Balanced Advantage Funds: A Smart Investment Choicee

Balanced Advantage Funds have emerged as a smart investment choice in today's investment practices. They use a model-based approach and dynamically manage asset allocation between debt and equity, thereby effectively reducing downside risk and bringing stability to your portfolio. It also aims to generate risk-adjusted returns for investors. Of course, you must invest across several market cycles to get capital appreciation from risk-adjusted returns. But before discussing its benefits, it is important to understand Balanced Advantage Funds.

Understanding Balanced Advantage Funds

A Balanced Advantage Fund (BAF) is a hybrid mutual fund that invests in a mix of equity and debt instruments, which it manages dynamically, i.e., as per changing market conditions, it allocates the investments between equity and debt. When equity valuations look attractive, BAF increases equity exposure. When the equity valuations seem expensive, BAF reduces the equity allocation or hedges the equity portfolio. This enables you to benefit from equity market up-moves while keeping you safe from the down-moves.

5 Benefits of Investing in Balanced Advantage Funds (BAFs)

Potential for Stable Returns: By dynamically investing in both debt and equity, Balanced Advantage Funds (BAFs) could provide the potential for stable returns during market volatility.
Aim for Lower Risk: BAFs aim to balance risk and returns, potentially offering a lower-risk investment option compared to other equity mutual funds.
Dynamic Asset Allocation: With their dynamic asset allocation strategy, BAFs can adjust their exposure to different asset classes based on market conditions, providing flexibility and responsiveness to changing market trends.
Professional Management: BAFs are managed by professional fund managers who use model-based triggers to make investment decisions. This means that investors can potentially benefit from expert management without having to constantly monitor their investments.
Tax Efficiency: Compared to other investment options, BAFs may offer tax efficiency, helping investors maximize their returns. To maintain the equity status, funds may use the arbitrage strategy to reduce the net long equity positions. Consult your tax advisor before investing.

Things to Consider Before Investment

Before you invest in the best-balanced advantage fund of your choice, there are certain things that you have to keep in mind, which ultimately help you in making the right investment decisions. Let's take a look at them.

Your risk appetite: A balanced advantage fund is suitable for investors who have a moderate risk appetite and are looking for a balance between growth and stability. If you are willing to take more risk for higher returns, you may opt for a pure equity fund. If you are more conservative and prefer safety over returns, you may choose a pure debt fund.

Your investment horizon: A balanced advantage fund is ideal for investors who have a long-term investment horizon of at least five years. This is because the fund can adjust its asset allocation according to market conditions.
The fund's tax efficiency: A balanced advantage fund is taxed as an equity fund, which means that the long-term capital gains (LTCG) above Rs. 1 lakh are taxed at 10% and the short-term capital gains (STCG) are taxed at 15%.
Since we have talked about balanced advantage funds and their benefits, it brings us to another question.

Should I Consider Investing in Balanced Advantage Funds?

Balanced Advantage Funds can be a suitable investment option for many investors. Here are some factors to consider when deciding if these funds might be a good fit for you:

New Investors: If you are new to investing and want balanced exposure to both equity and debt securities with minimal risk, a Balanced Advantage Fund may be worth considering.
Experienced Investors: If you are an experienced investor looking for significant exposure to equities while limiting your downside through debt exposure, a Balanced Advantage Fund may be an option to explore.
Long-Term Goals: If you have long-term financial goals and are willing to invest for at least five years, a Balanced Advantage Fund can potentially benefit from capital appreciation over time.
Market Volatility: If you are concerned about the unpredictable market volatility of equity investments, a Balanced Advantage Fund can provide some stability by adjusting its asset allocation according to market conditions.
In summary, if you want to invest without any behavioural biases and with minimal risk, a Balanced Advantage Fund might be an option to consider. While these funds aim to provide stable returns over the long term while balancing growth and stability, itâs important to remember that all investments come with some level of risk.

ELSS Funds invests minimum 65% of its portfolio in Equity shares & can go upto 100% in Equity shares.
You get the best of both worlds: capital appreciation and tax savings from your stock investments.
There are no entry or exit loads in ELSS Mutual Funds.
If you want to earn a regular income, you may receive dividends or go with the growth option to gain capital appreciation.
They have a three-year mandatory lock-in term, the shortest of all tax-saving mechanisms.
WHAT ARE THE TAX BENEFITS OFFERED BY ELSS FUNDS?
ELSS mutual fund scheme investments qualify for a tax deduction under section 80C. However, any redemption or switch out undertaken in the scheme after the lock-in period is subject to taxation. Long-term capital gains tax applies to equity mutual funds held for longer than one year, but if the profits reach Rs 1 lakh in a financial year, they are taxed at a rate of 10% without indexation advantage.

WHY SHOULD YOU INVEST IN ELSS MUTUAL FUNDS?

There are certain benefits of investing in ELSS mutual fund schemes.

