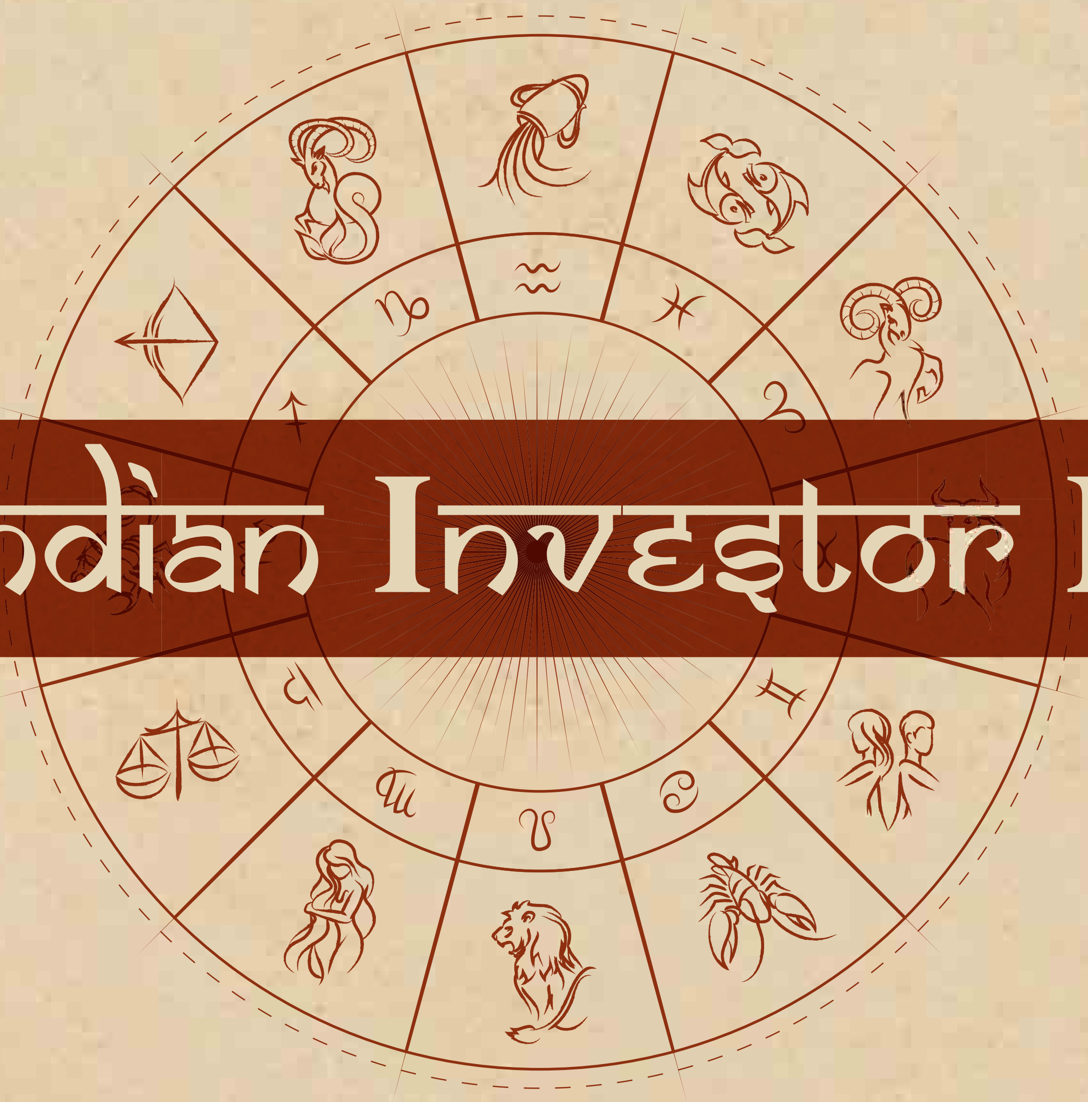
The Indian Investor Kundli



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What is the Indian Investor Kundli?

Multiple factors like affordable high-speed internet, the proliferation of mobile devices, and the bull run post the Covid-induced lockdown - the interest of Indians in the stock markets has grown exponentially. There is little known about the ones who directly invest in equity. So, we felt there was a need to understand the patterns of Indian investors across the country - especially their demographics, motivations, portfolio sizes, etc.

'Kundli' is a Sanskrit word that means a wheel or horoscope in Hindi. It is supposed to provide information about an individual's prospects. In other words, a Kundli attempts to inform an individual what their life contains.

Since we have attempted to provide insights about various aspects of Indian investors, we thought the name –The Indian Investor Kundli is apt. And we took this a step further, making the report look like a Kundli!

How did we create this Kundli?

We created a survey and reached out to our network of investors. More than 2000 respondents participated in this survey over three days.These investors will likely have a demat account and invest directly in equities.

We've collated the responses, analyzed them, and derived valuable insights.

Foreword by the Founder

I have been investing in equities for over 15 years. During this period, the investing landscape has changed drastically. Discount brokerages, tech-powered investing platforms, affordable high-speed internet, the explosion in entities providing financial education, rising incomes, and higher aspirations have empowered a substantial swathe of our citizens to emerge as first-generation investors.

Recently, the number of demat accounts in India crossed 110 million. It is an impressive number. However, if one considers that, on average, each investor may have around 2 demat accounts, the number of unique investors would be 55 million. So, one may infer that less than 4% of Indians invest directly in the equity market.

But who are these investors? Where are they from? What motivates them to invest? What kind of returns have they generated? What is their outlook for the future? We have tried to answer these deeper questions in the first-of-its-kind report - The Indian Investor Kundli.

We feel this report not only provides interesting perspectives for those who are a part of the stock market but also offers some enlightening insights to those who aren't participating in the stock market. We hope you enjoy reading this as much as we have enjoyed creating it.

Mr. Manish Goel
Founder & Director

Foreword by the CIO

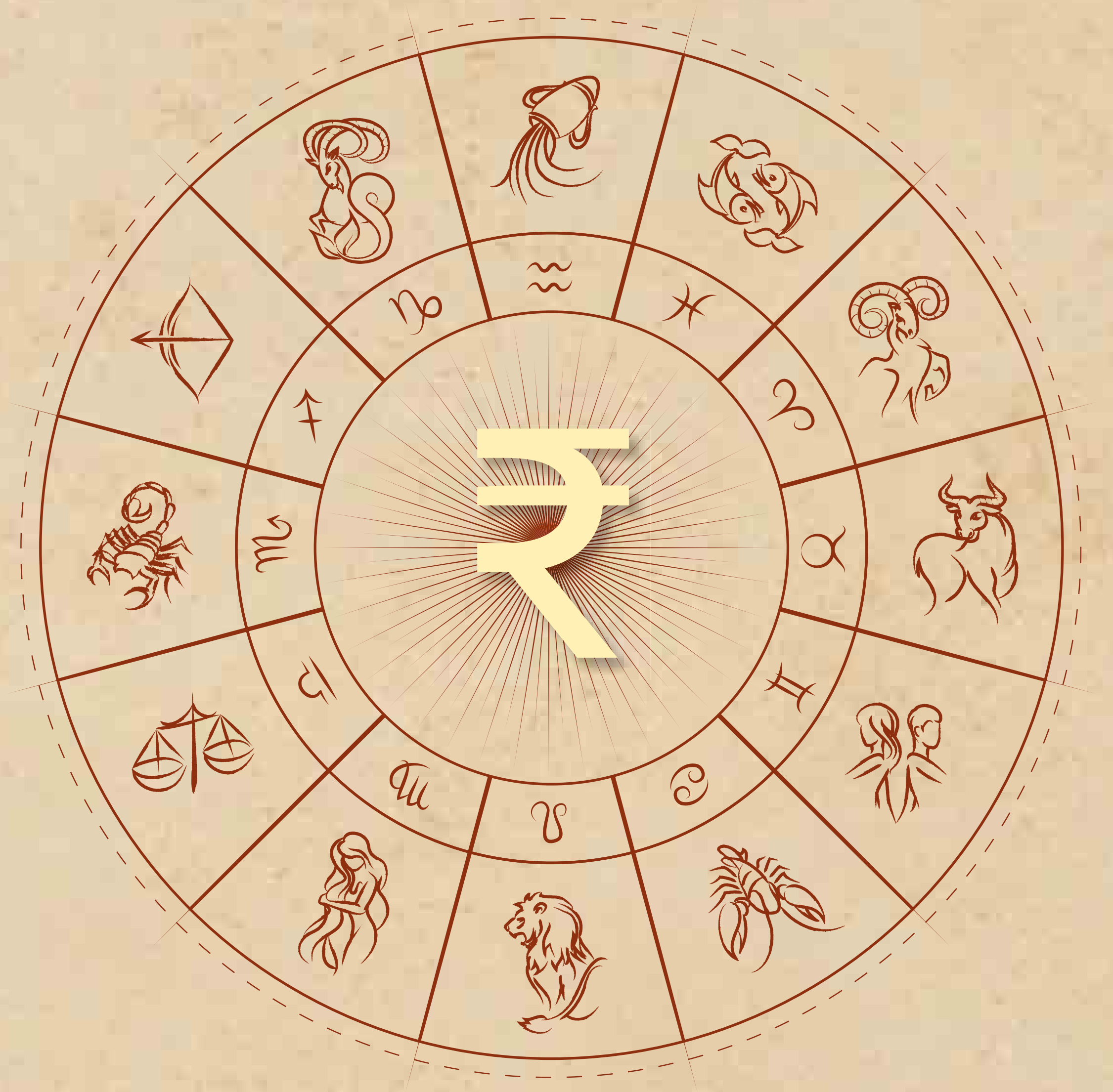
The world of equity investing has undergone a tectonic shift in its approach, process, and desired outcomes ever since I started tracking it in 2001.

With a mean population age of 29 years, per capita GDP crossing $2000, and the march towards the position of the third largest economy in the world, India is set to attract domestic and foreign inflows, which can have a multiplier effect of historic proportions. But how much of this drives the current equity and long-term investors' approach and the concept of wealth creation?

A fellow metal & materials analyst from London tracking global cyclical stocks told me a decade ago that India, to them, is like a continent of multiple countries given the diversity in demographics, religion, income profiles, development, etc., across different states. So how differently or similarly do the folks from these states approach when it comes to investing?

