



MF EQUITY & DEBT: THE WAY FORWARD

JUNE 2019

PREFACE

Greetings from Prabhudas Lilladher!

Domestic markets remained buoyant with the positive election results as the incumbent government returned to power with an absolute majority. All the domestic indices including large cap, mid and small caps and broader indices gained during the month. The Q4FY19 earnings growth trend for domestic companies was mixed. Overall the results were driven primarily by financials while ex- financial posted weak results.

The Nifty 50 and S&P BSE Sensex were up by 5.97% and 6.30% each, for the month ended June 14, 2019. After a brief correction last month, the Nifty MidCap 100 and Nifty SmallCap 100 gained by 5.66% and 3.78% respectively.

Growth is expected to remain weak in the first half of 2019 on weak consumption demand and export income. Support from fiscal and monetary policy should help revive growth in second half of 2019.

Going ahead, long-term structural drivers like demographic advantage, low household debt, under-penetration across different consumer categories, high potential for financial savings and increased pace of urbanization, makes India a compelling equity story from medium to long-term perspective.

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

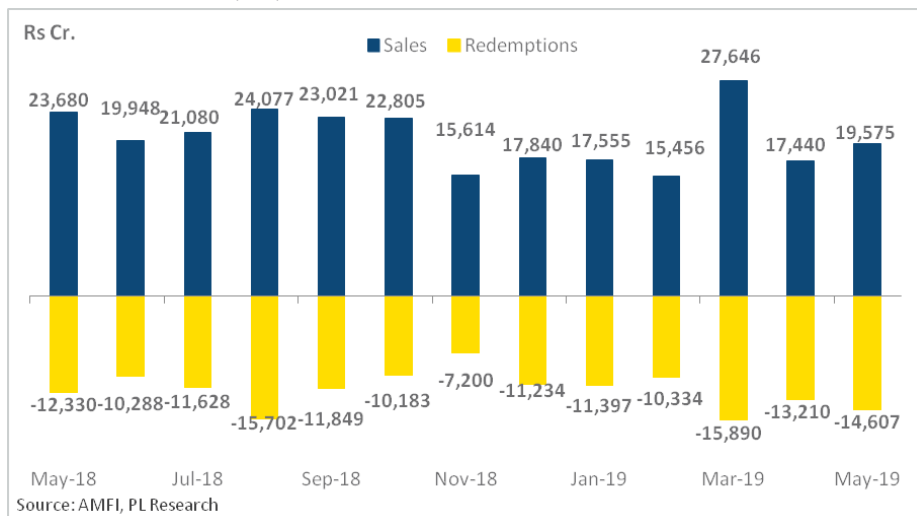
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INDUSTRY TRENDS

SALES AND REDEMPTIONS OF EQUITY MUTUAL FUND (INCLUDING ELSS)

Total AUM: Rs 7,37,710 crore

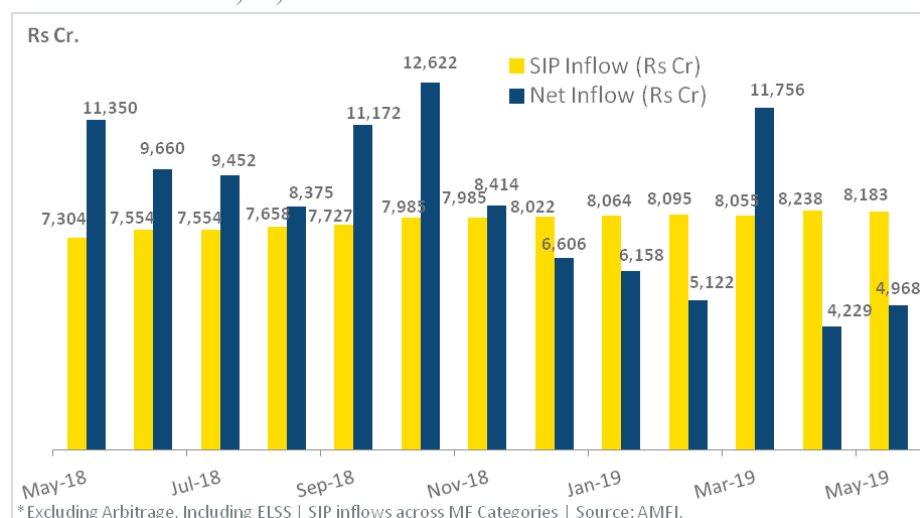


Sales of Equity MFs rose to Rs 19,575 cr in May 2019, up from Rs 17,440 cr reported in the past month.

Redemptions came in higher at Rs 14,607 cr in April 2019, vs Rs 15,890 in March 2019.

NET INFLOWS IN EQUITY MUTUAL FUNDS (INCLUDING ELSS)

Total AUM: Rs 7,37,710 crore



Net Inflows into Equity MFs (including ELSS) rose marginally to Rs 4,968 cr. in May 2019, up from a 3-year low of Rs 4,229 cr.

Inflows through MF SIPs remained steady around the Rs 8,000-cr mark, with Rs 8,183 cr. coming in over May 2019

(Source: AMFI, PL Research)

INDUSTRY TRENDS (CONT.)

