

MUTUAL FUND UNLOCKED

# DALAL STREET INVESTMENT JOURNAL

DEMOCRATIZING WEALTH CREATION

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# 15

34<sup>th</sup>  
ANNIVERSARY

## Mutual Fund Wealth-Creators

US \$ 10.15 UK £ 5.05 Sing \$ 10.60 Euro € 6.13

Special Report

Mutual Funds with PSU Theme:  
Are They More Attractive Now?

ISSN 0971-7579



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Vol. 35 No. 07

# No Shortcuts To Wealth Creation

*Unless you are the beneficiary of a large fortune or have won a lottery, the process of wealth creation is an unusually long one. And this is particularly true of equity investments, as is indicated by our study of five years of returns in different categories*

The year 2020 started on a very good note, especially for the broader markets. After underperforming for almost two years, the broader market has generated returns in double digits year-till-date. This is even reflected in the mutual fund schemes dedicated to such categories, which generated better returns for their investors. However, despite such a performance, the average returns generated by mutual fund schemes have been abysmally low. Not a single category has been able to generate annualised returns in double digits for the five years ending December 2019. Large-cap dedicated funds that remained one of the best performers over the past few years were able to give annualised returns of a mere 7.58 per cent.

Returns of Different Categories of MF in Last Five Years			
Category	Average Returns	Median Returns	Max
Sectoral: Financial Services	7.43	9.60	13.64
Large Cap	7.58	8.19	11.75
Sectoral: Technology	6.99	7.98	10.62
Mid Cap	6.15	7.97	10.40
Index Funds	4.89	7.86	9.45
International	6.70	7.67	12.60
Tax Saving (ELSS)	6.31	7.66	11.89
Thematic: MNC	6.10	7.54	9.31
Multi Cap	6.04	7.19	12.74
Large and Mid Cap	6.41	7.14	15.53
Thematic: Consumption	6.03	6.73	12.52
Value or Contra	6.09	6.03	10.75
Sectoral: Energy and Power	5.85	5.58	12.24
Thematic: Dividend Yield	4.73	5.27	8.39
Sectoral: Infrastructure	4.54	4.76	8.41
Small Cap	4.25	3.01	13.10
Sectoral: Automotive	2.50	2.50	2.50
Thematic	2.83	0	9.49
Sectoral: Pharmaceuticals	0.45	0	3.89

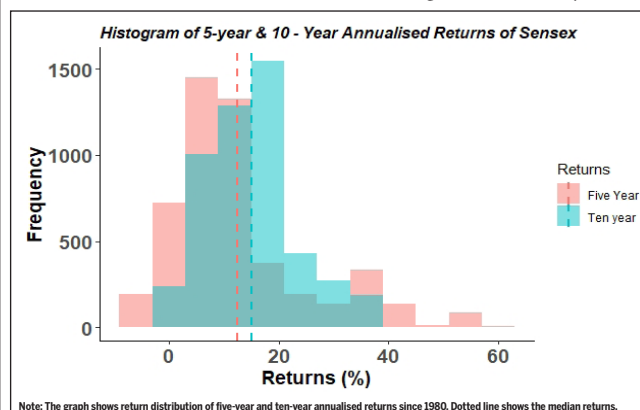
A quick back-of-the-envelope calculation shows that equity-dedicated mutual fund schemes on an average have generated wealth of around Rs 1.1 lakh crore in the last five years ending December 2019. Although it looks like a staggering number, similar investment in traditional saving instruments such as PPF and bank fixed deposits would have generated larger returns.

## A Long Wait

Wealth is not created in a short period until and unless you are one of the luckier ones who have won a lottery. It takes its own sweet time and you need to have a lot of patience. It is often quoted that in investing, time in the market is better than timing the market. You need to give more time to your investments to let them grow. Timing your investments rarely works. This is especially true for equity and equity-related investments. The reason is simple: over a shorter duration the returns are quite

volatile. Our analysis shows that even if you are invested for five years in equity, you cannot be sure of positive returns.

There are multiple periods where the Sensex – assuming it as proxy to equity investment – has generated annualised negative returns over a five-year period. The following graph shows the rolling annualised return of the Sensex for a five-year period and ten-year period. There are certain periods such as between 1998 and 2003 when the Sensex has generated negative return. Even between 2012 and 2013 it has generated negative return on a five year basis. Nevertheless, in a ten-year period the frequency of negative returns is much lower. At the same time the median annualised returns are also higher than five-years.



Going deeper we also analysed the distribution of the annualised five-year and ten-year returns of the Sensex. Since 1986, almost 7 per cent of time the Sensex has generated negative return in this duration in a five-year period on an annualised basis. In case of ten-year period the number of times negative returns has been generated by Sensex is mere 3 per cent of time. Therefore, wealth creation takes longer than expected. The longer the period of your investment horizon, higher are the chances of generating better returns. Moreover, for those who want to time the market, this is the time to invest. The line graph of the five-year annualised rolling returns of the Sensex clearly shows that a low return period is followed by a high return period. Therefore, this is an opportunity for investors to make the most of the moment and create wealth over the next five years by investing in equity MF schemes suiting their risk profile.

