ASCENT FLASH

Newsletter Edition: January '24

Helping our clients board
the best financial flight

Welcome to our newsletter! Stay updated with the latest financial updates, insightful articles, and valuable information delivered straight to your inbox. Explore a diverse range of topics curated to inform and inspire our readers in every edition.

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From **The Editorial Team**

Dear Valued Patrons,

As we step into the new year 2024, we wish this upcoming year brings along new hopes, prosperity and financial freedom to your lives.

We are delighted to present to you the latest edition of our newsletter - Ascent Flash!

We are thrilled to have you as part of the Ascent family and excited to share the latest news, updates, and valuable insights from the world of finance.

Our team has worked hard to mine informative and engaging knowledge base, and we hope you find it well.

As always, we welcome your feedback and suggestions for future content. We aim to make this newsletter a valuable resource for you and are committed to provide you with the information that will help in making smarter financial decisions.

Thank you for being associated with Ascent Financial Solutions Pvt. Ltd. We hope you enjoy this edition of our newsletter.

Best regards,

Ascent Financial Solutions Pvt. Ltd.

From The Managing Director's Desk

Mr. Prakash Lohana
Managing Director
Ascent Financial Solutions Pvt. Ltd.
Certified Financial Planner (CFP) from
Financial Planning Standard Boards of India

Markets at all time high, what should be your investment strategy in 2024?

In last few months, Markets have grown very fast and with that every Indian Investor is happy looking at Portfolio Returns. At the same time every Investor has few questions in his mind. The top most questions are: Is Market Overvalued? Shall we book some Profits? Where to invest further? So here I will try to answer all those questions for the benefit of Investors at large.

Let us discuss one by one all these questions:

Is Market Overvalued?

To answer this question, let us check some data points with Nifty 50 index. The first table below is showing us that on 31/01/2020 (pre-covid) Nifty 50 was at 11962 which is now at 21731, so it has gone up by almost 81% but at the same time Earnings (profitability) of the nifty companies have gone up from 452 per share to 937 per share which is 107% and PE ratio of Nifty 50 has gone down from 26.41 to 23.17 which is lower by 12% so it is very clear that even though Nifty 50 was 11962 on Jan-2020 and it is 21731 now but valuation wise is relatively cheaper now.

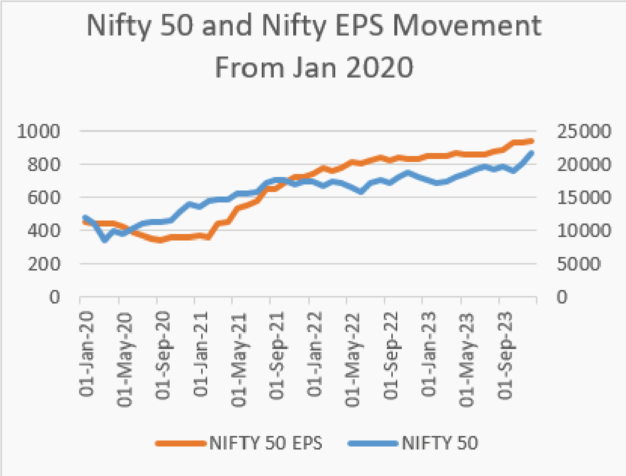
The average Price to Earnings ratio of Nifty 50 for last 10 years is 24.64. And current price to Earnings Ratio is 23.17. This also shows that Nifty 50 is not overvalued. But at the same time, one should also understand we are not undervalued, so be careful while investing.

NIFTY 50, EPS and NIFTY 50 Movement in last 3 years

Observation Date	NIFTY 50	NIFTY 50 EPS	NIFTY 50 PE
31/01/2020	11962.10	452.94	26.41
31/10/2021	17671.65	687.35	25.71
30/06/2022	15780.25	809.24	19.50
31/12/2023	21731.40	937.91	23.17
% Change last 3 Years	**81.67%**	**107.07%**	**-12.27%**

NIFTY 50, NIFTY 50 EPS and Valuation movement from Oct-2021 Peak

Observation Date	NIFTY 50	NIFTY 50 EPS	NIFTY 50 PE
31/10/2021	17671.65	687.35	26.41
31/12/2023	21731.40	937.91	23.17
% Change	**22.97%**	**36.45%**	**-12.27%**



Shall We book Profit Now or Wait?

The answer is you should follow your Asset Allocation. If you are maintaining 70% in your portfolio and Equity Allocation has gone up significantly (reached to 80%) then you can switch from Equity to Debt to bring it back to 70%. So, if your Equity Allocation in percentage has gone up significantly you should rebalance your portfolio and this will take care of profit booking but if your Equity Allocation has not gone up significantly then no activity is required.

Here, I would also like to tell you that if your Equity Allocation has gone up sharply then you can also reduce it by investing new funds in other asset class (debt or gold) this will help to reduce equity allocation without active Rebalancing.

