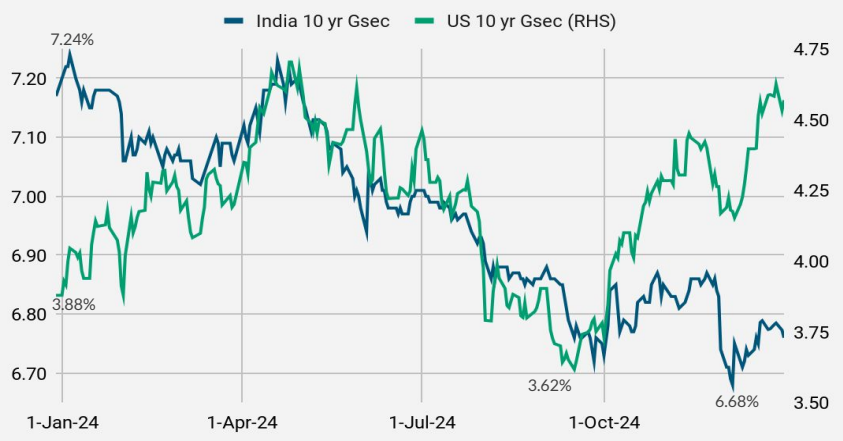


Looking back at 2024

10 year Benchmark yields movement (%)



India's benchmark 10-year G-sec yield experienced a significant decline in 2024, marking its steepest drop in four years, a decrease of 42 bps; driven by:

- The government cut its fiscal deficit target to 4.9% of GDP and limited borrowings to ₹14.01 trillion, ensuring strong investor demand.
- Global bond index inclusion attracting significant FPI inflows (₹1.2 lakh crore).
- Rising corpus with insurance and pension funds provided consistent demand for government bonds.
- Speculation of monetary easing and a February 2025 rate cut.

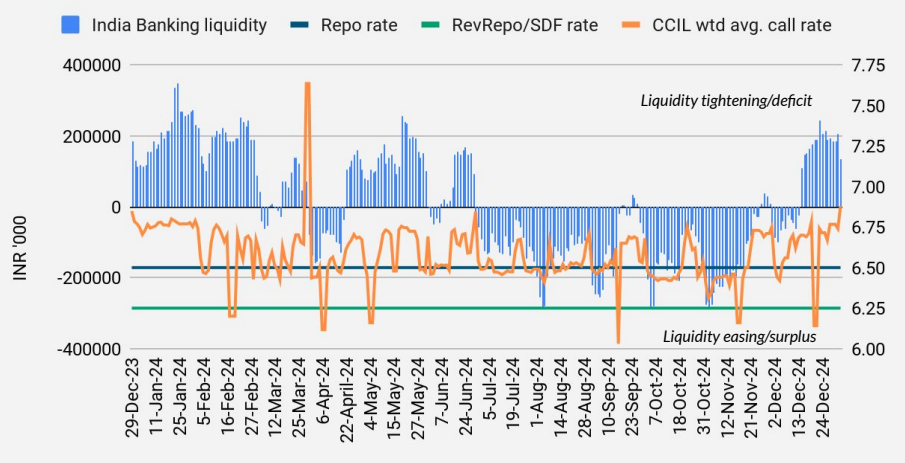
Currently, it trades at 6.75%–6.80%, influenced by the Fed's hawkish stance and elevated U.S. Treasury yields.

The U.S. 10-year Treasury yield was volatile, ranging from 3.72%–4.75%, peaking mid-year due to:

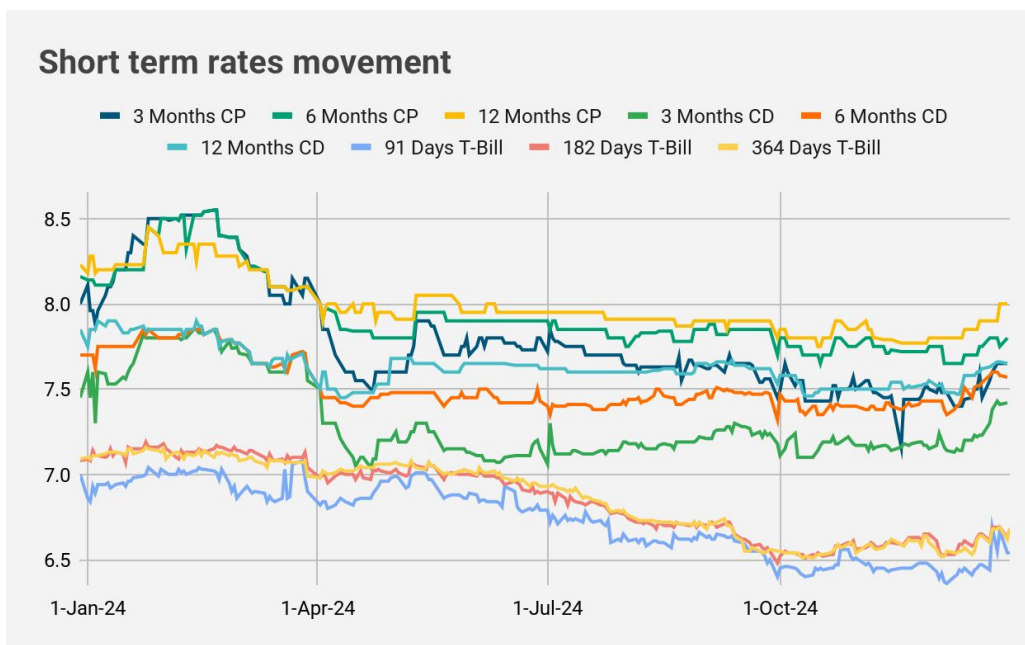
- Strong economic data in H1 and inflation delaying rate cuts.
- Higher Treasury issuance and geopolitical tensions increasing yields.
- Late-year Fed rate cuts, causing brief dips.