**In the following pages we are listing 15 mutual fund schemes divided into five each from large-cap, mid-cap and small-cap categories. These schemes have generated best returns in last five years ending December 2019, in their respective categories. These are not our recommendation list.**

# Investing in Emerging Equities is a lot like hiring someone.

## You're always looking for that something special.

The Canara Robeco Emerging Equities does exactly that. It seeks to identify those companies that have the potential to become leaders of tomorrow in their respective sectors within the large and midcap space and aims to participate in their potential for growth in the long term. It's just one of the many funds from Canara Robeco that can provide you with an opportunity of a smart tomorrow.

### CANARA ROBECO Emerging Equities

(Large & Mid Cap Fund - An open ended equity scheme investing in both large cap and mid cap stocks)

#### This product is suitable for investors who are seeking\*:

- Capital appreciation over long term
- Investing predominantly in equities and equity related instruments of both large cap and mid cap companies



\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

To know more, please contact your Financial Adviser or visit [www.canararobeco.com](http://www.canararobeco.com)



## Mirae Asset Large Cap Fund

NAV (₹) 56.94  
24 Feb., 2020

AUM (₹ Cr.) 17,140.50  
31 Jan., 2020

19.40

\*Expected Rate of Return in Next One Year

NIFTY 100 - TRI

Benchmark

0.57

Expense Ratio (%) 31 Jan. 2020

Harshad Borawake, Gaurav Misra

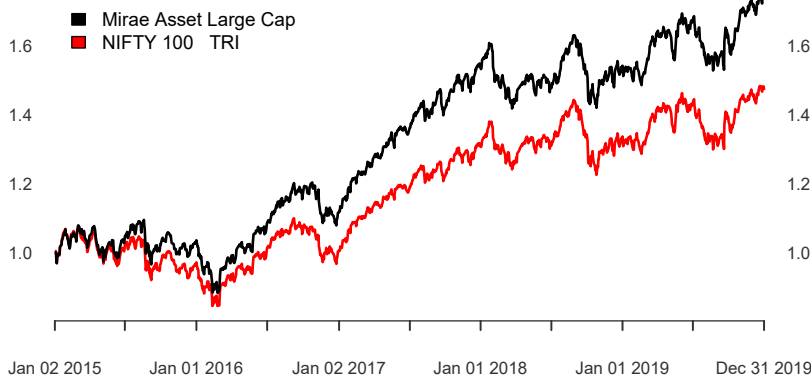
Fund Manager (s)

### TOP 3 Sectors

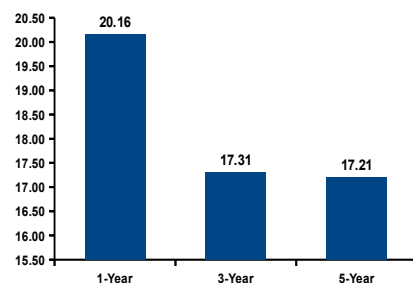
SECTOR	% TO NET ASSETS
Financial	39.04
Energy	12.48
Technology	9.17

Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



## Axis Bluechip Fund

NAV (₹) 35.77  
24 Feb., 2020

AUM (₹ Cr.) 11,077.10  
31 Jan., 2020

10.84

\*Expected Rate of Return in Next One Year

NIFTY 50 - TRI

Benchmark

0.62

Expense Ratio (%) 31 Jan. 2020

Shreyash Devalkar

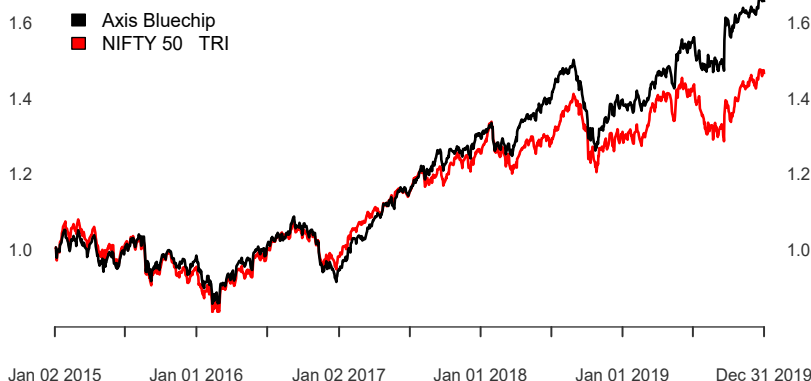
Fund Manager (s)

### TOP 3 Sectors

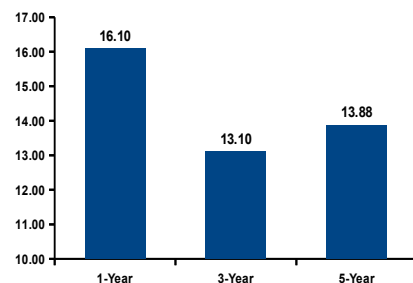
SECTOR	% TO NET ASSETS
Financial	45.73
Technology	9.89
FMCG	7.16

Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



\* Expected one year return is based on the assumption that current holdings remain constant.

