



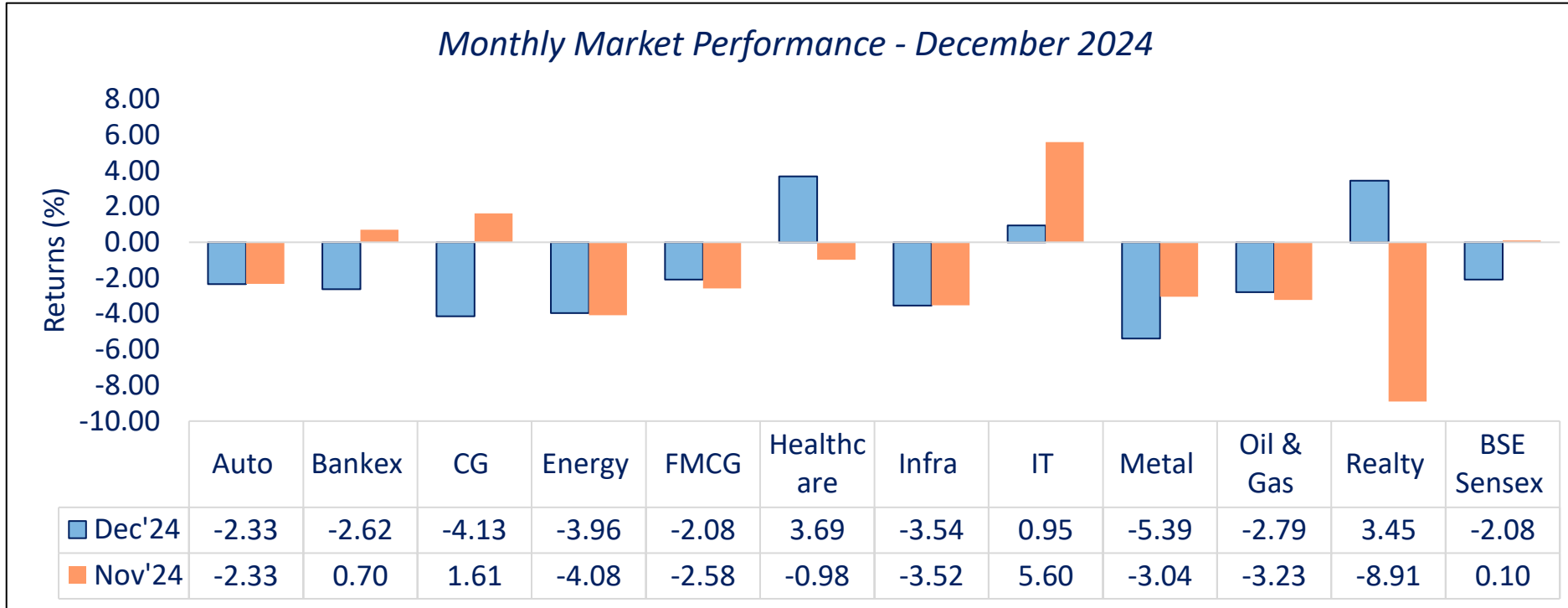
STARLIGHT WEALTH LLP

Monthly Newsletter
January 2025

Agenda

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

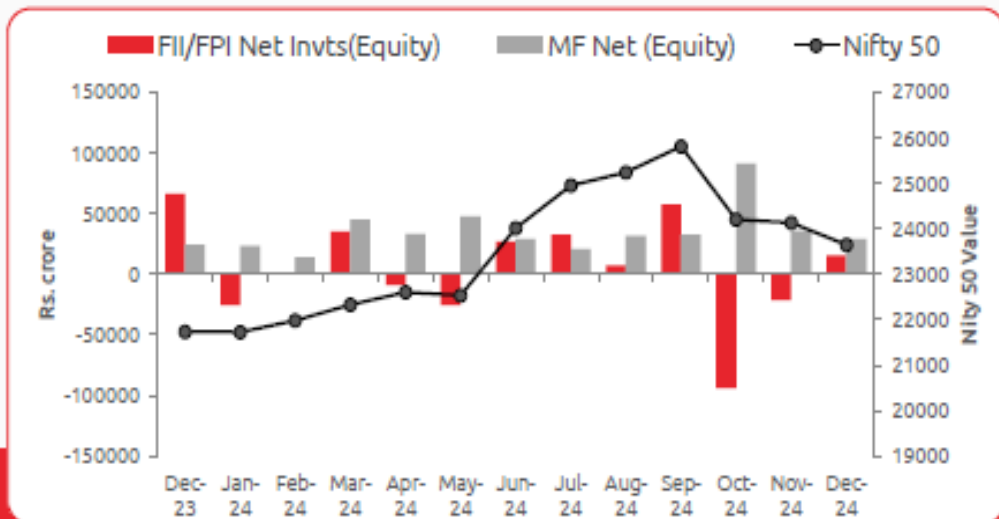
Equity Market Performance



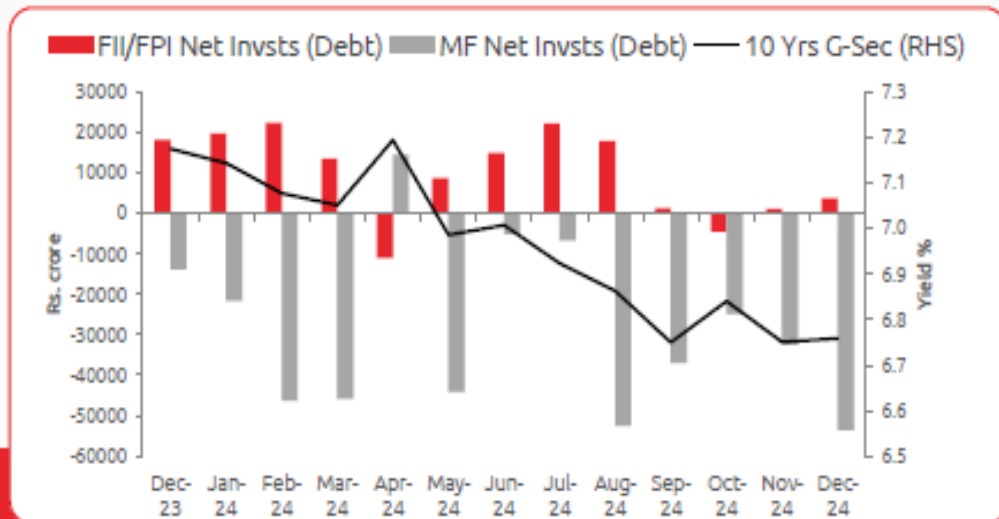
Source: Value Research

- Sensex Slips (-2.08%):** Weak global sentiment, rising US Bond yields due to uncertainty of future US Fed rate cuts, forthcoming swearing President-elect Trump & his policies weighed on the market.
- Sectoral Gainers:** Healthcare (+3.69%) led gains on export demand, while Realty (+3.45%) rebounded on festive demand and easing loan rates.
- Sectoral Laggards:** Metals (-5.39%) and Energy (-3.96%) suffered from global price fluctuations, while Capital Goods (-4.13%) corrected after November's rally.

FII remained net buyers in equity segment in Dec 2024



Net Equity Flow (INR Crore)	Dec-24	Nov-24	Year to Date
FII Flows	15,447	-21,612	427
DII Flows	34,195	44,484	525,685
MF Flows	29,159	35,633	432,201



Net Debt Flow (INR Crore)	Dec-24	Nov-24	Year to Date
FII Flows	3,755	1,217	110,813
MF Flows	-53,532	-32,395	-354,797

Source: Nippon India MF.

