FINANCIAL SOLUTIONS PVT. LTD.
SEBI REGISTERED INVESTMENT ADVISER

ASCENT FLASH

Newsletter Edition: March '24

Helping our clients experience
the joy of financial independence

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,

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

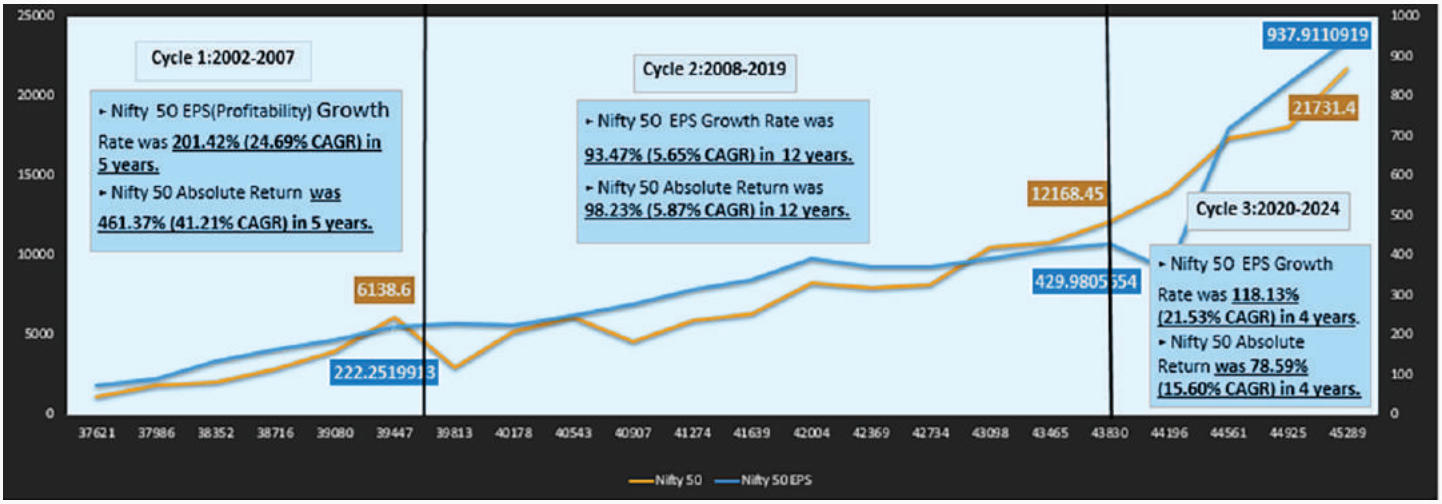
Managing Director
Ascent Financial Solutions Pvt. Ltd.

Certified Financial Planner (CFP) from
Financial Planning Standard Boards of India

Last three cycles in Indian Economy & Stock Market starting from 2003

Over the last three years, markets have given fantastic returns, so investors are very happy looking at their portfolios. At the same time, they have a lot of questions in their minds, like: Are Equity Markets overvalued? Shall we remain invested or book some profit? To answer these questions, we have to check the history of the Indian Economy and markets. Let us check the history of the last 21 years of Nifty 50 Index earnings, Index, and PE.

The last 21 years can be divided into three cycles from the Indian Economy and Indian Market point of view. Let us see how Markets and the Economy behaved in these three cycles.



The first cycle happened between Jan-2003 and Dec-2007. It continued for five years, and during this cycle, the profitability (earnings) of the Nifty 50 companies went up by 201.42% i.e. 24.69% CAGR, but at the same time, the Nifty Fifty Index went up by 461.37% i.e. 41.21% CAGR. So, the market ran more than the economy and became overvalued. In Dec-2002, the PE of Nifty 50 was around 14.83 times, which went to 27.62 times at the end of Dec-2007.

So, returns generated by Nifty 50 companies during this cycle can be divided into two parts: 1) Returns generated due to actual growth in profitability, which is 201%, and 2) Returns generated because of expansion of PE ratio, which is between 260% (461% total return—201% growth in earnings). So, these 260% were the returns generated due to positive momentum in that cycle.

