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WE PLAN, YOU PROSPER

Meri Punji
WE PLAN, YOU PROSPER

DATA THAT CAN ASSIST IN MAKING INVEST DECISION

From the

Editor's Desk

Universe of investing gives investors wide-ranging options. It is, however seen that the information on performance of various investment options available in public domain is fragmented. Further whatever information is available is coxswained towards some investment idea. In this issue of Punji Times, returns data of over last 20 years has been compiled and then analyzed to give our readers an idea how different options have fared over last 20 years.

The data has been compiled from various sources available in public domain and the list sources is listed at the end of this issue.

Best,
Team Meri Punji

Punji (*noun/Hindi*) **- Capital** *meaning, wealth in the form of money or other assets owned by a person or organization or available for a purpose such as starting a company or investing.*

Disclaimer

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OVERVIEW OF INVESTMENT OPTIONS

Universe of Investing options is and some of the poplar options are In India, there are different Asset Classes to invest like Mutual Funds, Gold, Fixed Deposits (FDs) etc. Direct Equity

- Bank Fixed Deposits
- Direct Equity
- Gold
- Real Estate
- RBI Taxable Bonds
- Insurance
- Mutual Funds (Equity & Debt)
- Govt Sponsored small savings schemes
- Alternate Investment Funds (AIF)
- Portfolio Management Services (PMS)

Investment Options for which are considered are based on following criteria

- Simple product mix
- Easy to understand,
- Flexibility of investment amount
- Provides ample liquidity,
- Availability of data in public domain,
- No hidden costs.

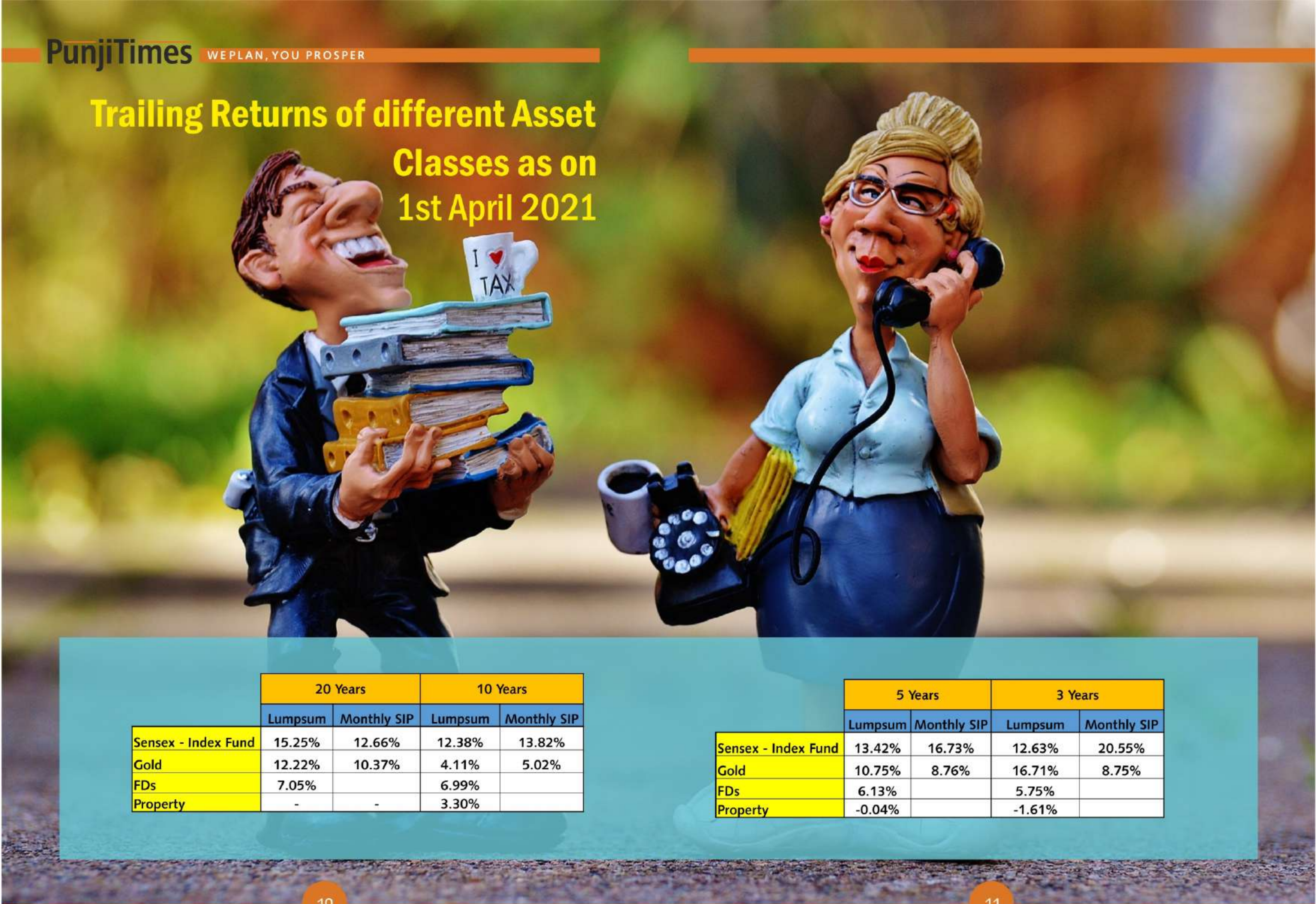
There are some factors which affects the Market. Some of them are as mentioned below:

- Change in rate of interest of FDs, Gold prices, Sensex, USD, crude oil prices, Market capitalisation, insurance premium etc.
- Equity investment has outperformed every asset classes.
- Equity investment have always given the highest returns in comparison to both Rolling and trading returns.

