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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,

Foreign Portfolio Investors turned net buyers in the month of November after consistent selling in previous three consecutive months. FPIs pumped in more than ₹ 10,000 crore during the month against ₹ 39,000 crore worth of selling in August- October 2018 period. However, the lack of market breadth remains a concern. Although, BSE Sensex was up around 5.12 percent during this month, the broader market continues to under-perform as mid and small cap stocks lagged their large cap counterparts. While the mid-cap index of the BSE was up only by 1.80 percent during the month, the small cap index was up by 0.50 percent.

The stock market got a boost as macro-economic factors such as oil prices and the rupee turned around in the country's favour. Oil prices have plunged more than 30 percent to around $58 per barrel from their recent highs of $86 per barrel. India is the biggest beneficiary of decline in the oil prices throughout the emerging market complex as this will translate into lower current account deficit, less pressure on the rupee as well as interest rates.

The rupee depreciated nearly 18 percent to a record low of 74.5 during the current year. However, it has now gained past 70 against the US Dollar mark for the first time since August 2018.The rupee strengthened after the Federal Reserve Chairman Jerome Powell indicated that US interest rates were just below neutral, signalling that the rate hike cycle was nearing its end.If the recent trend of falling crude sustains, the rupee could appreciate further from the current level.

With macro-economic factors improving, three foreign brokerage houses have released positive commentary on India. HSBC upgraded Indian equities to 'neutral" from "under-weight" in the regional context as valuations have become more reasonable. Morgan Stanley's double upgrade of emerging markets also lifted investor sentiment. It is most positive on India and Indonesia among Asian markets outside Japan.

While the long-term story of Indian equities remains on track, the stock market is likely to remain range bound over the next few months due to political uncertainty and concern over the health of NBFC sector.While buying on dips could prove to be a smart strategy for those investing in the stock market directly, investors following a disciplined approach to invest in equity funds through these volatile periods will benefit from averaging.

Warm regards,

**Hemant Rustagi**
**Editor**

Address to be affixed here

## The Stock Market Performance During November 2018.

| Indices | 1st November 2018 | 30th November 2018 | Change in (%) |
|---|---|---|---|
| Sensex | 34,431.97 | 36,194.30 | 5.12 |
| MIDCAP | 14,773.07 | 15,039.35 | 1.80 |
| SMLCAP | 14,355.51 | 14,427.16 | 0.50 |
| BSE-100 | 10,661.28 | 11,119.17 | 4.29 |
| BSE-200 | 4,446.33 | 4,626.51 | 4.05 |
| BSE-500 | 13,915.75 | 14,429.00 | 3.69 |

# Here's How To Handle Dilemmas That Can Impact Investment Success

Every mutual fund investor wants to build a portfolio of funds that have the potential to do well over time. One of the ways to analyse the future potential of a fund is to analyse its long-term performance track record. The long-term consistent performance track record of a fund confirms its ability to perform well over different market cycles. However, a fund with a long-term track record usually grows too large in size. Unfortunately, the large size of the fund often creates a dilemma in the minds of investors about its future prospects. Therefore, the question that needs to be addressed is whether the size of a fund should be a concern for you while investing in a fund.

No doubt, a fund can become unwieldy to manage efficiently if it grows too large. However, it may not be a disadvantage for all types of funds as the impact of the size of a fund on its performance depends upon the asset class it invests in as well as its investment strategy/philosophy.

For example, in case of a pure large cap fund or a multi-cap fund that invests pre-dominantly in large cap stocks, the size of the fund may not matter much. That's because these stocks are quite liquid and hence buying and selling them in any quantity is not a problem for a fund manager. Similarly, the large fund size also may not have any impact on certain categories of debt funds like liquid fund, ultra-short duration, low duration, money market fund and short duration fund.

