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WEALTHWISE®

Wiseinvest®
AMFI-registered Mutual Fund Distributor

Inside

Wealthwise

"Wealthwise" is a monthly publication brought to you by Wiseinvest, an AMFI-registered Mutual Fund Distributor. Our CEO, Hemant Rustagi, is a well known personal finance expert. He brings with him an experience of more than 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. Providing quality service is our top priority. In keeping with that, we constantly take steps to provide up-to-date information to our clients. In the last twenty one years, thousands of our clients have made mutual funds the mainstay of their portfolios. You can benefit too from our service support 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@wiseinvest.co.in.**

Dear Investor,

September logged the highest FPI inflows year-to-date (YTD). FPIs continued their buying streak on account of a sharp increase in India's weight in global indices like FTSE and MSCI, supersized 50 basis points (bps) interest rate cut by the US Federal Reserve and out-performance of Indian markets. Flows from FPIs were moderate in the first half of 2024 on concerns over rich valuations and tight monetary policy in the US.

FPIs have also been betting heavily on Indian debt, with September's investments amounting to $3.75 billion. This brings total debt investments in 2024 to $17.09 billion. In total, FPI investments across all categories touched around $30.66 billion by September, surpassing last year's total of $28.70 billion.

However, FPI flows to India could moderate for some time depending on the strength of the current rally in the Chinese markets. Some of the active FPIs may direct incremental global emerging markets inflows to China due to the attractive valuations and potential sustained rally.

Indian markets are now awaiting RBI's action on the rate cut. While there is a case to marginally cut rates, the question is whether the central bank will follow suit by cutting the repo rate in October or wait until December.

India's consumer price index (CPI) inflation in August 2024 stood at 3.65 percent compared with 6.83 percent a year ago. This was the second time in nearly five years that overall retail inflation fell below the Reserve Bank of India's 4% inflation target. The last time was July 2024.

The gross goods and service tax (GST) collection rose 6.5 per cent to nearly ₹1.73 lakh crore in September, compared to ₹1.63 lakh crore same period last year. While GST revenue so far this fiscal has grown by over 9%, the monthly growth is perhaps less than expected. However, with the festive season coming, revenue collection for the next couple of months will be eagerly watched as they are a proxy for economic growth.

Warm regards,

Hemant Rustagi
Editor

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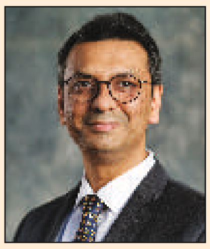
The Stock Market Performance During September 2024

Indices	30th August 2024	30th September 2024	Change in (%)
Sensex	82,365.77	84,299.78	2.35
MIDCAP	49,065.36	49,351.91	0.58
SMLCAP	56,021.55	57,130.93	1.98
BSE-100	26,726.58	27,338.60	2.29
BSE-200	11,679.27	11,926.92	2.12
BSE-500	37,459.06	38,227.64	2.05

The Mind Sees What It Chooses To



In Greek mythology, one comes across a bandit character named Procrustes who lived on The Sacred Way between Athens and Eleusis. Procrustes used to invite tired travellers to his home, give them food and offer them his bed to rest. However, if the travellers were short and did not fit the bed completely, he would hammer and stretch them. If the travellers were tall, Procrustes would amputate the excess length. In either case, the travellers died. This story of the Procrustean Bed is used to describe how people try to fit facts into a preconceived theory. Researchers have shown that we actively seek out only the information that supports our beliefs or actions and ignore or undermine the information that is contradictory. This tendency affects investment decisions too. It comes in the form of two characteristics of our behaviour - Confirmation Bias and Cognitive Dissonance.

Confirmation Bias

Once we make an investment, we actively search for reassurance and confirmation for our actions. We love meeting people who have something good to say about it. This may include other like-minded investors, analysts recommending this particular stock/asset, owners or management of the company (who generally are optimistic about their prospects) etc. We also start noticing every small positive development, no matter how insignificant to our case. New information is also viewed under the lens of existing convictions. This is Confirmation Bias.

Confirmation bias may lead to over confidence and negligence of BUY-SELL discipline. Investors who only look for a positive news about their investments are vulnerable to high portfolio concentration or even high leverage. They may miss spotting a change in the business trend or in identifying a mistake in their forecasts. The result? - Bad investment outcomes.

How do you counter the confirmation bias?

The antidote to confirmation bias was discovered way back in the 16th Century. During a canonization process (an act by which a Christian Church declares a person as Saint) employed by the Roman Catholic Church, a person is assigned to argue against it. It was this person's job to take a sceptical view of the candidate's character and to look for holes in the evidence. The position of this person was known as "Advocatus Diaboli" or commonly referred to as "The Devil's Advocate".

