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DEEPAK JAIN

DIRECTOR
American Academy of
Financial Management® India

TOPIC

Editor's Message: Entering A New Era of Alternatives

FROM DIRECTOR'S DESK

Welcome to the newest edition of AAFM® India's Wealth Management Magazine, where we delve into the dynamic landscape of wealth management. In this issue, our curated articles offer incisive insights into the evolving financial terrain in India. In an attempt to tread off the beaten track, we have covered less-talked about facets of financial planning, for instance, planning life events from a financial perspective.

We hope to inspire the curiosity of professionals as well as laymen among our readers who may not be conversant with the common financial jargon. Ultimately, we aim to make a positive impact on human lives and propel industry growth at the same time.

We are equally excited to announce the forthcoming AAFM® Wealth Management Convention in Mumbai, the financial capital of India. This annual mega event will see a convergence of ideas, expertise, and visionary thinking for the future of wealth management. We are proud to offer a single platform for industry leaders, stakeholders, educators, financial professionals, and the budding minds of tomorrow to come together and explore novel possibilities, acquire newfound knowledge and discover innovative solutions.

Let us turn our attention towards some of the key industry trends being redefined in 2023 which are

shaping the world of wealth management in a big way. As per Knight Frank's Wealth Report 2023, after the 'Permacrisis' of 2022, that saw a combination of energy, economy and geopolitical crisis, leading to a significant decline in the global wealth in the vicinity of USD 10.1 trillion, with UHNWIs witnessing a dip of 10% in their wealth, 2023 is bound to witness a sea-shift in investor preferences. This change underscores an emerging preference for specialized offerings like PMS and AIF as viable alternatives to traditional asset classes with the potential for competitive returns.

In a significant projection for the Indian financial landscape, PMS Bazaar has forecasted substantial growth in the alternative investment industry over the next five years. The sector, comprising Portfolio Management Services (PMS) and Alternative Investment Funds (AIF), is anticipated to reach an impressive Rs 43.64 lakh crore by 2028. As per data analysis covering the period from June FY19 to June FY24, the AIF and PMS industry have demonstrated a robust Compound Annual Growth Rate (CAGR) of 26 percent, propelling the total Assets Under Management (AUM) to Rs 13.74 lakh crore as of June FY24.

These projections bode well for the future of alternative investment industry in India with PMS and AIF set to emerge as powerful tools of wealth creation in the next few years. India's AIF industry's robust growth is also fueled by adoption of favorable regulations by SEBI in 2022 and 2023. These reforms enhance transparency in AIF fund structures, due diligence practices, and reporting norms. Portfolio valuation standardization, KYC adoption, and intensified screening contribute to increased investor trust. Mandatory fund-level disclosures further ensure investor protection and a heightened level of customer experience.

These significant changes coupled with a rapidly increasing preference for AI-driven tools and focus on personalization in portfolio diversification and innovative investment preferences, there can be no doubt we are at the threshold of a new era of financial growth, fueled by hopes and aspirations of the next generation of investors. If we pause to ponder, it also signals a major shift in the making for financial advisors and wealth managers, who need to come up with novel strategies and out-of-the-box solutions to meet the needs of new age investors.

At AAFM® India, we feel excited to witness these industry transformations and will continue to strive for excellence in financial education to train the next generation of global finance professionals equipped to meet these challenges with a newfound vigor and confidence, while adhering to the highest of industry ethics and driven by a spirit of innovation.

At the end, as part of our continued commitment to excellence and originality in terms of content, we invite our valued readers to contribute high-quality articles for the upcoming editions of AAFM® India Wealth Management Magazine. Your perspectives can help shape the future landscape of financial industry as well as society at large.



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PRABHAT RANJAN

CO-FUND MANAGER
Right Horizons PMS

TOPIC

STRATEGY TO PLAY THE UPCOMING BULL CYCLE"

PROFILE

Mr. Prabhat Ranjan, a CFA charter holder from the CFA Institute, USA currently holds the position of Co-Fund Manager at Right Horizons PMS. Armed with a B.Tech from BVP, Pune, and an MBA from the Delhi School of Economics, he brings over seven years of expertise in Equity Research, Advisory, and Portfolio Management.

In his role at Right Horizons, Mr. Prabhat is a key figure in shaping investment strategies and managing portfolios. His sector coverage spans Manufacturing, Cement, Chemicals, Auto, and more, showcasing a diverse skill set.

Indian equities over the past year were resilient in the wake of global uncertainties glooming over the market that rendered equities of advanced economies unviable. Markets were volatile primarily due to extrinsic factors such as monetary and fiscal tightening across economies (barring a few exceptions) that were pursued to tame persistent inflation, the energy supply shocks due to the Russia-Ukraine war, and China's Covid restrictions & property slump. The aggressive rate hike cycle by central banks in advanced economies taking a stance to bring inflation under control led to a slowdown in global growth. Emerging markets witnessed unanimous selling as investors flocked to safer assets with higher yields and further as the Dollar strengthened. It was unprecedented, with collective occurrences shifting to a structurally higher geoeconomic risk landscape.

The second quarter of fiscal year 2024 saw robust economic growth that exceeded expectations. The Gross Value Added (GVA) achieved a notable 7.4% increase, and the Gross Domestic Product (GDP) recorded a growth rate of 7.6% surprising the street on the upside. The Bharatiya Janata Party (BJP) secured a convincing victory in three out of four states during the assembly elections, surpassing the predictions made by exit polls. Given the clear success of the BJP in these elections, the market anticipates a strengthened market confidence in the political continuity post the 2024 Lok Sabha elections.

In what seems to be a favourable and unexpected turn of events, headwinds of the past have become tailwinds for emerging economies like India with relatively better fundamentals. Inflation has been moderating sharply at the retail level and deflating at the wholesale level. Interest rates have peaked domestically while central banks in advanced economies are debating further hikes. The dollar is expected to weaken relatively, commodity prices have cooled and stabilised. Bond yields have fallen amid a stable monetary policy outlook.

Domestic equities started recovering post the earnings seasons of the last quarter of FY23 and are scaling to new peaks in a stable domestic macro footprint, a growing economy and as corporates report healthy earnings warranting robust institutional investor inflows.

The rationale behind preference towards Indian equities stems from the formalisation of the economy, supply-side policy reforms, conducive policies to make India a global manufacturing hub, focus on infrastructure

development, Real Estate (Regulation and Development) Act, digitalising social transfers, and Insolvency and Bankruptcy Code that has transformed the economy. Structural factors like PLIs, FTAs, domestic demand, favourable government policies, and healthy balance sheets of corporates and consumers are driving GDP higher.

PLI scheme plays a crucial role in development as the investment outlay will induce capex, manufacturing, and exports while simultaneously reducing the reliance on

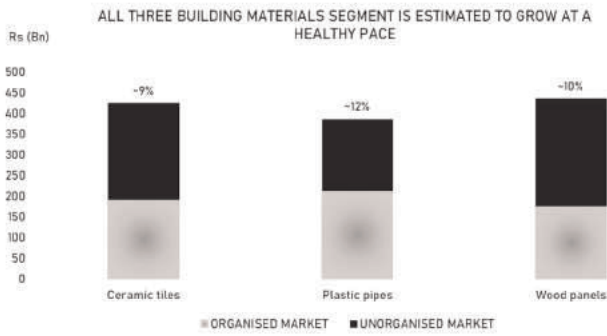
on imports. This, along with Free Trade Agreements signed with sizeable economies, will act as a catalyst to increase exports since India contributes to only ~2% of global exports. The focus on infrastructure development and the progress of the economy will lead to a multiplier effect that benefits a diverse range of industries as the government capex continues (supported by buoyant revenues and asset monetisation).

These structural factors at play have resulted in multi-decadal growth opportunities for the domestic economy with tailwinds for sectors like Industrials, Auto Ancillaries, BFSI, building materials, businesses with emerging CAPEX drivers in the defence, electrification and industrial automation sectors focusing on expansion in urban infrastructure and manufacturing. While exports are subdued by weakness in global demand in the short term, the contribution is expected to increase in the case of petroleum products, gems & jewellery, textiles, machinery, electrical equipment, pharmaceuticals, chemicals, automobile and iron & steel products. Consumer electronics and semiconductors are expected to increase gradually and contribute meaningfully over the long term.

We expect an outcome leaning towards the right tail of a conventional distribution as industrials expand, progressing in efficiency and aided by redistribution from a concentrated pool for diversifying the supply chain across the globe post the impact of shutdowns in China due to the pandemic.

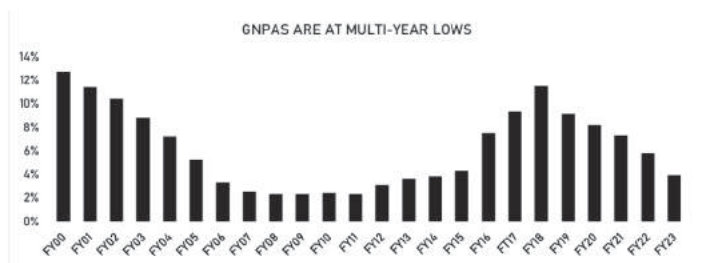
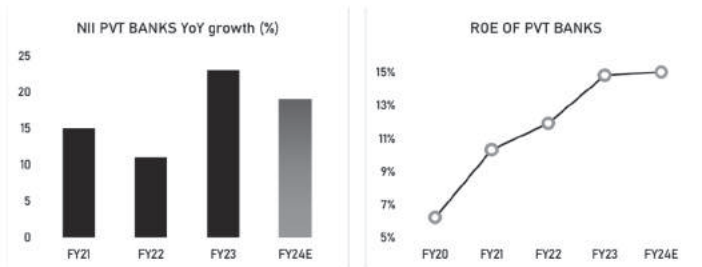
India Inc. sustained its positive momentum with bottom-line growing at ~30% in Q1 & Q2 of FY24. Primary contributors at sectoral level continues to be Banks, Autos and Capital Goods. We are optimistic about the building materials demand outlook due to increased investment towards infrastructure, urbanisation, and a recovery in the housing and commercial real estate markets. In the FY24 Budget the government had proposed to increase the funds for PM Awas Yojna by 66%, making it Rs. 79,000 crores boosting the pace in affordable segment housing in India. Additionally, the government has proposed investing heavily in transport infrastructure projects benefitting the real-estate markets across India, especially in Tier-2 and Tier-3 cities which will benefit the sector.

The building material segment in India can be broken into paints, tiles, plastic pipes, wood panels, etc. These segments are anticipated to grow between 8 and 12 per cent for the next five years due to urbanisation, real estate market recovery, and increased discretionary expenditure. Residential and commercial real estate organisations have been slowly recuperating since 2021 and are anticipated to expand. Even though interest rates have risen, they are still below past peaks, making home loans affordable and likely to grow.



The Auto & Ancillaries sector, after years of muted demand, is in a cyclical uptrend supported by a sharp recovery in urban demand, new launches by OEMs and a shift in preference towards EVs. The impetus growth in EV will continue as the renowned players have started participating and gaining traction from urban and semi-urban consumers.

The BFSI sector has been the primary reason for incremental earnings domestically in FY23 as it is sensitive to a rising interest rate scenario; banks with strong CASA franchisees and a higher share of floating loans benefitted as the companies witnessed improved net interest margins and steady asset quality. Growth was further aided by robust credit growth momentum driven by the continued traction in the Retail and SME segments. We expect this trend to continue, and as rates are expected to get cut, NBFCs and small finance banks to outperform.



The domestic macro backdrop has been driving the broader markets and sectors with tailwinds have pockets that are reasonable. We see opportunities in the small and microcap segment as there is a wide gap in valuations relative to large-cap peers and from a historical standpoint

with superior potential, especially in businesses with robust balance sheets with committed promoters & management with deep experience through multiple cycles.

Analysis of previous bull cycles has seen the earnings yield spread of microcaps over large caps drop to near zero compared to the current spreads. While every cycle is different, this bull cycle is being driven by a broad-based investment cycle and GDP that is led by growth in 'gross fixed capital formation' augmented by the 'real estate upcycle' and central government capex and higher-end discretionary consumption. Hence, we lean into opportunities in the small & micro caps that have significantly high shares in the broader industrial sector, discretionary consumption, and newer themes which could benefit from the current economic demand environment. We believe the circumstances are opportunistic for small-caps to outperform their large-cap peers given the progressing trend of economic growth where such fragments are favourably placed in the economic upcycle. Sowing the seeds for remarkable alpha generation by harnessing the mega trend domestically and leveraging on structural shifts, we are pivoting towards small-caps with selective quality names that are axiomatic in offering better risk-reward relatively and expected to outperform over the next two-three years.



YOUR DESTINATION TO SUPERIOR RISK-ADJUSTED RETURNS

INTRODUCTION

RH PMS is a discretionary Portfolio Management Services firm that started operations in 2012 after years of rigorous fundamental research by the Right Horizons Group. Fund Management Team is headed by Mr Anil Rego, a seasoned investor with more than twenty years of investing experience and is supported by CFAs, IIT and IIM graduates.



STRATEGIES PERFORMANCE

CONSISTENT PERFORMANCE ACROSS CATEGORIES

STRATEGY	CATEGORY	5 YEARS (ANNUALISED)
RH SUPERVALUE	MIDCAP	27.4%
RH UNDERSERVED	SMALLCAP	23.7%
RH FLEXICAP	MULTICAP	19.1%
BSE 500 TRI	BENCHMARK	16.0%

We have launched a Smallcap Fund RH Supervalue Aggressive to take advantage of the opportunities in the market. The strategy has delivered 56.9% returns as of 30th November 2023 since its inception in April 2023 compared to BSE 500 TRI Benchmark's performance of 26.0% during the same period.

* Performance of the strategies are as on 30th Nov'23 *Returns are TWRR and aggregate client basis. *Supervalue Aggressive returns are tentative.

DISCLAIMER: Past returns are not indicative of future performance.

The table above shows the performance of our flagship strategies. As you can notice we have been steadily rising in ranks by generating alpha consistently due to our contrarian style of investing and stringent adherence to our investment process.



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TOPIC

Propelling Women Towards Financial Inclusion **#Embraceequity**

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.

A dialogue about women's empowerment cannot be complete without mentioning financial inclusion for women. Financial inclusion grants women the power to live life on their own terms, meet their needs and achieve their goals without having to depend on anyone.

However, age-old inequalities, and regressive social traditions have acted as hurdles for generations of women and even in this age, knowledge of basic financial concepts remains elusive for many. The realm of financial planning and investments has been considered the exclusive bastion of men. Watertight gender roles have kept women away from the tables where financial decisions are made and the majority of them have always depended on their parents, brothers, or husbands to manage finances.

While the number of women who contribute to household finances has increased significantly in the last decade, they rarely take investment decisions by themselves and lack of awareness about financial tenets is a major driver of the lopsided participation of women.

Roadblocks in the participation of women in financial matters

There are multiple reasons behind the dismal trends of women's financial inclusivity. Traditionally, women's involvement with financial matters in households has been limited to maintaining the household budget and any kind of participation beyond that is seldom encouraged.

Women also lack knowledge of basic financial concepts as opposed to men and this too is rooted in patriarchal perceptions that young girls will eventually grow up to get married and their primary responsibilities will entail caregiving and managing the household. Boys, on the other hand, are groomed to be money savvy from a young age. This idea stays with many women way past adulthood and as such, they are more comfortable entrusting money decisions to the male members of the family and thus the cycle continues.

The silver lining

Thanks to the internet and the advent of digitization, women are slowly yet steadily taking baby steps towards financial inclusion. Last-mile internet connectivity at cheap rates has enabled countless women to learn the basic concepts of personal finance and also access a host of financial resources.

Often women also refrain from participating in money management exercises because they do not have the means or the confidence to visit banks and financial institutions by themselves without being accompanied by a male member. Stepping outside the home and dealing with strangers - especially men - is an unthinkable pursuit. This is especially true in demographics where patriarchal notions about women's role in society persist.

For such women, the internet and digital financial portals are akin to a ray of hope. They eliminate the need for them to step out or get in touch with brokers for investments. The younger generations of women are also bringing about a change by deciding to take matters into their own hands when it comes to money management and thus they are setting examples for other women too.

Banks and financial institutions can also aid in making more and more women become financially savvy by widespread educational campaigns and by bringing more women professionals into the financial services sector so that first-time women investors can feel comfortable in approaching them.

The need for women to embrace equity

Even if an increasing number of women are learning the ropes of personal finance, their participation in financial markets remains poor. Lack of access due to formal financial services, barriers due to mobility, digital illiteracy, and lack of individual sources of income deter women from investing in equities. Women are also conditioned to have lower financial risk tolerance than men and lack of knowledge about financial market terminologies makes women feel scared of equity investing as many fear they may end up losing all their capital. The absence of women peers and role models in this space also acts as a deterrent.

However, equity allocation is a prerequisite if women truly want to attain financial independence. Limiting investments to a few asset classes that carry little to no risk deprives them of wealth-creation opportunities in the long run and thus many women find their investments to be insufficient for their goals despite having saved and invested diligently for years. Equities are also essential for maintaining the right portfolio diversification as the same mix of assets cannot be relied on for achieving goals with varying time horizons.

The impact of a financial inclusion revolution

Increased participation of women in financial markets has far-reaching consequences. Active involvement in financial markets can provide women the means to accumulate and maintain their assets, establish sources of income, prepare for unforeseen circumstances, and also participate in the economy. All of these can collectively propel them to better socio-economic positions with significant improvement in the quality of their lives. Besides, it can also have positive trickle-down effects on households, communities, societies, and the economy too.

Paving the way for women investors

The ForHER campaign by Aditya Birla Sun Life Mutual Fund has set an example with its unique approach to create awareness among women investors. Recognizing the massive gap that exists in the financial services

ARTICLE

industry with respect to women-friendly services and initiatives, Aditya Birla Sun Life Mutual Fund has developed a repository of content including series of articles, Women Special podcasts, videos, financial planning learning modules and eBooks that aim to empower women investors with the right information about financial concepts so that they can confidently manage their finances.

This is a dedicated platform created for Women to take the first step towards gaining financial literacy via quizzes, self-assessment tests, certificates and accumulating rewards through their content consumption. So far, over 2,000 educational programs have been conducted reaching out to over 30,000 women across country across segments, serving them with a series of topics that highlight solutions to day-to-day financial challenges faced by women. This includes investment tips, key financial concepts, personal wellness, caring for your family and women & finance.

This initiative is a unique mix of online and offline activities with an aim to make women shed their inhibitions of equity investing and embrace it for their financial security. A noteworthy outreach initiative of ForHER is with CBSE schools, to educate and engage with teachers across country.

Financial Education For Educators (FEFE) is to create ForHER messengers to create ripple effect in the industry. For more information, visit our ForHER website now: Education (adityabirlacapital.com)

An Investor education and Awareness initiative of Aditya Birla Sun Life Mutual Fund. All investors have to go through a one-time KYC (Know Your Customer) process. Investors to invest only with SEBI registered Mutual Funds. For further information on KYC, list of SEBI registered Mutual Funds and redressal of complaints including details about SEBI SCORES portal, visit link : <https://mutualfund.adityabirlacapital.com/Investor-Education/education/kyc-and-redressal> for further details. Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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**Aditya Birla Sun Life
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**ADITYA BIRLA
CAPITAL**

An Investor Education and Awareness Initiative of Aditya Birla Sun Life Mutual Fund.

All investors have to go through a one-time KYC (Know Your Customer) process. Investors to invest only with SEBI registered Mutual Funds. For further information on KYC, list of SEBI registered Mutual Funds and redressal of complaints including details about SEBI SCORES portal, visit link: bit.ly/Birla_KYC for further details.

