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WEALTHWISE®

Wiseinvest®
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Wealthwise

"Wealthwise" is a monthly publication brought to you by Wiseinvest, an AMFI-registered Mutual Fund Distributor. Our CEO, Hemant Rustagi, is a well known personal finance expert. He brings with him an experience of more than 30 years in this field. He regularly writes articles for major national dailies and business magazines as well as appears as a personal finance expert on many investments related TV shows. Providing quality service is our top priority. In keeping with that, we constantly take steps to provide up-to-date information to our clients. In the last twenty years, thousands of our clients have made mutual funds the mainstay of their portfolios. You can benefit too from our service support for your existing as well as new investments. All you need to do is to just call up any of the offices or email your requirements at **information@wiseinvest.co.in.**

Dear Investor,

The Sensex and the Nifty rose about 1.04% and 1.18% respectively as the stock market swung between gains and losses during the month of February. Foreign investors bought Indian equities worth ₹ 5,107 crore in February, after pulling out ₹ 25,000 crore in the previous month. However, considering that foreign investors remain cautious towards Indian markets due to higher valuations after the recent run-up, the pace of foreign inflows is likely to remain moderate in the month of March.

The Indian economy grew by 8.4% during the October-December quarter of FY 24. The growth during the December quarter emerged as a surprise for economists as there was an expectation of a contraction in economic growth due to a nominal decline in government spending, slow growth of the industrial output, and an uneven monsoon. However, a strong construction and manufacturing sector resulted in unexpected spurt in the economic growth. The economy's good showing will bolster the government's position ahead of the general elections.

India's core sector expanded 3.6% in January, its slowest pace in 15 months. The core sector had grown 4.9% in the previous month and 9.7% a year earlier. The core sector is critical as it covers the 8 core infrastructure sectors and measures the output. The core sector normally acts as a lead indicator for IIP and GDP since the core sector has a 40.27% weightage in the IIP basket.

India's gross GST collection in February 2024 jumped 12.5% year-on-year (YoY) to ₹ 1,68,337 crore. This growth was driven by a 13.9% rise in GST from domestic transactions and 8.5% increase in GST from import of goods. With the latest collections of February 2024, the total gross GST collection for the current financial year stands at ₹ 18.40 lakh crore, which is 11.7% higher than the collection for the same period in FY 2022-23.

With the increased volatility in the market, it is important for you to keep an eye on your asset allocation and segment wise exposure through your equity portfolio. While all the three segments of the market have an important role to play in the kind of returns your portfolio could deliver over the longer term, it is important to maintain a balance between risk and reward.

Warm regards,

Hemant Rustagi
Editor

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The Stock Market Performance During February 2024.

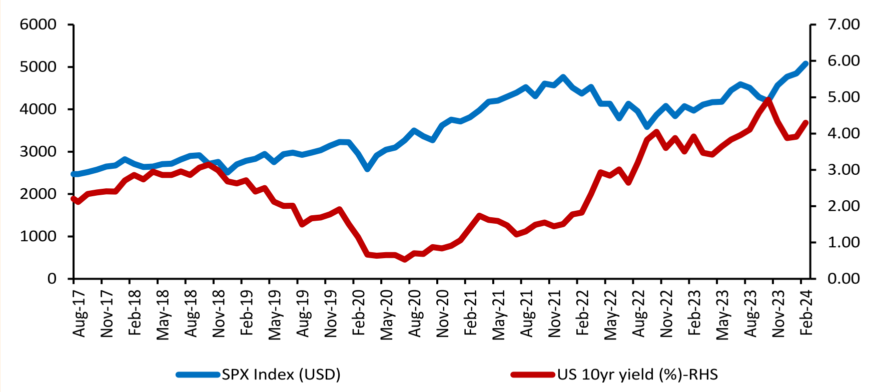
Indices	31st January 2024	29th February 2024	Change in (%)
Sensex	71,752.11	72,500.30	1.04
MIDCAP	38,774.50	39,346.98	1.48
SMLCAP	45,722.58	45,225.10	-1.09
BSE-100	22,509.19	22,921.27	1.83
BSE-200	9,768.20	9,955.38	1.92
BSE-500	31,303.35	31,777.02	1.51

Market Outlook - SBI Mutual Fund

Risk assets, globally, seem to have aligned to the narrative of policy rate cuts not coming as early or as fast as anticipated or priced in. Even as the labour market and activity data has been printing better than anticipated in recent readings, the delinking has been reflected in most risk assets getting well bid.

