THE ECONOMIC TIMES
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What is fuelling the market volatility?
P12

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FINANCIAL COVID
Can you avoid it?

Debt funds are facing the heat due to increased risk of defaults by NBFCs. Find out how to isolate your portfolio.

By **Sanket Dhanorkar and Narendra Nathan**

The winding up of six debt mutual funds by Franklin Templeton India last week may have come as a shock to many investors, but the writing was on the wall for quite some time. All the six schemes (*see table*) had a yield to maturity (YTM) in double digits at a time when bond yields are well below 7%. A high YTM is an indication that the scheme is holding low-rated securities. The slowdown in the economy and the liquidity crisis following the IL&FS and Yes Bank fiascos had already made it tough for bond issuers. The Covid only hastened the disaster.

According to Morningstar, it would take some time for the fund house to liquidate investments and pass on the proceeds to investors. "It would be rather difficult for the fund house to liquidate assets in the current market environment and at such compressed valuations. They will try to make the payments in a staggered manner through portfolio maturities, coupon and pre-payments, once the borrowings in the funds have been paid back," the mutual fund consultancy said in a note. Since the holdings in the portfolios of the closed funds have different maturities, the repayments will obviously not happen at one go but come in driblets. The fund house may also try liquidating the securities in the secondary market when the situation in the

These six funds have been closed down

Investors will get their money when the fund gets interest or payments from bond issuers

SCHEME	CATEGORY	AUM (₹ CR)	1-YEAR RETURN (%)	NO OF SEGREGATED PORTFOLIOS
Franklin India Ultra Short Bond	Ultra Short Duration	10,964	4.7	1
Franklin India ST Income	Short Duration	7,093	-3.3	3
Franklin India Credit Risk	Credit Risk Fund	4,434	-3.8	3
Franklin India Dynamic Accrual	Dynamic Bond	3,119	0.6	3
Franklin India Low Duration	Low Duration	2,737	-4.8	2
Franklin India Income Opportunities	Medium Duration	2,506	0.3	2

Returns as on 23 Apr 2020. AUM as on 31 March 2020 **Source:** Value Research

Too many side pockets in debt funds

These schemes put troubled bonds in segregated portfolios.

SCHEME	NO OF SEGREGATED FUNDS	AUM (₹ CR)	1-YEAR RETURN (%)
Franklin India Ultra Short Bond	1	10,964	4.7
Franklin India ST Income	3	7,093	-3.8
Aditya Birla SL Credit Risk	1	4,645	1.7
Franklin India Credit Risk	3	4,434	-4.3
Aditya Birla SL Medium Term	1	3,958	-4.8
Nippon India Credit Risk	2	3,270	-11.0
Franklin India Dynamic Accrual	3	3,119	0.4
Franklin India Low Duration	2	2,737	-5.1
Franklin India Income Opportunities	2	2,506	0.0
Aditya Birla SL Dynamic Bond	1	2,481	1.0
Nippon India Ultra Short Duration	1	1,012	-0.5
Nippon India Strategic Debt	2	908	-28.4
UTI Credit Risk	3	711	-29.6
Tata Treasury Advantage	1	600	1.7
Baroda Credit Risk -A	1	490	-1.0
UTI Bond	1	440	-10.1
UTI Dynamic Bond	1	366	-3.7
PGIM India Credit Risk	1	259	-3.4
UTI Medium Term	2	167	1.2
Baroda Treasury Adv	1	55	-43.5
Tata Medium Term	1	48	-8.5

Returns as on 19 Apr 2020. AUM as on 31 Mar 2020 **Source:** Value Research

Schemes with high exposure to NBFCs are at risk

Increased stress in NBFCs may see a few lenders unable to repay debt funds.

SCHEME	CATEGORY	NBFC HOLDING %	FUND CORPUS (₹ CR)
Baroda Treasury Adv	Low Duration	43.6	55
Franklin India ST Income Plan	Short Duration	33.5	7,093
Franklin India Credit Risk	Credit Risk Fund	32.8	4,434
Franklin India Low Duration	Low Duration	32.0	2,737
Franklin India Income Opportunities	Medium Duration	29.6	2,506
Union Corporate Bond Fund	Corporate Bond	26.9	305
Franklin India Dynamic Accrual	Dynamic Bond	26.9	3,119
Tata Medium Term Fund	Medium Duration	26.2	48
Aditya Birla SL Low Duration	Low Duration	21.9	8,799
L&T Resurgent India Bond Fund	Medium Duration	21.2	1,591

Sharp decline in fund's AUM signals caution

It may increase concentration of low quality bonds in fund, heightening the risks.

SCHEME	CATEGORY	DEC 2019 AUM (₹ CR)	MAR 2020 AUM (₹ CR)	CHANGE	1-YEAR RETURN (%)
Nippon India Strategic Debt	Medium Duration	2,306	908	-61%	-28.4
UTI Credit Risk	Credit Risk Fund	1,447	711	-51%	-29.6
Baroda Treasury Adv	Low Duration	99	55	-45%	-43.5
Franklin India Low Duration	Low Duration	4,627	2,737	-41%	-5.1
Nippon India Credit Risk	Credit Risk Fund	5,283	3,270	-38%	-11.0
Franklin India ST Income Plan	Short Duration	10,964	7,093	-35%	-3.8
IDBI ST Bond	Short Duration	36	25	-31%	-1.0
BNP Paribas Low Duration	Low Duration	329	228	-31%	7.0
PGIM India Credit Risk	Credit Risk Fund	364	259	-29%	-3.4
UTI Medium Term	Medium Duration	232	167	-28%	1.2

Note: The above list of funds excludes liquid, overnight, ultra short duration and gilt funds.
Returns as on 19 Apr 2020. AUM as on 31 Mar 2020. **Source:** Ace MF; Compiled by ETIG Database

"Buy when fear is high and valuation is cheap. That was the case with equities last month and is happening in credit space now."

SANKARAN NAREN
ED & CIO, ICICI PRUDENTIAL MUTUAL FUND

"The credit exposures are comparatively lower but the debt portion of hybrid funds must also be carefully evaluated before entering."

VIDYA BALA,
HEAD-RESEARCH & PRODUCTS, PRIMEINVESTOR

"Most credit risk funds have some high quality papers and manage the credit risk well. Check the credit risk profile before investing."

MILIND BARVE
MANAGING DIRECTOR, HDFC MUTUAL FUND

"Sebi has fixed duration mandates but there is no restriction on credit quality within that. Some AMCs have taken higher risk."

RAJIV RADHAKRISHNAN
HEAD (FIXED INCOME), SBI MUTUAL FUND

bond market stabilises.

Will the financial pandemic spread to other debt funds as well? For now, mutual funds are trying to calm investors down. The Association of Mutual Funds in India (Amfi) told investors on Friday that most debt funds were holding good quality securities, and the schemes had enough liquidity to ensure normal operations. "The industry remains fully committed to investor interests and there is no need for them to panic," said Nilesh Shah, Amfi Chairman and CEO of Kotak Mutual Fund. "There is no chance of the liquidity crisis in low quality papers spreading to high quality bonds. There is ample liquidity in the system (around ₹5 lakh crore of LTRO is still unutilised)," pointed out A. Balasubrahmanian, CEO of Aditya Birla Sun Life Mutual Fund.

These reassurances may not hold if there are more corporate defaults. As job losses increase and companies roll out pay cuts, lenders are staring at the prospect of large-scale loan delinquencies by individual borrowers. The measures taken by the government and RBI have not proved effective. The RBI cut interest rates and allowed a 3-month moratorium for retail loans. But this only swept the problem under the carpet by providing short-term relief to individuals and allowing banks to hide impending defaults for some more time.

If repayments from stressed borrowers don't come through, NBFCs may delay or even default on interest payments on securities held by debt funds. The most vulnerable are the credit-oriented funds that lend money to lower rated issuers in return for higher yields. Given the elevated stress amid coronavirus-led disruptions, more companies could find it difficult to repay debt.

Other funds also at risk

The credit risk category is not the only one facing the heat. As in the case of Franklin Templeton, even low duration funds and income opportunity funds that invest lower down the credit quality ladder could be in trouble. While Sebi rules ensure these funds play strictly within specified interest rate risk bandwidths, a few have used the leeway to pursue higher returns through credit plays. However, given the short-term investing time horizons that these debt funds cater to, investors should not be taking undue credit exposure. Arvind Chari, Head of Fixed Income at Quantum Advisors, recommends caution. "The credit crisis in the bond market is far from over. The pandemic will only exacerbate issues in existing stressed balance sheets so it will be prudent to avoid taking risks." A single credit event can wipe out accrued gains of the past 1-2 years. "It is preferable to avoid credit risk oriented funds (despite the higher yields) given the current stressed credit environment," insists Arun Kumar, Head of Research, FundsIndia.

Due to multiple defaults and downgrades, several debt funds with aggressive credit exposure had to resort to side-pocketing of their portfolios last year. This mechanism allows segregation of the soured assets into separate portfolios that ring-fences the good assets and staves off redemptions in the primary fund. With a spate of credit events singeing multiple issuers at various points of time over the past year, some debt funds have created multiple segregated portfolios (*see table*). This is a definite indicator of poor risk assessment and investors should avoid such funds. Stick to funds primarily investing in AAA rated bonds and with a healthy asset base. "There is no point in taking risk in a fixed income investment for extra 1-2%. This is not a place for wealth creation. Keep money as liquid and safe as possible," says Chari. Banking & PSU bond funds are preferable to corporate bond funds over the medium term while short term money can continue to be deployed in liquid or ultra short duration funds.

Even hybrid funds may not be spared from the pain. These funds are meant to provide conservative investors a soft exposure to equities with the backstop of debt. However, some schemes have been known to foray into low quality bonds in the debt portion to spruce up returns. Recently, BOI AXA Mutual Fund introduced sidepockets in several of its hybrid schemes, indicating exposure to poor quality bonds.

Watch the fund size too

Apart from the risk of default, another concern is the continued hemorrhaging in the asset base of these funds. Worried over the increased volatility in returns and defaults, investors have been pulling out money from a section of debt funds. Low rated bonds are not very liquid and the fund manager is forced to sell high quality bonds to meet the redemptions. "This leads to unintended higher concentration of lower quality papers in the fund, significantly increasing the risks," points out Kumar.

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Banking stocks also at risk

The economic dent caused by the Covid lockdown could prove very costly for the banking sector.

By **Narendra Nathan**

The benchmark indices have gained more than 20% from the recent bottom, but experts believe the current rally is not sustainable. "Looking at the current situation, the recent Nifty bottom of 7,500 may be broken in the coming months," says Amar Ambani, President and Head of Research, Yes Securities. The bearishness stems from the threat of extended lockdowns. "The longer we extend lockdowns, the longer it will take for the economy to get back on track. Without creating a health hazard, the government needs to work out an exit strategy," says Sanjay Sinha, Founder, Citrus Advisors.

Banks and NBFCs are particularly worried that the lockdown may be extended. "While NBFCs are expected to offer a moratorium to their clients, they are expected to repay banks and bondholders," says Amit Jain, CEO & Co-Founder, Ashika Wealth Advisor. Another big worry is the absence of any stimulus package for the industry. "Since the consolidated government fiscal situation is not in the best of shape, we expect any stimulus would be measured. That means, corporate India will also have to bear some part of the cost of lockdowns themselves," says Suhas Harinarayanan, Head of Research, JM Financial.

Only a few sectors such as pharmaceuticals, oil & gas and cement

Few sectors can escape Covid impact

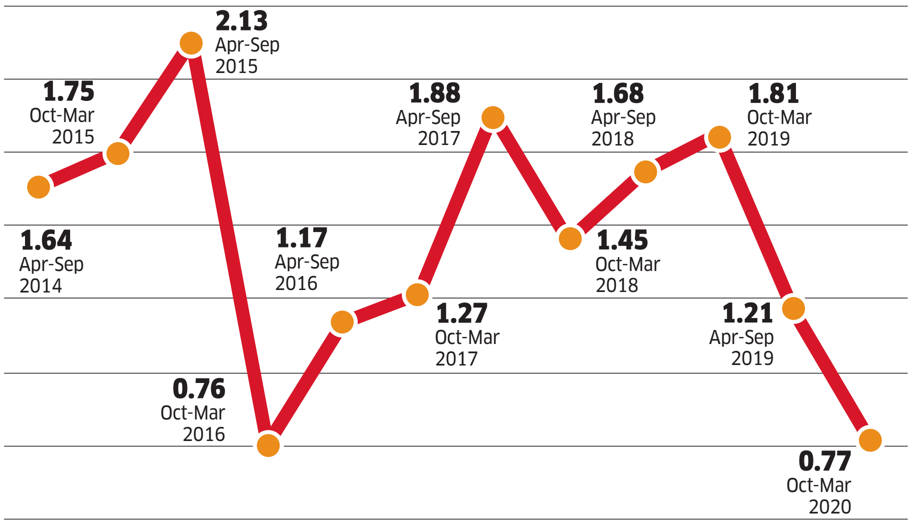
When other sectors weaken, banks and NBFCs could witness increased defaults.

SECTOR	SUPPLY READINESS	DEMAND IMPACT	LIQUIDITY	2019-20 MEDIAN NET LEVERAGE	MOST RECENT SECTOR OUTLOOK
Telecom	High	Low	Strong to weak	4x-6x	**Negative**
Renewables	High	Low	Low	4x-6x	**Negative**
Power-Conventional & Transmission	High	Moderate	Low	4x-6x	**Negative**
Iron & steel	Moderate	Moderate	Moderate	4x-6x	**Negative**
Non Ferrous Metals	Moderate	Moderate	Moderate	2x-3x	**Negative**
Realty-Commercial Retail	High	Moderate	Low	4x-6x	**Negative**
EPC	Moderate	Low	Moderate	2x-3x	**Negative**
Auto Ancillaries	Moderate	Moderate	Moderate	2x-3x	**Negative**
Auto	Moderate	Moderate	Strong	Less than 2x	**Negative**
Discoms	High	Moderate	Low	4x-6x	**Negative**
Realty- Residential	Moderate	High	Low	4x-6x	**Negative**
Textile	Moderate	High	Moderate	3x-4x	**Negative**
Pharma	High	High	Strong	Less than 2x	**Stable**
Realty- Commercial -Office	High	Moderate	Strong	4x-6x	**Stable**
Logistics - Ports	Moderate	Moderate	Strong	4x-6x	**Stable**
Chemicals	Moderate	Moderate	Strong	2x-3x	**Stable**
O&G	High	Moderate	Strong	3x-4x	**Stable**
Cement	Moderate	Moderate	Strong	3x-4x	**Stable**

Source: India Ratings

More downgrades than upgrades

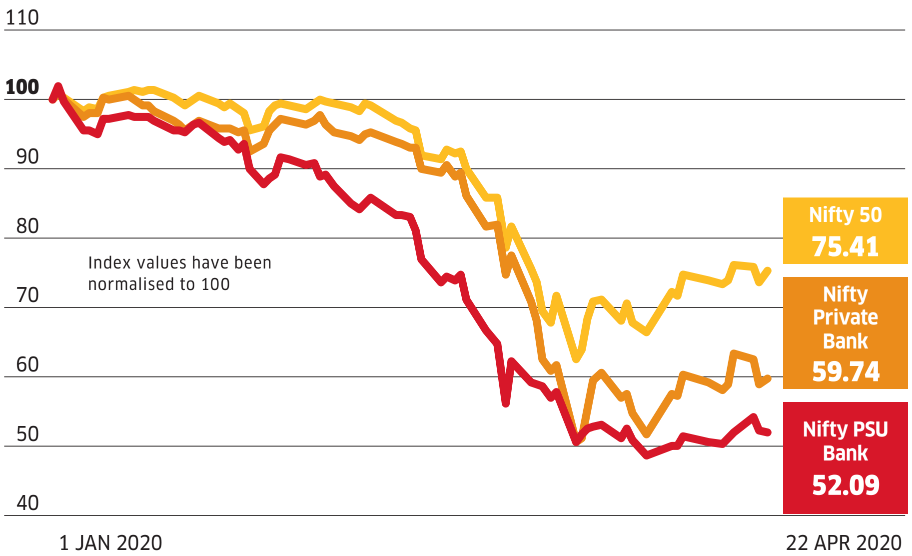
The credit ratio denotes the number of companies upgraded compared to downgraded. Already below 1, this could fall further in the coming months.



