FIRST Private
by IDFC FIRST Bank

FIRST FORTUNE

NEW YEAR EDITION

JANUARY 2025

Contents

Gopal Lakhotia

Head - Investments,
Wealth Management, IDFC FIRST Bank

2024 was a year where global equity markets experienced broad rallies, gold outshined the most among asset classes and major central banks started monetary easing. Fixed income experienced volatility driven by cooling inflation and changing rate cut expectations.

Nifty 50 concluded yet another year of positive returns, marking nine consecutive years of growth. It performed well by reaching new highs, however, struggled to keep up in the last quarter on weak earnings and the sell-off in FIIs delivering a 10.1% return by year-end. Small & Midcap segments did relatively better and delivered 30.1% and 27.3% returns respectively. GDP growth expectations for India slowed down which is also reflected in corporate earnings. With macros changing, India saw a shift in investing style. While Value & Momentum stocks did well in the first half, and Quality & Growth stocks underperformed; the second half saw a comeback for Quality & Growth as Value took a backseat.

US equities emerged as a clear winner, with mega-cap tech stocks leading the charge and Nasdaq delivering 28.6% returns while S&P 500 delivered 23.3% in 2024. US equities demonstrated remarkable resilience, consistent growth, strong corporate earnings and optimism around President-elect Donald Trump's proposed pro-growth policies.

European equities also advanced, buoyed by significant gains in the IT sector, declining inflation and successive interest rate cuts by the ECB. The UK market saw performances from small and mid-size companies, aided by consistent rate cuts by the BoE. However, economic momentum in Europe weakened, particularly in the manufacturing sector.

Japan witnessed a change in interest rate regime from negative to positive and saw equities close near a 30-year high supported by a weakening yen which boosted exports. Meanwhile, Chinese equities gained in the second half of the year due to cohesive policy stimulus aimed at addressing an economic slowdown.

Commodities experienced mixed results. Oil prices were volatile but ended with marginal gains despite OPEC+ production cuts, as increased output from non-OPEC producers led to an oversupplied market. Precious metals, particularly gold and silver, saw significant gains, with gold reaching record highs due to heightened geopolitical tensions, central bank purchases and Fed easing. Copper prices remained subdued however were supported by demand from renewable energy projects and electric vehicles.

Central banks globally began normalising monetary policy. The Fed's rate cuts contributed to dollar weakness initially, though the USD rebounded later due to expectations surrounding Trump's economic policies. The ECB's easing stance strengthened eurozone bonds but weighed on the euro. Meanwhile, the BoJ's interest rate hikes and the end of yield curve control marked a significant shift in Japan's monetary policy.

The RBI may need to adjust its liquidity and macro-prudential measures to support growth, given that credit growth has slowed, and deposit growth remains sluggish. RBI had changed its stance from "Withdrawal of Accommodation" to "Neutral" (on 9th Oct 24) and we expect RBI to cut rates in Feb 2025.

In conclusion, 2024 showcased remarkable resilience in financial markets, with the US economy leading the way. As 2025 begins, the interplay of monetary policy, geopolitical factors and structural trends like AI adoption will shape the global investment landscape. Investors should remain vigilant, balancing opportunities with potential risks.

India is well-placed with strong macros. In H2FY25 growth momentum is expected to improve with government capital expenditure picking pace. Meanwhile, consumption growth is expected to get support from rural demand, with crop output expected to be on the higher side.

We are witnessing increased volatility in January 2025 in both equity and fixed income due to Q3 corporate earnings expectations, policy expectations, etc. Key events the market is looking forward to are US government policies & Fed's stance, and from a domestic point of view, Union Budget 2025 expectations on fiscal roadmap, revenue & capital expenditure and monetary policy committee actions with the new RBI governor's first policy.

As can be seen by diverse returns across asset classes, the significance of appropriate asset allocation and its ability to create wealth cannot be undermined. We at IDFC FIRST Wealth Management continue to reiterate our conviction in sticking to our 'Value Index Navigator (VIN)' strategy of asset allocation, product selection and portfolio construction which we believe is an all-weather strategy to create a WIN-WIN situation for you.

I would like to sign off with a quote from legendary investor Peter Lynch - "Far more money has been lost by investors trying to anticipate corrections, than lost in the corrections themselves."

