DSP

THE NAVIGATOR

What do I do with my money?

September 2024

Navigating today: What Are We Saying?

1. Equity valuations continue to remain stretched. The conviction with which the market has continued to scale new highs remains untethered. Stocks have navigated a volatile globe easily. Volatility remains subdued and implied expectations remain high. Largecaps are trading at 25x trailing earnings, Midcaps at 45x trailing earnings and Smallcaps at 32x trialing earnings as per NSE Indices. These valuations ratio appear overextended. Investors should stagger fresh purchases and focus more on sectors where margin of safety is relatively better.

2. On a relative basis, the large cap, or the largest cap, are among the very few spaces which command margin of safety, in terms of relative valuations and performance. This is because there has been a stark underperformance by largest, top 10 companies by market capitalization. Over 19 years, the largest ten have earned same returns as small cap index. In last 5 years, small cap index has earned 300% vs 120% by largest 10. This divergence could mean revert; hence the top 10 stocks could benefit.

3. Cyclicals performed pre-elections, but with more political clarity in the reality, they lost the momentum to defensives. But through both these periods, Private banks continued to underperform the broader market. As the earnings gap with the broader market narrows, liquidity conditions ease, and current valuations remain attractively low, this sector is well-positioned to advance from here.

4. At present, the consumption cycle is not outpacing overall GDP growth, and the balance between consumer staples and the discretionary is shifting in favor of staples.

5. While the previous few quarters were largely defined by govt going heavy on capital expenditure, this seems to have reverted to normalization. Along with private investments remaining in slump. Meanwhile, households continue to add to their debt positions. While this is not converting into a broad-based consumption recovery, and the demand that is coming through remains concentrated in the premium segment of the market. In the absence of a consumption recovery, the govt capex thrust will manage to add only little to the overall growth. Govt Capex largely works to boost the consumption in the economy which eventually feeds into more private investments, when businesses see greater visibility of their investments yielding returns. However, in the current situation, this is missing, with government spending failing to generate sufficient broad-based consumption.

6. Another key pillar of growth for India, exports, hasn't contributed to growth. India's lack of manufacturing exports need to see a correction. For now, it remains a drag.

Source: Bloomberg. Data as on 31st August, 2024

The Driver of Growth

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Who Drives Economic Growth?

1. Households

- **Consumption Spending:** Households' demand for goods and services drives businesses to produce more, encouraging economic expansion.
- **Savings and Investment:** By saving and investing, households provide capital for businesses to grow and innovate.
- **Entrepreneurship and Innovation:** Entrepreneurs, create new businesses and products, driving technological progress and productivity growth.

2. Government

- **Fiscal Policy (Spending & Taxation):** Government spending on infrastructure, education, and public services boosts demand and enhances long-term economic potential, while taxation policies can influence consumption and investment behavior.
- **Regulation and Market Stability:** Governments ensure stable economic environments by creating rules and regulations that promote fair competition and protect property rights.
- **Monetary Policy (via Central Banks):** Managing interest rates, controlling inflation, and stabilizing currency influence business investment and consumer spending.

3. Private Business (including Financial Institutions)

- **Investment in Capital and Technology:** Businesses drive growth by investing in new technologies, expanding production, and increasing efficiency, leading to greater output and economic progress.
- **Job Creation:** Businesses are the primary source of employment, and by creating jobs, they increase household income and fuel consumer spending.
- **Financial Intermediation:** Businesses and financial institutions channel savings into productive investments, providing the necessary capital for expansion and innovation.

Two of The Three Agents of Growth Are Deleveraging

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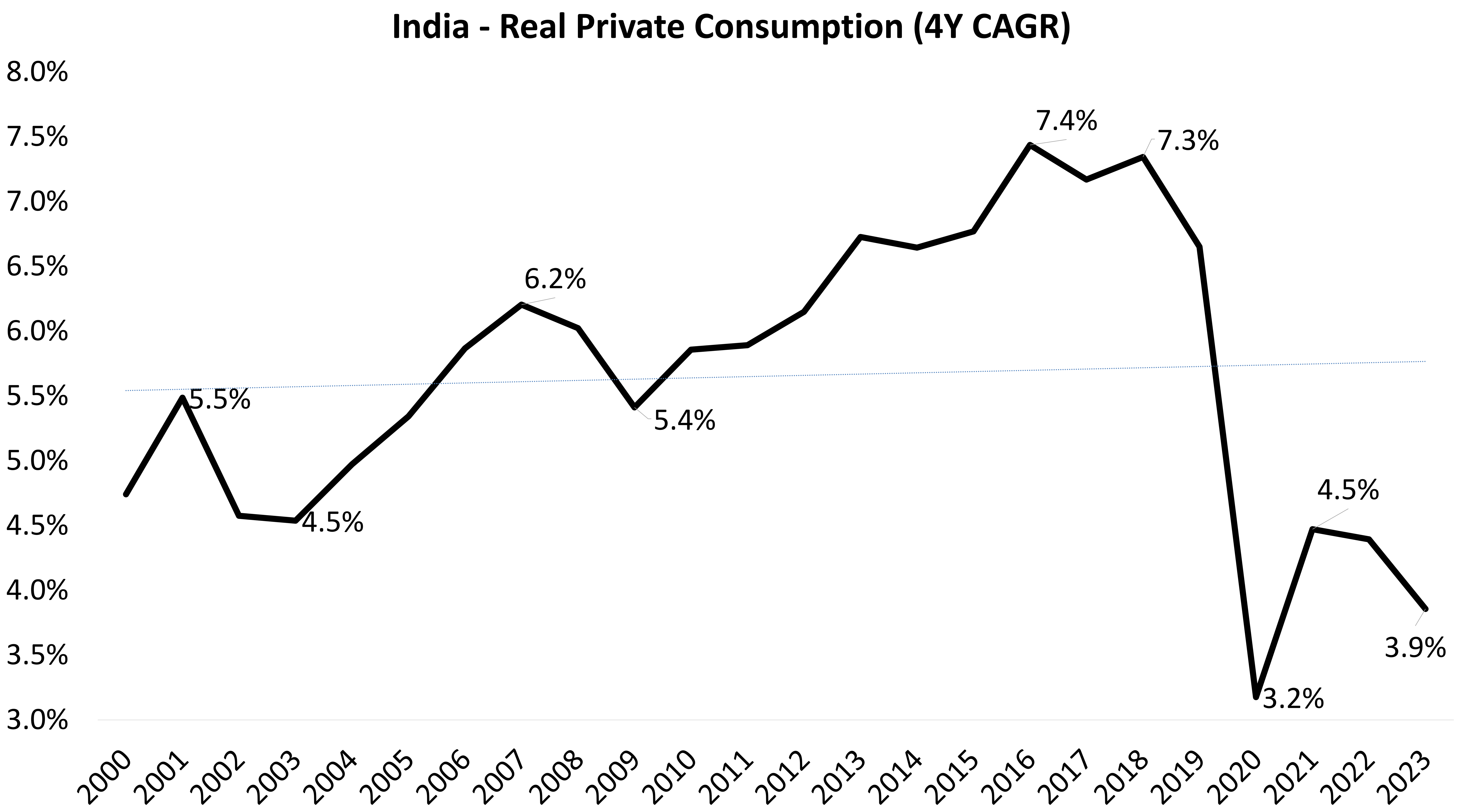
Source: IMF, DSP. Data as of Aug 2024

CAGR- Compounded Annual Growth Rate

Households – Even With Rising Leverage, Consumption Growth Has Slowed



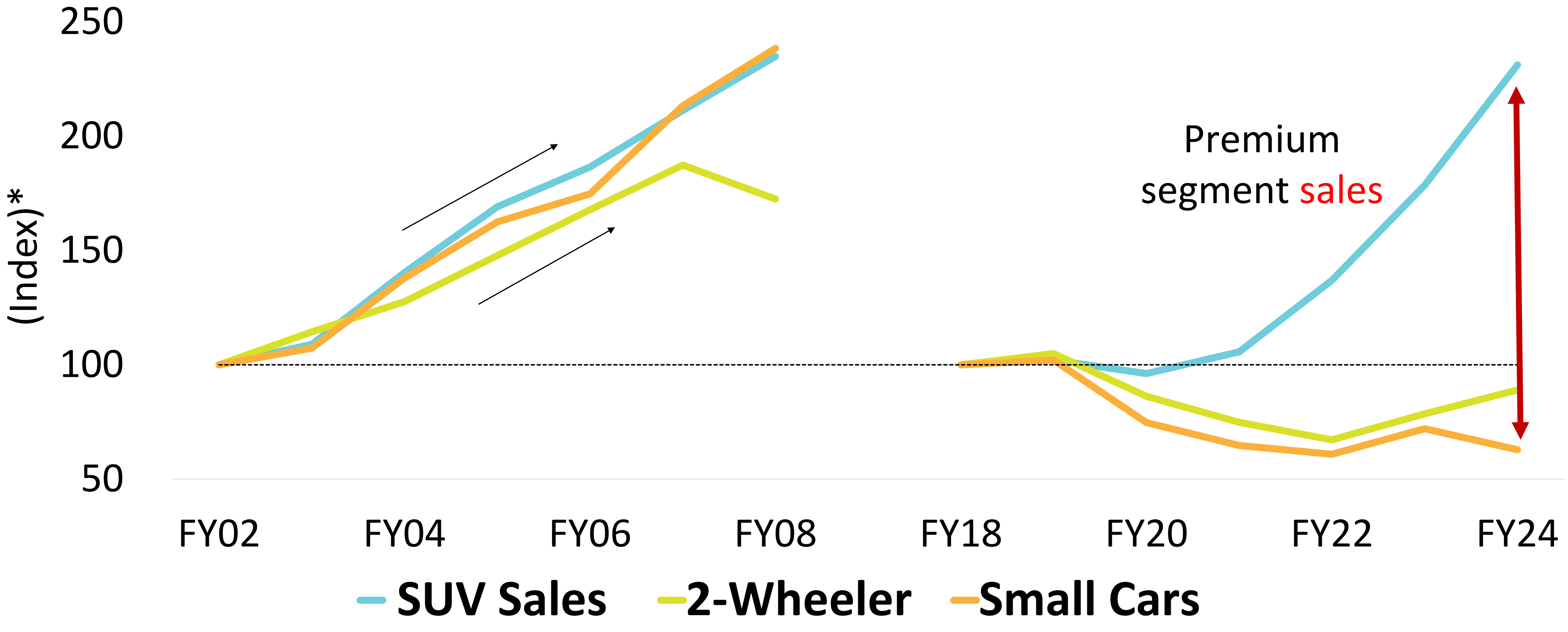
India's current economic situation mirrors the early 2000s, with a supply-side ready economy due to extensive reforms, clean balance sheets, low CAD, and fiscal prudence. However, unlike the early 2000s, the economy now faces demand-side deficiencies, evident in the weak growth of key indicators like cement, commercial vehicles, fuel consumption, exports, and corporate top lines. Despite strong corporate profits, overall demand remains subpar, largely due to a lack of macro recycling and the impact of recent exogenous shocks like the pandemic and geopolitical tensions. This contrasts with the broad-based demand recovery seen in the 2000s.

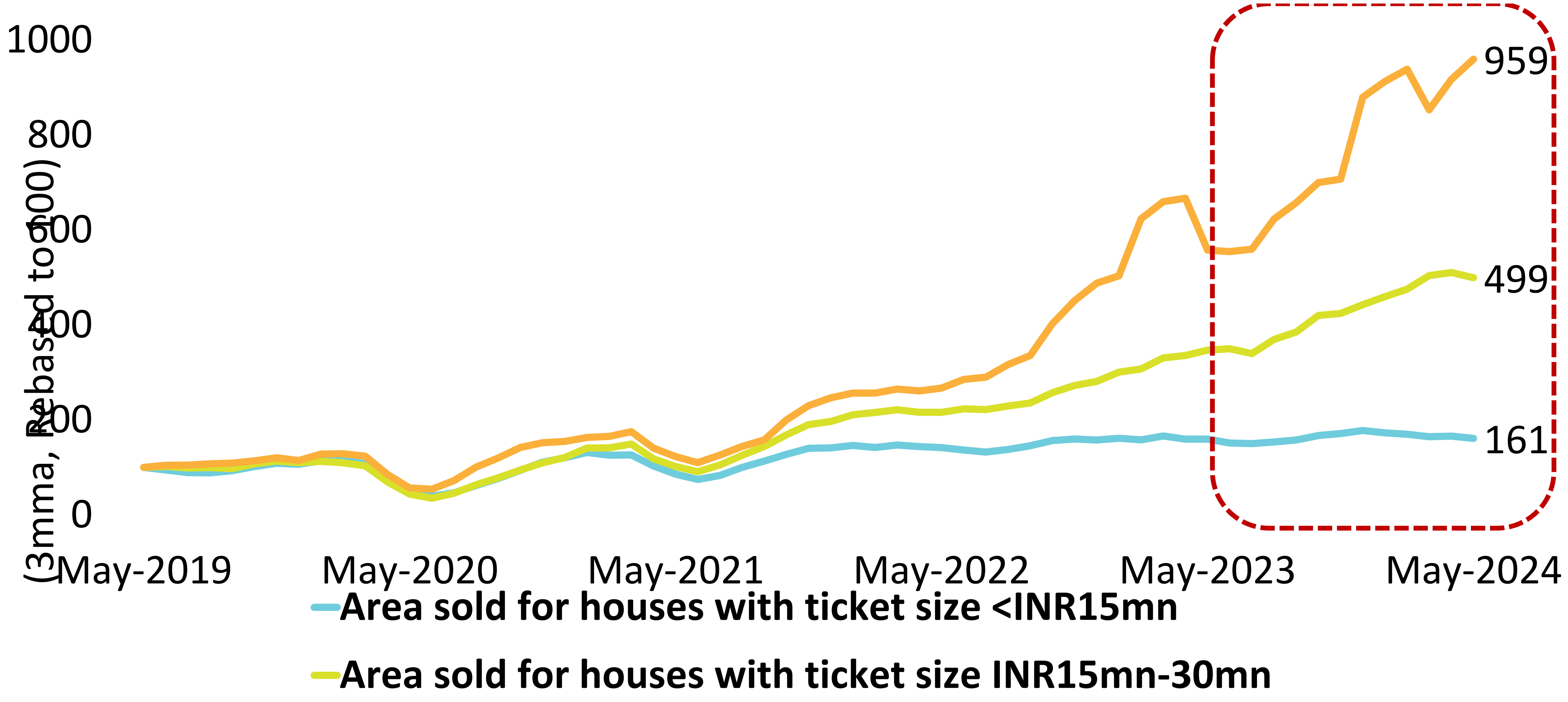
Key to sustained economic growth lies in the consumption recovery in the economy, largely driven by government expenditure, monetary policy easing and corporate investments.

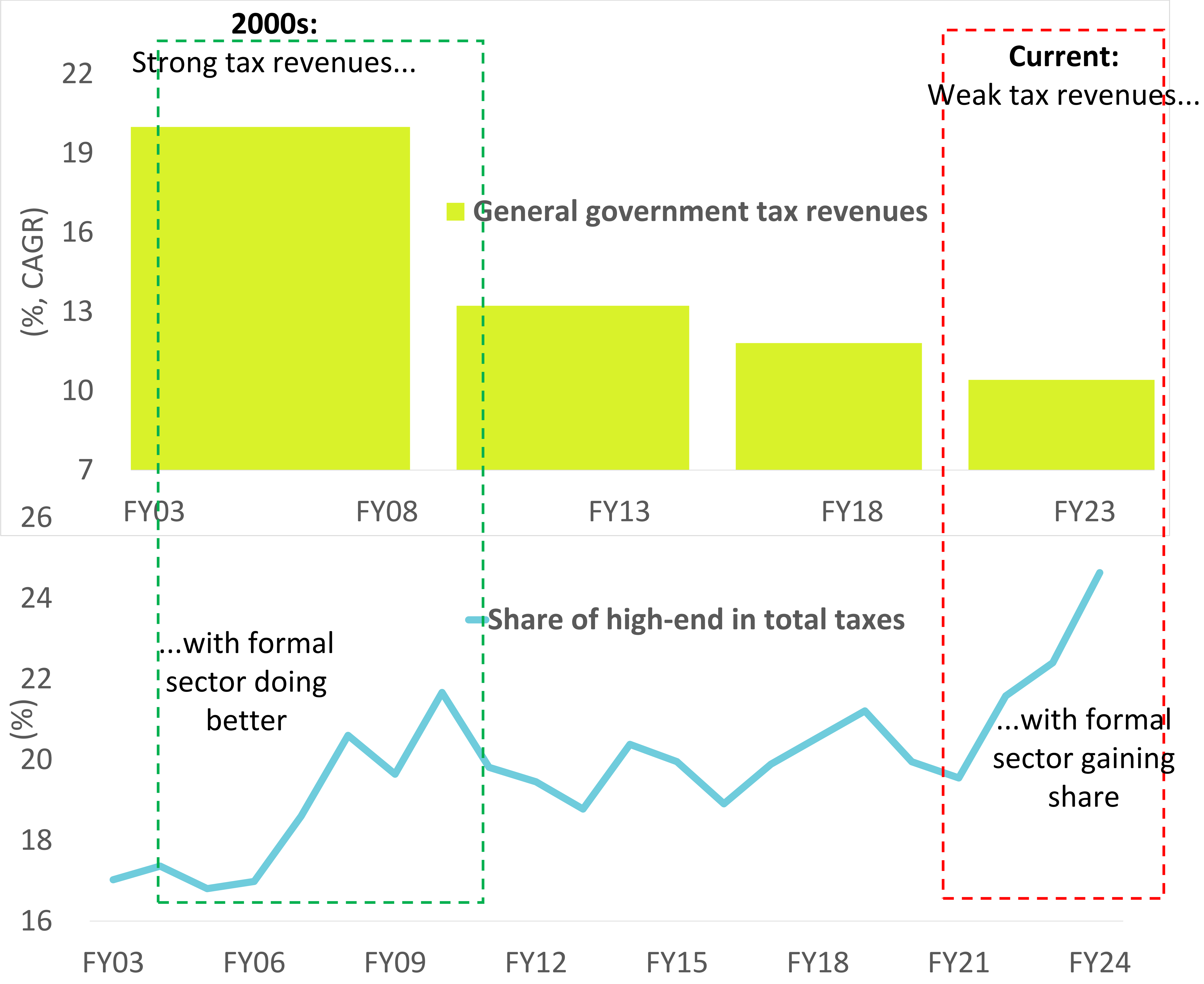
Source: WDI, DSP. Data as of Aug 2024

CAGR- Compounded Annual Growth Rate, CAD- Current Account Deficit

Consumption Recovery Has A Large Skew Between Premium And Mass Market







Source: Kapil Gupta, Nuvama, CMIE. Data as of July 2024. *Note: FY02=100 for analysis of 2000s phase; FY18 =100 for recent trend analysis

