MONTHLY NEWSLETTER - MAY 2023

NEWS HIGHLIGHTS

RBI MPC Meet 2023 Highlights: RBI opts for a pause in rate hike, raises FY24 growth forecast

The Monetary Policy Committee of RBI decided to pause the key repo rate, & it thus remains unchanged at 6.5%. The committee had first raised rates by 40 bps at an unscheduled meeting in May'22, followed by 50 bps each in June, Aug & Sept. It raised rates by a further 35 bps in Dec '22, followed by a hike of 25 bps in Feb '23

India overtakes China to become the world's most populous nation with 1.428 billion people

India's population surpassed 1.428 billion, slightly higher than China's 1.425 billion people. Asia's third-largest economy is now home to nearly a fifth of humanity – greater than the entire population of Europe or Africa or the USA



Mutual Funds SIP collection rises 25 percent to Rs 1.56 lakh crore in FY23

Inflows in the mutual fund industry through SIPs reached Rs 1.56 lakh crore in 2022-23, in comparison to Rs 1.24 lakh crore through the route registered in 2021-22 and Rs 96,080 crore in 2020-2021, as per the data revealed by AMFI.

Emkay Global gets in-principal approval to launch mutual fund business

Emkay Global Financial Services, founded in 1995, has received in-principle approval from SEBI for sponsoring a Mutual Fund & incorporating an AMC

The yellow metal continues to shine: Domestic gold prices jump to a lifetime high crossing the ₹61,000 mark per 10 grams on 06/04/2023.

Prospects of the US Federal Reserve taking a more dovish stance, and perhaps, even reducing interest rates by the end of the year, weighed on the dollar, boosting gold prices in the international as well as in the domestic market.



Source: Multiple News Portals

MONTHLY MARKET DATA

Particulars	Open	High	Low	Close	Change %
Sensex	58,273.86	61,209.46	58,793.08	61,112.44	4.87%
Nifty	17,427.95	18,089.15	17,312.75	18,065.00	3.66%
Nasdaq	12,146.09	12,244.47	11,798.77	12,226.58	0.66%
Gold	$1,968.20	$2,048.66	$1,949.81	$1,989.65	1.09%
Crude	$80.67	$83.47	$73.98	$76.70	-4.92%

*Source : Investing.com | Market Data Period 01/04/2023 to 30/04/2023

Jyotiraja Sodha
Shubhchintak
AMFI-Registered Mutual Fund Distributor | ARN-18594
jyotiraja_sodha@hotmail.com 9898398189 https://shubhchintak.investwell.app/app/#/login

FINANCIAL QUOTE OF THE MONTH

"The most important quality for an investor is temperament, not intellect." - Warren Buffet



