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IMPORTANCE OF ASSET ALLOCATION?

THE GOAL PLANNING JOURNEY

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GOAL PLANNING–
How to Start?

Emergency Fund

It is like a money cushion for unexpected expenses or crisis.

Risk Management

Life and medical insurance help you manage the costs in case something unfortunate happens, while also keeping your savings intact.

Investments

An investment portfolio focuses on growing and safeguarding you over time.

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What is Asset Allocation?

Asset allocation is a tool which a personal financial consultant uses to assess the risk profile and accordingly diversify the pool of money into different asset classes to achieve the desired short, medium and long term goals & objectives.

- Each investor is "**Unique**", hence, every investor has its own risk appetite.

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NOW, THE ARGUMENT IS?

Equity has always performed on a 10-year horizon, so why should one consider asset allocation?

Have you Considered these questions?

1

What if the investor does not have a 10-year time horizon (or) has short to medium term goals ?

2

How does one plan for an unplanned opportunity or exigency?

3

Why do HNI/ UHNI focus on asset allocation over product selection?

4

What percentage of investors have 10yrs or more time horizon always?

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WHAT RETURN WILL THE INVESTOR MAKE IF HIS FINANCIAL GOAL MATURITY OR TIME HORIZON FALLS IN ONE OF THE PERIODS MENTIONED BELOW?

Time Period	Jan '08 - Jan -'14	April '92 - Jul '99	Jan '00 - Jan '04	Oct '21 - May '23
Absolute Return (Nifty)	10.16%	11.52%	-0.26%	0.80%
Annualized Return	2.50%	1.62%	0.00%	0.00%
Inflation	4%	9.08%	9.47%	5.75%

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Is Equity Always Positive?

Returns from 30 March 2007- 31 March 2025

Indices	Absolute Gain	Annualised Return
CAC 40	38.28%	1.82%
DAX	220.42%	6.68%
FTSE 100	36.06%	1.72%
Nasdaq-100	987.73%	14.16%
NIFTY 50	515.44%	10.61%
Nikkei 225	106.03%	4.09%
S & P 500	294.96%	7.92%
Shanghai Composite	4.77%	0.26%

There have been many instances where major global economies that were stuck in poor performing equity markets

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RETURNS OF DIFFERENT ASSET CLASSES IN DIFFERENT YEARS:-

Calendar Year	Gold Returns (%)	Equity Returns (%)	Debt Returns (%)	Real Estate Returns (%)	Weighted Average Returns
2010	24.20%	19.20%	4.70%	24.00%	
2011	29.40%	-23.80%	9.00%	8.90%	
2012	11.70%	29.40%	9.60%	10.10%	
2013	-18.00%	8.10%	8.50%	4.90%	
2014	2.20%	32.90%	9.60%	5.20%	
2015	-7.90%	-3.00%	8.30%	2.20%	
2016	10.90%	4.40%	9.20%	7.60%	
2017	6.00%	30.30%	6.40%	0.60%	
2018	8.40%	4.60%	6.90%	5.70%	
2019	21.20%	13.50%	8.70%	6.10%	
2020	27.60%	16.10%	9.50%	3.00%	
2021	-2.70%	25.60%	3.80%	3.60%	
2022	11.80%	5.70%	4.10%	9.10%	
2023	15.20%	21.30%	7.00%	4.70%	
2024	29.00%	10.10%	7.80%	6.20%	
2025	19.20%	-0.3%	2.10%	NA	
Average Returns	*11.76%*	*12.13%*	*7.20%*	*6.79%*	
Case 1 (Balanced)	*25.00%*	*25.00%*	*25.00%*	*25.00%*	*9.47%*
Case 2 (Aggressive)	*10.00%*	*70.00%*	*10.00%*	*10.00%*	*11.07%*
Case 3 (Conservative)	*15.00%*	*10.00%*	*60.00%*	*15.00%*	*8.32%*

Equity is represented by Nifty 50.

Debt is represented by Index based on Debt schemes.

Real Estate Returns Based on NHB House price Index.