NET INFLOWS IN EQUITY, HYBRID AND INDEX FUNDS/ETFS

Equity Oriented Schemes OPEN ENDED	Net Inflow - April 2019 (Rs Cr)	Net Inflow - May 2019 (Rs Cr)
Small Cap Fund	955.83	1,415.86
Mid Cap Fund	491.04	1,272.68
Focused Fund	227.57	1,199.73
Multi Cap Fund	1,873.06	648.43
ELSS	458.65	516.39
Large & Mid Cap Fund	-20.50	278.78
Sectoral/Thematic Funds	567.17	60.57
Large Cap Fund	48.27	52.88
Value Fund/Contra Fund	39.69	-9.43
Dividend Yield Fund	-32.03	-28.13
Sub Total	4,608.74	5,407.75
Close Ended Schemes		
ELSS - Close-ended	-48.09	-35.01
Others	-331.18	-404.31
Sub Total	-379.26	-439.32
Grand Total	4,229.48	4,968.43

Hybrid Schemes	Net Inflow - April 2019 (Rs Cr)	Net Inflow - May 2019 (Rs Cr)
Arbitrage Fund	1,529.04	4,554.40
Dynamic Asset Allocation/Balanced Advantage	154.65	341.29
Multi Asset Allocation	-229.62	-18.57
Conservative Hybrid Fund	-239.40	-315.77
Equity Savings	-708.09	-814.45
Balanced Hybrid Fund/Aggressive Hybrid Fund	-2,121.41	-2,481.15
Total	-1,615	1,266

Other Schemes	Net Inflow - April 2019 (Rs Cr)	Net Inflow - May 2019 (Rs Cr)
Other ETFs	-9.70	2,432.40
Index Funds	20.62	219.65
Fund of funds investing overseas	-4,259.29	24.85
GOLD ETF	17.93	-26.11
Total	-4,230	2,651

Data as on May 31, 2019 (Source AMFI, Prabhudas Lilladher Research)

INDUSTRY TRENDS (CONT.)

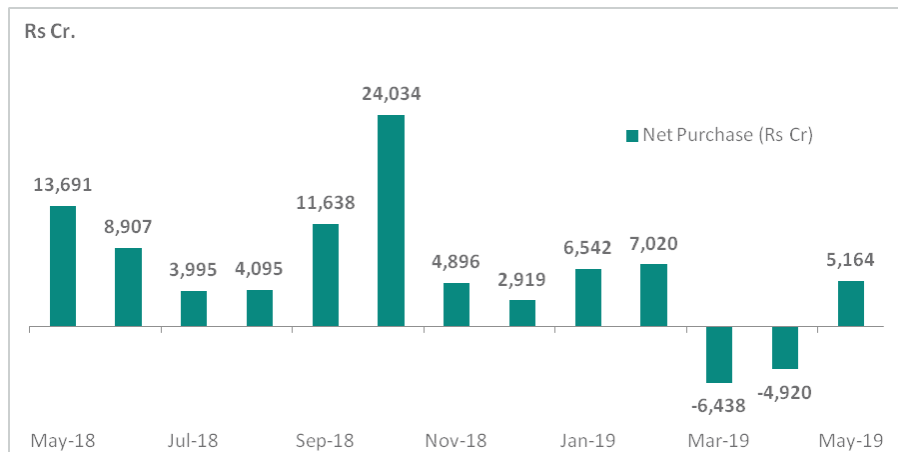
NET INFLOWS IN DEBT FUNDS

Income / Debt Oriented Schemes OPEN ENDED	Net Inflow - April 2019 (Rs Cr)	Net Inflow - May 2019 (Rs Cr)
Liquid Fund	89,778.43	68,582.91
Overnight Fund	95.74	2,347.41
Sub Total	89,874.17	70,930.32
Money Market Fund	6,418.52	3,895.77
Banking and PSU Fund	2,792.15	3,381.82
Corporate Bond Fund	3,874.40	1,429.98
Ultra Short Duration Fund	11,037.26	1,190.85
Floater Fund	347.73	232.81
Long Duration Fund	8.06	90.48
Medium to Long Duration Fund	264.14	-387.21
Dynamic Bond Fund	411.97	-651.16
Short Duration Fund	2,770.57	-1,316.20
Medium Duration Fund	-530.89	-2,063.18
Low Duration Fund	4,913.35	-2,353.30
Credit Risk Fund	-1,253.28	-4,155.80
Sub Total	31,053.98	-705.13
Gilt Fund with 10 year constant duration	33.10	-61.15
Gilt Fund	-40.86	-44.59
Sub Total	-7.76	-105.74
Close Ended Schemes		
Capital Protection Oriented Schemes	-607.67	98.46
Infrastructure Debt Fund	-314.72	0.00
Other Debt	-382.95	-301.62
Fixed Term Plan	-17,644.42	-1,797.94
Sub Total	-18,949.76	-2,001.10
Interval Schemes		
Income/Debt Oriented Schemes	0.00	0.00
Grand Total	101,970.64	68,118.35

Data as on May 31, 2019 (Source AMFI,
Prabhudas Lilladher Research)

INDUSTRY TRENDS (CONT.)

