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WEALTHWISE

Inside	Pg No.

Wealthwise

"Wealthwise" is a monthly publication brought to you by Wiseinvest Advisors. Wiseinvest Advisors is a quality investment advisory firm that specializes in mutual funds. Though mutual funds are a simple way to invest money, you can get the best only if you get professional advice. Our CEO, Mr. Hemant Rustagi, is a well known mutual fund expert. He brings with him an experience of more than 16 years in the mutual fund industry. He regularly writes articles for major national dailies and business magazines as well as appears as a mutual fund expert on many investments related TV shows. Besides, our team of advisors has professionals who have spent years in the mutual fund industry. In the last five years, thousands of our clients have benefitted from our quality advice and have made mutual funds as the mainstay of their portfolio. You can benefit too from our expertise for your existing as well as new investments in mutual funds. All you need to do is to just call up any of the branches or email your requirements at **information@wiseinvestadvisors.com** and our professional advisors will do the rest.

Dear Investor,

The month of March 2010 turned out to be a good one for the stock market. It is quite apparent that Indian stock markets have reacted positively to the Union budget 2010. The government's special emphasis on fiscal consolidation in the Union budget as well as other measures such as an attempt to boost the consumption story by increasing disposable income in the hands of Indian middle class, focus on infrastructure and a greater emphasis on health and education have played their part in improving the sentiment of the market. The strong FII inflows in the month of March too added to the exuberance in the market. As a result, the BSE SENSEX ended the month at 17527.77 and was up 6.63% during the month. The BSE Mid-cap and Small cap indices were up by 5.86% and 5.09% respectively.

While there have been quite a few positives, inflation remains a major threat for the economy. The rising commodity and energy prices have been exerting pressure on inflation. Besides, there is a fear of rising industrial growth adding to further inflationary pressure in the coming days. While the catching up of the base effect is likely to make inflation look less menacing, the RBI on its part raised the key short term lending and borrowing rates by 25 basis points on March 19, 2010 to tame inflation which is at close to 10%. The Repo and reverse Repo rates were hiked to 5% and 3.5% respectively. The RBI is also expected to raise these rates by another 25 basis points at its next policy meeting on April 20, 2010.

The Rupee touched an 18 months high against the dollar on March 26, 2010, as the US dollar came under selling pressure in both international and domestic markets. The dollar's weakness against other major currencies, selling of greenbacks and capital inflows into the country helped the rupee gain.

On the mutual fund industry front, SEBI made a few changes in the regulations to ensure better transparency. While ASBA (Applications supported by Blocked Amount) has been made available for NFOs of mutual fund schemes, the NFO period (except for ELSS) has been reduced to 15 days as against the present limit of 30 days for open-ended funds and 45 days for closed ended funds. Besides, SEBI has reiterated that Unit Premium Reserve (UPR) has to be treated at par with the unit capital and the same shall not be utilized for determination of distributable surplus for the purpose of distribution of dividend. No doubt, this will impact the dividend payments by the MFs, but at the same time it will put a stop to mis-selling of MF products.

Warm regards,

H Rustagi

Hemant Rustagi
Chief Executive Officer

Wiseinvest
With YOU, in meeting FINANCIAL CHALLENGES

Address to be affixed here

The Stock Market performance during March 2010.

Indices	2nd March 2010	31st March 2010	Change in (%)
Sensex	16438.45	17527.77	6.63%
MIDCAP	6429.54	6806.18	5.86%
SMLCAP	8085.87	8497.43	5.09%
BSE-100	8847.05	9300.20	5.12%
BSE-200	2091.42	2199.50	5.17%
BSE-500	6576.07	6919.55	5.22%

HDFC Equity Fund

Investment objective

HDFC Equity Fund is an open-ended equity scheme, which aims to generate long-term capital appreciation. It is one of the oldest equity diversified funds with a track record of over 15 years. The fund is managed by Mr. Prashant Jain.

