

**"If one does not know to which port one is sailing, no wind is favorable."**

- Lucius Annaeus Seneca,  
*Stoic philosopher of Ancient Rome*

**DSP**



# THE NAVIGATOR

**What do I do with my money?**

**December 2023**

# Objective: Why Navigator?

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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.



## The Drivers Of Returns

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

# Navigating today: What Are We Saying?

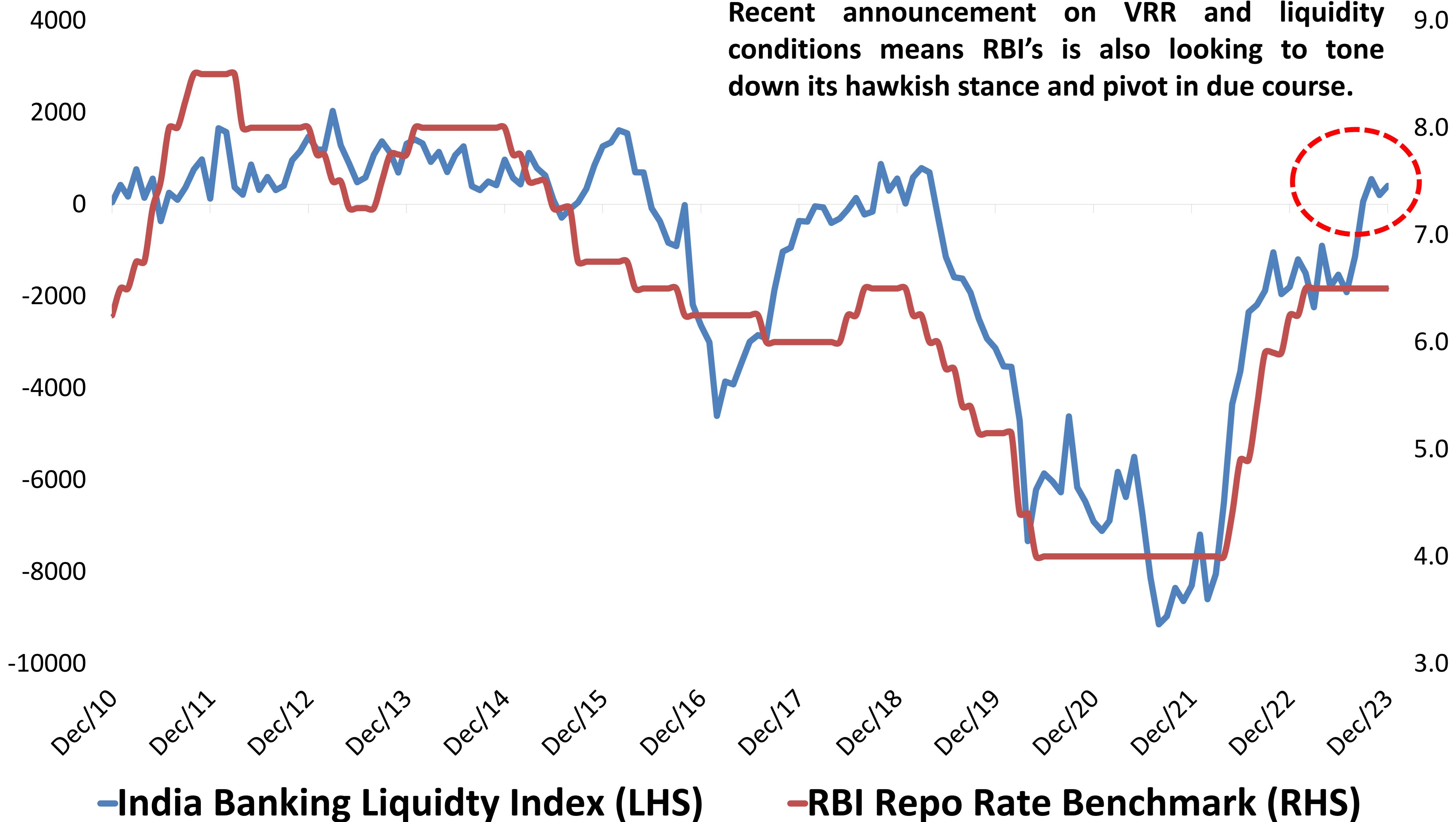
1. Domestic equity markets have seen a sharp rally across market capitalization. Small & Midcap stocks have rallied by more than 50%\* over the last nine months bringing them closer to expensive valuations zone. Large caps have also seen an uptick but of a moderate degree. It is appropriate to await better valuations to raise equity weight.
2. Earnings trajectory has remained robust because profit margins have recovered. But the economy is disinflating, which is visible in corporate top line growth slowing. Expect earnings growth moderation for the rest of the financial year.
3. The sectoral trends are still similar although a large churn has happened. BFSI, healthcare, Auto (2Ws) and selective consumption names continue to remain our favored sectors.
4. **We recommend a cautious approach currently. The focus should be on asset allocation and bringing in more diversified exposure into the portfolio.**
5. In fixed income, we continue to remain positive on our duration exposure.

# **Interest Rates: A Duration of Opportunity**

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# Interbank Liquidity Back In Deficit, An Entry For Duration Play?

Recent announcement on VRR and liquidity conditions means RBI's is also looking to tone down its hawkish stance and pivot in due course.

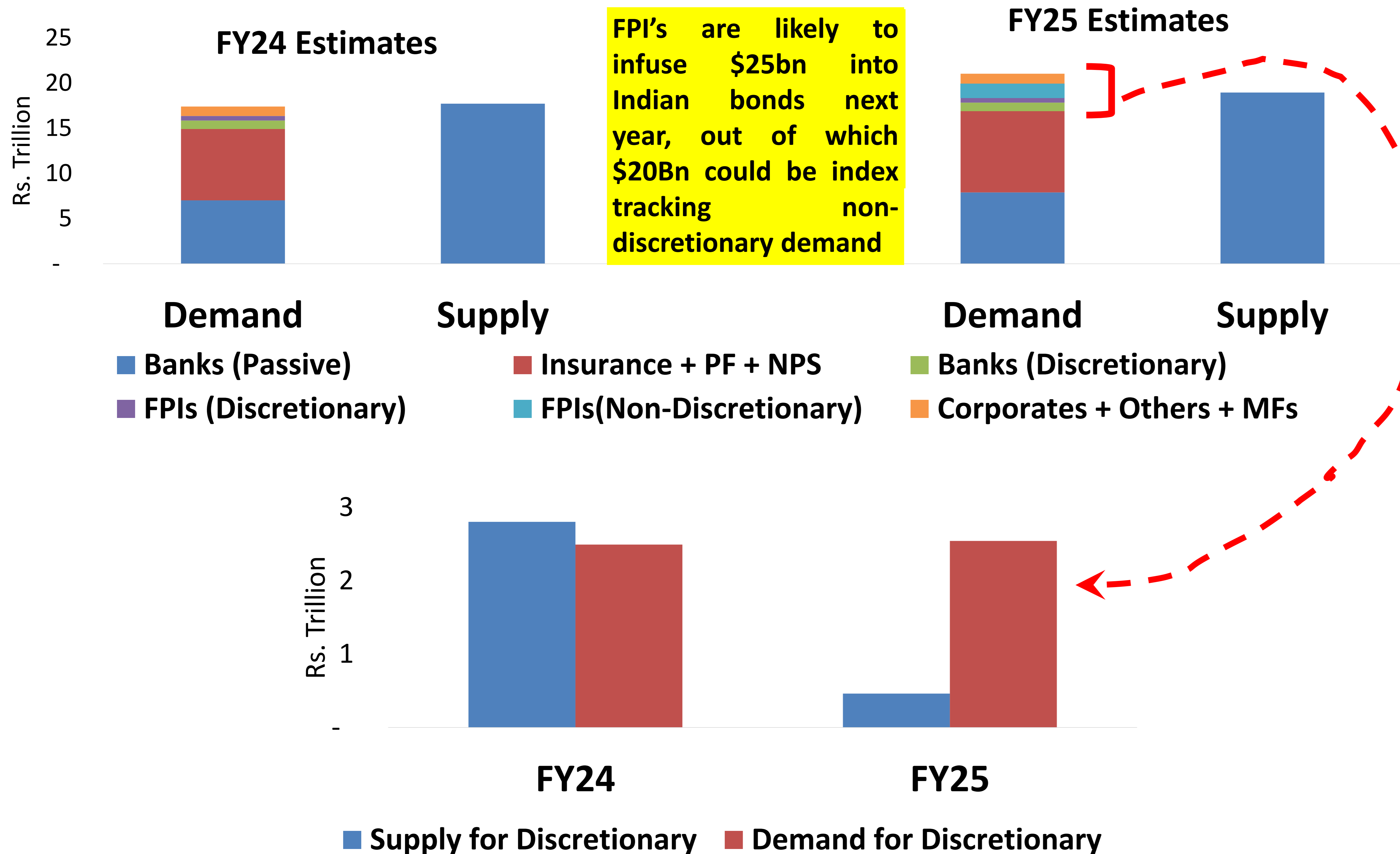


Interbank liquidity is now sustainably close to neutral to slight deficit after a period of more than 4 years of surplus. The pandemic era ginormous liquidity surplus created by the Reserve Bank of India is no longer visible in the system. This probably is reflected in the easing in borrowing stress from the central government and RBI's focus on keeping market interest rates aligned to the benchmark rates.

Within easing core inflationary pressure and supportive growth outlook, the RBI has more elbow room to maneuver policy rates. This is now aided by a definitive pivot by the Federal Reserve in the Dec 2023 policy from hawkish to a neutral stance. Fed is likely to turn dovish and start a rate cutting cycle in 2024.

The Bond markets offer a 'long duration' trade, which is helped by demand supply for government securities explained on the next slide.

# Why FPI Flow Could Make A Big Difference To India's Bond Demand Supply



India's Bond inclusion could be a game changer for the bond demand and supply.

FPIs are likely to infuse \$25Bn out of which \$20Bn is likely to be non-discretionary index tracking. This inflow, approx. Rs. 2 Lakh Cr (~\$25Bn) may seem too small against the borrowing of Rs. 19 Lakh Cr; however, demand and supply balance is the key.

Assuming that the supply of Gsec bond is higher by 6% to 7%, even then the non-discretionary demand for Bonds (from FPIs, Banks/Fis for regulatory purpose) will outstrip the increase in supply by a wide margin.

This is likely to help ease bond yields at the longer end and hence 'long duration' is the preferred strategy at this time.

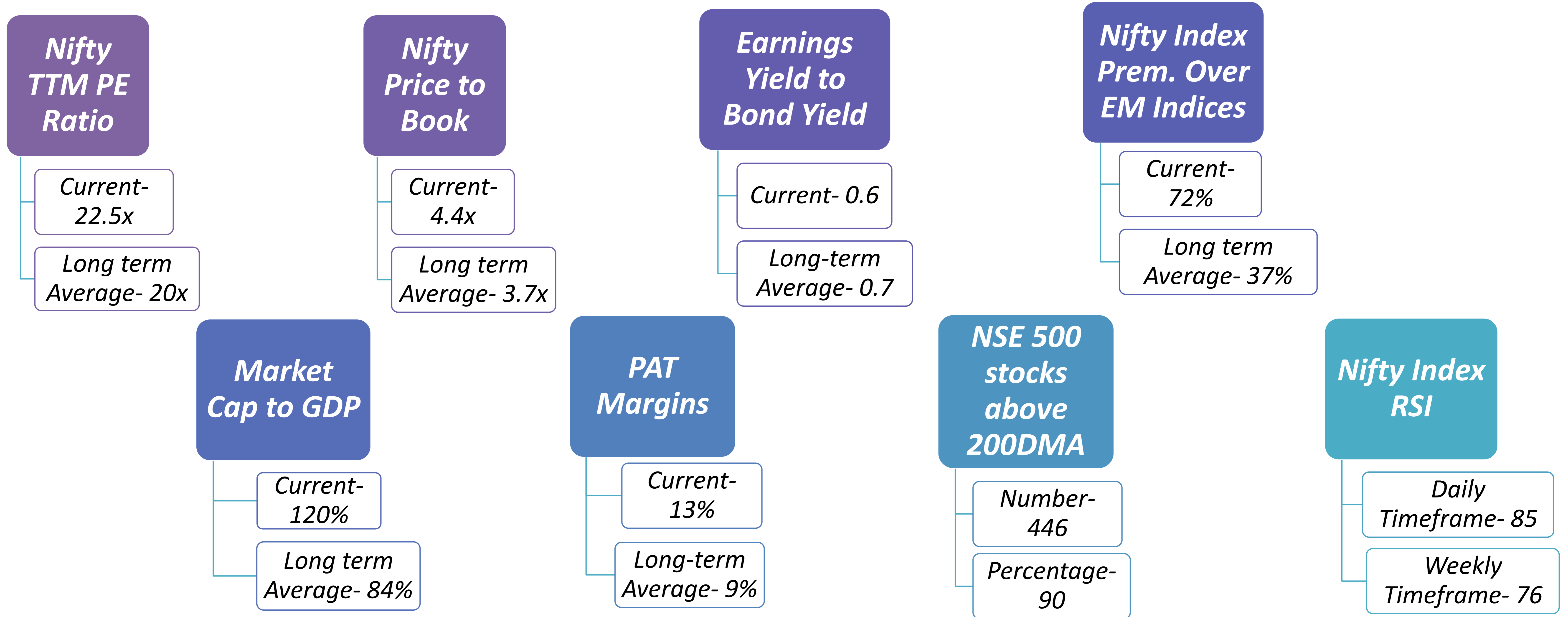
# Valuations: On the Edge

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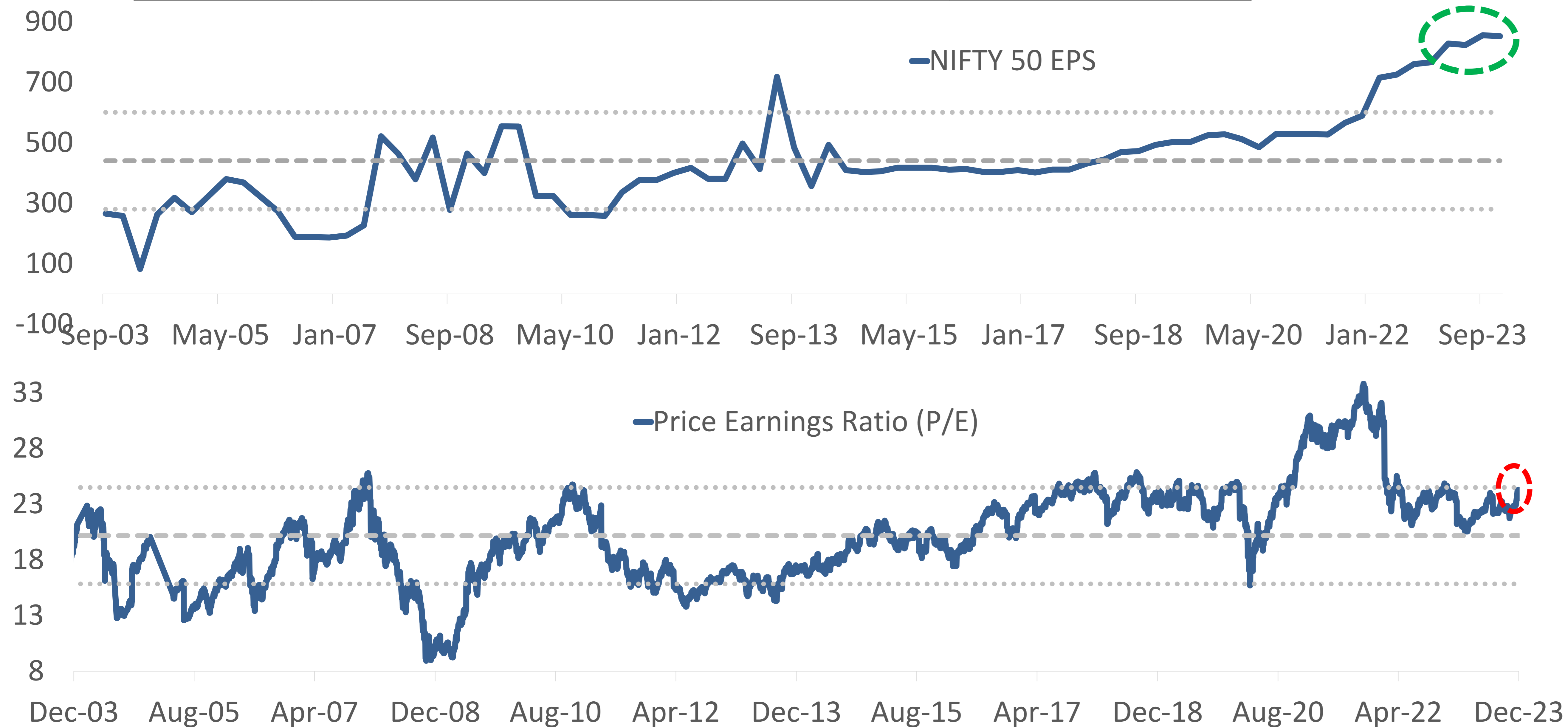
# Nifty Data Stack: Most Barometers Indicate Overheated Readings

This will be Nifty Index's 8<sup>th</sup> consecutive positive returns year. Over the last 100 years, there are less than half a dozen indices globally to have recorded such a streak.



