DSP

THE NAVIGATOR

What do I do with my money?

June 2023

Objective: Why Navigator?

1. At DSP, we aim to help investors identify the right theme/fund at the right time for a smoother journey. In the past, we have stopped subscriptions to DSP Small Cap fund, gave a buy call on DSP Healthcare Fund, gave a sell on commodities and a buy on financials at the most opportunistic times

2. The team at DSP crafts many knowledge enhancing products such as **Netra**, **Tathya**, **The Transcript**, **The Report Card** , **Converse** etc. Navigator aims to bring some of these insights together and recommends funds too

3. For anyone interested in knowledge enhancement, it offers a rounded perspective on drivers of returns- earnings, valuations, macros, flows, interest rates and gives pointed views on asset classes.

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).

The Drivers Of Returns

- Valuations
- Earnings
- Macros & Flows
- Interest rate cycle

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Navigating today: What Are We Saying?

1. India has done reasonably well, taking the valuations to average. At this juncture, while we see volatility ahead, we recommend to stick to equity allocation of 60%, as previously advocated in Navigator, Mar-23

2. Excessive monetary tightening can take away growth. India, however, is doing well. If inflation eases faster than expected, some more positive surprise can come through

3. The sectors that we recommended in the **March edition: B**anking, Automobiles, Pharmaceuticals/ Healthcare have done reasonably well and we continue to stay with them. Additionally, margin expansion has finally come through and we are scouting opportunities in cement and agrochemicals

4. **We reiterate, we are in a multi-year bull market with intermittent pull backs and corrections. Asset allocation can smoothen the journey**

5. In fixed income, there's a consolidation phase. Change in data can bring the next rally in bonds. We recommend to wait for the data to change before adding further to duration.

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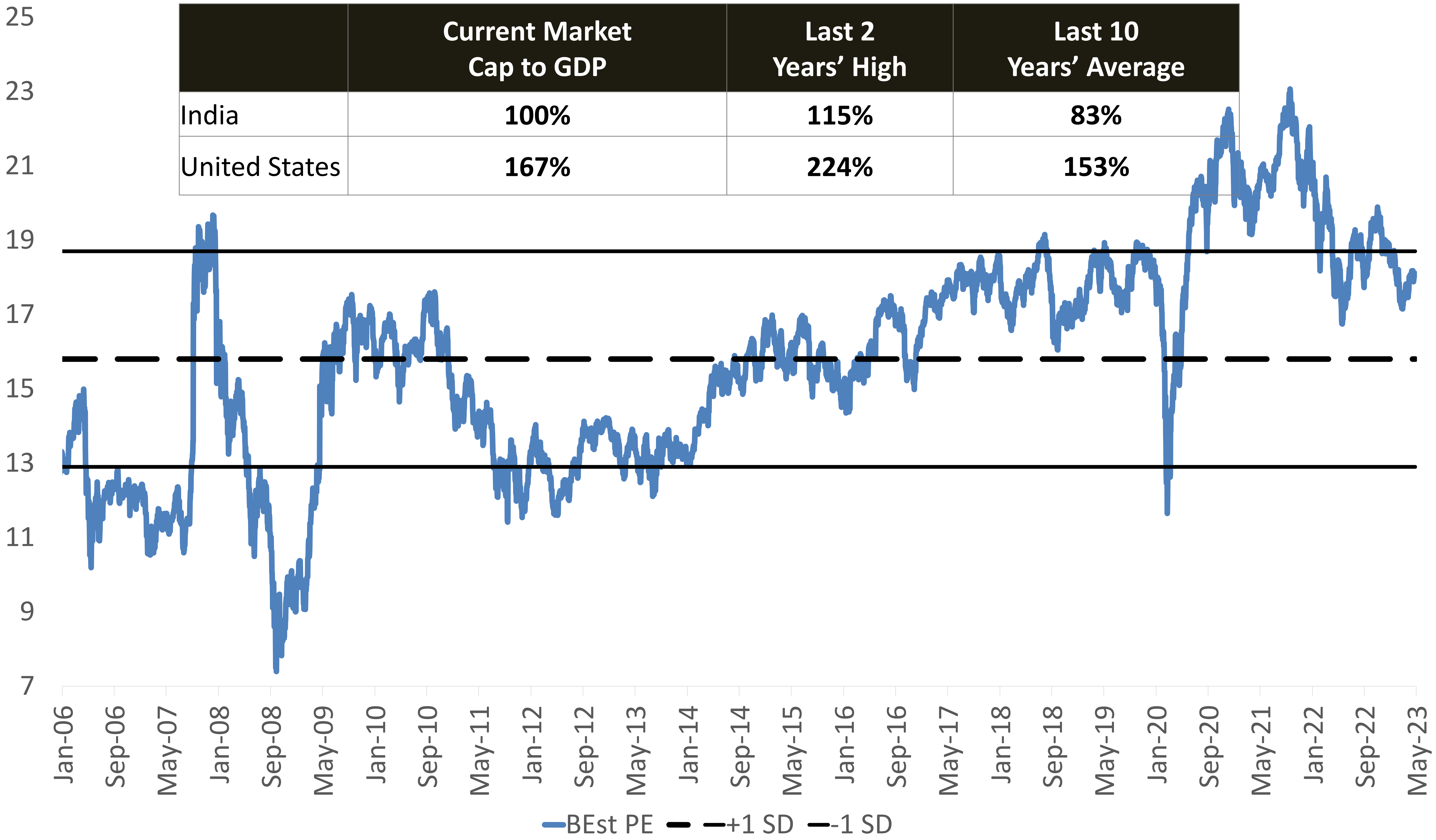
Valuations: At Average

Valuations Are Average, Stick To Similar Equity Allocation

	Current Market Cap to GDP	Last 2 Years' High	Last 10 Years' Average
India	**100%**	**115%**	**83%**
United States	**167%**	**224%**	**153%**



In the last Navigator, we had said that NIFTY 50 below 17, 400 should be used as an opportunity to add equity (NIFTY 50 Index as on 15th March was 16972). Markets did provide an opportunity to raise equity allocation. As we stand today, NIFTY 50* Index has risen to 18710 levels.

Today, we think not much needs to be changed in equity allocation of 60%. Inaction can sometimes be the biggest action. Is all glorious? We don't know. All we know is that there are more positives than negatives.

Earnings downgrade have been cooked into valuations and less likely ahead, FII flows have turned positively, and economic growth is steady.

Therefore, our call is to stick to equity levels of 60%. We acknowledge that valuations are slightly above average but remain within our comfort zone.

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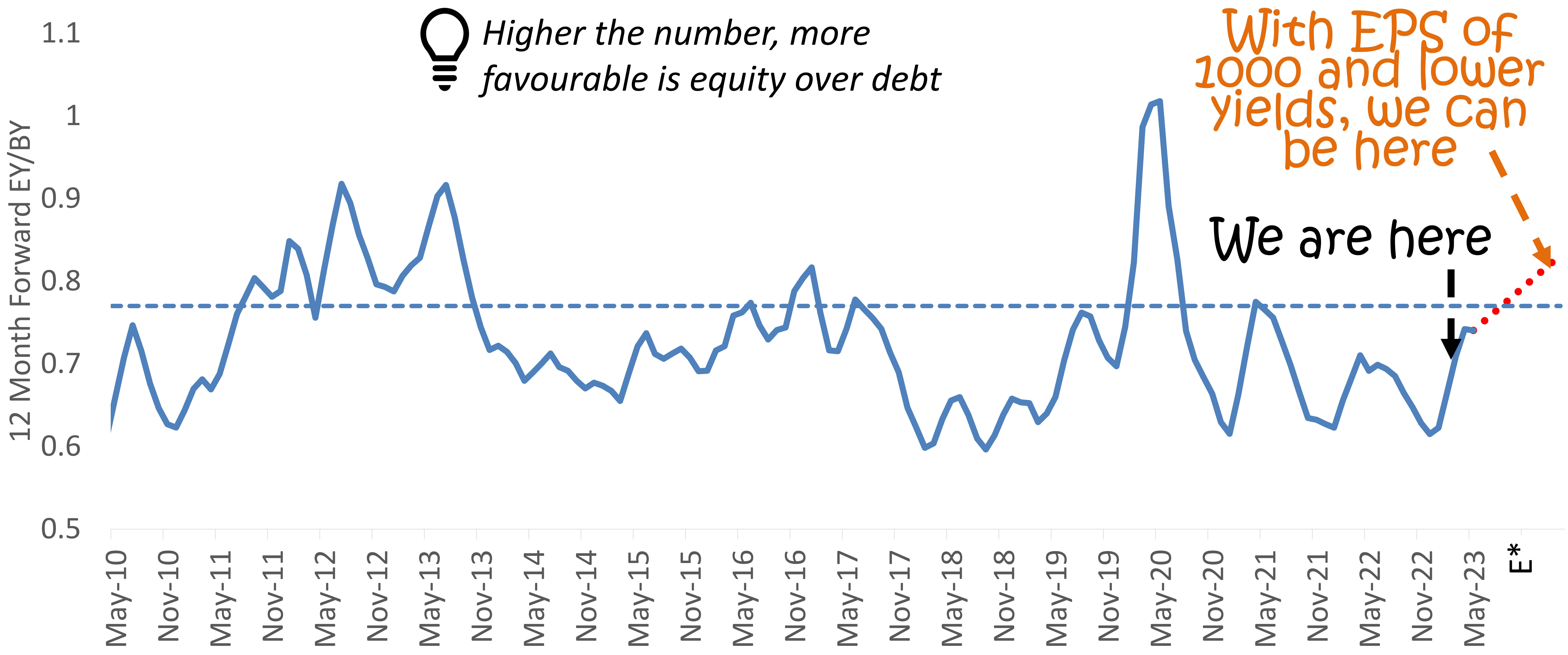
Source: Bloomberg as on 26th May 2023, **NIFTY50 Index at 18710 as on 15th June 2023*

P/E= Price to Earnings; EPS= Earnings Per Share, BEst- Bloomberg Estimate, FII=Foreign Institutional Investors

Easing Of Interest Rates + Better Earnings Is Positive For Equity

The view of lower interest rate ahead bodes well for relative valuation for equity. Sticking to equity allocation is possibly the best thing to do



Domestic earnings have been strong. The interest rate cycle is expected to turn towards lower interest rates. Indian companies usually see good earnings momentum when interest rates fall. Can this be that kind of year? Possibly, yes.

There is a possibility of a delay in monetary easing. This remains a key risk to this hypothesis. RBI's policy stance in the upcoming policy could be an indicator for possible easing or a long pause for the rest of FY24.

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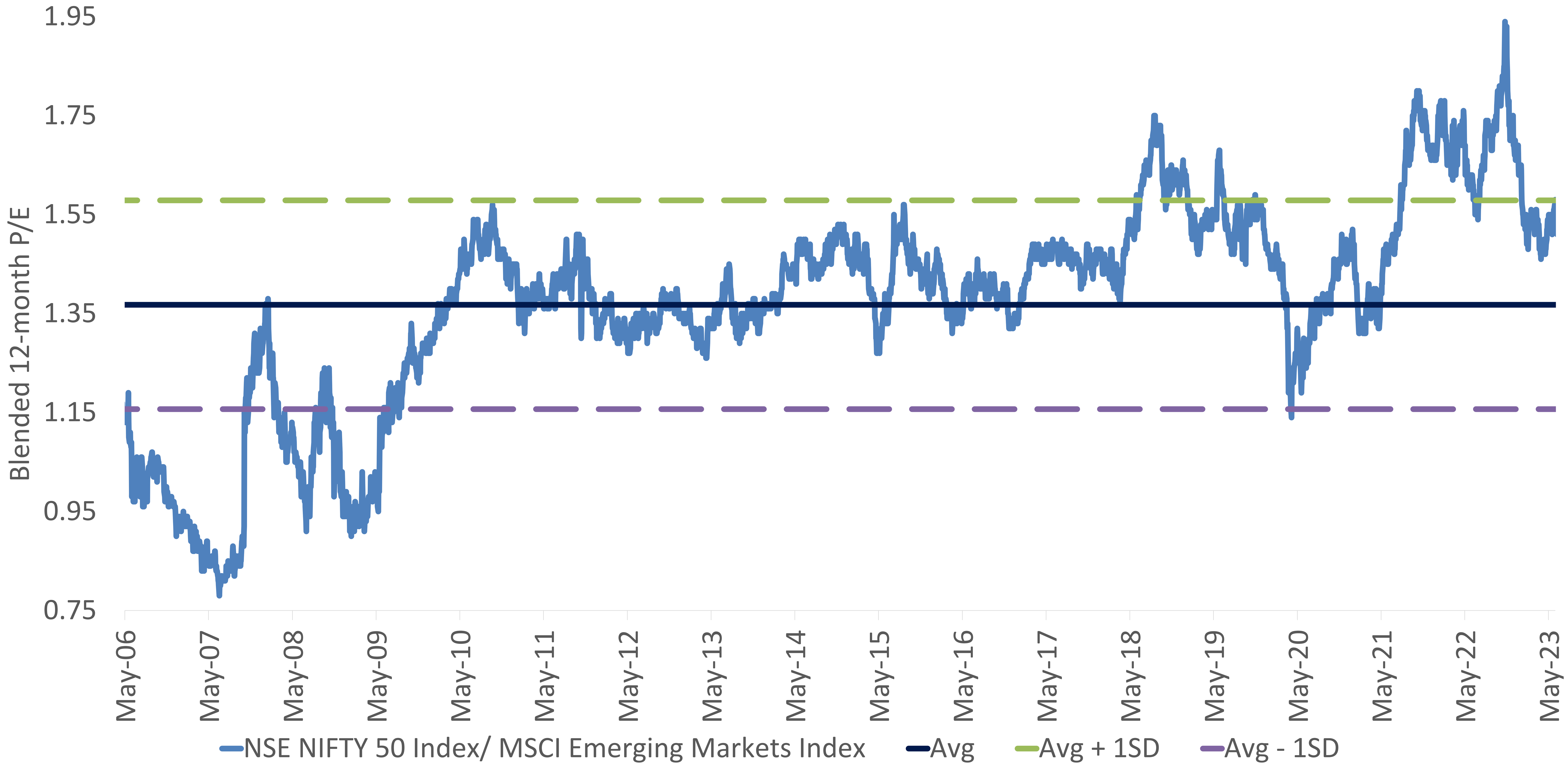
Source: Bloomberg as on May, 2023. EY- Earning Yields, BY- Bond Yields. E*- Represents Estimates

Even On Relative Front, Valuations Appears Pretty Average

India is trading at some premium to EMs but the premium isn't at warning levels. Good earnings will aid India.



India has historically commanded some premium to EMs. Off late, the premium has increased as the EM valuation fell sharply. **However, even within the EM basket, there are very few countries which are promising a combination of good earnings and reasonable valuations.**

Given the fundamentals, it makes sense to stick to the India equity allocation. There's possibly some more opportunity here, though it may come with some volatility.

EM peers continue to depict challenging dynamics for corporate earnings while India is witnessing steady growth in corporate profits.

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Source: Bloomberg as on May, 2023

SD= Standard Deviation, P/E- Price to Earnings, EM- Emerging Market

Earnings: An Exceptional Time?

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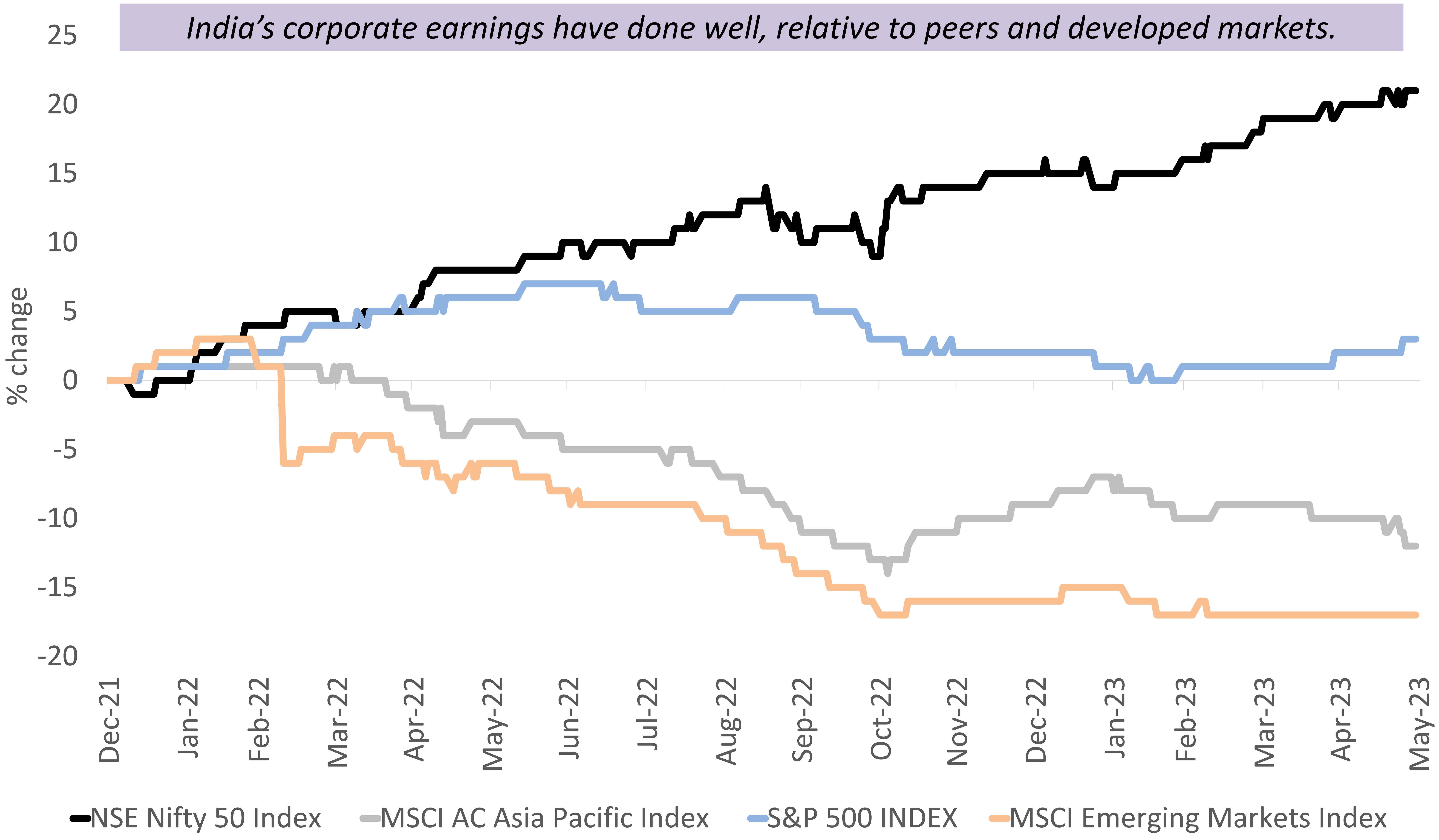
India Has Delivered Strong Earnings Growth



Among the global peers, India has promised and delivered good earnings. While other regions have seen flat to negative trend in corporate profitability, India has done relatively well.

Good earnings potential along with reasonable valuations indicates that it is a time to stay invested.

