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# 10<sup>TH</sup> AAFM® ANNUAL WEALTH MANAGEMENT CONVENTION 2022



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EDITION**  
10 DECEMBER 2022

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## DEEPAK JAIN

**DIRECTOR**  
American Academy of  
Financial Management® India

### TOPIC

## Editor's Message

### FROM DIRECTOR'S DESK

If time is the true measure of success, then the 10th Edition of Annual Wealth Management Convention, 2022 is nothing less than a celebration of that success with a long list of achievements and milestones to the credit of AAFM® India and its proud partners in a decade-long journey. We are proud to host this mega event in no other place than Bombay Stock Exchange, a powerful symbol of the economic might of India right in the heart of the nation's financial capital.

It also makes us feel a bit nostalgic since this is where we hosted the very first Annual Wealth Management Convention all the way back in 2012. AAFM® India is delighted to welcome industry stalwarts, stakeholders, wealth management professionals,

financial advisors, portfolio managers and other members of financial industry on this platform along with students looking to make a career in finance and write the future history of wealth management industry.

Our philosophy is reflected in the motto of "Link – Learn, Inspire, Network, Konnect" with a focus on the idea of engagement. It can be engagement with your peers, clients, new prospects or acquaintances but the key is to learn and grow. We believe that the future of wealth management industry is all about positively engaging with stakeholders to innovate, create and implement policies and approaches to effectively deal with emerging challenges.

## ARTICLE

In the current edition, we have featured content from industry stalwarts sharing their opinions, experiences and worldviews to help bring to life a vision of sustainable growth for the global industry

American Academy of Financial Management® India takes pride in providing a common platform for industry stakeholders to voice their opinions and share their accumulated wisdom with their peers. It might be apt to add here that 'AAFM® Finance Club' has also proved to be an amazingly successful platform intended to create an efficient network of industry stakeholders with a membership base of 5000 and growing.

We at AAFM® India are dedicated to make a positive contribution to the financial industry with a focus on training professionals and equipping them with the right kind of skills and knowledge to meet future challenges with a newfound vigor. It would not be out of context to note here that in the recently published Commitment to Reducing Inequality Index Report (CRII) 2022, India has improved its ranking from 129 in 2020 to 123 in 2022 which reflects the policy initiatives to reduce inequalities in income distribution in India. Speaking of which, we strongly feel that equitable wealth distribution needs to be integrated as one of the fundamental goals of financial industry at large and wealth management industry in particular.

We at AAFM® India believe that financial education is the only way to empower the masses and the society must come together to work towards such a noble cause. To translate our vision into reality, we work to spread financial awareness among masses through a non-profit initiative called the 'Financial Literacy Advisory Body India' (FLAB India). The theme of our last Regional Wealth Management Convention held in Delhi in Sep 2022 was related to mutual fund distribution industry since we realize that by empowering this industry we can help create better wealth creation opportunities for the average retail investor.

This in turn connects with our three-fold objective of "Wealth Creation, Wealth Protection, Wealth Transfer" which is geared towards creating a society where people have equal opportunities to create wealth, right kind of knowledge and skills to achieve wealth protection and right kind of awareness and expert assistance for wealth transfer.

Finally, I take immense pride in the way AAFM® India has aged with grace as a decade-old organization and take this opportunity to pause and reflect for a moment on what we have achieved and what we have missed. By the grace of our benefactors, we had the fortune to create many happy memories of shared success over the last 10 years. But, instead of basking in the glory of our accomplishments, we prefer to continue striving to reach new heights.

At the end, I feel humbled and delighted to thank everyone on behalf of AAFM® India, who might have made their contribution, in no matter how small or big a way, to help us reach where we are today, to become what we are and what we stand for.



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## ANOOJ MEHTA

VICE PRESIDENT - PARTNER SUCCESS

1 Finance

### TOPIC

# Mis-selling - A Harsh Reality of The Financial Industry

## PROFILE

Anooj is an MBA in Finance with 6 years of experience in the financial industry, where he focused on financial risk management consulting. Currently, he is working towards improving the ecosystem around financial advisors, assisting them to provide service to middle-networth individuals in India, and taking qualified financial advisors mainstream in India.

In spite of more than 55 billion transactions happening digitally in India in FY21, banks and other financial institutions still rely on relationship managers (RMs) for sales. Missing sales targets is not an option for RMs as their remuneration is tied to it. And most of these RMs are given difficult targets to achieve. An RM at a bank is expected to make 20 calls, generate 8 leads, 5 lead conversions, and make at least 2 physical visits per day - an RM told The Ken. A typical job description of an RM in a private bank has requirements such as "strong persuasion skills", "ability to close deals" and "able to get higher wallet share from customers" mentioned. This is the same RM who is tasked with selling financial products after receiving just 15 days of training. Moreover, the trainings are given by salespeople who weren't particularly successful in the field and only have a basic understanding of the respective products. There is a heightened emphasis on selling 3rd party products that earn money for financial institutions in the form of fees. About 50% of a bank's Current Account Saving Account (CASA) is managed by RMs. Sales targets of RMs increase by 20-30% every year, in spite of the digital adoption by customers. RMs are compelled to make a sale even if the product isn't a good fit for the customer or the customer doesn't require it. A fertile ground is thus created for RMs to mis-sell products in an environment where the customer relies on them to make important financial decisions. RBI's Ombudsman report says it recorded ~1 lakh complaints against private banks in the year 2020, which was 80% higher than in 2019.

Financial products are priced on the high side on purpose to match higher payouts to intermediaries/distributors. Through 1 Finance's primary research with Frost & Sullivan in 2021, we found that distributors can expect a payout of about 80 basis points on bonds, >1% on mutual funds, 1-2% on portfolio management services (PMS), 1.5-2% on loans, and as high as 90% on insurances. A distributor who is simply interested in making money would naturally steer customers toward the products that provide the highest payouts. The interests of the customer are clearly not being served in this way.

We found that 73% of people from socio-economic classes A and B in tier 1 and tier 2 cities had trouble understanding if the product was good for them and if it had the desired characteristics. Of the total 73%, 69% were women who found the information on the financial product difficult to understand. More than 50% of respondents considered the need for financial planning to ensure investments in the "right" products, systematically build wealth, and achieve their financial goals. They don't want an agent representing an institution to pressure them into purchasing a product that isn't in their best interest just so that the agent can get a huge commission. Exacerbating the situation is customers not receiving accurate information from bank RMs that are not properly trained.

As of 2018, there are about 8.2 lakh people who are National Institute of Securities Markets (NISM) certified. Such individuals either join banks as RMs or run their independent advisory services. Despite these numbers, very few of these individuals have the proper training and professional certification that would enable them to properly assess client needs, identify the right products and services that would meet those needs, and provide services in a way that would actually contribute to the client's financial development. There is a dire need for competent financial advisors that prioritise the requirements of clients and suggest what is actually "good" for them. This might have limitless beneficial externalities, starting with a reshaping of India's personal finance landscape.





## MANISH MEHTA

JOINT PRESIDENT & NATIONAL HEAD -  
SALES DIGITAL BUSINESS & MARKETING  
Kotak Mahindra Asset Management Co. Ltd.

### TOPIC

# Financial Planning and Asset Allocation

## PROFILE

Manish is responsible for the overall business growth, marketing & digital strategy for Kotak Mutual Fund across various channels of distribution Viz. Intermediary and Institutional Channel.

Manish joined Kotak group in 1999 in the domestic AMC business. Manish has also worked as the President & CEO at Kotak Mahindra Inc., our US based subsidiary.

With over two decades of experience in financial markets, Manish is a domain expert in sales and distribution of fixed

income securities and mutual funds to institutional clients and intermediaries. Prior to joining Kotak, Manish held senior roles at AIG Investments, InvestSmart India Limited and the National Stock Exchange.

Manish holds Master in Management Studies (MMS) from the University of Mumbai. His hobbies include reading, listening to music and travelling.



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## ARTICLE

You plan for many things in life. The goals could be big or small – planning helps us define how we can achieve them.

Be it creating a timetable for yourself, or deciding where you want to go for your next vacation. Arranging a surprise birthday party, or what milestones you want to achieve by a certain age – planning comes in everywhere.

Then why is it that we often tend to overlook planning for something as essential as finances?

Many of you may think that we plan our finances – a monthly budget, or deciding how much to spend on an outing etc. Some of us may even be disciplined and may be setting aside a certain amount for savings each month. But is just saving enough? Maybe not.

Let's understand better with an example.

Deepak, a 32-year-old in Kolkata, is currently earning ₹45,000 per month, and is able to save about ₹12,000 per month. He intends to buy a house worth ₹25,00,000 in five years, and has been investing ₹8,000 in an equity fund over the last three years.

Over the last three years, his investments have helped him accumulate a corpus of around ₹3,50,000 with average returns of 14%. Deepak plans on continuing his investments in the same fund and expects similar returns, but will now invest ₹10,000 per month for the next five years.

At the end of five years, Deepak can accumulate a corpus of around ₹15,00,000 assuming that his earlier investment also continues.

With his plan, Deepak knows that he can use this corpus to buy a house, while arranging for the rest of the funds. Let's review another case.

Ashish wants to plan for the higher education of his daughter, and will need about ₹20,00,000 in ten years from now. He initially planned on investing ₹600,000 in a fixed income instrument which would yield 8%.

But basic calculations have shown him that the funds he would be able to accumulate would only be close to ₹13,00,000, a shortfall of ₹700,000.

Ashish then understood that he needs to move his funds to an asset class which could yield higher returns, and decided to opt for an equity fund, which could give him average returns of 12% over his investment tenure.

This investment would give him a corpus of a little less than ₹19,00,000.

What we have discussed are financial goals and how one needs to not just plan, but also follow it up with the right asset allocation.

Asset allocation needs to be done after taking into account several things – age, risk appetite, goal, tenure and other factors that may impact an individual. What works for one individual may not necessarily work for someone else.

When interacting with clients for their business needs, it is the best if one tries to understand their investment objective in depth before suggesting products. A fund that may have generated robust returns for one investor may not necessarily be aligned to the needs of another.

Given that the preference for fixed income also remains strong in India, you must also try and educate investors about options within mutual funds for debt instruments.

And of course, above all, remains the philosophy of doing what is in the best interest of your clients. Happy investing!



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Investors understand that their principal will be at high risk

The above riskometer is based on the scheme portfolio as on 31st October 2022.  
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<b>Mahindra Manulife Focused Equity Yojana</b>	<ul style="list-style-type: none"> <li>Long term capital appreciation;</li> <li>Investment in equity and equity related instruments in concentrated portfolio of maximum 30 stocks across market capitalization.</li> </ul>	<p><b>RISKOMETER</b></p> <p>Investors understand that their principal will be at very high risk.</p>

\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

**MUTUALFUNDS** *Sahi Hai*

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



# ANKUR MITTAL

CO-FOUNDER  
Inflection Point Ventures

## TOPIC

# NO FUNDING WINTER FOR ANGEL INVESTORS

## PROFILE

Ankur Mittal is the Co-founder of Inflection Point Ventures and a Partner at Physis Capital. He is a finance expert and has over 20 years of experience, globally. He holds an MBA from Georgetown University and is a CA.

His experience includes working with Fortune 50 companies, Citi, and GE Capital, specializing in expansion and acquisition. He has also advised Fortune 500 companies across various sectors and industries at Credit Suisse.

Furthermore, he played a crucial role in expanding TTS operations throughout Asia-Pacific and the Middle East. As an active investor himself, Ankur has invested in over 100 startups, with over 20 exits to date.



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**IT'S A BEAR** market.'

'We are headed for a recession.'

'There is a funding drought.'

I'd be willing to bet my bottom dollar that you have heard a version of these statements in the last couple of months. But the fact of the matter is that there is no escaping the cyclicity of economics. The markets will go through a downward cycle every few years. For an intelligent investor though, this is a golden opportunity.

## Turning a Slump into an Opportunity

If you approach the situation armed with the right thought, solid research and clear objectives, you can possess (or increase) ownership of a well-founded company with great management that can potentially generate great returns when the cycle will inevitably turn bullish again.

If you are an early-stage investor, then these down cycles can also bring opportunities to invest in select start-ups that otherwise wouldn't have been available to angels.

Needless to say, there isn't a single asset class that precludes the risk of loss. However, start-ups (when reviewed on a portfolio basis) have consistently delivered > 20 per cent Internal Rate of Return (IRR) as opposed to 3 – 12 per cent IRR that you get by investing in other asset classes. Portfolio Strategy enabled with strong upfront due diligence and stronger post-investment support should translate into best-in-class returns across different asset classes.

## The COVID Catapult

A horrific phase, COVID-19 put the brakes on countless industries and work models. With everyone stuck at home, it was e-commerce, digital payments, online education, telemedicine and ancillary industries that moved the world around.