Gaura Sengupta

Chief Economist,
IDFC FIRST Bank

Lesson from FY25: Policy Support is Essential

The lesson from FY25 is that policy support is essential to ensure growth recovery continues. FY25 GDP growth is expected to slow to 6.4% as per the Government's advance estimate which is the lowest in 4 years. Some part of the moderation was expected due to base-effect but other factors have also contributed to loss of growth momentum. First, urban consumption which saw a strong recovery post Covid-19, has begun to slow. This is clearly visible in urban consumption indicators with a decline in vehicle sales, a slowdown in FMCG sales growth and muted non-oil non-gold import growth. Companies' profit growth has slowed which has resulted in moderation in urban wage growth. Rural demand, which has been slow since last year, is expected to improve post the harvest. High frequency is yet to show visible improvement in Q3FY25. The capex cycle is another engine that has slowed in FY25, as government capital expenditure in both the Centre and States has declined in FYTD25 (Apr-Nov). The general election and state elections resulted in a shift in focus towards revenue expenditure. The key support to the capex cycle over the last few years was the government and real estate sector, while corporate capex remains subdued.

Both consumption and capex require policy support to ensure there isn't further loss of momentum in FY26. Fiscal policy will need to play a larger role in supporting growth as monetary policy is constrained by global dynamics. All eyes will be on the Union Budget and we expect the pace of fiscal consolidation to slow, given the significant progress achieved over the last few years. The fiscal space should be utilised to boost capital expenditure in FY26 and compensate for the slowdown in expenditure in FY25. Capital expenditure is also supportive of consumption as it is associated with employment creation. There is an expectation that income tax could be cut for lower income levels to boost consumption. While this is a positive measure, its effectiveness is less given the limited reach of the tax net.

Monetary policy which was the first line of defence during Covid-19 will be constrained in 2025. The RBI is facing the brunt of the impossible trinity – fixed exchange rate, free capital movement and independent monetary policy. RBI FX intervention has focused on minimising volatility in USDINR, however, it is reaching its limits given the persistence of the dollar rally. FX reserves have fallen by US$64.6bn in Q3FY25, led by RBI selling dollars to defend the INR and revaluation loss. FX intervention by RBI is estimated at US$47bn (net dollar selling) in Q3FY25. This has resulted in not just a fall in FX reserves but also a significant drain on interbank liquidity. RBI intervention (net dollar selling) has drained interbank liquidity by INR2.3tn in Q3FY25. RBI has had to undertake VRRs to prevent financial conditions from tightening. Even though the slowdown in growth conditions warrants an easing of policy rates, the depreciation pressure on the INR will limit the rate cut cycle.

Even more important than rate cuts will be the infusion of durable liquidity. RBI's balance sheet has contracted by INR2.4tn in FYTD25, led by a decline in FX reserves as well as a decline in holdings of government securities. The latter reflects redemptions and a small quantum of OMO sales. Significant durable liquidity infusion will be needed going forward to prevent the tightening of financial conditions. Measures include OMO purchases, USDINR buy-sell swaps and long-term repos.

Another factor which has turned less supportive is credit impulse with bank credit growth slowing, constrained by elevated credit-to-deposit growth. Credit growth has outpaced deposit growth since FY23, resulting in the credit-to-deposit ratio rising to 80%. Deposit growth has been constrained by the lack of liquidity infusion by RBI. Hence monetary policy easing this year will need to be a combination of rate cuts and liquidity infusion.

Experience of FY25 has shown that growth recoveries need to be nurtured with adequate policy support. FY26 is likely to be a challenging year given the uncertainties on global trade under President Trump. Dollar strength could endure with the growth in the US holding up. Fiscal policy in the US could be inflationary with proposed fiscal expansion and higher trade tariffs. In response, the Fed has indicated only two rate cuts in 2025. The markets are even more hawkish pricing in less than two rate cuts. Against this backdrop, fiscal and monetary policy in India will need to work together to ensure domestic growth momentum doesn't weaken further.

“

The future belongs
to those who embrace knowledge,
technology, and innovation.

- Dr. Manmohan Singh
Former Prime Minister of India

Prateek Agrawal

MD & CEO,
Motilal Oswal Asset Management Company

Q1 How are you looking at the Indian markets for the year 2025?

- CY24 has been better than long-period averages for the market with indices delivering mid-teens or better returns for the Large, Mid and Small Cap parts of the markets. Mid Caps and Small Caps, particularly ahead of the general elections and the budget, have delivered positive returns. We had continued to repose faith in spaces which delivered higher earnings growth in line with our belief that the market follows earning growth adjusted for valuations. The strong market performance has been in line with the earnings growth that is being witnessed in various parts of the market.
- For CY25, we believe that valuations are likely to be average for the Larger Cap part of the market. If the valuations remain average, return expectations align with the growth in earnings for the index.
- Also, the supernormal growth in capex is done, and should track the overall GDP from here. The Central Government has a few levers to crank it up further, while States are struggling to keep up as they step up welfare spending. Corporate capex may see a minor uptick, but it is not big enough to move the needle.
- Consumption slowdown should reverse by H2CY25. The primary factors driving the rebound are a) an IT-led turnaround in jobs – we are seeing early signs of this in the Naukri Jobspeak Index; b) relief from the unsecured lending squeeze, owing to improving asset quality and possible regulatory easing; and c) cash transfers and the shift of state government spending.