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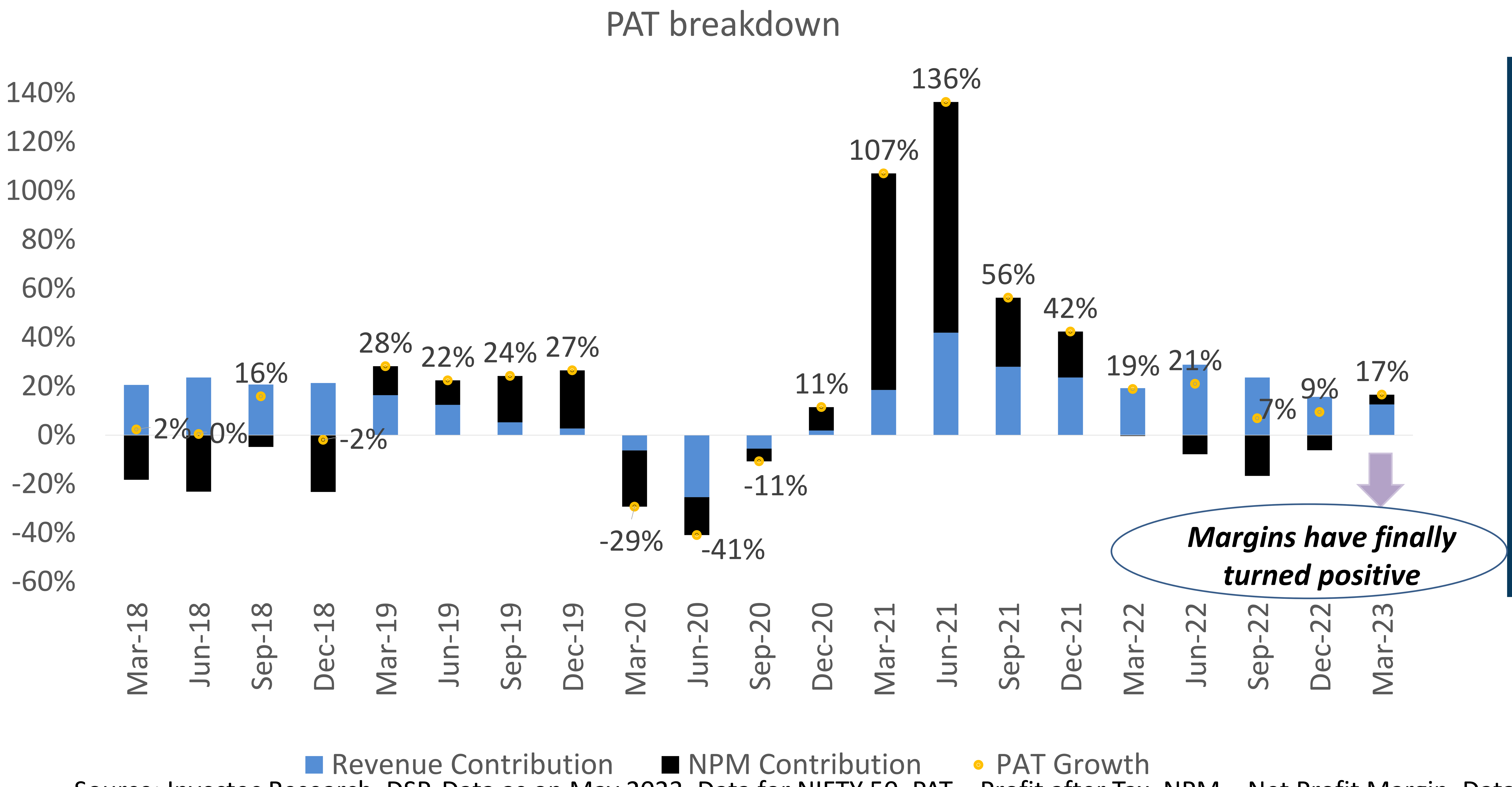
Source: Bloomberg, DSP Research, Data as on May 2023,
*BEst- Bloomberg Estimate, EM- Emerging Markets

Margins: Turning The Tide

With input prices easing, margin contraction was set to get better. Q3FY23 results reflected it.



The highlight of the earnings season is the margins turning positive. We have been arguing in the past three versions of Navigator that with wholesale prices easing faster than retail prices, it will be a time for margin stability & a likely expansion in next few quarters.

Sectors such as Cement, FMCG, agrochemicals, Autos directly stand to benefit as raw materials price falls and margins expand. We are on lookout for opportunities in these sectors.

Source: Investec Research, DSP, Data as on May 2023, Data for NIFTY 50. PAT – Profit after Tax, NPM – Net Profit Margin. Data of Axis is adjusted for Citi Acquisition

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Earnings Were Robust In Select Sectors

Net Income- YoY	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Jun-22	Sep-22	Dec-22	Mar-23
Consumer Discretionary*	17%	11%	4%	-21%	-21%	33%	47%	31%	41%	51%	48%
Consumer Staples	14%	13%	13%	19%	0%	10%	22%	13%	16%	20%	22%
Energy	-3%	9%	28%	-21%	28%	41%	4%	47%	18%	6%	6%
Financials^	-17%	-8%	39%	51%	18%	37%	38%	39%	33%	33%	33%
Health Care	12%	-47%	38%	18%	2%	27%	59%	23%	20%	10%	26%
Industrials	33%	10%	19%	5%	21%	-17%	23%	41%	11%	16%	21%
Information Technology	10%	3%	13%	5%	6%	17%	6%	7%	5%	6%	6%
Materials	146%	173%	-4%	-19%	48%	157%	-56%	43%	-13%	-40%	-56%
Utilities	1%	10%	17%	-4%	23%	29%	-2%	3%	5%	4%	-2%
Nifty	1%	8%	6%	-1%	23%	47%	12%	32%	17%	11%	11%

The sectoral pockets which have more opportunity have also been backed by decent earnings growth in the past quarter.

We continue to look for earnings driven comfort for our investment thesis.

Want to understand the most from corporate commentaries?
Read: The Transcript

To read more on results: The Report Card

Source: Bloomberg, Investec Research, DSP, Data as on May, 2023

*ex Tata Motors, ^Data of Axis is adjusted for Citi Acquisition, red to blue indicates worst to best data in that order

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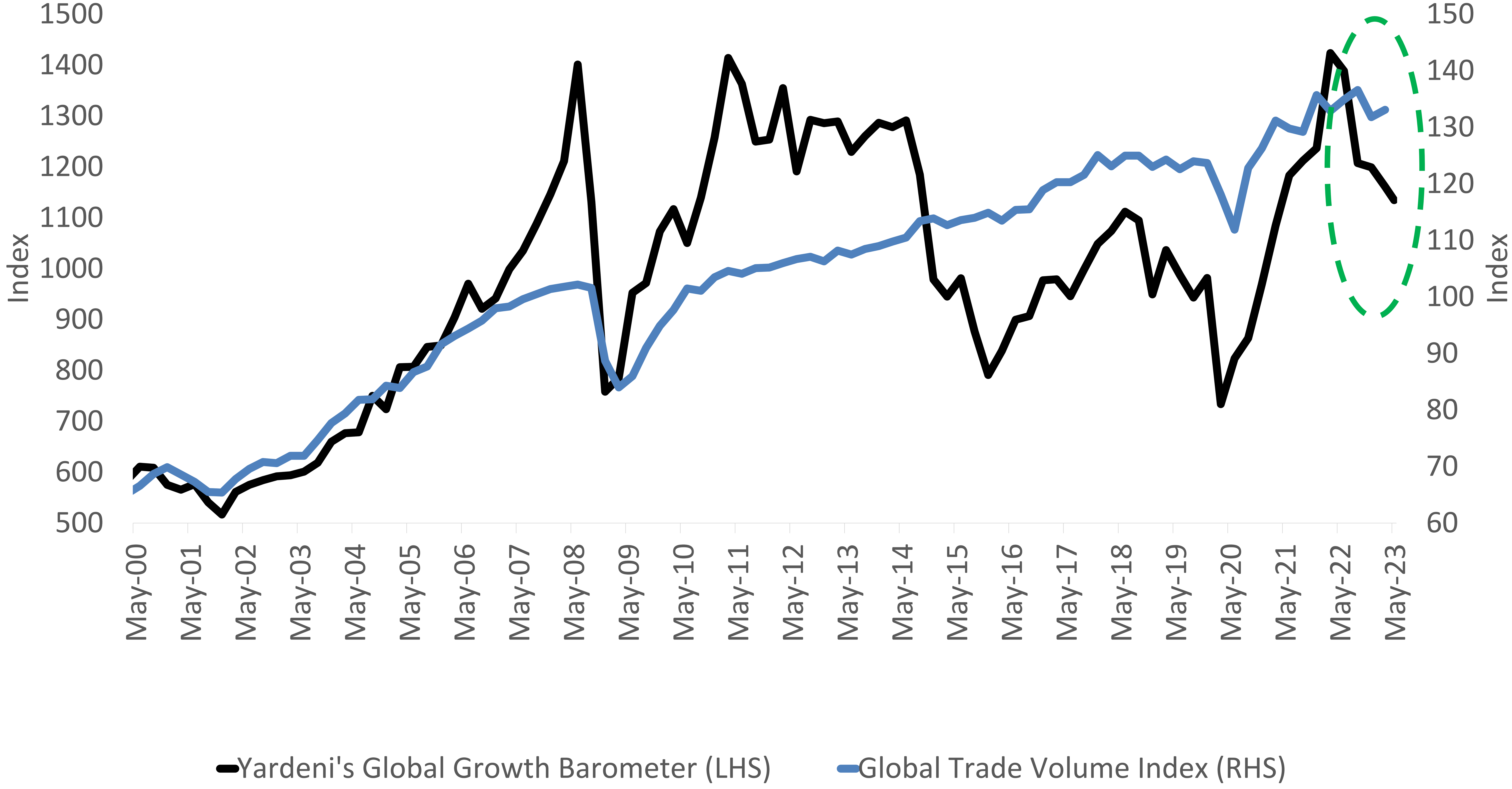
Macros & Flows: A Bolt From The Blue

Global Lead Indicators Are Already In Slowdown

The slowdown is here, and we sailing in it. Can it get worse before it gets better?



The slowdown in global lead data is here. What does it take for Global Central Banks to pivot to rate cut?? Possibly, a turn in hard data.

US Federal Reserve, the ECB and BOE have been vocal about orchestraing a slowdown to control in inflation. The lag effect of higher rates and rising borrowing costs is likely to show up in the second half of CY23.

However, the current slowdown could be shallow given that labour markets remain robust.

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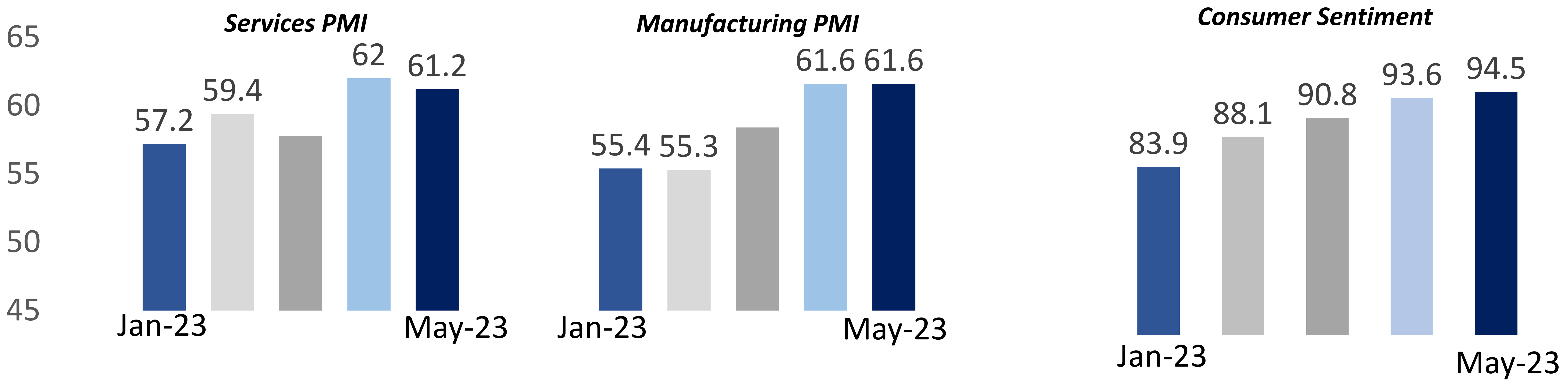
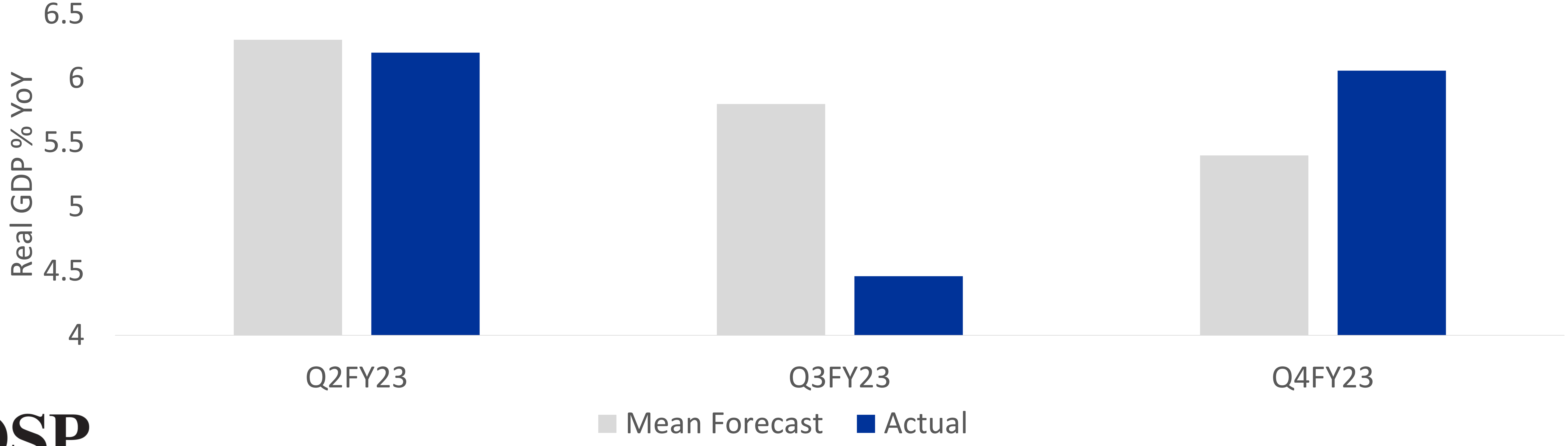
Source: Bloomberg, DSP, Data as on May 2023

There's Marked Strength In Lead Indicators

The economic high frequency data has stayed robust



Real GDP exceeded consensus significantly in the last quarter



We have been highlighting robustness in most high frequency data. There were more positives than negatives all through. The big surprise came in when Q4FY23 GDP came in at 6.1%, approximately 100 bps higher. FY23 ended at real GDP growth 7.2% vs the consensus of 7%.

While the global slowdown worries prevail, its impact on Indian growth has been minuscule so far.

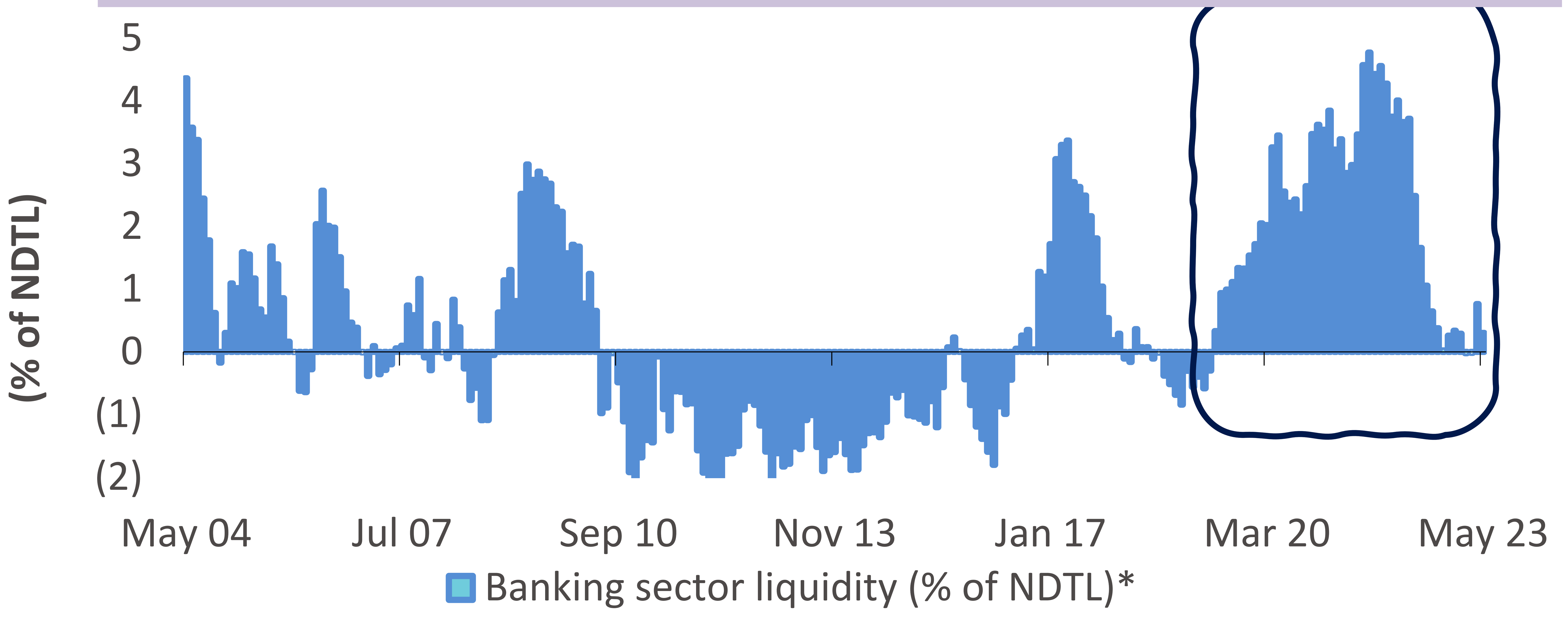
Read: Tathya

Source: CMIE, Data as on May 2023

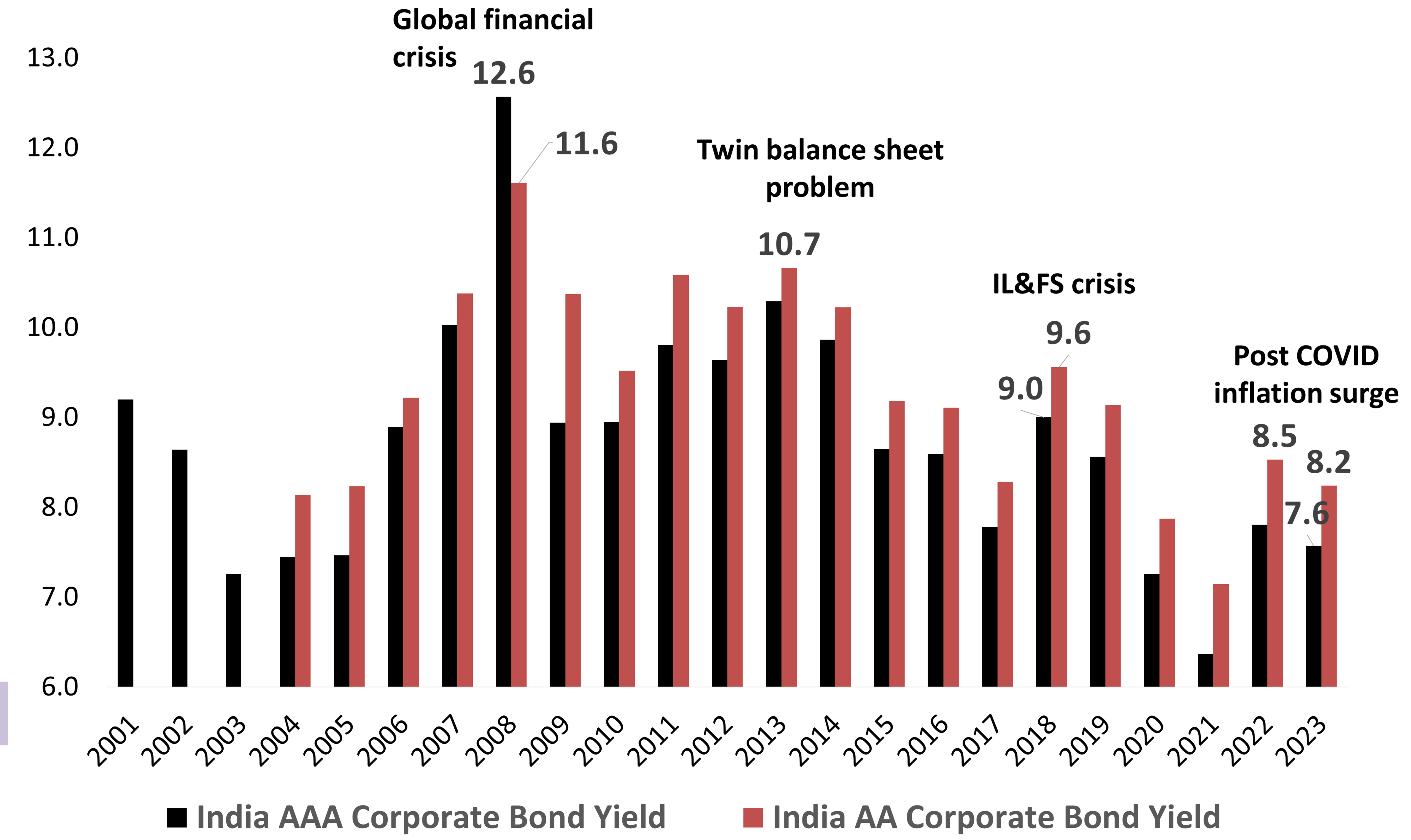
PMI- Purchasing Manager's Index, GDP- Gross Domestic Product, YoY- Year-on-Year

Easy Monetary Policy + Digitization = Reflation?