Annual rate/ Index value of different Asset Classes from 2001 to 2021

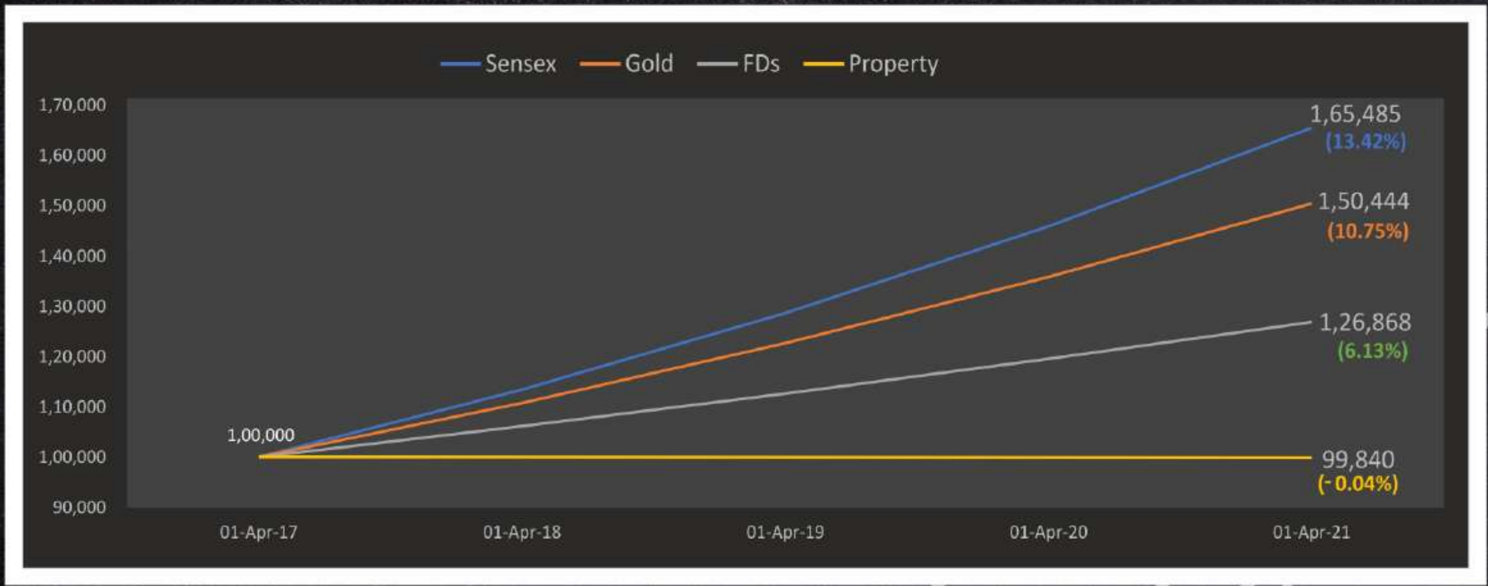
Date	Bank FDs - Rate of Interest	Gold (24K) in INR	Sensex	Property Index
01-Apr-01	8.00%	4,796	3,519	-
01-Apr-02	5.50%	5,911	3,338	-
01-Apr-03	5.25%	6,376	2,960	-
01-Apr-04	5.75%	7,486	5,655	-
01-Apr-05	6.25%	7,510	6,154	-
01-Apr-06	7.75%	10,521	12,043	-
01-Apr-07	7.50%	11,500	13,872	-
01-Apr-08	7.75%	14,310	17,287	-
01-Apr-09	6.50%	18,848	11,403	92
01-Apr-10	7.00%	20,281	17,559	99
01-Apr-11	8.25%	25,355	19,136	111
01-Apr-12	9.00%	34,311	17,319	127
01-Apr-13	8.75%	34,868	19,504	138
01-Apr-14	8.50%	30,968	22,418	149
01-Apr-15	7.75%	29,967	27,011	162
01-Apr-16	7.00%	32,402	25,607	165
01-Apr-17	6.50%	32,455	29,918	170
01-Apr-18	6.75%	34,590	35,160	174
01-Apr-19	6.25%	35,949	39,032	176
01-Apr-20	6.00%	48,636	28,265	170
01-Apr-21	5.50%	50,104	50,029	168

Trailing Returns of different Asset Classes as on 1st April 2021



	20 Years		10 Years	
	Lumpsum	Monthly SIP	Lumpsum	Monthly SIP
Sensex - Index Fund	15.25%	12.66%	12.38%	13.82%
Gold	12.22%	10.37%	4.11%	5.02%
FDs	7.05%		6.99%	
Property	-	-	3.30%	

	5 Years		3 Years	
	Lumpsum	Monthly SIP	Lumpsum	Monthly SIP
Sensex - Index Fund	13.42%	16.73%	12.63%	20.55%
Gold	10.75%	8.76%	16.71%	8.75%
FDs	6.13%		5.75%	
Property	-0.04%		-1.61%	



5 Years

Lumpsum Investment Value

(From 01 Apr 2017 to 01 Apr 2021)

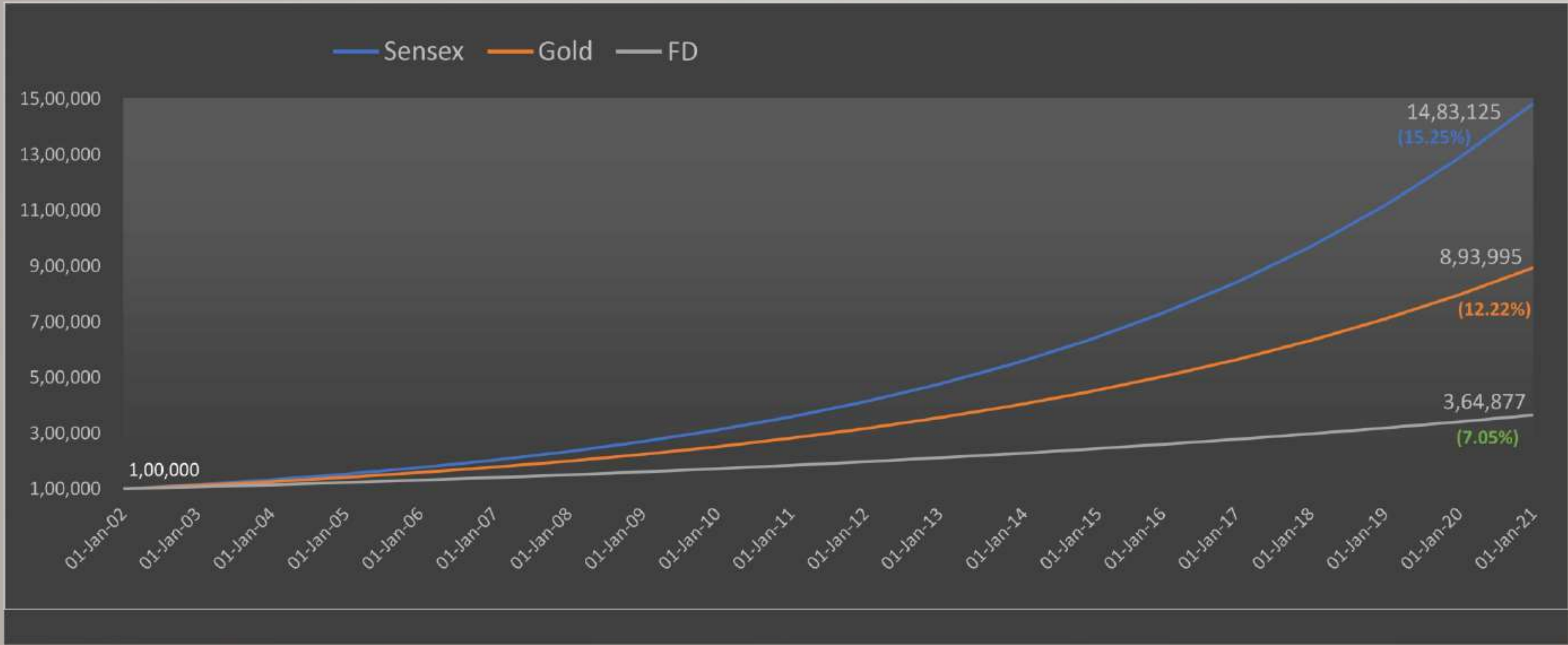
- Sensex despite of deep correction in 2020 due to Covid created much more wealth than Gold, fixed deposits and property.
- In last 5 years, Compounded Annual Growth Rate (CAGR) has been
- Sensex - 13.42%.
- Gold - 12.63%
- Bank FDs - 6.13%
- Property - (-0.04%)

10 Years

Lumpsum Investment Value

(From 01 Apr 2012 to 01 Apr 2021)

- In the last 10 years, Sensex has given almost double return as compared to other asset classes
- In last 10 years, Compounded Annual Growth Rate (CAGR) has been
- Sensex - 12.38%
- Gold - 4.11%
- Bank FDs - 6.99%
- Property - 3.30%



- In the last 20 years, Sensex has given the highest returns among all.
- In last 20 years, Compounded Annual Growth Rate (CAGR) has been
- Sensex - 15.25%
- Gold - 12.22%
- Bank FDs - 7.05%