**Asset class weights are assumed and vary according to risk profile.*

Strategies that should be implemented while Asset Allocating

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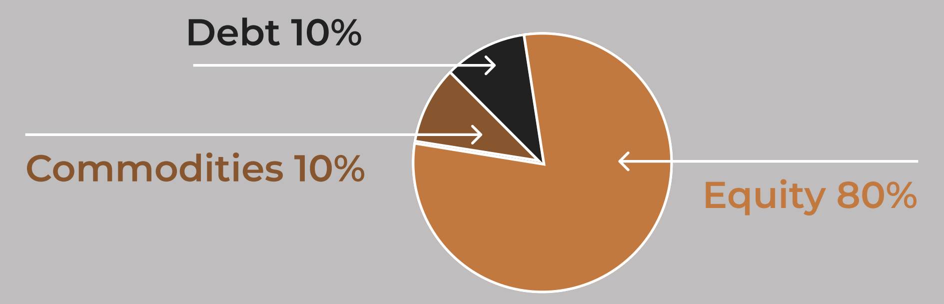
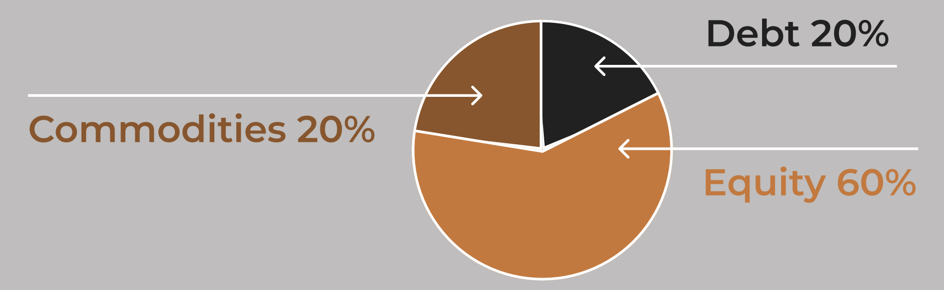
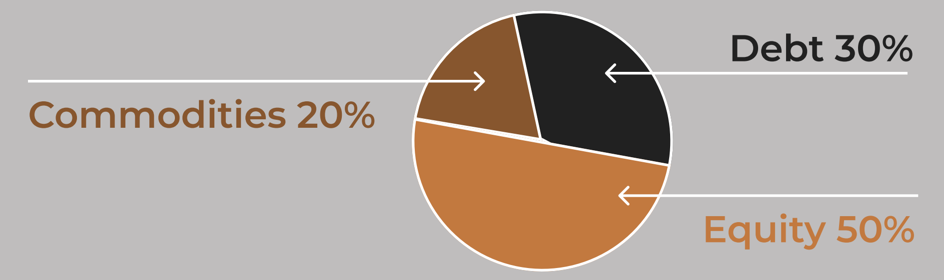
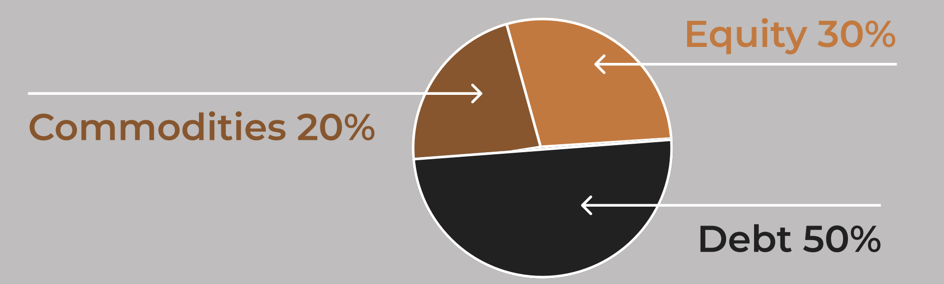
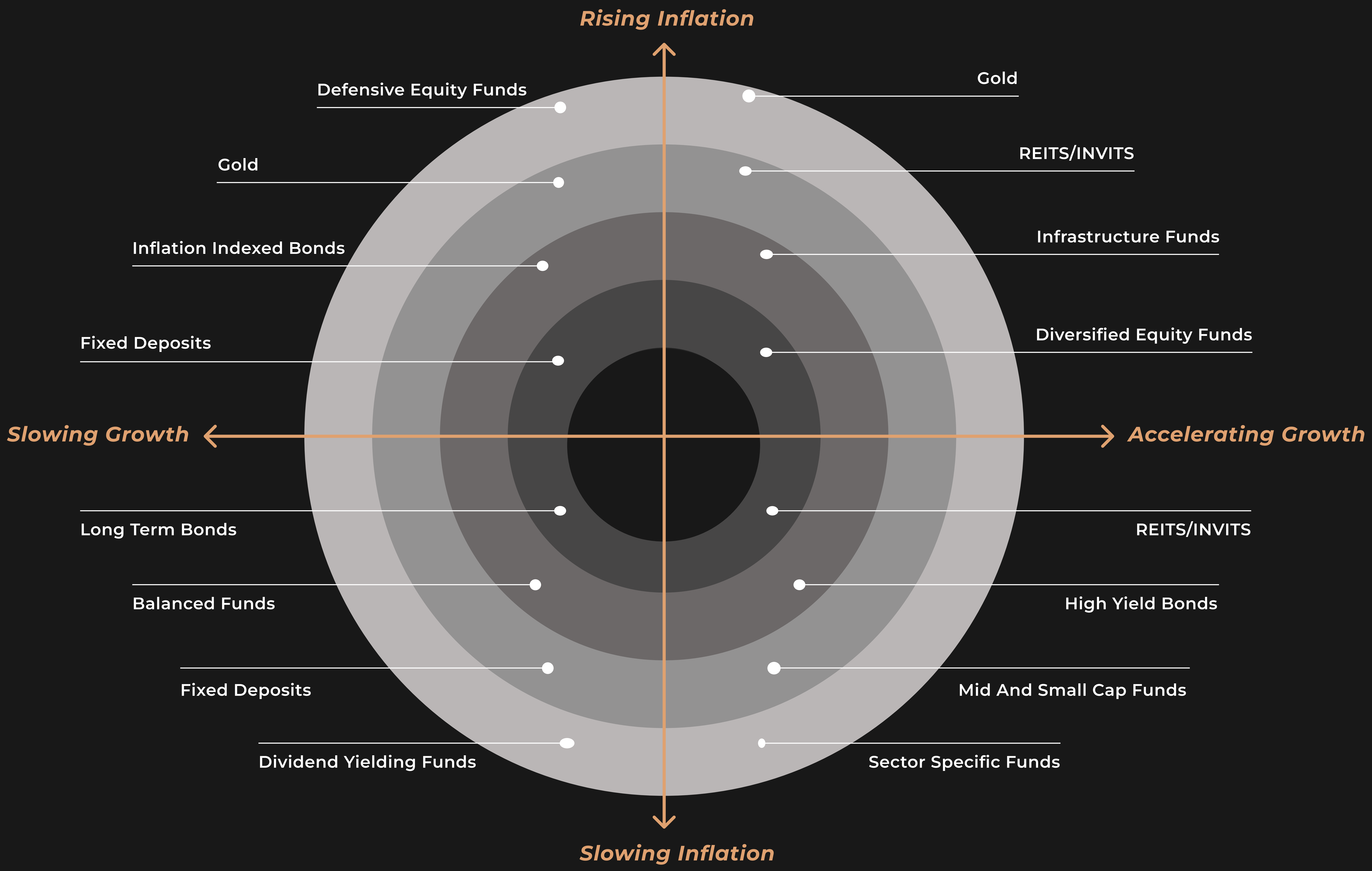
UNDERSTAND THE DIFFERENT AGE BRACKETS

