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www.etwealth.co | Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai, New Delhi, Pune | March 30-April 5, 2020 | 24 pages | ₹8

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THE BEST DEBT FUNDS

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THE BEST DEBT FUNDS

The steep rate cut by RBI has boosted debt funds. Find out which category suits you best.

By **Sameer Bhardwaj**

The rate cut by the RBI led to a steep fall in bond yields on Friday. The benchmark 10-year bond yield dropped to 6.07% compared to the 6.7% it has averaged in the past one year. This in turn gave a big boost to the NAVs of debt funds, especially schemes that have lined their portfolios with long term bonds. When rates go down, existing bonds with higher coupon rates become more attractive. Long-term bonds benefit the most in such situations.

Does that mean long-term bond funds will outperform now? Not really. Experts believe that after the 75 basis point cut, there is very little scope for bond yields to go down further. In fact, Bloomberg economists expect 10-year yields to average at 6.65% 2020-21. So, long-term bond funds could actually lose money as bond yields rise in the coming months.

The interest rate changes are not the only problem. While the decline in bond yields in the past one year have pushed up returns for most funds, the unexpected downgrades and defaults have also wiped out gains for some schemes.

There are a variety of options, each suited for the needs of different investors. You can use debt funds to save for your child's

GETTY IMAGES

Accrual Funds

Accrual funds invest in securities with short to medium-term maturity. These funds follow a buy and hold strategy to deliver returns higher than those of fixed deposits. In other words, the funds invest in securities or bonds with a higher coupon and hold them till maturity. The interest earned on the securities "accrues" to the fund, which explains their category name. Such funds are best suited for low to medium risk profile investors.

Indians love to invest in fixed income options, but this love does not extend to debt funds. Despite the advantages they offer, very few people know about debt funds and even fewer invest in them.

CORPORATE BOND FUNDS

FUND NAME	ABSL CORPORATE BOND	KOTAK CORPORATE BOND	FRANKLIN CORPORATE BOND
Fund rating	★★★★★	★★★★★	★★★★
Corpus (₹crore)	17,606	4,840	1,512
Avg maturity (in years)	3.04	1.61	3.57
YTM (%)	6.78	6.51	7.67
Returns (%) 6 months	2.02	2.09	2.6
Returns (%) 1 year	7.16	7.11	6.62
Returns (%) 3 year	7.2	7.36	7.37

Corporate bond funds invest 80% of their corpus in corporate bonds or non-convertible debentures. The investments are guided by the ratings assigned to bonds by rating agencies. Typically, high ratings are given to companies and institutions that are financially strong and have a good record of paying lenders on time. High credit rating implies lower probability of default and therefore, such funds are classified as low-risk funds. These funds are ideal for an investment horizon of 2-3 years. There are 19 corporate bond funds managing a total corpus of ₹85,170 crore. This corpus has grown 65% in the past one year. In February 2020, over 75% of the total corpus of these funds was invested in 'AAA' rated securities and nearly 13% in the sovereign government bonds. Over 82% of the funds have an average maturity of less than four years with an average expense ratio of 0.73%.

CREDIT RISK FUNDS

FUND NAME	ICICI PRU CREDIT RISK	KOTAK CREDIT RISK	AXIS CREDIT RISK
Fund rating	★★★★★	★★★★★	★★★★
Corpus (₹ crore)	12,872	5,280	1,188
Avg maturity (in years)	2.23	2.66	2.2
YTM (%)	9.08	8.49	9.08
Returns (%) 6 months	3.35	1.23	2.51
Returns (%) 1 year	7.8	5.56	2.4
Returns (%) 3 year	7.18	6.19	5.12

As their category name suggests, these funds take a bit of risk. They invest at least 65% of their money in securities with ratings lower than AA-. Given that low rated securities are prone to the risk of default, borrowers charge a higher rate as compensation. These funds benefit from the higher coupon rate and any possible improvement in the credit rating of a bond. However, these funds carry a significant default risk. The risk gets compounded if the fund is holding too many securities issued by the same group. Investors looking for steady income and with low-risk appetite should stay away from these funds. Even those with moderate to high-risk appetite should only look for large-sized funds that do not concentrate investments in a single group. There are 31 credit risk funds, with 24.2% of the corpus in 'AA' rated securities, 18.8% in 'AAA', and '10.98% in AA-' rated bonds.

Data source: ValueResearch. Returns data based on 23 March 2020 NAVs. All other data for February 2020.

Duration Funds

These funds focus on the duration of the fund and earn returns from the capital appreciation and coupon income. They benefit when the interest rates are expected to fall. Longer the duration, the more volatile is the fund and vice-versa. Sebi has classified duration funds based on the Macaulay Duration.

What is Macaulay Duration?

Expressed in number of years, this measures the weighted average term to maturity of the cash flows from the bond. In other words, it measures the time in which an investor will receive the amount invested in bonds through interest payments and repayment of principal. The calculation takes into account the bond's price, maturity, coupon, and yield to maturity. Keeping other factors constant, an increase in maturity leads to an increase in duration and vice-versa. It is a parameter used by debt fund managers to create portfolios depending on the level of the interest rates.

Why it matters

It helps to determine the risk profile of a fund relative to the changes in the interest rates. Long duration funds are more sensitive to changes in interest rates compared to short-duration funds. It helps investors to choose the right fund depending on their investment horizon.

ULTRA SHORT DURATION FUNDS

FUND NAME	ICICI PRU ULTRA SHORT TERM	ABSL SAVINGS	IDFC ULTRA SHORT TERM
Fund rating	★★★★★	★★★★	★★★★
Corpus (₹ crore)	8,612	16,489	5,798
Avg maturity (in years)	0.49	0.55	0.43
YTM (%)	7.20	6.50	5.88
Returns (%) 3 months	0.43	0.13	0.41
Returns (%) 6 months	2.53	1.97	2.19
Returns (%) 1 year	6.79	6.43	6.48

Ultra short-duration funds invest in securities with a portfolio Macaulay duration of 3-6 months. This makes them less susceptible to volatility and ideal for investment for a few weeks or few months. These funds generate returns slightly higher than savings bank account. There were 24 ultra-short duration funds with an average YTM of 6.2% in February 2020. The corporate debt (44.6%), certificates of deposit (25.3%), and commercial papers (16%) constitute the top 3 assets of these funds in terms of the percentage of the AUM invested.

LOW DURATION FUNDS

FUND NAME	ICICI PRU SAVINGS	SBI MAGNUM LOW DURATION	AXIS TREASURY ADVANTAGE
Fund rating	★★★★★	★★★★★	★★★★★
Corpus (₹ crore)	22,150	9,832	5,894
Avg maturity (in years)	1.0	0.8	0.97
YTM (%)	6.41	6.18	6.10
Returns (%) 3 months	-0.09	0.05	-0.05
Returns (%) 6 months	1.98	1.97	1.89
Returns (%) 1 year	6.48	6.22	6.46

Low duration funds invest in money market and short term debt securities with a portfolio Macaulay duration of 6-12 months. They are suitable for investors with low to moderate risk profile who want to park money for the short term and earn more than what liquid funds offer. These funds invest a portion of their assets in securities with ratings less than 'AA' which enables them to generate returns higher than the liquid funds. Most of the 22 low-duration funds had a YTM less than the average YTM of 6.78% in February 2020. The average expense ratio is 0.81%.

annual education expenses. Or save up enough to pay the downpayment of your house next year. You could be wanting to invest for a very short tenure like 10-15 days. Or you could be seeking regular income from a safe option in retirement. Whatever you need, there is a debt fund for that purpose.

Our cover story this week looks at the various categories of debt mutual funds. It looks under the hood of these categories to know where they invest, the risks they carry and the kind of returns to expect from these funds.

Liquidity and ease

Let us start by enumerating the several advantages that debt funds offer investors. For one, they are almost as liquid as a fixed deposit but without any cost. When you redeem your funds, the money is in your bank the next day. Also, a premature withdrawal from a fixed deposits attracts a penalty whereas the exit loads of debt funds are fairly lenient. Many short-term debt funds have no exit loads at all. Even liquid funds charge a maximum exit load of 0.007% if redeemed before one day. That's ₹7 on an investment of ₹1 lakh, and comes down to

SHORT DURATION FUNDS

FUND NAME		IDFC BOND SHORT TERM	HDFC SHORT TERM DEBT	KOTAK BOND SHORT TERM
Fund rating		★★★★★	★★★★★	★★★★★
Corpus (₹ crore)		12,341	12,216	11,560
Avg Maturity (in years)		2.07	2.94	3.07
YTM (%)		6.42	6.85	6.84
3 months	Returns (%)	-0.65	-0.27	0.19
6 months	Returns (%)	1.57	2.21	2.59
1 year	Returns (%)	6.37	7.08	7.9

These funds invest in securities with a portfolio Macaulay duration of 1-3 years. They hold bonds of good quality companies with strong cash flows. Those looking for a better tax-adjusted returns can consider these. These funds are also useful for saving for short-term goals. There are around 30 short duration funds. Over 58% of their AUM was invested in AAA-rated securities in February 2020. The average YTM of these funds was 6.7%.

MEDIUM DURATION FUNDS

FUND NAME		SBI MAGNUM MEDIUM DURATION	IDFC BOND MEDIUM TERM	HDFC MEDIUM TERM DEBT
Fund rating		★★★★★	★★★★★	★★★★
Corpus (₹ crore)		3100	3066	1417
Avg Maturity (in years)		4.79	4.3	3.97
YTM (%)		6.72	6.55	7.92
6 months	Returns (%)	3.38	2.21	2.68
1 year	Returns (%)	8.99	7.41	7.18
3 year	Returns (%)	7.67	6.55	6.46

These funds invest in securities with a Macaulay duration of 3-4 years and are relatively more sensitive to the interest rate cycles. These funds are suitable when the interest rates are likely to remain constant or expected to decline in the future. The funds in this category have an average YTM of 8.7% with an average expense ratio of 1.4% in February 2020.

MEDIUM TO LONG DURATION FUNDS

FUND NAME		ICICI PRU BOND	SBI MAGNUM INCOME	IDFC BOND INCOME
Fund rating		★★★★	★★★★	★★★★
Corpus (₹ crore)		3,438	1,301	683
Avg Maturity (in years)		3.82	4.69	5.86
YTM (%)		5.24	6.61	7.77
1 year	Returns (%)	7.38	10.06	10.09
3 year	Returns (%)	6.39	7.18	6.75
5 year	Returns (%)	7.31	7.83	7.45

The investment portfolios of these funds have Macaulay duration between 4 and 7 years. Such longer duration makes them extremely sensitive to the changes in interest rates. These funds are advisable for an investment period of more than 5 years. Thirteen funds in the category have an average portfolio maturity of 6.8 years as of February 2020 with an average YTM of 7%.

LONG DURATION FUNDS

FUND NAME		ICICI PRU LONG TERM BOND	NIPPON INDIA NIVESH LAKSHYA
Fund rating		NR	NR
Corpus (₹ crore)		838	762
Avg Maturity (in years)		11.81	24.02
YTM (%)		7.12	6.74
1 year	Returns (%)	12.01	16.8
3 year	Returns (%)	8.26	-
5 year	Returns (%)	8.5	-

These funds have a portfolio Macaulay duration of more than 7 years and benefit when interest rates fall. Investors with a high risk appetite and long horizon should consider them. Past one year returns have been the highest among all debt fund categories due to falling rates.

DYNAMIC BOND FUNDS

FUND NAME		KOTAK DYNAMIC BOND	SBI DYNAMIC BOND	ICICI PRU ALL SEASONS BOND
Fund rating		★★★★★	★★★★★	★★★★
Corpus (₹ crore)		1,205	1,309	3,189
Avg Maturity (in years)		6.45	8.77	7.16
YTM (%)		7.09	6.64	7.89
1 year	Returns (%)	9.05	11.94	9.36
3 year	Returns (%)	8.45	7.44	7.55
5 year	Returns (%)	9.2	8.22	8.41

These funds dynamically manage the duration by investing in securities of different durations depending on the fund manager's assessment of the future interest rate movements. These are suitable for investors who want to benefit from the changing level of interest rates. However, a pause in the interest rate by the central bank could significantly affect their performance. 37 funds in this category have invested over 93% of their total corpus into corporate debt and government securities with an average YTM of 6.9% as of February 2020.

GILT FUNDS WITH 10-YEAR CONSTANT DURATION

FUND NAME		NIPPON INDIA GILT SECURITIES	IDFC GSF INVESTMENT	DSP GOVERNMENT SECURITIES
Fund rating		★★★★★	★★★★★	★★★★
Corpus (₹ crore)		1,135	480	523
Avg Maturity (in years)		7.96	7.67	11.7
YTM (%)		6.51	6.62	6.55
1 year	Returns (%)	12.27	13.9	13.69
3 year	Returns (%)	8.54	8.91	8.14
5 year	Returns (%)	9.04	9.21	8.45

These funds invest a minimum of 80% of their corpus into government securities and ensure that the Macaulay duration of the portfolio is equal to 10 years. These funds are free from credit risk and are meant for risk-averse investors. As RBI has reduced the repo rate by a cumulative of 135 basis points since February 2019, these funds along with other gilt funds have generated double-digit returns in the past one year.

nil after seven days.

With the fixed deposit rates declining, short-term debt funds provide a good alternative avenue to invest for a short to medium time period.

Tax advantage

The other major benefit is the tax efficiency. Interest from fixed deposits and other small saving schemes are added to the income of the investor and taxed at the applicable tax slab. If a fixed deposit is offering 7%, the post-tax return in the 30% tax slab will be less than 5%.

On the other hand, debt funds are treated as capital assets. Though short-term gains are also added to the income of the investor and taxed at normal rates, the gains are trated as long-term gains if the holding period exceeds three years. Long-term capital gains from debt funds are taxed at 20% after indexation. Indexation takes into account the inflation during the holding period and accordingly adjusts the acquisition price upwards to reduce the tax.

What's more, if the holding period is spread across four financial years, the investor gets the benefit of four years' indexation. Therefore, debt funds prove effective for those in the highest tax slabs. This is also why there is often a rush to invest in such debt instruments at the end of the financial year.

However, that window is almost closed now. The government has extended the last date of tax saving investments to 30 June, but it is not clear if securities purchased till that date will be deemed to have been purchased during the financial year 2019-20.

Systematic convenience

If equity fund investors benefit from systematic investments, debt fund investors benefit from systematic withdrawal plans (SWPs) and systematic transfer plans (STPs). Retirees looking for a regular income can invest in a debt fund and start SWPs. As the name suggests, a fixed amount is redeemed from the investment every month or quarter. The SWP arrangement is a very tax efficient because the entire amount withdrawn is not taxed. Only the gain is taxed, which can be very minimal. Later, after the investment is more than three years old, the tax comes down even further due to the lower tax rate and indexation benefit.

The SWP option has become more attractive now that dividends will be taxed. Moreover, dividends are dependent on the scheme's performance while SWPs are customised to the investor's requirements.

Investors can also use the STP option to invest in equity funds through debt funds. Experts recommend that monthly SIPs are the best way to invest in equity funds. If you have a large sum to invest, don't let it idle in the bank to earn a paltry 3-4%. Instead, put it in a debt fund and then start a STP into an equity fund. Under this, a fixed sum will gradually get transferred to the equity fund. It offers investment flexibility and enables investors to earn higher returns compared to the savings bank account.

However, STP will be ineffective if the debt fund loses money and therefore, STP should be implemented in funds that have a lower credit risk.

Surprised? Don't be. In recent months, there have been several incidents of defaults and downgrades which led to steep declines in some debt funds (*see page 6*). To safeguard the interests of investors, Sebi has allowed the practice of side pocketing. Under this, a fund can segregate the toxic securities and keep them in a separate portfolio. If the bond issuer pays back the interest and principal, investors get their money back. This means an investor can exit these funds without relinquishing his right to reclaim his losses at a later date.

Other debt fund categories

LIQUID FUNDS

FUND NAME		FRANKLIN LIQUID	MAHINDRA LIQUID	BNP PARIBAS LIQUID
Fund rating		★★★★★	★★★★★	★★★★★
Corpus (₹ crore)		13,546	2,801	1,820
Avg Maturity (in years)		0.08	0.06	0.09
YTM (%)		5.70	5.56	5.76
3 months	Returns (%)	1.18	1.07	1.07
6 months	Returns (%)	2.67	2.53	2.47
1 year	Returns (%)	6.31	6.12	5.99

These funds invest in money market securities with maturity up to 91 days. Government securities, treasury bills, and call money are some of the avenues where liquid funds invest. These are suitable for parking money for the short term and has a near-zero risk of loss. These funds are considered safest among short term debt funds due to their low lending duration and have a minimal interest rate risk and credit risk. These funds have an average YTM of 5.4%.

BANKING AND PSU FUNDS

FUND NAME		AXIS BANKING & PSU	LIC MF BANKING & PSU	ABSL BANKING & PSU
Fund rating		★★★★★	★★★★★	★★★★★
Corpus (₹ crore)		14,469	1,576	10,056
Avg Maturity (in years)		2.3	2.78	3.95
YTM (%)		6.47	6.48	6.73
6 months	Returns (%)	1.43	1.43	1.64
1 year	Returns (%)	6.45	6.68	7.13
3 year	Returns (%)	7.47	6.95	7

These funds invest at least 80% of their corpus in bonds issued by banks and PSUs. The high credit ratings of PSUs make these funds very secure from default risk. But these funds are still prone to interest rate risks. They offer a strong alternative to the bank fixed deposits and offer the benefits of higher returns and tax efficiency in the form of long-term capital gains and indexation benefits if held for more than three years. The average YTM offered by these funds is 6.6% which is better than current 5.9% rate offered by SBI on its fixed deposits.

FLOATING RATE FUNDS

FUND NAME		HDFC FLOATING RATE DEBT	ABSL FLOATING RATE	ICICI PRU FLOATING INTEREST
Fund rating*		NR	NR	NR
Corpus (₹ crore)		11,037	8,688	8,507
Avg Maturity (in years)		1.27	1.27	1.17
YTM (%)		6.31	6.21	7.43
6 months	Returns (%)	2.31	1.77	2.15
1 year	Returns (%)	6.73	6.21	6.28
3 year	Returns (%)	7.03	7.04	6.52

These funds invest at least 65% of their corpus in securities with varying interest rates. Such securities tend to vary their coupon rate with the changes in the interest rates and thereby minimise the interest rate risk. When the interest rates are rising, such funds minimise the capital erosion. These funds are not so popular among investors when the interest rates are expected to fall. Floating rate funds can invest in both short and long maturity papers. In February, the average YTM of these funds was 6.5% with the majority of the corpus invested in corporate debt (57.4%) followed by certificate of deposits (17.3%), and government securities (15.6%).

*Top 3 funds with largest corpus selected.

Arbitrage Funds: Equity funds that work like debt funds

These schemes offer investors the best of both worlds: the safety of principal and the tax advantage available to equity funds.

Arbitrage funds are categorised as hybrid funds but they earn risk-free returns in all market conditions. These funds buy stocks and sell an equal number of stocks in the futures market. Since the futures price is usually higher, the scheme pockets the difference. Unlike debt funds, these funds are free from counterparty or credit risks as the transactions are made on a stock exchange between two parallel markets. They generate returns close to the returns generated by short-term debt funds. As the debt funds are struggling due to the growing stressed assets, arbitrage funds could prove handy for investors who want to cover such downgrade risks.

