Marigold Wealth

BUILDING WEALTH, SECURING FUTURES

MONTHLY NEWSLETTER

ISSUE 10, AUGUST 2025

Welcome to the July Edition of Marigold Wealth Monthly Insights!

At Marigold Wealth, we're committed to equipping you with the insights and strategies needed to make informed financial decisions. This month, we bring you expert perspectives on mutual funds, equity markets, and wealth-building strategies, along with practical tips on personal finance.

Stay ahead, stay informed, and let's build wealth together!

Market Overview

1. The United States will impose a 25% tariff—effective August 1—along with an additional penalty, citing India's energy and military purchases from Russia, its steep tariff regime, and what Washington calls "strenuous and obnoxious" non-monetary trade barriers.

2. India's manufacturing sector gained momentum in Jul'25, with the Purchasing Managers' Index (PMI) rising to a 16-month high of 59.1, up from 58.4 in Jun'25.

3. In July, markets corrected Sensex and Nifty 50 were down by 2.90% and 2.93% respectively. Nifty Midcap and Nifty Small Cap were down 3.92% and 5.81% respectively for the month.

4. All sectoral indices were down except Pharma and FMCG. Pharma was up by 3.31% and FMCG index rose 2.40%. The biggest losers were IT index (-9.09%), Real Estate (-7.30%), Media (-6.07%), PSU banks (-5.55%), Oil & Gas (-5.06%), Infra (-4.07).

5. Mutual Funds bought shares worth Rs 44,328 Cr. DIIs were bought Rs 56,603 Cr worth of shares. FIIs were sellers to the tune of Rs 18,570 Cr.

Equity Market as of 31st July 2025

Benchmark	Level	1M Return	1Y Return
Sensex	81,186	-2.90%	-0.68%
Nifty 50	24,768	-2.93%	-0.73%
Nifty Midcap	57,401	-3.92%	-2.70%
Nifty Small Cap	17,967	-5.81%	-6.12%

Commodities & Bonds

Benchmark	Level / Yield	1M Return	1Y Return
Gold (₹/10g)	₹98,091	+2.50%	+42.03%
Silver (₹/kg)	₹109,998	+4.05%	+32.83%
India 10Y G-Sec	6.38%	+6 bps	—
US 10Y Treasury	4.37%	+13 bps	—

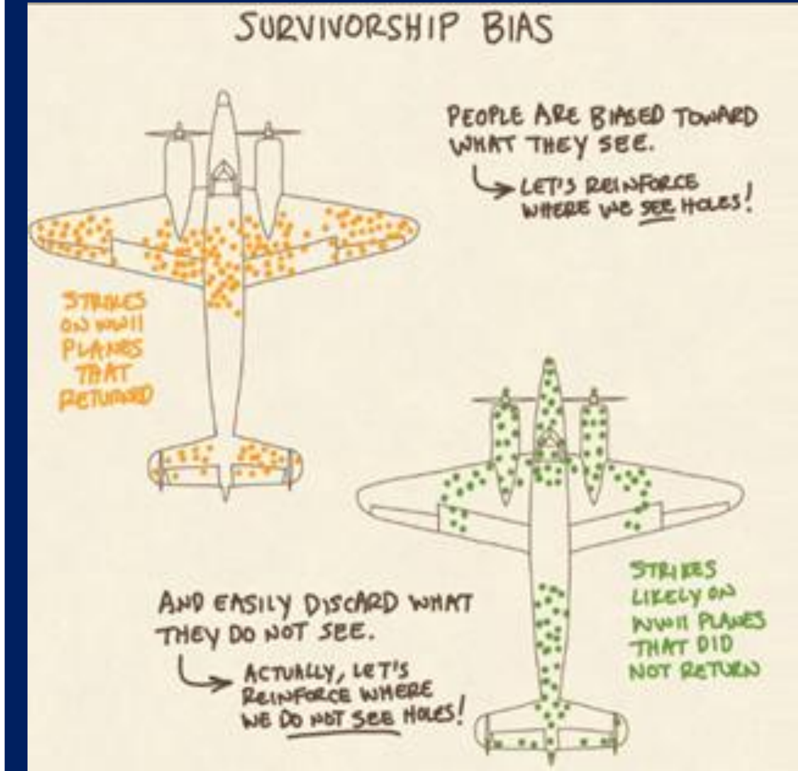
What is survivorship bias and how Survivorship Bias Affects Investing?

