

**MY FINANCIAL POWER**

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Mohali – 140 306, Punjab (India)

**MFP 10<sup>th</sup> ANNUAL LETTER TO INVESTORS - 2025**

Friday, August 09, 2025

**Dear Investors,**

I hope you and your family are in the best of health and prosperity.

It gives me immense pleasure to share with you that with your constant support and confidence in *My Financial Power* (MFP) services, today, we have completed 10 years of togetherness. I wish to thank personally to each one of you for putting your trust in MFP.

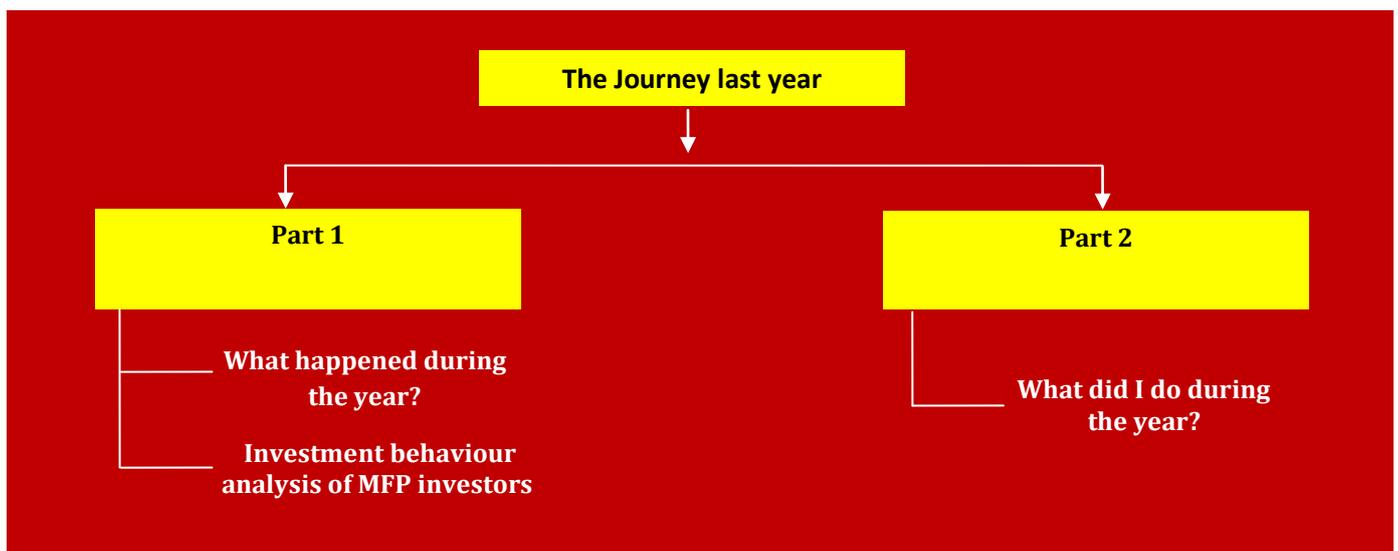
My aim is to help my investors in achieving their short, medium and long term financial goals. It makes me happy to witness different financial goals of my investors getting fulfilled, like someone paying off his loans early, someone buying his dream house with least of hustle-bustle, someone attaining financial independence, someone accomplishing child education goal etc.

Within the last year, we've added 24 clients. Now our total customer tally stands at 200 and our asset under advisory stood at Rs. 26 crore after adjusting scheduled redemption of funds by clients who achieved their financial goals.

