



# FOUNDATION

## OF INDEPENDENT FINANCIAL ADVISORS

JULY 2021

# FIFA Welcomes New Members

Member Category	Member No.	Type	Organisation	Member Name	Location
General	O2342	Ind	Suniel A Arora	Suniel A Arora	Panvel
General	O2342	Ind	Jigisha Mayank Shah	Jigisha Mayank Shah	Mumbai

On 27<sup>th</sup> July 2021, Ms. Roopa Venkatkrishnan from FIFA was invited by Vividh Bharati to speak on Financial Literacy and its importance to society under the FIFA banner.

On 30<sup>th</sup> July, 2021, FIFA had conducted zoom session.

**Topic : How To Multiply Your ABC “AUM, Business, Clients”**  
**Speaker : Mr. Nikhil Naik**

This session was attended by more than 207 IFA’s.

Recording of the webinar has been uploaded on the FIFA Website.  
 Please find the link / path of the recording.  
[https://www.fifaindia.org/uploads/audios/member/Nikh-il%20Nai%20Session%20on%2030th%20July%2021%20\(1\).M4A](https://www.fifaindia.org/uploads/audios/member/Nikh-il%20Nai%20Session%20on%2030th%20July%2021%20(1).M4A)

# Market Update – July 2021

## Equity Markets Update

While the broader market indices remained subdued, the gradual decline in Covid-19 cases and pick-up in the vaccination drive helped the mid-cap and small-cap indices stage a modest recovery during the month. While the domestic institutional investors (DIIs) were the net buyers during July 2021, Foreign Portfolio Investors (FPIs) were the net sellers. NSE Nifty50 gained by around 0.3% during the month. The markets also took cues from the quarterly earnings of the Corporates and looking ahead, the economic recovery will take center stage. With the uptrend in the earnings, the valuation multiples will tend to moderate.

## Debt Market Update

With the retail inflation persisting above 6%, the 10-year benchmark yields staged a breakout from the narrow range of around 6%. The 10-year benchmark ended the month at 6.20% on July 2021 end, as against 6.05% as of June 30, 2021. As of July 31, 2021, the credit spreads for an AAA-rated issuer for a 10-year tenor are 65 bps over the benchmark G-sec yields, as against 77 bps last month. As such, the increase in G-Sec yields was essentially set off by the moderation in the credit spreads, thereby reflecting that the Corporate bond yields for AAA-rated borrowers remained at almost similar levels. As we advance, the possibility of further rate cuts is lower, leading to an increase in the tenor premiums and a further lower potential of capital appreciation.

## Mutual Fund Industry Update

The mutual fund industry ended July 2021 at a record high AUM (Assets Under Management) of Rs. 35.32 lakh crores. The mutual fund industry saw net inflows of Rs. 1.14 lakh crores during the month across different schemes. While equity funds attracted inflows of Rs. 20,743 crores, debt funds saw inflows of Rs. 63,869 crores. With markets continuing to be buoyant, the AUM was further helped with the Mark-to-Market (MTM) gains of Rs. 50,721 crores. The monthly SIP inflows were also the highest ever during July 2021, as such inflows increased from Rs. 9,156 crores in June 2021 to Rs. 9,609 crores in July 2021. SIP AUM also crossed Rs. 5 lakh crores for the first time, with the industry witnessing around 24 lakh fresh SIP registrations. As of July 31, 2021, the total SIP AUM is Rs. 5.04 lakh crores.

## Currency Update

The currency markets witnessed wild swings during the month before ending July 2021 at Rs. 74.39 per USD, as against Rs. 72.35 per USD as of June 2021 end. While the taper talks from the US Federal Reserve led to the depreciating trend for the Indian Rupee, it gained strength with consistent FDI inflows, including in IPOs. The currency markets will continue to watch the tightening of the monetary policies by the Global Central Banks.



