DSP

THE NAVIGATOR

What do I do with my money?

September 2023

**"The sea does not discriminate;
it challenges all who dare to venture upon it."**

- **Vice Admiral Robin Dhowan,**

Former Chief of Naval Staff of the Indian Navy

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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

Navigating today: What Are We Saying?

1. Domestic equity markets have seen a sharp rally in Small & Midcap stocks. Large cap have also seen an uptick but of a moderate degree. The rally of last few months have brought equity valuations into expensive zone. Hence, it is appropriate to trim equity exposure at this point and await better valuations.

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 seen an opportunity to add duration tactically.

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Valuations: Sky Is Not The Limit

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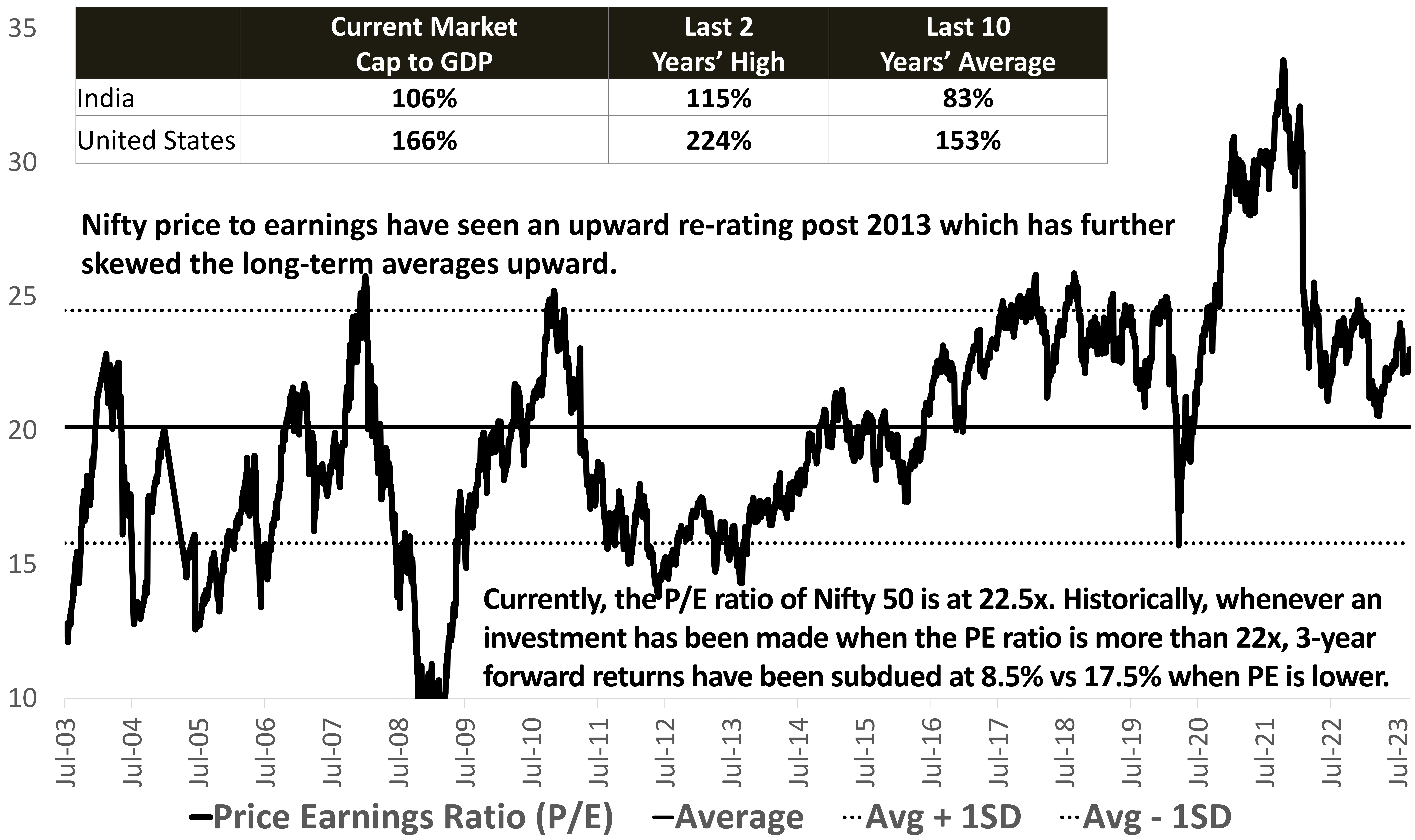
Nifty Valuations Have Risen Back Above Average

	Current Market Cap to GDP	Last 2 Years' High	Last 10 Years' Average
India	**106%**	**115%**	**83%**
United States	**166%**	**224%**	**153%**



The Nifty index is now trading at more than 22.5 times its trailing earnings. Given this situation, it might be prudent to adopt a staggered approach when making new equity purchases and consider waiting for potential corrections to add to our equity exposure.

The market breadth, volatility indicators and earnings trend continue to point to remain positive, but corrections will be a part of this move.

Currently, the P/E ratio of Nifty 50 is at 22.5x. Historically, whenever an investment has been made when the PE ratio is more than 22x, 3-year forward returns have been subdued.

Expect consolidation and correction to bring valuations to palatable levels over the next few months.

Read: Netra

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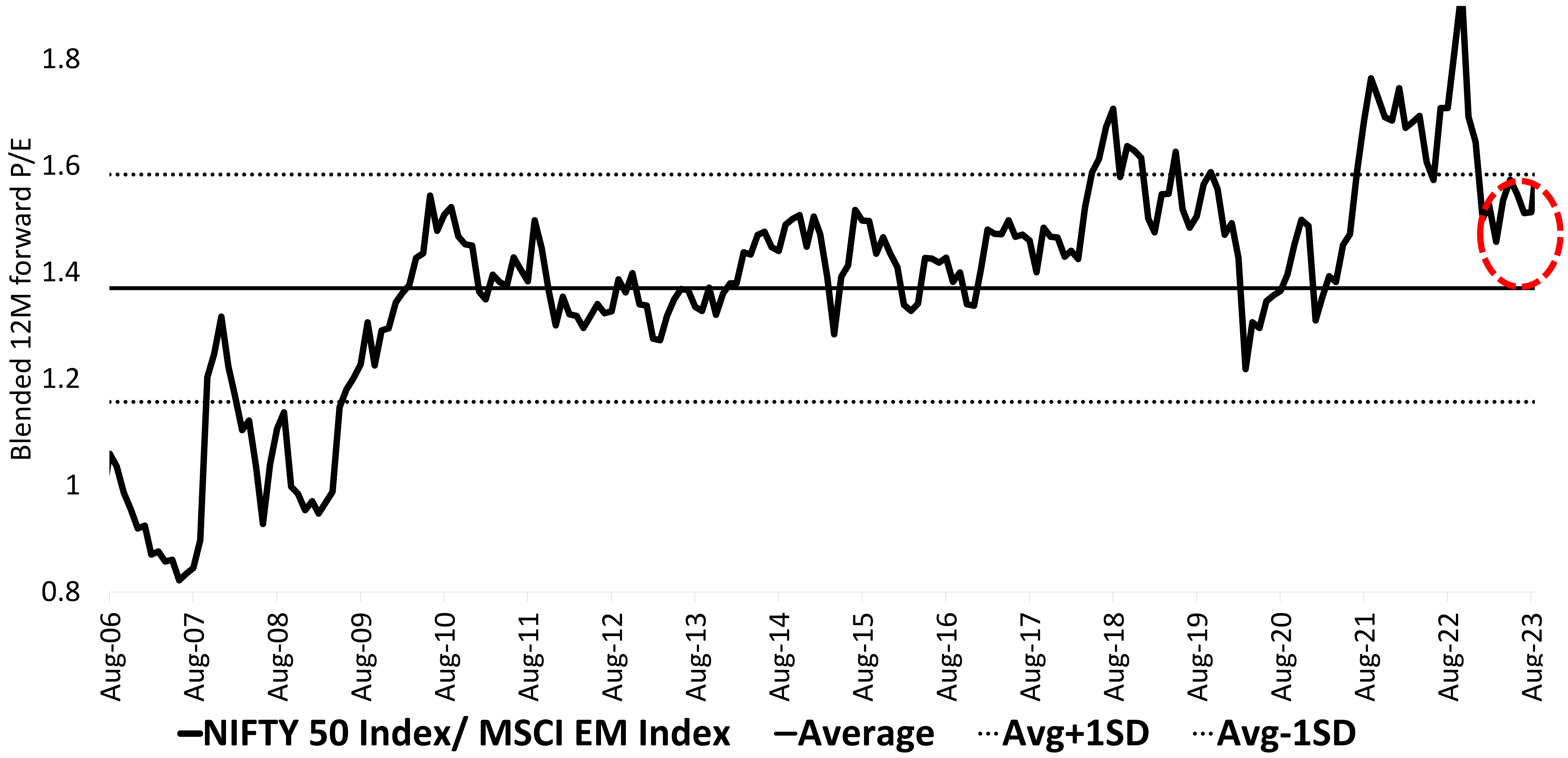
Source: Bloomberg as on 11th September 2023,

TTM P/E= Trailing 12 Month Price to Earnings

India's Valuations Relative To Peers Remain Elevated

India has enjoyed a premium of 40% over its emerging market peers. Currently this premium is high.



India has enjoyed a very large valuation premium over other emerging market peers.

This premium is a result to strong earnings growth and a much less indebted corporate India versus the EM peers. For instance, India Corporate earnings CAGR from 2019 to 2023 has been nearly 18% while for rest of EM the growth has been less than 10% CAGR.

However, as the pace of earnings growth in India normalizes closer to nominal growth rates, the premium that Indian equities enjoy is likely to revert to average levels of 40%. This indicates that Indian equities can go through a period of consolidation and correction.

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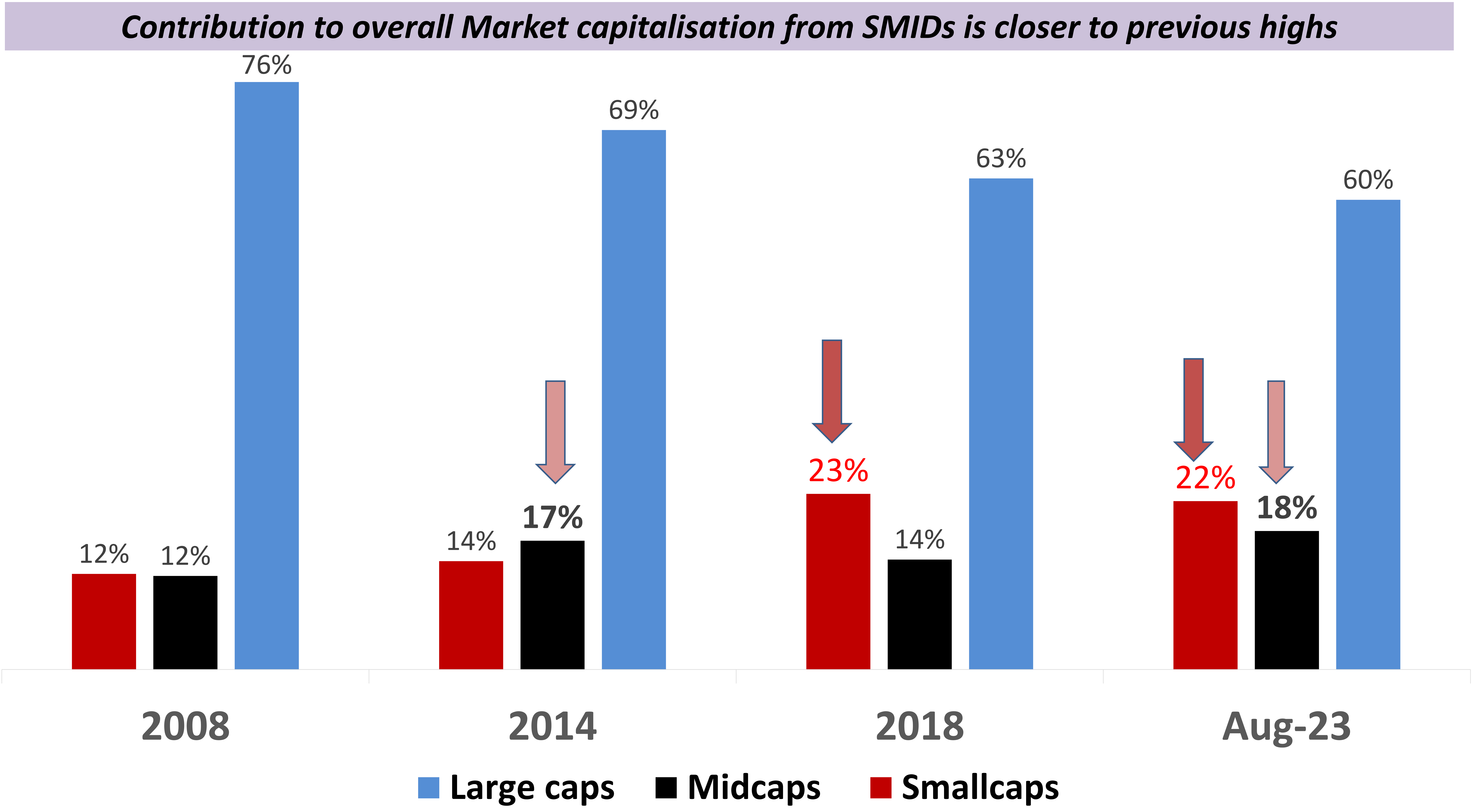
Source: Bloomberg as on August, 2023

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

SMIDs are now 40% of overall market capitalization. Overheated



In the last Navigator, we had said that there's opportunity in the small and mid cap space which has turned out well.

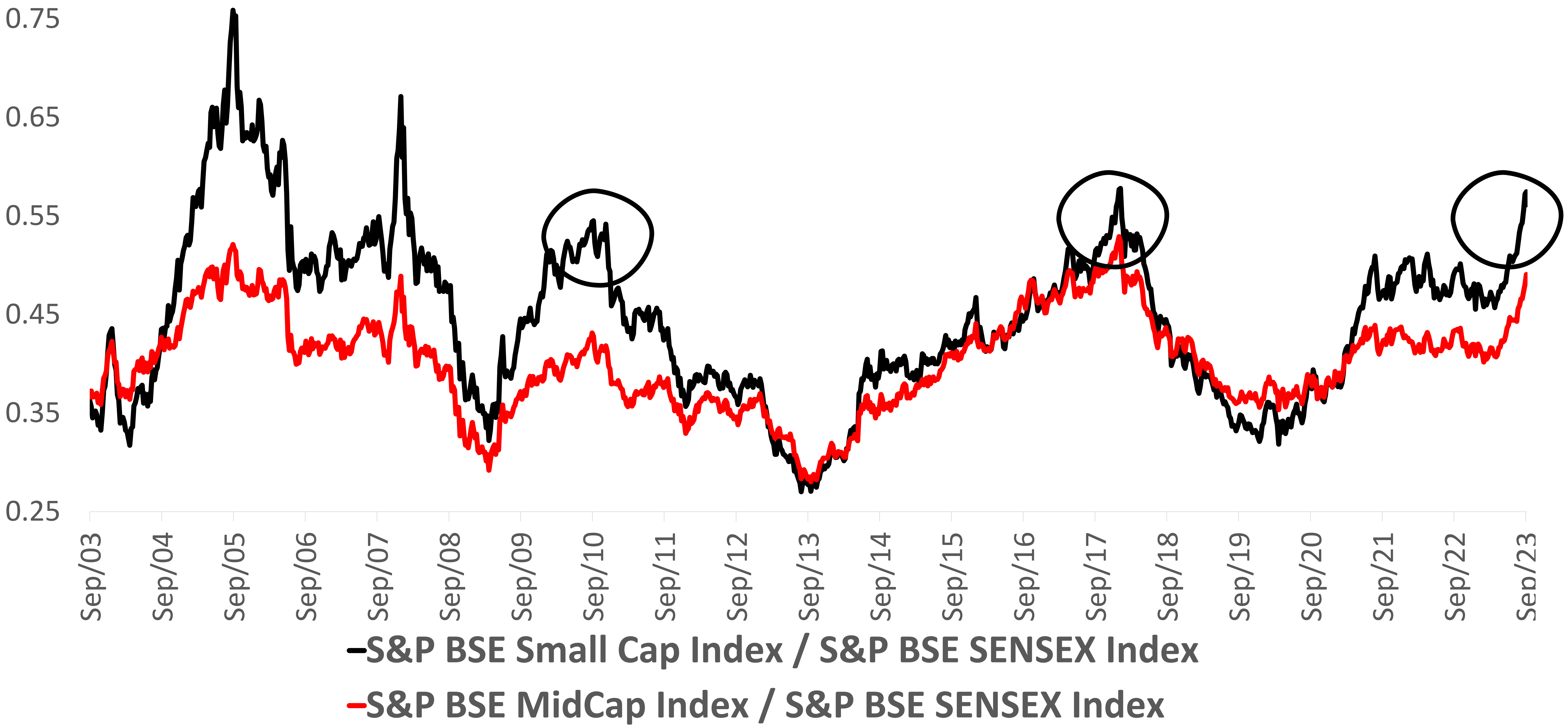
Today, we think that the rally has been sharp and fast. Share of small caps to overall market capitalization is now at 22% These levels were last witnessed in 2018 rally.

Therefore, we suggest to stagger purchases in SMID (Small & Midcap stocks) as it may generate sub-optimal returns.

Source Bloomberg. Data as on 7 *Sep 2023*

Wealthy Valuations Waves Warning of Caution

Small & Midcap stocks relative performance versus large caps are closer to previous highs as well



The accelerated rally in small & midcap stocks have brought back the ratio of small to large caps and mid to large cap indices back to previous highs.

In most market cycles these ratios become important at extremes.

There is no way to judge, or to say with any confidence whether these ratios will peak here or rise further, however it is prudent to exercise conservatism currently. Historically, the corrections in SMIDs from such lofty levels can be avoided for a better investment experience.

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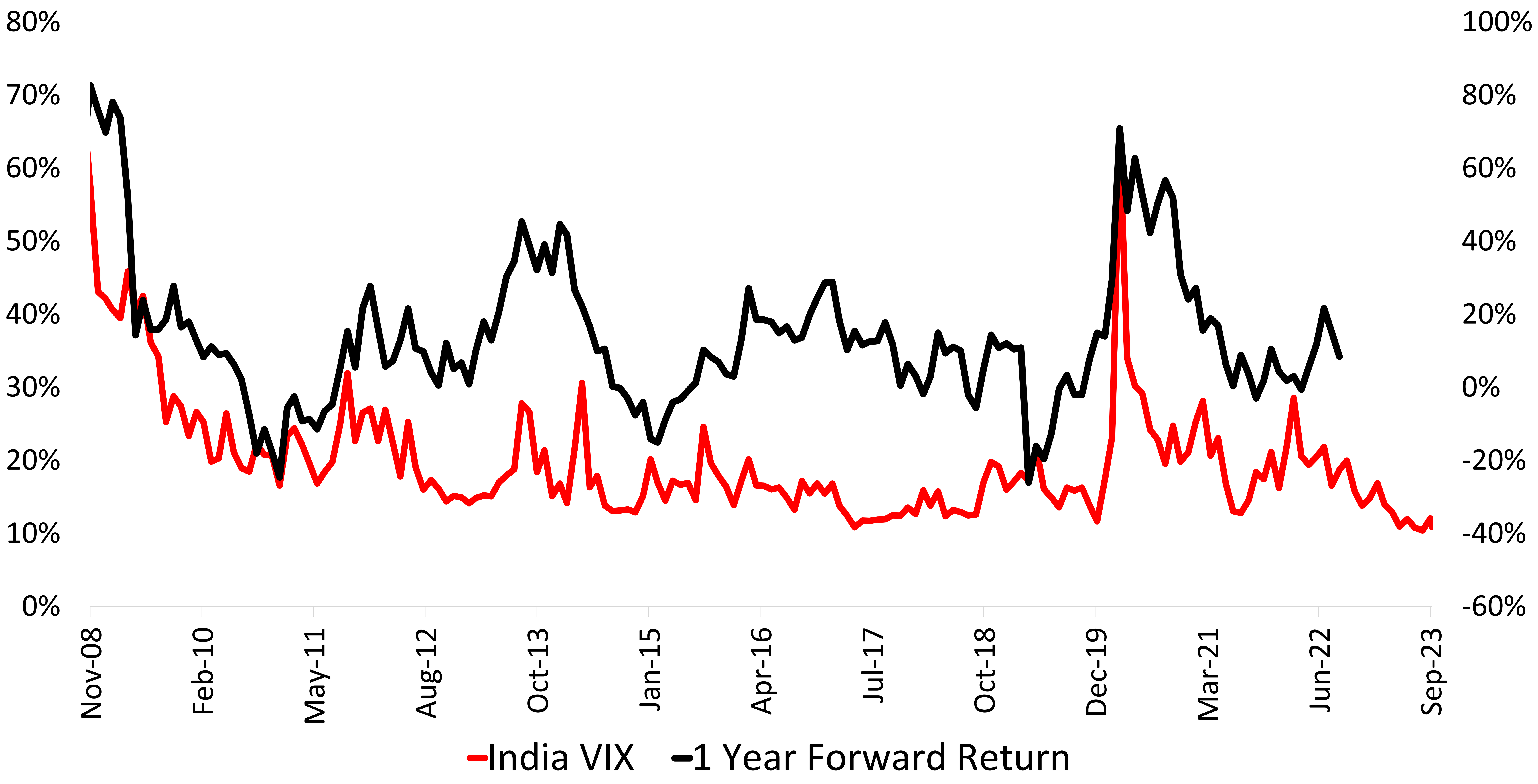
Source: Bloomberg, DSP Research, Data as on Sep 2023,

India VIX is at all time low – A Sign of Complacency?

In context of current valuations and momentum readings, a very low VIX indicates complacency



We have earlier highlighted that a very low reading on the VIX index is essentially bullish. We have seen this playout throughout the first 9 months of 2023.

However, volatility readings which remain excessively low when stocks are pricey, overheated and over owned, becomes a red flag

The ability of buyers to absorb any negative surprises is greatly diminished when volatility is too low and valuations are too high. This is because short term traders may not be appropriately hedged or may have excessive speculative positions.

Hence, current reading of VIX, in context of valuations and momentum is throwing caution to the wind.