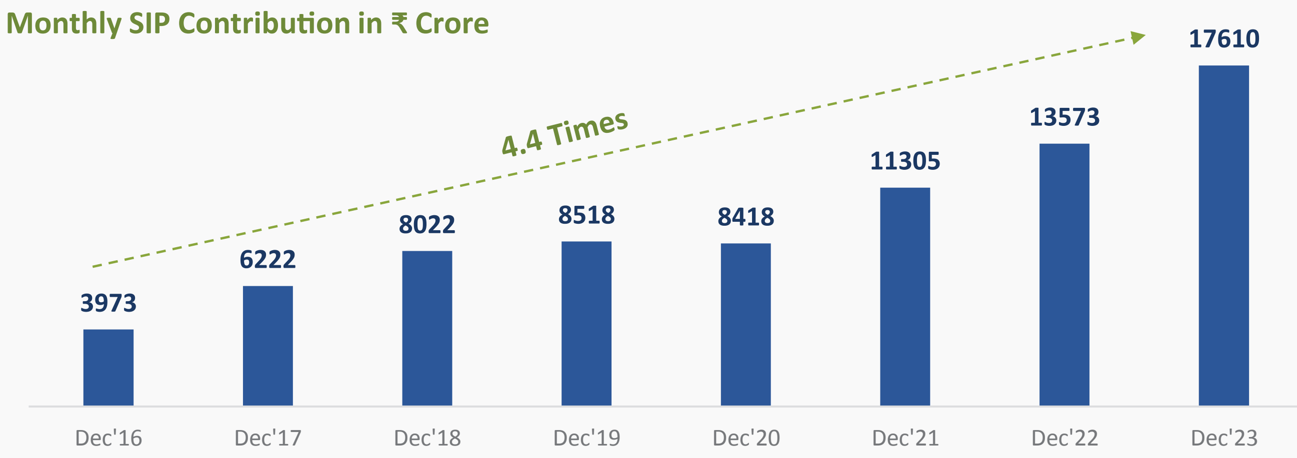
The second cycle came between Jan-2008 to Dec-2019. In this cycle, the profitability (earnings) of the Nifty 50 companies went up by 93.47% and where, the Nifty 50 went up by 98.23%. So, this was the slowest cycle in the last twenty years. The profitability of the Nifty 50 companies went up by only 93.47% in a period of 12 years, which is less than 5.65% CAGR, and as a result, nifty 50 also went up by 98.23% only, which is 5.87% CAGR only.

Coming to this third and last cycle, which started in 2020 with COVID-19, let us also see some data for this cycle. Profitability of Indian companies went up by 118.13% i.e. 21.53% CAGR, and Nifty 50 went up by 78.59% i.e. 15.60% CAGR, so profits of Nifty 50 companies have grown more than the Nifty 50 Index. Most of us feel that Nifty is overvalued, but let me tell you it is not because, as you can see in the table, the PE of Nifty 50 was 28.30 times in Dec-2019, which came to 23.17 in Dec-2023. So, earnings are growing more than the Index, and with this, we can understand that we are not overvalued at all.

SIP Analysis Report: **Addressing Some of the Frequently Asked Questions**

Mr. Chirag Patel, CFA

Associate Director
Co-Head of Product & Strategies
WhiteOak Asset Management Company Limited



Data Source: AMFI (Month end numbers for Indian Mutual Fund Industry)

Over the years, the Systematic Investment Plan (SIP), a feature offered by Mutual Funds, has become a household name. Its popularity among investors can be seen from the graph given below, which depicts growth in monthly SIP contribution by investors over the last seven years.

This study aims to provide a holistic picture to our investors so that investors can make better- informed decisions for their investments. Any calculations shown in subsequent pages are approximations and meant for understanding a particular concept. Past performance may or may not be sustained in future and is not a guarantee of any future returns. These calculations/views alone are not sufficient and should not be used for the development or implementation of an investment strategy. Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Happy investing :-)

Q1. What is an Ideal Investment Time Horizon for SIP?

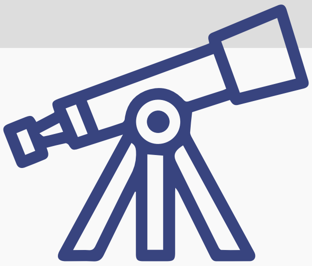
Experts often suggest investors invest for the "Long-term," but what exactly is "Long-term"? What is the "Ideal Investment Horizon"? Or is there anything called an "Ideal Investment Horizon"?

