Prabhudas® Lilladher
POWERING YOUR FINANCIAL GROWTH

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

MF EQUITY & DEBT: THE WAY FORWARD

MARCH 2019

PREFACE

Greetings from Prabhudas Lilladher!

The Indian equity markets gained on positive global cues and foreign fund inflows over the past 1-month period ended March 15, 2019. With inflation under control, the market is in expectation of another rate cut of 25 bps as early as next month.

The Nifty 50 was up 6.6%, while the S&P BSE Sensex gained 6.19% in the past 30-day period as on March 15, 2019. A strong rally was witnessed in the Mid Cap and Small Cap segments as well, with the Nifty MidCap 100 and Nifty SmallCap 100 gaining 10% and 14% respectively.

Given the government's stance and action against terrorism, the popularity of the ruling party has likely gone up just before the general elections, further adding to the positive investor sentiments.

In addition, 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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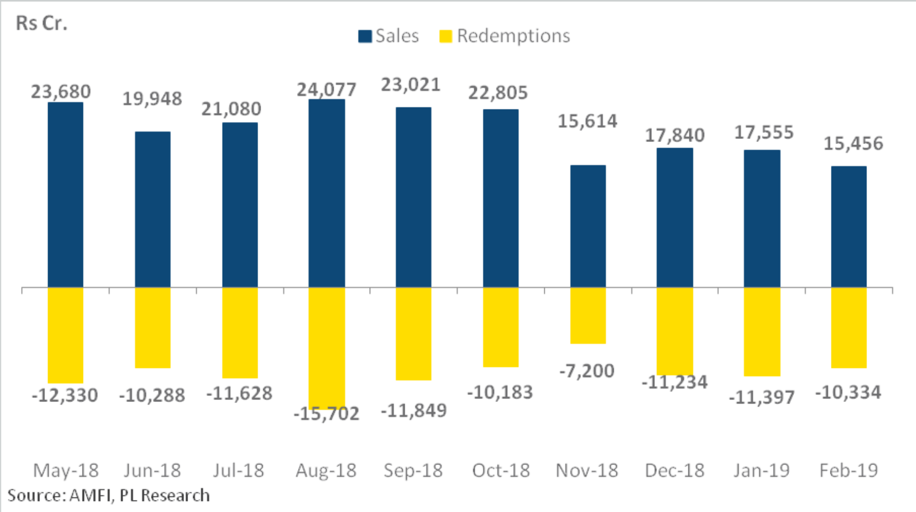
INDUSTRY TRENDS

SALES AND REDEMPTIONS OF EQUITY MUTUAL FUND (INCLUDING ELSS)

Total AUM: Rs 7,73,275 crore

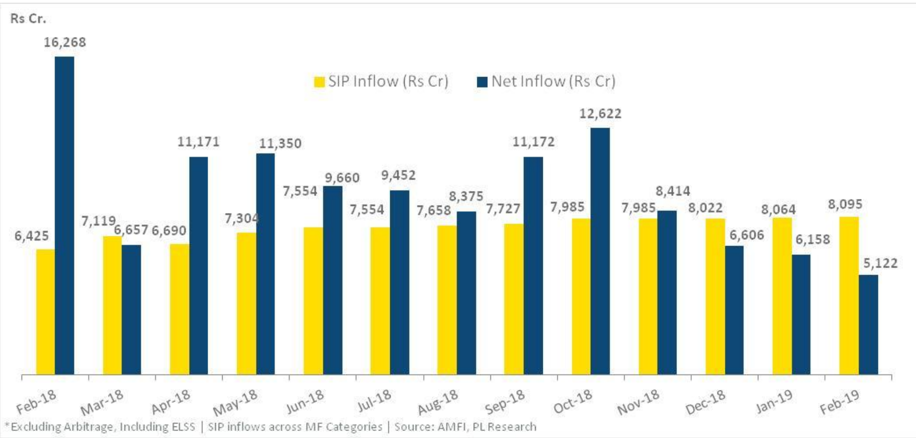


Gross sales of Equity MFs fell to Rs 15,456 cr in Feb 2019, down by over Rs 2,000 cr or 12% over the month. Sales, which picked up over the past couple of months, once again dipped below the Rs 16,000 cr mark.

Redemptions eased by about 9% to Rs 10,334 cr. for the month, from about Rs 11,000-cr reported in Dec-18 & Jan-19

NET INFLOWS IN EQUITY MUTUAL FUNDS (INCLUDING ELSS)

Total AUM: Rs 7,73,275 crore



(Source: AMFI, PL Research)

