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DALAL STREET INVESTMENT JOURNAL

Democratizing wealth creation Since 1986

Mutual Fund Monthly Report

Prepared by DSIJ - Mutual Fund Team

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Highlights of the Month

- ❖ The mutual fund industry's asset under management (AUM) grew by 19.20 per cent from Rs 23.37 lakh crore in January 2019 to Rs 27.86 lakh crore in January 2020, according to data published by the AMFI.
- ❖ In January 2020, systematic investment plans (SIPs) collection surged from Rs 8,518 crore in December 2019 by 0.16 per cent to Rs 8,532 crore.
- ❖ Liquid funds witnessed a net inflow of Rs 59,682 crore during the month January 2020 as against a net outflow of Rs 71,159 crore during the month December 2019.
- ❖ Hybrid Funds witnessed a net inflow of Rs 1,260 crore in the month January 2020 compared to net outflow of Rs 1,184 crore in the month December 2019. This was mainly due to arbitrage and dynamic asset allocation funds as these funds witnessed net inflow of Rs 3,001 crore.
- ❖ Net inflows into equity mutual funds stood at Rs 7,877 crore in January 2020 as against at Rs 4,499 crore in December 2019, This is due to high inflows in multi-cap and mid-cap fund.
- ❖ The mutual fund industry as a whole saw a net inflow of Rs 1.2 lakh crore in January 2020 compared with a net outflow of Rs 61,810 crore in December 2019. This inflow was mainly led by debt and equity oriented funds.

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Market Review

BSE Sensex and Nifty 50 gave a return of (-)1.41 per cent and (-)1.18 per cent respectively during the month. Among the BSE sectoral indices, S&P BSE Telecom was the top performer with returns of 10.88 per cent followed by S&P BSE IPO Index with returns of 10.17 per cent. The mutual fund industry as a whole saw a net inflow of Rs 1.2 lakh crore in January 2020 compared with a net outflow of Rs 61,810 crore in December 2019. This inflow was mainly led by debt and equity oriented funds. Systematic investment plans (SIPs) collection stood at 8,532 crore. Net inflows into equity mutual funds stood at Rs 7,877 crore in January 2020 as against Rs 4,499 crore in December 2019. This is due to high inflows in multi-cap and mid-cap fund. In January 2020, general CPI inflation was inched up to 7.59 per cent, compared to 7.35 per cent in December 2019.

Key Domestic Data

Exports:

- ❖ Exports in January 2020 were Rs 1.85 lakh crore, as compared to Rs 1.87 lakh crore in January 2019, exhibiting a negative growth of (-) 0.86 per cent.
- ❖ In January 2020, Electronic Goods (32.81%); Drugs & Pharmaceuticals (12.37%); Petroleum Products (2.9%); Organic and Inorganic Chemicals (2.5%); Cotton yarn, handloom products, etc. (2.21%), showed a positive growth over January 2019.
- ❖ Non-petroleum and Non Gems and Jewellery exports in January 2020 were USD 19.79 billion, as compared to USD 19.94 billion in January 2019, exhibiting a negative growth of (-) 0.78 per cent.
- ❖ Cumulative value of exports for the period April-January 2019-20 was Rs 18.70 lakh crore as against Rs. 18.89 lakh crore during the period April-January 2018-19, registering a negative growth of (-) 1.02 per cent in Rupee terms.

Imports:

- ❖ Imports in January 2020 were Rs 2,93,419 crore, which was 0.07 per cent higher over imports of Rs 2,93,225 crore in January 2019.
- ❖ In January 2020, Gold (-31.52%); Coal, Coke & Briquettes, etc. (-24.41%); Organic and Inorganic Chemicals (-11.98%); Pearls, precious and semi-precious stones (-6.16%); Electronic goods (-4.66%); showed a negative growth over January 2019.
- ❖ Cumulative value of imports for the period April-January 2019-20 was Rs 28,08,202 crore, as against Rs 30,30,317 crore during the period April-January 2018-19, registering a negative growth of (-)7.33 per cent .

Crude Oil and Non-Oil Imports:

- ❖ Oil imports in January 2020 were Rs 92,503 crore, which was 16.21 percent higher compared to Rs 79,597 crore in January 2019.
- ❖ Non-oil imports in January 2020 were estimated at Rs 2,00,916 crore which was 5.95 percent lower compared to Rs 2,13,629 crore in January 2019.

