

MISSION STATEMENT

Assisting investors in FINANCIAL PLANNING, helping them in WEALTH CREATION thereby giving them COMPLETE FINANCIAL FREEDOM.

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Dear Investors,

The new financial year is beginning on a rather dull note. The auspicious festivals of Navratri, Ram Navami, and Easter are also failing to lift the spirits of the people locked down in their homes. Offices, factories, and shops are shut. No one has rushed to complete the usual year-end compliances. Naturally, the financial markets are also despondent.



Financial Market Updates

UPDATE ON FINANCIAL MARKET

- Current scenario owing to Covid-19 is indeed an unprecedented crisis. These are indeed uncertain times, and we are processing information which itself is changing rapidly daily. Domestic Large-caps (NIFTY 50) have corrected by ~29% (~39% during bottom) from the peak registered on January 14, 2020 and so have NIFTY 50 valuations fallen from 22x historic pe to <17x. FPIs have sold equities worth \$7.5 bn and bond outflows exceed \$7bn (data till 25th Mar'20), Source: Bloomberg
- Fundamentally What is unique of the crisis is inverse correlation between solving the health crisis Vs impact on economy. The longer and stricter the self imposed shutdown the high probability of virus getting under control - however more will be the damage to the economy.
- Globally we have seen certain countries doing well to fight the Crisis: China, Japan, Korea, Taiwan, Singapore and Hong Kong. Few others notably Europe and USA it's gone from bad to worse. India perhaps has gone on cautionary shutdown which probably is the right thing given the lack of medical infrastructure and population density.
- Net net, we would go by the assumption that duration of the crisis is limited to 1 or 2 quarters and its impact limited to maximum 1 year, say FY21 earnings.

ACTIONS TAKEN BY GOVERNMENT ABROAD

- Globally, we have seen the acceleration in policy easing/ fiscal loosening is increasing across economies. We estimate that the Fed, the ECB and the BoE will make asset purchases of ~US\$6.5 Trillion in this easing cycle, with the Fed alone making cumulative asset purchases of US\$4 to 5 Trillion. Fed indicated this week that "QE is unlimited", if needed.

DOMESTIC POLICY ACTION

- To ease lockdown pain for the less privileged, the government announced an ₹1.7 Trillion relief package, a large part of which will be for free food, cooking gas and insurance. Less than 30% will be a cash transfer from the central government to citizens. FM comments left a door open for industry and economic stimulus, without which FY21 real GDP could be impacted

RECOMMENDATIONS FOR INVESTORS

- Whenever there are such crisis, It's important to visit two basic tenets (a) like many crisis this too will come to an end, post the ongoing impact, and (b) It's extremely important to maintain asset allocation discipline.
- Current times remind us of famous quote by Warren Buffett "Be fearful when others are greedy, and be greedy when others are fearful"
- Asset allocation: Considering the sharp equity market correction, the investors should rebalance their equity exposure by increasing allocation. Example: If an investor had a 70:30 Equity, Debt Allocation which after the correction has become 50:50, clients should rebalance it back to 70:30, based on their risk profile. We would recommend investors to look at equities and allocate capital which is not required for next 3 years. Further he should front load next 12 months savings now.
- How to spread investments?
 - 50% - Staggered manner during market conditions**
 - 50% - Once medical solution emerges**
- For others, SIP's and STP's are the most efficient way of capturing the volatility/downside.
- We would recommend 70:30. 70 percent could be offering like large cap, hybrid or focus fund. 30 % allocation could be in Large & Midcap or Midcap Fund

ARE YOU MAKING THE SAME MISTAKE?

LOSS AVERSION BIAS Research, Analysis and Good Advice notwithstanding, most investors are impacted by some unique psychological factors relating to their portfolio and investments. Below are some of the behavioral aspects of investors that everyone should try to avoid when there's a tug of war between reason and emotion.

LOSS AVERSION BIAS

Investors often prefer to sell those assets and stocks which are in profit rather than selling the ones in which they have incurred losses. Investors also tend to remember their losses more vividly than their profits, even if the losses are less than their profits.

CONFIRMATION BIAS

Investors often try to hear those advices which are in sync with their own views even if those views affect their investment decisions. So by not caring to hear the differing views they may miss out on winning investment ideas.

CONTROL BIAS

A large number of investors feel they could spot winning stock or investment ideas even if the reality is that they are not trained or experienced enough to spot such stocks or ideas. They feel by being in control of their investments they can beat even the best of fund managers

REGENCY BIAS

Often investors invest in those funds, stocks or investment ideas that have just recently outperformed most the peers. Such behavior often lead to herd mentality with a large number of investors chasing the winners of recent past. Research, however, show that such a strategy rarely works in favour of investors.