Arbitrage funds exploit the mispricing opportunities between the cash market and the futures (or derivatives) market. If a stock is trading at ₹200 in the cash market and ₹210 in the futures market, one can make a risk free profit of ₹10 by selling a futures contract and buying an equivalent lot of shares from the cash market (assuming zero brokerage). The cash price and futures price coincide on the day of settlement and therefore, reversing the transaction (buying the futures contract and selling an equivalent lot of shares) will result in the risk-free profit.

These funds prove useful when markets are witnessing substantial volatility. This is because volatility leads to heavy mispricing in the cash and futures markets. However, these funds suffer and lag behind other equity funds when markets are stable or in a consistent bull run.

Arbitrage funds are more tax efficient than debt funds. If held for less than one year, short-term gains are taxed at 15%. If held for more than a year, gains beyond ₹1 lakh in a year will be taxed at 10%. In the current situation, these funds are best options.

ARBITRAGE FUNDS

FUND NAME		EDELWEISS ARBITRAGE	KOTAK EQUITY ARBITRAGE	IDFC ARBITRAGE
Fund rating		★★★★★	★★★★★	★★★★
Corpus (₹ crore)		3,955	17,662	12,007
Expense ratio (%)		1.1	0.98	1.08
6 months	Returns (%)	2.74	2.53	2.14
1 year	Returns (%)	6.24	6	5.63
3 year	Returns (%)	6.05	6.06	5.83

Even debt mutual funds can be risky

Rising incidences of credit defaults and downgrades have underlined the risk these schemes carry.

By **Sameer Bhardwaj**

You must have heard this a thousand times: mutual fund investments are subject to market risk. But nothing could have prepared investors in the PGIM India Ultra Short Term Fund for 13 September 2019. That day the fund fell 30.3% following the downgrade of a large chunk of its holdings. Credit defaults are nothing new, but have become very commonplace in the past few years. In August 2018, the mega default by IL&FS not only affected the credit risk funds but even the safe liquid funds, ultra-short duration, short duration and corporate bonds were badly hit. Very recently, on 5 March, the ₹1,773 crore Nippon India Strategic Debt Fund fell more than 25% after AT1 bonds of Yes Bank were written off.

Due to the slowdown in various sectors, debt funds are struggling with issuers who fail to fulfill their obligations. Many fund houses were forced to mark down the value of stressed assets, which hit NAVs badly.

Can you safeguard yourself?

The rising defaults show that even rating agencies are not dependable to assess issuers. Also, AMCs with a dedicated credit evaluation system failed to foresee the stress. Investors can evaluate a fund by looking at the concentration of assets across issuers. A small fund with a significant concentration in one group is obviously at high risk. Also look at the yield to maturity (YTM) of a fund and compare the same with similar funds in the category. If the YTM is significantly higher than that of its peers, it implies that the fund is taking more risk by investing in securities with low credit ratings. Investors with a low-risk profile should stick to funds with YTM less than their peers.

How defaults and downgrades impacted debt funds

Some schemes have side-pocketed toxic investments. Investors can hope to recover their losses even if they exit.

DHFL delays interest payments 4 Jun 2019

FUND NAME	CORPUS (₹ CRORE)	% FALL IN NAV
UTI Treasury Advantage Fund-Reg	2,140.78	-8.77
UTI ST Income Fund-Reg	1,977.38	-9.43
LIC MF Savings Fund	994.63	-6.09
Sundaram Low Duration Fund-Reg	446.48	-5.48
HSBC Short Duration Fund	424.01	-8.51
BNP Paribas Low Duration Fund	324.81	-5.90
Union Corporate Bond Fund-Reg	288.17	-5.63
DSP Bond Fund-Reg	270.57	-5.21
IDBI Ultra ST	229.47	-7.07
Sundaram Short Term Debt Fund	165.61	-8.12

Sintex Industries defaults on bonds 26 Jun 2019

FUND NAME	CORPUS (₹ CRORE)	% FALL IN NAV
BOI AXA Credit Risk Fund-Reg	179.48	-29.61%
BOI AXA Short Term Income Fund-Reg	41.79	-7.98%

DHFL bonds written off 16 Aug 2019

FUND NAME	CORPUS (₹ CRORE)	% FALL IN NAV
Sundaram Low Duration Fund-Reg	446.48	-4.21%
Sundaram Short Term Debt Fund	165.61	-5.02%
Sundaram Short Term Credit Risk Fund	138.25	-5.63%
BOI AXA Short Term Income Fund-Reg	41.79	-8.28%

Essel defaults 25 Nov 2019

FUND NAME	CORPUS (₹ CRORE)	% FALL IN NAV
Aditya Birla SL Medium Term Plan-Reg	4,452.29	-7.44%
Aditya Birla SL Dynamic Bond Fund-Reg	2,576.20	-5.51%

Altico Capital defaults, Reliance Business Broadcast Holdings downgraded 13 Sep 2019

FUND NAME	CORPUS (₹ CRORE)	% FALL IN NAV
UTI Credit Risk Fund-Reg	936.02	-5.73%
PGIM India Ultra ST Fund	142.96	-30.29%
PGIM India Low Duration Fund	103.06	-6.23%
PGIM India Short Maturity Fund	42.20	-21.33%

Vodafone debt marked down 16 Jan 2020

FUND NAME	CORPUS (₹ CRORE)	% FALL IN NAV
Franklin India ST Income Plan	10,122.17	-4.56%
Franklin India Credit Risk Fund	5,480.56	-4.91%
Franklin India Low Duration Fund	3,827.05	-6.87%
Franklin India Dynamic Accrual Fund	3,717.33	-4.28%
Franklin India Income Opportunities	2,934.52	-5.14%

Yes Bank's AT1 bonds written off 5 Mar 2020

FUND NAME	CORPUS (₹ CRORE)	% FALL IN NAV
Nippon India Credit Risk Fund	4,627.60	-11.91%
Nippon India Strategic Debt Fund	1,773.60	-25.24%
UTI Credit Risk Fund-Reg	936.02	-5.10%
PGIM India Credit Risk Fund-Reg	328.68	-4.55%
Baroda Treasury Adv Fund	86.77	-8.62%
Baroda Treasury Adv Fund	86.77	-21.82%
IDBI Credit Risk Fund	57.72	-9.12%

Corpus for February 2020. Data source ACE MF

Focus your energies on identifying the better bets

Do not panic buy, since we are deep into a blind knee-jerk territory right now and will stay there for a long time to come, says **Dhirendra Kumar**.

DHIRENDRA KUMAR
CEO, VALUE RESEARCH

MONEY MYSTERIES

> Conventionally, one can justify looking upon the equity markets' movements as a kind of a judgement on what will happen to the economy. Those expectations must be set aside now.

As I write this article on Thursday, 26 March, the Indian equity markets are in the middle of a buying panic which seems to be as strong as the selling panic that was raging a couple of days ago. This inevitably will again turn into a selling panic as something else happens tomorrow morning and back again in a couple of days. Conventionally, one can justify looking upon the equity markets' movements as a kind of a judgement on what will happen to the economy. Those expectations must be set aside now. We are deep into blind knee-jerk territory right now and will stay there for a long time to come.

Even in normal times one should pay zero attention to what the stock market does on any time scale less than a few months. Right now, the logic of ignoring the markets is even stronger. Does it mean that there is some other indicator that you should watch out for? Well, I can't stop you from obsessively watching the progress of the disease across the world, since I find myself doing it all the time. However, this is not the time to find clues to try and read the tea leaves in newer and newer ways. Instead, let's go back to the basics that we already know.

Here's a favourite of mine, which I'm shamelessly recycling from something I wrote in a sister publication of this one a long time ago: One day, a man appeared in a village and offered to buy all the monkeys that the villagers could supply for a thousand rupees each. The villagers caught all the monkeys around and sold them. Soon, another man appeared and offered ₹2,000 for each monkey. However, there weren't any more monkeys around so the villagers couldn't sell the man anything. However, they figured that for some reason, the demand for monkeys was going up so they looked for the first man and bought back all the monkeys for ₹3,000 each (which was the least the man was willing to take). Unfortunately, this stratagem was a failure and the buyer never reappeared, leaving the villagers stuck with the animals.

Nearby, there was another village, where the same story was repeated except here, it was about goats. Here too, the final buyer never appeared and the villagers were stuck with the goats. However, there was a big difference. The monkeys were a nuisance. They were noisy, troublesome and dangerous; and they stole food all the time, so the villagers eventually abandoned them in the forest. The goats, however, weren't so bad. They were easy to keep, grazed on grass and gave milk. When they grew older, the villagers slaughtered them for meat. All in all, buying goats was not the bad deal that it looked like in the beginning.

The moral of the story, as applied to investments, is so clear that I need not explain it. However, there is an important difference from the time when I had narrated this story originally. At that time, the context was that of the stock markets that were in the grip of a bull run. The risk at that time was that of buying monkeys instead of goats because the monkeys looked just as useful as goats. Now, the risk is opposite. There are a lot of goats that look a little bit (or a lot) like monkeys nowadays. Companies that have robust, well-run businesses that will survive and recover this crisis have seen huge cuts in their share prices and are available for great bargains. Many of these have actually fallen more than the monkey stocks because the goat stocks were overpriced to begin with.

Now, I completely understand if you decide that discretion is the better part of valour and would like to stay out of the whole mess. In that case, just ignore what I am saying. Otherwise, focus your energies on identifying the goats.

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Are your balanced advantage funds living up to their promise?

Instead of looking at the recent numbers, stick to funds that have historically exhibited lower downside volatility.

by **Sanket Dhanorkar**

The carnage in the stock market has brought the utility of balanced advantage funds into sharp focus. Several fund houses have been promoting these funds as the ideal avenue for investors to weather volatile market conditions. With the markets now in a free-fall, the worth of this category is being tested. So are these funds really standing up to their reputation?

To their credit, balanced advantage funds have lost 21% in the past one month even as the large-cap and multi-cap funds lost over 35%. This suggests that the funds have lived up to their promise of better downside protection up to some extent. Apart from asset allocation based approach, active hedging of direct equity positions also explains part of the funds' relative outperformance. However, a closer look at individual fund performance shows a wide divergence within this category. While some of the funds have done a particularly good job of cushioning the downfall, several others failed to shield investors well. So what has helped some balanced funds deliver better than others?

The market carnage over the past month has clearly tested individual models guiding each balanced advantage fund. These funds shift allocation between equity and debt in response to specific indicators given by their in-house algorithms. Some rely extensively on valuation metrics like price-to-earnings, price-to-book value and dividend yield to determine appropriate asset allocation. Others use a combination of parameters to provide trigger for change in asset mix. These funds typically alter their equity allocation between 30% and 80%.

It seems that the steep market cut has broken the back of models using valuation metric as the fulcrum. When valuations are low, they increase their equity allocation and lower it when multiples expand. As the market has nosedived, index valuation multiples have also shrunk considerably, prompting valuation-centric models into promptly hiking equity exposure. But with indices facing steep cuts almost every day, the incremental equity exposure has hurt these funds.

The efficacy of balanced advantage funds has been tested amid this free-fall, concedes Ashutosh Bhargava, Fund Manager and Head-Equity Research, Nippon India Mutual Fund. "A purely valuation based allocation model will not come in handy when the market cut is so sharp within such a short time frame," he says. Bhargava manages the Nippon India Balanced Advantage Fund which deploys a combination of valuation and momentum indicators to guide asset allocation.

The reasons a few funds have risen to the challenge is because they have adopted models using combination of metrics, not leaning on valuations. "We don't follow the traditional valuation based model that many funds in this category adopt," points out Radhika Gupta, CEO of Edelweiss AMC which deploys a pro-cyclical approach compared to the counter-cyclical model used by many others. It aims to have higher equity exposure during the bull market and lower equity exposure during the bear market cycle. A combination of momentum and volatility factors as core indicators helps the fund identify market trend or direction and strength or sustainability of that trend, respectively. The two indicators started flashing red towards the end of February, calling for lower equity exposure. Even as others have shored up equity exposure to 60-70% or beyond, this fund has maintained net equity exposure at around 35% since late February. "Edelweiss Balanced Advantage has been the silver lining in our suite of offerings in this market decline. It is truly living its moment, protecting 70% of the downside," asserts Gupta. The fund has lost 16% over the past month, even as the category lost over 21%.

However, Principal Balanced Advantage has not suffered due to valuation despite relying heavily on this metric. The fund has mostly maintained equity exposure at around 25% from 2018-end right until now. This hampered its performance during 2019 when equity markets continued upward march, but has been rewarded for its conservative approach in the current market decline. It has shrunk only 12.7% over the past month. Rajat Jain, CIO, Principal Mutual Fund reckons PE is a simplistic but effective indicator if used correctly. "Its utility in a balanced advantage fund depends entirely on what boundaries are set for triggering change in the allocation."

In some balanced advantage funds, valuation-biased models have triggered sharp spike in equity exposure. The PB-driven ICICI Prudential Balanced Advantage Fund has now increased its equity allocation to nearly 80%, at the upper limit of its equity exposure band. As of 28 February, the equity allocation stood at 58.5%, which in January was nearly 50%. The valuation-driven model adopted by ABSL Balanced Advantage is now suggesting that the fund can raise equity allocation up to 90%, with a minimum exposure of 60%. The fund has been upping equity allocation during this fall, currently running just shy of 60%. Mahesh Patil, CIO-Equity, Aditya Birla Sun Life AMC, insists, "When market corrects sharply, even a balanced advantage fund will find it difficult to cushion the fall entirely, but will prevail over a market cycle."

For now, a divergent stance has worked in favour of some funds. If the market continues to nosedive, funds responding with sharp hike in equity exposure will get caught on the wrong foot. At the same time, a quick rebound will give these funds a leg up over others. Instead of looking purely at recent showing, investors should stick to funds that have historically exhibited lower downside volatility. Funds with higher Sortino ratio—a metric that measures fund performance relative to the downward deviation—are ideal candidates in this category. ICICI Prudential Balanced Advantage and Edelweiss Balanced Advantage are good picks from this perspective.

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Funds with higher a sortino ratio protect the downside better

Fund	Net assets (₹ cr)	1 month return (%)	1 year return (%)	Sortino ratio
Principal Balanced Advantage	165	-12.7	-11.9	-0.62
Edelweiss Balanced Advantage	1,429	-16.1	-8.4	0.44
L&T Balanced Advantage	661	-18.6	-13.6	-0.06
Tata Balanced Advantage	1,062	-19.6	-13.1	-
Nippon India Balanced Advantage	2,956	-21.9	-16.3	0.38
Union Balanced Advantage	455	-23.4	-17.4	-
Aditya Birla Sun Life Balanced Advantage	2,630	-25.6	-20.4	-0.13
Kotak Balanced Advantage	3,845	-26.1	-18.4	-
ICICI Prudential Balanced Advantage	28,092	-26.8	-19.7	0.49
Large cap funds average		-35.4	-31.1	
Multi cap funds average		-35.4	-29.2	

Sortino ratio not available for funds with less than 3-year track record.
Source: Value Research. Data as on 23 March 2020

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Despite hiccup, don't ditch NPS

Subscribers should try to benefit from the current turmoil by increasing their equity allocation.

By **Narendra Nathan**

The current Covid-19 triggered stock market volatility has shaken the confidence of National Pension System (NPS) subscribers. "It is not just the Corona scare. Global economic slowdown, triggered by shutdowns across the world, is another worry," says Balwant Jain, tax and investment expert. Due to the recent deep cut, the average annualised loss of Tier 1 equity plans for the last 1-, 3- and 5-year holding periods are 31.91%, 5.76% and 1.31% respectively.

Since subscribers usually make monthly contribution to NPS, we extracted current values for investments of ₹5,000 per month. The average loss for 3 years of regular investments (total investment of ₹1.8 lakh) is ₹51,000 and for 5 years (total investment of ₹3 lakh) is ₹57,000.

NPS subscribers can't invest only in equities and have to diversify and invest in other asset classes. Luckily the other two common asset classes—government bonds and corporate debt—are doing well now and this has cushioned the loss a bit. However, the average loss for a portfolio of 50% equity, 25% government bonds and 25% corporate bonds is ₹13,000 after investing judiciously for the last 3 years. Though this value is not negative for 5 year investments, the gain is just ₹8,000. This means the 5-year SIP return is close to zero despite good returns from government and corporate debt.

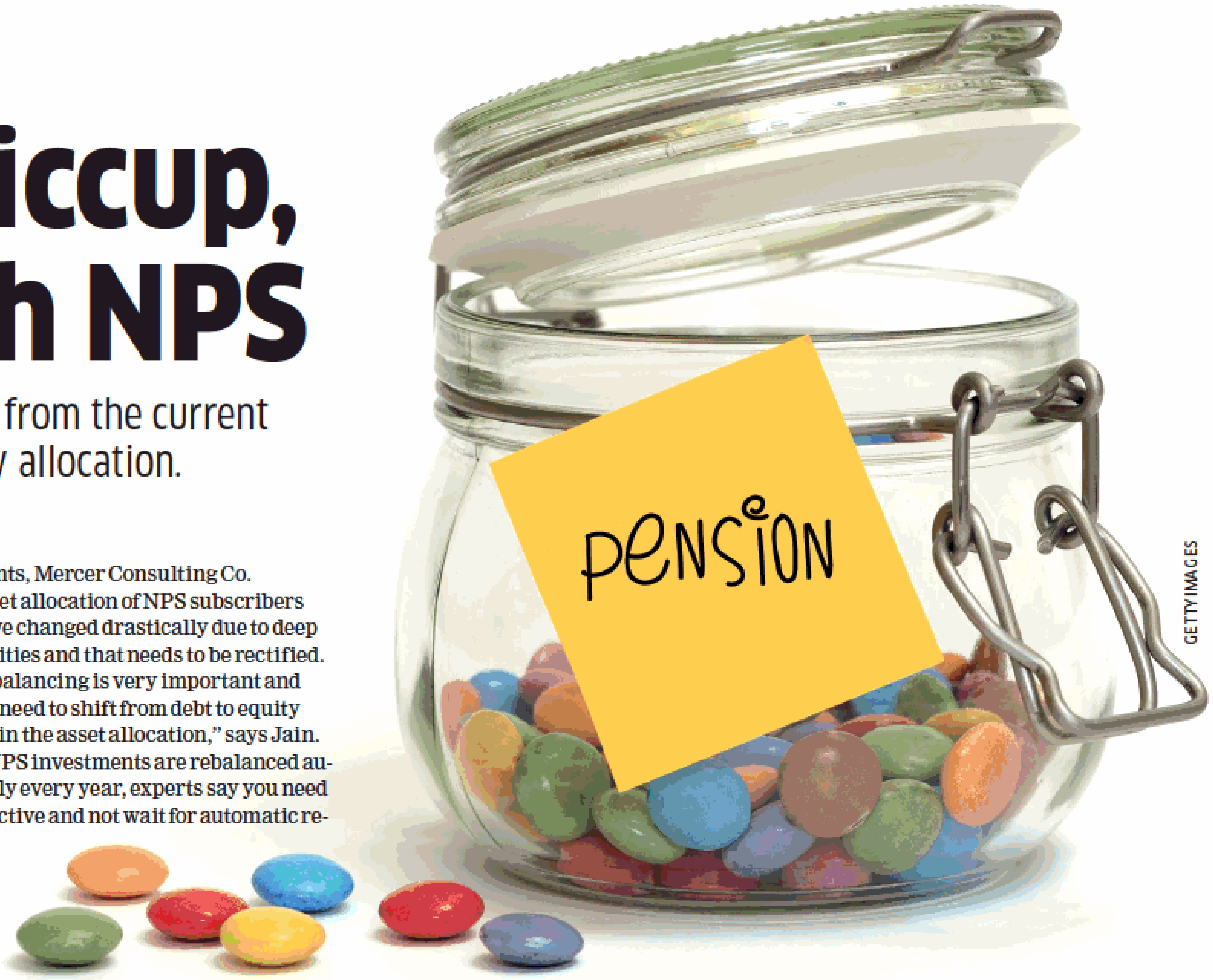
However, this does not mean you should ditch the NPS. The NPS is a market determined product and it is not fair to compare it with fixed return products. The historical returns of market determined products have been volatile. Subscribers have selected a market determined product because it has the ability to generate higher returns in the long term. More importantly, NPS is the lowest cost product from this segment and therefore, it makes sense to remain invested in it.

