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QUOTE OF THE MONTH

"Be persistent and resilient in the face of challenges, for they are the building blocks of success". – Ratan Tata

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MONTHLY BUSINESS EDITION

VOLUME: 7 October 2024

MARKET WRAP-UPS: Equity, Debt and Global

FUND MANAGER TALK: "Chemistry of Investing" by Mr. Ramesh Mantri, WhiteOak Capital AMC

BOOK SUMMARY: "The 10X Rule" by Grant Cardone

INSURANCE: Enhancing Insurance Access and Distribution in India through Bancassurance and Insurtech Partnerships

Guest Editor: Mr. Ramesh Mantri, CIO - Equities - WhiteOak Capital AMC

Ramesh is a founding member of White Oak Capital investment team. He has over 19 years of experience in investing and financial analysis across sectors. Ramesh had founded Ashoka Capital Advisers that advised a fund and family offices on equity investments in South Asia. Earlier, he was part of the two-member team which invested in South Asia in equity and debt for Alden Global Capital, a US based hedge fund for over seven years. Prior to this, he was an analyst at CRISIL (majority owned by Standard and Poor's), India's leading rating agency and covered the financial sector.

Ramesh is a CFA charter holder, MBA from Faculty of Management Studies, Delhi, and has passed a Chartered Accountant course

Aim to Achieve Long Term Investment Goals through "Chemistry of Investing"

Multi Asset Allocation is Chemistry, Focus should be on Right Mix of Asset Classes

A chemical reaction occurs when two or more substances (reactants) are mixed and result in one or more new substances. For example, when we combine 2 atoms of hydrogen with 1 atom of oxygen, we get H_2O, i.e. water. However, if we add one more atom of oxygen, we get H_2O_2, i.e. hydrogen peroxide *(a mild antiseptic used on the skin to prevent infection of minor cuts, scrapes, and burns).* Adding or subtracting a small atom can result into completely new substance. To achieve a desired outcome (product), one needs to have a good understanding of properties of each of the atoms and how they react when they come together.

Similarly, one can allocate their investment in a combination of various asset classes judiciously. A **right mix of these asset classes** may help investors **achieve an optimal level of risk-adjusted return.**

Economic Cycles and Markets across the globe are very dynamic. **Different asset classes tend to perform differently** depending on where we are in the Economic Cycle, Global Scenarios, Geo-Political Events etc. Due to the dynamic nature of the global markets and economic cycles, it is not possible to consistently time the winning asset class. Furthermore, there may be a prolonged cycle of outperformance and underperformance of these asset classes.

Calendar Year wise performance (% return) of select indices:

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Nasdaq 58.2	Equity - IND 32.9	Nasdaq 12.1	Equity - US 14.9	Equity - IND 30.3	Gold 7.9	Nasdaq 39.7	Nasdaq 48.6	Equity - US 31.2	Gold 13.9	Nasdaq 45.5
Equity - US 49.5	Nasdaq 17.3	Real Estate 9.8	MSCI EM 14.1	MSCI EM 29.0	Liquid 7.6	Equity - US 34.4	Gold 28.0	Equity - IND 25.6	Equity - IND 5.7	Equity - US 27.0
MSCI DM 43.0	Real Estate 16.9	Debt 8.6	Debt 12.9	Nasdaq 21.8	Nasdaq 6.0	MSCI DM 30.5	Equity - US 21.4	Nasdaq 24.6	Liquid 5.1	MSCI DM 24.5
Real Estate 10.1	Equity - US 16.2	Liquid 8.2	Nasdaq 11.7	MSCI DM 15.0	Debt 5.9	Gold 23.8	MSCI EM 21.3	MSCI DM 24.2	Real Estate 2.8	Equity - IND 21.3
MSCI EM 10.0	Debt 14.3	Equity - US 6.2	Gold 11.3	Equity - US 14.4	Real Estate 5.1	MSCI EM 21.0	MSCI DM 18.9	Liquid 3.6	Debt 2.5	Gold 15.4
Liquid 9.0	Liquid 9.2	MSCI DM 3.8	MSCI DM 10.3	Real Estate 7.2	Equity - IND 4.6	Equity - IND 13.5	Equity - IND 16.1	Debt 3.4	Equity - US -9.1	MSCI EM 10.9
Equity - IND 8.1	MSCI DM 7.3	Equity - IND -3.0	Real Estate 8.3	Liquid 6.7	Equity - US 4.4	Debt 10.7	Debt 12.3	Real Estate 3.1	MSCI DM -9.1	Debt 7.4
Debt 3.8	MSCI EM 0.0	Gold -6.6	Liquid 7.5	Gold 5.1	MSCI DM -0.4	Liquid 6.9	Liquid 4.6	MSCI EM -0.6	MSCI EM -11.3	Liquid 5.8
Gold -4.5	Gold -7.9	MSCI EM -10.9	Equity - IND 4.4	Debt 4.7	MSCI EM -6.8	Real Estate 3.0	Real Estate 2.2	Gold -4.2	Nasdaq -25.1	Real Estate 3.8

