Mutual Fund Distributor

MONTHLY NEWS LETTER JAN 2025



Dear Investors,

As we step into 2025, it's time to seize new opportunities and set fresh goals. In this edition, we bring you key market highlights, updates, insights, and strategies to help you achieve your investment goals. Let's make the most of the opportunities ahead!

News Highlights of the Month:

RBI MPC Meeting: Repo Rate Unchanged, CRR Reduced by 50 BPS

RBI keeps the repo rate steady at 6.5% to maintain a neutral policy stance while monitoring inflation and growth. Cash Reserve Ratio (CRR) cut by 50 basis points to 4%, enabling ₹ 1.16 lakh crore liquidity for banks.

Mutual Fund SIP inflows surpass ₹25,000 crore for two consecutive months.

SIP inflows reached ₹25,320 crore in November 2024, marginally down from ₹ 25,323 crore in October. The number of SIP accounts also hit a record high of over 10.22 crore, reflecting steady investor confidence.

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Market Insights

Financial Market Performance Snapshot					
Particulars	Open	High	Low	Close	Change %
Sensex	79,743.87	82,317.74	77,560.79	78,139.01	-2.01%
Nifty	24,276.05	24,857.75	23,460.45	23,644.80	-2.60%
Nasdaq	19,255.43	20,204.58	19,168.38	19,310.79	0.29%
Gold	$2,653.82	$2,726.31	$2,583.49	$2,623.81	-1.13%
Crude	$67.85	$71.77	$66.82	$71.56	5.47%

Financial Performance Trends Over Various Time Horizons					
Particulars	6M	1yr	3yr	5yr	10yr
Sensex	4.88%	16.80%	10.92%	13.88%	10.54%
Nifty	4.14%	17.66%	11.51%	14.42%	10.66%
Nasdaq	14.13%	35.43%	6.96%	17.38%	14.96%
Gold ($)	12.19%	28.33%	13.70%	12.36%	8.44%
Crude ($)	-10.02%	-8.12%	0.07%	5.27%	0.80%

MF CATEGORY-WISE PERFORMANCE AT A GLANCE				
Category	1 Year	3 Year	5 Year	10 Year
Equity - Contra	23.68	21.38	24.31	15.89
Equity - Dividend Yield Fund	19.37	18.76	22.72	13.89
Equity - ELSS	19.63	16.12	19.05	13.71
Equity - Flexi Cap Fund	20.53	15.51	18.77	13.76
Equity - Focused Fund	19.55	14.84	17.73	13.44
Equity - Large & Mid Cap Fund	23.76	17.73	20.99	14.73
Equity - Large Cap Fund	15.18	13.22	15.82	12.09
Equity - Mid Cap Fund	29.10	21.60	26.14	16.80
Equity - Multi Cap Fund	23.66	19.64	22.59	15.34
Equity - Small cap Fund	26.85	21.51	30.97	18.00

* Source: Investing.com/wsj.com/masterstrokeonline.com
* All Sectoral, Thematic, Index & ETF Funds excluded from the above list. Returns are not guaranteed.
* Market Data Period - 01/12/2024 to 31/12/2024

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Investor Education

Topic of the Month: Why SIPs Are Your Best Bet

SIP (Systematic Investment Plan) allows you to invest a fixed amount regularly in mutual funds, automating the process and making it easier to stay on track with your financial goals.

What is SIP?



» *SIP works by deducting a predefined amount from your bank account at regular intervals (monthly or quarterly) and investing the same in a mutual fund scheme of your choice.*

» *It ensures that you invest consistently, regardless of market conditions, instilling financial discipline and helping you build wealth over time.*

Benefits of SIP:



1. Disciplined Approach: SIP encourages regular investing, helping you stay consistent and build wealth over time.

2. Rupee-Cost Averaging: Volatile markets can work in your favor as SIP buys more units when prices are low and fewer when prices are high.

3. Flexibility: You can adjust SIP amounts, pause, or stop anytime to suit your financial needs.

4. Power of Compounding: With time, even small investments grow significantly.

Illustration:

Projected Fund Value at Various Investment Horizons (12% Assumed Return)

Monthly SIP Amount	Investment Period (Years)				
	5	7	10	15	20
₹ 10,000	₹ 8.11	₹ 12.88	₹ 22.40	₹ 47.59	₹ 91.99
₹ 25,000	₹ 20.28	₹ 32.20	₹ 56.01	₹ 118.98	₹ 229.96

**₹ in lakhs. Returns are not guaranteed. The above is for illustration purposes only.*

Pro Tip: Start early to maximize the benefits of compounding and achieve your financial goals faster.

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Understanding Mutual Fund Categories:

Arbitrage Fund

An arbitrage fund invests predominantly in equity and equity-related instruments while simultaneously hedging its exposure through derivatives. This strategy aims to capitalize on price inefficiencies in the market.



Advantages:

1. Low Risk: Provides stability due to the hedging mechanism.

2. Tax Efficiency: Classified as equity for tax purposes, offering better tax treatment.

3. Liquidity: Easy redemption, making it suitable for short-term goals.



Taxation:

- *Short-Term Gains: Taxed at 20% on Capital Gains if held for less than 1 year.*
- *Long-Term Gains: If holding period is beyond 1 year, Capital Gains are tax-free up to ₹1.25 lakhs; above this, taxed at 12.5% without indexation.*

Performance:

Category	Plan	Returns (%)				
		3 Months	6 Months	1 Year	3 Years	5 Years
Hybrid - Arbitrage Fund	Regular	1.6	3.25	7.24	6.02	5.12

*Report Date: 01/01/2025, Returns over 1 year period are annualised returns.

