



MARIGOLD WEALTH

MONTHLY NEWSLETTER

Investor Insights

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For Client Circulation Only

Welcome to the January edition of Marigold Wealth Monthly Insights!

Our goal is to provide meaningful insights that enhance your knowledge of investing and building long-term wealth. Each month, we bring you thoroughly researched articles and data-backed strategies covering mutual funds, equity markets, and wealth creation.

Whether you're just beginning or fine-tuning your financial strategy, we aspire to be your trusted guide, assisting you in making smart and informed decisions on your path to financial success.

Wishing you a prosperous investing journey !

Market Overview:

1. Strong Market Performance:

- Nifty 50 marked nine consecutive years of growth with positive returns in 2024.
- Midcaps and small caps gained 24% each, outperforming large caps which gained 9%. Over the last five years, midcaps outperformed large caps by 140%, and small caps by 128%.

2. Record Investment Flows:

- DIIs recorded the highest-ever equity inflows of USD 62.9 billion.
- FIIs saw net outflows of USD 0.8 billion.

3. Top Performing Sectors:

- Leading sectors in 2024 included Healthcare (+39%), Real Estate (+34%), Telecom (+26%), Automobiles (+23%), and Technology (+22%).

4. Economic Indicators:

- The gross goods and services tax (GST) collections for December 2024 stood at ₹1,76,857 crore, marking a 7.3% year-on-year growth compared to ₹1,66,882 crore in December 2023.

Indian Equities Summary			
Benchmark	31 st December	1 Month Returns (%)	1 Year Returns (%)
Sensex	78,139	-2.63	8.12
Nifty 50	23,644	-2.60	8.75
Nifty Small Cap	18,959	1.66	24.52
Nifty Mid Cap	57,451	1.88	23.62

Debt Watch	
	Rate % (31-Dec-24)
Indian 10 Years Gilt	6.87%
US 10 Year Yield	4.57%

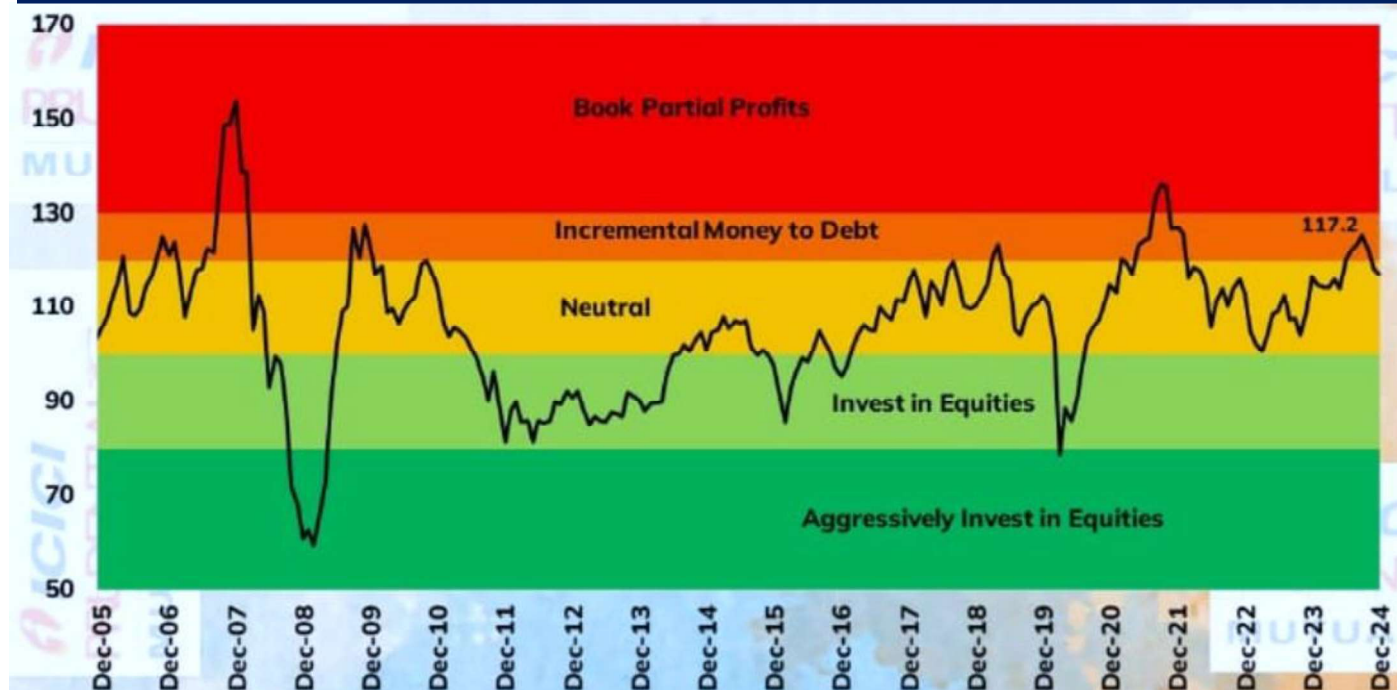
Commodity Watch		
	31 st Dec	Monthly % Change
Gold	77,000	0.78 %
Silver	87,280	-1.22 %