The fear of catching the virus meant that no one wanted to touch anything, even money. It almost forced people to move to online payments leading to a rise in the number of online transactions.

The pandemic effectively propelled e-commerce and digital adoption in India 10 years into the future. Even after it loosened its hold on the world, people continue to use online payments and e-commerce, because of habit. What started as a compulsion is now a convenience.

It is no surprise then that 2021 was a major year for the Indian start-up ecosystem where more unicorns were added than previous years put together. This upward movement continued in Q1 '22 when 528 start-ups raised \$12 billion.

Clearly, interest in the Indian start-up ecosystem is at an all-time high. And while we have seen some softening in the markets in the last few months, it is part of the cyclicity. As is generally observed with financial markets, every trough brings a rise higher than the previous cycle's high.

## The Domestic Market Advantage

India's GDP is expected to cross \$5 trillion in the next three years and \$10 trillion in the next 10 years. Consumption has been on the rise and we are spending almost twice of what we were spending 10 years ago.

What's more, with 50 per cent of our population below 30 years, consumption and expenditure will continue to rise unabated. This means that the domestic economy will continue to show strong growth in the long run.

Apart from being a young nation, India is a mobile-first country. With close to 800 million broadband subscribers, it is second only to China in terms of internet users.

Since many of these users are mostly urban, there is huge untapped potential in India's rural markets. As rural internet users grow, so too will data consumption and the number of transactions. The space is nowhere near saturation and the demand for funding is set only for growth.

## Even the Government Chips In

Today the central and state governments are recognising the important role that start-ups playing in our economy. They are generating employment across industries and using technology to create solutions for problems that have been plaguing India for generations, thereby lifting people out of poverty.

They are also generating strong FDI inflow. So, the government has made it their business to not just support start-ups but also support the funds that support start-ups.

However, that does not mean that the start-up space is without its challenges. A lot of it is the ripple effect from overseas markets.

Financial superpowers in Europe and America are all fighting inflation and consequent actions are forcing economies into recession. In the last few months, there has been a continuous decline in funding. Big players in the start-up ecosystem like Ola, Blinkit, Unacademy, Whitehat Jr, Vedantu, and Cars 24 have laid off staff to cut costs.

It is these high-pressure times that separate a good start-up from a great one. It was during the economic downturn of the 1970s when visionary founders like Bill Gates and Steve Jobs found ways to build companies that are household names with trillion-dollar-plus evaluations.

## ARTICLE

So, while these ongoing layoffs will pinch in the short term, in no way do they signal the demise of edtech or fintech, or even the broader start-up ecosystem. A long-term investor needs only the patience to ride out this storm.

Sometimes, the down cycles are good. Yet many funds have raised record capital in the last 12 months with a focus on India. And now Big Tech is making a comeback on global bourses and even Indian equity markets are bouncing back.

### Keep At It

Investor in the start-up space need not be alarmed by temporary fluctuations of the market. Instead, they should have an investment horizon of at least five to 10 years.

As an investor, you may choose to work with the start-up, opening your network to help generate business, monitoring, and advising as required. But to be a successful investor in the start-up space, the process to generate returns begins with undertaking stringent due diligence.

Sustainable growth and leveraging the country's local production strengths will dominate India's investment estimate in 2022. It is still a positive outlook for the success and growth of the ecosystem, despite the challenges. To achieve success in angel investing as an asset class, this approach is crucial.

- Ankur Mittal is the partner at Physis Capital, a fund from Inflection Point Ventures



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# DHAVAL KAPADIA

DIRECTOR-PORTFOLIO SPECIALIST  
Morningstar Investment Advisers India

## TOPIC

# Valuation Driven Asset Allocation

## PROFILE

Dhaval Kapadia is Director, Portfolio Specialist, for Morningstar Investment Adviser India. He is responsible for leading Morningstar's Managed Portfolios business in India. Dhaval has more than 24 years of experience in areas including fixed income, equity markets and investment advisory. Prior to joining Morningstar in 2014, he spent nearly six years at Axis Bank, leading a team of investment advisors, as part of the Wealth Management & Private Banking businesses. He was responsible for setting up the Investment and Portfolio advisory platform at Axis Bank.

He was also involved in advising high net worth clients on asset allocation and investment strategies.

Dhaval holds a bachelor's degree in Commerce from Mumbai University, an MBA with specialization in Finance, the CFP designation from FPSB India and is a CFA charter-holder.

Valuation-driven investing has been around for nearly a century and has been applied by some of the world's most successful investors. Valuation is normally associated with the selection of stocks based on the value of the underlying company.

When thinking about asset allocation, the most common description is top down --- and images of the famous "efficient frontier" come to mind. The strategic or policy portfolio is considered as the foundation of multi-asset investing, and any deviation from this is referred to critically as market timing, drawing on the deeply flawed capital asset pricing model, or CAPM.

In the world of investing, market timing is perceived more as a dark art than a legitimate investment approach. We would find it difficult to defend market timing, with very few renowned long-term market timers and many disastrous tales. Market timing relates to one's ability to predict price movements, and we don't think all asset-allocation changes should be viewed through this lens.

In general, the asset allocation is determined separately to other investment decisions, and then the underlying investments are selected. It is only at this point where valuation becomes important for those employing a bottom-up approach to security selection. Asset allocation is largely disconnected from valuation across the investment industry.

Our analysis shows that valuation is not only relevant at the security level; it is equally important at the asset-class level. When describing this, it helps to think about valuation-driven asset allocation as bottom-up asset allocation, which involves adjusting the exposure to asset classes based on valuation through time. This contrasts with market-timing-based strategies, where the decision to hold an asset class is driven by a prediction of the macro environment or the direction of asset prices over the short term.

Consistent with the security-based approach, this approach should be paired with one of the most important tenets within investing —a margin of safety. This concept comes from Benjamin Graham and David Dodd, the fathers of security analysis, and is as central to valuation-driven investing. Dealing with the future is unavoidable when investing, and a margin of safety provides protection against the inherent uncertainty of investing.

### Identifying Attractive Asset Classes

Asset allocation involves investing across an array of asset classes, which requires a common metric to identify the most attractive places to invest. To achieve this, we make the assumption, based on mean-reversion theory, that prices revert to fair value over five to ten years, roughly in line with the economic cycle. Estimated returns vary over time, reflecting changes in price, fair value, and expected income returns. The diagram in Exhibit 1 highlights the relationship between price and fair value and the potential for return and loss for an asset.

A bottom-up approach to asset allocation, holding asset classes priced to deliver attractive returns, involves shifting the asset allocation through time. Combining this with bottom-up investment strategies provides an additional source of risk-adjusted returns for end investors. Given the long-term nature of the approach, the portfolio shifts slowly through time, minimizing transaction costs and taxes that eat into investors' wealth.

Exhibit 1 Volatility can create opportunity for long-term investors

Over the long term, prices follow fundamentals, while in the short term, a multitude of factors drive markets, including investor sentiment, risk aversion, supply/demand, macro surprises, and government policy. Long-term investors are able to look beyond this noise and complexity to the underlying cash flows, to invest based on fundamentals, and to take advantage of deviations between price and fair value. This is one of the most enduring advantages of value investing.

Valuation-driven asset allocation is about investing over the long term in assets that are priced to deliver attractive returns. This means holding investments much longer than market-timing-based strategies. Discipline and a willingness to be different, anchored to fundamentally derived valuation, defines valuation-driven asset allocation as truly bottom-up investing. This philosophy is being applied while constructing & managing Morningstar's multi-asset, mutual fund based PMS strategies for India.



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## ANURAAG SABOO

CO-FOUNDER  
Fundexpert Fintech

### TOPIC

# Evolution of New Era in Financial Distribution via Multi-Asset Platform

### PROFILE

Anuraag Saboo, CFP, is IIT/IIM Alumnus as well as Co-founder at FundExpert, India's leading Research cum Digital Multi Asset Platform for Financial Advisors and Distributors. He has over 25 + years of work experience in varied industries. He has done PGDM from Indian Institute of Management (IIM), Bangalore and Electrical and Electronics Engineering from Indian Institute of Technology (IIT) Chennai, where he received Gold medal from Dr. Manmohan Singh,

the then finance minister, for being first in his Engineering class. He is also a Certified Financial Planner (CFP), Chartered Market Technician (CMT) and Certified Financial Technician (CFTe).



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Financial Industry in India is growing at a rapid pace. Data from AMFI shows that Assets Under Management (AUM) of Indian Mutual Fund Industry as on June 30, 2022 stood at ₹35,64,090 crore. The AUM of the Indian MF Industry has grown from ₹6.89 trillion as on June 30, 2012 to ₹35.64 trillion as on June 30, 2022 more than 5 fold increase in a span of 10 years. As per AMFI report, it is expected to grow its assets to a massive ₹100 lakh crore by 2030. With newer Customers growth like never before in direct equity, Mutual Funds etc, we are seeing great appetite for New Age Financial Products with increasing uptake of new asset classes like ETFs, Smallcases, AIFs etc, also referred as Alternatives.

Financial technology is the intersection between financial services and new technologies to improve existing products and services. FinTech is widely perceived as a driver of innovation, and in the wealth management industry, the adaptation of financial technology has led to the development of digital wealth management services and platforms. Wealth management in India has witnessed a significant shift towards 'digital investing', which is an investment through mobile or web applications. The user-growth of digital platforms has been driven by superior customer experience and low-to-zero cost for investing in equities coupled with enhanced technology features and ease of access to research reports.

However, when we look at the state of Financial Services Distribution Industry, we find that India is starved for Qualified Registered Financial Advisors/Distributors as India remains highly under-penetrated. At the same time, existing Advisors are facing numerous threats to their business and Technology led innovation is the only way for them to scale up. But unfortunately they do not have deep enough pockets to get it done.

However, Small Financial Advisors/distributors do not have access to quality digital platforms to bring down customer acquisition and operation costs unlike larger institutional advisors, which means most of the small financial advisors do not have their own digital identity. Without such access, the small advisors are losing out on the massive growth opportunities offered by the fast-growing sector of financial services and are unable to get a complete wallet share of the clients' investments across a plethora of investment choices being available. Hence there exists a strong need to empower the financial distributors/advisors, particularly in 2-3 tier cities by giving them digital footprint. It will ensure innovative and quality financial products and services will reach to all parts of India including tier 2/3 cities/towns. Significantly, FundExpert Platform is India's leading research cum advanced high-tech digital multi asset solution for financial advisors/distributors, which allows them to manage and automate their entire business operations with utmost ease.

FundExpert provides latest financial research along with complete digital multi-asset platform that allows financial advisors to offer their clients investment journey using next-generation technology and overcome challenges

like customer acquisition cost, retaining clients, and servicing cost. It comes with highly advanced features like paperless customer onboarding, RTA sync up, portfolio tracking, advanced insight & reports, goals tracking & custom investment baskets, and covers the entire spectrum of financial services such as MF, Stocks, Insurance, Bonds, NPS, and much more. The platform provides the digital identity for the advisors/distributors, real-time access to their clients, automates managing, monitoring, and reporting of client portfolios. Also, it increases the advisors' earnings multifold through new financial Products and Services offered to their clients. The platform comes with the highest quality support through specially assigned RMs and auto-ticketing Systems.

So, FundExpert is empowering the existing Distribution network of Financial Advisors and Distributors by giving them Digital identity and required technology and solving their current pain points using high tech innovation by a unique partnership model and helping them acquire end customers in a very cost effective way. It is creating a unique value proposition for end client by combining the advisors/distributors' personal touch with latest tech.

Today around 2500+ Advisors/Distributors across India have signed up to use FundExpert Platform and they have used the platform to connect to 500000+ clients portfolios for managing and monitoring them. Through FundExpert, Financial advisors/distributors from all remote corners of India have got their own digital identity and have greatly increased the size and scale of their advisory/distribution business. These advisors simply loved FundExpert for the technological innovations built in the platform making it highly irresistible and incomparable with any other platforms which they were using. Thanks to the raving reviews posted by its advisor/distributor users, FundExpert have become India's highest-rated Advisor/Distributor Software APP with rating of 4.5 in Google Play Store. In May 2022, at 5th Annual FinTech Awards hosted by Wealth & Finance International, FundExpert won the India's best multi-asset Financial Platform. and in Sep 2022, FundExpert became part of the Kotak Group.





## DEEP SEN

CEO & CO-FOUNDER  
India Housing For All Pte. Ltd.

