



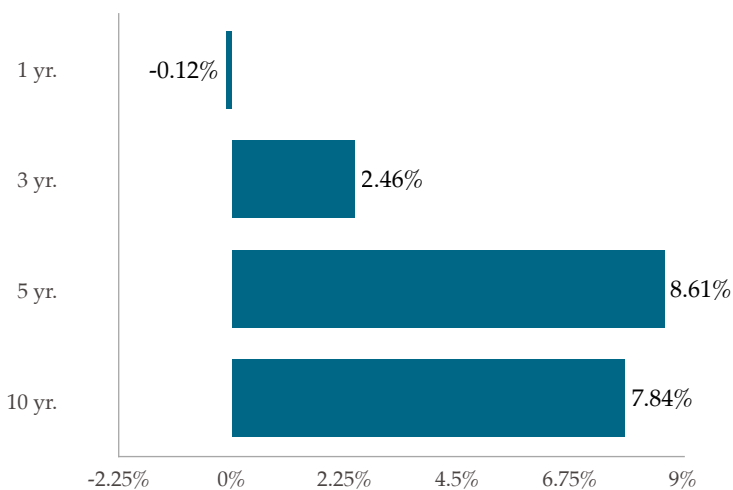
# ASPECTS

Economy, investments and matters of interest to clients and prospects

2020, thus far, has been a difficult year.

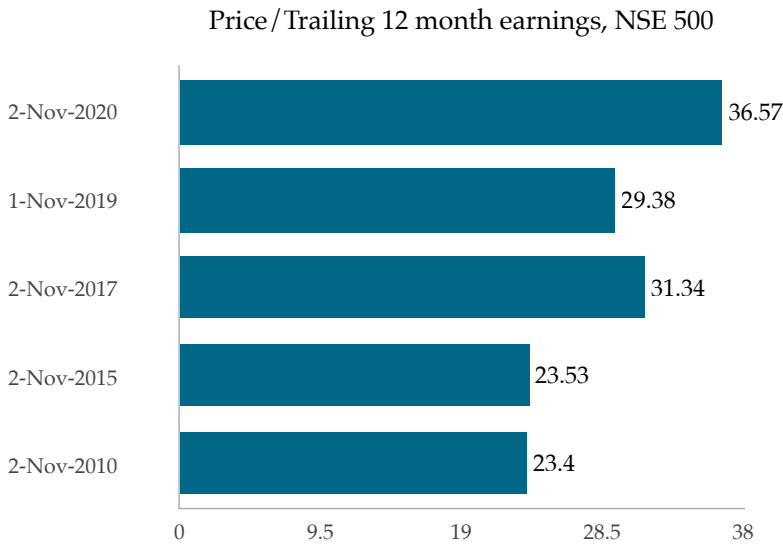
The Corona virus pandemic has inflicted significant damage in India as more than 123,000 lives have been lost<sup>1</sup>, and GDP contracted by 23.9% in April - June, 2020, relative to last year.

NSE 500 index total returns, %/year



Reflecting the turmoil in the broader economy, equity markets witnessed a steep fall in March - April, but have covered significant ground since then, plausibly building in a prompt recovery. So much so, 1 year total returns from the NSE 500 index, as of November 2nd were only slightly negative while 5 year returns were a more respectable 8.6%/year.

<sup>1</sup> As of November 4, 2020.



Market valuations though, per the Price/Earning ratio, have crept up as earnings have not kept pace with price changes<sup>2</sup>.

