WEEKLY UPDATE

14th October 2024 **Version:- 24.25.17**

SENSEX		NIFTY	
81,381.36	↓0.38%	24,964.25	↓0.20%

Key Highlights

- List of 10 flexi cap schemes delivered over 15% annualised return in the past 10 years
- Investors prefer hefty returns along with tax benefits in the post Covid years
- Monthly SIP of ₹10,000 in This mutual fund for last 19 years would have grown to ₹1.12 crore
- Jio Fin-BlackRock gets Sebi nod to start MF business
- More than 50% of new investor folios are coming from B30 cities
- List of 10 ELSS schemes gave over 15% annualised return in the past 10 years.
- Mirae Asset Mutual Fund warns against fake accounts
- Mutual fund investors can nominate up to 10 nominees

Domestic markets benefit from 50 basis point reduction in interest rates by US Fed: ICRA Analytics

Domestic equity markets went up in September 2024 after the U.S. Federal Reserve lowered interest rates by 50 basis points, which led to expectations of further monetary policy easing in the coming months.

The gains were extended amid reports that China may cut interest rates by 50 bps on $5 trillion mortgages to boost demand in real estate and commodity markets. The decline in global crude oil prices further contributed to the market upside, according to a release by ICRA Analytics.

In the domestic debt market, bond yields fell after the U.S. Federal Reserve kicked off its interest rate cut cycle, with a significant reduction of 50 bps. Yields fell further driven by global interest rate changes and increased demand due to government bonds being added to the global index. However, gains were capped after the central government upheld its borrowing plan as budgeted, defying the market participants' expectations of a reduction.

According to the release, the following trends were spotted in different mutual fund categories in September 2024.

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Equity mutual funds

In the past seven days, as of September 30, 2024, all categories witnessed negative returns, barring the Dividend Yield fund, which managed to give some positive returns that stood at an average of 0.42%.

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- In the past seven days, as of September 30, 2024, all categories witnessed negative returns, barring the Dividend Yield fund, which managed to give some positive returns that stood at an average of 0.42%.
- Small cap funds gave maximum returns over an investment horizon of 6-months, 3-years, 5-years and 10-years.
- Mid-cap funds gave maximum returns over an investment horizon of 1-year that stood at an average of more than 50.11%.
- Sectoral/Thematic funds gave maximum returns over an investment horizon of 1-month and 3-months.
- Large-cap funds were the laggards, as they gave the minimum returns across the time periods of 3 months, 6 months, 1 year, 3 years, 5 years, and 10 years.

Hybrid Mutual Funds

- Aggressive hybrid funds gave the maximum return in 6 months, 1 year, 3 years, and 10 years
- Arbitrage funds gave lowest return across all horizons.
- Multi asset allocation funds gave the highest return in 3 year, 5 year, and 10 year horizons.
- In one week period, aggressive hybrid funds lost the most of around 0.56%

Debt Mutual Funds

- All categories witnessed positive returns across all time periods
- Long-Duration funds gave maximum returns across an investment horizon of 1-month, 3-month, 6-months, 1-year and 5-years
- Credit risk funds gave maximum returns over the 3-year period.
- Gilt Fund with a 10-year constant duration gave maximum returns over the 10-year period. However, over the past 3-years it gave the minimum returns.

Other categories

- In one year horizon, other ETFs gave the highest return of 35.69% followed by Gold ETF which gave 29.17%
- In five years, index funds gave the highest return of around 19.77%
- In 10-years, index funds and other ETFs gave 13.17% and 13.07% returns respectively.

Best mutual funds: These 10 flexi cap schemes delivered over 15% annualised return in the past 10 years

If you are toying with the idea of investing in a mutual fund scheme, there are a number of factors that could be playing in your head which may influence your choice. These include the category of scheme, reputation of fund house and the size of fund, among others. What, however, swings the odds in favour or against the scheme is the past performance delivered by it.

We have shortlisted the best performing mutual fund schemes in the flexi-cap category based on their past 10-year performance. We discovered that there are around 10 mutual fund schemes which have given an annualised return of over 15 percent in the past one decade.

This means if someone had invested ₹one lakh in any of these schemes, it would have swelled to over ₹4.04 lakh (based on 15 percent return) by now. For the unversed, a flexi cap scheme is an open-ended dynamic equity scheme which is mandated to invest a minimum of 65 percent in equity and equity-related instruments across large cap, mid cap and small cap stocks.