Investment strategy

The underlying philosophy of the fund is that the key to building wealth is not in targeting high returns with high risk each year, rather in avoiding big mistakes in every year.

The scheme follows a strategy of investing in strong/quality as well as growing companies. Hence, it maintains a focused portfolio predominantly of large cap stocks, though there is controlled exposure to mid-caps. The scheme, however, always remains diversified across sectors. Moreover, sector allocation is done with a view to diversify across sectors that are weekly co-related with each other to reduce risk.

The underlying theme while managing the scheme is to invest in businesses that are sustainable and of good quality.

Performance as on March 31, 2010

Fund	1-Year*	2-Year**	3-Year**	5-Year**
HDFC Equity Fund	117.06	19.38	18.29	28.71
BSE Sensex	80.54	5.85	10.25	21.96

*Absolute ** Annualized. • Past performance may or may not be sustained in future.

Top 10 Holdings as on February 28, 2010

Company Name	% of Corpus
State Bank of India	7.01
ICICI Bank	6.50
ONGC	5.95
Bank of Baroda	3.73
Titan Industries	3.34
Axis Bank	2.80
Larsen & Toubro	2.70
GAIL	2.55
L I C Housing Fin.	2.40
Crompton Greaves	2.20
Others	**60.82**
Total	**100.00**

Sectoral Allocation as on February 28, 2010

Sector	Weightage in %
Banks	21.02
Consumer Non Durables	11.28
Pharmaceuticals	10.42
Media & Entertainment	6.93
Oil	6.66
Construction Project	5.63
Finance	5.31
Auto Ancillaries	4.50
Software	4.10
Industrial Capital Goods	3.48
Auto	2.92
Gas	2.48
Transportation	2.45
Ferrous Metals	2.34
Hardware	2.20
Petroleum Products	1.50
Construction	1.22
Chemicals	0.62
Textile Products	0.39
Textiles – Synthetic	0.31
Cash,Cash Equivalents and Net Current Assets	4.24

Our recommendation

HDFC equity funds scores over many diversified funds as apart from having an established track record of over 15 years, the fund invariably maintains a high level of diversification as well as portfolio quality. Due to its consistent investment strategy, performance track record and disciplined investment approach, the fund deserves to be a part of the core holding of any MF portfolio. We strongly recommend investment in the fund for the first time equity fund investors as well as existing investors looking to include consistent performers in the portfolio.

To know more about this fund and/or to invest in this fund, please call any of our offices. The contact details have been provided on page 6.

How to be a better equity fund investor?

Equity, as an asset class, has failed to find a place in Indian investors' investment plans on a consistent basis. Though equities have proved to be potentially the best investment option for long term investors the world over, Indian investors have had on-off relationship with the stock markets. The glaring low level of penetration reflects the way investors perceive equity as an asset class. Many of them become aggressive risk takers when the markets does well and go into their shell when the markets fall. This often results in a set of investors entering the markets with a bang and making a hurried exit as the stock market begins to flounder.

Investing in equity funds is the easiest thing to do when the markets are on their way up. Not many care about the NAV levels of the funds as they expect them to go even higher. However, when the market starts falling, the anxiety and the fear takes over and invariably they pull out all stops on their equity investments. Many investors end up taking irrational decisions and some of these cost them dearly.

One of the challenges for equity investors is to deal with wild mood swings of the stock market, at times even for seemingly small reasons. The first thing that investors need to do is to revisit their long term objectives whenever they feel the urge to react to any of these situations. Remember, one needs to address risk tolerance from two perspectives i.e. financial risk tolerance and emotional risk tolerance. In the short term, risk can be defined as volatility i.e. how much one's investments can rise or fall during a certain period. Over the longer term, risk can be defined as the potential to lose money or inability to achieve investment goals. It is important to understand that time horizon generally decides one's ability to hold on to fallen investments.