Currently, it trades at 4.52%–4.65% as markets balance the Fed's hawkish outlook for 2025.

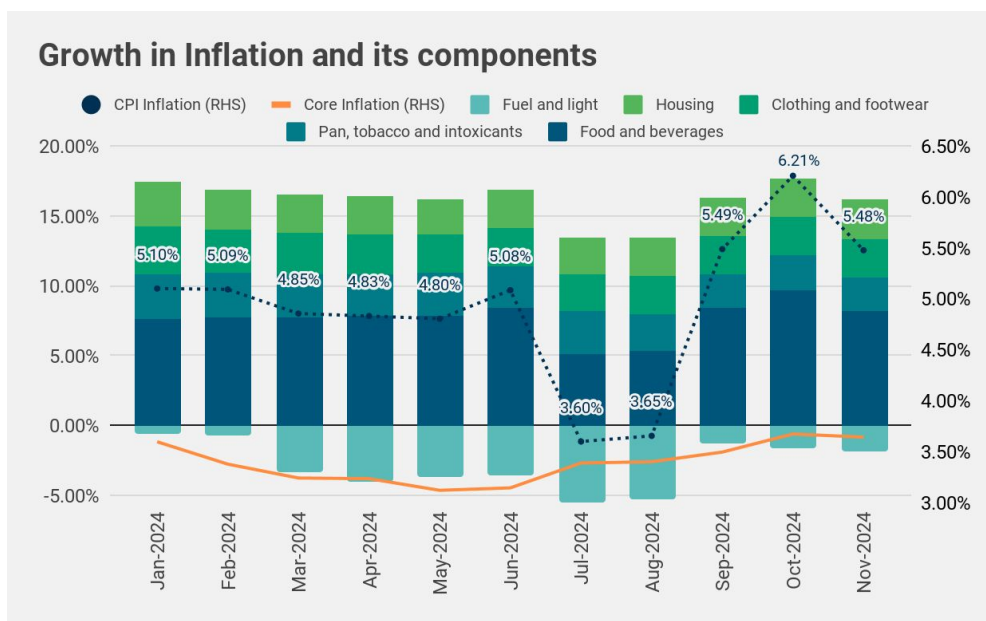
Key Rates & Liquidity



- Throughout 2024, India's banking system liquidity exhibited volatility, driven by seasonal tax flows, government spending patterns and global economic factors.
- Liquidity remained tight for most of the year but eased toward the end, supporting a decline in short-term rates.
- In the last 15 days of December, the liquidity deficit widened, driven by the RBI's intervention in the currency market to mitigate currency depreciation amid a rising trade deficit and a stronger dollar, as well as tax outflows.
- The liquidity deficit reached a 7-month high of ₹2.42 lakh crore on 23rd December.
- In 2024, the RBI used VRRR auctions to absorb surplus liquidity, conducting ₹81.5 lakh crore worth of auctions, with ₹34.21 lakh crore allotted. To tackle liquidity deficits, it held VRR auctions totaling ₹48.15 lakh crore, allotting ₹45.87 lakh crore.

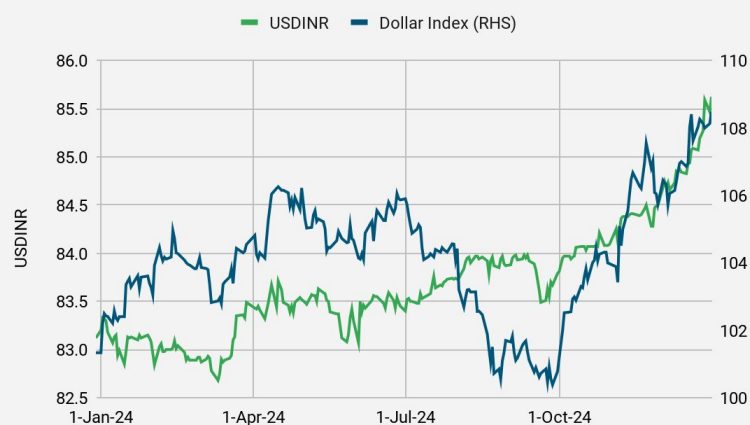


- Short-term rates **declined steadily** in H1 2024 due to easing inflation and improved liquidity.
- Rates **stabilized** in calendar year Q3 and **rose slightly** in Q4 amid tight liquidity and elevated U.S. Treasury yields.
- The short-term rates have **dropped by 10-40 bps** across money market instruments compared to previous year end.
- **Seasonal tax flows and festive cash withdrawals** contributed to year-end rate volatility.
- The RBI's **liquidity management and stable policy stance** kept rates largely in check.
- **Money market rates in 2025** will primarily hinge on the pace of RBI's rate cuts, domestic liquidity management and global monetary conditions.

