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Editorial

TIME FOR CASH-RICH IPL LEAGUE TO TEACH US INVESTING FUNDAMENTALS!!!

Yes, you read it right!
It's that time of the year where our eyes will be glued to our TV sets to witness the exciting close finishes by our favorite IPL teams. We all have our favorite teams and players for whom we cheer... it's going to be non-stop cricketing fever for 2 months!

But did you know that cricket can be more fun when you use the rules and features as analogies to draw parallels in your personal finance? Cheer for your team and at the same time cheer for your investments.

Here are some experiences for each one of us from our most favorite game that we can implement in building our wealth.

1. Do not enter the field without a protective gear -
Impact: Without adequate precautions on the field, players are vulnerable to injuries. Similarly, if your Financial Planning lacks the element of protection, your investments are exposed to several risks.
Tip: Before starting your investments journey, priority should be to secure your life and health first. Life insurance, Health insurance and Emergency funds are a must for you in order to safeguard you from uncertainty and secure your family's future.

2. Don't throw your wicket under pressure, try to stay for a long innings and build a partnership -
Impact: World's best batsmen have been out on ducks (recent example: Mr. Suryakumar Yadav). Giving up under pressure or adrenaline rush often results in unexpected changes to ones game. This is similar to an investor who gets panicked looking at daily market movements and ends up suffering losses by selling their investment in a rush to get higher returns from other better performing schemes.
Tip: The best is achieved only with determination and patience. Make sure you are invested for long term and are not affected by short term market volatility. The Success Mantra of winning the IPL title is, the team which plays in partnership in all areas (Batting, Bowling and Fielding) and soaks the pressure during crunch situations wins the title. Even the smallest of margins, either in batting or bowling can lead to great results for the team.

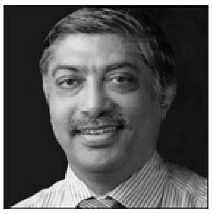
3. One good player cannot do all the work -
Impact: There might be instances where one good player has single handedly taken the team to victory. However, banking on a single player isn't the right strategy and will not work in the long term during the season. As an investor, do not be satisfied with one investment or one sector. Every investment has its cycle of ups and downs.
Tip: Do not concentrate on just one investment, in the long term it doesn't work. Diversification is the key. Diversify both in terms of number of funds in the portfolio and also in terms of sectors. Spread your bets to mitigate risks.

4. Keep a check on the run rate -
Impact: Waiting for the slog overs to do major scoring is a bad strategy. It's good to start early, be it scoring runs in the first few overs or in terms of investing to reap benefits later.
Tip: Delayed investing means, you either compromise on your goal or end up shelling out more in the present. Starting early can help you in achieving long term goals such as children's education, wedding or your retirement goals.

5. Don't be overly defensive -
Impact: Just running between the wickets and not taking risk of hitting boundaries when required, wouldn't help the team to get a good score or putting the team in a winning position. Likewise, investing only in low risk funds wouldn't help you in achieving your financial goals.
Tip: Taking risks is healthy in achieving your financial goals. If we don't invest in equities when the markets are down, then we may lose the opportunity to achieve our financial goals in a shorter time frame. Investing in equities for long durations and through SIPs will help you earn more returns. Long-term investments and Equities are both best friends.

Therefore, don't just enjoy the game, take back the learnings and implement them in your personal finance.

Happy Investing!



Piyush Desai - CEO

"It takes wealth to buy your desires but it takes wealth management to keep up the abundance." - Sujit Lalwani

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UNDERSTANDING MULTI-ASSET FUNDS

What are Multi-Asset Funds?
Multi-asset funds are mutual funds that invest in a combination of equities, debt and other assets such as commodities, real estate and gold. These funds are designed to offer diversification benefits to investors and help reduce risk by investing across multiple asset classes.

Why Asset Allocation Works?

- Different levels of correlation among different asset classes provide the portfolio with an effective hedge.
- Different asset classes react differently to business cycles, changes in the economy and geo-political realities – and hence have different levels of risk. Asset allocation tries to balance the risk by dividing assets among investment vehicles.
- If done regularly via rebalancing or dynamically shifting across asset classes one can maximize the benefits of asset allocation.

Here are some of the features of multi-asset funds in India:

- **Diversification:** Multi-asset funds invest in a range of assets, which helps investors diversify their portfolio and reduce risk.
- **Professional management:** These funds are managed by professional fund managers who have expertise in selecting and managing different asset classes.
- **Flexibility:** Multi-asset funds offer investors the flexibility to switch between different asset classes depending on market conditions.
- **Regular income:** Multi-asset funds can also provide regular income to investors through SWP (systematic withdrawal plan).
- **Suitable for all investors:** These funds are suitable for both conservative and aggressive investors, as they offer a range of investment options across different asset classes.