20 Years
Lumpsum Investment Value
(From 01 Apr 2002 to 01 Apr 2021)

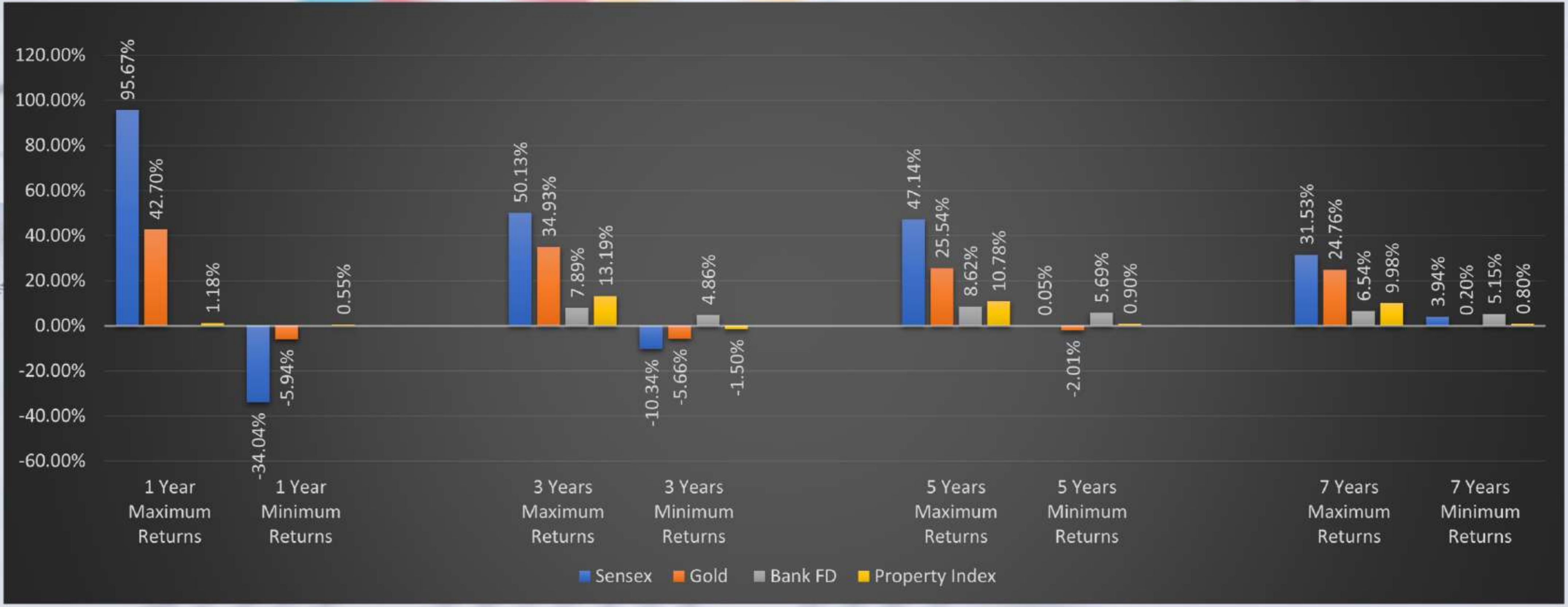
Difference between Rolling Returns and Trailing Returns

- Rolling Returns are average returns over defined time during a selected long period. They are annualized returns of a scheme taken for a specified period on every day/week/month and taken till the last day of the duration. Rolling returns is the best measure of a fund's performance.
- Trailing returns are point to point returns for a specific to the period in consideration. Therefore they suffer froma have a recency bias.
- Rolling returns, on the other hand, measures the fund's absolute and relative performance across all timescales, without bias.

- Equities over short period can give very high returns but at the same time there is high chance of negative returns
- Equities over 5 years period have given reasonable returns with negligible chance of negative returns.
- Gold also has followed Equity but it is only over 7 years investment period that it has never given negative returns.
- Property returns in last 20 years have been abysmally low

Max & Min Rolling Returns

(Investment Period 01/04/2001 to 01/04/2021)



Equity Categories Classifications and Returns Comparison

- **Index Funds:** An Index Mutual Fund invests in stocks that imitate a stock market index like the NSE Nifty, BSE Sensex, etc. These are passively managed funds which means that the fund manager invests in the same securities as present in the underlying index in the same proportion and doesn't change the portfolio composition. These funds endeavour to offer returns comparable to the index.
- **Large Cap Funds:** As per SEBI's mandate, large cap funds must invest at least 80% of their assets in large cap stocks. The balance can be invested in midcap, small cap and other assets. These funds invest across industry sectors to diversify risks.
- **Flexi Cap Funds:** Flexi-cap funds are those funds which invest in companies across the market capitalisation spectrum, i.e. large-cap, mid-cap, and small-cap stocks. These funds invest in the stocks of all the large-cap, mid-cap, and small-cap companies.
- **Midcap Funds:** As per SEBI's mandate, midcap funds must invest at least 65% of their assets in midcap stocks. The balance can be invested in large cap, small cap and other assets. These funds invest across industry sectors to diversify risks.
- **Small Cap Funds:** As per SEBI's mandate, small cap funds must invest at least 65% of their assets in small cap stocks. The balance can be invested in large cap, midcap and other assets. These funds invest across industry sectors to diversify risks.

Mutual Fund Categories Comparison

- For the comparison, the Large cap and Flexi Cap are taken together as they come under moderate risk exposures schemes whereas Mid cap and Small Cap are combined as High-Risk exposure schemes.

Lump Sum vs SIP: Which is the better mode of investment?

- **Investors can invest in a mutual fund scheme in 2 ways –**
  - Lump sum
  - Systematic Investment Plan (SIP) – A fixed amount is invested at fixed interval which can be daily, weekly or monthly
- **Investors don't have to monitor the market closely -** Since lump-sum investments are a bulk commitment, investors need to know when they are entering the market. Lump-sum investments are most beneficial when you invest during a market low. However, with SIPs, you have the chance to enter during different market cycles. Investors do not have to watch market movements as closely as they would for lump-sum investments.
- **Lower investment requirement -** As mentioned above, you can begin investing in SIPs with as little as Rs. 500 per month On the other hand, lump-sum investments need at least Rs.1,000, although most mutual funds in India set the lower limit at Rs.5,000. Investors can use SIP calculator to calculate and estimate the returns on their SIP investment.
- **Averaged costs -** As SIP leads to mutual fund purchases during different market cycles, the cost per unit is averaged out over the overall investment horizon. More number of units are purchased during a market low, compensating for purchases made during a market high. This can help tide over market fluctuations and even out the cost. Units can then be sold when the market is performing well.
- **Inculcates financial discipline -** SIPs can get you into the habit of saving frequently. Banks allow you to set up an automatic investment instruction at a frequency of your choice.

Trailing Returns in Different Categories of MF As on

1st April 2021

	20 Years		10 Years	
	Lumpsum	Monthly SIPs	Lumpsum	Monthly SIPs
Index Fund	-	-	10.76%	13.82%
Large Cap / Flexi Cap	16.73%	14.18%	11.76%	14.01%
Mid Cap / Small Cap	16.89%	16.26%	14.94%	16.33%

	5 Years		3 Years	
	Lumpsum	Monthly SIPs	Lumpsum	Monthly SIPs
Index Fund	15.46%	17.47%	15.25%	19.70%
Large Cap / Flexi Cap	14.05%	15.47%	12.24%	21.90%
Mid Cap / Small Cap	14.76%	16.58%	10.09%	26.12%

- Impact of SIPs is more pronounced for about 3-5 years because of the market volatility.
- Over 5 years all categories of Equity Fund give about the same returns.

Max & Min Returns

(Investment Period 01/04/2001 to 01/04/2021)

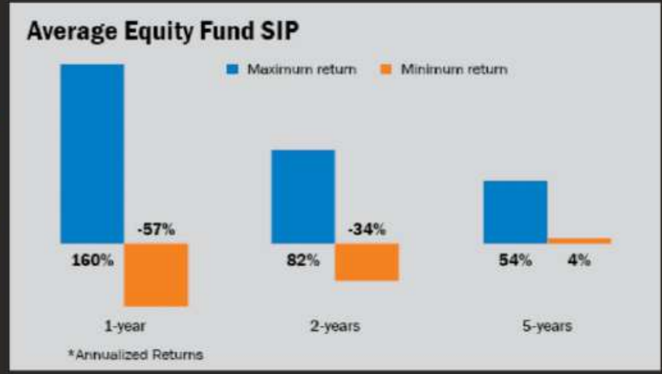
Equities Over short term can be very volatile.