Chart 1

US equity rally continues (though the breadth narrows) despite Treasury yields rise in Jan-Feb



Source: Bloomberg, SBIFM Research

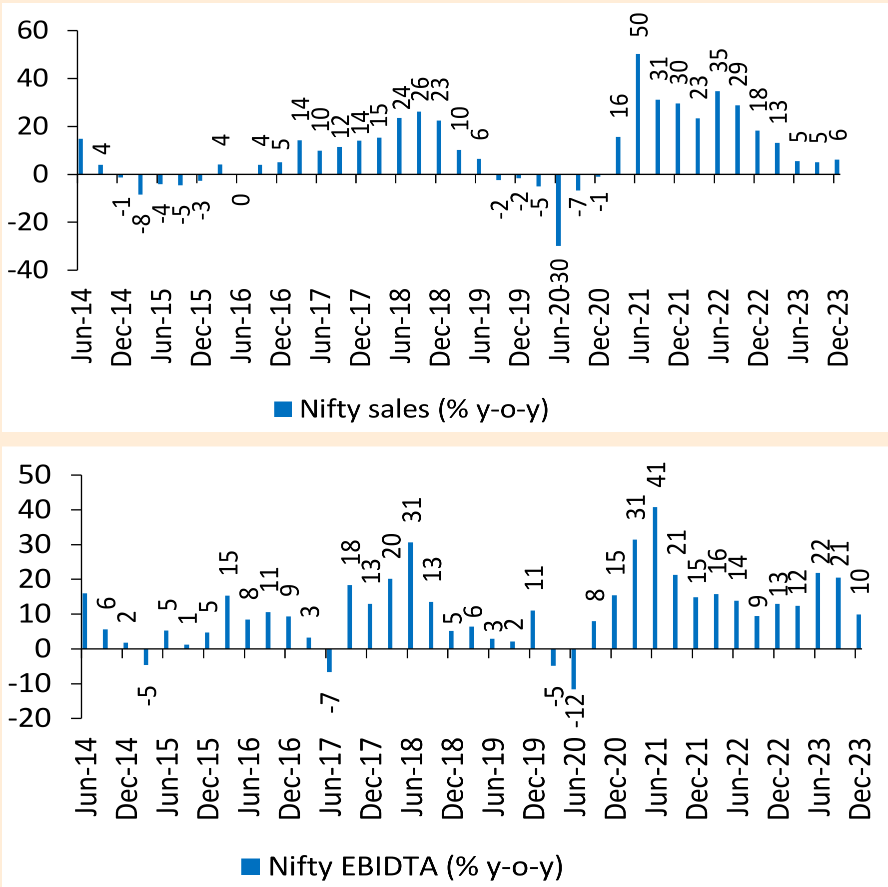
Equity

After a flat start to the year in January, the Nifty and the Sensex inched up rising 1.2% and 1% respectively in February 2024. The broader market indices, however, were negative with Nifty Midcap 150 index down 0.3% and Nifty Small cap 250 index down 0.7% for the month. Overall, markets appeared to shrug off the resurgence of 'higher for longer' narrative after a spate of higher than expected growth and inflation prints in the US. The Indian GDP growth print at the end of the month has further fueled the up move coming into March.

The recently concluded results season pointed to continued sluggishness in topline growth. While the operating profit and net profit performance was better, margin tailwinds appear to be largely behind which in turn is leading to decelerating trends on profits as well.

Chart 2

Corporate revenue growth stays sluggish; profit trends better but moderating

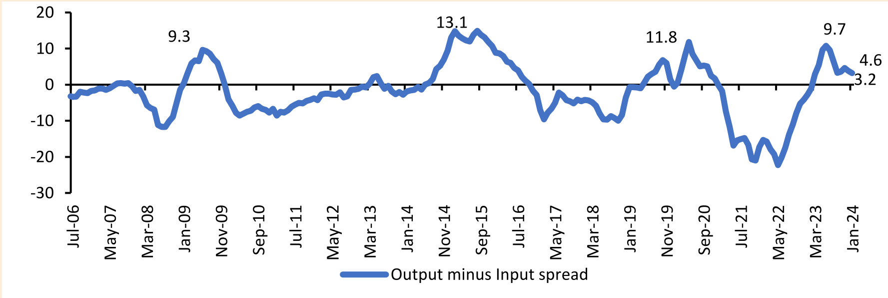


Source: Bloomberg, SBIFM Research

That the best of gross margin benefits may be behind is also evinced in the declining gap between output inflation and input cost inflation. This in turn implies that profit growth should start moderating towards revenue growth if not completely converge.

Chart 3

The positive gap between output inflation and input cost inflation is moderating

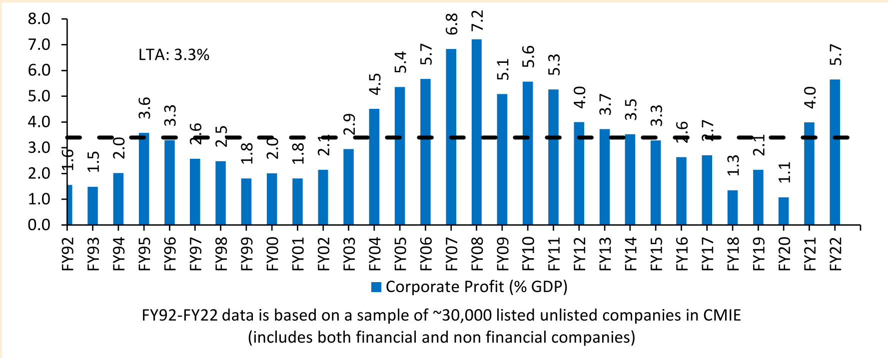


Source: CMIE, SBIFM Research

The positive on earnings, however, is that the long-term trend on corporate profits to GDP has been reverting higher for the past three years after over a decade of decline. This lends hope that we are in the midst of a medium-term earnings upcycle and the near-term headwinds should be transient.

