



STARLIGHT WEALTH LLP

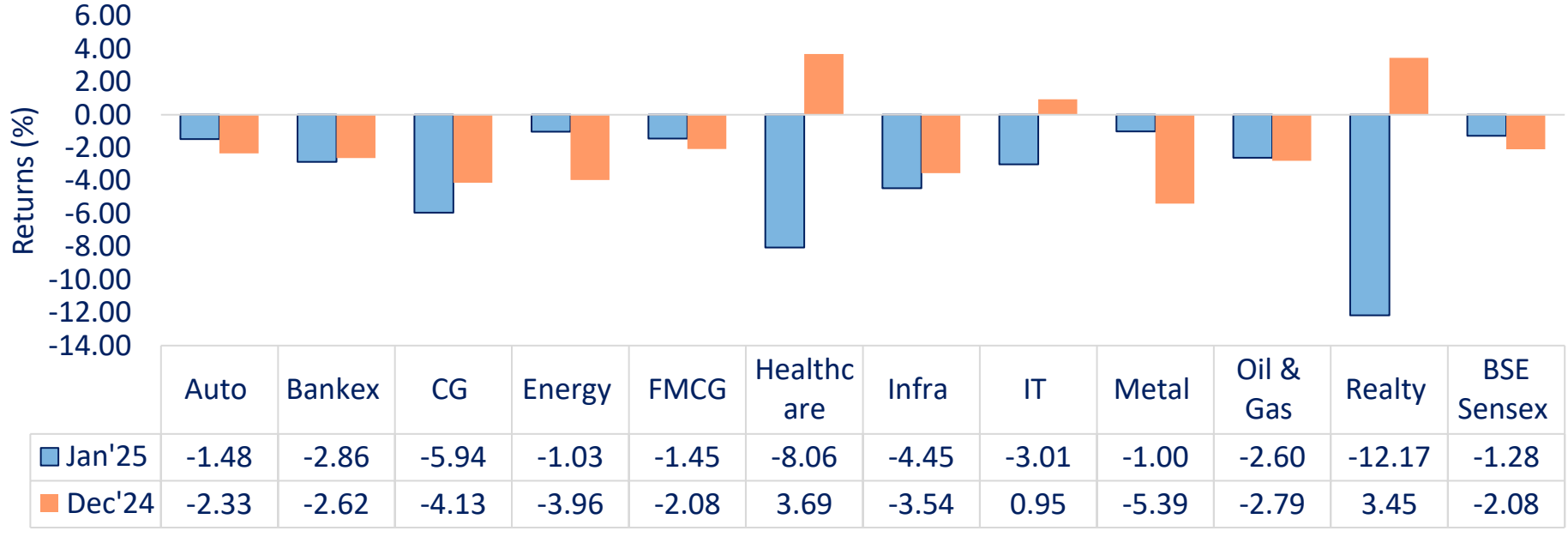
Monthly Newsletter
February 2025

Agenda

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

Equity Market Performance

Monthly Market Performance - January 2025

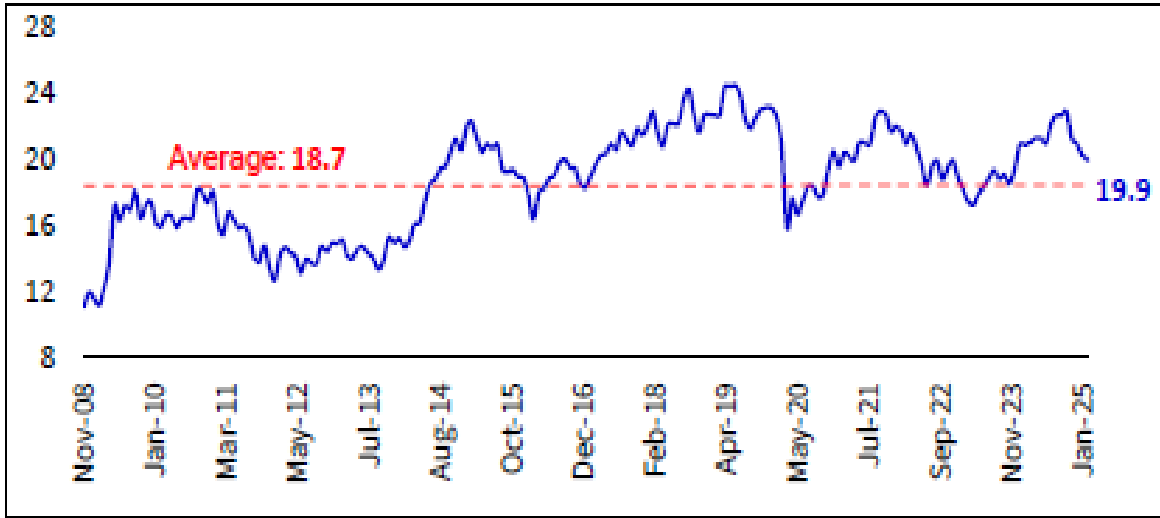


Source: Value Research

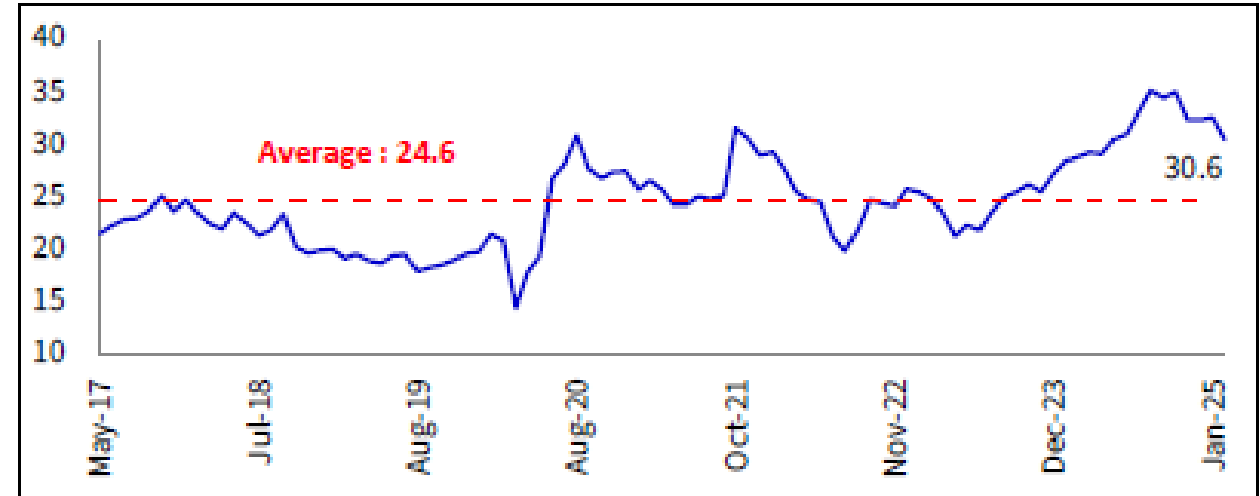
- **Sensex (-1.28%)** fell as FII selling surged (₹72,677 Cr outflow) amid Trump tariff concerns and global uncertainty.
- **Realty (-12.17%) & Healthcare (-8.06%)** led the decline due to profit booking, trade fears, and weak demand.
- **Rupee hit a record low (₹86.65/USD)**, adding to market pressure as investors remained cautious.

