THE ECONOMIC TIMES wealth

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THE ECONOMIC TIMES wealth

The Long-innings family

Same money, new math **P2**

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The long-innings family

Kids years apart can mean juggling childcare and college costs at the same time, often delaying retirement.

by **Preeti Kulkarni**

Neha Chopra, 37

Chartered accountant, Delhi

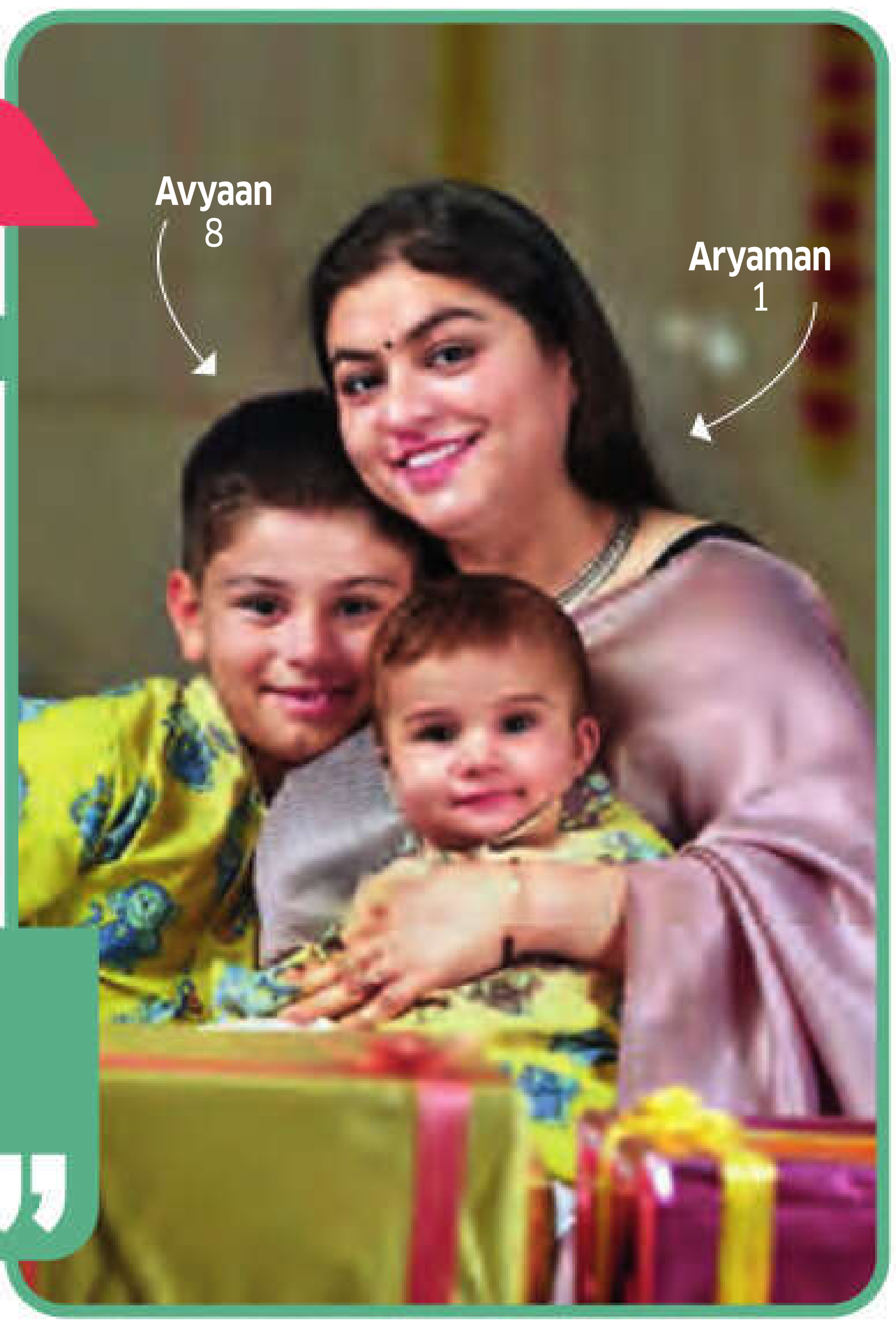
BALANCING ACT

Financial goals:
- Elder kid's tuition fees, higher education
- Ensuring similar lifestyle for younger son

THE PLAN

Investments: ₹**75,000** monthly for both in equity MFs; plus FDs	More streamlined family budget

> There will be challenges, but kids' development is priority. We have increased our contribution via SIPs and FDs.



Puja Agarwal Gupta, 41

Social media influencer, Mumbai

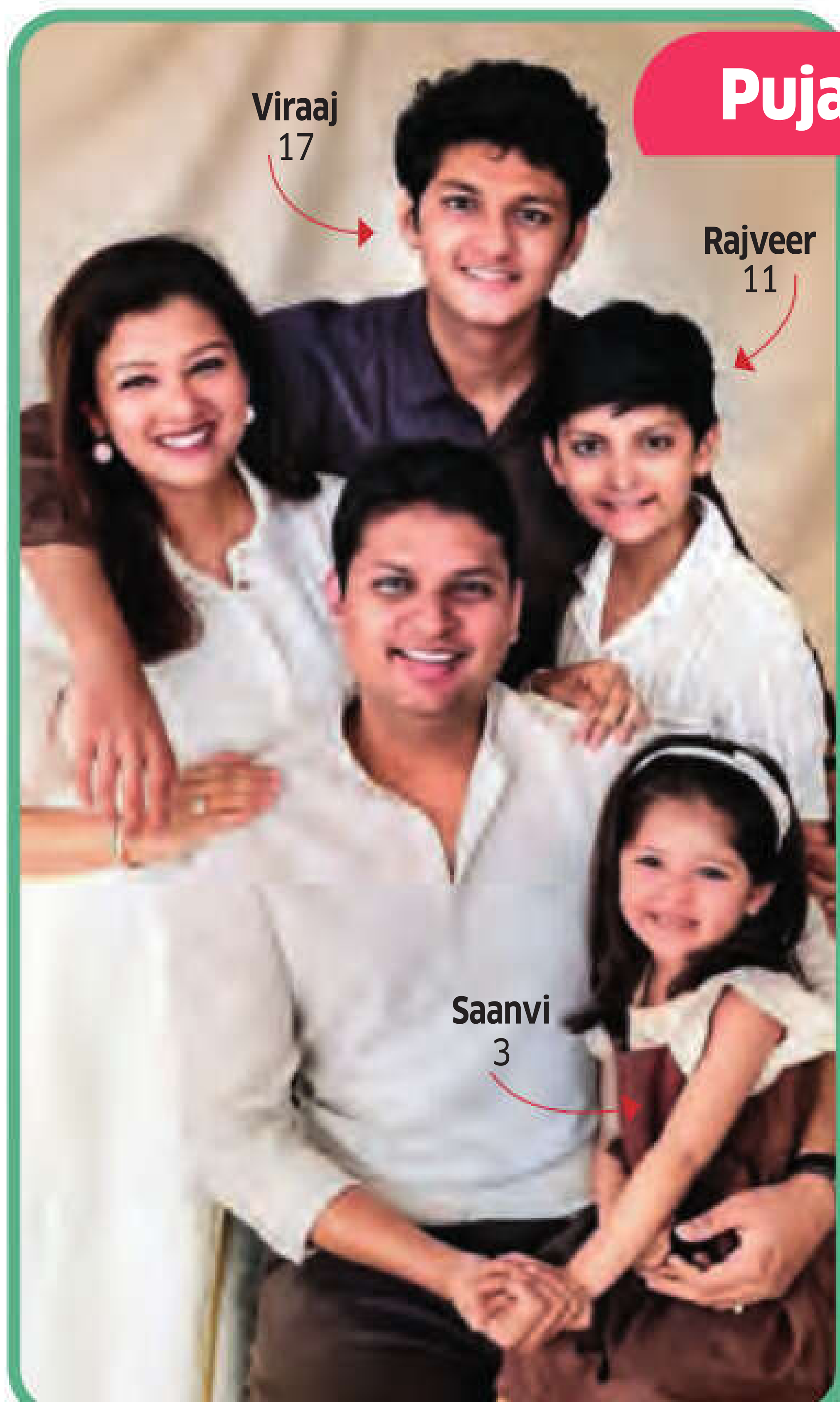
BALANCING ACT

Financial goals include older children's higher education funds, and budgeting for the youngest's healthcare, activity and other routine needs.

THE PLAN

Starting early has made a positive difference	**Key goals:** Children's higher education, own retirement	**Investments:** ₹**4 lakh** a month via SIPs in mutual funds

> We had our children quite early in life, so retirement wasn't something we were actively thinking about back then. However, with the arrival of our third child, we may need to revisit our retirement planning.



When Noida-based software professional Sonal Katyal, 38, had her second daughter, Shaivya, five years ago, her elder daughter, Cheryl, was already eight. But Katyal was unfazed by the wider-than-usual age gap between her children. The timing was a conscious choice. "I wanted to make sure I could spend more time with my children, who are now 13 and 5. So, I focused on finding a job with flexible working hours, close to home," she says.

Delhi-based chartered accountant Neha Chopra shares a similar view. "The aim was to strike a balance between my career and my children's wellbeing," says the mother of two children, Avyaan and Aryaman, aged 8 and 1.

The age gap between Mumbai-based 'momfluencer' Puja Agarwal Gupta's eldest son and youngest daughter is 14 years—Viraaj is 17, Saanvi is three. Her younger son, Rajveer, is 11. "After having two sons, we felt there was room for another little member in our family. We decided to welcome another baby, because we wanted our home to feel livelier, joyful and complete," she says. That joy, however, comes at a cost: a much longer financial runway. For several parents, a wide age gap between children can mean funding the younger child's education well beyond their planned retirement age. For others, the wider spacing may work in their favour—the outcome ultimately depends on careful financial planning and prudent allocation of resources.

Mind the gap

India's falling total fertility rate, which currently stands at 1.9, below the replacement rate of 2.1, has ignited debates around smaller families, DINK (double income, no kids) households and the single-child parenting approach. "Many affluent couples today are choosing to have just one child. Against the backdrop of rising education and child-rearing costs, they want to optimise their resources for that child. While such decisions are shaped by multiple factors, economic considerations play a crucial role," says Dr Anuja Agrawal, Head, Department of Sociology, Delhi School of Economics.

However, tucked away from these conversations is another kind of family: parents who initially decide that one child is enough, only to revisit the choice years later.

Some are driven by the thought of their only child navigating adulthood alone after the parents are gone. Others find that as their firstborn grows older and becomes more independent, they are more confident about raising another child.

"A decade ago, my husband and I were certain that we would be content with one child. We wanted to give our daughter, who is now 10, the best possible upbringing without making compromises. But as we grew older, the thought of her having no immediate family after we were gone began to weigh on us. By then, we had also progressed in our careers and built a financial cushion, which gave us the confidence to bring another child into the world. Our younger daughter, who is now one, has completed our family," says 38-year-old Mumbai resident Rushali Das (name changed).

The reasons are often deeply emotional, but the financial considerations are just as significant. "Achieving career goals, greater financial stability, second marriages, and medical advances making later pregnancies more feasible are key factors," says Pankaj Mathpal, Founder, Optima Money Managers. The National Family Health Survey (NFHS-5) 2019-21 shows that 15.5% of non-first order births occur at least five years after the previous birth, suggesting that long age gaps between siblings are not uncommon.

"We see such cases primarily among dual-income families in metropolitan cities. They often postpone planning a second child until they are confident that they can afford to offer the same quality of lifestyle and opportunities that their first child enjoys," says Dr Jai Shanker Prasad Pandey, Professor, Department of Sociology, University of Lucknow, who is conducting an Indian Council of Social Science Research-backed study on Gen Z and changing family relations.

Dr Agrawal, however, cautions that the longer intervals could be due to other reasons too: "The NFHS study was conducted across socio-economic classes. There could be multiple reasons for the gap beyond conscious choice, including miscarriages, infertility, infant mortality and so on."

Official data directly establishing this trend is limited, but the NFHS-5 offers some clues. The survey found that women in wealthier households tend to have children after longer intervals. "The median birth interval in the highest wealth quintile is 11 months longer than in the lowest wealth quintile (41.3 months versus 30.5 months)," it notes. The overall median birth interval in India is 32.7 months.

The balancing act

The decision to have a second child after a long gap can force parents to revisit almost every aspect of their financial plan. From retirement and education funding to insurance and estate planning, the calculations can look very different from those of families whose children are 2-4 years apart.

"It's probably one of the biggest financial balancing acts for parents with children of different ages. One child has immediate expenses like school fees and activities, while the other is approaching expensive milestones like higher education. It requires careful planning, prioritisation, and disciplined investing to ensure both children's needs are met without compromising long-term financial security," says Katyal.

In some ways, however, the wider age gap can ease the pressure. Vidisha-based home-maker Sheetal Yadav says the staggered nature of expenses has worked in her family's favour. "Since there's a good age gap (daughter, 10, and son 1.5 years old) between my children, their financial needs are at different stages. That has actually helped us plan things gradually instead of being overwhelmed. We believe consistency in saving and planning is more important than making big changes all at once," she says. Puja Agarwal Gupta, too, echoes the sentiment. "By the time each child came along, we were financially more settled, so we did not have to make any major changes to our budget," she says.

Even so, the cash-flow demands can be unusually complex. According to Nisreen Mamaji, Founder, Moneyworks, such families often require far more customised financial planning than families with closely spaced children. Parents may find themselves funding the elder child's college education while simultaneously paying for daycare, child care and preschool expenses for the younger child, buying a bigger house and continuing to save for retirement.

They must also plan for higher health-care expenses because they are older themselves, and revisit life and health insurance coverage to ensure adequate protection. Gupta's family, for instance, decided to move into a bigger rented apartment, and is considering buying a larger house. So did Katyal's family.

Sheetal Yadav, 37

Home-maker, Vidisha

BALANCING ACT

Financial goals:

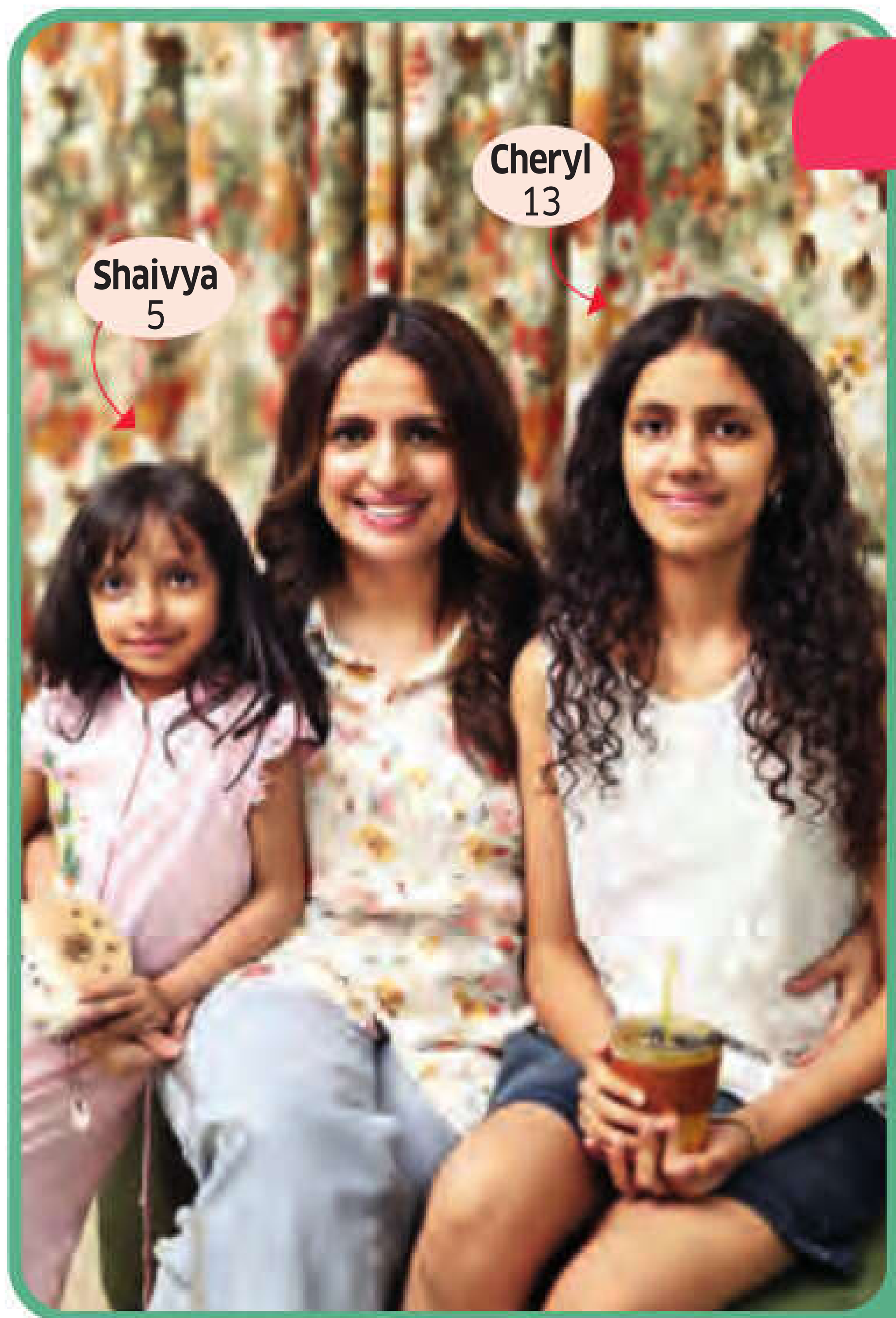
- Daughter's foreign education
- Son's healthcare, pre-school expenses
- Retirement

THE PLAN

Investments: ₹**15,000** per month per child via SIPs in equity MFs

In addition, any surplus income is parked in FDs

"A nine-year gap between the two kids gave us valuable perspective, helping us make the right decisions for both our children."



Sonal Katyal, 38

Project manager, Noida

BALANCING ACT

Financial goals:

- Both daughters' higher education
- Budget for school, extra-curricular activities
- Retirement

THE PLAN

Investments: ₹**35,000** per month per child in equity MFs

Separate plan for retirement goal

"We planned early, created separate education funds, and reviewed our budget regularly to accommodate rising expenses without disrupting other financial goals."