This category was announced not too long ago via a Sebi circular dated Nov 6, 2020. There are 39 schemes in this category with total assets under management (AUM) amounting to ₹4.29 lakh crore, which is second-highest among equity oriented funds after sectoral/thematic funds which have a total AUM of ₹4.449 lakh crore.

The following schemes must be these converted schemes whose 10-year returns are listed below.

Flexi cap	10-year-return (%)	AUM (₹crore)
Franklin India Flexi Cap Fund	15.89	17,882.24
HDFC Flexi Cap Fund	15.70	64,825.79
JM Flexicap Fund	18.50	4,599.73
Kotak Flexicap Fund	15.35	52,496.23
Motilal Oswal Flexi Cap Fund	16.42	12,465.94
Parag Parikh Flexi Cap Fund	18.44	81,571.39
Quant Flexi Cap Fund	21.17	7,922.77
SBI Flexicap Fund	14.91	22,945.93
DSP Flexi Cap Fund	15.44	12,081.71
ABSL Flexi Cap Fund	15.43	23,432.20

(*Source: AMFI; Returns as on Oct 4, 2024*)

Investors prefer hefty returns along with tax benefits in the post Covid years

The degree of returns, regularity of returns and tax benefits are the significant factors influencing the post Covid investment decisions, said a study jointly conducted by the PHD Research Bureau, PHD Chamber of Commerce and Industry, and Jagan Institute of Management Studies (JIIMS), Rohini.

The industry body conducted a study with the objectives to analyse the factors influencing the individual investments across various financial instruments and to compare the investor behaviors towards selected financial instruments in pre and post Covid years.

The time period considered for the analysis includes two years of pre-pandemic (FY 2018-2020) and two years of post-pandemic (FY 2021-23).

A total of six financial instruments were considered to assess the changing investor preferences in pre- Covid and post Covid pandemic years including mutual funds, bonds, stocks, derivatives, gold and real estate.

The questionnaire was based on multiple choice questions based on five factors including degree of risk, tax benefits, liquidity, degree of returns and regularity of returns (from investment option).

“India’s capital market has witnessed a robust performance during the post Covid years supported by the strong regulatory environment, high growth of economy and investors’ confidence in India's growth story,” said Sanjeev Agrawal, President, PHD Chamber of Commerce and Industry.

“Going ahead, our capital market is seen with outstanding performance in the coming years, as India is going to be the 3 largest economy soon and have a size of USD 7 trillion by 2030, “ he added.

The aggregate analysis of the factors impacting the investment decision in various investment avenues in the pre-Covid years and post Covid period indicates diverging patterns.

In pre-Covid times, the degree of returns and the regularity of returns guides the decision to diversify the portfolio. Conversely, in the post Covid pandemic years, tax benefits along with the degree of returns and regularity of returns influenced the investing decisions, said the study.

Further, a disaggregate analysis of each factor impacting preferences of investors in various financial instruments in the pre Covid and post the Covid pandemic period indicates changing patterns, said the study.

The investment in mutual funds was largely influenced by the degree of returns, regularity of returns and degree of risk in pre Covid time period. While, the post Covid period saw more influence of liquidity rather than degree of risk involved along with degree of returns and regularity of returns in the mutual fund investments, said the study.

Monthly SIP of ₹10,000 in This mutual fund for last 19 years would have grown to ₹1.12 crore

If you are new to investing, you should always keep in mind that the key to long-term wealth generation is compounding. This means if you invest in a mutual fund scheme and remain invested over a long period of time, the returns would be disproportionately higher than what you would otherwise earn by making a lumpsum investment.

Here we showcase the high returns a mutual fund scheme stands to deliver on its investment when the investment is made via systematic investment plan (SIP). We handpick one mutual fund scheme -- Sundaram Focused Fund -- and examine its return since its launch in Nov 2005 across different time durations.

If you had invested ₹10,000 every month via SIP in Sundaram Focused Fund in the past one year, it would have grown to ₹1.44 lakh by investing ₹1.20 lakh, giving a return of 40.50 percent in the past one year. If the same investment were made for a continuous period of three years, the investment would have swelled to ₹5.13 lakh by making an investment of ₹3.6 lakh, thus giving a return of 24.45 per cent.