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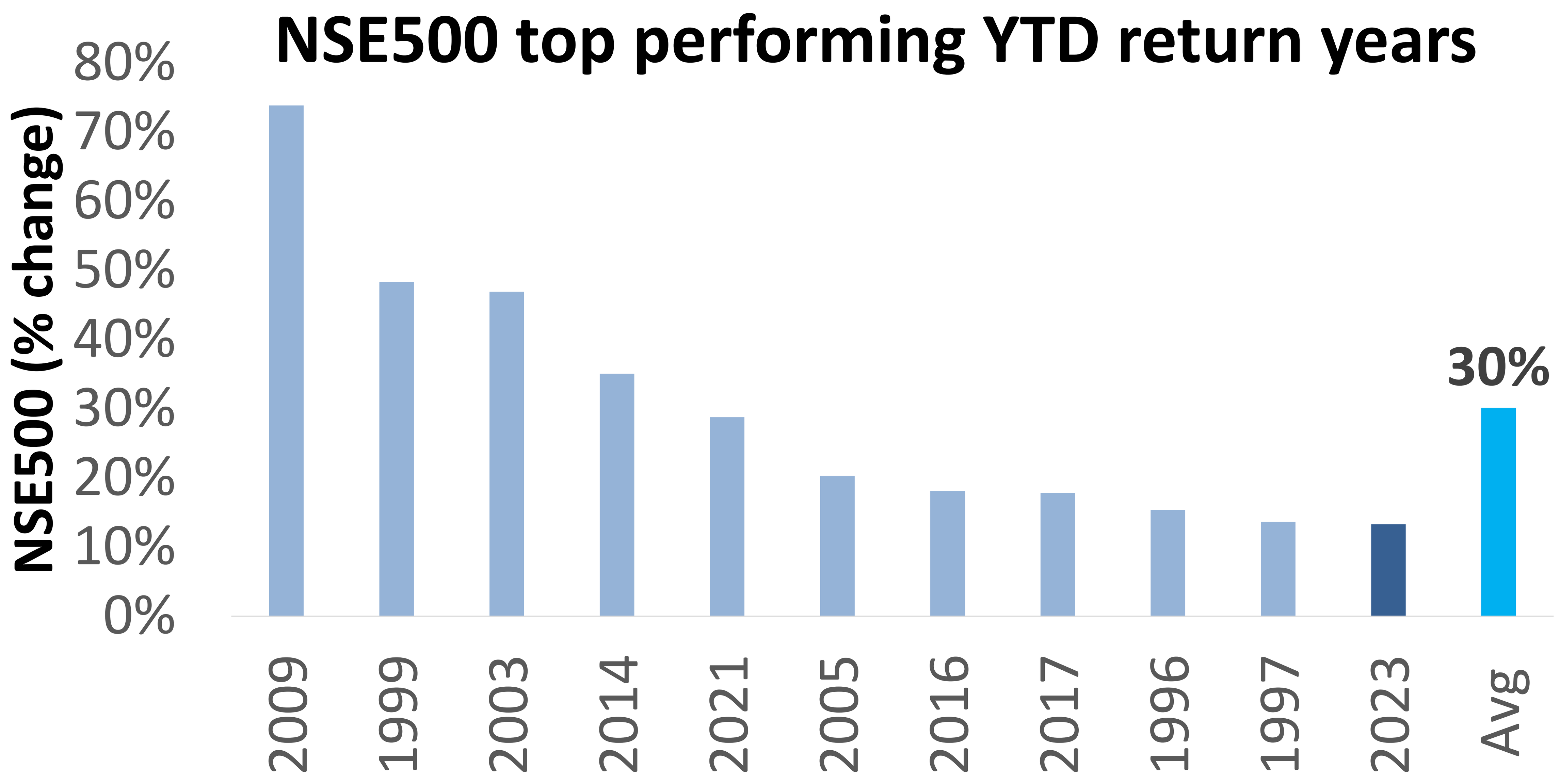
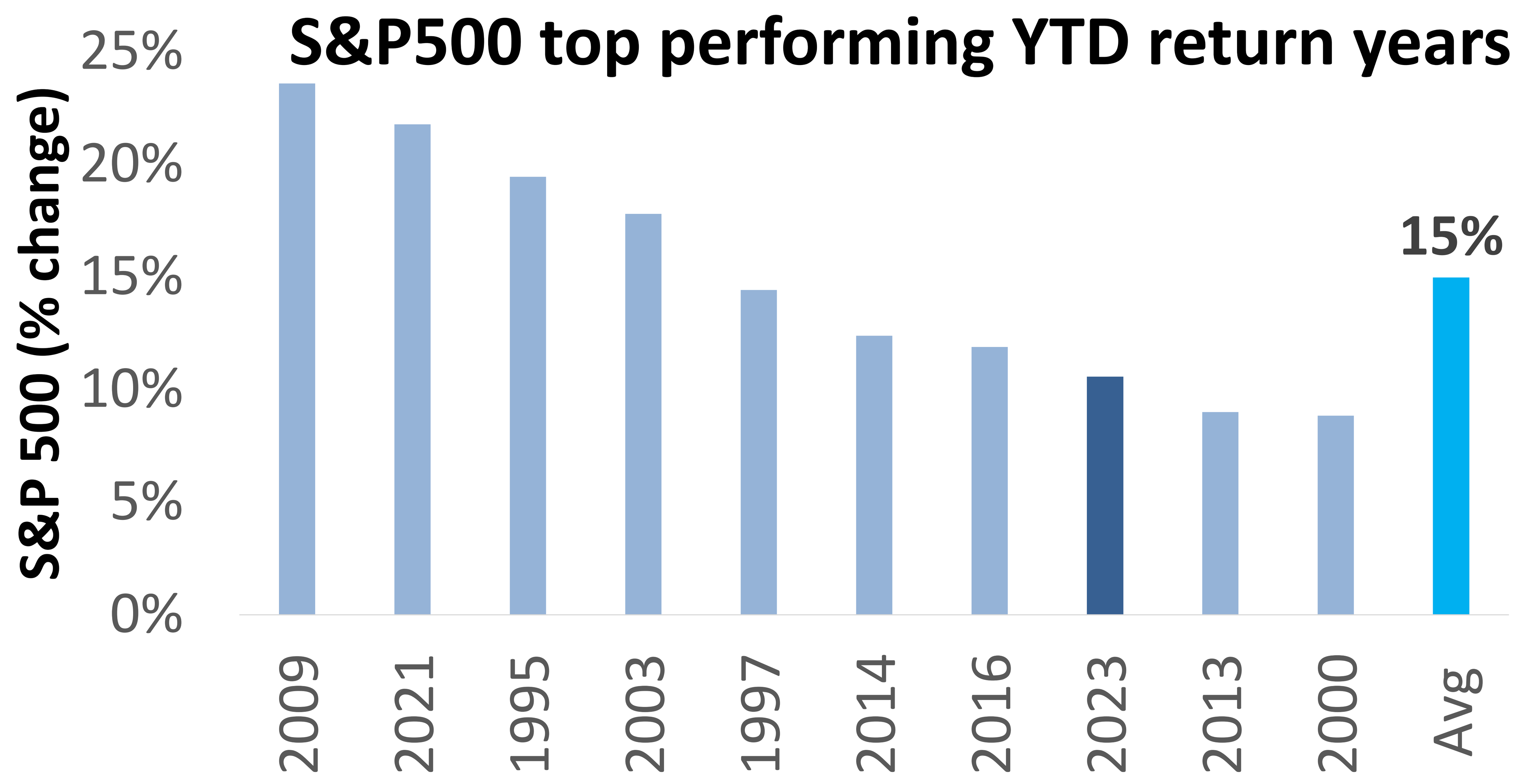
Source: Bloomberg. Data as on 7 Sep 23

Can Equity Market Continue To Do As Well In Rest Of 2023?

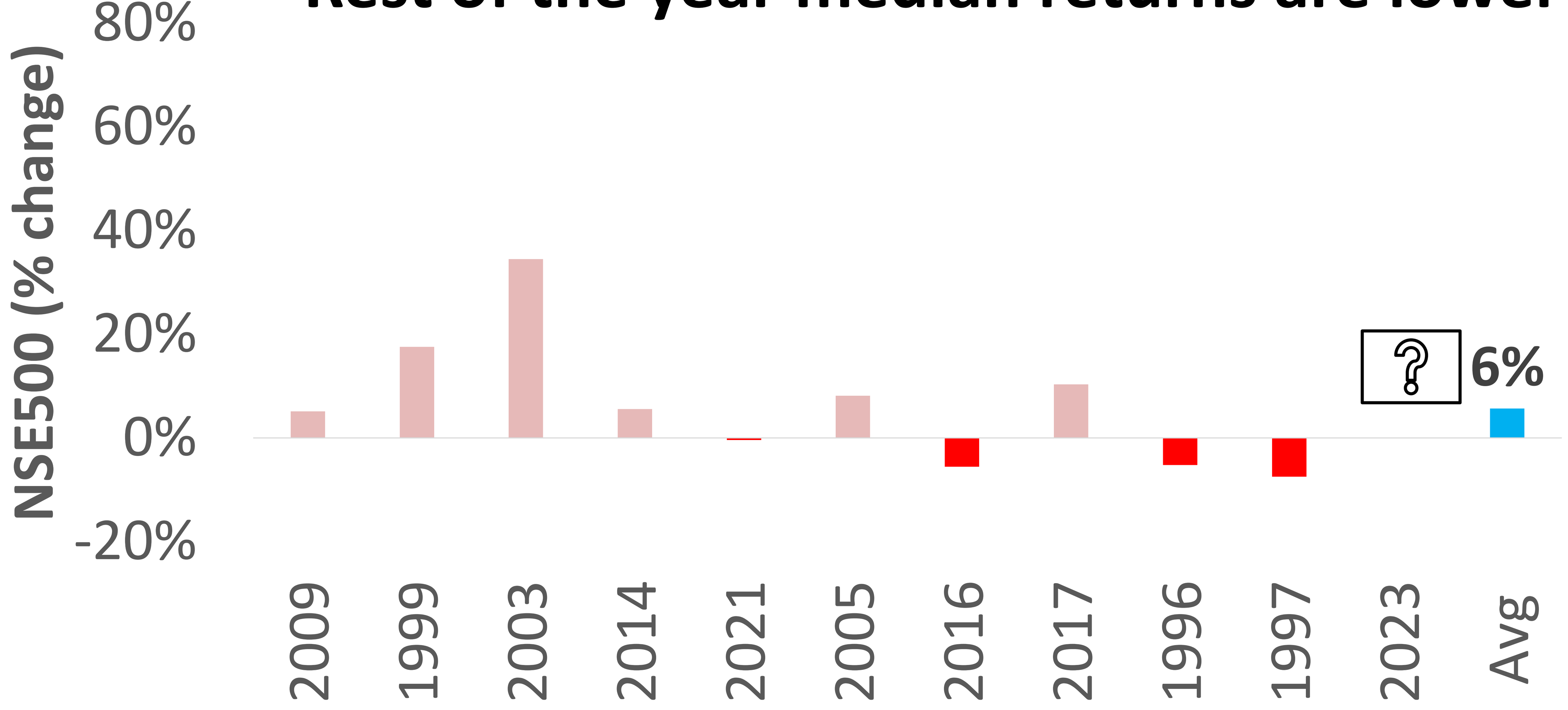
2023 amongst the top 10 in YTD* earnings

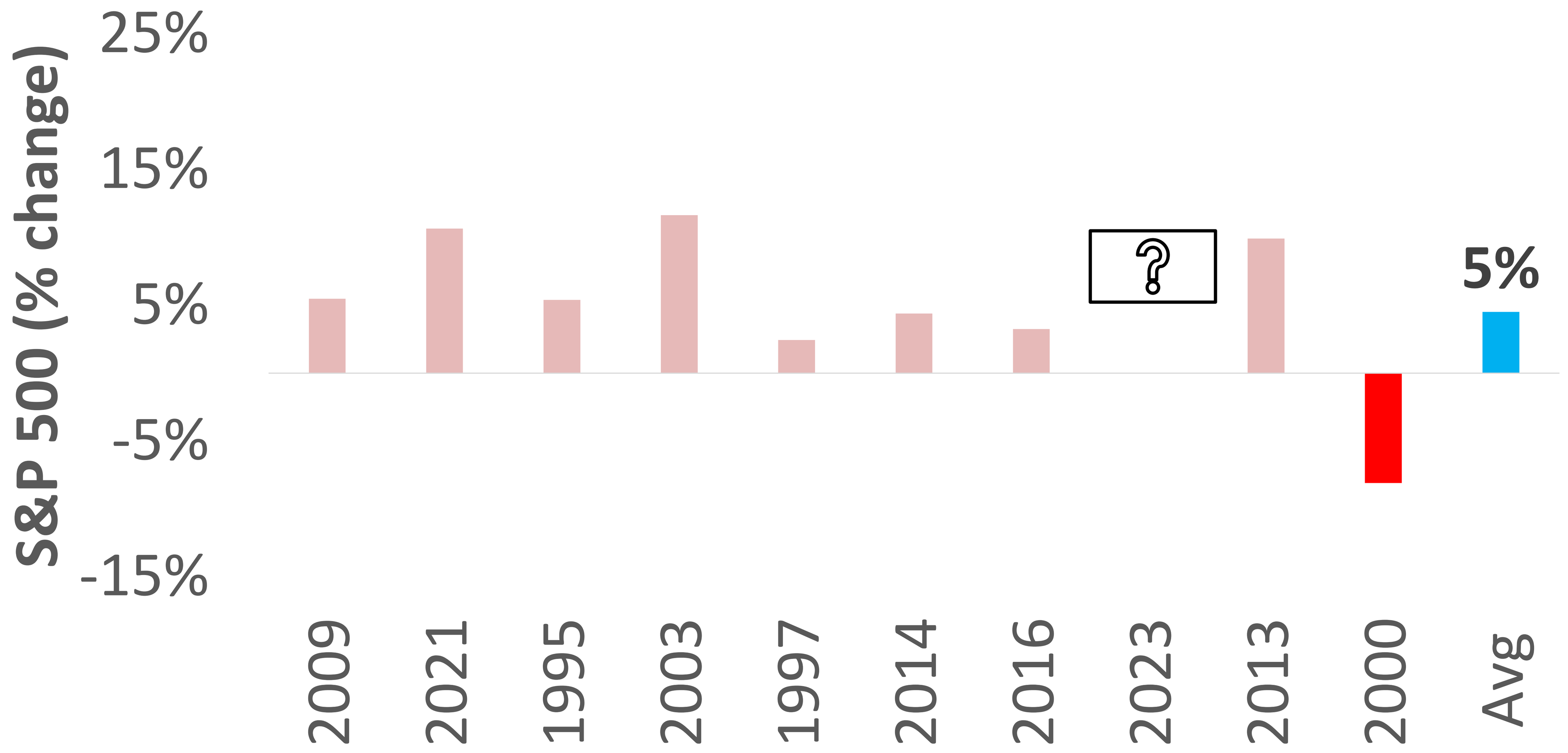




…but will it sustain, for the remaining year*

Rest of the year median returns are lower when first 9-month returns are high





Looking at the past 20 years data, the YTD returns for 2023, both for the Indian and the US market are amongst the top 12, but the return for the remaining year for the corresponding years are not exactly exciting.

With NIFTY close to the 20,000 mark, there is no doubt about the market being expensive. But is the much awaited correction due for the remaining year?

Historically, after the market has rallied in the first half of the year, the returns in the second half of the year have remained rather subdued.

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Source: Bloomberg, DSP Research, Data as on Sep 2023,

*YTD- % change from January to August, Remaining Year- % change from September to December, Avg- Average Return of the given years

Earnings: Time To Get Over It

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Earnings Were Robust In Select Sectors

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

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]

Source: Bloomberg, Investec Research, DSP, Data as on June, 2023
Data is for Trailing Twelve Months (TTM)

*ex Tata Motors, red to blue indicates worst to best data in that order
LP- Loss to Profit, PL- Profit to Loss

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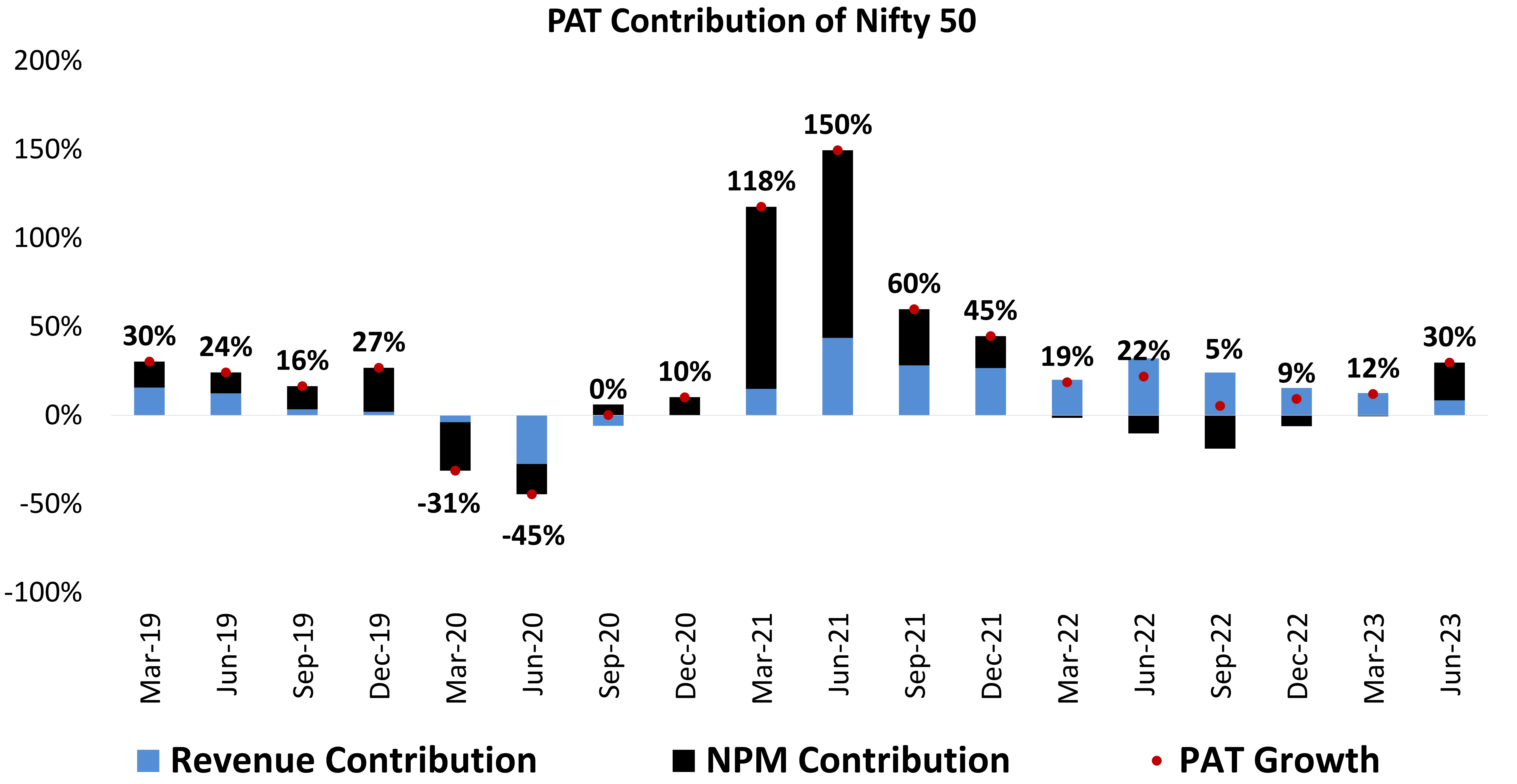
Margins have Helped Profitability, For Now

With disinflationary cycle and subdued demand, the margin may only sustain a quarter.



While the margins have experienced a significant improvement in the past quarter, it is majorly owed to deflation in wholesale prices. But with deflation easing in input prices and disinflation setting in, in final commodity prices, there is uncertainty in margins expansion.

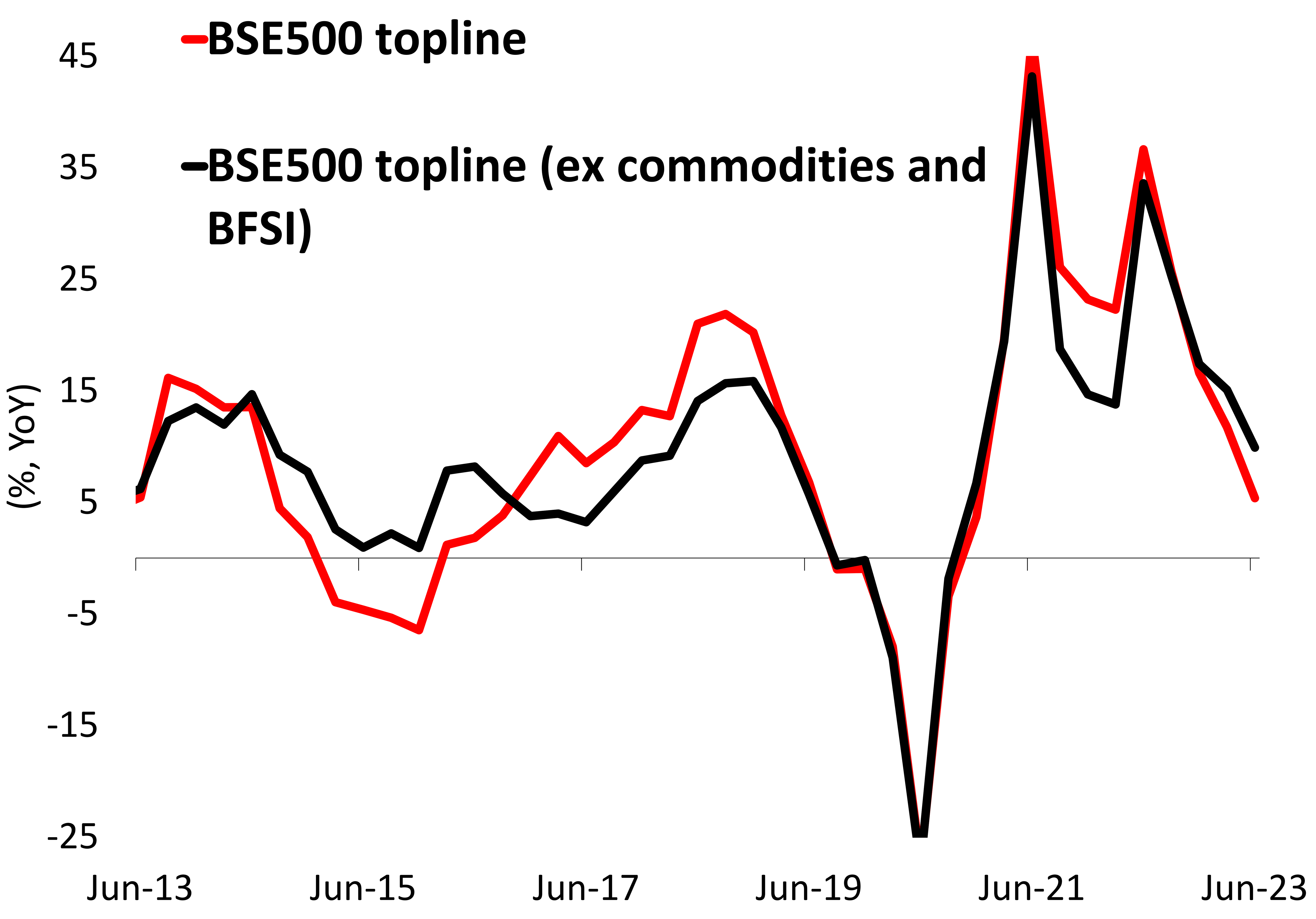
With topline normalising, it further makes margin picture more uncertain for now.