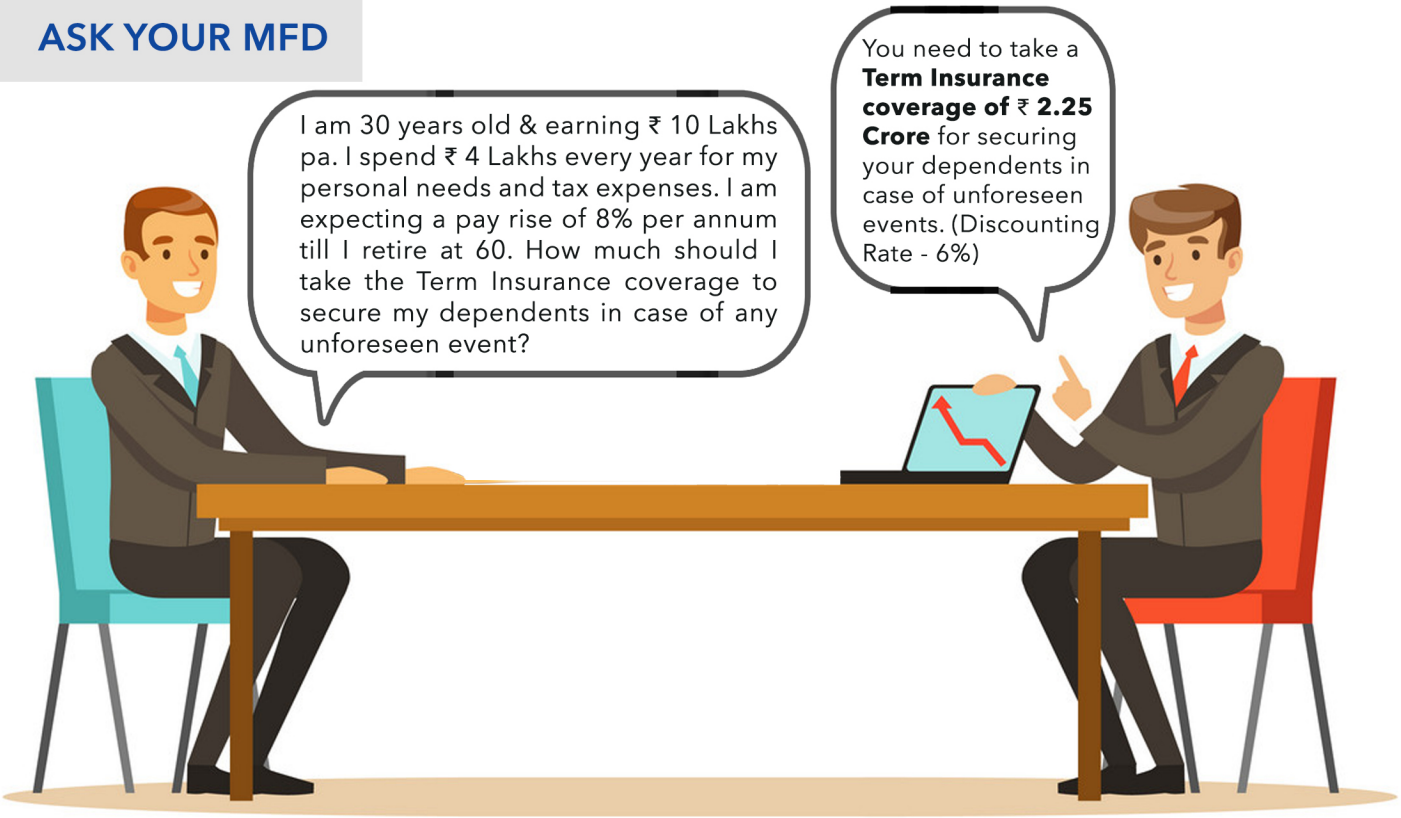
TAX SAVING TIP OF THE MONTH

Save Tax on the interest repayment of educational loan U/s 80E on the old tax regime.

Section 80E of the Income tax act allows you to claim a deduction on the interest component of your EMI on the education loan, available for a maximum of 8 years or till the interest is repaid, whichever is earlier.

To avail of tax benefits, an education loan should be taken for the higher education of yourself, your spouse, dependent children, or the student to whom you are the legal guardian, and the education loan should be taken from financial institutions, not from family members, friends, and relatives.

ASK YOUR MFD



Jyotiraja Sodha
Shubhchintak
AMFI-Registered Mutual Fund Distributor | ARN-18594
jyotiraja_sodha@hotmail.com **9898398189** **https://shubhchintak.investwell.app/app/#/login**

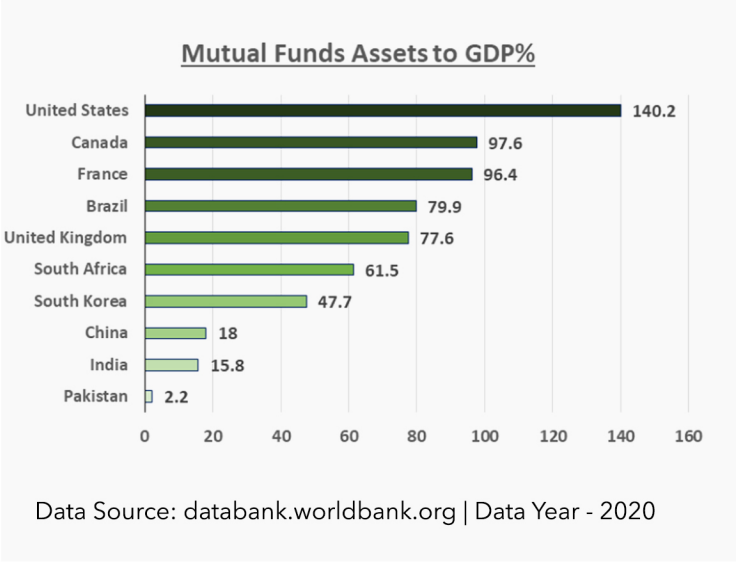
QUIZ

Who was the first chairman of the Planning Commission?
Answer will be published in the next edition.

EDITORIAL

Mutual Fund industry growth opportunity and popularity history.

In the last two and a half decades, Mutual Funds have gained popularity in India by generating wealth for their investors. Today, Mutual Fund always comes into consideration when someone intends to save for financial events in life through regular monthly savings or save tax by investing in 80C-qualified instruments and many more.



Data Source: databank.worldbank.org | Data Year - 2020

Still, the Mutual Fund industry has a lot of potentials to grow in the future. As a developing nation, India still lags far behind other developed nations around the world in terms of mutual funds assets to GDP percentage.

