



STARLIGHT WEALTH LLP

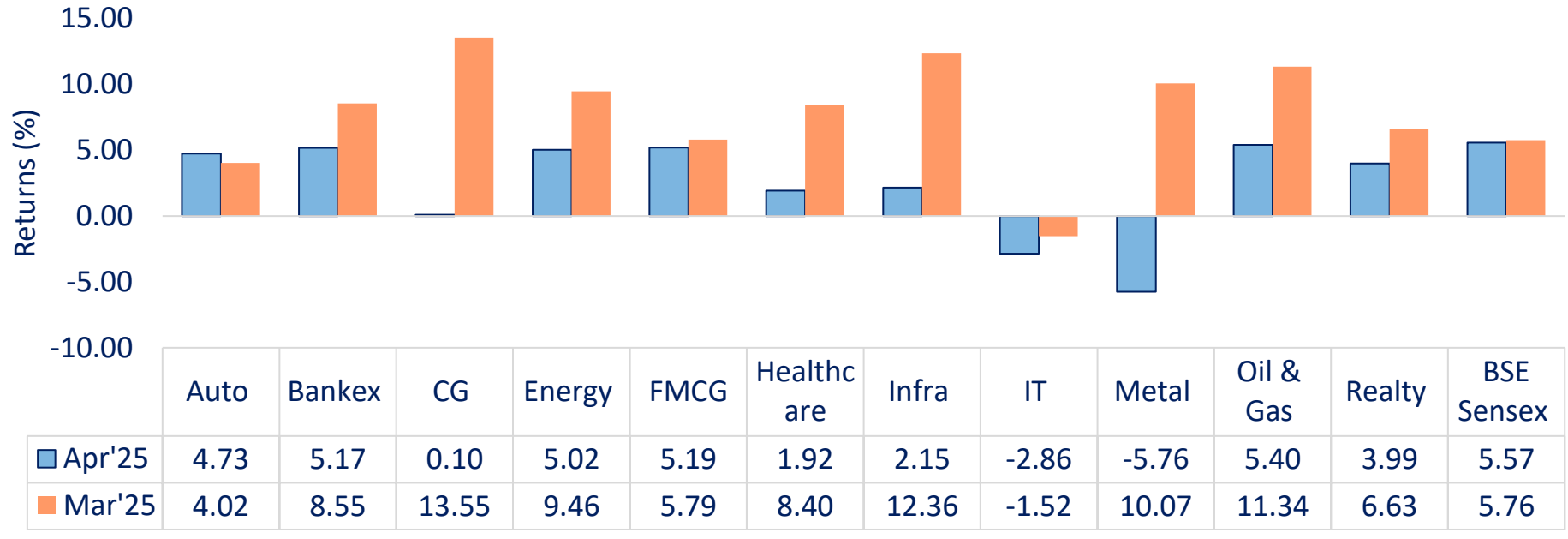
Monthly Newsletter
May 2025

Agenda

- *Equity Market*
- *Debt Market*
- *Recommendations*

Equity Market Performance

Monthly Market Performance – April 2025

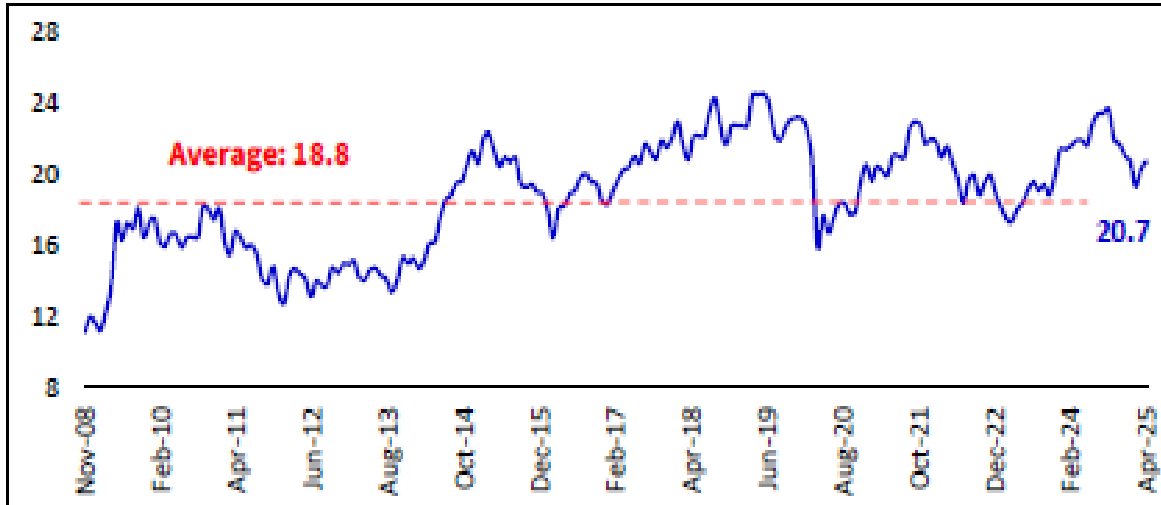


Source: Value Research

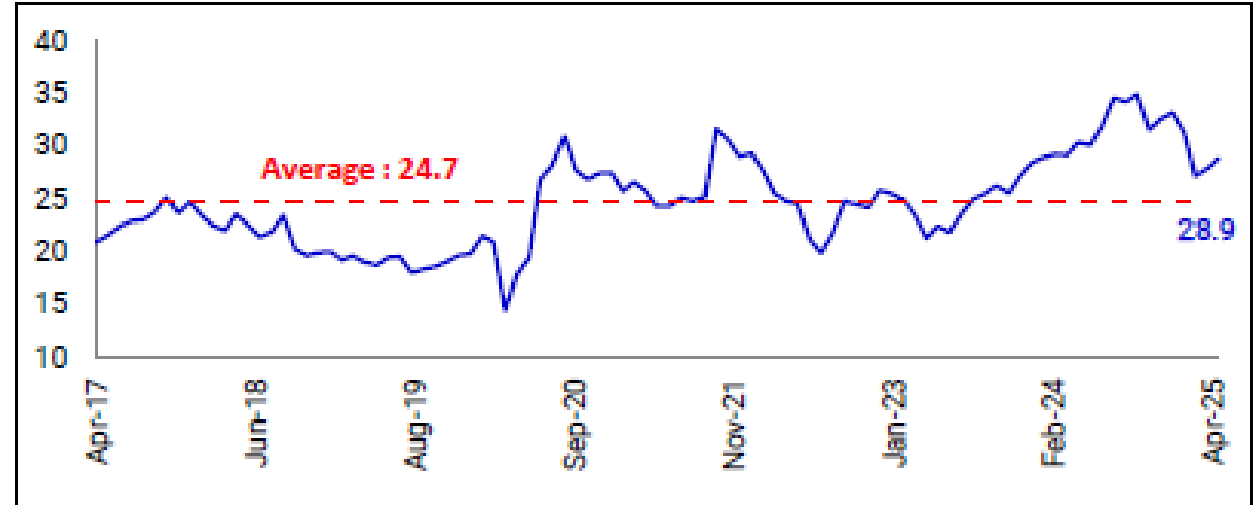
- **Markets remained steady in April, with the BSE Sensex posting a 5.57% gain—marginally lower than March’s performance (5.76%). The momentum was supported by sustained flows for both FIIs & DIIs. However, volatility remained high during the months due to both global factors (US tariffs impact) and geo-political tensions in our neighborhood.**