**MFP Journey at a Glance**

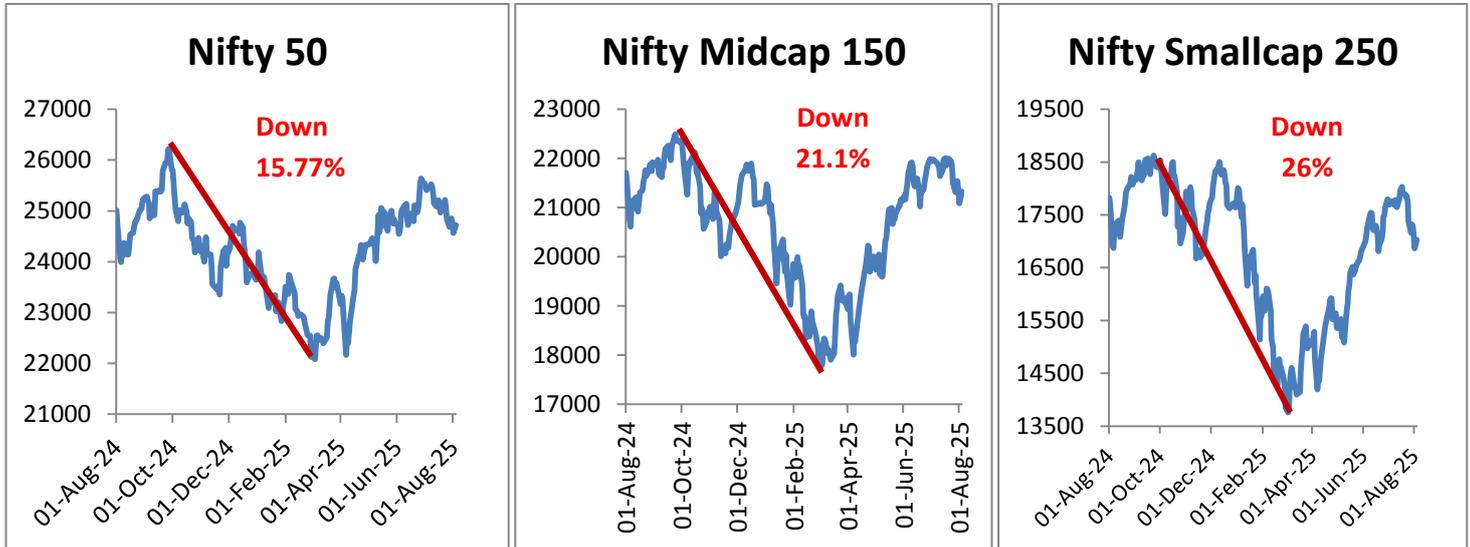
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Number of Customers</b>	40	65	90	100	105	118	129	149	176	<b>200</b>
<b>Asset Under Advisory</b>	0.50 Crore	2.50 Crore	4.50 Crore	7.00 Crore	12.12 Crore	12.40 Crore	12.17 Crore	15.00 Crore	21.00 Crore	<b>26.00 Crore</b>

Let me take you along through this wonderful journey which I have divided into two parts. Welcome aboard!



**Part 1:****What happened during the year?**

*“Human mind thinks analytically and while it’s highly effective in understanding businesses, it’s ineffective in understanding markets” -Robert Hagstrom, Author of Investing: The Last Liberal Art*

**Indian Market Summary (Aug 2024 – July 2025)**

- The year began with positive sentiment but turned highly volatile from Oct 2024 to July 2025 due to global and domestic disruptions. Foreign Institutional Investors (FIIs) were major sellers, pulling out over Rs. 1 lakh crore, leading to sharp market corrections:
  - Nifty 50 fell 15.77%
  - Nifty Midcap 150 dropped 21.1%
  - Nifty Smallcap 250 declined 26%

The worst Foreign Institutional Investors (FIIs) outflows were recorded in October 2024 (Rs. 94,000 crore) and January 2025 (Rs. 78,000 crore), making FY25 the worst year for FIIs exits. In contrast, Domestic Institutional Investors (DIIs) supported the market, investing Rs. 1.2 lakh crore by mid-February, nearly offsetting FII selling.

**Key negative triggers included:**

- Weak corporate earnings
- Trade tensions with the U.S.
- India-Pakistan conflict
- Delayed private sector expansion

On a positive note, crude prices fell, inflation dropped, and the RBI cut repo rate three times (from 6.5% to 5.5%) in the last 6 months to boost economic activity.