Note: Total upgrades are divided by total downgrades to calculate credit ratio. **Source:** Crisil

Bank stocks pulled the market down

PSU banks contributed more to the market crash in 2020.



"Looking at the current situation, the recent Nifty bottom of 7,500 may be broken in the coming months."

AMAR AMBANI
PRESIDENT & HEAD, YES SECURITIES

"Finance sector is the main lubricant of the economy. A bank's viability is the viability of its borrowers."

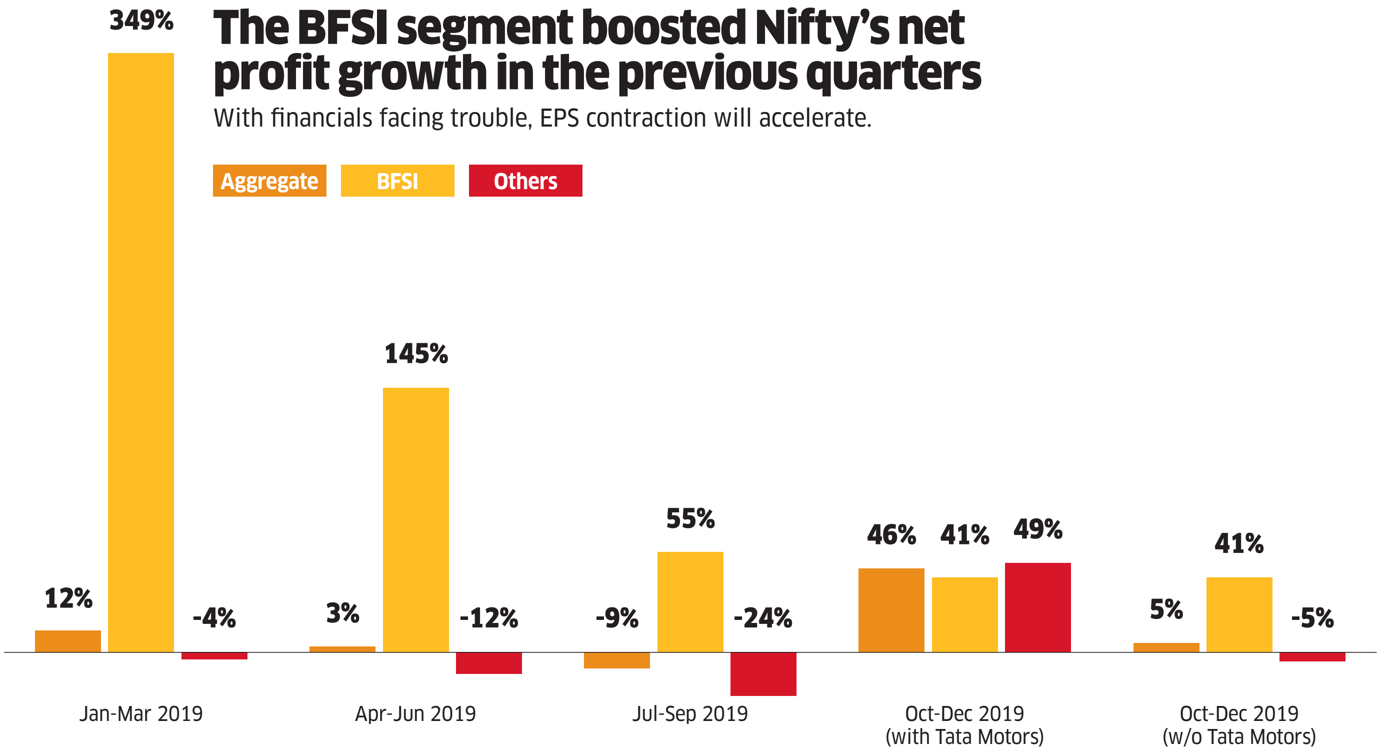
SANJAY SINHA
FOUNDER, CITRUS ADVISORS

"Valuations are down but wait for better valuations, which may happen due to flow of bad news in the coming months"

ANIL SARIN
CIO - EQUITIES, CENTRUM BROKING

The BFSI segment boosted Nifty's net profit growth in the previous quarters

With financials facing trouble, EPS contraction will accelerate.



Source: ETIG Database

How sector weights have changed since the last stock crash

BFSI weight has more than doubled since 2008. The segment has contributed significantly to the last rally.

Top 5 sectors by weight in Nifty in Jan 2020

37.82	**13.25**	**13.21**	**10.54**	**5.69**
BFSI	Infotech	Oil & Gas	FMCG	Automobiles

Top 5 sectors by weight in Nifty in Jan 2008

23.11	**16.86**	**11.90**	**10.38**	**8.55**
Oil & Gas	BFSI	Capital goods	Infotech	FMCG

Funds betting big on BFSI

These schemes have large exposure to BFSI.

SCHEME	AUM (₹ CR)	HOLDING IN BFSI (%)
Axis Bluechip	10,997.83	53.8
Axis Multicap	5,057.95	51.0
DSP Top 100 Equity	1,800.94	37.2
HDFC Top 100	12,945.75	35.6
Aditya Birla SL Frontline Equity	14,466.27	35.2
HDFC Equity	16,041.82	35.0
Kotak Bluechip	1,178.05	32.9
Motilal Oswal Midcap 30	1,331.07	32.8
Aditya Birla SL Equity	8,492.16	32.3
Mirae Asset Large Cap	13,208.80	32.2

NAV as on 17 April; AUM as on 31 March. Data sorted on the basis of holding in banking and financial services industries (BFSI)

Source: ACE MF; Compiled by ETIG Database

have a stable outlook (*see table*). The credit ratio, which denotes the number of upgrades compared to downgrades, fell below 1 during the second half of 2019-20. Things are expected to get worse in the coming quarters. "Since duration, spread and intensity of Covid-19 pandemic will cloud the credit outlook for 2020-21, rating downgrades are likely to far outnumber upgrades," says Somasekhar Vemuri, Senior Director, Crisil Ratings. There are also worries that these problems may persist beyond 2020-21 for a few sectors. "Ind-Ra expects credit quality pressures could accentuate in 2020-21 across sectors due to demand contraction, with delay in recovery for highly leveraged sectors", says Priyanka Poddar from India Ratings.

Downgrades are bad news for the financial services sector. "Finance sector is the main lubricant of the economy and therefore, will be under pressure when growth rate falls. This is because a bank's viability is the viability of its borrowers," says Sinha. India's GDP growth projection for 2020-21, given by IMF now, is placed at 1.9%. However, many other economists think it could be lower. "Our growth projection for 2020-21 is 1.8%," says Dharmakirti Joshi, Chief Economist, Crisil.

What this means for investors

As the economy slows to a grind, avoid debt laden companies. "Avoid all companies with high debt, especially the ones with foreign loans because their debt will balloon due to the recent depreciation in the rupee," says Jain. Experts also advise caution on banks and NBFCs, the most leveraged sectors. "The BFSI segment will take the maximum hit at a time like this," says Harinarayanan. Kaushlendra Singh Sengar, Founder & CEO, *Advisorymandi.com* concurs with this view. "Stay away from the banking sector for now," he says.

After the Yes Bank scare, a lot of people are shifting to PSU banks and very strong large private banks, even if that means lower rates. Investors should avoid small banks now. "It will be difficult for small banks to manage during a falling GDP growth and rising NPAs," says Harinarayanan. Banks with large branch networks and retail deposit base will be better options. "Buy only large banks now. We prefer SBI from the PSU side and HDFC Bank from the private side," says Ambani.

The expected salary cuts and job losses may increase defaults in retail lending segments. NBFCs will be the worst hit as their lending is more tuned towards retail or small businesses. "NBFCs are not getting the same level of support from RBI. So, banks might be the better bet than NBFCs now," says Sinha.

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Can a PMS outperform MFs?

There is not a big difference in the returns generated by more expensive PMS funds and low-cost mutual funds.

by **Sanket Dhanorkar**

GETTYIMAGES

The recent market slump has put the spotlight on fund managers across the asset management spectrum. Market mavens plying their trade at mutual funds as well as those at portfolio management services (PMS) have taken a beating. With little separating the two, is the higher cost elite PMS really earning its stripes? Or is the ubiquitous mutual fund good enough even for savvy investors?

Mutual funds are mass-market vehicles whereas PMS cater to the wealthy. Mutual funds allow investors to put in as little as ₹500 at a time whereas the minimum ticket size in PMS is ₹50 lakh. Funds charge a flat percentage of the assets as expense ratio. Most PMS outfits charge a fixed or performance linked fee or both. For instance, some PMS charge a flat 1-1.5% fee along with a 20% performance fee levied on returns generated in excess of a hurdle rate like 10%. In terms of taxation, MFs have the advantage. In MFs, tax is only applicable on any capital gains at time of redemption. In PMS, every buy and sell transaction attracts tax.

Sailing in the same boat

A look at the performance of both equity mutual funds and PMS funds shows both have taken a similar hit on returns in the market correction. While there are a few outliers in both segments, overall performance has soured in line with market trends. Longer term data also gives a similar picture. According to data from PMS AIF and Ace MF, Bonanza Growth in PMS and Axis Bluechip among funds are clear outliers in the large-cap strategies with 7.4-7.5% annualised returns over the past 3 years. Most of their peers have clocked negative or flat returns in the same period. Not surprisingly, mid-cap and small-cap strategies in both segments have suffered more. Axis Midcap from the MF basket is the only standout performer with healthy 5.4% annualised return. There are no clear outliers from the multi-cap space from either platforms.

A matter of flows

While both manage portfolios for investors, operations are under vastly different frameworks. Mutual fund money is managed as a common pool where every investor is exposed to the same portfolio at any time. Actions of others tend to have a bearing on the portfolio construct for everyone invested in the fund. For instance, ongoing inflows into the scheme can be used to rebalance existing portfolios across all investors. Similarly, subsequent outflows may result in selling which alters portfolios of continuing investors despite no action on their part. "Investors in MFs may be at times exposed to vagaries of the sum total behaviour of thousands of investors," points out Aashish Somaiyaa, MD and CEO of Motilal Oswal AMC, which runs both PMS and MF strategies.

Outliers can be found on both platforms

Mid-cap and small-cap strategies have fared badly in both segments.

	TOP PERFORMING EQUITY PMS	RETURNS (%) 1-month	1-year	3-year
Large cap	Bonanza Growth	-19.1	-20.2	7.4
	Sanctum Olympians*	-20.6	-13.1	3.8
	Aditya Birla Capital Top 200 Core	-22.9	-16.6	1.8
Mid/small	Accuracap Pico Power	-16.6	-10.5	4.2
	Equirus Long Horizon Fund	-36.1	-25.4	3.1
	Ambit Good and Clean	-27.7	-22.1	0.7
Multi cap	Girik Multicap Growth Strategy	-16.9	-6.0	5.1
	Basant Maheshwari Equity Fund	-30.4	-14.5	4.5
	Prabhudas Liladher Multi Strategy	-16.6	-19.0	4.1

	TOP PERFORMING EQUITY FUNDS	RETURNS (%) 1-month	1-year	3-year
Large cap	Axis Bluechip	-17.9	-8.1	7.5
	Canara Rob Bluechip Equity	-19.8	-13.1	2.7
	JM Large Cap	-9.4	-9.4	1.0
Mid/small	Axis Midcap	-20.1	-10.6	5.4
	Axis Small Cap	-29.2	-12.4	0.2
	SBI Small Cap	-25.6	-21.4	0.0
Multi cap	Parag Parikh Long Term Equity	-19.7	-15.7	2.4
	Canara Rob Equity Diver	-21.1	-16.7	2.4
	UTI Equity	-24.0	-19.4	0.4

PMS funds on the other hand are run as distinct portfolios at the client level. These come in two forms—discretionary and non-discretionary. Discretionary PMS—the more prevalent variant—gives the fund manager the liberty to make investment decisions without consulting the investor. The non-discretionary model requires the fund manager to take prior permission of investors before making any transaction. When you invest in PMS, securities are held in individual demat accounts. The portfolio can be slightly different for everyone even when the PMS adheres to a model portfolio under discretionary model.

Since holdings are more or less isolated, these are not impacted by behaviour of others. Every PMS investor influences his own buying or selling time and price. At the same time, mutual funds stand to gain from regular inflows coming through SIP mode. This sticky money flow helps fund managers buy stocks in all kinds of market conditions while PMS inflows depend on client discretion. Only a few PMS platforms offer SIP facility.

A PMS retains the flexibility to cap flows at a certain size; it can create an entirely new portfolio with a different set of positions if required. MFs on the other hand usually keep amassing assets despite prevailing market conditions. It may happen that mutual funds at times are forced to buy in rising markets (or sell in falling markets) because fund managers have discretion on stock picks but not on fund flows. This can hurt fund performance in segments like mid- and small-cap where flows cannot be absorbed without affecting portfolio liquidity and quality. Vikaas Sachdeva, CEO, Emkay Investment Managers, feels some MFs could have performed better by temporarily closing gates. "Only a few fund houses in recent past closed for fresh subscriptions, continuing to accept flows regardless of liquidity or valuation considerations," rues Sachdeva.

Pursuit of alpha

The most tangible differentiator between the two platforms lies in the nature of portfolio construction. MFs tend to opt for wider diversification whereas PMS offerings prefer concentrated exposure. The latter can run compact portfolios of 20-25 or lesser high conviction ideas. At times, a PMS portfolio may have 15-20% of the portfolio invested in a single stock. MFs seek safety in numbers with at least 40-50 holdings, often rising to 70-80 in the bigger funds. "The concentrated positions make PMS offerings more risky but can also help them rise faster in a market uptick," says Jay Shah, Founder, PMSKart, a PMS aggregator platform. However, certain PMS funds run high-beta focused strategies that can easily backfire. With heavily diversified portfolios, MF investors usually end up buying the entire market. Investors holding 5-6 different equity MFs may end up holding over 150-200 stocks, resulting in dilution of returns.

Both PMS and MFs performed badly in short term

Even over the longer term, there is not much to differentiate the two segments.

RETURNS (%)

	Large-cap		Mid- & small-cap		Multi-cap	
Period	PMS	MF	PMS	MF	PMS	MF
1-month	-24.3	-22	-28.2	-27.1	-23.9	-23.6
1-year	-21.7	-21.7	-26.9	-27.3	-20.9	-22.9
3-year	-2.3	-2.2	-7.5	-7.4	-3.4	-3.5
5-year	1.6	0.9	-0.4	0.1	2.9	0.9

Source: PMS AIF, Ace MF

Experts point out that PMS fund managers enjoy a lot more latitude in maneuvering portfolios. Mutual funds being structured for a wide mass of retail investors tend to be regulated with strict norms. Prateek Pant, Head of Products & Solutions at Sanctum Wealth, says, "After Sebi reclassification, ability of MFs to outperform is now limited owing to confines of investible universe. This will give PMS a greater edge in coming years." PMS managers find it easier to deftly make changes to sector positions while MF fund managers don't deviate much from benchmarks at sectoral level, Pant points out. Shah adds, "MFs are near index huggers whereas PMS funds aim for much higher alpha and not worry about deviating from index performance."

Besides, other restrictions also hold back mutual funds. PMS managers are not forced to sell a winning position just because it crosses 10% exposure limit in the portfolio or if a mid-cap stock grows to be classified as a large cap. With flows and restrictions not guiding investments, a PMS can keep portfolio churn very low. PMS fund managers can run positions in individual bets for 7-8 years at a stretch, benefiting from longer runway of growth. Mutual funds typically have much shorter holding periods. Somaiyaa contends this makes PMS the superior platform. "The minimal churn and no exposure restrictions allows PMS to hold on to winners for longer," he says. Also, PMS funds do not have to maintain cash in portfolio unlike equity MFs and can remain fully invested. However, this can cut both ways depending on the direction of the market.