Global History of Mutual Funds:

Traces of investment funds have been found in history since 1774, when Adriaan van Ketwich, a Dutch merchant, created an investment trust. The creation of the "MFS Massachusetts Investors Trust (MITTX)" in Boston marked the arrival of the modern mutual fund in 1924 which is still in existence. The fund was opened to investors in 1928. The year 1929 marked the launch of the Wellington Fund, which was the first balanced fund, including both stocks and bonds. The Vanguard Wellington Fund (VWELX) is also in existence today and claims to be America's oldest balanced fund.

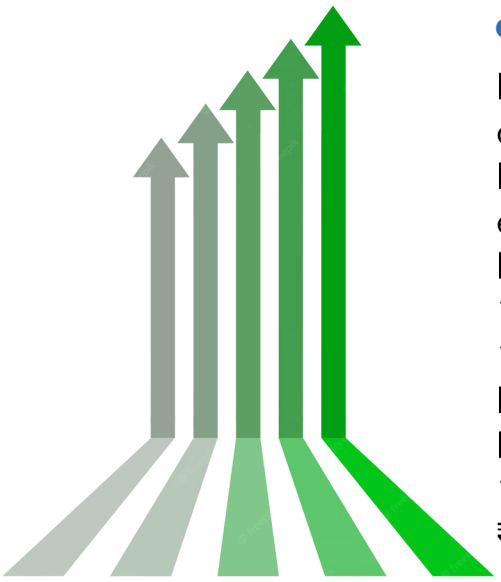
Jyotiraja Sodha
Shubhchintak
AMFI-Registered Mutual Fund Distributor | ARN-18594
jyotiraja_sodha@hotmail.com 9898398189 https://shubhchintak.investwell.app/app/#/login

History of Mutual Funds in India:

The history of Mutual Funds in India is divided into five phases.

The first phase (1964-1987) - Establishment of UTI

With the view of encouraging saving and investments along with a strong financial market with broad participation, the Government of India and Reserve Bank of India, established the first mutual fund in India in the year 1963, known as Unit Trust of India (UTI). Unit Scheme 1964 (US '64) was the earliest scheme launched by UTI. In 1978, the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. At the end of the first phase in 1988, UTI's AUM was about ₹ 6,700 crores.



The second phase (1987-1993) - Entry of the other public sector mutual funds

In 1987, other public sector banks & insurance companies entered the mutual fund industry. SBI Mutual was the first PSU to enter after UTI establishment in June 1987 followed by Canbank Mutual Fund (Dec. 1987), LIC Mutual Fund (Jun. 1989), Punjab National Bank Mutual Fund (Aug. 1989), Indian Bank Mutual Fund (Nov 1989), Bank of India (Jun 1990), GIC (Dec.1990) and Bank of Baroda Mutual Fund (Oct. 1992). At the end of 1993, the MF industry AUM increased to whopping ₹47,004 crores.

Jyotiraja Sodha
Shubhchintak
AMFI-Registered Mutual Fund Distributor | ARN-18594
jyotiraja_sodha@hotmail.com 9898398189 https://shubhchintak.investwell.app/app/#/login

The Third Phase (1993-2003) - Entry of private sector mutual funds

The Kothari Pioneer (now merged with Franklin Templeton MF) was the first private sector Mutual Fund registered in July 1993 and marked the entry of private sector mutual funds. SEBI was introduced in April 1992 to protect the interests of the investors in the securities market and to promote the development of, and regulate, the securities market. In 1993, the first set of SEBI Mutual Fund Regulations covered all Mutual Funds, except UTI. The initial SEBI MF Regulations were revised and replaced in 1996 with SEBI (Mutual Fund) Regulations, 1996.
The number of Mutual Funds increased through the years as foreign sponsors were allowed to set up mutual funds in India. MF Industry also witnessed mergers and acquisitions and at the end of Jan '2003, there were 33 MFs with a total AUM of ₹1,21,805 crores, including UTI managing an AUM of ₹44,541 crores.

The Fourth Phase - (February 2003 – April 2014)

The MF Industry entered its fourth phase through the repeal of the Unit Trust of India Act 1963. UTI was subdivided into two separate entities. They are Specified Undertaking of the Unit Trust of India (SUUTI) and UTI Mutual Fund which functions under the SEBI MF Regulations. Also, the industry witnessed several mergers among private players.

The Global Financial Crisis in 2008 caused a meltdown in stock market prices all over the world and Indian markets also witnessed a similar situation and shook the confidence of many new investors. Market regulator SEBI came forward and abolished the entry load. But after the effect of the Financial Crisis deepened the adverse impact and the mutual fund industry saw sluggish growth in MF Industry AUM between 2010 to 2013.