SAVE TAX AND GENERATE WEALTH OVER TIME

To begin with, ELSS funds are mutual funds that invest in stocks. They are multi-cap funds, which invest in firms of all sizes - large, mid, and small - across all industries. And, as an equity mutual fund, it can generate wealth through equities over time.

To put it another way, investing in ELSS allows you to build wealth over time like any other equity mutual fund. In addition, investment in an ELSS provides tax benefits that no other mutual fund does.

SHORTER LOCK-IN PERIOD

ELSS earns an extra point for its lock-in duration compared to other tax-saving investing alternatives. For example, PPF has a 15-year lock-in time, ULIP has a 5-year lock-in period, tax-saving FDs have a 5-year lock-in period, and NSC has a 5-year or 10-year lock-in period. In comparison, the ELSS lock-in duration is only three years.

START BY INVESTING SMALL THROUGH SIPS

ELSS can be purchased using a systematic investment plan (SIP) like all other mutual funds. For as little as Rs 500, you can begin a SIP for an ELSS mutual fund. And like other mutual funds, you can raise your investment amount through SIP top-up as your income rises.

Most other tax-advantaged investment options don't allow you to invest money systematically every month.

WHAT ARE THE FACTORS TO CONSIDER BEFORE INVESTING IN ELSS FUNDS?

When deciding whether or not to invest in an ELSS mutual fund, keep the following points in mind:

INVESTMENT HORIZON

To invest in ELSS funds, you must have a longer-term investment horizon than five years. This is because ELSS funds' equity involvement necessitates a longer investment horizon to limit market volatility.

INVESTMENT RETURNS

You should be aware that ELSS funds do not guarantee returns because their success is contingent on the performance of the underlying stocks. Having a longer investment horizon than 5 years, on the other hand, can yield better returns than any different tax-saving investing strategy.

LOCK-IN PERIOD

The lock-in period for ELSS mutual funds is three years. This is because your investments are required to be locked in for three years from the date of acquisition, and you cannot redeem them until the whole time term is up.

CONCLUSION

ELSS funds are a two-in-one investment vehicle. It not only helps you save money on taxes, but it also helps you build significant wealth with that money. As a result, you may put these assets toward long-term goals like kid education and retirement, where you'll need to outperform inflation by a large margin.

FREQUENTLY ASKED QUESTIONS

What is the best way to invest in ELSS?

ELSS can be bought in the same way as any other mutual fund. The most straightforward method is to open an Online Investment Services Account. You have the option of investing in a lump sum or through a SIP (systematic investment plan).

Is investing in ELSS a good idea?

It is good to have a mix of equity mutual funds and debt funds to minimize risk. But investing in ELSS is a good idea. ELSS funds are suitable for long-term investors who want to gain exposure to the stock market while avoiding taxes. There are several ELSS funds available.

Is ELSS better than PPF?

ELSS investments are focused on equity and have a higher level of volatility than PPFs, which are debt instruments with low volatility. Under Section 80C of the Income Tax Act, 1961, you can claim a maximum deduction of INR 1.5 lakh with both ELSS and PPF.

2. How should I invest in mid and small caps?

Should you invest directly in mid and small caps or should you invest via a fund? As mentioned above, mid and small caps can be very volatile. The reason for their volatility is that their underlying businesses can go through sharp ups and downs with changing economic scenarios. Thatâs why during boom times, they do well; and during doom times, they crash. Thus, when you pick mid and small caps, you should be absolutely certain of their quality and business strength. If you can do stock research on your own and have the time to track the performance of companies, you can invest in mid and small caps directly.

However, most investors will have problems navigating this tricky space. So, the mutual fund route remains the better option for the majority. With mutual funds, you can get the services of an experienced fund manager who will pick winning mid and small caps on your behalf. If your chosen fund underperforms, you can also switch to a better one. Last but not least, when you invest in a mid- or small-cap fund, you get a diversified portfolio straightaway. All these help you lower your risk and optimise your returns.

3. Whatâs the right time to invest in mid and small caps?

Should you invest in mid and small caps when they are down? Or should you invest in them irrespective of the fact where they are headed?

Letâs take these scenarios over the last 10 years for the BSE 150 MidCap and BSE 250 SmallCap indices:

You invest in the two indices when they have fallen by 2% or more with respect to the previous dayâs close.

You invest in the two indices on the first of every month, irrespective of the market levels.

The charts below show the (XIRR) returns you would make.

4. How much allocation should I have in mid and small caps?
If you have made up your mind to add mid and small caps to your portfolio, the question that arises now is how much should you allocate to them? There is no right or wrong answer to it. It all depends on your risk appetite and how comfortable you are with the volatility in your portfolio.

If you would like to have a basic equity portfolio, you can avoid mid- and small-cap funds altogether and focus on just flexi-cap funds. Flexi-cap funds will have allocations to mid and small caps, as deemed fit by the fund manager.

