



ISSUE 7
MID-YEAR EDITION 2024



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Mr. Rajiv Sabharwal
Managing Director & CEO,
Tata Capital Limited

We have been living in remarkable times as our country has emerged as significant economic and geopolitical power. capturing global attention. The government's policy initiatives have set the stage for our nation to become the world's third-largest economy in coming years. With a strong commitment

to inclusive and sustainable economic growth, digital development and climate action, India is setting an example for other nations.

India's economy is a diverse mix where both private and

public sectors coexist, and a thriving startup ecosystem exists. Our path toward becoming a developed nation is marked by resilience, strategic vision, and a commitment to progress. Our economic growth journey ahead is filled with both opportunities and challenges. This fascinating trajectory continues to strengthen India's position in the global economy.

Our newsletter, "EDGE" is designed to provide you with valuable insights into the markets and the economy to help you make informed investment decisions. I hope you will enjoy reading the curated articles created by the team.

At Tata Capital, we firmly believe that our clients are at the heart of everything we do. Your trust and confidence in us are invaluable, and we are committed to serving you with the highest levels of integrity, expertise, and personalized attention.

I assure you that our Wealth Team of experienced professionals will continue to spend time in understanding your aspirations, managing portfolio risks, and optimizing returns, all while keeping your best interests at heart.

From the Desk of Mr. Saurav Basu

Business Head -Tata Capital Wealth, Tata Capital Limited

We present the "EDGE" mid-year edition 2024 of our newsletter with insights on the global and Indian economy, expert views on equity and fixed income markets, sector-specific outlooks and much more for you to explore.

We remain convinced of India's growth story over the medium to long term and maintain a constructive view on equities from a long-term perspective. While the markets are at all-time highs, it is essential to maintain a balanced perspective and follow the desired asset allocation

based on your risk appetite and investment horizon.

We continue to be proud of offering you a wide range of diversified investment avenues for wealth creation. Our offerings include products across various asset classes, including equities, fixed income, private markets, and global investing, as well as services such as wills and trusts, among others.

We do look forward to the continued patronage of our clients and support from our business partners.

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News in Numbers	India's Growth Story Remains Robust
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Category View	Fractional Ownership: A Transformative Trend in Commercial Real Estate
Insights	A Study of Multi Asset Allocation Concept







News in Numbers

India's Growth Story Remains Robust

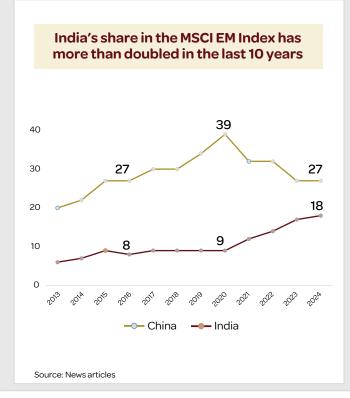
India's Rank in World GDP

India overtook the UK last year (2023) and is on track to go past Germany and Japan in 2028

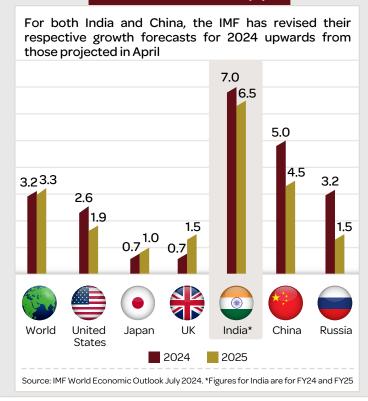
Rank	2000	2010	2020	2023	2026	2028
1	US	US	US	US	US	US
2	Japan	China	China	China	China	China
3	Germany	Japan	Japan	Germany	Germany	India
4	UK	Germany	Germany	Japan	- India	Germany
5	France	France	UK	India	Japan	Japan
6	China	UK	- India	UK	UK	UK
7	Italy	Brazil	France	France	France	France
8	Canada	Italy	Italy	Italy	Brazil	Brazil
9	Mexico	- India	Canada	Brazil	Italy	Italy
10	Brazil	Russia	South Korea	Canada	Canada	Canada
11	Spain	Canada	Russia	Russia	Mexico	Mexico
12	South Korea	Spain	Brazil	Mexico	Russia	South Korea
13	India	Australia	Australia	South Korea	South Korea	Indonesia

Source: IMF World Economic Outlook April 2024

Country Weightage (%) in MSCI EM Index



Growth Predictions (%)



05



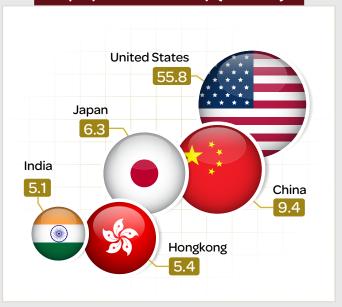


News in Numbers

Economic Growth Augments Equity Markets

8.2 8.1 7.8 6.2 5.5 4.3 4.3 Sep-22 Dec-22 Mar-23 Jun-23 Sep-23 Dec-23 Mar-24

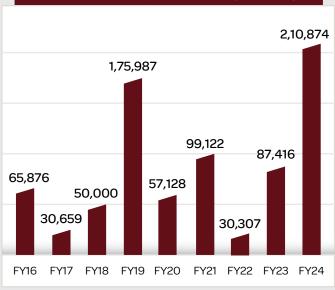
Market Capitalisation of Top Equity Markets Globally (\$ Trillion)



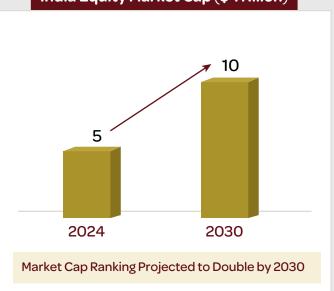
India has emerged as the fastest-growing major economy globally, surpassing the UK to claim the fifth position after a robust recovery from the shockwaves of the COVID-19 pandemic

With a market capitalisation of \$5 trillion, India claimed its position as the fifth largest stock market; the U.S. continues to hold the first position

Dividend History of the RBI (₹ Crore)



India Equity Market Cap (\$ Trillion)



- The RBI approved a dividend of ₹2.11 lakh crore for the Central Government for FY24.
- The dividend payout is around 140% higher than in FY23 and twice the budgeted amount in the recent 2024 Interim Budget.
- Higher than expected dividend pay to the Centre could likely help reduce the fiscal deficit.

Common Source: News articles, MOSPI, RBI





Market Performance

Market Performance in H1CY24

H1CY24 performance (%)



NSE Sectoral indices. Performance is shown for Price Return Index for equity indices. Data as on Jul 29, 2024

- Upbeat sentiments continue to drive rally in equity markets especially in the Midcap and Smallcap space.
- Large cap valuations are hovering near their 3 year average level since Jan this year while Midcap and Smallcap are well above their average level.
- Auto, Realty and Oil & Gas outperformed significantly in first half of the year.
- From crossing ₹60,000/10 gm in March 2023 to testing ~₹74,000/10 gm in May 2024 gold prices have traversed a long route. However, prices fell sharply due to customs duty cuts announced in the Union Budget 2024 and concerns over demand in China, hitting a low near ₹67,400 in July 2024.

H1CY24 Global Equity Performance(%)



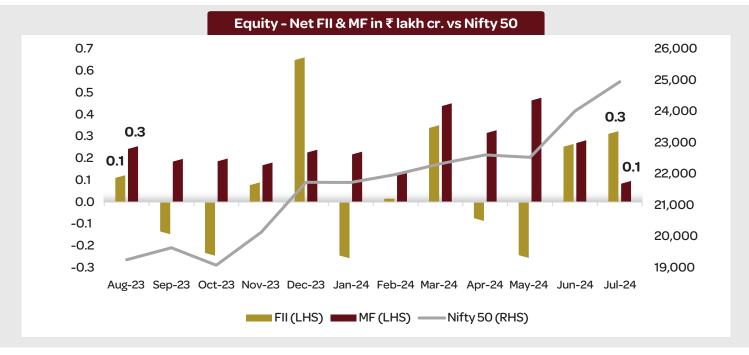
Index used: US - Russell 1000, Japan - Nikkei, Brazil - Ibovespa Sao Paulo, Germany - DAX, India - Nifty 50 TRI, France - CAC, Indonesia - Jakarta Composite, U.K. - FTSE 100, Singapore - Strait Times, China - SSE Composite, Hong Kong - Hang Seng. Performance shown from Jan 01, 2024 to July 29, 2024.