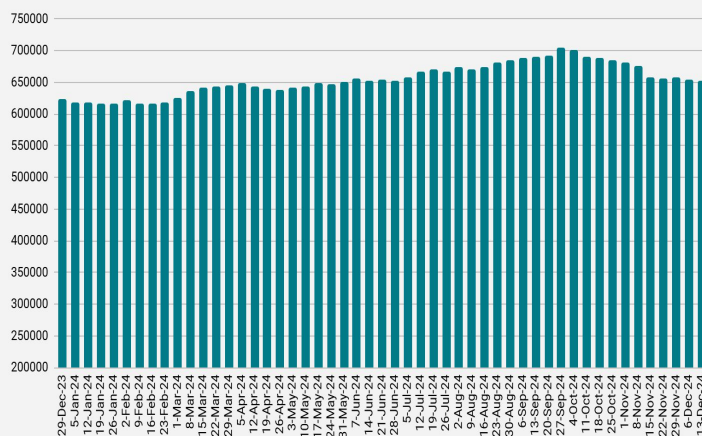


- In 2024, India's CPI inflation **fluctuated, averaging 5%** (Jan–Nov), with Core CPI at 3.4%.
- **Core CPI hit a record low** of 3.12% in May, due to tight monetary policy and weak demand, but rose to 3.64% in November on price hikes and recovering demand.
- Inflation fell below 4% in July and August, with July marking a **59-month low**, aided by a favorable base effect.
- The **RBI kept policy rates unchanged**, focusing on liquidity management through measures like Cash Reserve Ratio reductions, reaffirming its commitment to the 4% target for sustainable growth.
- **Projections for FY25** suggest CPI inflation may ease to 4.7%–4.8%, supported by a favorable base, easing food inflation and stable global commodity prices.

Dollar Index at 2-year high and USDINR at all time low

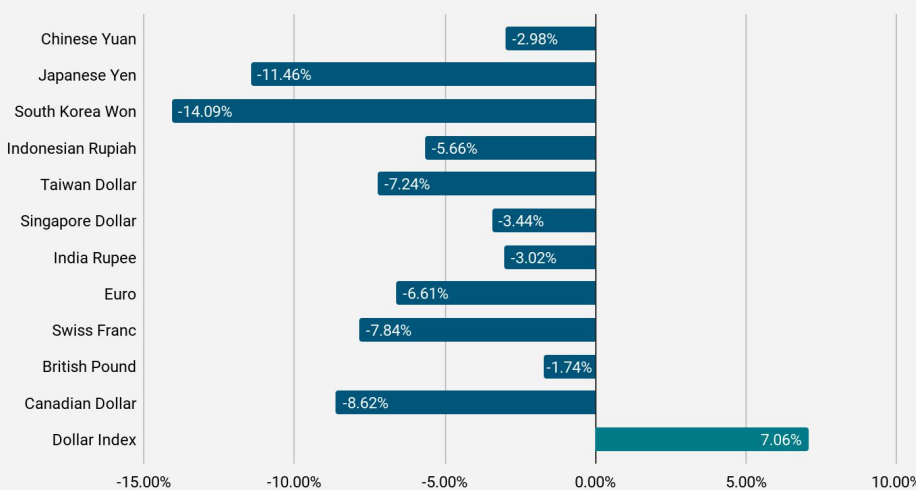


Total Forex Reserves (US \$ Mn.)

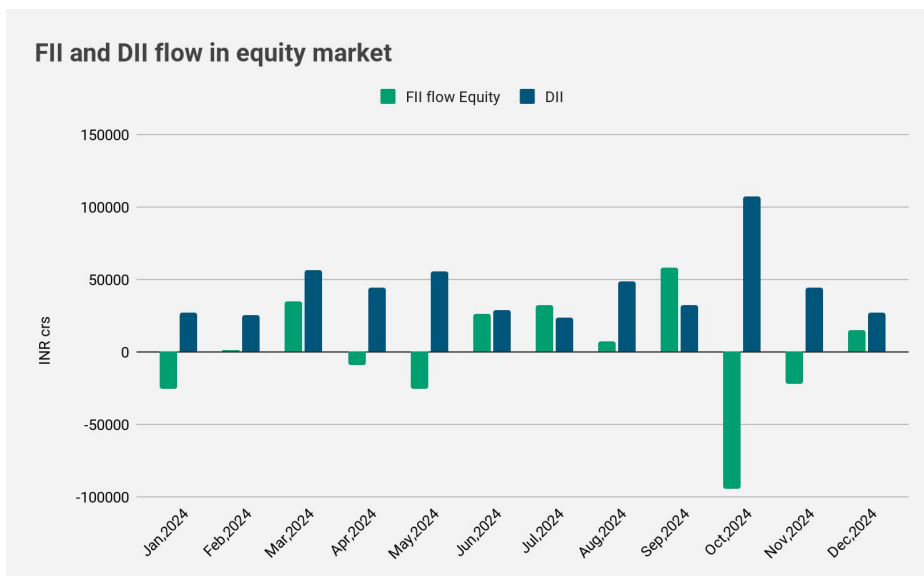


- In 2024, India's foreign exchange reserves experienced significant fluctuations, reaching an **all-time high before declining toward the year's end.**
- In late September, reserves surpassed \$700 billion for the first time, peaking at approximately **\$704.89 billion**. However, by December 20, reserves had declined to **\$644.39 billion, marking a seven-month low.**
- The **Indian Rupee weakened by 3%** in 2024, driven by a stronger U.S. dollar, supported by rising U.S. Treasury yields and expectations of policy changes under the new administration. Domestically, a widening trade deficit, weaker capital inflows, and concerns over slower economic growth further pressured the rupee.
- While India achieved the milestone of crossing \$700 billion, reserve levels were impacted by the RBI's active management of rupee stability through dollar sales, as well as fluctuations in global currencies, asset prices, foreign investments, and trade balances.

