HDFC Bank Research

Presentation

April 2020

Equity MF Strategy & Recommended Asset Allocation

- **The spread of Covid-19 has roiled the global risk assets. No asset class, which have an element of risk, seem to have been resilient**
- **Most of the large global economies and the central banks have come out with big stimulus to cushion the impact of the pandemic.**
- **Oil prices have fallen sharply on the back of dispute within the OPEC+ countries, which could strongly impact the key oil producing economies and force them to try to realign again to get the prices up.**
- **The Indian government and the RBI have also come out with stimulus and support for the economy. Though, the impact of the pandemic is likely to reduce the GDP growth for FY21.**
- **The Indian equity markets have also seen sharp correction in the month of March, which has made the valuations comfortable.**
- **While the evolving situation related to Covid-19 may lead to volatility, massive stimulus effort across the world could lead to relative stability once the uncertainty is over.**
- **Lower oil prices, better agri output, targeted stimulus by the government and strong RBI support could revive the growth momentum eventually.**
- **Given sharp deceleration in the equity valuations and prices, we believe that investors should again rebalance their portfolios in line with their risk profiles towards equities, where required.**
- **We have changed the investment strategy to 70% lumpsum and the rest 30% staggered over the next 3-4 months.**
- **From an Equity Mutual Fund perspective, investors could look at investing in Largecap Funds, Multicap Funds and Hybrid Equity funds with investment horizon for 2-3 years, in line with their risk profiles.**

	Aggressive	Moderate	Conservative
Equity Funds	75%	55%	25%
Debt Funds	20%	40%	70%
Gold	5%	5%	5%

Debt Mutual Fund Strategy

- **Investments into Short Duration Funds can be considered with an investment horizon of 12 months and above.**
- **Investors who are looking to benefit from relatively better accruals can look at Corporate Bond Funds and Banking and PSU Funds for a horizon of 15 months and above.**
- **Investments in Medium Duration Funds can be considered with a horizon of 15 months and above.**
- **Investors, who are comfortable with intermittent volatility, can also look at strategies that have allocation to the longer end of the yield curve, through Dynamic Bond Funds/Long Duration Funds with an investment horizon of 24 months and above.**
- **Investors looking to invest with a horizon of up to 3 months can consider Overnight Funds and Liquid Funds. While Ultra Short Duration Funds can be considered for a horizon of 3 months and above.**

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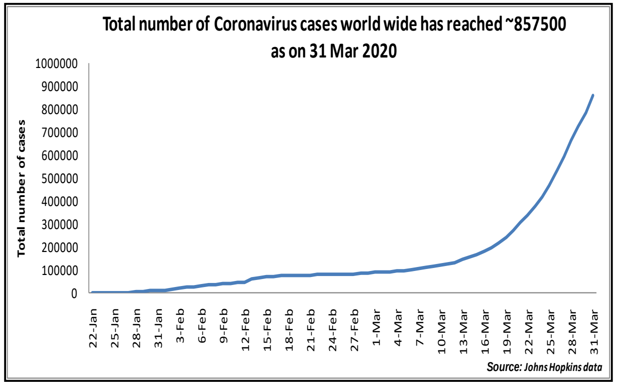
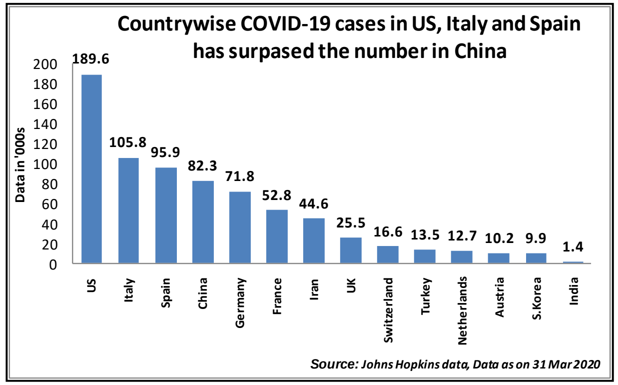
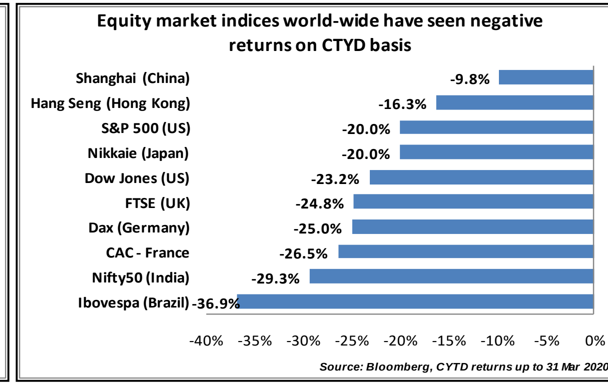
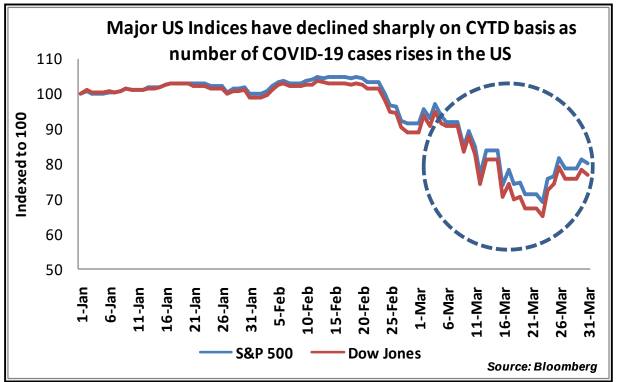
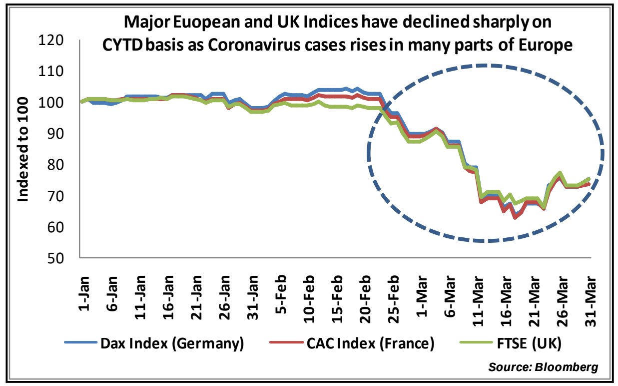
Coronavirus impact roils the markets world wide…

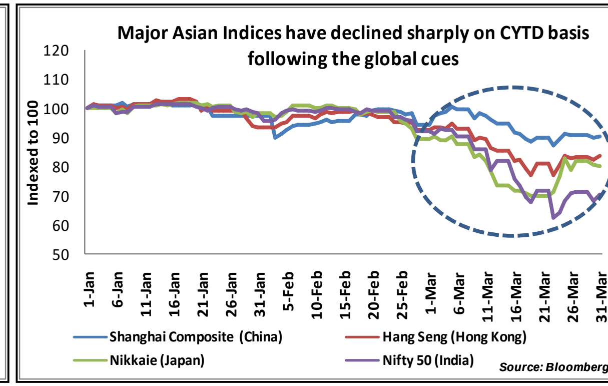










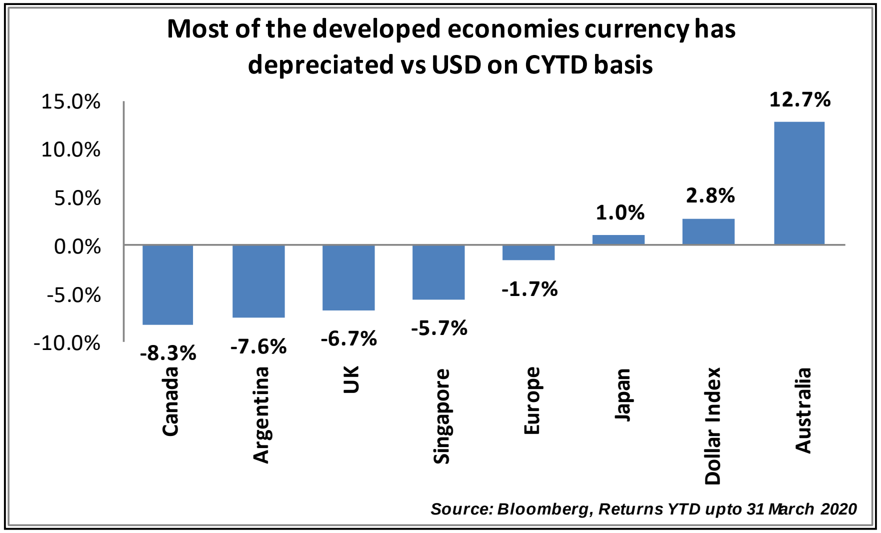


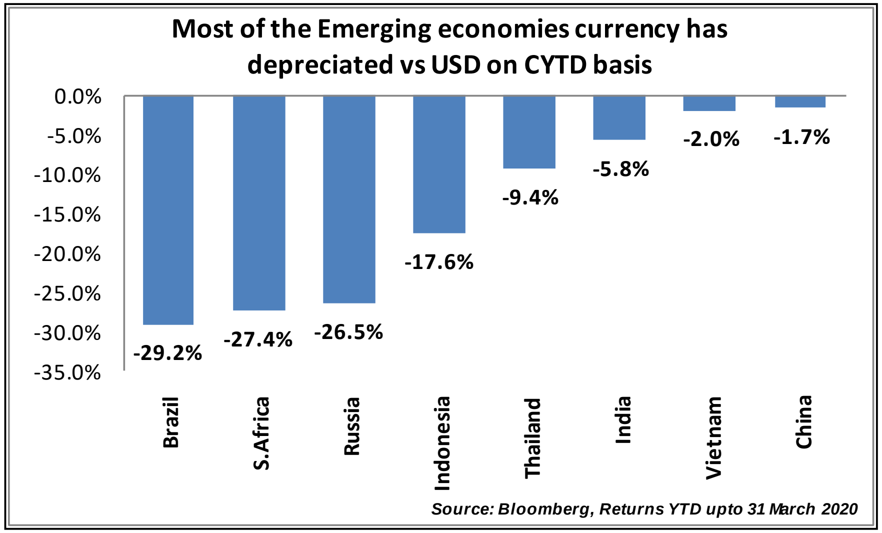
- **Stock market across the globe have witnessed sharp correction in the last few months** primarily due to the rampant spread of Coronavirus (COVID-19) infection world wide with the World Health Organizations' (WHO) declaring it as a global pandemic.
- The **number of Corona virus cases outside of China has increased sharply in the month of March 2020** and the total number of cases in US, Italy and Spain are now more than that in China (as on 31 Mar 2020).
- Given the lockdown situation in many countries, **multilateral agencies have also cut their global growth forecast for CY20** and IMF has warned of a recessionary situation.

As a response, global stimulus at record levels…

- Government and central banks world wide have announced several measures and reforms to support the economy amid downside risks from Covid-19.
- **United States -** The US Fed has till date cut rate by 150 bps to 0-0.25% and has also extended asset purchase program to unlimited quantity of government and corporate bonds. US government has announced a fiscal package of ~**USD 2 trillion** to support the economy.
- **China -** The People's Bank Of China (PBOC) had cut one-year medium-term lending facility rate (the rate at which it lends to banks) by 0.10% to 4.05%. It had also cut its one-year and five-year prime rates (the rate at which banks lend to the most credit-worthy corporations) by 0.10% and 0.05%, respectively. Further, towards the end of March, PBOC had cut the 7-day reverse repo rate to 2.20% from 2.40%. The PBOC also lowered bank reserve requirements, freeing up about **USD 79 bn** to be lent out. As per media reports, Chinese government is planning to announce policies to reduce or exempt VAT for firms providing essential goods or logistics, and more funds for provincial authorities.
- **Australia –** Reserve Bank of Australia has till date announced rate cut of 50 bps (in two announcements of 25 bps each) to a record low of 0.25%. Australian government announced two interim package of **USD 11.4 bn and USD 54.2 bn**. This is likely to cover various measures including payments to small businesses to encourage hiring, one-time payment to people collecting government benefits and business subsidies to businesses in industries such as a tourism.
- **United Kingdom –** The Bank of England (BoE) has till date cut its interest rate by 0.65% (in two announcements of 0.5% and 0.15%) to an all time low of 0.1% and had also lowered the capital requirements for UK banks. On the fiscal side, the UK government announced a **USD 37 bn** in fiscal stimulus which includes a tax cut for retailers, cash grants to small businesses and a sick pay for people who need to self-isolate.
- **Europe –** European Central Bank (ECB) has launched **EUR 750 bn (or USD 800 bn)** of government, corporate and agency bond purchases (Pandemic Asset Purchase Program). ECB also loosened capital requirements on banks allowing them to lend more and eased lending requirements for its targeted long term refinancing operations (TLTRO), a program of long-term loans to banks to keep liquidity steady. Among the European nations:
  - **Germany -** Germany announced a program by its state bank (a bank run by the government) to lend out as much **as USD 610 bn** to companies to cushion the effects of the coronavirus which includes- USD 55 bn to help small businesses and the self-employed to avoid bankruptcies with cash payments up to USD 16,225 each, USD 8.5 bn for safety net programs for the self employed, USD 3.9 bn for personal protective equipment and development of a vaccine and USD 60.7 bn in other fiscal measures.
  - **Italy -** Announced a **USD 28 bn** package, which includes adding money to a fund that guarantees loans to small and medium businesses, and relief to companies affected by the outbreak of Covid-19.
  - **France –** French government announced a **USD 50 bn** package to help small businesses and workers affected by the virus..
- **Japan –** Bank of Japan (BoJ) announced a significant increase in QE. BoJ also announced that it would double the rate at which the BoJ was purchasing ETFs from **USD 56 bn to USD 112 bn**, and also increased purchases of corporate bonds and commercial paper. BoJ has announced a new program of 0% interest loans to increase lending to businesses. Japanese government has announced two packages amounting to **USD 19.6 bn** to support small business loans.
- **G20 nations** pledged to inject **USD 5 trillion** into the global economy to counter the pandemic amid forecasts of a deep recession. The **International Monetary Fund** made **USD 50 bn** in loans available to deal with the coronavirus, including USD 10 bn of zero-interest loans to the poorest IMF member countries. Recently it also announced that it is **ready with ~USD 1 trillion in line for credit.** The **World Bank** announced a package of up to **USD 12 bn** in loans for countries to help cope with the effects of the coronavirus. Also, the **US Fed announced that it is establishing dollar liquidity swaps** with central banks of Australia, Brazil, Denmark, South Korea, New Zealand, Singapore, and Sweden.

