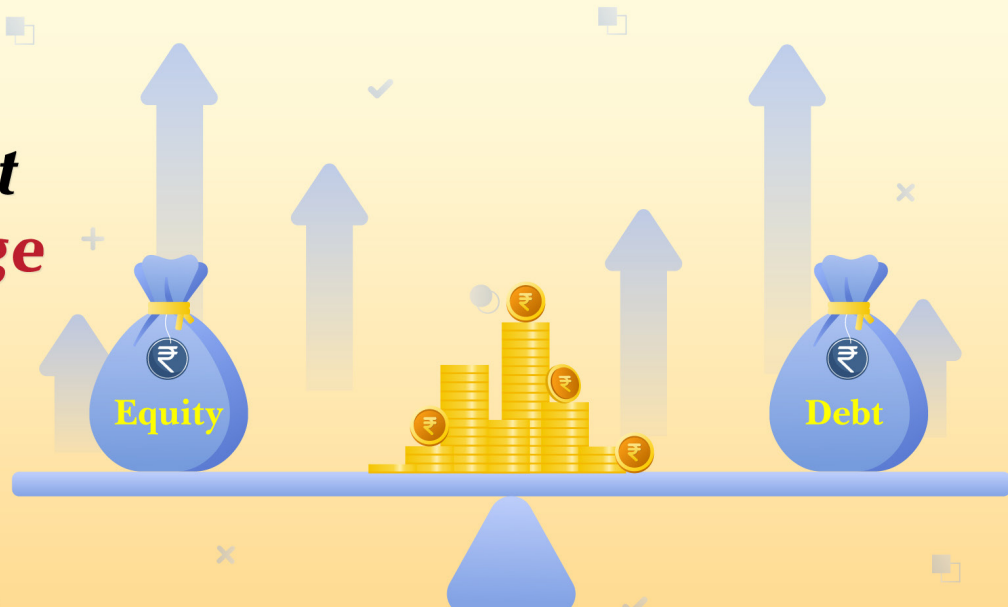


## Know more about *Balanced Advantage Fund*



## From The Editor's Desk

### Dear Reader,

Successful investors always say, that the key to getting good returns is asset allocation. In other words, a suitable and healthy mix of different asset classes in one's portfolio. The difficult part is to ascertain how much equity, debt or gold, etc. does one need in one's portfolio and how to rebalance it constantly as the asset prices and their valuations increase or decrease. Enter, 'Balanced Advantage funds'- a category carved out by SEBI, that allows mutual funds to dynamically move investor's money between equity and debt. One of the earliest votaries of this category, **Radhika Gupta, MD & CEO, Edelweiss Asset Management**, outlines why balanced advantage funds are set to become even more popular.

Please do like, share & subscribe to our NSDL Social Media channels Twitter, LinkedIn, Instagram, Facebook & YouTube.

**Regards,  
NSDL – Your Depository**

## Why Balanced Advantage funds are set to become even more popular

Do you remember your grandmother saying, “never put all your eggs in one basket”? If the basket falls, all the eggs will break. And she practiced it too in every aspect of her life including investment. She bought gold periodically, kept some money in the bank and some as cash in her cupboard.

One of the reasons we Indians have taken a long time to begin investing, is more the fear of volatility than anything else. It is also that we have forgotten our grandmothers’ lessons and try to put all our money in one investment class which we believe is doing well. It does not work.

No asset class will perform every year. In some years, gold will top the charts, in some other debt will be number one and then some years it will be equity. It is for this reason, most financial experts agree, 90% of your returns come from asset allocation. That’s a pretty high number, isn’t it?

In fact, asset allocation brings stability to your portfolio because of the presence of debt, and thereby reduces the volatility that comes with equity. But it is a dynamic process. If the value of equity in your portfolio goes down, you must bring it up to your stated asset allocation level. Similarly, the case with debt.

The challenge is people think asset allocation is a complex process. How much should I put in each asset class to achieve asset allocation? When should I rebalance? At what point is the equity value high? When should I cut my debt holding? Clearly, not something people can understand easily and hence they just simply stay away! denting their returns and opportunity to build wealth.

Mutual funds are fast becoming a vehicle of choice for Indians to invest through. While there is still a long way to go, the innovations in the mutual fund industry have propelled its growth.

One of my favourites has been the advent of balanced advantage mutual funds. It takes away the onus of an investor having to do deal with all of the above-mentioned challenges and hands them over to a team of fund managers.