- India rallies and leads across other geographies.
- Developed markets have rallied sharply ahead of optimism around interest rate cuts by US Fed.
- Brazil, China and France remained laggards.

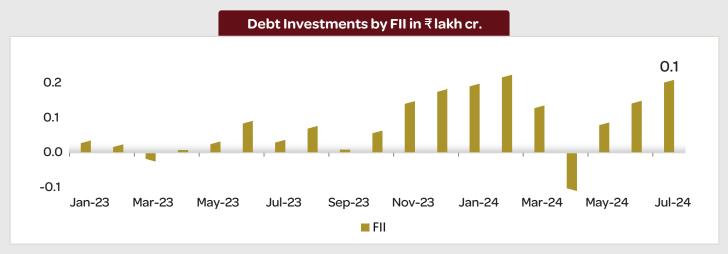
Common source: MFI 360 Explorer (http://www.icraanalytics.com/legal/standard-disclaimer.html)

Market Performance in H1CY24





- FIIs had turned aggressive buyers in CY24, resorted to offloading positions soon after the Union Budget 2024 was presented on July 23. So far in CY24, FIIs have bought stocks worth ₹0.4 lakh crore.
- MFs have showed strong confidence in Indian equities this year too, injecting around ₹2.0 lakh crore, driven mainly by significant retail investor interest and the robust performance of the stock market. Monthly SIP inflows topped the ₹21,000 crore mark in June and most of it was reflected in inflows into mid and small cap funds.



JPMorgan Chase & Co included Indian government bonds (IGB) in its Government Bond Index-Emerging Markets (GBI-EM) from June 28, 2024. IGBs will gain a maximum weight of 10% in the emerging market index, which will be phased over ten months till March 31, 2025.

Inclusion of Indian bonds - Historic move positive for the Indian economy:

- Opens doors to foreign flows into India as investors include Indian government securities in their global portfolios.
- As foreign investors buy Indian bonds, the demand for rupee could increase, strengthening its value.
- Substantial foreign capital flows would deepen bond market liquidity and make it easier for India to finance its current account deficit.
- FII Flows into IGBs had gone up substantially since the addition of JP Morgan Bond EM bond indices.

Common source: MFI 360 Explorer (http://www.icraanalytics.com/legal/standard-disclaimer.html). Data as on Jul 30, 2024





Exclusive Interview - Equity

Anand Shah

Head - PMS & AIF Investments, ICICI Prudential Asset Management Company Ltd.

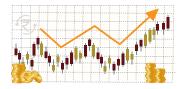
We conducted an exclusive interview with Mr. Anand Shah, Head - PMS & AIF Investments, ICICI Prudential Asset Management Company Limited to know the investment process in depth and emerging investment themes to enable the investors make informed decisions. The questions and answers are reproduced here.

O1 Equity markets are at all-time high, do you foresee a significant correction in Indian equities? How are the valuations across large-cap, mid-cap, and small-cap stocks?

At an aggregate level, large-caps seem to be in a better position than mid and small caps. The run up in small and mid-caps segment has raised concerns on valuations as they are a considerable premium vs the historical averages. The heartening part is that this has been driven by earnings growth to a reasonable extent. If we look at the past data, trailing valuations for the large-caps and small-caps are still below the multiples seen pre-covid. That said, if the factored in growth does not fructify, there is a higher risk to those companies which are trading at rich valuations. However, this is not a uniform phenomenon across the space and if one were to look bottom up, we do see a few pockets where the earnings growth seems sustainable, and valuations are still reasonable. Based on our bottom-up research, we remain positive on select manufacturing and manufacturing allied businesses.

In latest Budget, one big change which has come this time is on capital gains, short term, long term and also holding period and STT. What is your

thinking on the stock markets or investment in stock markets is concerned as far as this change is concerned?



Simplification of taxes is on government's agenda for a long now, we believe this is a step in that direction. This may have a minor impact in the near term, but in the longer term the impact would be negligible. Given that the economy is in a good shape and the markets are also delivering healthy earning growth, we don't see any reason why long-term investors would stay away from the market and equity as an asset class.

Under Modi 2.0 era, manufacturing, PSU, railways and defence sectors were the key themes which benefitted. What do you think what will be the theme under Modi 3.0 era now: considering coalition government?

We believe over the next 5 years the economy can benefit from the past reforms. The government is expected to continue its reformist mind-set. The Union Budget for FY 2024-25 remains committed to fiscal prudence while focusing on investment-led growth. With capital expenditure amounting to 3.4% of GDP, the government is banking on the multiplier effect to drive economic expansion.

The budget prioritized manufacturing and formal job creation, infrastructure spending in both urban and rural areas (including housing for all), and skill development. All this augurs well for manufacturing and allied sectors.

"There will always

be a surprise element which can change the course of the market."



Now that the Budget event is done, what are the next key events which will impact markets and investor sentiments?

Corporate earnings trend will be a key monitorable. Then we have upcoming State Elections, global interest rate policies, US elections and other geopolitical events that may have some impact on investor sentiments and the pace and direction of the markets. That said, there will always be a surprise element which can change the course of the market.

However, as we have seen in the past, markets eventually track earnings over the long term. Given how our economy is placed, we believe that it is poised for sustained growth and development, driven by improving domestic consumption, technological advancements, and strategic policy reforms.

Exclusive Interview - Equity



The election outcomes in major economies such as France and the UK may heighten uncertainty in the run up to the US presidential elecB tion in November. Could this lead to volatility in foreign institutional investor (FII) flows?

Flows are always difficult to predict, given that they are behavioural. Historically, we have seen emerging markets with stable polity, stronger economic growth, sustainable fiscal and current account deficit, manageable inflation and robust earnings growth has attracted flows.

India's long-term structural story seems to be resilient, and its macro is also much better placed vis-à-vis other major economies. The Union budget's focus on higher capital expenditure by the Centre and states and the aim of fiscal consolidation together underpin India's growth. In terms of growth, India stands out vis-à-vis the global economy and remains one of the fastest-growing large economies.

"India's long-term structural story seems to be resilient, and its macro is also much better placed vis-à-vis other major economies."



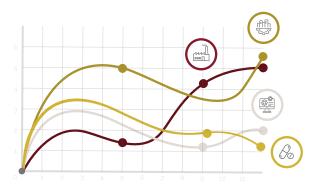
O6 Most of your PMS strategies "ICICI Prudential Contra, ICICI Prudential Growth Leaders, ICICI

Prudential Pipe" - all have beaten the benchmark across periods and since its inception. What is your investment mantra to produce your alpha?

The performance of our strategies is more an outcome of the process we follow. Using a long-term approach to investing, we identify businesses that have the potential to grow earnings in the medium to long term. We aim to target superior and sustainable earnings growth. Further, we aim to identify businesses which over time are able to improve or sustain their competitive advantage or already have a superior competitive



advantage which allows them to generate potentially higher RoEs (return on equity) over the medium to long-term. When such businesses develop over time, not only do their EPS rise, but their P/E multiples rerate



as well on the back of improving balance sheets and business strength.

Post pandemic we turned positive on companies in the manufacturing and manufacturing-allied sectors. In hindsight, the earnings trends have shifted towards infrastructure and metals. At the same time, the information technology and pharmaceutical sectors delivered lower earnings growth, and we were underweight in these sectors. The companies in our portfolios benefitted from this trend and helped the key portfolios in generating a reasonable alpha over their respective benchmark. This was primarily due to the process set in place to identify resilient businesses.

What would you suggest to investors at this current juncture (as markets are at all-time high) & how can existing investors as well as fresh investors should plan their investments?

If the investment horizon is 5 to 10 years or longer, then an investor should not be worried about the entry point.

Moreover, one can use facilities like STPs which allow investments to be made in a staggered manner. While at it, adhere to asset allocation put in place basis one's risk appetite or seek guidance from a financial advisor.

The views expressed in this article are solely of the author and do not necessarily reflect the views of Tata Capital Wealth.









Exclusive Interview - Debt

Suyash Choudhary

Head - Fixed Income. Bandhan AMC Limited

We conducted an exclusive interview with Mr. Suyash Choudhary Head - Fixed Income, Bandhan AMC Limited. He shares his views on the current outlook for fixed income markets, his perspective on interest rates, and the RBI's stance. He also discusses how investors should approach investing in fixed income markets at this time. The questions and answers are reproduced here.

What are your views on fixed income market in current scenario? How do you see the yields moving in near to mid-term?