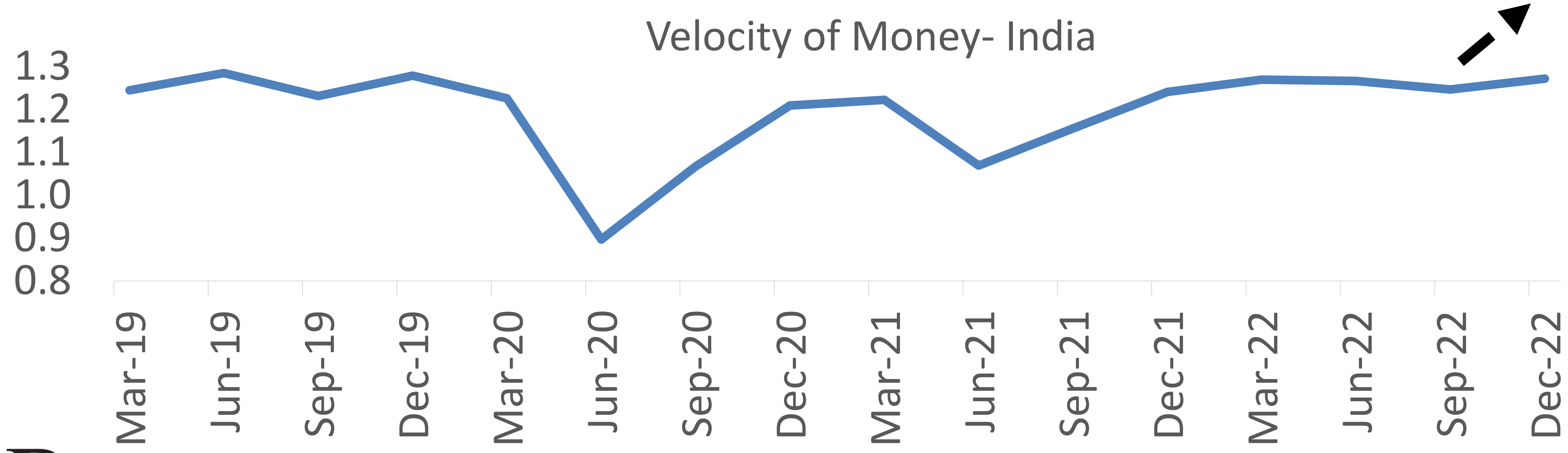
Longest phase of surplus liquidity…



…alongside limited increase in rates can help sustained growth



Can digitization increase velocity of money? Studies say so…



As per the monetary economics, Output= MV (Money Supply X Velocity of Money). We stand at a juncture where we have the least restrictive monetary policy tightening cycle and digitization, that is expected to help velocity of money. This can support India's growth

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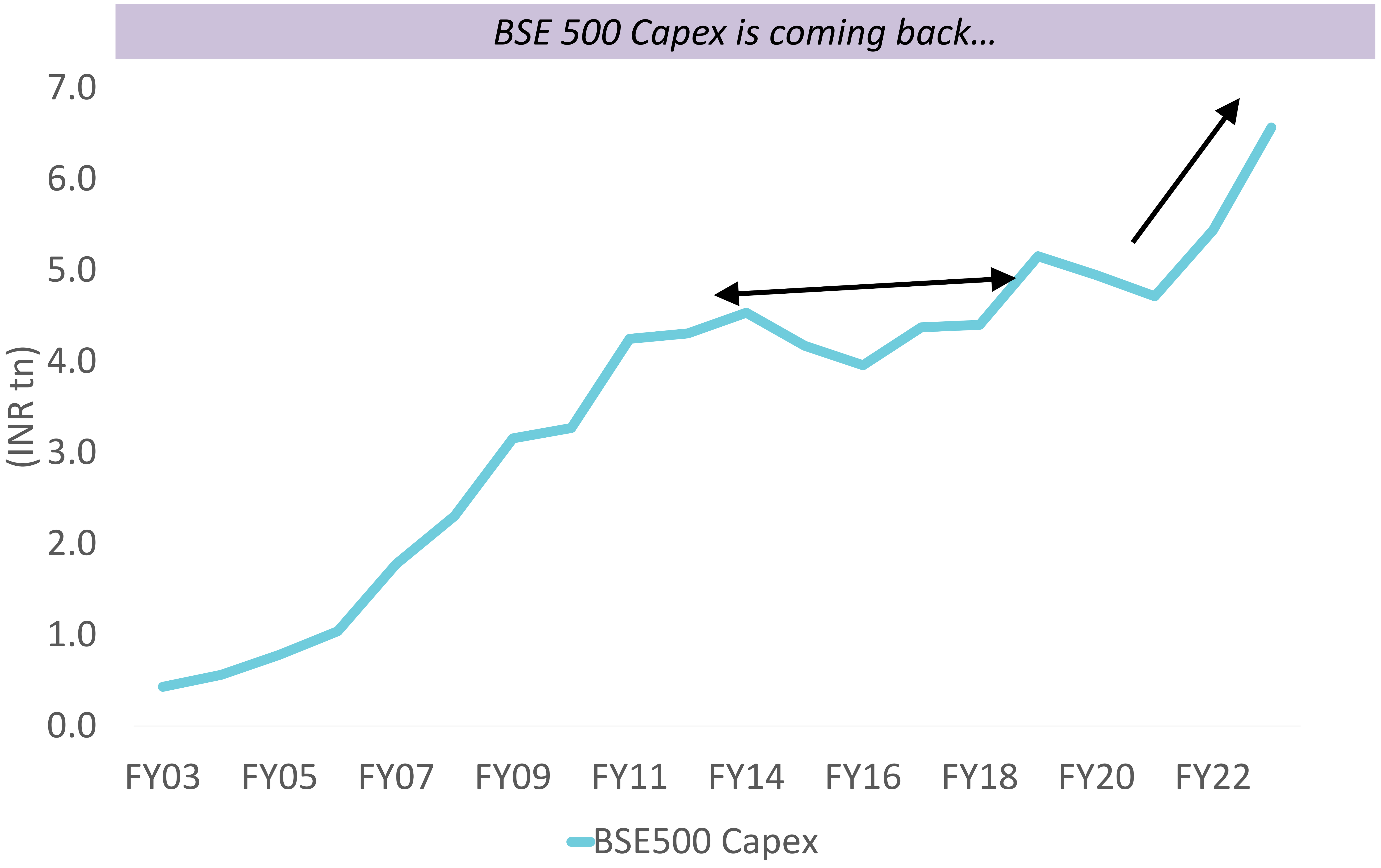
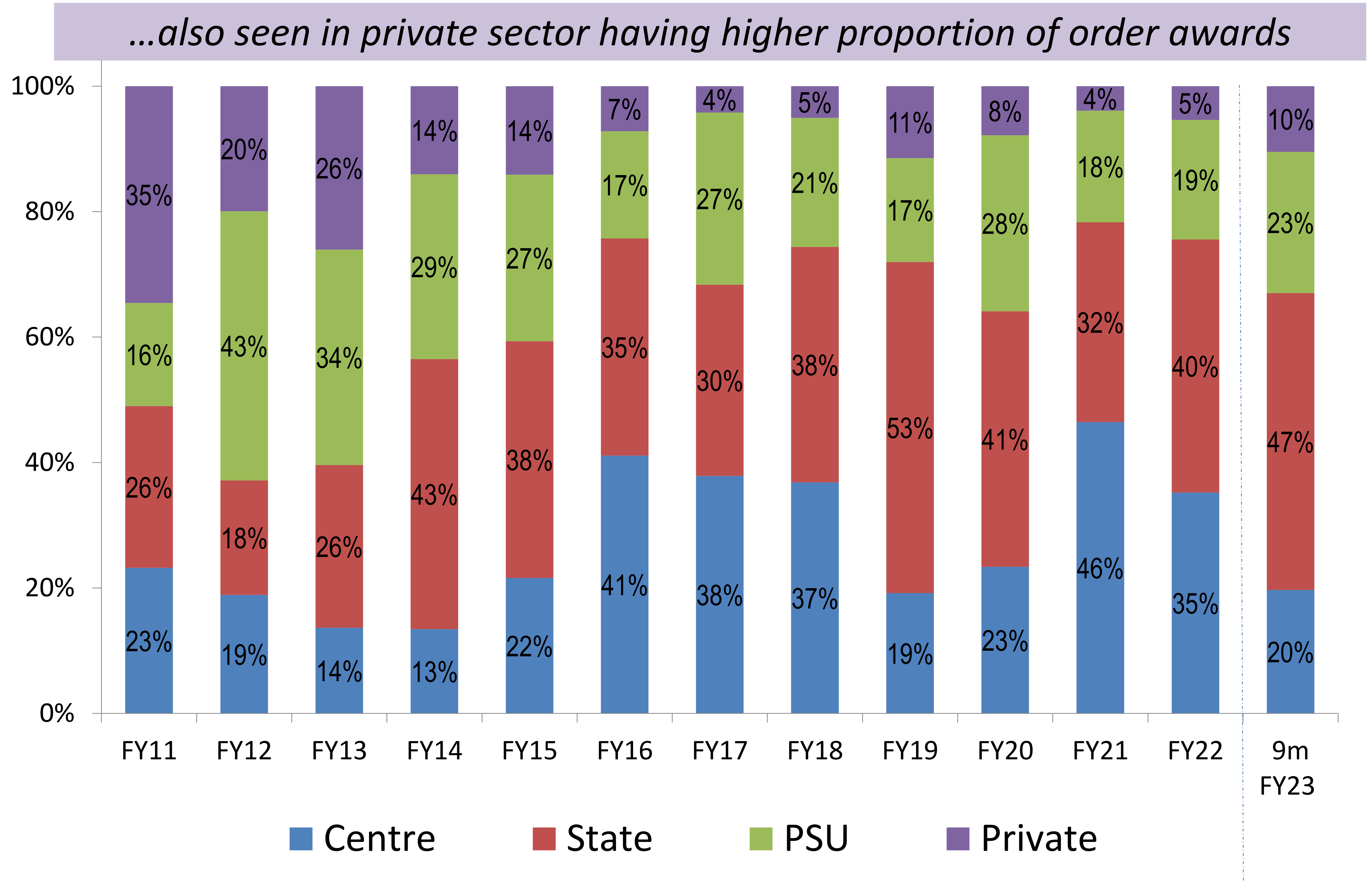
Source: CMIE, BIS, DSP, Data as on May 2023

*NDTL- Net Demand and Time Liabilities

Private Capex Is Bouncing Back?





So far, the capex story has been that of public expenditure push. The tide is turning with private capex coming back, albeit from few sectors such as oil and gas. Given that interest rate cycle can ease and we are sitting in the least constrictive monetary policy, can we re-ignite the animal spirits? If yes, that will further add to the investments driven growth

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Source: Nuvama, CMIE, BIS, DSP, Data as on May 2023

Capex- Capital Expenditure, PSU- Public Sector Units

DSP Capex Tracker: Scorecard Is Healthy

	Units	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	3 Year CAGR
New Investments	INR Billion	5279	1829	2869	1815	3429	4340	4057	4314	9679	5323	4874	7767	11939	31%
OBICUS Capacity utlisation	Per cent	70	47	63	67	69	60	68	72	75	72	74	74		
Central Govt Capex	INR Billion	801	883	776	1431	1166	1115	1179	1623	2005	1751	1678	1471	2464	45%
Aggregate New Orders	INR Billion	835	482	897	1518	2157	702	945	1296	1675	1448	425	542	1802	29%
Cement Volumes	Million Tonnes	87	53	69	81	93	93	93	93	81	93	47	70	83	-2%
Import of engineering goods	USD Billion	23	13	16	22	25	23	22	28	28	27	30	35	31	10%
Industrial credit	INR Trillion	30	29	28	28	29	29	29	30	32	32	32	33	33	4%
IIP- Capital Goods	Index	91	35	79	91	99	74	92	88	100	96	99	96	110	7%
Housing loans	INR Trillion	14	14	14	14	15	15	16	16	17	17	18	19	19	12%

DSP Capex tracker shows that most macro indicators are looking healthy. New investments have moderately slowed but given that implementation has picked up, it is overall healthy. There's fiscal support to investments, private investments can still do better.

Source: CMIE, DSP, Data as on May, 2023, red to blue indicates worst to best data in that order

CAGR- Compound Annual Growth Rate

FII Flows Have Made A Come Back

Flows		Q2CY23 QTD	Q1 CY23	CY22	CY21	CY20	% contribution to flows CY22	CY21	CY20	Jan-Nov'20
Auto	Automobile and Auto Components	**1.3**	0.6	-0.1	0.1	0.9	53%	1%	2%	4%
Finance	Financial Services	**3.1**	-1.9	-8.1	-2.1	7.2	14%	49%	-56%	31%
IT	Information Technology	**-0.7**	-1.0	-9.3	-3.2	0.3	-79%	56%	-87%	1%
O&G	Oil & Gas	**0.4**	-2.4	-2.8	0.6	0.9	-93%	17%	16%	4%
Consumer (incl. Media)	(FMCG+Durables)	**0.7**	-0.3	-1.3	3.8	5.2	19%	8%	103%	23%
Utilities (Incl. Telcos)	Utilities	**0.1**	-0.4	1.0	2.3	-1.3	-18%	-6%	63%	-6%
Healthcare	Healthcare	**0.4**	-0.1	1.8	-0.5	1.3	15%	-11%	-13%	6%
Industrials (Inc. Cement)	Construction Materials	**0.8**	1.3	0.0	1.0	1.0	87%	0%	27%	4%
Metals	Metals & Mining	**0.1**	0.6	0.5	-0.3	0.0	39%	-3%	-7%	0%
Others	Others	**0.6**	0.4	1.8	2.0	7.6	63%	-11%	53%	33%
Total		**6.7**	-3.2	-16.5	3.7	23.1	100%	100%	100%	100%

India has been missing on its FII flows for a while. CY2023 has started on a good note but the flows are far from their potential. The sectors which have benefitted in this cycle such as Autos, Financial Services, Healthcare, industrials have gotten more flows. Cumulatively, however, with relative strength of Indian macros, better earnings potential and dollar weakening, flows to India should benefit.

Source: CMIE, Investec Research, DSP, Data as on May, 2023, red to blue indicates worst to best data in that order QTD- Quarter to Date

Interest Rates: Long Pause?

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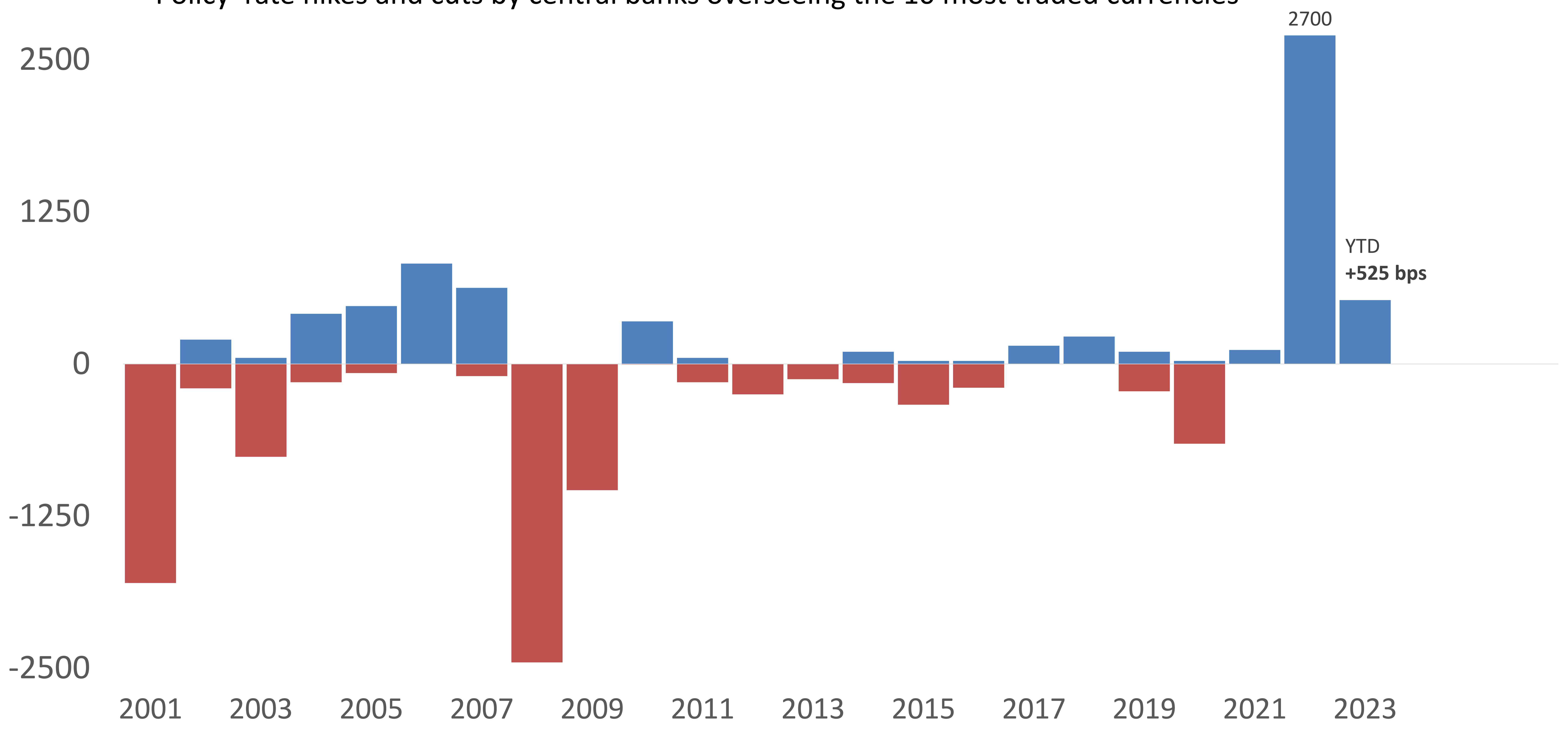
Beyond The Pale Tightening, Can The Cycle Reverse Quickly?

