

**PRESS RELEASE**

## **60% of Indian ELSS funds underperformed their benchmark in one-year period ending June 2020**

S&P Dow Jones Indices releases SPIVA® India Mid-Year 2020 results

**MUMBAI, October 22, 2020:** The latest S&P Indices Versus Active (SPIVA®) India Scorecard reveals that over the one-year period ending June 2020, 48.39% of Indian Equity Large Cap funds, 59.52% of the ELSS funds and 82.31% of Indian Composite Bond funds underperformed their respective indices.

Over longer horizons, the majority of the actively managed large-cap equity funds in India underperformed the large cap benchmark, with 67.67% large-cap funds underperforming over the 10-year period ending in June 2020. During this period, the large-cap funds witnessed a low survivorship rate of 65.41%.

Akash Jain, Associate Director, Global Research & Design, S&P Dow Jones Indices said, “Pandemic related volatility shook the Indian Equity Markets in H1 2020, however the impact to various fund categories has been different. During this period more than 40% of funds in each of the equity categories underperformed their respective category benchmark whereas 37.50% of the Indian Government Bond Funds and 92.16% of the Indian Composite Bond funds underperformed their respective benchmarks”

In H1 2020, in the equity categories, the equal-weighted fund returns were higher than their respective asset-weighted fund returns and index returns, suggesting that smaller sized funds were able to better navigate this volatile period than their larger peers.

Over the 1-year period ending in June 2020, the return spread between the first and third quartile breakpoints was as high as 4.67% in the Indian Equity Large Cap Funds, 6.27% for Indian ELSS Funds, and 10.37% for Indian Equity Mid/Small Cap Funds. This emphasizes the wide distribution in fund performance and highlighting the fund selection risk for market participants.

| <b>Report 1a: Percentage of Funds Outperformed by the Index (Based on Absolute Return)</b> |                                     |                   |                   |                   |                    |
|--|-------------------------------------|-------------------|-------------------|-------------------|--------------------|
| <b>FUND CATEGORY</b>   | <b>COMPARISON INDEX</b>             | <b>1-YEAR (%)</b> | <b>3-YEAR (%)</b> | <b>5-YEAR (%)</b> | <b>10-YEAR (%)</b> |
| Indian Equity Large-Cap  | S&P BSE 100                         | 48.39             | 83.08             | 80.43             | 67.67              |
| Indian ELSS  | S&P BSE 200                         | 59.52             | 88.37             | 76.92             | 52.78              |
| Indian Equity Mid-/Small-Cap   | S&P BSE 400 MidSmallCap Index       | 39.58             | 40.00             | 53.33             | 43.53              |
| Indian Government Bond   | S&P BSE India Government Bond Index | 44.00             | 80.49             | 79.25             | 85.71              |
| Indian Composite Bond  | S&P BSE India Bond Index            | 82.31             | 93.57             | 97.22             | 100.00             |

Source: S&P Dow Jones Indices LLC, Morningstar, and Association of Mutual Funds in India. Data as of Jun. 30, 2020. Index performance based on total return in INR. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

# S&P Dow Jones Indices

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## **SPIVA India**

The SPIVA India Scorecard reports on the performance of actively managed Indian mutual funds compared to their respective benchmark indices over one-, three-, and five-year investment horizons. With this edition of the scorecard, we have introduced style consistency of funds and extended the study over the 10-year period ending December 2018. It is not possible to invest directly in an index, and index returns do not reflect expenses an investor would pay. For more information, please visit: [www.spdji.com](http://www.spdji.com)

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<sup>1</sup> The S&P BSE India Bond Index and the S&P BSE India Government Bond Index were launched on Dec. 31, 2013. All information for an index prior its Launch Date is back-tested, based on the methodology in effect on the Launch Date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. Back-tested performance, which is hypothetical and not actual performance, is subject to inherent limitations because it reflects application of an Index methodology and selection of index constituents in hindsight. No theoretical approach can take into account all of the factors in the markets in general and the impact of decisions that might have been made during the actual operation of an index. Actual returns may differ from, and be lower than, back-tested returns.

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