Equities have proved to be a volatile asset class in the past. But, the study reveals volatility reduces as investors increase their investment horizon. (Data for S&P BSE Sensex TRI)

SIP Period -->	3 years	5 years	8 years	10 years	12 Years	15 years
Maximum Return	52.4%	50.0%	40.8%	29.6%	21.7%	18.1%
Mininum Return	-36.2%	-10.5%	1.4%	4.6%	6.2%	7.4%
Average Return	12.9%	15.2%	16.2%	15.6%	14.6%	14.3%
Median Return	**12.0%**	**13.4%**	**14.3%**	**14.1%**	**13.9%**	**14.5%**
% Times Positive Return	**84%**	**91%**	**100%**	**100%**	**100%**	**100%**
% Times more than 8% Return	64%	82%	94%	99%	99%	99%
% Times more than 10% Return	**56%**	**72%**	**81%**	**94%**	**98%**	**97%**
% Times more than 12% Return	50%	59%	68%	78%	76%	90%

Above returns are %XIRR Rolling Returns on monthly basis for S&P BSE Sensex TRI for SIP between September 1996 to December 2023.

Longer the Investment Horizon,
Higher is the Probability of receiving decent Returns!



Q2. Which is better, starting SIP at the Top or Bottom?

First, Let's accept that it is impossible to consistently predict the exact Top or Bottom of a Market Cycle. At best, one can create and follow a valuation checklist whenever one deviates from their Strategic Asset Allocation, which should help investors reduce portfolio-level volatility to some extent while participating in the equity market.

But still, let's assume one has some magical power, can predict the exact Top and Bottom, and wants to start a long- term SIP. So, should that investor start SIP at the Top of the cycle or the Bottom? We did a detailed analysis using long- period data of **S&P BSE Sensex TRI** (last 27+ years). We took all those periods when equity market has fallen more than 20% from its Top. The table below is the investment summary of two investors, one who started a Rs. 10,000 monthly SIP at the Top of various market cycles and the other at the Bottom:

Market Cycle	SIP Start Month	S&P BSE Sensex TRI Levels	Market Correction (%)	Correction Tenure (Months)	SIP Period (Years)	Amount Invested (in Lakh)	Valuation as on 29-Dec-23 (in Lakh)	Difference in Invested Amt. (in Lakh)	Difference in Final Value (in Lakh)	SIP XIRR (%)
1	Sep'96	3563	-21%	3.3	27.3	₹ 32.8	₹ 368.0	₹ 0.3	₹ 13.4	14.7%
	Dec'96	2803			27.0	₹ 32.5	₹ 354.5			14.7%
2	Aug'97	4617	-37%	15.7	26.4	₹ 31.7	₹ 331.9	₹ 1.5	₹ 45.2	14.9%
	Nov'98	2888			25.1	₹ 30.2	₹ 286.7			15.1%
3	Feb'00	6313	-54%	19.3	23.9	₹ 28.7	₹ 244.6	₹ 1.9	₹ 46.3	15.3%
	Sep'01	2874			22.3	₹ 26.8	₹ 198.3			15.5%
4	Jan'04	7168	-27%	4.1	20.0	₹ 24.0	₹ 116.9	₹ 0.4	₹ 6.2	14.0%
	May'04	5229			19.6	₹ 23.6	₹ 110.7			14.0%
5	May'06	15186	-29%	1.1	17.6	₹ 21.2	₹ 77.6	₹ 0.1	₹ 0.8	13.3%
	Jun'06	10790			17.5	₹ 21.1	₹ 76.7			13.3%
6	Jan'08	25756	-60%	14.0	16.0	₹ 19.2	₹ 64.3	₹ 1.4	₹ 9.6	13.8%
	Mar'09	10216			14.8	₹ 17.8	₹ 54.8			14.0%
7	Nov'10	26968	-27%	13.5	13.1	₹ 15.8	₹ 43.3	₹ 1.3	₹ 6.3	14.3%
	Dec'11	19759			12.0	₹ 14.5	₹ 37.0			14.7%
8	Jan'15	40594	-21%	13.0	8.9	₹ 10.8	₹ 21.7	₹ 1.3	₹ 3.9	15.2%
	Feb'16	31911			7.8	₹ 9.5	₹ 17.9			15.8%
9	Jan'20	61221	-38%	2.2	3.9	₹ 4.8	₹ 6.6	₹ 0.2	₹ 0.3	16.2%
	Mar'20	38017			3.8	₹ 4.6	₹ 6.3			16.7%