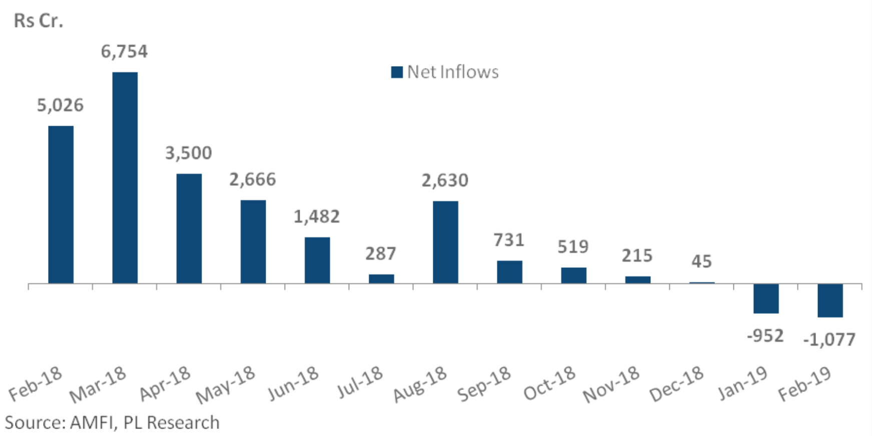
Net Inflows into Equity MFs (including ELSS) fell to Rs 5,122 cr. in February 2019, the lowest in two years.

Inflows through MF SIPs remained steady around the Rs 8,000-cr mark, with Rs 8,095 cr. coming in over the month 8,064 cr. in Jan-19

INDUSTRY TRENDS (CONT.)

NET INFLOWS IN BALANCED FUNDS

Total AUM: Rs 1,72,783 crore

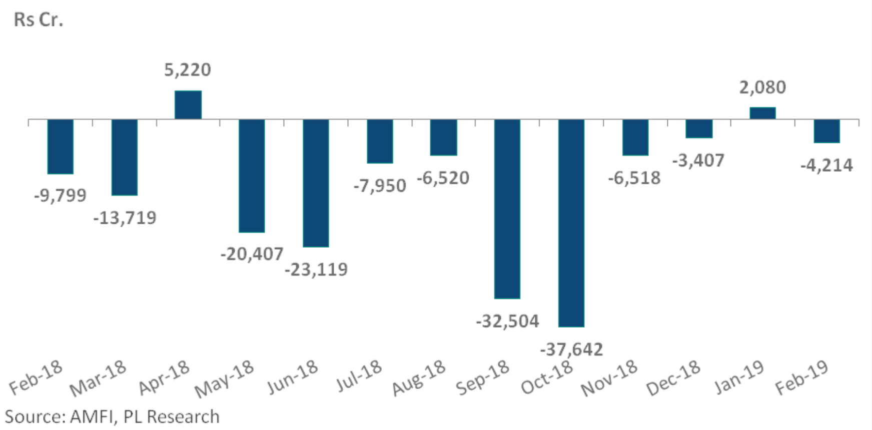


Source: AMFI, PL Research

Net outflows in Balanced Funds picked up pace, amounting to Rs 1,077 cr in Feb 2019. Sales of the category has fallen drastically to just about Rs 2,587 cr in Feb-19, vs Rs 7,890 cr reported in Feb-18. The category reported redemptions of Rs 3,664 cr. vs Rs 4,456 cr seen last month.

NET INFLOWS IN INCOME FUNDS

Total AUM: Rs 6,95,780 crore

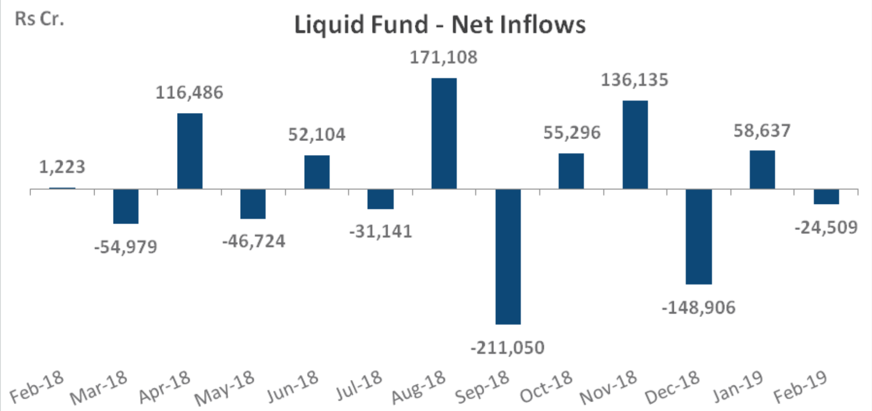


Source: AMFI, PL Research

Income funds once again faced outflows over the month, totalling Rs 4,214 cr. This was against an inflow of Rs 2,080 cr reported in Jan-19