Chart 4

Long-term trends on corporate earnings encouraging

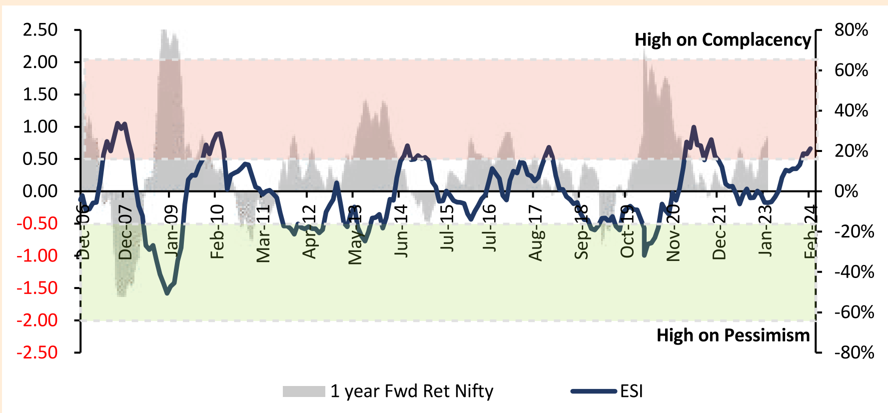


Source: CMIE, Bloomberg, SBIFM Research

On the flip side, however, Valuations as measured through our preferred gauges of yield spreads (trailing earnings yield minus bond yield, and cyclically adjusted earnings yield minus bond yield) stay expensive even with some softening in bond yields by 6 basis points in the month. More importantly, our equity sentiment measure increased further during the month reflecting high degree of complacency in the markets. Equity Sentiment as measured through our proprietary framework is a score considering a total of 14 sub factors covering various aspects of markets to arrive at a measure of market sentiment. The sentiment index works as a contrarian measure and is expected to have an inverse correlation to expected forward returns, especially at extremes.

Chart 5

Equity sentiment index suggests heightened complacency



Source: Bloomberg, FactSet, SBIFM Research;
Note: ESI stands for Equity Sentiment Index

We therefore think that while the outlook for Indian economy and earnings over the next few years stays optimistic, investors should not get carried away and stick to their asset allocation discipline and maintain a diversified approach across assets as also within the equity portfolio.

Cont. on page 5...

Identify Your Risk Tolerance To Avoid Any Mishaps

Mutual funds have proved to be an effective investment vehicle for investors the world over. In our country too, mutual funds are gradually finding their rightful place in investment universe of investors with varying risk profile and time horizon. The ability of mutual funds to offer options to invest in line with your asset allocation to suit your varied goals makes them an ideal investment vehicle.

While there is no doubt that mutual funds are a simple investment vehicle, investing in them may not always be an easy task since there are hundreds of schemes to choose from. Investors often err by choosing funds that don't match their needs and by ignoring the need to balance risk and reward. That's why, identifying the right level of risk tolerance and choosing the right funds, should be the key focus areas while designing your portfolio.

Simply put, if you are looking to build an aggressive long-term portfolio, your portfolio composition should be different from someone who may have different time horizon and risk profile. Therefore, if you decide to invest in an aggressive fund, make sure that you have the risk appetite required to tackle the impact of volatility and that there is a place for such a fund in the portfolio. If you are not sure about the risk level in your portfolio, both in terms of allocation to equities and different market segments, it's time to have a close look at your portfolio. You mustn't hesitate to take steps to rebalance it, if required. If you are not confident of doing it yourself, take help of a professional who can guide you in every step of your investment process.

Remember, the temptation to increase exposure to aggressive categories of funds like those investing in small cap stocks, sector as well as thematic funds can derail your investment process. While some of these categories of funds, if chosen well, have the potential to enhance overall portfolio returns, a disproportionately higher exposure in them can create an imbalance in risk and reward.

As is evident, balancing risk and rewards holds the key to your investment success. One of the key factors that can help you achieve this is to have the right asset allocation for long-term goals as these require you to accumulate a large corpus. For example, asset allocation at pre-retirement period i.e. 8 to 10 year before retirement, is quite critical. That's because most investors can be expected to have taken care other important long-term goals like children's education and buying a house, by the time they reach this stage.

Moreover, these are usually the best years in terms of capacity to save and invest as compared to earlier years. Considering the time on hand before you need to start generating regular income, equities must be an integral part of the portfolio. Of course, the proportion of allocation to different asset classes holds the key from risk and reward point of view.