# Valuation Ratios Continue To Hover In Rich Zone

	Current Market Cap to GDP	Last 2 Years' High	Last 10 Years' Average
India	120%	115%	84%
United States	165%	224%	153%

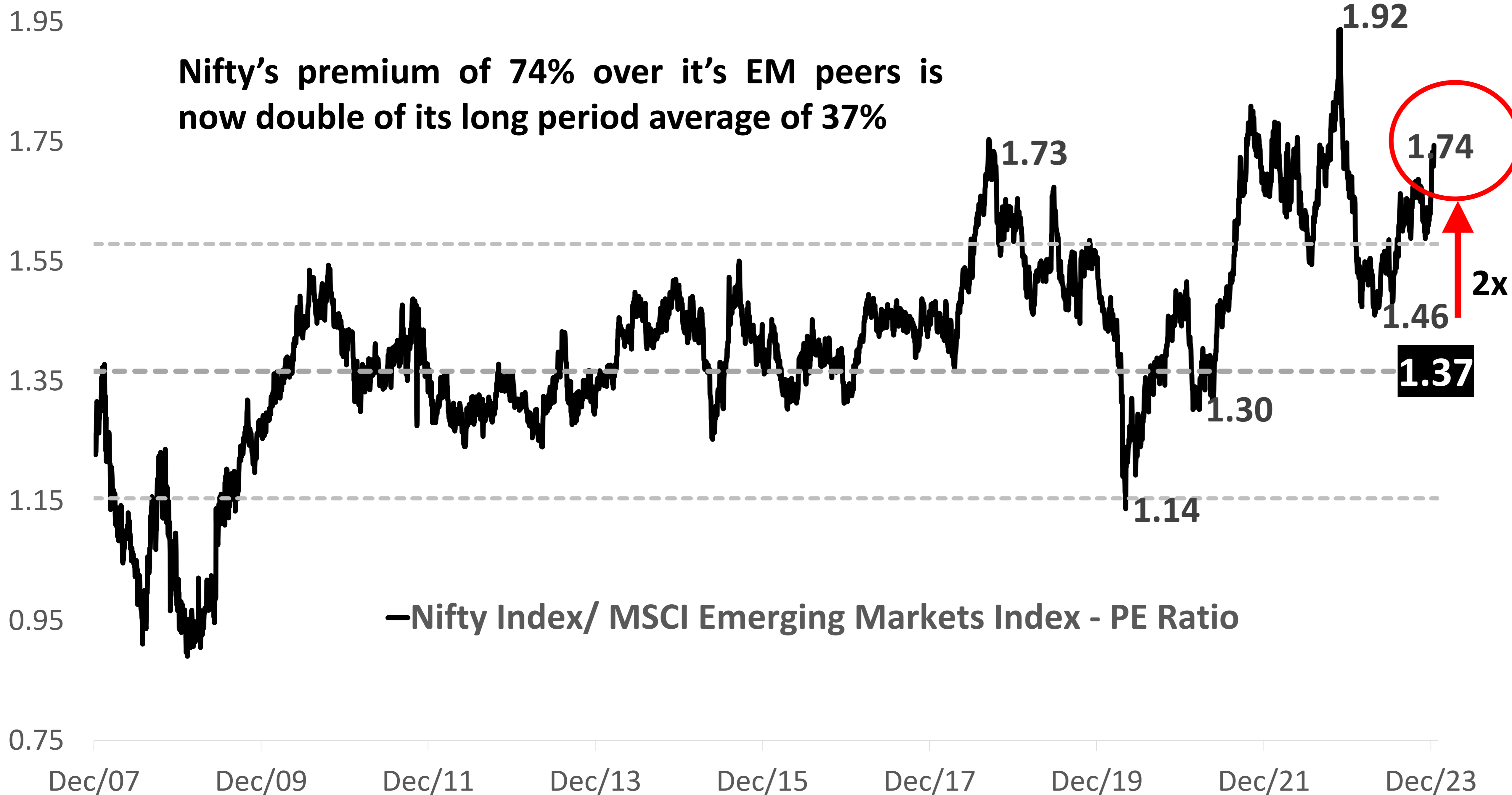


India's market cap has now surpassed \$4.1trn and is now 120% of GDP. This is far beyond the recent highs that this ratio made. We are getting into uncharted territory.

Valuations have also trended higher with trailing twelve month Nifty P/E ratio now above 22 times. Historically, such valuations lead to lower returns in the future.

Earnings growth has been a key pillar of support for the markets. Aided by strong economic growth, record margins and stable monetary policy, earnings have trended higher and has seen very few downgrades which is break from the past. This augurs well for the long term if the earnings trajectory can withstand the softer growth trajectory over the next few quarters.

# Nifty Index Is Now At A 74% Premium To MSCI EM Peers



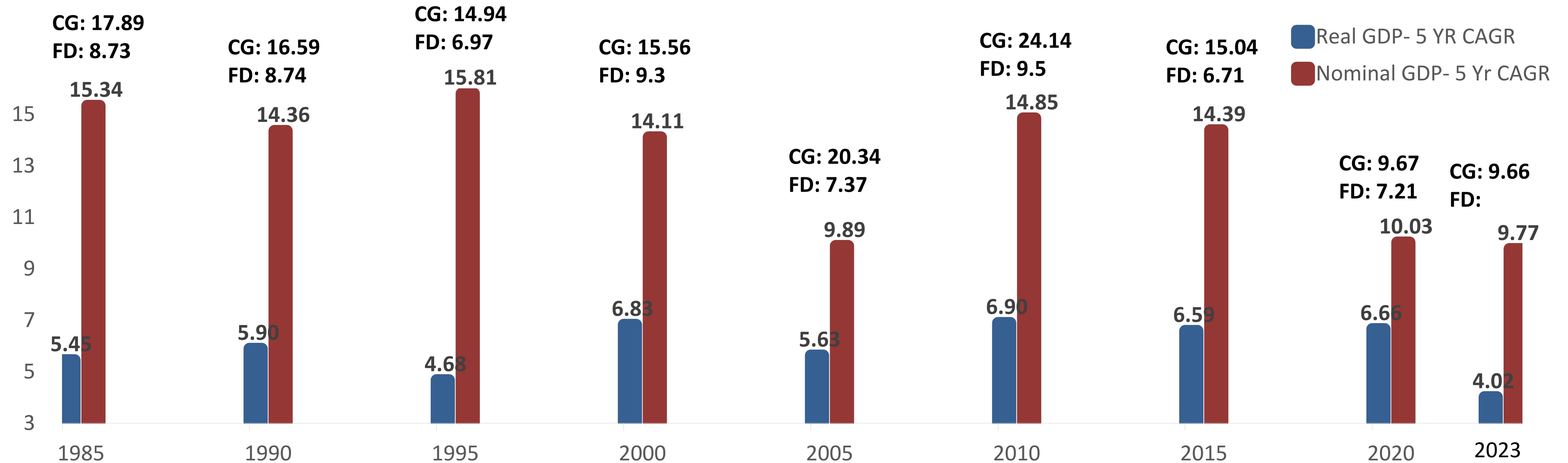
India has historically commanded some premium to EMs. Off late, the premium has increased as the EM valuations fell sharply. However, even within the EM basket, there are very few countries which are promising a combination of good earnings and reasonable valuations.

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.

# **Macros & Flows: India Growth Recovering, But Needs More Changes**

# India's Growth Making A Comeback, But Yet To Climb Back Above Average

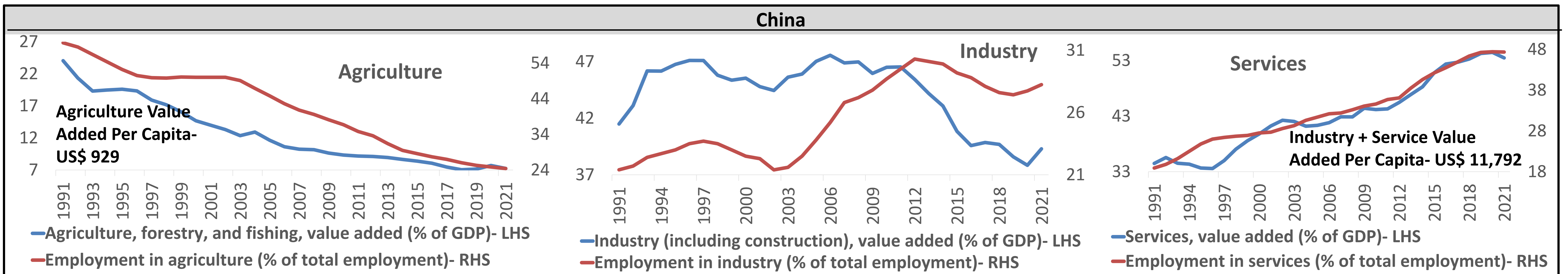
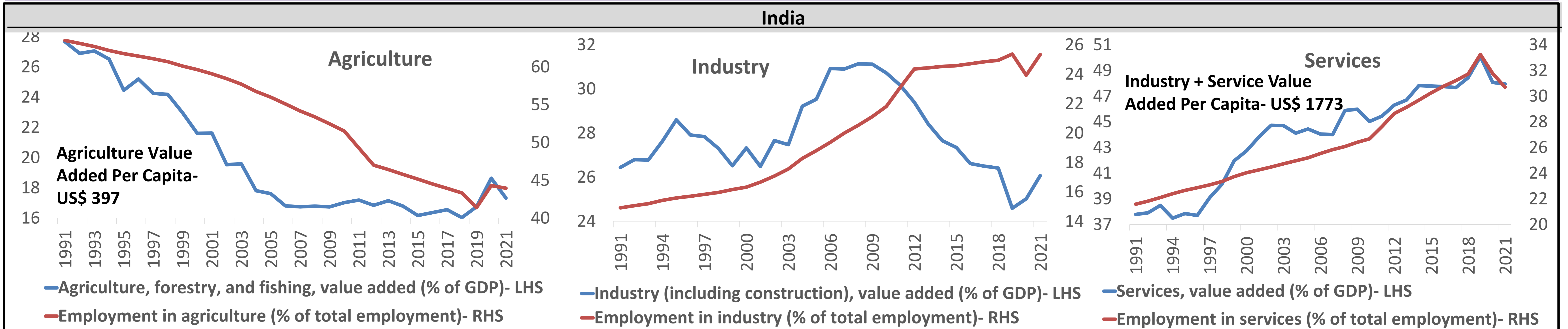


CPI inflation in India has averaged 4.9% over the last 8 years vs 9% in the 8 years prior to that. This has been driven by a mix of sell side reforms in agriculture, weak global commodity prices and somewhat subdued fuel prices in few years. But a major driver has been slower real GDP growth in India. The private consumption which has been the backbone of India's growth has been weaker in the last 8 years. India's growth trajectory would require a steady mix of private consumption and investment uptick. Currently both are showing consistent trends but are far from the desired growth rates of the past. This is reflected in how credit growth which was lagging for years and is now making a come back and fiscal deficit which has probably helped the economy recover post COVID, but its future trajectory is uncertain.

# From Farm to Factory: A Tale of Two Asian Giants

In India, while agriculture accounts for the largest share of the employed population, the value added per capita is a mere US\$ 397. As for China, with only a quarter of population employed in agriculture it manages a US\$ 930 agriculture value added per capita.

Further, the high paying sectors (industry and services) employs almost **75% of the China's employed population**, while that number is a mere **56% of India's total employment**



# Earnings: Can it Last?

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# Decent Earnings Across Sectors

Net Income- YoY	FY18	FY19	FY20	FY21	FY22	FY23	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
Communication Services	-71%	-63%	PL	Loss	LP	96%	LP	LP	209%	170%	88%	27%
Consumer Discretionary*	11%	4%	-21%	-21%	33%	47%	31%	41%	51%	48%	48%	45%
Consumer Staples	13%	13%	19%	0%	10%	22%	13%	16%	20%	22%	21%	18%
Energy	9%	28%	-21%	28%	41%	4%	47%	18%	6%	6%	1%	13%
Financials	-13%	40%	57%	27%	40%	34%	44%	35%	36%	34%	40%	39%
Health Care	-47%	38%	18%	2%	27%	59%	23%	20%	10%	26%	15%	16%
Industrials	10%	19%	5%	21%	-17%	23%	42%	12%	17%	21%	29%	27%
Information Technology	3%	13%	5%	6%	17%	6%	8%	7%	9%	7%	10%	9%
Materials	173%	-4%	-19%	48%	157%	-56%	43%	-13%	-40%	-56%	-64%	-53%
Utilities	10%	17%	-4%	23%	29%	-2%	3%	5%	4%	-2%	3%	4%
Nifty	8%	5%	-3%	26%	49%	10%	33%	18%	11%	10%	12%	19%

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

Financials, consumer discretionary and industrials continue to show promising trends. IT's run of a tapering in earnings growth continues and is likely to remain on this trajectory for some more time.

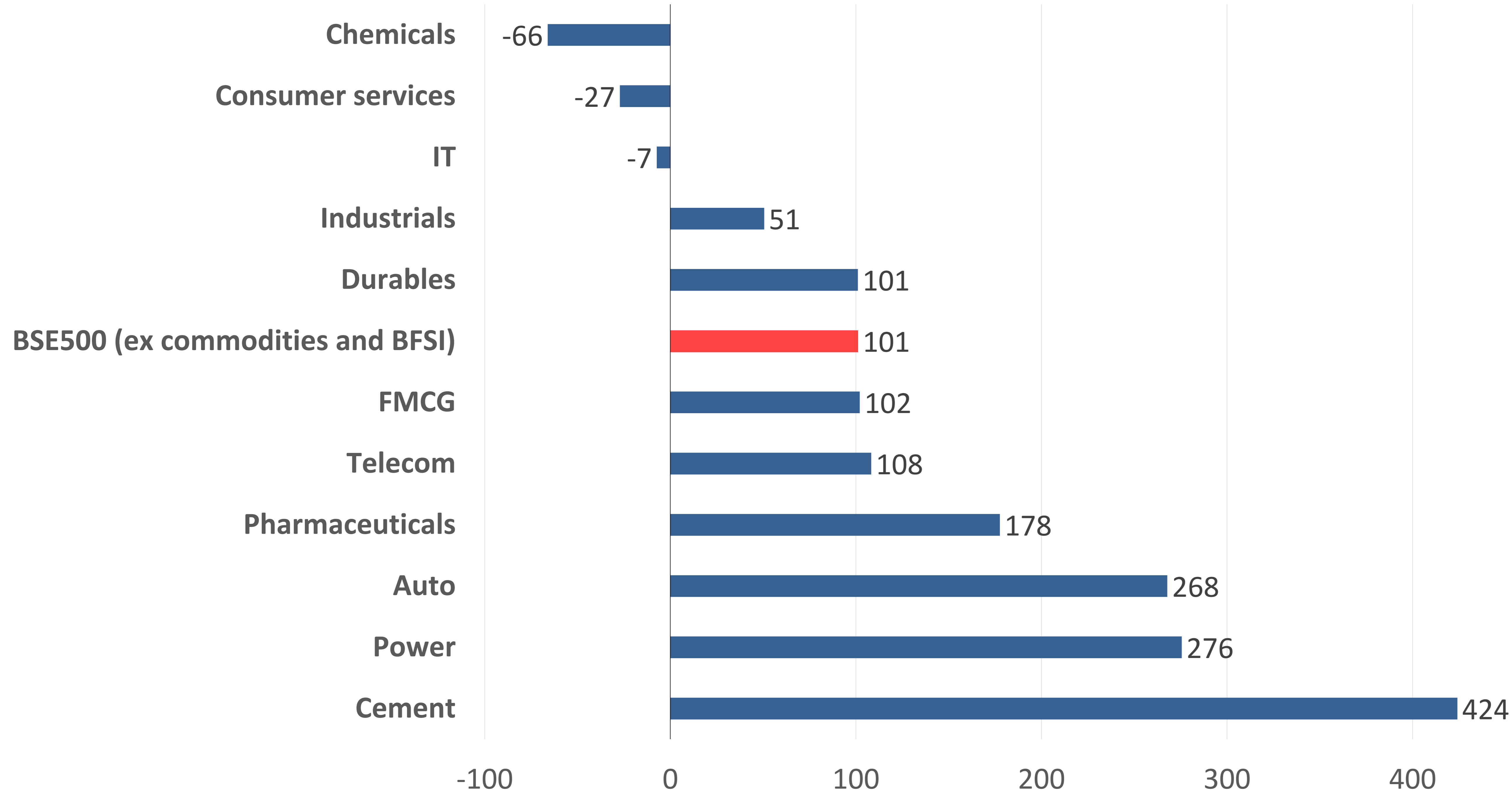
We continue to look for earnings driven comfort for our investment thesis.