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



MAKHDOOM ANSARI

HEAD – RETAIL SALES

Mirae Asset Investment Managers
(India)

TOPIC

Individual MFD share hits 24% of overall AUM

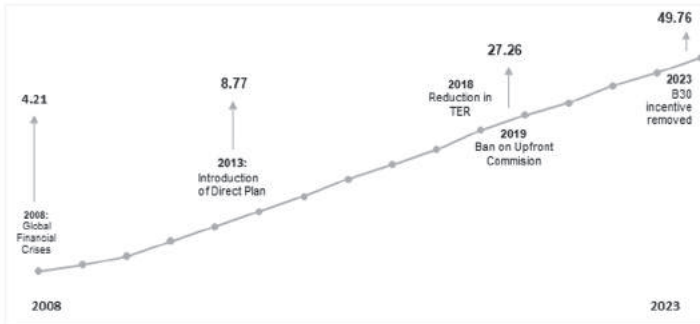
ARTICLE

Mutual Funds have come a long way since 1993, but importantly they started evolving in the distribution space since 2002 and more so from the last global financial crisis in 2008.

When we look back at numbers in 2008, the average AUM of the mutual fund industry was 4.21 lakh Cr. and in a span of 5 years the average AUM doubled to 8.77 lakh cr. However, 10 years later the average AUM of the industry has grown almost 5 times to 49.76 lakh cr and the individual mutual fund distributors contribution to the total AUM today is a whopping 24%. During this entire journey the industry has seen various regulatory and non-regulator changes like in 2009 entry load was banned

while in 2020 due to the Covid-19 pandemic majority of the industry was forced to move to the digital mode from the earlier physical mode. All of these changes were carried out keeping the investor at the forefront with the thought of making things more investor friendly, convenient and transparent hence encouraging additional and newer investors to enter the mutual fund industry. All of these changes along with the awareness created around mutual funds has eventually increased the number of investors and has also encouraged new distributors to enter this business.

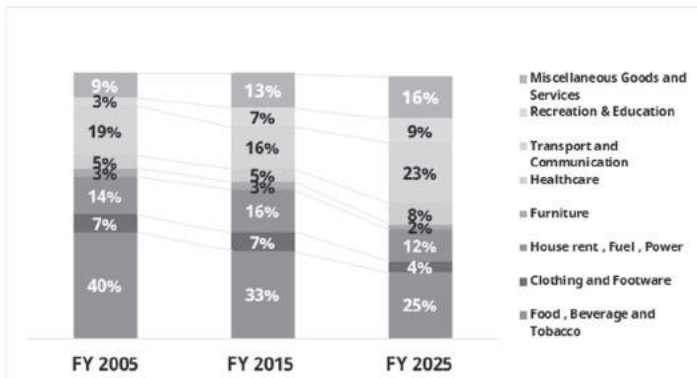
Mutual Fund Journey and Industry Average AUM in the Past 15 Years



Average AUM is in lakh Cr. Source : AMFI , NSE India . Data as on Nov 2023.

However, a lot of distributors have not understood the dynamics of the business completely. The reason for saying this is, if we look at the spending pattern of investors today it has moved away from food, clothing and shelter to luxury and comfort and the reason for this is the increase in the availability of disposable income which has given rise to not only the purchasing power but has also a change in the lifestyle and thought process of an individual.

Changing Spending Trend

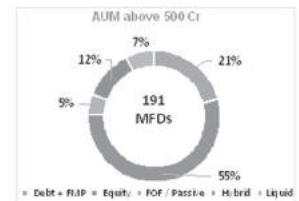
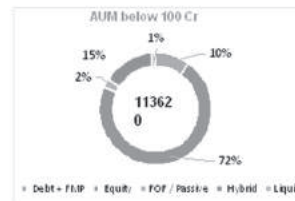
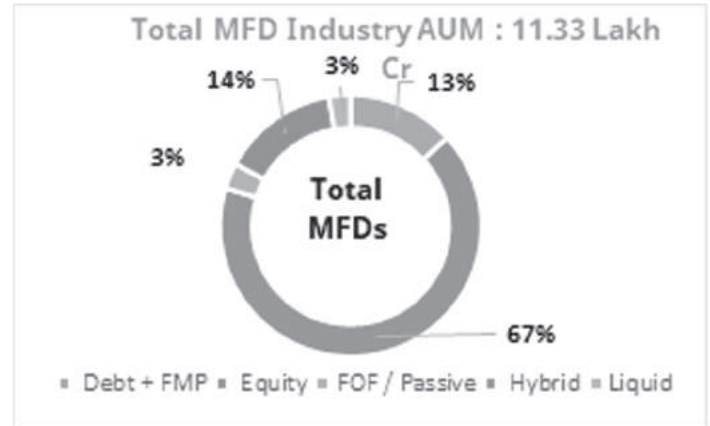


Source : Spark Capital Research

This same shift in trend can also be seen in their investment where earlier investments meant investing in traditional instruments which changed to investing in mutual funds in the equity space which is now evolving and moving towards investing in the debt and passive space since, investors now like to view their investments more from a holistic approach rather than the earlier traditional manner. This has given rise to a new set of distributors which have not only understood their requirement but are also catering to their requirement which has in turn helped their business grow and become more profitable as well as more diversified. This approach has also helped de-risk their business not only from the uncertain nature of investors but also from the uncertainty of ever-changing market scenarios.

This set of distributors manage ~18 % of the market and comprise of 191 distributor which is ~0.16% of the total distributors compared to ~1.13 lakh (98%) distributors who manage ~54 % of the market.

Current Mutual Fund Industry Scenario

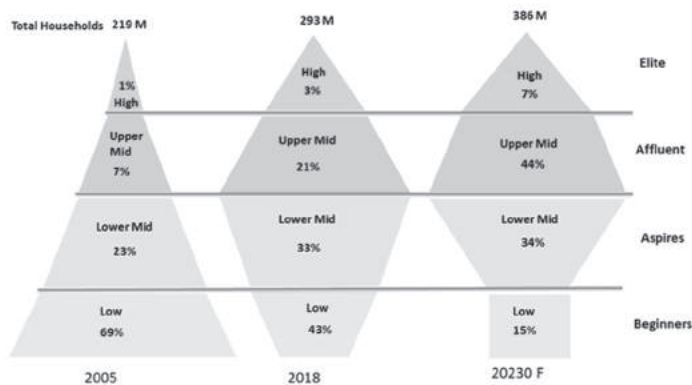


Source : CAMS MFDex . Data as on Oct 2023

But the opportunity available is still vast and is because of the changing demographics and shift in consumer preferences. We currently have an adult population of ~93Cr of which only ~3.5Cr are invested in mutual fund and are catered by ~1.15 lakh distributors which confirms the ocean is vast and we have only seen the tip of the iceberg. This new set of investors are not just looking at investments from an equity point of view but a more holistic approach having a mix of not only equity and debt but also commodity and passive funds and are hence going to require advisors with thorough skill and knowledge in order to navigate them through their investment journey which represents a wide ocean of opportunities available to distributors across age groups and income segments leaving distributors spoilt for choice and volume of investors.

Changing dynamics of Income Levels

Changing dynamics of Income Levels



MIRAE ASSET
Mutual Fund

Source: WEF. PRICE projections based on ICE 360 surveys

This increase in spending and changing trends can also be confirmed with a look at the way our GDP (Gross Domestic Product) has navigated its way to the current level. From India being at the 14th position in 2006 to the 5th Position in 2023 and a vision to be at the 3rd position by 2030. This has been possible so far is because of the efforts at various level across various industries and change in preference of the end consumer and the desire for a better tomorrow. For example: the air traffic despite the various entries and exits in the aviation industry has grown 12% in the domestic segment and 5% in the international segment from FY 2003 – FY 2023. Also earlier very few households would have a vehicle but that number is rapid increasing today with a major push toward the luxury segment from the earlier budget friendly segment, these and many such examples can be seen from the table below.

Changing GDP trends and Consumer Preferences

	Components (Unit)	FY03	FY23	FY03 - 23 CAGR (%)	Multiple (x)
Energy	Coal (Mn MT)	337	877	5%	2.6
	Electricity (Mn KWH)	5,31,594	15,99,439	6%	3.0
	Petrol sales (Cr litres)	1,068	4,935	8%	4.6
	Diesel Sales (Cr litres)	4,429	10,393	4%	2.3
Basic Materials ('000 MT)	Steel	33,659	1,25,000	7%	3.7
	Cement	1,16,348	3,80,000	6%	3.3
Vehicle sales ('000)	Dom 2Ws	5,196	15,848	6%	3.1
	Dom. PVs	612	3,346	9%	5.5
	Dom CV	191	1,041	9%	5.5
Air Travel (Mn)	Air passenger traffic: Dom.	14	136	12%	9.7
	Foreign Tourist Arrival	3	7	5%	2.3
Export	Oil & Non-oil (Cr.)	2,55,137	36,15,378	15%	14
Import	Oil & Non-oil (Cr.)	2,97,206	58,17,670	18%	23

Source: Bloomberg, RBI Archive

Hence, we say a growing economy with diverse demographics and vast opportunity in income expansion is an assured recipe for growth of the nation which will knowingly or unknowingly positively impact our mutual fund industry.

What do you see?
Market volatility or a city skyline?

#StayCalmStayBalanced

Invest in

Mirae Asset Balanced Advantage Fund

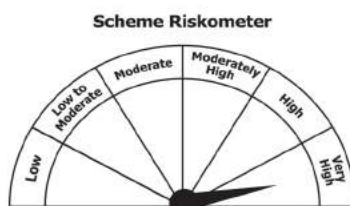
(An open-ended dynamic asset allocation fund)

PRODUCT LABELLING

Mirae Asset Balanced Advantage Fund is suitable for investors who are seeking*

- To generate long-term capital appreciation/income
- Investment in equity, equity related securities & debt, money market instruments while managing risk through active allocation

*Investors should consult their financial advisors if they are not clear about the suitability of the product.



Investors understand that their principal will be at Very High Risk

Scan here



to know more

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



SANDEEP BAGLA

**CEO
TRUST AMC**

TOPIC

Bond Market Dynamics: Balancing Act Amid Global Challenges

PROFILE

Mr Bagla serves as the CEO of TRUST AMC. He has more than 25 years of experience in financial markets, leading investment teams in mutual funds like Reliance, AIG & Principal MFs, and managing fixed income portfolios for primary dealers like ICICI Securities PD & ABN Securities PD and financial institutions like ICICI Ltd. He has been with the TRUST Group for the last 6 years heading verticals like Debt PMS, Foreign Institutional relationships, and New Initiatives. He is a graduate in Economics from Presidency College, Kolkata and holds a post graduate Diploma in

management from Xavier Institute of Management, Bhubaneswar.

Over the last few quarters, Central banks globally have been raising interest rates and pursuing a tight monetary policy to combat high inflation. The geopolitical tensions have been building up leading to a rise in crude oil prices, thereby raising inflationary expectations as well. Bond yields have risen sharply, leading to some disruption in banks in the US and a higher, flatter yield curve in countries like India. Economists and professional forecasters believe that Central bankers will now maintain rates for at least 6 to 9 months from here.

While the short term interest rates are influenced by regulatory repo rates and liquidity conditions, longer maturity bond yields tend to react more to inflationary conditions. Many bond market players believe now that yields are close to peaking out in India. There are a few supportive factors to this line of thinking like

a) lower CPI and core inflation expectations – while headline inflation has been volatile and RBI has asserted that they would relax their tight stance only once headline inflation comes below their target rate of 4%, the core inflation has remained stable and even the headline inflation readings are likely to come off significantly in the coming months which should calm market nerves

b) lesser net supply of government bonds in primary auctions this quarter – while inflation is the primary determinant of level of interest rates in an economy, the amount of net supply can affect bond prices in the short run. Net supply in Indian bonds is low in the coming months

c) analyst expectations of a recession in US – this is a contentious issue; a few analysts do expect the high rates in the US to cause a sharp economic downturn in the future, which would force the US Fed to cut rates and lead to a rally in US yields and a bullish steepening of the US yield curve

d) eventual purchases by FPIs due to index inclusion – FPIs will start buying Indian bonds and the additional demand for Indian bonds would be a support for bond prices

However a rally in bond markets may not be very substantial or sustainable as there are negative factors stacked up as well –

a) rising US yields in response to high inflation and deteriorating fiscal situation – the US fiscal deficit is ballooning and is threatening to keep US yields elevated as there are concerns around US fiscal prudence and a resultant sustained systematic rise in yield levels

b) volatile geo political environment that is leading to high crude oil prices – the global geopolitical scenario is increasingly becoming uncertain in the Middle East and the Russia Ukraine area and the situation could flare up leading to macroeconomic instability

c) RBI hawkish stance of keeping liquidity tight through OMO sales – which adds to the market uncertainty and could slow down the bond market rally

While the RBI may take time to change its tight monetary policy, bond market sentiment has turned cautiously bullish. The bias for bond investors should be positive and constructive, but the expectations of returns should be moderate as the rally may be shallow and gradual





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BHAVIK THAKKAR

CEO

Abans Investment Managers

TOPIC

Market Linked Debentures....
**Predicable Passive, Portfolio
Placement**

PROFILE

Bhavik has around 18 years of experience in Financial Services. He is a Gold Medallist MBA from North Gujrat University. Bhavik has worked across Retail Banking, Wealth & Investment Management. This experience includes Client Relations, Investment Advisory and Product Management. He has worked across organization like Kotak Mahindra Bank, Aditya Birla wealth and Standard Chartered Bank before joining Abans Group.

Bhavik joined Abans Group in 2019 and has been instrumental in setting up the investment Management vertical.

SEBI reduced Market Linked Debenture (MLD) ticket size from Rs. 10 lac to Rs. 1 lac from 1st January 2023 and finance minister Ms. Nirmala Sitharaman announced changes in taxation for MLD in union budget 2023. From personal finance point of view, lot of investors and financial intermediaries are curious to know more about how MLD as “predictable passive” instrument can help enhance their investing experience?

Isn't MLD same as Derivatives and Derivatives means speculation?

Derivatives in financial markets are hedging/risk management tool. Within mutual funds, Equity Arbitrage Funds also use derivatives to create arbitrage position (buy stock and sell stock's futures contract) to achieve desired outcome (arbitrage profit in this case). So, derivatives (futures & options) are not tools for speculation. It's a different thing that traders use them to have leveraged position to trade and because of leverage, the risk is higher and hence general perception is derivatives are risky and meant for speculation. So, the way Equity Arbitrage Mutual Fund's fund manager uses derivatives to achieve desired results, the issuer of MLD also uses derivatives to generate returns promised to investors.

Hasn't MLD become a thing of past given changes in taxation introduced in budget?

In India, MLD issuers can be divided in 2 categories. The first category who offered pure “fixed income” oriented MLD purely from better tax efficiency perspective. For example, say ABC Ltd offered normal NCD at 9% rate of interest and MLD at 8% rate of interest. An investor in 30% tax bracket found it lucrative to invest in MLD as he had to pay only 10% tax on 8% MLD as compared to paying 30% on 9% NCD. Since “post tax” returns were better in MLD and it also reduced the cost of borrowing for ABC Ltd by 1%, it was a win-win proposition which led to almost Rs. 75,000 cr worth of MLD being issued in last 5 years. For this category to survive, the borrowing cost (interest rates) have to match up with post tax returns from other debt instruments such as Bank FD, Debt Mutual Funds or Corporate FDs.

The second category of issuers are “Wealth/Investment Management” entities who offered Nifty 50 index linked MLDs which generate variable returns based on performance of Nifty 50 index on similar lines as how a Stock Portfolio or Large-cap Mutual Fund or Index fund would perform. So, MLDs generating returns based on performance of Nifty 50 Index is also one additional instrument available to investors along with Large-cap Mutual Funds or Index Funds.

How is MLD – a predictable passive? How is it useful to investor?

If you compare last 5 years return of Nifty 50 Index and that of Large-cap Mutual Funds, you would notice that Nifty 50 Index has out-performed almost 80% of funds.

This clearly explains why investors are incrementally looking at investing in passive instrument like Index Funds. But, when you invest in Index Funds, you get index returns. How do you outperform an index? By investing in MLDs which are “designed” to outperform Index. So where a mutual fund's fund manager uses “stock selection” as method to outperform Nifty 50 Index, an MLD allocates money to Nifty 50 Index derivatives to outperform Nifty 50 index by “design” eliminating human bias/error of judgement. For example, if you invest in an MLD which says it will generate 200% participation (2 times) of Nifty 50 Index returns upto next 20% growth in Nifty in next 2 years. This would mean, if Nifty 50 index delivers say 20% or more returns, the MLD would generate 40%. There is no magic here, the MLD allocated funds to Nifty derivatives in such a way that the derivatives will yield 40% if Nifty 50 index grows upto 20%. This brings in predictability aspect, before you invest in MLD, you get scenario analysis table showcasing what will be MLD return for a given level of Nifty 50 index return (even for negative returns) so based on investor's view for future growth of Nifty 50 Index, one can select MLD. There are also MLDs which provide best of debt or equity returns which may suit conservative investors especially in current environment where Nifty 50 Index has generated nil return in last 18 months.

Wouldn't higher tax on MLD make it unattractive compared to Mutual Funds?

Only 1 cr people in India are in 30% or higher tax bracket. In example quoted above where MLD generates 40% return, even if one pays 30% tax on it, the post tax return would be 28% and as we know that since most of Large-cap Mutual Funds are generating same or lesser than Nifty 50 Index returns, it would mean Nifty 50 Index-/Large-cap MF will have to generate around 31% pre-tax return and when 10% Long Term Capital Gains Tax is paid on 31%, the investor generates 28% post tax return. So, to generate same level of post tax return, a mutual fund would require Nifty to generate 31% whereas MLD would do the job even at 20% Nifty growth. People who are in lower or Nil (lot of people in 30% tax bracket would have family members in lower or Nil tax bracket) would find it much lucrative to investing in MLDs as their tax outflow will be much lower.

Mutual Fund Industry is 40 lac crore now.... What is future of MLD industry?

MF industry had its challenges in early 2000s with respect to investor and distribution community's confidence (US 64 scheme of UTI), regulatory changes related to entry load ban, exit load ban, ban on upfront commission, lower expense ratio etc.. Despite all these challenges, the industry grew leaps and bound as it offered “solution” of investing in debt and equity markets with “fund management expertise”- a pooled vehicle for mass fund management. It is this ease and expertise that helped the MF industry grow. MLD as product category brings in “predictability” as unique aspect which is need of people

ARTICLE

who have grown as “investors” in last 2 decades along with growth of Mutual Funds and Insurance. Emergence of technology has led to free, easy and quick availability of information/analytics which coupled with MLD’s capability of being “designed” to generate targeted pay-off is perfect blend for MLDs to grow and become.... The Predictable Passive.



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- Stable, Consistent returns with monthly liquidity



DEEPAK JAIN

DIRECTOR

American Academy of
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TOPIC

How Emotions Affect Wealth Management: A Deep Understanding for Indian Readers

PROFILE

Deepak Jain, Director India & South Asia, American Academy of Financial Management and Master Wealth Management Trainer AAFM® USA for CWM® & CTEP® Certification

India's Leading Wealth Coach with extensive training experience in training Wealth Managers, Private Bankers, Financial Advisors, Mutual Fund Distributors, Registered Investment Advisors etc. He has trained more than 20,000 Wealth Managers and Financial Advisors across India. Actively involved in advising HNI Clients on Wealth Protection & Wealth Transfer Strategies.

Conducted over 50 Workshops on 'Estate Planning & Wealth Transfer Strategies'. Conducted over 150 Workshops on Financial Goal Planning- 'Chartered Financial Goal Planner' Conducted over 25 Workshops on 'Insurance as an Estate Planning Tool' Conducted over 50 Workshops of 'Insurance as a Goal Planning Tool'

Navigating the Financial Mind: How Emotions Shape Wealth Management



Exploring the Intricate Dance Between Psychology and Financial Decision-Making for a More Empowered Financial Journey

Ever wondered how your feelings and thoughts can influence your financial decisions? Welcome to the world of wealth management, where the power of emotions can shape the course of your financial journey. In this exploration, we'll break down the connection between your emotions and your financial outcomes in a way that's easy to grasp.

Think of wealth management as a blend of numbers and human psychology, where your aspirations and fears interact with market trends and investment choices. Whether you're a seasoned investor or just starting out, understanding how your emotions can impact your financial path is key to making sound decisions.

