Annual Outlook – 2025
Investment Perspective

presented by **Bhavya Sharma**
B.Com, M.Com, CFP

Lets go back in the past and re-view our annual recommendation: 2017-25

- 2017-18 = PHARMA FUNDS = Recommended at 7.5k, CMP 22K (index level)
- 2018-20 = MID/SMALLCAP FUNDS = Recommended at 4.5k, CMP 17k (index level)
- 2020-21 = HYBRID FUNDS = NAV of 59, Current NAV 113
- 2022-23 = PSU INDEX = Recommended at 4k, CMP 9K, High 12k (index level)
- 2023-24 = IT SECTOR = Recommended at 28k, CMP 46k (index level)
- 2024-25 = CHINA INDEX = Recommended at 4.4k, CMP 5k (index level)
- 2025-26 = Multi Asset Fund + Large Cap

RED=Completely Sold , **GREEN**=Hold/Buy

Pharma Index: Recommended in 2017-18

PHARMA INDEX

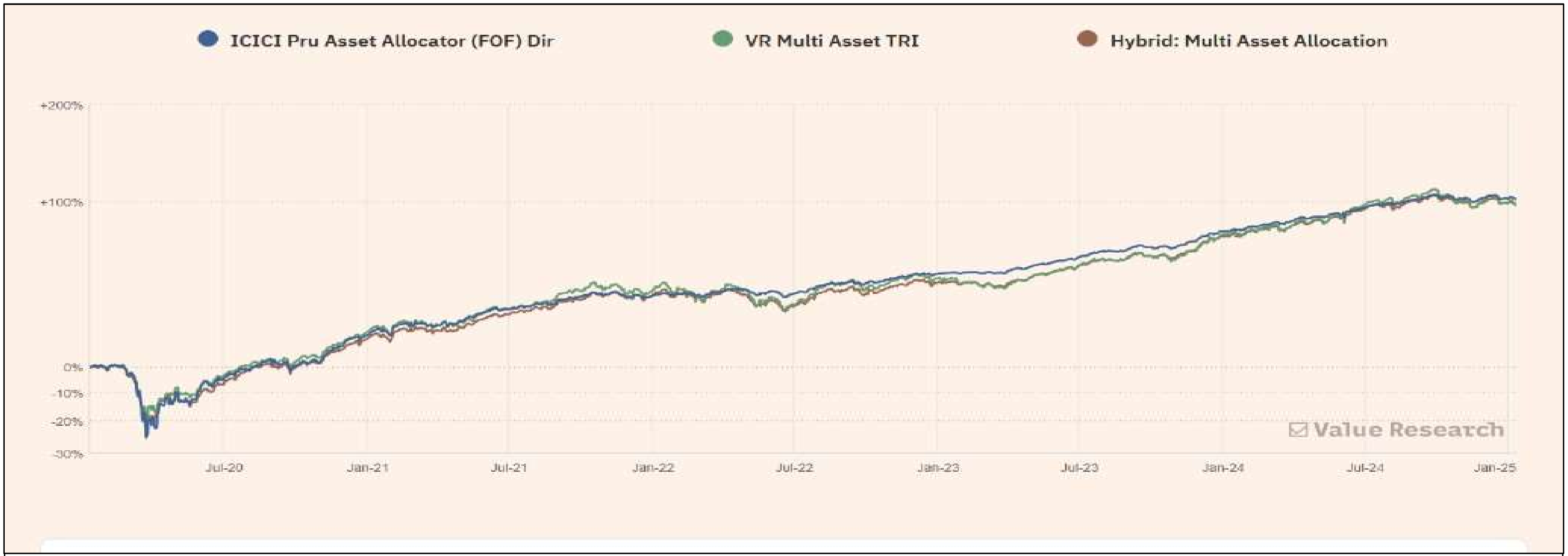
- Buy call given in 2017-18 around 7500 levels (Green arrow marked)
- 1st Profit booking done in 2021 around 14000 levels for lumsum investment (Red arrow marked)
- Remaining profit booking is done around 20-22k levels. (Red arrow Marked)

Small cap/Midcap Index: Recommended in 2018-20

SMALL CAP

- BUY call given in 2019-20 = Green arrow marked.
- Profit Booked in 2022 & 2024 = Lum sum Investment profit booked
- SIP Portfolio from 2019 to 2024 = Continue as it is.

Hybrid Funds: Recommended in 2020-21



HYBRID FUND:- Recommended in 2020 period between Jan – July 2020. NAV was 59 in Jan 2020 and Currently it is 113. This category of Fund has given average of 15% CAGR since 2020-24 with half the risk of equity funds.