- During the period from August 2024 to July 2025, **Gold emerged as a standout performer**, delivering an impressive return of **39.2%**. This was in stark contrast to the equity markets, which struggled throughout the year. The **Nifty 50 Total Return Index (TRI)** managed a meager gain of **0.30%**, while broader indices such as the **Nifty Next 50 TRI**, **Nifty Midcap 150 TRI**, and **Nifty Smallcap 250 TRI** recorded negative returns of **-9.00%**, **-1.00%**, and **-3.30%**, respectively. The **Nifty 200 Momentum 30 Index** fared even worse, ending the year down **-17.9%**. This performance divergence of equity market vis-a-vis gold highlights gold’s role as a defensive asset in uncertain times.

Looking at a longer timeframe, since the inception of the MFP (My Financial Power) in 2015, equity indices have generally delivered strong **compounded annual growth rates (CAGR)** — but with varying levels of drawdown. **The Nifty 50 TRI** posted a CAGR of **12.6%** with a maximum drawdown of **-38%**. In comparison, the **Nifty Next 50 TRI**, **Nifty Midcap 150 TRI**, and **Nifty Smallcap 250 TRI** generated higher CAGRs of **13.3%**, **17.5%**, and **14.9%**, respectively, but also suffered deeper drawdowns of **-40%**, **-43%**, and a significant **-60%**, which adequately tested investors’ risk appetite practically.

Interestingly, the **Nifty 200 Momentum 30 Index** delivered a strong **15.7% CAGR** with a relatively moderate drawdown of **-34%**, underscoring the effectiveness of momentum-based strategies in compounding returns while managing downside risk. **Gold**, meanwhile, offered a healthy **13.8% CAGR** with a drawdown of only **-22%**, reinforcing its role as a consistent long-term asset class.

Among fixed-income options, **SBI Magnum Ultra Short Term Fund** and **SBI Magnum Constant Maturity Fund** provided modest but stable returns of **6.6%** and **8.2%**, with minimal drawdowns of **-1%** and **-5%**, respectively. The Equal Weight Portfolio, designed for balanced exposure, achieved a **12.83% CAGR** with a drawdown of **-30%**.

• **Key Insight: Managing Drawdowns is Key to Long-Term Returns**

While academic theory often suggests that **higher risk leads to higher return**, real-world investing tells a different story — **lower drawdowns can lead to better long-term outcomes**.

Take these two examples:

- **Nifty Smallcap 250 TRI** suffered a significant drawdown of **-60%** between Jan 2018 and Mar 2020, yet managed to deliver a **14.9% CAGR** since the inception of MFP in 2015.
- In contrast, the **Nifty 200 Momentum 30 Index**, which experienced a comparatively moderate drawdown of **-34%**, delivered an even higher **CAGR of 15.7%** over the same period.

This illustrates a crucial lesson: **Protecting downside is often more important than chasing upside**. Sustained compounding happens not by taking excessive risks, but by limiting losses during market downturns. Assets and strategies that limit downside—even at the cost of slightly lower upside—tend to deliver more consistent and resilient compounding over time.

Market Performance at a Glance									
Time Period	Nifty 50 TRI	Nifty Next 50 TRI	Nifty Mid Cap 150 TRI	Nifty Small Cap 250 TRI	Nifty 200 Momentum 30	Nippon India Gold Bees	SBI Magnum Ultra Short Term Fund	SBI Magnum Constant Maturity Fund	Equal Weight Portfolio
01-08-2024 to 31-07-2025	0.30%	-9.00%	-1.00%	-3.30%	-17.90%	39.20%	7.50%	9.30%	3.14%
01-08-2023 to 31-07-2024	28.00%	66.30%	55.40%	58.80%	67.30%	15.80%	7.20%	8.00%	38.35%
01-08-2022 to 31-07-2023	15.10%	9.80%	25.30%	28.10%	21.70%	14.60%	6.50%	7.20%	16.04%
01-08-2021 to 31-07-2022	10.30%	5.20%	7.70%	-2.70%	-4.40%	5.10%	3.40%	0.70%	3.16%
01-08-2020 to 31-07-2021	44.30%	47.70%	80.80%	113.50%	61.90%	-11.10%	3.70%	2.60%	42.93%
01-08-2019 to 31-07-2020	1.90%	5.50%	3.50%	-3.30%	13.20%	54.80%	7.20%	11.00%	11.73%
01-08-2018 to 31-07-2019	-0.80%	-11.50%	-12.90%	-22.30%	6.10%	15.70%	8.50%	16.00%	-0.15%
01-08-2017 to 31-07-2018	13.80%	7.80%	8.20%	-3.90%	17.20%	3.30%	7.10%	5.40%	7.36%
01-08-2016 to 31-07-2017	18.20%	26.70%	28.50%	31.80%	29.00%	-9.70%	6.80%	10.70%	17.75%
09-08-2015 to 31-07-2016	2.20%	5.70%	6.10%	3.50%	1.90%	24.30%	8.00%	10.60%	7.79%
Since MFP Inception 09-08-2015 to 31-07-2025	12.60%	13.30%	17.50%	14.90%	15.70%	13.80%	6.60%	8.20%	12.83%
Maximum Drawdown during 09-08-2015 to 31-07-2025	-38%	-40%	-43%	-60%	-34%	-22%	-1%	-5%	-30%