Market Cap Valuations - Premium

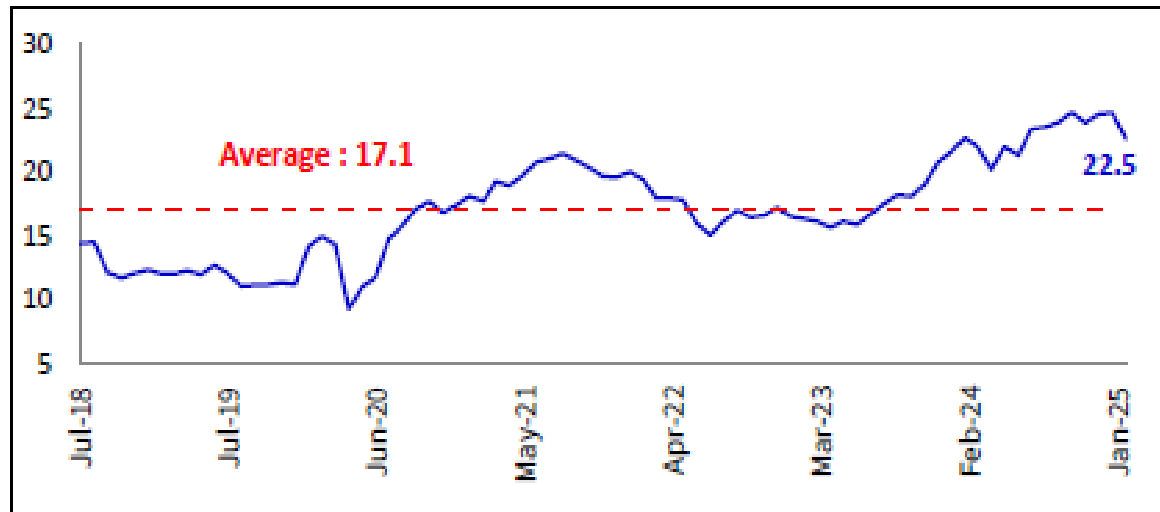
Nifty P/E (x) – 1 Year Forward



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

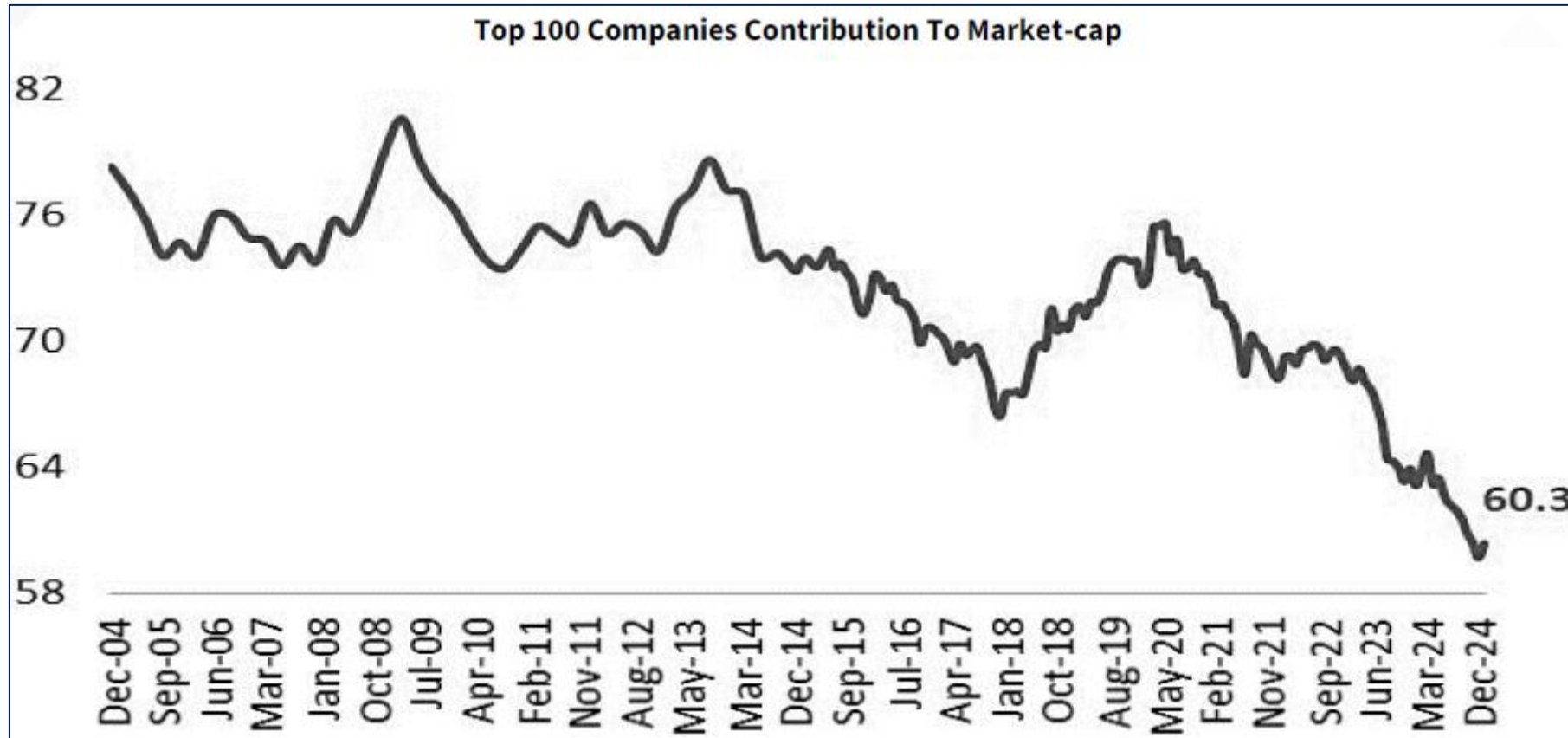


Nifty Small cap 250 P/E (x) – 1 Year Forward



Market Cap	Valuation
Large Cap	6% premium to historical average
Mid Cap	24% premium to historical average
Small Cap	32% premium to historical average

Large Cap Contribution to Market Cap at The Lowest in Decades



Source: Kotak MF

Top 100 companies' contributions to Indian equity market cap has been the lowest since the past decade. This indicates the large cap companies are available at attractive price levels.