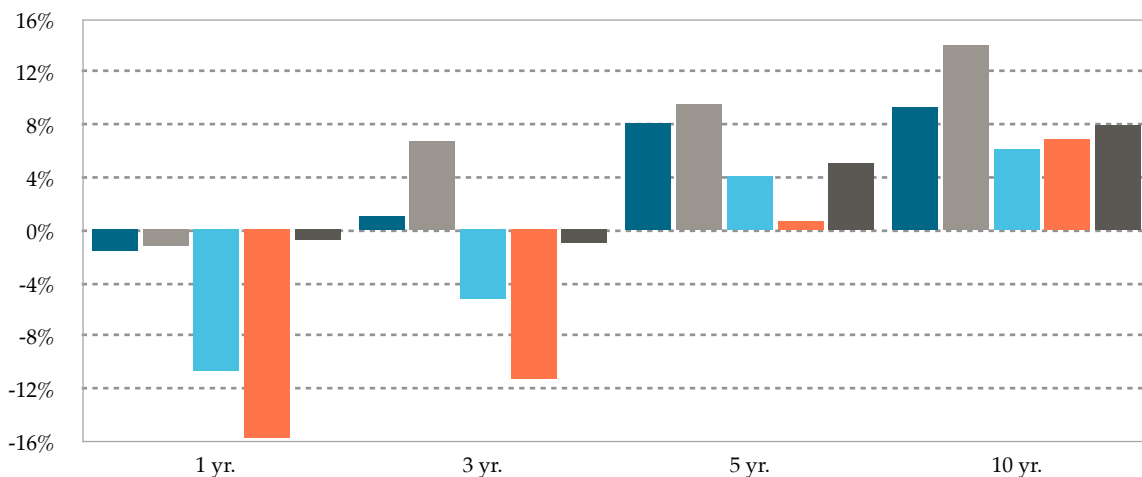
## Equity Mutual Fund Returns

Mutual fund returns<sup>3</sup>, for prominent funds<sup>4</sup> have varied depending on fund strategy and associated performance.

**ELSS Funds:** Equity based funds providing tax savings per 80C, with a lock in period of 3 years.



ELSS Funds, % return/year

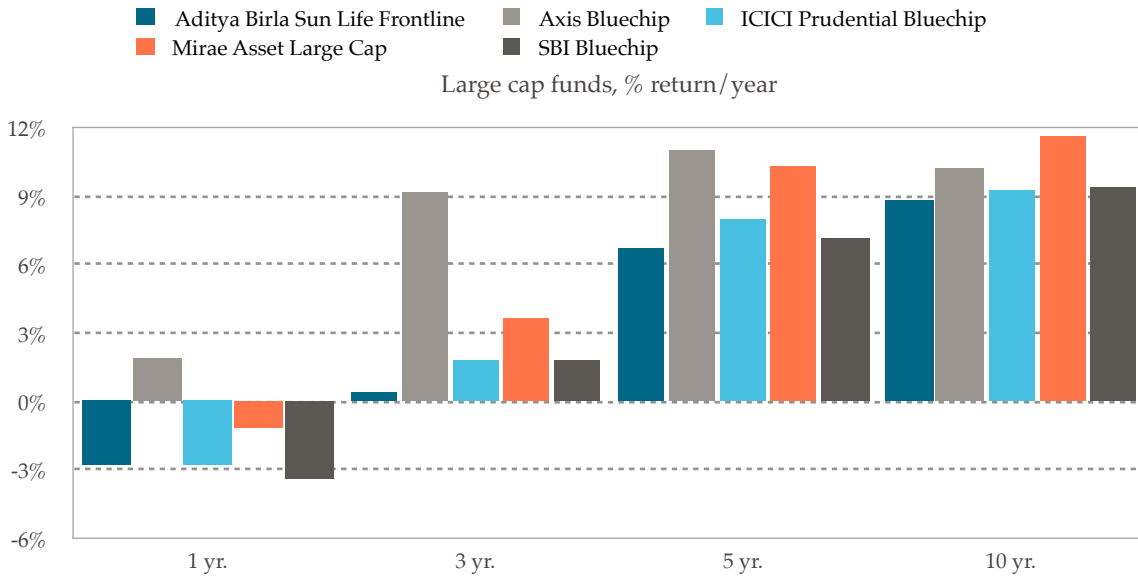


<sup>2</sup> Company earnings contracted, particularly during Jan-March & Apr-June 2020, relative to similar periods last year.

