



MARIGOLD WEALTH

MONTHLY NEWSLETTER

ISSUE 7, May 2025

Welcome to the May Edition of Marigold Wealth Monthly Insights!

At Marigold Wealth, we continue our mission to empower you with clear, actionable insights for smarter financial decisions. In this edition, explore fresh perspectives on mutual funds, market movements, and long-term wealth creation—along with practical tips to strengthen your personal finances.

Stay informed, stay invested, and let's keep building wealth—one smart decision at a time.

Market Overview

1. Nifty continued its rise for the second successive month in Apr'25 rising 3.5% MoM. Nifty has risen 2.9% in CY 2025 so far.
2. FIIs were net buyers for the second consecutive month, investing Rs 11,000 Crores (US\$ 1.3bn), DIIs also showed healthy inflows, amounting to Rs 28,000 Crores (US\$ 3.3bn) in Apr'25.
3. Sectors that ended higher were Telecom (+9%), Private Banks (+7%), Consumer (+5%), Automobiles (+5%), and PSU Banks (+4%) were the top gainers, while Metals (-6%) and Technology (-3%) were the only two sectors that saw a fall MoM.
4. Composite PMI: Increased to 59.7 in April, indicating overall economic expansion.
5. Services PMI: Increased to 58.7 in April, showing growth in the service sector.
6. Manufacturing PMI: Increased to 58.2 in April up from 58.1 in March 2025.
7. GST revenue of ₹2,36,716 crore in April 2025, reflecting a 12.6% year-on-year growth.

Indian Equities Summary

Benchmark	March 2025	1 Month Returns (%)	1 Year Returns (%)
Sensex	80,242	3.65	7.73
Nifty 50	24,334	3.50	7.65
Nifty Small Cap	16,449	2.19	-3.31
Nifty Mid Cap	54,125	4.75	6.40

Commodity and Debt Watch

	March 2025	Monthly % Change
Gold	94,611	6.50
Silver	1,00,480	-4.55
Indian 10 Years Gilt	6.45%	-
US 10 Year Yield	4.18%	-

Passive is Easy, Active is Effective

In today's **low-cost**, auto-pilot investing world, passive funds — especially **index funds** and ETFs — are enjoying a lot of attention. The promise is simple: **low expenses, broad market exposure, and no need to time the market.**

But there's more to the story. **Passive investing** might look like a safe bet, but it can leave you exposed in ways you don't expect — especially if you're not aware of what's inside the index or when market dynamics shift.

Let's explore why a **well-managed active fund still makes a lot of sense for long-term investors.**

1. Low Costs Don't Always Mean Good Value

It's no secret that passive funds are inexpensive. But there's a reason why they come with such low fees: they're not doing much. Passive funds merely track an index, such as the Nifty or Sensex, without actively adjusting to market conditions or making strategic stock picks. While this simplicity sounds appealing, it also means they don't have the flexibility to adapt to shifting market dynamics. This lack of adaptability can cost you more than the small savings on fees.

2. Limited Upside Potential

With passive funds, you're stuck with average market returns. They don't allow you to capitalize on specific stock opportunities. Active fund managers, however, aim to outperform the market by selecting undervalued stocks or sectors with high potential. This flexibility gives active funds a significant edge, especially over the long term.

4. Index funds may overexpose you to overvalued stocks

Most indices follow market-cap weighting. This means the more expensive a stock becomes, the more weight it has in the index — regardless of whether it's overvalued.

An active fund manager has the freedom to reduce exposure to expensive stocks or avoid them altogether. Passive funds don't.

3. Strong active funds still consistently outperform

While not all active funds beat the market, **many have delivered consistent alpha** across market cycles.

Experienced fund managers can navigate risks better, capture opportunities early, and adapt to changing market conditions — something passive strategies simply don't do.

4. Flexibility during uncertain times

Markets go through extremes. In times of excess or panic, active managers can take defensive calls, hold cash, or switch to safer sectors. Passive funds, on the other hand, follow their index no matter what — whether valuations are soaring or sentiment is crashing.

Conclusion: Active Funds Offer More Than Market Average

Passive funds are appealing due to their simplicity and low fees, but they don't offer the potential for superior returns. Active funds, with their flexibility, strategic stock selection, and ability to adjust to market conditions, offer a better opportunity for wealth-building. When it comes to maximizing returns, active management gives you an edge that passive funds can't provide.