Final word

Despite differences in investing approach, there is not much to differentiate PMS and MFs in terms of performance yet. Limited availability of longer term performance data on the PMS side also limits effective comparison. Comparison within PMS offerings itself is difficult given the lack of homogeneity in performance reporting. "Barring a few exceptions, there is no conclusive evidence that PMS perform better than MFs," asserts Hemant Rustagi, CEO, Wiseinvest Advisors.

Sure there are certain benefits of pursuing the PMS avenue for those who can afford it. Some PMS may be better positioned to make the most of eventual market recovery which will only become evident over the next 2-3 years. Amol Joshi, Founder, PlanRupee Investment Services, believes for most investors, mutual funds would be enough. "The product range in MFs is adequate for most. Someone who has adequate MF allocation and wants exposure to a specific strategy may look at PMS for such an offering," adds Joshi.

The current slump calls for a calibrated approach. Shah says a stricter hygiene check for PMS is warranted. The choice of PMS needs more spadework than identifying a good MF. The oft-repeated "Don't put all your eggs in one basket" advice should be extended to PMS offerings as well. Unlike in MFs, an investor can comfortably put money across 2-3 PMS offerings without worrying about duplication of holdings. Having a combination of PMS and mutual fund offerings is advisable even for those with risk appetite.

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Covid impact: 77% organisations may not cut salaries, 42% undecided

57% firms say they may face negative impact in next six months, as per the recent Willis Towers Watson survey.

Impact on increments and incentives...

77% Organisations have indicated that there will be no reduction in salaries.

33% Performance appraisals and bonus pay-outs will happen as planned.

17% 2020 Long-term incentive plan designs have been impacted.

53% There has been no adjustment to the sales incentive pay-outs.

42% Have not taken a decision on salary increment budgets for this year.

Impact of Covid-19 on your business...

57% Moderate to large negative impact on their business in the next six months.

46% Moderate to large negative impact on their business in the next 12 months.

19% Moderate to large negative impact on their business in the next 12-24 months.

5% There will be a positive impact within the next 12-24 months.

22% Not sure whether there will be any major impact within the next six months.

Actions taken or plans by firms for their employees...

99% Increase access to hand sanitisers

96% Communicate about preventing respiratory diseases

96% Introduce alternative work arrangements

86% Disinfect worksite(s)

71% Provide masks or other personal protective equipment

65% Train supervisers

64% Increase access to counselling

33% Evacuate personnel or their families

12% Move work to other geographies

8% Hire contingent employees

Steps taken to engage employees in light of new work arrangements

97% Regular communication / e-mails to keep all employees updated and engaged

78% Daily department /team meetings for work allocation and daily operations

76% Organisation / department/ team-based virtual or social engagement

73% Periodic all-hands calls for support and challenges faced by employees

Source: Willis Towers Watson Covid-19 India Readiness Survey 2020. The survey was conducted among 4.17 lakh employees from 103 organisations during 20-31 March 2020. Responses may not add up to 100% due to multiple choices.

Like getting through the worst typhoon

Charlie Munger has some sound advice for savers and investors, no matter how much or how little money they have, says **Dhirendra Kumar**.

DHIRENDRA KUMAR
CEO, VALUE RESEARCH

MONEY MYSTERIES

The only course of action which is justifiable is if, for financial or family or even psychological reasons, you would like to eliminate all risk in your life and do something drastic like shifting all assets to a bank deposit.

Warren Buffett and Charlie Munger's diaries are blank, just like those of everyone else on the planet. In an interview with the *Wall Street Journal*, the 96-year old Munger reveals that Berkshire Hathway is not looking at any investments right now. Despite having one of the largest holdings of cash in the world (about $ 125 billion, or about ₹10 lakh crore) and assets going cheap, Buffett and Munger are sitting on their hands. Munger makes it clear that this is not a situation that he understands (or anyone understands) and therefore, would like to ride it out with all their liquidity intact rather than rush into something and regret it later. As he says, "This thing is different. Everybody talks as if they know what's going to happen, and nobody knows what's going to happen."

According to Munger, this is not the time to do anything at all, except stay exactly where you are. The best course is to not change course at all. The question to ask is, do you have any evidence that the change you are going to make will be better than the current course? Unless you have any evidence, then it does not make any sense. The likelihood of overreaction is higher than that of stumbling upon some course of action that may prove to be better than the current one.

As the old man says, there's no shortage of people who are talking as if they know what is going to happen. Pay no attention. It's just talk.

Of course, this applies to those actions that are taken to somehow take advantage of the circumstances, to somehow generate some quick returns or some trick like that. If that's what is tempting you, resist the temptation and be like Buffett and Munger. It's really not possible to foresee anything in the short and medium term so do not even try. As the old man says above, there's no shortage of people who are talking as if they know what is going to happen. Pay no attention. It's just talk.

The only course of action which is justifiable is if, for financial or family or even psychological reasons, you would like to eliminate all risk in your life and do something drastic like shifting all assets to a bank deposit or something. It may not make financial sense, but if it gives someone peace of mind in these difficult times, then it's fine. However, this kind of a change is in the opposite direction. It seeks to eliminate all risk. What Munger is advising against is trying to use the situation to take some risks and increase returns. That's not advisable, either for you or me or Buffett and Munger.

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As the liquidity crisis in debt mutual funds shows, there will be many individual crises along the way, both big and small. Some of these will happen because so many businesses were already stressed. The biggest example is debt funds themselves, which have been going through a series of hiccups concerning stressed assets for more than a year or so. Quantitatively, these add up to a tiny percentage of the total assets managed by debt funds. Certainly, the NPAs are negligible compared to the banking system. While this indicates strong investment standards, the fact remains that mutual funds are a passthrough vehicle and problems get passed through to investors without delay or mitigation. This is alarming in the short run but robust in the long run because unlike banks it does not allow problems to be swept too far under the carpet. However, it does mean that the current period is very critical and the government and the RBI will have to shepherd the country's financial system with great care.

As Munger says in the interview, "I would say basically we're like the captain of a ship when the worst typhoon that's ever happened comes. We just want to get through the typhoon." Not a bad principle to follow.

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Link goals to investment

Due to aggressive saving, Gurugram-based Sharma will be able to reach his goals with ease.

by Riju Mehta

Sanjeev Sharma, 40, lives with his homemaker wife, 14-year-old child and mother, in his own house, in Gurugram. He gets a monthly salary of ₹1.5 lakh, and his portfolio includes property worth ₹80.5 lakh (includes a plot of land), cash of ₹2 lakh, debt worth ₹1.1 crore in the form of debt funds, EPF, PPF, NSC, POMIS, NPS, gold, fixed deposit and insurance maturity value. His equity worth ₹69.2 lakh is in the form of stocks and mutual funds. He also has a home loan of nearly ₹10 lakh, for which he is paying an EMI of ₹30,980. His goals include building an emergency corpus, taking a vacation, saving for his child's education and wedding, and retirement.

Financial Planner Pankaaj Maalde suggests that Sharma build an emergency fund of ₹5.1 lakh, which is equal to six months' expenses, and a medical buffer of ₹10 lakh for his mother. He can allocate his cash of ₹2 lakh, fixed deposit of ₹3.2 lakh and NSC corpus of ₹10.2 lakh for this goal. He should invest the entire amount in a liquid or arbitrage fund.

To fund his child's education in four years, Sharma has estimated a need for ₹52.5 lakh. For this, he can allocate his debt funds and no fresh investment is needed. For the child's higher education in seven years, he will need ₹96 lakh. For this, he can allocate a portion of his equity funds and insurance maturity value. He will also have to start an SIP of ₹50,000 in a hybrid equity fund. For the child's wedding in 11 years, Sharma wants ₹75 lakh and can assign his gold and equity funds for the same. Besides, he needs to start an SIP of ₹6,500 in the gold bond scheme. For his retirement in 20 years, he will need ₹3.5 crore. He will have to allocate his stocks, equity funds, EPF, PPF, NPS corpuses, and plot of land. He will also have to start an SIP of ₹10,000 in a diversified equity fund. As for the vacation worth ₹10 lakh in four years, he can use his post office scheme corpus to meet the goal.

Sharma has no life insurance and is advised to buy a ₹1.5 crore term plan for ₹1,667 a month. For health insurance, he has a ₹5 lakh plan from his employer and a ₹3 lakh independent family floater plan, besides a ₹5 lakh plan for his mother. He should continue with the latter and increase the family floater plan to ₹10 lakh, which will cost ₹2,083 a month. He should also buy an accident disability plan of ₹50 lakh for ₹666 a month.

Portfolio

ASSET	CURRENT VALUE (₹)
Real estate	**80.5 lakh**
Cash	**2 lakh**
Debt	
Debts funds	55.37 lakh
EPF	26 lakh
Insurance	20 lakh
NSC	10.2 lakh
POMIS	10 lakh
PPF	8.64 lakh
Gold	3.6 lakh
Fixed deposit	3.29 lakh
NPS	1.5 lakh
Equity	
Balanced funds	68.7 lakh
Stocks	56,500
Total	**2.9 crore**

LIABILITIES	CURRENT VALUE (₹)
Loan	10.6 lakh
Total liability	**10.6 lakh**
Net worth	**₹2.7 crore**

Cash flow

	EXISTING (₹)	SUGGESTED (₹)
Income	1.52 lakh	1.52 lakh
Outflow		
Household expenses	35,000	35,000
Child's education	13,000	13,000
Loan EMI	30,980	30,980
Insurance premium	2,933	6,500
Investment	67,500	66,500
Total outflow	1.49 lakh	1.51 lakh
Surplus	2,587	20

FINANCIAL PLAN BY
PANKAAJ MAALDE
CERTIFIED FINANCIAL PLANNER

SANJEEV SHARMA, 40 YEARS, SALARIED, GURUGRAM

How to invest for goals

GOAL	FUTURE COST (₹) / TIME TO ACHIEVE	RESOURCES USED	INVESTMENT NEEDED (₹/MONTH)
Emergency fund / medical buffer	15.1 lakh	Cash, FD, NSC	-
Vacation	10 lakh / 4 yrs	POMIS	-
Child's education	52.5 lakh / 4 yrs	Debt funds	-
Child's higher education	96 lakh / 7 yrs	Equity funds, insurance	50,000
Child's wedding	75 lakh / 11 yrs	Gold, equity funds	6,500
Retirement	3.5 crore / 20 yrs	Mutual funds, stocks, EPF, PPF, NPS, property	10,000
Investible surplus needed			**66,500**

Annual return assumed to be 12% for equity, 7% for debt funds. Inflation assumed to be 7%.

Insurance portfolio

INSURANCE	EXISTING COVER (₹)	EXISTING MONTHLY PREMIUM (₹)	SUGGESTIONS	SUGGESTED MONTHLY PREMIUM (₹)
Life insurance				
Term plan	-	-	Buy ₹1.5 crore plan	1,667
Traditional plans	-	-	-	-
Ulips	-	-	-	-
TOTAL	-	-	₹1.5 crore	1,667
Health insurance				
Employer's	5 lakh	-	-	-
Own	3 lakh + 5 lakh (mother)	2,933	Buy ₹10 lakh family floater plan	4,167
TOTAL	-	-	₹23 lakh	4,167
Critical illness & accident disability	-	-	Buy ₹50 lakh accident disability plan	666
TOTAL	-	-	₹50 lakh	666
Insurance cost	-	2,933	-	6,500

Premiums are indicative and could vary for different insurers.

Write to us for expert advice

Looking for a professional to analyse your investment portfolio? Write to us at etwealth@timesgroup.com with 'Family Finances' as the subject. Our experts will study your portfolio and offer objective advice on where and how much you need to invest to reach your goals.

investing
The Economic Times Wealth April 27-May 3, 2020 11

Will you reach your goals? Take this SWOT test

The economic stress resulting from Covid-19 is bound to have reflected in your finances. It could be in the form of a fall in equity returns, rise in medical expenses, or worse, an impending salary cut. If, however, you have been proactive about managing your finances, you may suffer just a dent. To ensure that your financial plan is on a strong footing so that you can reach your goals without any hiccups, it may be a good time to conduct a SWOT analysis. If you know the Strengths, Weaknesses, Opportunities and Threats (SWOT) in your plan, you can take appropriate action to secure your future. Take the following quiz and find out where you stand and what you need to do, says **Riju Mehta**.

STRENGTHS

The strengths in your financial plan are the factors that will help you reach your goals without problems. Currently, your biggest strength could be retaining your job without any salary cuts. Others could include having no debts and a robust emergency corpus. Find out how secure your plan is.

1 How safe is your job?
- A I will not lose my job
- B I may face a salary cut
- C I am likely to lose my job
- D I have lost my job

2 Do you have life and health insurance?
- A Yes, both life and health insurance
- B Only life insurance
- C Only health insurance
- D Neither life, nor health insurance

3 What is the size of your emergency corpus?
- A 6-8 months of household expenses
- B 3-4 months of household expenses
- C 1-2 months of household expenses
- D I don't have a contingency corpus

4 How far away are your financial goals?
- A 10-12 years away
- B 7-9 years away
- C 4-6 years away
- D 1-3 years away

SCORE

ALL As
Your financial plan is on a strong footing. Even if your investments suffer or you face a salary cut in future, you are likely to bounce back because of your stable job and sufficient risk cover in the form of an emergency corpus and insurance.

MOSTLY Bs & Cs
Your plan is safe as long as you do not face a major crisis, but your finances could take a beating if you face illness or salary cut all at once.

MOSTLY Ds
Your plan is at high risk and you may suffer deep financial losses or fail to reach your goals.

WHAT TO DO...

If you're likely to face a salary cut or job loss, start circulating your resume or supplement your income with alternative career options. As a top priority, build a buffer at the earliest or dip into some goal corpus to keep some cash handy. Buy life insurance that is 7-8 times your annual income and at least 5-6 lakh of family floater health cover. If the goal is immediate and unavoidable, dip into some other goal corpus as a last resort. Make sure you replenish the latter at the earliest. If the goal can be pushed back, do it.

WEAKNESSES

Your plan could have chinks that could not only impact your monthly cash flow but also your goals. Do you have liabilities that you are finding difficult to service? Is your corpus severely depleted? List out your weaknesses so that you can act on them.

1 How much debt are you servicing?
- A I have no loans
- B Less than 20% of my income
- C 30-40% of my income
- D More than 50% of my income

2 How much loss has your portfolio suffered as a result of Covid-19?
- A Less than 10%
- B 10-20%
- C 20-30%
- D More than 30%

3 How much are you saving every month?
- A More than 30% of my income
- B 15-30% of my income
- C Less than 15% of my income
- D I save nothing

4 Are you dipping into any goal corpus to fund current needs?
- A No, I'm not
- B I may do so after six months
- C I may do so after 2-3 months
- D Yes, I have

SCORE

ALL As
There are very few inherent weaknesses in your finances.

MOSTLY Bs & Cs
The achievement of goals is likely to depend on luck and circumstances.

MOSTLY Ds
The chinks in your financial plan are likely to risk your goals.

WHAT TO DO...

If you want to reach your goals, you will need to be more disciplined in your financial habits. Cut down your spending and debt, especially in the current circumstances. Plan better so that you don't jeopardise your goals by dipping into other goal corpuses. There is also an urgent need to rebalance your portfolio.

OPPORTUNITIES

Despite the weaknesses in your plan, there may be silver linings that you can turn to your advantage. If you are expecting a salary cut, perhaps you could upskill yourself with all the time on your hands. Or, find a way to encash your existing skills. Find out more about how to help yourself.

1 How much has your saving increased in quarantine?
- A More than 20% of my income.
- B 10-20%
- C 5-10%
- D No increase

2 Do you have any skills you can monetise, if needed?
- A Yes I do
- B I'm rusty, but I can
- C I will have to learn afresh
- D No, I don't

3 Have you used the quarantine period to upskill yourself?
- A Yes I have
- B I will register soon
- C I might if this continues
- D No, I haven't

4 Would you make lifestyle changes like shift to a smaller house or buy a smaller car, if required?
- A Yes I would
- B I would first monetise other assets
- C I would rather take a loan
- D No, never

SCORE

ALL As
Even if the Covid-19 impacts your portfolio, you are likely to sail through because of your ability to leverage financial opportunities.