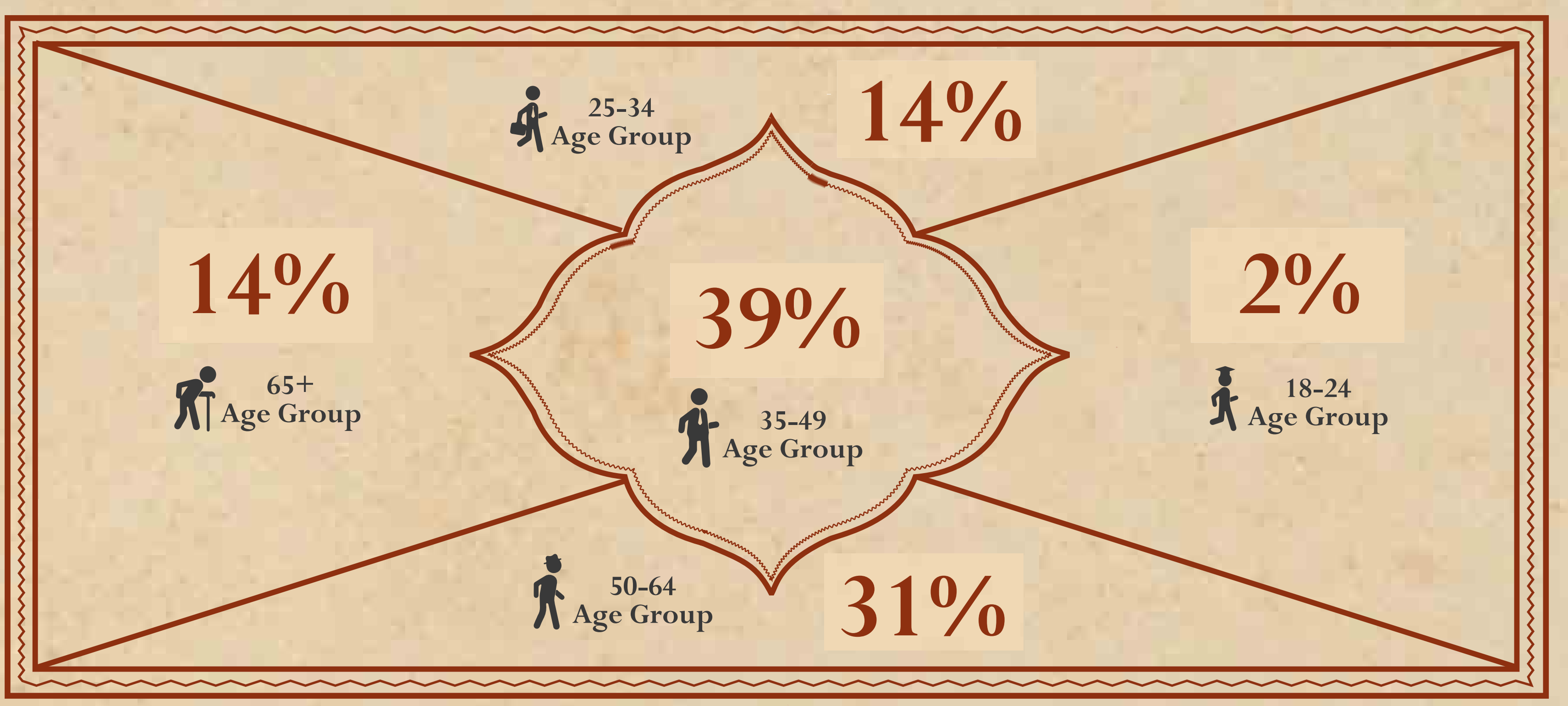
Our Investor Kundli provides some profound insights into behavioral patterns in some of these questions, and I hope you enjoy absorbing them.

Mr. Jaspreet Singh Arora
Chief Investment Officer



Who are Indian Investors?

Investors lean towards direct equities after 35



- Investors lean towards direct equities after 35, driven by substantial investible funds and a heightened sense of responsibility.
- Contrary to conventional investing norms that suggest reducing equity exposure with age, we can observe a noteworthy number of senior citizens directly investing in equities.

More than half of Indian Investors are from Non-Metros

1%

NRI

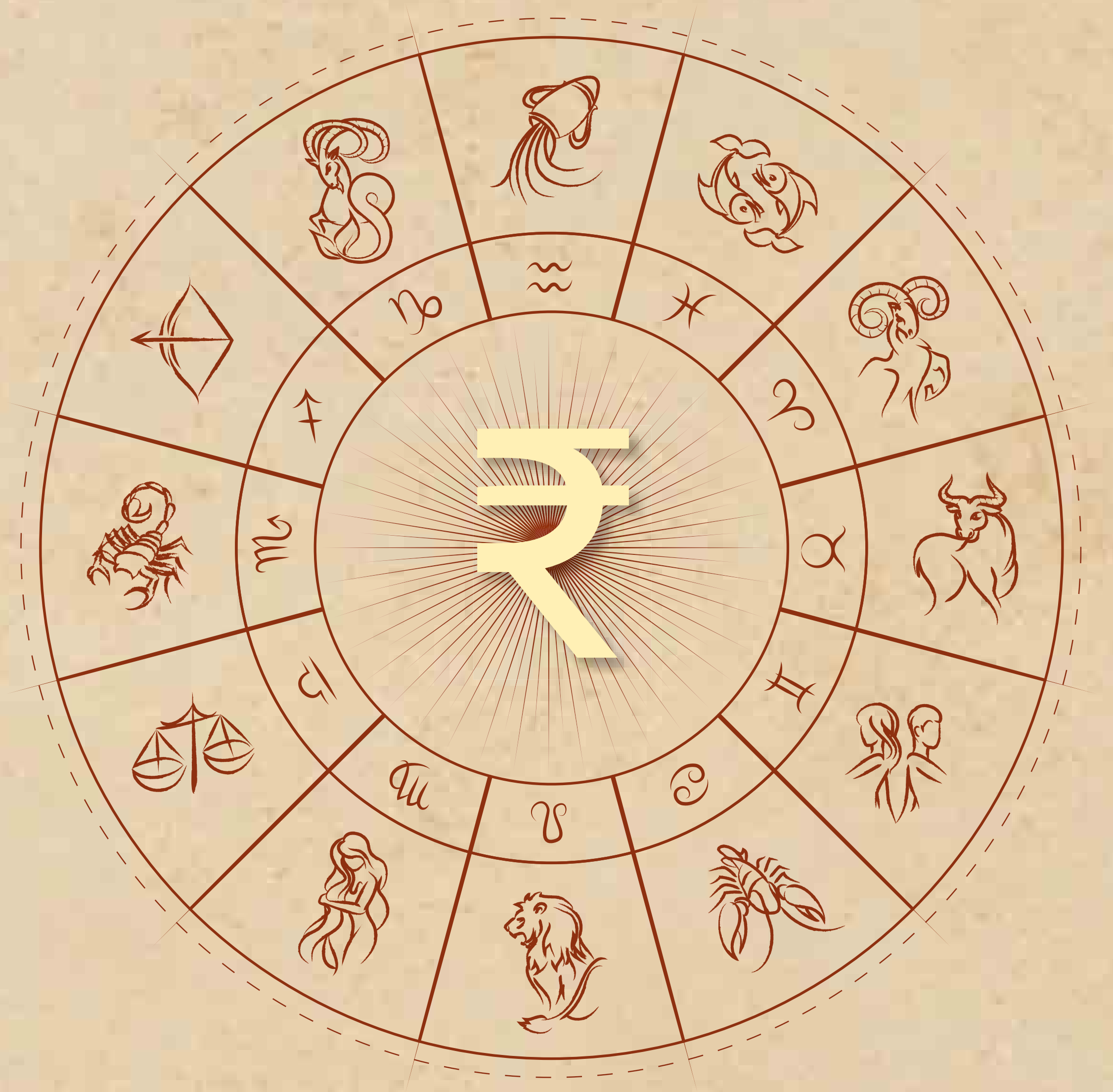
52%

Non-Metro

47%

Metro

- The category of "Metros" encompasses both the conventional metro cities like Mumbai, Chennai, Kolkata, and Delhi, as well as new age metro cities such as Ahmedabad, Pune, Bengaluru, and Hyderabad
- Had we exclusively focused on the traditional metros, the representation of investors from Non-Metros would have been even more significant.



Behaviour of Indian Investors?

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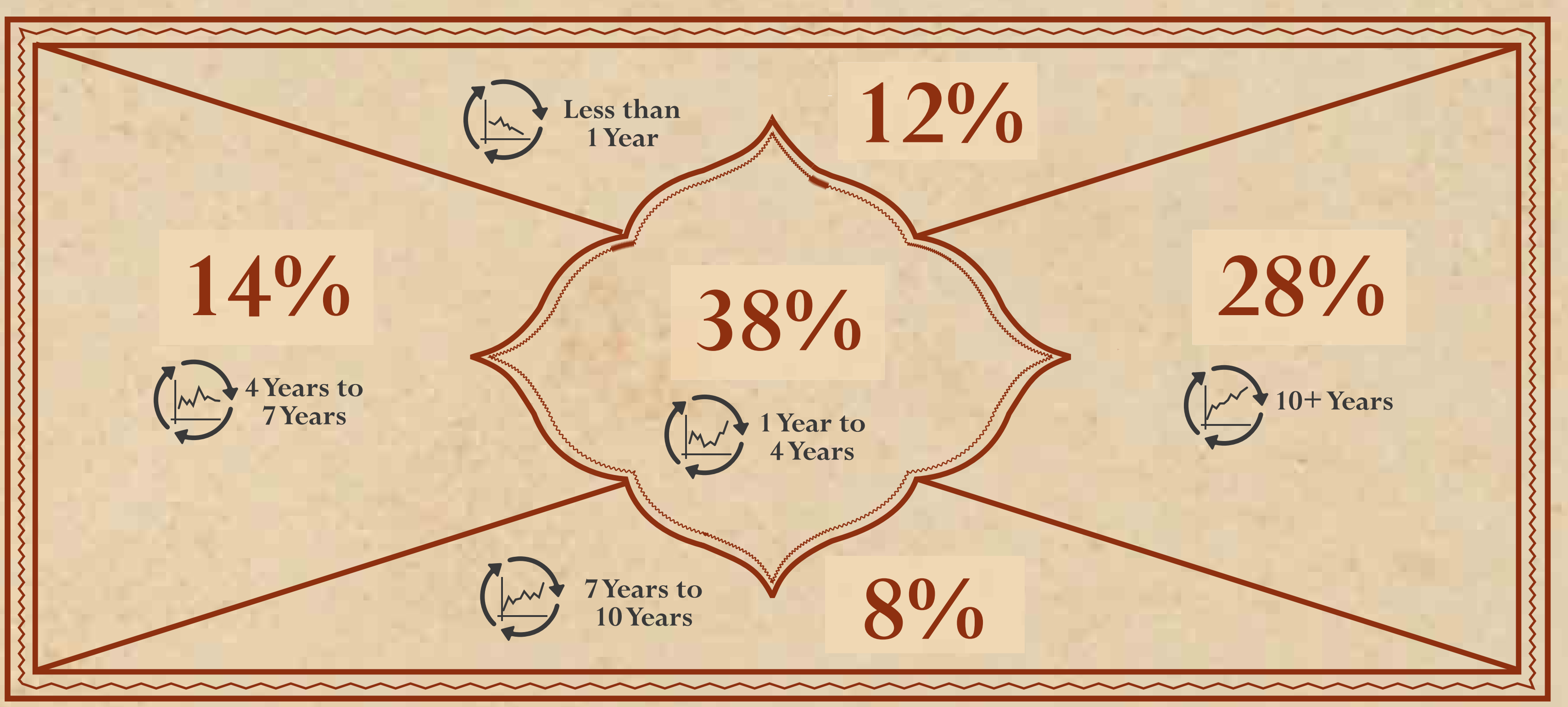
50% of Investors haven't seen a complete business cycle



- Less than four years of investing experience is held by 50% of investors, with 12% falling under the category of having less than one year of experience.
- This implies that one investor out of every two is yet to witness a complete business cycle.