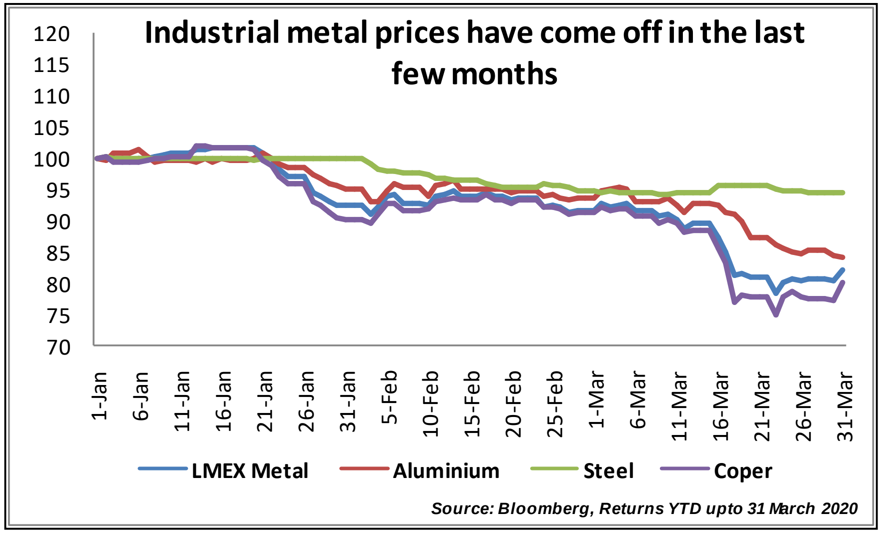
Most of the global currencies depreciated against USD in last few months…

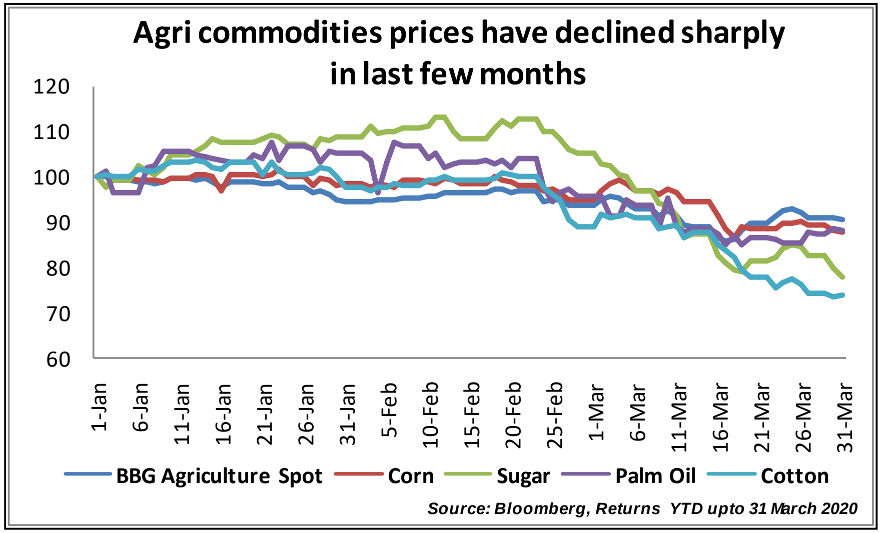




- The COVID-19 pandemic has brought in an extraordinary disruption in the world economy and has put the global capital markets in turmoil.
- With funds cutting exposure to riskier asset classes and return to safer haven, there has been a sharp increase in demand for Government securities issued in the US, EU and Japan.
- Given the uncertain economic condition, most of the global currencies, especially EM currencies, have depreciated against the US dollar on the back of global risk-off sentiment.
- From India's perspective, depreciation of Indian Rupee vs US dollar and other major currencies may benefit the exports, especially for Engineering goods, Gems and Jewellery and Textile sector which has a large share in the overall exports. Also, certain sectors like IT and Pharma may be positively impacted by weaker Rupee. However, global demand conditions would play an important role in the overall growth of these sectors.

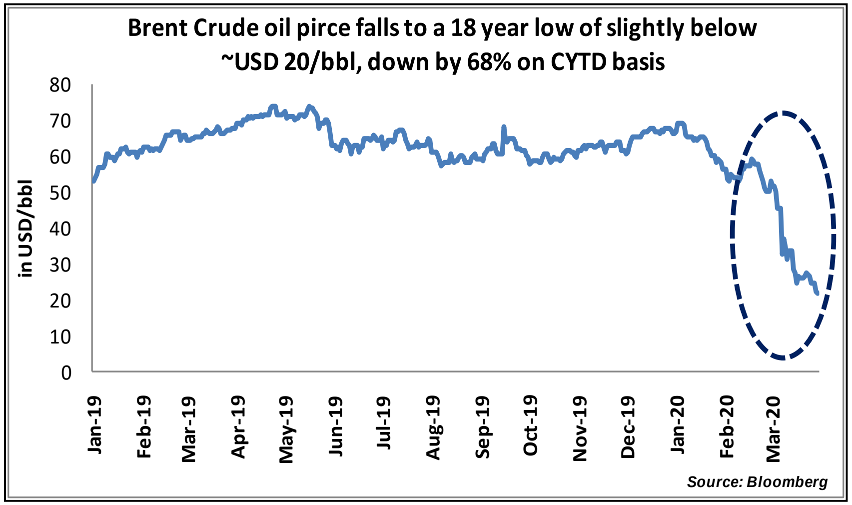
Commodities also corrected on concerns of demand slowdown…





- Industrial metal prices have seen a sharp fall since the start of the year owing to the expectation of a slowdown in demand and uncertainty in the global economy led by the spread of Coronavirus.
- The lock down situation in many countries and trade restrictions have already impacted the demand for these commodities which is visible from the sharp decline in the industrial metal prices.
  - LMEX Metal Index was down by ~18% on CYTD basis up to 31 March 2020.
  - The key industrial metals like Aluminium, Steel and Copper were also down by 15.7%, 5.5% and 19.8% respectively on CYTD basis.
- Similar correction was also witnessed in several agri commodity prices owing to overall decline in the demand in the domestic markets as well as uncertainty over exports.
  - BBG (Bloomberg) Agriculture Spot index was down by 9.3% on CYTD basis up to 31 March 2020.
  - Various agri based commodities like Corn, Sugar, Palm Oil and Cotton were also down by 12.1%, 22.4%, 11.8% and 26% respectively on CYTD basis.

Brent crude oil price also declined sharply in the last few months… …largely impacted by oil price war between Saudi Arabia and Russia



- Brent Crude Oil prices fell by ~68% since the start of the year CY20 (up to 31 Mar 2020).
- During the start of the year, expectation of a demand destruction led by Coronavirus outbreak into many countries led to sharp fall in the crude oil prices.
- Recently, Saudi Arabia slashed oil prices for their April sales and planned to increase the crude oil production starting April, which also impacted the Brent crude oil prices.
- The media report suggested that Russia's disagreement to further curb the production post March 2020 led to Saudi Arabia announcing such actions.
- **Going forward any movement in the oil prices will be contingent upon either a consensus between OPEC + nations or any positive development on the US Front apart from the general improvement in demand outlook.**

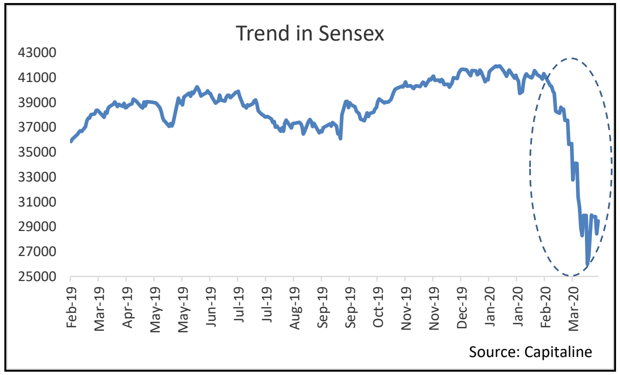
- **Key facts about oil market**
- **Supply –**
  - Total world oil production in 2019 stood at 100.5 mbpd vs 100.3 mbpd in 2018, up by 0.2% YoY.
  - In 2019, OPEC nations contributed 35.3% of oil production at 35.5 mbpd vs 37.3% in 2018.
  - Amongst the OPEC nations, in 2019, Saudi Arabia produced 9.8 mbpd or 9.8% of total world oil production and Russia (Non-OPEC member but forming part of OPEC+) produced 11.6 mbpd or 11.5%.
  - U.S. total oil production was at 18.2% of world production at 18.3 mbpd.

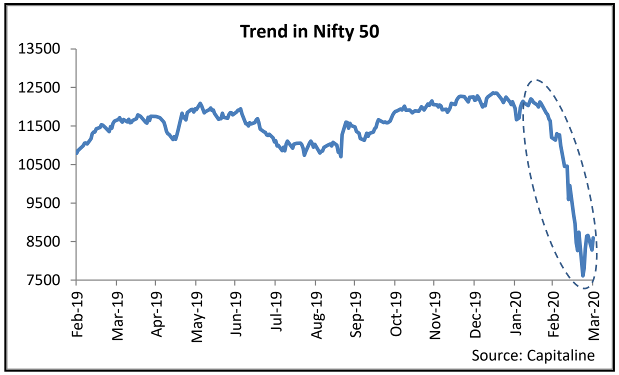
- **Key facts about oil market**
- **Demand –**
  - Total world oil consumption (demand) in 2019 stood at 100.1 mbpd vs 99.3 mbpd in 2018, up by 0.8 mbpd or 0.8% YoY
  - In 2019, U.S contributed 21% of total oil consumption at 20.91 mbpd, followed by China contributing 13.7% of total oil consumption, India at 5%, Japan at 3.7% and Saudi Arabia at 3.1%.
  - India's Oil consumption in 2019 increased to 5.01 mbpd vs 4.86 mbpd in 2018, up by 3.1% YoY.
  - During YTD Feb of FY20, India's crude oil imports stood at 207.1 MT vs 207.3 MT in same period a year ago.

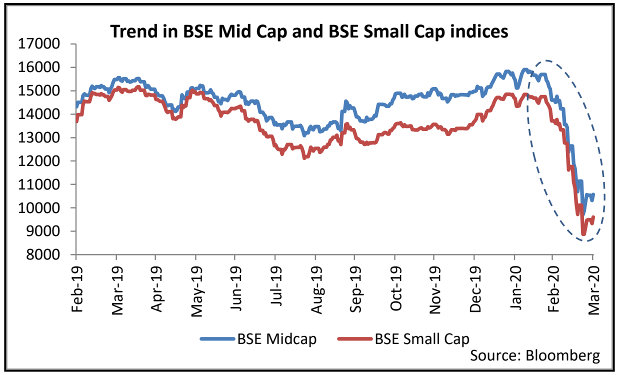
Source: IEA & OPEC Monthly reports, PPAC

Coronavirus concerns also impacted Indian equity markets with indices across the board witnessing corrections as FPI outflow rose… Though, DIIs inflows remained positive

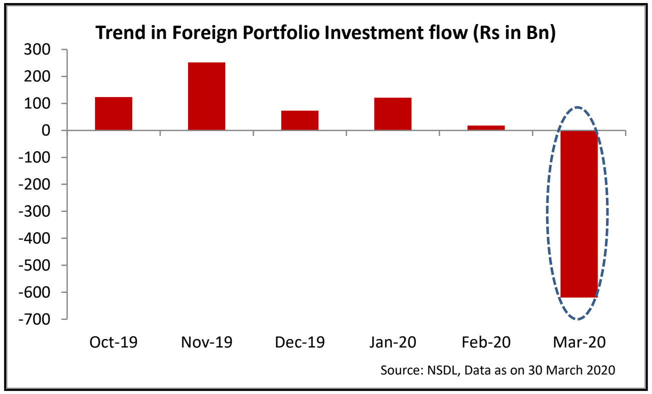
Concern of Coronavirus outbreak also took toll on Indian markets with major indices falling sharply during the month

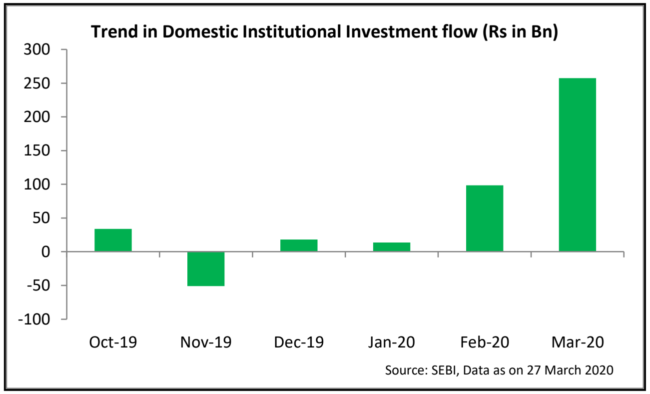






Coronavirus led selling by FPI (specially by ETFs) accentuated during the month, which started towards the end of Feb'20. However, steady buying by DIIs continued for fourth consecutive month with rising intensity





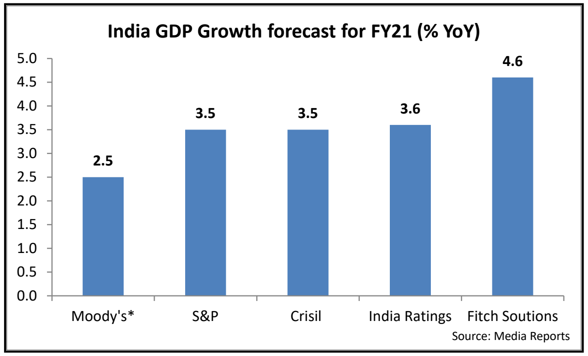
Indian government came out with measured response with series of Fiscal measures, regulatory and statutory relaxations

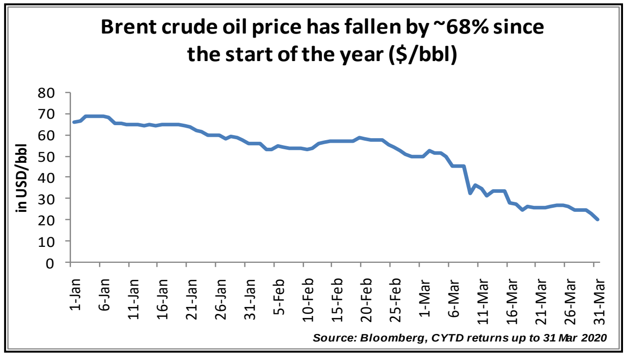
- **Regulatory and Statutory Compliance Relaxations**
  - Extension of last date of filing annual returns by June 30 for the fiscal year that ended March 31, 2019
  - For delayed payments, the interest rate has been reduced from 12% to 9%.
  - Last date for filing March, April and May 2020 GST returns extended to June 30, 2020.
  - Companies with less than Rs.50 mn turnover, no interest or late fee or penalty will be charged for late filing of GST return. For bigger companies, penalty will be charged at a reduced rate.
  - Threshold triggering insolvency proceedings raised to Rs.10 mn from Rs.0.1 mn.
  - Government considering suspending Sections 7, 9, 10 of the Insolvency and Bankruptcy Code (IBC) for six months.
  - Charges for ATM cash withdrawal and minimum balance requirement for saving account waived for three months
- **Coronavirus Package by the government - Pradhan Mantri (PM) Gareeb Kalyan Scheme entailing Rs.1.7 trillion**
  - **PM Gareeb Kalyan Anna Yojana:** free 5 kg of rice/wheat per month and 1 kg of preferred dal for three months to help 800 mn poor people in the country
  - **Announced Rs.5.0 mn medical insurance cover** per person for healthcare workers, sanitation workers, paramedics, doctors and nurses who are exposing themselves to the virus.
  - **Cash transfer scheme**
    - **Farmers:** front loading of first installment of the PM-KISAN payment of Rs.2,000 to benefit 87 mn people
    - **Poor widows, aged, and divyang:** direct benefits transfer (DBT) of ex-gratia of Rs.1,000 for the next three months, in two installments, to benefit 30 mn.
    - **Women with Jan Dhan Yojana accounts**: 200 mn to benefit from Rs.500 ex-gratia transfer for the next three months
  - **MGNREGS:** Increased daily wage from Rs.182 to Rs.202 to benefit 50 mn families
  - **Beneficiaries of the Ujjwala scheme:** 80 mn households to get free cylinders for three months.
  - **Women in Self-Help Groups (SHG):** The cap of collateral-free loans under the Deen Dayal Upadhyaya National Rural Mission scheme has been doubled to Rs.2 mn. The move will benefit 70 mn households
  - **Organized sector workers:** Govt will pay EPF contribution of both employee and employer for next three months for all those establishment which have up to 100 employees, 90% of whom earn less than Rs.15000/month and to amend EPFO regulation to allow withdrawal of up to 75% of their corpus as non-refundable advance, or three months' salary, whichever is less
  - **Construction workers:** States directed to utilise the Rs.310 bn welfare fund for building and construction workers for the benefit of 35 mn workers in the midst of the coronavirus crisis
  - **District mineral fund:** State govts urged to utilise this fund for medical screening, medical testing and providing health care services in the wake of the coronavirus crisis