MOSTLY Bs & Cs
You will need to be more proactive to boost your finances if you feel your goals are being threatened.

MOSTLY Ds
This is a wake-up call. Upskill yourself and cut down discretionary spending if you want to meet your goals.

WHAT TO DO...

If you feel the Covid-19 is likely to slash your savings and impact your financial portfolio, the best way to combat it is to upskill yourself, increase your savings and start looking for alternate sources of income. Teach online, start cooking, upgrade your professional skills, and list out assets you can monetise easily.

THREATS

While weaknesses in your financial plan are inherent, there are external forces at work that you may have little control over, but can plan well to combat. These are threats that you will need to identify and take action against at the earliest.

1 What is the salary cut you are likely to face?
- A I will not face a cut
- B Less than 15%
- C 15-30%
- D More than 30%

2 Is your job profile likely to change?
- A No, very unlikely
- B It is likely
- C Highly likely
- D Yes, it will

3 Is the market volatility likely to impact your portfolio in the next one year?
- A No, unlikely to
- B Likely
- C Highly likely
- D Yes, it will

4 Is the state of economy likely to jeopardise your goals?
- A No, I don't think so
- B Highly unlikely
- C It is likely
- D Yes, it will

SCORE

ALL As
The external threats may loom but you are most likely to circumvent these.

MOSTLY Bs & Cs
You may face challenges and will require financial ingenuity and proactive steps to safeguard your finances.

MOSTLY Ds
There is a high chance you will not be able to meet your goals.

WHAT TO DO...

It is strongly recommended that you upgrade your professional skills to be on a firm financial footing and tackle the losses that might come your way, either from the job front or due to the macroeconomic factors. Continue to rebalance your portfolio.

FINAL ANALYSIS OF YOUR FINANCIAL PLAN

If you have scored mostly As in all four categories of SWOT, you are likely to reach your goals without succumbing to hurdles. This means that not only have you optimised your strengths and opportunities, but have also been proactive in dealing with weaknesses and threats.

If your score ranges around Bs and Cs, you will not only need to improve your spending, saving and investing habits, but will have to be more proactive about taking decisions in keeping with the current Covid-19 threats.

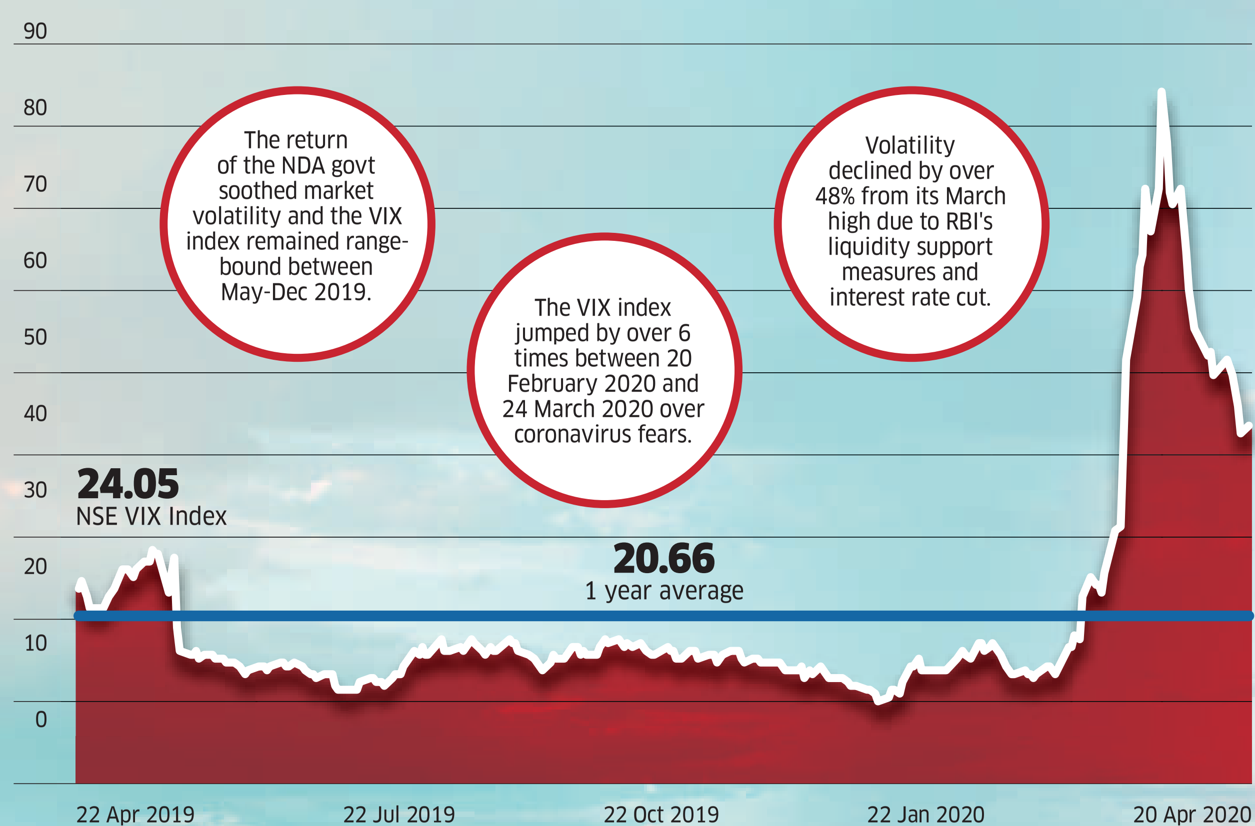
Finally, scoring mostly Ds should ring alarm bells for you. Not only are you susceptible to external financial threats but your inherent financial plan is weak to begin with. So buy insurance, build a contingency corpus, reduce your debt and upskill yourself if you want to reach your goals.

WHAT IS FUELLING THE MARKET VOLATILITY?

With a pandemic raging and economic growth projections looking dismal, investor sentiments are negative like never before, says **Sameer Bhardwaj**

Volatility index has surged over Covid fears

The NSE volatillity index had crossed the 83 mark in the last week of March. Though markets have stabilised in the past few weeks, volatility is still twice the one-year average.



The factors responsible for the volatiility

Global risk aversion is leading to massive outflows of foreign money from emerging markets. Over ₹52,000 crore worth of equities offloaded by FPIs this year.

Stressed govt finances due to falling tax revenues and rising expenditures are creating concerns about fiscal deficit and interest rate uncertainty.

The lockdown has affected trade and commerce and it is likely to dent corporate revenues and profits.

Weak investment and consumption demand are expected to create obstacles in the economic recovery.

How select stocks fare on volatility parameters

Measured against four different parameters, these stocks have consistently maintained their position in the least volatile 10% of the market segment in the past 3 months and 1 year time frames.

STANDARD DEVIATION

This measures total risk, including company-specific and market risks. It calculates how much of an asset return is dispersed around its average. Higher the dispersion, higher the risk and vice-versa.

Company	Standard deviation 3 months	Standard deviation 1 year	Dec 2019 quarter (y-o-y %) Sales	Operating profit	Adjusted EPS	Analysts' recommendations BUY	HOLD	SELL	Current price (₹)	1 yr target price (₹)	Potential gain
Mphasis	2.98%	1.97%	15.51	21.48	5.42	25	8	1	676	905	33.95%
Coromandel International	3.03%	2.00%	7.52	40.59	71.23	13	3	0	520	647	24.49%
Marico	2.81%	1.78%	-1.99	5.51	10.57	26	10	3	296	337	13.89%

INTRA-DAY VOLATILITY

This shows how much a share price fluctuates during the trading session. It is calculated by taking the difference between the high price and the low price and dividing the same by the closing price.

Company	Intra-day volatility 3 months	Intra-day volatility 1 year	Dec 2019 quarter (y-o-y %) Sales	Operating profit	Adjusted EPS	Analysts' recommendations BUY	HOLD	SELL	Current price (₹)	1 yr target price (₹)	Potential gain
Larsen & Toubro	3.99%	2.67%	5.87	4.44	15.09	40	2	0	871	1,353	55.43%
Mphasis	4.34%	2.87%	15.51	21.48	5.42	25	8	1	676	905	33.95%
Pfizer	4.42%	3.00%	4.75	-12.36	5.41	8	1	0	4,220	5,112	21.14%

BETA

Measures non-diversifiable risk. Shows relative movement of a stock with respect to a particular index. Beta greater than 1 implies high volatility and less than 1 means low volatility.

Company	Beta 3 months	Beta 1 year	Dec 2019 quarter (y-o-y %) Sales	Operating profit	Adjusted EPS	Analysts' recommendations BUY	HOLD	SELL	Current price (₹)	1 yr target price (₹)	Potential gain
KNR Construction	0.4	0.45	24.78	21.90	2.94	27	1	0	217	308	42.26%
Narayana Hrudayalaya	0.41	0.42	7.25	33.22	147.78	12	0	0	286	371	30.02%
AIA Engineering	0.37	0.39	-4.18	12.71	21.04	10	6	2	1,409	1,731	22.90%

EXCESS KURTOSIS

It indicates the presence of abnormal or extreme returns. Values higher than 0 indicate higher than normal probability of big positive or negative returns. Negative values imply weak chances of abnormal returns.

Company	Excess Kurtosis 3 months	Excess Kurtosis 1 year	Dec 2019 quarter (y-o-y %) Sales	Operating profit	Adjusted EPS	Analysts' recommendations BUY	HOLD	SELL	Current price (₹)	1 yr target price (₹)	Potential gain
NMDC	-2.51%	-0.54%	-17.62	-24.86	-8.21	18	2	2	74	122	64.05%
Oberoi Realty	-2.36%	-1.07%	-0.23	14.77	7.47	20	5	1	365	549	50.55%
Jubilant Life Sciences	-2.51%	-0.19%	-3.11	-1.69	-23.74	11	1	1	351	514	46.63%

Current price as on 21 April 2020. Volatility calculations based on daily frequency data. Beta calculated with respect to BSE Sensex. Data source: ACE Equity and Bloomberg.

How to make it easy for others

We should organise, list and give away money and possessions while we are alive, says **Uma Shashikant.**

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UMA SHASHIKANT
IS CHAIRPERSON, CENTRE FOR INVESTMENT EDUCATION AND LEARNING

Have a strategy for bequest. It need not be a will or a formal statement, though that would be best. Even in an amicable situation of siblings not quarrelling, it is tough to value and decide who gets what.

She passed away unexpectedly 15 days ago. Our neighbour, who lived by herself. The children could not come due to travel restrictions. Relatives and friends managed everything. The tough task of sorting her belongings fell upon me and another friend. We had to make lists, pore over everything she had and let the children know. They would then decide what to do with it all.

We went room by room. We listed everything, from footwear to scarves, saris to bags, utensils to sheets, diaries, photographs, jewellery. A life lived over a long number of years is marked by so many possessions acquired over time. Each one tiny in itself, but together making up for a lot. What would one do with 57 fridge magnets?

The task of listing her financial assets fell upon me. I found the usual bank accounts and deposits, mutual funds, bonds and some equity shares. There were insurance policies and post office schemes. Four features of the financial assets:

First, neglect creeps in when inaction is a preferred choice. There were non performing shares, unpaid insurance premia, and discontinued SIPs. My sense was that she knew these weren't doing well and she should not put money into them. But she thought that was enough. What about the money locked into these duds? She just did not come around to booking losses and releasing the money. It is not clear if the children will bother with duds. Selling what is not working is tough for many, but very harmful to the health of the portfolio.

Second, we lose interest along the way. We fail to consider the end value of the investment to make sure it is closed and completed. There were PPF accounts gone inactive; a few post office deposits that matured long ago; and a few matured and unclaimed PSU bonds. It is tough to retrieve this money, especially after the person is gone. I can imagine her running to the post office on an early March date, to open the PPF account to save taxes. But that urgency and priority is lost when the account matures. Track and get your money, even if it is small.

Third, keeping paperwork in order is a challenge. There were accounts without nomination; there were joint holdings with the dead husband's name; there were dormant bank accounts; there were broking accounts that were long in disuse; and so many transactions in the bank for large withdrawals not accounted for. These could be hand loans to friends and relatives and we are trying to match it with diary notings. Keep the paper in order. Find someone to do it if you don't like to do it yourself.

Fourth, have a strategy for bequest. It need not be a will or a formal statement, though that would be best. Even in an amicable situation of siblings not quarrelling, it is tough to value and decide who gets what. Both the daughters want the same pieces of jewellery. Both sons want the house. We have no way of finding out what she would have liked. There are no claimants for the hundreds of knick knacks. We can't even have an estate sale in the current times.

As we struggle through the unwinding process of a life remarkably lived, we wonder whether the thought of mortality might have ever crossed the mind of the 72-year-old, living with the help of a set of helpers and friends.

We also heard from the household staff, stories of pilferage. About how the silver dinnerware had been stolen by the cook; or the brocade sari that vanished; or the table linen that was sold off by a pair of household cleaners.

Things are tough to manage. Some lie around because they are held dearly by the owner. Some have sentimental value. She had the nutcracker her dad used; she had her mother's sewing machine; there were albums with the children's photographs; there were old books; and letters written over her courtship days.

We can keep arguing that these objects have emotional value, even if they have no monetary value. But then they are reduced to junk by just one event. They die with the death of the owner. Throw them all away, said the children unanimously. She would have shuddered to hear those words, but no one wants those things.

Some things are just signs of excessive consumption and conscious hoarding. Why would a single woman who does not drink need a dozen crystal whisky glasses? She just loved buying objects for the house. We thought that habit would have reduced as she aged. The daughter told us it had gotten worse. She hoarded more, collected more, and preserved and kept less. Now she is gone and they all are worthless too.

My friend chided me for saying so often that it was a waste of money. She told me sharply that everything cannot be measured in monetary terms. But my argument was simple: money has alternative uses. The same money could have paid a child's fees and modified the future of a poor family; it could have fed a hungry elder; it could have nursed an ill worker; it could have touched so many lives. What is the excuse for such careless living, I argued.

We brush aside irrational behaviour as if bringing in a rational argument makes it crass and all about money. No, that is not the point. We can do a lot without spending money, and money well spent can do a lot. That is the idea. Let your money help you and those around you live better. Rather than lying meaninglessly in expired bonds, unaccessed PPF accounts, unused vases and unworn dresses. What a waste.

But it is tough to decide when one is alive, my friend argued. Some die early and unexpectedly, which is sad. But for most of us, there is the process of living through old age. Why can't we strategically prepare to go? Why can't we give away, organise, list, and make it easy for others when we are gone? My friend suggested we take a break, and that I might be just tired.

We sat down with a cup of tea in her favourite set of teak wood recliners, and then her two dogs and three cats came to lie at our feet and around us. Sigh.

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How to stand guarantee

Understand the legal implications in case of default by a person you stood guarantor for.

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Rishabh is a 35-year-old mid-level executive. He is married and plans to start a family soon. He has been saving for the past eight years to buy a house. His best friend who runs a business, has run into money problems and is in debt. He has applied for a loan and has requested Rishabh to be the guarantor. His friend insists this is a mere formality. Rishbah is keen to help his friend. However, he wonders if this will have any implications on his personal goals.

Rishabh must understand that the role of a guarantor has multiple financial implications. The most important one being the repayment of the loan in case his friend defaults. As a person who has signed on as a guarantor, Rishabh will have no option but to pay up. He has to consider whether he will be able to find the money to repay the loan if the need arises. Given the fact that he has limited assets he can use, finding the money to repay the loan will put a strain on his income.

That is not all. The amount for which Rishabh will stand guarantee will reflect in his credit report as an outstanding liability. This will have an impact on his loan eligibility when he himself decides to take a home loan. Moreover, any delay or default by him in meeting his obligations on his friend's loan will have a negative impact on his own credit score. This in turn will impact his ability to take a loan for his own needs and the cost at which he gets the credit facilities.

Rishabh may still decide to stand guarantee given the relationship. However, he can do a few things to protect himself from the implications of default by his best friend. He can suggest that a loan payment protection plan be taken so that in the unfortunate event of death or disability of his friend, the repayment will be taken care of. He can also suggest having multiple guarantors, and he stands guarantee only to the extent that his savings and income will bear. Another arrangement could be that he stands guarantee as long as it takes for another guarantor to be found and then his role as guarantor is terminated. This way Rishabh will be able to help his friend in the time of need and at the same time his own borrowing limit will not constrained by the outstanding liability of the guarantee when he himself plans to take a loan.