It's important to avoid taking a new loan at this stage as it can disrupt your investment process. There may not be enough time to repay and that can put pressure on your investment process for retirement. If you are already repaying an existing loan, the attempt should be to repay it as early as possible.

Last but not the least, you must continue with your investment process uninterruptedly irrespective of the market conditions. While it is natural to get affected by the euphoria in a rising market and the panic in a falling market, it shouldn't influence your long-term investment strategy. Remember, volatility in the stock market is a natural phenomenon and hence you must be prepared to tackle it at all times.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Make Your SIPs More Effective

It is heartening to see increasing number of Indian investors adopting a disciplined approach through SIP for investing in mutual funds. While a disciplined investment process can make a significant contribution to one's wealth creation process, it is important to plan investments well and avoid haphazard decisions during the defined time horizon. Here are a few aspects that need to be handled well to make your SIPs more effective.

Consider inflation while setting target for long-term goals

Long-term goals like retirement planning and children's education would require you to create a large corpus. Hence, you must set the target for each one of these after considering the impact of inflation and work out investment amount based on an assumed annualised rate of return expected from an asset mix ascertained for that goal.

For example, if the parents of a new born child start planning for higher education now, assuming education inflation at 11%, the current cost of ₹ 25 lakh would escalate to ₹ 1.64 crore after 18 years. To achieve this target, they will have to invest ₹ 22,000 pm through SIP in equity funds. As is evident, starting your long-term investment process, without considering inflation, can create a huge gap in what you may be able to accumulate vis-à-vis what would be required for that goal.

Increase SIP amount every year as your income rises

There are proven advantages of starting investments through SIP early as you benefit from power of compounding and get the best out of the true potential of an asset class like equity. However, it is important to understand that even your carefully planned target amount would need to be reset as your income rises over the years. Therefore, you must increase your SIP amount to maintain the discipline in your savings and investment process as well as achieve the revised target.

Cont. on page 6...

Performance Of Select Funds

Data as on February 23, 2024

EQUITY FUNDS

Large Cap, Large & Midcap, Multi Cap

Fund	Launch	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**	7 Year**	10 Year**	15 Year**
ABSL Flexi Cap Fund	Aug-98	18.33	35.61	16.60	17.07	17.17	13.69	17.82	18.48
ABSL Frontline Equity Fund	Aug-02	16.15	32.07	16.48	16.85	16.49	13.36	15.56	17.74
Axis Focused 25 Fund	Jun-12	14.45	26.98	5.22	7.18	13.25	12.77	14.82	-
Axis Growth Opportunities Fund	Oct-18	19.30	41.14	17.91	19.79	21.46	-	-	-
Bandhan Focused Equity Fund	Mar-06	19.99	40.72	16.35	15.20	15.93	13.68	13.49	13.92
Canara Robeco Flexi Cap Fund	Sep-03	16.31	30.72	13.89	16.23	18.03	16.19	16.17	18.46
HDFC Flexi Cap Fund	Jan-95	21.91	42.52	28.05	25.52	21.20	17.25	18.36	20.40
HDFC Large and Mid Cap Fund	Feb-94	22.09	49.22	27.11	25.90	22.62	17.17	15.62	16.64
HDFC Top 100 Fund	Sep-96	19.54	37.45	22.73	20.11	17.42	14.64	16.21	18.05
ICICI Prudential Bluechip Fund	May-08	22.13	39.00	20.81	20.43	19.06	15.85	16.80	19.07
ICICI Prudential Large & Mid Cap Fund	Jul-98	23.72	43.66	25.84	26.21	22.48	16.30	17.28	18.20
Invesco India Contra Fund	Apr-07	21.83	40.91	21.18	19.61	19.68	17.12	19.85	20.21
Kotak Bluechip Fund	Dec-98	16.20	29.47	15.82	16.07	17.53	14.24	15.74	15.98
Kotak Equity Opportunities Fund	Sep-04	18.38	38.60	22.33	21.03	20.75	16.34	18.65	18.85
Kotak Flexicap Fund	Sep-09	16.20	32.30	17.74	16.20	16.73	14.15	17.66	-
Kotak Multicap Fund	Sep-21	29.81	59.53	32.38	-	-	-	-	-
Mirae Asset Large & Midcap Fund	Jul-10	18.18	38.99	18.07	18.80	21.75	18.13	23.60	-
Motilal Oswal Large and Midcap Fund	Oct-19	25.66	51.87	26.61	25.00	-	-	-	-
Nippon India Large Cap Fund	Aug-07	18.85	41.62	25.19	23.28	18.83	16.29	17.88	18.04
Nippon India Multi Cap Fund	Mar-05	16.39	47.80	30.14	29.59	21.49	17.93	18.13	21.87
Parag Parikh Flexi Cap Fund	May-13	22.56	43.15	21.12	22.89	23.79	20.17	20.49	-
PGIM India Flexi Cap Fund	Mar-15	12.76	26.83	11.32	15.88	20.86	15.77	-	-
SBI Focused Equity Fund	Oct-04	9.85	29.77	10.68	14.72	17.03	15.44	17.84	22.75
SBI Large & Midcap Fund	Feb-93	16.35	35.15	21.36	21.76	20.36	16.51	18.37	19.15
UTI Flexi Cap Fund	May-92	7.61	20.60	5.53	9.09	15.37	13.72	15.18	17.24