### TOPIC

## Leadership Capital to Develop Green Affordable Housing

### PROFILE

25 Years of leadership roles In Chemicals, Infrastructure and Real Estate with Linde Plc, IL&FS & Brick Eagle

- Institutionalized Development Credit, overseen development of 1,500+ homes, fund raise with DFIs and exits in affordable housing focused on lower & middle income
- Previously Executive Director, International Business - IL&FS, Prior to which Asia Director, Financial Services & IT - Linde Plc

- Drove JVs [\$400 MM] as significant minority with dividends [\$75 MM]; \$500 MM Debt at HKSE, BSE; \$100 MM exits In Infrastructure
- CA, MBA (Calcutta University), CPA (USA)



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# ARTICLE

India Housing For All is a Singapore based Investment Firm with Investors from the US & Asia who share a deep passion for Affordable Housing Development in India.

## OBJECTIVE:

India Housing For All provides Leadership Capital by enabling 1st Generation Professional Developers to provide 1.0 MM Indian Families own an Aspirational, Affordable, Sustainable Home by 2030.

Our team of Experienced Professionals take on a Lead Developer role to their Development Finance Sponsors, ensuring Joint Developments meet requisite Quality, Business Ethics Standards for such investments. We provide a first financial close at early stage, replacing friends & family funding to such joint developments, provide construction supervision, project cash flow controls & home mortgages, undertake a joint sales & marketing scope & crowd in construction finance to optimize such joint developments.

## OVERVIEW - INDIAN AFFORDABLE HOUSING SCENARIO:

Urbanisation and Demand: By 2030 it is estimated that:

- Middle income households will increase from 32mn in 2010 to 148mn
- 250mn Indians move to cities; 25 cities will have a population of >1mn
- Urbanization will lead to 70% of job creation

Developers and Supply: More than 90% of Affordable Housing supply in India is met by local developers, who are unable to scale up, due to early stage viability gap funding, to operate multiple, larger projects

A large proportion of such developers have delivered 500+ homes and are professionally qualified with a wealth of experience. Development Finance Institutions are unable to reach such developers due to a lack of scale and back-office constraints on asset management. Domestic construction finance institutions set high thresholds prior to participation with weak, passive project controls & participation due to which chances of project failures are high without the requisite understanding of project with SME developers in the sector.

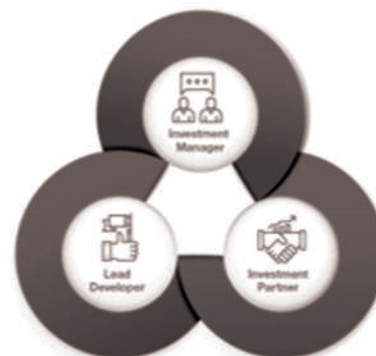
Current Constraints, Demand Supply Mis-match: Current Constraints being:

- Local Developers with Land & Approvals lack access to Capital
- Corporate Developers do not have Local Relationships for Land & Approvals
- Frontline Incumbents lack the mindset to market Low-Cost Homes as Aspirational
- Absence of Financial Institutions with a Developer

## WHAT WE DO:

IHFA Provides Leadership Capital to Developers Pre-Financial Close, achieving Project Stability procuring Construction Financing.

- Investment Management (Identify, Qualify, Validate): Establish Developer Platform Partnerships
- Investment Partner: Joint Development Partner to Developer with Sales, Marketing, Construction, Design & Drawing, Construction Financing & Home Loan Mortgages
- Lead Developer: Lead Developer for Onshore & Offshore Investors



Developers bring Land & Approvals, providing Best Practices prevalent in the Micro Market on Product Design, Sales & Marketing with a home delivery track record

IHFA Crowds In Construction Finance after maturing the project with early stage development finance

IHFA & Developer Share Scope on Project Management, Cash Flow Controls, Sales & Marketing, Design, Construction & Compliance

## OUR OFFERINGS:

Unlocking Value from Land to Affordable Homes by Institutionalizing Joint Developments

1. Partnering: Partnering with Developers having proven Execution Capabilities, established Brand Equity in Local Micro Markets
2. Investing: Investing in Projects that generate Scalable, Sustainable, and Risk-Adjusted Returns
3. Leveraging: Leveraging the Team's expertise in Investment Structuring, understanding of India's Investment Regulations
4. Engaging: Engaging in Active Asset Management & Value Enhancement
5. Formulating: Formulating clear Exit Strategy at the time of Investment, adhering to, ensuring Transparency, Governance, and Reporting



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# PRATEEK PANT

CHIEF BUSINESS OFFICER  
White Oak Capital Management

## TOPIC

# India Large Yet Small

## PROFILE

Prateek is responsible for driving the overall business objectives through multiple distribution channels, innovative marketing strategies including digital and effective product architecture.

Prior to WhiteOak, Prateek was the Head of Products and Solutions at Sanctum Wealth Management and was also a part of the Founding Management Team. In his role he managed the delivery of client solutions which included investments, wealth planning and real estate services.

Prateek has over 25 years of experience in Banking and Financial Services in India and the Middle East. Prior to Sanctum Wealth Management he worked with RBS Group, Franklin Templeton, Bank of America, ABN Amro Bank, HSBC and Commercial Bank of Qatar in the domains of Branch Banking, Credit Cards, Asset and Wealth Management.

Prateek holds a Bachelor's degree in Engineering, with a specialisation in Chemical Engineering, from the University of Mumbai. He has also obtained an MMS degree from the Jamnalal Bajaj Institute of Management Studies, with a specialisation in Finance.

The larger companies in India are a fraction of their global counterparts in terms of revenues and market cap thus presenting a sizeable opportunity as India's per capita GDP growth is likely to lead to an inflection point across various sectors. As per the SEBI categorization, the top 100 out of ~ 5000 companies by market cap are classified as large-cap stocks. They are just ~ 2% of the total listed universe but contribute approximately 70% of total equity market capitalization.

Large Cap companies typically are market or sector leaders with an established, proven track record and better access to resources like capital and talent pool. Their business and balance sheet are quite stable compared to small and midcap companies. These characteristics have led to more stable operational performance during economic downturn.

Historically large cap index has performed relatively better in falling markets

Additionally, during periods of crisis, these companies are more resilient and increase their market share and margins. Moreover, during such times, they may add value by acquiring the innovators and, this way, also gain the talent who created it.

There have been many debates in the large Cap space around active vs passive as most of the active managers have underperformed the benchmark in the last 5 years. There is enough evidence of large dispersion of returns within these top 100 large cap companies – to give an illustration the dispersion of returns between the top quartile stocks and the bottom quartile stocks during the last 5 years has been almost 40%! Thus, to beat the benchmark, one must allocate more towards potential outperformers and allocate less or avoid the potential underperformer. This refers to a differentiated portfolio or a high active share portfolio than the benchmark. This can be achieved by strong bottom-up stock-picking process, avoiding governance pitfalls and a balanced portfolio construction



## Growth Potential of large caps:

India is an emerging country in the global context; hence its large caps are still very small compared to its global counterpart. For example, the US market cap is 12 times bigger than the Indian market cap. There are multiple examples of a single US company being bigger than the entire similar representative sector in India. Additionally, in the list of Top 100 Global companies (by market capitalisation), there are only 3 Indian companies making the cut – Reliance Industries, TCS & HDFC Bank.

Sector	Market Cap (USD bn)			Compared to India (x)	
	India's Biggest	China's Biggest	World's Biggest	China's Biggest	World's Biggest
Retail	33	202	1,185	6.1 x	36.0 x
Auto	32	96	690	3.0 x	21.3 x
Beverages	8	62	244	7.8 x	31.0 x
Mining	18	81	125	4.5 x	7.0 x

Many of the larger Indian companies have multiple smaller businesses through their Subsidiaries, JVs, and Associates. On many occasions we have seen that they have good, embedded value that has the potential to get unlocked through demergers.

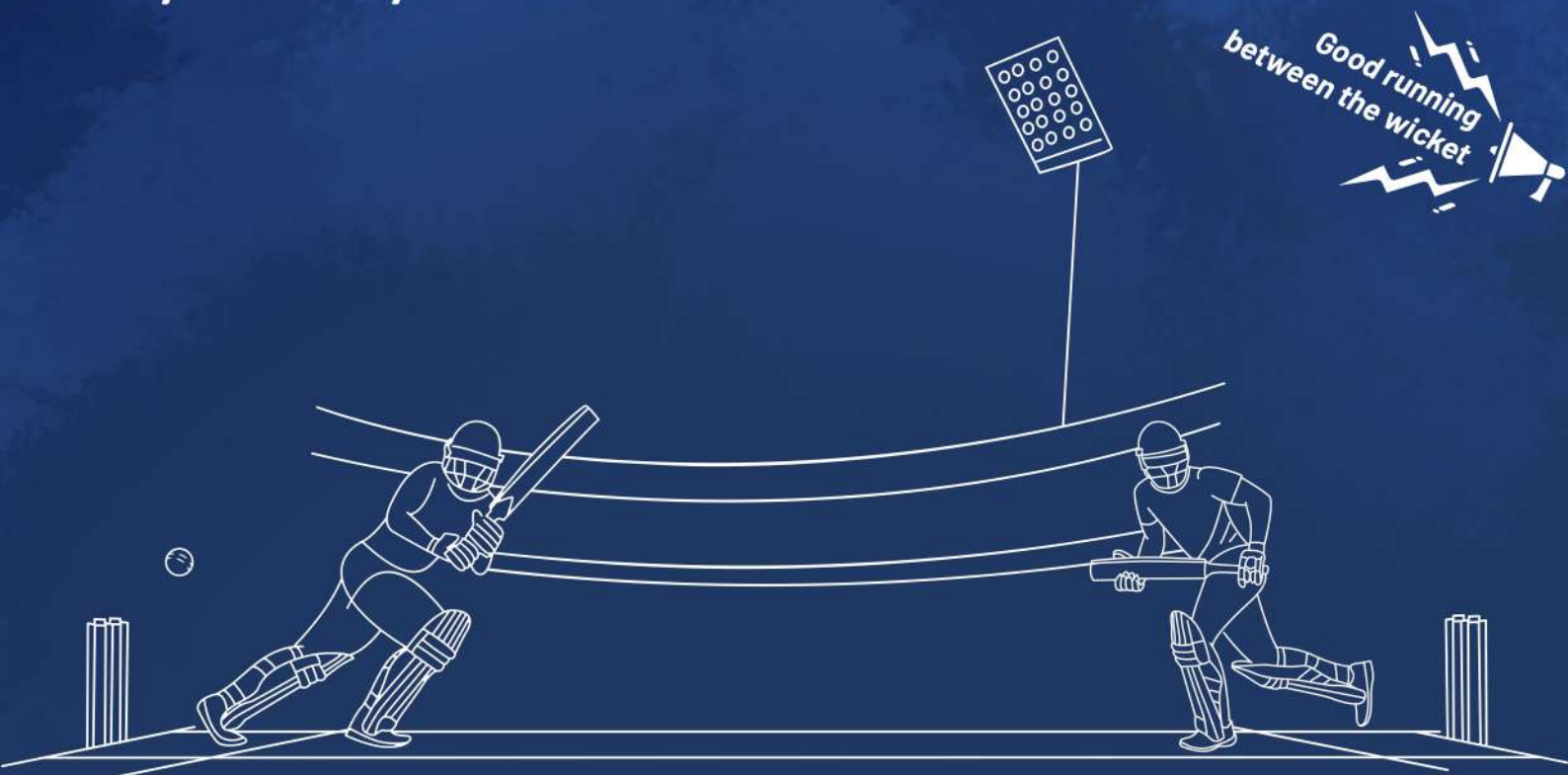




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**SONESH DEDHIA**

CO-FOUNDER  
IFANOW

TOPIC

## Pivoting from Transaction Based Model to **Relationship Based Model**

### PROFILE

Sonesh has worn many hats in the financial services industry since the last two decades - as a post-graduate in finance, a certified financial planner and founder of a SEBI Registered Investment Advisory company. All of which has given him deep domain knowledge on both the product and investment advisory side.

Sonesh believes that fee-only investment advisory is the future and looks to realise the need for robust technology to standardise the industry's practice. With this vision in mind, it has been his constant endeavour to bring the practice management experience into IFANOW.



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## Solutions for growth

Finance has always been a key part of civilizations and has shaped the modern world in ways like no other. There may be a lot of tit-bits related to investing but the Industrial Revolution is where the game changed. This period probably had the biggest impact on investing among all other events in human history.

The industrial world introduced permanent employment and fixed salaries – thus people started having spare money that they could put aside every month. At the same time, they also needed a place to store and a way to manage their personal funds. This is how banking was born. Free funds could be saved and multiplied for the future – thus pension funds also originated. With so many changes at once, the investment scene was obviously changed forever – more people could afford to be part of it and they were provided with an easy way to collect and manage their earnings.

Coming to the 1990s, the internet and other modern communication platforms had a profound impact on the history of investing.