Should you shift to the debt side of NPS now? That will also be a bad strategy in the current market environment. The debt portion of NPS is also market determined and therefore, will face market vagaries. The low running yield in debt is another problem now. "The 10-year G-sec yield is at a lower level, so there is no point in shifting from equity to debt now. Since the economic situation is not great, the credit crisis will also linger," says Amit Gopal, Business Leader - India Investments, Mercer Consulting Co.

The asset allocation of NPS subscribers might have changed drastically due to deep cut in equities and that needs to be rectified. "Asset rebalancing is very important and investors need to shift from debt to equity to maintain the asset allocation," says Jain. Though NPS investments are rebalanced automatically every year, experts say you need to be proactive and not wait for automatic rebalancing. "Automatic reallocation changes happen only on the subscriber's birthday. So, if their birthday is still some time away, subscribers should do it themselves now," says Sumit Shukla, CEO, HDFC Pension Funds. Proactive asset allocation changes can be done only twice a year.

Since NPS is a long-term retirement product, maintaining the asset allocation is the best strategy. However, it makes sense to add more equity (or going overweight on equities) in times like this. "If you are young and your risk taking ability is high, this is a good time to increase equity allocation," says Gopal. If you are below 50, NPS now allows subscribers to increase equity allocations up to 75%.

If you are a medium term investor, the tier 2 is the best option due to various reasons. "NPS is an inexpensive product with a large-cap bias. Since it is a long-term product, fund managers usually don't take tactical calls," says Gopal. The large-caps will be the first ones to bounce back in periods like this and the no mid and small cap exposure is a boon for NPS subscribers. No redemption restriction is another advantage of NPS tier 2. "This is a good time to get into equities and tier 2 is the best option for it, because there is no lock-in or exit load on Tier 2," says Shukla.



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SIP in the NPS equity funds? This is how much you would have lost in past 3-5 years

TIER I : Equity plans

	Value of 3-year SIP of ₹5,000	Absolute loss (₹)	Value of 5-year SIP of ₹5,000	Absolute loss (₹)
HDFC Pension	₹1.34 lakh	46,000	₹2.56 lakh	44,000
ICICI Prudential Pension	₹1.29 lakh	51,000	₹2.43 lakh	57,000
Kotak Pension	₹1.30 lakh	50,000	₹2.45 lakh	55,000
LIC Pension	₹1.24 lakh	56,000	₹2.30 lakh	70,000
SBI Pension	₹1.29 lakh	51,000	₹2.43 lakh	57,000
UTI Retirement Solutions	₹1.27 lakh	53,000	₹2.41 lakh	59,000
Average	₹1.29 lakh	51,000	₹2.43 lakh	57,000

Absolute gain over 5 years is low if one considers the Tier 1 combined plan

TIER I : Combined (ratio of 50:25:25)

Name	Value of 3-year SIP of ₹5,000	Absolute loss (₹)	Value of 5-year SIP of ₹5,000	Absolute gain (₹)
HDFC Pension	₹1.71 lakh	9,000	₹3.16 lakh	16,000
ICICI Prudential Pension	₹1.67 lakh	13,000	₹3.07 lakh	7,000
Kotak Pension	₹1.67 lakh	13,000	₹3.09 lakh	9,000
LIC Pension	₹1.66 lakh	14,000	₹3.04 lakh	4,000
SBI Pension	₹1.67 lakh	13,000	₹3.08 lakh	8,000
UTI Retirement Solutions	₹1.66 lakh	14,000	₹3.05 lakh	5,000
Average	₹1.67 lakh	13,000	₹3.08 lakh	8,000

Source: Value Research; Data as on 24 Mar

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Do your bit to help others now

The ongoing crisis will hit the underprivileged hard. There is much to be done, says **Uma Shashikant.**

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UMA SHASHIKANT IS CHAIRPERSON, CENTRE FOR INVESTMENT EDUCATION AND LEARNING

How well prepared are we to manage the cash flow requirements of our family? More importantly, how well do we recognise that we are economic units with the power to influence the cash and income positions of people in our community?

We are staring at a disruption in our economic lives. Things will return to normal eventually, and we may all behave better. There is nothing like a crisis to offer hard lessons. While we wait for things to play out, what are the economic tasks we can do better?

The most immediate economic impact is on cash. The first response of businesses will be to conserve cash. An enterprise might be profitable and thriving but operating with a small amount of cash. Higher sales are achieved by offering credit; and goods are bought from suppliers on credit. As one set of cash inflows are realised, another set of cash outflows are funded. There is working capital funding from banks and NBFCs to meet shortages.

A fall in economic activity hits this cycle first and hard. When no sales happen, there is no money to pay suppliers, employees, utilities, and other costs. Businesses will ask suppliers to wait; that in turn will create cash crunches for the supplier, for whom this is revenue. Firms will ask employees to take salary cuts. This is better than being laid off, an option that may not be available to many. A slowed down production, transportation, storage and distribution system will make lower demands on cash. Businesses will work on existing stocks to incur lower costs until demand comes back. Liquidity in the system to support this level of economic activity is critical.

The long-term investment cycle comes to a standstill. Faced with uncertain revenue, new projects will stall, and businesses will be unwilling to make capital investments. Precious cash will be preserved to run the business than expand. Cash that is locked into half-finished projects will hurt businesses. They will have to fund these assets until they become productive. Lenders will have to wait longer, and be willing to defer the interest payments where needed. Interest is income to the lenders, and that chain reaction hurts their cash inflows.

We will thus enter a period of accommodation in the business segment: suppliers accommodating buyers; employees accommodating employers; lenders accommodating borrowers and so on. These adjustments are critical to keep afloat.

What about households? How well prepared are we to manage the cash flow requirements of our family? More importantly, how well do we recognise that we are economic units with the power to influence the cash and income positions of people who live in our community?

First, many households in India have moved from a position of shortage of income to a position of comfort, where a small surplus remains in the bank after all expenses are met. These are cash surplus households. They are in a position to build assets with the surplus incomes they have. These assets offer a buffer and help them tide through tough times. These households should see themselves as mass affluents that can keep their communities going: they are in a place where they can still buy goods, pay for services, and rebound quickly when normalcy returns. They should continue to pay their household help, buy from local vendors to keep them going, support local small businesses and enterprises, and bounce in to spend.

Second, there are households with remarkably stable incomes that are not at risk due to the economic crises that businesses face. They draw government pensions; are supported by well-heeled NRI children; or work with the government departments and large profitable enterprises, or in senior positions and face lower risks of pay cut and retrenchment. They are a segment that enjoys stability and should contribute to their community by doing what we listed above, apart from being able to lend or offer cash support where needed. Personal loans may be unpalatable to many, but chipping in to support someone in need due to the financial crisis, by paying a college fee that is overdue; or a medical bill that is high; or a rent that has become tough to pay due to pay cuts; and so on. Their stable incomes can offer solace in these tough times, both for spending and for lending.

Third, there are households that are in wealth, with adequate and diverse sources of income and assets that are inherited or built to last generations. They can undoubtedly spend and lend like the other two segments we discussed, but they have the unique power to give; to extend their wealth in charity; and to invest capital. They can begin and support local initiatives to feed the hungry; to house the poor; to offer subsidies to families impacted by unemployment; to begin local enterprises that need capital; to support with funds entrepreneurship ideas for these tough times; and so on. They are like the bank that local community can lean on during tough times.

We all worry about the daily wage earner. Without access to bank lending or any other formal finance, how would someone with no income tide over this period? Without a community that respects the services of such workers, and chips in to support by way of demand where possible, subsidy where needed, lending where feasible, and charity without loss of self-respect, how would we protect the vulnerable? We can begin with the simple act of paying our household staff even if they can't come to work. But we may have to do more – to find out who depends on us for their daily living and how we depend on them for our comforts, and to redress their cash crises. Being willing to ask, enquire, empathise, organise and distribute is all it takes.

As we hoard our kitchen cupboards with rice and flour, sugar and oil, we might want to pause to think about the farmer. Those who grow our food still have the power. They stand out there, seeds in their hands, and a prayer for rains on their lips, growing food so we all live. May this crisis restore their true place at the top of this world.

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Current slump a good window to shop for quality stocks

As valuations are reasonable right now, investors can use the opportunity to build a portfolio of quality scrips.

by **Sanket Dhanorkar**

In the current market free fall, stocks across the spectrum have been taken to the cleaners. Even the so-called high quality pack has been cut down to size. But when the market eventually bottoms out and starts to recover, will quality stocks continue to hold sway? Or should investors now move away from a strict high quality focus?

Much of the upward march of stock markets over the past decade was driven by select quality stocks. Investors favoured these for the high earnings visibility, healthy cash flow, low or zero debt, high return on equity and clean corporate governance. But the uptick in share prices also stretched valuation multiples. The likes of HDFC Bank, Bajaj Finance, Page Industries, Asian Paints, Pidilite Industries and others soared due to the quality premium awarded by investors.

Previous market crashes have shown that stocks that lead the uptick before the peak are usually the ones that correct the most. In the 2000 rout, tech stocks took a beating while many industrials suffered in 2008. In the current slump, however, even though quality stocks have been pared back, these haven't lost their sheen.

Experts insist that quality really shines through market ups and downs. There are many examples of quality stocks emerging strong even after market declines. During the 2008-09 crash, several quality stocks fell precipitously. From the high of 2008 till the recent crash—a period covering two steep declines—the Nifty50 index has yielded 2% annualised return. Stocks forming part of the Nifty100Quality30 index have averaged annualised return of 17% during this period. Stocks have absorbed huge draw-downs to give healthy returns to patient investors.

Maruti Suzuki lost nearly a third of its value in the 2008 sell-off. It has lost nearly a third again now. Despite this, the shares have given nearly 5 times what they were quoting at the peak of 2008. From the bottom of that crash, the shares are up 7x—yielding 19% annualised return. HDFC Bank, TCS, Pidilite Industries and Titan Company tanked more than 50% in 2008. These have again lost a sizeable chunk of their value in the current rout. Yet, they have managed to deliver healthy return from previous bear market peak to current bear market trough. Conversely, many high-beta stocks that fell sharply in the sell-off didn't recover fully for over a decade. Several are yet to regain lost value.

Experts say this is a great time to build a portfolio of quality stocks. If you were concerned about expensive valuations, the current sell-off offers limited window of opportunity. Neelesh Surana, CIO, Mirae Asset Investment Managers India, says investors should use the current fall to accumulate these stocks. "The correction owing to impact of coronavirus—a short term event—is much more than the intrinsic value of these franchises based on long term assumptions." Nilesh Shah, MD, Kotak Mahindra AMC, insists quality will be safe weather in coming years. "The theme will be big, becoming bigger and better. Investors should add companies which are non-leveraged and which have growth power on recovery," he adds.

However, some believe investors should use the current slump to move beyond quality names. Vikas Gupta, Chief Investment Strategist, Omniscience Capital, says the actual market rebound will have new picks for the coming market cycle even if quality picks remain favourites for all false rallies. "The quality story as leaders phase is over; the very high PE stocks will not sustain over the next cycle. It will be rationalised to more realistic levels," he says.

During the gradual bottoming out phase, investors should look beyond the obvious, say analysts at HDFC Securities. They see best risk-reward in quality growth-at-reasonable-price names (such as ICICI, Infosys, L&T and SBI Life) or select turnaround plays (like Axis Bank, SBI, Bharti and DLF) which are witnessing structural endogenous improvements.

The brokerage also likes select value plays (like ITC, Powergrid and Coal India) which have been de-rated, still have reasonable growth prospects and are bereft of meaningful risk of business model disruption. Surana also feels the value segment is equally attractive now. "Overall, we would like to keep a 70:30 approach towards quality and deep-in-value segment," he points out. Shah reckons that the value segment will also bounce back but not in an uncertain time like this.

Bluechip stocks bounced back from previous slumps

Several quality stocks have corrected sharply in the current slump, making them atractive from risk-reward perspective.

COMPANY	FALL DURING 2008-09 MARKET CRASH	CAGR FROM 2008 PEAK	CAGR FROM 2009 BOTTOM	1 MONTH RETURN
Bajaj Finance	-91%	38%	77%	-49%
Eicher Motors	-46%	34%	46%	-19%
Page Industries	-31%	34%	43%	-26%
Berger Paints India	-40%	28%	37%	-25%
Pidilite Industries	-56%	24%	36%	-18%
Asian Paints	-42%	23%	32%	-17%
Titan Company	-56%	21%	33%	-35%
Havells India	-84%	18%	41%	-24%
Tata Consultancy Services	-53%	17%	28%	-21%
Aurobindo Pharma	-69%	16%	31%	-35%

Compiled by ETIG Database.
Data as on 24 March 2020

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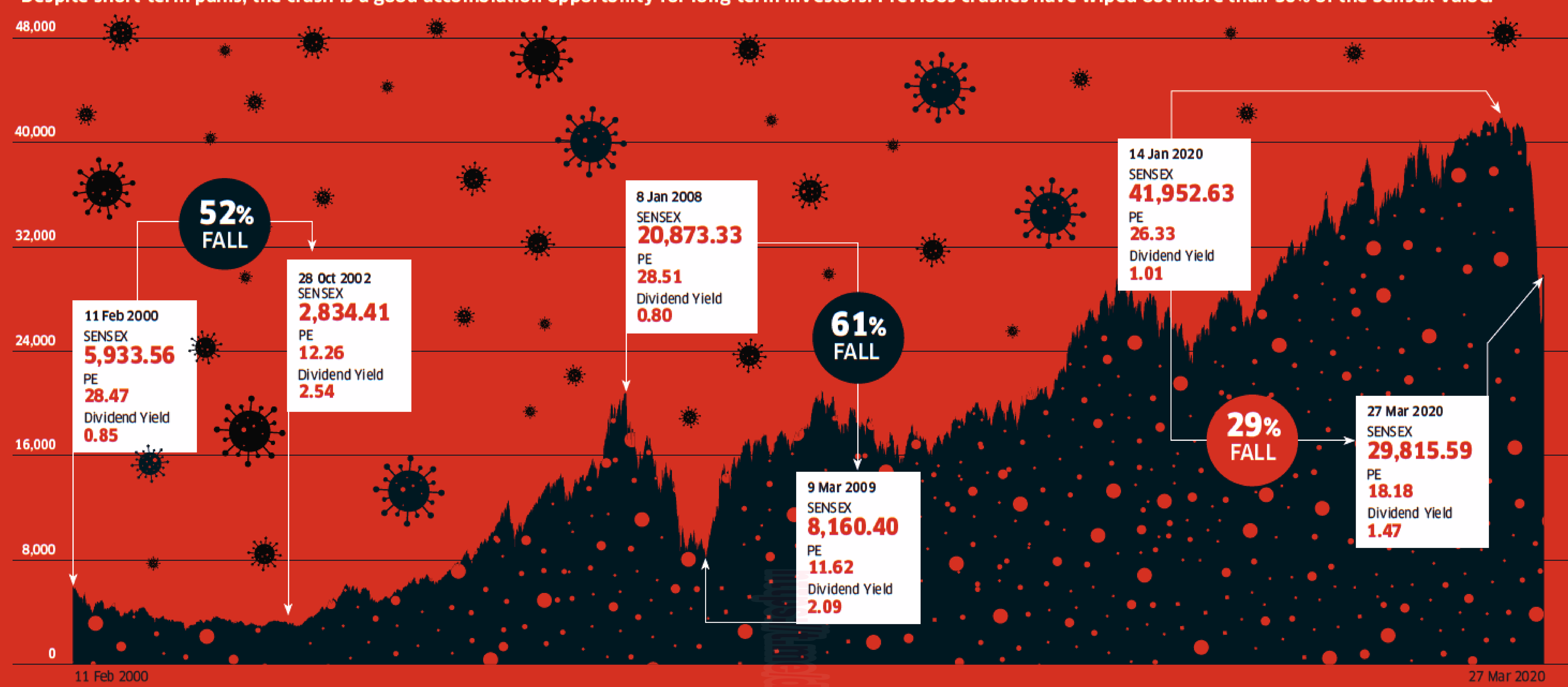
The Economic Times wealth

Make the market crash work for you

While the country has gone into a lockdown to halt the march of the Covid-19 virus, the stock market crash triggered by the global panic may be good news for long-term investors. Valuations have crashed and could fall further over recession fears. **Narendra Nathan** tells investors what they should do in these circumstances.

There might be a silver lining to this once in a decade crash

Despite short-term pains, the crash is a good accumulation opportunity for long-term investors. Previous crashes have wiped out more than 50% of the Sensex value.



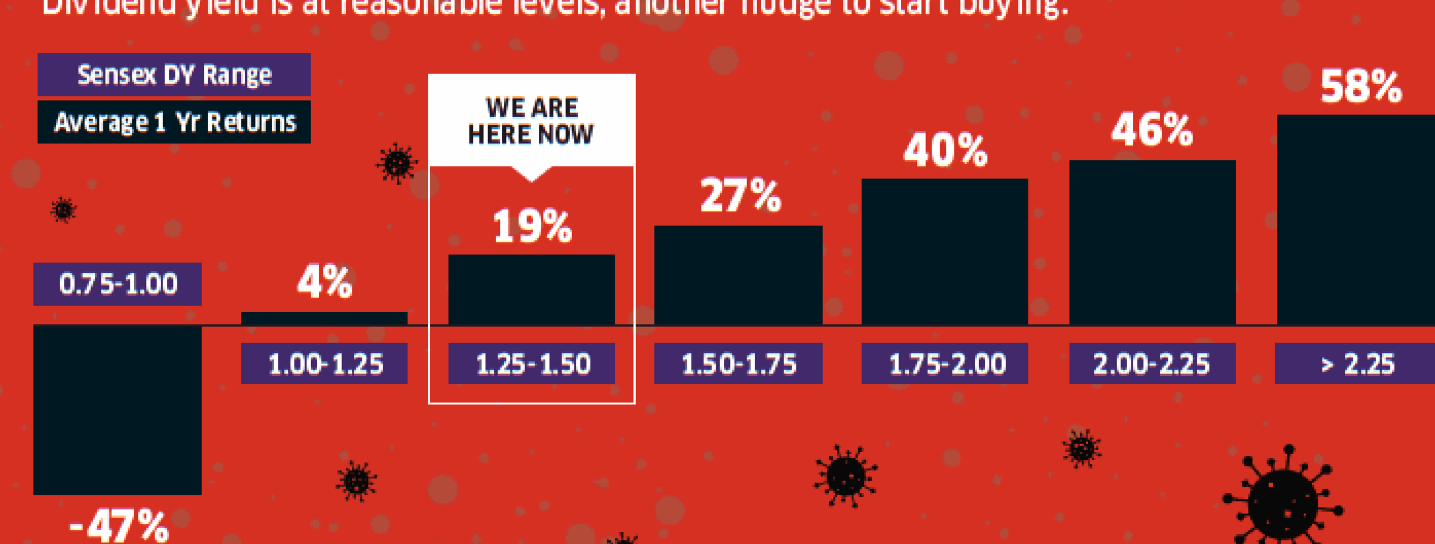
Sensex PE is below long term average

With Sensex PE close to 10-year lows, start buying in staggered manner.