Trade Balance:

- ❖ The trade deficit for January 2020 was estimated at USD 15.17 billion as against the deficit of USD 15.05 billion in January 2019.
- ❖ Taking merchandise and services together, overall trade deficit for April-January 2019-20* is estimated at USD 64.16 billion as compared to USD 97.79 billion in April-January 2018-19.
- * ***Note: The latest data for services sector released by RBI is for December 2019. The data for January 2020 is an estimation, which will be revised based on RBI's subsequent release.***

CPI Inflation:

In January 2020, general CPI inflation jumps to 7.59 per cent, compared to 7.35 per cent in December 2019. The inflation of food and beverages plunged to 11.79 per cent in January 2020 from 12.16 per cent in December 2019.

WPI Inflation:

In January 2020, wholesale prices in India stood at 3.1%, compared to 2.76% in January 2019.

IIP:

India's industrial production in November 2019 grew by 3.97 per cent. Production increased for manufacturing (3.07 per cent compared to - 0.46 per cent in Nov. 2019); for mining (7.1 per cent compared to 13.07 per cent in Nov. 2019); and increased for electricity (7.36 per cent compared to - 4.05 per cent in Oct. 2019).

FII Activity: (Month Between 01-Jan-2020 to 31-Jan-2020)

Equity			
Date	Gross Purchase (Rs Cr.)	Gross Sale (Rs Cr.)	Net (Rs Cr.)
06-Jan-20	4,535	3,233	1,302
13-Jan-20	4,802	4,143	659
20-Jan-20	4,299	5,720	-1,421
27-Jan-20	4,750	4,155	595
Total	1,62,790	1,37,559	25,231

Debt			
Date	Gross Purchase (Rs Cr.)	Gross Sale (Rs Cr.)	Net (Rs Cr.)
06-Jan-20	1,459	2,758	-1,299
13-Jan-20	1,100	1,371	-272
20-Jan-20	433	3,548	-3,115
27-Jan-20	1,451	649	802
Total	22,465	24,823	-2,358

MF Activity: (Month Between 01-Jan-2020 to 31-Jan-2020)

Equity			
Date	Gross Purchase (Rs Cr.)	Gross Sale (Rs Cr.)	Net (Rs Cr.)
06-Jan-20	2,718	2,608	110
13-Jan-20	3,621	3,318	303
20-Jan-20	2,538	3,558	-1,020
27-Jan-20	2,586	2,739	-153
Total	58,735	63,579	-4,844

Debt			
Date	Gross Purchase (Rs Cr.)	Gross Sale (Rs Cr.)	Net (Rs Cr.)
06-Jan-20	8,383	4,212	4,171
13-Jan-20	7,635	6,968	667
20-Jan-20	6,990	5,618	1,372
27-Jan-20	6,748	4,586	2,162
Total	1,67,488	1,28,070	39,418

DSIJ's Insights

Here's why you should adopt Permanent Portfolio Strategy!

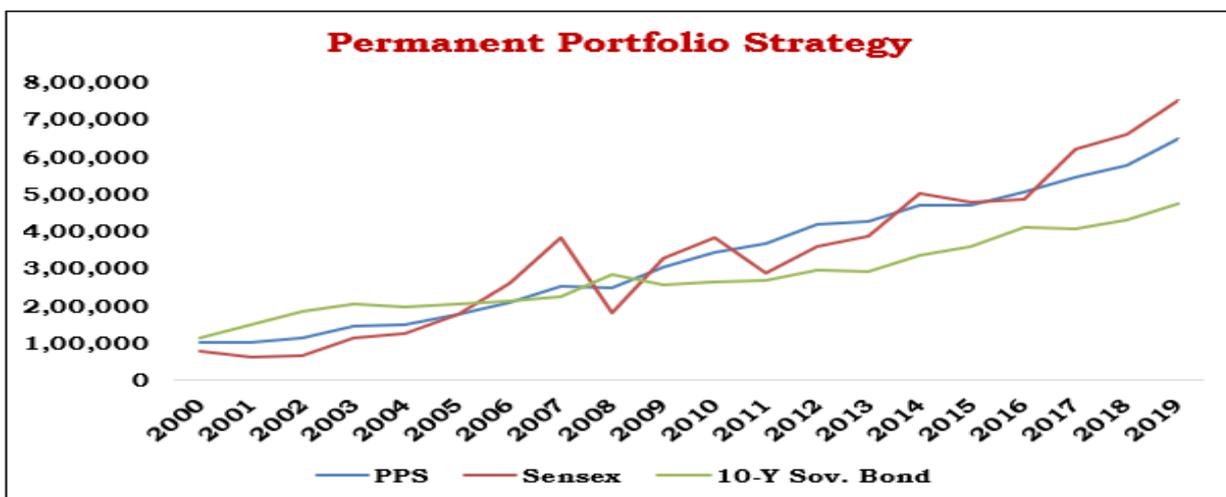
Asset allocation is said to be a significant key towards the attainment of better risk-adjusted returns. Having said that, there are various portfolio strategies available like bucket strategy, balanced portfolio strategy, and so on. Permanent portfolio strategy is one of them. Let's know more about it and how it works!

