

Multi Cap vs Flexi Cap vs Focused: A Brief Comparison



Multi Cap vs Flexi Cap vs Focused: A Brief Comparison:



Parameters	Multi Cap	Flexi Cap	Focused
Equity exposure:	Minimum – 75% in equities	Minimum – 65% in equities	
Allocation rule:	Minimum – 25% each in Large, Mid & Small cap	Flexibility to select stocks and sectors across market cap	Flexibility to select stocks and sectors across market cap but maximum in 30 stocks
Flexibility:	Fund manager does not have much flexibility to swing allocation to one particular market cap segment	Provides better flexibility to explore investment opportunities across large, mid and small cap stocks	Greater emphasis on fund manager's skills and experience in choosing the 30 best stocks across market cap
Fund Manager Ability:	Fund manager's ability to maintain minimum 25% exposure in all three market caps plays important role in Multi Cap Fund	Fund Manager's ability to manoeuvre allocation in different market cap as per different market conditions plays an important role	Fund manager's stock selection ability plays an important role as the portfolio is concentrated
Risk Component:	Riskier during economic downturns due to high exposure in mid and small cap	Better poised to take advantage of economic downturns due to diversified nature	Risk is higher as the portfolio is concentrated in max 30 stocks
Suitability:	Investors who have more risk tolerance as these funds have minimum 50% of exposure in mid and small cap	Investors who have relatively less risk appetite (compared to multi cap) as these invest across market caps and mitigate the risk of concentration	Investors who have high risk appetite and are looking for concentrated portfolio

Category Stats:

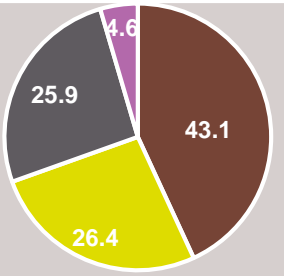
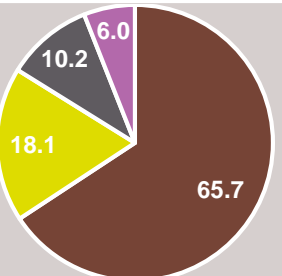
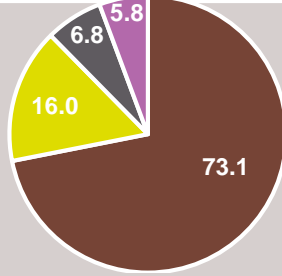


Category	As on Mar 31, 2020		As on Mar 31, 2021		As on Oct 31, 2022		Growth
	No. of schemes	Average Net AUM (Rs Crs)	No. of schemes	Average Net AUM (Rs Crs)	No. of schemes	Average Net AUM (Rs Crs)	Absolute Growth in Net AUM (from Mar-21 to Oct-22)
Multi Cap	34	1,27,487	10	20,316	15	63,531	212.7%
Flexi Cap	SEBI introduced the category in Nov 2020		25	1,59,578	34	2,42,752	52.1%
Focused	22	43,179	25	68,919	27	1,03,366	50.0%

Source: AMFI

- As on Mar 31, 2020, total - **34 Multi cap schemes, managing Rs 1,27,487 crore AUM**
- On Sept 11, 2020, SEBI issued a circular regarding the asset allocation of Multi cap funds.** SEBI decided to partially modify the scheme characteristics of Multi cap funds. It mandated that at least 75% investment is made in equities i.e. at least 25% each in large, mid and small cap stocks. The remaining 25% can be invested in any of the above three market cap
- Later, on Nov 6, 2020, **SEBI re-introduced Multi cap funds in their earlier avatar as Flexi cap funds** as a new category under equity schemes. As true to its name, these funds can invest across cap ranges without any ceilings
- Clearly, **a large number of AMCs moved from Multi cap to Flexi cap category** (can be seen from above table). From 34 Multi cap schemes (Mar 2020) which reduced to 10 Multi cap schemes (Mar 2021) and total 25 Flexi cap schemes got introduced in the category (Mar 2021)
- Currently (as on Oct 31, 2022), Flexi cap has 34 schemes, followed by Focused category (27 schemes) and Multi cap (15 schemes)**

Category Average Comparison:

Parameters		Multi Cap	Flexi Cap	Focused																							
Market cap (%) – Category Average		 <ul style="list-style-type: none"> Large Cap Mid Cap Small Cap Cash 	 <ul style="list-style-type: none"> Large Cap Mid Cap Small Cap Cash 	 <ul style="list-style-type: none"> Large Cap Mid Cap Small Cap Cash 																							
	Performance (%) - Category Average	<table border="1"> <tr><td>5 Years</td><td>13.5</td></tr> <tr><td>3 Years</td><td>20.3</td></tr> <tr><td>2 Years</td><td>29.0</td></tr> <tr><td>1 Year</td><td>0.4</td></tr> </table>	5 Years	13.5	3 Years	20.3	2 Years	29.0	1 Year	0.4	<table border="1"> <tr><td>5 Years</td><td>12.0</td></tr> <tr><td>3 Years</td><td>16.7</td></tr> <tr><td>2 Years</td><td>21.9</td></tr> <tr><td>1 Year</td><td>-1.5</td></tr> </table>	5 Years	12.0	3 Years	16.7	2 Years	21.9	1 Year	-1.5	<table border="1"> <tr><td>5 Years</td><td>11.4</td></tr> <tr><td>3 Years</td><td>16.4</td></tr> <tr><td>2 Years</td><td>21.7</td></tr> <tr><td>1 Year</td><td>-1.3</td></tr> </table>	5 Years	11.4	3 Years	16.4	2 Years	21.7	1 Year
5 Years	13.5																										
3 Years	20.3																										
2 Years	29.0																										
1 Year	0.4																										
5 Years	12.0																										
3 Years	16.7																										
2 Years	21.9																										
1 Year	-1.5																										
5 Years	11.4																										
3 Years	16.4																										
2 Years	21.7																										
1 Year	-1.3																										
Risk ratios	Standard Deviation	23.40	21.56	21.89																							
	Sharpe	0.73	0.61	0.61																							

To Sum up:

- **Performance:** Due to high Mid & Small cap exposure, Multi cap category average is higher compared to Flexi cap and Focused category across periods. Whereas, Flexi cap and Focused category returns are in line across periods
- **Market cap wise:** Large cap exposure is highest in Focused category followed by Flexi cap and Multi cap category. As on 31 Oct 2022, cash exposure is highest in the Flexi cap category
- **Risk Ratios:** Due to diversified portfolio, the standard deviation is lowest for Flexi cap category as compared to other two categories. While, Sharpe ratio is highest for Multi cap category followed by Flexi cap and Focused category

Performance as on 15th November 2022. Returns are CAGR. Risk ratios are computed for the past 3 years with monthly returns. Portfolio details as on 31st October 2022. Source: Morningstar Direct.

For Client Circulation. The content does not constitute to be any investment, legal or taxation advice.

Performance of our Focus funds:



Scheme Name	P2P Performance (%)					AUM (in Rs Crs)	Market Cap (%)			
	6 Mths	1 Yr	2 Yrs	3 Yrs	5 Yrs		Large Cap	Mid Cap	Small Cap	Cash
Multi Cap:										
ICICI Prudential Multicap Fund	18.8	1.3	27.2	17.4	12.1	7,027	43.5	26.9	24.7	4.9
IDFC Multi Cap Fund	15.5	-	-	-	-	1,164	40.4	28.7	23.1	7.8
Axis Multicap Fund	16.4	-	-	-	-	5,519	42.3	26.6	27.3	3.8
Kotak Multicap Fund	22.9	5.6	-	-	-	4,303	46.9	25.9	24.9	2.4
Nifty 500 TR	17.5	1.9	24.0	18.8	13.1					
Flexi Cap:										
PGIM India Flexi Cap Fund	12.8	-7.8	23.9	23.5	14.7	8,031	62.6	18.8	17.1	1.4
Parag Parikh Flexi Cap	10.5	-6.1	21.7	22.9	16.7	27,712	58.9	6.6	6.2	28.3
UTI Flexi Cap Fund Regular Plan	13.3	-12.4	17.7	18.1	14.6	26,133	63.6	24.2	8.7	3.6
Canara Robeco Flexi Cap Fund	15.1	-3.2	20.1	17.9	14.1	8,677	72.5	20.8	1.9	4.9
Edelweiss Flexi Cap Fund	17.7	0.0	22.9	17.2	12.0	1,075	72.4	17.3	6.0	4.2
DSP Flexi Cap Fund	16.4	-6.5	19.5	15.6	12.3	8,031	62.5	28.1	8.8	0.6
SBI Flexicap Fund	12.4	-2.2	21.6	15.0	11.0	16,495	62.3	17.3	14.5	5.9
Kotak Flexicap Fund	17.5	1.2	19.6	14.4	11.4	37,766	72.4	24.3	1.4	2.0
Tata Flexi Cap Fund	12.1	-5.7	16.3	12.5	-	2,260	60.0	19.9	16.9	3.2
ICICI Prudential Flexicap Fund	20.9	7.0	-	-	-	11,911	73.2	17.3	6.7	2.7
Nippon India Flexi Cap Fund	13.0	-2.3	-	-	-	4,111	56.7	20.1	19.6	3.6
Nifty 500 TR	17.5	1.9	24.0	18.8	13.1					

Performance as on 15th November 2022. AUM and Market cap details as on 31st October 2022. Upto 1 year Absolute Returns; Greater than 1 year CAGR. Returns sorted on 3-year basis. Performance shown for regular plan growth option. Source: Morningstar Direct.