PSU Index: Recommended in 2022

PSU INDEX:

- Recommended in September 2022 as marked in Green arrow above.
- Returns are more than 100%
- Time to book complete profit and move out. Exit call recommended in July 2024.

IT INDEX: Recommended in 2023

IT INDEX:

- We recommended BUY call in IT Index in between April-July 2023 (Green upward arrow) mark as shown in the chart.
- More upside left. We continue to HOLD.

Global Investment Idea – **CHINA** (2024 recommendation)

- China Index known as SSE 100 Index.
- Currently trading around 4500 levels.
- There is very little downside and in next 2-3 years SSE 100 Index should give 70-100% if all goes well.

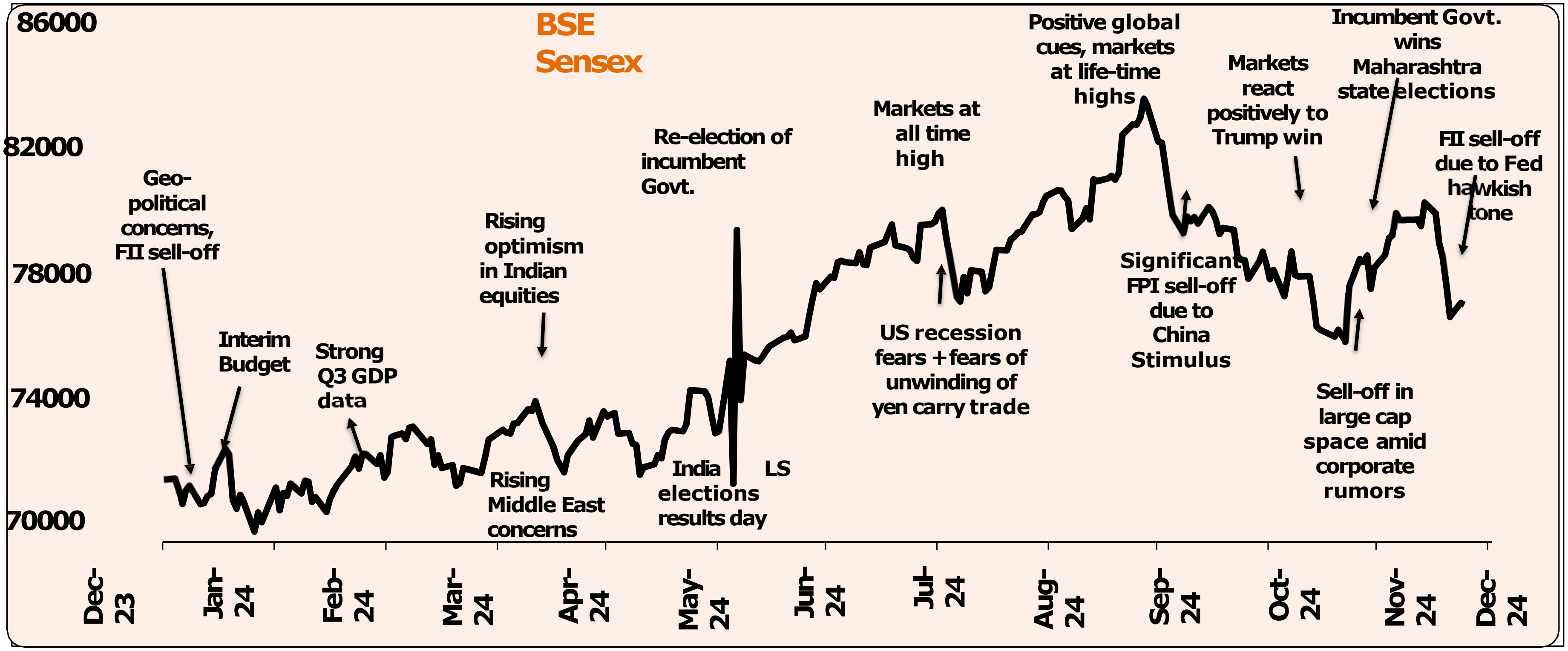
Theme for 2025 and reason behind it

Large Cap Funds

Consumption Theme

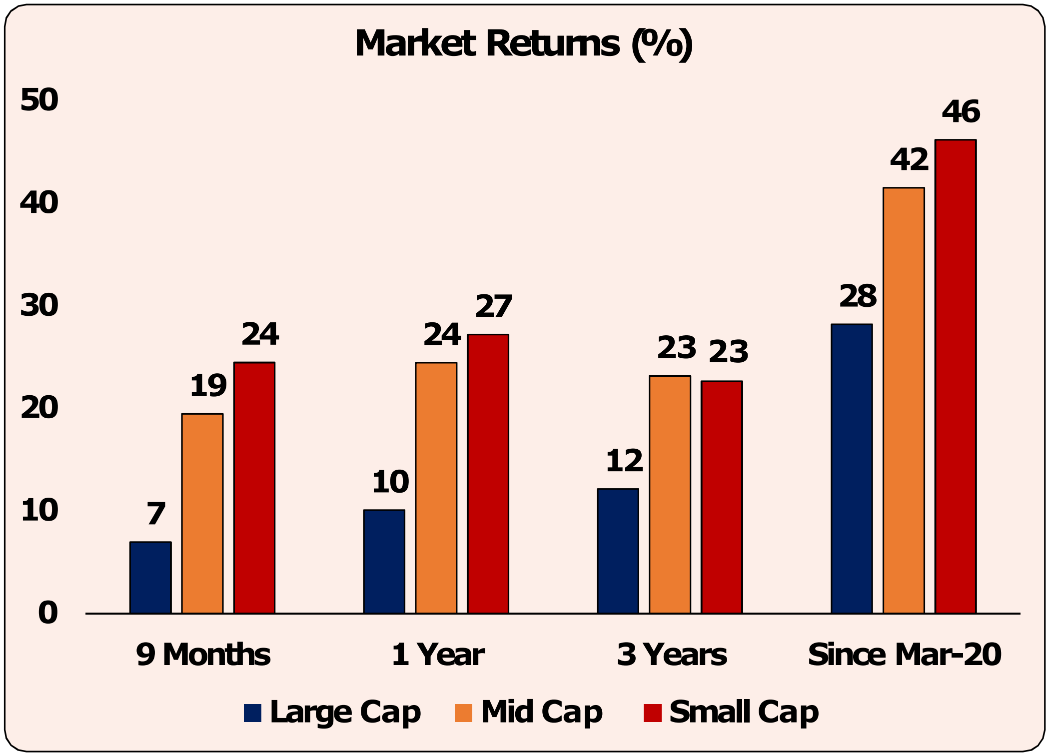
Multi Asset Fund

2024: Events and their effect



Source: BSE. Data as of Dec 30, 2024. Q3 – Quarter 3, FII – Foreign Institutional Investors, LS – Lok Sabha. Fed – US Federal Reserve, GDP – Gross Domestic Product, US – United States. Past performance may or may not sustain in future

