MONTHLY NEWSLETTER MAY 2024

MONTHLY NEWS NUGGET



The small-cap category experienced a net outflow in March 2024, first time in 2.5 years.



Following SEBI's apprehensions about market froth in segments of small- and mid-cap stocks and its directive for mutual funds to conduct stress tests, the Small Cap Category saw an outflow of ₹94 Crore in March 2024, according to the latest data from AMFI.

The second-highest monthly Gross GST Revenue collection reported in Mar'24



As per data released by the Ministry of Finance, Gross Goods and Services Tax (GST) revenue for March 2024 hit the second-highest collection ever at ₹1.78 lakh crore, reflecting an 11.5% year-on-year growth, primarily fueled by a notable 17.6% increase in GST collection from domestic transactions.

Retail inflation dropped to a 10-month low of 4.85%, while the IIP reached a four-month high.



In March 2024, India's annual retail inflation decreased to 4.85% from 5.09% the previous month. Concurrently, industrial production(IIP) rose to a four-month high of 5.7% in February, up from 4.2% in the preceding month.

Monetary Policy Highlights: RBI keeps the Repo rate unchanged at 6.5%.



In the Monetary Policy Meetings, the RBI opted to maintain the key policy repo rate at 6.5%, while also retaining the stance of 'withdrawal of accommodation'. Projections indicate India's real GDP growth for FY25 at 7%, with CPI inflation estimated to be 4.5% for the same period.

India exported the first batch of BrahMos missile systems to the Philippines.



India has exported BrahMos missiles to the Philippines as part of a $375 million agreement, strengthening defense cooperation amidst regional tensions. This marks the first time India has exported the BrahMos missile.

Source: Multiple News Portals

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Financial Market Performance Snapshot					
Particulars	Open	High	Low	Close	Change %
Sensex	73,968.62	75,124.28	72,365.67	74,482.78	0.69%
Nifty	22,455.00	22,783.35	21,777.65	22,604.85	0.66%
Nasdaq	16,397.46	16,490.02	15,223.16	15,657.82	-4.72%
Gold	$2,239.59	$2,431.53	2,228.54	$2,284.57	1.97%
Crude	$83.47	$87.85	$81.22	$81.69	-2.18%

Financial Performance Trends Over Various Time Horizons					
Particulars	6M	1yr	3yr	5yr	10yr
Sensex	36.09%	21.88%	14.70%	13.78%	12.76%
Nifty	40.50%	25.13%	15.60%	13.70%	12.93%
Nasdaq	48.61%	28.06%	3.89%	14.10%	14.30%
Gold ($)	32.87%	17.36%	8.91%	12.22%	5.87%
Crude ($)	-0.88%	7.32%	8.79%	5.17%	-1.97%

*Source: Investing.com/wsj.com Market Data Period - 01/04/2024 to 30/04/2024

TIMELESS FINANCIAL WISDOM



> The investor's chief problem - and even his worst enemy - is likely to be himself
>
> - Benjamin Graham



TAX-SAVING INSIGHT OF THE MONTH



Navigate Section 80TTA to optimise your tax savings

Section 80TTA of the Income Tax Act, 1961 provides taxpayers with a means to save on taxes on their interest income from savings accounts. While many individuals may not realise it, the interest earned on savings accounts is taxable under the head 'Income from other sources'. However, Section 80TTA offers a deduction of up to Rs 10,000 on such interest income, helping taxpayers reduce their tax liability.

