

October 7<sup>th</sup>, 2022  
3.3

# AARTHIVESH NEWSLETTER



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## INCOME TAX

- Section 80C allows to reduce taxable income by making tax saving investments or incurring eligible expenses
- The benefit of this deduction can be availed by **Individuals and HUFs**. Companies, partnership firms, LLPs cannot avail the benefit of this deduction.
- Investments can be ELSS Funds, NPS Scheme, ULIP, Fixed Deposits, PPF and requires certain lock in period depending on the type of investment.
- Maximum deduction allowed is Rs 1.5 Lakh every year and additional Rs 50000 is given under 80CCD.

## Decrease in EPF rate

### Why EPF rate is falling?

The Employees Provident Fund Organisation (EPFO) has cut interest rates from 8.5% in FY 2020-21 to 8.1% in FY 2021-22.

The EPFO Central Board of Trustees, keeping in mind the impact of the Russian invasion of Ukraine and the volatile Indian stock markets, opted for an EPF rate cut.

EPFO focuses on the safety of investments and follows a conservative approach rather than investing heavily in risky financial instruments. The EPFO invests 85% of its assets in debt instruments such as government securities. It infuses the remaining 15% in equity instruments through Exchange Traded Funds (ETFs).

## RBI Floating Rate Bonds

The Floating Rate Savings Bonds of the Reserve Bank of India are issued by the Indian Government.

As opposed to standard regular bonds that have a fixed interest rate, floating rate bonds interest rates are tied to the rate of the post office's small saving scheme as benchmark, the National Savings Certificate (NSC).

The rate of interest applicable for the half year September 22, 2022 to March 21, 2023 shall be **7.42 percent per annum**. The minimum investment in these bonds is Rs 1,000, with no maximum amount.

It has a fixed seven-year term. Individual investors aged 60 and above can make premature withdrawals.

# INVESTMENT

## INVESTMENT IN BONDS

### Government Bonds

- RBI Conducts auctions to issue bonds. It is done on an electronic platform "E-KUBER". The rate of interest is around 6%- 7.5% Per annum. Maturity ranges from 5 to 30 years.

### Corporate Bonds

- The return is around 8%-10%. The tenure of Bond is around 1 to 4 years. To invest in corporate bonds, you need to have Demat account and trading account with a brokerage house. Common examples of corporate bonds are HDFC Corporate bond fund, L&T Triple Ace Bond fund.



## Term of the week

### BETA

A measure of how an investment changes relative to a broader index that can be helpful in determining whether a stock, fund, or entire portfolio could experience large swings in the future

# FUND ANALYSIS – HDFC FLEXI CAP DIRECT PLAN GROWTH

## HDFC FLEXI CAP DIRECT PLAN GROWTH

**Classification:** - Equity

**Net Asset Value (NAV)** as on 4<sup>th</sup> oct 2022: -  
Rs.1159.47

**Investment Objective:-** The investment objective of this mutual fund is medium term growth with higher returns expectation and high risk taking .

### Scheme details

- Exit Load – 1% if redeemed within a year
- Expense ratio – 1.05%
- AUM (Rs) – 30472.77 crores as of 6<sup>th</sup> Oct, 2022.
- Minimum Investment SIP monthly – Rs. 100
- Benchmark – Nifty 500

### TOP STOCK HOLDINGS

• ICICI Bank Ltd.	----	7.9%
• State Bank of India	----	7.6%
• HDFC Bank Ltd.	----	5.5%

### ALLOCATION BY SECTOR

Financials	---	37.50%
Other	---	20.50%
Energy	---	17.70%
Technology	---	11.10%

### Power of SIP

A SIP of Rs 5000 pm in this fund for 3 years:

Invested	---	Rs 1,80,000
Fund return	---	Rs 2,65,205 [26.91% p.a.]
FD	---	Rs 2,14,382 [6% p.a.]