A high number of BSE 500 companies are reporting year on year sales contraction. See next slide.

Source: Investec Research, DSP, Data as on Aug 2023, Data for NIFTY 50. PAT – Profit after Tax, NPM – Net Profit Margin.

More companies are Reporting Topline Contraction as Disinflation Sets In

Sales growth is decelerating



% of BSE500 companies with topline contraction

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Source: Nuvama Research, Data as on Sep 2023

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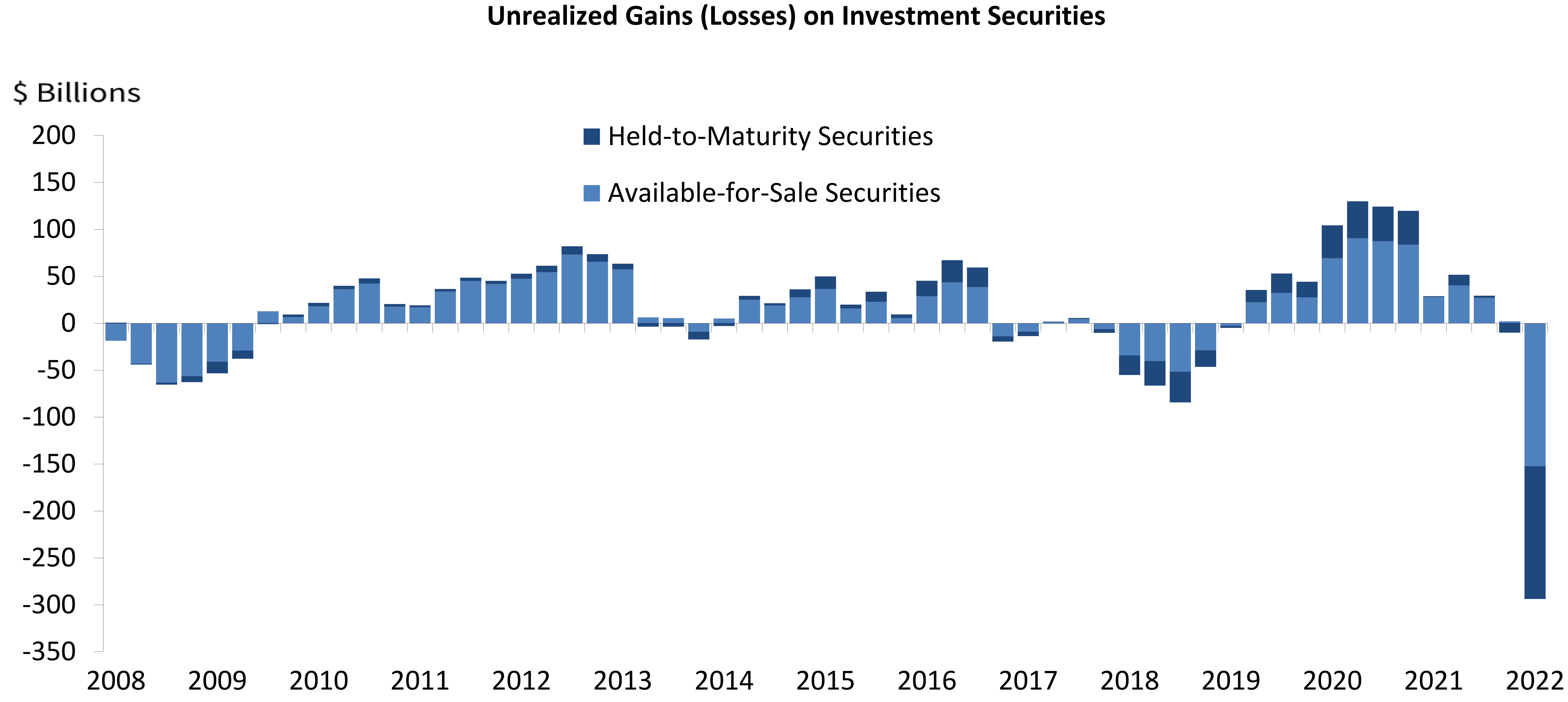
Macros & Flows: Uneven Resilience

Bond Market Blues

Can Rate hikes put brakes on Bank Lending in US?



The Fed's recent interest rate hike, has a very evident bearing on fixed income securities.

Tight Monetary Policy is finally working it's way through the system, hitting banks, and thus, slowing bank credit growth.

This will further affect the liquidity in the economy, thus, causing a slowdown.

Source: FDIC, DSP, Data as on Sep 2023
Note: Insured Call Report filers only. Date labels are centered under the first quarter of each year. Data start in first quarter 2008.

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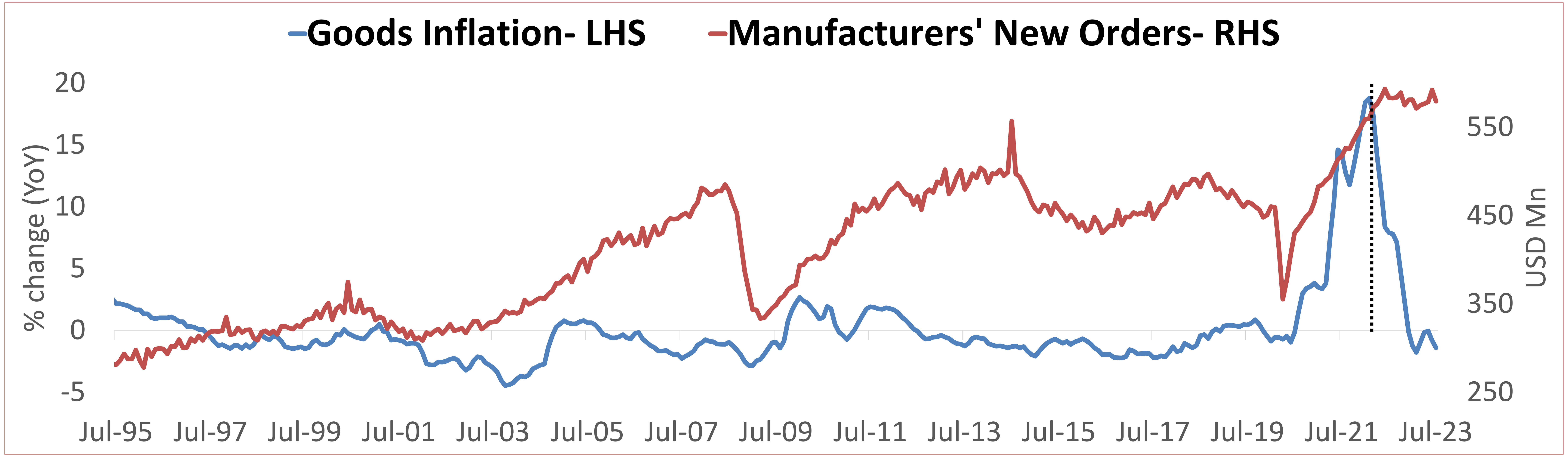
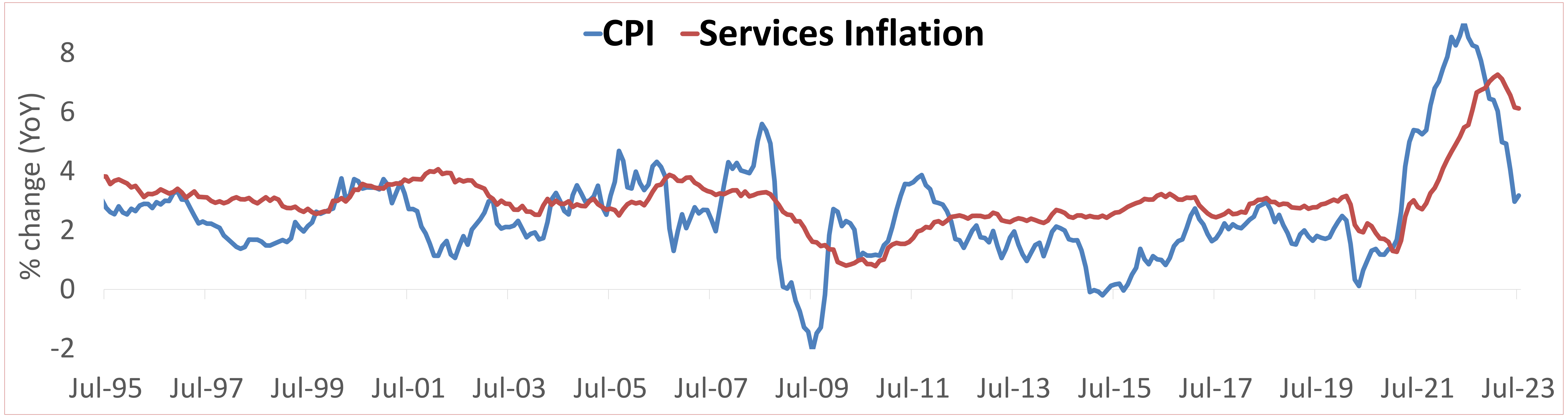
A Growth Slack To Bring Inflation Down Durably?

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





The major fall in US CPI was on account of Goods disinflation, which was largely driven by supply-normalization.

However, for a sustainable fall in the CPI inflation, the services' number needs to calm down a little (especially housing inflation).

While a breather on the demand front would bring some comfort, it would require a growth sacrifice, and thus a moderation in the labor market.

A premature rate cut, might cause a stagflationary situation in the economy, since the demand inducing stimulus (excess savings) has now depleted. But as the economy slows the Fed will find it hard to keep rates where they are today.

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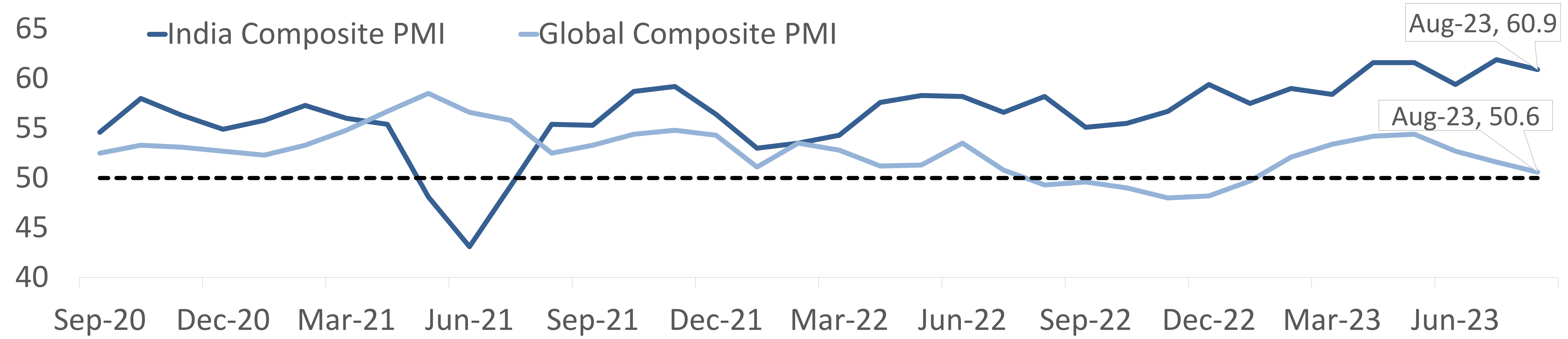
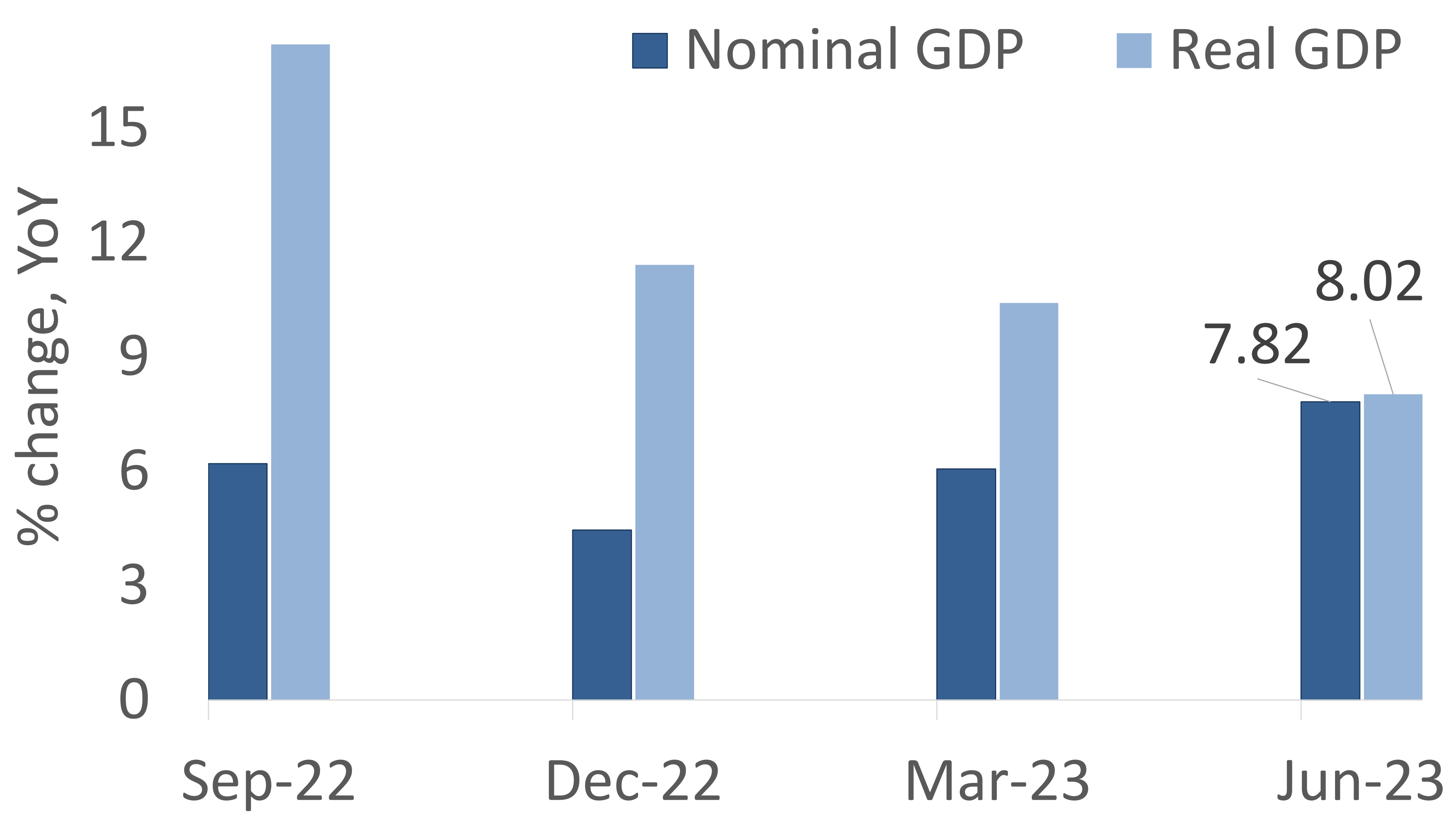
Source: FRED, DSP, Data as on Sep 2023

Marked Strength in Select Indicators

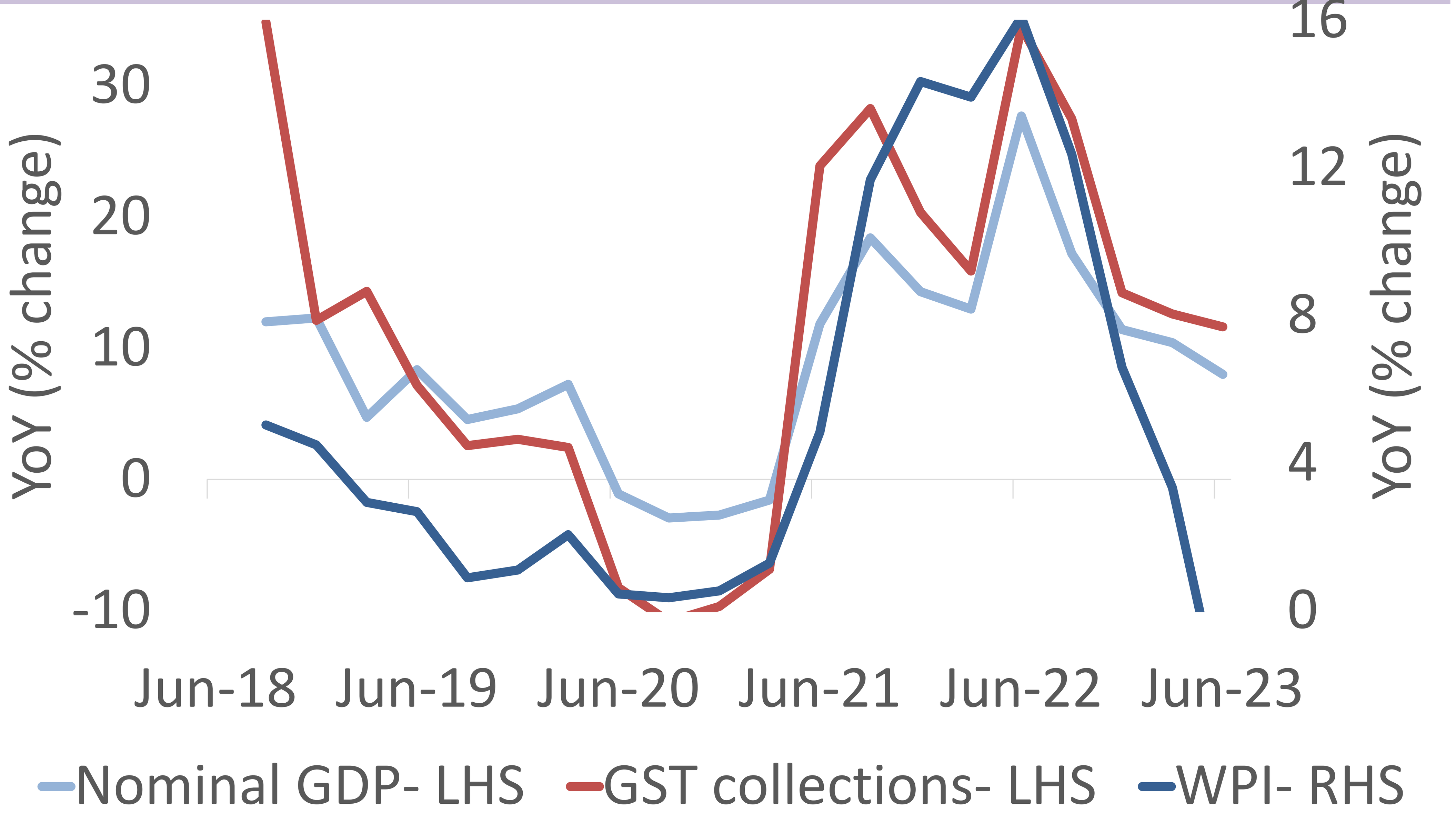
India’s consumer sentiment is strong, or rather robust



The deflationary gap in Real and Nominal



…weighing on GST collections



PMI has been strong, not just in isolation, but also in relation to the global numbers, actually all the more in comparison to the global lackluster, indicating favorable consumer sentiment

But not all data is positive. While the Real GDP number came in as a big surprise, it was close to Nominal GDP, because of deflationary WPI and thus, lowered commodity prices.

Further, a normalized Nominal GDP also meant normalized GST collections.

