

ASPECTS



FUND PERFORMANCE: EQUITY & DEBT MARKETS

June 2024

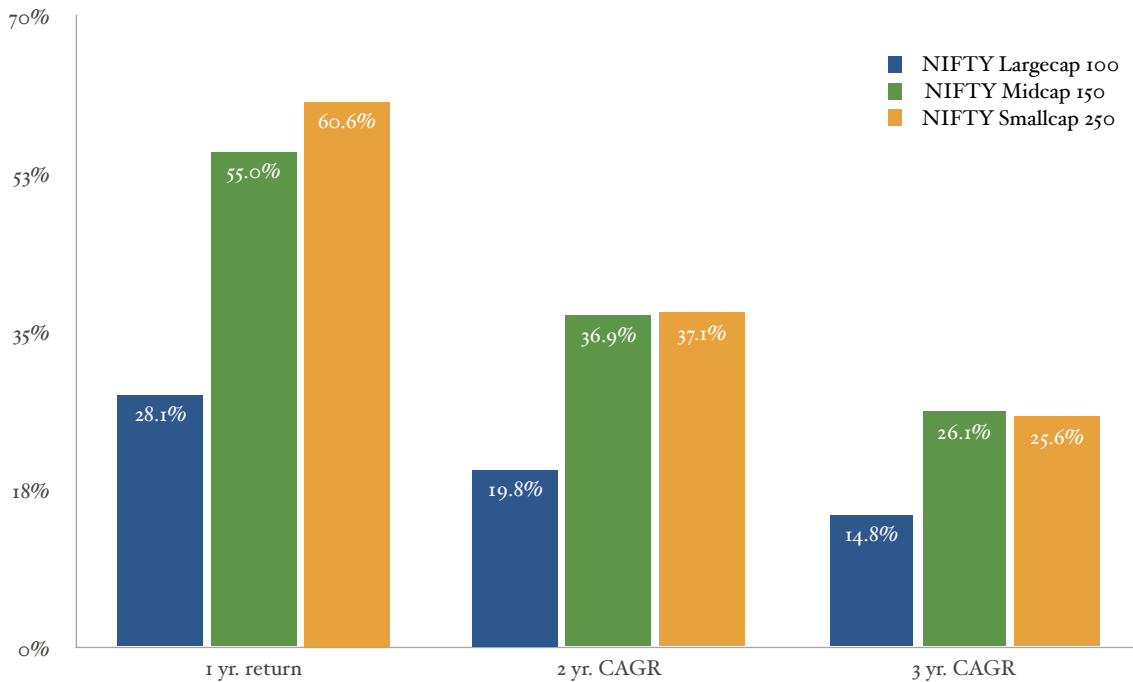
Northplains Capital Partners LLP

EQUITY MARKETS

Investors in India's equity markets are probably pleased with their investments as frontline indices have delivered stellar returns over the previous 1-3 year timeframe.

The NIFTY 100 index of large capitalisation stocks has provided a 1 year price return of 28.11%, and returns from Mid Cap and Small Cap indices have bettered the large cap performance¹.

