



Mera Funds
Investment Services

INVESTMENTS KNOWLEDGE CENTER

A monthly Newsletter by 'Mera Funds Investment Services'

**CONGRATULATIONS !
SENSEX TOUCHED 60000 MARK**



EDITORIAL

By Mr. VR Aiyappan, Author- Unleash your financial freedom
CFA, FRM - Founder of Mera Funds

One of the Key Index of Indian Equity Market which consists of 30 top companies, known as SENSEX, has touched 60000 Mark. Congratulations to you all ! This is really a big achievement cum indicator, which reflects investor's confidence in Indian Businesses. We have dedicated this issue of our Newsletter to SENSEX ; we will share all the key things about SENSEX, which could be useful for you as an investor.

Overall, it was a flat to normal month for SENSEX. Volatility was at its peak ! After March 2021, this was the first month when FIIs (Foreign Institutional Investors) were net positive in terms of purchases in Indian Equities ! That is another good welcome news for Indian Equity Market.

This month was also unique in terms of buying pattern - High beta and high Risk sectors like - Realty, Infra, Energy and Auto were the favourite sectors for big players. Since most of the stocks under these sectors actually consist of Small & Midcap Funds, hence Midcap and Small cap category also continued to shine. Read our complete Newsletter to know more about the Financial activities in the month of September. Also read our featured article on '**Flexi Cap Funds**'.

Best wishes for the upcoming festival of Navratra and Durga Pooja !



NEWS, IDEAS, AND LEARNINGS

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CHAPTER 1

Growth of **SENSEX** : 1,000 to 60,000 in a span of 31 years

From the 1,000-mark as on July 25, 1990 to reaching the 60,000-mark for the first time on Friday 24th Sept 2021, it has been a historic and memorable journey for the benchmark index of India - Sensex. It has taken a little over 31 years for the Sensex to traverse from 1,000 level to the famed 60,000 level now. **This translates to a CAGR (compounded Annual Growth Rate) of : 14.11% (approx)**

So this SENSEX indicates us the returns which one can expect from the Equity investing in India. Like, SENSEX ROI of 14.11% p.a in last 31 Years, clearly proves that Equity investing is the most profitable and fast wealth creator Asset.

We constantly come across in the news about SENSEX - it has soared Or it has fallen..... **What is SENSEX ? How SENSEX is calculated and what is its significance ?**

In this article, we have covered what all about SENSEX.

SENSEX is the name given to a group of 30 selected stocks from BSE Stock Exchange. These stocks are the largest and most actively traded stocks on the BSE. The criteria for selecting stocks is as follows :

- Listed on BSE
- It should be a large to mega-cap stock.
- Relatively liquid stocks
- Revenue generated from core activities
- A diversified and balanced sector involvement in line with the Indian equity market

If the Sensex increases, it means the prices of the underlying 30 stocks have increased. If the Sensex has decreased, it means the prices of the underlying 30 stocks have decreased

It is the popular equity index of BSE. It is one of the most widely used and tracked indexes. **SENSEX** trades internationally also, on **EUREX** and on the exchanges of Brazil, Russia, China and South Africa (BRCS nations)

The **SENSEX** is the oldest index in India, and people consider it to be a reflection of the Indian economy. Market research analysts refer to the **SENSEX** to understand the overall growth, development in industry, country's stock market trend.

BSE Sensex calculation

Value of Sensex = (Total free float market capitalisation/ Base market capitalisation) * Base period index value.

The base period (year) for Sensex calculation is 1978-79. The base value index is 100. Using the above formula, one can calculate the value of BSE Sensex

*# FreeFloat Market Capitalisation = Market Capitalisation of the Stock * FreeFloat Factor*

**# Market capitalisation = Share price per share * number of shares issued by the company*

SENSEX helps in stock picking :

A share market has thousands of companies listed on it. For an investor to study all the stocks before narrowing down his investment options is impossible. Also, without a benchmark index, it is very difficult to differentiate two stocks. Here's when stock market indices come handy. Additionally, an index segregates the stocks based on their size, industry, and financial impact, etc. Therefore, investors can compare stocks that comprise an index and narrow down their search.