WARNING Trailing PE have touched lower levels in previous bear markets over fears of fall in future earnings.

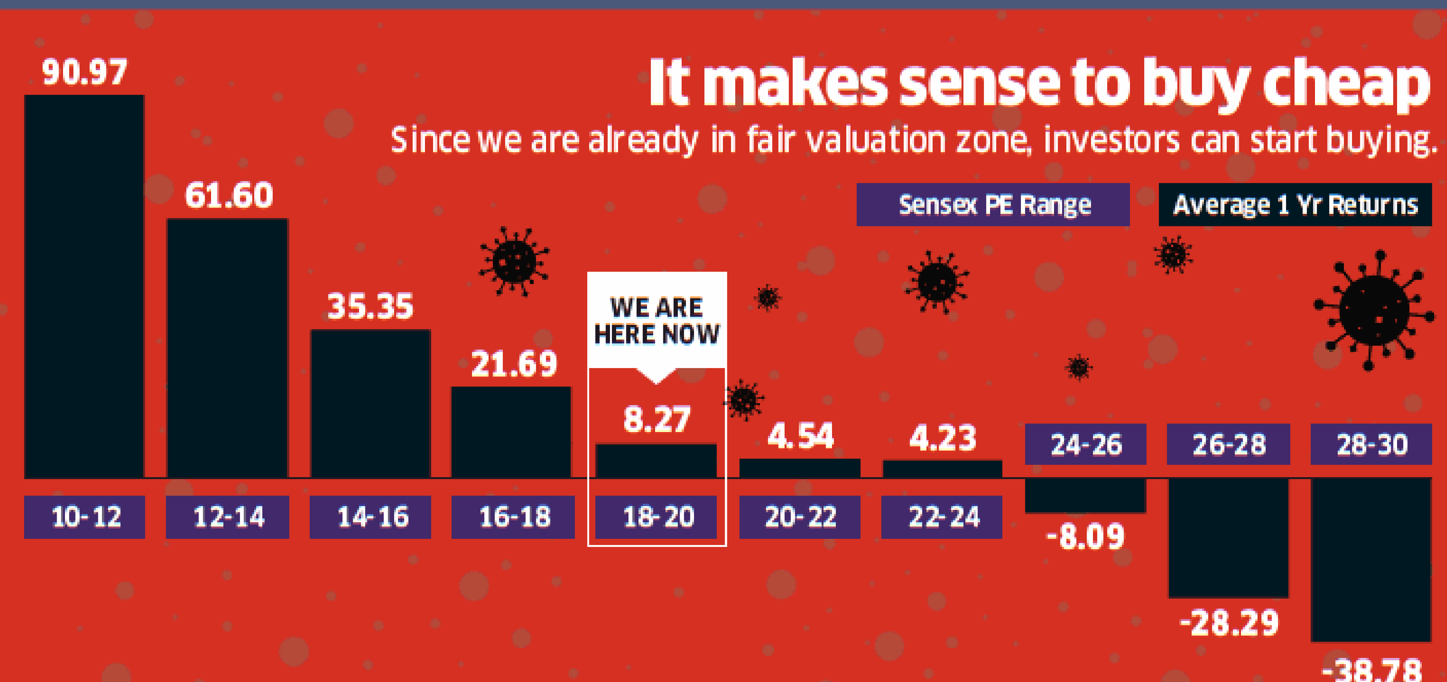
Dividend yield is a good valuation tool

Dividend yield is at reasonable levels, another nudge to start buying.



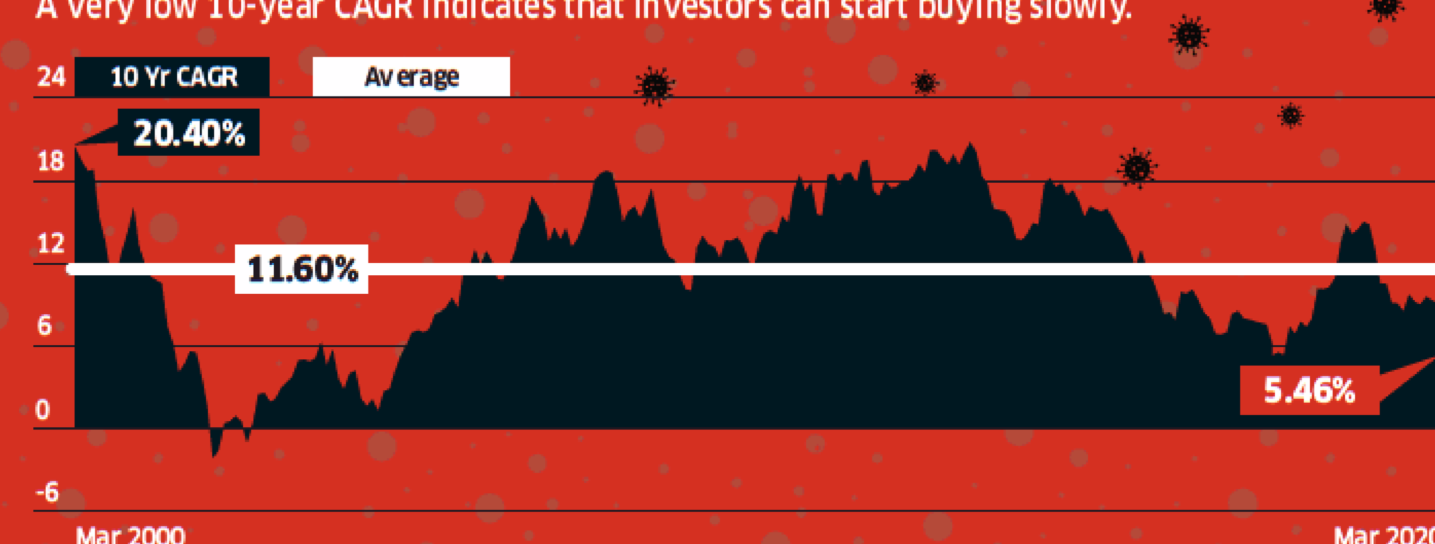
It makes sense to buy cheap

Since we are already in fair valuation zone, investors can start buying.



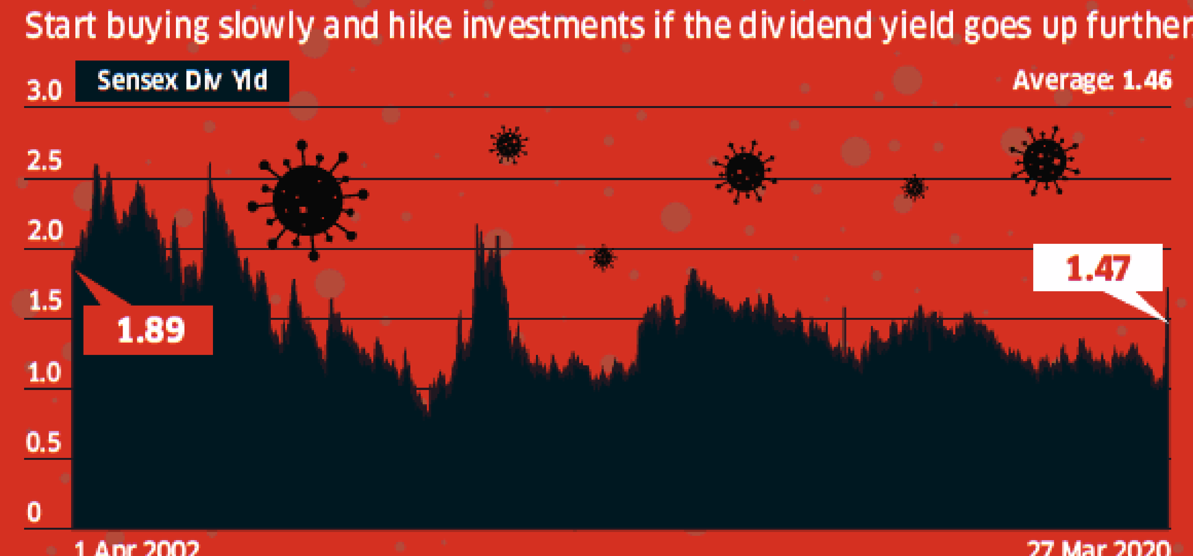
10-year Sensex CAGR is at 15-year low

A very low 10-year CAGR indicates that investors can start buying slowly.



Sensex dividend yield is close to 10-year high

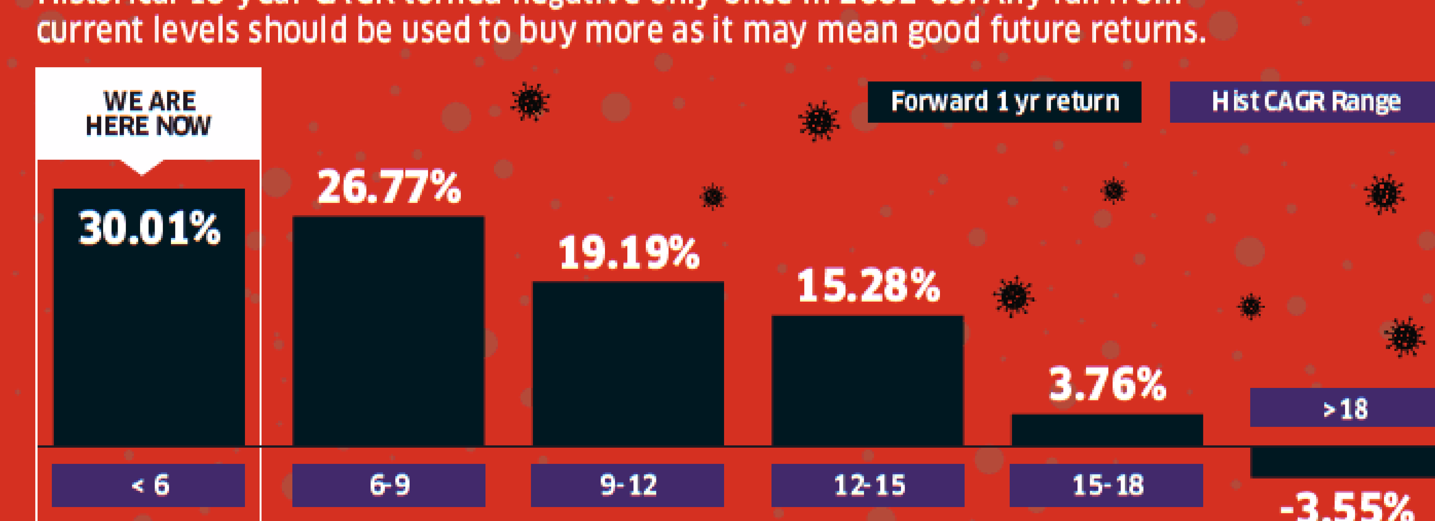
Start buying slowly and hike investments if the dividend yield goes up further.



WARNING Companies may cut dividends in coming year and dividend yield may fall again in future.

Historical low returns can be good news

Historical 10-year CAGR turned negative only once in 2002-03. Any fall from current levels should be used to buy more as it may mean good future returns.



Covid-19 online scams: How to protect your data & device

Riding on the rise in online search about Coronavirus, e-mails and websites are being used to steal your data.

by **Riju Mehta**

Last week, several homebound people received an attractive e-mail offer: free Netflix subscription for the entire lockdown period. All they had to do was click and fill the attached 'survey' and forward it to 10 Whatsapp users. Those who took up the offer are probably ruing it. It was a scam: a phishing e-mail capable of stealing their personal information.

In tandem with the worldwide chaos caused by Covid-19, the virus is now wreaking havoc in the virtual world too, with scamsters using it as a bait for cyber crimes. E-mails—purportedly from renowned health organisations like the WHO, UN and ICMR (Indian Council of Medical Research), or even from corporates—along with websites, messages and apps are being used to steal crucial information.

This is done with lures of various offers of discounts and freebies on products, or listing of safety measures against the virus, and updated information on Covid-19. Mails are also being used to sell fake medical products like masks, vaccines and Covid-19 testing kits, or push work-from home job offers. Meanwhile, the social media scamsters are attracting users to fund-raising initiatives for victims of Covid-19 or are inviting investments in companies that are helping fight the virus.

For theft of information, the modus operandi is simple. "Either a malware is dropped on to the device via links and attachments in the mails or ransomware is circulated as part of a mobile app," says Himanshu Dubey, Director, Quick Heal Security Labs.

The malware can access your mail or banking login and passwords and credit card-related information. It can even track your typing strokes and access crucial data. When the computer or mobile device becomes infected by malware, users can lose confidential information or money since malware gives attackers access to both.

Since most people are working from home and using more time on mobile phones, the incidence of such scams is rising because many of these devices are unprotected. Says Lux Rao, Director, Solutions & Consulting, NTT India: "Remote working is becoming a challenge for security teams as it tends to increase the size of attack surface. This is because of all the networks and computer systems that can be exploited via social engineering to carry out phishing scams, install malware or ransomware using click bait and malicious links."

What's essentially spawning these scams is the fear, curiosity and resulting rise in online search about Covid-19. "While over 16,000 new Coronavirus-related domains have been registered since the beginning of January, the number is growing rapidly, with more than 6,000 new domains registered last week, an 85% rise from the previous week," says Venugopal N, Director, Security Engineering, Check Point Software Technologies.

Of these domains, 0.8% or 93 websites were found to be malicious, while another 19% or more than 2,200 websites, were found to be suspicious. "Domains related to Coronavirus are 50% more likely to be malicious," he adds.

How to identify fake e-mails

Here are the telltale signs of fraud mails that can introduce malware in your system.

- Phishing e-mail is likely to be from a recognised global or national health care body like WHO, ICMR or a similar UN or government body.
- It could also be from the Human Resources Department of your own company or workplace.
- It may have a similar domain name, identical format and company logo.
- It will contain an attachment or a link, asking you to click on these.
- It could purport to have medical information, warning or precautions, with the wording conveying urgency to open or click.
- It could offer Covid-19 test kits, masks, medicines and safety gear for sale and attractive prices.
- It could have the latest research data and figures on Covid-19, and authentic medical information.

How to protect yourself

The lockdown situation has added a new complexity because if you have been scammed, filing a complaint and expecting prompt cyberpolice action may not be possible. So, the best way to avoid these scams is to be extra careful.

Do not open any unsolicited e-mails and click only on those that are from known and trusted sources. It's critical that you don't click on any links and attachments with mails. Also check all mails for authentic URLs, domain names and spelling errors. If you need any information, go to the official websites of organisations. "Enforcing strong passwords, turning on personal firewalls, spotting unusual computer activities, and avoiding clicking on unsolicited e-mails can help form the first line of defence" says Rao.

The theft of information takes place either through malware dropped on to the device or ransomware circulated as part of a mobile app.

In case of financial transactions, you should cross-verify with the recipient before making the payment.

Be especially careful about the apps that you download and install because they can carry ransomware. "Many apps pretend to have critical information on Coronavirus, be it safety measures or the way it works. The moment you open the app, it will lock your phone and will ask you to pay to unlock it," says Dubey of Quick Heal.

"While working from home, make sure you have a secure VPN connection to the corporate network, and restrict the access rights of people connected to it," advises the spokesperson for Kaspersky. While downloading files, ensure that you choose only trusted and legitimate file extensions. The file should have an .avi, .mkv or mp4 extension. Do not download the file if it is an .exe. You should also have multifactor authentication and encryption. It's also important to segregate your personal and work-related data.

Besides, all devices, including your mobile phones, desktops and laptops should be protected with an antivirus security software. Get the latest version of operating systems and upgraded security patches. Get a comprehensive antivirus suite so that it can protect your device from threats via e-mail, Internet and apps, and allows you safe financial transactions, especially when you are going to rely on home delivery.

Organisations can also implement a variety of measures to protect their data and devices such as creating remote working policies, increasing monitoring and audit.

Please send your feedback to
etwealth@timesgroup.com

Make use of a lockdown

Engage in the right routines to leverage the lockdown to your benefit, says Devashish Chakravarty.

GETTYIMAGES

If you are not worried about your immediate survival in the current national lockdown, then your next worry is how does this impact your employer and your future. Like most professionals, your job is and will remain your primary source of income for the most part of your life and this unprecedented crisis appears to be a major threat in the short to medium term. If you are not working in essential services, you have less work during a shutdown, leading to frustration and anxiety. Here's how you can utilise the lockdown for a positive impact on your career.

Immediate actions

As the lockdown proceeds, you will increasingly feel disconnected and irrelevant, blunting your professional edge and reducing your employability. Thus, your most urgent requirement is to stay busy and connected with work. Establish and follow a proactive routine to manage time optimally and get the results you seek. Work diligently and don't miss the daily team call routine. Volunteer for additional tasks and deliver within deadlines. Next, check out online training programs offered or assigned by your firm and set aside an hour daily to complete them. You will learn new stuff and keep your brain engaged and sharp. Now, formulate and lead online training sessions on different skillsets for your junior team members. Finally, create and execute weekly projects from team goals that were put on the backburner earlier.

Medium term

If the lockdown gets extended further, make plans for the next 6 months to a year. Firstly, build business scenarios for a post-lockdown environment along with your team. How will the market look like? What will be the impact on clients and vendors? Will they take your services, pay on time or continue to serve you? How will your answers change if the disease and economic impact is more severe or less severe than you imagined? Formulate your team's plans for different scenarios. Secondly, use lockdown time to map your industry. Research on your competition, suppliers, customers, key managers in different companies by reading up industry journals, press releases and public financial information. When you return to work, your market understanding, and scenario planning will be critical for your job and your firm.

Macro view

For the biggest benefits to you and your career, simply observe yourself. During the lockdown, you have lived a completely different life. You have engaged in online meetings, long distance collaboration, made more calls than before, spent more time in planning and less in execution. Your work habits have changed and so has your manager's. What may have been taboo to you earlier is no longer so. Identify how your old way of being and thinking was restricting your growth and how you can implement new learnings and thought processes into your life. Finally, contemplate on the meaning of work for you. The frustration of the lockdown may have helped you realise that you seek work not just for money. Perhaps your career is also the source of your identity, or a symbol of your independence and maturity, or a reason to get out of the confines of your home and engage with the world, or it fulfils an inner desire to contribute and make a difference. Now decide who will you be and how will you change direction so that your future career satisfies your other latent needs apart from providing an income!

THE WRITER IS FOUNDER AND CEO AT QUEZX.COM AND HEADHONCHOS.COM.

WHAT'S THE FUTURE OF YOUR COMPANY?

V SHAPED RECOVERY

What's your company's future? Will it recover? A McKinsey article on safeguarding lives and livelihood discusses different recovery cycles based on containment of virus and economic measures taken by a country. If a country limits the growth of the disease within 2-3 months and averts fundamental damage to the economy, a full recovery is possible in the short term. This means a V-shaped recovery for your firm in say 6 months and your job, increment and promotion is mostly safe.

W SHAPED DELAY

If the disease spreads faster than desired while the economic measures taken are not optimal, but still manages to protect some parts and ensures a functional banking system, then the overall economic recovery will be slower. Your employer, industry and the business environment will limp back to normal over a period of about 2-3 years in such a W-shaped recovery. If your firm can survive this period it will emerge stronger. If you make yourself invaluable and retain your job, you will thrive too.

