November 2019

| Scheme name | Date | Dividend declared in ₹ Per unit |
|---|---|---|
| ICICI Prudential Equity & Debt Fund - Dividend - Monthly | 1/11/2019 | 0.20 |
| Tata Hybrid Equity Fund - Regular Plan - Dividend - Monthly | 4/11/2019 | 0.35 |
| Taurus Starshare (Multi Cap) Fund - Dividend | 5/11/2019 | 0.50 |
| Nippon India Large Cap Fund - Dividend | 5/11/2019 | 0.09 |
| LIC MF Equity Hybrid Fund - Plan A - Dividend | 6/11/2019 | 0.10 |
| DSP Tax Saver Fund - Regular Plan - Dividend | 8/11/2019 | 0.40 |
| JM Equity Hybrid Fund - Dividend - Annual | 11/11/2019 | 2.30 |
| ICICI Prudential MidCap Fund - Dividend | 13/11/2019 | 1.99 |
| Nippon India Tax Saver Fund - Dividend | 13/11/2019 | 0.18 |
| Nippon India Equity Hybrid Fund - Dividend - Monthly | 18/11/2019 | 0.06 |
| Invesco India PSU Equity Fund - Dividend | 18/11/2019 | 1.35 |
| PGIM India Hybrid Equity Fund - Dividend - Monthly | 18/11/2019 | 0.12 |
| Axis Small Cap Fund - Dividend | 21/11/2019 | 1.99 |
| L&T Large and Midcap Fund - Dividend | 22/11/2019 | 0.15 |
| UTI Hybrid Equity Fund - Dividend | 25/11/2019 | 0.15 |
| L&T Tax Advantage Fund - Dividend | 26/11/2019 | 0.66 |
| Kotak Equity Opportunities Fund - Dividend | 27/11/2019 | 0.45 |
| JM Large Cap Fund - Dividend | 27/11/2019 | 4.25 |
| DSP Equity & Bond Fund - Regular Plan - Dividend | 28/11/2019 | 0.21 |
| LIC MF Equity Hybrid Fund - Plan A - Dividend | 28/11/2019 | 0.10 |
| LIC MF Large Cap Fund - Dividend | 28/11/2019 | 0.20 |
| Sundaram Mid Cap Fund - Dividend | 28/11/2019 | 0.16 |
| Aditya Birla Sun Life Tax Relief 96 - Regular Plan - Dividend | 29/11/2019 | 9.39 |
| Aditya Birla Sun Life Tax Plan - Regular Plan - Dividend | 29/11/2019 | 4.70 |
| Aditya Birla Sun Life Equity Fund - Regular Plan - Dividend | 29/11/2019 | 6.32 |
| Canara Robeco Equity Hybrid Fund - Regular Plan - Dividend - Monthly | 29/11/2019 | 0.60 |
| Canara Robeco Equity Tax Saver - Regular Plan - Dividend | 29/11/2019 | 0.97 |
| Canara Robeco Emerging Equities - Regular Plan - Dividend | 29/11/2019 | 2.39 |
| Canara Robeco Bluechip Equity Fund - Regular Plan - Dividend | 29/11/2019 | 1.24 |

Please check whether you have received dividend for the fund/s that you may have in your portfolio out of this list. In case, you do not maintain any portfolio statement, Wiseinvest Advisors can do that for you free of charge. Once we have the details, we would send your updated statement every month. You can contact our corporate office or our branch to avail of this free service.

# Large And Midcap Funds: An Emerging Category

Large and midcap funds provide an advantage in terms of striking a balance between the strength and weakness of both the market cap segments especially from the sectoral allocation perspective. One would like to be in the large cap space where there is a scale advantage. Being present in the niche is important and certainly an advantage and that would be taken care by Mid cap companies. The discipline of Large & Midcap fund is to ensure that at all points of time, the invested money is in the segments which are really benefitting out of the economic activity.

## The flexibility in large cap-midcap allocations

As per the SEBI regulation, the fund needs to be at least 35% in the large cap space and 35% in the mid cap segment. With a minimum of 35% each in large caps and midcaps, there is enough and more flexibility for the portfolio manager to allocate the balance across all market caps. It gives them excellent way of representation in both large and mid caps as well as sufficient flexibility also.