However, one needs to be careful when a fund outgrows its investment style. For example, a small cap fund where the success depends on how effectively the fund manager does the stock picking out of large universe, the large size of the fund may force him to make certain compromises in terms of quality of the stocks and liquidity. As we know, this segment of the market remains under-researched and hence finding too many good stocks can be time consuming and tricky. However, considering that these funds do very well during the bull run, they attract large sums of monies. In a way, at times, these funds become victim of their own success. Similarly, if a sector fund becomes too large, the fund manger may struggle to invest the money in the sector efficiently.

As is evident, you can ignore the size of the fund while investing in large cap and large cap oriented multi-cap funds as well as mid-cap funds and should focus on fund's investment strategy, quality of portfolio and long-term performance track record. In fact, investors benefit from lower expense ratio when they invest in large funds. However, the fund size can be an important consideration while investing in small cap, thematic and/or sector funds.

Another dilemma for investors is to find a balancing point that can ensure that their portfolio risk remains within their risk-taking capacity. Risk tolerance plays a significant role in designing an optimum investment strategy. In fact, the key to investment success is to build a portfolio that maintains the right balance between risk and reward. Hence, you must follow the right process to determine your risk profile. Here are a few guidelines:

You need to determine your "comfort level" with regard to volatility. Simply put, you must seriously consider the effect of potential downside as well as potential upside.

Within a defined level of risk tolerance, you must adhere to the principles of effective diversification. This will help you in achieving a variety of distinct risk/reward objectives and reducing the overall portfolio risk.

Reassess your risk tolerance at least annually. Remember, sometimes the risk tolerance may change either due to major adjustments in return objectives or to a realization that an existing risk tolerance is inappropriate for your current situation.

**This article written by our CEO, Hemant Rustagi, was published in Dalal Street Investment Journal on 26 November - 9 December, 2018.**

## A Note To Our Esteemed Readers

Wealthwise is being sent to some of you on a Complimentary basis as a part of our humble effort to ensure that more and more investors get the best from their investments. We sincerely hope that you would like the contents of Wealthwise and in some way benefit from it. However, if you do not wish to receive "Wealthwise" on a regular basis, please let us know by sending us a mail on information@wiseinvestadvisors.com. You can also write to us at our Corporate Office address mentioned on page 6.

# Equity Outlook

There has been a significant improvement in the global macro backdrop. Brent crude prices have declined almost 33% from peak levels of $86/bbl to less than $60/bbl on the back of supply assurances from Saudi Arabia and concerns of a global demand slowdown going forward. Oil prices will continue to remain volatile in the next few months. Eight countries, including India, have been granted 180-day time-bound waivers provided they make significant reduction in their imports. This is negative for oil and positive for emerging economies.

With a pull-back in oil prices, the Rupee also stabilized in the 70-72 INR per USD range even as the Dollar Index has continued to strengthen. We believe the Rupee may stabilize at these levels if oil prices stabilize.

In the US midterm elections, Democrats won the House while Republicans maintained a slim majority in the senate, which may lead to legislative gridlock. Chances of another fiscal stimulus appear low and other Trump policies will be toned down, leading to lower growth. Fed rate hikes will be tempered and the USD may start weakening.

With the pressure on EMs expected to ease off, all EMs have seen positive inflows in October for the first time since April as per EPFR Global. The underperformance of EMs could end and EMs could recover next year.

Other key global events that could have a meaningful bearing on equity markets over the next few months include trade talks between the US and China.

On the domestic front, the re-pricing of risk in the credit market and tightened liquidity have had a contagion effect on the NBFC sector. However, we believe most NBFCs will be able to tide over this environment while some better-capitalized private banks will be able to take share from NBFCs. The government as well as regulators are providing support to ensure that the liquidity flow becomes streamlined again in the next few quarters.

In the past couple of weeks, bond markets have calmed down meaningfully in response to policy makers' announcements on keeping the economy well supplied with liquidity. Also, with inflation consistently undershooting estimates due to benign food prices, expectations of a policy rate hike in December have reduced considerably. Yield on the benchmark 10-Yr Government Bond has declined from 8.2% to 7.7% over the last few weeks.

