MY FINANCIAL POWER
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MFP 11th ANNUAL LETTER TO INVESTORS - 2026

Sunday, August 09, 2026

Dear Investors,

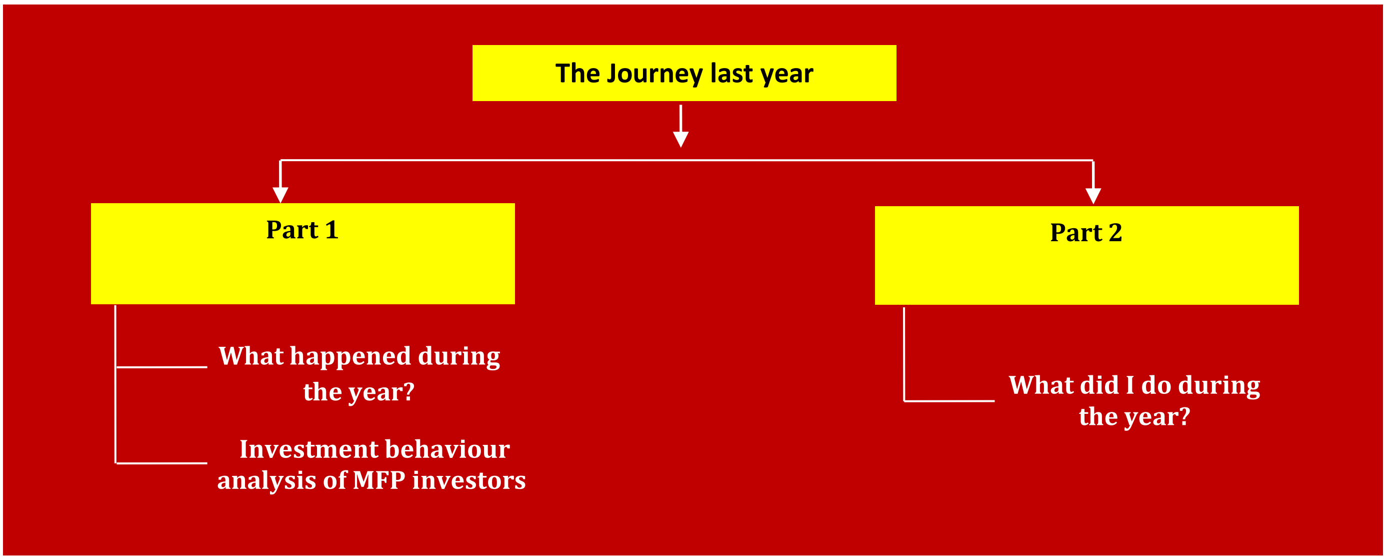
I hope you and your family are in the best of health and prosperity.

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 11 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 15 new families. Now our total customer tally stands at 215 and our asset under advisory stood at Rs. 31 crore after adjusting scheduled redemption of funds by clients who achieved their financial goals. These redemptions are not merely withdrawals—they represent milestones reached and financial dreams fulfilled, which remain one of the most meaningful measures of our success.

MFP Journey at a Glance

Year	Number of Customers	Asset Under Advisory
2016	40	0.50 Crore
2017	65	2.50 Crore
2018	90	4.50 Crore
2019	100	7.00 Crore
2020	105	12.12 Crore
2021	118	12.40 Crore
2022	129	12.17 Crore
2023	149	15.00 Crore
2024	176	21.00 Crore
2025	200	26.00 Crore
2026	**215**	**31.00 Crore**