## Money management is still broken in India

As Finance kept advancing, it also became more and more complicated. The emergence of information technology created a paradigm shift. Making it easy, accessible and affordable for investors. With this boom, a lot of platforms flooded the market which tackled specific aspects of finance. Now, we have multiple platforms for different types of investments, like mutual funds, stocks, insurance, and FDs.

## Investors experience with money management

There is no single place to learn, research, connect, engage, plan and invest. No easy way to get quality advice as it's difficult to engage with qualified financial experts who can be trusted. There is lack of ability and confidence while investing due to lack of financial literacy.

## How is it addressed today?

Investors seek advice from big institutions, robo advisors and largely through friends & family. Learning and research happens through youtube, blogs and research sites. They connect and engage with advisors through various social media channels.

## The world is moving pretty fast

Investors' preferences are changing. From physical to digital, web to mobile, transactions to solutions and single product to multi-product. There is greater demand for planning based advice, integrated omni-channel product and service offerings with transparency.

## Push towards client care is coming from all directions

Regulators have greater focus on transparency and conflict of interest with increased standards of client care. Competitors like large institutions and robo advisors are raising their benchmark through high quality technology experience and increased importance of scale & digital presence.

## But the technology for Independent Financial Advisors (# IFAs) isn't moving as fast.

IFAs are still focussed on a single product, data is scattered across multiple softwares, platforms and excel spreadsheets. They even have multiple softwares to help manage their day-to-day work, like keeping track of checklists, tracking task status assigned to team members, maintaining investors' documents, and taking notes.

There is a lack of value proposition to offer to their customers; due to which they waste time on operational activities which in turn increases their costs and reduces margins making it difficult for them to scale. Also, their discussions with customers are restricted to scheme details, returns and market performance.

In today's era finance has become complicated and fragmented once again - but in a different way. Personal finance landscape is evolving fast where financial products are getting complex and we are moving from a one-size fits all approach to personalisation.

Individual wealth is growing fast and moving from physical assets to financial assets. Equity assets are gaining traction and due to high volatility retail investors prefer having a human advisor over a robo advisor. They are willing to pay more for personalised services and they are looking for financial advisors to grow their wealth.

## The solution - An integrated practice management platform

This leads to an important question: Is there something out there that helps IFAs standardise and grow their practice ?

This is where IFANOW steps in. We have built a gamut of tools for IFAs that helps them Stay ahead of the competition. Our focus is on creating a level playing field for IFAs. A complete white labeled solution honoring IFAs identity keeping them in front.

## IFA + IFANOW = A winning combination

IFANOW is a one stop shop for tracking 25+ asset classes, liabilities and insurance policies. It provides end to end insurance and financial planning straight from assessing risk appetite to checking investor's financial health. Seamless digital client onboarding to transactions. A comprehensive cash flow management to determine surplus or deficit.

With IFANOW, An IFA can

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## ARTICLE

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With IFANOW, An IFA can

Reduce their operational workload & errors and focus on revenue maximising practises.

- Efficiently manage regulatory compliance.

IFANOW has really helped our existing subscribers to convert their prospects to life-long customers.

Being a fairly young company, we have caught up with the industry and we are keeping up with the new regulations as we move forward. In such a short period of time we have added 800+ IFAs across the country who are managing more than ₹50,000 Cr+ AUM through our platform.

Our vision is to empower IFAs to effectively manage and grow their practice by providing tools and solutions that help them manage more clients and assets, build a strong brand and online presence, increase wallet share from customers, and navigate the changing digital and regulatory landscape.

We are working day in day out towards building a platform where IFAs can focus on strengthening relationships with their clients and leave the rest to us.

I invite IFAs to experience it themselves and witness the difference.

#IFAs means both MFDs & RIAs





# KUNAL JAIN

SENIOR CONSULTANT

ALPHA CAPITAL

## TOPIC

# Rising importance of Private Trust in India

## PROFILE

Kunal has more than eleven years of experience in investment management and client management. Currently, as Senior consultant at Alpha Capital, he specialises in Financial Planning, Asset Allocation, Estate Planning, Tax Planning, Portfolio Management, Client Servicing, Relationship Management, Equity, Fixed Income, Mutual Funds, Alternative Investments, Business development & Team management.

He was last working with Value Research where his research work either published on its website or in their magazine called Mutual Fund Insight. He was responsible for working on Indian as well as Global Funds.

Since 2013, he has been with Alpha Capital. Right from the early days of his career, Kunal realised the significance of investing and investing right for his clients. Client Centricity is the core of his advisory practice with one objective to empower them with innovative offerings. Currently, he manages approx \$40 Million in assets under management.

He did his B.Com (H) from University of Delhi. Since then, he has also successfully passed many certifications from National Stock Exchange. He has been awarded with Best Private Banker Award in 2013-14, 2016-17 & 2020-21 among many other awards.

*"Testamentary trust offers higher benefit but we should not ignore other options as well".*

Post Covid Era, estate planning has picked up like never before. However, High Networth individuals (HNIs) are exploring more options before finalizing either Will or family arrangements or private trust or any other option. In this article, we will delve into private trust and discuss various options under private trust.

There are several myths related to Private trust and that's why many HNIs are finding difficulty in making the final decision. One important principal is that an individual can have multiple option or single option as per his/her wish. An individual can have Will and private trust both at the same time. These can absolutely be written as per the wish of testator. However, final document must be verified by the experienced practicing lawyer before going for registration.

## Public Vs private Trust



Basically, there are two kinds of trusts - public trust & private trust. Public trust is created for the larger group, such as a community, etc. It is instituted for the general public. Public trust has a specific purpose. While, a private trust is created for a closed group, so here beneficiaries can be identified as friends, relatives or family of the author. It has specific beneficiaries. We will discuss more options under private trust now:



## Testamentary Trusts & Inter Vivos Trusts

Making a will is always the first advice. However, sometimes, it does not serve the purpose. Common reasons like huge amount of moveable and immovable assets, world wide assets, large number of beneficiaries, special child case, minor children, marriage failure, incapacitation, insolvency and other such reasons create a requirement for Private Trust.

Once we have decided to make the private trust. Then, it is important to decide when to make. It should be either made during the lifetime or after the death. Again, this is very subjective decision. However, both options have their own merits/demerits. Let's first understand:

A testamentary trust (or will trust) is created when an individual dies and the trust is detailed in their last will and testament. Because the establishment of a testamentary trust does not happen until death, it is by nature irrevocable once death occurs.

After death, the will must go through probate to determine its authenticity before the testamentary trust can be created. After the trust is created, the executor follows the directions in the will to transfer property into the testamentary trust.

**Effectively, there is good amount of tax saving possible under this option as assets will be transferred post death.**

Another option, known as, a living trust, an inter vivos trust is created for the purpose of estate planning while an individual is still living. It is drafted as either a revocable or irrevocable living trust and allows the individual for whom the document was established to access assets such as cash, investments, and real estate property named in the title of the trust while they are still alive.

Inter vivos trusts that are revocable have more flexibility than those that are deemed irrevocable, but both types of living trusts bypass the probate process once the trust owner passes away.

**Effectively, there is possibility of higher amount of tax liability/stamp duty payable under this option as assets will be transferred while author is alive.**



## Revocable and irrevocable Trusts

Under Inter vivos trust or living trust, there is option of revocable trust or irrevocable trust. A revocable trust is a trust in which the terms can be changed at any time. An irrevocable trust describes a trust that cannot be modified after it is created without the beneficiaries' consent. As mentioned above, the establishment of a testamentary trust does not happen until death, it is by nature irrevocable once death occurs.



## Specific and discretionary Trust

Many individuals still does not finalize the beneficiaries share under discretionary trust. Here is the more clarity on the Specific and discretionary Trust. A trust can be set up as a specific trust, where the individual shares of the beneficiaries are determinate; or a discretionary trust, where the individual shares of the beneficiaries are indeterminate.

## Taxation of Private Trust



It is very important to understand the taxation. Again, the taxation depends on the nature of the trust. If the private trust is revocable, it does not depend whether it is specific or discretionary, the trust income will be added in the personal income of settlor and taxed accordingly.

In case of private trust is Irrevocable and discretionary, the trust income will be taxed at the maximum marginal rate (MMR) approx 42% tax rate in India. Otherwise, in case of Irrevocable and specific, only incremental tax to be paid and to be calculated selectively.

Source: FPSB India and Investopedia

Disclaimer: This article does not intend to mention the latest updated rules and regulation based on the Indian Laws. It only simplifies the Private Trust structure in India. For more details, please consult our senior advisors.

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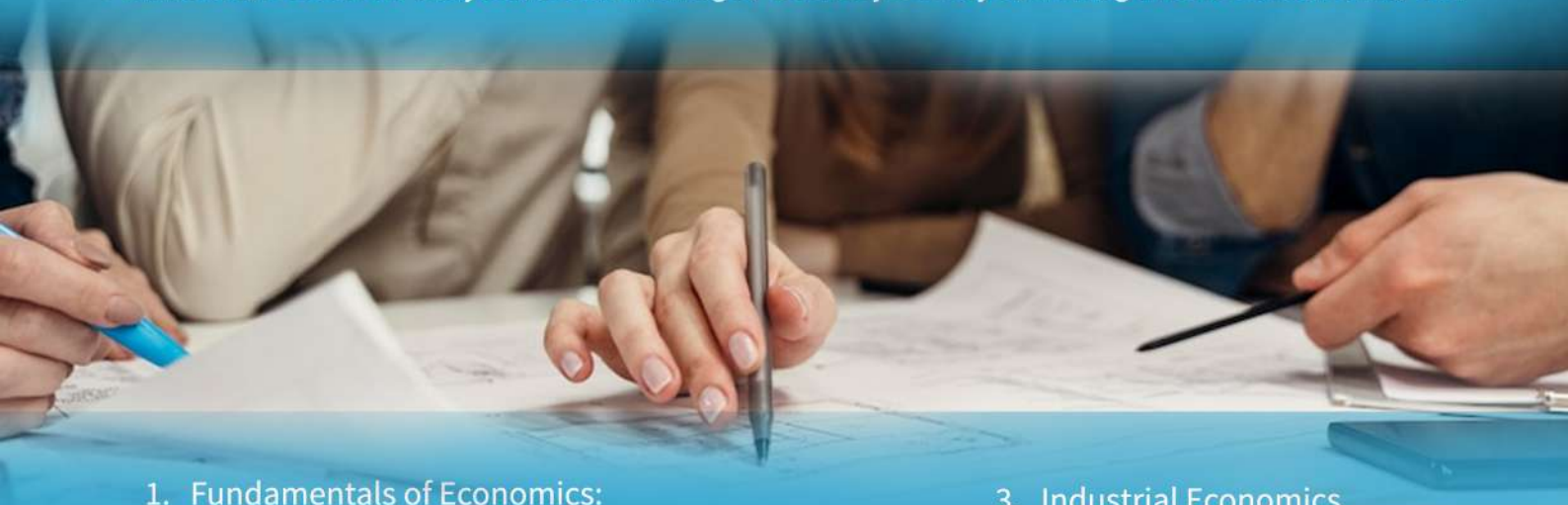
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# AAKASH BANSAL

CO-FOUNDER & CEO  
"Building Mercury"

## TOPIC

# Connecting the Disconnected Financial Ecosystem

## PROFILE

Aakash brings 20+ Years of experience across banks, brokers, platform & technology. Specializing in financial products.

All his career he has worked closely with financial intermediaries across the country, guiding them to be "Future Ready" in strategizing client acquisition, marketing & business development, operations & compliance departments.

He has also spent lot of time understanding regulations and acquiring multiple licenses like unified broking, depository participant investment adviser & research analyst.

His strengths are strategizing the overall organization, focusing on technology, compliance & operations.

India's story of consumption is on track since mid-2022. Digital Financial Services (FS) are gaining importance and are encouraging financial inclusions, providing easy access to customized products & smoother customer journeys. Due to positive & favorable regulatory frameworks and with the aid of the pandemic there has been an acceleration in digital adoption & it has given a strong foundation for the rise of digital FS solutions by incumbents like banks, insurers, AMC, etc., and insurgents like fintech.

Indian demographics have started the trend shift from savers to investors, this shift has led to the economic development of the country and the credit goes to the Digital financial system of the Indian Economy.

