Prabhudas Lilladher

POWERING YOUR FINANCIAL GROWTH

2017 - 18 ASIA's MOST ADMIRED BRAND ASIA's CHOICE

MF EQUITY & DEBT: THE WAY FORWARD

FEBRUARY 2019

PREFACE

Greetings from Prabhudas Lilladher!

The Indian equity markets were flat in January 2019 with the S&P BSE Sensex up by 0.5%, and the Nifty 50 down by -0.3%. The performance of the broader market was not very encouraging either, as the BSE Midcap & the BSE 200 both underperformed the Sensex with a performance of -5.7% and -1.4% respectively.

Q3FY19 earnings season has been encouraging with corporate India delivery healthy double digit EBIDTA growth. Micro story for India, in terms of better corporate earnings growth going forward remains positive, making us optimistic on the long term potential for returns from the Indian Equity as an asset class.

Investment indicators such as capital goods import, private projects under implementation, steel demand and diesel consumption showed a positive trend, indicating improvement in investments.

Headwinds stem from political uncertainty in run upto 2019 elections, rising rural distress given low agri prices, monsoon turnout, GST shortfall, and delay in much awaited capex cycle. Thus, we maintain a cautious view on the market for the next 5-6 months.

In our report, ***MF Equity & Debt – The Way Forward*** we summarize how fund managers are reacting to the market. We consolidate and share their views and investment strategies on how to deal with the current market.

Based the fund manager's outlook and suggestions, we have designed three model portfolios with a tactical allocation strategy for Aggressive, Moderate and Conservative investors respectively. The portfolios are expected to ride out the market volatility over the medium to long term.

You may view the performance of our model portfolios on **page 20**.

We welcome your feedback and any queries regarding your investments in mutual funds on WMS@plindia.com

Warm Regards,

The Mutual Fund Desk

Prabhudas Lilladher Pvt Ltd

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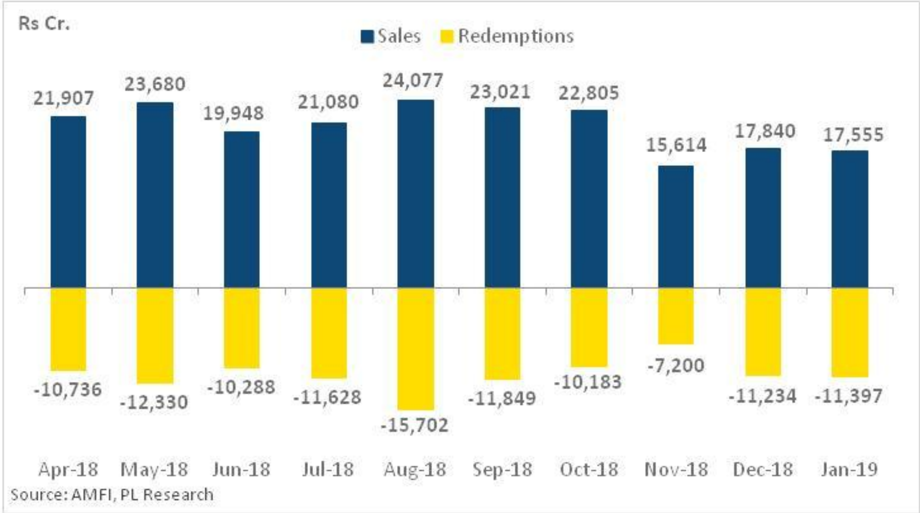
INDUSTRY TRENDS

SALES AND REDEMPTIONS OF EQUITY MUTUAL FUND (INCLUDING ELSS)

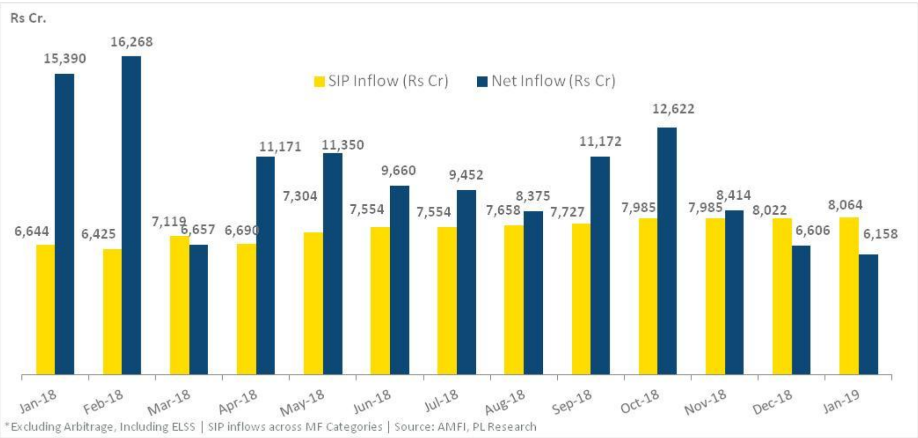
Total AUM: Rs 7,73,774 crore



Gross sales steadied at around Rs 17,500 cr, versus Rs 17,840 cr. in December 2018. Redemptions remained unabated at Rs 11,397 cr in January 2019. As a result, equity mutual funds faced a net inflow of Rs 6,158 cr..

NET INFLOWS IN EQUITY MUTUAL FUNDS (INCLUDING ELSS)

Total AUM: Rs 7,73,774 crore



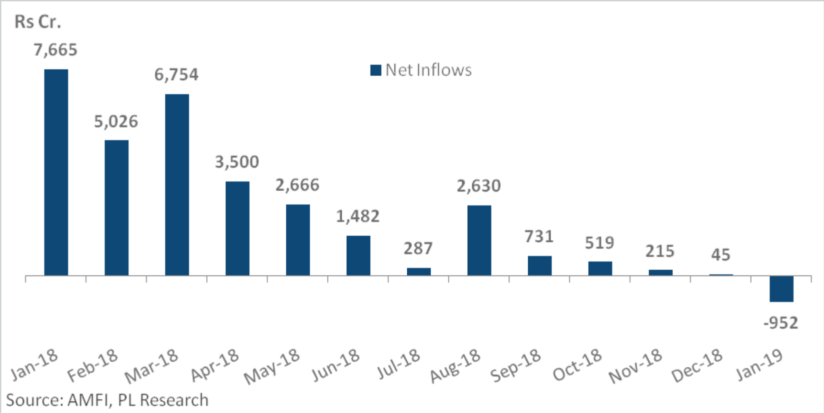
(Source: AMFI, PL Research)

Net inflows into equity mutual funds eased further to Rs 6,158 cr. in Jan-19 from Rs 6,606 cr. in Dec-18.