- FII Equity Rebound:** FIIs turned net buyers in equities in December 2024, reversing two months of net selling, with equity inflows totaling ₹15,447 crore.
- DII Flows at All-Time High:** Domestic Institutional Investors (DIIs) recorded their highest-ever monthly equity inflows of ₹34,195 crore in December 2024, reflecting their strong confidence in the market.

Long Term Equity Returns Are An Exception, Not the Norm

Country	Local Currency returns	Real Returns (Local Currency)	USD Returns	Real Returns (USD)	US Bond Market Index
	CAGR (30 Years)				
Malaysia	2%	-1%	0%	-3%	4.5% (2.0%: Real Return)
Philippines	3%	-2%	0%	-3%	
Korea	3%	0%	1%	-2%	
Japan	2%	2%	1%	-2%	
China (HK Listed)	2%	-2%	2%	-1%	
Indonesia	9%	1%	2%	0%	
UK	3%	1%	3%	0%	
France	5%	3%	4%	2%	
Australia	5%	2%	4%	2%	
Brazil	12%	5%	5%	2%	
Mexico	11%	2%	6%	3%	
Canada	6%	4%	6%	3%	
China Mainland	6%	2%	6%	4%	
India	10%	4%	7%	4%	
USA	9%	6%	9%	6%	

- Over the past 30 years, among the 15 major indices, only a few markets have generated returns higher than US Bond Real Returns.
- In USD terms, more than half of these markets have generated nil to negative real returns over the past 30 years.
- Even in local currency terms, there is no index which has generated double digit real returns over the last three decades.

