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# PunjiTimes

November-December 2025

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## From the
# Editor's Desk

Before investing, a more fundamental question to ask is why you want to invest in the first place. "I want more money" is a common initial response, but it is not a reason by itself. It doesn't clarify what you want the money to achieve for you. Do you plan to buy a house in a few years? Do you want a retirement without financial dependence? Are you thinking of your child's education? When you define this purpose, the money you invest gets a clear job to do.

Once you know the purpose, the way forward is much simpler. Still, make sure to remember that building wealth and achieving your purpose are not necessarily the same thing a portfolio that keeps growing but does not align with your goal is nothing but a number, not progress. The path is there to serve the purpose, not to take its place.

Only then does the product factor in a mutual fund, a bond, an equity holding, or any other instrument. The product is simply the method of getting things done, not the objective itself. When the purpose and path have been laid out clearly, the choice of the right product usually comes with greater certainty and less need for guessing.

The present issue follows the whole process of purpose, path, and finally product, with the view that a person who knows why they are investing will regularly make better decisions than someone who has just been told what to buy.

Best,
**Team Meri Punji**


**Punji** (*noun/Hindi*) **- Capital** *meaning, wealth in the form of money or other assets owned by a person or organization or available for a purpose such as starting a company or investing.*



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# GLOSSARY

### ASSET
Anything that puts money in your pocket — stocks, bonds, property, gold. The opposite of a liability.

### CAGR
Compound Annual Growth Rate. The steady annual rate at which an investment would have grown to reach its current value.

### CAPITAL
The money you put in to invest. Also called principal.

### COMPOUNDING
Earning returns not just on your original investment but also on the returns you have already earned. The longer you invest, the more powerful it becomes.

### CORPUS
The total accumulated amount of your investment at any point in time.

### DEFAULT RISK
Default risk is the likelihood that a borrower will fail to make required payments on a debt obligation, such as a loan or bond.

### DIVERSIFICATION
Spreading your money across different assets so that one bad investment does not wipe out your entire portfolio.

### DIVIDEND
A share of the company's profits paid out to investors, usually quarterly or annually.

### EXPENSE RATIO
The annual fee charged by a mutual fund to manage your money, expressed as a percentage of your investment.

### INDEX FUND
A mutual fund that simply mirrors a market index like Nifty 50. Low cost, no active management, historically outperforms most actively managed funds.

### INDEXATION
A benefit that adjusts your purchase price for inflation, reducing your taxable capital gain on long-term investments like debt funds and real estate.

### INFLATION
The rate at which the price of goods rises over time, eroding the purchasing power of money.

### INTEREST RISK
Interest rate risk is the potential for investment losses or reduced returns caused by fluctuations in market interest rates.

### LARGE CAP MUTUAL FUNDS
Large-cap mutual funds are equity funds that invest primarily in the top 100 established companies by market capitalization.

### LIABILITY
Anything that takes money out of your pocket — loans, EMIs, credit card debt.

### LIQUIDITY
How quickly and easily you can convert an investment into cash. Stocks are highly liquid. Real estate is not.

### LIQUIDITY RISK
Difficulty in converting investment to cash when needed.



### LTCG
Long Term Capital Gains. Profit from selling an investment held for more than 1 year (equity) or 2 years (real estate). Taxed at a lower rate.

### MARKET CAPITALISATION
The total value of a company on the stock exchange. Share price multiplied by number of shares.

### MID CAP MUTUAL FUNDS
Mid-cap mutual funds invest in companies ranked 101 to 250 by market capitalization.

### MUTUAL FUND
A professionally managed pool of money from many investors, invested across stocks, bonds, or both based on the fund's objective.

### NAV
Net Asset Value. The price of one unit of a mutual fund on any given day.

### NFO
An NFO (New Fund Offer) is the first-time launch of a new mutual fund or investment scheme by a financial company.

### NIFTY 50MARKET
India's most widely tracked index, representing the 50 largest companies on the National Stock Exchange.

### PORTFOLIO
The complete collection of all your investments put together-stocks, mutual funds, FDs, gold, etc.

### REAL RETURN
Your actual return after subtracting inflation. A 7% return with 6% inflation gives a real return of only 1%.

### RISK CAPACITY
Risk capacity refers to the amount of risk an individual or organization can responsibly take on without jeopardizing their financial stability or other key objectives

### RISK TOLERANCE
Risk tolerance is the degree of uncertainty and financial loss you are willing and able to endure when pursuing a goal.

### SENSEX
India's oldest stock market index, tracking the 30 largest companies listed on the Bombay Stock Exchange.

### SIP
Systematic Investment Plan. Investing a fixed amount at regular intervals — weekly, monthly, or quarterly — into a mutual fund.

### SMALL CAP MUTUAL FUNDS
Small cap mutual funds are equity schemes that invest their assets in companies ranked 251st and beyond by market capitalization

### STCG
Short Term Capital Gains. Profit from selling an investment held for less than the long-term holding period. Taxed at a higher rate.

