

# Sharekhan's Top Equity Fund Picks

September 12, 2017

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# Sharekhan

by BNP PARIBAS

Top rated equity mutual funds						
Data as on September 01, 2017						
Scheme name	NAV (Rs)	6 mths' returns %	Annually compounded returns (%)			
			1 yr	3 yrs	5 yrs	Since inception
<b>Large Cap Funds</b>						
IDFC Classic Equity Fund - Reg - Growth	43	15.3	21.9	15.0	17.5	12.9
Aditya Birla Sun Life Top 100 Fund - Growth	56	13.4	17.7	13.4	20.4	15.7
ICICI Prudential Focused Bluechip Equity Fund - Growth	38	12.6	17.5	12.1	18.5	15.4
BNP Paribas Equity Fund - Growth	82	15.4	14.6	11.8	18.8	17.6
Franklin India Bluechip - Growth	439	9.2	12.2	11.5	16.0	21.6
<b>Indices</b>						
BSE Sensex	31,892	10.0	12.2	5.9	12.8	16.0
<b>Mid &amp; Small Cap Funds</b>						
Reliance Small Cap Fund - Growth	39	20.3	34.9	23.9	32.8	21.7
Kotak Emerging Equity Scheme - Reg - Growth	37	11.4	19.2	22.2	26.8	13.4
Aditya Birla Sun Life Mid Cap Fund - Plan A - Growth	308	17.7	22.2	21.9	24.5	25.8
DSP BlackRock Small and Midcap Fund - Reg - Growth	52	11.8	19.1	20.7	25.6	16.6
HDFC Mid-Cap Opportunities Fund - Growth	54	12.7	18.8	19.8	26.7	17.9
<b>Indices</b>						
BSE MID CAP	15,687	15.6	19.1	18.4	21.1	21.9
<b>Multi Cap Funds</b>						
SBI Magnum Multi Cap Fund - Growth	45	14.2	18.8	18.3	22.0	13.4
Kotak Select Focus Fund - Reg - Growth	32	14.9	20.8	17.9	22.9	15.7
Aditya Birla Sun Life Equity Fund - Growth	694	13.9	21.7	17.6	24.0	25.0
DSP BlackRock Opportunities Fund - Reg - Growth	210	13.9	20.5	17.5	22.3	19.2
BNP Paribas Dividend Yield Fund - Growth	46	18.5	22.0	15.5	20.8	13.7
<b>Indices</b>						
BSE 500	13,858	13.1	17.4	10.7	15.9	15.2
<b>Tax-saving Funds (ELSS)</b>						
Aditya Birla Sun Life Tax Relief 96 - Growth	28	16.0	18.6	17.4	22.6	11.6
IDFC Tax Advantage (ELSS) Fund - Reg - Growth	53	21.1	26.6	17.2	22.7	21.2
DSP BlackRock Tax Saver Fund - Growth	45	13.9	18.6	16.5	22.7	15.2
Reliance Tax Saver (ELSS) Fund - Growth	61	14.3	21.9	14.7	23.6	16.3
Franklin India Taxshield - Growth	529	9.9	12.6	14.4	19.9	24.1
<b>Indices</b>						
Nifty 500	8,755	12.9	17.1	10.8	16.2	9.8
<b>Thematic Funds</b>						
DSP BlackRock Natural Resources & New Energy Fund - Reg - Gth	35	16.4	44.8	24.7	22.4	14.2
ICICI Prudential Banking and Financial Services Fund - Retail - Growth	60	21.8	31.7	23.8	27.6	22.0
L&T Infrastructure Fund - Reg - Growth	16	19.3	33.7	19.6	22.8	5.1
Franklin Build India Fund - Growth	39	11.0	19.6	18.3	27.5	18.5
Aditya Birla Sun Life Special Situations Fund - Growth	24	15.6	18.4	17.9	22.9	9.7
<b>Indices</b>						
Nifty 50	9,974	11.5	13.7	7.5	13.6	14.1
<b>Balanced Funds</b>						
Aditya Birla Sun Life Balanced 95 - Growth	738	11.9	15.3	14.8	19.0	21.0
HDFC Balanced Fund - Growth	143	12.3	17.9	14.5	19.8	17.0
ICICI Prudential Balanced - Growth	121	8.0	16.3	13.9	19.8	15.0
Franklin India Balanced Fund - Growth	112	8.6	9.9	13.6	17.6	14.6
SBI Magnum Balanced Fund - Growth	118	10.6	12.7	13.0	19.1	16.3
<b>Indices</b>						
Crisil Balanced Fund Index	--	9.7	12.4	9.0	12.5	12.7
<b>BNP Paribas Equity Diversified schemes</b>						
Scheme name	NAV (Rs)	6 mths' returns %	Annually compounded returns (%)			
			1 yr	3 yrs	5 yrs	Since inception
BNP Paribas Mid Cap Fund - Growth	33	18.0	18.5	18.6	26.3	11.2
BNP Paribas Dividend Yield Fund - Growth	46	18.5	22.0	15.5	20.8	13.7
BNP Paribas Long Term Equity Fund - Growth	36	17.5	15.9	12.9	20.1	11.7
BNP Paribas Equity Fund - Growth	82	15.4	14.6	11.8	18.8	17.6