Midcap & Smallcap

Axis Midcap Fund	Feb-11	16.35	36.61	17.48	18.98	21.32	19.15	20.99	-
HDFC Mid-Cap Opportunities Fund	Jun-07	23.99	57.79	34.31	30.24	25.83	18.90	22.53	24.78
Kotak Emerging Equity Fund	Mar-07	15.72	37.02	22.32	22.77	24.05	17.72	23.24	21.99
Motilal Oswal Midcap Fund	Feb-14	30.26	56.92	33.38	34.47	27.72	18.96	-	-
PGIM India Midcap Opportunities Fund	Dec-13	13.58	27.91	14.54	21.09	26.76	17.79	18.32	-
UTI Mid Cap Fund	Apr-04	14.83	39.40	19.64	21.19	22.43	15.88	20.47	22.60
HDFC Small Cap Fund	Apr-08	19.31	52.68	32.38	32.80	24.88	21.34	22.05	22.73
Kotak Small Cap Fund	Feb-05	14.12	37.64	18.90	25.25	27.91	19.00	23.15	22.63
Nippon India Small Cap Fund	Sep-10	21.88	58.41	33.59	36.87	31.56	23.84	28.26	-
SBI Small Cap Fund	Sep-09	15.06	37.35	23.36	25.36	25.86	21.24	26.88	-
Bandhan Small Cap Fund	Feb-20	33.45	71.65	31.90	30.50	-	-	-	-

Sectoral / Thematic Fund & Tax Saving

UTI Flexi Cap Fund	May-92	7.61	20.60	5.53	9.09	15.37	13.72	15.18	17.24
Nippon India Banking & Financial	May-03	13.11	33.44	20.32	18.80	15.37	13.25	17.91	19.75
ICICI Prudential Pharma Healthcare	Jul-18	27.63	64.23	27.10	21.46	25.72	-	-	-
Nippon India Pharma Fund	Jun-04	24.77	61.57	25.12	21.35	24.06	18.17	17.60	23.92
SBI Healthcare Opportunities Fund	Jul-99	24.82	62.24	28.11	21.97	25.02	14.38	15.83	22.29
Kotak Pioneer Fund	Oct-19	19.20	41.66	19.85	17.62	-	-	-	-
Axis ELSS Tax Saver Fund	Dec-09	16.60	31.49	9.42	9.93	14.83	13.79	16.71	-
Bandhan ELSS Tax Saver Fund	Dec-08	16.91	38.62	20.84	22.98	21.85	17.81	18.82	19.27
Kotak ELSS Tax Saver	Nov-05	17.04	35.45	20.16	20.12	19.81	15.70	18.46	17.75
Mirae Asset ELSS Tax Saver Fund	Dec-15	16.25	34.82	16.98	17.65	20.32	17.98	-	-

ARBITRAGE FUNDS

Funds	Launch	3 Mth*	6 Mth*	1 Year*	2 year**	3 Year**	5 Year**
Bandhan Arbitrage Fund	Dec-06	2.06	3.81	7.50	6.00	5.25	5.03
ICICI Prudential Equity Arbitrage Fund	Dec-06	2.04	3.82	7.48	6.05	5.38	5.18
Kotak Equity Arbitrage Fund	Sep-05	2.16	4.00	7.81	6.34	5.61	5.37

HYBRID

Fund	Launch	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**	7 Year**	10 Year**	15 Year**
ABSL Equity Hybrid '95 Fund	Feb-95	12.83	27.37	10.19	13.11	12.86	10.25	13.68	15.63
Canara Robeco Equity Hybrid	Feb-93	13.05	25.17	12.80	13.59	15.50	13.46	15.60	16.64
DSP Equity & Bond Fund	May-99	11.29	26.65	13.28	13.10	15.75	12.49	15.32	15.24
ICICI Prudential Equity & Debt	Nov-99	20.86	37.73	22.44	24.59	21.50	16.65	18.24	18.74
Kotak Equity Hybrid Fund	Nov-99	12.32	25.47	14.97	15.84	17.73	13.13	14.03	14.63
SBI Equity Hybrid Fund	Dec-95	11.71	24.07	11.58	12.70	14.49	12.78	14.84	15.88
ABSL Bal. Advantage Fund	Apr-00	9.86	20.81	12.29	11.45	12.43	-	-	-
Bandhan Bal. Advantage Fund	Oct-14	9.11	19.06	9.36	9.34	10.74	-	-	-
ICICI Prudential Bal. Advantage	Dec-06	12.01	21.03	13.74	12.78	13.39	-	-	-
Kotak Bal. Advantage Fund	Aug-18	9.49	18.16	11.52	10.73	12.11	-	-	-
Nippon India Bal. Advantage	Nov-04	12.92	23.03	13.75	12.52	12.17	-	-	-
Bandhan Equity Savings Fund	Jun-08	5.14	11.07	7.07	7.12	7.90	-	-	-
Kotak Equity Savings Fund	Oct-14	10.80	18.83	12.12	11.63	10.95	-	-	-