The Journey of SENSEX in last 31 Years :

SENSEX reached the 10,000-mark for the first time on February 6, 2006, and then scaled the 20,000 - mark on October 29, 2007, 30,000-mark on March 4, 2015 40,000-mark on May 23, 2019 50,000-mark on January 21, 2021 60,000-mark on September 24, 2021

From witnessing Harshad Mehta scam in 1992, to blasts in Mumbai and BSE building in 1993, Kargil war (1999), terror attacks in the USA and Indian Parliament (2002), Satyam scam, global financial crisis, demonetisation, PNB scam and COVID-19, SENSEX have faced many uncertainties over the years. However its journey proves one thing - fall is temporary but rise is permanent !

How to participate in SENSEX ?

- **Actively :**

- By investing in stocks listed under SENSEX, directly from stock exchange. For this you require a D Mat Account and a trading account
- By investing in such Equity Mutual Fund schemes which invest in SENSEX stocks. There are many active schemes floated by various MF companies, which try to beat SENSEX as a benchmark.

- **Passively**

- By investing in ETF or Index Funds which replicate the SENSEX as it is , and deliver you the returns in line with SENSEX

Important :

There are more than 50 different Index in India, which has a different significance , like- Mid cap Index, Small Cap Index etc. We have just covered SENSEX in this article. Investor should learn and track about all the available Indices in Indian Equity Market, for their knowledge and understanding.



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CHAPTER 2

Market Indicators for Month ending September 2021



EQUITY MARKET SNAPSHOT - LAST ONE YEAR

Period	INDIAN INDICES		KEY INTERNATIONAL INDICIES		
	SENSEX	NIFTY 50	NASDAQ 100	S & P 500	Dow Jones
As on 30th SEPT 2021	59126.36	17618.15	14448.60	4307.54	33843.33
Last 1 Month	2.73%	2.84%	-5.31%	-4.76%	-4.29%
Last 3 Months	12.66%	12.06%	-0.38%	0.23%	-1.91%
Last 6 Months	19.43%	19.93%	9.07%	8.42%	2.61%
Last 1 Year	51.70%	56.64%	32.42%	31.73%	27.70%

COMMODITY MARKET SNAPSHOT - LAST ONE YEAR

Period	GOLD (USD) / OUNCE	SILVER(USD) / OUNCE	CRUDE OIL (USD)
As on 30th SEPT 2021	1757.00	22.05	78.52
Last 1 Month	-3.36%	-8.16%	7.58%
Last 3 Months	-0.82%	-15.83%	4.51%
Last 6 Months	2.30%	-10.13%	23.58%
Last 1 Year	-7.52%	-7.75%	109.61%

OTHER MARKET INDICATORS

Period	G-SEC Rate	CURRENCY	INFLATION
	10 YR G SEC	INR /USD	Rate %
As on 30th SEPT 2021	6.23	74.16	5.30
Last 1 Month	6.11	-1.67%	5.59
Last 3 Months	5.94	0.26%	6.30
Last 6 Months	5.91	-1.40%	5.03
Last 1 Year	5.83	0.52%	7.27

FII / DII - ACTIVITIES IN INDIAN EQUITY MARKET (CASH)

Month- Year	FII (Rs Crores)	DII (Rs Crores)
	Net Purchase / Sales	Net Purchase / Sales
Sep-21	913.77	5,948.85
Aug-21	-2,568.52	6,894.69
Jul-21	-23,193.39	18,393.92
Jun-21	-25.89	7,043.51
May-21	-6,015.34	2,067.23
Apr-21	-12,039.43	11,359.88
Mar-21	1,245.22	5,204.42
Feb-21	42,044.46	-16,358.10
Jan-21	8,980.81	-11,970.54
Dec-20	48,223.94	-37,293.53
Nov-20	65,317.13	-48,319.17
Oct-20	14,537.40	-17,318.44