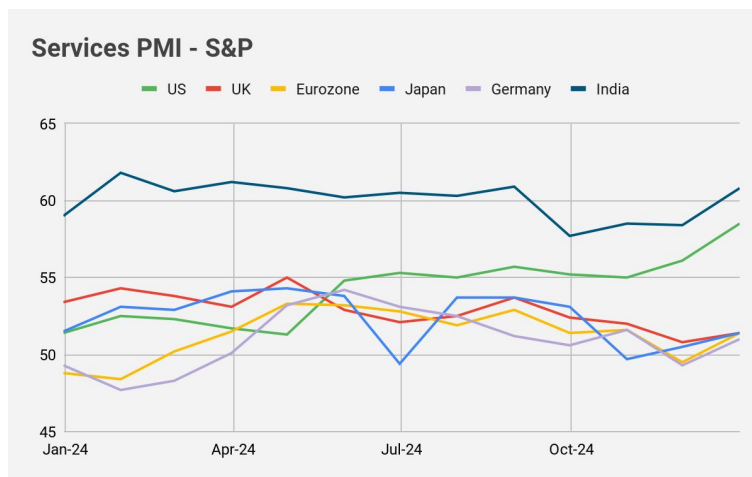
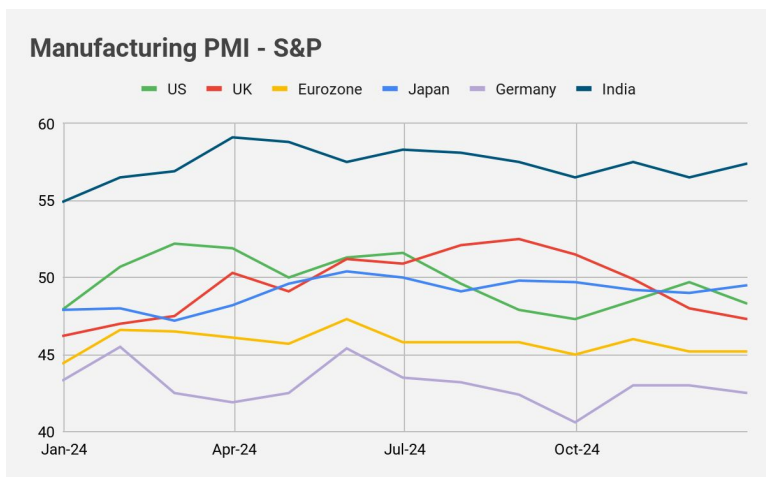
2024- Performance of Global Currencies against US Dollar; & Dollar index



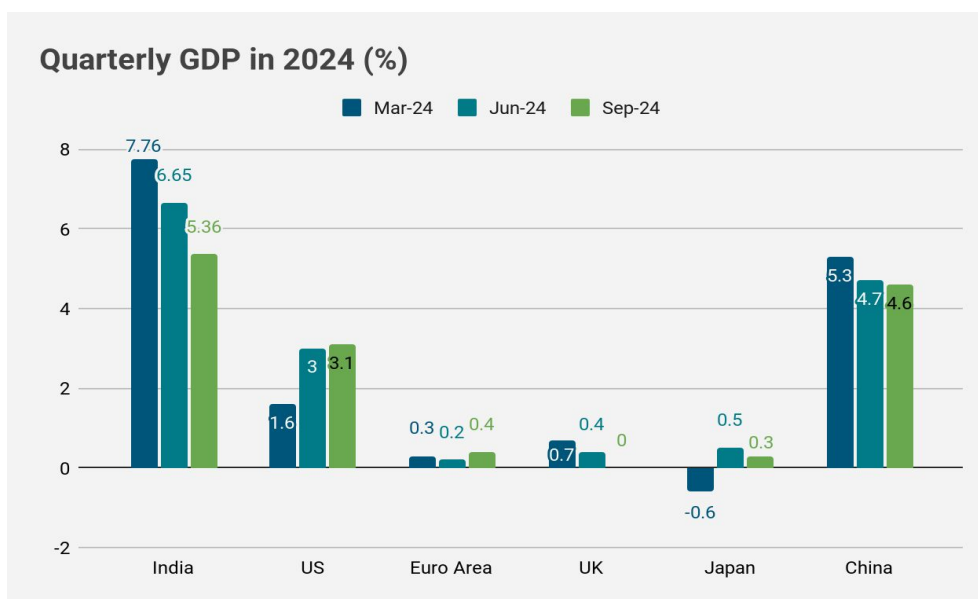
- The **US Dollar Index has generally strengthened throughout 2024**, appreciating by approximately 7% against a basket of currencies.
- This strength has been attributed to **improved macroeconomic conditions** in the US, particularly strong economic data and expectations surrounding Federal Reserve monetary policy.
- The **Japanese Yen** has experienced fluctuations, facing challenges due to Japan's economic conditions, which have impacted its value against the dollar.
- Similarly, **emerging market currencies have faced depreciation** against the dollar, driven by capital outflows, a hawkish Federal Reserve, and expectations surrounding Donald Trump's second term as U.S. President, keeping the dollar strong.
- The **outlook for global currencies remains dynamic**, with potential shifts depending on future monetary policy decisions and economic developments across major economies.