*Ordered by performance in percentage terms (best to worst) for each Calendar Year. **Past performance may or may not be sustained in future and is not a guarantee of any future returns.** Source: Bloomberg, Yes Securities and Internal Calculation of WhiteOak Capital. Equity IND: Nifty 50 TRI, Equity – US: S&P 500 INR, MSCI DM: MSCI World Index (Developed) INR, MSCI EM: MSCI Emerging Index INR, Gold: Gold INR, Debt: CRISIL Composite Bond Index, NASDAQ: NASDAQ Composite Index INR, Real Estate: RBI House Price Index (All India).*

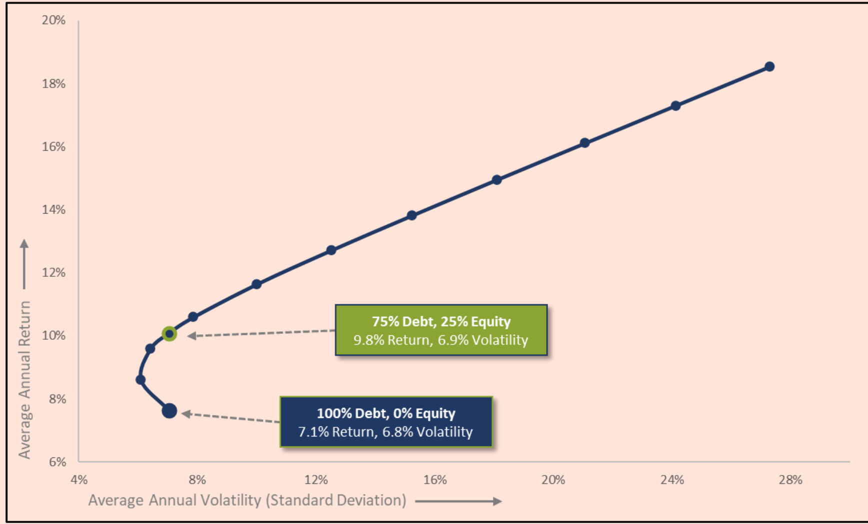
Different asset classes have varied degrees of correlation with each other. Investors can use these correlations in creating a **portfolio to achieve reasonable returns with moderate volatility** from their investment over long term.

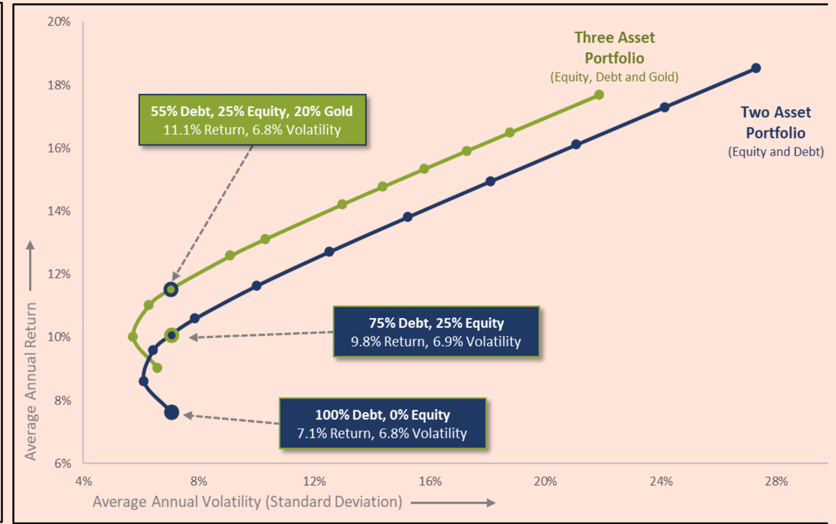
Correlation of Select Asset Classes with each other:

Asset Classes	Indian Equity	Debt	Gold	US Equity
Indian Equity	--	-0.07	-0.50	+0.40
Debt	-0.07	--	+0.05	+0.13
Gold	-0.50	+0.05	--	-0.09
US Equity	+0.40	+0.13	-0.09	--

Correlation is a statistical measure that indicates the extent to which two or more variables (Asset Classes in our example) fluctuate in relation to each other. It ranges between +1 to -1. When two variables (Asset Classes) generally move in the same direction, they are said to be positively correlated and vice versa. Correlation of asset classes based on their annual return from January 2010 to September 2024.

To understand the relation between chemistry and investing one must understand the concept of Multi Asset Allocation. It is a common perception among the investing community that if we add equity to a bond portfolio, we increase the portfolio's risk (Volatility). However, this is not true in every case. For example, as seen in the table below that a 100% bond portfolio has delivered an average return of 7.1% with a volatility of 6.8%; by adding 10% equity, volatility reduces to 6.0%, and the average return improves by 1.0%. It is also notable that a **75% Bond and 25% Equity combination represents almost similar volatility as a 100% Bond portfolio on average with a 2.7% higher return** measured for 1-year of the average volatility (standard deviation) and average return observations. Which means the asset allocation portfolio has delivered better risk-adjusted return than a 100% Bond Portfolio.