Age	Equity	Debt	Commodities	Remarks	PieChart
25-35	80	10	10	As the age ranges between 25-35 so risk appetite can be more, hence exposure in equity asset class can be more.	
35-45	60	20	20	As the age ranges between 35-45 so risk appetite is comparatively less to that of the previous age range, hence the exposure in equity has educed by 20%.	
45-60	50	30	20	As the age ranges between 45-60, risk appetite reduces to that of the last range. Hence exposure to equity sharply reduces increasing in debt and commodities, respectively.	
60-75	30	50	20	In the age range of 60-75 the risk appetite is minimal leading to higher investment in less risky instruments.	

UNDERSTAND THE MARKET CYCLE



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RISING INFLATION & ACCELERATING GROWTH

DIVERSIFIED EQUITY FUNDS

Diversified Mutual Funds Multicap PMS

INFRASTRUCTURE FUNDS

Sector-Oriented Mutual Funds Sector-Oriented ETF Infrastructure AIF

REITS/INVITS

GOLD

Gold ETF Sovereign Gold Bonds

RISING INFLATION & SLOWING GROWTH

FIXED DEPOSITS

INFLATION INDEXED BONDS

GOLD

Gold ETF Sovereign Gold Bonds

DEFENSIVE EQUITY FUNDS

FMCG Funds Pharma Funds

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RISING INFLATION & ACCELERATING GROWTH

SECTOR SPECIFIC FUND

Banking Fund
Manufacturing Fund
IT Fund

MID CAP & SMALL CAP EQUITIES

Flexi Cap Mutual Fund
Focused Mutual Fund
Multi Cap Fund

HIGH YIELD FIXED INCOME

High Yielding NCDs
Credit Risk Funds

RIETS/INVITS

SLOWING INFLATION & SLOWING GROWTH

LONG TERM BONDS

State Guarantee Bonds
High Credit Quality-AAA Bonds
Long Duration Debt Mutual Funds

BALANCED FUNDS

Balanced Advantage Mutual Funds
Multi-Asset Mutual Funds
Multi Cap Funds

FIXED DEPOSITS

Corporate FD
Bank FD

DIVIDEND FUNDS

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WHAT IS A CORE AND SATELLITE PORTFOLIO?

1

Core, as the name suggests, is the mainstay of an investor's portfolio. For core investments, you would typically not take more risk than the overall risk inherent for that asset class and remain well-diversified.

2

Core portfolio provides stability and is geared to meet important long-term goals such as retirement or sponsoring a child's higher education.

3

Satellites in turn are tactical allocations whereby one takes a relatively higher risk in order to earn higher portfolio returns. However, total investment is smaller here lest it affect the overall portfolio growth keeping in mind key life goals.

4

The proportion of Core to Satellite is decided by the Fund Manager According to the Market Cycle. Generally, the proportion of the portfolio follows a 70:30 or a 80:20 split.

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CORE PORTFOLIO

01 Large Cap Index Fund

02 Blue-chip Equity Fund

03 Flexi Cap Fund

04 Mid Cap Fund

05 Small Cap Fund

06 Multi Asset Fund

07 Dynamic Bond Fund

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SATELLITE PORTFOLIO
(SLOWING INFLATION & ACCELERATING GROWTH)

Banking & Financial Services Fund

Infrastructure Fund

Special Situations Fund

Manufacturing Fund

Constant Maturity Gilt Fund

Transportation & Logistics Fund

Long Duration Fund

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Thank You