It becomes their job, to move money between debt and equity or any other permitted asset class. The process is dynamic as we live in volatile times. The goal is clear, to maximise the returns with the least possible risk and volatility. It balances risk and return, to help you achieve your financial goals.

The primary purpose of any investment is to beat inflation. And if one sees the category average of balanced advantage funds over the period, it has beaten inflation quite handsomely. Little wonder then that close to Rs.2 lakh crore has already been invested in such funds.

In fact, a beginner can look at this category to invest. It is less volatile than an equity fund, and yet gives money the kicker that equity provides in returns. At the same time, the debt reduces the risk that equity also comes with. Most importantly, it also brings in much needed discipline. Since many of us do not understand the true nature of equity, we fail to compare it with what we do in our regular life. Look for a sale or discount to purchase what we want!

We do quite the reverse in equities. Buy when prices are up and sell when prices go down, rather than the other way around. A balanced advantage fund helps you overcome this and through its investment principles varying from fund house to fund house, it seeks to reduce volatility while enhancing your returns. Even on the taxation front, if the balanced advantage fund keeps at least 35% in equity, it gets the benefit of a capital gains tax of 20% if held for 3 years with indexation benefits that lowers to effective tax payable.

## Tax implications of Balanced Advantage funds

There are two essential things to note about the taxation of balanced advantage funds - the holding period and the type of mutual fund scheme:

**1. Holding period:** The holding period refers to the amount of time you hold your investment before redeeming its units. For instance, if you invest in a balanced advantage fund today and redeem the money after two years, you will have a holding period of two years. The holding period determines whether your gains are taxed as short or long-term capital gains.

**2. Tax classification of mutual fund scheme:** From a tax perspective, mutual funds are classified as equity and non-equity-oriented. Equity-oriented funds invest at least 65% of their asset in equity and equity-linked securities. Non-equity-oriented funds invest 35% or less of their assets in equity or equity-related securities. Balanced advantaged funds are taxed based on their asset allocation in equity and debt.

## Taxation of Balanced Advantage funds (equity-oriented)

- a) Gains earned from equity funds with a holding period of more than a year are considered long-term capital gains and taxed at 10% on gains exceeding Rs.1 lakh in a financial year.
- b) Gains earned from equity funds with a holding period of less than a year are considered short-term capital gains and taxed at 15%.

## Taxation of Balanced Advantage funds (non-equity-oriented)

Gains earned from non-equity or debt funds are added to your total taxable income for the year and taxed as per the income tax slab you qualify for, irrespective of the holding period.

An important thing to remember is to not try and

compare balanced advantage funds with a fixed income instrument like an FD or a pure debt mutual fund. This is because it has a component of equity which could be at times even higher than 50%. And therefore, in a short-term period like 18 months to 24 months you could lose money depending on how the markets are behaving. However, the inbuilt debt component will try to reduce your losses vis-a-vis a pure equity fund. This is because debt is finally a protection asset class.

A balanced advantage fund can be likened to you learning how to swim and starting with the shallow end of the swimming pool. And once you have got your feet wet and learnt swimming, you progress toward the deep end of the pool. This is what a balanced advantage fund does for a newcomer. It gives you a taste of equity and yet protects your downside through the debt component.

Of course, like all mutual fund investments, an SIP works best for this category as well as it further cuts down the impact of volatility in your portfolio. So, start now!

**Disclaimer:** Ms. Radhika Gupta is the MD & CEO of Edelweiss Asset Management Limited (EAML) and the views expressed above are her own.

**Mutual Fund Investments are Subject to Market Risks, Read All Scheme Related Documents Carefully.**



The article is written by  
Ms. Radhika Gupta, MD & CEO,  
Edelweiss Asset Management Limited (EAML)

## Simplifying Investment Management: The Advantages of Linking Mutual Funds to Demat Accounts

Gone are the days when mutual fund units were exclusively held in folio form. Over a decade ago, in 2011, SEBI directed mutual fund houses to give investors the option to hold their units under open-ended schemes in their demat account, to enable them to better manage their portfolios.

Since then, a growing number of investors are choosing to leverage the benefits of a demat account to streamline their investment activities. However, there are still many who hold investments in mutual funds in the folio form although they possess a demat account. This could be so because they may not have realized the advantages of holding mutual fund units in dematerialized form. Alternatively, although they are well-informed about the benefits, they may mistakenly assume that their mutual funds are already in demat form, when in reality, they are held in traditional folios. For others, it is simply the effort involved in filling up a physical form and approaching their Depository Participant.