Subdued Quarterly Results for Q2FY25

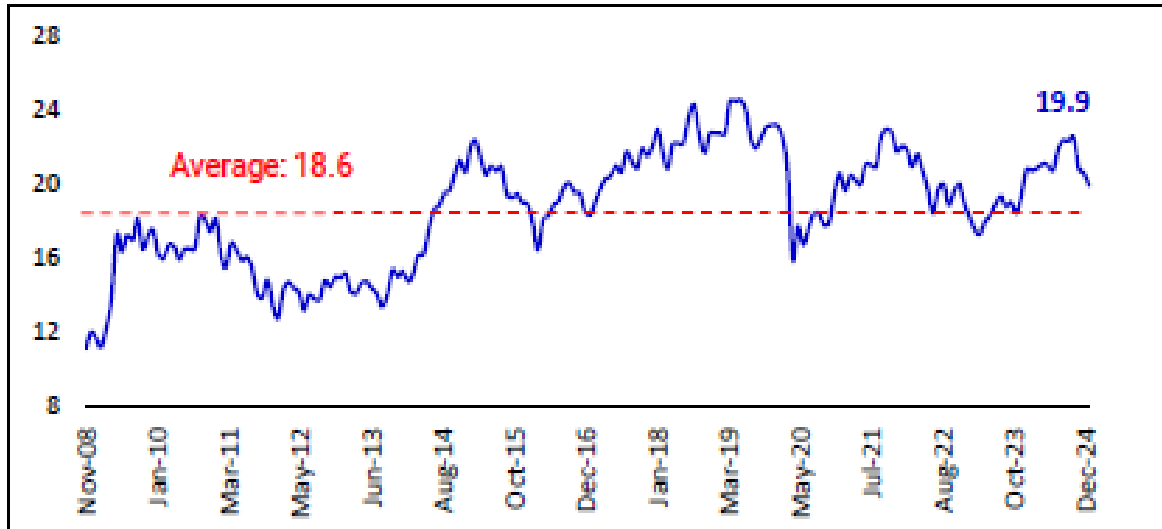
	Levels	1M	3M	6M	1Y	3Y	5Y		CY24	CY23	CY22
Emerging Markets	Index										
Taiwan	Taiwan TAIEX	3.47%	3.65%	0.01%	28.47%	8.12%	13.92%		28.47%	26.83%	-22.40%
China	Shanghai Composite	0.76%	0.46%	12.95%	12.67%	-2.71%	1.90%		12.67%	-3.70%	-15.13%
Indonesia	Jakarta Composite	-0.48%	-5.95%	0.23%	-2.65%	2.46%	2.36%		-2.65%	6.16%	4.09%
India	Nifty 50	-2.02%	-8.39%	-1.52%	8.80%	10.85%	14.19%		8.80%	20.03%	4.33%
South Korea	Kospi	-2.30%	-7.47%	-14.24%	-9.63%	-6.94%	1.77%		-9.63%	18.73%	-24.89%
Brazil	Brazil Ibovespa	-4.28%	-8.75%	-2.92%	-10.36%	4.69%	0.79%		-10.36%	22.28%	4.69%
Developed Markets											
Japan	Nikkei 225	4.41%	5.21%	0.79%	19.22%	11.47%	11.01%		19.22%	28.24%	-9.37%
France	CAC 40	2.01%	-3.34%	-1.32%	-2.15%	1.05%	4.30%		-2.15%	16.52%	-9.50%
Europe	Euro stoxx 50 Pr	1.91%	-2.09%	0.04%	8.28%	4.43%	5.50%		8.28%	19.19%	-11.74%
Germany	DAX	1.44%	3.02%	9.18%	18.85%	7.81%	8.48%		18.85%	20.31%	-12.35%
US	Russell 3000	0.39%	6.66%	10.14%	31.57%	9.01%	17.24%		31.57%	39.96%	-29.63%
UK	FTSE 100	-1.38%	-0.78%	0.11%	5.69%	3.44%	1.62%		5.69%	3.78%	0.91%

Source: Nippon India MF.

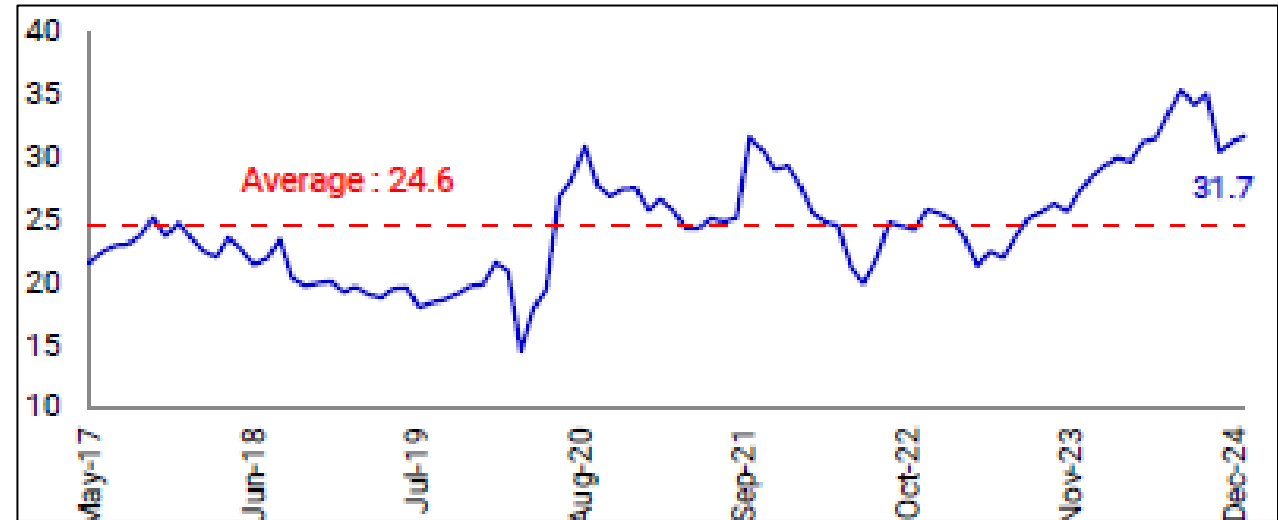
- Emerging markets fell during the reporting period except Taiwan and China, with highest fall seen in Brazil followed by South Korea.
- Developed markets rose during the reporting period except U.K., with highest rise seen in Japan followed by France.