A positive point to note is that India has leapfrogged 23 places to 77th rank in the World Bank's global Ease of Doing Business rankings. This should raise the country's attractiveness for global investors. Additionally, GST collections crossed the INR 1 Lakh Crore mark in October.

The Q2FY19 earnings season saw around 3/4ths of the Nifty50 companies coming in-line with or above estimates. Nifty companies have shown robust revenue growth of 20%+. However, due to rising crude and commodity prices and currency depreciation, operating margins and PAT have been in the low-to-mid teens. Amongst sectors, Private and Corporate Banks, Metals, IT and Infra posted robust numbers whereas consumption-oriented companies had a soft quarter. With fall in crude prices and a stable currency, profitability should revive in coming quarters.

**Coming to our view on the markets:**

The equity market has seen significant correction and the Nifty50 index has fallen more than 10% from its peak, while the midcap and smallcap indices have fallen ~20% and 35%, respectively. We believe the market will remain range-bound due to global macro concerns and domestic developments, including the substantial election calendar ahead. Even as there would be near term pain in earnings for NBFCs and wholesale-oriented banks, broader earnings growth for the market remains supportive. In addition, valuations are close to their long-term average providing a cushion to overall markets.

Fear in the market has led to distressed prices and good value is emerging in individual stocks.

The recent correction provides a good opportunity for prudent investors to build equity exposure for the long term. Investors will be better off doing SIPs/STPs for the next 6-9 months, rather than lump sum investments, so as to benefit from any fall in the market.

It would also be prudent for investors to allocate 20% of their corpus to midcap and smallcap funds. Valuations in that space have become reasonable and we remain constructive on overall economic growth.

In terms of sectoral outlook, sectors which will be impacted positively by a weaker Rupee include IT, Pharma, Metals and Mining, and Auto ancillaries. We continue to like the Consumer Discretionary space with sectors such as Autos and Consumer Durables. We also believe that for private sector banks, the increase in market share will be a secular trend over the next decade. Corporate banks are expected to see strong growth post the NPA resolution.

**Mahesh Patil**
Co-CIO
**Aditya Birla Sun Life AMC**

# Performance Of Select Funds

**Data as on November 22, 2018**

## EQUITY FUNDS

### Large Cap & 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 | -2.25 | -3.82 | 11.57 | 9.95 | 15.31 | 15.54 | 18.64 | 18.94 |
| ABSL Equity Fund | Aug-98 | -2.84 | -3.74 | 12.54 | 12.90 | 19.98 | 17.98 | 18.92 | 19.74 |
| Axis Bluechip Fund | Jan-10 | -1.18 | 5.33 | 18.47 | 11.19 | 14.78 | 15.54 | — | — |
| Axis Focused 25 Fund | Jun-12 | -5.83 | 0.95 | 18.45 | 14.41 | 16.71 | — | — | — |
| Franklin India Equity Fund | Sep-94 | -1.58 | -4.38 | 10.68 | 8.44 | 17.16 | 15.66 | 18.59 | 19.19 |
| HDFC Equity Fund | Jan-95 | 1.48 | -5.25 | 13.59 | 10.75 | 16.72 | 14.86 | 19.77 | 19.10 |
| HDFC Top 100 Fund | Sep-96 | 3.57 | -2.41 | 14.04 | 11.39 | 15.51 | 14.14 | 18.23 | 19.04 |
| HSBC Large Cap Equity Fund | Dec-02 | -3.62 | -2.74 | 12.77 | 10.58 | 13.20 | 11.73 | 13.19 | 15.73 |
| ICICI Prudential Bluechip Fund | May-08 | -0.23 | -0.95 | 14.39 | 11.51 | 15.43 | 14.92 | 19.58 | — |
| IDFC Core Equity Fund - Regular Plan | Aug-05 | -3.40 | -5.66 | 13.30 | 12.34 | 14.12 | 13.72 | 14.57 | — |
| Kotak Bluechip Fund - Regular Plan | Dec-98 | -3.21 | -3.41 | 11.28 | 7.84 | 14.04 | 12.88 | 14.98 | 17.34 |
| Kotak Standard Multicap Fund Regular | Sep-09 | -0.41 | -2.21 | 14.29 | 12.19 | 19.41 | 17.69 | — | — |
| L&T Equity Fund | May-05 | -5.14 | -3.76 | 12.82 | 9.43 | 15.71 | 13.88 | 17.96 | — |
| Motilal Oswal Multicap 35 Fund | Apr-14 | -8.19 | -7.91 | 12.95 | 11.32 | — | — | — | — |
| Reliance Large Cap Fund | Aug-07 | 3.13 | -0.19 | 16.61 | 11.61 | 18.50 | 16.92 | 17.94 | — |
| Reliance Multi Cap Fund | Mar-05 | 1.94 | -2.20 | 15.27 | 8.17 | 17.03 | 16.37 | 21.81 | — |
| Invesco India Contra Fund | Apr-07 | -3.19 | -1.39 | 18.33 | 13.71 | 22.05 | 18.07 | 21.25 | — |
| SBI Bluechip Fund | Feb-06 | -3.67 | -4.18 | 10.85 | 8.98 | 16.59 | 16.56 | 17.87 | — |
| Principal Emerging Bluechip Fund | Nov-08 | -7.95 | -8.53 | 14.38 | 13.53 | 24.45 | 22.76 | 25.63 | — |

