

Sharekhan's top SIP fund picks

Why SIP?

◆ Disciplined investing

Being disciplined is a key to investing success. Through a systematic investment plan (SIP) you can choose to invest fixed amounts in a mutual fund scheme which could be as low as Rs500 at regular intervals (like every month) for a chosen period of time (say for a year). The amount you invest every month or every quarter will be used to purchase units of a SIP of a mutual fund scheme. Small amounts set aside every month towards well performing SIP mutual fund schemes can make an investor achieve his financial goals in future.

◆ Invest in instruments that beat inflation

Equity investing can help you combat rising inflation that diminishes the value of your savings.

◆ SIP over a longer period can reduce the cost per unit

Example (see table below): An investment of Rs24,000 in a mutual fund resulted in a value of Rs25,200 after 12 months; whereas an SIP mutual fund investment of Rs2,000 per month grew to Rs27,095 after the same period.

◆ Fewer efforts to opt for SIP

The procedure to invest through SIP is easy. All you need to do is give post-dated cheques or opt for an auto debit of a specific amount towards SIP from your bank account. SIP plans are completely flexible. One can even start an SIP just by placing an order by logging into Sharekhan's online mutual fund page. One can invest for a minimum of six months or for a long tenure. Also, there is an option of choosing the investment interval which could be monthly or quarterly.

Illustrative example

Month	Price per unit (Rs)	One-time investment		SIP	
		Amount invested (Rs)	Units purchased	Amount invested (Rs)	Units purchased
Jan-10	20	24,000	1,200	2,000	100.0
Feb-10	18	--		2,000	111.1
Mar-10	14	--		2,000	142.9
Apr-10	22	--		2,000	90.9
May-10	26	--		2,000	76.9
Jun-10	20	--		2,000	100.0
Jul-10	18	--		2,000	111.1
Aug-10	17	--		2,000	117.7
Sep-10	15	--		2,000	133.3
Oct-10	18	--		2,000	111.1
Nov-10	20	--		2,000	100.0
Dec-10	21	--		2,000	95.2
Total investment (Rs)			24,000		24,000
Average price (Rs)			20		19
Total units purchased			1,200		1,290
Value of investment after 12 months (Rs)			25,200		27,095

*NAV as on the 1st of every month. These are assumed NAVs in a volatile market.

