

Fund review: Betting on mid-and smallcaps with growth potential

By [Rajesh Naidu](#), ET Bureau | 29 Dec, 2015, 04.00AM IST

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One of the important developments that savvy investors are waiting with bated breath is earnings' growth. Despite the fact that share prices of most mid-and-small sized companies have run up in the past one-and-a-half years, most fund managers and sector analysts are interested in mid-and-small sized companies which have visibility of revenues. This is one of the chief reasons to be invested with mid-and [small sized companies](#) which have high potential for strong growth in [revenues](#) in the next few years. Once the [economy](#) returns to revival mode and enters high growth phase, these mid and small sized companies are expected to show sharp improvement in earnings. To capture this, uptick in earnings' growth, it makes sense to be with schemes which have keen focus on high growth companies. One such scheme is Franklin India High Growth Companies Fund.



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PORTFOLIO CHANGE IN THE PAST SIX MONTHS

New Entrants	Complete Exits	Increase in Allocation
Dr. Reddys Lab	Gateway Distriparks	Axis Bank
Greaves Cotton	Bajaj Auto	Larsen & Toubro
Gujarat Pipavav Port	Hitachi Home & Life Solutions (India)	ICICI Bank
Mahindra & Mahindra		State Bank Of India

RETURNS (In %)

PERIOD	FUND RETURN CAGR	SIP RETURN CAGR	CATEGORY AVERAGE ANNUALISED RETURN
1 Year	2.71	-5.26	4.11
3 Year	25.82	29.75	20.78
5 Year	16.81	27.93	12.52

Source: Accord Fintech, Compiled by ETIG Database

Holding (In %)

Bank (Private)	Bank (Public)	Automobiles (Passenger Cars)	Telecom (Service Provider)
20.89	10.03	7.01	6.75

Expert Take **VISHAL DHAWAN** CFP and founder, Plan Ahead Wealth Advisors

We recommend this scheme to aggressive investors. The scheme is focussed on growth companies and it invests aggressively. Unlike other diversified funds, the scheme has concentrated portfolio. We advise investors to invest in the scheme with investment horizon of five to seven years.

It is best suited to investors who are willing to accept volatility as a norm in [investments](#) than as aberration. The scheme selects companies based on a few key parameters such as enterprise value, price to earnings' growth ratio, forward price to sales ratio and discounted earnings per share.

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