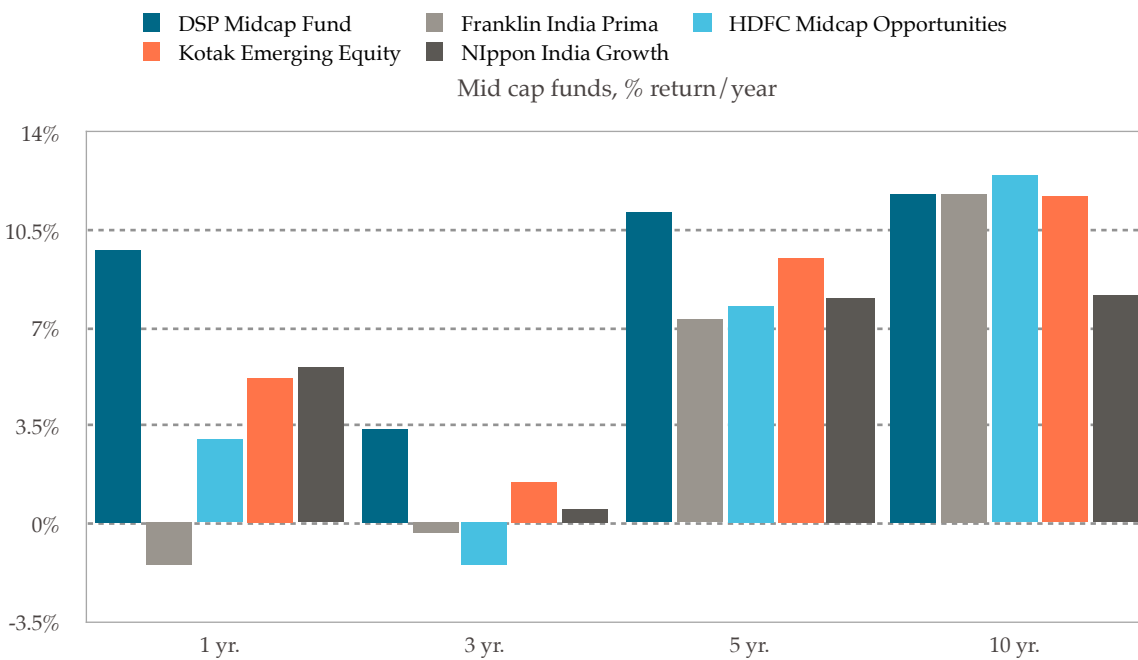
<sup>3</sup> NAV based returns/year as of 2/11/2020 for "Regular" investments.

<sup>4</sup> Prominent refers to funds that are the largest 5 in their category ranked by "AUM" reported as of 2/11/2020, with performance history of at least 10 years.

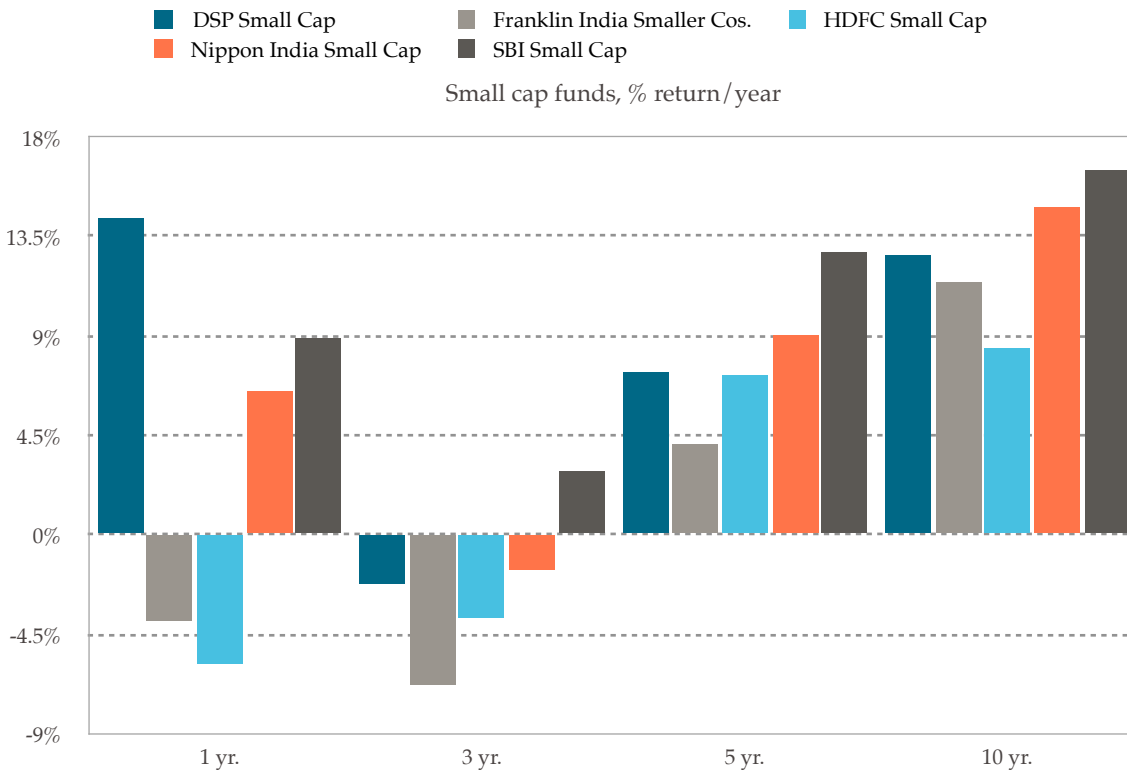
**Large cap Funds:** Funds investing primarily in shares of large companies and benchmarking performance relative to large cap indices e.g. NIFTY 50 or BSE 100.