- **Metals (-5.76%) and IT (-2.86%) dragged the indices, reversing the gains seen in March, as weak global demand and earnings downgrades impacted sentiment. Capital Goods also showed signs of fatigue, with muted returns of just 0.10% after last month's sharp rally.**
- **Broader market recovery was visible, with Oil & Gas (+5.40%), FMCG (+5.19%), and Bankex (+5.17%) among the consistent gainers. The Auto sector also picked up pace, rising 4.73%, reflecting improving consumer sentiment and better sales data.**

Market Cap Valuations - Premium

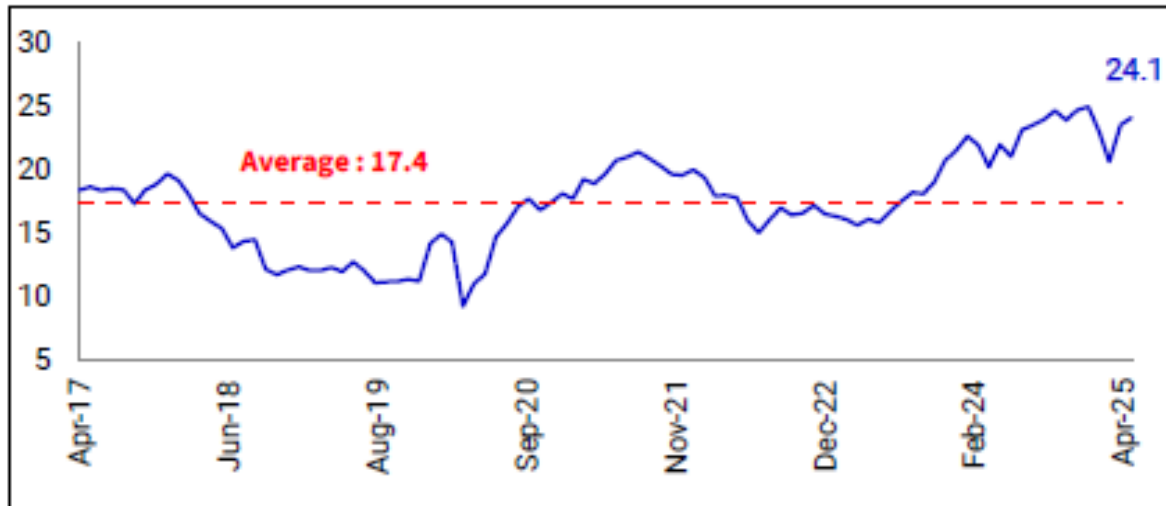
Nifty 50 P/E (x) – 1 Year Forward



Nifty Mid cap 150 P/E (x) – 1 Year Forward



Nifty Small cap 250 P/E (x) – 1 Year Forward



Market Cap	Valuation
Large Cap	10% premium to historical average
Mid Cap	17% premium to historical average
Small Cap	28% premium to historical average