Smallcap Funds: Flow of funds suggest people are only chasing returns without understanding risk



Category	Net Flows into Mutual Funds (INR Bn)			
	CY21	CY22	CY23	CYTD24
Large Cap Funds	29	137	-30	174
Midcap Funds	106	205	229	292
Smallcap Funds	38	198	410	296
Other Funds	794	1070	1006	2769

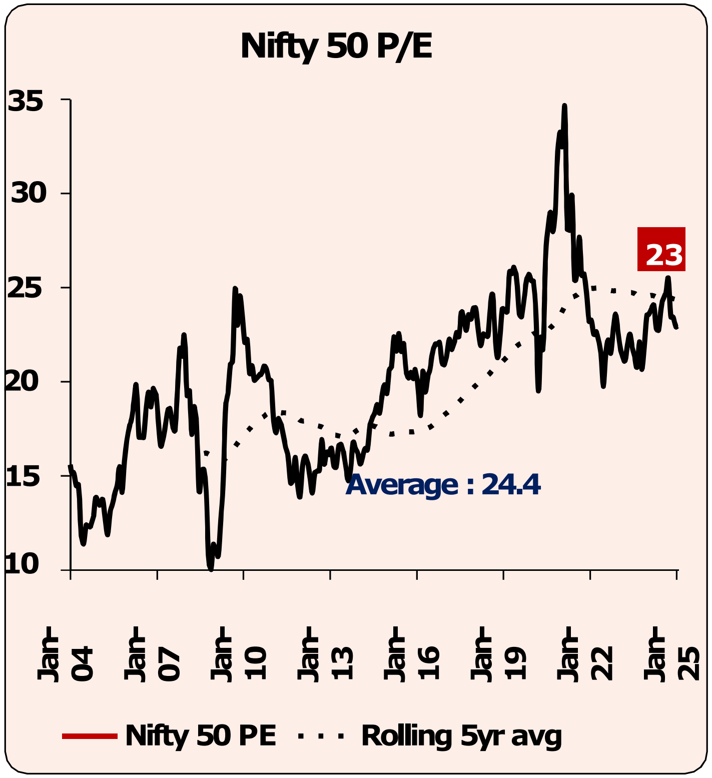
Data as on Dec 31,2024 is considered for Market Returns. Data as on Nov 30,2024 is considered for Net Flows into Mutual Funds. Data Source: Kotak Institutional Research and Ace MF. FPI: Foreign Portfolio Investment, DII: Domestic Institutional Investor, Bn: Billion, YoY: Year on Year, CYTD: Calendar Year Till Date. Returns for less than 1 year are shown on absolute basis and 1 year or more are shown in CAGR basis. For returns of Large Cap: Nifty 50 TRI; For returns of Midcap: Nifty Midcap 150 TRI and for returns of Smallcap: Nifty Smallcap 250 TRI has been considered. Other Funds include: Flexicap Funds, Large & Midcap Funds, Sectoral / Thematic Funds, Value / Contra Funds, Focused Funds, Dividend Yield Funds, Equity Linked Savings Schemes Funds and Multicap Funds. Past performance may or may not be sustained in the future.

