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WEALTHWISE®

Wiseinvest®
With YOU, in meeting
FINANCIAL CHALLENGES

Inside

Wealthwise

"Wealthwise" is a monthly publication brought to you by Wiseinvest Advisors, which is a quality investment advisory firm that specializes in mutual funds. Our CEO, Hemant Rustagi, is a well known personal finance expert. He brings with him an experience of around 30 years in this field. He regularly writes articles for major national dailies and business magazines as well as appears as a personal finance 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 fourteen 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. All you need to do is to just call up any of the offices or email your requirements at information@wiseinvestadvisors.com and our professional advisors will do the rest.

Dear Investor,

Benchmark stock indices ended FY 2018-19 on a strong note after starting the financial year on a weak footing as foreign entities pumped in money and the prospects of Narendra Modi-led NDA government retaining power appeared brighter. The dovish policy stance by various global central banks also contributed to the bullishness in the market. But small and mid-cap stocks have underperformed during the financial year, pulled down by uncertainty over growth and fears of a credit squeeze. However, stocks in these two segments have gathered momentum over the last couple of months and have shown smart recovery. In terms of sectoral performance, IT and banks topped the chart, whereas telecom and automobiles were the worst performing sectors.

The pre-election rally saw the Nifty and Sensex gain 7.00 percent and 7.23 percent respectively during the month of March 2019. The mid and small cap indices were up 6.74 percent and 7.48 percent respectively during the same period. While FIIs flows are likely to remain strong as there is more room for them to increase their holdings into Indian equities which is at a five-year low, there has been a slowdown in DIIs flows. However, DII flows are likely to normalize as the market rallies since they are backed by longer-term trend of financialization of savings and penetration led growth opportunities for domestic funds.

The recession fears in the US dented the global markets towards the end of March 2019 as the yield curve went negative. Indian investors are also worried about its impact on the domestic markets. It is important to understand that while inverted yield curve preceded previous many recessions including the great recession in the US, it is not necessary that it will happen this time too. Historically, the yield curve inverted when the US Fed tightened its monetary policy by raising the short-term interest rates which triggered recessions at some point. This time, the yield curve inverted when the Fed signalled longer pause in further tightening (no hikes this year) and announced the end of shrinking its balance sheet as early as in September. The Fed's volte-face scared investors and consequently the long-term rates declined. We don't expect any significant immediate impact of this on Indian markets.

Last but not the least, it gives me an immense pleasure to announce that we have launched "My Portfolio App"- a solution custom built for our clients to make viewing of their portfolio, making a transaction and getting all the information on every mutual fund scheme on the go at any time. I am sure it will allow them to be in complete control of their mutual fund portfolio.

Warm regards,

Hemant Rustagi
Editor

Address to be affixed here

The Stock Market Performance During March 2019.

Indices	1st March 2019	29th March 2019	Change in (%)
Sensex	36,063.81	38,672.91	7.23
MIDCAP	14,502.82	15,479.62	6.74
SMLCAP	13,981.73	15,027.36	7.48
BSE-100	11,060.21	11,809.19	6.77
BSE-200	4,595.79	4,907.57	6.78
BSE-500	14,319.03	15,304.57	6.88

Debt Market Outlook

FY 2019 was indeed a roller coaster of emotions, sentiments and market movements. Markets swayed from expectations of rate hike to actual rate cuts fructifying by end of the financial year.

We saw a mammoth credit crises led by IL&FS which threatened to wipe off credit assets from the financial landscape. Kudos to the RBI for proactively managing liquidity by conducting Open Market Operations (bond purchases in this case) and injecting rupee liquidity into the banking system.

In the context of liquidity, the month of March 2019 deserves special mention. The RBI surprised market by announcing 3 yr USDINR FX swap (RBI buys dollars and lends rupees to banks) as an option to add liquidity in the system. The RBI announced $5Bn worth of USD INR swap for 3 yr and the demand was strong for the same. This was a master stroke from the RBI as it killed 3 birds with one arrow. They could accumulate durable forex reserves, manage to accelerate demand for the short term bonds across the credit spectrum and add durable liquidity in the system at the same time. In our assessment, continuance of such exercise could have positive impact on the market. The success of the instrument makes us believe that we may be having more such arrangements as the banking system demands durable liquidity infusion. This FX swap also means that OMO as an option to add liquidity may reduce to the extent FX Swap is used.