Introduction

In the intricate world of wealth management, where numbers and trends intersect with human hopes and fears, emotions wield a profound influence on financial decision-making. From the exhilarating highs of success to the depths of anxiety brought on by market downturns, emotions can play a pivotal role in shaping the trajectory of one's financial journey. While wealth management is often associated with numbers, spreadsheets, and market analyses, it is equally a realm of psychology, where understanding how emotions impact decisions can be the difference between financial success and missteps.

Understanding the relationship between psychology and wealth management is crucial in the Indian context for several reasons:

Behavioural Biases: Indian investors, like investors around the world, are susceptible to behavioural biases that can lead to irrational investment decisions. By understanding psychological factors such as loss aversion, confirmation bias, and herd mentality, wealth managers can tailor their

advice to help clients make more rational decisions and avoid common pitfalls.

Cultural Influences: India is a diverse country with a wide range of cultural and societal influences. These factors can impact individuals' attitudes towards money, risk, and investment. A deep understanding of cultural norms and values can help wealth managers offer advice that is aligned with clients' unique perspectives, fostering trust and rapport.

Long-Term Mindset: Indian families often have a strong emphasis on saving for future generations and planning for major life events. However, this can sometimes conflict with short-term investment goals.

Market Volatility: Indian financial markets can be volatile, leading to emotional reactions from investors. A grasp of behavioural finance can help wealth managers guide clients through market turbulence by providing context, tempering emotional responses, and encouraging a disciplined investment approach.

How do emotions influence the intricate process of decision-making, particularly in the realm of wealth management and financial choices?

Emotions play a significant role in the decision-making process. They influence our perceptions, judgments, and choices in various aspects of life, including financial decisions.

Emotional Biases: Emotions can lead to cognitive biases that affect decision-making.

For example:

Loss Aversion: People tend to feel the pain of losses more intensely than the pleasure of gains. This can lead to holding onto losing investments in the hope of a rebound, even when it's not rational.

Overconfidence: Feeling overly confident can lead investors to underestimate risks and make overly aggressive investment decisions.

Herding Behaviour: Emotions like fear and the desire for safety can cause individuals to follow the crowd, leading to buying or selling decisions based on what others are doing rather than rational analysis.

Emotional Influence on Risk Tolerance: Emotions can impact an individual's perception of risk. During times of market volatility, fear and anxiety can lead to an increased perception of risk and a desire to exit investments prematurely.

How do fear and greed exert their influence over investment decisions, potentially steering choices away from rational analysis and long-term goals?

Fear: Fear is a powerful emotion that can cause investors to make irrational decisions. During market downturns or periods of uncertainty, fear can lead to panic selling, as investors attempt to protect themselves from further losses.

Greed: Greed, on the other hand, can lead investors to take on excessive risk in pursuit of high returns. This might involve investing in speculative assets without proper research or due diligence, simply because the potential rewards seem enticing.

Overcoming Biases and Impulsive Choices Driven by Emotions:

Awareness: The first step in overcoming emotional biases is recognizing their existence. Being aware of how fear, greed, and other emotions can influence decision-making is crucial. Wealth managers can help clients develop self-awareness and recognize their emotional triggers.

Long-Term Perspective: Encouraging a long-term investment perspective can help mitigate the impact of short-term emotional fluctuations. By focusing on their financial goals and the overall market trends, investors can avoid making impulsive decisions based on emotional reactions to short-term market movements.

How does loss aversion affect portfolio diversification, potentially altering risk exposure and investment strategies? Loss aversion is a cognitive bias where individuals feel the pain of losses more acutely than the pleasure of gains.

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Loss aversion is a cognitive bias where individuals feel the pain of losses more acutely than the pleasure of gains.

Loss aversion can lead to several effects:



Portfolio Concentration: Investors who are highly loss-averse may avoid diversifying their portfolios, focusing on a few investments they perceive as "safe."

Underestimating Risk: Loss aversion can lead investors to underestimate the potential risks associated with concentrated positions.

Missed Opportunities: Fear of losses can cause investors to avoid or prematurely exit potentially profitable investments. This bias can prevent them from participating in market opportunities that may have contributed positively to their portfolio over time.

Risk Assessment: Using risk assessment tools and simulations can help investors objectively evaluate the potential impact of different investment scenarios. This can provide a more rational perspective on risk and the role diversification plays in managing it.

Long-Term Perspective: Encouraging investors to adopt a long-term perspective can help mitigate the fear of short-term losses. By focusing on their overall financial goals and investment horizons, investors can see losses as temporary setbacks rather than permanent failures.

How do psychological biases impact wealth Management?

Psychological biases are systematic patterns of deviation from rational judgment that can impact decision-making in various contexts, including wealth management. These biases are often the result of the brain's attempt to simplify information processing, but they can lead to suboptimal or irrational decisions.

Here are some psychological biases commonly observed in wealth management:

Confirmation Bias: Confirmation bias involves seeking out information that confirms one's pre-existing beliefs while ignoring or discounting conflicting information. In wealth management, investors might focus on news or analysis that aligns with their current investment choices, leading to an incomplete and biased view of the market.

Overconfidence: Overconfidence bias causes individuals to overestimate their own abilities and underestimate risks. In wealth management, investors might believe they can consistently outperform the market or make accurate predictions, leading to overly risky or poorly diversified portfolios.

Herd Mentality: Herd mentality refers to the tendency to follow the actions of a larger group, often without critical analysis. In the investment context, this can lead to buying or selling decisions based on what everyone else is doing, rather than on an individual's analysis of the investment's potential.

Anchoring: Anchoring bias involves relying heavily on the first piece of information encountered when making decisions. In wealth management, this might manifest in investors basing their expectations about future returns or market trends on recent experiences or media reports.

How do emotions influence an individual's risk tolerance and long-term financial goals?

Emotions, risk tolerance, and long-term goals are interconnected factors that play a crucial role in effective wealth management.

Let's delve into each of these aspects and understand how they influence one another:

Emotions: Emotions, such as fear, greed, and excitement, can strongly influence investment decisions. Emotions are natural human responses to market volatility, economic news, and personal financial circumstances.

Risk Tolerance: Risk tolerance refers to an individual's willingness and capacity to endure fluctuations in the value of their investments. It's influenced by factors such as financial goals, time horizon, personal circumstances, and psychological makeup.

Long-Term Goals: Long-term financial goals provide a roadmap for an investor's wealth management journey. These goals might include retirement planning, funding education, buying a home, or building generational wealth.

How do emotions like fear of loss and market volatility influence an individual's risk tolerance?

Examination of Emotional Factors Impacting Risk Tolerance Levels:



Emotional factors, particularly the fear of loss and the desire for gain, significantly impact an individual's risk tolerance:

Fear of Loss: The fear of losing money can lead to a lower risk tolerance, causing investors to opt for safer, but often lower-yielding, investments. This fear can prevent them from taking calculated risks even when potential gains are substantial.

Desire for Gain: Conversely, a strong desire for high returns can lead to a higher risk tolerance. Investors might be willing to take on greater risks in pursuit of larger gains, often overlooking potential downsides.

Navigating Market Volatility and Maintaining a Steady Course:

Market volatility can trigger emotional responses, affecting risk tolerance levels:

Market Optimism: During bull markets, overconfidence and euphoria can lead to inflated risk tolerance, causing investors to underestimate potential losses.

Market Pessimism: Market downturns can trigger fear and panic, resulting in a sudden drop in risk tolerance. Investors might be tempted to sell investments at the worst possible time.

How can behavioural finance insights be harnessed for effective wealth management in India?

Customizing Investment Plans Considering Indian Investors' Behavioural Tendencies:

Goal-Based Planning: Align investment strategies with investors' personal financial goals, like education, retirement, or buying property. This provides a clear framework that can help mitigate emotional decision-making.

Structured Diversification: Build diversified portfolios that consider Indian investors' tendencies to prefer familiar investments. Including a mix of asset classes can reduce overconcentration in a single investment.

Behavioural Coaching: Financial advisors can provide guidance and behavioural coaching to help investors navigate emotional biases during market fluctuations.

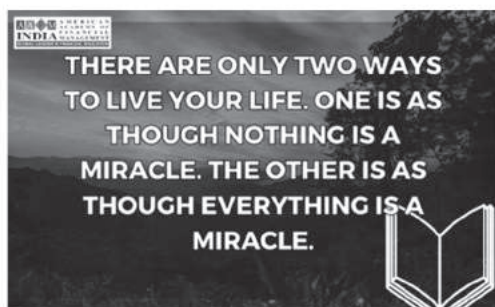
How can regulators, financial institutions, and investors collaboratively implement behavioural finance insights for impactful wealth management in India?

Regulatory Initiatives: Regulators can introduce investor education programs that focus on behavioural biases and their implications. Mandated disclosures can be designed to counter specific biases.

Financial Literacy Campaigns: Financial institutions can lead awareness campaigns that target behavioural biases. Interactive workshops and seminars can empower investors to recognize and manage biases.

Technology-Driven Solutions: Fintech platforms can incorporate features that encourage disciplined investing, such as automatic contributions and personalized nudges to counteract biases.

Long-Term Relationship Building: Financial advisors can establish strong, trust-based relationships with investors. This can foster open discussions about behavioural biases and their impact on decision-making.



Conclusion

In the realm of wealth management, emotions play a profound role in shaping decisions and outcomes. Emotions can lead to biases, impulsive choices, and the overlooking of rational analysis.

Key takeaways include:

- Emotions can impact risk tolerance, investment decisions, and long-term financial goals.
- Fear and greed often drive investment choices, leading to suboptimal results.
- Cognitive biases can distort investment strategies and hinder portfolio diversification.
- Confirmation bias and herd mentality can influence information seeking and decision-making.
- Emotional intelligence is essential for effective wealth management, enabling empathy, rational decision-making, and relationship building.

Encouragement for Indian Readers to Prioritize Emotional Awareness in Financial Decisions:

To Indian readers, the integration of emotional awareness into financial decisions is a crucial step toward achieving long-term financial success. By recognizing the impact of emotions on investment choices, you can navigate the challenges posed by biases, market volatility, and cultural influences. Embracing emotional intelligence empowers you to make decisions that align with your financial goals while staying resilient during market fluctuations.



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SONESH DEDHIA

CO-FOUNDER
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TOPIC

Personalization at Scale:
Success Mantra for the modern
Advisory Practice

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.

In the rapidly evolving landscape of wealth management, the shift towards personalization has become more than a mere trend—it's a fundamental change in how Independent Financial Advisors (IFAs) and investors interact & operate. This paradigm shift is driven by technological advancements and changing client expectations, pushing the industry towards more customized and client-centric solutions. Now, financial services are increasingly leveraging technology to enable a deeper understanding of individual client needs, preferences, and financial behaviors, allowing for a more proactive and predictive approach to wealth management. As a result, the role of IFAs is also transforming, with an emphasis on being more consultative and advisory, rather than transactional. Let's explore the tools and concepts that can help a modern Advisory practice leverage personalization to create a niche in this competitive landscape

Multi-Product Capabilities: A Holistic Approach

The wealth management sector is witnessing a significant shift from product-centric to client-centric strategies. Multi-product capabilities allow IFAs to offer a comprehensive suite of services tailored to individual client needs. This holistic approach enables IFAs to provide solutions spanning from Mutual Funds to P2P to AIFs, thereby enhancing client satisfaction and retention. And not just that, since investment products have such diverse risk-return characteristics, IFAs can mix and match them to address a broader range of client goals and risk profiles, ensuring a more personalized and effective wealth management experience.

CRM: The Backbone of Personalized Service

In modern wealth management, CRM systems transcend their traditional role as mere repositories for client information. These systems now serve as the cornerstone of delivering personalized services. A well-implemented CRM enables IFAs to meticulously record client interactions, gain a deep understanding of their preferences, and proactively meet their needs. This depth of insight is pivotal for tailoring communication and advice, thereby fostering more robust client relationships. Additionally, CRM tools are instrumental in client segmentation based on various parameters, facilitating the provision of services that are both targeted and pertinent.

Financial Planning: Beyond Numbers

Advanced financial planning goes beyond mere number crunching. It's about understanding the client's life goals, aspirations, and concerns. Modern financial planning tools with complete income-expense & life cash flow analysis enables IFAs to create comprehensive, flexible plans that adapt to life's changes. These tools can model complex scenarios, helping clients visualize the impact of different financial decisions. From retirement planning to insurance planning, advice can be given on every investor's needs. Personalized financial plans thus not only guide investment choices but also build client trust and engagement.

Portfolio Management: Tailored Strategies for Every Investor

Customized portfolio management is essential in addressing individual investment objectives and risk tolerances. An in depth review of a clients' portfolio reveals hidden concerns and opportunities which become the heart of a personalized service. With the aid of sophisticated analytics and modeling tools, IFAs can design and manage portfolios that align closely with each client's specific goals. Continuous monitoring and rebalancing ensure that these portfolios remain aligned with changing market conditions and personal circumstances, offering a truly personalized investment experience.

Business Intelligence: Driving Informed Decisions

Business intelligence in wealth management translates into deep insights derived from data analytics. These insights enable IFAs to make informed decisions about client strategies, market trends, and business operations. A comprehensive view of client's behavior, preferences, and investment patterns helps to gain a deeper understanding of each client. IFAs can identify clients who are primed for additional investment products, personalized financial planning, or specialized services. Thus fostering long-term loyalty and engagement, the edge in a competitive market.

Generative AI: Hyper Personalization and Intelligence Assistance

Generative AI represents the next frontier in wealth management. Powerful supercomputers with human-like language interfaces open up opportunities for the industry that were unimaginable till now. From portfolio reporting with story-telling, to round the clock multi-tasking assistants, to comprehensive insights generation, AI is set to bring a paradigm shift in Wealth Management and businesses leveraging AI tools will open up avenues for market leading customized advice and innovative financial solutions.

The power of personalization in modern advisory practices is undeniable. For IFAs, the message is clear: embrace these changes to enhance client experiences, drive business growth, and stay competitive in a rapidly changing landscape. For investors, this evolution promises more tailored, effective, and engaging wealth management experiences, aligning closely with their unique financial goals and life journeys.

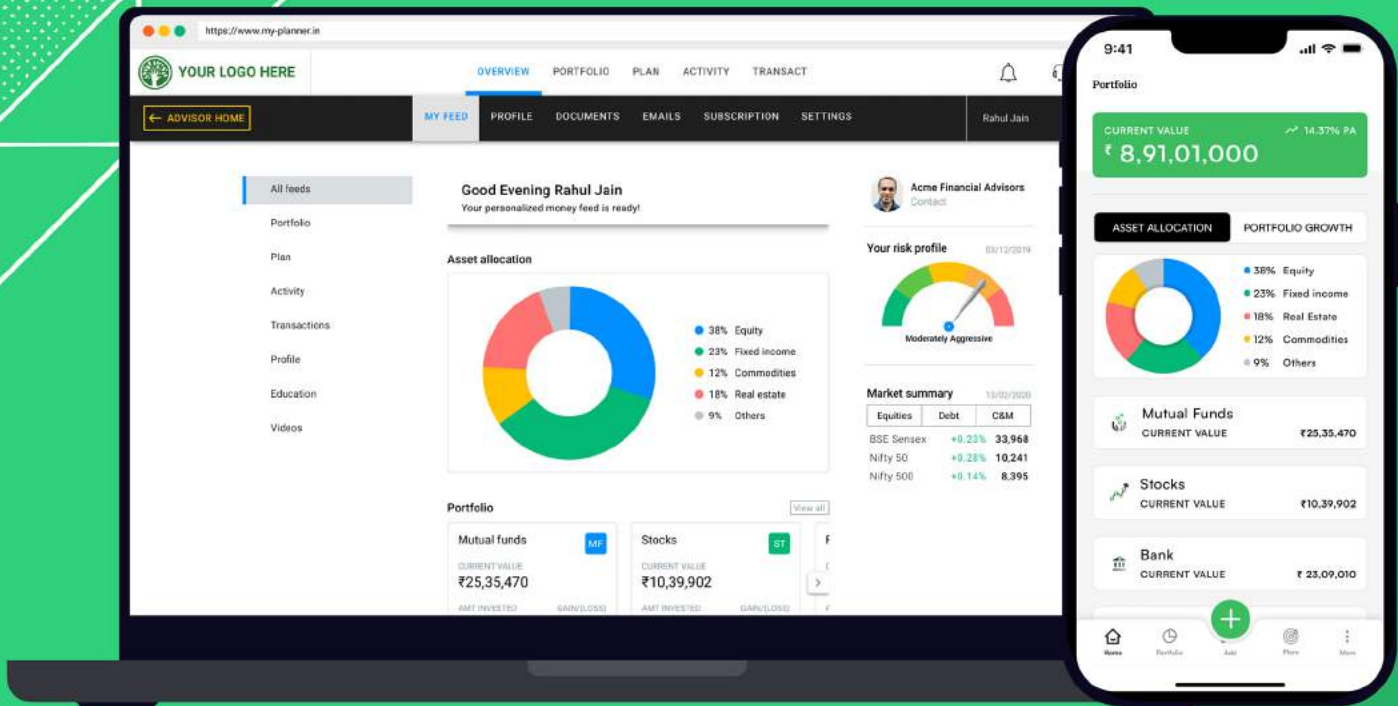




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NIRAV V. GANDHI

DESIGNATION

Assets Search India Services

TOPIC

What is IEPF?

ARTICLE

Investor Education and Protection Fund (IEPF) is for promotion of investors' awareness and protection of the interests of investors. This website is an information providing platform to promote awareness, and it does not offer any investment advice or evaluation. Any person, whose unclaimed or unpaid amount has been transferred by the company to IEPF may claim their refunds.

IEPF –CLAIM YOUR UNPAID DIVIDEND AND SHARES

If you or your families have funds lying with IEPF, it is time to track and claim your dues.

Crores of rupees in unclaimed money - right from old Equity Shares amounts to share application money, Dividend, Debentures, Interest of Debentures and many more - is piling up but rightful owners are yet to get their hands on it.

Recently the government has decided to take those shares in which dividends and corporate benefits were unclaimed for last seven years. There are several reasons why the dividend does not get claimed.

- You might have lost track of the funds owed to you.

- Or a company/financial institution might have failed to locate you for dividend payment as contact and bank details change over the years but are not updated on a regular basis.

- Even nominees and legal heirs may fail to stake a claim if they are not aware of such assets - it is often the case if one dies without making a will.

- You were not aware of the investments made by your parents/; neither you had the complete records of those investments.

As per Section 124(5) of the Companies Act, 2013 any dividend remaining unclaimed for a period of 7 (seven) consecutive years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

As per the current regulations, dividends declared by companies/mutual funds must be claimed by investors within 30 days of the notification failing which the entire amount will be transferred to a new 'unpaid dividend account' within the next seven days. Investors can claim that amount from this new account during the next seven years

We are assisting all investors for getting back there and dividend share from Government of India (GOI). The process for receiving the shares back from GOI is tedious and long legal process that we have to comply with. In case, you need the assistance for same, you are advised to contact us for the services and join hand with us.

WHAT WE DO? WE SEARCH AND BRING YOUR HARD EARNED AND LOST INVESTMENTS BACK

AssetsSearch India Services is India's Leading Single Window solutions provider to recover Lost/Unclaimed investments. We assist investor to recover their Lost/Blocked/Forgotten investments in Old Shares, Mutual Funds, Debenture, Unclaimed Provident Fund, Unclaimed Insurance, Postal Savings and inoperative bank accounts. It is literally a gold mine for investors' wealth. AssetsSearch India Services has doing a pioneering job to unearth these hidden treasures in a very short span of time, we have unblocked Crores of rupees involving diverse number of investors who lost hope to get their investments back. AssetsSearch India Services has embarked to recover your hard earned lost assets with renewed vigor.

We are proud of what we have achieved. A few incredibly challenging but satisfying years along with hundreds of happy clients, we are surely on firm footing. Our story is at par with India's growth-impressive and futuristic. We seek to create value for not only our customers and employees, but also for the society.