Separate buckets for each goal

One mistake financial planners frequently see parents making is treating both children's goals as part of a single pool of savings. With children at different life stages, experts say that approach can distort planning. "Since there is a wider gap between the two children, you must prepare separate goal-based investment plans for each child and stress-test cash flows to ensure both goals remain adequately funded," says Mathpal. When you frame a strategy, remember to take into account the fact that your younger child's education may end up costing substantially more than your elder child's current fees and other expenses.

According to education planning firm EduFund, parents should factor in 10-12% annual education inflation, along with rupee depreciation, when estimating a corpus for overseas studies. Whenever your income goes up, always prioritise savings and investments. Increase your contributions to Systematic Investment Plans (SIP) before upgrading your lifestyle. "The younger child's education corpus can typically have a higher equity allocation because of the longer time horizon, while the elder child's education fund should gradually shift toward debt as college approaches," Mamaji advises. Parents should remember that simply because your financial plan for your first child has worked well, it does not mean that you can replicate it for your younger one. "In reality, each child should have a separate financial roadmap because their education timelines, inflation impact and investment horizons differ," she adds.

In fact, you must start investing towards your second child's goals immediately after birth. Maintain distinct portfolios for retirement and each child's education. Also, ensure that you review and rebalance your portfolio regularly, at least once a year.

Reorganising your finances does not mean letting go of all the experiences you enjoyed. After all, as Gupta says, experiences matter far more than assets for her family, which enjoys travelling. "It's the memories that we create together that stay with us forever," she says. "Families need not eliminate holidays altogether. Instead, they can plan vacations within a predefined annual budget so that lifestyle expenses do not derail their long-term financial goals," says Mathpal.

Mamaji recommends prioritising finances in the following order: building an emergency fund, ensuring adequate life and health insurance, planning for retirement, funding children's education, and finally meeting lifestyle goals such as vacations or luxury purchases. "Also, step up your SIPs by 10-15% every year to bridge future funding gaps without putting undue pressure on current finances," she adds.

Don't let retirement become the casualty

Perhaps the biggest risk for parents with a wide age gap between children is compromising their retirement.

For example, let's say a 38-year-old couple with a 10-year-old child had originally planned to retire at 55 with a retirement corpus of ₹5 crore. To achieve this, they have started investing ₹80,000 monthly in equity mutual funds, assuming an annual return of 12%. They are also investing around ₹1.27 lakh monthly towards their elder child's higher education, with the aim of building a corpus of ₹2 crore over the next eight years. However, within four months, they plan another child and immediately start setting aside contributions for another higher education fund. Assuming education costs rise by around 10% annually, they estimate the younger child will require a corpus of ₹3 crore in 18 years. Building this corpus would require an additional monthly investment of nearly ₹42,000, assuming the same 12% per annum return.

However, their monthly investible surplus is capped at ₹2.04 lakh. "To accommodate the younger child's education goal, they reduce their retirement contribution to about ₹35,000 a month. As a result, they face two choices, unless their disposable income goes up: retire at 55 with a retirement corpus of a little over ₹2 crore, or continue working for at least six more years to build the targeted ₹5 crore retirement corpus," says Mathpal.

Mamaji echoes the concern. "The most important principle is not to sacrifice retirement for children's goals. Parents can borrow for education if necessary, but they cannot borrow for retirement." Financial planners suggest a few guardrails here. First, ring-fence retirement savings in employees' provident fund (EPF), National Pension System (NPS) or dedicated mutual fund folios, and resist the temptation to dip into them for a child's education or wedding, however easy the withdrawal rules make it look.

Second, build some flexibility into the retirement date itself–a few extra working years, a consulting stint, or a phased exit can meaningfully extend the time a corpus has to grow. Third, track the numbers every year instead of assuming things will work out on their own; a small annual shortfall in retirement savings, left unchecked for a decade, can turn into a large one by the time the younger child's biggest expenses arrive.

The challenge becomes more acute because parents who have a second child later in life have a shorter runway to build wealth before retirement. That makes clear goal-setting, disciplined investing, periodic review, and course corrections even more critical.

Insurance and wills

Insurance, nominations and estate planning also need a fresh look. Ensure that your consolidated term insurance sum assured is sufficient to take care of the needs of your children in your absence. Buy fresh cover if needed. "Also revisit nominations, wills, guardianship arrangements and estate planning to ensure both children are adequately protected," says Mamaji. For many parents, the second child is about making the family feel complete. The financial plan, however, also has to be well-rounded so that it protects both children without compromising the parents' own financial independence.

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Social Stock Exchange

Invest like donor, track like shareholder

Every SSE listing goes through months of due diligence, financial and social audits.

by **Abhinav Kaul**

Most investors know the BSE and the NSE as places to buy shares and chase returns. But few know that both exchanges now run a segment where the "return" is not money, but a way to do charitable donations. This is the Social Stock Exchange (SSE).

What is the SSE?

First proposed by Finance Minister Nirmala Sitharaman in the 2019-20 Budget as an electronic fund-raising platform, the SSE is a separate segment of the existing stock exchanges.

It connects credible social enterprises, both non-profit organisations (NPOs) and for-profit enterprises, with fund providers, using the familiar machinery of the stock market to route philanthropic capital and, crucially, hold recipients accountable for it.

To register, an NPO must be a society, trust or Section 8 company with a three-year track record and valid registrations. Its work must fall within a list of eligible activities aligned to national development and the sustainable development goals (SDGs)—hunger, healthcare, education, gender equality, environmental sustainability, financial inclusion, and such. Political and religious bodies, corporate foundations and trade associations are barred.

How it works

For NPOs, the primary instrument is the zero coupon zero principal (ZCZP) bond. As the name suggests, it pays zero interest and zero returns on principal. The investor is, in effect, a donor. What these bonds buy is a stake in a specific, time-bound project. Their mechanics are deliberately modelled on an initial public offering (IPO).

Anuja Kishore, Chief Strategy and Transformation Officer, Lighthouse Communities Foundation, says, "It's very similar to how a corporate will list an issue." A Pune-based NPO set up in 2011 that equips underserved youth aged 18-35 with agency, opportunities to build confidence and skills, and access livelihood pathways, Lighthouse Communities is in the process of listing on the SSE. "You have to onboard a merchant banker, open an escrow account, work with NSDL and CDSL, and a marketing firm," adds Kishore.

The ZCZP is issued in dematerialised form only, has a minimum issue size of ₹50 lakh, and a minimum application size of just ₹1,000. The subscription window runs three to 10 days, so commitments must be lined up before the issue opens. The bond cannot be traded, has no secondary market, and its tenure is tied to the project's duration. Once the issue closes, ZCZP units land in that account.

That retail reach is what draws non-governmental organisations (NGOs) in. Friends Union for Energising Lives (FUEL), founded in 2007 to empower youth through education and skills, has already completed an issue—a roughly ₹1-crore ZCZP raise, opened on 30 March, that funded the education of 40 girls.

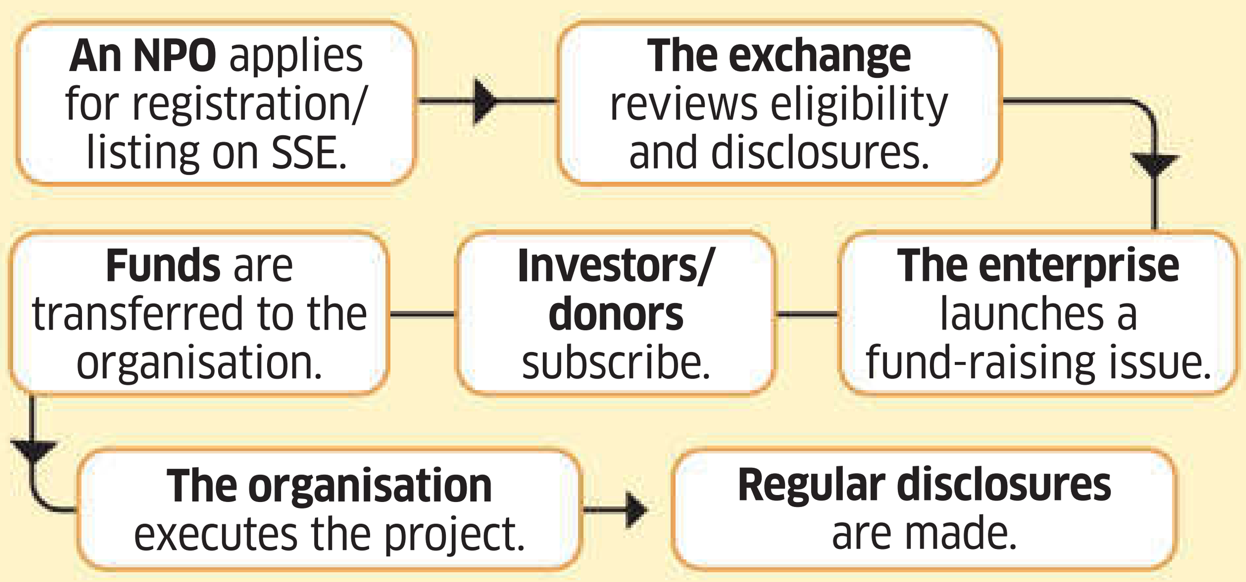
To sponsor them, FUEL reached out to corporations over a 15-day canvassing window. The trust's founder-chairman Ketan Deshpande says, "We had very good examples: a security guard's daughter was to be brought into the mainstream of education, and volunteers of his company came together and bid the issue." As the issue was available on Zerodha, "almost 23% of people whom we didn't know invested and donated money."

A trusted route for charity

What is the Social Stock Exchange?

It is Sebi-regulated segment of the NSE and BSE that enables social enterprises to raise funds through the stock exchange mechanism.

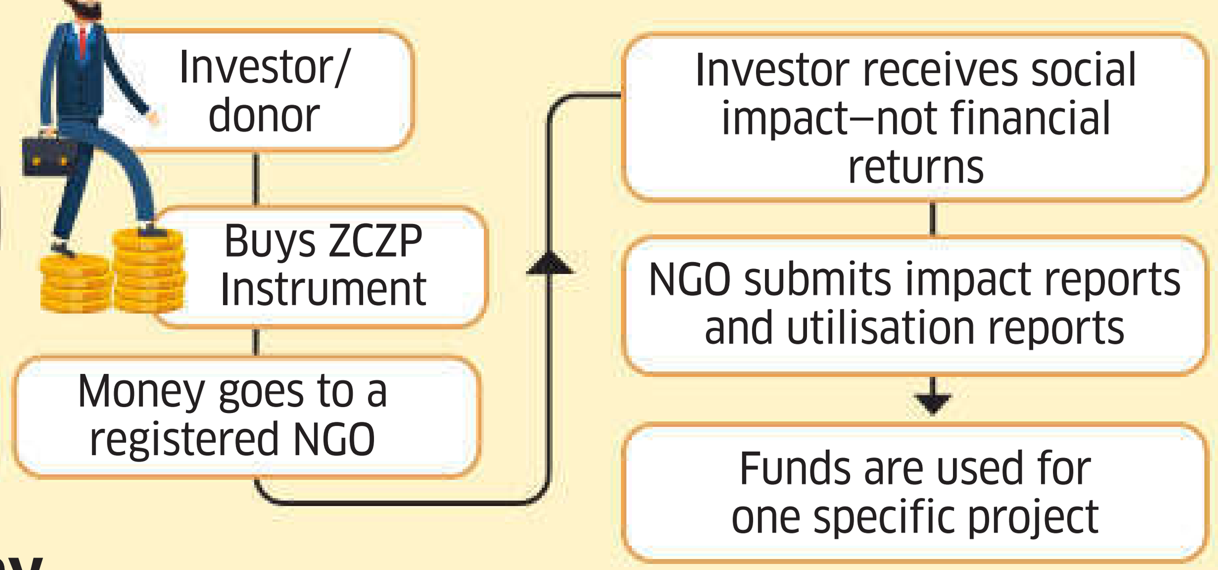
How does it function?



What is a ZCZP bond?

- A 'zero coupon zero principal' instrument
- The lone fundraising instrument on the SSE
- Resembles a bond but works very differently

How ZCZP bond works



Do these bonds pay returns?

Unlike conventional bonds, there is:

- No interest ('zero coupon')
- No principal repayment ('zero principal')

What is the minimum investment?

Minimum application size: ₹1,000

Minimum issue size: ₹50 lakh

Why should someone use the SSE?

Transparency: Every listed entity has to make regular disclosures on finances and social impact.

Accountability: Money must be used for the project described in the fundraising document.

Better governance: Organisations follow disclosure norms similar to listed entities.

Impact measurement: Investors can see number of beneficiaries, project progress and social outcomes.

The credibility test

The strongest argument for the SSE over writing a cheque directly to an NGO is trust, earned through scrutiny. Every listing applicant undergoes extensive due-diligence—financial, social and statutory—a hard look at how money reaches the last-mile beneficiary.

Kishore says, "The process is excruciatingly time consuming." For a retail donor who can't personally vet a charity, that vetting is done for them. "A donor in Lucknow doesn't know us. But if they see it on the BSE SSE portal, there is a certain level of confidence."

For Deshpande, that's the core of the pitch: "In a population where it's hard to identify a credible organisation, I look at this as a more credible donation platform." The listing discipline also changed how funders saw FUEL. "Companies thought, 'you are doing public disclosure as mandated for a for-profit company'. The credibility, visibility increased; and their contribution increased that way."

Ramesh Daswani, CEO of Light of Life Trust, points to how tightly the money is ring-fenced. Unlike a general donation, ZCZP funds are legally tied to a named project. "You cannot ask for money for an existing programme. You have to ask for money dedicated to a new programme or initiative," he says. "The donor is 100% assured that the money is going for a particular cause." A non-profit founded in 2002 that works to break inter-generational poverty in remote villages, Light of Life is eyeing listing on the SSE.

What's in it for investors?

For NGOs, the SSE opens a door that was previously shut. Traditionally, says Kishore, funding came from just two channels—corporate social responsibility (CSR) and philanthropic institutions—with high net-worth individuals (HNIs) hard to reach. Early movers through the SSE route were HNIs pledging large sums; later rounds have drawn smaller cheques from salaried donors.

For the investor, the appeal is convenience on top of trust. "You get your 80G exemption, plus you don't have to chase the company for reports. Sebi (Securities and Exchange Board of India) regulations will give you the report, utilisation and progress," says Deshpande. Corporate donors get a bonus: a company subscribing to a ZCZP is exempt from conducting its own impact assessment, which otherwise carries heavy documentation costs.

The cost comparison is compelling too. Deshpande puts his issue's fund-raising cost at 4-5%, against 8-12% for traditional routes; Daswani pegs listing costs at about 5% for a first-timer, falling to 2-3% for larger issues, versus 10-13% otherwise.

What needs fixing

Kishore's main ask is that regulators accept a single due-diligence exercise for multiple listing rounds. "Every time you list, you have to open a new escrow account. As an NGO, one is very under-resourced; at any given point, you need five or six dedicated people," across compliance, finance and marketing, she explains.

Daswani wants no cap on the CSR funds a company can route to SSE issues—currently 10% of its CSR spend—and marketing support. "The SSE should be our partner to market the issue. We don't have large budgets like major companies for an IPO. How do I tell my donor that I am coming out with an issue?"

Deshpande would open up grant-making itself, with PSUs routing their CSR calls for proposals through the SSE the way they float tenders. "If the call for applications is made transparent through such platforms, many deserving organisations will be able to apply" helping NGOs that lack big players' network connections.

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Defence stocks launching higher

Order books, exports and government spending driving the sector, but valuations are no longer cheap.

by **Sameer Bhardwaj**

India's defence sector has emerged as one of the stock market's strongest performers in 2026. Even as the broader market has struggled, defence stocks have attracted investor interest. The Nifty Defence Index has gained over 21.9% so far this year, significantly outperforming the Nifty 50, which has fallen over 8%. This makes defence the best-performing segment among the 11 Nifty sectoral indices, based on 27 July 2026 closing values.

Are defence stocks simply benefiting from a market theme, or is the rally supported by lasting structural changes in the industry? Most analysts believe the sector is in a multi-year growth cycle supported by government spending, accelerating indigenisation, rising procurement activity, and a growing export opportunity.

Brokerage houses remain constructive on the sector. Recent reports by Kotak Securities, Nuvama and 360 One Capital point to a strong growth runway driven by rising defence budgets.

One of the key indicators supporting the investment case is the sharp rise in Acceptance of Necessity (AoN) approvals. AoN is the government's go-ahead for the armed forces to acquire equipment; it's the first formal step in India's defence procurement process. Kotak Securities notes that AoN approvals increased tenfold between FY2020-21 and FY2025-26. The brokerage believes heightened geopolitical tensions, ongoing military modernisation and expanding export opportunities will support order inflows for many years.

Nuvama argues that the industry is now moving into its next phase of development. The initial focus was on building domestic manufacturing capabilities and reducing import dependence. The next phase is expected to be characterised by large-scale deployment of advanced indigenous systems across the armed forces. The outlook got another lift recently when the Defence Acquisition Council cleared AoN proposals worth ₹52,000 crore.

According to 360 One Capital, the sustained increase in procurement approvals over the past few years points to a healthy pipeline of contracts. The strength of the sector's order books is one of its biggest attractions. Large order backlogs provide companies with long-term revenue visibility and reduce business uncertainty.

