

Getting more from equities - Patience is the key

BSE SENSEX TRI - Yearly Rolling Returns across different time periods

Any person invested or planning to invest in the equity markets needs to evaluate the following table and summarise its results.

YEAR END (1)	BSE SENSEX (2)	ROLLING 1 YR GROWTH (3)	ROLLING 3 YR GROWTH (4)	ROLLING 5 YR GROWTH (5)	ROLLING 10 YR GROWTH (6)	ROLLING 15 YR GROWTH (7)	ROLLING 20 YR GROWTH (8)
Mar-79	100						
Mar-80	129	29%					
Mar-81	173	35%					
Mar-82	218	26%	30%				
Mar-83	212	-3%	18%				
Mar-84	245	16%	12%	20%			
Mar-85	354	44%	18%	22%			
Mar-86	574	62%	39%	27%			
Mar-87	510	-11%	28%	19%			
Mar-88	398	-22%	4%	13%			
Mar-89	714	79%	8%	24%	22%		
Mar-90	781	9%	15%	17%	20%		
Mar-91	1168	50%	43%	15%	21%		
Mar-92	4285	267%	82%	53%	35%		
Mar-93	2281	-47%	43%	42%	27%		
Mar-94	3779	66%	48%	40%	31%	27%	
Mar-95	3261	-14%	-9%	33%	25%	24%	
Mar-96	3367	3%	14%	24%	19%	22%	
Mar-97	3361	0%	-4%	-5%	21%	20%	
Mar-98	3893	16%	6%	11%	26%	21%	
Mar-99	3740	-4%	4%	0%	18%	20%	20%
Mar-00	5001	34%	14%	9%	20%	19%	20%
Mar-01	3604	-28%	-3%	1%	12%	13%	16%
Mar-02	3469	-4%	-2%	1%	-2%	14%	15%
Mar-03	3049	-12%	-15%	-5%	3%	15%	14%
Mar-04	5591	83%	16%	8%	4%	15%	17%
Mar-05	6493	16%	23%	5%	7%	15%	16%
Mar-06	11280	74%	55%	26%	13%	16%	16%
Mar-07	13072	16%	33%	30%	15%	8%	18%
Mar-08	15644	20%	34%	39%	15%	14%	20%
Mar-09	9709	-38%	-5%	12%	10%	6%	14%
Mar-10	17528	81%	10%	22%	13%	12%	17%
Mar-11	19445	11%	8%	12%	18%	12%	15%
Mar-12	17404	-10%	21%	6%	18%	12%	7%
Mar-13	18836	8%	2%	4%	20%	11%	11%
Mar-14	22386	19%	5%	18%	15%	13%	9%
Mar-15	27957	25%	17%	10%	16%	12%	11%
Mar-16	25342	-9%	10%	5%	8%	14%	11%
Mar-17	29621	17%	10%	11%	9%	15%	11%
Mar-18	32969	11%	6%	12%	8%	17%	11%
Mar-19	38673	17%	15%	12%	15%	14%	12%
Mar-20	29468	-24%	0%	1%	5%	11%	9%
Mar-21	49509	68%	15%	14%	10%	10%	14%
Mar-22	58569	18%	15%	15%	13%	11%	15%
Mar-23	58,992	1%	26%	12%	12%	9%	16%
Mar-24	73,651	25%	14%	14%	13%	14%	14%
Probability of Gain		69%	84%	93%	97%	100%	100%

BSE SENSEX TRI returns are computed for 1,3,5,10,15 & 20 years from the date of investment. Source: BSE Ltd. Returns for 1 year are absolute and above 1 year CAGR. **CAGR:** The rate at which an investment grows annually over a specified period of time. **Column 2:** Shows the value of BSE SENSEX TRI index at the end of month of the respective period. Probability of gains is the number of times the investor would have made positive returns. **Column 3 to 8:** Represents the return earned on the investment for the referred period. For e.g. if you invested in Mar-79 when BSE SENSEX index was 100, then 1 year returns (in Mar-80) would have been 29%, 3 years returns (in Mar-82) would have been 30%, 5 years returns (in Mar-84) would have been 20%, 10 year returns (in Mar-89) would have been 22%, 15 year returns (in Mar-94) would have been 27% and 20 year returns (in Mar-99) would have been 20%.

Short term returns in equities are volatile; hence equity investments should be made with a long term horizon

Risk in equities reduces as holding period increases

Benefits of compounding are bigger over longer periods

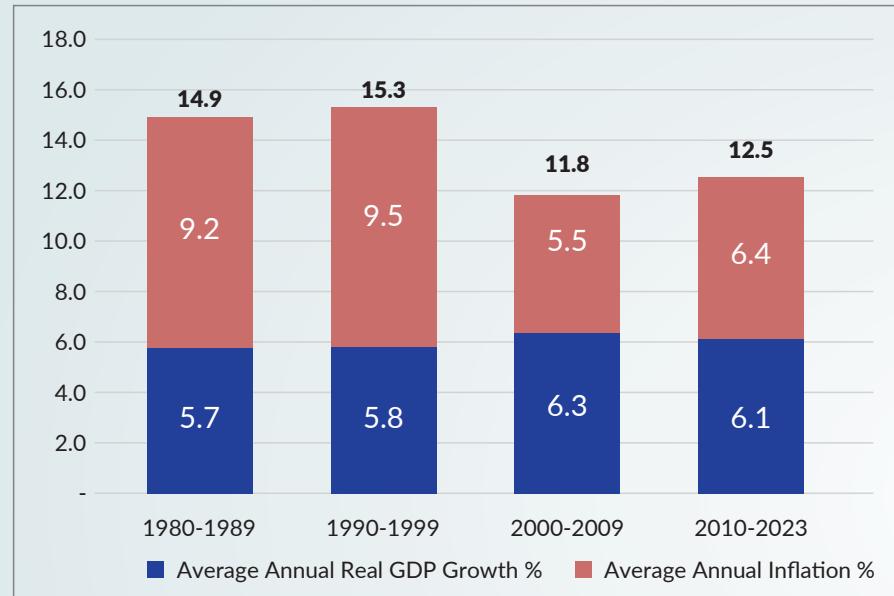
Growth in GDP & Stock market returns tend to correlate each other (Please see overleaf)