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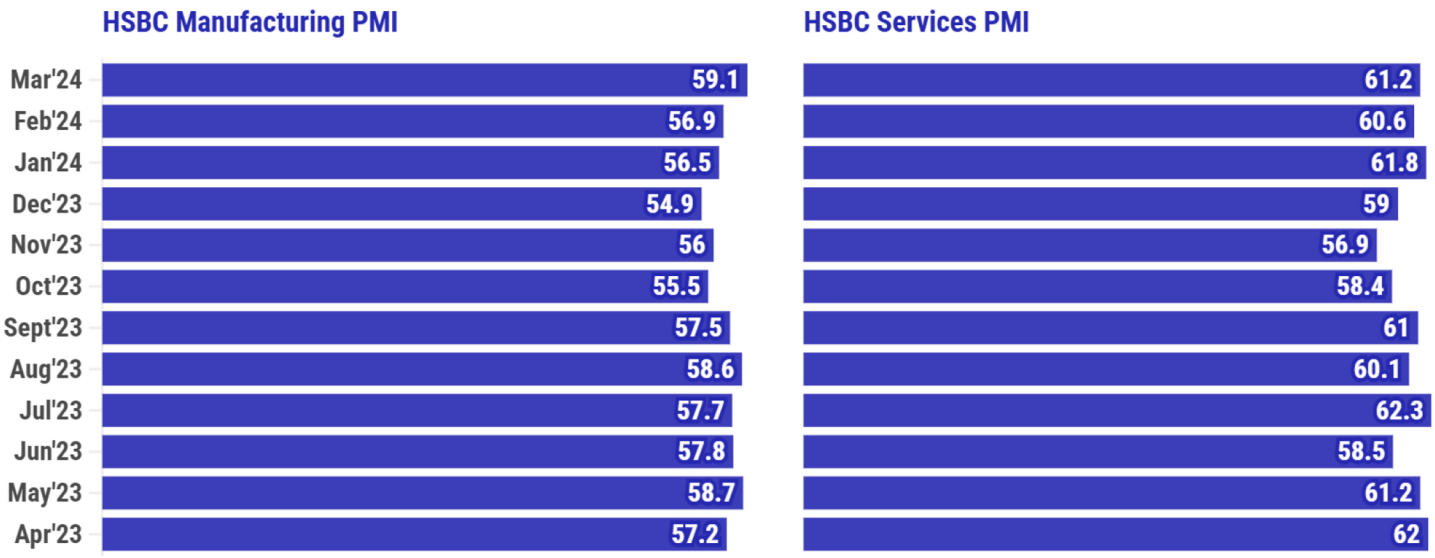
Eligibility:
Individuals and Hindu Undivided Families (HUFs) are eligible to claim the deduction under Section 80TTA. Additionally, Non-Resident Indians (NRIs) can also avail themselves of this deduction, provided they hold NRO (Non-Resident Ordinary) savings accounts. However, senior citizens aged 60 years or more are not eligible for this deduction, as they are covered under a separate section, 80TTB.

Exclusion:
While Section 80TTA allows for a deduction on interest income from savings accounts, certain types of interest income are excluded from this benefit. These exclusions include interest from fixed deposits, recurring deposits, corporate bonds and debentures, provident fund deposits, and interest earned from lending business.

Conclusion:
Section 80TTA serves as a valuable provision for taxpayers to reduce their tax liability on interest income earned from savings accounts. By offering a deduction of up to Rs 10,000, it encourages individuals to save and earn interest without the fear of excessive taxation. Understanding the eligibility criteria, exclusions, and maximum deduction allowed under this section can help taxpayers optimise their tax-saving strategies and maximise their savings.

LEADING ECONOMIC INDICATORS



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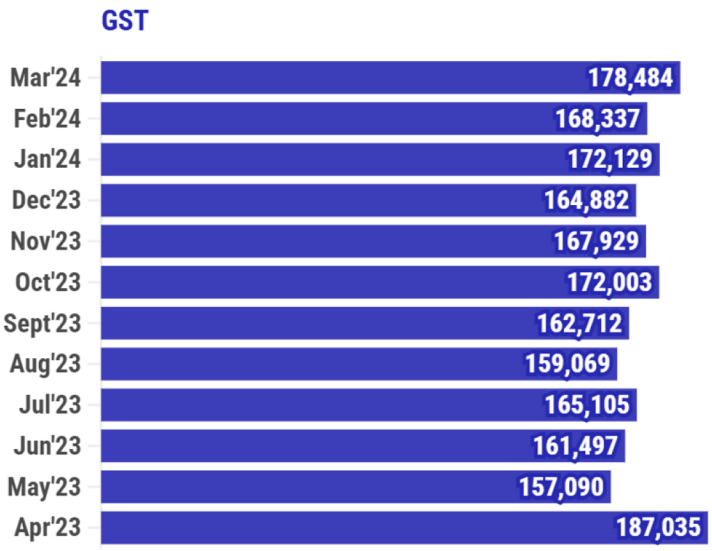