However, if you would like to add a kicker to your portfolio returns, you can add mid- and small-cap funds to it. But avoid going more than 30-40% of your total portfolio. While a larger percentage of mid and small caps can boost your returns, they also make your portfolio more volatile. Hence, choose cautiously.

As far as stock investors are concerned, they would find many worthwhile options in the mid-cap space and hence canâ□□t really ignore it. The idea is to be prudent with stock selection. As far as small caps are concerned, even stock investors can do without them if they donâ□□t want extra volatility in their portfolios.

If you do invest in small-cap stocks, understand that you must research them even more profoundly than mid caps. There is often limited information about small caps in the public domain and hence you must be willing to dig deeper.

Mukesh Ambani is disrupting Rs 44.4 Lakh Cr mutual fund sector in Jio way!

He made Jio Blackrock, a JV (50:50) with worldâ□□s largest asset manager, BlackRock with an initial capital of Rs 2380 Cr.

They are set to begin with low-cost passive products.

JFS (Jio Financial Services) has received Rs 20700 Cr liquid assets from Reliance Services.

Hereâ□□s his roadmap:

- Enter B2B credit business.
- Get in consumer lending.
- Break into insurance, payments, digital broking and asset management.

Though JFS has to face tough tests from 40+ competitors and regulations.

Such as,

- SBI, ICICI, HDFC, Nippon, Kotak Mahindra, ABSL and Axis are top players holding 80% share of this industry.

- Bajaj Finserv has entered it recently.

- Paytm, PhonePe, Simpl and CRED are there in lending.

- Zerodha is also set to launch mutual funds as it'll get a final signal from SEBI soon.

Itâ□□ll build a platform with smallcase.

As Rs 5.4 Lakh Cr is invested in ETFs which is 12% of total assets under AUM (Asset Under Management), Ambani has seen AUM of India's MF industry 2X in last 5 years.ð□□®ð□□³

Here are 5 strategies Mota Bhai is using to apply his JIO playbook:

1. Noble Mission:

Due to issues in distribution, millions of retail investors canâ□□t buy passive funds.

He's set to remove them and make it seamless.

His target is to democratise investing in India through â□□Fit for Indiaâ□□ movement.

2. Partnership:

Blackrockâ□□s digital platform Aladdin (Asset, Liability, Debt and Derivative Investment Network) fits his plan for India.

Aladdin is used by 200+ global firms.

Itâ□□ll leverage tech and data to bring affordable and innovative solutions.

3. Advantage:

Itâ□□s set to leverage its footprint at 18500+ stores of Reliance Retail and 448.5 million subscriber base of Jio.

4. Untapped market:

As India is set to be world's 3rd largest economy in 4 - 7 years, working portion of 1.4 billion population will invest more.

Such as people from Tier-2, Tier-3 cities and beyond are still untapped.

5. Track record:

After demerger, JFS has already 3rd largest NBFC in India with Rs 1.66 Lakh Cr valuation.

In telecom, heâ□□s erased all competitors in only 7 years which heâ□□s copying here.

On other hand, Blackrock left India in 2018 when its 60:40 JV with DSP group fell apart. Itâ□□ll revise its last mistakes.

As ratio of mutual fund AUM to Indiaâ□□s GDP is only 16% compared to world's average of 63%, itâ□□s a huge scope of growth.ð□□□

Under Isha Ambani's leadership, it'll be interesting to see growth of JFS.

PS- Despite being listed recently, Ambani fever has already fallen shares of Indian companies.ð□□□

Can Ambani be successful in disruption again?

Do you think itâ□□ll be easy to repeat JIO strategy this time?

Why should you choose mutual funds to finance your wedding budget?
A mutual fund is a financial instrument where the fund managers pools the money from different investors with similar financial goals, and invests that pooled money into different securities like stocks, government bonds, etc. This diverse portfolio help reduce risk and can yield reasonable returns on the investments.

Also Read : What is Mutual Fund?

Professional fund managers look at the mutual fund performance, remove or add many stocks/securities based on their performances. So, you donâ□□t have to worry about investing in a wrong stock. All you need to do is invest your money and let the professional handle it.

Mutual funds are flexible with amount too. You have the freedom to invest as much amount as you can, depending on your financial goals.

Managing your wedding expenses with mutual funds
Getting started with mutual fund investment to finance your wedding isnâ□□t a difficult task. You can start planning your wedding finances 5 or 10 years in advance. By investing as early as possible, you can create more wealth as mutual funds may offer interest on the amount as time progresses.

The holding period (i.e. long-term and short-term) and the wedding budget will decide which type of mutual fund is suitable for your needs. You can compare different mutual funds to gain more insight about a mutual fund.

Select the mutual fund and opt for an SIP or a lump-sum investment. You can start as little as Rs. 500-1000 considering the time and then increase the amount or you can go for lump sum amount.

Also Read: What is SIP?

Conclusion

Planning the expenses for a wedding is not an easy task, but mutual fund is there to help you. The financial planning with mutual fund help reduce the stress associated with the wedding finances to some extent. So, you experience the joyous feelings during the preparations while mutual funds work for you.

