

## Why Multi Cap Funds are better option in today's scenario?

For all future investments, we are suggesting either multi cap funds or a combination of multicap funds and large cap funds. We suggest redeeming from Midcap, Small cap, Value, Sector and Thematic funds at appropriate time and reinvest in multi cap funds. Most of the multi cap funds are having 20 - 30% in mid cap and small cap stocks. So, the potential of this segment is captured through multi cap funds. The current changed scenario favours large and quality companies which can be fully exploited by investing in multi cap schemes and large cap schemes.

Historically, mid and small cap companies have enjoyed higher valuation due to its assumed higher growth. Even after a sharp correction in mid and small cap segment, the current valuation is almost on par with the large cap segment. The current changed scenario may pose more challenge to the mid and small cap companies. If this segment does not register higher growth rate, then it may not enjoy premium valuation. The risk adjusted return for both the segment in isolation may not justify investments in these category funds. Similarly, Value Funds are difficult to comprehend as each fund manager view value differently. Many times, value buy becomes a value trap. Sector Funds are very volatile. Considering the increased difficulties in choosing the right kind of schemes and market cap segment, it is suggested to invest predominantly in Multi cap schemes or a combination of multi cap schemes and large cap schemes. This will be key in generating superior return for the entire equity schemes portfolio.

Among the multi cap funds, few funds are positioned aggressively with high quality growth stocks with higher valuation. Few funds are positioned with more value stocks with low valuation with a higher allocation for PSU stocks. In case of major announcements to boost infrastructure by the government in the upcoming budget, the second category of funds also will do well. In order to have a portfolio of schemes with both kind of stocks, we are furnishing a model portfolio of multi cap schemes.

| <b>Scheme Name</b>                    | <b>Nature of Portfolio</b>                       |
|---------------------------------------|--|
| Mirae Asset Focused Fund              | Concentrated high conviction, high growth stocks |
| PGIM India Diversified Equity Fund    | Diversified with more of growth stocks           |
| Axis Multi cap Fund                   | Concentrated high conviction, high growth stocks |
| Kotak Standard Multicap fund          | Diversified with both growth and value stocks    |
| DSP Equity Fund                       | Concentrated high conviction, high growth stocks |
| Canara Robeco Equity Diversified Fund | Diversified with more of growth stocks           |
| ICICI Multicap Fund                   | Diversified with more of PSU Stocks              |
| HDFC Equity Fund                      | Diversified with more of PSU Stocks              |

We are furnishing the past performance and other characteristic of these funds.

| Sno | Scheme                               | Fund Manager Name                            | AUM(Cr) | Exp. Ratio |
|-----|--------------------------------------|--|---------|------------|
| 1   | Axis - Multicap Fund                 | Mr. Shreyash Devalkar                        | 4850    | 2.05       |
| 2   | Mirae - Asset Focused Fund           | Mr. Gaurav Misra                             | 2193    | 2.03       |
| 3   | ICICI Pru - Multicap Fund            | Mr. Sankaran Naren & Mr. Atul Patel          | 4655    | 2.24       |
| 4   | HDFC - Equity Fund                   | Mr. Prashant Jain                            | 23674   | 1.7        |
| 5   | Kotak - Standard Multicap Fund       | Mr. Harsha Upadhyaya                         | 29096   | 1.7        |
| 6   | DSP - Equity Fund                    | Mr. Atul Bhole                               | 2786    | 2.13       |
| 7   | Can Robeco - Equity Diversified Fund | Mr. Shridatta Bhandwadar & Mr. Miyush Gandhi | 1587    | 2.33       |
| 8   | PGIM India Diversified Equity Fund   | Mr. Aniruddha Naha                           | 186     | 2.45       |

| Sno | Scheme                               | Large Cap(%) | MID Cap(%) | Small Cap(%) | PSU Stocks (%) | Scheme Benchmark    |
|-----|--------------------------------------|--------------|------------|--------------|----------------|---------------------|
| 1   | Axis - Multicap Fund                 | 96.38        | 3.62       | Nil          | Nil            | NSE - Nifty 500 TRI |
| 2   | Mirae - Asset Focused Fund           | 60.81        | 37.78      | 1.42         | 10.33          | NSE - NIFTY 200 TRI |
| 3   | ICICI Pru - Multicap Fund            | 71.54        | 18.59      | 9.87         | 21.52          | S&P BSE 500 TRI     |
| 4   | HDFC - Equity Fund                   | 83.00        | 12.83      | 4.16         | 35.16          | NSE - Nifty 500 TRI |
| 5   | Kotak - Standard Multicap Fund       | 74.66        | 23.52      | 1.83         | 13.81          | NSE - NIFTY 200 TRI |
| 6   | DSP - Equity Fund                    | 73.09        | 21.19      | 5.72         | 3.31           | NSE - Nifty 500 TRI |
| 7   | Can Robeco - Equity Diversified Fund | 73.46        | 23.11      | 3.43         | 4.65           | S&P BSE 500 TRI     |
| 8   | PGIM India Diversified Equity Fund   | 60.93        | 16.91      | 15.51        | 6.65           | Nifty 500 TR INR    |

| Multi-Cap Fund's                      | Ret 1 Mo | Ret 2 Mo | Ret 3 Mo | Ret 6 Mo | Ret 1 Yr | Ret 2 Yr | Ret 3 Yr | Ret 5 Yr | Ret 10 Yr |
|---------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
| Mirae Asset Focused Fund              | 4.49     | 13.06    | 25.80    | 5.94     | 13.26    |          |          |          |           |
| PGIM India Diverse Equity Fund        | 1.69     | 12.99    | 22.06    | 11.65    | 19.92    | 4.58     | 5.38     | 8.18     |           |
| Axis Multicap Fund                    | 1.93     | 6.39     | 12.60    | -3.57    | 4.74     | 2.34     |          |          |           |
| Kotak Standard Multicap Fund          | 1.93     | 7.44     | 15.73    | -2.64    | 2.24     | -1.35    | 2.94     | 8.81     | 11.35     |
| DSP Equity Fund                       | 3.89     | 7.94     | 16.88    | -5.07    | 7.26     | 1.22     | 4.75     | 8.92     | 9.48      |
| Canara Robeco Equity Diversified Fund | 3.12     | 9.72     | 16.23    | 0.41     | 12.17    | 2.96     | 7.03     | 9.10     | 10.09     |
| ICICI Pru Multicap Fund               | 5.04     | 10.27    | 16.87    | -2.40    | -1.12    | -5.82    | 1.67     | 6.01     | 9.40      |
| HDFC Equity Fund                      | 5.46     | 10.29    | 17.92    | -2.97    | -5.31    | -5.95    | 0.04     | 5.65     | 7.99      |

\*Past performance may or may not be sustained in the future



the fourth time

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