Timing the market is not the right way to deal with the fluctuations in the stock market. In fact, timing the market is a classic mistake that investors make time and again. However, it is crucial to ascertain the quality of the portfolio to ensure future growth. A portfolio consisting of quality funds can guarantee success in the long run. History shows that quality diversified funds have been yielding above average returns. The years of spectacular performance help even out portfolio returns during bear markets. Therefore, it is vital that one doesn't allow one's expectations to be distorted by extraordinary returns during the bull runs as well as by the dismal returns during the bear markets. Remember, short term fluctuations in the market do not take away the ability of equities to beat inflation in the long run. Hence, for all those who intend to build capital over time, equity remains to be the best bet.

Continuing with one's equity investment process is another factor that can go a long way. The truth, however, is that fearing further losses in case the markets were to fall further, many investors are not able to muster the courage to continue investing in a falling market. Another issue that can affect the prospects of investors is their reluctance to make changes in the portfolio. While one shouldn't be making changes every now and then, realigning the portfolio in keeping with the changes in one's circumstances, the markets and the economic conditions is a desirable and sensible thing to do.

Many investors have the tendency to invest in funds that have performed well in the recent past. Needless to say, investing in funds based on something as short-lived as recent performance can backfire. While doing so, one runs the risk of taking the equity portfolio beyond one's risk taking capacity. Besides, the typical “flavor of the month” funds do not have the capacity to perform well on a consistent basis. Therefore, one needs to focus on diversified funds that not only have the potential to perform well on a consistent basis but also provide the right mix of large, mid and small cap stocks in the portfolio. Of course, the exact level of exposure can differ depending on one's risk profile and time horizon.

Coming back to the need to realign the portfolio, many investors simply refuse to make changes, irrespective of the unfavorable mix of funds in the portfolio, as they simply hate the idea of booking losses. More often than not, they take it as a personal defeat and refuse to exit from them unless the NAV reaches the level at which they got into the fund. They fail to realize that a non-performing fund will take much longer to recover the losses, if at all.

Considering that markets are dynamic and that one can make wrong choices, realignment of the portfolio is important. However, while realigning the portfolio, one must remember that negative returns over the short term from a fund do not necessarily mean poor performance. Even the best of the fund managers are likely to give negative returns during the market downturns. Hence, one needs to consider performance over different time periods as well as the reasons for investing in a fund before taking steps to get rid of it.

(This article written by our CEO was published on March 04, 2010 on moneycontrol.com)

Performance of Select Funds

Data as on March 31, 2010

EQUITY FUNDS

Diversified

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Birla Sun Life Frontline Equity Fund	Aug-2002	6.03	1.23	8.18	95.07	14.48	17.75	27.52
Canara Robeco Equity Diversified	Sep-2003	7.65	4.50	11.11	109.66	16.42	20.18	23.01
DSP BlackRock Top 100 Equity Fund	Feb-2003	5.67	0.44	5.55	75.60	13.68	18.32	27.94
DWS Alpha Equity Fund	Jan-2003	6.42	0.71	4.80	66.20	5.93	15.01	23.29
DWS Investment Opportunity Fund	Jan-2004	7.25	2.93	8.32	82.33	5.90	18.81	24.23
Fidelity India Special Situations Fund	Apr-2006	6.69	3.37	10.26	111.90	11.71	11.36	—
Franklin India Prima Plus	Sep-1994	7.21	4.35	11.83	84.21	12.51	14.83	26.05
HDFC Equity Fund	Dec-1994	5.77	2.28	11.54	117.06	19.38	18.29	28.71
HDFC Top 200	Sep-1996	5.83	1.81	6.96	98.51	18.18	20.65	28.55
ICICI Prudential Focused Equity Fund	May-2008	6.85	3.88	9.31	89.33	—	—	—
Kotak 30	Dec-1998	5.62	0.48	4.49	70.88	5.22	13.34	24.12
Kotak Opportunities Fund	Aug-2004	6.24	1.53	7.19	91.39	6.57	15.27	27.38
SBI Magnum Sector Umbrella - Contra	Jul-1999	6.07	0.11	5.55	87.87	10.50	16.14	28.37
SBI Magnum Multiplier Plus 93	Feb-1993	5.71	0.47	10.05	86.86	9.86	14.04	27.96
Reliance Growth	Oct-1995	6.26	2.77	11.66	112.06	14.72	19.13	29.72
Reliance RSF - Equity	May-2005	5.78	3.00	11.48	112.90	14.37	25.58	—
Reliance Vision	Oct-1995	5.23	0.07	6.03	88.44	10.59	14.09	23.78
Sundaram BNP Paribas Select Focus	Jul-2002	6.20	-2.09	2.00	75.24	5.11	13.46	24.77
Tata Equity P/E Fund	Jun-2004	4.98	0.65	10.36	108.87	15.35	22.00	26.28
Tata Select Equity Fund	Apr-2001	6.48	3.88	13.35	108.51	3.65	10.39	21.98