Psychology of Stock Market Cycle



- Rising Optimism to Euphoria:** Markets rise, fueling excitement, thrill, and overconfidence as investors take higher risks.
 - Fear to Capitulation:** Market downturns trigger anxiety, fear, and eventually panic, leading many to sell at the worst possible time.
 - Depression to Hope:** After hitting the bottom, gradual recovery brings hope and relief.
 - Optimism Returns:** As markets stabilize, confidence grows, and the cycle begins anew.
- Understanding these stages helps investors stay **resilient and avoid emotional mistakes**.

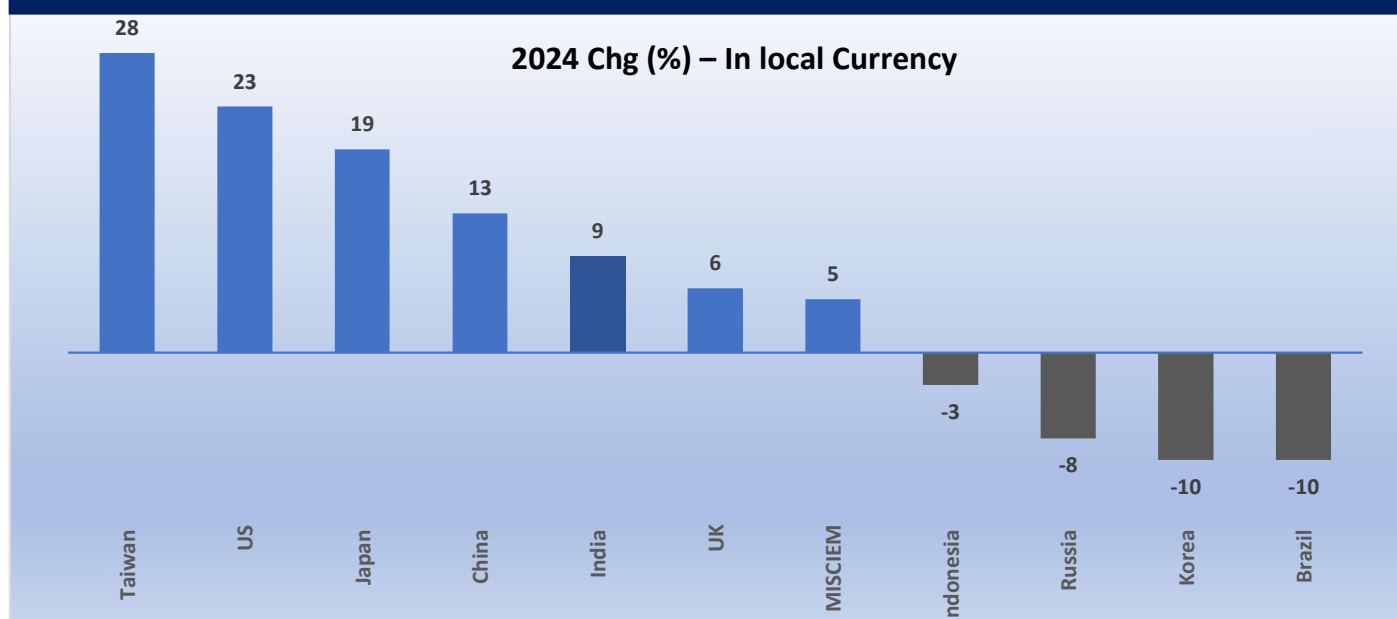
Equity Valuation Index



EVI at ~117 Points Amber Zone - Recommended to Be Constructive & Positive Stance on Equity

Source: ICICI Pru AMC

World Equity Indices in 2024 in local Currency terms (%)



India underperforms in December 2024: Among major global markets, Russia (+15%), Japan (+4%), Taiwan (+3%), and China (+1%) posted gains in local currency terms. Meanwhile, Brazil (-4%), the US (-2%), Korea (-2%), India (-2%), and the UK (-1%) recorded month-on-month declines in December 2024.