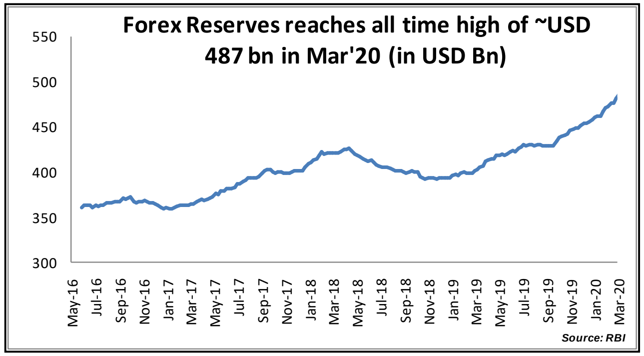
RBI also joined hands with government to contain the fallout of Covid-19

- **Reduced key policy rate, while maintained accommodative stance**
  - Reduced the policy repo rate under the liquidity adjustment facility (LAF) by 75 basis points to 4.40% from 5.15%, while reverse repo rate reduced by 90 bps to 4%
  - The marginal standing facility (MSF) rate and the Bank Rate reduced to 4.65% from 5.40%
  - Continued with the accommodative stance as long as it is necessary to revive growth and mitigate the impact of coronavirus
- **Providing Liquidity in the System to the tune of Rs.3.74 trillion**
  - To provide liquidity to banks for investing in investment grade corporate bonds, CPs and NCDs by conducting Targeted Long Term Repo Operations (TLTRO) of three year tenor upto an amount of Rs.1 trillion.
  - A 100 bps cut in Cash Reserve Ratio to 3% for a period of 1 year effective from the reporting fortnight beginning March 28, 2020 to release Rs.1.37 trillion across the banking system.
  - Accommodation under MSF raised from 2% of SLR to 3% which should release Rs.1.37 trillion additional liquidity
- **Regulatory and Supervision**
  - To allow 3 month moratorium on payment of installments of all Term Loans outstanding as on March 01, 2020 to all lending institutions
  - To allow 3 month deferment of interest payment on working capital facilities sanctioned as cash credit/overdraft facilities
  - Banks may re-assess the working capital cycle for borrowers and accordingly ease the margin requirements for funding
    - Any of the facility mentioned above, if availed by the borrower, would not lead to a downgrade
  - Implementation of Net Stable Funding Ratio (NSFR) deferred by 6 months to October 01, 2020
- The RBI would permit banks in India which operate International Financial Services Centre (IFSC) Banking Units (IBUs) to participate in the Offshore Non-Deliverable Rupee Derivative Markets (Offshore NDF Rupee Market) market with effect from June 1, 2020
- **While world over Governments and central banks are using various ways and means to fight coronavirus related slowdown, Indian Government also came out with measured response along with the RBI. These moves are comforting and gives a sense that the authorities seem to be standing behind to cushion the fallout of coronavirus related disruptions.**

While Macro data to be impacted due to Coronavirus related lockdown…. Certain events are likely to be positive in medium term







Many multilateral agencies have reduced the FY21 GDP growth forecast for India, owing to expectation of slowdown in demand amid lockdown.

However, following events are likely to be positive for Indian economy in medium term.

Sharp Correction in Crude oil prices

- Brent Crude Oil prices fell by ~68% between Jan'20 to Mar'20.
- It is likely to have a positive impact on the overall Indian economy as ~80-85% of the oil consumed is imported in India and Petroleum imports was ~26% of India's total imports (in value terms during YTD Feb FY20).

Rabi Crop Sowing			
Crop (Lakh hectar)	**Area sown in FY20**	**Area sown in FY19**	**Growth (%)**
Wheat	336.2	299.3	12.3
Rice	28.8	25.3	13.8
Pulses	161.2	151.8	6.2
Coarse Cereals	55.7	47.8	16.6
Oilseeds	80.3	80.4	-0.1
Total	**662.1**	**604.5**	**9.5**

Source: Min. of Agriculture, data as on 31 January 2020

- The government had on March 14, 2020 raised excise duty on petrol and diesel by Rs.3 per litre each. As per media reports, this excise duty hike is expected to help government raise an additional Rs.390 bn in revenue annually, to support the fiscal deficit or create more space for further stimulus.

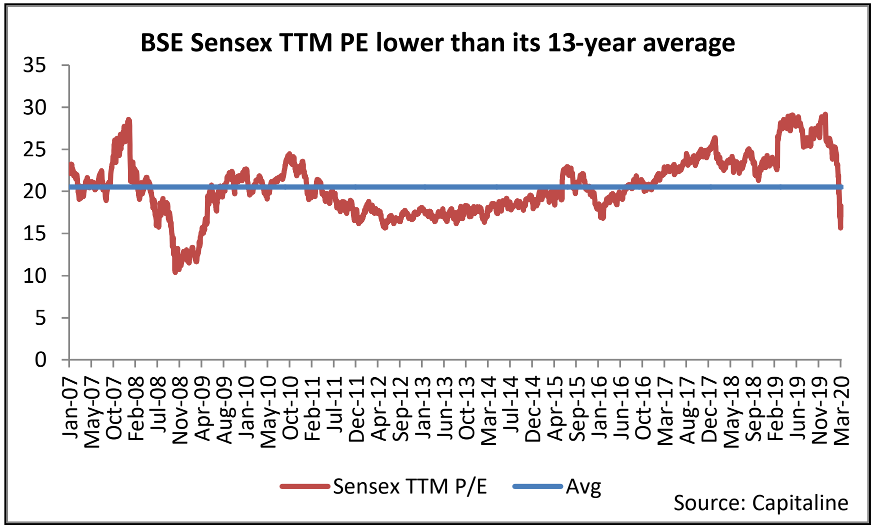
Forex Reserve at near all time high levels

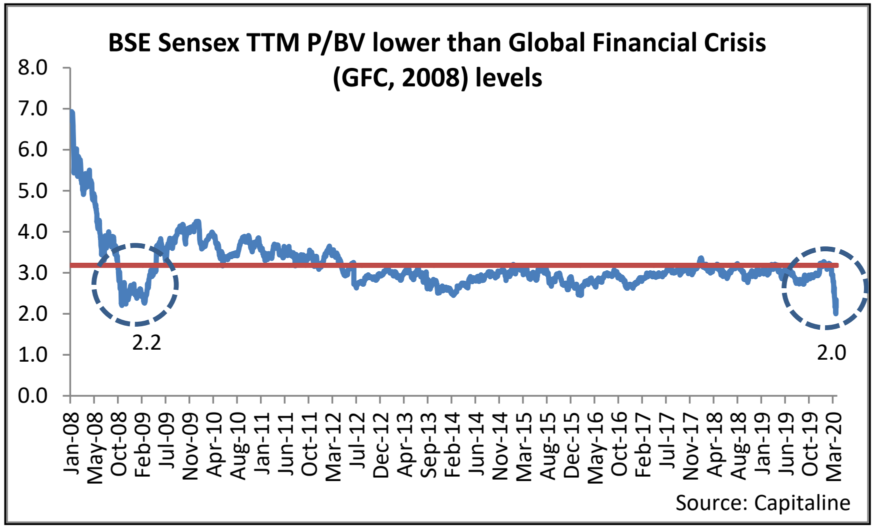
- India's Forex Exchange Reserves rose to an all time high levels of USD 487 bn during the month of Mar'20, which is 10-11 months of import cover (India's total imports during FY19 stood at USD 514 bn)

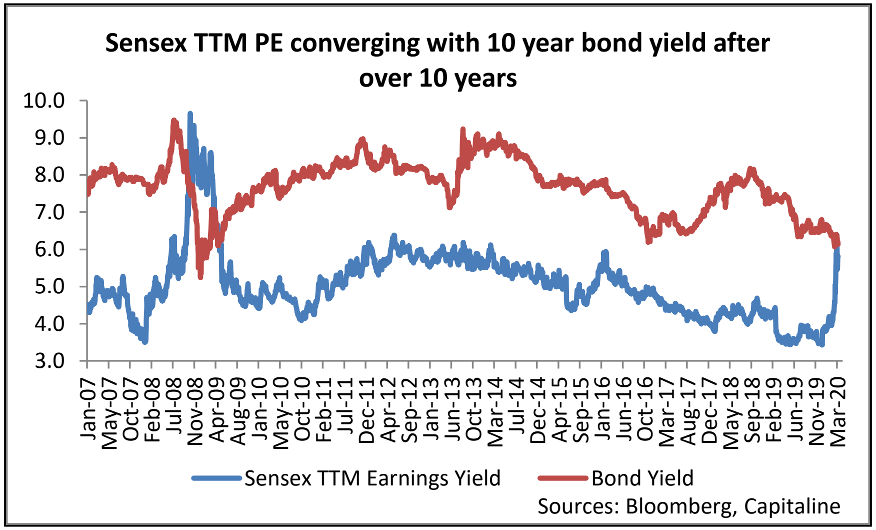
Rural Demand likely to improve

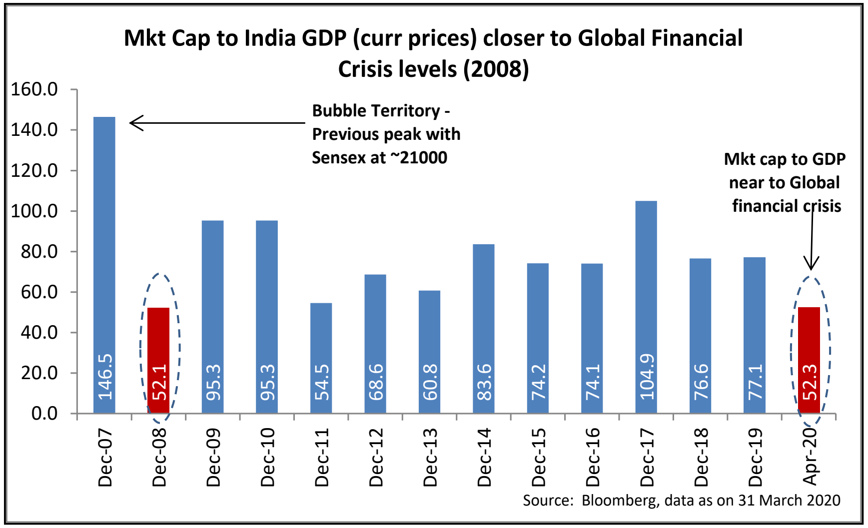
- Higher Rabi Sowing may result in better output of Rabi crop and with recent hike in MSP, agri income may rise
- Sharp increase in rural food inflation is likely to improve realizations for farmers
- Government measure to alleviate concerns of common people especially rural sector (farmers, MGNREGS, SHGs, etc) is also likely to support on recovery in rural growth

With sharp fall in equity markets, valuations have become comfortable…

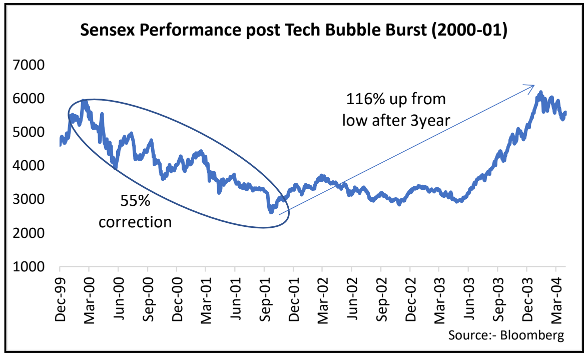


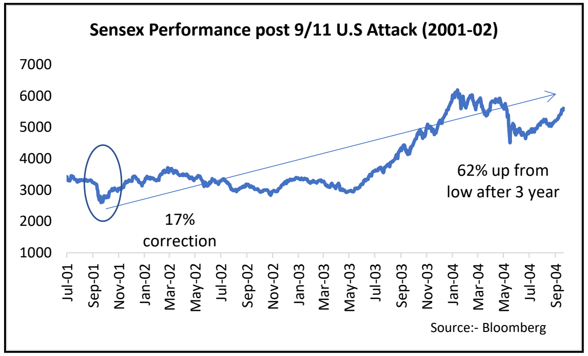


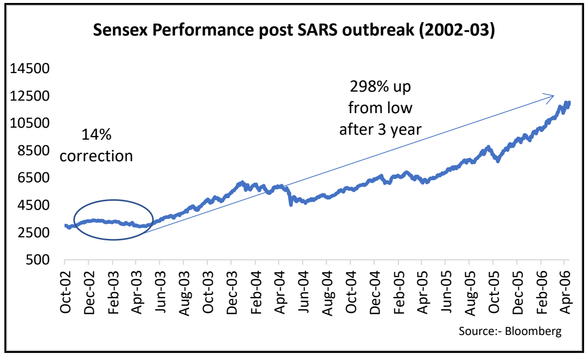


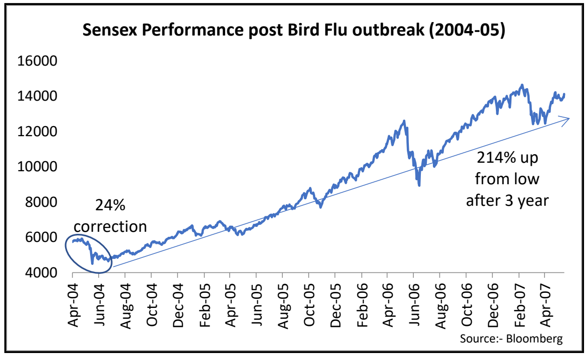


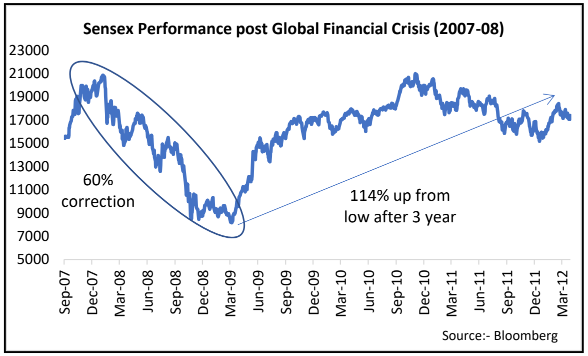
Till Coronavirus related uncertainty remains, market may ignore fundamentals and valuations… …however, past experience suggests that sharp dips are followed up by strong performance by the Indian markets over the next couple of years.