Additionally, the RBI also gave access to the OIS (overnight index swap) onshore swap- INR derivative market to the foreign market participants which lead to collapse in spread between both markets(offshore and onshore) in OIS. Overall RBI has become more innovative, open to suggestions and quick in decision making which is very positive for foreign investors and overall development from a markets perspective.

Towards the end of the year, the RBI also came up with H1 (first half) borrowing programme for government bonds, which was ~62% of the overall gross borrowing programme–largely in line with the market expectation. They also announced Q1 (first quarter) borrowing programme for State development loans (SDL) which was a tad lower than the expectation. SDL spread had already inched up in response to the continuous borrowing spree of the various states. The small reduction for Q1 is a positive move and we could see some compression in SDL spreads v/s sovereign bonds

For government bonds, the key question remains that last year the demand equation was balanced given the aggressive OMO purchases from RBI, but in absences of similar OMOs how will the coming year pan out. Largely the preferred choice of OMO buyback was up to 5 year bonds and the RBI did cumulative purchase of ~INR 3trillion worth of bond. This lead to steepening of the government bond curve and the same is likely to continue in Q1 FY 20 as well at least in our view

On the credit side, the market stress due to ILFS default and the resultant NBFC liquidity crunch issues seems to be gradually abating. The huge spread widening across the spectrum is gradually giving way to some sanity on spreads. The USD INR swap announcement has certainly acted as a catalyst for the same.

On the macro front, the retail inflation (read CPI) doesn't seem to be ominous for now. Global data points also seem to be suggesting an economic slowdown in the offing. The US FOMC stance has visibly softened, which could render more support to India bond story.

Given this backdrop of market developments and over all emerging macro picture, we believe that RBI is likely to remain dovish in the MPC meeting scheduled in early April. There is an outer chance a 50 bps rate cut or a change in stance from neutral which will also be perceived positively by the markets.

The key risk of fiscal overshoot remains, which is why we are circumspect at the long end of the yield curve. The short to medium tenor segment is what looks best suited on a risk reward basis. Political outcome is another area which needs to be watched out for. This is important from FPI (foreign portfolio investor) perspective too. CY 2018 saw net outflows by foreigners to the tune of ~ INR 45000 cr ($ 6bn) in debt category due to heightened uncertainty on the credit and rates front. CY 2019 so far seems to be quite decent with flattish net sales by foreigners in Indian debt. The movement of INR versus the USD would also be a key determinant for foreign flows going forward. If the rupee continues to anchor at current levels of 69-70 to the USD, it would encourage more FPIs to allocate to Indian bonds. It is no secret that India offers one of the highest real rates in the world and the absolute level of carry is indeed salivating for them

In conclusion, the right proportion of debt and equity within financial asset class is an essential part of asset allocation. While search engines like google is a handy tool for everything else, investment planning is best done with guidance of an able advisor who helps you navigate through the market maze. Markets present you with opportunities at various occasions. It is important however to spot such opportunities and more crucial – Stay the course.

On that note – Happy Investing

Lakshmi Iyer
Chief Investment Officer (Debt) & Head Products
Kotak Mahindra Asset Management Company

Equity Market Outlook

The equity market has performed strongly in the past few weeks on the back of improved liquidity and positive sentiments. March 2019 was one of the best months in recent times, with Nifty going up by over 7% to reach closer to all-time highs. The midcap and smallcap segments fared even better by notching up 8.6% and 11% gains during the same period.

Given benign monetary policies across the globe and expectations of better growth in emerging markets, the inflows from foreign funds into the country improved significantly in the month of March. Inflows of close to USD 5 billion was the highest monthly inflow seen in the last two years. The undertone of the market also was quite bullish led by expectations of a stable government post the general elections. We expect enhanced liquidity and positive sentiments to drive the market higher in the immediate term. We also expect a cut in local interest rates next week which should also aid in gradual recovery in corporate profitability.

While the liquidity and sentiments will continue to drive market in the near term, the sustenance of higher levels will be dependent on getting a mandate for a stable government from voters and seeing improvement in corporate earnings trajectory.

While the core sectors of the economy such as Steel and Cement are witnessing strong demand conditions, most of the consumer driven sectors such automobiles, durables and even FMCG are facing slowdown in demand. For meeting earnings expectations during FY2020 wherein a large chunk of the earnings improvement likely to be driven by corporate banks, revival in consumer facing sectors is also crucial. Apart from election verdict, investors are also likely to monitor monsoon and earnings season keenly going forward.

