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WEALTHWISE®

Wiseinvest®
With YOU, in meeting
FINANCIAL CHALLENGES

Inside — Pg No.

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 more than 25 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 ten 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 branches or email your requirements at **information@wiseinvestadvisors.com** and our professional advisors will do the rest.

Dear Investor,

The RBI's decision to front load the rate cut by announcing 50 basis point reduction in the policy rates, coupled with the forward guidance that the policy stance will continue to be accomodative, came as a surprise to the market. The recent economic data and global events seems to have convinced the RBI of the urgency to boost growth through a significant rate cut. The RBI is now going to work closely with the government to ensure that there is a faster transmission of rates to provide a much needed boost to growth.

The market leader State Bank of India took the lead by reducing its base rate sharply by 40 basis points to 9.30 percent, the lowest offered by Indian banks. Following this, a number of public and private sector banks also reduced their base rates. We are likely to see more such announcements in the coming days.

The RBI's decision to front load the rate cut assumes significance keeping in mind the fact that India's manufacturing activities slowed more than expected to a seven month low in September due to softening demand and output as indicated by Nikkei Manufacturing Purchasing Managers' Index. However, India's infrastructure growth picked up in August to 2.6 percent from a year ago. On the global front, the IMF expects the growth to be weaker with a modest acceleration expected in 2016. However, it acknowledged that India remains a bright spot.

Both equity and debt markets reacted postively to the RBI announcement. Beyond the rate cut, the RBI has also proposed a two year road map to increase foreign portfolio investor participation in Central and State government securities which will broaden the debt market. Overall, we are likely to see a downward bias in interest rates which should act as a catalyst for investment revival in the country.

Warm regards,

Hemant Rustagi
Editor

Address to be affixed here

The Stock Market Performance During September 2015.

Indices	1st September 2015	30th September 2015	Change in (%)
Sensex	25,696.44	26,154.83	1.78
MIDCAP	10,523.83	10,799.20	2.62
SMLCAP	10,733.38	11,020.83	2.68
BSE-100	7,932.61	8,077.41	1.83
BSE-200	3,293.80	3,352.02	1.77
BSE-500	10,302.72	10,498.27	1.90

Here's How To Get The Best From Your Investments

It is heartening to see an increasing number of investors achieving investment success on a consistent basis. There has also been a marked change in how they perceive risk and reward and have understood the importance of creating the right balance between these two important elements of investment. Besides, they demonstrate commitment to follow the right process to decide which asset classes to invest in and in what proportion. Last but not the least, they are gradually making market linked products like mutual funds an integral part of their portfolios.

However, as mutual funds are becoming increasingly important in investors' investment landscape, many of them, especially those who invest in equity funds face certain dilemmas every now and then. Then, there are those investors who are still on the sidelines wondering whether mutual funds are an ideal investment option for them or not. Here's how investors can deal with these dilemmas:

Is it the time to exit?

This is a dilemma that every investor faces from time to time. Every time the market turns volatile, investors start wondering whether it's time to exit. The fact, however, is that with any investments, there are two key decisions to be made. The first is when to buy and the second is when to sell. Obviously, the difficult one is to know when to sell. The right way to tackle this dilemma is to stay committed to one's time horizon and maintain the asset allocation worked out after keeping investment objective and risk profile in mind.

While booking profits may be an integral part of the portfolio strategy, relying on the market timing to do so may not be a smart thing to do. The right thing to do would be to rebalance the portfolio to bring the asset allocation back at the original level i.e. by redeeming a part of the better performing asset class and move it to another asset class that is not doing well at that point of time. This can be an annual exercise. This strategy allows an investor to not only remain invested in equity at all times but also benefit from averaging as rebalancing ensures entry at lower levels.

Is it time to do bottom fishing?

The increased volatility in the market in the recent weeks has left investors wondering whether they should wait for the markets to bottom out or start making part investments at different levels. Considering that the current fall is more on account of international factors than domestic ones, it is very difficult to predict as to how the market will pan out in the short term. Therefore, investing as a combination of systematic and lump sum can yield wonderful results. For a mutual fund investor, the prudent way to invest in equity funds would be to invest a part of the investible funds as a lump sum and the balance systematically over a period of time thru a Systematic Transfer Plan (STP). Through STP, one can transfer a fixed sum at a pre-determined interval from a liquid or a floating rate fund to an equity fund of the same mutual fund.

How safe and transparent are mutual funds?

