

OPTYMONEY

Ideas for Wealth



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From the Author

Welcome to the January edition of our 'Ideas for Wealth'. In this month's edition, we bring to you updates on the global economic scenario and how Indian markets are impacted by these developments.

The impact of certain events over the past few weeks have heightened global economic uncertainties.

The bull case for India market is a well-worn story: political stability, stable crude prices, strong corporate earnings, falling interest rates, a strong working population, strong domestic and foreign fund flows.

In our continuing endeavour to keep our readers updated on investment opportunities, we

have highlighted some of the new Mutual Fund offers that opened during the month.

Also with equity markets showing weakness, it would be a good opportunity to try out buying Digital Gold especially during the festive season and for this our readers could utilise our digital platform to invest in Gold & Silver.



WEALTH MANAGEMENT | MUTUAL FUND | INSURANCE | GOLD

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YEAR-ENDED 2023: A LOOK BACK AT TOP SIX FACTORS THAT DISRUPTED INDIAN STOCK MARKET

" Happy New Year to all our patrons"

The Indian stock market faced a volatile 2023, buffeted by a confluence of global and domestic headwinds. Foreign investor flight, escalating US yields, and the Adani-Hindenburg saga wreaked havoc in the first half of the year, while the second half saw glimpses of revival driven by IT gains and BJP election victories.

Indian equities suffered a loss of USD 2.2 billion of FII money in September 2023, in one of the sharpest single-month declines since January 2023, as the rapid rise in US borrowing costs weighed on risk assets. The holdings of foreign portfolio investors (FPIs) in India reached their lowest levels in a decade amid extensive selling of domestic equities by overseas investors in September 2023, as reported by Mint.

IT stocks jumped up to 11 per cent in December 2023, tracking gains in US peers, after the US Federal Reserve kept interest rates unchanged while hinting that the 2 per cent inflation target could be achieved earlier than estimated. A decisive mandate in favour of the Bharatiya Janata Party in Chhattisgarh, Madhya Pradesh, and Rajasthan sparked a captivating gap-up rally, delivering a noteworthy 3.5 per cent week-over-week return in the broader market. On 4rd December 2023 next day of result in Rajasthan Nifty settled above 20,650, Sensex over 68,800; Bank Nifty gain more that 3%. On 29 December Sensex was 72,240.26 and Nifty 50 was 21,731.40.

MUTUAL FUND AUM IN INDIA CROSSES RS 50 LAKH CRORE MARK

The jump in AUM from Rs 40 lakh crore to Rs 50 lakh crore took just one year with assets growing around six times in the last 10 years; December saw SIP flows touching a new high of Rs 17,610 crore institutional investors have been a strong force to counter selling by foreign investors but an important factor that has supported markets is the retail shareholders who directly buy into equities.

The total assets under management (AUM) of the Indian mutual funds industry has crossed the Rs 50 lakh crore mark for the first time ever with flows coming through systematic investment plans (SIPs) touching a new record high in December.

According to the Association of Mutual Funds in India (AMFI), the total AUM of the industry was pegged at Rs 50.78 lakh crore as on December 31, 2023 – higher than the previous month's AUM of Rs 49.05 lakh crore.



SIP: HOW FORMULA OF 70:20:10 CAN SAVE YOUR MUTUAL FUND INVESTMENTS FROM MARKET FLUCTUATIONS

FINANCIAL PLANNERS SAY SIP INVESTORS SHOULD FOLLOW THE RULE OF 70:20:10

The rule of 70:20:10 means that one should allocate 70 per cent of their investment to large-cap, 20 per cent to mid-cap and 10 per cent to small-cap mutual funds. Since large caps belong to financially strong and stable companies, they are less prone to market fluctuation in comparison to mid-caps.