As seen in the above table the Return-Volatility Trendline shifts from right to left, i.e., volatility reduced all three asset combinations (compared to 2 asset portfolios). **The portfolio with 25% Equity, 20% Gold, and 55% Bond has exhibited similar volatility of 6.8% as the 100% Bond Portfolio along with an average return of 11.2% (i.e., about 4% higher compared to a 7.1% average return from 100% Bond Portfolio).** This clearly shows that adding a judicious combination of Low Correlated, No Correlated, and Negatively Correlated Growing Asset Classes can achieve a superior risk-adjusted return on the portfolio level.

The performance of the "Combination of Equity, Debt and Gold" does not represent the performance of the scheme. Past performance may or may not be sustained in future and is not a guarantee of any future returns.

The Irony: Usually, Multi Asset Allocation Funds have been created with a criteria to qualify for "Equity Taxation", i.e. minimum 65% equity exposure. This results in the asset classes being combined to look more like "Balanced Advantage Funds or Aggressive Hybrid Funds with 10% Gold/Silver". This requirement of minimizing taxation compromises the chemistry of the asset classes, to begin with. One cannot create water by insisting that it should have minimum 80% oxygen, and one cannot insist on creating the colour green by putting minimum 75% yellow in the mix with blue.
We believe that instead of focusing ONLY on optimizing for tax, if one decides to make a Chemistry which prioritizes optimization for risk-adjusted returns (say, lower volatility and reasonable return over the long term); one can get a totally different suggested mix of asset classes.

Focus on Right Mix of Asset Classes v/s Achieving Equity Taxation: As discussed earlier, there can be different types of Multi Asset Allocation Funds depending on what investment philosophy a fund house adopts. Couple of examples are given below:

Sample Multi Asset Allocation Philosophy	Sample MAAF Philosophy Focusing on **Right Mix of Asset Classes**	Sample MAAF Philosophy Focusing on **Achieving Equity Taxation**
Target Taxation at Scheme Level	Hybrid i.e. LTCG Tax @ 12.5%^ after 2 years.	Equity Oriented i.e. 12.5%^ LTCG after 1 Year over and above Rs. 1.25 Lac capital Gain in a financial year.
Gross Domestic Equity Exposure (i.e. Hedged + Unhedged)	Generally, more than 35% and up to 65%. Though the Fund Manager can target different Net Equity (Unhedged) Levels under normal circumstances based on the internal investment philosophy.	Generally, 65% to 80%. Though the Fund Manager can target different Net Equity (Unhedged) Levels under normal circumstances based on the internal investment philosophy.
% Net Equity Exposure (Unhedged)	Vary, but usually on the lower side (relatively)	Vary, but usually on the higher side (relatively)
% Fixed Income Exposure in the Portfolio	The structure of the scheme gives flexibility to the fund manager to keep meaningful exposure in Fixed Income Instruments.	Limited room to keep meaningful exposure in Fixed Income Instruments on average since a major allocation in the portfolio goes to Equity & Equity Related Instruments (minimum 65%) and minimum 10% allocation in Gold/Commodities.
% Exposure to Gold and other commodities in the Portfolio	The structure of the scheme gives flexibility to the fund manager to keep meaningful exposure to Gold (and other permissible commodities)	Limited room to increase Gold (including other permissible commodities) beyond regulatory requirement of minimum 10% since a major allocation in the portfolio goes to Equity & Equity Related Instruments (minimum 65%) and minimum 10% allocation in Fixed Income Instruments.
Role of Gold in the Portfolio	Since this structure gives flexibility to the Fund Manager to allocate relatively higher allocation in Gold, it may play an important role in potentially reducing portfolio's volatility during uncertain scenarios such as Global Geo-political issues.	Since Gold's allocation in the portfolio is very minimal compared to equity exposure, it may not help in reducing portfolio level volatility to large extend.
Scope for Global Diversification	The structure of the scheme allows fund manager to allocate some money in Foreign Equity as well if need be (subject to regulatory limits and scheme's investment objective).	After allocating 65% to 80% in Domestic Equity, a minimum 10% in Fixed Income (second asset class) and a minimum 10% in Gold/Commodities (third asset class), there is not much room left to take advantage of Global Diversification.
Portfolio Level Volatility under normal circumstances	Low, relatively	High, relatively
Risk-Return Scenario under normal circumstances	A larger allocation in Fixed Income and Gold, along with relatively lower allocation in Net Domestic Equity may help limit portfolio level volatility for this structure and help target reasonable risk adjusted returns over long term.	A higher allocation on average in Net Domestic Equity may result in relatively higher volatility but may also result in higher potential return in the long term.

^As per Union Budget 2024 (23rd July 2024). Investors are requested to consult their tax consultant to understand individual nature of tax implications. Investment in Mutual Funds is subject to market and various other risks and there are various factors that can impact the performance of the scheme. It is advisable to consult with your financial advisor to understand these factors before investing. LTCG = Long Term Capital Gain.

To Sum up: While the basic characteristic of various Multi Asset Allocation Funds (MAAF) is similar and standardized, yet the underlying philosophy with which the Fund Manager is managing the scheme portfolio can vary meaningfully from one fund house to another.
We believe instead of focusing ONLY on optimizing for tax, if one decides to make a Chemistry which prioritizes optimization for risk-adjusted returns (say, lower volatility and reasonable return over long term), one can get a totally different suggested mix of asset classes.