MUTUAL FUND INVESTMENT IN EQUITY

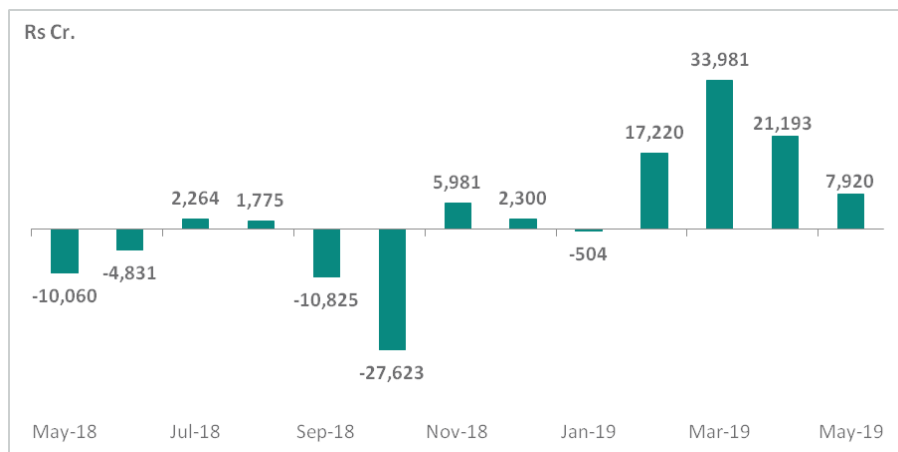


As per SEBI data, Mutual Funds turned net buyers of stocks after two consecutive months of selling.

Mutual Fund bought Rs 5,164 cr worth of stocks in April 2019, versus an outflow of Rs 4,920 cr in April 2019.

(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 continued with positive inflows for the fourth consecutive month. FIIs made a net purchase of Rs 7,920 cr in May 2019, as compared to Rs 21,193 cr in April 2019.

(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.)

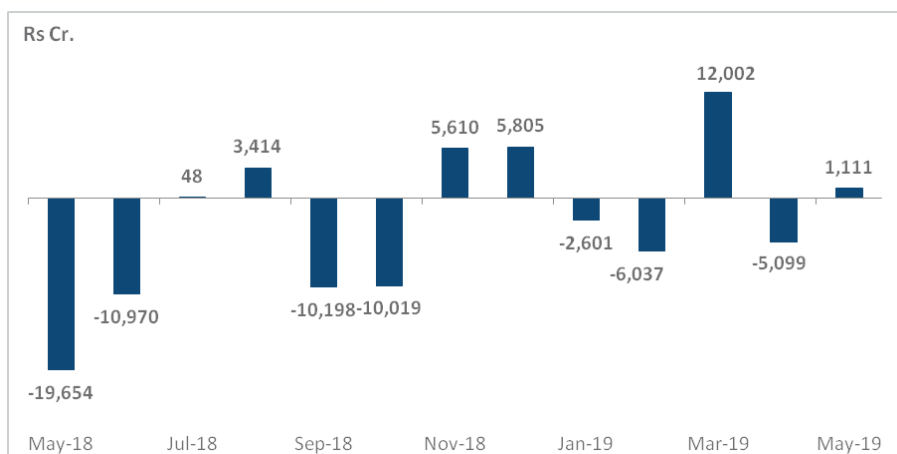
MUTUAL FUND INVESTMENT IN DEBT



Mutual Fund investments in debt reduced further to Rs 31,340 cr. in May 2019 against an inflow of Rs 50,453 cr. in April 2019. Inflows over the past 12 months totaled Rs 4.66 lakh 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

FII INVESTMENT IN DEBT



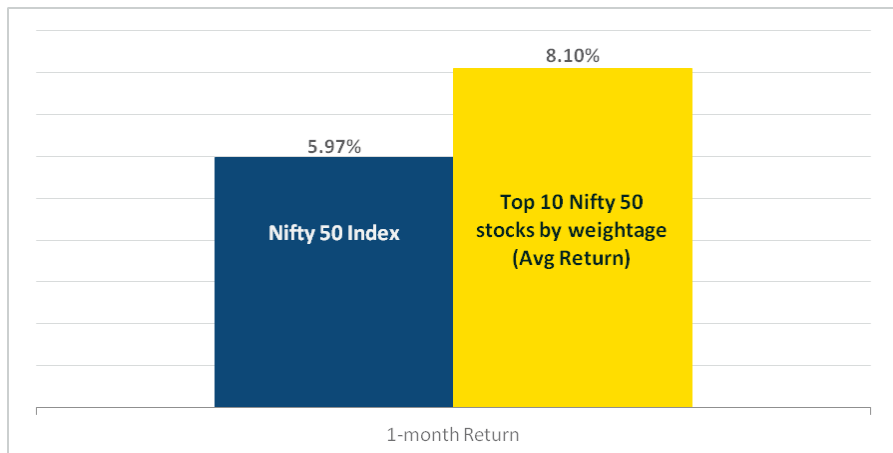
FIIs turned into net buyers of Indian Debt, buying Rs 1,111 cr in May 2019. Net outflows over the past 12 months totaled Rs 16,935 cr.

(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 JUNE 15, 2019



For the month ended June 15, 2019, the Nifty 50 index gained 5.97%.