Q2 How do you see the U.S. Trade policy changes affecting Indian exports and overall economic growth?

- Nothing that we have heard from President-elect Trump can yet be taken to the bank. Trump's protectionist measures could be inflationary, but at 4.5%, bond yields may reflect the impact. American President-elect Trump is threatening to impose 60% import tariffs on China (+10% for fentanyl) and 10% on other countries (numbers kept changing). If the affected countries devalue their currencies to compensate (China with its shrinking population and deflation, will surely do, forcing others to follow), this could spiral into a currency war that could prove inflationary for India. INR has also been kept by RBI from depreciating more than 3% vs USD in 2024 so far, whereas other EM currencies have moved down much more.
- The IT sector should be the biggest beneficiary of Trumponomics, combined with sluggish growth in India. Generally, the sector does well during periods when there is an acceleration in the US economy (or a perception of it).

Q3

Which investment themes are you looking at, and what makes them particularly appealing in the current scenario?

- It is now time for a growth style of investing, where returns are a combination of earnings growth and valuation adjustments. In the value style of investing, growth is generally compromised in the quest for value while in the growth style of investing, the opposite is largely true. One has to judge where a better combination exists. We believe that after 4.5 years of dominance by the value style on investing, with value drying up in the market, it is time for the growth style to manifest itself. In the new year, the growth style of investing could benefit from tailwinds from drop-in interest rates across the world.
- In our portfolios we focus on spaces which are tail-winded and are potential growth leaders in the economy. Managers aim to pick some of the highest growth quotient names in these spaces where valuations are supportive. We believe that in the new year, our style is likely to benefit from these tailwinds.

Q4

How do you adapt your investment approach to navigate volatility, particularly during periods of heightened market corrections?

- We continue to believe that it is time for alpha. While indices may do their bit, the country could offer an alpha opportunity to managers like never before. We hold the belief that the market follows earnings growth corrected for valuations. Alpha is created when a new space which offers a long period of strong earnings compounding emerges. Since the space is new, it is less represented in the indices and hence presents an alpha opportunity.
- In the past periods, typically a period would witness the emergence of one new space. For example, Software emerged in the 1990s, Private Sector Banks emerged in the early 2000s, and Real Estate and Construction in the 2005-2008 period. However, over the past few years, we have seen an emergence of several strongly growing spaces such as Electronic Manufacturing, Renewables, Electric Vehicles, New Tech, Luxury Consumption, Capital Markets, Defence, etc., and the list continues to expand. Data centres, nuclear energy and AI are expected to provide strong growth opportunities with time. This provides a better opportunity to build a fully diversified portfolio of new high growth spaces only. This has been one of our strategies for our alpha generation over the past two years.

Q5

What is the most important piece of advice you would give to investors entering markets now?

- To have reasonable expectations and not to extrapolate the returns of the last few years.

Abhishek Bisen

Fund Manager - Fixed Income,
Kotak Mutual Fund

Q1 How do you see the evolving interest rate scenario impacting fixed-income markets, especially in India, in 2025?

We have seen interest rates peaking in most parts of the world in 2024 and many large developed economies have started cutting their benchmark rates. The US Federal Reserve lowered its rate by 100 bps to 4.25% - 4.50% in 2024. However, fewer rate cuts are expected in 2025 due to sticky inflation and strong job numbers. The European Central Bank reduced its deposit rate to 3%, with further cuts anticipated in 2025.

India's Q2FY25 GDP growth was subdued at 5.4%, primarily due to a slowdown in manufacturing and mining. However, festive demand and increased government spending in H2FY25 are expected to improve growth, with the expected GDP growth rate for the full of FY2025 at 6.40%~6.50%. The RBI is expected to start a rate cut cycle in February 2025, with a 50-bps cut in H1CY2025.

India's fiscal situation is favourable, with the Government of India expected to consolidate its financials further with the expected fiscal deficit for FY25-26 at 4.40%~4.60%. Indian inflation is also expected to moderate going forward, making Indian Government Bonds (IGBs) attractive to foreign investors. Indian Government Bonds are being included in major global indices, attracting potential foreign fund inflows of USD 10-15 billion in CY2025, which could keep bond yields lower. The demand for long-tenure bonds is expected to increase, with 10-year benchmark yields trading in the range of 6.40%~6.60% by December 2025. If India demonstrates a credible fiscal profile and growth projections, it may lead to a potential sovereign rating upgrade, further boosting foreign investment.