Globally, this has been an intense hike cycle, to reverse quickly?

Policy rate hikes and cuts by central banks overseeing the 10 most traded currencies*



The post-covid hike cycle was significantly swift, delivering the most hikes in last two decades. In 2023, this has already to ease with global central banks opting for a pause. There's a case for inflation to ease fast, which can bring central banks to cut rates as soon as second half of this fiscal year.

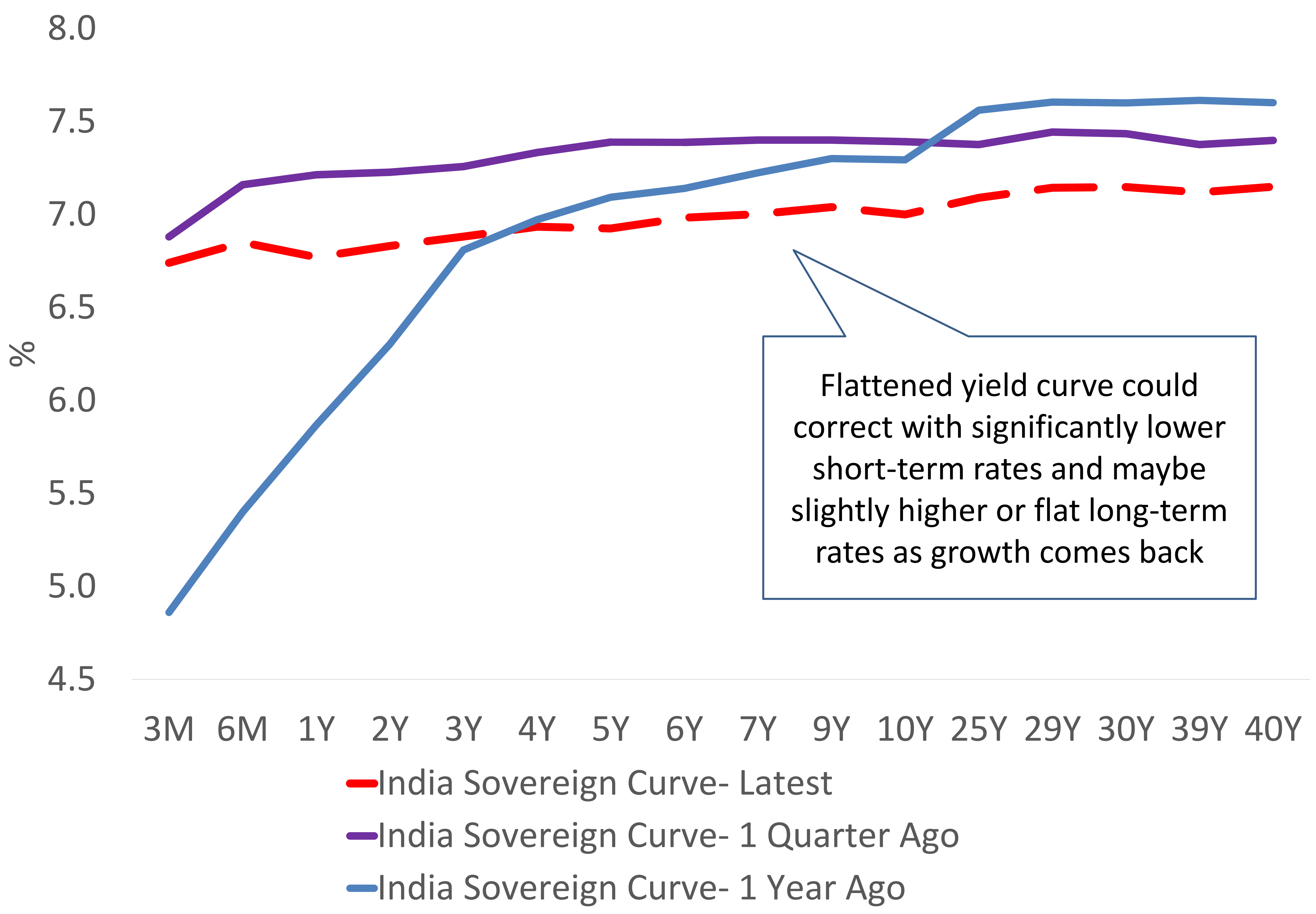
If that plays out, dollar can weaken further and benefits to Emerging Markets could percolate. On the debt front, adding duration tactically would continue to be a preferred method.

Read: Converse

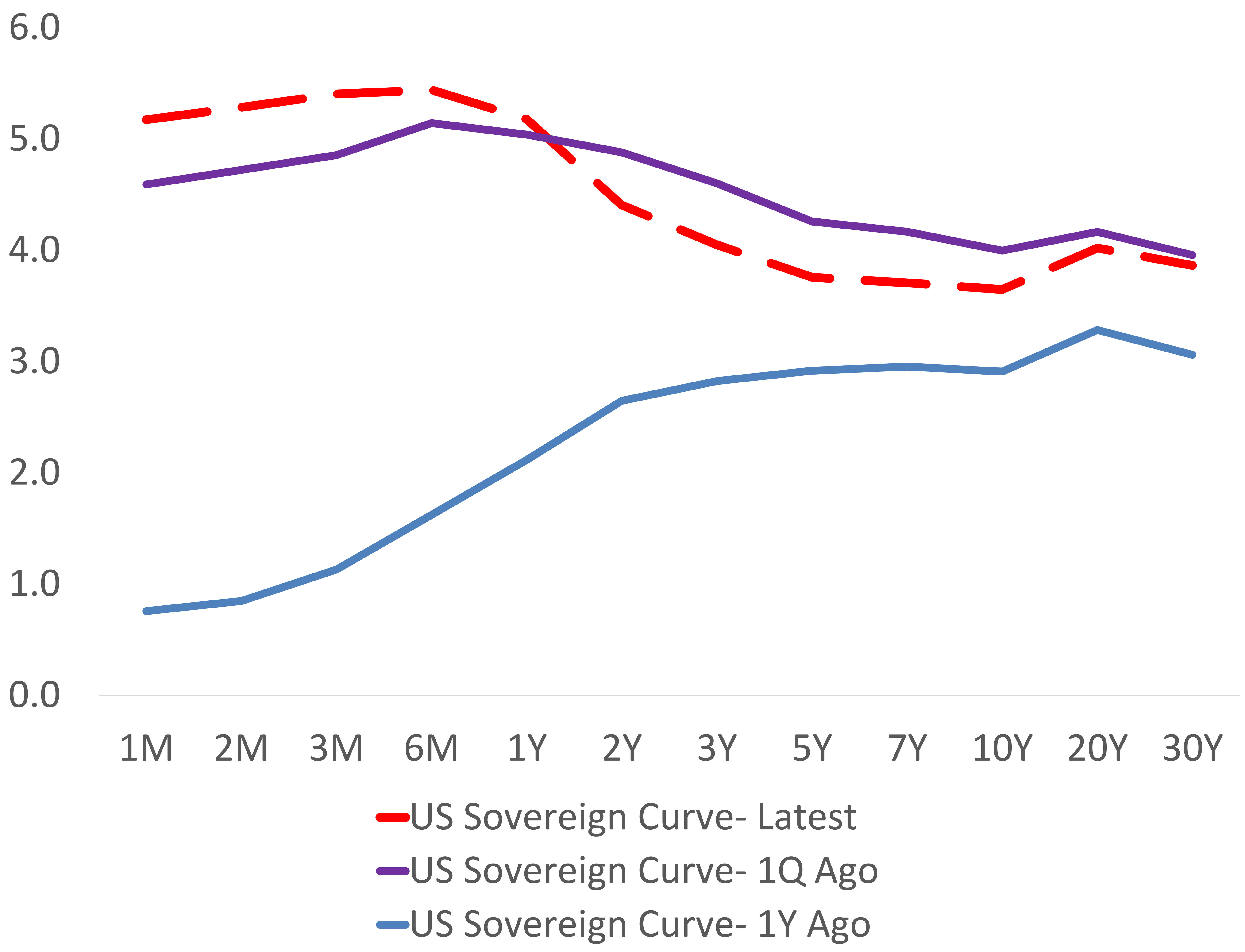
Source: Bloomberg, BIS, CMIE, DSP, Data as on May 2023, *Australia, Canada, Euro Zone, Japan, New Zealand, Norway, Sweden, Switzerland, United States and UK

Easing Policy Can Bring Down The Short-Term Rates

The short term rates have risen very fast, aping the rate hike by the central bank. These can move down very quickly when rate cuts start



US' yield curve is still inverted. Fed may not soft-land but for how long can US sustain inverted curve without compromising growth?



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Source: Bloomberg, DSP, Latest Available Data as on May 31st, 2023

Sectors: Linking Data Trends

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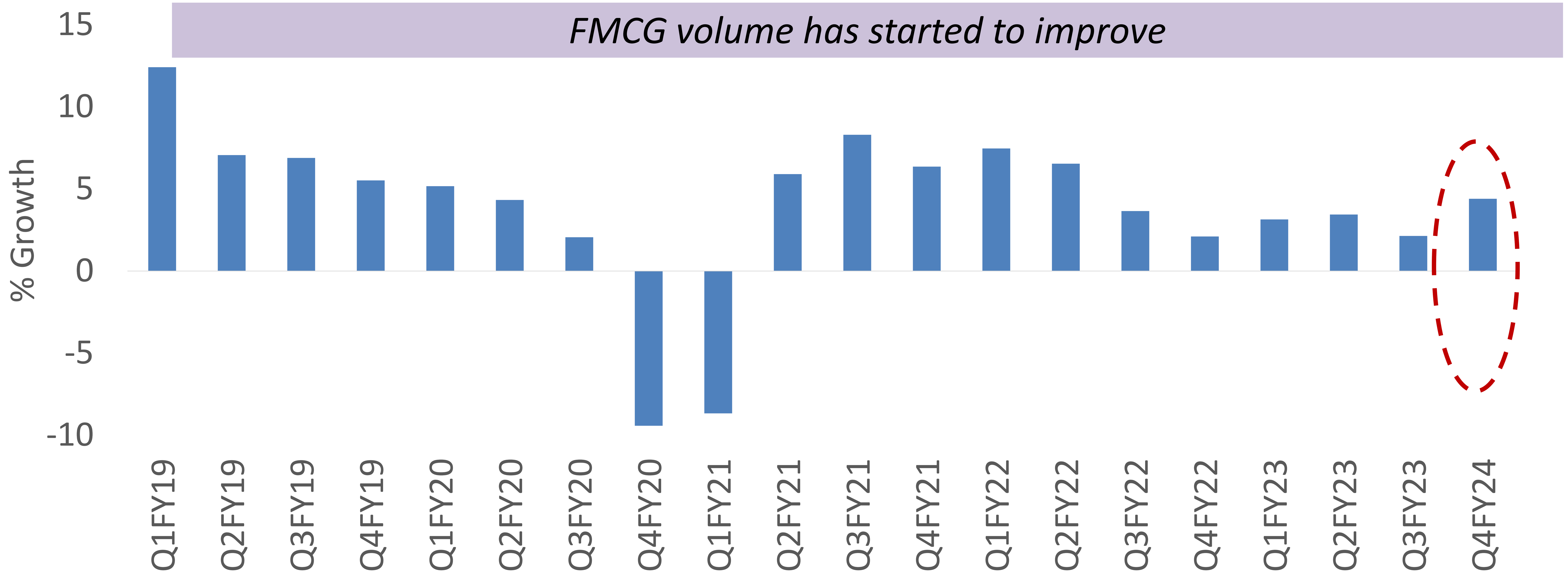
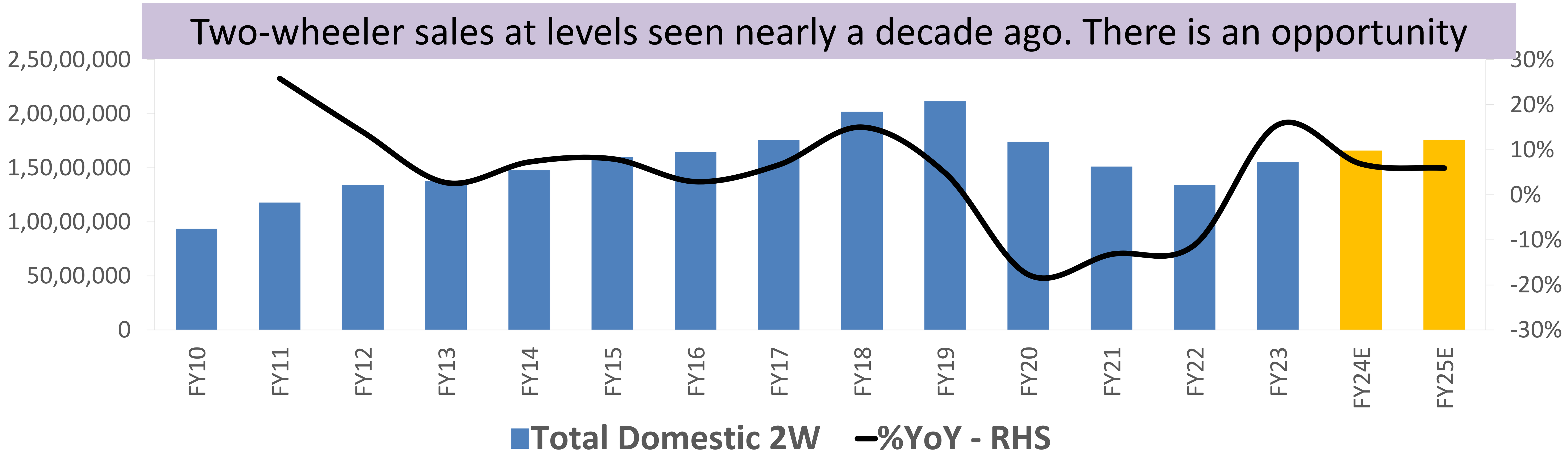
‘Trickle Down’ Is Finally Happening?





So far, the post-covid recovery has been about the strong, getting stronger. We argued in last Transcript and last Navigator that it seems the fringe is finally bouncing back.

As we re-look at the macro data today, there are more signs of rural recovery coming from lower unemployment, increasing wages and improving consumer sentiments.

We believe FMCG and 2-wheeler sector could benefit from it. Additionally, they have the advantage of lower producer prices and hence better margins ahead of them.

Read: Netra

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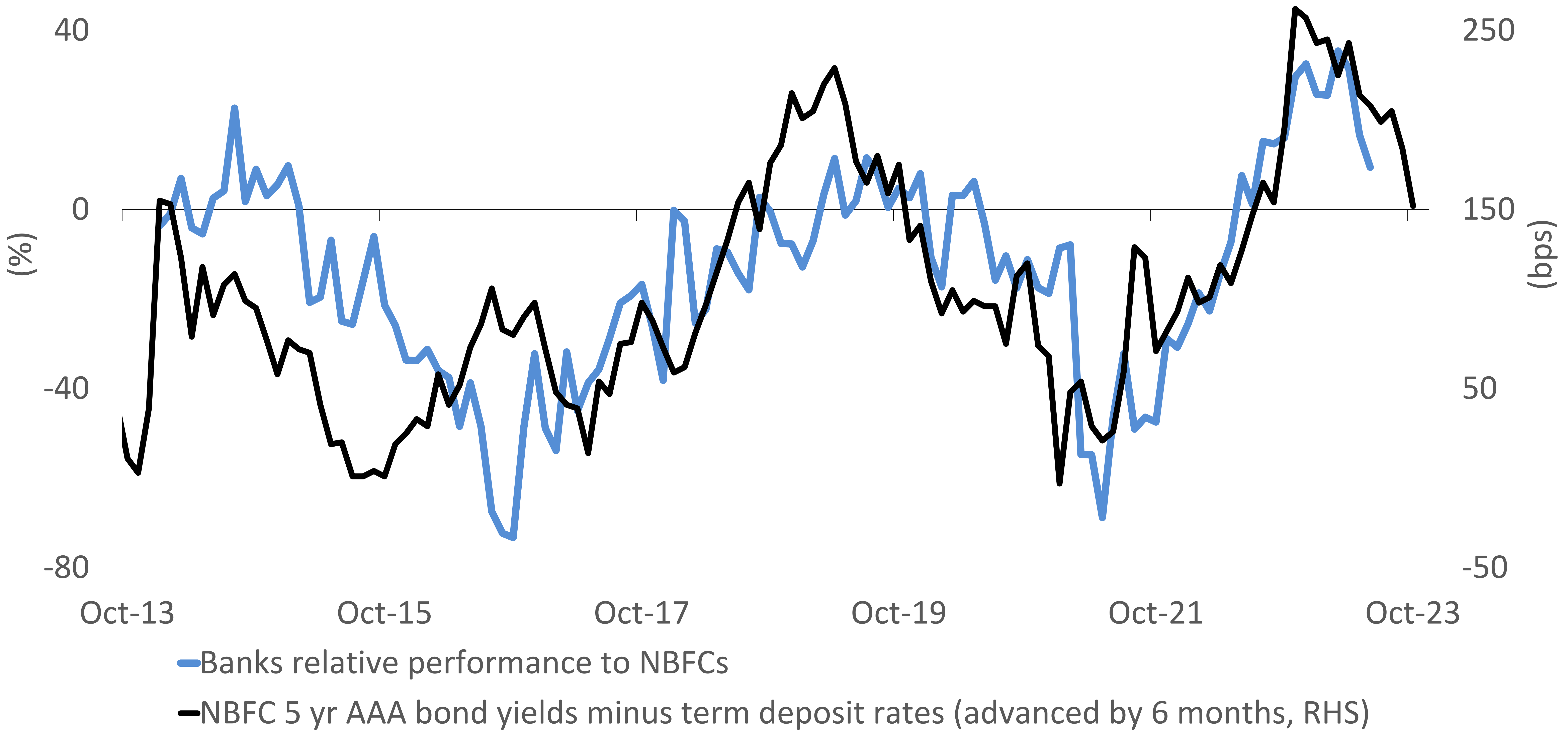
Source: Bloomberg Data as on May 2023, E- Estimates

Good Time To Re-look At NBFCs!

While financials, especially banks have been our preferred pick, NBFCs can do well from hereon



We have been bullish on banks for a while now and that call has played out well. Globally, monetary policies are now at a 'wait and watch' stance and will move towards cut in all probability.