The top 10 stocks by weightage delivered an average return of 8.10%

Data as on June 15, 2019 (Source: ACE Equity, PL Research)

GAINERS AND LOSERS ON THE NIFTY 50

Parameter	No. of Nifty 50 stocks	Average Return
Gainers	39	7.58%
Losers	11	-5.72%

As many as 39 stocks in the Nifty index constituents closed with a gain, averaging 7.58%. About 11 stocks closed in the red

TOP 5 GAINERS

Company Name	1-Month Return
Adani Ports and SEZ	18.40%
Bajaj Finance Ltd.	17.17%
Larsen & Toubro Ltd.	15.12%
HDFC Ltd.	12.39%
Axis Bank Ltd.	10.98%

TOP 5 LOSERS

Company Name	1-Month Return
Yes Bank Ltd.	-19.52%
Dr. Reddys Laboratories Ltd.	-8.83%
GAIL (India) Ltd.	-7.01%
ITC Ltd.	-6.40%
Tech Mahindra Ltd.	-6.33%

TOP 5 INDEX CONTRIBUTORS

Company Name	Apprx. Wtg. on Index (May 31, 2019)	1-Month Return	Contribution to Index
HDFC Ltd	6.56%	12.39%	90.72
HDFC Bank Ltd.	9.78%	6.49%	70.82
Bajaj Finance Ltd.	3.41%	17.17%	65.37
ICICI Bank Ltd.	4.77%	10.79%	57.40
Larsen & Toubro Ltd.	3.28%	15.12%	55.35
Total	27.80%		339.65

Data as on June 15, 2019 (Source: ACE Equity, PL Research)

INDUSTRY TRENDS (CONT.)

EXTENT OF FALL– PAST 1 YEAR

Percentage fall in stock prices as on June 15, 2019, from their 52-week high

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%	42	32	33	107
10%-20%	18	40	48	106
20%-30%	11	32	57	100
30%-40%	13	19	61	93
40%-50%	9	10	30	49
>50%	5	10	30	45
Total	98	143	259	500
EXTENT OF FALL FOR STOCKS IN MUTUAL FUNDS				
Percentage of Fall From 52w High	Large Cap	Mid Cap	Small Cap	Total
0%-10%	43	32	55	130
10%-20%	18	41	96	155
20%-30%	12	33	120	165
30%-40%	13	20	116	149
40%-50%	9	10	75	94
>50%	5	11	84	100
Total	100	147	546	793

Note:

Market capitalisation as per AMFI, where:

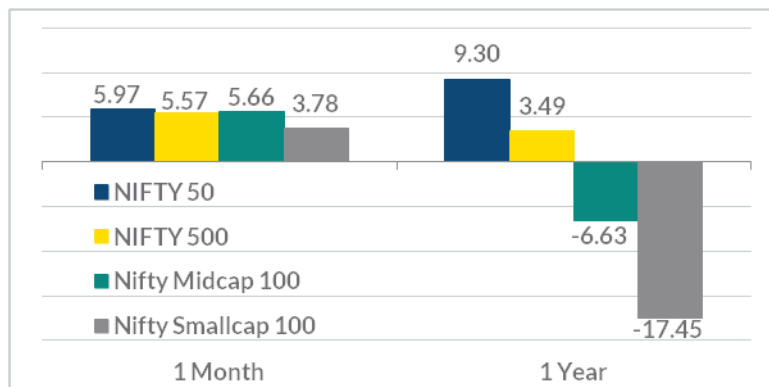
Large-cap: 1st-100th company in terms of full market capitalisation

Mid-cap: 101st-250th company

Small-cap: 250th company and below

EQUITY MARKET OUTLOOK

The market rallied over the past 1-month period ending June 14, 2019. The Nifty 50 and the broader Nifty 500 index gained by 5.97% and 5.57% each. The Nifty Midcap 100 and Nifty Smallcap 100 rallied by 5.66% and 3.78% respectively.



(Source: ACE MF, PL research) *Data as on June 15, 2019

Indian markets were exuberant on the positive election results, with the NDA winning with a clear majority. Going ahead, the market will focus on key macro data and earnings results.

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

ELECTION UNCERTAINTY BEHIND, CHALLENGES AHEAD

With political uncertainty now over, focus has shifted to economy and revival of growth. The government faces numerous challenges like 1) Poor rural demand due to low farm prices and drought in parts of India last year 2) NBFC and Liquidity Crisis 3) slowdown in key sectors like Real estate and automobiles 4) poor visibility of CAPEX cycle revival and 5) Poor health of PSU and SEB's.

POOR MONSOON ADVANCEMENT RAISES CONCERNS

Over the first couple of weeks, the progression of the Southwest Monsoon 2019 has been sluggish and slow. As per Skymet, this year is possibly one of the poorest in terms of Advancement, and is far behind the schedule. By now, monsoon should have reached the central India, including parts of Madhya Pradesh, Rajasthan, eastern Uttar Pradesh and Gujarat, but it is yet to reach Maharashtra. The overall monsoon deficiency in the country has reached 43% due to its sluggish pace. IMD's central division — which covers Madhya Pradesh, Odisha, Chhattisgarh, Maharashtra and Goa — has recorded 59% of rainfall deficiency while east and northeast India has recorded 47% deficiency.

NIFTY GAINS WOULD BE A FUNCTION OF ECONOMIC REVIVAL AND SENTIMENT

Against earnings contraction of 4.8% in FY18, FY19 Nifty 50 EPS has increased by 8.5%. We have seen an EPS upgrade of 2% to Rs564 and Rs661 a CAGR of 17.9% over FY19-21. Our Nifty EPS estimates are 8.7% and 8.8% lower than the consensus. Nifty EPS drivers in FY20 include Banks, Cement and Auto on a low base. Based on 12 month forward P/E, Nifty gains would be a function of economic revival and sentiment. Analysts estimate that at a peak multiple of 23x, Nifty could trade at 13,300, with the bottom range of Nifty shifted to 11,000.