How Premium is Crowding out Mass Market Consumption

	Ranked based on Model Wise Revenue Market Share						
Rank	FY18	FY19	FY20	FY21	FY22	FY23	FY24
1	Dzire	Dzire	Dzire	Creta	Creta	Creta	Creta
2	Innova	Innova	Swift	Baleno	Nexon	Nexon	Scorpio
3	Vitara Brezza	Swift	Baleno	Swift	Baleno	Baleno	Innova
4	Baleno	Creta	Seltos	Seltos	Swift	Vitara Brezza	Grand Vitara
5	Creta	Baleno	Innova	Dzire	Seltos	Venue	Nexon
6	Swift	Vitara Brezza	Vitara Brezza	Venue	Innova	Wagon R	Baleno
7	Alto	Alto	Creta	Wagon R	Wagon R	Ertiga	Vitara Brezza
8	Grand i10	Elite i20	Ertiga	Vitara Brezza	Ertiga	Seltos	Ertiga
9	Elite i20	Bolero	Wagon R	Innova	Venue	Swift	Venue
10	Wagon R	Wagon R	Alto	Ertiga	Vitara Brezza	Dzire	Punch

6 out of top 10 models are UVs in revenue share in FY24 vs 2 in FY18

Hatchback	Utility Vehicle	Multi Utiltiy Vehicle	Sedan

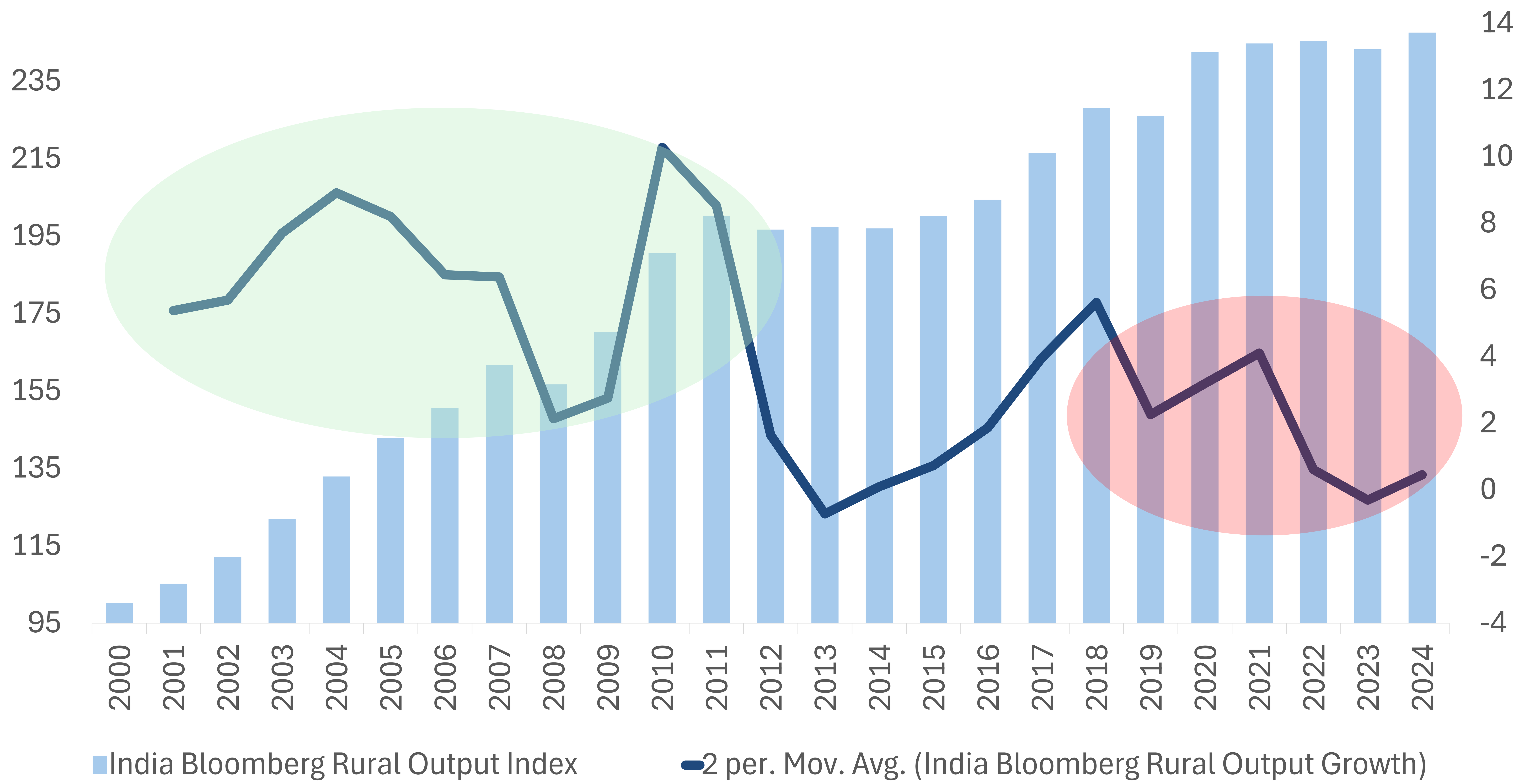
Source: SIAM, DSP. Data as of Aug 2024
Disclaimer: Above data is for illustration purpose only

PV- Passenger Vehicles, UV- Utility Vehicles

The revenue share of premium passenger vehicles has significantly outpaced their volume share in recent years. From representing 20% of PVs by revenue in FY17, UVs (premium PVs) surged to 70% by FY24, while the volume share increased from just 4% to 20%. This reflects a trend of higher-value cars selling more rapidly.

This momentum was further accelerated by the post-COVID recovery. The resurgence in demand, following the suppressed periods of the pandemic, led to rising incomes, which fueled the recovery's growth. Initially, it was expected that this increase would trickle down to lower-income segments. However, while income taxes reinstated the rise in incomes, this rise remained constrained to the more formal sector, which largely came from large capital market gains.
As this trend persists, there is little conviction around this rise in demand generalizing into mass consumption, especially as long as this demand remains artificially created through stock market gains, and does not develop into more organic domestic demand, through rise in incomes, because of rise in employment and greater productive exhaustion of the economy.

Rural Output Growth Is In The Slow Lane

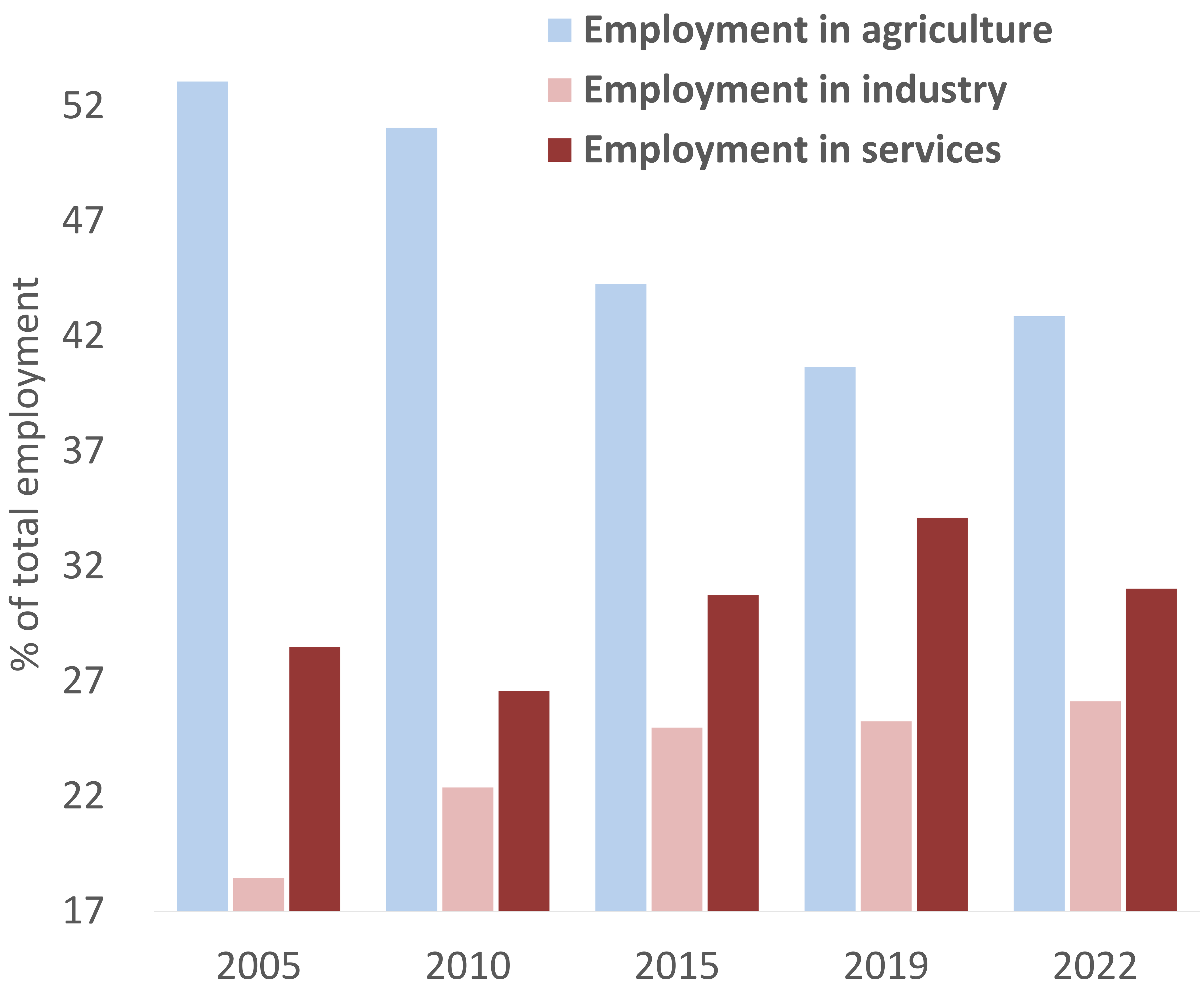


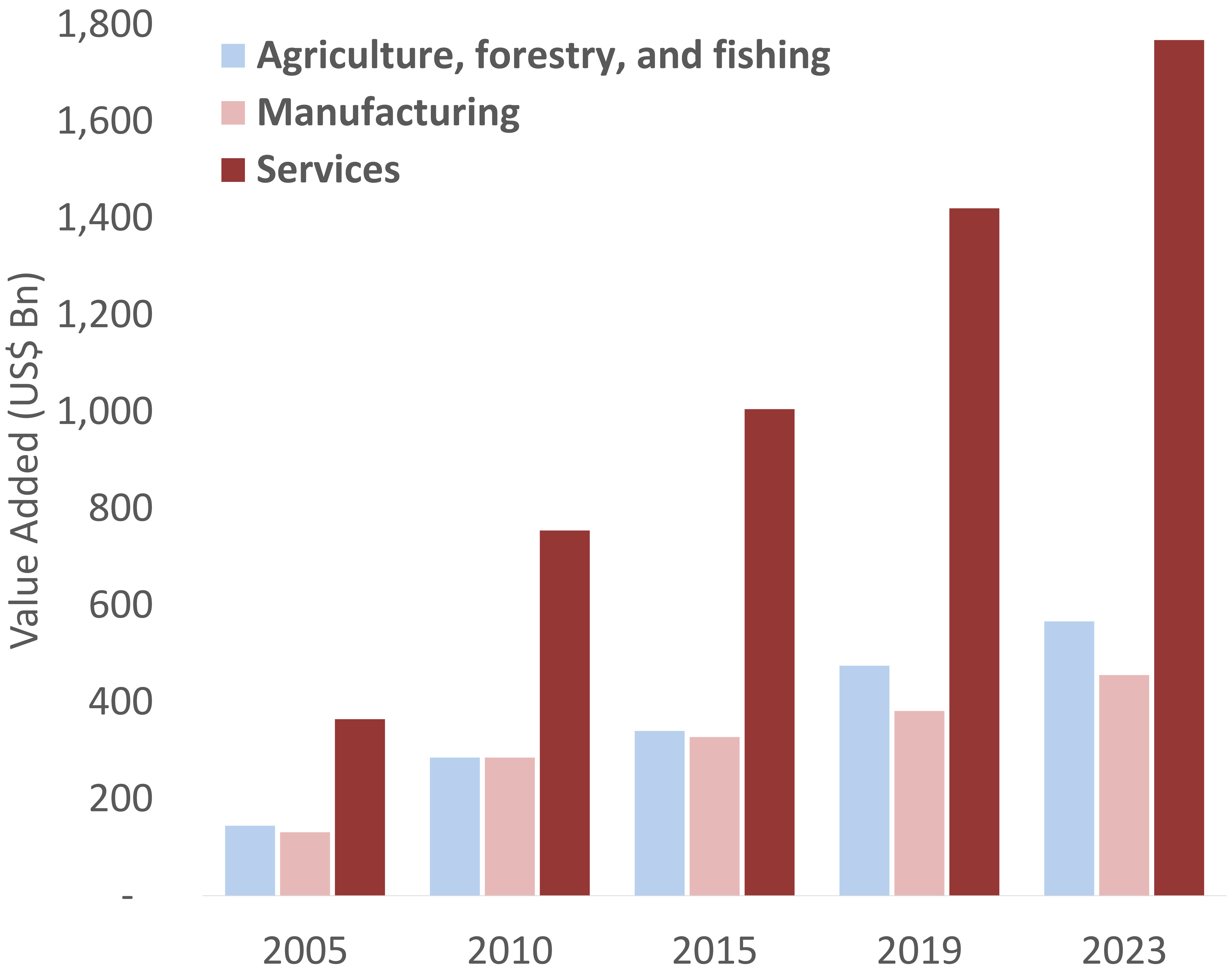
India's rural economy has been in contraction prior to covid, and the pandemic only pushed it further down.
It is currently at a point lower than from what it bottomed out during in early 2000s.
The past decade has been tough for the informal economy, especially with the rich occupying an increasing share of the pie, bringing in more reason for them to be ignored, especially through policy making.
While there are signs of some recovery, they have not yet established into anything concrete.
And as long as the more formal economy continues to command the GDP growth, especially through strong services exports and weakened manufacturing, the labor-intensive jobs continue to move out of favor, creating a greater challenge for the lower-income strata to redeem themselves.

Source: Bloomberg, DSP. Data as of Aug 2024

Rural Output Growth Index-

The Productivity Trap: High Employment in Low-Output Sectors

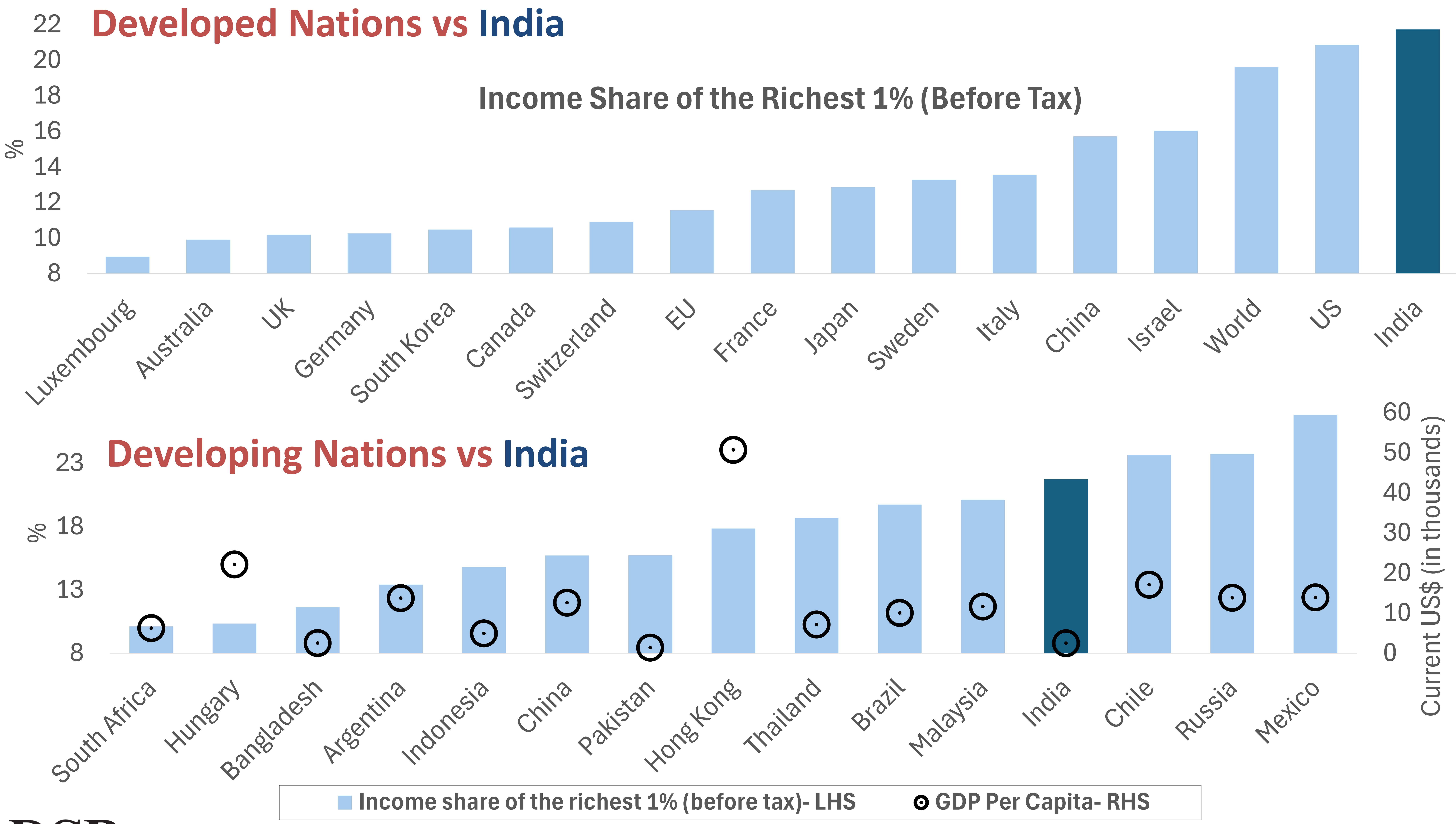




Source: Bloomberg, WDI, DSP. Data as of Aug 2024

*modelled by ILO Estimate

India’s Wealthiest Becoming Wealthier at the Fastest Pace



India's rapid GDP growth of over 8% is disproportionately benefiting the country’s wealthiest, making them richer at an unprecedented rate.

While income inequality sits at the heart of any developing nation, India stands out for faring worse than many of its peers.

The wealth gap is widening, with economic growth concentrated in the hands of a select few, leaving large segments of the population behind.

Such concentration of wealth further feeds into an absence of broad-based mass consumption. India’s growth largely sits on its own domestic consumption and in the past has boosted its own growth, especially through a global spurt, because of strong demand back home.

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Source: Our World in Data, DSP. Data as of Aug 2024

Households – Even With Rising Leverage, Consumption Growth Has Slowed

Real Household Final Consumption Expenditure Growth, 4-Yr CAGR					
2000	**2005**	**2010**	**2015**	**2019**	**2023**
8.4%	9.8%	11.0%	9.0%	8.3%	4.8%
6.9%	8.6%	6.6%	7.1%	7.1%	3.9%
4.7%	7.7%	6.0%	6.8%	6.7%	3.3%
2.7%	6.3%	5.9%	5.3%	5.1%	3.2%
2.4%	5.3%	5.9%	4.2%	3.6%	2.3%
2.1%	4.6%	5.4%	2.8%	3.0%	2.1%
1.8%	4.2%	5.0%	2.3%	2.2%	1.8%
1.7%	2.3%	4.2%	1.9%	1.7%	1.5%
1.3%	2.2%	2.6%	1.5%	1.6%	1.4%
1.3%	2.1%	2.1%	1.1%	0.7%	0.6%
-0.3%	2.0%	-0.2%	1.0%	-1.3%	-0.2%

Mexico | Hong Kong | India | Indonesia | South Africa | Malaysia
China | Russia | Brazil | Argentina | Thailand

While India tops the chart among its EM peers, it largely falls short of its potential and to its own historical averages.