NET INFLOWS IN LIQUID FUNDS

Total AUM: Rs 4,87,980 crore

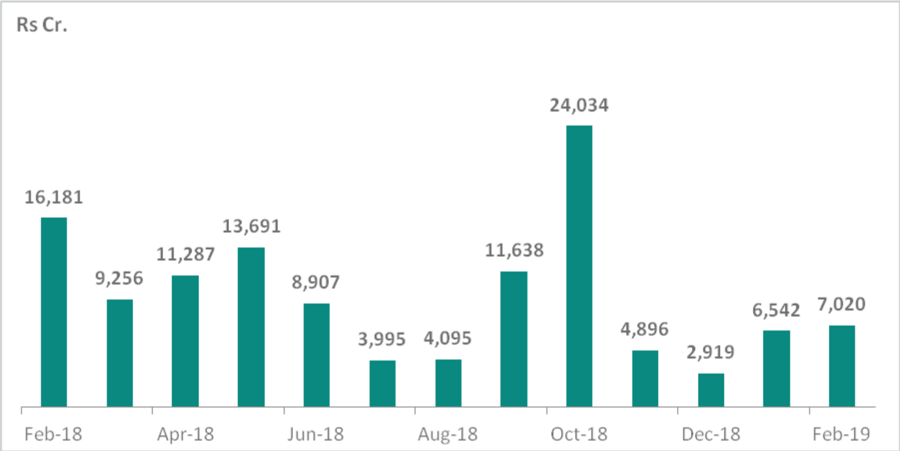


Source: AMFI, PL Research

Liquid funds report a net outflow of Rs 24,509 cr. in Feb-19 vs a net inflow of Rs 58,637 cr. in Jan-19.

INDUSTRY TRENDS (CONT.)

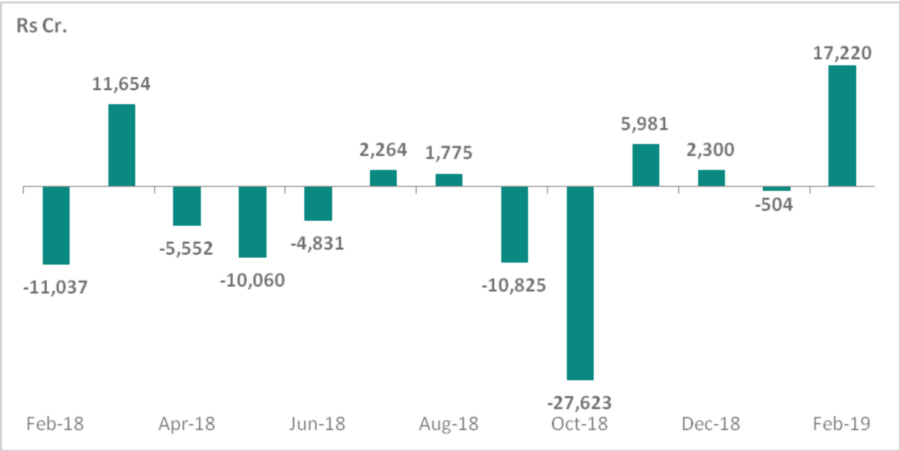
MUTUAL FUND INVESTMENT IN EQUITY



As per SEBI data, Mutual Fund net purchases of stocks moved higher to Rs 7,020 cr. in February 2019, as compared to a buying of Rs 6,542 cr. reported in January 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

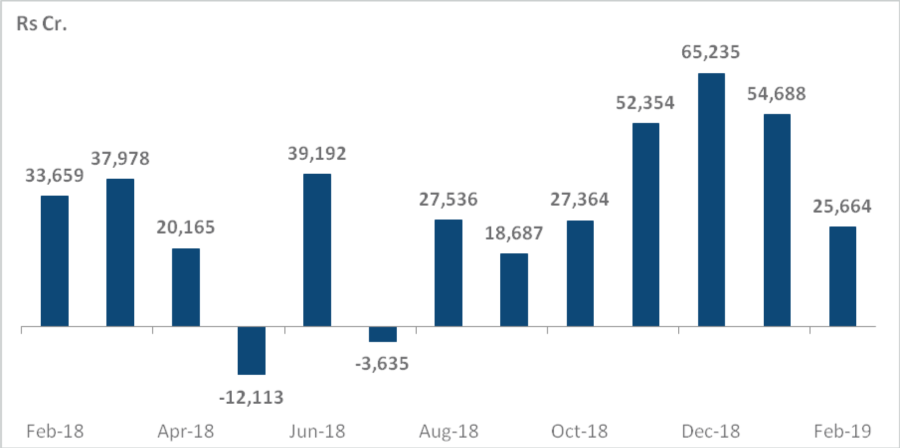
FII INVESTMENT IN EQUITY



Foreign portfolio investors turned aggressive on Indian equities in February 2019. FIIs made a net purchase of Rs 17,220 cr in the month, the highest for the past year.