Asset Class Returns

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	CYTD*
8.70%	17.30%	41.29%	7.70%	31.49%	45.80%	31.60%	14.40%	26.91%	25.02%	8.56%
8.63%	15.00%	37.65%	6.70%	24.60%	28.20%	28.71%	10.80%	26.29%	22.93%	7.75%
7.40%	12.94%	21.83%	6.00%	20.30%	18.40%	4.40%	4.25%	14.90%	20.69%	2.78%
1.38%	11.96%	6.20%	5.91%	13.04%	17.89%	3.44%	3.60%	7.80%	17.57%	1.20%
0.22%	10.10%	6.00%	-1.10%	10.72%	12.29%	1.40%	2.51%	7.30%	16.24%	1.00%
-3.92%	9.80%	4.71%	-2.14%	10.50%	10.40%	-4.10%	0.50%	7.29%	9.57%	0.70%
-6.60%	5.12%	0.50%	-4.38%	9.50%	9.30%	-8.00%	-12.55%	7.20%	8.95%	0.65%
-7.50%	4.30%	0.00%	-10.54%	8.97%	-0.29%	-11.83%	-18.11%	-10.46%	7.96%	-3.47%

Silver
Gold
US Equity
China Equity
G-Sec
Corporate Bond
ST Bonds
India Equity

Source: EDELWEISS MF
 *CYTD – Till 31ST JAN 2025

For CY2024, US equity delivered the highest returns of ~25%, while Indian equities delivered ~16% due to FII sell-offs.

Global equity markets mostly rose in Jan 2025

	Levels	1M	3M	6M	1Y	3Y	5Y
Emerging Markets	Index						
India	Nifty 50	-0.58%	-2.88%	-5.78%	8.18%	10.67%	14.45%
South Korea	Kospi	4.91%	-1.52%	-9.14%	0.81%	-1.85%	3.50%
Brazil	Brazil Ibovespa	4.86%	-2.76%	-1.19%	-1.26%	3.99%	2.08%
Taiwan	Taiwan TAIEX	2.13%	3.09%	5.97%	32.31%	10.03%	15.46%
Indonesia	Jakarta Composite	0.41%	-6.14%	-2.02%	-1.37%	2.35%	3.65%
China	Shanghai Composite	-3.02%	-0.89%	10.61%	16.72%	-1.11%	1.77%
Developed Markets							
Germany	DAX	9.16%	13.91%	17.42%	28.56%	11.98%	10.84%
Europe	Euro Stoxx 50 Pr	7.98%	9.51%	8.49%	13.74%	8.18%	7.74%
France	CAC 40	7.72%	8.16%	5.56%	3.83%	4.33%	6.48%
UK	FTSE 100	6.13%	6.95%	3.66%	13.67%	5.13%	3.55%
US	Russell 3000	2.00%	9.24%	13.82%	31.35%	13.19%	17.25%
Japan	Nikkei 22.5	-0.81%	1.26%	1.20%	9.06%	13.57%	11.25%

	CYTD25	CY24	CY23
India	-0.58%	8.80%	20.03%
South Korea	4.91%	-9.63%	18.73%
Brazil	4.86%	-10.36%	22.28%
Taiwan	2.13%	28.47%	26.83%
Indonesia	0.41%	-2.65%	6.16%
China	-3.02%	12.67%	-3.70%
Germany	9.16%	18.85%	20.31%
Europe	7.98%	8.28%	19.19%
France	7.72%	-2.15%	16.52%
UK	6.13%	5.69%	3.78%
US	2.00%	31.57%	39.96%
Japan	-0.81%	19.22%	28.24%

Source: NIPPON AMC

*CYTD – Till 31ST JAN 2025

- Emerging markets rose during Jan'25 except China and India, with highest rise seen in South Korea followed by Brazil.
- Developed markets rose during the month except Japan, with highest rise seen in Germany followed by Europe.

Markets Find A Way To Bounce Back

Correction Period	No of days of market correction	Nifty50 TRI returns	1Y returns post correction
Mar'15-Sep'15	188	-15.26%	17.97%
Sep'16- Dec'16	109	-11.53%	32.24%
Jan'18-Mar'18	53	-9.85%	16.09%
Aug'18-Oct'18	59	-14.41%	17.52%
Feb'20-Mar'20	40	-37.46%	88.33%
Oct'21-Dec'21	63	-9.93%	9.97%
Jan'22-Mar'22	49	-13.18%	12.20%
Apr'22-June'22	74	-14.83%	24.44%
Dec'22-Mar'22	113	-9.84%	31.89%
Sep'24- Jan'25	127	-10.07%	?
Avg	88 days	-14.64%	27.85%