Classic World War II Example: Abraham Wald and Returning Bombers

During WW II, Allied forces studied damage on bombers that returned from missions to determine where to add armor reinforcement. Engineers mapped bullet-hole density on the fuselage and wings of surviving aircraft and initially proposed strengthening the most-hit areas.

Abraham Wald, a statistician at Columbia University, recognized a fatal flaw in this reasoning. He observed that the bullet-hole patterns on returning planes indicated areas where damage was non-critical—those sections could be hit without downing the aircraft. Critically, planes struck in other areas (e.g., engines, fuel systems) never made it back and thus were absent from the dataset.

Wald advised reinforcing the undamaged regions on surviving bombers, because hits there were likely to be fatal and those planes never survived to be analyzed**.**



Survivorship bias is a common cognitive error in investing that occurs when investors focus only on the funds, stocks, or strategies that have **succeeded or survived** over time, while ignoring those that have **failed, closed, or underperformed** and disappeared from the sample. This selective attention creates an overly optimistic and misleading perception of risk and return. **Survivorship bias** is a logical error that occurs when analyses focus only on subjects or items that have "survived" a selection process, while ignoring those that not. By considering only, the successes, one draws overly optimistic or incorrect conclusions because the failures or non-survivors—the missing data points—are left out of the analysis.

Key Characteristics

- It is a form of selection bias or sampling bias.
- It leads to overestimation of success rates and mis-attribution of causality.
- Common in finance, business, research, and everyday decision-making.

Mutual Fund Performance: When evaluating mutual funds, often only the existing, active funds are considered in performance records. Poor-performing or failed funds that have been merged or closed are excluded. This inflates the average returns reported for mutual funds, as only the "winners" are visible to investors.

Stock Indices: Indexes regularly remove companies that underperform, go bankrupt, or are acquired, replacing them with better-performing stocks. This "turnover" means the index’s historical returns reflect mainly survivors, giving an illusion of consistent growth and potentially misleading investors about the true risk in the market.

Overestimating Success: Investors may assume that certain investment strategies or stocks are more successful than they truly are because the failures are filtered out. This leads to overconfidence and higher risk-taking based on incomplete data.

Example: If an investor looks at historical data only from currently listed companies or surviving funds, they might conclude the market or fund manager performance is stronger than it is, because the companies or funds that failed are not considered in the analysis.

Why It Matters:

- Survivorship bias can cause investors to overestimate expected returns and underestimate risk.
- It may encourage chasing past performers without recognizing the survivorship filter.
- Leads to distorted comparisons and poor investment decisions based on incomplete data sets.

This inversion of focus—protecting where the holes weren’t—exemplifies survivorship bias: conclusions drawn solely from survivors overlook the most crucial failures.

In essence, survivorship bias in investing is the error of "counting only the winners," which paints an unrealistic picture of success and risk. Investors must be aware of it to make more informed, realistic decisions.

This concept parallels the World War II example of Abraham Wald’s bombers: just as focusing only on returning planes missed the critical vulnerable spots that caused downed planes, focusing only on surviving investments misses the risks evidenced by those that failed or disappeared.

From Growth to Preservation: Shaping Your Portfolio for Every Life Stage

As you move through different stages of life, your financial priorities and needs will shift. An investment approach that suited you in your 20s may no longer fit as you approach retirement. Fine-tuning your asset allocation—the balance of various investments in your portfolio—is crucial for long-term financial well-being. Below is a guide to adapting your strategy from early career years to retirement.

Embracing Growth in Your Twenties and Early Thirties

In your twenties and early thirties, with retirement still distant, you can afford to take on more risk in pursuit of higher returns. Lean your portfolio toward equities by combining flexi-cap funds, multi-cap funds with mid-cap funds and small cap funds. Use a systematic investment plan (SIP) to start investing an amount that fits your budget today—and ramp it up as your income grows.

On the debt side, focus on secure instruments like the **Employees' Provident Fund** (EPF) and **Public Provident Fund** (PPF). At the same time, build an **emergency reserve** equal to three to six months of living expenses by parking cash in liquid mutual funds or fixed deposits.

Balancing Growth and Preparation in Your Late Thirties and Forties

In your late **thirties** and **forties**, you're likely eyeing major milestones—**buying a home**, funding your **children's education**, or both. To support these goals, **balance** your **equity allocation** with a mix of reliable **large-cap funds**, flexi-cap, multi-cap funds with a small exposure in mid and small cap fund or mid and small cap ETFs. On the **debt** side, keep contributing to **EPF** and **PPF** for a secure foundation, and consider adding high-quality **corporate bond** funds to bolster your **fixed-income** portfolio.