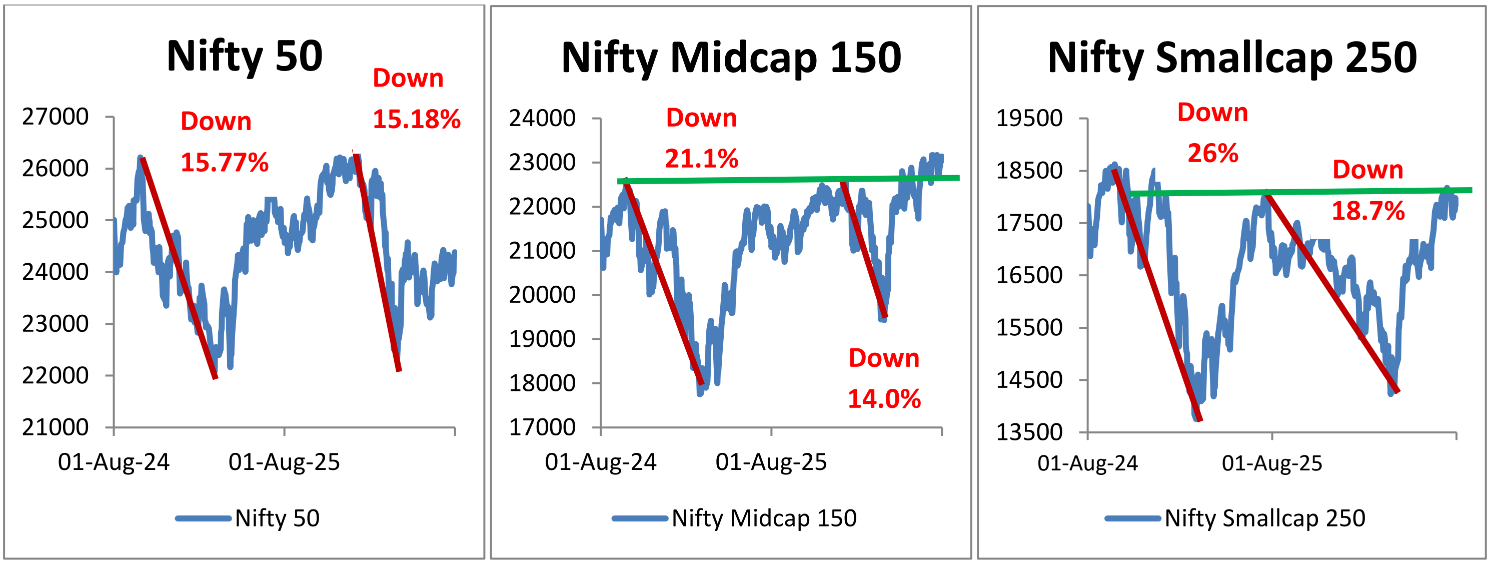
Let me take you along through this wonderful journey which I have divided into two parts. Welcome aboard!



Part 1:

What happened during the year?

"You make most of your money in a bear market, you just don't realise it at the time." -Shelby Cullom Devis



Indian Market Summary (Aug 2024 – July 2026)

- The period from **August 2024 to July 2026** was a defining phase for the Indian stock market, shaped by a combination of domestic policy decisions, global macroeconomic developments, geopolitical uncertainties, and corporate earnings. The journey began with optimism around India's strong economic growth and resilient corporate profitability. However, global concerns over elevated interest rates, geopolitical tensions, and intermittent foreign institutional investor (FII) outflows triggered the first notable correction. The **Nifty 50** declined by **15.77%,** while the **Nifty Midcap 150 and Nifty Smallcap 250** corrected by **21.1%** and **26%** during this period, respectively, as investors turned cautious and risk appetite weakened.
  As inflation moderated and expectations of monetary easing by major central banks improved global sentiment, confidence gradually returned to equity markets. Strong

domestic macroeconomic indicators, healthy corporate earnings, continued government capital expenditure, and record SIP inflows supported a broad-based recovery. Large-cap stocks recovered first, followed by mid- and small-cap companies, reflecting renewed confidence in India's long-term growth story.