The household, in the recent past, especially post the pandemic, has been the only segment which has been adding to its debt position. However, such leverage has not yet translated into consumption/demand.

The more formal sector of the economy has seen rise in incomes, which has been largely moved towards financialization of savings, and a rise in consumption of the premium segment.

India lags behind China, a country which does not even formally depend on domestic consumption to fuel growth and finances most of its investments through foreign savings.

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Source: WDI, DSP. Data as of Aug 2024

CAGR- Compounded Annual Growth Rate, EM- Emerging Market

Fast Paced Wages & Salaries Growth Could Slow

Wage bill Growth by Sector for BSE 500 Firms (yoy,%)	Wage Share (FY24)	FY24	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14
Information Technology	30%	8%	21%	23%	7%	12%	16%	6%	14%	18%	18%	25%
Financial Services	27%	28%	8%	12%	19%	18%	28%	10%	9%	10%	11%	15%
Automobile and Auto Comps	8%	22%	13%	11%	-5%	-5%	13%	14%	8%	9%	18%	19%
Oil, Gas & Consumable Fuels	7%	-3%	13%	6%	2%	0%	2%	14%	24%	2%	4%	15%
Healthcare	5%	11%	12%	10%	13%	10%	12%	12%	20%	13%	34%	26%
Metals & Mining	5%	9%	2%	18%	9%	-1%	8%	3%	-1%	-10%	8%	15%
Construction	3%	11%	23%	19%	5%	29%	15%	11%	5%	11%	13%	28%
Capital Goods	3%	12%	11%	12%	-6%	4%	4%	12%	5%	-4%	2%	8%
Services	3%	17%	22%	21%	-1%	25%	24%	20%	14%	21%	79%	8%
FMCG	2%	9%	12%	8%	10%	5%	8%	7%	5%	11%	11%	11%
Power	1%	3%	3%	10%	4%	4%	13%	13%	-3%	-2%	3%	25%
Construction Materials	1%	4%	12%	10%	-2%	8%	21%	27%	27%	5%	14%	10%
Chemicals	1%	1%	11%	17%	8%	21%	15%	11%	8%	8%	10%	7%
Consumer Durables	1%	17%	18%	16%	-1%	10%	13%	14%	8%	9%	15%	16%
Consumer Services	1%	17%	27%	32%	-17%	13%	16%	19%	14%	18%	21%	19%
Telecommunication	1%	14%	12%	3%	8%	-3%	6%	-5%	-3%	-1%	12%	7%
Textiles	0%	-3%	9%	19%	-4%	6%	11%	4%	10%	-1%	19%	57%
Media, Ent & Publication	0%	16%	14%	6%	-9%	-1%	54%	16%	19%	-10%	20%	10%
Realty	0%	19%	35%	12%	-13%	7%	7%	8%	17%	5%	21%	11%
Diversified	0%	16%	15%	2%	10%	10%	3%	19%	17%	9%	6%	9%
Forest Materials	0%	33%	-17%	15%	-7%	9%	-33%	-35%	-1%	5%	23%	2%
Total	100%	14%	14%	15%	7%	9%	15%	10%	11%	8%	13%	18%

IT & Financial Services wages surged 14% & 17% post-pandemic, exceeding the overall 14% growth for BSE500 firms (top 3 sectors account for ⅔ of wage bill). Strong wage growth in these sectors (plus autos in FY24) fueled urban consumption and luxury retail.

However, IT is losing steam, falling below its 14% long-term average. While Financial Services remains resilient, signs point to slower wage growth in FY25.

On balance, most other sectors are struggling to see material wage bill growth. For many urban markets, the CPI inflation (as per RBI's latest financial stability report) is nearing double digit numbers and an average wages & salary increase of 10% is completely offset by inflation. This can be a headwind for discretionary consumption and the expected recovery in private consumption.

Household balance sheets are stretched due to an uptick in leverage. In case of slower growth in wages & salaries, private consumption may take longer to revive.

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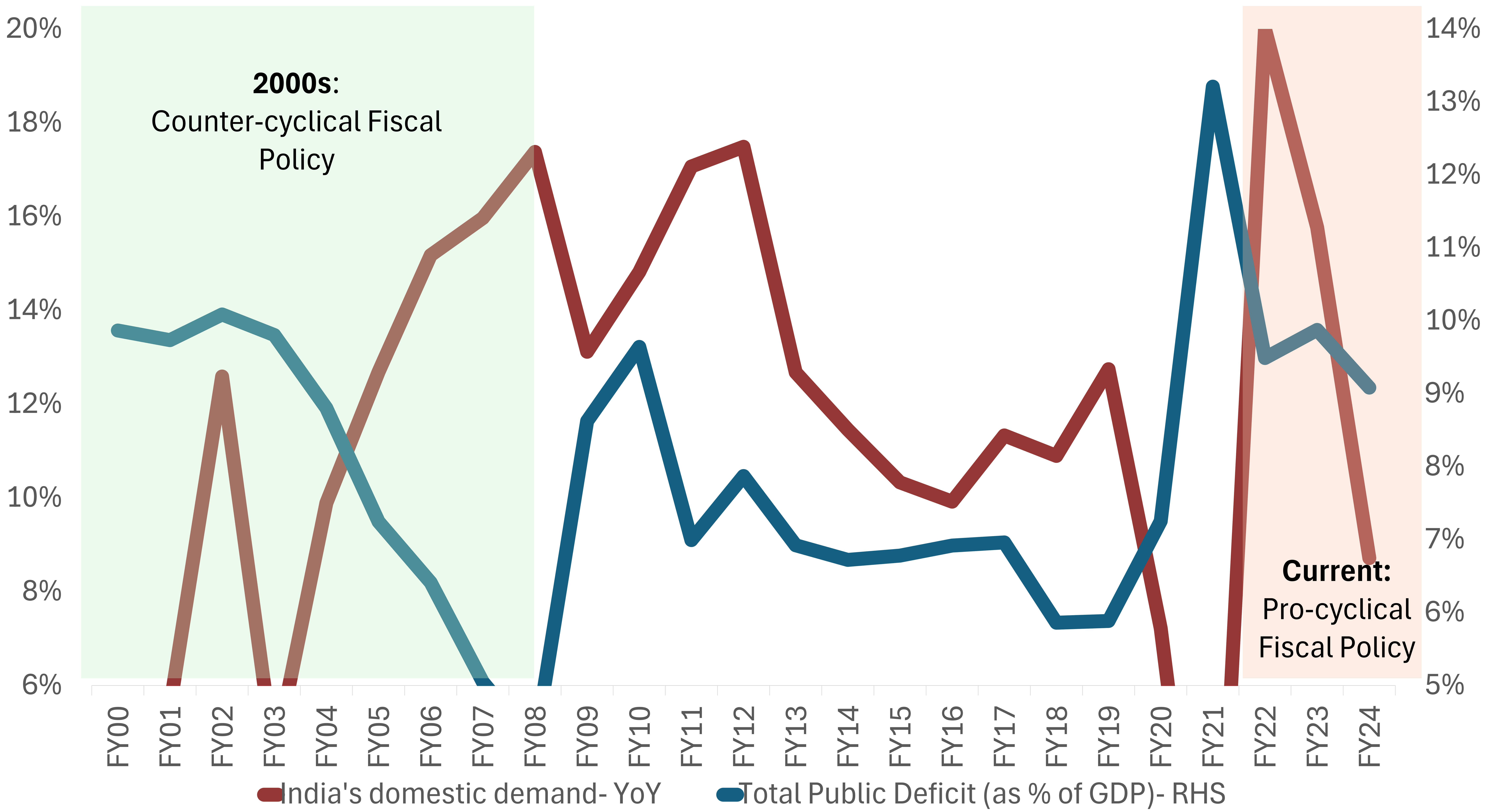
Source: Capitaline, DSP; Data as of June 2024.

Government Deleveraging: This Pro-cyclical Policy Can Be Drag On Growth



Despite tax buoyancy, fiscal tightening has prevented higher transfers to the lower end, and public capital expenditure growth has been moderate. The economy has not yet returned to its pre-COVID trend line, while fiscal consolidation has progressed rapidly, bringing the aggregate fiscal deficit close to pre-COVID levels.

This suggests that additional fiscal expenditure will likely be minimal. With nominal GDP growth slowing, weak exports, and muted domestic consumption, the current fiscal policy is procyclical, moving in tandem with the economic state rather than countering it. While fiscal prudence supports macroeconomic stability, it also means that demand remains insufficient, making a sustained revival in capital expenditure challenging.

This caps the overall economic growth trajectory.

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Source: CMIE, Nuvama, DSP. Data as of Aug 2024

Businesses Are Yet To Commit To CAPEX

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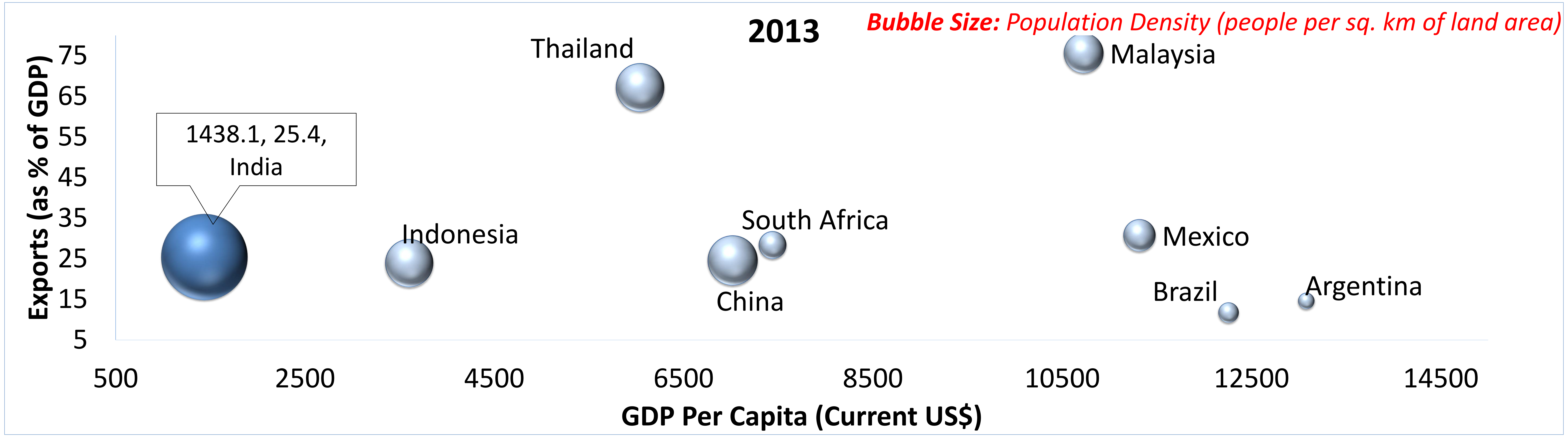
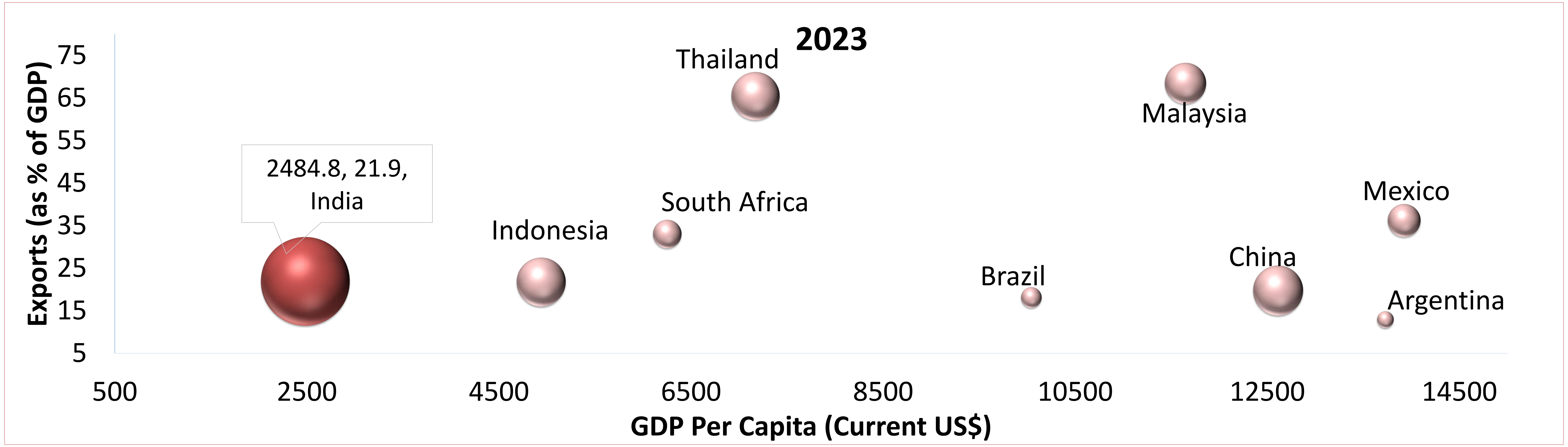
Source: Kapil Gupta, Nuvama Research, DSP. Data as of Aug 2024

Exports – The Missing Pillar of Growth





India's exports continue to witness anemic growth with low share of value-added exports. The two large items of engineering goods exports (dominated by Auto & Auto ancillaries) and petroleum product exports remain the two largest categories over the past decade and a half. This denotes the failure of other sectors to have shown any meaningful contribution.

In fact, over the past 10 years, India's exports as a % of GDP have fallen from 25.4% to 21.9%.

This is a missed opportunity and probably an area where a lot of catch up is needed.

The progress on services exports hasn't been replicated in manufacturing exports which could also alleviate India's employment stress.

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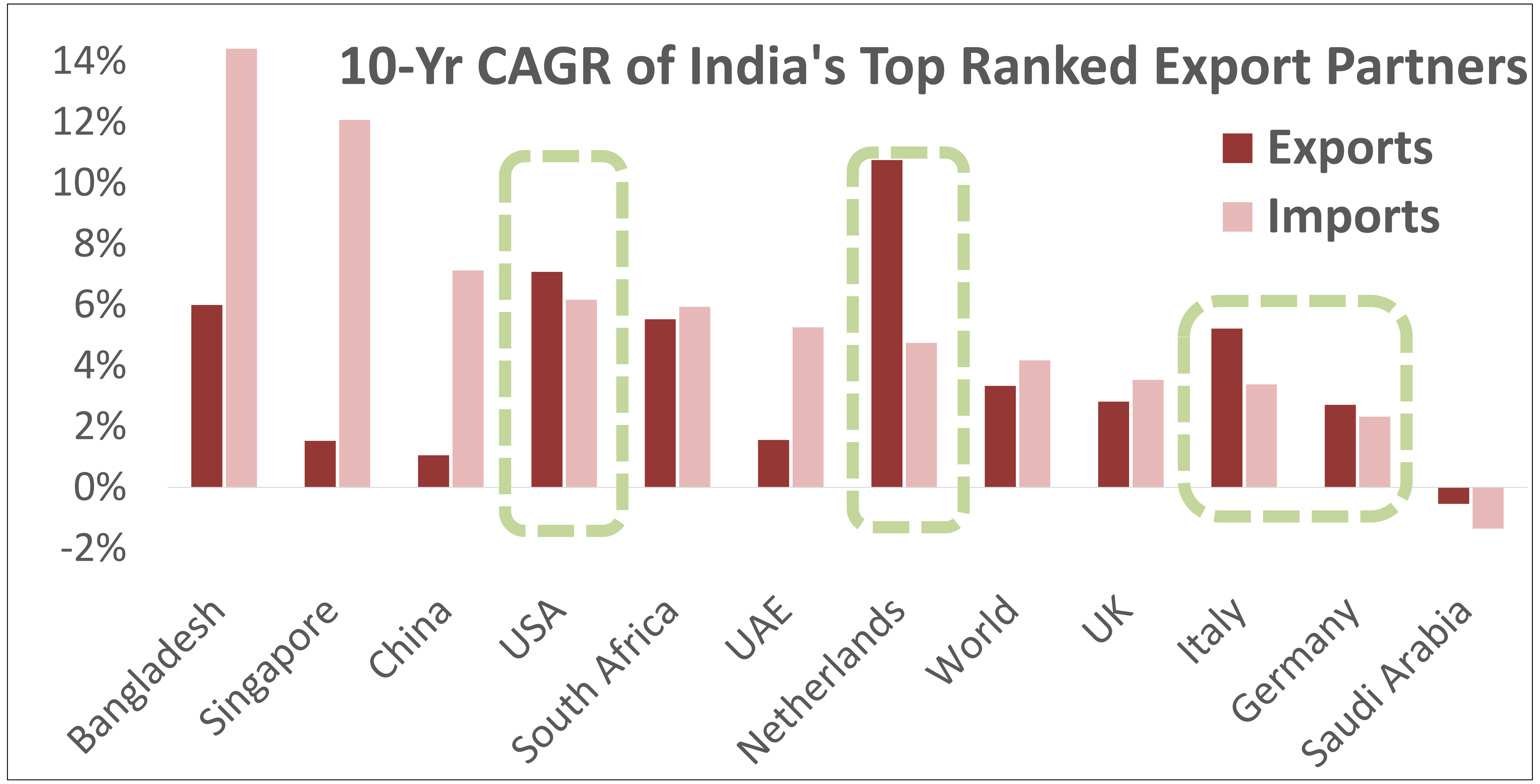
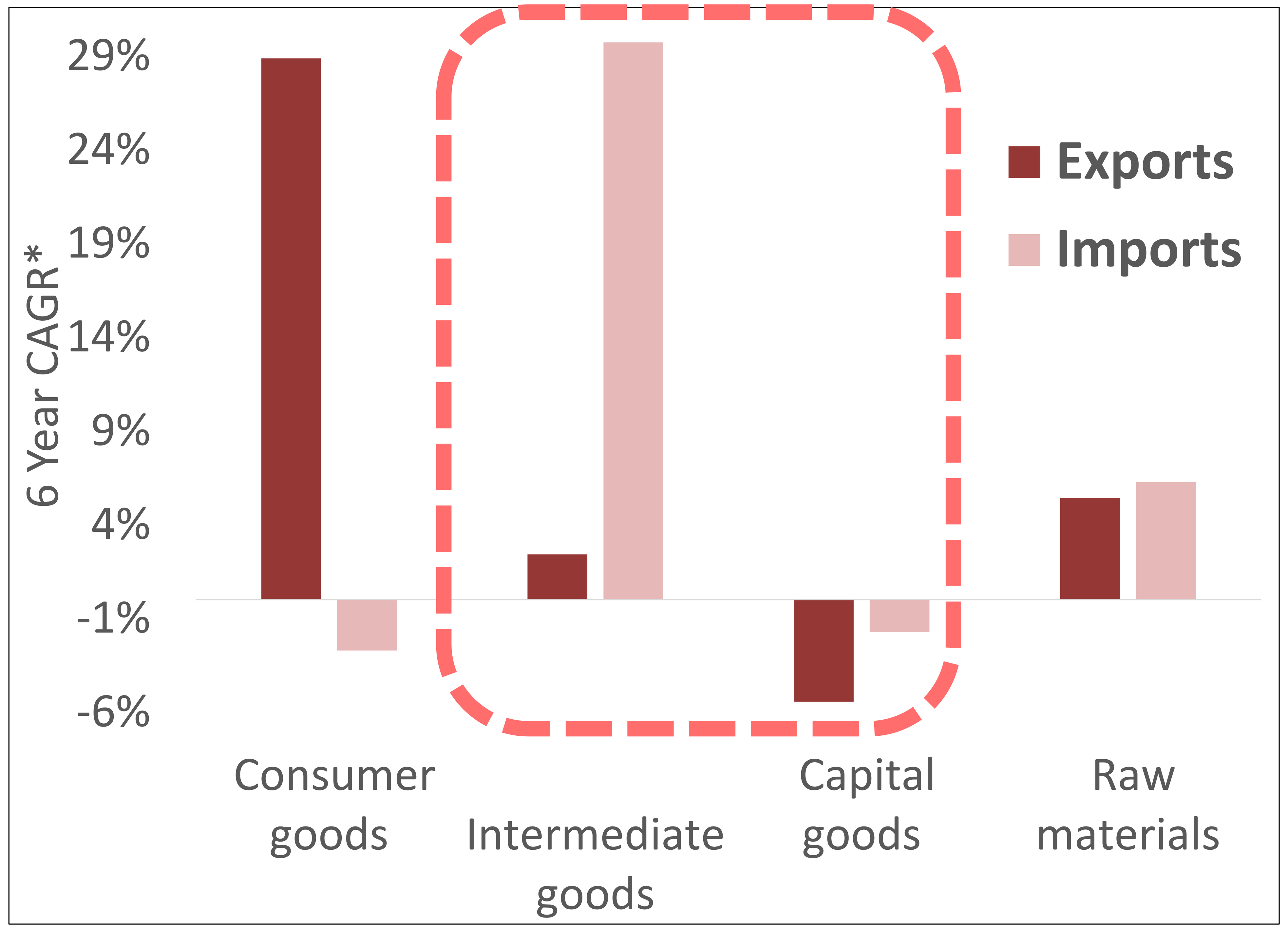
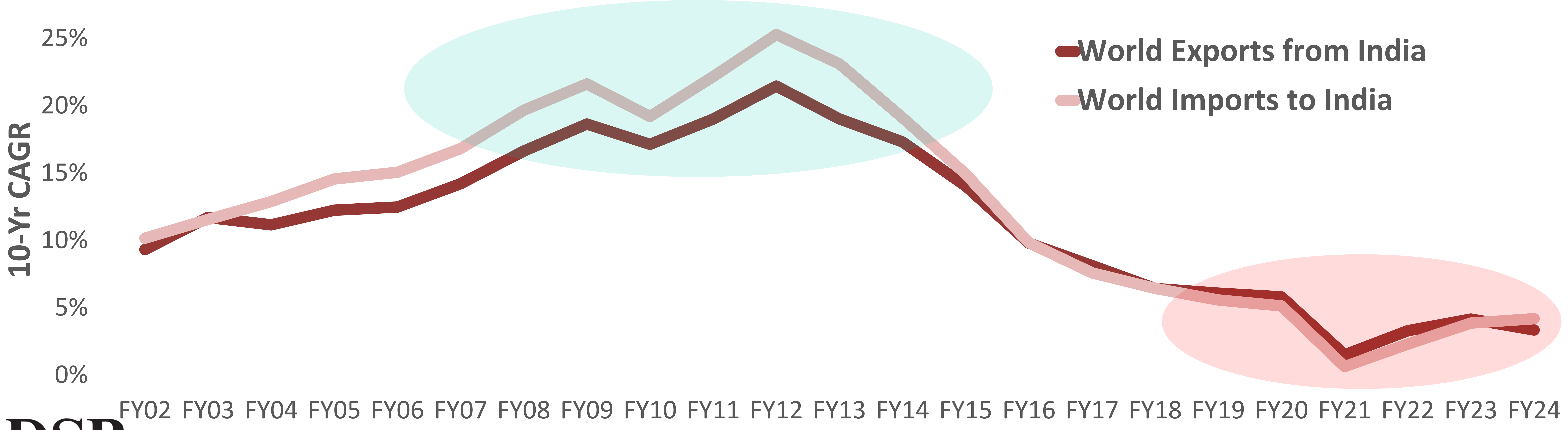
Source: WDI, DSP. Data as of Aug 2024