In 2024 the top performing markets were Taiwan (+28%), US (+23%), Japan (+19%), China (+13%), India (+9%), UK (6%), however Indonesia (-3%), Russia(-8%), Korea(-10%) and Brazil (-10%) posted losses in 2024.

Mutual fund industry saw meteoric rise in 2024

The Indian mutual fund industry's **AUM surged by Rs 17.22 lakh crore (33%)** in 2024, reaching **Rs 68 lakh crore** by November. Over the past four years, AUM has grown by Rs 37 lakh crore, with significant additions in 2021 and 2023.

SIP inflows rose from ₹17,610 crore in December 2023 to **₹25,320 crore** in **November 2024**, with total contributions reaching **₹2.4 trillion** for January-November 2024. This growth reflects retail investors' increasing preference for mutual funds as a **long-term investment**.

What are Arbitrage Funds?

In the ever-evolving landscape of financial investments, **arbitrage mutual funds** have emerged as a popular choice for investors seeking **low-risk returns**.

1. Arbitrage funds **buy and sell the same asset in different markets**, such as the cash market and futures market, to capitalize on the temporary price discrepancies. Arbitrage mutual funds leverage market inefficiencies to provide stable returns with low risk.
2. Arbitrage funds are considered **low-risk** because the fund manager knows the buying and selling prices, and they can capitalize on price discrepancies during high market volatility to potentially generate higher returns.
3. The **returns from arbitrage funds are taxed as equity funds**, making them tax efficient than fixed income.
4. Arbitrage mutual funds provide low-risk, stable returns by employing a market-neutral strategy that capitalizes on price differentials, making them an appealing choice for investors seeking predictable outcomes, regardless of market conditions

Who Should Invest In Them?

1. **Short to Medium-Term Investors:** Ideal for a 3-6 month horizon, offering liquidity and stable returns for short-term financial goals.
2. **Diversification Seekers:** These funds invest in a mix of equity and derivatives, spreading risk and enhancing portfolio stability.

Name	1 Yr	3 Yr	5 Yr
Kotak Equity Arbitrage Fund	7.55%	6.55%	5.59%
Invesco India Arbitrage Fund	7.60%	6.66%	5.55%
Edelweiss Arbitrage Fund	7.67%	6.37%	5.48%
HDFC Arbitrage Fund	7.69%	6.32%	5.25%
UTI Arbitrage Fund	7.74%	6.28%	5.41%

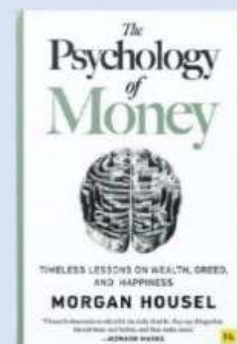
Lessons from the book – “The Psychology of Money

"The Psychology of Money" by Morgan Housel offers many valuable lessons for investors.

Here are some key takeaways:

- 1. Compounding is a Superpower:** Long-term investing harnesses the power of compounding. Start early and stay invested to maximize growth over decades.
- 2. Simplicity Over Complexity:** Investing doesn't need to be overly complicated. Often, simple and straightforward strategies are more effective in the long run.
- 3. Long-Term Thinking:** Successful investing requires patience and a focus on long-term goals. Avoid getting swayed by short-term market fluctuations.
- 4. Understand Luck and Risk:** Success in investing involves luck, while failure can arise from unforeseen risks. Focus on what you can control, like diversification and risk management.
- 5. Have a Margin of Safety:** Always leave room for error in your investments. This could mean keeping emergency funds, avoiding excessive leverage, or choosing safer investments when uncertain.
- 6. Flexibility:** Being flexible and adaptable in your investment strategy is crucial. Life is unpredictable, and having the ability to adjust your plans is essential.
- 7. Understanding Risk:** Know your risk tolerance and invest accordingly.
- 8. Importance of Saving:** Saving money is a crucial aspect of building wealth. The amount you save can be more important than the returns you earn on your investments.
- 9. Behavioral Biases:** Be aware of common behavioral biases, such as overconfidence, herd mentality, and loss aversion, which can negatively impact your investment decisions.
- 10. Margin of Safety:** Always have a margin of safety in your investments. This buffer can protect you from unexpected market downturns.
- 11. Respect the Power of Time:** Invest long-term and stay focused, ignoring short-term volatility.
- 12. Wealth vs. Rich:** There's a difference between being rich and being wealthy. Wealth is what you don't see—it's the ability to sustain your lifestyle over the long term.
- 13. Emotional Control:** Keeping emotions in check is vital. Emotional decisions can lead to poor investment choices and financial losses.
- 14. Learning from Mistakes:** Every investor makes mistakes. Every mistake is a chance to grow as an investor.
- 15. Avoid Herd Mentality:** Don't blindly follow market trends or other investors. Stick to your financial plan and make decisions based on your goals and risk tolerance.