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:

CORPORATE EARNINGS REMAIN STUNTED

While the trend in top-line growth continued to remain strong for Q3FY19, operating margins did not show a commensurate growth trend. The financial sector delivered good performance on sequential improvement in asset quality trends of corporate banks. However, the growth estimate for NBFC moderated on liquidity stress. Telecom, Auto, Metals and Oil & Gas reported muted earnings. The Consumer segment and Healthcare reported reasonable earnings growth. Overall, the trend points to

EL NINO, A CONCERN FOR MONSOON 2019

Chances of formation of an El Nino have gone up to 60% from a previously stated 50%. El Niño is a very complex weather phenomenon that has the potential to suppress the monsoon rains, leading to below normal rainfall. Earlier, based on January projections of declining El Niño probabilities, Skymet Weather had announced highest probability of normal monsoons.

NBFC'S AND HFC'S CONTINUE TO FACE LIQUIDITY PRESSURES

NBFC's and HFC's continue to reel under liquidity pressures and there seems to be no end in sight. Although worst might be over, growth will remain impingent in the near term. NBFCs have been facing twin challenges of managing their liability structure (raising funds from capital market) and growth. Continued costs pressures with somber incremental fund flow from banks/MFs, growing ALM concerns and need for maintaining higher liquidity on balance sheet weighed upon growth of NBFCs during FY19.

MIDCAP VALUATIONS AT A DISCOUNT TO LARGE CAPS

While the Sensex valuation (12m forward P/E) remains above the Fair Value range of 13-17x, Mid Cap valuations have eased considerably. The Nifty Mid Cap 100 is now trading at a discount to the Nifty 50 index. The relative valuation of the Small Cap index is back to the 2014 & 2016 zone, which is a strong support zone.

PRESSURE ON GOVT'S FISCAL SITUATION GOING FORWARD

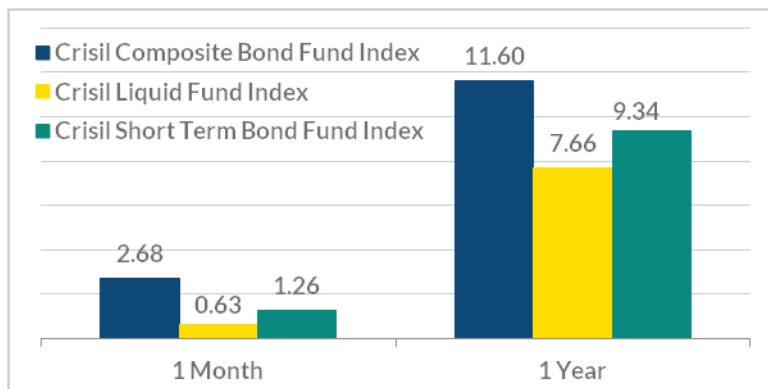
India's April-January fiscal deficit touched Rs7.7 trillion (\$108.36 billion), or 121.5% of the budgeted target, for the current fiscal year. In the Interim Budget, the government had revised upward its fiscal deficit target to 3.4% of GDP for the current fiscal year from the previously estimated 3.3% budgeted target. On the positive side, India's trade deficit shrank to a 17-month low in February on a sharp fall in import of oil, gold and electronics.

DOMESTIC CONSUMPTION REMAINS THE CORE THEME

The Interim budget is expected to boost disposable income and hence demand for consumer staples, small electrical appliances, apparel, and entry level two-wheelers. Capex is driven by Government spending and this might see some setback for some time post elections. Rural sales continues to outpace urban sales growth, however the gap is reducing. Companies expect a boost in rural sales post consumption friendly budget. Thus, domestic consumption remains a core theme to play for in 2019.

DEBT MARKET OUTLOOK

The 10-year benchmark G-Sec yield eased sharply over the past 1-month, closing at under 7% as on June 15, 2019. Yields had shot up to 7.47% on April 22nd but eased substantially on the expectations of a rate cut.



(Source: ACE MF, PL research) *Data as on June 15, 2019

Given the higher yields a year ago and a sharp fall in yields in the recent month, long duration bonds have generated a higher return as compared to liquid funds and short duration funds. The Composite Bond Fund Index generated a return of 11.60%, while the Liquid Fund index and the Short-term index returned 7.66% and 9.34% each.

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

RBI CUTS RATES, CHANGES STANCE TO 'ACCOMMODATIVE'

RBI has cut repo rate by 25bps and changed the stance of policy to Accommodative. MPC projected CPI inflation at 2.4% for Q4:2018-19, 2.9-3.0% for H1:2019-20 and 3.5-3.8% for H2:2019-20, with risks broadly balanced. GDP growth for 2019-20 was projected at 7.2% – in the range of 6.8-7.1% for H1 and 7.3-7.4% for H2 – with risks evenly balanced. While the move is positive it is likely to have limited impact given that the transmission of past two rate cuts has been 21bps.

LIQUIDITY REMAINS A CONCERN

The RBI mentioned that it would review the liquidity management framework and suggest measures to simplify it by mid-July 2019. Depending upon the recommendation, there could be some support from a policy transmission perspective. Liquidity was in a deficit mode due to Government running a high surplus balance with RBI. The short-term rates (3 Month CD) continue to remain at an elevated spread of 136 bps over the repo rate. Owing to this, the RBI has increased Open Market Operations (OMO) purchases since last few months and implemented a new monetary tool in the form of dollar swap. Liquidity conditions, however, are expected to improve.