Exports – The Missing Pillar of Growth







Among the top-ranked export partners, only four have seen export growth outpace import growth as per the latest data. While imports surged following the COVID slump, exports, after a brief rise, have started to decline from their peak.

The downward trend in trade began even before the pandemic, and the pandemic only exacerbated the situation.

The trade imbalance has worsened, with products requiring higher levels of processing (capital goods) experiencing a decline in trade and intermediate goods showing limited export growth. This suggests that both domestic and foreign investment initiatives may be faltering.

While exports remain a crucial driver of the country's economic growth, they are heavily reliant on a robust global economy. The spillovers of a global recession could be more damaging to an otherwise stable, less slowing economy, keeping it vulnerable to global growth.

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Source: CMIE, DSP. Data as of Aug 2024 **Data as of 2021*

CAGR- Compounded Annual Growth Rate

Interest Rates

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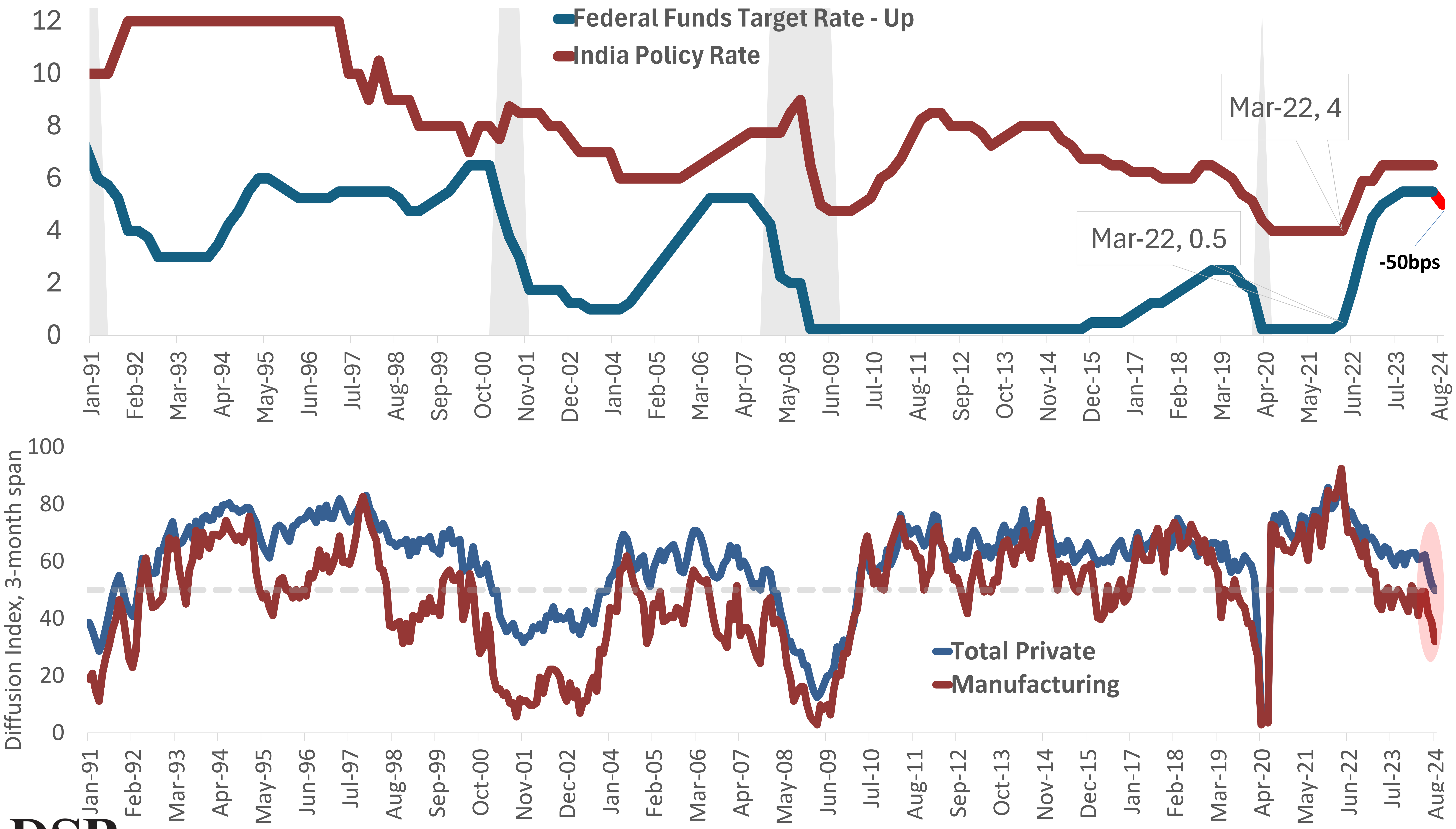
US Fed Eases With A Bumper Cut



The softer labor market conditions the Fed had been anticipating for so long are now evident in the data. However, this decline wasn't sudden; labor market softness has persisted for some time, suggesting that a sharp 50bps rate cut might be necessary to make up for the months of inaction. The diffusion index, now below 50, indicates that employment has decreased across a greater number of sectors than it has increased.

Meanwhile the Indian economy has been in a slow-lane for quite some time now, it has been waiting for the 'right time' to cut rates and for the inflation to 'align to the target'.

With the headline number well-below the target, we have enough reason 'now' to implement a modest rate cut, if not as steep as the Fed.

The RBI's rate hikes have been less severe compared to the Fed's, and with a shorter path to normalization, the RBI has more flexibility. This allows room for a more gradual approach, possibly beginning with a shift in stance before proceeding to a rate cut.

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Source: BIS, BLS, DSP. Data as of Aug 2024

Putting It Together

- India’s consumption growth remains below trend and needs a policy correction. It needs a large dose of revenue expenditure boost coupled with a benign monetary policy.

- Trend of household consumption supported by leverage is transitory and needs support from strengthening of household wages and salaries. Rural economy continues to see only a gradual recovery while the organized sector is beginning to see normalization. This is likely to weigh on consumption cycle.

- Lack of consumption cycle visibility could also be a driver of slower private corporation capex.

- Two of the three key agents of growth, Government & Private Businesses are deleveraging. This is likely to keep India’s growth trajectory closer to its long-term average at 6.5% real GDP growth. Household consumption is also in the slow lane. This means that current phase of strong growth could see a deceleration.

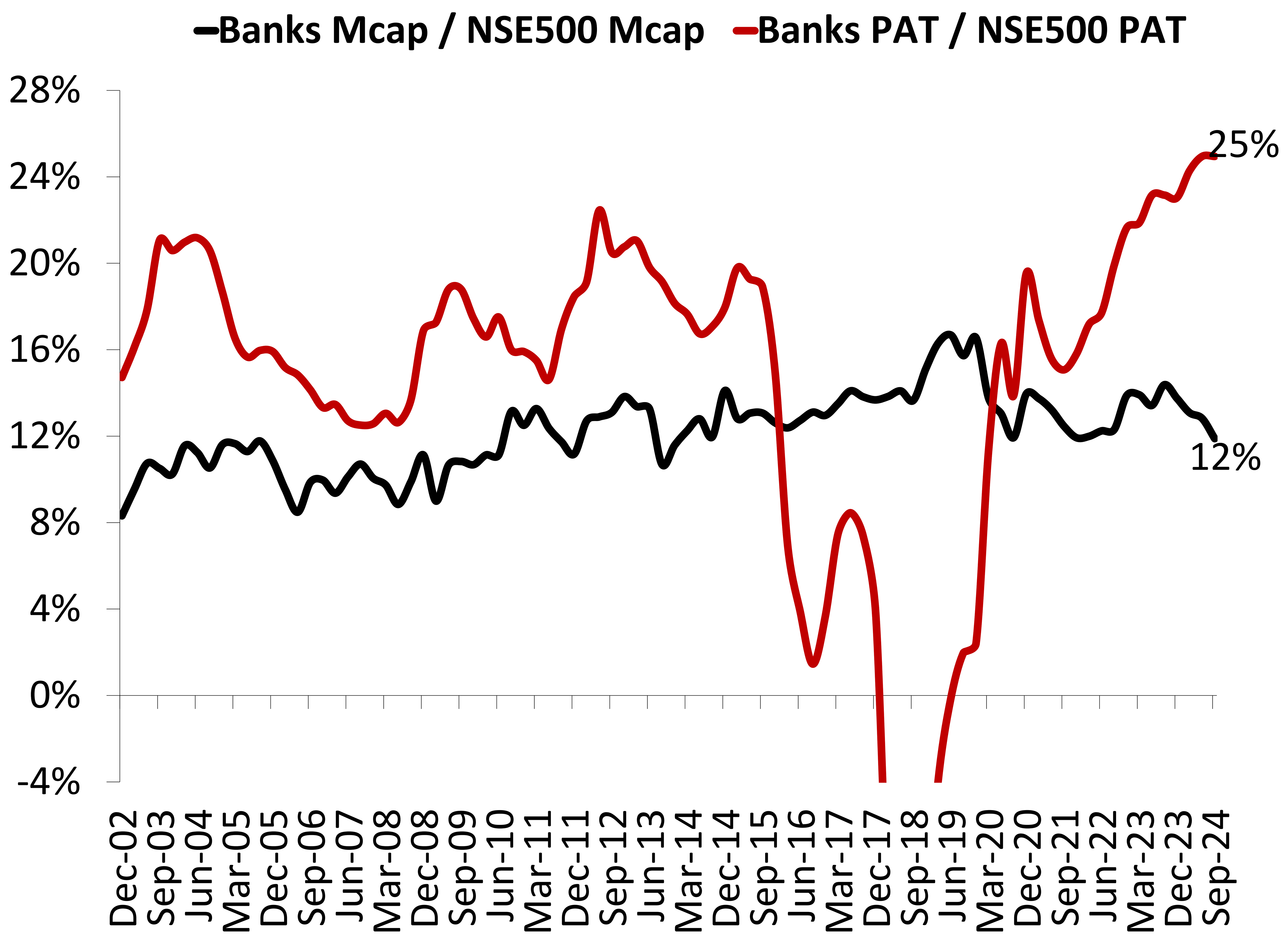
- A key pillar of growth for India, exports, hasn’t contributed to growth. India’s lack of manufacturing exports need to see a correction. For now, it remains a drag.

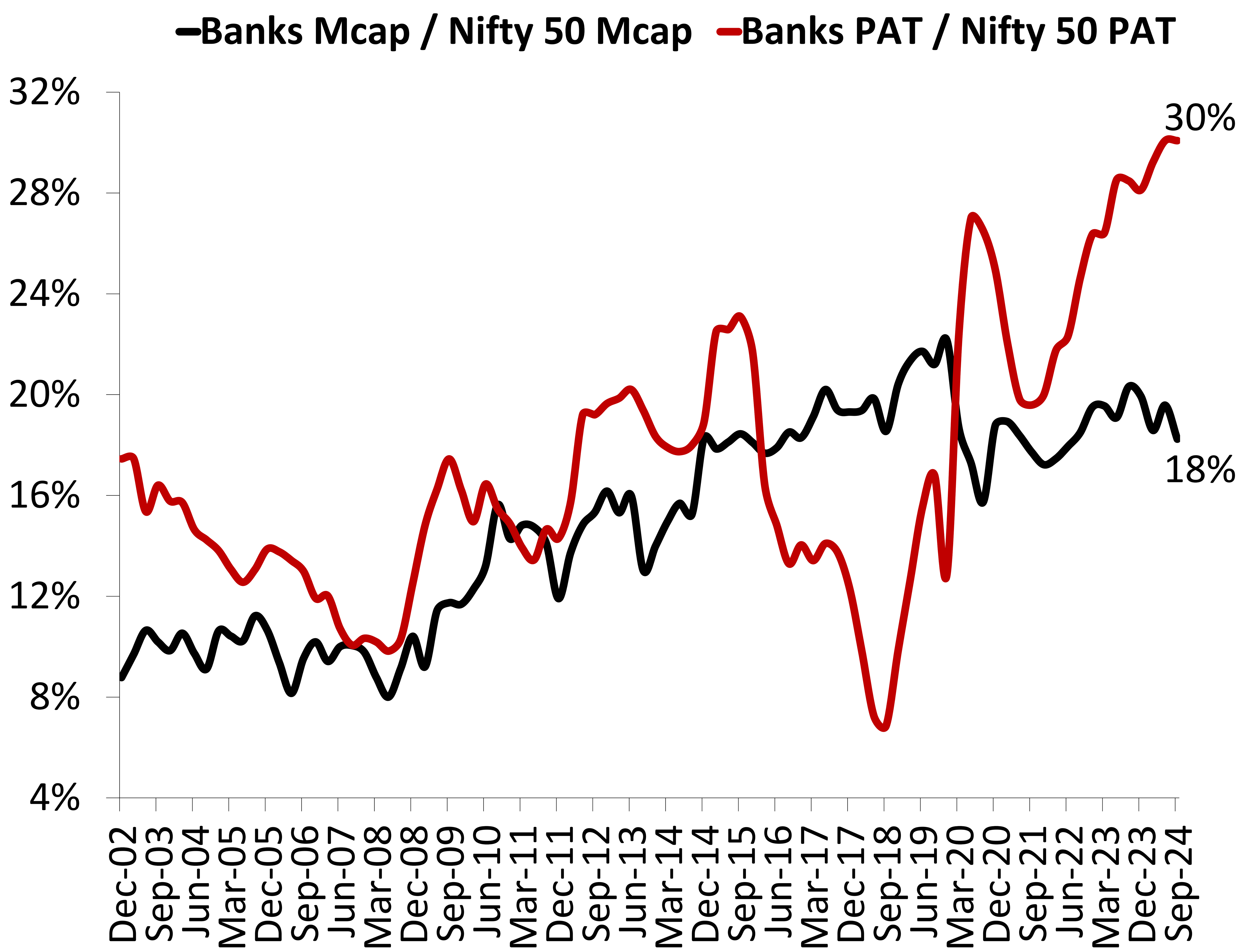
- Change is monetary policy regime in US is likely to help RBI take a more benign stance on monetary policy and probably follow with a change in stance to dovish.

Sectors

Banks: Is it time to give Credit where its Due?

Despite contributing significantly to the overall profits in both the Nifty 50 and Nifty 500 indices, banks have not seen a corresponding increase in their market cap. This disparity suggests a need for the market to appropriately reward those entities that are driving substantial earnings growth.





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Source: Ambit Capital Research, DSP. Data as on 09 Sep 2024

Disclaimer: The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s).

Time to Shift To Non-Discretionary Consumption?

The play between non-discretionary staples and discretionary consumption is closely linked to the cyclicality of the consumption cycle. There are signs that the consumption cycle is not picking up at the rate which is higher than the headline GDP growth. Also, the relative play between FMCG (staples proxy) and Auto (Discretionary proxy) is turning.