## Few Developments in Indian Financial Ecosystem-

1. A rise in average income drove up the demand for financial services across various income brackets.
2. Financial Inclusion drive from RBI, incentives by AMCs, financial infrastructure development (rise of fintech), etc. led to an expansion in the semi-urban and rural areas.
3. The number of financial intermediaries (FI) is doubling every 3 years; growth trends suggest India will have 6L+ FI by 2025.
4. Mutual Fund (MF) investors are projected to touch 10Cr in 2025 and 20Cr by 2028 i.e., 14% of the Indian population while the number of Demat accounts will rise from 10Cr to 25Cr by 2025.
5. Investment Market size is expected to cross AUM of 100L Cr by 2025 and double it to 200L Cr by 2028.
6. Equity Mutual Funds is itself expected to contribute AUM of 60L Cr by 2025 and 100L Cr by 2028.
7. Fintech has already helped in the growth of Credit, insurance, and investment penetration, especially in the rural area.
8. HNWI (High Net worth Individual) participation has been growing in the wealth management segment.
9. India benefits from a large cross-utilization of channels to expand the reach of financial services.
10. The government has been regularly making an effort to approve new banking licenses and increase the FDI limit in the FS, leading to a rise in the AA demand curve.

All of these gave rise to Account Aggregator System. The interconnectedness of digital technologies potentially creates a need for software that helps to bring all the data from various sources into one place for efficiency. In FS, disruption & advancements in technologies have brought about a shift in consumer expectations of speed, safety,

security, and convenience. Customers' expectations change and their preference for ease has given rise to the emergence of the concept of AA.

In the last decade, we witnessed a drastic change in the behavior and spending patterns of consumers the sole reason was the growth of e-commerce infrastructure in India. Similarly, the emergence of UPI became the eureka moment for the Indian financial ecosystem.

An effective marketplace for investments can change the landscape of Financial Services altogether, leveraging the rapid enhancement in infrastructure and fintech's vision of connecting the disconnecting financial industry.

As an Investor, we Invest in Mutual Funds, Stocks, PMS, Fixed Deposits, Advisory Services We also have Insurance Policies, Mediclaim, Home loans, and other products. For each product and service, we have to connect to different platforms. It is tough & painful to get a holistic view of our investments. Or As a Distributor / Advisor in Financial Services, we distribute or advise Mutual Funds, Stocks, PMS, and Fixed Deposits.

We also distribute or advise Insurance Policies, Mediclaim, and Home Loans. For each product and service, we have to manage multiple platforms. It is challenging to get and provide a holistic view of our client's portfolios.

In the financial services domain, various back-office and front-office software solutions are available all being specialists in their segment of the financial system. The biggest challenge is interconnectedness, all-front office and back-office act as standalone software, with changing infrastructure and needs of the market – one comprehensive software system which connects the different vertical is the need of the hour and it should be able to leverage the now developing Account Aggregator framework to provide tailor-made API integration-based services to be financial services industry. The availability of such infrastructure will play a key role in achieving Financial Inclusion.

While sum up, we can say "What UPI did to payments, Integrated systems leveraging on AA & Marketplace will do the same to Indian Financial Markets".





## RAJNISH GIRDHAR

CHIEF EXECUTIVE OFFICER  
Karma Capital

### TOPIC

# The Path to Superior Returns Goes Through Unconventionality

### PROFILE

Rajnish is Chief Executive Officer, Karma Capital.

Rajnish has over 25 years of rich experience in asset and wealth management, consumer banking, along with overall business development experience across multiple geographies.

Prior to Karma Capital, Rajnish has been associated with several leading organizations in leadership roles such as – Invesco Asset Management, Reliance Capital Asset Management and ICICI Bank Group.

Rajnish holds a Bachelor's degree in Computer Science from Delhi University and a Master's degree in Business Administration from the Institute of Management Technology, Ghaziabad.

Every investor around the world chases Alpha over benchmark. Incremental returns over the benchmark of the fund, excluding expenses, is what usually catches the fancy of Investors, but how does the Alpha gets created? The easiest approach to this in terms of efforts is employing the Index hugging strategy. The Index universe is going underweight on lesser conviction stocks and overweight on higher conviction stocks. Your chances of going right or wrong are subject to the active weight of the portfolio ( Allocations over and above benchmark). No wonder that most portfolios look the same, and the Alphas in most equity funds in India are crowded between a narrow band. Corollary to this is when we use the same weight as that of the Index, it becomes a passive strategy. Whether that's good for your portfolio or not is a subject which requires closer scrutiny.

There are some rules that we follow at Karma Capital as active investment managers. These have put us in good stead ever since we began our operations in 2005.

## Hard work pays

If one were to look at successful investors like the legendary co-founder and co-chairman of Oaktree Capital Management, Howard S Marks, they follow some basic yet immensely insightful practices that have kept them ahead of the curve. He believes that the most important thing is the price one pays for the business and second is the information which is the key here to a better understanding of a company's published numbers, to assess the qualitative aspects of a company. This can be done by knowing its management, competition, its treatment to suppliers, vendors, history of capital allocation which further lends an edge to the fund manager. We at Karma call this 360-degree network check. We don't rely on third-party research and have an in- house model developed for every company in our investable universe. After all, our conviction must be our own and not a borrowed one. While these are some of the aspects of becoming a successful investor, the one thing that we must always be aware of is that there is no easy way.

Once we like a firm it takes 4 to 6 quarters to complete our diligence and conviction generation before we pull the trigger on a firm, there are times when conviction doesn't come during the process and there are times that while we get convinced on the business, the price runs up leaving the decision to invest postponed as the fund manager waits for better prices.

No wonder Charlie Munger, another legendary investor, once famously remarked, "It is (investing) not supposed to be easy. Anyone who finds it easy is stupid!"

## Going against the tide

At times, it is extremely easy to go along with the crowd sentiment. It might be a safe move, but not always the most profitable one. Very often it helps to go against the herd and make investment decisions based on the intrinsic value of the company and not by what people feel about.

This is where your own conviction matters as opposed to a borrowed one which may fizzle out sooner or later. Such investments are profitable because you are entering when the company's stock is priced low as it may be an ignored stock for perception issues which means there are no buyers for the stock. Translating into attractive valuations. Mostly when stock is known and everyone has the same level of information about the firm, there are only buyers and no sellers which means the valuations may be challenged. It may be undervalued due to herd looking elsewhere, and investors who can notice these firms early stand a chance to do well.

One need not be contrarian just for the sake of it. The ability to generate conviction can come under can be demonstrated by an experienced investor as they have honed their skills over years. This is where experience matters.

## Discomfort as a blessing,

A discomfiting portfolio would be one that is not commonly seen. It would be prudent then to ask for the rationale of the fund manager behind such a portfolio. We tend to seek comfort and validate while investing but comfort has rarely made money. Be it buying into the infrastructure story back in 2008, dot coms in 2002 or the latest trend of investing into IPOs of fancy new-age firms. On the contrary, buying into a large PSU at peak of its NPA cycle or Telecom firm at their worst ever quarter have lead to higher returns. Due diligence done right will lead to better insights into inquiring on the 'Whys' rather than the 'What's, Looking at Numbers and ignoring narratives. We at Karma Capital have honed this over 30 Years~ Identifying opportunities early.

Though investors often take the cosy and cautious approach, there is a high chance that this may result in lower-than-average returns when compared to those who take risks. While investing, it's not just okay to second doubt one's immediate decision before considering the rewards. The choice here is clear – do we be cautious and avoid being wrong, or do we go against the grain. Though, its most often the risk-takers who are rewarded and come out on top

## To sum it up...

In conclusion, the short term should not be a measure for any investor to calculate their worth, Managing portfolios is more of a marathon than a sprint, and if investors depart from the short-term crowd and focus on methods that are different or even unconventional and in executed by experienced professionals, the rewards are sure to be above the market average – which is the reason why we are all here in the first place.

Karma Capital is a boutique asset management firm established in 2005. It manages close to USD550~million and has been managing money for some of world's larg-



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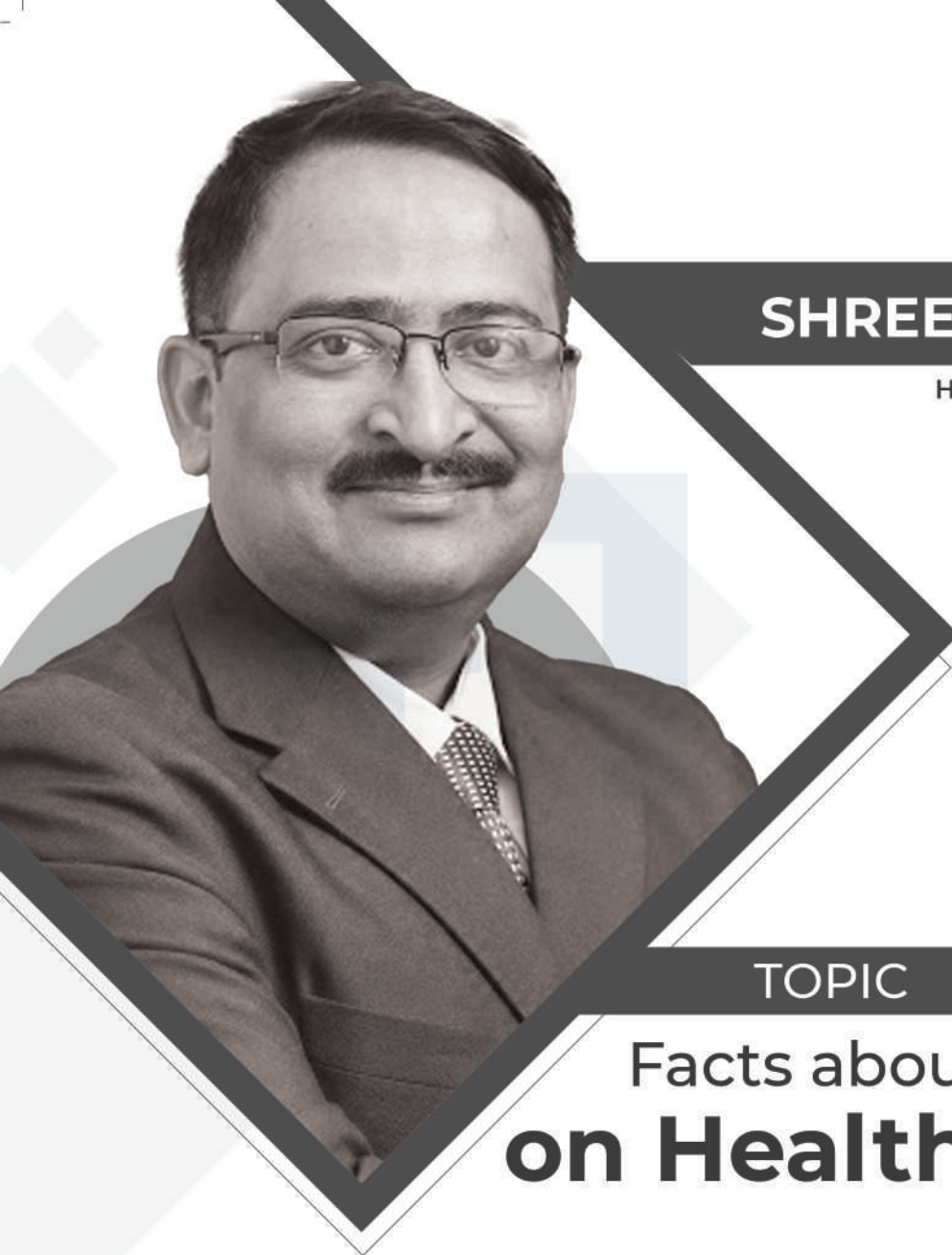
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## SHREERAJ DESHPANDE

HEAD – HEALTH BUSINESSES  
SBI General Insurance

### TOPIC

# Facts about Tax Benefits on Health Insurance

## PROFILE

Shreeraj Deshpande is Head of Health Business at SBI General wef 1st November, 2021.

He has over 16 years of experience in the private sector including his prior assignment as the Chief Operating Officer at Future Generali India Insurance Co Ltd and Head of Health Insurance at Bajaj Allianz General Insurance.

He started his career with The New India Assurance Company in December 1989 and served the public sector for nearly 14 years including two years deputation to the National Insurance Academy as a Research Associate.

He is a recipient of C D Deshmukh Award for his PhD thesis on Health Insurance. He has been a member of various Regulatory and Industry level committees on Health Insurance.



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## ARTICLE

A good health insurance plan should be one of your top priorities especially once you start earning. While many of us would appreciate the fact that health insurance can be of immense medical and financial benefit during an emergency, what is realized less often is that investing in such a policy is one of the most efficient and effective tax saving instruments. Premium paid towards health insurance policies can help in substantially reducing your tax liabilities as it qualifies for income tax exemption under Section 80D of Income Tax Act of 1961.

Several tax saving incentives are available with respect to health insurance. Let us have a look at some of them:

### Income Tax Exemption Under Section 80D

The premium paid for a health insurance policy is deducted from taxable income under Section 80D of the Income Tax Act. The deductible amount can be from Rs. 25,000 and can go up to Rs. 50,000 if parents are below 60 years of age. Where Individual and family are below 60 years but parents are above 60 years, the deduction is up to Rs. 75,000 and where both individual, family and parents are above 60 years, the deduction available is up to Rs. 1 lakh.

