

Equity Linked Saving Scheme

- ELSS or Equity Linked Saving Scheme is an open ended equity mutual fund that offers the dual-advantage of potential **wealth creation** and **tax saving**.
- These funds have a **statutory lock-in period of 3 years** and invest primarily in equity and equity related instruments.
- These funds offer **tax benefit** under Section 80C of Income Tax Act 1961. Investments in ELSS can be made using both SIP and lumpsum investment options.

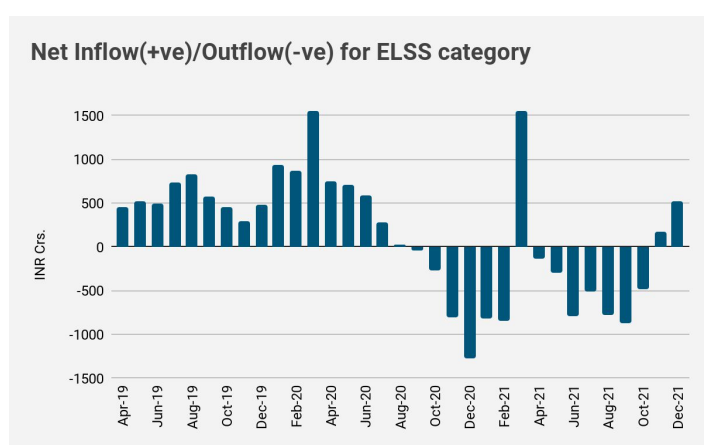
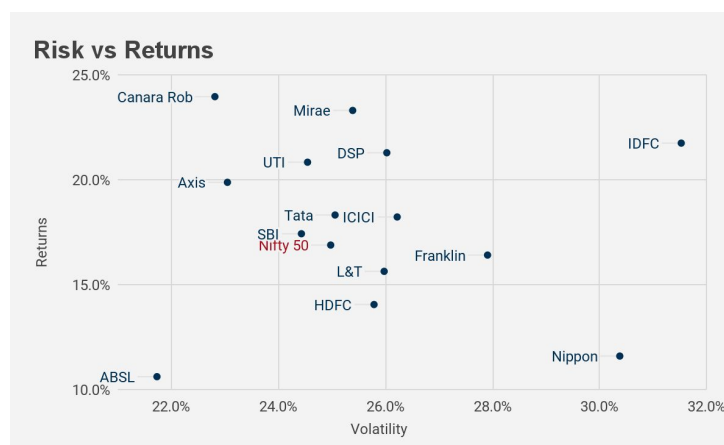
Features & Comparison

- ELSS offer **tax deduction of up to Rs. 1,50,000** a year under sec. 80C provision.
- Investor with annual income above INR 15 Lakh pa can **save upto INR 46.8K** by investing in ELSS (assuming 30% tax).
- There is lock-in period of 3 years, and there are **no provisions to make a premature exit**.
- **No upper capping limit to invest**, minimum investable amount varies across fund houses.

Characteristics	ELSS	PPF	NSC
Returns	Linked to equity market returns	7.1%*, compounded annually	6.8%*, compounded half-yearly
Lock-in	3 yrs	15 yrs, partial withdrawal permitted after 6 yrs	5yrs
Tax treatment	LTCG of 10% if gains are above Rs.1 Lakh	Tax exempt	Interest income taxed at income tax slabs

Performance

Scheme Name	AUM	Performance Parameters					Market Cap Allocation (%)			
		Returns	Volatility	Sharpe	Drawdown	Beta	Large Cap	Mid Cap	Small Cap	Others
Nifty 50		16.9%	25.0%	0.52	29.3%	1.00				
Aditya Birla SL Tax Relief '96	14,463	10.6%	21.7%	0.30	23.7%	0.84	44.4	44.5	10.6	0.5
Axis Long Term Eq.Fund-Reg	33,785	19.9%	23.0%	0.69	23.3%	0.88	77.3	17.4	3.5	1.8
Canara Rob Eq.Tax Saver Fund	3,098	24.0%	22.8%	0.87	22.1%	0.88	73.9	18.3	2.8	4.9
DSP Tax Saver Fund	9,636	21.3%	26.0%	0.66	29.0%	1.01	64.7	20.9	13.4	1.0
Franklin India Taxshield	5,000	16.4%	27.9%	0.44	32.1%	1.07	74.4	12.3	8.7	4.6
HDFC TaxSaver	9,402	14.1%	25.8%	0.39	33.6%	1.00	71.9	17.4	8.2	2.5
ICICI Pru LT Eq.Fund (Tax Saving)	9,965	18.2%	26.2%	0.54	30.0%	1.02	76.2	7.0	13.7	3.1
IDFC Tax Advt(ELSS) Fund	3,533	21.7%	31.5%	0.56	35.1%	1.17	52.8	22.8	22.4	2.1
L&T Tax Advt Fund	3,575	15.6%	26.0%	0.45	29.9%	1.00	65.8	24.3	9.0	0.9
Mirae Asset Tax Saver Fund	10,660	23.3%	25.4%	0.76	28.4%	1.00	73.3	14.8	10.7	1.2
Nippon India Tax Saver (ELSS) Fund	12,024	11.6%	30.4%	0.25	36.1%	1.14	76.1	13.0	9.4	1.5
SBI Long Term Eq.Fund	10,912	17.4%	24.4%	0.55	28.5%	0.95	60.6	22.6	10.7	6.2
Tata India Tax Savings Fund	2,986	18.3%	25.1%	0.57	28.1%	0.99	68.6	14.5	15.3	1.5
UTI LT Eq.Fund (Tax Saving)	3,038	20.8%	24.5%	0.69	27.5%	0.96	59.6	22.4	16.4	1.6



Notable points: ELSS is subject to market risks and does **not guarantee return** although data of past 3 years suggests that returns are higher than other 80C alternatives. March is usually the month of highest inflows in ELSS as retail investors tend to leave tax planning to the end. However, we suggest that an investor can either look to do an **SIP or STP of INR 12,500 a month** starting from April. This avoids cash flow strain via lumpsum outflow in March and also averages out some market volatility. If not then one can look to do investment over 3 tranches over Jan, Feb & March.

Please speak to your advisor for more information on ELSS.