However, inflows through SIPs remained strong at around Rs 8.064 cr. in Jan-19

NET INFLOWS IN BALANCED FUNDS

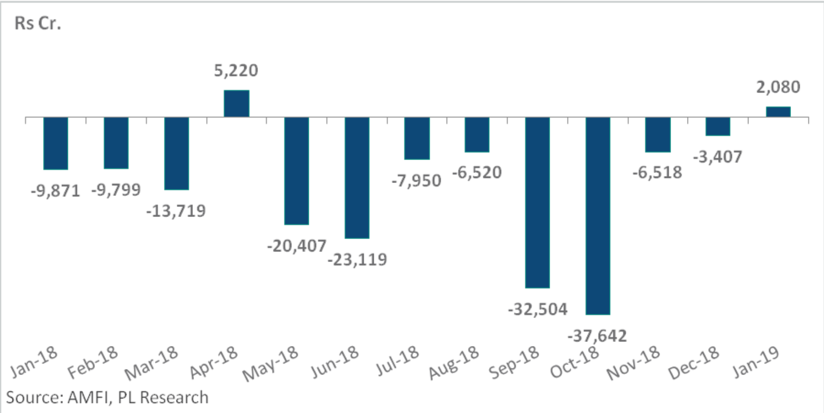
Total AUM: Rs 1,75,608 crore



The interest in Balanced Funds continues to be dismal. For the first time in 5 years, balanced funds faced an outflow of Rs 952 cr. in Jan-19

NET INFLOWS IN INCOME FUNDS

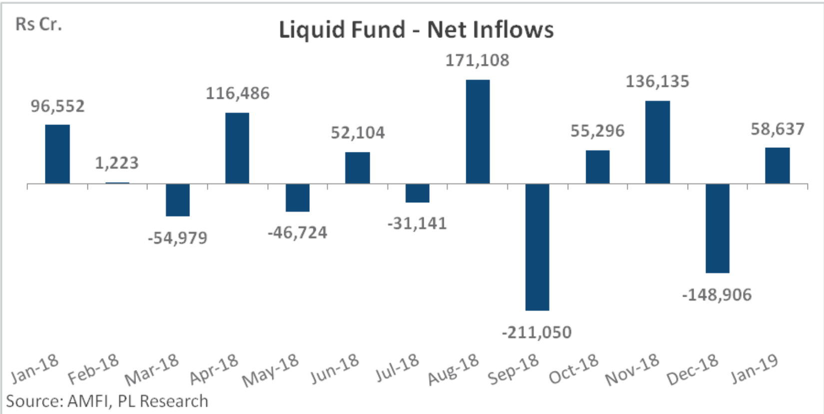
Total AUM: Rs 6,97,494 crore



Income funds reported a net inflow for the first time in 9 months. Net Inflows tallied at Rs 2,080 cr for Jan-19

NET INFLOWS IN LIQUID FUNDS

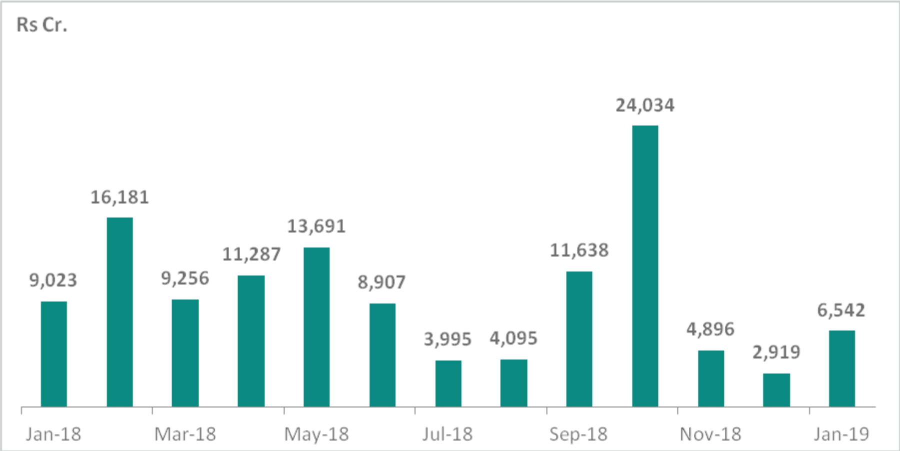
Total AUM: Rs 5,09,156 crore



Liquid and Money Market Funds reported a net inflow of Rs 0.59 lakh cr. in Jan-19 as compared to a outflow of Rs 1.19 lakh cr. in Dec-18.

INDUSTRY TRENDS (CONT.)

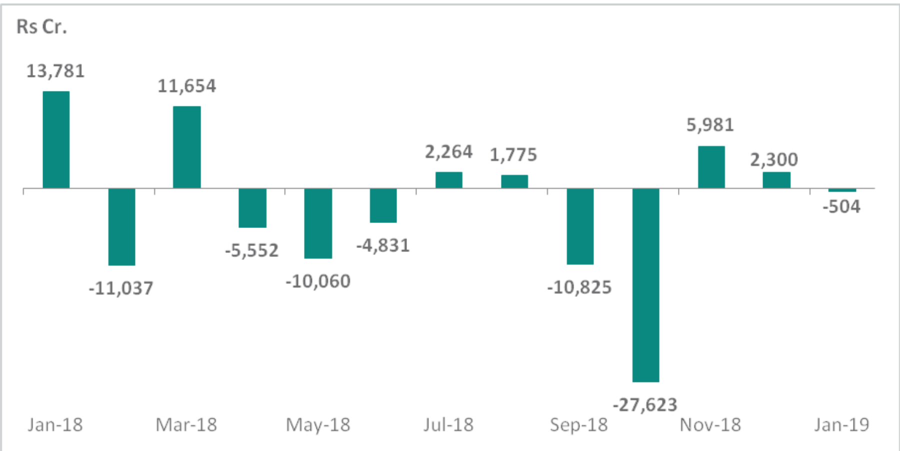
MUTUAL FUND INVESTMENT IN EQUITY



Mutual fund investments in equity picked up in Jan-19 to Rs Rs 6,542 crore, as compared to Rs 2,919 cr in Dec-18.

