

Sharekhan

by BNP PARIBAS

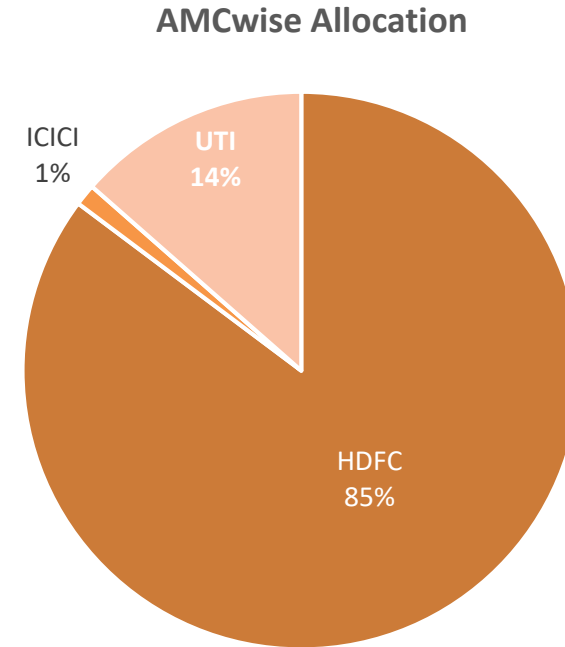
ABC Family - Portfolio Review

Jan-2020



Analysis of Current MF Portfolio

Asset Class	Amount	Weightage
Debt – Open Ended	15,948,300	99.38%
Banking & PSU	5,591,300	34.84%
Credit Risk	8,187,000	51.01%
Corporate Bond	2,170,000	13.52%
Debt – Close Ended	100,000	0.62%
FMP	100,000	0.62%
Total	16,43,000	100%



Observations:

- The portfolio is heavily invested in longer duration Debt Funds - Credit Risk, Banking and PSU, Corporate Bond Funds and FMPs
- The debt portfolio is skewed towards Credit Risk Funds and has more than 51% exposure in the category
- Also 85% of the MF portfolio is in HDFC AMC with maximum allocation in HDFC Credit Risk Fund (50%)



Portfolio Performance

Scheme Name	Category	Corpus(In Rs Crs)	Launch Date	Absolute Returns(As on 10th Dec-19)			Compounded Annualized Returns(As on 10th Dec-19)			Risk Adjusted Ratios(10-01-2017 to 10-12-2019)			Avg Maturity	YTM	Top Picks/Focus
		Nov-19		1 month	3 months	6 months	1 year	2 years	3 years	Std Deviation	Beta	Sharpe	Nov-19	Nov-19	
HDFC Banking and PSU Debt Fund	Banking & PSU	4291	26-Mar-14	0.56	2.03	5.2	10.72	7.62	7.33	2.17	0.98	0.89	3.08	7.18	No
Category Avg				0.42	1.68	5.01	10.15	7.80	7.26	1.90	0.78	1.19			
HDFC Credit Risk Debt Fund	Credit Risk	14569	25-Mar-14	0.86	2.3	4.78	9.2	6.8	6.82	1.83	0.83	0.78	2.53	9.45	No
ICICI Prudential Credit Risk Fund	Credit Risk	11707	03-Dec-10	1.03	2.64	5.21	9.55	7.78	7.54	1.22	0.55	1.72	2.15	9.2	No
Category Avg				0.25	0.53	-0.21	0.47	2.19	3.65	3.78	0.31	0.19			
UTI Corporate Bond Fund	Corporate bond	598	08-Aug-18	0.42	2.66	5.92	11.95	--	--	1.87	0.78	2.89	4.01	7.18	No
Category Avg				0.44	1.34	4.39	6.20	5.08	5.26	4.00	0.80	0.91			

Source: ICRA Online. Performance as on 10-Dec-2019, Risk Adjusted Returns are 1 year return rolled daily over a period of 3 years



Category wise Review

Asset Class	Weightage	Recommendations	Comments
Debt – Open Ended	99.38%		
Banking & PSU	34.84%	Add	Can add roll down strategy funds
Credit Risk	51.01%		Currently the portfolio is skewed towards credit risk fund
Corporate Bond	13.52%	Add	
Debt – Close Ended	0.62%		
FMP	0.62%		Avoid further investments in FMPs
Total	100%		

- Client's Portfolio is skewed towards credit risk funds, considering the ongoing defaults in the debt market, would recommend not to make any further investments in the category
- Corporate Bond Funds with a roll down strategy can be added to the portfolio if the client is looking to invest in debt funds for a longer duration
- Existing Portfolio has exposure only to longer duration funds(assuming the clients investment horizon is at least 3 years), some exposure in funds with a short term view like ultra short duration or money market funds will help meet the liquidity needs of the client in case of emergency
- The portfolio has some exposure to HDFC FMP, would recommend to check the portfolio quality(only AAA rated FMPs must be considered) before further investments