Sector, Specialty & Tax Saving

Canara Robeco Infrastructure Fund	Nov-2005	7.82	2.45	6.37	94.36	6.45	18.36	—
DSP BlackRock India Tiger Fund	May-2004	6.42	2.23	5.43	79.04	4.47	12.62	26.72
ICICI Prudential Infrastructure Fund	Aug-2005	7.17	0.79	4.53	67.51	4.29	18.34	—
DSP BlackRock World Gold Fund	Aug-2007	1.73	-6.08	-2.29	15.03	-0.14	—	—
Reliance Banking Fund	May-2003	7.51	5.15	8.50	120.51	24.01	30.18	25.58
Reliance Diversified Power Fund	Apr-2004	5.99	0.76	6.20	96.06	12.21	32.03	40.78
Canara Robeco Equity Taxsaver	Mar-1993	8.87	7.07	12.27	115.22	—	—	—
SBI Magnum Tax Gain Scheme 93	Mar-1993	5.24	0.05	6.78	86.99	6.39	10.84	19.49
Sundaram BNP Paribas Taxsaver	Nov-1999	4.46	-2.72	0.10	81.64	11.11	16.25	25.46

Midcap & Smallcap

Birla Sun Life Mid Cap Fund - Plan A	Oct-2002	8.19	1.66	14.17	146.31	15.66	21.05	26.81
IDFC Premier Equity Fund - Plan A	Sep-2005	5.18	4.40	15.38	113.57	17.16	28.20	—
Principal Emerging Bluechip Fund	Oct-2008	7.73	6.11	17.18	152.38	—	—	—
Sundaram BNP Paribas Select Midcap	Jul-2002	4.10	-0.51	10.36	139.49	15.45	15.92	28.82
Sundaram BNP Paribas SMILE Fund	Jan-2005	5.53	-2.79	5.51	131.93	16.09	21.89	25.15

MIP

HDFC MIP - LTP	Dec-2003	2.02	1.73	5.33	31.83	14.39	12.67	13.34
Reliance MIP	Dec-2003	1.79	1.15	5.95	26.15	19.66	14.44	13.61
PRINCIPAL M I P Plus	Dec-2003	1.36	0.58	2.52	21.59	10.13	12.66	10.77

Debt Oriented & Liquid Plus Funds#

Funds	Launch	1 Week*	1 Month*	3 Months*	6 Months*	1 Year*	2 year**	3 Years**
Birla Sun Life Dynamic Bond Fund	Sep-2004	0.13	0.86	1.87	3.40	8.27	10.58	10.63
DWS Money Plus Advantage Fund	Nov-2007	0.43	1.11	1.43	2.12	5.67	8.84	N/A
Fortis Flexi Debt Fund	Sep-2004	0.08	0.42	1.48	2.28	10.33	12.18	11.17
Templeton India STIP	Jan-2002	0.08	0.80	1.71	4.08	10.99	10.85	10.70
Birla Sun Life Savings Fund - Ret	Nov-2001	0.08	0.32	1.03	2.06	4.60	6.64	7.30
DSP BlackRock Money Manager Fund	Jul-2006	0.07	0.27	0.84	1.64	3.77	6.17	6.55
Fortis Money Plus Fund	Oct-2005	0.08	0.34	1.13	2.27	5.22	7.45	7.73
ICICI Prudential Flexible Income Plan	Mar-2009	0.08	0.31	0.98	1.97	4.55		
Kotak Floater - LT	Aug-2004	0.09	0.35	1.18	2.38	5.19	7.08	7.80

*Absolute ** Annualized. #Returns as on March 26,2010.

