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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 13.18 per cent from Rs 24.09 lakh crore in December 2018 to Rs 27.26 lakh crore in December 2019, according to data published by the AMFI.
- ❖ In December 2019, systematic investment plans (SIPs) collection surged from Rs 8,273 crore in November 2019 by 3.0 per cent to Rs 8,518 crore.
- ❖ Liquid funds witnessed a net inflow of Rs.93,202 crore during the month October 2019 as against a net outflow of Rs.1,40,731 crore during the month September 2019.
- ❖ Hybrid Funds witnessed a net outflow of Rs 1,184 crore in the month December 2019 compared to net outflow of Rs 572 crore in the month November 2019. This was mainly due to aggressive hybrid funds as these funds witnessed net outflow of Rs 2,040 crores.
- ❖ Net inflows into equity mutual funds stood at Rs 4,499 crore in December 2019 as against at Rs 1,312 crore in November 2019, This is due to high inflows in focused and large-cap fund.
- ❖ The mutual fund industry as a whole saw a net outflow of Rs 61,198 crore in December 2019 compared with a net inflow of Rs 55,324 crore in November 2019. This outflow was mainly led by hybrid and debt oriented funds.

## **Market Review**

BSE Sensex and Nifty 50 gave a return of 1.11 per cent and 1.00 per cent respectively during the month. Among the BSE sectoral indices, S&P BSE Realty was the top performer with returns of 10.30 per cent followed by S&P BSE Small Cap Index with returns of 8.53 per cent. The mutual fund industry as a whole saw a net outflow of Rs 61,198 crore in December 2019 compared with a net inflow of Rs 55,324 crore in November 2019. This outflow was mainly led by hybrid and debt oriented funds. Systematic investment plans (SIPs) collection stood at 8,518 crore. Net inflows into equity mutual funds stood at Rs 4,499 crore in December 2019 as against at Rs 1,312 crore in November 2019. This is due to high inflows in focused and large-cap fund. In October 2019, general CPI inflation was inched up to 7.35 per cent, compared to 5.54 per cent in November 2019.

## **Key Domestic Data**

### **Exports:**

- ❖ Exports in December 2019 were Rs 1,94,765 crore, as compared to Rs 1,97,045 crore in December 2018, exhibiting a negative growth of 1.16 per cent.
- ❖ In December 2019, Electronic Goods (30.36%); Drugs & Pharmaceuticals (13%); Marine Products (7.84%); RMG of all textiles (2.42%); Cotton yarn/Fabs./made-ups, handloom products, etc. (0.35%), showed a positive growth over December 2018.
- ❖ Non-petroleum and Non Gems and Jewellery exports in December 2019 were USD 21.05 billion, as compared to USD 21.16 billion in December 2018, showing a negative growth of 0.54 per cent.
- ❖ The cumulative value of exports for the period April-December 2019-20 was Rs 16,84,559 crore, as against Rs 17,02,261 crore during the period April-December 2018-19, registering a of 1.04 per cent.

### **Imports:**

- ❖ Imports in December 2019 were Rs 2,74,884 crore, which was 8.24 per cent lower over imports of Rs 2,99,553 crore in December 2018.
- ❖ In December 2019, Transport equipment (-30.12%); Pearls, precious and semi-precious stones (-11.98%); Gold (-3.93%); Petroleum, Crude & products (-0.83%); Electronic goods (-1.42%); showed a negative growth in over December 2018.
- ❖ The cumulative value of imports for the period April-December 2019-20 was Rs 25,14,784 crore, as against Rs 27,37,092 crore during the period April-December 2018-19, registering a negative growth of 8.12 per cent.

**Crude Oil and Non-Oil Imports:**

- ❖ Oil imports in December 2019 stood at Rs 76,137 crore, down 0.18 per cent from Rs 76,276 crore in December 2018.
- ❖ Non-oil imports were estimated at Rs 1,98,747 crore in December 2019, which was 10.99 per cent lower than December 2018.

**Trade Balance:**

- ❖ The trade deficit for December 2019 was estimated at USD 11.25 billion as against the deficit of USD 14.49 billion in Dec. 2018.
- ❖ Taking merchandise and services together, overall trade deficit for April-December 2019-20\* is estimated at USD 57.66 billion as compared to USD 89.46 billion in April-December 2018-19.
- \* ***Note: The latest data for services sector released by RBI is for November 2019. The data for December 2019 is an estimation, which will be revised based on RBI's subsequent release.***

**CPI Inflation:**

In December 2019, general CPI inflation jumps to 7.35 per cent, compared to 5.54 per cent in November 2019. The inflation of food and beverages jumped to 12.16 per cent in December 2019 from 8.73 per cent in November 2019.