# JODI KAMAAL KI

Just like Tax Savings  
and Wealth Creation



## ICICI Prudential Long Term Equity Fund (Tax Saving)

- Invest upto ₹1,50,000 and save upto ₹46,800<sup>^</sup>
- Gain from potential wealth creation through investments in the equity markets
- Short lock-in period of 3 years only



— TARAKKI KAREIN!

To invest, consult your Financial Advisor



Download IPRUTOUCH App

Visit, [www.iciciprurf.com](http://www.iciciprurf.com)

<sup>^</sup> Calculated at the highest tax slab rate for FY19-20 applicable on investments u/s 80C. Surcharge has been ignored for ease of calculation.

ICICI Prudential Long Term Equity Fund (Tax Saving) (An open ended equity linked savings scheme with a statutory lock in period of 3 years and tax benefit) is suitable for investors who are seeking\*:

- Long term wealth creation solution
- An equity-linked savings scheme that aims to generate long term capital appreciation by primarily investing in equity and related securities and provide tax benefit under Section 80C of Income Tax Act, 1961

Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

## Indiabulls Bluechip Fund

NAV (₹) 24.65  
24 Feb., 2020

AUM (₹ Cr.) 162.30  
31 Jan., 2020

13.34

\*Expected Rate of Return in Next One Year

NIFTY 50 - TRI

Benchmark

1.03

Expense Ratio (%) 31 Jan. 2020

Veekesh Gandhi

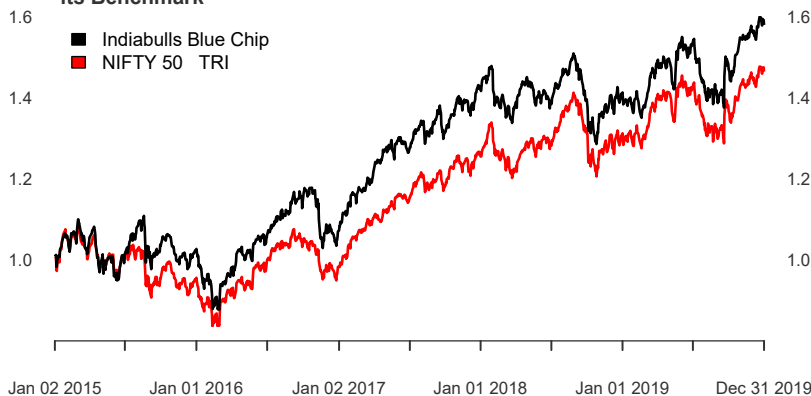
Fund Manager (s)

### TOP 3 Sectors

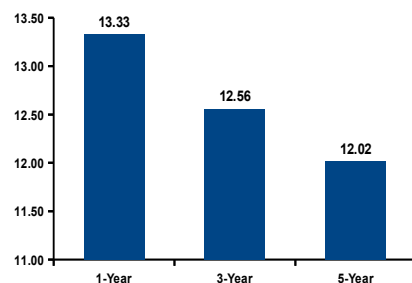
SECTOR	% TO NET ASSETS
Financial	56.67
Energy	12.66
Technology	9.42

Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



## Motilal Oswal Focused 25 Fund

NAV (₹) 26.75  
24 Feb., 2020

AUM (₹ Cr.) 1,220.00  
31 Jan., 2020

15.19

\*Expected Rate of Return in Next One Year

NIFTY 50 - TRI

Benchmark

1.02

Expense Ratio (%) 31 Jan. 2020

Siddharth Bothra, Abhiroop Mukherjee

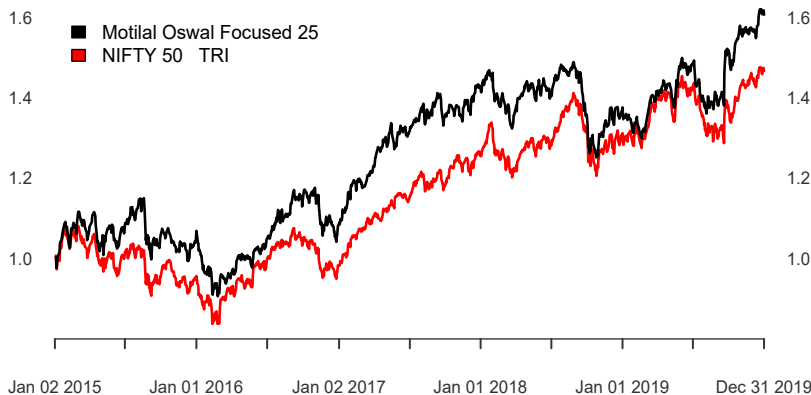
Fund Manager (s)