What is permanent portfolio strategy?

This portfolio strategy was developed by Harry Browne, a free-market investment analyst in the 1980s. This was designed with an intention to perform well in all the economic climates. Harry believed that the equal allocation among growth stocks, precious metals, government bonds and treasury bills (cash) would prove to be an ideal investment mix for those investors seeking safety and growth. He was of the opinion that this portfolio strategy would be profitable in all types of economic situations. This means that the growth stocks would prosper in expansionary markets, precious metals in inflationary markets, government bonds in recessionary phase and treasury bills or cash in depression. Such a portfolio strategy does not support much growth than others as growth stocks just account for 25 per cent of the portfolio. However, in case of downfall, this portfolio is the one that would restrict your losses.

How this strategy works?

When you adopt this portfolio strategy then, you need to divide your investment between equity, government debt, gold and cash with equal allocation, which means 25 per cent each. Also, re-balance it annually. Let's take an example to understand it better. Assuming that you invest Rs 1 lakh, you would be investing Rs 25,000 each in sensex, 10-year sovereign bond, gold and cash for 20 years from the year 2000 to 2019.



With this permanent portfolio strategy approach, your investment of Rs 1 lakh in the year 2000 would further grow to become Rs 6.47 lakh in 2019. That brings the Compounded Annual Growth Rate (CAGR) of 9.79 per cent, in terms of risk while, its standard deviation stands at 0.08 and downside deviation stands at 0.01. Now, if we look at the CAGR of sensex and 10-year sovereign bond then, they stand at 10.60 per cent and 8.09 per cent, respectively. Also, the standard deviation and downside deviation of sensex stood at 0.33 and 0.17, respectively and for 10-year sovereign bond; it stood at 0.10 and 0.04, respectively. This clearly shows that permanent portfolio strategy works, reduces risk and provides better risk-adjusted returns. However, investing solely in equity has given better returns than this portfolio strategy, but with a higher risk.

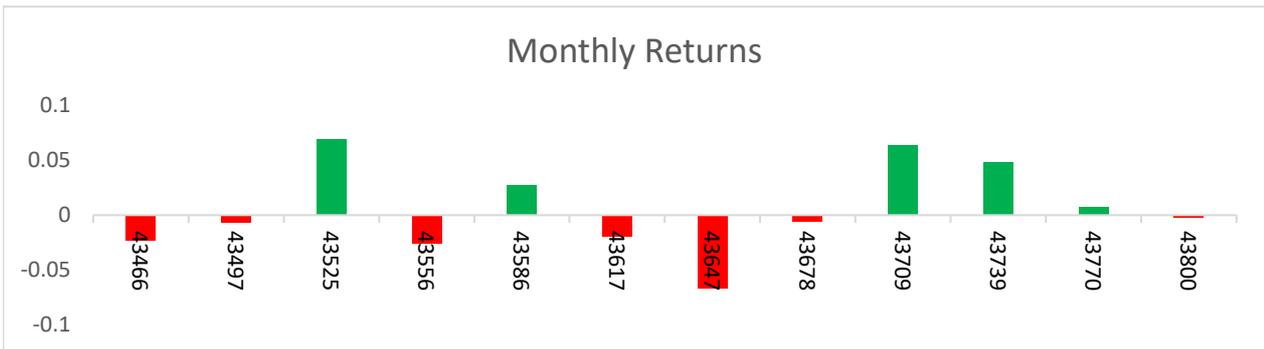
Fund of the Month

Franklin India Prima Fund - Direct Plan (Growth)