# Did You Know?

## Know before you enter the den

- The majority of market news is not only useless, but also harmful to your financial health.
- Not a single person in the world knows what the market will do in the short run. End of the story.
- Most IPOs will burn you. People with more information than you, want to sell.
- Most of what is taught about investing in university is theoretical nonsense. There are very few rich professors.
- The phrase "double-dip recession" was mentioned 10.8 million times in 2010 and 2011, according to Google. It never came. There were virtually no mentions of "financial collapse" in 2006 and 2007. It did come.
- Markets go through at least one big pullback every year, and one massive pullback every decade. Get used to it. It's just what they do.
- The more comfortable an investment feels, the more likely you are to be slaughtered.
- Instead of trading penny stocks, just light your money on fire.
- There will be 7 to 10 recessions over the next 50 years. Don't act surprised when they come.
- The best investors in the world have more of an edge in psychology than in finance.
- What markets do day to day is overwhelmingly driven by random chance. Ascribing explanations to short-term moves is like trying to explain lottery numbers.
- If you have credit card debt and are thinking about investing in anything, stop. You will never beat 30% annual interest.
- A large portion of share buybacks are just offsetting shares issued to management as compensation. Managers still tout the buybacks as "returning money to shareholders."
- Thirty years ago, there was one hour of market TV per day. Today, there's upwards of 18 hours. What changed isn't the volume of news, but the volume of nonsense.
- There is no accountability in the financial pundit arena. People who have been wrong about everything for years still draw crowds. The more someone is on TV, the less likely his or her predictions are to come true. Trust no one who is on any financial TV news channel more than twice a week.



What a rally in Small Caps!

Since 15th Feb 2021, Nifty 50 has given a return of 3.72%

During same time, Small Cap Index has given a return of 37.46%

# Did You Know?

SATYA SONTANAM

## STATISTALK

<https://t.me/MutualFundMatters>

## Rising retail investor interest in MFs

Record inflows (net) into mutual fund equity schemes in July 2021 reflect positive sentiment of investors on markets, despite the higher valuations. Data compiled from AMFI (Association of Mutual Funds in India) reveals increased interest from retail investors at a time when returns from traditional avenues are falling