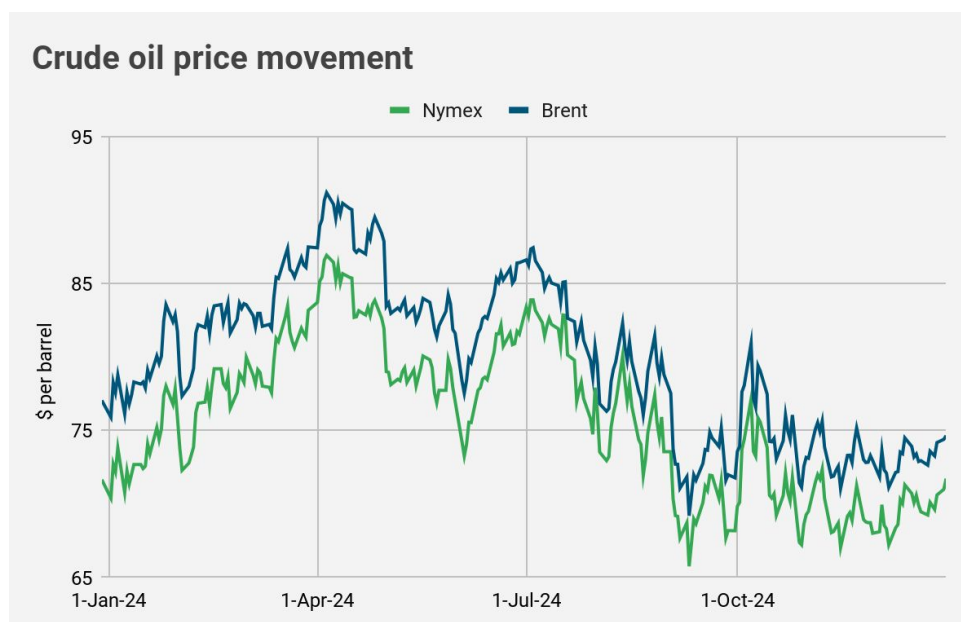
- In 2024, Foreign Institutional Investors (FIIs) exhibited mixed investment behavior in Indian markets, alternating between significant inflows and outflows. Overall, FIIs were net buyers in **five out of twelve months**, with a **total net investment of ₹427 crore for the year**.
- **September recorded the highest inflow of approximately ₹57,724 crore**, while **October saw the largest outflow of around ₹94,017 crore**. Despite these fluctuations, FIIs ended December with a net buying position of ₹15,446 crore in Indian equities.
- Changes in India's economic landscape, corporate earnings, and market valuations influenced FII activity, with periods of optimism alternating with cautious profit-taking.
- On the other hand, Domestic Institutional Investors (DIIs) played a pivotal role in supporting the market. Consistent DII buying throughout the year, **totaling over ₹5 lakh crore by December**, helped offset the selling pressure from FIIs, underscoring their importance during times of global uncertainty.



- The PMI readings highlight resilience in India's economy, with both **manufacturing and services sectors maintaining robust growth**.
- **Services PMI outpaced Manufacturing PMI**, driven by strong consumer demand and the growing significance of services such as IT, financial services, and retail.
- Expansion was fueled by strong domestic demand, improved supply chains, steady export performance, and easing input costs, which enhanced manufacturers' profitability and competitiveness.
- This consistent growth across sectors significantly contributed to economic expansion and employment generation in 2024.



- **Emerging economies** like India and China experienced a slowing growth trajectory, while advanced economies such as the U.S., Euro Area, and UK struggled with low or stagnant growth.
- **India** demonstrated robust economic growth compared to other countries but **faced a slowdown** due to weak global demand, limited government spending amid elections, and geopolitical uncertainties.
- The **U.S. economy** exhibited steady growth, **driven by strong consumer spending and a recovering labor market**.
- **The Eurozone** experienced **sluggish growth**, highlighting ongoing economic challenges within the region.
- In the **UK**, stagnation was caused by **high inflation, weak consumer confidence, and global uncertainties**.
- **Japan's economy** showed **mixed results**, with a contraction followed by slight recovery, reflecting persistent structural challenges.
- **China's growth slowed** as weak global demand, a housing slump, and deflationary pressures offset the effects of stimulus and infrastructure investments.



In 2024, crude oil prices fluctuated significantly, with Futures Brent crude trading in a range of **\$69–\$72 per barrel**, driven by:

- Chinese demand concerns, as underwhelming growth and weak stimulus effects weighed on prices.
- Middle East tensions, including the Israel-Hamas conflict and temporary fears of supply disruptions.
- OPEC+ production cuts, which supported prices in the first half of the year.

Currently, Brent crude trades at **\$71–\$76 per barrel**, reflecting ongoing concerns about slowing global demand, particularly from China, alongside steady U.S. shale production and rising inventories.