Pro Tip: Arbitrage funds are ideal for parking surplus cash in a tax-efficient and low-risk avenue. Choose them when you expect market volatility or need short-term liquidity.

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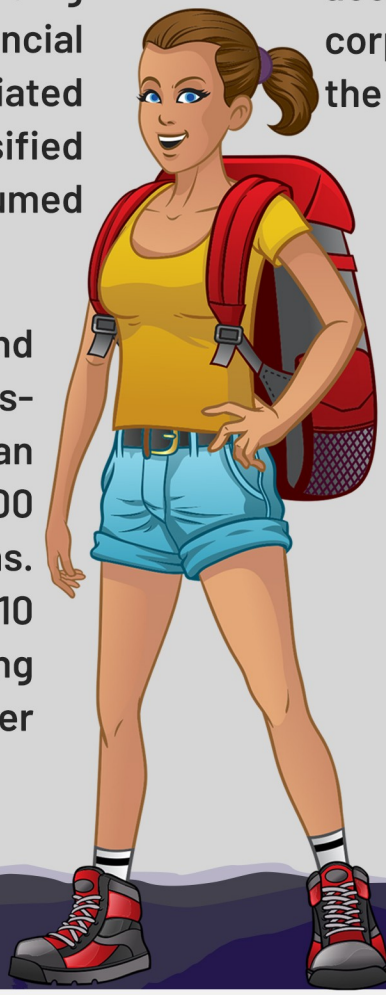
Case Study/Investor Story

Priya's Path to a Dream Vacation

Priya started her financial journey at the age of 30 with a dream of enjoying life's milestones, especially vacations, while building wealth. Following her financial advisor's guidance, she initiated a SIP of ₹20,000 in a diversified equity fund with an assumed return of 12% per annum.

To balance her enjoyment and savings, Priya adopted a Systematic Withdrawal Plan (SWP), withdrawing ₹2,00,000 every two years for vacations. Over 20 years, she fulfilled 10 memorable trips, creating lifelong memories with her family.



Despite periodic withdrawals totaling ₹20,00,000, her disciplined SIP approach helped her accumulate a remarkable corpus of ₹1.16 crore(approx) by the end of the tenure.

Priya shares, "The SIP with planned withdrawals not only enabled me to live my dreams year after year but also ensured my financial security for the future. It can be a perfect plan for anyone who wants the best of both worlds!"

Takeaway:

Smart financial planning can help you enjoy life's milestones while securing your future. Contact us today for a customized calculation tailored to your goals and enjoy the same financial freedom as Priya!

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Investment Opportunities in Changing Markets

Emerging Trends in Mutual Funds: Consumption Fund

Consumption funds focus on companies that benefit from increasing consumer demand across sectors like FMCG, healthcare, automobiles, and retail. They offer exposure to India's growing consumption story.



Advantages:

1. Sector Growth Potential: Leverages India's expanding middle class and increased spending power.

2. Diversified Portfolio: Covers various industries, reducing sector-specific risks.

3. Inflation Hedge: Consumption demand tends to remain stable, even during inflationary periods.

Performance:

Category	Plan	Returns (%)				
		3 Months	6 Months	1 Year	3 Years	5 Years
Sectoral Fund - Consumption	Regular	-9.08	3.63	19.86	18.34	19.01

Report Date: 01/01/2025, Returns over 1 year period are annualised returns.

Pro Tip: Invest in consumption funds to participate in India's growth story while balancing your portfolio with diversified investments.

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FAQs

Common Queries from Investors:

How do I start a SIP?
Answer: Setting up a SIP is quick and easy. If you have Aadhar updated with your pan card along with bank A/c, its a pretty simple process. Contact your financial advisor.



Is SIP only for long-term investments?
Answer: While SIPs are ideal for long-term goals due to compounding, they can also be used for short-term objectives based on your needs.



What happens if I miss an SIP payment?
Answer: Missing one payment doesn't cancel your SIP. It will resume automatically in the next cycle, but ensure funds are available to avoid disruptions.



Can I increase or decrease my SIP amount?
Answer: Yes, SIPs are flexible. You can modify the amount anytime to align with your financial situation.



How do I track my SIP performance?
Answer: Most fund houses and platforms provide dashboards or statements to monitor your SIP's growth and returns.



Pro Tip: Review your SIP portfolio at least once every 6 months to ensure it aligns with your financial goals and risk tolerance.

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Contact and Closing

Timeless Financial Wisdom:

"The day I was born, the Dow Jones Industrial Average closed at 188.58. The day I graduated from high school, the Dow closed at 716.49. The day I turned sixty-five, the Dow closed at 10,522.59. Here we are over 17,000. The long-term trend is obvious."

- Don Connelly



Final Note:

This journey is not just about returns; it's about building the future you envision. Remember, small consistent steps today can lead to significant milestones tomorrow. Your financial goals are our priority. Let's work together to achieve them with smart and informed decisions.

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 Success Story' narrative involves creative liberties taken for storytelling purposes. It does not reflect real events or individuals.

** Report as of 01/01/2025*

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