### TDS
Tax Deducted at Source. Tax collected by the bank or institution at the point of payment — on FD interest, dividends, etc.

### VOLATILITY
How much an investment's price fluctuates up and down over time. High volatility = higher risk and higher potential reward.

### VOLATILITY RISK
Volatility risk is the potential for an investment's value to change unexpectedly due to shifts in market volatility, rather than the direction of the underlying asset itself.

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# FINANCIAL PLANNING

**Financial planning with protection** is the process of systematically managing your income, expenses, savings, investments, and risk coverage to achieve your life goals — while ensuring that **unexpected events do not derail your financial security.**

## THE FOUR PLANNING QUESTIONS

1. **WHERE AM I TODAY?** Assess your current income, expenses, debts & assets
2. **WHERE DO I WANT TO BE?** Define your short and long-term financial goals
3. **HOW DO I GET THERE?** Build a savings, investment & protection plan
4. **AM I ON TRACK?** Review and rebalance regularly to stay aligned

A good plan today builds a secure tomorrow.

Without protection, even the best plans are at risk. Insurance and risk coverage act as a shield, ensuring your goals stay on track - no matter what life brings.



# SHORT-TERM AND LONG-TERM FINANCIAL PLANNING

Effective financial planning balances immediate needs with future security by setting SMART goals, separating them into short-term (<3 years) and long-term (<5 years) time horizons. **Short-term financial planning** is the process of managing your income and expenses over a period of a few months to 1–3 years to meet your immediate financial goals and daily needs , while **long-term financial planning** is the process of setting and working towards major financial goals over a period of 5 years or more, such as retirement, buying a house, or building long-term wealth.

### SHORT-TERM FINANCIAL PLANNING (<3 YEARS)

**Focus:**
Immediate liquidity, safety, and stability.

**Key Goals:**
Building a 3–6 month emergency fund, paying off high-interest debt, saving for a vacation or new phone.

**Strategies:**
Budgeting, setting up recurring deposits, and utilizing Liquid Funds or Short-Term Corporate Bonds and Debt Mutual Funds to ensure funds are accessible.


### LONG-TERM FINANCIAL PLANNING (5+ YEARS)

**Focus:**
Iwealth creation, financial freedom, and security.

**Key Goals:**
Retirement planning, funding a child's education, or buying a home.

**Strategies:**
Investing in equity-oriented mutual funds, stocks, or real estate to leverage compounding. Start early, maintain a "buy and hold" approach, and invest in a diversified portfolio.

**REMEMBER**

Plan today. Protect always. Prosper tomorrow.

# BE SMART

A critical step in managing your finances is able to setup SMART objectives

## YOUR GOALS HAS TO BE


| Objectives | Goals | Incorrect Approach | Right Approach |
|---|---|---|---|
| **Specific** | You need to know exactly what you want and when | I need money to pay my college fees in a year's time | I will save the money of Rs. 50,000 to pay my fees at college |
| **Measurable** | Your goal should be measurable so that you know when you can achieve it. | I will pay off my debts to my friends | In the next six months, I will return money to my two friends for lending me their money. |
| **Attainable** | Your goals should be reasonable i.e. within your reach | I will save money. | I will save Rs. 2,000 each month by cutting down on eating out and partying. |
| **Realistic** | Your goals need to be based on resources and tasks that you can reasonably accomplish. | If I save money I will be rich. | If I save regularly, need not borrow more money, I can pay off my debts by next year and will have enough savings till I begin to earn. |
| **Time-bound** | Goals with timelines allow you to track your progress and encourage you to keep going until you reach your goal. | I will save money for my vehicle | I will save monthly for the next 2 years for my vehicle. |



# FINANCIAL PLANNING

## BY THE NUMBERS

### The 50-30-20 rule

The is a simple budgeting guideline that suggests dividing your monthly income into 50% for needs, 30% for wants, and 20% for savings and investments.


**50% (NEEDS)**- Rent, groceries, utilities, EMI's - Essential day-to-day living costs that you cannot avoid.

**30% (WANTS)**- Dining out, subscription, travel , entertainment - Things you enjoy but could live without in a pinch.

**20% (SAVE & INVEST)** -Emergency funds, SIP's , Investments - Building your future financial security, one month at a time.

### Rule of 72

The Rule of 72 is a quick, useful formula for estimating how long it takes an investment to double in value, given a fixed annual rate of return. By dividing 72 by the annual interest rate, you get the approximate number of years to double your money.

**Example**

At 6% interest, it takes 12 years: (72 divided by 6 = 12)

### Compounding Theory

Compounding is "interest on interest"—the process where your investment earnings are reinvested to generate their own earnings over time. It turns a small, initial amount into a larger sum by creating exponential, rather than linear, growth. It is essentially "money making money" through the reinvestment of returns.

**Simple Example**

If you invest Rs.1,000 at a 10% annual return, you have Rs.1,100 after the first year. In the second year, you earn 10% on Rs.1,100 (not just the initial Rs.1,000), giving you Rs.1,210—earning Rs.10 more than the year before.