Want to understand the most from corporate commentaries? Read [The Transcript](#)



# Margins Boost For Earnings, But Further Expansion Unlikely

FY24E YoY change in EBITDA margins (bps)



There are three driver of corporate earnings growth. Sales growth, margins and investment efficiency.

Margins for corporate India has given a big boost to earnings trajectory over the last few quarters.

As can be seen from the data on the left, most sectors have seen more than 100bps expansion in margins. This has been a result of decline in raw material costs which is evident in India's Wholesale Price Index (WPI) at -1.6% in H1 for FY24. Even the PAT margins for NSE500 firms in the last quarter were at 13%, which is the highest margin in over a decade.

However, the drivers of further margin expansion have exhausted. Topline growth has begun to slow and raw material prices have stabilized. This is likely to put a ceiling on corporate earnings growth and could be source of caution ahead.

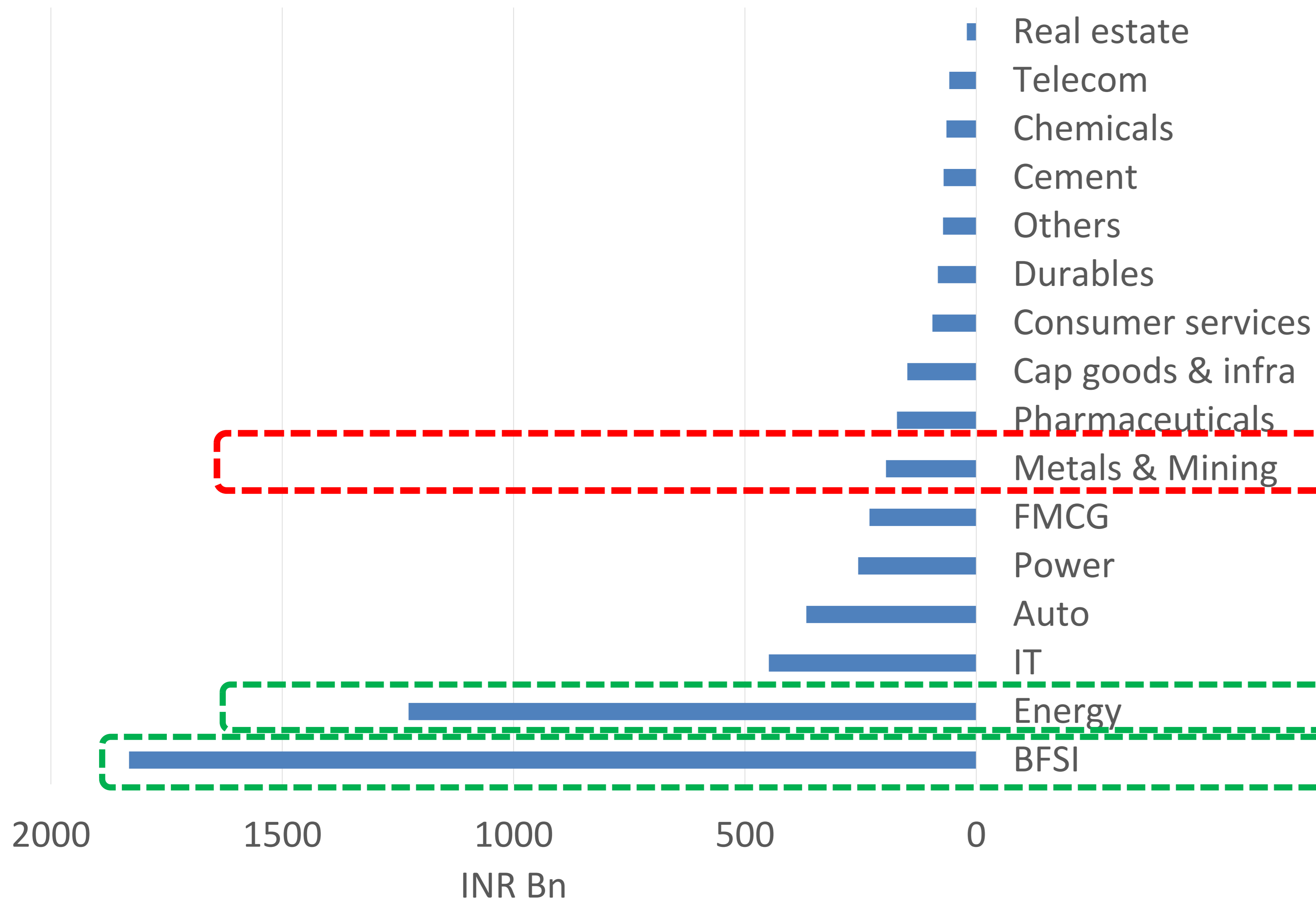
## Sectors: Linking Data Trends

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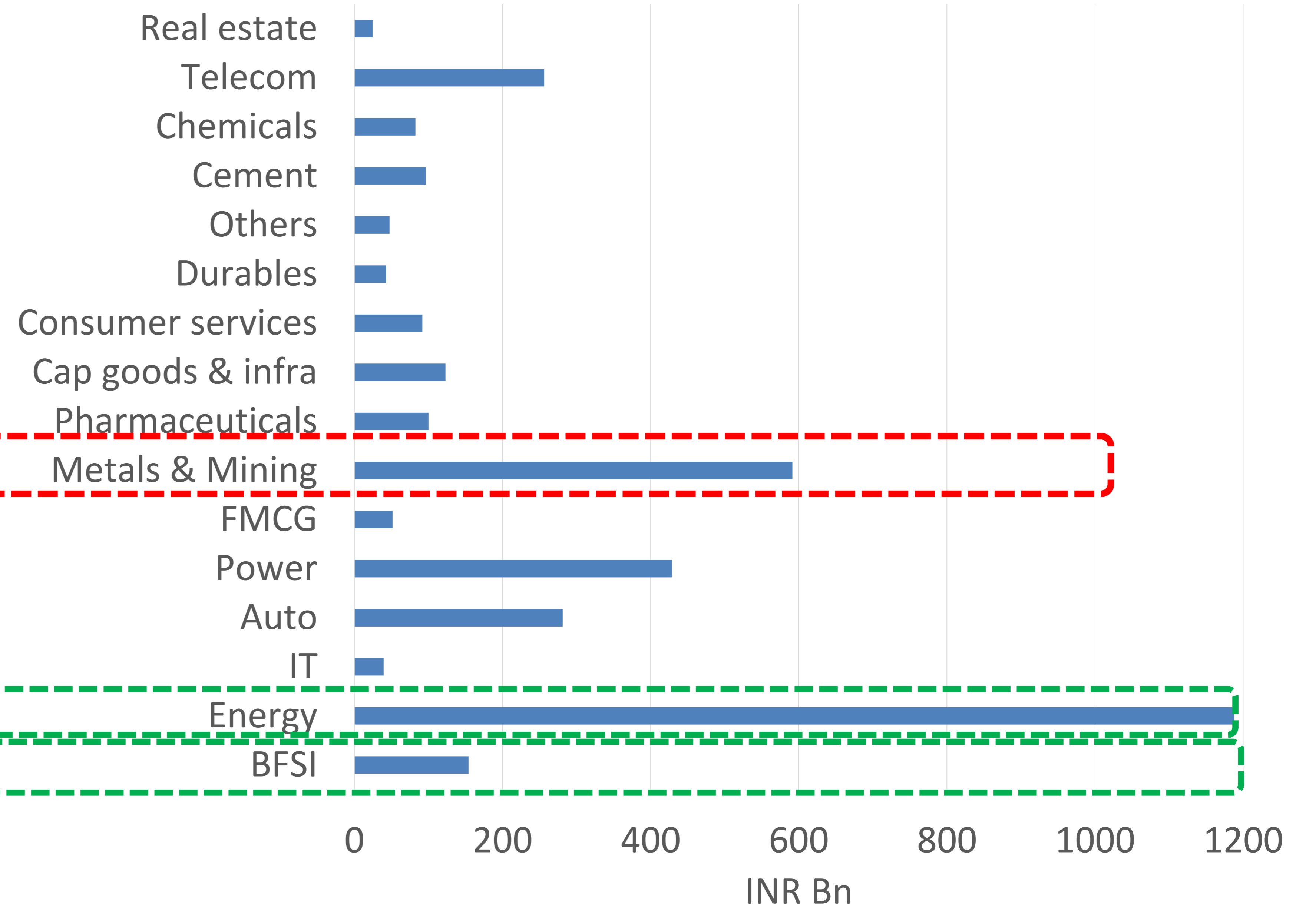
# BFSI, Continues To Deliver

*A number of sectors has seen an uptick in capital expenditure and are likely to see steady earnings profile overtime. However, majority of profit acceleration for the broader market is accruing from the largest profit pool, BFSI sector.*

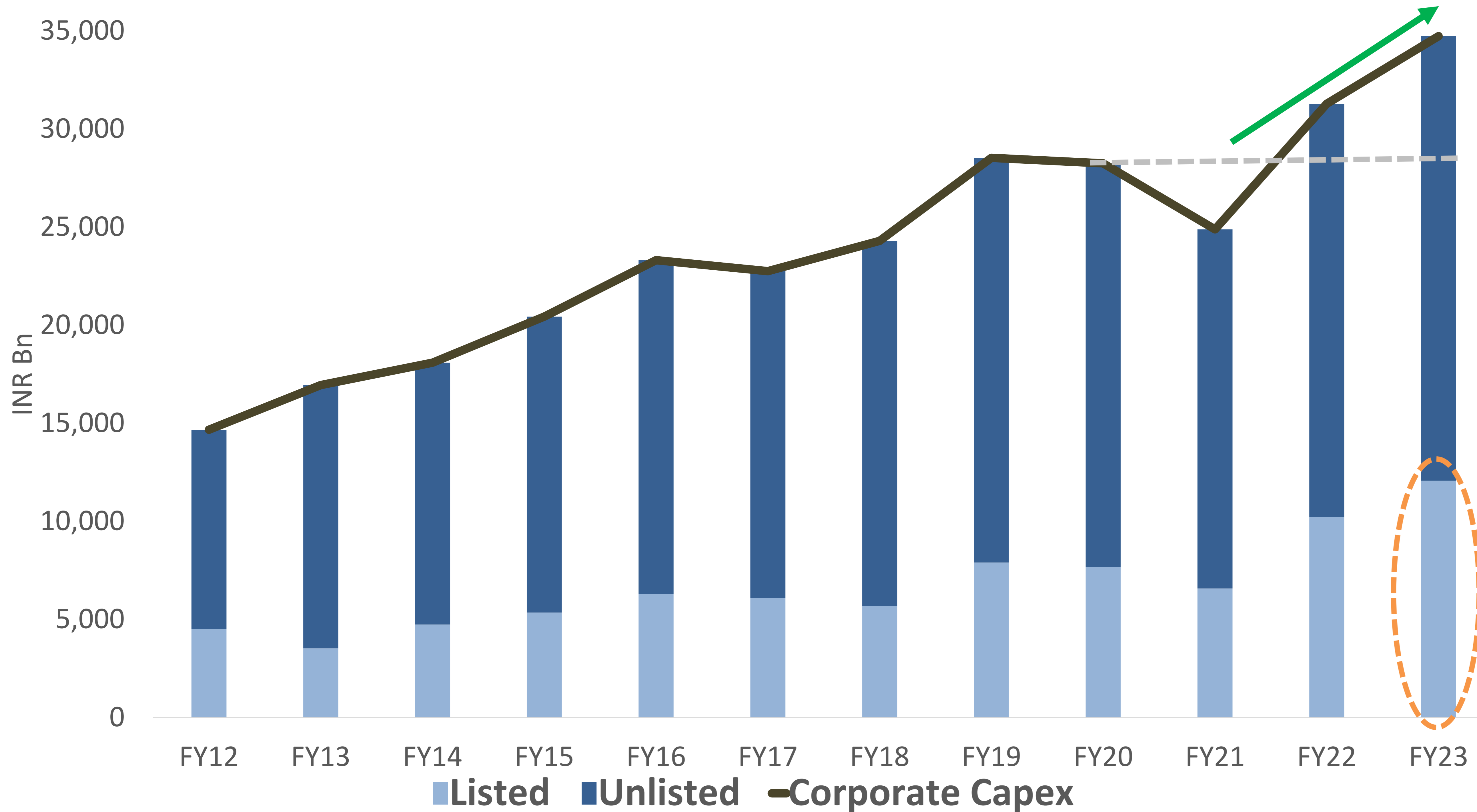
### H1FY24 Earnings



### H1FY24 Capital Expenditure



# The Backbone of Growth



The Corporate Capex is a part of Gross Fixed Capital formation. GFCF includes capex (produced assets) by different entities such as households, government, corporates, foreign entities.

Corporate capex ranges between 43-45% of the total capex made across various assets by different categories.

While the unlisted space continues to dominate the majority of capital expenditure, it's CAGR over the past 11 years has been the least- 7.6%. While the contribution of the listed space has not only been growing at a decent pace, it has managed a CAGR of 9.4% over the past 11 years, with the overall corporate capex growing at 8.1%

The slump in capital expenditure has been more than recovered, and has made a rather steep rise post pandemic.

# DSP Capex Tracker: Scorecard Is Healthy

	Units	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	5 Year CAGR
<b>New Investments</b>	INR Billion	2762	1862	4318	4403	4251	4580	9333	6718	5565	9573	13616	6750	1718	-14%
<b>OBICUS Capacity utilisation</b>	Per cent	63	67	69	60	68	72	75	72	74	74	76	74		
<b>Central Govt Capex</b>	INR Billion	776	1431	1166	1115	1179	1623	2005	1751	1678	1471	2464	2785	2121	23%
<b>Aggregate New Orders</b>	INR Billion	897	1518	2157	702	945	1296	1675	1448	425	542	1802	1532	1360	-3%
<b>Cement Volumes</b>	YoY, %	-11	-4	10	58	22	9	9	17	5	10	4	13	10	5%
<b>Import of engineering goods</b>	USD Billion	16	22	25	23	22	28	28	27	30	35	31	30	31	4%
<b>Industrial credit</b>	INR Trillion	28.3	28.2	29.3	28.9	28.8	30.3	31.6	31.7	32.4	32.9	33.4	34.2	34.7	5%
<b>IIP Capital Goods</b>	Index	79	91	99	74	92	88	100	96	99	96	111	101	107	0%
<b>Housing loans</b>	INR Trillion	14	14	15	15	16	16	17	17	18	19	19	20	25	19%

DSP Capex tracker shows that most macro indicators are looking healthy. New investments have slowed but given that implementation has picked up, it is overall healthy. There's fiscal support to investments, private investments can still do better. Demand has remained resilient, with industrial credit and housing loans painting blue streaks in the September quarter. However, H2FY24 may see some slowdown, with higher interest rates finally rubbing their impact. A global slowdown may also shake the resilience.

# FII Flows Make A Comeback In CY23

Flows	In \$ Bn				% contribution to flows			
	CY23 YTD	CY22	CY21	CY20	CY23 YTD	CY22	CY21	CY20
<b>Auto</b>	3.1	-0.1	0.1	0.9	24%	1%	2%	4%
<b>Finance</b>	2.5	-8.1	-2.1	7.2	20%	49%	-56%	31%
<b>IT</b>	-1.5	-9.3	-3.2	0.3	-12%	56%	-87%	1%
<b>O&amp;G</b>	-2.7	-2.8	0.6	0.9	-21%	17%	16%	4%
<b>Consumer (incl. Media)</b>	0.9	-1.3	3.8	5.2	7%	8%	103%	23%
<b>Utilities (Incl. Telcos)</b>	0.6	1.0	2.3	-1.3	4%	-6%	63%	-6%
<b>Healthcare</b>	1.1	1.8	-0.5	1.3	8%	-11%	-13%	6%
<b>Industrials (Inc. Cement)</b>	5.9	0.0	1.0	1.0	46%	0%	27%	4%
<b>Metals</b>	-0.5	0.5	-0.3	0.0	-4%	-3%	-7%	0%
<b>Others</b>	3.4	1.8	2.0	7.6	26%	-11%	53%	33%
<b>Total</b>	12.8	-16.5	3.7	23.1	100%	100%	100%	100%

In FY22, FPI flows for equities stood at -16.5Bn. In CY2023, FPIs have infused \$17Bn into Indian stocks reversing the outflows of 2022. This may not be the best inflow year in term of size of FPI flows, however, it marks a turn in overall numbers. The table above indicates data till Nov 2023 YTD, additional \$4.2Bn inflows were seen by mid of Dec 2023.