L SHAPED DISASTER

If health and economic interventions fail then the virus may spread unabated for 12-18 months. Conservative consumer behaviour may drag a country towards a recession. Supply chains may collapse as small businesses and companies default on payments or go bankrupt. This will push banking systems towards a crisis resulting in an L-shaped curve where the downturn extends with no immediate relief in sight. Your company may shut down most parts. Don't bet on retaining your job. Work on reducing costs and figuring out other sources of income.

COMPLEMENTARY LIFE SKILLS

1 ELDER ANCHORS

If you are locked down at home with parents or other elders, this is a great time to rebuild communication and seek their inputs. As a result, their mental health and optimism will peak while you will gain wisdom from their experiences of other life crises. Most of all, the interaction will keep you grounded with the strength of your emotional anchors.

2 CHILDREN CONNECT

Within the demands of your professional life when was the last time you sat down with your children, understood what matters to them, and contributed to their ability to deal with the world? Spending time to play their games increases trust, accelerates their learning, improves your parenting skills and opens vital communication lines for the future.

3 SURVIVING WITH FRIENDS

Remember your inseparable school buddies or the fabulous people you befriended in your previous jobs? Use this time to connect with them. Catch up with their lives and share your own updates. Reconnecting and recreating good times, creates resilience and optimism.

4 STAYING SANE

Evolutionary mechanisms in your body encourage movement. In a lockdown when these activities are supressed, you may be lethargic, irritable or depressed. Stay sane by seeking sunlight through a walk in your building premises or a cup of tea in the balcony. Housework, physical exercise or multiple 10-15 minute walks inside the house keep you sane and refreshed.

5 UNRELATED SKILLS

Have you nurtured and sustained an indoors hobby–like reading, drawing, cooking, playing music etc? If not, think of activities that engaged you or calmed you down earlier. Pick and choose a couple of favourites and set aside an hour or two in the day to recreate and rebuild your hobby. Developing unrelated skills engages your mind and keeps you sharp and ready for a return to the professional world.

WEALTH WHINES
Money & Relationships

Covid-19: What if someone asks for financial help?

Here's how you can help family or friends who ask for assistance during the current crisis without hurting your own finances, says **Riju Mehta**.

ANIRBAN BORA

The crisis and chaos resulting from Covid-19 have upturned many people's finances and it's likely that a friend or family member has fallen on bad times. If they seek financial help from you, what should you do? It can be a moral dilemma because in a crisis of this scale, it is impossible to say no, but you also want to keep your own finances secure given the prevailing uncertainty. On the other hand, some people might want to take advantage of the situation and drain you of your resources. How do you tell the difference? Here are some things you can consider before taking a decision so that it doesn't affect your finances or relationships.

1 What's your financial status?

If your job is relatively secure, you are getting a regular salary, and have an emergency fund to help you tide over the crisis, you could consider providing help. If, on the other hand, you are anticipating a job loss or a cut in salary, you will first need to assess your own situation. Do you have enough spare funds to last you at least the next six months, or till the crisis clears up, or till you find another job? If not, refuse politely. If your funds have dried up temporarily because you are finding it difficult to access resources, say, retrieving money from the ATM, it might be wiser to delay help. If you are confident about your cushion and future salary, please go ahead and help.

2 Who has asked for help?

If it is a close family member or friend who has never before sought help and is hesitant to ask even now, they are probably facing a genuine financial crisis. In such a case, do help even if it means sharing your scant resources with them. If, however, it is someone you do not know well enough and the person is vague about why he needs the money, it's best to avoid. If it is a friend or acquaintance who is known to be reckless with money and has a history of taking loans, do not indulge.

3 What is the money for?

If the person has lost his job and needs the money for a medical emergency, purchasing essentials, paying an EMI or premium, don't hesitate to help. In the latter case, however, make sure bailing the person every month doesn't become a habit. If the money is not really for an emergency, hold it. The quantum of money required by the person is also crucial since in the current scenario it may not be advisable to lend large sums of money and risking your own finances. If the need is grave, offer staggered help. Besides, repayment of a large sum may become problematic if the person's financial condition doesn't improve. If the sum is small, do provide help.

4 Are there other options?

If you cannot afford to help the person financially, suggest ways he can monetise his assets so that minimum exposure or trips to financial institutions are required, and can preferably be conducted online. He can take loans against securities, insurance policies or gold; use credit card to meet an emergency, or if nothing else helps, take a personal loan.

5 Should it be in writing?

In India, it might seem awkward to ask your friend or family to sign an agreement if you offer a loan. More so, in the current financial situation. However, if you are giving out a large sum, be it to family or friend, it is advisable to have the transaction in writing. If the sum is small and you are willing to write it off, you can avoid the agreement.

IF YOU HAVE A WEALTH WHINE, WRITE TO US...

All of us have been in a financial dilemma when it comes to relationships. How do you say no to a friend who wants you to invest in his new business venture? Should you take a loan from your married brother? Are you concerned about your wife's impulse buying? If you have any such concerns that are hard to resolve, write in to us at *etwealth@timesgroup.com* with 'Wealth Whines' as the subject.

Disclaimer: The advice in this column is not from a licensed healthcare professional and should not be construed as psychological counselling, therapy or medical advice. *ET Wealth* and the writer will not be responsible for the outcome of the suggestions made in the column.

READERS' QUERIES

Q *What are the coparcenary rights of a daughter as per the Hindu Succession Act 2005 in the wealth of a joint family business, compared to her male siblings? Will she be legally entitled to an equal share in the wealth?*

– Misha Kapoor

The Hindu Succession Act 2005 gives the daughter the same rights in a coparcenary property as the son. By birth she becomes the coparcener in her own right in the same manner as the son. Also, she is subject to the same liabilities with respect to the coparcenary property as the son. Yes, she is legally entitled to get an equal share in the wealth.

Q **I and my husband have a combined monthly income of ₹2 lakh, while our expenses are around ₹80,000 a month. Of this amount, nearly ₹10,000 is spent on online food and eating out even though my husband is developing health problems. I want him to stop spending so much on outside food especially because I fear he will develop a serious medical condition and this will result in high medical expenses. If I talk about it, it ends in a fight. How can I resolve this problem?**

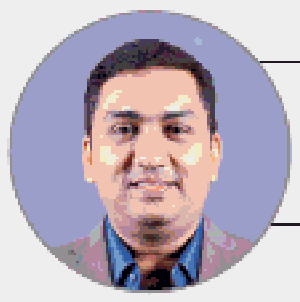
– Simran Ahuja

Before dealing with the issue of spending on food, make sure you have enough health insurance for you and your husband. This will help take care of any medical expenses arising from his poor health. While not stopping him completely from eating out, gradually encourage him to reduce the frequency and veer him towards the habit of regular exercise. Also calculate and show him the high expenses you are likely to incur after just a few days of hospitalisation, and how it can impact your financial goals. Next, ensure that you first spend on your essentials and monthly investments. Only then consider discretionary expenses like eating out. Make sure to gradually involve your husband in this exercise.

Q **I earn ₹40,000 per month and got married recently. A month ago, my mother-in-law asked my husband if I would contribute to the household. My in-laws are well off, but still my husband either reinvests his income in the business or gives it to them. I don't take any money for my expenses. What would be the right way to tackle the situation?**

– Supriya Saxena

You have complete right over your own salary and nobody can force you to part with it. Having said that, it is for you and your husband to decide how to plan your finances for the future. You should sit with him and emphasise the need to invest for your child and retirement. Without seeming to oppose the idea of contributing, you could suggest that while you can invest for the future, he can continue to give to the in-laws.



Raj Lakhotia
Founder, Dilsewill

Estimating equity returns

Focus on fund selection, timing and the duration of investment for better returns.

GETTY IMAGES

Himanshi has been a disciplined systematic investor in equity funds. She earns well, has a comfortable lifestyle and is single. She is keen to see her wealth grow, but is not very clear about her financial goals. She finds it easy to use SIPs to invest regularly. However, after the recent crisis she is more concerned about the returns on her investment. She is unsure whether continuing with equity will allow her to build wealth over the long term. Himanshi wants to understand how to evaluate her investments and whether it makes sense to continue with them now.

Himanshi should know that returns from equity funds can only be estimated and not guaranteed. So, her focus should be on the processes she follows for choosing the funds, the timing of her investments and the period for which she invests. She can protect her investments from high risks by using a sound process and earn better returns.

How can she estimate the returns? The easiest thing to do would be to form expectations on the basis of historical returns. When it comes to equity, the returns can be volatile. However, if Himanshi diversifies her investment so that she holds a basket of equity shares; invests consistently without putting too much money at one time; and ensures that she stays invested for the long term across market cycles, her return is likely to be close to the long-term average. By using SIP, she is following this process in her investments.

The long-term returns from equity investments tend to beat inflation. The ability of equity to earn a higher return comes from the businesses being able to use borrowed funds, invest them in assets and earn a return that is higher. This business risk is compensated by the risk premium on equity investments. Himanshi will find that in India, the average long-term return from investing systematically has been about 15%. This will come down if inflation comes down. This will also be subject to severe short-term ups and downs, like the current one. Therefore, Himanshi should not expect to earn a steady return but expect the ups and downs, which tend to average out over time. Since her investment process is designed to reduce risks, she should do well.

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

SMART THINGS TO KNOW

Covid-19 Health Insurance Policy

1 Some general insurance companies like Star Health, Digit Healthcare & ICICI Lombard have introduced a Novel Coronavirus Policy to cover all those who test positive for Covid-19.

2 These policies are available for a limited period–1 year–only and cannot be renewed.

3 These policies are applicable to Indian residents and the other eligibility criteria like age, coverage based on travel history, individual or group are specific to each policy.

4 Sum assured is from ₹20,000 to ₹2 lakh with a premium in the range of ₹200 to ₹2,500.

5 These policies may offer a quick solution for people who have no health insurance cover at all and would like protection against Covid-19.

PAPER WORK

Mutual fund: Direct plan

Each mutual fund scheme is offered in two variants: Regular Plan and Direct Plan. The regular plan includes commission or brokerage paid out to the mutual fund distributor. The direct plan does not factor in such costs and these benefits directly pass on to the investor. It might sound simple, however, while choosing a direct plan, the investor must know that he needs to carry out the scheme selection on his own, at his own risk; or by hiring services of a Sebi registered investment adviser.

Investment in direct plan

Once the scheme has been identified, investment in the direct plan can be made online as well as offline (by filling up an investment application form).

Online investment

If one is investing online, directly on the fund house website or through a transaction portal, 'Direct plan' option must be selected. This will disable the requirement to enter broker code while filling up the online application form. If the investor is hiring the services of any Sebi registered investment adviser, the adviser's registration number should be provided if asked for.

Offline investment

The investment application form carries a space to write the distributor/broker code. It is important to write 'Direct' in that space while filling up the form. Rest of the form is identical to the regular plan.

Switch to direct plan

In case, one wishes to move his existing investments into a direct plan, he needs to give a switch request. This entails redemption from the regular plan and investment into the direct plan. Exit load and capital gain tax, as applicable, may have to be paid with respect to such redemption.

Point to note

- NAV of direct plan is higher than regular plan because they save on commission.
- While these two are separate plans, the portfolio of the scheme remains the same.

Q&A

Our panel of experts will answer questions related to any aspect of personal finance. If you have a query, mail it to us right away.

I am 73 and still working, with an annual income of around ₹18 lakh. I have around ₹80 lakh invested in mutual funds, PPF and FDs. I have another ₹80 lakh to invest. Where should I invest that money? I do not want to invest in insurance plans and stocks.

Post Office Time Deposits are available for different tenures (1–5 years) at interest rates between 6.9-7.7%. Interest is payable annually (calculated quarterly) with no maximum limit. Next are Kisan Vikas Patra which earn 7.6%. ₹15 lakh can be invested in the Senior Citizens' Saving Scheme to earn 8.6% annually, paid out quarterly. Corporate FDs are another option. They offer better returns vis-à-vis regular FDs but carry certain risks. Interest earned from all these products is taxable. Additionally, there are tax-saving bonds issued by entities such as NHAI, REC, PFC, IREDA, HUDCO, NTPC and IRFC. They have long tenures and are available in secondary markets. Based on your MF portfolio, allocation to debt funds and hybrid products can be increased or made. Do consider ease of investing as well as monitoring while making the final choice.

Prableen Bajpai
Founder, Managing Partner, FinFix Research & Analytics

I am 33 and we are a family of three. A government employee, I earn ₹38,000 a month and after NPS deduction I receive ₹34,000. Please suggest investment and insurance plans I should consider.

If you are not adequately covered by the government's Mediclaim policy, buy a family floater plan. A ₹5 lakh cover will cost about ₹12,000-15,000 per annum. You should try and save at least ₹5,000 every month. First build an emergency corpus of about ₹1 lakh by either making an RD or by investing in liquid funds. Thereafter, you can start SIPs in equity funds for the long term. I would recommend a bluechip fund like Axis Bluechip Fund or SBI Bluechip Fund.

Ankur Choudhary
Co-Founder and CIO, Goalwise

QUESTION OF THE WEEK

I am 69. My HDFC insurance plan (with single premium of ₹5 lakh) matured in September 2019 and I received ₹11.36 lakh. Out of this, I invested ₹5 lakh in the SCSS in January 2020. My total annual income, excluding the maturity amount, is ₹60,000 from FDs. How much tax will I have to pay for assessment year 2020-21?

For life insurance policies bought before 1 April 2012, the maturity proceeds are tax-exempt only if the premium paid is not above 20% of the sum assured. Your premium of ₹5 lakh exceeds 20% of the maturity value of ₹11.36 lakh. Hence, you are not eligible for tax-exemption. The insurance company will deduct a TDS of 5% on the income component of the insurance proceeds. The income component is ₹6.36 lakh (₹11.36 - ₹5 lakh). The TDS would be ₹31,800 (5% of ₹6,36,000). Your investment in the SCSS qualifies for a tax deduction under Section 80C. Your income from FDs of ₹60,000 will be taxable as other income. Your FD interest qualifies for deduction up to ₹50,000 under Section 80TTB. Your total tax payable is ₹10,192. The calculation is based on the basic exemption limit of ₹3 lakh available for senior citizens over 60 till 79 years of age. You will have a refund due of ₹21,608 upon filing your tax return for AY 2020-21.

Archit Gupta
CEO, ClearTax

My wife bought a flat in September 2012 for ₹9 lakh. The money was paid in instalments. The market value at the time of registration was around ₹19.15 lakh. We spent ₹3 lakh on renovations. The flat was sold for ₹28.75 lakh in July 2019. What will be the cost of acquisition and long term capital gains tax? The sum is not going to be invested in real estate. How much tax will need to be paid for AY 2020-21?

The cost of acquisition will be the cost at which your wife bought the asset-₹9 lakh. Any expenditure incurred on improvement, or ₹3 lakh, will be deducted at the time of sale. Since your wife held the property for more than 2 years, the gain will be considered long term and be eligible for indexation benefit. Assuming that all the money was spent in 2012-13, the whole of the cost will be indexed and it will come to ₹17,34,000. Consequently, the long term capital gains will be ₹11,41,000. Amount of tax would be ₹2,37,328. You can reinvest the money within 6 months in specified Section 54EC instruments if you do not wish to invest in real estate. The capital gains to the extent of reinvestment will not be taxed.

Amit Maheshwari
Partner, Ashok Maheshwary and Associates

I am a doctor earning ₹1.5 lakh a month. I live on rent in a Mumbai suburb. I cannot afford to buy a flat in my current neighbourhood. Should I buy an affordable flat in a distant suburb and give it on rent or wait for a few years, accumulate more money and buy the flat I would be living in?

Based on funds available, I recommend buying a flat in a suburb at an affordable EMI and wait for value appreciation. In case you are heavily banking on a home loan, do calculate return on investment and conduct a cost benefit analysis. For instance, a flat worth ₹40 lakh will earn you rent of ₹10,000 per month (calculated at 3% of property value). Whereas, the EMI for 80% of the property value will be ₹28,500 (at 8 % for 20 years). With such high repayment commitment, the decision would not be fruitful for your future goal. Try to secure a flat with highest down payment and keep the EMI burden low. For the next few years, build a diversified investment portfolio and concurrently save via mutual fund SIPs. As your income grows, hike the percentage of savings and investments. Opt for a mix of instruments like bank FDs and MF SIPs, for risk-adjusted annual returns of 8-10%. Gradually you will succeed in accumulating enough seed capital to acquire your dream home.

Raj Khosla
Founder and Managing Director, MyMoneyMantra.com

My gross total income for 2019-20 (bank interest and tuition fees) is ₹2.90 lakh. I have invested ₹1.50 lakh in PPF. Do I have to submit IT return for assessment year 2020-21?

Rules state that if your gross total income before deductions crosses ₹2.5 lakh then you need to file your return. Before making your PPF investment, your income was above ₹2.5 lakh. Therefore, you need to file your return. There will be no tax liability. Also, track your tax deducted at source via Form 26AS. If tax is deducted on your income then filing a return is the only way of getting a refund.

Shubham Agrawal
Senior Taxation Advisor, TaxFile.in

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

ETW FUNDS 100

BEST FUNDS TO BUILD YOUR PORTFOLIO

ET Wealth collaborates with **Value Research** to identify the top-performing funds across categories. Equity funds and equity-oriented hybrid funds are ranked on 3-year returns while debt-oriented hybrid and income funds are ranked on 1-year returns.

