

# PERSPECTIVE

JANUARY 2021



Dear All,

At the outset, let me wish you and your family a very happy and prosperous new year.

2020 has been a litmus test for the entire human ecosystem, both as individuals and as collectives, such as a family or a company. I am sure you will agree that there is much for all of us to take pride in, such as our resilience and fortitude that we have been able to uphold in the face of an unprecedented year.

Just like the rest of the world, as a country we spent a major part of the bygone year in the midst of a strict lockdown, followed by gradual easing. We at Aditya Birla Sun Life Mutual Fund, tried our best to offer uninterrupted services. It is heartening to realise that the efforts we had been putting all these years in building robust technological infrastructure have paid off, enabling us to be at your service 24x7. Digital modes also helped us stay connected with you on a regular basis. Through various channels of engagement, we have tried to keep you up-to-date and share our views on the market, economy and our funds. We will continue to put our efforts in the New Year to empower you with information and perspectives that can help you make an informed investment decision.

I am also happy to inform you that our Quarterly Average Assets Under Management grew from Rs.2,14,592 crores in June 2020 to Rs.2,55,458 crores as of 31st December 2020\* (Source: ABSLMF). Equity assets grew from Rs.72,537 crores in June 2020 to Rs.87,516 crores as of December 2020 (Source: ABSLMF). We hope to continue with our best efforts in providing a reasonably good experience to our investors in 2021 and beyond.

While the year went by with lots of concerns and fear among the population at large, it also created a new world with a new normal. The learning curve for everyone across the world went up very sharply, such as Working from Home by efficiently using mobile phones or tablets. Right from students to senior citizens, everyone had to adopt modern technology, ensuring connectivity with our near and dear ones, and also run business efficiently. Many businesses that saw dark days at the beginning of the year, could adapt and learn to build an efficacious business. This was also aptly supported by the regulator promptly, which in a normal course takes more than 8 to 9 months. Even the policymakers reacted in a matter of a few days to weeks with an aim to stabilise sentiments.

The power of policy actions brought about some state of normalcy and built hope and optimism for an economic recovery sooner than later. This sustained optimism has resulted in SENSEX AND NIFTY touching all-time highs with returns of more than 68.94% and 69.40% respectively from April till 31st December 2020. In the same way, fixed income too delivered one of the best possible return during the same period ranging from 3.7 to 11.81 (MF debt avg. returns, Source: Value Research). Fall in interest rate had raised bond prices as well as equity prices, therefore making both asset classes deliver a good experience to Mutual Fund investors.

The general school of thought is that the market rally was largely liquidity-driven and not fundamentally driven. As an investor, we must not look at just one data point, but also take a holistic view of the economy and the market. With RBI's accommodative stance and low-interest rates that are going to continue for some time, equity remains the best asset class. We are already seeing a gradual broad-based rally, something that augurs well for all our equity funds given our diversified portfolio construction approach. More so, this brings forth an opportunity for you to rebalance your portfolio and take advantage of the future growth prospects. If the commentary coming from the Central Bank is anything to go by, then this market rally is not a short-lived one. Stay focussed on asset allocation, continue with your SIPs and let compounding do its work. This is also a good time to look at lump-sum investments.

As an investor, it is imperative that you stay on the course of your financial goals. Don't let short term data or market noise distract you from that path. Just like half-cooked food doesn't have the right taste, investments stopped midway won't earn the expected returns. The true benefit of compounding comes from staying invested and remaining true to the goals and dreams you have set forth to fulfil in the first place.

Once again, my best wishes to you for the year 2021.

Stay Safe & Stay Healthy.

Sincerely,

A. Balasubramanian

MD & CEO,

Aditya Birla Sun Life AMC Limited



\*<https://mutualfund.adityabirlacapital.com/forms-and-downloads/quarterly-aum>