### Deduction on Preventive Medical Checkups

You can save tax on preventive health checkups on a yearly basis. Under this feature, you can claim a maximum amount of Rs. 5,000 subject to the overall limits as mentioned above.

### Tax Benefits on a Multi-Year Health Insurance Policy

People who purchase multi-year health insurance plans now have the option of receiving both premium discounts and tax benefits on a pro-rata basis. When purchasing multi-year health insurance policies, you can receive tax benefits according to the number of years the policy is acquired for. For example, if you purchased a 3-year health insurance policy for Rs. 30,000, you will be eligible for Rs. 10,000 tax credit.

Most financial advisors and websites will suggest Health Insurance as an extremely efficient way of saving tax. An adequate health insurance plan will not only secure you and your family during unforeseen circumstances, but it is also the wisest way to save tax. So, it is recommended to buy an adequate and comprehensive health insurance policy to ensure protection of your Health aur Wealth Dono.



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# SURAKSHA AUR BHAROSA DONO

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Health Insurance



Home Insurance



Travel Insurance



SME Package Insurance



KARMA CAPITAL

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Early Cycle  
Investments

Concentrated  
Portfolios

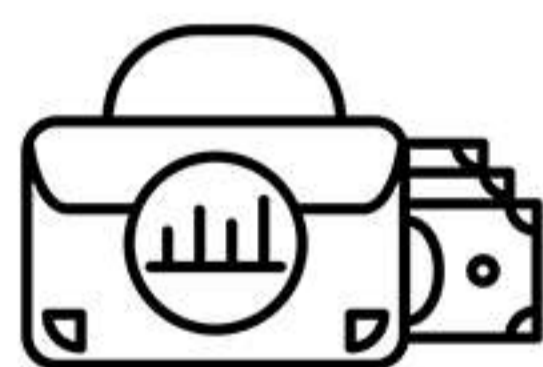
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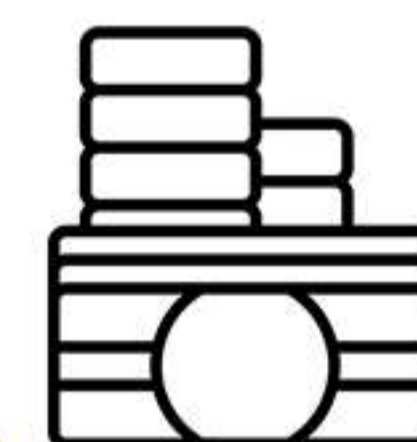


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**MEDHA SHETYE**

LEGAL PROFESSIONAL  
LEXIPOSH

**TOPIC**

## Financial Advisor collaborate with Estate planners to Safeguard the **Interest of Clients**

### **PROFILE**

Over 20 years of experience in the legal field handling civil disputes. With specialisation in dealing with matrimonial, succession planning, drafting & reviewing of commercial agreements. The thought of sharing the experience & knowledge with the budding generation enabled to take visiting lectures in Law & management colleges in past. Worked as a principal for 2 years in a law college between 2016- 2018.

Experience of handling civil suits & passionate about "empowerment of women" brings in proficiency in dealing with issues related to sexual harassment at workplace.

Presently working as a freelance consultant in various roles & as an external member for Internal Committees for various organisations such as Intellimation Market Services Ltd , Adian Services LLP, Vantage International Management Company etc. Educating, mentoring employees to speak & stand up against abuse. Conducting workshops to up-skill the legal aspects of the Internal Committees constituted under the The Prevention of Sexual Harassment of Women at workplace ( Prevention, Prohibition, Redressal) Act 2013. Proficiently investigated cases of abuse under the act while discharging the role of external member.

Wealth Managers and estate planners usually work as separate entities. They draw lines between financial plan and estate plan. It is to be remembered that however refined or good financial plan offered by advisor, maybe it may just collapse in an adverse event for the client. In such a situation all the financial goals usually disintegrate and leaves the family grieving to assemble fragments left if estate planning is absent in the financial plan.

There is a misconception that estate planning is not required by all or that it is only required for some client having a Networth over some threshold limit. Estate planning is important for everyone no matter their age and the quantum of wealth. Wealth managers and financial adviser play a crucial role in the accumulation and growth of the client's assets. Transmission of these assets is equally important. The changing social relations in India and the prevailing pandemic across the world have highlighted this issue glaringly. The high-net-worth population is growing steadily in India, but has witnessed a difference of approach towards estate planning as compared to the developed nations. Generally Indians hesitate to discuss succession planning. Many of the businesses in India are family owned, but unfortunately do not have succession planning. They land up with legal disputes amongst heirs in various jurisdictions. To add to it, many of the times control over the business is lost. To avoid the same and ensure smooth transition of leadership of business, effective estate and wealth planning becomes inevitable.

Awareness about the disposition of wealth at an appropriate time is thus very important. The wealth managers and financial advisers are the best professionals to advocate it. They are aware about the client's assets and their goals and thus can easily emphasize on importance of estate planning.

Lack of exposure of the family members to the investment avenues wipes out the whole efforts taken to accumulate wealth for family members. Educating the family members and making them capable to manage assets left to them is of utmost importance. No matter how well educated the next generation is, understanding how family business runs and how wealth works is often outside their knowledge base. This is where wealth managers or financial advisors can identify the gaps and suggest a plan of action. Ringfencing the assets built and establishing a structure most effectively to meet objectives is important.

Estate planning and financial planning are closely interwoven together. The client's growth and asset formation that is achieved by your expertise is to be protected. Estate planners ensure this protection. At the same time the estate planner relies on your services to make the clients plan successful and to achieve the clients desired goals.

The heavy cost the tax penalties that are likely to be attracted at succession can be avoided with both working in collaboration. The laws regulations keep changing hence you need to check in with estate planners if there is a major shift that will affect the plan of your client and if any provisions pertaining to the same are required to be done.

Unforeseen medical emergencies would arise and estate planning would be required to achieve their overall financial goals. Having the estate planning documents in place shall guarantee holistic planning of your clients.

Financial advisors are required to view the estate planning documents to ensure, plan aligns with financial goal. They can revise their recommendations and provide a more efficient effective complete advice of real time.

Many a times the financial advisor face challenges. At times the clients do not reveal all the details about the assets they possess. In such situation it becomes difficult for the financial advisor to meet the client's objectives. But if the services of estate planning are bundled together it would enable the financial advisor to know all the details. It would save the clients time & money to appoint a separate attorney for planning his wealth disposition. Estate planning in wealth management provides an additional tool to financial advisors. It can be used to add value and build stickier client relationships.

The key to a successful total wealth management solution is collaboration. By taking an innovative team-based approach one can addresses all the requirements of the client from growth, safety of their investment to transmission.

Advise your client on schemes to maximize wealth but at the same time advocate for asset protection, as asset building is infructuous without a proper estate plan.

 LexiPoSH

Solutions for Law On Sexual Harassment at workplace



# PIYUSH KOTHARI

MANAGING PARTNER  
Waterfront Capital

## TOPIC

# Wealth Management

## PROFILE

Renowned for his winning streak in the Wealth Management Industry, Piyush's wealth creation journey goes back to the early 2000's when compelled to make something out of his inherited property. Piyush Kothari is an Indian entrepreneur and investor, who is founder, Managing Partner of Waterfront Capital, a boutique wealth management firm from Mumbai.

Piyush has spent over 12 years working across ICICI Bank, HDFC Bank & Centrum in various roles across the consumer and institutional banking alongwith Wealth Management. In all his stint, Piyush managed the Private Banking business for uber high net worth clients across India, Singapore, UAE and the US.

From the creation of wealth, to exploring avenues of preserving the same, Piyush also looked beyond India to exploit opportunities that made compelling opportunities for clients.

Over the last few years Piyush has amassed a sizeable investment portfolio having consulted and helped numerous families in their wealth creation journey. He realized the vacuum in the space. Observing that there were no reliable advisors or established organizations to assist Indian HNIs to explore unique investment options, he finally decided to formally establish Waterfront Capital to fill this very void.

He has formally participated across various forums to represent his company & clients. Also, spoken at various levels in marquee Business Schools & thought leadership conclaves sharing his idea on Wealth Management, Fintech, and Digitalization with Financial Inclusion.

The Indian Wealth management firms must remain on top of the prevailing current trends for capitalizing on the market opportunities. We are witnessing that the current investors are aging and being replaced by the new age digital Millennial, who often have very different ideas about what to do with their money. Also, unlike traditional days, women are increasingly participating in family's financial decisions based on new investment models.

Technology is another area where we need to remain competitive. The profits of wealth management companies are slipping, making it challenging to retain clients who are switching to passive funds. Yes, Indian fund managers have been responding by using algorithms to achieve alpha on their funds. But, these De-biasing techniques can help develop long-term winning strategies rather than one-time wins resulting from their intuition.

In our opinion, 2020 was the best test for the relationship between financial advisors & clients. Indian clients were dealing with fear and uncertainty in their portfolios, amid the uncertainties that defined so many other parts of their lives due to the human tragedy of the COVID-19 pandemic. The value of advisor-to-client advice was on full display as advisors achieved record client and asset retention. However, the road ahead is uncertain. Now, once again, the asset growth continues to be market dependent because new client additions have stagnated. Once again the client's perception of value for advice remains under a microscope. That, along with the growing inclination towards low-cost Index funds, continues to put downward pressure on pricing. Just for instance - the period that followed the market crash of 2008, it saw a major spike in client attrition. Ofcourse, there were winners and losers in different pockets, as some advisors opportunistically pursued new clients who were in search of better advice. Today, fortunately the economic impact of the COVID-19 pandemic has not had the same effect.

Advisors need to leverage technological approaches to develop offerings that meet changing customer demands by maximizing the value. Many firms in India have already started to use predictive analytics to develop customized value propositions towards customers. Such changing trend & ideas should open up new revenue streams for the wealth management firms & they should leverage customer data & technology to the best. With this, one can reduce client attrition because clients would then be less likely to leave their existing advisors.

Yet another strategy for a long term sustainable growth could be adding younger clients (the millennial), which is critical to the wealth management company's long term growth. While it is an increasingly challenging endeavor, technology-led wealth platforms can easily achieve this goal. Infact, many of these younger investors initially started out as "self directed" and eventually switched to human relationship managers as their needs become more complex.

The past decade, since after the 2008 financial crisis, has been prosperous for both individual investors and the wealth managers that serve them. Client portfolios are larger than ever, relationships are deeper, and, as a result of both, client-retention rates are at an all-time high. Wealth management firm's revenue are more tightly linked to customer outcomes, with asset based fees emerging as the clear economic model of choice.

For the Indian wealth-management industry, the winds of change are picking up speed, with increased competition, unpredictable markets, and the pace of demographic change accelerating. Growth is likely to be more elusive than in the past ten years and more heavily influenced by the decisions and actions of advisors themselves, not just broad market returns. As challenging as 2020 was, it has served as a clear reminder of the importance and value of advisor-to-client wealth-management advice and elevated the role that many advisors play in their clients' financial lives.

#### · About the Author:-

Piyush Kothari is the Managing Partner of Waterfront Capital, a new-age boutique Wealth Management company from Mumbai, India.



**VIJAY UPENDRA**

CONSULTANT — ESTATE PLANNING

TOPIC

# ESTATE PLANNING **Entanglement & Empowerment**

## PROFILE

Presently Working as Consultant ,Estate Planning @Prop-Seva® Bengaluru. He has more than 35 Years of Employment & Professional Experience.

He has completed B.com in Cost Accounts from Bangalore University, A F P – Risk Analysis & Insurance Planning by FPSB India, Certification from LAW SKILLS, Delhi on WILLS.

Living in Estate Entanglement ----- A Complex Life.  
Living in Estate Empowerment----- A Simple Life.

Estate management with reference to Inheritance, significant Population is leading a Complex Life and parallelly limited population is leading simple life.

ENTANGLEMENT: Lack of knowledge always puts a person in a complicated situation or in circumstances from which it is difficult to disengage or to come out.

Without having information / knowledge on Estate Planning, significant population do not seek professional help. Hence, feel suffocated and take inappropriate decisions resulting in Entanglement.

EMPOWERMENT: Wisemen always choose the route of empowerment i.e.,

Knowing or seeking right knowledge in an appropriate sense, applying the same in various real-life situations in management of Estate and not get Entangled.

Estate Planning/ Succession Planning is a part of Financial Planning.

What is Estate? In a holistic view Estate is --- Physical Assets Like Land & Building, Money Invested in Equity Shares, Bonds, Debentures, mutual funds, Gold/Jewellery, owning automobiles like four-wheeler/ two-wheeler and any other asset which has got economic value.