Market Cap Valuations – Premium

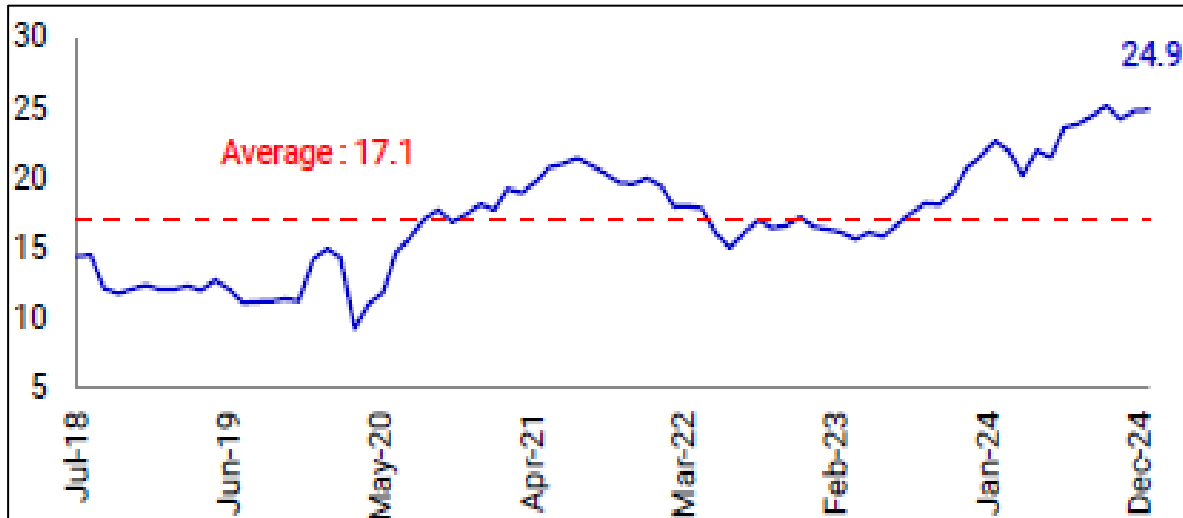
Nifty P/E (x) – 1 Year Forward



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



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

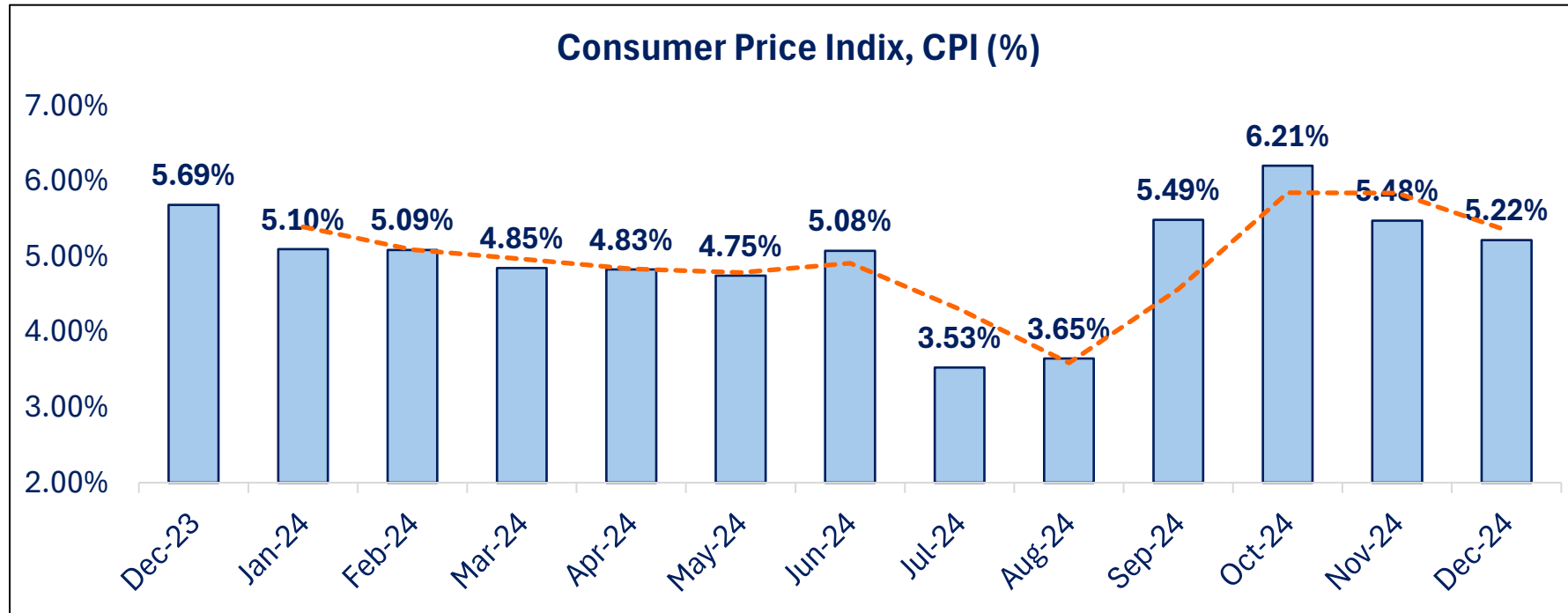


Market Cap	Valuation
Large Cap	7% premium to historical average
Mid Cap	29% premium to historical average
Small Cap	45% premium to historical average

Equity Market-Key Takeaways

- *We remain positive over medium to longer term outlook on Indian Equities as we believe the current volatility is transitory. Over the next few quarters markets could continue to be volatile due in higher US bond yields and Trump's policy announcements and bottoming of current Indian economic downturn. However, longer term growth drivers for the Indian economy remains intact.*
- *We remain constructive on sectors/themes like Banks, Consumption & Pharma where the valuations & earnings remain reasonable. Markets may take cue any economic stimulus during the Union Budget in Feb'25, incoming Trump administration policies and the Q3FY25 results.*
- *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, Pharma & Banking. Dynamic Asset Allocation Funds and Multi Asset Allocation are also be recommended to provide better volatility adjusted returns.*