Longer The Time Horizon Lesser The Risks

Longer the time in market lesser the risk

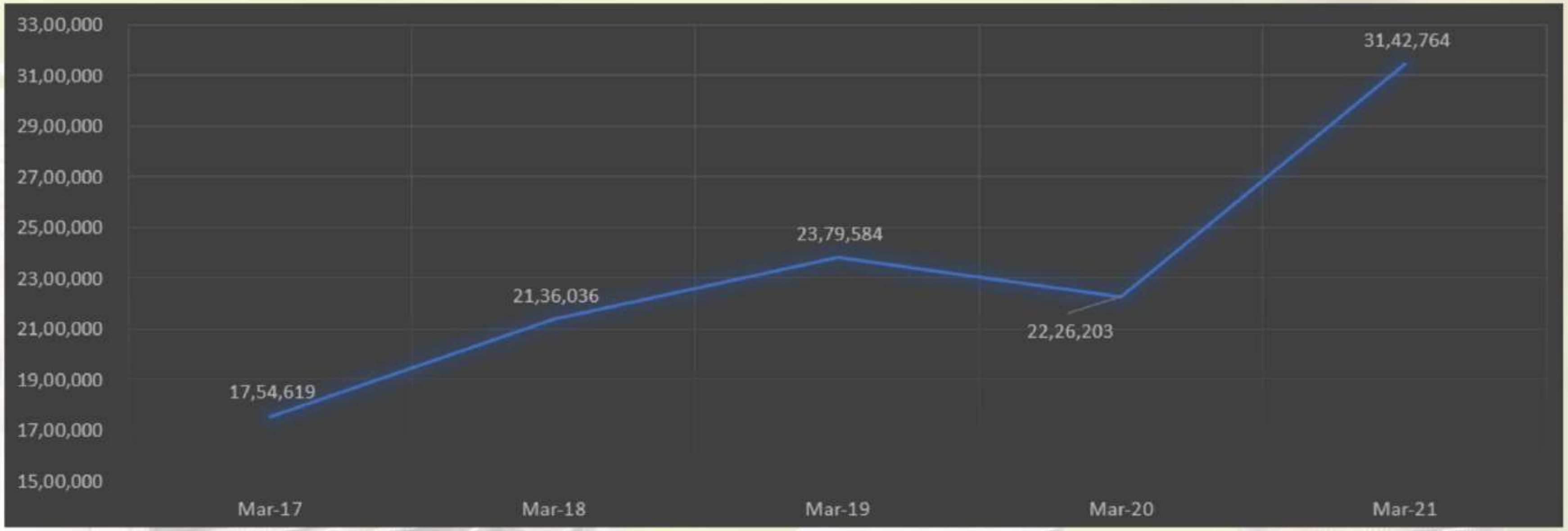
TIME IN MARKET	%AGE CHANCE OF POSITIVE RETURNS
1 Year	46%
2 Years	68%
3 Years	88%
5 Years	100%

Lesser the time in the market higher the potential to gain but worst the possible risk



Indian Equity & Debt Market Growth Pattern over last 5 years

- Mutual fund AUM has nearly doubled in last 5 years from Rs 17 lakh crore to Rs 32 lakh Cr, a CAGR of 16%
- Driver of growth has been Equity which has grown by 300%, whereas Debt just increased by just 125%.
- There has substantial increase of Retail participation in Equity Investment
  - Retail Equity AUM has increased from Rs 5.40 Lakh Cr to Rs 12.65 Lakh Cr
  - Number of folios have doubled from 4.5 Cr to 8.8 Cr
  - Annual SIP inflow in MFs have more than doubled from Rs 44,000 to 96,000 Cr.
  - De-mat accounts have increased from 3.08 Crores to 5.15 Crores
- FIIs remain the prime movers of Indian Equity Markets



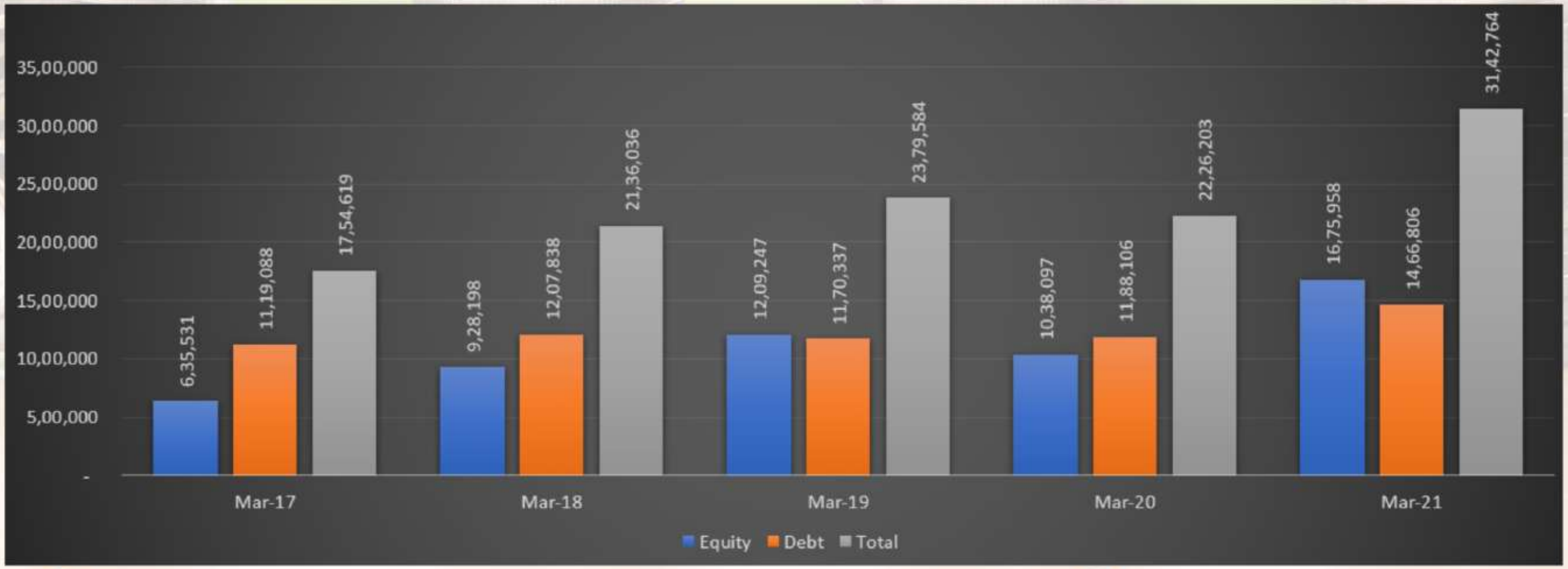
Total Mutual Fund AUM (in Crores)

In the last 5 years

- Mutual fund AUM has increased from Rs 17.54 lakh crore to Rs 31.42 lakh crore
- In the initial 4 years, the annual growth rate was under 10%
- In last year i.e. FY 2020-2021, it grew by over 40%