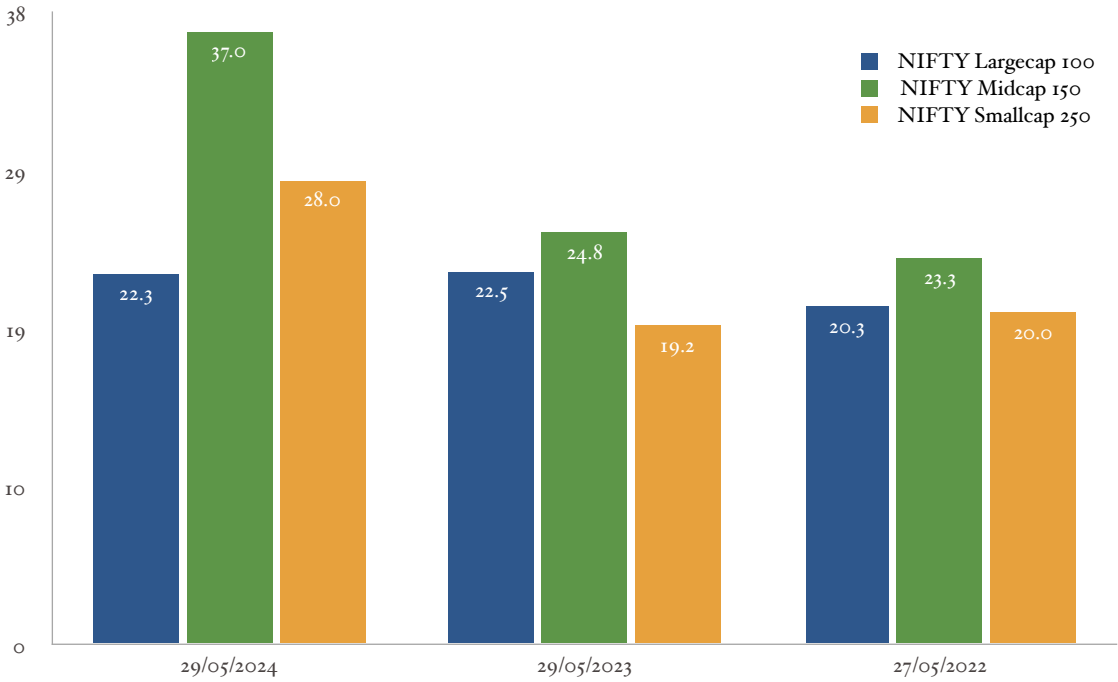
Exhibit 1: Index % Price returns



Reported P/E ratios (Price/Trailing 12 Month Earnings) are close to their previous year level for the large cap index and have increased for the mid cap and small cap indices.

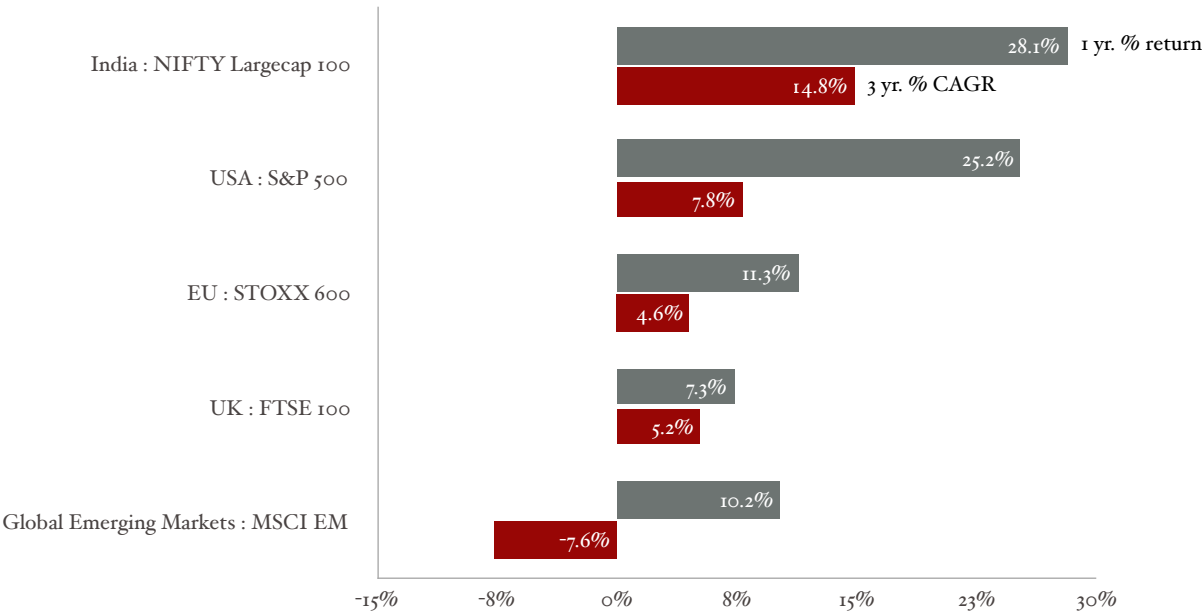
¹ Point to point returns in INR as of 29/5/2024, 29/5/2023, 27/5/2022 and 28/5/2021. Price only returns excluding dividends, costs of fund management and taxes. Index definition as per NSE Indices. CAGR: Compounded annual growth rate. Data Source: nseindices.com ; nseindia.com.