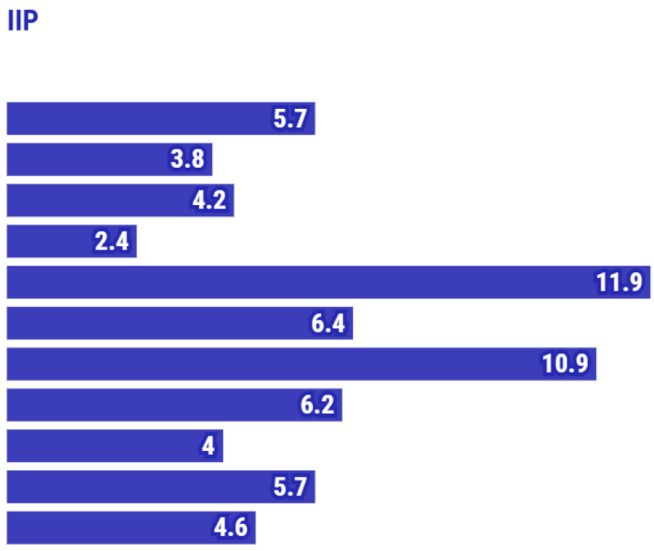

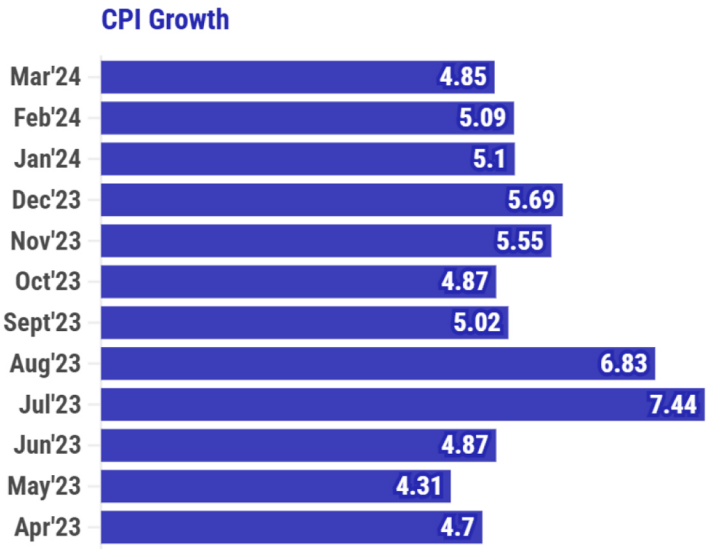

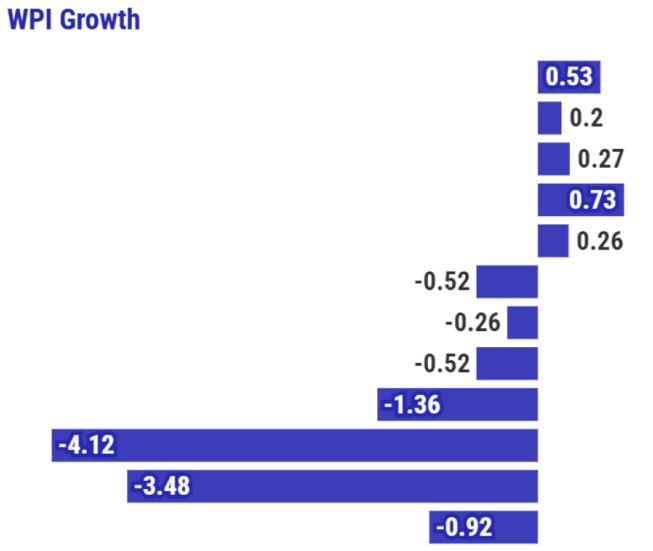

INVESTOR'S SUCCESS STORY

Empowering Financial Independence: Rita Aunty's Journey

Rita Aunty's journey portrays the resilience and strength found in the face of adversity, as she navigates widowhood with the support of her late husband's trusted investment advisor, whose guidance and compassion illuminate the path to financial security and emotional healing.