Source: Bloomberg, DSP. Data as on 19 Sep 2024

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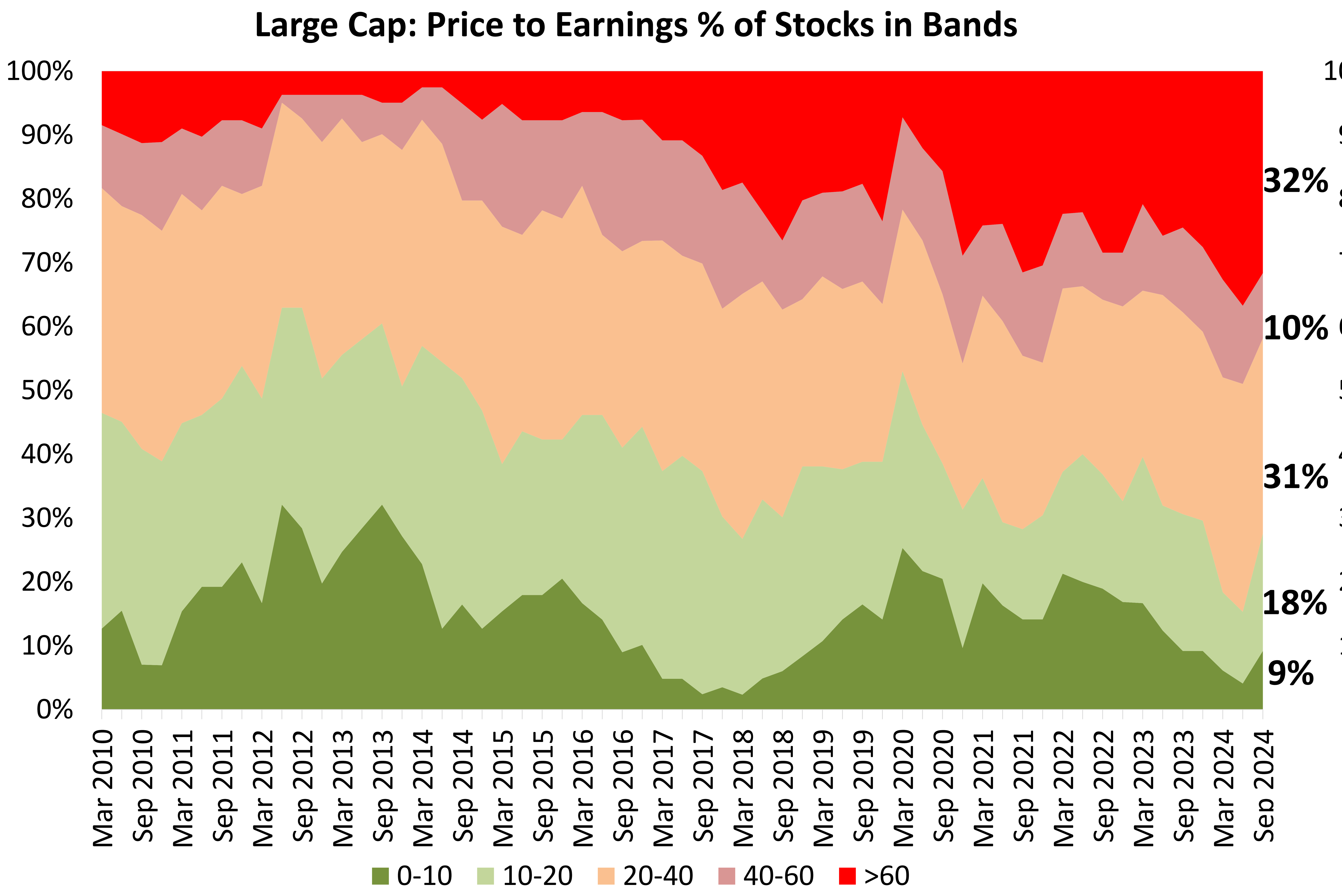
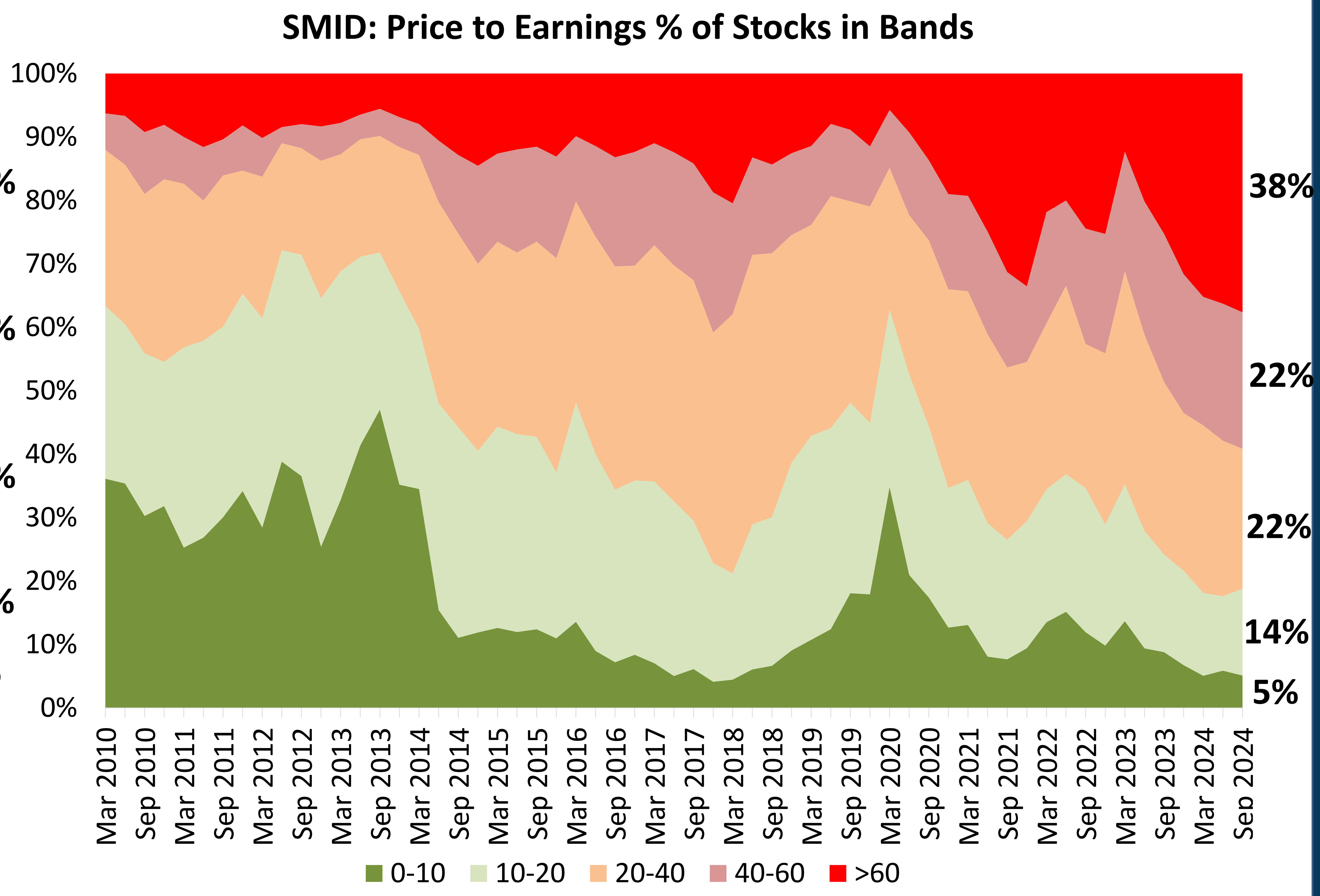
Valuation

Valuations Remain Stretched?

Overall Indian markets are being traded at much higher valuations. However, there are still some better priced companies in Large cap segment (having 27% companies trading below 20x P/E) as compared to the SMIDs (having 19% companies trading below 20x P/E).
Currently, the large cap is faring relatively better than most other segments.





Source: Bloomberg, DSP. Data as on 19 Sep 2024

Disclaimer: Large caps are defined as top 100 stocks on market capitalization, mid caps as 101-250 small caps as 251 and above

It’s Not Easy To Find Margin Of Safety

More than half of the stocks are trading at 40 times earnings or more, including those generating losses. Very few stocks now have an earnings multiple below 20. A significant portion of these stocks comes from outside the large-cap universe, making it more challenging to find a margin of safety in these areas.

Source: Bloomberg, DSP. Data as on 19 Sep 2024

How To Position Your Portfolio?

Asset Allocation: Our recommendations

If you are

Risk Appetite/ Type of investor	Equity Allocation
Conservative	30%
Moderate/ Passive-Moderate	60%
Aggressive	70%

Then you should consider having this % of equity in your portfolio

Disclaimer: Above table is for illustration purpose only

Conservative Strategy

Portfolio: Conservative

Asset Class	Category	Fund	Allocation
Equity 20%	Index Fund	DSP Nifty TOP 10 Equal Weight Index Fund	15%
	Sectoral / Thematic	DSP Banking & Financial Services Fund	5%
Alternate & Hybrid 20%	Multi Asset Allocation	DSP Multi Asset Allocation Fund	20%
Debt 60%	Money Market Fund	DSP Savings Fund	10%
	Short Duration Fund	DSP Short Term Fund	15%
	Dynamic Bond	DSP Strategic Bond Fund	35%

Moderate Strategy

Portfolio: Moderate

Asset Class	Category	Fund	Allocation
Equity 50%	Large Cap Fund	DSP Top 100 Equity Fund	20%
	Sectoral / Thematic	DSP Healthcare Fund	10%
	Value Fund	DSP Value Fund	15%
	Sectoral / Thematic	DSP Banking & Financial Services Fund	5%
Alternate & Hybrid 20%	Multi Asset Allocation	DSP Multi Asset Allocation Fund	20%
Debt 30%	Money Market Fund	DSP Savings Fund	5%
	Short Duration Fund	DSP Short Term Fund	5%
	Dynamic Bond	DSP Strategic Bond Fund	20%

DSP

Aggressive Strategy

Portfolio: Aggressive

Asset Class	Category	Fund	Allocation
Equity 60%	Large Cap Fund	DSP Top 100 Equity Fund	35%
	Index Fund	DSP Nifty TOP 10 Equal Weight Index Fund	10%
	Sectoral / Thematic	DSP Healthcare Fund	5%
	Sectoral / Thematic	DSP Banking & Financial Services Fund	10%
Alternate & Hybrid 25%	FoF – Overseas	DSP World Gold Fund of Fund	5%
	Equity Savings	DSP Equity Savings Fund	15%
	Dynamic Asset Allocation or Balanced Advantage	DSP Dynamic Asset Allocation Fund	5%
Debt 15%	Dynamic Bond	DSP Strategic Bond Fund	10%
	Gilt Fund with 10 Year Constant Duration	DSP 10Y G-Sec Fund	5%

DSP

Passive-Moderate Strategy

Portfolio: Passive- Moderate

Asset Class	Category	Fund	Allocation
Equity 50%	Index Fund	DSP Nifty TOP 10 Equal Weight Index Fund	30%
	Sectoral / Thematic	DSP Quant Fund	15%
	Index Fund	DSP Nifty Bank Index Fund	5%
Alternate & Hybrid 25%	ETFs - Others	DSP Silver ETF	10%
	FoFs- Domestic	DSP Gold ETF Fund of Fund	15%
Debt 25%	Index Fund	DSP CRISIL SDL Plus G-Sec Apr 2033 50:50 Index Fund	25%

DSP

Disclaimer: For complete details on investment objective, investment strategy, asset allocation, scheme specific risk factors and more details, please read the Scheme Information Document, and Key Information Memorandum of the scheme available on ISC of AMC and also available on www.dspim.com

…And Some Fun Recommendations

What we liked:

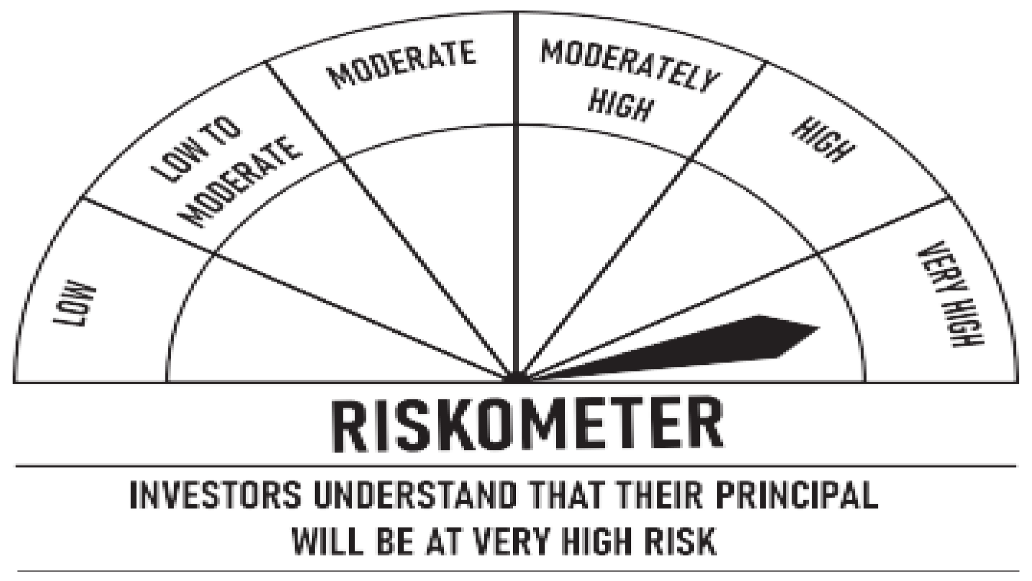
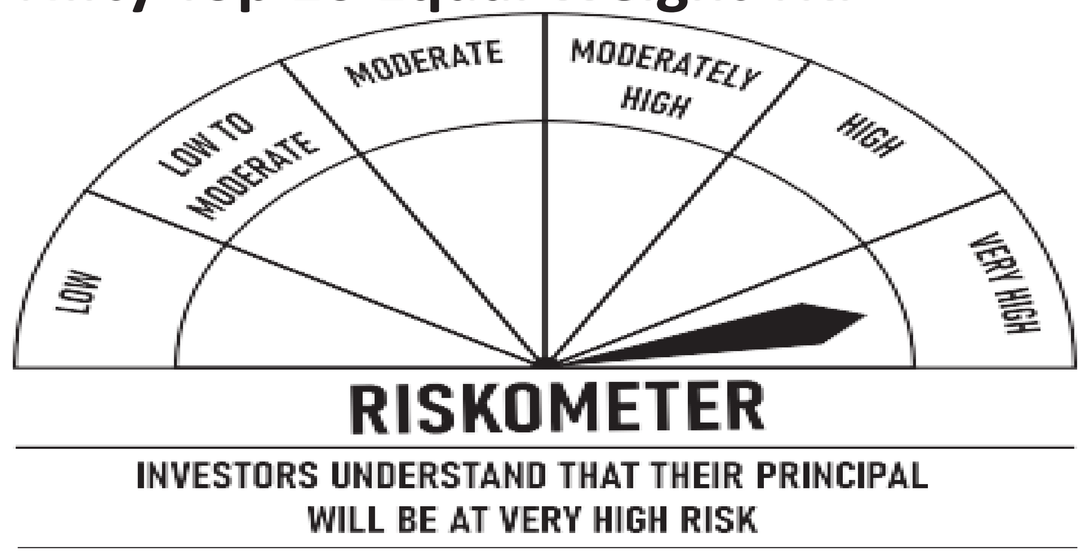
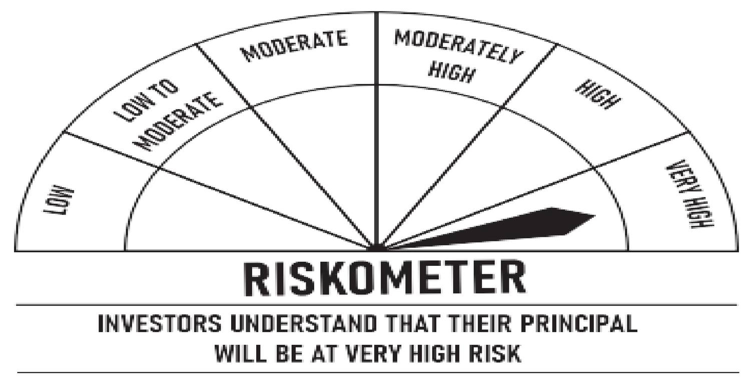
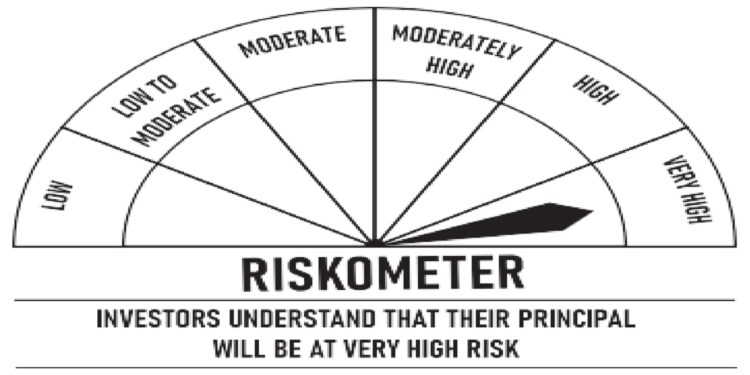
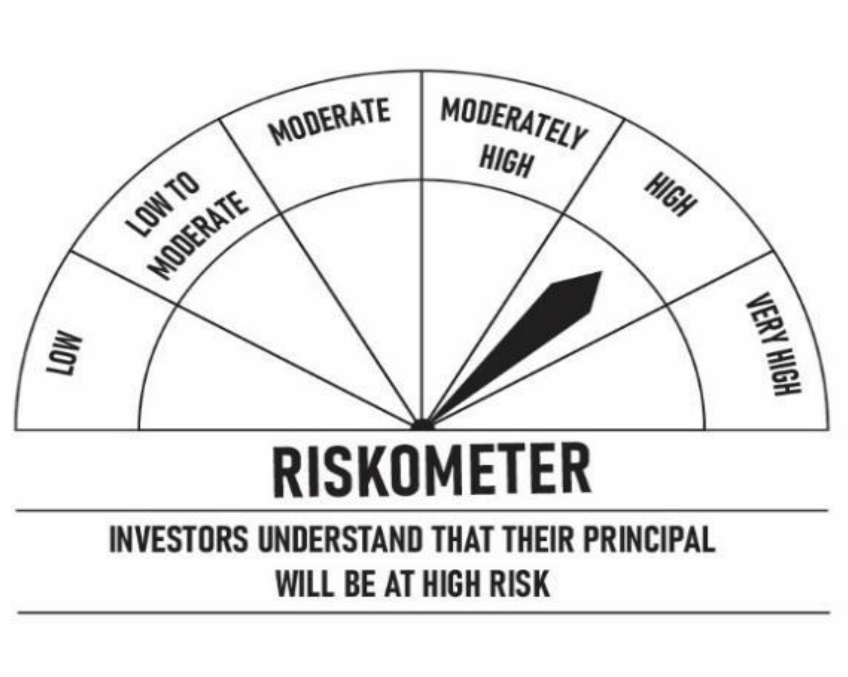
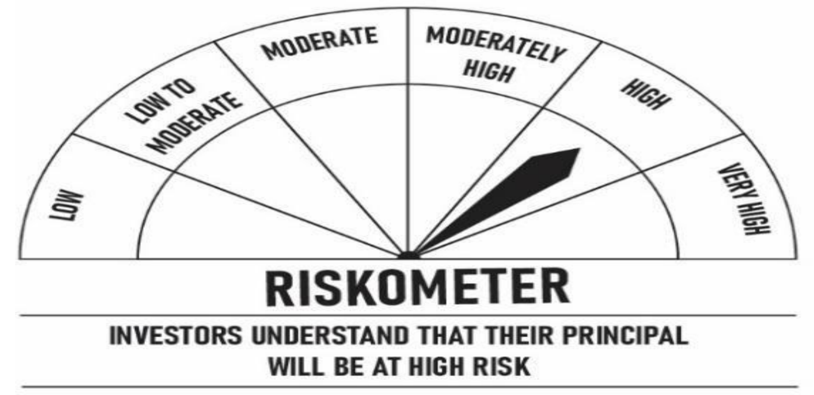
- Book: “A Short History of Financial Euphoria" by John Kenneth Galbraith
- Podcast: The SUGAR Expert: Everything You Need To Know About Glucose Spikes
- Article: Where inflation comes from