(Source: SEBI, PL Research) The data is compiled on the basis of reports submitted to SEBI by custodians (NSDL & CDSL) and it constitutes trades conducted by FIIs & Mutual Funds

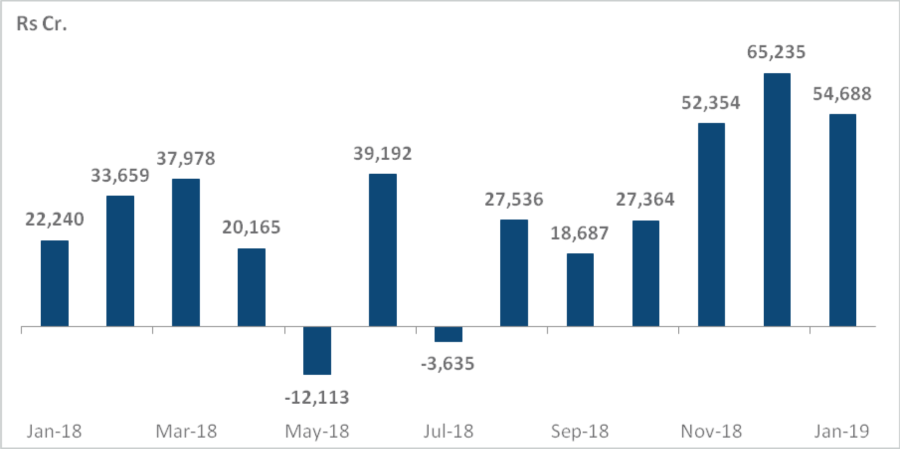
FII INVESTMENT IN EQUITY



Foreign portfolio investors turned net sellers in Jan-19, selling Rs 504 cr worth of stocks. In Dec-2018, FIIs were net buyers of Rs 2,300 cr. Over the past 12 months, FIIs have sold Rs 46,458 cr. of Indian equities.

(Source: SEBI, PL Research) The data is compiled on the basis of reports submitted to SEBI by custodians (NSDL & CDSL) and it constitutes trades conducted by FIIs & Mutual Funds

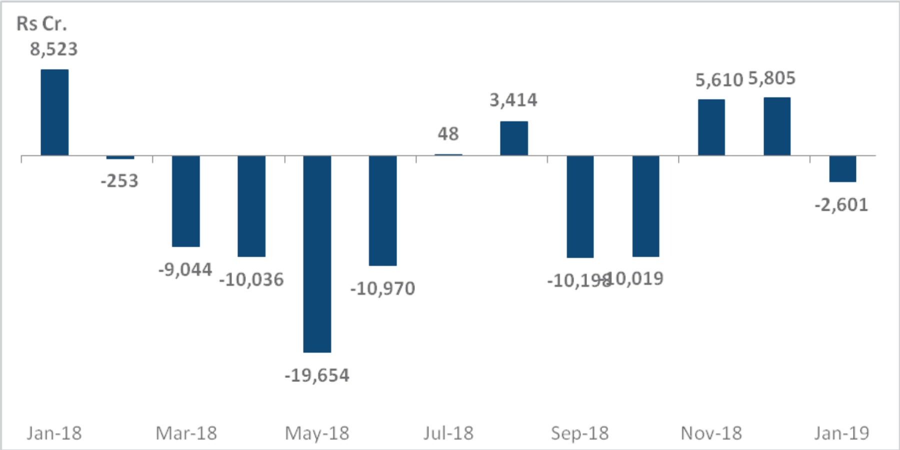
MUTUAL FUND INVESTMENT IN DEBT



Mutual Fund investments in debt remained strong, registering a net inflow of Rs 54,688 cr. in Jan-19 against an inflow of Rs 65,235 cr. in Jan-19.

(Source: SEBI, PL Research) The data is compiled on the basis of reports submitted to SEBI by custodians (NSDL & CDSL) and it constitutes trades conducted by FIIs & Mutual Funds

FII INVESTMENT IN DEBT



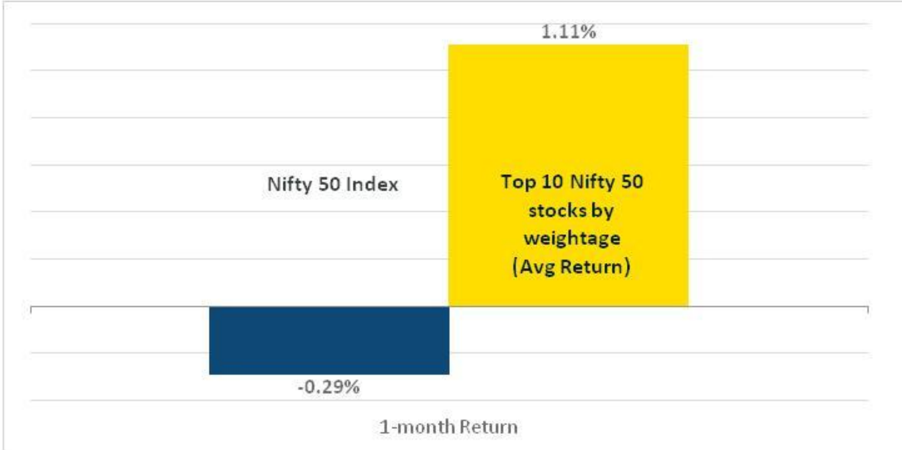
FIIs turned net sellers of Indian Debt, selling Rs 2,601 cr in Jan-2019. After two consecutive months of inflows in Nov-18 and Dec-18, FIIs reported a net inflow. Net outflows over the past 12 months totaled Rs 57,899 cr.

(Source: SEBI, PL Research) The data is compiled on the basis of reports submitted to SEBI by custodians (NSDL & CDSL) and it constitutes trades conducted by FIIs & Mutual Funds

INDUSTRY TRENDS (CONT.)

NIFTY 50 INDEX PERFORMANCE AND CONTRIBUTORS

1-MONTH PERFORMANCE OF THE INDEX AS ON JANUARY 31, 2019



In Jan-2018, the Nifty 50 index closed with a marginal loss of 0.29%. The top 10 stocks by weightage gained as much as 1.11%.

Data as on January 31, 2019 (Source: ACE Equity, PL Research)

GAINERS AND LOSERS ON THE NIFTY 50 IN JANUARY 2019

Parameter	No. of Nifty 50 stocks	Average Return
Gainers	15	7.10%
Losers	35	-7.30%

Just 15 stocks of the 50 index constituents closed with a gain, while as many as 35 stocks closed in the red

TOP 5 GAINERS

Company Name	1-Month Return
Axis Bank Ltd.	16.58%
Infosys Ltd.	13.75%
Bharti Infratel Ltd.	12.84%
Wipro Ltd.	11.59%
Reliance Industries Ltd.	9.44%

TOP 5 LOSERS

Company Name	1-Month Return
Indiabulls Housing Finance Ltd.	-22.15%
Zee Entertainment Enterprises	-20.20%
Eicher Motors Ltd.	-17.93%
Hero MotoCorp Ltd.	-15.79%
Mahindra & Mahindra Ltd.	-15.40%

TOP 5 INDEX CONTRIBUTORS

Company Name	Apprx. Wtg. on Index (Dec 31, 2018)	1-Month Return	Contribution to Index
Reliance Industries Ltd.	7.90%	9.44%	81.08
Infosys Ltd.	4.95%	13.75%	73.88
Axis Bank Ltd.	2.26%	16.58%	40.62
Tata Consultancy Services Ltd.	4.31%	6.39%	29.93
Bharti Infratel Ltd.	0.97%	12.84%	13.51
Total	**20.38%**		**239.02**

Data as on January 31, 2019 (Source: ACE Equity, PL Research)

INDUSTRY TRENDS (CONT.)