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On a serene Sunday morning, amidst the bustling aisles of the supermarket, I encountered Rita Aunty, a widow and an esteemed resident of our society. Intrigued by her vibrant demeanor, I seized the opportunity to learn more about her remarkable journey.

Engaging in conversation over a cup of coffee, Rita Aunty shared insights into her past life, revealing the tragic loss of her husband, a distinguished lawyer, in a car accident a decade ago. Despite her solitary existence, she exuded a palpable joy, prompting my curiosity about her source of resilience and contentment.

Delving deeper, I inquired about her financial management strategy, considering the challenges she faced as a bereaved homemaker. Rita Aunty confided that her husband's foresight and prudence had laid the foundation for their financial stability, thanks to the guidance of a trusted investment advisor turned family friend.

Amidst the demands of his legal career, her husband had entrusted their financial affairs to this advisor, who meticulously orchestrated investments in lump sum and systematic investment plans (SIPs) across various mutual fund schemes. Recognizing the importance of safeguarding their family's future, the advisor advocated for the establishment of an emergency fund and the procurement of term and health insurance policies.

When tragedy struck and Rita Aunty found herself navigating the complexities of widowhood, her advisor emerged as a steadfast fiduciary, offering invaluable support and guidance. Leveraging the proceeds from term insurance and prudent investments, her daughter's aspirations for a medical career were fulfilled, while systematic withdrawal plans (SWPs) ensured a steady stream of income to meet ongoing financial obligations.

Rita Aunty's narrative underscored the significance of financial literacy and professional guidance, particularly for women managing finances independently. Her poignant reminder resonated deeply, reinforcing the indispensable role of a trusted advisor who not only devises investment strategies but also stands as a pillar of support during life's most challenging moments.

In recounting Rita Aunty's journey, I gleaned invaluable lessons on the transformative power of professional expertise, illuminating the path to financial empowerment and resilience in the face of adversity.

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EDITORIAL

Common Investment Pitfalls in a Bull Market

The article highlights the pitfalls investors face in a bull market, cautioning against timing the market, succumbing to Fear of Missing Out (FOMO), delaying investment decisions, and falling for fraudulent schemes. It emphasizes the importance of a disciplined, long-term approach to investing.

Investing in a bull market can be exhilarating, promising hefty returns and financial growth. However, it's crucial for investors to tread carefully during these periods of market exuberance to avoid falling into common traps that could undermine their long-term financial goals. Here are some key mistakes to steer clear of:

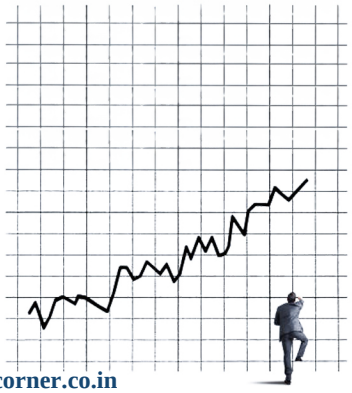
Trying to Time the Market by Selling Their Portfolio: The temptation to capitalize on soaring market highs by selling investments can be strong. However, attempting to time the market consistently is a risky endeavor. Investors often find themselves selling hastily during bull runs, only to miss out on further gains. It's prudent to resist the urge to constantly adjust one's portfolio based on short-term market movements and instead focus on maintaining a diversified investment strategy aligned with long-term objectives.





Delaying Investment Decisions: In a bull market frenzy, some investors adopt a wait-and-watch approach, hoping for a market correction before making new investments. Unfortunately, this strategy can backfire, leading to missed opportunities. Rather than trying to time market entries, investors should prioritize consistent investing over time to harness the power of compounding returns, which remains within their control irrespective of market fluctuations.