India Gaining from Global Trade Shifts

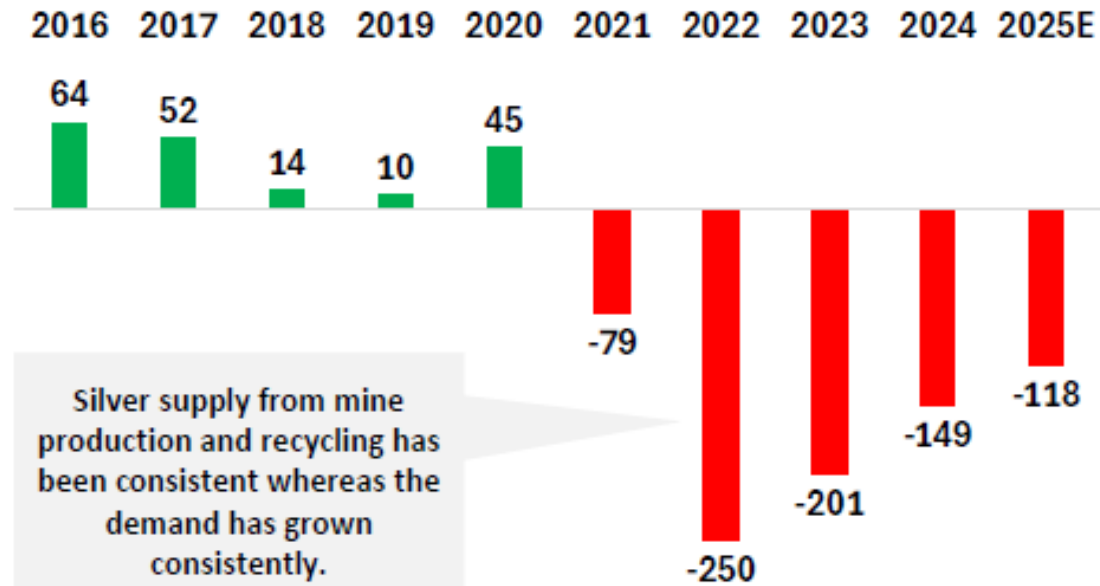
USD Billion	Vietnam			China			Bangladesh			India		
	Exports	Earlier	New Rate	Exports	Earlier	New Rate	Exports	Earlier	New Rate	Exports	Earlier	New Rate
Non-electrical machinery	29	1	46	85	1	54	8	10	37	7	1	26
Clothing	15	9	46	28	9	54	-	-	-	8	12	26
Wood, paper, etc	15	3	46	15	3	54	-	-	-	1	1	26
Leather, footwear, etc	13	3	46	16	8	54	-	-	-	2	4	26
Chemicals	5	2	46	36	3	54	-	-	-	7	3	26

Source: Invesco Mutual Fund

- Trade Diversion Benefits for India:** Higher tariffs on exports from China, Vietnam, and Bangladesh are creating openings for Indian exporters—especially in sectors like clothing, chemicals, and non-electrical machinery—where India is seeing relatively lower new tariff rates (26% vs 46–54%).
- India's Competitive Edge:** India's lower tariff burden across key export categories positions it as a favorable alternative for global buyers shifting supply chains due to geopolitical tensions and trade policy realignments.
- Key Sectors to Watch:** Indian exports in clothing (\$8B), chemicals (\$7B), and machinery (\$7B) stand to gain significantly in the evolving global trade landscape.

Can Silver Get Some Gold Dust?

2025 Could Be The 5th Running Year of Silver Supply Deficit



Source: DSP

- Silver prices have risen but not as strongly as gold. In August 2011, gold was around \$1,900 per ounce, while silver reached \$45. Since then, gold has climbed to a recent high of \$3,500 in April 2025, but silver has struggled to cross even \$35.
- This gap has pushed the gold-to-silver ratio close to 100, near record levels, suggesting that silver remains undervalued. 2025 could also be the fifth year in a row where silver demand exceeds supply, highlighting a tight market.
- Historically, silver has performed well during precious metals bull markets. These factors indicate potential for further gains in silver prices.

India leads global GDP growth over the past decade

Countries	2015 GDP	2025 GDP	Change
India	\$2.1T	\$4.3T	105%
United States	\$18.3T	\$30.3T	66%
China	\$11.1T	\$19.5T	76%
Germany	\$3.4T	\$4.9T	44%
Japan	\$4.4T	\$4.4T	0%
United Kingdom	\$2.9T	\$3.7T	28%
France	\$2.4T	\$3.3T	38%
Italy	\$1.8T	\$2.5T	39%
Canada	\$1.6T	\$2.3T	44%
Brazil	\$1.8T	\$2.3T	28%
Russia	\$1.4T	\$2.2T	57%
South Korea	\$1.5T	\$1.9T	27%
Australia	\$1.2T	\$1.9T	58%
Spain	\$1.2T	\$1.8T	50%