Though mutual funds are slowly and steadily finding their rightful place in the portfolios of Indian investors, there is still a section of investing public that often wonders as to how safe and dependable mutual funds are. For the benefit of those who have not yet started investing in mutual funds, it is important to know that one of the safeguards for mutual fund investors in India is that the industry is well regulated. These regulations not only cover every aspect of a mutual fund working but also clearly spell out as to what a mutual fund can do and what it cannot do. The disclosure norms, level of transparency and control of mutual funds ensure investor protection.

One of the major benefits of investing in mutual funds is the wealth of information that they provide to existing as well as prospective investors. Taken together, the various reports provide investors with vital information regarding the financial status and the manner in which the fund is managed.

As regards keeping a track of one's investments, the main sources of information are fact sheets, websites and various publications. MFs publish monthly fact sheets which contains the portfolio information, a report from the fund manager and performance statistics on the schemes managed by it. These can help an investor a great deal in knowing how the schemes in his portfolio are doing vis-à-vis the peer group as well as the benchmarks.

RBI Credit Policy Review

The RBI cut key policy rate by 50bps as against expectation of 25bps. As a consequence, the Repo Rate now stands at 6.75% and the Reverse Repo rate at 5.75%. The Cash Reserve Ratio (CRR) was left unchanged at 4% of NDTL (Net Demand and Time Liabilities). The overall policy tone was dovish and the RBI clearly mentions that monetary policy has to be accommodative to the extent possible in current conditions given that inflation is under control, global commodity prices are likely to remain weak for a while and domestic demand is needed to substitute weakening global demand so as to ensure pick up in the investment cycle.

We must appreciate that RBI in its earlier policy statement in August 15 had highlighted issues of monsoon paucity, inflation trajectory, the impending US Fed rate action; and the rate transmission within the banking system as the future determinant of further rate cuts.

With Banks slowly gearing up to the rate transmission, and the US Fed action having been deferred to a later date, the monsoon performance remained the only key factor. The late uptick in rains may have mitigated some element of concern there as well.

These factors seem to have given the necessary elbow room to RBI to give a growth orientation to its policy. It must also be appreciated here that with global economy bracing for slowdown – led by China; and with recession in Brazil; the islands of opportunities were fast sinking. In its midst, only India remains a bright spot, which is being ably highlighted by the political leadership. But that needs to translate on the ground as policy reforms, deregulation and improvement in the ease of doing business.

However, while the RBI has stated that they will maintain an accommodative policy stance, the onus now shifts to the government and the banks to pass on the cumulative 125bps of rate cuts in the form of lower lending rates.

RBI has clearly indicated that they have front loaded the rate cuts and would now wait for banks to lower base rates in order to ensure monetary transmission. The median base lending rates of banks have fallen by only about 30 bps despite extremely easy liquidity conditions. This is a less than half of the 75 bps of the policy rate reduction during January-June, even after a passage of eight months since the first rate action by the Reserve Bank. Bank deposit rates have, however, been reduced, suggesting that further transmission is possible.

Given the way the RBI has defined its target real interest rate of 1.5-2% (1-yr Treasury-bill rate minus the one year forward inflation expectation), it would seem the room is rather limited. If one assumes average inflation will hover around 5% in the coming year, then the central bank is close to reaching the terminal rate given that the present repo rate is 6.75% and 1-yr T-bill is below 7.5%. Also, given the central bank's stated “shift” to now focus on policy transmission with the government (e.g. reviewing small savings rates), we don't think further monetary accommodation is in store this calendar year. Furthermore, assigning a high degree of confidence to a sub-5% inflation forecast for January 2017 is difficult, considering the numerous idiosyncratic shocks that tend of affect India's price dynamics. Finally, if the central bank is expecting growth to pick up toward 8% in the coming year, how further disinflation takes place at the same time remains to be seen.

Still, with ongoing global market developments (reflected in subdued external demand and sharply correcting commodity prices) and a fledgling domestic recovery (as seen in uneven industrial production, weak rural demand, some rise in consumption, and soft loans growth) clouding the outlook, the RBI may well have to cut again next year. We think that the period after the FY16/17 budget would be an opportune moment to take stock of the outlook for growth, inflation, fiscal policy, and structural reforms. If growth and inflation both remain subdued then, at least another 25bps rate cut and continued efforts to ease liquidity could be on the cards, in our view.