## Investment Behaviour Analysis of MFP Investors

*“We don’t have to be smarter than the rest. We have to be more disciplined than the rest.” – Warren Buffett*

In the 2019 annual letter, I shared the actual story of an investor whose investment multiplied 100 times, and now that investment has multiplied more than 400 times for him. In 1995, he invested Rs. 1,000 in the Nippon India Growth Fund (earlier Reliance Growth Fund), the current value of his investment is Rs. 4,06,009. [Click here](#) to read the report on 400x story of an investor. In that report, I shared a lesson on how he behaved during the 400X journey.

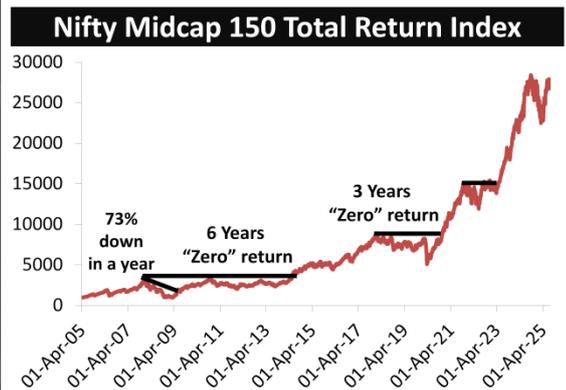
Every investor wants to generate this type of return on his investment, but only a few will be able to achieve so. During that period, Investment moves through different phases (smooth to volatile phase, good return to zero return or negative return phase, or extremely good to extremely worst returns), and only a few investors have the courage to control their emotions, see their investments in Drishta or Sakshi bhav (equanimity) and stay invested during all those phases.

### Biography of a SIP

A SIP started in April 2005 with Rs 10,000 monthly contribution on 1st of every month in Nifty Midcap 150 TRI Fund would have grown from Rs. 24 lakhs to Rs. 1.73 crore at the end of 20th year with an CAGR of 17.14%.