Read: [Tathya]

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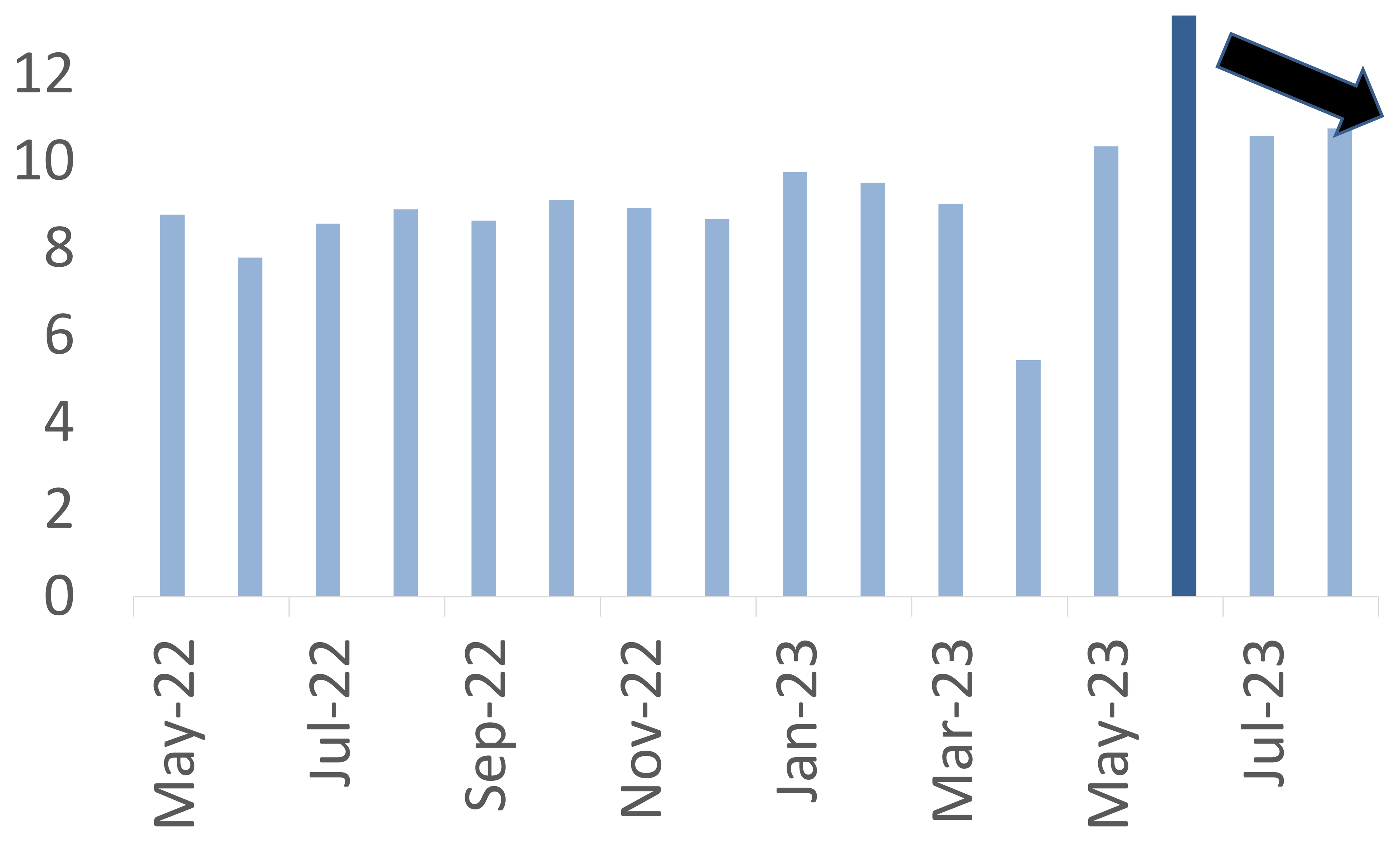
Source: CMIE, Data as on Sep 2023

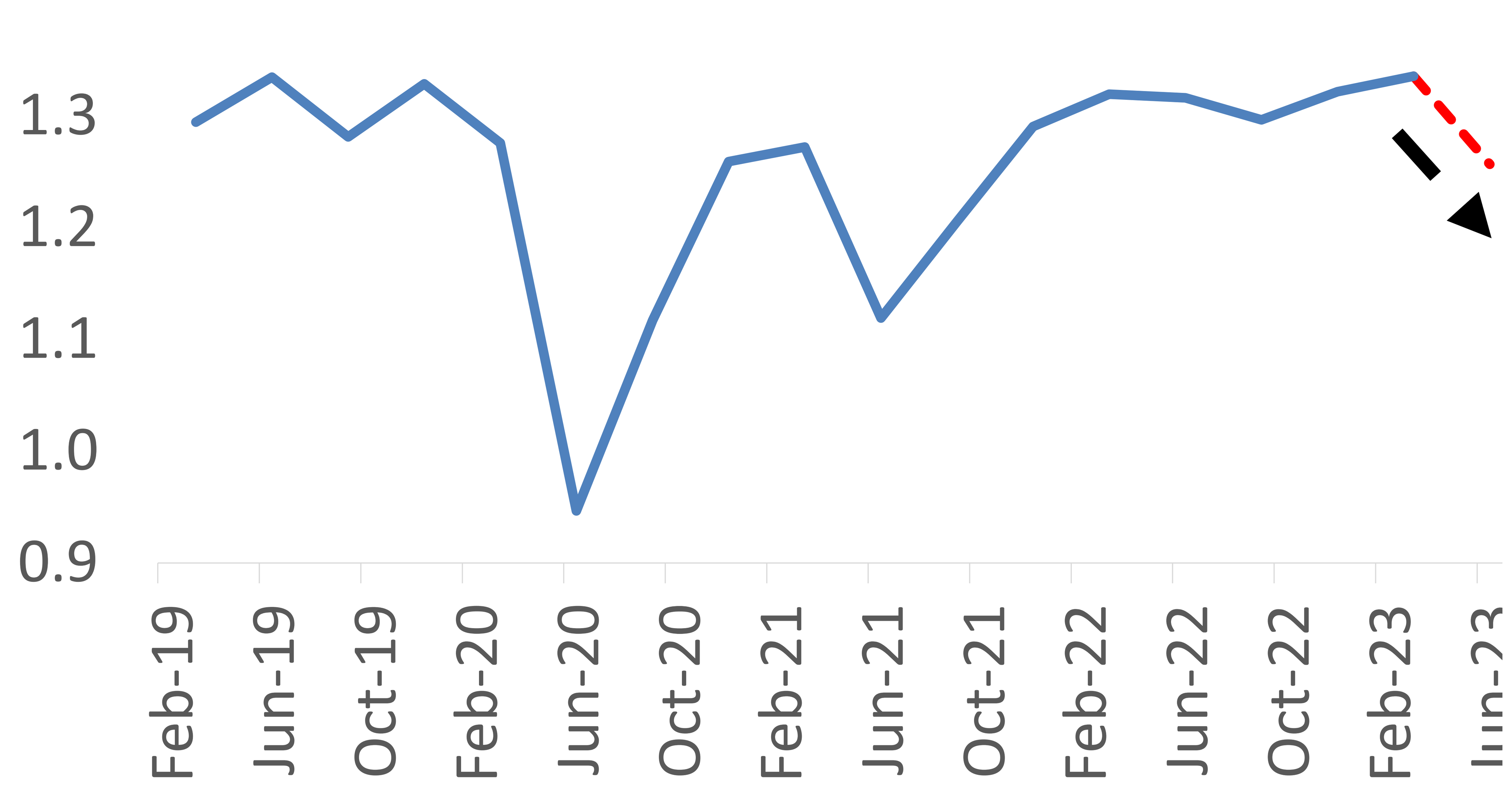
PMI- Purchasing Manager’s Index, GDP- Gross Domestic Product, YoY- Year-on-Year, GDP- Gross Domestic Product, GST- Goods and Services, WPI- Wholesale Price Index

Disinflation HAS Set In!

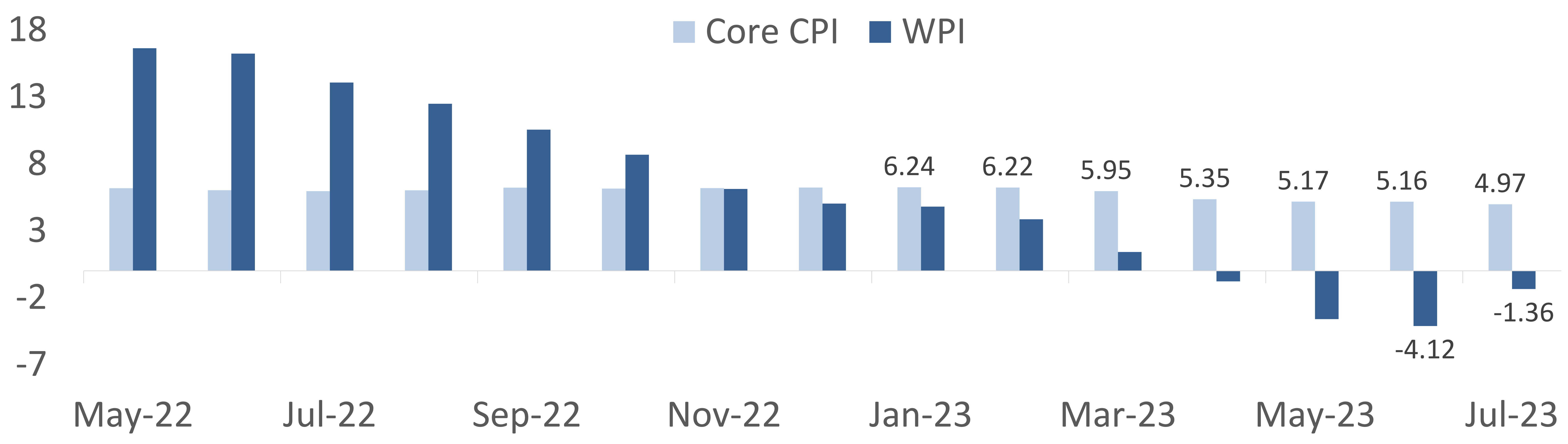
Money supply has eased



....and is circulating at a slower rate



Core CPI has been in a disinflationary cycle for 2 quarters now



According to the Quantity Theory of Money,
Money Supply*Velocity = Price*Transactions.

Money supply in isolation, is just a stock concept, and it is actually the velocity of money, which drives the level of economic activity.

Altering money supply alone, cannot determine slowed demand, but how frequently that money is changing hands in the economy will actually determine the demand conditions in the economy.

In the present scenario, while the Money supply did ease from it’s high, it was also accompanied by a reduced velocity, thus facilitating a disinflationary cycle in the economy.

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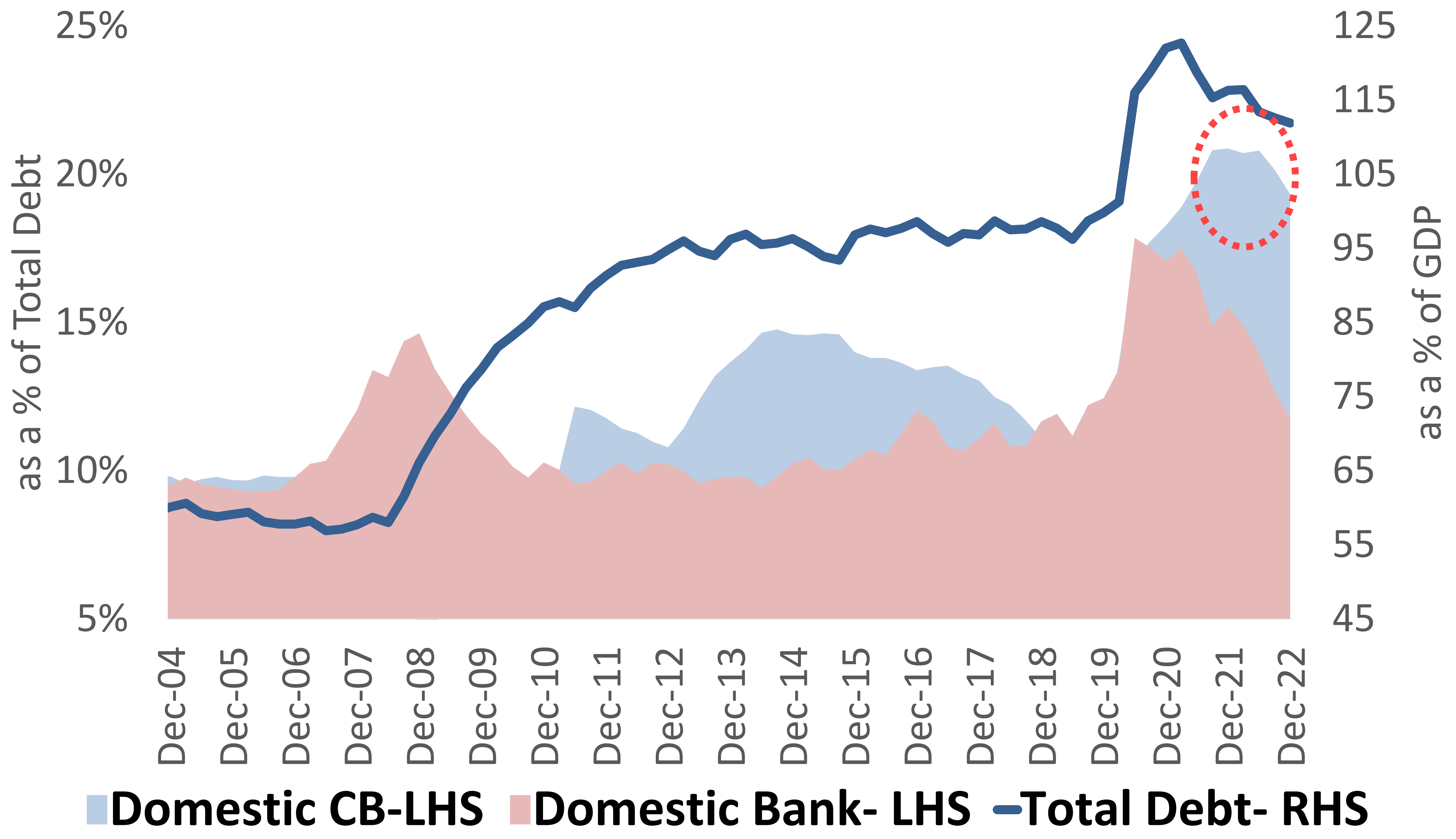
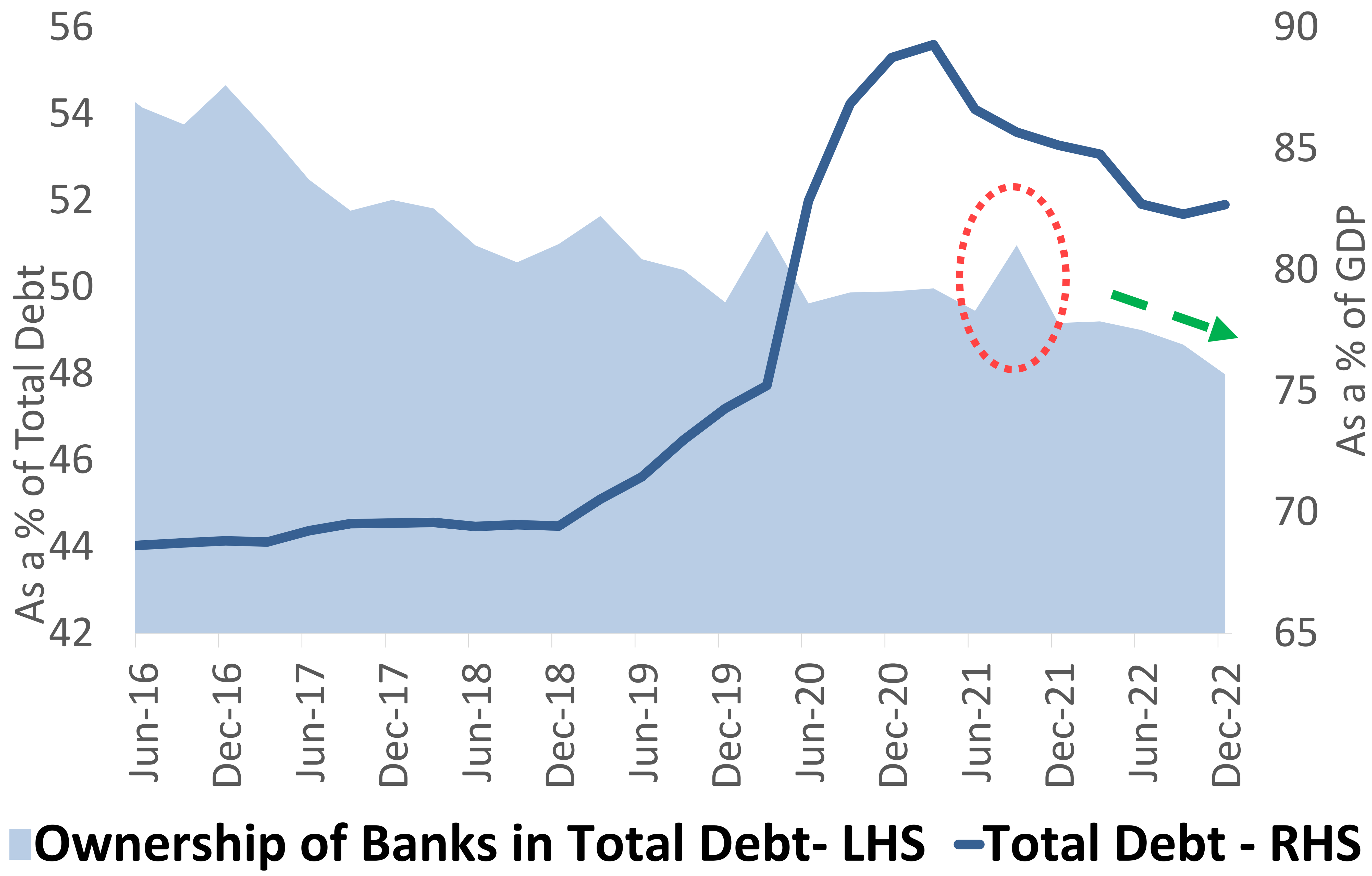
Source: CMIE, DSP, Data as on August 2023

India has Handled the Post COVID Fiscal Profligacy Better

UST is the Safe Haven..even for the Fed



India is mindful of it's Debt holdings

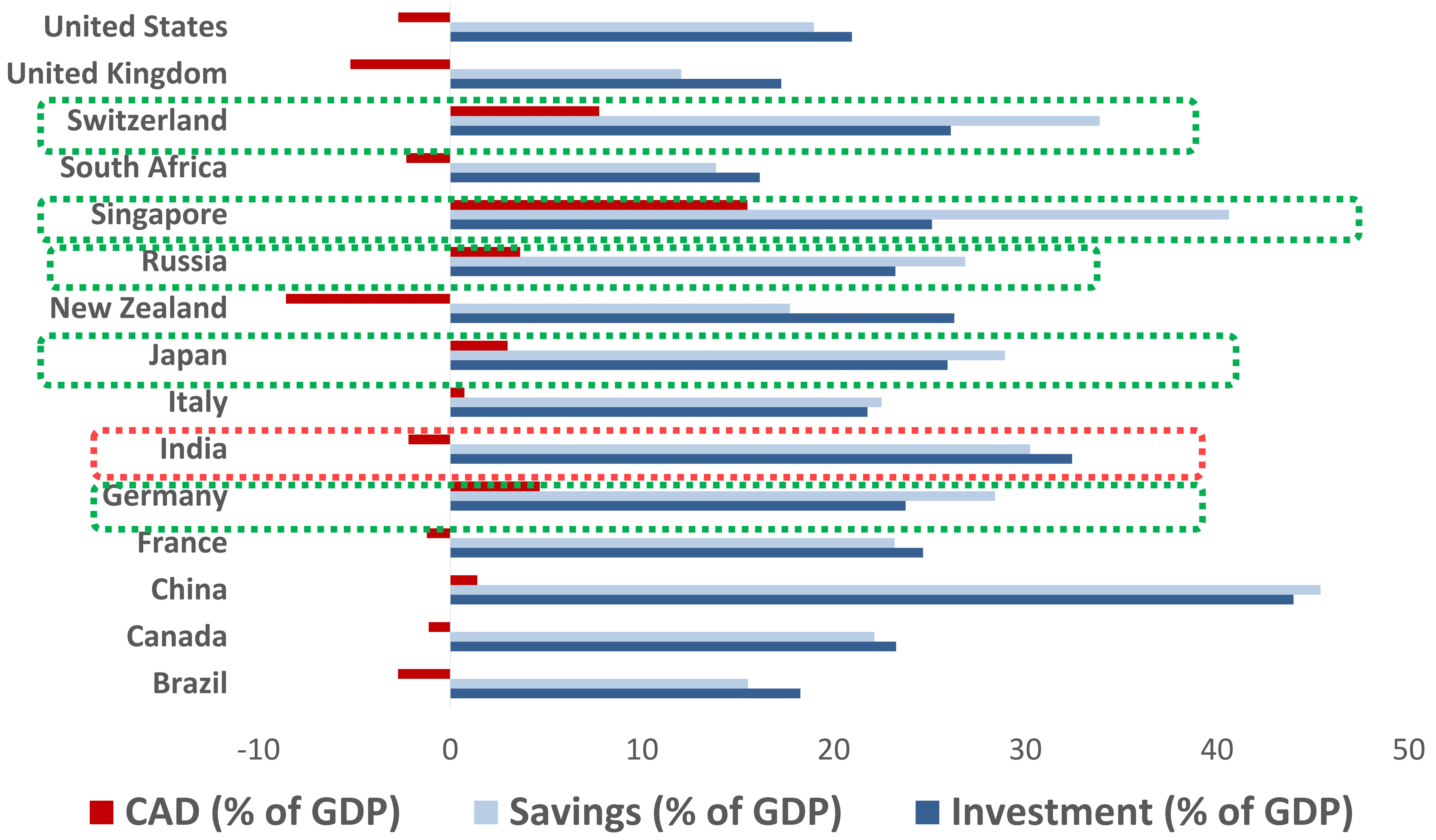


Sovereign's dependency on central banks, not only hampers the bank's balance sheet, because loans funded by the central banks do not require to liquidate the assets but are rather monetized deficits; but it also undermines the Central bank's ability to pursue an independent monetary policy, because there will be a constant pressure to keep the borrower's financial health in order. The central banks are the bankers to the government after all. While Indian central bank has now reduced it's holdings in the India government securities, even amidst QT, the Fed still holds a very large part of outstanding US debt.

Source: FRED, DSP, Data as on May 2023

Funding Our Own Future

India still needs to have more robust sources of growth capital



While higher domestic savings, do mean higher investment, it also means a Current Account Surplus.

Savings= Investments, though is a concept restricted to a closed economy, but the relation between savings and investment is more crucial for an open economy.

Countries holding surplus savings (i.e. beyond their need of investment) have managed to maintain a Current Account Surplus, which essentially means that apart from funding their own investments, the robust domestic investments also result in increased exports.

While India is inching towards lower Current Account Deficit, a Current Account Surplus still remains far fetched.