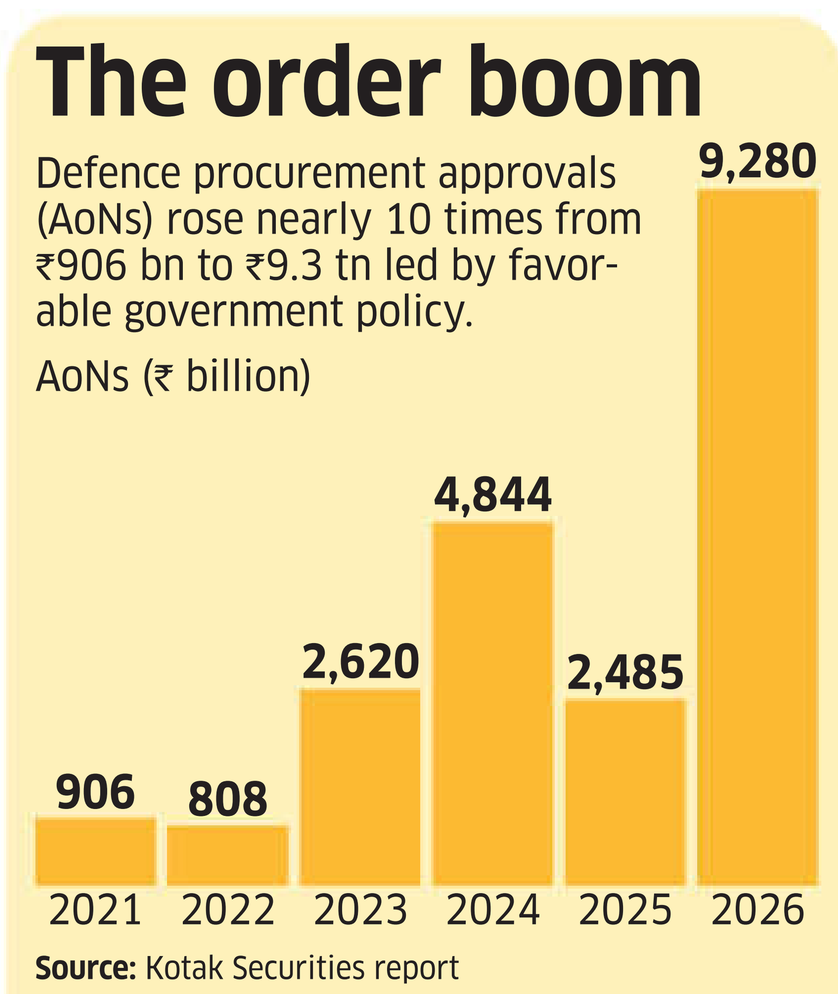
Amit Anwani, Research Analyst at PL Capital, estimates that the sector can deliver revenue growth of 15-20% annually over the medium term. He expects earnings growth to exceed revenue growth as companies benefit from operating leverage, higher localisation and a more favourable product mix.

Growth opportunities are spread across several segments. Sorbh Gupta, Head–Equity at Bajaj Asset Management, believes changing warfare patterns and the increasing use of cost-effective weapon systems are reshaping defence strategies worldwide. As a result, segments such as drones, counter-drone systems, electronic warfare solutions and artificial intelligence-enabled defence technologies are expected to see significant growth. Anwani identifies missiles and precision-guided munitions, naval shipbuilding, aerospace manufacturing, and maintenance, repair and overhaul (MRO) services as segments that could benefit from sustained demand.

Export opportunity

Indian defence companies are targeting global markets through technology partnerships, localisation and indigenous product development. Backing this shift, the government aims to raise defence exports to ₹50,000 crore by FY2028-29. Analysts believe the target is achievable.

According to Kotak Securities, Indian manufacturers enjoy cost advantages across several categories, including missiles, drones, radars and ammunition. The brokerage also highlights rising international interest in Indian defence platforms and gradual easing of export regulations as important catalysts. Historically, ammunition has accounted for a large share of exports. Going forward, analysts expect a greater contribution from higher-value products such as missiles, artillery systems, radars, naval platforms, electronic warfare equipment and unmanned systems. The shift reflects the increasing sophistication of Indian defence manufacturing.



Source: Kotak Securities report

Source: Kotak Securities report. 2029 values are estimates

Premium valuations persist

The sector's strong prospects are reflected in valuations. The Nifty India Defence Index currently trades at a price-to-earnings multiple of around 56 times. This is roughly 5% above its one-year average valuation and about 26% higher than its five-year average. Despite the premium, analysts believe valuations remain supported by fundamentals. Anil R., Senior Research Analyst at Geojit Investments, says investors are willing to assign higher valuations because of confidence in the sector's long-term growth potential. Rising defence expenditure, robust order inflows, expanding exports, increasing localisation and improved earnings visibility continue to underpin the growth story.

Investors' approach

Experts recommend focusing on companies with strong execution capabilities, diversified product portfolios and sizeable order books. These characteristics can provide resilience across business cycles and improve earnings visibility. Anil R. suggests limiting exposure to around 5-8% of an overall portfolio for most retail investors.

A long-term investment horizon is equally important. Anwani believes market corrections can provide attractive entry opportunities into fundamentally strong defence businesses. However, he cautions that entry valuations will remain a key determinant of future returns. Investors should also avoid concentrating exposure in just one or two stocks. Gupta recommends diversifying across different segments—including defence public sector undertakings, private-sector manufacturers, component suppliers and companies across market-cap categories—to manage risk more effectively.

The frontrunners

Bharat Electronics

PRICE ₹407

ANALYSTS' RECOMMENDATIONS

BUY	HOLD	SELL
30	1	2

Hindustan Aeronautics

PRICE ₹4,619

ANALYSTS' RECOMMENDATIONS

BUY	HOLD	SELL
22	2	4

Solar Industries

PRICE ₹18,628

ANALYSTS' RECOMMENDATIONS

BUY	HOLD	SELL
14	1	1

Price as on 27 July 2026. **Source:** Bloomberg

While the outlook remains favourable, risks such as project delays, procurement bottlenecks, import dependence, rising competition and export uncertainties could affect growth and stock performance. Here is how the three defence stocks of the Nifty India Defence Index with highest number of buy ratings on Bloomberg are placed:

Bharat Electronics

- Revenue grew 25% YoY in the June 2026 quarter on faster project execution.
- FY2026-27 sales and order-inflow guidance held steady.
- Export pipeline strong, with potential orders worth $465 million.
- Elara Capital likes it for the growth outlook, improving margins, strong order pipeline and expanding exports.

Hindustan Aeronautics

- ₹2.5 trillion order book gives strong revenue visibility.
- Maintenance, repair and overhaul (MRO) business adds stable revenue.
- Prospective pipeline of ₹4.6 trillion over the next 5-6 years.
- Kotak Securities expects 15% CAGR profit growth (FY2025-26 to FY2029-30), driven by the order book, a higher manufacturing share and strong cash flows.

Solar Industries

- One of the fastest-growing defence firms, with a portfolio spanning high-energy materials, Pinaka rockets and ammunition.
- Strong global presence, domestic explosives leadership and a healthy balance sheet.

Stocks mentioned are not recommendations. Consult your financial adviser.

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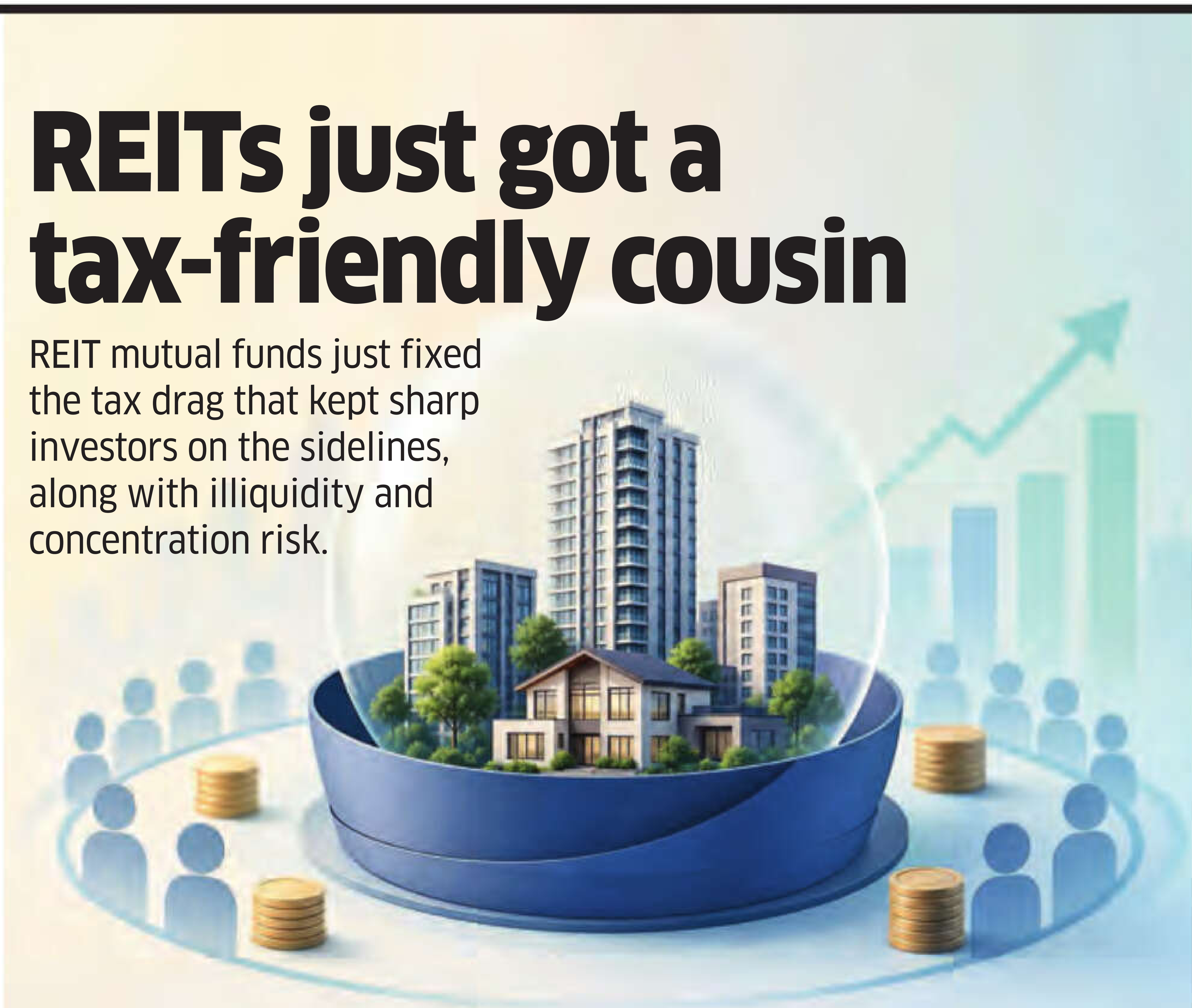
REITs just got a tax-friendly cousin

REIT mutual funds just fixed the tax drag that kept sharp investors on the sidelines, along with illiquidity and concentration risk.



by **Sanket Dhanorkar**

For many Indians, real estate has always been a favoured asset class. But large capital outlays and crippling illiquidity have kept the masses from venturing beyond residential property. For the past few years, Real Estate Investment Trusts (REITs) have offered a more democratised route to invest in all manner of real estate assets. But a few shortcomings have prevented investors from fully embracing this alternative. This could be set to change, with the entry of REIT-focused mutual funds. Edelweiss Mutual Fund is set to launch the first such product—an index fund tracking the Nifty REITs & Realty Index. (NFO opens on 5 August). Other asset management companies (AMCs) are also exploring similar offerings.

What REITs solved

The introduction of the REIT framework in 2014 marked the most consequential structural shift in India's commercial real estate. Listed REITs allow investors to own income-producing commercial spaces like tech parks, retail malls, warehouses and data centres for a nominal sum. A REIT pools these assets together in a professionally run setup and fetches regular cash flows through rental yields, while also offering capital appreciation. For investors, REITs offer a structured way to invest in real estate assets. Rajani Tandale, Senior Vice President (Mutual Funds) & Partner at 1 Finance, says, "REITs give access to institutional-grade office parks and malls that retail investors simply cannot buy directly. You'd need crores of rupees and a specialised team to acquire and manage a Grade-A office park; a REIT unit costs a few hundred rupees."

So far, six REITs with combined gross asset value of ₹3.1 trillion are listed. These include Embassy, Brookfield, Nexus, Mindspace, Knowledge Realty and Bagmane. A tight regulatory framework and institutional-grade discipline have ensured tenant quality across REITs remains impeccable. At least 80% of REIT assets, by value, must be completed and rent-generating property—not land or projects under construction.

In recent years, strong office and retail space absorption have provided healthy earnings visibility. All listed REITs boast occupancy levels in excess of 90%. "Further, their contractual rental escalations and rising replacement costs (new tenants pay higher) provide a natural hedge against inflation," asserts Shravan Sreenivasula, Head - Investment Solutions, Avendus Wealth Management.

For investors seeking income with growth potential, REITs offer steady cash flows. They are required to distribute at least 90% of their income as cash payouts or dividends to unitholders. This offers a steady stream of income. In recent years, payouts have averaged 7-9% (including capital returned). The listed REITs have so far distributed over ₹31,700 crore as payouts. Initially, returns from REITs mainly came through distributions. But in recent years, listed REITs have seen healthy capital appreciation, led by a fall in interest rates. When interest rates fall, REIT prices tend to rise, and vice versa. Capital gains in listed REITs have averaged around 8%.

MF wrapper: Solving tax tangle

Despite their benefits, REITs have not found widespread acceptance. Tax treatment is a major hurdle. When investing directly in REITs, investors face multiple layers of taxes. Dividends and interest income are taxed at slab rates, in the hands of the investor. REITs also deduct 10% TDS on distributions. Capital gains are taxed separately. REITs were, until recently, classified as hybrid instruments, which made any tax treatment of capital gains unfavourable. Tax calculations are further complicated for REIT distributions in the form of capital repayment. It reduces the cost of acquisition of the REIT units and is considered while computing long-term capital gains (LTCG) at the time of sale.

But two things have now changed. From 1 January 2026, REITs are classified as equity for taxation purposes. This means gains on investments held for more than 12 months qualify as long-term capital gains (LTCG) and are taxed at 12.5%. Further, since July, REITs are eligible for inclusion in equity indices. This now opens the door for mutual fund houses to launch REIT-focused schemes.

Putting REITs in a mutual fund wrapper addresses the problem of multiple tax layers. It allows distributions from underlying REITs to compound within the fund instead of being taxed as regular payouts. These are not taxed at the fund level, nor is any TDS levied on REIT mutual funds. Tax will only be levied on the NAV gains at the time of sale. This allows returns to compound without requiring investors to manually reinvest payouts.

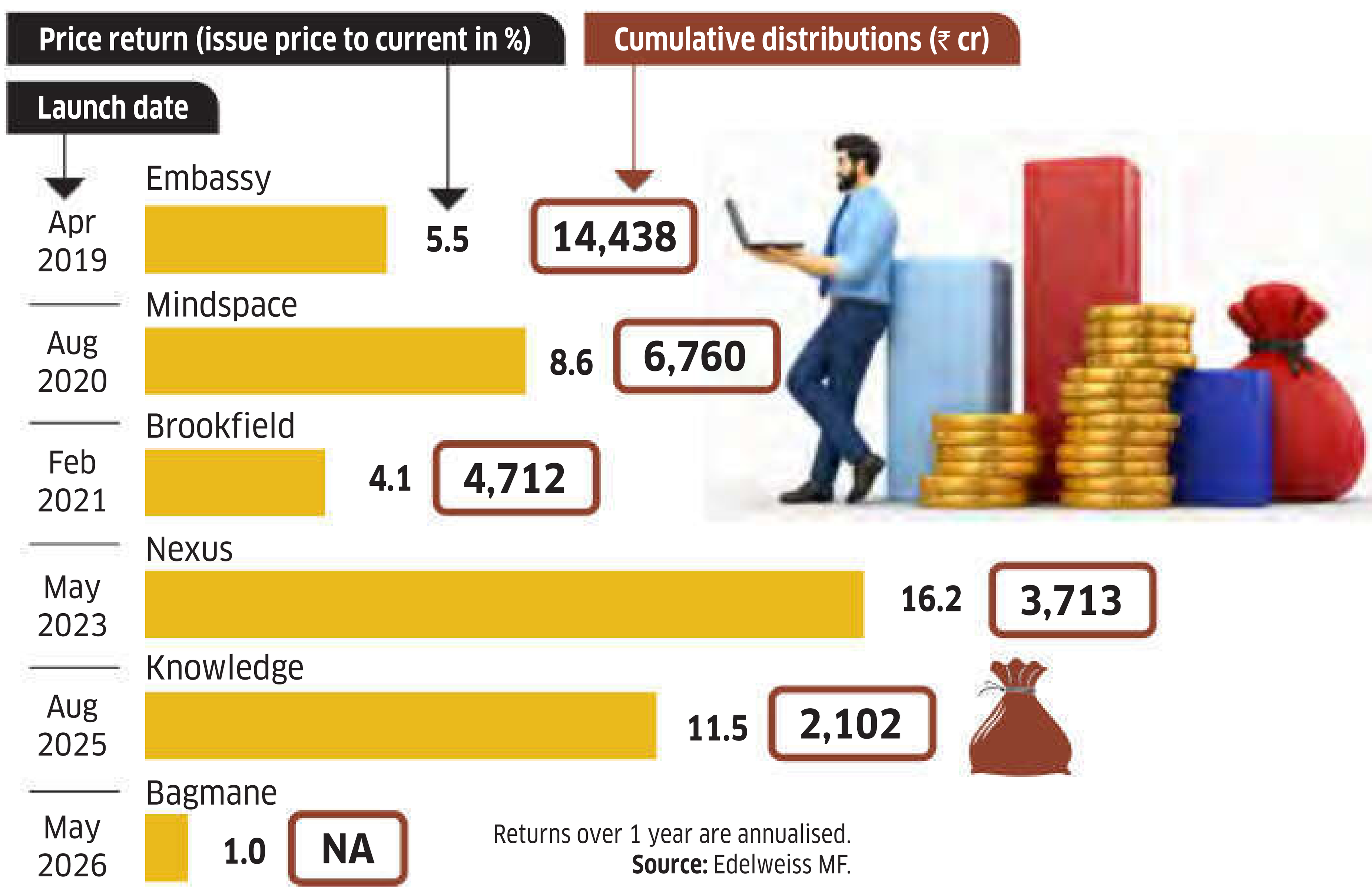
Tandale remarks, "Direct REIT distributions come to investors as a mix of dividend and interest components, taxed on a quarterly basis largely at the investor's slab rate, which is inefficient for anyone in a higher tax bracket. A REIT fund can offer a growth option with equity-like taxation instead, deferring tax to redemption and taxing gains at capital-gains rates rather than slab rates."

Not the same risk profile

The new REIT-based offering is not a pure-play, dedicated REIT fund. The fund tracks the Nifty REITs & Realty Total Return Index, which houses a mix of listed REITs as well as listed real estate companies. While it comprises 15 securities, the minimum exposure to REITs is 60%, while the rest sits in realty stocks. Currently, the

Healthy payouts, decent gains

REITs initially earned by way of distributions, but have seen sizeable capital gains in recent years.



Returns over 1 year are annualised.
Source: Edelweiss MF.