Q2 What is your approach to balancing duration and credit risks in your fixed-income funds?

The main objective of the fund is to provide unit holders with superior risk-adjusted returns. Different schemes have varying mandates regarding duration and credit risk. We strive to maintain a balanced approach between duration and credit across various funds according to their specific mandates. The allocation between these asset classes is determined based on the prevailing market outlook. For instance, if we anticipate the long end of the curve to ease and outperform credit assets, we increase our allocation to long-dated Indian Government Bonds (IGB). Conversely, if we expect credit assets to perform better, we adjust accordingly. In essence, we manage duration through IGB and accrual through short-maturity credit assets.

Q3 What is your perspective on the trajectory of inflation in India, and how do you anticipate it influencing economic growth?

India has been one of the better-performing markets in the fixed income space among emerging markets. However, the GDP growth rate for Q2FY25 was subdued at 5.4%. Additionally, inflation in October 2024 reached 6.21%, the highest since August 2023. We expect festive demand in Q3FY25 to expand, and with the election results now behind us, we anticipate an increase in government spending in H2FY25, which may help revive growth in the second half of the financial year. As for inflation, recent data shows that the Q3 headline CPI has undershot the RBI's revised estimate. Going forward, while the INR has depreciated and crude oil is trading at $80, Q4 inflation is expected to remain stable and around the RBI's expectations. The critical factor will be the forecast for FY26. Based on the current factors and projections, we expect the inflation rate for FY26 to be in the range of 4.25%-4.50%.

Q4

What is your current take on the depreciation of the Indian currency against the USD?

The Indian Rupee (INR) has been the least volatile currency among emerging economies. Although it has been depreciating against the US Dollar (USD), it has either appreciated or remained stable against many other emerging market currencies. Over the past year, the US Dollar Index (DXY), which tracks the value of the USD against six major currencies, has risen by over 7% and by more than 1% year-to-date. This indicates that major currencies have been depreciating against the USD. In Real Effective Exchange Rate (REER) terms, the INR has remained a relatively stronger currency.

However, a change in the US presidency could significantly impact the global economic landscape. For instance, a Trump 2.0 administration might increase tariffs, leading to an appreciation of the USD. Additionally, Trump's administration could push India to reduce trade barriers, resulting in increased financial market volatility. To address US concerns about trade imbalances, India might increase imports of energy products. Both the Indian government and industry groups support a comprehensive trade and investment agreement with the US, which would help Indian manufacturers integrate into global supply chains while preserving national interests.

Recently, the INR has come under pressure and hit an all-time low, breaching the 86 mark in January 2025. This recent move in INR could be attributed to the sharp spike in 10-year US Treasury yields, due to robust job data in the US, which could reduce the frequency of rate cuts by the Federal Reserve in FY25. If the DXY continues to rise in the coming year, we expect the INR to further depreciate in line with other major currencies.

Q5

Given the current macroeconomic landscape, what would be your advice to investors who want to invest in Fixed Income?

At present, the yield curve remains relatively flat with no rate cuts factored in. Going forward, as the rate cuts are delivered, the curve is expected to steepen, hence the risk-to-reward ratio is favourable, suggesting greater potential for upside than downside. Given that corporate treasury has a low tolerance for volatility, we recommend 1-3-year-based duration funds that are actively managed AAA/SOV-based strategies.

Considering the current outlook on interest rates, dynamic duration funds are recommended for investors who can tolerate volatility. The fund focus category is given below:

- Kotak Bond Short Term Plan - Up to 1-year investment horizon
- Kotak Dynamic Bond / Kotak Gilt Fund – 1-2-year investment horizon
- Kotak Income Plus Arbitrage – 2-year and above

DID YOU KNOW?

New Year's resolutions were a 4,000-year-old Babylonian tradition, where people promised to settle all debts!

JARGON BUSTERS

VIBESESSION

When economic statistics are good, but consumers are pessimistic about current or future outlooks, resulting in a 'bad vibe.' This negative perception can affect the economy, as people pull back spending and businesses raise prices. It highlights the power of sentiment in driving economic trends.

MALVERTISING

Short for malicious advertising, it's when cybercriminals attach harmful code to legitimate-looking online ads that lead unaware users to unsafe or harmful websites that pose security risks. To prevent this, one can avoid clicking on ads with errors, suspicious appearances, or unrealistic promises.