NBFCs are likely to traverse the softer rate trajectory better than banks and may present another opportunity in the BFSI sectoral theme

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Source: Nuvama research, Bloomberg,CMIE. Data as on May 2023

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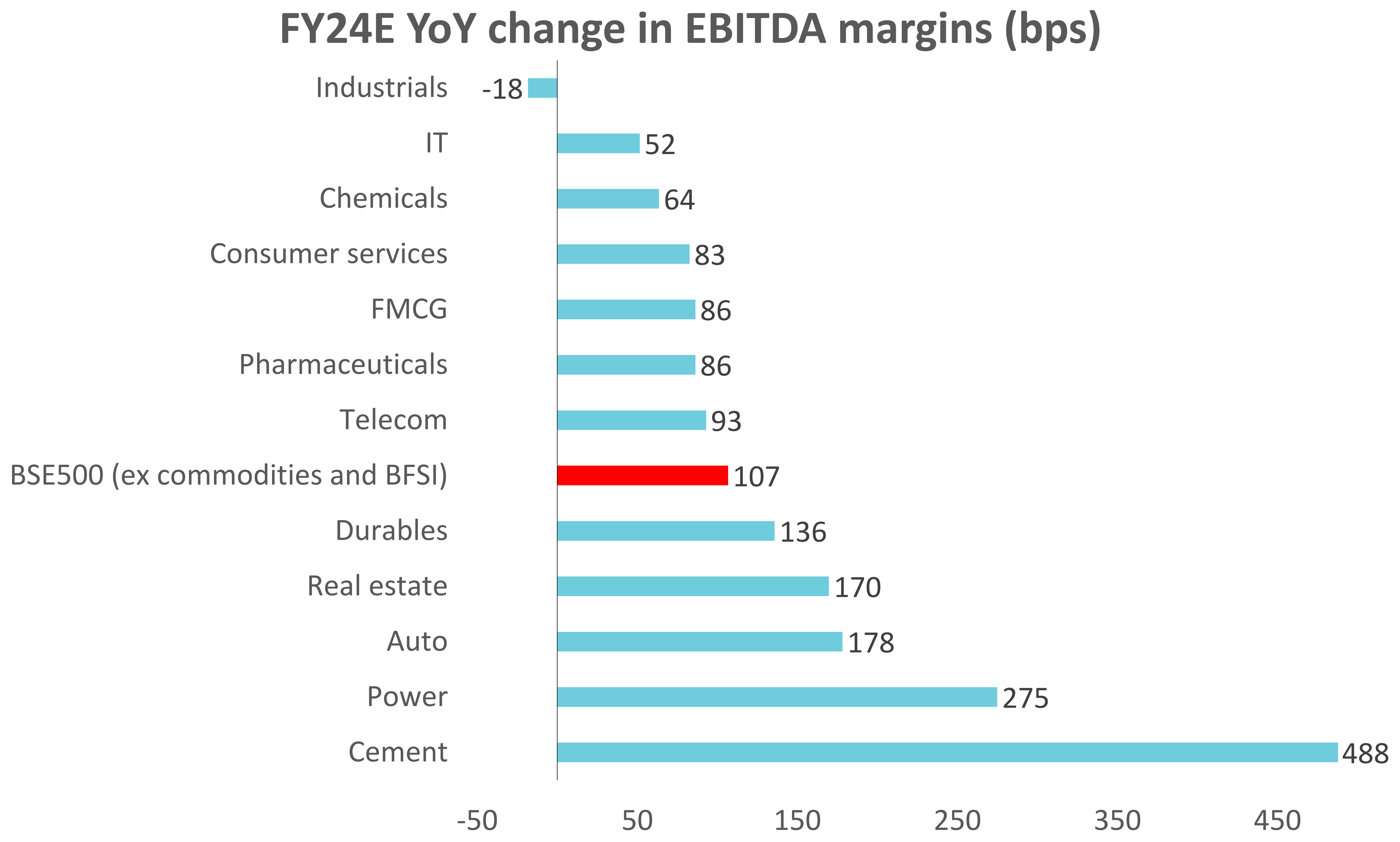
The Beneficiaries of Margin Expansion From Lower Raw Material Cost



We have been arguing that with commodity prices easing, there will be improvement in raw material cost which will aid margins of the companies.

This has played out this quarter with margins finally contributing positively to PAT growth. There are certain sectors which stand to gain from this margin expansion, ie, cement, autos, consumption goods and we believe one can potentially consider these sectors for further analysis.

Source: Nuvama Research. Data as on May 2023

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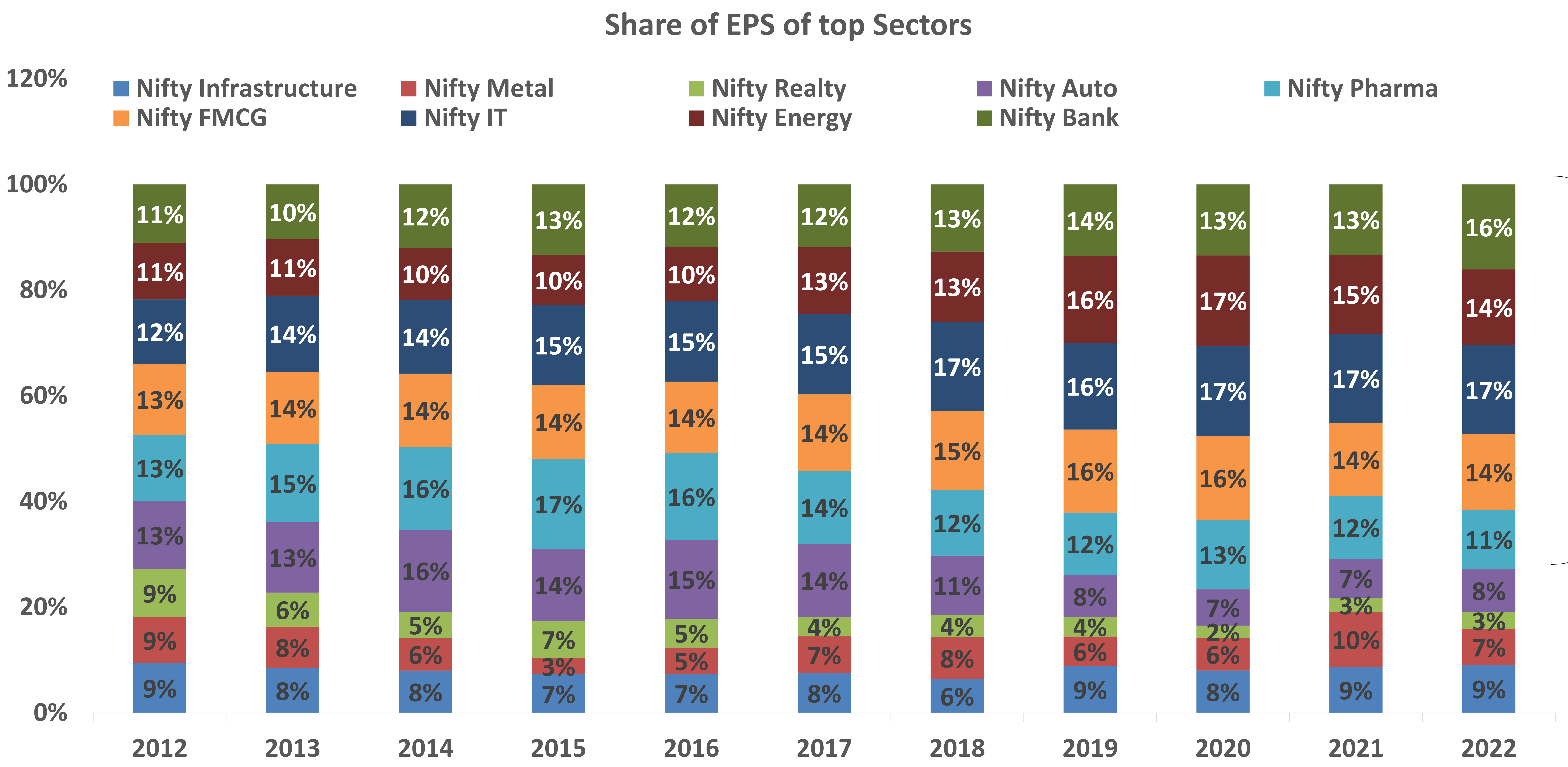
A Decade Of Earnings



Banks, IT, FMCG, Energy and Pharma have been consistent compounder in earnings in the past decade.

Source: Bloomberg, Data as on May 31, 2023

EPS- Earning Per Share

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Let’s sum it up.

Equity: Continued Active Management To Capture The Sectoral Churn

- At DSP, we believe in pre-emptive strategies. While there is always noise, we believe being invested is a better choice right now. **Margin expansion and robust earnings are likely to give fresh opportunity**

- This appears to be a relatively good time for active management with certain sectors/stocks having more opportunity. **Broadly, we continue to hold Financial Services, Autos and ancillaries, Healthcare & some construction materials. Additionally, we are scouting fresh opportunities in NBFCs and beneficiaries of rural recovery + margin expansion such as cement, agrochemicals, FMCG**

- There are pockets of opportunity in the market, and we continue to use a rigorous approach to pick quality names at good valuations

- Each of our Fund Managers deploys a rigorous framework to pick up the most profitable companies and we urge investors to read our frameworks and styles of investing.

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Source: internal, Disclaimer: The investment approach / framework/ strategy mentioned herein is currently followed by the scheme(s) and the same may change in future depending on market conditions and other factors.
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Be invested – neither underweight, nor overweight

10Y Indian Gsecs have rallied 50 bps to 7%. For a further rally markets need to "price in" future rate cuts.

But the US labor, CPI and services data have remained robust. Unless US (or India) economic data softens, rate cuts won't be expected. Until then yields won't fall. In such a scenario, currently we prefer being neutral. If underlying macro data does not change, but markets rally on sentiment – we will sell and go underweight. If markets sell on panic, we will buy However, if the macro data weakens, we will add duration without hesitation.

For money markets investment: Even though the yields have rallied, we believe, staying in the longer end of the money markets curve is more beneficial. The surplus liquidity will keep a cap on rates.

➢ **Reasons for our view**

1.Data just isn't weakening: The US data remains sticky. Indian inflation has softened- but this seems transient. Thus, why should central banks cut rates? But markets have priced in rate cuts.

2. Demand-Supply has turned neutral: Banks SLR holding has increased to high levels. But the demonetization may lead to more purchases. The Insurance/PF/EPFO will continue to buy. But SDL issuances may increase.

➢ **Risks to our view**

1.Date dependency – Continued strong job market could be inflationary, and similarly a weaker data will mean crash of yields. India data too is unsure, with El Nino/monsoon, Crude prices .

➢ **Read more on** Converse: Our Monthly Fixed Income Update

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Source: Internal, Disclaimer: The investment approach / framework/ strategy mentioned herein is currently followed by the scheme(s) and the same may change in future depending on market conditions and other factors. Data as on 16 Jun 2023.

Commodities: Normalization Continues

- Commodity prices continue to face divergent cues. Bumpy growth in US and EU and a shallower than expected Chinese recovery has stalled demand side boost for most industrial metals and Oil.

- Supply side pressures have eased. The Drewry World Container Index (WCI) is now at levels last seen in 2017 and the COVID related supply side tightness is over.

- For Oil, OPEC has tried to balance the market by more production cuts. This has failed to create a large rally in oil prices as demand pressures remain mostly absent.

- **We expect commodity markets to remain benign and in correction mode for the next few months.**

- **Gold may enter a bull market as US Dollar weakens. Investment demand for Gold is gradually picking up and a new lifetime high could august well for a fresh attempt to enter a bull market.**

How To Position Your Portfolio?

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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

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Conservative Strategy

Portfolio: Conservative

Asset Class	Category	Fund	Allocation
Equity 30%	Index Fund	DSP Nifty 50 Equal Weight Index Fund	10%
	Multi cap Fund	DSP Flexi Cap Fund	20%
Alternate & Hybrid 10%	FoF – Overseas	DSP World Gold Fund of Fund	5%
	Equity Savings	DSP Equity Savings Fund	5%
Debt 60%	Money Market Fund	DSP Savings Fund	20%
	Short Duration Fund	DSP Short Term Fund	15%
	Dynamic Bond	DSP Strategic Bond Fund	25%

Moderate Strategy

Portfolio: Moderate

Asset Class	Category	Fund	Allocation
Equity 60%	Large and Mid Cap Fund	DSP Equity Opportunities Fund	15%
	Midcap Fund	DSP Mid Cap Fund	20%
	Thematic Fund	DSP India T.I.G.E.R.* Fund	5%
	Value Fund	DSP Value Fund	20%
Alternate & Hybrid 10%	FoF – Overseas	DSP Global Innovation Fund of Fund	5%
	Equity Savings	DSP Equity Savings Fund	5%
Debt 30%	Money Market Fund	DSP Savings Fund	5%
	Short Duration Fund	DSP Short Term Fund	5%
	Index Fund	DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index Fund	25%

*T.I.G.E.R= The Infrastructure Growth and Economic Reforms

DSP

Aggressive Strategy

Portfolio: Aggressive

Asset Class	Category	Fund	Allocation
Equity 70%	Multi cap Fund	DSP Flexi Cap Fund	25%
	Mid cap Fund	DSP Mid Cap Fund	15%
	Small cap Fund	DSP Small Cap Fund	15%
	Thematic Fund	DSP India T.I.G.E.R.* Fund	5%
	Sectoral Fund	DSP Healthcare Fund	10%
Alternate & Hybrid 15%	FoF – Overseas	DSP Global Innovation Fund of Fund	10%
	Dynamic Asset Allocation or Balanced Advantage	DSP Dynamic Asset Allocation Fund	5%
Debt 15%	Gilt Fund	DSP Government Securities Fund	5%
	Index Fund	DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index Fund	5%
	Gilt Fund with 10 Year Constant Duration	DSP 10Y G-Sec Fund	5%

*T.I.G.E.R= The Infrastructure Growth and Economic Reforms

DSP

Passive-Moderate Strategy

Portfolio: Passive- Moderate

Asset Class	Category	Fund	Allocation
Equity 60%	Index Fund	DSP Nifty 50 Equal Weight Index Fund	15%
	Thematic Fund	DSP Quant Fund	20%
	Index Fund	DSP Nifty Midcap 150 Quality 50 Index Fund	25%
Alternate & Hybrid 10%	ETFs - Others	DSP Silver ETF	10%
Debt 30%	Index Fund	DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index Fund	20%
	Gilt Fund with 10 Year Constant Duration	DSP 10Y G-Sec Fund	5%
	Money Market Fund	DSP Savings Fund	5%

…And Some Fun Recommendations

What we liked:

- **Book: Outlive by DR Peter Attia**
- **Podcast**: An Optimist's Approach to Work and Life by Simon Sinek
- **Article:** Greed and Fear: How the Great Salad Oil Swindle Led to One of Warren Buffett’s Greatest Investments

Our in-house creations:

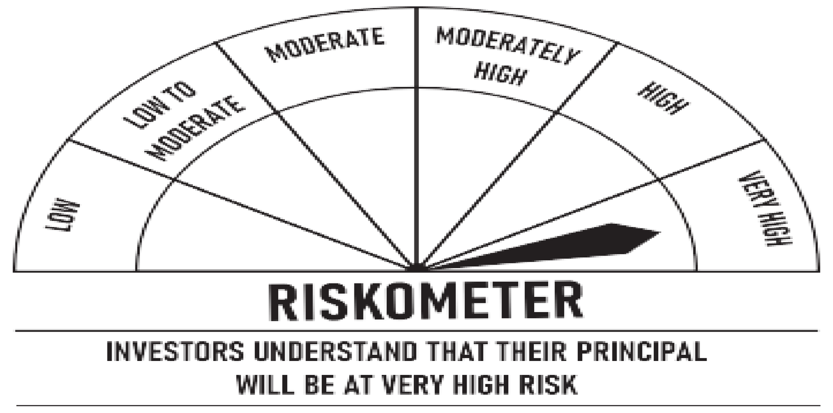
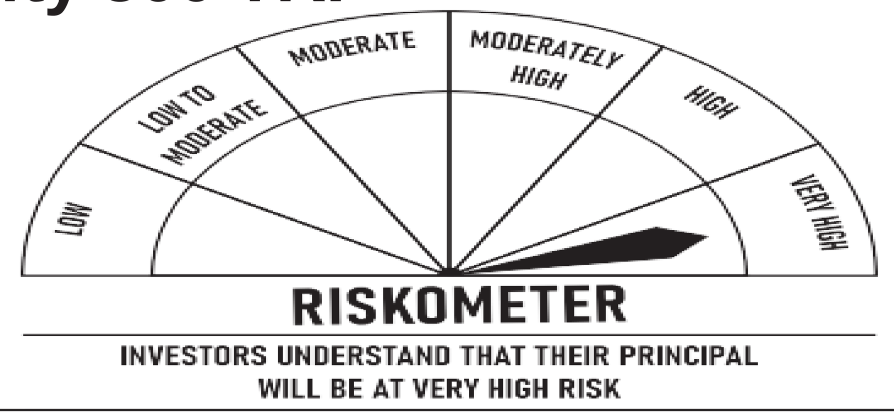
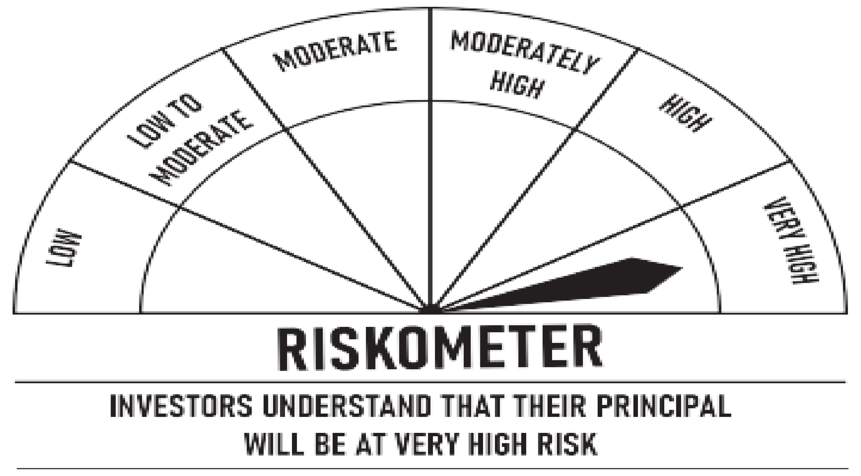
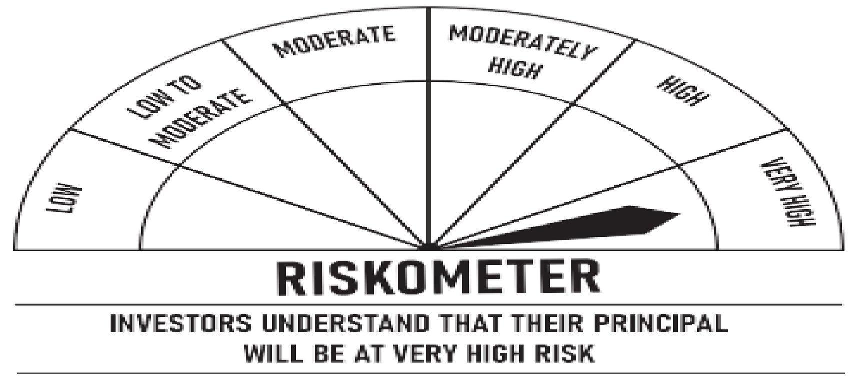
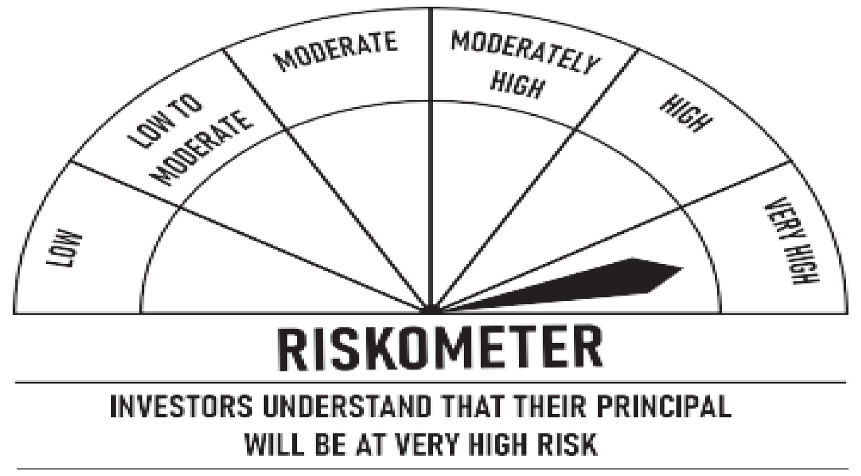
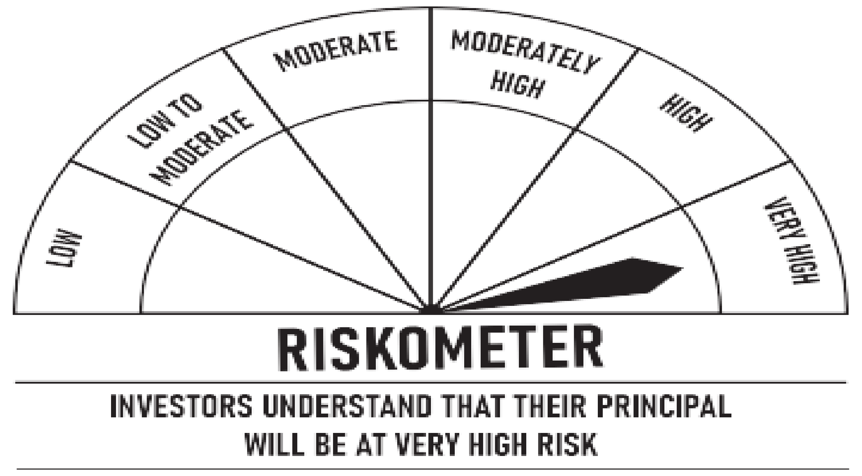
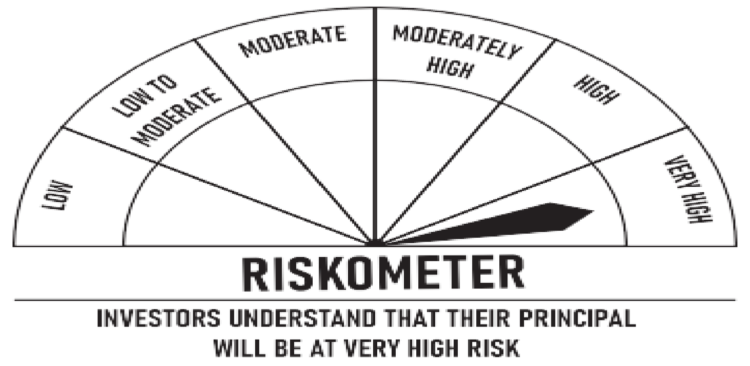
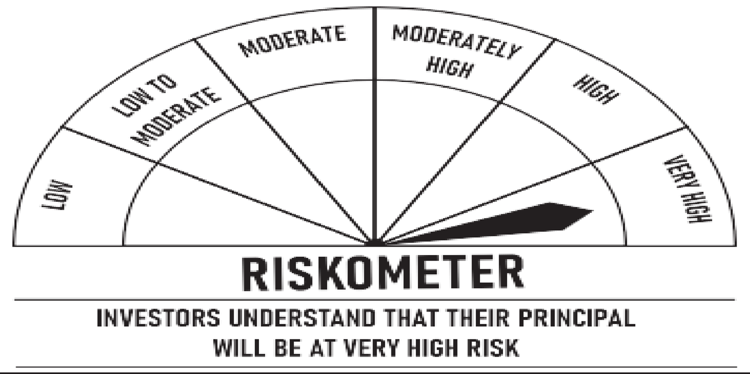
- **Stoic Talks Podcast | Piercing the Small/Midcap Investing Chakravyuh** with **Samit Vartak** Watch here
- **Financial Planning after Retirement** with **Mr. P. V. Subramanyam** Watch here
- **That moment from the 100th dark night *(Sauvi Kaali Raat Ka Lamha)* | Hindi Short Story:** Watch here