### Sectoral / Thematic Fund & Tax Saving

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ICICI Prudential Banking and Financial | Aug-08 | -3.04 | -6.73 | 15.83 | 17.44 | 22.62 | 21.80 | 22.93 | — |
| Reliance Banking Fund | May-03 | -3.62 | -4.91 | 16.09 | 14.43 | 20.57 | 17.55 | 21.32 | 21.87 |
| Reliance Pharma Fund | Jun-04 | 13.44 | 12.20 | 5.00 | 1.33 | 14.81 | 16.60 | 24.20 | — |
| Canara Robeco Consumer Trends | Sep-09 | -3.31 | 0.78 | 17.10 | 13.14 | 19.03 | 17.32 | — | — |
| SBI Consumption Opportunities Fund | Jul-99 | -8.86 | -1.30 | 21.69 | 13.62 | 16.46 | 19.35 | 25.62 | 20.95 |
| Tata India Consumer Fund - Regular | Dec-15 | -3.75 | 0.42 | 29.80 | — | — | — | — | — |
| Axis Long Term Equity Fund | Dec-09 | -2.98 | 2.53 | 16.29 | 10.76 | 20.51 | 19.92 | — | — |
| HDFC Taxsaver Fund | Mar-96 | -3.41 | -11.17 | 9.93 | 8.72 | 15.16 | 13.48 | 18.33 | 19.47 |
| HSBC Tax Saver Equity Fund | Jan-07 | -7.37 | -10.33 | 11.69 | 9.10 | 15.95 | 15.40 | 17.16 | — |
| IDFC Tax Advantage (ELSS) Fund | Dec-08 | -7.97 | -6.60 | 17.50 | 11.98 | 17.54 | 17.28 | — | — |
| Mirae Asset Tax Saver Fund - Regular | Dec-15 | 0.76 | -2.09 | 19.23 | — | — | — | — | — |