Source: EDELWEISS MF

How have markets reacted in the next 1Y post corrections*

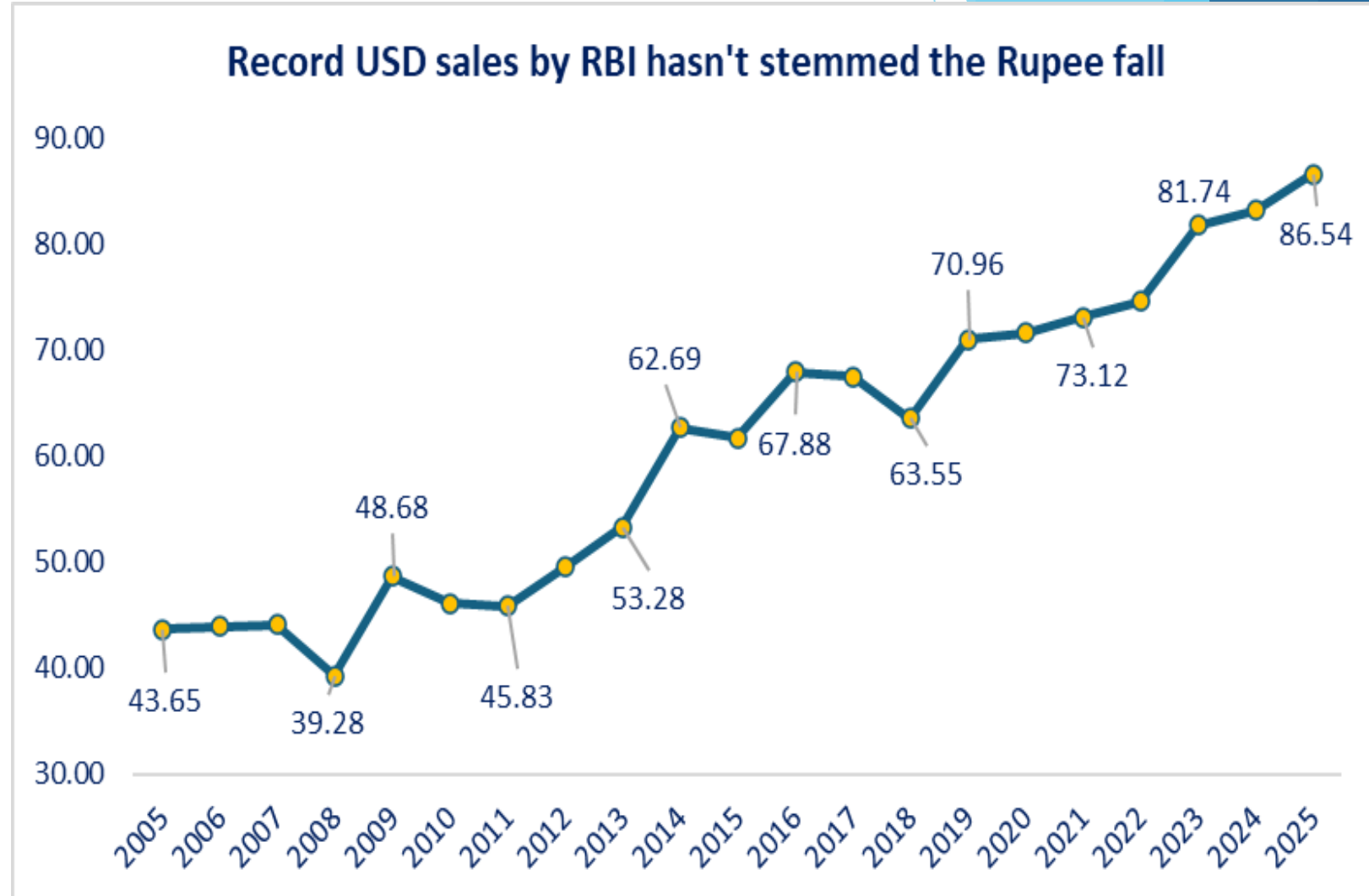
**Note: Period with ~+10% corrections in the last 10yrs have been considered*

Rupee Exits Its Own 'Unsettling Calm' Phase

Between October 2022 and early October 2024, the Indian Rupee depreciated by just 0.6% annually, with USDINR remaining largely stable around 83.

However, in late 2024, weak FDI inflows, FPI equity sales, and a patchy trade balance, lead to the RBI intervention to support the Rupee by selling nearly \$50 billion.

Despite this, the currency remains overvalued and vulnerable to a stronger US Dollar, keeping foreign investment flows uncertain. The USD-INR movement will be a key factor to watch in the coming months.