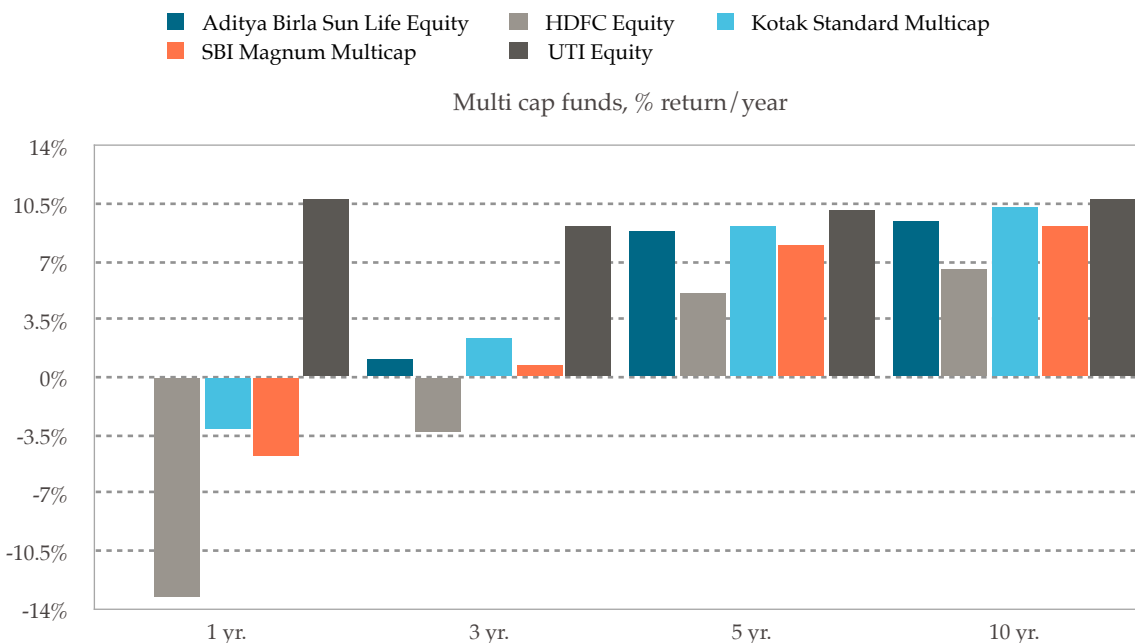
**Mid cap Funds:** Funds investing primarily in shares of companies ranked between 100-250 by market capitalisation on the NSE or the BSE.



**Small cap Funds:** These MF's invest primarily in stock of companies ranked between 250-500 by market capitalisation.



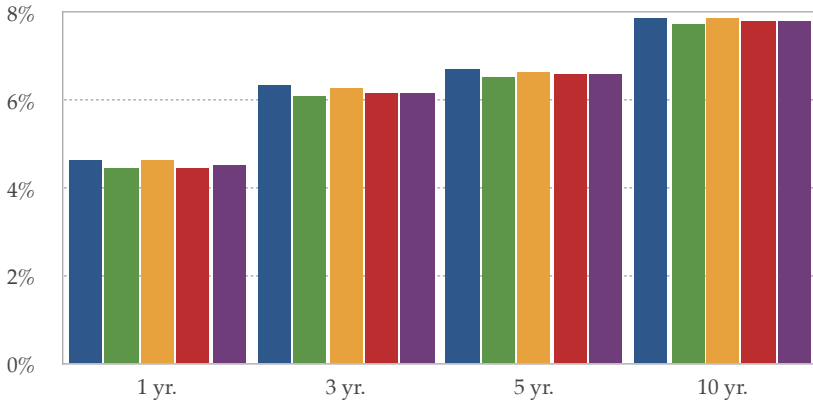
**Multi cap Funds:** Multi caps invest across the market capitalisation spectrum, though some funds may lean more towards large caps than others.