HOW DOES SIP WORK?

A systematic investment plan (SIP) is a simple instrument that allows you to create wealth by making small, regular deposits over a longer time horizon. There are many benefits of SIP investment in mutual funds.

When you start SIP in a mutual fund scheme, you can buy a set number of fund units. You can invest in the fund at both highs and lows. You don't have to time the market to earn money. This element of uncertainty is removed with SIP investing.

You can select to automate your investments once you've chosen the investment term and frequency. Then, give your bank a standing instruction to transfer money from your bank account to the mutual fund SIP of your choice regularly (monthly, quarterly, etc.).

WHAT ARE THE BENEFITS OF SIP IN MUTUAL FUNDS?

Benefits of SIP in Mutual Funds

MARKET VOLATILITY DOES NOT AFFECT THE INVESTMENTS

Markets reflect the economy, and just as the economy experiences ups and downs, so do the markets. So while a drop in the market might wipe out some of your gains, a SIP can make these dips work in your favor.

One of the advantages of SIP prevents investors from speculating in highly volatile markets. When the market is low, investors may buy more units, and they can buy a few units when the market is high. As a result, the long-term average cost of each unit is anticipated to be cheaper, while the investment returns are excellent.

Because you invest every month, the NAV of every scheme varies, and you receive a different amount of units each month. When the markets rise, the price will increase each month, and you will receive fewer units. When the cycle reverses and markets begin to decline, the purchase price drops, and you start to get more units for the same investment. Rupee Cost Averaging is the process of investing at different periods of the market to average out the costs.

HELPS TO BUILD CORPUS WITH SMALL AMOUNTS

Another benefit of SIP investment is that it allows you to invest in mutual funds with as little as Rs. 500 per month. So even if you don't have a lot of money, you may benefit from India's growth by investing in mutual funds.

This might be a cost-effective approach to invest each month without going over budget. With the SIP step-up function, you may raise your monthly investment amount as your income rises. In addition, investors can top up their SIPs regularly with mutual fund firms.

When you regularly invest in a mutual fund scheme through a systematic investment plan (SIP), your total investment amount rises to a sizable corpus over time. The benefit of compounding is one of the main reasons for your corpus's growth. Because mutual fund returns are reinvested, and you get returns on your returns, you profit from this simple yet powerful force known as compounding.

YOU BECOME MORE DISCIPLINED WITH YOUR SAVINGS

A well-known advantage of SIP investments is that it allows investors to have a disciplined approach towards savings. In addition, it instils some financial discipline in the form of a monthly budget. Because SIPs are very flexible, they may be stopped at any moment, and investors can choose to raise or reduce their investment amount.

You may follow the golden rule of personal finance by using SIP to save first and spend later. All you have to do now is choose a monthly SIP date that coincides with your salary date. And before you start spending, you'll wind up investing every month

BOTTOM LINE

There are many benefits of SIP investments in mutual funds apart from the top 3 mentioned here, like convenience, diversification, flexibility, no charges to start a SIP, etc. In addition, SIP defies the traditional belief that making money takes a lot of planning and work. In reality, SIP demonstrates that you must avoid any complicated investment methods such as market timing and instead invest regularly to manage your funds appropriately.

FREQUENTLY ASKED QUESTIONS

Can I Lose Money In SIP?

Yes, to an extent. As mutual funds are subject to market risks, an investor can lose some money as the fund houses invest in stocks, commodities, etc. But the most significant advantage of investing in mutual funds via SIP is staying invested for a long time and not letting the marketâ□□s ups and down bog you down.

Can I Withdraw SIP Anytime?

Most mutual fund schemes are open-ended and can be redeemed anytime. It mostly charge exit load of up to a year, after which there are no loads on investment redemption.

Which SIP is more beneficial?

There are many types of SIP- daily, monthly and quarterly. Depending on the risk tolerance and the amount of money available at your disposal for investment, you can choose a more suitable SIP option for yourself.

India has about 284 index funds and ETFs but retail adoption has been low, which is attributed to distribution related bottlenecks. Just the way banks use their branches and digital platforms to cross-sell an entire suite of financial products, Jio BlackRock can also do it by using the vast reach of RIL's twin consumer businesses - Jio and Retail.

BlackRockâ□□s digital platform Aladdinâ□□the Asset, Liability, and Debt and Derivative Investment Network--fits into Ambaniâ□□s plan of using data and technology to disrupt the Indian financial markets.

If JFSL choses to focus on passive products, then its success would not only depend on cracking the distribution puzzle but also generating alpha over active funds.

"Active fund performance in India has been quite healthy over long timeframes. We believe that India as a market will remain commission-driven for the next 3-5 years, which automatically restricts the runaway adoption of passive funds through the advisory route. Further, the current regulatory design has a good alignment of interests across customers distributors-AMCs with pass-through of scale benefits built into TERs," Sakhare said.

