

The background of the slide is a complex digital graphic. It features a dark blue field with a network of glowing blue lines and nodes. Overlaid on this are several financial data visualizations: a large orange arrow pointing up and to the right, a candlestick chart with blue and orange bars, and a line graph with a red dashed trend line. The overall aesthetic is high-tech and data-driven.

# SELECT EQUITY MF SCHEMES Performance Comparisons

February 2026

# Key Takeaways for Mutual Funds from Union Budget



Change	Impact on Mutual Funds	Explanation	Positive/Negative
Disallowance of interest deduction on dividend or mutual fund unit income (effective AY 2027-28)	Reduces post-tax returns for income-focused investors	Previously, up to 20% deduction was allowed for interest costs on borrowings for such income; now fully disallowed, increasing tax liability on dividends and IDCW schemes.	Negative
STT hike on F&O (futures: 0.02% to 0.05%; options: 0.1% to 0.15%)	Lowers returns for arbitrage, equity savings, and hybrid funds	These funds rely on derivative trades for low-risk returns; higher costs erode net yields by 0.20-0.40% annually, reducing appeal vs. fixed deposits.	Negative
SGB tax exemption limited to primary RBI purchases (from Apr 1, 2026)	Potential inflows to gold ETFs/FoFs	Secondary market SGB redemptions lose maturity tax exemption, prompting shifts to gold mutual funds for easier liquidity and exposure.	Positive

- **Budget largely neutral-to-negative for Mutual Funds:** No major tax incentives or structural benefits introduced to boost MF inflows or investor participation.
- **Key MF expectations unmet:** No increase in equity LTCG exemption limit, no tax parity for debt funds, and no ELSS–ULIP parity despite industry representations.
- **STT hike indirectly hurts multiple MF categories:** Higher derivative transaction costs compress returns for arbitrage, equity savings, and hybrid funds through higher TERs.
- **SGB tax rule change offers limited upside:** Restricting tax exemption to primary RBI purchases may divert incremental flows toward Gold ETFs and FoFs.
- **Overall impact tilted negative:** Marginal positives from gold funds are outweighed by higher costs and absence of investor-friendly tax reforms.

## TRADE , EARNINGS, GEOPOLITICS IN FOCUS

### • **Union Budget 2026-27:**

The Budget sets a fiscal deficit target of 4.3% and focuses on three key priorities (Kartavya): boosting infrastructure-led growth, strengthening domestic manufacturing and MSMEs, and implementing structural reforms for long-term economic stability

### • **India–EU FTA:**

The India–EU Free Trade Agreement has been concluded, covering nearly 90% of goods traded, with phased tariff elimination expected to significantly boost bilateral trade and exports over the next few years

### • **US–India Tariff Reduction:**

The Trump administration has reduced tariffs on Indian goods from 50% to 18%, primarily by removing punitive duties linked to India's Russian oil purchases

### **Q3FY26 Results Season less than exciting :**

Overall Q3 FY26 results show moderate revenue growth with mixed profitability across sectors

## EQUITY INVESTMENT STRATEGY

Although the global trade outlook looks bleak, as of now, domestic fundamentals remain robust and we see no reason to alter our investment strategy.

### **Our Investment Strategy :**

- Invest in companies exhibiting resilience in earnings growth
- Adopt a GARP/GARV oriented strategy
- Maintain low weightage on capex oriented investments and higher on consumption

### **M-Cap focus:**

- Mid and Small Caps have recovered faster and higher from the lows, as compared to Large Caps, but we would advice investors to keep equitable allocation across market caps. ***So we would direct fresh investments as per asset allocation strategy.***

### **Deployment Strategy :**

- Invest in 3 tranches – (i) 1/3 now, (ii) 1/3 in any further fall and (iii) 1/3 during the recovery, once the bottom is done

## OUR APPROACH TO MFs

### **Large Cap Funds:**

- Low risk portfolios should focus on Large Cap Index Funds & ETFs
- We maintain our focus on alpha generating bluechip funds and core large cap funds with high Risk Adjusted Returns

### **Flexi Cap and Multicap Funds :**

- We suggest allocations in this category be made more into Flexi Cap funds for the current year

### **Mid and Small Cap Funds :**

- In FY26, deployment into both Mid Cap and Small Cap MFs for the long term can be made according to individual asset allocation plans, as valuations having corrected significantly.