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 personal loans

1 This is a type of personal loan offered by banks and NBFCs for the specific purpose of tiding over the liquidity crunch during the time of the Covid pandemic.

2 It is being offered to existing salary account holders and home loan customers with a high credit score.

3 Maximum amount offered for this loan is ₹2.5-5 lakh depending upon the monthly salary of the client and existing loan value.

4 The interest rate on these loans are lower than personal loans and vary from 8%-15% per annum. The loan term varies from 6 months to 5 years.

5 These loans don't carry prepayment fee and have low or no processing fees.

PAPER WORK

Sovereign Gold Bond

Sovereign Gold Bonds issued by the RBI are priced in relation to the price of gold and offer a fixed interest rate. At the time of maturity, the bond owner receives the value of the bond in line with the current price of gold. Gold bonds have been introduced to convert the demand for gold as a physical asset into financial savings.

Who can invest?

Gold bonds are restricted for sale to resident Indian entities including individuals, HUFs, trusts, universities and charitable institutions. Online mode of investment in gold bonds may not be available to all categories of investors since it is restricted only to resident individuals.

Conditions

The minimum application size for this investment is equivalent to 1 gram of gold and maximum for an individual/HUF applicant is 4 kg. The bonds have a maturity period of eight years and also provide an option to exit from the fifth year.

How to invest

Application for investment can be made at bank branches, post offices, stock exchanges or through SHCIL (Stock Holding Corporation of India Ltd) by filling up an application form. Online application can be made through websites of scheduled banks. PAN is a compulsory document here. One can choose to take physical delivery of the bonds or online in one's demat account.

Redemption

The investor will be intimated a month in advance and the redemption amount will be credited in the account indicated. The redemption price shall be based on simple average of closing price of gold of 999 purity of previous three business days from the date of repayment, published by the India Bullion and Jewelers Association.

Tax implications

Interest received on the gold bonds will be subject to tax as per the provisions of the Income-tax Act, 1961. However, capital gains tax arising on redemption to an individual has been exempted.

Points to note

- RBI offers a discount for online applicants.
- This investment can be made in the name of a minor by a legal guardian.

Why asset allocation is important

Despite advice of experts, retail investors tend to undermine the importance of asset allocation in their portfolios and as a consequence settle for less than expected returns, says **Nitin Vyakaranam**.

GETTYIMAGES

NITIN VYAKARANAM
IS FOUNDER & CEO, ARTHAYANTRA

Asset allocation is another name for diversification. It is how you spread your investments across asset classes. This could be based on your risk profile, nearness of your goals or your assessment of the markets.

Financial planners preach it, fund managers recommend it and investment experts follow it like a religion. Yet, the importance of asset allocation is generally lost on retail investors. I have seen disciplined investors throw away the rule book and allow inherent biases to control investment decisions. The resulting asymmetry leads to sub-optimal outcomes and less than expected returns.

Unfortunately for investors, this usually happens when investment discipline is needed the most. A recent example was the market crash in March following the global outbreak of Covid-19. When they should have bought more by hiking their SIPs in equity funds, many investors actually stopped SIPs. Some even withdrew their investments. With one click of the mouse, they turned paper losses into permanent ones. Now that markets have recovered some ground, investors who panicked and withdrew will miss the uptrend.

Asset allocation is nothing but another name for diversification. It is how you spread your investments across asset classes—stocks, fixed income, property and gold. This could be based on your risk profile, nearness of your goals or your assessment of the markets. Asset allocation ensures all your eggs are not in one basket. Even if stocks crash, the other assets shore up your portfolio.

Where investors go wrong

It is also a profit booking mechanism that gets triggered when a certain asset class becomes overheated. The principle of asset allocation requires rebalancing if there is a portfolio drift. All asset classes don't move at the same pace or in the same direction. Rebalancing realigns the portfolio so that exposure to underweight assets is increased and overweight assets are jettisoned. This allows the portfolio to carry the same risk-reward expectations despite market changes.

However, it doesn't always work that way. Most investors tinker with allocation during external events, imposing their own perspectives on well laid plans of the asset allocation model. We have often noticed that investors become too greedy when the going is good. They are not ready to reduce exposure to equities when the markets are peaking. Some even add more to the already overweight asset class, thus increasing risk in the portfolio.

Tragically, the opposite is equally true. Many investors lose their nerve when markets go into a tailspin. They redeem investments at a loss, even though the rebalancing principle requires them to buy more equities.

Fixing the asymmetry

Investors who want to gain from asset allocation must first unlearn their biases. Advisers and wealth management firms have built asset allocation models to suit almost all types of investors. Before choosing a model, the investor must first understand his own risk profile.

Risk profiling is based on behavioural finance and psychometric testing and should not be confined to 2-3 generic questions. For example, an individual's willingness to take risk is not the same as his capacity to do so. It cannot be assumed that an investor understands the risks involved just because he says so. Linking expectations to risk, both on the upside and downside is one of the key inputs that lead to good asset allocation.

Further, the model should be back tested for not just the good times but also for bad times. Good portfolios protect you in tough market conditions. Once you choose a model, let the quant do its work.

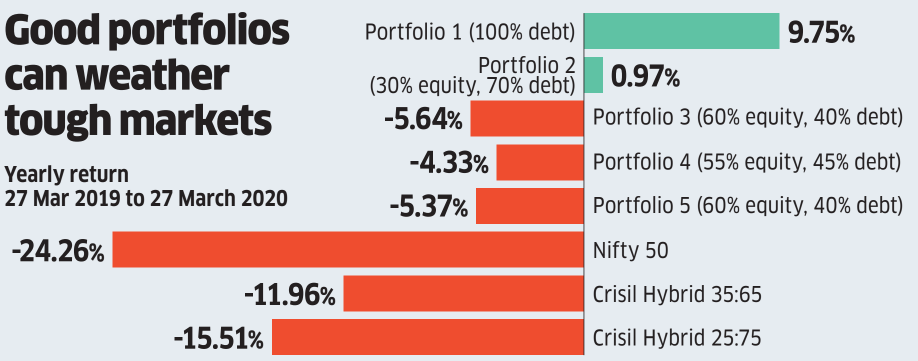
How good asset allocation works

To assess the performance of good asset allocation methodology, we built a few sample portfolios (*see chart*). Each model was divided into multiple equity and debt asset classes with varying weightages. Weightage of sub asset classes were determined using multiple parameters, resulting in particular risk, reward and duration outcomes. The portfolios were all a combination of equity and debt. The performance of the portfolios were evaluated over a year. We looked at one year specifically to understand the impact of the market collapse. The graph shows the performance returns of five portfolio models and compares them with Nifty and Crisil Hybrid indices.

Portfolios that have consistent asset allocation and superior product selection significantly outperform the market. The out performance in absolute returns is very large, resulting in a large alpha generation. While the portfolios were designed to generate alphas in the range of 3-5% in the long term, they have given over 5X better results in a collapsing market.

Good portfolios can weather tough markets

Yearly return
27 Mar 2019 to 27 March 2020



Disclaimer: The comparison above is only for the purpose of illustrating the advantages of diversification and asset allocation. This is not any investment recommendation or advice. Readers are requested to consult an investment adviser before acting on it or taking any investment decisions. Past performance is not indicative of future performances.

Please send your feedback to
etwealth@timesgroup.com

The Economic Times Wealth
April 27-May 3, 2020

SMART STATS

ET WEALTH TOP 50 STOCKS

Every week we put about 3,000 stocks through four key filters and rate them on a mix of factors. The end result of this is the listing of the top 50 stocks based on the composite rating to help ease your fortune hunt.

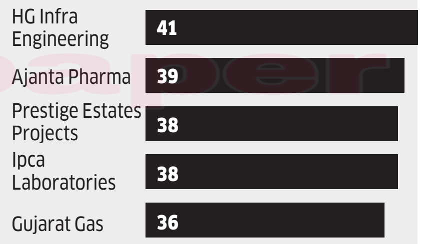
	RANK		PRICE ₹	GROWTH%*		VALUATION RATIOS				RISK		RATING	
	Current Rank	Previous Rank	Stock Price	Revenue	Net Profit	PE	PB	Div Yield	PEG	Downside Risk	Bear Beta	No. of Analysts	Consensus Rating
KEC International	1	1	185.05	24.62	35.24	9.81	1.96	3.34	0.30	2.15	1.28	34	4.79
Power Grid Corp of India	2	4	158.00	13.13	21.32	6.61	1.40	5.22	0.31	1.41	0.61	27	4.70
HG Infra Engineering	3	5	191.00	40.54	70.50	9.60	1.84	0.27	0.16	2.40	1.01	16	5.00
JK Cement	4	2	1,149.30	15.99	73.77	31.65	3.33	1.52	0.42	1.62	0.73	28	4.89
JSW Energy	5	7	39.60	3.29	36.02	9.22	0.54	2.50	0.25	1.72	0.57	16	4.81
Birla Corp	6	6	424.40	8.87	56.51	12.72	0.72	1.77	0.22	2.15	1.04	11	5.00
Emami	7	9	205.75	9.49	77.61	31.21	4.56	3.92	0.37	1.79	0.69	34	4.06
Redington India	8	11	71.00	25.00	19.50	5.57	0.71	10.73	0.30	2.62	0.90	10	4.70
Alkem Laboratories	9	12	2,517.95	28.39	75.90	40.24	5.63	1.18	0.54	1.24	0.42	21	4.33
Adani Ports & SEZ	10	10	277.60	28.04	22.97	14.35	2.35	1.25	0.52	1.91	1.12	26	4.77
Engineers India	11	3	68.80	21.72	16.68	11.81	1.86	6.57	0.49	1.92	0.67	15	4.33
CCL Products India	12	14	194.30	24.52	29.91	16.67	3.08	3.58	0.56	1.74	0.85	10	4.80
Manappuram Finance	13	16	110.65	1.43	72.72	10.06	2.05	2.15	0.15	2.72	1.56	14	4.64
Larsen & Toubro	14	15	840.60	16.26	16.34	13.17	1.88	3.28	0.84	1.79	1.10	42	4.81
Prestige Estates Projects	15	17	176.30	38.04	30.21	16.06	1.58	1.64	0.59	2.98	1.04	18	4.50
Sun Pharma Industries	16	19	477.45	23.03	47.66	43.11	2.77	1.21	0.95	1.68	0.68	40	4.03
UltraTech Cement	17	13	3,442.20	19.81	64.16	38.83	3.33	0.33	0.71	1.66	0.91	44	4.52
ITC	18	20	180.55	10.20	25.81	17.65	3.77	3.16	0.69	1.72	0.82	38	4.55
Ipca Laboratories	19	21	1,533.75	37.60	81.67	43.31	6.17	0.32	0.54	1.50	0.19	25	4.20
Rallis India	20	24	205.05	31.66	53.99	25.74	3.11	1.26	0.49	2.06	1.18	20	3.95
Gujarat Gas	21	22	262.05	35.51	143.82	42.97	8.16	0.37	0.28	1.81	0.84	30	4.00
Jubilant Life Sciences	22	25	387.90	9.99	26.28	10.52	1.28	2.57	0.42	2.29	1.02	13	4.54
Mphasis	23	23	695.80	23.01	10.98	12.33	2.45	4.01	0.95	1.57	0.74	34	4.26
HCL Technologies	24	26	477.70	26.31	12.11	12.91	3.07	1.08	0.90	1.46	0.77	48	4.40
NTPC	25	30	95.20	18.09	9.26	6.25	0.86	0.51	0.73	1.46	0.72	27	4.93
Century Plyboards India	26	18	121.70	6.30	43.96	18.20	2.77	0.87	0.54	1.87	0.76	20	4.65
Mahanagar Gas	27	27	912.40	3.61	42.24	16.60	3.78	2.14	0.40	1.86	0.95	30	4.13
Aurobindo Pharma	28	36	629.05	27.97	22.99	15.56	2.65	0.47	0.68	2.86	1.02	36	4.50
Sobha	29	33	213.65	15.49	7.03	6.83	0.91	3.14	1.10	2.39	0.67	22	4.82
Ajanta Pharma	30	37	1,327.95	38.60	42.45	30.09	5.19	1.00	0.71	1.63	0.69	12	4.33
Narayana Hrudayalaya	31	34	280.95	16.25	148.62	96.30	5.27	0.70	0.66	1.92	0.62	12	4.92
Crompton Greaves	32	32	228.15	14.03	40.90	36.02	13.17	0.91	0.88	1.48	0.62	37	4.65
Essel Propack	33	--	176.65	13.86	47.07	29.02	4.03	1.45	0.62	2.10	0.72	10	4.50
Cipla/India	34	42	586.70	12.76	26.19	30.99	3.16	0.68	1.22	1.31	0.40	43	4.42
CESC	35	29	611.75	11.39	7.33	6.83	0.90	3.31	1.37	1.71	0.74	18	4.94
Blue Star	36	28	555.15	21.03	30.26	27.89	6.09	3.56	1.08	1.72	0.84	26	4.00
Dilip Buildcon	37	47	252.75	20.89	18.83	6.41	1.24	0.40	0.34	2.77	1.26	15	4.53
Oberoi Realty	38	41	354.80	9.67	20.04	15.71	1.62	0.56	0.82	1.85	0.54	26	4.39
Thermax	39	38	704.20	1.11	32.39	24.42	2.79	2.00	0.77	1.35	0.41	32	2.94
Transport Corp of India	40	--	169.50	10.91	18.20	9.07	1.48	1.15	0.65	1.94	0.96	10	4.90
VRL Logistics	41	35	165.30	8.27	19.60	16.22	2.31	4.28	0.89	1.82	0.73	15	4.47
Shree Cement	42	--	18,707.75	15.42	61.15	65.14	6.78	0.75	0.69	1.59	0.84	42	3.29
Persistent Systems	43	44	480.65	11.40	14.23	10.87	1.53	2.48	1.02	1.54	0.67	32	3.56
Indraprastha Gas	44	--	450.85	12.00	59.17	37.62	7.34	0.54	0.63	1.79	0.80	36	3.72
Coromandel International	45	49	559.60	5.75	45.10	22.86	4.91	0.65	0.51	1.43	0.71	16	4.38
Hindustan Unilever	46	45	2,317.50	25.82	55.66	82.91	63.81	1.01	1.76	1.28	0.57	42	4.05
Reliance Industries	47	31	1,370.90	1.57	31.82	20.52	2.10	0.48	0.84	1.84	0.98	36	4.53
Dr Reddy's Laboratories	48	--	4,027.10	21.41	27.93	35.67	4.78	0.49	1.31	1.22	0.36	47	3.79
Kajaria Ceramics	49	--	359.60	7.59	30.41	25.26	3.63	1.67	0.80	1.85	0.93	28	3.93
TCI Express	50	50	645.30	19.52	52.83	33.91	9.25	0.71	0.64	1.90	0.96	13	4.39

*REVENUE AND NET PROFIT GROWTH IS BASED ON CONSENSUS ANALYSTS' EXPECTATIONS. NR: NOT IN THE RANKING. DATA AS ON 23 APRIL 2020.