How to read the above table: For example, if someone would have started a monthly SIP of Rs. 10,000 in S&P BSE Sensex TRI during January 2008 (at the peak of market cycle six as per the above table), as of 29th December 2023, they would have invested Rs. 19.2 Lakh and the current value of this investment would have been Rs. 64.3 Lakh at an XIRR of 13.3%. Similarly, if somebody had started this SIP in March 2009 (at the bottom of market cycle six as per the above table), as of 29th December 2023, they would have invested Rs. 17.8 Lakh (Rs. 1.4 Lakh less than earlier investor) and the current value of this investment would have been Rs. 54.8 Lakh (Rs. 9.6 Lakh less than earlier investor) at an XIRR of 13.3%.

Some Findings:
1. It is interesting to note that while the % return is marginally higher for SIPs started at the bottom of the market cycle, the absolute gain in rupee term **(Wealth Creation)** is far **higher for SIPs that began at the top.**
2. The "**Cost of Delay**" of starting SIP late can be huge over the long term. The longer the market takes to reach the bottom, the higher the "Cost of Delay," keeping all other things constant.
3. Even the marginal difference of % return goes away over the long-term, **irrespective** of whether you started at the top or bottom (refer to the return difference for SIPs during the first 6 Market Cycles, i.e. in long-term).

> ***The biggest risk is not the market,***
> ***but missing out on compounding over time.***

Q3. Which Date to Select for Monthly SIP?

Start of the Month? End of the Month? Middle of the Month? Near the Last Thursday of the month because of higher volatility due to F&O expiry? Splitting SIP amount into multiple date SIPs?

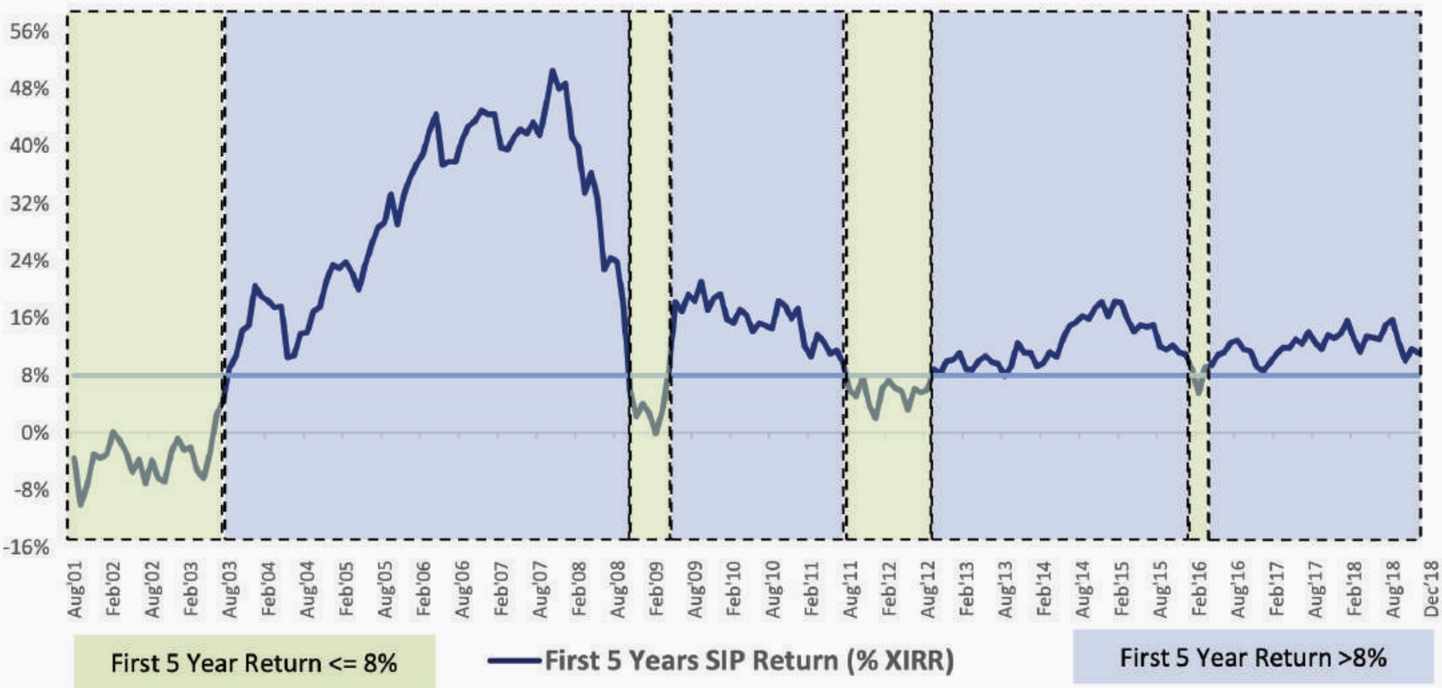
We tried answering these commonly asked questions using long-period data from **S&P BSE Sensex TRI** (a widely tracked Indian Equity Market Index). The study of the last 27+ years' index data reveals **no meaningful difference** between the average return of different dates' 10 Years SIPs.