# Comparison of Select Large Cap Schemes



Scheme Name	Category	AUM (INR cr)	Reco Date	From Reco dt.	1 year	3 Year CAGR	5 Year CAGR	P/E (x)	Large Cap %	Mid Cap %	Small Cap %	Others %
ICICI Pru Large Cap Fund	Large Cap Fund	78,502	Apr-24	8.57	10.35	17.86	17.46	32.27	84.07	7.18	0.14	8.60
HDFC Nifty 50 Index Fund	Index Fund	22,718	Apr-24	7.97	9.80	13.62	14.01	31.65	99.99	0.00	0.00	0.01
Nippon India Large Cap Fund	Large Cap Fund	50,876	Apr-24	8.78	10.51	19.11	19.65	37.31	84.47	11.50	3.32	0.72
UTI Nifty Next 50 Index Fund	Index Fund	6,070	Apr-24	6.33	9.22	20.39	16.35	41.49	84.69	15.33	0.00	-0.02

Index Name	Category	1 year	3 Year CAGR	5 Year CAGR	P/E (x)	Large Cap %	Mid Cap %	Small Cap %	Others %
NIFTY NEXT 50 - TRI	Large Cap Idx	10.03	21.34	17.32	19.40	84.63	15.32	0.00	0.04
NIFTY 100 - TRI	Large Cap Idx	10.21	15.04	14.78	21.60	97.47	2.50	0.00	0.03
NIFTY 50 - TRI	Large Cap Idx	10.22	14.10	14.52	22.00	99.97	0.00	0.00	0.03

Returns Data as on January 31, 2026 , Portfolio Data as on December 31, 2025

## Observations on the Large Cap Universe

Parameter	Near Term	Long Term
Returns Range – Category	12%- 4%	20%-11%
Returns Range - Top Quartile of the Category	12%-10%	20%-15%
Returns Range – Our Selections	11%-9%	20%-14%

### Other Observations

Our recommended active large cap funds continue to outperform the large cap index funds over the longer time frames.

### Large Cap Outlook

Mid Cap and Small Caps have recovered significantly from the lows and faster too. So Large Caps at this point in time are more attractively valued. **We continue with our advice of staying invested with a large cap tilt**

# Comparison of Select Flexi and Multi Cap Schemes



Scheme Name	Category	AUM (INR cr)	Reco Date	From Reco dt.	1 year	3 Years	5 Years	P/E (x)	Large Cap %	Mid Cap %	Small Cap %	Others %
Bandhan Large & Mid Cap Fund	Large&Mid Fund	13,636	Mar-25	18.56	11.47	23.31	21.26	36.86	37.18	36.09	22.83	3.90
HDFC Focused Fund	Focused Fund	26,537	Mar-25	15.90	12.20	21.42	24.00	28.04	67.43	5.68	11.58	13.56
HDFC Large and Mid Cap Fund	Large&Mid Fund	28,980	Mar-25	17.26	9.19	20.19	21.01	37.38	46.75	36.51	15.41	0.98
ICICI Pru Focused Equity Fund	Focused Fund	14,569	Mar-25	23.02	16.21	22.65	21.16	43.07	75.56	21.41	0.00	3.03
JM Flexicap Fund	Flexi Cap Fund	5,463	Mar-25	7.80	-1.97	20.18	19.46	35.49	54.94	20.31	21.52	3.23
Nippon India Multi Cap Fund	Multi Cap Fund	50,352	Mar-25	14.72	7.78	21.33	24.26	44.51	43.83	27.86	27.28	1.03
Parag Parikh Flexi Cap Fund	Flexi Cap Fund	1,33,309	Mar-25	11.35	7.47	20.70	19.07	22.76	61.47	2.49	2.73	20.88

Index Name	Category	1 year	3 Years	5 Years	P/E (x)	Large Cap %	Mid Cap %	Small Cap %	Others %
NIFTY 50 - TRI	Large Cap Idx	10.22	14.10	14.52	22.00	99.97	0.00	0.00	0.03
NIFTY 500 - TRI	Multicap Idx	9.44	16.92	16.52	23.50	70.53	18.96	10.20	0.32
Nifty500 Multicap 50:25:25 - TRI	Multicap Idx	8.35	19.01		24.80	50.61	24.47	24.03	0.88

Returns Data as on January 31, 2026, Portfolio Data as on December 31, 2025  
 \*Parag Parikh Flexi Cap Fund has overseas equity of 11.16%