REITs are valued at a hefty discount

Market prices the REITs at a 30% discount to underlying assets.

Name	Gross asset value (₹ cr)	Market cap (₹ cr)	Valuation gap
Brookfield	56,528	28,050	-50%
Embassy	70,540	39,900	-43%
Mindspace	47,635	32,760	-31%
Knowledge	67,411	51,400	-24%
Nexus	30,558	23,500	-23%
Bagmane	38,790	35,500	-8%

Source: Edelweiss MF

Healthy returns at lower volatility

The REITs index has outperformed over the past three years, aided by falling interest rates.

Returns	Nifty REITs & Realty TRI	Nifty Realty TRI
Since inception (1 July 2021)	17.6%	19.7%
3 years	19.1%	17.2%

Risk (standard deviation)	Nifty REITs & Realty TRI	Nifty Realty TRI
Since inception (1 July 2021)	13.9%	27.9%
3 years	13.5%	27%

Source: Edelweiss MF.

REIT funds differ from listed REITs and physical property

	REIT	Real estate	REIT fund
Capital requirement	Very low	Very high	Very low
Transaction cost	**Low** - brokerage, STT, exchange and depository levies	**Very high**	**Low** - only recurring expense ratio, STT
Taxation	Multiple tax layers: interest, rent, dividends, cap gains taxed separately	Rental income, capital gains taxed separately at different rates	Simplified: everything gets clubbed into fund NAV
Liquidity	Tradable on exchange, but volumes low	Highly illiquid	Very liquid
Concentration	Moderately diversified, varies as per geographical and tenant mix	Highly concentrated due to capital constraints	Highly diversified

listed stocks in the index include real estate developers like DLF, Lodha Developers, Godrej Properties, Prestige Estates, Phoenix Mills and Oberoi Realty, among others.

India simply doesn't have enough listed REITs yet to build a diversified REIT-only basket. With just six REITs listed versus roughly 196 listed equity REITs in the US, there are presently just not enough ingredients to build a pure-play REIT index. In India, the three biggest REITs by market cap account for a whopping 74% of the total universe, compared to 16% in the US. This makes any REIT-only basket a very concentrated proposition. So, a REITs-plus-stocks construct allows a midway path to offering exposure to REITs.

But this naturally changes the risk-construct of the fund. Tandale observes, "Realty developer stocks are cyclical, growth-oriented businesses tied to launch cycles and leverage, which is a very different risk profile from REITs, which are contractually required to pay out steady, lease-backed income. So, a fund that's 40% realty stocks will be meaningfully more volatile than a pure-REIT product, and investors should be prepared to hold through cycles rather than expect the low-volatility, bond-like behaviour that REITs alone would offer."

However, this fund construct will not remain so forever. The underlying index itself is designed to allow for higher allocation to REITs as the listed universe expands. The index methodology currently allows room for the top 15 REITs ranked by free-float market cap. Only six are currently listed, so the remaining are currently occupied by listed realty stocks. As more REITs get listed, the index will replace the smaller realty stocks within the basket. Tandale points out, "As more REITs list in India, the design intent is for that realty-stock allocation to shrink and REIT weight to rise, so today's 40:60 mix is better understood as a transitional construct than a permanent one."

The share of REITs in the index will also increase on rising free float market cap of existing REITs, points out Radhika Gupta, MD & CEO at Edelweiss MF. "As price discovery in listed REITs improves, the free-float market cap will increase. This will allow REITs to occupy bigger space in the index."

Navigating illiquidity

Taxation is not the only problem in individual REITs. Even as these are traded on exchanges, liquidity in listed REITs remains very low. Tandale asserts, "REIT trading volumes are genuinely thin next to the broader market. Even Embassy REIT, India's largest and most liquid REIT, trades at a fraction of what a single large-cap Nifty stock does on an average day."

For a REITs-focused fund that promises daily redemptions, this underlying illiquidity can be an issue. However, experts maintain that this is sufficiently addressed by the index construct, with up to 40% exposure to listed realty stocks, that enjoy much higher liquidity. "That realty-stock sleeve effectively acts as a liquidity buffer for day-to-day redemptions, even while the REIT sleeve itself remains comparatively illiquid," Tandale points out. However, even that buffer cannot be taken for granted, she maintains. The real test will come in a scenario where real estate sentiment turns broadly negative, and both sleeves get hit together. That's when the liquidity assumption will come under stress.

Experts insist that liquidity in REITs is rising gradually and will improve going forward. The reclassification of REITs as equity and broader institutional participation will bring higher trading volumes.

A REIT fund offers an additional layer of liquidity management, avers Sreenivasula. "The fund manager can manage cash flows and trading execution across multiple securities. Although ultimate liquidity is still linked to the underlying REIT market, a diversified fund structure generally provides a smoother investor experience than holding a single relatively less liquid REIT."

Further, a REIT fund takes away the concentration risk associated with individual REITs. While REITs invest in a pool of real estate assets, these may be concentrated in a specific geography or asset type. For instance, Nexus Select is concentrated in retail mall assets, even as Mindspace is in office parks. Embassy is diversified across offices, hotels and solar parks, but geographically concentrated in Bengaluru. Gupta avers, "In individual REITs, investors may be exposed to risks associated with the distinct profile of underlying assets."

Should you invest?

Experts maintain that REIT funds offer a compelling opportunity to diversify portfolios. The Nifty REITs & Realty Total Returns Index has generated an annualised return of 19.1% in the past three years, compared to 17.2% gains in the Nifty Realty TRI. This return has come at half the volatility of the pure-play realty index *(see table)*.

Sreenivasula insists, "REITs offer portfolio diversification through their relatively lower volatility compared to equities, while still delivering superior long-term growth potential than traditional fixed income investments."

However, these should not be considered a substitute for either equities or real estate. Tandale asserts, "REITs have historically shown low correlation with pure equities, since their cash flows are anchored in long-term leases rather than earnings cycles, which makes them a useful diversifier in a broader portfolio rather than a substitute for either equities or physical real estate."

Experts insist that there is a lot of potential for value unlocking in REITs. Gupta observes, "Together the six trusts own ₹3.1 trillion of property, but the market prices them at only ₹2.1 trillion. This gap between gross asset value and market capitalisation suggests that REITs are priced at a hefty discount, even after accounting for borrowings as the LTV (Loan to Value Ratio) is about 18-32%." Besides, at 230 million sq ft, the footprint covered by existing REITs accounts for only a fraction of India's total grade-A office stock. This is a significant addressable gap that leaves a lot of room for growth.

REITs-based mutual funds offer this opportunity in a convenient wrapper that brings added liquidity and diversification in a tax-efficient manner. These finally let you own a piece of the expanding commercial skyline with the same comfort as buying a diversified equity fund. Just keep in mind that these behave like market-linked investments, and not like physical property. Limit REIT exposure to around 10% of the portfolio.

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Decoding SIFs: What the fine print won't tell you up front

A guide to the objective, strategy, risk band and red flags that separate a good SIF from a risky bet.

by **Abhinav Kaul**

Categories of SIFs

Category	Comparable mutual fund category	What's different?
Equity long-short	Flexi-cap fund	Can take limited short positions through derivatives
Equity ex-top 100 long-short	Mid- and small-cap fund	Focuses beyond the top 100 stocks and can use shorts
Sector rotation long-short	Sector/Thematic fund	Actively rotates sectors and can short
Debt long-short	Dynamic bond fund	Uses derivatives and active duration positioning
Sectoral debt long-short	Credit/Rolldown fund	Focuses on specific debt segments with long-short flexibility
Active asset allocator long-short	Balanced advantage fund	More flexibility in asset allocation and derivatives
Hybrid long-short	Aggressive hybrid fund	Combines equity, debt and long-short strategies

Note: Shorting up to 25% is allowed in all SIF strategies

An investor today largely knows the ins and outs of investing in a mutual fund. Pick a category, scan the three- and five-year returns, see who runs the fund, check the expense ratio, study the portfolio, and understand the risk-o-meter. That playbook no longer works for specialised investment funds (SIFs).

Two equity long-short SIFs can be launched on the very same day, sit in the very same category, and still behave almost the opposite way. One manager may use derivatives purely to hedge and cushion falls. Another may actively short stocks to chase extra returns. So how to evaluate an SIF?

Strategy over category

Traditional mutual funds are category-driven; SIFs are strategy-driven. As Amol Patel, Lead Product Specialist, ICICI Prudential Asset Management Company, puts it, "Understanding the investment strategy is critical because, in an SIF, the strategy, and not the scheme name, is the primary driver of returns and risks."

Highlighting the contrast further, Niharika Tripathi, Head–Products and Research, Wealthy.in, says, "SIFs should not be understood as regular mutual funds with only a higher minimum investment. The larger difference lies in the strategy, flexibility and risk-return profile."

Nitin Agrawal, CEO–Mutual Funds, InCred Money, describes the design intent: "SIFs occupy a carefully designed middle ground in the Indian investment landscape, more flexible than mutual funds, more accessible than PMS."

They were created for investors who have outgrown the standardised constraints of mutual fund categories but do not meet the ₹50 lakh minimum portfolio management service (PMS) demands. The SIF entry threshold sits at ₹10 lakh per investor. Mutual funds, Agrawal adds, operate within tight category mandates, while SIFs can employ long-short strategies, use derivatives more actively, and construct portfolios that would not fit neatly into any existing mutual fund category. According to Tripathi, an SIF is "better viewed as a satellite allocation that complements the mutual fund core portfolio rather than as a replacement for traditional equity and debt investments."

The reading checklist

Here's how to read SIF documents.

■ **The objective:** Start with the investment objective, and read it critically. As Agrawal says, it "tells you what the fund is trying to achieve, over what horizon, and within what risk parameters." Tripathi adds that "the first thing to grasp is what the SIF is trying to do within the portfolio, whether that is to reduce downside risk, improve risk-adjusted returns or provide differentiated exposure."

But do not take the objective at face value. Patel says, "While the objective may use broad phrases such as capital appreciation or risk-adjusted returns, the strategy explains how the fund intends to achieve those outcomes, whether through dynamic asset allocation, derivatives, short positions or concentrated sector exposures."

■ **The strategy:** Agrawal is clear: "If you cannot explain the strategy in two or three sentences to yourself, you should not be putting money into it." Tripathi notes that the SIF

"The differentiator between two or three SIFs, if you compare, is how they are using the derivative strategies."

RADHIKA GUPTA
MD and CEO,
Edelweiss Mutual Fund

universe spans seven differentiated strategy categories across equity, debt and hybrid—from 'equity long-short' and 'sector rotation long-short' to 'debt long-short' and 'active asset allocator long-short'. So, "the broad SIF label does not tell investors exactly how a particular fund will generate returns or what risks it will take."

Even within one category, she cautions, two funds may diverge: "One manager may use the short book primarily to protect the portfolio, while another may use it actively to generate additional return."

■ **Asset allocation:** Here, investors make a common error: they look at where the money sits today. What matters more is where it is allowed to go. Patel says that asset-allocation pattern and investment limits show the permissible exposure to equity, debt, derivatives and short positions.

A portfolio that looks conservative now may be permitted to take on far more aggressive positioning tomorrow. The limits define the outer edge of the risk you are signing up for; the current exposure is merely one day's snapshot. A fund may currently hold only 65-70% in equities, but its investment mandate allow it to increase equity exposure to 80-100% (or use derivatives extensively). This shows why the current portfolio looks conservative, while the actual risk can be much higher.

■ **Derivatives:** The critical question, as per Agrawal, is whether derivatives are being used "for hedging, for generating alpha, or for expressing leveraged directional views." Tripathi warns that derivative use "should not automatically be treated as hedging", a prudent hedge offsets a risk already in the portfolio, while an active position expresses "an independent view that a stock, sector or market will underperform."

Ravi Kumar T. V., Director, Gaining

Ground Investment Services, stresses that an investor must first understand how instruments such as written call options work: "One has to understand, only then they will appreciate the risk-adjusted returns."

A call option gives the buyer the right to buy a stock at a fixed price. When a fund sells (writes) a call option, it earns a premium but may have to sell the stock at the agreed price if it rises sharply, limiting gains. Investors should understand this risk before investing.

■ **Risk factors:** Agrawal notes that disclosures around leverage limits, counterparty risk, liquidity risk, and derivatives in stress scenarios tend to be written in the densest language precisely because they describe the fund's most complex risk exposures.

Reading disclosures

There are several disclosures which are unique to SIFs. Radhika Gupta, Managing Director and CEO, Edelweiss Mutual Fund, begins with the risk band. Risk bands in SIFs are a standardised five-level risk-labelling system that helps investors understand the potential risk associated with different investment strategies, ranging from level 1 (lowest risk) to level 5 (highest risk).

In mutual funds, Gupta points out, the risk-o-meter is largely static within a category. "For example, when you are looking at a mid-cap fund, the risk-o-meter for all such funds will be high risk only. It doesn't change."

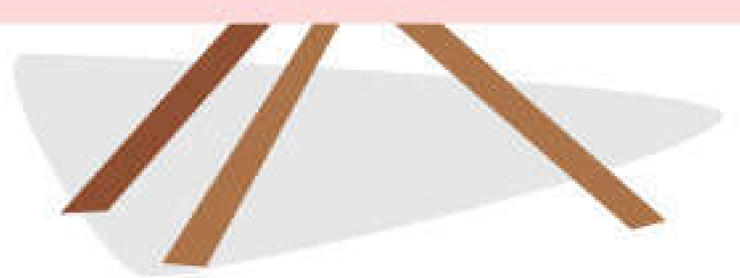
But SIFs are different. The risk band, she says, reflects the additional risk being assumed by the portfolio manager, particularly through the use of derivatives. "If derivatives are used to hedge, the risk band level will be lower. If it is to enhance return and it is taking naked shorts or open equity exposure, then the risk band will be on the higher side," she explains. Comparing risk bands within the same category, hence, becomes essential.

The second disclosure Gupta highlights is the mandatory portfolio disclosure, which is published on the fund house's website before the 10th of every month. "There, one can check whether a strategy uses naked open exposure shorts, hedges or arbitrage positions." That is the crux. "The differentiator between two or three SIFs, if you compare, is how they are using the derivative strategies," she adds.

For the technically minded, Agrawal lists disclosures that separate marketing from mechanics: gross exposure versus net exposure—the total of long and short positions against the portfolio's actual directional bet; the size and purpose of the long portfolio and the derivative portfolio; and the extent of unhedged short positions.

SIF red flags

- Strategy isn't clearly explained
- Conservative objective
- Too much marketing language
- Vague derivative disclosure
- High concentration
- Portfolio doesn't match stated objective
- Fund manager lacks experience



Investment product comparison

Feature	Mutual Funds	SIFs	PMS
Minimum investment	**₹100**	**₹10 lakh**	**₹50 lakh**
Portfolio structure	Pooled	Pooled	Individual portfolios
Customisation	**Low**	**Medium** (strategy-level flexibility)	**High** (client-specific)
Derivatives use	Mostly for hedging	Active use for hedging and return generation	Flexible, depending on mandate
Long-short strategies	Not permitted	Permitted	Permitted
Investment flexibility	Sebi category restrictions	Higher flexibility across equity, debt & hybrid strategies	Very high
Portfolio ownership	Units of the scheme	Units of the scheme	Securities held in investor's name
Risk profile	Standardised by category	Varies widely depending on strategy	Depends on manager and mandate

Checklist for understanding SIFs

What is the fund trying to do?


Generate higher returns?


Reduce downside?


Improve risk-adjusted returns?


Diversify existing portfolio?

How are derivatives used?

For hedging
- Protects downside
- Reduces volatility

Tactical allocation
- Active positioning
- Higher flexibility

Speculative leverage
- Directional bets
- Higher risk

Check the risk profile

Look for:
- Concentration
- Sector exposure
- Gross exposure
- Net exposure
- Liquidity
- Credit quality
- Portfolio turnover
- Drawdowns

Same, but different

So how does an investor actually choose between three equity long-short SIFs? Gupta lays out a sequence. Investors should start by understanding the positioning of the strategy: how much derivative exposure the fund intends to use, whether derivatives are being used primarily for hedging, and whether the fund is willing to take naked short positions. The next step is to assess the risk band: a conservatively positioned strategy would be expected to have a relatively lower risk band than one pursuing more aggressive derivative exposure. Investors should then evaluate whatever performance history is available, paying particular attention to volatility, drawdowns during difficult market periods and the overall portfolio composition.

Kumar makes the shorting mechanics concrete. In an equity long-short SIF, he explains, the fund manager can hedge "up to 25% of the net asset value," so that when markets fall, the fund may fall less. But that protection is not automatic: "It all depends on the manager's execution capabilities. His strategy can also go wrong. Or if he's too late in executing the strategy, it can go wrong."

He also reframes what SIFs promise: not higher returns, but "a higher probability of downside protection if markets remain volatile." A long-short fund "can underperform in a very strong bull market, because you are trying to give up something to get low volatility." It is not, he stresses, "a question of low risk, it is a question of lower risk."

Benchmark or not?

Since SIFs use derivatives and short positions to alter their market exposure, can judging them against a traditional index like the Nifty 500 be misleading? Gupta believes a broad market index can still serve as a useful reference point, but investors should focus on risk-adjusted outcomes rather than just absolute returns. Given the flexibility available to long-short strategies through the use of derivatives, a more meaningful assessment is whether a strategy is generating superior returns relative to the level of risk it is taking.

Measures such as volatility, drawdowns and consistency of returns can therefore provide a better understanding of performance than a simple comparison with a broad-based benchmark. While benchmark selection remains important, the key question for investors is whether the manager is creating value efficiently rather than merely assuming higher levels of risk.

Tripathi adds that the benchmark "should match what the fund is actually doing—an equity, debt and hybrid strategy cannot be evaluated in the same manner."

The red flags

Investors should outright avoid certain things. According to Agrawal, there are three: an objective that promises consistent outperformance without a credible mechanism, a strategy description that relies heavily on jargon without explaining the actual mechanics, and leverage limits stated only as maximums with no disclosure of the typical or target leverage level.

Tripathi adds more: an objective and permitted strategy that don't match; excessive reliance on recent performance in a category with no full-cycle record; and a mismatch between what the fund manager communicated and what the portfolio subsequently shows.

Is the manager the key?

In a mutual fund, process often matters as much as the person. In an SIF, that balance shifts.