In today's rapidly evolving financial landscape, technology has revolutionized the way investors manage their portfolios. With simplicity, convenience, and comfort as key driving factors, technology has paved the way for significant advancements in investment practices. Linking your mutual funds to your demat account, rather than holding them in traditional folio form, is one such investor practice that can deliver multiple benefits.

NSDL has incorporated a Mutual Fund conversion link under the 'Holdings' section of Mutual Fund Folios in the NSDL CAS from May 2023. You can easily submit a request to convert your Mutual Fund investments held in physical or Statement of Account (SoA) form into your NSDL Demat account. This is an end-to-end digital process without any need for the investor to fill up any physical forms.

So here are the top 5 benefits of holding your mutual fund units in your demat account :



### Transfer of your MF units as gifts

You can even gift MF units to your loved ones through off market transfer. Transferring of MF units from one demat account to another demat account is seamless and easy.



### Ease in using Mutual Fund Units as Collateral

Holding mutual fund units in a demat account offers the advantage of enhanced liquidity by using these units as collateral. Investors can easily mark a pledge on their mutual fund units, enabling them to avail loans against their holdings. This collateralization feature aligns with the existing digital processes in the market for efficient loan disbursement against securities. By utilizing mutual fund units as collateral, investors can access additional liquidity, providing them with greater financial flexibility and opportunities for meeting their funding needs.



### Simplified Subscription to New Fund Offers

When you apply for a new fund offer from a mutual fund house through a distributor, all you need to do is quote your demat account number in the subscription form for receiving the credit of MF Units directly to the account of your choice.



### Streamlined Asset Transfer and Inheritance

Holding mutual fund units in a demat account offers the convenience of simplified asset transfer and inheritance. With a demat account, the transmission process applies to all assets within the account, including mutual funds. This means that in the unfortunate event of the account holder's demise, a single process can

be initiated to transfer ownership of all assets through nomination facility. Additionally, by consolidating all assets in one demat account, heirs receive a comprehensive statement containing details of the entire portfolio. This streamlined approach simplifies the claims process and ensures a smoother transition of wealth, providing investors and their beneficiaries with peace of mind.



### Effortless Management of Change in Details

Another notable benefit of holding mutual fund units in a demat account is the ease of making changes to your particulars. When units are held in a demat account, any updates or changes to client information / demographic details can be efficiently implemented at the demat account level by the Depository Participant (DP). This streamlined approach ensures that changes in client particulars, such as address, bank account details, or contact information, are automatically reflected across all asset classes held in the demat account, including equities, bonds, and funds. It eliminates the need for you to update your information at multiple places, simplifying the process and reducing the chances of discrepancies. With the ease of changing client particulars at the demat account level, you can enjoy a seamless and hassle-free experience, ensuring your investment details are always up to date.



### Eliminate the need for additional KYC procedures

Providing KYC details can be time consuming and tedious. One significant benefit of holding mutual fund units in a demat account is the elimination of the need for additional KYC procedures as the KYC verification is already completed by the DP while opening the demat account. This streamlined approach saves time and effort for investors, reduces administrative burdens for the AMC, and even enables seamless transition from traditional folio-based investments.

The flexibility and simplicity of demat account integration empowers you to optimize your investment experience, eliminate physical paperwork, and leverage the convenience of digital transactions. By embracing the demat option for mutual fund units, you can embrace a more streamlined and efficient approach to managing your investment portfolios. So, what are you waiting for, open your latest CAS statement and submit your conversion request.



The article is written by  
Mr. Samar Banwat, Executive Director, NSDL

## Key Information for Investors

### Investor Grievance Redressal Mechanism

1. SEBI Master Circular on the redressal of investor grievances through the SEBI Complaints Redress System (SCORES) platform dated November 7, 2022

Investors can access the master circular through the link [SEBI | Master Circular on the redressal of investor grievances through the SEBI Complaints Redress System \(SCORES\) platform](#)

2. We encourage investors to Read 'Investor Charter' at [https://nsdl.co.in/publications/investor\\_charter.php](https://nsdl.co.in/publications/investor_charter.php)

3. Online web-based complaints redressal system of NSDL can be accessed via link <https://nsdl.co.in/nsdlnews/investors.php> (Post your complaints/queries to NSDL)