For Private Circulation only

Data as on August 01, 2017

SIP investment (monthly Rs1,000)*		1 year		3 years		5 years	
Total amount invested (Rs)		12,000		36,000		60,000	
Funds would have grown to	NAV	Present value (Rs)	Compounded annualised return (%)	Present value (Rs)	Compounded annualised return (%)	Present value (Rs)	Compounded annualised return (%)
Large-Cap Funds							
IDFC Classic Equity Fund - Reg - Growth	43	13,671	15.3	47,253	9.8	93,457	9.4
Birla Sun Life Top 100 Fund - Growth	56	13,578	14.5	45,512	8.4	95,741	10.0
ICICI Prudential Focused Bluechip Equity Fund - Growth	38	13,588	14.6	45,344	8.2	92,548	9.2
BNP Paribas Equity Fund - Growth	83	13,658	15.2	43,855	7.0	91,884	9.1
Franklin India Bluechip - Growth	446	13,379	12.6	44,170	7.3	88,945	8.3
BSE Sensex	32575	13,467	13.4	42,507	5.9	80,956	6.3
Mid & Small Cap Funds							
Mirae Asset Emerging Bluechip Fund - Growth	48	14,001	18.4	52,678	13.9	1,32,710	17.5
Reliance Small Cap Fund - Growth	39	14,163	19.9	52,055	13.5	1,37,408	18.4
Canara Robeco Emerging Equities - Growth	88	13,991	18.3	50,353	12.2	1,28,137	16.7
Kotak Emerging Equity Scheme - Reg - Growth	37	13,362	12.5	48,541	10.8	1,17,996	14.8
Sundaram Select Midcap - Reg - Growth	484	13,369	12.5	48,571	10.8	1,16,272	14.4
BSE Midcap	15458	13,540	14.1	48,162	10.5	1,04,208	11.9
Multi-Cap Funds							
L&T India Value Fund - Reg - Growth	36	13,758	16.1	49,629	11.6	1,17,655	14.7
Birla Sun Life Advantage Fund - Growth	421	13,887	17.3	49,101	11.2	1,10,688	13.3
Kotak Select Focus Fund - Reg - Growth	32	13,693	15.5	47,712	10.1	1,04,493	12.0
Mirae Asset India Opportunities Fund - Reg - Growth	45	13,862	17.1	47,691	10.1	1,03,346	11.7
Franklin India High Growth Companies Fund - Growth	38	13,424	13.0	45,219	8.1	1,05,028	12.1
BSE 500	13928	13,605	14.7	44,856	7.8	88,711	8.3
Tax-saving funds (ELSS)							
L&T Tax Advantage Fund - Reg - Growth	52	13,831	16.8	47,766	10.2	99,776	10.9
Birla Sun Life Tax Relief 96 - Growth	29	13,715	15.7	46,574	9.2	1,03,283	11.7
DSP BlackRock Tax Saver Fund - Growth	45	13,491	13.7	47,401	9.9	1,02,987	11.6
Reliance Tax Saver (ELSS) Fund - Growth	61	13,836	16.8	46,463	9.1	1,06,742	12.4
Franklin India Taxshield - Growth	533	13,315	12.0	44,296	7.4	96,044	10.1
Nifty 50	10115	13,531	14.0	43,274	6.5	83,040	6.8
BNP Paribas Mutual Fund Equity schemes							
Funds would have grown to	Category	Present value (Rs)	Compounded annualised return (%)	Present value (Rs)	Compounded annualised return (%)	Present value (Rs)	Compounded annualised return (%)
BNP Paribas Mid Cap Fund - Growth	Mid Cap	13,697	15.6	47,267	9.8	1,10,914	13.3
BNP Paribas Dividend Yield Fund - Growth	Multi Cap	13,928	17.7	46,721	9.3	99,516	10.8
BNP Paribas Long Term Equity Fund - Growth	ELSS	13,763	16.2	44,244	7.3	94,961	9.8
BNP Paribas Equity Fund - Growth	Large Cap	13,658	15.2	43,855	7.0	91,884	9.1

(*invested on 1st day of every month)

We will be showing compounded annualised returns for three years and five years from now on.

Disclosure: Sharekhan Limited is now part of the BNP Paribas SA group.

HDFC Mid-Cap Opportunities Fund

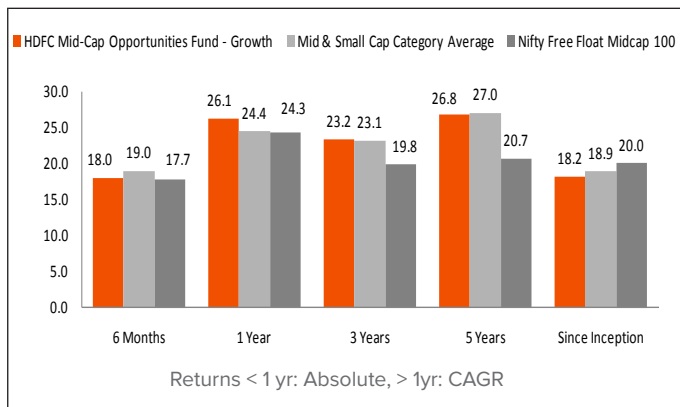
Objective

To generate long-term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities of Small and Mid-Cap companies.

Key features

- Fund category : Mid & Small Cap
- Launch date : June 25, 2007
- Minimum investment : Rs5,000
- Load structure : If redeemed between 0 year to 1 year, then exit load is 1%
- Fund manager : Chirag Setalvad
- Latest NAV (gr) : Rs54.126
- Latest NAV (div) : Rs33.185
- Expense ratio (%) : 2.26
- AUM : Rs.16,932
- Benchmark Index : Nifty Free Float Midcap 100