Shifting to Stability in Your Fifties

As **retirement** draws near, it's time to dial down **risk** and focus on **preserving** your **capital**. Reduce your equity exposure by leaning into large-cap funds, multi-asset funds and balanced advantage funds. Balanced advantage funds—also called dynamic asset allocation funds—automatically rebalance between equity and debt based on market valuations, helping smooth out volatility. On the debt side, consider boosting your allocation to government securities for reliable, low-risk returns.

Prioritizing Preservation and Income in Your Sixties and Beyond

At this stage, your main aim is to protect your savings while creating a steady income stream. Keep **a small equity allocation**—focused **on large-cap, flexi-cap, asset allocator funds and balanced advantage funds**—to help your portfolio stay ahead of inflation. Establish a systematic withdrawal plan **(SWP)** to automatically redeem a fixed amount from your mutual funds and transfer it to your bank account on a schedule that suits you.
On the **debt side**, look into senior-citizen-friendly options like the **Senior Citizen Savings Scheme (SCSS**) and high-quality short-duration debt funds for lower volatility and predictable returns.
Throughout every **life stage, stay flexible**, revisit and adjust your **asset mix** whenever you face major life changes or market shifts.
Your **ideal allocation** will depend on your personal investment horizon, risk tolerance, and goals. Remember, these scheme references are illustrative—always **consult a financial advisor** before investing.

Book Summary : Predictably Irrational by Dan Ariely

Bottom Line:

“Predictably Irrational” by Dan Ariely uncovers the hidden forces that systematically distort human decision-making, blending behavioral economics and psychology to show why we’re consistently irrational in predictable ways

Dan Ariely reveals that our decisions, far from being rational, follow systematic biases that lead us to the same errors repeatedly. By understanding these predictable irrationalities, readers can learn to avoid costly mistakes in finance, work, and everyday life.

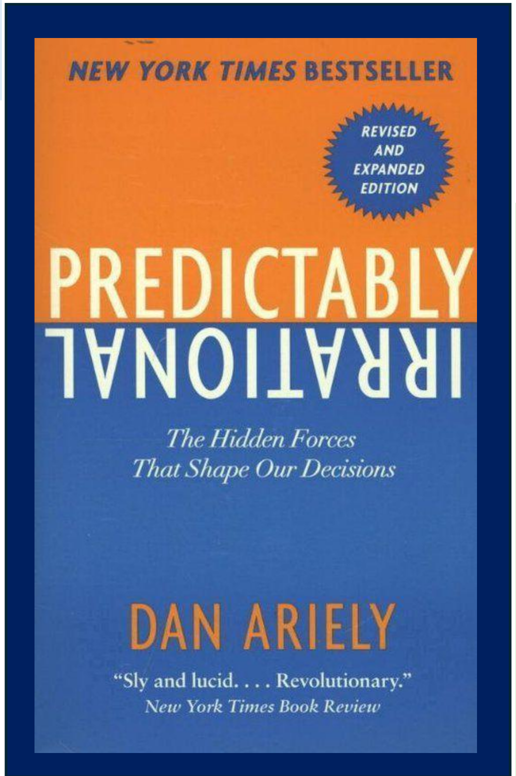
The Allure of Free

Zero-price offers trigger a powerful emotional response: people irrationally overvalue free items and often choose them over better deals, neglecting opportunity costs simply because “free” feels risk-free.

Procrastination and Self-Control

Immediate gratification often overrides long-term planning, leading to chronic procrastination. Fixed deadlines and pre-commitment strategies—like automatic savings deductions or scheduled check-ins—significantly improve follow-through and outcomes.

Dan Ariely is a behavioural economist and a bestselling author.



The Relativity Principle

We seldom assess options in isolation; rather, we judge them by comparing available alternatives. This relativity makes our preferences highly sensitive to context, such as adding a decoy choice that shifts our perception of value

Anchoring and Arbitrary Coherence

Anchors—our initial reference points—have a powerful sway over how we judge value. In India, even a random number like the last two digits of your Aadhaar or mobile number can nudge the maximum you’re willing to pay. Once that anchor is set, all your subsequent pricing choices tend to cluster “coherently” around that arbitrary figure.

Endowment Effect

Ownership inflates perceived value: people demand more to give up an item than they’d pay to acquire it. This bias stems from loss aversion and emotional attachment, causing us to overprice what we already own.

Expectations and Placebos

Our expectations shape reality. Price tags, branding, and context can act like placebos—higher prices or prestigious labels enhance satisfaction even when the product itself is identical.