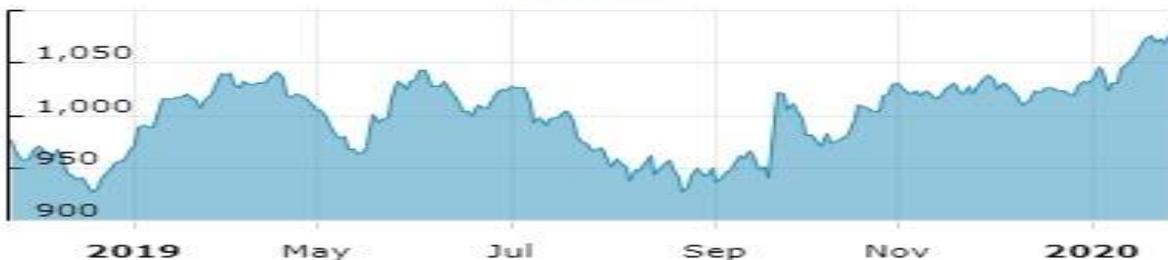
Equity: Mid Cap Scheme Category		12.20% * Expected one year returns	
Rs 7,583 Cr AUM (Rs Cr) 31 Dec. 2019	1,072.20 NAV (Rs) 10 Feb. 2020	1.02% Expense Ratio 31 Dec. 2019	NIFTY Midcap 150 TRI Benchmark
1% for redemption within 365 days Exit Load		Hari Shyamsundar and R Janakiraman Fund Manager	

Top 10 Holdings

Company Name	% to Net Assets
HDFC Bank Ltd	3.52
Kotak Mahindra Bank Ltd	3.00
City Union Bank Ltd	2.99
Kansai Nerolac Paints Ltd	2.75
The Ramco Cements Ltd	2.73
Tata Chemicals Ltd	2.60
Bharat Petroleum Corporation Ltd	2.46
Voltas Ltd	2.45
Indian Hotels Co Ltd	2.43
WABCO India Ltd	2.41



Franklin India Prima Fund - Direct Plan NAV Chart



Story of the Month

Is it time to shift your focus from financial planning to financial life planning?

Financial planning is not a new term for people; however, most of them know and understand this concept for everyone. So, what is this financial life planning and how is it different from financial planning? Let us find out.

What is financial life planning?

As we know that, with financial planning, we set up financial goals and make action plans to achieve those and, also, touch upon risk protection via insurance and succession planning. However, in financial life planning, the focus is shifted towards life goals first. Here, one needs to be clear enough about one's life goals and achieving those goals that hold more meaning. Also, it is about having a financial plan, where one's financial resources support those meaningful life goals.

All of us have financial goals, such as buying a home, international vacation, upgrading cars, and many more. When it comes to financial planning, we focus on these financial goals and plan to achieve them over a while. However, if we ask ourselves, "do these goals bring true satisfaction and a sense of achievement to us?" Infelicitously, in most cases the answer might be a 'no'.

It is not like that these financial goals are not important. While we do need them for the comfort they bring, we should not be desperate to have it by hook or crook.

When we try to achieve those financial goals that do not matter and take every possible effort to achieve it, we might feel exhausted. However, after achieving these goals, if we do not feel satisfied or delighted, they become meaningless, which even takes us away from the real goals that would have given a sense of satisfaction and peace. This is what financial life planning is all about. Here, more importance is given to those things that matter more in life and bring joy and satisfaction rather than those, which are materially good to have but are not the ones that bring a sense of achievement. Hence, it is imperative that the focus, now, shifts from financial planning to financial life planning for all of us.