### Why Time Matters for Compounding in Mutual Funds

When it comes to decoding what compounding is and how you can use it to your advantage, you need to remember that time is of the essence here. Check out the key reasons time is crucial for compounding.

- **It Positively Impacts Compounding**
  In the formula for compounding, time plays a key role. It is expressed as the exponent, meaning that the longer the investment period, the greater the exponential growth may be.

- **It Offers the Potential for Long-Term Growth**
  It also stands to reason that the more time you remain invested in any asset or fund, the more time your money has to grow, particularly in bullish markets.

- **It Goes Beyond Short-Term Market Volatility**
  Over the short term, markets may be highly volatile. However, mutual funds that invest in fundamentally strong companies or high-growth stocks may be better positioned to ride out such short-term fluctuations.

## Margin Of Safety

In simple terms, the margin of safety is a "cushion" or "shock absorber" in your personal finances that protects you against unexpected risks. It is the gap between your actual plan and your worst-case scenario, covering emergencies like sudden expenses or income loss without destroying your long-term goals.

### Key Advantages

Risk Reduction: It protects you from financial loss, market volatility, and unforeseen events by providing a cushion against errors in judgement.

Buy Smart, Earn More : Bigger Gains for the Same Risk: Purchasing the asset at the price that is less than the true value of asset will provide you with greater growth potential. You can get a good return even if the price increases a little.

Psychological Comfort: Knowing you have a safety net helps you stay calm and avoid impulsive, emotional decisions during market downturns.

## Time In The Market Then Timing The Market

"Time in the market" outperforms "timing the market" by prioritizing long-term investing, compounding, and staying invested during volatility, rather than trying to predict highs and lows. Market timing, or speculating on short-term movements, frequently results in missing top-performing days, higher costs, and increased emotional stress.

**Time in the Market (Investing):** Focuses on holding quality assets over time, allowing compounding to build wealth regardless of market ups and downs. It is a disciplined approach that survives short-term volatility.

**Timing the Market (Speculating):** Involves attempting to enter and exit at the perfect moment. This rarely works, as nobody can consistently predict market tops or bottoms.



# WHAT IS AN INVESTMENT?

> "The first rule of an investment is: Don't lose. And the second rule of investment is: Don't forget the first rule."
>
> -Warren Buffet

An investment is putting your money or resources into something—like stocks, property, or a business—with the goal of making it grow and generating more money in the future. It is essentially making your money work for you to create wealth over time, rather than just saving it.

In simple terms, investment is the act of putting your money into something today—like stocks, real estate, or a business—with the knowledge to pick the right opportunity and the patience to let it grow over time.

## SIMPLE BREAKDOWN OF INVESTMENT

**The Goal**
To increase the value of your money (capital appreciation) or generate income.

**The Method**
Buying assets that have the potential to grow in value over time (e.g., Mutual funds, stocks, bonds, real estate).

**The Difference**
Unlike saving (which keeps money safe for short-term needs), investing involves taking some risk to achieve higher potential returns for long-term goals.

**Simple Analogy**
Planting a seed (money) and waiting for it to grow into a tree (future growth).

## COMMON MYTHS

**"I need a lot of money to start."**
You can begin a SIP with as little as ₹500/month. The amount matters less than starting.

**"Investing is only for experts."**
mutual funds let you invest without picking individual stocks. You don't need to be an expert — you need a plan.

**The market is too risky right now."**
There is never a perfect time. Time in the market consistently beats timing the market. Every year you wait is compounding you lose forever.

**"My salary isn't high enough yet."**
The habit of investing matters more than the amount. Even ₹1,000/month teaches discipline and starts the clock on compounding.

**Investing is not about becoming rich overnight. It is about making deliberate choices today** so that your future self has options — to retire early, to **weather a storm, to help someone you love, or simply to live without financial anxiety.**

# WHY INVESTING MATTERS?

> Your money is either working for you, or it isn't. Here's why that difference changes everything.

Imagine you save ₹10,000 every month and tuck it away in a savings fund or FD . After 20 years, you have ₹24 lakh. Now imagine you invested that same amount at a modest 10% annual return. You'd have over ₹75 lakh. The difference — ₹51 lakh — didn't come from working harder. It came from making your money work while you slept.

That is the single most important idea in personal finance. And yet, most people never act on it — not because they lack the money, but because no one ever explained it clearly enough to make it feel real.

## REASONS TO INVESTING MATTERS TO YOU PERSONALLY

### 1 Financial Freedom

Financial freedom is the power of choice. It is the ability to leave an unfulfilling role, manage a crisis, or face an emergency from a position of stability.

### 2 Retirement on your terms

Despite the expansion of government-backed pension schemes, a large portion of informal workers still lacks adequate retirement security. With rising living costs outpacing fixed payouts, building a personal investment portfolio is essential for achieving a financially independent and comfortable retirement.

