Shubhchintak
When advice matters, Experts count

MONTHLY NEWS LETTER FEB 2025



Dear Investors,

As February unfolds, it's the perfect time to reassess your financial plans and embrace new opportunities. This month's edition brings you insights on market trends, strategic investment ideas, and key updates to help you make informed decisions. Let's continue building a strong financial future together!

News Highlights of the Month:

- SEBI proposes 'Sachet-Sized' Investments to boost financial inclusion and systematic saving among small investors.

- Inflows into Equity Mutual Funds rose 15% in Dec'24, Driven by Sectoral Funds marking the 46th consecutive month of positive equity inflows.

- India's central bank bond purchases fuel expectations of a February rate cut, signaling efforts to boost lending and economic growth.

- New Fund Houses Set to Enter the Mutual Fund Industry in 2025 include Jio BlackRock, Capitalmind, Choice International, Cosmea Financial Holdings, Angel One, and Unifi Capital.

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Market Insights

Monthly Financial Market Performance Snapshot					
Particulars	Open	High	Low	Close	Change %
Sensex	78,265.07	80,072.99	75,267.59	77,500.57	-0.98%
Nifty	23,637.65	24,226.70	22,786.90	23,508.40	-0.55%
Nasdaq	19,403.90	20,118.61	18,831.91	19,310.79	-0.48%
Gold	$2,626.60	$2,817.57	$2,614.60	$2,801.00	6.64%
Crude	$71.56	$79.38	$71.54	$73.43	2.61%

Financial Performance Trends Over Various Time Horizons					
Particulars	6M	1yr	3yr	5yr	10yr
Sensex	-5.19%	8.01%	10.13%	13.73%	10.26%
Nifty	-5.78%	8.21%	10.68%	14.47%	10.31%
Nasdaq	11.52%	29.43%	11.29%	16.49%	15.53%
Gold ($)	14.52%	37.49%	15.96%	11.99%	8.12%
Crude ($)	-7.22%	-3.10%	-6.14%	7.32%	4.39%

MF CATEGORY-WISE PERFORMANCE AT A GLANCE				
Category	1 Year	3 Year	5 Year	10 Year
Equity - Contra	14.33	19.23	22.31	14.48
Equity - Dividend Yield Fund	11.05	17.67	21.1	13.18
Equity - ELSS	11.10	14.28	17.19	12.50
Equity - Flexi Cap Fund	11.39	13.97	16.95	12.52
Equity - Focused Fund	12.00	13.43	16.15	12.20
Equity - Large & Mid Cap Fund	13.51	15.63	18.68	13.35
Equity - Large Cap Fund	10.23	12.41	14.91	10.96
Equity - Mid Cap Fund	15.12	18.64	22.42	15.17
Equity - Multi Cap Fund	12.06	17.18	20.31	14.01
Equity - Small cap Fund	10.41	17.82	26.22	16.37

*Source: Investing.com/wsj.com/masterstrokeonline.com

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

Monthly Financial Market Performance Snapshot Data Period - 01/01/2025 to 31/01/2025

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Investor Education

Topic of the Month: The Power of Compounding

Compounding is the secret recipe to grow your wealth exponentially. Here's how:



Definition:

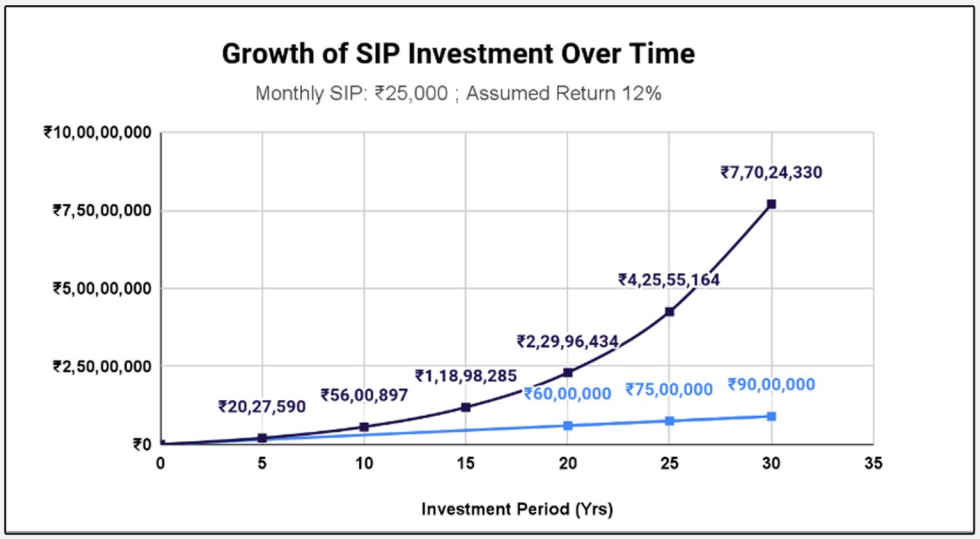
- *Compounding is the process of earning returns on both your initial investment and the accumulated returns.*



Impact:

- *The longer you stay invested, the greater the compounding effect on your wealth.*

Illustration:



Investing ₹25,000/month for 20 years at 12% CAGR can grow to ₹2.29 crore with ₹60 lakhs of Investment, but in 30 years, it could exceed ₹7.70 crore with just an additional ₹30 lakhs of Investment.

*** Please note that above is for illustration purpose only and SIP returns are not guaranteed.**

Pro Tip: Start early and stay invested to unlock the true potential of compounding.

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Understanding Mutual Fund Categories:

Balanced Advantage Fund



Definition:

Balanced Advantage Funds dynamically allocate investments between equity and debt based on market conditions, aiming to provide consistent returns while minimizing risk.