EXTENT OF FALL– PAST 1 YEAR

Percentage fall in stock prices as on January 31, 2019, from their high price between January 31, 2018 and January 31, 2019

Small-caps and Mid-caps stocks have corrected the most from their peaks

EXTENT OF FALL FOR STOCKS IN S&P BSE 500

Percentage of Fall From 52w High	Large Cap	Mid Cap	Small Cap	Total
0%-10%	34	31	10	**75**
10%-20%	17	31	21	**69**
20%-30%	18	37	41	**96**
30%-40%	21	28	65	**114**
40%-50%	4	10	62	**76**
>50%	6	13	51	**70**
Total	**100**	**150**	**250**	**500**

EXTENT OF FALL FOR STOCKS IN MUTUAL FUNDS

Percentage of Fall From 52w High	Large Cap	Mid Cap	Small Cap	Total
0%-10%	34	31	22	**87**
10%-20%	17	31	46	**94**
20%-30%	18	37	91	**146**
30%-40%	21	28	144	**193**
40%-50%	4	10	137	**151**
>50%	6	13	113	**132**
Total	**100**	**150**	**553**	**803**

Note:
Market capitalisation as per AMFI, where:

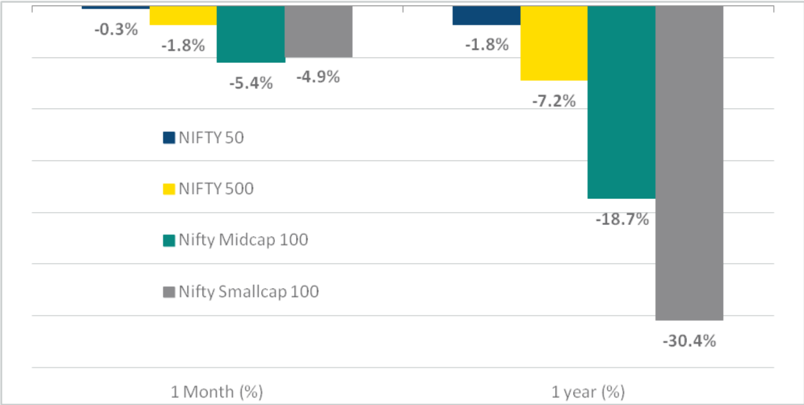
Large-cap: 1st-100th company in terms of full market capitalisation

Mid-cap: 101st-250th company

Small-cap: 250th company and below

EQUITY MARKET OUTLOOK

The market remained volatile and flat in January 2019. The Nifty 50 fell marginally over the month. The broader Nifty 500 index moved higher by about 0.7%. The Nifty Midcap 100, gained 2.1%, while the Nifty Smallcap 100 moved up by 3.7%



(Source: ACE MF, PL research)*Data as on January 31, 2019

Indian markets remained mixed over January 2019. While IT stock, consumer durables and banks gained, auto stocks, capital goods and metals were among the biggest decliners. Volatility emerged budget and election-related volatility as well as global factors.

While the long-term positives remain intact, the following factors will affect the market going ahead:

EASING MONETARY POLICY

Monetary easing by the RBI will give a further boost to consumption demand in the country ahead of Lok Sabha polls. With lower rates, borrowing and liquidity conditions are likely to improve. Sectors like banking, discretionary consumption, heavily indebted sectors like steel, power, real estate and infra are likely to be key beneficiaries of the rate cut.

GOVERNMENT SPENDING

India’s consumption has been relatively weak in recent quarters, amid fragile growth in disposable income. The government’s core revenue expenditure plays an important role in determining rural buoyancy. In the interim budget, the government announced a massive increase in spending for rural areas and projected the country to become a $5 trillion economy in the next five years. The government will allocate 600 billion rupees a year for farmer income. The government also said it would spend 190 billion rupees for the construction of rural roads.

GEOPOLITICAL EVENTS

From the beginning of 2019, India has witnessed a huge positive change, with crude oil prices receding and rupee appreciating. Global growth is witnessing some disruptions and the US Fed’s rate policy and global bond yields will be closely watched. Turbulence for global markets may emerge due to Brexit, and from Italy, Turkey and the Middle East.

POLITICAL UNCERTAINTY

With the State Elections out of the way, all eyes are now on the General Elections and the steps to current government is likely to take in order to win back voters. The outcome of the State Assembly Elections did not spook the markets early in December. The Modi-led BJP government remains the favorite for the general elections. Yet, there is a possibility of a disruption, which the markets have not ruled out.

FUND HOUSE VIEWS ON THE EQUITY MARKET

AFTER INTERACTING WITH MULTIPLE FUND HOUSES, WE HAVE CONSOLIDATED AND SUMMARISED THEIR VIEW ON THE EQUITY MARKET AS BELOW:

INTERIM BUDGET – A FEW GOOD SURPRISES

The FMCG and retail industry has given a thumbs-up to the budget as it will bring in more money in the hands of the consumers and have terms the budget as a consumption-oriented budget. With an increase in rural demand, agricultural inputs such as fertilisers, pesticides and farm equipment are likely to get the boost. The growth in fast moving consumer goods (FMCG) and auto sectors will get a boost from the revival of rural demand and new product launches

MID-CAP AND SMALL-CAP STOCKS BEGINNING TO LOOK ATTRACTIVE

The mid-cap and small-cap indices have corrected significantly over the past year and are beginning to show some green shoots. Though the Nifty 50 has remained flat over 1-year, the Nifty Midcap and Nifty Smallcap are down 18% and 30% each. On looking at past data, a divergent performance has often led to a sharp recovery in Midcap and Smallcap stocks in the following months. At the current levels, the mid and small-cap indices seem well-poised for another such recovery.

ELECTION YEARS ARE OFTEN VERY VOLATILE

Election years often tend to be extremely volatile for the market. This has especially been the case for the market in the last three general elections. Given the surprise election results in the State Assembly Elections, the general elections will be a close fight. A hung parliament may send the market in a tizzy, while a majority government with either party should be a positive for the market.