And in everything we do, we strive for expertise, ethics and integrity. As rewarding as our past has been, it is the future we're most excited about. We are just getting started

We are a leading service provider to find your investments stuck in IEPF (Investor Education Protection Fund).

Countries of Operation: India, Australia, New Zealand, England, U.S.A and Sultanate of Oman, UK, Singapore Canada, South Africa, Dubai, Qatar

Process of AssetsSearch India Services: Snapshot

We at AssetsSearch India Services specialize in the identification of unclaimed investments, verification of ownership, identifying related owners and reclaiming the investments. Legal heirs are usually unaware of the investments made by their family elders. Our aim is to serve investor families across generations in India to transfer these investments to the rightful legal heir(s).

We also provide complete legal and financial services to ensure that unclaimed investments are returned back to their original owners.

Once we take up your case you can be rest assured you will recover your investments. We have a very professional and experienced team of CA, CS and lawyers that will ensure your investments are recovered swiftly

Our team consists of

- Seasoned Chartered Accountants,
- Legal Consultants,
- Financial Analysts and
- Management Graduates.

We are involved in the end to end process of getting these shares and unpaid dividends credited to your Demat and Bank Account respectively.

Following is a detailed list of services that are provided by us:

1. Co-ordination with the following entities

- a. Investor Education and Protection Fund Authority
- b. Securities and Exchange Board of India
- c. Investor/ Shareholder Cell of the Company
- d. Registrar and Transfer Agent
- e. Ministry of Corporate Affairs
- f. Other entities as maybe required

2. Drafting the following documents:

- a. Indemnities
- b. Affidavits
- c. Complaints
- d. Forms
- e. Communications.

ARTICLE

3. Submitting the documents to the appropriate authorities.

**** All legal documentation charges are charged at actual viz. Stamp Papers, Notary.**

Services

Also, our research team shall conduct an advanced search to make sure that investments made by you and your family members in any other financial instruments are brought to your notice and transferred to you. This may involve obtaining succession certificate or probate of will or letter of administration or decree from the respective Hon'ble High Court, as may be applicable.

You can provide further details to enable us to trace unclaimed investments of your relatives. Alternatively, you can also provide names of your relatives to our associate.

All our services will be deemed to be complete once the shares are credited to your Demat Account and the Dividends are credited to your Bank Account.

Our fees are totally refunded in case we are unable to complete the assignment.

Final consideration for our services becomes payable only upon getting approval from the respective authorities.



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- NexGen Advises the Solutions Required & Creates the Tools
- Conduct an Estate Audit of Your Client
- You Deliver the Solution to the client



EKMEET SINGH

FOUNDER & CEO
Lendbox & Per Annum

TOPIC

Why P2P Lending Shines as India's smartest alternative investment?

PROFILE

Ekmeet Singh, Founder & CEO of Lendbox & Per Annum, has revolutionized finance by democratizing access to asset classes previously limited to banks. His mission empowers investors and facilitates independent financing for businesses. Since 2015, he has served around 4.5 lacs investors, partnered with 1100+ advisors, and maintained 40-50% YoY growth. With engineering and business education from IE Business School, he honed his skills over two decades at firms like Accenture and GSF, occupying senior roles.

Ekmeet is a fintech authority, sought after globally, who generously supports social finance initiatives. He dedicates time to mentoring future leaders in finance and technology.

What is Per Annum?

P2P Investment is an opportunity to lend directly to Individual credit seekers. It gives 100% exposure to retail loans (Loans taken by individuals like you and me).

Lending is perceived as a high-risk business especially when it is unsecured loans to retail borrowers. But if we can find a mechanism to Lend to creditworthy borrowers in a highly diversified manner, we can reduce the credit risk to a very low level. This is where technology plays an important role.

As highlighted in various market intelligence information groups from the banking industry, retail loans have performed much better for banks and large NBFCs in terms of credit quality as well as returns of investment. The average NPA of retail loans is 80% lower than that of Corporate loan NPAs. Also owing to various education campaigns around building a strong credit in a new age credit seekers has led to performance of the unsecured loans similar to that of secured loans.

It is very evident that if we can manage the risk properly, P2P investment can be a very lucrative fixed income investment opportunity with very low underlying risk.

There are a few major risks which are associated with P2P Investment such as:

1. Counterparty Risk
2. Credit Risk
3. Liquidity Risk

As we know risk cannot be eliminated but can be mitigated with good robust processes and technology.

How are we managing the risk for our investors:

First and Foremost, the P2P industry is regulated by RBI, has to operate under Master Directions - Non-Banking Financial Company – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017 (Updated as on December 29, 2022)

How are we as a P2P industry managing the Risk:

1. Counterparty Risk – Counterparty risk is when P2P Platforms siphon off investor funds for some other business usage or disburse to fictitious borrower.

Risk Mitigation:

RBI has laid down a very clear path for fund movement for the P2P platforms in its Master direction. All the funds should move through Trustee Monitored Escrow account, with this model, counterparty risk is very much eliminated, all we as investor need to do is verify this before investing in a P2P platform. RBI regularly audits the platform and all the loan data is reported to credit bureaus.

2. Credit Risk: Credit risk can be managed with Diversification and Robust Loan Sourcing Channel

a. Diversification: Diversification is the most important aspect on risk management for all sort of investments. Here in P2P, Investors' loan portfolio should be diversified enough to have minimum impact on NPAs. Ideally, the invested capital should be diversified in to 200 to 2000 borrowers depending on the amount of investment.

Therefore the scale of business becomes an important parameter, P2P platform should have such high numbers of daily transactions to make this level of diversification.

Apart from borrower level diversification, the investment should be diversified into Types of Loans, Geography wise, Loan Sourcing channel wise etc. So that any adverse impact on anything should not result in lower returns or Loss of invested amount.

To do such diversification, platforms need a scalable and diversified source of loans.

Currently, we diversify the investment with per borrower amount of Rs 100 to Rs 1000 depending on the investment amount.

b. Loan Sourcing channel and Credit Quality of borrowers:

Sourcing good creditworthy borrowers is the most important factor for any lending company. Especially for P2P lending because Investors are taking direct exposure on borrowers.

Here is a questions which is always raised on P2P lending "Why would any good borrower take loan from P2P companies not from banks or traditional NBFCs. Our rates will always be higher than banks and NBFCs as our cost of capital is higher than banks." So, it becomes very important to understand the entire loan sourcing model of P2P platform.

Here is our loan sourcing model which we have adopted at PerAnnum to have scalable and diversified source of loans.

We identified certain types of loans which, historically, have lower NPAs and higher XIRR such as No Cost EMIs

Types of loans which we are doing majorly:

i. **Zero Cost EMI:** Interest cost of the loan is borne by the seller in the form of upfront discount or subvention. So good quality borrowers are attracted to such loans as they do not have to pay any interest on the loans. So borrowers do not have any disadvantage in availing loan from us. Zero cost EMI portfolio is again split among three major categories

- a. Consumer Finance
- b. Financing for Non-fatal healthcare treatment
- c. Financing for upskilling Education

ii. **Working Capital Loans:** These are Working Capital loans to small businesses with good credit history. The repayment is in daily settlement of instalments from the sales on QR code. The daily settlement gives very high collection efficiency, and the portfolio remains as lot liquid.

iii. **Personal Loans:** We provide personal loans to high credit score borrowers in co-lending arrangement with NAVI FinServ

At Per Annum 100% of loans are sourced via B2B model where we use the expertise of large Digital lenders or NBFCs for sourcing high quality borrower. Few of these names are Khatabook, Navi Finserve, Snapmint, Capital Trust, Capital India owned Rapipay, OkCredit, Jodopay etc.

To ensure the investors' interest first, we operate on a **Margin of Safety** model to counter any NPA.

Margin of Safety: We generate around 22-24% of XIRR on the investors' entire loan portfolio and our average cost of funding is 10.84% on the portfolio. The differential of 13%+ interest acts a margin of safety and is used for factoring in NPAs in the investors account, the remaining is taken in account as revenue by Platform to fund their costs and profits.

At our current rate of NPA our margin of safety is more than 11x.

With our investor first approach 100% extra interest is first used to settle NPA for the investors. Then only any profit is taken by us.

So, we will make money only if investors have made money

3. Liquidity Risk:

To make it a simple and popular Investment Asset Class, P2P companies allow Investors to withdraw their investment at a specified period after a certain lock-in which varies from few days to few years.

Once an investor wants to withdraw, their investment is sold to another investor via secondary sales of loans. Which means every withdrawal is funded by Repayment on loans and inflow of Investments.

At good scale of operations, withdrawals can easily be handled by the platform. As good amount of repayment from existing loans is being collected on daily basis which needs to be reinvested the same can be either reinvested in the new loans or the existing loans being offered in secondary sales.

At Per Annum with our average loan tenure of less than 6 Months and AUM over Rs 2,200 Crore, we have very high amount of daily repayment coming in which gives us very good liquidity. Currently, We have more than 4 Lacs active Investors and more than 25 Lacs active loans on the platform.

To sum up, we are focused on very high credit quality loans with great level of diversification to ensure 100% safety for the investors



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FOR YOUR
INVESTORS

(Annual Returns)



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PLANS TO YOUR CLIENTS**



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In AUM



Up to 11.57%
Annual Returns



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Disclaimer: P2P Lending transactions at Per Annum are powered by Transactree Technologies Private Limited (Lendbox)
In accordance with RBI Guidelines, Lendbox is a P2P-NBFC and does not guarantee returns. Investing with Lendbox is subject to credit risk.

TOPIC

Unveiling the Hidden Gems of Wealth Management

PROFILE

American Academy of Financial Management India head office at Colorado Springs, USA is a knowledge & certification global body in the financial services industry working in India for the last for 26 years globally having presence across the globe having offices in 17+ Countries & member presence in 151+ countries.

We work very closely and actively engage with the complete BFSI Industry for the upskilling of their employees as well as partners based on the needs of the clients.

As a premier organization in the domain of Banking (BFSI) and Wealth Management, AAFM India specializes in customized training for corporates across multiple domains including Banking, Wealth Management & Advisory, Mutual Funds, Selling Skills, Behavioural Finance, Estate Planning, and others.

Discovering the Strategies and Secrets to Optimize Your Financial Success



Hidden Gems of Wealth Management: Unveiling the Secrets to Optimize Your Financial Success

In the vast realm of wealth management, there are hidden gems waiting to be discovered. These gems are the lesser-known strategies, insights, and techniques that can unlock greater financial success, mitigate risks, and optimize your wealth for long-term prosperity. While traditional wealth management principles are widely known, it is the exploration and understanding of these hidden gems that can set you apart and propel your financial journey to new heights.

Introduction

Wealth management is a comprehensive and strategic approach to managing an individual's or a family's financial resources, with the ultimate goal of optimizing wealth and achieving long-term financial success. It involves the careful coordination of various financial disciplines, including investment management, tax planning, estate planning, risk management, and retirement planning.

In today's complex and rapidly changing financial landscape, the need for effective wealth management has become increasingly crucial. With numerous investment options, tax implications, and evolving regulations, individuals often find themselves in need of expert guidance to navigate these complexities successfully.

Definition of Wealth Management:

Wealth management refers to the professional advisory and financial planning services that cater to individuals, families, or organizations with substantial financial resources. It involves a holistic approach to managing wealth and encompasses various financial disciplines, including investment management, financial planning, tax optimization, estate planning, risk management, and philanthropy.

At its core, wealth management aims to help clients achieve their financial goals and aspirations by providing personalized strategies tailored to their unique circumstances. This includes developing comprehensive wealth plans, analysing investment opportunities, minimizing tax liabilities, preserving and growing assets, and ensuring a smooth transfer of wealth to future generations.

What are the hidden gems in wealth management that can unlock greater financial success and optimize wealth strategies?

Hidden gems in wealth management refer to lesser-known or often overlooked strategies, techniques, or aspects that can significantly enhance one's financial success. These gems, when leveraged effectively, can provide unique opportunities and advantages.

Here is an overview of some hidden gems in wealth management:

Alternative Investments: Beyond traditional stocks and bonds, alternative investments such as private equity, hedge funds, real estate, and commodities can offer diversification and potential higher returns.

Behavioural Finance Insights: Behavioural finance explores the influence of psychology and emotions on financial decision-making.

Impact Investing: Impact investing involves aligning investments with social and environmental goals.

Advanced Tax Strategies: Beyond basic tax optimization, advanced tax strategies involve techniques such as family limited partnerships, charitable remainder trusts, or qualified personal residence trusts.

Risk Management Tools: Innovative risk management tools, such as derivative instruments or structured products, can be used to hedge against specific risks or enhance portfolio returns.

Robo-Advisors and Technology: Robo-advisors are automated investment platforms that use algorithms to manage portfolios efficiently and cost-effectively.

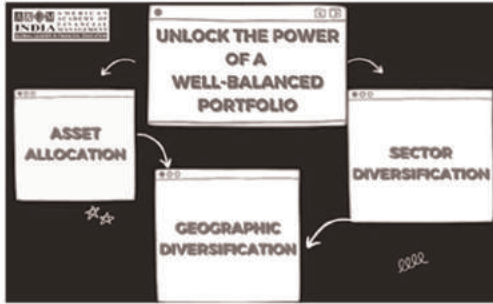
Longevity Planning: With increasing life expectancy, longevity planning addresses the financial implications of living longer.

Intergenerational Wealth Transfer: Planning for the transfer of wealth to future generations involves establishing trusts, family governance structures, and philanthropic initiatives.

How can individuals uncover the hidden gem of diversification to not only mitigate risk but also identify unique investment opportunities and achieve long-term financial success?

Diversification is a fundamental concept in wealth management that involves spreading investments across different asset classes, sectors, regions, and investment vehicles.

Here are a few key aspects:



Asset Allocation: Asset allocation is the process of distributing investments across different asset classes, such as stocks, bonds, cash, real estate, and alternative investments.

Geographic Diversification: Geographic diversification involves investing in various countries and regions. Economic, political, and regulatory conditions can vary across different markets, and by diversifying globally, investors can reduce the impact of localized risks and take advantage of opportunities in different parts of the world.

Sector Diversification: Sector diversification refers to investing across different industry sectors, such as technology, healthcare, finance, consumer goods, and energy. Different sectors can perform differently based on market cycles and economic conditions.

What are some hidden gems in tax optimization that individuals can leverage to minimize their tax liabilities and optimize their wealth management strategies?

Tax optimization goes beyond basic tax planning and explores lesser-known strategies that can unlock significant advantages and opportunities.

Here are three hidden gems in tax optimization:

Utilizing Tax-Advantaged Accounts:

Tax-advantaged accounts in India, such as Public Provident Fund (PPF), National Pension Scheme (NPS), and Health Insurance (Mediclaim) policies, offer unique tax benefits. Contributions to these accounts may be eligible for deductions under the Income Tax Act, providing tax savings and potentially higher returns.

Public Provident Fund (PPF):

The PPF is a long-term investment scheme backed by the Indian government. Contributions made to a PPF account are eligible for deductions under Section 80C of the

Income Tax Act, up to a specified limit. The interest earned and withdrawals from the PPF account are tax-free. Utilizing PPF can help reduce taxable income and provide a tax-free investment avenue.

National Pension Scheme (NPS):

The NPS is a voluntary retirement savings scheme that offers tax benefits. Contributions made to an NPS account are eligible for deductions under Section 80CCD(1B) of the Income Tax Act, subject to a specified limit. Additionally, there is an exclusive deduction available for contributions made by employers under Section 80 CCD (2). The NPS provides tax-free growth, and withdrawals are partially tax-exempt, subject to certain conditions.

Health Insurance (Mediclaim) Policies:

Health insurance premiums paid for self, spouse, children, and parents are eligible for deductions under Section 80D of the Income Tax Act. The deductions vary based on the age of the insured individuals and the coverage opted for.

Gifting Strategies:

Gifting can be an effective tax optimization strategy in India as well. Some key gifting strategies include:

Gift to Family Members:

Under the Income Tax Act, any gift received by an individual from specified relatives (like parents, siblings, spouse, etc.) is not subject to income tax. By gifting assets or funds to family members, individuals can transfer wealth and reduce their taxable income.

Charitable Donations:

Donations made to eligible charitable organizations or institutions are eligible for deductions under Section 80G of the Income Tax Act. By making donations to registered charitable entities, individuals can reduce their taxable income while supporting causes they care about.

What are some hidden gems in estate planning that individuals can utilize to enhance their wealth transfer strategies and ensure a smooth transition of assets?

Hidden gems in estate planning refer to lesser-known strategies and techniques that can enhance the effectiveness of an estate plan, optimize wealth transfer, and provide unique benefits.

Here are three hidden gems in estate planning:

Establishing a Comprehensive Estate Plan:

One hidden gem is the importance of establishing a comprehensive estate plan. This involves going beyond a simple will and considering additional elements such as healthcare directives, powers of attorney, and guardianship provisions for minor children.

Maximizing the Use of Trusts:

Trusts are powerful tools in estate planning that can offer various benefits. One hidden gem is to maximize the use of trusts to accomplish specific goals.

For example, a revocable living trust can help avoid probate, maintain privacy, and provide flexibility in managing assets during an individual's lifetime and after their passing.

Leveraging Charitable Giving:

Charitable giving can be a hidden gem in estate planning. By incorporating charitable giving strategies, individuals can align their philanthropic goals with estate planning objectives. Techniques such as establishing charitable remainder trusts or charitable lead trusts can provide both tax advantages and a lasting legacy.

How can individuals leverage the principles of behavioural finance to improve their savings habits, budgeting skills, and financial goal attainment?

In traditional finance, the efficient market hypothesis assumes that all market participants are rational and make decisions based on all available information.

Behavioural finance explores various psychological factors that impact financial decisions, including:



Cognitive Biases: Cognitive biases are systematic errors in thinking that influence decision-making. Common biases include overconfidence, loss aversion, confirmation bias, and herd mentality.

Emotional Influences: Emotions, such as fear, greed, and over-excitement, can heavily influence financial decisions. For example, fear during a market downturn may lead to panic selling, while excessive optimism during a bull market can result in overvaluation of investments.

Prospect Theory: Prospect theory suggests that individuals tend to value potential gains and losses differently. According to this theory, individuals are more sensitive to losses than gains of the same magnitude, leading to risk aversion and conservative decision-making.

Framing Effects: The way information is presented or framed can impact decision-making. Individuals may

react differently to the same information depending on how it is framed, leading to biased choices.

What are the hidden gems in wealth transfer options available to individuals, and how can exploring them facilitate efficient wealth transfer to future generations or charitable causes?

Wealth transfer strategies involve planning and executing the transfer of assets from one generation to the next or to designated beneficiaries. Effective wealth transfer allows individuals to maintain control over their assets, minimize taxes, and ensure the preservation and continuity of wealth for future generations.

Here, we explore some common wealth transfer options:

Wills:

A will is a legal document that specifies how an individual's assets should be distributed upon their death. It allows individuals to designate beneficiaries, establish guardianship for minor children, and appoint an executor to oversee the distribution of assets.

Trusts:

Trusts are versatile estate planning tools that offer greater flexibility and control over wealth transfer. They can be established during an individual's lifetime (living trusts) or through a will (testamentary trusts). Trusts allow for the transfer of assets while maintaining specific instructions and conditions.

Lifetime Gifting:

Lifetime gifting involves transferring assets to beneficiaries during an individual's lifetime. By gifting assets, individuals can reduce the size of their estate and potentially minimize estate taxes.

Charitable Giving:

Charitable giving allows individuals to support charitable causes while potentially minimizing estate taxes. Through charitable trusts, such as charitable remainder trusts or charitable lead trusts, individuals can provide income streams to beneficiaries or charities for a designated period.

Business Succession Planning:

For business owners, business succession planning is crucial to ensure the smooth transfer of business ownership to the next generation or designated successors. It involves creating a plan for leadership transition, management continuity, and asset transfer.

Life Insurance:

Life insurance can be an effective tool for wealth transfer. Individuals can name beneficiaries who will receive a

death benefit upon their passing, providing liquidity and financial security to loved ones.