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%) 3-Month	6-Month	1-Year	3-Year	5-Year	Expense Ratio (%)
EQUITY: LARGE CAP								
Axis Bluechip Fund	★★★★★	11,823.95	-21.11	-17.71	-8.13	7.04	5.52	1.71
Canara Robeco Bluechip Equity Fund	★★★★★	352.87	-23.43	-18	-13.93	2.08	3.16	2.56
Tata Index Sensex Fund	★★★★	14.89	-30.3	-25.19	-23.21	-0.08	1	0.46
HDFC Index Fund	★★★★	803.31	-31.22	-26.14	-24.15	-0.34	1.23	0.3
Sundaram Select Focus Fund	★★★★	1,046.48	-29.99	-25.4	-22.28	-0.69	1.34	2.25
Edelweiss Large Cap Fund	★★★★	174.32	-28.37	-24.98	-21.94	-1.18	0.77	2.07
Motilal Oswal Focused 25 Fund	★★★★★	1,236.79	-27.48	-22.14	-15.74	-1.31	1.92	2.2
Mirae Asset Large Cap Fund	★★★★★	16,733.83	-31.07	-26.42	-25.26	-1.73	2.92	1.67
UTI Nifty Index Fund	★★★★	1,855.78	-31.91	-27.2	-26.1	-2.05	0.4	0.17
ICICI Prudential Bluechip Fund	★★★★	23,608.74	-31.26	-26.8	-26.07	-3.49	0.75	1.77
JM Core 11 Fund	★★★★★	53.94	-30.68	-29.04	-28.24	-3.56	2.3	–
SBI Bluechip Fund*	★★★★	22,043.89	-30.88	-27.22	-24.69	-4.63	0.39	1.66
EQUITY: LARGE & MIDCAP								
Invesco India Growth Opportunities Fund	★★★★	2,498.42	-27.15	-23.28	-21.1	0.11	2.17	1.98
Mirae Asset Emerging Bluechip Fund	★★★★★	9,613.59	-29.31	-24.43	-22.14	-0.88	6.8	1.84
LIC MF Large & Mid Cap Fund	★★★★	656.93	-26.81	-22.92	-18	-1.57	3.75	2.61
Canara Robeco Emerging Equities Fund	★★★★★	5,597.35	-24.74	-20	-21.02	-1.69	4.95	1.93
Sundaram Large and Mid Cap Fund	★★★★★	1,167.45	-31.79	-28.03	-25.05	-2.9	2.3	2.18
Kotak Equity Opportunities Fund	★★★★	3,167.85	-28.01	-23.32	-22.05	-3.08	2.24	2.1
Principal Emerging Bluechip Fund	★★★★	2,116.72	-26.28	-22.77	-22.01	-3.8	3.17	2.11
DSP Equity Opportunities Fund	★★★★	5,279.30	-30.23	-27.1	-24.94	-4.74	2.08	1.96
EQUITY: MULTI CAP								
SBI Focused Equity Fund*	★★★★★	8,263.77	-24.48	-19.45	-15.25	3.82	5.22	1.88
Axis Focused 25 Fund	★★★★★	9,764.08	-24.98	-20.79	-12.42	3.38	5.28	1.83
Canara Robeco Equity Diversified Fund	★★★★	1,771.87	-23.07	-18.73	-17.07	1.82	2.35	2.26
Parag Parikh Long Term Equity Fund	★★★★★	2,794.86	-23.89	-20.48	-17.54	1.68	4.48	1.99
IIFL Focused Equity Fund	★★★★★	756.12	-27.4	-22.58	-13.79	-0.2	3.95	2.32
Tata Retirement Savings Fund	★★★★★	742.53	-27.09	-22.96	-19.94	-0.69	3.55	2.43
Edelweiss Multi Cap Fund	★★★★	544.52	-29.02	-26.16	-25.04	-1.85	1.62	2.42
Kotak Standard Multicap Fund	★★★★	29,459.53	-30.61	-26.97	-24.9	-3.02	2.72	1.66
SBI Magnum Multicap Fund*	★★★★	8,491.77	-30.15	-28.43	-24.89	-3.83	2.23	1.89
Quant Active Fund	★★★★	9.78	-30.75	-26.82	-27.63	-3.86	1.21	2.48
Motilal Oswal Multicap 35 Fund	★★★★	12,371.55	-29.88	-27.37	-25.2	-5.45	2.31	1.8
EQUITY: MID CAP								
Axis Midcap Fund	★★★★★	5,192.94	-19.78	-16.36	-11.06	5.18	5.08	1.94
Invesco India Mid Cap Fund	★★★★	805.39	-22.68	-19.25	-19.9	-1.83	2.08	2.39
DSP Midcap Fund	★★★★	7,458.11	-23.73	-20.27	-19.11	-3.28	4.21	1.93
Kotak Emerging Equity Fund	★★★★★	6,850.82	-28.02	-25.19	-23.98	-5.67	2.41	1.88
L&T Midcap Fund	★★★★	6,212.86	-27.71	-25.97	-27.93	-6.13	2.16	1.95
EQUITY: SMALL CAP								
Axis Small Cap Fund	★★★★	2,506.67	-25.67	-22.97	-13.53	0.11	4.55	2.01
SBI Small Cap Fund	★★★★★	3,475.83	-26.58	-24.87	-22.67	-1.11	6.62	2.19
Nippon India Small Cap Fund	★★★★	8,566.82	-32.12	-32.08	-34.22	-8.36	2.07	1.81
HDFC Small Cap Fund	★★★★	9,154.08	-34.57	-36.94	-42.32	-8.82	-0.19	1.94
L&T Emerging Businesses Fund	★★★★	5,606.21	-36.66	-37.64	-41.39	-11.27	0.19	1.98
EQUITY: VALUE ORIENTED								
Invesco India Contra Fund	★★★★★	4,668.45	-27.15	-23.4	-24.67	-1.59	2.75	1.93
Kotak India EQ Contra Fund	★★★★	866.17	-31.06	-27.74	-26.46	-2.09	0.98	2.39
Tata Equity PE Fund	★★★★	4,567.21	-31.83	-29.17	-29.21	-6.38	1.18	1.92
L&T India Value Fund	★★★★	7,040.66	-32.66	-29.48	-30.78	-8.32	0.79	1.88
EQUITY: ELSS								
Axis Long Term Equity Fund	★★★★★	21,658.58	-24.23	-20.29	-12.53	2.87	3.77	1.7
Canara Robeco Equity Tax Saver Fund	★★★★	1,036.37	-23.35	-19.1	-17.55	1.35	2.31	2.3
Mirae Asset Tax Saver Fund	★★★★★	3,281.58	-30.94	-26.28	-23.96	-0.42	–	1.97
Invesco India Tax Plan	★★★★	1,028.18	-25.62	-21.39	-20.26	-0.57	2.11	2.39
JM Tax Gain Fund	★★★★★	37.72	-29.12	-26.98	-21.22	-1.71	2.42	–
Aditya Birla Sun Life Tax Relief 96	★★★★	10,072.72	-26.27	-21.9	-22.98	-1.82	1.99	1.71
Tata India Tax Savings Fund	★★★★★	2,060.38	-30.25	-26.69	-24.33	-2.49	2.44	2.11
Kotak Tax Saver Regular Plan	★★★★	1,135.45	-28.88	-25.04	-22.55	-3.56	1.19	2.48
Motilal Oswal Long Term Equity Fund	★★★★	1,685.97	-30.29	-26.4	-22.52	-3.75	4.09	2.1
DSP Tax Saver Fund	★★★★	6,096.28	-31.08	-27.74	-24.54	-4.11	2.29	1.97
Quant Tax Plan	★★★★	9.54	-31.14	-28.13	-28.86	-6.15	2.34	2.48

7% THE 3-YEAR RETURN OF AXIS BLUECHIP IS THE HIGHEST IN ITS CATEGORY.

0.11% THE 3-YEAR RETURN OF INVESCO INDIA GROWTH OPPORTUNITIES FUND IS THE HIGHEST IN ITS CATEGORY.

5.2% THE 3-YEAR RETURN OF AXIS MIDCAP FUND IS THE HIGHEST IN ITS CATEGORY.

2.9% THE 3-YEAR RETURN OF AXIS LONG TERM EQUITY FUND IS THE HIGHEST IN ITS CATEGORY.

LAGGARDS & LEADERS

Taking a long-term view of fund returns, here is a list of 10 funds in each category–five leaders (worth investing) and five laggards (that may be a drag on your portfolio).

LAGGARDS | LEADERS

Equity: Large-cap 5-year returns

LAGGARDS		LEADERS	
Principal Nifty 100 Equal Weight	-3.94	Axis Bluechip	5.52
Taurus Largecap Equity	-2.72	Canara Robeco Bluechip Equity	3.16
Franklin India Bluechip	-1.85	Mirae Asset Large Cap	2.92
DSP Top 100 Equity	-1.11	JM Core 11	2.3
Baroda Large Cap	-1.03	Nippon India ETF Shariah BeES	2.27

Equity: Multi-cap 5-year returns

LAGGARDS		LEADERS	
Taurus Starshare (Multi Cap)	-4.03	Axis Focused 25	5.28
Nippon India Multi Cap	-3.42	SBI Focused Equity	5.22
Nippon India Retirement	-3.3	Parag Parikh Long Term Equity	4.48
HDFC Focused 30	-2.59	IIFL Focused Equity	3.95
LIC MF Multicap	-2.14	Tata Retirement Savings	3.55

Equity: Mid-cap 3-year returns

LAGGARDS		LEADERS	
Motilal Oswal Midcap 100 ET	-11.7	Axis Midcap	5.18
Aditya Birla Sun Life Mid Cap	-11.12	Invesco India Mid Cap	-1.83
SBI Magnum Midcap	-11	DSP Midcap	-3.28
IDBI Midcap	-10.56	Nippon India Growth	-4.38
Sundaram Mid Cap	-9.78	Edelweiss Mid Cap	-4.75

Equity: Small-cap 3-year returns

LAGGARDS		LEADERS	
ABSL Small Cap	-16.75	Axis Small Cap	0.11
Sundaram Small Cap	-16	SBI Small Cap	-1.11
Quant Small Cap	-15.87	Nippon India Small Cap	-8.36
HSBC Small Cap Equity	-14.78	HDFC Small Cap	-8.82
Franklin India Smaller Companies	-13.22	Kotak Small Cap	-9.02

Hybrid: Aggressive 5-year returns

LAGGARDS		LEADERS	
JM Equity Hybrid	-3.06	Canara Robeco Equity Hybrid	4.69
Nippon India Equity Hybrid	-2.57	DSP Equity & Bond	4.24
PGIM India Hybrid Equity	-1.23	SBI Equity Hybrid	4.06
Franklin India Life Stage	-0.87	Principal Hybrid Equity	3.91
LIC MF Equity Hybrid	-0.63	Tata Retirement Savings	3.58

ANNUALISED RETURNS IN % AS ON 25 MARCH 2020.

ETW FUNDS 100

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%) 3-Month	6-Month	1-Year	3-Year	5-Year	Expense Ratio
HYBRID: EQUITY SAVINGS								
Edelweiss Equity Savings Fund	★★★★	114.70	-6.5	-4.45	-1.22	4.5	4.96	1.74
Axis Equity Saver Fund	★★★★★	792.93	-12.49	-10.49	-6.88	2.68	–	2.35
Kotak Equity Savings Fund	★★★★	1,712.30	-12.45	-9.5	-7.02	2.55	4.29	2.12
ICICI Prudential Equity Savings Fund	★★★★	1,473.63	-15.54	-12.19	-9.36	0.87	3.9	1.36
HYBRID: AGGRESSIVE (EQUITY-ORIENTED)								
Canara Robeco Equity Hybrid Fund	★★★★	3,071.18	-17.41	-13.2	-10.8	2.39	4.69	2.05
SBI Equity Hybrid Fund*	★★★★★	32,469.68	-21.03	-17.19	-12.67	2.26	4.06	1.62
DSP Equity & Bond Fund	★★★★	6,464.64	-20.31	-17.49	-11.97	0.16	4.24	1.92
Mirae Asset Hybrid Equity Fund	★★★★★	3,423.88	-23.81	-19.22	-17.86	0.07	–	1.94
Tata Retirement Savings Fund	★★★★★	1,141.67	-23.13	-19.16	-17.76	-0.45	3.58	2.23
Principal Hybrid Equity Fund	★★★★	1,265.62	-21.39	-18.4	-20.79	-0.81	3.91	2.07
HDFC Children's Gift Fund	★★★★	3,082.53	-23.43	-20.81	-20.14	-0.89	2.89	2.12
HDFC Retirement Savings Fund	★★★★	387.69	-22.46	-20.46	-19.6	-0.89	–	2.73
ICICI Prudential Equity & Debt Fund	★★★★	20,611.45	-26.73	-21.93	-22.8	-3.45	2.21	1.73
HYBRID: CONSERVATIVE (DEBT-ORIENTED)								
ICICI Prudential Regular Savings Fund	★★★★★	1,746.10	-6.68	-3.86	-0.14	5.32	6.72	1.98
Indiabulls Savings Income Fund	★★★★	26.30	-6.11	-4.07	-1.05	6.45	–	2
Tata Retirement Savings Fund	★★★★	136.63	-8.61	-6.46	-3.39	2.91	5.3	2.22
SBI Magnum Children's Benefit Fund	★★★★★	64.47	-10.96	-9.63	-10.88	2.58	6.89	2.26
DEBT: MEDIUM- TO LONG-TERM								
Nippon India Income Fund	★★★★	299.46	1.78	3.78	11.18	7.46	7.62	1.62
IDFC Bond Fund Income Plan	★★★★	683.35	1.77	3.59	10.33	6.79	7.51	1.9
SBI Magnum Income Fund	★★★★	1,301.28	1.58	4.18	10.1	7.19	7.85	1.47
ICICI Prudential Bond Fund	★★★★	3,437.89	-0.69	1.94	7.52	6.42	7.33	1.08
DEBT: MEDIUM-TERM								
SBI Magnum Medium Duration Fund	★★★★★	3,099.90	0.66	3.38	8.99	7.67	8.52	1.13
IDFC Bond Fund Medium Term Plan	★★★★★	3,065.60	0.53	2.21	7.41	6.55	7.3	1.44
HDFC Medium Term Debt Fund	★★★★	1,416.65	0.34	2.68	7.18	6.46	7.4	1.29
Indiabulls Income Fund	★★★★	30.90	1.5	2.95	6.98	7.6	7.45	0.9
DEBT: SHORT-TERM								
HDFC Short Term Debt Fund	★★★★★	12,216.31	-0.3	2.22	7.04	7.05	7.71	0.39
Axis Short Term Fund	★★★★	5,398.22	-0.5	1.87	6.8	6.68	7.41	0.95
L&T Short Term Bond Fund	★★★★★	5,189.52	-0.18	1.96	6.61	6.7	7.25	0.73
IDFC Bond Fund Short Term Plan	★★★★★	12,340.94	-0.67	1.58	6.32	6.63	7.25	0.8
DEBT: DYNAMIC BOND								
SBI Dynamic Bond Fund	★★★★★	1,308.83	1.53	4.07	12.21	7.51	8.29	1.67
IDFC Dynamic Bond Fund	★★★★	2,077.51	2.2	4.24	11.28	7.28	7.9	1.79
Edelweiss Dynamic Bond Fund	★★★★★	43.30	2.24	3.99	10.64	7.74	7.48	1.04
Quantum Dynamic Bond Fund	★★★★	60.30	1.63	4.06	9.69	7.22	–	0.68
ICICI Prudential All Seasons Bond Fund	★★★★	3,188.69	1.48	4.39	9.51	7.57	8.45	1.32
PGIM India Dynamic Bond Fund	★★★★	46.89	0.73	2.9	9.46	7.46	7.95	1.75
Axis Dynamic Bond Fund	★★★★	420.49	0.32	2.71	8.96	6.87	7.62	0.65
Kotak Dynamic Bond Fund	★★★★★	1,204.89	0.13	2.4	8.29	7.78	8.53	1.08
DEBT: CORPORATE BOND								
UTI Corporate Bond Fund	★★★★	1,009.24	0.13	3.15	8.94	–	–	0.52
HDFC Corporate Bond Fund	★★★★	13,389.16	-0.03	2.1	7.46	7.27	8.02	0.5
ICICI Prudential Corporate Bond Fund	★★★★	13,243.33	0.04	2.35	7.31	6.99	7.79	0.56
Aditya Birla Sun Life Corporate Bond Fund	★★★★★	17,605.87	-0.07	2.03	7.12	7.18	7.95	0.45
Kotak Corporate Bond Fund	★★★★★	4,839.91	-0.14	2.06	7.02	7.32	7.83	0.6
Franklin India Corporate Debt Fund	★★★★	1,512.27	-0.2	2.54	6.52	7.33	7.76	0.85
Nippon India Prime Debt Fund	★★★★	932.53	0.65	2.26	5.98	6.71	7.5	0.74

All equity funds ranked on 3-year returns. Debt funds ranked on 1-year returns.

2.4% THE 3-YEAR RETURN OF CANARA ROBECO EQUITY HYBRID FUND IS THE HIGHEST IN ITS CATEGORY.

11.2% THE 1-YEAR RETURN OF NIPPON INDIA INCOME FUND IS THE HIGHEST IN ITS CATEGORY.

12.2% THE 1-YEAR RETURN OF SBI DYNAMIC BOND FUND IS THE HIGHEST IN ITS CATEGORY.

Expense as on 29 February 2020
*Expense as on before 29 Feb 2020
Returns as on 25 March 2020
Assets as on 29 February 2020
Rating as on 29 February 2020

Did not find your fund here?
Log on to www.wealth.economictimes.com for an exhaustive list

Methodology

The Top 100 includes only those funds that have a 5- or 4-star rating from Value Research. The rating is determined by subtracting a fund's risk score from its return score. The result is assigned stars according to the following distribution:

★★★★★	Top 10%	
★★★★	Next 22.5%	
★★★	Middle 35%	(Not covered in ETW Funds 100 listing)
★★	Next 22.5%	
★	Bottom 10%	

Fixed-income funds less than 18 months old and equity funds less than three years old have been excluded. This ensures that all the funds have existed long enough to be tracked for consistency of performance. Given the focus on long-term investing, liquid funds, short-term funds and FMPs are not part of the list. For the same reason, we have considered only the growth option of funds that reinvest returns instead of offering dividends that increase the NAV of funds.

Despite these rigorous filters, the list includes 2/3 funds of each category to maximise choice from the best funds. The fund categories are:

EQUITIES (figures over the past one year)

Large-cap: Mostly invested in large-cap companies.

Multi-cap: Mostly invested in large- and mid-cap companies.

Mid-cap: Mostly invested in mid-cap companies.

Small-cap: Mostly invested in small-cap companies.

Tax planning: Offer tax rebate under Section 80C.

International: More than 65% of assets invested abroad.

Income: Average maturity varies according to objective.

Gilt: Medium- and long-term; invest in gilt securities.

Equity-oriented: Average equity exposure more than 60%.

Debt-oriented aggressive: Average equity exposure between 25-60%.

Debt-oriented conservative: Average equity exposure less than 25%.

Arbitrage: Seek arbitrage opportunities between equity and derivatives.

Asset allocation: Invest fully in equity or debt as per market conditions.

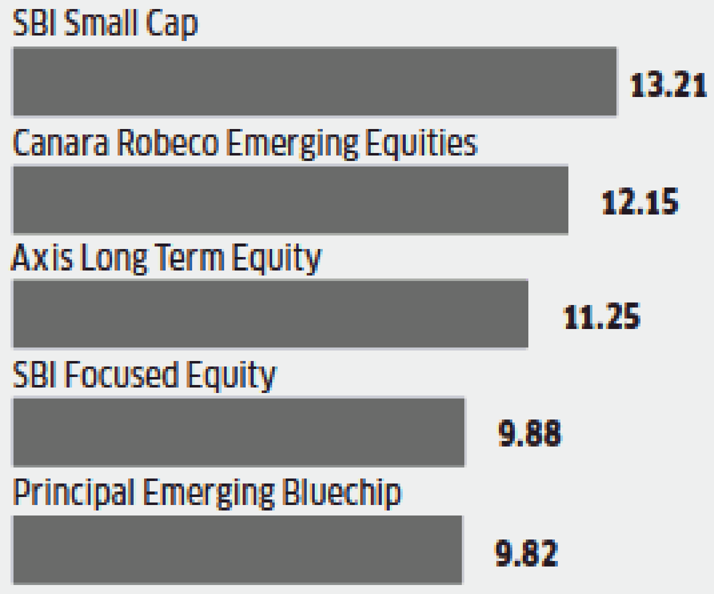
FUND RAISER

₹27,939 CR

was the net outflow from open-ended debt schemes in February 2020, compared to ₹1.09 lakh crore of net inflow in January 2020.