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Source: IMF, DSP, Data as on August 2023

CAD- Current Account Deficit, GDP- Gross Domestic Product

Sectors: Linking Data Trends

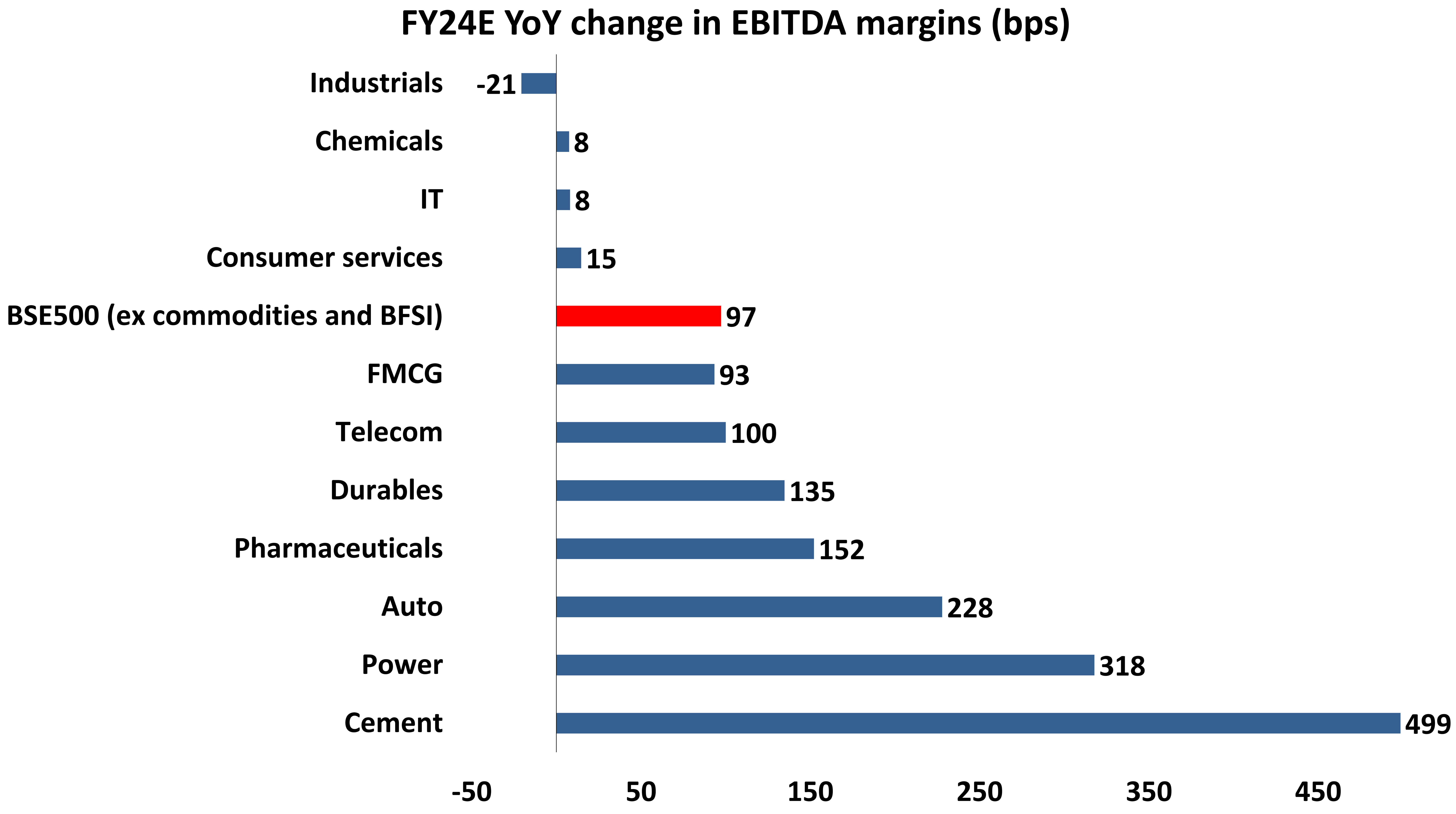
DSP Capex Tracker: Scorecard Is Healthy

	Units	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	5 Year CAGR
New Investments	INR Billion	1780	2873	1823	4213	4381	4266	4526	9144	6102	5218	8051	13473	6455	2%
OBICUS Capacity utlisation	Per cent	47	63	67	69	60	68	72	75	72	74	74	76		
Central Govt Capex	INR Billion	883	776	1431	1166	1115	1179	1623	2005	1751	1678	1471	2464	2785	26%
Aggregate New Orders	INR Billion	482	897	1518	2157	702	945	1296	1675	1448	425	542	1802	1532	6%
Cement Volumes	Million Tonnes	53	69	81	93	93	93	93	93	81	93	47	70	83	-1%
Import of engineering goods	USD Billion	13	16	22	25	23	22	28	28	27	30	35	31	29	4%
Industrial credit	INR Trillion	29	28	28	29	29	29	30	32	32	32	33	33	34	5%
IIP- Capital Goods	Index	35	79	91	99	74	92	88	100	96	99	96	111	101	-1%
Housing loans	INR Trillion	14	14	14	15	15	16	16	17	17	18	19	19	20	15%

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 Sep, 2023, red to blue indicates worst to best data in that order CAGR- Compound Annual Growth Rate

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, i.e., cement, autos, consumption goods and we believe one can potentially consider these sectors for further analysis.

Source: Nuvama Research. Data as on Sep 2023

FII Flows Have Made A Comeback

Flows (in $ Billion)	CY23 YTD	CY22	CY21	CY20	CY23 YTD	CY22	CY21	CY20
					% contribution to flows			
Auto	3.1	-0.1	0.1	0.9	19%	-1%	2%	4%
Finance	4.1	-8.1	-2.1	7.2	25%	-49%	-56%	31%
IT	-1.4	-9.3	-3.2	0.3	-9%	-56%	-87%	1%
O&G	-1.7	-2.8	0.6	0.9	-11%	-17%	16%	4%
Consumer (incl. Media)	2.1	-1.3	3.8	5.2	13%	-8%	103%	23%
Utilities (Incl. Telcos)	2.2	1.0	2.3	-1.3	13%	6%	63%	-6%
Healthcare	1.0	1.8	-0.5	1.3	6%	11%	-13%	6%
Industrials (Inc. Cement)	5.5	0.0	1.0	1.0	33%	0%	27%	4%
Metals	0.1	0.5	-0.3	0.0	1%	3%	-7%	0%
Others	1.6	1.8	2.0	7.6	10%	11%	53%	33%
Total	**16.4**	**-16.5**	**3.7**	**23.1**	**100%**	**-100%**	**100%**	**100%**

India had been missing on its FII flows since 2022. 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, industrials have gotten more flows. Cumulatively, however, with relative strength of Indian macros, better earnings potential and dollar weakening, flows to India should benefit.

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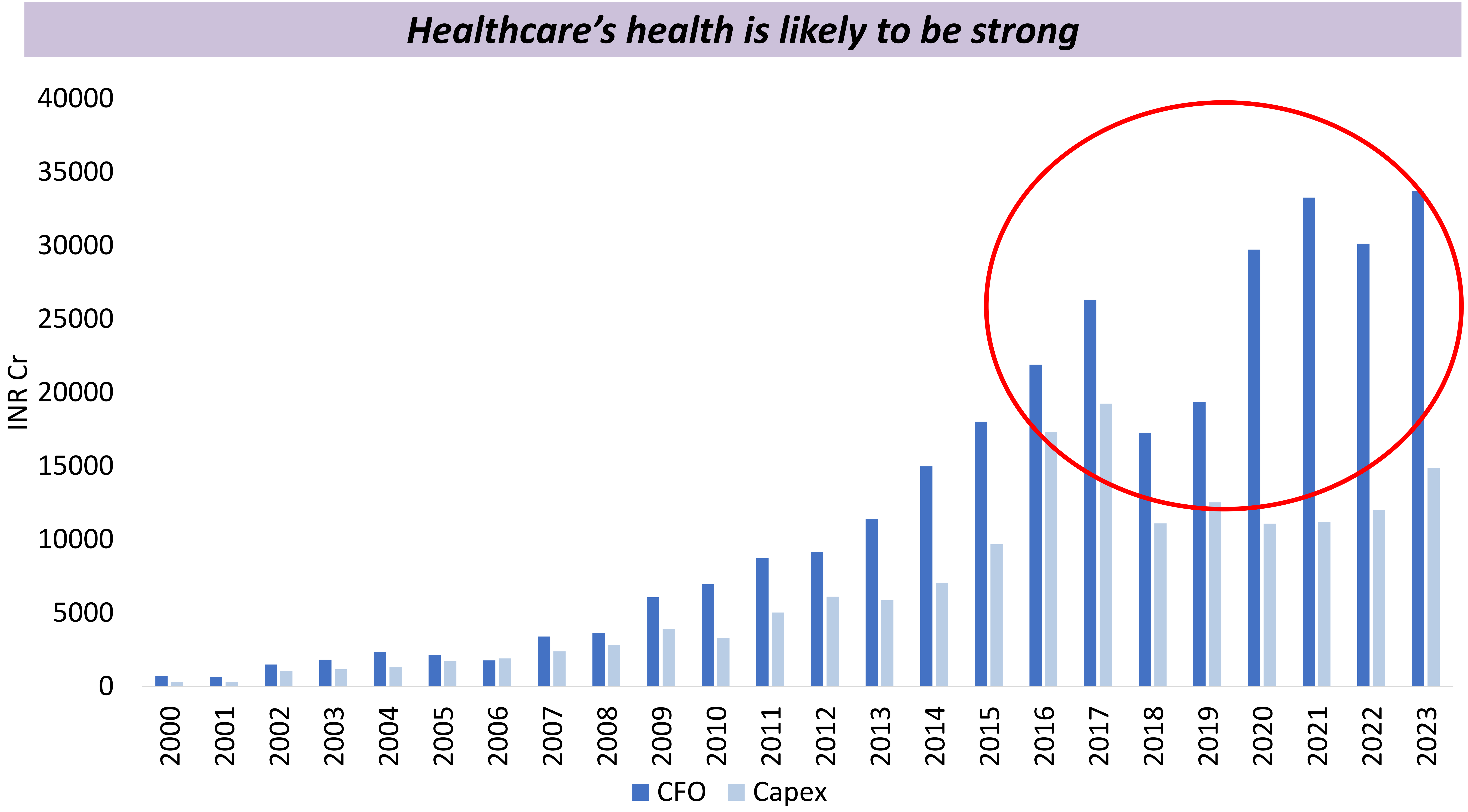
Source: CMIE, Investec Research, DSP, Data as on August, 2023, red to blue/green indicates worst to best data in that order

Pharma: Waking Up From The Slumber!



While operating cash flows have been increasing, Capital expenditure has come down substantially leading to sharp increase in Free cash flows. The drop in capex has been driven by lower spends by companies for the US generic market.

We are seeing reversal in the US generics space with price erosion normalizing and new product approvals coming through. Reduced capex by Indian players that cumulatively have 30-35% share in US generics augurs well for pricing in future.

We believe this may translate into healthy operating cash flows and margins in coming quarters.

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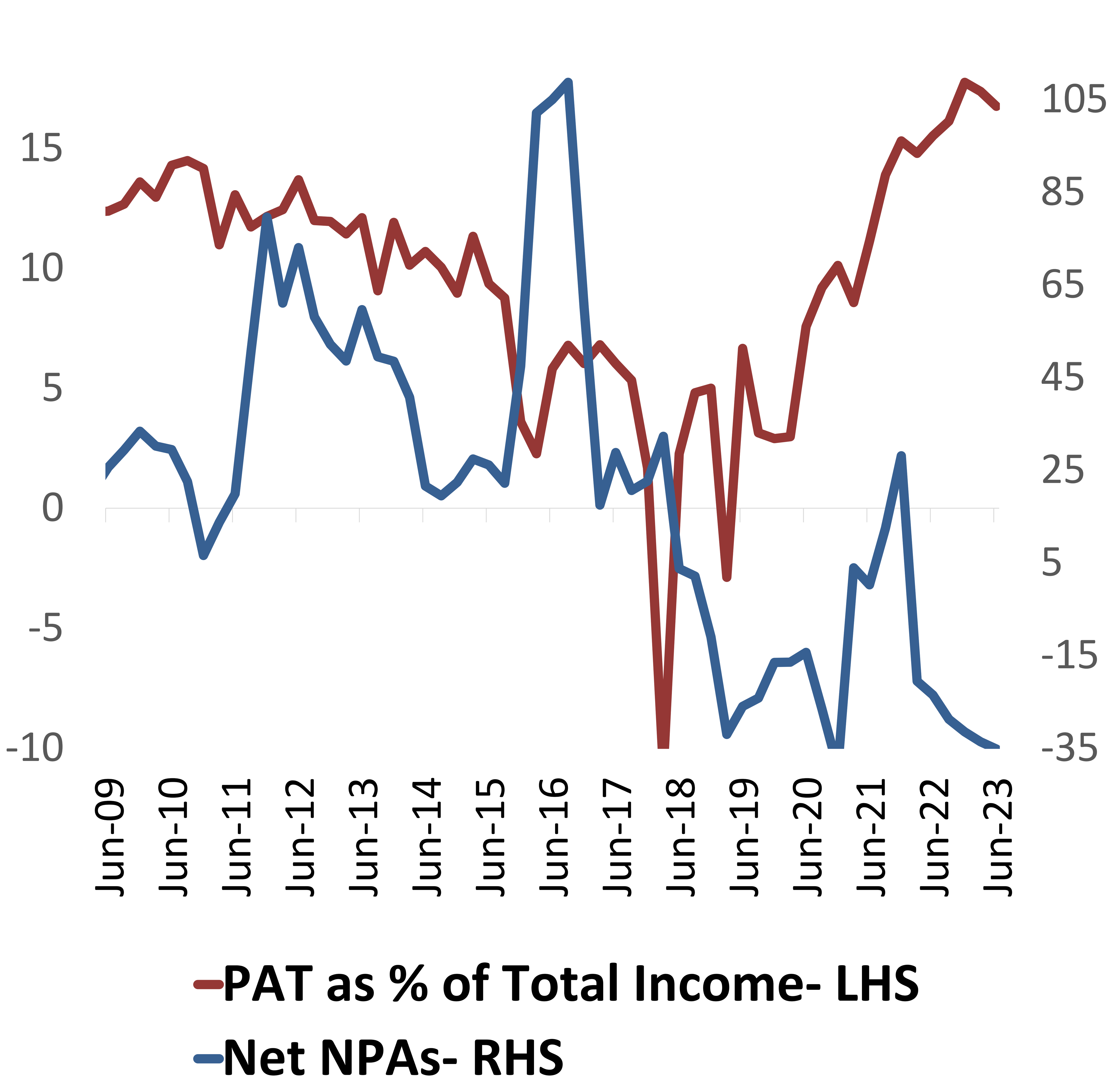
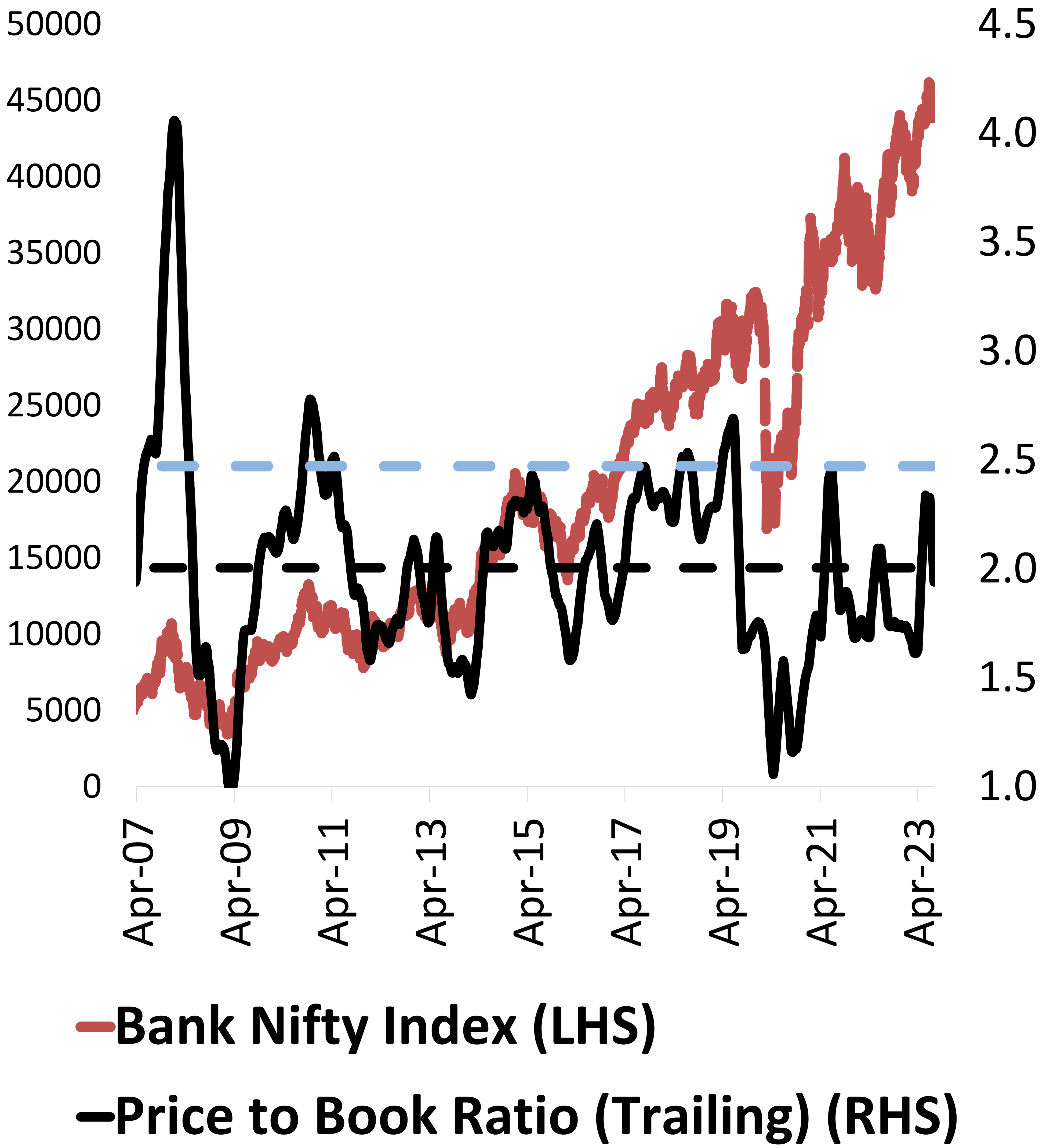
Source: DSP, Data as on FY23. Financial data of 18 pharma companies.

CFO- Cash Flow from Operation, Capex- Capital Expenditure

Good Time To Re-look At BFSI, Especially If Markets Correct!

While financials, especially banks have been our preferred pick





Banking sector stocks (Nifty Bank Index) have underperformed Nifty Index this calendar year, at the same time the valuations have gone through a churn.

As measured by Price to Book Value ratio (P/B), the Nifty Bank Index traded below 2X P/B in Aug 2023. Historically, if you were to keep investing in the Nifty Bank Index during periods when its P/B is below 2 times, it delivers exciting returns over the next few years.

We don't know what will happen in the next few years, but history says buying Banking Sector Stocks when they are cheap can deliver superior returns.

We expect markets to undergo a correction. If the banking sector falls in line with the market, this could be an attractive sector.

DSP

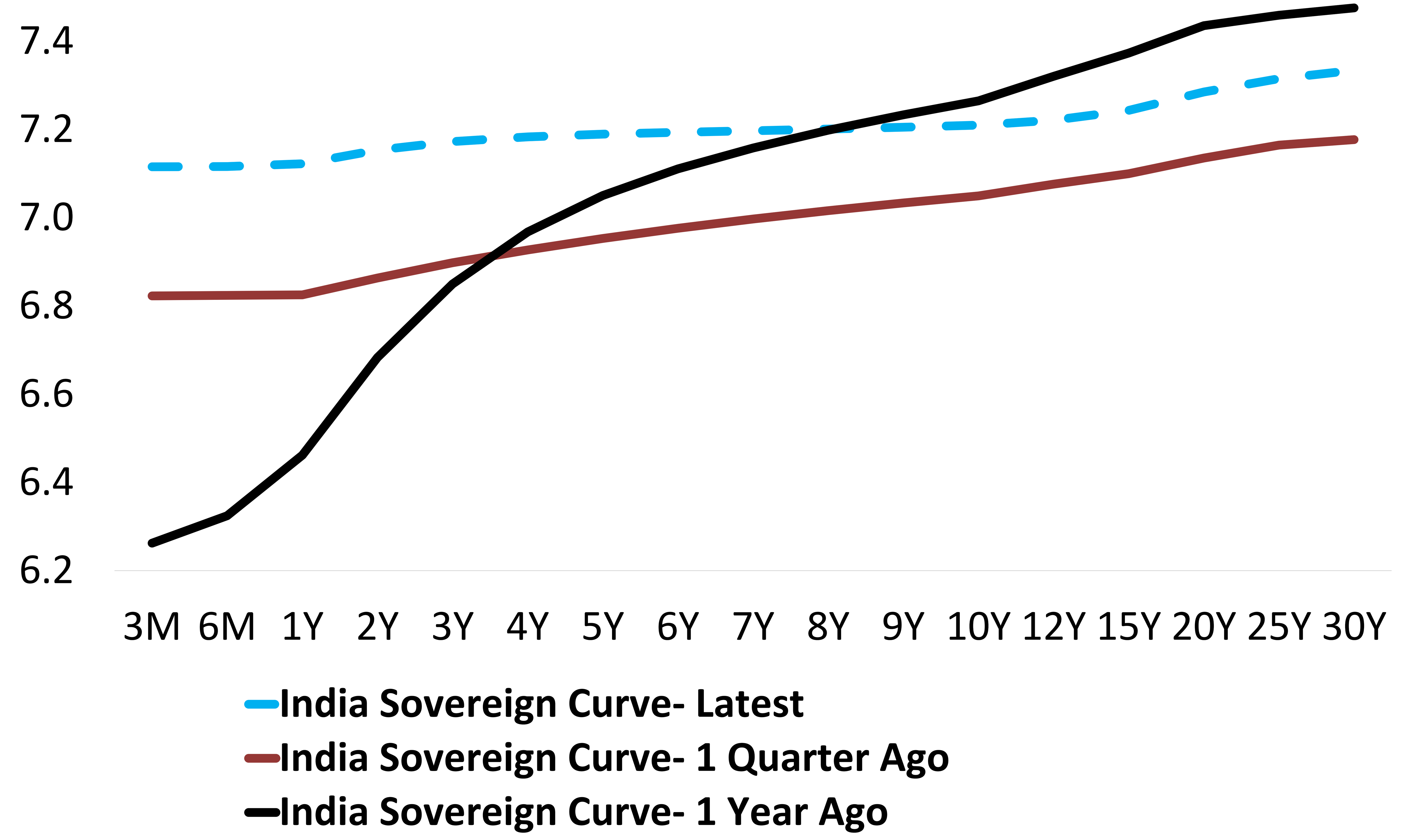
Source: CMIE, DSP, Data as on Sep 2023

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).