4. Lodge your complaint with SEBI at [www.scores.gov.in/](http://www.scores.gov.in/) or **SEBI Mobile App - SCORES**

- **SEBI Toll free helpline** - 18002667575 / 1800227575
- **NSDL helpline** - 022-48867000 / 022-24997000
- **NSDL email for grievance** - [relations@nsdl.com](mailto:relations@nsdl.com)
- **NSDL email for other information** - [info@nsdl.com](mailto:info@nsdl.com)



## Join our Investor Awareness Programs

NSDL conducts Investor Awareness Programs (IAPs) to help investors to be aware of different aspects of investing. These programs are conducted on different topics of interest to investors and in different languages. The schedule of the forthcoming programs/webinars is published online at <https://nsdl.co.in/Investor-Awareness-Programmes.php>. We invite you to participate in these programs. We shall be happy to conduct an awareness program for your employees, staff, students, or members. Please write to us at [info@nsdl.com](mailto:info@nsdl.com) if you want any such program to be conducted

---

**Be Vigilant! Invest through a SEBI registered Intermediary**

---

Do Not Fall Prey To Stock Tips, Hot Picks etc. Circulated on Twitter, Instagram, WhatsApp, Telegram, Unsolicited SMS, YouTube Channels etc.



*Be a Prudent Investor – Consult a SEBI Registered Investment Advisor and Do Your Own Homework Before Investing*

## Update your email ID & income range in your demat account Today!!

**Be a Surakshit, Samajhdar aur Atmanirbhar Niveshak**

**NSDL**  
Technology, Trust & Reach  
IPFT

**Update your email ID & income range  
in your demat account**

Dear Investor,  
If your demat account has been frozen due to non-update of email ID and income range, kindly update the details in **3 easy steps**

**Step 1** - Visit <https://eservices.nsdl.com/kyc-attributes/#/login>, Enter DP ID, Client ID & PAN. Submit OTP

**Step 2** - Update email ID / income range

**Step 3** - e-Sign


Scan to know the procedure



Or

★ Download NSDL Speede Mobile App to update your email ID & income range

Play Store

App Store

Or

★ Visit your Depository Participant (DP) to update email ID and income range

[www.nsdl.co.in](http://www.nsdl.co.in)

Follow us on: 

## Hurry!! Link PAN to Aadhaar before June 30, 2023 to avoid your demat account becoming inactive

**Be a Surakshit, Samajhdar aur Atmanirbhar Niveshak**

**NSDL**  
Technology, Trust & Reach  
IPFT

**Hurry!! Last date is  
30<sup>th</sup> June, 2023**

**LINK PAN TO AADHAAR**

**If your Demat account with PAN is not linked to Aadhaar, your demat account will be marked as inactive**

**In case of demat accounts with joint holders, linking PAN to Aadhaar is mandatory for all joint holders**



**Link PAN to Aadhaar  
in 3 easy steps**

Step 1: Visit [www.incometax.gov.in](http://www.incometax.gov.in)

Step 2: Click on 'Link your PAN'

Step 3: Enter your PAN and Aadhaar number and Validate

Scan to watch the video  


Scan to link PAN to Aadhaar  


[www.nsdl.co.in](http://www.nsdl.co.in)

Follow us on: 

**Hurry!! Nominate Your Loved Ones by September 30, 2023  
to avoid your Demat account becoming inactive**

**Nominate Karo - Surakshit, Samajhdaar,  
aur Atmanirbhar Niveshak Bano !**



**NOMINATE YOUR  
LOVED ONES IN YOUR  
NSDL DEMAT ACCOUNT TODAY!**



SCAN TO  
KNOW  
MORE



SCAN TO  
NOMINATE  
ONLINE

Applicable to single demat account holders who have not opted-in/opted-out  
for Nomination in their demat account.

[www.nsdl.co.in](http://www.nsdl.co.in)

Follow us on: @ f in v t

## NSDL Head Office

Trade World, A-wing, 4th Floor, Kamala mills Compound, Lower Parel Mumbai - 400013  
022-48867000 / 022-24997000

## Branch Offices

● Ahmedabad ● Bengaluru ● Chennai ● Hyderabad ● Jaipur ● Kochi ● Kolkata ● Lucknow ● New Delhi

Published by Mr. Prashant Vagal (Editor) on behalf of National Securities Depository Limited Investor Education Fund Trust.  
Printed at **Vcore Connect Unit no -214, 2nd Floor, Ajay Industrial Estate, Anjeer wadi, Mazgaon, Byculla, Mumbai - 400010**