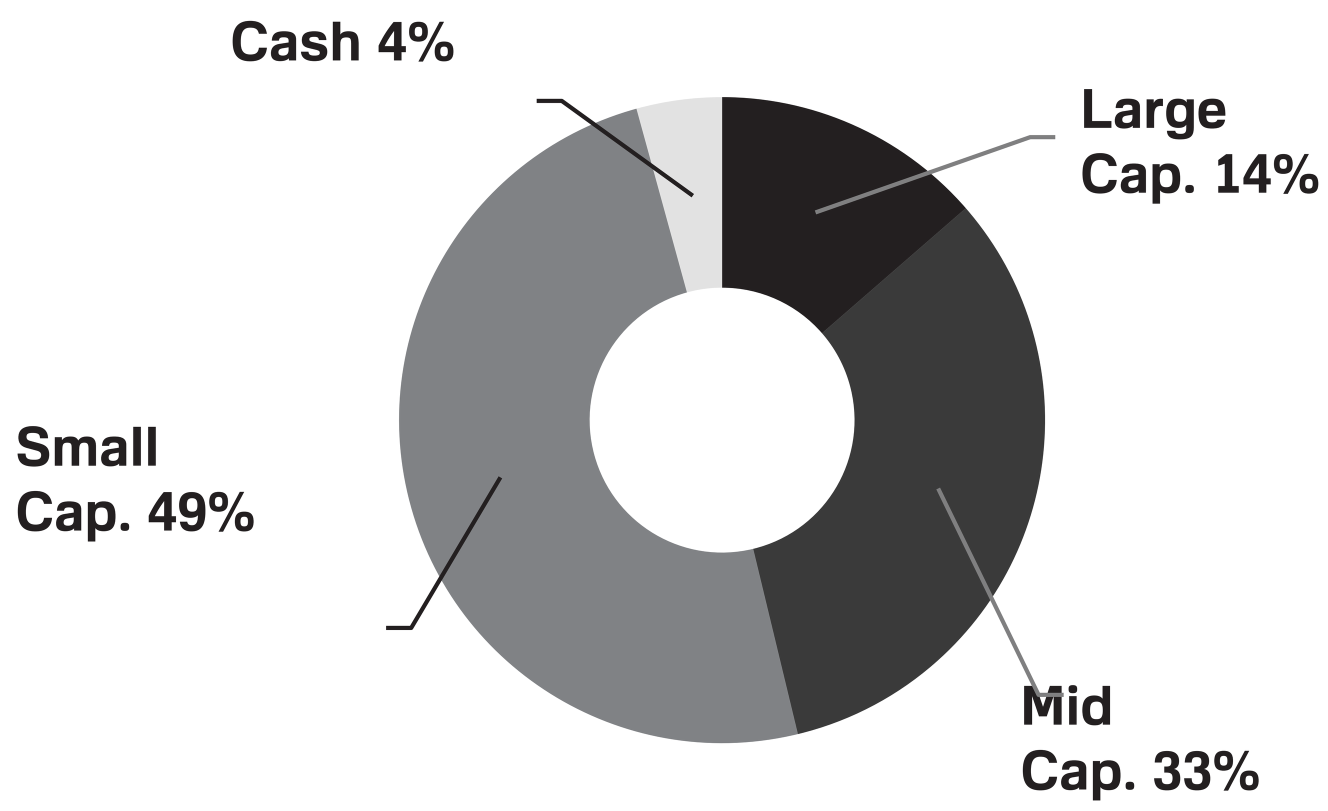
Strategy Round-up

- A portfolio harnessing India's Entrepreneurial energy believes that Entrepreneurs are the backbone of our economy as they have been crucial in building wealth compared to PSUs and MNCs. The funds focus on Entrepreneurs as they have skin in the game, growth-focused vision and are innovative - qualities which make their businesses more attractive.
- The strategy is primarily focused on a two-fold objective, Capital Preservation and Capital Appreciation, by thoroughly following their flagship philosophy – Quality Growth Longevity and Price (QGLP). Capital Preservation will be by focusing on quality business and great management bought at a reasonable price and Capital Appreciation by participating in sectors and themes favoured by strong economic tailwinds & a high probability of success in the medium term.

Scheme vs	Performance (%)							
Benchmark	1M	3M	6M	1Y	2Y	3Y	5Y	SI
Strategy	4.90%	3.22%	18.79%	47.01%	NA	NA	NA	57.20%
BSE 500 TRI	-1.50%	-7.79%	-0.74%	15.67%	NA	NA	NA	28.89%

Returns up to 1 Year are absolute and greater than 1 Year in CAGR. Returns are in TWRR. Since Inception, date is March 16, 2023.