Our in-house creations:

- Short Film | Udaan| Watch here
- DSP Blog| The psychology of investing | Read the Blog
- DSP Blog | Time to mine value from gold mining? | Read here

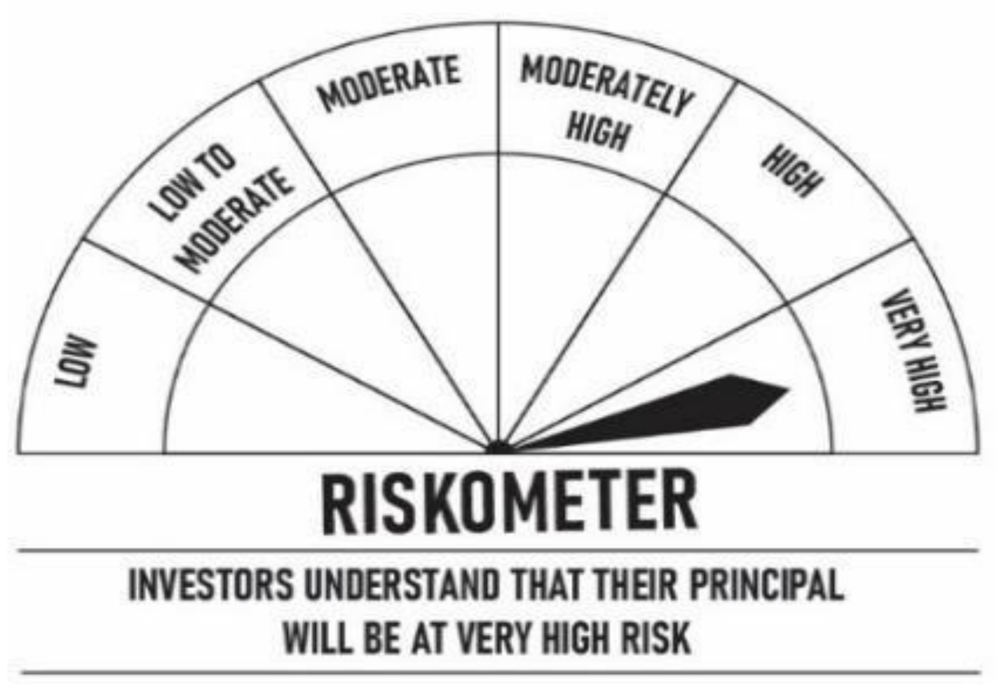
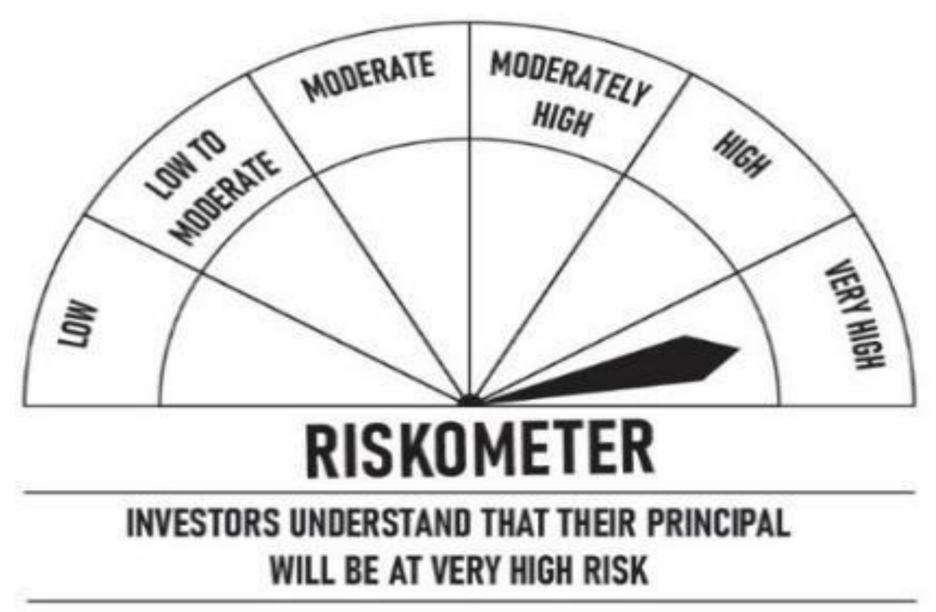
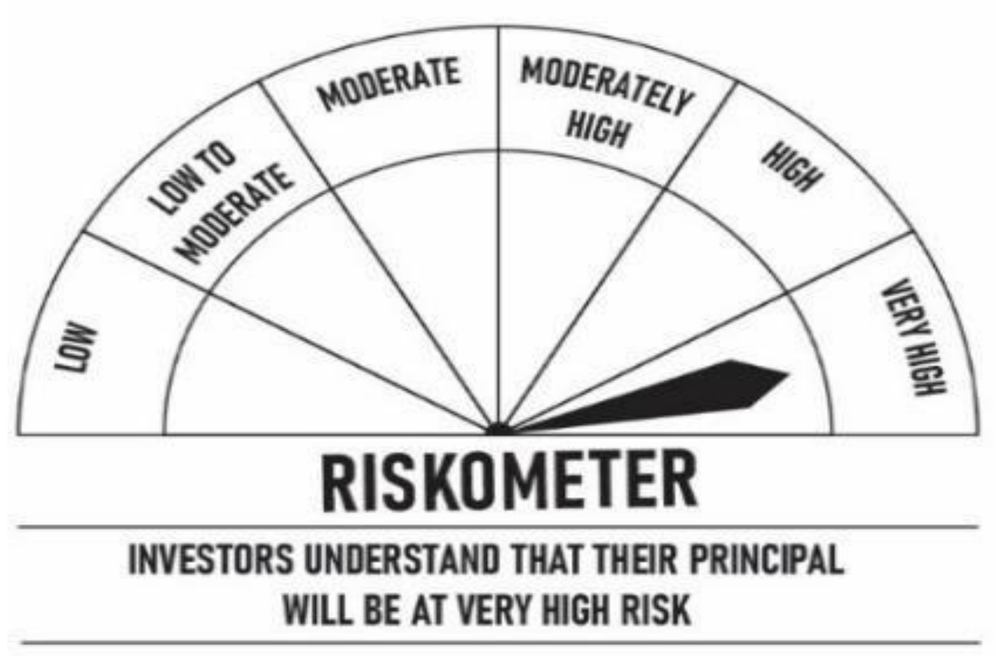
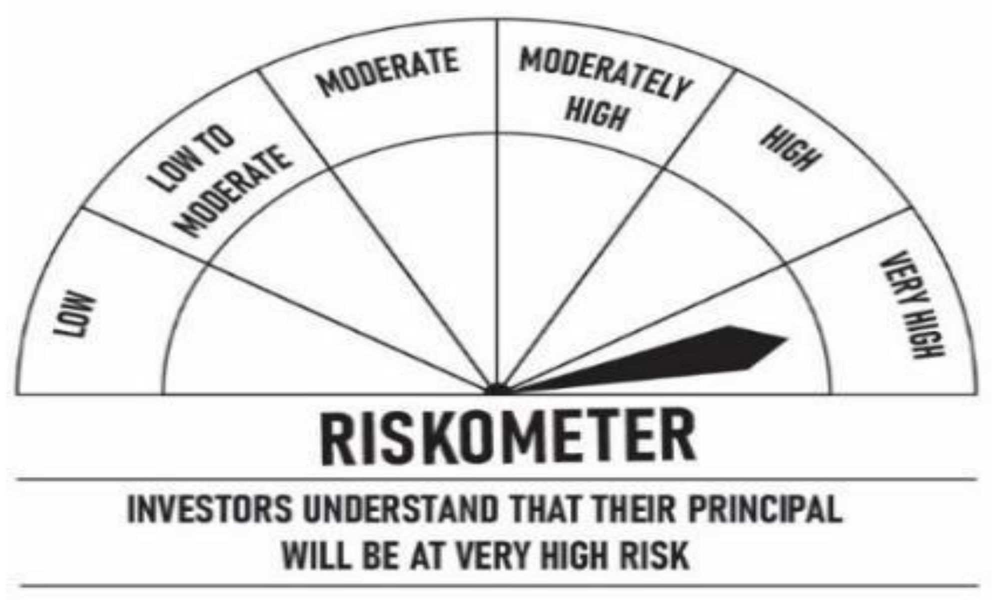
DSP

Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
DSP Nifty Top 10 Equal Weight Index Fund (An open ended scheme replicating/ tracking Nifty Top 10 Equal Weight Index)	This product is suitable for investor who are seeking* • Long-term capital growth • Investment in equity and equity related securities covered by Nifty Top 10 Equal Weight Index, subject to tracking error.		**Nifty Top 10 Equal Weight TRI** 
DSP Value Fund (An open Ended equity scheme following a value investment strategy)	This product is suitable for investors who are seeking* • To generate long-term capital appreciation / income in the long term • Investment primarily in undervalued stocks		**NIFTY 500 TRI** 
DSP Gold ETF Fund of Fund **(**An open ended fund of fund scheme investing in DSP Gold ETF)	This product is suitable for investors who are seeking* • Long-term capital growth • Investments in units of DSP Gold ETF which in turn invest in Physical Gold		**Domestic Price of Physical Gold(based on London Bullion Market Association (LBMA) gold daily spot fixing price)** 

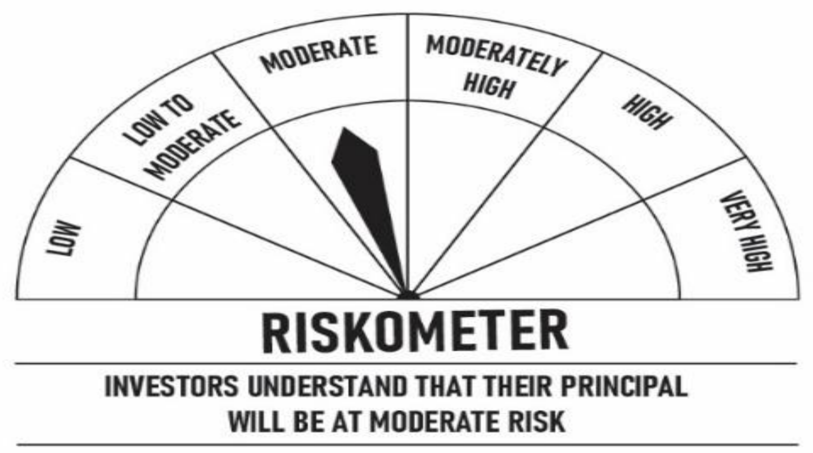
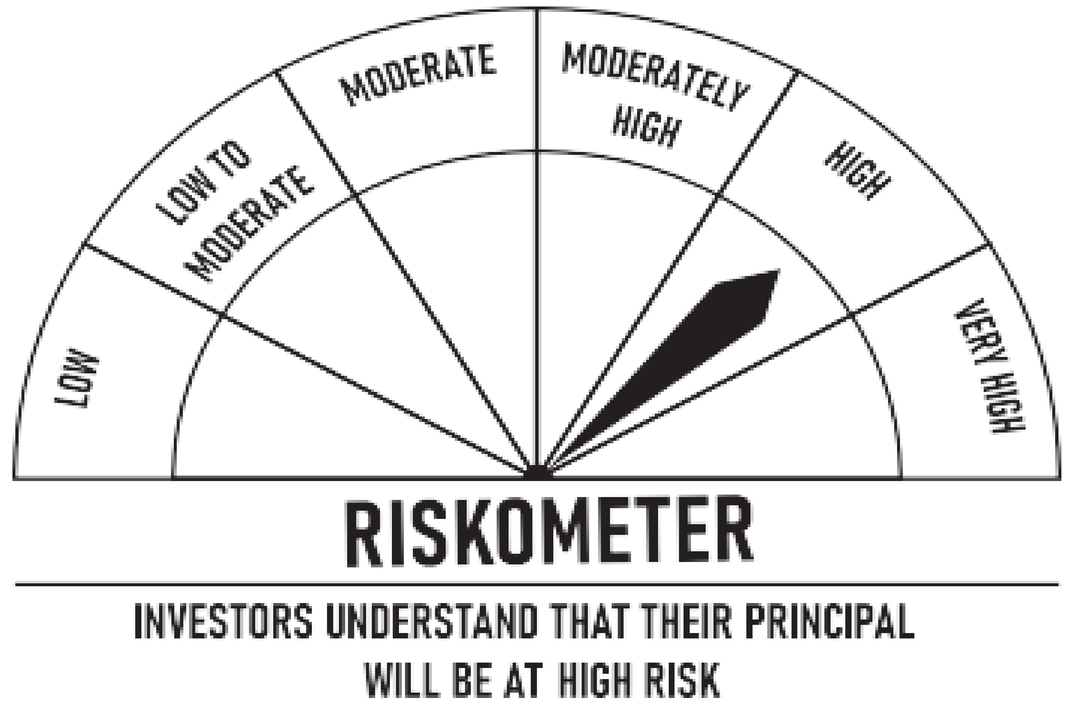
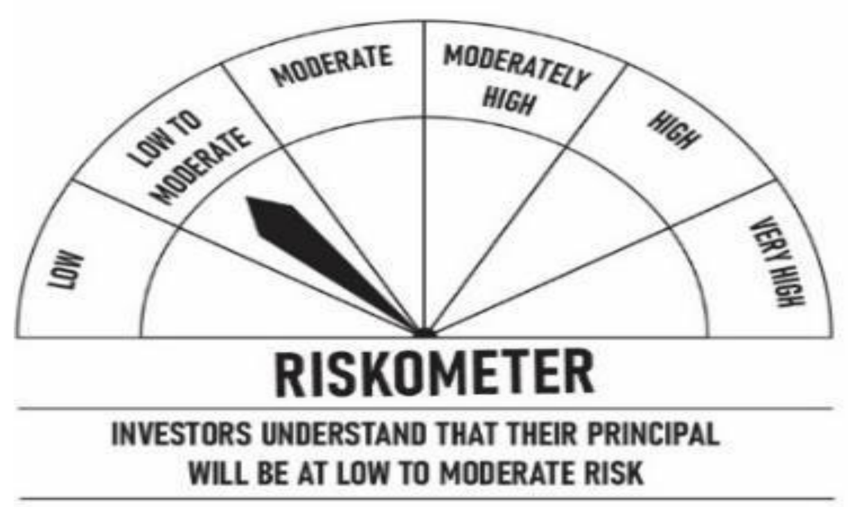
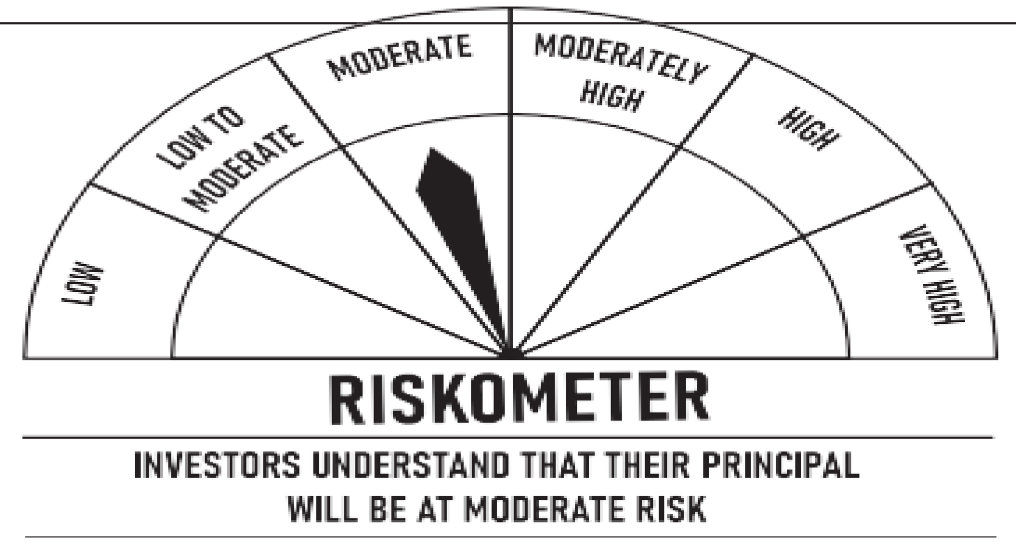
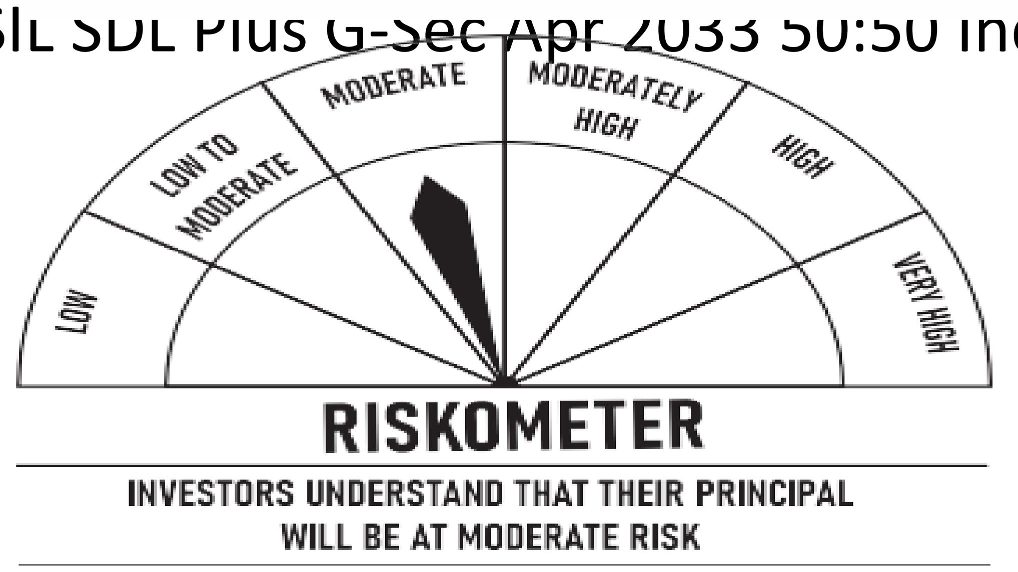
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
DSP Nifty Bank Index Fund (An open ended scheme replicating/ tracking Nifty Bank Index)	This product is suitable for investors who are seeking* ▪ Long-term capital growth ▪ Investment in equity and equity related securities covered by Nifty Bank Index, subject to tracking error.		**Nifty Bank TRI** 
DSP Healthcare Fund (An open ended equity scheme investing in healthcare and pharmaceutical sector)	This product is suitable for investors who are seeking* • Long-term capital growth • Investment in equity & equity related Securities of healthcare and pharmaceutical companies		**BSE HEALTHCARE (TRI)** 