DEBT

Debt Oriented & Ultra Short Term Debt Fund

Funds	Launch	1 Mth*	3 Mth*	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**
ABSL Short Term Fund	May-03	0.76	2.08	3.51	7.38	5.87	5.55	6.96
Axis Corporate Debt Fund	Jul-17	0.84	2.08	3.52	7.38	5.57	5.27	6.36
HDFC Corporate Bond Fund	Jun-10	0.90	2.09	3.61	7.86	5.68	5.58	7.28
Kotak Corporate Bond Fund	Sep-07	0.81	2.08	3.60	7.58	5.62	5.43	6.67
Kotak Banking and PSU Debt Fund	Dec-98	0.84	2.06	3.65	7.52	5.60	5.45	7.10
SBI Banking and PSU Fund	Oct-09	0.86	2.04	3.42	7.15	5.03	4.70	6.47
ICICI Prudential Savings Fund	Sep-02	0.64	1.82	3.50	7.78	6.50	5.57	6.62
Kotak Savings Fund	Aug-04	0.61	1.70	3.30	6.97	5.88	5.06	5.58

*Absolute ** Annualised. Past performance may or may not be sustained in future.

Dividends declared by equity and equity-oriented funds during the month of February 2024

Scheme name	Date	Dividend declared in ₹ Per unit
ICICI Prudential Balanced Advantage Fund - Monthly	01-02-2024	0.07
ICICI Prudential Equity & Debt Fund - Monthly	01-02-2024	0.16
ICICI Prudential MNC Fund	08-02-2024	1.70
DSP Focus Fund	08-02-2024	1.70
DSP India T.I.G.E.R. Fund	08-02-2024	2.30
ICICI Prudential Banking and Financial Services Fund	08-02-2024	5.50
Axis Bluechip Fund	09-02-2024	1.60
Axis Focused 25 Fund	09-02-2024	1.75
Nippon India Consumption Fund	12-02-2024	3.00
Nippon India Vision Fund	12-02-2024	5.50
Nippon India Balanced Advantage Fund	13-02-2024	0.17
DSP ELSS Tax Saver Fund	15-02-2024	0.57
HDFC Focused 30 Fund	15-02-2024	2.25
HDFC Capital Builder Value Fund	15-02-2024	2.75
DSP Small Cap Fund	15-02-2024	4.60
Sundaram Aggressive Hybrid Fund - Monthly	16-02-2024	0.25
Invesco India Infrastructure Fund	16-02-2024	4.50
Nippon India Banking & Financial Services Fund	16-02-2024	5.50
Nippon India Power & Infra Fund	16-02-2024	5.50
DSP Midcap Fund - Regular Plan	22-02-2024	2.30
Aditya Birla Sun Life Balanced Advantage Fund	23-02-2024	0.16
Canara Robeco Equity Hybrid Fund - Monthly	23-02-2024	0.69
UTI Aggressive Hybrid Fund	23-02-2024	0.82
Canara Robeco ELSS Tax Saver Fund	23-02-2024	1.12
Nippon India Value Fund	23-02-2024	4.00
Nippon India Pharma Fund	23-02-2024	10.00
HDFC Balanced Advantage Fund	26-02-2024	0.25
Edelweiss Aggressive Hybrid Fund	27-02-2024	0.17
DSP Equity & Bond Fund	28-02-2024	0.20
DSP Healthcare Fund	29-02-2024	2.00
Nippon India Focused Equity Fund	29-02-2024	2.75
DSP Equity Opportunities Fund	29-02-2024	3.10
Nippon India Small Cap Fund	29-02-2024	8.00
Nippon India Growth Fund	29-02-2024	10.00

Please check whether you have received dividend for the fund/s that you may have in your portfolio out of this list. In case, you do not maintain any portfolio statement, Wiseinvest can do that for you free of charge. Once we have the details, we would send your updated statement every month. You can contact our corporate office or our branch to avail of this free service.

Market Outlook - SBI Mutual Fund...