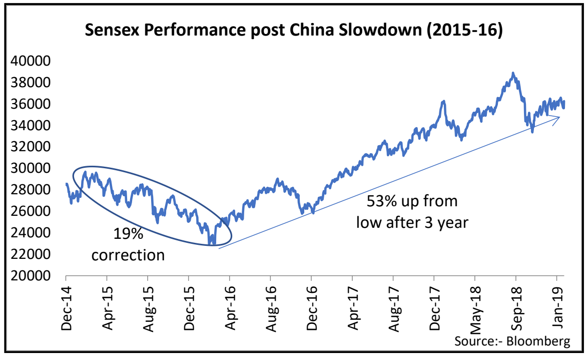


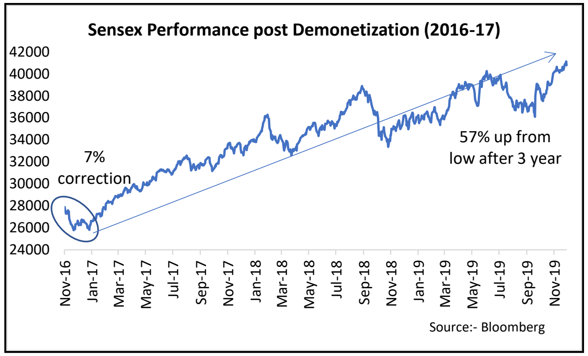


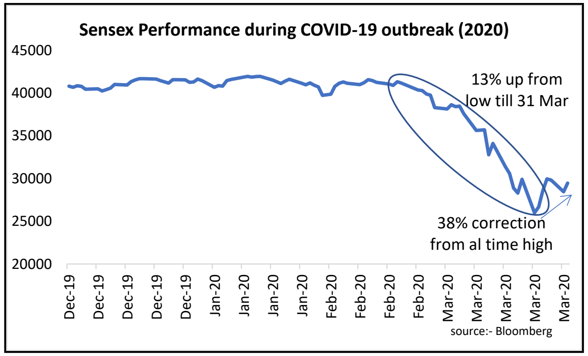








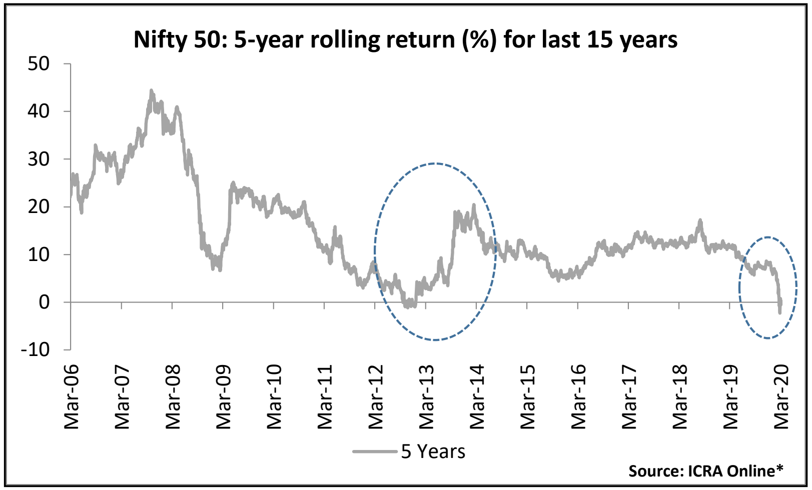




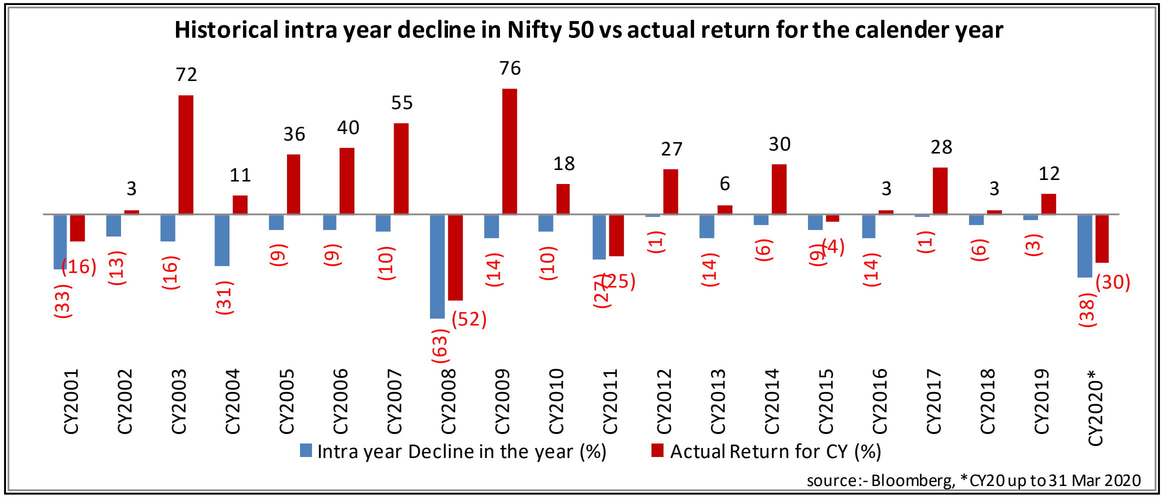
Macro data comparison	GFC (FY2008)	Latest	Remarks (Latest)
Fiscal Deficit	2.7%	3.8%	FY20- RE
CAD (in USD, Bn)	15.7	1.4	Q3 FY20
CAD (% of GDP)	1.3%	0.2%	Q3 FY20
Trade Deficit-Goods (in USD, Bn)	91.5	34.6	Q3 FY20
Trade Deficit- Goods (% of GDP)	7.5%	4.8%	Q3 FY20
CPI	6.3%	4.7%	FYTD-20
WPI	5.0%	1.8%	FYTD-20
Forex Reserves (in USD, Bn)	309.2	469.9	As of 20th March
GDP Growth	7.7%	4.7%	Q3 FY20

Source: CEIC, RBI, HDFC Bank

3-year and 5-year rolling returns for 15 years and Historical intra-year decline and actual return comparison data for Nifty 50



***Source for entire data stated above is ICRA Online Ltd. (For Disclaimer of ICRA Online Ltd, refer http://www.icraonline.com/legal/standard-disclaimer.html)**

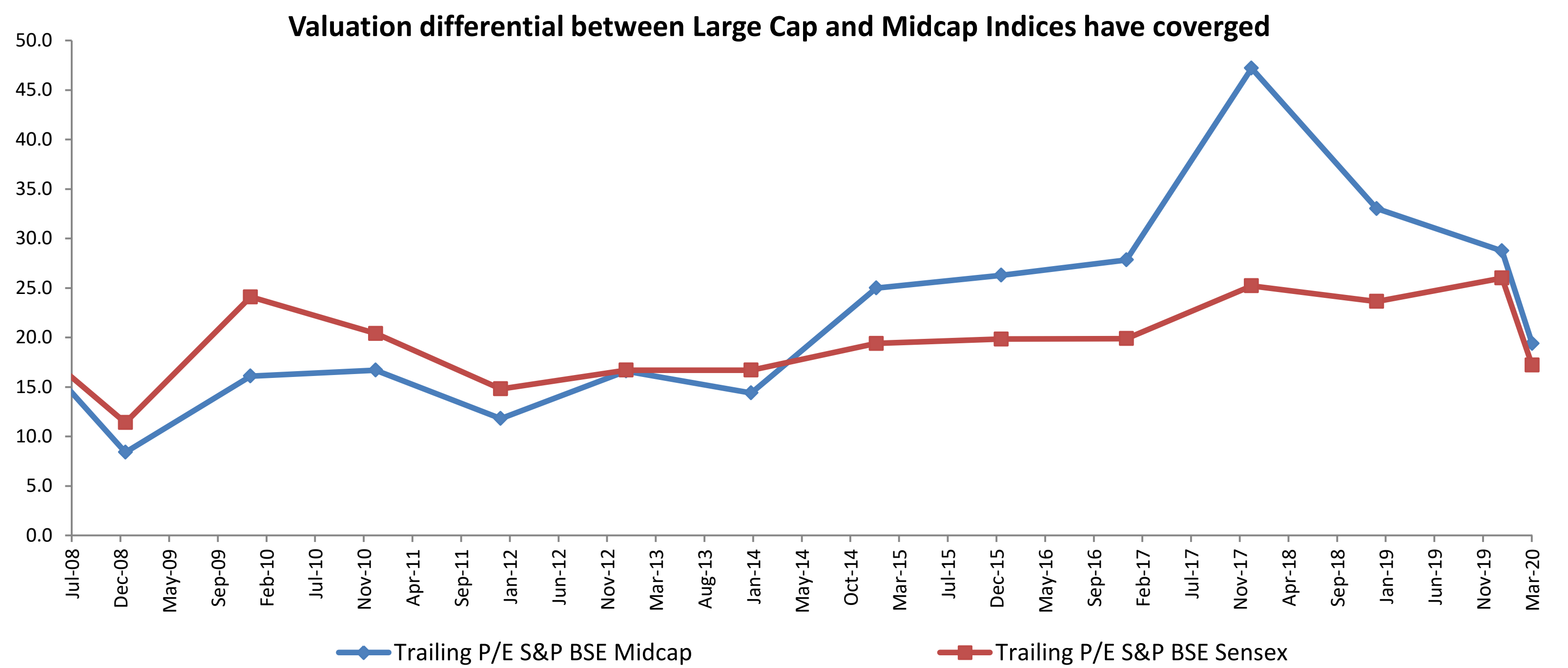


Key concerns to watch out ….

- **Domestic factors**
  - **Extension of Coronavirus related lockdown and shutdown** may delay in revival of domestic demand
  - If **Rupee depreciates disorderly**, then it may impact India's twin deficit
  - **Tightening of Credit** which may impact corporates negatively.
  - Any **negative credit rating action** by global rating agencies could impact interest rates and currency.

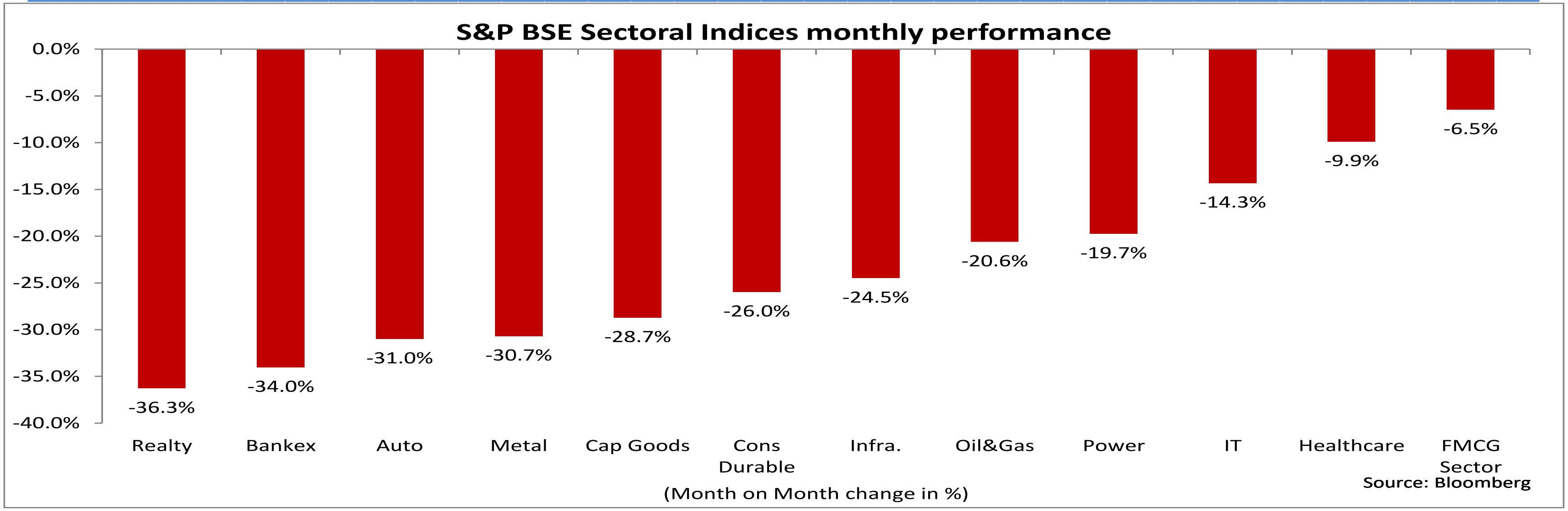
- **Global factors**
  - **If Coronavirus cases continues to rise across the globe then investors may move away from risk assets**
  - **Rising trend of protectionism across economies** leading to trade war situation could pose a risk to overall global growth.
  - **Worsening in geo-political situations across globe.**
  - **Rise in volatility in commodity prices** could put pressure on the global financial markets.
  - **Rise in global food prices** may lead to rise in food inflation.

Valuations between Largecap and Midcaps have converged

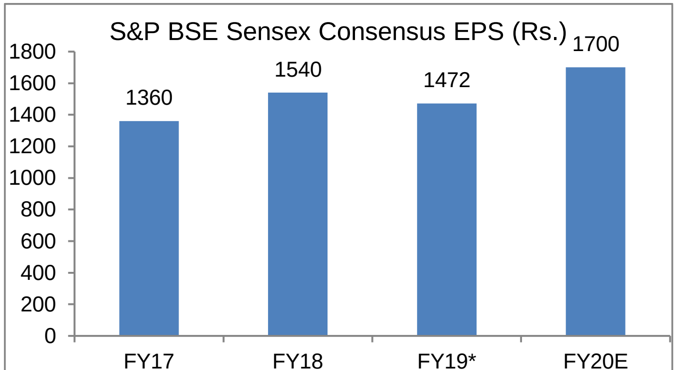


Source: Capitaline

S&P BSE Sectoral Indices performance for March 2020 and Sensex earnings data



Source: Bloomberg



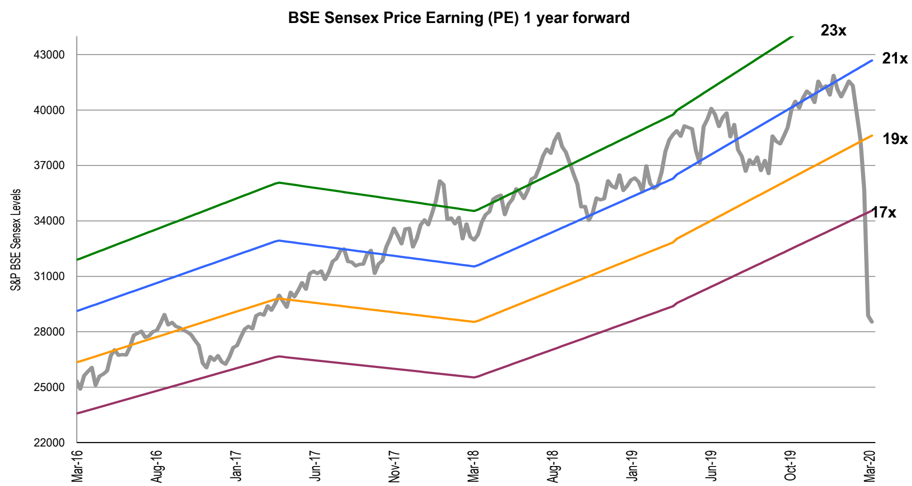
Source: Bloomberg, *Note: Impacted by one time loss in Tata Motors

- Bloomberg consensus EPS for S&P BSE Sensex could get revise for FY21 and FY22, we will share the same after revision.

Market Round Up – March 2020

- Indian equity markets saw sharp correction during the month of March, as the S&P BSE Sensex index and Nifty 50 index ended with the loss of 23.1% MoM and 23.2% MoM, respectively.
- The S&P BSE Midcap index and S&P BSE Smallcap index also followed the suit as they were down by 27.6% MoM and 29.9% MoM, respectively.
- On the sectoral indices front, S&P BSE FMCG index and S&P BSE Healthcare index were top two outperformers, as they fell by 6.5% MoM and 9.9% MoM, respectively. The S&P BSE Realty index and S&P BSE Bankex index were top two underperformers as they declined by 36.3% MoM and 34.0% MoM, respectively.
- During the month of Mar'20, Foreign Portfolio Investors (FPIs) were net sellers to the tune of ~Rs.620 bn as on 30 March 2020 and Domestic Institutional Investors (DIIs) were net buyers to the tune of ~Rs.257 bn as on 27 March 2020.