For Agrawal, the manager is the process in an SIF. Tripathi's first check is experience—a manager running long-short needs relevant experience in handling both long and short positions, and long-only experience doesn't automatically establish expertise in it.

Gupta says investors should evaluate the broader investment platform behind a SIF rather than focusing solely on the individual fund manager. "The equity dealing team, research team; the entire team becomes important."

Since most SIF strategies are relatively new and do not yet have long performance histories, investors can also look at the fund house's pedigree in managing hybrid, arbitrage and other derivative-oriented strategies. The depth of the research platform, risk management framework and execution capabilities of the investment team can offer valuable insights into how effectively a SIF strategy is likely to be run.

One essential question

Selecting an SIF gets reduced to a single test: can you explain, in your own words, where this fund makes money, where it loses money, and why it belongs in your portfolio? In simple terms, understanding your fund's strategy is crucial. If the answer to any of those is 'no', don't invest yet. Be able to describe the strategy in two or three plain sentences, or stay out. If you cannot explain the source of returns, the primary risks and the role the product will play in your portfolio, you have not yet understood it well enough.

And the simplest filter of all: will this SIF actually improve your overall portfolio, either by enhancing long-term returns or by reducing volatility? If you cannot answer that, the product does not yet belong in your portfolio.

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THE POWER OF BUDGETING

ILLUSTRATION: ZAHID ALI

Bala eyed a ₹1,500 online shopping cart with a tech organiser and gel pens. But with a ₹2,500 monthly allowance, he realised buying both meant giving up his Friday pizza. He kept only the gel pens, saved ₹1,000, and learned that budgeting is about making smart choices. Good money management starts with knowing where your money goes.

1 What is a budget?

A budget is a plan that helps you manage your money. You decide in advance how you'll use it for your needs and your enjoyment. Just like a cricket team plans how to score runs, your budget helps you plan how you will use your pocket money.

- It's a financial plan.
- A tool to track income and expenses.
- A roadmap for your spending goals.
- A way to control your cash flow.

2 How does it work?

If you receive ₹2,500 each month as pocket money, that's your income.

You need to plan how you are going to use it:

- **Needs:** Stationery essentials, printing, or project materials
- **Fun:** School snacks or outings with friends
- **Saving for a goal:** Setting aside money for a school trip

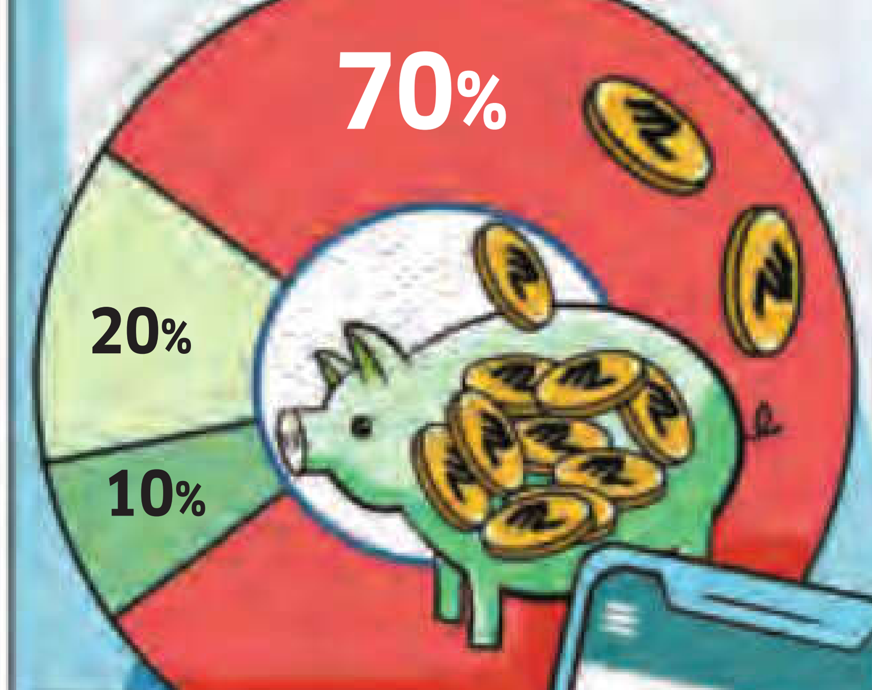
Instead of asking "Where did my money disappear?" you know exactly where it went.

3 The Teen 70/20/10 budget rule

If you receive ₹2,500 a month, try this:

- **70%** Needs: **₹1,750**
- **20%** Fun: **₹500**
- **10%** Savings and emergency fund: **₹250**

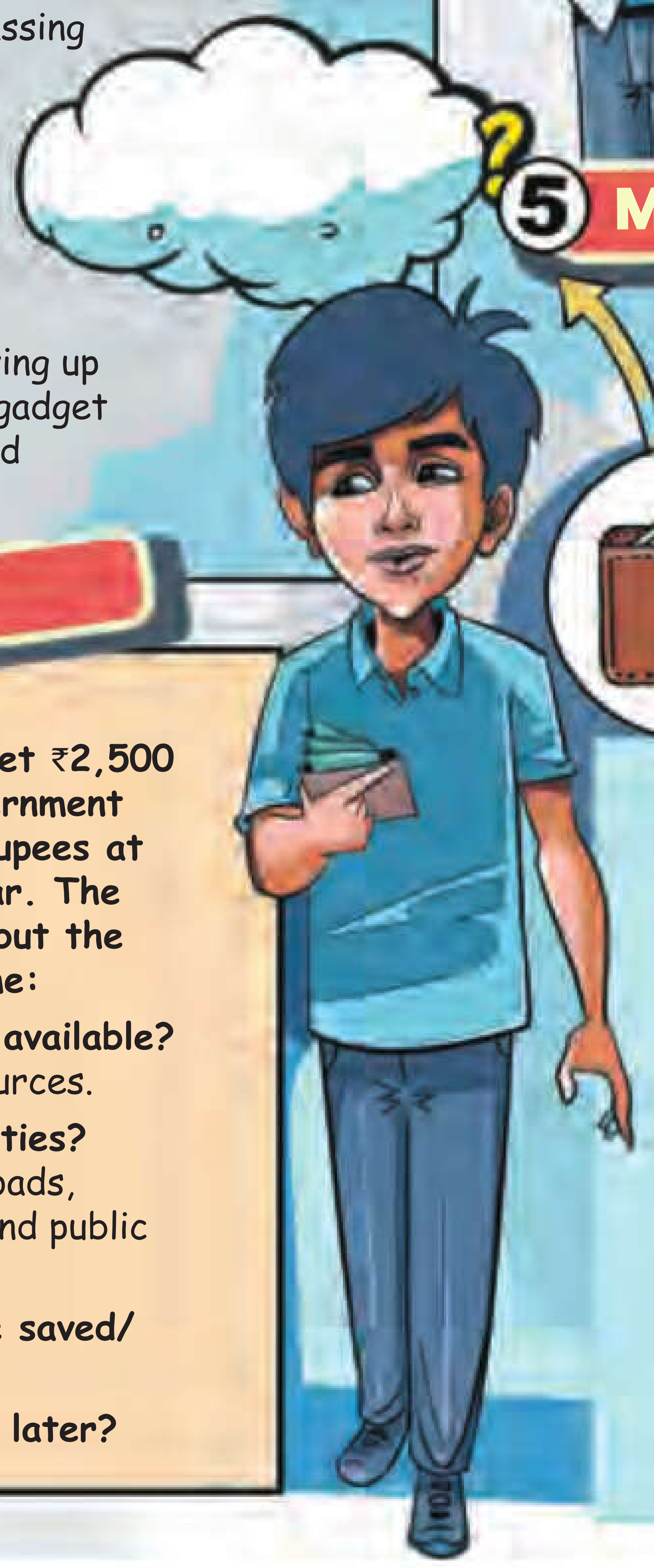
A budget doesn't tie you down; it gives you the freedom to spend guilt-free because you have a plan in place.



4 Why you need budgeting?

- **It prepares you for real life:** You learn to plan and prioritise before you spend
- **Stops impulse buys**: Passing trends don't get to empty your wallet
- **Builds independence:** You don't have to ask your parents for every little thing
- **Teaches patience:** Saving up for new shoes or that gadget makes them feel earned

5 Money challenge



- Start by writing down how much pocket money you get every week or month.
- Divide your allowance into three parts:

Spend – for your needs

Spend – for fun

Save – for future goals

- Review your budget.

Check if you saved and spent, as planned. Analyse your mistakes—like overspending on snacks—and adjust your targets, because budgets get better with practice.

- You have officially built and analysed your very first budget!

6 Money fact

A student might budget ₹2,500 a month, while a government manages trillions of rupees at the start of each year. The amount is different, but the questions are the same:

- **How much money is available?** Calculate from all sources.
- **What are the priorities?** Schools, hospitals, roads, transport, defence and public safety?
- **How much should be saved/ borrowed?**
- **What can wait until later?**

Content courtesy Centre for Investment Education and Learning (CIEL, FinX). Contributions by Arti Bhargava, Labdhi Mehta & Namita Bankawat.

Easy half of Irdai reforms will be done

A register of who mis-sold you an insurance policy is simple to build; changing why they did so is not.

DHIRENDRA KUMAR
CEO, VALUE RESEARCH

MONEY MYSTERIES

Some carmakers sell vehicles without a spare wheel, offering just a puncture repair kit instead. Nobody proposes a register of the salesmen who sold these cars because we know the choice was made above their level. The agent sitting across from an insurance buyer is in the same position, as he's not the author of the incentive he answers to but merely its executor.

At the silver jubilee gathering of the insurance brokers' association in Delhi last week, Insurance Regulatory and Development Authority of India (Irdai) Chairman Ajay Seth made a proposal that is hard to argue against: every policy should be traceable to the person who sold it, not merely to the bank or broking firm. A public register would hold this, so that when someone is sold an expensive endowment plan when a term cover would have done, the seller can be identified, and his record can follow him from one employer to the next. It sounds like the start of real accountability, and in a narrow sense it is.

To his credit, Seth did not stop at the register. In the same remarks, and in interviews since, he has spoken of tying the rewards of selling to the quality of advice rather than the volume of business, about making the unsuitable sale something an insurer is penalised for rather than paid for, and about a wider reform of the way these products are distributed. This is not a regulator who has forgotten that incentives exist; he has named both halves of the cure. The trouble is that the two halves are not equally likely to be implemented.

Incentive determines outcome

This reminds me of the late Charlie Munger's most useful sentence, that if you show him the incentive, he will show you the outcome.

One of the two cures is, in the end, a database that records who did what. It costs the distribution business nothing as it threatens no existing stream of income. The other asks the industry to cut the very commissions that pay for the bank counters, the broker networks and the apparatus through which most policies are pushed. It is not hard to guess which of the two will be implemented, and which one will become a discussion paper, then a consultation, and finally a circular so soft that the sales machine will carry on regardless.

I've noticed recently that some carmakers are selling vehicles without a spare wheel, offering just a puncture repair kit instead. This is sort of acceptable in a city but a disaster on a highway after dark. Nobody proposes a register of the salesmen who sold these cars because we understand that the choice was made above their level to protect a price or a margin, and that the blame lies with whoever set the target, not whoever met it.

The agent sitting across from an insurance buyer is in the same position, as he's not the author of the incentive he answers to but merely its executor. A register that captures him, however faithfully, leaves the person who designed the reward out of the picture.

This is why the promise that a seller's history will follow him sounds more strict than it actually is. You can trace executors for as long as you like, but the next person hired into the same setup will behave the exact same way, because it is the setup and not the individual that is doing the work. When more than one in five complaints against life insurers now concerns the way a policy was sold, we're seeing a system that is working as it was designed. No register will solve this problem. I made much the same argument here a year ago, suggesting that buyers might organise for themselves, since nothing else seems to work.

None of this is to say the register should not be built, only that we should be clear about what it can and cannot do. A regulator who meant the harder half would begin at the other end, making the unsuitable sale unprofitable before troubling to trace it, so that the register is used to confirm that a problem is already shrinking. I would be happy to be proved wrong on what I have said above, but the direction in which the money flows has always been a perfect predictor.

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Fed doubt growing, dollar set for worst week in 3 months

The dollar headed for its worst week in three months on concerns the United States Federal Reserve won't move forcefully enough to contain inflation.

Bloomberg's Dollar Spot Index is on course for a 1.2% slump in the past five days. While the gauge recovered some ground on Friday, it remains near the weakest level in over a month.

The greenback's retreat despite higher US yields—which would typically support the currency—reflects angst over the Fed's credibility.

Chair Kevin Warsh is facing scrutiny after his messaging stoked worries that the central bank may hold off raising rates and allow inflation to remain above target. Long-dated Treasury yields are at their highest since 2007.


Kevin Warsh
US Fed Chairman

The simultaneous drop in Treasuries and the dollar "feels very 'emerging market'," said Randhir Prakash, managing director at Gavekal Wealth. Investors are starting to signal displeasure at the path of US policy, he said, which is "bearish for both Treasuries and the US dollar."

Efforts by Japanese authorities to shore up the yen also added to pressure on the greenback.

Intervention saw the Japanese currency surge as much as 3.3% versus the dollar in New York trading last Thursday, though it has since pared the advance after the Bank of Japan left interest rates unchanged last Friday.

Still, the Fed's decision to hold rates rather than hike got some support from the latest economic data. Figures released last Thursday showed US economic growth moderated in the second quarter, while the Fed's preferred measure of inflation—the personal consumption expenditures price index—fell 0.1% last month.

The dollar ticked as much as 0.3% higher on Friday, buoyed by month-end flows, while yields on 10-year Treasuries fell two basis points to 4.65%. Swaps continued to price 34 basis points of US interest-rate hikes this year, little changed from Thursday.

"We remain reluctant to call the bottom in this dollar selloff just yet," said Francesco Peosle, an FX strategist at ING. "Any disappointment in US data should lead to a larger dovish repricing than before."

—Bloomberg

The case for gifting wealth early

Passing on wealth during your lifetime can simplify succession and help heirs when they need it most.

UMA SHASHIKANT
CHAIRPERSON,
CENTRE FOR INVESTMENT
EDUCATION AND LEARNING

Gifting and charity, in cash and kind, during one's lifetime offers the scope for creating shared experiences of celebration, travel, entertainment and eating out together, for both generations. The caveat, of course, is the inability and perhaps unwillingness of seniors to make spending decisions.

A friend inherited his parents' wealth after his elderly widowed mother's demise a few months ago. He admired his father's wisdom in creating and managing assets: the paperwork and processes were so well thought out that his mother lived comfortably and without financial worries.

My friend hadn't been so fortunate. For most part, he struggled with an unstable career, a broken marriage, and the burden of responsibility towards his children. Finally, he has inherited a fortune, except that it has come too late. He is 65, and wondering whether he has any choice but to pass on the wealth to his children. We were talking about doing that while it still mattered. Should one bequeath assets while still alive?

We are staring at higher life expectancy. Inheritors, without doubt, would be happier to get some of the assets before they become too old to use and enjoy them meaningfully. We also live through relatively prosperous times. It is not uncommon for the middle class to own property as well as to have savings and investments accumulated and appreciated in value. Both these point to the possibility that we can give with our own hands while still alive, and also be secure about our finances.

The joy of giving and mentoring

When one begins to give assets to the inheritors or in charity to other relatives or other causes, the joy of seeing how those assets are being utilised and enjoyed is immense.

One also gets to mentor the beneficiary about managing the assets—property or investments. The process and paperwork is simple and straightforward. There is no need for a will, probate, painful execution process, or multiple iterations. Nor is there a question of verifying and guessing your true intent after your time. I remember the gleam in my mother-in law's eyes when she handed over cheques from her bank account to all of us on her 80th birthday. We were running from pillar to post to claim the large balances in the single-holder pension account of my deceased father-in-law at the same time.

The first step is to list assets and allocate them for your use and for bequest. In many cases, properties are left behind for children. This category of assets is rarely, if ever, sold; it is mostly passed on. Investments such as mutual funds, bonds, stocks and deposits tend to be partly utilised and partly left behind.

Make an assumption that you would live for 100 years. Work the math to see what you need. Answer the honest question about how much you need and will realistically spend in your lifetime. If you find a surplus, pass it on. Consider gifting away, even if conservatively. Your assets will be used when your children need it most—to buy homes, to educate their children, to start a business, to live freely, to upgrade their lifestyles. The tax implications are fairly simple in the Indian context. One can make gifts to adult relatives as defined in the Income Tax Act, without limit, and without any tax implications for the giver and receiver. Gifts to minors and spouse will attract clubbing provisions (the rent and income from the asset will be added to your income for tax purposes). As you age, owning the one property you now live in, might be adequate for your use. Write a gift deed to give away other properties. Register and transfer it while alive. Every inheritor will swear that this is simpler than running pillar to post after your time.

Contrary to what you may believe, liquidate property while alive, spend cash while you still can, and leave behind financial assets if you must.

Tax rules across borders

If your children live abroad, the equation changes somewhat. If they live and work in America, for example, they enjoy a benefit called "stepped-up basis." This means, the cost of the assets they inherit is reset to the date of their inheritance. This means, the capital gains on the asset, until the date of inheritance, is not added to their income. In India, the date of acquisition is also inherited and capital gains apply on the original purchase price (or reset to April 2001 if bought earlier). This means, your American inheritors will lose the benefit of lower capital gains if they receive the property before your time. If you sell the property in your lifetime, and gift the cash, not any asset, to your American inheritor, they can invest it and use it as they wish. Short of converting this into a tax planning piece, the benefits of early gifting and transfer is worth serious consideration, anyway.

Financial assets, especially liquid cash (strictly no reference to unaccounted money, but liquidated genuine cash), is much simpler and easier to use and gift in your lifetime. Lavish Indian weddings are a testimony to parents' wealth being utilised by prospective heirs, in their lifetime, even if the pomp and ostentatious spending raises many eyebrows. Gifting and charity, in cash and kind, during one's lifetime offers the scope for creating shared experiences of celebration, travel, entertainment and eating out together, for both generations. The caveat is the inability and perhaps unwillingness of seniors to make spending decisions. We have discussed that earlier in this column. It is good to reiterate that cash and liquidity rank at the very top of all choices to share your wealth with your children.