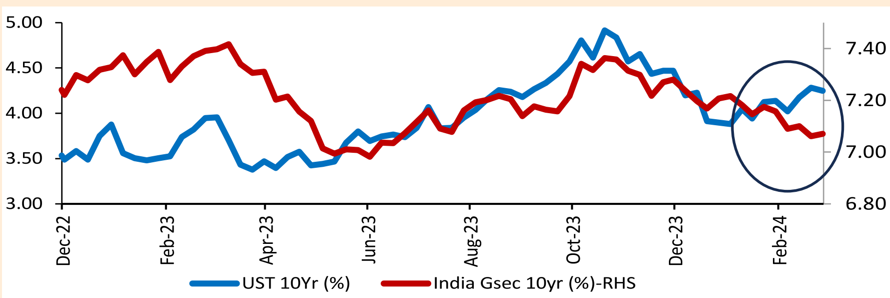
...Cont. from page 2

Fixed Income

Fixed Income market direction in India has clearly broken from the interlinkages with Treasury yields over the recent past. While expectations on earlier and faster cuts from the FED has faded away resulting in treasury yields retracing higher, domestic factors have resulted in Indian rates staying supported with a significant flattening of the curve. The RBI policy in February reiterated the stance of withdrawal of accommodation. Interestingly the stance has been delinked from liquidity conditions and emphasised in terms of the policy interest rate and the variation of inflation with respect to the policy target of 4%. Seen in the current context of resilient growth and CPI inflation above 4%, policy rate cut expectations clearly need to be tempered.

Chart 6

Sovereign yields delinked from UST direction

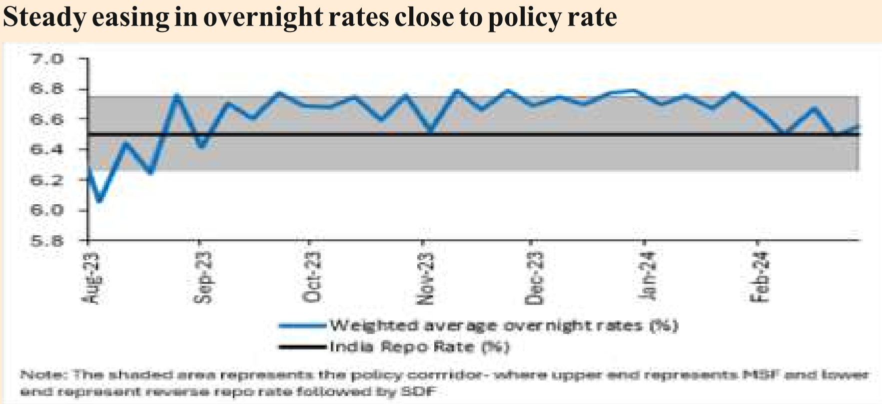


Source: Bloomberg, SBIFM Research

Beyond policy easing expectations, sound macro fundamentals as well as well matched demand- supply equation has supported the move lower in long term yields. Some of the factors that are relevant to explain the recent divergence should continue to play out over the coming fiscal. At the same time, liquidity conditions have influenced the shorter end of the curve. Recent RBI actions on liquidity, helped by increased government spending have contributed to a gradual easing in the effective overnight rates from the upper MSF ceiling of 6.75% towards the repo rate of 6.5%. As headline CPI has moved lower to 5%+ from 6% over the last quarter, the effective policy tightening that has been in place since Aug 23 has been gradually loosened. While government spending is an exogenous variable, RBI's liquidity injection through Variable Rate Repo auctions have largely coincided with the easing in headline inflation. Given that the near-term projection is for a further easing trend in CPI, it is expected that the effective tightening delivered since Aug 23 should be completely unwound in the coming months.

Chart 7

Steady easing in overnight rates close to policy rate

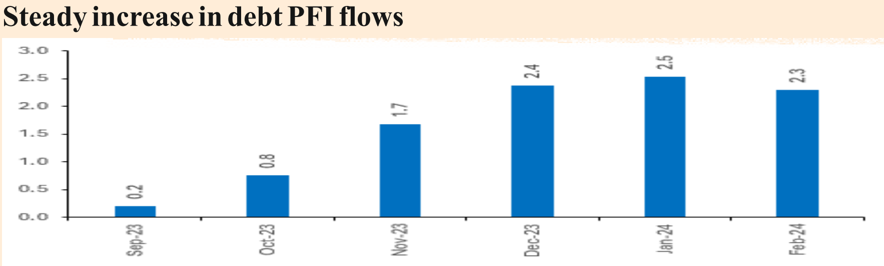


Source: Bloomberg, SBIFM Research

Relatively robust growth outlook, supported by improved tax compliance has helped in government revenues remaining strong, thereby enabling a gradual consolidation in the fiscal dynamics. At the same time increased FPI flows since the JP Morgan Index inclusion have resulted in a new demand source for sovereign bonds. To the extent that overall liquidity surplus has reduced, corresponding sterilisation of these flows by the RBI through OMO sales is not a real threat in the near term.