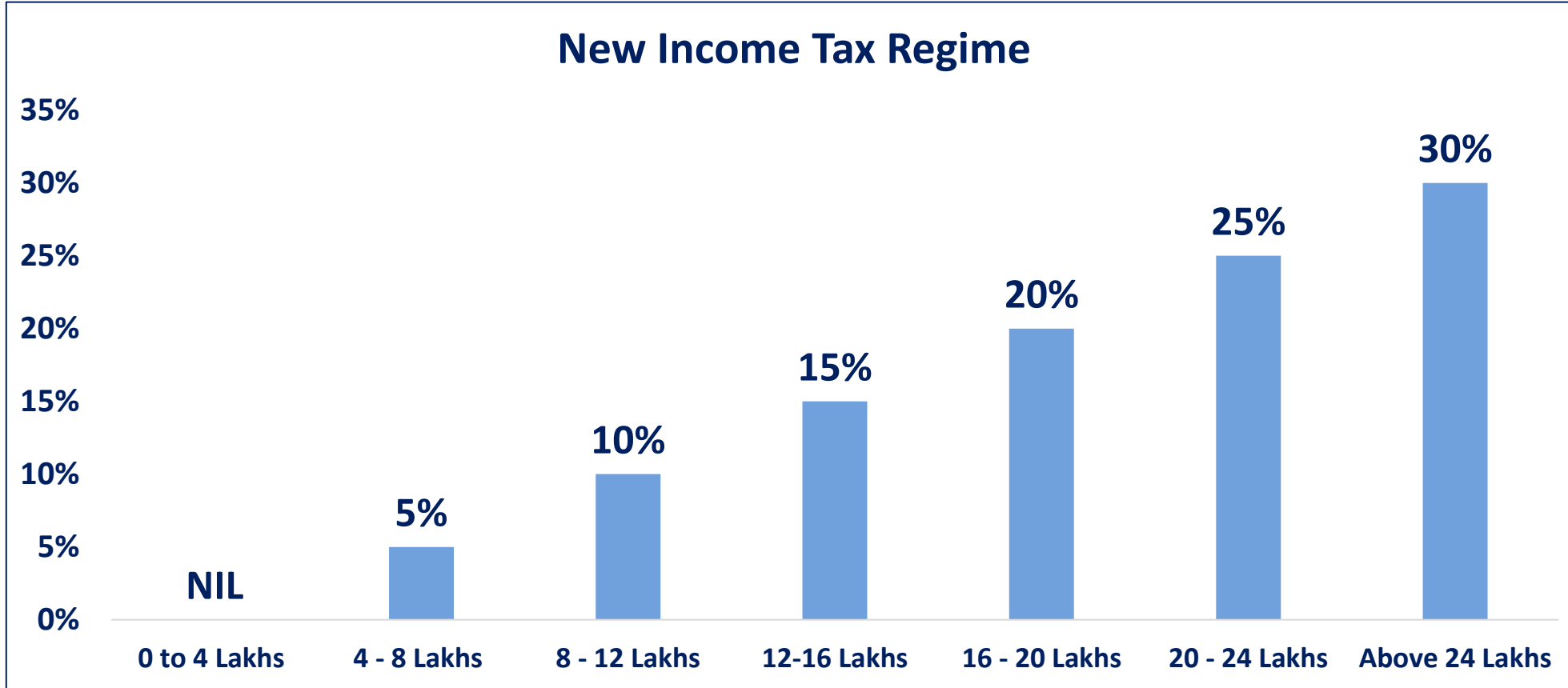


Source: DSP

Currency Adjusted Performance of Indian Market

Year	USD/INR	BSE SENSEX INDEX	
	Percentage Change (%)	Returns (%) in INR	Returns (%) in USD
2008	23.35%	-52.45%	-29.09%
2009	-4.80%	81.03%	76.23%
2010	-4.08%	17.43%	13.35%
2011	18.80%	34.80%	16.00%
2012	3.17%	-24.64%	-21.47%
2013	13.03%	-25.43%	-12.40%
2014	1.82%	89.77%	87.95%
2015	4.50%	29.89%	25.39%
2016	2.60%	-50.25%	-47.65%
2017	-6.32%	19.49%	13.17%
2018	9.25%	27.91%	18.66%
2019	2.74%	58.73%	55.99%
2020	2.57%	14.38%	11.81%
2021	1.86%	15.75%	13.89%
2022	11.22%	44.41%	33.19%
2023	0.50%	18.74%	18.23%
2024	2.78%	8.17%	5.39%
2025 - YTD	-1.04%	-1.28%	-0.24%

Union Budget 2025 – New Income Tax Regime

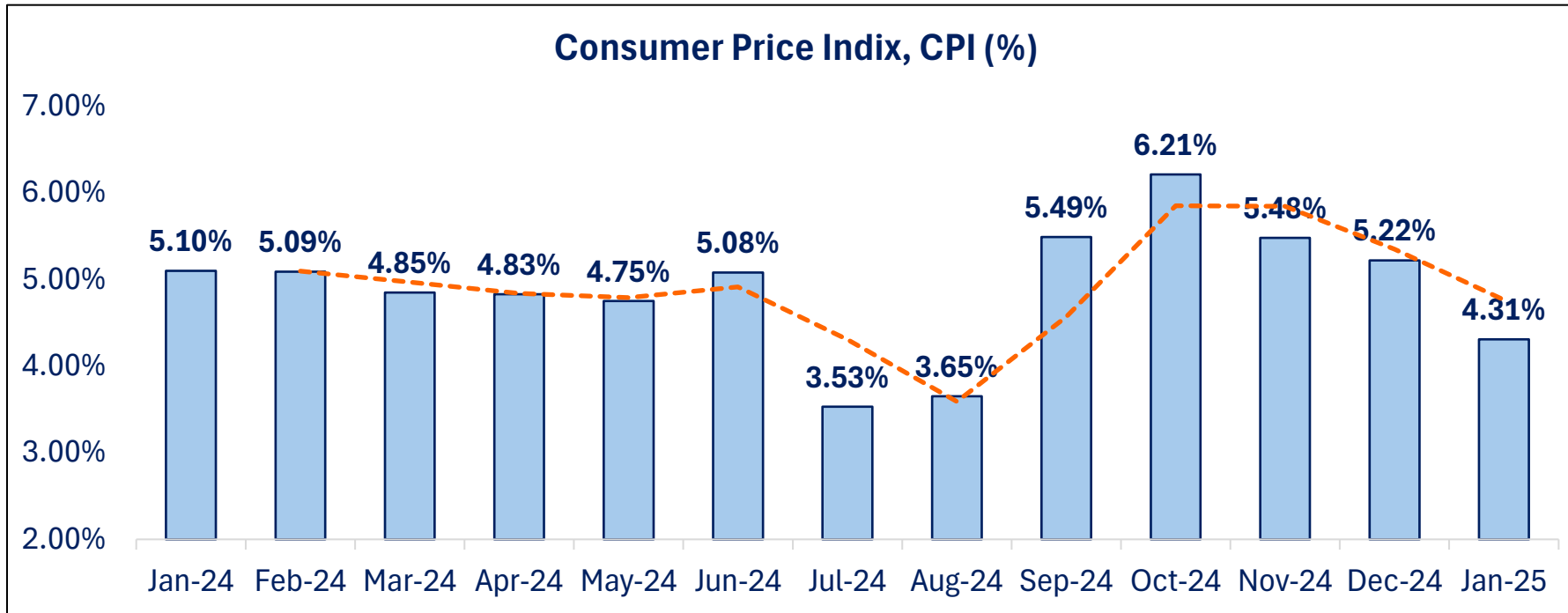


Tax cuts announced in the Budget could help spur long term Consumption demand across sectors by increasing disposable income.