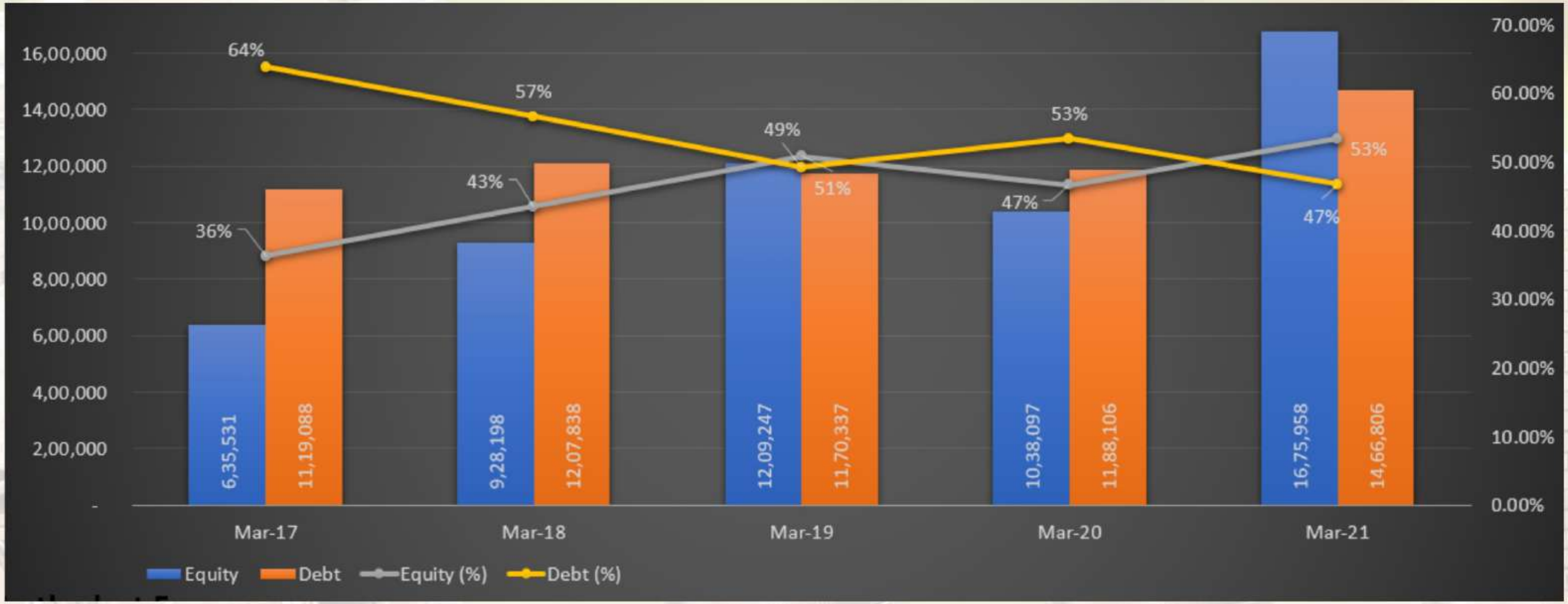
MF AUM Equity vs Debt (Rs in Cr)

- In MF Corpus of Debt Funds has always been more then Equity Funds.
- However in Last 5 years Debt AUM has almost remained constant.
- Whereas, Equity AUM has constantly been on the rise.
- In FY 2020-21, Equity surpassed Debt



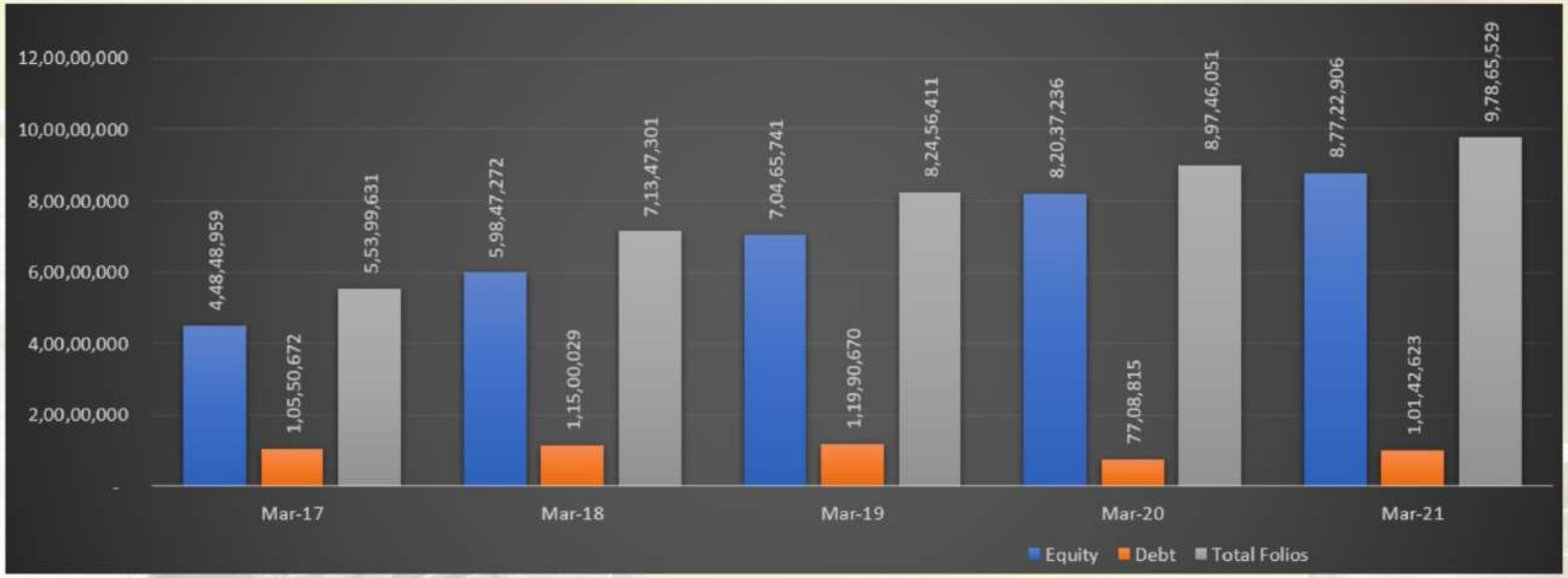
MF AUM

Equity & Debt Allocation



In the last 5 years

- Equity AUM has increased by 2.5 times from 6.35 lakh crore to Rs 16.75 lakh crore
- Whereas, Debt AUM has increased by 1.25 times from Rs 11.19 lakh crore to Rs 14.66 lakh crore
- The increase in Equity was far more pronounced from April 2020 after dramatic recovery of the market
- Debt to Equity Ratio
  - In March 2017, it was 64% Debt & 36% Equity
  - In March 2021, it is 47% Debt & 53% Equity