## Observations on the Flexi Cap and Multicap Universe

Parameter	Near Term	Long Term
Returns Range – Category	17%-(6%)	24%-8%
Returns Range - Top Quartile of the Category	17%-10%	24%-19%
Returns Range – Our Selections	16%-(2%)	24%-19%

### Other Observations

We find Focused funds have delivered better results as compared to the Flexi and Multi Cap Funds

### Flexi Cap & Multicap Outlook

In keeping with our stand on the Large Cap space, we suggest investing in funds with higher exposure to Large Cap stocks

We recommend investing first into Focused Funds, as they have a higher exposure to Large Caps as compared to the Flexi and Multi Cap Funds.

# Comparison of Select Mid Cap Schemes

Scheme Name	Category	AUM (INR cr)	Reco Date	From Reco dt.	1 year	3 Years	5 Years	P/E (x)	Large Cap %	Mid Cap %	Small Cap %	Others %
HDFC Mid Cap Fund	Mid Cap Fund	92,642	Apr-24	14.29	13.74	26.08	25.23	40.92	8.55	63.77	20.58	7.09
Motilal Oswal Midcap Fund	Mid Cap Fund	36,880	Apr-24	8.52	-2.59	22.92	25.79	50.40	17.03	66.57	0.00	16.40
Nippon India Growth Mid Cap Fund	Mid Cap Fund	42,124	Apr-24	13.88	11.58	25.42	24.06	47.46	18.00	69.92	9.84	2.24

Index Name	Category	1 year	3 Years	5 Years	P/E (x)	Large Cap %	Mid Cap %	Small Cap %	Others %
NIFTY 50 - TRI	Large Cap Idx	10.22	14.10	14.52	22.00	99.97	0.00	0.00	0.03
Nifty Midcap 150 - TRI	Mid Cap Idx	10.79	24.15	23.07	31.80	7.79	85.98	6.23	0.00

Returns Data as on January 31, 2026 , Portfolio Data as on December 31, 2025

## Observations on the Mid Cap Universe

Parameter	Near Term	Long Term
Returns Range – Category	17%-(8%)	26%-15%
Returns Range - Top Quartile of the Category	17%-12%	26%-22%
Returns Range – Our Selections	14%-(3%)	26%-24%

### Other Observations

During FY26 YTD, out of 33 Mid Cap Funds listed, only 7 funds each delivered a return above its benchmark Nifty Midcap.

### Mid Cap Outlook

**We recommend long term allocation to Mid Caps must be maintained**

# Comparison of Select Small Cap Schemes



Scheme Name	Category	AUM (INR cr)	Reco Date	From Reco dt.	1 year	3 Years	5 Years	P/E (x)	Large Cap %	Mid Cap %	Small Cap %	Others %
Edelweiss Small Cap Fund	Small Cap Fund	5,459	Mar-25	16.82	4.22	19.85	22.88	47.15	0.00	24.97	68.98	6.04
Nippon India Small Cap Fund	Small Cap Fund	68,287	Mar-25	14.18	2.21	21.16	26.03	45.61	14.30	10.76	68.07	6.86
Tata Small Cap Fund	Small Cap Fund	11,324	Mar-25	3.11	-5.94	14.42	21.86	47.74	0.00	8.00	82.13	9.79

Index Name	Category	1 year	3 Years	5 Years	P/E (x)	Large Cap %	Mid Cap %	Small Cap %	Others %
NIFTY 50 - TRI	Large Cap Idx	10.22	14.10	14.52	22.00	99.97	0.00	0.00	0.03
Nifty Smallcap 250 - TRI	Small Cap Idx	1.72	21.16	21.64	27.10	0.00	7.10	90.06	2.83

Returns Data as on January 31, 2026 , Portfolio Data as on December 31, 2025

## View on the Small Cap Universe

Parameter	Near Term	Long Term
Returns Range – Category	9%-(7%)	27%-18%
Returns Range - Top Quartile of the Category	9%-6%	27%-23%
Returns Range – Our Selections	4%-(6%)	26%-22%

### Other Observations

During FY26 YTD, out of 34 Small Cap Funds listed, only 21 funds each delivered a return above its benchmark Nifty Smallcap.

### Small Cap Outlook

**We recommend long term allocation to Small Caps must be maintained**

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# THANK YOU !