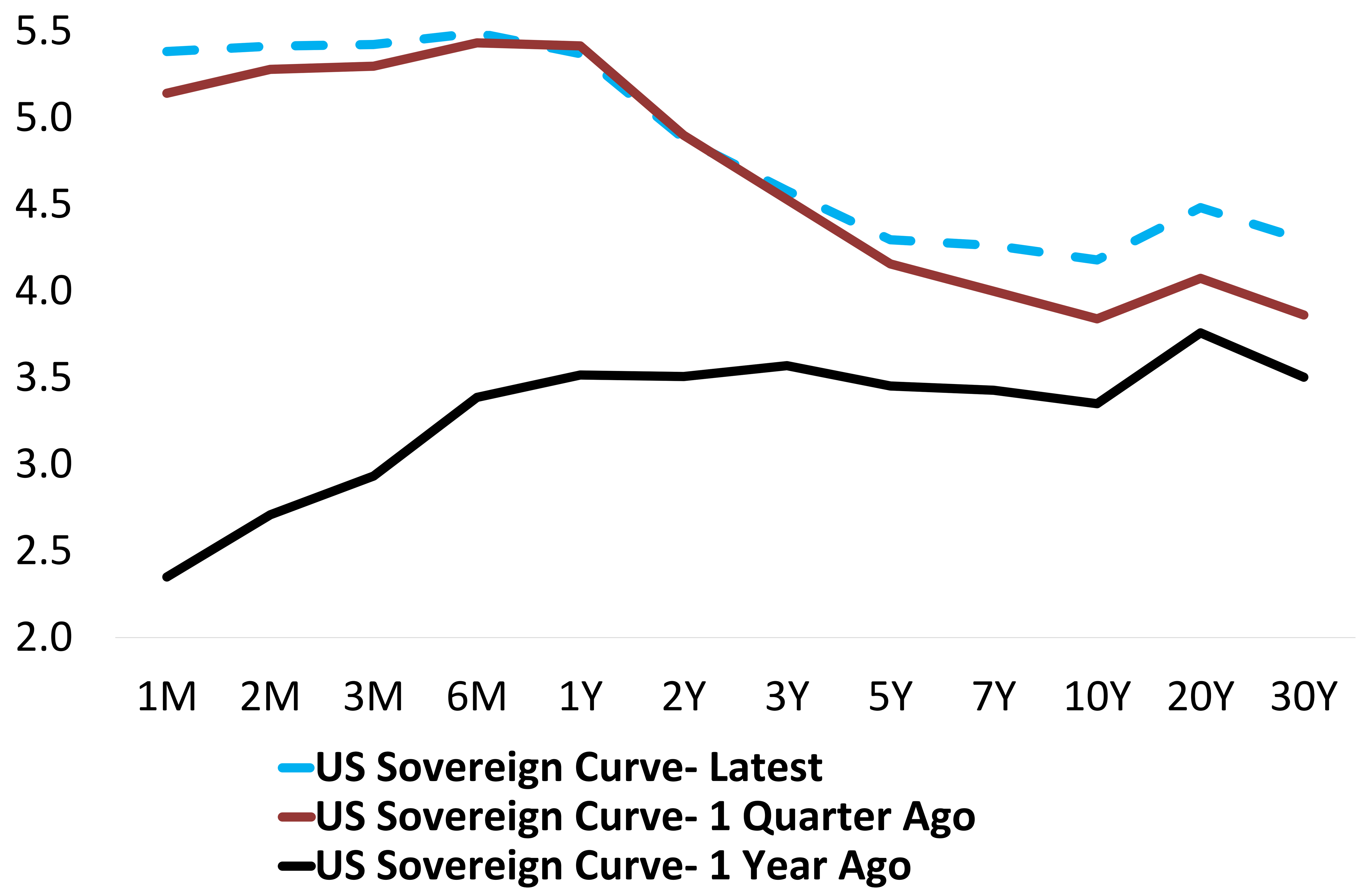
Interest Rates: Pause With A Purpose

From Inverted, back to Flat- But the Recession Still Awaits

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?

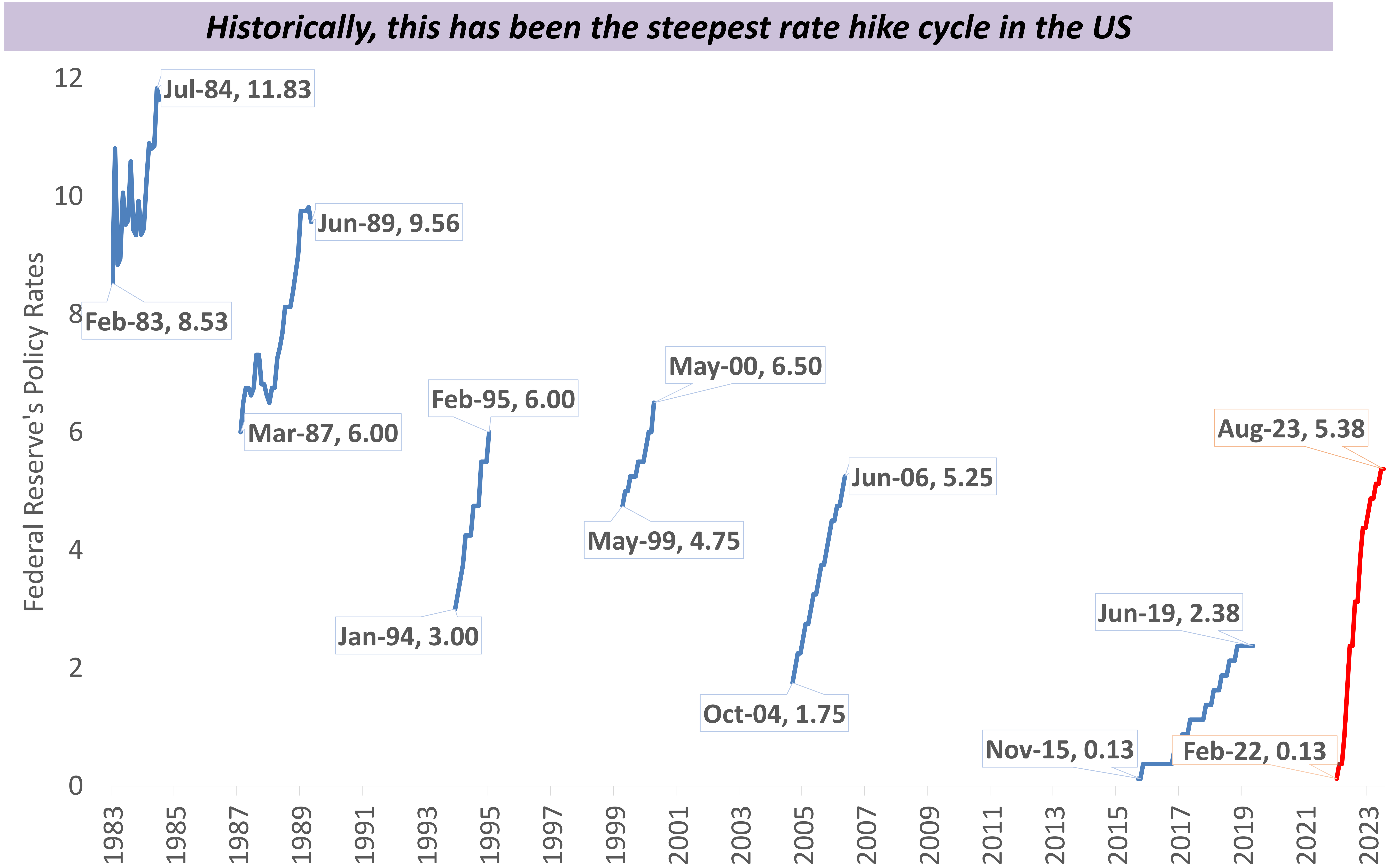


Traditionally, a Yield Curve should be upward sloping. There are historical evidences of recession following a year after the curve inverts. But there is another more crucial observation- it is the inverted yield curve moving towards reversion which then signaled an imminent recession.

DSP

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

Steep Hike Cycle, But Not Without Consequences



A low unemployment number is a relief, but only when looked in isolation. However, a widening Fiscal Deficit despite a record-low unemployment is striking.

While the current rate cycle, has been rather aggressive, the way forward is all the more crucial.

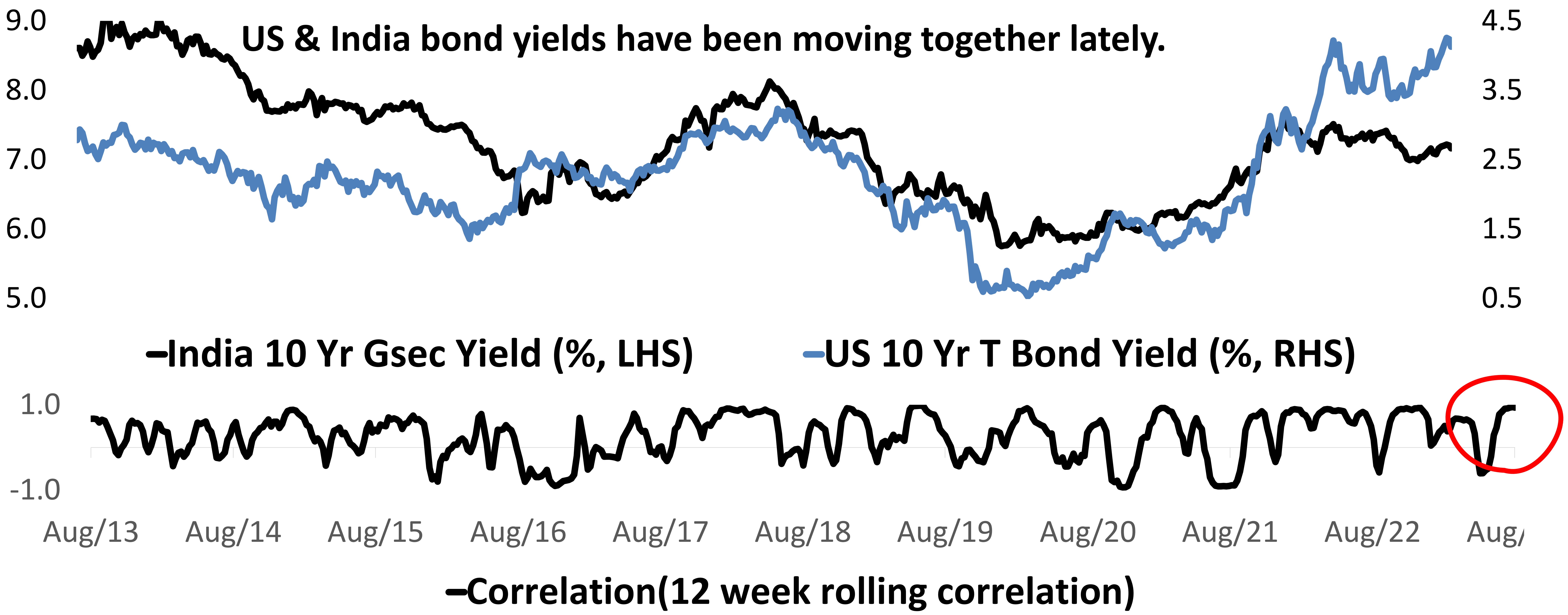
A premature rate cut might weigh on inflation and weaken dollar. But the robustness in the labor market will have to be withdrawn for a substantial fall in the sticker components of inflation basket. There are signs that labour market strength has begun to wane. Such higher interest rates and continued quantitative tightening will have negative pass through to the economy. There will be consequences of this rate hike cycle.

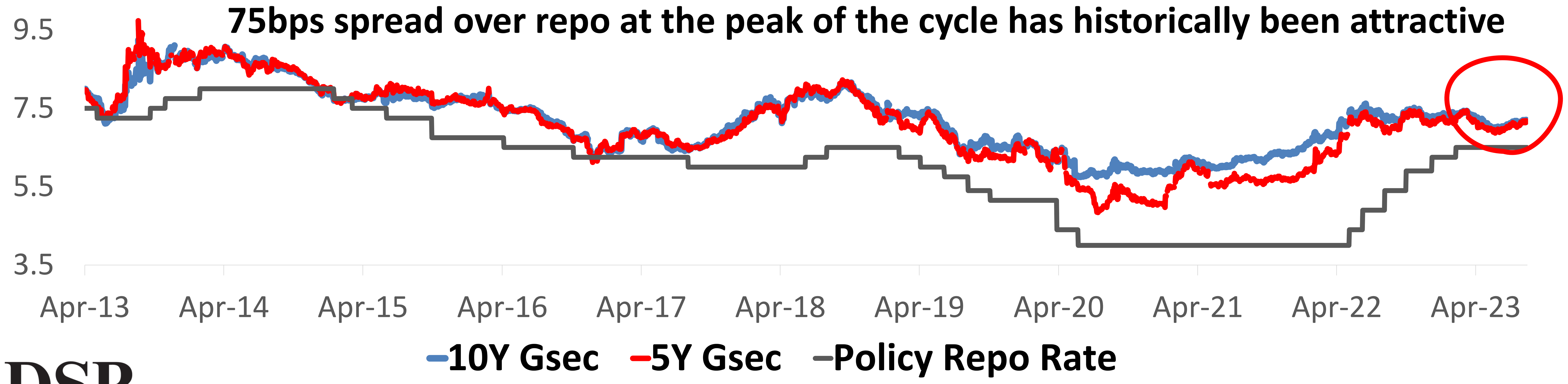
Will the FED continue taking the Road less travelled by?

DSP

Source: BIS, DSP, Data as on Sep 2023

Add Duration: Why It's Time To Buy Longer Dated India Bonds





Wary of data but attracted to valuations! We are bullish. Why? Because of Valuations! Markets are pricing in a lot of negativity. Yet, inconclusive evidence to justify fall in yields. Or rise in yields. Any positive news may cause a sharper rally, than a sell-off due to negative news.

Across the globe, the rate cuts are getting priced in, but in India rate hikes are priced. This asymmetry leads to asymmetrical odds – in favor of long bonds. India's fiscal situation and inflation trajectory remains much more benign and creates an opportunity to own long bonds at 10Y yields which recorded a recent print of 7.25%.

Recently, Indian bond yields are being driven by global yields rather than domestic drivers. This is an opportunity.

Read DSP Converse for more details.

DSP

Source: CMIE, DSP Data as on Aug 2023

Let’s sum it up.

Asset Class View

- Equity: Exercise caution as valuation comfort is no longer available. Equity allocation to be reduced and brought back only when markets are available at average valuations.

- Debt: Tactically add duration with India GSec at 7.20% to 7.25% range.

- Commodities: Gold to Oil ratio indicates the potential for gold to do well over time. Crude oil spike is a monitorable risk, although weakening growth in various countries could keep a lid on the prices.

How To Position Your Portfolio?

Asset Allocation: Our recommendations

If you are

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

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

DSP

Conservative Strategy

Portfolio: Conservative

Asset Class	Category	Fund	Allocation
Equity 25%	Index Fund	DSP Nifty 50 Equal Weight Index Fund	5%
	Multi cap Fund	DSP Flexi Cap Fund	20%
Alternate & Hybrid 15%	FoF – Overseas	DSP World Gold Fund of Fund	5%
	Equity Savings	DSP Equity Savings Fund	10%
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 55%	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%
Alternate & Hybrid 15%	FoF – Overseas	DSP Global Innovation Fund of Fund	5%
	Equity Savings	DSP Equity Savings Fund	10%
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%

DSP

Aggressive Strategy

Portfolio: Aggressive

Asset Class	Category	Fund	Allocation
Equity 65%	Multi 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%
Alternate & Hybrid 20%	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%
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%

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	20%
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	25%
	Gilt Fund with 10 Year Constant Duration	DSP 10Y G-Sec Fund	5%
	Money Market Fund	DSP Savings Fund	5%

DSP

…And Some Fun Recommendations

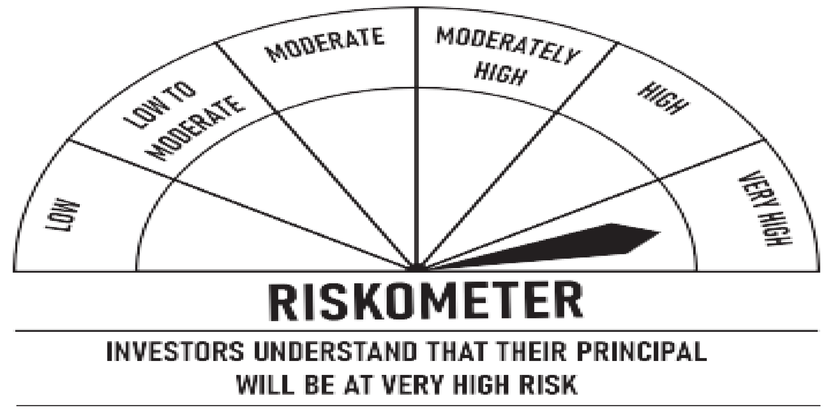
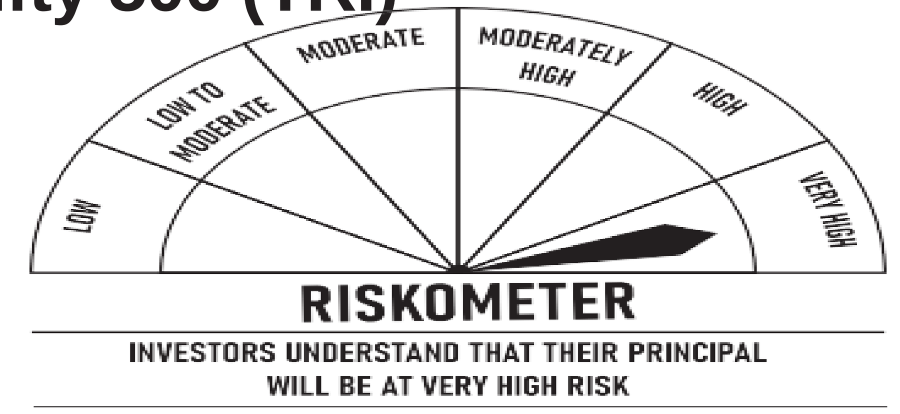
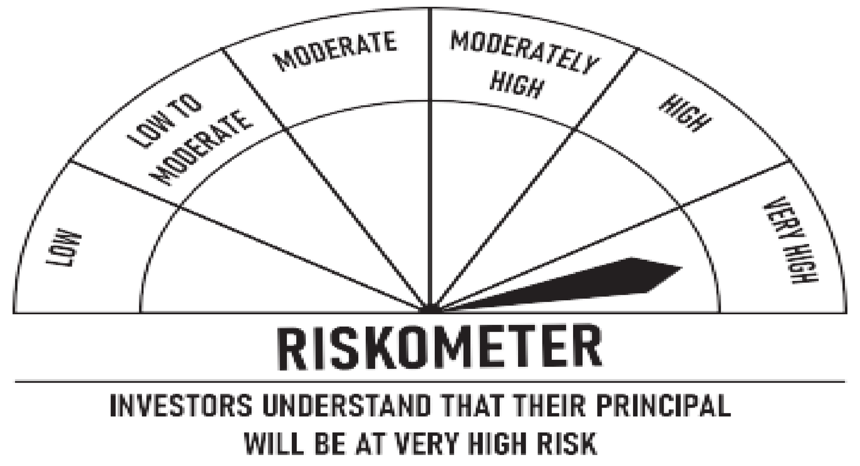
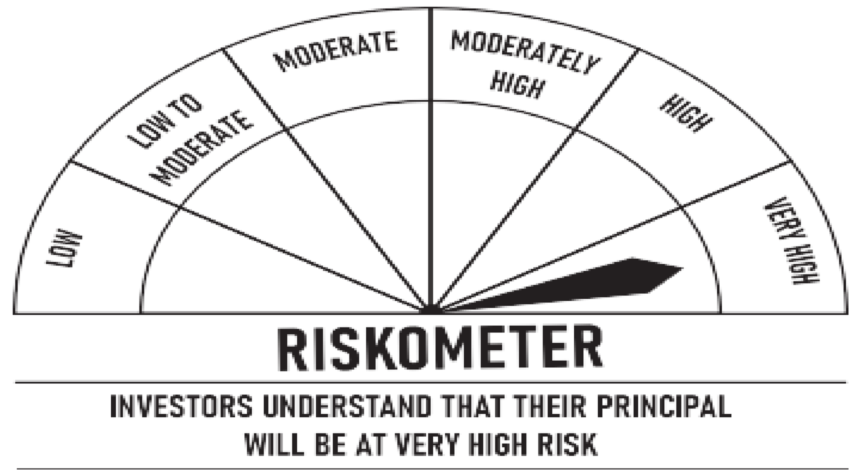
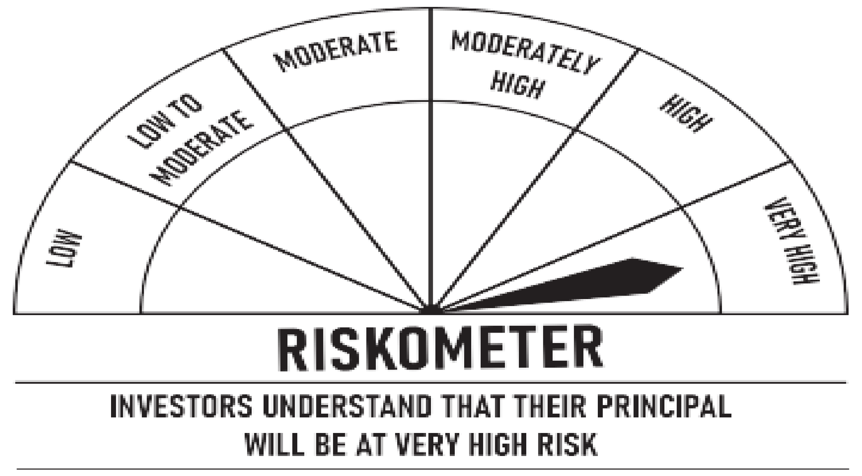
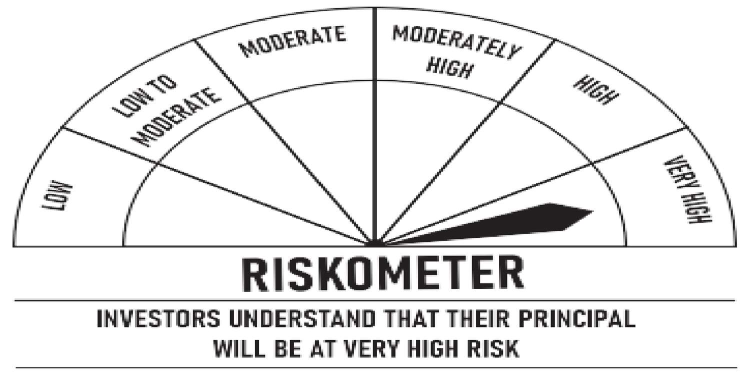
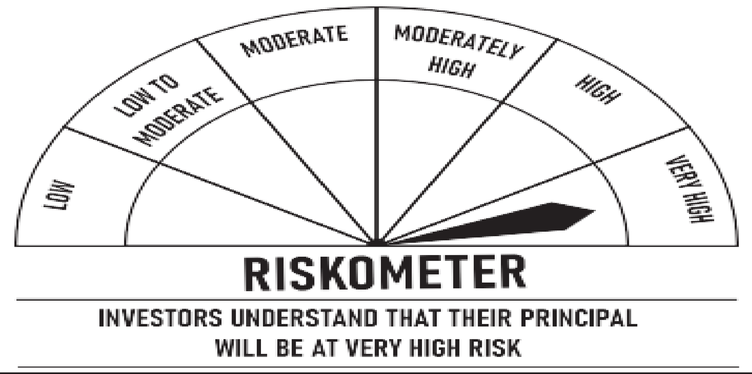
What we liked:

- **Book: What I Learned About Investing from Darwin by Pulak Prasad**
- **Podcast**: Harvard's Arthur C. Brooks on the Secrets to Happiness at Work
- **Article:** It's easy to miss the story of exponential technological change.