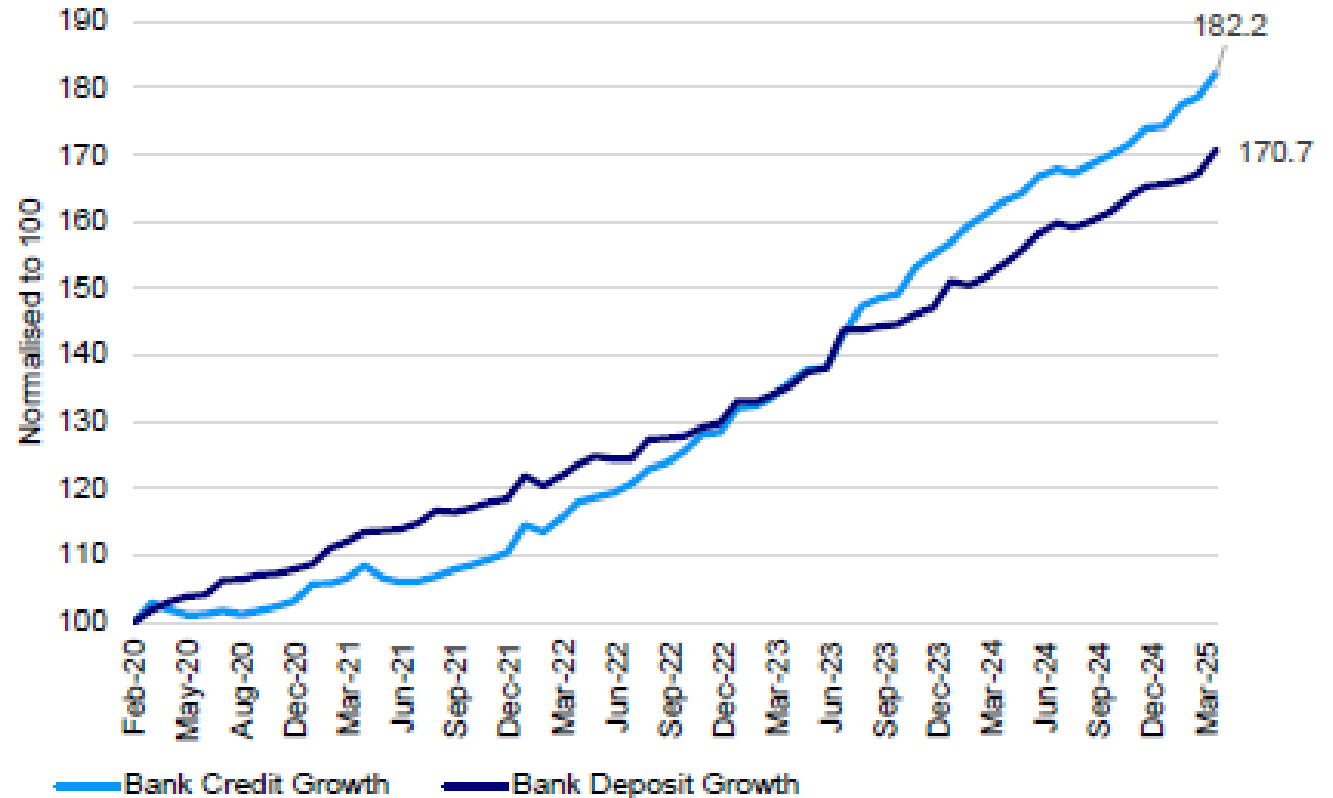
Source: KOTAK AMC

- India leads globally with a 105% increase in real GDP from \$2.1T in 2015 to \$4.3T in 2025, doubling its economic output over the decade.
- India has outpaced both China (76%) and the U.S. (66%), driven by consumption, digitalization, manufacturing push (PLI schemes), and a young workforce.
- Most developed economies like Japan (0%), UK (28%), and France (38%) show relatively slower growth, emphasizing India's rising global economic importance.
- Among major economies, India is the only one to achieve triple-digit growth in inflation-adjusted GDP over the decade.

Banking Sector Update

- Credit Growth Accelerates: Bank credit growth has surged to 182.2 (normalized), outpacing deposit growth at 170.7, indicating rising demand for loans and a recovering economic environment.
- RBI's Proactive Stance: Recent liquidity-supportive measures by the RBI have boosted credit availability, especially in key sectors like MSMEs, retail, and infrastructure.
- Systemic Liquidity Comfortable: The RBI continues to actively manage liquidity through open market operations (OMOs) and variable rate repos, ensuring smooth financial system functioning.

Credit growth and Deposit growth

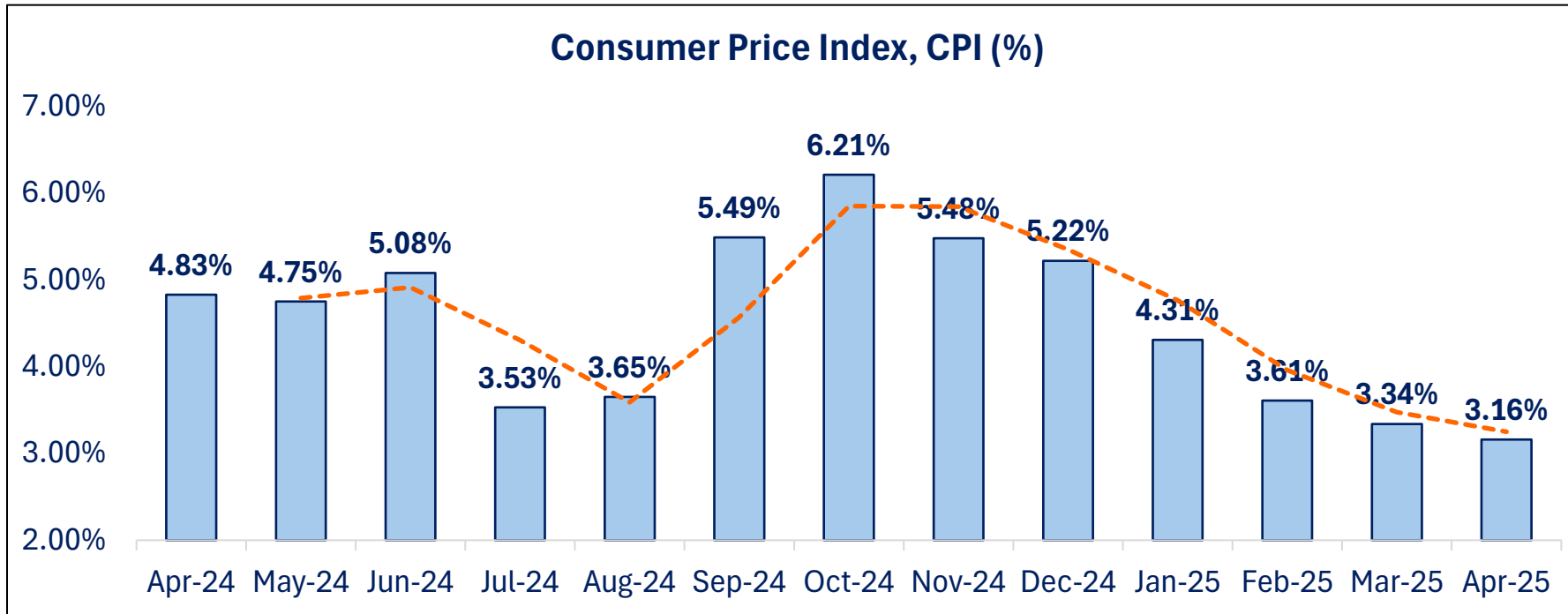


Source: Invesco Mutual Fund

Equity Market-Key Takeaways

- *Markets could remain volatile over the next few quarters as elevated valuation concerns in the broader markets remain. However, valuations have moderated from Sept'24 levels. Large-caps are now trading at 3-yr average valuation levels.*
- *We remain constructive on sectors/themes like Banks & Consumption where the valuations & earnings remain reasonable. High quality large-cap stocks provide opportunities in the current markets.*
- *Therefore, we suggest staggered investments into Equities to ride out volatility in the Equity markets.*
- *We recommend a core portfolio of Large caps, Multicap and Flexicap Funds in equities. Tactical allocations can be done into few Thematic & Sectoral Funds, e.g., Consumption & Banking. Dynamic Asset Allocation Funds and Multi Asset Allocation are also be recommended to provide better volatility adjusted returns.*