**WPI Inflation:**

In December 2019, wholesale prices in India stood at 2.59%, compared to 3.46% in December 2018. This fall is due to impact of ginger, onion, potato and vegetable inflation.

**IIP:**

India's industrial production in November 2019 grew by 1.8 per cent. Production decreased for manufacturing (-0.46 per cent compared to 3.01 per cent in Oct. 2019); for mining (13.07 per cent compared to 15.16 per cent in Oct. 2019); and increased for electricity (-4.05 per cent compared to -8.13 per cent in Oct. 2019).

**FII Activity: (Month Between 02-Dec-2019 to 31-Dec-2019)**

Equity			
Date	Gross Purchase (Rs Cr.)	Gross Sale (Rs Cr.)	Net (Rs Cr.)
02-Dec-19	722	363	359
09-Dec-19	3,974	4,319	-345
16-Dec-19	5,657	5,594	63
23-Dec-19	5,337	5,308	29
<b>Total</b>	<b>1,62,790</b>	<b>1,37,559</b>	<b>25,231</b>

Debt			
Date	Gross Purchase (Rs Cr.)	Gross Sale (Rs Cr.)	Net (Rs Cr.)
02-Dec-19	0	1	-1
09-Dec-19	1,005	940	65
16-Dec-19	654	1,539	-885
23-Dec-19	1,906	979	927
<b>Total</b>	<b>22,465</b>	<b>24,823</b>	<b>-2,358</b>

**MF Activity: (Month Between 02-Dec-2019 to 31-Dec-2019)**

Equity			
Date	Gross Purchase (Rs Cr.)	Gross Sale (Rs Cr.)	Net (Rs Cr.)
02-Dec-19	2,788	2,264	524
09-Dec-19	1,718	1,669	50
16-Dec-19	1,538	2,290	-752
23-Dec-19	1,669	3,209	-1,540
<b>Total</b>	<b>58,735</b>	<b>63,579</b>	<b>-4,844</b>

Debt			
Date	Gross Purchase (Rs Cr.)	Gross Sale (Rs Cr.)	Net (Rs Cr.)
02-Dec-19	9,254	6,310	2,943
09-Dec-19	11,122	8,362	2,760
16-Dec-19	6,122	6,120	2
23-Dec-19	5,111	4,656	455
<b>Total</b>	<b>1,67,488</b>	<b>1,28,070</b>	<b>39,418</b>

## DSIJ's Insights

### Tips to manage your personal finance

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As you progress through different stages in your life, taking charge of your financial situation will increasingly become crucial. More often than not, your goals and dreams are attached to your finances. Hence, you need to have enough money to achieve your financial goals. And for that, you need to manage your finances successfully.

Personal finance means managing, saving, and investing your money in the most efficient way to achieve your financial objectives. Budgeting, debt, investments, taxes, insurance, retirement planning, and estate planning are some of the components of personal finance. To manage your finance well, you need to take future life events, financial conditions, and personal risks into account.

Here, we share a few tips with you, applying which, you can efficiently manage your personal finance in the long run.

#### **Financial goals**

While managing your finances, you need to understand where you stand at present and where you want to go and how. The first thing to do here is to write down your financial goals. For the uninitiated, financial goals are those, which can be measured in monetary terms, are achievable, reasonable, and has a tenure of achievement attached. Further, you can segregate those goals into needs and wants. Financial goals that fall into the 'need' category, are those, which are compulsory to be achieved and cannot be delayed to any future date. On the other hand, financial goals that fall under the 'want' category, are those, which are not mandatory and can be delayed to a future date.

#### **Budget**

Budgeting is the key and stepping stone in managing your personal finance. You need to first have a budget in place to oversee your every month's spending and help you to have a reasonable amount of surplus, which can be used to save and invest in managing your finances. You can either automate it or can maintain an excel sheet for the same.

#### **Earning**

It is rightly said that never depend on a single income. You need to create different avenues that would help you in earning. You should look for different earning avenues, specifically those which are passive. This will not only help you to be independent of your primary income but also will help you to have a good amount of savings, which you can divert towards achieving your financial goals.