Note: Returns < 1 year - absolute, > 1 year - CAGR (compounded annual growth rate)

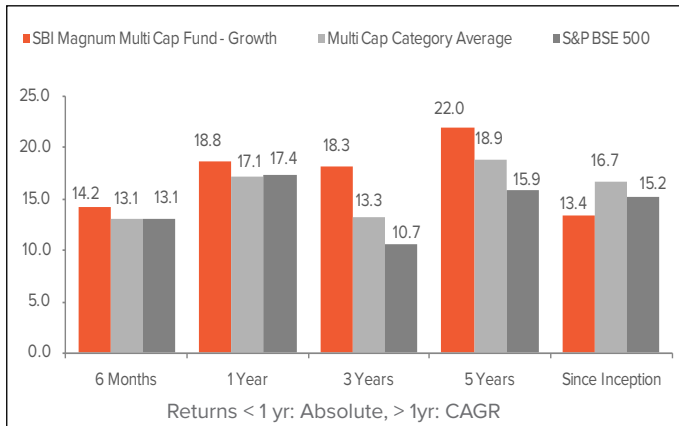
Disclosure: Sharekhan Limited is now part of the BNP Paribas SA group.

## SBI Magnum Multi Cap Fund

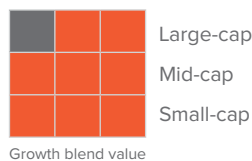
### Objective

The primary objective of this scheme is to provide investors with opportunities for long-term growth in capital along with the liquidity of an open-ended scheme through active management of investments in a diversified basket of equity stocks spanning the entire market capitalization spectrum, debt and money market instruments.

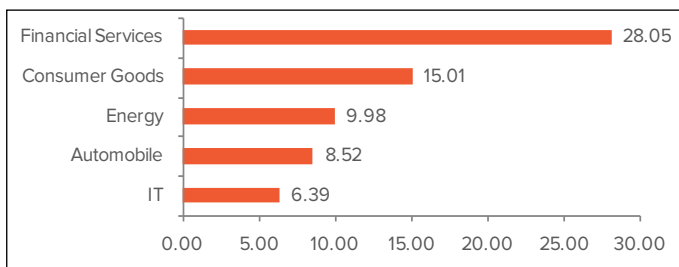
### Scheme's performance



### Style box analysis



### Top 5 sectors



### Key features

- Fund category : Multi Cap
- Launch date : September 29, 2005
- Minimum investment : Rs5,000
- Load structure : If redeemed bet. 0 Month to 6 Month 1% , 6-12 Month 0.5%
- Fund manager : Anup Upadhyay
- Latest NAV (gr) : Rs44.9934
- Latest NAV (div) : Rs24.3175
- Expense ratio (%) : 2.06
- AUM : Rs2,738
- Benchmark Index : S&P BSE 500

### Holdings by market cap

Particulars	%
Nifty 50	44.1
Nifty Free Float Midcap 100	14.9
Nifty Free Float Smallcap 100	3.6
<b>BSE Sensex</b>	-
Top 5 holdings	20.3
Top 10 holdings	33.4

### Top 10 stock holdings (total no. of scrips: 64)

Company name	% of net assets
HDFC Bank	5.8
ITC	4.2
Kotak Mahindra Bank	3.6
HCL Technologies	3.4
ICICI Bank	3.3
IndusInd Bank	3.3
Bajaj Finserv	2.6
State Bank of India	2.6
Indian Oil Corporation	2.4
Infosys	2.3

### Scheme analysis

With a long history of more than 11 years, the MF scheme has been an outperformer compared to both, the benchmark S&P BSE 500 index and the Multi Cap category average. Despite the volatility and uncertainties in the market, the MF scheme has performed better than its peers, giving a return of 18.8% over the past one year as against 17.4% and 17% returns given by the S&P BSE 500 index and the Multi 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 18.3%, while the S&P BSE 500 index and the Multi Cap category average have reported a CAGR of 10.7% and 13.3%, respectively. In recent months, the MF scheme has given a return of 14.2% compared to the 13% return posted by the S&P BSE 500 index and the 13.1% return generated by the Multi Cap category average.

The MF scheme currently has about 64 stocks in its portfolio. It has nearly 97% of its net assets exposed to equity, while the rest is exposed to other debt and money-market instruments. The top ten stocks form about 33.4% of the MF scheme's portfolio. The MF scheme has invested nearly 28% of its funds in the Financial Services sector followed by Consumer goods and Energy sectors, with an allocation of 15% and 9.98% 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 done by giving equal weightage (20% each) to the below mentioned risk and return parameters.

- 'Returns' - measured across 1, 2 and 3 years:** To rank the funds we give a 20% weightage to performance on absolute and relative basis (to category benchmark and peers) across three time periods of 1 year, 2 years and 3 years.
- 'Risk' - captured through Sharpe 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 give a weightage of 20% each to both the ratios, to finally arrive at the ranking of the fund 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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