Confirmation bias can be managed by having a team member or a friend play the devil's advocate against the investment decision. We must make sure the person is someone we trust and would act in our best interest. The decision maker also must be mentally prepared to accept the negative findings. So, one must understand that knowledge about the downside risks to the investment does not make the investment case weak, in fact it makes it stronger.

Cognitive Dissonance

When the new information conflicts with our pre-existing beliefs and decisions, we experience a mental discomfort called the cognitive dissonance. This condition is also known as psychological scotoma - When people are faced with information that is inconvenient to their ego, they respond by turning a 'blind eye' to it.

After making an investment, if there is a negative development reported in the company or some other stock comes in as a better investment, we have a hard time accepting the new reality. Our mind struggles to rationalize the conflicting information to alleviate this discomfort. Investors can go to great lengths to justify their decisions. One of the biggest and the most dangerous rationalization statement in financial markets is "this time it's different".

As a result of cognitive dissonance, investors either add to their lossmaking investments or continue to hold them as they sink. Many investors also mentally assign the loss to luck or a third party to relieve themselves of the pain. By not accepting their mistake, these investors make themselves vulnerable to repeat them.

How to avoid the pitfalls of cognitive dissonance?

Expecting mistakes, accepting mistakes and learning from mistakes are the way out of this dissonance. Investing is simple not easy; hence expect mistakes. Before making an investment, investors must go through a pre-mortem analysis. If you are buying a stock, imagine that two years hence, (or at the end of your investment horizon) the stock has given a negative return. List down all the things that you think that could have led to such a poor return. It is important to do this exercise before taking the action to remain unbiased. Perform a scenario analysis, giving a base case, bear case and bull case with probabilities of these cases coming true.

These tools will help the mind expect and accept the mistakes. Maintain an investment journal where you record every investment decision. When evaluating the outcomes, compare them with your journal and check what worked and what did not.

Back to Procrustes! Procrustes continued his reign of terror until he was captured and killed by Theseus, a Greek hero of Athens. The name Theseus comes from the Greek word "Thesmos" which means rule or precept. Taking inspiration from Greek mythology, investors can also use these rules or precepts (like Devil's Advocate, Pre-mortem, Scenario Analysis, Investment journal) to overcome Confirmation Bias and Cognitive Dissonance.

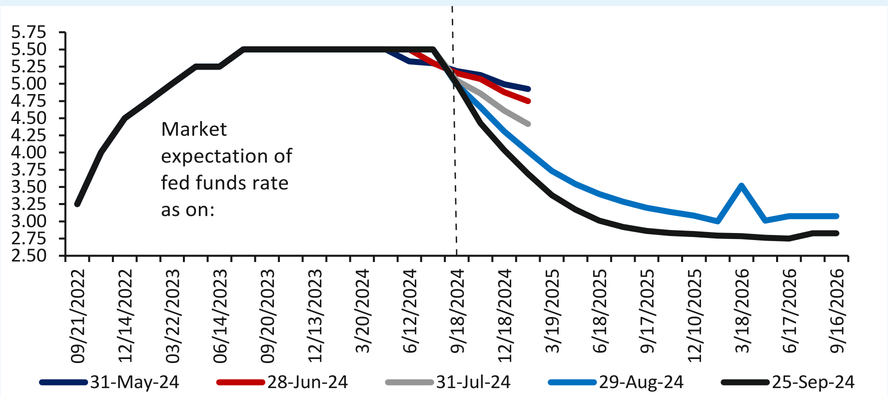
Nimesh Chandan
Chief Investment Officer
Bajaj Finserv AMC

Market Outlook - SBI Mutual Fund

The FOMC policy easing by 50 bps has finally initiated the much-anticipated easing cycle by the US FED. In terms of signalling, the 50 bps cut was intended to ensure that the FED does not stay behind the curve. With inflation gradually easing towards the 2% target and early signs of a slowdown in the jobs market, the FED action largely seeks to ensure a soft landing, while avoiding material impact on growth. The commentary also broadly hinted at the likelihood of measured actions in the coming meetings which largely explains the reaction of the treasury yields post the FOMC. Overall, the market continues to anticipate an additional 75 bps over CY24 based on futures pricing. This may probably be at odds with what the FED may deliver.