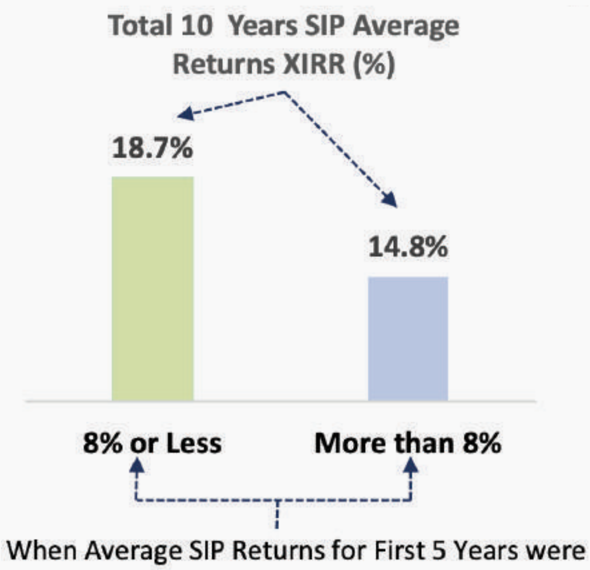
Monthly SIP Date	1	2	3	4	5	6	7
SIP Return (% XIRR)	15.65%	15.64%	15.63%	15.61%	15.61%	15.59%	15.58%
Monthly SIP Date	8	9	10	11	12	13	14
SIP Return (% XIRR)	15.59%	15.58%	15.58%	15.59%	15.60%	15.62%	15.63%
Monthly SIP Date	15	16	17	18	19	20	21
SIP Return (% XIRR)	15.64%	15.62%	15.64%	15.64%	15.63%	15.64%	15.64%
Monthly SIP Date	22	23	24	25	26	27	28
SIP Return (% XIRR)	15.65%	15.65%	15.64%	15.65%	15.64%	15.64%	15.63%

10 Years Average SIP Return (% XIRR) on Daily Rolling Basis for particular date of the month for S&P BSE Sensex TRI between September 1996 to December 2023.

> ***The best SIP date in our view, is when an investor usually receives money in his/her bank account (For Eg. Salary Credit Day).***

Q4. Shall I stop my SIP since the market is not doing well?





Data for S&P BSE Sensex TRI

Equity as an Asset Class is relatively very volatile and, there can be periods of low returns in the initial investment journey of a long-term SIP.

But historical data suggests that the SIP, which has delivered comparatively lower returns in the initial 5 years, has delivered a better return on 10 years basis (on an average).

Source: MFIE, 10 Years and 5 years Average SIP Return (% XIRR) on monthly basis at the end of month for S&P BSE Sensex TRI between August 1996 to December 2023.