If you have large exposure in direct stocks, then kindly review valuation of every stock and then take the decision at stock level. Similarly, if you have large allocation in Mid & Small Cap then you should move some funds to Large Cap as Mid & Small Cap has given more than 40% returns in last one year.

Where Should We Invest Further?

The answer to this question is very simple while investing new fund you should first look at your Asset Allocation if your current Equity Allocation is more than where it should be then you should invest fresh funds in Debt so that your equity allocation is back to defined limit. Suppose your total investment value is 1 Crore and you have been maintaining 70% & 30% debt but due to recent market rally your equity allocation is 75% so out of 1 Crore you are at 75L Equity and 25L Debt. Now you have fresh fund of 10 lakhs to invest then total fund after investment will become 1.1 Crore. Then you should have 77 lakhs (70% of 1.1 Crore) in Equity & 33 lakhs in Debt post investment of new funds. So, out of new funds of 10 Lakhs you should invest 2 lakhs only in Equity because it is already at 75 L.

So post new investment you should maintain your equity allocation in same proportion.

While investing any new funds to equity, I suggest to avoid aggressive allocation to Mid & Small Cap mutual funds and stocks as that had a run up of more than 40% in last one year.

With this I would like to wish all the readers Happy Investing in 2024.

What's the difference between **Private Equity and Venture Capital (VC)** *deals?*

From the viewpoint of an investor holding equity in a private company might be common to both forms of investment, however, the difference lies in the Risk, Investment Thesis and Control over their investments.

Entry Stage:

Venture capital funds enter early in the business cycle of the startup. Generally at this stage, the company has either just started generating revenues or in some cases is finding their product market fit. PE funds enter when the company has sustainable cashflows and they enter in the later stages of the business cycles.

Risk:

It is known that VCs generally enter the business very early compared to any PE player. This comes with an inherent risk of failure and capital loss for a VC, however, a PE enters at a much later stage where the business is generating sustainable cash flows and has already created some Assets for themselves. This drastically reduces the risk of a PE firm but also the expected returns from PE fund are much less compared to a VC.

Investment Thesis:

The investment thesis of a VC is to fund the growth of a startup and provide other supportive services like Mentoring, Follow-on Funding, CFO Services, etc. which might help the startup scale its operations exponentially. However, a PE firm plays a more active role in the day-to-day activities of the business to make the investments more efficient and create synergy benefits.

Control:

Depending upon the investment strategy of the VC, they would take a stake between 1 to 15-20% of the business with/without a board seat. PE investors also have different investment strategies and depending upon them, the range is usually higher than a VC fund. Some PE funds also have a buyout strategy where they take at least 50% of the company.

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Data **Bytes**

INDIAN EQUITY SUMMARY

Index	1W	1M	3M	6M	1Y	3Y	5Y
Mid Cap 150	2.3%	7.0%	14.0%	27.2%	43.7%	29.7%	21.9%
Small Cap 250	1.8%	6.0%	15.4%	32.0%	48.1%	32.3%	21.5%
Auto	4.7%	6.1%	18.0%	23.2%	47.6%	26.6%	15.1%
Bank	1.7%	8.6%	9.8%	6.9%	12.3%	15.5%	12.2%
Energy	2.0%	14.2%	25.2%	33.8%	29.4%	25.5%	18.5%
FMCG	3.4%	7.5%	10.8%	8.1%	29.0%	18.4%	13.3%
Infra	2.4%	10.9%	18.3%	26.3%	39.1%	25.8%	18.1%
IT	-0.3%	9.0%	11.6%	20.7%	24.1%	13.4%	19.7%
Metal	4.3%	13.7%	18.6%	27.1%	18.7%	35.2%	20.4%

Source : https://ticker.finology.in/market * Data as of December 30 2023

Domestic Equity Benchmark Indices (Returns %)

Index	1W	1M	3M	6M	1Y	3Y	5Y
Nifty 50	1.8%	7.9%	11.8%	12.5%	20.0%	15.8%	14.9%
Sensex	1.6%	7.8%	10.8%	10.8%	18.7%	14.8%	14.9%

* Data as of December 30, 2023
Source : https://ticker.finology.in/market

FII / Mutual Fund Data

(Rs Cr)	28 Dec.	MTD	YTD
FIIs	3203.24	50733.81	169010.12
Mutual Funds	1222.75	24822.49	174783.14