Way forward

This reduction in the repo rate will give impetus to growth and persuade banks to transmit the aggregate 125 bps repo rate at a faster pace. The scope and size of rate cuts in 2015 has sizably reduced the cost of capital and created an enabling environment to stimulate growth, demand and investment cycle. This will also likely help reduce asset quality pressure on banks. The government promptly announced the review of the small savings rate framework which indicates rising consensus between policy makers to bring down the interest rates in the economy.

We continue to reiterate our view of extending duration on ones fixed income portfolio. The phased increase in FPI limits in sovereign would likely augur positive for gilt yields. There is evident demand from the foreign investors, thereby acting as a strong cushion for gilt yields going forward. The additional limits for SDLs (State Development Loans) would help in reducing spreads in that segment (currently at around 40bps).

We would urge investors in duration category funds to remain invested. Those seeking fresh investments may look to allocate equally between duration and corporate bond accrual strategies. The current corporate bond spread offer lucrative investment opportunities in the fixed income space.

Lakshmi Iyer
CIO (Debt) & Head Products,
Kotak Mahindra AMC

Performance Of Select Funds

Data as on September 24, 2015

EQUITY FUNDS

Diversified

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Axis Equity Fund	Jan-10	1.69	-3.37	-4.21	4.31	21.53	17.95	9.15
Birla Sun Life Frontline Equity Fund	Aug-02	1.70	-3.52	-3.94	7.68	26.39	20.03	10.93
Birla Sun Life Equity Fund	Aug-98	2.27	-0.01	-1.69	11.55	36.04	23.23	10.11
BNP Paribas Equity Fund	Sep-04	1.08	-3.33	-5.01	10.34	27.59	21.60	12.68
Canara Robeco Equity Diversified	Sep-03	2.50	-2.69	-5.26	6.07	23.28	15.60	9.49
Franklin India Prima Plus Fund	Sep-94	1.65	-1.64	-1.32	16.17	34.09	23.33	13.05
HDFC Equity Fund	Jan-95	1.45	-4.84	-4.78	0.33	30.34	17.44	8.35
HDFC Top 200 Fund	Sep-96	1.75	-4.66	-5.64	-0.41	24.81	15.00	7.45
ICICI Prudential Dynamic Fund	Oct-02	2.33	-5.44	-7.95	-1.36	21.55	16.02	9.97
ICICI Prudential Focused Bluechip	May-08	1.19	-3.37	-4.78	3.88	22.38	17.25	10.82
Kotak 50 Regular Plan	Dec-98	1.85	-1.64	-1.89	11.36	26.41	17.44	8.96
Kotak Select Focus Fund Regular Plan	Sep-09	1.80	0.04	0.38	14.60	33.73	23.52	12.14
L&T Equity Fund	May-05	1.11	-3.87	-5.26	8.94	28.49	18.52	9.66
Reliance Top 200 Fund - Retail Plan	Aug-07	0.45	-3.51	-4.44	9.35	31.79	19.39	10.55
Religare Invesco Contra Fund	Apr-07	2.04	-1.96	-3.50	10.75	42.56	23.63	11.73
SBI Bluechip Fund	Feb-06	0.64	-2.82	-2.40	12.09	30.12	21.77	11.60
UTI Opportunities Fund	Jul-05	0.90	-4.33	-7.24	-0.06	20.48	14.68	10.11

Sector, Specialty & Tax Saving

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Canara Robeco F.O.R.C.E Fund	Sep-09	2.76	-2.69	-1.07	17.11	31.16	20.27	11.42
ICICI Prudential Infrastructure Fund	Aug-05	0.15	-6.14	-6.30	3.62	30.21	13.97	3.81
Reliance Banking Fund	May-03	3.76	-4.45	-3.97	11.01	37.01	17.49	8.84
Reliance Pharma Fund	Jun-04	6.23	16.36	11.65	29.29	46.23	34.39	23.50
Axis Long Term Equity Fund	Dec-09	1.25	-0.18	-2.17	18.72	43.06	29.74	18.94
HDFC Taxsaver Fund	Mar-96	1.68	-3.97	-5.79	0.49	30.08	18.00	8.40
IDFC Tax Advantage (ELSS) Fund	Dec-08	-0.39	-6.25	-5.33	12.82	32.75	23.20	12.55
Reliance Tax Saver Fund	Sep-05	0.52	-7.26	-10.68	1.58	43.11	23.22	13.06