“Investing should be more like watching paint dry or watching grass grow. If you want excitement, take $800 and go to Las Vegas”

In investing, choose inaction over excessive action.

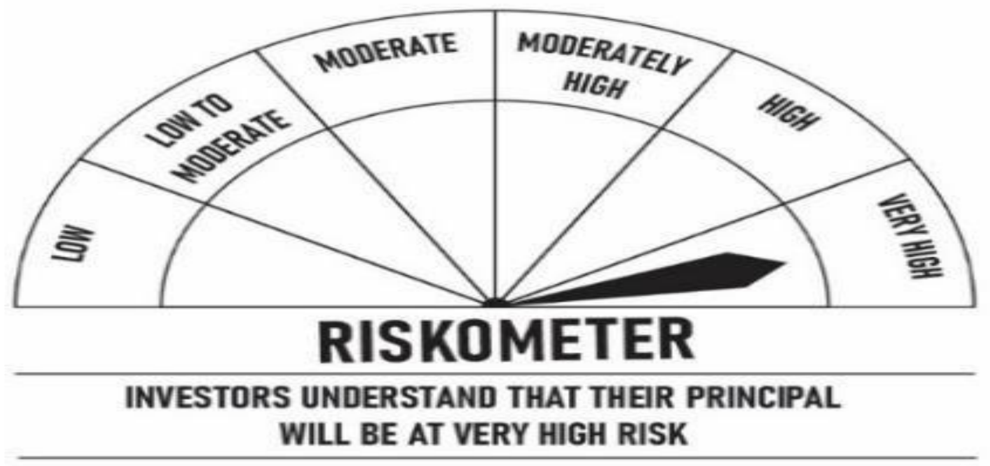
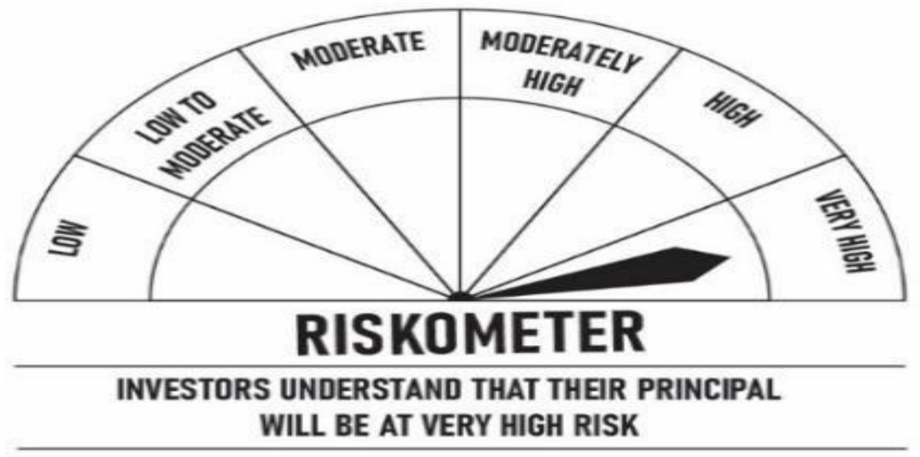
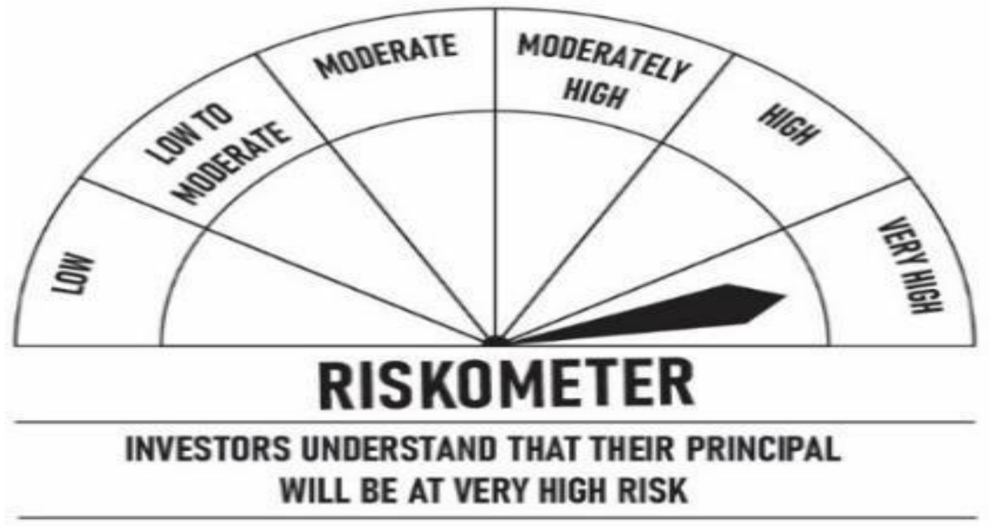
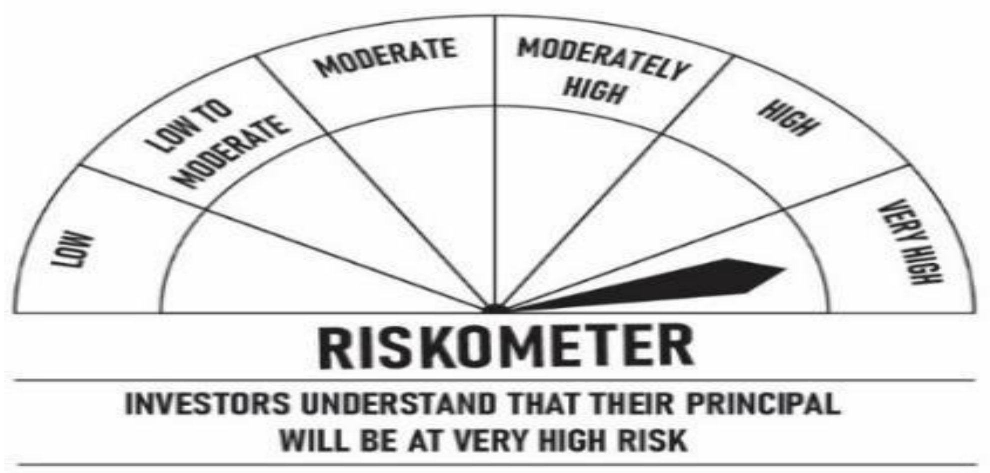
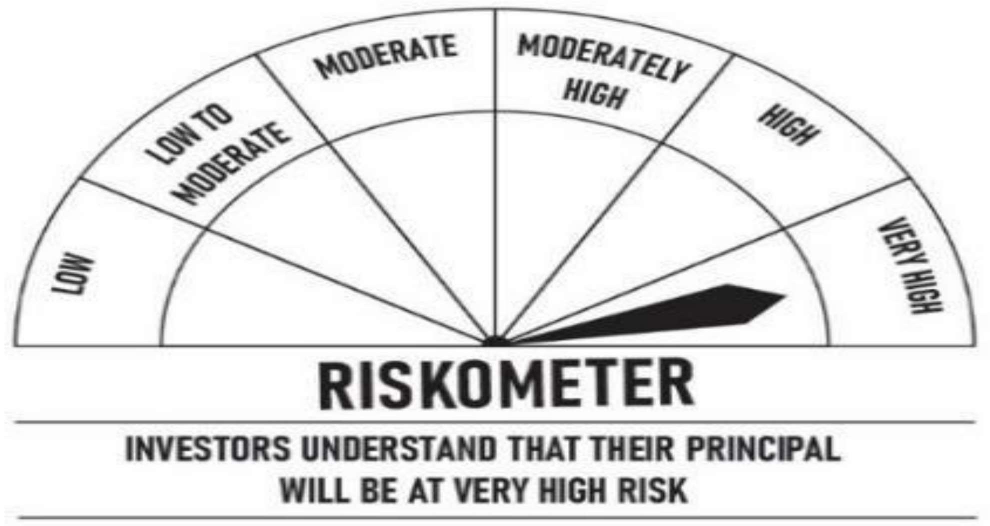
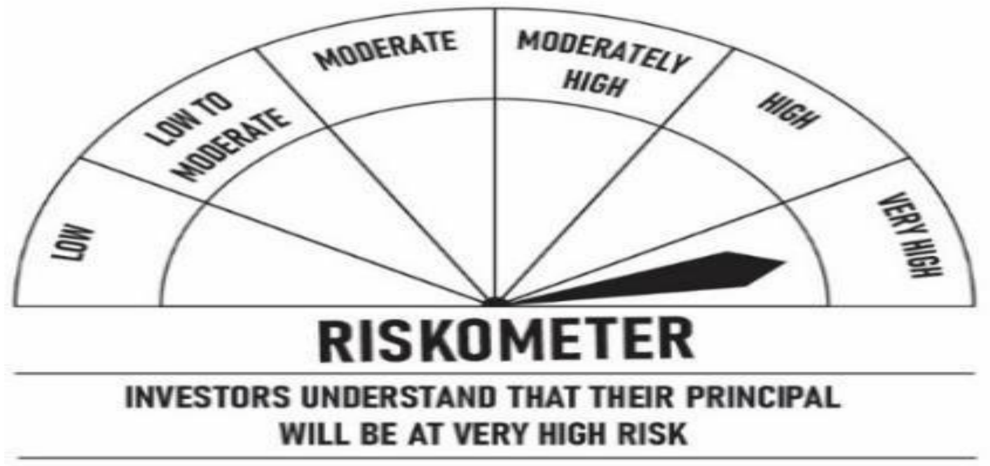
DSP

Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
DSP Flexi Cap Fund (An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks)	This Scheme is suitable for investors who are seeking* •Long-term capital growth •Investment in equity and equity-related securities to form a diversified portfolio		**Nifty 500 TRI** 
DSP Small Cap Fund (An open ended equity scheme predominantly investing in small cap stocks)	This equity scheme is suitable for investors who are seeking* •Long-term capital growth •Investment in equity & equity-related securities predominantly of small cap companies (beyond top 250 companies by market capitalization)		**S&P BSE 250 Small Cap TRI** 
DSP India T.I.G.E.R. Fund (The Infrastructure Growth & Economic Reforms Fund) (An open ended equity scheme following economic reforms and/or infrastructure development theme)	This Scheme is suitable for investors who are seeking* •Long-term capital growth •Investment in equity & equity-related securities of corporates, which could benefit from structural changes brought about by continuing liberalization in economic policies by the Govrnment and/or from continuing investments in infrastructure, both by the public and private sector		**S&P BSE India Infrastructure 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** 

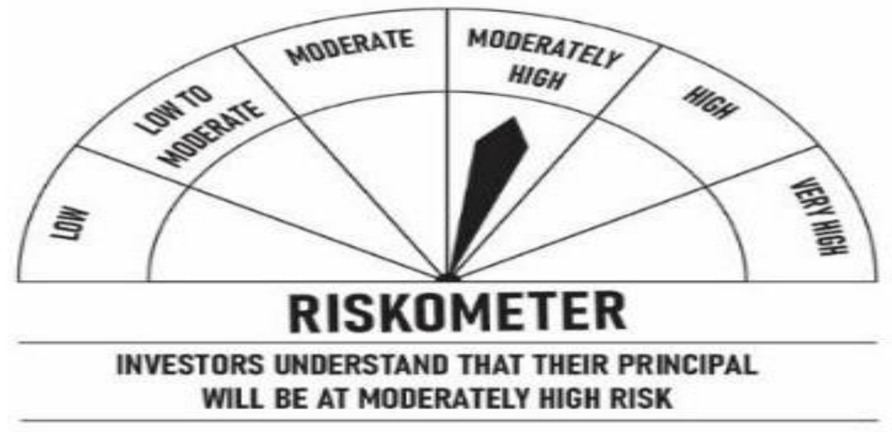
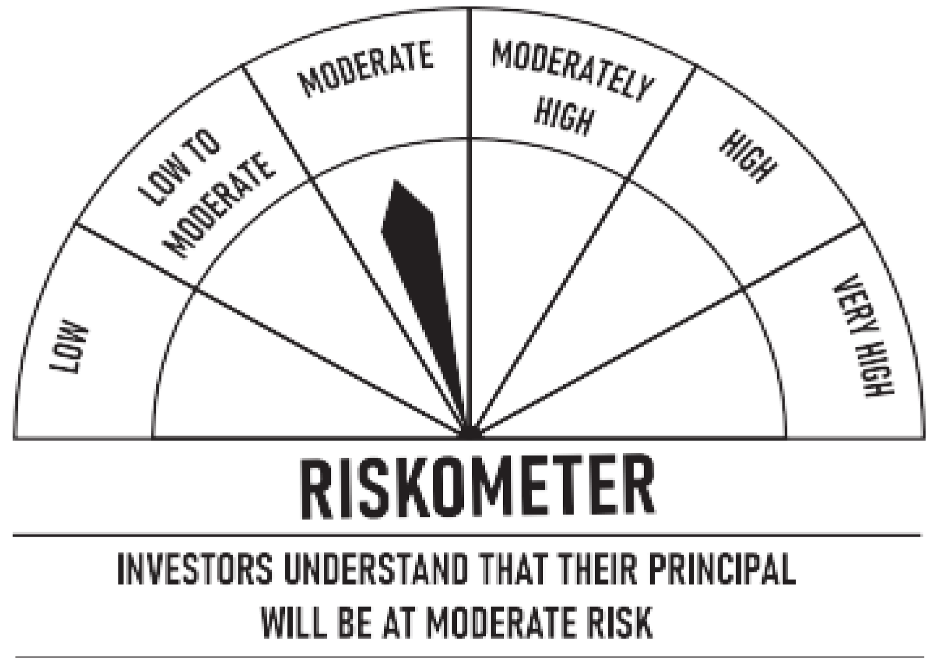
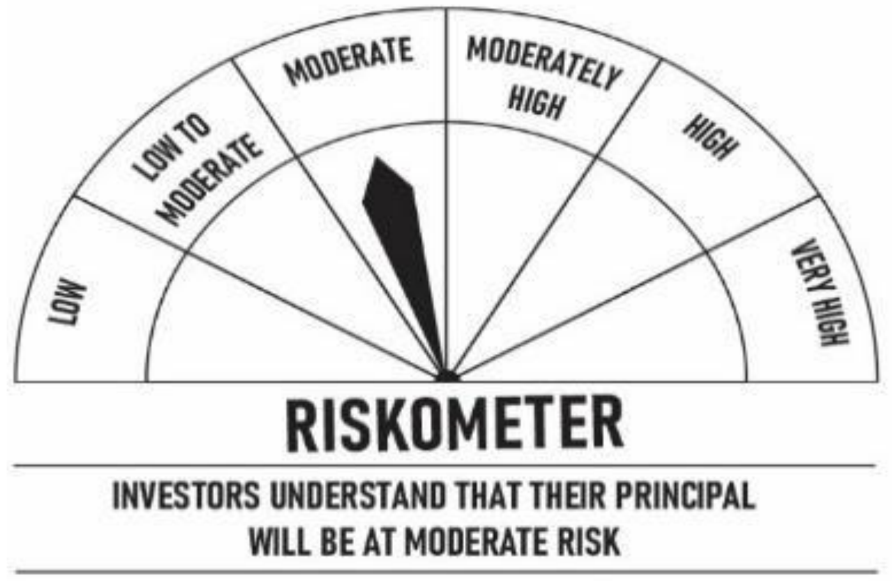
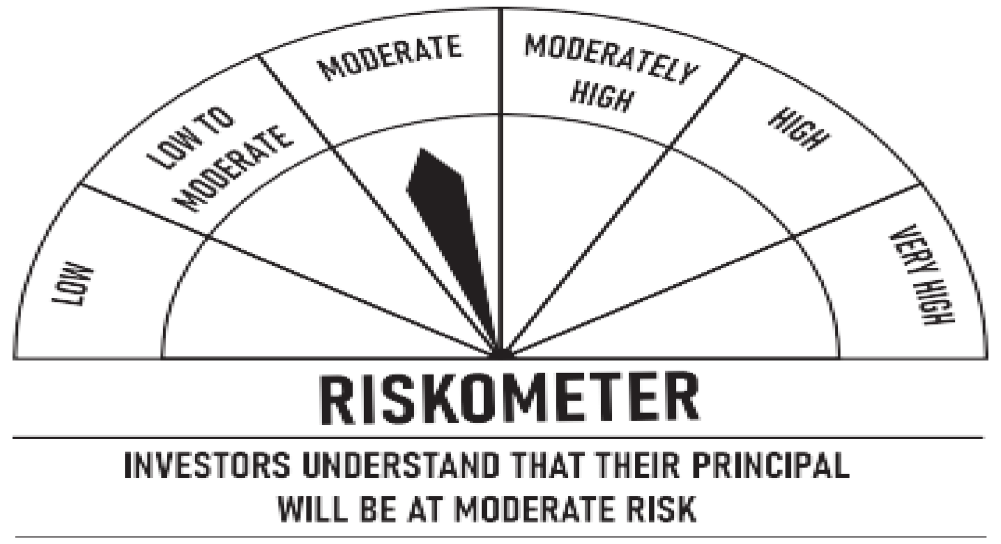
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