Easing Inflation

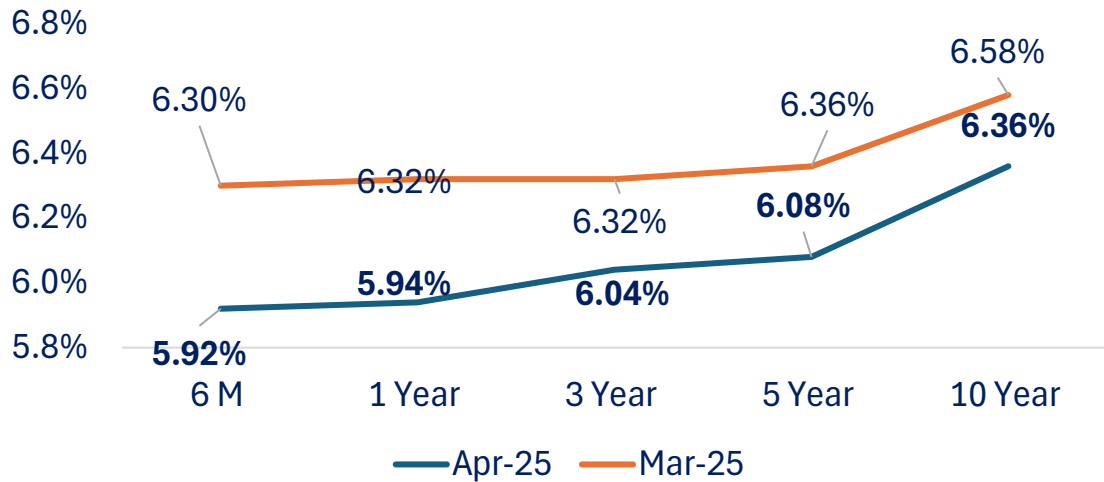


Source: Trading Economics

- Retail inflation edged up slightly to 3.16% in Apr'25, after falling steadily for several months. The marginal rise was driven by seasonal fluctuations in food prices, though overall price levels remain well within RBI's comfort zone.
- The MPC kept the repo rate at 6.00% in Apr'25, signaling a wait-and-watch approach amid global uncertainties and stable domestic inflation.
- Industrial output and exports continued to show resilience, supported by policy measures and external demand, reinforcing positive momentum for FY26.

G-Sec Yield Curve Movement

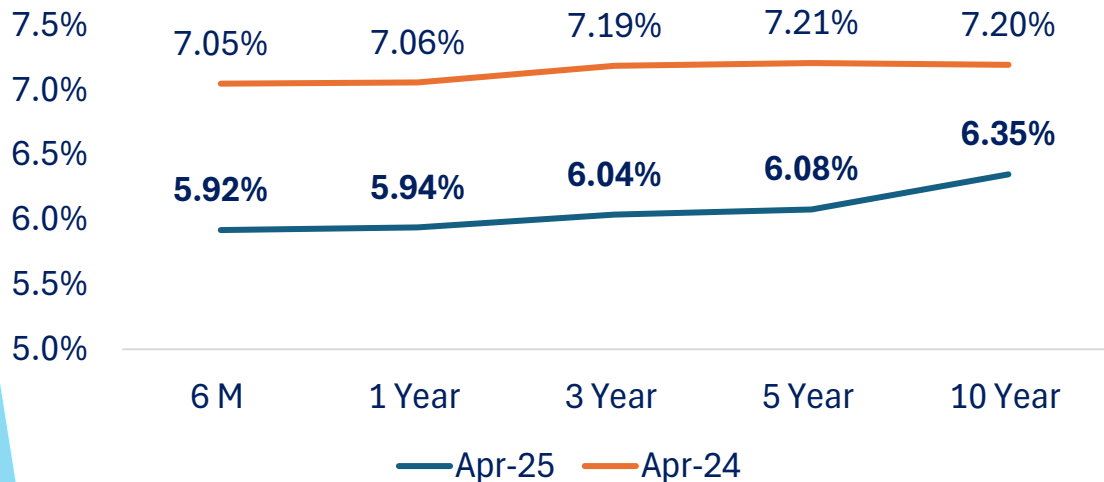
G-Sec Yield Movement - 1 Month



G-Sec Yield Movement - 3 Months



G-Sec Yield Movement - 1 Year



- **G-Sec Yields & Inflation:** The 10-year G-Sec yield fell to 6.36% in April (from 6.58%), driven by easing inflation and strong auction demand.
- **RBI Policy & Liquidity:** RBI cut the repo rate to 6% in April and maintained an accommodative stance, continuing liquidity support via OMOs and T-bill purchases.
- **Growth Outlook:** RBI projects FY26 GDP growth at 6.2% - 6.7%, driven by improved consumption, strong rabi output, and continued capex momentum.

Income Plus Arbitrage Funds

- ▶ Income Plus Arbitrage Funds are hybrid mutual funds that leverage arbitrage opportunities in the cash and derivatives markets while also investing in fixed-income instruments.
- ▶ These funds are designed to offer stable returns with lower volatility, making them an attractive option for conservative investors looking for debt-like returns but with a more favourable tax structure.