	Financial Year	Invested Amount	Value of Investment	CAGR Return
Don't Worry Phase	1 <sup>st</sup> year 2006	Rs. 1,20,000	Rs. 1,70,252	86.0%
	2 <sup>nd</sup> year 2007	Rs. 2,40,000	Rs. 2,92,731	20.4%
	3 <sup>rd</sup> year 2008	Rs. 3,60,000	Rs. 4,66,706	17.6%
	4 <sup>th</sup> year 2009	Rs. 4,80,000	Rs. 3,30,883	-17.7%
	5 <sup>th</sup> year 2010	Rs. 6,00,000	Rs. 9,39,993	18.01%
Stay Patient Phase	6 <sup>th</sup> year 2011	Rs. 7,20,000	Rs. 10,99,474	13.98%
	7 <sup>th</sup> year 2012	Rs. 8,40,000	Rs. 11,71,994	9.36%
	8 <sup>th</sup> year 2013	Rs. 9,60,000	Rs. 13,45,848	8.27%
	9 <sup>th</sup> year 2014	Rs. 10,80,000	Rs. 17,28,427	10.15%
	10 <sup>th</sup> year 2015	Rs. 12,00,000	Rs. 29,05,150	16.85%
Wealth Building Phase	11 <sup>th</sup> year 2016	Rs. 13,20,000	Rs. 29,74,377	14.02%
	12 <sup>th</sup> year 2017	Rs. 14,40,000	Rs. 42,23,935	16.75%
	13 <sup>th</sup> year 2018	Rs. 15,60,000	Rs. 50,52,414	16.73%
	14 <sup>th</sup> year 2019	Rs. 16,80,000	Rs. 51,41,544	14.74%
	15 <sup>th</sup> year 2020	Rs. 18,00,000	Rs. 36,82,269	8.96%
	16 <sup>th</sup> year 2021	Rs. 19,20,000	Rs. 75,95,379	15.54%
	17 <sup>th</sup> year 2022	Rs. 20,40,000	Rs. 96,25,345	16.30%
	18 <sup>th</sup> year 2023	Rs. 21,60,000	Rs. 1,00,11,513	15.17%
	19 <sup>th</sup> year 2024	Rs. 22,80,000	Rs. 1,59,20,123	17.83%
	20 <sup>th</sup> year 2025	Rs. 24,00,000	Rs. 1,73,34,115	17.14%

\*Past performance may or may not sustain in future.



[www.mfp.co.in](http://www.mfp.co.in)

Recently Cafemutual shared a [report](#) where they have mentioned:

*“Industry data reveals that 33% of the total SIP AUM in regular plan has stayed invested for over 5 years. Of the SIP AUM of Rs.10.51 lakh crore in regular plans, Rs.3.44 lakh crore has been invested for over 5 years. **In terms of a number of accounts, 15% of the total SIP accounts are active for more than 5 years.**”*

*On the other hand, 19% of the total SIP AUM in direct plan have longevity of over 5 years. **In terms of SIP accounts, 7% of total SIP accounts have been active for over 5 years.**”*

## SIPs Coming Through Distributors Stay Longer Compared to Direct SIPs

Regular plan					Direct Plan				
SIP accounts continuing (In Years)	No. of SIP accounts	% SIP accounts	AUM (crore)	AUM %	SIP accounts continuing (In Years)	No. of SIP accounts	% SIP accounts	AUM (crore)	AUM %
More than 5 years	92,51,246	15%	3,44,589	33%	More than 5 years	26,87,103	7%	53,754	19%
4 to 5 years	28,11,756	5%	92,584	9%	4 to 5 years	22,23,496	6%	20,668	7%
3 to 4 years	55,77,256	9%	1,00,361	10%	3 to 4 years	37,64,203	10%	27,707	10%
2 to 3 years	75,75,699	12%	1,39,935	13%	2 to 3 years	35,35,815	9%	39,918	14%
1 to 2 years	1,27,92,982	21%	1,69,796	16%	1 to 2 years	63,58,318	17%	56,082	20%
Less than 1 years	2,43,91,647	39%	2,04,177	19%	Less than 1 years	1,95,69,164	51%	85,618	30%
<b>Total</b>	<b>6,24,00,586</b>	<b>100%</b>	<b>10,51,440</b>	<b>100%</b>	<b>Total</b>	<b>3,81,38,099</b>	<b>100%</b>	<b>2,83,748</b>	<b>100%</b>

Source: Cafemutual.com

**At MFP, I believe almost 90% of my job is to manage investor's behaviour and 10% is to do asset allocation and fund selection.** In this report, I want to highlight MFP investors SIP data in comparison with industry data.