**Let's sum it up.**

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# Asset Class View

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- Equity: Exercise caution as valuation comfort is no longer available. Equity allocation to be kept in conservative zone and brought back when markets are available at average valuations.
- Debt: Add duration with India GSec at 7.20% to 7.25% range.
- Commodities: Gold prices are flirting with all time highs and with a global pivot in interest rates, it could see the beginning of a sustained period of uptrend. We remain positive on prospects of Gold prices.



# How To Position Your Portfolio?

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# Asset Allocation: Our recommendations

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

If you are

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

# Conservative Strategy

## Portfolio: Conservative

Asset Class	Category	Fund	Allocation
<b>Equity 25%</b>	Index Fund	DSP Nifty 50 Equal Weight Index Fund	5%
	Flexi Cap Fund	DSP Flexi Cap Fund	20%
<b>Alternate &amp; Hybrid 15%</b>	Multi Asset Allocation	DSP Multi Asset Allocation Fund	15%
<b>Debt 60%</b>	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
<b>Equity 55%</b>	Large and Mid Cap Fund	DSP Equity Opportunities Fund	15%
	Midcap Fund	DSP Mid Cap Fund	10%
	Sectoral Fund	DSP Healthcare Fund	10%
	Value Fund	DSP Value Fund	20%
<b>Alternate &amp; Hybrid 15%</b>	Multi Asset Allocation	DSP Multi Asset Allocation Fund	15%
<b>Debt 30%</b>	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%

# Aggressive Strategy

Portfolio: Aggressive

Asset Class	Category	Fund	Allocation
<b>Equity 65%</b>	Flexi cap Fund	DSP Flexi Cap Fund	35%
	Mid cap Fund	DSP Mid Cap Fund	10%
	Small cap Fund	DSP Small Cap Fund	10%
	Sectoral Fund	DSP Healthcare Fund	10%
<b>Alternate &amp; Hybrid 20%</b>	FoF – Overseas	DSP Global Innovation Fund of Fund	10%
	Equity Savings	DSP Equity Savings Fund	5%
	Dynamic Asset Allocation or Balanced Advantage	DSP Dynamic Asset Allocation Fund	5%
<b>Debt 15%</b>	Dynamic Bond	DSP Strategic Bond Fund	10%
	Gilt Fund with 10 Year Constant Duration	DSP 10Y G-Sec Fund	5%

# Passive-Moderate Strategy

## Portfolio: Passive- Moderate

Asset Class	Category	Fund	Allocation
<b>Equity 60%</b>	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	20%
<b>Alternate &amp; Hybrid 20%</b>	ETFs - Others	DSP Silver ETF	10%
	ETFs- Other	DSP Gold ETF	10%
<b>Debt 25%</b>	Index Fund	DSP Nifty SDL Plus G-Sec Jun 2033 30:70 Index Fund	25%

## ...And Some Fun Recommendations

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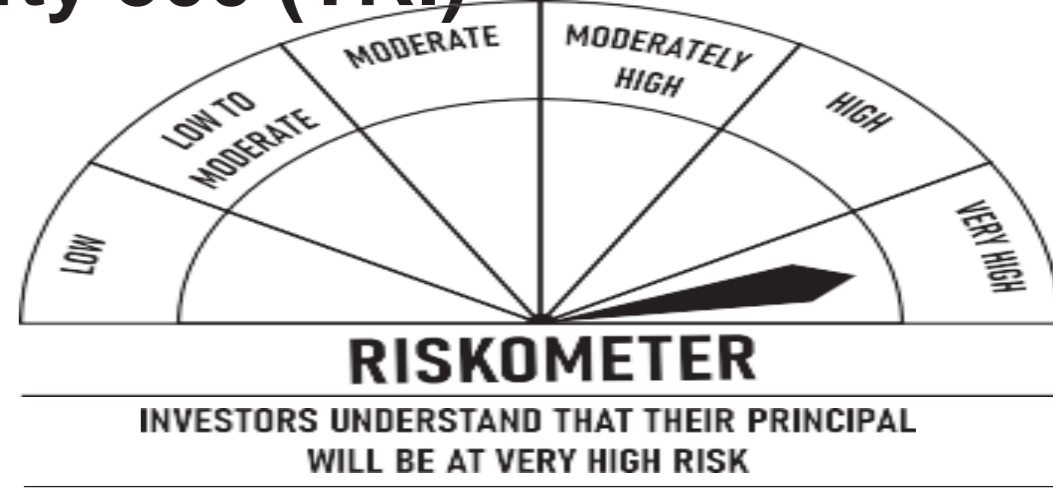
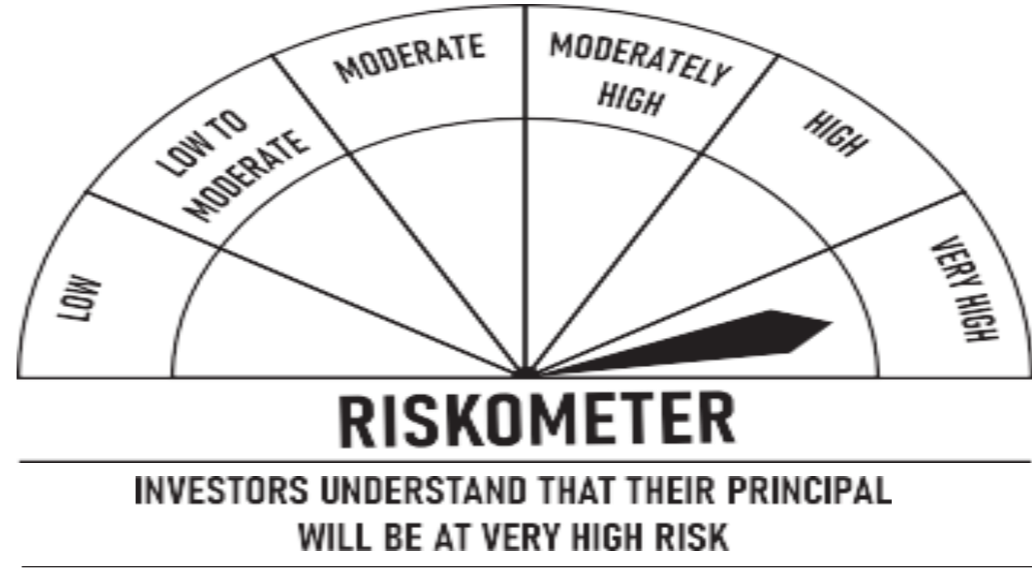
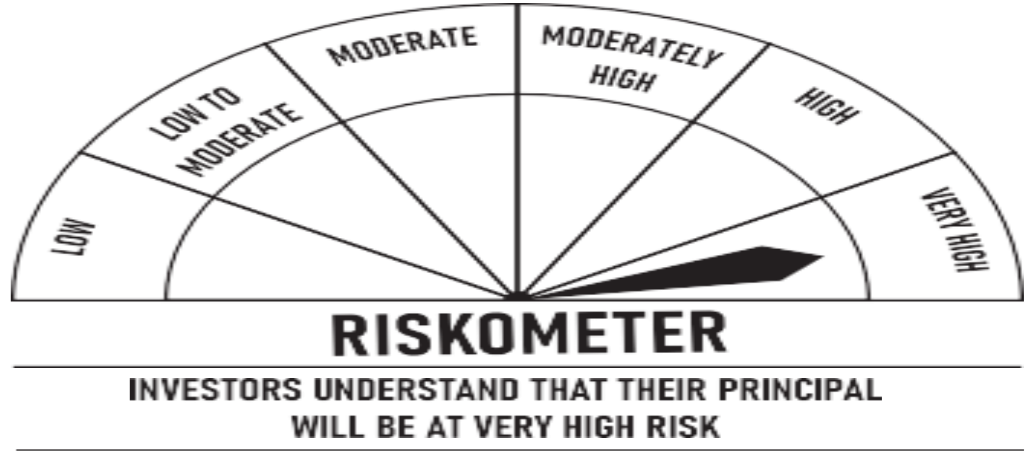

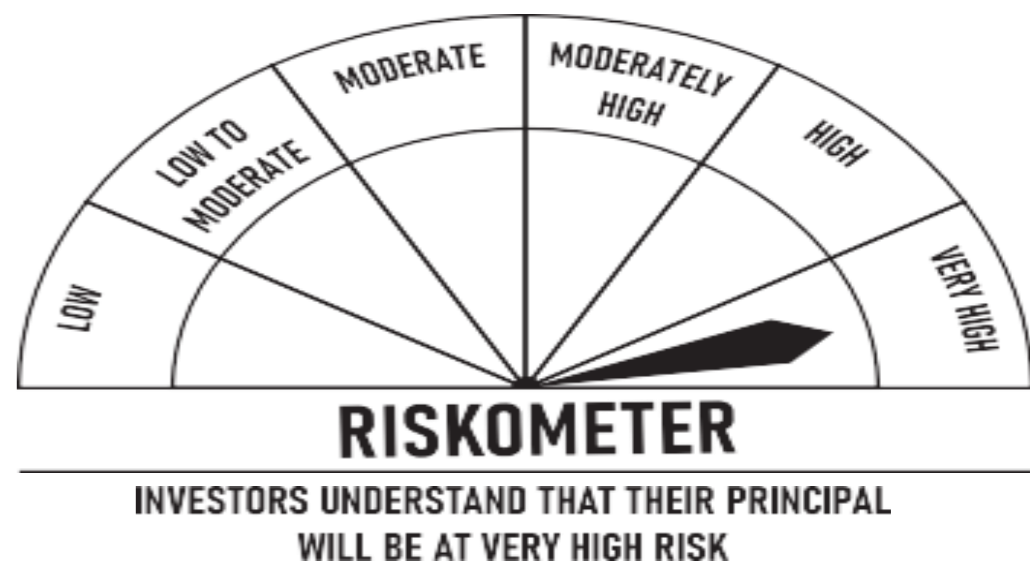
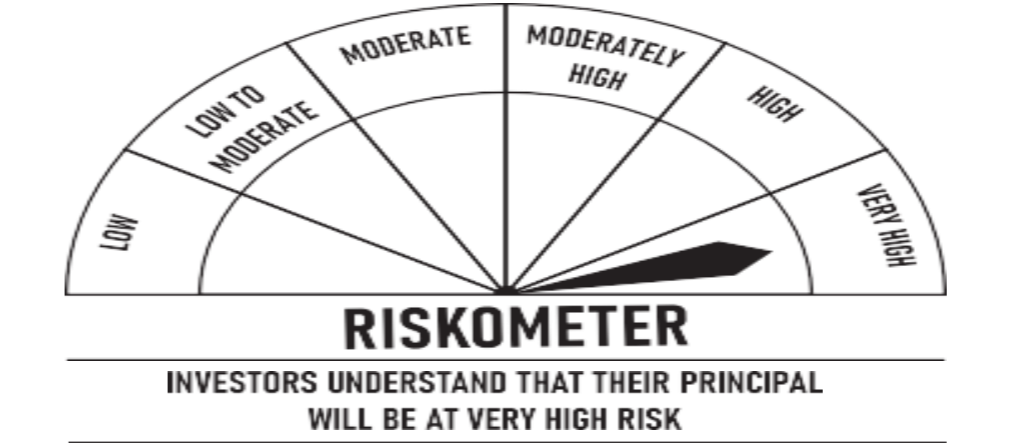

### What we liked:

- **Book:** [Seven and a Half Lessons About the Brain](#)
- **Podcast:** [Charlie Munger on Acquired](#)
- **Article:** [Can humans ever understand how animals think?](#)

### Our in-house creations:

- **One Step Ahead | Is Small Cap as a Segment Looking Frothy?** with Sahil Kapoor [Watch here](#)
- **Stoic Talks Podcast | "Demystifying Factor Investing for Modern Markets"** with Anish Teli [Watch here](#)
- **The DSP Blog | Anti Role model:** [Read here](#)