Almost 3 out of 5 Investors practice long term investing

Intraday trading
2%

All these
23%

Long Term Investing (Atleast 3 Years)
58%

Short Term (3 months to 6 months)
14%

Positional Trading (15 days to 30 days)
3%

- 58% of respondents proudly identified themselves as long-term investors, committed to holding their stocks for a minimum of three years.

Investors are confident about investing lumpsum in direct equities

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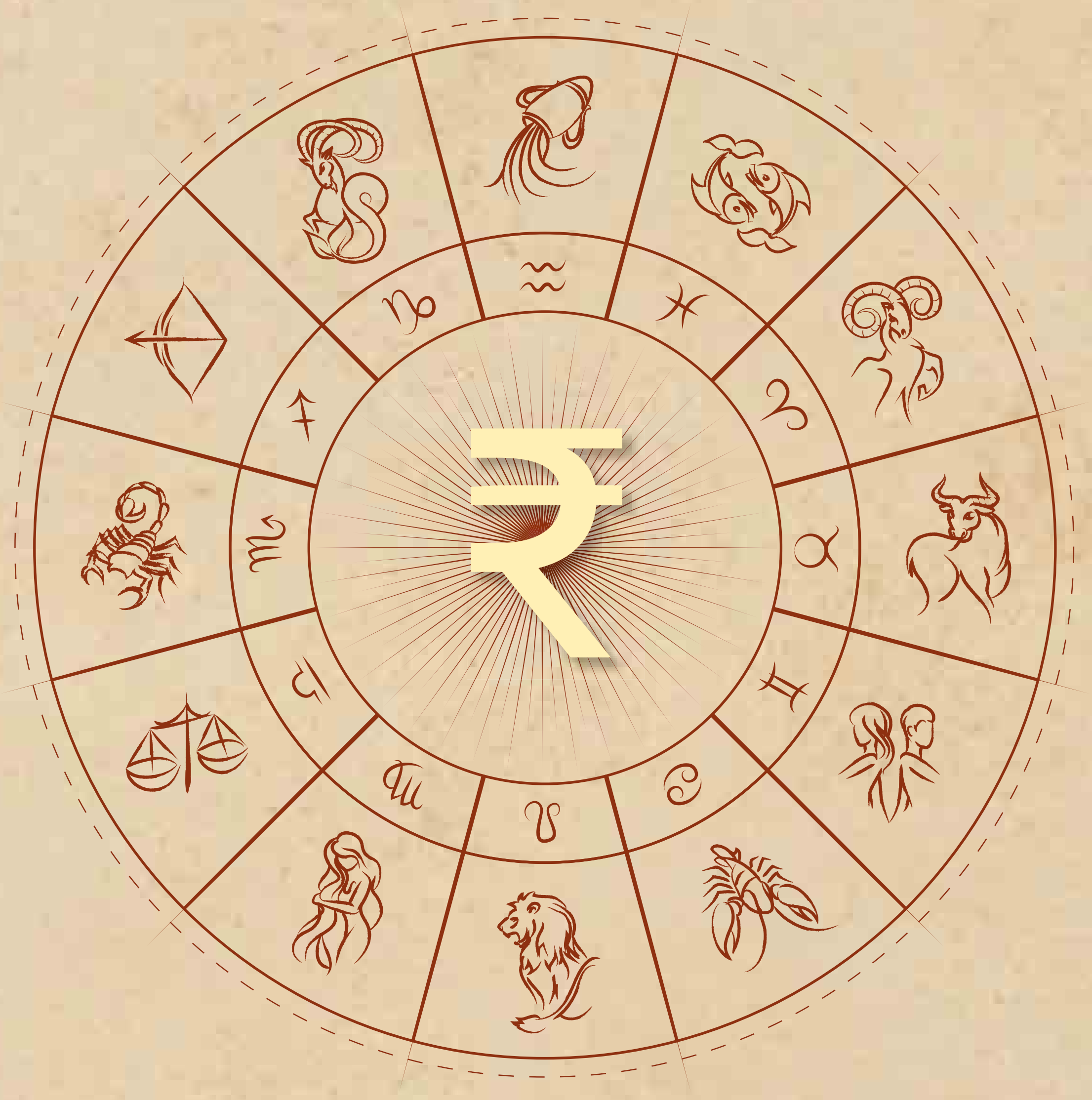
57%

Lumpsum

43%

SIP

- A whopping 57% of investors yearn to seize the moment and make a bold statement by investing a lump sum in equity, while 43% prefer to take the measured and disciplined route of investing through SIP, steadily building their portfolio over time.



Portfolio size and Investible Surplus

Almost 1 out of 3 Investors have a current portfolio of more than 25 lakhs

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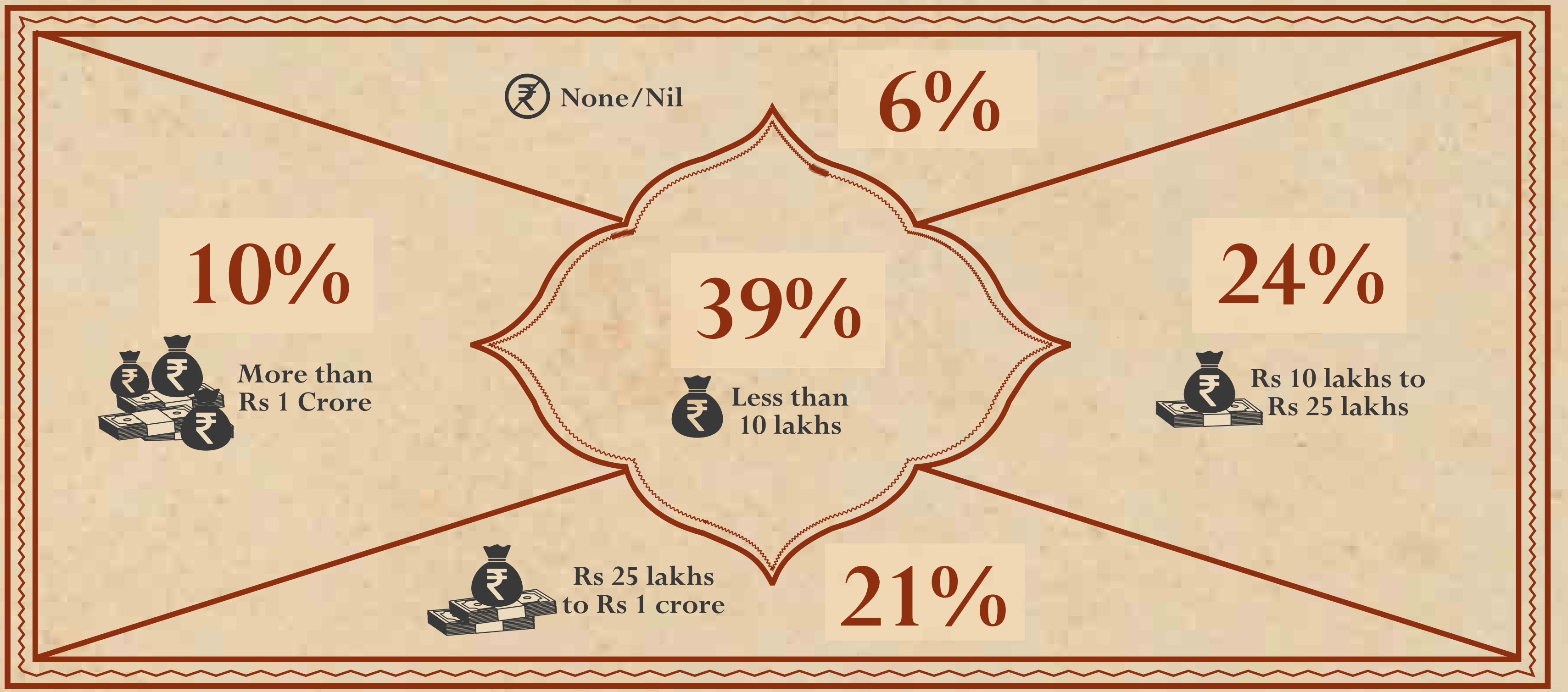
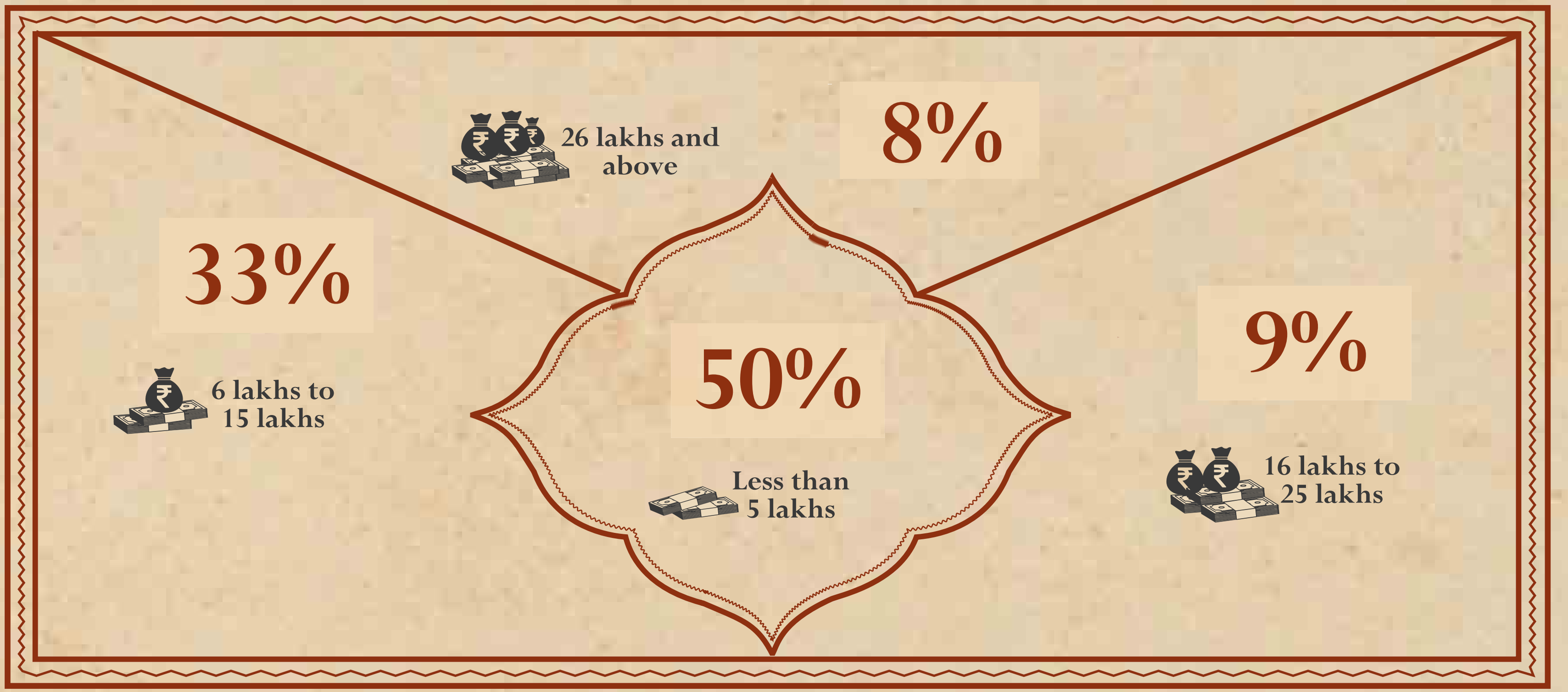


- A significant 31% of respondents boast an investible surplus exceeding Rs 25 lakhs
- Within this privileged cohort, an awe-inspiring 10% proudly assert ownership of portfolios surpassing the coveted 1Cr mark

50% Investors are bullish about FY24



- 50% of investors are planning to invest Rs 6 lakhs and above in FY24.