Hidden Gems in Wealth Transfer:

Hidden gems in wealth transfer refer to lesser-known strategies and techniques that can enhance the efficiency and effectiveness of transferring wealth to the next generation.

Implementing Life Insurance Solutions:

Life insurance can be a powerful tool for wealth transfer, especially when used strategically. By implementing life insurance solutions, individuals can provide a tax-free death benefit to their beneficiaries, ensuring financial security and liquidity for the transition of wealth.

How can individuals ensure a smooth wealth transfer to future generations by leveraging hidden gems in estate planning, asset protection, and succession planning?

While implementing specific strategies is important, ensuring a smooth transition of wealth requires comprehensive planning and coordination.

Some key considerations include:

Open Communication: Facilitate open and honest communication among family members to align expectations, address concerns, and promote unity during the wealth transfer process.

Successor Development: Identify and develop potential successors, whether within the family or through external professional management, to ensure a seamless transition of leadership and management responsibilities.

Education and Financial Literacy: Promote financial literacy and provide education for beneficiaries to empower them with the knowledge and skills needed to manage and preserve wealth responsibly.



Conclusion

Throughout this article, we have explored several hidden gems in wealth management that can enhance financial outcomes and improve decision-making. These hidden gems include diversification strategies, tax optimization techniques, estate planning secrets, behavioural finance insights, wealth transfer strategies, and the effective use of

technology. By understanding and implementing these strategies, individuals can unlock opportunities, minimize risks, and optimize their wealth management journey.



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NIMESH CHANDAN

CIO
Bajaj Finserv AMC

TOPIC

How to understand impact of **Events on Markets**

PROFILE

Nimesh Chandan is an Investment Professional with 22 years of experience in investing in the Indian capital markets. He has an established track record in managing money and advising clients, both Domestic and International, Retail as well as Institutional.

Over the years, he has developed an investment process that generates alpha through informational, analytical as well as behavioural edge. He has been part of the mutual fund industry for 17 years where has managed products across market capitalisation and themes,, and developed models on

Sustainable Investing, Quant Investing and Asset Allocation..

Nimesh is a keen follower of Behavioural Finance and has been writing and presenting on the role of psychology in Investment Decision-making to the investment community. He has developed a set of processes and tools that help reduce one's behavioural mistakes and understand the crowd or market behaviour.

Recently (as expected) a lot of investors and advisors I meet, want to discuss views on the upcoming general elections in India in April 2024. While discussions involving politics can become long and perhaps loud, I offer a small write up on exploring the old adage in the market which goes like this, "Buy on rumours, sell on news".

There are many important events that have a preannounced date that is declared days or months or even years before the actual event. Events like the National election, Union Budget, Monetary Policy, Fiscal Stimulus announcements, important Economic Data releases etc. create a buzz among investors and in the media. On a company specific level, these events can be in the form of earnings announcement, product launches etc. People try to anticipate the outcomes of these events and also the impact of the same on the stock prices. However, when events unfold as expected i.e. the consensus predicted the outcome correctly, the markets do not behave as anticipated. And hence the logic of "Buy on rumors, sell on news".

Believe it or not, despite the absence of so many meetings/events in the seventeenth century, Joseph De La Vega had written about this behavior of markets in his famous book, 'Confusion de Confusiones' in 1688. In the book he writes, "The expectation of an event creates a much deeper impression upon the exchange than the event itself. When large dividends or rich imports are expected, shares will rise in price; but if the expectation becomes a reality, the shares often fall". He calls this behavior of stock prices quite natural and explains it logically using the observed behavioral characteristics of both types of investors, the Bulls and the Bears.

Whenever there is an event where the consensus is expecting a positive outcome, the Bears would generally refrain from getting in the way. The Bulls become quite optimistic with the state of affairs, and the prospects of gains will drive them to buy more. They become overconfident and any small negative development on the way to the event doesn't deter them from their path (Climbing the wall of worry perhaps). "But as soon as the ships arrive or the dividends are declared, the sellers take new courage. They calculate that for some months the purchasers — the bulls — will not be able to expect very propitious (new) events", says De La Vega. With nothing to look forward to for some time, the Bulls either take profits or stop their additional purchases. The Bears start selling based on the excesses that were created on the way to the event. "...and therefore, no wonder that the shares fall, because they are abandoned by the one side and are attacked by the other".

Coming to more recent research on this topic, a research paper by Richard Peterson, highlights that "Anticipation of reward generates a positive affect state. Positive affect motivates both increased risk-taking and increased purchasing behaviors."

Rising prices reinforce the trend and investors downplay the risks. As we move towards the event, 'Myopic Discounting' comes into effect. It refers to the tendency to prefer near term rewards over longer term. "As the anticipated potential reward approaches in time, investors' positive affect is increasingly aroused", says Peterson. By the time, the event date is reached, much of the upside from the outcome that the consensus is expecting, gets exhausted. With nothing to look forward to immediately, the profit booking sets in; risk taking moves to risk aversion. Price fall confirms the change in trend and starts reinforcing downward move.



AAFM INDIA

TOPIC

Beyond Boundaries: Pioneering the Prosperous Future of Wealth Management in India

PROFILE

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Embracing Technological Innovations, Personalization, and Sustainable Investing for Optimal Financial Growth



Navigating the Evolving Landscape: The Future of Wealth Management in India

Are you ready to embark on an exhilarating journey into the world of wealth management, tailored specifically for the Indian investor? Welcome to a realm of endless possibilities, where cutting-edge technologies, personalized strategies, and sustainable investments converge to redefine your financial future. But it doesn't end there! Hold on tight as we take you on a ride through the captivating world of personalized financial planning. Imagine having an AI-based advisor that knows you better than you know yourself - mapping your goals, risk tolerance, and desires to pave the way to financial success.

Introduction

In the dynamic and rapidly evolving landscape of wealth management, India finds itself at the forefront of change. With a growing economy, a burgeoning middle class, and an increasingly tech-savvy population, the country is witnessing a paradigm shift in how individuals and families approach their financial well-being. As we step into the future, understanding the key trends shaping the realm of wealth management becomes paramount for investors, advisors, and financial institutions alike.

Definition of Wealth Management:

Wealth management refers to the comprehensive and strategic management of an individual's or family's financial resources to achieve their specific financial goals and objectives. It involves a range of services, including financial planning, investment management, tax planning, estate planning, retirement planning, and risk management. The primary focus of wealth management is to optimize the client's financial position and enhance their wealth over the long term while considering their unique circumstances, risk tolerance, and aspirations.

Why is it important to stay updated on future trends, and what are the potential benefits and implications of being proactive in keeping abreast of emerging developments?

In our fast-paced and ever-changing world, staying updated on future trends has become more critical than ever before. Whether you are an individual seeking personal growth or a business striving for success, embracing the significance of keeping up with emerging trends can be the key to unlocking a wealth of opportunities and staying ahead of the competition.

Seizing Opportunities:

Staying informed about future trends allows individuals and businesses to identify emerging opportunities in various industries and markets. By recognizing new trends early on, they can position themselves to capitalize on these opportunities and gain a competitive advantage.

Anticipating Challenges:

Future trends also encompass potential challenges and disruptions that may arise. By being aware of these challenges in advance, individuals and businesses can proactively develop strategies to mitigate risks and adapt their operations to navigate uncertainties successfully.

Innovating and Staying Relevant:

Embracing future trends fosters a culture of innovation and adaptability. In a rapidly changing world, staying relevant requires continuous learning and the willingness to adopt new technologies and practices that align with evolving customer demands and industry standards.

Enhancing Decision-Making:

Informed decision-making is vital for success in any field. Understanding future trends provides individuals and organizations with valuable insights that support data-driven and strategic decision-making processes.

Networking and Collaboration:

Being aware of future trends facilitates networking and collaboration with like-minded individuals and organizations. It creates opportunities for partnerships and alliances that can lead to innovative projects and joint ventures.

Preparing for Change:

Change is inevitable, and staying updated on future trends helps individuals and businesses prepare for upcoming shifts in their industries or markets. Being proactive in embracing change positions them to adapt more effectively and embrace new opportunities as they arise.

How has technology-driven innovation impacted the wealth management industry?

In the ever-evolving landscape of wealth management, technological advancements have emerged as game-changers, revolutionizing how individuals and businesses approach financial planning and investment strategies.

Let's explore the top technology-driven trends that are transforming wealth management:

Rise of Robo-Advisors and AI-Powered Investment Platforms:

Robo-advisors, fuelled by artificial intelligence (AI) algorithms, have gained significant traction in recent years. These digital platforms offer automated, algorithm-based financial advice and investment management, eliminating the need for human intervention. Through advanced data analysis and machine learning, robo-advisors can assess a client's financial situation, risk tolerance, and goals, crafting tailored investment portfolios to suit individual needs.

Fintech Integration for Seamless Wealth Management Services:

Financial technology (fintech) has revolutionized the financial services sector, and wealth management is no exception. Fintech integration in wealth management services streamlines processes, enhances user experiences, and enables real-time access to financial data.

Utilization of Blockchain for Enhanced Security and Transparency:

Blockchain technology has gained prominence for its potential to transform the financial landscape, particularly in wealth management. Blockchain is a decentralized and immutable digital ledger that ensures secure, transparent, and tamper-proof transactions.

How does the adoption of a personalized and customer-centric approach benefit businesses?

In today's rapidly evolving financial landscape, a one-size-fits-all approach to wealth management is no longer sufficient. To meet the unique and diverse needs of clients, a personalized and customer-centric approach has become imperative.

Let's delve into the key elements driving personalization and customer-centricity in wealth management:

Tailored Investment Solutions for Diverse Client Needs:

Each individual's financial situation, risk tolerance, and long-term objectives are distinct. To address this diversity, wealth management professionals are crafting customized investment solutions.

By conducting in-depth consultations and analysing clients' financial profiles, advisors can design portfolios that align with specific goals, whether it's wealth preservation, retirement planning, or legacy building.

AI-Based Customer Profiling and Financial Planning: Artificial intelligence (AI) has revolutionized the way wealth managers understand and engage with their clients. AI-driven customer profiling analyses vast amounts of data to gain insights into clients' preferences, behaviours, and financial aspirations.

Emphasis on Customer Education and Engagement: Education and communication are at the heart of a successful customer-centric approach. Wealth managers are increasingly placing emphasis on educating clients about various financial concepts, investment options, and potential risks.

How does sustainable and ESG investing contribute to a responsible financial future?

As the world becomes increasingly conscious of its impact on the environment and society, sustainable and Environmental, Social, and Governance (ESG) investing has emerged as a powerful force in the realm of wealth management.

Let's explore the key elements driving the rise of sustainable and ESG investing:

Growing Awareness and Demand for Ethical Investments: The growing awareness of global challenges, such as climate change, social inequality, and corporate governance issues, has fuelled a significant demand for ethical investments.

Integration of Environmental, Social, and Governance (ESG) Factors: ESG investing involves the systematic integration of environmental, social, and governance factors into the investment decision-making process. Investors analyse companies based on their environmental impact (e.g., carbon emissions and resource usage), social impact (e.g., employee relations and community engagement), and governance practices (e.g., board diversity and executive compensation).

How can individuals and families effectively plan for wealth transfer and succession to the next generation while preserving assets and minimizing tax implications?

Preparing for Wealth Transfer Across Generations: Preparing for wealth transfer involves establishing a comprehensive plan to pass on assets and wealth to the next generation. This process often begins with identifying potential heirs and beneficiaries, ensuring that the intended recipients receive the assets.

Wealth Preservation and Minimization of Inheritance Tax: Wealth preservation is a crucial consideration in succession planning. It involves safeguarding and growing the family's assets to maintain their value for

future generations. To achieve this, wealth managers may employ various strategies, such as diversifying investments, managing risks, and implementing tax-efficient solutions.

Wealth management Services for Modern Investors?

Integrating Brick-and-Mortar Institutions with Online Platforms: Traditional brick-and-mortar institutions have long been pillars of the financial industry, providing personalized services and face-to-face interactions. However, the rise of digital technology has opened new avenues for reaching clients and enhancing service delivery.

Hybrid Wealth Management Models for Holistic Client Experience: The emergence of hybrid wealth management models bridges the gap between traditional and digital approaches. These models blend human expertise with digital tools, creating a seamless and holistic client experience.

Partnerships and Alliances for Expanded Services: Collaborative partnerships and alliances between traditional wealth management firms and fintech companies have become increasingly prevalent.

How does promoting financial education among Indian investors contribute to better decision-making and long-term financial well-being?

Financial education plays a crucial role in empowering individuals to make informed financial decisions and secure their economic future.

In India, several initiatives have been launched to promote financial literacy among investors:

Investor Education Programs: Regulatory authorities and financial institutions collaborate to conduct investor education programs. These initiatives aim to educate investors about the fundamentals of investing, risk management, and the importance of diversification.

Online Resources and Mobile Apps: Technology-driven solutions have proven to be effective in reaching a broader audience. Various financial institutions offer online resources, interactive tools, and mobile apps to help investors understand financial concepts easily.

Reaching Out to Underbanked and Rural Communities: A substantial portion of India's population resides in rural and underbanked areas, where access to formal financial services is limited. To bridge this gap, several initiatives have been implemented:

Financial Inclusion through Mobile Banking: Mobile banking services have emerged as a game-changer for reaching remote areas. Government-led programs such as Jan Dhan Yojana have facilitated the opening of bank accounts for millions of previously unbanked individuals.

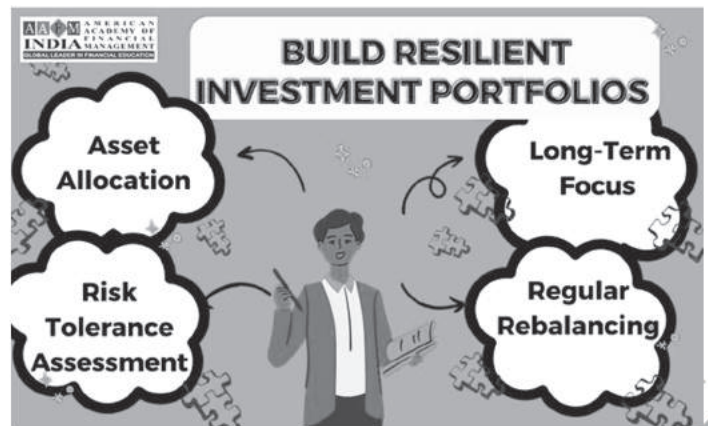
Agent Banking and Banking Correspondents: To overcome infrastructure challenges, banks have appointed banking correspondents who act as a point of contact between the bank and the rural population.

Financial Literacy Camps: NGOs, in collaboration with banks, organize financial literacy camps in rural areas. These camps aim to educate residents about banking services, the importance of saving, and responsible borrowing.

How can investors build resilient investment portfolios to withstand market volatility and ensure long-term stability and growth?

Creating a resilient investment portfolio involves careful planning, risk assessment, and diversification.

Here are some essential elements of building such portfolios:



Asset Allocation: Diversifying investments across different asset classes, such as stocks, bonds, real estate, and commodities, helps spread risk and minimize exposure to individual market fluctuations.

Risk Tolerance Assessment: Understanding one's risk tolerance is crucial in designing a portfolio that aligns with an investor's comfort level during periods of market volatility.

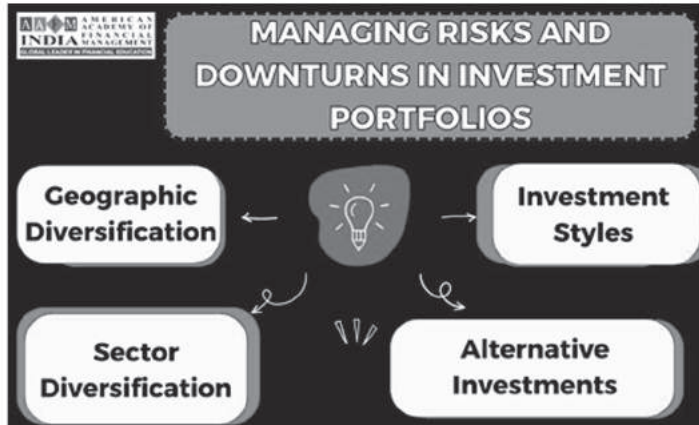
Long-Term Focus: A resilient portfolio considers long-term financial goals rather than reacting to short-term market fluctuations. Patience and discipline are key attributes for successful long-term investing.

Regular Rebalancing: Markets can shift, causing asset allocations to deviate from their intended targets. Periodic rebalancing ensures that the portfolio remains aligned with the investor's risk profile and objectives.

How can diversification strategies help in managing risks and downturns in investment portfolios?

Diversification is a powerful risk management tool that aims to reduce overall portfolio vulnerability to adverse market events.

Here are some diversification strategies to manage risks and downturns:

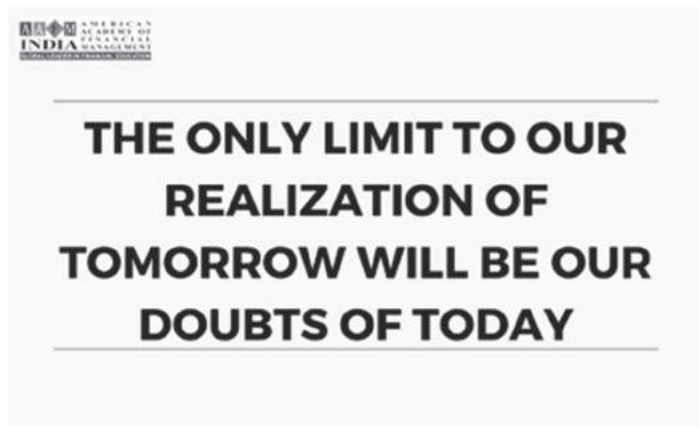


Geographic Diversification: Investing in various global markets can reduce the impact of regional economic downturns and political instability.

Sector Diversification: Spreading investments across different sectors mitigates risks associated with industry-specific downturns and technological disruptions.

Investment Styles: Allocating funds to various investment styles, such as growth and value, can provide balance during market fluctuations.

Alternative Investments: Including alternative assets, like hedge funds, private equity, or real estate investment trusts (REITs), can provide additional diversification and potential uncorrelated returns.



Conclusion:

The landscape of Indian wealth management is witnessing rapid changes, driven by various factors such as technological advancements, regulatory shifts, and evolving investor preferences.

Some key future trends identified in this article include:

Digital Transformation: Technology continues to reshape wealth management, with the rise of robo-advisors, online platforms, and mobile banking transforming the way investors access and manage their finances.

Personalization: Investors demand tailored solutions that cater to their unique financial goals and risk appetites. Firms that can offer personalized advice and services are likely to gain a competitive advantage.



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TOPIC

Asset Allocation – Why and How?

ARTICLE

What is Asset Allocation:

Asset allocation refers to allocation of money across multiple asset classes, such as Equities, Fixed Income, Debt, Cash and others. The allocation percentages can be varied depending upon the need or the risk appetite of the investor.

Various Asset Classes have weak or negative correlation. This helps in Portfolio diversification. Investments get support when one asset class supports the overall portfolio when some other asset class turns volatile.

The money could be allotted across multiple asset classes or certain selective assets.

Need for Asset Allocation

Asset Allocation solutions is getting very popular across the world as:

1. Predicting Asset class behavior is extremely difficult
Market commentaries keep changing!

Even the Best of Minds fail to capture the Asset class trends.

For Example: Different Asset classes have been best performers across different time periods.

Calendar Year	Gold	Equity	Debt	International
2022	15.1	6.1	0.4	-9.1
2021	-4	26.53	1.4	31.2
2020	27.48	16.84	9.2	21.4
2019	23.97	10.9	10.5	34.4
2018	7.79	2.6	6	4.3
2017	4.29	33.4	0	14.4
2016	11.25	5	14.9	14.9
2015	-7.04	-2	7.4	6.2
2014	1.82	34.2	14.1	16.2
2013	-13.17	7.6	-0.7	49.4

Note: 1) *Gold Futures prices from MCX; 2) For Equity, S&P BSE 100 TRI returns are considered; 3) For Debt, CRISIL Short Term Bond Fund Index returns are considered; 4) International: S&P 500 TRI in INR Source: Bloomberg, MFI Explorer. The above data is for last 10 years.