Indices	31 Mar 2020	28 Feb 2020	Chg %
S&P BSE Sensex	29,468	38,297	(23.1)
S&P BSE Mid Cap	10,570	14,600	(27.6)
S&P BSE Small Cap	9,609	13,709	(29.9)
S&P BSE 100	8,669	11,293	(23.2)
S&P BSE 500	11,098	14,628	(24.1)



Source: Bloomberg

Net Flow (Rs. Bn)	FPI	DII
CY20*	(480)	370
CY19	1011	528
CY18	(330)	1204
CY17	513	1188

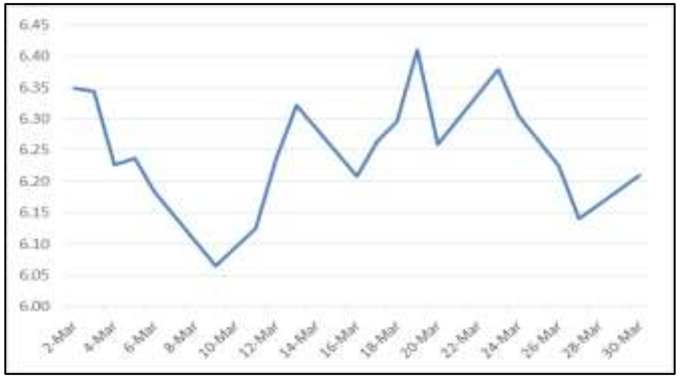
Source: BSE, NSDL (CY20 FPI data as on 30 March 2020 and DII data as on 27 March 2020)

Market Outlook

- Global market continued to roil down as Coronavirus spread rises. As a response, countries all over the world announced mega fiscal and monetary stimulus, which led to global stimulus reaching to a record levels.
- Along with equity markets, most of the global currencies depreciated against USD in last few months as investors fly to safer heaven assets like USD.
- Commodities also felt the brunt of Coronavirus as they fell by 5-25% in last few months owing to expectation of demand contraction due to global slowdown.
- Brent Crude oil also declined sharply in last few month due to escalation in oil price war between Saudi Arabia and Russia.
- Indian equity market also impacted due to Coronavirus concern with indices across the board witnessing sharp correction as FPI outflow rose during the month, although DIIs inflows remained positive during the month.
- Indian government also came out with measured response with series of Fiscal measures, regulatory and statutory relaxations. RBI also joined hands with the government and came out with various liquidity easing measures to contain the fallout of Coronavirus.
- Many multilateral agencies have reduced India GDP growth forecast as macro data are expected to get impacted due to Coronavirus. However, certain events like low crude oil prices, high forex reserve and expected recovery in rural demand is likely to be positive in medium term.
- With sharp correction in Indian equity markets in the month of March, valuations have become comfortable. Valuation between Large cap and Mid cap indices have converged.
- While market may ignore fundamentals and valuations till Coronavirus related uncertainty remains, past experience suggests that sharp dips are followed up by strong performance by the Indian markets over the next couple of years.
- Considering the recent stimulus measures by the government, push for improving investment demand in the budget and an expected recovery in rural demand, the overall economic growth is expected to see revival. Though the recent issue of Coronavirus could be a near to medium term irritant. While broad basing of economic growth may still take time therefore initial beneficiary would be large companies, large mid cap companies and sector leaders, who are efficiently managing their balance sheet and leverage; and also have pricing power.
- With strong demographic dividend that India is seeing, we expect the economic growth and demand conditions in the country to remain strong for a long period. This is likely to augur well for investment in equities. Hence, investors should use any major volatility in the equity markets as an opportunity to adding into their exposure in line with their risk profile with a 2-3 years investment horizon.
- Some of the key global events like Rise in Coronavirus cases may lead investors to move away from risk assets, Rising trend of protectionism across economies, Worsening in geo-political situations across globe, Rise in food prices and Rise in volatility in commodity prices amongst few other reason would be key to watch out for. Certain domestic events like Extension of Coronavirus related lockdown and shutdown, disorderly depreciation of Rupee, Tightening of Credit for corporates and any negative credit rating action by global rating agencies are key to watch out for in near term.
- The strong infrastructure and rural income generation push is likely to drive the growth in the capital formation and improve demand conditions in the economy in medium term. In conditions where the growth in the world is decelerating, it's important for India to be able to create robust domestic market which would allow it to leverage its demographic dividend and bring in more global capital.
- While currently Indian equity markets are closely monitoring how Coronavirus cases are panning out, going forward markets are likely to move on the back of rate of change in the Coronavirus cases, improvement in corporate earnings, impact of the global and local stimulus on the economies and upcoming macro-economic data points. Given the sharp decline in the markets where valuations have become reasonably cheap, investors could look at current correction in the market as an opportunity for investment with 2-3 years' time horizon. **Hence, we recommend investment strategy of 70% lumpsum and the rest to be staggered over the next 3-4 months (from earlier 60% lumpsum and rest staggered). From an Equity Mutual Fund perspective, investors could look at investing in Large Cap Funds, Multicap Funds and Hybrid Equity Funds with investment horizon for 2-3 years in line with their respective asset allocations.**

Fixed Income

Domestic G-secs turned volatile but closed on a positive note…
…amidst Covid-19 related uncertainty



- After a roller-coaster movement, the domestic G-secs rallied on a month on month (MoM) basis in March 2020.
- Yield on the 10 year benchmark 6.45% 2029 bond closed at a level of 6.14% on 31 March 2020 as against 6.37% on 28 February .
- At the start of the month sharp decline in the US treasury yields and global crude oil prices tracking the spread of the Coronavirus, and RBI's assurance that it "stands ready to take appropriate actions to ensure orderly functioning of financial markets, maintain market confidence and preserve financial stability", aided the rally in G-secs.
- The rally was supported, as market participants increasingly expected the RBI to reduce policy rates much ahead of the April 2020 meeting, in line with its global peers to combat the impact of Covid-19 on the economy.
- Government's fiscal stimulus of Rs.1.70 trillion during the month increased hopes of support measures from the RBI.
- However, G-sec yields witnessed sharp rise on account of lack of rate cut announcement by the RBI for most part of the month.
- Accentuated selling by FPIs in the Indian bond markets and depreciation in the value of Rupee against the USD also led the bond yields to rise.
- However, G-secs rallied sharply towards the fag end of the month, as the RBI finally announced a Repo rate cut of 75 bps and a Reverse Repo rate cut of 90 bps, along with several other measures.

The government announced a massive stimulus package…
…aimed at those who are worst hit with the Covid-19 lock-down

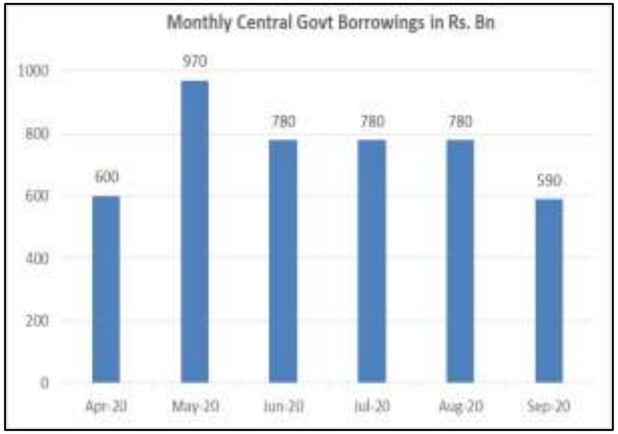
Apart from regulatory measures announced by the Government of India, a massive Stimulus Package amounting to Rs. 1.7 trillion was announced for the most impacted segments of the economy.

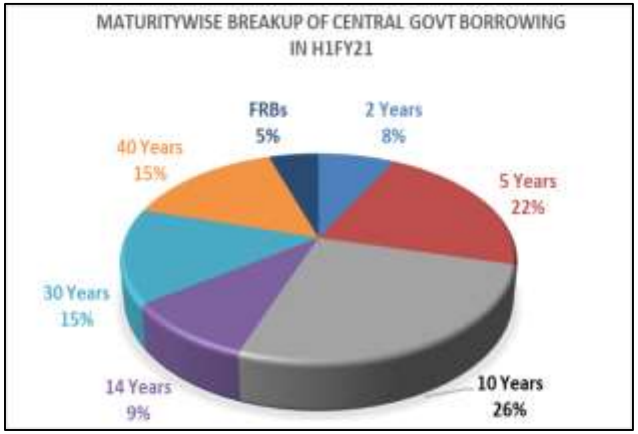
Some of the stimulus measures include the following,

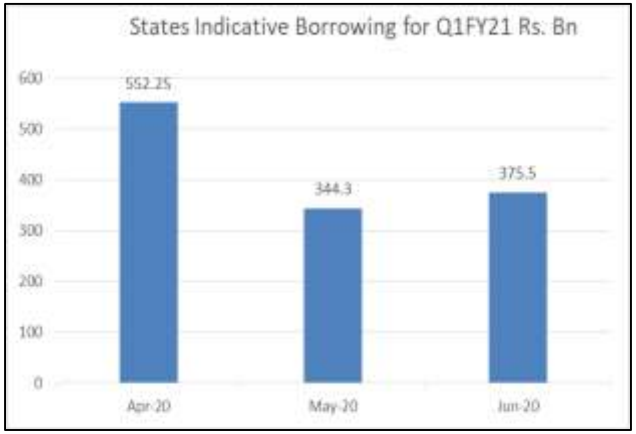
- Rs 50 lakh medical insurance cover per person for frontline health workers, which would include sanitation staff, doctors, ASHA workers, paramedics and nurse.
- Distribution of free cereals and food grains for a period of three months to the poor.
- Direct cash transfer through PM Kisan Scheme, Jan Dhan Yojana, MGNREGS and to Poor widows, aged, and divyang.
- Increase in the cap of collateral-free loans to Rs. 2 mn under the Deen Dayal Upadhyaya National Rural Mission scheme to Women in Self-Help Groups (SHG).
- EPF contribution of both employee and employer for next three months for all those establishment which have up to 100 employees, 90% of whom earn less than Rs.15000/month and to amend EPFO regulation to allow withdrawal of up to 75% of their corpus as non-refundable advance, or three months' salary, whichever is less
- States to be directed to utilise the Rs.310 bn welfare fund for building and construction workers for the benefit of 35 mn workers in the midst of the coronavirus crisis
- State governments to be urged to utilise this fund for medical screening, medical testing and providing health care services in the wake of the coronavirus crisis.

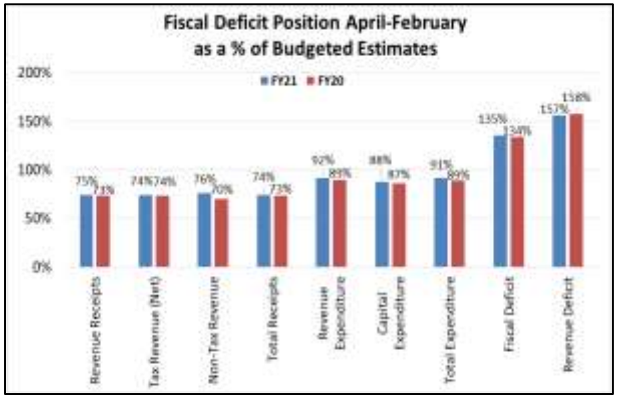
Expectations are that the government could announce further fiscal stimulus packages to help the country tide through the impact lockdown on account of Covid-19 spread.

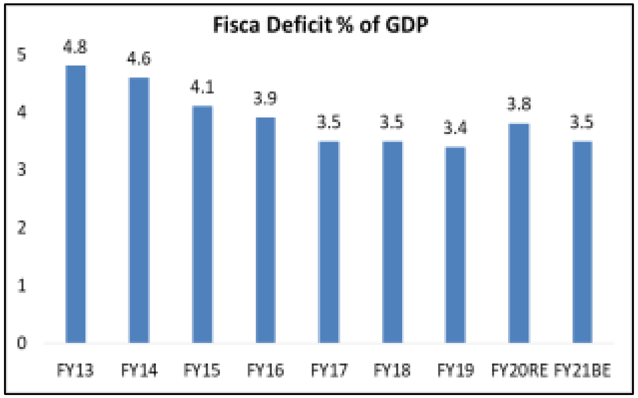
Government stuck to the budgeted borrowing for FY21 so far…
…Fiscal pressures likely to remain









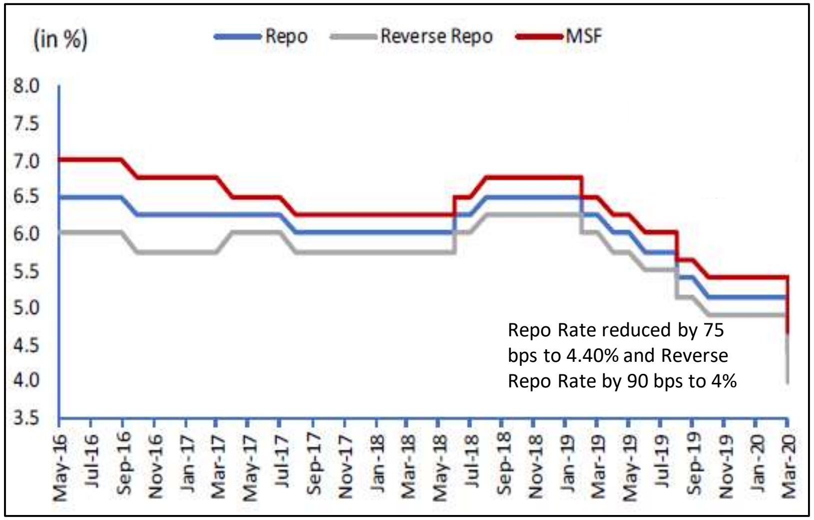


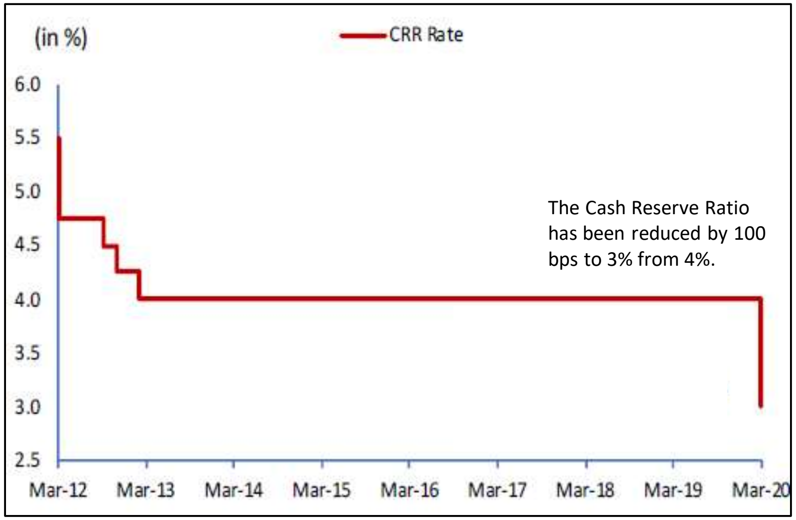
- The Government plans to borrow Rs 4.88 trillion in H1FY21.
- This amounts to 62.56% of the gross borrowing of Rs 7.8 trillion, during the entire fiscal.
- In FY20 the borrowing for H1 was at 62.25% of its full-year target of Rs.7.1 trillion.
- The weekly G-Sec borrowing through dated G-secs would be between of Rs.190-210 bn compared to Rs.170 bn during FY20.
- Ways and Means Advances (WMA) have been proposed to be revised to Rs 1.2 trillion compared to Rs.750 bn during the previous year.