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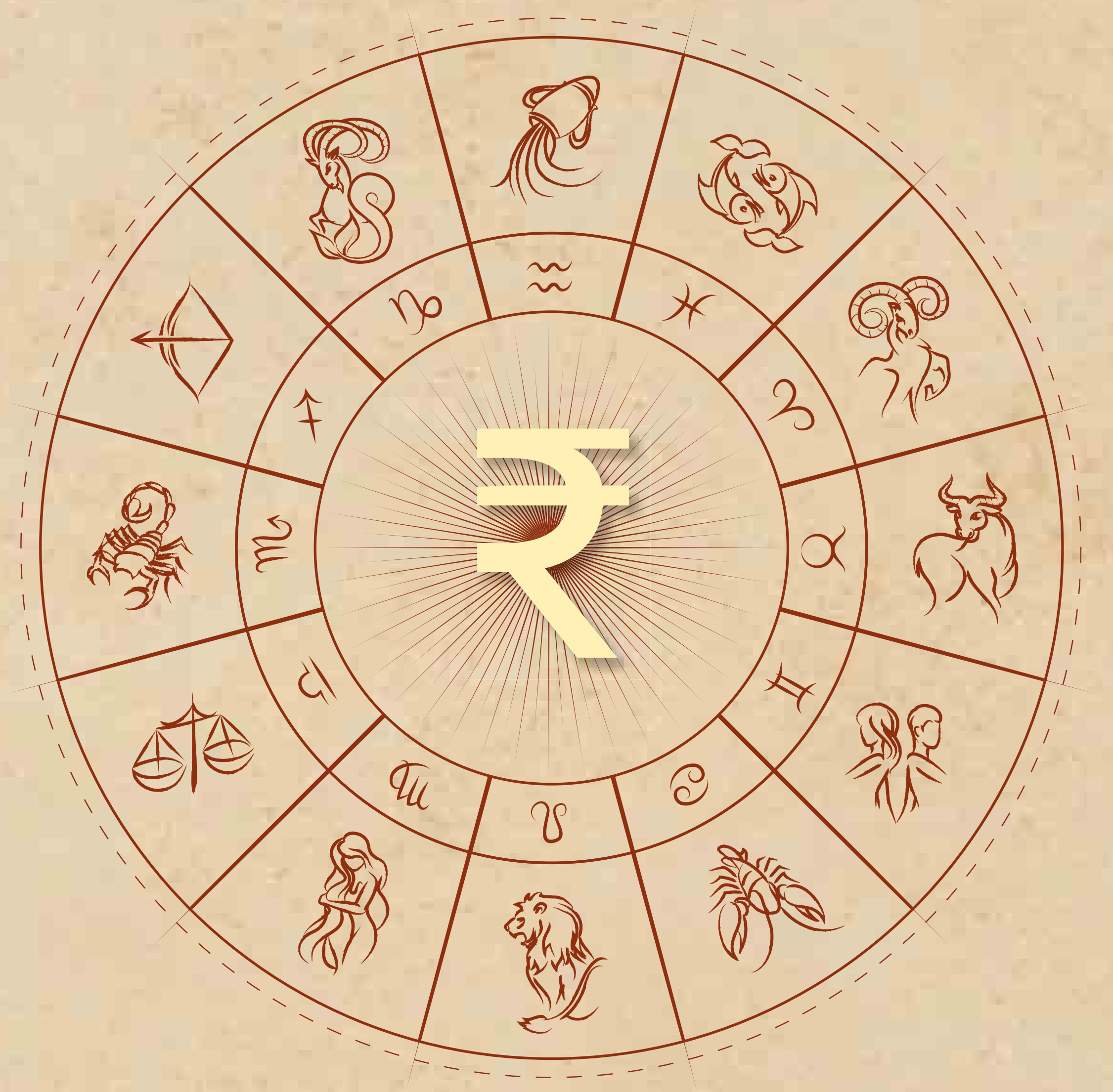
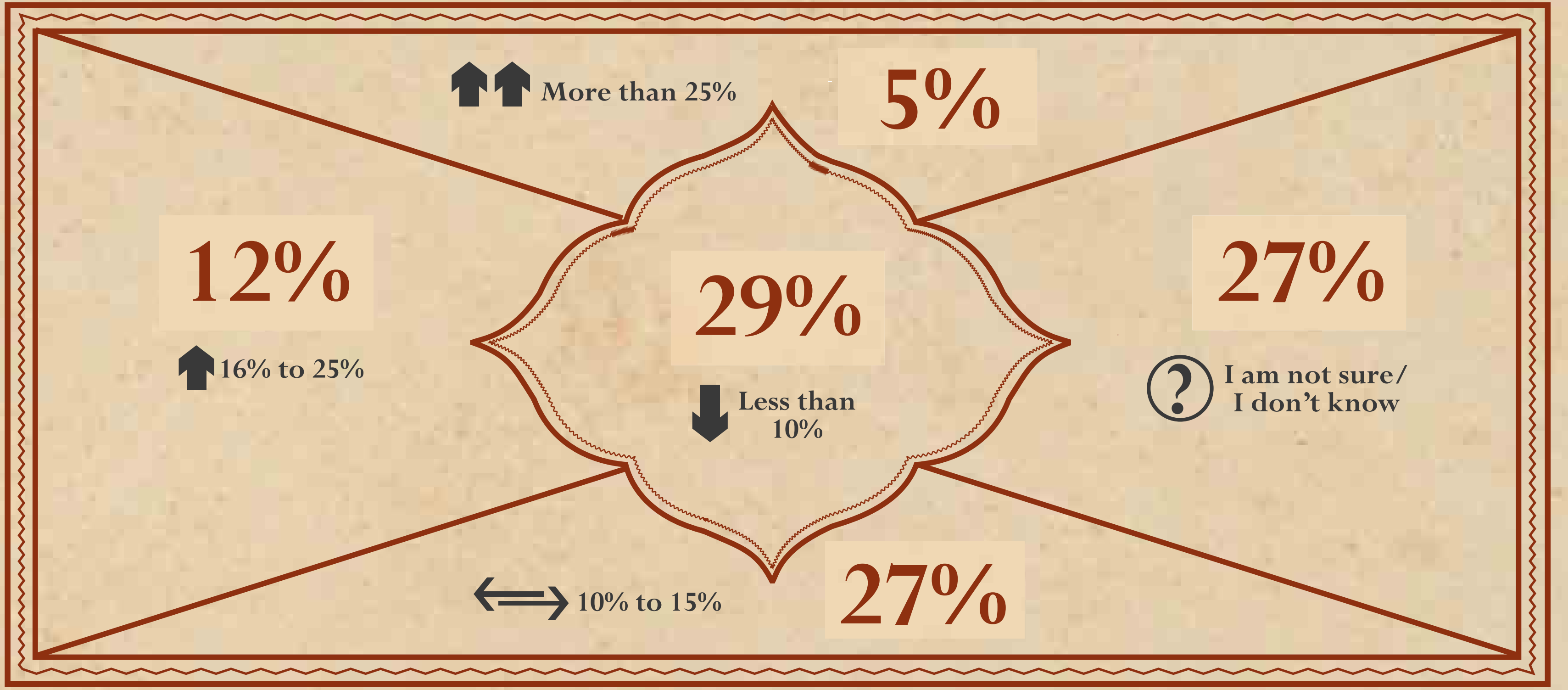


Reality Checks

~30% of Investors have underperformed the index



- 56% investors confess to having achieved a Compound Annual Growth Rate (CAGR) of less than 10% or being uncertain about their CAGR performance.
- NIFTY delivered 11.2% CAGR between 2nd April 2018 and 31st March 2023. This means almost 1 out of 3 investors have admitted that they underperformed the index.
- This could be higher as 27% aren't aware of their CAGR.