(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

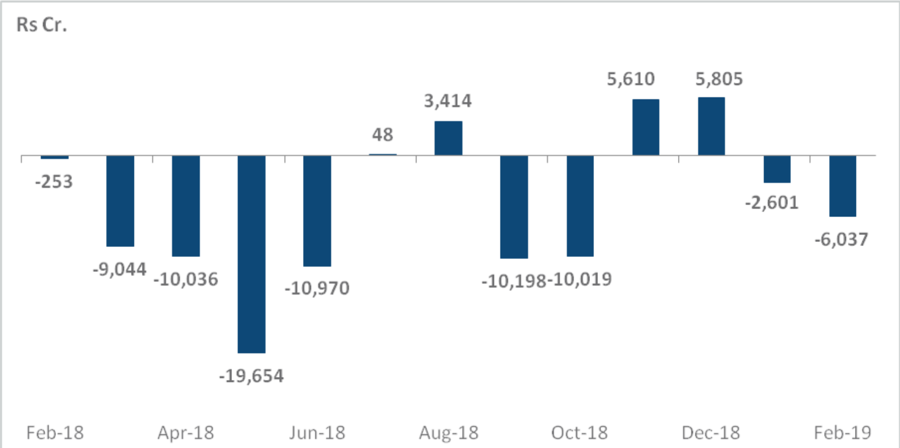
MUTUAL FUND INVESTMENT IN DEBT



Mutual Fund investments in debt weakened, registering a net inflow of Rs 25,664 cr. in Feb-19 against an inflow of Rs 54,688 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



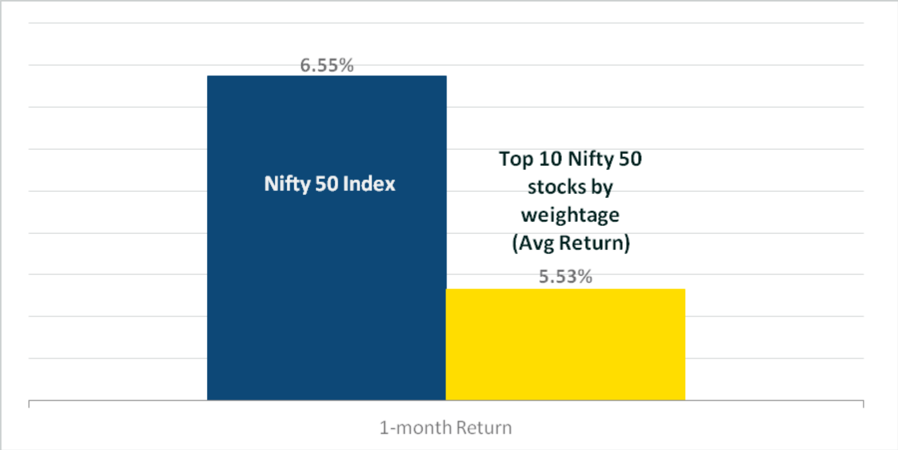
FIIs remained net sellers of Indian Debt, selling Rs 6,037 cr in Feb-2019. Net outflows over the past 12 months totaled Rs 63,683 cr.

(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 MARCH 15, 2019



For the month ended March 15, 2019, the Nifty 50 index gained as much as 6.55%.

The top 10 stocks by weightage delivered an average return of as much as 5.53%.

Data as on March 15, 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	44	10.23%
Losers	6	-3.02%

As many as 44 stocks of the 50 index constituents closed with a gain, averaging 10.23%. Just 6 stocks closed in the red

TOP 5 GAINERS

Company Name	1-Month Return
HPCL	28.01%
IOCL	25.43%
BPCL	20.88%
Vedanta Ltd.	19.28%
Grasim Industries Ltd.	17.42%

TOP 5 LOSERS

Company Name	1-Month Return
Wipro Ltd.	-6.60%
Hindustan Unilever Ltd.	-4.20%
Infosys Ltd.	-3.15%
HCL Technologies Ltd.	-2.64%
Cipla Ltd.	-1.47%

TOP 5 INDEX CONTRIBUTORS

Company Name	Apprx. Wtg. on Index (Feb 28, 2019)	1-Month Return	Contribution to Index
ICICI Bank Ltd.	4.56%	15.53%	75.95
HDFC Bank Ltd.	9.45%	7.25%	73.54
Indian Oil Corporation Ltd.	2.52%	25.43%	68.71
Reliance Industries Ltd.	8.97%	6.20%	59.69
Larsen & Toubro Ltd.	3.24%	12.34%	42.94
Total	**28.75%**		**320.83**

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

INDUSTRY TRENDS (CONT.)

EXTENT OF FALL– PAST 1 YEAR

Percentage fall in stock prices as on March 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%	33	32	29	**94**
10%-20%	29	40	28	**97**
20%-30%	19	34	65	**118**
30%-40%	9	22	63	**94**
40%-50%	5	8	48	**61**
>50%	3	8	25	**36**
Total	**98**	**144**	**258**	**500**

EXTENT OF FALL FOR STOCKS IN MUTUAL FUNDS

Percentage of Fall From 52w High	Large Cap	Mid Cap	Small Cap	Total
0%-10%	33	31	53	**117**
10%-20%	29	41	66	**136**
20%-30%	21	34	127	**182**
30%-40%	9	23	120	**152**
40%-50%	5	11	97	**113**
>50%	3	8	87	**98**
Total	**100**	**148**	**550**	**798**

Several Mid and Small Cap stocks continue to trade at a huge gap from their 52w highs

Note:
Market capitalisation as per AMFI, where:

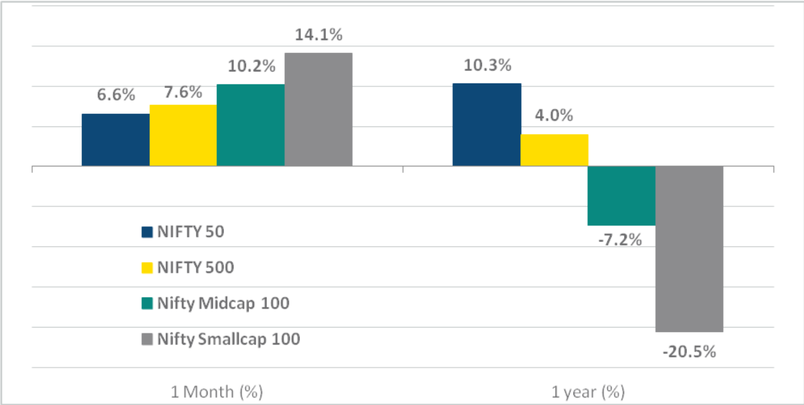
Large-cap: 1st-100th company in terms of full market capitalisation

Mid-cap: 101st-250th company

Small-cap: 250th company and below

EQUITY MARKET OUTLOOK

The market bounced back over the past 1-month period ending March 15, 2019. The Nifty 50 gained 6.6%, while the broader Nifty 500 index moved higher by about 7.6%. The Nifty Midcap 100, rallied 10.2%, while the Nifty Smallcap 100 moved up as much as 14%



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

Indian markets continued to advance over the past four consecutive weeks. The markets generated robust gains on the back of a strong rupee and healthy foreign inflows. Some of the optimism was cut short as IIP numbers indicated a slowdown in manufacturing, and other global factors like Brexit.

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

SUPPORT OF DOMESTIC INSTITUTIONAL INFLOWS EASE

Inflows into equity mutual funds have declined for the fourth consecutive month. In the past, the robust domestic inflows have acted as a support for the market. However, this support is easing. Strong foreign inflows have driven the market up over the past month and need to be closely monitored going ahead. FII inflow will play an increasing role in determining Nifty 50 trends in 2019 as all the double-digit returns years have seen strong FII inflows in the past.

RISING INFLATION, BUT UNDER CONTROL

India's retail inflation increased to 2.57% in February 2019, as against a revised 1.97% (from 2.05%) in Jan 2019. The drop came as food prices continued to decline, contracting 0.66% in Feb 2019 compared with a contraction of 2.24% in Jan 2019. Considering that inflation remains under control, and in line with market expectations, investors remain optimistic of another rate hike in April.

GEOPOLITICAL EVENTS

In the recent weeks, positive global cues boosted market sentiments with positive US economic data and positive developments of the Brexit deal. This along with optimism around the US-China trade talks and indications of Chinese economic stimulus, supported markets globally. Going ahead, any reversal in these positives will influence the sentiments of the market.

POLITICAL UNCERTAINTY FADING

Investors remain optimistic as polls suggest that the ruling party has high chances of coming back to power. Given the outcome of the recent state elections, there was a cloud of doubt over the results of the upcoming general elections, with many expecting a hung parliament. However, the government's stance and action against terrorism seems to have won back voter sentiment. Return of BJP to power can provide a boost to markets and take the Nifty 50 to levels of ~12500 over the next 6-8 months, however, any alliance on 1996 formula can de-rate the market, sending it down to the 9000-9500 levels.

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 a downward revision for estimated earnings

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. However, the scenario has now changed. Models are now predicting that chances of El Niño would be more than 50% at the time of onset of Southwest Monsoon 2019 but on the declining side.

ELECTION YEARS ARE OFTEN VERY VOLATILE, BUT NO SUSTAINED IMPACT

Election years often tend to be extremely volatile for the market. In each of the last six elections, despite the verdict being a surprise, the market did not show any significant divergence from the trend seen pre-elections. There was some occasional volatility, but no sustained impact on the indices due to elections. Volatility spiked considerably around the result of the general elections held in 2004 and 2009

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. While valuations are not exactly cheap, it is a good entry point for investors to take exposure to small cap and mid caps.

PRESSURE ON GOVT'S FISCAL SITUATION GOING FORWARD

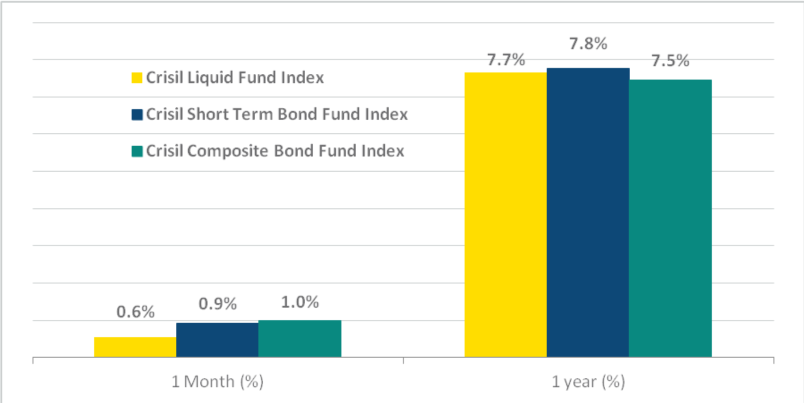
India's April-January fiscal deficit touched Rs7.7 trillion ($108.36 billion), or 121.5% of the budgeted target, for the current fiscal year. In the Interim Budget, the government had revised upward its fiscal deficit target to 3.4% of GDP for the current fiscal year from the previously estimated 3.3% 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, the items that form the bulk of the country's import bill. In February, import of oil, gold and electronic items declined by 8%, 10.81% and 6.5%, respectively.

