

**SENSEX**  
55675.32**NIFTY**  
16569.55**USD**  
78.01**GOLD**  
51455.00**CRUDEOIL**  
9201.00

## Markets end lower, all eyes on MPC outcome and economic data due this week

Investors turned cautious as the RBI's monetary policy committee began its three-day meeting on June 6, with mixed Asian cues and the rise in crude prices as well as Covid cases weighing on sentiment.

At close, the 30-pack Sensex was down 93.91 points, or 0.17 percent, at 55,675.32, while the Nifty, too, ended flat losing 14.75 points, or 0.09 percent, at 16,569.55.

"Domestic market moved in tandem with the global peers to open weak and gradually recovered its losses following a positive start in Europe," said Vinod Nair, Head of Research at Geojit Financial Services.

"Oil prices rose after Saudi Arabia raised their selling price, adding to the current global inflationary pressure, while better than expected US job data triggered worries on Wall Street as it gives the Fed more room to hike rates."

On June 6, European and Asian stocks rose after China relaxed some Covid-19 restrictions, calming markets that have been unsettled by concerns over global central bank rate rises to tackle persistently high inflation, said Deepak Jasani, Head of Retail Research, HDFC Securities.

Experts expect volatility to continue in both global and domestic markets just before the RBI MPC meet outcome on June 8, the ECB meeting the next day and the release of the US inflation data on June 10.

### Stocks & sectors

Metal stocks shone bright on an otherwise subdued day for other sectors. The metal index ended 1.12 percent higher. Realty, capital goods and consumer durables indices fell the most. The market has been exercising caution ahead of the credit policy announcement, hence investors trimmed their position in rate-sensitive sectors such as realty.

Markets were lacklustre and ended almost unchanged amid mixed cues.

The prevailing uncertainty on the global front combined with caution ahead of the MPC meet outcome is keeping the participants on the edge.

Indications are in the favour of further consolidation in the index, so the focus should be on identifying the sectors and stocks and maintaining positions on both sides.

## EPFO mulls raising equity investment limit to 25% to bridge shortfall in returns

The Employees' Provident Fund Organisation (EPFO) is weighing a proposal to raise its investment limit in equities to as much as 25% of incremental flows from the existing 15%, said people familiar with the matter. The higher exposure to stocks is aimed at helping the apex retirement body bridge the shortfall in returns with investment in debt securities struggling to help it reach targets.

The Finance Investment and Audit Committee met nearly two weeks ago to discuss the matter. The proposal by the committee will be taken up at a meeting of the EPFO Central Board of Trustees (CBT) likely in the last week of June. The recommendation will then be sent to the labour and finance ministries for final approval, said the people cited above.

The investment committee has proposed to raise equity investment to up to 25% of daily inflows in two phases, Prabhakar Banasure, a CBT member told ET-first to 20% and then to 25% in the second phase. The roadmap and the details of the higher investment limits could not be ascertained. EPFO did not respond to ET's queries.

EPFO officials met leading mutual funds recently to gather feedback on possible investment avenues in equity schemes, said the people cited above. The EPFO invests in equities through Exchange Traded Funds (ETFs) tracking the Sensex and Nifty operated by SBI Mutual Fund and UTI Mutual. EPFO does not invest in actively managed equity mutual fund schemes or directly in stocks.

At the 15% limit, EPFO invests about ₹1,800-2,000 crore in these ETFs. The central provident fund body is said to be getting total flows of ₹600 crore every day on average, of which it uses approximately ₹200 crore to settle claims. This translates into ₹12,000 crore a month for various investments. If the equity investment limit increases to 25%, EPFO could potentially pump about ₹3,000 crore into the stock market every month.

## RBI launches annual survey on foreign liabilities, assets of mutual funds, AMCs

The Reserve Bank of India has launched the 2021-22 round of its annual survey on "**Foreign Liabilities and Assets of Mutual Funds** and Asset Management Companies", the central bank said in a statement on Thursday.

The survey collects information from mutual fund companies and asset management companies on their external financial liabilities and assets as at the end of March of the latest financial year.