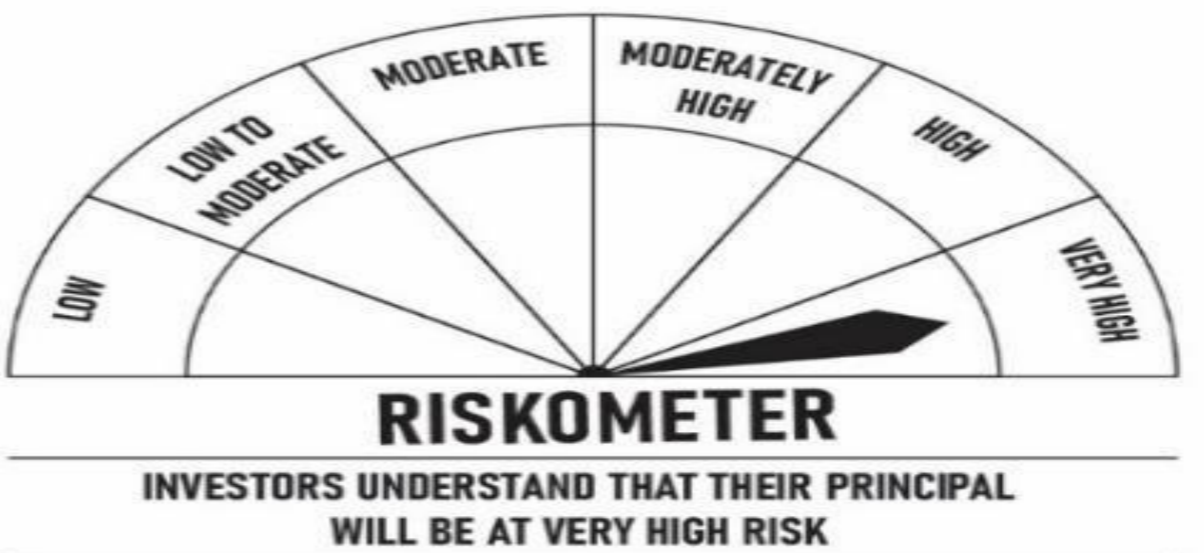

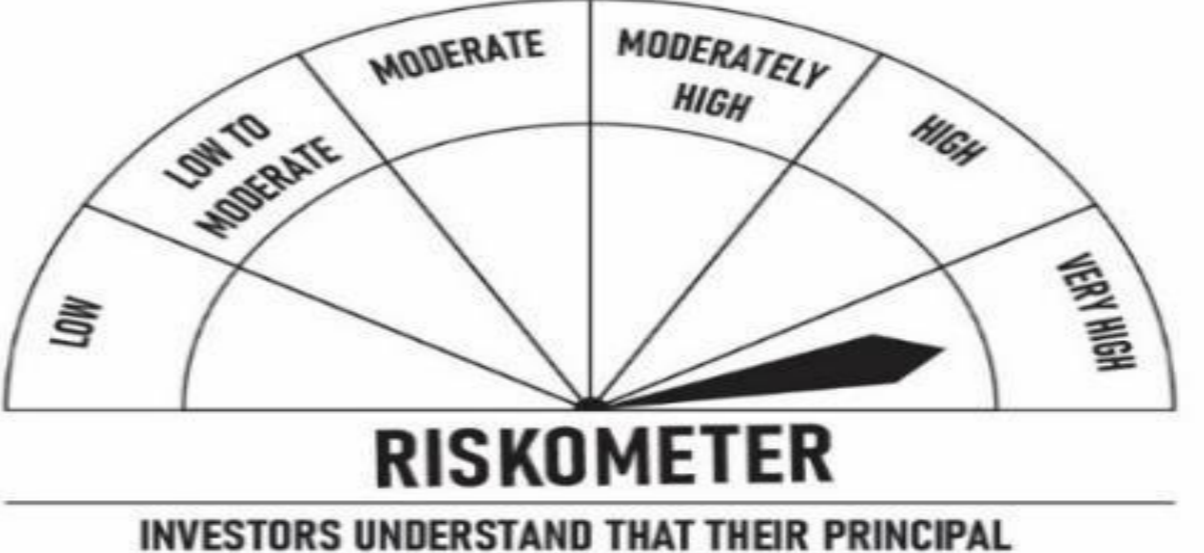

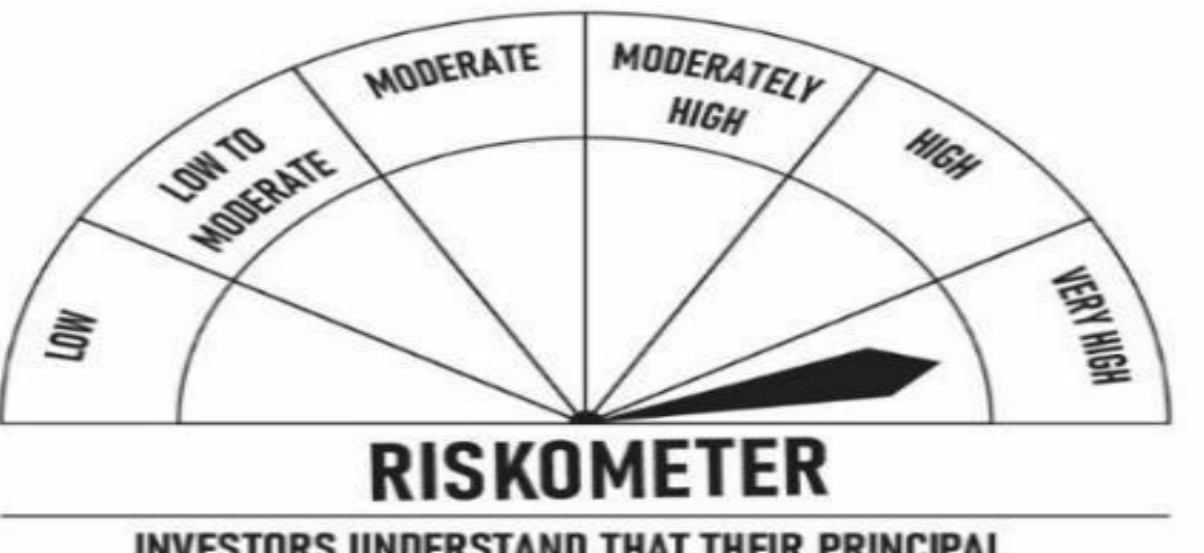
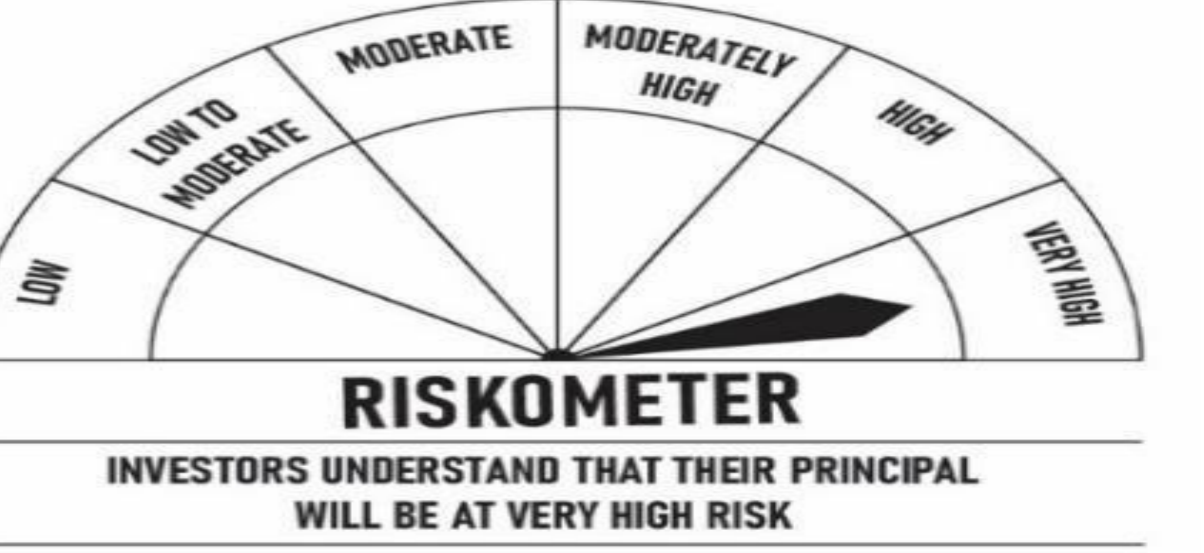
# Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
<b>DSP Flexi Cap Fund</b> (An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks)	This Open Ended Scheme is suitable for investors who are seeking* <ul style="list-style-type: none"> <li>• Long-term capital growth</li> <li>• Investment in equity and equity-related securities to form a diversified portfolio</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<b>Nifty 500 (TRI)</b>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>
<b>DSP Small Cap Fund</b> (An open ended equity scheme predominantly investing in small cap stocks)	This Open Ended Equity scheme is suitable for investors who are seeking* <ul style="list-style-type: none"> <li>• Long-term capital growth</li> <li>• Investment in equity &amp; equity-related securities predominantly of small cap companies (beyond top 250 companies by market capitalization)</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<b>S&amp;P BSE 250 Small Cap TRI</b>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>
<b>DSP India T.I.G.E.R. Fund (The Infrastructure Growth &amp; Economic Reforms Fund)</b> (An open ended equity scheme following economic reforms and/or infrastructure development theme)	This Scheme is suitable for investors who are seeking* <ul style="list-style-type: none"> <li>• Long-term capital growth</li> <li>• Investment in equity &amp; equity-related securities of corporates, which could benefit from structural changes brought about by continuing liberalization in economic policies by the Government and/or from continuing investments in infrastructure, both by the public and private sector</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<b>S&amp;P BSE India Infrastructure TRI</b>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>
<b>DSP Value Fund</b> (An open Ended equity scheme following a value investment strategy)	This product is suitable for investors who are seeking* <ul style="list-style-type: none"> <li>• To generate long-term capital appreciation / income in the long term</li> <li>• Investment primarily in undervalued stocks</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<b>NIFTY 500 TRI</b>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>

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

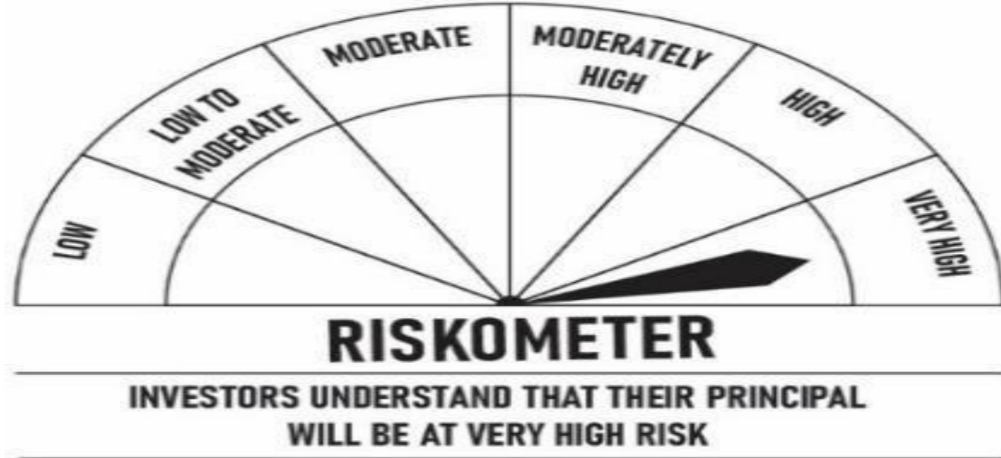
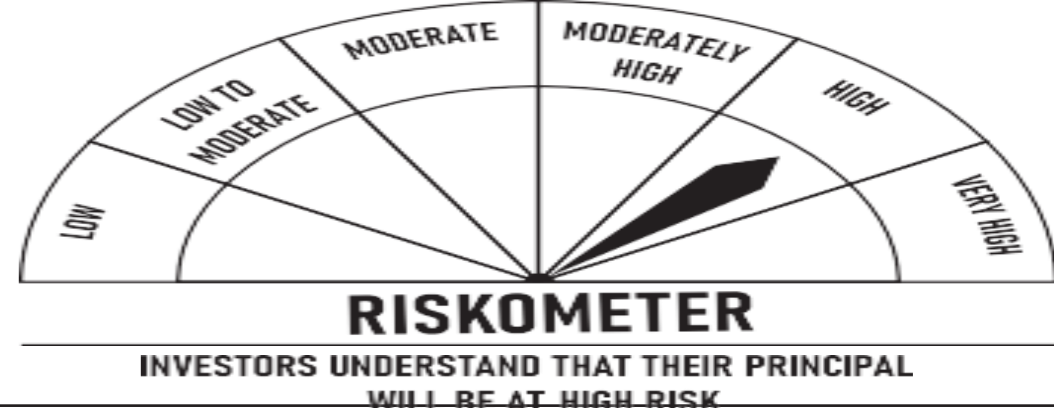
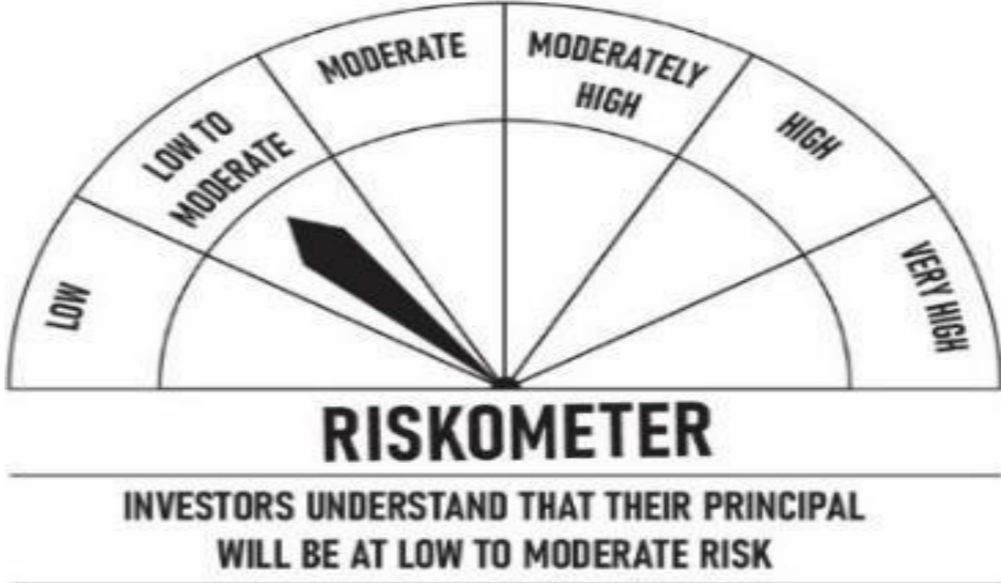
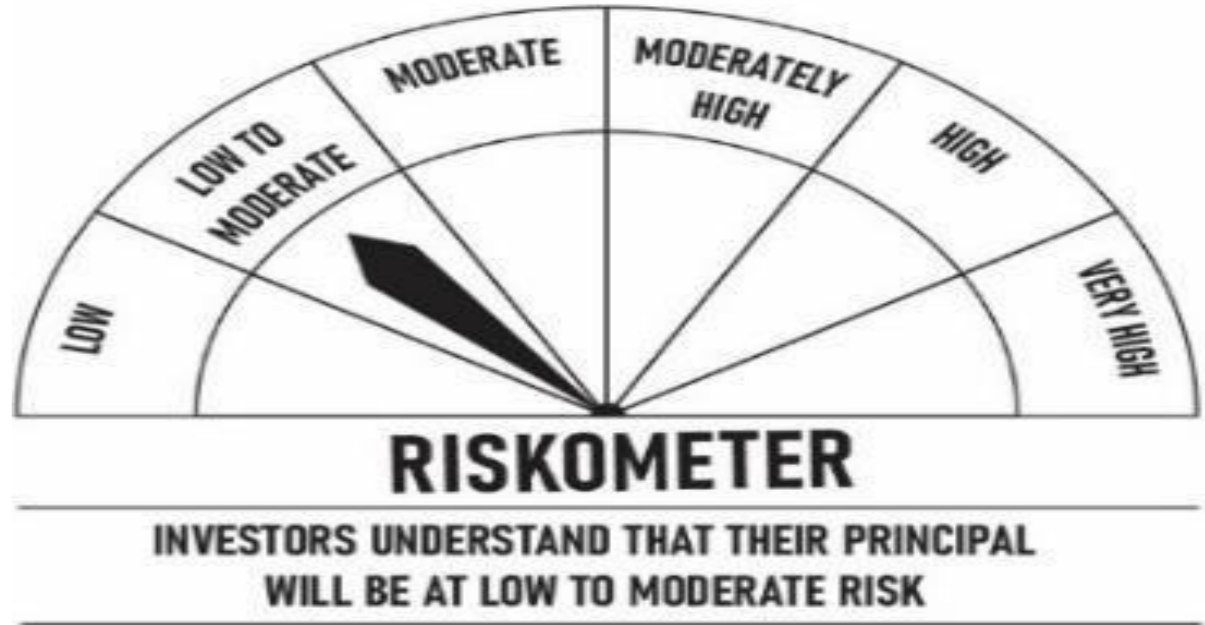
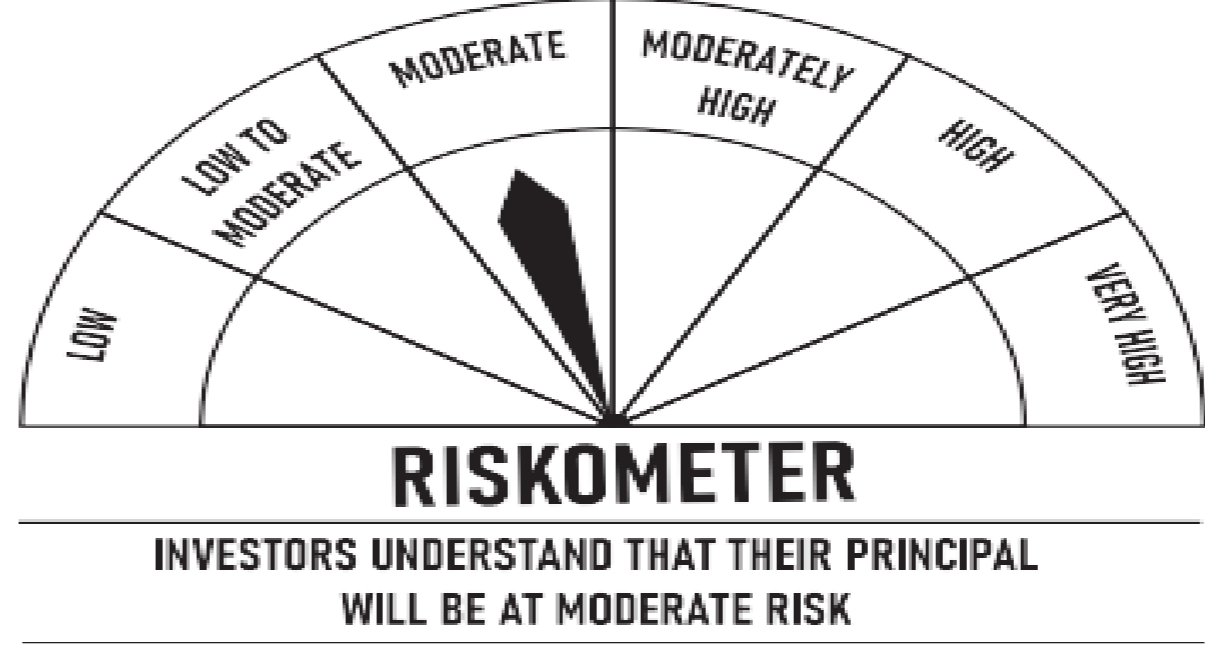



# Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
<p><b>DSP Mid Cap Fund</b> (Mid Cap Fund-An open ended equity scheme predominantly investing in mid cap stocks)</p>	<p>This Open Ended Equity Scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>•Long-term capital growth</li> <li>•Investment in equity &amp; equity-related securities predominantly of midcap companies</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p><b>Nifty Midcap 150 TRI</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>
<p><b>DSP Equity Opportunities Fund</b> (Large &amp; Mid Cap Fund-An open ended equity scheme investing in both large cap and mid cap stocks)</p>	<p>This Open Ended scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>•Long-term capital growth</li> <li>•Investment in equity &amp; equity-related securities predominantly of large and midcap companies</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p><b>NIFTY Large Midcap 250 (TRI)</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>
<p><b>DSP Healthcare Fund</b> (An open ended equity scheme investing in healthcare and pharmaceutical sector)</p>	<p>This Open Ended Equity Scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>•Long-term capital growth</li> <li>•Investment in equity &amp; equity related Securities of healthcare and pharmaceutical companies</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p><b>S&amp;P BSE HEALTHCARE (TRI)</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>