Ratio of total market cap over GDP

Recent 10 Year Maximum - 132%

Recent 10 Year Minimum - 48.29%

Current Mkt Cap / GDP- 132%

Current Market Cap of India as on 30th SEPT 2021 - 259 LAKH CR INR

Current GDP: \$2.7 TRLN US dollars or 196000 in billions INR

GDP Growth Figures

% of Growth

LAST QUARTER (JFM 2021)	20.10%
PREVIOUS QUARTER (OND 2020)	1.60%
YEAR AGO (JFM 2020)	-24.40%

Summary of the numbers :

At one place, where NASDAQ and other US indices were negative, in September 2021, Indian Indices were trading in green.

FII's were net buyer in Indian Equities, as compared to their previous few months action of selling

Inflation came down to 5.30%

*# *Other Market Indicators also seems stable to flat*

How to read these market Indicators ?

We collect various market indicators and present here for your reference. There are different ways to interpret these data, but the most important and easy method is to check the FIIs and DIIs trading volumes. These numbers easily indicate the status of liquidity and investors interest in the market which flow in through them.

Gold is also an important indicator - if it is flat or down, that means investors are bullish about economy or equity, and vice - a - versa.. On the Equity market indicator, do check the Indian market vs US Market numbers.

Mutual Fund CATEGORY AVG Performance across Industry - 30th SEPT 2021

Category Type	1 Month	3 Months	6 Months	1 year
Small-Cap	4.93	12.11	35.71	86.57
Sector - Technology	2.03	20.07	38.65	85.76
Equity- Infrastructure	4.39	12.40	27.35	85.65
Mid-Cap	4.08	11.53	26.10	69.85
Multi-Cap	3.87	11.78	26.34	68.41
Contra	3.65	10.94	23.06	68.12
Sector - Financial Services	2.25	7.12	13.92	65.48
Value	3.42	10.41	22.78	64.82
Large & Mid- Cap	3.10	11.78	24.62	63.76
Dividend Yield	2.91	10.76	26.24	60.44
ELSS (Tax Savings)	2.83	10.90	22.23	59.57
Focused Fund	2.12	11.06	21.63	59.08
Flexi Cap	2.51	11.38	22.58	58.14
Equity - ESG	2.41	11.81	23.69	57.08
Large-Cap	2.93	11.92	21.41	55.71
Sector - FMCG	5.59	12.74	19.23	42.56
Sector - Healthcare	-1.19	3.65	22.56	33.35

Morningstar Category	1 Month	3 Months	6 Months	1 year
Credit Risk	2.32	3.97	5.88	6.83
Short Duration	0.94	2.20	3.45	5.82
Floating Rate	0.21	1.48	2.83	5.54
Corporate Bond	0.16	1.47	2.73	5.11
Banking & PSU	0.30	1.50	2.68	5.06
Government Bond	0.68	2.01	3.43	4.94
Low Duration	0.72	1.56	2.57	4.85
Dynamic Bond	0.88	1.98	3.63	4.82
Medium Duration	0.68	2.75	4.41	4.70
Long Duration	1.45	2.30	2.92	4.51
Medium to Long Duration	1.05	2.33	3.83	4.49
10 yr Government Bond	0.54	1.15	3.07	4.36
Ultra Short Duration	0.33	1.07	1.95	3.81
Money Market	0.22	0.92	1.79	3.57

Category Type	1 Month	3 Months	6 Months	1 year
Aggressive Allocation	2.09	8.77	17.91	46.07
Balanced Allocation	2.51	9.97	16.90	39.00
Dynamic Asset Allocation	1.38	5.33	10.64	26.77
Equity Savings	1.06	4.22	8.36	21.37
Conservative Allocation	1.44	4.34	7.49	14.88
Arbitrage Fund	0.11	0.81	2.06	3.67

Morningstar Category	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR
Arbitrage Fund	0.11	0.81	2.06	3.67