Equity Market Wrap -up

Domestically, markets hit new highs mid-month before facing some volatility towards the end. Equity markets started the month on a weaker note due to weak global cues, driven by disappointing U.S. manufacturing data in August 2024, which raised concerns about an economic slowdown in the U.S. However, the sentiment quickly improved after U.S. consumer inflation showed a modest 0.2% month-on-month increase in August, sparking optimism for a potential rate cut by the Federal Reserve in September. Markets gained further momentum with news of China planning to cut rates by 50 bps on $5 trillion in mortgages to support its real estate and commodity sectors. September saw key global events, including rate cuts by major central banks and China's stimulus efforts, which helped inject long-term liquidity.
Among sectors, Metals (+8%), Utilities (+5%), Real Estate (+4%), Consumer (+4%), and Financial (+4%) were the top gainers, whereas Telecom (-5%), PSU Banks (-3%), and Technology (-2%) were the only laggards MoM.

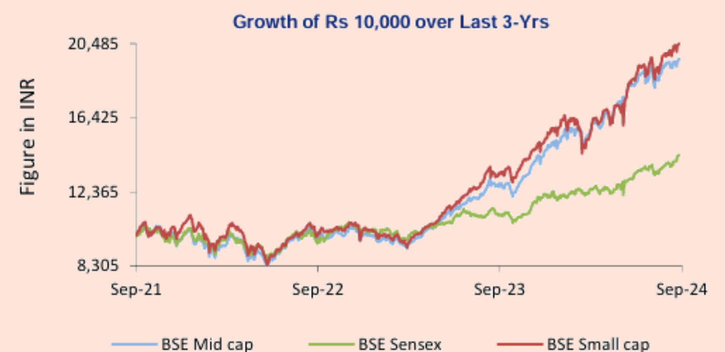
Key Market Drivers in the Next Quarter:

- **Corporate Earnings Progression:** Corporate earnings will be a critical factor influencing market movements. Management commentary, especially around festive demand, will offer insights into company outlooks.
- **State Elections in Maharashtra and Haryana:** Outcomes of the state elections will be important, as political stability plays a major role in shaping investor sentiment and government policy direction, especially in sectors like infrastructure, banking, and public investments.
- **Global Influences:** The outcome of the U.S. Presidential election and further actions by the U.S. Federal Reserve will influence global market sentiment. Any change in macroeconomic data from the U.S. or surprises in the Fed's policy stance could impact foreign institutional flows into emerging markets like India
- **Festive Season Trends:** Above-average monsoon and the upcoming festive season are expected to drive short-term demand across sectors like it, FMCG, consumer durables, and automobiles.
- **Geopolitical Tensions and Oil Price Volatility:** Rising crude oil prices, fueled by geopolitical risks, continue to pressurize sectors like aviation and transportation, making them vulnerable to near-term volatility.
- **Cooling Global Inflation:** Inflation in developed markets has been on a downward trajectory as central banks embark on rate-cutting cycles. India's high foreign exchange reserves provide a buffer against global volatility, making Indian markets more resilient and less correlated to global market fluctuations.

Indian Market Sentiment:

Strengths:

- **Public and Private Capex Cycle:** India's public capex, driven by infrastructure investments over the past four years, has created significant momentum. This is expected to translate into a private capex cycle, as corporate balance sheets remain strong. The real estate sector, a major component of the economy, continues to thrive, supported by favourable government policies and rising demand.



Concerns:

- **Valuation Premium:** Despite the market's optimistic outlook, most sectors are trading at a 15-30% premium compared to historical valuation levels. While large-cap valuations are at their 10-year average and are considered sustainable, the stretched valuations in other sectors, barring financials.
  - The Nifty is trading at a 12-month forward P/E ratio of 21.5x, above its LPA of 20.4x (at a 5% premium). Conversely, its P/B ratio of 3.5x represents a 25% premium to its historical average of 2.8x.
  - The 12-month trailing P/E for the Nifty, at 24.5x, is above its LPA of 22.6x (at a 9% premium). At 4x, the 12-month trailing P/B ratio for the Nifty is above its historical average of 3.1x (at a 28% premium).
- **Geopolitical and Election Risks:** Market volatility remains a concern, particularly if there is any escalation in geopolitical conflicts or uncertainty surrounding the U.S. Presidential election.

Investment Opportunities and Strategies

- Markets are at all-time high, focus on high-growth opportunities, emphasize a large-cap bias, with large-cap stocks trading at relatively stable valuations, these funds remain a safe bet for risk-averse investors. Flexi Cap, Multi-asset allocation and Balanced Advantage funds in portfolio, for small-cap stocks, a longer-term horizon is advisable.
- Thematic funds, especially those targeting consumption recovery and BFSI sectors, offer attractive opportunities given the improving macroeconomic environment.
- Equity Allocation: Implement incremental equity investments using a staggered approach over a period of 3-6 months.