In our view we are likely entering a structural market for Indian bonds, for the following reasons:

- Steady improvements in macroeconomic dynamics, including a narrowing current account deficit driven by a robust net services trade surplus, sustainable fiscal consolidation, and effective inflation targeting by the RBI.
- 2. This improvement is happening for an economy which is the top 5 in the world, making it a significant focus rather than a side-story.
- 3. The inclusion of Indian bonds in global indices, alongside it being one of the best major macroeconomic stories in the world, is expected to drive substantial investment flows over the next few years.

"Inclusion of Indian bonds in global indices, alongside it being one of the

best major macroeconomic stories in the world, is expected to drive substantial investment flows."



4. Macro-policy in the US is now dominated with fiscal exceptionalism which, alongside a high current account deficit. is driving gradual de-premiumization of US dollar assets, most obviously reflected in narrowing yield differentials versus sound macro-economic stories like India.

Also, the stricter geo-political boundaries incentivizing some sort of de-dollarization albeit at a small scale. Combined, these may imply a long term dollar depreciation trend with obvious benefits on capital flows to countries like India.

Basis this view, we think it likely that Indian bond yields will witness a secular decline over the next 5 - 10 years, interrupted from time to time by short term cyclical factors.

Europe has cut interest rates, while the US Fed remains on hold. RBI has said that interest rates will be determined by local factors. What is your view on when the US Fed will start cutting rates, and will the RBI wait until then?

The Fed's reaction function is as much evolving with incremental data as is that of the market. To that extent, the Fed is no longer leading market thought but is actually more



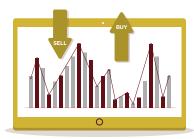
concurrent with it. A steady disinflation over the latter part of 2023 enabled the Fed to execute its famous December pivot. A reversal of data over the first quarter of 2024 forced it to back track on this. Lately signs have picked up that the consumer may be slowing, labour market is in better balance, and most recent inflation data is again encouraging. This has led market to build back expectations of a rate cut cycle starting September. Indeed, voices are beginning to build up that lack of action may soon risk the Fed being behind

RBI has stated multiple times that its monetary policy setting will be basis domestic factors and that it doesn't follow the Fed. This has been abundantly clear over the past 2 years as well, when RBI had to hike only around 300 bps versus the Fed's more than 500 bps. That said, given that repo rate in India isn't all that much higher than what should be long term neutral rate, we think the RBI has luxury to wait out till towards Q4 of this calendar year.

Exclusive Interview - Debt

Several regulatory and taxation changes have taken place in the debt mutual fund category, impacting debt flows since the taxation change.

Currently, yields are also trading at attractive levels, yet money is flowing out from debt mutual funds. What are your thoughts on this?



If our structural view on Indian fixed income holds then investors are facing substantial reinvestment risk on maturing investments over the next few years. This argues for stepping up allocation to quality fixed income with some emphasis on now building adequate duration as well in one's investment portfolios.

The tax change as well as an exaggerated risk appetite given recent market performance has probably led to significant deviations in investor asset allocations in favour of pro-cycle assets. It needs to be remembered that this doesn't reflect the natural risk appetite of the investor in many cases and hence rebalancing into traditional fixed income may now be the requirement, especially given the reinvestment risk that lies ahead, in our view.

Government lowered fiscal deficit target to 4.9% of GDP for FY25, 4.5% for FY26 and also reduced gross market borrowing, how will this impact the fixed income market and bond yields?

Since the election results, a section of market participants has been fearing a turn in policy approach of the government. The concern generally has gone in the direction of a looser fiscal approach and more reflationary policies, the latter most directly via higher minimum support



price hikes. This was partly alleviated even before the budget with a relatively well contained CPI - weighted increase in support prices. The biggest takeaway, in our view, from the budget is that anyone doubting the ongoing policy commitment to macro stability should no longer be doing so. The credibility and continuity of policy demonstrated by the budget reaffirms our structural view on Indian bonds.

"The number one risk for fixed income investors remains reinvestment risk, in our view."



Now that the Budget event is done, what are the next key events which will impact fixed income markets and investor sentiments?

The robust India macro story is a medium to long term positive for the market. However, shorter term tailwinds are also emerging. Recent data suggests a weakening of growth in the two largest economies in the world, thereby leading to fall in commodity prices and bond yields. Near term rate cut expectations have resurfaced in the US while monetary easing has already commenced or continues in many other major economies around the world.

How to follow a core and satellite approach for the debt-fund portfolio?

The number one risk for fixed income investors remains reinvestment risk, in our view. This need plugging via appropriate duration selection on incremental investments and largely via the best quality fixed income. Credit spreads will widen over the first phase of the bond rally ahead as the demand vs supply equation looks the best for government bonds. AAA corporate bonds will be next in the preference order and lower rated credits will be last.

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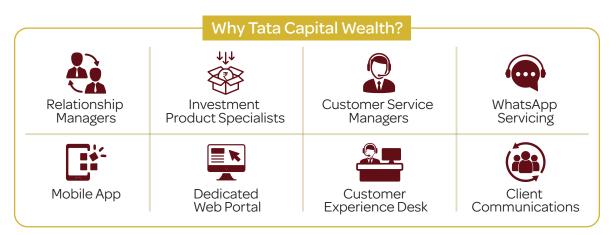


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Tax Snapshot

Tax Update Post Union Budget 2024

Asset Class	Period of Holding	Longterm	Short term			
Listed Indian Securities (excluding Mutual Funds)						
Equity Shares / Securities (e.g. CCPS)	. 10 mag makka	12 50%	20%			
REIT / InvIT	>12 months	12.50%	20%			
Sale of Bonds / Debentures / ZCBs (excluding MLDs)	>12 months	12.50%	Slab Rate			
MLDs	No period of holding	Slab Rate	Slab Rate			
	Unlisted Indian Securitie	es				
Equity Shares / Securities (e.g. CCPS)	>24 months	12.50%	Slab Rate			
REIT / InvIT						
Transfer / Maturity of Bonds / Debentures / ZCBs / MLDs	No period of holding	Slab rate	Slab Rate			
	Other Assets					
Real Estate	>24 months	12.50%	Slab Rate			
Other Assets (gold, art, silver, all foreign assets incl. international funds, VCC)	>24 months	12.50%	Slab Rate			
	Mutual Funds					
Equity oriented MFs investing >= 65% in Indian Equity (active) Domestic FoF Investing >/= 90% in equity mutual funds (active or passive) wherein >/= 90% is invested in listed domestic equities	>12 months	12.50%	Slab Rate			
Debt oriented MFs investing >	= 65% in Debt (Debt mutu	ual funds/ Domesti	c Debt ETFs)			
Invested Prior to 1st April 2023						
Sold between 1st April 2024 and 22nd July 2024	>36 months	20% with Indexation	Slab Rate			
Sold on or after 23rd July 2024	>24 months	12.50%	Slab Rate			
Invested post 1st April 2023 and sold on any date	No period of holding	Slab rate	Slab Rate			





Asset Class	Period of Holding	Longterm	Short term
Hybr	rid MF (>35% and < 65% Indian	n equity)	
Sold between 1st April 2024 and 22nd July 2024	>36 months	20% with indexation	Slab Rate
Sold from 23rd July 2024 and onwards	>24 months	12.50%	Slab Rate
Other MFs (Gold Funds/Silver Funds	/International Equity Fund o	r FOF/ International	Debt Fund or FOFs)
Invested prior to 1st April 2023			
Sold between 1st April 2024 and 22nd July 2024	>36 months	20% with indexation	Slab Rate
Sold from 23rd July 2024 and onwards	>24 months	12.50%	Slab Rate
Invested post 1st April 2023			
Sold between 1st April 2024 and 22nd July 2024	No period of holding	Slab rate	Slab Rate
Sold between 23rd July 2024 and 31st March 2025	No period of floiding	Siabrate	Siab Rate
Sold from 1st April 2025 onwards	s >24 months 12.50%		Slab Rate
Gold ETF / Si	ilver ETF / International ETF	(listed security)	
Sold between 1st April 2024 and 22nd July 2024	>36 months	20% with Indexation	Slab Rate
Sold from 23rd July 2024 and onwards	>12 months	12.50%	Slab Rate
Invested post 1st April 2023			
Sold between 1st April 2024 and 31st March 2025	No period of holding	Slab rate	Slab Rate
Sold from 1st April 2025 onwards	>12 months	12.50%	Slab Rate

Source - Budget Document, For any detailed information request you to refer Budget Document 2024.