Criteria	Income Plus Arbitrage Funds	Debt Funds
Volatility	Low to Moderate	Low
Taxation	12.5% LTCG (Post 2 Years)	As per income tax slab (no LTCG benefit)
Liquidity	High	High

Fund Name	Annualised Returns As on 30-APR-25				
	6 Month	9 Month	1 Year	3 Year	5 Year
Axis Income Advantage FoF	9.88	9.69	10.82	7.52	7.14
ICICI Pru Income Plus Arbitrage Active FoF	5.44	6.52	10.99	11.37	12.86
Kotak Income Plus Arbitrage FOF	8.93	9.44	11.11		

Debt Market – Key Takeaways

- *Inflation cooling off in the recent months provided the RBI to announce interest rate cuts. We now believe that the RBI could announce another rate cut in the April'25 policy.*
- *The Government reduced borrowing plan as announced in the Budget supports softer bond yields during the current year.*
- *These factors would positively impact Bond markets this year. Debt Funds would be attractive.*
- *As bond yields tend to move in advance of rate action, we recommend to invest in medium term, dynamic bond and corporate bond category of debt funds as attractive debt options. Furthermore, we also recommend Arbitrage Funds and Equity Savings hybrid funds as tax-efficient longer term investment vehicle for investors in the highest tax bracket.*

Equity Funds

Historical Performance of Select Mutual Funds

Fund Name	Annualised Returns in % (30-APR-25)			
	1 Year	3 Year	5 Year	7 Year
Equity - Large Cap Funds				
Nippon India Nifty Alpha Low Volatility	-1.45			
UTI Nifty200 Momentum 30 Index	-9.67	14.96		
Equity - Large & Mid Cap Funds				
Bandhan Core Equity Fund	8.38	22.69	28.26	15.22
Motilal Oswal Large and Midcap Fund	9.99	24.04	27.89	
Equity - Flexicap Funds				
JM Flexicap	1.88	23.43	26.85	17.38
Parag Parikh Flexi Cap Fund	12.79	18.90	27.35	19.18
Equity - Focused Funds				
HDFC Focused 30 Fund	15.59	23.58	29.70	15.50
Invesco India Focused Fund	9.85	21.59		
Equity - Multicap Funds				
Axis Multicap Fund	10.89	20.44		
Mahindra Manulife Multi Cap Fund	3.64	17.10	26.65	16.91
Equity - Mid Cap Funds				
Invesco India Mid Cap	16.14	22.99	28.97	17.87
Motilal Oswal Midcap Fund	14.09	26.71	35.60	20.04
Equity - Small Cap Funds				
Franklin India Smaller Companies Fund	-1.89	20.70	33.47	14.27
Nippon India Small Cap Fund	0.08	21.21	37.62	18.55
Equity - Value - Oriented Funds				
ICICI Pru Value Discovery Fund	12.03	21.08	29.78	17.51
SBI Contra Fund	4.53	21.56	33.99	17.54
Benchmark: S&P BSE Sensex	5.11	9.74	21.31	14.32

Fund Name	Annualised Returns in % (30-APR-25)			
	1 Year	3 Year	5 Year	7 Year
Equity - Sectoral – Banking				
Nippon India Banking & Fin. Services	14.57	19.68	27.49	12.39
SBI Banking & Fin Services Fund	16.08	19.08	22.35	14.29
Equity - Consumption				
Mirae Asset Great Consumer Fund	6.82	17.50	23.53	14.64
Nippon India Consumption Fund	8.55	19.32	26.72	16.50
Equity - Thematic				
Franklin India Opportunities Fund	8.90	29.65	31.31	17.79
ICICI Pru India Opportunities Fund	13.52	23.75	32.89	
Equity - Sectoral - Pharma				
ICICI Pharma Healthcare & Diagnostics Fund	21.52	24.20	25.30	
Mirae Asset Healthcare Fund	17.62	18.41	22.38	
Benchmark: S&P BSE Sensex	5.11	9.74	21.31	14.32

Hybrid Funds

Fund Name	Annualised Returns in % (30-APR-25)			
	1 Year	3 Year	5 Year	7 Year
Hybrid - Dynamic Asset Allocation Funds				
Baroda BNP Paribas Balanced Advantage	6.69	13.36	16.62	
HDFC Balanced Advantage Fund	7.27	20.00	24.94	15.19
Hybrid - Aggressive Fund				
ICICI Pru Equity & Debt Fund	10.36	18.93	26.50	16.81
JM Aggressive Hybrid Fund	1.65	20.43	26.40	14.44

Historical Performance of Select Mutual Funds & PMS Strategies

Hybrid Funds (Contd.)

Fund Name	Annualised Returns in % (30-APR-25)			
	1 Year	3 Year	5 Year	7 Year
Hybrid - Equity Savings				
HDFC Equity Savings Fund	6.53	10.12	13.17	9.09
Kotak Equity Savings Fund	6.69	10.89	12.14	9.47
Hybrid - Multi Asset Allocation Funds				
ICICI Pru Multi Asset Fund	12.10	18.62	25.14	15.93
UTI Multi Asset Allocation Fund	8.31	18.46	17.35	11.28

Debt Funds

Fund Name	Annualised Returns in % (30-APR-25)			
	1 Year	3 Year	5 Year	7 Year
Debt - Corporate Bond Funds				
Aditya Birla SL Corporate Bond Fund	10.10	7.61	7.26	7.80
ICICI Pru Corporate Bond Fund	9.25	7.67	7.12	7.54
Debt - Banking & PSU Funds				
ICICI Pru Banking & PSU Debt Fund	9.08	7.45	6.97	7.25
Kotak Banking and PSU Debt Fund	9.52	7.16	6.85	7.51
Debt - Short Duration Funds				
Axis Short Term Fund	9.37	7.20	7.32	7.31
UTI Short Duration Fund	8.93	7.07	7.62	5.85
Debt - Accrual & Roll Down Strategy				
ICICI Pru Bond Fund	11.18	8.13	7.03	7.63
Nippon India Floating Fund	9.29	7.25	6.94	7.31
Debt - Dynamic Bond Funds				
Kotak Dynamic Bond Fund	11.40	7.51	6.94	7.82
Nippon India Dynamic Bond Fund	11.03	7.51	6.17	7.09