Dividends declared by equity and equity-oriented funds during the month of March 2010

Scheme name	Date	Dividend declared in Rs. Per unit
Fidelity Equity Fund (D)	02/03/2010	1.00
Fidelity Special Situations(D)	02/03/2010	1.50
UTI Master Equity Plan (US)	03/03/2010	1.50
HDFC Tax Saver (D)	04/03/2010	6.00
SBI Magnum Tax Gain (D)	05/03/2010	4.00
Sundaram Capex Opportunity. (D)	05/03/2010	2.50
Can Robeco Multicap (D)	10/03/2010	1.00
HDFC Top 200 Fund (D)	11/03/2010	4.00
ING C.U.B. Fund (D)	11/03/2010	2.00
Birla Sun Life Equity Fund (D)	12/03/2010	5.00
Birla Sun Life Tax Plan (D)	12/03/2010	7.50
Birla SL Tax Relief 96 (D)	12/03/2010	7.00
Birla Sun Life Top 100 (D)	12/03/2010	1.00
DSP-BR Small & Mid Cap -RP (D)	12/03/2010	1.25
Religare Contra Fund (D)	12/03/2010	2.00
Sahara Taxgain (D)	12/03/2010	4.00
SBI Magnum Global Fund (D)	12/03/2010	5.00
Sundaram Media&Ent. Opp-RP (D)	12/03/2010	2.00
Templeton (I) Equity Income (D)	12/03/2010	0.70
Benchmark S&P CNX 500 (D)	15/03/2010	6.75
SBI Magnum Comma Fund (D)	15/03/2010	3.00
Bharti AXA Tax Advtg -Eco (D)	16/03/2010	3.00
Bharti AXA Tax Advtg -RP (D)	16/03/2010	3.00
UTI Dividend Yield Fund (D)	17/03/2010	0.50
Can Robeco Eqty TaxSaver (D)	19/03/2010	2.00
DSP-BR Equity Fund - RP (D)	19/03/2010	6.50
ICICI Pru Tax Plan (D)	19/03/2010	1.00
IDFC Enterprise Equity -A	19/03/2010	1.00
JM Basic Fund (D)	19/03/2010	1.00
JM Equity Fund (D)	19/03/2010	1.50
JM Large Cap Fund (D)	19/03/2010	1.00
JM Mid Cap Fund(D)	19/03/2010	2.00
JM Multi Strategy Fund (D)	19/03/2010	1.00
JM Nifty Plus Fund (D)	19/03/2010	1.50
Sundaram Tax Saver (D)	19/03/2010	1.00
Tata Capital Builder Fund (D)	19/03/2010	1.00
L & T Tax Advtg - Sr I (D)	22/03/2010	5.00
Franklin (I) Flexi Cap (D)	23/03/2010	2.00
IDFC Tax Advantage (ELSS) (D)	23/03/2010	1.00
Tata Infrastructure Fund (D)	23/03/2010	0.60
HDFC Equity Fund (D)	25/03/2010	4.00
Can Robeco Equity Diversified (D)	26/03/2010	2.00
Sundaram S.M.I.L.E Fund (D)	26/03/2010	3.00
Sundaram Select Focus - RP (D)	26/03/2010	2.00
Tata Equity Opportunity. Fund (D)	26/03/2010	2.00
Taurus Star Share (D)	28/03/2010	5.00
Taurus Tax Shield (D)	28/03/2010	2.25
Bharti AXA Equity Fund-Eco(QD)	29/03/2010	1.00
Bharti AXA Equity Fund -RP(QD)	29/03/2010	1.00
IDFC Premier Equity - A (D)	29/03/2010	2.40
Reliance Diversified Power - RP (D)	30/03/2010	2.50
Reliance Growth Fund - RP (D)	30/03/2010	2.50
Reliance Vision Fund - RP (D)	30/03/2010	2.50