 $Notes: The above \ rates \ are \ exclusive \ of \ surcharge \ and \ cess. \ No \ change \ in \ surcharge \ and \ cess \ rates.$

Capital gains exemption of Rs. 100,000 on transfer of listed equity shares, equity oriented MFs u/s 112A has been increased to ₹125,000.

Schemes falling under the 'Specified Mutual Funds' category with effect from 1st April 2023 were identified post amendment in Budget 2023. Investors should note that certain changes apply from July 23, 2024, while others apply from April 01, 2025 onwards as indicated in the table. The change in definition of 'Specified Mutual Funds' is effective for redemptions carried out on/after 1st April 2025.

Disclaimer: Before making any investments, the readers are advised to seek independent professional advice, verify the contents in order to arrive at an informed investment decision. The information shared is based on publicly available data, which cannot be regarded as an accurate indicator. Consult with tax advisor prior to making any investment decisions.

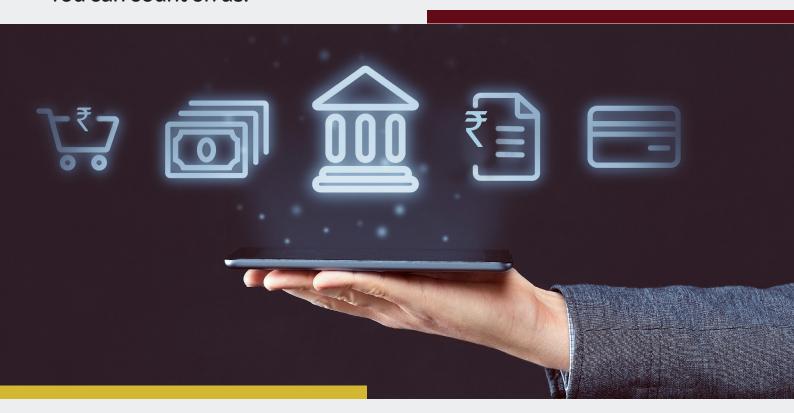
[&]quot;Listed securities" means securities which are listed on any recognised stock exchange and are publicly traded.

[&]quot;Unlisted Securities" means securities which are not listed on a stock exchange and are not publicly traded.



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National Pension Scheme (NPS)

01 What is NPS?

The National Pension System (NPS) is a government regulated savings scheme designed to provide high returns while maximizing tax saving. It offers a disciplined and systematic investment approach, ensuring financial stability in your retirement years.

02 Who can join?

For Corporates:

Corporates, including companies, partnerships, and sole proprietorships, can facilitate NPS accounts for their employees, contributing to their retirement security.

For Individuals:

Open to all Indian citizens aged 18 to 70 with min. investment starting from ₹500 for Tier 1 and ₹1,000 for Tier 2 accounts.

For Minors:

One can open an NPS account in the name of a minor and start securing their future through the NPS Vatsalya scheme (launched in July 2024)

03 Account Types:

Tier 1 Account: Tax Benefits:

For all: • Contributions up to ₹1.5 lakhs eligible for tax deductions under Sections 80C

 Extra tax deductions of up to ₹50,000 eligible under section 80CCD (1B)

For Corporate Employees: • 80CCD(2): NPS Contributions are tax-deductible up to 10% of salary (Basic + DA)

Withdrawal Rules: Partial: Permitted under specific conditions, with the primary aim being retirement.

On Maturity: 60% of the corpus is tax-free upon retirement. Investment Flexibility: Choose your preferred investment option and adjust it as per your risk appetite.



Tier 2 Account: Flexibility: Offers the freedom to withdraw funds anytime without any lock-in period, making it ideal for meeting short-term financial goals. **Tax Implications:** Withdrawals are added to your income and taxed accordingly.



■ 04 Why Choose NPS?

- Professionally Managed: to ensure optimal returns.
- Attractive Returns: High returns of over 12%* while benefitting from diverse asset classes equity, corporate debt, government securities and Alternative Investment Funds.
- Transparency and Regulation: Governed by the Pension Fund Regulatory and Development Authority (PFRDA), ensuring investments are safe and transparent.
- Convenience: 100% online account opening with seamless onboarding.
- Tax Savings: Significant tax benefits under various sections of the Income Tax Act.
- Long-term Wealth Creation: Ideal for retirement planning with flexible investment choices.
- Low-Cost Scheme: One of the lowest fund management charges. (0.09%)



National Pension Scheme (NPS)



05 Where does my money go after investing in NPS?

NPS gives you full control over your investments while also giving an option to automate investments smartly!

Investment Options:

Active Choice - Choose your own asset allocation:

- Equity (E): Up to 75%
- Corporate Bonds (C): Up to 100%
- Government Securities (G): Up to 100%
- Alternate Investment Funds (A): Up to 5%



Auto Choice - opt for a lifecycle fund:

- Aggressive (LC75): Higher equity allocation, ideal for younger investors.
- Moderate (LC50): Balanced equity allocation.
- Conservative (LC25): Lower equity allocation, suitable for risk-averse investors.

06 What are the Tax benefits of NPS?

NPS is one of the few investments that provide tax relief even in the new Tax regime.

To Individual Taxpayers:

Tax deductions under Section 80CCD(1), subject to a limit of ₹1.5 lakh under Section 80C.

Additional tax deduction of ₹50,000 under Section 80CCD(1B) over and above the limit of ₹1.5 lakh.

For Employees:

An additional tax deduction of up to ₹50,000 (over and above the standard limit of ₹1.5 Lakhs u/s 80c) under Section 80CCD(1B)

Corporate NPS Contributions are tax-deductible up to 10%** of salary (Basic + DA) under Section 80CCD(2). This deduction is applicable in the New Tax regime also! **In the latest Union budget 2024 it is proposed to 14%, applicable only for new tax regime. Effective date is yet to announced.

For Employers:

Contributions up to 10% of the employee's salary (Basic + DA) are allowed as a business expense under Section 36(1)(iv)(a) of the Income Tax Act.



* 12%: --NPS returns calculated based on asset allocation logic of LC75(Aggressive life cycle fund) for an investor below 35 years of age on the 10 years historical category benchmark returns as on 28th June 2024.

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Cover Story

Why You Should Should Keep Your Should Keep Your Should Market HIGHS



Mr. Gaurav Talwar Product Head, Tata Capital Wealth

Markets are at all-time high - Nifty 50 index has reached a new high crossing 24,000 levels and the Sensex has also crossed the 80,000 mark. Investors are delighted because their mutual fund portfolios are doing well but many are also wondering whether they should stop their ongoing SIPs.

Conventional wisdom states that you should

continue investing regardless of the market levels; that is exactly what SIPs are designed for!

Unfortunately, many investors discontinue their SIPs within a few years, missing out on long-term benefits. The key to successful investing lies more in the time spent in the market than in timing the market.

Markets reach new highs, there are two possible outcomes:

- 1. Markets continue to rise No Fear!
- 2. Markets experience a downturn Biggest Fear! Let us take a look at the 10-year data (Jan 2014-Jul 2024) on market peaks and the recovery time from the peak:

Scenario	Particulars	Date	Nifty 50 level	Fall from peak (Absolute returns)	Duration of bounce back
1	Peak Trough Bounce back	03-Mar-15 25-Feb-16 08-Sep-16	8,996 6,971 8,953	-23%	19 months
2	Peak Trough Bounce back	07-Sep-18 26-Oct-18 28-Mar-19	11,589 10,030 11,570	-13%	7 months
3	Peak Trough Bounce back	20-Dec-19 23-Mar-20 06-Nov-20	12,272 7,610 12,264	-38%	11 months
4	Peak Trough Bounce back	18-Oct-21 1 7-Jun-22 24-Nov-22	18,477 15,294 18,484	-17%	13 months

Source: MFI 360 Explorer (http://www.icraanalytics.com/legal/standard-disclaimer.html)

As seen from the above table, on an average the Nifty 50 has taken 7-19 months to bounce back to its highs in the past 10 years!

So, there will be times when after touching a new high the markets may go down but it ultimately does come back to the old high and then goes forward to make a new high. In fact, this is the nature of the equity markets in a growB ing economy like India.