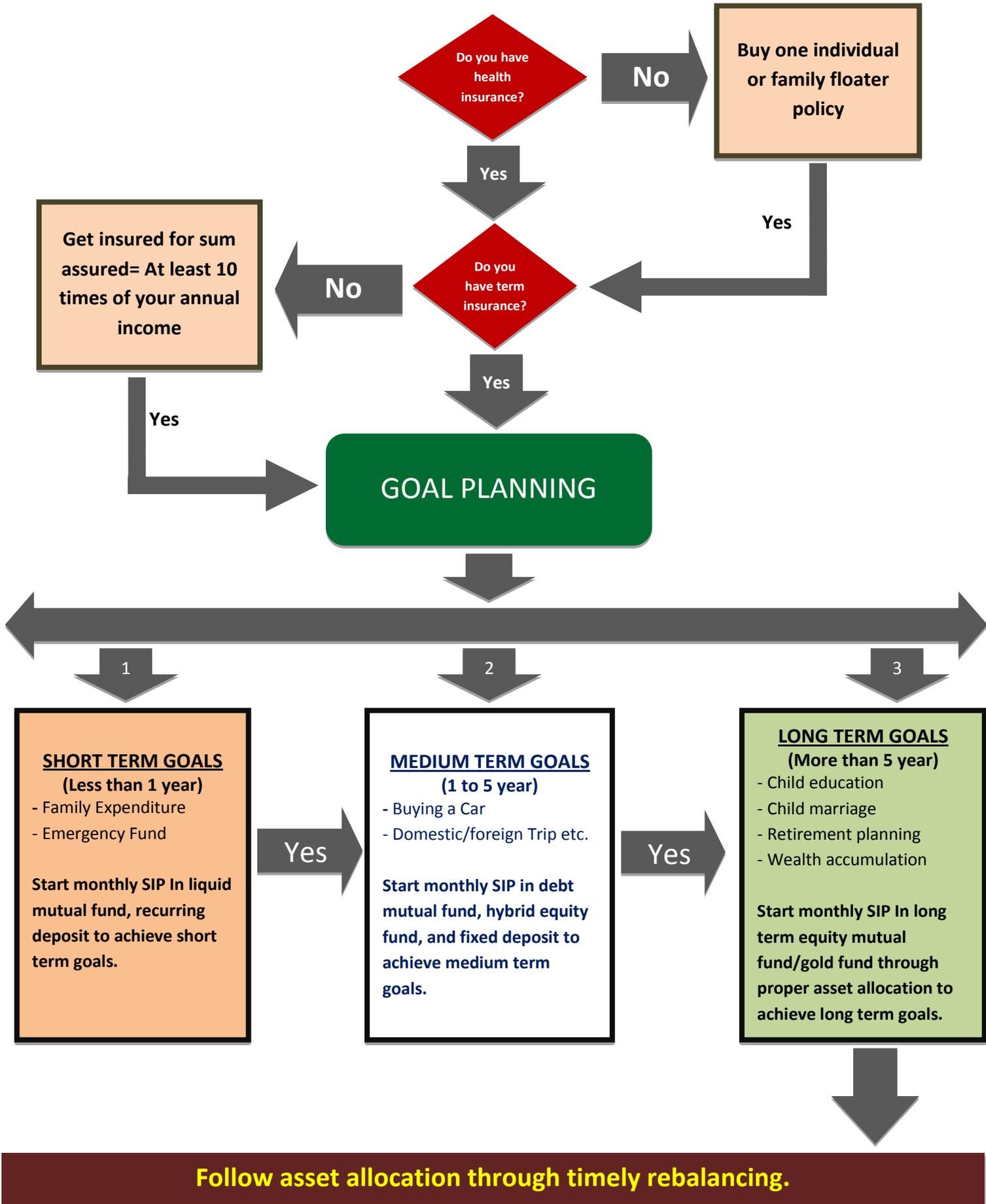
- Over the 5 years, we have had 105 investors who invested through us; 89 out of the 105 investors invested in equity mutual funds through SIP, whereas the remaining investors invested either lump sum or in debt funds as per their investment goals.
- **Number of investors whose SIP continues:**
  - **85%** of our Equity SIP AUM (asset under management) has stayed for over a 5 year period, whereas only 33% of industry SIPs through distributors stay invested and only 19% SIPs through direct plan stay invested.
  - In terms of SIP accounts, **78%** of Equity SIP accounts have been active for over 5 years, whereas only 15% of industry SIPs through distributors are active and only 7% SIPs through direct plans are active.