Gold prices are at an all-time high - should one book profits or invest more?

Gold has long been regarded as a valuable asset for investors due to its **stability, liquidity**, and ability to **hedge** against **economic uncertainties**. Gold preserves purchasing power, especially in times of rising inflation. Unlike fiat currencies, which lose value over time, gold has historically maintained its worth. Gold is an effective diversification tool. When stock markets decline, gold often holds or gains value, balancing overall portfolio performance and returns.

During geopolitical crises, recessions, or financial market volatility, investors turn to gold as a **secure store of value**. Gold retains value over generations, making it a favoured asset for wealth preservation. Historically, it has outperformed many traditional investments over the long run.

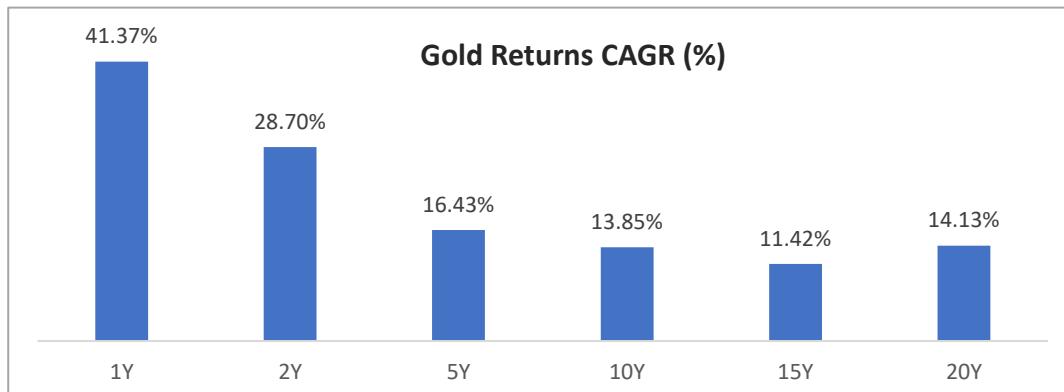
Gold prices have hit all-time highs recently, can present both opportunities and risks. Whether to book profits or invest more depends on your financial strategy and market outlook.

Historically, gold prices undergo corrections after sharp rallies. If gold now forms a disproportionately large share of your portfolio, booking some profits can help maintain diversification.

If there are recession risks or geopolitical tensions persist, gold remains a strong hedge. Gold has historically held its value, making it attractive for wealth preservation over decades.

Suggested Strategy

- Partial Profit Booking:** Selling a portion of holdings can lock in gains while retaining exposure.
- Gradual Accumulation:** Instead of investing a lump sum, consider systematic buying if prices correct.
- Diversification:** Balance gold with assets like mutual funds, equities, debt instruments, and real estate for better risk-adjusted returns.



Tenure	1 Year	5 Year	10 Years	15 Years	20 Years
CAGR Returns (%)	41.37 %	16.43%	13.85%	11.42%	14.13%
Value of ₹1 Lakhs Invested	1,41,370	2,13,956	3,65,843	5,06,346	14,06,036

Flexi Cap & Multi Cap Funds: The Ideal First Step for New Investors

If you're new to mutual funds and wondering where to begin, Flexi Cap and Multi Cap funds are an excellent starting point. They offer diversification, adaptability, and professional management — all without requiring you to make complex market decisions.

Why They Make Sense for Beginners

- 1. Built-in Diversification:** Both fund types invest across large-cap, mid-cap, and small-cap stocks. This provides a balanced portfolio — large-caps offer stability, while mid and small-caps add growth potential.
- 2. Professional Allocation:** Flexi Cap Funds give fund managers the flexibility to move across market caps based on market cycles. This means your money gets dynamically allocated depending on where the best opportunities are. While Multi Cap Funds, as per SEBI guidelines, must invest a minimum of 25% each in large, mid, and small caps. This ensures disciplined diversification at all times, reducing the risk of overexposure.
- 3. Ideal for SIPs:** These funds work well with systematic investment plans (SIPs), helping you benefit from rupee cost averaging and long-term compounding.
- 4. No Need to Time the Market:** As a beginner, you're not expected to know whether large caps or mid-caps will perform better in the near term. These funds take that guesswork out of your hands.