India's Inflation eases to 5.22% from 5.48%

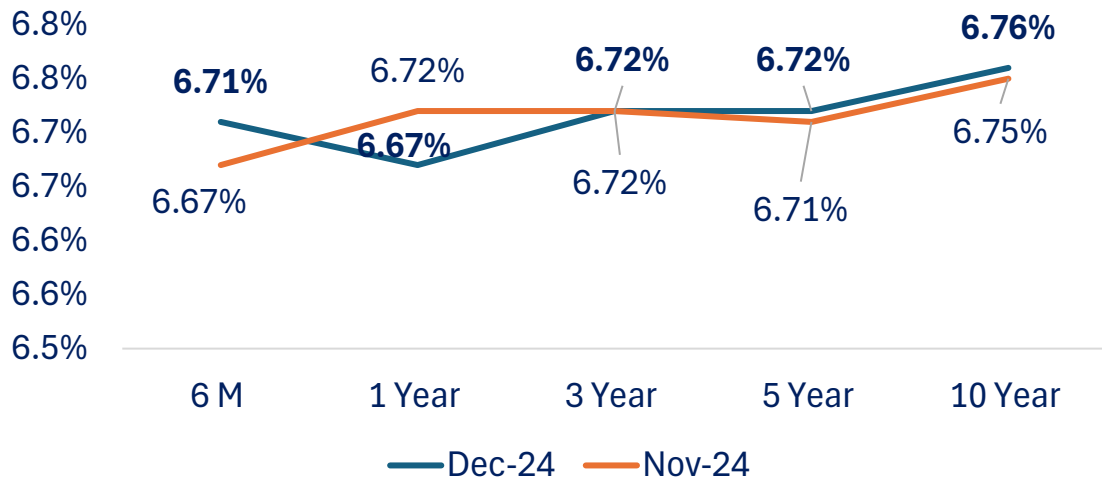


Source: Trading Economics

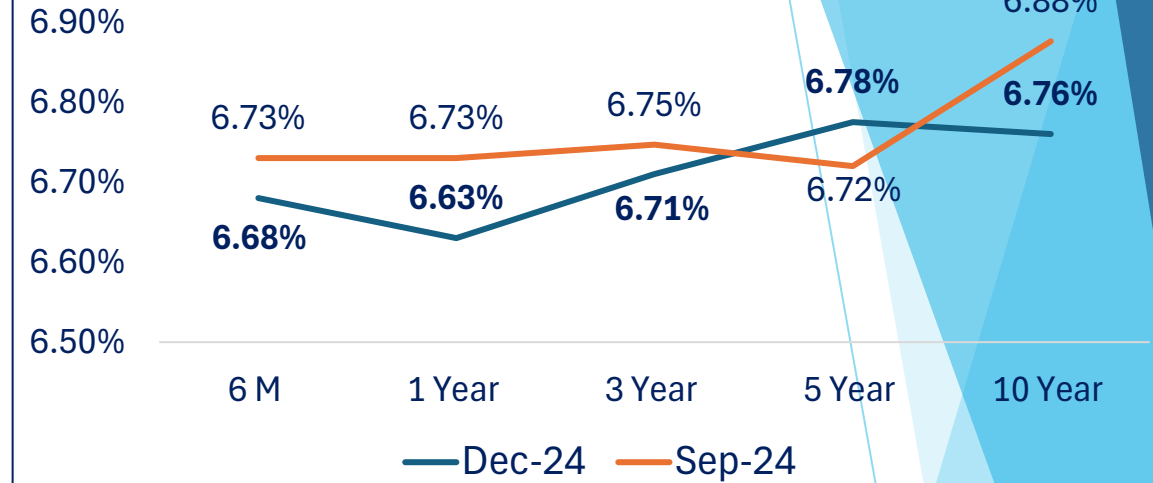
- Retail inflation fell to 5.22% in Dec'24, driven by lower food inflation at 8.40%, following a favorable monsoon.
- The MPC retained a neutral policy, signaling flexibility for potential rate adjustments in Feb'25 under new RBI Governor Mr. Sanjay Malhotra.
- Industrial production and export growth show positive momentum, reinforcing expectations for robust economic performance in 2025.