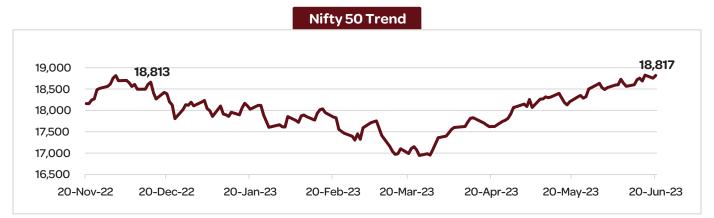
Why You Should Keep Your SIPs Running Despite Market Highs



In such situations, it is therefore important to stay invested and the reason for the same is explained below.



Why you should not stop your SIPs?



Consider an example where an SIP was started in Nifty 50 at peak 1 (on 1st Dec 2022) and continued till peak 2 (20th Jun 2023), spanning 7 months. Despite the Nifty 50 being relatively flat during this period, the SIP investment would have yielded an XIRR of 15.9% p.a. This surprising return is due to market volatility, allowing more units to be purchased when prices were low; hence you reaped a better return even though the markets were flat, point to point.

Conclusion

Market highs should not deter SIP investors. The principles of rupee cost averaging, the power of compounding, and historical market performance suggest that continuing SIPs irrespective of market levels is beneficial in the long run. Stopping SIPs could mean missing out on potential gains and disrupting your financial goals. We need to understand that markets are bound to make highs as the economy grows. So, while planning your goals via SIP, it is important to commit, be disciplined and patient to achieve them with ease.

The only reasons to stop an SIP are:

- · When you have attained your goal, or
- Have a genuine cash flow constraint, or
- When the fund is not performing well

Stay the course, and let your investments work for you over the long term.

We can help you achieve your financial goals through SIPs by suggesting suitable schemes based on your risk profile. Are you interested in exploring options with Tata Capital Wealth? Scan the QR code to get in touch



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Outlook on Banking & Financial Services, Healthcare and Realty



CIO (Equity), Tata Asset Management

2024 has been eventful. domestic elections concluded and US elections approaching. India's economic indicators have outperformed those of the rest of the world, achieving unprecedented levels. The GDP growth rate now surpasses China for the first time in decades. investment cvcle recovering, private capex and real estate cycle have

improved & banking sector is robust, these trends are notably different from those in developed markets and other emerging markets. Sectors which may look promising from 3-4 years perspective includes:

Financial Services



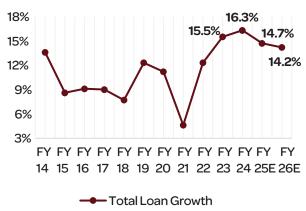
The Banking and Financial Services sector, including NBFCs and HFCs, continues to exhibit resilience amidst evolving economic conditions. Steady GDP growth and healthy asset quality trends underpin the robust outlook. The anticipated pickup in private capital expenditure could propel the next phase of credit growth, fostering a more balanced and broad-based growth trajectory. Asset quality is expected to remain stable over the next 2-3 years, with some normalization in stress formation and with cleaner stronger balance sheets, record profits banks are available at attractive valuations. The banking sector leverage ratio has reduced from 14x to 11x making the balance sheet more resilient to external shocks.

Some key factors which to be considered are:

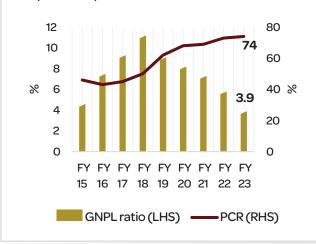
The overall credit growth is driven by picking up in multiple sub segments and continuous to remain healthy.

18%

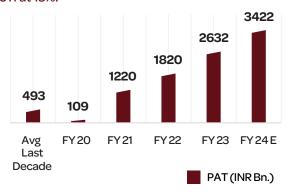
16.3%



Lower NPAs coupled with higher provision buffers on the balance sheet. The asset quality cycle has seen a sharp recovery from the worst in FY 2018.



Profits have rebounded sharply, quadrupling in the past decade owing to better asset quality and higher credit growth. The ROE is at the highest level since FY 2011 at 15%.



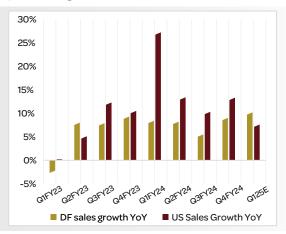
Source: RBI, CLSA PCR: Provisioning coverage ratio | GNPL: Gross Nonperforming Ioans | E: Estimate

TATA CAPITAL WEALTH

Outlook on Banking & Financial Services, Healthcare and Realty

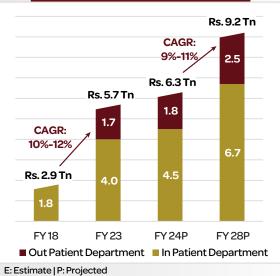
Healthcare

Healthcare companies are expected to report healthy YoY earnings growth of 21% in 1QFY25 aided by strong traction in domestic formulation (DF) sales and a healthy performance in the US segment. EBITDA is expected to grow 15% YoY to INR179bn, led by improved pricing scenario in the US generics market and a higher share of niche generic launches in the US. PAT is expected to grow 21% YoY to INR111bn.



The Indian Hospital sector mcap surged 9x from ~INR 375 bn in FY20 to ~INR 3.5 tn. This came from improved pricing, higher insurance coverage and dedicated shift towards complex surgeries such as transplants. As India's appetite is changing for quality services and modern medical infrastructure. As a result the Indian hospital market is expected to grow at 9% - 11% in the next 4-5 years.

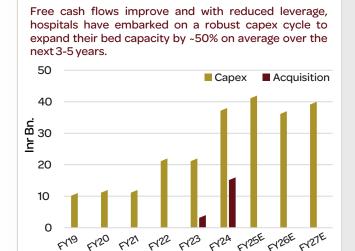
Indian Hospital Sector Growth



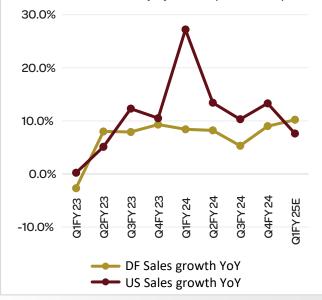
Along with supportive macro tailwinds

- Total health insurance premium stands at ~Rs. 84.5 Bn for FY 23, growing at 19% CAGR over the last 3 years.
- Government's rising allocation towards healthcare is expected to rise by 12.59% in FY 25.
- Medical tourism picking pace as India ranks 10th in medical value tourism.

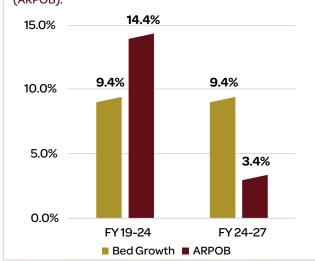
Some key points to be considered for the next 3-4 years are:



Earnings growth YoY is driven by robust sales growth, ranging from high single digits to low double digits, in the US and domestic formulation (DF) sales for pharma companies.



Future growth of hospitals to be driven more by bed expansion than by Average Revenue Per Occupied Bed (ARPOB).



TATA CAPITAL

Outlook on Banking & Financial Services, Healthcare and Realty

Realty

The ongoing buoyancy in the real estate sector is expected to drive demand for ancillary businesses over the next 2-3 years as the under-construction projects are near completion. This would potentially lead to an acceleration in the revenue growth of ancillary companies, leading to improved profitability on the back of operating leverage. Together, these factors would support an acceleration in the earnings of these companies.

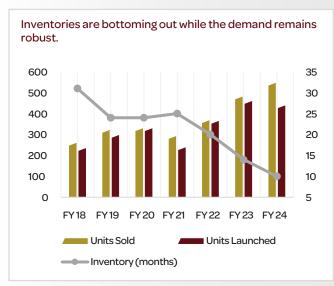
Currently the industry is in a consolidation stage with steady demand, measured supply and inventories. Demand in FY 25E is expected to remain developers making scale up meaningfully, resulting in launches exceeding demand by 10-15% in FY 25E a level last observed in FY 15.



- Construction is the 3rd largest sector in terms of FDI inflows.
- Government support via affordable housing by adding 2 Cr more houses in flagship scheme PMAY-U.
- Demand for office space is set to increase in 2024, driven by growth in economy formalization, flexible offices, data centers, etc.
- Flexible office space stock in India is expected to surpass 80 million sq. ft. by the end of 2025.
- A substantial 26.4% YoY increase in gross leasing space in India.