> *A Slow Start is a Good Start !!*

Data Bytes

INDIAN EQUITY SUMMARY

Index	1W	1M	3M	6M	1Y	3Y	5Y
Mid Cap 150	-1.1%	0.8%	10.2%	18.8%	53.4%	25.6%	23.4%
Small Cap 250	-0.6%	1.0%	11.8%	22.7%	64.9%	28.5%	23.4%
Auto	0.6%	7.9%	16.5%	27.8%	58.5%	25.1%	18.6%
Bank	-2.2%	1.3%	2.6%	3.1%	12.9%	9.2%	10.8%
Energy	-1.4%	6.5%	31.1%	45.5%	77.1%	26.5%	20.7%
FMCG	-0.1%	-1.4%	-0.05%	5.2%	19.4%	18.0%	12.7%
Infra	-0.3%	2.8%	21.1%	32.8%	59.5%	24.5%	22.0%
IT	0.9%	3.7%	15.8%	17.3%	25.4%	15.4%	19.2%
Metal	-1.6%	-0.2%	10.8%	12.0%	43.3%	26.3%	21.2%

Source : https://ticker.finology.in/market * Data as of Feb 28, 2024

Domestic Equity Benchmark Indices (Returns %)

Index	1W	1M	3M	6M	1Y	3Y	5Y
Nifty 50	-0.5%	2.0%	8.3%	12.4%	25.8%	14.1%	14.8%
Sensex	-0.4%	1.6%	7.1%	10.2%	21.7%	13.2%	14.7%

* Data as of Feb 28, 2024
Source : https://ticker.finology.in/market

FII / Mutual Fund Data

(Rs Cr)	27 Feb.	MTD	YTD
FIIs	2055.97	1187.47	-24923.57
Mutual Funds	201.36	14599.66	37669.06

- MF Data as of February 23, 2024

NIFTY P/E

Latest P/E*	FY24E	FY25E
24.28	23.86X	20.66X

*Data as of 28 February, 2024

Indian Debt Summary

Index	28-02-2024	Week Ago	Month Ago	Year Ago
Call Rate	6.43%	6.62%	6.77%	6.65%
Repo	6.50%	6.50%	6.50%	6.50%
10 Yr Gilt^	7.06%	7.05%	7.17%	7.46%
30 Yr Gilt^	7.28%	7.25%	7.46%	7.57%
91-D T Bill^	6.93%	7.00%	7.04%	6.89%
182-D T Bill^	7.14%	7.15%	7.16%	7.24%
364-D T Bill^	7.11%	7.13%	7.15%	7.32%
1-mth CP rate	7.65%	7.75%	7.55%	7.25%
3-mth CP rate	8.39%	8.55%	8.50%	7.86%
6-mth CP rate	8.39%	8.55%	8.20%	7.95%
1 yr CP rate	8.28%	8.28%	8.23%	8.10%
1-mth CD rate	7.06%	7.00%	7.15%	6.90%
3-mth CD rate	7.74%	7.82%	7.80%	7.58%
6-mth CD rate	7.77%	7.85%	7.85%	7.70%
1 yr CD rate	7.77%	7.85%	7.85%	7.86%

The average interbank call money rate ended lower at 6.43% on Wednesday compared to 6.67% on Tuesday.
Government bond prices ended flat on Wednesday due to lack of fresh cues.
The yield of the new 10-year benchmark 7.18% 2033 paper ended flat at 7.07% on Wednesday

Yield (%)	Gsec*	AAA	AA+	AA	AA-	A+
6 month	7.14	7.84	8.58	8.62	9.93	10.30
1 Year	7.03	7.83	8.57	8.61	9.92	10.29
3 Year	7.05	7.73	8.47	8.51	9.82	10.19
5 Year	7.05	7.69	8.55	8.59	9.90	10.27
10 Year	7.06	7.57	8.43	8.47	9.78	10.15

^Weighted Average Yield. G-sec and corporate bonds data as of 28 Feb
*Weighted average yields for G-sec data 6 month G-sec: 182 day T-Bill rate;
1 year G-Sec: 05.22% GS 2025; 3 year G-Sec: 7.38% GS 2027; 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)	5.1% (Jan-24)	4.87% (Oct-23)	6.52% (Jan-23)
IIP	3.8% (Dec-23)	5.8% (Sep-23)	4.3% (Dec-22)
GDP	7.6% (July-Sep FY24)	7.8% (Apr-June FY24)	6.3% (July-Sep FY23)
Monthly Inflation (WPI)	0.27% (Jan-24)	-0.52% (Oct-23)	4.73% (Jan-23)

Reserve Ratios

CRR	4.50%
SLR	18%

Source: RBI

International News

The US economy expanded an annualized 3.2% in Q4 2023 following a 4.9% rate in Q3.