### 3 Protection from Emergencies

A medical bill, job loss, or sudden expense can wipe out a savings account overnight. Invested assets give you a stronger, deeper cushion — one that can actually absorb a real crisis without derailing your life.

### 4 Beating Inflation

Your savings account pays 3–4%. Inflation takes 6%. That means your money is quietly losing value every year. Investing through a diversified portfolio of financial instruments is the way to actually stay ahead.



# SAVING v/s INVESTMENT v/s SPECULATION

| Parameter | Saving | Investing ✓ | Speculation ✗ |
| --- | --- | --- | --- |
| Meaning | Setting aside a portion of income safely for future use | Putting money into financial instruments to grow wealth over time | Placing money on high-risk bets based on price movements or predictions |
| Primary Goal | Preserve money and ensure liquidity | Grow wealth and beat inflation over the long term | Make quick, large gains in a short time |
| Time Horizon | Short term — days to 2 years | Medium to long term — 3 years to decades | Very short term — hours, days, or months |
| Risk Level | Very low — capital is protected | Low to moderate — calculated and managed risk | Very high — capital loss is a real possibility |
| Returns | Low and fixed — 3–7% p.a. | Moderate to high — 10–15% p.a. historically (equity) | Unpredictable — can be very high or total loss |
| Decision Basis | Safety and accessibility of funds | Research, fundamentals, data, and long-term goals | Market trends, news, tips, patterns, and gut feeling |
| Inflation Impact | Often does not beat inflation — real returns may be zero | Beats inflation comfortably over the long term | Irrelevant — focus is on short-term price movement |
| Liquidity | High — funds accessible anytime | Moderate — most instruments redeemable in 1–3 days | Varies — can be locked in volatile positions |
| Discipline Required | Low — just set aside and don't spend | Moderate — consistent contributions and patience | Emotional control is critical — most speculators fail long term |
| Examples | Savings account, FD , liquid fund | SIP in mutual funds, stocks (long term), PPF, NPS, real estate | Penny stocks, F&O trading, crypto flipping, forex day trading |
| Ideal For | Emergency fund, short-term goals, capital safety | Retirement, education, wealth creation — any long-term goal | Experienced traders only — not suitable for wealth building |

# UNDERSTANDING THE RISK

> "Every return in investing has a price. That price is called risk. The question is never how to avoid risk — it is how to be paid fairly for the risk you take."

The fundamental rule that underpins every investment is this: in general the riskier the investment, the higher your expected reward. Low risk investments generate comparatively small, stable profits, whilst high risk wagers tend to produce larger profits at the risk of losing your investment.

## Why Does Risk Exist?

Markets are influenced by countless factors — economic conditions, inflation, interest rates, global events, and investor sentiment. These variables create fluctuations in the value of investments, giving rise to risk.

Financial security and a satisfying feeling of having accomplished something through investing are the rewards of successful investing. Yet, the flip side is that you need to be prepared to take risks. Often, risk involves the potential that you could lose some or all of your invested funds.

Risk-taking is not all about diving headfirst into the unknown without a safety net. It's more about foreseeing the possible adverse impacts of a particular investment and then devising a plan that will either manage those risks or balance them out.

## THERE ARE TYPES OF RISK

### VOLATILITY RISK

is the potential for an investment's value to change unexpectedly due to shifts in market volatility, rather than the direction of the underlying asset itself. Stocks are a classic example.

### DEFAULT RISK

is the likelihood that a borrower will fail to make required payments on a debt obligation. More relevant with bonds and corporate FDs.

### LIQUIDITY RISK

is the risk that in current or possible future enviro-nments, an entity or individual will not have enough cash or liquid assets to meet its cash obligations or will only be able to obtain sufficient cash. Real estate is the most common example.

### INTEREST RISK

Interest rate risk is the potential for an investment or portfolio to lose value due to unexpected fluctuations in prevailing market interest rates.



# KNOW YOUR RISK PROFILE

The next step is to think about our own individual risk profile. It would be useful to have an idea of your own individual risk profile so that you can formulate an investment portfolio suitable to your investment needs and the level of risk you are comfortable with.

A Risk profile is an evaluation of an individual's or organization's willingness and ability to take risks. It measures an investor's tolerance for market volatility or a company's exposure to threats, determining the optimal balance between potential reward and potential loss.

Risk tolerance refers to the degree of risk you are willing to assume and how well you can handle the uncertainty. Risk tolerance is a personal and subjective matter that is uniquely tailored to you, your likes, and your comfort zone.

Risk capacity: Risk capacity is what you can objectively handle with financial risk. That is, if you consider your investments altogether, how much loss can you afford before it impacts you and your life in a negative way? The factors determining your risk capacity are those relevant to you and your family, e. g. income savings, employment status age debt levels, health, etc.