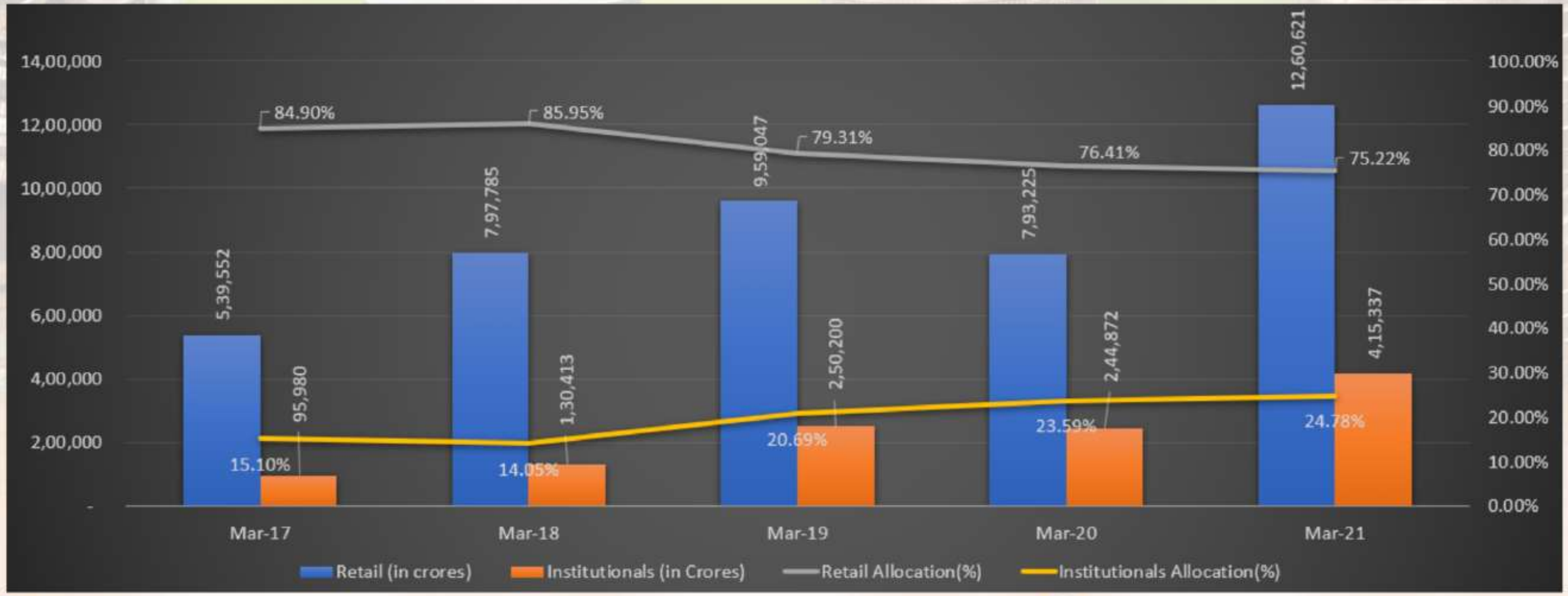


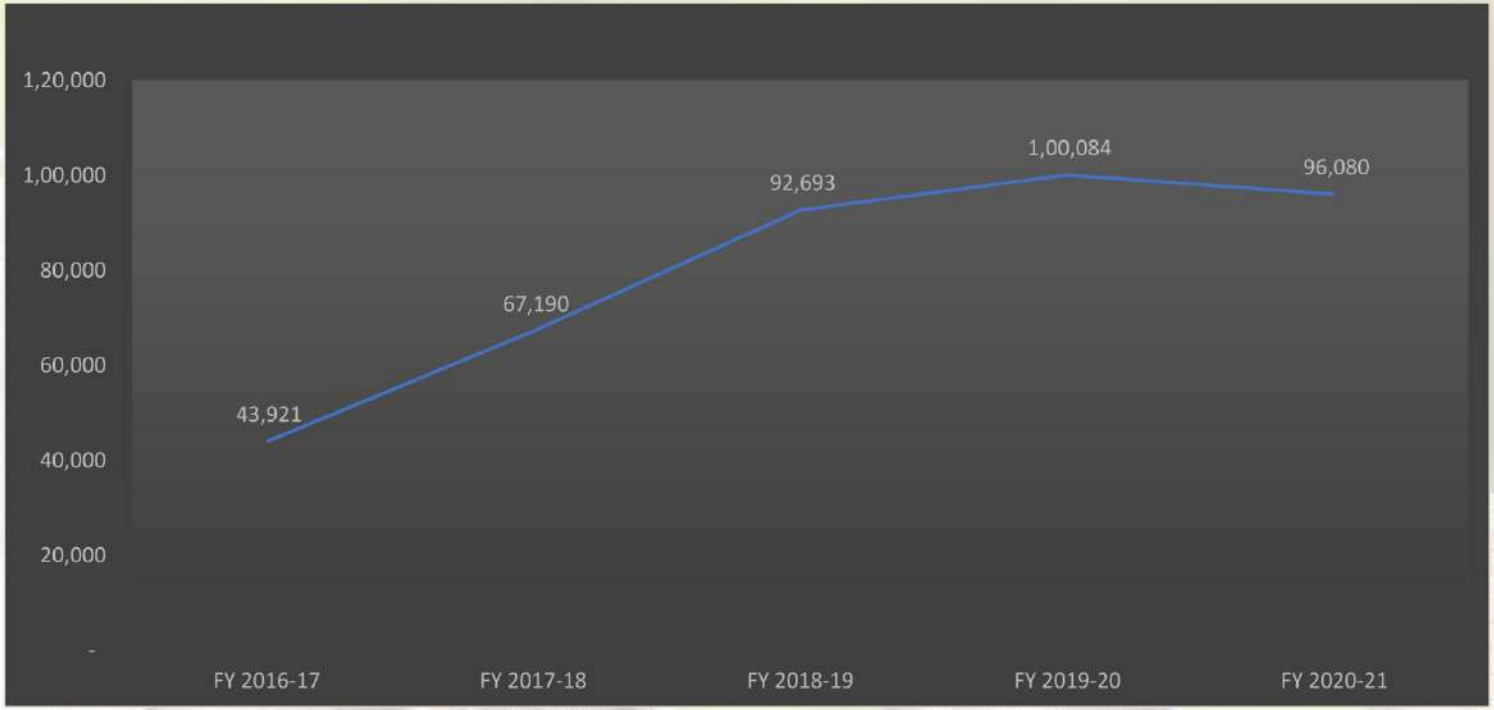
MF Folios (Equity & Debt)

- MF folios have increased over the last 5 years in line with MF AUM Growth
- Equity Folios have increased and debt folios have shown a marginal decline
- Equity folios increase fm 4.5 to 8.8 Cr whereas Debt folios reduction fm 1.05 to 1.01 Cr

Mutual Fund-Equity AUM

- Retail Participation in Equity Mutual Funds has shown a steady Growth
- In last one year in absolute terms it has grown by about 40%



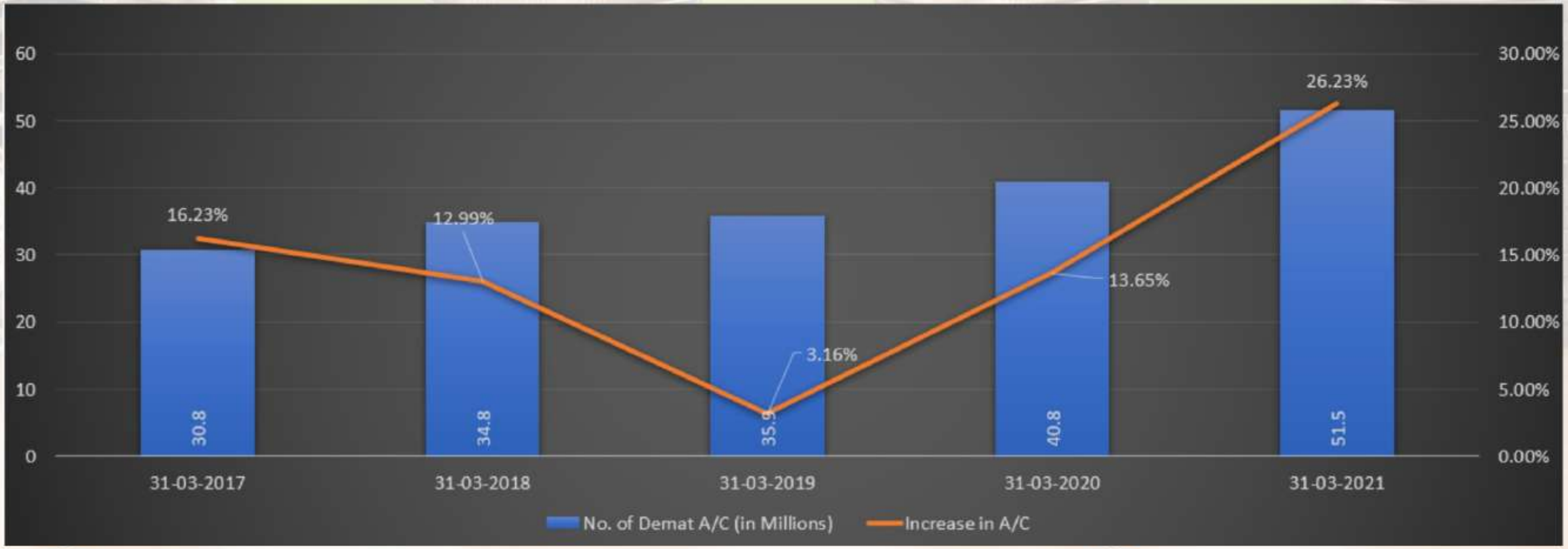


Annual SIP Inflows in MF (Rs in Cr)