### Midcap & Smallcap

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Axis Midcap Fund | Feb-11 | -2.21 | 2.63 | 18.19 | 10.33 | 21.06 | 19.95 | — | — |
| DSP Midcap Fund - Regular Plan | Nov-06 | -8.47 | -8.74 | 10.94 | 11.53 | 22.42 | 18.63 | 23.35 | — |
| HDFC Mid-Cap Opportunities Fund | Jun-07 | -9.26 | -10.72 | 10.06 | 11.13 | 22.54 | 20.12 | 24.45 | — |
| Kotak Emerging Equity Scheme | Mar-07 | -8.98 | -10.65 | 10.92 | 10.80 | 24.37 | 20.04 | 20.74 | — |
| Franklin India Smaller Companies Fund | Jan-06 | -13.10 | -14.17 | 8.67 | 9.43 | 23.56 | 23.03 | 24.60 | — |
| HSBC Small Cap Equity Fund | May-05 | -18.83 | -20.20 | 9.80 | 7.13 | 22.59 | 17.69 | 16.95 | — |
| L&T India Value Fund | Jan-10 | -5.88 | -9.82 | 11.76 | 10.96 | 22.93 | 20.38 | — | — |
| SBI Magnum Global Fund | Sep-94 | -5.82 | -7.77 | 9.34 | 6.70 | 18.60 | 17.75 | 22.51 | 22.42 |

## ARBITRAGE FUNDS

| Funds | Launch | 3 Mth* | 6 Mth* | 1 Year* | 2 year** | 3 Year** | 5 Year** |
|---|---|---|---|---|---|---|---|
| ICICI Prudential Equity Arbitrage Fund | Dec-06 | 1.86 | 3.48 | 6.34 | 5.95 | 6.23 | 7.03 |
| Invesco India Arbitrage Fund | Apr-07 | 1.71 | 3.14 | 6.20 | 5.88 | 6.05 | 6.81 |
| Kotak Equity Arbitrage Fund Regular | Sep-05 | 1.95 | 3.48 | 6.48 | 6.15 | 6.33 | 7.18 |

## HYBRID

| Fund | Launch | 6 Mth* | 1 Year* | 2 Year** | 3 Year** | 5 Year** | 7 Year** | 10 Year** | 15 Year** |
|---|---|---|---|---|---|---|---|---|---|
| ABSL Equity Hybrid '95 Fund | Feb-95 | -3.73 | -5.67 | 8.28 | 8.88 | 15.30 | 13.94 | 17.52 | 16.69 |
| Canara Robeco Equity Hybrid Fund | Feb-93 | -0.37 | 1.05 | 11.53 | 8.96 | 15.87 | 14.39 | 17.19 | 16.93 |
| HDFC Hybrid Equity Fund | Sep-00 | -1.63 | -3.14 | 10.19 | 10.23 | 17.09 | 15.42 | 19.61 | — |
| ICICI Prudential Balanced Advantage | Dec-06 | 0.66 | 1.67 | 9.70 | 8.61 | 12.89 | — | — | — |
| ICICI Prudential Equity & Debt Fund | Nov-99 | 0.92 | -1.79 | 10.97 | 11.23 | 16.60 | 16.11 | 17.98 | 15.67 |
| Invesco India Dynamic Equity Fund | Oct-07 | -4.86 | -4.73 | 11.08 | 8.06 | 12.13 | — | — | — |
| Kotak Equity Hybrid Fund - Regular | Nov-99 | -5.72 | -6.67 | 6.33 | 7.56 | 10.99 | 11.17 | 12.90 | 14.45 |
| L&T Hybrid Equity Fund | Jan-11 | -3.43 | -3.61 | 10.52 | 8.61 | 16.19 | 15.60 | — | — |
| Principal Hybrid Equity Fund | Jan-00 | -1.79 | -2.15 | 15.05 | 13.33 | 16.26 | 15.53 | 15.86 | 14.01 |
| Reliance Equity Hybrid Fund | Jun-05 | -3.17 | -4.94 | 10.95 | 8.92 | 16.12 | 14.79 | 18.29 | — |
| SBI Equity Hybrid Fund | Dec-95 | -0.90 | -1.36 | 10.27 | 8.94 | 15.83 | 16.26 | 16.48 | 17.28 |
| HDFC Equity Savings Fund | Sep-04 | 1.17 | 0.79 | 8.24 | 10.04 | 9.92 | — | — | — |
| IDFC Equity Savings Fund - Regular | Jun-08 | 0.43 | 2.40 | 3.35 | 4.81 | 5.90 | — | — | — |
| Kotak Equity Savings Fund - Regular | Oct-14 | 1.70 | 3.91 | 8.61 | 7.77 | — | — | — | — |
| Reliance Equity Savings Fund | May-15 | -0.82 | -1.05 | 8.21 | 6.72 | — | — | — | — |