Passive-heavy fund houses need scale for liquidity and lower price-NAV gap with scope for consistent price reductions. "While the performance of active funds swings through cycles, fund houses with a healthy active share and a balanced product portfolio will remain relevant.

Identifying winners is probably not required at this stage of growth, but passive opportunity in India (unlike the US) could be captured within the existing set of incumbents," the analyst said.

The other big challenge for Jio will be to tackle the rising competition in a tight regulatory environment.

Bengaluru-based startup billionaire Nithin Kamath, who had disrupted India's stock broking industry with Zerodhaâ□□s cheap brokerage plans just like what Jio did in the telecom business, is awaiting a final nod from Sebi for launching mutual funds.

Zerodha, which is partnering with fintech smallcase for the AMC business, has planned a lean and tech-first platform which can make the selection of mutual funds easier. It is lining up only passive products targeted at long-term investors.

The latest entrant in the industry is Bajaj Finserv which has also built its business model around data and technology.

"We will only enter those active categories where we see an opportunity to generate alpha. If not, we will enter them through the passive space. Even in passive, weâ□□re looking at passive allocation but active management, or what we call smart beta funds," Ganesh Mohan, CEO, Bajaj Finserv AMC, had told ET recently.

As the ratio of mutual fund AUM to the country's GDP is 16% compared to the global average of 63%, the runway to grow is huge but given the competition and Jioâ□□s late entry the battlefield isnâ□□t going to be an easy one.

LIC Mutual Fund (LIC MF) on Monday said it has completed the takeover of schemes of IDBI Mutual Fund. The move is in line with LIC MF's aim to strengthen and diversify its product offerings, expand footprint and grow its assets under management (AUM) to emerge as a leading fund house in the country, according to a statement.

The merger is effective from July 29.

As of June 2023, LIC MF had an AUM of Rs 18,400 crore, while IDBI MF had Rs 3,650 crore

With the completion of the merger, out of 20 schemes of IDBI MF, 10 will be merged with similar schemes of LIC MF and the remaining 10 will be taken over by LIC MF on standalone basis, which will take its total scheme count to 38, the statement noted.

With this merger, investors who have invested in IDBI MF schemes, will get access to LIC MF's diversified basket of product offerings covering equity, debt, hybrid, solution oriented themes, ETF and Index funds.

"The merger complements our goal to strengthen our scheme offerings in the mid-cap, small-cap, gold fund, passive fund segments, etc. The merger will help us build a wider market presence and offer a more extensive range of product baskets. The combined strength will help us capture emerging opportunities in the thriving asset management industry," TS Ramakrishnan, Managing Director and CEO of LIC Mutual Fund, said.

CAMSKRA, a CAMS subsidiary and a leading KRA (KYC Registration Agency) serving capital market players, has simplified the KYC registration process leveraging Artificial intelligence (AI) to verify and confirm KYC status of new customers, a press release said.

With the new CAMSKRA solution, businesses can verify the identity of their new customers in a seamless, frictionless process without breaking the onboarding journey and completing the KYC registration in under ten minutes.

In the passive category, 12 new ETFs were launched. Several mutual fund houses such as Axis Mutual Fund, DSP Mutual Fund, HDFC Mutual Fund, ICICI Prudential Mutual Fund, Mirae Asset Mutual Fund came up with new fund offerings of ETFs. Both DSP Mutual Fund and HDFC Mutual Fund have launched four new ETFs - Index schemes.

Around 10 new fund offers were index schemes. Index Funds - Other category included index schemes based on Nifty Smallcap 50 Index, Nifty 500 Value 50 Index, Nifty Microcap 250 Index, and Nifty Financial Services Ex-Bank Index.

In the last one month, mutual fund houses have filed drafts for 11 new equity mutual fund schemes. Bandhan Mutual Fund is leading with the maximum number of drafts.

Quant Mutual Fund has earned a name for itself with its impressive performance in the last few years. However, most of its schemes have been underperforming for a while. ETMutualFunds reached out to Sandeep Tandon, CEO of Quant Mutual Fund, to find out what is happening and what is he doing about the situation. âWe have been vocal about the fact that for us, investment is about primarily managing risks and returns are therefore a by-product,â says Tandon. âOur VLRT Framework and ..

Our VLRT Framework and Predictive Analytics indicators play a huge role in the risk mitigation process and generate superior risk-adjusted returns. Though we focus on quantifiable quality, we do not believe in âquality at any priceâ and therefore Valuation Analytics is the backbone of our framework.

While the underlying fundamentals of any stock would typically quantify known risks, only the unknown risks would be unforeseen bad news and events that fall outside the purview of the predictable universe. To grow long term wealth, it is imperative to participate in the periodic opportunities but only equipped with a predictive framework and behavioral strength that allows the right exit. We focus mainly in analyzing and quantifying risk and liquidity deploying the VLRT Framework, as a constant ..