SOURCE: BLOOMBERG

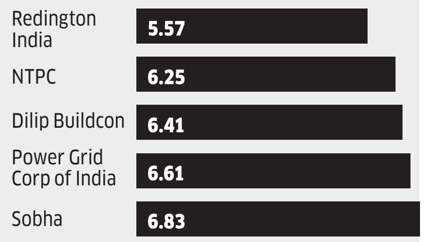
1 Fast growing stocks

Top 5 stocks with the highest expected revenue % growth over the previous year



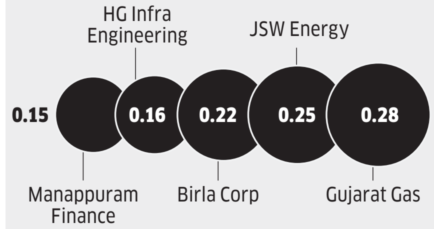
2 Least expensive stocks

Top 5 stocks with the lowest price-earnings ratio



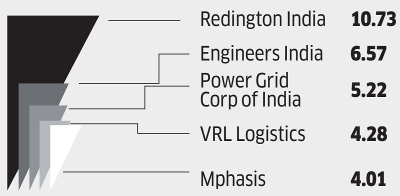
3 Best PEGs

Top 5 stocks with the least price-earnings to growth ratio



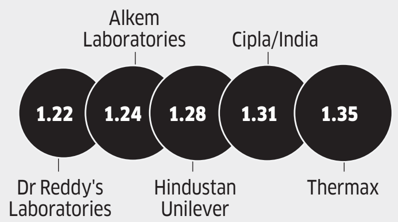
4 Income generators

Top 5 stocks with the highest dividend yield (%)



5 Least risky

Top 5 stocks with the lowest downside risk



SEE DOWNSIDE RISK AND BEAR BETA COLUMNS IN THE ADJACENT TABLE.

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	★★★★★	10,997.83	-15.87	-13.16	-4.77	8.25	7.00	1.99
Canara Robeco Bluechip Equity Fund	★★★★★	335.13	-15.99	-11.53	-6.31	4.88	5.57	2.42
Tata Index Sensex Fund	★★★★	19.43	-23.14	-18.98	-17.82	3.01	3.00	0.46
Sundaram Select Focus Fund	★★★★	800.95	-20.26	-16.65	-13.14	2.98	4.13	2.33
HDFC Index Fund	★★★★	956.68	-23.76	-19.60	-18.43	2.91	3.32	0.30
Mirae Asset Large Cap Fund	★★★★★	13,208.80	-22.5	-18.65	-17.54	1.48	5.50	1.65
Edelweiss Large Cap Fund	★★★★	144.93	-21.71	-17.75	-15.61	1.26	2.94	2.07
UTI Nifty Index Fund	★★★★	1,729.25	-24.15	-20.72	-20.10	1.23	2.66	0.17
HDFC Index Fund Nifty 50 Plan	★★★★	1,208.31	-24.24	-20.87	-20.34	1.05	2.56	0.30
Motilal Oswal Focused 25 Fund*	★★★★★	988.04	-17.47	-14.89	-7.48	1.05	4.69	2.20
ICICI Prudential Bluechip Fund	★★★★	18,891.94	-23.05	-19.68	-18.88	-0.14	3.25	2.05
Indiabulls Bluechip Fund	★★★★	113.04	-23.26	-20.66	-19.08	-1.36	3.45	2.43
EQUITY: LARGE & MIDCAP								
Invesco India Growth Opportunities Fund	★★★★	1,986.14	-22.24	-19.03	-15.87	2.06	4.39	1.93
Mirae Asset Emerging Bluechip Fund	★★★★★	7,412.12	-21.69	-15.05	-12.98	1.76	9.60	1.73
Kotak Equity Opportunities Fund	★★★★	2,578.48	-22.38	-14.44	-13.94	-0.59	4.79	1.84
Sundaram Large and Mid Cap Fund	★★★★	884.73	-26.46	-23.56	-19.31	-0.90	3.99	2.09
LIC MF Large & Mid Cap Fund	★★★★	527.34	-23.82	-18.32	-14.41	-1.20	5.00	2.45
Canara Robeco Emerging Equities Fund	★★★★★	4,254.00	-19.98	-14.14	-14.98	-1.26	6.38	1.90
DSP Equity Opportunities Fund	★★★★	3,889.85	-23.8	-19.57	-16.56	-1.77	4.41	2.00
Principal Emerging Bluechip Fund	★★★★	1,595.90	-20.96	-15.34	-14.75	-2.06	5.30	2.15
EQUITY: MULTI CAP								
Parag Parikh Long Term Equity Fund	★★★★★	2,448.13	-17.18	-12.53	-10.05	5.09	6.43	1.95
SBI Focused Equity Fund	★★★★★	7,011.95	-19.54	-14.23	-10.24	5.05	6.80	1.80
Axis Focused 25 Fund	★★★★★	8,185.39	-20.05	-17.32	-9.30	4.54	7.38	1.74
Canara Robeco Equity Diversified Fund	★★★★	1,601.32	-16.66	-12.35	-10.37	3.75	4.50	2.25
IIFL Focused Equity Fund	★★★★★	665.25	-20.41	-13.43	-6.39	3.54	6.19	2.14
DSP Equity Fund	★★★★	2,748.08	-20.84	-17.34	-11.22	1.10	4.23	2.00
Tata Retirement Savings Fund	★★★★★	599.23	-18.7	-15.78	-11.20	1.00	6.32	3.77
JM Multicap Fund	★★★★	107.36	-21.33	-20.23	-12.15	-0.09	5.21	–
Edelweiss Multi Cap Fund	★★★★	426.04	-22.59	-19.30	-18.13	-0.33	3.77	2.48
Kotak Standard Multicap Fund	★★★★	22,871.08	-23.93	-19.83	-18.29	-0.72	4.97	1.52
SBI Magnum Multicap Fund	★★★★	6,541.91	-23.68	-21.08	-18.34	-1.35	4.09	1.86
Motilal Oswal Multicap 35 Fund *	★★★★	9,128.67	-23.06	-21.84	-19.25	-4.06	4.62	1.80
EQUITY: MID CAP								
Axis Midcap Fund	★★★★★	4,433.04	-14.96	-11.00	-4.31	7.05	6.48	1.94
DSP Midcap Fund	★★★★	5,666.61	-20.39	-12.70	-11.30	-2.02	5.67	1.94
Kotak Emerging Equity Fund	★★★★★	5,117.09	-24.97	-16.20	-16.67	-3.75	4.57	2.15
L&T Midcap Fund	★★★★	4,714.85	-23.09	-16.64	-19.76	-4.46	4.55	2.01
EQUITY: SMALL CAP								
Axis Small Cap Fund	★★★★	1,879.49	-22.36	-15.67	-4.79	2.20	6.08	2.23
SBI Small Cap Fund	★★★★★	2,703.99	-20.85	-14.79	-13.15	1.20	7.90	2.25
Nippon India Small Cap Fund	★★★★	5,985.08	-27.03	-19.68	-24.51	-6.47	4.33	2.21
HDFC Small Cap Fund	★★★★	6,246.47	-30.29	-27.25	-35.15	-6.70	1.59	2.10
L&T Emerging Businesses Fund	★★★★	3,814.85	-31.86	-26.87	-33.04	-9.53	2.49	2.05
EQUITY: VALUE ORIENTED								
Kotak India EQ Contra Fund	★★★★	631.39	-23.8	-19.77	-18.81	1.51	3.58	2.24
Invesco India Contra Fund	★★★★★	3,658.36	-21.08	-15.28	-16.62	1.05	5.33	2.10
Tata Equity PE Fund	★★★★	3,470.17	-22.51	-20.12	-19.43	-4.17	3.72	2.67
L&T India Value Fund	★★★★	4,936.95	-26.85	-21.44	-23.99	-6.63	2.50	1.95
EQUITY: ELSS								
Axis Long Term Equity Fund	★★★★★	17,495.33	-18.44	-16.27	-8.07	4.87	5.63	1.72
Canara Robeco Equity Tax Saver Fund	★★★★	828.59	-14.35	-11.24	-9.43	3.96	4.87	2.33
Mirae Asset Tax Saver Fund	★★★★★	2,670.52	-22.51	-16.86	-14.96	2.82	–	2.18
Invesco India Tax Plan	★★★★	805.67	-19.86	-16.28	-13.92	1.58	4.44	2.44
Aditya Birla Sun Life Tax Relief 96	★★★★	8,167.04	-18.49	-14.27	-16.23	0.30	4.18	1.47
JM Tax Gain Fund	★★★★★	28.73	-25.17	-23.10	-17.21	-0.68	3.97	–
Kotak Tax Saver Regular Plan	★★★★	908.66	-22.62	-16.33	-15.18	-0.85	3.83	2.55
DSP Tax Saver Fund	★★★★	4,666.85	-22.97	-19.99	-16.03	-0.94	4.76	1.97
Tata India Tax Savings Fund	★★★★★	1,557.30	-23.31	-19.34	-17.35	-1.07	4.89	3.20
Quant Tax Plan	★★★★	7.49	-18.96	-17.21	-16.26	-1.34	5.45	2.48
Motilal Oswal Long Term Equity Fund *	★★★★	1,262.33	-24.33	-21.16	-15.24	-2.35	6.59	2.10

8.25% THE 3-YEAR RETURN OF AXIS BLUECHIP IS THE HIGHEST IN ITS CATEGORY.

2.06% THE 3-YEAR RETURN OF INVESCO INDIA GROWTH OPPORTUNITIES FUND IS THE HIGHEST IN ITS CATEGORY.

7.05% THE 3-YEAR RETURN OF AXIS MIDCAP FUND IS THE HIGHEST IN ITS CATEGORY.

4.87% 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).

Equity: Large-cap 5-year returns

LAGGARDS		LEADERS	
Taurus Largecap Equity	-0.89	Axis Bluechip	7.00
Principal Nifty 100 Equal Weight	-0.82	Canara Robeco Bluechip Equity	5.57
Baroda Large Cap	0.64	Mirae Asset Large Cap	5.50
Franklin India Bluechip	0.83	SBI ETF Nifty Next 50	4.95
DSP Top 100 Equity	1.01	Nippon India ETF Shariah BeES	4.72

Equity: Multi-cap 5-year returns

LAGGARDS		LEADERS	
Taurus Starshare (Multi Cap)	-1.58	Axis Focused 25	7.38
Nippon India Multi Cap	-1.56	SBI Focused Equity	6.80
Nippon India Retirement	-1.48	Parag Parikh Long Term Equity	6.43
HDFC Focused 30	-0.29	Tata Retirement Savings	6.32
LIC MF Multicap	-0.09	IIFL Focused Equity	6.19

Equity: Mid-cap 3-year returns

LAGGARDS		LEADERS	
Aditya Birla Sun Life Mid Cap	-10.58	Axis Midcap	7.05
Motilal Oswal Midcap 100 ET	-9.96	Quant Mid Cap	0.08
SBI Magnum Midcap	-9.30	DSP Midcap	-2.02
Sundaram Mid Cap	-8.93	Nippon India Growth	-2.76
Motilal Oswal Midcap 30	-8.37	Edelweiss Mid Cap	-2.91

Equity: Small-cap 3-year returns

LAGGARDS		LEADERS	
ABSL Small Cap	-15.68	Axis Small Cap	2.2
Sundaram Small Cap	-14.46	SBI Small Cap	1.2
HSBC Small Cap Equity	-13.24	Nippon India Small Cap	-6.47
Quant Small Cap	-11.95	Union Small Cap	-6.56
Franklin India Smaller Companies	-11.94	HDFC Small Cap	-6.7

Hybrid: Aggressive 5-year returns

LAGGARDS		LEADERS	
JM Equity Hybrid	-2.2	Canara Robeco Equity Hybrid	6.11
Nippon India Equity Hybrid	-1.06	Tata Retirement Savings	5.66
PGIM India Hybrid Equity	0.06	Principal Hybrid Equity	5.48
LIC MF Equity Hybrid	1.07	SBI Equity Hybrid	5.42
Tata Hybrid Equity	1.24	DSP Equity & Bond	5.37

ANNUALISED RETURNS IN % AS ON 22 APRIL 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	★★★★	81.26	-2.77	-0.63	2.40	5.95	6.05	1.75
Kotak Equity Savings Fund	★★★★	1,448.79	-7.22	-4.89	-2.42	4.31	5.55	2.14
Axis Equity Saver Fund	★★★★★	679.59	-8.96	-7.38	-3.83	3.85	–	2.39
ICICI Prudential Equity Savings Fund	★★★★	1,202.05	-10.86	-7.29	-4.13	3.07	5.26	1.35
HYBRID: AGGRESSIVE (EQUITY-ORIENTED)								
Canara Robeco Equity Hybrid Fund	★★★★	2,621.27	-11.4	-7.43	-4.39	4.18	6.11	2.02
SBI Equity Hybrid Fund	★★★★★	26,924.55	-15.44	-11.87	-7.08	4.17	5.42	1.80
Mirae Asset Hybrid Equity Fund	★★★★★	2,922.67	-15.7	-11.27	-10.29	3.14	–	1.90
DSP Equity & Bond Fund	★★★★	5,118.50	-15.7	-12.55	-7.09	1.63	5.37	1.95
Tata Retirement Savings Fund	★★★★★	938.25	-15.41	-12.61	-9.92	1.2	5.66	2.43
Principal Hybrid Equity Fund	★★★★	1,017.26	-15.34	-12.3	-15.32	1.07	5.48	2.27
HDFC Retirement Savings Fund	★★★★	330.96	-17.48	-13.47	-13.67	0.80	–	2.73
HDFC Children's Gift Fund	★★★★	2,518.65	-18.67	-14.8	-14.42	0.72	4.24	2.01
ICICI Prudential Equity & Debt Fund	★★★★	16,219.25	-19.07	-14.65	-15.23	-0.09	4.46	1.82
HYBRID: CONSERVATIVE (DEBT-ORIENTED)								
Baroda Conservative Hybrid Fund*	★★★★	21.24	1.49	2.98	10.6	7.12	6.94	2.07
Indiabulls Savings Income Fund	★★★★★	24.75	-3.05	-1.43	0.90	6.79	–	2.00
ICICI Prudential Regular Savings Fund	★★★★★	1,621.69	-3.25	-0.30	3.44	6.26	7.64	1.91
Tata Retirement Savings Fund	★★★★	128.57	-2.59	-0.93	3.32	4.53	6.74	2.94
DEBT: MEDIUM- TO LONG-TERM								
Nippon India Income Fund	★★★★	295.63	4.92	5.99	15.09	8.43	8.21	1.62
IDFC Bond Fund Income Plan	★★★★	672.13	4.55	5.64	14.27	7.67	8.03	1.91
SBI Magnum Income Fund	★★★★	1,295.05	2.99	6.55	13.84	7.90	8.45	1.46
ICICI Prudential Bond Fund	★★★★	3,362.67	3.10	5.43	12.18	7.73	8.11	1.08
DEBT: MEDIUM-TERM								
SBI Magnum Medium Duration Fund	★★★★★	3,275.74	2.86	5.68	12.36	8.49	9.06	1.22
IDFC Bond Fund Medium Term Plan	★★★★★	3,005.98	3.36	4.74	10.95	7.53	7.85	1.44
HDFC Medium Term Debt Fund	★★★★	1,373.05	1.87	4.37	9.36	7.09	7.76	1.29
Indiabulls Income Fund	★★★★	30.26	3.18	4.27	8.80	8.16	7.77	0.90
DEBT: SHORT-TERM								
L&T Short Term Bond Fund	★★★★	4,777.69	2.97	4.73	10.19	7.79	7.87	0.73
Axis Short Term Fund	★★★★	4,821.27	2.46	4.47	10.06	7.71	7.99	0.95
Kotak Bond	★★★★	9,526.45	2.50	4.39	9.97	7.50	7.85	1.13
HDFC Short Term Debt Fund	★★★★★	11,203.95	2.20	4.43	9.92	7.95	8.18	0.39
IDFC Bond Fund Short Term Plan	★★★★★	11,573.18	2.23	4.14	9.75	7.66	7.83	0.80
Baroda Short Term Bond Fund*	★★★★	279.54	1.93	3.96	9.14	7.68	8.22	1.29
DEBT: DYNAMIC BOND								
SBI Dynamic Bond Fund	★★★★★	1,342.04	4.13	6.42	15.59	8.42	8.84	1.65
IDFC Dynamic Bond Fund	★★★★	2,102.16	5.10	6.37	15.25	8.18	8.44	1.80
Axis Dynamic Bond Fund	★★★★	488.21	3.82	6.50	13.81	8.23	8.43	0.65
Quantum Dynamic Bond Fund	★★★★	60.04	4.29	6.67	13.81	8.14	–	0.68
Edelweiss Dynamic Bond Fund	★★★★★	45.62	3.47	4.86	12.66	8.16	7.68	1.04
ICICI Prudential All Seasons Bond Fund	★★★★	2,996.88	3.22	6.01	11.8	8.15	8.86	1.34
Kotak Dynamic Bond Fund	★★★★★	1,016.82	2.53	4.54	11.57	8.59	9.10	1.08
PGIM India Dynamic Bond Fund	★★★★	46.19	2.51	4.13	11.51	7.97	8.31	1.75
DEBT: CORPORATE BOND								
HDFC Corporate Bond Fund	★★★★	12,828.12	3.01	4.91	10.98	8.27	8.59	0.50
Aditya Birla Sun Life Corporate Bond Fund	★★★★	16,897.27	2.79	4.70	10.23	8.17	8.50	0.45
ICICI Prudential Corporate Bond Fund	★★★★	11,735.52	2.12	4.25	9.69	7.73	8.20	0.56
Kotak Corporate Bond Fund	★★★★★	4,305.69	1.97	3.86	9.26	8.06	8.25	0.60
Franklin India Corporate Debt Fund	★★★★	1,466.06	0.80	3.60	8.62	7.81	8.04	0.92

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

4.18% THE 3-YEAR RETURN OF CANARA ROBECO EQUITY IS THE HIGHEST IN ITS CATEGORY.