SENSEX VALUATIONS ABOVE FAIR VALUE

The Indian markets are higher than most peers in terms of valuations. The forward price-to-earnings (P/E) of the S&P BSE Sensex is just short of Japan’s Nikkei 225, but higher than the benchmark indices of Hong Kong, China, Brazil and other developed market indices. Valuations had cooled-off in the month earlier, but are on the rise once again. In such markets, when there are several risks at play, it is best to approach the market with caution and shift from a large-cap bias to a multi-cap bias

PRESSURE ON GOVT’S FISCAL SITUATION GOING FORWARD

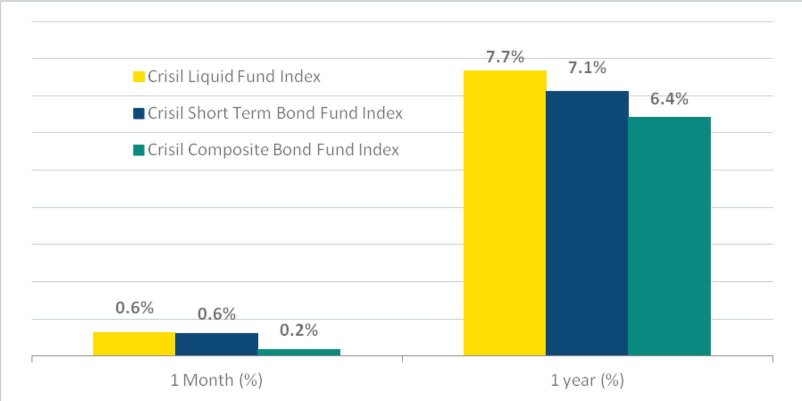
Over the past few months, private vehicle sales have slowed. This has added on to the already weak rural wage growth. Auto volumes have moderated, with the near-term demand trajectory also appearing slightly uncertain due to the rising cost of ownership. However, steel consumption growth has held up well. Domestic demand indicators remain under pressure because of an unfavorable base effect from GST and delayed festive season this year. Though demand indicators are mixed, investment indicators and nascent recovery in private CAPEX continue to bode well for the broader recovery in the economy

FII FLOWS KEY TO NIFTY RETURNS IN 2019

DII inflows at Rs45.6bn in 2019 YTD are down 44% than Rs81.8bn in 2018. Equity FII inflows have started on a positive note at Rs21bn as against an outflow of Rs342bn in 2018, highest outflow since 2008 (Rs529bn). Debt outflows continue, albeit at a slower pace. FII inflows have been in excess of Rs500bn in all years, which have given double-digit NIFTY returns since 2009. Given the somber start to DII inflows, FII inflows hold key to NIFTY returns in CY2019.

DEBT MARKET OUTLOOK

The 10-year benchmark G-Sec yield continues to hover around the 7.35% mark. Over the month, yields shot up to 7.4% and eased to around 7.3% after the RBI announced a rate cut.



(Source: ACE MF, PL research)*Data as on January 31, 2019

Funds investing at the longer end of the yield curve benefited over the past 3-4 months and have recovered some of the losses suffered between June and September 2018. But given the volatile rate environment over the past year, the Liquid Fund index continues to lead with a return of 7.7%, while the Short-term and Composite Bond Fund Index trail with returns of 7.1% and 6.4% each.

Going ahead, the debt market will be affected by the following factors:

INFLATION RISKS EASE

Consumer Price Index (CPI)-based inflation declined to an 18-month low of 2.19% in December 2018 on negative food inflation and softening fuel inflation, besides a high base of the previous year. The current inflation levels at 2.5%, being within the RBI's comfort zone, could still prompt action from the central bank. Gilts declined in the month with yield on the 10-year benchmark 7.17% 2028 paper ending at 7.48% on January 31, 2019, compared with 7.37% on December 31, 2018. Yield on the new 10-year 7.26% 2029 paper settled at 7.28% on January 31, 2019, as against 7.26% on January 11 when it was issued

LIQUIDITY IMPROVING

Systemic liquidity during the month of January was negative but gradually eased to close at negative Rs 7,900 crores after hitting a high deficit of negative Rs1.12 lakh crores on the back of GST outflows versus negative 77,900 crores at the beginning of the month. Sporadic tightness in systemic liquidity prompted the central bank to conduct regular repo auctions and keep call rates in check. The RBI also conducted reverse repo auctions to prevent the rates from dipping too low and to provide banks with opportunities to park idle funds. The RBI, via its liquidity window, injected Rs 380.97 billion on a net daily average basis in January 2019, compared with net liquidity injection of Rs 1.03 trillion in December 2018.

SLIPPAGE IN FISCAL DEFICIT

The government presented interim budget for FY20, announcing populist relief measures for farmers & middle class, and taking a pause in fiscal consolidation. Fiscal deficit for FY2019 saw a marginal slippage of 0.1% of GDP to 3.4% (versus target of 3.3%). Fiscal deficit for FY2020 has been projected to remain flat at 3.4% of GDP in FY2020 (versus target of 3.1%). Fixed income market did not take the budget positively due to higher than-expected gross market borrowing and additional market borrowings in FY2019 that are likely to take place in the remaining two months of this fiscal year..

FUND HOUSE VIEWS ON THE DEBT MARKET

AFTER MEETING MULTIPLE FUND HOUSES, WE HAVE CONSOLIDATED AND SUMMARISED THEIR VIEW ON THE DEBT MARKET AS BELOW:

RATE CUTS ON THE CARDS

RBI's Monetary Policy Committee reduced the policy repo rate by 25 basis points from 6.5% to 6.25% as against expectations of no change, while simultaneously changing its stance to 'neutral' from 'calibrated tightening'. Inflation forecast was revised to 2.8% for Q4FY19 and 3.2-3.4% in H1FY20 (3.8-4.2% earlier) and 3.9% in Q3FY20, with risks broadly balanced around the central trajectory (earlier risks were tilted on the upside). Growth projection was lowered to 7.4% for FY20, 7.2-7.4% in H1FY20 (7.5% earlier) and 7.5% in Q3FY20. Unexpected rate cut and dovish guidance by the MPC committee led to a rally in fixed income market with 10-year new benchmark rallying by 7 bps and 10 year corporate bonds rallying by 10 bps. The benign inflation outlook improves the possibility of a rate cut in the next fiscal year.

RBI'S FOCUS ON LIQUIDITY TO CONTINUE

To ease liquidity conditions, RBI conducted OMO purchase of Rs 50,000 crore in the month of January 2019. In addition, RBI announced additional OMO purchase of Rs 37.500 crore in the month of February based on its assessment of the durable liquidity needs going forward. RBI has conducted/announced OMOs to the tune of Rs. 2.36 lakh crores and has further announced Rs 37,500 crore of OMO taking the cumulative OMO number for FY19 to Rs 2.73 lakh crore.

CAUTIOUS ON HIGHER DURATION

The bond market could see higher borrowing and there is a possibility that the RBI may not be present in a big way. Bond yields could rise higher on these supply worries along with uncertainty about elections later this year. Worries on the supply-side, fiscal deficit, and election uncertainty could create pressure on the duration side. Thus, many fund managers are cautious on the longer end of the duration. Investors can opt for dynamic bond funds for a tactical allocation.

TACTICAL ASSET ALLOCATION

WHAT IS TACTICAL ASSET ALLOCATION?