Market Cap Breakup



Key Features

Scheme Details	
Fund Manager	Vaibhav Agarwal
AUM (in INR crs)	2,223
Benchmark	BSE 500 TRI
Inception Date	16-Mar-2023
Number of Stocks	23

Exposure Details

Top 5 Stock Holdings	% Holdings
Zomato Ltd	6.96
Zen Technologies Ltd	5.26
Suzlon Energy Ltd	4.89
Kaynes Technology India Ltd	4.77
Kalyan Jewellers India Ltd	4.75

Sector Break Up (GICS)

Sector	% Holdings
Consumer Discretionary	27.3
Industrials	22.6
Information Technology	10.0
Energy	8.0
Real Estate	7.8
Materials	7.8
Financials	7.8
Consumer Staples	4.3

All performance / data mentioned is as on 31st December, 2024

IDFC FIRST Bank Employees Lend A Shoulder!

Sustainability lies at the heart of IDFC FIRST Bank's commitment to building a thriving world. The Sustainable Development Goals (SDGs) set by the United Nations have enabled them to align their corporate strategic goals with the globally agreed-upon principles.

The SDG framework empowers the bank to effectively develop, implement, monitor, and report its CSR initiatives. This comprehensive approach reinforces the bank's long-term commitment to fostering a responsible future.

The Lend A Shoulder programme empowers the bank's employees to channel their varied interests, expertise, and time towards meaningful social impact. By uniting efforts to uplift vulnerable communities, the initiative fosters a shared commitment to driving positive change.

IDFC FIRST Bank takes immense pride in showcasing the transformative impact achieved through its Lend A Shoulder initiative, wherein volunteers across the country have made far-reaching contributions by engaging in diverse activities dedicated to fostering social good.

From crafting solar lamps to illuminate underprivileged communities to building engaging STEM models for young students - these volunteers have empowered the next generation. Creative projects like sensory boxes have provided valuable experiences for children with special needs, while mentorship programs have guided graduate students towards successful career paths.

Moreover, these volunteers have actively supported Self-Help Groups (SHGs) for women by equipping them with valuable skills. They've contributed to environmental conservation through beach and lake clean-up drives which aid the preservation of our marine ecosystems. Recognising the importance of mental health, they've organised meaningful mental health awareness workshops which foster a supportive environment.

Such initiatives not only benefit the communities served, but also provide the bank's employees with valuable opportunities to personally contribute to society. By actively engaging in CSR activities, IDFC FIRST Bank empowers its employees to be a force for communal good, which can help build a more sustainable future for all.

Over 300 volunteers from the Retail Liabilities and Wealth Management teams at IDFC FIRST Bank have actively participated in this initiative this year. Their contributions span a wide array of impactful activities; building robots, blood donation drives, tree plantation efforts, and school painting projects – to name a few.

Volunteers participating in a Tree Plantation activity

Volunteers participating in a Solar Lamp creation activity

Volunteers participating in a Sensory Box creation activity

Volunteers providing mentorship to female college graduates, preparing them for job interviews

The INR is at an All-Time Low: What's Next for India's Investors?

The past few days have seen the Indian Rupee weakening to an all-time low. At the time of this article, it ended at ₹85.77 against the U.S. Dollar. What's behind this shift, and how can investors adapt to the current landscape?

Why has this happened?

The reality is, no single factor is responsible. The decline of the INR stems from a combination of issues which have created a ripple effect that has influenced the currency's performance on multiple fronts.

- Widening Trade Deficit

India's record gold imports and a sharp decline in exports during the last quarters have caused a significant gap. The resulting trade deficit widened by 18.4% year-on-year from April to November, as per IDFC First Bank's calculations

- Tepid Capital Flows

Foreign investors logged net purchases of only $124 million of Indian equities in 2024, down from $20.7 billion in 2023. While inflows into bonds soared to a record high in 2024, investors reckon they're set to decline this year

- Concerns About Slowing Economic Growth

The incoming U.S. administration's policies pose a risk for emerging market currencies like the INR. Moreover, trade policy changes could disrupt worldwide exports which, considering the interconnectedness of global markets, means that economic troubles in other countries can directly impact the INR's value

- Global Factors

India's inflation rate is higher than that of the U.S., which erodes the Rupee's purchasing power relative to the currently strengthening Dollar. Moreover, India's reliance on oil imports makes it vulnerable to fluctuations in global oil prices, which are currently rising. Government policies from across the world could have repercussions too.

The RBI's intervention, likely via dollar sales, has helped limit the INR's losses. They don't appear to be defending any level right now, just curbing volatility, which implies that a steady INR depreciation could continue.