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 ranged broadly ranged between 7.30%-7.40% over the past 1-month. Yields had shot up to 7.47% by the end of February, but eased soon after to 7.34% as on March 15, 2019.



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

Given the volatile rate environment over the past year, returns generated by the Liquid Fund index continues to remain strong with a return of 7.7%, while the Short-term and Composite Bond Fund Index delivered returns of 7.8% and 7.5% each.

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

INFLATION RISKS EASE

India's retail inflation increased to 2.57% in February 2019 as against downwardly revised 1.97% in January 2019. The drop came as food prices continued to decline with the consumer food price index contracting 0.66% in Feb 2019 compared with a revised contraction of 2.24% in Jan 2019. There are hopes that the Monetary Policy Committee might cut interest rates again in April, as retail inflation stayed below the Reserve Bank of India's 4% target further added to the gains. RBI has forecasted the headline inflation to stay below 4% through 2019

LIQUIDITY REMAINS A CONCERN

Systemic liquidity was tight for the most part of the month. Systemic liquidity during the month of February hit a peak negative of Rs 1.53 lakh crore and eased to negative Rs 82,900 crore compared to negative Rs 7,900 crore at the beginning of the month. To ease liquidity conditions, RBI conducted OMO purchase of Rs 37,500 crore in the month of February 2019. FY19 has been a record year for the RBI's OMOs buybacks, helping to absorb ~70% of government bond issuances. In February, RBI conducted the OMOs to the tune of Rs 495 trillion.

SLIPPAGE IN FISCAL DEFICIT

India's fiscal deficit was at 121.5% of full year budgeted levels for the period April 2018 to January 2019 compared to 113.7% for the same period last year. This slippage was primarily due to lower revenue collections. The government had budgeted to cut the fiscal deficit to 3.3% of GDP in FY19, from 3.53% in FY18. However, in the interim budget FY19, the fiscal deficit was revised upwards to 3.4% of GDP. Fiscal concerns and election uncertainty would impede full transmission of policy rate cuts.

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

Further rate cuts are possible as early as April. The RBI has already acknowledged that inflation is not a concern. Inflation is expected to be benign over the near and medium term. Along with the lower headline inflation, synchronized slowdown in global and domestic growth, lower commodity prices and dovish developed markets reserve banks has opened up space for monetary easing. Thus, it is expected to have a positive impact on interest rates.

RBI'S FOCUS ON LIQUIDITY TO CONTINUE

To ease liquidity conditions, RBI announced additional OMO purchase of Rs 25,000 crore in the first fortnight of March based on its assessment of the durable liquidity needs going forward. RBI has conducted/announced OMOs to the tune of Rs 2,73,500 crore and has further announced Rs 25,000 crore of OMO taking the cumulative OMO number for FY19 to Rs. 2,98,500 crore.

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 it 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 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	**30%**
Mid Cap Funds	**40%**
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	10	3.84	12.24	16.60	Shreyash Devalkar
	UTI Mastershare	10	6.17	5.15	13.65	Swati Kulkarni
	ICICI Pru Bluechip Fund	10	7.98	6.01	16.42	Sankaran Naren
Mid Cap	Axis Midcap Fund	20	5.61	8.03	17.37	Shreyash Devalkar
	HDFC Mid-Cap Opportunities	20	10.13	-3.84	16.53	Chirag Setalvad
Sector	UTI India LifeStyle Fund	10	5.75	-0.39	12.31	Lalit Nambiar
	Reliance Pharma Fund	10	2.11	9.41	3.84	Sailesh Raj Bhan
Dynamic Bond Funds	Franklin India Dynamic Accrual	5	0.84	8.76	9.55	Sachin Padwal-Desai
	ICICI Pru All Seasons Bond Fund	5	0.87	6.82	9.29	Manish Banthia
	Total	100				

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

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	8.30	4.14	14.91	Sankaran Naren
	Reliance Equity Hybrid Fund	25	7.48	0.12	12.34	Sanjay Parekh
Large Cap Funds	Axis Bluechip Fund	5	3.84	12.24	16.60	Shreyash Devalkar
	UTI Mastershare	5	6.17	5.15	13.65	Swati Kulkarni
	ICICI Pru Bluechip Fund	5	7.98	6.01	16.42	Sankaran Naren
Short Duration	Franklin India ST Income Plan	10	0.87	9.04	9.57	Santosh Kamath
	UTI ST Income Fund	10	0.73	6.37	7.42	Sudhir Agarwal
Dynamic Bond	Franklin India Dynamic Accrual	5	0.84	8.76	9.55	Sachin Padwal-Desai
	ICICI Pru All Seasons Bond Fund	5	0.87	6.82	9.29	Manish Banthia
Credit Risk Fund	Franklin India Credit Risk Fund	2.5	0.85	8.67	9.19	Santosh Kamath
	Aditya Birla SL Credit Risk Fund	2.5	0.72	5.97	8.08	Maneesh Dangi
	Total	**100**				