Chart 1

Market expectation points towards 250bps rate cut in the span of one year

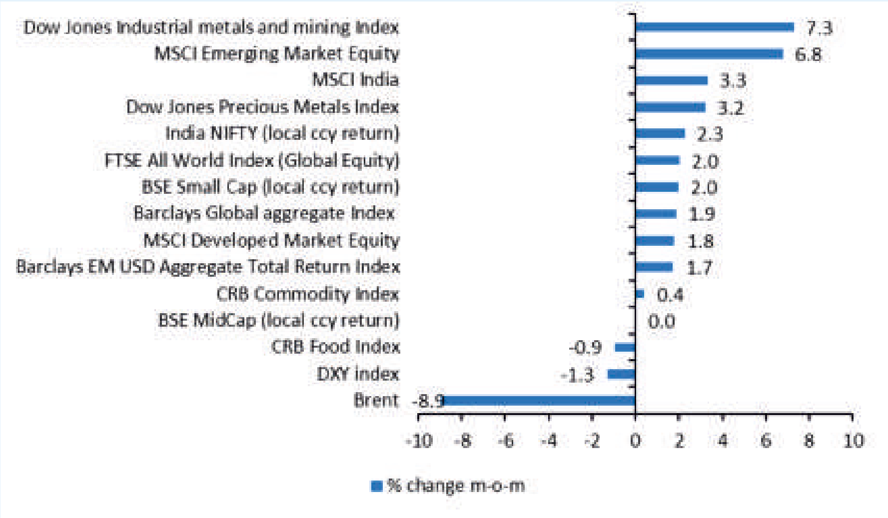


Source: Bloomberg, SBIFM Research

The month gone by was dominated by global policy developments with the US Fed embarking on the much-anticipated easing path with a 50bps cut in Fed Fuds rate. On the other hand, China announced a slew of policy measures in a bid to revive its economy. These policy actions in the two largest economies in the world led to an improvement in financial market sentiment. Especially, Emerging market equities and Commodity stocks fared particularly well.

Chart 2

EM Equities and Commodity stocks stage a strong bounce back

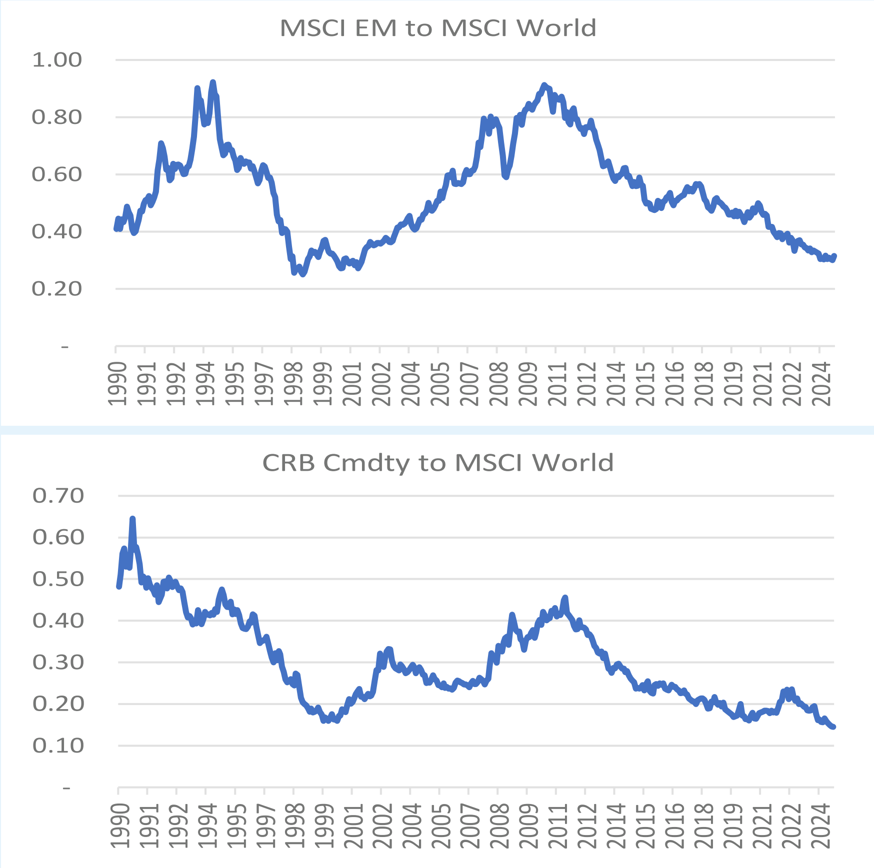


Source: Bloomberg, SBIFM Research; NB: Barclays global aggregate index includes treasury, government related, corporate and securitized fixed rate bonds from both developed and emerging market issuers, Barclays EM USD Aggregate total return index includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

Even with the sharp uptick in Emerging Market equities and Commodities, there is still significant room for both these assets to catch up versus Developed Market Equities when looked at from a longer perspective. Emerging Market Equities have been underperforming for more than a decade now; the ratio of MSCI Emerging Market Index to MSCI World Index is at multi-year lows consequently, with the relative underperformance of EMs now being pretty close to the 1999-2000 levels. Similarly, commodities have underperformed world equities for over a decade now and the underperformance here is again similar to the 1999-2000 levels, as evinced in the ratio of CRB Commodity Index to MSCI World Index.