NEXT RATE CUT TO BE DATA DEPENDENT

The next rate cut, according to market participants, is expected to be data-dependent. The RBI may want to see certain risks play out such as the general elections, uncertainty in oil prices, probability of El Nino effects in 2019 and the post-election Budget. Going forward, though RBI has adopted an accommodative stance an early rate cut looks challenging, given that the best of food deflation is in the past.

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:

RBI REVISES INFLATION AND GROWTH PROJECTIONS

RBI revised the inflation and growth projections downwards. As inflation continues to remain benign and growth projection is revised downwards, we expect another rate cut of 25 bps. However, the timing of such a rate cut will be contingent on the incoming data. In line with the above, we expect the yield curve to steepen. Even though additional rate cuts will bring down short-end rates, fiscal pressures are likely to keep the long bond yields at higher levels.

RBI'S FOCUS ON LIQUIDITY TO CONTINUE

Once again, the liquidity deficit spiked in April 2019—mainly due to muted government spending. RBI infused liquidity via bond purchases and dollar-rupee swap. There are expectations that the liquidity conditions will improve with a pick-up in government spending. To address the current liquidity situation, the RBI announced Open Market Operations (OMOs) operations worth INR 25,000 crore in May 2019, through two auctions of INR 12,500 crore each. The interbank call money rates hovered above the RBI's repo rate of 6.00% during the month.

CREDIT SPREADS WIDENED

Credit spreads in general have been widening, primarily in the longer end of the curve, as liquidity remains tight. This presents a potential to earn an attractive risk-reward tradeoff particularly at the short-end of the yield curve. Markets have been very discerning and are pricing even slightly riskier credits much wider. This opens up attractive opportunity for significant alpha through appropriate credit selection. The NBFC sector will continue to be under pressure till a systemic liquidity / capital solution is found for the sector. However, financing is available for most names, albeit at higher rates.

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

- Large caps still a favourite to add stability to the portfolio in the current volatile market. 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 moderate-to-high risk profile investors with the opportunity to earn a higher return as compared to similar funds with the same duration

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

<u>Scheme Category</u>	<u>Allocation (%)</u>
Large Cap Funds	30%
Mid Cap Funds	40%
Sector Funds	20%
Dynamic Bond Funds	10%

SUGGESTED PORTFOLIO WITH THE TOP RATED FUNDS

<u>Category Name</u>	<u>Scheme Name</u>	<u>Alloc (%)</u>	<u>1-Month (%)</u>	<u>1-Year (%)</u>	<u>3-Year (%)</u>	<u>Fund Manager</u>
Large Cap	Axis Bluechip Fund	10	7.41	9.67	15.60	Shreyash Devalkar
	Mirae Asset Large Cap Fund	10	5.60	9.67	16.12	Neelesh Surana
	ICICI Pru Bluechip Fund	10	5.28	6.48	13.75	Sankaran Naren
Mid Cap	Axis Midcap Fund	20	5.38	4.23	13.85	Shreyash Devalkar
	HDFC Mid-Cap Opportunities	20	3.25	-5.70	11.52	Chirag Setalvad
Sector	UTI India Consumer Fund	10	4.38	-5.86	8.96	Lalit Nambiar
	Reliance Pharma Fund	10	-2.38	-1.42	2.50	Sailesh Raj Bhan
Dynamic Bond Funds	Franklin India Dynamic Accrual	5	0.97	9.86	9.02	Sachin Padwal-Desai
	ICICI Pru All Seasons Bond Fund	5	1.80	9.55	9.00	Manish Banthia
	Total	100				

*Returns as on June 15, 2019 | Returns less than 1 year are absolute, Greater than 1 year – Compounded Annualised

MODERATE RISK PORTFOLIO

This portfolio is suitable for those 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	3.64	7.32	13.10	Sankaran Naren
	Reliance Equity Hybrid Fund	25	6.53	-0.57	9.68	Sanjay Parekh
Large Cap Funds	Axis Bluechip Fund	10	7.41	9.67	15.60	Shreyash Devalkar
	Mirae Asset Large Cap Fund	10	5.60	9.67	16.12	Neelesh Surana
	ICICI Pru Bluechip Fund	10	5.28	6.48	13.75	Sankaran Naren
Short Duration	Franklin India ST Income Plan	10	0.75	9.36	8.93	Santosh Kamath
	HDFC Short Term Debt Fund	10	1.17	8.95	7.67	Anil Bamboli
Dynamic Bond	Franklin India Dynamic Accrual	5	0.97	9.86	9.02	Sachin Padwal-Desai
	ICICI Pru All Seasons Bond Fund	5	1.80	9.55	9.00	Manish Banthia
Credit Risk Fund	Franklin India Credit Risk Fund	2.5	0.46	8.31	8.36	Santosh Kamath
	Aditya Birla SL Credit Risk Fund	2.5	0.57	6.10	7.65	Maneesh Dangi
	Total	100				

*Returns as on June15, 2019 | Returns less than 1 year are absolute, Greater than 1 year – Compounded Annualised