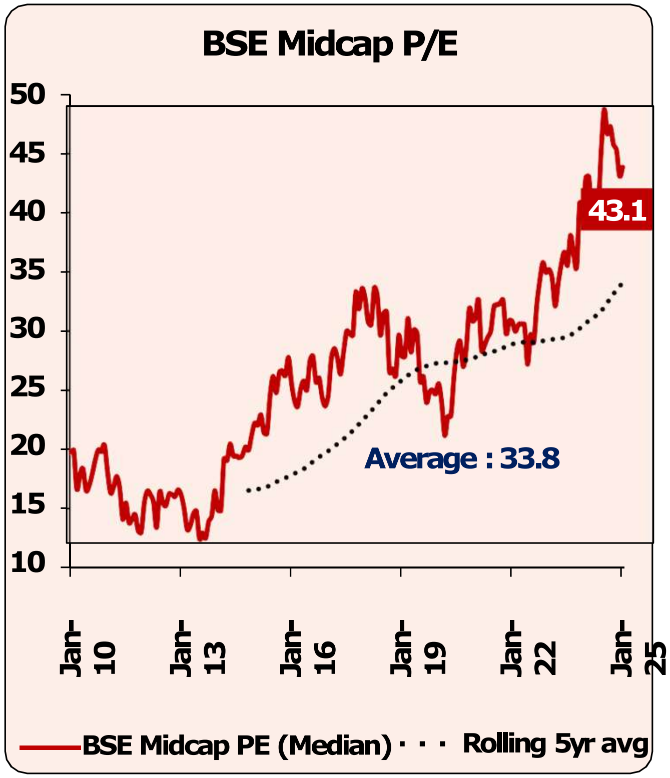
Share of Mid-Small Cap Funds has increased in % terms of total market cap since 2009

Period	As a %of Total Market Cap			
	Top 50	Next 50	Midcap 150	Smallcap 250
2014	62.5	14.3	14.1	9.1
2015	59.8	14	15.2	11
2016	58.8	14.1	15.3	11.8
2017	53.4	14.7	17.3	14.6
2018	58.3	13.7	16.3	11.7
2019	61.8	13.1	15.6	9.5
2020	60.9	13.3	15.5	10.2
2021	55.6	13.1	16.8	14.4
2022	56.7	12.5	16.1	14.7
2023	51.4	13.1	17.6	17.8
2024	46.1	13.8	19.3	20.8
%change from 2023	-10%	5%	10%	17%
%change from 2014	-26%	-3%	37%	129%

Source: NSE. Data as on Dec 31,2024. Data is on calendar year basis. Past performance may or may not sustain in future. Red indicates high valuations, Amber indicates neutral valuations and Green indicates attractive valuations. %changes are shown on absolute basis.

Large caps looks cheaper compared to Mid & Small Cap based on historical valuations.