## Fund of the Month

### Kotak Small Cap Fund – Direct Plan (Growth)

Equity: Small Cap  
Scheme Category

Rs 1,360 Cr  
AUM (Rs Cr)  
31 Dec. 2019

82.09  
NAV (Rs)  
09 Jan. 2020

1% for redemption within 365 days  
**Exit Load**

18.51%

\* Expected one year returns

0.92%  
Expense Ratio  
30 Nov. 2019

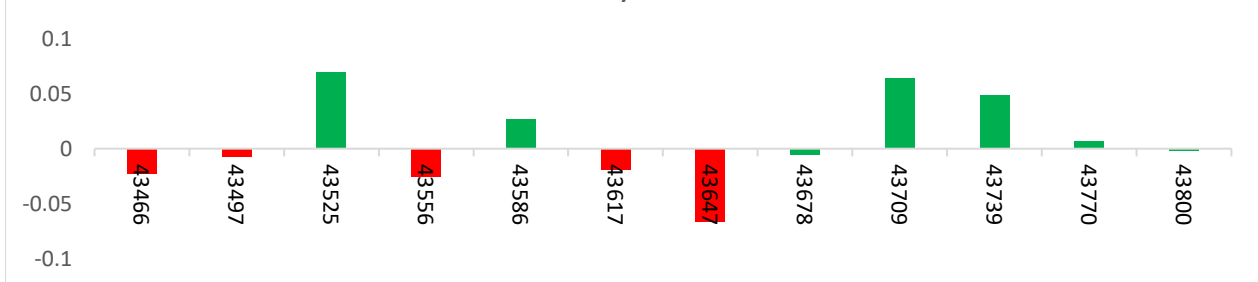
Nifty Smallcap 100  
TRI  
Benchmark

Pankaj Tibrewal  
Fund Manager

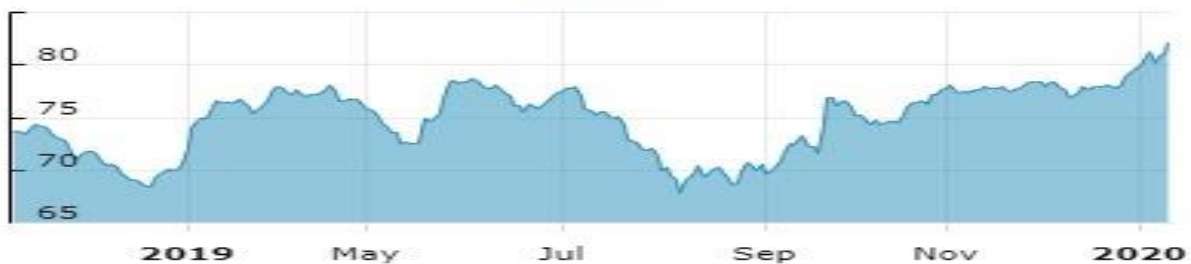
#### Top 10 Holdings

Company Name	% to Net Assets
Techno Electric & Engineering Company Limited	3.72
JK Cement Ltd.	3.14
Galaxy Surfactants Ltd	3.09
Sheela Foam Ltd	3.05
P I Industries Ltd	2.97
JMC Projects (India) Ltd.	2.80
Dixon Technologies India Ltd	2.67
Prataap Snacks Limited	2.67
Ratnamani Metals & Tubes Ltd.	2.66
Nilkamal Ltd.	2.64

#### Monthly Returns



#### Kotak Small Cap Fund - Direct Plan NAV Chart



## Story of the Month

### What is the bucket strategy in retirement planning?

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Retirement planning is like hitting a moving target, where the target is your retirement goals. These goals are essentially what you want to spend and achieve with your finances in retirement years. Retirement is said to be a moving target because no one knows how long one is going to live. It might last for 10 years and even go on for 50 years. It is said that the bucket strategy helps you serve the purpose.

### What is the bucket investment strategy?

Bucket strategy is nothing but segregating your retirement into different time frames (known as buckets) and investing accordingly. They are not your regular plug-and-play investment strategy. It believes in the fact that no size fits all. In general, it divides the retirement into three distinct time frames:

1. Short term
2. Medium term
3. Long term

The short term comprises of the first 5 years of retirement, the medium term comprises of the next 5 to 10 years, and the long term comprises of the remaining years of retirement. By segregating the time frames, you would be able to prioritize the times when you would need the money. This means that the most recent bucket would focus on a fixed income and the later ones would be more aggressive.