Top 3 Flexi Cap Funds

Fund Name	3Y Return (%)	Value Of ₹ 1 lakh Invested	5Y Returns (%)	Value of ₹ 1 lakh Invested
Quant Flexi Cap	17.52	1.62 Lakh	34.09	4.33 Lakh
HDFC Flexi Cap	23.45	1.88 Lakh	29.75	3.68 Lakh
Parag Parikh Flexi Cap	19.78	1.72 Lakh	27.49	3.37 Lakh

Top 3 Multi Cap Funds

Fund Name	3Y Return (%)	Value Of ₹ 1 lakh Invested	5Y Returns (%)	Value of ₹ 1 lakh Invested
Nippon India Multi Cap	22.60	1.84 Lakh	31.07	3.87 Lakh
Quant Active Fund	11.75	1.40 Lakh	29.75	3.67 Lakh
ICICI Pru Multi Cap Fund	20.33	1.74 Lakh	26.27	3.21 Lakh

Why SIPs Need Time — And How Long Is Long Enough

How Long is "Long Term" in SIPs?

We've all heard "invest for the long term"—but what does that really mean for SIPs?

The study looked at SIP returns over different time periods—from 1 to 10 years. In the short term (less than 3 years), returns can be quite unpredictable. For example, out of over 18,000 one-year SIPs, about 1 in 4 ended in losses. But if you stay invested for 10 years, not a single SIP showed a loss.

What's the Sweet Spot?

Different fund categories behave slightly differently, but here's a general idea:

- **Large-cap SIPs:** Risk of loss vanishes after **9 years**
- **Small- and Mid-cap SIPs:** Require at least **10 years**.
- **Flexi-cap & Multi-cap SIPs:** After **7-8 years** you don't lose money.

So, if you're looking for a "safe zone" where SIPs historically haven't lost money, the 9 to 10-year range is your benchmark.



Source: ET Wealth

But Is "Not Losing" Enough?

Avoiding losses is good. But what about returns that make the journey worth it?

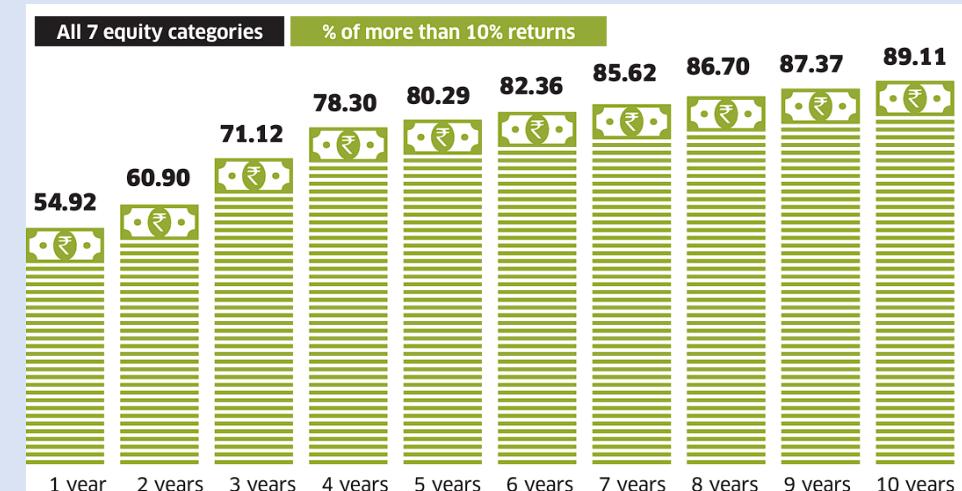
Data shows that SIPs held for at least 5 years have an 80%+ chance of delivering over 10% returns. Stretch it to 10 years, and that rises to 89.1%. Want more than 15% annually? A 10-year SIP gives you a 45.3% probability.

Volatility Calms With Time

The gap between the best- and worst-case outcomes is enormous in the short term. Some 1-year SIPs earned as much as **174%**, while others lost **33%**. Over a 10-year period, the range narrows significantly, with average returns stabilizing around **14.6%**.

Final Thought: SIPs Need Time, Just Like Good Things in Life

Quick results rarely come with SIPs. But give them time—just like you would with a good habit or a growing tree—and they start to work in your favor. Think long-term, ideally 10 years or more. That's when the magic of consistency and compounding truly kicks in. Stay patient, and let time do the heavy lifting.



What is Information Ratio and how to use the same in Investing?