Your overall profile should always be the lesser of your risk tolerance and risk capacity. For example, an investor comfortable with high risk (risk tolerance) with low income to expense ratio, low cash savings and unsteady employment may not have the ability to absorb a large financial loss. Their risk capacity may be lower than their risk tolerance, in turn protecting this investor's overall risk profile.

| Risk Category | Equity % | Debt % | Characteristics |
|---|---|---|---|
| Conservative | 5% | 95% | Extreme safety and inflation protection. |
| Moderately Conservative | 20% | 80% | Predominantly fixed-income with a small growth component. |
| Moderate | 50% | 50% | The classic 'Balanced' approach |
| Moderately Aggressive | 70% | 30% | Focused on wealth compounding. High risk capacity. |
| Aggressive | 80% | 20% | Maximum market exposure. Highest long-term potential. |

## IMPORTANCE OF ASSESSING A RISK PROFILE

Assessing a risk profile is crucial in financial planning as it helps businesses and individuals understand their capacity to endure various investment risks. It plays a significant role in shaping investment strategies and aligning portfolios with long term goals.

- **Customised Investment Strategies –** A well defined risk profile enable investors to create customized investment plans that suite their unique tolerance and financial objectives. It ensures that the chosen assets match the investor's ability to handle potential loss.
- **Enhanced Decision Making –** By understanding their risk profiles investors can make informed decisions about which investment option to pursue or avoid. This knowledge helps in selecting products that are aligned with their comfort levels leading to better financial outcomes.
- **Managing Market Volatility –** Knowing the risk profiles help the investors prepare for market fluctuations and develop strategies to overcome potential losses during downturns.

# TYPES OF INVESTMENTS

Investments fall into three main asset classes like equity, fixed income, and cash equivalents. Equity investments provide ownership in a company, typically through common stocks, preferred shares, or mutual funds, and carry growth potential. Fixed income investments involve lending money to companies or governments, as with bonds, offering stable returns. Cash or cash equivalents, including savings accounts, commercial paper, certificate of deposit, provide liquidity and low-risk income, suitable for conservative portfolios. Each class serves different financial goals and risk profiles, helping investors balance growth, stability, and security.



## THREE MAIN ASSET CLASSES

### 1 EQUITY

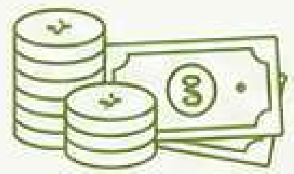
Ownership-based investments such as common stocks, preferred shares, and equity mutual funds. Best known for long-term growth potential.

### 2 FIXED INCOME

Lending-based investments such as government and corporate bonds that generally provide predictable income and relative stability.

### 3 CASH EQUIVALENTS

Highly liquid, lower-risk instruments such as savings accounts. commercial paper, and certificates of deposit, suitable for conservative portfolios.



## COMMON TYPES OF INVESTMENTS

- **Mutual Funds** – Pooled investments managed by professionals.
- **Direct Equity**- Individual Stocks, Initial Public Offering, Private Equity
- **RBI bonds**- Floating Rate Savings Bonds, Sovereign Gold Bonds, Discounted Bonds
- **Bonds**– Debt securities issued by governments or corporations.
- **Real Estate**– Investment in property for rental income or appreciation.
- **Fixed Deposits** – Safe investments with fixed returns.
- **Public Provident Fund (PPF)** – Government-backed, long-term savings plan.
- **National Pension System (NPS)** – Retirement savings scheme.
- **Insurance** – ULIPS , Endowment Plans ,Guaranteed Savings Plan, Retirement Pension Plans
- **National Savings Certificate (NSC)** – Government-backed fixed-income investment.

“ A balanced portfolio often combines growth-oriented, Income-generating, and capital-preserving investments. ”