Some thoughts on Equity Investing

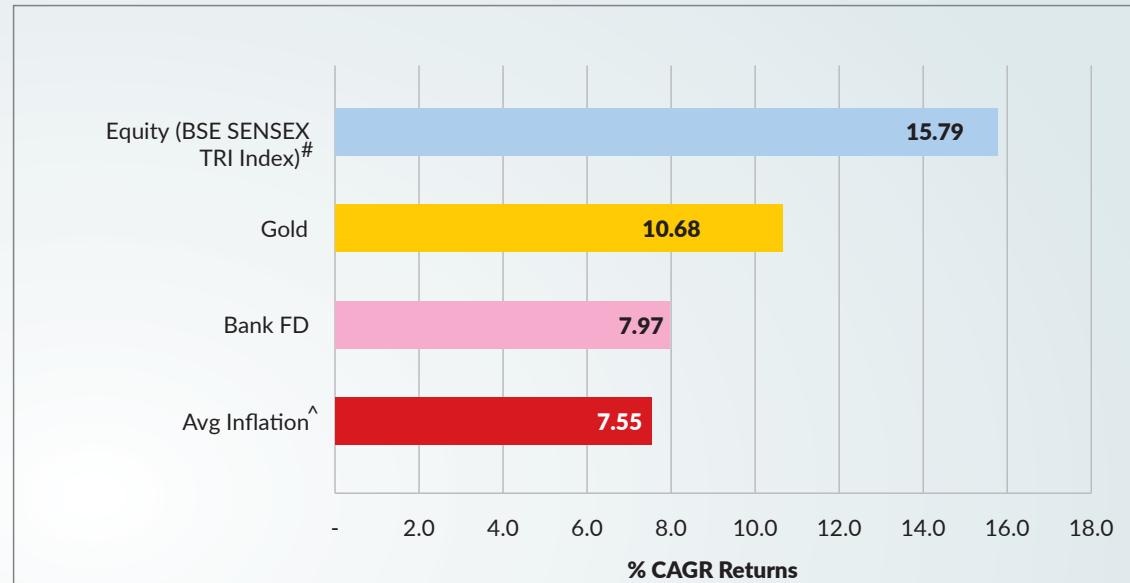
Equities over time grow in line with the growth of underlying businesses. As the economy is sum of all total businesses, the nominal growth of the economy (real growth plus inflation) is a good proxy for the average growth in businesses.

The Indian economy has grown at a nominal growth of ~13% p.a. No wonder that the BSE SENSEX TRI Index CAGR of 15.79% is more than ~13% nominal GDP growth.
(Please refer the table on Decadal Real GDP growth and Inflation)

Nominal GDP growth (Real growth + inflation)



Source : IMF Data, Estimates are IMF estimates.



Source: Bloomberg, RBI Handbook of statistics on Indian Economy, World Gold Council, SBI. [#]Average Inflation is shown for comparison with returns from various asset classes. Data is of CAGR returns of various asset classes (Equity, Gold, Bank FD) for the period March 31, 1980 till March 31, 2024. [^]Average Inflation - Data as on March 31, 2024. Equities are a volatile asset class. However, volatility in returns reduces as holding period increases. Above asset classes are not strictly comparable. Above chart is for illustration purposes only.

Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Despite the risk and volatility in the short term, over long term, equity as an asset class outperforms others in providing inflation adjusted tax efficient returns.

Mantra for investing in Equity Mutual Fund

- Equities help create wealth over long term and are tax efficient
- Enjoy the benefit of diversification by investing in equity mutual funds
- Take advantage of Ups and Down in the market by investing regularly and systematically
- Rely on professional money managers with sound track record

An Investor Education and Awareness Initiative

#Note: BSE SENSEX TRI Index CAGR of 15.79% for the period April 1, 1979 to Mar 31, 2024. Nominal GDP: A gross domestic product (GDP) figure that has not been adjusted for inflation. Visit <https://www.hdfcfund.com/information/key-know-how> to know more about the process to complete a one-time Know Your Customer (KYC) requirement to invest in Mutual Funds. Investors should only deal with registered Mutual Funds, details of which can be verified on the SEBI website (www.sebi.gov.in/intermediaries.html). For any queries, complaints & grievance redressal, investors may reach out to the AMCs and / or Investor Relations Officers. Additionally, investors may also lodge complaints directly with the AMCs, if they are unsatisfied with the resolutions given by AMCs they may raise complaint through the SCORES portal on <https://scores.gov.in>. SCORES portal facilitates investors to lodge complaint online with SEBI and subsequently view its status. In case the investor is not satisfied with the resolution of the complaints raised directly with the AMCs or through the SCORES portal, they may file any complaint on the Smart ODR on <https://smartodr.in/login>.