The Information Ratio (IR) is a key metric used in investment analysis to measure a fund manager's ability to generate excess returns relative to a benchmark, while considering the consistency of those returns.

The Information Ratio (IR) helps measure how well an investor or fund manager performs compared to a **benchmark**, like an index. It shows whether the extra return they generate is **consistent**.

How It Works:

- If your investment earns more than a benchmark, that's "excess return."
- The Information Ratio tells you how steady these extra gains are over time.
- It considers tracking error, which is how much the fund's performance moves up and down compared to the benchmark.

Why It Matters:

- A high IR means the fund consistently performs better than the benchmark.
- A low IR means the fund's extra gains are inconsistent or small.

How to Read It:

- Above 0.5 → Strong performance, reliable extra returns.
- Between 0.2 and 0.5 → Acceptable performance.
- Below 0.2 → Weak performance, meaning it's not consistently beating the benchmark.

Top Performing Funds by Information Ratio for 5 Years

Large Cap	Benchmark	Return 5 Year (%)	Information Ratio	AUM (₹ Cr)
Nippon India Large Cap	BSE 100	27.1	0.6	39,457
ICICI Pru Large Cap	Nifty 100	25.3	0.5	67,345
HDFC Large Cap Fund	Nifty 100	24.6	0.3	37,252
ABSL Frontline	Nifty 100	23.2	0.1	29,101
Tata Large Cap Fund	Nifty 100	22.8	0.0	2,544

Mid Cap Funds

Motilal Oswal Mid Cap Fund	Nifty Midcap 150	36.5	0.2	26,870
Quant Mid Cap Fund	Nifty Midcap 150	34.1	0.1	8,648
Edelweiss Mid Cap Fund	Nifty Midcap 150	33.8	0.0	9,105
Nippon India Growth Fund	Nifty Midcap 150	33.8	0.0	34,590

Small Cap Funds

Quant Small Cap	Nifty Smallcap 250	48.2	0.8	26,098
Nippon India Small Cap	Nifty Smallcap 150	39.2	0.3	58,551
Bandhan Small Cap	Nifty Smallcap 150	36.2	0.1	10,251

Importance of Nomination in Investments & Bank Accounts

Nomination plays a crucial role in ensuring a **smooth transfer** of assets in case of unforeseen circumstances. Here's why it's essential to have nominee(s) in your **bank account** and **investment holdings**.

In the absence of a nominee, heirs may need to go through lengthy legal procedures to claim funds. A proper nomination ensures direct access without unnecessary complications.

Without a designated nominee, multiple heirs could stake claims, leading to disputes. **Nomination** provides clarity on **asset distribution**.

Financial institutions expedite the release of funds to nominees, reducing stress for the family during difficult times.

When making nominations for your bank accounts and investments, it's important to consider the following factors to ensure a smooth transfer of assets in the event of unforeseen circumstances:

- Choosing the Right Nominee** - Select a trustworthy individual who can manage the funds responsibly. Ensure they understand the financial implications of receiving the assets.
- Clarity in Asset Distribution** - Clearly define the proportion or specific assets assigned to different nominees if applicable. If multiple nominees are chosen, specify their respective shares.
- Updating Nominations Regularly** - Update nominees in case of life events such as marriage, children, or changes in financial goals. Ensure nominations align with your latest estate planning strategy.

- Legal Considerations & Documentation** - Verify that nominations are legally valid and registered with the respective financial institutions. In cases of joint accounts, discuss the nomination process with co-holders to avoid disputes.
- Impact on Tax & Succession Planning** - Understand potential tax implications on inherited investments. Consider nominees who are financially secure and can manage the assets efficiently.

Nomination in Different Financial Assets

- Bank Accounts & Fixed Deposits:** Nomination ensures smooth transfer upon the account holder's demise.
- Mutual Funds & Stocks:** Enables beneficiaries to claim investments with minimal paperwork.
- Insurance Policies:** Ensures rightful claim processing without disputes.
- Provident Fund & Retirement Accounts:** Prevents legal hassles in fund disbursement.

A well-thought-out nomination ensures financial security for your loved ones and minimizes complications during asset transfers.



Why is it important to insure your home ?