How Many Mutual Fund Schemes Do You Need for a Truly Diversified Portfolio?

Bottom Line: An optimal mutual fund portfolio for most investors comprises six to ten schemes across distinct categories. range balances genuine diversification benefits against complexity, monitoring burden, and overlap risk.

Why Fund Count Matters

Diversification reduces portfolio **volatility** by spreading investments across different **asset classes**, market-cap segments, sectors, and management styles. However:

Too Few Funds exposes you to manager-specific and segment-specific risks.

Too Many Funds often creates **false diversification**—multiple funds may hold the same stocks—while increasing costs and complexity.

Industry experts agree that adding more than about ten schemes yields diminishing risk-adjusted returns and operational inefficiencies.

Core and Satellite Approach

1. **Core Holdings (5–6 schemes)**

- Multi-cap or Flexi Cap Funds
- Large, Midcap and Small Cap
- Multi Asset and Balanced Advantage Fund
- Short term or Dynamic Bond Fund

2. **Satellite Picks (2–3 schemes)**

- International/Thematic Equity Fund
- Gold and Silver ETF

This structure yields 6–9 schemes, ensuring broad coverage with minimal overlap.

Building a 6–10-Fund Portfolio

Rather than focus solely on count, anchor your selection to asset allocation and category exposure:

Key Categories to Cover

- Large-Cap Equity
- Multi-Cap or Flexi-Cap Equity
- Mid-Cap Equity
- Small-Cap Equity
- Debt (e.g., Short-Duration or Dynamic Bond)
- Hybrid or Balanced Funds
- International/Global Equity or Thematic
- Gold (via ETF or Gold Fund)

Covering at least one scheme from each category helps smooth out sector and market-cap specific swings.

Practical Tips

- **Define Objectives First**: Align number and type of funds with goals—growth, income, or capital preservation.
- **Prioritize Quality Over Quantity**: opt for well-managed, consistently performing schemes rather than chasing count.
- **Core-Satellite Approach**: Use a core of 3–5 broad funds complemented by 1–3 satellites for tactical exposure.
- **Annual Review & Rebalance**: Exit redundant or underperforming schemes to maintain target diversification.

By capping your portfolio at **six to nine** thoughtfully selected mutual funds, you harness genuine **diversification** benefits without succumbing to complexity or hidden overlaps—unlocking smoother returns and easier management.

Arbitrage Funds: What They Are, Risks, Suitability, and Expected Returns

What Is an Arbitrage Fund?

Arbitrage funds are a type of equity-oriented hybrid mutual fund that seeks to profit from price inefficiencies between the cash (spot) and futures markets. Fund managers simultaneously buy an asset in one market where it's undervalued and sell it in another where it's overvalued, locking in a spread as profit with minimal directional risk. There is no naked exposure to any equity stock or index as each buy transaction in the cash market has a corresponding sell transaction in the futures market.

What Are the Risks for Investors in Arbitrage Funds?

Although arbitrage funds are considered lower risk than pure equity funds, they carry several specific risks:

- Flat Market Risk: When markets are stable and futures-spot spreads narrow, arbitrage opportunities—and hence returns—decline sharply.
- Liquidity Risk: Sudden large redemptions can force the fund to unwind positions prematurely, potentially booking losses instead of waiting for spreads to materialize.
- Transaction Costs: Frequent buy/sell trades incur higher expense ratios, brokerage, securities transaction tax and stamp duty, eroding returns.

What Kind of Returns Can Investors Expect in Arbitrage Funds?

Arbitrage funds typically deliver modest, stable returns that track short-term debt yields while remaining tax efficient. The Table shows the Historical performance (category averages).

On an annualized basis, most arbitrage funds generate in the region of 5–7% p.a., depending on prevailing money-market rates and available arbitrage spreads. Returns tend to rise and fall in line with short-term debt yields—when money-market rates are high, arbitrage spreads and fund returns tend to improve, and vice versa

- Tracking Errors: Timing mismatches in executing simultaneous trades may lead to deviations from expected gains/
- Minimal Credit Risk: A portion (up to 35%) of the portfolio may be parked in short-term debt instruments for liquidity, exposing investors to low credit or interest-rate risk.

Period *(Average Returns)*	Arbitrage Fund Returns
6 months	3.08%
1 Year	6.57%
3 Years	6.77%

Which Categories of Investors Should Consider Arbitrage Funds?