Chart 3

EM equities and Commodities still have a lot of catch up to do versus DM equities



Source: Bloomberg, SBIFM Research. A declining ratio means that the asset in the numerator is underperforming the asset in the denominator.

A reversion higher in these ratios would imply a period of sustained outperformance for EM equities and commodities. If the global policy mix stays skewed towards fiscal expansion, with monetary policy playing an accommodative role, we could have an environment of higher growth and higher inflation tolerance. This mix in turn could support EMs as well as commodities. For India, a sustained and broad-based performance of EMs however may imply some near-term realignment in flows towards other EMs. This may especially be the case as India has been the only major EM so far that has continued to perform amidst a relatively challenging phase for EMs in general. This in turn has led to the valuation premium for Indian equities versus the EM equity index swell to historic highs. We may see

Cont. on page 5...

Performance Of Select Funds

Data as on September 27, 2024

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	22.64	39.85	28.39	16.62	19.84	15.05	14.23	14.37
ICICI Prudential Bluechip Fund	May-08	19.27	43.65	32.32	20.13	21.85	17.38	15.49	15.77
Kotak Bluechip Fund	Dec-98	22.10	39.43	27.97	15.68	20.22	16.30	14.67	13.53
Nippon India Large Cap Fund	Aug-07	19.72	40.92	33.20	22.39	22.33	17.65	15.96	15.00
ABSL Flexi Cap Fund	Aug-98	25.19	42.73	30.80	16.33	20.78	15.45	15.89	14.97
Bajaj Finserv Flexi Cap Fund	Aug-23	29.00	48.10	-	-	-	-	-	-
Bandhan Focused Equity Fund	Mar-06	27.14	48.52	31.04	18.38	19.85	13.76	13.24	11.68
HDFC Flexi Cap Fund	Jan-95	23.91	48.26	36.42	26.76	24.99	19.31	16.18	16.20
Invesco India Focused Fund	Sep-20	29.71	69.96	41.38	22.95	-	-	-	-
Kotak Flexicap Fund	Sep-09	21.08	38.58	29.01	17.05	19.07	15.64	15.82	15.26
Motilal Oswal Flexi Cap Fund	Apr-14	32.07	63.14	37.53	20.35	19.08	14.16	16.93	-
Parag Parikh Flexi Cap Fund	May-13	19.30	41.00	32.47	17.76	26.28	20.96	18.78	-
Quant Flexi Cap Fund	Oct-08	21.20	55.85	36.09	24.34	35.84	23.28	21.62	13.86
SBI Focused Equity Fund	Oct-04	19.23	31.96	23.34	13.07	18.87	16.61	15.76	18.02
Axis Growth Opportunities Fund	Oct-18	22.50	45.38	31.05	17.60	24.54	-	-	-
Bandhan Core Equity Fund	Aug-05	29.08	57.55	42.07	26.45	25.82	18.79	17.33	14.26
HDFC Large and Mid Cap Fund	Feb-94	24.58	46.00	36.88	24.51	26.37	19.55	15.40	13.45
HSBC Large and Mid Cap Fund	Mar-19	30.63	50.45	35.79	21.94	22.98	-	-	-
ICICI Prudential Large & Mid Cap Fund	Jul-98	24.27	50.34	36.41	24.99	26.26	19.06	16.27	15.78
Kotak Equity Opportunities Fund	Sep-04	25.09	44.79	33.84	21.93	24.26	18.36	17.49	15.78
Motilal Oswal Large and Midcap Fund	Oct-19	33.79	61.62	45.22	26.72	-	-	-	-
SBI Large & Midcap Fund	Feb-93	23.17	38.51	28.37	20.76	23.39	18.22	16.83	16.02
UTI Large & Mid Cap Fund	Feb-93	29.34	52.51	38.84	23.40	25.75	17.87	15.71	14.26
Invesco India Contra Fund	Apr-07	32.36	54.83	36.08	22.67	24.81	19.60	18.03	16.79
HSBC Multi Cap Fund	Jan-23	24.43	53.79	-	-	-	-	-	-
Kotak Multicap Fund	Sep-21	24.71	54.23	41.72	-	-	-	-	-