Almost 50% Investors yearn for an investment advisor

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12% Not enough time

35% Unclear on when to buy/what to buy/ when to exit

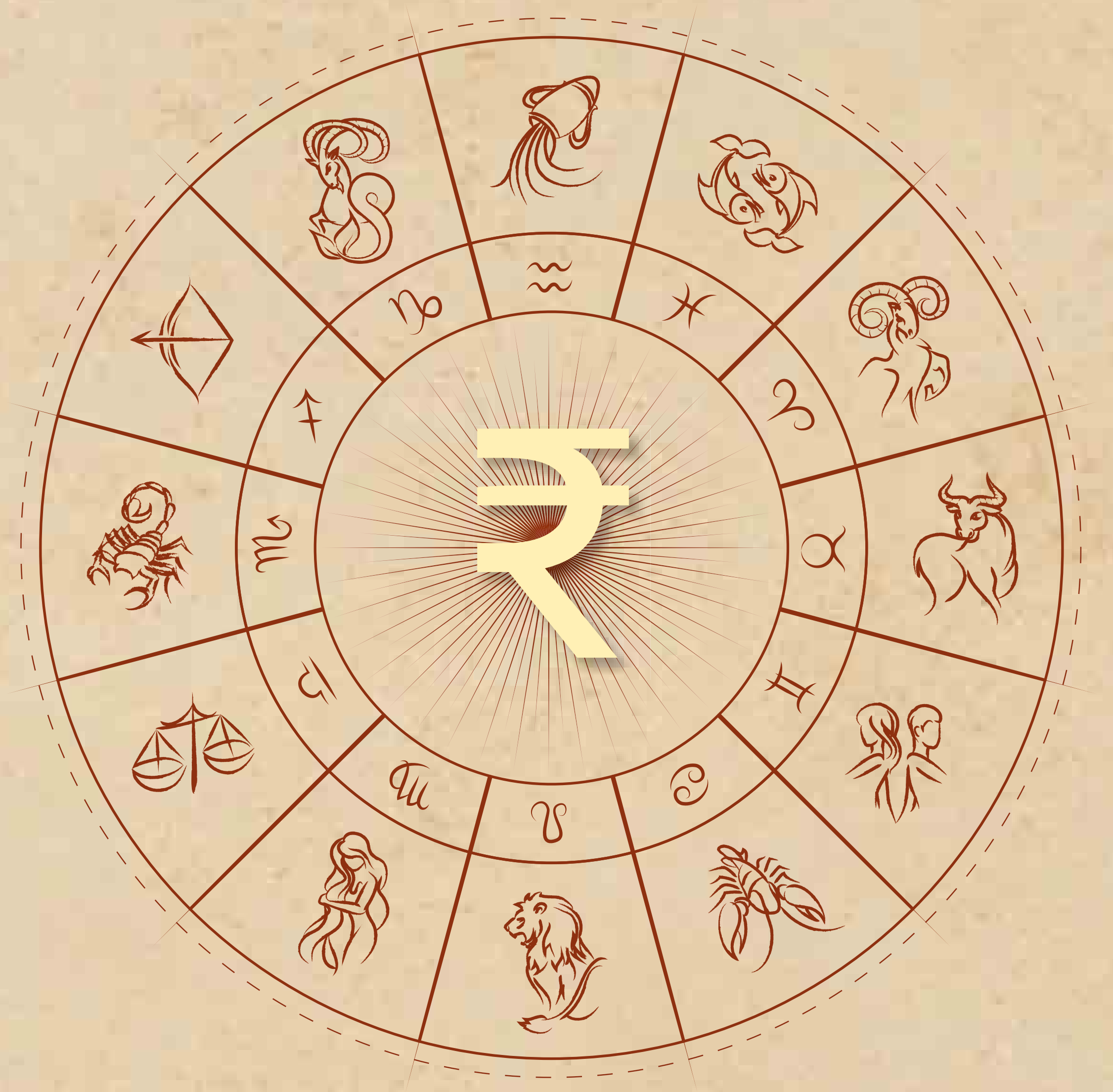
35% All of the above

9% Confusion due to information overload

2% Too complicated

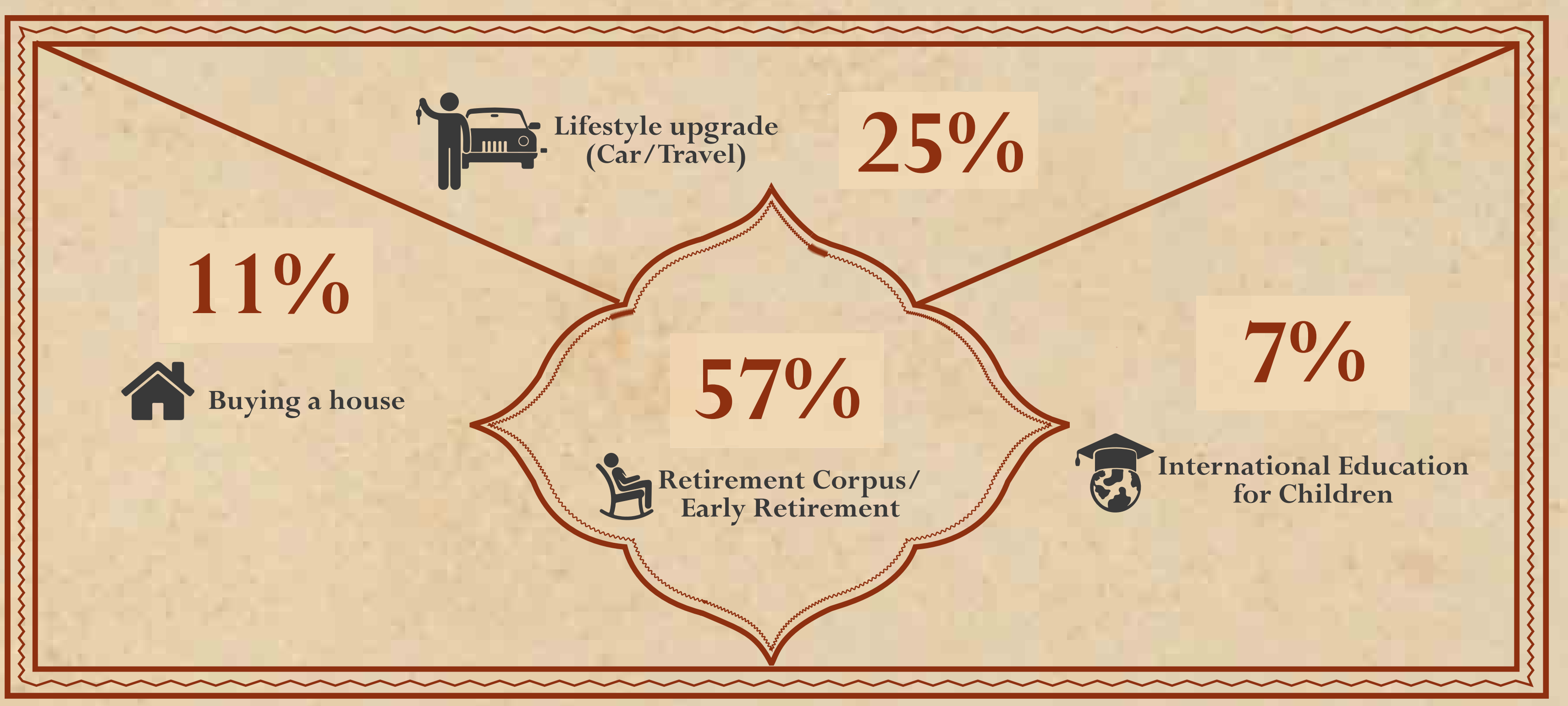
7% Not enough Information

- 35% of respondents find themselves grappling with uncertainties surrounding optimal buying and selling decisions, as well as the selection of suitable investment opportunities.
- Furthermore, an additional 12% of investors find themselves constrained by time limitations.
- These challenges are easily resolved by a credible investment advisor

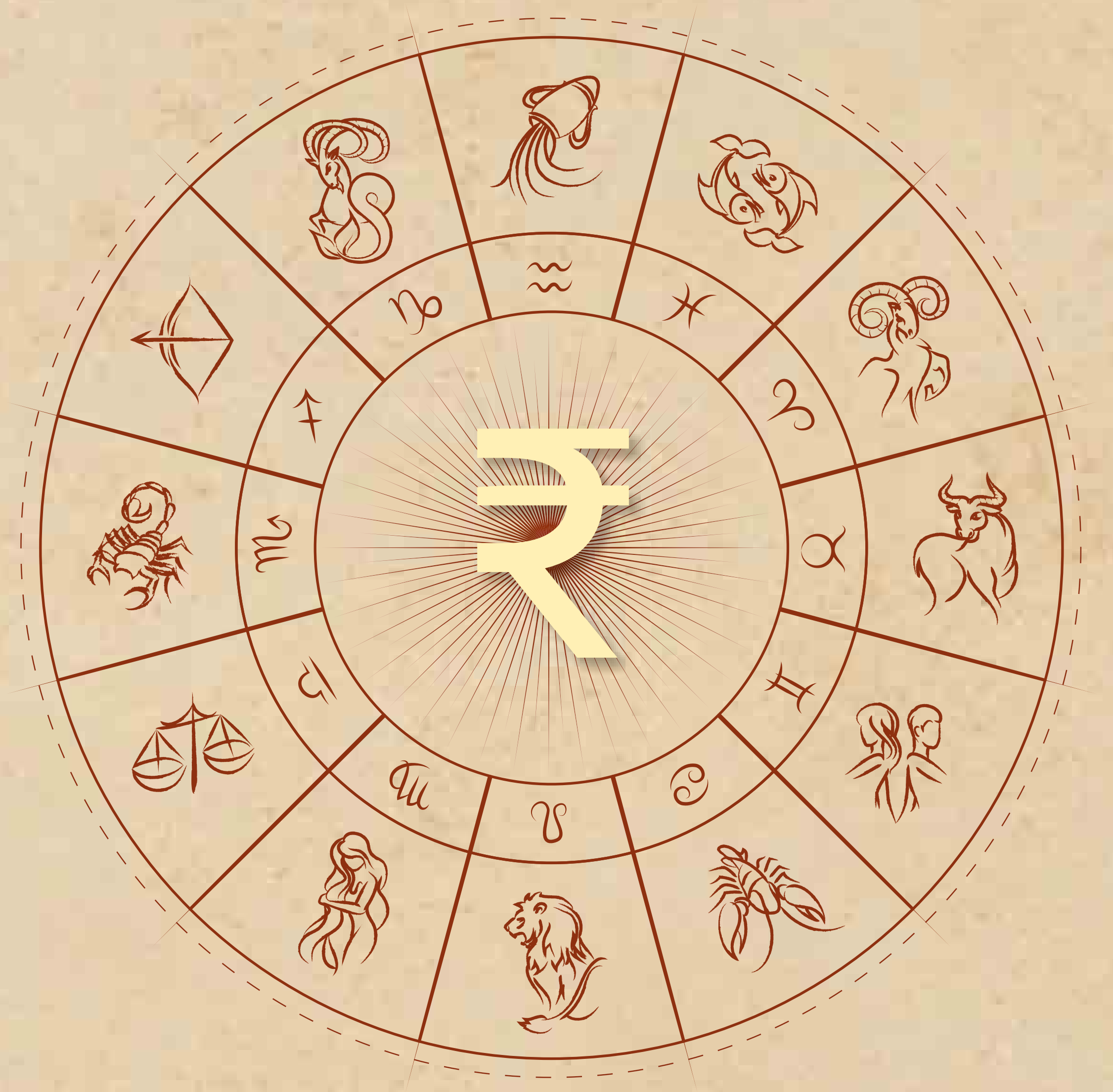


Expectations from the stock market

Retirement & desire for a good life emerge as leading reasons to invest directly in equity



- 57% are diligently investing in equity, driven by the profound goal of achieving early retirement or constructing a robust retirement corpus.
- Moreover, a significant 25% of respondents harbor a desire for a lifestyle upgrade.



India and Bharat -Are there differences?