- MF Data as of December 26, 2023

NIFTY P/E

Latest P/E*	Nifty P/E	FY25E
23.27X	23.67X	20.50X

*Data as of 28 December, 2023

Indian Debt Summary

Index	28-12-2023	Debt Watch Week Ago	Month Ago	Year Ago
Call Rate	6.80%	6.81%	6.81%	6.29%
Repo	6.50%	6.50%	6.50%	6.25%
10 Yr Gilt^	7.21%	7.18%	7.27%	7.31%
30 Yr Gilt^	7.56%	7.53%	7.63%	7.59%
91-D T Bill^	6.98%	6.94%	7.00%	6.36%
182-D T Bill^	7.12%	7.11%	7.08%	6.71%
364-D T Bill^	7.10%	7.11%	7.13%	6.87%
1-mth CP rate	8.00%	8.10%	7.58%	7.00%
3-mth CP rate	8.00%	8.00%	7.78%	7.05%
6-mth CP rate	8.16%	8.15%	7.95%	7.65%
1 yr CP rate	8.23%	8.20%	8.05%	7.90%
1-mth CD rate	7.55%	7.65%	7.14%	6.74%
3-mth CD rate	7.45%	7.45%	7.29%	6.80%
6-mth CD rate	7.70%	7.70%	7.58%	7.26%
1 yr CD rate	7.85%	7.85%	7.75%	7.62%

Yield (%)	Gsec*	AAA	AA+	AA	AA-	A+
6 month	7.12	7.75	8.47	8.50	9.86	10.20
1 Year	7.12	7.90	8.62	8.65	10.01	10.35
3 Year	7.09	7.70	8.42	8.45	9.81	10.15
5 Year	7.10	7.67	8.54	8.58	9.93	10.28
10 Year	7.21	7.67	8.54	8.58	9.93	10.28

^Weighted Average Yield. G-sec and corporate bonds data as of 28 December
*Weighted average yields for G-sec data 6 month G-sec: 182 day T-Bill rate; 1 year G-Sec: 6.89% GS 2025; 3 year G-Sec: 5.74% GS 2026; 5 year G-Sec: 07.37, GS 2028; 10 year G-Sec: 07.26 GS 2033

Economic Indicators

YoY (%)	Economic Indicators Current	Quarter Ago	Year Ago
Monthly Inflation (CPI)	5.55% (Nov-23)	6.83% (Aug-23)	5.88% (Nov-22)
IIP	11.7% (Oct-23)	5.7% (Jul-23)	-4.00% (Oct-22)
GDP	7.6% (July-Sep FY24)	7.8% (Apr-June FY24)	6.3% (July-Sep FY23)
Monthly Inflation (WPI)	0.26% (Nov-23)	-0.52% (Oct-23)	5.85% (Nov-22)

Reserve Ratios

CRR	4.50%
SLR	18%

Source: RBI

International News

US trade deficit in goods widened to $90.3 bn in November, from a revised $89.6 bn in December.

US Pending home sales fell by 5.2% on year in November, following a revised 8.2% drop in October

US Initial Jobless Claims rose by 12,000 to 218,000 on the week ending December 23, from the upward revision of 206,00 in previous week.

Currencies Vs INR

	28 Dec	27 Dec	Change
USD	83.17	83.35	0.18
GBP	106.42	106.03	-0.39
Euro	92.58	92.14	-0.44
100 Yen	59.13	58.46	-0.67

Index	28 Dec	1 Day	1 Month	1 Year
DJIA	37710	0.14	6.47	14.71
Nasdaq	15095	-0.03	5.70	47.80
FTSE	7723	-0.03	3.59	3.01
Nikkei	33540	-0.42	0.39	27.33
Hang Seng	17044	2.52	-1.79	-14.35
Strait Times	3214	1.38	4.84	-1.61

Commodities

Index	28 Dec	Week Ago	Month Ago	Year Ago
London Brent Crude Oil ($/bbl)	77.15	79.39	81.47	83.26
Gold (Rs/10 gms)	63452	62335	61913	54571

Source: Domestic Indices - NSE, BSE, FII / MF (Equity) – SEBI, Domestic Derivative Statistics – NSE, Currency Movement - RBI, Reuters, Domestic Economic Indicators - CRISIL Center for Economic Research, Domestic Fixed Income Numbers - CRISIL Fixed Income Database, RBI Commodity Prices - Reuters, IBJA, International Indices – Respective websites, Market summaries, global bond yields, domestic and international news – CRISIL Research, Financial websites

Abbreviations: FII (Foreign Institution Investors), CPI (Consumer Price Index), WPI (Wholesale Price Index), P/E (Price/Earnings ratio), CP (Commercial Papers), CD (Certificate Of Deposits), G-sec (Government Securities), MTD – Month to Date, YTD – Year to Date

Source : ICICI Prudential MF Head start

Seize Tomorrow: **Satish's Inspiring Call to Financial Freedom**

Once upon a time, there was a man named Satish, a simple farmer from a small village. To make a better life, he left his family and farm behind and headed to the big city of Mumbai. But Mumbai was different - fast-paced and full of confusing money matters that Satish didn't understand.