2. Every Asset Classes also have unique features like:

i. **Equity** is a potential long term Wealth creator - BUT volatility can be higher!!

ii. **Debt** offers relatively low volatility, but can it beat Inflation across phases?

iii. **Commodities** can be a hedge – But cycles can be long and difficult to understand.

This makes it difficult to identify the right asset class as per the investor's need.

3. Asset Allocation helps in avoiding Emotional Bias

We are subject to various emotional biases (mainly greed and fear) leading to over or under reaction to market events. In turn this impacts our investment discipline leading to not so pleasant experience. Asset allocation helps in avoiding this bias

4. Asset Allocation provides Downside protection

Downside Protection - 'Losing LESS > Gaining MORE'

'50% FALL = 100% GAIN (to come back to the Original Level)

Illustration :

If an investment of Rs 100 becomes Rs 50 it's a 50% Decline but for the Rs 50 to become Rs 100 again requires a 100% GAIN Hence Losing Less is also equally important criteria for Long Term Wealth Creation

Asset Allocation Strategies

Asset Allocation Strategies can be run as "Defined Allocation" or "Quant Based / Dynamic Asset Allocation."

Defined Allocation:

This strategy comprises fixed asset allocation percentages in their portfolio irrespective of market movement.

Quant Based / Dynamic Asset Allocation:

Here the percentage invested in the Asset classes are dynamic based on certain quant models or Fund manager view.

Asset Allocation Strategies:

Here are a few examples of multi-asset fund strategies:

1. **Balanced Portfolio:** A balanced allocation across different asset classes, such as stocks, bonds and cash are maintained in this portfolio. The fund manager can manoeuvre the portfolio based on their assessment of market conditions and risk tolerance.

2. **Strategic Asset Allocation:** The fund manager adjusts the asset allocation based on short-term market trends and economic indicators.

3. **Risk Adjusted Asset Allocation:** The Fund Manager aims to create equal risk contribution from each asset class. The focus is on balancing risk across different asset classes. The fund manager allocates investments based on each asset class's contribution to the overall portfolio's risk rather than its potential return.

4. **Model based Asset Allocation:** Asset Allocation strategy which is based on certain models or defined rules. This model is based on certain factors like market volatility, interest rates, or economic indicators.

5. **Generating Income Strategies:** As the name suggests the emphasis is on generating consistent income for investors by maintaining a diversified portfolio. The fund manager selects assets with higher yield potential, such as dividend-paying stocks, high-yield bonds, (REITs).

As Harry Markowitz, Noble laureate and the pioneer of modern portfolio theory mentioned,

Asset Allocation is the most important decision an Investor can make.

Asset Allocation is an important enabler for long term wealth creation and enhances customer experience. One can avail professional help to create an ideal asset allocation portfolio which is well placed to achieve the investment goals. Regular monitoring and portfolio re-balancing are also very important ingredients for the long-term wealth creation.

Disclaimer: The information herein above is meant only for general reading purposes and the views being expressed only constitute opinions and therefore cannot be considered as guidelines, recommendations or as a professional guide for the readers.

ARTICLE

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Choose a Multi Asset Allocation Fund that has a Good Balance of 3 or more Asset Classes



#GoForGoodBalance in Multi Asset Allocation Funds

You invest in Multi Asset Allocation Funds for Scientific Diversification.

It is critical that your fund has Good Balance and maintains Appropriate Allocations of asset classes.

Well balanced Asset Allocation; when followed religiously, may provide the desired results over a period of time.

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134 years of
Global Experience

An investor education and awareness initiative of Nippon India Mutual Fund

Helpful Information for Mutual Fund Investors: All Mutual Fund investors have to go through a one-time KYC (know your Customer) process. Investors should deal only with registered mutual funds, to be verified on SEBI website under 'Intermediaries/Market Infrastructure Institutions'. For redressal of your complaints, you may please visit www.scores.gov.in. For more info on KYC, change in various details and redressal of complaints, visit mf.nipponindiaim.com/investorEducation/what-to-know-when-investing

Call your Distributor/Advisor, Give us a missed call on 8000112244 or Visit mf.nipponindiaim.com/RightToWealth

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TOPIC

Wealth of Wisdom:
Top 10 Finance Books
**Every Young
Adult Should Read**

PROFILE

American Academy of Financial Management India head office at Colorado Springs, USA is a knowledge & certification global body in the financial services industry working in India for the last for 26 years globally having presence across the globe having offices in 17+ Countries & member presence in 151+ countries.

We work very closely and actively engage with the complete BFSI Industry for the upskilling of their employees as well as partners based on the needs of the clients.

As a premier organization in the domain of Banking (BFSI) and Wealth Management, AAFM India specializes in customized training for corporates across multiple domains including Banking, Wealth Management & Advisory, Mutual Funds, Selling Skills, Behavioural Finance, Estate Planning, and others.

In an era where financial independence is the ultimate goal, young adults are increasingly turning to literature to master the art of managing money. From planning for retirement to understanding the psychology behind financial decisions, these top 10 finance books are essential reads for the savvy youngsters. Let's explore the wisdom within each book, accompanied by a key quote and a brief synopsis, and discover why they are particularly relevant in today's scenario for young adults.

1. "Retire Rich" by P V Subramanyam



Get It From- <https://amzn.eu/d/cSYdWQG>

Key Quote: "Don't just save for retirement, invest for retirement."

Subramanyam's "Retire Rich" is a comprehensive guide that navigates the reader through the intricacies of retirement planning. From understanding investment options to managing risks, the book provides practical advice to secure a financially comfortable retirement.

In a world where retirement planning often takes a backseat, Subramanyam's book serves as a wake-up call for young adults to start planning early, emphasising the power of compounding and disciplined investing.

2. "Let's Talk Money" by Monika Halan



Get It From- <https://amzn.eu/d/6VgRiIc>

Key Quote: "Financial literacy is the bridge between dreams and reality."

Halan's "Let's Talk Money" decodes the complexities of personal finance, making it accessible to everyone. The book covers budgeting, investing, and insurance, offering practical advice for building a strong financial foundation. In a dynamic economy, Halan's book empowers young adults to take control of their finances, teaching them the language of money and enabling informed financial decision-making.

3. "If god was your financial planner" by Suresh Sadagopan



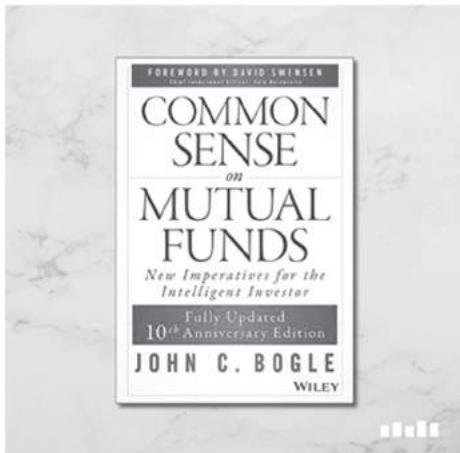
Get It From- <https://amzn.eu/d/6Nfsbfg>

Key Quote: "Align your wealth with your values, and you'll discover the true abundance life has to offer."

In Suresh Sadagopan's book, "If God Was Your Financial Planner," he intertwines spirituality with finance, urging readers to align wealth with values. The book transcends traditional financial advice, offering a holistic approach that resonates with today's youth. It encourages mindful investing, embracing abundance, and fostering a long-term vision.

In an age of materialism, Sadagopan's wisdom guides young adults to redefine their relationship with money, promoting not just financial success but a more purposeful and fulfilling life.

4. "Common sense on mutual funds" by John C. Bogle



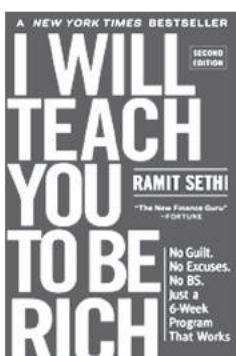
Get It From- <https://amzn.eu/d/6h5S5CI>

Key Quote: "Buy right and hold tight."

In John C. Bogle's "Common Sense on Mutual Funds," he imparts timeless investment wisdom. The book advocates for long-term, low-cost index fund investing. Bogle's insights, founded on simplicity and prudence, offer a steady compass for young adults navigating the complex world of investments.

In an era of financial noise, this book promotes a rational and patient approach, making it a beacon for those seeking stability and wealth growth. Bogle's legacy endures, making this read an essential guide for young investors charting their financial course

5. "I Will Teach You to Be Rich" by Ramit Sethi



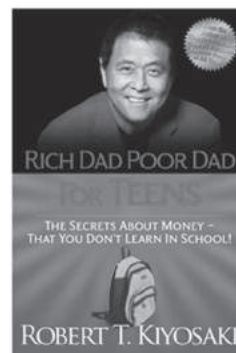
Get It From- <https://amzn.eu/d/5gQDVzm>

Key Quote: "The single most important factor to getting rich is getting started, not being the smartest person in the room."

Sethi's book offers a six-week program for mastering personal finance. It covers budgeting, investing, and optimising financial systems to build wealth without sacrificing lifestyle.

Sethi's no-nonsense approach and emphasis on automation make financial management simple and effective for young adults with busy lives.

6. "Rich Dad Poor Dad" by Robert T. Kiyosaki



Get It From- <https://amzn.eu/d/fwH2188>

Key Quote: "The primary difference between a rich person and a poor person is how they manage fear"

Kiyosaki contrasts the financial philosophies of his "rich dad" and "poor dad" to impart valuable lessons on building wealth through smart investing and entrepreneurship.

Kiyosaki challenges conventional thinking about money, urging young adults to think beyond traditional employment and explore avenues for passive income.

7. "The One-Page Financial Plan" by Carl Richards



Get It From- <https://amzn.eu/d/4o9DEQN>

Key Quote: "Your behaviour is your biggest ally or your worst enemy when it comes to money."

Richards advocates for a straightforward, one-page financial plan. He breaks down complex financial concepts into simple, actionable steps to help readers take control of their finances.

In our fast-paced lives, a concise financial plan is essential. Richards' book provides a practical framework for creating a clear and achievable financial roadmap.

8. "Money Master the Game" by Tony Robbins



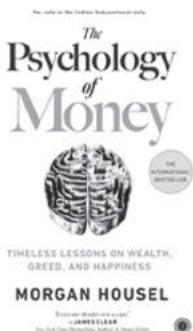
Get It From- <https://amzn.eu/d/79CZugX>

Key Quote: "The secret to wealth is simple: Find a way to do more for others than anyone else does."

Robbins interviews financial experts and distils their advice into a comprehensive guide for achieving financial freedom. The book covers investing, retirement, and wealth-building strategies.

Robbins' book is a wealth of information for young adults looking to navigate the complex world of finance. It offers insights from successful investors and a blueprint for long-term financial success.

9. "The Psychology of Money" by Morgan Housel



Get It From- <https://amzn.eu/d/cGqjWmB>

Key Quote: "Success in investing doesn't correlate with IQ; what you need is patience and emotional control."

Housel explores the behavioural aspects of money, emphasising the psychological factors that influence financial decisions. The book provides valuable lessons on managing emotions and making rational financial choices.

In a world driven by instant gratification, understanding the psychology of money is crucial for young adults to make sound financial decisions.

10. "The Barefoot Investor" by Scott Pape



Get It From- <https://amzn.eu/d/hwT77v2>

Key Quote: "Spend less than you earn, live within your means, and invest for the future."

Pape's book is a step-by-step guide to financial success, covering budgeting, investing, and creating a secure financial future. The advice is practical, actionable, and tailored for the everyday person.

Scott Pape's down-to-earth approach resonates with young adults, offering actionable steps to take control of their finances and achieve financial security.

In a world where financial literacy is a superpower, these books act as guides, offering the knowledge needed to navigate the complex world of finance and build a secure financial future. Whether you're a recent graduate or a young professional, investing time in these reads could be the key to enhancing your path to financial success. Happy reading!





CHIRAG MEHTA

CIO & FUND MANAGER
Quantum Mutual Fund

TOPIC

Opportunities & Challenges in the Small Cap Space

PROFILE

Chirag Mehta has more than 18 years of cumulative experience in managing commodities and specializes in the field of alternative investment strategies. He joined Quantum in 2006 and was elevated to the position of Chief Investment Officer of Quantum Asset Management Company, effective from April 01, 2022. At present, he serves as the fund manager of Quantum Small Cap Fund, Quantum Gold Savings Fund, Quantum Equity Fund of Funds, Quantum Multi-Asset Fund of Funds, and Quantum India ESG Equity Fund.

He is a qualified CAIA (Chartered Alternative Investment Analyst) and has also completed his Master's in Management Studies in Finance.

The Small Cap universe is very vast and has showcased good growth potential. Small Cap Indices have generated fresh gains.

Environment can be in favour of Small Caps

The long-term story looks robust. India is standing out amidst the global uncertainties. Bulk of the high frequency indicators indicate positive momentum be it PMI (Purchasing Managers Index), GST collections, E-way bills and credit growth. Weak recovery in China is also helping the relative preference for India.

Corporate earnings cycle and macro environment continues to be conducive for a broad-based growth. The economy continues to benefit from fundamentally stronger balance sheet positions of the private sector and the government's supply-side focused policy measures reinvigorating capex.

While relative valuations remain rich, India is in a comfortable spot due to the economic upcycle it finds itself in and strong earnings growth prospects. As such, we are bullish on Indian equities in the medium to long term."

Pockets of Value exist

Small cap indices and some small cap stocks are trading close to long term averages currently. However, there are pockets of value and several bottom-up stories which are not driven purely by the macroeconomic environment and would still be available at prices below the fair value. Through our research, we are confident of building a robust portfolio of 25-60 stocks at reasonable prices to translate into an upside for the portfolio.

Sectors with good earnings growth potential in the medium to long term

As Small Cap universe is large and much diversified as compared to large cap universe we see many attractive investment opportunities at these prices from a long-term investment horizon perspective. Themes like Financial inclusion, transition to EVs, Import substitution, China+1, Renewable Energy are themes which we feel have good earnings potential in the medium to long term.

Things investors should keep in mind when investing in small cap funds

From many options in Small Cap Funds, one needs to be cautious to invest in the right Small Cap Fund that can face challenges such as:

Risk of outsized positions: Some Funds with large AUM can face liquidity issues if they end up owning a big part of a small cap stock's market capitalization. Low liquidity leads to risks of higher impact cost on exit.

Overdiversification: They may be compelled to have a long tail of stocks with suboptimal weights. When a Small Cap Fund portfolio consists of holdings with weights below 1%, it indicates excessive diversification or overdiversification. In such a scenario, any positive performance in an individual stock may not significantly contribute to the overall returns of the Fund.

Deviation from fund mandate: They may be forced to either sit on cash or to invest incremental inflows into mid or large cap names, which is not what a small cap fund's objective is.

So, if investors are starting to invest in the small cap space or want to invest further into this sector, consider a small cap fund which is disciplined about its fund capacity and prioritizes fund performance and liquidity over gathering more AUM.

Equally important is evaluating the **integrity and quality of the management teams** within smaller companies, as these firms may encounter governance challenges due to their limited financial resources, making it difficult to attract top-tier management talent. Additionally, they might face less scrutiny from external parties. This is where Quantum Small Cap Fund can make a big difference. Our commitment to integrity dates back to 1991 at the Quantum group level. We prioritize safeguarding your investments over chasing short-term gains and prefer to avoid opportunities that could compromise your investment, even if a particular stock carries significant weight in the benchmark index.

Salient features of this fund

Backed by our strong research capabilities, we are set to help investors navigate the large small cap universe. Our experience of assessing governance and management quality will add value as smaller companies may not attract the best management talent and may have lower governance standards.

Based on financials and CG (Corporate Governance) parameters we will screen ~400-450 names in the universe. We will have a Growth at Reasonable price (GARP) approach and a long-term focus to capitalize on the compounding that small businesses offer.

The fund will be disciplined about fund capacity to avoid large size becoming a hindrance to performance. It will be mindful of liquidity and market cap of underlying stocks. Through extensive research process and in-person visits, we would shortlist this to a high-conviction portfolio of ~25-60 stocks.

Riskometer: <https://bit.ly/3uifqrk>

ARTICLE

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



TOPIC

Navigating Major Life Events: Financial Tips for Marriage, Parenthood, and Homeownership

PROFILE

American Academy of Financial Management India head office at Colorado Springs, USA is a knowledge & certification global body in the financial services industry working in India for the last for 26 years globally having presence across the globe having offices in 17+ Countries & member presence in 151+ countries.

We work very closely and actively engage with the complete BFSI Industry for the upskilling of their employees as well as partners based on the needs of the clients.

As a premier organization in the domain of Banking (BFSI) and Wealth Management, AAFM India specializes in customized training for corporates across multiple domains including Banking, Wealth Management & Advisory, Mutual Funds, Selling Skills, Behavioural Finance, Estate Planning, and others.



Embarking on major life events can be both exciting and overwhelming. Whether you are getting married, starting a family, or becoming a homeowner, these milestones mark significant transitions in our lives. While they bring joy and new opportunities, they also come with financial implications that can often feel daunting.

In this article, we will explore the realm of navigating major life events from a financial perspective. We will provide you with valuable tips and insights to help you prepare for the financial challenges and opportunities that arise during these transformative moments. From managing your finances as newlyweds to planning for parenthood and homeownership, we aim to empower you with the knowledge needed to make informed decisions and secure a stable financial future.

Starting the Journey: Financial Preparation for Major Life Events

To ensure a smooth and fulfilling path ahead, it is essential to lay a strong foundation of financial preparedness. Adequate financial planning is the compass that will guide you through the choppy waters of these significant milestones.

Before diving headfirst into these life-changing events, take some time to evaluate your current financial situation. Assess your income, expenses, and existing debt; this will help you understand your financial standing and identify areas where adjustments may be needed. Create a realistic budget that considers all your upcoming commitments and allows room for unexpected expenses. By understanding your financial landscape and setting clear goals, you can embark on this journey with confidence.

Money Matters in Marriage: Financial Tips for Newlyweds

Entering into marriage is an exciting and joyous occasion, but it also brings with it a new set of financial responsibilities. As newlyweds embark on this journey together, effectively managing their finances becomes crucial for building a strong foundation. Open and honest communication about money is key to avoiding conflicts

and establishing shared financial goals.

While discussing finances may not be the most romantic aspect of marriage, it lays the groundwork for a solid future together. By proactively addressing money matters, newlyweds are better prepared to navigate challenges as a team and focus on building a life filled with love and financial stability.



One of the first steps for newlyweds is to create a budget that encompasses their combined income and expenses. This will help them understand where their money is going and identify areas where they can potentially save. It's important to discuss individual spending habits and priorities, finding a balance that suits both partners' needs.

In addition to budgeting, setting up joint bank accounts or creating a system for managing shared expenses can simplify financial transactions and establish a mutual trust and transparency. Establishing an emergency fund can provide peace of mind during unexpected situations. Newlyweds should also consider reviewing their insurance policies to ensure adequate coverage for both partners.

Effective finance management and investment planning are crucial indicators of a successful marriage. In today's society, many marriages are witnessing the rise of power couples, where both partners possess significant financial independence. Often, each individual has their own financial goals, making it essential to align these goals and plan their financial future together.

The key to success lies in creating synergy. When married couples focus on strengthening their financial future, they not only achieve efficient financial planning and wealth management, but also pave the way for a peaceful and harmonious married life.

1. Openly and Respectfully Address Your Differences:

Financial aspirations are rarely identical. Your spouse's dreams may not align with your own goals. It is important to have open and honest conversations to understand each other's dreams and find common ground, considering factors such as:

- Vacations and travel plans
- Business or entrepreneurial aspirations
- Family planning and the financial costs of raising and educating children
- Significant purchases like a car or a house
- Retirement goals, among others

Acknowledging and managing daily household expenses and budgeting are also crucial.

Tip: Engage in candid discussions about your expectations from each other, as well as what you hope to achieve financially in your individual lives and collectively as a couple. Individual goals should not be sacrificed for family goals, and vice versa.