The market encountered another period of volatility during **2025–26** as fresh global uncertainties emerged. **Overhanging unpredictable and volatile U.S. tariff measures and trade tensions** raised concerns over global economic growth and international trade, while the **US-Iran conflict** led to sharp spikes in crude oil prices and increased geopolitical risk. India had to pay heavy price as the Crude hovering around $110 was costing India more than $150 due to exorbitant insurance and shipping charges.

These developments, combined with profit booking after a strong rally, triggered another correction across Indian equities. Since January 2026, the **Nifty 50** declined by **15.18%**, the **Nifty Midcap 150** by **14.0%**, and the **Nifty Smallcap 250** by **18.7%**. Despite these setbacks, India's strong macroeconomic fundamentals, stable banking system, resilient domestic consumption, and continued SIP and domestic institutional inflows helped markets regain momentum.

While equities experienced heightened volatility, **gold emerged as one of the strongest-performing asset classes during August 2025 to July 2026**, delivering an impressive **42.8% return**. In comparison, the **Nifty 50 Total Return Index (TRI)** generated a modest **0.40%,** while the **Nifty Next 50 TRI**, **Nifty Midcap 150 TRI**, **Nifty Smallcap 250 TRI**, and **Nifty 200 Momentum 30 Index** returned **12.50%**, **10.40%**, **6.90%**, and **2.50%**, respectively. Gold's exceptional performance reflected investors' preference for safe-haven assets amid geopolitical uncertainty, trade tensions, and volatile global markets.

The contrasting performance of equities and gold reinforces a key investment principle: **different asset classes perform differently under varying economic and geopolitical conditions.** While gold provides stability and downside protection during periods of uncertainty, equities remain the primary driver of long-term wealth creation through economic growth and corporate earnings. The journey from **August 2024 to July 2026** highlights the importance of maintaining a **well-diversified portfolio** and staying disciplined through market cycles rather than reacting to short-term events.

- 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 **11.3%** with a maximum drawdown of **-38%** during Corona epidemic. In comparison, the **Nifty Next 50 TRI**, **Nifty Midcap 150 TRI**, and **Nifty Smallcap 250 TRI** generated higher CAGRs of **13.0%**, **16.7%**, and **14.0%**, 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 **14.3% 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 **16.1% CAGR** with a drawdown of only **-24%**, 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 **6.5%** and **7.8%**, with minimal drawdowns of **-1%** and **-5%**, respectively. The **Equal Weight Portfolio**, designed for balanced exposure, achieved a **12.46% CAGR** with a drawdown of **-31%**.

  Overall, our journey from 2015 through July 2026 reinforces a timeless investment lesson: No single asset class outperforms in every market environment. Equities create long-term wealth, gold provides resilience during uncertainty, and fixed income offers

stability. A disciplined, diversified asset allocation remains the most effective strategy for navigating market cycles and achieving sustainable long-term investment success.

- **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 **14.0% 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 14.3%** 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
01-08-2025 to 31-07-2026	**0.40%**	**12.50%**	**10.40%**	**6.90%**	**2.50%**	**42.80%**	**6.10%**	**3.80%**	**10.68%**
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 31-07-2026	***11.30%***	***13.00%***	***16.70%***	***14.00%***	***14.30%***	***16.10%***	***6.50%***	***7.80%***	***12.46%***
Maximum Drawdown during 09-08-2015 to 31-07-2026	**-38%**	**-40%**	**-43%**	**-60%**	**-34%**	**-24%**	**-1%**	**-5%**	**-31%**