Product labelling & Riskometer

<table>
<tr><th>Scheme</th><th>Product Suitability</th><th>Riskometer of the Scheme</th><th>Riskometer of Benchmark</th></tr>
<tr><td>DSP Mid Cap Fund
(Mid Cap Fund-An open ended equity scheme predominantly investing in mid cap stocks)</td><td>This scheme is suitable for investors who are seeking*
•Long-term capital growth
•Investment in equity & equity-related securities predominantly of midcap companies</td><td>
</td><td>Nifty Midcap 150 TRI

</td></tr>
<tr><td>DSP Equity Opportunities Fund (Large & Mid Cap Fund-An open ended equity scheme investing in both large cap and mid cap stocks)</td><td>This scheme is suitable for investors who are seeking*
•Long-term capital growth
•Investment in equity & equity-related securities predominantly of large and midcap companies</td><td>
</td><td>NIFTY Large Midcap 250 TRI

</td></tr>
<tr><td>DSP Healthcare Fund
(An open ended equity scheme investing in healthcare and pharmaceutical sector)</td><td>This equity scheme is suitable for investors who are seeking*
•Long-term capital growth
•Investment in equity & equity related Securities of healthcare and pharmaceutical companies</td><td>
</td><td>S&P BSE Healthcare TRI

</td></tr>
</table>

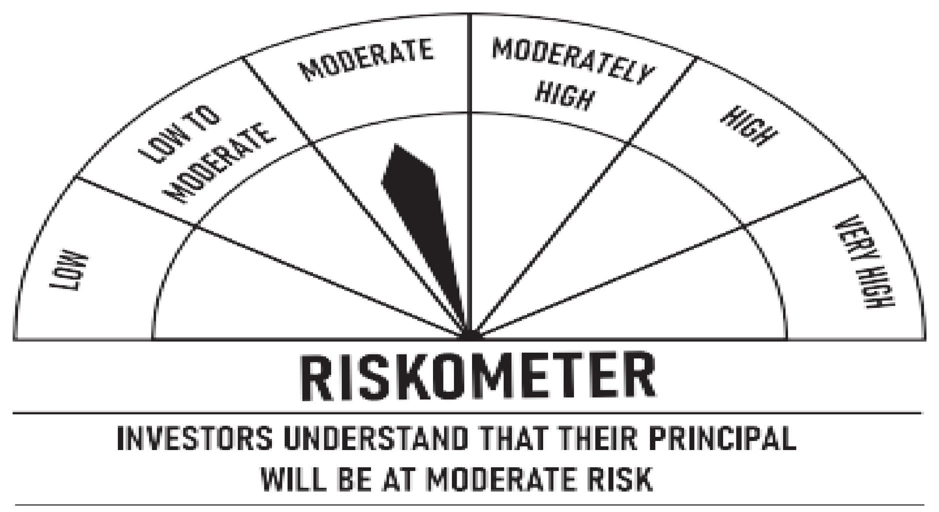
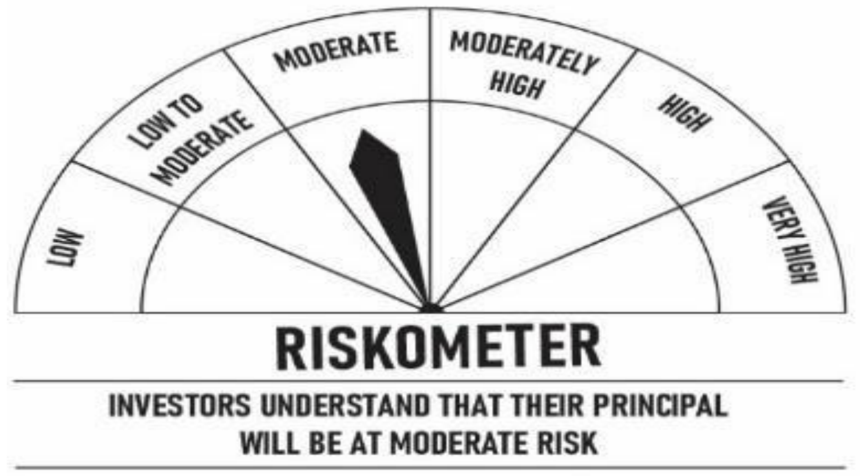
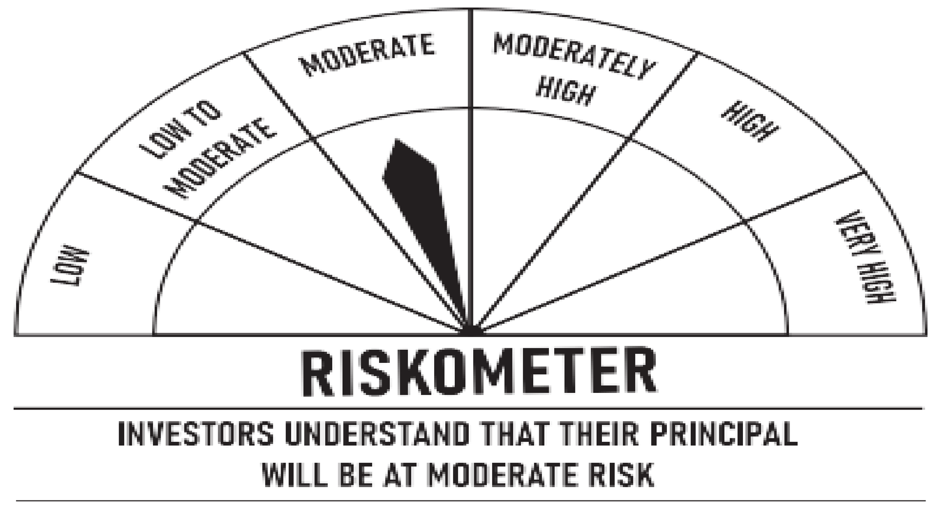
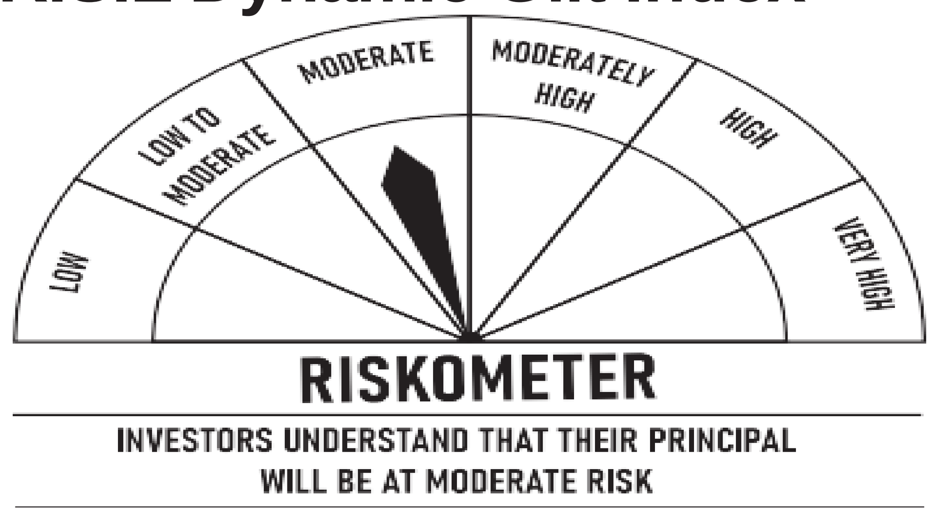
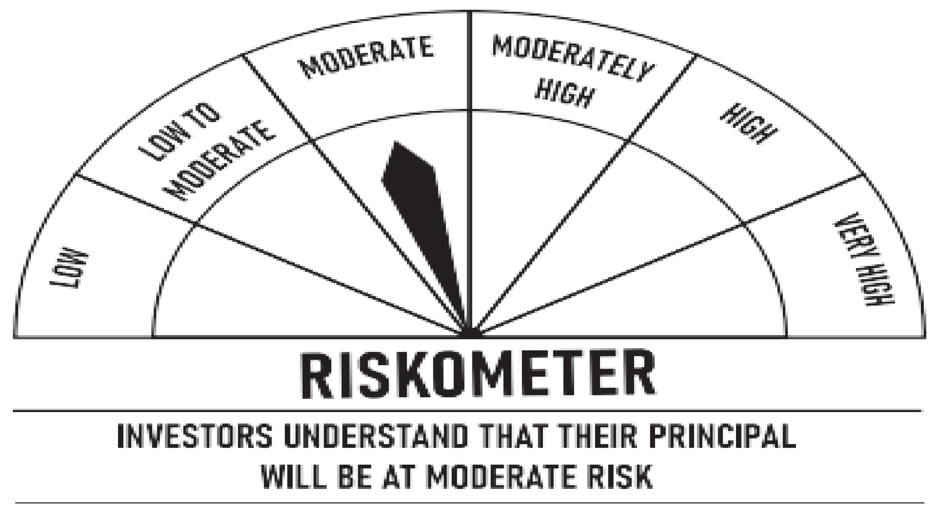
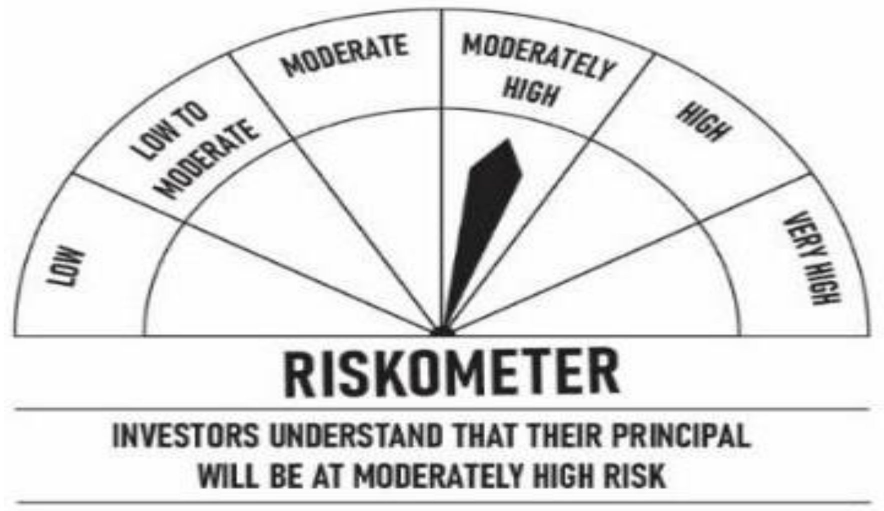
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

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)	This scheme 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 Scheme 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 B-I Index** 
DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index Fund **(**An open ended target maturity index fund investing in the constituents of Nifty SDL Plus G-Sec Jun 2028 30:70 Index. A relatively high interest rate risk and relatively low credit risk.	This scheme is suitable for investor who are seeking* •Income over long term •An open ended target maturity index fund that seeks to track the performance of Nifty SDL Plus G-Sec Jun 2028 30:70 Index, subject to tracking error.		**Nifty SDL Plus G-Sec Jun 2028 30:70 Index** 

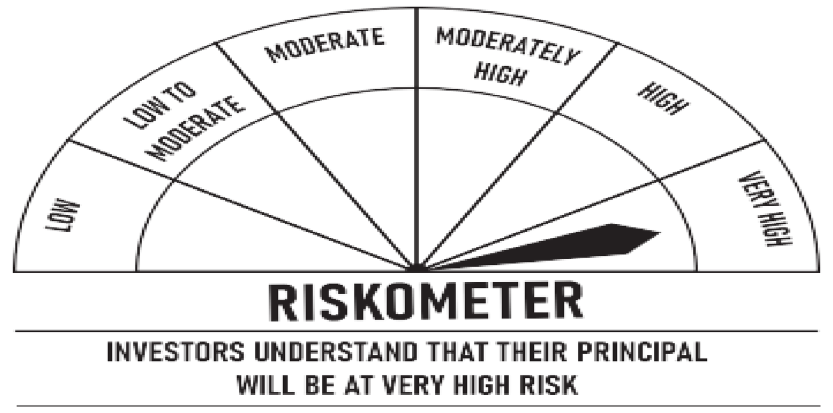
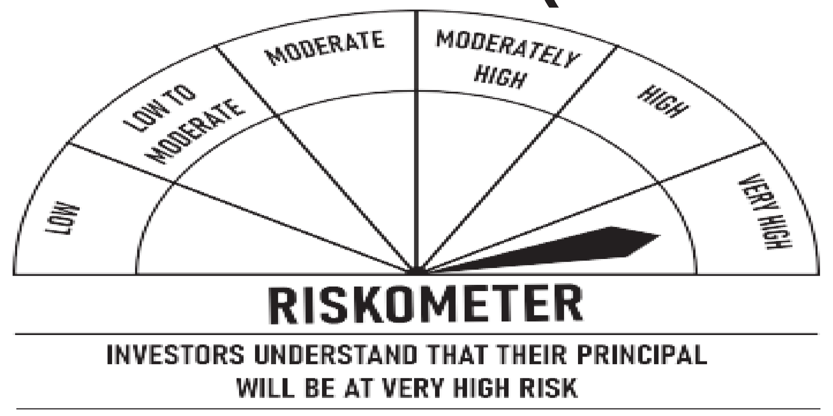
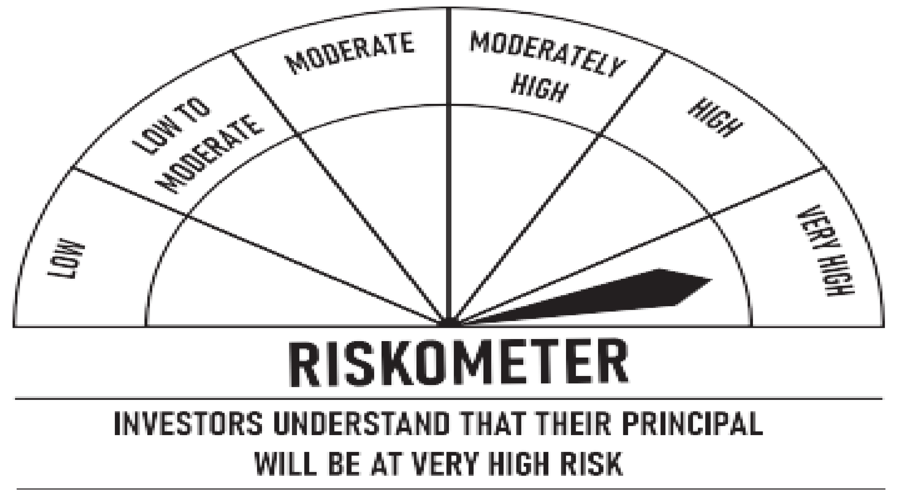
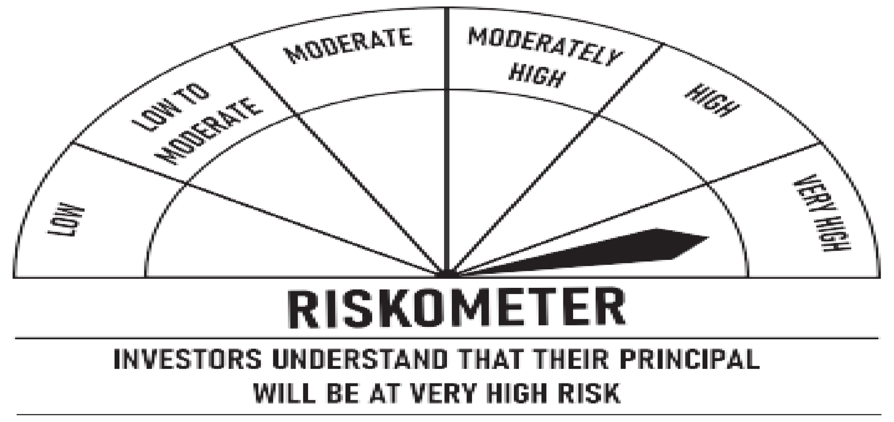
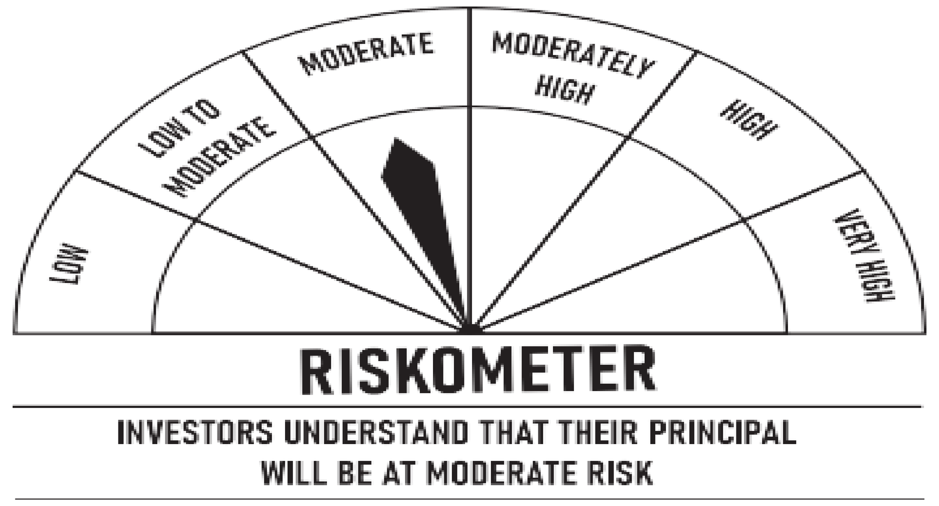
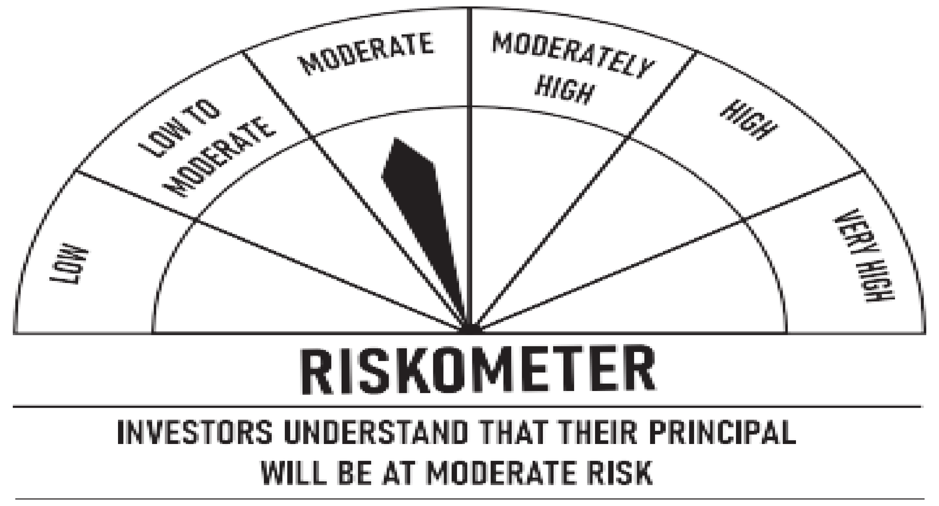
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