### TOP 3 Sectors

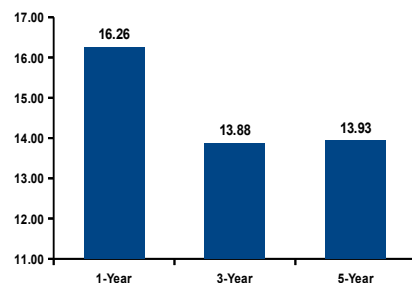
SECTOR	% TO NET ASSETS
Financial	45.32
Services	17.64
Healthcare	9.70

Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



\* Expected one year return is based on the assumption that current holdings remain constant.

## Canara Robeco Bluechip Equity Fund

NAV (₹) 30.05  
24 Feb., 2020

AUM (₹ Cr.) 330.20  
31 Jan., 2020

12.21

\*Expected Rate of Return in Next One Year

S&P BSE 100 - TRI

Benchmark

1.18

Expense Ratio (%) 31 Jan. 2020

Shridatta Bhandwadar, Sanjay Bembalkar

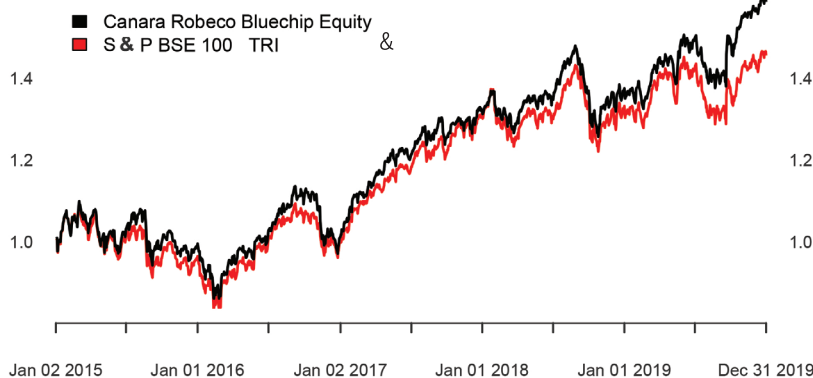
Fund Manager (s)

### TOP 3 Sectors

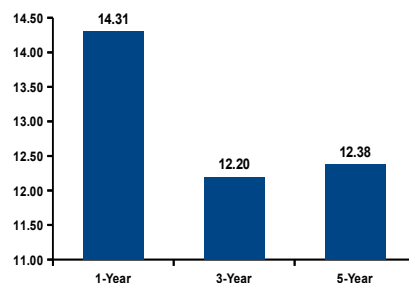
SECTOR	% TO NET ASSETS
Financial	38.40
Technology	10.28
FMCG	8.29

### Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



## Kotak Emerging Equity Fund

NAV (₹) 46.61  
24 Feb., 2020

AUM (₹ Cr.) 6,732.90  
31 Jan., 2020

13.61

\*Expected Rate of Return in Next One Year

Nifty Mid-cap 100 - TRI

Benchmark

0.73

Expense Ratio (%) 31 Jan. 2020

Pankaj Tibrewal

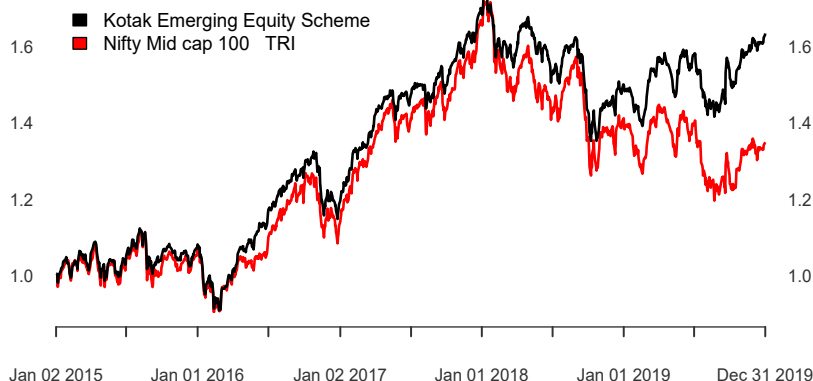
Fund Manager (s)

### TOP 3 Sectors

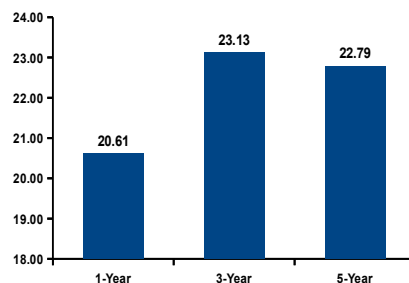
SECTOR	% TO NET ASSETS
Financial	18.13
Chemicals	16.20
Engineering	13.46

### Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



\* Expected one year return is based on the assumption that current holdings remain constant.