Most schemes are still at the bottom of the performance chart. When will things improve because of the recent changes?
The observation of our schemesâ performance is incorrect. While reviewing the fund performance, one should not be swayed by short term fluctuations. One must remember that mutual funds are beneficial vehicles for long term wealth creation. Our schemesâ long term risk-adjusted returns are placed in the top-quadrant and the risk ratios reveal that we do not tak ..

Based on the Risk-on or Risk-off environment, a desirable level of churn keeps portfolios relevant and allows them to presciently capture opportunities and preserve gains through volatile times. The dynamic movement in our portfolios is a reflection of our long held belief, âTiming is Everythingâ and is a culmination of a resilient investment discipline by which we have efficiently navigated through turbulent and highly volatile environments via our VLRT Framework.

With the new CAMSKRA solution, businesses can verify the identity of their new customers in a seamless, frictionless process without breaking the onboarding journey and completing the KYC registration in under ten minutes.

Leveraging custom image classification & extraction models using AI, CAMSKRA KYC provides comprehensive verification of identity, including Aadhaar OTP, PAN card, and Bank account

There are three major categories of mutual funds according to the market caps. These are large-cap, mid-cap, and small-cap mutual funds. Investment in small-cap mutual funds is associated with higher risk levels than large and mid-cap funds as they invest in lesser-known and under-researched companies. Small-cap schemes can witness intense volatility during bearish market phases. but they can even outperform all categories of mutual funds over the long term. Here is a list of 10 small-cap funds with the highest three-year returns as per data based on data available on Value Research.

Small cap mutual fund schemes witnessed a massive increase in the inflow of funds by 67 percent in the month of June to hit a high of â¹5,471.75 crore against â¹3,282.50 crore in the preceding month, showed the latest AMFI data.

In other news, capital markets regulator Sebi has allowed mutual funds to introduce five new categories under ESG (environmental, social, and governance) scheme and put in place a disclosure framework for them. The five new categories are -- exclusions, integration, best-in-class and positive screening, impact investing, and sustainable objectives.

Disclaimer: The views and recommendations made above are those of individual analysts, and not of Mint. We advise investors to check with certified experts before taking any investment decisions.

At a time when the latest buzzword is 'small caps', we sat down with Samir Rachh, who has been managing the largest small-cap fund - Nippon India Small Cap - since inception. In this conversation, he provides his views on the current market situation and shares advice for mid-cap and small-cap investors. Here is an edited transcript of the interview. Investors are upbeat owing to a massive rally in the mid- and small-cap segments and have added record flows into small-cap funds. Are we in a bubble? The best time to buy stocks, especially the small caps, is when chips

In the Indian financial landscape, mutual funds have seen a considerable metamorphosis, going from a mysterious investment option to a renowned financial vehicle. The mutual fund industry is poised for a transformation as a result of the growing popularity of index funds, the effects of regulatory changes, and the rising interest in specialised industries like digital technology or healthcare. Thatâs why by the year 2024, it will be essential to analyse market trends and map out the industryâs potential future course.

Everyone learns by making mistakes. It is easy to say that you can learn from other peopleâs mistakes. Evolution is a process through which you emerge stronger, smarter, and sturdier by making mistakes and placing guardrails that prevent future generations from repeating them. The story of debt funds in India is one of learning from mistakes and hopefully coming of age and maturing.

The chase for yield resulted in fund manager fatigue. The fund management turned passive while the regulator turned active. Increased changes in policy from global central banks to avoid economic slowdown and inflation resulted in shorter interest rate cycles and sharper fluctuation in bond prices. A few high-rated issuers and numerous low-rated corporate issuers chose to default on their obligations leading to heavy losses for debt schemes and fund houses who had taken exposure to low credit papers in an attempt to shore up portfolio yields. Interest rate bets did not pay off as well as global volatility in inflation and yields resulted in an uneven experience for the Indian debt investor who had assumed high smooth returns as a given.

I am Arjun Purohit, founder partner of Purohit Associates. We are Industrial & Labour Law Consultants in Delhi NCR with above 25 years experience.
I would like take this opportunity to acknowledge Mr. Humshad Charnaâ□□s Investment advice. I was looking for non-aggressive Mutual Fund Portfolio which would be a better alternative to a fix deposit. I proudly share and appreciate the services of Mr. Humshad Charna that after understanding my objectives and risk taking appetite he planned out stable Mutual Fund investments for me. I have made an investment of Rs. 45 Lakh through Mr. Humshad Charna in some of the top Mutual Funds. I am very confident about my investments.
I highly recommend Mr. Humshad Charna to anyone individual or corporate who are looking to grow their money with the best advice and market knowledge.