2. Allocate Financial Responsibilities:

If both partners are earning, it is important to divide and allocate responsibilities related to household expenses, investment commitments, loan payments, etc. Assess your combined income and develop a plan to manage various aspects, including:

- Bank accounts
- Credit cards
- Investments
- Insurance
- Loans, and more

Tip: Consider opening a joint account where both partners contribute funds and conduct transactions for shared expenses such as bills, rent, groceries, and family vacations. This approach is easier to manage, monitor, and review. Additionally, the transparency provides clarity on how to allocate funds for different expenses.

3. Establish An Emergency Fund:

Change is a constant in life, and unexpected surprises are bound to arise. This is especially true in the current uncertain times, characterized by economic instability and a global pandemic. Job uncertainties and health issues have become more prevalent. Therefore, it is crucial to prioritize the creation of an emergency fund. Newly formed relationships often face arguments about finances, which

can be a major obstacle. It is more common than we realize for couples to fall out due to financial stress and their inability to handle it wisely. Remember, by prioritizing effective financial planning as a couple, you not only secure your financial future, but also strengthen the foundation of your marriage.

Emergency Tip:

Always keep your debit card PINs, net banking passwords, and other sensitive documents in a secure folder. Share the password with your spouse so that in case of an emergency, they will have access to the same information.

Also, create an emergency plan of action (POA). This includes deciding which credit card to use for unforeseen expenses, who needs to be informed in case of emergencies, preferred doctors and healthcare professionals, etc.

4. Take Care of Health and Life Risks:

Now that you are a family, it is important to take care of each other in every aspect, including financially. If both of you are financially independent, chances are you both contribute to your current lifestyle. If you want your partner to maintain that lifestyle even in case of unfortunate events, it is crucial to have adequate life insurance coverage.

Tip: Life insurance is necessary for both spouses, especially for those who are the primary earners in the family. This becomes even more important if you have made significant purchases through credit or loans and have ongoing monthly instalments. You certainly don't want your partner to be burdened with these responsibilities. With healthcare costs increasing at a rate of 15% per year compared to 6-7% for general expenses, it is essential to have sufficient health insurance coverage. This will ensure that any illness or medical emergency does not jeopardize your financial goals. Important factors to consider when choosing a health plan for newlyweds are maternity coverage, no limitations on room rent or co-pay, coverage for pre-existing conditions, etc.

Tip: Opt for adequate medical and life insurance coverage to ensure that your savings and other financial goals are not affected by unexpected medical expenses.

5. Incorporate Your Long-Term Goals:

Often, couples start investing without considering long-term goals such as buying a home or retirement. These aspirations may be in the back of your mind but may only become relevant over time. It is best to bring these goals into the picture and start planning for them well in advance. The earlier you start, the better. Getting a head start on your long-term goals is crucial. The power of compound returns is revealed in the later years, and the longer your investment tenure, the greater the final amount. It also makes it easier to achieve your goals without any obstacles.

Remember: Update each other's nominee details in bank accounts, investments, loans, etc. to avoid any surprises in the future. Keep your marriage certificate readily accessible.

6. Joint Ownership and Co-Borrowers for Your Home Loan:

When purchasing your new home, if both of you are earning members, you can maximize tax benefits by jointly applying for a home loan.

What If It Doesn't Work?

While it is definitely not expected at the beginning of a romantic journey, but things do happen and sometime reached to a point of permanent damage where both the individuals choose to get separated longing for a better life.



If this unfortunate event happens in a couple's life, then they should be avoiding these mistakes to navigate the financial implications of divorce.

Divide Existing Assets Wisely:

In most divorce cases, the financial settlement becomes a major point of contention between spouses. Each party aims to secure the maximum financial advantage, often resulting in both parties losing out in the end. While every case is unique and different, it is important to remember that existing assets can be divided and distributed without excessive conflict.

To simplify the process, consider the following guidelines:

- (a) Assets obtained or created before marriage should be retained by the respective party.
- (b) When one spouse is a non-working housewife, fairness dictates that each family member, including the children, be entitled to an equal share.

For example, if a couple has two children, the existing assets should be divided into four equal parts.

(c) If both spouses are working, the existing assets can be divided equally into three parts: one for the husband, one for the wife, and one for their child/children. An important misconception many husbands have is that if a property is solely in their name, they are the sole owner.

However, according to the law, even if the husband is the sole owner, any property acquired after marriage is equally owned by the wife. Instead of wasting time and energy on ownership disputes, both parties should consult the relevant laws and divide the existing assets accordingly. Rather than relying solely on a lawyer's promises, it is crucial for each party to understand their rights regarding existing assets in a divorce. With this knowledge, assets can be divided amicably without the need for unnecessary involvement of third parties.

Consider Timing for Financial Settlement:

The timing of a financial settlement is of utmost importance, especially when the divorce could affect the valuation of assets. Let's consider an example of, Ms. Nishi, and her husband who decided to sell their property. Their inability to agree on the valuation and occupancy of the property after the divorce led to a decrease in its market value. Unfortunately, the divorce proceedings eventually became a public knowledge, making it difficult to find buyers willing to pay the full price.

As a result, Ms. Nishi had to settle for 90% of the property's actual worth, losing out on a significant financial gain. To avoid such situations, it is advisable to initiate financial settlement discussions before divorce proceedings begin. By doing so, assets, including properties, can be sold or transferred at their true value, ensuring fair compensation for both parties involved.

Loan and Debt:

One of the unresolved matters between spouses is deciding who will take responsibility for clearing their loans and debts. Even in cases of inheritance, loans and debts can be burdensome. A fair approach would be for husbands and wives to share their loan and debt obligations according to the agreed-upon proportion of their assets. The most effective way to manage these financial obligations is by using common savings or assets to prepay or settle them.

Let's consider an example: if a husband and wife have three properties, each valued at 1 crore, and there is an outstanding loan of 60 lakhs on Property C, they can agree to retain one property each during the financial settlement. The third property can be sold to clear the 60 lakh loan, and the remaining 40 lakhs can be divided equally between them. It is important to note that stopping loan repayments, especially EMIs, is a grave mistake. Doing so can lead to the attachment and auctioning of the asset by the bank. Additionally, it can negatively impact the borrower's CIBIL Score.

Legal Expenses:

The legal process in India can be arduous, lengthy, and costly. A couple can save on legal expenses if they come to a mutual agreement on their financial settlement. Seeking guidance from neutral friends and family members can also be beneficial. In some cases, the legal process can drag on for years, adding to the stress of divorce which is already one of the most challenging life events. Therefore, it is crucial to find ways to minimize the never-ending, tedious, and exhausting nature of legal proceedings.

Change Nominations and WILL:

In an interesting case, an ex-wife claimed her ex-husband's assets based on a Will executed 15 years prior to their divorce. The ex-husband's second wife contested this claim, but the court ruled in favour of the ex-wife. This highlights the importance of updating nominations and Will documents in the event of a divorce.

Insurance and Investment Products:

Often overlooked in financial settlements are insurance policies and investment products. In one instance, a husband claimed his share in a recently matured investment made by his wife three years after their divorce. He argued that he was unaware of this investment at the time of divorce, but his wife had utilized joint savings to make the investment during their marriage.

Therefore, he believed he should receive his rightful portion based on the financial settlement at the time of their divorce.

Parenthood and Financial Responsibility: How to Plan and Save for the Future

Bringing a child into the world is a momentous occasion that fills our lives with immeasurable joy and love. However, it also comes with increased financial responsibility.

Planning and saving for the future of your little one is crucial. One of the first steps towards financial preparedness is creating a budget that incorporates new expenses related to childcare; then subsequently their schooling and other discretionary expenses such as intermittent shopping of clothes, toys etc. which would eventually be a mandatory expense when the child craves for it.

In addition to budgeting, saving for your child's future should be a priority. Setting up an education savings account early on can provide them with opportunities for higher education later in life. Consider exploring various investment options like stocks or bonds to grow your savings over time. By instilling good financial habits within your family unit, you will not only secure a bright future for your child but also teach them valuable lessons about money management.



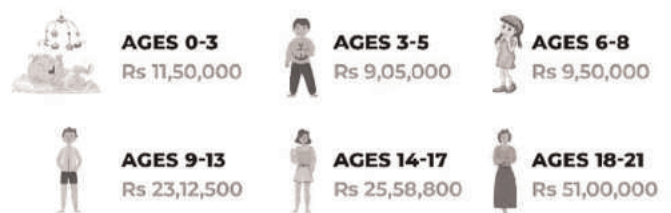
Expenses for education are not only costly, but they can also be unpredictable. Hence, it is important to plan the finance for your kids' education until they are 25. Along with that there has to be provisions which can help the plan being adaptable to any potential increase in costs as the expenses for school and tuition fees tend to change every 2-5 years. Therefore, parents need to set aside extra funds to cover the entire education expenses in case there are any fee hikes. When planning for your child's education, it is wise not to be too rigid.

Inflation rates have reached uncomfortable levels, but economists warn that the decade-high figures do not fully capture the burden of education expenses. Education costs in India have risen between 10-12% from 2012 to 2020. This includes not only tuition fees, but also transportation fees and examination fees, which are periodically increased. These hikes significantly impact parents' overall budget.



EXPENSES VIS-À-VIS CHILDREN'S AGE

These estimates figure in various expenses like healthcare, school/tuition fees, transport fees, clothing, food, gadgets, housing and other miscellaneous expenditure



Source: ET Online Research



Homeownership: Building a Solid Financial Foundation

Embarking on the journey of homeownership is both exciting and daunting. Owning a home is not only a cherished dream but also a significant financial responsibility. Building a solid financial foundation is crucial to ensure that your investment in homeownership remains secure and fruitful.



To start, it is essential to save for a substantial down payment. This initial investment will not only reduce the overall mortgage amount but also help you secure better interest rates and lower monthly payments. Additionally, consider setting aside funds for unexpected expenses that may arise during the home buying process or after moving in.

Maintaining an emergency fund specifically dedicated to home repairs and maintenance is vital. Regular upkeep of your property ensures its longevity and value appreciation over time. Allocate a portion of your budget towards routine maintenance tasks such as HVAC servicing, plumbing checks, and roof inspections.

Another aspect of building a solid financial foundation as a homeowner involves managing your mortgage effectively. Consider exploring different options such as fixed-rate or adjustable-rate mortgages based on your financial goals and risk tolerance. Researching competitive interest rates from various lenders can potentially save you thousands over the life of the loan.

Furthermore, it's crucial to budget wisely for ongoing homeownership expenses beyond mortgage payments. These expenses include property taxes, insurance premiums, utilities, and regular servicing fees. By factoring in these costs into your monthly budget right from the beginning, you can stay financially prepared without any surprises.

Protecting Your Loved Ones: The Importance of Insurance
Life is full of uncertainties, and it's our responsibility to safeguard the well-being of our loved ones. Once you have a family and you have got a home for your family, it is important to ensure that your family enjoys the comfort and convenience of staying at their home even during an unfortunate event of your demise or disability. This is where insurance plays a crucial role. While we often associate insurance with financial protection in case of accidents or emergencies, its significance goes beyond just monetary coverage; it provides peace of mind and a sense of security.

When considering insurance, there are various types to explore. Life insurance ensures that your family is financially supported in the event of your untimely

demise. It serves as a safety net, ensuring that your loved ones can maintain their quality of life and fulfil their aspirations even without your presence. Additionally, disability insurance is essential for safeguarding against unexpected expenses and income protection in the case of any unfortunate incident that may put you out of job for a considerable period of time. Also, this can help access quality healthcare when needed most.

The other insurance that should be considered while becoming a homeowner, is a cover for the home and your belongings there. This covers you against the losses caused due to any fire or burglary.

Saving and Investing for the Long Term: Securing a Bright Future

When it comes to securing a bright and prosperous future for yourself and your family, saving and investing play a pivotal role. By adopting prudent financial habits today, you can lay a solid foundation for the future you envision. With each pound saved and every investment made, you are planting seeds of financial security that will eventually bear fruit.

The key to effective long-term saving and investing is to strike a balance between risk and reward. While it's important to be cautious with your hard-earned money, being too risk-averse can also hinder your progress. Consider diversifying your investments across different asset classes to spread risk while maximizing potential returns. Embrace the power of compounding by reinvesting dividends or interest earned, allowing your money to grow exponentially over time.

Building a Supportive Financial Network: Seeking Professional Guidance

Amidst the excitement of embarking on major life events such as marriage, parenthood, and homeownership, it is crucial to cultivate a strong support system to navigate the financial intricacies these transitions entail. Seeking professional guidance is an invaluable step towards building a secure financial future.



Financial advisors, accountants, and mortgage brokers are experts who can provide objective advice tailored to your individual circumstances. They possess the knowledge and experience to help you make informed decisions about investments, tax strategies, budgeting

techniques, and more. By working closely with these professionals, you can gain clarity on complex financial matters and develop a comprehensive plan that aligns with your goals.

Life is a journey filled with twists and turns, and major life events often bring about significant changes. Embracing these changes is essential for maintaining financial stability and achieving long-term success. One of the keys to embracing change is being open-minded. Recognize that your circumstances may evolve over time, whether it's due to career advancements, unexpected expenses, or shifting priorities. By remaining receptive to new possibilities, you can seize opportunities for financial growth.

In addition to maintaining an open mind, it's vital to be proactive in managing your finances. Regularly review your budget and make necessary adjustments as circumstances change. This might involve reallocating funds towards saving for your child's education or allocating more resources towards mortgage payments as you progress in homeownership.

Remember that every stage of life brings unique challenges and opportunities. Instead of fearing change, view it as an opportunity for personal growth and financial prosperity. By adapting to new situations with resilience and optimism, you can build a solid foundation for a brighter future.

Celebrating Life's Milestones: Rewards of Financial Stability

As we navigate through the major milestones of life - marriage, parenthood, and homeownership - we often find ourselves consumed with the practicalities of financial planning. However, amidst the budgeting and saving, it is important to remember that achieving financial stability comes with its own set of rewards. Celebrating these milestones should be more than just a commemoration; it should also serve as a reminder of the progress we have made and the promises the future holds.

Financial stability provides us with a sense of security and peace of mind that cannot be understated. When we have diligently saved and managed our finances, we can reap the rewards by allowing ourselves to indulge in moments of celebration. Whether it's taking a dream vacation with your spouse after years of careful planning, throwing an extravagant birthday party for your child without worrying about stretching your budget too thin, or hosting a housewarming gathering in your new home surrounded by loved ones - these are all moments that remind us why our financial efforts are worth it.

Conclusion

By prioritizing financial preparation, embracing budgeting and saving habits, and seeking professional guidance when needed, you can build a solid foundation for a prosperous future. Remember that these major life events are not only opportunities for growth and change but also moments to celebrate your achievements and the milestones reached along the way. Embrace the journey with optimism, knowing that your commitment to financial stability will bring forth a brighter future for you and your loved ones.



AAFM INDIA

TOPIC

Estate Planning: Protecting Your Assets and Securing Your Legacy

PROFILE

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Imagine a world where your hard-earned assets are left vulnerable, your wishes for your loved ones remain uncertain, and the legacy you leave behind is shrouded in confusion. It's a disheartening thought, isn't it?

Well, fear not, for there is a solution that can bring clarity, security, and peace of mind to this complex matter. Welcome to the realm of estate planning.

In this article, we will delve into the intricacies of estate planning and explore how it can protect your assets while securing your legacy for future generations. Whether you're just beginning to consider this crucial aspect of life or seeking ways to enhance an existing plan, we have you covered. By shedding light on the importance of estate planning and guiding you through its various components, we aim to empower you with valuable knowledge and actionable insights.

Understanding the Importance of Estate Planning

When it comes to securing your legacy and protecting your hard-earned assets, estate planning is an essential and often overlooked aspect of financial management. Think of it as a roadmap that ensures your wishes are carried out after you're no longer around. It allows you to maintain control over your affairs, even when you can't actively participate in decision-making.

Estate planning encompasses more than just writing a will; it involves careful consideration of various factors such as taxes, asset protection, and the well-being of your loved ones. By engaging in estate planning, you can mitigate potential conflicts among family members, minimize tax liabilities, and ensure that your assets are distributed according to your wishes.

It's crucial to understand that estate planning is not solely for the wealthy. Regardless of the size or complexity of your estate, having a well-crafted plan will provide peace of mind and protect those who matter most to you. Approach estate planning as an act of love towards your family—it allows you to leave behind a lasting legacy while safeguarding their financial security.

Reflecting on Your Legacy: Defining Your Values and Objectives

When embarking on the journey of estate planning, it is crucial to dedicate time to reflect on your legacy. Beyond the material wealth you possess, your true legacy lies in the values, beliefs, and principles that have shaped your life. Consider what truly matters to you and what message you wish to leave behind for future generations.

This introspective process can be enlightening and empowering. It allows you to identify your core values and objectives, providing a compass for making decisions regarding your estate. Perhaps you value education and want to establish a scholarship fund in your name or contribute to a charitable cause that aligns with your passions. Maybe leaving a lasting impact on the environment is important to you, leading you to ensure that certain properties are preserved for conservation purposes.

Identifying and Listing Your Assets: An Inventory of Your Wealth

Embarking on the journey of estate planning necessitates a thorough examination of your financial landscape, ensuring that every valuable possession and asset is accounted for. Creating an inventory of your wealth not only provides a comprehensive snapshot of your assets but also lays the foundation for effective estate management and distribution.

Real Estate	Financial Accounts	Valuables	Business Holdings	Digital Assets
Documenting all properties, land holdings, and vacation homes you possess allows you to make informed decisions regarding their future ownership or potential sale.	From savings and checking accounts to investments, stocks, bonds, and retirement funds - listing these details will help you gauge the extent of your financial portfolio.	Precious jewellery, artwork, antiques, collectibles - every cherished possession holds sentimental or monetary value and needs to be preserved for future generations.	If you're an entrepreneur or own any business interests or partnerships, categorizing them separately will aid in planning succession or dissolution strategies down the line.	Online assets such as websites, domain names, social media accounts. Safeguarding passwords and login information is crucial in protecting these valuable virtual possessions.

Your asset inventory should encompass various categories, including but not limited to:

Real Estate:

Documenting all properties, land holdings, and vacation homes you possess allows you to make informed decisions regarding their future ownership or potential sale.

Financial Accounts:

From savings and checking accounts to investments, stocks, bonds, and retirement funds – listing these details will help you gauge the extent of your financial portfolio.

Valuables:

Precious jewellery, artwork, antiques, collectibles – every cherished possession holds sentimental or monetary value; therefore making note of these items ensures their preservation for generations to come.

Business Holdings:

If you're an entrepreneur or own any business interests or partnerships, categorizing them separately will aid in planning succession or dissolution strategies down the line.

Digital Assets:

With the ever-evolving digital landscape, it's essential to account for online assets such as websites, domain names, social media accounts. Safeguarding passwords and login information is crucial in protecting these valuable virtual possessions.

An accurate inventory ensures no stone goes unturned when creating an estate plan. This process brings forth not only a sense of organization but also sparks contemplation on how each asset contributes to your overall

The Role of a Professional: Seeking Guidance from an Estate Planner

Embarking on the journey of estate planning can be daunting and complex. This is where the invaluable expertise of an estate planner comes into play. A skilled professional in this field will provide essential guidance, ensuring that your wishes are translated into a comprehensive and legally sound estate plan.

Estate planners possess a deep understanding of the intricate nuances associated with asset management, tax laws, and probate procedures. Their role extends beyond mere document preparation; they act as trusted advisors, tailoring strategies to suit your unique circumstances. With their help, you can navigate through the intricacies of estate planning with confidence and peace of mind.

Creating a Will: Ensuring Your Loved Ones are Protected.

When it comes to estate planning, one of the most crucial steps you can take is creating a comprehensive and legally binding will. A will serves as your voice beyond the grave, ensuring that your final wishes are respected and carried out with utmost care. By meticulously outlining how you wish to distribute your assets, appoint guardians for minor children, and designate an executor to oversee the process, you provide a clear roadmap for your loved ones during what can be a tumultuous time.