Passing on financial wealth

How about financial assets like stocks, bonds, deposits, and mutual funds? These are easy to use and the process to transmit after your time is simpler. These days nominations are mandatory for most of these assets. If your children and inheritors live in India, the process is easy. If they live abroad, they will invariably liquidate these after your time, and repatriate them for reinvesting again. That makes it tax efficient, and procedurally easy as they are subject to a different set of tax rules aboard. In summary, do not choose the default option of nomination or will and postpone the use of your assets after your lifetime by your children and inheritors. Consider giving away in your lifetime. Contrary to what you may believe, liquidate property while alive, spend cash while you still can, and leave behind financial assets if you must. Give while your arms are still warm and participate in the joys your wealth can bring.

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SMART STATS

ET WEALTH TOP 50 STOCKS

Every week we put about 3,000 stocks through four key filters and rate them on a mix of factors. The end result of this is the listing of the top 50 stocks based on the composite rating to help ease your fortune hunt.

How precious metals shone

Gold (995) (₹) price of 10 g

1,42,288 — 31 July 2026

98,139 — 31 July 2025

Silver (₹) price of 1 kg

2,18,225 — 31 July 2026

1,09,950 — 31 July 2025

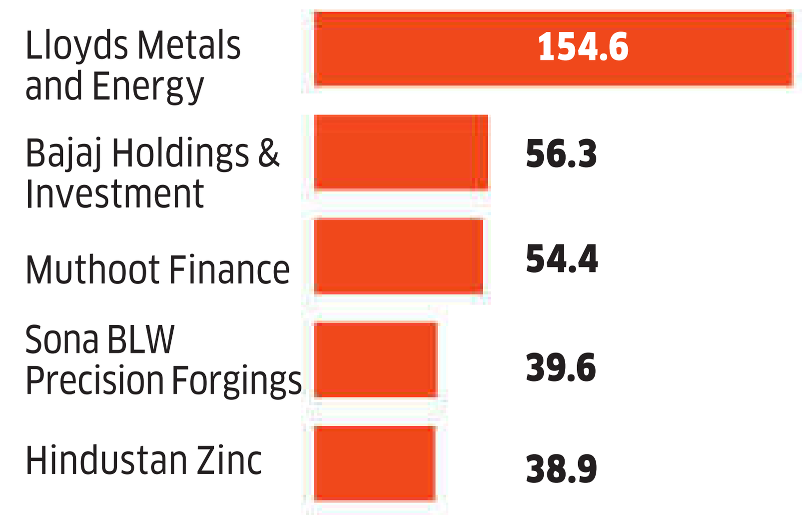
Source: IBJA

	RANK		PRICE ₹	GROWTH%*		VALUATION RATIOS				RATING	
	Current Rank	Previous Rank	Stock Price	Revenue	Net Profit	PE	PB	PEG (5-year)	Div Yield (%)	No. of funds	Value Research Stock Rating
Muthoot Finance	1	1	3,011	54	100	11.4	3.1	0.6	1.0	72	★★★★★
The Great Eastern Shipping Co	2	2	1,374	2	26	6.7	1.2	0.2	2.6	22	★★★★★
Hero Motocorp	3	3	5,325	16	31	18.4	4.9	1.5	3.6	107	★★★★★
Hindustan Zinc	4	6	535	39	67	13.2	8.0	1.0	1.9	13	★★★★★
CreditAccess Grameen	5	5	1,609	12	522	21.4	3.1	0.9	0.0	49	★★★★★
Repco Home Finance	6	4	387	5	1	5.1	0.6	0.9	0.8	10	★★★★★
Bank of Maharashtra	7	7	79	16	28	8.2	1.8	0.4	1.5	7	★★★★★
Infosys	8	9	1,156	11	13	15.8	4.8	1.7	4.2	244	★★★★
Indian Bank	9	10	827	10	17	8.7	1.5	0.7	2.2	73	★★★★★
CIE Automotive India	10	14	412	13	14	17.4	2.0	0.9	1.7	25	★★★★★
Vedanta	11	11	268	17	15	5.9	2.1	–	12.9	76	★★★★
Lupin	12	22	2,422	23	62	20.8	5.0	0.7	0.7	115	★★★★★
Tata Consultancy Services	13	8	2,432	8	1	17.9	7.4	1.9	4.5	156	★★★★
Mahindra & Mahindra	14	12	3,279	25	32	23.8	4.4	0.6	1.0	203	★★★★
Sundaram Finance	15	13	4,492	16	10	24.1	3.3	1.0	0.9	22	★★★★
Moil	16	55	288	6	8	19.7	2.1	3.3	1.3	8	★★★★
Nesco	17	32	1,077	21	4	18.1	2.4	0.8	0.6	6	★★★★★
DCB Bank	18	18	188	11	20	7.8	1.0	0.5	0.8	20	★★★★★
Home First Finance Company	19	21	1,197	21	26	21.4	2.8	0.4	0.4	40	★★★★
R Systems International	20	51	263	18	50	14.6	3.9	1.1	2.3	5	★★★★
HCL Technologies	21	15	1,353	13	3	21.2	4.7	2.1	4.0	113	★★★★
Lloyds Metals and Energy	22	17	2,016	155	141	31.1	8.4	0.0	0.0	17	★★★★★
Polycab India	23	16	8,888	32	29	47.1	10.6	1.7	0.5	48	★★★★★
The Karnataka Bank	24	58	291	0	23	7.6	0.8	0.9	1.8	6	★★★★★
City Union Bank	25	42	216	20	20	15.7	2.0	1.5	0.7	43	★★★★
Union Bank of India	26	24	170	0	10	6.3	1.0	0.8	2.9	27	★★★★
Oracle Financial Services Software	27	37	11,132	29	42	28.5	10.7	2.1	3.5	41	★★★★★
IIFL Finance	28	27	608	36	548	12.3	1.8	0.6	0.7	13	★★★★
Bajaj Holdings & Investment	29	19	10,949	56	48	12.7	1.7	0.8	1.8	22	★★★★
Mastek	30	56	1,921	6	5	14.2	1.9	1.0	1.3	7	★★★★
Sona BLW Precision Forgings	31	29	763	40	19	67.3	7.7	2.2	0.5	77	★★★★★
Birlasoft	32	63	307	1	20	15.1	2.1	1.5	2.1	30	★★★★
LTM	33	20	4,446	14	11	25.3	5.2	1.0	1.7	71	★★★★
CSB Bank	34	65	328	25	11	8.6	1.2	0.7	0.0	19	★★★★★
L&T Technology Services	35	23	3,561	11	4	28.7	5.6	2.3	1.6	36	★★★★
BLS International Services	36	52	239	37	35	14.4	4.0	0.3	1.0	5	★★★★★
Gujarat Pipavav Port	37	62	151	17	30	14.2	3.1	1.2	6.9	9	★★★★★
Jindal Stainless	38	64	738	9	27	19.0	3.1	0.2	0.5	31	★★★★
Automotive Axles	39	71	1,797	5	6	16.7	2.5	0.3	1.8	8	★★★★
Gujarat Narmada Valley Fertiizers	40	68	527	-2	35	9.6	0.8	2.1	4.0	8	★★★★★
Mangalore Refinery	41	54	167	22	1192	9.4	2.0	0.1	2.4	6	★★★★★
Equitas Small Finance Bank	42	61	73	10	598	16.5	1.3	1.1	0.0	37	★★★★★
Kennametal India	43	25	2,900	18	36	45.0	7.3	1.8	1.4	10	★★★★★
NMDC	44	73	85	34	14	10.0	2.2	2.4	4.1	51	★★★★★
Ujjivan Small Finance Bank	45	53	70	15	71	15.1	2.0	0.7	0.0	22	★★★★★
AU Small Finance Bank	46	67	1,030	17	30	27.1	3.7	0.9	0.1	57	★★★★★
Mas Financial Services	47	81	320	23	22	14.7	1.9	0.5	0.6	13	★★★★★
Castrol India	48	79	185	7	2	19.1	9.0	2.9	4.7	13	★★★★
Nippon Life India AMC	49	31	1,146	23	21	44.7	14.6	2.5	1.8	58	★★★★★
LIC Housing Finance	50	66	541	3	3	5.3	0.7	0.1	1.8	45	★★★★★

*REVENUE AND EPS FIGURES BASED ON ONE-YEAR GROWTH. DATA AS ON 30 JUL 2026. PERCENTAGES & RATIOS ROUNDED OFF TO ONE DECIMAL PLACE. **SOURCE:** VALUE RESEARCH

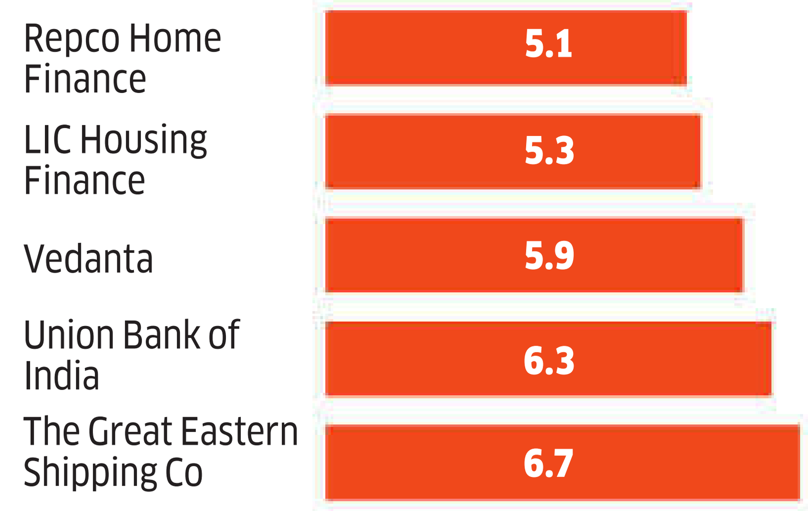
1 Fast growing stocks

Top 5 stocks with the highest revenue (1-year) growth (%)



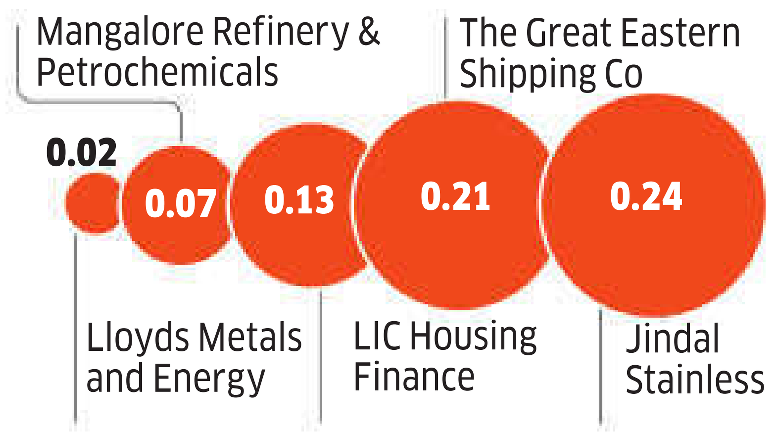
2 Least expensive stocks

Top 5 stocks with the lowest price-to-earnings ratio



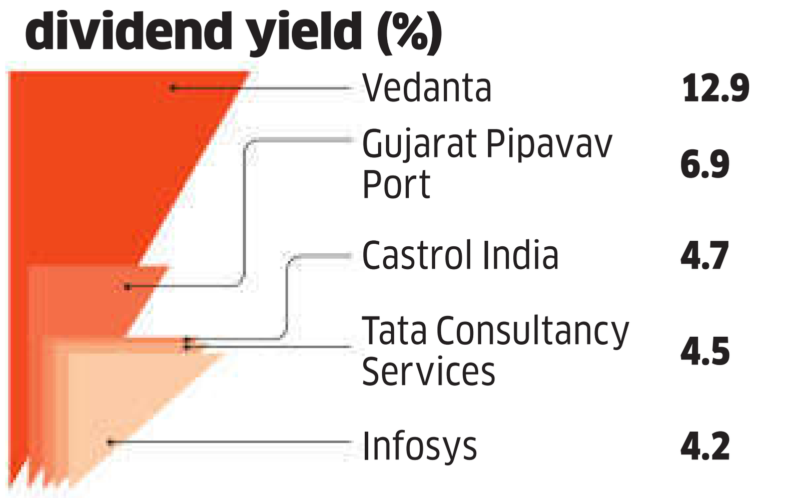
3 Best PEGs

Top 5 stocks with the lowest price earnings-to-growth ratio



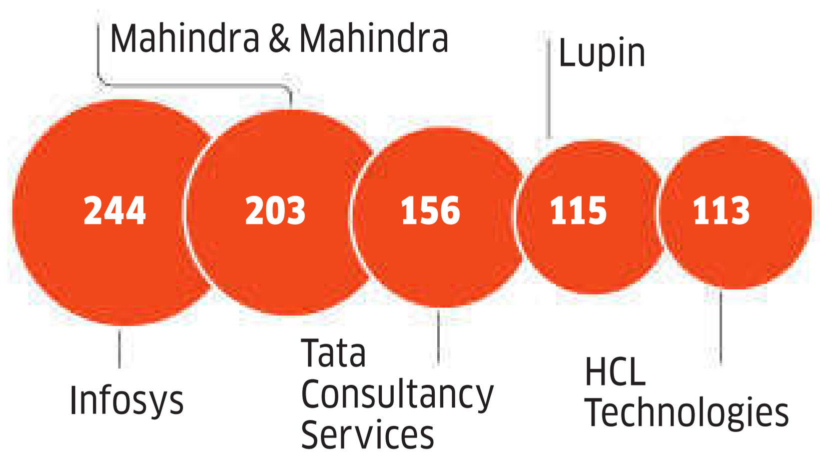
4 Income generators

Top 5 stocks with the highest dividend yield (%)



5 Most widely held

Top 5 stocks held by the most number of mutual funds



STOCKS IN THE ABOVE CATEGORIES ARE SELECTED FROM THE OVERALL TOP-50 STOCKS.

ETW FUNDS 100

BEST FUNDS TO BUILD YOUR PORTFOLIO

ET Wealth collaborates with **Value Research** to identify the top-performing funds across categories. Equity funds and equity-oriented hybrid funds are ranked on 3-year returns while debt-oriented hybrid and income funds are ranked on 1-year returns.

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%) 3-Month	6-Month	1-Year	3-Year	5-Year	Expense Ratio (%)
EQUITY: LARGE CAP								
ICICI Prudential Large Cap	★★★★★	79,421	1.5	-2.8	-0.6	12.1	13.1	1.1
Nippon India Large Cap	★★★★★	53,227	0.8	-1.3	0.4	12.0	14.8	1.2
HDFC Large Cap	★★★★	39,024	3.7	-0.9	0.4	10.3	12.7	1.3
EQUITY: FLEXI CAP								
Bank of India Flexi Cap	★★★★	2,615	2.9	8.5	9.8	19.1	15.5	1.7
Invesco India Flexi Cap	★★★★	5,274	8.6	8.7	2.1	17.8	–	1.6
HDFC Flexi Cap	★★★★★	1,06,496	5.0	0.3	4.3	16.5	18.0	1.1
ICICI Prudential Flexicap	★★★★	22,507	7.1	7.7	9.4	16.3	15.2	1.4
HSBC Flexi Cap	★★★★	5,633	3.1	5.5	4.0	15.3	14.1	1.6
JM Flexicap	★★★★	5,178	4.5	4.7	1.6	14.6	16.1	1.6
Edelweiss Flexi Cap	★★★★	3,484	2.1	-0.5	3.8	14.0	12.8	1.7
Parag Parikh Flexi Cap	★★★★★	1,43,388	-0.6	-3.4	-1.6	13.3	12.5	1.1
Franklin India Flexi Cap	★★★★	19,274	2.1	-0.8	-1.6	12.5	13.3	1.4
EQUITY: FOCUSED								
Invesco India Focused	★★★★	5,707	11.4	13.7	2.3	21.1	15.4	1.6
ICICI Prudential Focused Equity	★★★★★	17,012	4.7	0.4	4.5	16.8	16.3	1.4
HDFC Focused	★★★★★	27,303	4.3	0.0	2.5	15.9	18.2	1.4
Mahindra Manulife Focused	★★★★	2,198	0.0	-1.4	1.8	13.9	14.0	1.7
EQUITY: MULTI CAP								
Axis Multicap	★★★★★	10,457	6.2	8.2	6.6	18.9	–	1.5
Kotak Multicap	★★★★★	28,074	1.9	4.6	7.8	17.5	–	1.4
ICICI Prudential Multicap	★★★★	18,194	3.8	8.8	7.2	16.6	15.2	1.4
Nippon India Multi Cap	★★★★	54,585	1.5	5.6	1.1	14.8	18.3	1.2
EQUITY: MID CAP								
Invesco India Mid Cap	★★★★	13,767	10.3	15.7	10.3	24.7	19.5	1.5
Edelweiss Mid Cap	★★★★★	17,748	4.4	6.6	8.8	21.8	18.2	1.4
Nippon India Growth Mid Cap	★★★★★	49,169	3.8	9.1	9.1	20.7	19.1	1.2
Sundaram Mid Cap	★★★★	14,026	5.6	8.9	9.9	20.7	18.1	1.5
Kotak Midcap	★★★★	67,611	5.0	11.2	7.3	19.2	16.9	1.2
HDFC Mid Cap	★★★★★	1,00,858	5.9	5.5	7.9	19.0	19.8	1.1
EQUITY: SMALL CAP								
Bandhan Small Cap	★★★★★	28,466	6.2	14.6	7.5	25.8	18.2	1.4
Invesco India Smallcap	★★★★★	13,385	12.0	20.5	12.9	22.5	18.5	1.5
Quant Small Cap	★★★★	33,739	9.9	21.3	9.2	18.0	17.3	1.3
Nippon India Small Cap	★★★★★	78,407	4.9	14.1	5.6	16.2	18.5	1.1
EQUITY: VALUE ORIENTED								
HSBC Value	★★★★	14,828	0.3	0.3	3.0	17.2	16.5	1.5
Axis Value	★★★★	1,668	4.5	4.0	7.3	17.0	–	1.8
DSP Value	★★★★★	1,975	2.4	1.7	10.3	16.4	13.0	1.8
Nippon India Value	★★★★	8,962	0.1	-1.3	0.5	15.5	14.8	1.5
ICICI Prudential Value	★★★★★	60,198	0.2	-4.4	-0.7	13.7	16.2	1.2
SBI Contra	★★★★	47,362	1.3	-2.9	-0.7	12.2	16.0	1.3
EQUITY: ELSS								
Motilal Oswal ELSS Tax Saver	★★★★★	4,862	0.8	12.2	4.1	20.4	16.3	1.6
SBI ELSS Tax Saver	★★★★★	31,839	1.9	-1.0	0.5	15.8	16.4	1.3
HDFC ELSS Tax Saver	★★★★★	15,685	3.0	-2.9	-1.3	14.4	15.8	1.5
DEBT: SHORT DURATION								
ICICI Prudential Short Term	★★★★	19,175	2.1	3.3	5.7	7.4	6.6	0.9
Axis Short Duration	★★★★★	8,183	2.1	3.4	5.5	7.3	6.3	0.8
HDFC Short Term Debt	★★★★	15,008	2.1	3.3	5.5	7.4	6.3	0.6
Nippon India Short Duration	★★★★	7,040	2.1	3.2	5.3	7.2	6.1	0.8
SBI Short Term Debt	★★★★	13,976	2.0	3.0	5.1	7.0	6.0	0.7
DEBT: CORPORATE BOND								
ICICI Prudential Corporate Bond	★★★★★	30,030	2.3	3.4	5.9	7.5	6.7	0.5
Bandhan Corporate Bond	★★★★	13,688	2.3	3.7	5.4	7.1	5.9	0.6
Axis Corporate Bond	★★★★	8,060	2.2	3.4	5.2	7.3	6.2	0.8
Kotak Corporate Bond - Standard Plan	★★★★	14,997	2.1	3.1	5.1	7.3	6.3	0.6
Nippon India Corporate Bond	★★★★	9,433	2.3	3.3	5.0	7.3	6.5	0.7
DEBT: LIQUID								
Axis Liquid	★★★★	44,866	1.6	3.4	6.4	6.9	6.2	0.2
Bank of India Liquid	★★★★★	1,339	1.6	3.3	6.3	6.9	6.2	0.1
DSP Liquidity	★★★★	19,371	1.6	3.4	6.3	6.9	6.2	0.2
Aditya Birla Sun Life Liquid	★★★★	63,687	1.6	3.4	6.3	6.9	6.2	0.3
Invesco India Liquid	★★★★★	16,797	1.6	3.3	6.3	6.9	6.2	0.2
Union Liquid	★★★★	6,650	1.6	3.3	6.3	6.9	6.2	0.2

12.1% THE 3-YEAR RETURN OF ICICI PRUDENTIAL LARGE CAP FUND IS THE HIGHEST IN ITS CATEGORY.