What can you do about it?

While a weakening Rupee poses challenges for our economy, it also opens doors for those who know where to look. Let's delve into ways to help you benefit from the current currency trends.

- Diversification

Spread your portfolio across asset classes and geographic regions using US stocks, international mutual funds, or ETFs to tap into stronger markets amid Rupee weakness. Allocating assets to currencies like the US Dollar or Euro can also hedge against Rupee volatility, safeguarding your investments against economic fluctuations.

- Hedging

Currency futures and options let you lock in a specific exchange rate for future transactions, offering stability in volatile markets. Alternatively, currency-hedged mutual funds, which invest in foreign assets while managing currency risk, can provide an added layer of protection against fluctuations.

- Invest in Export-Oriented Sectors & Gold

Sectors like IT, pharmaceuticals, and textiles derive substantial revenue in USD, which increases their earnings' value when converted to INR. Gold too has traditionally been considered a safe asset during currency fluctuations, so allocate a part of your portfolio to physical gold, gold ETFs, or gold mutual funds.

- Seek Rupee-Dollar Arbitrage Opportunities

This strategy involves leveraging price differences between markets, such as buying goods or services in India with INR and selling them abroad for USD. It requires a nuanced understanding of market dynamics and entails higher risks, making it suitable for adventurous investors.

Timeless Treasures:

Luxury Investments That Appreciate Over Time

The evolution of luxury is here, where indulgence and investment intersect. High-end accessories are rewriting the narrative of wealth by proving to be high yielding. Iconic pieces like handbags, watches, and shoes are not just coveted for their style but for their value. As investments, these items combine elegance with financial foresight, capturing the attention of both collectors and savvy investors.

Embark on your luxury investment journey with entry-level accessories which combine personal passion with financial opportunity. Limited editions or unique collaborations can reflect your personal style, while potentially appreciating over time. Here are a few selections to help you begin building your collection.

1. Watches

As an enduring symbol of prestige, it's only fitting that timepieces have stood the test of time. Reputable brands offer reliable, high-quality watches that are more likely to appreciate in value while retaining their functioning. The type of mechanics, quartz or mechanical, can also affect its investment potential.

2. Luxury Handbags

With numerous established designers in the market, high-end handbags embody the pinnacle of craftsmanship and exclusivity. Opt for pieces that are made of rare materials crafted in exquisite silhouettes with minimal embellishments. Signature collections not only offer versatile functionality, but also ensure lasting appeal.

3. Sneakers

What was once a niche subculture has blossomed into a worldwide phenomenon. The sneaker market shows no signs of slowing down and the world's leading auction houses have been raking in millions in recent years. Look for limited-edition releases, exclusive models, and celebrity collaborations which consistently drive up demand and prices.

4. Sunglasses

With its blend of functionality and style, it's no surprise that sunglasses have seen increasing popularity as an entry level collector's item. They're portable, durable, better for your eyes, and easier on your pocket. Moreover, the vintage sunglasses market has witnessed a boom with platforms reporting a 20% year-on-year increase in popularity.

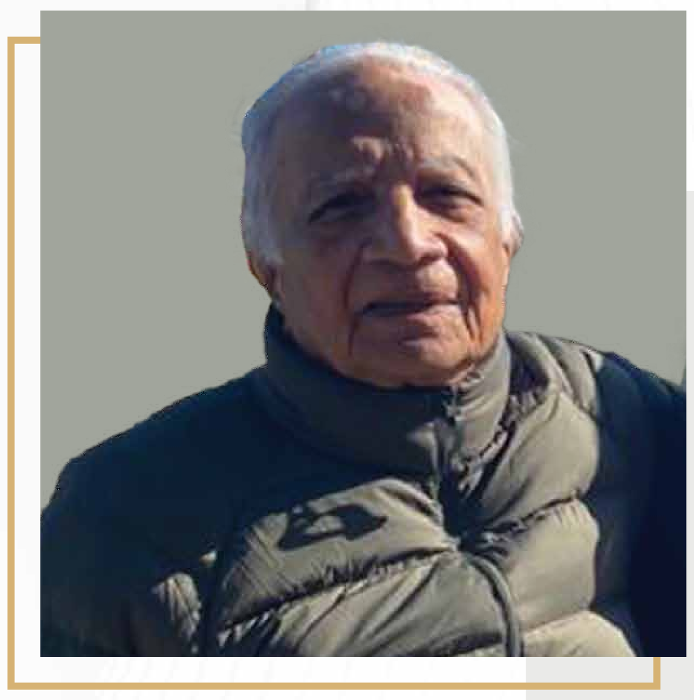
5. Scarves

Designer scarves may not be an obvious investment, but their value can grow over time. Silk, cashmere, and intricate processes like hand-stitching contribute to their appeal. Storing them in original boxes and opting for dry cleaning can safeguard your investment and maintain their worth.