The sharp correction in midcaps during 2018 brought the relative midcap valuation vs the Nifty back to 2014 levels, which was the time when this current leg of the midcap bull run started. Similar was also the case for small cap valuations vs the Nifty. From those historical extreme divergent valuation levels, we witnessed a strong pull back rally in the recent past. However, even at current market levels, we believe that the time is still right for selective investments in quality mid and small cap companies with good managements, healthy balance sheets and high growth.

We remain positive on sectors such as private sector banks, capital goods, engineering, cement and gas utilities. We have also increased our exposure to Chemicals space.

We continue to focus on domestic economy recovery plays in our portfolios. We like domestic cyclicals with high operating leverage. We remain overweight on Capital Goods and Cement sectors. In Cement sector, we expect pricing scenario to turn favourable going forward given continuing strong volume growth. The fortunes of the capital goods sector are also brightening up gradually. In addition, there is not much debt on the books of the capital goods and cement companies. The profitability improvement is going to be much stronger once demand picks up on a sustainable basis. We also expect Government spending to continue in infrastructure creation in the run-up to the elections, which augurs well for these sectors.

We are maintaining underweight stance on consumer driven sectors such as automobiles, durables and FMCG on the back of weaker demand outlook, and continue to avoid telecom sector due to continued competitive intensity.

While the volatility may remain high, we are quite optimistic of equity returns over the next year. With expectations of continued volatility in a pre-election period, we advise equity investors to make disciplined and regular investments with long term focus, and not chase momentum in the market.

Harsha Upadhyaya
CIO – Equity
Kotak Mahindra Asset Management Company

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Performance Of Select Funds

Data as on March 29, 2019

EQUITY FUNDS

Large Cap, Large & Midcap, Multi Cap

Fund	Launch	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**	7 Year**	10 Year**	15 Year**
ABSL Frontline Equity Fund	Aug-02	6.88	8.38	8.38	13.43	14.32	15.42	18.54	17.63
Aditya Birla Sun Life Equity Fund	Aug-98	7.75	6.16	8.03	16.38	17.97	17.48	19.30	18.73
Axis Bluechip Fund	Jan-10	6.59	14.53	16.36	15.78	14.28	15.45	—	—
Axis Focused 25 Fund	Jun-12	1.50	7.75	13.21	17.06	16.49	—	—	—
Franklin India Equity Fund	Sep-94	5.81	6.96	7.62	11.74	15.87	15.45	18.62	18.07
HDFC Equity Fund	Jan-95	11.07	15.15	11.96	17.84	15.47	14.65	20.13	18.77
HDFC Top 100 Fund	Oct-96	9.70	17.16	11.88	17.63	14.67	13.96	18.44	18.35
HSBC Large Cap Equity Fund	Dec-02	5.27	8.56	8.92	14.12	12.29	11.85	13.30	14.53
ICICI Prudential Bluechip Fund	May-08	4.15	9.19	10.87	15.34	14.30	14.55	18.85	—
IDFC Core Equity Fund	Aug-05	4.45	3.73	8.27	15.38	13.80	13.50	14.69	—
Kotak Bluechip Fund	Dec-98	5.92	9.20	9.21	12.29	13.95	13.38	15.51	16.03
Kotak Standard Multicap Fund	Sep-09	8.43	11.52	11.13	17.01	18.70	17.90	—	—
L&T Equity Fund	May-05	4.57	3.34	7.40	12.58	14.04	13.44	17.61	—
Mirae Asset India Equity Fund	Apr-08	7.74	14.20	13.30	18.11	18.34	17.88	22.88	—
Mirae Asset Emerging Bluechip Fund	Jul-10	11.30	12.30	12.02	21.51	25.48	24.41	—	—
Motilal Oswal Multicap 35 Fund	Apr-14	5.81	-1.24	6.83	16.14	—	—	—	—
Reliance Large Cap Fund	Aug-07	9.04	14.29	13.22	16.92	16.82	16.14	17.84	—
Reliance Multi Cap Fund	Mar-05	11.70	11.12	11.76	14.52	14.87	15.47	22.11	—
Invesco India Contra Fund	Apr-07	5.98	8.55	13.42	17.83	19.84	17.93	20.97	—
SBI Bluechip Fund	Feb-06	6.96	5.34	8.09	12.01	15.44	16.12	17.75	—
Principal Emerging Bluechip Fund	Nov-08	3.52	0.30	7.34	17.08	21.09	21.10	24.58	—