Your will not only provides financial security for your family but also offers peace of mind knowing that they will be taken care of when you are no longer around. It is an opportunity to leave behind a lasting legacy, expressing your deepest values and desires. By thoughtfully considering each beneficiary and crafting specific bequests, you have the power to touch their lives in meaningful ways even after you're gone. Creating a will is not just about securing financial assets; it's about reaffirming the love and gratitude you have for those closest to you.

Trusts: Establishing a Foundation for Future Generations

When it comes to estate planning, trusts serve as a powerful tool for preserving your wealth and ensuring a lasting legacy. Unlike a will, which becomes effective upon your passing, a trust can be established during your lifetime and allows you to transfer assets while maintaining control over their distribution. Trusts not only provide flexibility in managing your financial affairs but also offer numerous benefits that extend beyond the scope of traditional estate planning.

One major advantage of establishing a trust is the ability to safeguard your assets from potential risks and uncertainties. By placing your assets into a trust, you create a legal entity separate from yourself, protecting them from creditors, lawsuits, or other unforeseen events. This added layer of security grants you peace of mind, knowing that the fruits of your labour are shielded against potential threats.

Power of Attorney and Healthcare Directives: Making Decisions When You Can't

In the grand tapestry of life, there may come a time when circumstances render us unable to make critical decisions about our healthcare or financial matters. It is during these vulnerable moments that the power of attorney and healthcare directives step in as beacons of reassurance, ensuring our wishes are honoured and our best interests protected.

The power of attorney grants a trusted individual with the legal authority to make financial decisions on your behalf when you are unable to do so. This noble responsibility should be entrusted to someone who understands your values, respects your desires, and possesses the acumen to navigate complex financial landscapes. With this powerful tool in place, you can rest assured that even in challenging times, your financial affairs will be managed diligently.

Minimizing Estate Taxes: Strategies for Preserving Your Wealth

When it comes to estate planning, one crucial aspect that shouldn't be overlooked is the potential impact of estate taxes on your hard-earned wealth. With careful strategizing, you can minimize these taxes and ensure that a significant portion of your assets is preserved for your loved ones. One effective method is to utilize the

annual gift tax exclusion, which allows you to gift a certain amount each year to individuals without incurring any tax liability. By strategically distributing assets through gifting, you can gradually reduce the taxable value of your estate.

Another powerful tool in minimizing estate taxes is establishing an irrevocable life insurance trust (ILIT). By transferring ownership of your life insurance policies to this trust, the proceeds can be kept outside of your taxable estate. The ILIT acts as both the owner and beneficiary of the policies, thus shielding them from excessive taxation. Additionally, charitable giving presents an opportunity not only to support causes close to your heart but also to reduce estate taxes. By leaving a portion of your assets or establishing a charitable trust, you can claim deductions against your taxable estate while making a positive impact on society.

Although navigating the complexities of estate taxes might seem daunting at first glance, there are various strategies available that can help preserve and protect your wealth for future generations. By consulting with an experienced estate planner who understands these intricate matters and tailoring a plan specific to your circumstances, you can rest assured knowing that you have taken proactive steps towards securing both financial stability and a lasting legacy.

Protecting Your Assets: Insurance and Asset Protection Techniques

When it comes to safeguarding your hard-earned assets and securing your legacy, insurance and asset protection techniques play a pivotal role. These powerful tools provide a shield against unforeseen circumstances, ensuring that your wealth endures for generations to come.

Insurance forms the cornerstone of asset protection. By obtaining comprehensive coverage for your home, vehicles, and other valuable possessions, you fortify yourself against potential financial losses. Additionally, consider liability insurance, which safeguards you from lawsuits that may arise due to unforeseen accidents or incidents.

In tandem with insurance, employing asset protection techniques adds an extra layer of security. Strategies such as creating family limited partnerships or limited liability companies can help shield your assets from creditors. These legal entities not only offer protection but also provide flexibility in managing your wealth effectively.

Reviewing and Updating Your Estate Plan: Adapting to Life's Changes

Life is a journey filled with twists and turns, and as we navigate through its unpredictable path, our circumstances evolve. Similarly, our estate plans must be flexible enough to adapt to these changes. Regularly reviewing and updating your estate plan ensures that it remains aligned with your current goals and desires.

One of the most significant reasons for reviewing your estate plan is major life events. Whether it's the birth of a child, marriage, divorce, or the passing of a loved one, these milestones can profoundly impact how you wish to distribute your assets or appoint guardians for your dependents. By keeping your estate plan up to date, you can ensure that the provisions reflect both your changing circumstances and evolving priorities.

Conclusion

Estate planning is not merely a legal obligation, but a profound opportunity to shape your legacy and protect the ones you cherish. By engaging in this process, you are taking proactive steps to ensure that your hard-earned assets are distributed according to your wishes, minimizing potential disputes and maximizing the benefits for your loved ones. Furthermore, estate planning allows you to leave behind more than just material possessions; it allows you to impart your values, wisdom, and guidance for generations to come. As you embark on this journey of securing your legacy, remember that it is never too early or too late to start – seize the opportunity today and leave a lasting impact on those who matter most.



AAFM INDIA

TOPIC

Building Wealth: Investment Strategies for Growing Your Net Worth

PROFILE

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BUILDING WEALTH: INVESTMENT STRATEGIES FOR GROWING YOUR NET WORTH



Welcome to a world of infinite possibilities, where your dreams of financial freedom can become a reality. Building wealth through strategic investments is not just reserved for the elite; it is an art that anyone can master by acquiring the right kind of knowledge and developing a strategic approach. This article aims to unveil a few intelligent investment strategies that can be tailored to your specific needs to help realize your investment potential.

The Power of Investing:

Can you imagine a life where your money works for you, effortlessly multiplying and creating opportunities? Investing is the key that can unlock the door to this kind of financial freedom. By carefully allocating your resources in various asset classes and investment vehicles, you have the power to grow your net worth exponentially. Through informed decisions and calculated risks, you can lay down a solid foundation for building wealth and achieving your financial goals.

It's not a miracle which can transform your life overnight; rather, it is a long journey that requires careful planning, knowledge, and discipline. Most important element is persistence and patience when things do not go as planned, because they rarely do for a long period of time. If you can follow this path devotedly, while continually enhancing your knowledge and financial planning skills, you can be the architect of your financial destiny. There will be mistakes along the way, but you need to take them in your stride, learn the lessons and keep moving ahead.

Setting Financial Goals: Mapping Your Path to Wealth

When it comes to building wealth, setting clear financial goals is the first crucial step towards success. Just like a sailor skilfully navigating ocean waters, mapping out your path allows you to steer towards prosperity with purpose and determination. It provides you with a sense of direction and helps you stay focused amidst the ebbs and flows of the financial world.

Begin by envisioning your ideal future – what does financial success mean to you?

Is it retiring early, starting your own business, or simply achieving financial security?

Take the time to understand your aspirations, both big and small. With these dreams in mind, break them down into measurable milestones that can be achieved over time. Whether it's accumulating a certain amount of savings within a specific timeframe or paying off debt systematically, these goals will serve as guideposts along your wealth-building journey.

Investing in Yourself: Building a Strong Foundation

When it comes to building wealth, it is essential to start by investing in yourself. This means taking the time and effort to develop your skills, knowledge, and expertise. Remember, you are your most valuable asset, and by continuously improving yourself, you lay a solid foundation for future success.

Investing in yourself involves various aspects. Firstly, consider furthering your education or acquiring new certifications that align with your interests and career goals. This not only enhances your skillset but also opens up opportunities for higher-paying positions or entrepreneurial ventures.

Beyond formal education, never underestimate the power of personal development. Engage in activities such as reading books, attending seminars or webinars, and networking with like-minded individuals. Cultivating a growth mindset and embracing continuous learning will not only expand your horizons but also stimulate creativity and innovation.

Moreover, investing in yourself extends beyond professional development; it encompasses physical and mental well-being too. Prioritize self-care activities such as exercise routines, healthy eating habits, meditation practices, or engaging hobbies that bring you joy. By taking care of yourself holistically, you can approach wealth-building with clarity of mind and boundless energy.

Building a Diversified Portfolio: Spreading Your Wealth

Creating a diversified portfolio is like cultivating a beautiful garden with a variety of vibrant flowers. Just as different blooms complement each other, diverse investments can mitigate risk and enhance your overall net worth. When building your investment portfolio, it is crucial to spread your wealth across various asset classes, such as stocks, bonds, real estate, and mutual funds.

Diversification not only protects against unexpected market fluctuations but also increases the potential for healthy risk-adjusted returns in the long run. By allocating your resources across different sectors and industries, you lessen the impact of any single investment's performance on your entire portfolio. This approach allows you to capture the growth opportunities from different areas while minimizing potential losses that may occur in any

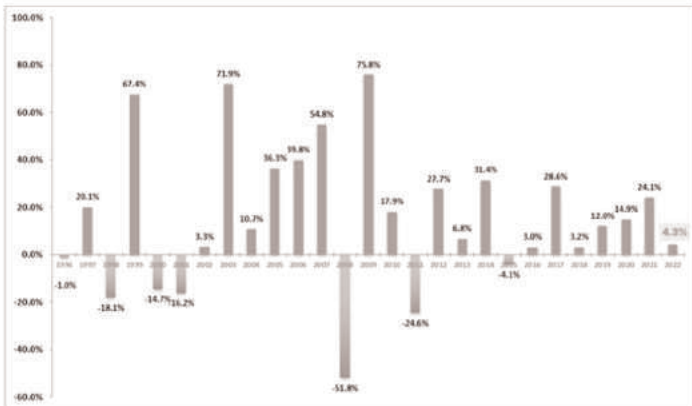
one sector.

Decoding the Stock Market: Understanding Your Options

The stock market can be a complex and intimidating place, but with the right knowledge and strategies, it can also be a gateway to immense wealth. Understanding your options in the stock market is crucial to making informed investment decisions. One of the first things to grasp is the concept of stocks – shares of ownership in a company that are publicly traded.

When it comes to investing in stocks, there are two primary avenues: individual stocks and exchange-traded funds (ETFs). Individual stocks represent ownership in a specific company and require careful analysis of their financial health, growth potential, and industry trends. On the other hand, ETFs offer diversification by investing in a collection of stocks representing an entire index or sector. This provides investors with exposure to multiple companies without having to select individual winners.

Returns from the sectors and stocks that you will be investing in, will rotate in a cycle and as an investor you need to be aware of this investment risk and opportunities. In the chart below, you will see the returns the market has generated historically, and how diversified the trend is.



While the green blocks would make you happy, it is important to note the red blocks too. The better you identify opportunities while the red blocks are playing out, the higher will your winnings be during the green phases.

Bond with Bonds: A Steady Path to Wealth

When it comes to building wealth and diversifying your investment portfolio, bonds can be a reliable and steady option. Bonds are essentially loans made to companies or governments, where you, as an investor, become the lender. In return for your investment, you receive periodic interest payments called coupon payments and the repayment of the principal amount upon maturity.

What makes bonds an attractive investment is their relatively low-risk nature compared to other asset classes like stocks. They provide a steady stream of income and act as a cushion during volatile market conditions.

Furthermore, they offer stability by preserving capital with less fluctuation in value. With bonds, investors can enjoy peace of mind knowing that even in uncertain times, their money is working for them in a predictable manner.

Real Estate Investing: From Houses to High Returns

Real estate investing presents a lucrative opportunity for individuals seeking to build wealth and grow their net worth. With a multitude of investment avenues within the real estate sector, such as residential properties, commercial buildings, and land development, there is ample room for investors to explore and capitalize on this thriving market.

When it comes to real estate investing, the potential for high returns can be truly remarkable. Property values tend to appreciate over time, allowing investors to benefit from capital appreciation. Additionally, rental income can provide a steady cash flow stream that not only covers expenses but also generates surplus income. By carefully selecting properties in desirable locations with high rental demand or potential for development, investors can yield impressive returns on their investment.

With the introduction of REITs as an investment tool, this process has been made easy for common investors, where they can only buy the units of REITs and get exposure in the sector without physically holding any property or going through the hassle during liquidation.

Investment In Commodities: Gold As An Option To Invest In Commodities

Investors have multiple options for investing in gold, including exchange-traded funds (ETFs), purchasing stock in gold miners and associated companies, and buying physical products like coins or bullion. The reasons for investing in gold are just as diverse as the methods used to make those investments.

There are different views on gold's significance in today's economy. Some argue that gold is a relic without the same monetary qualities it once had, and that paper currency is now the preferred form of money. Critics believe that gold's only advantage is its use in jewellery. However, others argue that gold possesses intrinsic qualities that make it a unique asset and an important part of investors' portfolios. Economists and market professionals generally see gold as a way to diversify a portfolio and potentially protect against inflation. It can also serve as a safe-haven asset during times of economic downturn when stocks and bonds are not performing well.

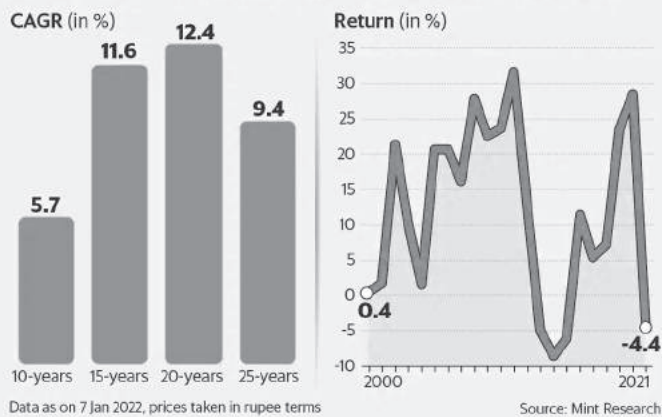
Ultimately, the decision to invest in gold depends on individual circumstances and market outlook. Gold enthusiasts often recommend including gold as part of a diversified long-term investment portfolio. Also, gold is considered a hedge against inflation and a store of value during market fluctuations. There are various ways to invest in gold, such as holding physical gold (coins,

bullion, or jewellery) or indirectly through mutual funds, ETFs, gold derivatives, or gold mining stocks.

However, investing in gold has its own costs and risks, and historical data suggests that gold has not always lived up to its perceived virtues.

Investing in gold

In the long term, gold keeps up with inflation but the returns of the precious metal are uneven. There can be many years of stagnation or low returns.



Unleashing The Potential of Mutual Funds: Investing Made Easy

Mutual funds can be an excellent option for individuals looking to invest in a diversified portfolio without the hassle of managing individual stocks. These professionally managed investment vehicles pool money from multiple investors to buy a wide range of securities, including stocks, bonds, and other assets.

One of the key advantages of mutual funds is their simplicity and accessibility. Whether you are an experienced investor or just starting your journey to wealth creation, mutual funds provide an easy entry point. With a relatively low initial investment requirement, you can gain exposure to a broad range of assets carefully selected by experienced fund managers.

Furthermore, mutual funds offer diversification benefits that help mitigate risk. By investing in a well-diversified portfolio, you spread your investments across various asset classes and sectors. This diversification helps cushion against any potential market downturns and enhances the overall stability and growth potential of your investments.

Unlike individual stock picking, where extensive research and analysis are necessary, mutual funds provide instant access to professional expertise. The fund manager's role is to study market trends thoroughly and actively manage the fund's holdings to maximize returns while aligning with the fund's investment objectives.

In addition to this convenience, mutual funds provide ample flexibility for investors. You have options such as equity funds focused on specific industries or regions, bond funds that generate regular income streams through fixed-interest securities, or balanced funds that combine both elements for a more moderate risk profile.

Investing in mutual funds also offers liquidity benefits since they can be bought or sold at net asset value (NAV) at the end of each trading day. This

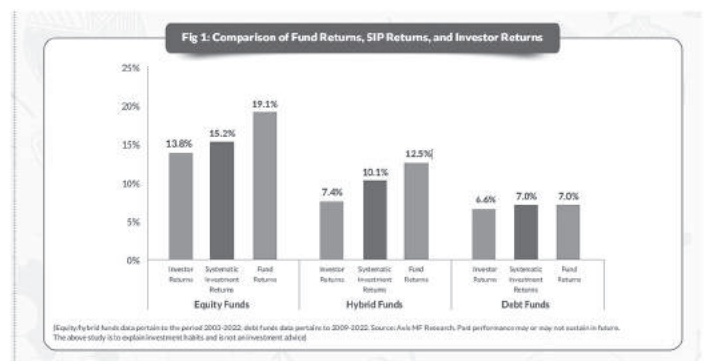
Embracing the Art of Risk Management: Protecting Your Investments

Investing in the pursuit of wealth inevitably involves an inherent level of risk. However, successful investors understand that embracing the art of risk management is crucial for protecting their hard-earned investments. While it may seem counterintuitive, taking calculated risks can actually lead to greater financial rewards in the long run.

One key strategy for managing risk is diversification. By spreading your investments across different asset classes, industries, and geographical regions, you create a safety net that shields you from the volatility of any single investment. This approach minimizes the impact of potential losses while maximizing your chances for gains. It's like planting a diverse garden – if one plant fails to thrive, others will flourish and make up for it.

Mastering the Art of Patience: Long-Term Investing Strategies

Over the years, it has been observed that 67% of investors make less return than the market. This means that as an investor in capital market, we could not capitalize on the opportunities this market offered us. Either they made an exit due to fear of losing money, when ideally, we should have invested more or entered into market, or they entered into the market out of greed when ideally, we should have made an exit from the market or be cautious about it, or they have done both from time to time and suffered significant wealth erosion.



Investing is not a sprint, but rather a marathon. It requires the ability to exercise patience and maintain a long-term perspective. Successful investors understand that overnight success is rare, and instead focus on steadily growing their wealth over time. In order to master the art of patience in investing, it is crucial to adopt long-term strategies that align with your financial goals.

First and foremost, diversify your portfolio across different asset classes such as stocks, bonds, real estate, and mutual funds. This reduces the risk associated with any single investment and allows you to ride out short-term market fluctuations without panic.

Additionally, take advantage of compounding returns by reinvesting dividends and interest earned from your investments. By reinvesting these earnings back into your portfolio, you harness the power of compounding which can significantly boost your wealth over time. This acts as a motivation for you to practice patience and it significantly incentivizes you for that.

Another key aspect of long-term investing is avoiding knee-jerk reactions to market volatility. It's important to remember that markets naturally fluctuate in the short-term but tend to trend upwards in the long run. Stay focused on your financial goals and resist the urge to make impulsive decisions based on temporary market shifts.

Lastly, regularly review and rebalance your portfolio as needed. Over time, certain investments may outperform others or become overvalued relative to their potential returns. By rebalancing periodically, you ensure that your portfolio remains aligned with your risk tolerance and investment objectives.

The journey towards building wealth through long-term investing requires persistence and discipline. By embracing patience as an essential virtue in this endeavour, you position yourself for a long-term wealth enhancement trajectory.

Conclusion

Building wealth through investment strategies is a journey that requires careful planning, patience, and a willingness to adapt. By setting clear financial goals, investing in oneself, building a diversified portfolio, and understanding various investment options such as the stock market, bonds, real estate, and mutual funds, individuals can pave the way towards financial success. Embracing risk management and adopting a long-term perspective are vital aspects of wealth-building that should not be overlooked. Remember, wealth creation is not an overnight process – it requires dedication and perseverance. As you embark on this journey towards building wealth, stay optimistic and believe in the power of your potential to achieve your financial dreams."



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On Behalf of **AAFM® India**, Your valuable contribution and attendance greatly contributed
to the success of the event, and we appreciate the time and effort you took to participate.

We trust that the convention provided you with a relevant and enriching experience.

It was our honour to have distinguished industry experts share their insights and
discuss the latest trends and best practices in wealth management. Your presence and
active participation at the event played a pivotal role in making it a resounding success.

Thank you for being a part of it.

We greatly value your support, and we are confident that the event has offered
you unparalleled insights, unmatched wisdom and networking opportunities with
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success remains unwavering, and we deeply appreciate the trust you have placed in us.

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