

Fund Call Reliance Top 200

A reliable choice in choppy markets

The fund, which mainly invests in large-caps, has outshone its benchmark in the long run

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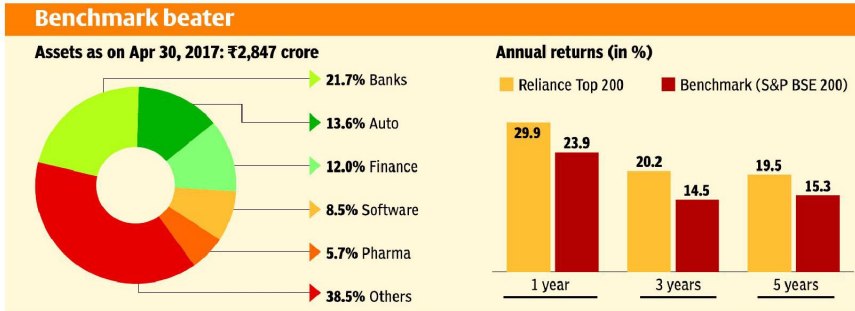
With the market scaling all-time highs, less volatile large-cap funds may be good bets for those seeking to play it relatively safe. Reliance Top 200 is a fine choice in this category. The fund has a mandate of investing in stocks with market capitalisation within the S&P BSE 200 index – in essence, having most of its portfolio in large-caps with a sprinkling of mid-cap stocks. More than 80 per cent of Reliance's corpus has been in large-cap stocks across market cycles.

The fund has beaten its benchmark S&P BSE 200 convincingly over long periods with outperformance of 4-6 percentage points over three to five years. Over the past year, the fund's 30 per cent return has been much

better than the benchmark's 24 per cent gain.

On a daily one-year rolling return basis, the fund has outperformed the benchmark about 70 per cent of the time over the past five years. The winning consistency would have been better but for a rather long period of under-performance last year; weakness in some key stock holdings such as Divi's Labs and Axis Bank contributed to this.

But the fund has recouped in 2017, beating the benchmark throughout. Its track record during market rallies is superior when compared with downturns when it has just about kept pace or sometimes lagged the benchmark marginally. Even so, the fund ranks among the top quartile performers among large-caps over the long term.



Reliance Top 200 stays invested in equities mostly, with allocation of 95 per cent or more; allocation to cash is increased marginally when markets seems overheated. The fund has a growth investing approach, not shying away from high-potential stocks that may seem expensive, for instance, Bajaj Finance and YES Bank.

At the same time, it does not shun seemingly contrarian bets

such as public sector banking stocks (SBI) and software stocks (Infosys).

Despite a relatively high portfolio turnover, the fund's expense ratio, at 2.36 per cent for the regular plan, is lower than the category average.

A large portfolio of 45 to 50 stocks helps spread out risk. The largest holding currently is SBI (about 7 per cent of the corpus) with exposure to other stocks

less than 5 per cent. Good stock picks such as HDFC Bank and Eicher Motors have aided the fund's returns over the long term. Over the past year, Reliance Top 200 has upped stake in finance and insurance stocks while paring exposure in the refining and capital goods sectors.

Despite a cut in holdings, banking stocks continue to account for the largest share in the fund's portfolio.



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- Large-cap focus
- Growth investing approach
- Top quartile performer