This is the result of the process we follow while onboarding our investors. We follow a very strict process before suggesting SIPs in equity. We know investment in equity is cyclical in nature, and the returns shown in the bull market can make any investor a long-term investor. But before recommending equity, we try to understand every investor's current financial situation and his future financial obligations through the MFP personal finance checklist chart (image below). Only once we allocate money for his short and medium-term goals, then we recommend SIPs in equity with a mix of other asset classes (gold/debt). We decide right asset allocation, regularly monitor it and recommend periodic rebalancing whenever necessary.

### **Why asset allocation:**

- From 1992 to 2003, the S&P BSE Sensex gave no returns, but in the next 4 years (2003 to 2007), the S&P BSE Sensex moved by 6 times.
- From 2012 to 2019, Gold gave no returns, but in the next year (2019 to 2020), Gold gave more than 66% returns.
- Living through both of these times is difficult if there is no Asset Allocation.

# MFP Personal Finance Chart



- **Number of investors who increased their SIP:** 42% of our investors increased their SIP contribution over the 5-year period. These investors increase their SIP contribution as their income grew or once they understand the power of equity in wealth creation as well as beating inflation by staying invested in different phases of the market. Continuous increase in SIP will help them achieve their investment goals early. We recommend that our investors increase their SIP contribution whenever their income increases.
- **Number of investors who stopped their SIPs and withdrawn their entire amount:**
  - 4% of our investors stopped their sip contributions and withdrew their whole amount over the 2-year period.
  - 7% of our investors stopped their sip contributions and withdrew their whole amount over the 3-year period.
  - 16% of our investors stopped their sip contributions and withdrew their whole amount over the 5- year period.

Though my investors might have their own sudden requirement of liquidating their investments for tasks such as going abroad, critical illness or any other, still I feel this is a failure of our communication, and we will make every effort to reduce this number.

### **MFP Investors Investment Statistics**

*"It's only human nature to pay attention to short-term results but investment enlightenment is only achieved once you realize long-run is the only time horizon that matters.  
Successful investing is for patient people." - Ben Carlson*

	<b>MFP Investors who invested over 5 Years</b>	<b>MFP Investors who invested over 3 Years</b>
<b>Total number of investor</b>	<b>105</b>	<b>129</b>
<b>Number of investors who invested through SIP in equity funds</b>	<b>89</b>	<b>110</b>
<b>Number of investors who's equity SIP continued &amp; invested</b>	<b>76 (85%)</b>	<b>95 (86%)</b>
<b>Number of investors whose SIP is continuing</b>	<b>69 (78%)</b>	<b>87 (79%)</b>
<b>Number of investors who increased their SIPs</b>	<b>37 (42%)</b>	<b>49 (45%)</b>
<b>Number of investors who paused their SIPs but amount stay invested</b>	<b>8 (9%)</b>	<b>10 (9%)</b>
<b>Number of investors who stopped their SIPs &amp; withdrew their all funds</b>	<b>14 (16%)</b>	<b>8 (7%)</b>
<b>Number of investors who stopped their SIPs but withdrew partially</b>	<b>2 (2%)</b>	<b>3 (3%)</b>

## **Part 2:**

### **What did I do during the year?**

*“You can’t take the same actions as everyone else and expect to outperform.” - Howard Marks*

During the year, as per the above-mentioned MFP framework, we suggested the following things:

- Investing money through Systematic Investment Plans (SIPs) and Systematic Transfer Plans (STPs) in equity for their long term goals.
- Recommended lump sum buying in hybrid schemes (Multi Asset Allocation Fund, Balanced Hybrid Fund/Aggressive Hybrid Fund, Equity Savings Fund, Dynamic Asset Allocation Fund, Arbitrage Fund and Conservative Hybrid Fund) as the market was in the above fair value zone.
- On the Fixed income/Debt market, I suggested short-duration debt funds (liquid fund, ultra-short bond fund, money market fund, and floating rate bond funds) to investors for short-term goals and for more medium-term goals, I suggested banking & PSU debt funds & dynamic bond funds.
- Stick to your asset allocation, which balances the risk profile and provides resilience to your investment portfolio.

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I have tried to cover all the points that might be of interest to you by sharing my thoughts and experiences. If you have any doubts, queries, or points to share, I would love to hear them.

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