Global Monetary Policy Actions in 2024 and Outlook for 2025

Country	Policy rate in 2024		Total rate cut/hike	2024 Central Banks' Action	2025 expected rate action
	Jan	Dec			
United States	5.50%	4.50%	100 bps	The decision to cut rates was influenced by signs of a weakening labor market and moderating inflation rates	25 bps of two rate cut is expected, reflecting a more cautious approach due to persistent inflation concerns and robust economic growth expectation
Euro Area	4.50%	3.15%	135 bps	Easing inflation , allowed the ECB to focus on stimulating growth, which has lagged behind global peers.	A 125–150 bps rate cut is expected by year-end to support sluggish growth, with the focus now on stimulating demand amid political risks and trade tensions .
UK	5.25%	4.75%	50 bps	Moderate inflation, slowing economic growth, and a cooling labor market prompted the shift toward monetary easing.	A 150 bps rate cut is expected by year-end as services inflation eases, alongside cooling labor market conditions and an improved fiscal outlook, enabling faster monetary easing from spring 2025.
Japan	-0.10%	0.25%	+ 35 bps	BoJ raised interest rates persistent inflation , which has remained above the 2% target since April 2022, ending its long-standing negative interest rate policy in March	A 75 bps rate hike is expected as the BoJ evaluates improving economic conditions, rising wages, and external factors like U.S. policies to sustain inflation near its 2.5% target.
India	6.50%	6.50%	no cuts	The RBI focused on balancing inflation and slowing growth , keeping the repo rate steady at 6.5% for eleven meetings. To support liquidity, it shifted to a neutral stance and cut the CRR from 4.5% to 4%, amid a GDP growth forecast revision from 7.2% to 6.6% for FY 2024-25.	A 25–50 bps rate cut is expected in the first half of 2025, depending on inflation and growth trends, with a focus on improving liquidity if global easing or trade uncertainties continue to impact external conditions..
China	3.45%	3.00%	45 bps	China's inflation has remained below its 2% target for 22 months , with periods of deflation. Multiple interest rate cuts have been implemented to stimulate the economy amid slowing growth .	A 20-30 bps rate cut is expected, alongside potential reductions in the Reserve Requirement Ratio (RRR), as the PBoC seeks to lower borrowing costs and bolster domestic demand amid weak external conditions and trade tensions with the U.S.

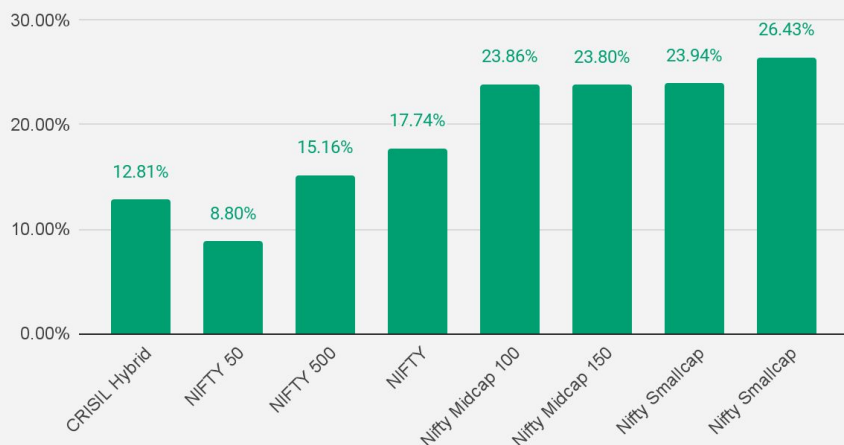
MCX Gold price movement



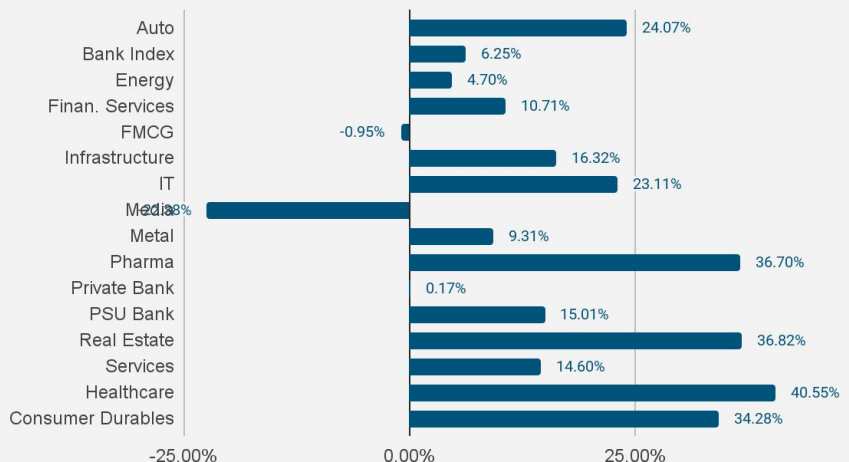
- Gold emerged as the **best-performing asset in 2024**, outperforming all major asset classes and outpacing key equity indices like the **Sensex and Nifty**, underscoring its appeal as a hedge against uncertainty.
- Prices in India hit an **all-time high of ₹79,362 per 10 grams** in October 2024.
- The stellar performance was fueled by **geopolitical tensions, global monetary easing**, and increased **safe-haven demand** amid market volatility.
- Additionally, **central banks ramped up gold purchases**, driving global demand and supporting prices.
- Analysts predict this upward momentum will continue into 2025, with gold prices potentially reaching **₹85,000 per 10 grams**, supported by persistent global economic uncertainties and strong demand.