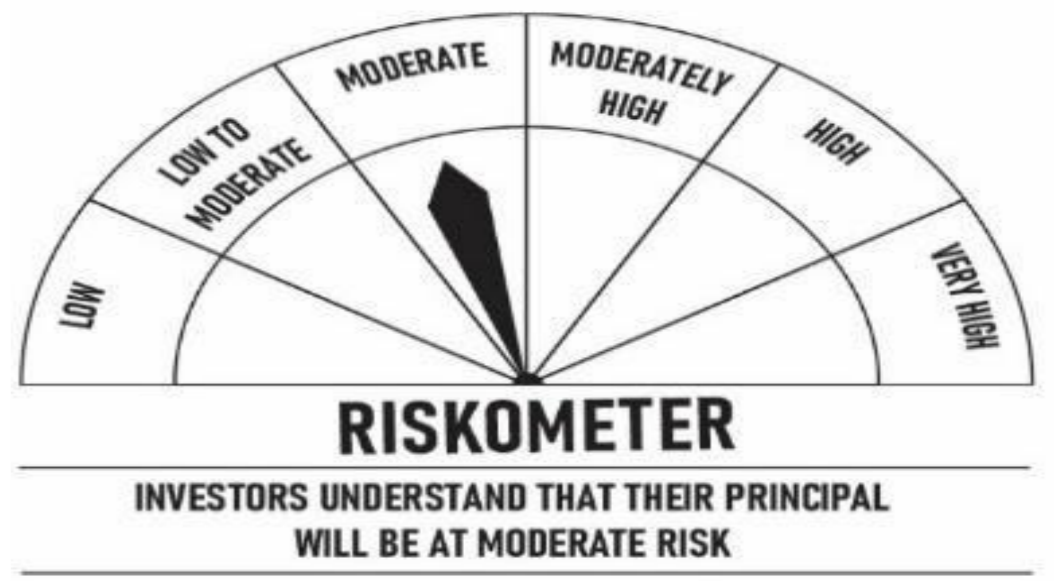

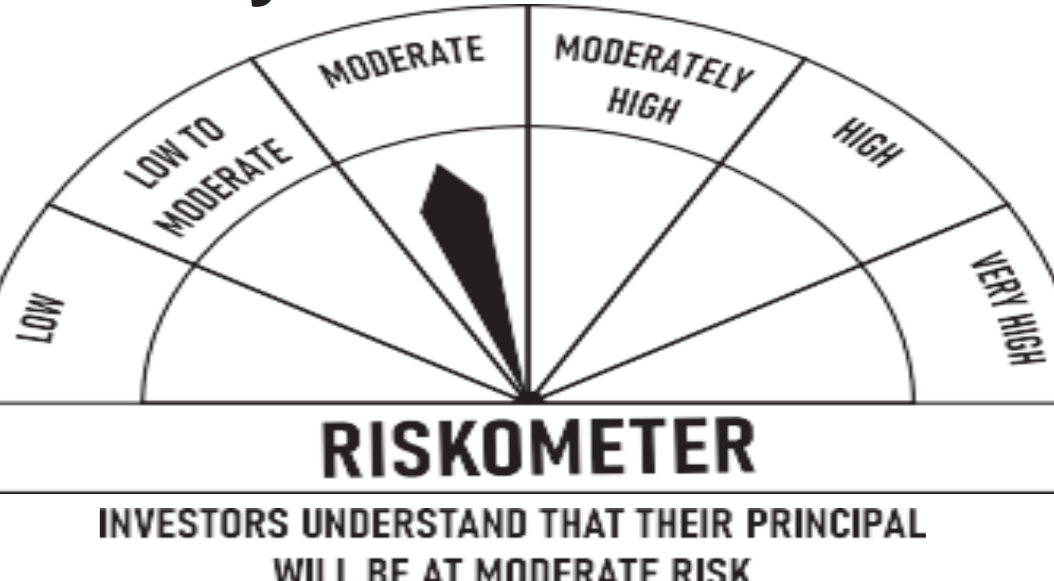
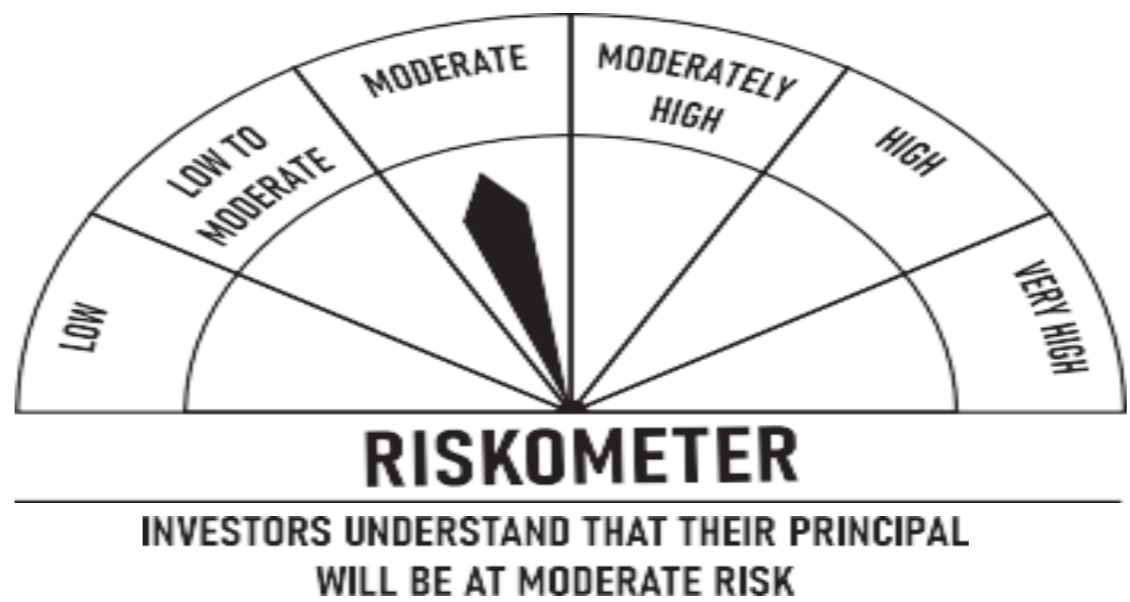
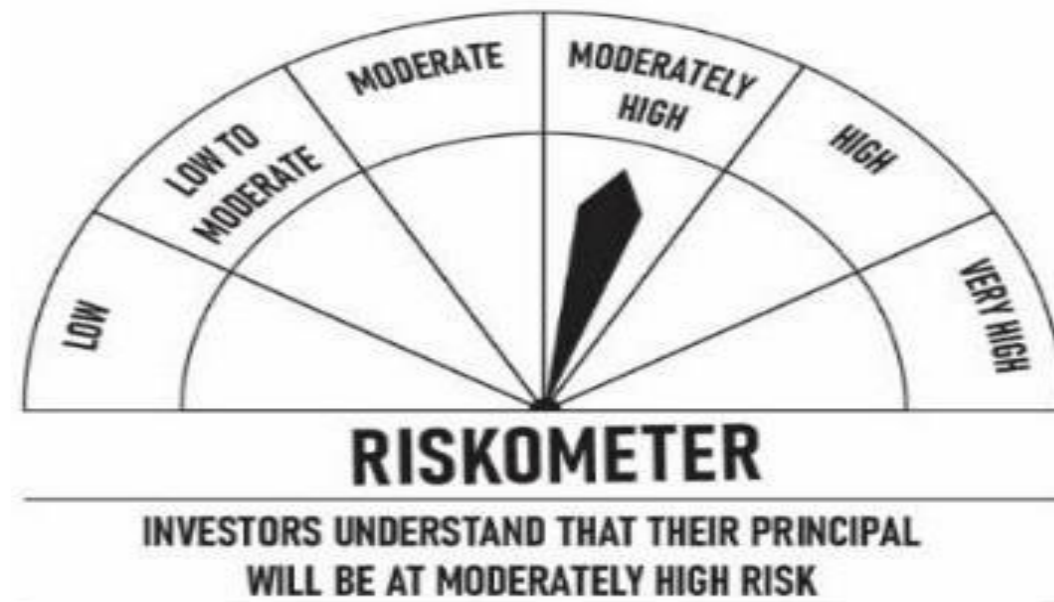
\*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

# Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
<p><b>DSP Dynamic Asset Allocation Fund</b> (An open ended dynamic asset allocation fund)</p>	<p>This scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Long-term capital growth</li> <li>• 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.</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p><b>CRISIL Hybrid 50+50 - Moderate Index</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT HIGH RISK</p>
<p><b>DSP Savings Fund</b> (An open ended debt scheme investing in money market instruments. A relatively low interest rate risk and moderate credit risk.)</p>	<p>This Scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Income over a short-term investment horizon</li> <li>• Investment in money market instruments with maturity less than or equal to 1 year.</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT LOW TO MODERATE RISK</p>	<p><b>CRISIL Money Market B-I Index</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT LOW TO MODERATE RISK</p>
<p><b>DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index Fund</b> (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.</p>	<p>This scheme is suitable for investor who are seeking*</p> <ul style="list-style-type: none"> <li>• Income over long term</li> <li>• 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.</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATE RISK</p>	<p><b>Nifty SDL Plus G-Sec Jun 2028 30:70 Index</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATE RISK</p>

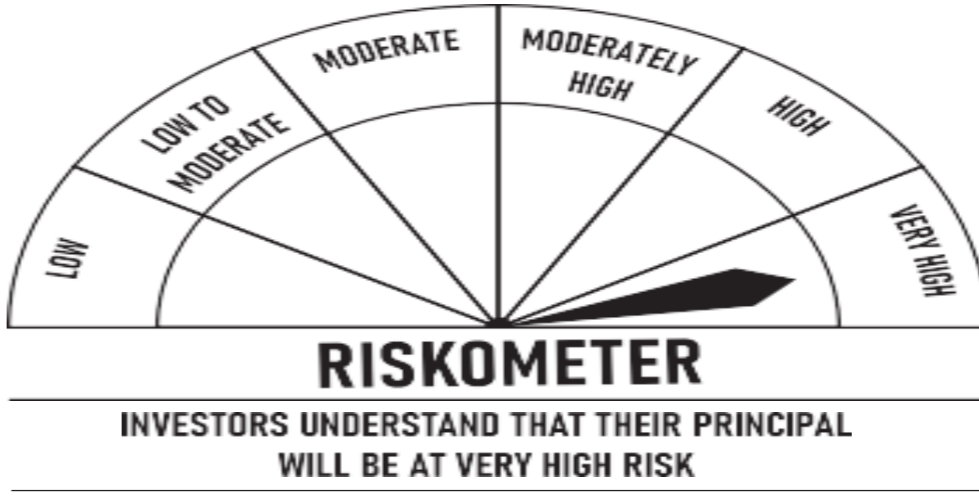
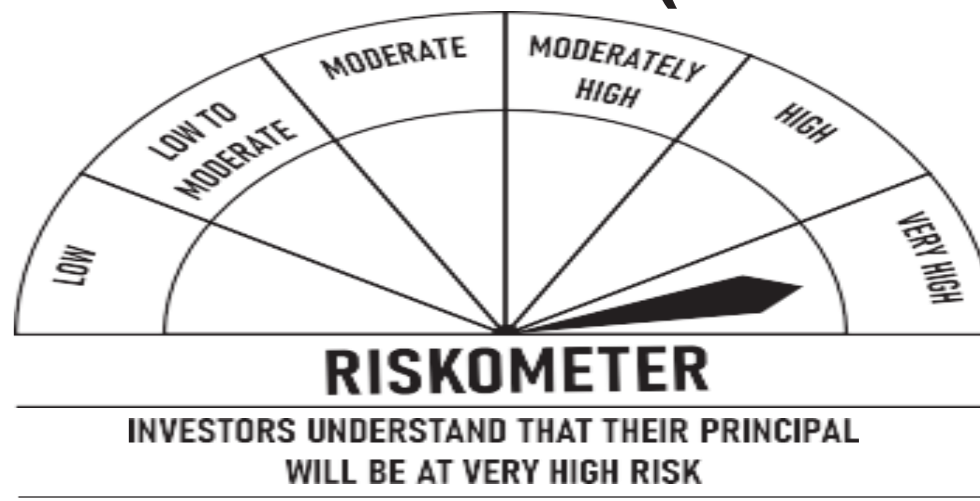
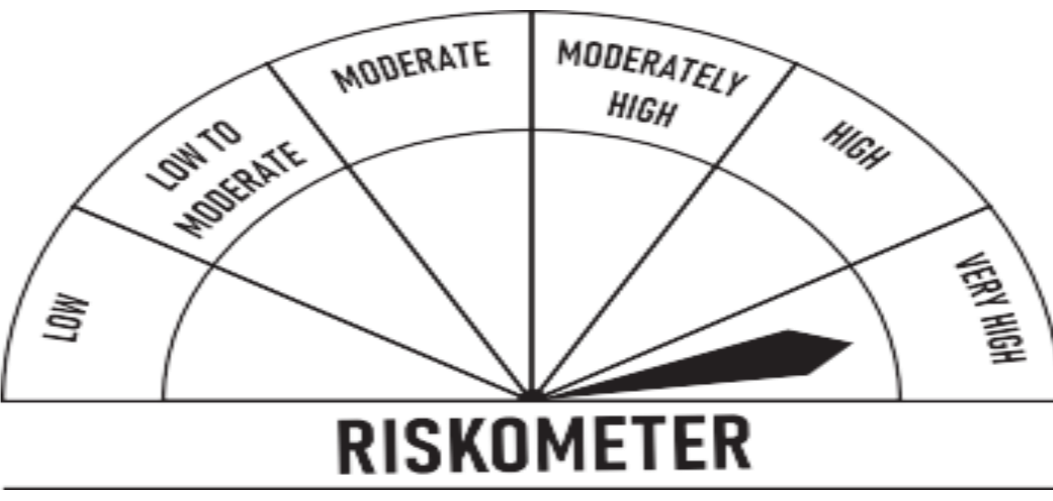



\*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

# Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
<p><b>DSP Short Term Fund</b> (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.)</p>	<p>This Scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>•Income over a medium-term investment horizon</li> <li>•Investment in money market and debt securities</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATE RISK</p>	<p><b>CRISIL Short Duration Debt A-II Index</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATE RISK</p>
<p><b>DSP Government Securities Fund</b> (An open ended debt scheme investing in government securities across maturity. A relatively high interest rate risk and relatively low credit risk.)</p>	<p>This Open Ended Income scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>•Income over a long-term investment horizon</li> <li>•Investment in Central government securities</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATE RISK</p>	<p><b>CRISIL Dynamic Gilt Index</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATE RISK</p>
<p><b>DSP Strategic Bond Fund</b> An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and moderate credit risk.</p>	<p>This scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>•Income over a medium to long term investment horizon</li> <li>•Investment in actively managed portfolio of money market and debt securities</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATE RISK</p>	<p><b>CRISIL Dynamic Bond B-III Index</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATELY HIGH RISK</p>