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

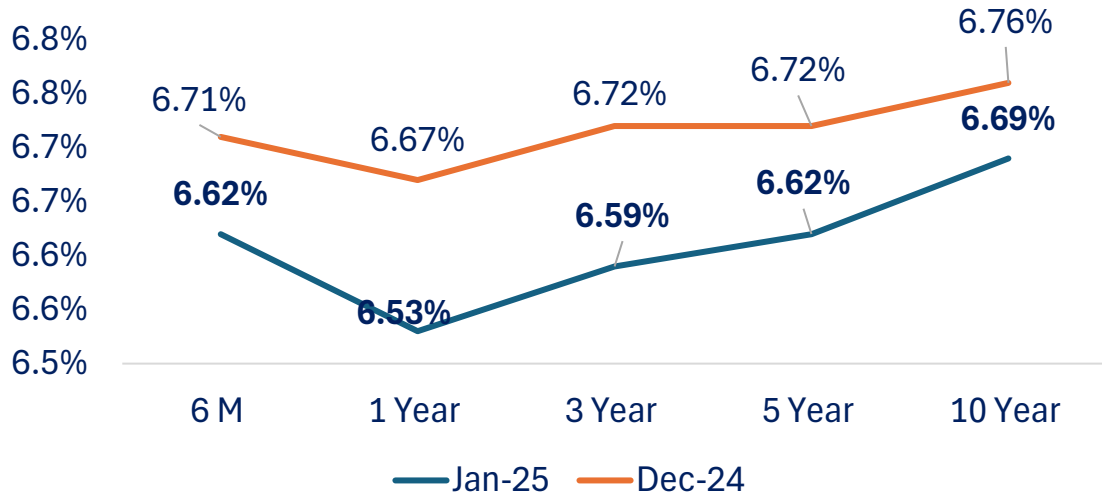


Source: Trading Economics

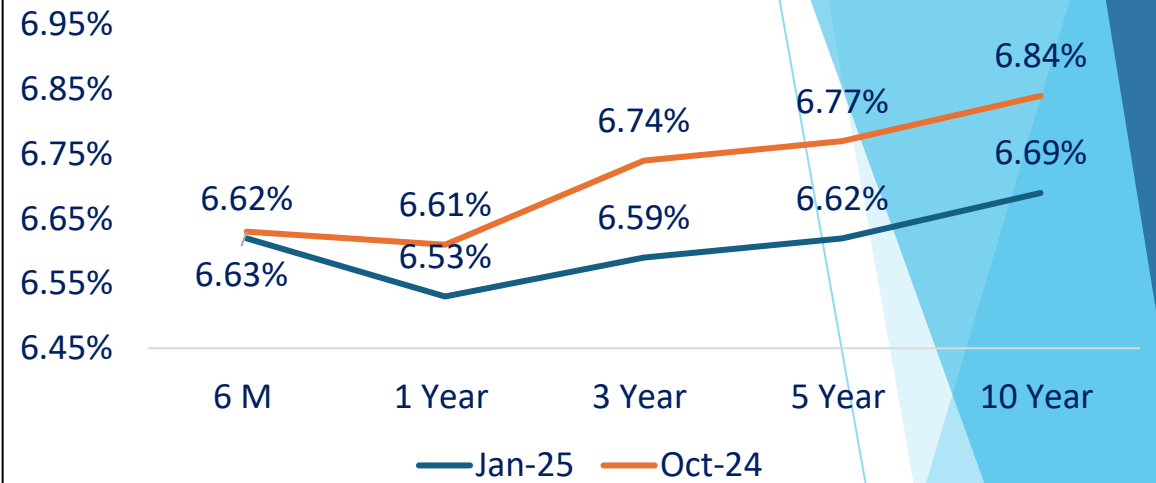
- Retail inflation fell to 5.22% in Dec'24 and further to 4.31% in Jan'25, driven by softening of food inflation.
- The MPC announced a 25bps repo rate cut and retained a neutral stance in its Feb'25 meeting, signaling flexibility for potential rate adjustments during the year under new RBI Governor Mr. Sanjay Malhotra.
- Industrial production and export growth show positive momentum, reinforcing expectations for robust economic performance in 2025.

G-Sec Yield Curve Movement

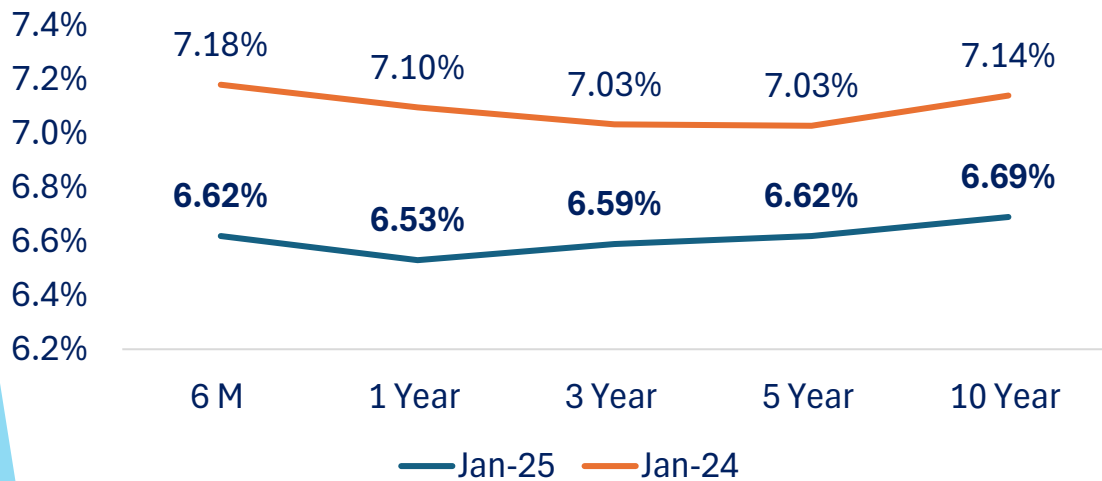
G-Sec Yield Movement - 1 Month



G-Sec Yield Movement - 3 Months



G-Sec Yield Movement - 1 Year



- **G-Sec yields have softened, with demand for longer-tenure securities stabilizing as inflation eased further.**
- **RBI reduced the repo rate by 25 basis points, noting that the Indian economy remains resilient despite global challenges. The RBI has projected India's GDP growth for FY26 at a healthy rate of 6.7%.**

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 % (31-JAN-25)			
	1 Year	3 Year	5 Year	7 Year
Equity - Large Cap Funds				
Nippon India Nifty Alpha Low Volatility	6.96			
UTI Nifty200 Momentum 30 Index	2.36	14.50		
Equity - Large & Mid Cap Funds				
Bandhan Core Equity Fund	15.79	20.67	21.30	14.55
Motilal Oswal Large and Midcap Fund	23.39	21.55	22.07	
Equity - Flexicap Funds				
JM Flexicap	17.86	22.90	22.37	17.19
Parag Parikh Flexi Cap Fund	20.62	17.54	24.05	18.81
Equity - Focused Funds				
HDFC Focused 30 Fund	18.16	21.69	22.39	13.54
Invesco India Focused Fund	27.41	18.51		
Equity - Multicap Funds				
Axis Multicap Fund	19.87	19.24		
Mahindra Manulife Multi Cap Fund	6.79	15.62	22.05	16.28
Equity - Mid Cap Funds				
Invesco India Mid Cap	22.78	20.75	23.84	17.60
Motilal Oswal Midcap Fund	29.77	28.23	27.60	20.55
Equity - Small Cap Funds				
Franklin India Smaller Companies Fund	8.57	21.55	25.69	14.86
Nippon India Small Cap Fund	10.39	22.40	30.86	19.11
Equity - Value - Oriented Funds				
ICICI Pru Value Discovery Fund	14.60	19.74	24.97	16.46
SBI Contra Fund	11.56	21.53	28.06	16.68
Benchmark: S&P BSE Sensex	8.01	10.13	13.73	11.58

Fund Name	Annualised Returns in % (31-JAN-25)			
	1 Year	3 Year	5 Year	7 Year
Equity - Sectoral – Banking				
Nippon India Banking & Fin. Services	10.05	14.51	14.04	10.40
SBI Banking & Fin Services Fund	13.61	14.40	12.94	13.18
Equity - Consumption				
Mirae Asset Great Consumer Fund	11.44	16.96	17.83	14.29
Nippon India Consumption Fund	13.98	18.86	21.85	15.28
Equity - Thematic				
Franklin India Opportunities Fund	22.14	25.99	26.00	16.97
ICICI Pru India Opportunities Fund	17.45	22.56	26.09	
Equity - Sectoral - Pharma				
ICICI Pharma Healthcare & Diagnostics Fund	28.21	23.35	28.10	
Mirae Asset Healthcare Fund	20.90	17.60	26.00	
Benchmark: S&P BSE Sensex	8.01	10.13	13.73	11.58