Exhibit 2: Reported Index P/E ratios



Indian markets have also fared well relative to developed and emerging market equities².

Exhibit 3: Relative Equity market % returns



² Reported index returns as of 29/05/2024. NIFTY 100 returns are in INR. S&P 500 & MSCI EM index returns in USD. Stoxx 600 in EUR. FTSE 100 in British pound.

Mutual Funds and Retirement Funds are popular products for domestic investments in Indian markets, and returns from prominent mutual funds have varied across timeframes depending on fund strategy and realised performance³.

Exhibit 4a: Large Cap fund % returns

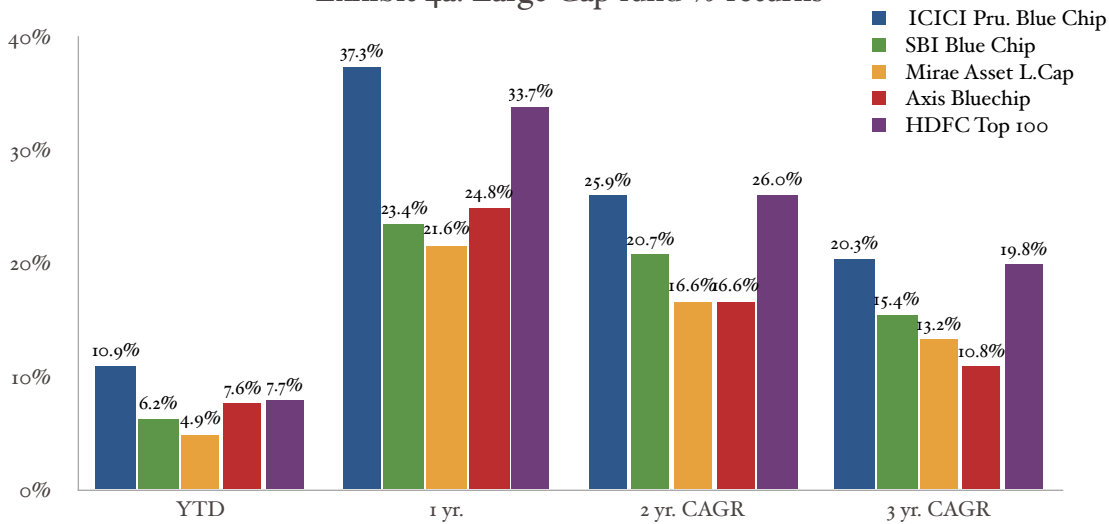
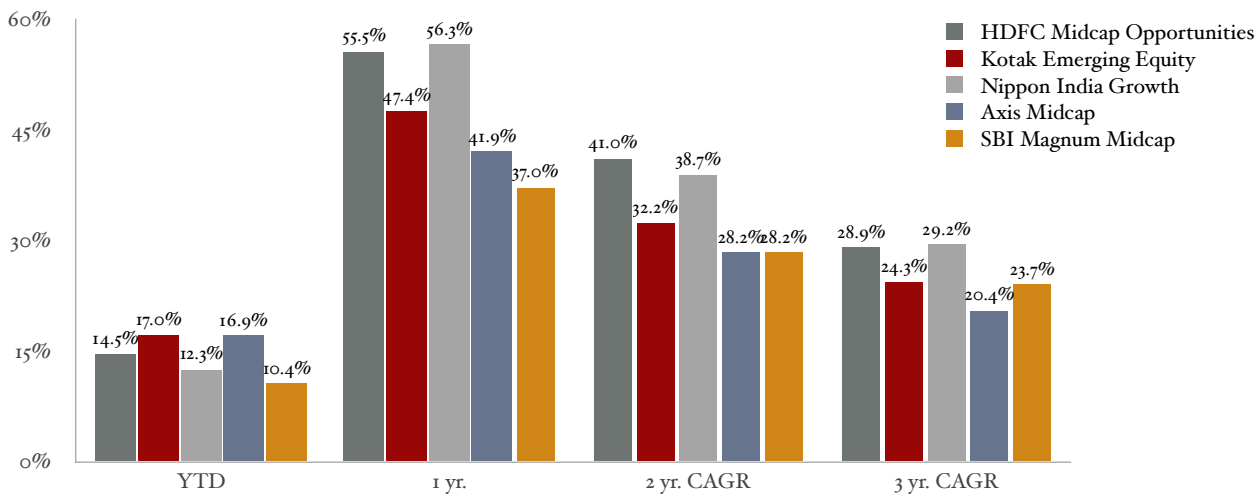
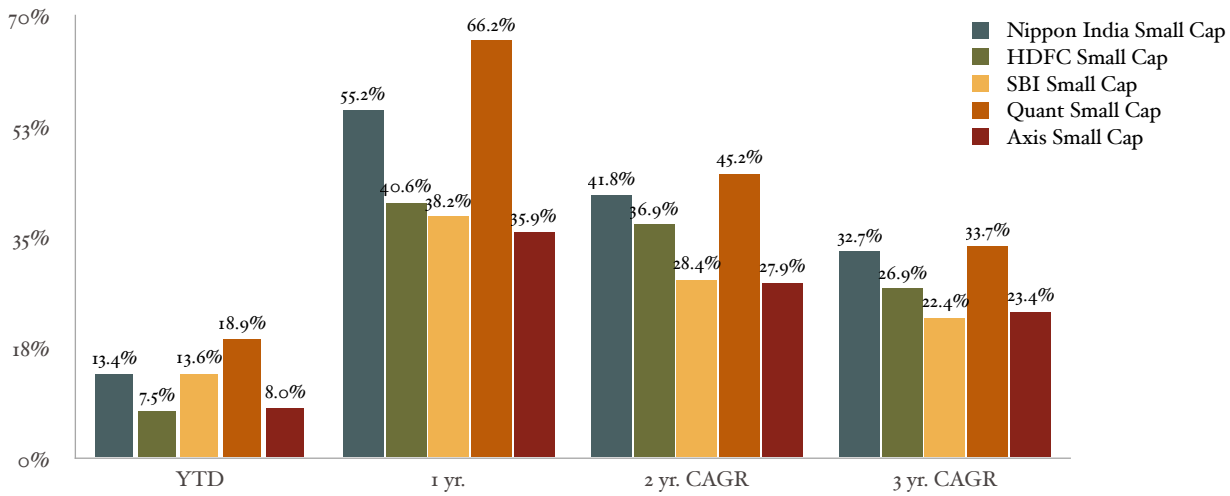