Performance of our Focus funds:



Scheme Name	P2P Performance (%)					AUM (in Rs Crs)	Market Cap (%)			
	6 mths	1 Yr	2 Yrs	3 Yrs	5 Yrs		Large Cap	Mid Cap	Small Cap	Cash
Focused:										
IIFL Focused Equity Fund	19.7	-1.3	23.2	20.5	16.4	3,408	69.5	11.9	13.4	5.3
Mirae Asset Focused Fund	11.7	-8.5	20.7	17.8	-	8,885	68.7	22.6	5.9	2.8
SBI Focused Equity Fund	11.8	-10.3	21.3	15.9	13.5	28,407	51.2	28.1	4.3	16.5
Motilal Oswal Focused Fund	18.2	-1.8	13.8	12.8	10.9	1,804	69.8	24.6	--	5.6
Axis Focused 25 Fund	10.0	-15.8	11.5	10.4	10.7	18,163	75.9	8.1	0.6	15.5
Invesco India Focused 20 Equity Fund	13.0	-8.4	20.7	-	-	1,767	83.2	8.0	6.8	2.0
Tata Focused Equity Fund	18.0	1.6	23.8	-	-	1,291	79.3	17.2	--	3.5
Nifty 500 TR	17.5	1.9	24.0	18.8	13.1					

Performance as on 15th November 2022. AUM and Market cap details as on 31st October 2022. Upto 1 year Absolute Returns; Greater than 1 year CAGR. Returns sorted on 3-year basis. Performance shown for regular plan growth option. Source: Morningstar Direct.

Disclaimer



Tata Capital Financial Services Limited ("TCFSL") is registered with The Association of Mutual Funds in India as a Mutual Fund Distributor bearing ARN No.84894 and Tata Capital Wealth is a service offering by TCFSL.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. TCFSL is not soliciting any action based upon it. Nothing in this report shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of the reader.

This report has been prepared for the general use of the clients of the TCFSL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this report in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. TCFSL will not treat recipients as customers by virtue of their receiving this report. Neither this document nor any copy of it may be taken or transmitted into the United States (to US Persons), Canada or Japan or distributed, directly or indirectly, in the United States or Canada or distributed, or redistributed in Japan to any residents thereof. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

It is confirmed that, the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. No part of the compensation of the report creator was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this report. The author, principally responsible for the preparation of this report, receives compensation based on overall revenues of TCFSL and TCFSL has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Neither TCFSL nor its directors, employees, agents, representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

The report is based upon information obtained from sources believed to be reliable, but TCFSL does not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. It does not have any obligation to correct or update the information or opinions in it. TCFSL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. TCFSL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations. This information is subject to change without any prior notice. TCFSL reserves at its absolute discretion the right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, TCFSL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Certain products -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

Before making an investment decision on the basis of this report, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Neither TCFSL nor the director or the employee of TCFSL accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this report and/or further communication in relation to this report.

We and our affiliates, officers, directors, and employees worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions.

Investments in securities are subject to market risk; please read the SEBI prescribed Combined Risk Disclosure Document prior to investing. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts. Our report should not be considered as an advertisement or advice, professional or otherwise.

General Disclosure



Tata Capital Financial Services Limited (“TCFSL”) is registered with the Reserve Bank of India as a Non Deposit Accepting Systemically Important Non-Banking Finance Company (“NBFC-ND-SI”).

Tata Capital Financial Services Limited (“TCFSL”) bearing License no. CA0076 valid till 31st Mar 2022, acts as a composite Corporate Agent for TATA AIA Life Insurance Company Limited, HDFC Life Insurance Company Limited, TATA AIG General Insurance Company Limited and New India Assurance Company Limited. Please note that, TCFSL does not underwrite the risk or act as an insurer. For more details on the risk factors, terms & conditions please read sales brochure carefully of the Insurance Company before concluding the sale. Participation to buy insurance is purely voluntary.

TCFSL is also engaged in Mutual Fund Distribution business and is registered with The Association of Mutual Funds in India (“AMFI”) bearing ARN No. 84894 and Tata Capital Wealth is a service offering by TCFSL. Please note that all Mutual Fund Investments are subject to market risks, read all scheme related documents carefully before investing for full understanding and details.

TCFSL distributes:

- (a) Mutual Fund Schemes of TATA Mutual Fund
- (b) Life Insurance Policies of Tata AIA Life Insurance Company Limited
- (c) General Insurance Policies of TATA AIG General Insurance Company Limited

TCFSL receives commission ranging from 0.00% to 2.00% p.a. from the Asset Management Companies (“AMC”) towards investments in mutual funds made through TCFSL. TCFSL receives commission ranging from 0.00% to 40.00% as First year commission and renewal commission ranging from 0.00% to 5.00% on Life Insurance Policies bought through TCFSL. TCFSL receives commission ranging from 0.00% to 25.00% on General Insurance Policies bought through TCFSL. TCFSL receives commission ranging from 0.00% to 2.00% on Corporate Fixed deposit made through TCFSL.

Please note that the above commission may change from time to time and are exclusive of statutory levies like GST, Security Transaction tax, Stamp Duty, Exchange transaction charges, SEBI turnover fee etc. TCFSL does not recommend any transaction which is required to be dealt with on a Principal to Principal basis.

Registered office:

11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013.