1 Top 5 SIPs

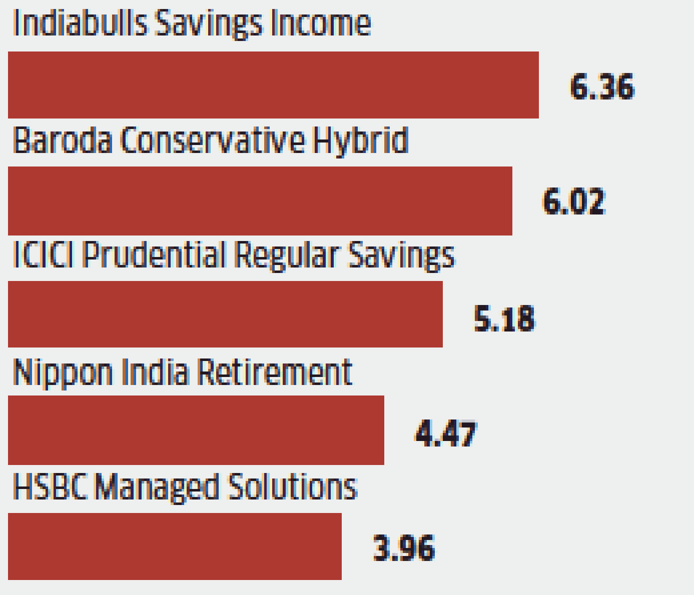
Top 5 equity schemes based on 10-year SIP returns



SIP: SYSTEMATIC INVESTMENT PLAN — % ANNUALISED RETURNS AS ON 25 MARCH 2020

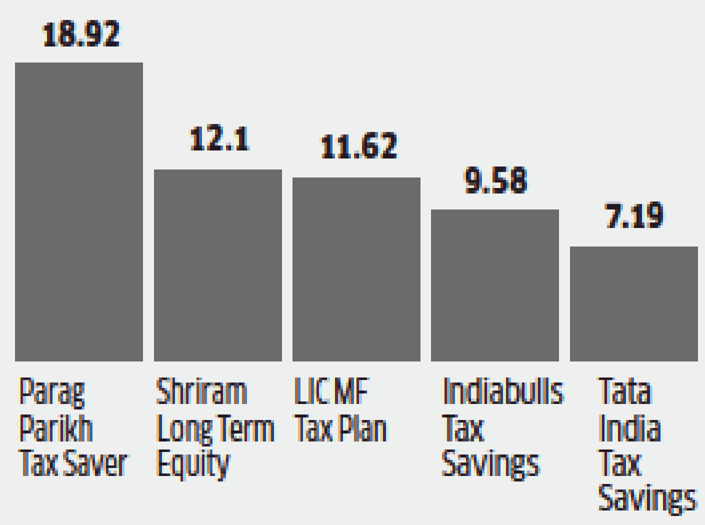
2 Top 5 MIPs

Top 5 MIP schemes based on 3-year SWP returns



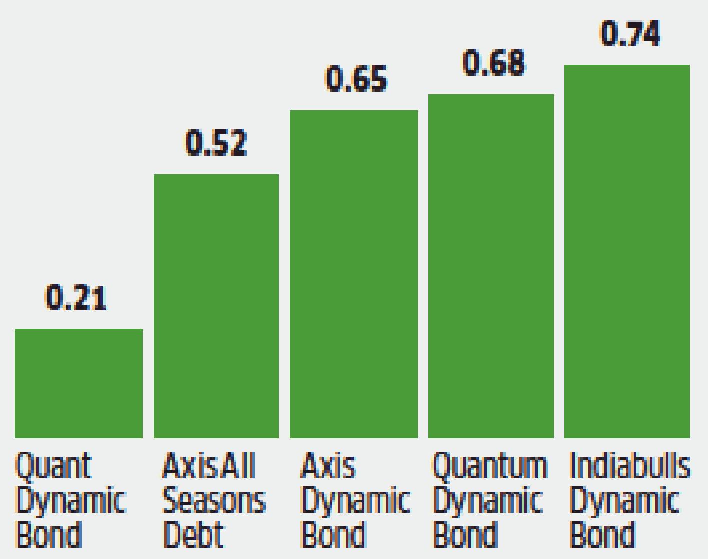
SWP: SYSTEMATIC WITHDRAWAL PLAN — % ANNUALISED RETURNS AS ON 25 MARCH 2020

3 ELSS cash holdings



% OF ASSETS AS ON 29 FEBRUARY 2020

4 Debt: Money Market



% AS ON 29 FEB 2020
% EXPENSE RATIO IS CHARGED ANNUALLY.
METHODOLOGY OF TOP 100 FUNDS ON WWW.WEALTH.ECONOMICTIMES.COM

LOANS & DEPOSITS

ET WEALTH collaborates with **ETIG** to provide a comprehensive ready reckoner of loans and fixed-income instruments. Don't miss the information on investments for senior citizens and a simplified EMI calculator.

Top five bank FDs

	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
TENURE: 1 YEAR		
Ujjivan Small Finance Bank	8.00	10,824
Lakshmi Vilas Bank	7.50	10,771
IDFC First Bank	7.25	10,745
RBL Bank	7.20	10,740
AU Small Finance Bank	7.00	10,719
TENURE: 2 YEARS		
Ujjivan Small Finance Bank	8.00	11,717
Lakshmi Vilas Bank	7.50	11,602
AU Small Finance Bank	7.50	11,602
DCB Bank	7.30	11,557
IDFC First Bank	7.25	11,545
TENURE: 3 YEARS		
AU Small Finance Bank	7.77	12,597
DCB Bank	7.60	12,534
Lakshmi Vilas Bank	7.50	12,497
Ujjivan Small Finance Bank	7.50	12,497
IDFC First Bank	7.25	12,405
TENURE: 5 YEARS		
DCB Bank	7.50	14,499
AU Small Finance Bank	7.50	14,499
Lakshmi Vilas Bank	7.25	14,323
IDFC First Bank	7.25	14,323
RBL Bank	7.15	14,252

Top five senior citizen bank FDs

	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
TENURE: 1 YEAR		
Ujjivan Small Finance Bank	8.50	10,877
Lakshmi Vilas Bank	8.10	10,835
RBL Bank	7.90	10,814
IDFC First Bank	7.75	10,798
DCB Bank	7.55	10,777
TENURE: 2 YEARS		
Ujjivan Small Finance Bank	8.50	11,832
Lakshmi Vilas Bank	8.10	11,740
AU Small Finance Bank	8.00	11,717
RBL Bank	7.95	11,705
DCB Bank	7.80	11,671
TENURE: 3 YEARS		
AU Small Finance Bank	8.27	12,784
DCB Bank	8.10	12,720
Lakshmi Vilas Bank	8.10	12,720
Ujjivan Small Finance Bank	8.00	12,682
IDFC First Bank	7.75	12,589
TENURE: 5 YEARS		
DCB Bank	8.00	14,859
AU Small Finance Bank	8.00	14,859
Lakshmi Vilas Bank	7.85	14,751
RBL Bank	7.85	14,751
IDFC First Bank	7.75	14,678

Top five tax-saving bank FDs

	Interest rate (%)	What ₹10,000 will grow to
TENURE: 5 YEARS AND ABOVE		
DCB Bank	7.50	14,499
AU Small Finance Bank	7.50	14,499
Lakshmi Vilas Bank	7.25	14,323
IDFC First Bank	7.25	14,323
RBL Bank	7.15	14,252

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

HOME LOAN RATES

With effect from 1 October, all banks have made the transition to external benchmarks for pricing new home loans. Most banks have picked the RBI repo rate as the external benchmark.

REPO RATE: 5.15%

BANK	RLLR (%)	FOR SALARIED FROM (%)	FOR SALARIED TO (%)	FOR SELF EMPLOYED (%) FROM (%)	FOR SELF EMPLOYED (%) TO (%)	WEF
Punjab National Bank	7.80	7.90	8.70	7.90	8.70	5 Oct 2019
SBI Term Loan	7.80	7.95	8.30	8.05	8.45	1 Jan 2020
United Bank of India	7.70	8.00	8.15	8.00	8.15	1 Nov 2019
Syndicate Bank	7.85	8.00	8.60	8.05	8.70	1 Nov 2019
Oriental Bank of Commerce	7.95	8.00	8.35	8.00	8.35	5 Oct 2019
Bank of Baroda	8.00	8.00	9.15	8.00	9.15	1 Mar 2020
Bank of India	8.00	8.00	8.30	8.00	8.90	10 Feb 2020
Central Bank of India	8.00	8.00	8.10	8.00	8.10	10 Oct 2019
Union Bank of India	8.00	8.05	8.35	8.05	8.35	11 Oct 2019
Canara Bank	8.05	8.05	10.05	8.05	10.05	7 Jan 2020
UCO Bank	8.05	8.05	8.15	8.05	8.15	5 Oct 2019
Punjab & Sind Bank	8.05	8.05	8.40	8.05	8.40	20 Feb 2020
Corporation Bank	7.90	8.10	8.35	8.10	8.35	15 Nov 2019
Andhra Bank	8.10	8.15	9.30	8.15	9.30	1 Nov 2019
SBI Max Gain	7.80	8.20	8.55	7.95	8.55	1 Jan 2020
Indian Bank	7.95	8.20	9.50	8.25	9.55	27 Feb 2019
Karur Vysya Bank	7.95	8.20	10.05	8.20	10.05	3 Feb 2020
Indian Overseas Bank	8.00	8.20	8.45	8.20	8.45	7 Feb 2020
Bank of Maharashtra	8.20	8.20	9.00	8.45	9.35	12 Feb 2020
Allahabad Bank	8.25	8.25	8.85	8.25	8.85	
ICICI Bank	8.25	8.25	9.25	8.50	9.35	4 Oct 2019
IDBI Bank	8.25	8.25	8.60	8.45	9.00	16 Jan 2020
Axis Bank	8.55	8.55	9.20	8.65	9.40	2 Nov 2019
Federal Bank	8.55	8.55	8.65	8.60	8.70	16 Dec 2019
Kotak Mahindra Bank	8.60	8.60	9.30	8.65	9.30	16 Jan 2020

Your EMI for a loan of ₹1 lakh

TENURE	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS
@ 8%	2,028	1,213	956	836	772
@ 10%	2,125	1,322	1,075	965	909
@ 12%	2,224	1,435	1,200	1,101	1,053
@ 15%	2,379	1,613	1,400	1,317	1,281

FIGURES ARE IN ₹. USE THIS CALCULATOR TO CHECK YOUR LOAN AFFORDABILITY.
FOR EXAMPLE, A ₹5 LAKH LOAN AT 12% FOR 10 YEARS WILL TRANSLATE INTO AN EMI OF ₹1,435 X 5 = ₹7,175

Post office deposits

	Interest (%)	Minimum investment (₹)	Maximum investment (₹)	Features	Tax benefits
Senior Citizens' Savings Scheme	8.60	1,000	15 lakh	5-year tenure, minimum age 60 yrs	80C
Sukanya Samriddhi Yojana	8.40	250	1.50 lakh	One account per girl child	80C
Public Provident Fund	7.90	500	1.50 lakh p.a.	15-year tenure, tax-free returns	80C
5-year NSC VIII Issue	7.90	100	No limit	No TDS	80C
Time deposit	6.90-7.70	200	No limit	Available in 1, 2, 3, 5 year tenures	80C#
Post Office Monthly Income Scheme	7.60	1,500	Single 4.5 lakh	5-year tenure, monthly returns	Nil
			Joint 9 lakh	5-year tenure, monthly returns	Nil
Kisan Vikas Patra	7.60	1,000	No limit	Can be encashed after 2.5 years	Nil
Recurring deposits	7.20	10	No limit	5-year tenure	Nil
Savings account	4.00	20	No limit	₹10,000 interest tax free	Nil

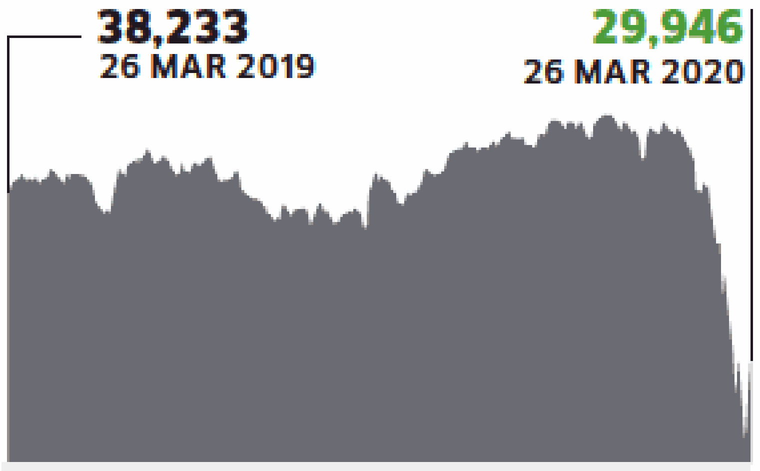
Data as on 26 March 2020

Benefit available only for 5-year deposit

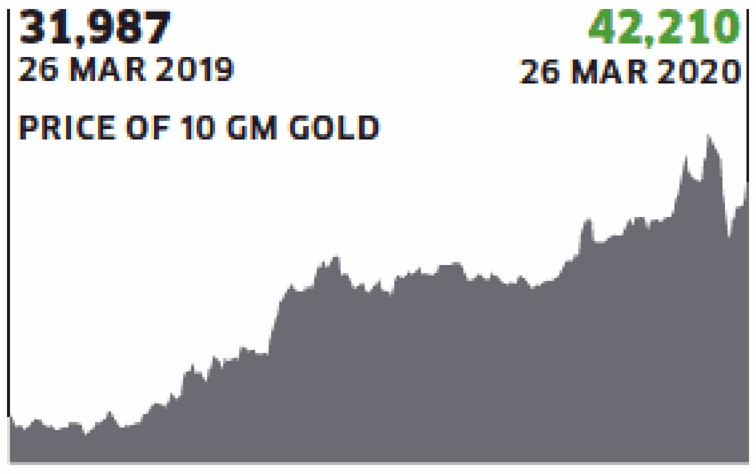
HOW YOUR INVESTMENTS PERFORMED THIS WEEK

This weekly tracker keeps you updated on the benchmark stock index, gold prices, bond yields and forex movements. It also tracks the changes in the past one year to give investors an idea how their investments performed over a longer period.

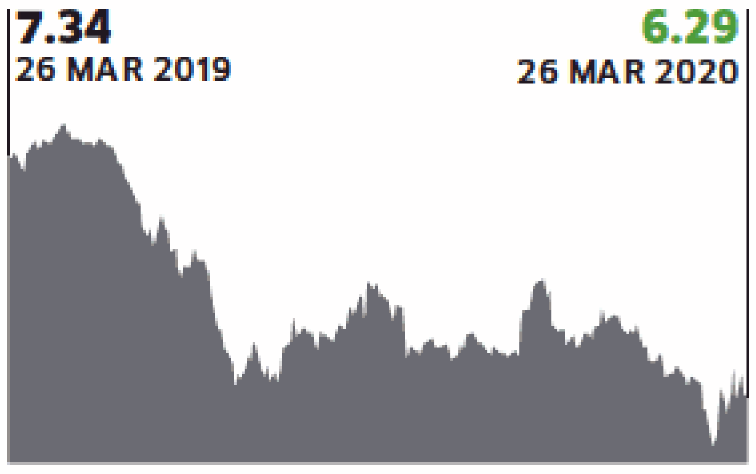
Sensex



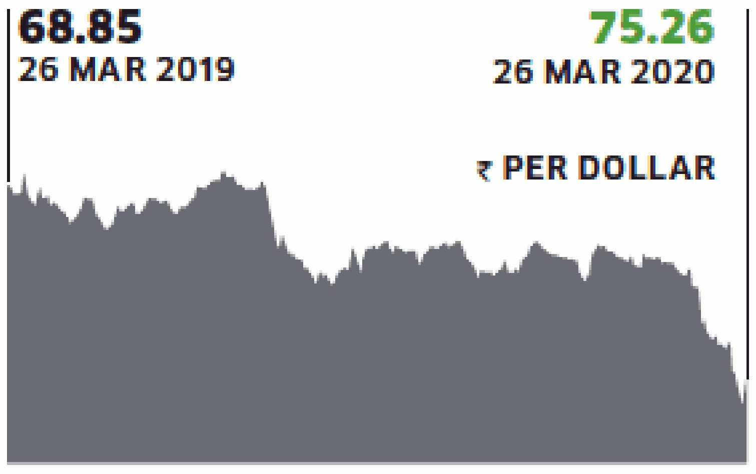
Gold price (₹)



10-yr yield (%)



USD-INR



CHANGE

	Sensex		Gold price		10-yr yield		USD-INR
1 WEEK	5.86%	1 WEEK	3.92%	1 WEEK	-11.7 (bps)	LATEST	0.27%
1 YEAR	-21.47%	1 YEAR	31.63%	1 YEAR	-103.90 (bps)	1-YEAR AVG	9.23%

Markets gained amid heavy buying in financial stocks. Also, the US Senate approval of a stimulus package coupled with the Indian government's relief package for rural poor soothed investors' sentiments.

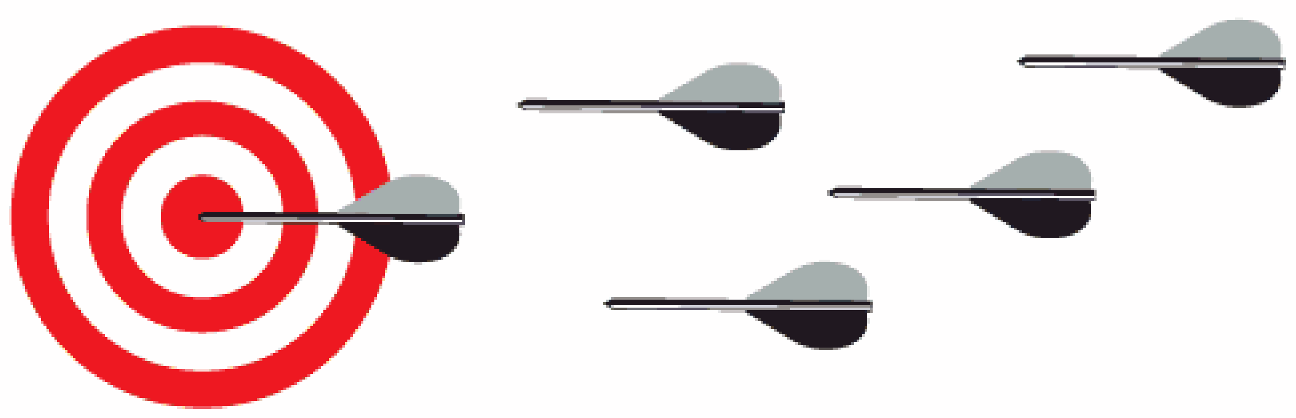
Gold prices surged as nationwide lockdown to contain coronavirus is expected to create additional demand for the safe-haven asset.

Bond yields witnessed increased volatility due to weak trading volumes in government securities market and expectations of an interest rate cut.

Rupee gained after hitting a record low as the Fed's announcement of unlimited quantitative easing weakened the US dollar.

PENNY STOCKS UPDATE

Penny stocks as a recommended non-traditional investment? Not exactly. **ET WEALTH** neither has the expertise nor does it recommend investing in such stocks. But since the relatively 'low' cost of investment attracts some investors to penny stocks, we provide a weekly snapshot of this most volatile and uncertain type of stock investing.