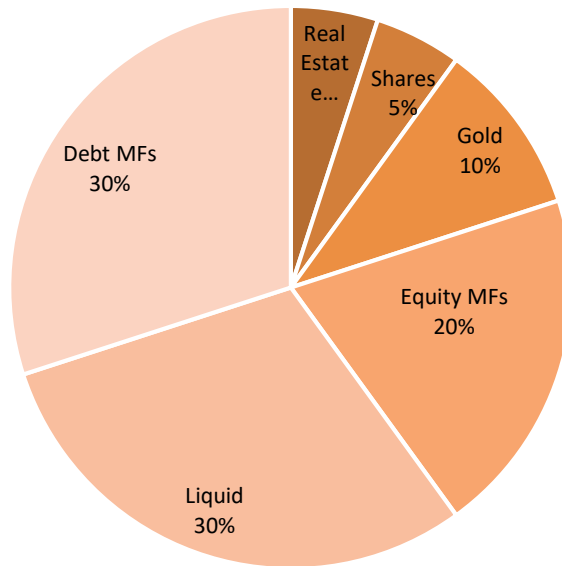
Scheme wise Review

Scheme Name	Category	Weightage	Status	Comments	Recommendation
HDFC Banking & PSU Debt Fund	Banking & PSU	35%	Alert	<ul style="list-style-type: none"> Long term performance lesser than category average Only 68% of the schemes investments are in AAA & equivalent papers Not a part of the research approved list Higher volatility with less risk adjusted returns 	Axis Banking & PSU Debt Fund and IDFC Banking & PSU Debt Fund
HDFC Credit Risk Fund	Credit Risk	50%	Alert	<ul style="list-style-type: none"> No schemes from this category are part of the research approved list Only 29% of the schemes investments are in AAA & equivalent papers (higher risk) Average performance with high risk 	Avoid further investments in this category because in the current market scenario there is higher risk of downgrades as compared to upgrades
ICICI Prudential Credit Risk Fund	Credit Risk	1%	Alert	<ul style="list-style-type: none"> No schemes from this category are part of the research approved list Only 12.82% of the schemes investments are in AAA & equivalent papers (higher risk) Moderate returns with higher risk 	
UTI Corporate Bond Fund	Corporate Bond	14%		<ul style="list-style-type: none"> Not a part of the research approved list Performance in line with others but average maturity is higher as compared to schemes in the recommended list 	DSP Corp Bond Fund (follows a roll down strategy), Kotak Corporate Bond, IDFC Corporate Bond, ABSL Corporate Bond and ICICI Corporate Bond
HDFC FMP 1372D September 2018 - 1	FMP	1%		Avoid further investments in long term FMPs, default risk is higher in the current market scenario	
Total		100%			



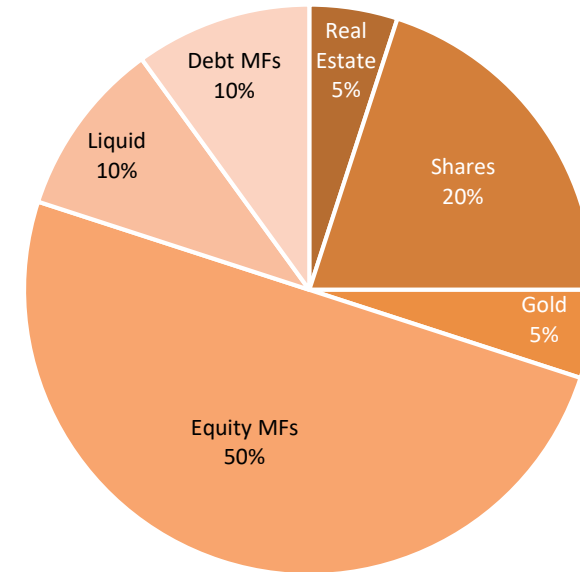
Asset Allocation – Existing and Proposed

Existing Asset Allocation



Equity MFs	Weightage
Large Cap	0%
Multi Cap	10%
Small & Mid Cap	10%

Proposed Asset Allocation



Equity MFs	Weightage
Large Cap	20%
Multi Cap	20%
Small & Mid Cap	10%

An investors asset allocation must be based on his age, investment goals, risk appetite, investment horizon etc. Existing allocation cannot be converted into the proposed allocation overnight, it is a gradual process and must be explained to the investor



Scheme Recommendation

Existing Portfolio does not have exposure to shorter duration funds, in order to diversify the portfolio can make further investments in Ultra Short Duration or Low Duration Category

Ultra Short Duration & Low Duration Fund	Category	Riskometer
SBI Magnum Ultra Short Duration Fund	Ultra Short Duration	Low
L&T Ultra Short Term Fund	Ultra Short Duration	Moderately Low
ICICI Prudential Savings Fund	Low Duration Fund	Moderately Low
IDFC Low Duration Fund	Low Duration Fund	Moderately Low

Current Market Scenario is ideal for funds that follow a roll down strategy, helps reduce the risk in the portfolio arising out of interest rate movements. Further investments can be made in the funds recommended below

Roll Down Strategy Funds	Category	Riskometer
IDFC Banking & PSU Debt Fund	Banking & PSU	Moderately Low
DSP Corporate Bond Fund	Corporate Bond	Moderate
Axis Banking & PSU Debt Fund	Banking & PSU	Moderately Low
HDFC Money Market Fund	Money Market	Moderately Low



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