Exhibit 4b: Mid Cap fund % returns



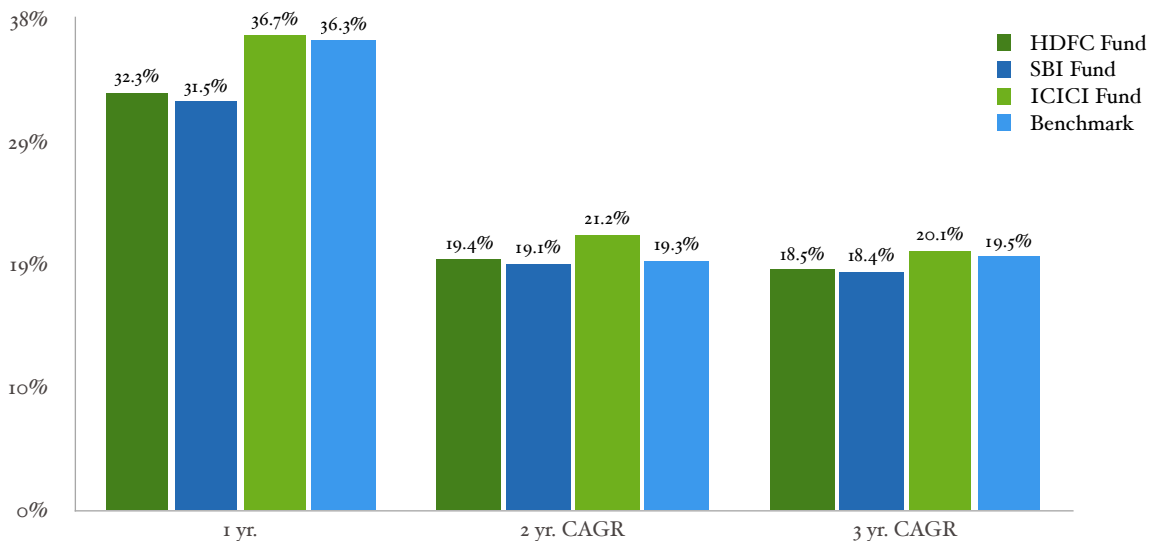
³ Returns as of 29/05/24 for the largest (by AUM) listed mutual funds at source ([moneycontrol.com](https://www.moneycontrol.com)). If a fund is included, it does not imply that the fund's returns or other characteristics are better or worse than another fund that is not included. Regular, growth option for mutual funds.