Midcap & Smallcap

HDFC Mid-Cap Opportunities Fund	Jun-07	25.34	48.39	42.08	28.94	30.15	20.62	19.99	21.15
Kotak Emerging Equity Fund	Mar-07	34.01	49.79	35.51	24.75	28.89	20.75	20.66	19.49
Motilal Oswal Midcap Fund	Feb-14	36.13	71.37	45.31	36.99	32.83	23.29	21.70	-
Nippon India Growth Fund	Oct-95	31.30	53.50	42.25	27.50	31.21	22.33	19.77	17.30
Bandhan Small Cap Fund	Feb-20	41.82	73.67	50.95	28.77	-	-	-	-
HDFC Small Cap Fund	Apr-08	20.82	35.35	37.81	24.54	29.28	20.96	19.97	18.19
Kotak Small Cap Fund	Feb-05	33.84	45.89	33.01	22.06	32.59	21.97	20.86	19.67
Nippon India Small Cap Fund	Sep-10	29.71	48.98	43.22	31.15	36.88	24.98	23.79	-
Quant Small Cap Fund	Nov-96	24.09	55.46	47.59	30.53	47.87	27.91	21.89	19.55

Sectoral / Thematic Fund & Tax Saving

ICICI Prudential Banking and Financial	Aug-08	21.52	30.33	24.18	14.31	14.90	12.25	15.24	16.14
ICICI Prudential Pharma Healthcare	Jul-18	30.80	62.86	44.47	22.85	32.59	-	-	-
Nippon India Banking & Financial	May-03	19.72	30.70	27.87	19.03	17.38	13.38	14.82	15.42
Nippon India Pharma Fund	Jun-04	23.57	51.28	38.08	19.40	29.81	22.42	16.00	19.64
Nippon India Power & Infra Fund	May-04	25.11	65.36	54.07	35.59	32.01	20.28	18.43	11.64
SBI Healthcare Opportunities Fund	Jul-99	23.57	51.32	40.34	21.92	30.72	19.59	14.57	18.69
ABSL PSU Equity Fund	Dec-19	16.42	65.65	56.17	39.10	-	-	-	-
Bandhan Transportation and Logistics	Oct-22	28.51	55.78	-	-	-	-	-	-
Kotak Pioneer Fund	Oct-19	26.45	52.11	36.76	19.80	-	-	-	-
Bandhan ELSS Tax Saver Fund	Dec-08	18.82	36.08	29.65	19.41	24.62	17.55	17.09	16.77
Kotak ELSS Tax Saver	Nov-05	22.49	41.47	31.15	20.37	22.72	17.85	16.86	14.74
Nippon India ELSS Tax Saver Fund	Sep-05	24.53	46.20	33.12	20.53	21.57	12.42	12.50	15.15

ARBITRAGE FUNDS

Funds	Launch	3 Mth*	6 Mth*	1 Year*	2 year**	3 Year**	5 Year**
Bandhan Arbitrage Fund	Dec-06	1.56	3.60	7.42	7.14	5.90	5.08
ICICI Prudential Equity Arbitrage Fund	Dec-06	1.58	3.59	7.42	7.16	5.98	5.27
Kotak Equity Arbitrage Fund	Sep-05	1.53	3.67	7.72	7.40	6.24	5.46

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	19.10	32.40	22.74	12.56	15.73	11.56	12.22	12.78
Canara Robeco Equity Hybrid	Feb-93	18.55	32.76	23.13	13.69	17.84	14.76	13.94	14.14
DSP Equity & Bond Fund	May-99	23.54	33.26	25.66	14.17	17.51	14.54	14.24	13.26
ICICI Prudential Equity & Debt	Nov-99	17.16	39.54	31.28	22.73	24.37	18.46	16.75	16.94
Kotak Equity Hybrid Fund	Nov-99	22.60	35.85	25.47	17.34	20.07	15.67	14.15	12.93
SBI Equity Hybrid Fund	Dec-95	16.09	29.00	20.00	12.43	15.76	13.90	13.39	13.20
ABSL Bal. Advantage Fund	Apr-00	15.86	25.94	19.52	12.50	14.15	-	-	-
ICICI Prudential Bal. Advantage	Dec-06	11.93	24.52	18.49	13.93	14.48	-	-	-
Kotak Bal. Advantage Fund	Aug-18	14.77	24.69	18.66	12.25	13.57	-	-	-
Nippon India Bal. Advantage	Nov-04	13.83	26.74	19.16	12.98	13.94	-	-	-
Bandhan Equity Savings Fund	Jun-08	5.72	10.76	9.58	6.71	8.22	-	-	-
Kotak Equity Savings Fund	Oct-14	10.04	20.93	16.69	12.63	12.16	-	-	-

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 Fund	May-03	0.85	2.35	4.19	7.87	7.35	5.94	6.72
Axis Corporate Debt Fund	Jul-17	0.87	2.50	4.29	8.01	7.46	5.81	6.87
HDFC Corporate Bond Fund	Jun-10	0.97	2.62	4.64	8.38	7.95	5.97	6.99
Kotak Banking and PSU Debt	Dec-98	0.95	2.53	4.36	8.12	7.54	5.86	6.75
Kotak Corporate Bond Fund	Sep-07	0.93	2.62	4.57	8.31	7.65	5.92	6.53
SBI Banking and PSU Fund	Oct-09	0.88	2.44	4.18	7.69	7.21	5.33	6.16
ICICI Prudential Savings Fund	Sep-02	0.61	1.97	3.96	7.65	7.65	6.20	6.51
Kotak Savings Fund	Aug-04	0.57	1.74	3.61	7.05	6.93	5.81	5.49