WE ARE ALWAYS LOOKING FOR FREEDOM

To follow our **PASSION**

To **TRAVEL** the world anytime

To **DECIDE** when to retire

To **LIVE** the Life we imagined

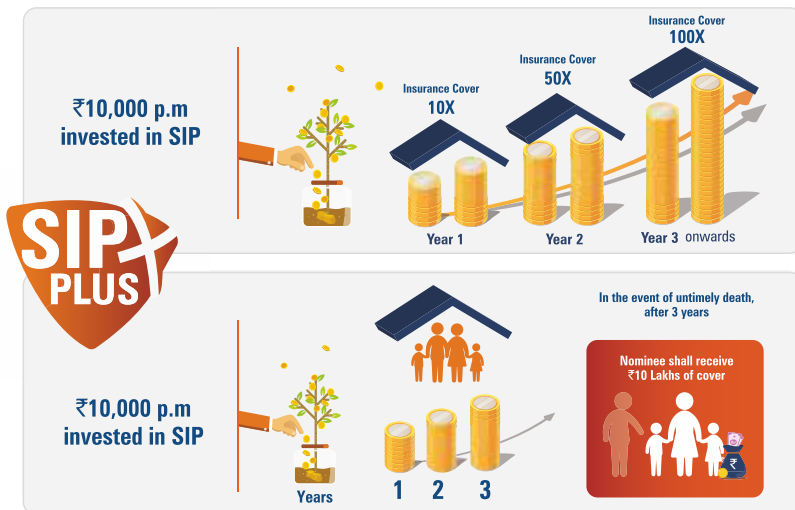
PLANNING FOR FINANCIAL FREEDOM HAS NOW BECOME EASIER

SIP with Triple Benefit of

Wealth Creation

Free Life Insurance

Monthly Income



Mr. Smart starts an SIP of ₹ 10,000 per month at the age of 35.

- AFTER 1 YEAR** - Insurance cover of 10 times the SIP amount
- AFTER 2 YEARS** - Insurance cover will be 50 times the SIP amount
- 3RD YEAR ONWARDS** - Insurance cover will be 100 times the SIP amount i.e ₹10 lakhs

POWER OF SECONDARY INCOME

INVEST		REGULAR INCOME	
SIP Amount (₹) (p.m)	Duration (Years)	Multiple	Monthly Withdrawal Amount(₹)(p.m)
₹ 10,000	8 Years	1x	₹ 10,000
₹ 10,000	10 years	1.5x	₹ 15,000
₹ 10,000	12 years	2x	₹ 20,000
₹ 10,000	15 years	3x	₹ 30,000

Mr. Smart starts an SIP of ₹ 10,000 per month for 15 years.

- Up to Year 15, he shall invest ₹ 10,000 monthly in SIP
- After which he shall receive SWP (monthly income) of ₹ 30,000 per month.

RBI cuts rates to boost the Economy post Corona Virus

You all are aware that after RBI rate cuts that happened lately; Government has reduced rates of all the Fixed instruments across the board. Below is the list of some instruments :

Instruments	Rate of Interest from 01.01.2020 to 31.03.2020	Rate of Interest from 01.04.2020 to 30.06.2020	Compounding Frequency
Savings Deposit	4.0	4.0	Annually
3 Year Time Deposit	6.9	5.5	Quarterly
5 Year Recurring Deposit	7.2	5.8	Quarterly
Senior Citizen Savings Scheme	8.6	7.4	Quarterly and Paid
Monthly Income Account	7.6	6.6	Monthly and Paid
National Savings Certificate	7.9	6.8	Annually
Public Provident Fund Scheme	7.9	7.1	Annually
Kisan Vikas Patra	7.6 (will mature in 113 months)	6.9 (will mature in 124 months)	Annually
Sukanya Samriddhi Account Scheme	8.4	7.6	Annually

Now Investors have a stronger reason to invest your Fixed Instrument money in Debt schemes as they are well diversified and tax efficient compared to fixed instruments.

Below is the list of Debt schemes suitable for 3 years time horizon :

Sr No.	Scheme Name	1 years Return(%)	3 years Return(%)	5 years Return(%)	Yield to Maturity
1	Aditya Birla Banking & PSU Debt fund(G)	10.09	7.91	8.55	6.73
2	HDFC Banking & PSU Debt fund(G)	9.94	7.70	8.40	7.00
3	L&T Banking & PSU Debt fund(G)	10.06	7.56	7.89	6.66

Financial Quiz

1 SIP IS BEST EXAMPLE OF

- A: Rupee Cost Averaging B: Value Averaging
C: Buy and Hold

2 MUTUAL FUND SCHEMES PAY TAX ON CAPITAL GAINS AT

- A: 10% B: 15%
C: 30%

3 INCOME DISTRIBUTED TO UNIT-HOLDERS BY A DEBT FUND IS LIABLE TO DIVIDEND DISTRIBUTION TAX

- A: TRUE B: FALSE

4 WHICH OF THE FOLLOWING HAS HIGHEST LEVEL OF LIQUIDITY

- A: MUTUAL FUNDS B: GOLD
C: REAL ESTATE

5 THE COMPARABLE FOR A LIQUID SCHEME IS

- A: EQUITY SCHEME B: BALANCED SCHEME
C: GILT FUND D: SAVINGS BANK ACCOUNT

Whatsapp us photos of your answers on **8355816883**

First 5 winners will get surprise gift from us!!!

BOOK POST


Regards,
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