15.09% THE 1-YEAR RETURN OF NIPPON INDIA INCOME FUND IS THE HIGHEST IN ITS CATEGORY.

15.59% THE 1-YEAR RETURN OF SBI DYNAMIC BOND FUND IS THE HIGHEST IN ITS CATEGORY.

Expense as on 31 March 2020
*Expense as on before 31 March 2020
Returns as on 22 April 2020
Assets as on 31 March 2020
Rating as on 31 March 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%
- ★★ Next 22.5%
- ★ Bottom 10%

(Not covered in ETW Funds 100 listing)

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.

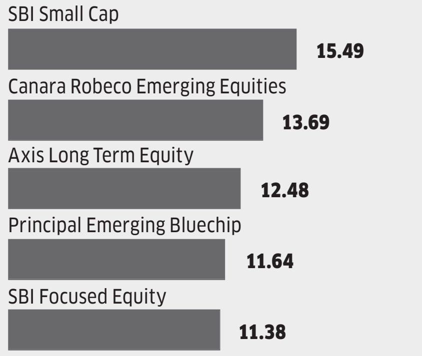
Asset allocation: Invest fully in equity or debt as per market conditions.

FUND RAISER

₹1 lakh crore was the total amount collected through SIPs in 2019-20, a growth of 7.97% year-on-year.

1 Top 5 SIPs

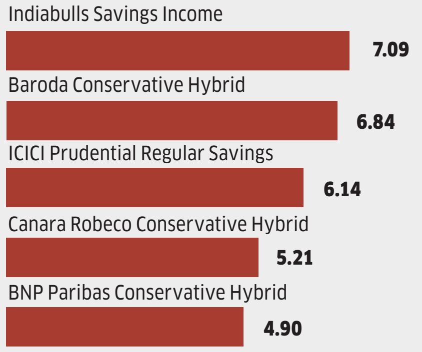
Top 5 equity schemes based on 10-year SIP returns



SIP: SYSTEMATIC INVESTMENT PLAN
% ANNUALISED RETURNS AS ON 22 APRIL 2020

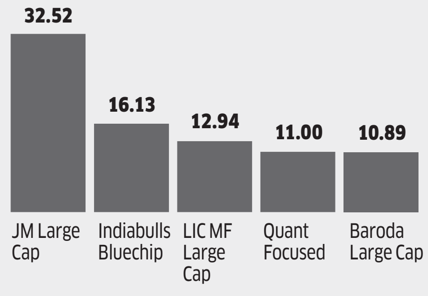
2 Top 5 MIPs

Top 5 MIP schemes based on 3-year SWP returns



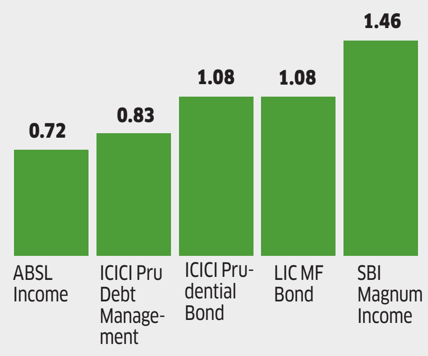
SWP: SYSTEMATIC WITHDRAWAL PLAN
% ANNUALISED RETURNS AS ON 22 APRIL 2020

3 Large Cap cash holdings



% OF ASSETS AS ON 31 MARCH 2020

4 Debt: Medium to long duration



% AS ON 31 MAR 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**

TENURE: 1 YEAR	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
Ujjivan Small Finance Bank	8.00	**10,824**
IDFC First Bank	7.25	**10,745**
RBL Bank	7.20	**10,740**
Indusind Bank	7.00	**10,719**
Lakshmi Vilas Bank	6.75	**10,692**
TENURE: 2 YEARS		
Ujjivan Small Finance Bank	8.00	**11,717**
DCB Bank	7.30	**11,557**
IDFC First Bank	7.25	**11,545**
RBL Bank	7.25	**11,545**
AU Small Finance Bank	7.25	**11,545**
TENURE: 3 YEARS		
DCB Bank	7.60	**12,534**
AU Small Finance Bank	7.53	**12,508**
Ujjivan Small Finance Bank	7.50	**12,497**
IDFC First Bank	7.25	**12,405**
RBL Bank	7.00	**12,314**
TENURE: 5 YEARS		
DCB Bank	7.50	**14,499**
IDFC First Bank	7.25	**14,323**
AU Small Finance Bank	7.25	**14,323**
RBL Bank	7.15	**14,252**
Ujjivan Small Finance Bank	7.00	**14,148**

Top five **senior citizen bank FDs**

TENURE: 1 YEAR	Interest rate (%) compounded qtrly	What ₹10,000 will grow to
Ujjivan Small Finance Bank	8.50	**10,877**
RBL Bank	7.90	**10,814**
IDFC First Bank	7.75	**10,798**
DCB Bank	7.55	**10,777**
Indusind Bank	7.50	**10,771**
TENURE: 2 YEARS		
Ujjivan Small Finance Bank	8.50	**11,832**
RBL Bank	7.95	**11,705**
DCB Bank	7.80	**11,671**
IDFC First Bank	7.75	**11,659**
AU Small Finance Bank	7.75	**11,659**
TENURE: 3 YEARS		
DCB Bank	8.10	**12,720**
AU Small Finance Bank	8.03	**12,694**
Ujjivan Small Finance Bank	8.00	**12,682**
IDFC First Bank	7.75	**12,589**
RBL Bank	7.70	**12,571**
TENURE: 5 YEARS		
DCB Bank	8.00	**14,859**
RBL Bank	7.85	**14,751**
IDFC First Bank	7.75	**14,678**
AU Small Finance Bank	7.75	**14,678**
Ujjivan Small Finance Bank	7.50	**14,499**

Top five **tax-saving bank FDs**

TENURE: 5 YEARS AND ABOVE	Interest rate (%)	What ₹10,000 will grow to
DCB Bank	7.50	**14,499**
IDFC First Bank	7.25	**14,323**
AU Small Finance Bank	7.25	**14,323**
RBL Bank	7.15	**14,252**
Ujjivan Small Finance Bank	7.00	**14,148**

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: 4.40%

BANK	RLLR (%)	FOR SALARIED FROM (%)	FOR SALARIED TO (%)	FOR SELF EMPLOYED FROM (%)	FOR SELF EMPLOYED TO (%)	WEF
SBI Term Loan	7.05	7.20	7.55	7.35	7.70	1 Apr2020
Punjab National Bank	7.05	7.20	7.80	7.20	7.80	1 Apr 2020
Bank of India	7.25	7.25	7.55	7.25	8.15	1 Apr 2020
Central Bank of India	7.25	7.25	7.35	7.25	7.35	1 Apr 2020
UCO Bank	7.30	7.30	7.40	7.30	7.40	28 Mar 2020
Punjab & Sind Bank	7.30	7.30	7.65	7.30	7.65	16 Apr 2020
Canara Bank	7.30	7.35	9.30	7.35	9.30	7 Apr 2020
IDFC First Bank	7.40	7.40	11.40	7.40	11.40	
SBI Max Gain	7.05	7.45	7.80	7.60	7.95	1 Apr 2020
Indian Overseas Bank	7.25	7.45	7.70	7.45	7.70	14 Apr 2020
Indian Bank	7.20	7.55	7.85	7.60	7.90	1 Apr 2020
J&K Bank	7.60	7.70	8.00	7.70	8.00	28 Mar 2020
Union Bank of India	7.20	8.05	8.35	8.05	8.35	1 Apr 2020
ICICI Bank	8.10	8.10	9.10	8.35	9.20	1 Apr 2020
Karur Vysya Bank	7.60	8.20	10.05	8.20	10.05	1 Apr 2020
Bank of Maharashtra	7.45	8.20	9.00	8.45	9.35	7 Apr 2020
Kotak Mahindra Bank	8.20	8.20	9.15	8.30	9.25	16 Apr 2020
Bank of Baroda	7.25	8.25	8.50	8.25	8.50	28 Mar 2020
IDBI Bank	7.80	8.25	8.60	8.45	9.00	12 Apr 2020
Federal Bank	8.35	8.35	8.45	8.40	8.50	16 Apr 2020
Axis Bank	8.55	8.55	9.20	8.65	9.40	13 Apr 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
Sukanya Samriddhi Yojana	7.60	250	1.50 lakh	One account per girl child	80C
Senior Citizens' Savings Scheme	7.40	1,000	15 lakh	5-year tenure, minimum age 60 yrs	80C
Public Provident Fund	7.10	500	1.50 lakh p.a.	15-year tenure, tax-free returns	80C
Kisan Vikas Patra	6.90	1,000	No limit	Can be encashed after 2.5 years	Nil
5-year NSC VIII Issue	6.80	100	No limit	No TDS	80C
Time deposit	5.50-6.70	200	No limit	Available in 1, 2, 3, 5 year tenures	80C#
Post Office Monthly Income Scheme	6.60	1,500	Single 4.5 lakh	5-year tenure, monthly returns	Nil
			Joint 9 lakh	5-year tenure, monthly returns	Nil
Recurring deposits	5.80	10	No limit	5-year tenure	Nil
Savings account	4.00	20	No limit	₹10,000 interest tax-free	Nil

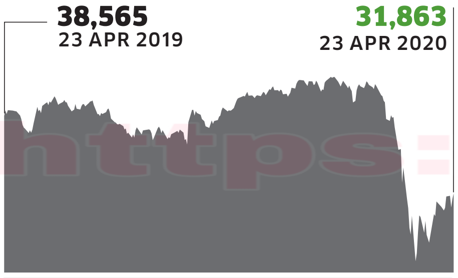
Data as on 23 April 2020

Benefit available only for 5-year deposit

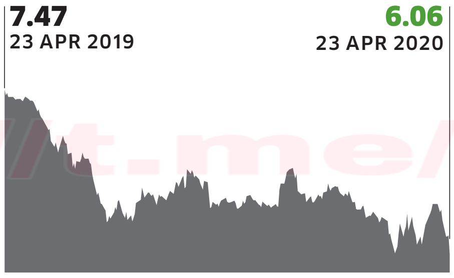
HOW YOUR INVESTMENTS PERFORMED THIS WEEK

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

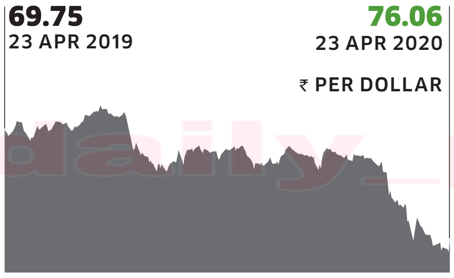
Sensex



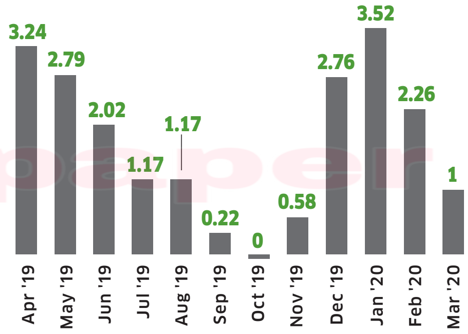
10-yr yield (%)



USD-INR



WPI (%)



CHANGE

	Sensex		10-yr yield		USD-INR		WPI
1 WEEK	4.12%	1 WEEK	-38 (bps)	1 WEEK	-0.89%	LATEST	1.00
1 YEAR	-17.38%	1 YEAR	-141.40 (bps)	1 YEAR	9.05%	1-YEAR AVG	1.74

Equity markets surged due to heavy buying in IT and financial stocks. The rise in index heavyweight Reliance Industries over the Facebook-Jio deal also helped the markets.

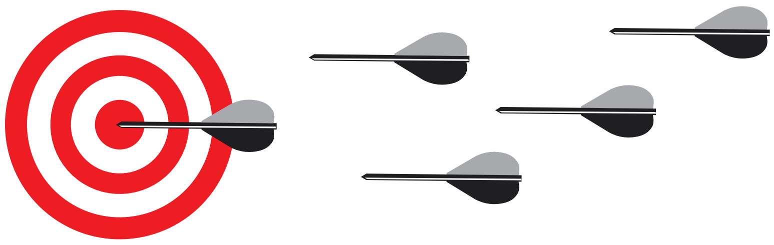
The Reserve Bank India's statement on redeploying of operation twist led to a decline in bond yields.

After falling to record lows, the rupee recovered due to the increased selling of the USD by banks and exporters and rebound in domestic equities.

WPI inflation grew 1% in March 2020 due to falling food prices, deflation in fuel and power basket, and slowing demand.

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)
Andhra Cement	3.92	9.80	**148.10**	1.60	351.15	115.06
Compucom Software	8.44	14.52	**140.46**	0.19	-9.20	66.80
JMT Auto	1.93	-3.50	**103.16**	4.33	2,185.92	97.23
Birla Tyre	5.47	26.91	**96.76**	0.19	-64.85	78.00
Sintex Plastics	1.16	24.73	**96.61**	2.98	-51.20	73.20
Opto Circuits (India)	3.01	22.86	**95.45**	1.78	78.07	90.49
Uniply Industries	7.89	26.85	**95.30**	0.14	-57.04	132.28
Sanwaria Consumer	1.86	25.68	**93.75**	1.85	-66.65	136.91
Rolta India	3.71	14.86	**93.23**	1.00	91.13	61.55
Oil Country Tubular	5.78	21.17	**92.67**	0.01	-45.48	25.60

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)
Vikas Proppant & Granite	3.89	-22.04	**-46.57**	9.47	373.99	196.91
Reliance Naval	1.33	2.31	**-24.00**	3.59	-56.33	98.10
Rollatainers	1.20	6.19	**-16.08**	2.80	16,004.15	30.01
Videocon Industries	1.11	-5.13	**-14.62**	3.27	172.84	37.13
SREI Infra. Finance	3.96	2.33	**-9.79**	3.81	123.38	199.22
RattanIndia Power	1.32	-2.22	**-4.35**	7.71	-12.18	652.05
Vikas Multicorp	1.33	25.47	**-2.92**	1.80	-39.42	88.25
Future Consumer	8.84	27.38	**-2.00**	10.74	281.06	1,698.27

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)
Anubhav Infrastructure	8.74	-2.78	6.07	0.34	**2,84,219.25**	18.71
Rollatainers	1.20	6.19	-16.08	2.80	**16,004.15**	30.01
Alok Industries	7.29	27.23	44.93	48.48	**11,575.79**	1,611.6
Orient Green Power	2.22	15.63	73.44	14.70	**6,243.67**	166.66
Yamini Investment	0.20	00	5.26	0.72	**5,463.41**	10.51
Ashirwad Steels	8.60	-7.33	-4.76	0.03	**4,233.34**	10.75
JMT Auto	1.93	-3.50	103.16	4.33	**2,185.92**	97.23
Tilak Ventures	1.55	24.00	27.05	0.04	**1,329.44**	19.92
Nitin Fire Protection	0.36	00	5.88	1.35	**1,290.92**	10.52
Gyscoal Alloys	1.29	4.88	-5.15	0.06	**1,253.96**	20.42

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)
Brightcom Group	4.43	3.26	43.37	1.51	**-79.26**	210.98
Siti Networks	0.96	24.68	71.43	1.83	**-79.10**	83.72
Sanwaria Consumer	1.86	25.68	93.75	1.85	**-66.65**	136.91
Jaypee Infratech	0.86	8.86	38.71	2.43	**-60.12**	119.45
Vodafone Idea	4.33	1.88	28.87	329.94	**-59.66**	12,442.42
Reliance Naval	1.33	2.31	-24.00	3.59	**-56.33**	98.10
Gammon Infra. Projects	0.37	15.63	60.87	1.39	**-54.08**	34.85
Mercator	0.59	0	28.26	1.32	**-53.37**	17.85
Sintex Plastics	1.16	24.73	96.61	2.98	**-51.20**	73.20
Toyam Industries	2.46	-1.99	3.80	1.30	**-43.88**	52.28

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 23 APRIL 2020. **SOURCE:** ETIG DATABASE AND BLOOMBERG.