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	10	7.41	9.67	15.60	Shreyash Devalkar
	Mirae Asset Large Cap Fund	10	5.60	9.67	16.12	Neelesh Surana
	ICICI Pru Bluechip Fund	10	5.28	6.48	13.75	Sankaran Naren
Low Duration Funds	ICICI Pru Savings Fund	10	0.90	8.47	7.79	Rahul Goswami
	Kotak Low Duration Fund	10	0.26	7.80	7.64	Deepak Agrawal
Short Duration	Franklin India ST Income Plan	10	0.75	9.36	8.93	Santosh Kamath
	HDFC Short Term Debt Fund	10	1.17	8.95	7.67	Anil Bamboli
Floater Funds	Aditya Birla SL Floating Rate	10	0.88	8.64	7.93	Kaustubh Gupta
	HDFC Floating Rate Debt Fund	10	0.85	8.32	7.65	Shobhit Mehrotra
Dynamic Bond Funds	Franklin India Dynamic Accrual	5	0.97	9.86	9.02	Sachin Padwal-Desai
	ICICI Pru All Seasons Bond Fund	5	1.80	9.55	9.00	Manish Banthia
	Total	100				

*Returns as on June 15, 2019 | Returns less than 1 year are absolute, Greater than 1 year – Compounded Annualised

MODEL PORTFOLIO PERFORMANCE

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

AGGRESSIVE RISK PORTFOLIO	SCHEME NAME	ALLOC (%)	RETURN (%)
Large Cap	Axis Bluechip Fund	20	6.03
	Mirae Asset Large Cap Fund	20	3.25
	ICICI Pru Bluechip Fund	10	0.54
Mid Cap	Axis Midcap Fund	10	-1.14
	HDFC Mid-Cap Opportunities Fund	10	-5.81
Sector	UTI India Consumer Fund	10	-8.05
	Reliance Pharma Fund	10	-14.84
Dynamic Bond Funds	Franklin India Dynamic Accrual Fund	5	7.65
	ICICI Pru All Seasons Bond Fund	5	7.58
	Portfolio Performance	100	-0.31
	Benchmark Performance	100	0.21
	Nifty 500 - TRI	90	-0.61
	Crisil Short Term Bond Fund Index	10	7.63

MODERATE RISK PORTFOLIO	SCHEME NAME	ALLOC (%)	RETURN (%)
Aggressive Hybrid Fund	ICICI Pru Equity & Debt Fund	25	2.58
	Reliance Equity Hybrid Fund	25	-3.91
Large Cap Funds	Axis Bluechip Fund	5	6.03
	Mirae Asset Large Cap Fund	5	3.25
	ICICI Pru Bluechip Fund	5	0.54
Short Duration	Franklin India ST Income Plan	10	7.12
	HDFC Short Term Debt Fund	10	7.08
Dynamic Bond	Franklin India Dynamic Accrual Fund	5	7.65
	ICICI Pru All Seasons Bond Fund	5	7.58
Credit Risk Fund	Franklin India Credit Risk Fund	2.5	6.21
	Aditya Birla SL Credit Risk Fund	2.5	4.28
	Portfolio Performance	100	2.60
	Benchmark Performance	100	3.51
	Nifty 500 - TRI	50	-0.61
	Crisil Short Term Bond Fund Index	50	7.63

CONSERVATIVE RISK PORTFOLIO	SCHEME NAME	ALLOC (%)	RETURN (%)
Large Cap Funds	Axis Bluechip Fund	7.5	6.03
	Mirae Asset Large Cap Fund	7.5	3.25
	ICICI Pru Bluechip Fund	5	0.54
Low Duration Funds	ICICI Pru Savings Fund	10	6.47
	Kotak Low Duration Fund	10	5.83
Short Duration	Franklin India ST Income Plan	15	7.12
	HDFC Short Term Debt Fund	15	7.08
Floater Funds	Aditya Birla SL Floating Rate Fund	10	6.71
	HDFC Floating Rate Debt Fund	10	6.41
Dynamic Bond Funds	Franklin India Dynamic Accrual Fund	5	7.65
	ICICI Pru All Seasons Bond Fund	5	7.58
	Portfolio Performance	100	6.16
	Benchmark Performance	100	5.98
	Nifty 500 - TRI	20	-0.61
	Crisil Short Term Bond Fund Index	80	7.63

Returns less than 1 year are absolute, Greater than 1 year – Compounded Annualised

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	5,746	7.41	9.67	15.60	2.1
Mirae Asset Large Cap Fund	Neelesh Surana	May-2008	13,065	5.60	9.67	16.12	1.77
ICICI Pru Bluechip Fund	Sankaran Naren	Jul-2017	22,182	5.28	6.48	13.75	1.76
Benchmark Nifty 50 - TRI				5.62	10.73	14.89	

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	2,549	5.38	4.23	13.85	2.25
Franklin India Prima Fund	R. Janakiraman	Mar-2014	7,148	4.31	-2.75	10.12	1.87
HDFC Mid-Cap Opportunities Fund	Chirag Setalvad	Mar-2008	22,825	3.25	-5.70	11.52	1.84
Sundaram Mid Cap Fund	S. Krishnakumar	Nov-2012	6,090	4.29	-8.82	9.25	1.96
UTI Mid Cap Fund	Lalit Nambiar	Jan-2016	3,794	5.24	-9.43	6.69	2.25
Benchmark Nifty Midcap 100 - TRI				5.03	-6.40	10.88	