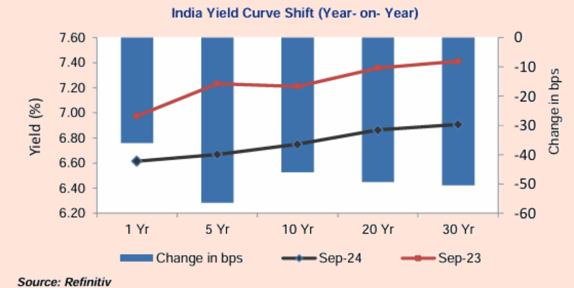
Looking ahead, the domestic market's performance in the medium term will largely depend on second-quarter FY25 corporate earnings, management commentary, and festive season demand. Additionally, any unexpected actions by SEBI, the capital market regulator, could influence short-term market movements and potentially trigger short-term outflows from domestic equities.

Debt Market Wrap -up

In September, the U.S. Federal Reserve initiated its much-anticipated rate cut cycle with a significant 50 basis points reduction, with further cuts expected by year-end. This shift in U.S. monetary policy had a cascading effect globally, leading to a drop in bond yields across major markets. Domestically, Indian bond yields followed suit, benefiting from declining crude oil prices and easing global bond yields.

With the Monetary Policy Committee (MPC) meeting in October, the market anticipates clarity on domestic interest rates. Foreign Portfolio Investors (FPIs) have continued strong inflows into FAR (Fully Accessible Route) securities, adding further support to Indian bonds. Indian inflation trends suggest a return to 4%+ core inflation as the high base effect fades. Despite this, rate cuts are not expected in the near term, though the possibility of a dovish stance cannot be dismissed.

Domestic Debt Market Drivers



Source: Refinitiv

- **Government Borrowing**: The upcoming announcement of the government's borrowing calendar for H2 FY25 is crucial. Expectations suggest a possible reduction, which could fuel a bond market rally.
- **Monetary Policy Support**: India's case for monetary easing is growing, with record low core inflation, expected softening of food prices post-monsoon, and high real rates potentially hampering growth.
- **Corporate Bond Curve:** The corporate bond curve in India is currently inverted, with 1-year rates higher than longer-term rates. As rate cuts unfold, short-term rates are expected to fall faster than the longer end, presenting a tactical opportunity for investors to gain from this inversion. Additionally, Treasury Bill cancellations due to high government cash balances have provided some relief to the shorter end of the curve.
- **FPI and Domestic Demand:** FPI demand for Indian bonds remains strong, bolstered by India's inclusion in the JP Morgan Bond Index. Meanwhile, robust domestic demand for PSU bonds has kept yields steady, particularly at the longer end of the curve.

Global Macro Overview

- **U.S.**: The Federal Reserve initiated its easing cycle with a 50 bps rate cut in September, surprising the market with a bold move. The 10-year U.S. Treasury yield declined as investors priced in expectations of further rate cuts by the end of 2024. The Fed's primary focus remains on curbing inflation without derailing economic growth, with employment data playing a critical role in policy decisions. Despite improvements in headline inflation, core inflation remains sticky, keeping the Fed's actions in close alignment with evolving data points. Markets anticipate another 25-50 bps cut by December, contingent on labor market resilience and inflationary trends.

- **United Kingdom (UK) & Eurozone :** Both regions are grappling with sluggish economic growth, fueled by high energy costs, geopolitical uncertainty, and weakening consumer sentiment. In response, the Bank of England (BoE) and the European Central Bank (ECB) have signaled a shift toward dovish policies, with rate cuts anticipated in Q4 2024 or early 2025.

  - **UK:** The BoE has paused rate hikes due to rising recession risks despite persistent inflation. The housing market remains under pressure from previous aggressive rate hikes.
  - **Eurozone:** Economic data from Germany and France indicates stagnation, with high inflation weighing on consumption. Lower energy prices offer some relief, but the ECB is expected to follow the Fed's easing cycle to support growth.
  - **Bond Yields:** Yields on government bonds have drifted lower, with investors positioning for future rate cuts.

- **Japan**: Japan stands apart from other major economies, increasing interest rates for the first time in decades to manage asset bubbles and control inflation. While core inflation remains subdued, the Bank of Japan (BoJ) has tweaked its yield curve control policy to allow some flexibility in long-term rates. This change aims to balance inflation management with economic growth, but monetary policy remains largely accommodative.

- **China**: China is navigating a challenging economic environment, marked by slowing growth, deflationary pressures, and weak consumer demand. To stimulate consumption and bolster the property sector, the government cut mortgage rates and announced targeted fiscal measures. However, ongoing concerns about real estate defaults and geopolitical tensions with the West weigh on investor sentiment.

- **India**: India's bond market is performing well, driven by declining crude oil prices, favorable global cues, and robust domestic demand. The 10-year benchmark yield fell by 11 bps to 6.75% in September, supported by strong FPI inflows following India's inclusion in the JP Morgan Global Bond Index. Domestic inflation remains under control, with headline inflation at 3.65% in August, though the RBI remains cautious given potential risks from food prices post-monsoon.

