HSBC Mutual Fund

Rising above the Noise:

What Resilient SIP Inflows say about India's Retail Investors

In an age marked by global uncertainty and market volatility, April's record-high SIP (Systematic Investment Plan) inflows of Rs 26,632 crore offer a compelling narrative. With 83.8 million SIP accounts, retail investors are signaling a decisive shift in behavior - they are no longer reacting impulsively to market noise but are anchoring their investment approach in fundamentals and long-term discipline.

What's driving this shift?

Investors today are more informed, more aware and more focused on building wealth through market cycles. This reflects growing financial literacy, but more importantly, it underscores a maturing investor mindset that values consistency over timing and understands the power of compounding.

> **"Volatility is Noise. Consistency is Strategy"**

In an environment where geopolitical uncertainties often dominate headlines, it is easy to lose sight of the big picture. Yet historical data offers a powerful reminder: markets may tremble in the short term, but they can often emerge stronger.

Consider the performance of the Nifty50 across five major geopolitical conflicts:

Event	Date	1-M prior	1-M post	3-M post	6-M post	12-M post
Conflict 1	May 3, 1999	-8.3%	16.50%	34.50%	31.60%	29.40%
Conflict 2	Dec 13, 2001	10.10%	-0.8%	5.30%	-0.8%	-1.3%
Conflict 3	Nov 26, 2008	9.00%	3.80%	-0.7%	54.00%	81.90%
Conflict 4	Sep 18, 2016	1.30%	-1.2%	-7.3%	4.30%	15.60%
Conflict 5	Feb 14, 2019	-1.3%	6.30%	3.80%	1.70%	12.70%

In the above table, you will see that despite major geopolitical events, Indian markets have witnessed modest short-term corrections between ~1-8% showing resilience and registering reasonable performance over the medium to long term.

Across these events, the market's initial reaction was often muted or mildly negative. But the long-term trajectory remained intact, highlighting the futility of trying to time the market around short-term disruptions.

Why staying invested matters more than ever?

The message for investors is clear: Do not let temporary turbulence derail long-term goals. Systematic investing through SIPs or STPs remains a prudent approach in uncertain times. Reacting emotionally to market movements often results in sub-optimal outcomes, while staying the course potentially rewards patient investors.

Looking Ahead: The Structural Growth Story of India

The bigger takeaway for investors, particularly Indian retail participants, is that this geopolitical storm hasn't spooked the markets, and for good reason. India's economy, which recently crossed the $4 trillion mark, has minimal direct trade with the neighboring country.

We see the following positives for the Indian market:

Recovery in private capex: Industry capacity utilization based on RBI survey data is at a reasonably high level and indicates potential for increase in private capex going forward. Also, continued expansion of the Production Linked Incentive (PLI) scheme is likely to further increase private investments in targeted sectors. We also expect higher private capex in renewable energy.

Supportive real estate cycle: Real Estate remains another strong medium term growth driver having weathered the impact of higher interest rates. Demand trends in top metro cities remain strong and inventory levels have declined.

Global commodity prices: Benign global prices of crude oil and fertilizers has been a positive for India from inflation, fiscal deficit and corporate margins perspective in FY24-25.

Happy Investing and Stay Invested.

Source: Bloomberg & HSBC MF estimates as on April 30, 2025 or as latest available.

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