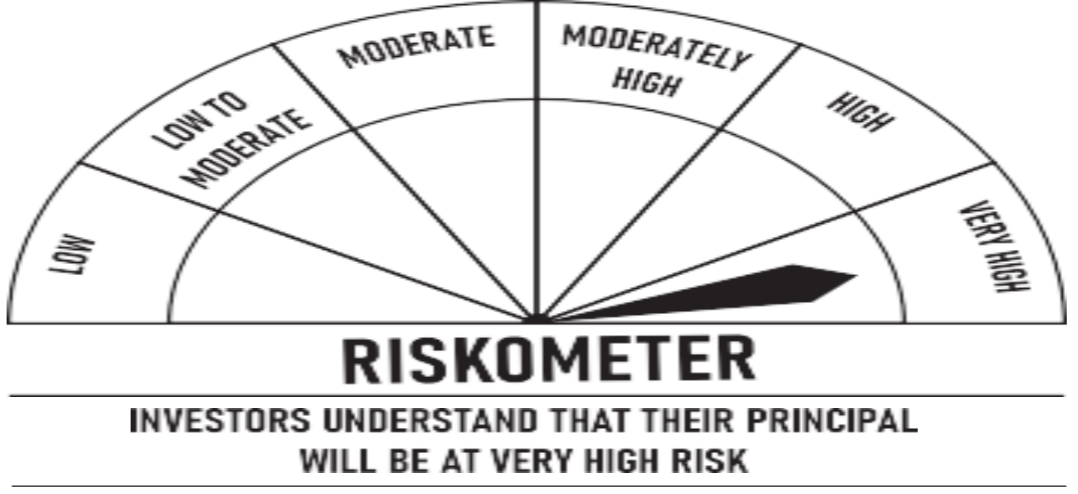

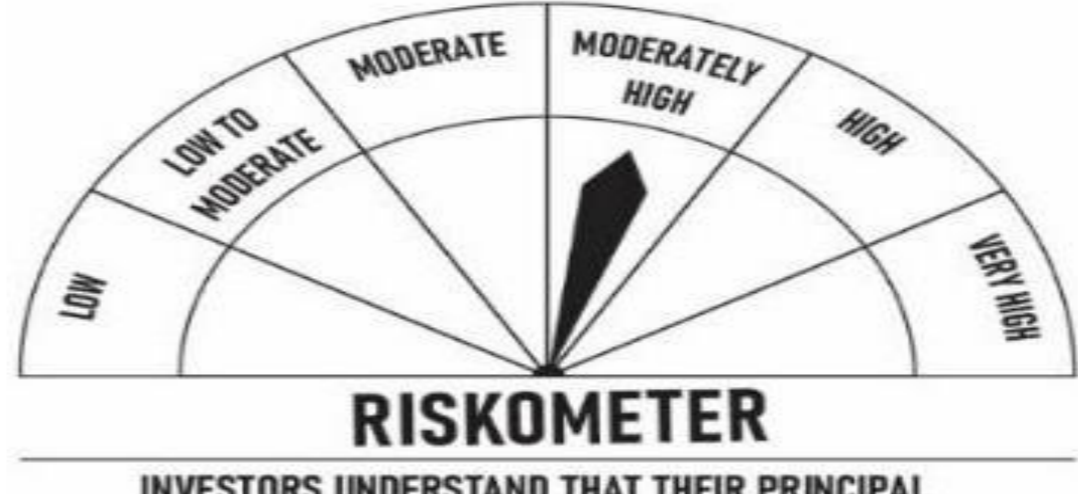
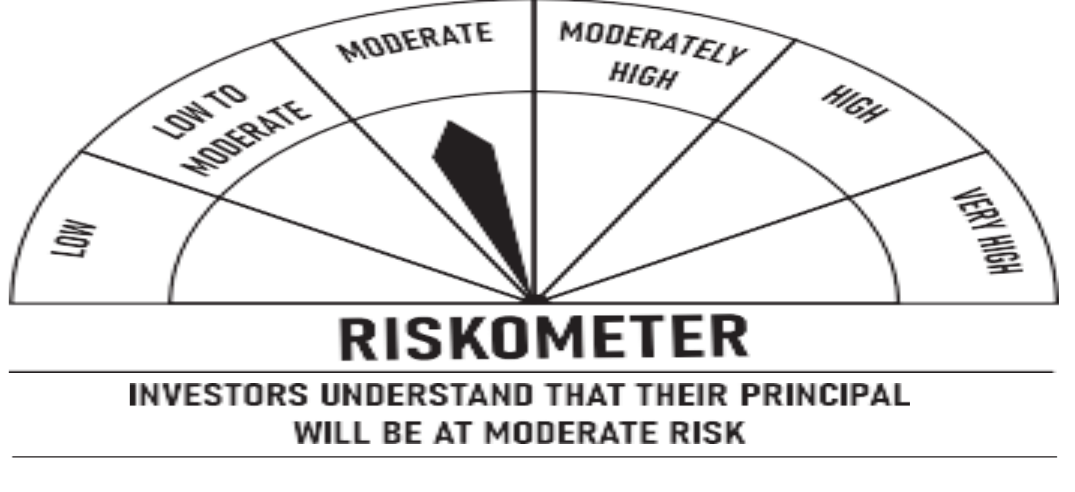
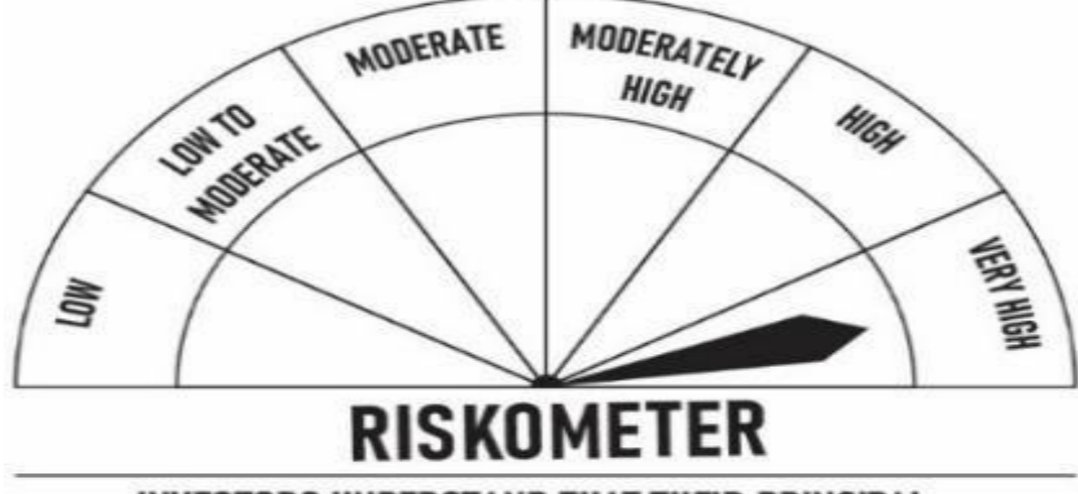
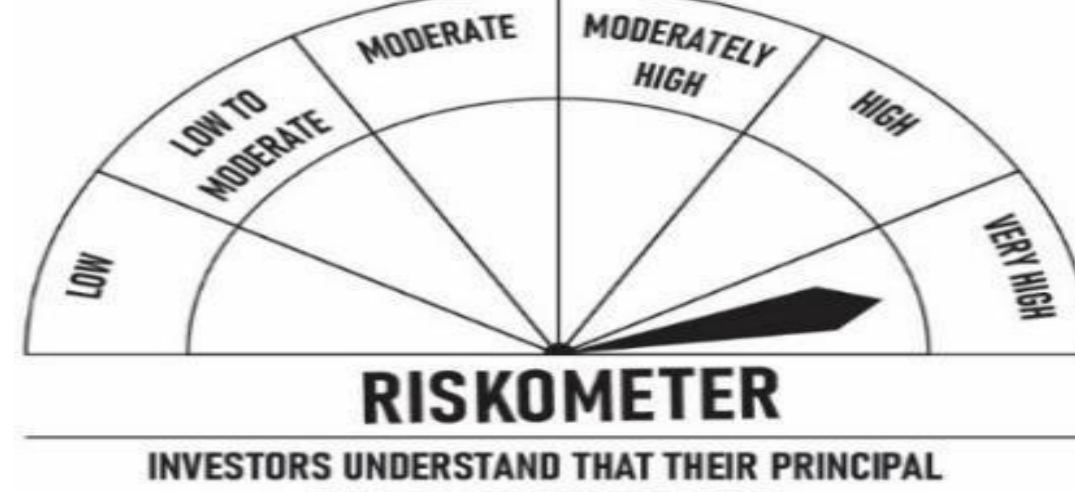
\*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

# Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
<p><b>DSP World Gold Fund of Fund</b> (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.)</p>	<p>This Scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Long-term capital growth</li> <li>• 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.</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p><b>FTSE Gold Mine TRI (In INR Terms)</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>
<p><b>DSP Quant Fund</b> (Open Ended Equity Scheme investing based on a quant model theme)</p>	<p>This Open Ended Equity scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Long-term capital growth</li> <li>• Investment in active portfolio of stocks screened, selected, weighed and rebalanced on the basis of a predefined fundamental factor model</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p><b>S&amp;P BSE 200 TRI</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>
<p><b>DSP 10Y G-Sec Fund</b> (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.)</p>	<p>This Scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Income over a long-term investment horizon</li> <li>• Investment in Government securities such that the Macaulay duration of the portfolio is similar to the 10 Years benchmark government security</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATE RISK</p>	<p><b>CRISIL 10 Year Gilt Index</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATE RISK</p>

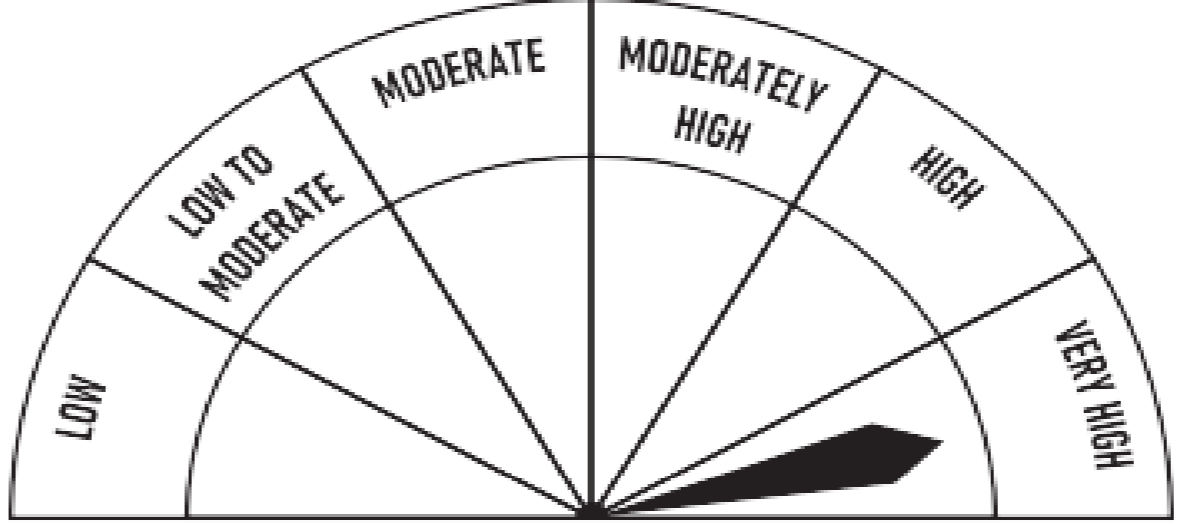
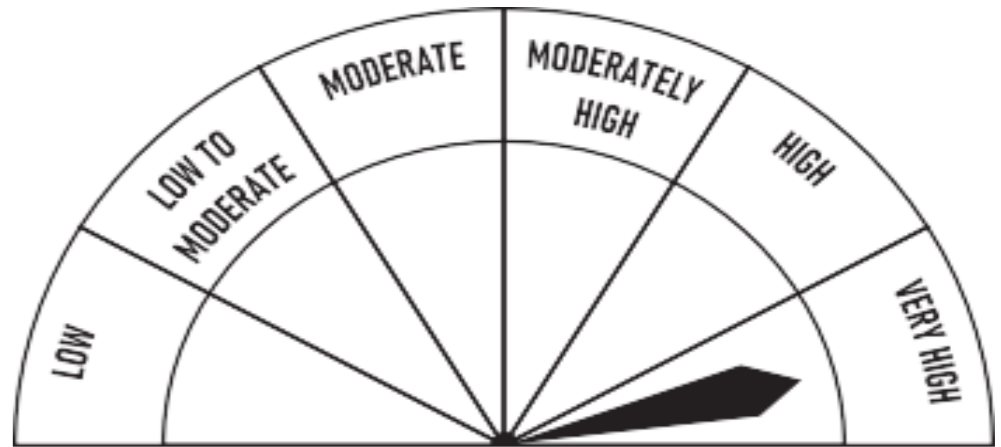
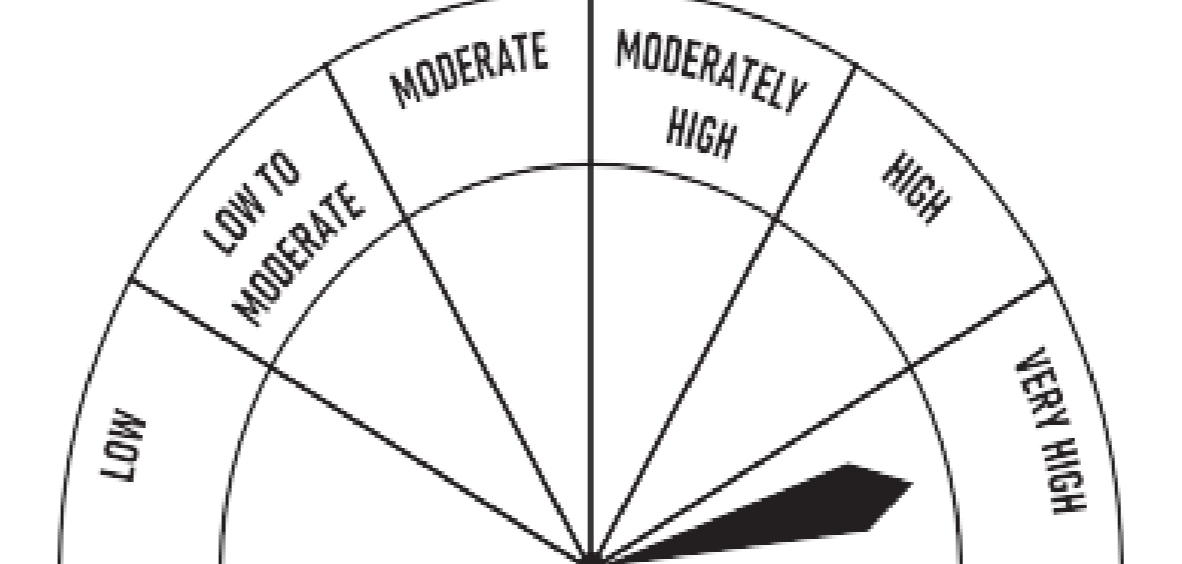
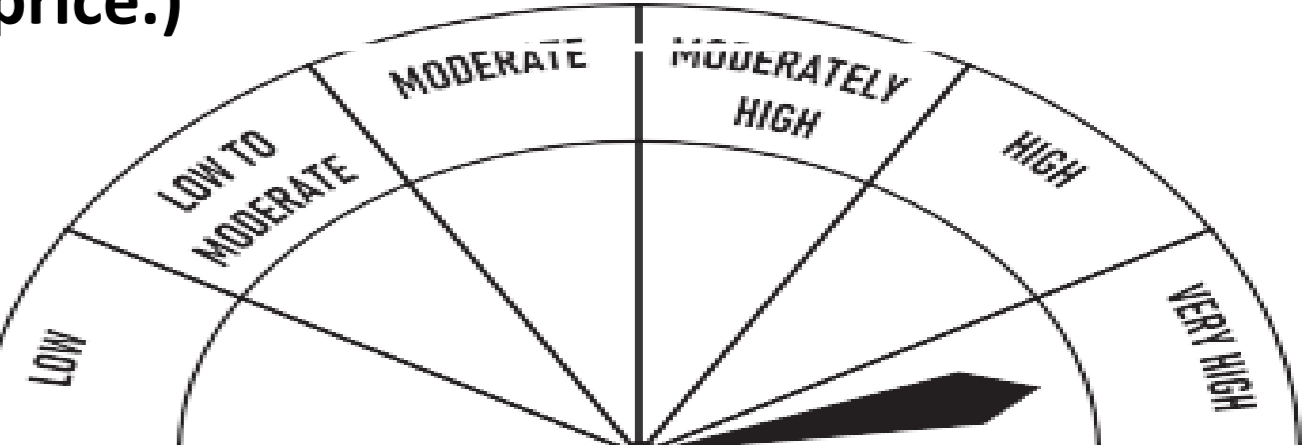
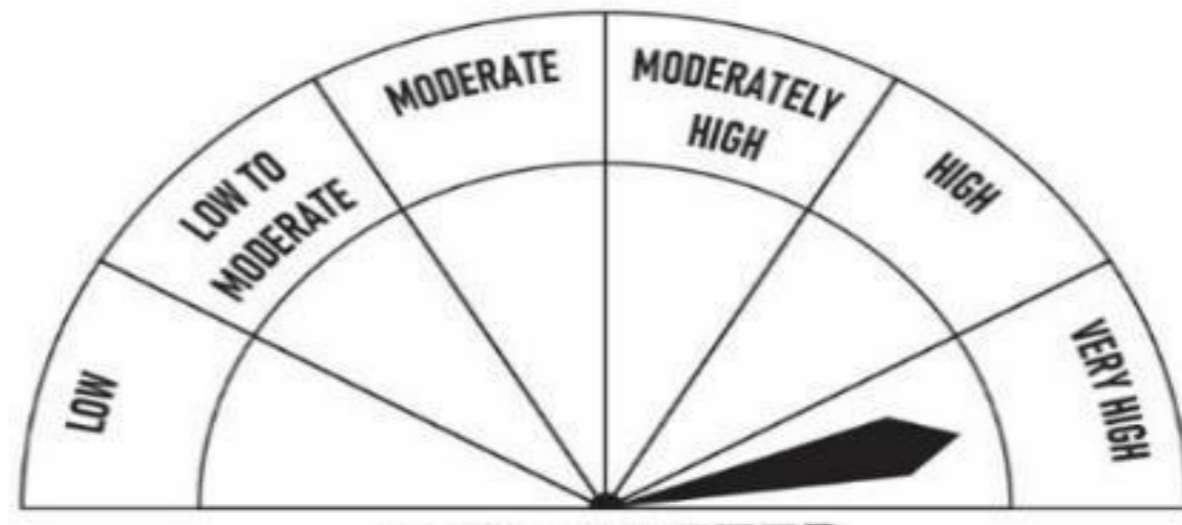
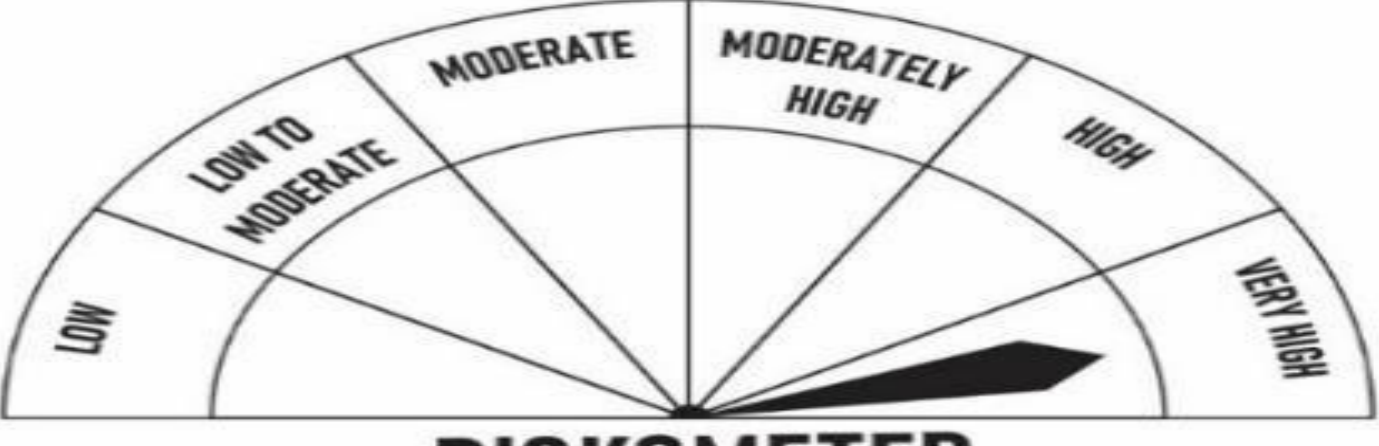
\*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

# Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
<p><b>DSP Global Innovation Fund Of Fund</b> (An open ended fund of fund scheme investing in Innovation theme)</p>	<p>This open ended Fund of Funds Scheme (Investing In Overseas Fund) is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Long-term capital growth</li> <li>• Investments in units of overseas funds which invest in equity and equity related securities of companies which are forefront in innovation</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p><b>MSCI All Country World Index(ACWI) – Net Total Return</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>
<p><b>DSP Equity Savings Fund</b> (An open ended scheme investing in equity, arbitrage and debt)</p>	<p>This Scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Long term capital growth and income</li> <li>• 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</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATELY HIGH RISK</p>	<p><b>Nifty Equity Savings Index</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATE RISK</p>
<p><b>DSP Nifty 50 Equal Weight Index Fund</b> (An open ended scheme replicating NIFTY 50 Equal Weight Index)</p>	<p>This open ended index linked equity Scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Long-term capital growth</li> <li>• Returns that are commensurate with the performance of NIFTY 50 Equal Weight Index TRI, subject to tracking error.</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p><b>NIFTY 50 Equal Weight TRI</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>

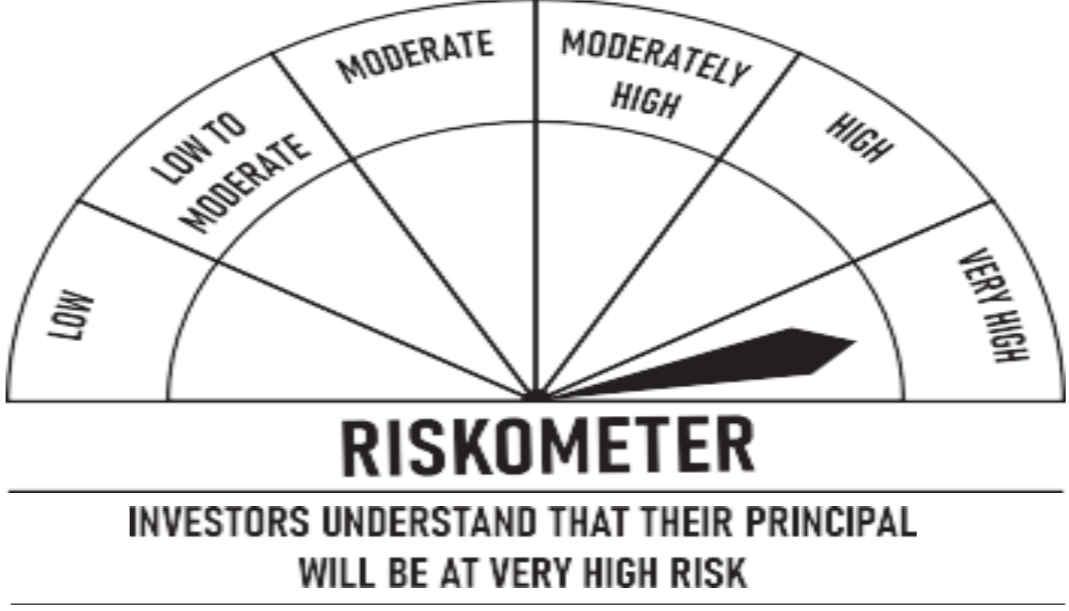
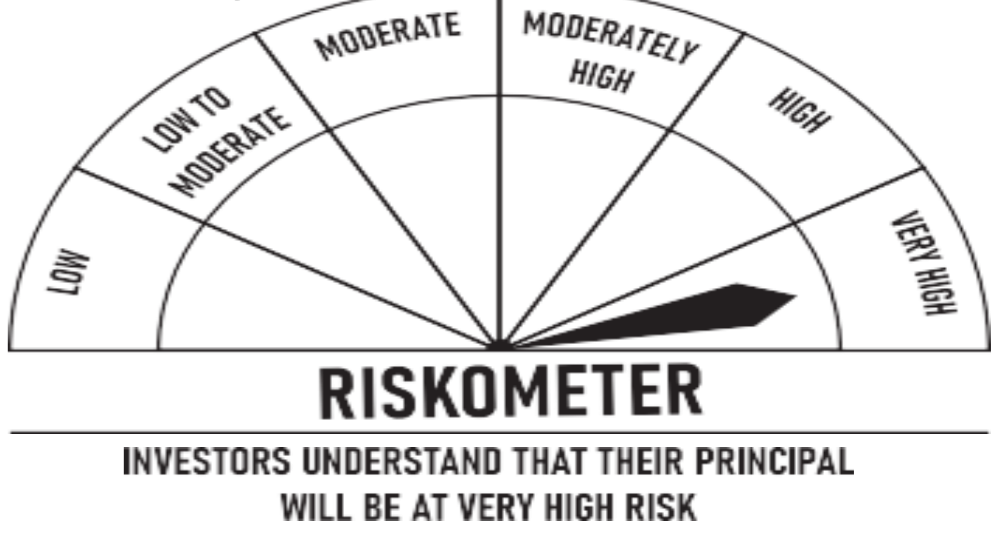
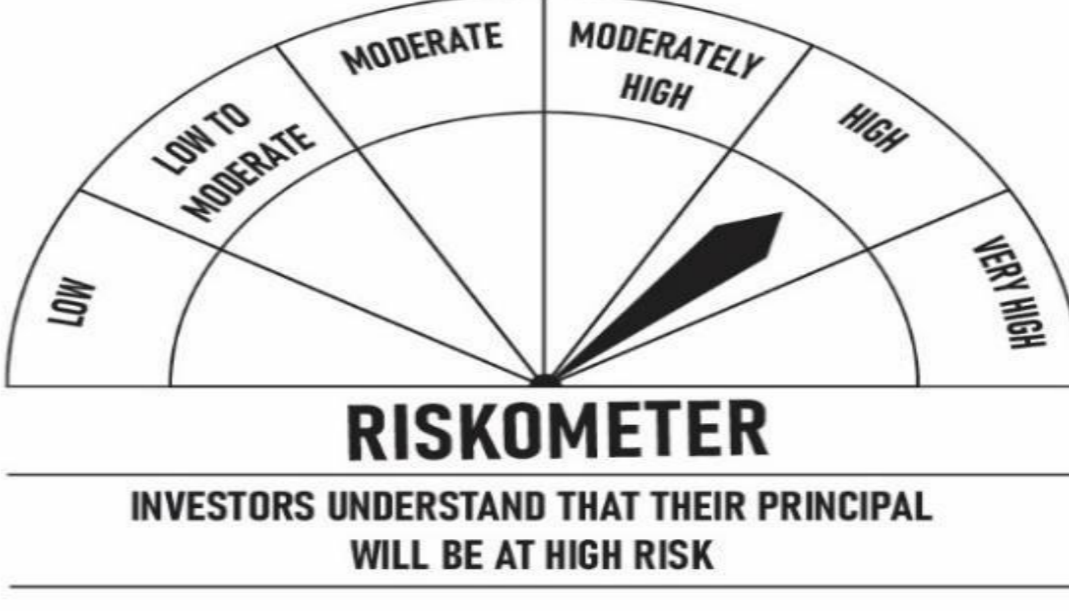
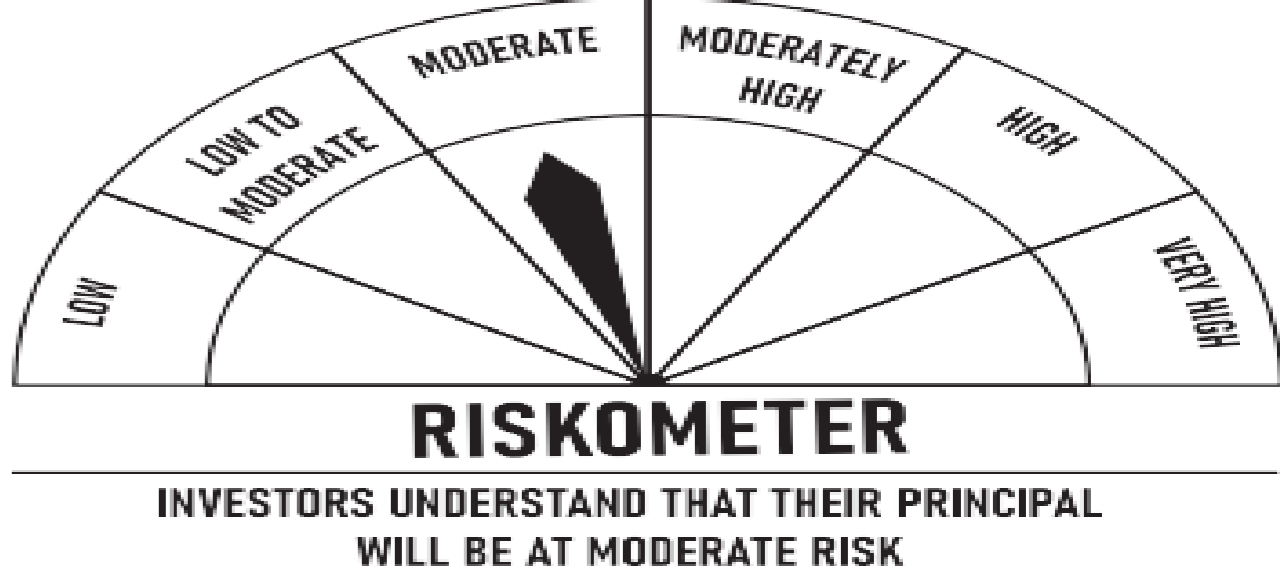
\*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

# Product labelling & Riskometer

Scheme	Product Suitability	Riskometer of the Scheme	Riskometer of Benchmark
<p><b>DSP Nifty Midcap 150 Quality 50 Index Fund</b></p> <p>An open ended scheme replicating/ tracking Nifty Midcap 150 Quality 50 Index</p>	<p>This product is suitable for investor who are seeking*</p> <ul style="list-style-type: none"> <li>• Long-term capital growth</li> <li>• Investment in equity and equity related securities covered by Nifty Midcap 150 Quality 50 Index, subject to tracking error</li> </ul>	 <p><b>RISKOMETER</b></p> <p>INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p>Nifty Midcap 150 Quality 50 TRI</p>  <p><b>RISKOMETER</b></p> <p>INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>
<p><b>DSP Silver ETF</b></p> <p>An open ended exchange traded fund replicating/tracking domestic prices of silver</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Portfolio diversification through asset allocation.</li> <li>• Silver exposure through investment in physical silver</li> </ul>	 <p><b>RISKOMETER</b></p> <p>INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p>Domestic Price of Physical Silver (based on London Bullion Market association (LBMA) Silver daily spot fixing price.)</p>  <p><b>RISKOMETER</b></p> <p>INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>
<p><b>DSP Multi Asset Allocation Fund</b></p> <p>An open ended scheme investing in equity/equity related securities, debt/ money market instruments, commodity ETFs, exchange traded commodity derivatives and overseas securities</p>	<p>This scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Long term capital growth</li> <li>• 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</li> </ul>	 <p><b>RISKOMETER</b></p> <p>INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p>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</p>  <p><b>RISKOMETER</b></p> <p>INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>

\*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
<p><b>DSP Banking &amp; Financial Services Fund</b> (An open ended equity scheme investing in banking and financial services sector)</p>	<p>This Scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Long-term capital growth</li> <li>• Investments in equity and equity related securities of banking and financial services companies</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>	<p><b>Nifty Financial Services TRI</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT VERY HIGH RISK</p>
<p><b>DSP Gold ETF Fund of Fund</b> (An open ended fund of fund scheme investing in DSP Gold ETF)</p>	<p>This Open ended Fund of Fund Scheme is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Long term capital growth</li> <li>• Investments in units of DSP Gold ETF which in turn invest in Physical Gold</li> </ul>	 <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT HIGH RISK</p>	<p><b>Domestic Price of Physical Gold (based on London Bullion Market Association (LBMA) gold daily spot fixing price)</b></p>  <p><b>RISKOMETER</b> INVESTORS UNDERSTAND THAT THEIR PRINCIPAL WILL BE AT MODERATE RISK</p>

\*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	<b>Potential Risk Class</b>			
	<b>Credit Risk →</b>	<b>Relatively Low (Class A)</b>	<b>Moderate (Class B)</b>	<b>Relatively High (Class C)</b>
	<b>Interest Rate Risk ↓</b>			
	<b>Relatively Low (Class I)</b>	-	<b>B-I</b>	-
	<b>Moderate (Class II)</b>	-	-	-
	<b>Relatively High (Class III)</b>	-	-	-
DSP Short Term Fund	<b>Potential Risk Class</b>			
	<b>Credit Risk →</b>	<b>Relatively Low (Class A)</b>	<b>Moderate (Class B)</b>	<b>Relatively High (Class C)</b>
	<b>Interest Rate Risk ↓</b>			
	<b>Relatively Low (Class I)</b>	-	-	-
	<b>Moderate (Class II)</b>	<b>A-II</b>	-	-
	<b>Relatively High (Class III)</b>	-	-	-



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

DSP Strategic Bond Fund	<b>Potential Risk Class</b>			
	<b>Credit Risk →</b>	<b>Relatively Low (Class A)</b>	<b>Moderate (Class B)</b>	<b>Relatively High (Class C)</b>
	<b>Interest Rate Risk ↓</b>			
	<b>Relatively Low (Class I)</b>	-	-	-
	<b>Moderate (Class II)</b>	-	-	-
	<b>Relatively High (Class III)</b>	-	<b>B-III</b>	-

DSP Government Securities Fund	<b>Potential Risk Class</b>			
	<b>Credit Risk →</b>	<b>Relatively Low (Class A)</b>	<b>Moderate (Class B)</b>	<b>Relatively High (Class C)</b>
	<b>Interest Rate Risk ↓</b>			
	<b>Relatively Low (Class I)</b>	-	-	-
	<b>Moderate (Class II)</b>	-	-	-
	<b>Relatively High (Class III)</b>	<b>A-III</b>	-	-

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

Scheme names	Potential Risk Class Matrix (PRC Matrix)			
DSP 10y G-Sec Fund	<b>Potential Risk Class</b>			
	Credit Risk →	<b>Relatively Low (Class A)</b>	<b>Moderate (Class B)</b>	<b>Relatively High (Class C)</b>
	Interest Rate Risk ↓			
	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	<b>Potential Risk Class</b>			
	Credit Risk →	<b>Relatively Low (Class A)</b>	<b>Moderate (Class B)</b>	<b>Relatively High (Class C)</b>
	Interest Rate Risk ↓			
	Relatively Low (Class I)	-	-	-
	Moderate (Class II)	-	-	-
	Relatively High (Class III)	A-III	-	-

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