Investment Opportunities and Strategies

- Investors with shorter timeframes may consider ultra-short and low-duration funds, which are currently offering attractive spreads over repo rates.
- Liquid funds and money market categories remain appropriate to capture yields while minimizing duration risk for very short term or near term horizon.
- While for long term investment investor can explore short term funds, banking & PSU funds, corporate bond and dynamic bond funds having roll down strategies.
- Long duration funds look attractive at the current juncture
- Explore high-coupon perpetual bonds from top-rated PSU banks, focusing on those with call options maturing in two to five years.

The bond market's trajectory remains favorable for investors, especially in medium-to-long-duration funds, as the global and domestic monetary policy cycles turn dovish. The narrowing supply-demand gap, structural reforms, and India's increasing presence in global bond indices all suggest strong demand for Indian sovereign bonds. Investors should consider the duration and risk appetite before choosing their bond fund categories, with opportunities across the curve based on their investment horizon.

Global Market Wrap-up

September Market Overview: Equity Gains Amid Central Bank Shifts

U.S. equities rallied after the Federal Reserve's rate cut on September 18, 2024, with further reductions expected as inflation eases. European markets were mixed, buoyed by the Bank of England's steady rates and gradual easing stance, though U.S. employment concerns capped gains. In Asia, Chinese and Hong Kong stocks surged following significant stimulus, while Japan fell due to rising interest rates.

Equity Market

- **United States:** The S&P 500 rose 5.9% in Q3 2024, fueled by the Fed's rate cuts and cooling inflation. Value stocks outperformed growth by 7%, and small caps rallied on expectations of lower rates, with further gains anticipated.

- **Asia ex-Japan:** Leading global markets, Asia ex-Japan delivered a 10.6% return, boosted by China's stimulus efforts, including rate cuts and housing incentives, reinforcing the region's growth prospects.

- **Japan:** Japanese equities fell 4.9%, impacted by the Bank of Japan's rate hike and yen appreciation. Later BoJ caution helped soften losses.

- **Europe:** European equities posted modest gains—UK up 2.3%, Europe ex-UK 1.6%—with China's weak demand and manufacturing competition weighing on Germany, while UK consumer confidence dipped pre-budget.

Performance of Major International Markets (as on September 30,2024)

Indices	Country	1 Mth (%)
United States		
Nasdaq 100	U.S.	2.48
Nasdaq Composite	U.S.	2.68
Asia Pacific		
SET Composite Index	Thailand	6.32
Jakarta Composite	Indonesia	-1.86
Straits Times Index	Singapore	4.13
KOSPI Index	South Korea	-3.03
Nikkei Stock Average 225	Japan	3.06
Taiwan SE Weighted Index	Taiwan	-0.20
Shanghai Composite Index	China	17.39
BSE Sensex	India	2.35
S&P/ASX 200	Australia	2.20
Europe		
FTSE 100	U.K.	-1.67
CAC 40	France	0.06
DAX Index	Germany	2.21

Fixed Income:

- **United States:** US Treasuries returned 4.7% in Q3, benefiting from the Fed's rate cuts. Lower yields provided a cushion during equity market volatility, strengthening bonds as a key component of diversified portfolios.

- **Europe:** European sovereign bonds gained 4.0% in Q3 as the ECB's second rate cut in September, reducing rates to 3.5%, signaled a shift towards monetary easing, helping stabilize bond performance amid a slow eurozone recovery.

- **UK:** UK Gilts lagged, with a 2.4% return in Q3. A tight labor market and high wage growth limited the Bank of England's rate-cutting ability, but gradual bond performance improvement is expected as inflation cools.

- **Emerging Markets:** Emerging market debt rallied 6.1% in Q3, boosted by global rate cuts and stimulus from China. Emerging market bonds have been top performers year-to-date in fixed-income sectors.

Commodity: Commodity performance was subdued in Q3 2024, delivering a modest 0.7% return, largely weighed down by concerns over global economic health.

- Oil: Brent crude prices dropped by 17%, driven by geopolitical tensions and weakened demand forecasts.
- Gold: In contrast, gold surged to new all-time highs as investors sought safety amid rising geopolitical risks and central bank easing.

Investment Outlook for October 2024

Equity Outlook:

- **US**: With the Federal Reserve cutting rates and inflation stabilizing, US equities are likely to maintain positive momentum. Small-cap and value stocks should continue to outperform, while Q3 earnings will be crucial in guiding market direction.
- **Asia ex-Japan**: China's stimulus measures provide growth opportunities in sectors like real estate and consumer goods. However, global demand risks could temper gains.
- **Europe**: Slow economic growth presents headwinds for European equities, but further ECB rate cuts may support sectors like banking and consumer goods.

Debt Outlook:

- **Global Bonds**: With central banks cutting rates, global bonds, particularly US Treasuries and European sovereigns, remain attractive for stability-focused investors.
- **Emerging Market Debt**: Lower global rates and stimulus measures in key emerging markets make emerging market debt a strong option.

Commodity Outlook:

- **Oil**: Geopolitical risks continue to impact oil prices, with potential declines if global growth weakens further.
- **Gold**: As a safe haven, gold remains appealing, especially amid rising uncertainties.