Likewise, if the investment were being made for five years, a total investment of ₹6 lakh would have given a return of 10.71 lakh, which is an annualized return of 23.38 percent. Similarly, if the regular investment of ₹10,000 were done via SIP in this mutual fund since inception, it would have given a total return of ₹1.1198 crore, thus giving a compounded return of 15.14 percent in 18 years and 11 months.

Tenure	Return	Investment (Rs)
1 year	₹1.44 lakh	1.2 lakh
3 years	₹5.13 lakh	3.6 lakh
5 years	₹10.71 lakh	6 lakh
SI	₹1.1198 crore	22.5 lakh

(*Source: sundarammutual.com*)

It is a focused mutual fund that was launched on Nov 11, 2005. The scheme's fund managers are Bharath S and Sudhir Kedia.

Industrywide, scheme has invested in banks (21.3%), retailing (11.2%), electrical equipment (8.1%), pharma (7.4%), telecom (7.2%), IT (7.1%), petroleum products (6.3%), aerospace (5.2%), construction (4.9%) and finance (4.6%).

Jio Fin-BlackRock gets Sebi nod to start MF business

The joint venture between Mukesh Ambani-owned Jio Financial Services and BlackRock, the world's largest asset manager, for starting a mutual fund business in India has received the Securities and Exchange Board of India's in-principle approval, according to an exchange filing on Friday.

The capital markets regulator gave the nod on October 3, said Jio Financial in a release.

"The final approval for registration will be granted by Sebi subject to fulfilment by the company and BlackRock of the requirements set out in the said (Sebi) letter," said Jio Financial.

In July 2023, Jio and BlackRock had announced an agreement to create Jio BlackRock, a 50:50 JV, marking the US-based asset manger's re-entry into the Indian market after it exited in 2018. BlackRock manages assets worth $10.5 trillion globally.

BlackRock had exited India in 2018 by selling its stake in DSP BlackRock Mutual Fund. "We are excited by the opportunity to deliver affordable and innovative investment solutions to millions of people in India," said Rachel Lord, head of international business for BlackRock, in a release.

The Indian mutual fund industry is one of the fastest growing with its assets under management more than doubling in the last five years from ₹25.48 lakh crore to ₹66.7 lakh crore.

More than 50% of new investor folios are coming from B30 cities

A study by Zerodha Capital MF shows that more than 50% of the new investor folios added by the mutual fund industry have come from B30 cities.

However, despite this, B30 cities constitute about 19% of the overall MF AUM. This indicates that the investments coming from these cities have lower ticket sizes, said the fund house.

The fund house has attributed the rise in folios in B30 cities to the increase in SIP accounts. In fact, B30 cities account for 54% of the total SIP accounts of the MF industry as of August 2024. 79% of these SIPs are in equity schemes.

The number of folios in B30 cities have also increased from 8.29 crore to 9.52 crore.

Another interesting trend highlighted by the study is that, between April and August 2024, index funds have seen the highest growth in SIP accounts of 18.7% compared to any other category. Liquid and overnight funds have seen the second highest growth at 18.6% while debt schemes are third with a growth of 16%.

Vishal Jain, CEO, Zerodha Capital MF said, "I strongly believe that simple, transparent and affordable products will help individual investors design better financial futures. Index-based products exhibit all these qualities and I'm heartened to see their growing trend in smaller cities and towns." Overall, the average ticket size of the retail segment in smaller cities is about Rs. 1.13 lakh while the combined average ticket size of the retail segment for (T30+B30) cities is about Rs. 2.04 lakh.

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These 10 ELSS schemes gave over 15% annualised return in the past 10 years.

If you are a retail investor and wondering which are the investible schemes to invest, you can examine a number of factors which include the reputation of fund house, category of scheme and the past performance of scheme.

Although wealth advisors of all hues caution investors from selecting a scheme purely on the basis of its past performance, it is still vital to know how the scheme performed over a period of time.

Here we list out the absolute returns delivered by equity linked savings scheme (ELSS) in the past 10 years as on Oct 1, 2024.

For the unversed, these schemes refer to equity mutual funds, which enable investors to claim tax deduction. ELSS are equity mutual funds which invest at least 80 per cent in stocks in accordance with Equity Linked Saving Scheme, 2005, notified by Ministry of Finance.

These schemes come with a lock-in period of three years and enable investors to claim a deduction of upto ₹1.5 lakh under section 80C of Income Tax.