Fear of Missing Out (FOMO): The fear of missing out on potential gains often drives investors, especially newcomers, to jump into the market at its peak. However, such impulsive actions can result in panic selling when markets inevitably correct, leading to significant losses. Instead of succumbing to FOMO, investors should adopt a disciplined approach, considering systematic investment plans (SIPs) or systematic transfer plans (STPs) to mitigate risk and capitalize on market volatility over the long term.



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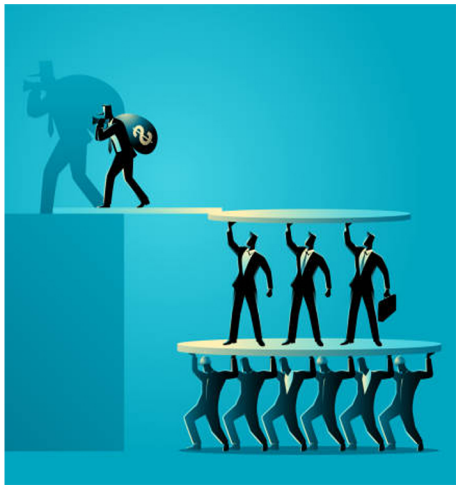
Getting Lured by Ponzi Investment Schemes: As the adage goes, "Most costly mistakes are made by investors in a bull market." The allure of quick returns can lead investors astray, tempting them to participate in Ponzi schemes or unauthorized portfolio management services (PMS) promising unrealistic gains. However, such schemes often end in financial ruin for unsuspecting investors. It's essential for investors to exercise caution, conduct thorough due diligence, and stick to regulated investment avenues to safeguard their hard-earned investment.



In conclusion, while bull markets offer the promise of prosperity, they also present numerous pitfalls for unwary investors. By avoiding common mistakes such as attempting to time the market, delaying investment decisions, succumbing to FOMO, or falling for fraudulent schemes, investors can navigate turbulent market conditions with greater confidence and resilience, ultimately securing their financial well-being in the long run.

FINANCIAL QUIZ

CHOOSE THE CORRECT OPTION:

A dovish stance aims to lower interest rates to stimulate the economy, while a hawkish stance prefers to raise interest rates to cool down rising inflation.

a)True

b) False.

(Answer will be published in the next edition)

Answer to the previous edition's quiz. -Q & A of last edition

What distinguishes the Focused Equity Mutual Fund category?

a) It focuses only on a particular sector.
b) Maximum invested stocks in the portfolio remain within 30 stocks.
c) It is characterized by a wide and diversified investment portfolio.

Correct Answer: B) Maximum invested stocks in the portfolio remain within 30 stocks. .

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MF CATEGORY-WISE PERFORMANCE AT A GLANCE

Category	1 year	3 Years	5 Years	10 Year
Equity - Contra	48.08	24.24	20.72	18.04
Equity - Dividend Yield Fund	46.08	24.80	19.76	16.02
Equity - ELSS	40.87	19.01	16.81	16.14
Equity - Flexi Cap Fund	42.07	18.70	16.70	16.18
Equity - Focused Fund	40.40	18.20	16.53	16.01
Equity - Large & Mid Cap Fund	45.10	20.86	18.29	17.08
Equity - Large Cap Fund	38.20	16.79	15.20	14.30
Equity - Mid Cap Fund	52.44	23.71	21.31	19.98
Equity - Multi Cap Fund	48.45	23.62	20.59	18.07
Equity - Small Cap Fund	50.50	27.81	24.53	21.64
Equity - Value Fund	49.52	22.71	18.18	17.71

* All Sectoral, Thematic, Index & ETF Funds excluded in the above list. Returns are not guaranteed.

* Disclaimer: This report has been prepared based on data available to us and we have taken all precautions so that there are no errors and lapses. However, we do not assume any liability for actions taken, based on this report. Past performance may or may not be sustained in the future. Mutual fund investments are subject to market risks, read all scheme related documents carefully. Contact us for scheme-specific risk. 'The Investor Story' narrative involves creative liberties taken for storytelling purposes. It does not reflect real events or individuals.

**** Report as of 01/05/2024***

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