Mutual Fund Distributor

# MONTHLY NEWSLETTER - NOVEMBER 2023

## NEWS HIGHLIGHTS

**September 2023 Sees Monthly SIP Contributions Soaring to Record ₹16,042 Crore**
In September 2023, an upward movement in the equity market and favorable conditions led to the milestone of SIP contributions surpassing the Rs 16,000 crore mark for the first time.

**RBI's Monetary Policy Committee (MPC) reveals its decision for Oct'23, maintaining the Repo Rate at a steady 6.5%.**
The RBI's MPC, led by Governor Shaktikanta Das, unanimously holds the repo rate at 6.5% in its October 6 meeting, aligning with economist expectations, while maintaining GDP and inflation projections for the fiscal year.

**Israel declares war and approves 'significant' steps to retaliate for surprise attack by Hamas**
Palestinian militant group Hamas launched its massive surprise attack on Israel with a barrage of rockets and a large-scale ground assault resulting in a devastating war.

**India's largest software company TCS reported a profit rise of 9% YoY to ₹11,342 crore in Q2.**
Tata Consultancy Services (TCS) reported a 9% YoY rise in Q2 net profit to ₹11,342 crore and an 8% YoY increase in consolidated revenue to ₹59,692 crore.

**India Inc. maintains R&D investment amidst the pandemic, according to RBI Paper**
RBI analysis of 1,161 Indian companies found no reduction in R&D expenditure during Covid pandemic. Companies' likelihood of engaging in R&D remained unchanged.

Source: Multiple News Portals

## MONTHLY MARKET DATA

| Particulars | Open | High | Low | Close | Change % |
|---|---|---|---|---|---|
| Sensex | 65,826.35 | 66,591.89 | 63,117.06 | 64,112.65 | -2.60% |
| Nifty | 19,622.40 | 19,849.75 | 18,837.85 | 19,140.90 | -2.45% |
| Nasdaq | 13,229.68 | 13,714.14 | 12,543.86 | 12,851.24 | -2.86% |
| Gold | $1,848.13 | $2,009.48 | 1,810.10 | $1,982.70 | 7.28% |
| Crude | $91.28 | $92.27 | $81.48 | $82.05 | -10.11% |

*Source : Investing.com /wsj.com, Market Data Period 01/10/2023 to 31/10/2023

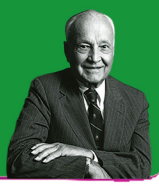
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## FINANCIAL QUOTE OF THE MONTH

"The four most dangerous words in investing are:
'This time, it's different.'"

- Sir John Templeton



## TAX SAVING TIP OF THE MONTH

Section 54F of the Income Tax Act provides a valuable opportunity to reduce your tax liability. It enables you to avoid paying taxes on capital gains from assets like bonds, gold, shares, or units of mutual funds (excluding residential property) if you reinvest the net sale proceeds in buying or constructing a residential property within a specified timeframe.

Starting from April 1, 2023, Section 54F comes with an exemption limit of Rs. 10 crores. Prior to this date, there was no limit on the tax exemption offered under this section.

**To make the most of this provision, here are the key conditions to consider:**

- Section 54F applies to both individuals and Hindu Undivided Families (HUF).
- Capital gains should originate from the sale of any long-term capital asset, except a residential house.
- At the time of investment, you should not own more than one house.
- The new house should be purchased within one year before or two years after selling the asset.
- In the case of constructing a new house, it must be completed within three years from the sale of the asset.
- The new house cannot be sold within three years, as this would result in the exemption being canceled.
- Additionally, if you buy another house within one year or construct a new one within three years, the exemption will also be withdrawn.
- If you are unable to utilize the sale proceeds for the new house before filing your Income Tax Return, you have the option to retain the money in a 'Capital Gains Account' with a bank.

Understanding and adhering to these conditions is essential to fully leverage the tax benefits offered by Section 54F when investing in a residential property.