*Absolute ** Annualised. Past performance may or may not be sustained in future.
Source: Value Research

Dividends declared by equity and equity-oriented funds during the month of September 2024

Scheme name	Date	Dividend declared in ₹ Per unit
ICICI Prudential Equity & Debt Fund- Monthly	02-09-2024	0.16
Sundaram Equity Savings Fund- Half Yearly	11-09-2024	0.57
Sundaram Equity Savings Fund- Quarterly	11-09-2024	0.31
ICICI Prudential Equity & Debt Fund- Annual	12-09-2024	2.30
ICICI Prudential FMCG Fund	13-09-2024	8.75
ICICI Prudential Equity & Debt Fund- Half Yearly	13-09-2024	1.20
ICICI Prudential ELSS Tax Saver Fund	17-09-2024	0.70
Sundaram Aggressive Hybrid Fund- Monthly	17-09-2024	0.25
PGIM India Equity Savings Fund- Monthly	17-09-2024	0.07
Sundaram Dividend Yield Fund- Half Yearly	18-09-2024	1.58
Sundaram ELSS Tax Saver Fund- Half Yearly	18-09-2024	15.31
Sundaram Diversified Equity Fund	19-09-2024	0.13
Aditya Birla Sun Life Dividend Yield Fund	23-09-2024	0.54
Aditya Birla Sun Life Equity Hybrid 95 Fund	23-09-2024	3.39
Aditya Birla Sun Life Equity Savings Fund	23-09-2024	0.24
Aditya Birla Sun Life Pharma & Healthcare Fund	23-09-2024	1.71
Edelweiss Large Cap Fund	23-09-2024	1.00
Edelweiss Aggressive Hybrid Fund	23-09-2024	0.17
Edelweiss Equity Savings Fund- Monthly	23-09-2024	0.08
Sundaram Large Cap Fund	24-09-2024	0.28
Sundaram Focused Fund- Half Yearly	26-09-2024	1.63
Sundaram Multi Cap Fund- Half Yearly	26-09-2024	2.54
Axis Equity Hybrid Fund- Monthly	26-09-2024	0.10
Axis Equity Hybrid Fund- Quarterly	26-09-2024	0.30
Axis Equity Saver Fund- Monthly	26-09-2024	0.09
Axis Equity Saver Fund- Quarterly	26-09-2024	0.27

Source: Moneycontrol

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 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.

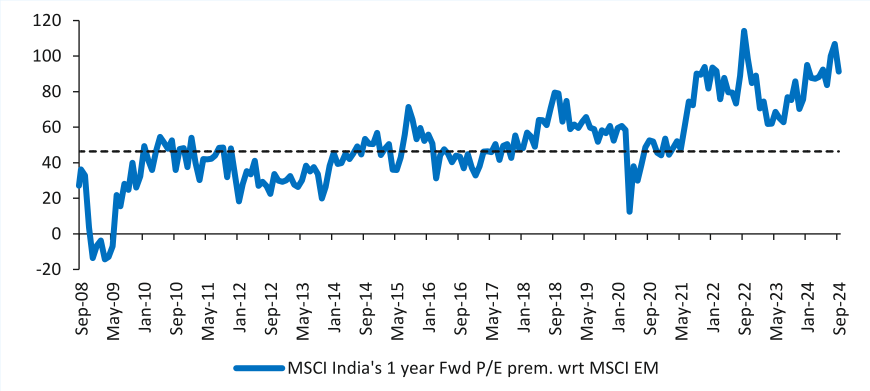
Market Outlook - SBI Mutual Fund...

...Cont. from page 3

some moderation in this premium if other EMs start performing as well. From a longer-term perspective however, an environment of EM outperformance should augur well for India too. Not only will broad based global growth have a positive rub-off on domestic growth but a revival in investor interest in EM equities as an asset class will help from a flow standpoint too.