Category Average Returns

* All the returns are trailing returns and calculated as on February 19, 2020

Category	1-Year	3-Year	5-Year
Large Cap	13.13	10.95	7.29
Large & MidCap	17.30	9.11	8.11
Multi Cap	16.59	9.58	7.78
Mid Cap	17.04	7.33	8.28
Small Cap	15.08	5.54	7.87
Value Oriented	8.89	5.73	6.33
ELSS	15.43	9.14	7.59
Sectoral-Banking	15.72	9.93	6.57
Sectoral-Infrastructure	13.56	3.72	4.42
Sectoral-Pharma	14.88	2.09	1.75
Sectoral-Technology	9.41	17.43	8.49
Thematic	11.97	6.63	5.96
Thematic-Dividend Yield	7.24	5.58	5.32
Thematic-MNC	11.56	10.05	6.88
Thematic-Energy	10.89	2.16	10.22
Thematic-PSU	9.69	-3.88	1.20
Thematic-Consumption	16.72	11.66	9.54
International	14.40	8.68	6.34
Long Duration	16.74	9.19	8.88
Medium to Long Duration	10.92	6.72	7.06
Medium Duration	5.57	6.04	6.89
Short Duration	6.21	6.00	6.84
Low Duration	2.16	5.25	6.34
Ultra Short Duration	6.53	6.20	7.00
Liquid	6.08	6.50	6.99
Money Market	7.45	7.03	7.43
Overnight	5.34	5.61	6.11
Dynamic Bond	9.58	6.52	7.15
Corporate Bond	9.17	7.04	7.57
Credit Risk	4.14	5.24	6.95
Banking and PSU	10.94	7.94	8.21
Floater	8.69	7.37	7.72
FMP	5.52	6.45	7.00
Gilt	13.11	7.59	7.89
Gilt 10 yr Const. Duration	15.32	9.17	9.62
Aggressive Hybrid	12.81	7.53	6.97
Balanced Hybrid	10.18	6.43	6.27
Conservative Hybrid	8.70	6.21	6.69
Equity Savings	8.60	6.13	6.75
Arbitrage	5.84	5.72	6.27
Dynamic Asset Allocation	9.83	7.09	6.55
Multi Asset Allocation	11.51	6.82	6.44
Gold	21.74	9.88	7.00

Equity Fund Performance

Scheme Name	1-Year	3-Year	5-Year
Large Cap			
Mirae Asset Large Cap Fund	11.72	12.69	11.03
Axis Bluechip Fund	19.61	18.04	10.86
Canara Rob Bluechip Equity	18.16	13.99	9.77
SBI BlueChip Fund	13.65	9.41	8.80
Indiabulls Blue Chip Fund	11.07	10.59	8.67
Multi Cap			
PPFAS Long Term Equity	15.52	13.82	11.92
Motilal Oswal Multicap 35	11.28	8.99	11.53
SBI Magnum Multicap	14.52	10.27	10.76
Kotak Standard Multicap	15.45	11.81	10.70
JM Multicap	20.91	12.15	10.64
Large & Mid Cap			
Mirae Asset Emerg. Bluechip	18.27	14.11	15.76
Canara Rob Emerg Equities	16.44	12.45	12.86
Principal Emerging Bluechip	15.97	10.27	11.59
Sundaram Large & Mid Cap	17.16	13.22	11.56
DSP Equity Opportunities	17.66	9.71	11.07
Mid Cap			
DSP Midcap	21.29	9.35	12.01
Kotak Emerging Equity	22.68	10.17	11.94
Axis Midcap	21.95	17.41	11.37
L&T Midcap	11.92	8.52	11.14
Invesco India Midcap	17.09	11.66	10.21
Small Cap			
SBI Small Cap	20.95	13.73	14.50
Axis Small Cap	35.62	15.23	13.19
Nippon India Small Cap	10.35	8.73	11.28
L&T Emerging Businesses	1.44	6.13	10.91
Kotak Small Cap	23.20	7.53	10.02