Our in-house creations:

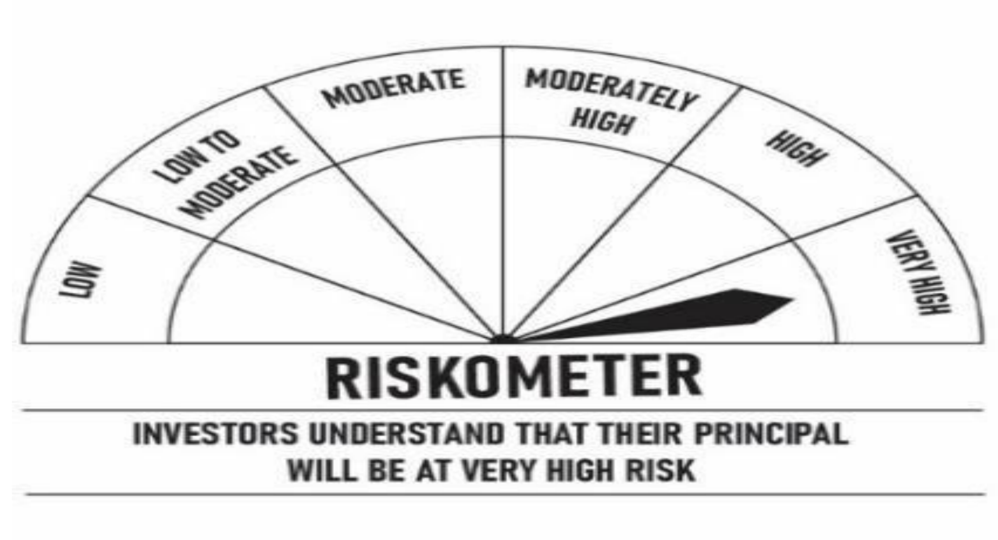
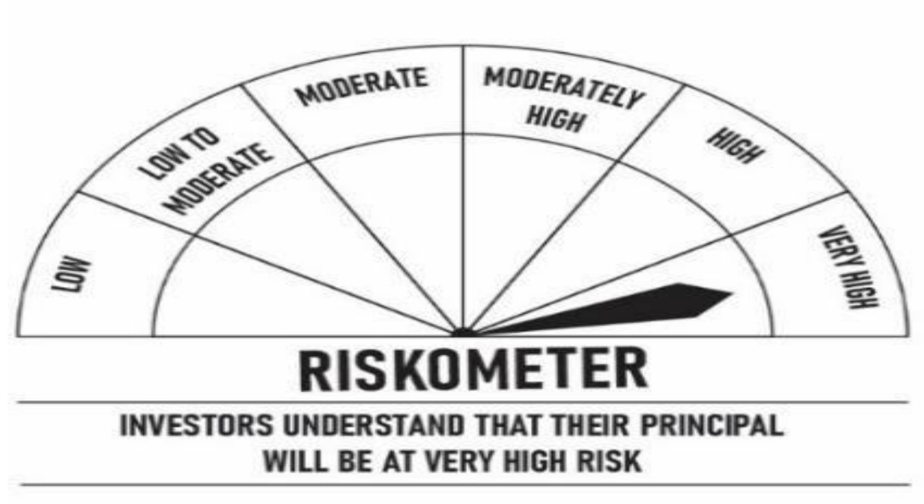
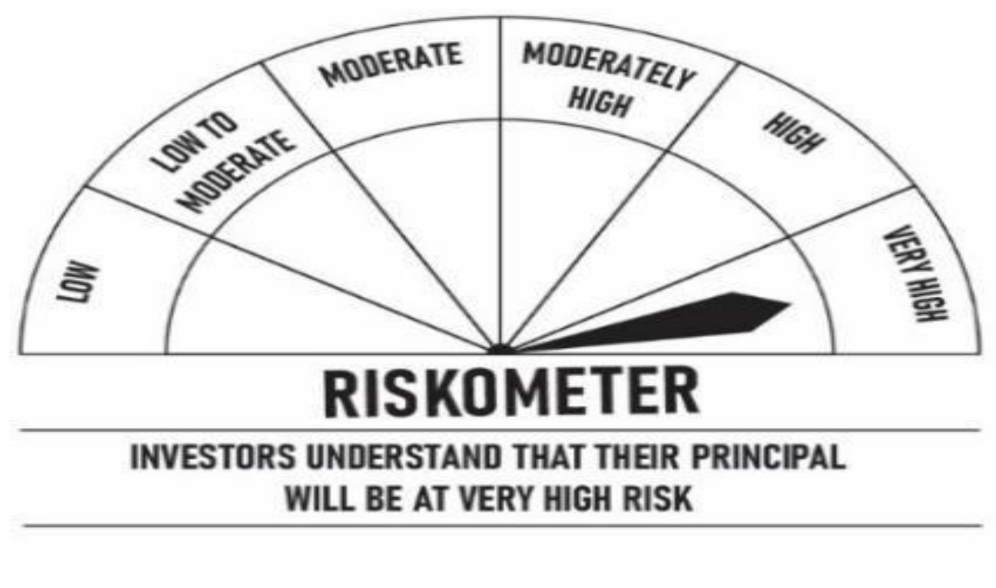
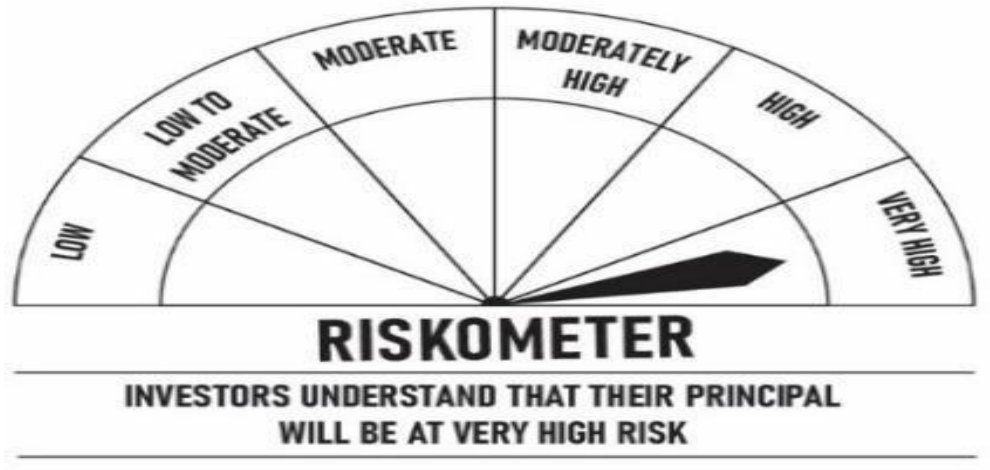
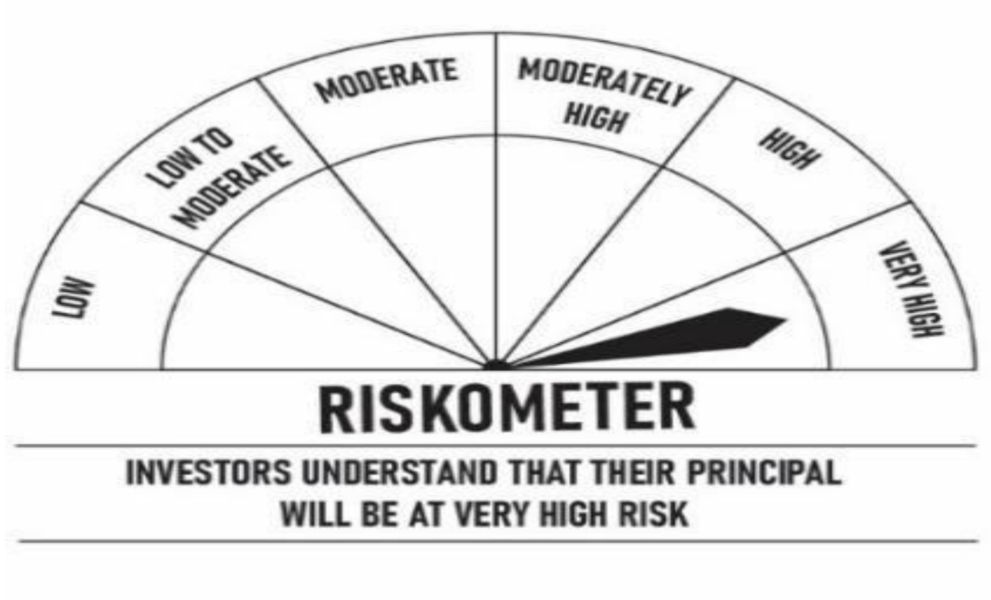
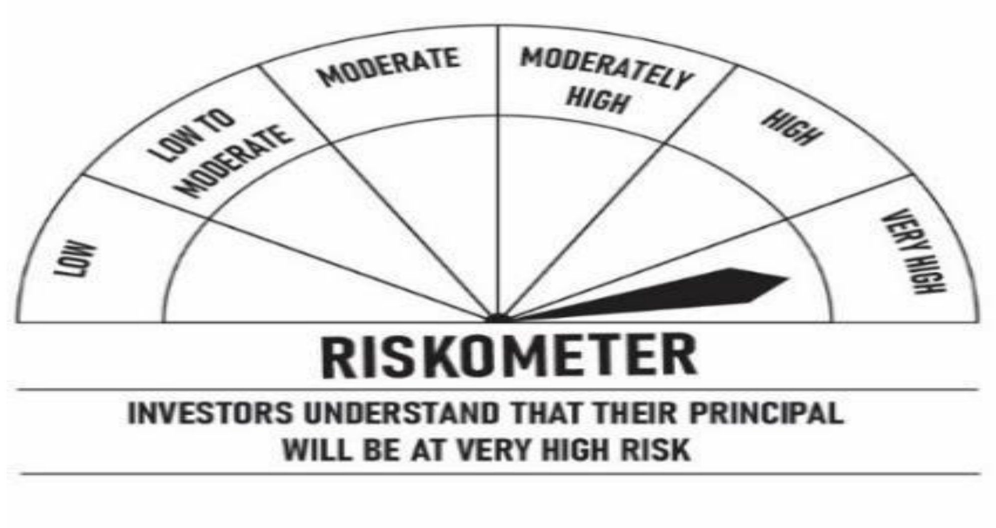
- **The Dangers of Standing Out: Dilemma of Active Investing** with **Abhishek Singh** Watch here
- **Stoic Talks Podcast | "Looking Beyond the Obvious"** with **Prabhakar Kudva** Watch here
- **Investment Lessons The Rich Don't Tell us: Lessons To Stay Rich** with **Adietya Chopra:** Watch here

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 Open Ended 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 Open Ended 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 

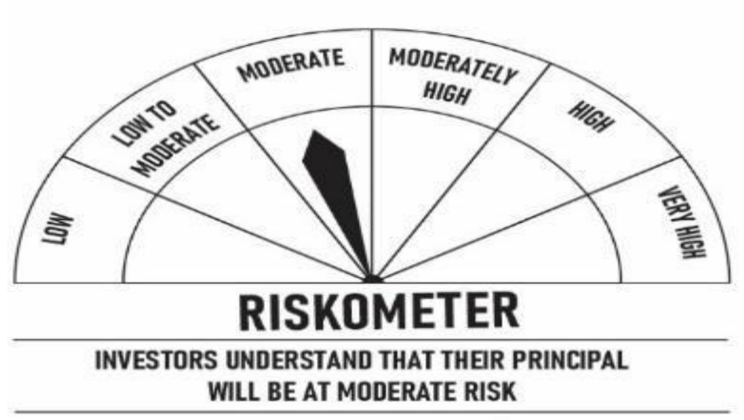
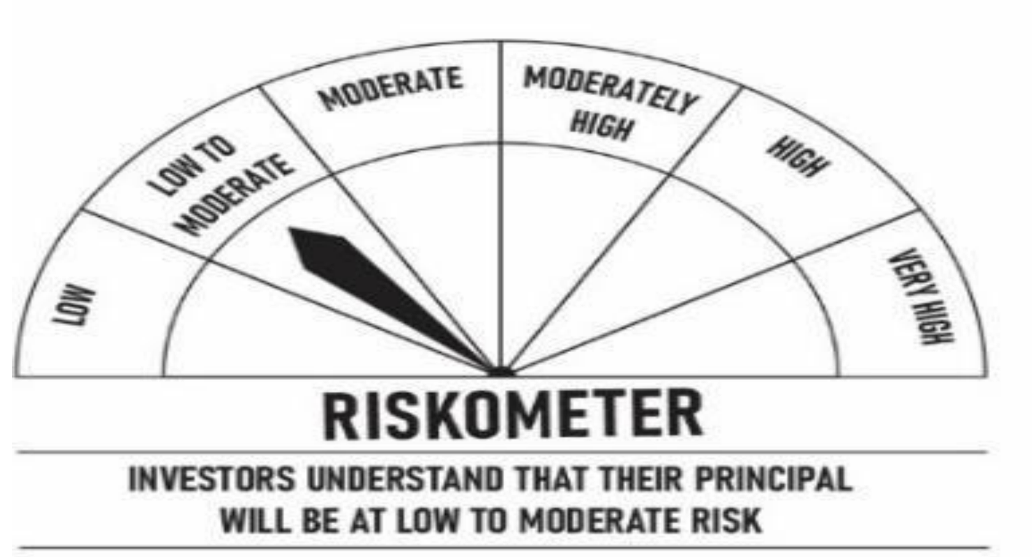
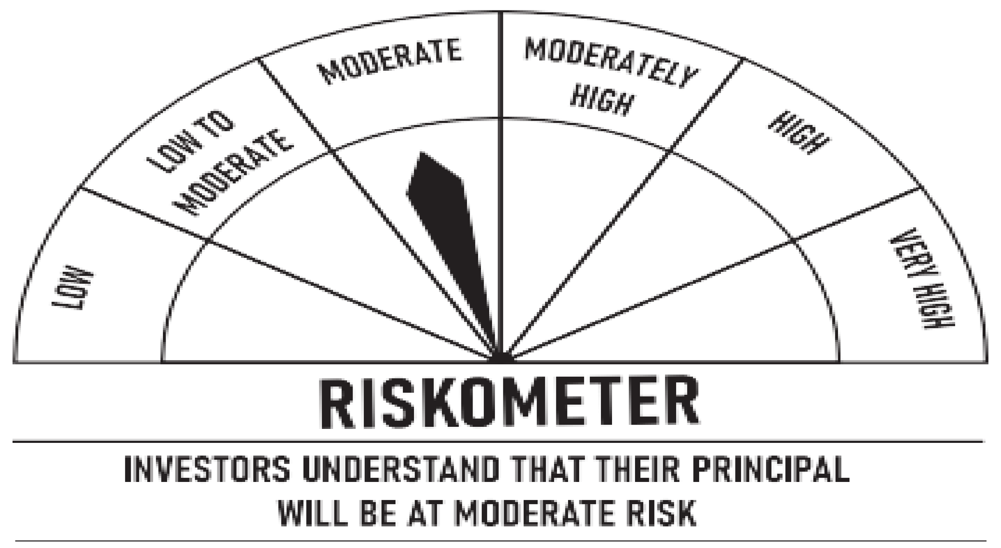
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

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 Open Ended Equity 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 Open Ended 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 Open Ended 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>

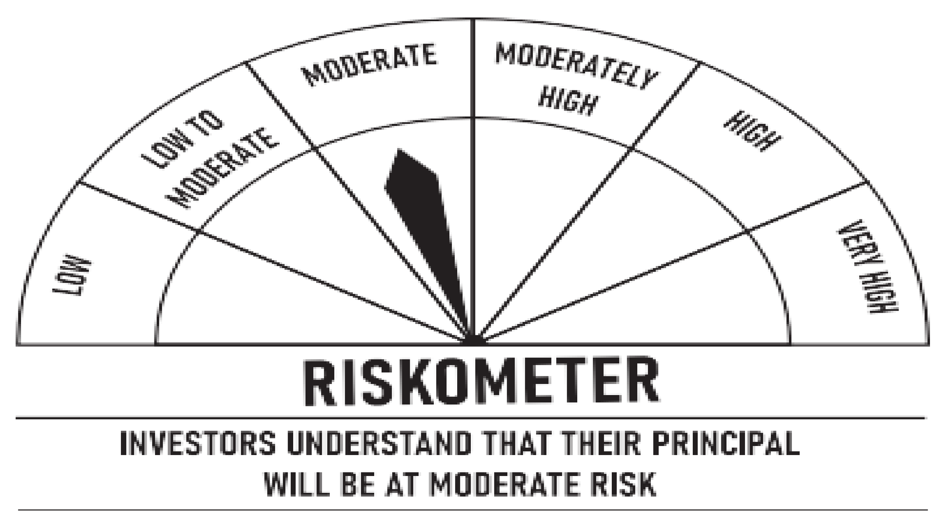
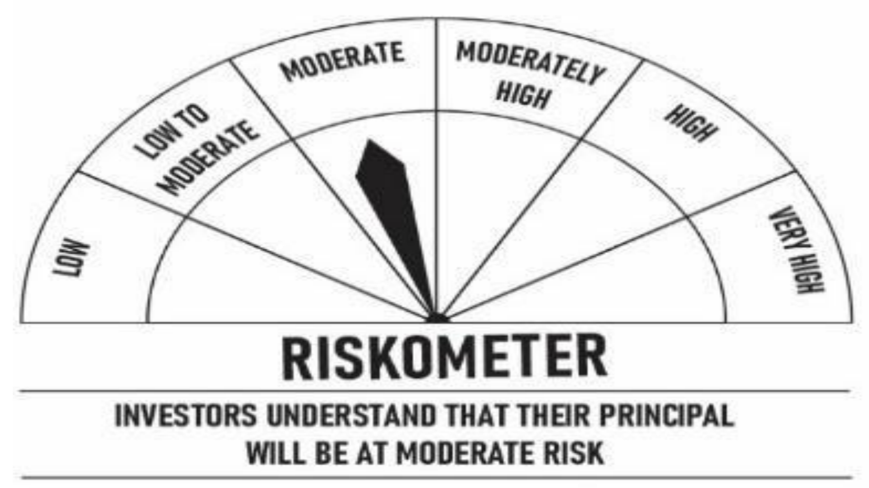
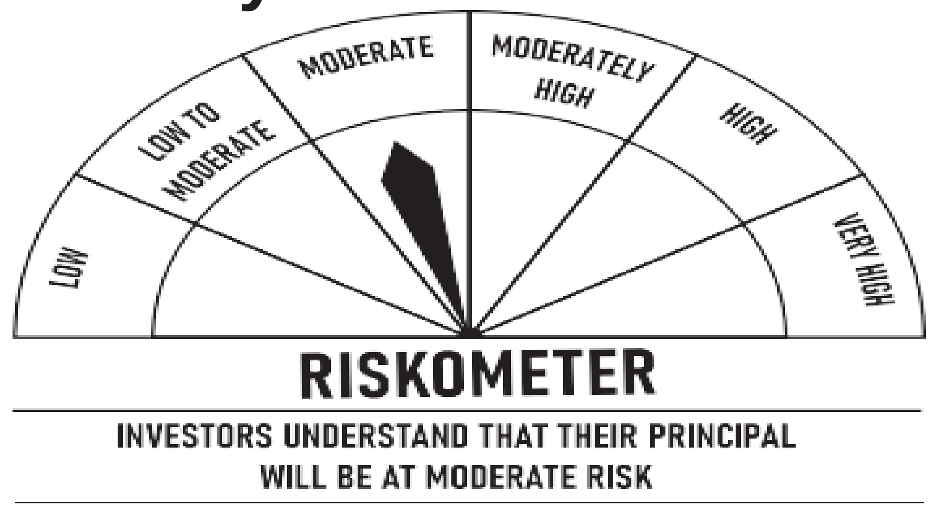
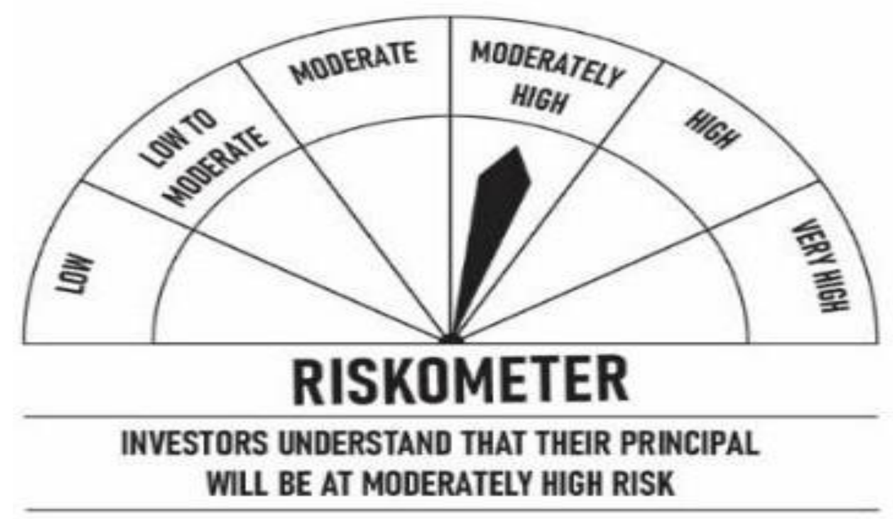
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