Source: Motilal Oswal Financial Services, Avendus Spark, IEBF - Indian Brand Equity Foundation | F: Forecast

Some key points to be considered while looking at this sector:





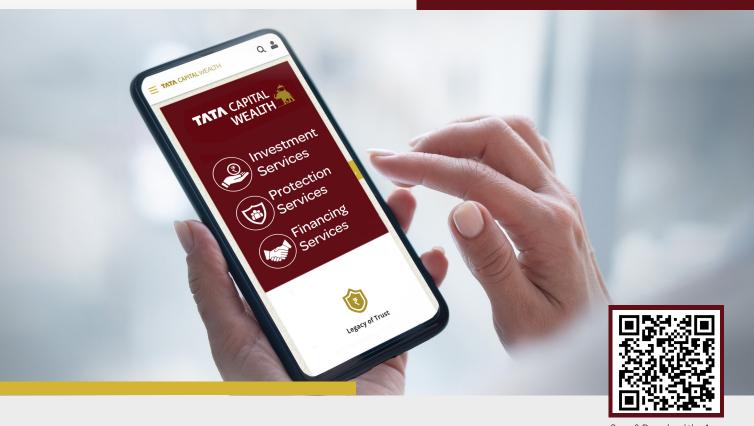
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Mutual fund investments are subject to market risks, read all scheme related documents carefully.

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Upcoming theme





Management Today

Executive Vice President, Digital, Tata Capital

Artificial Intelligence (AI) is revolutionizing various industries, and wealth management is no exception. Al refers to the ability of computer systems to perform tasks typically require human intelligence. These tasks include reasoning, learning from experience, problem-solving, and understanding natural language.

Al encompasses various subfields, including machine learning, deep learning, and natural language processing (NLP). By leveraging sophisticated algorithms, machine learning, and data analytics, Al is transforming how financial services are delivered, offering unprecedented levels of efficiency, accuracy, and personalization.

In wealth management, AI can analyse vast amounts of financial data, identify patterns, predict market trends, and provide tailored investment advice, thus enabling wealth managers to offer superior services to their clients.



India's workforce is very positive about AI. In fact, 92% of knowledge workers in India use AI at work, which is much higher than the global average of 75%. This shows that employees trust AI to save time, increase creativity, and help them focus better. Additionally, 91% of leaders in India believe their companies need to use AI to stay competitive. A 2024 study by Amazon web services (AWS) & access partnership found that Indian workers with AI skills & experience could see salary hike of over 54%, with workers in IT (65%), Research & Development (62%), Sales & Marketing (59%), Finance (59%), Business Operations (59%) enjoying the highest pay bumps.

Al technologies, such as natural language processing, computer vision, and predictive analytics, are being integrated into financial platforms to automate routine tasks, enhance decision-making processes, and create more personalized customer experiences. This not only optimizes the performance of investment portfolios but also significantly improves the client-advisor relationship by providing insights that were previously unimaginable.

Personalized Customer Experiences



Personalization is key in today's competitive financial landscape. All enables financial institutions to offer highly personalized services tailored to individual customer needs and preferences. By analysing customer data, including transaction history, spending habits, and risk tolerance, All can create bespoke investment portfolios and financial advice. This not only enhances customer satisfaction but also fosters stronger client relationships. Imagine receiving investment suggestions that align perfectly with your financial goals and lifestyle—Al makes this a reality.

Challenges of AI in the Financial Industry



Despite its many advantages, the integration of AI in finance is not without challenges. One major concern is the ethical use of AI and ensuring transparency in AI-driven decisions. There is also the issue of data privacy, as AI systems require vast amounts of data to

function effectively. Financial institutions must navigate these challenges carefully, ensuring compliance with regulations and maintaining customer trust. Additionally, the high costs associated with implementing AI technologies can be a barrier for some firms, particularly smaller ones.



Upcoming theme



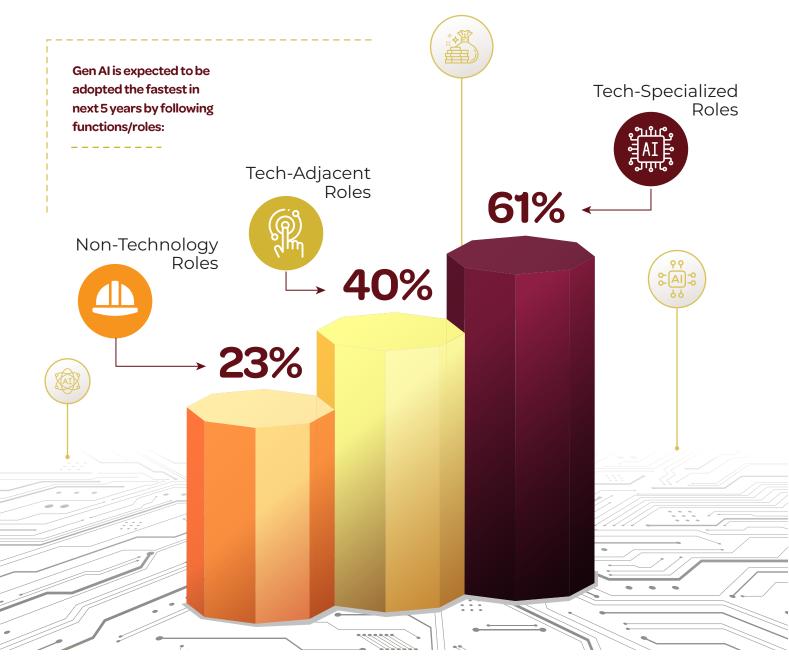
Harnessing AI (Artificial Intelligence): Transforming Financial Management Today

Generative AI: A New Frontier in Finance

Generative AI, a cutting-edge branch of artificial intelligence, is transforming the financial industry by creating new content, from predictive models to personalized reports. This technology can enhance financial analysis and reporting, develop tailored investment strategies, and simulate various financial scenarios for better risk management. By leveraging generative AI, financial institutions can drive innovation and deliver more customized and effective services to their clients, maintaining a competitive edge in the ever-evolving market.

Future Trends

Looking ahead, the role of AI in finance is set to expand even further. We can expect more sophisticated AI algorithms capable of making even more accurate predictions and providing deeper insights. The integration of AI with other technologies, such as blockchain and quantum computing, promises to unlock new possibilities in financial management. Furthermore, AI will likely play a pivotal role in developing new financial products and services, driving innovation across the industry.



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Category View

Fractional Ownership: A Transformative Trend in Commercial Real Estate

Mr. Samir Bhandari

Co-Founder & CFO, hBits

The commercial real estate sector in India has been witnessing a paradigm shift, driven by innovative investment mode is like fractional ownership. As we delve into the dynamics of this evolving dimension, it is essential to understand how fractional ownership is reshaping the landscape of commercial real estate investments, making it more accessible and lucrative for a broader spectrum of investors.

The Evolution of Fractional Ownership

Fractional ownership, as a concept, has been around for a while in markets such as the US and Europe, but it is relatively new in India. Traditionally, commercial real estate investments were the forte of high-net-worth individuals (HNIs) and institutional investors due to the substantial capital requirements. However, with the advent of fractional ownership platforms like hBits, this landscape is transforming.

Fractional ownership allows multiple investors to collectively own a commercial property, thereby reducing the individual financial burden. This model democratizes access to high-yield, Grade-A commercial assets such as office spaces, warehouses, and retail properties, which were previously out of reach for many retail investors.

How Fractional Ownership Works

At its core, fractional ownership involves splitting the ownership of a commercial property into smaller, more affordable units. Investors can purchase these units and earn returns proportionate to their investment. Platforms like hBits facilitate this process by identifying lucrative properties, managing the legalities, and overseeing the property management, ensuring that investors can enjoy the benefits without the hassles traditionally associated with real estate investments.

The process typically involves:

- Property Selection: Platforms conduct thorough due diligence to identify properties with strong rental yields and potential for capital appreciation.
- Fractionalization: The property is divided into multiple units, with each unit representing a fraction of the total ownership.
- **Investment:** Investors can buy one or more units, thus owning a fraction of the property.
- Management: The platform manages the property, including tenant acquisition, rent collection, and maintenance
- Returns: Investors earn rental income and can benefit from property appreciation over time.