The survey results are released in the public domain besides being used for compilation of balance of payments statistics and other uses.

Asset management companies (AMCs) are required to submit the annual return on Foreign Liabilities and Assets (FLA) online through the web-based portal by July 15, 2022.

## **ICICI Prudential Mutual Fund launches Booster SIP feature in its funds**

ICICI Prudential Mutual Fund has launched ICICI Prudential Booster Systematic Investment Plan (Booster SIP), a feature where unitholders can transfer variable amounts at regular intervals, based on the Equity Valuation Index (EVI) model.

According to a press release, booster SIP allows investors to invest in a disciplined manner to the source scheme and transfer a variable amount to the target scheme in the range of 0.1X-10X of base instalment amount depending on EVI model at regular intervals. Through this feature, a smaller amount of the base instalment is invested when equity valuation is considered expensive. Conversely, when the valuation is considered cheap, the investment will be relatively higher.

Speaking on the launch of the product, Chintan Haria, Head- Product Development & Strategy, ICICI Prudential AMC, said, "Booster SIP leverages rupee cost averaging and value averaging by staggering investments in the target scheme through dynamic instalment. Market valuation based on which the instalment amount is decided is based on in-house Equity Valuation Index."

Booster SIP invests in Equity and Debt based on dynamic instalment. As a result, this feature helps investors to make the most out of volatile market conditions and for those looking for an optimal investment approach to invest for the long term., the press release said.

## **SEBI rejigs mutual fund advisory committee**

Markets regulator Sebi has restructured its advisory committee on mutual funds. The 25-member advisory committee will be chaired by former Deputy Governor of the Reserve Bank of India (RBI) Usha Thorat, according to the latest update with the Securities and Exchange Board of India (Sebi). Earlier, the panel had 24 members.

The regulator has inducted Chairman of NJ India Invest Neeraj Choksi in the advisory committee. Other members include Independent Trustee at SBI Mutual Fund Sunil Gulati, and Independent Trustee at DSP Mutual Fund Dharmishta Narendraprasad Raval.

Tata Asset Management MD and CEO Prathit D Bhobe, SBI Funds Management MD and CEO Vinay Tonse, Mirae Asset Investment Managers (India) CEO Swarup Mohanty, Sundaram Asset Management Company MD Sunil Subramaniam, Motilal Oswal Asset Management Company MD and CEO Navin Agarwal and Association of Mutual Funds in India (AMFI) Chairman A Balasubramanian are also part of the panel. Also, chiefs of BSE, NSE, Computer Age Management Services (CAMS), KFin Technologies as well as representatives of finance ministry and Sebi are part of the committee.

The committee is mandated to advise Sebi on issues related to regulation and development of mutual fund industry. It can also advise the regulator on disclosure requirements and measures required for a change in the legal framework to introduce simplification and transparency in mutual fund regulations.

## **‘Investors working with MFDs/RIAs feel safe and comfortable to invest with them’**

A recent study titled ‘Rediscover the Indian Investor’ conducted by Cafemutual reveals that majority of investors working with MFDs/RIAs feel safe and comfortable with them. They believe that investment decisions should be left to discretion of experts like mutual fund distributors.

The survey finds that over 51% people who hired an intermediary see MFDs/RIAs as financial experts and believe that they are very helpful to create wealth.

Another 30% people hired MFDs/RIAs as they do not have time to manage money while 19% say that since they don’t have knowledge about mutual funds, they work with MFDs/RIAs.

The survey covered 1340 investors working with MFDs/RIAs – 1015 male and 325 female. Of the total respondents, 489 were millennials. All these participants have been surveyed through physical interviews and the sample size includes investors who have invested their money in at least one financial product with an intermediary.

When asked these respondents what do they expect from their MFDs/RIAs, they believe that their MFD should handhold them through all paperwork and formalities, review their investment portfolio, select right funds, draw an investment plan, guide on financial behaviour and empathise well with their family.