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** 

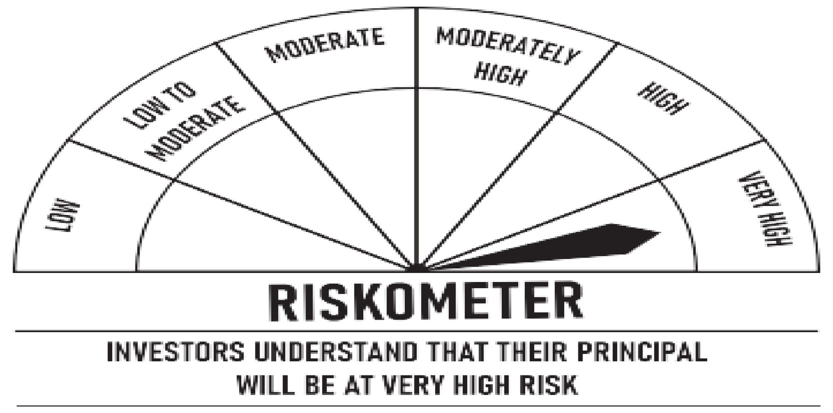
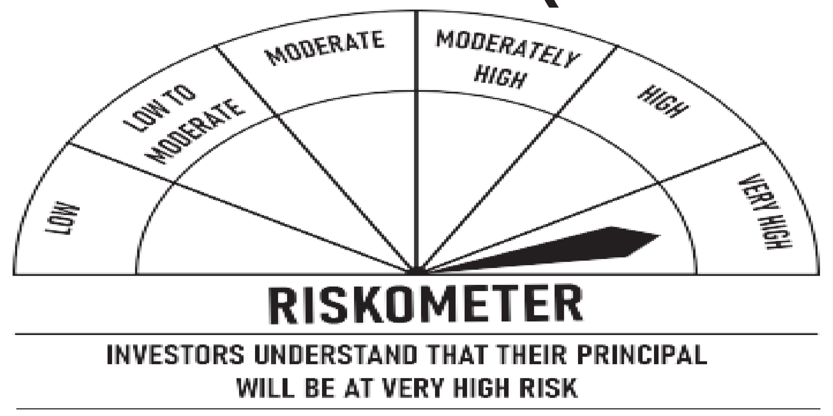
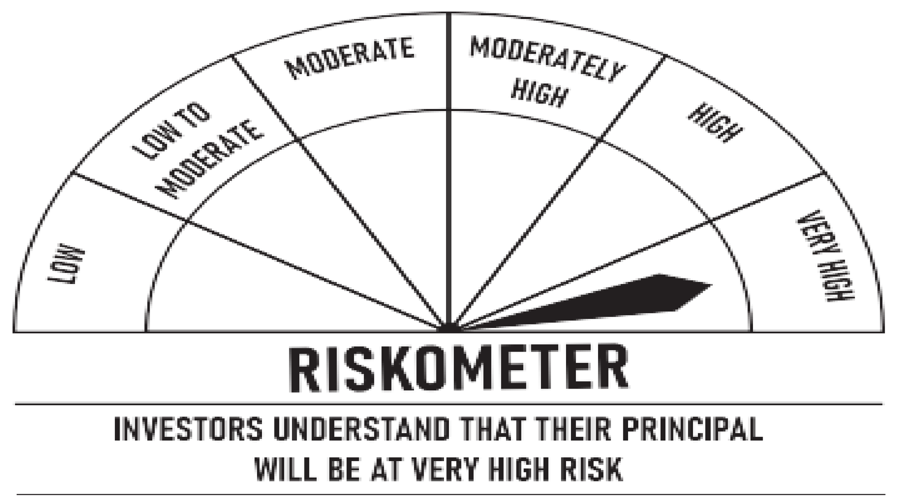
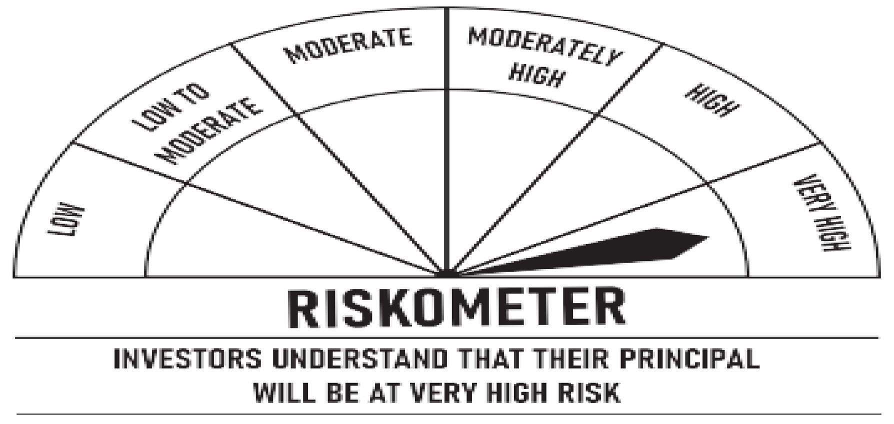
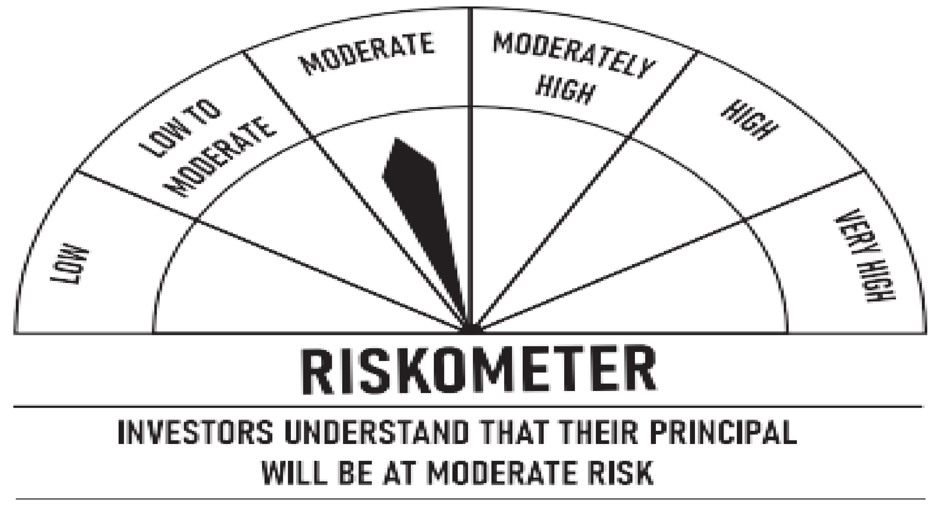
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

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 Open Ended Income 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** 

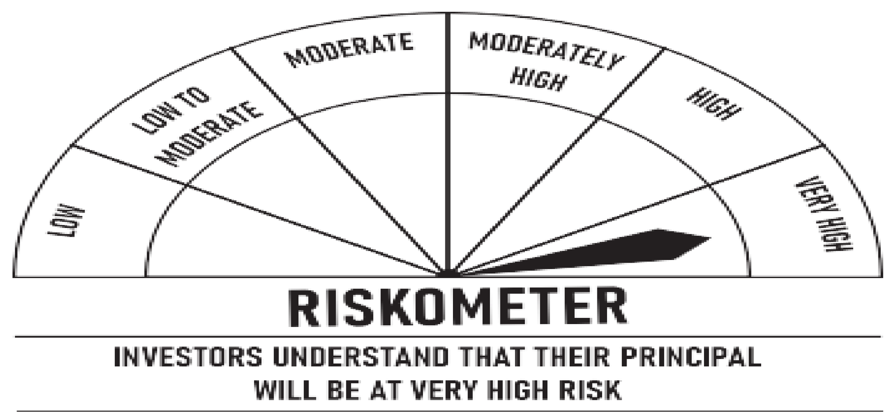
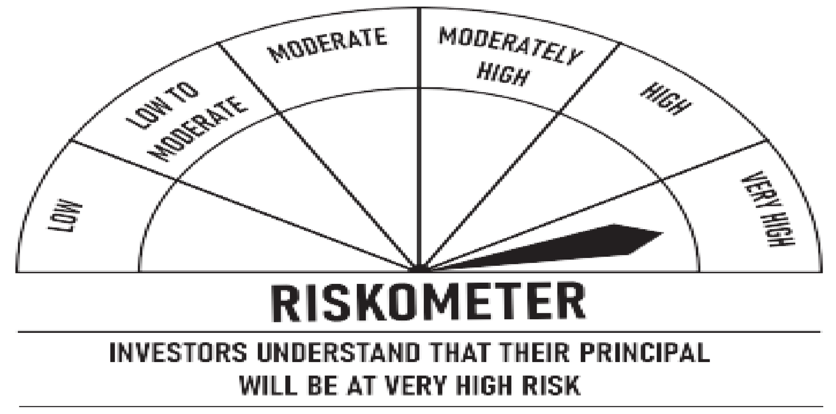
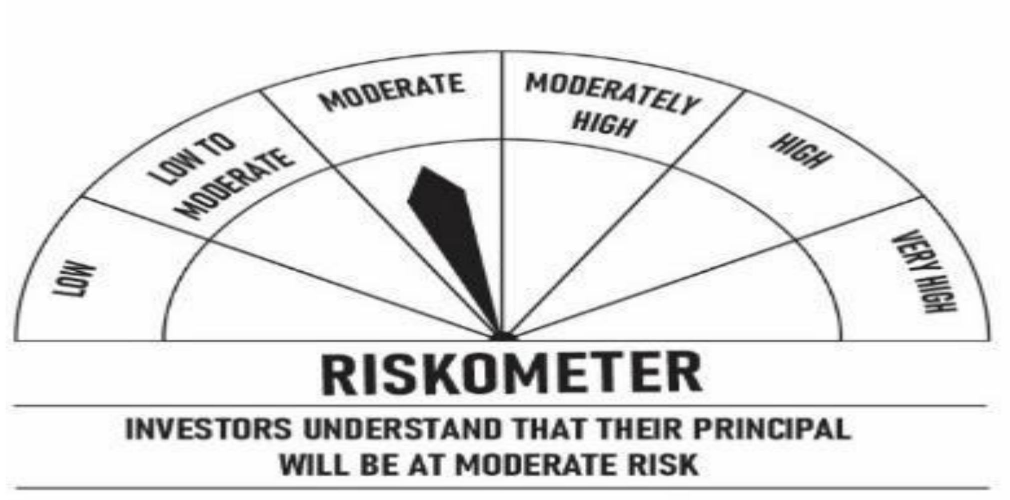
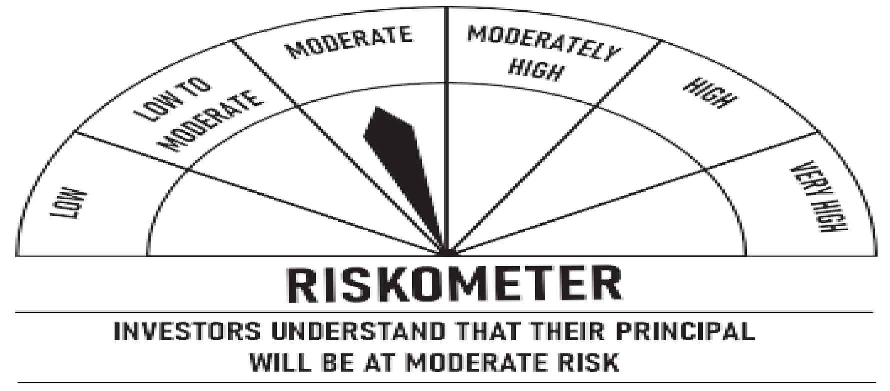
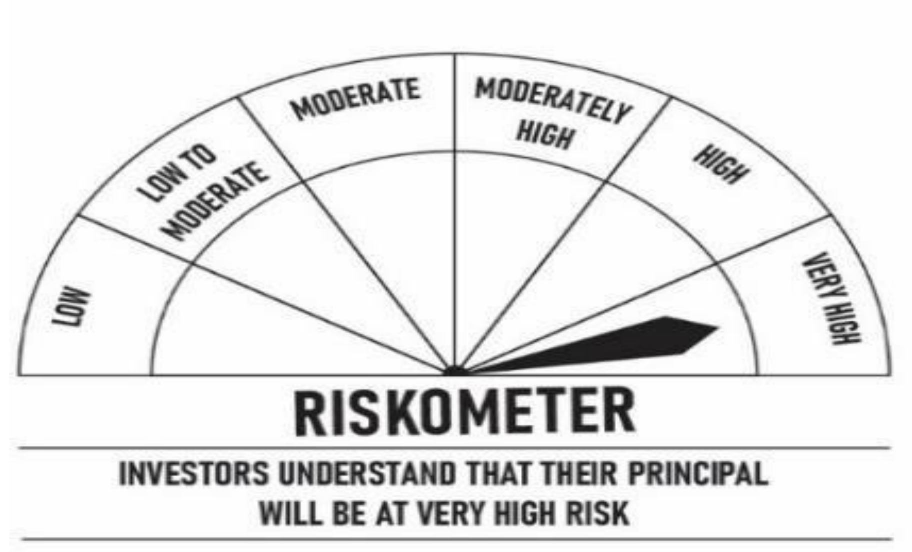
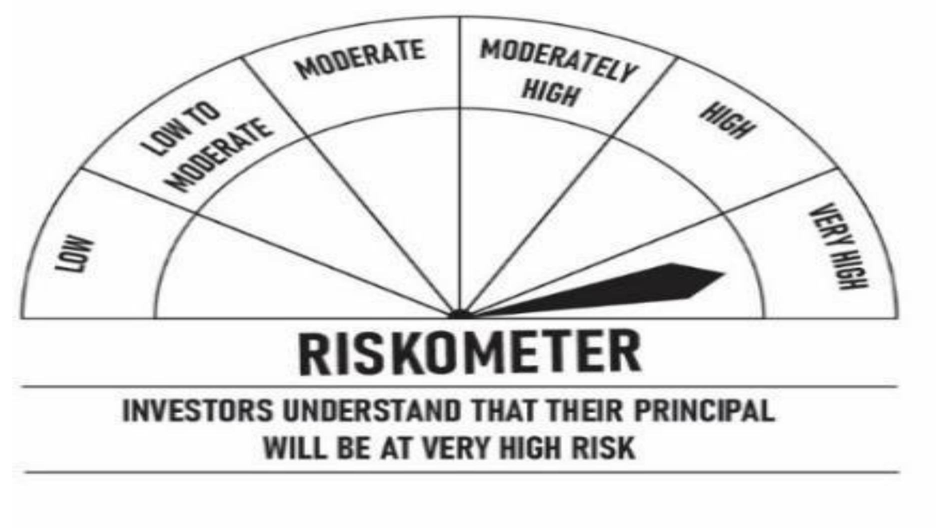
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

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 Open Ended Equity 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** 

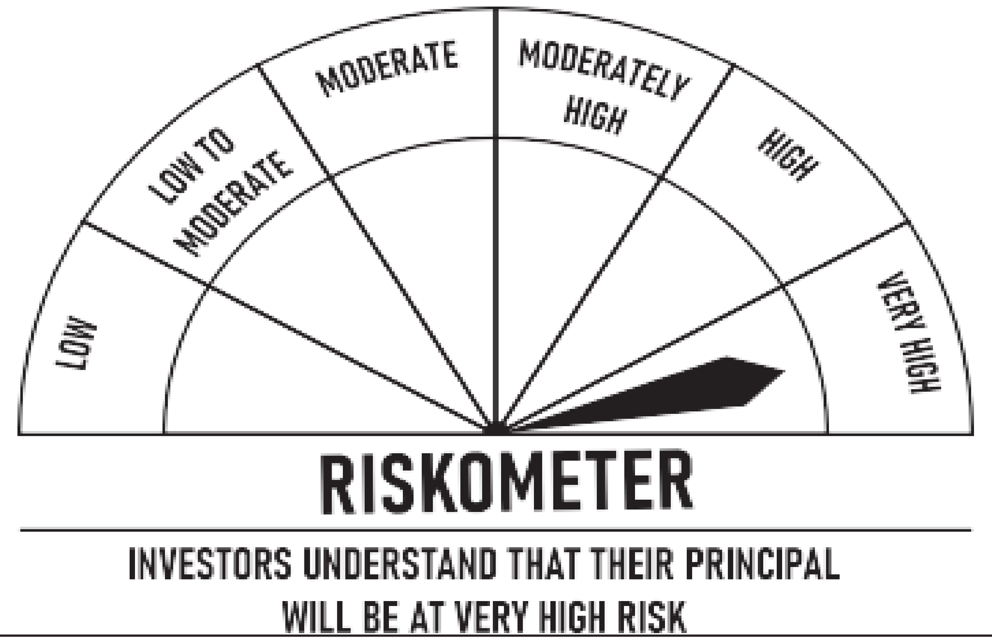
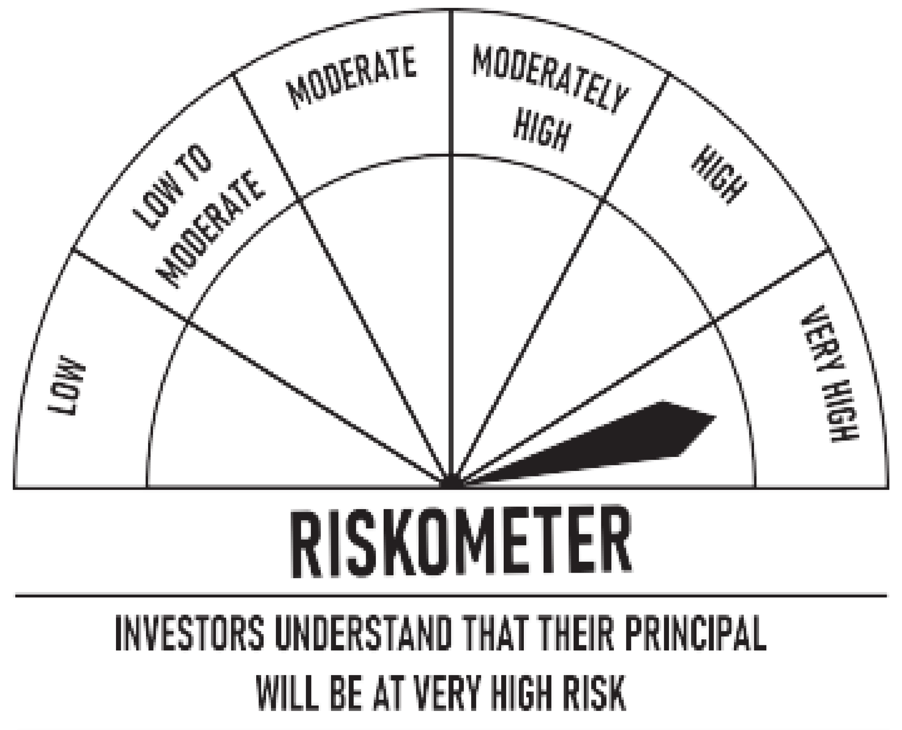
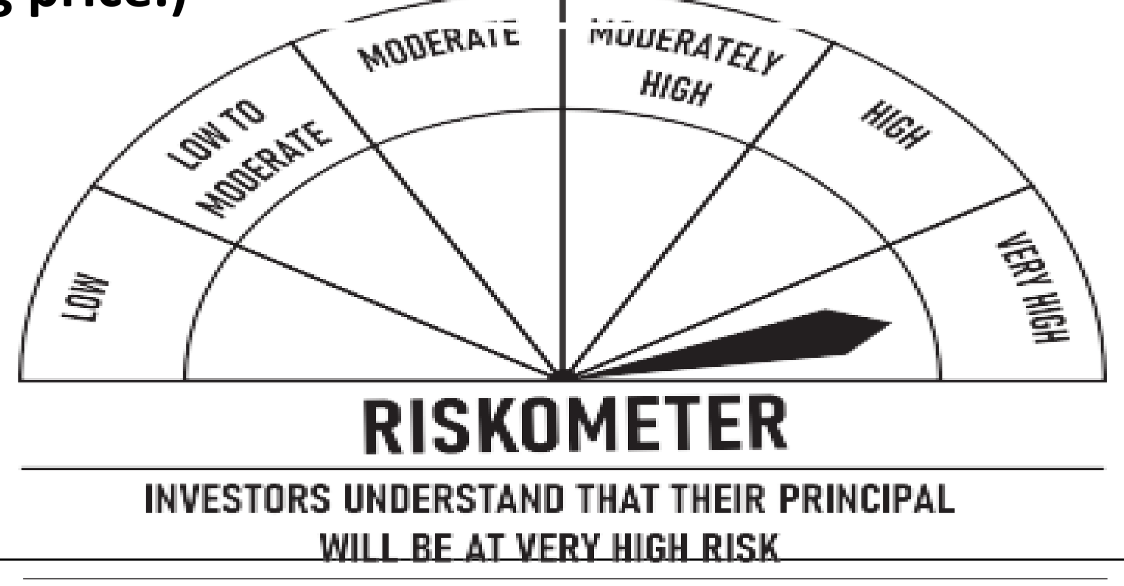
*Investors should consult their financial advisors if in doubt about whether the scheme is suitable for them.

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

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

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

DSP Strategic Bond Fund

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

DSP 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

<table>
<tr><th>Scheme names</th><th colspan="4">Potential Risk Class Matrix (PRC Matrix)</th></tr>
<tr><td rowspan="7">DSP 10y G-Sec Fund</td><td colspan="4">Potential Risk Class</td></tr>
<tr><td>Credit Risk →</td><td rowspan="2">Relatively Low (Class A)</td><td rowspan="2">Moderate (Class B)</td><td rowspan="2">Relatively High (Class C)</td></tr>
<tr><td>Interest Rate Risk ↓</td></tr>
<tr><td>Relatively Low (Class I)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Moderate (Class II)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Relatively High (Class III)</td><td>A-III</td><td>-</td><td>-</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td rowspan="6">DSP Nifty SDL Plus G-Sec Jun 2028 30:70 Index Fund</td><td colspan="4">Potential Risk Class</td></tr>
<tr><td>Credit Risk →</td><td rowspan="2">Relatively Low (Class A)</td><td rowspan="2">Moderate (Class B)</td><td rowspan="2">Relatively High (Class C)</td></tr>
<tr><td>Interest Rate Risk ↓</td></tr>
<tr><td>Relatively Low (Class I)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Moderate (Class II)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Relatively High (Class III)</td><td>A-III</td><td>-</td><td>-</td></tr>
</table>

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