- The indicative borrowing for state governments for Q1FY21 is planned at ~Rs. 1.27 trillion as against ~Rs. 1.10 trillion during the same quarter last fiscal.

While the government has not announced additional borrowings yet, it is likely that the government could resort to additional borrowings in H2FY21. The more important question would be the ways in which these additional borrowings would be done. The government is well cognizant of the fact that it cannot crowd out the capital markets as the corporate bond markets are already reeling under the pressure of availability of credit amidst risk aversion. As per reports, options like issuing G-secs directly to the RBI and RBI conducting higher quantum of OMO purchases this year could be the alternative options. Another option could have been issuing sovereign bonds overseas.

The RBI delivered a big bonanza in the monetary policy…
…also indicated that it is open for more measures to support the economy





- In the Seventh Bi-monthly Monetary Policy 2019-20 the RBI reduced the Repo rate by 75 bps to 4.40% from 5.15%; accordingly, the marginal standing facility (MSF) rate and the Bank Rate were reduced to 4.65% from 5.40%;
- The LAF corridor was also widened wherein the Reverse Repo rate was reduced by 90 bps to 4.0%.
- The MPC also decided to continue with the accommodative stance as long as it is necessary to revive growth and mitigate the impact of coronavirus (COVID-19) on the economy, while ensuring that inflation remains within the target.
- The RBI also announced various measures on Developmental and Regulatory Policies, which included measures on the liquidity front like,
  - Targeted Long Term Repo Operations (TLTRO): of up to a 3 year tenor for an amount of up to Rs.1 trillion at a floating rate linked to repo rate. Liquidity availed from this would have to be deployed in investment grade corporate bonds, CPs and NCDs. These investments would be treated as Held To Maturity (HTM) and would not be subject to the Large Exposures Framework (LEF).
  - The Cash Reserve Ratio (CRR) has been reduced by 100 bps to 3.0% for a period of 1 year; the requirement of minimum daily CRR balance maintenance was also reduced from 90% to 80% effective from the first day of the reporting fortnight beginning March 28, 2020. This is a one-time dispensation available up to June 26, 2020.
  - The accommodation under MSF has been increased from 2% of Statutory Liquidity Ratio (SLR) to 3% of SLR. This would be applicable till June 30, 2020 and would also release Rs1.37tn across the banking system.

  These 3 liquidity measures would together inject liquidity of Rs.3.74 trillion in total.
- The RBI also announced measure for reinforcing monetary policy transmission so that easier bank credit is made available to those who have been affected by the pandemic; easing financial stress caused by COVID-19 disruptions by relaxing repayment pressures and improving access to working capital; and improving the functioning of markets in view of the high volatility experienced with the onset and spread of the pandemic.

Global Central Banks and Governments have brought in significant stimulus..

Paving the way for large monetary and fiscal stimulus globally, the US announced some of the biggest stimulus measures in the history.

- The US Federal Reserve cut the Federal Funds rate by 150 bps to 0-0.25% in phases.
- The US Fed also pledged to buy unlimited amounts of treasury bonds and corporate bonds to calm and support the financial markets.
- US government has also announced a fiscal package of ~USD 2 trillion to support the economy.

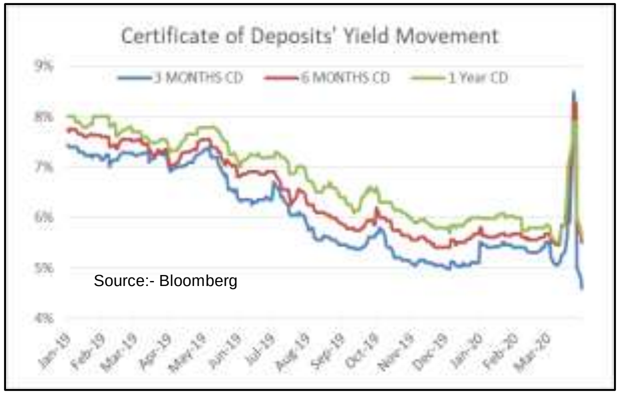
The European Central Bank (ECB) also announced measures to combat the economic impact of the Covid-19 spread.

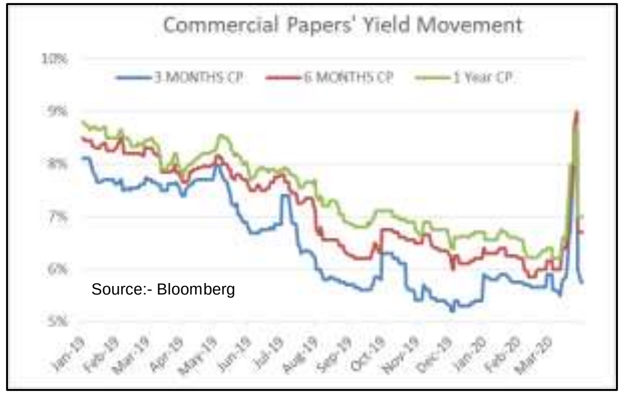
- The ECB announced purchase of EUR 750 bn of government bonds, corporate bonds and agency bonds.
- ECB also loosened capital requirements on banks allowing them to lend more and eased lending requirements for its targeted long term refinancing operations (TLTRO), a program of long-term loans to banks to keep liquidity steady.

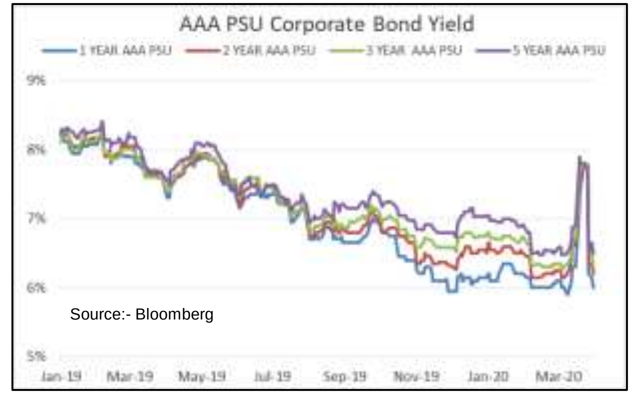
So far the Bank of England (BoE) has reduced its key interest rate by 0.65% to 0.1% and has also lowered the capital requirements for UK banks. The UK government also announced stimulus of USD 37 bn for the worst hit segments of the economy.

- **Several other nations including China which was the very first epicenter of the Pandemic, Italy, Germany, France and Canada amongst other also announced fiscal and monetary measures to battle the economic impact of virus spread.**

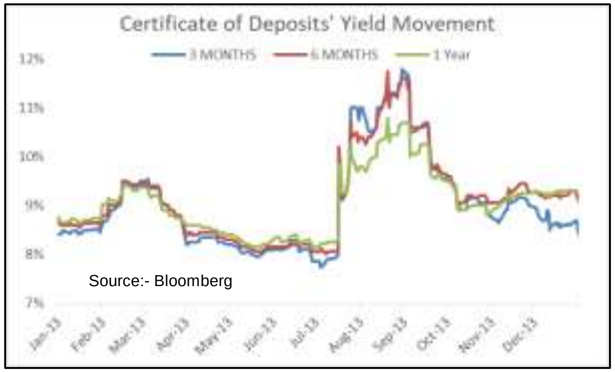
Corporate Bond Markets were highly volatile…
…Risk aversion led to selling pressure and rise in yields

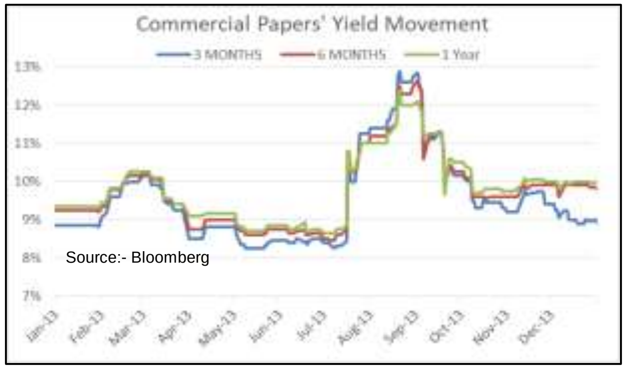


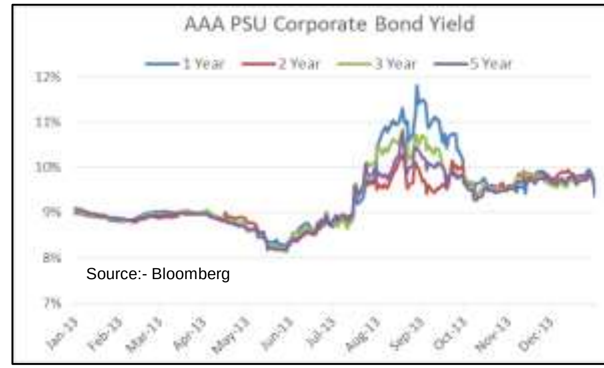




Yield Movement During the US Taper Tantrum in 2013

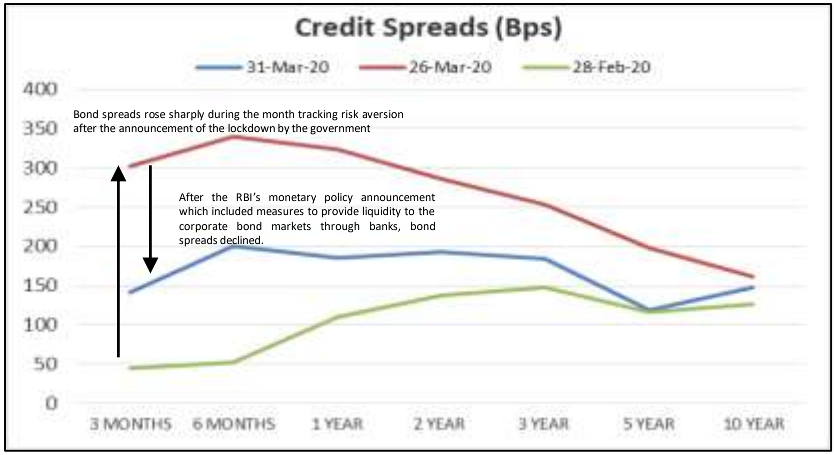


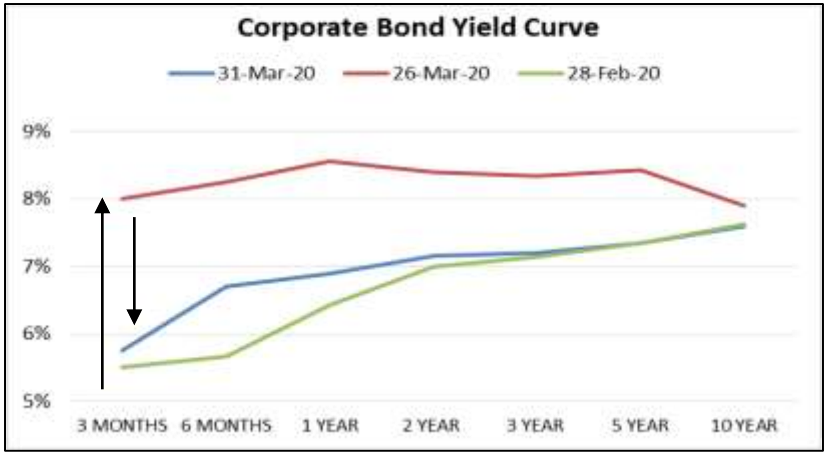




- Yield in the corporate bond markets witnessed a sharp rise during the month, tracking risk aversion as the coronavirus spread accentuated.
- Fears of prolonged lockdown in the economy, coupled with year end demand for cash, led businesses and individuals to resort to selling in the corporate bond markets and fixed income mutual funds.
- Risk aversion also led to strong selling by Foreign Portfolio Investors (FPIs) in the Indian bond markets.
- However, the yields declined sharply after the RBI announced measures like TLTRO to make liquidity available to the corporate bond markets.
- Similar movement in the yields was witnessed in 2013, when the US Fed decided taper its Quantitative Easing (bond buying program).
- However, as can be seen from the graphs above in 2013 yields started to normalize soon after the initial knee jerk reaction.

High quality corporate bond spreads also widened…



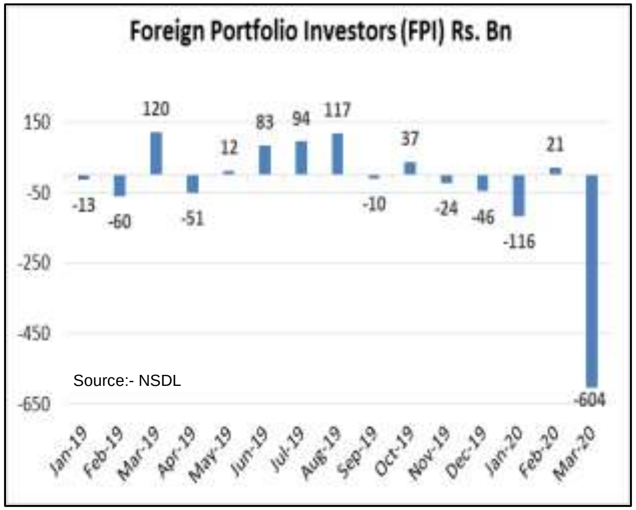


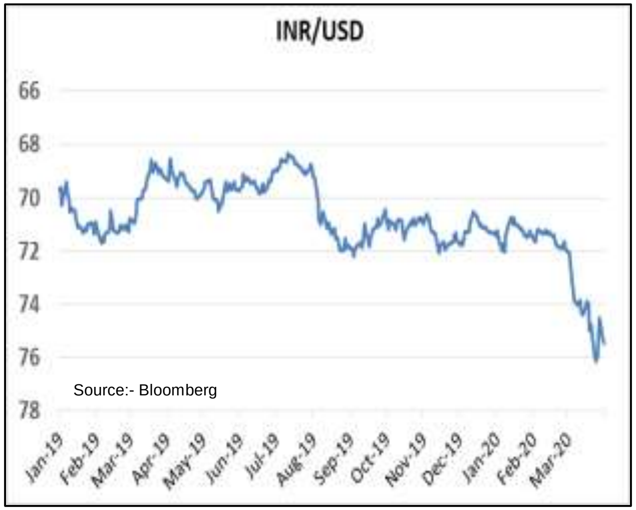
Spreads are between AAA Non-PSU HFC bonds and G-secs of similar tenure
Source:- IDFC Mutual Fund

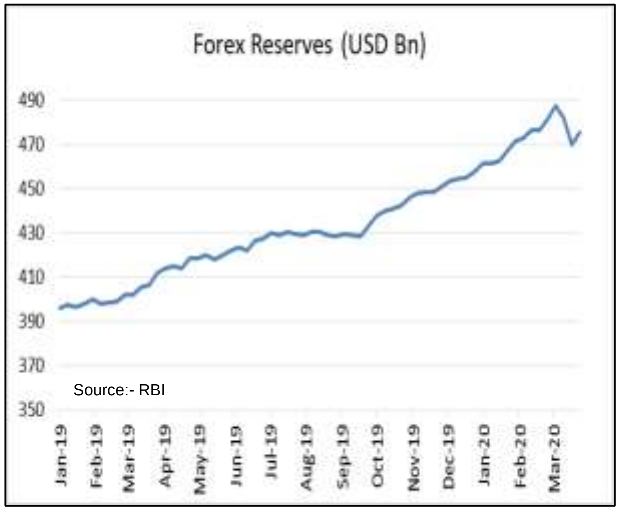
Yields are for AAA Non-PSU HFC bonds
Source:- IDFC Mutual Fund

- Corporate bond spreads also witnessed a sharp widening during the month as liquidity in the corporate bond market segment went dry.
- The money market segments witnessed the highest widening of bond spreads, as the inventors sold the most liquid papers (money market papers).
- Spread between the 6 months Commercial Papers (CPs) and 6 months T-bills rose to 340 bps on 26 March 2020 from 52 bps on 28 February 2020.
- The corporate bond yield curve between the 3 months and 10 years segments inverted by 26 March 2020, with short term rates rising more sharply than the rest of the yield curve.
- However, both the corporate bond spreads and the term spreads declined immediately after the RBI's monetary policy announcement.
- The RBI announced several liquidity related and regulatory measures to ensure flow of credit to the corporate bond markets to ensure financial stability.