For short term bucket, you would be investing in safe investments as this is something that you would surely need after you retire. So, investing in fixed income would serve the purpose of capital protection in the initial years of retirement. For medium term bucket, you would be investing in a blend portfolio comprising of equity as well as debt.

According to this approach, it is assumed that you would be able to take the risk in the medium term because you would be still far away from needing this money to spend. For the long term bucket, you would be investing in a more aggressive portfolio as you would be putting more of your assets in equity. According to this strategy, it is assumed that the money in this bucket is not required for a long period.

The only drawback of this strategy is that it takes the reverse glide path. It means it gradually increases allocation to equity, whereas, in a normal glide path, it slowly decreases allocation in equity. So, it becomes riskier as you get older, which might defy the purpose of retirement planning.



## Category Average Returns

*\* All the returns are trailing returns and calculated as on January 30, 2020*

Category	1-Year	3-Year	5-Year
Large Cap	14.17	11.96	7.07
Large & MidCap	16.60	10.21	8.03
Multi Cap	16.20	10.58	7.58
Mid Cap	15.28	8.61	8.32
Small Cap	12.49	7.11	8.02
Value Oriented	9.84	7.33	6.53
ELSS	15.09	10.09	7.45
Sectoral-Banking	16.70	12.00	5.79
Sectoral-Infrastructure	13.61	5.48	4.57
Sectoral-Pharma	10.51	2.33	1.30
Sectoral-Technology	10.74	17.97	9.11
Thematic	12.02	7.78	6.22
Thematic-Dividend Yield	9.30	7.53	5.59
Thematic-MNC	9.49	10.20	7.30
Thematic-Energy	12.48	4.02	10.89
Thematic-PSU	9.69	-2.50	1.44
Thematic-Consumption	14.77	12.88	9.17
International	15.03	8.43	7.13
Long Duration	13.26	7.33	8.30
Medium to Long Duration	7.95	4.98	6.44
Medium Duration	4.29	5.37	6.52
Short Duration	4.73	5.36	6.51
Low Duration	2.00	5.14	6.22
Ultra Short Duration	6.55	6.19	7.00
Liquid	6.17	6.52	7.03
Money Market	7.51	7.02	7.43
Overnight	5.41	5.62	6.15
Dynamic Bond	7.77	5.17	6.74
Corporate Bond	8.21	6.42	7.34
Credit Risk	0.11	3.36	6.51
Banking and PSU	10.11	7.36	7.97
Floater	8.36	7.17	7.62
FMP	5.61	6.48	7.03
Gilt	11.22	6.01	7.55
Gilt 10 yr Const. Duration	13.07	7.80	9.21
Aggressive Hybrid	12.32	8.20	6.89
Balanced Hybrid	9.98	6.73	6.33
Conservative Hybrid	7.83	5.89	6.53
Equity Savings	8.70	6.52	6.77
Arbitrage	5.93	5.80	6.30
Dynamic Asset Allocation	9.54	7.43	6.37
Multi Asset Allocation	11.39	7.23	6.27
Gold	21.93	10.43	6.34

## Equity Fund Performance

Scheme Name	1-Year	3-Year	5-Year
<b>Large Cap</b>			
Mirae Asset Large Cap	14.63	14.93	11.94
Axis Bluechip	19.92	19.75	10.74
Canara Rob Bluechip Equity	18.26	15.53	9.95
SBI BlueChip	12.86	11.00	9.77
ICICI Pru Bluechip	11.62	12.36	9.45
<b>Multi Cap</b>			
Motilal Oswal Multicap 35	10.17	11.20	11.80
Kotak Standard Multicap	14.09	13.75	11.12
SBI Magnum Multicap	12.56	12.18	11.00
PPFAS Long Term Equity	15.00	13.79	10.95
JM Multicap	19.40	13.85	10.73
<b>Large &amp; Mid Cap</b>			
Mirae Asset Emerg. Bluechip	17.85	16.59	15.71
Canara Rob Emerg Equities	10.81	13.31	11.72
Principal Emerging Bluechip	9.22	11.32	10.90
DSP Equity Opportunities	13.30	11.37	10.85
Sundaram Large & Mid Cap	12.69	14.01	10.78
<b>Mid Cap</b>			
Kotak Emerging Equity	12.42	10.84	10.70
DSP Midcap	12.15	10.48	10.44
L&T Midcap	3.07	9.52	10.23
Axis Midcap	14.13	17.53	9.65
Invesco India Midcap	6.85	11.12	8.83
<b>Small Cap</b>			
SBI Small Cap	9.30	14.40	13.57
Axis Small Cap	22.95	14.71	11.40
L&T Emerging Businesses	-3.56	8.73	10.66
Nippon India Small Cap	1.37	9.54	10.15
HDFC Small Cap	-6.56	9.95	8.99