Chart 8

Steady increase in debt PFI flows



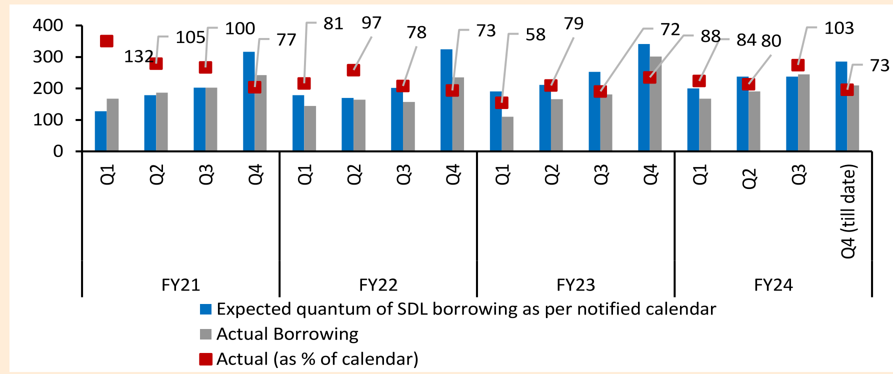
Source: Bloomberg, SBIFM Research

SDL issuances:

SDL issuances in this FY have been higher as compared to the previous fiscal years. The initially announced Q4 borrowing schedule of ₹ 4.13 trillion came on the back of actual borrowings in Q3 being slightly higher than initial estimates. However, over the last 2 months, the actual borrowing number have been much lower (73% of calendar). This has also contributed to better sentiments and absorption of issuances at tighter spreads.

Chart 9

FYTD, SDL issuances at 85% of their indicated calendar amount, but Q4 materially lower so far



Source: Bloomberg, SBIFM Research

With the announced market borrowings for FY25 being lower than market estimates and the continuing strong demand witnessed in recent past, the near-term outlook remains non disruptive from a market perspective. Tighter term spreads may sustain until clarity emerges on the distribution of tenor wise borrowings for FY25. The other key monitorable would be the scheduled commercial banks appetite for sovereign securities. This has remained robust overall in the current FY with overall SLR around 27.5% of NDTL. With the gap between credit and deposit growth persisting, the extent of excess SLR at a system wide level would be a key factor influencing market yields over the next FY. With steady demand expected to persist from other key segments including insurance and long-term investors and new demand from FPI, banking system demand could be a key swing factor.

The fiscal consolidation announced should complement the RBI efforts towards aligning inflation lower. While there has been steady progress towards bringing headline within the range and core remaining softer, there remains ground to cover with respect to aligning CPI to the midpoint target of 4% on a durable basis. A forward outlook where growth remains stronger and macro financial stability is not under threat, provides the central bank sufficient leeway to sequence policy actions to sustainably meet the inflation mandate. This would be independent of policy actions undertaken by other central banks.

RBI is expected to gradually relent on the liquidity stance as visibility on inflation settling lower emerges. With visibility emerging on the liquidity dynamics, the elevated levels at the front end of the curve should settle lower over the coming months. This should enable better risk- reward equation for incremental investments at the shorter segment (up to 5y) of the curve. While shifting external market dynamics on policy rates as well as geopolitical issues remain key risks, the recent market resilience remains comforting at the margin.

Rajeev Radhakrishnan
CIO, Fixed Income

Gaurav Mehta
CIO, Alternatives

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Make Your SIPs More Effective...

...Cont. from page 3

This discipline can make a huge difference to what you get to accumulate over the longer term. For example, if you invest ₹ 20,000 pm in equity funds, you can expect to build a corpus of around ₹ 2 crore after 20 years, at an assumed annualised return of 12%. However, if you increase your SIP amount by 10% every year, you can expect to build a corpus of around ₹ 4 crore after the same duration.

Avoid investing in too many funds

It is quite common to see investors investing small amounts in multiple funds, making their portfolios unwieldy. Needless to say, a situation like this does more harm to your portfolio than good as the portfolio can suffer from overlap and under-performance. If you choose your funds carefully for each of your goals, a few funds can do the job of providing adequate diversification in terms of sector and stocks allocation as well as segment wise allocation. Some of the categories like Flexi-cap, large & midcap and multi-cap funds can be quite effective for those who may not be in a position to decide allocation themselves and also find it difficult to realign the portfolio in a tax-efficient manner.

Don't interrupt your investment process when faced with market volatility

While equity as an asset class helps you earn positive real rate of return i.e. gross returns minus inflation minus taxes, the bouts of volatility can put your patience and perseverance to test. Having a clearly defined time horizon, appropriate asset allocation and keeping focus on your goals helps you tackle the turbulence in the stock market. In other words, if you begin your investment process without planning your investments, you would find it difficult to stay invested when faced with the market vagaries. Needless to say, abandoning your investment process and changing your asset allocation abruptly can expose you to the challenges that can jeopardise your financial future.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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FORM IV

(See rule 8)

Statement about ownership and other particulars about newspaper entitled "WEALTHWISE" as required to be published in the first issue every year after the last day of February.

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I, Hemant Kumar Rustagi, hereby declare that the particulars given above are true to the best of my knowledge and belief.

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Signature of Publisher

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