Please check whether you have received dividend for the fund/s that you may have in your portfolio out of this list. In case, you do not maintain any portfolio statement, Wiseinvest Advisors can do that for you free of charge. Once we have the details, we would send your updated statement every month. You can contact our corporate office or any of the branches to avail of this free service.

Wiseinvest in the News

Article of our CEO published in Dalal Street Investment Journal - March 14, 2010

Monitor Your MFs

It is not enough to simply invest in mutual funds and then hope for reaping rich dividends. The question you need to ask often is whether your portfolio has maximized the returns for you

KEY POINTS

- If you too have a portfolio that has a large number of funds, you need to take steps to prune the portfolio to make it more manageable and improve overall returns.
- The skill of the fund manger and the fund house philosophy can make a difference to the performance of your portfolio.

Today, mutual funds (MFs) offer numerous options to choose from while investing money for varied time horizons, risk profiles and investment objectives. Needless to add, it is important to make proper selections to benefit the most from the expertise of the professionals managing your money in the MFs. However, to get the desired results on a consistent basis, one needs to look beyond the selection process. It is equally important to analyse the portfolio and monitor its progress at a regular interval.

There are a few other factors that require equal amount of monitoring and focus to ensure that your entire portfolio remains on track to achieve your investment objectives. Here are a few examples of what you may encounter while analysing your portfolio.

Too Many Schemes

Many mutual fund investors encounter this situation in the course of their investment process. The common belief is that having a large number of funds provides a high level of diversification. No wonder, one often comes across portfolios that have 30-40 or even more funds. Another reason responsible for this phenomenon is that many investors do not follow an asset allocation strategy whereby one determines allocation to not only various asset classes but also to different market segments before investing the money. Simply put, they end up investing in every fund that comes their way. The result is often a hodge-podge portfolio that not only becomes unmanageable but also takes them beyond their risk tolerance.

If you too have a portfolio that has a large number of funds, you need to take steps to prune the portfolio to make it more manageable and improve overall returns. Remember having good funds in a small proportion and having too many non-performing funds can severely damage your long-term prospects. Ideally, 10-12 schemes should suffice for a long-term investor. If a fund is not keeping pace with its peer group, it makes sense to exit from it and move the money into those funds that deserve a look from a long term point of view. However, while doing so, keep an eye on a few factors that can impact your tax liability and the future prospects of your portfolio.

Wide Gap In Performance

This is one factor that baffles many investors as sometimes they find a wide gap in the performance of various funds in their portfolio. The gap can as high as 50 per cent or even more. This kind of gap in the performance can be attributed to various factors such as the investment philosophy of the fund, skills of the fund manager in terms of stock picking as well as the ability to take advantage of movements in the market and the type of fund i.e. diversified, large-cap, mid-cap or small-cap.

It is a well-known fact that different segments of the market perform differently at different times. As the tide shifts in favour of a particular segment, the performance of funds focusing on that segment improves dramatically. However, the skill of the fund manger and the fund house philosophy can make a difference to the performance even in the segment that is doing well. That's why it is important to compare the performance of a fund to the peer group rather than its benchmark alone.

Current Market Levels

We all know that an investment in equity funds requires long-term commitment. However, many a times, investors allow short-term market movements to be the guiding factor for their long-term investments too. This often results in either abrupt exit from the markets or keeping investments in abeyance. Investors often forget that timing the market is not a great idea. In any case, market timing is a strategy which even experts find it difficult to practice with precision.

The urge to book profits every now and then as well as putting fresh investment into equity on hold in anticipation of a market fall can derail your investment process. If your portfolio has good quality funds, you can be assured of an above average performance. The key, however, is to follow a disciplined approach to investing and ignore short-term market volatility.