## DSP Midcap Fund

NAV (₹) 64.49  
24 Feb., 2020

AUM (₹ Cr.) 7,626.00  
31 Jan., 2020

12.96

\*Expected Rate of Return in Next One Year

Nifty Mid-cap 100 - TRI

Benchmark

1.19

Expense Ratio (%) 31 Jan. 2020

Vinit Sambre, Resham Jain

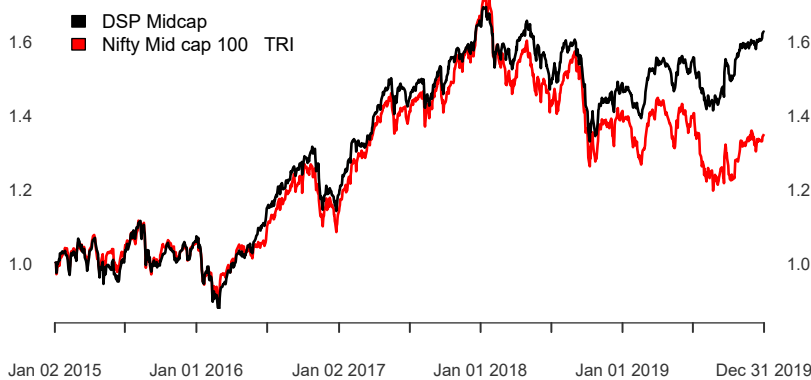
Fund Manager (s)

### TOP 3 Sectors

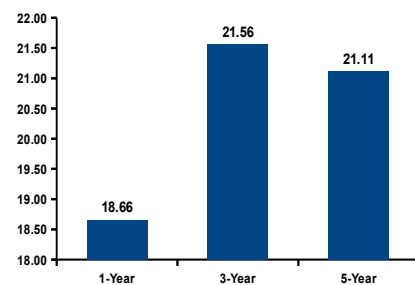
SECTOR	% TO NET ASSETS
Chemicals	16.49
Financial	14.89
Healthcare	12.83

Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



## Axis Midcap Fund

NAV (₹) 46.08  
24 Feb., 2020

AUM (₹ Cr.) 4,817.70  
31 Jan., 2020

9.90

\*Expected Rate of Return in Next One Year

S&P BSE Mid-Cap - TRI

Benchmark

0.58

Expense Ratio (%) 31 Jan. 2020

Shreyash Devalkar

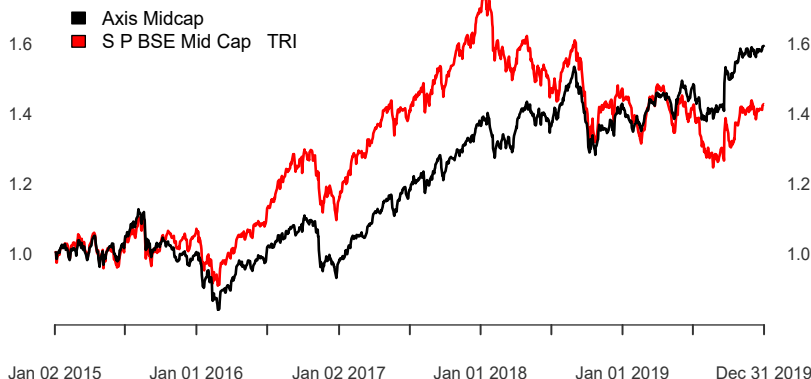
Fund Manager (s)

### TOP 3 Sectors

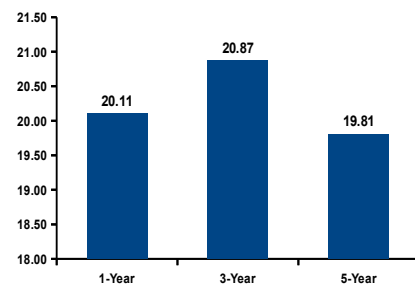
SECTOR	% TO NET ASSETS
Financial	21.88
Services	15.24
Chemicals	11.26

Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



\* Expected one year return is based on the assumption that current holdings remain constant.