2024 Equity Market Wrap-up

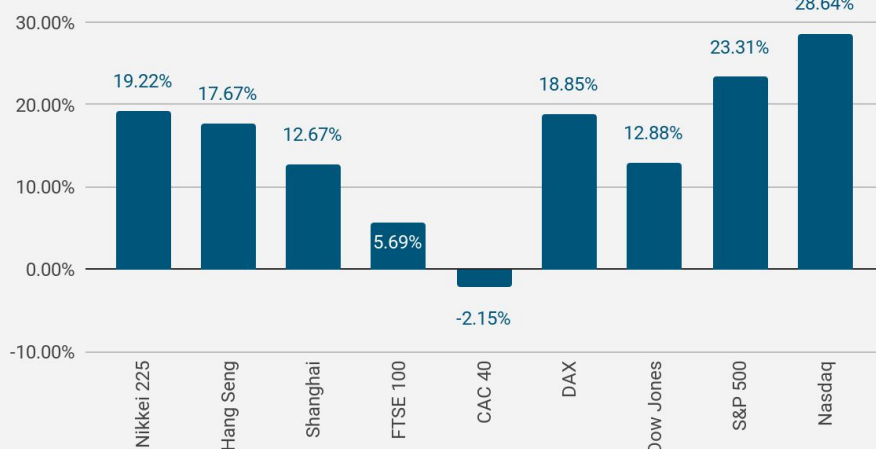
Indices Returns - 2024



Sector Returns - 2024



Major Global Index Returns - 2024



- Nifty Smallcap 250 led the indices with a stellar return of 26.43%, showcasing strong performance in smaller companies.
- Nifty Midcap 150 also posted impressive gains of 23.80%, reflecting robust midcap growth.
- Broader indices like Nifty 500 and Nifty 100 returned 15% and 12% respectively.
- Benchmark indices Nifty 50 and Sensex delivered healthy returns of 8.80% and 8.17%.
- Nifty Healthcare topped the sectoral charts with an exceptional return of 40.55%, driven by strong growth in the healthcare industry.
- Nifty Pharma followed closely, delivering 39%, benefiting from consistent demand.
- Nifty Realty and Nifty Consumer Durables were among other high performers, with gains of 34.39% and 34.28%, respectively.
- The Auto and IT sectors also showed resilience, posting returns of 22.64% and 22.03%.
- The media sector emerged as the worst-performing sector of 2024, recording a steep decline of over 20%.
- For 2024, the Nasdaq surged 28.6%, while the bellwether S&P 500 notched a 23.3% gain, marking the index's best two-year run since 1997-1998.
- Global indices in 2024 displayed diverse performances. Apart from the strong showing of U.S. indices, the Nikkei 225 surged by 19.22%, highlighting Japan's economic momentum. In Asia, the Hang Seng rose by 17.67%, while the FTSE 100 in the UK lagged at just 5.69%. Europe's performance was mixed, with the DAX gaining 18.85%, while the CAC 40 registered a decline of -2.15%.

Best Mutual Fund Performance Schemes - 2024

Top 5 schemes Among Overall Equity Mutual Fund

Categories	Scheme Names	Returns (%)
Mid Cap Fund	Motilal Oswal Midcap Fund-Reg(G)	57.13
Pharma & Health Care	HDFC Pharma and Healthcare Fund-Reg(G)	50.33
Pharma & Health Care	ICICI Pru Pharma Healthcare & Diagnostics (P.H.D) Fund-(G)	48.14
Infrastructure	LIC MF Infra Fund-Reg(G)	47.79
Equity Linked Savings Scheme	Motilal Oswal ELSS Tax Saver Fund-Reg(G)	47.72

Top 5 schemes Among Overall Hybrid Mutual Fund

Categories	Scheme Names	Returns (%)
Aggressive Hybrid Fund	JM Aggressive Hybrid Fund(G)	26.99
Aggressive Hybrid Fund	Invesco India Aggressive Hybrid Fund-Reg(G)	26.08
Multi Asset Allocation	Quant Multi Asset Fund(G)	25.95
Aggressive Hybrid Fund	Bank of India Mid & Small Cap Equity & Debt Fund-Reg(G)	25.79
Equity Savings	HSBC Equity Savings Fund-Reg(G)	24.04

Top 3 Schemes Among Overall Debt Mutual Fund

Categories	Scheme Names	Returns (%)
Credit Risk Fund	Aditya Birla SL Credit Risk Fund-Reg(G)	11.92
Long Duration	HDFC Long Duration Debt Fund-Reg(G)	11.38
Long Duration	Nippon India Nivesh Lakshya Fund(G)	11.31
Long Duration	SBI Long Duration Fund-Reg(G)	11.21
Long Duration	Axis Long Duration Fund-Reg(G)	11.13

Note: Index Funds & ETFs are not considered.
Source: AceMF

Top Performing Mutual Fund Schemes by Category - 2024

Equity

Top 2 schemes among Multi Cap Funds

Scheme Name	Returns (%)
LIC MF Multi Cap Fund	32.27
Axis Multicap Fund	32.25

Top 2 schemes among Flexi Cap Funds

Scheme Name	Returns (%)
Motilal Oswal Flexi Cap Fund	45.69
Invesco India Flexi Cap Fund	34.45