The Fifth and current phase - (Since May 2014)

Traces of investment funds have been found in history since 1774, when In SEBI took several initiatives in September 2012 to restore confidence in the Indian Mutual Fund industry and to increase MFs' penetration, especially from Tier II & III cities. Since May 2014, the Industry has witnessed steady inflows and increases in the AUM along with the number of investor folios (accounts).

Jyotiraja Sodha
Shubhchintak
AMFI-Registered Mutual Fund Distributor | ARN-18594
jyotiraja_sodha@hotmail.com **9898398189** **https://shubhchintak.investwell.app/app/#/login**

Here are some Highlights of Growth since May'14

- The Industry's AUM crossed the milestone of ₹10 Trillion (₹10 Lakh Crore) for the first time on 31st May 2014 and in a short span of about three years the AUM size had increased more than two folds and crossed ₹ 20 trillion (₹20 Lakh Crore) for the first time in August 2017. The AUM size crossed ₹ 30 trillion (₹30 Lakh Crore) for the first time in November 2020.

- The overall size of the Indian MF Industry has grown from ₹ 7.01 trillion as on 31st March 2013 to ₹ 39.42 trillion as on 31st March 2023, a more than 5-fold increase in a span of 10 years.

- The MF Industry's AUM has grown from ₹ 21.36 trillion as on March 31, 2018, to ₹39.42 trillion as on March 31, 2023, around 2 fold increase in a span of 5 years.

- The no. of investor folios has gone up from 7.13 crore folios as of 31-Mar-2018 to 14.57 crore as of 31-Mar-2023, more than 2 fold increase in a span of 5 years.

- On average 12.40 lakh new folios have been added every month in the last 5 years since February 2018.

SEBI is credited for this enormous growth of the Mutual Fund Industry as the regulator always kept close surveillance on the operations of the Mutual Fund Industry for securing the interest of retail investors.

Along with that, Mutual Fund distributors are also credited for their deep connection with investors, especially in smaller towns and rural areas. They help investors to stay calm in the time of market volatility. Also, the distributors has a major role in popularising Systematic Investment Plans (SIP) over the years. In April 2016, the no. of SIP accounts crossed the 1 crore mark and as on 31st March 2023, the total no. of SIP Accounts is 6.36 crore.

Data Source: AMFI India.

Jyotiraja Sodha
Shubhchintak
AMFI-Registered Mutual Fund Distributor | ARN-18594
jyotiraja_sodha@hotmail.com **9898398189** **https://shubhchintak.investwell.app/app/#/login**

MF CATEGORY WISE PERFORMANCE (%) AT A GLANCE

Category	1 year	3 Years	5 Years	10 Years
Equity - Contra	6.17	33.96	13.02	15.3
Equity - Dividend Yield Fund	2.62	30.28	11.33	13.26
Equity - ELSS	-0.27	26.6	10.05	14.37
Equity - Flexi Cap Fund	-1.83	26.01	10.87	14.24
Equity - Focused Fund	-1.23	25.97	10.17	14.26
Equity - Large & Mid Cap Fund	-0.24	28.65	10.97	15.17
Equity - Large Cap Fund	-0.34	24.21	10.32	12.76
Equity - Mid Cap Fund	0.75	32.76	11.62	17.77
Equity - Multi Cap Fund	0.7	31.11	12.53	16.05
Equity - Small Cap Fund	1.47	41.89	12.92	19.42
Equity - Value Fund	3	31.72	9.75	15.27

* All Sectoral, Thematic, Index & ETF Funds excluded in the above list.
* Disclaimer: This report has been prepared on the basis of data available to us and we have taken all precautions so that there are no errors and lapses. However, we do not assume any liability for actions taken, based on this report. Past performance may or may not be sustained in the future. Mutual fund investments are subject to market risks, read all scheme related documents carefully. Returns are not guaranteed. Insurance is the subject matter of solicitation. For more details on risk factors, terms & conditions please read the sales brochure carefully. Terms & conditions apply.

* Report as on 30/04/2023

Question and Answer for the Quiz Last Edition:

Q: Which is the oldest commercial bank in India?

Ans: State Bank of India (SBI), the oldest commercial bank in India, SBI originated in 1806 as the Bank of Calcutta. 3 yrs later the bank was issued a royal charter & renamed the Bank of Bengal. Along with the Bank of Bombay (founded 1840) & the Bank of Madras (founded 1843), it was one of three so-called presidency banks, each of which was jointly owned by the provincial government & private subscribers. In 1921 the presidency banks were merged to form the Imperial Bank of India (IBI), which then became the largest commercial enterprise in the country. In 1955 the Govt.of India & the country's central bank, the Reserve Bank of India, assumed joint ownership of IBI, which was renamed the State Bank of India.

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