These lessons emphasize Investing success hinges on mindset and behavior, not just knowledge—manage emotions and decisions wisely.



Why does an investor need to consult an investor advisor?

An investor needs an investment advisor for the same reasons people seek experts in other areas of life—specialized knowledge, experience, and guidance to make better decisions and achieve desired outcomes. Just like you rely on experts for medical advice, travel, and car repairs, an investment advisor brings specialized knowledge and experience to the table. Here's why an investor might benefit from consulting one:

- 1. Expertise:** Investment advisors are trained to understand the complex world of finance. They have access to research and tools that an average person might not have. They are trained to analyze risks, understand market trends, and identify opportunities that align with your financial goals.
- 2. Objectivity:** Emotions can cloud investment decisions. An advisor offers an unbiased perspective, helping you stay focused on your long-term goals. They prevent emotional decision-making—like panic-selling during downturns or overinvesting during booms—by providing rational, objective advice.
- 3. Customized Planning and Advice:** Advisors tailor strategies based on your unique financial situation, risk tolerance, and future goals. They consider your risk tolerance, financial goals, life stage, and time horizon to craft strategies suited to you. Advisors look beyond investments to cover areas like tax planning, retirement savings, estate planning, and insurance.
- 4. Time-Saving:** Managing investments can be time-consuming. An advisor handles the details, allowing you to focus on other important aspects of your life. Managing investments effectively requires constant monitoring, research, and analysis—tasks an advisor handles so you can focus on other priorities.
- 5. Better Access to Opportunities:** Advisors often have access to research, institutional-grade products, and investment opportunities that may not be readily available to individual investors.
- 6. Regulatory Compliance:** Financial markets are governed by various rules and regulations. Advisors ensure that your investments comply with these laws.
- 7. Long-Term Perspective:** Like a skilled navigator, an advisor focuses on the long-term destination, helping you build and preserve wealth over time.



Investing without an advisor is like diagnosing your illness, flying a plane, or repairing your car without training or experience. While possible, it comes with higher risks and less certainty of success. An investment advisor acts as your guide, ensuring you achieve your financial goals efficiently and with confidence.

So, while you might be able to manage some investments on your own, having an advisor can make the process smoother, more informed, and aligned with your financial aspirations.

The best and worst SIP returns in 5 & 10 Years

5 year

	SIP returns (%)	SIP value (₹ lakh)
Quant Small Cap	42.96	16.92
Motilal Oswal Midcap	40.58	16.03
Nippon India Small Cap	37.90	15.07
HSBC Small Cap	35.63	14.30
Bank of India Small Cap	35.24	14.17

	SIP returns (%)	SIP value (₹ lakh)
Axis Focused	12.97	8.31
Axis Aggressive Hybrid	13.95	8.51
PGIM India Hybrid Equity	13.99	8.52
Shriram Aggressive Hybrid	14.20	8.56
Axis Bluechip	14.23	8.57

SIP amount of 10,000 invested per month

10 year

	SIP returns (%)	SIP value (₹ lakh)
Quant Small Cap	27.55	51.77
Nippon India Small Cap	26.06	47.78
Motilal Oswal Midcap	24.84	44.73
Quant ELSS Tax Saver Fund	23.62	41.86
HSBC Small Cap	23.53	41.66

	SIP returns (%)	SIP value (₹ lakh)
PGIM India Hybrid Equity	10.56	20.75
Shriram Aggressive Hybrid	11.21	21.48
LIC MF Aggressive Hybrid	11.28	21.56
LIC MF ULIS	11.77	22.13
ABSL ELSS Tax Saver	11.98	22.38

SIP amount of 10,000 invested per month

Source: Mutual Fund Insights

Get Your Investment Portfolio Reviewed for Free!

Are you looking to optimize your stock and mutual fund investment portfolio? Take advantage of a **free portfolio review** by expert **Arvind Datta**, a mutual fund distributor registered with AMFI and an Authorized Person registered with BSE and NSE.

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