**Here is the table basis the weightage on expectation:**

Base	Total
He should do all the paperwork (fill form, deliver form, etc.)	1340
He should review my portfolio periodically with me	62.4
He should help me in selecting the right investments	61.6
He should draw up a financial plan	57.5
He should guide me on all aspects of finance - both on savings and loans	52.1
He should empathise well with what my and my family's financial needs are	48.4
	31.3

(Cont.)

	Total
<b>Base</b>	1340
He/she is an expert and very helpful	51.4
I don't have time	29.2
I don't have knowledge about MFs	19.4

Sharing their experience on working with MFDs/RIAs, 70% investors say that they have had a good experience with them. Further, 28% say that they do not have any good or bad experience with them. A marginal 2% investors said that they are not happy with their MFDs/RIAs.

## You won't be able to redeem mutual fund units online without this now

If you are a mutual fund investor who uses online platforms to make financial transactions such as redemptions, invest via Systematic Transfer Plan (STP), make switch requests etc., then from June 1, you will be able to do such transactions only if they are validated via two-factor authentication (2FA). This means that a one-time password (OTP) will be sent to the investor's registered mobile number/email ID and an investor will be required to enter that OTP online before the transaction is processed.

Mutual fund houses are sending reminder emails to investors asking them to update their mobile number/email IDs in the folios so that they can continue to do redemptions, switch etc. we will soon be requesting for the input of an additional One Time Password (OTP) for the following online transactions:

- Redemption
- Switch
- Systematic Transfer Plan (STP) Registration
- Systematic Withdrawal Plan (SWP) Registration

This additional OTP will be sent to the contact details (mobile number and / or email ID) registered in the respective customer folio with us. This initiative is in accordance with the recent SEBI circular on Two-Factor Authentication, effective 1st June 2022.

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# MINT 20 MUTUAL FUND SCHEMES TO INVEST IN



We have hand-picked 20 mutual funds for your portfolio that have jumped through hoops of good returns, low risk, good portfolio hygiene and our own qualitative research. We have restricted the choice universe to 10 categories out of the total 37 and given you at least two options to pick from each.

EQUITY	3-years return (%)	5-years return (%)	Corpus (₹ cr)
<b>LARGE-CAP</b>			
UTI Nifty Index Fund - Growth	12.65	12.65	6,852
HDFC Index Fund - Nifty 50 Plan	12.38	12.44	5,721
<b>Category average</b>	<b>12.20</b>	<b>12.08</b>	
<b>EQUITY FLEXICAP</b>			
Canara Robeco Flexi Cap	14.80	13.60	7,285
Parag Parikh Flexi Cap	22.66	17.98	21,907
<b>Category average</b>	<b>13.45</b>	<b>11.38</b>	
<b>EQUITY SMALL AND MIDCAP</b>			
Axis Midcap	19.42	17.43	17,679
SBI Small Cap	24.00	18.82	12,098
<b>Category average Midcap</b>	<b>18.21</b>	<b>12.37</b>	
<b>Category average Smallcap</b>	<b>20.82</b>	<b>13.83</b>	
<b>EQUITY (TAXSAVER)</b>			
Canara Robeco Equity Tax Saver	16.66	14.82	3,629
Mirae Asset Tax Saver	17.53	15.34	11,963
<b>Category average</b>	<b>12.97</b>	<b>10.90</b>	
<b>HYBRID</b>			
<b>BALANCED ADVANTAGE</b>			
Edelweiss Balanced Advantage	12.77	10.70	8,008
ICICI Prudential Balanced Advantage	10.97	9.96	39,761
<b>Category average</b>	<b>9.09</b>	<b>8.33</b>	
<b>ARBITRAGE</b>			
Kotak Equity Arbitrage	4.45	5.19	24,648
Tata Arbitrage	4.51	NA	10,059
<b>Category average</b>	<b>4.20</b>	<b>4.94</b>	

(Equity and Hybrid Schemes only)

(Source:- Economicstimes, Moneycontrol, Livemint, Cafemutual, IBJARates, AMFI Etc.)