Scheme Name	1-Year	3-Year	5-Year
ELSS			
Motilal Oswal LT Equity	20.95	11.62	14.06
Axis Long Term Equity	22.29	16.41	11.59
Tata India Tax Savings	13.66	11.41	11.19
DSP Tax Saver	18.52	10.28	10.86
JM Tax Gain	19.03	13.49	10.54
Sector			
ICICI Pru Banking & Fin Ser.	18.27	12.98	13.15
ABSL Banking & Fin. Serv.	17.76	11.96	13.13
Invesco India Fin. Services	22.45	16.51	12.55
DSP Nat. Res. & New Energy	2.81	2.14	11.20
Aditya Birla SL Digital India	10.99	20.39	10.71
Thematic			
ABSL India GenNext	19.47	13.68	12.43
Sundaram Rural & Cons.	13.90	8.14	12.43
Mirae Asset Great Consumer	14.37	16.64	12.39
Canara Rob Consumer Trends	17.18	15.30	12.10
SBI Consumption Opp	6.84	11.97	10.19
Value/Contra			
JM Value	17.26	9.57	10.79
Invesco India Contra	12.57	12.81	10.64
L&T India Value	9.27	6.13	9.83
Tata Equity P/E	8.18	7.83	9.41
Kotak India EQ Contra	11.72	13.41	9.34
Index			
ICICI Pru Idx. - Nifty Next 50	7.78	6.75	8.95
HDFC Index Fund - Sensex	11.94	14.04	8.48
IDBI Nifty Junior Index	7.65	6.00	8.27
UTI Nifty Index	10.43	12.44	7.92
Tata Index - Sensex Plan	11.74	13.79	7.90

Debt Fund Performance

Scheme Name	1-Year	3-Year	5-Year
Banking & PSU			
HDFC Banking and PSU	11.30	7.58	8.76
ABSL Banking & PSU	11.07	7.53	8.63
Kotak Banking and PSU	11.85	8.12	8.63
Axis Banking & PSU Debt	11.36	8.59	8.58
ICICI Pru Banking & PSU	10.93	7.23	8.56
Corporate Bond			
HDFC Corp Bond	11.28	7.84	8.62
Franklin India Corp Debt	11.08	8.44	8.51
Aditya Birla SL Corp Bond	10.25	7.79	8.49
ICICI Pru Corp Bond	10.45	7.57	8.32
Kotak Corporate Bond	10.01	8.05	8.31
Credit Risk			
Kotak Credit Risk Fund	9.83	7.38	8.38
ICICI Pru Credit Risk Fund	10.66	7.81	8.36
HDFC Credit Risk Debt Fund	10.01	6.95	8.16
SBI Credit Risk Fund	7.36	6.62	7.97
Baroda Credit Risk Fund	3.39	5.45	7.55
Dynamic Bond			
Kotak Dynamic Bond Fund	12.61	8.28	9.04
ICICI Pru All Seasons Bond	11.80	7.37	8.64
SBI Dynamic Bond Fund	14.81	7.47	8.33
PGIM India Dynamic	12.47	7.58	8.28
Axis Dynamic Bond Fund	13.38	7.32	8.22
Floater			
ABSL Floating Rate	8.84	7.67	8.32
HDFC Floating Rate	8.55	7.49	8.07
ICICI Pru Floating Interest	8.86	7.25	7.80
Nippon India Floating Rate	9.59	7.06	7.76
Franklin India Floating Rate	7.74	6.82	6.55

Scheme Name	1-Year	3-Year	5-Year
Gilt			
Nippon India Gilt Securities	14.55	8.18	9.10
Aditya Birla SL G-Sec Fund	12.71	7.63	8.72
SBI Magnum Gilt Fund	15.20	7.58	8.69
IDFC G-Sec Fund	16.03	8.39	8.56
ICICI Pru Gilt Fund	12.56	6.75	8.39
Medium to Long Duration			
SBI Magnum Income Fund	13.84	7.73	8.22
ICICI Pru Bond Fund	12.43	7.14	8.08
Nippon India Income Fund	13.60	6.92	7.63
Canara Rob Income Fund	11.98	6.51	7.27
ABSL Income Fund	11.89	6.18	7.21
Liquid			
Quant Liquid Fund	6.91	6.92	7.47
Franklin India Liquid Fund	6.66	6.97	7.38
PGIM India Insta Cash Fund	6.47	6.90	7.31
Baroda Liquid Fund	6.38	6.86	7.30
Indiabulls Liquid Fund	6.33	6.80	7.30
Low Duration			
ICICI Pru Savings	8.93	7.69	8.22
Kotak Low Duration	8.46	7.59	8.17
IDFC Low Duration	8.47	7.53	8.02
Axis Treasury Advantage	8.82	7.55	7.89
SBI Magnum Low Duration	8.22	7.49	7.86
Medium Duration			
SBI Magnum Med. Duration	12.62	8.41	9.05
Kotak Medium Term	8.56	6.63	8.06
HDFC Medium Term Debt	10.55	7.08	7.96
ICICI Pru Med. Term Bond	10.88	7.17	7.96
L&T Resurgent India Bond	9.64	6.26	7.89
Money Market			
L&T Money Market	8.03	7.59	8.07
Franklin India Savings	8.22	7.61	7.84
ABSL Money Manager	7.87	7.57	7.73
Quant Money Market	7.49	7.21	7.71
Kotak Money Market	7.73	7.45	7.65