NIFTY EQUITY BENCHMARK INDICIES 30TH SEPT 2021

INDEX	As on 30th sept 2021	1WK	1 Mnth	1 Yr	52W H	FALL FROM 52 WEEK HIGH
NIFTY 50	17,618.15	-0.53%	2.84%	56.64%	17,947.65	-1.87%
NIFTY NEXT 50	42,383.85	-0.06%	1.92%	56.78%	43,648.35	-2.98%
NIFTY 100	17,845.10	-0.45%	2.72%	56.74%	18,204.05	-2.01%
NIFTY 200	9,318.55	-0.34%	3.25%	59.32%	9,488.50	-1.82%
NIFTY 500	15,052.65	-0.23%	3.41%	61.13%	15,305.20	-1.68%
NIFTY MIDCAP 100	30,384.00	0.36%	6.92%	78.91%	30,605.55	-0.73%
NIFTY SMALLCAP 100	10,890.00	0.75%	6.11%	87.02%	10,943.75	-0.49%
NIFTY BANK	37,425.10	-0.84%	2.75%	74.46%	38,377.25	-2.54%
NIFTY AUTO	10,598.45	-0.54%	5.62%	34.02%	11,093.15	-4.67%
NIFTY FMCG	40,426.55	-0.11%	2.27%	35.47%	41,821.90	-3.45%
NIFTY IT	35,028.00	-0.72%	1.32%	75.57%	37,823.15	-7.98%
NIFTY MEDIA	2,138.30	-0.91%	33.51%	38.15%	2,282.05	-6.72%
NIFTY METAL	5,611.25	-0.88%	-1.81%	150.22%	5,936.10	-5.79%
NIFTY PHARMA	14,466.50	0.43%	0.85%	22.88%	14,743.30	-1.91%
NIFTY REALTY	513.80	1.47%	32.83%	142.47%	520.05	-1.22%
NIFTY50 EQUAL WEIGHT	19,717.65	-0.65%	3.57%	71.21%	-	-
NIFTY COMMODITIES	5,700.30	-0.44%	3.86%	83.23%	5,755.15	-0.96%
NIFTY INDIA CONSUMPTION	7,195.15	-0.50%	4.19%	43.76%	7,378.45	-2.55%
NIFTY ENERGY	22,858.55	-0.03%	12.66%	0.52	22,956.30	-0.43%
NIFTY INFRASTRUCTURE	5,025.35	-0.37%	6.70%	0.63	5,083.80	-1.16%
NIFTY100 ESG SECTOR LEADERS	2,995.10	-0.46%	2.43%	-	-	-

Disclaimer :

The data shown here are sourced from Morning Star and also from other reliable sources. We have ensured for 100% accuracy of data, however any error or omission is possible. We regret for any such errors and request you to report the same to us freely. None of these data, in anyway, is an indication or suggestion to invest or redeem.

CHAPTER 3

Inspiring Case Story of Jitendra Joshi

Jitendra, 45 Yrs is a tech executive, working for a MNC. In his current salary of 2.75 lacs, he is quite comfortable in his livelihood. Although his expenses and family responsibilities have increased, he is not at all worried about his wealth creation goals ! You know why ???

Because of his simple, yet powerful step which he took 10 years back. We are going to drill down his smart investment step which he took 10 years back and enjoying the fruits today.

Jitendra's Current portfolio : Rs 1.09 crores

" I am thankful to my MF distributor who motivated me for regular savings. At the age of 35, when I was earning a salary of Rs 85 K per month, my actual savings was not even Rs 1000/- per month. On adhoc basis I invested few thousands in Stock trading which became almost zero. Today I attribute all my wealth to this magical investment process - SIP (Systematic Investment Plan) " - **says Jitendra**

A survey says that **more than 90% of salaried class struggle** to save ; due to their house hold expenses, Kids education, family requirements and basic necessity , they postpone their savings. Hence, the first thing we do as an MFD (Mutual Fund Distributor) is to motivate and educate our investors to save.