# L&T Midcap Fund

NAV (₹) 149.80  
24 Feb., 2020

AUM (₹ Cr.) 6,391.30  
31 Jan., 2020

12.40

\*Expected Rate of Return in Next One Year

Nifty Midcap 100 - TRI

Benchmark

0.63

Expense Ratio (%) 31 Jan. 2020

Venugopal Manghat, Vihang Naik

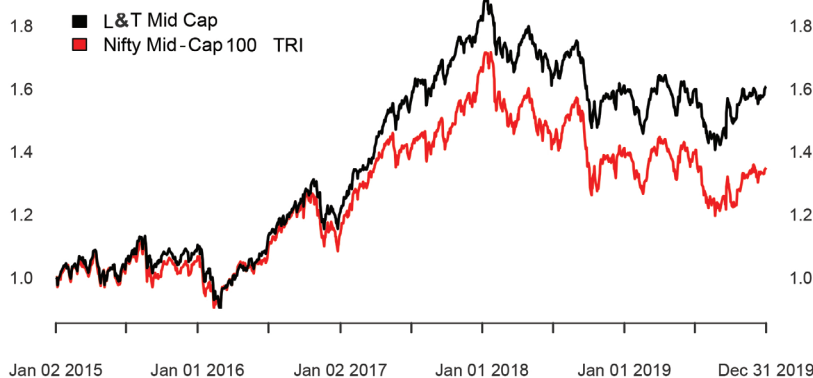
Fund Manager (s)

### TOP 3 Sectors

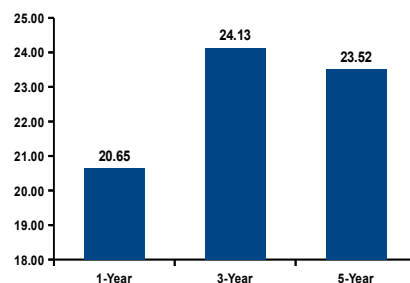
SECTOR	% TO NET ASSETS
Financial	20.88
Construction	12.76
Chemicals	10.70

Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



# Invesco India Mid Cap Fund

NAV (₹) 60.99  
24 Feb., 2020

AUM (₹ Cr.) 756.30  
31 Jan., 2020

13.97

\*Expected Rate of Return in Next One Year

Nifty Mid-Cap 100 - TRI

Benchmark

1.19

Expense Ratio (%) 31 Jan. 2020

Neelesh Dhamnaskar, Pranav Gokhale

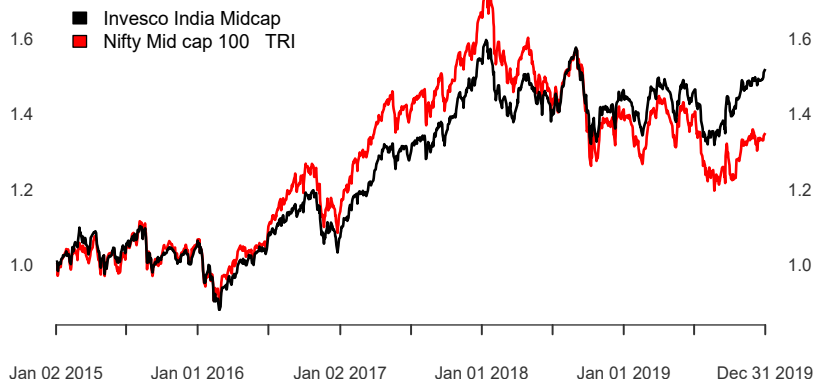
Fund Manager (s)

### TOP 3 Sectors

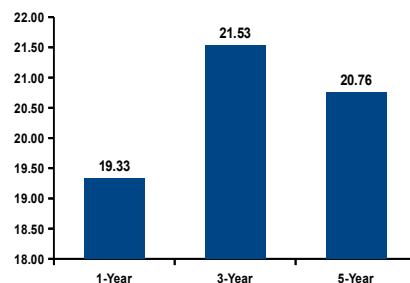
SECTOR	% TO NET ASSETS
Financial	18.48
Energy	12.18
Services	10.97

Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



\* Expected one year return is based on the assumption that current holdings remain constant.

## SBI Small Cap Fund

NAV (₹) 61.79  
24 Feb., 2020

AUM (₹ Cr.) 3,492.60  
31 Jan., 2020

9.86

\*Expected Rate of Return in Next One Year

S&P BSE Small-Cap - TRI

Benchmark

0.94

Expense Ratio (%) 31 Jan. 2020

R. Srinivasan

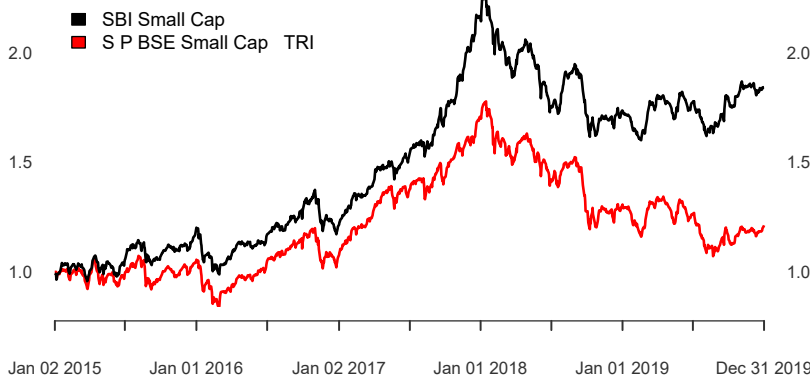
Fund Manager (s)