Midcap & Smallcap

Axis Midcap Fund	Feb-11	5.96	9.11	14.48	16.47	19.01	19.30	—	—
DSP Midcap Fund	Nov-06	9.02	0.56	5.58	15.88	20.28	18.24	24.00	—
HDFC Mid-Cap Opportunities Fund	Jun-07	8.45	1.49	6.33	15.83	20.14	19.28	25.35	—
Kotak Emerging Equity Scheme	Mar-07	9.31	-0.22	5.25	15.65	22.61	19.16	21.64	—
Franklin India Smaller Companies Fund	Jan-06	5.41	-6.51	3.22	12.98	20.47	22.01	25.33	—
HSBC Small Cap Equity Fund	May-05	7.07	-12.91	1.09	11.44	17.63	15.51	17.43	—
L&T India Value Fund	Jan-10	4.32	0.53	6.00	14.77	21.10	19.31	—	—
SBI Magnum Global Fund	Sep-94	3.83	-0.96	7.77	10.21	15.82	16.47	23.19	21.52

Sectoral / Thematic Fund & Tax Saving

ICICI Prudential Banking and Financial	Aug-08	20.39	14.76	12.61	25.90	22.27	21.10	24.75	—
Reliance Banking Fund	May-03	17.42	12.22	12.74	21.79	19.42	17.12	23.02	20.20
Reliance Pharma Fund	Jun-04	-4.10	13.54	5.94	4.97	11.63	15.31	22.98	—
Canara Robeco Consumer Trends Fund	Sep-09	13.01	12.21	12.80	19.25	18.55	17.10	—	—
SBI Consumption Opportunities Fund	Jul-99	4.07	3.05	13.36	16.90	15.70	18.06	24.99	20.85
Tata India Consumer Fund	Dec-15	1.00	1.65	15.74	21.94	—	—	—	—
Axis Long Term Equity Fund	Dec-09	4.66	8.53	12.62	14.49	17.96	19.58	—	—
HDFC Taxsaver Fund	Mar-96	4.62	5.69	6.19	14.33	13.83	13.13	18.47	18.75
HSBC Tax Saver Equity Fund	Jan-07	8.50	3.23	6.26	13.85	14.18	15.16	17.66	—
IDFC Tax Advantage (ELSS) Fund	Dec-08	5.69	0.94	11.19	16.38	16.96	17.24	18.65	—
Mirae Asset Tax Saver Fund	Dec-15	8.18	12.72	14.45	21.91	—	—	—	—

HYBRID

ABSL Equity Hybrid '95 Fund	Feb-95	5.41	3.18	5.56	11.27	14.14	13.90	17.16	16.00
Canara Robeco Equity Hybrid Fund	Feb-93	7.07	10.05	10.09	13.64	15.25	14.17	17.50	16.66
HDFC Hybrid Equity Fund	Sep-00	8.72	7.16	9.21	13.71	16.10	15.09	19.67	—
ICICI Prudential Balanced Advantage	Dec-06	5.7451	6.7351	8.1273	11.3101	12.0325	—	—	—
ICICI Prudential Equity & Debt Fund	Nov-99	5.45	7.64	8.50	14.56	15.24	15.60	17.69	15.41
Invesco India Dynamic Equity Fund	Oct-07	3.4087	3.4087	8.1513	12.1393	11.9359	—	—	—
Kotak Equity Hybrid Fund	Nov-99	6.14	3.27	4.78	10.62	10.76	10.97	13.55	14.26
L&T Hybrid Equity Fund	Jan-11	3.15	2.14	6.24	10.64	14.57	14.70	—	—
Principal Hybrid Equity Fund	Jan-00	4.15	5.96	11.72	16.63	15.15	14.89	15.94	13.49
Reliance Equity Hybrid Fund	Jun-05	2.88	3.33	7.67	11.70	14.30	14.10	17.74	—
SBI Equity Hybrid Fund	Dec-95	8.03	9.40	10.97	12.38	15.24	16.14	16.68	16.68
HDFC Equity Savings Fund	Sep-04	4.2204	6.4917	6.3733	11.7290	9.7432	—	—	—
IDFC Equity Savings Fund	Jun-08	3.0960	3.9456	4.6242	5.3052	5.9702	—	—	—
Kotak Equity Savings Fund	Oct-14	3.7393	7.5633	7.9658	9.0036	—	—	—	—
Reliance Equity Savings Fund	May-15	2.3242	3.2937	5.6952	8.2140	—	—	—	—