Midcap & Smallcap

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Franklin India Smaller Companies Fund	Jan-06	2.71	0.15	-0.05	18.15	54.16	36.46	19.20
HDFC Mid-Cap Opportunities Fund	Jun-07	1.80	-0.70	1.78	17.78	49.02	29.02	17.96
ICICI Prudential Value Discovery Fund	Aug-04	1.16	-2.72	-2.90	11.93	45.36	28.34	16.89
IDFC Premier Equity Fund - Regular	Sep-05	0.18	-2.21	-3.93	14.08	39.72	25.58	14.75
SBI Magnum Global Fund	Sep-94	1.57	0.48	-0.48	19.18	44.61	30.51	16.98
L&T India Value Fund	Jan-10	3.15	2.29	4.93	19.75	45.31	29.91	14.90
Reliance Equity Opportunities Fund	Mar-05	2.28	-1.05	-2.46	10.16	36.67	21.48	13.50
Religare Invesco Mid N Small Cap	Mar-08	1.25	-1.86	-2.66	16.43	47.84	30.94	17.29

HYBRID

Equity, Debt Oriented & Multi Asset Class

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Birla Sun Life 95 Fund	Feb-95	2.03	-0.63	-1.40	12.13	27.91	19.27	11.39
Canara Robeco Balance Fund	Feb-93	1.84	-0.47	-0.34	10.75	27.88	17.99	11.54
HDFC Balanced Fund	Sep-00	1.31	-0.98	-0.35	11.23	33.18	20.22	13.93
HDFC Prudence Fund	Feb-94	2.15	-0.68	-1.22	4.75	31.98	17.75	10.83
ICICI Prudential Balanced Advantage	Dec-06	1.42	0.23	1.46	9.28	21.38	16.91	13.04
ICICI Prudential Balanced Fund	Nov-99	1.80	-1.36	-1.54	7.71	27.06	19.96	14.14
L&T India Prudence Fund	Jan-11	1.74	1.31	1.09	16.17	31.42	22.33	—
Reliance Regular Savings Fund	Jun-05	2.11	0.04	1.07	9.48	29.69	17.75	10.44
SBI Magnum Balanced Fund	Dec-95	1.00	-0.78	-0.40	13.24	29.81	22.34	11.80
Tata Balanced Fund - Regular Plan	Oct-95	1.39	-0.36	-1.83	15.57	31.37	21.52	14.37
Axis Triple Advantage Fund	Aug-10	-0.26	-0.69	-0.80	6.02	10.86	7.33	7.89
Franklin India Dynamic PE Ratio Fund	Oct-03	0.98	0.05	0.58	9.37	17.29	12.16	9.17
Kotak Equity Savings Fund - Regular	Oct-14	1.00	0.91	2.11	—	—	—	—

Arbitrage Funds

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
ICICI Prudential Equity Arbitrage Fund	Dec-06	0.39	1.42	3.82	7.87	8.68	8.95	8.96
IDFC Arbitrage Plus Fund	Jun-08	0.71	1.59	3.28	7.33	7.89	8.05	7.97
Kotak Equity Arbitrage Fund Regular	Sep-05	0.42	1.56	3.92	8.05	8.87	8.74	8.74
Religare Invesco Arbitrage Fund	Apr-07	0.39	1.54	3.93	8.14	8.26	7.99	8.26

International Funds

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Franklin India Feeder Franklin US Opp.	Feb-12	2.60	-3.63	-0.42	12.60	11.89	21.86	—
ICICI Prudential US Bluechip Equity	Jul-12	0.70	-5.34	-1.04	0.53	6.76	17.70	—
JP Morgan Europe Dynamic Equity	Feb-14	0.25	-7.94	-3.50	-0.12	—	—	—

GOLD

Fund of Funds

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Kotak Gold Fund Regular Plan	Mar-11	-1.39	0.17	-0.68	-4.10	-7.75	-8.04	—
Reliance Gold Savings Fund	Mar-11	-1.81	-0.84	-0.09	-3.85	-7.43	-7.79	—