Benefits of Fractional Ownership

- 1. Accessibility: One of the most significant advantages of fractional ownership is the reduced entry barrier. Investors can participate with smaller ticket sizes, typically starting at INR 25 lakhs, making it accessible to a wider audience.
- **2. Diversification:** Investors can diversify their portfolios by investing in multiple properties across different locations and sectors, thus spreading risk and enhancing potential returns.
- **3. Professional Management:** Platforms like hBits provide professional property management services, ensuring high standards of maintenance, tenant management, and compliance with legal regulations.
- **4. Liquidity:** While real estate is generally considered an illiquid asset, fractional ownership platforms are working towards creating secondary markets where investors can buy and sell their units, thereby enhancing liquidity.
- **5. Transparent Processes:** With the backing of technology, these platforms offer transparent processes, including real-time updates, performance tracking, and detailed reports, which enhance investor confidence and trust.

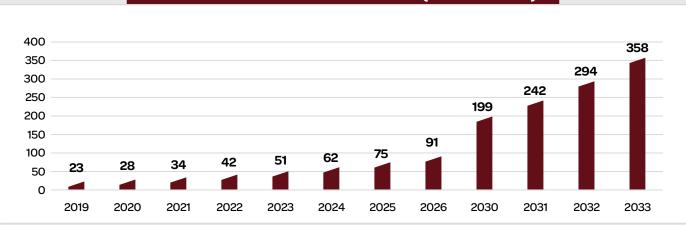
Market Dynamics and Growth Potential

The commercial real estate market in India is on an upward trajectory, driven by factors such as urbanization, growth of the service sector, and increasing demand for office spaces and logistics centers. According to industry reports, the commercial real estate market in India is expected to grow at a CAGR of 21.60% from 2024 to 2033.

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Fractional Ownership: A Transformative Trend in Commercial Real Estate

India Commercial Real Estate Market (Size in USD Bn)



Source: Market research future

Fractional ownership platforms are poised to capitalize on this growth. The total market size for fractional ownership in commercial real estate is estimated to reach USD 5 billion by 2025. The increasing acceptance of this model among investors is evident from the growing number of platforms and the volume of investments being channelled through them.

Regulatory Environment

The regulatory environment in India is gradually evolving to accommodate and support the growth of fractional ownership. The implementation of the Real Estate (Regulation and Development) Act, 2016 (RERA) has brought in greater transparency and accountability in real estate transactions, which bodes well for fractional ownership platforms.

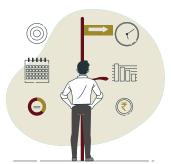
Moreover, SEBI's regulatory framework for Real Estate Investment Trusts (REITs) provides a foundation that fractional ownership platforms can build upon. While REITs and fractional ownership are distinct, both aim to make real estate investments more accessible and regulated.

Challenges and Considerations

Despite the promising prospects, there are challenges that need to be addressed:

- **1. Market Awareness:** There is a need for greater awareness and education among potential investors about the benefits and workings of fractional ownership.
- **2. Regulatory Clarity:** While the regulatory environment is improving, more specific guidelines tailored to fractional ownership would help in streamlining operations and enhancing investor protection.
- **3. Liquidity Concerns:** Developing a robust secondary market for fractional ownership units is crucial to address liquidity concerns and make the model more attractive.

4. Risk Management: Effective risk management strategies, including thorough due diligence, property management, and investor education, are essential to mitigate risks associated with real estate investments.



The Road Ahead

Fractional ownership is set to revolutionize the commercial real estate investment landscape in India. As more investors seek diversification and higher returns, platforms like hBits are well-positioned to cater to this demand. The model's ability to democratize access to high-quality real estate assets, combined with professional management and technological advancements, makes it a compelling investment avenue.

In conclusion, the future of commercial real estate investment in India looks promising with the rise of fractional ownership. It not only offers a viable solution to the challenges faced by traditional real estate investments but also opens up new avenues for wealth creation and portfolio diversification. As the market matures and awareness grows, fractional ownership is poised to become a cornerstone of the Indian real estate investment ecosystem.

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Insights

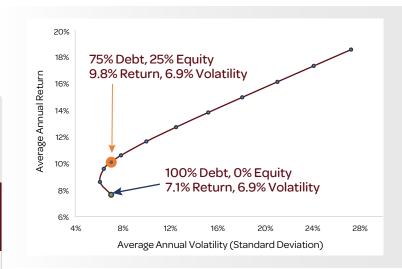
Chemistry of Investing - A Study of Multi Asset Allocation Concept

Chief Investment Officer, WhiteOak Capital Asset Management Limited

Generally, it is perceived that if we add Equity to the Bond Portfolio, we increase the portfolio's risk (Volatility). But that is not true always. This relationship is not linear as depicted in the chart:

Average 1 Year rolling return on daily basis and Standard Deviation (Volatility) of the return for various combination of Equity and Debt for the period January 2001 to June 2024

Portfolio Composition	Average Annual Return^	Average Annual Volatility^
D:100%, E:0%	7.1%	6.9%
D:90%, E:10%	8.1%	6.0%
D:80%, E:20%	9.2%	6.3%
D:75%, E:25%	9.8%	6.9%
D:70%, E:30%	10.3%	7.7%
D:60%, E:40%	11.5%	9.7%
D:50%, E:50%	12.6%	12.1%
D:40%, E:60%	13.8%	14.7%
D:30%, E:70%	15.0%	17.4%
D:20%, E:80%	16.3%	20.3%
D:10%, E:90%	17.6%	23.2%
D:0%, E:100%	18.9%	26.3%



- It can be inferred from the adjacent table that a 100% bond portfolio has delivered an average return of 7.1% with a volatility of 6.9%; by adding 10% equity, volatility reduces to 6.0%, and the average return improves by 1.0%.
- It is also notable that a 75% Bond and 25% Equity combination represents almost similar volatility as a 100% Bond portfolio on average with a 2.7% higher return measured for 1-year of the average volatility (standard deviation) and average return observations.
- Which means the asset allocation portfolio has delivered risk-adjusted return than a 100% Bond Portfolio.

D = Debt (Crisil 10 Year Gilt Index), E = Equity (BSE Sensex TRI). Source: MFIE, Bloomberg and Internal Research of WhiteOak Capital. ^Average 1 Year rolling return on daily basis and Standard Deviation (Volatility) of the return for various combination of Equity and Debt for the period January 2001 to June 2024 is considered for above analysis. The above factual data analysis is only to understand the concept of Multi Asset Allocation. The performance of the "Combination of Equity and Debt" does not represent the performance of the scheme. Past performance may or may not be sustained in future and is not a guarantee of any future returns.



Chemistry of Investing - A Study of Multi Asset Allocation Concept

Adding Gold as a Third Asset Class



Let's see what happens when we add a third asset class, i.e., Gold, to previously discussed two asset (Debt and Equity) portfolio.

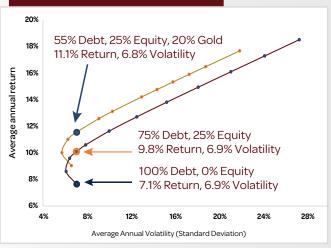
Gold, as we know, has a Negative Correlation with most of the other asset classes on average.

So, when we add 20% Gold to this two asset portfolio, the resultant Asset Allocation becomes 25% Equity, 20% Gold, and 55% Debt.

Average 1 Year rolling return on daily basis and Standard Deviation (Volatility) of the return for various combination of Equity, Debt and Gold for the period January 2001 to June 2024

Portfolio Composition	Average Annual Return^	Average Annual Volatility^
D:80%, E:0%, G:20%	8.4%	6.5%
D:70%, E:10%, G:20%	9.5%	5.7%
D:60%, E:20%, G:20%	10.6%	6.2%
D:55%, E:25%, G:20%	11.1%	6.8%
D:45%, E:35%, G:20%	12.3%	8.8%
D:40%, E:40%, G20%	12.9%	9.9%
D:30%, E:50%, G20%	14.1%	12.4%
D:25%, E:55%, G20%	14.7%	13.8%
D:20%, E:60%, G20%	15.3%	15.1%
D:15%, E:65%, G20%	15.9%	16.5%
D:10%, E:70%, G20%	16.5%	18.0%
D:0%, E:80%, G20%	17.8%	20.9%

Three Asset Portfolio (Equity, Debt and Gold)



- The Return-Volatility Trendline shifts from right to left, i.e., volatility reduced all three asset combinations (compared to 2 asset portfolios).
- The portfolio with 25% Equity, 20% Gold, and 55% Bond has exhibited similar volatility of 6.8% as the 100% Bond Portfolio along with an average return of 11.1% (i.e., about 4% higher compared to a 7.1% average return from 100% Bond Portfolio).
- This clearly shows that adding a judicious combination of Low Correlated, No Correlated, and Negatively Correlated Growing Asset Classes can achieve a superior risk-adjusted return on the portfolio level.