*Returns as on February 15, 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	7.5	3.84	12.24	16.60	Shreyash Devalkar
	UTI Mastershare	7.5	6.17	5.15	13.65	Swati Kulkarni
	ICICI Pru Bluechip Fund	5	7.98	6.01	16.42	Sankaran Naren
Low Duration Funds	UTI Treasury Advantage Fund	10	0.66	7.51	7.76	Sudhir Agarwal
	Kotak Low Duration Fund	10	0.72	7.78	7.93	Deepak Agrawal
Short Duration	Franklin India ST Income Plan	15	0.87	9.04	9.57	Santosh Kamath
	UTI ST Income Fund	15	0.73	6.37	7.42	Sudhir Agarwal
Floater Funds	Aditya Birla SL Floating Rate	10	0.72	7.96	8.14	Shobhit Mehrotra
	HDFC Floating Rate Debt Fund	10	0.66	7.63	7.73	Kaustubh Gupta
Dynamic Bond Funds	Franklin India Dynamic Accrual	5	0.84	8.76	9.55	Sachin Padwal-Desai
	ICICI Pru All Seasons Bond Fund	5	0.87	6.82	9.29	Manish Banthia
	Total	**100**				

*Returns as on February 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 Mar 15, 2019 from their inception on Sep15, 2018.

AGGRESSIVE RISK PORTFOLIO	SCHEME NAME	ALLOC (%)	RETURN (%)
Large Cap	Axis Bluechip Fund	20	-0.54
	UTI Mastershare	20	-2.95
	ICICI Pru Bluechip Fund	10	-2.38
Mid Cap	Axis Midcap Fund	10	-2.52
	HDFC Mid-Cap Opportunities Fund	10	-4.48
Sector	UTI India LifeStyle Fund	10	-7.26
	Reliance Pharma Fund	10	-8.62
Dynamic Bond Funds	Franklin India Dynamic Accrual Fund	5	5.85
	ICICI Pru All Seasons Bond Fund	5	4.18
	Portolio Performance	**100**	**-2.72**
	Benchmark Performance	**100**	**-1.84**
	Nifty 500 - TRI	90	-2.62
	Crisil Short Term Bond Fund Index	10	5.19

MODERATE RISK PORTFOLIO	SCHEME NAME	ALLOC (%)	RETURN (%)
Aggressive Hybrid Fund	ICICI Pru Equity & Debt Fund	25	-0.06
	Reliance Equity Hybrid Fund	25	-4.18
Large Cap Funds	Axis Bluechip Fund	5	-0.54
	UTI Mastershare	5	-2.95
	ICICI Pru Bluechip Fund	5	-2.38
Short Duration	Franklin India ST Income Plan	10	5.82
	UTI ST Income Fund	10	3.70
Dynamic Bond	Franklin India Dynamic Accrual Fund	5	5.85
	ICICI Pru All Seasons Bond Fund	5	4.18
Credit Risk Fund	Franklin India Credit Risk Fund	2.5	5.54
	Aditya Birla SL Credit Risk Fund	2.5	3.01
	Portolio Performance	**100**	**0.31**
	Benchmark Performance	**100**	**1.28**
	Nifty 500 - TRI	50	-2.62
	Crisil Short Term Bond Fund Index	50	5.19

CONSERVATIVE RISK PORTFOLIO	SCHEME NAME	ALLOC (%)	RETURN (%)
Large Cap Funds	Axis Bluechip Fund	7.5	-0.54
	UTI Mastershare	7.5	-2.95
	ICICI Pru Bluechip Fund	5	-2.38
Low Duration Funds	UTI Treasury Advantage Fund	10	3.99
	Kotak Low Duration Fund	10	4.27
Short Duration	Franklin India ST Income Plan	15	5.82
	UTI ST Income Fund	15	3.70
Floater Funds	Aditya Birla SL Floating Rate Fund	10	4.52
	HDFC Floating Rate Debt Fund	10	4.25
Dynamic Bond Funds	Franklin India Dynamic Accrual Fund	5	5.85
	ICICI Pru All Seasons Bond Fund	5	4.18
	Portolio Performance	**100**	**3.25**
	Benchmark Performance	**100**	**3.63**
	Nifty 500 - TRI	20	-2.62
	Crisil Short Term Bond Fund Index	80	5.19

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	4,221	3.84	12.24	16.60	1.98
UTI Mastershare	Swati Kulkarni	Nov-2006	5,576	6.17	5.15	13.65	2.33
ICICI Pru Bluechip Fund	Sankaran Naren	Jul-2017	20,101	7.98	6.01	16.42	2.02
Benchmark							
Nifty 50 - TRI				6.66	11.91	16.85	