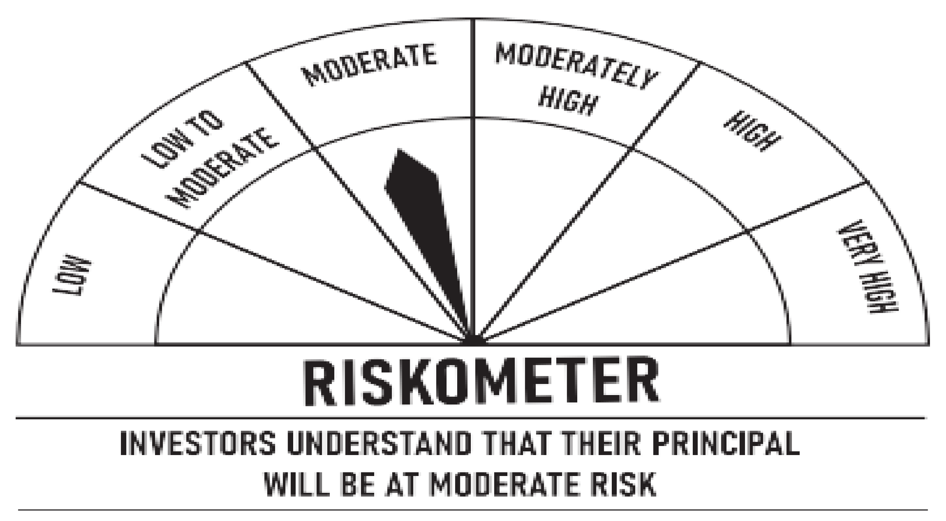
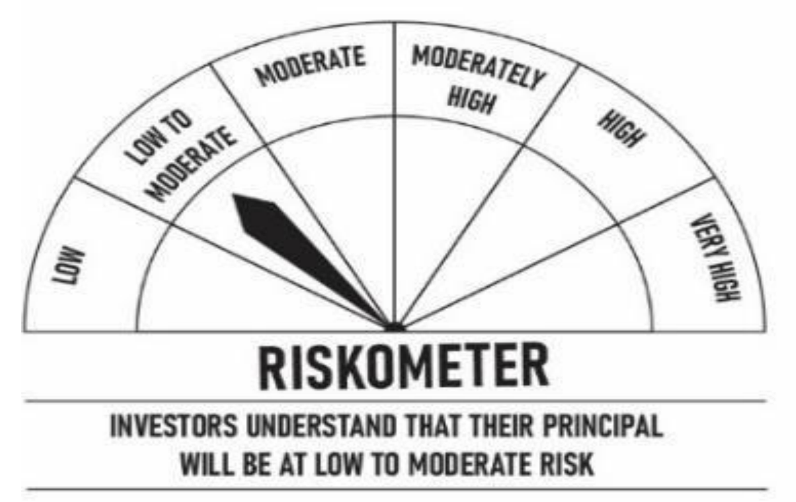
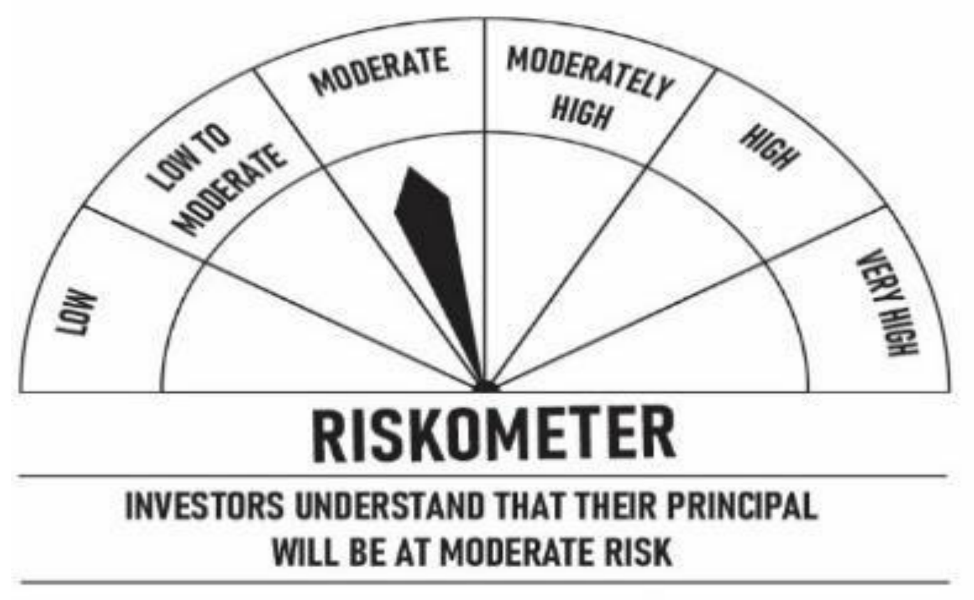
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
#DSP Dynamic Asset Allocation Fund (An open ended dynamic asset allocation fund) #Please refer to Notice cum addendum dated August 08, 2024 for change in fundamental attribute of scheme with effect from September 21, 2024.	This product is suitable for investors who are seeking* •Long-term capital growth •Investment in equity and equity related securities including the use of equity derivatives strategies and arbitrage opportunities with balance exposure in debt and money market instruments.		**CRISIL Hybrid 50+50 -Moderate Index** 
DSP Savings Fund (An open ended debt scheme investing in money market instruments. A relatively low interest rate risk and moderate credit risk.)	This product is suitable for investors who are seeking* • Income over a short-term investment horizon • Investment in money market instruments with maturity less than or equal to 1 year.		CRISIL Money Market A-I Index 
DSP CRISIL SDL Plus G-Sec Apr 2033 50:50 Index Fund (An open ended target maturity index fund investing in the constituents of CRISIL SDL Plus G-Sec Apr 2033 50:50 Index. A relatively high interest rate risk and relatively low credit risk.)	This product is suitable for investor who are seeking* • Income over long term • An open ended target maturity index fund that seeks to track the performance CRISIL SDL Plus G-Sec Apr 2033 50:50 index, subject to tracking error.		CRISIL SDL Plus G-Sec Apr 2033 50:50 Index 

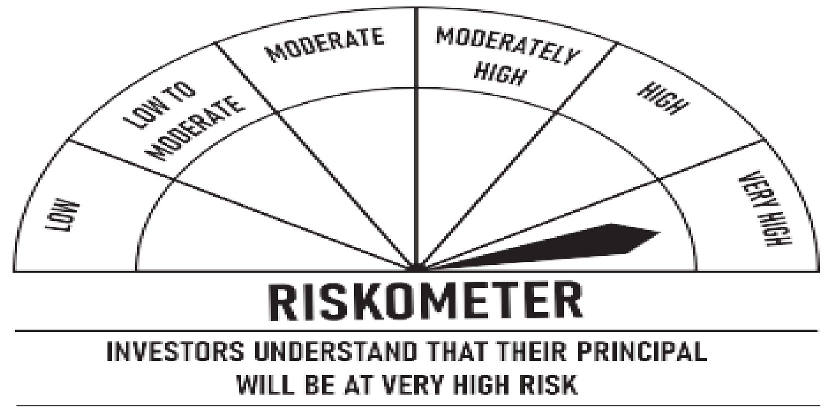
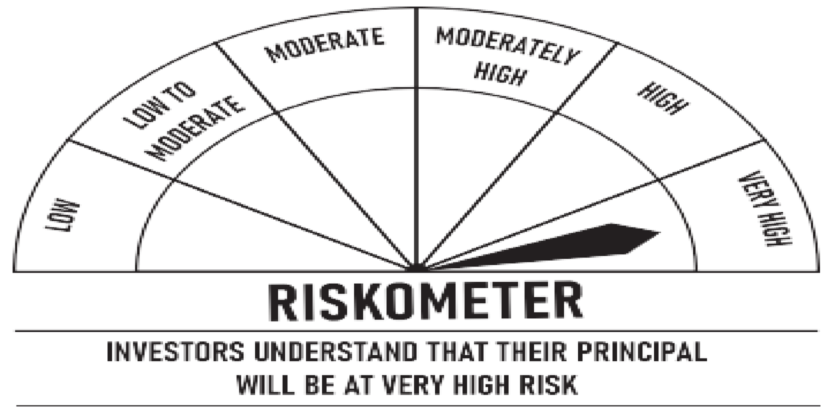
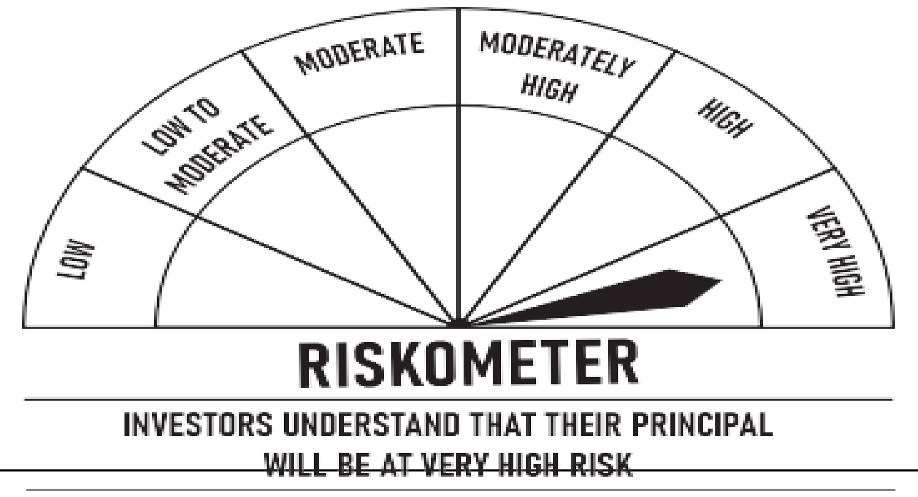
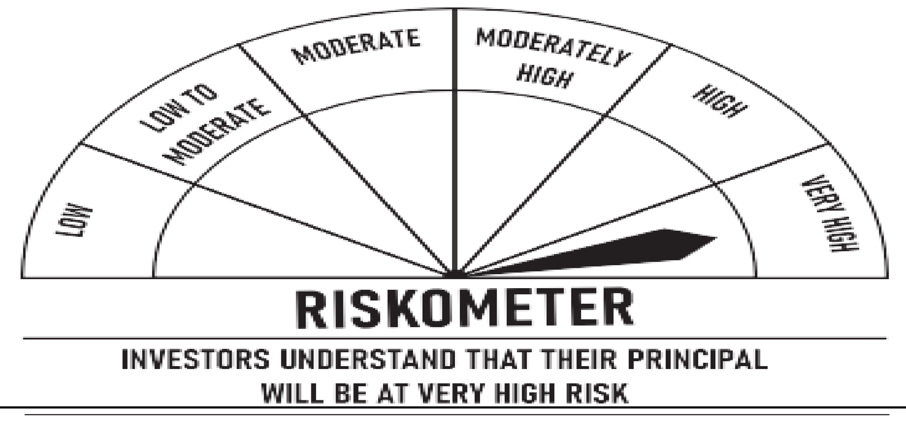
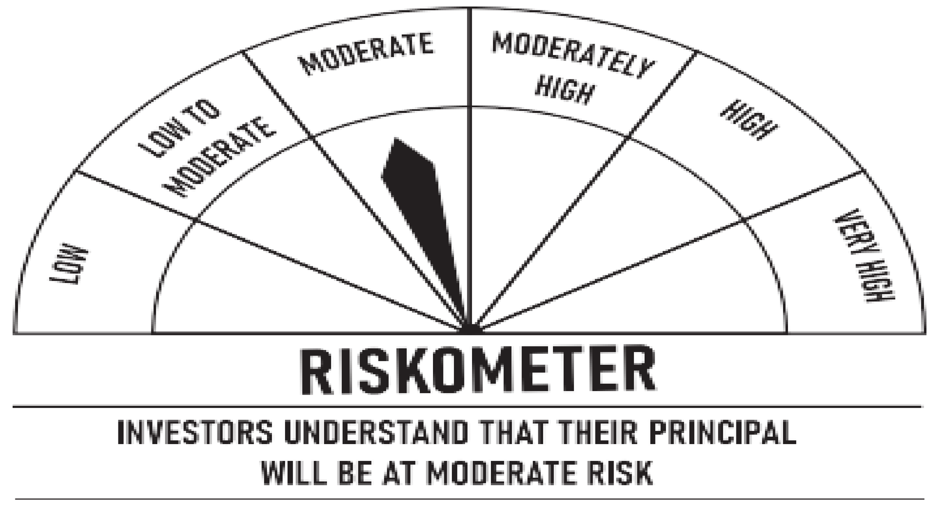
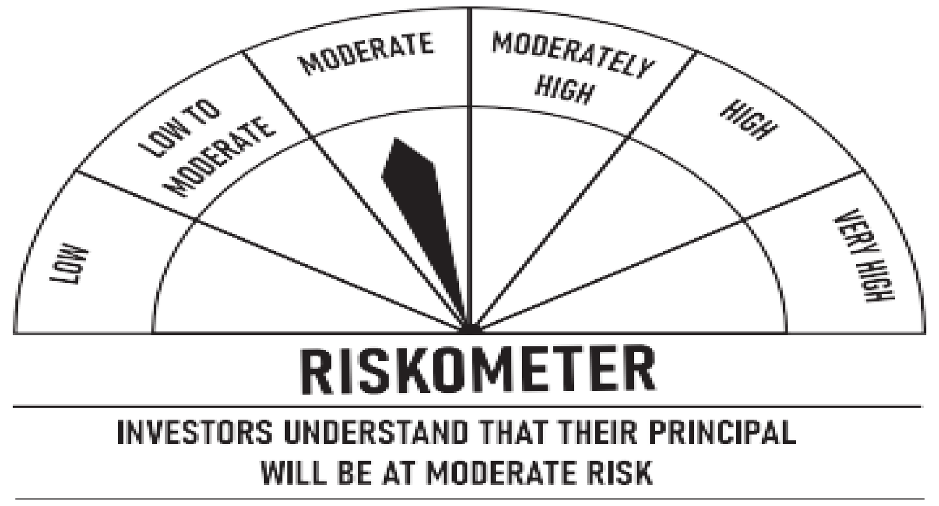
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
DSP Short Term Fund (An open ended short term debt scheme investing in debt and money market securities such that the Macaulay duration of the portfolio is between 1 year and 3 years (please refer page no. 40 under the section "Where will the Scheme invest?" for details on Macaulay's Duration.) A moderate interest rate risk and relatively low credit risk.	This product is suitable for investors who are seeking* • Income over a medium-term investment horizon • Investment in money market and debt Securities		**CRISIL Short Duration Debt A-II Index** 
DSP Strategic Bond Fund An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and moderate credit risk.	This product is suitable for investors who are seeking* • Income over a medium to long term investment horizon • Investment in actively managed portfolio of money market and debt securities		**CRISIL Dynamic Bond A-III Index** 