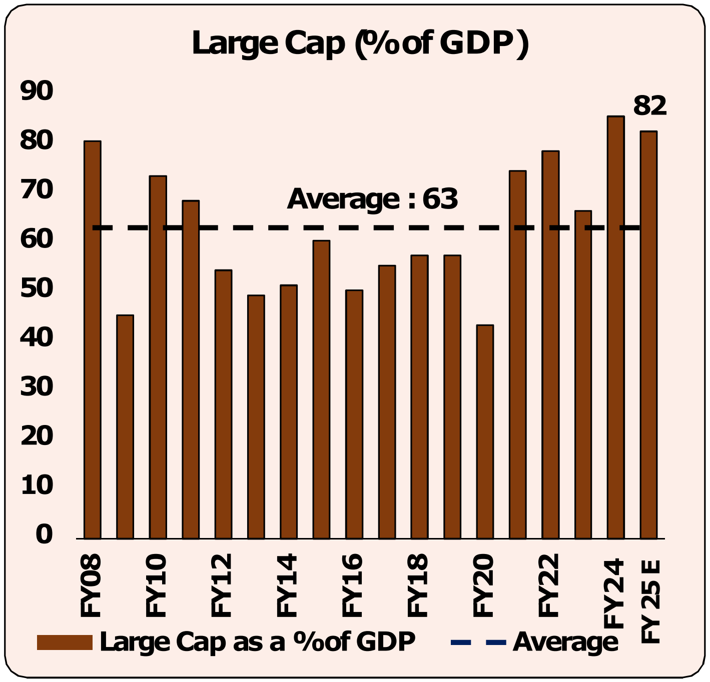




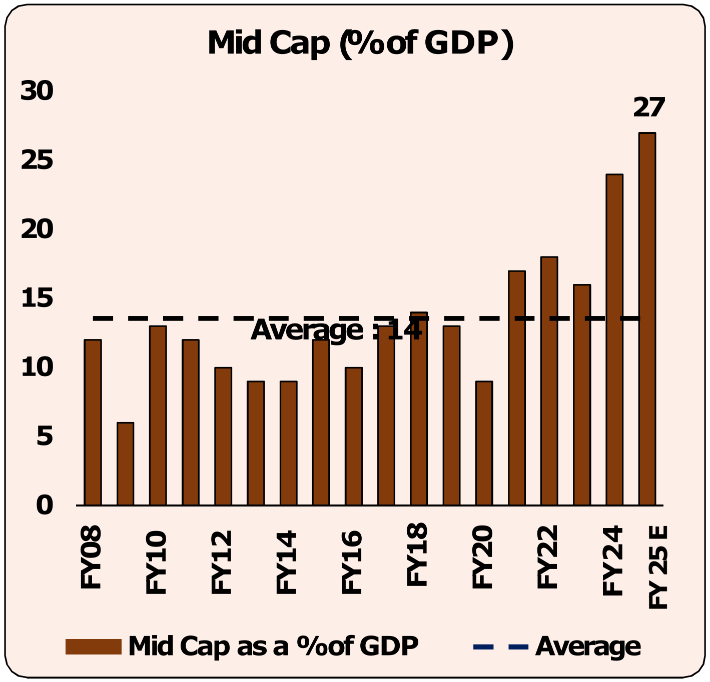
Data Source: Ambit Research. PE: Price to Earnings Ratio. Avg: Average. Y: Year. Nifty 50 PE: PE of Nifty 50 Index, BSE Midcap PE: OE of BSE Midcap Index, BSE Smallcap 250 P/E: PE of BSE Smallcap 250 Index. Past performance may or may not be sustained in the future.

