

| | | | | | | | |
|--|-------------------------------------|-----------------------------------|---|--|----------------------------|----------------------------------|---------------------------|
| 10:39 AM 28 JUN LIVE MARKET STATS ▼ | सेन्सेक्स 30,927 ▼ -31.09 | निफ्टी 50 9,507 ▼ -4.05 | सोने (एमसीएक्स) (□/१०... 28,640.00 ▲ 87.00 | यू एस डी/भारतीय... 64.51 ▼ -0.02 | पोर्टफोलियो निर्माण करा | ई-टी मार्केट्स आप उतरवून घ्या | CHOOSE LANGUAGE MAR |
|--|-------------------------------------|-----------------------------------|---|--|----------------------------|----------------------------------|---------------------------|

Monthly /quarterly dividends, rising investor interest in MFs drive surge in balanced funds AUM

BY PRASHANT MAHESH, ET BUREAU | UPDATED: JUN 19, 2017, 09.02 PM IST

Post a Comment

MUMBAI: Balanced funds which invest in a mix of equity and bonds are attracting investors, leading to surging assets. Data from the Association of Mutual Funds (AMFI) shows that assets under management of this category have soared to Rs 102,000 crore from Rs 42,695 crore only a year back.

"Many balanced funds have been paying consistent monthly/quarterly dividends to investors, attracting many investors," said Vishal Dhawan, chief financial planner, Plan Ahead Wealth Advisors.

With markets rising further, this trend of paying dividends is only increasing. Funds such as HDFC Prudence, ICICI Balanced, UTI Balanced, DSP Blackrock Balanced are some which have been paying monthly dividend, while HDFC Balanced, Birla Balance and SBI Balanced have been paying dividend quarterly. This has attracted money from investors looking to earn tax-free dividend and wanting regular cash flows into to these funds.

"There are a lot of first time investors coming to mutual funds from traditional savings products such as fixed deposits and small savings products. Such investors are asked to make a beginning using balanced funds," said Gajendra Kothari, MD and CEO, Etica Capital.

Given that the Sensex is trading at a PE of 24, a premium of 20 per cent to its 10-year average PE of 20.08, wealth managers reckon that the balanced fund category where investors can stagger their investments, is a better way to enter the markets and will also shield investors in case there's a correction.

Bank deposit rates are falling, performance from real estate and gold have been poor, and past returns from the balanced fund category is good, which has driven investors to such funds, point out distributors.



Get 10 free hospital consultations @ top hospitals in India
IHO Membership Card



Amazing Hong Kong with Macau packages by SOTC
SOTC

Recommended By Colombia

"A lot of investors want to increase their allocation to equities. Balanced funds, with a lower allocation to equity are a better bet for such investors," said Anup Bhaiya, MD and CEO, Money Honey Financial Services. Balanced funds invest in a mix of equities and bonds, and allocate a minimum of 65 per cent in equities, and the rest in debt instruments. There are some dynamic funds, which reduce the equity component as valuations edge higher.

Finally several financial planners believe the taxation advantage in balanced funds is also drawing investors there. Investors in the high tax bracket gain as these funds are treated as equity funds from a taxation perspective and the debt component automatically becomes tax-free. Funds with at least 65 per cent of their assets in stocks can be treated as equity funds and are tax-free after one year of investment.

Stay on top of business news with The Economic Times App. [Download it Now!](#)



Big Change:
The end of Five-Year Plans: All you need to know

Other Times Group news sites

Times of India | इकनॉमिक टाइम्स
छिन्नोमिक टाइम्स | Mumbai Mirror
Times Now | Indiatimes
नवभारत टाइम्स | महाराष्ट्र टाइम्स
ವಿಜಯ ವರ್ತಮಾನ | Lifehacker
Gizmodo | Eisamay | IGN India
NavGujarat Samay

Living and entertainment

Timescity | iDiva | Zoom |
Luxpresso | Gaana | Happytrips |
Cricbuzz | Get Smartapp

Networking

itimes | MensXP.com

Hot on the Web

OnePlus 5 | PM Modi in US
Top 10 mutual funds | GST
Sensex | Gold rate today
Sensex Today

Services

ads2book | Gadgetsnow | Free Business Listings
Simplymarry | Astrospeak | Timesjobs | Magicbricks | Zigwheels | Timesdeal |
dineout | Filmipop | Remit2India | Gaana | Greetzap | Techradar | Alivear |
Google Play | Manage Notifications