# MONTHLY NEWSLETTER - OCTOBER 2023

## NEWS HIGHLIGHTS

**Mutual Fund Average AUM reaches all time high in Aug'23**

As per the report published by AMFI, the overall Average Net Assets Under Management (AAUM) reached an all-time high of ₹46,93,648 Crore in Aug '23, marking a substantial 19% year-on-year(YoY) growth.

**SEBI Grants Approval to Old Bridge Capital Management for Commencing Mutual Fund Operations**

Old Bridge Capital Management (OBCM), a portfolio management firm, has received SEBI's approval to launch Old Bridge Mutual Fund for its asset management business.

**India's first-quarter GDP growth reached its highest level in a year, standing at 7.8%**

Official data released by the National Statistical Office reveals that India's GDP expanded by 7.8% during the April-June quarter of the current fiscal year (2023-2024), a significant increase from the 6.1% growth recorded in the previous January-March quarter of fiscal 2022-23.

**Reserve Bank of India (RBI) to gradually phase out the incremental cash reserve ratio.**

The RBI will phase out the incremental cash reserve ratio (I-CRR) to manage liquidity and stabilize money markets. They will release 25% on September 9 and 23, and eliminate the I-CRR entirely by October 7.

**India Hosted 2023 G20 Summit.**

India plays host to the G20 Summit, bringing together 43 delegations with a central focus on crafting global solutions rooted in the principle of 'Vasudhaiva Kutumbakam.'"

Source: Multiple News Portals

## MONTHLY MARKET DATA

| Particulars | Open | High | Low | Close | Change % |
|---|---|---|---|---|---|
| Sensex | 64,855.51 | 67,665.58 | 64,825.05 | 65,828.41 | 1.50% |
| Nifty | 19,258.15 | 20,222.45 | 19,255.70 | 19,638.30 | 1.97% |
| Nasdaq | 14,129.96 | 14,149.62 | 12,963.16 | 13,219.32 | -6.44% |
| Gold | $1,940.19 | $1,953.44 | $1,846.34 | $1,848.31 | -4.74% |
| Crude | $83.86 | $95.52 | $83.83 | $91.19 | 8.74% |

*Source : Investing.com /wsj.com, Market Data Period 01/09/2023 to 30/09/2023

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## FINANCIAL QUOTE OF THE MONTH

"The single most powerful asset we all have is our mind. If it is trained well, it can create enormous wealth."

- Robert Kiyosaki



## TAX SAVING TIP OF THE MONTH

**Unlocking Extra Tax Savings: Leverage Section 80 CCD(2)**

**Did you know?** You can maximize your tax savings by taking advantage of Section 80 CCD(2). When your employer contributes to your NPS Tier 1, you're eligible for a tax deduction of up to 10% of your salary (Basic + DA). If your employer is the Government, this deduction can go up to 14%. Best of all, this benefit is over and above the limit of ₹ 1,50,000/- provided under Section 80 CCE and ₹50000/- of Sec80CCD(1b). So, make sure to leverage this opportunity for extra tax savings!



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## ASK YOUR MFD

This October, I am expecting ₹ 10 lakhs as a performance bonus and arrear salary which I want to invest as a lump sum in an Equity Mutual Fund, and along with that, I also want to start a SIP of ₹ 25,000 monthly. Could you please provide me with guidance on the projected maturity amount after a 15-year period, assuming a 12% (CAGR) return for both of my investments?



MR. INVESTOR

Certainly! If you invest ₹ 10 lakhs as a lump sum and start a monthly SIP of ₹ 25,000 with an expected annual return of 12%, here's a summary:

- Total Investment over 15 years: ₹ 55,00,000
- Expected Capital Gain: ₹ 11,871,851
- Total Investment Value after 15 years: ₹1,73,71,851 assuming a consistent 12% annual return on both your lump sum and monthly SIP contributions.



MR. MFD

## QUIZ

**Given that an equity fund has a minimum allocation of 35% to large-cap stocks, 35% to mid-cap stocks, 25% to small-cap stocks, and 5% in cash and cash equivalents, what is the most probable classification for this fund?**

A. Flexi Cap
B. Multi Cap
C. Large & Mid Cap
D. None of the above.

*(Answer will be published in the next edition)*

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EDITORIAL



# Securing Your Investment Portfolio: A Comprehensive Guide to Financial Resilience

***We focus more on investments but neglect the risk coverage. In the absence of proper risk management, our investment portfolio is vulnerable to uncertainties. This article emphasizes the importance of preparing for financial uncertainties through different strategies. It highlights how these risk management strategies can protect your investments and secure your financial future.***

Investments are the cornerstone of our financial goals, whether it's planning for retirement, purchasing a new home, funding your children's education or weddings, embarking on exotic vacations, and more. These aspirations hinge on the stability and continuity of our future income. However, have you considered how prepared you are for life's uncertainties? What happens to your financial objectives if you lose your job, face a medical emergency, or, in the worst-case scenario, experience disability or death?