Geographical Focus

- **US**: Rate cuts and solid corporate earnings make US equities, particularly small-cap and value stocks, a key focus for investors.
- **Asia ex-Japan**: China's stimulus creates growth potential, with increased exposure to Chinese equities recommended.
- **Europe**: Selective exposure to financials and consumer goods may offer moderate returns as the ECB continues its easing policy.

Q3 2024 saw resilient global markets across equities, fixed income, and commodities. As we head into Q4, central bank easing supports a favourable investment environment, though geopolitical tensions and the US elections pose risks. Diversified portfolios are well-positioned for long-term gains.

Insurance

Enhancing Insurance Access and Distribution in India through Bancassurance and InsurTech Partnerships

By Vikas Oberoi, Executive Vice President – Banking, Zopper

Given the fundamental importance of financial protection, it is striking that nearly 400 million Indians remain uninsured. India has a significantly underinsured population, with some lacking access to insurance products, others mistakenly believing insurance is only for the wealthy, and many underestimating or ignoring the need for it. The country's vast size, large rural population, and a historically indifferent approach to financial planning have made selling insurance in India challenging. Additionally, life insurance companies lack the nationwide presence that could help them reach the masses directly. In contrast, banks have that reach and enjoy a high level of trust from their customers. These factors, among others, have contributed to the recent rise of bancassurance.

Bancassurance combines banking and insurance services under one roof. In such partnerships, banks offer insurance products—whether life, non-life, or both—on behalf of insurance companies, acting as a distribution channel. This model benefits all stakeholders: customers, banks, and insurers alike.

For a while now, banks have been guiding retail customers in balancing their investment portfolios. They are familiar, accessible, and trusted. When banks offer advice about insurance, customers are likely to consider it credible and professional. Banks are well-positioned to offer a holistic perspective on how insurance fits into overall financial planning, making it easier for customers to appreciate its value.

Today, almost every bank aspires to be a one-stop financial solution, offering not just banking services but also investments and insurance. This enhances customer loyalty, generates additional revenue streams, and boosts return on assets. From an insurer's perspective, banks are a cost-effective distribution channel. They can tap into the banks' vast branch networks, even in rural areas, to reach more customers. Globally, insurers have successfully adopted the bancassurance model to grow in markets with low insurance penetration. Banks also hold valuable data on their customers' financial standing, spending habits, investments, and purchasing power, which can be used to tailor and promote insurance products more effectively.

However, even the relatively new bancassurance model must evolve with the times, and this is where digital solutions and InsurTech come in. Both banks and insurance companies operate in heavily regulated sectors, limiting their ability to innovate compared to InsurTech firms. Naturally, we are now seeing partnerships between banks, insurers, and InsurTech companies, helping them adapt to changing market dynamics and consumer expectations.

InsurTech empowers customers to make informed decisions by simplifying the insurance process. Today's consumers demand simplicity, flexibility, and ease of use, and InsurTech facilitates integrated, digital platforms for transparent, hassle-free insurance purchases. It also equips banks with omni channel distribution capabilities, allowing them to offer a wide range of insurance products seamlessly, whether through self-service options like internet and mobile banking or through assisted channels such as branches and relationship managers. Furthermore, InsurTech streamlines key processes for insurance companies, including underwriting, claims processing, and policy management.

India is currently the fifth-largest InsurTech market in the world, growing at a rapid pace of 32-34% annually. Together, InsurTech and bancassurance are transforming insurance from a "push" product to a "pull" product. The partnerships between banks, insurers, and InsurTech firms are poised to reshape the BFSI sector, making insurance more accessible, affordable, and relevant. Just as FinTech revolutionized banking, these collaborations will modernize India's insurance landscape, helping to close protection gaps and build stronger, more resilient communities.

Zopper has successfully implemented an end-to-end solution for automating insurance processes, enhancing the customer experience and simplifying the insurance purchasing journey. Zopper's omni channel platform provides a seamless user experience across all touchpoints, from self-service options on internet and mobile banking to assisted journeys via branches and relationship managers.

Book Summary

"The 10X Rule: The Only Difference Between Success and Failure" by Grant Cardone

Grant Cardone, CEO of Cardone Enterprises, is recognized globally as a leading sales expert, entrepreneur, author, and international speaker. Forbes has named him the top marketer, underscoring his remarkable expertise in sales, marketing, and personal development. Cardone is best known for The 10X Rule, a motivational framework aimed at unlocking personal and professional success. His 10X philosophy encourages individuals to shatter limitations and take massive actions beyond conventional goals, challenging average thinking and complacency. Through his 10X Growth Conferences and extensive business programs, Cardone has inspired countless entrepreneurs to adopt high-effort mindsets and achieve extraordinary outcomes.