There are 42 ELSS schemes in the mutual fund universe with net assets under management (AUM) amounting to ₹2.52 lakh crore. The number of mutual fund folios of ELSS mutual funds stand at 1,65,49,630, reveals the AMFI data as on Aug 31, 2024.

These are the top performing ELSS mutual funds based on their absolute returns as on Oct 1.

ELSS Schemes	10-year-returns (%)
Bandhan ELSS Tax Saver Fund	16.79
Bank of India ELSS Tax Saver Fund	18.03
DSP ELSS Tax Saver Fund	17.60
Franklin India ELSS Tax Saver Fund	15.54
HSBC ELSS Tax Saver Fund	15.30
Invesco India ELSS Tax Saver Fund	15.54
JM ELSS Tax Saver Fund	17.59
Kotak ELSS Tax Saver Fund	16.74
SBI Long Term Equity Fund	16.21
Tata ELSS Tax Saver Fund	16.42

(*Source: AMFI, returns as on Oct 1, 2024*)

Mirae Asset Mutual Fund warns against fake accounts

Mirae Asset Mutual Fund has warned against fake accounts through a public caution notice. It mentioned that a fake/deceptive/fraudulent WhatsApp account has been created impersonating and using a photo as a profile picture of Swarup Mohanty with the contact number: +1 (506) 516-1255.

Swarup Mohanty is Vice Chairman and Chief Executive Officer of Mirae Asset Investment Managers (India).Swarup Mohanty is Vice Chairman and Chief Executive Officer of Mirae Asset Investment Managers (India).

The notice mentioned, "It has been observed that fake/deceptive/fraudulent WhatsApp account has been created impersonating and using photo as profile picture of Mr. Swarup Mohanty, Vice Chairman and Chief Executive Officer of Mirae Asset Investment Managers (India) Private Limited (AMC) with Contact Number: +1 (506) 516-1255."

The fund house also clarified that Swarup Anand Mohanty in his personal capacity and as Vice Chairman and CEO of AMC, its Directors, employees of the Company, its Directors, or employees of its Group companies (referred to as 'such parties') is in no way associated with this WhatsApp account or number nor with such aforesaid activities.

It stated, "The AMC would like to inform the public in general that Mr. Swarup Anand Mohanty in his personal capacity and as Vice Chairman and CEO of AMC, its Directors, employees of the Company nor its Directors or employees of its Group companies (referred to as 'such parties') are in no way associated with this WhatsApp account or number nor with such aforesaid activities and that they shall not be held liable for any losses/ damages/liabilities whatsoever, arising out of these illicit activities."

The notice further read that the Mirae Asset Mutual Fund and Mirae Asset Investment Managers (India) Private Limited are in no way associated with this fake account and shall not be held liable for any losses whatsoever and that they condemn this act of defrauding investors. We advise the investors to not fall prey to this fake account and to stay vigilant of such scams.

The fund house also urged the investors to visit the Mirae Asset Mutual Fund website https://www.miraeassetmf.co.in/ or contact Mirae Asset Investment Managers (India) Private Limited officials for any information on our products and services.

Mutual fund investors can nominate up to 10 nominees

SEBI has overhauled the nomination guidelines in which it has allowed security market investors including mutual fund investors to appoint up to 10 nominees.

The market regulator made this decision during the board meeting held today in Mumbai.

Here are the key changes to the regulations:

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- In the case of an incapacitated investor, nominees can act on their behalf, with checks in place for risk mitigation and balances
- Existing norms will be simplified to reduce paperwork and delays for nominees and joint holders
- AMCs/RTAs will have to obtain a unique identifier like- copy of PAN, Passport number or Aadhaar
- The regulations aim to establish consistent norms across demat accounts and mutual fund investments: Here are the main changes:
- Nominees acting as trustees for legal heirs
- No limit on the number of times a nominee can be changed
- Option to specify guardians for minor nominees
- Clarification on asset apportionment to surviving nominees
- Survivorship rules for joint holdings, which means in the case of death of one of the joint owners, the asset is passed to the surviving owner or owners
- No rights will be granted to the legal heirs of a deceased nominee
- Creditors' claims taking precedence over nominee transmission if assets were pledged
- Optional nomination for joint accounts, with opt-out requirements for single accounts.

New Fund Offer (NFO)

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

Sources:- Economictimes, Moneycontrol, SEBI, AMFI, Cafemutual, Livemint, etc.