Scheme Name	1-Year	3-Year	5-Year
Ultra Short Duration			
PGIM India Ultra ST	13.81	9.43	9.09
ICICI Pru Ultra Short Term	8.40	7.54	8.31
Aditya Birla SL Savings	8.32	7.65	8.26
Franklin Ultra Short Bond	4.78	7.24	8.24
BOI AXA Ultra Short Dur.	7.44	7.53	8.13
Short Duration			
Baroda ST Bond	9.68	7.94	8.43
HDFC Short Term Debt	10.66	7.96	8.37
ICICI Pru Short Term	10.50	7.27	8.15
Aditya Birla SL Short Term	9.28	6.87	8.05
Axis Short Term	10.47	7.43	8.03
Gilt (10 Year Constant Duration)			
IDFC G-Sec Const. Maturity	16.93	11.16	10.32
SBI Mag. Const. Maturity	14.20	9.73	10.04
ICICI Pru Const. Maturity	15.19	8.68	9.43
DSP 10Y G-Sec	13.16	6.62	8.15
Overnight Funds			
UTI Overnight	5.45	5.68	6.56
SBI Overnight	5.42	5.81	6.34
HDFC Overnight	5.38	5.81	6.18
L&T Cash	4.79	5.23	5.87
Long Duration			
ICICI Pru Long Term Bond	14.74	7.99	8.66
IDFC Bond Fund - Income	13.14	7.07	7.63
Quant Dynamic Bond	6.16	4.51	6.12

Indices Watch

Indices	1-Year	3-Year	5-Year
S&P BSE Sensex	14.25	12.85	7.02
S&P BSE Mid Cap	10.66	4.75	7.52
S&P BSE Small Cap	9.20	2.43	5.17
S&P BSE IPO	87.99	23.50	19.39
S&P BSE 100	11.19	9.83	6.31
S&P BSE 200	11.89	9.61	6.72
S&P BSE 500	11.61	8.98	6.59
S&P BSE AllCap	11.14	8.43	-
S&P BSE Auto	-5.03	-7.03	-2.49
S&P BSE Bankex	17.19	14.43	9.83
S&P BSE Basic Materials	11.22	2.17	-
S&P BSE Carbonex	9.64	9.41	6.35
S&P BSE CD	29.58	26.67	21.25
S&P BSE CG	1.04	2.73	-0.41
S&P BSE Cons. Dis.	8.55	5.49	-
S&P BSE DOLLEX-100	10.88	7.50	3.37
S&P BSE DOLLEX-200	11.58	7.29	3.78
S&P BSE DOLLEX-30	13.94	10.46	4.07
S&P BSE Finance	19.58	13.67	-
S&P BSE FMCG	0.27	8.84	5.88
S&P BSE Greenex	8.59	3.66	3.20
S&P BSE Healthcare	5.79	-2.49	-2.00
S&P BSE India Infra.	-6.19	-6.32	-
S&P BSE IT	7.09	17.20	6.84
S&P BSE Metal	-5.83	-6.70	-1.89
S&P BSE Oil & Gas	5.42	1.49	6.75
S&P BSE Power	1.02	-6.68	-3.84
S&P BSE PSU	-1.90	-9.30	-4.70
S&P BSE Realty	32.07	16.50	5.75
S&P BSE Sensex 50	12.45	-	-
S&P BSE SME IPO	-8.83	8.31	8.88
S&P BSE Teck	8.00	12.93	5.12
S&P BSE Telecom	27.04	-1.69	-2.91