18.9% THE 3-YEAR RETURN OF AXIS MULTICAP FUND IS THE HIGHEST IN ITS CATEGORY.

5.7% THE 1-YEAR RETURN OF ICICI PRUDENTIAL SHORT TERM FUND IS THE HIGHEST IN ITS CATEGORY.

LAGGARDS & LEADERS

Taking a long-term view of fund returns, here is a list of 10 funds in each category—five leaders and five laggards.

LAGGARDS | LEADERS

Equity: Large cap 3-year returns

Laggards		Leaders	
PGIM India Large Cap	7.1	13.8	Taurus Large Cap
Sundaram Large Cap	7.5	13.6	Invesco India Largecap
LIC MF Large Cap	7.6	12.9	Quant Large Cap
Union Largecap	7.9	12.8	WhiteOak Capital Large Cap
UTI Large Cap	8.0	12.4	Bandhan Large Cap

Equity: Flexi cap 3-year returns

Laggards		Leaders	
Samco Flexi Cap	-2.2	19.1	Bank of India Flexi Cap
Shriram Flexi Cap	7.5	18.8	Motilal Oswal Flexi Cap
SBI Flexicap	8.0	17.8	Invesco India Flexi Cap
UTI Flexi Cap	9.0	16.9	ITI Flexi Cap
Sundaram Flexi Cap	9.0	16.5	HDFC Flexi Cap

Equity: Mid cap 3-year returns

Laggards		Leaders	
Taurus Mid Cap	11.4	24.7	Invesco India Mid Cap
PGIM India Midcap	11.5	23.4	HSBC Midcap
SBI Midcap	12.4	22.0	WhiteOak Capital Mid Cap
Quant Mid Cap	12.8	22.0	ICICI Prudential Midcap
UTI Mid Cap	12.9	21.8	Edelweiss Mid Cap

Equity: Small cap 3-year returns

Laggards		Leaders	
Tata Small Cap	11.1	25.8	Bandhan Small Cap
ICICI Prudential Smallcap	11.7	23.6	ITI Small Cap
SBI Small Cap	11.7	22.5	Invesco India Smallcap
HDFC Small Cap	12.2	21.0	Bank of India Small Cap
Kotak Small Cap	12.2	20.6	Mahindra Manulife Small Cap

Hybrid: Aggressive 3-year returns

Laggards		Leaders	
HDFC Hybrid Equity	6.5	17.4	BoI Mid & Small Cap Equity & Debt
PGIM India Aggressive Hybrid Equity	7.9	14.4	ICICI Prudential Equity & Debt
LIC MF Unit Linked Insurance	7.9	13.7	Bandhan Aggressive Hybrid
Tata Aggressive Hybrid	8.0	13.1	Quant Aggressive Hybrid
Groww Aggressive Hybrid	8.4	12.9	JM Aggressive Hybrid

ANNUALISED RETURNS IN % AS ON 29 JULY 2026

ETW FUNDS 100

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%) 3-Month	6-Month	1-Year	3-Year	5-Year	Expense Ratio (%)
DEBT: BANKING AND PSU								
Bandhan Banking and PSU	★★★★	12,172	2.3	3.6	5.5	7.0	6.0	0.6
ICICI Prudential Banking & PSU Debt	★★★★	8,823	2.2	3.1	5.4	7.2	6.4	0.6
Axis Banking & PSU Debt	★★★★	12,270	2.1	3.2	5.1	6.9	5.9	0.5
DEBT: GILT								
ICICI Prudential Gilt	★★★★★	8,785	3.2	3.1	4.2	7.1	6.5	0.9
UTI Gilt	★★★★	423	1.6	3.6	4.2	6.7	5.8	0.9
Axis Gilt	★★★★★	431	3.1	3.5	4.1	7.1	5.9	0.7
SBI Gilt	★★★★	8,455	2.2	2.9	3.4	6.4	6.0	0.8
HDFC Gilt	★★★★	2,070	2.9	2.7	3.0	6.4	5.4	0.8
Baroda BNP Paribas Gilt	★★★★	692	2.8	2.5	2.4	6.5	5.5	0.4
HYBRID: AGGRESSIVE								
Bank of India Mid & Small Cap Equity & Debt	★★★★★	1,695	3.3	10.8	9.8	17.4	13.7	1.8
ICICI Prudential Equity & Debt	★★★★★	51,481	1.1	0.9	4.3	14.4	16.0	1.2
Edelweiss Aggressive Hybrid	★★★★	3,784	2.3	2.6	2.9	12.6	12.9	1.6
Kotak Aggressive Hybrid	★★★★	8,962	2.6	4.6	4.4	12.6	12.1	1.5
Mahindra Manulife Aggressive Hybrid	★★★★	2,451	1.4	-1.1	-0.6	11.6	11.5	1.7
UTI Aggressive Hybrid	★★★★	6,648	1.9	-0.8	1.2	11.5	11.8	1.5
Nippon India Aggressive Hybrid	★★★★	4,014	2.1	1.6	2.9	11.1	11.6	1.6
HYBRID: CONSERVATIVE								
Nippon India Conservative Hybrid	★★★★★	967	2.2	3.1	6.8	8.1	7.9	1.5
SBI Conservative Hybrid	★★★★	10,145	2.2	4.0	5.1	8.5	8.6	1.2
Parag Parikh Conservative Hybrid	★★★★★	3,419	2.0	2.8	4.9	10.5	9.7	0.5
ICICI Prudential Regular Savings	★★★★★	3,348	2.2	2.5	4.4	8.8	8.5	1.4
HDFC Hybrid Debt	★★★★	3,265	1.8	1.3	2.3	7.6	7.9	1.4
HYBRID: EQUITY SAVINGS								
HSBC Equity Savings	★★★★★	1,127	2.6	7.8	11.2	12.8	10.6	1.3
Edelweiss Equity Savings	★★★★★	1,444	2.8	4.4	7.2	10.3	8.8	1.4
Kotak Equity Savings	★★★★	10,223	1.2	2.8	5.7	9.5	9.5	1.5
UTI Equity Savings	★★★★	853	0.8	-0.4	3.9	7.9	8.6	1.5
DSP Equity Savings	★★★★	3,513	1.3	0.8	2.1	7.9	7.3	1.3
ICICI Prudential Equity Savings	★★★★	16,500	1.4	0.7	3.3	6.7	7.3	0.8
HYBRID: ARBITRAGE								
Invesco India Arbitrage	★★★★	28,526	1.5	3.0	6.1	6.9	6.2	0.9
Kotak Arbitrage	★★★★★	72,409	1.5	3.0	6.0	7.0	6.2	0.8
ICICI Prudential Arbitrage	★★★★	33,423	1.5	3.0	6.0	6.9	6.0	0.8
UTI Arbitrage	★★★★★	11,324	1.4	3.0	6.0	6.9	6.0	0.7
SBI Arbitrage Opportunities	★★★★★	45,923	1.4	3.0	6.0	6.9	6.2	0.8
Tata Arbitrage	★★★★	24,026	1.4	2.9	5.9	6.8	5.9	0.9
HYBRID: DYNAMIC ASSET ALLOCATION								
ICICI Prudential Balanced Advantage	★★★★	72,486	3.5	2.6	6.9	11.7	11.0	1.2
Aditya Birla Sun Life Balanced Advantage	★★★★	9,490	3.7	4.2	6.4	11.2	9.7	1.5
Nippon India Balanced Advantage	★★★★	9,796	2.6	3.0	4.6	10.5	9.2	1.5
SBI Balanced Advantage	★★★★	41,513	0.9	0.0	4.1	10.1	–	1.3
HDFC Balanced Advantage	★★★★★	1,06,456	1.4	-0.3	1.8	12.9	14.9	1.1
HYBRID: MULTI ASSET ALLOCATION								
SBI Multi Asset Allocation	★★★★	19,354	0.9	-2.2	11.7	15.2	13.2	1.1
ICICI Prudential Multi Asset	★★★★★	84,991	1.2	-1.8	7.7	14.9	16.9	1.1
EQUITY: LARGE CAP	**PASSIVE FUNDS**							
Kotak Nifty Next 50 Index	0.10*	1,206	3.0	6.4	8.1	17.1	13.3	0.4
Navi Nifty 50 Index	0.03*	4,015	0.9	-4.1	-1.5	8.1	9.8	0.3
ICICI Prudential BSE Sensex Index	0.03*	1,843	0.8	-5.4	-3.8	6.4	9.0	0.3
EQUITY: FLEXI CAP								
SBI Nifty 500 Index	0.04*	776	2.4	1.1	1.6	-	-	0.7
EQUITY: MID CAP								
SBI Nifty Midcap 150 Index	0.05*	1,152	4.2	7.7	7.4	17.9	-	0.7

All equity funds ranked on 3-year returns. Debt funds ranked on 1-year returns. Percentages rounded to one decimal place.

4.2% THE 1-YEAR RETURN OF ICICI PRUDENTIAL GILT FUND IS THE HIGHEST IN ITS CATEGORY.

6.8% THE 1-YEAR RETURN OF NIPPON INDIA CONSERVATIVE HYBRID FUND IS THE HIGHEST IN ITS CATEGORY.

6.1% THE 1-YEAR RETURN OF INVESCO INDIA ARBITRAGE FUND IS THE HIGHEST IN ITS CATEGORY.

Expense as on 30 June 2026
Returns as on 29 July 2026
Assets as on 30 June 2026
Rating as on 30 June 2026
*Number denotes '1-year tracking error'

Did not find your fund here? Log on to www.wealth.economictimes.com for an exhaustive list.

Methodology

The Top 100 includes actively managed funds that have a 5- or 4-star rating from Value Research. The rating of a fund vis-à-vis other funds in its category is determined by subtracting a fund's risk score from its return score. The resulting number is assigned stars according to the following distribution:

★★★★★ Top 10%
★★★★ Next 22.5%
★★★ Middle 35%
★★ Next 22.5%
★ Bottom 10%
(Not covered in ETW Funds 100 listing)

Debt funds and arbitrage funds with less than 18 months performance history and equity and hybrid funds with less than three-years performance track record are not rated. This ensures that all the funds have existed long enough to be tracked for consistency of performance. The top 100 funds also include index funds tracking mainstream indices, with more than one year history of efficient tracking. The fund categories considered are:

Fund categories

Equity: Large Cap: Funds investing at least 80% in large cap stocks.
Equity: Flexi Cap: Funds investing at least 65% in equity with no particular cap on large, mid or small.
Equity: Focused: Funds investing at least 80% in up to 30 equity stocks, with no particular cap on large, mid or small.
Equity: Multi Cap: Funds investing at least 25% each in large, mid & small caps.
Equity: Mid Cap: Funds investing at least 65% in mid caps.
Equity: Small Cap: Funds investing at least 65% in small caps.
Equity: Value Oriented: Funds following value/contrarian investment strategy, and grouped under 'Value' or 'Contra' categories as per Sebi.
Equity: ELSS: Funds with a lock-in of 3 years and tax benefit under Section 80C.
Hybrid: Aggressive: Funds investing 65-80% in equity, and the rest in debt.
Hybrid: Conservative: Funds investing 10-25% in equity, and the rest in debt.
Hybrid: Equity Savings: Funds investing at least 65% in equity and equity-related instruments, and at least 10% in debt.
Hybrid: Dynamic Asset Allocation: Funds which dynamically manage the asset allocation between equity and debt.
Hybrid: Multi Asset Allocation: Funds investing in at least 3 different asset classes, with a minimum of 10% in each.
Hybrid: Arbitrage: Funds investing in arbitrage opportunities.
Debt: Short Duration: Funds with Macaulay duration between 1 & 3 years at portfolio level.
Debt: Corporate Bond: Funds investing at least 80% in AA+ and above-rated corporate bonds.
Debt: Banking and PSU: Funds investing at least 80% in debt instruments of banks, PSUs, public financial institutions & municipal bonds.
Debt: Liquid: Funds investing in debt & money-market securities with maturity of up to 91 days.
Debt: Gilt: Funds investing at least 80% in government securities.

FUND RAISER

348

Number of AMC branches in Maharashtra, the highest among all states and Union Territories in June 2026.

Source: AMFI

1 Top 5 SIPs

Top 5 equity schemes based on 10-year SIP returns

SIP: SYSTEMATIC INVESTMENT PLAN
% ANNUALISED RETURNS AS ON 29 JULY 2026

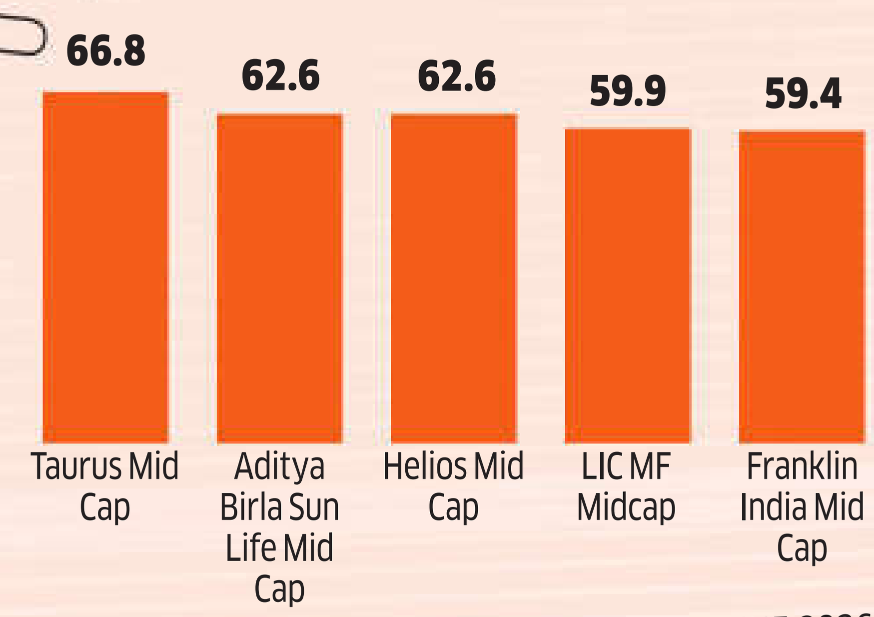
2 Top 5 SWPs

Top 5 conservative hybrid schemes based on 3-year SWP returns

SWP: SYSTEMATIC WITHDRAWAL PLAN
% ANNUALISED RETURNS AS ON 29 JULY 2026

3 Mid & small cap exposure

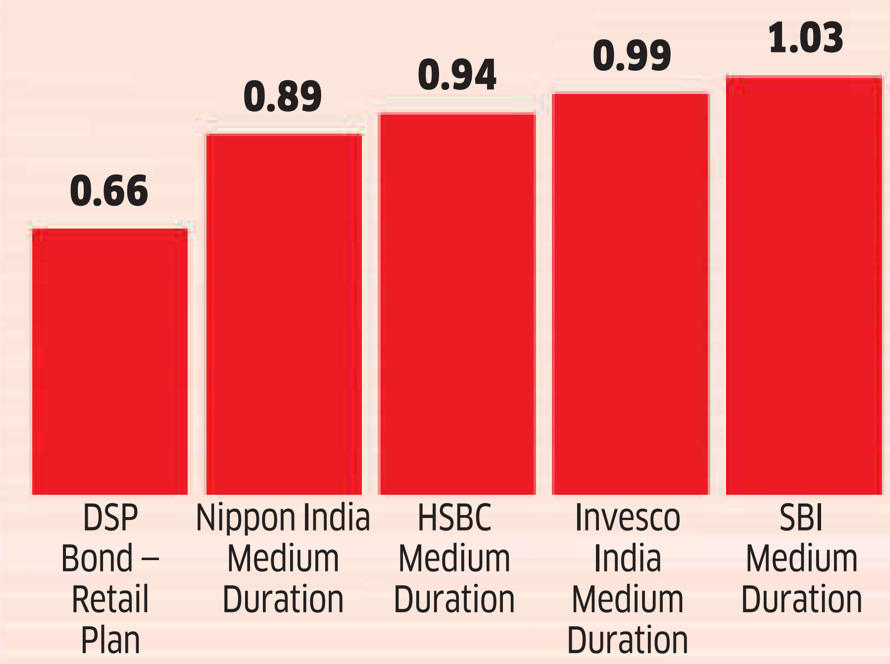
Mid cap funds



% OF ASSETS AS ON 30 JUNE 2026

4 Lowest expense ratio

Debt: Medium duration



% AS ON 30 JUNE 2026.
% expense ratio is charged annually. Methodology of Top 100 funds on www.wealth.economictimes.com

Market caps

Smaller stocks steal the show in 2026 so far

Here's our TrendMap, your quick guide to the performance of different investment segments. No single segment always leads. In this edition, we present a 10-year equity performance tracker, ranking annual returns across market-cap segments. Investors' risk appetite has turned more selective in 2026 so far. By **Sameer Bhardwaj.**

The Economic Times **wealth**

Rank	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026*	10-year return
1	Micro cap 71.9%	Large cap 5.6%	Large cap 13.0%	Micro cap 35.8%	Micro cap 75.1%	Micro cap 7.8%	Micro cap 65.2%	Micro cap 33.1%	Large cap 11.4%	Micro cap 10.6%	Micro cap 21.5%
2	Small cap 56.1%	Mid cap -12.5%	Mid cap 0.6%	Small cap 25.5%	Small cap 61.5%	Large cap 4.1%	Small cap 48.0%	Small cap 26.4%	Mid cap 5.5%	Small cap 6.8%	Mid cap 17.8%
3	Mid cap 54.4%	Small cap -26.5%	Small cap -7.6%	Mid cap 25.1%	Mid cap 46.5%	Mid cap 2.8%	Mid cap 43.6%	Mid cap 23.8%	Small cap -6.3%	Mid cap 2.9%	Small cap 15.0%
4	Large cap 30.4%	Micro cap -27.9%	Micro cap -24.8%	Large cap 16.0%	Large cap 25.3%	Small cap -3.9%	Large cap 20.7%	Large cap 10.0%	Micro cap -10.6%	Large cap -7.5%	Large cap 12.1%

Higher risk, higher reward: Microcaps rule the decade

Large cap
The large cap segment—comprising the top 100 companies by market capitalisation—has been the weakest performer in 2026 so far. The category remains particularly vulnerable to foreign portfolio outflows, as overseas investors are heavily concentrated in large, liquid index stocks. In addition, rupee depreciation, softer earnings growth expectations, elevated crude oil prices, inflation concerns and geopolitical uncertainties have weighed on sentiment.