# DIFFERENT ASSET CLASS COMPARISON

| Investment | Explanation | Advantages | Expected Return | Risk | Tax Treatment | Limitations |
|---|---|---|---|---|---|---|
| Mutual Funds | Money pooled from investors and managed by a professional fund manager. Diversified across asset classes based on your risk profile. | • Start with small initial amount via SIP — accessible to anyone regardless of income.<br>• Professional fund managers monitor and rebalance your portfolio for you. | 6 – 15%<br>(depends on fund type) | Low – High | LTCG 12.5% (above Rs.1.25L) on equity funds. STCG 20%. Debt funds taxed at slab rate. ELSS eligible for 80C deduction. | Equity funds volatile in short term. Returns not guaranteed. |
| Stocks (Equity) | When a company needs capital to grow, it lists on the stock exchange and offers shares to the public. Investors participate directly in the company's growth. | • Highest long-term returns — best wealth-building asset class historically.<br>• Dividend income provides regular passive income alongside capital growth. | In any single year the return could be negative or as high as 20%. | High | LTCG 12.5% (above Rs.1.25L, held 1yr+). STCG 20% (held under 1yr). Dividends taxed at slab rate. | Highly volatile. Requires research and monitoring. Risk of total capital loss. |
| Bonds | You lend money to a govt or company. In return, they pay fixed interest and return your principal at maturity. | • Stable income — predictable interest payments at regular intervals.<br>• Capital safety — govt bonds are backed by sovereign guarantee. | 6 – 10%<br>(type dependent) | Low – Med | Interest taxed at slab rate subject to 10% TDS. LTCG on bond funds 12.5%. SGBs tax-free at maturity. | Returns lower than equity. Sensitive to interest rate changes. Corporate bonds carry default risk. |
| Real Estate | Purchasing property to earn rental income or sell at a higher price. One of India's most traditional investment forms. | • Tangible asset — physical ownership provides psychological security.<br>• Dual income — rental income + long-term price appreciation. | 8 – 12%<br>(rental + growth) | Medium | LTCG 12.5% (held 2yr+). STCG taxed at slab. Rental income taxed at slab rate. | Very low liquidity. High entry cost. Ongoing maintenance and legal complexity. |
| Fixed Deposits (FD) | Deposit a lump sum with a bank for a fixed period at a guaranteed interest rate. Completely unaffected by markets. | • Guaranteed returns — fixed rate locked at the time of deposit. No market risk.<br>• DICGC insured — deposits up to Rs. 5 lakh insured by govt. | 6 – 7.5%<br>per annum | Low | Interest fully taxable at slab rate. TDS deducted if interest exceeds Rs. 50,000/year( Rs.1,00,000 for seniors). | Post Tax returns often below inflation. Penalty on premature withdrawal. Not ideal for long-term wealth creation. |
| PPF | Government-backed long-term savings scheme with a 15-year tenure. Interest compounded annually and is fully tax-free. | • Triple tax benefit — deposit, interest, and maturity all tax-free (EEE status).<br>• Sovereign guarantee — backed by Govt of India. Zero default risk. | 7 – 7.5%<br>tax-free | Low | EEE — fully exempt. Section 80C deduction up to Rs.1.5L. Interest and maturity completely tax -free. | 15-year lock-in. Max Rs.1.5L/year deposit. Partial withdrawal only after 7 years. Rate revised quarterly. |
| NPS | Govt retirement scheme where contributions are invested in equity, bonds and govt securities based on your risk choice. | • Extra Rs.50K deduction — additional 80CCD(1B) benefit over and above 80C limit (old regime).<br>• Flexible allocation — choose equity-heavy or | 8 – 10%<br>market-linked | Low – Med | 80C + 80CCD(1B) deduction. 60% lump sum tax-free at retirement. Tax free employer contribution up to 14% as of salary. | Locked till age 60. 40% must buy annuity. Annuity income fully taxable. Limited liquidity. |
| ULIPs | A product combining life insurance with market-linked investment. Premium split between insurance cover and fund investment. | • Insurance + growth — life cover and conservative mix based on age. investment in one single product.<br>• Fund switching- shift between equity and debt funds without tax impact. Tax benefits under Sec80C | 6 – 14%<br>(after charges) | Medium | Section 80C deduction. Maturity tax-free if annual premium under Rs.2.5L. Death benefit fully tax-free. | 5-year lock-in. Insurance cover often insufficient. Market risk is entirely yours. |
| NSC | A government-backed fixed-income savings certificate available at post offices. Fixed 5-year maturity with compounded interest. | • Govt guaranteed — zero default risk. Safe for conservative investors.<br>• 80C benefit — full investment eligible for Section 80C deduction. | 7 – 7.7%<br>per annum | Low | Section 80C deduction on investment. Interest accrued annually is taxable at slab rate. No TDS deducted. | No premature withdrawal before 5 years. Interest taxable annually even though paid at maturity. Returns may not beat inflation. |

# PORTFOLIO STRATEGY


A smart portfolio strategy balances growth, stability, and income-helping you stay aligned with your goals today and tomorrow.

### WHAT IS A PORTFOLIO?

An investment portfolio is a set of financial assets owned by an investor that may include bonds, stocks, currencies, cash and cash equivalents, and commodities. Further, it refers to a group of investments that an investor uses in order to earn a profit while making sure that capital or assets are preserved.

### PORTFOLIO STRATEGY

A portfolio strategy is a personalized plan that charts the distribution of investments, products, or business units to accomplish particular financial and organizational goals. It manages risk and return by diversification, resource allocation, and ongoing performance tracking, This way making sure that decisions are in step with the long-term goals.

> "The right portfolio strategy is not about predicting the future. but about being prepared for it"



## THREE APPROACHES. ENDLESS POSSIBILITIES.

### 1 PASSIVE INSTRUMENT STRATEGY

A passive investment strategy is a "hands-off" approach where you buy a basket of investments (like an index fund) and hold them for the long term, rather than frequently buying and selling to beat the market.

**INSTRUMENTS:**

- **Index ETFs:** Tracking broad indices (Stocks or Bonds).
- **Gold ETFs / Sovereign Gold Bonds (SGBs):** To passively track the price of gold without storing physical bars.
- **REITs (Real Estate Investment Trusts):** To own a slice of commercial property without managing a building.