## 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 | 0.82 | 1.90 | 3.90 | 5.11 | 5.08 | 7.54 | 8.56 |
| ABSL Medium Term Plan | Mar-09 | 0.80 | 0.42 | 2.57 | 4.33 | 5.55 | 7.50 | 8.95 |
| HDFC Credit Risk Debt Fund - Regular | Mar-14 | 0.82 | 1.20 | 3.18 | 3.82 | 5.09 | 7.46 | — |
| Kotak Credit Risk Fund Regular Plan | May-10 | 0.73 | 1.20 | 3.34 | 5.19 | 5.68 | 7.69 | 8.62 |
| Invesco India Short Term Fund | Mar-07 | 0.77 | 1.25 | 3.11 | 4.14 | 4.37 | 6.29 | 7.24 |
| Reliance Credit Risk Fund | Jun-05 | 0.72 | 1.17 | 3.47 | 5.01 | 5.94 | 7.54 | 8.55 |
| SBI Magnum Income Fund | Nov-98 | 0.99 | 1.06 | 2.87 | 2.71 | 4.20 | 7.34 | 8.21 |
| L&T Credit Risk Fund | Oct-09 | 0.61 | 1.03 | 2.85 | 4.54 | 5.74 | 7.33 | 8.72 |
| Kotak Savings Fund Regular Plan | Aug-04 | 0.71 | 1.79 | 3.80 | 6.87 | 6.79 | 7.32 | 8.07 |
| L&T Ultra Short Term Fund | Apr-03 | 0.69 | 1.82 | 3.78 | 6.81 | 6.76 | 7.43 | 8.05 |
| Kotak Banking and PSU Debt Fund | Dec-98 | 1.16 | 1.79 | 3.92 | 5.23 | 5.59 | 7.36 | 8.09 |

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

### Dividends declared by equity and equity-oriented funds during the month of November 2018

| Scheme name | Date | Dividend declared in ₹ Per unit |
|---|---|---|
| Tata Hybrid Equity Fund (MD) | 01/11/2018 | 0.53 |
| ICICI Prudential Equity & Debt (MD) | 09/11/2018 | 0.20 |
| Reliance Large Cap Fund - RP (D) | 12/11/2018 | 0.09 |
| Sundaram Rural and Consumption Fund (D) | 13/11/2018 | 0.44 |
| Sundaram SMILE Fund (D) | 13/11/2018 | 0.44 |
| Sundaram Select Focus - RP (D) | 15/11/2018 | 0.22 |
| UTI Mastershare Unit Scheme (D) | 15/11/2018 | 2.39 |
| Principal Hybrid Equity Fund (D) | 19/11/2018 | 0.23 |
| L&T Tax Advantage (D) | 22/11/2018 | 0.89 |
| UTI Hybrid Equity Fund (D) | 22/11/2018 | 0.20 |

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.

Mutual funds, like securities investments, are subject to market and other risks. As with any investments in securities, the NAV of units can go up or down depending on the factors and forces affecting capital markets.

# 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 Advisers at our Andheri office.**

# Systematic Investment Plan

## Don't Let Emotions Rule Your Investments

### What is SIP?

Systematic Investment Plan (SIP) allows you to invest in mutual funds in a systematic manner. It is akin to investing in a Recurring Deposit (RD) of a bank. By enrolling for SIP, you commit to invest a fixed sum, at a fixed interval, for a fixed period in a pre-decided fund.