D = Debt (Crisil 10 Year Gilt Index), E = Equity (BSE Sensex TRI), G = Gold (MCX Gold INR). Source: MFIE, Bloomberg and Internal Research of WhiteOak Capital. ^Average 1 Year rolling return on daily basis and Standard Deviation (Volatility) of the return for various combination of Equity, Debt and Gold for the period January 2001 to June 2024 is considered for above analysis. The above factual data analysis is only to understand the concept of Multi Asset Allocation. The performance of the "Combination of Equity, Debt and Gold" does not represent the performance of the scheme. Past performance may or may not be sustained in future and is not a guarantee of any future returns.



Chemistry of Investing - A Study of Multi Asset Allocation Concept

A chemical reaction occurs when two or more substancB es (reactants) are mixed and result in one or more new substances. For example, Respiration – we inhale oxygen which reacts with glucose and produces carbon dioxide, water, and energy. Adding or subtracting a small atom can

*w.e.f. April 01, 2024, there will not be any incremental investment in Overseas ETFs.

results into completely new substance.

Just like chemicals, various Asset Classes also perform differently when they are mixed depending on type of Asset Class and allocation mix. Each of the Asset Class has it's role in an investor's portfolio:



Indian Equity

Wealth creation opportunities in the long term



Gold

Hedge against inflation and uncertainities



Debt

Provides relative stability and generate income



Foreign Equity

Wealth creation opportunities with foreign currency exposure

Calendar Year wise performance (% return) of select indices

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Nasdaq	Equity - IND	Nasdaq	Equity - US	Equity - IND	Gold	Nasdaq	Nasdaq	Equity - US	Gold	Nasdaq
58.2	32.9	12.1	14.9	30.3	7.9	39.7	48.6	31.2	13.9	45.5
Equity - US	Nasdaq	Real Estate	MSCIEM	MSCIEM	Liquid	Equity - US	Gold	Equity - IND	Equity - IND	Equity - US
49.5	17.3	9.8	14.1	29.0	7.6	34.4	28.0	25.6	5.7	27.0
MSCI DM	Real Estate	Debt	Debt	Nasdaq	Nasdaq	MSCI DM	Equity - US	Nasdaq	Liquid	MSCI DM
43.0	16.9	8.6	12.9	21.8	6.0	30.5	21.4	24.6	5.1	24.5
Real Estate	Equity - US	Liquid	Nasdaq	MSCI DM	Debt	Gold	MSCI EM	MSCI DM	Real Estate	Equity - IN
10.1	16.2	8.2	11.7	15.0	5.9	23.8	21.3	24.2	2.8	21.3
MSCI EM	Debt	Equity - US	Gold	Equity - US	Real Estate	MSCI EM	MSCI DM	Liquid	Debt	Gold
10.0	14.3	6.2	11.3	14.4	5.1	21.0	18.9	3.6	2.5	15.4
Liquid	Liquid	MSCI DM	MSCI DM	Real Estate	Equity - IND	Equity - IND	Equity - IND	Debt	Equity - US	MSCI EM
9.0	9.2	3.8	10.3	7.2	4.6	13.5	16.1	3.4	-9.1	10.9
Equity - IND	MSCI DM	Equity - IND	Real Estate	Liquid	Equity - US	Debt	Debt	Real Estate	MSCI DM	Debt
8.1	7.3	-3.0	8.3	6.7	4.4	10.7	12.3	3.1	-9.1	7.4
Debt	MSCIEM	Gold	Liquid	Gold	MSCIDM	Liquid	Liquid	MSCIEM	MSCI EM	Liquid
3.8	0.0	-6.6	7.5	5.1	-0.4	6.9	4.6	-0.6	-11.3	5.8
Gold	Gold	MSCI EM	Equity - IND	Debt	MSCI EM	Real Estate	Real Estate	Gold	Nasdaq	Real Estate
-4.5	-7.9	-10.9	4.4	4.7	-6.8	3.0	2.2	-4.2	-25.1	2.0

Asset Classes	Indian Equity	Debt	Gold	US Equity
Indian Equity		-0.07	-0.52	+0.40
Debt	-0.07		+0.05	+0.13
Gold	-0.52	+0.05		- 0.11
US Equity	+0.40	+0.13	-0.11	

Various Asset Classes have varied Degree of Correlation with each other. Economic Cycles and Markets across the globe are very dynamic and it is not possible to consistently time the winning asset class, but a right mix of these asset classes may help investors achieve optimum level of risk adjusted return to attain their long-term financial goals.

Correlation is a statistical measure that indicates the extent to which two or more variables (Asset Classes in our example) fluctuate in relation to each other. It ranges between +1 to -1. When two variable (Asset Classes) generally move in the same direction, they are said to be positively correlated and vice versa.

Ordered by performance in percentage terms (best to worst) for each Calendar Year. Past performance may or may not be sustained in future and is not a guarantee of any future returns. Source: Bloomberg, Yes Securities and Internal Research of WhiteOak Capital. Equity IND: Nifty 50 TRI, Equity – US: S&P 500 INR, MSCI DM: MSCI World Index (Developed) INR, MSCI EM: MSCI Emerging Index INR, Gold: Gold INR, Debt: CRISIL Composite Bond Index, NASDAQ: NASDAQ Composite Index INR, *Real Estate: RBI House Price Index, available only upto Q2 of FY23-24 (Showing 9-month return). Correlation of asset classes based on their annual return from January 2010 to June 2024.

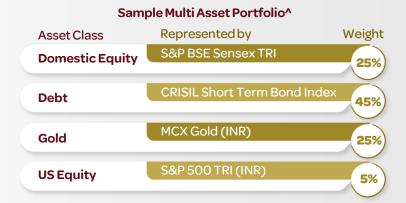


Chemistry of Investing - A Study of Multi Asset Allocation Concept

Achieving Optimal Level of Risk-Adjusted Return

By allocating investment in Multiple Asset Classes (Multi Asset Allocation)

Let's create a "Sample Multi Asset Portfolio" with pre-defined allocation in some of the asset classes with annual rebalancing. And see, how this simple strategy may help investors achieve better risk-adjusted return on their investments.



Financial Year wise performance (% return) of select indices

Financial Year	S&P BSE Sensex TRI	CRISIL Short Term Bond Index	MCX Gold (INR)	S&P 500 TRI (INR)	Sample Multi-Asset Portfolio^
FY 2011	12.5%	5.1%	27.4%	14.7%	13.0%
FY 2012	-9.2%	8.3%	32.9%	24.0%	10.9%
FY 2013	10.1%	9.1%	7.1%	21.9%	9.5%
FY 2014	20.7%	8.9%	-3.2%	33.9%	10.1%
FY 2015	26.8%	10.3%	-8.3%	17.3%	10.1%
FY 2016	-7.9%	8.5%	10.9%	8.1%	4.9%
FY 2017	18.5%	9.1%	-1.9%	14.9%	9.0%
FY 2018	12.7%	6.1%	7.4%	12.9%	8.4%
FY 2019	18.8%	7.6%	3.2%	18.1%	9.8%
FY 2020	-22.9%	9.9%	29.7%	1.1%	6.2%
FY 2021	69.8%	7.8%	7.3%	51.8%	25.4%
FY 2022	19.5%	5.2%	16.6%	20.0%	12.4%
FY 2023	2.0%	4.2%	16.0%	-1.5%	6.3%
FY 2024	26.5%	7.6%	12.5%	33.5%	14.8%
FY 2011 to FY 2024	12.3% CAGR	7.7% CAGR	10.6% CAGR	18.6% CAGR	10.7% CAGR

It is interesting to note from above table that for a Multi-Asset Portfolio, Gold has provided some downside protection in many of the years when Domestic Equity has delivered negative returns and vice versa. Various Asset Classes have varied Degree of Correlation with each other. Economic Cycles and Markets across the globe are very dynamic and it is not possible to consistently time the winning asset class, but a right mix of these asset classes may help investors achieve optimum level of risk adjusted return to attain their long-term financial goals.

Source: MFIE, Bloomberg and Internal Research. The above column is only to understand the concept of Multi Asset Allocation. ^The performance of the "Sample Multi Asset Portfolio" does not represent the performance of the scheme. Depending on what weight one assigns to different asset classes, the results can vary accordingly. The above analysis assumes annual rebalancing to predetermined weights (as mentioned in above table). Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Disclaimer: This article has been made for general reading purpose only.

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