Foreign Portfolio Investors resorted to heavy selling of Indian bonds…
…Rupee depreciated as capital outflows accentuated

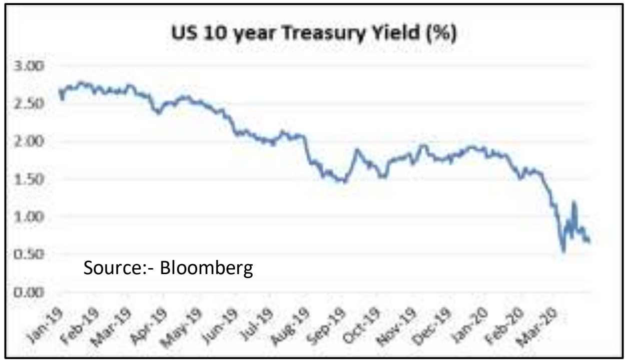


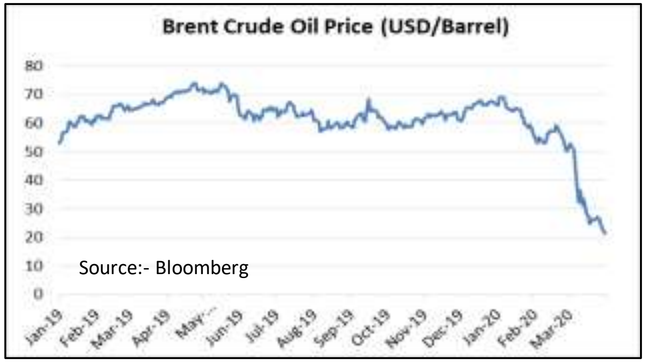


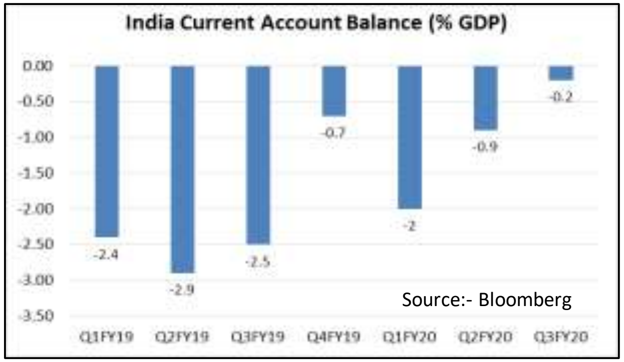


- Risk off sentiments across the globe led to heavy selling by Foreign Portfolio Investors (FPIs) in Indian capital markets, where most of the corporate bonds also suffered.
- FPIs net sold Indian bonds to the tune of ~Rs.604 bn, as against a net buying of ~Rs.21 bn in February 2020.
- Capital outflows coupled with strengthening of the Dollar led to sharp depreciation in the Indian Rupee against the USD.
- The Indian Rupee has depreciated by ~5.8% so far in the calendar year 2020.
- The RBI intervened in the Forex markets to support the fall in the Rupee, however heavy selling continued to put depreciating pressure on the Rupee.
- While India's Foreign Exchange Reserves remained healthy, some decline was witnessed in March 2020. This was partly because the RBI intervened in the Forex Markets by supplying Dollars.

Silver lining in adversities…
… some positives emerged in the meanwhile

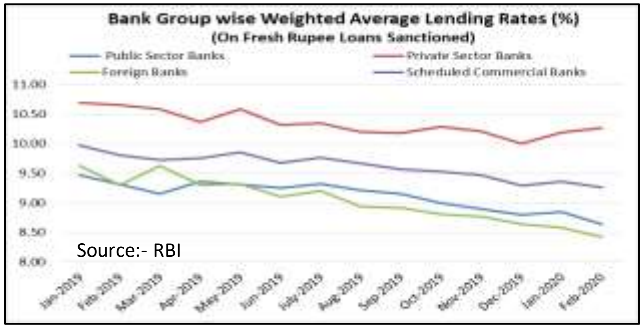


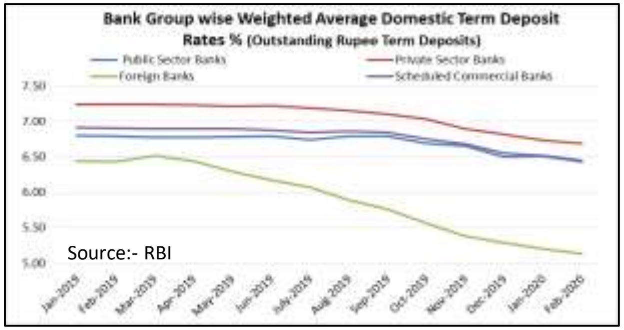




Instruments	Rate of Interest Jan-Mar 2020	Rate of Interest Apr-Jun 2020	Reduction in Bps
Savings Deposit	4.00%	4.00%	0
1 Year Time Deposit	6.90%	5.50%	-140
2 Year Time Deposit	6.90%	5.50%	-140
3 Year Time Deposit	6.90%	5.50%	-140
5 Year Time Deposit	7.70%	6.70%	-100
5 Year Recurring Deposit	7.20%	5.80%	-140
Senior Citizen Savings Scheme	8.69%	7.40%	-129
Monthly Income Account	7.60%	6.60%	-100
National Savings Certificate	7.90%	6.80%	-110
Public Provident Fund Scheme	7.90%	7.10%	-80
Kisan Vikas Patra	7.60%	6.90%	-70
Sukanya Samriddhi Account Scheme	8.40%	7.60%	-80

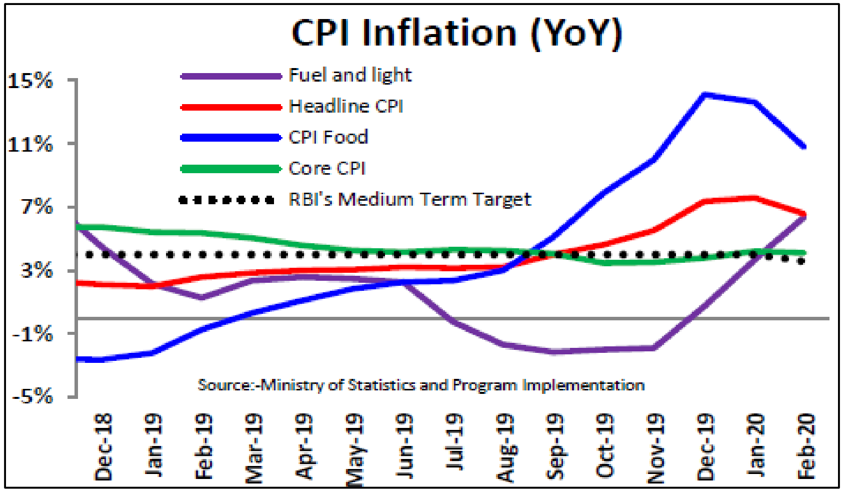
Source:- Depart of Economic Affairs

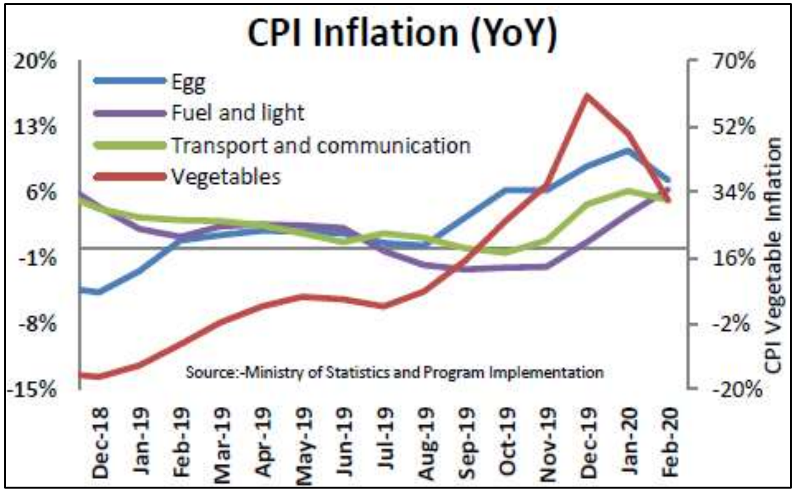




- Amidst all the negatives tracking the pandemic, a few positives emerged that may continue to provide downward momentum to the bond yields.
- The US 10 year treasury yield declined to a low of 0.54% during March 2020.
- Crude oil prices plunged during the month tracking fears of sharp decline in crude oil demand amidst expectation of recession across the globe. Price of Brent Crude oil declined by a whooping ~67.68% CYTD March 2020.
- India's Current Account Deficit (CAD) reduced to 0.2% of GDP in Q3FY20, and the contraction in the CAD was primarily on account of a lower trade deficit and a rise in net services receipts.
- Government also reduced the interest rates on Small Savings Schemes for April-June 2020.
- Higher rates on Small Savings Schemes was one of the reasons the transmission of rate cuts by the RBI was progressing slowly. Lowering of these interest rates is likely to help in speeding up the transmission of rate cuts.

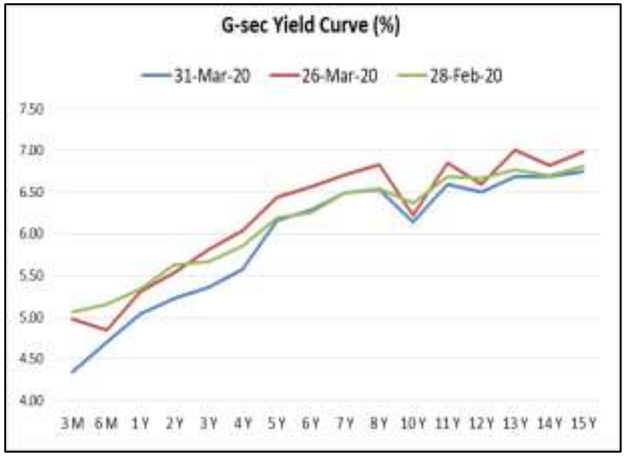
CPI inflation declined in February 2020…



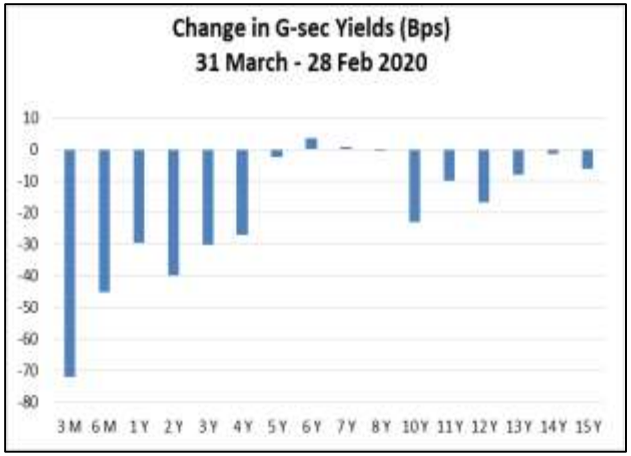


- Inflation based on Consumer Price Index (CPI) declined in February 2020 for the first time in the last seven months helped by lower rise in annual prices of vegetables and decline in the Core CPI inflation (ex food and fuel but including 'Transport and communication').
- CPI inflation for February 2020 came in at 6.58% YoY compared to 7.59% YoY for January 2020.
- Core CPI inflation also declined after witnessing a rise for three months in a row, and stood at 4.09% YoY in February 2020 as against 4.19% YoY in the previous month.
- Helped by a slower pace of rise in annual inflation in vegetable prices, the consumer food price inflation came in at 10.81% YoY in February 2020 as against 13.63% YoY in January 2020.
- Vegetables which account for over 6% in the CPI basket saw an annual inflation of 31.61% in February 2020 as against 50.04% in the previous month.
- Within the Consumer Food Index, most of the items witnessed a decline in annual inflation barring 'Milk and products', 'Oils and fats' and Spices.
- On the Core CPI inflation front, movement in the inflation in the internal items was mixed; while segments like 'Pan, tobacco and intoxicants', Clothing, Housing, Household goods and services witnessed a rise in inflation on a YoY basis, items like Footwear, Health, 'Transport and communication', 'Recreation and amusement', and 'Personal care and effects' witnessed a decline in inflation on a YoY basis. Inflation in 'Fuel and light' segment increased and stood at 6.36% YoY as against 3.66% YoY in the previous month.

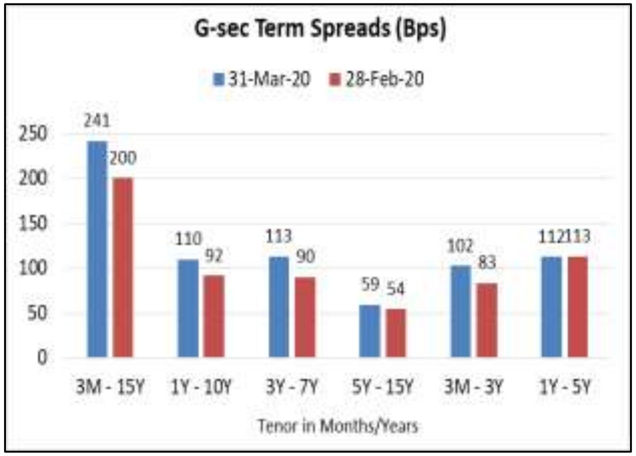
G-sec yields declined on a month on month basis…
…term spreads widened making the curve steeper



Source:- IDFC MF



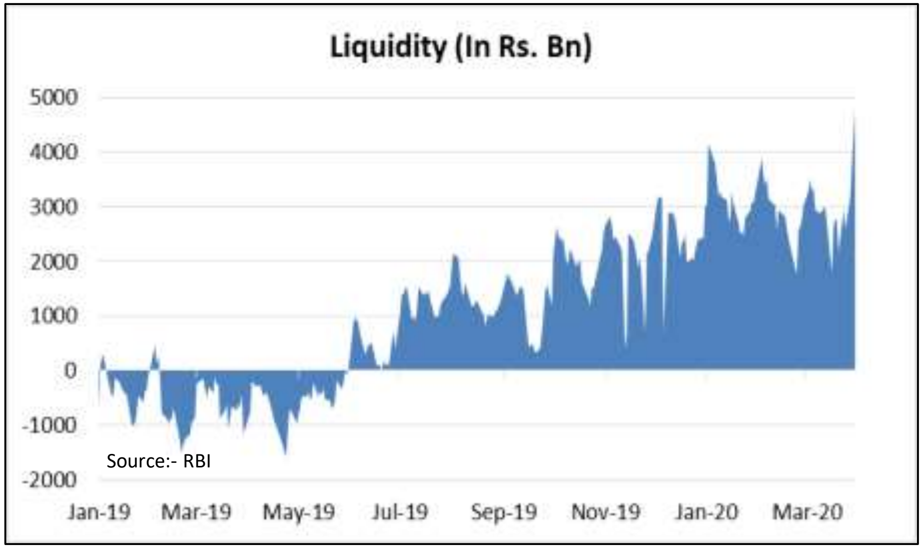
Source:- IDFC MF



Source:- IDFC MF

- The G-sec yield curve steepened further during the month wherein term spreads widened on a MoM basis.
- The steepening was on account of the RBI's policy interest rate cut and providing more than ample liquidity into the system through various conventional and non-conventional measures.
- Spread between the very short to short term segments of the yield curve (3 months – 3 years) widened to 102 bps at the end of March 2020 as against 83 bps at the end of February 2020.
- Spread between the Short and the medium term segments (3-7 years) also widened to113 bps from 90 bps.
- The short and the medium term segments of yield curve continued to remain attractive from risk-reward perspective.
- Spread between the short and the long term segments (1-10 years) also widened to 110 bps from 92 but do not seem attractive at this point given the expected volatility and given that other segments of the yield curve are offering better spreads with relatively lower volatility.