Arbitrage funds best suit investors who seek equity-like tax benefits, low volatility, and a short to medium-term horizon. Typical investors include:

- Conservative or risk-averse individuals looking to park surplus cash for 3–12 months with better post-tax returns than bank deposits or liquid funds.
- High-income earners in top tax brackets (30–42.7%) aiming to minimize tax outgo, since arbitrage funds are taxed like equity funds (10% LTCG over ₹1 lakh, 20% STCG) rather than as debt funds.
- Corporate treasuries and institutional players with short-term surplus capital seeking predictable, market-neutral returns.
- Systematic Withdrawal Plan (SWP) users who prioritize minimal NAV volatility over outright equity upside.

Market Cap Movements: AMFI Reclassification Highlights

AMFI's June 30, 2025 bi-annual update reassigns stocks into large, mid, and small-cap categories based on their average market capitalisation from January 1 to June 30. With the new classifications taking effect on August 1, 2025, mutual funds must realign their holdings within one month, often triggering sizable buying and selling activity as managers rebalance to meet the updated thresholds. This rebalancing can significantly sway market flows and stock valuations, forcing investors to rethink their portfolio

Stocks Upgraded from **Mid Cap to Large-Cap**

Company	Market Cap (₹ Cr)
Indian Hotels Co.	1,10,923
Solar Industries India	1,08,694
Mazagon Dock Shipbuilders	1,08,181
Max Healthcare Institute	1,07,899
Shree Cements	1,03,772
Mankind Pharma	1,01,133
Apollo Hospitals Enterprises	97,568
Union Bank of India	95,413
Lupin	93,185
Jindal Steel & Power	91,572

Stocks Downgraded from **Large Cap to Mid Cap**

Company	Market Cap (₹ Cr)
NTPC Green Energy	89,746
JSW Energy	89,118
Dabur India	87,854
ICICI Prudential Life Insurance Co.	87,407
Bosch	87,302
Polycab India	87,110
Swiggy	86,151
Cummins India	82,675
Indian Overseas Bank	80,814
Hero MotoCorp	80,162
Rail Vikas Nigam	79,676

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Market Cap Movements: AMFI Reclassification Highlights

Stocks Upgraded from Small Cap to Mid Cap

Company	Market Cap (₹ Cr)
Godfrey Phillips India	34,704
K.P.R. Mill	34,181
Narayana Hrudayalaya	33,025
Laurus Labs	32,554
Cholamandalam Financial Holdings	32,182
Authum Investment & Infrastructure	32,159
Radico Khaitan	31,783
Global Health	31,357
Multi Commodity Exchange of India	30,914

Stocks Downgraded from Mid Cap to Small Cap

Company	Market Cap (₹ Cr)
IRB Infrastructure Developers	29,748
Tata Technologies	29,649
Endurance Technologies	29,407
Apar Industries	28,876
The New India Assurance Company	28,483
Syngene International	28,326
Inventurus Knowledge Solutions	28,263
Deepak Nitrite	28,223
Indraprastha Gas	27,800
Punjab & Sind Bank	25,617
Ola Electric Mobility	25,309
Aditya Birla Fashion and Retail	9,661

“ **SUCCESS IN INVESTING COMES NOT FROM BEING RIGHT BUT FROM BEING WRONG LESS OFTEN THAN EVERYONE ELSE.....** ”

~ Aswath Damodaran

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It offers up to **100% coverage** of financial loss due to online scams and goes further to support the aftermath, including reissuing ID documents, restoring credit reports, filing legal affidavits, and even removing harmful online content.

Whether you're an investor managing portfolios online or just someone using the internet every day, this is an essential layer of security built for modern life.

For more details, contact Marigold Wealth at **marigoldwealth@gmail.com**.

Premium Table

Sum Insured (₹)	50,000	1 Lakh	3 Lakh	5 Lakh	10 Lakh	15 Lakh	20 Lakh	25 Lakh	50 Lakh	75 Lakh	1 Cr
Premium (₹)*	2,362	2,545	3,636	4,727	5,636	7,273	8,364	9,091	13,636	20,909	23,636

Sub-Limits (%)

Sum Insured (₹)	50,000	1 Lakh	3 Lakh	5 Lakh	10 Lakh	15 Lakh	20 Lakh	25 Lakh	50 Lakh	75 Lakh	1 Cr
Unauthorized Transaction	100	100	100	100	100	100	100	100	100	100	100
Identity Theft	100	100	100	100	100	100	100	100	100	100	100
Cyber Extortion	10	10	10	10	10	10	10	10	10	10	10
Malware	10	10	10	10	10	10	10	10	10	10	10
Reputational Injury	40	20	16.67	10	5	3	3	2	3	2	1.25
Cyber Bullying	40	20	16.67	10	5	3	3	10	10	2	10
Legal Expenses	100	100	100	100	100	100	100	100	100	100	100
Forensic Cost	100	100	100	100	100	100	100	100	100	100	100
Data Restoration Cost	100	100	100	100	100	100	100	100	100	100	100
Consequential Losses	100	100	100	100	100	100	100	100	100	100	100

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Who is Covered ?