PMS Strategies	1 Year	2 Years	3 Years	5 Years
<i>Unifi Blended Rangoli</i>	1.46%	18.94%	12.75%	29.93%
<i>Marcellus - CCP</i>	4.74%	11.43%	5.64%	13.33%
<i>Quest Multi PMS</i>	1.58%	25.75%	16.82%	26.77%
<i>White Oak India Pioneers Equity</i>	8.92%	19.23%	12.24%	20.79%
<i>ICICI - PIPE Strategy</i>	2.65%	29.85%	23.67%	36.99%
<i>ABSL - Select Sector Portfolio</i>	15.89%	31.61%	23.55%	32.88%
<i>Abakkus – All Cap PMS</i>	0.15%	20.89%	14.60%	--
<i>Old Bridge Capital – All Cap</i>	8.30%	26.50%	16.40%	31.10%
<i>Helios - India Rising PMS</i>	4.16%	24.08%	17.24%	22.63%
<i>Karma Capital – Wealth Builder</i>	6.97%	28.15%	16.92%	32.12%
<i>Right Horizons – Super Value Fund</i>	0.66%	21.01%	15.13%	28.36%
Benchmark: S&P BSE 500 Index	5.70%	21.03%	15.15%	23.67%

Motilal Oswal Large and Midcap Fund

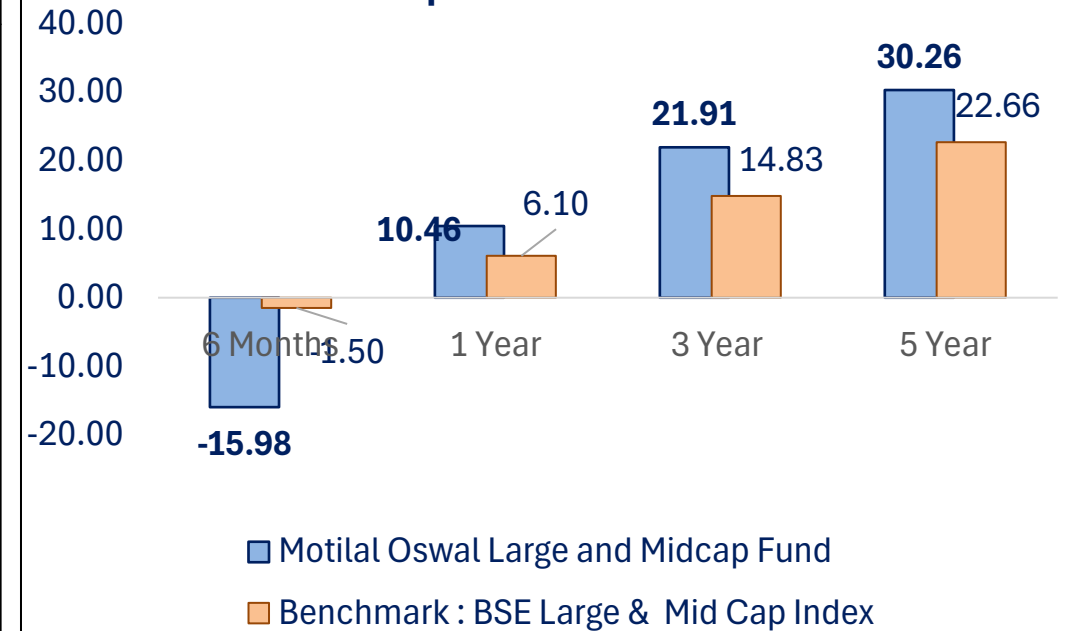
Investment Objective – To generate long-term capital appreciation by investing in a diversified portfolio of large and mid-cap companies that combine growth potential with stability.

AUM – Rs. 9,716 CR

Exit Load – 1% for redemption within 365 days

Large cap	Midcap	Smallcap
38%	40%	22%

Historical performance of the fund



HDFC Balanced Advantage Fund

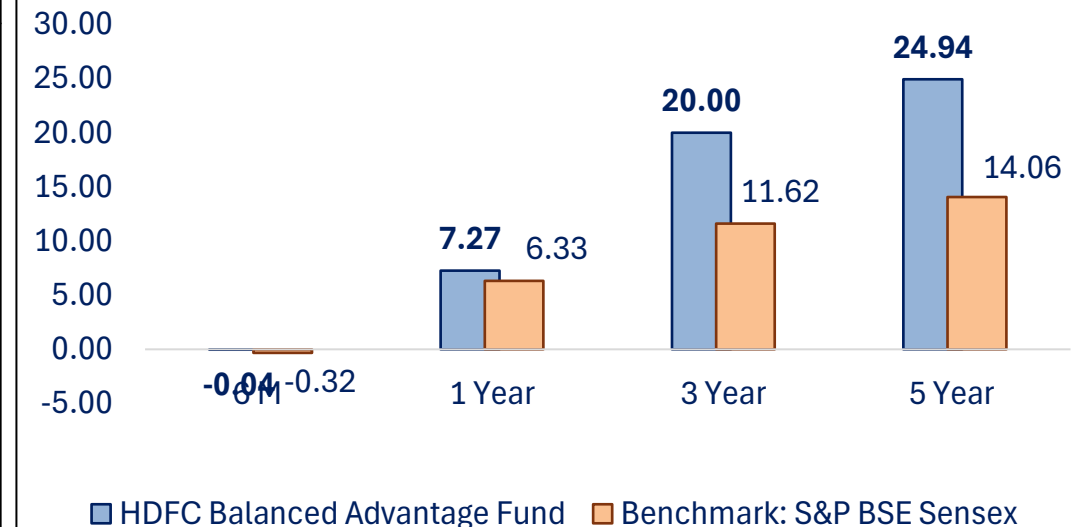
Investment Objective – To provide long-term capital appreciation and income by dynamically allocating investments between equity and debt based on market conditions and valuations.