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	1,891	5.61	8.03	17.37	2.37
Franklin India Prima Fund	R. Janakiraman	Mar-2014	6,491	8.58	-1.69	15.51	2.01
HDFC Mid-Cap Opportunities Fund	Chirag Setalvad	Mar-2008	20,539	10.13	-3.84	16.53	2.15
Sundaram Mid Cap Fund	S. Krishnakumar	Nov-2012	5,688	10.06	-8.48	14.06	2.06
UTI Mid Cap Fund	Lalit Nambiar	Jan-2016	3,551	9.62	-8.95	11.17	2.36
Benchmark							
Nifty Midcap 100 - TRI				10.17	-7.25	13.39	

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	1,914	5.95	4.82	10.75	2.13
ICICI Pru Equity & Debt Fund	Sankaran Naren	Dec-2015	25,467	8.30	4.14	14.91	1.99
Reliance Equity Hybrid Fund	Sanjay Parekh	Mar-2012	12,283	7.48	0.12	12.34	1.97
L&T Hybrid Equity Fund	S N Lahiri	Dec-2012	9,446	5.82	-0.27	11.40	2.02
UTI Hybrid Equity Fund	V. Srivatsa	Jan-2015	5,728	6.45	-0.31	12.18	2.06
Benchmark							
Crisil Hybrid 35+65 - Aggressive Index (Equity:65%, Debt:35%)				4.99	8.01	13.80	

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

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	900	6.87	4.13	17.35	2.33
UTI India LifeStyle Fund	Lalit Nambiar	Jul-2011	251	5.75	-0.39	12.31	2.68
Sundaram Rural and Consumption Fund	S.Krishnakumar	Jan-2016	2,328	8.07	-1.19	18.33	2.15
Benchmark							
Nifty Consumption - TRI				4.20	3.10	15.11	

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	2,664	2.11	9.41	3.84	2.16
UTI Healthcare Fund	V. Srivatsa	Feb-2017	427	4.49	-0.65	-1.15	2.84
Benchmark							
Nifty Pharma - TRI				6.69	6.96	-6.11	

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	4,579	0.72	7.78	7.93	1.07
SBI Magnum Low Duration Fund	Rajeev Radhakrishnan	Aug-2008	6,514	0.66	7.88	7.55	0.46
Reliance Low Duration Fund	Amit Tripathi	Mar-2007	6,838	0.80	7.90	7.63	0.63
ICICI Pru Savings Fund	Rahul Goswami	Sep-2012	17,060	0.72	7.63	7.87	0.45
UTI Treasury Advantage Fund	Sudhir Agarwal	Oct-2012	5,692	0.66	7.51	7.76	0.42
Benchmark							
Crisil Liquid Fund Index				0.56	7.65	7.24	

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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

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	3,251	0.97	7.42	7.39	0.72
Axis Short Term Fund	Devang Shah	Nov-2012	4,383	0.89	7.24	7.50	0.88
HDFC Short Term Debt Fund	Anil Bamboli	Jul-2011	7,316	0.84	7.56	7.75	0.4
Franklin India ST Income Plan	Santosh Kamath	Apr-2014	12,517	0.87	9.04	9.57	1.56
UTI ST Income Fund	Sudhir Agarwal	Oct-2012	5,546	0.73	6.37	7.42	0.88
Benchmark							
Crisil Short Term Bond Fund				0.93	7.77	7.67	

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	9,262	0.66	7.63	7.73	0.38
Aditya Birla SL Floating Rate Fund	Kaustubh Gupta	Apr-2017	4,579	0.72	7.96	8.14	0.38
ICICI Pru Floating Interest Fund	Nikhil Kabra	Dec-2016	6,863	0.65	6.85	7.43	1.32
Benchmark							
Crisil Short Term Bond Fund Index				0.93	7.77	7.67	

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

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	3,789	0.84	8.76	9.55	1.75
ICICI Pru All Seasons Bond	Manish Banthia	Dec-2016	2,018	0.87	6.82	9.29	1.3
UTI Dynamic Bond Fund	Amandeep Singh Chopra	Feb-2012	825	0.86	3.74	7.25	1.72
Benchmark							
Crisil Composite Bond Fund Index				0.99	7.46	7.74	

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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)

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	9,628	0.76	6.76	7.79	1.65
ICICI Pru Credit Risk Fund	Manish Banthia	Jan-2018	11,534	0.74	6.97	8.04	1.74
Franklin India Credit Risk Fund	Santosh Kamath	Apr-2014	7,157	0.85	8.67	9.19	1.74
L&T Credit Risk Fund	Shriram Ramanathan	Nov-2012	3,573	0.79	5.70	7.57	1.75
Aditya Birla SL Credit Risk Fund	Maneesh Dangi	Apr-2015	7,318	0.72	5.97	8.08	1.78
Benchmark							
Crisil Composite Bond Fund Index				0.99	7.46	7.74	

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