ARBITRAGE FUNDS

Funds	Launch	3 Mth*	6 Mth*	1 Year*	2 year**	3 Year**	5 Year**
ICICI Prudential Equity Arbitrage Fund	Dec-06	1.34	2.85	6.01	5.90	6.10	6.72
Invesco India Arbitrage Fund	Apr-07	1.30	2.57	5.56	5.75	5.90	6.62
Kotak Equity Arbitrage Fund	Sep-05	1.42	2.90	6.11	6.15	6.20	6.85

DEBT

Debt Oriented & Ultra Short Term Debt Fund

Funds	Launch	1 Mth*	3 Mth*	6 Mth*	1 Year*	2 Year**	3 Year**	5 Year**
ABSL Short Term Opportunities Fund	May-03	1.32	2.05	4.69	7.08	6.73	7.63	8.50
Aditya Birla Sun Life Medium Term Plan	Mar-09	1.34	-0.02	2.37	3.65	5.66	6.92	8.38
HDFC Credit Risk Debt Fund	Mar-14	1.48	2.17	4.74	5.86	6.09	7.54	8.74
Kotak Credit Risk Fund	May-10	1.11	2.03	4.37	6.32	6.47	7.64	8.55
Invesco India Short Term Fund	Mar-07	1.32	2.58	5.10	6.46	5.98	6.91	7.40
Reliance Credit Risk Fund	Jun-05	1.09	2.16	4.49	6.45	6.67	7.67	8.48
SBI Magnum Income Fund	Nov-98	1.99	2.33	5.61	5.93	5.54	7.88	8.49
L&T Credit Risk Fund	Oct-09	1.47	2.03	4.29	5.90	6.29	7.59	8.60
Kotak Savings Fund	Aug-04	0.83	2.15	4.41	7.79	7.28	7.47	8.02
L&T Ultra Short Term Fund	Apr-03	0.81	2.04	4.32	7.61	7.22	7.49	7.97
Kotak Banking and PSU Debt Fund	Dec-98	1.40	2.66	5.80	7.55	7.09	7.83	8.20

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

Dividends declared by equity and equity-oriented funds during the month of March 2019

Scheme name	Date	Dividend declared in ₹ Per unit
ICICI Pru Equity & Debt-DM	05-03-2019	0.20
Tata Hybrid Equity Reg-DM	05-03-2019	0.50
Reliance Pharma-D	05-03-2019	4.43
DSP Natural Resources and New Energy Reg-D	07-03-2019	0.82
Axis Focused 25-D	07-03-2019	1.59
JM Large Cap-DM	07-03-2019	2.04
JM Equity Hybrid-DY	07-03-2019	3.76
HDFC Top 100-D	07-03-2019	5.50
Reliance Focused Equity-D	08-03-2019	1.55
Reliance Value-D	08-03-2019	1.77
SBI Magnum Taxgain-D	08-03-2019	3.01
ICICI Pru Multi Asset-D	13-03-2019	0.20
IDFC Core Equity Reg-D	14-03-2019	0.80
Axis Bluechip-D	14-03-2019	1.33
HDFC Taxsaver-D	14-03-2019	6.00
HDFC Taxsaver-D	14-03-2019	6.00
Franklin India Equity Advantage-D	15-03-2019	1.33
Franklin India Smaller Companies-D	15-03-2019	1.77
Tata Hybrid Equity Reg-D	15-03-2019	5.18
Reliance Growth-D	15-03-2019	5.53
ICICI Pru Value Discovery-D	20-03-2019	3.32
HDFC Equity-D	20-03-2019	5.25
JM Large Cap-DY	20-03-2019	10.85
Baroda ELSS 96-D	22-03-2019	1.37
Baroda Banking and Financial Services-D	22-03-2019	1.64
DSP Midcap Reg-D	22-03-2019	2.30
Reliance Multi Cap-D	22-03-2019	2.43
Baroda Multi Cap-D	22-03-2019	2.48
DHFL Pramerica Tax Plan-D	25-03-2019	1.59
Tata India Tax Savings-D	25-03-2019	8.85
HDFC Infrastructure-D	27-03-2019	1.00
HDFC Small Cap Reg-D	27-03-2019	2.50
Invesco India Contra-D	28-03-2019	2.07
Motilal Oswal Midcap 30 Reg-D	29-03-2019	1.77
Aditya Birla SL Equity Hybrid '95-D	29-03-2019	2.09

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 our branch to avail of this free service.