AUM – Rs. 97,461 CR.

Exit Load – 1% for redemption within 365 days

Equity	Debt	Others
61%	28%	11%

Historial Performance of the Fund



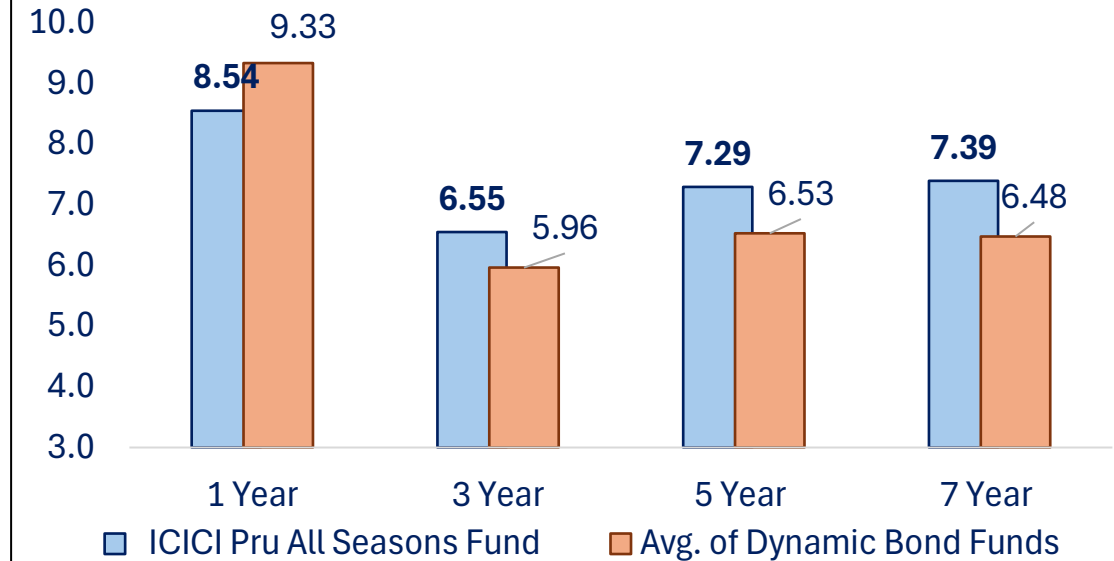
ICICI Pru All Seasons Bond Fund

Investment Objective – To generate regular income and capital appreciation by investing in a diversified portfolio of debt instruments across durations, dynamically managed to suit varying interest rate scenarios.

AUM – Rs. 14,635 CR

Portfolio Quants		
Portfolio YTM (%)	Avg Maturity (Yrs.)	Mod. Duration (Yrs.)
7.64%	10.23%	4.96%

Historical Performance of the Fund

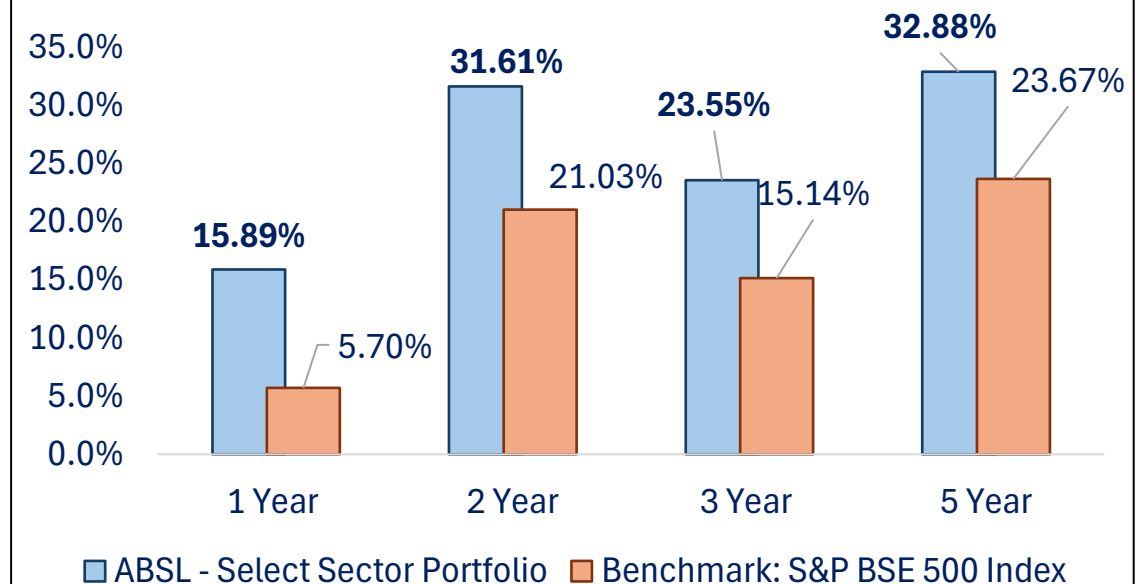


ABSL - Select Sector Portfolio

- **PMS Strategy: Multi Cap Approach**
- A focused, bottom-up approach investing in 20-30 high-quality, scalable, and resilient businesses core to India's growth story. It emphasizes strong operating dynamics, sustainable earnings, high ROEs/ROCEs, low leverage, and superior management, identifying mispriced opportunities with credible management and healthy balance sheets.

AUM – Rs. 390 CR

Historical Performance - ABSL - Select Sector Portfolio





STARLIGHT WEALTH LLP

Thank you

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