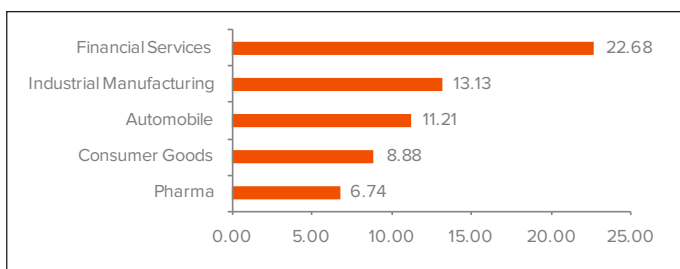
Scheme's performance



Style box analysis



Top 5 sectors



Holdings by market cap

Particulars	%
Nifty 50	12.1
Nifty Free Float Midcap 100	21.7
Nifty Free Float Small cap 100	7.9
BSE Sensex	-
Top 5 holdings	13.1
Top 10 holdings	24.3

Top 10 stock holdings (total no. of scrips: 77)

Company name	% of net assets
Tube Investments of India	3.05
Voltas	2.75
Aurobindo Pharma	2.48
UPL	2.42
Sundaram Fasteners	2.39
Balkrishna Industries	2.38
IndusInd Bank	2.28
Yes Bank	2.21
VST Industries	2.20
Adani Ports and Special Economic Zone	2.10

Scheme analysis

With more than a decade's performance history, this MF scheme has been outperformed, the benchmark Nifty Free Float Midcap 100 index, and the Mid & Small Cap category average. Despite the volatility and uncertainties in the market, the MF scheme has performed better than its peers, giving a return of 26.1% over the past one year as against 24.3% and 24.4% returns given by the Nifty Free Float Midcap 100 index and the Mid & Small Cap category average, respectively, in the same period. Over the long-term time horizon of three years, the MF scheme has posted a compounded annual growth rate (CAGR) of 23.2%, while the Nifty Free Float Midcap 100 index and the Mid & Small Cap category average have posted a CAGR of 19.8% and 23.1%, respectively. In the recent months, the MF scheme has posted return of 18% compared to the returns of 17.7% and 19% posted by the Nifty Free Float Midcap 100 index and the Mid & Small Cap category average, respectively.

The MF scheme currently has about 77 stocks in its portfolio. It has nearly 96% of its net assets exposed to equity, while the balance is exposed to other money-market instruments. The top ten stocks form about 24% of the MF scheme's portfolio. The MF scheme has invested nearly 23% of its funds in the Financial Services sector followed by Industrial Manufacturing and Automobile sector with 13.13% and 11.21% allocation, respectively.

Mutual Fund Selection Criteria

Equity Mutual Funds

Equity Mutual Fund selection within a particular category is done on two broad parameters, namely 'Returns' and 'Risk'. Our selection process helps to identify funds with a track record of giving superior returns consistently compared to the category benchmark and peers. Along with superior returns, it is also important to factor in risk and volatility in returns to take a holistic investment decision. Equity Mutual Fund rating is decided by giving different weightages to the below mentioned risk and return parameters.

1. **'Returns' - measured across 1, 3 and 5 years SIP returns:** To rank the funds we give a 10% weightage to 1-year SIP performance, 20% to 3-year SIP performance and 25% to 5-year SIP performance.
2. **'Risk' - captured through Sharpe ratio, Sortino ratio and Information ratio:** These ratios are widely used in the Mutual Fund industry to measure risk-adjusted returns of a Mutual Fund scheme. The Sharpe Ratio considers Standard Deviation to measure a portfolio's risk-adjusted returns, whereas the Information Ratio measures the ability of the portfolio manager to

provide excess returns relative to category benchmark on a consistent basis. We also consider Sortino Ratio, which is similar to the Sharp Ratio, except that it uses downside deviation instead of standard deviation in the denominator. We give equal weightage (15% each) to the Sharp Ratio, the Information Ratio and the Sortino ratio to finally arrive at the ranking of a Mutual Fund scheme in a particular category.

In addition to quantitative analysis, we also use qualitative factors to filter out relatively smaller fund houses or funds with small asset size to minimise allied risk.

Fixed Income or Debt Mutual Fund

In the Fixed Income Mutual Fund segment, the selection is done by considering returns, along with other criteria like credit quality, volatility, yield to maturity, modified duration, expense ratio etc. Also, the ranking depends upon macro-economic factors like the view on interest rates and the economic cycle. Overall, we follow a conservative approach while recommending Debt Mutual Funds with a clear focus on minimising risks rather than chasing marginally excess returns.

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