Estate Planning is the systematic approach to deal with the management of state. It is to simplify complexities around management, Inheritance/ Bequeathment (transfer) of one's Estate ---Tangibles & Intangibles covering Socio, Economic and Legal dimensions.

Estate Planning--- Social Dimension: Gives clarity among family members /dependents, who are beneficiaries and helps to maintain cordial relationship, i.e., avoiding misunderstandings or disputes in sharing or bequeathment of an Estate.

ON Economic Dimension: Reduces unnecessary Expenses arising out of dispute resolution mechanism/system.

On Legal Dimension: In the absence of Estate Planning, Succession Laws/ Inheritance laws are applicable and the bequeathment has to be done as prescribed by laws. They are;

HINDU SUCCESSION ACT 1956 – Applicable to Hindus, Buddhists, Jains & Sikhs

INDIAN SUCCESSION ACT 1925—Applicable to Christians, Jews & Parsis.

MOHAMMEDAN LAW --- Applicable to Mohammedans

IGNORANCE OF LAW IS NO EXCUSE. Awareness of succession laws are abysmally low, hence Estate owners are not able to take appropriate decisions resulting in various disputes and complexities.

## Tools used in Estate Planning:

WILL: Transfer of Estate to the beneficiaries after estate owner's Death

A WILL is a written document by which a Testator directs how his or her estate (assets) are to be distributed upon his or her death.

Any kind of property owned by a testator, whether moveable or immovable, tangible or intangible financial assets and any asset that can be bequeathed by will

TRUST: TO Protect Estate and beneficial Interest to Beneficiaries,

A TRUST is a device vested in one person who promises to exercise control over it only for the purpose of permitting another to have its beneficial enjoyment.

POWER OF ATTORNEY: A Power of Attorney (POA) is a legal document that provide an authority to appoint a person or an organisation to manage property or medical matters.

A POA is often used in the case of a principal's illness or disability, or when the principal is going to be out of the country for a long period of time and unable to make Legal decision in Estate related matters.

Finally, it is imperative to have an Estate Plan in place for seamless transfer of Estate to the beneficiaries to lead a simple and peaceful LIFE.

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WHAT DO YOU THINK?

## ARE YOU WORRIED ABOUT ?

- » What New to Offer to My Existing Clients ?
- » Reduced Income, Cutting & Lowering Brokerages ?
- » Finding New Clients Everyday ?
- » Being Advisor to Only One Generation ?
- » Not Able to Add HNI & UHNI Clients ?
- » Upgrading Your Skill Set to Compete ?



**I DESERVE  
MORE THAN  
THIS IS MY  
CAREER?**

We Understand  
You

We Understand  
Your Problem

We Understand  
How to Fix It



**BECOME A CTEP & BOOST YOUR PROFESSIONAL GROWTH !**

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- ▶ Understand the various Wealth Transfer Techniques
- ▶ Start Catering to HNI & UHNI Clients on Estate Planning
- ▶ Advise client Across Generations
- ▶ Pave Way to add a New Income Stream with Existing Services
- ▶ Start Offering Estate Planning services & Build New Client Base
- ▶ 3Lac+ Certificants & Presence in 151 Countries

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2. Enroll for the CTEP™ Certification Program
3. Learn using our quality & industry relevant content
4. Complete the Education by passing only one exam
5. Get CTEP™ Designation directly from AAFM® USA
6. Get end to end solutions by partnering with NexGen Estate Planning Solutions

**India's First Will & Estate Planning Services  
Provider to Financial Services Professionals**

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ESTATE PLANNING SOLUTIONS  
LEAVE AN INHERITANCE NOT A MESS!

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- » Business Succession Planning
- » Will & Related Services
- » Probate Letter of Administration
- » Trusts (Regular & Special Child)
- » Letter of Guardianship
- » Power of Attorney Services



**Be a NexGen  
Member...  
Be Client  
Ready !**

**Do I Need to be a Lawyer? – NO!**

**Can I Offer Will, Trust & Related Services? – YES!**

**How to offer These Services? – Partner with NexGen**



**Expanding Your Services to Include Estate Planning Makes Sense..**

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- Additional Income
- Extensive Training
- Free Tele-Consultation with Estate Planning Experts
- Associate with a Reputable Brand Name
- Client Focused & User Friendly Online Platform

### **NexGen Service Delivery Model**

- Become a NexGen Estate Planner
- Get the Training & the Tools of Client Engagement
- NexGen Advises the Solutions Required & Creates the Tools
- Conduct an Estate Audit of Your Client
- You Deliver the Solution to the client

# SONAL SHARMA

ASSISTANT MANAGER -  
KNOWLEDGE MANAGEMENT  
AAFM® INDIA



## TOPIC

# Dunbar's Number and Relationship Capacity of **A Wealth Manager**

## PROFILE

"Sonal Sharma is a content development professional with an industry experience of 15 years and has been writing extensively about financial concepts and investment strategies along with finance and professional certification programs since 2014 with a view to promote financial education. He believes that everyone should have access to financial education and it is only possible if we impart the knowledge of complex financial concepts in layman's language to make them more accessible.



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As a wealth manager, have you ever wondered if there is a limit to how many clients you can really manage? If you have heard of Dunbar's number you would know that the size of the brain in primates has a strong positive correlation with the ideal size of social groups they can manage. Robin Dunbar, a British evolutionary psychologist, did research on this correlation and by extrapolating it to humans he suggested that the ideal group size for humans is around 150.

This is the threshold for stable social relationships one can have, beyond which humans are unable to manage them efficiently. Later studies discovered that this magic number worked well not only in social settings but when it was about deciding the ideal size of highly functional groups such as military units, farming villages and even primitive hunter-gatherer societies in the early stages of civilization.

## Human Engagement Vs. Digital Engagement

Now the million dollar question that arises is that if this number indeed has a role in shaping the business world and influences how it works? And if it does, can Dunbar's Number really put a constraint on the ability of financial advisors and wealth managers to manage a large number of clients? The fact is that despite technology taking up some of the core tasks traditionally performed by human advisors including data collection, analytics and even streamlining investment management, in terms of forging and maintaining healthy client relationships, the element of human connection remains nearly indispensable. If we take Dunbar's number to heart and try to understand how it might actually impact a wealth manager's ability to engage with his client base, we will need to differentiate between the idea of human engagement and digital engagement. One can easily engage with hundreds or even thousands of existing and potential clients using email, social media and other modern tools and platforms for communication, but the question is, can it really work as a substitute for the human factor?

To find an answer, imagine a businessman or advisor meeting a new prospect over a coffee to share his proposal and another one who drops a well-crafted email to the prospect explaining his proposal. Now suppose if both are equally professional and persuasive, who stands a better chance of connecting with the client? It goes without saying it is the one who chose to put a human face to his business proposal.

This means we can say confidently that it is the factor of human engagement that holds the key to building and sustaining client relationships more than anything else and it is true that no matter if it an average investor or a HNWI looking for an advisor, most people prefer to stick with someone who is ready to invest time and effort in building a close rapport with the client. It can have several advantages including a chance to better understand the unique needs of a client and offer truly personalized services to show your worth as an advisor.

## Human Relationships and Jetson Fallacy

Have you had a chance to watch early-60's classic animated series "The Jetsons" where people enjoy an extended lifespan in a tech-enabled futuristic world in 2060s? If yes, you can easily relate with the idea of how the human aspect is left completely unchanged in Jetson family 100 years into the future, which has come to be known as the "Jetson Fallacy." This means that no matter how advanced technology might be the element of human relationships and how they evolve will always remain an exclusive domain unto itself.

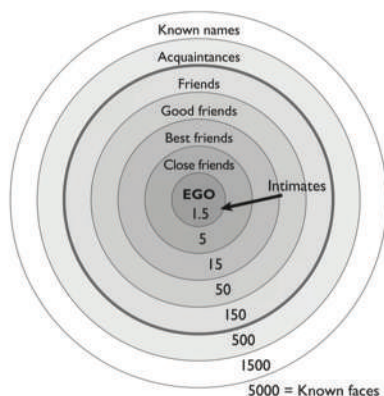
Going a step further, though technological enhancement can improve rendering of services but if you think of human caregiving, for instance, you realize it doesn't increase in efficiency with enhancement in technology and instead remains slow-paced and involves a lot of effort despite all the advances. Finally, it is about the human connection that we are able to establish with our fellow beings which forms an essential part of caregiving as also of any human relationships.

## Dunbar's Circles of Friendship

Robin Dunbar, further elaborating on his original theory, discovered that Dunbar's number isn't really a single number but a series of numbers best depicted as a series of concentric circles. They relate to the structure of relationships a person might have, beginning with 1.5 or the most intimate inner circle comprising of romantic relationships followed by the circle of 5, 15, 50, 150, 500, 1500 and 5000 with each circle representing about three times the size of group in the immediate inner circle.

In Dunbar's own words, "The innermost layer of 1.5 is [the most intimate]; clearly that has to do with your romantic relationships. The next layer of five is your shoulders-to-cry-on friendships. They are the ones who will drop everything to support us when our world falls apart. The 15 layer includes the previous five, and your core social partners. They are our main social companions, so they provide the context for having fun times. They also provide the main circle for exchange of child care. We trust them enough to leave our children with them. The next layer up, at 50, is your big-weekend-barbecue people. And the 150 layer is your weddings and funerals group who would come to your once-in-a-lifetime event."

Here it's important to understand that the circle of 150 or any other circle lying outside another circle includes all the people in the inner circles and are not exclusive to each other. For instance, the circle of 5 and 15 form a part and parcel of the core 150 number which means that the clients a financial advisor can really engage with, is effectively less than 150, since the number 150 includes his personal friends and social circle as well.



### Dunbar's Number and Circles for a Wealth Manager

Once you have grasped this idea of concentric circles of friendship, you can interpret it as a wealth manager to classify your clients and business contacts and prioritize your levels of engagement accordingly. Since the first 3 inner circles include your personal and lifelong social circle, let us begin from the outermost circle here. The circle of 5000 can be taken to represent the sum total of your social and professional reach where some level of mutual recognition might be achieved and efforts made to integrate them into the inner circles.

With this 5000, you make your efforts to engage digitally and try to make an impact with some kind of personal interaction by putting a face to your efforts, whether it is in the form of a video or a presentation where you give a fleeting glimpse of your personality along with your business side. The next circle of 1500 could be the number of existing and potential clients you aim to have where you offer something extra to this circle where a number of people might already know you on different levels.

Take up your level of engagement to bring them into the circle of 500 and make it a point to opt for some kind of face-to-face interaction with the circle of 500 over a dinner or a coffee or some kind of social or professional get-together once every quarter or twice in a year. When it comes to the circle of 150, treat them as your best clients and focus on offering the best of human engagement since you want to stick with them in the long-term. This is where you might reap the best rewards possible.

### Handpick Your Ideal Clients

The challenge here lies in identifying this core group of 150 clients who could potentially be your best bet in the long-term. It is important to adopt an unhurried approach and be thorough in your client research. The oldest and the best trick in the book is to know your client like no one else does, and not only look for the clients who can offer the kind of growth and stability you are looking for, but for clients whom you can service best and keep happy in the longer run. If you have a good practice, 150-200 might be just around 20% of the total clients whom you intend to serve as a wealth manager.

You need to understand that not all clients are meant to stick with you and put all your efforts into identifying your ideal client based on well-defined criteria. Once you have done that, focus on this core group of clients and make them your first priority when it comes to offering specialized services. Do not be afraid to go above and beyond your standard practice and engage with them both professionally as well as on a personal human level without going over-the-top, which rarely works. Instead, be genuine and honest and choose subtle forms of engagement with a personal touch which tend to work the best. In the final analysis, though a wealth manager may not be able to grow his/her relationship capacity beyond a certain point, they can certainly use Dunbar's Number to decide precisely where they need to focus their efforts in terms of human engagement to achieve the best results possible.

If you still have any doubts, let's put things in a broader perspective. Have you ever wondered why we take so much interest in learning the story behind any big invention or discovery, putting a face to it, or why we are so interested in learning more about our political and business leaders instead of merely focusing on their policies and actions that impact our lives? In the case of the latter it might be considered a way of building trust in our leaders but what about the former, it's not like we need to know who discovered gravity to be able to feel its effect. Maybe it's simply the way we are hardwired to connect with others as humans, and Dunbar's Number speaks to that need for human connection alone.