Investors from Metros are more evolved

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57%

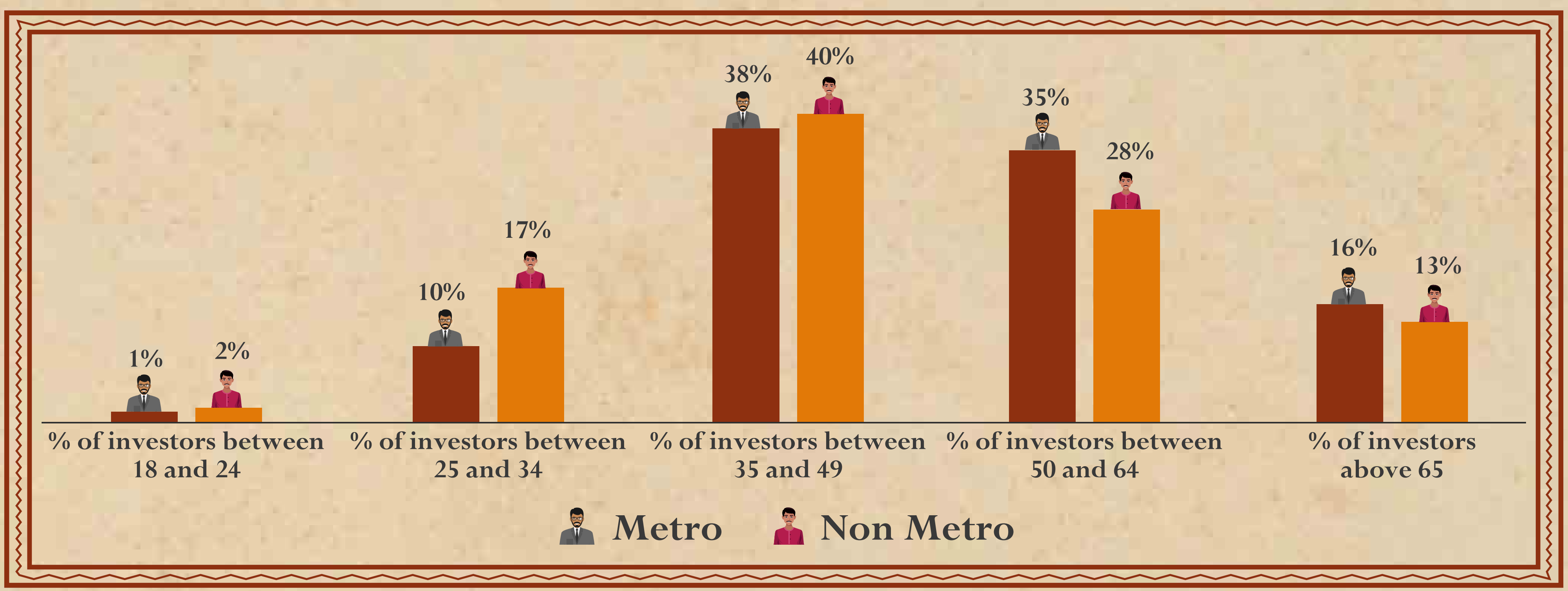
Metro

43%

Non-Metro

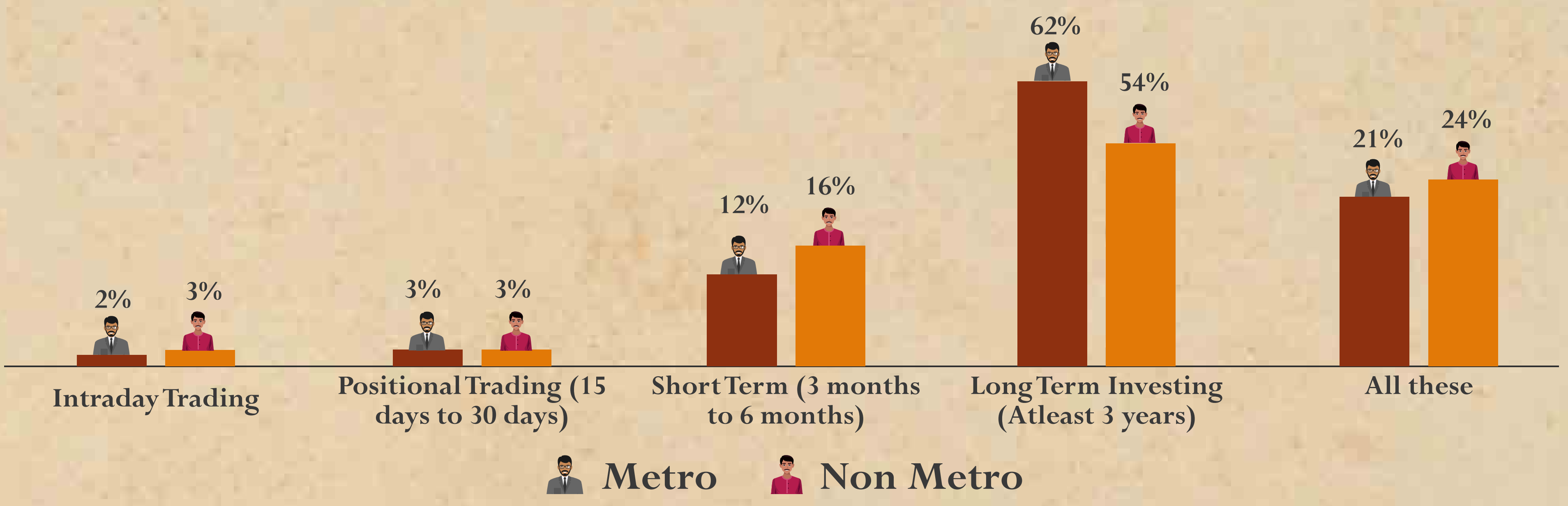
- 57% of investors from Metros have had the privilege of witnessing at least one complete business cycle.
- This exposure to the ups and downs of the market equips them with the knowledge and wisdom necessary to make informed investment decisions.

Next surge of Investors will emerge from non-metro areas



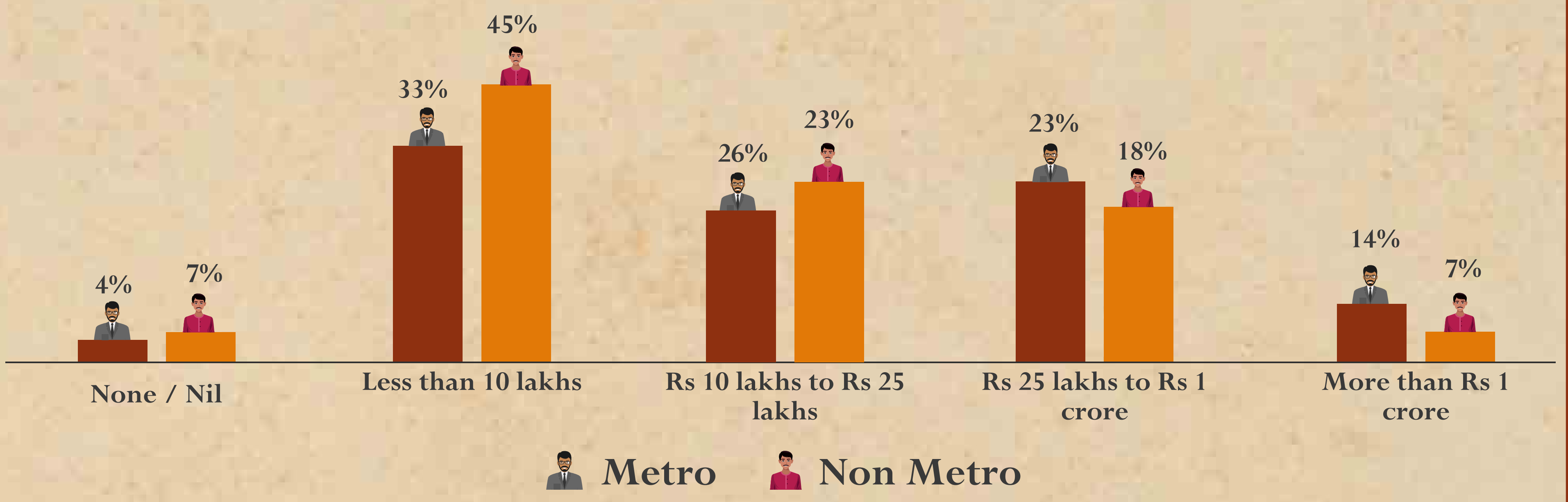
- The divergence in the proportion of investors between non-metros and metros is most prominent within the 25-34 age group, with non-metro investors commanding a larger share.
- However, as we ascend to higher age groups, this gap gradually diminishes, and we witness a higher proportion of metro investors, particularly within the 50 to 64 age group.
- This observation leads to a compelling inference: the next surge of investors is likely to emerge from non-metro areas.

Investors from Metros are more comfortable with long-term investing approach



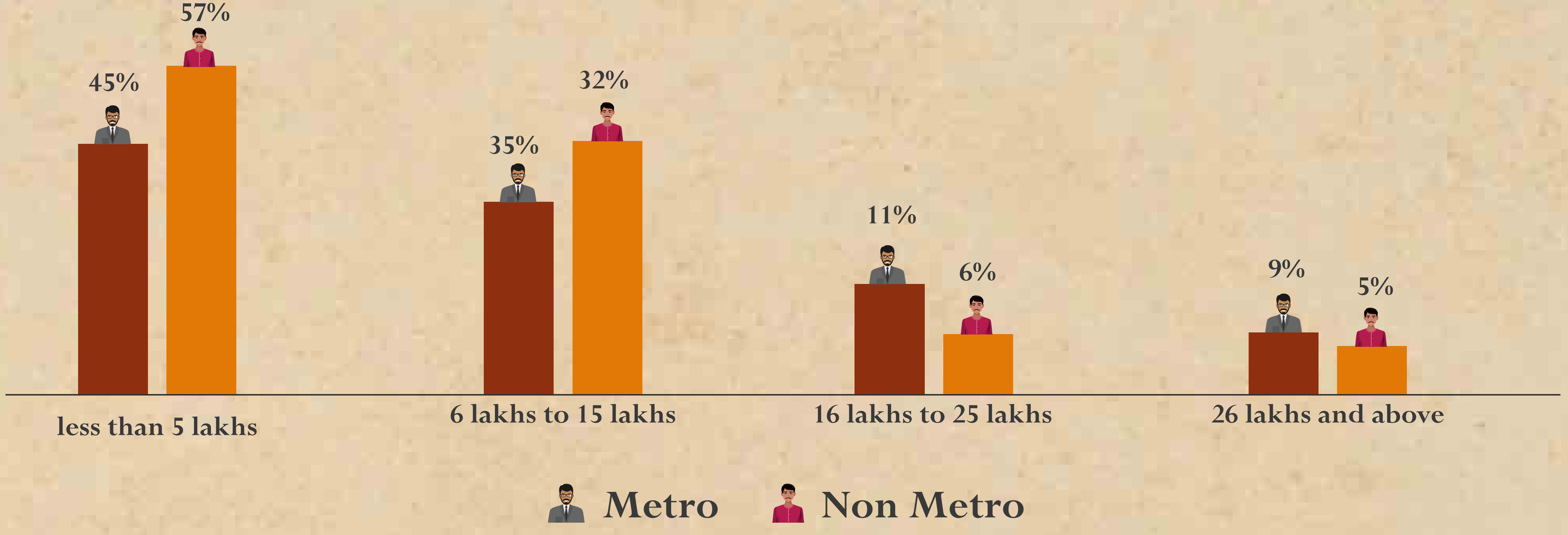
- The disparity between investors from metros and non-metros becomes significantly more pronounced when it comes to long-term investing compared to other styles of trading.
- This observation highlights that investors hailing from metro areas display a higher degree of comfort and inclination towards long-term investing strategies.