### Why SIP?

Investing through SIP is an effective investment strategy as you commit to invest a certain percentage of your "take home salary" and that goes a long way in ensuring that you save as you earn. Moreover, the commitment to invest every month takes emotions out of your decision-making process. These emotions vary from "greed" to "fear" depending upon the state of the stock market, which often makes it difficult to make sound investment decisions. By adopting a disciplined investment approach propagated by SIP, you can benefit from the volatility in the market through "averaging"- investing at different levels of the markets- rather than worrying about it.

However, to benefit from the true potential of this amazing process, there are some Do's and Don'ts to follow:

### Do's

**The earlier you start, the better:** It is crucial to start investing early through SIP as it allows you to invest for a longer period and benefit from "Power of Compounding". Remember, delaying your investment can prove very costly.

| | | Assumed Return @ 12% |
|---|---|---|
| | | Monthly SIP - ₹ 10000 |
| Current Age | Accumulation period (Years) | Corpus Accumulated (in Crores) |
| 25 | 35 | 6.50 |
| 30 | 30 | 3.53 |
| 35 | 25 | 1.90 |
| 40 | 20 | 1.00 |
| 45 | 15 | 0.50 |
| 50 | 10 | 0.23 |

**The values shown are for Illustrative Purposes Only. The assumed return should not be considered as guaranteed return.**

As is evident, for someone who delays investing by 10 years, (begins investing at 35 instead of 25), the accumulated corpus would be around 1/3rd of what he could have accumulated (₹ 6.50 Crores) if he had begun investing at 25. If you haven't started investing through SIP, do it now as it is never too late.

**Look beyond traditional options:** If you have been investing a bulk of your money in a Recurring and/or a Fixed Deposit of a bank, it's time for you to look beyond them and invest in mutual funds as they have the potential to offer higher gross as well as post-tax returns. No doubt, being market-linked products, there are attendant risks too. However, by opting to invest in the right asset class i.e. equity, debt or hybrid i.e. a mix of both and appropriate funds coupled with a disciplined approach, you can earn higher post-tax returns. World over, investors have benefitted from investing in mutual funds. It's your turn now!

**Align your investments to your goals:** While SIP is a great tool to build a large corpus through smaller contributions over time, it is important to have a purpose for your investment. Some of your investment goals could be buying a house, providing for children's education and marriage, going on a vacation and creating a retirement fund that allows you to retire comfortably.

By defining your goals, assigning a time horizon and target to each one of them, you can work out which asset class to invest in and how much needs to be invested per month to achieve each of the goals. Also, create a separate portfolio for each of your goals rather than creating a pool. This approach will help you in not only monitoring the progress of the portfolio but also in ensuring that you don't over-or under-deploy funds towards a particular goal.

Assuming that you start planning for your child's higher education at the time of birth, you will have around 18 years to build the corpus required for this important goal of your life. If the current cost of education is ₹ 50 lakhs, at an assumed annual inflation rate of 10%, you will require ₹ 2.78 Crores when the child turns 18. If you invest in equity funds, you need to invest ₹ 36000 per month thru SIP to achieve this target (at an assumed annualized return of 12%). Here's how much you need to invest depending on when you start investing.

### Goal: Child's Higher Education

| Current Cost of Higher Education - ₹ 50 Lakhs | | | | | |
|---|---|---|---|---|---|
| | | | Required monthly SIP (₹) @ assumed return of | | |
| Age of the Child | Years to Higher Education | Future Cost (in Crores)* | 8% | 10% | 12% |
| 0 | 18 | 2.78 | 58000 | 46000 | 36000 |
| 5 | 13 | 1.73 | 63000 | 54000 | 46000 |
| 10 | 8 | 1.08 | 80000 | 73000 | 67000 |
| 15 | 3 | 0.66 | 162000 | 157000 | 152000 |

*Inflation rate @ 10%

**The values shown are for Illustrative Purposes Only. The assumed return should not be considered as guaranteed return.**

Similarly, other long-term goals like child's marriage and retirement planning too require you to start investing early and in a disciplined manner through your defined time horizon.