SIMULATED BACK-TEST RESULTS: ZERO NEGATIVE RETURN OBSERVATIONS ON A 3 YEAR ROLLING BASIS

Category	Multi Asset Strategy		CRISIL Composite Bond Fund Index		Nifty 50 TR Index	
Minimum Returns Maximum Returns Average Returns	4.03% 16.42% 10.31%		2.25% 13.02% 6.97%		-5.01% 60.28% 16.85%	
Negative Observations 0% to 4%	**0** **0**	**0% observations**	**0** **348**	**9.2% observations**	**130** **347**	**11.3% observations**
4% to 6% 6% to 8%	72 128		726 1694		258 305	
8% to 10% 10% to 12% 12% to 14% 14% to 16% Above 16%	1630 1376 463 101 18	94.7% observations	704 249 67 0 0	26.9% observations	342 419 376 285 1375	73.8% observations

Source: Bloomberg and MOAMC Internal research. Disclaimer: The above data is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

- With "0%" of observations below 4% and ~ 95% of observations falling in above 8% returns for 3 year rolling period across 18 years test case period
- Total number of observations are 3788. Returns are calculated on a daily rolling basis. Back-test returns are gross of expenses

Top Performing Multi-Asset Mutual Funds (As On: 25/04/2023)

Scheme Name	AUM (Crore)	1 Year Return (%)	2 Years Return (%)	3 Years Return (%)	5 Years Return (%)	7 Years Return (%)	10 Years Return (%)
Axis Triple Advantage Fund	1444.96	-1.96	6.04	15.79	8.88	9.24	9.01
HDFC Multi Asset Fund	1690.05	7.52	10.72	19.86	10.05	9.92	10.20
ICICI Prudential Multi Asset Fund	17044.38	10.56	21.27	28.66	13.52	15.08	15.79
Motilal Oswal Multi Asset Fund	116.52	2.05	2.47	—	—	—	—
Nippon India Multi Asset Fund	1155.17	5.59	9.63	—	—	—	—
Quant Multi Asset Fund	683.07	5.00	19.68	36.32	20.27	15.85	13.29
SBI Multi Asset Allocation Fund	606.38	6.89	10.12	13.23	9.08	9.07	9.91
Tata Multi Asset Opportunities Fund	1500.70	6.22	11.17	20.17	—	—	—

Mutual fund investments are subject to market risks. Please read all scheme-related documents carefully before investing.

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IMPORTANCE OF STEP-UP SIP

A Step-up SIP is a facility offered by mutual fund companies that allows investors to increase their monthly investment amount in a systematic investment plan (SIP).

Here are some benefits of Step-up SIP:

1) Increased Investment: Step-up SIP allows investors to increase their investment amount at regular intervals, which helps them accumulate more wealth in the long run.

2) Flexibility: Step-up SIP gives investors the flexibility to increase their investment amount at any time. They can choose to increase their investment amount periodically, such as every six months or every year, or they can increase it when they have surplus funds.

3) Cost Averaging: With a Step-up SIP, investors can take advantage of rupee cost averaging. This means that they can buy more units of the mutual fund when the market is down and fewer units when the market is up. Over time, this can help reduce the average cost of investing in the mutual fund.

4) Better Returns: By increasing their investment amount in a Step-up SIP, investors can potentially earn higher returns on their investment. This is because they are investing more money, which means they can take advantage of compounding over a longer period.

Normal SIP:

Suppose you start a mutual fund SIP with an investment amount of Rs. 5,000 per month for a period of 10 years. Your total investment amount over the 10-year period would be Rs. 6,00,000 (5,000 x 12 x 10). The mutual fund would deduct this amount from your bank account every month.

Step-up SIP:

Now, let's say that you start a Step-up SIP with an initial investment of Rs. 5,000 per month for the first year. In the second year, you decide to increase your SIP by Rs. 1,000 per month. In the third year, you decide to increase your SIP by another Rs. 1,000 per month. Your total investment over the 10-year period would look something like this:

Year 1: Rs. 5,000 per month for 12 months (total investment of Rs. 60,000)

Year 2: Rs. 6,000 per month for 12 months (total investment of Rs. 72,000)

Year 3: Rs. 7,000 per month for 12 months (total investment of Rs. 84,000)

Year 4-10: Rs. 7,000 per month for 84 months (total investment of Rs. 5,88,000)

The total investment amount over the 10-year period in the Step-up SIP would be Rs. 8,04,000, which is significantly higher than the normal SIP example. This is because of the additional investments made through the Step-up SIP.

You can also do this by increasing the SIP amount by a fixed percentage every year. Let's take an example of a fixed SIP of Rs. 20,000 v/s a Step-up SIP with 10% increase every year over a period of 15 years:

Year	Projected yearly Future Value of fixed SIP			Projected yearly Future Value of 10% Step-up SIP		
	Monthly Investment	Annual Investment	Year End Value @ CAGR of 15%	Monthly Investment	Annual Investment	Year End Value @ CAGR of 15%
1	20,000	2,40,000	2,59,084	20,000	2,40,000	2,59,084
2	20,000	2,40,000	5,57,030	22,000	2,64,000	5,82,938
3	20,000	2,40,000	8,99,668	24,200	2,90,400	9,83,870
4	20,000	2,40,000	12,93,702	26,620	3,19,440	14,76,291
5	20,000	2,40,000	17,46,842	29,282	3,51,384	20,77,059
6	20,000	2,40,000	22,67,951	32,210	3,86,522	28,05,875
7	20,000	2,40,000	28,67,228	35,431	4,25,175	36,85,739
8	20,000	2,40,000	35,56,396	38,974	4,67,692	47,43,481
9	20,000	2,40,000	43,48,939	42,872	5,14,461	60,10,372
10	20,000	2,40,000	52,60,364	47,159	5,65,907	75,22,834
11	20,000	2,40,000	63,08,502	51,875	6,22,498	93,23,256
12	20,000	2,40,000	75,13,861	57,062	6,84,748	1,14,60,941
13	20,000	2,40,000	89,00,024	62,769	7,53,223	1,39,93,198
14	20,000	2,40,000	1,04,94,111	69,045	8,28,545	1,69,86,605
15	20,000	2,40,000	**1,23,27,312**	75,950	9,11,400	**2,05,18,466**

You can observe that there is a huge difference in the corpus accumulated at the end of 15 years in both the examples. This is the power of Step-up SIP!

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