Hybrid Funds

Fund Name	Annualised Returns in % (31-JAN-25)			
	1 Year	3 Year	5 Year	7 Year
Hybrid - Dynamic Asset Allocation Funds				
Baroda BNP Paribas Balanced Advantage	10.15	11.99	14.93	
HDFC Balanced Advantage Fund	10.10	19.50	19.64	13.80
Hybrid - Aggressive Fund				
ICICI Pru Equity & Debt Fund	12.85	17.08	21.13	15.46
JM Aggressive Hybrid Fund	11.00	19.48	22.83	13.92

Historical Performance of Select Mutual Funds & PMS Strategies

Hybrid Funds (Contd.)

Fund Name	Annualised Returns in % (31-JAN-25)			
	1 Year	3 Year	5 Year	7 Year
Hybrid - Equity Savings				
HDFC Equity Savings Fund	7.64	9.22	10.94	8.56
Kotak Equity Savings Fund	8.90	10.43	10.75	9.25
Hybrid - Multi Asset Allocation Funds				
ICICI Pru Multi Asset Fund	16.02	18.03	20.83	14.90
UTI Multi Asset Allocation Fund	15.77	17.15	14.91	10.93

Debt Funds

Fund Name	Annualised Returns in % (31-JAN-25)			
	1 Year	3 Year	5 Year	7 Year
Debt - Corporate Bond Funds				
Aditya Birla SL Corporate Bond Fund	8.58	6.78	7.10	7.50
ICICI Pru Corporate Bond Fund	8.05	6.89	6.87	7.28
Debt - Banking & PSU Funds				
ICICI Pru Banking & PSU Debt Fund	7.92	6.72	6.56	6.98
Kotak Banking and PSU Debt Fund	8.01	6.28	6.47	7.17
Debt - Short Duration Funds				
Axis Short Term Fund	8.02	6.27	6.37	6.90
UTI Short Duration Fund	7.83	6.29	7.40	5.59
Debt - Accrual & Roll Down Strategy				
ICICI Pru Bond Fund	8.58	6.86	6.69	7.05
Nippon India Floating Fund	8.21	6.47	6.79	7.01
Debt - Dynamic Bond Funds				
Kotak Dynamic Bond Fund	8.70	6.27	6.56	7.35
Nippon India Dynamic Bond Fund	9.10	6.39	6.50	6.59

PMS Strategies	1 Year	2 Years	3 Years	5 Years
<i>Unifi Blended Rangoli</i>	10.64%	21.06%	13.51%	29.85%
<i>Marcellus - CCP</i>	3.54%	9.54%	3.05%	12.03%
<i>Quest Multi PMS</i>	42.44%	34.28%	20.18%	25.72%
<i>White Oak India Pioneers Equity</i>	17.77%	19.83%	10.28%	19.45%
<i>ICICI - PIPE Strategy</i>	26.74%	40.05%	33.16%	33.48%
<i>ABSL - Select Sector Portfolio</i>	39.16%	38.39%	25.87%	28.48%
<i>Abakkus – All Cap PMS</i>	13.52%	24.32%	15.10%	--
<i>Old Bridge Capital – All Cap</i>	7.50%	27.10%	13.90%	23.90%
<i>Helios - India Rising PMS</i>	24.17%	27.88%	16.60%	--
<i>Karma Capital – Wealth Builder</i>	17.36%	29.44%	15.54%	24.47%
<i>Right Horizons – Super Value Fund</i>	30.64%	36.50%	22.04%	29.99%
Benchmark: S&P BSE 500 Index	9.70%	21.00%	14.20%	18.30%

Kotak Bluechip Fund

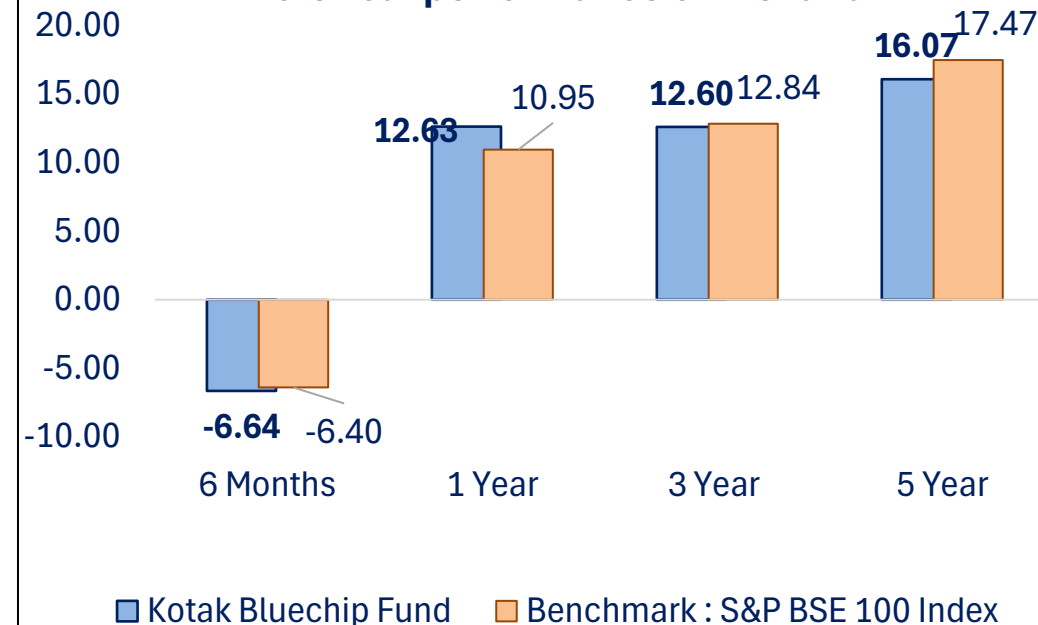
Investment Objective – Seeks to achieve long-term capital growth by investing predominantly in large-cap companies with strong fundamentals and growth potential.