I am Arjun khosla, director of Bitmetric Technologies Private Limited, a software development firm specializing in Business Workflow Management Solutions. I would like to present this Testimonial to Mr. Humshad Charna. Even though we went to the same school, I met Humshad through my wife a few months ago and he quickly introduced me to BNI. In the short time I have known Mr. Humshad, I have come to know that he is a fantastic human being who has gone through major advertises in life and come out a winner- advertise most of us cannot even imagine, let alone face.
I must I was a bit skeptical when I first learnt what Humshad does, even though he has been successfully running his wealth management firm for many years. Having had years of bad experience with bank, insurance agents and so- called wealth managers, I was not sure about whether what Humshad was offering another rip-off or the real thing. But when I first visited him at his office, I realized that he has a genuine way of dealing with people and putting them at complete ease. He took us through the Investment options in a way any layman could clearly understand. He provided us the various options available and not once did he try to sell us or coerce us towards any specific product.
Both me and my wife have invested relatively large amounts in various and diverse funds. We are especially happy with the fact that we can see the value of our investment any time of the day by just logging on to his website. I am very happy with the investments I have made with Humshad and I genuinely believe that my money is in good hands and will be well looked after by Humshad.
I would recommend Humshad without any hesitation to all my friends, families and colleagues. I wish him the best of luck and success in his firm and I believe he will achieve nothing less than meteoric growth in the coming years.

My name is Nitin Bhasin and I represent Mascot Hospitality which is in the business of providing Accommodation and Banquet services. Mascot runs 6 properties across noida with an inventory of 150+ rooms and banquet spaces in every property to cater to group assignments and social events. 4 of

these 6 properties figure in the Top properties in the region in their respective category.
I would like to take this opportunity to proudly share and appreciate the services of Mr. Humshad Charnaâ□□s Rising Investment Financials that me and my family have utilized time and again over the past year or so.
Advice after understanding the customers objectives and risk taking appetite amongst other things like liquidity needs. Like any prudent investor would want, he tries to further de-risk things by never banking on any single fund. His emphasis on educating his investors on the importance of building a regular saving habit, has helped me a lot personally.
His company is a team of qualified professionals and systems are process based as well as technology enabled â□□ all of which give investors like me the confidence of dealing with a sound financial planner who can be trusted for any sound financial advice.
I wish Humshad and his company the very best.

Iâ□□m Pramod Kanoujia, Partner Loanmoney.in
We are Loan Providers from Over 35 Banks & Non Banking Financial Companies.
We specialize in Mortgages Loan and Unsecured Loans.
I have forwarded few references to Mr. Humshad Charna, both internal and external. He was Patient in making the clients understand the features of Investment in Mutual Funds. He not only processed the Fund applications timely, but assisted in updation of KYCâ□□s as per Norms. His online app/URL of website for his clients is also very simple and useful.
In the short span of 5 months since myself and my relatives have invested through him as per suggestion for schemes, we have over 7% return in Net Asset Value.
I have found Mr. Humshad Charna to be reliable, efficient and experienced. As we grow we can feel confident that he will guide us as and when necessary. I would strongly recommend him for all my referrals for Investments in Mutual Funds.

The fall in AUM of SBI Mutual Fund and UTI Mutual Fund's Nifty 50 ETF, where EPFO has a large equity exposure, outstripped the fall in the index in Jan-Feb, suggesting high redemptions by the provident fund.

Need a #redemption form and just cant find an easy way on #franklintempleton website ! No #downloads option :-(
#mf #mutualfunds

#LIC #MF LAUNCHES INSTANT #REDEMPTION IN #LIQUIDFUNDS (in partnership with #RBLBank)

MUMBAI - The decline in assets under management of SBI Mutual Fund and UTI Mutual Fund's Nifty 50 exchange-traded funds, wherein the Employees' Provident Fund Organisation has a large equity exposure, outstripped the fall in the index during the first two months of the calendar year, suggesting high redemptions by the country's largest provident fund.

The quantum of the fall was, however, not large enough to put any significant selling pressure on the index stocks.

TREND

Since December, the Nifty 50 has been registering a decline every month. Typically, when the index falls, an index ETF's assets under management also decline in sync. However, if the fall in an ETF's assets is more than that in the index, it shows redemptions were higher than the inflows.

Under the government mandate, the EPFO invests in equities through Nifty 50 and Sensex ETFs of SBI Mutual Fund and UTI Mutual Fund. Half-yearly disclosures by the two fund houses reveal up to 75% concentration of assets in their respective ETFs by large unit holders, presumably accounts operated by EPFO.

"The mutual fund industry has seen outflows in equity ETFs due to EPFO redemptions," Manish Mehta, national head of sales, marketing and digital business at Kotak Mahindra Asset Management Co, said. In fact, the overall flows into equity ETFs weakened, resulting in a net outflow of around 17 bln rupees in January, followed by a marginal net inflow of 290 mln rupees in February.

WHAT NUMBERS REVEAL

For the two EPFO-dominated Nifty 50 ETFs, the fall in assets outpaced the index's 2.4% fall in January and 2% fall in February. SBI Mutual Fund's Nifty 50 ETF lost 3.8% assets in January, with end-of-month assets at 1.49 trln rupees. As per back of the book calculations, the ETF suffered net redemptions of 21 bln rupees going by the fact that its 3.8% fall was higher than the index's 2.4% decline.