US personal consumption expenditure (PCE) price index came at 1.8% in the fourth quarter of 2023, lower from 2.6% rise in Q3

Eurozone Consumer inflation expectations edged up to 15.5 in February, from 12th January.

Currencies Vs INR

	28 Feb	27 Feb	Change
USD	82.93	82.89	-0.04
GBP	104.71	105.20	0.49
Euro	89.56	89.98	0.42
100 Yen	55.02	55.18	0.16

Index	28 Feb	1 Day	1 Month	1 Year
DJIA	38949	-0.06	2.20	19.27
Nasdaq	15948	-0.55	3.19	39.21
FTSE	7625	-0.76	-0.13	-3.19
Nikkei	39208	-0.08	9.67	42.86
Hang Seng	16537	-1.51	3.66	-16.42
Strait Times	3139	-0.58	-0.65	-3.79

Commodities

Index	28 Feb	Week Ago	Month Ago	Year Ago
London Brent Crude Oil ($/bbl)	83.68	83.03	83.55	83.89
Gold (Rs/10 gms)	62135	62258	62312	55550

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

What rabbits tell you about **power of compounding**

Most investors do not benefit from this power of compounding.

Have you ever heard of Thomas Austin? Austin was an English settler in Australia, who in 1859, imported 24 rabbits from England, and released them in Australia. As Bill Bryson writes in Down Under: Travels in a Sunburned Country: "Thomas Austin, a landowner in Winchelsea, Victoria... released [24 rabbits] into the bush for sport. It is hardly a novel observation that rabbits breed with a certain keenness. Within a couple of years, they had entirely overrun Austin's property and were spreading into neighboring districts."

The trouble was that Australia had never seen anything like the rabbit before. As Bryson writes: "Fifty million years of isolation had left Australia without a single predator or parasite able even to recognize rabbits, much less dine off them, and so they proliferated amazingly."

The number of rabbits increased at a very high rate of 35% per year, points out Pulak Prasad in What I Learned About Investing from Darwin. Now 24 rabbits increasing at 35% per year doesn't really sound much? Does it? But the numbers just became astonishing as time went by. Five years down the line there were just 108 rabbits, which was clearly not a problem. Twenty years down, there were just 9,700 rabbits. And 35 years down the line, there were nearly 900,000 rabbits. And after this the numbers just went off the charts. There were 17.5 million rabbits 45 years after 1859. At the end of the 66th year, there were 9.59 billion rabbits or close to 10 billion rabbits.

As Prasad puts it, these rabbits "wreaked havoc on the flora and fauna of the continent". In fact, as Bryson puts it: "Rabbits [devoured] every bit of it—leaves, flowers, bark, stems—until none was to be found. The rabbits ate so much of everything that sheep and other livestock were forced to extend both their range and their diet, punishing yet wider expanses."

This example of the proliferation of rabbits in Australia shows the real power of compounding along with why most people don't get it. The rabbits—even though they reproduced at a rapid rate—did not become a problem for a long time. As Prasad writes: "Nothing happened for a very long time! [emphasis in the original] ... Even after forty-five years, there were fewer than two rabbits per kilometer. So, Australians ignored the rabbit problem for many decades." Now, the "bigger mystery of compounding is not that it leads to large numbers but that it doesn't do so for a long time"

And this has a lesson in investing: The real power of compounding comes into the picture only a few decades down the line, like the number of rabbits jumped from 900,000 in the 35th year to 17.5 million in the 45th. Now how does this stack up when it comes to a real-life investing example?