Career change in a pandemic

Your attitude and approach matter the most if you are considering a career change currently, says **Devashish Chakravarty**

GETTYIMAGES

Unemployment in the US has crossed 15% and increasing, up from 3.5% in February 2020 despite the $2 trillion stimulus package implemented by the government. It had peaked at 10% during the financial crisis of 2008 and 25% during the Great Depression of the 1930s. Though India does not have a similar jobs data reporting structure during this pandemic, it is easy to see that the job market this year will be the most challenging that we have seen in our lifetimes. If you have lost your job, taken a pay cut or are staring at an uncertain future, know that this is also a great time to consider a change of career.

Revisit your assumptions

Ask yourself these questions. If your current job were offered to you now—would you accept it? If not, then how has your view of the future changed? What is your new 10-year goal and how will you reach there? Perhaps the answer is you seek a career change. But first, make sure that all other areas of your life are stable. If your health, relationships, or property need urgent and serious work, prioritise that before beginning on a new career journey.

Create multiple paths

Instead of a single 10-year plan, create different paths for your future. Consider parallel universes, one where a career risk works out well, another where it fails, an entrepreneurship option, a world where pandemics are constantly recurring or one where you don't find employment but can work on contract. Planning does not mean that they will come true. But when you put down your pen to paper, you will think clearly, identify your skills, prepare for uncertainty, and make better choices.

Private sector?

The longest running assumption of our times is the plethora of jobs and wealth creating opportunities in the private sector. That is until a crisis hit us. Economists who studied the 10-year Great Depression of the previous century, realised that those holding a government job or pension came out the best. Security of income, stability of role and an employer that will not shut down are factors that become immensely valuable in chaos. Consider that survival beats wealth when you can choose only one. Thus, a government career becomes a great option for the future. Especially if you are in your 20s and have just begun your journey.

Lure of IT/ ITES

Another assumption that is currently cracking up, is that if you get an entry into the IT/ITeS sector, you are set up for life. Basic coding skills and a first job is no longer enough. The current depressed market, and reducing margins are forcing big companies to pursue automation and eliminate lower skilled personnel and middle management with great vigour. Do you have a plan to reach team leadership roles, exit to another industry or upskill constantly to remain valuable? Consider an MBA, change of roles to IT sales or even switch to startups and the product space instead of your existing career plan.

Frame of mind

Your attitude and approach matter the most if you are considering a career change currently. Despite all the negativity around, you need to remain positive and play the long game. Seize the initiative and get started on the new problems confronting you whether it is losing your job or staring at an uncertainty. Always seek innovative solutions and work as a team player. Be flexible in evaluating options and do not hesitate to ask for guidance. Finally, to be emotionally strong, practice an attitude of ongoing gratitude for what you are blessed with and offer help to others who need you.

Embrace the change

Instead of struggling to retain status quo, embrace the chaos. Now acknowledge the new realities and the careers that are thriving during the pandemic or because of it. Within a month, the following professionals have gained in value and job security – online sales, customer support, online education, digital marketing, teaching, writing, design and of course coding. Similarly, work habits are undergoing a sea change with most companies shedding their inhibitions of offering remote working, contract roles and commission-based compensation. Where will you fit in? Else how will you get to a position of value?

Control and leverage

The pandemic has made it easier for you to switch careers and justify it both socially and professionally. Your family is unlikely to object to a well-reasoned plan and a future employer will understand when you explain your layoff and decision to switch. Secondly, focus on what you can control and stop worrying about what you cannot. Reduce expenses, learn new skills, read new books, apply to multiple jobs outside your current domain, switch geographies, industries and functions and control the use of your time. You must stop worrying about how the job market will treat you, how much time it will take to find a job or save up for a new house and other factors currently beyond your control.

Get started

While you have the time, prepare your personal budget and focus on staying healthy. Introspect and identify your technical and soft skills. Figure out where these skills are transferable and valuable and plan to fill in the gaps with education or experience. Prepare your resume, update your LinkedIn profile and dive into the job search process. Apart from discovering and applying to online jobs, reach out to decision makers in the domain of your interest through your network. Seek personal appointments when possible and pitch your case. You have the courage and self-belief to make it through in a topsy-turvy world!

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

FRESH GRADUATE CHALLENGES

1 UNEMPLOYMENT
If you are graduating from college in 2020, your batch will have a tougher time finding their first job, unlike your immediate seniors. Like the 2000 and 2008-09 market crashes, unemployment levels three months after graduation will be higher for your cohort by up to 30%. Your chances improve when you start earlier and knock more doors.

2 JOB FIRST, CHOICE LATER
You will get started faster through more efforts and by taking risks. Salaries may be lower by nearly 20% and you may not find jobs in your preferred domain. Prioritise getting any job to gain work experience and shift domains once the market improves. You can also work through unpaid internships or in your family business.

3 DIGITAL SKILLS
The job market always changes after a major crisis. This time, the change is an increased focus on online, technology and digital skills that enable workers to contribute remotely. Whatever your line of education be, you are unlikely to be considered unless you demonstrate comfort with digital tools in your field of work, eg. Tally for a commerce graduate.

4 NEXT DEGREE
A great option is to acquire additional certification or degrees and defer your entry into the job market. Not only are you better equipped but also the market circumstances will change. So, pursue that Masters or PhD degree right now instead of waiting for a year or two. Consider a job-worthy diploma in a related field to keep costs low.

5 ONLINE LEARNING
Online education though less valuable than a full-time course, is your final option to stay occupied, learn more and acquire certification. Know that ed-tech has become popular in the crisis with lots of low cost or free options. Finally, in your next job interview, you will be able to differentiate yourself from your competitors.

Delay retirement by five years to build bigger corpus

Sandip Banerjee is saving for short and long-term goals. Here's what the doctor has advised him:

GOALS

1	2	3	4
MARRIAGE EXPENSES: 3 years PRESENT COST: ₹**6 lakh** FUTURE COST: ₹**7.4 lakh**	**DOWNPAYMENT FOR CAR: 4** years PRESENT COST: ₹**2 lakh** TOTAL COST: ₹**2.6 lakh**	**DOWNPAYMENT FOR HOUSE: 20** years PRESENT COST: ₹**36 lakh** FUTURE COST: ₹**1.4 crore**	**RETIREMENT INCOME: 25** years CURRENT NEED: ₹**1.5 crore** (₹60,000 per month) CORPUS REQUIRED: ₹**8.2 crore**

PORTFOLIO CHECK-UP

- Investing in funds for past 3-4 years. Goals are ambitious but not impossible to reach.
- Early retirement at 50 not possible. Corpus required is very big.
- Five year delay till age 55 will help save more, require less.
- House purchase goal will need a loan for 70% of property value.

Note from the doctor

- Opt for maximum 75% exposure to equity funds in NPS.
- Use debt funds and bank deposits to save for short-term goals.

	FUND NAME	AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION	NEW SIP (₹)
1	Nippon India Liquid	10,182	1,200	Start recurring deposit in bank for ₹16,300 or increase SIP to ₹17,500 in this debt fund.	17,500
2	Recurring deposit or short-term debt fund	0	0	Start recurring deposit in bank or SIP of ₹4,500 in short-term debt fund.	4,500
3	Motilal Oswal Focused 25	23,157	2,300	Increase SIP amount to ₹3,000 in this outperforming large-cap fund. Hike by 10% every year.	3,000
3	Mirae Asset Emerging Bluechip	15,165	1,500	Increase SIP amount to ₹2,000 in this outperforming large and mid-cap fund. Hike by 10% every year.	2,000
3	DSP Equal Nifty 50	12,173	1,200	Shift to multi-cap schee DSP Equity. Increase SIP to ₹1,500 and hike by 10% every year.	1,500
4	DSP Tax Saver	1,02,123	3,000	Continue SIPs in these stable ELSS funds. Hike amount by 10% every year.	3,000
4	L&T Tax Advantage	72,129	3,000		3,000
4	HDFC Tax Saver	68,136	2,000	These funds have underperformed. Shift to Axis Long Term Equity and hike SIPs by 10% every year.	4,000
4	Nippon India Tax Saver	48,142	2,000		
4	UTI Nifty Next 50 Index	40,150	4,000	Continue SIPs in this promising large-cap fund. Hike amount by 10% every year.	4,000
4	NPS	1,24,500	4,200	Keep contributing and hike amount by 5% every year. Do not withdraw before retirement.	4,200
4	Provident Fund	4,36,000	8,000		8,000
	TOTAL	**₹9,51,856**	**₹32,400**	The goals can be reached using the mutual funds marked in the same colour.	**₹54,700**

Goals are very ambitious; need to save more

Taraprasad Dash is saving for his kids' goals and his retirement. Here's the doctor's advice:

GOALS

1	2	3	4	5
FIRST CHILD'S EDUCATION: 8 yrs PRESENT COST: ₹**20 lakh** FUTURE COST: ₹**44 lakh**	**SECOND CHILD'S EDUCATION: 15** yrs PRESENT COST: ₹**18 lakh** FUTURE COST: ₹**75 lakh**	**FIRST CHILD'S MARRIAGE: 13** yrs PRESENT COST: ₹**27 lakh** FUTURE COST: ₹**65 lakh**	**SECOND CHILD'S MARRIAGE: 18** yrs PRESENT COST: ₹**27 lakh** FUTURE COST: ₹**91 lakh**	**RETIREMENT INCOME: 15** yrs CURRENT NEED: ₹**63 lakh** (₹25,000 per month) CORPUS REQUIRED: ₹**5 crore**

	FUND NAME	AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION
1	HDFC Midcap Oppn	2,48,053	10,000	Fund has underperformed. Shift to large-cap fund Axis Bluechip and hike SIPs by 5% every year.
1	HDFC Equity	1,06,933	10,000	Fund has underperformed. Switch to multi-cap Axis Focused 25 and hike SIPs by 5% every year.
2	ICICI Pru Midcap	3,67,264	15,000	Fund has slipped but holds promise. Stop further SIPs and start SIP of ₹12,000 in ICICI Pru Value Discovery.
3	Nippon India Focused Equity	69,355	15,000	This multi-cap fund has underperformed. Switch to Mirae Asset Emerging Bluechip and hike SIPs by 5% every year.
4	Nippon India Largecap	6,624	1,000	Fund has underperformed. Switch to Parag Parikh Long Term Equity, increase SIPs to ₹4,500 and hike by 5% every year.
5	Sundaram Smallcap	2,70,416	20,000	Fund has been badly hit. Switch to Sundaram Large and Mid-cap fund. Hike SIPs by 10% every year.
5	Mirae Asset Large Cap	0	0	Start SIPs of ₹10,000 in this large-cap fund and increase by 10% every year.
5	NPS	0	0	Open an NPS account and start SIPs of ₹30,000. Increase by 10% every year.
5	Fixed deposits	3,00,000	0	Switch to more tax efficient options like debt funds or PPF.
	TOTAL	**₹13,68,645**	**₹71,000**	

PORTFOLIO CHECK-UP

- Investing in equity funds for past 5-6 years.
- Portfolio is a mix of small-, mid- and large-cap funds.
- Goals are ambitious and require big increase in monthly investments.
- Has not mentioned other investments for retirement.
- If he has Provident Fund and other investments, required amount will be lower.
- Review investments and rebalance at least once in a year.
- Reduce risk when goal is near so that you don't miss the target.

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 refers to the cover story, 'Money moves for hard times'. The government has not done much to mitigate the hardship of those facing an uncertain future. I also feel that at times like this, entities like temple trusts should come forward and donate generously and help the country tide over this crisis.
R. Mukherjee

The advice given in the column, 'Do your assets pass the test', was timely. Many of the assets we acquire over time turn out to be for purposes that are no longer relevant. However, it is not easy to be objective about which assets to shed and which to retain. In many cases, we attach sentimental value to assets, making it difficult to get rid of them.
Nandakumar Venkatachary

If this health crisis lasts several months or even into next year, then the only way to survive would be by having cash in hand or in the bank account. It is more important now than ever before to have an emergency corpus to fall back on.
Ethan Richards

Get rid of all debt quickly

The cover story, 'Money moves for hard times', was insightful. The burden of debt weighs heavy on many households. People should move quickly to reduce this burden as far as possible. Without a job or even with reduced earnings, servicing debt can become impossible.
Prodosh Sen

This refers to the story, 'Which tax option suits you?' I will stick to the old tax regime and save some money for myself. The Finance Minister will divert all the money collected in taxes to save state-owned bankrupt companies. For instance, Air-India has not announced any pay cuts. In other words, we the taxpayers are keeping this debt ridden airline afloat. If someone earning more than ₹10 lakh a year chooses the new regime, they are asking for trouble.
K.K.

Apropos the article, 'Time to shift to direct plans,' there is absolutely no reason why an investor should continue with regular plans. Regular plans only help distributors earn every year, irrespective of returns generated by the mutual fund scheme. Prudent mutual fund investors should immediately exit regular plans and move to direct plans.
Sanchit Garg

None of the regular plan providers offer any help or advice to investors. It is surprising that some people in the industry are still defending them, or does it have something to do with kickbacks?
Naveen Dhaka

This is in reference to Dhirendra Kumar's column, 'Once again the same mantra: Stick to basics'. Hopefully there will be no revenge shopping in India as seen in China. Indians just need to be sensible. The economy will slowly and automatically get back on its feet.
Subramaniyan S.

REALTY HOT SPOT

Established residential area in NCR

This area in Greater Noida boasts of good social and retail infrastructure as well as connectivity.

LOCALITY SNAPSHOT
OMEGA-CHI-PHI, GREATER NOIDA

- Established residential area comprising good social & retail infra along with sound overall connectivity.
- Proximity to key job hubs along Noida Expressway as well as NSEZ and Surajpur Industrial Area.
- Boasts availability of reputed schools & hospitals nearby such as Cambridge School, Kailash Hospital, etc.
- Key shopping complexes here are Omaxe City Centre, Ansal Plaza, The Grand Venice Mall, MSX Mall, etc.
- Good connectivity through Noida Expressway along with Aqua Line of Noida Metro Rail Network.

LOCALITY	VALUES	
	Price (₹/sqft)	Rent (₹/month)
Chi 4	3,750-4,950	14,500-21,500
Chi 5	3,330-4,600	12,500-20,000
Omega 1	3,130-4,400	10,000-16,000
Pari Chowk	3,500-5,400	10,000-17,000
Phi 2	3,400-5,100	9,000-12,000

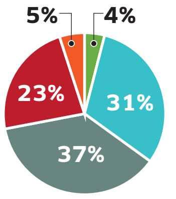
SUPPLY BY BHK

1 BHK **19%**

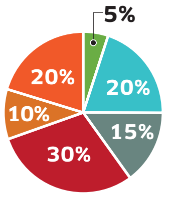
2 BHK **62%**

3 BHK **19%**

Consumer preference by budget segment (₹)



Consumer preference by covered area (sq ft)



Schools 10+ | Hospitals 08+ | Restaurants 11+ | Banks 10+ | Grocery Stores 08+ | Petrol Pumps 06+

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