Metro Investors have larger portfolios



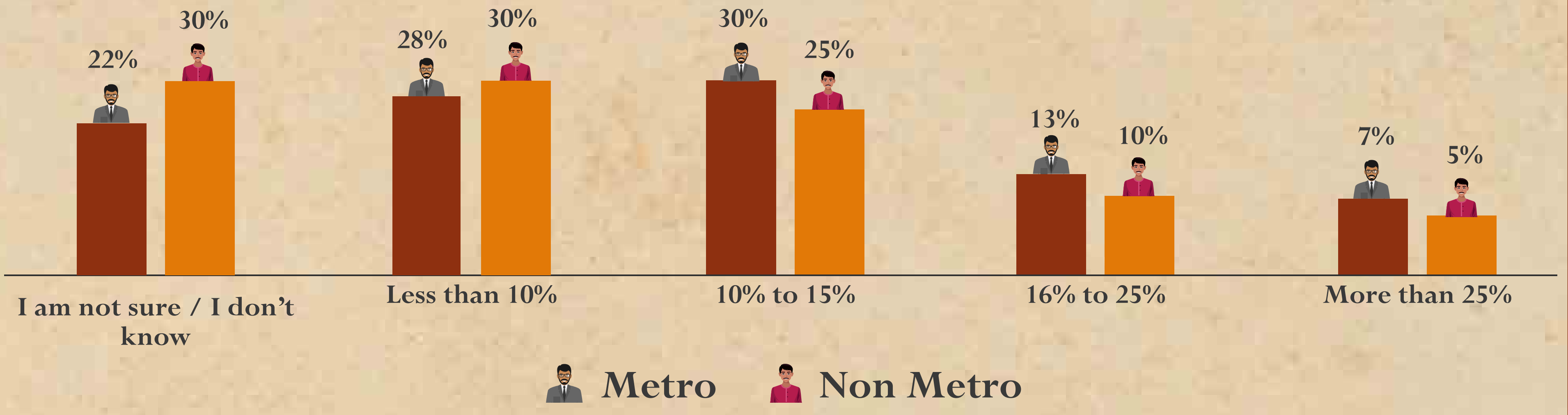
- Metro investors consistently boast larger portfolios compared to their counterparts from Non-Metros.
- This striking trend becomes evident across various portfolio size ranges, encompassing the brackets of Rs 10 lakhs to Rs 25 lakhs, Rs 25 lakhs to Rs 1 crore, and even beyond Rs 1 crore.

Investors from Metros are more bullish on stock market in FY24



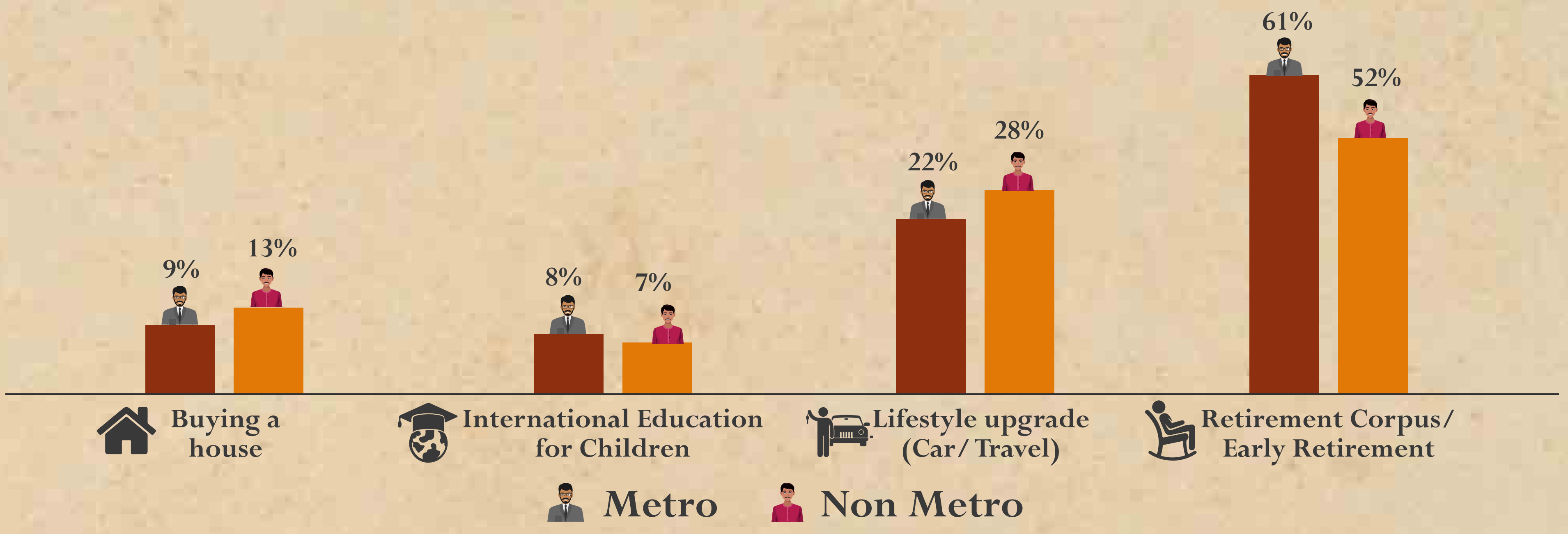
- Investors from Metros exude a heightened bullish sentiment towards the stock market in the upcoming fiscal year of FY24.
- They are also poised to possess a more substantial investible surplus.

Investors from Metros have made more money in stock market

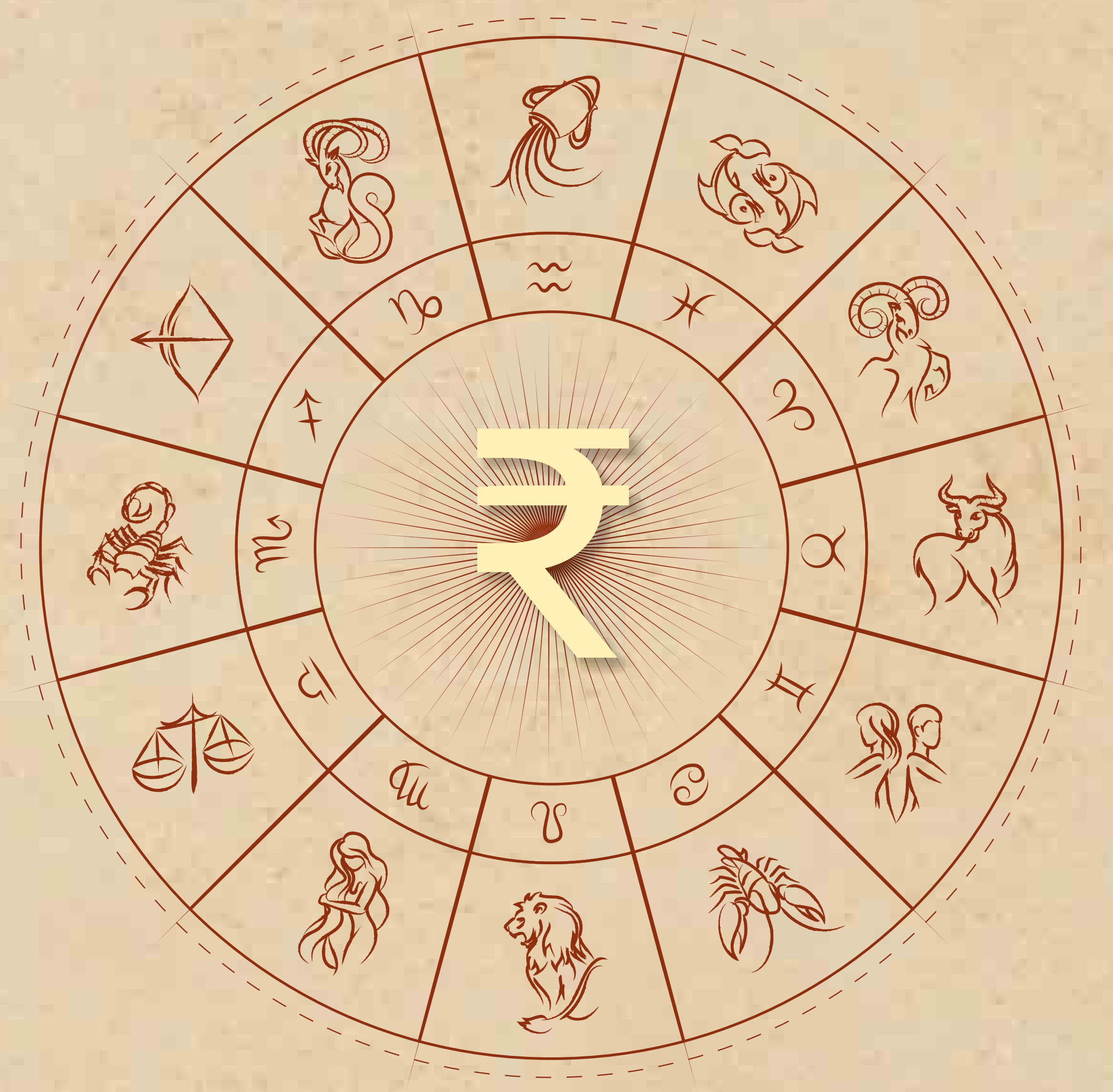


- 50% of investors from Metros have earned CAGR of more than 10% or more as compared to just 40% of investors from Non-Metros.