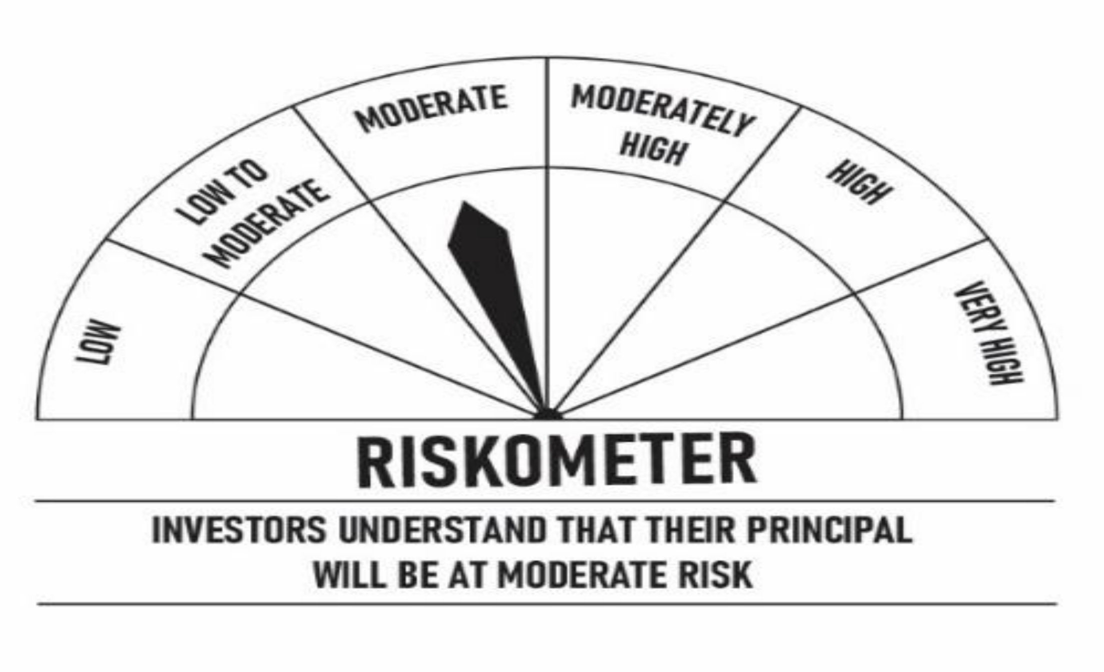
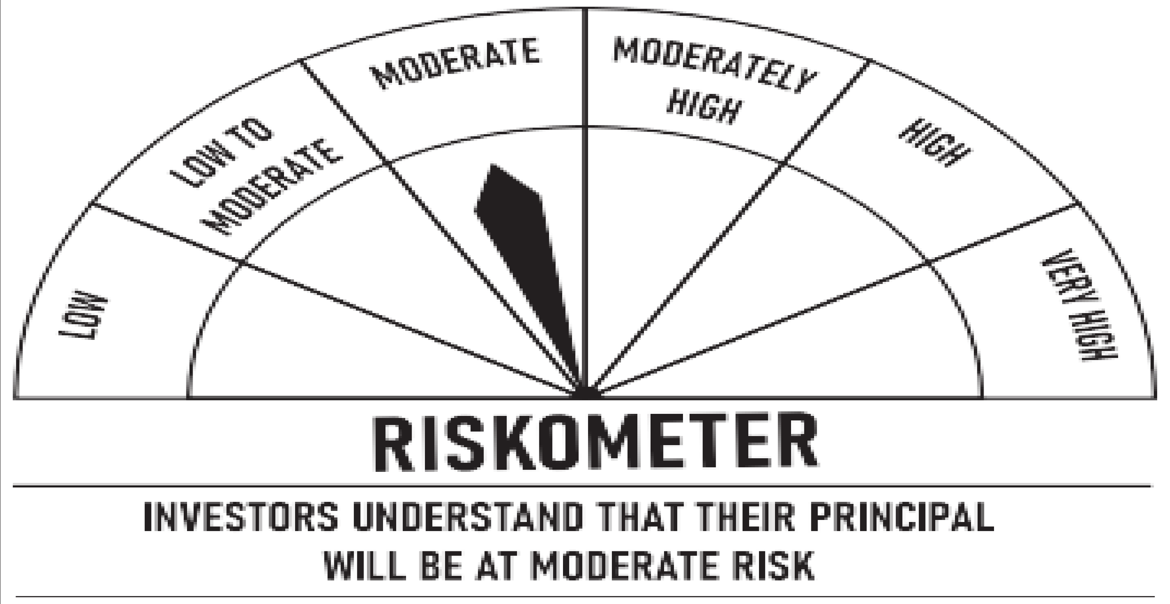
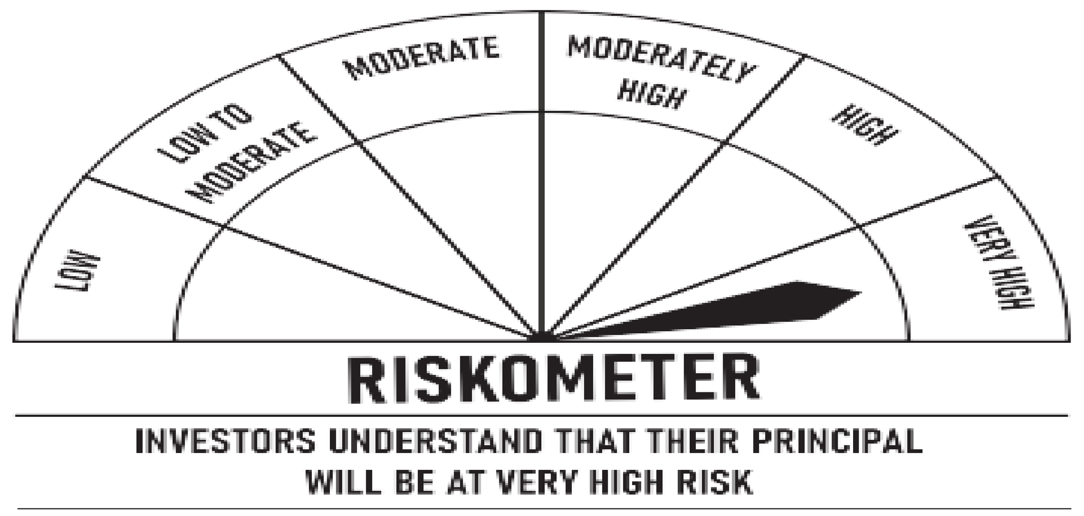
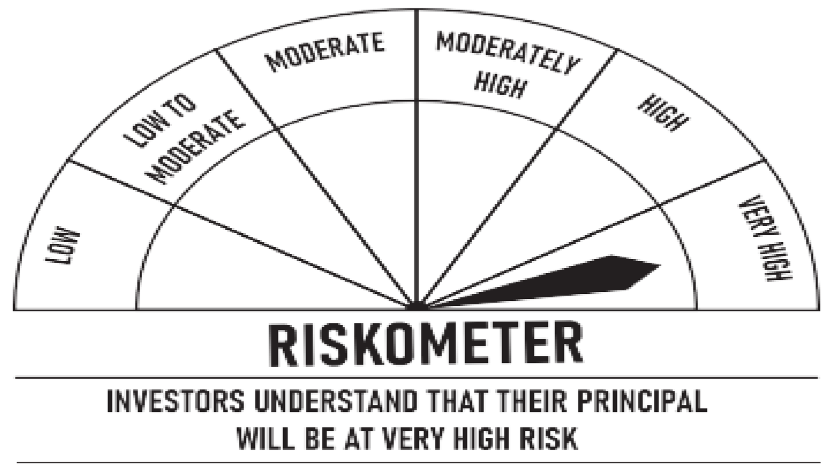
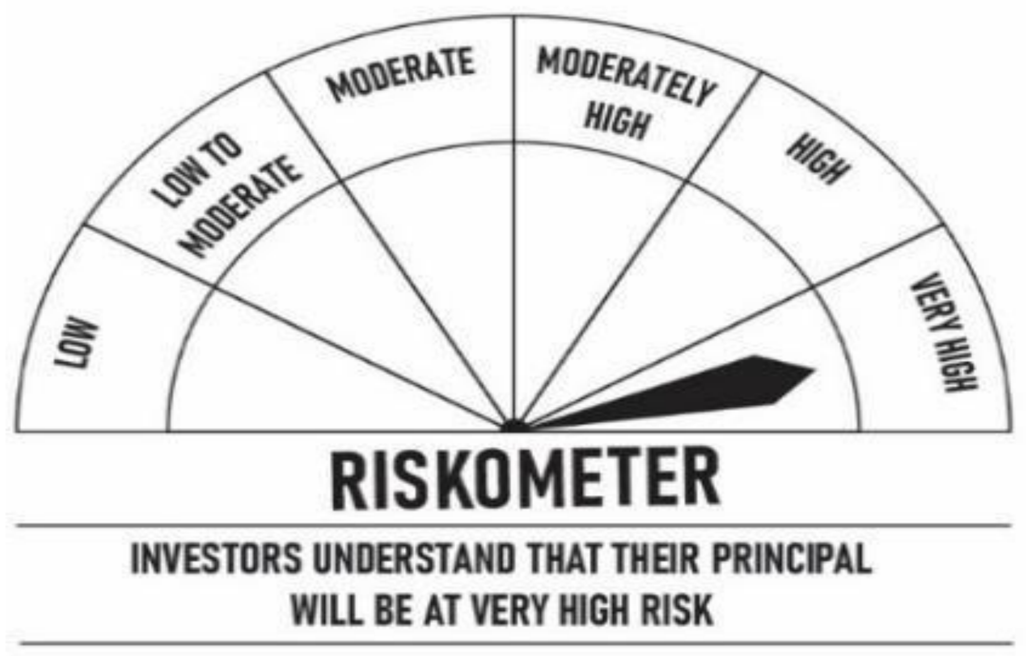
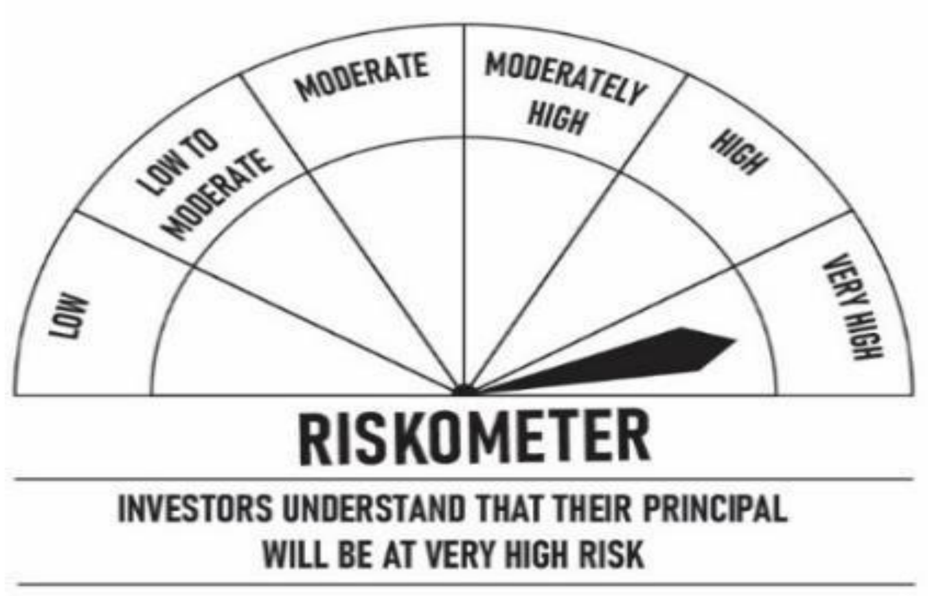
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
DSP World Gold Fund of Fund (An open ended fund of fund scheme which invests into units/securities issued by overseas Exchange Traded Funds (ETFs) and/ or overseas funds and/or units issued by domestic mutual funds that provide exposure to Gold/Gold Mining theme.)	This product is suitable for investors who are seeking* • Long-term capital growth • Investment in units/securities issued by overseas Exchange Traded Funds (ETFs) and/or overseas funds and/or units issued by domestic mutual funds that provide exposure to Gold/Gold Mining theme.		**FTSE Gold Mine TRI (In INR Terms)** 
DSP Quant Fund (An open Ended Equity Scheme investing based on a quant model theme)	This product is suitable for investors who are seeking* •Long-term capital growth •Investment in active portfolio of stocks screened, selected, weighed and rebalanced on the basis of a predefined fundamental factor model		**BSE 200 TRI** 
DSP 10Y G-Sec Fund (An open ended debt scheme investing in government securities having a constant maturity of 10 years. A relatively high interest rate risk and relatively low credit risk.)	This product is suitable for investors who are seeking* •Income over a long-term investment horizon •Investment in Government securities such that the Macaulay duration of the portfolio is similar to the 10 Years benchmark government security		**CRISIL 10 Year Gilt Index** 

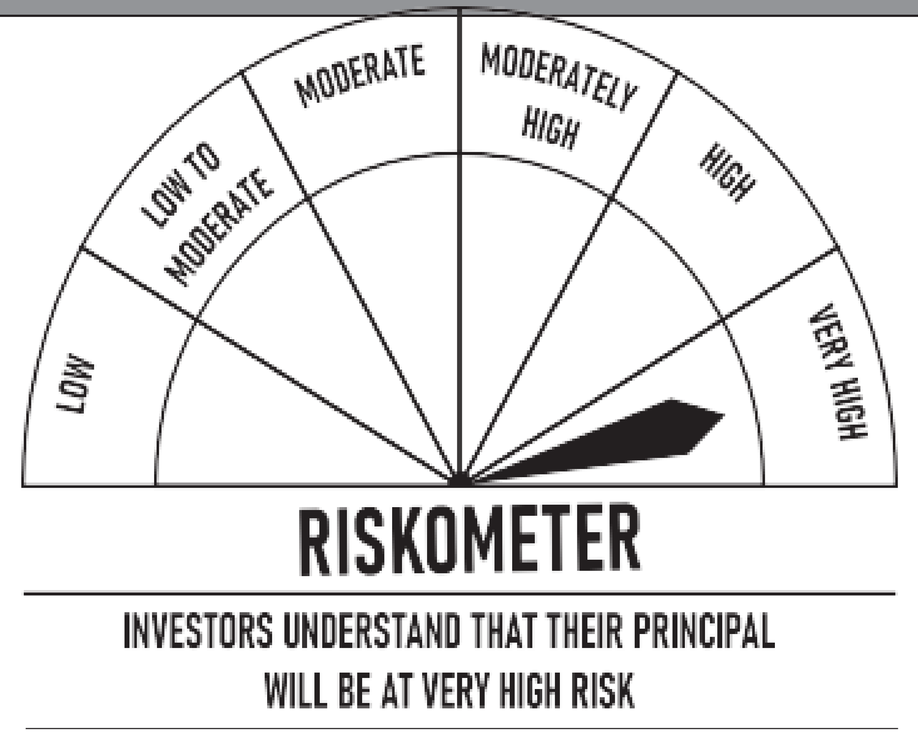
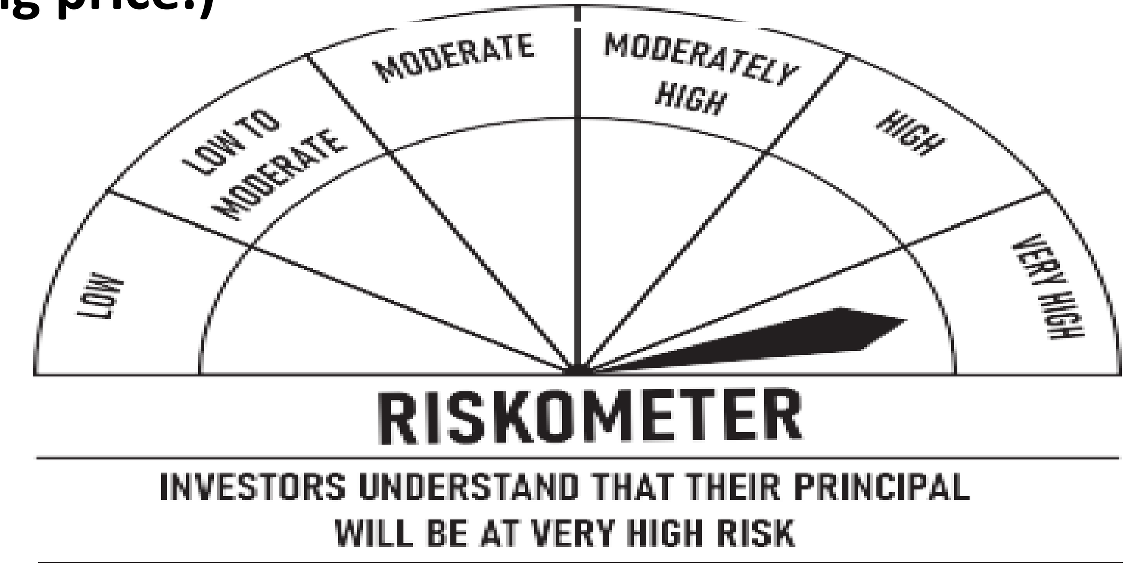
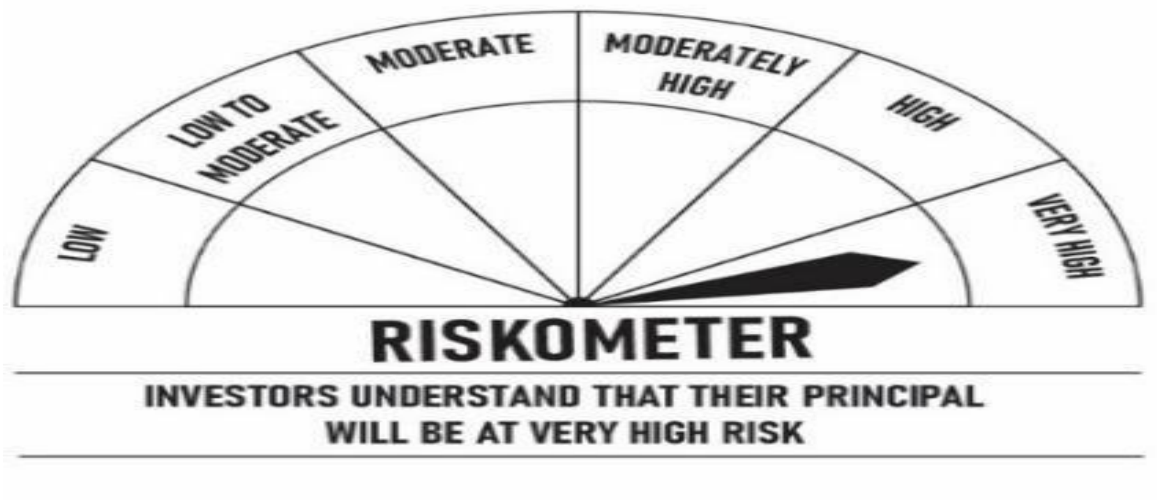
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
DSP Equity Savings Fund (An open ended scheme investing in equity, arbitrage and debt)	This product is suitable for investors who are seeking* •Long term capital growth and income •Investment in equity and equity related securities including the use of equity derivatives strategies and arbitrage opportunities with balance exposure in debt and money market instruments		Nifty Equity Savings Index TRI 
DSP Banking & Financial Services Fund (An open ended equity scheme investing in banking and financial services sector)	This product is suitable for investors who are seeking* •Long-term capital growth •Investments in equity and equity related securities of banking and financial services companies.		Nifty Financial Services TRI 
DSP Top 100 Equity Fund (Large Cap Fund- An open ended equity scheme predominantly investing in large cap stocks)	This product is suitable for investors who are seeking* • Long-term capital growth • Investment in equity and equity-related securities predominantly of large cap companies		BSE 100 (TRI) 

*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
DSP Silver ETF An open ended exchange traded fund replicating/tracking domestic prices of silver	This product is suitable for investors who are seeking* • Portfolio diversification through asset allocation. • Silver exposure through investment in physical silver		**Domestic Price of Physical Silver (based on London Bullion Market association (LBMA) Silver daily spot fixing price.)** 
DSP Multi Asset Allocation Fund An open ended scheme investing in equity/equity related securities, debt/ money market instruments, commodity ETFs, exchange traded commodity derivatives and overseas securities	This product is suitable for investors who are seeking* • Long term capital growth • Investment in a multi asset allocation fund with investments across equity and equity related securities, debt and money market instruments, commodity ETFs, exchange traded commodity derivatives, overseas securities and other permitted instruments		**40% NIFTY500 TRI + 20% NIFTY Composite Debt Index + 15% Domestic Price of Physical Gold (based on London Bullion Market Association (LBMA) gold daily spot fixing price) + 5% iCOMDEX Composite Index + 20% MSCI World Index** 

*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

Potential Risk Class matrix for debt scheme(s) of the fund

<table>
<tr><th>Scheme names</th><th colspan="4">Potential Risk Class Matrix (PRC Matrix)</th></tr>
<tr><td rowspan="6">DSP Savings Fund</td><td colspan="4">Potential Risk Class</td></tr>
<tr><td>Credit Risk →
Interest Rate Risk ↓</td><td>Relatively Low (Class A)</td><td>Moderate (Class B)</td><td>Relatively High (Class C)</td></tr>
<tr><td>Relatively Low (Class I)</td><td>-</td><td>B-I</td><td>-</td></tr>
<tr><td>Moderate (Class II)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Relatively High (Class III)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td rowspan="5">DSP Short Term Fund</td><td colspan="4">Potential Risk Class</td></tr>
<tr><td>Credit Risk →
Interest Rate Risk ↓</td><td>Relatively Low (Class A)</td><td>Moderate (Class B)</td><td>Relatively High (Class C)</td></tr>
<tr><td>Relatively Low (Class I)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Moderate (Class II)</td><td>A-II</td><td>-</td><td>-</td></tr>
<tr><td>Relatively High (Class III)</td><td>-</td><td>-</td><td>-</td></tr>
</table>

Potential Risk Class matrix for debt scheme(s) of the fund

DSP Strategic Bond Fund

Potential Risk Class			
Credit Risk → Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)	-	-	-
Moderate (Class II)	-	-	-
Relatively High (Class III)	-	B-III	-

DSP 10y G-Sec Fund

Credit Risk → Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)	-	-	-
Moderate (Class II)	-	-	-
Relatively High (Class III)	A-III	-	-

DSP CRISIL SDL Plus G-Sec Apr 2033 50:50 Index Fund

Credit Risk → Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)	-	-	-
Moderate (Class II)	-	-	-
Relatively High (Class III)	A-III	-	-

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Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. There is no assurance of any returns/capital protection/capital guarantee to the investors in this scheme of DSP Mutual Fund. There is no assurance of any returns/capital protection/capital guarantee to the investors in this scheme of DSP Mutual Fund. Large caps are defined as top 100 stocks on market capitalization, mid caps as 101 250 small caps as 251 and above. For index disclaimer, Click here

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For scheme specific risk factors, Asset Allocation details, load structure, investment objective and more details, please read the Scheme Information Document and Key Information Memorandum of the scheme available on ISC of AMC and also available on www.dspim.com.“

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