# Debt Mutual Fund Returns

■ Aditya Birla Sun Life Liquid ■ HDFC Liquid ■ ICICI Prudential Liquid  
 ■ Kotak Liquid ■ SBI Liquid

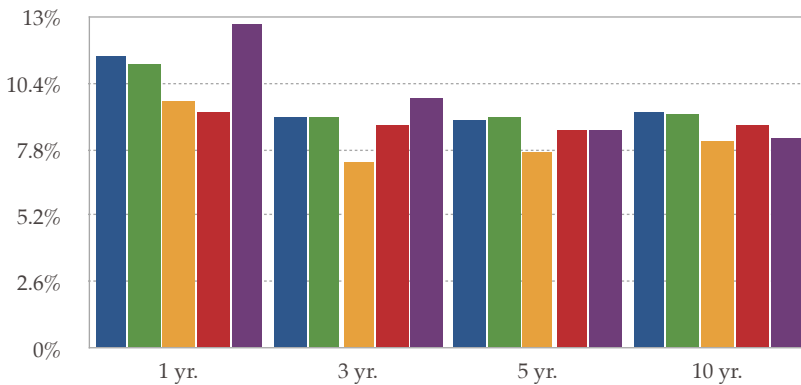
Liquid funds, % return/year



**Liquid Funds:** Liquid funds usually invest in debt and money market instruments with a maturity of less than 90 days. They may be considered an alternative to parking funds in savings A/C's or short term term deposits.

■ Aditya Birla Sun Life Corporate Bond ■ HDFC Corporate Bond  
 ■ Invesco India Corporate Bond ■ Kotak Corporate Bond  
 ■ L&T Triple Ace Bond

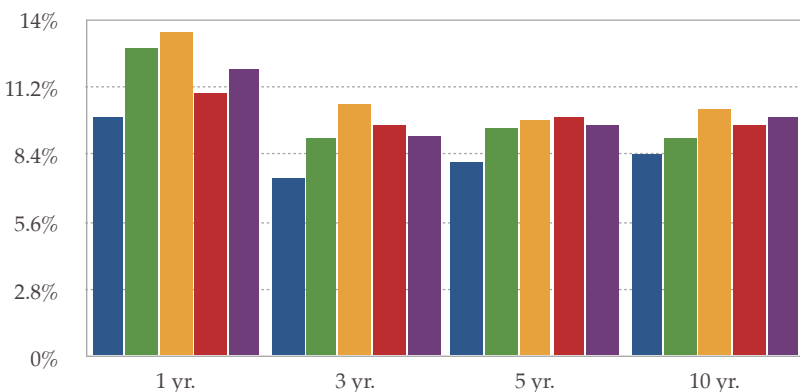
Corp. bond funds, % return/year



**Corporate Bond Funds:** These typically invest in corporate bonds with varying maturities, rated AA+ and above.

■ HDFC GILT ■ ICICI Prudential GILT  
 ■ IDFC GSF Investment ■ Nippon India GILT Securities Inst.  
 ■ SBI Magnum GILT

GILT funds, % return/year



**Govt. Bond (GILT) Funds:** Invest mainly in govt. securities, of varying maturities, issued by central and state governments.

## Outlook

India's GDP growth had slowed during FY 20 itself, and the hit from COVID has been broad and deep. Recent trends in economic indicators viz. GST collections, PMI surveys and company sales point towards a rebound from the depths of the COVID induced fall, although analyst and decision maker commentary suggests that a complete recovery to FY 20 GDP levels may be several quarters away.

We continue to advise investors to carefully assess their financial profiles and invest as per their risk appetite and return expectations.

## Appendix

### Sources

[www.nseindia.com](http://www.nseindia.com)

[www.amfindia.com](http://www.amfindia.com)

[www.mutualfundssahihai.com](http://www.mutualfundssahihai.com)

[www.moneycontrol.com](http://www.moneycontrol.com)

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[www.economicstimes.com](http://www.economicstimes.com)

Webportals of asset management companies

Google Images: “Khajjiar, Chamba, Himachal Pradesh, India”

### Disclosures

1. The newsletter intends to provide useful information to clients and prospects. It is not a recommendation to take investment actions in mutual funds in general or in any specific fund in particular. Performance information is provided for the largest 5 funds by AUM in their respective categories, with a return history of at least 10 years. If a fund is included, it does not imply that it is better or worse than other smaller funds in its category.
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