AUM – Rs. 9,268 CR

Exit Load – 1% for redemption within 365 days

Large cap	Midcap	Smallcap
86.64%	8.79%	4.56%

Historical performance of the fund



UTI Multi Asset Allocation Fund

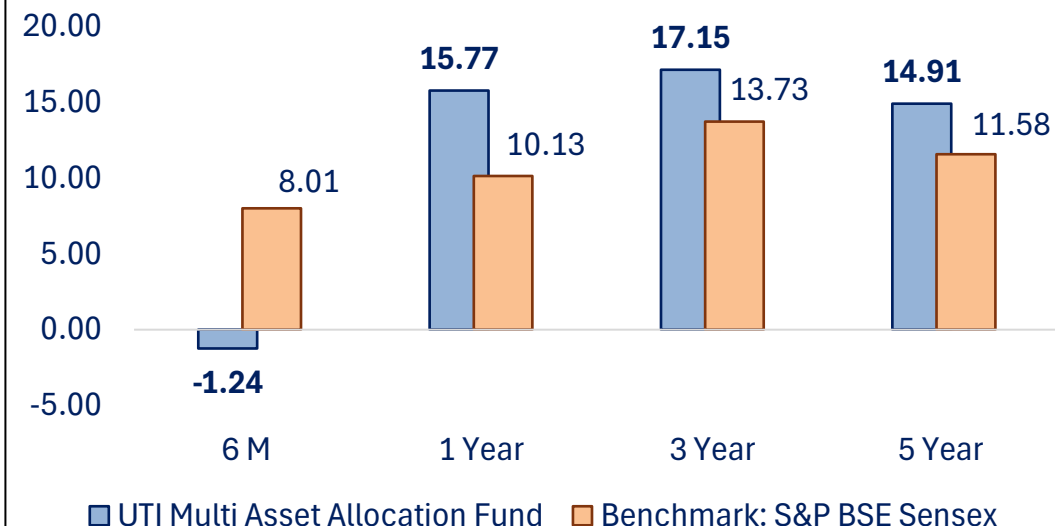
Investment Objective – Aims to provide a balanced investment approach by diversifying across equities, debt, and gold to optimize risk-adjusted returns.

AUM – Rs. 5,079 CR.

Exit Load – 1% for redemption within 30 days

Equity	Debt	Others
62.35%	18.16%	8.41%

Historial Performance of the Fund



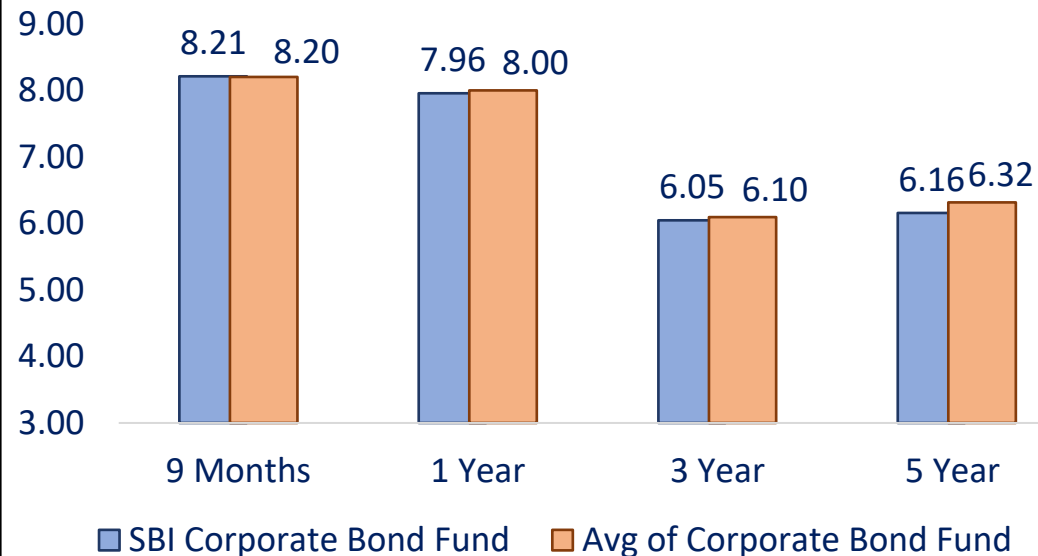
SBI Corporate Bond Fund

Investment Objective – Focuses on generating stable income and capital preservation by investing in high-quality corporate bonds with low credit risk.

AUM – Rs. 20,303 CR

Portfolio Quants		
Portfolio YTM (%)	Avg Maturity (Yrs.)	Mod. Duration (Yrs.)
7.54%	5.13%	3.70%

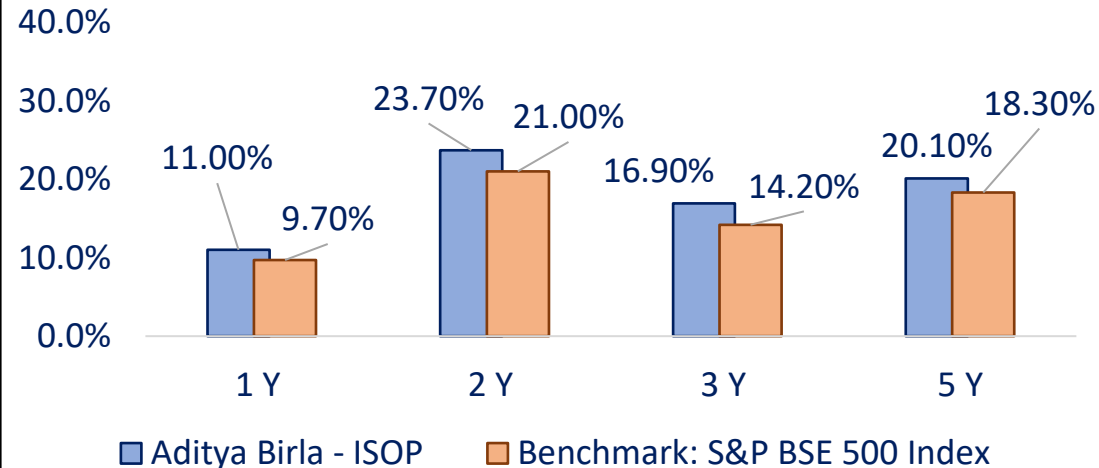
Historical Performance of the Fund



Aditya Birla - India Special Opportunities Portfolio

- Focuses on special opportunities—market inefficiencies and mispriced stocks due to firm-specific, sectoral, or macroeconomic factors.
- Invests in companies undergoing transformation such as management changes, financial restructuring, or business model shifts.
- Bottom-up and top-down investment strategy with a multi-cap approach.

Historical Performance of Aditya Birla – India Special Opportunities Portfolio





STARLIGHT WEALTH LLP

Thank you

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