Mid cap
Midcaps—companies ranked 101st to 250th by market capitalisation—have fared relatively better in 2026, supported by resilient earnings growth. The segment has benefited from themes such as domestic capex, manufacturing and financials, along with steady domestic institutional inflows. However, rich valuations in several pockets have prompted investors to become more selective.

Small cap
Companies ranked 251st and beyond fall within the small-cap universe. The segment has emerged as the second-best performer in 2026, aided by its greater exposure to domestic investment, consumption and manufacturing trends. As a result, small-caps have been relatively insulated from some of the global headwinds affecting larger companies.

Micro cap
The micro-cap index—tracking the top 250 companies beyond the Nifty 500—has been the best performing market-cap segment in 2026 so far. Strong domestic liquidity and successful bottom-up stock picking have supported returns. Moreover, the correction witnessed in 2025 moderated valuation premiums across parts of the segment, creating a favourable base for the rebound seen this year.

Long-term performance
Over the past decade, smaller companies have been the biggest wealth creators, with microcaps and midcaps significantly outperforming largecaps. However, these superior returns have come at the cost of higher volatility and deeper drawdowns during market downturns. Largecaps, while generating relatively lower returns, have offered greater stability due to their established business models, stronger balance sheets and diversified earnings streams.

*2026 data is YTD based on 28 July 2026 closing values. Other years' returns are calculated between the first and the last trading day closing values. 10-year return is the compounded average return. Indices considered: Large-cap: Nifty-50 TRI, Midcap: Nifty Midcap 150 - TRI, Microcap: Nifty Microcap 250 - TRI, Smallcap: Nifty Smallcap 250 - TRI. **Source:** ACE MF.

Q&A

Our panel of experts will answer questions related to any aspect of personal finance.

I am a senior citizen and jointly own a farm plot with a house (constructed in November 2022) in Andhra Pradesh with my married son. I have not executed a will. I now wish to transfer my share in the property to my married daughter and have the mutation completed in her name. Please advise on the most appropriate and tax-efficient way to do this.

-Sitaram Popuri

In case you wish to transfer your share in the jointly owned property, including the house, to your married daughter while you are alive, executing a registered gift deed in her favour is a valid and legally recognised route. However, applicable stamp duty is payable at the time of registering the gift deed, as per the prevailing state laws. Alternatively, if you make a will and bequeath your share in the jointly owned property, including the house, to your married daughter, then after your demise the will could potentially face a legal challenge, which remains a risk.

However, if there is no challenge to the will or the bequest, no stamp duty is payable on the transfer of the property after your demise, though other procedural formalities may still apply.

Rajat Dutta
Founder & Initiator, Inheritance Needs Services

I have been investing in equity mutual funds through SIPs for the past six years and have accumulated a sizeable corpus. Should I continue with the same SIPs, shift fresh investments to debt funds through STPs, or redeem some units to rebalance my portfolio? How often should investors review and rebalance their mutual fund portfolios?

-Rekha Dhingra

A periodic review, every 6 or 12 months, is usually sufficient for long-term investors. Regular reviews help assess whether the schemes are performing as intended and whether they remain aligned with financial goals and the desired asset allocation. Apart from these scheduled reviews, one must revisit the portfolio at the time of major life events (marriage or birth of a child), or when a large corpus needs to be invested or withdrawn. Analyse if the schemes are delivering decent performance (relative to their peers and benchmarks) and continue to suit your risk profile and goals. If they do, then remain invested in the same schemes. However, if a scheme has been lagging in performance (over a few quarters), it can be earmarked for redemption towards the nearest financial goal rather than selling now and reinvesting for a shorter period. Thus, the clarity about the time horizon and purpose of each investment serves as the best guide for making exit decisions. In general, exit decisions may be warranted when you are approaching a financial goal, your asset allocation deviates significantly (typically ±5%) from the target, or a policy or regulatory change affects the scheme's suitability.

Prableen Bajpai
Founder, FinFix Research and Analytics

I own a flat jointly with my wife and am planning to purchase another flat, again jointly with her. If I own two flats jointly with my wife and then purchase a third flat solely in my name, can I claim the exemption under Section 54F on the purchase of the self-owned flat? Will owning two jointly held properties create any tax issues or affect my eligibility for the Section 54F deduction?

-Ravindra Lokhande

Section 54F of the income tax act mandates that on the date of sale of the long term capital asset you should not own more than one residential house apart from the proposed new one for re-investment. In your case, you co-own two houses already. A conservative reading of Section 54F suggests that you cannot claim Section 54F exemption on your third flat. However, time and again, some assessees have taken the stance that the section does not define ownership as exclusive or joint and tribunals have sometimes ruled that in case of co-ownership that house doesn't count in the limit of one house. If you wish to take this stance and proceed, kindly work with a chartered accountant who will make you aware of the legal costs, possible duration of the litigation and interest and penalties if the case is not settled in your favour.

Shubham Agrawal
Senior Taxation Adviser, TaxFile.in

Please send your queries to *etwealth@timesofindia.com,* mentioning your full name and city of residence.

China's artificial intelligence hubs race ahead as others lag

In Hefei, the heart of China's memory-chip industry, factories can barely keep up with the world's appetite for artificial intelligence (AI) hardware. In Changchun, the rust-belt home of gasoline-powered carmaking, officials admitted to "unprecedented" difficulties — a phrase later removed after drawing social media attention.

The two cities capture the split-screen economy emerging from the global AI boom. A handful of tech hubs delivered their biggest share of China's growth in at least two decades in the first half, according to Nomura Holdings, while the rest of the country slowed to the bottom edge of Beijing's full-year target.

At the epicentre of the AI transformation in China are cities like Hefei, the capital of the eastern Anhui province and home to memory chip giant CXMT Corp. But even inside the boomtowns, little of the windfall is reaching households. Retail sales are shrinking in several of them, undercut by automation and temporary labour in the very factories driving the surge. "The fruits of AI-driven growth are mainly reaped by a few 'smart' cities," Nomura economists Jing Wang and Ting Lu said in a note last Wednesday. As that's "unlikely to offset mounting growth headwinds across the rest of the country, we believe Beijing will likely step up policy efforts in the second half."

The blistering performance shows both the promise and peril of AI for growth, especially as regions reliant on older industries quickly cede ground and a prolonged property downturn goes unresolved. For China, the outsize burden borne by a select few in powering the economy of the entire country is also a risk as major trading partners like the US curb their imports of advanced technology and equipment.

Propelled by a global spending bonanza on AI during the first half of the year, weighted average GDP growth of the seven cities dubbed "smart" by Nomura — which include Beijing, Shanghai and Shenzhen — picked up to 5.6%. Together the group, also comprising Suzhou, Hangzhou, Hefei and Wuhan, accounted for a fifth of the national expansion in the first six months, according to Nomura. The rest of China saw a slowdown to 4.5%.

The growing divide could complicate China's policy response. Top officials signalled a measured approach to the slowdown in the broader economy at a meeting of the Communist Party's Politburo last Thursday, stopping short of announcing fresh stimulus.

Automation impact

More alarmingly, even the growth standouts struggled to revive consumer demand, echoing the challenges facing most of China. The spread of automation and heavier reliance on temporary workers in electronics manufacturing are leaving the consumer economy no better off than it's been since the collapse of property prices began about five years ago.

It's a similar story across Asia, where the benefits of new wealth are barely trickling down. The sector employs just 10 million people in China — according to the latest official data — 9% of the overall industrial workforce. "Asia has been the biggest beneficiary of the AI boom, but the gains have largely bypassed households," Alexandra Hermann Prasad, lead economist at Oxford Economics, said in a report. "The gains from the AI boom have accrued disproportionately to capital rather than labour."

Soaring global demand for chips and other electronics needed to build data centres is spawning blockbuster stock listings and enabling the semiconductor industry to record a 2,580% surge in profits this year. In Hefei, the economy expanded 6.8% in the first half from a year ago, according to regional data published this month, compared with its full-year growth of 6.1% in 2025. Industrial production surged 26% in the first six months, a pace unseen in recent years, the city's statistics bureau said, and its electronics output soared 93%.

Shenzhen, the tech hub bordering Hong Kong, recorded a 5.8% gain in GDP. Close behind was Wuhan, known for making memory chips and optical components used in AI data centres, which saw the economy rise 5.7% as its output of electronics soared 91%. In Suzhou, an industrial hub near Shanghai that houses the primary operations of optical module giant Zhongji Innoligt Co., GDP grew 5.6% and chip exports surged 188%.

—Bloomberg

Apropos to the infographic story 'Urban Indians are healthy on the outside, stressed inside', I am a cardiologist who recently returned to India after working abroad. Ironically, I have been unable to obtain health insurance for myself because I have hyperthyroidism. It is a common and manageable condition that does not typically result in significant healthcare utilisation or reduced life expectancy. Yet, my application was rejected. This raises a larger question about how health insurers in India assess risk.

Aditi Singhvi

This is in reference to the article 'SIPs and the price of lost time', which makes the point investors rarely internalise: pausing an SIP costs more than the missed rupees suggest. The real damage is lost compounding years, which are far harder to recover than money. Building a separate emergency fund, rather than raiding long-term investments during a crunch, protects this compounding. Equally, using salary hikes to step up SIPs, even modestly, does more for goal achievement than most people realise.

Swathi Senthilkumar

Precious metal pullback

With respect to the cover story 'Precious metals reset: What next for gold, silver?', the sharp correction after last year's rally is a useful reminder for retail investors. Many entered gold and silver chasing momentum rather than allocation logic and are now unsettled by the pullback. Precious metals work best as a diversifier, not a return engine. Investors would do well to stick to modest, disciplined allocations through staggered purchases rather than lump-sum bets timed to headlines. Treating this correction as a normalisation, not a warning to exit, would serve most portfolios better.

K. Palaniyappan Muthukumar

The story 'Rights of tenants & landlords' rightly points to India's outdated, fragmented rent laws as the real source of friction. The Model Tenancy Act, 2021 offers a fair, balanced template, yet very few states have adopted it. Until that changes, a detailed written agreement remains every tenant's and landlord's best protection. States should be pushed to formally adopt the model law rather than leaving both parties to depend on scattered, decades-old rent control provisions.

S. P. Suganya Devi

Apropos to the story 'Digital nomad visas: A passport for the remote worker', this route looks appealing but carries real fine print. Tax residency does not shift automatically, and many overlook FEMA and DTAA implications until notices arrive. Before applying, individuals should get clarity from a tax adviser on residency status and disclosure obligations, not just visa eligibility. Employers, too, need clearer remote-work policies covering compliance and permanent-establishment risk. Mobility is genuinely improving, but it demands more homework, not less.

Prajesh Paramasivan

The column 'New credit card landscape augurs well for travellers, reward seekers' brings out very lucidly various means, methods and avenues available for maximising the profitable usage of credit cards. However, it also sheds much needed light on the cautionary advice that while a free business class earned by planned spending is genuinely valuable, paying interest at 40% per year to earn the same miles is not. A very useful article for credit card holders.

Hemanth D. Pai

Please send your feedback to
etwealth@timesofindia.com

Oil logs 20% rise in July as war festers with blockades, attacks

Oil fell at the end of a volatile last week but remained on track for the biggest monthly gain since March as the United States-Iran war escalated.

Brent traded below $88 a barrel after swinging in a range of about $11 last week, with the global benchmark up by about a fifth in July. US crude gauge West Texas Intermediate was near $82 a barrel.

While the US and Iran again exchanged strikes last Thursday, shipping through the Strait of Hormuz appears to have picked up in recent days. Meanwhile, Saudi Arabia discussed with representatives of 43 countries forming an alliance to protect navigation in and around the Red Sea, hoping to counter a blockade the Iran-backed Houthi militants imposed on the kingdom last week.

In a televised speech last Thursday, Houthi leader Abdulmalik al-Houthi said there were indications the Saudis were heading toward "comprehensive escalation," which he said would be met with a fiercer campaign. Apart from strikes on tankers, the group recently claimed attacks on oil facilities.

Double-digit percentage gains

Energy markets have roared higher in July, with double-digit percentage gains for oil as well as products such as diesel. This month, a fragile pause in hostilities between Washington and Tehran collapsed, the Yemen-based Houthis entered the fray, and Saudi Arabian forces joined the US to strike Iran-backed groups in Iraq. US stockpiles have continued to draw.

Children wade in the water with cargo ships at anchor in the background and a fisherman nearby, in the Strait of Hormuz off Bandar Abbas, Iran. AP

After starting the war with Israel in late February to challenge Tehran's nuclear program, President Donald Trump is once again facing a conundrum of whether to escalate the conflict further in retaliation for Iran's attacks on US assets, or focus on calming turmoil in global energy markets.

"It's a real wait-and-see to see if this is going to expand, and if the US is going to retaliate in the way that Trump is threatening or if this is going to be kind of a tit-for-tat but on a relatively smaller scale," said Carolyn Kissane, associate dean at New York University's Center for Global Affairs.

In addition to the Houthi blockade of Saudi ports in the Red Sea, the US has imposed a full interdiction of vessels calling at Iranian ports, while Tehran continues to menace shipping transiting the Strait of Hormuz, the narrow waterway that links the Persian Gulf to global markets.

Traders were also still assessing rare vessel attacks in the Mediterranean. Earlier this week, fires broke out aboard two liquefied natural gas vessels at an Egyptian port after they were hit by drones. No party claimed responsibility.

Supply snarl worries

Beyond West Asia, traders have also expressed concerns about supply snarls in the Black Sea. Loadings at the terminal vital to Kazakhstan's crude exports were halted again this week after fresh tanker attacks. Nine vessels have now been attacked at or bound for the Caspian Pipeline Consortium facility this month alone—the most since Russia's launched its full-scale invasion of Ukraine in 2022.

The International Monetary Fund still sees a risk that the West Asia oil shock could tip the global economy into recession, although the impact would be modest if Hormuz reopens soon, according to Managing Director Kristalina Georgieva.

"Our prediction is that while the war is going on WTI will be in the $80-to-$100 range," said Jay Hatfield, chief executive officer of Infrastructure Capital Management LLC. "If the war ends, we'll be kind of $50-to-$60."

On the corporate front, US supermajors Chevron and ExxonMobil Holdings are due to report earnings later Friday, offering senior executives a platform to address current conditions and the market outlook. On Thursday, rival Shell reported its second-highest quarterly profit on record, as the conflict in West Asia fuelled a boom in trading as well as refining. *—Bloomberg*

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EQUITY
LONG-SHORT FUND

Maximum unhedged exposure in Equity: 25%

Instruments	Asset Allocation %	
	Minimum	Maximum
Equity and Equity Related Instruments	80	100
Debt and Money Market Instruments	0	20
ReITs/InVIts	0	20

HYBRID
LONG-SHORT FUND

Maximum unhedged exposure in Equity and Debt: 25%

Instruments	Asset Allocation %	
	Minimum	Maximum
Equity and Equity Related Instruments	25	75
Debt and Money Market Instruments	25	75
InVIts	0	20

EQUITY EX-TOP 100
LONG-SHORT FUND

Maximum unhedged exposure in Equity: 25%

Instruments	Asset Allocation %	
	Minimum	Maximum
Equity and Equity Related Instruments (Excluding Top 100 Companies by Market Cap)	65	100
Equity and Equity Related Instruments (Top 100 Companies by Market Cap)	0	35
Debt and Money Market Instruments	0	35
InVIts	0	20

ACTIVE ASSET ALLOCATOR
LONG-SHORT FUND

Maximum unhedged exposure in Equity and Debt: 25%

Instruments	Asset Allocation %	
	Minimum	Maximum
Equity and Equity Related Instruments	0	100
Debt and Money Market Instruments	0	100
Exchange Traded Commodity Derivatives (ETCDs)	0	30
InVIts	0	20

SECTOR ROTATION
LONG-SHORT FUND

Maximum unhedged exposure in Equity: 25%

Instruments	Asset Allocation %	
	Minimum	Maximum
Equity and equity-related instruments of maximum 4 sectors	80	100
Debt and Money Market Instruments	0	20
InVIts	0	20

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