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
L&T Hybrid Equity Fund	Soumendra Nath Lahiri	Dec-2012	9,382	4.23	0.63	9.93	1.81
Reliance Equity Hybrid Fund	Sanjay Parekh	Mar-2012	11,257	6.53	-0.57	9.68	1.77
ICICI Pru Equity & Debt Fund	Sankaran Naren	Dec-2015	26,036	3.64	7.32	13.10	1.69
L&T Hybrid Equity Fund	Soumendra Nath Lahiri	Dec-2012	9,382	4.23	0.63	9.93	1.81
Benchmark Crisil Hybrid 35+65 - Aggressive Index (Equity:65%, Debt:35%)				4.34	8.52	12.31	

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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 Fund	Anil Shah	Sep-2013	1,064	4.91	4.28	14.01	2.6
UTI India Consumer Fund	Lalit Nambiar	Jul-2011	256	4.38	-5.86	8.96	2.6
Sundaram Rural and Consumption Fund	S.Krishnakumar	Jan-2016	2,347	5.68	-3.19	11.39	2.17
Benchmark Nifty Consumption - TRI				4.07	-4.57	11.37	

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	2,492	-2.38	-1.42	2.50	2.14
UTI Healthcare Fund	V. Srivatsa	Feb-2017	402	-3.88	-6.67	-3.37	2.4
Benchmark Nifty Pharma - TRI				-6.91	-10.79	-8.70	

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	5,146	0.26	7.80	7.64	1.06
SBI Magnum Low Duration Fund	Rajeev Radhakrishnan	Aug-2008	7,566	0.84	8.31	7.46	0.66
Reliance Low Duration Fund	Amit Tripathi	Mar-2007	4,643	-1.16	6.44	6.85	0.6
ICICI Pru Savings Fund	Rahul Goswami	Sep-2012	20,323	0.90	8.47	7.79	0.48
Benchmark Crisil Liquid Fund Index				0.65	7.69	7.18	

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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

<u>Scheme Name</u>	<u>Fund Manager</u>	<u>Managing Since</u>	<u>AUM (Rs Cr)</u>	<u>1 Mth (%)</u>	<u>1 Year (%)</u>	<u>3 Years (%)</u>	<u>Expense Ratio</u>
L&T Short Term Bond Fund	Shriram Ramanathan	May-2016	4,002	1.21	8.93	7.30	0.72
Axis Short Term Fund	Devang Shah	Nov-2012	2,618	0.25	7.86	7.05	0.9
HDFC Short Term Debt Fund	Anil Bamboli	Jul-2011	7,956	1.17	8.95	7.67	0.4
Franklin India ST Income Plan	Santosh Kamath	Apr-2014	13,368	0.75	9.36	8.93	1.49
L&T Short Term Bond Fund	Shriram Ramanathan	May-2016	4,002	1.21	8.93	7.30	0.72
Benchmark Crisil Short Term Bond Fund				1.21	9.41	7.64	

FLOATER FUNDS

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

<u>Scheme Name</u>	<u>Fund Manager</u>	<u>Managing Since</u>	<u>AUM (Rs Cr)</u>	<u>1 Mth (%)</u>	<u>1 Year (%)</u>	<u>3 Years (%)</u>	<u>Expense Ratio</u>
HDFC Floating Rate Debt Fund	Shobhit Mehrotra	Dec-2016	11,084	0.85	8.32	7.65	0.38
Aditya Birla SL Floating Rate Fund	Kaustubh Gupta	Apr-2017	5,841	0.88	8.64	7.93	0.38
ICICI Pru Floating Interest Fund	Nikhil Kabra	Dec-2016	6,749	0.75	7.73	7.30	1.32
Benchmark Crisil Short Term Bond Fund Index				1.21	9.41	7.64	

DYNAMIC BOND FUNDS

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

<u>Scheme Name</u>	<u>Fund Manager</u>	<u>Managing Since</u>	<u>AUM (Rs Cr)</u>	<u>1 Mth (%)</u>	<u>1 Year (%)</u>	<u>3 Years (%)</u>	<u>Expense Ratio</u>
Franklin India Dynamic Accrual Fund	Sachin Padwal-Desai	Feb-2006	3,910	0.97	9.86	9.02	1.69
ICICI Pru All Seasons Bond Fund	Manish Banthia	Dec-2016	2,707	1.80	9.55	9.00	1.3
Benchmark Crisil Composite Bond Fund Index				2.59	11.84	8.14	

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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)

<u>Scheme Name</u>	<u>Fund Manager</u>	<u>Managing Since</u>	<u>AUM (Rs Cr)</u>	<u>1 Mth (%)</u>	<u>1 Year (%)</u>	<u>3 Years (%)</u>	<u>Expense Ratio</u>
Reliance Credit Risk Fund	Prashant Pimple	Aug-2010	8,534	0.85	4.88	6.49	1.58
ICICI Pru Credit Risk Fund	Manish Banthia	Jan-2018	10,942	0.97	7.99	7.84	1.53
Franklin India Credit Risk Fund	Santosh Kamath	Apr-2014	7,125	0.46	8.31	8.36	1.61
L&T Credit Risk Fund	Shriram Ramanathan	Nov-2012	3,038	-1.44	4.10	6.36	1.7
Aditya Birla SL Credit Risk Fund	Maneesh Dangi	Apr-2015	6,651	0.57	6.10	7.65	1.66
Benchmark Crisil Composite Bond Fund Index				2.59	11.84	8.14	

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