Surplus liquidity remained in the system as RBI used unconventional policy tools to provide liquidity…



Monetary Policy Tools	Approximate Quantum (Rs. Bn)
Fine Tuning/Special Variable Repo Rate auctions	895
Long Term Repo Operations (LTRO)	751
USD/INR Sell/Buy Sawps	USD 2.71 Bn
Open Market Operation Purchases (OMOs)	400
Targeted Long Term Repo Operations (TLTRO)	250

- Domestic banking system liquidity continued to remain in the surplus zone during the month.
- Liquidity measured by the RBI's net Liquidity Adjustment Facility (LAF) stood at a daily average surplus of Rs.2.98 trillion as compared to Rs. 2.87 trillion in the previous month.
- While the banking system liquidity was in surplus, given the year end frictional liquidity demand, to provide liquidity to corporate bond markets, and to lift bond market sentiments the RBI infused liquidity in the financial markets through various measures like special variable rate repo operations, Long Term Repo Operations (LTROs), Open Market Operations (OMO) purchase of G-secs and Targeted Long Term Repo Operation (TLTRO) during the month.

Fixed Income Outlook

- Domestic system liquidity is likely to remain in surplus mode over the near to medium term, as may be the case the world over, as governments and central banks battle to keep the economies afloat amidst the current health crisis. While the RBI has already provided liquidity through various conventional and unconventional tools, such measures are likely to keep continuing, till we see the economy stepping on the path of normalcy which may take some time.
- Inflation has declined but it continues to remain above the RBI's flexible inflation target of 4% (+-2%). Though, the decline in vegetable prices is a relief, the decline in prices of food items like 'Meat and fish' and Egg could have been on account of the fears of Coronavirus, which could continue in the near term. Decline in the Core CPI inflation after three months, may also be reflecting an impact of the spread of the Coronavirus on the demand conditions in the economy. Going forward the inflation outlook has become somewhat uncertain, given that the spread of Coronavirus is impacting various variables, that impact inflation trajectory. That being said, to begin with, the sharp decline in the Crude oil prices and weakness in demand could put downward pressure on the domestic inflation, which may help in bringing down the CPI inflation faster than anticipated earlier.
- While the RBI has reduced the policy repo rate by 75 bps, should the economy need more support the RBI has indicated that it is ready to step in as and when required. While the RBI may want to wait and see how the spread of the virus is progressing and not want to use all the space available at once; possibility of more easing may not be ruled out.
- While one may argue that the fiscal stimulus provided so far by the government and more expected in the near future, may put pressure on the bond yields; the markets expect the RBI to step in to help the government to tide through these difficult times. It could be through monetizing the fiscal deficit (RBI buying G-secs directly from the government in primary issuance) or doing large quantum of OMO purchases. This is likely to keep a lid on the yields in the near to medium term.
- That said, the fiscal pressures are likely to remain in the current and possibly the next financial year as well. Thus, the very long end of the yield curve could witness volatility in the later part of the financial year.
- While bond spreads even for high credit quality corporate bonds have widened, this knee jerk reaction is likely to settle, given that the RBI has announced several measures to make liquidity available to the corporate bond markets. Additionally, in the current scenario of further slowdown in economic growth high credit rated bonds would be a relatively safer as against the ones with lower credit rating.
- Overall, at this juncture with more than ample liquidity, larger interest rate cuts, further growth slowdown and expectations of faster decline in inflation, the short to medium term segments of the yield curve and high rated corporate bonds are likely to benefit the most.
- Thus, investments into Short Duration Funds can be considered with an investment horizon of 12 months and above.
- Investors who are looking to benefit from relatively better accruals can look at Corporate Bond Funds and Banking and PSU Funds for a horizon of 15 months and above.
- Investments in Medium Duration Funds can be considered with a horizon of 15 months and above.
- Investors, who are comfortable with intermittent volatility, can also look at strategies that have allocation to the longer end of the yield curve, through Dynamic Bond Funds/Long Duration Funds with an investment horizon of 24 months and above.
- Investors looking to invest with a horizon of up to 3 months can consider Overnight Funds and Liquid Funds. While Ultra Short Duration Funds can be considered for a horizon of 3 months and above.

Equity Mutual Funds – Based on SEBI Categorisation

Large Cap Fund

1. Axis Bluechip Fund – An actively managed large cap equity fund with high concentration at stock level
2. ICICI Prudential Bluechip Fund - An actively managed large cap equity fund

Multi Cap Funds

1. Kotak Standard Multicap Fund - An actively managed multi cap fund investing across select sectors with large cap bias
2. SBI Magnum Multi Cap Fund - The fund is a multi cap equity fund that invests across sectors and market capitalization. The fund can take overweight/underweight position in sectors with a deviation of 2.5% to sectoral weightage in benchmark index.

Large & Mid Cap Fund

1. Sundaram Large and Mid Cap Fund – An actively managed large and midcap fund that invests minimum 35% in both large cap and mid cap companies

Focused Fund

1. Axis Focused 25 Fund – An actively managed focused fund that invest in upto 25 high conviction stocks with large cap bias.

Aggressive Hybrid Fund

1. Sundaram Equity Hybrid Fund – The fund aims to generate capital appreciation and regular income, through a mix of investments in equities (65%-80%) and debt (35%-20%).

Dynamic Asset Allocation/Balanced Advantage Funds

1. ICICI Prudential Balanced Advantage Fund – A hybrid fund that dynamically manages exposure to equity and debt depending upon market valuations

Equity Savings Fund

1. ICICI Prudential Equity Savings Fund – The un-hedged equity exposure of the fund can be maintained upto 50% of the portfolio with flexibility to invest across market capitalization

Equity Mutual Funds – Performance (%)

Scheme Names	SEBI Categorisation	Absolute (%)		CAGR (%)		
		3 M	6 M	1 Y	3 Y	5 Y
Axis Bluechip Fund - Growth	Large Cap Fund	-18.88	-16.43	-8.03	7.53	5.92
ICICI Prudential Bluechip Fund - Growth	Large Cap Fund	-28.55	-24.86	-24.46	-2.54	1.52
Canara Robeco Equity Diversified Fund - Growth	Multi Cap Fund	-20.50	-16.54	-16.57	2.41	2.78
Kotak Standard Multicap Fund - Reg - Growth	Multi Cap Fund	-27.73	-24.09	-23.68	-2.05	3.44
SBI Magnum Multi Cap Fund - Growth	Multi Cap Fund	-27.48	-25.64	-23.72	-2.94	2.87
Sundaram Large and Mid Cap Fund - Reg - Growth	Large & Mid Cap Fund	-30.28	-27.17	-25.40	-2.86	2.52
Kotak Equity Opportunities Fund - Reg - Growth	Large & Mid Cap Fund	-25.50	-20.14	-20.96	-2.22	2.88
Axis Midcap Fund - Growth	Mid Cap Fund	-18.01	-13.89	-10.51	5.39	5.36
Kotak Emerging Equity Fund - Reg - Growth	Mid Cap Fund	-27.00	-22.46	-23.89	-5.61	2.78
Axis Small Cap Fund - Reg - Growth	Small cap Fund	-24.58	-20.13	-12.31	0.21	4.72
HDFC Small Cap Fund - Growth	Small cap Fund	-32.48	-33.50	-41.46	-8.21	0.40
Invesco India Contra Fund - Growth	Contra Fund	-25.66	-21.99	-25.02	-1.31	3.04
UTI Value Opportunities Fund - Growth	Value Fund	-27.06	-21.77	-23.72	-3.01	-0.90
SBI Focused Equity Fund - Growth	Focused Fund	-21.93	-17.54	-14.64	3.74	5.57
Axis Focused 25 Fund - Growth	Focused Fund	-23.94	-20.25	-13.58	3.39	5.42
Sundaram Equity Hybrid Fund - Reg - Growth	Aggressive Hybrid Fund	-20.60	-16.89	-15.29	0.68	3.28
ICICI Prudential Equity & Debt Fund - Growth	Aggressive Hybrid Fund	-24.31	-19.35	-21.02	-2.48	2.92
ICICI Prudential Balanced Advantage Fund - Reg - Growth	Dynamic Asset Allocation or Balanced Advantage	-19.74	-16.18	-13.39	0.36	3.80
HDFC Balanced Advantage Fund - Growth	Dynamic Asset Allocation or Balanced Advantage	-25.49	-22.25	-25.08	-1.94	2.62
Nippon India Power & Infra Fund - Growth	Thematic	-31.26	-31.43	-33.94	-12.71	-2.96
Aditya Birla Sun Life Manufacturing Fund - Reg - Growth	Thematic	-19.58	-18.95	-20.35	-6.31	0.37
ICICI Prudential Multi-Asset Fund - Growth	Multi Asset Allocation	-23.90	-19.89	-21.10	-2.86	2.25

Performance data as on 31 March 2020. Returns are Absolute for <= 1 year and Compounded Annualised for > 1 year.
Source: Source for entire data stated above is ICRA Online Ltd. (For Disclaimer of ICRA Online Ltd, refer http://www.icraonline.com/legal/standard-disclaimer.html)

Equity Mutual Funds – Performance (%)

Scheme Names	SEBI Categorisation	Absolute (%)		CAGR (%)		
		3 M	6 M	1 Y	3 Y	5 Y
Franklin India Feeder - Franklin U.S. Opportunities Fund - Growth	FoF - Overseas	-7.99	0.66	5.15	13.78	9.68
DSP US Flexible Equity Fund - Growth	FoF - Overseas	-16.33	-8.44	-3.03	6.50	6.98
Axis Long Term Equity Fund - Growth	ELSS	-21.75	-17.77	-11.82	3.74	4.41
Kotak Tax Saver Fund - Reg - Growth	ELSS	-26.29	-21.77	-21.26	-2.74	1.89
UTI Nifty Index Fund - Growth	Index Funds	-29.37	-24.99	-25.21	-1.19	1.15
HDFC Index Fund-NIFTY 50 Plan	Index Funds	-29.40	-25.08	-25.38	-1.32	1.09
ICICI Prudential Equity Savings Fund - Reg - Growth	Equity Savings	-13.48	-10.24	-7.64	1.65	4.41
Axis Equity Saver Fund - Reg - Growth	Equity Savings	-10.79	-9.10	-6.13	3.16	--
Aditya Birla Sun Life Arbitrage Fund - Growth	Arbitrage Fund	1.56	2.89	6.35	6.01	6.19
Kotak Equity Arbitrage Fund - Reg - Growth	Arbitrage Fund	1.66	2.95	6.26	6.19	6.33
IDFC Arbitrage Fund - Reg - Growth	Arbitrage Fund	1.37	2.57	5.95	5.97	6.13
Indices						
S&P BSE Sensex	--	-28.57	-23.79	-23.62	-0.17	1.06
Nifty 50	--	-29.34	-25.07	-25.83	-2.14	0.25
S&P BSE 200	--	-28.92	-24.71	-26.24	-3.29	0.40
Nifty Midcap 100	--	-31.57	-26.97	-35.63	-12.03	-2.08
S&P BSE SMALL CAP	--	-29.86	-27.04	-35.78	-12.67	-2.47

Performance data as on 31 March 2020. Returns are Absolute for <= 1 year and Compounded Annualised for > 1 year.
Source: Source for entire data stated above is ICRA Online Ltd. (For Disclaimer of ICRA Online Ltd, refer http://www.icraonline.com/legal/standard-disclaimer.html)

Fixed Income Mutual Fund Options

Performance of recommended Debt Funds

Scheme Name	SEBI Categorisation	AAA or Equivalent	Avg. Maturity (Yrs)	Portfolio Yield (%)	Returns (%)				
					3 Mths	6 Mths	1 Year	2 Years	3 Years
ICICI Prudential Long Term Bond Fund	Long Duration Fund	93.23	11.81	7.12	3.74	6.16	13.80	10.51	8.76
IDFC Bond Fund - Income Plan	Medium to Long Duration Fund	100.00	7.77	6.64	3.40	4.96	11.69	9.81	7.19
IDFC Dynamic Bond Fund	Dynamic Bond	100.00	7.66	6.62	3.84	5.65	12.63	10.40	7.68
Kotak Dynamic Bond Fund	Dynamic Bond	83.84	6.45	7.09	2.72	4.82	10.68	9.76	8.58
IDFC Bond Fund - Short Term Plan	Short Duration Fund	100.00	2.07	6.42	2.21	4.37	9.06	8.36	7.57
ICICI Prudential Short Term Fund	Short Duration Fund	81.97	3.10	7.08	2.09	4.48	9.11	7.89	7.31
IDFC Bond Fund - Medium Term Plan	Medium Duration Fund	100.00	4.28	6.55	2.68	4.15	9.31	8.32	7.18
Kotak Banking and PSU Debt Fund	Banking and PSU Fund	79.60	3.58	6.71	2.43	4.93	10.51	9.04	8.23
DSP Banking & PSU Debt Fund	Banking and PSU Fund	100.00	3.75	6.36	2.74	5.04	9.87	8.67	7.80
ICICI Prudential Corporate Bond Fund	Corporate Bond Fund	100.00	2.50	6.61	1.92	4.24	9.00	8.09	7.58
HDFC Corporate Bond Fund	Corporate Bond Fund	100.00	4.08	6.79	2.73	4.80	10.02	8.88	8.16
Scheme Name	**SEBI Categorisation**	**AAA or Equivalent**	**Avg. Maturity (Days)**	**Portfolio Yield (%)**	**Returns (%)**				
					3 Mths	**6 Mths**	**1 Year**	**2 Years**	**3 Years**
IDFC Low Duration Fund	Low Duration Fund	100.00	371.00	5.93	1.77	3.54	7.79	7.69	7.44
ICICI Prudential Savings Fund	Low Duration Fund	85.95	365.00	6.41	1.51	3.60	7.96	7.79	7.55
Kotak Money Market Fund	Money Market Fund	100.00	142.00	5.78	1.48	3.16	7.24	7.70	7.40
ICICI Prudential Money Market Fund	Money Market Fund	100.00	124.00	5.71	1.49	3.12	7.20	7.63	7.33
Axis Liquid Fund	Liquid Fund	100.00	36.00	5.44	1.45	2.83	6.23	6.87	6.86
Franklin India Liquid Fund	Liquid Fund	99.19	29.20	5.70	1.53	3.00	6.52	7.07	6.97
ICRA Composite Bond Fund Index		--	--	--	3.91	6.18	13.43	10.54	8.85
NIFTY Short Duration Debt Index		--	--	--	2.21	4.11	8.80	8.10	7.61
ICRA Liquid Index		--	--	--	1.39	2.78	6.22	6.79	6.77

Returns (%) as on 31 March 2020. Returns are absolute for < = 1year and CAGR for > 1 year. Portfolio as of 28 Feb 2020.
Source for entire data stated above is ICRA Online Ltd. (For Disclaimer of ICRA Online Ltd, refer http://www.icraonline.com/legal/standard-disclaimer.html)

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