Chart 4

Indian equities stay at elevated premium to the EM index on valuations

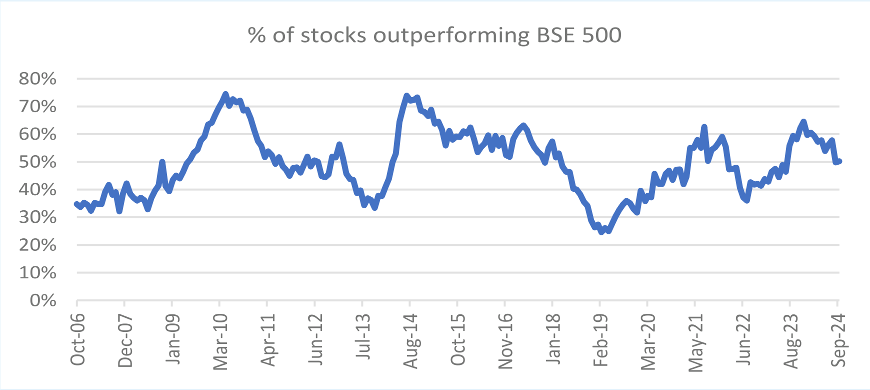


Source: Bloomberg, SBIFM Research

While Indian equities maintained their upward momentum in September, they are off to a weak start in October probably led by a rebalance in global portfolios as also the fear of higher Oil prices owing to the Iran-Israel conflict. Broader markets, however, were subdued than the benchmark indices even in September with Nifty Midcap 150 and Nifty Smallcap 250 delivering returns of 1.8% and 1.3% respectively against 2.3% returns for the Nifty50 during the month. Overall, market breadth has been on a declining trend over the past few months, as evinced in a declining proportion of BSE500 stocks outperforming the index. Also, our proprietary equity sentiment measure stays elevated suggesting heightened complacency which is a contrarian indicator at extreme readings like these. Finally, while we stay constructive on earnings in the medium term, the near-term trajectory has been decelerating as commodity price tailwinds abate and revenue growth stays anemic. This mix we believe is ideal for a reduction in the thus-far-unabated speculative action in equity markets. We remain of the view that increasingly the market will become more discerning and move back towards companies which have strong business models, long-term earnings growth visibility and sustainable cashflows.

Chart 5

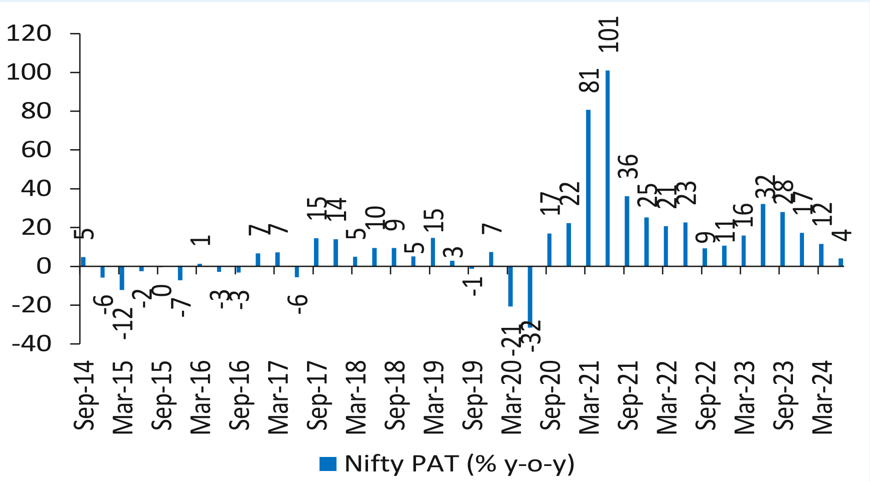
Market breadth has been narrowing in the recent upmove