Focus On Tax Efficiency Of Returns

Having an investment plan in place helps in keeping investments on track during one's defined time horizon. Unfortunately, not many investors follow this disciplined approach. In fact, investors establish their investment styles and strategies in different ways. While on the one hand, there are investors who begin investing with a clear strategy and objectives, on the other hand there are those who don't really plan and hence learn the ropes the hard way. However, an important aspect of investment process that is often overlooked by many investors in both the categories is the tax efficiency of returns.

No wonder, traditional instruments like bank deposits, bonds, debentures and small saving schemes remain the most favored options for millions of investors in our country despite offering lower returns as compared to market linked products offered by mutual funds. Tax inefficiency of returns, that is interest is taxed at one's applicable tax rate, for most of these options further makes a dent in what investors get to keep.

In reality, tax efficiency of returns has to be an essential element of one's investment strategy. In fact, tax efficiency becomes even more important when one invests for medium to long-term investment goals such as children's education, buying a house and retirement planning.

One of the ways to improve pre and post-tax returns is to look beyond traditional investment options and invest in tax-efficient options like mutual funds. On the capital gains front, short term capital gains in equity and equity-oriented hybrid funds i.e. gains on an investment redeemed within 12 months are taxed at a flat rate of 15%. However, long term capital gains i.e. gain on investments redeemed after 12 months are taxed @ 10 percent. Similarly, the applicable DDT for these funds is 10 percent. As regards debt funds, while short term capital gains are taxed at one's applicable tax rate, long-term capital gains, that is, gains on investments redeemed after 36 months are taxed at 20% after indexation. The applicable DDT for dividend option is 25 percent (29.12 percent including surcharge and cess).

It is important to consider these tax rules while selecting option, that is, dividend, growth or dividend re-investment. For investment in equity and equity-oriented funds to achieve long-term goals like children's education, their marriage and one's own retirement planning, the obvious choice would be “growth option”. It allows investors to benefit from power of compounding as well as tax efficiency of returns.

Similarly, in case of debt funds too, the choice of option will depend upon time horizon. For a time horizon of less than 36 months, it would be prudent to opt for dividend payout or dividend reinvestment if the applicable tax rate is 30 percent. However, growth option will be a better bet for investors in tax bracket of up to 20 percent. Similarly, for an investment with a time horizon of 36 months or more, growth option would be ideal as one benefits from indexation benefit.

As is evident, investing with a clearly defined time horizon goes a long way in letting one make the right choices. It is equally important to minimize portfolio turnover to improve tax efficiency of returns. This can be done by avoiding ad-hoc decisions based on the market moods. In other words, by assessing the tax consequences before making abrupt changes in the portfolio and resisting the temptations to sell investments for reasons other than poor performance and changes in one's personal circumstances, the tax burden can be reduced. It also pays to make the right selection of funds and options therein to minimize the need to make changes in the portfolio in the short term. Last but not the least, by honoring one's time commitment, haphazard decisions can be avoided.

It’s Time To Embrace Financial Planning

Financial planning is the process of making informed money management decisions to secure your future. Financial planning helps to achieve financial goals and meet personal priorities, taking into consideration available resources, responsibilities, risk appetite and lifestyle. A financial plan lays down the allocation of savings across various asset classes to achieve an appropriate risk-reward balance.

Do you need a financial plan?

All individuals and families regardless of age or income need a financial plan so that they know that they are saving enough for retirement, education funds or a new home. A financial plan gives you the discipline necessary to save money. A qualified and experienced financial planner can help you plan your investments so that you get the best returns for your risk level by spreading your investments into the different asset classes as well as investment options.