- Tactical asset allocation, maintains a mix of equity and debt, but is focused on taking a more active approach of positioning a portfolio into asset classes or sub-categories of asset classes that have the most potential for gains

- A tactical approach involves making a judgment call on where the economy and the financial markets may be headed

- Tactical allocation also involves shifting allocations within an asset class. For example, an equity portion of a portfolio may be shifted to include more small-cap stocks, more large-cap stocks, or other areas where there is a short-term opportunity

- Take for example an investors willing to accept more risk in their asset allocation, the traditional aggressive or moderately aggressive investor would be very aggressively positioned at market bottoms, when stock valuations are low

- Such tactical shifts in allocation provides as investors with the opportunity to earn higher returns with a marginal increase in risk

TACTICAL VIEW: THE IDEAL STRATEGY

AS THERE HAS BEEN NO SIGNIFICANT CHANGE IN FUND MANAGER OUTLOOK, WE MAINTAIN THE SAME TACTICAL VIEW AS LAST MONTH

EQUITY INVESTMENTS

- Preference should be towards large caps funds. Multi-cap funds with a large-cap bias can also be considered
- Mid Cap & Small Cap Funds have turned attractive, and invest through Systematic Investment Plans (SIPs) for the long term
- Asset allocation funds or equity-oriented Hybrid Funds are best suited to ride out the market volatility
- Very aggressive investors can opt for Sector Funds in the Pharma and Consumption space.

DEBT INVESTMENTS

- Stick to Low Duration and Short Duration Funds to deal with the market volatility
- Debt schemes, such as Floater Funds, with an accrual strategy will help capture the current elevated yields
- Dynamic Bond Funds can help position the duration of the portfolio to benefit from the volatility in the debt market over the medium term
- Credit Risk funds offer investors with the opportunity to earn a higher return as compared to similar funds with the same duration

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MODEL PORTFOLIOS BASED ON TACTICAL VIEW

Based on the market outlook, we have put together three model portfolio's based on the investor's risk profile. You may invest in the suggested schemes in the recommended allocation.

AGGRESSIVE RISK PORTFOLIO

This portfolio is suitable for those investors who are seeking long-term capital growth. The portfolio is invested in equity mutual funds, with the potential to deliver superior long-term returns. The ideal investment horizon is 3-5 years or more.

TOTAL EQUITY EXPOSURE: 90%

TOTAL DEBT EXPOSURE: 10%

SUGGESTED ALLOCATION

Scheme Category	Allocation (%)
Large Cap Funds	**50%**
Mid Cap Funds	**20%**
Sector Funds	**20%**
Dynamic Bond Funds	**10%**

SUGGESTED PORTFOLIO WITH THE TOP RATED FUNDS

Category Name	Scheme Name	Alloc (%)	1-Month (%)	1-Year (%)	3-Year (%)	Fund Manager
Large Cap	Axis Bluechip Fund	20	0.00	7.79	16.06	Shreyash Devalkar
	UTI Mastershare	20	-2.36	-2.48	12.59	Swati Kulkarni
	ICICI Pru Bluechip Fund	10	-4.42	-3.95	14.66	Sankaran Naren
Mid Cap	Axis Midcap Fund	10	-2.32	3.47	15.36	Shreyash Devalkar
	HDFC Mid-Cap Opportunities	10	-6.07	-13.51	13.68	Chirag Setalvad
Sector	UTI India LifeStyle Fund	10	-6.24	-5.38	11.59	Lalit Nambiar
	Reliance Pharma Fund	10	-3.08	4.20	3.44	Sailesh Raj Bhan
Dynamic Bond Funds	Franklin India Dynamic Accrual	5	0.41	8.49	9.08	Sachin Padwal-Desai
	ICICI Pru All Seasons Bond Fund	5	0.23	6.43	9.65	Manish Banthia
	Total	100				

*Returns as on February 15, 2019

MODERATE RISK PORTFOLIO

This portfolio is suitable for those investors seeking moderate risk-moderate returns. Investors can gain from the long-term gains of equity as well as the income generation and stability of debt investments. The ideal investment horizon should be at least 2 years

TOTAL EQUITY EXPOSURE: 50%

TOTAL DEBT EXPOSURE: 50%

SUGGESTED ALLOCATION

Scheme Category	Allocation (%)
Aggressive Hybrid Funds*	**50%**
Large Cap Funds	**15%**
Short Duration Funds	**20%**
Dynamic Bond Funds	**10%**
Credit Risk Funds	**5%**

***Aggressive Hybrid Funds maintain an approximate allocation of 70% to equity and 30% to debt. Hence, with an allocation of 50% in the portfolio, the net contribution to equity will be 35%, while the net exposure to debt in the portfolio will be 15%.**

SUGGESTED PORTFOLIO WITH THE TOP RATED FUNDS

Category Name	Scheme Name	Alloc (%)	1-Month (%)	1-Year (%)	3-Year (%)	Fund Manager
Aggressive Hybrid Fund	ICICI Pru Equity & Debt Fund	25	-4.98	-5.45	13.03	Sankaran Naren
	Reliance Equity Hybrid Fund	25	-4.70	-8.02	10.49	Sanjay Parekh
Large Cap Funds	Axis Bluechip Fund	5	0.00	7.79	16.06	Shreyash Devalkar
	UTI Mastershare	5	-2.36	-2.48	12.59	Swati Kulkarni
	ICICI Pru Bluechip Fund	5	-4.42	-3.95	14.66	Sankaran Naren
Short Duration	Franklin India ST Income Plan	10	0.42	8.83	8.69	Santosh Kamath
	UTI ST Income Fund	10	0.29	6.12	7.36	Sudhir Agarwal
Dynamic Bond	Franklin India Dynamic Accrual	5	0.41	8.49	9.08	Sachin Padwal-Desai
	ICICI Pru All Seasons Bond Fund	5	0.23	6.43	9.65	Manish Banthia
Credit Risk Fund	Franklin India Credit Risk Fund	2.5	0.28	8.36	8.52	Santosh Kamath
	Aditya Birla SL Credit Risk Fund	2.5	-0.34	5.86	8.06	Maneesh Dangi
	Total	**100**				

*Returns as on February 15, 2019

CONSERVATIVE RISK PORTFOLIO

This portfolio is suitable for those risk-averse investors who are seeking a moderate to low risk portfolio. The portfolio is predominantly invested in debt with a marginal exposure to equity. The ideal investment horizon is 1-2 years

TOTAL EQUITY EXPOSURE: 20%

TOTAL DEBT EXPOSURE: 80%

SUGGESTED ALLOCATION

Scheme Category	Allocation (%)
Large Cap Funds	**20%**
Low Duration Funds	**20%**
Short Duration Funds	**30%**
Floater Funds	**20%**
Dynamic Bond Funds	**10%**