Overvaluations in Mid & Smallcap segment may moderate going forward

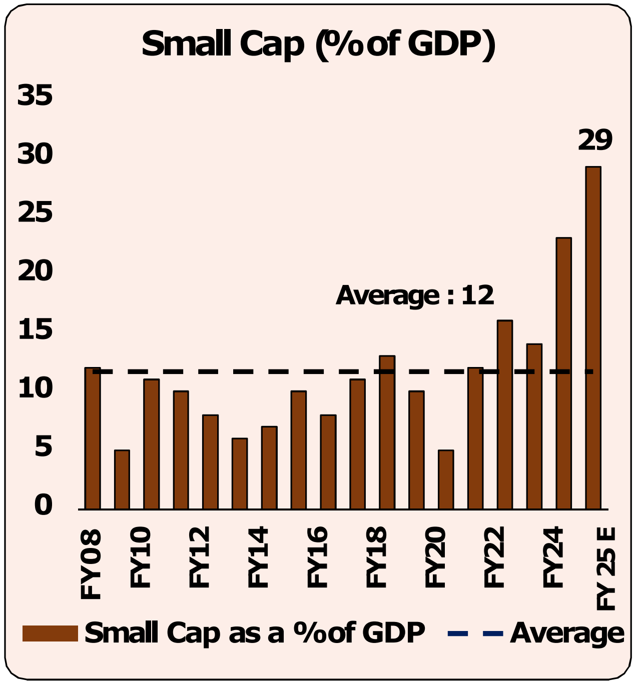
31% Higher from the average



99% Higher from the average



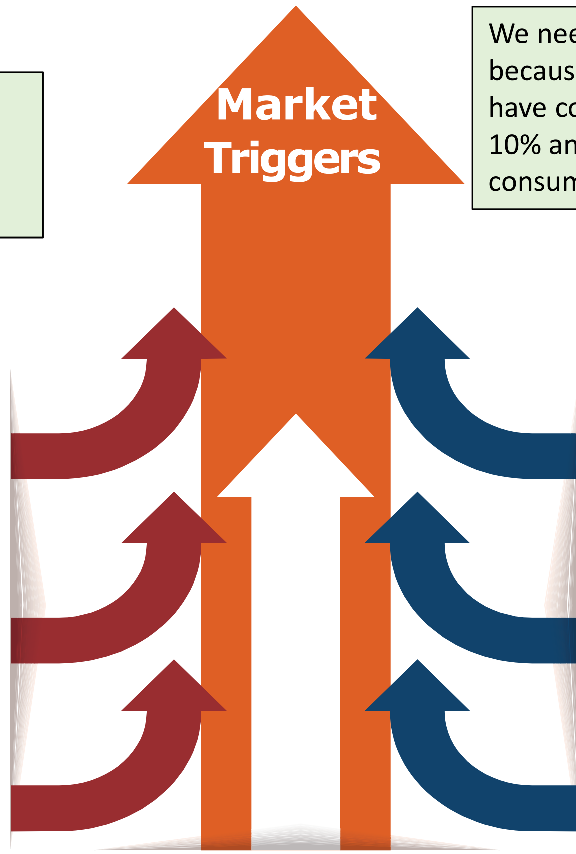
149% Higher from the average



Data Source: Motilal Oswal Research. FY : Financial Year, GDP: Gross Domestic Product, E: Estimates. Percentages are calculated on absolute basis. Past performance may or may not be sustained in the future.

Large Caps+Debt+Gold=Multi Asset Fund

1.We need Gold because Geo-Political tension might lift prices higher
2.We need Debt to balance volatility and Buy equity if market falls further



We need Consumption Funds because out of 18 sectors 11 have corrected more than 10% and belong to consumption theme.

We need Large Caps because valuations are cheap and when FIIs come back they will Buy Large Caps only.

Heightened Geo-political Tensions- Gold Will do better

US Trade Policies- IT & Exports will underperform

HighValuations- Mid & Small cap will underperform

FPIs making a come back – Large Caps will do better

Govt. focus on capex- Infrastructure Funds will do better

Domestic Consumption demonstrating resilience – Consumption Funds will do better

GOLD: You cant ignore in today's volatile world

Geo-Political Tension are much higher today then it was 10 years back. Thus creating a need for Gold in portfolio management.

Multi Asset Fund – 2025 (Equity/Debt/Gold)

Value Research Multi Asset TRI value is 3713. NAV of fund is 77

Large Cap Funds - 2025

- ➢ Nifty 50 at present is around 23000. This is the first accumulation zone. Minimum 50% of available surplus cash should be invested in Large Cap Funds/Multi Asset Fund. Invest with a minimum horizon of 3 years.
- ➢ Next level for accumulation is 20-21k level. Whether we will reach there in 2025 looks possible with low possibility. Hence deploy 50% now and remaining later on.

Conclusion of our report – 2025-26

- **Global:** Things are more challenging in todays time with rising debt, complex growth inflation dynamics, supply chain disturbance post covid and Russia Ukraine war. ***(Gold should still be part of portfolio)***
- **India:** Fundamentals are strong with clean & stable government, corporate balance sheet is strong, rising capex, increasing domestic demand, fiscal prudence. Long term story of India is intact. ***(continue your SIP as before)***
- **Valuations:** Correction has lead to some attractiveness but still its not attractive. Good fundamentals + high valuations = Multi asset Fund. ***(Invest 100% lum sum)***
- **Theme:** Large caps have corrected more than mid & small cap because off the selling by FIIs in recent months. Tomorrow whenever they come back to India it is Large cap which will rise faster than other. Secondly large caps provide safety of downside because of fundamental support of valuation. ***(Invest 40-50% lum sum)***

Bhavya Sharma – Your investment coach

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Thank You

for your time & interest

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