<b>ELSS</b>			
Tata India Tax Savings	14.93	13.75	11.74
Axis Long Term Equity	18.88	17.24	11.21
DSP Tax Saver	15.99	12.28	10.90
JM Tax Gain	18.22	15.04	10.64
Quant Tax Plan	3.51	9.82	10.41
<b>Sector</b>			
ABSL Banking & Fin. Serv.	15.63	16.26	13.65
Invesco India Fin. Services	22.15	19.59	13.47
ICICI Pru Bank. & Fin. Serv.	13.45	16.78	13.41
DSP Nat. Res. & New Energy	9.01	6.53	12.07
Sundaram Fin. Serv. Opp	25.31	16.20	10.78
<b>Thematic</b>			
ABSL India GenNext	15.29	15.51	12.51
Mirae Asset Great Consumer	10.95	17.98	12.09
Canara Rob Consumer Trend	13.70	16.24	11.37
Sundaram Rural & Cons.	5.74	8.71	11.00
SBI Magnum Comma	16.62	6.91	10.14
<b>Value/Contra</b>			
JM Value	15.92	11.43	10.95
Invesco India Contra	9.37	13.48	10.84
Kotak India EQ Contra	12.58	14.83	10.01
L&T India Value	8.13	8.29	9.87
Tata Equity P/E	8.49	10.18	9.86
<b>Index</b>			
HDFC Index - Sensex	17.00	16.23	9.83
Tata Index - Sensex Plan	16.79	15.96	9.27
UTI Nifty Index	15.47	14.77	9.25
HDFC Index - NIFTY 50 Plan	15.18	14.65	9.19
ICICI Pru Idx. - Nifty Next 50	3.97	8.71	9.19

## Debt Fund Performance

### Banking & PSU

Axis Banking & PSU Debt	4.83	10.59	8.34
Edelweiss Bank. & PSU Debt	3.95	12.72	8.09
IDFC Banking & PSU Debt	4.83	11.28	8.05
Franklin Bank. & PSU Debt	4.79	11.22	7.91
SBI Banking & PSU	4.33	10.02	7.83

### Corporate Bond

Franklin India Corp Debt	3.82	9.26	8.04
Kotak Corporate Bond	4.52	9.59	7.88
Aditya Birla SL Corp Bond	4.07	9.65	7.57
HDFC Corp Bond	3.74	10.27	7.49
ICICI Pru Corp Bond	4.32	9.87	7.37

### Credit Risk

ICICI Pru Credit Risk	5.07	9.51	7.51
Kotak Credit Risk	4.79	8.98	7.10
Franklin India Credit Risk	1.82	4.21	6.84
HDFC Credit Risk Debt	4.25	8.76	6.67
SBI Credit Risk	3.88	6.58	6.39

### Dynamic Bond

Kotak Dynamic Bond	3.13	11.18	7.71
Franklin Dynamic Accrual	2.78	6.46	7.67
SBI Dynamic Bond	3.49	13.17	7.08
PGIM India Dynamic	3.01	11.13	7.01
JM Dynamic Debt	2.56	6.09	6.99

### Floater

ABSL Floating Rate	4.11	8.64	7.59
HDFC Floating Rate	4.06	8.52	7.45
ICICI Pru Floating Interest	4.22	8.44	7.14
Nippon India Floating Rate	4.09	8.89	6.81
Franklin India Floating Rate	3.82	7.49	6.72