### Goal: Child's Marriage

| Current Cost of Marriage - ₹ 25 Lakhs | | | | | |
|---|---|---|---|---|---|
| | | | Required monthly SIP (₹) @ assumed return of | | |
| Age of the Child | Years to Marriage | Future Cost (in Crores)* | 8% | 10% | 12% |
| 0 | 25 | 1.35 | 14000 | 10000 | 7000 |
| 5 | 20 | 0.96 | 17000 | 13000 | 10000 |
| 10 | 15 | 0.69 | 20000 | 17000 | 14000 |
| 15 | 10 | 0.49 | 27000 | 24000 | 22000 |

*Inflation rate @ 7%

**The values shown are for Illustrative Purposes Only. The assumed return should not be considered as guaranteed return.**

*Cont. on page 6...*

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# Systematic...

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## Goal: Retirement Planning

| Current Monthly Expenses - ₹ 20000 | | | | | | |
|---|---|---|---|---|---|---|
| | | | | Required monthly SIP (₹) @ assumed return of | | |
| Age | Years to Retirement | Future Expenses* | Corpus Reqd. (in Crores) | 8% | 10% | 12% |
| 30 | 30 | 153000 | 3.33 | 23000 | 15000 | 10000 |
| 35 | 25 | 109000 | 2.37 | 25000 | 18000 | 13000 |
| 40 | 20 | 78000 | 1.69 | 29000 | 23000 | 17000 |
| 45 | 15 | 56000 | 1.20 | 35000 | 29000 | 24000 |
| 50 | 10 | 40000 | 0.86 | 47000 | 42000 | 38000 |

*Inflation rate @ 7%.
Life expectancy - 80 years. Expected returns post retirement - 8%.

**The values shown are for Illustrative Purposes Only. The assumed return should not be considered as guaranteed return.**

**Opt For Growth Option:** The power of compounding works out the best when you invest for long-term and allow the gains to remain invested. Taking out money through dividend would defeat the purpose. So, go for growth option.

### Don'ts

**Don't Invest Randomly:** Investing randomly through SIP can prove to be counter-productive. For example, if you decide to invest through SIPs in equity funds only for a year or so and if the market doesn't perform well during this short period, you will be disappointed and could feel compelled to stop investing. Remember, this would be an illogical way of assessing the performance of an asset class like equity and the effectiveness of a powerful mechanism like SIP. So, invest with a clearly defined time horizon and that can be done by aligning your investments to your goals.

**Don't Stop SIP in a falling market:** The objective of investing through SIPs is to turn market volatility to your advantage. Therefore, don't stop investing when the markets fall. Remember, those could be the best times for you to invest in the stock market. Therefore, you must continue your investment process for a committed period of time, irrespective of the market mood.

**Don't Invest Aggressively Through SIP:** Don't make the mistake of starting an SIP with an amount that you could find tough to continue after a while. So, make a budget to ascertain how much you can begin investing for each of your goals and if there is a shortfall, gradually increase the amount to ensure continuity. If you don't have the money required to be invested for all your goals, the right thing to do would be to prioritize your goals and focus on more important ones.

**Don't think you can't lose money:** While investing through SIP will help you tackle the risk of volatility and benefit from it in the longer term, there could be periods where you might see poor/negative short-term returns. However, you must remember that investments made during these periods will help you improve your returns substantially when the market turns around. Hence, keep your focus on long-term results rather than getting distracted by short-term uncertainties.

**Don't invest in too many funds:** Investing in too many funds can prove to be counter-productive. By definition, mutual funds are diversified and hence having too many funds in the portfolio could result in over-diversification. Remember, it is always difficult to monitor a portfolio that has large number of funds and that often results in some of the under-performing funds pulling down the overall portfolio returns.

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**RISK FACTORS:** Mutual funds, like securities investments, are subject to market and other risks and there can be no assurance that the scheme's objectives will be achieved. As with any investments in securities, the NAV of units can go up or down depending on the factors and forces affecting capital markets. Please read the offer document before investing.

**To start investing through SIP, call us or visit any of our offices.**

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