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KYRON FINSERV'S

HORIZON

MONTHLY NEWSLETTER EDITION

Why Long-Term Investors Shouldn't Fear Market Crises. Demonetisation.

NBFC Crisis. COVID-19. What history teaches us about staying invested.

Dear Investors,

Every headline screams urgency. Every market dip feels like it could derail your financial goals.
But here's a question worth asking: Should every crisis change the way you invest?
This month, we unpack how Indian markets have reacted to three defining crises, and more importantly, how investors who kept their heads down and stayed invested often came out ahead.

Market Flashbacks: What History Reveals

Let's revisit three moments when fear dominated Indian markets and what happened next.

Demonetization (2016): Policy Meets Panic
When 86% of currency was invalidated overnight, markets slipped quickly, NIFTY 50 fell over 8% in 3 weeks. Yet within months, the market shrugged it off, aided by optimism about digitization and economic transparency.

▶ *Takeaway*: Market shocks often price in uncertainty fast, but longer-term recovery tends to be rooted in fundamentals.

NBFC Liquidity Crisis (2018): A Credit Squeeze

The collapse of IL&FS rippled through the financial system. Stocks dropped 10%+, and confidence in the NBFC sector evaporated. But again, recovery followed as systemic support came in and weaker institutions were phased out.

▶ *Takeaway*: Crises often accelerate corrections, but also foster consolidation and eventual resilience.

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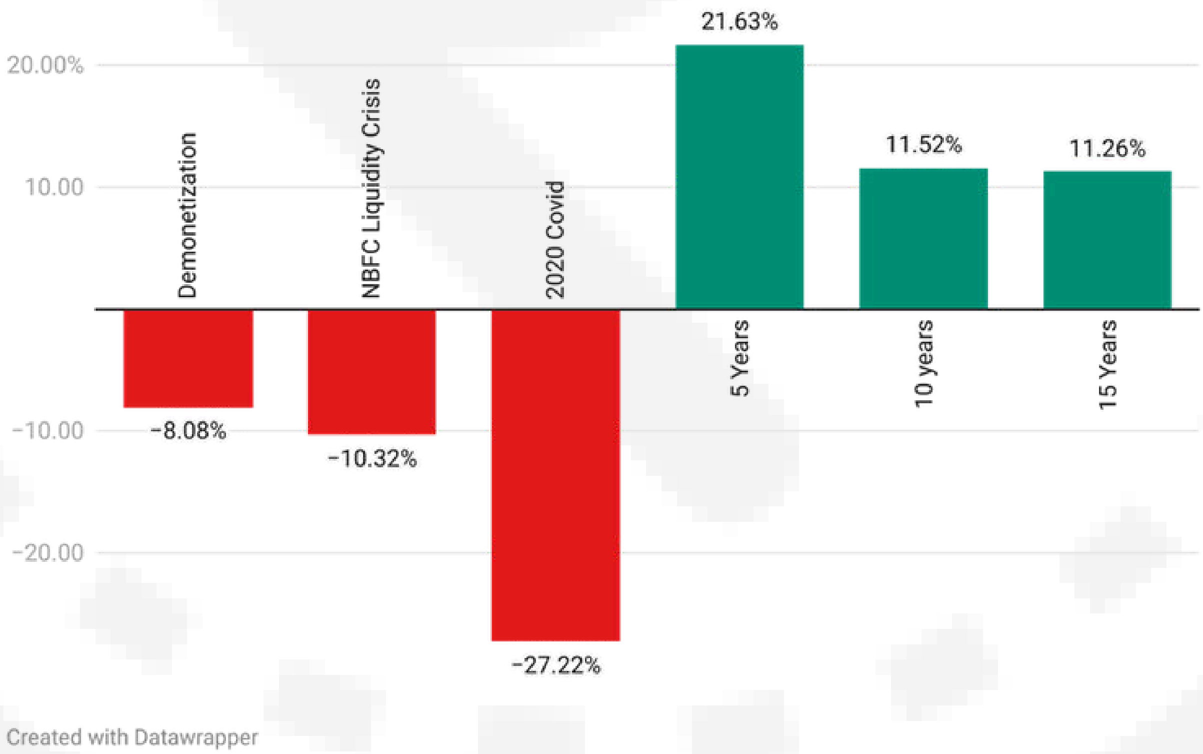
COVID-19 Crash (2020): Global Lockdowns, Local Panic

Between February and April 2020, the NIFTY 50 plunged 27%. This was unprecedented in speed and scale. But by April 2021, the same index had posted a 24% gain, thanks to decisive policy action and global liquidity support.

▶ *Takeaway:* The worst economic shocks can often precede the strongest recoveries, if you stay invested.

Charting the Bigger Picture: Time Is the True Hedge

When zoomed out over 5-, 10-, and 15-year horizons, Indian equity markets have delivered strong compounding returns, despite these dramatic events.



This isn't about predicting the next recovery. It's about understanding that long-term markets are driven by earnings, productivity, and innovation, not headlines.

What Investors Should Remember

Here are the three core principles distilled from these events:

1. Volatility is the cost of participation.
Every long-term investor must accept that drawdowns will occur. The key is not to react impulsively.

2. Staying invested beats being 'right'.
Trying to jump in and out of markets during crises is a gamble. Data shows that even missing just a few strong recovery days can devastate long-term returns.

3. The market doesn't reward emotional decisions; it rewards time and discipline.
Real wealth isn't built by reacting to events. It's built by sticking to a strategy, even when the news cycle makes it uncomfortable to do so.

Final Word

We often overestimate the importance of events and underestimate the power of endurance. Crises are inevitable. How we respond to them, however, is a choice.

So next time the market dips, ask yourself: Are you reacting to a moment, or committing to a vision that spans decades?

Because in investing, clarity often comes not from predicting the future, but from understanding the past.

Until next month,
Prasad Iyer & Team