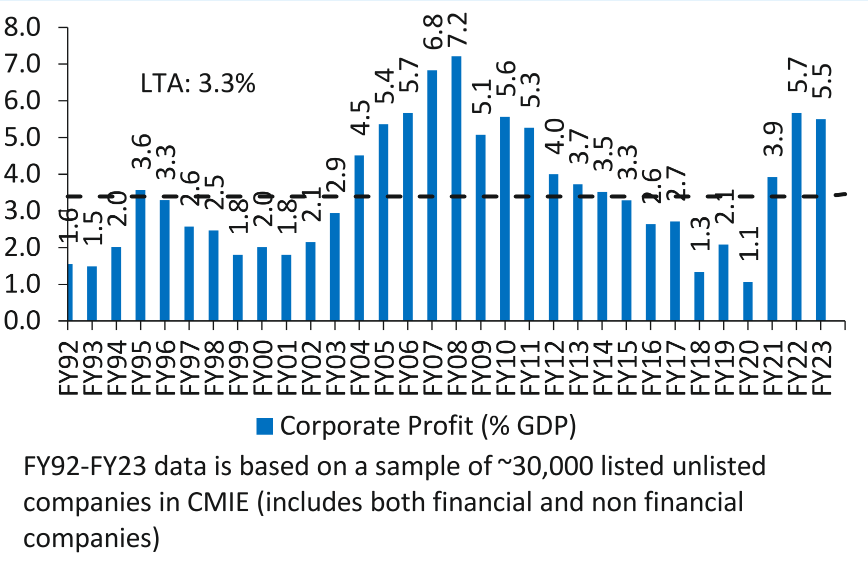


Source: FactSet, SBIFM Research

Chart 6

Earnings in slow lane near-term, medium-term outlook intact

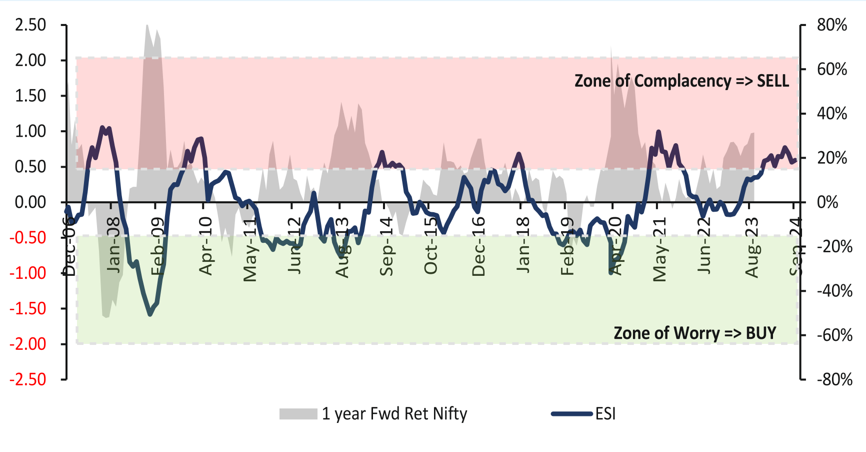




Source: CMIE Economic Outlook, MOSL, Bloomberg, SBIFM Research

Chart 7

Complacency stays high as Equity Sentiment stays stretched



Source: Bloomberg, FactSet, SBIFM Research; Note: ESI stands for Equity Sentiment Index

Chart 8

Time for Quality?

Source: FactSet, SBIFM Research. Returns are the difference in rolling 3-year CAGR returns of the average of top 2 quintiles on the two styles. The classification into quintiles is based on SBIFM's definition of the respective style/factor.

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Your Portfolio Should Reflect Your Intent

All of us invest with an intent to earn healthy returns so that different investment goals can be achieved within defined time horizon. However, to achieve this, one must have a process in place and maintain a balance between risk and reward. Some of the key factors that play a significant role in this process are asset allocation, attitude towards risk, time horizon and the extent to which risks to life, health and assets are covered through insurance.

Investors often err in creating a portfolio which doesn't reflect what they intend to achieve through it. Any imbalance in the portfolio can negatively impact the outcome of your investment process. For example, if you don't take enough risk, healthy returns would remain a distant dream. However, taking too much risk could turn your dreams into worst nightmares. This is where an asset allocation strategy helps in keeping your investments on track to achieve the desired results. Remember, asset allocation is the process of combining various asset classes such as equity, debt, real estate and commodities into your portfolio.

While asset allocation provides a roadmap, it is equally important to stay on course to benefit from power of compounding. Remember, the real power of compounding comes with time. Essentially, compounding is the idea that you can make money on the money you've already earned. That's why, the earlier you start investing, the more your money can work for you. No matter how young you are, the sooner you begin investing, the better.

Another significant aspect of successful investing is having a strategy for exiting from an investment. Remember, a proper strategy helps you avoid taking decisions that are dictated by emotions rather than any logic. You must do a thorough analysis before taking a decision to sell. One of the important aspects is to focus on long-term track record rather than short term performance. A long-term track record moderates the effects which unusually good or bad short-term performance can have on a fund's track record.

In an era of constant changes and volatile financial markets, it is important to keep your investments on track through your defined time horizon. While it is always advisable to take interest in your investment process, the "Do It Yourself" (DIY) strategy could expose you to unwarranted risks if you are not sure about your ability to make right investment decisions. Although investing in a regular plan is more expansive as compared to a direct plan, the benefits of working with an expert far outweighs the increased cost in the long run.

Last but not the least, tax efficiency of portfolio returns plays a crucial role in improving the real rate of return in the long run. The tax efficiency becomes even more important when you invest to achieve medium to long-term investment objectives like children's education, buying a house and retirement planning. After all, how much you get to keep at the end of your time horizon decides how successful you would be in achieving your investment goals.

Investment options like mutual funds provide tax efficient returns. For example, Long-term Capital Gains (LTCG) i.e. any gains from an investment in equity and equity-oriented fund held for 12 months or more that exceed Rs.1.25 lakhs in a financial year are subject to 12.5% tax rate. For investors in higher tax brackets, it can make a significant difference when compared with taxation on traditional options wherein returns are taxed at their nominal tax rate. Therefore, you must have a "tax aware" investment strategy in place to improve your post-tax returns.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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