For many of us, these uncertainties remain unaddressed, leaving us vulnerable to life's unexpected curveballs. Imagine if an unfortunate situation were to arise – how would you or your family cope with it? You might find yourself discontinuing your Systematic Investment Plan (SIP) and liquidating your investments, resulting in a loss of long-term compounding opportunities and potential compromises on your future goals. The recent global pandemic has underscored the importance of being financially prepared, with daunting medical bills that can deplete your life savings, potentially leaving families in dire straits.

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***Fortunately, you can shield your investments from such situations through effective risk management. Let's delve into this crucial concept.***

## Steps to Effective Risk Management



**1. Building an Emergency Fund:** An emergency fund serves as your financial safety net, providing instant access to cash in unforeseen circumstances. Whether it's a sudden job loss or the need for urgent repairs or replacements, an emergency fund ensures that your long-term portfolio remains untouched in times of short-term financial need.

*How much to set aside? Ideally, allocate an amount equivalent to 3-6 months' worth of expenses, including insurance premiums and any outstanding EMIs.*



**2. Medical Insurance / Mediclaim:**
Medical insurance is your shield against exorbitant hospital bills resulting from unforeseen hospitalisations or prolonged treatments. These bills can be overwhelming, forcing individuals to liquidate their portfolios, erasing potential compounding gains and jeopardizing future goals. Having a reliable medical insurance plan empowers you to tackle such situations confidently.

*How much coverage do you need? Aim for a sum insured of at least 5-10 lakhs, along with a top-up policy that boosts coverage to 25 lakhs to 1 crore, which is highly recommended.*




**3. Term Insurance:** Term insurance offers pure risk coverage, providing a substantial sum insured at an affordable premium. In the unfortunate event of the insured individual's death, the nominee receives the sum insured. This assurance allows earning members to ensure that their dependents can fulfill all their financial needs and future aspirations even in their absence.

*How much coverage is sufficient? Calculate your Human Life Value (HLV), but a minimum of 10 times your annual earnings is recommended.*



**4. Disability Insurance:**
Accidents or illnesses can suddenly incapacitate earning members, rendering them unfit for their jobs. To address this potential situation, it's crucial to invest in adequate disability insurance. This ensures that your family's goals can still be met, even if the primary earner faces a sudden setback.

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How much coverage is advisable? Secure an amount that can replace or at least partially compensate for your future expenses.

Often, we focus on converting our savings into investments but neglect the importance of risk coverage. Without adequate protection, our financial portfolio remains vulnerable. Therefore, it is essential to bulletproof your portfolio by addressing potential risks, allowing you to pursue your dreams and aspirations with confidence.

## MF CATEGORY-WISE PERFORMANCE AT A GLANCE

| Category | 1 year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| Equity - Contra | 24.93 | 29.82 | 17.26 | 18.09 |
| Equity - Dividend Yield Fund | 25.66 | 26.78 | 15.22 | 15.54 |
| Equity - ELSS | 19.00 | 23.58 | 13.82 | 16.27 |
| Equity - Flexi Cap Fund | 19.15 | 23.55 | 14.42 | 16.64 |
| Equity - Focused Fund | 18.18 | 23.37 | 14.04 | 16.27 |
| Equity - Large & Mid Cap Fund | 21.15 | 26.09 | 15.45 | 17.29 |
| Equity - Large Cap Fund | 16.95 | 21.42 | 12.71 | 14.19 |
| Equity - Mid Cap Fund | 24.69 | 30.08 | 18.42 | 20.98 |
| Equity - Multi Cap Fund | 23.82 | 29.44 | 17.47 | 18.59 |
| Equity - Small Cap Fund | 28.32 | 36.60 | 21.51 | 22.78 |
| Equity - Value Fund | 25.87 | 28.33 | 14.60 | 17.87 |

* 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. Contact us for scheme-specific risk.**
*** Report as of 01/10/2023**

## Question and Answer for the Quiz Last Edition:

**Q) What amount currently represents the Investment Limit in the Senior Citizen Savings Scheme (SCSS)?**

**A)** The current Investment Limit in the Senior Citizen Savings Scheme (SCSS) is set at Rs 30 Lacs.

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