## VIRESH PATEL

CHIEF EXECUTIVE OFFICER  
FINANCIAL NORTH

### TOPIC

Participate by being part  
of multifold growth-2 step  
action plan for every  
**Personal Finance Expert**

### PROFILE

Fees for Financial Life Planning | 16 Yrs in Personal Finance  
| 361 degree Tailormade Solution as service | Founder Fi-  
nancial North | No financial product selling

With financial inclusion, regulations clearly moving into defining roles and responsibilities, each day passes by, and I become more enthusiastic and positive about industry multifold growth and I feel sky is the limit for personal finance experts.

Do you share the same feeling?

Do respond yourself first and in the comment section of this article later.

For this level of growth, I sense only 2 hindrances-

\_Lack of trust in Investors at large

\_Too many individuals fighting alone

No worries, there is a solution in place and this time it needs to come together, at industry level. (I am using word 'industry', but we are yet to get industry recognition as "personal finance industry", as I feel "financial services as industry" is too vague and large and that's a separate level discussion which needs industry revolution that we need and can bring together)

So here's the 2 step Action plan with it's background-

**A\_ Industry level Specialization representation – (I am well aware that I am biting the bullet, but better late than never)**

Let me ask you a simple question first-

Who is expected to bring the change in below scenario?-

Which one is easier

Identifying difference between Dietitian & Nutritionist, and exactly say whom to approach when?

OR

Identifying and explaining difference between a gastroenterologist and a cardiologist

I bet, there would be a higher number of individuals - common man, who can explain the difference better in case 2, and less in case 1.

So, who is expected to explain this differentiation better, the common man or the industry expert?

Now bringing the same case to explain in personal finance Industry-

Which one is easier to explain and identify for a common man, an investor-

- Portfolio manager
- Wealth advisor
- Financial advisor
- Financial Consultant

OR

- Life Insurance Specialist
- Medical Insurance specialist
- Financial Planner – Film actor and actress specialist
- Mutual Fund Distributor

- Options trader
- Equity advisor
- Real estate advisor- Residential
- Portfolio management – Equity specialist
- Home loan advisor
- Credit score specialist
- Estate planning specialist
- Commodity specialist- Gold and Silver
- Tax planning specialist- Individual Investors
- Debt products specialist
- Government schemes specialist
- Employee benefit specialist
- Financial planner - Divorce or separation specialist
- Financial Educator – Personal Finance
- Financial planner- Home buying decision specialist
- Financial planner- Already retired employee specialist

Etc etc

Do you agree, it is time for us as industry experts, to simplify things for investors, to understand, explain and identify the right financial expert for what she/he is looking for, at that point in time, the way it is easier in medical fraternity for a family?

In my opinion, every individual investor is smart enough to understand, if it is put up CLEARLY and RIGHTLY. So, the onus of clarity of identification of whom to approach, when to approach and what to expect does lie on the industry experts.

Lack of trust is number one problem to address as someone who is here in the industry for longterm-

**<https://economictimes.indiatimes.com/wealth/invest/investing-is-complex-because-of-financial-illiteracy-or-lack-of-trust/articleshow/68227538.cms>**

How at industry level we can simplify within ourselves on representing self on basis of specialization and gain trust ? Simple, 3 aspects-

- Certification (Top level, first)
- Area of practice
- Where is your 80% Income coming from- especially if you are more than 3 years in the practice

Dr. Shah, writes as below –

Neurologist | Vertigo specialist | ENT

And she represents herself as a neurology specialist in problems related to vertigo and ENT. Isn't this clear and transparent? Her first certification is neurologist, and her specialization within the same is Vertigo and ENT problems related to neurology.

Say for example, I have IRDA Certification under which I am practicing Life Insurance and having agency business with say 2 life insurance companies, for last 7 years.

Simple is I should represent myself as Life Insurance expert and make a mark in my prospects and clients mind, in such a manner that for any and every Life insurance query, I should be remembered and referred always. (You are master in not only life insurance products, but also claims processing and servicing)

I had one operation from an ENT Specialist in 2017 and after operation they give me a diet plan with time table to follow, but on the paper on the top itself, there was a disclaimer that we do not hold dietician certification nor degree, neither do we practice and for detailed analysis consult specialist and that this is general plan.

This same ENT Specialist writes – ENT & ENT Oncologist, and he means any problem related to Eye, Nose and Throat and Cancer in ENT and I possess expertise.

In my opinion, this is what fiduciary means and to be followed in true sense.

Only once we who are serious about growth and working in the industry who represent ourselves rightly with clarity and transparency will the industry gain trust amongst investors and growth can be exponential.

This is when individuals will start trusting the experts, and this is how we can attain personal finance industry name. I would like to go a step further and share my dream to get "Tax deduction" status under 80C for the fees paid for financial planning. (After all, we have a big role to play in increasing and sustaining savings % of every household - so ya why not?)

## B\_ Collaboration

A mutual fund distributor who has 10 years experience and does MF research amazingly well, is struggling. He is such an expert that many other mutual fund distributors are ready to pay him his research inputs, analysis reports and second opinion, but since he dedicates that time to research he finds himself lacking time to grow his business.

"I handle 800+ family's and am in 3rd generation Life Insurance business". My problem is not business, my problem is onboarding and managing teams and not able to meet more and new people to grow and serve more family's. My expertise and liking is meeting people.

I am good at understanding clients problems and setting systems and processes and preparing customized solutions. I am in a problem that I am not able to sustain and grow, as there is lack of time and team. How can I grow my team?

I am sure, you have either heard such problems or are yourself going thru' one or many such problems.

There is a solution- 'collaboration'

If you have passion, intent and expertise in one area of specialization, and also a problem of growth, share this within the industry and I am sure you will find the other one also in some problem.

Find commonalities, and if wave length and understanding matches, be open to collaboration

"Fighting together is always better, than fighting alone."

The advantage is each one has blind spots, negative spots and positive spots.

When other person joins, she/he helps open up blind spots and turns negative spots into positive so that your positive multifold for growth and sustainance, and each individual grows together, rather than fighting the war alone in the personal finance battlefield.

"When your problem and my problem become our problem, and we solve together, we see new bigger problems together and that becomes a path of growth"

## Conclusion and Closing note-

Have you felt lost when you or your family member is looking for better health, not well, ill, or identified with any disease? How good or bad is or was your experience in finding the one which suits your needs?

The first thing we need to gain is trust, and this can be done in 2 ways, individually and at industry level.

Let us together work to make life of individual investors easy to identify "the expert to connect" and let us collaborate to grow multifold and get "Personal finance Industry" status.

Disclaimer - These are personal views based on experience and open to contradictory views and suggestions and calls for collaborations.



## TOPIC

# For Her - Financial Education

## PROFILE

Aditya Birla Capital Limited (ABCL) is the holding company for the financial services businesses of the Aditya Birla Group.

ABCL's subsidiaries have a strong presence across Protecting, Investing and Financing solutions, ABCL is a universal financial solutions group catering to diverse needs of its customers across their life stages. Powered by more than 30,500 employees, the subsidiaries of ABCL have a nationwide reach with 1,048 branches and more than 2,00,000 agents / channel partners and several bank partners.

As of March 31st, 2022, Aditya Birla Capital Limited manages aggregate assets under management over Rs. 3,706 billion, has a consolidated lending book of approx. Rs. 672 billion, and an active customer base of over 35 million, through its subsidiaries and joint ventures.

Aditya Birla Capital Limited is a part of the Aditya Birla Group, in the league of Fortune 500. Anchored by an extraordinary force of over 140,000 employees, belonging to 100 nationalities. Today, over 50% of Group revenues flow from overseas operations that span 36 countries in North and South America, Africa and Asia.

With changing times and owing to the awareness around financial products and the availability of apps that allow people to invest with ease, there has been increased participation from all genders and income groups. As per CAMS data, the women investor base saw a rise of 3X from 1.8 mn women investing in March 2017 to a whopping 5.5 million in March 2022. Further insight given by CAMS across age groups shows that 66% of women investors lie between the age groups of 20-50; 17% each in the age groups of 51-60 and >60 years goes on to show the keen interest in investments for those nearing 60 and beyond as well.

While we dive deep into the current scenario of relationship between women and money and found out that many Indian women face a number of cultural, economic, psychological, and physical restrictions that make it difficult for them to become financially literate, despite the fact that it is crucial that women be given equal power to take financial decisions as men. Despite government efforts, a significant gender disparity remains in the percentage of adults who are financially literate. Therefore, the need for more programs tailored to women's financial literacy grabbed our attention. Financial literacy of women would not only help women gain autonomy and agency, but it would also boost the nation's economy.

In this endeavour, ForHER, a financial literacy program undertaken by Aditya Birla Sun Life Mutual Fund, specially designed to engage, educate and empower women across the country with right knowledge about personal finance and money management serves as an apt Investor Education Initiative for women. The ongoing knowledge and comprehensive financial education will increase confidence in women at large by encouraging them to take active role in financial decision making and helping them plan to achieve financial independence.

To accelerate our journey, we have partnered with The Women's Collection Inc. (Canada) who are a specialist financial wellness and education provider that uniquely offers financial literacy for women in an online gamified platform, while combining tools, resources, events and an investment platform to engage their audience.

There are several factors that affect the level of financial literacy among Indian women. However, to highlight a few - women are discouraged from becoming financially independent and learning the necessary financial vocabulary. In India, there are a lot of women who don't hold a job for various reasons and rely on their parents or spouse for financial support. This limits their ability to make their own choices concerning the family's finances. Amidst these harsh realities of the larger India which needs to address, an insightful finding from the CAMS report that the women investors AUM grew from Rs 98000 Crore in 2017 to Rs. 4.5 tn in 2022 with a CAGR of 43% is highly encouraging for ForHER to make a greater and more relevant impact.

ForHER aims to empower Indian women with right knowledge on personal finance management by focusing efforts towards reaching larger women groups, NGOs, communities, and other women representative bodies, developing relevant content, mediums, platforms, alliances to ensure adequate women are educated and encouraged to actively participate in household investment decisions and taking up financial product distribution as their preferred occupation.

Our Vision is to ensure that through our continuous activities, we reach out to 20 million women across the country with right content, message and medium directly or indirectly and aspire to onboard 10,000 new women mutual fund distributors for in the next three years.

ForHER initiative aims to deliver a robust platform allowing women, at all levels of knowledge to engage and learn – at their own pace and with the medium they feel most comfortable. Combining various elements of the program, in a suggested format, will also award participants with relevant certifications. This allows participants to share their achievements while encouraging other women to do the same.

## Some of the key outcomes anticipated of the initiative includes

1. Empowering women to help with financial matters for themselves and their households
2. Growing financial literacy rate among women furthers the need for gender equality
3. Promoting savings and investments as more women enter the workforce and start their own businesses
4. Increasing knowledge alleviates financial burden in difficult times, i.e., death of a spouse, separation, and divorce
5. Encouraging more women to consider financial services and mutual fund distribution as a professional career

We have curated variety of content formats, suitable for Indian audience, with detailing to the needs and common doubts from a women's perspective. Our formats are inclusive of:

## E-Learning

Online education modules on personal finance, wealth management and investing; preparing women to effectively manage all aspects of their financial health in bite-sized content.

# ARTICLE

## Articles

Ongoing educational articles on personal finance, investing, estate planning, tax and much more.

## Resources

Resources to accompany your learning that includes eBooks, workbooks and educational guides.

## Live Events

From large-scale events to community-based events, these programs will provide much knowledge and education while providing ample opportunities for networking. We have partnered with Media Houses such as CNBC Tv18 for an online series – Financial Quotient, special episodes of Investors Hangout powered by Value Research, to name a few.

## Podcasts

A specialized podcast program ForHER with featured guests and subject matter experts providing financial knowledge, insights, and life stories.

## Social Content

Engaging on our social platforms (Instagram, Facebook, Twitter, LinkedIn & Pinterest) for financial tips, updates and knowledge from key advisors, influencers, and ambassadors.

14% of the gross inflow in 2021 came through the SIP route with an average ticket size of Rs 3482 according to the CAMS report. The report mentioned a particularly interesting finding that across asset class preference, 76% women preferred to have exposure to equity funds only while 18% preferred a mix of equity and non-equity funds from a gross inflow of Rs 1.82 tn in 2021. With ForHER, we aim to provide much needed impetus to distribution fraternity to onboard more women clients to achieve their goals through proper financial literacy. We would strive to achieve this feat by organising women centric educational drives in association with partners making them equal stakeholders; creating co-branded study and promotional material to educate jointly; developing tools, apps and learning platforms enabling channel partners to participate in taking awareness to each household in their business locations.

Let us together take pledge to reach out to every household, impart financial education to create right financial inclusion. Join us in this mission ForHER to Ghar Ghar Mutual Fund & Har Ghar SIP. Har Ghar SIP is a powerful drive towards empowering every household to get right financial education and be an informed investor.

We invite all our associates to join ForHER initiative which is need of the hour and a must for nation building.

Happy Investing

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