Policyholder, spouse, parents & children living at the same address.

Why Choose this Policy ?

Covers up to 100% financial loss from scams involving money theft, personal data misuse, phishing, spoofing, and email fraud.

WHAT ARE THE RISKS COVERED?

Policy covers losses due to:

- **Identity Theft** — Costs for reissuing IDs, credit reports, affidavits.
- **Unauthorized Transaction** — Fraud via bank, card, or mobile wallet.
- **Reputational Injury** — Removing harmful content, psychologist consults.
- **Cyber Bullying** — Support for defamation, relocation, counselling.
- **Cyber Extortion** — Costs to prevent/end extortion + IT consultant fees.
- **Malware Intrusion** — Restoring data corrupted by viruses/trojans.
- **Legal Expenses & Lost Wages** — Legal fees and income loss from covered risks.
- **Data Restoration Costs** — Recover data lost from malware or extortion.
- **Forensic Costs** — Digital forensics to investigate the cyber event.
- **Consequential Loss** — Penalties for account balance/EMI issues due to cyber events.

Events must occur and be reported within this policy period

WHAT ARE THE POLICY DETAILS?

Flexible Sum Insured Options Available

Coverage from ₹50,000 to ₹1 Cr. Premiums range from ₹2,362 to ₹23,636 (excluding GST).

Sub-Limits (% of Sum Insured):

100% for major items Unauthorized transaction, identity theft, extortion, legal, forensic, data loss, etc.

Others like reputational injury, bullying: 1.25–40% depending on cover level.

Payouts won't exceed selected policy limit.

WHAT ARE THE MAJOR EXCLUSIONS?

Major Exclusions

No cover for:

Physical injury
Criminal, dishonest, or malicious acts
Pre-policy incidents or legal action
Political/business activities
Unexplained/mysterious loss
Govt actions or uninsurable matters
Cryptocurrency loss or inaccessibility
Tangible property damage
War, terrorism, or looting
Spam, piracy, IP infringement
Product defects or wear/tear
Securities, currency, foreign exchange losses

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Are you looking to optimize your mutual fund investment portfolio?

Take advantage of a free portfolio review by expert **Arvind Datta**, a mutual fund distributor registered with AMFI.

☑ Why choose this review?

- **Comprehensive Analysis:** Understand how your investments align with your financial goals.
- **Personalized Guidance**: Receive tailored strategies for better returns and risk management.
- **Professional Expertise:** Benefit from insights backed by years of industry experience.

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Know Your Distributor: Arvind Datta

Your financial journey is in **trusted hands**. Here's a brief about your distributor's qualifications and experience:

- **Training:** 16 months of rigorous training at the **Indian Military Academy, Dehradun**.
- **Education: MBA in Finance** from the prestigious **FMS, University of Delhi.**
- **Banking Expertise**: **24 years** in **banking and financial services**, including senior roles at HDFC Bank, Citibank, and First Abu Dhabi Bank, and Noor Bank in the UAE.
- **Award in International wealth management** by Moody's Analytics
- **Global Perspective**: In-depth exposure **to Indian and international financial markets**, ensuring a holistic approach to wealth creation. With this unique blend of **discipline, academic rigor, and industry expertise**, your investments are managed with unmatched professionalism and insight.

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Ready to Take Charge of Your Financial Future?

Welcome to Marigold Wealth!

At Marigold Wealth, we excel in assisting individuals and families in creating lasting wealth through smart and personalized investments. Whether you are at the beginning of your financial journey or seeking to optimize your portfolio, we are here to guide you every step of the way.

What We Offer:

Tailored Investment Strategies: Customized plans to meet your unique financial goals.

Expert Insights: In-depth knowledge of mutual funds, equities, and wealth-building products.

Comprehensive Support: Ongoing assistance to ensure your investments are on the right track.

Contact Us Today: Let's discuss how we can help you achieve your financial aspirations. Reach out to us to schedule a consultation.

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