## Why Combination of Large and Midcap Category?

**Large Caps : Consistency is the key**

- Features of Large Cap:
  - Lower Volatility
  - Stable Earnings Growth
  - Well Researched
  - Well-owned
  - Reasonable Valuations

**Mid Caps : Long Term Growth**

- Feature of Mid Cap:
  - Above average performance
  - Earnings acceleration
  - Under-researched
  - Under-owned
  - Diversity and alpha

## Midcaps progress in size before nifty inclusion

- Large caps of tomorrow
  - Historically, Nifty constituents change by 50% every decade
  - Midcaps of today may graduate to become large caps of tomorrow, thereby replacing the current nifty constituents

- Over last few years, Indusind bank, UltraTech Cement, Asian Paints and Eicher Motors are some of the Mid cap stocks that have entered into Nifty

- But 5 years prior to their inclusion, they were Mid Caps, much smaller in size and much less discussed.

## Summary

Large and Midcap Equity Fund Category (LMEFC) endeavors to strike a balance between the strength and weakness of both the market cap. The key factors for investors to invest in this fund are:

1. Power of consistency and stability: LMEFC offers relatively lower volatility and performance consistency with optimal allocation to Large Caps
2. Power meets great potential: Power of consistent Large Caps and potential of growing Mid Caps can be a winning combination.
3. Potential of high growth: Optimal exposure to Mid Caps offers potential of accelerated growth and increases the possibility of alpha generation
4. Benefit from discipline: Mandate of minimum 35% allocation each in Large Caps and Mid Caps helps generate better risk adjusted returns.

**Amaresh Mishra**
Vice President and Fund Manager
HSBC Asset Management (India) Pvt. Ltd.

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

# Power of SIP

It is a well known fact that regular investment through SIP in equity funds can produce amazing results. Of course, the key is to continue this process uninterruptedly for the defined time horizon. The table below highlights, how an investment of ₹ 10000 per month in different funds has grown over 5 & 10 Years. Data as on November 30, 2019. SIP - 10th of every Month.

| | | | 5 Years | | | 10 Years | | |
|---|---|---|---|---|---|---|---|---|
| Scheme Name | Date of Launch | Investment Amount Per Month (₹) | Total Investment (₹ in lacs) | Current Value (₹ in Lacs) | Return % (XIRR) | Total Investment (₹ in lacs) | Current Value (₹ in Lacs) | Return % (XIRR) |
| Axis Long Term Equity Fund | Dec-09 | 10000 | 6 | 8.18 | 12.49 | 12 | - | - |
| HDFC Taxsaver Fund | Mar-96 | 10000 | 6 | 7.00 | 6.18 | 12 | 20.24 | 10.14 |
| HSBC Tax Saver Equity Fund | Jan-07 | 10000 | 6 | 7.30 | 7.88 | 12 | 22.14 | 11.84 |
| IDFC Tax Advantage (ELSS) Fund - Regular Plan | Dec-08 | 10000 | 6 | 7.22 | 7.46 | 12 | 23.12 | 12.66 |
| Aditya Birla Sun Life Equity Fund | Aug-98 | 10000 | 6 | 7.72 | 10.16 | 12 | 24.77 | 13.95 |
| Aditya Birla Sun Life Frontline Equity Fund | Aug-02 | 10000 | 6 | 7.40 | 8.43 | 12 | 22.39 | 12.05 |
| Axis Bluechip Fund | Jan-10 | 10000 | 6 | 8.50 | 14.09 | 12 | - | - |
| Axis Focused 25 Fund | Jun-12 | 10000 | 6 | 8.51 | 14.13 | 12 | - | - |
| Franklin India Equity Fund | Sep-94 | 10000 | 6 | 7.03 | 6.37 | 12 | 22.23 | 11.91 |
| ICICI Prudential Bluechip Fund | May-08 | 10000 | 6 | 7.72 | 10.15 | 12 | 23.00 | 12.56 |
| Invesco India Contra Fund | Apr-07 | 10000 | 6 | 7.84 | 10.78 | 12 | 25.61 | 14.57 |
| Kotak Standard Multicap Fund Regular Plan | Sep-09 | 10000 | 6 | 8.03 | 11.73 | 12 | 26.14 | 14.95 |
| L&T Equity Fund | May-05 | 10000 | 6 | 7.12 | 6.86 | 12 | 20.90 | 10.75 |
| Mirae Asset Emerging Bluechip Fund - Regular Plan | Jul-10 | 10000 | 6 | 8.71 | 15.08 | 12 | - | - |