Top 2 schemes among Focussed Funds

Scheme Name	Returns (%)
Invesco India Focused Fund	43.16
Bandhan Focused Equity Fund	30.30

Top 2 schemes among Large Cap Funds

Scheme Name	Returns (%)
WOC Large Cap Fund	20.91
DSP Top 100 Equity Fund	20.50

Top 2 schemes among Large & Mid Cap Funds

Scheme Name	Returns (%)
Motilal Oswal Large & Midcap Fund	46.11
HSBC Large & Mid Cap Fund	38.57

Top 2 schemes among Sector Funds

Scheme Name	Returns (%)
HDFC Pharma and Healthcare Fund	50.33
ICICI Pru Pharma Healthcare & Diagnostics (P.H.D) Fund	48.14

Top 2 schemes among Mid Cap Funds

Scheme Name	Returns (%)
Motilal Oswal Midcap Fund	57.13
Invesco India Midcap Fund	43.15

Top 2 schemes among Small Cap Funds

Scheme Name	Returns (%)
Motilal Oswal Small Cap Fund	45.98
Bandhan Small Cap Fund	43.12

Top 2 schemes among ELSS Funds

Scheme Name	Returns (%)
Motilal Oswal ELSS Tax Saver Fund	47.72
HSBC ELSS Tax saver Fund	32.99

Top 2 schemes among Value/Contra Funds

Scheme Name	Returns (%)
Invesco India Contra Fund	30.14
LIC MF Value Fund	29.16

Top 2 schemes among Dividend Yield Funds

Scheme Name	Returns (%)
LIC MF Dividend Yield Fund	31.80
UTI Dividend Yield Fund	24.68

Top 2 schemes among Thematic Funds

Scheme Name	Returns (%)
Union Innovation & Opp Fund	40.82
HDFC Defence Fund	40.20

Note: All the above schemes are Regular schemes. Equity Index Funds & ETFs are not considered.
Source: AceMF

Hybrid

Top 2 schemes among Arbitrage Funds

Scheme Name	Returns (%)
Kotak Equity Arbitrage Fund	7.84
UTI Arbitrage Fund	7.73

Top 2 schemes among Equity Savings Funds

Scheme Name	Returns (%)
HSBC Equity Savings Fund	24.04
Invesco India Equity Savings Fund	16.56

Top 2 schemes among Dynamic Asset Allocation/Bal. Adv.

Scheme Name	Returns (%)
Quant Dynamic Asset Allocation Fund	20.24
Axis Balanced Advantage Fund	17.52

Top 2 schemes among Conservative Hybrid Funds

Scheme Name	Returns (%)
HSBC Conservative Hybrid Fund	15.97
Parag Parikh Conservative Hybrid Fund	12.49

Top 2 schemes among Aggressive Hybrid Funds

Scheme Name	Returns (%)
JM Aggressive Hybrid Fund	26.99
Invesco India Aggressive Hybrid Fund	26.08

Top 2 schemes among Multi Asset Allocation Funds

Scheme Name	Returns (%)
Quant Multi Asset Fund	25.95
UTI Multi Asset Allocation Fund	20.71

Debt

Top 2 schemes among Floater Funds

Scheme Name	Returns (%)
Axis Floater Fund	9.31
DSP Floater Fund	9.08

Top 2 schemes among Credit Risk Funds

Scheme Name	Returns (%)
Aditya Birla SL Credit Risk Fund	11.92
ICICI Pru Credit Risk Fund	8.46

Top 2 schemes among Corporate Bond Funds

Scheme Name	Returns (%)
HDFC Corp Bond Fund	8.56
Aditya Birla SL Corp Bond Fund	8.54

Top 2 schemes among Short Duration Funds

Scheme Name	Returns (%)
Bank of India Short Term Income Fund	9.09
HDFC Short Term Debt Fund	8.29

Top 2 schemes among Medium Duration Funds

Scheme Name	Returns (%)
Aditya Birla SL Medium Term Plan	10.46
Kotak Medium Term Fund	9.01

Top 2 schemes among Gilt Funds

Scheme Name	Returns (%)
Bandhan G-Sec-Invest	10.60
DSP Gilt Fund	10.12

Top 2 schemes among Dynamic Bond Funds

Scheme Name	Returns (%)
Bandhan Dynamic Bond Fund	9.99
DSP Strategic Bond Fund	9.95

Top 2 schemes among Banking & PSU Funds

Scheme Name	Returns (%)
DSP Banking & PSU Debt Fund	8.67
Invesco India Banking and PSU Fund	8.22

Top 2 schemes among Debt Index Funds

Scheme Name	Returns (%)
Edelweiss CRISIL IBX 50:50 Gilt Plus SDL April 2037	10.54
Nippon India Nifty G-Sec Jun 2036 Maturity	10.40

Top 2 schemes among Medium to Long Funds

Scheme Name	Returns (%)
LIC MF Medium to Long Duration Fund	9.00
HDFC Income Fund	8.99

Top 2 schemes among Long Duration Funds

Scheme Name	Returns (%)
HDFC Long Duration Debt Fund	11.38
Nippon India Nivesh Lakshya Fund	11.31

*Note: All the above schemes are Regular schemes. Debt category with a investment horizon of less than 1 year and ETF are not considered.
Source : AceMF*