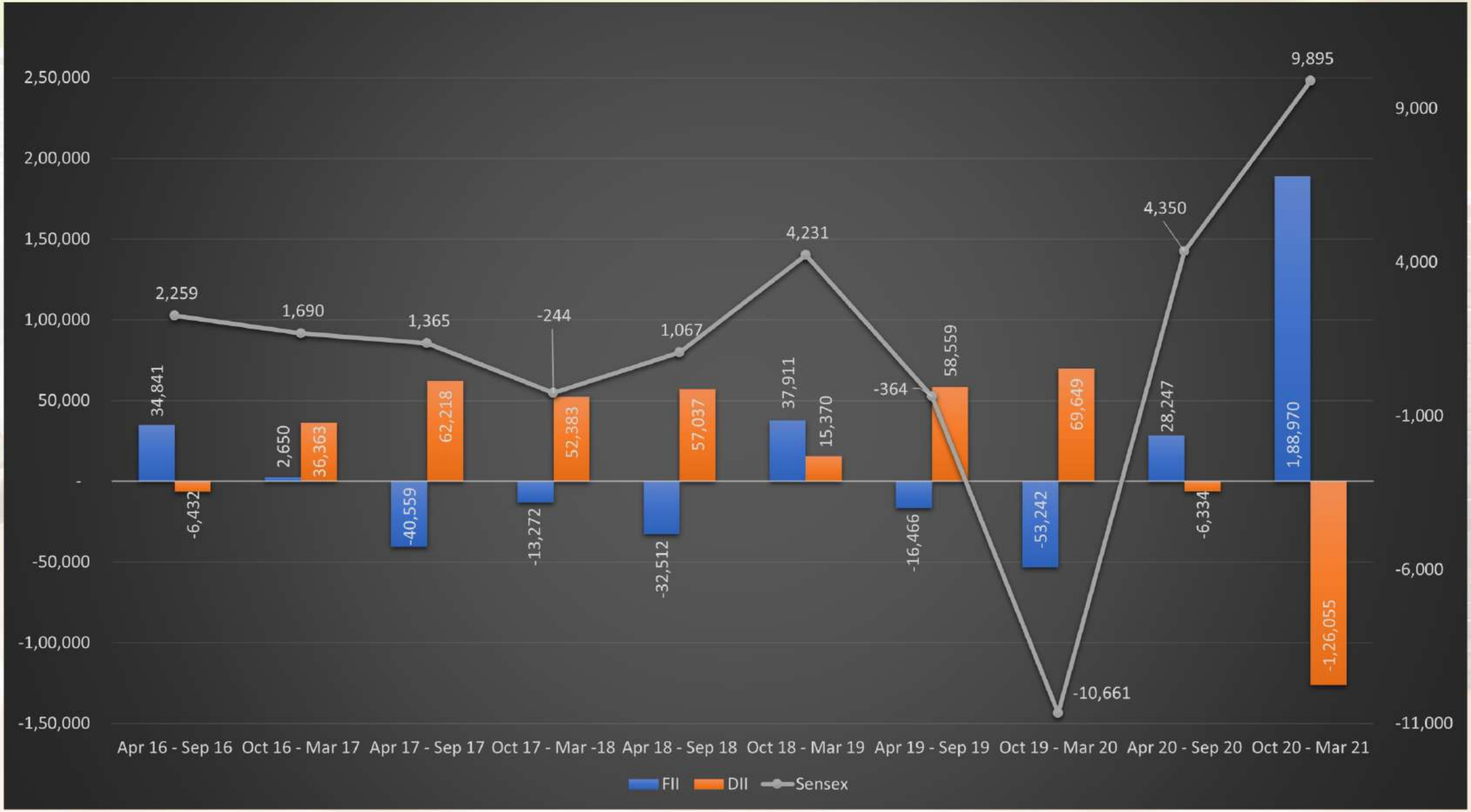
- In Last 5 years Annual SIP inflow in MFs has more than doubled
- From Rs 44,000 Cr to 96,000 Cr

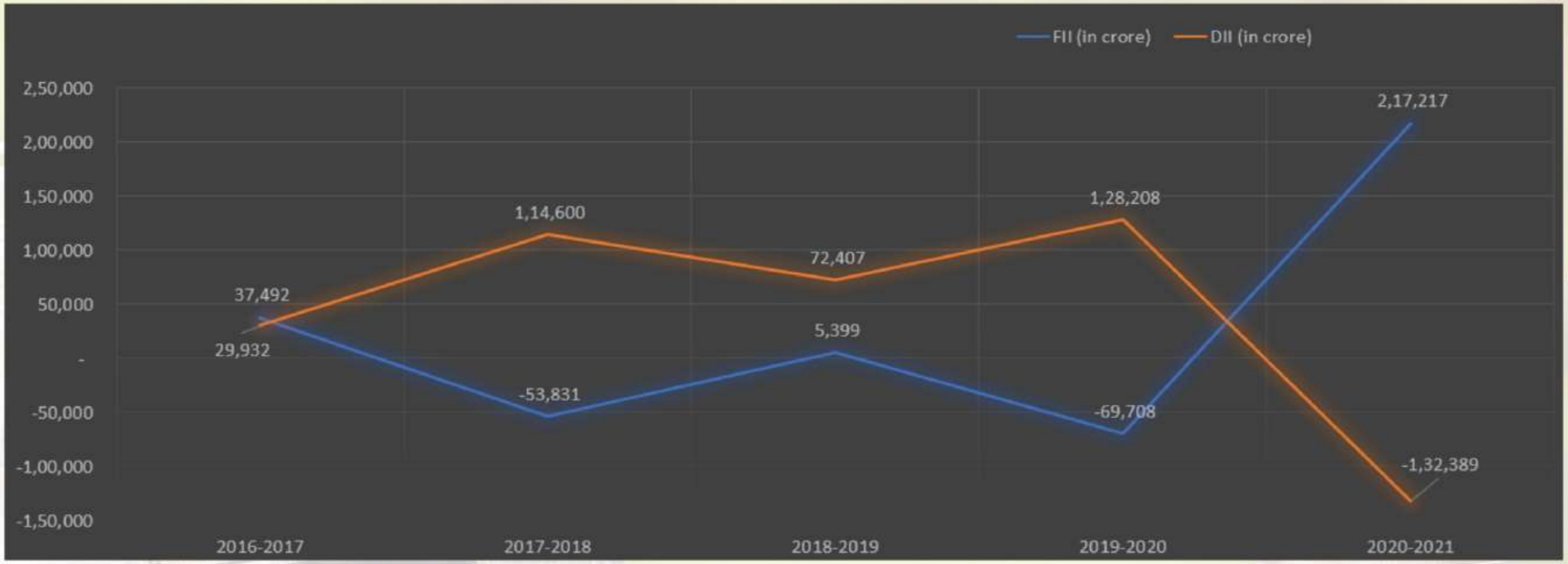
De-Mat Accounts Statistics

- Number of De-mat accounts steadily increasing
- Over last 5 years De-mat accounts increased 175% from 31 to 52 Lakhs
- Dramatic increase in 2020-21 from 40 to 52 Lakhs.



