

DALAL STREET INVESTMENT JOURNAL

DEMOCRATIZING WEALTH CREATION

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Special Feature
Power Sector



Cover Story
**Earnings Exceed,
Caution Flagged Ahead**

Analysis
AU Small Finance Bank

Special Report
**Impact of Wars on
Equity Markets**



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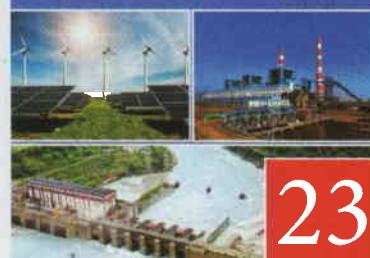
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Cover Story

The Rise of 'Lazy Portfolios'

Special Report

Multi-Asset Allocation Funds

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When Boring Becomes Brilliant

In an investment landscape marked by uncertainty, 2025 is encouraging a renewed focus on traditional strategies. Over the past few years, particularly after Covid, the common advice to Indian investors was simple: 'Stay invested in equities'. This approach proved highly effective until September 2024.

However, the scenario is now evolving. Valuations are high, corporate earnings are showing signs of slowing, inflation is stabilising, and gold is regaining its status as a strategic asset. The pertinent question now is not whether to remain invested, but how to maintain balance.

Building a resilient portfolio involves diversifying investments across various asset classes according to your risk tolerance. These assets might not make headlines or feature in the '30 per cent return' lists, but they could provide the stability your portfolio requires. A well-considered asset allocation—spanning equities, debt, commodities like gold, and occasionally international assets, REITs, or InvITs—can help you navigate market volatility without reacting to every fluctuation.

One straightforward way to achieve this is through a Multi Asset Allocation Fund (MAAF). This issue includes a special report on MAAFs, highlighting a crucial advantage: When a MAAF dynamically reallocates funds across asset classes, there is no immediate tax consequence. This offers a significant benefit over managing separate funds independently, where frequent switching often incurs taxes. Thus, you gain both diversification and tax efficiency.

It is important to note that not all MAAFs are created equal. Each fund is influenced by the Asset Management Company's philosophy, market perspective, and risk preferences. While relying solely on one MAAF might seem restrictive, for those lacking time, expertise, or resources, even a single well-managed MAAF can be a wise starting point.

In a world fixated on trends and noise, steady consistency may be the most undervalued strategy. In 2025, what seems boring may not only be safe but also smart. If constructing a diversified portfolio on your own feels daunting, let a MAAF handle the complexities for you.

Shashikant Singh
Shashikant Singh
Executive Editor

Understanding DTAA

I found the story on mutual funds for NRIs very informative. However, I didn't quite understand one part related to the India-Singapore tax agreement. Could you please explain it further?

- Hitesh Oswal

Editor Responds : The part you're referring to - 'the India-Singapore tax agreement' is officially called the India-Singapore Double Taxation Avoidance Agreement (DTAA). It is a treaty designed to ensure that income earned by a resident of one country is not taxed twice—in both India and Singapore. For NRIs based in Singapore investing in Indian mutual funds, this agreement plays a crucial role in improving tax efficiency. It determines where certain types of income—such as capital gains, dividends, and interest—are taxable, often offering reduced tax rates or complete exemptions. For instance, capital gains from the sale of Indian securities may be taxed only in India, depending on residency status and specific conditions. The agreement also includes a Limitation of Benefits (LoB) clause to prevent misuse by shell entities. Overall, the DTAA encourages genuine investment between the two countries by providing clarity, reducing tax burdens, and ensuring fair treatment for investors.

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Multi-Asset Allocation Funds:

Is it a Smarter Way to Ride Market Waves?