Insuring your home is key to protecting one of your most valuable assets. Here's why it's important:

- Financial Protection** – Natural disasters, fire, theft, or accidents can cause major damage. Insurance helps cover repair or replacement costs so you're not paying out of pocket.
- Liability Coverage** – If someone is injured on your property, insurance can cover medical or legal expenses.
- Protects Your Investment** – Your home is likely your biggest financial asset. Insurance safeguards it from unforeseen risks.
- Peace of Mind** – Coverage offers security, so you can enjoy your home without constant worry.
- Mortgage Requirement** – Many lenders mandate home insurance to protect their interest in your property.

Despite its importance, only 1 in 20 homeowners buy home insurance—even though for many, a house is their largest investment.

What Home Insurance Doesn't Cover: home insurance has exclusions you should know about:

- Deliberate Damage** – Loss caused by intentional actions or misuse of appliances isn't covered.
- Outside Coverage Area** – Contents are covered only if inside the house.
- Structure-Only Group Covers** – Housing society policies often cover only the building, not your personal belongings.
- Wrong Policy Type** – Properties used commercially (e.g., holiday rentals) need different insurance.
- Faulty Construction** – Damage from poor construction or substandard materials isn't covered.
- Demolition by Authorities** – Loss from government-ordered demolition or removal of illegal structures isn't compensated.

Home insurance is not just protection—it's a smart financial planning tool that supports long-term stability.

Understanding Home Insurance

Property Coverage:

- Your house has a **covered area of 2,000 sq ft.**
- **Construction cost is ₹2,500 per sq ft.**
- **Rebuilding cost = $2,000 \times 2,500 = ₹50,00,000$ (₹50 Lakhs).**

Contents Coverage:

- **Furniture, fixtures, and appliances worth ₹15,00,000 (₹15 Lakhs).**



Total Coverage Required:

- **To fully protect your home and contents: ₹50 Lakhs + ₹15 Lakhs = ₹65 Lakhs.**

Insurance Cost:

- **Premium is ₹35 per lakh of coverage.**
- **For ₹65 Lakhs: $₹65 \times 35 = ₹2,275.$**



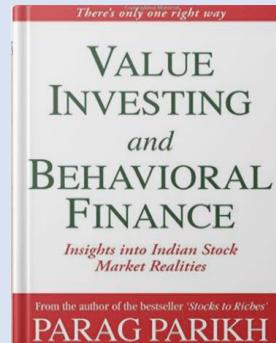
Your home is your biggest asset. Insuring it isn't a choice—it's a must.

Call us at +91-8126052802 or mail us at marigoldwelath@gmail.com – we're here to help.

Lessons from the book – “Value Investing and Behavioural Finance: Insights into stock market realities”

Value Investing and Behavioural Finance:

Insights into Stock Market Realities by Parag Parikh blends traditional value investing principles with psychological insights into investor behaviour. It's especially relevant for Indian investors but holds universal value. Here are some of the key lessons and insights from the book.



Value Investing Principles - True value investing involves buying stocks at a discount to their intrinsic value. Most investors fail not because the strategy is flawed, but because they lack the patience to let the value emerge.

Behavioural Biases Drive Market Anomalies

- **Herd Mentality:** Following the crowd often leads to buying high and selling low.
- **Recency Bias:** Recent events are given undue weight, causing overreaction.
- **Overconfidence:** Investors overestimate their knowledge and predictive abilities.
- **Loss Aversion:** Fear of loss leads to poor decision-making, such as holding losers too long or selling winners too soon.

IPOs Are Usually Bad for Retail Investors

- IPOs are often overpriced and driven by hype.
- Companies go public when market sentiment is high, not necessarily when the stock is a good value.

Contrarian Thinking Is Key to Alpha

- Markets overreact to news, leading to mispricing.
- Value investing thrives on mean reversion—bad news doesn't last forever, and good news gets overpriced.
- Seek unloved stocks with solid fundamentals.

Market Irrationality – Markets are often driven by emotions rather than logic, leading to mispriced opportunities.

Diversification and Asset Allocation Matter

- Avoid putting all your eggs in one basket.
- Asset allocation should be based on goals, risk tolerance, and time horizon—not market timing.

Focus on Long-Term Wealth Creation

- Ignore short-term volatility and focus on the long-term compounding of returns.
- Time in the market beats timing the market.

Corporate Governance and Management Integrity Matter

- Good companies with bad governance can destroy shareholder wealth.
- Always assess management's track record and capital allocation decisions.

Need short term cash? Borrow against your Mutual Funds.