Advantages:

1. Automatic rebalancing to adjust for market fluctuations.
2. Potentially lower volatility compared to pure equity funds.
3. Tax-efficient returns compared to traditional debt investments.

Track Record:

Category	Plan	Returns (%)					
		3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Hybrid - Balanced Advantage	Regular	-1.81	0.63	12.66	11.4	12.54	9.98

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

Balanced Advantage Funds can be ideal for investors looking for stability and growth, especially during uncertain market conditions. Due to their lower volatility compared to pure equity funds, they may also be suitable for SWP withdrawals.

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Case Study/Investor Story

Arjun's Journey to Financial Independence

It all started with an unexpected scroll through social media as I stumbled upon Arjun's breathtaking wildlife photographs. Arjun, once a colleague at an MNC, buried in the demands of a hectic IT job like many of us, seems to have transformed his life. Intrigued, I reached out to him and discovered his inspiring story.

Wildlife photography had been Arjun's childhood passion, sidelined by his corporate responsibilities. Now, at 45, he's left his high-pressure job, started working as an independent IT consultant, and spends his free time pursuing his passion for photography. How did he make it happen?

Arjun credited his financial journey to his Finance Mentor, a mutual fund distributor by profession, who helped him map out his early retirement plan and guided him during market turbulence. Through disciplined SIPs and periodic top-ups, Arjun built a corpus that empowered him to follow his dream while staying financially secure.



Today, Arjun lives his passion and inspires others to plan their financial freedom early. His story is a testament to how smart financial planning can turn dreams into reality.

Start your SIP journey today. Small, consistent steps can lead to extraordinary outcomes. Contact us for customized calculations and guidance.

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Financial Wisdom for Smart Investing

Why should Equity be part of every Investor's Portfolio?

Introduction:

Equity investments can complement a well-diversified portfolio by providing growth potential. While they carry risks, a thoughtful approach to equity allocation can support various financial goals across life stages.

Why Equity Matters for All Age Groups:

1. Young Investors (20–40 Years):
- Higher risk capacity due to a longer investment horizon.
- Potential to recover from short-term market volatility.
- Suitable for achieving long-term goals like home ownership or higher education.

2. Middle-Aged Investors (40–60 Years):
- Balances growth and stability during peak earning years.
- It can help build a substantial retirement corpus while maintaining moderate risk exposure.
- Supports wealth preservation alongside steady compounding.

3. Senior Investors (60+ Years):
- May offer inflation-adjusted returns to address post-retirement expenses.
- Allocating a suitable portion to equity as per risk profile can enhance portfolio longevity.
- It can help leaving a financial legacy for future generations.

Key Benefits of Equity:

1. Potential for Higher Returns: Equity asset class have historically delivered higher returns.

2. Portfolio Diversification: The presence of Equity in a diversified portfolio balances risk and improves overall performance.

3. Liquidity: Equity investments are easier to liquidate.

4. Tax Efficiency: Long-term gains are tax-free up to ₹1.25 lakh annually in an FY, and gains beyond that are taxed at 12.5% only after a 12-month holding period, making equity a tax-efficient choice compared to other asset classes.



Maintain a balanced approach to equity allocation based on your age, financial goals, time horizon, and risk tolerance.

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FAQs

Common Queries from Investors:

What is the ideal time horizon for equity investments?
Answer: Equity investments are best suited for medium to long-term goals, ideally with a horizon of 5 years or more, to balance out market fluctuations and maximize growth potential.

How do hybrid mutual funds balance risk and return?
Answer: Hybrid funds mix equity and debt instruments, automatically rebalancing to adapt to market conditions, offering both growth and stability.

How can I use SIPs to build wealth over time?
Answer: SIPs allow regular investments in mutual funds, leveraging rupee cost averaging and compounding to create wealth steadily over the years.

What is the role of equity in achieving financial independence?
Answer: Equity provides inflation-adjusted returns and growth potential, essential for building a corpus that supports long-term financial independence.

Can hybrid funds be used for retirement planning?
Answer: Yes, hybrid funds offer a balance of growth and stability, making them suitable for retirement portfolios where capital preservation and moderate growth are priorities.

How does equity help combat inflation?
Answer: Equity investments has the potential to generate returns higher beating inflation rate, ensuring that your purchasing power grows over time.

Why are long-term capital gains in equity considered tax-efficient?
Answer: Long-term capital gains for Equity are tax-free up to ₹1.25 lakh per year, with a tax rate of 12.5% beyond that with a 12-month holding period for qualification, making them a cost-effective way to build wealth.

Kickstart your investment journey today—combine equity and hybrid funds to balance risk while maximizing growth potential for a secure financial future.

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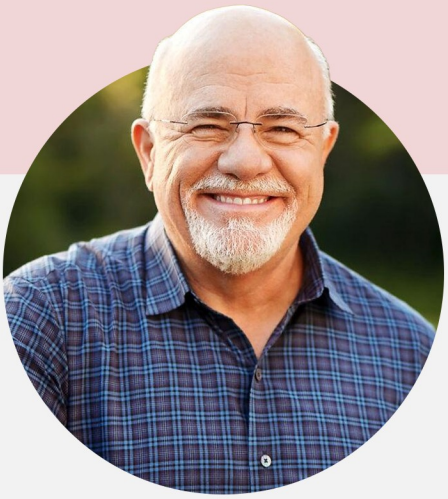
Contact and Closing

Timeless Financial Wisdom:

Financial peace isn't the acquisition of stuff. It's learning to live on less than you make, so you can give money back and have money to invest. You can't win until you do this

- Dave Ramsey



Final Note:
Success in investing comes with patience, discipline, and informed decisions. Let's continue this journey together to achieve financial aspirations. Your financial goals are our priority. Reach out to us for personalized investment guiance today!

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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