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

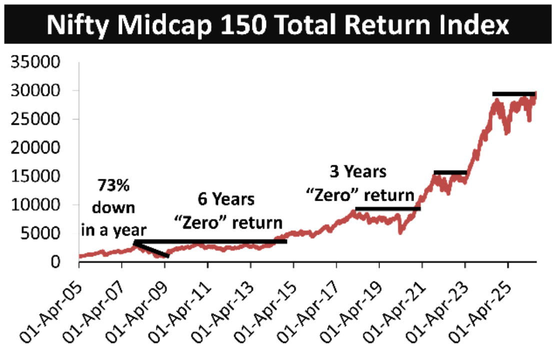
In the 2019 annual letter, I shared the actual story of an investor whose investment multiplied 100 times, and now that investment has multiplied more than 451 times for him. In 1995, he invested Rs. 1,000 in the Nippon India Midcap Fund (earlier Reliance Growth Fund), the current value of his investment is Rs. 4,51,569. Click here to read the report on 451x story of an investor. In that report, I shared a lesson on how he behaved during the 451x 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. 25.2 lakhs to Rs. 1.78 crore at the end of 21st year with an CAGR of 16.12%.

		Financial Year	Invested Amount	Value of Investment	CAGR Return
Don't Worry Phase	1st year	2006	Rs. 1,20,000	Rs. 1,70,252	86.0%
	2nd year	2007	Rs. 2,40,000	Rs. 2,92,731	20.4%
	3rd year	2008	Rs. 3,60,000	Rs. 4,66,706	17.6%
	4th year	2009	Rs. 4,80,000	Rs. 3,30,883	-17.7%
	5th year	2010	Rs. 6,00,000	Rs. 9,39,993	18.01%
Stay Patient Phase	6th year	2011	Rs. 7,20,000	Rs. 10,99,474	13.98%
	7th year	2012	Rs. 8,40,000	Rs. 11,71,994	9.36%
	8th year	2013	Rs. 9,60,000	Rs. 13,45,848	8.27%
	9th year	2014	Rs. 10,80,000	Rs. 17,28,427	10.15%
	10th year	2015	Rs. 12,00,000	Rs. 29,05,150	16.85%
Wealth Building Phase	11th year	2016	Rs. 13,20,000	Rs. 29,74,377	14.02%
	12th year	2017	Rs. 14,40,000	Rs. 42,23,935	16.75%
	13th year	2018	Rs. 15,60,000	Rs. 50,52,414	16.73%
	14th year	2019	Rs. 16,80,000	Rs. 51,41,544	14.74%
	15th year	2020	Rs. 18,00,000	Rs. 36,82,269	8.96%
	16th year	2021	Rs. 19,20,000	Rs. 75,95,379	15.54%
	17th year	2022	Rs. 20,40,000	Rs. 96,25,345	16.30%
	18th year	2023	Rs. 21,60,000	Rs. 1,00,11,513	15.17%
	19th year	2024	Rs. 22,80,000	Rs. 1,59,20,123	17.83%
	20th year	2025	Rs. 24,00,000	Rs. 1,73,34,115	17.14%
	21st year	2026	Rs. 25,20,000	Rs. 1,78,37,767	16.12%



*Past performance may or may not sustain in future.

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Recently Cafemutual shared a report where they have mentioned:

"Industry data reveals that 34.1% of the total SIP AUM in regular plan has stayed invested for over 5 years. Of the SIP AUM of Rs.11.59 lakh crore in regular plans, Rs.3.95 lakh crore has been invested for over 5 years.
By comparison, in direct plans, SIP assets continuing for over five years stand at Rs.69,173 crore, which is 19.6% of total direct plan SIP AUM of Rs.3.52 lakh crore. ***This suggests that regular plan investors are staying invested for longer periods than direct plan investors.***

SIPs Coming Through Distributors Stay Longer Compared to Direct SIPs

SIP Accounts continuing for	Regular Plan		Direct Plan	
	Total Regular Plan AUM (in Rs Cr)	*Percentage of total AUM (in Rs Cr)*	**Direct Plan AUM (in Rs Cr)**	*Percentage of total AUM (in Rs Cr)*
> 5 years	3,94,980.61	***34.1%***	69,172.82	***19.6%***
> 4 years up to 5 years	94,548.16	*8.2%*	25,957.88	*7.4%*
> 3 years up to 4 years	1,22,372.49	*10.6%*	34,654.84	*9.8%*
> 2 years up to 3 years	1,49,503.34	*12.9%*	49,317.63	*14.0%*
> 1 year up to 2 years	1,74,897.46	*15.1%*	71,187.60	*20.2%*
Less than < 1 year	2,22,364.54	*19.2%*	1,01,985.63	*29.0%*
Total	**11,58,666.58**		**3,52,276.40**	

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 118 investors who invested through us; 101 out of the 118 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.