Gilt			
IDFC G-Sec	2.08	13.17	7.53
Nippon India Gilt Securities	2.43	12.37	7.38
SBI Magnum Gilt	2.72	13.34	7.02
Aditya Birla SL G-Sec	1.93	11.36	6.92
Edelweiss Government Sec.	0.59	10.72	6.90
Medium to Long Duration			
SBI Magnum Income	5.11	12.05	7.22
ICICI Pru Bond	4.37	10.81	6.65
Nippon India Income	2.47	11.65	6.15
Canara Rob Income	2.08	10.26	5.93
LIC MF Bond	2.81	9.95	5.38
Liquid			
Franklin India Liquid	3.02	6.80	7.00
Quant Liquid	3.29	7.03	6.94
PGIM India Insta Cash	2.88	6.65	6.93
Axis Liquid	2.87	6.57	6.92
Nippon India Liquid	2.87	6.62	6.92
Low Duration			
ICICI Pru Savings	4.09	8.78	7.62
Kotak Low Duration	4.34	8.29	7.53
Axis Treasury Advantage	4.10	8.75	7.51
DSP Low Duration	5.23	8.65	7.50
IDFC Low Duration	3.85	8.34	7.46
Medium Duration			
SBI Magnum Med. Duration	4.92	11.35	8.08
Franklin India Income Opp.	2.09	5.63	7.26
Indiabulls Income	1.94	7.75	7.06
Axis Strategic Bond	4.37	7.05	6.89
ICICI Pru Med. Term Bond	5.11	9.32	6.82
Money Market			
Franklin India Savings	3.85	8.41	7.66
L&T Money Market	5.36	8.20	7.61
ABSL Money Manager	3.62	7.98	7.57
Nippon India Money Market	3.66	8.02	7.52
Kotak Money Market	3.64	7.96	7.47

**Ultra Short Duration**

PGIM India Ultra ST	7.66	13.87	9.47
Franklin Ultra Short Bond	4.63	9.60	8.82
Aditya Birla SL Savings	3.90	8.39	7.65
BOI AXA Ultra Short Dur.	3.44	7.43	7.62
ICICI Pru Ultra Short Term	4.06	8.43	7.52

**Short Duration**

Baroda ST Bond	3.87	8.81	7.73
HDFC Short Term Debt	4.60	9.66	7.65
IDFC Bond Fund - ST Plan	4.46	9.72	7.27
Axis Short Term	4.53	9.80	7.18
Franklin India ST Income	1.17	4.39	7.14

**Gilt (10 Year Constant Duration)**

IDFC G-Sec Const. Maturity	2.09	14.64	10.41
SBI Mag. Const. Maturity	2.19	12.15	9.10
ICICI Pru Const. Maturity	2.38	13.10	7.94
DSP 10Y G-Sec	2.33	11.37	6.03

**Overnight Funds**

HDFC Overnight	2.50	5.48	5.83
SBI Overnight	2.50	5.54	5.83
UTI Overnight	2.51	5.56	5.44
L&T Cash	2.19	4.88	5.26

**Long Duration**

ICICI Pru Long Term Bond	1.29	12.12	7.11
IDFC Bond Fund - Income	1.56	10.39	6.32
Quant Dynamic	2.79	6.09	4.48

## Indices Watch

Indices	1-Year	3-Year	5-Year
S&P BSE Sensex	14.95	13.63	6.63
S&P BSE Mid Cap	8.15	6.47	7.75
S&P BSE Small Cap	7.49	3.97	5.30
S&P BSE IPO	68.78	20.87	15.84
S&P BSE 100	12.01	10.97	6.21
S&P BSE 200	12.5	10.79	6.65
S&P BSE 500	12.11	10.23	6.58
S&P BSE AllCap	11.52	9.68	--
S&P BSE Auto	0.48	-6.10	-1.90
S&P BSE Bankex	17.37	15.74	8.33
S&P BSE Basic Materials	9.84	3.03	--
S&P BSE Carbonex	10.65	10.61	6.24
S&P BSE CD	24.2	26.54	18.99
S&P BSE CG	3.81	5.79	0.40
S&P BSE Cons. Dis.	10.18	6.61	--
S&P BSE DOLLEX-100	14.53	10.19	3.64
S&P BSE DOLLEX-200	15.04	10.01	4.07
S&P BSE DOLLEX-30	17.54	12.83	4.04
S&P BSE Finance	19.79	15.52	--
S&P BSE FMCG	1.94	11.24	7.24
S&P BSE Greenex	10.87	4.79	3.29
S&P BSE Healthcare	2.85	-1.87	-2.12
S&P BSE India Infra.	-1.72	-3.76	--
S&P BSE IT	7.53	17.58	7.57
S&P BSE Metal	-7.47	-5.95	-0.90
S&P BSE Oil & Gas	6.82	3.23	7.15
S&P BSE Power	4.06	-4.05	-2.55
S&P BSE PSU	-1.17	-7.59	-4.24
S&P BSE Realty	40.84	21.91	7.13
S&P BSE Sensex 50	13.34	--	--
S&P BSE SME IPO	-4.46	11.00	10.45
S&P BSE Teck	8.07	13.70	5.37
S&P BSE Telecom	18.15	-0.61	-4.52