### Equity MFs see record inflows

₹22,584 cr net inflows in July 2021, up over 100% m-o-m



### Driven by higher inflows into flexi-cap funds

Around ₹10,000 cr was from ICICI Pru Flexicap NFO alone

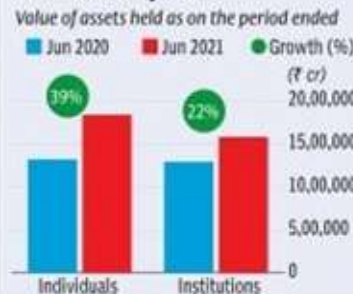


Source: AMFI website

### Highest SIP flows show retail interest



### Individuals pumped in more money than institutions in the last one year...



### ...resulting in higher share by retail investors in MF assets



Graphic: Visveswaran V

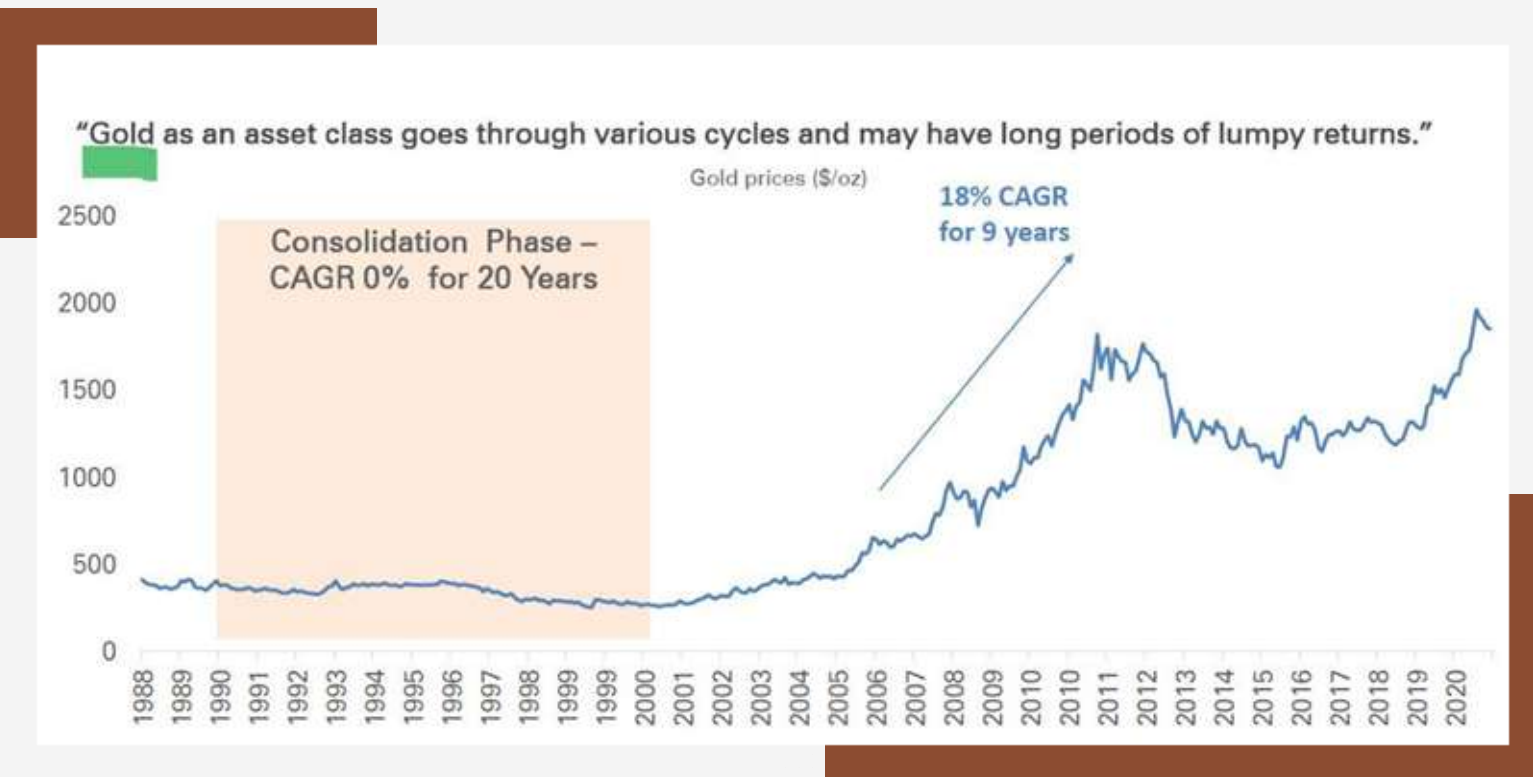
## "Equity asset class can be volatile and may have long periods of consolidation"





# Did You Know?

Equity returns come in lump as you see above, they may have periods of consolidation which is when Fixed Instruments (debt) will give returns to the portfolio. Similarly, GOLD goes through cycles and have long period of lumpy returns (in the below chart)





Q1 – A Floater Fund lowers the credit risk for the investors.

a) True (b) False

Q2 – An investor can only start one SIP in ELSS at one time.

a) True (b) False

Q3 – Mutual funds are not allowed to invest in Real Estate Investment Trusts (REITs).

a) True (b) False

Q4 – The due date for salaried individuals with gains from equity shares during the year 2020-21 has been extended from 31st July 2021 to \_\_\_\_\_.

- (a) 31<sup>st</sup> August 2021
- (b) 30<sup>th</sup> September 2021
- (c) 31<sup>st</sup> December 2021
- (d) 31<sup>st</sup> March 2021

Q5 – A SIP must be registered with minimum investment of Rs. 2,500 per month.

a) True (b) False

Note: All Members are requested to update their email IDs and mobile numbers on telegram and database.

Your contributions for our monthly newsletter is requested. Please share any stories/original articles/events conducted by you.