Wiseinvest Advisors is a SEBI registered Investment Adviser (Registration No. INA000000664). To maintain an arm's length distance between our Advisory and Execution services, we have set up a separate department named Investment Adviser Department (IAD). We can help you achieve your goals by providing comprehensive fee based financial planning and making recommendations of financial products that suit your requirements the most. Our mission is to help you overcome uncertainty and take control of your finances and move confidently towards achieving your goals. The basis of fee calculation is the complexity of the engagement.

Remember, financial planning doesn't have to be an intimidating process. We have qualified and experienced advisers who can make financial planning a simple and fruitful process for you.

Our process:

Step 1: The first meeting provides an opportunity for you and us to get to know each other. You also get an opportunity to decide whether we have the capability to fulfill all your requirements.

Step 2: Establish a clear understanding of your goals and objectives as well as analyze your current situation. We have a discussion to determine what you want to achieve with your wealth.

Step 3: Determine your risk profile through discussion and a psychometric test. This enable us to find out how much risk you would like to and need to take to achieve your goals.

Step 4: Develop your unique financial plan. This will also include the recommended asset allocation and various investment options that suit your needs. While doing this, we also analyze your current investments. We present a final version of your customized financial plan so that you're positioned to move forward.

Step 5: Implement the investment plan. There would be no obligation on you to choose Wiseinvest Advisors to implement the recommendations made in the financial plan.

Step 6: We'll meet regularly to proactively address changes in your circumstances, as well as those in the markets, economy and taxes.

If you are keen to start the process of financial planning, you can get in touch with Investment Adviser Department at our Andheri office or mail us on iad@wiseinvestadvisors.com

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Start Investing Early For Your Long-Term Goals

One of the benefits of investing over the long-term is power of compounding. No wonder, Albert Einstein famously stated: "Compound interest is the eighth wonder of the world. He who understands it, earns it... he who doesn't... pays it." Simply put, compounding helps you make money on the money that you have already earned.

However, many investors fail to benefit from this powerful concept as they begin investing without a clear time horizon i.e. without having a clear idea about how long they can remain invested. This often results in the edginess in their behaviour every time the market turns volatile and at times prompting them to make ad-hoc decisions. In the process, they end up compromising on their long-term goals.

Besides, since long-term goals like children's education and marriage as well as planning for retirement generally require a large corpus, investors keep postponing the start of their investment process because they either get overwhelmed by the amount required for each of these goals or because of the feeling that they will not be able to achieve their goals with smaller sums of money that they can afford to invest. Then, there are investors who mainly rely upon traditional options like fixed deposits, bonds and insurance products such as endowment plans for achieving these goals thus putting themselves at a great disadvantage. Since these options provide low returns, keeping pace with inflation is always a struggle for them.

In reality, investing early is a very simple yet powerful method to achieve long-term goals. The earlier you start, the longer your investments have the time to grow. In other words, investing early ensures that there are no short falls in the targeted amounts. However, it is important that you invest in those options that have the potential to give you positive real rate of return i.e. returns minus inflation. This factor is crucial considering the ever-escalating costs of long-term requirements.

Therefore, you must consider the long-term impact of inflation on your investments. Remember, the level of inflation risk depends on the length of time you have to achieve your investment objectives. For your short-term investments, volatility is bigger risk than inflation. That's why, a short-term investment strategy should focus on stable principal value thru a portfolio consisting of interest- bearing securities and long-term strategy should focus on staying ahead of inflation through an asset class like equity.

You must also focus on average rate of return rather than worrying too much about the market volatility. It is a proven fact that over the longer term, volatility tends to work itself out due to offsetting of good years against bad years. Therefore, the key considerations for your investment strategy should be how much you wish to invest and how long until the money is needed. Mutual funds can provide an excellent investment vehicle for your long-term goals. They offer diversification, flexibility and simplicity. Besides, investing through a tax efficient vehicle like mutual funds can help you accumulate more over the years.

A mechanism like a Systematic Investment Plan (SIP) can be a great tool to benefit from averaging as well as power of compounding. By doing so, you benefit from the fact that over a period of time stock markets generally go up. Simply put, your average cost price tends to fall below the average NAV. This "averaging" ensures that you buy at different levels, without having to worry about the market levels. Also, don't forget that risk is an inherent part of investing and that there is a direct co-relation between risk and return.

This article written by our CEO, Hemant Rustagi, was published in DNA Money on March 6, 2019.

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