Core Principles of the 10X Rule

1. **Failure to Set Ambitious Goals :** One of the most significant mistakes people make is not setting goals high enough. Cardone insists that achieving success requires more effort, persistence, and ambition than most people estimate. Ordinary or average goals are inadequate, as they do not align with the reality of the hard work required for exceptional achievements. "*If your goals seem comfortably attainable, they are likely not high enough.*"

2. **The Concept of 10X Thinking and Action:** The core idea of the 10X Rule is to operate at 10 times the level of effort and thought than what is considered "normal." Cardone argues that most failures happen because people underestimate the resources and work needed to succeed. Always aim for 10X the desired outcome to safeguard yourself against setbacks. If circumstances go against your plan, the extra effort will ensure you land closer to your target.

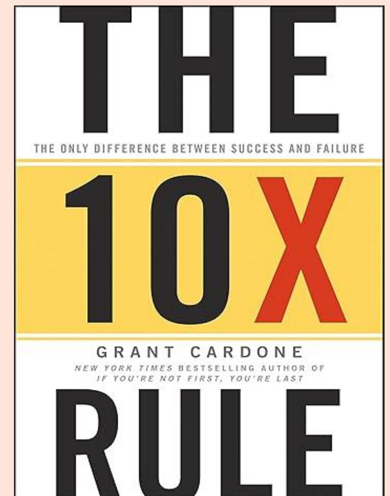
3. **The Importance of High Targets and Relentless Action:** Cardone emphasizes that achieving any meaningful goal will take substantial effort, so setting ambitious targets from the beginning is essential. Reducing goals in response to challenges undermines progress, while raising effort levels is the best way to ensure success, even in the face of failure.

Breaking Free from Average Thinking

Cardone challenges the belief that average is safe. He explains that average thinking can lull people into complacency, making them vulnerable to unexpected failures. Success requires going beyond mediocrity and maintaining a mindset that drives sustained effort toward extraordinary achievements.

Massive Action: The Cornerstone of Success
To reach ambitious goals, Cardone advocates taking massive action. According to him, there are three common responses to challenges:

1. **Taking no action,** which results in stagnation**.**
2. **Retreating due to previous failures,** leading to missed opportunities.
3. **Taking average action,** which only leads to average results.



Cardone argues that only massive action—pushing beyond conventional limits—can propel you toward success. It requires not just hard work but consistent and intentional efforts.

- **Insight**: Those who take timid or half-hearted actions will struggle to make meaningful progress. Success demands an obsession with action and a willingness to push beyond the norm.

Success as a Duty, Not an Option: Cardone redefines success not as a mere possibility but as a personal responsibility and obligation. Viewing success as optional leads to excuses and complacency, whereas adopting the mindset that success is your duty motivating greater effort and accountability.

- **Key Lesson:** You must take responsibility for all outcomes—whether positive or negative—because once you assume full control over your life, you empower yourself to create the results you desire.
- **Abundance Mentality:** Success is not a scarce resource; there is enough for everyone willing to put in the work.

Avoiding Competition and Dominating Your Sector: Rather than chasing competitors, Cardone advises focusing on dominating your field by mastering aspects others overlook or neglect. Success requires playing to your strengths, identifying opportunities others miss, and creating a unique advantage.

- **Takeaway**: Competing with others keeps you stuck behind them. Instead, aim to lead by being innovative and proactive in your sector.

Financial Success through 10X Thinking: Cardone's principles extend to financial planning, where he stresses the importance of setting ambitious financial goals and creating robust strategies to achieve them. He recommends using tools like Systematic Investment Plans (SIPs) in mutual funds as a practical way to build wealth.

- **Mutual Funds and SIPs:** SIPs allow individuals to invest consistently over time, benefiting from compounding returns and rupee cost averaging, which helps navigate market volatility. By committing to long-term goals and sustained investments, individuals can align their financial strategy with the 10X philosophy.
- **Professional Guidance:** Cardone advises seeking expert help to maximize financial outcomes, as professionals can provide tailored strategies that align with your 10X ambitions

Buffering Against Challenges with 10X Efforts: One of the most significant benefits of applying the 10X Rule is that extra effort provides a buffer against unexpected setbacks. Challenges and failures are inevitable, but having a 10X mindset ensures you are better prepared to handle them without derailing your progress.

- **Strategy:** Always aim higher than your initial goal, knowing that real-world conditions are unpredictable. By aiming for the moon, you increase your chances of at least landing among the stars.

The Path to Extraordinary Success: Achieving success requires a commitment to extraordinary action and thinking. Cardone emphasizes that average results are never enough for those aspiring to greatness. The 10X Rule encourages you to aim higher than you ever thought possible and to dedicate massive, relentless effort to achieve your goals.

- **Mindset Shift:** The goal is not just to achieve financial stability but to exceed ordinary limits and create a life of abundance and fulfilment.

Grant Cardone's *The 10X Rule* offers a powerful framework for achieving personal and professional success. It pushes individuals to move beyond limiting beliefs, take ownership of their goals, and adopt a mindset of massive action. By rejecting average thinking and embracing the 10X philosophy, you position yourself for greater success than most people think possible. Whether in your personal life or financial journey, Cardone's message is clear: **set big goals, act with intensity, and never settle for less than extraordinary.**

***Sources**: Investing.com, NSE, JP Morgan Commentary, Mint, ICRA, Reuters, RBI, ET, MFI explorer, Motilal Oswal, Money Control*

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