### TOP 3 Sectors

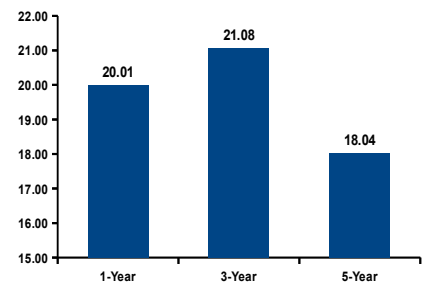
SECTOR	% TO NET ASSETS
Engineering	16.56
FMCG	15.12
Financial	11.66

Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



## Axis Small Cap Fund

NAV (₹) 37.55  
24 Feb., 2020

AUM (₹ Cr.) 2,084.40  
31 Jan., 2020

11.40

\*Expected Rate of Return in Next One Year

Nifty Small -Cap 100 - TRI

Benchmark

0.33

Expense Ratio (%) 31 Jan. 2020

Anupam Tiwari

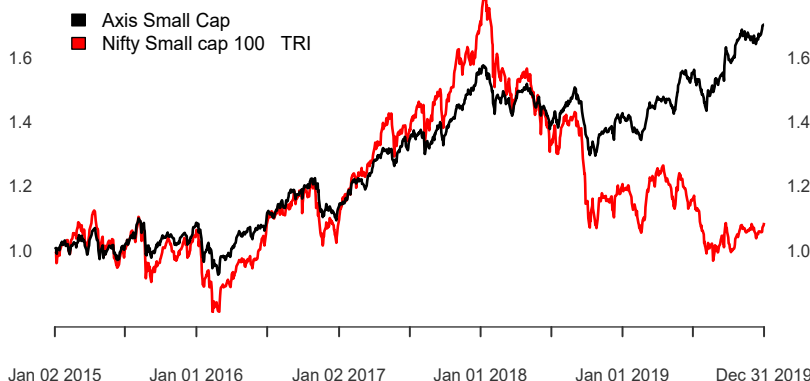
Fund Manager (s)

### TOP 3 Sectors

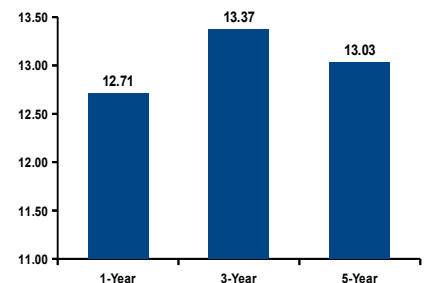
SECTOR	% TO NET ASSETS
Financial	21.21
Construction	20.07
Chemicals	11.73

Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



\* Expected one year return is based on the assumption that current holdings remain constant.

# L&T Emerging Businesses Fund

NAV (₹) 24.11  
24 Feb., 2020

AUM (₹ Cr.) 6,123.40  
31 Jan., 2020

19.18

\*Expected Rate of Return in Next One Year

S&P BSE Small-Cap - TRI

Benchmark

0.70

Expense Ratio (%) 31 Jan. 2020

Vihang Naik, Venugopal Manghat

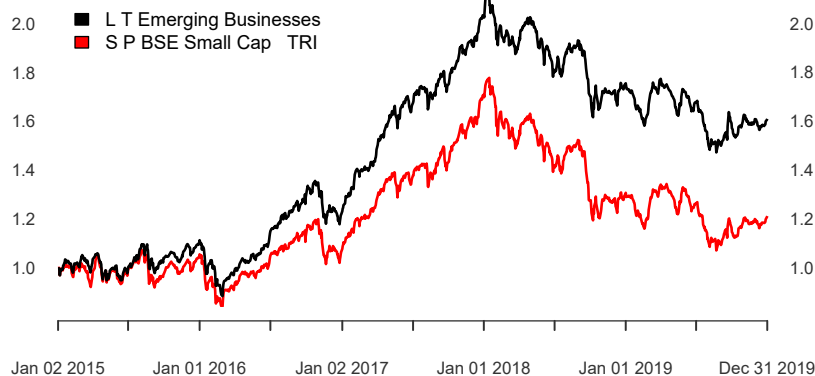
Fund Manager (s)