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## ASK YOUR MFD

I want to save ₹1 Crore for my daughter's higher education, which starts in 15 years. How much SIP or Step-Up SIP will be required from now to achieve the same? I am comfortable with a 6% yearly growth in SIP contributions, aligning with my yearly increment.



MR. INVESTOR

Mutual Fund Distributor: To reach your goal of ₹1 Crore for your daughter's higher education in 15 years, here's the plan. You can start with a normal monthly SIP of ₹21,011 or choose a Step-Up SIP of ₹15,274. The Step-Up SIP allows your contributions to increase by 6% each year, matching your annual increment. Provided that the return on investment remains at 15% for the next 15 years, you can achieve your desired amount.



MR. MFD

## QUIZ

**Choose the correct option from below which outlines the taxation rules for Multi-Asset Mutual Funds.**

A. Equity.
B. Debt.
C. Debt with Indexation.

*(Answer will be published in the next edition)*

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# Navigating the World of Government-Guaranteed Debt InvestmentsOptions.

***Dive into the world of secure government-guaranteed debt investments and discover how to navigate their pros and cons for a financially sound future.***

When it comes to investing in debt instruments, the plethora of options available can often be overwhelming. However, government-backed investment schemes with fixed returns have consistently piqued the interest of investors. In this article, we delve into the details of various guaranteed investment options supported by the Government of India, discussing their features in brief.

| Scheme Name | Interest Rate* | Investment Period | Investment Limit | Ideal For | Taxation* |
|---|---|---|---|---|---|
| Public Provident Fund (PPF) | 7.10% | 15 years (extendable in 5-year blocks) | ₹1.5 Lacs per Financial Year | Investors seeking long-term capital appreciation and/or to secure a retirement fund | Contribution, Interest, and Maturity exempt from Tax |
| Employee Provident Fund (EPF) | 8.15% | Maturity at age 58 | 12% of salary for both employer and employee (interest on contributions over ₹2.5 lakhs in a fiscal year is taxable) | Employees aiming to secure a retirement fund | Contribution, Interest, and Maturity exempt from Tax |

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| Scheme Name | Interest Rate* | Investment Period | Investment Limit | Ideal For | Taxation* |
|---|---|---|---|---|---|
| Voluntary Provident Fund (VPF) | 8.15% | 5 years | Up to 100% of Basic + DA (interest on contributions over ₹2.5 lakhs in a fiscal year is taxable) | Investors seeking a stable investment with guaranteed returns | Contribution, Interest, and Maturity exempt from Tax |
| National Saving Certificates (NSC) | 7.7% | 5 years | No Maximum Limit | Investors looking for a stable investment with guaranteed returns | Contribution exempt up to ₹1.5 Lacs, but interest is taxed at maturity |
| Sukanya Samriddhi Account (SSA) | 8.0% | 21 years (with partial withdrawal option) | ₹1.5 Lacs per Financial Year | Ideal for parents saving for their daughter's education and wedding | Contribution, Interest, and Maturity exempt from Tax |
| RBI Bonds | 8.05% | 7 years | No upper limit | Investors seeking stable returns tied to market interest rates | Interest earned is taxed as per slab |
| Senior Citizens Savings Scheme (SCSS) | 8.2% | 5 Years (extendable once for 3 years) | ₹30 Lacs | Retired individuals seeking regular income | Contribution exempt up to ₹1.5 Lacs, but Interest earned is taxed as per slab |

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| Scheme Name | Interest Rate* | Investment Period | Investment Limit | Ideal For | Taxation* |
|---|---|---|---|---|---|
| Kisan Vikas Patra (KVP) | 7.5% | Investment doubles in 115 months | No maximum limit | Investors looking for a stable investment with guaranteed returns | No tax benefit; entire interest is taxable |
| National Savings Monthly Income Account (MIS) | 7.4% | 5 years | ₹9 lacs in a single account, ₹15 lacs in a joint account | Individuals seeking regular monthly income | No tax benefit; entire interest is taxable |
| Mahila Samman Savings Certificate (MSSC) | 7.5% | 2 Years | ₹2 Lacs | Female investors looking for a stable investment with guaranteed returns | No tax benefit; entire interest is taxable |
| Atal Pension Yojana (APY) | Guaranteed Pension Amount | Upon reaching age 60 | Depends on the subscriber's age at entry | Investors seeking regular income after retirement | Contributions can be exempted under Section 80CCD(1) & 80CCD(2) |