### 2 ACTIVE INSTRUMENT STRATEGY

An active instrument strategy approach means frequently buying and selling investments to beat the market's average returns, rather than just passively tracking a benchmark. It involves deep market analysis, quick decision-making, and continuous monitoring to capitalize on short-term price movements and market inefficiencies.

**INSTRUMENTS:**

- **Direct Equity & Sectoral Funds:** Picking specific winners in industries like Tech or Banking.
- **Dynamic Bond Funds:** Debt instruments where managers change the duration based on interest rate predictions.
- **Alternative Investment Funds (AIFs):** Private equity or hedge funds that use complex strategies to find "alpha."
- **Derivatives:** Using Futures and Options to hedge risk or speculate on price moves.

### 3 INCOME INSTRUMENT STRATEGY

An income instrument strategy approach prioritizes generating regular cash flow (like dividends or interest) rather than hoping the asset's price goes up. In simple terms, you are lending your money or buying a piece of an asset in exchange for consistent, scheduled payouts to supplement your living expenses or fund a retirement.

**INSTRUMENTS:**

- **Fixed Income:** Corporate NCDs (Non-Convertible Debentures), Fixed Deposits, and Senior Citizen Savings Schemes.
- **Dividend Yield Assets:** Stocks of mature companies (Utilities, FMCG) that share profits.
- **Rental Property:** Residential or commercial real estate providing monthly rent.
- **Annuities:** Insurance products that provide a guaranteed payout for life.

# SYSTEMATIC INVESTMENT PLAN

> The best time to start a SIP was yesterday. The second best time is today.

A Systematic Investment Plan — or SIP — is one of the simplest, most powerful tools available to any investor. It allows you to invest a fixed amount in a mutual fund at regular intervals (weekly, monthly, or quarterly), automatically, without needing to time the market or build a large lump sum first.

When you set up a SIP, a fixed amount is automatically debited from your bank account on a chosen date every month and invested into your selected mutual fund. In return, you receive units of the fund at the prevailing Net Asset Value (NAV) — the price per unit on that day.


Starts a SIP of ₹3,000/month in an equity mutual fund.

## THE BEST TIME TO START A SIP WAS YESTERDAY. THE SECOND BEST TIME IS TODAY.

| Year | Total Invested | Portfolio Value (at 12% returns) |
|---|---|---|
| 1 | 36,000 | 38,185 |
| 3 | 1,08,000 | 1,28,273 |
| 5 | 1,80,000 | 2,47,459 |
| 10 | 3,60,000 | 6,97,735 |
| 20 | 7,20,000 | 27,97,444 |



# THE MARKET FALLS BUT IT ALWAYS COMES BACK

In 35 years, the Indian equity market has survived wars, scams, pandemics, and global crises. Every single time, it recovered — and reached new highs. Here is the complete record.

## EVENTS IN LAST 35 YEARS THAT HAVE SIGNIFICANTLY IMPACTED INDIAN EQUITY MARKET

| Year | Event | Fall % | Recovery Time |
|---|---|---|---|
| 1992 | Harshad Mehta Scam | 43% | 2 years |
| 1999 | Kargil Conflict | 15% | 2 Months |
| 2000-2001 | Dot-Com Bubble / 9/11 WTC Attack | 56% | 3 years |
| 2003 | Iraq War | 10% | 6 Months |
| 2008-2009 | Financial Crisis /European Debt Crisis | 60% | 2 Years |
| 2018 | US -China Trade War | 7% | 8 Months |
| 2020 | COVID | 32% | 9 months |
| 2022 | Russia-Ukraine War | 11% | 9 months |
| 2024 | High valuation & Trade Tariffs | 15% | 9 months |
| 2025 | US Tariff Leading to Global Business Disruptions & Geopolitical Tensions | 5% | Market remains flattish. The year was of gold and silver. |
| 2026 | US - Iran War | 16.1% | → Ongoing Recovery |

**KEY TAKEAWAYS**

- The Market have notably corrected (more than 15%) at the regular intervals of 4-6 years.
- During every correction, markets showed deep resilience and bounced back to greater heights.
- Despite such roller coaster ride the markets have given annualised returns of 14.5%

Biggest single crash
**60%**
2008-09 financial crisis

Longest recovery
**3 years**
Dot-com bubble 2000-01

Fastest recovery
**2 months**
Kargil conflict 1999

Annualised return
**14.5%**
through all crashes combined

**Crashes are regular — not rare**

The market has corrected more than 15% every 4 to 6 years on average. A crash is not an exception to the rule — it is part of the system. Expecting smooth markets is the mistake.

**Every single crash was followed by a recovery**

Not one event in 35 years — not a war, not a global pandemic, not a financial collapse —disrupted the Indian market. Each time, it came back stronger than before.

**The investor who panicked lost the most**

In 2008, the market fell 60%. Investors who sold locked in that loss permanently. Those who held — or bought more — captured the full recovery. Time in the market, not timing the market.