### TOP 3 Sectors

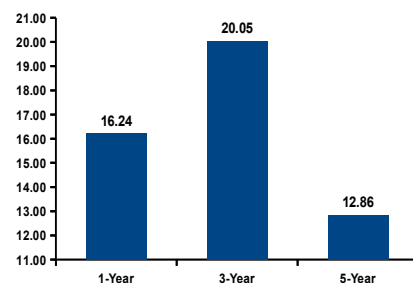
SECTOR	% TO NET ASSETS
Engineering	14.69
Construction	14.08
Services	9.32

Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



# Nippon India Small Cap Fund

NAV (₹) 44.15  
24 Feb., 2020

AUM (₹ Cr.) 9,063.90  
31 Jan., 2020

16.66

\*Expected Rate of Return in Next One Year

S&P BSE Small-Cap - TRI

Benchmark

1.16

Expense Ratio (%) 31 Jan. 2020

Samir Rachh

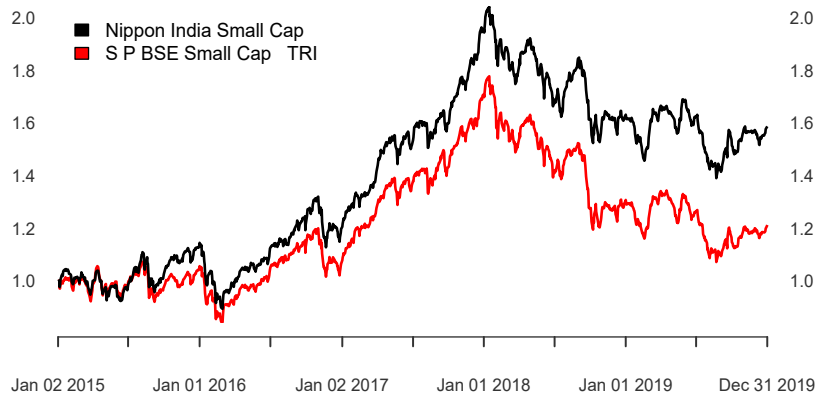
Fund Manager (s)

### TOP 3 Sectors

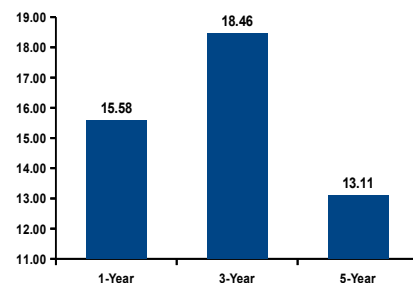
SECTOR	% TO NET ASSETS
Chemicals	15.63
Engineering	14.70
Financial	13.30

Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



\* Expected one year return is based on the assumption that current holdings remain constant.

## HDFC Small Cap Fund

NAV (₹) 42.40  
24 Feb., 2020

AUM (₹ Cr.) 9,872.20  
31 Jan., 2020

20.22

\*Expected Rate of Return in Next One Year

Nifty Small-Cap 100 - TRI

Benchmark

0.88

Expense Ratio (%) 31 Jan. 2020

Chirag Setalvad

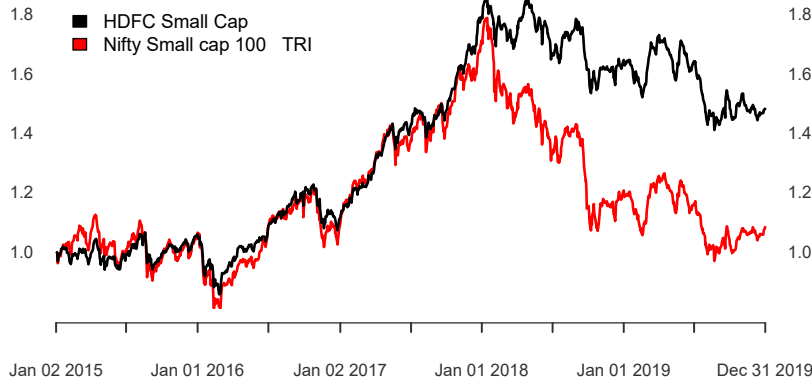
Fund Manager (s)

### TOP 3 Sectors

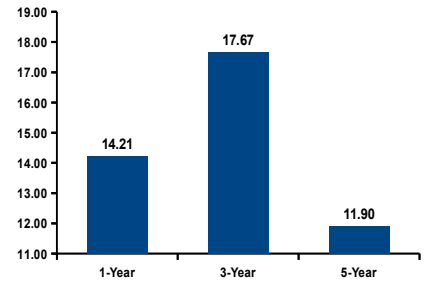
SECTOR	% TO NET ASSETS
Services	18.10
Chemicals	13.13
Technology	9.57

### Comparative Performance of Fund & its Benchmark

2015-01-02 / 2019-12-31



### Average Rolling Returns (%)



\* Expected one year return is based on the assumption that current holdings remain constant.

Think Different,

Profit More

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