**Government-guaranteed debt schemes offer peace of mind as investments and interests are secure.**

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**However, there are important aspects to consider before investing in these schemes:**

- Low Returns: Most government schemes provide relatively low returns that may struggle to outpace inflation.
- Lack of Liquidity: Government schemes are often illiquid, with lock-in periods and penalties for early withdrawals.
- Scheme-Specific Limits: Each scheme may have specific investment limits and caps.
- Compounding Impact: Heavy allocation to government schemes early in life can affect compounding in the long term.
- Interest Rate Updates: Most schemes have periodically updated interest rates, which can impact returns.
- Long-Term Focus: These schemes may not be suitable for short-term financial goals.

*Government-guaranteed investment options offer a sense of security and stability that many investors value. These schemes provide a reliable way to grow your wealth while protecting your capital. However, it's essential to recognize that they may not always offer the highest returns, and their tax implications can vary. As with any investment decision, the key is to align your choices with your financial goals, risk tolerance, and time horizon.*

As you embark on your investment journey, consider the strengths and limitations of government-backed schemes, and remember that financial success is often a result of careful planning and strategic allocation. So, explore your options, stay informed, and build a financial future that aligns with your aspirations and dreams.

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## MF CATEGORY-WISE PERFORMANCE AT A GLANCE

| Category | 1 year | 3 Years | 5 Years | 10 Year |
|---|---|---|---|---|
| Equity - Contra | 15.54 | 27.07 | 17.55 | 16.88 |
| Equity - Dividend Yield Fund | 16.61 | 24.63 | 15.88 | 14.61 |
| Equity - ELSS | 10.79 | 21.29 | 14.54 | 15.28 |
| Equity - Flexi Cap Fund | 11.61 | 20.86 | 14.74 | 15.40 |
| Equity - Focused Fund | 9.27 | 20.48 | 14.40 | 15.09 |
| Equity - Large & Mid Cap Fund | 12.76 | 23.39 | 15.72 | 16.03 |
| Equity - Large Cap Fund | 8.20 | 18.42 | 13.10 | 13.01 |
| Equity - Mid Cap Fund | 17.67 | 27.63 | 18.48 | 19.73 |
| Equity - Multi Cap Fund | 15.34 | 26.69 | 17.44 | 17.14 |
| Equity - Small Cap Fund | 23.48 | 35.03 | 21.94 | 21.53 |
| Equity - Value Fund | 16.49 | 25.80 | 15.05 | 17.12 |

* All Sectoral, Thematic, Index & ETF Funds excluded in the above list.
* Disclaimer: This report has been prepared on the basis of data available to us and we have taken all precautions so that there are no errors and lapses. However, we do not assume any liability for actions taken, based on this report. Past performance may or may not be sustained in the future. Mutual fund investments are subject to market risks, read all scheme related documents carefully. Returns are not guaranteed. Contact us for scheme-specific risk.

**All interest rates of Government schemes are updated as of 01/10/2023. Tax benefit is available as per Old Tax Regime.**

*** Report as of 01/11/2023**

## Question and Answer for the Quiz Last Edition:

**Q) Given that an equity fund has a minimum allocation of 35% to large-cap stocks, 35% to mid-cap stocks, 25% to small-cap stocks, and 5% in cash and cash equivalents, what is the most probable classification for this fund?**

A. Flexi Cap
B. Multi Cap
C. Large & Mid Cap
D. None of the above.

**Correct Answer. C. Large & Midcap Fund**

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