G-Sec Yield Curve Movement

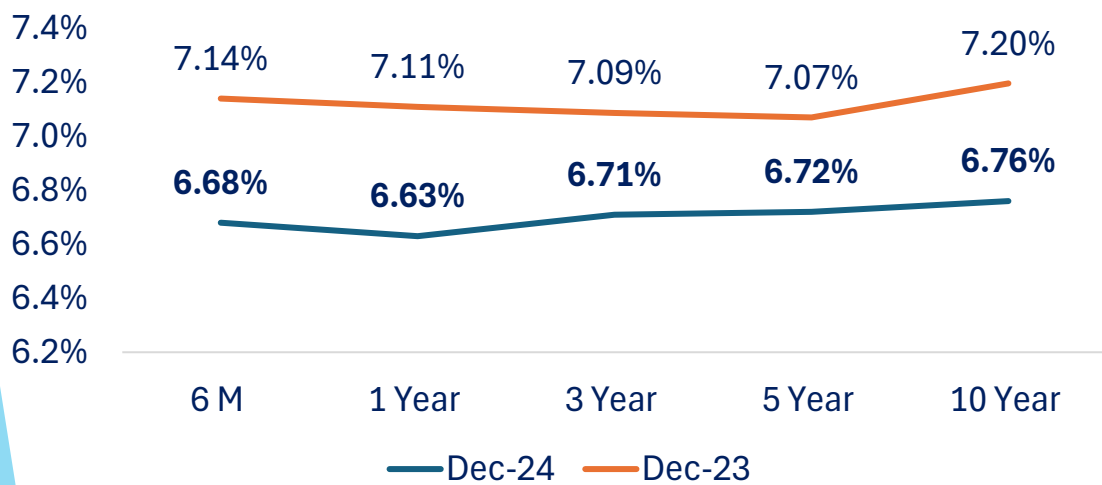
G-Sec Yield Movement - 1 Month



G-Sec Yield Movement - 3 Months



G-Sec Yield Movement - 1 Year



- **G-Sec yields remained steady, with demand for longer-tenure securities stabilizing as inflation eased further.**
- **RBI maintained its policy stance, signaling a balanced approach amid improving domestic economic conditions.**

Debt Market – Key Takeaways

- *Retail inflation eased to 5.48% in Nov'24 vs 6.21% in Oct'24 & 5.49% in Sep'24. Inflation remains outside the RBI's tolerance limit of 4%*
- *The cooling off bond yields over the past month on account of expectation of interest rate cuts in the December MPC meeting was short lived.*
- *Markets will be guided by words and actions on the new RBI Governor Mr. Sanjay Malhotra. His key priorities would be addressing slowing economic growth, controlling inflation and weakening rupee.*
- *However, we believe that there will be a continuation of the interest rate pause in the next MPC meeting in Feb'25 as well as inflation fears continues.*
- *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-DEC-24)			
	1 Year	3 Year	5 Year	7 Year
Equity - Large Cap Funds				
Nippon India Nifty Alpha Low Volatility	16.21			
UTI Nifty200 Momentum 30 Index	20.53	16.87		
Equity - Large & Mid Cap Funds				
Bandhan Core Equity Fund	28.52	23.31	23.19	15.79
Motilal Oswal Large and Midcap Fund	45.66	27.01	26.55	
Equity - Flexicap Funds				
JM Flexicap	32.95	26.22	24.37	18.50
Parag Parikh Flexi Cap Fund	24.18	16.35	24.83	19.35
Equity - Focused Funds				
HDFC Focused 30 Fund	23.76	23.84	22.61	13.68
Invesco India Focused Fund	42.74	20.64		
Equity - Multicap Funds				
Axis Multicap Fund	31.95	20.98		
Mahindra Manulife Multi Cap Fund	23.23	18.96	24.23	17.18
Equity - Mid Cap Funds				
Invesco India Mid Cap	42.73	24.48	27.96	18.96
Motilal Oswal Midcap Fund	56.55	35.04	33.19	21.96
Equity - Small Cap Funds				
Franklin India Smaller Companies Fund	22.95	24.71	29.18	15.97
Nippon India Small Cap Fund	25.83	25.97	35.09	20.33
Equity - Value - Oriented Funds				
ICICI Pru Value Discovery Fund	19.76	21.88	25.23	16.80
SBI Contra Fund	18.35	22.64	29.26	17.31
Benchmark: S&P BSE Sensex	8.10	10.27	13.61	12.58

Fund Name	Annualised Returns in % (31-DEC-24)			
	1 Year	3 Year	5 Year	7 Year
Equity - Sectoral – Banking				
Nippon India Banking & Fin. Services	10.26	18.24	13.90	11.15
SBI Banking & Fin Services Fund	19.58	17.18	13.58	13.97
Equity - Consumption				
Mirae Asset Great Consumer Fund	17.04	18.62	19.80	15.42
Nippon India Consumption Fund	18.52	19.79	23.13	15.36
Equity - Thematic				
Franklin India Opportunities Fund	36.93	27.40	27.82	18.24
ICICI Pru India Opportunities Fund	21.29	25.49	25.90	
Equity - Sectoral - Pharma				
ICICI Pharma Healthcare & Diagnostics Fund	47.66	24.17	31.12	
Mirae Asset Healthcare Fund	38.75	18.02	29.31	
Benchmark: S&P BSE Sensex	8.10	10.27	13.61	12.58

Hybrid Funds

Fund Name	Annualised Returns in % (31-DEC-24)			
	1 Year	3 Year	5 Year	7 Year
Hybrid - Dynamic Asset Allocation Funds				
Baroda BNP Paribas Balanced Advantage	14.82	12.61	15.98	
HDFC Balanced Advantage Fund	16.56	22.07	19.84	14.38
Hybrid - Aggressive Fund				
ICICI Pru Equity & Debt Fund	17.02	18.82	20.95	15.70
JM Aggressive Hybrid Fund	26.74	22.44	24.09	15.54

Historical Performance of Select Mutual Funds & PMS Strategies

Hybrid Funds (Contd.)