If one needs cash urgently for short term needs, what should one do? You can **borrow against your mutual funds.**

A Loan Against Mutual Funds (LAMF) allows investors to borrow money by pledging their mutual fund units as collateral to a bank or financial institution. This loan is secured, meaning your investments remain intact while providing liquidity when needed.

Collateral-Based Loan – You pledge mutual fund holdings instead of selling them.

Loan-to-Value Ratio (LTV) – Typically, 50-80% of the fund's value can be borrowed, depending on whether the funds are equity or debt.

Lower Interest Rates – Since this is a secured loan, interest rates are lower than personal loans or credit cards. Interest rates range between 10 – 12% with processing fee of 0.5% to 1% of the loan amount.

Funds Continue to Grow – Your mutual fund investments stay invested, allowing them to generate returns while being pledged.

Quick Processing – Digital lending platforms and banks offer hassle-free processing with minimal paperwork. The loan can be disbursed in a few hours to max within a day.

Risks to Consider Before Taking LAMF

- **Market Volatility** – If pledged equity funds lose value, lenders may ask for more collateral or reduce loan eligibility.
- **Interest Costs** – If repayment isn't well planned, interest can accumulate, reducing overall gains.

Key Aspects of Borrowing Against Mutual Fund Units

1. **Eligibility:** Most lenders accept equity and debt mutual funds as collateral. The loan amount depends on the type of fund—debt funds generally allow a higher loan-to-value (LTV) ratio than equity funds.
2. **Loan Amount:** Typically, you can borrow up to 50% (for equity MFs) and up to 80% (for Debt funds) of the mutual fund's value.
3. **Interest Rate:** Lower than personal loans since it's a secured loan. Rates vary based on the lender and fund type.
4. **Process:** Funds remain invested but are marked as lien with the lender until repayment is completed.

When It Makes Sense:

1. **Short-Term Liquidity Need:** If you need funds temporarily but don't want to redeem mutual funds.
2. **Avoiding Capital Gains Tax:** Selling funds may trigger taxes, but borrowing keeps investments intact.
3. **Lower Interest Rates:** LAMF is cheaper than personal loans or credit card debt.

When It May Not Be Wise:

1. **Market Volatility Risks:** If pledged equity funds decline in value, lenders may ask for additional security.
2. **Long-Term Debt Burden:** If repayment isn't well planned, interest costs can add up.
3. **Compromised Investment Growth:** Borrowing against growth-oriented funds may limit their compounding benefits.

Get Your Mutual Fund Portfolio Reviewed for Free!

Are you looking to optimize your mutual fund investment portfolio?

Take advantage of a free portfolio review by expert **Arvind Datta**, a mutual fund distributor registered with AMFI.

Why choose this review?

- **Comprehensive Analysis:** Understand how your investments align with your financial goals.
- **Personalized Guidance:** Receive tailored strategies for better returns and risk management.
- **Professional Expertise:** Benefit from insights backed by years of industry experience.

Don't miss this opportunity to get expert guidance—absolutely free! Email us at marigoldwealth@gmail.com to book your review today.



Know Your Distributor : Arvind Datta

Your financial journey is in **trusted hands**. Here's a brief about your distributor's qualifications and experience:

- **Training:** 16 months of rigorous training at the **Indian Military Academy, Dehradun**.
- **Education:** MBA in Finance from the prestigious **FMS, University of Delhi**.
- **Banking Expertise:** 24 years in banking and financial services, including senior roles at HDFC Bank, Citibank, and First Abu Dhabi Bank, and Noor Bank in the UAE.
- **Global Perspective:** In-depth exposure to Indian and international financial markets, ensuring a holistic approach to wealth creation. With this unique blend of **discipline, academic rigor, and industry expertise**, your investments are managed with unmatched professionalism and insight.



Ready to Take Charge of Your Financial Future?

Welcome to Marigold Wealth!

At Marigold Wealth, we excel in assisting individuals and families in creating lasting wealth through smart and personalized investments. Whether you are at the beginning of your financial journey or seeking to optimize your portfolio, we are here to guide you every step of the way.

What We Offer:

Tailored Investment Strategies: Customized plans to meet your unique financial goals.

Expert Insights: In-depth knowledge of mutual funds, equities, and wealth-building products.

Comprehensive Support: Ongoing assistance to ensure your investments are on the right track.

Contact Us Today: Let's discuss how we can help you achieve your financial aspirations. Reach out to us to schedule a consultation.

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