Investors from Non-Metros invest in markets to upgrade their lifestyle

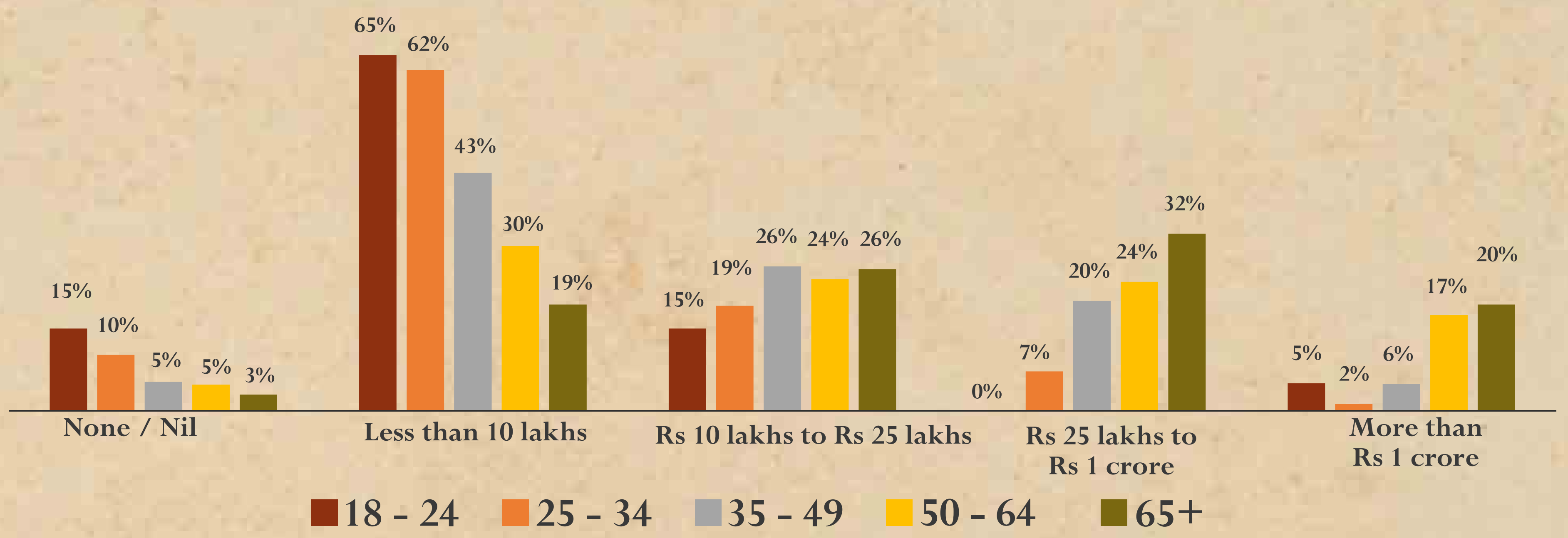


- Investors from Metros exhibit a greater inclination towards investing for early retirement and building a robust retirement corpus, distinguishing them from their counterparts in Non-Metros who are keen to invest for enjoying lifestyle upgrades or buying a house.



Journey of investing becomes more fulfilling after 35

Wealth creation primarily occurs between 35 and 49



- There is a notable surge in the number of investors with portfolios surpassing the Rs 1 crore mark within the 50-64 and 65+ age cohorts.
- Evidently, the process of wealth creation undergoes a substantial acceleration primarily during the age range of 35 to 49.

Older Indian Investors are keen to experience a lifestyle upgrade

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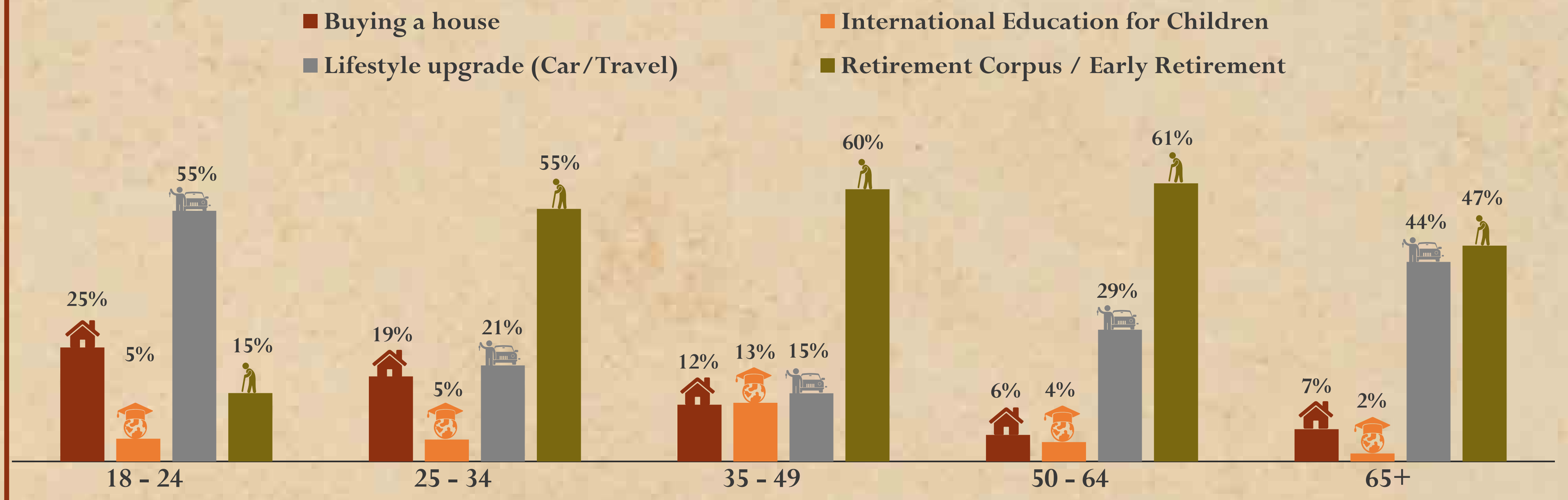
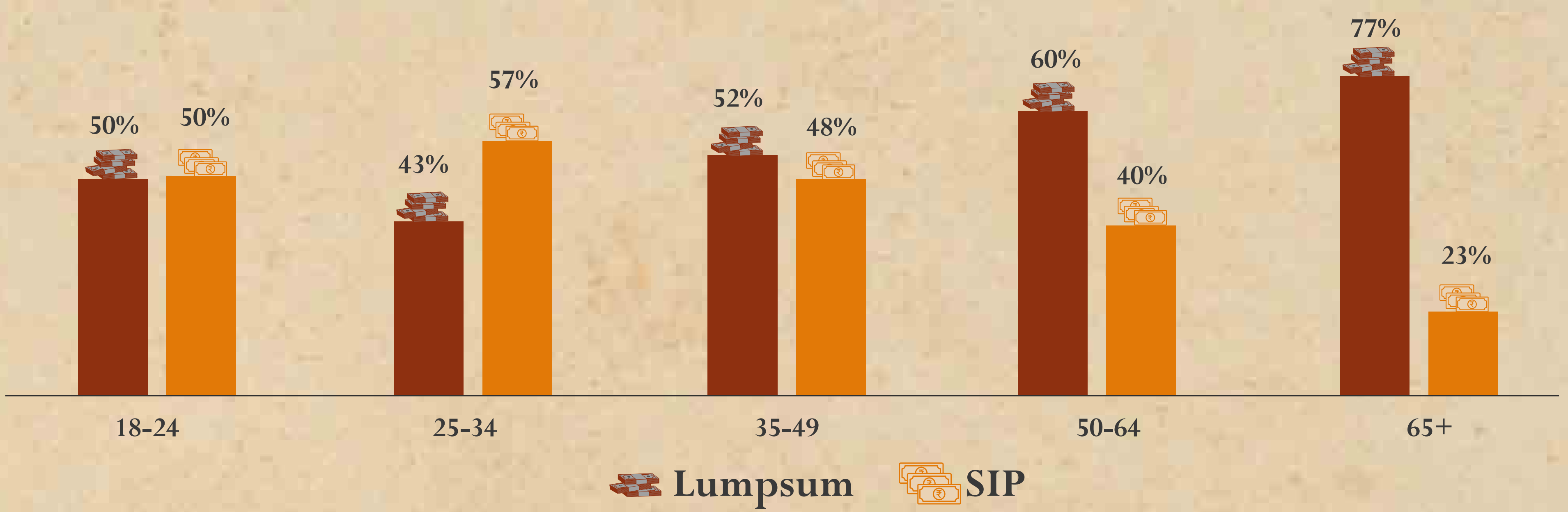


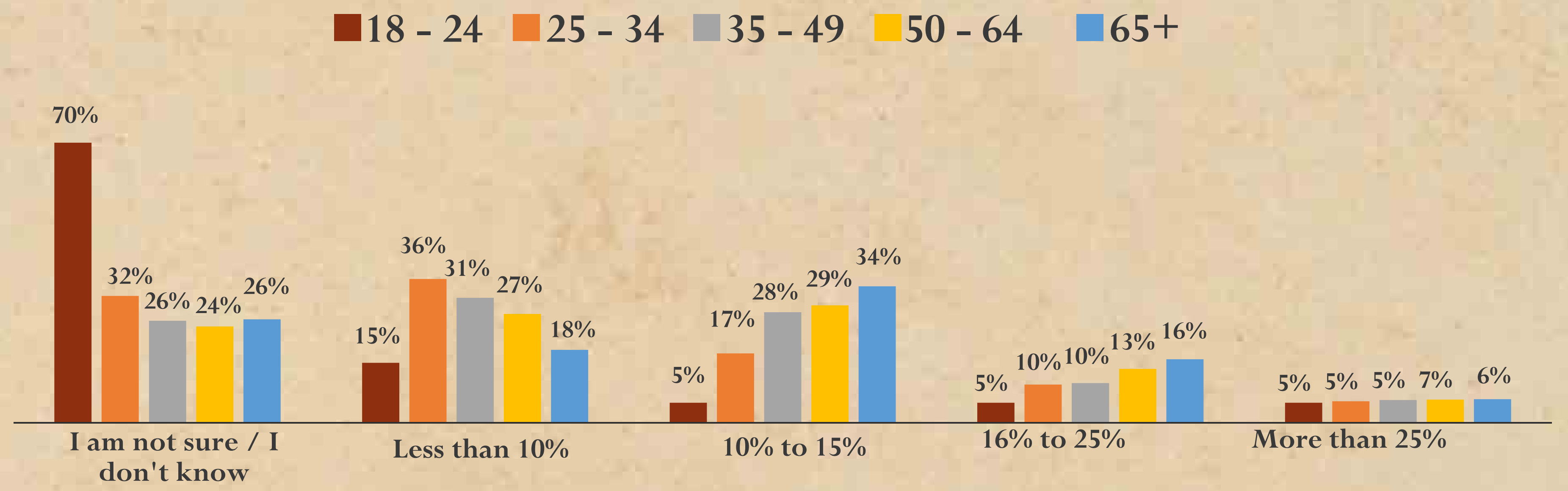
- Among individuals aged 35 to 44, the desire to secure international education for their children emerges as a compelling factor, distinguishing this age group from others.
- On the other hand, respondents aged 65 and above exhibit a keen aspiration to lead a fulfilling life.

As Investors get older, they are more comfortable investing by taking a lumpsum approach



- With the passage of time, investors tend to accumulate a higher investible surplus, primarily attributable to various sources of funds like pensions, gratuities, or provident funds.
- As they progress in age, investors often find themselves in a position where they have fulfilled their familial responsibilities and, as a result, possess surplus capital.

CAGR gets better as Investors grow older



- Individuals aged 35 and above exhibit a higher likelihood of achieving Compound Annual Growth Rates (CAGR) ranging from 10% to 15%.
- It becomes evident that as investors advance in age, their capacity to generate superior returns, particularly within the 10% to 15% and 16% to 25% CAGR cohorts, improves significantly.

Credits

The concept of this report, surveying respondents and deriving insights, was jointly executed by the Research and Marketing Teams of Research & Ranking

It has been designed by Super Smart Magic Productions

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