Fund Name	Annualised Returns in % (31-DEC-24)			
	1 Year	3 Year	5 Year	7 Year
Hybrid - Equity Savings				
HDFC Equity Savings Fund	10.19	9.98	11.06	8.79
Kotak Equity Savings Fund	11.60	11.32	11.08	9.59
Hybrid - Multi Asset Allocation Funds				
ICICI Pru Multi Asset Fund	16.08	19.00	20.06	14.79
UTI Multi Asset Allocation Fund	20.52	17.62	15.52	11.36

Debt Funds

Fund Name	Annualized Returns in % (31-DEC-24)			
	1 Year	3 Year	5 Year	7 Year
Debt - Corporate Bond Funds				
Aditya Birla SL Corporate Bond Fund	8.50	6.61	7.12	7.45
ICICI Pru Corporate Bond Fund	7.96	6.68	6.90	7.25
Debt - Banking & PSU Funds				
ICICI Pru Banking & PSU Debt Fund	7.83	6.48	6.57	6.94
Kotak Banking and PSU Debt Fund	7.96	6.11	6.53	7.15
Debt - Short Duration Funds				
Axis Short Term Fund	7.94	6.14	6.38	6.85
UTI Short Duration Fund	7.83	6.18	7.46	5.55
Debt - Accrual & Roll Down Strategy				
ICICI Pru Bond Fund	8.54	6.43	6.69	6.97
Nippon India Floating Fund	8.16	6.37	6.80	6.97
Debt - Dynamic Bond Funds				
Kotak Dynamic Bond Fund	9.19	6.05	6.57	7.30
Nippon India Dynamic Bond Fund	8.90	5.99	6.37	6.42

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>	20.50%	31.10%	16.10%	27.50%
<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	15.80%	21.10%	15.40%	19.10%

HDFC Focused 30 Fund

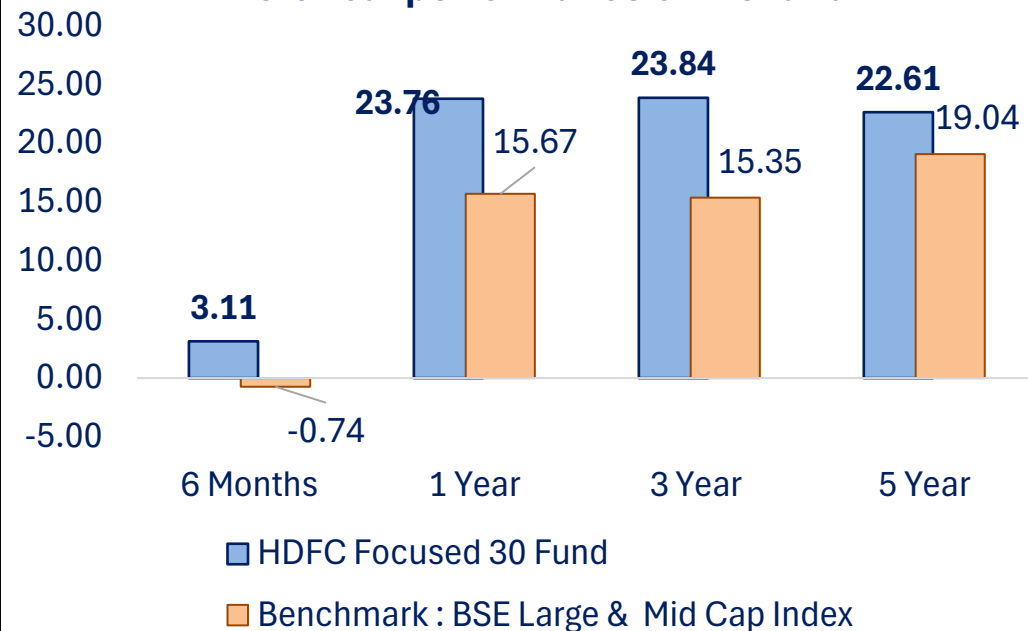
Investment Objective – Aims to generate long-term capital appreciation by investing in a concentrated portfolio of up to 30 high-conviction equity stocks across sectors.

AUM – Rs. 15,642 CR

Exit Load – 1% for redemption within 365 days

Large cap	Midcap	Smallcap
78%	4%	18%

Historical performance of the fund



ICICI Pru Equity & Debt Fund

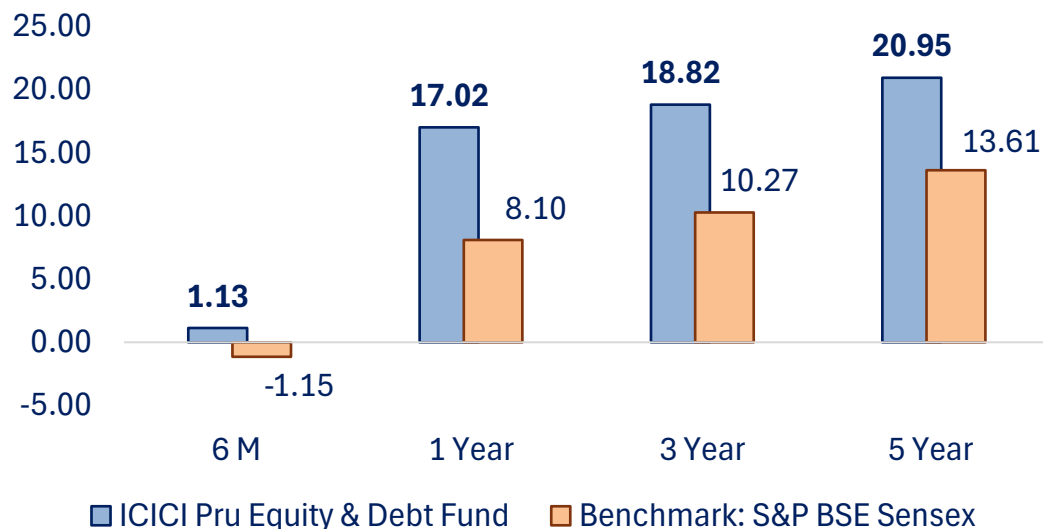
Investment Objective – Seeks to provide balanced growth through a mix of equity and debt instruments, offering capital appreciation and stable income.

