

FUND REVIEW

Invesco India Tax Fund (G)

It is that time of the year when one submits proofs of investments for tax exemption under Section 80 C of the Income Tax Act, which makes it necessary to look at some Equity Linked Savings Schemes (ELSS). There are several advantages of investing in ELSS. Among tax-exempt investments, it has the shortest lock-in period of three years. The Public Provident Fund (PPF) and National Savings Certificate (NSC) have lock-in periods of 15 years and six years respectively. Tax-free fixed deposits in banks are locked-in for five years.

ELSS is an equity product, which helps the investor gain better returns in the long term as compared to the other alternatives. Given these factors, it makes sense to opt for ELSS for conservative investors. Among various schemes, investors can consider Invesco India Tax Plan. The scheme is it follows multi-cap strategy. Fund managers Amit Ganatra and Dhimant Kothari have maintained a ratio of 60:40 exposure large-caps and other stocks. This multi-cap approach has been a key factor in the scheme's consistent performance in almost all market cycles.

In the past three-year and five-year periods, the scheme has given 11% and 17% returns while its benchmark BSE 200 index has given 12% and 15% returns in the same period respectively. In general, ELSS schemes on an average have given 10% and 15% returns in the past three-year and five-year periods respectively.

In the past six months, the fund managers have enhanced exposure to well-established companies which have been attractive due to two reasons: strong business model (demand in the sector, high cashflows) and fall in markets. These companies are Bajaj Finance, and Zee Entertainment Enterprises.

— Rajesh Naidu/
ET Intelligence Group



PORTFOLIO CHANGE (PAST 6 MONTHS)

New Entrants	Complete Exits	Increase in Allocation
Axis Bank	Chola Investment & Fin Co	Gujarat State Petronet
Bajaj Finance	HPCL	United Breweries
BPCL	Wonderla Holidays	APL Apollo Tubes
Hexaware Technologies	Hero MotoCorp	

RETURNS (in %)

PERIOD	CAGR RETURN	SIP CAGR RETURN	ELSS FUND - AVERAGE CAGR RETURN (%)
1 Year	-0.81	-2.62	-9.19
3 Year	11.56	10.86	10.64
5 Year	17.76	12.67	15.68

RETURNS PEER COMPARISON (in %)

	1-YEAR	3-YEAR	5-YEAR
DSP Tax Saver Fund	-7.72	11.81	17.33
IDFC Tax Advantage (ELSS) Fund - Regular	-9.22	11.85	16.17
JM Tax Gain Fund	-4.53	12.70	17.00

Source: Accord Fintech, Compiled by ETIG Database

Expert Take

HARSHVARDHAN ROONGTA,
CFP, Roongta Securities

This scheme is suitable for investors looking at a conservative equity portfolio with predominantly large-cap companies available at reasonable valuations. In volatile markets such investment approach is expected to provide some cushion to investor anxiety. Being an ELSS fund, there is a lock in of three years, however, investors should select equity investments with a time horizon of at least 5-7 years.