Exhibit 4c: Small Cap fund % returns



National Pension Scheme Trust (NPS Trust) administers retirement plans for central and state government employees and provides retirement savings plans⁴, in collaboration with leading asset management companies, for corporates and citizens in general. Returns from prominent equity oriented funds are provided in Exhibit 4d.

Exhibit 4d: National Pension Scheme Tier 1 Equity % returns

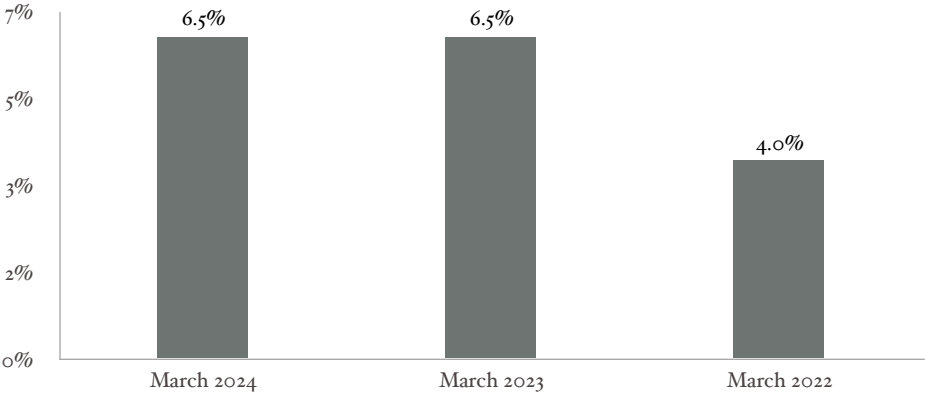


⁴ NPS trust administers several different plans investing across asset classes, depending on employer or subscriber preferences & terms and conditions. For additional context refer to npstrust.org.in. Returns provided are for Tier 1 equity plan funds as of 30/04/2024.

DEBT MARKETS

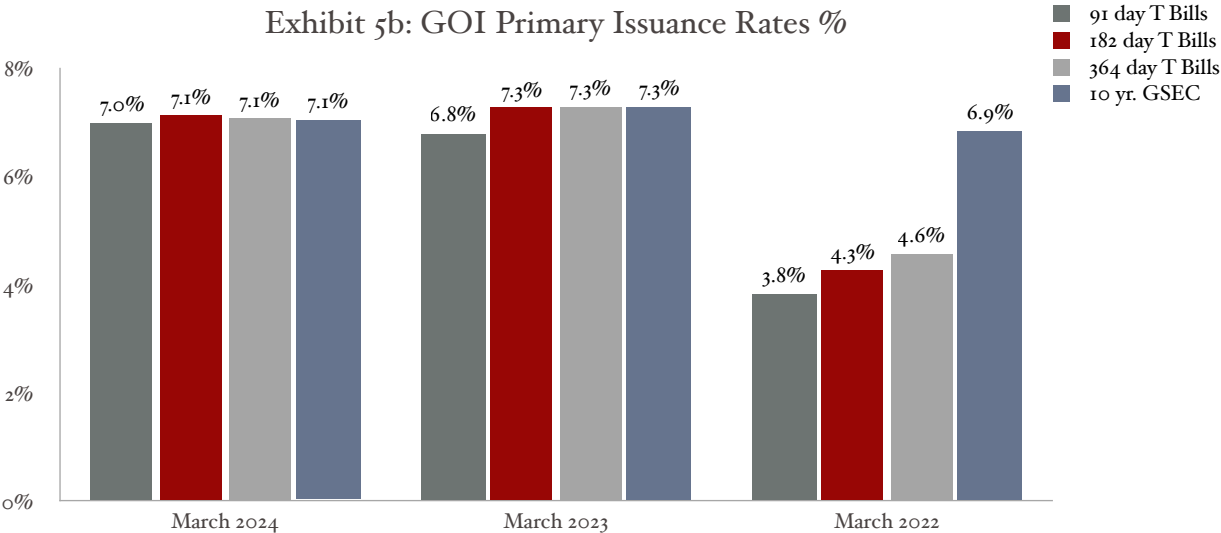
The Reserve Bank of India had methodically raised repo rates during FY 2023 as a key part of its monetary tightening policy. While inflation has cooled since rate tightening began, in light of current inflation trajectory and broader macro economic trends, it has held the repo rates steady since Q4'FY 2023.