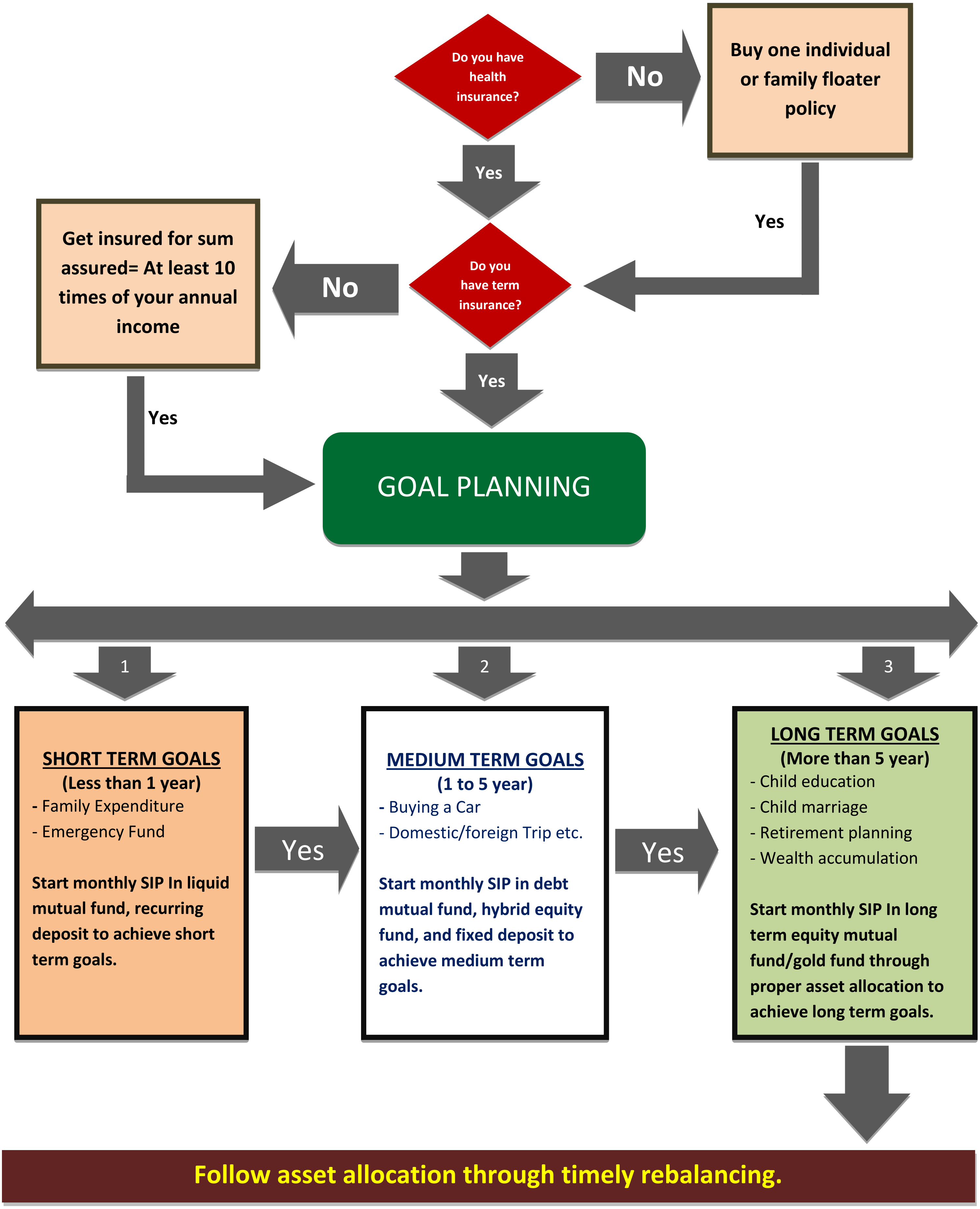
- **Number of investors whose SIP continues:**
  - **87%** of our Equity SIP AUM (asset under management) has stayed for over a 5 year period, whereas only 34% of industry SIPs through distributors stay invested and only 19.6% SIPs through direct plan stay invested.