Let's take the case of the Public Provident Fund (PPF), which has an initial lifespan of around 15 years. Let's say you invest ₹1.5 lakh every year into it and the rate of interest paid on it amounts to 7.1% per year, as is the case currently.

At the end of 15 years, you would have ended up with around ₹41 lakh. Now, this is a lot of money given that no tax needs to be paid on it. But the real fun only starts after 15 years. Let's say you are 45 years old and still have 15 years to go before you retire. The PPF account can be extended for five years at a time, with or without contribution. Let's say you decide to continue contributing and extend the account every five years. At the end of the twentieth year, the investment would be worth ₹67 lakh. By the 25th year it would be worth ₹1.03 crore. By the 30th year, when you are ready to retire at 60, it would be worth ₹1.55 crore. Remember, the PPF investment was ₹41 lakh at the age of 45.

So, as Prasad puts it, "compounding does not lead to significant numbers for a very long time". Given this, it makes sense to keep extending the PPF account. Clearly, most investors do not benefit from this power of compounding. As Prasad puts it: "What is needed to become a successful investor is not intellect, a commodity, but patience, which is not."

Source: **Mint**

Major Events: **March 2024**

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

PMI - Purchasing Managers' Index | IIP - Index of Industrial Production | CPI - Consumer Price Index
WPI - Wholesale Price Index

Our **Client's Feedback**

Name: Dr. Bakulesh Chauhan (Pediatrician)
Dr. Jayshree Chauhan (Gynecologist)

Manav Hospital, Vadodara.

We have been clients with Mr. Prakash Lohana & Ascent team since 2009. They have Provided us financial advice that is customized to our needs and goals. Their advice is excellent and the approach is scientific. We have gained very good returns without much jerks in our disciplined investments over the years. Their advice on matters like tax planning, Will Writing and some other financial decision making issues have also helped us to organize those issues.

Country: India

Absolute Returns versus XIRR

XIRR (Extended Internal Rate of Return) and absolute returns serve as methodologies to evaluate investment performance, such as that of mutual funds, though they vary in terms of the information conveyed and the calculation methods employed.

Absolute Returns:

Absolute returns measure the total profit or loss incurred on an investment over a specific timeframe, expressed as a percentage. This method offers a direct evaluation of the overall performance of the investment. For instance, if a mutual fund records an absolute return of 10% over one year, it signifies a 10% gain during that period.

(Final Value – Initial Value) / Initial Value * 100

Example: Shyam invested Rs. 1,000 for a period of Four years. After four years, he got Rs. 1,500 from his investment. What is the absolute returns from his investment?

=(1500-1000) / 1000 * 100
= 50%

An absolute return measures an investment's performance without regard to the amount of time committed.

XIRR (Extended Internal Rate of Return):

XIRR stands out as a more comprehensive metric for assessing investment performance, factoring in both the timing and magnitude of cash flows, encompassing investments and withdrawals, throughout the investment duration. It computes the annualized rate of return required to equate the present value of all cash flows (both inflows and outflows) to zero.

Date	Price
01/01/2022	-10,000
01/12/2022	-10,000
01/01/2023	-10,000
01/12/2023	-10,000
01/01/2023	-10,000
01/02/2024	90,000
XIRR	62.65%

The absolute return using the above example would be 80%. Whereas, the XIRR is 62.65%.

XIRR (Extended Internal Rate of Return) is crucial for assessing the annualized return on investment, especially in situations with irregular cash flows. It considers the timing and amounts of cash inflows and outflows, providing a more accurate measure of performance.

On the other hand, Absolute Return represents the overall gain or loss on an investment without considering the time factor. While XIRR considers the time value of money, Absolute Return offers a straightforward measure. Both metrics are vital in evaluating investment performance, providing investors with comprehensive insights into profitability, helping them make informed decisions in financial management.

In summary, Absolute return is a straightforward measure typically used for investments held for less than a year. On the other hand, XIRR (Extended Internal Rate of Return) is more suitable for investments held for over one year, especially in cases with irregular cash flows.

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 would like to express our sincere gratitude to Mr. Chirag Patel for his invaluable contribution in this newsletter. Their insightful and thought-provoking contribution have truly enhanced the quality of this newsletter.

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 our newsletter, 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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