SUGGESTED PORTFOLIO WITH THE TOP RATED FUNDS

Category Name	Scheme Name	Alloc (%)	1-Month (%)	1-Year (%)	3-Year (%)	Fund Manager
Large Cap Funds	Axis Bluechip Fund	7.5	0.00	7.79	16.06	Shreyash Devalkar
	UTI Mastershare	7.5	-2.36	-2.48	12.59	Swati Kulkarni
	ICICI Pru Bluechip Fund	5	-4.42	-3.95	14.66	Sankaran Naren
Low Duration Funds	UTI Treasury Advantage Fund	10	0.54	7.43	7.72	Sudhir Agarwal
	Kotak Low Duration Fund	10	0.66	7.69	7.90	Deepak Agrawal
Short Duration	Franklin India ST Income Plan	15	0.42	8.83	8.69	Santosh Kamath
	UTI ST Income Fund	15	0.29	6.12	7.36	Sudhir Agarwal
Floater Funds	Aditya Birla SL Floating Rate	10	0.62	7.87	8.10	Shobhit Mehrotra
	HDFC Floating Rate Debt Fund	10	0.66	7.54	7.74	Kaustubh Gupta
Dynamic Bond Funds	Franklin India Dynamic Accrual	5	0.41	8.49	9.08	Sachin Padwal-Desai
	ICICI Pru All Seasons Bond Fund	5	0.23	6.43	9.65	Manish Banthia
	Total	**100**				

*Returns as on February 15, 2019

MODEL PORTFOLIO PERFORMANCE

Performance of the three portfolios as on Feb 15, 2019 from their inception on Sep15, 2018.

AGGRESSIVE RISK PORTFOLIO	SCHEME NAME	ALLOC (%)	RETURN (%)
Large Cap	Axis Bluechip Fund	20	-4.21
	UTI Mastershare	20	-8.59
	ICICI Pru Bluechip Fund	10	-9.60
Mid Cap	Axis Midcap Fund	10	-7.70
	HDFC Mid-Cap Opportunities Fund	10	-13.26
Sector	UTI India LifeStyle Fund	10	-12.30
	Reliance Pharma Fund	10	-10.51
Dynamic Bond Funds	Franklin India Dynamic Accrual Fund	5	4.97
	ICICI Pru All Seasons Bond Fund	5	3.29
	Portolio Performance	**100**	**-7.48**
	Benchmark Performance	**100**	**-8.21**
	Nifty 500 - TRI	90	-9.59
	Crisil Short Term Bond Fund Index	10	4.22

MODERATE RISK PORTFOLIO	SCHEME NAME	ALLOC (%)	RETURN (%)
Aggressive Hybrid Fund	ICICI Pru Equity & Debt Fund	25	-7.72
	Reliance Equity Hybrid Fund	25	-10.85
Large Cap Funds	Axis Bluechip Fund	5	-4.21
	UTI Mastershare	5	-8.59
	ICICI Pru Bluechip Fund	5	-9.60
Short Duration	Franklin India ST Income Plan	10	4.90
	UTI ST Income Fund	10	2.95
Dynamic Bond	Franklin India Dynamic Accrual Fund	5	4.97
	ICICI Pru All Seasons Bond Fund	5	3.29
Credit Risk Fund	Franklin India Credit Risk Fund	2.5	4.65
	Aditya Birla SL Credit Risk Fund	2.5	2.27
	Portolio Performance	**100**	**-4.39**
	Benchmark Performance	**100**	**-2.68**
	Nifty 500 - TRI	50	-9.59
	Crisil Short Term Bond Fund Index	50	4.22

CONSERVATIVE RISK PORTFOLIO	SCHEME NAME	ALLOC (%)	RETURN (%)
Large Cap Funds	Axis Bluechip Fund	7.5	-4.21
	UTI Mastershare	7.5	-8.59
	ICICI Pru Bluechip Fund	5	-9.60
Low Duration Funds	UTI Treasury Advantage Fund	10	3.31
	Kotak Low Duration Fund	10	3.53
Short Duration	Franklin India ST Income Plan	15	4.90
	UTI ST Income Fund	15	2.95
Floater Funds	Aditya Birla SL Floating Rate Fund	10	3.78
	HDFC Floating Rate Debt Fund	10	3.56
Dynamic Bond Funds	Franklin India Dynamic Accrual Fund	5	4.97
	ICICI Pru All Seasons Bond Fund	5	3.29
	Portolio Performance	**100**	**1.57**
	Benchmark Performance	**100**	**1.46**
	Nifty 500 - TRI	20	-9.59
	Crisil Short Term Bond Fund Index	80	4.22

RECOMMENDED MUTUAL FUNDS AS PER TACTICAL VIEW

Top mutual funds picked using PL's proprietary SPARK methodology for the categories recommended as per the Tactical view.

RECOMMENDED MUTUAL FUNDS AS PER TACTICAL VIEW

EQUITY FUNDS

LARGE CAP FUNDS

The scheme will invest predominantly in large cap stocks. The scheme can invest 80%-100% of the portfolio is invested in large cap stocks, as defined by SEBI

Scheme Name	Fund Manager	Managing Since	AUM (Rs Cr)	1 Mth (%)	1 Year (%)	3 Years (%)	Expense Ratio
Axis Bluechip Fund	Shreyash Devalkar	Nov-2016	3,961	0.00	7.79	16.06	2.29
UTI Mastershare(D)	Swati Kulkarni	Nov-2006	5,577	-2.36	-2.48	12.59	2.33
ICICI Pru Bluechip Fund	Sankaran Naren	Jul-2017	19,863	-4.42	-3.95	14.66	2.1
Benchmark							
Nifty 50 - TRI							

MID CAP FUNDS

The scheme will invest predominantly in mid cap stocks. The fund needs to invest a minimum of 65% of the assets in midcap stocks as defined by SEBI

Scheme Name	Fund Manager	Managing Since	AUM (Rs Cr)	1 Mth (%)	1 Year (%)	3 Years (%)	Expense Ratio
Axis Midcap Fund	Shreyash Devalkar	Nov-2016	1,779	-2.32	3.47	15.36	2.39
Franklin India Prima Fund	R. Janakiraman	Mar-2014	6,458	-4.83	-10.45	13.05	2.02
HDFC Mid-Cap Opportunities Fund	Chirag Setalvad	Mar-2008	20,381	-6.07	-13.51	13.68	2.14
Sundaram Mid Cap Fund	S. Krishnakumar	Nov-2012	5,706	-7.86	-18.62	10.94	2.09
UTI Mid Cap Fund(D)	Lalit Nambiar	Jan-2016	3,589	-8.38	-18.69	8.84	2.32
Benchmark							
Nifty Midcap 100 - TRI							

HYBRID FUNDS

AGGRESSIVE HYBRID FUNDS

Aggressive hybrid will invest 65%- 80% of total assets in equities and 20%-35% in debt instruments

