

by **KUNDAN KISHORE**

RELIANCE RSF: MR DEPENDABLE

Starting off as a mediocre player, the fund has hit boundaries with its returns



Reliance RSF Balanced Fund was launched in 2005 under the name Reliance Regular Savings Fund-Hybrid Option, with a low equity exposure. In January 2007, it changed its mandate to become

a balanced fund by increasing its equity exposure. Consequently, in February 2008, its benchmark was changed from Crisil MIP Index to Crisil Balanced Fund Index. With a changed mandate, the fund emerged as a strong contender in the balanced fund category.

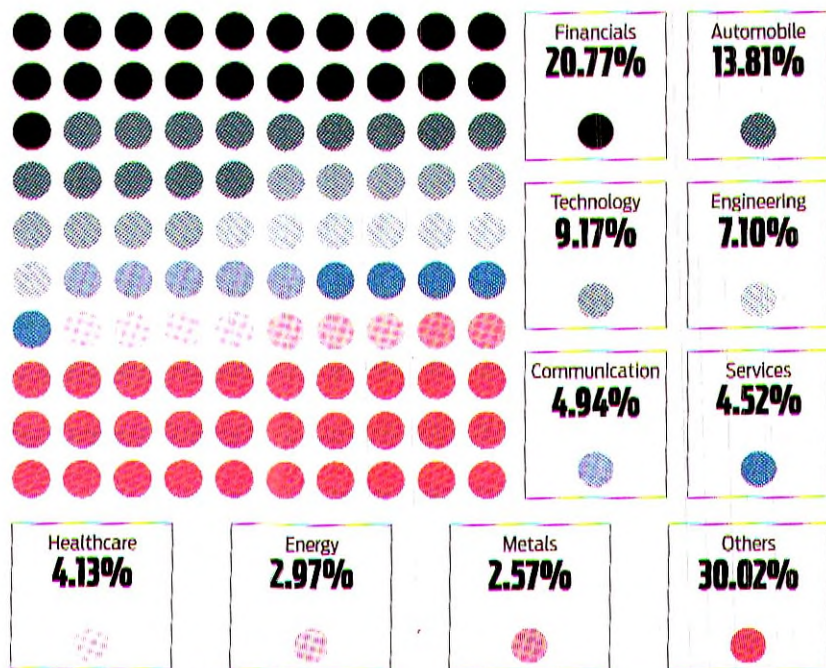
Performance

The beauty of the fund is that it has rewarded investors handsomely during the bull run and protected the downside in the bear run. In the last five years, the fund has delivered compounded annual returns of 15.54 per cent. Its returns have placed it among the top few funds in its category. With returns of around 56 per cent in the last one year, the fund has not only beaten its benchmark significantly but many of the pure equity funds are far behind it in returns. On a three-year basis, it has outpaced its peers such as HDFC Prudence, Birla Sun Life 95 and several other star performers in this category. At one point, it turned off the investors but when it bounced back, it compensated for all losses. For instance, in 2011, the fund underperformed its bench-

RELIANCE RSF BALANCED FUND

PORTFOLIO ALLOCATION (RATING)

Top four sectors account for more than half of total assets



Source: Fund Factsheet of July 2014

Graphics: VARUN VASHISHTHA

Fund Managers

Amrit Tripathi,
Sanjay Parekh

NAV	₹35.02
Launch date	8 June 2005
Minimum investment	₹500
Expense ratio	2.65%
Exit load	1% before 1 yr
Assets under management	₹619.88 cr
OLM star rating	★★

ANNUAL RETURNS (%)