Exhibit 5a: RBI Repo Rate %



Short term GOI rates had mimicked the increase the repo rates in FY 2023, and 182/364 day T Bill primary yields have dipped only slightly in March 2024. Longer maturity 10 yr. GSEC yields had increased relatively less when repo rates were raised and have stayed rangebound since.

Exhibit 5b: GOI Primary Issuance Rates %



Mutual Funds investing in debt products can be classified into Liquid funds (primarily investing in government debt with maturity less than 90 days), GILT funds (investing in government debt of longer maturity) and Corporate funds (primarily investing in corporate debt of varying maturity).

Returns from prominent debt mutual funds and NPS schemes are tabulated below in Exhibit 6.

Exhibit 6: Debt Fund % returns				
	YTD	1 yr.	2 yr. CAGR	3 yr. CAGR
<u>Liquid Funds</u>				
SBI Liquid Fund	3.02%	7.17%	6.67%	5.58%
HDFC Liquid Fund	3.05%	7.21%	6.69%	5.59%
ICICI Pru. Fund	3.06%	7.23%	6.70%	5.59%
<u>GILT Funds</u>				
SBI Magnum GILT	3.89%	7.18%	8.07%	5.97%
ICICI Pru. Fund	3.25%	7.59%	7.94%	5.98%
Kotak GILT Fund	3.26%	6.81%	7.13%	5.08%
<u>Corporate Funds</u>				
HDFC Corp. Bond Fund	3.47%	7.25%	7.16%	5.51%
Aditya Birla Sun Life	3.34%	7.31%	7.16%	5.71%
SBI Corporate Fund	3.10%	6.52%	6.41%	5.0%
<u>NPS Govt. Bond Tier I</u>				
HDFC Fund		7.34%	7.59%	5.55%
SBI Fund		7.44%	7.48%	5.62%
ICICI Fund		7.29%	7.46%	5.64%
<i>Benchmark</i>		7.29%	7.8%	5.51%
<u>NPS Corp. Bond Tier I</u>				
HDFC Fund		7.59%	6.58%	6.08%
SBI Fund		7.19%	6.40%	5.76%
ICICI Fund		7.46%	6.51%	5.87%
<i>Benchmark</i>		7.25%	6.65%	5.99%

Indian Equity markets have delivered impressive returns to investors across market capitalisation bands while Debt Fund returns have inched up within a relatively narrow range.

With strong GDP growth expected in FY 25, and uncertainty associated with general elections largely behind us, corporate earnings growth, fund inflows and macroeconomic risks may continue to influence returns from equity investments, with inflation, interest rates and broader borrowing trends weighing in on debt market returns.

We continue to advise investors to make investments consistent with their risk appetite and return expectations.

DISCLOSURES

1. Newsletter is provided to prospects and clients for information sharing purposes. Data from Internet based sources is not additionally verified.
2. Past performance may not necessarily predict future outcomes, and prospects are advised to understand the investments they make, including risks and expected returns.
3. Information provided is not intended to be a recommendation to invest in, or divest from any given funds or securities, and prospects may want to perform their own due diligence before coming to any conclusions.
4. We have investments in, and may have advised on investments in one or more funds discussed in the newsletter.

SOURCES

nseindices.com ; nseindia.org.in ; moneycontrol.com ; etmoney.com ; rbi.org ; finance.yahoo.com ; investing.com ; fidelity.com
msci.com ; stox.com ; amfi.org ; valueresearchonline.com .

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