Scheme Name	Fund Manager	Managing Since	AUM (Rs Cr)	1 Mth (%)	1 Year (%)	3 Years (%)	Expense Ratio
Franklin India Equity Hybrid Fund	Lakshmikanth Reddy	May-2016	1,938	-2.49	-2.29	9.66	2.19
L&T Hybrid Equity Fund	Soumendra Nath Lahiri	Dec-2012	9,664	-3.26	-6.83	10.12	2.02
UTI Hybrid Equity Fund	V. Srivatsa	Jan-2015	5,879	-4.68	-7.94	10.89	2.13
Reliance Equity Hybrid Fund	Sanjay Parekh	Mar-2012	12,643	-4.70	-8.02	10.49	2
ICICI Pru Equity & Debt Fund	Sankaran Naren	Dec-2015	25,899	-4.98	-5.45	13.03	2
Benchmark							
Crisil Hybrid 35+65 - Aggressive Index (Equity:65%, Debt:35%)							

*Returns as on February 15, 2019

RECOMMENDED MUTUAL FUNDS AS PER TACTICAL VIEW

SECTOR FUNDS

CONSUMPTION

The investment in equity of the Consumption sector will be minimum 80% of total assets

Scheme Name	Fund Manager	Managing Since	AUM (Rs Cr)	1 Mth (%)	1 Year (%)	3 Years (%)	Expense Ratio
Aditya Birla SL India GenNext	Anil Shah	Sep-2013	898	-5.44	-3.09	15.88	2.33
UTI India LifeStyle Fund	Lalit Nambiar	Jul-2011	256	-6.24	-5.38	11.59	2.68
Sundaram Rural and Consumption	S.Krishnakumar	Jan-2016	2,370	-6.55	-9.92	16.66	2.19
Benchmark							
Nifty Consumption - TRI							

PHARMA

The investment in equity of the Pharma sector will be minimum 80% of total assets.

Scheme Name	Fund Manager	Managing Since	AUM (Rs Cr)	1 Mth (%)	1 Year (%)	3 Years (%)	Expense Ratio
Reliance Pharma Fund	Sailesh Raj Bhan	Mar-2006	2,720	-3.08	4.20	3.44	2.25
UTI Healthcare Fund(D)	V. Srivatsa	Feb-2017	434	-4.57	-7.77	-2.55	2.84
Benchmark							
Nifty Pharma - TRI							

DEBT FUNDS

LOW DURATION FUNDS

The investment in Debt & Money Market instruments will be such that the Macaulay duration of the portfolio is between 6 months to 12 months

Scheme Name	Fund Manager	Managing Since	AUM (Rs Cr)	1 Mth (%)	1 Year (%)	3 Years (%)	Expense Ratio
Kotak Low Duration Fund	Deepak Agrawal	Oct-2016	4,744	0.66	7.69	7.90	1.05
SBI Magnum Low Duration Fund	Rajeev Radhakrishnan	Aug-2008	6,416	0.66	7.82	7.55	0.46
Reliance Low Duration Fund	Amit Tripathi	Mar-2007	8,452	0.64	7.72	7.60	0.63
ICICI Pru Savings Fund	Rahul Goswami	Sep-2012	16,721	0.61	7.56	7.86	0.45
UTI Treasury Advantage Fund	Sudhir Agarwal	Oct-2012	7,804	0.54	7.43	7.72	0.31
Benchmark							
Crisil Liquid Fund Index							

*Returns as on February 15, 2019

RECOMMENDED MUTUAL FUNDS AS PER TACTICAL VIEW

DEBT FUNDS

SHORT DURATION FUNDS

The investment in Debt & Money Market instruments will be such that the Macaulay duration of the portfolio is between 1 year to 3 years

Scheme Name	Fund Manager	Managing Since	AUM (Rs Cr)	1 Mth (%)	1 Year (%)	3 Years (%)	Expense Ratio
L&T Short Term Bond Fund	Shriram Ramanathan	May-2016	3,152	0.68	7.05	7.19	0.72
Axis Short Term Fund	Devang Shah	Nov-2012	4,700	0.62	6.92	7.44	0.88
HDFC Short Term Debt Fund	Anil Bamboli	Jul-2011	8,130	0.52	7.38	7.69	0.4
Franklin India ST Income Plan	Santosh Kamath	Apr-2014	12,406	0.42	8.83	8.69	1.57
UTI ST Income Fund	Sudhir Agarwal	Oct-2012	8,555	0.29	6.12	7.36	0
Benchmark							
Crisil Short Term Bond Fund							

FLOATER FUNDS

The scheme will invest minimum 65% of total assets in floating rate instruments

Scheme Name	Fund Manager	Managing Since	AUM (Rs Cr)	1 Mth (%)	1 Year (%)	3 Years (%)	Expense Ratio
HDFC Floating Rate Debt Fund	Shobhit Mehrotra	Dec-2016	8,282	0.66	7.54	7.74	0.38
Aditya Birla SL Floating Rate Fund	Kaustubh Gupta	Apr-2017	4,469	0.62	7.87	8.10	0.38
ICICI Pru Floating Interest Fund	Nikhil Kabra	Dec-2016	7,200	0.49	6.91	7.44	1.31
Benchmark							
Crisil Short Term Bond Fund Index							

DYNAMIC BOND FUNDS

Investment will be in Debt & Money Market instruments can be across durations depending on the fund managers views on the debt market

Scheme Name	Fund Manager	Managing Since	AUM (Rs Cr)	1 Mth (%)	1 Year (%)	3 Years (%)	Expense Ratio
Franklin India Dynamic Accrual	Sachin Padwal-Desai	Feb-2006	3,871	0.41	8.49	9.08	1.76
ICICI Pru All Seasons Bond Fund	Manish Banthia	Dec-2016	2,014	0.23	6.43	9.65	1.3
UTI Dynamic Bond Fund	Amandeep Chopra	Feb-2012	898	-2.07	3.00	7.18	1.72
Benchmark							
Crisil Composite Bond Fund Index							

*Returns as on February 15, 2019

RECOMMENDED MUTUAL FUNDS AS PER TACTICAL VIEW

DEBT FUNDS

CREDIT RISK FUNDS

The scheme will invest minimum 65% of its total assets in corporate bonds (only AA and below rated instruments)

Scheme Name	Fund Manager	Managing Since	AUM (Rs Cr)	1 Mth (%)	1 Year (%)	3 Years (%)	Expense Ratio
Reliance Credit Risk Fund	Prashant Pimple	Aug-2010	10,332	0.55	6.60	7.77	1.76
ICICI Pru Credit Risk Fund	Manish Banthia	Jan-2018	11,635	0.39	6.76	7.75	1.78
Franklin India Credit Risk Fund	Santosh Kamath	Apr-2014	7,222	0.28	8.36	8.52	1.75
L&T Credit Risk Fund	Shriram Ramanathan	Nov-2012	3,681	0.08	5.46	7.52	1.75
Aditya Birla SL Credit Risk Fund	Maneesh Dangi	Apr-2015	7,880	-0.34	5.86	8.06	1.78
Benchmark							
Crisil Composite Bond Fund Index							

*Returns as on February 15, 2019

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