AUM – Rs. 39,770 CR.

Exit Load – 1% for redemption within 365 days

Equity	Debt	Others
72%	24%	2%

Historial Performance of the Fund



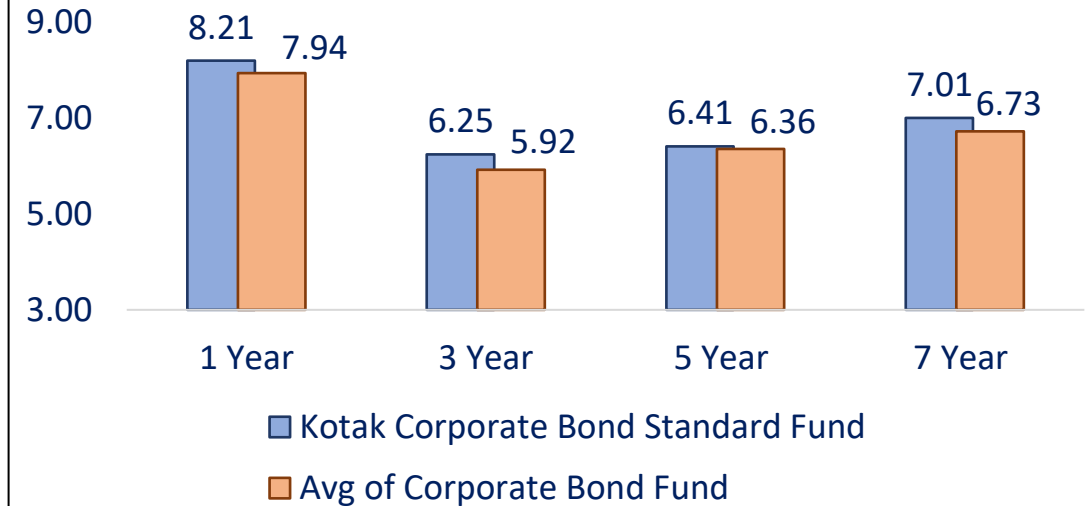
Kotak Corporate Bond Standard Fund

Investment Objective – Focuses on generating stable returns by primarily investing in high-quality corporate debt instruments.

AUM – Rs. 14,150 CR

Portfolio Quants		
Portfolio YTM (%)	Avg Maturity (Yrs.)	Mod. Duration (Yrs.)
7.47%	4.99%	3.30%

Historical Performance of Kotak Corporate Bond Standard Fund

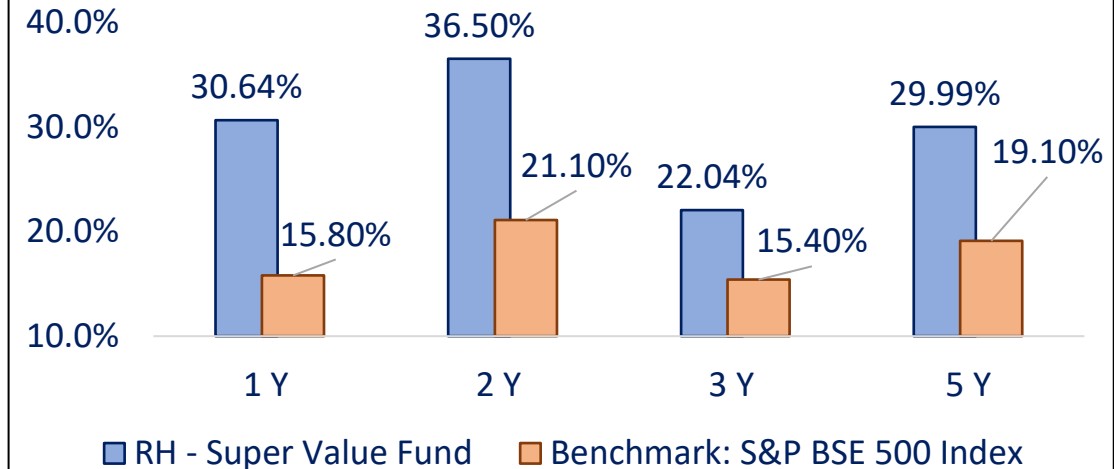


Right Horizons - Super Value Fund

- A mid & small cap-oriented scheme in pursuit of companies that are potential multi baggers.

Top 5 Holdings	Allocation (%)
Sky Gold Ltd	7.70%
V2 Retail Ltd	7.68%
Nuvama Wealth Management Ltd	7.15%
Zen Technologies Ltd	6.90%
Trent Ltd	6.33%

Historical Performance of RH - Super Value Fund





STARLIGHT WEALTH LLP

Thank you

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