  I am glad to share the simple secret sauce of this very very positive outcome. 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 7 years (2019 to 2026), Gold moved by 4.5 times.
- 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:** 47% 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:**
  - 17% of our investors stopped their sip contributions and withdrew their whole amount over the 3-year period.
  - 17% 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 emergent situation, 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

	MFP Investors who invested over 5 Years	**MFP Investors who invested over 3 Years**
Total number of investor	**118**	**149**
Number of investors who invested through SIP in equity funds	**101**	**126**
Number of investors who's equity SIP continued & invested	**88 (87%)**	**118 (94%)**
Number of investors whose SIP is continuing	**77 (76%)**	**99 (79%)**
Number of investors who increased their SIPs	**47 (47%)**	**58 (46%)**
Number of investors who paused their SIPs but amount stay invested	**5 (5%)**	**7 (6%)**
Number of investors who stopped their SIPs & withdrew their all funds	**17 (17%)**	**21 (17%)**
Number of investors who stopped their SIPs but withdrew partially	**1 (1%)**	**2 (2%)**

Part 2:

What did I do during the year?

"Losses can psychologically scare you which can prevent you from capitalizing on right opportunities."
- Bharat Shah

During the year, in line with the above-mentioned MFP Investment Framework, we recommended the following actions:

- **Systematic Investing for Long-Term Goals:** Continued investments through **Systematic Investment Plans (SIPs)** and **Systematic Transfer Plans (STPs)** into equity-oriented schemes to help achieve long-term financial goals while reducing the impact of market volatility.
- **Increasing Equity Exposure During Market Weakness:** From **February 2026 onwards**, we gradually started switching investments that were temporarily parked in **liquid and short-term debt funds** into **Flexi Cap, Multi Cap, Mid Cap, and Small Cap equity funds**. We also recommended selective **lump sum investments** in **Large Cap, Flexi Cap, Multi Cap, Mid Cap, Small Cap, and Hybrid Funds** (including **Multi Asset Allocation Funds** and **Balanced/Aggressive Hybrid Funds**) as market valuations entered the **below fair value zone**, thereby improving the margin of safety for long-term investors.
  While it is impossible even for astrologers to predict the exact market bottom or the best entry point, our investment approach focuses on identifying periods of excessive pessimism, attractive valuations, and favourable risk-reward opportunities. Short-term outcomes may vary, but consistently following a disciplined investment process has historically been rewarding over the long term.
- **Fixed Income Strategy:** For short-term financial goals and liquidity requirements, we recommended **Liquid Funds, Ultra Short Duration Funds, Money Market Funds, and Floating Rate Bond Funds**. For medium-term objectives, we suggested **Banking & PSU Debt Funds** and **Dynamic Bond Funds**, balancing capital preservation with reasonable return potential.
- **Maintaining Asset Allocation Discipline:** Throughout the year, we continued to emphasise the importance of adhering to the recommended asset allocation. A disciplined asset allocation framework helps manage risk, reduces the impact of market volatility, and improves the resilience of the overall investment portfolio across different market cycles.

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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 it.

Paramjeet Redu

AMFI-registered Mutual Fund Distributor (ARN-97379)

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