If you save Rs 10K per month for 10 Yrs :

- At Savings Bank rate it will become Rs 15 Lacs
- At 8% p.a it will become Rs 18.5 Lacs
- At 12% p.a it will become Rs 23.2 Lacs
- At 15% p.a it will become Rs 30 Lacs

So two things are very important in a financial journey - one is to save regularly and another is to invest properly. Here comes the SIP - **Systematic Investment Plan** !

SIP is a wonderful way to deploy your savings into Equity or Hybrid products for best of benefits like- cost averaging and power of compounding. **Let us see how Jitendra Joshi adopted the route of SIP to delpoy his monthly savings ?**



If you have not yet opened a SIP account, then do it today ! Any financial journey is incomplete without SIP - call us today for opening your instant SIP account Online

Jitendra Started with a SIP of Rs 30000 per month, 10 Yrs back to achieve a corpus of Rs 2 Cr in 20 Years.

Today after 10 Years, his corpus is at 1.09 Crores with an average CAGR of around 20% p.a (see the table below) :

Fund Name	Launch Date	Nav Date	Nav	Units	No of	Investment	SIP value as on	XIRR (%)
					Installments	Amount	30/09/21	as on 30-09-2021
Mirae Asset Emerging BlueChip Reg Gr	09/07/10	30/09/21	97.58	24299.62	122	6,10,000	23,71,254	25.15
Canara Robeco Emerging Equities Reg Gr	11/03/05	30/09/21	162.25	12791.25	122	6,10,000	20,75,381	22.73
Kotak Flexi Cap Reg Gr	11/09/09	30/09/21	52.88	29233.00	122	6,10,000	15,45,900	17.39
DSP Flexi Cap Reg Gr	07/06/07	30/09/21	67.43	23485.79	122	6,10,000	15,83,553	17.82
SBI Focused Equity - Reg Gr	11/10/04	30/09/21	237.85	7188.41	122	6,10,000	17,09,789	19.22
Invesco India Multi Cap Gr	17/03/08	30/09/21	79.52	21167.96	122	6,10,000	16,83,276	18.93
TOTAL						36,60,000	1,09,69,153	20.21

If Jitendra continues with the SIP and the funds deliver an estimate of even 12% p.a , the corpus will become Rs 4.10 Crores in next 10 Years. Almost double of what he had planned for !!!

That's the beauty of SIP - as the time grows, the compounding effect also grows.

Today at the age of 45 Years when he is earning a monthly Salary of Rs 2.75 lacs, he is looking to top up his SIP to make it Rs 1 Lacs per month

Based upon the conservative growth of 12% p.a , Jitendra Joshi will be able to create an approximate corpus of Rs 7 crores after next 10 Years

" Now I don't spend or invest in any thing other than SIP. Of course I have some investments in FDs and Gold also, but to meet my short term requirements. For all my long term needs and wealth I cant think anything other than SIP. I must say, I am lucky to have the dedicated MFD on my side , who kept pushing me and held my hands during the fearful phase of stock market. "**Says Jitendra Joshi**

If you have not yet opened a SIP account, then do it today ! Any financial journey is incomplete without SIP - call us today for opening your instant SIP account Online

Disclaimer : The scheme name and figures are real . However the name used in the case story is changed intentionally . The schemes shown here the one which was invested by our client, this is not our advice to invest in these schemes, directly or indirectly. It is advised to refer to Risk O meter before choosing any MF scheme for investments

CHAPTER 4



Flexicap Funds are the new Hero on the block

Now a days, **Flexi-cap funds** are quite popular among investors. Because of its dynamic nature cap selection, it makes itself adjusted between Large Cap , Mid Cap , Small Cap according to the market situations. These funds are open-ended, dynamic equity funds and have to invest a minimum of 65% of total assets in equity and equity related securities. By investing in such funds, investors can probably mitigate their risks and lower volatility.