**14.5% annualised — through all of it**

Despite every crash, scam, war, and global disruption over 35 years, the Indian equity market has delivered 14.5% annualised returns. That number includes every bad year. Patience was the only strategy required.

## CASE STUDY

# INVESTMENT AT AGE 25–30

> *While money doesn't grow on trees, it can grow when you save and invest wisely.*

**How to secure one's financial well-being is one of the most important things one needs to know in life.**

**"Goal without a plan is just a wish".** No matter how much or how little money you have, the important thing is plan. Few are born with silver spoon in their mouth, few have business that takes off. **But for majority of people, the only way to attain financial security is to save and invest over a long period of time.**

### Investing at early stage of career (25 -30 Yrs of age)

At around 25 years of age, generally one starts his/ her career. This is the first step towards financial independence. At this stage in life, one is not overwhelmed with excessive responsibilities or liabilities. Enjoy this carefree life. **Temptation to splurge is irresistible, but it is important to control your desires.** Most likely, one may not have a clear road map of their financial goals, but the investment journey has to begin.

## Don't Wait to Get Started.
## IT'S EASIER THAN YOU THINK.

1. Investments of this stage lays the foundation for an early financial freedom.
2. **Find Money to save and invest.** Don't spend all your income. Small Savings Add Up to Big Money.
3. Postpone big-ticket expenses that would most likely be your desires and not need.
4. Use Credit card as convenience and as tool to over spend. Pay your credit card bills on time. Don't let it become a Debt Trap.

### Let's take the case of Ashish.

Age 25 Years

After finishing his professional course, he has joined a Petrochemical company as Asst Marketing Manager at Company's Headquarters in Mumbai.

Annual Salary – Rs 12.00 Lakhs.

Ashish is not a financial wizard but he applied some common sense and decided on the following:

- Take a house on rent in suburbs rather in city centre to save on rent.
- Delayed buying a personal vehicle and rather use the Mumbai's public transport system
- He started enjoying his new found financial freedom but within modest ways.




### ASHISH'S INITIAL INVESTMENT JOURNEY INITIAL 6 YEARS WAS LIKE THIS

| | First Year | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|---|---|---|---|---|---|---|
| Income | 12,00,000 | 13,20,000 | 14,52,000 | 15,97,200 | 17,56,920 | 19,32,612 |
| Tax | 1,20,000 | 1,32,000 | 1,45,200 | 1,59,720 | 1,75,692 | 1,93,261 |
| Net in Hand | 10,80,000 | 11,88,000 | 13,06,800 | 14,37,480 | 15,81,228 | 17,39,351 |
| Expenses | | | | | | |
| House Rent | 3,60,000 | 3,78,000 | 3,96,900 | 4,16,745 | 4,37,582 | 4,59,461 |
| Utlities | 40,000 | 42,000 | 44,100 | 46,305 | 48,620 | 51,051 |
| Groceries | 1,20,000 | 1,26,000 | 1,32,300 | 1,38,915 | 1,45,861 | 1,53,154 |
| Office Commute | 60,000 | 63,000 | 66,150 | 69,458 | 72,930 | 76,577 |
| Medical Expenses | 12,000 | 12,600 | 13,230 | 13,892 | 14,586 | 15,315 |
| House Help | 60,000 | 63,000 | 66,150 | 69,458 | 72,930 | 76,577 |
| Personal Expenses | 1,20,000 | 1,26,000 | 1,32,300 | 1,38,915 | 1,45,861 | 1,53,154 |
| Leisure & Travel | 1,80,000 | 2,00,000 | 2,20,000 | 2,50,000 | 2,75,000 | 2,75,000 |
| **Total Expenses** | 9,52,000 | 10,10,600 | 10,71,130 | 11,43,687 | 12,13,371 | 12,60,289 |
| **Annual Investing Potential** | 1,20,000 | 1,80,000 | 2,40,000 | 3,00,000 | 3,60,000 | 4,80,000 |
| **Value of Investment @12%** | 1,34,400 | 3,52,128 | 6,63,183 | 10,78,765 | 16,11,417 | 23,42,387 |

### WHAT THIS CASE STUDY TEACHES

Ashish on average invested
**Rs 25,000/-**
per month.

By end of
**6 years**
his corpus would be
**Rs 23.50 L.**

It will be amazing to know that if Ashish makes no further investments or any withdrawals from this Corpus of
**Rs 23.50** Lakhs
then after
**25 years**
he would have a corpus of
**Rs 4.00 Crs.**

On the other hand, if Ashish delays starting his investment journey by just
**2 years**
then the corpus would grow to
**Rs 3.00 Crs.**

Meri Punji

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Every individual is unique and so are his or her investment needs. Investment planning must always be aligned with one's goals. Hence, our approach is to help you chalk out an investment strategy that is best fit for 'you'.

We see ourselves as educators rather than advisors. Our endeavor is to build awareness about the various kinds of investment products in the market. After all, an informed decision is always a better decision.

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