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. 19 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 Scheme 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 Government Securities Fund (An open ended debt scheme investing in government securities across maturity. A relatively high interest rate risk and relatively low credit risk.)	This scheme is suitable for investors who are seeking* •Income over a long-term investment horizon •Investment in Central government securities		**CRISIL Dynamic Gilt 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 scheme 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 B-III Index** 

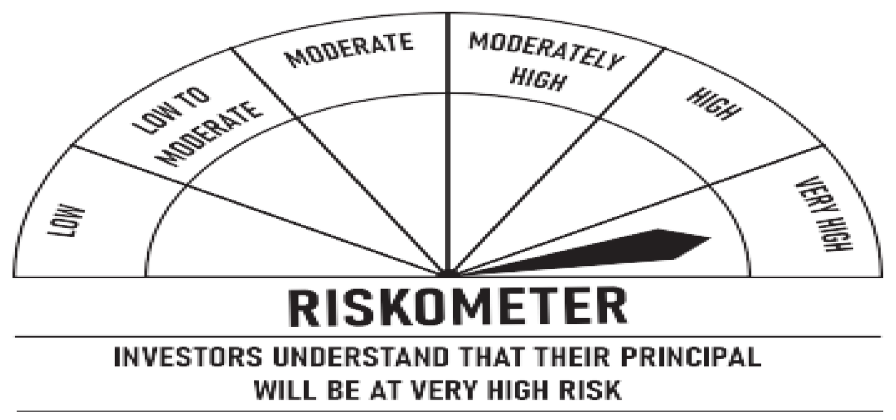
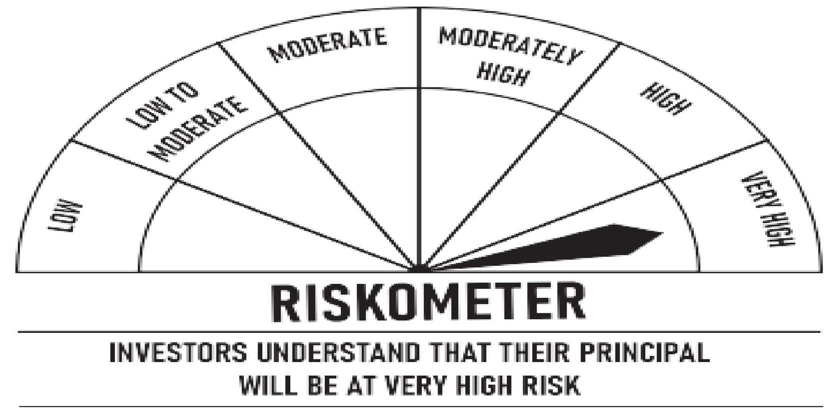
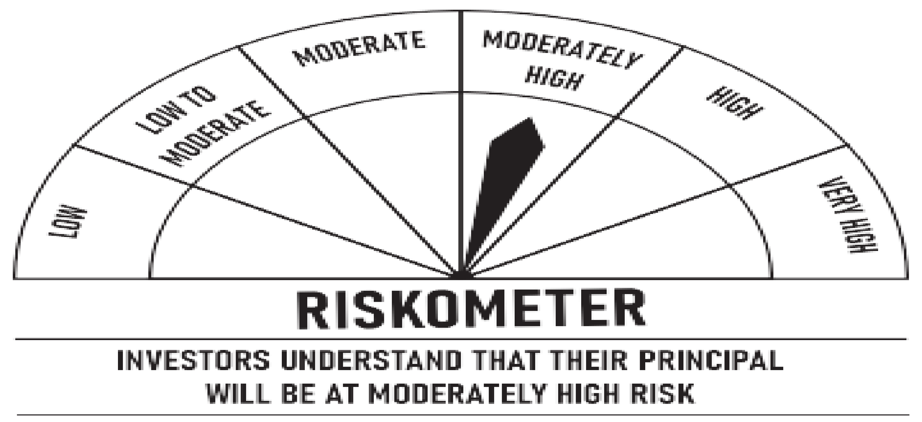
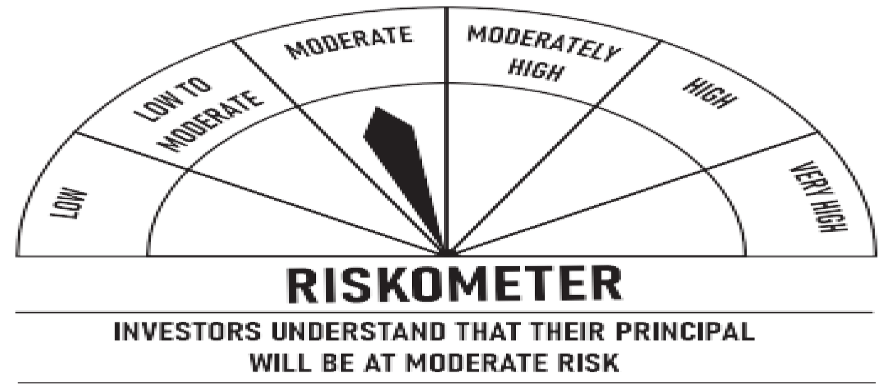
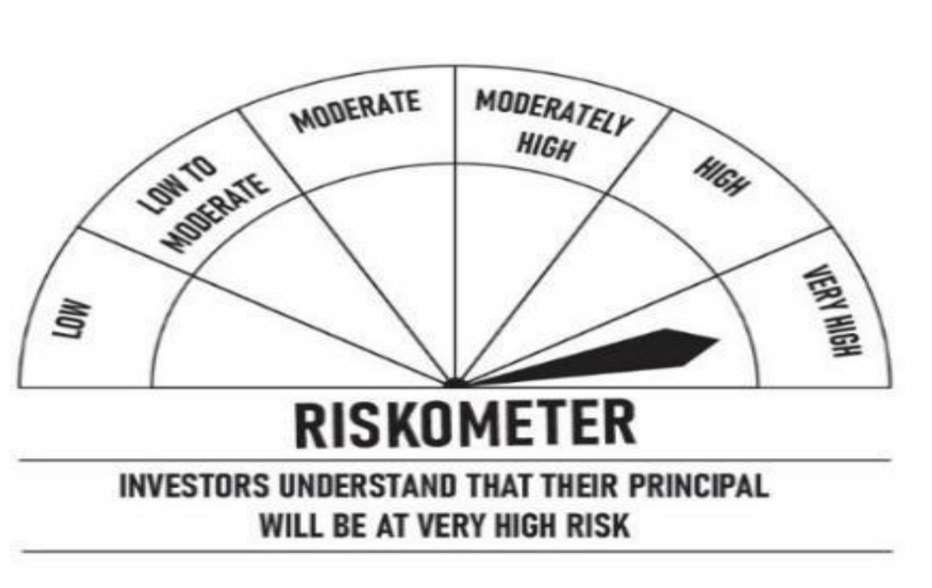
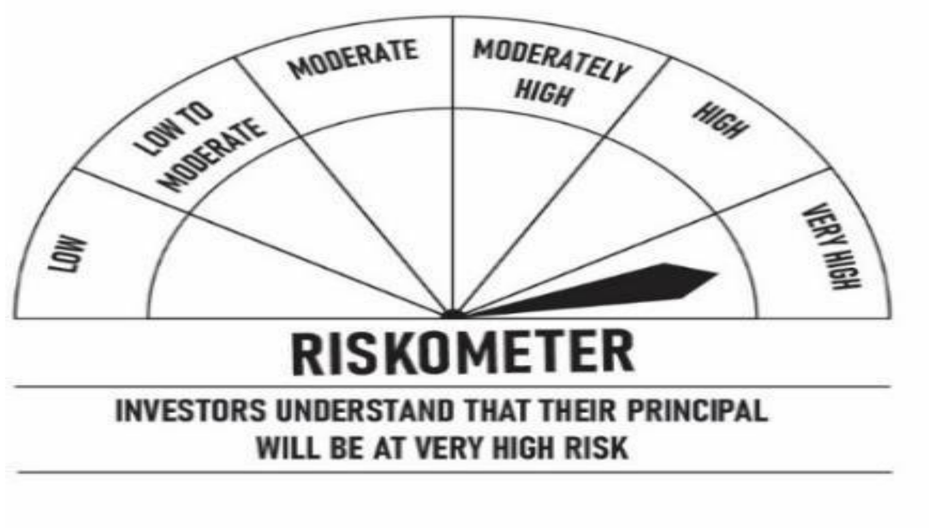
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

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 Scheme 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 (Open Ended Equity Scheme investing based on a quant model theme)	This scheme 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		**S&P BSE 200 TRI** 
DSP 10Y G-Sec Fund (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 Scheme 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** 

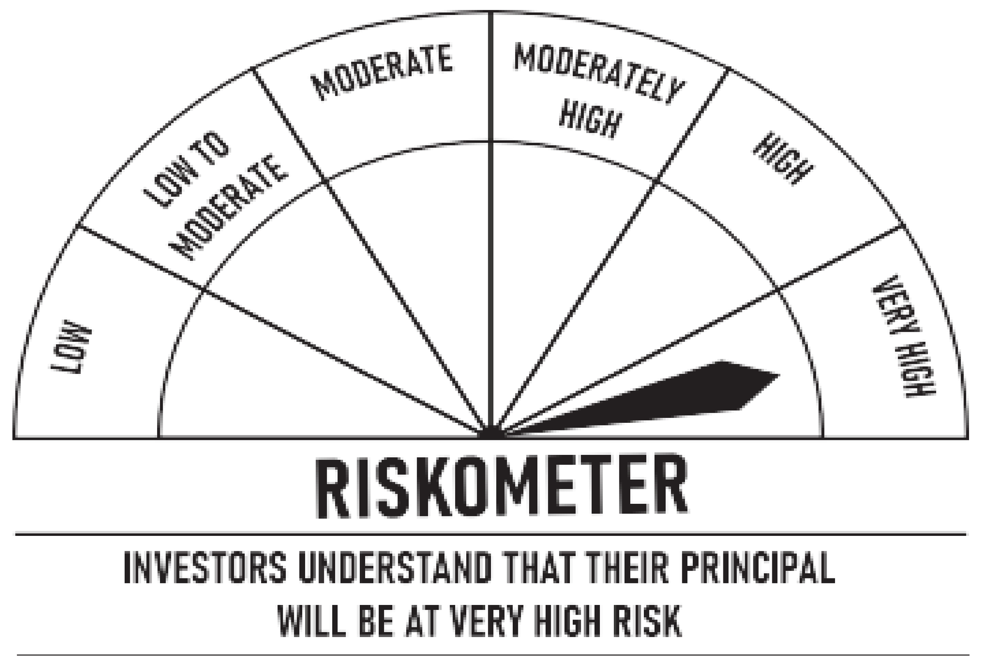
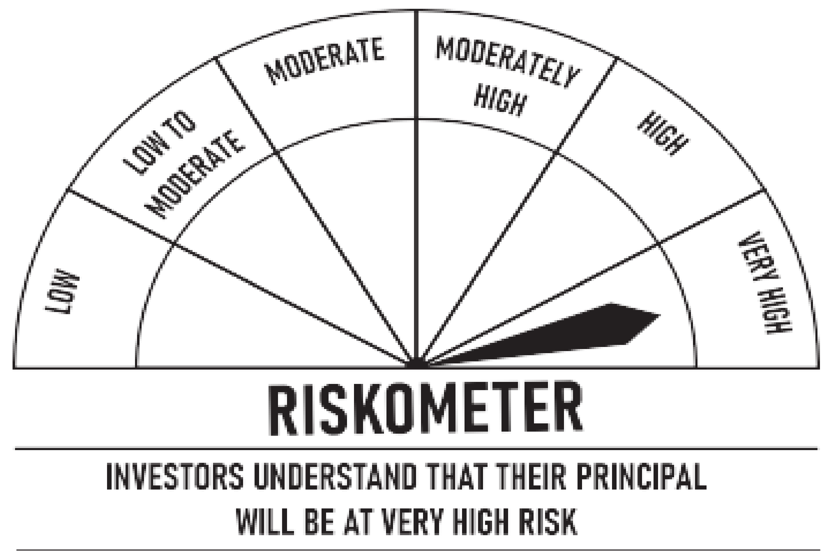
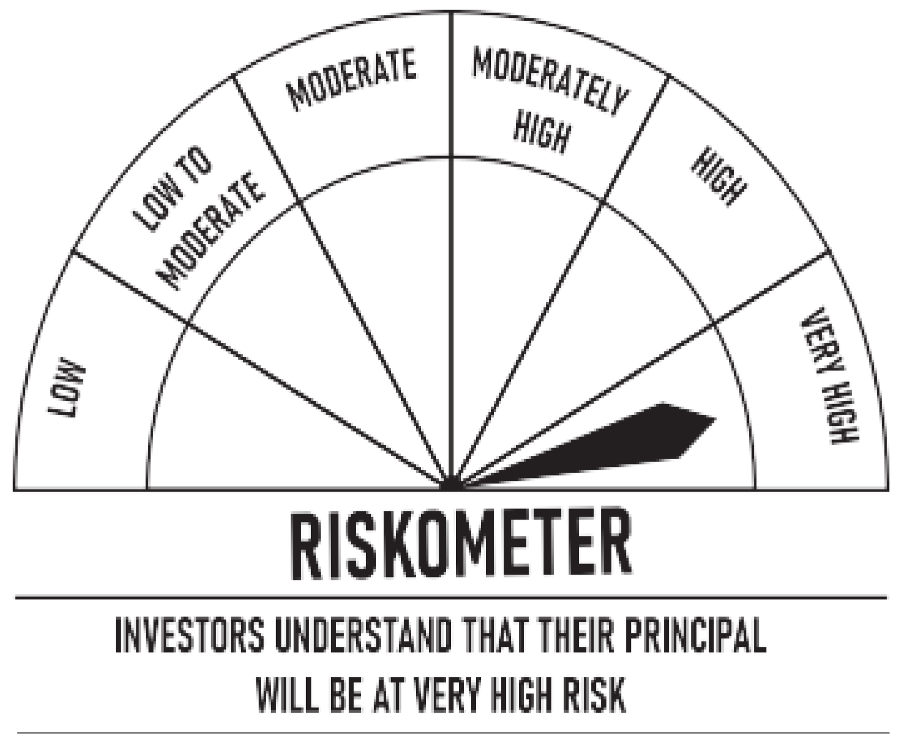
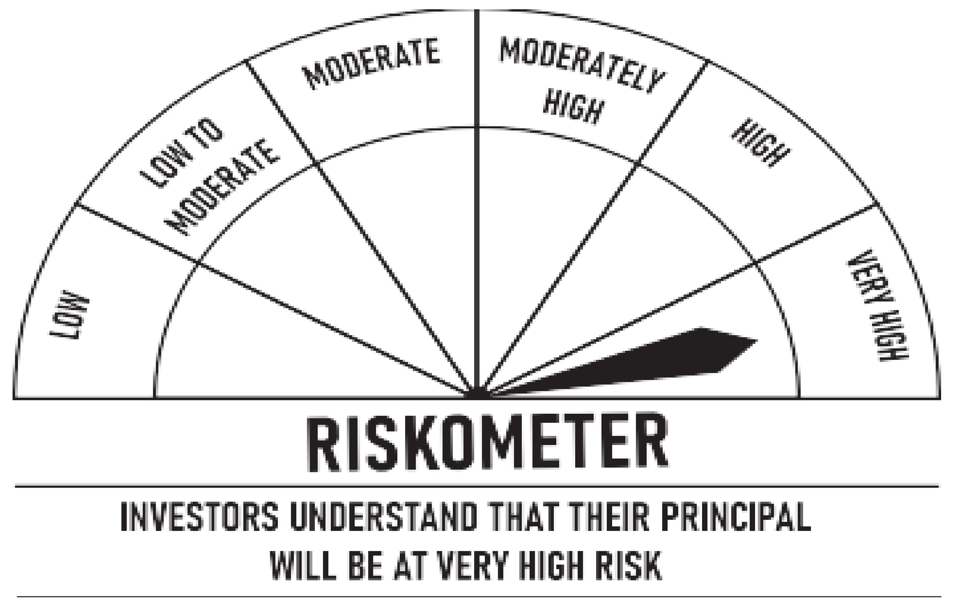
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
DSP Global Innovation Fund Of Fund **(** An open ended fund of fund scheme investing in Innovation theme)	This open ended Fund of Funds Scheme (Investing In Overseas Fund) is suitable for investors who are seeking* •Long-term capital growth •Investments in units of overseas funds which invest in equity and equity related securities of companies which are forefront in innovation		**MSCI All Country World Index(ACWI) – Net Total Return** 
DSP Equity Savings Fund (An open ended scheme investing in equity, arbitrage and debt)	This Scheme 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** 
DSP Nifty 50 Equal Weight Index Fund **(**An open ended scheme replicating NIFTY 50 Equal Weight Index)	This open ended index linked equity Scheme is suitable for investors who are seeking* • Long-term capital growth • Returns that are commensurate with the performance of NIFTY 50 Equal Weight Index TRI, subject to tracking error.		**NIFTY 50 Equal Weight 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 Nifty Midcap 150 Quality 50 Index Fund An open ended scheme replicating/ tracking Nifty Midcap 150 Quality 50 Index	This product is suitable for investor who are seeking* • Long-term capital growth • Investment in equity and equity related securities covered by Nifty Midcap 150 Quality 50 Index, subject to tracking error		Nifty Midcap 150 Quality 50 TRI 
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.)** 

*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

Scheme names	Potential Risk Class Matrix (PRC Matrix)

DSP Savings Fund

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

DSP Short Term 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)	A-II	-	-
Relatively High (Class III)	-	-	-

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 Government Securities 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)	A-III	-	-

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

Scheme names	Potential Risk Class Matrix (PRC Matrix)			
DSP 10y G-Sec 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)	A-III	-	-
DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index 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)	A-III	-	-

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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 .“

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