**Past Performance may or may not be sustained in future.**
As with any investments in securities, the NAV of units can go up or down depending on the factors and forces affecting capital markets.

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# Hybrid Funds: A Perfect Way To Balance Risk And Reward

Mutual funds are gradually emerging as an ideal investment vehicle to practice asset allocation for investors with varied risk and time horizon. Investors looking to invest in a combination of both debt and equity and/or generate regular income can choose the appropriate ones from wide varieties of hybrid funds. These funds allow investors to retain control on how much money should be invested into each of the asset classes during their defined time horizon so as to suit their risk profile and investment objectives.

However, choosing the right combination of hybrid funds can be a little tricky as there are six types of funds with a different asset mix. Here is a brief description of each category and what do they offer:

**Conservative hybrid funds:** These funds invest around 75-90 percent in debt instruments and the rest in equity. These funds can be a good option for investors looking to earn slightly higher returns than pure debt funds without taking too much additional risk. The minimum time horizon for investing in these funds should be 3 years. These are considered as debt funds for tax purposes- any capital gains on units redeemed within 3 years is considered as short-term capital gain and is taxed at one's nominal tax rate. Any capital gain on units redeemed after 3 years is considered as long-term capital gain and taxed at 20 percent after indexation. For investors opting to get regular income, dividend is tax-free in their hand. However, the fund pays a dividend distribution tax (DDT) of 29.12 percent(including surcharge and cess).

**Balanced hybrid funds:** There are two sub-categories here. First, there are funds that invest 40-60 percent in debt securities and the rest in equities. These funds have the potential to provide higher returns than conservative hybrid funds, albeit with higher volatility.

Then, there are aggressive hybrid funds that invest 65-80 percent in equities and the rest in debt instruments. The ideal time horizon for investing in these funds would be 3-5 years and more. For tax purposes, these are considered as equity funds- capital gain on units redeemed within one year is taxed at 15 % and beyond one year is considered as long-term capital gains and taxed@ 10 percent. The DDT for equity-oriented funds is 10 percent (plus surcharge and cess).

**Dynamic Asset allocation/Balanced advantage funds:** Dynamic asset allocation funds manage allocation to different asset classes dynamically. Balanced advantage funds are those that usually invest in a combination of equity, arbitrage and debt in a manner that equity and arbitrage allocation is 65 percent or more. These are ideal for investors who have a minimum time horizon of 3 years and are alright with higher risk as compared to balanced hybrid funds to earn higher pre and post-tax returns.

**Multi asset allocation funds:** These funds invest in at least three asset classes with a minimum allocation of atleast 10 percent each in all three asset classes. These are ideal for those who may want some exposure to gold in addition to equity and debt. Most of these funds invest more than 65 percent in equities and hence are treated as equity funds for taxation. Ideally, the time horizon should be the same as in the case of aggressive hybrid funds.

**Arbitrage funds:** An arbitrage fund seeks to generate income through arbitrage opportunities emerging out of mis-pricing between the cash market and the derivates market. In other words, arbitrage funds capture the "interest" element in the equity market and offer an opportunity for investors to earn healthy returns, without taking an equity market exposure. These funds invest in stocks and their futures simultaneously and hence eliminate the risk of volatility normally associated with equity funds. Besides, arbitrage funds score over income funds in terms of tax efficiency as tax benefits of equity funds are applicable to these funds.

**Equity savings funds:** Equity savings funds usually invest around 20-25 percent in equities, 40-45 percent in arbitrage and the rest in debt instruments. These funds can be a better option than conservative hybrid, both in terms of pre and post-tax returns. The ideal time horizon for investing in these funds would be 3 years and more.

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