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Start planning early for your retirement

Retirement planning is a process of establishing retirement goals and working out allocation of finances to achieve these goals. This process, if properly followed, can go a long way in ensuring the right level of preparedness required for a dream retired life.

While it is a well known fact that we need to save to build a retirement nest egg, many of us fail to do so. No wonder, we often get overwhelmed by the thought of retirement and end up wondering how we will ever generate the huge amount of money required to lead a happy retired life.

Many of us face this dilemma because we consider retirement planning as a single event rather than considering it as a life long process. If we save and invest regularly over the years, even a small sum of money can suffice for this purpose. The key, however, is to start investing early as the real power of compounding comes with time. Unfortunately, few young people look that far ahead.

Another challenging aspect of retirement planning is to calculate how much we will need to support ourselves and our dependants. As a thumb rule, one requires around 75- 80% of one's current income to maintain the similar standard of living. Of course, this amount will increase with inflation. Though it is a proven fact that starting early is an important aspect of retirement planning, it is extremely difficult to decide how much one will need after retirement. A professional advisor can make things easy and hence it is always prudent to go for professional advice to ensure success in the process of retirement planning.

One can also enhance the chances of success by making retirement planning an integral part of overall investment planning. Hence, it is crucial to examine one's current situation and the attitude towards risk. Remember, investing without a clear picture can be too risky. The key to success is to adopt a disciplined savings programme as well as have the flexibility of multi-stage approach to investing.

The road to success for this all important and a long-term goal can at times be bumpy. Therefore, having patience and discipline can go a long way in achieving the desired results. While it is impossible to anticipate every obstacle, knowing some of the common mistakes can help in avoiding them. The important ones are not having a plan as well as a backup plan in place, making frequent changes in the portfolio and investing too conservatively.

Investing to beat inflation is an important aspect of retirement planning. To understand as to how inflation can impact our future requirements, let us take an example of someone who is 30 years away from retirement. If we assume a 5% inflation rate, the Rs. 100,000 annual expenditure will increase to over Rs. 435,000 by the time he retires. Therefore, if he plans for Rs. 100,000 per annum for his retirement, he would be having less than 25% of what he would really require.

Therefore, a retirement plan and the strategy to implement it should cover the following:

- Begin investing early
- Invest to beat inflation
- Invest regularly
- Know your risk tolerance
- Evaluate your insurance and investment needs
- Follow a "buy and hold" strategy
- Invest in tax efficient instruments like mutual funds.

Investing regularly is another key ingredient of retirement planning. Broadly speaking, we need to save a certain percentage of our annual income and invest in instruments that have the potential to give the desired results over different time horizons. The following can act as a guideline:

Ages 25 to 40 - Depending on the age, 15 to 25% of the annual income should be saved. The portfolio should be dominated by equities and/or equity funds. These should comprise 70 to 80 percent of the investments. To balance out the portfolio, one could rely on stable yet tax efficient investments such as PF, PPF and debt and debt-oriented mutual funds.

Ages 41 to 50 - In this age group, one should save around 25 to 35% of the annual income. As the time horizon to retirement is still long enough, equity and/or equity funds should continue to be a crucial part of the portfolio i.e. around 60% or more. The balance can be invested in PF, PPF and other debt and debt related mutual funds.

Ages 51 to 60 - At this stage of one's life, the time horizon for retirement starts shrinking. Therefore, the prudent thing to do would be to follow a slightly conservative approach. However, it is important to remember that it may only be a few years before one retires, but one may need to depend on retirement funds for many more years. Therefore, the key is to maintain a portfolio that will continue to grow for many years after one retires. Equity and/or equity funds should still be a part of the portfolio, though in a moderate percentage.

If you haven't started planning for your retirement yet, you need to do it now. Remember, for every 10 years of delay in the process, you will need to save three times as much each month to catch up for the lost time.

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