Systematic Investment Plan (SIP) has emerged as a popular way of investing in mutual funds since it balances out losses in the long run. All mutual funds, including small, mid, and large caps offer investments through SIPs. But SIPs are also market-linked, and there is no 100 per cent guarantee of returns. But there is a time-tested formula that can reduce your market risk in mutual funds through SIP investment to a great extent. (The Investors Can Modify based on their Risk Appetite)



TOP PERFORMING MUTUAL FUND SCHEMES

Equity Large Cap Funds

Scheme Name	NAV	AUM (cr)	6 MONTH	1 Year	3 Year	5 Year
Nippon India Large Cap Fund (G)	73.0178	18,072	17.35	33.68	23.47	17
HDFC Top 100 Fund (G)	977.547	27,687	18.27	30.53	21.13	15.99

Equity Mid Cap Funds

Scheme Name	NAV	AUM (cr)	6 MONTH	1 Year	3 Year	5 Year
Nippon India Growth Fund (G)	3,243.09	21,380	30.65	50.58	29.7	24.83
Motilal Oswal Midcap Fund Reg (G)	72.7724	6,060	25.01	45.86	33.53	24.84

Equity Small Cap Funds

Scheme Name	NAV	AUM (cr)	6 MONTH	1 Year	3 Year	5 Year
Nippon India Large Cap Fund (G)	139.326	41,019	26.21	50.56	38.51	28.69
HDFC Top 100 Fund (G)	217.1194	11,207	32.95	49.39	43.05	32.69

RUNNING AND UPCOMING NFO'S

Scheme Name	DSP Multicap Fund	Baroda BNP Paribas NIFTY 50 Index Fund	Sundaram Multi Asset Allocation Fund	Quant Consumption Fund	Tata Silver E T F FoF	Tata Gold E T F FoF	Axis FTP Sr119 71D	Kotak FMP Sr 327	Aditya Birla SL FMP Sr US (100 Days)
Closing Date	22-01-2024	22-01-2024	22-01-2024	22-01-2024	22-01-2024	22-01-2024	22-01-2024	22-01-2024	22-01-2024

A GOOD ALTERNATIVE: WHY YOU SHOULD INVEST IN DIGITAL GOLD VIA A STRUCTURED ROUTE

In an era of financial intricacies and market uncertainties, understanding the significance of portfolio stability and diversification is paramount. Gold, renowned for its historical resilience and value appreciation amid economic turbulence, emerges as a compelling choice. With a low correlation to equity markets, gold serves as an effective diversification tool, reducing portfolio volatility while enhancing risk-adjusted returns.

Gold as a hedge: Gold has historically demonstrated its resilience during times of economic uncertainty, often appreciating when other assets falter. Its value tends to hold steady, if not appreciate, during periods of economic uncertainty. The consistent depreciation of the dollar/rupee exchange rate has become a defining characteristic of the Indian financial landscape. So that Digital Gold we can consider as the best alternative option.



INVESTMENT STRATEGIES FOR 2024

Rebalancing your investment portfolio using diversification is another effective tool. By spreading your investments across various asset classes (such as Mutual Funds, bonds, and Digital Gold)

FOLLOW THE MARKET THEMES

Prioritising themes that propel growth within a nation is essential for successful investment. India's ambitious plans for infrastructure development, such as initiatives like Sagarmala and Bharatmala, are anticipated to stimulate demand for capital goods and construction-related materials. The swift urbanization and establishment of smart cities will additionally contribute to an increased need for infrastructure and construction. The government's "Make in India" initiative, aimed at enhancing domestic manufacturing, is poised to generate a ripple effect throughout the capital goods sector.

So that we can choose Mutual Fund schemes accordingly which are investing in these growing sectors

Low	Medium	High
India Elections uncertainty	Israel-Palestine Escalation	US Election uncertainty
Russia-Ukraine Conflict	Sticky Inflation	Global Growth Slowdown (Recession)
India NPA Crisis	Domestic Growth Slowdown	Expensive Equity valuations esp. in Mid & Small Caps
Changes to Capital Gains taxes on Equities	Commodity Price Risks	Worsening Job Market & Job Cuts
Reversal of FII Flows	Slowing Consumption Demand	China Real Estate Crisis/ Overall Slowdown
Resurgence of Covid-19	El-Nino related Climate risks (Drought)	
Real Estate Slowdown	Focus on Social reforms rather than Economic reforms	