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

DEBT

Income, Short Term & Ultra Short Term Funds

Funds	Launch	1 Week*	1 Month*	3 Months*	6 Months*	1 Year*	2 year**	3 Year**
Birla Sun Life Short Term Opp. Fund	Jun-08	0.22	0.41	1.89	3.61	9.72	10.25	10.06
Birla Sun Life Dynamic Bond Fund	Sep-04	0.40	1.31	2.54	3.64	13.21	12.06	10.13
Kotak Income Opportunities Fund	May-10	0.26	0.36	2.06	4.22	9.51	10.20	9.07
Religare Invesco Short Term Fund	Mar-07	0.19	0.62	2.04	3.19	8.83	8.61	7.92
Religare Invesco Bank Debt Fund	Dec-12	0.21	0.65	2.07	3.20	7.64	8.08	—
Reliance Regular Savings Fund	Jun-05	0.23	0.37	1.87	4.10	9.52	10.01	9.29
SBI Magnum Income Fund	Nov-98	0.44	1.72	2.66	2.60	11.12	9.44	8.12
L&T Income Opportunities Fund	Oct-09	0.30	0.59	2.10	4.38	10.32	10.72	8.66
BNP Paribas Flexi Debt Fund	Sep-04	0.40	1.54	2.54	2.50	12.10	10.60	9.91
BNP Paribas Money Plus Fund	Oct-05	0.17	0.56	1.99	4.16	8.53	8.60	8.37
Kotak Treasury Advantage Fund	Aug-04	0.17	0.55	2.05	4.37	8.94	9.32	9.05
L&T Ultra Short Term Fund	Mar-02	0.18	0.57	1.95	4.18	8.61	8.75	8.55
UTI Short Term Income Fund	Jun-03	0.24	0.67	1.98	3.58	9.12	9.68	9.33
Kotak Banking and PSU Debt Fund	Dec-98	0.19	0.60	2.02	4.33	8.77	9.37	9.14

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

Dividends declared by equity and equity-oriented funds during the month of September 2015

Scheme name	Date	Dividend declared in ₹ Per unit
Tata Balanced Fund - Regular (MD)	03/09/2015	0.46
Edelweiss Arbitrage Fund - Reg (D)	07/09/2015	0.11
Religare Invesco Arbitrage Fund (D)	08/09/2015	0.07
Axis Mid Cap Fund (D)	10/09/2015	1.75
Templeton (I) Equity Income (D)	11/09/2015	0.70
Kotak Equity Savings Fund - Regular (MD)	14/09/2015	0.05
Reliance RSF - Balanced (QD)	15/09/2015	0.40
ICICI Pru Blended Plan - A (D)	18/09/2015	0.03
ICICI Pru Equity-Arbitrage- RP (D)	18/09/2015	0.03
Sundaram Tax Saver (D)	18/09/2015	0.50
ICICI Pru Balanced Fund (D)	18/09/2015	0.15
Sundaram Balanced - RP (D)	18/09/2015	0.05
JM Arbitrage Advantage (D)	21/09/2015	0.05
Kotak Equity Arbitrage - Regular (D)	21/09/2015	0.05
Kotak Equity Savings Fund - Regular (QD)	21/09/2015	0.14
Reliance Arbitrage Advantage (MD)	21/09/2015	0.05
Reliance Tax Saver (ELSS) (D)	21/09/2015	0.45
Religare Invesco Dynamic Equity (D)	21/09/2015	0.13
UTI SPrEAD Fund (D)	21/09/2015	0.07
UTI Balanced Fund (D)	21/09/2015	0.50
Birla Sun Life Buy India (D)	22/09/2015	4.00
Birla Sun Life 95 Fund (D)	22/09/2015	7.50
Birla SL Dividend Yield (D)	24/09/2015	0.35
BNP Paribas Dividend Yield (D)	24/09/2015	0.10
BNP Paribas Long Term Equity (D)	24/09/2015	0.25
DWS Alpha Equity Fund -RP (D)	24/09/2015	1.00
DWS Arbitrage Fund - Regular (D)	24/09/2015	0.12
IDFC Arbitrage Fund - Regular (D)	24/09/2015	0.04
IDFC Arbitrage Plus-B (D)	24/09/2015	0.05
IDFC Arbitrage Plus - Regular (D)	24/09/2015	0.05
SBI Arbitrage Oppor. Fund (D)	24/09/2015	0.07
UTI India Lifestyle Fund(D)	24/09/2015	1.20
DWS Equity Income Fund (QD)	24/09/2015	0.15
SBI Magnum Balanced Fund (D)	24/09/2015	0.90
BOI AXA Focused Infrast. (QD)	28/09/2015	0.30
IDFC Dynamic Equity Fund-Reg (D)	28/09/2015	0.10
L&T Arbitrage Oppor. - Regular (MD)	28/09/2015	0.06
Baroda Pioneer Balance (D)	28/09/2015	1.90
HDFC Balanced Fund (D)	28/09/2015	0.50
Kotak Balance - Regular Plan (D)	28/09/2015	0.50
Birla SL Special Situations(D)	29/09/2015	1.30
L&T India Prudence Fund (D)	29/09/2015	0.11
JPMorgan India Equity Fund (D)	30/09/2015	0.20
ICICI Pru Balanced Adv (D)	30/09/2015	1.55

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.