In February, the ETF's assets declined 3.6% to 1,435.9 bln rupees, with calculations showing net redemptions at 23.4 bln rupees. The combined redemptions for January and February were at 44.4 bln rupees, according to calculations.

This trend was in sharp contrast with the preceding four months when the assets' increase or decline as against the Nifty 50's rise or fall showed net inflows of 85.7 bln rupees.

UTI Mutual Fund's Nifty 50 ETF showed a similar trajectory. Its assets fell 4.3% on month to 381.9 bln rupees in January, and then again by 2.5% in February. According to calculations, there were net redemptions of 8.9 bln rupees in Jan-Feb as against net inflows of 26.6 bln rupees in Sep-Dec.

EPFO POLICIES

EPFO can invest 5-15% of the incremental corpus of Employees' Provident Fund and Employees' Pension Scheme every year in equities. Currently, these are permitted only through Nifty and Sensex ETFs of SBI Mutual Fund and UTI Mutual Fund. At the end of 2021-22 (Apr-Mar), the EPF corpus invested in equity ETFs was at 1.02 trln rupees and made up for 9.2% of the total EPF investments. Similarly, 7.8%--or 529 bln rupees--of the total corpus of Employees' Pension Scheme was invested in equity ETFs.

The EPFO also has a redemption policy in place which, among other things, aims to book profit in equities after the investment committee weighs market conditions and valuation levels. Given that the Nifty 50 registered a decline in the past three months, it is possible that the EPFO has been booking profits. However, according to analysts, since incremental contributions to Employees' Provident Fund and Employees' Pension Scheme are a regular occurrence, there is a strong probability of a rebound when valuations get attractive. End

Ensuring more participation by MFDs - not only will MF Industry corpus grow, but the same funds will get utilized in development of our economy thru Debt & Equity. Savings will be channeled into productive direction to help grow #GDP.
GST contribution from commissions on Mutual Fund Investments is actually a negligible contributor to the exchequer. But removing these hurdles by removing GST, adding more MFDs to become active in this business can only help economic growth and GDP growth of our country

Humble request to @nsitharaman and @PMOIndia to consider removing GST on commissions earned by MFDs.

Trade off between GDP growth and not charging GST on commissions is hugely in favour of former by encouraging more MFDs to become active & reach $5 trln economy

1. One year doesnâ□□t mean much with #MF #SIPs

a) Those who began an #SIP a year back, i.e, at the start of 2018, may be breaking into a sweat right now because the SIP NAVs of equity funds have dipped anywhere in the range of -2 to -20% in 2018.
(2/6)
b) Still, considering the fact that equities generally do well over the long run negative returns within a period of just 12 months can be safely ignored.
(3/6)
2. Look beyond temporary market volatility and keep SIPPING

a) SIPs tend to do well over three-year and five-year horizons.
(4/6)
b) Data reveals that as on January 14, 2019, average returns of #SIPs in all equity funds over a one-year period stood at -3.9%.
(5/6)
3. Volatilityâ□□s no worry for #SIPs as the inflows keep rising, #AMFI data shows.
Thanks for noticing this. We are very particular about highest credit quality in our funds, especially hybrid.

Conservative funds in our view are not a place to take cute risks with fixed income.

While everyone knows our love and passion for BAF, we really are believers in the entire hybrid category. Funds that let you earn returns with downside protection, and tax efficiency. Explore our House of Hybrids!

My wife is investing 40% of her salary in mutual fund and she is happy with edelweiss small & midcap returns.

Have come to a conclusion that when in doubt just pick @EdelweissMF and trust their wisdom and @iRadhikaGupta. Pick any mutual fund from their portfolio and you won't repent. Bring time on your side to play for you. Thank you team @EdelweissFin.

@hdfcmf
not able to login to hdfc funds webpage. Err : something went wrong #hdfcbank #hdfcfunds #hdfcmf

Dear Investor,

Greetings from HDFC Mutual Fund!

Apologies for the inconvenience caused. We request you to please try to login now. You will be able to login. Please help us with the screen shot, if still you are facing any issues while login.

A goliath is about to enter India's start-up space -
@hdfcmf
. It is launching its first AIF with a size of around Rs 3,000 crore (including greenshoe option). This is an FoF meaning that it will invest in other funds (which will in turn be investing in startups/unlisted cos)

Sharermarket, #media heroes!
What type of benchmark indian mkt is creating JOKE
#nifty50
#banknifty
@SEBI_India
fines #Kotak AMC, its MD
@NileshShah68
and 5 other officials for violation of rules

Just heard Nilesh Bhai on his webcast about Market outlook. Similar sentiment expressed by him too.

He said:
Micro Cap & SME valuations are far higher than Large Cap & one should avoid
Maintain a Neutral weight in Equity &
Finally keep dry powder ready