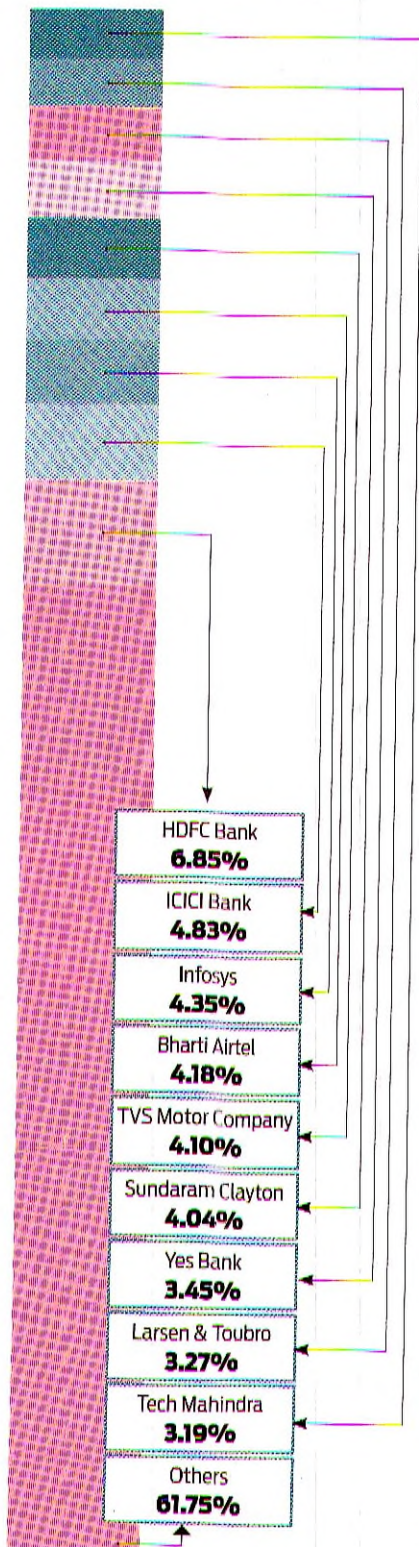
In the last 5 years, the fund has beaten its benchmark thrice on a yearly basis

	2013	2012	2011
Fund return	3.52	33.66	-19.26
Benchmark return (Crisil Balanced Fund Index)	6.05	21.21	-14.39
Sensex	8.98	25.55	-24.64

All returns are absolute

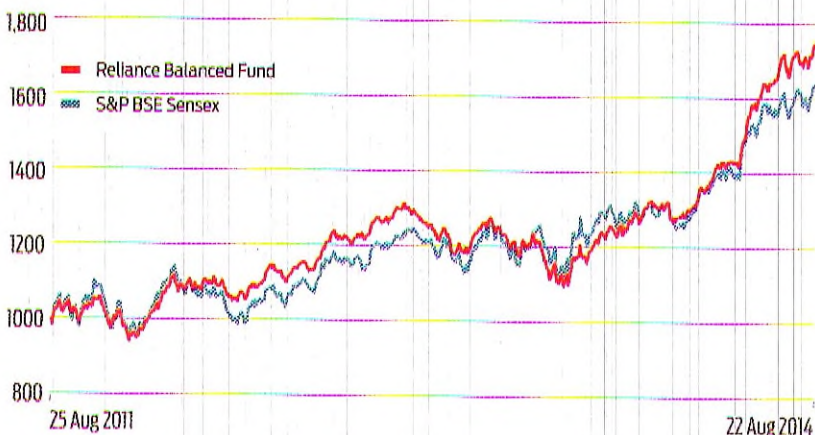
STOCK HOLDING

The portfolio comprises a combination of 30-35 mid- and large-cap stocks



Source: Fund Factsheet of July 2014

ON A GROWTH PATH



SIP RETURNS (%)



Assume investor started SIP on 1 September of the respective year with ₹1,000. Return as on 25 August 2014
Source: mutualfundsindia.com

mark by 5 per cent on a yearly basis but rebounded by outperforming its benchmark by 13 per cent.

Portfolio

As per the fund mandate, Reliance RSF Balanced Fund can invest up to 75 per cent in equity, but it has never touched that limit so far. From the time it increased its equity exposure limit to 75 per cent, there have been few instances when the fund crossed the 70 per cent limit. In 2011, its exposure to equity touched the 70 per cent limit and it went against the expectations of fund managers as the equity market tanked by around 25 per cent, which led to the fund's underperformance. Also, higher allocation towards mid- and small-cap stocks added fuel to the fire. The current allocation towards equity stands at 74 per cent, which is at an all-time high. Back on the current equity rally, higher equity exposure will translate into better returns.

OLM Take

Given its higher exposure in mid- and small-cap, it may deliver superior returns in the long run but could be volatile in shorter run. If you have moderate risk appetite, it deserves to be in your portfolio. ■

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