Salient features :

Flexi-cap funds can invest in any company irrespective of the firm's market capitalisation whereas mid-cap or small-cap funds are bound to invest within the category. This category was launched recently to differentiate it from multi-cap funds. Multi-cap funds also invest across small cap, mid and large cap stocks but with an equal measure of 25% each.

But, flexi-cap fund managers have the freedom to assess the growth potential of various firms without considering its size and invest the money across various market segments and companies. Further, these funds invest in the best performing firms which are market leaders in their own field of business, follow proven robust business models, strong balance sheets, etc. So, these funds are in an advantageous position to generate better risk adjusted returns.

We have provided the list of all Flexi Cap Funds available in the Industry, for your reference (see the table below) :

Fund Name	1 Yr Ret (%)
Franklin Flexi Cap Reg	73.23
HDFC Flexi Cap Reg	73.07
PGIM India Flexi Cap Reg	71.57
UTI Flexi Cap Reg	66.76
JM Flexicap Reg	66.06
BOI AXA Flexi Cap Fund Reg	64.97
DSP Flexi Cap Reg	63.90
ABSL Flexi Cap Reg	61.19
SBI Flexicap Reg	60.76
Union Flexi Cap Reg	60.50
Edelweiss Flexi Cap Reg	59.54
IDBI Flexi Cap Reg	57.68
Parag Parikh Flexi Cap Reg	56.05
Axis Flexi Cap Reg	55.31
HSBC Flexi Cap Reg	54.91
Navi Flexi Cap Reg	54.68
Canara Robeco Flexi Cap Reg	54.43
IDFC Flexi Cap Reg	51.89
Kotak Flexicap Reg	50.08
L&T Flexicap Reg	46.64
Tata Flexi Cap Reg	45.20
Taurus Flexi Cap Reg	44.54
LIC MF Flexi Cap Reg	42.34
Shriram Flexi Cap Reg	41.55
Motilal Oswal Flexi Cap Reg	40.13

Why flexi-cap funds are right for every season ?

Since flexi-cap funds invest across market cap segments, they offer both growth and value to investors and at the same time, strike a balance between risk and volatility in a single portfolio



Q & A CORNER

Questions Posted on our Social Media

Q : HOW MUCH TAX HAS TO BE PAID ON THE DIVIDENDS RECEIVED FROM MUTUAL FUNDS ?

Dividends obtained from a mutual fund was tax-free in the hands of investors until 31 March 2020 (FY 2019-20). That was because the company declaring dividends paid dividend distribution tax (DDT) before making the dividend payment. However, the Finance Act, 2020 changed the method of dividend taxation.

All dividends received on or after 1 April 2020 will be taxable in the hands of the investors as the DDT on dividends was withdrawn. The Finance Act, 2020 also imposes a TDS on dividend distribution by mutual funds on or after 1 April 2020. The standard rate of TDS is 10% on dividend income paid in excess of Rs 5,000 from a company or mutual fund.

Q : Equity Markets have started doing well; should I book profit at this juncture ?

In response to your question, I want to ask you one thing - 'What will you do or where will you invest , if book your profit ? Being a Mutual Fund Distributor, we strongly believe in 'INVEST RIGHT & SIT TIGHT' ! So just evaluate your scheme Vs your Risk suitability and remain invested till when you don't need funds

Q : Which are best funds for doing SIP ? How much should be the tenure of such investments ?

Fund suitability changes from person to person. It purely depends upon the Risk profile of the investor. Mind it, there are schemes available under six different Risk O meter assigned by SEBI, like- low Risk to Very High Risk ! It is a proven fact that the best SIP return comes from the High Risk Equity Funds. However, one should review their tenure and investment objective, before selecting a fund.

As far as tenure is concerned, longer is better. Still you can estimate your investment requirement to reach on to the required monthly SIP amount

You can access all your portfolio status, Taxation Reports, SIP Reports, online transactions and many more by a simple login to our website - **www.merafunds.com**

You can even download our mobile application in the name of '**Mera Funds Investment Services**' , to get the one click access to all your investments done through us



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