Top price gainers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MONTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹CR)
Gujarat State Financial	1.26	14.55	**55.56**	0.02	11.65	11.23
Angel Fibers Ltd.	7.36	15.54	**53.97**	0.05	-96.79	18.40
Welcon International ltd.	6.47	25.88	**43.78**	0.04	1,059.68	13.13
Castex Technologies Ltd.	0.39	5.41	**11.43**	0.11	53.14	14.75
Gold Line International	0.22	15.79	**10.00**	0.14	47.84	11.46
Vegetable Products Ltd.	2.70	0.00	**8.00**	0.01	286.24	29.48
Reliance Naval & Engin.	1.59	-14.05	**7.43**	7.33	12.13	117.28
Goldstone Technologies	8.80	21.72	**6.15**	0.04	170.62	16.53
Chemtech Industrial	9.00	0.00	**5.51**	0.45	6,990.66	10.34
Anubhav Infrastructure	8.24	0.00	**4.97**	0.00	1,362.68	17.64

Top volume gainers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹CR)
Orient Green Power Co.	1.31	4.80	-31.41	11.63	**7,404.02**	98.34
Chemtech Industrial	9.00	0.00	5.51	0.45	**6,990.66**	10.34
Rollatainers Ltd.	1.17	-10.69	-30.36	2.62	**6,315.19**	29.26
Pritish Nandy Commun.	9.00	-14.37	-38.14	0.16	**1,772.68**	13.02
Jyoti Structures Ltd.	2.44	-4.69	-17.85	0.02	**1,640.40**	26.73
JMT Auto Ltd.	1.04	-1.89	-24.09	2.74	**1,448.42**	52.40
Anubhav Infrastructure	8.24	0.00	4.97	0.00	**1,362.68**	17.64
Ansal Properties & Infr.	4.11	3.79	-39.82	0.89	**1,233.10**	64.69
Welcon International	6.47	25.88	43.78	0.04	**1,059.68**	13.13
Swarnasarita Gems Ltd.	6.00	-13.42	-28.66	0.15	**990.79**	12.53

Top price losers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MONTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹CR)
Unitech Ltd.	1.34	-16.77	**-61.93**	13.98	-74.95	350.58
Bajaj Hindusthan Sugar	2.37	-20.47	**-59.07**	4.35	113.24	268.66
Hindustan Construction	3.67	-25.71	**-58.48**	5.30	178.99	555.27
Reliance Infrastructure	9.35	-13.02	**-57.88**	3.21	-43.80	245.90
RattanIndia Power Ltd.	1.29	-12.84	**-55.21**	8.26	-30.63	588.81
Dish TV (I) Ltd.	4.65	-13.08	**-55.07**	7.37	-57.12	856.20
Future Consumer Ltd.	8.15	-22.38	**-54.08**	2.94	219.53	1,565.71
Vikas Ecotech Ltd.	1.06	-16.54	**-53.71**	1.50	127.68	32.39
Jaiprakash Power Vent.	0.58	-13.43	**-52.07**	63.17	153.72	396.75
Subex Ltd.	3.14	-15.14	**-51.62**	6.98	-49.79	176.47

Top volume losers

STOCK	MARKET PRICE (₹)	1-WEEK (%) CHANGE	1-MTH (%) CHANGE	1-MTH AVG VOL (LAKH)	1-MONTH AVG VOL CHG (%)	MKT CAP (₹CR)
Vikas Proppant & Granite	7.00	-9.33	-33.84	1.74	**-88.27**	354.34
Reliance Home Finance	0.79	-10.23	-26.85	2.38	**-86.66**	38.32
Unitech Ltd.	1.34	-16.77	-61.93	13.98	**-74.95**	350.58
Tata Teleservices Maha.	1.91	-12.39	-35.91	2.13	**-69.39**	373.39
Dish TV (I) Ltd.	4.65	-13.08	-55.07	7.37	**-57.12**	856.20
Vikas WSP Ltd.	4.77	-4.02	-35.54	1.71	**-54.87**	97.50
GTL Infrastructure Ltd.	0.24	-4.00	-36.84	11.65	**-53.34**	295.66
Subex Ltd.	3.14	-15.14	-51.62	6.98	**-49.79**	176.47
Reliance Power Ltd.	1.09	-4.39	-42.93	72.98	**-48.96**	305.76
Reliance Infrastructure	9.35	-13.02	-57.88	3.21	**-43.80**	245.90

THE STOCKS HAVE BEEN SELECTED USING THE FOLLOWING FILTERS: PRICE LESS THAN ₹10, ONE-MONTH AVERAGE VOLUME GREATER THAN OR EQUAL TO 1 LAKH AND MARKET CAPITALISATION GREATER THAN OR EQUAL TO ₹10 CRORE. DATA AS ON 26 MAR 2020. **SOURCE:** ETIG DATABASE AND BLOOMBERG.

Early start, aggressive plan will help achieve all goals

Kuldeep Bhardwaj invests in equity funds for multiple goals. Here's what the doctor has advised:

GOALS

1	2	3	4	5	6
FIRST CHILD'S EDUCATION: 15 yrs	**SECOND CHILD'S EDUCATION: 18** yrs	**FIRST CHILD'S MARRIAGE: 22** yrs	**SECOND CHILD'S MARRIAGE: 26** yrs	**BUY NEW HOUSE 18** yrs	**RETIREMENT INCOME: 25** yrs
PRESENT COST **₹20 lakh**	PRESENT COST **₹20 lakh**	PRESENT COST **₹35 lakh**	PRESENT COST **₹35 lakh**	CURRENT NEED **₹50 lakh**	PRESENT COST: **₹2.5 cr** (₹1lakh per month)
FUTURE COST **₹83.5 lakh**	TOTAL COST **₹1.1 cr**	FUTURE COST **₹1.55 cr**	FUTURE COST **₹2.03 cr**	CORPUS REQUIRED **₹1.68 cr**	FUTURE COST **₹13.6 cr**

PORTFOLIO CHECK-UP

- Investing aggressively in stocks and equity funds for past 2-3 years.
- Funds are mostly good but needs to streamline portfolio.
- Small 5% hike in SIP amounts can help reach all goals easily.
- Direct stocks are risky. Mutual funds diversify the risk and give stable returns.
- Use low-cost NPS to save for retirement and save tax.

Note from the doctor

- Don't buy too many funds. Just 5-6 funds are enough.
- Review investments and rebalance at least once in a year.

Goal	FUND NAME	AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION	NEW SIP (₹)
1	Mirae Asset Emerging Bluechip	1,80,000	10,000	Continue SIPs in this outperforming large and mid-cap fund. Hike amount by 5% every year.	10,000
1	Mirae Asset Taxsaver	3,00,000	0	Fund hit by stockmarket slump. Continue holding it for the long term.	0
2	Canara Robeco Emerging Eq.	1,60,000	5,000	Continue SIPs in this stable large and midcap fund. Hike amount by 5% every year.	5,000
2	IDFC Infrastructure	2,05,000	0	This sectoral scheme has underperformed. Switch to Canara Robeco Emerging Equities for stable returns.	
2	DSP Smallcap	50,000	0	Fund suffered due to small-cap rout. Remain invested and start SIPs of ₹2,000. Hike by 5% every year.	2,000
3	Axis Long-term Equity	2,15,000	5,000	Continue investing in this outstanding ELSS fund for the long term. Hike SIPs by 10% every year.	5,000
3	Mirae Asset Taxsaver	3,00,000	0	Fund hit by stockmarket slump. Continue holding it for the long term.	0
4	Motilal Oswal Focused Multicap 35	3,11,500	10,000	Continue SIPs in this outperforming multi-cap fund. No need to hike SIP amount for now.	10,000
5	Parag Parikh Long Term Equity	1,00,000	5,000	Continue SIPs in this outstanding multi-cap fund with a foreign flavour. Hike amount by 5% every year.	5,000
5	L&T Emerging Businesses	2,83,000	10,000	Continue SIPs in this outstanding small-cap fund. Hike amount by 5% every year.	10,000
6	L&T Midcap	1,83,000	10,000	Continue SIPs in this stable mid-cap fund. Hike amount by 5% every year.	10,000
6	SBI Smallcap	55,000	7,500	Fund is down due to small cap rout. Continue SIPs and hike amount by 5% every year.	7,500
6	Direct stock investments	17,25,000	0	Consider shifting to mutual funds to help diversify and reduce risk of concentration.	0
6	PPF (self and wife) and EPF	36,93,267	31,000	Reduce investment in PPF. Consider investing in NPS instead. Do not withdraw before retirement.	31,000
	TOTAL	**₹77,59,767**	**₹1,03,500**	The goals can be reached using the mutual funds marked in the same colour.	**₹1,05,500**

Defer retirement by five years to save enough

Smita Mishra is saving for her child's education and early retirement. Here's what the doctor has advised:

GOALS

1	2	3
CONTINGENCY FUND: IMMEDIATE	**CHILD'S EDUCATION: 15** yrs	**RETIREMENT INCOME: 15** yrs
PRESENT COST: **₹3 lakh**	CURRENT COST: **₹45 lakh**	CURRENT COST: **₹1 crore** (₹30,000 per month)
FUTURE COST: **NA**	CORPUS REQUIRED **₹1.88 cr**	CORPUS REQUIRED: **₹2.75 cr**

Goal	FUND NAME	AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION
1	Fixed deposits	1,00,000	0	Shift to a liquid fund for greater tax efficiency and start SIP of ₹6,000 for 12 months.
1	ICICI Pru Long-Term Eq.(Dividend)	9,900	0	Switch to liquid fund to streamline portfolio.
1	ABSL Tax Relief '96 (Dividend)	97,267	1,000	Stop SIPs and shift to liquid fund after lock-in period ends.
2	Mirae Asset Large Cap Fund	35,368	5,000	Continue SIPs in this outstanding large-cap scheme and large and midcap fund and hike by 10% every year.
2	Mirae Asset Emerging Bluechip	8,830	5,000	
2	L&T Tax Advantage (Dividend)	87,572	1,000	Increase SIPs to ₹5,000 in this stable ELSS fund and large-cap fund and hike by 10% every year.
2	Axis Bluechip Fund	22,961	2,000	
3	Axis Long Term Equity	1,43,815	0	Switch from dividend to growth option of this ELSS fund. Start SIPs of ₹8,000 and hike by 10% every year.
3	Axis Focused 25	1,07,235	5,000	Switch from dividend to growth option. Increase SIPs to ₹8,000 and hike by 10% every year.
3	Axis Midcap	13,529	2,000	Increase SIP to ₹8,000 in this outperforming mid-cap fund. Increase by 10% every year.
3	PF and PPF	33,00,000	10,000	Keep contributing and hike amount by 5% every year. Do not withdraw before retirement.
	TOTAL	**₹39,31,167**	**₹31,000**	

PORTFOLIO CHECK-UP

- Started investing in equity funds to save tax 3-4 years ago.
- Switch from dividend option of funds to growth option.
- Goal of retiring in 10 years will need bigger corpus and higher investments.
- Delay retirement by five years to reach target comfortably.
- Review investments and rebalance at least once in a year.

PORTFOLIO DOCTOR

Not many investors know whether they have invested in the right funds and if their fund portfolio is on track. The Portfolio Doctor assesses the health of the fund portfolio, examines the schemes and their suitability with regard to the goals and, if required, recommends corrective measures. The advice given is based on the performance of the funds, the risk profile of the investor as well as his financial goals.

Assumptions used in the calculations

INFLATION

Education expenses	For all other goals
10%	**7%**

RETURNS

Equity funds	Debt options
12%	**8%**

PORTFOLIOS ANALYSED BY

RAJ KHOSLA, Managing Director and Founder, MyMoneyMantra

WRITE TO US FOR HELP

If you want your portfolio examined, write to etwealth@timesgroup.com with "Portfolio Doctor" as the subject. Mention the following information:

- Names of the funds you hold.
- Current value of the investment.
- If you have SIPs running in any of them.
- The financial goals for which you invested.
- How much you need for each financial goal.
- How far away is each goal.

Readers' response, online and in print, to ET Wealth stories has been enlightening. We pick some that add information and perspective to our articles from previous issues.

This is in reference to the cover story, 'How to survive a bear attack.' While we assess the damage to our portfolio, this is also an appropriate time to evaluate our health cover. Unexpected medical expenses can cause further stress to our already battered finances.
Nandakumar Venkatachary

This is in reference to the column, 'Hunker down for tough times'. The economy was already in poor shape. Many people were unable to buy homes because real estate prices were unaffordable, interest rates were high and borrowing conditions stringent. It's time to correct these wrongs and kickstart the economy.
B.A.

Small and medium enterprises will be wiped out if the government does not take immediate action. Thousands will be left unemployed. Act fast.
Abhishek Kumar

What is required is extensive testing so that the virus does not make a comeback during the rains. We need an intelligent response on the economic front to take benefit of the oil bonanza. Beating vessels is not a solution. We are trivialising the impact of the pandemic with such foolish celebrations. We need to act without panicking. Bless our stars that the Covid-19 did not attack us in December like it did in China. It would have been mayhem and unless we act fast before monsoon not even god can save us.
Nachiket Katha

Equities not for everyone

This refers to the cover story, 'How to survive a bear attack'. If an investor can't handle 50% loss of value of his portfolio, then he should not be investing in equities. This is the main reason why only a few people earn high returns from equities. They can stomach the risk.
Rahul Kuchhal

Unless Indians learn to work hard with discipline nothing can save them. The army of government servants must be trimmed. The money thus saved should be used for uplift of the poor.
Suresh Chandak

The crucial task at the moment is to contain the spread of the virus. The government has to accomplish it at any cost. Healthy citizens can regain economic losses.
Mustafa M.

This reminds me of the economic theories that epidemics and natural calamities will restrict population explosion cyclically and that effective demand will come to the rescue for economic revival.
V. Alagappan

This refers to the article, 'Is your bank safe?' It was very informative. As an account holder, I have understood the meaning of various terms like NPAs, coverage ratio, capital adequacy ratio, CASA ratio etc. All the terms have been well explained by the writer. I have also realised the importance of having accounts in multiple banks.
C.K. Jain

REALTY HOT SPOT

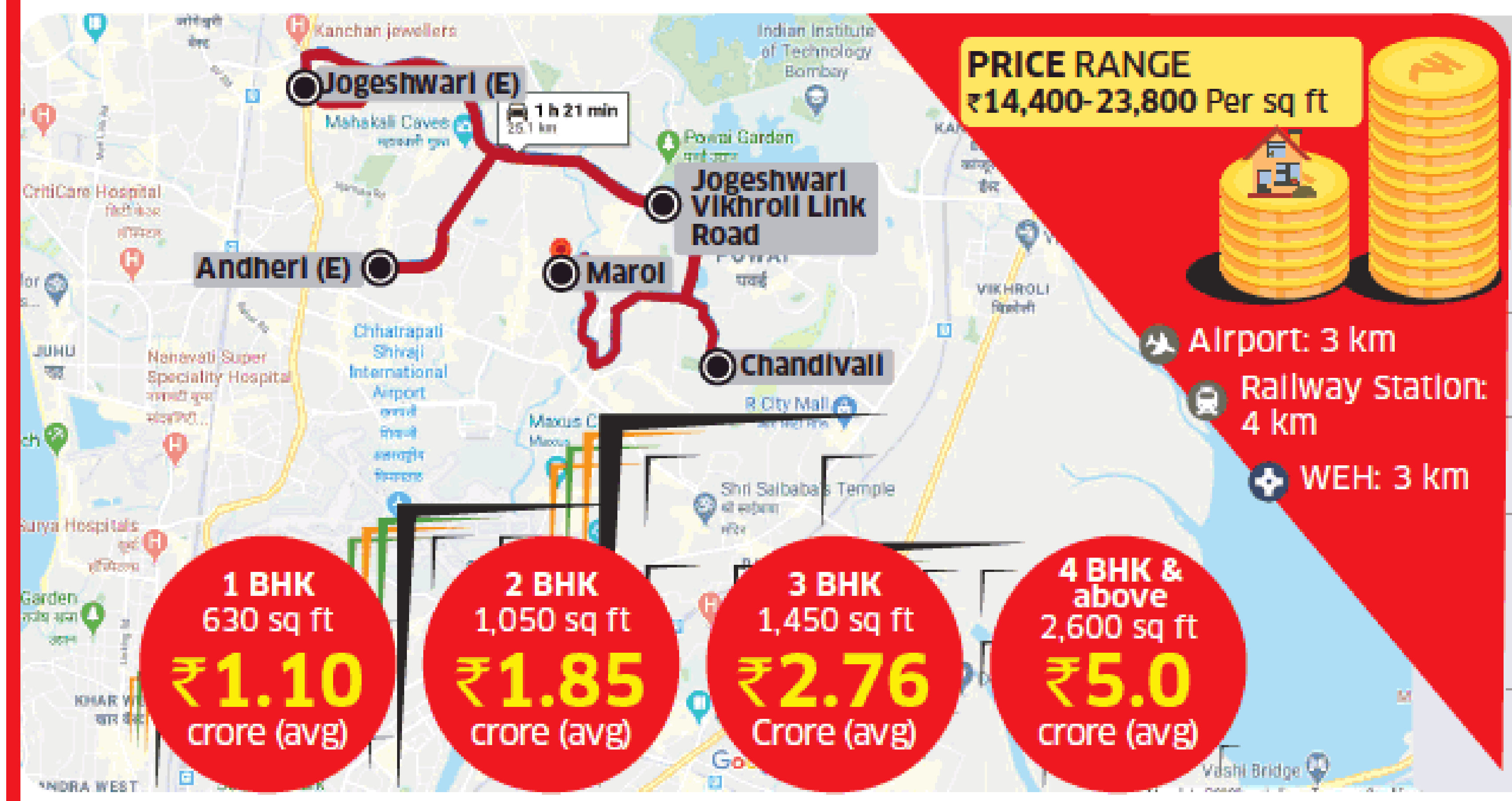
Infrastructure the main strength

This established micro-market in Mumbai is also close to key employment hubs.

LOCALITY SNAPSHOT

ANDHERI (E) AND JOGESHWARI (E), MUMBAI

- Established micro-market with good physical & social infra and presence of key employment hubs
- Key social amenities are SevenHills Hospital, Holy Spirit Hospital, St. Dominic Savio High School, etc.
- Popular malls including Phoenix Marketcity, Infiniti Mall and Inorbit Mall, situated in close vicinity
- Key employment hubs include SEEPZ, Chakala & Marol Industrial Area, Technopolis Knowledge Park
- Well-connected through Western Express Highway, JVLR, Andheri Railway Station and Metro Line-1



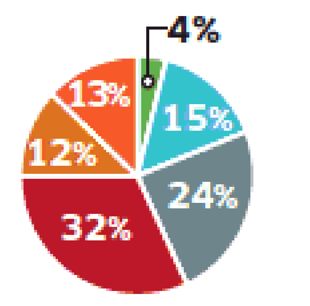
VALUES

LOCALITY	Price (₹/sqft)	Rent (₹/month)
Andheri East	14,400-22,000	41,000-61,000
Chandivali	15,300-21,200	47,000-66,000
Jogeshwari(E)	14,600-23,800	30,000-45,000
Jogeshwari Vikhroli Link Road	15,300-23,700	48,000-73,000
Marol	14,400-21,200	40,000-61,000

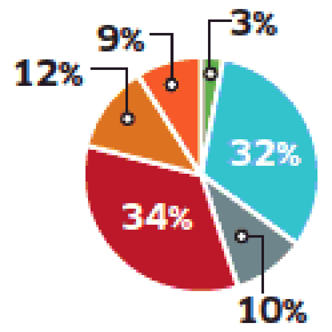
SUPPLY BY BHK

1 BHK **4%**
2 BHK **22%**
3 BHK **50%**
4 BHK **24%**

Consumer preference by budget segment (₹)



Consumer preference by covered area (sq ft)



Schools 20+ | Hospitals 20+ | Restaurants 20+ | Banks 20+ | Grocery Stores 20+ | Petrol Pumps 20+

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PUBLISHED FOR THE PROPRIETORS, Bennett, Coleman & Co Ltd by R.Krishnamurthy at The Times of India Building, Dr. D.N. Road, Mumbai 400001. Tel. No.: (022) 6635 3535, 2273 3535. Fax: (022) 2273 2544 and printed by him at (1) The Times of India Suburban Press, Akurli Road, Western Express Highway, Kandivli (E), Mumbai-400101 . Tel. No.: (022) 28872324, 28872931, Fax: (022) 28874231. (2) The Times of India Print City, Plot No.4, T.T.C. Industrial Area, Thane Belapur Road, Airoli, Navi Mumbai-400708. Tel No.: (022) 2760 9999, Fax: (022) 2760 5275.
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