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.

Why Adopting Balanced Approach For Your Portfolio Is A Must?

If you do not take enough risk on your portfolio, higher returns would remain a distant dream for you. At the same time, taking too much risk may turn your dreams into your worst nightmares

The ever expanding investment universe provides numerous investment opportunities to investors for investing their money based on their investment objectives, risk profile and time horizon. However, having too many options also makes it tricky for investors to have the right combination of investment options in their portfolios. The level of success that investors can achieve depends on how they tackle the dilemmas that often cloud their investment decisions as well as how they face the challenges of making proper selection and monitoring the progress of their portfolios.

While on the one hand, the challenge could be to decide where to invest money, on the other hand it is equally important to follow the right investment strategy. Only those investors, who keep their focus on investment goals and continue their investment process un-interruptedly, achieve investment success on a consistent basis.

It has often been observed that even those investors, who initiate their investment process through a well designed investment plan, make irrational decisions when faced with difficult market conditions. One of the reasons responsible for this kind of reaction from investors is the gap between the perceived risk and unrealistic expectations in terms of rewards.

Most investors aim to get the highest possible returns. Although there is nothing wrong with it, the lack of understanding about the potential return as well as the attendant risks often creates a gap between what their portfolios are designed to achieve and what they wish to achieve. The resultant desperation often compels them to make abrupt investment decisions. The truth is that if you do not take enough risk on your portfolio, higher returns would remain a distant dream for you. At the same time, taking too much risk may turn your dreams into your worst nightmares.

Therefore, if you are looking to plan for your financial security, you must find a balancing point that can help you achieve your investment goals in line with your risk taking capacity. This is where an asset allocation strategy has a role to play. Asset allocation is the process of combining various asset classes such as equity, debt, real estate and commodities into a portfolio. It helps because if one asset class is losing money, the other asset class may be earning for you.

Remember, investing pre-dominantly in one asset classes has its pros and cons. For example, if a substantial part of your portfolio consists of securities belonging to a risky asset class like equity, the end result can deviate substantially from your expectations over the short to medium term. Considering that asset allocation is the most important factor in determining the kind of returns you can get on your investments over time, it must be the mainstay of your portfolio.

There is a myth surrounding asset allocation that it makes investors compromise on returns. In reality, asset allocation is a form of diversification that reduces your portfolio risk more than it compromises returns. Remember, when you invest in two different asset classes that tend to go in opposite directions in different market conditions, the combination is likely to have a stabilizing effect on your portfolio. For example, the stock market does well during an economic boom, and loses ground during recessionary times. Bond market, however, goes in the opposite direction. While the recessionary conditions are good for the bond markets, a booming economy is not so good for it.

It is important to know that your portfolio must have adequate diversification both in terms of asset classes as well as within an asset class. A well diversified portfolio reduces the chances of your portfolio suffering from risks that are usually associated with having concentrated holdings. Remember, diversification helps in minimizing the impact of any negative performance either in a sector/ industry or an investing style.

Having flexibility in your asset allocation strategy allows you to accommodate the changes in your financial circumstances as well as the changes in the economic cycle. Considering that economic environment has a direct impact on the behavior of the financial markets, the level of flexibility in your portfolio holds the key to how you can handle both positive and negative impacts, especially during short and medium term.

It is vital to keep certain key points in mind while deciding your asset allocation and practicing it over a period of time. The key ingredients should be your time horizon, investment goals as well as your risk tolerance. As different asset classes behave differently over different time periods, a carefully designed portfolio can help in managing the market risk efficiently. As your investment time frame and goals change, so should your asset allocation.

It is equally important to select the most appropriate investment options. The key considerations while selecting the instruments should be suitability, flexibility, transparency, tax efficiency and liquidity.

(This article written by our CEO, Hemant Rustagi, was published on www.dalaltimes.com on September 21, 2015)

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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 either at our Andheri or Fort office.

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