Other collections worth noting are jewellery crafted from precious metals and gemstones, high-fashion apparel from renowned designers, and leather goods such as belts and wallets. These timeless pieces cater to your personal aesthetic while also holding tangible value, making them a sophisticated addition to your investment portfolio. With their enduring appeal and potential for appreciation, these items prove that fashion and smart investing can seamlessly go hand in hand.

All images used in this article are solely for reference, we do not claim ownership of these images.

Customer Testimonials



At the outset let me thank you for all the qualitative efforts you have always tried to put in the consultations and advice you have been rendering all along. We are indeed happy with the bank, which means mainly the efforts of personnel of the bank. Pl maintain the standards all along your march to higher growth.

- Suresh Choksey
IDFC FIRST Private Customer, Mumbai

It has been a pleasure to have IDFC FIRST Bank Wealth Management Team as our service provider. It has been a long and fruitful association with the team and we are happy with the services. We look forward to continuing with our relationship for many more years to come.

- RK Arora
Arora and Arora Associates
IDFC FIRST Private Customer - Delhi

Disclaimer

This document has been prepared by IDFC FIRST Bank Limited based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. The contents of this report are solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments or any other product. Nothing in the report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to the investor's circumstances. While due care has been taken in preparing this document, IDFC FIRST Bank and its affiliates accept no liabilities for any loss or damage of any kind arising out of any inaccurate, delayed or incomplete information nor for any actions taken in reliance thereon.

The securities/funds discussed and opinions expressed in this mail may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives and financial position. Please be informed that past performance is not necessarily a guide to future performance. Actual results may differ materially from those set forth in projections. Unless expressly stated, the performance of products is not guaranteed by IDFC FIRST Bank or its affiliates. The information provided may not be taken in substitution for the exercise of independent judgement by any investor.

This document is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country, or other jurisdiction, where such distribution, publication, availability, or use would be contrary to law, regulation or which would subject IDFC FIRST Bank and affiliates to any registration or licensing requirement within such jurisdiction.

Please note that Mutual Fund Investments are subject to market risks, please read the Statement of Additional Information and Scheme Information Document carefully before investing for full understanding and detail. IDFC FIRST Bank Limited shall receive brokerage for Mutual Fund transactions through AMCs as permitted under the extant regulations. For the applicable brokerage rates for each transaction, please visit idfcbank.com or contact your IDFC FIRST Bank representative.

The information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied, or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of IDFC FIRST Bank Limited. IDFC FIRST Bank Limited accepts no liability nor responsibility whatsoever with respect to the use of the information provided hereinabove.

The customers acknowledge that none of the Information has been subject to verification and neither IDFC FIRST Bank nor any of its representatives accept responsibility for or makes any representation, expressed or implied, or gives any warranty with respect to the accuracy or completeness of the Information. The Customers shall be responsible for making their own decision on the Information and acknowledge that it shall not have any right of action against IDFC FIRST Bank or any of its Representatives in relation to the accuracy, reasonableness, or completeness of any of the Information. Accordingly, IDFC FIRST Bank and any of its Representatives will not be liable for any direct, indirect, or consequential loss or damage suffered by any person as a result of any reliance on any statement contained in or omitted from the Information.

Mutual Fund investments are subject to market risks, read all scheme-related documents carefully.

The information herein is meant only for general reading purposes and the views being expressed only constitute opinions and therefore cannot be considered as guidelines, recommendations or as a professional guide for the readers. The document has been prepared on the basis of publicly available information, internally developed data, and other sources believed to be reliable. The sponsors, the Investment Manager, the Trustee or any of their directors, employees, Associates or representatives (‘entities & their Associate”) do not assume any responsibility for, or warrant the accuracy, completeness, adequacy, and reliability of such information. Recipients of this information are advised to rely on their own analysis, interpretations, & investigations. Readers are also advised to seek independent professional advice in order to arrive at an informed investment decision. Entities & their associates including persons involved in the preparation or issuance of this material, shall not be liable in any way for any direct, indirect, special, incidental, consequential, punitive, or exemplary damages, including on account of lost profits arising from the information contained in this material. The Recipient alone shall be fully responsible for any decision taken on the basis of this document. The sectors mentioned are not a recommendation to buy/sell in the said sectors. The details mentioned above are for information purposes only.