In the place where Satish lived, called a chawl, people liked buying lottery tickets and putting money in chit funds. Satish, not knowing much about formal finance, followed what his friends were doing. They hoped these ways would grow their money, but things didn't always work out.

Then came a turning point. Satish, without realizing it, started saving money in a clever way. Every month, he and his friends put a little bit of money into a pot. Over fifteen years, this little bit became a lot. It was like a secret stash, growing quietly in the background.

Surprisingly, Satish's simple savings plan became a key to his future. When he went back to his village, he used the money he saved to buy a second-hand van. This wasn't just a vehicle; it was like a magic carpet, helping Satish do more than just farm. Now, he had a way to travel for other jobs in his village.

Satish's friends, who once thought his way of saving was strange, started seeing the benefits. The lottery tickets and chit funds didn't seem as reliable as Satish's plan. His careful savings turned into a superpower, showing everyone that you don't need complicated tricks to be financially smart.

But life took an unexpected turn for Satish when he heard about some gimmicky investment products. Intrigued by the promise of quick profits, he decided to try his luck. Initially, there were profits, and Satish felt like he had cracked the code to wealth. However, after a series of transactions, he suffered a major loss. It was a wake-up call for Satish, teaching him a valuable lesson about the risks of uninformed investing.

Determined to rectify his financial course, Satish approached certified professionals for guidance. He worked with them to set clear financial goals and understand the importance of a systematic investment approach. The certified professionals helped him navigate the complexities of the financial world, ensuring that his hard-earned money was invested wisely.

Satish's journey underscores the urgency to start investing today for a financially secure tomorrow. In an ever-changing world, taking small, consistent steps is the key to achieving financial freedom. Your starting point doesn't matter as much as your commitment to begin. Picture the possibilities a decade from now with a financial safety net built on smart investments. The time to act is now – the earlier you start, the more time your money has to grow.

Let Satish's story be your motivation, and make choices today that shape a triumphant financial future. Embrace the journey to financial freedom, and watch your dreams unfold with each investment. It showed that anyone, even a simple farmer, could become a financial superhero with a bit of smart saving and careful planning.

Major Events: **January 2024**

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 Manufacturing PMI	2	3 Services PMI	4	5	6
7	8	9	10	11	12 IIP / CPI	13
14	15	16 WPI	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Our **Client's Feedback**

Name: Dr. Ashit Shah
Urologist – Aashray Urology Institute, Vadodara

Mr. Prakash Lohana and his team has been advising us on financial planning and wealth management since 2015. We are extremely satisfied and happy with their professional approach, transparency and clarity. I have no hesitation in recommending him as financial advisor.

Country: India

Navigating **Recourse vs. Non-Recourse Loans** *in Finance in India*

When it comes to financing, loans are essential for helping people and businesses reach their financial objectives. Recourse and non-recourse loans are two popular loan kinds that have different benefits and drawbacks. We'll examine the features, applications, and implications of recourse and non-recourse loans in this blog post as we examine their distinctions.

Recourse Loans:

A traditional type of loan where the borrower is held personally responsible for loan repayment is called a recourse loan. In the event of default, the borrower's personal assets may also be pursued by the lender in addition to the collateral securing the loan. This implies that the lender may pursue the borrower's other assets to recover any remaining balance if the value of the collateral is insufficient to pay the outstanding debt.

Due to the additional security that lenders receive from the borrower's personal guarantee, recourse loans typically have lower interest rates and better terms.

Non-Recourse Loans:

Loans that are non-recourse restrict the lender's options to the loan's collateral. The borrower's personal assets are normally safeguarded, and in the case of default, the lender may only take possession of the particular assets pledged as collateral.

The advantage of non-recourse loans is the reduced personal risk for borrowers. Since lenders can only claim the collateral. However, non-recourse loans often come with higher interest rates and more stringent eligibility criteria.

In India, most loans are recourse loans, meaning that the lender can pursue the borrower's personal assets in the event of default. Common examples include home loans, car loans, personal loans, and business loans where the lender has the right to go after the borrower's personal assets if the collateral is not sufficient to cover the outstanding debt.

Conclusion:

In the financial landscape, recourse and non-recourse loans have different functions and provide different levels of risk and protection to both lenders and borrowers. The decision between the two is based on the particular situation, the level of risk taken, and the type of transaction.

Vote Of **Thanks**

Dear Reader,

We really appreciate everyone who took the time to read and interact with our material as we approach to the close of another edition of our newsletter. We anticipate your ongoing encouragement and support.

We also want to express our gratitude to the members of the editorial staff, authors, designers, and everyone else who helped with the production and dissemination of this newsletter.

We make an effort to deliver pertinent, educational, and interesting information that represents our beliefs and interests. As we work to enhance and expand as a newspaper, we are always open to your comments and recommendations.

Thank you for joining our community. We look forward to bringing you even more exciting content in the future.

Best Regards,
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