DII & FII Investment impact on BSE Index



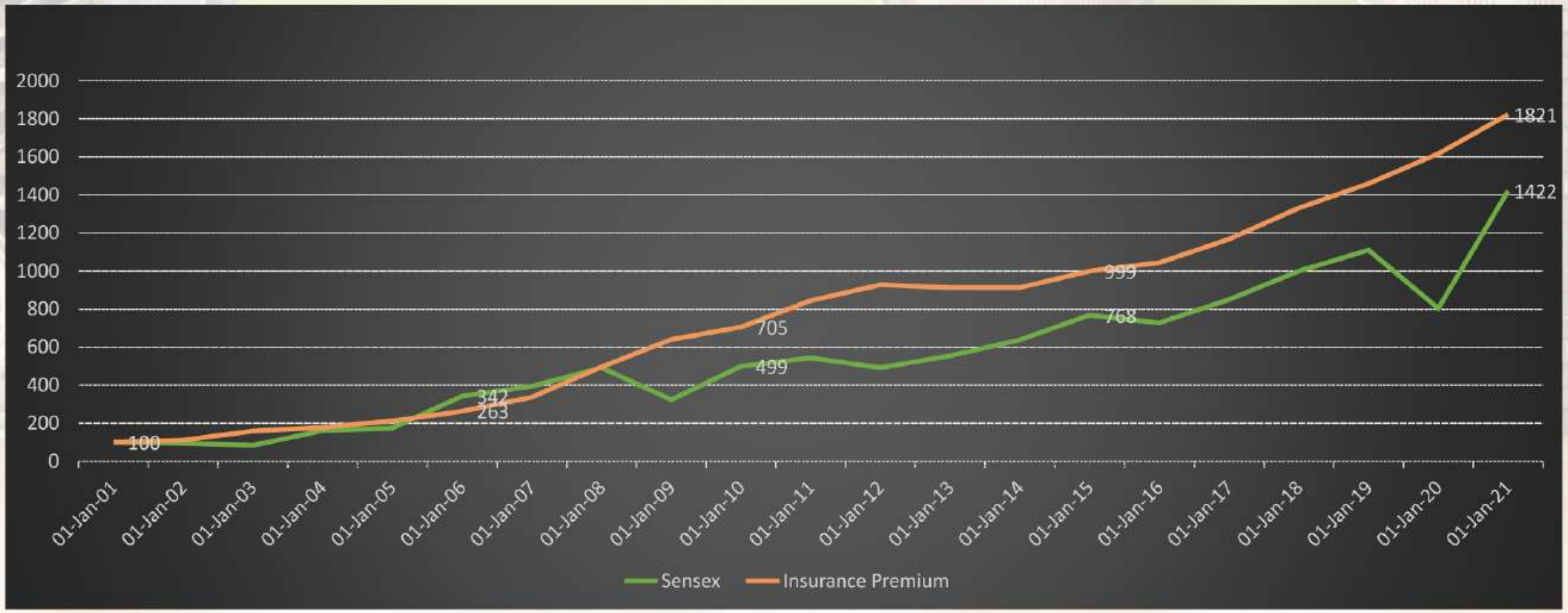


FII Vs DII Annual Investment (Direct Equity & MFs)

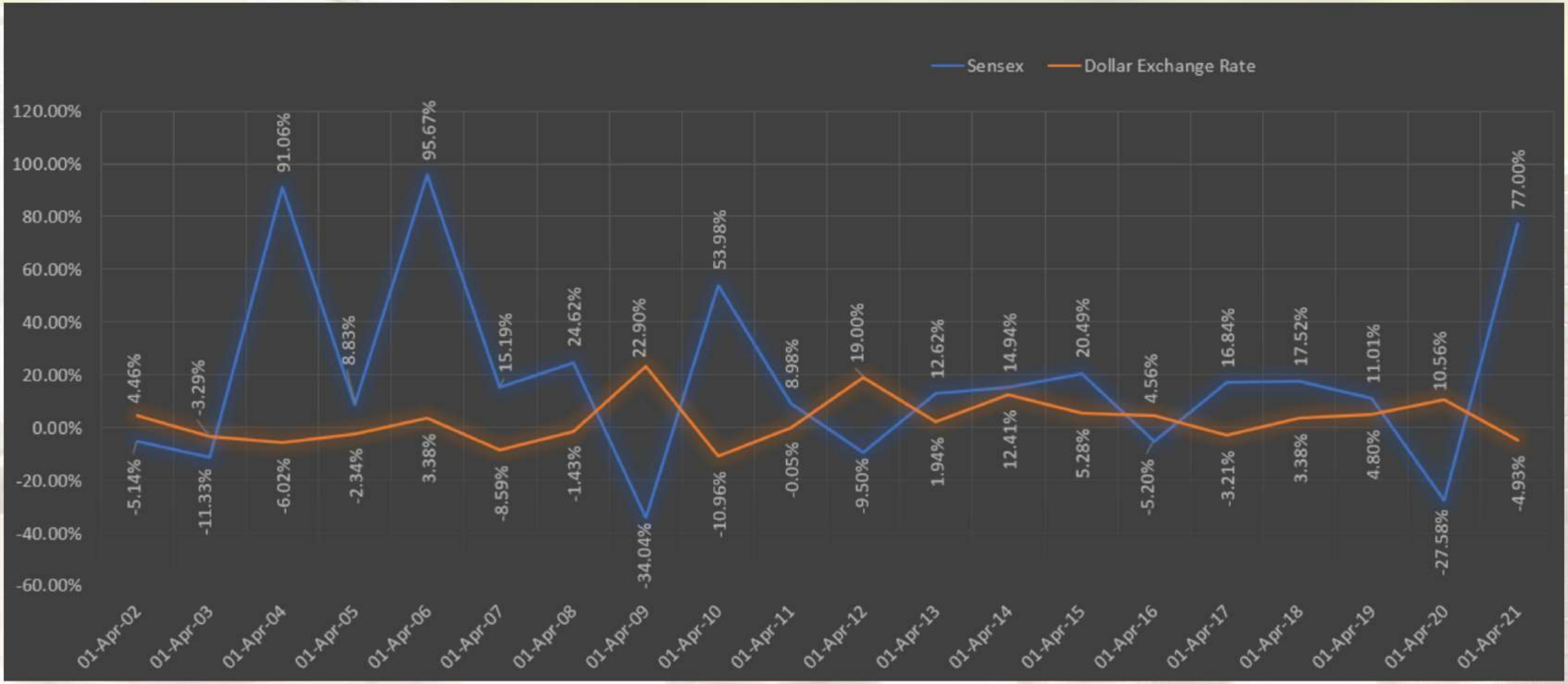
- FII and DII have generally followed opposite investment strategy
- In FY 2020-21, this phenomena become very pronounced.
- Investment by FIIs – **Rs 2.17 Lakh Cr; selling by DIIs – Rs 1.32 Lakh Cr**

Co-relation Between Sensex & Insurance Premium Growth

- India on account of Insurance is an underpenetrated country
- Insurance companies invest in Equity market on long term basis.
- Growth in Insurance Premium collection has a positive impact on the Senex



Co-relation between BSE senSex & usd-INR EXCHANGE Rate



- BSE Senex and USD-INR exchange rate have an inverse relationship
- The exchange rate impacts the market and not vice versa

Particulars	Source links
Sensex	https://www.bseindia.com/indices/IndexArchiveData.html
Gold	https://www.gold.org/goldhub/data/gold-prices?gclid=EAIaIQobChMI27m67dyr8QIV6Z1LBR2i2AEyEAAYASAAEgKSg_D_BwE
Bank FDs	https://www.rbi.org.in/scripts/PublicationsView.aspx?id=12765
Bank FDs	https://www.sbi.co.in/portal/web/interest-rates/old-interest-rates-last-10-years
Property	https://www.ceicdata.com/en/indicator/india/real-residential-property-price-index

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Every individual is unique and so are his or her investment needs. Investment planning must always be aligned with one's goals. Hence, our approach is to help you chalk out an investment strategy that is best fit for 'you'.

We see ourselves as educators rather than advisors. Our endeavor is to build awareness about the various kinds of investment products in the market. After all, an informed decision is always a better decision.

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