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INVESTOR AWARENESS PROGRAM

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WHY IS SAVING IMPORTANT?

HAVE YOU EVER THOUGHT WHY SQUIRRELS SAVE FOOD BEFORE WINTERS?

They do it to survive through winters, if they don't save they might face food scarcity

What is the similarity here ?

Similarity is the wise practice of saving resources for future needs!

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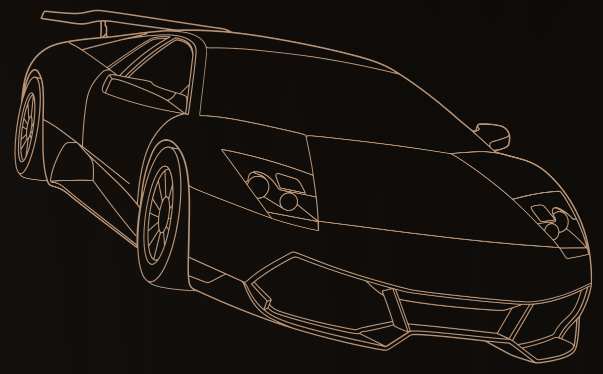
HOW DO SAVINGS HELP?

Emergency Fund

Medical Emergencies

Travelling



Buying a Car

Marriage

Buying a house

Child education

Retirement Planning

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TYPES OF INCOME

Active Income

- Wages, salary or income from Self-employment.
- Expected income up to 60 years of age!

Passive Income

- Investments and assets that generate ongoing revenue!
- Expected income up to any age!

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WHY DO WE NEED TO CREATE PASSIVE INCOME?

No Time-Bound

Financial Freedom

Boss of your life

Recurring Income

More time for Family & Friends

WEALTH CREATION RULES

SAVE EARLY

SAVE REGULARLY

SAVE IN RIGHT ASSET CLASS

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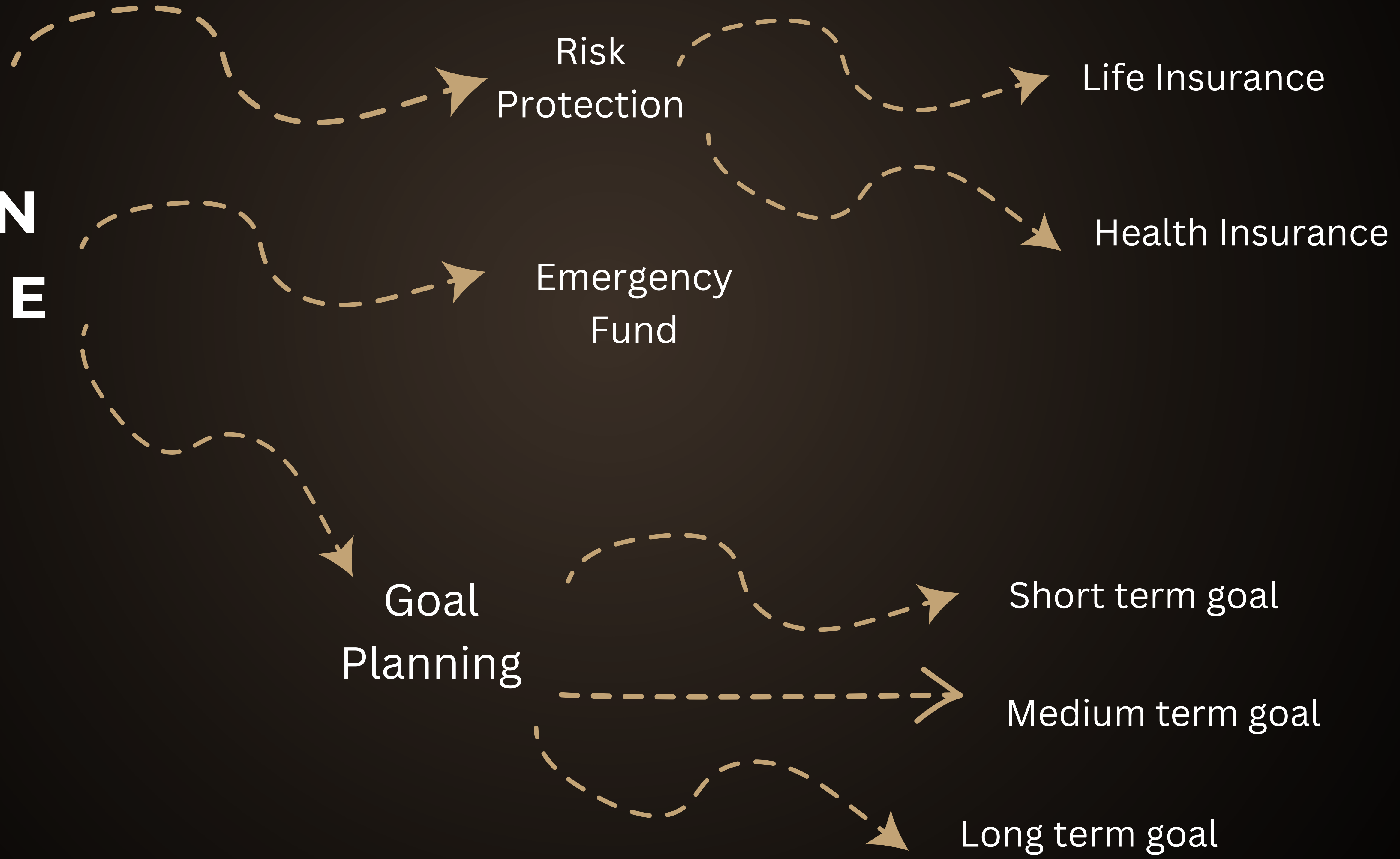
WEALTH CREATION LIFECYCLE



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Financial Planning- Route to your Goals!

Short term goal-
1-3 years

Medium-term goal-
4-10 years

Long term goal-
10+ years

SLR = S - Safety , L - Liquidity & R - Return

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Instrument	Safety	Liquidity	Return
Traditional Insurance – Traditional Plan	High	Low	Low
Withdrawable - Fixed Deposit	High	Medium	Medium
Non-Withdrawable - Fixed Deposit	High	Low	Medium
Recurring Deposit	High	High	Medium
PPF	High	Low	Medium
Sukanya Samriddhi Scheme	High	Low	Medium
GOLD	High	Medium	Medium
SILVER	High	Medium	Medium
Savings Bank	High	High	Low
Debt Mutual Funds	Medium	High	Medium
Hybrid Funds	Medium	High	High
Bonds	Medium	Medium	High
ULIP	Low	Medium	High
Equity Mutual Funds	Low	High	High

SLR = S - Safety , L - Liquidity & R - Return

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Considering Safety, Liquidity, & Return Equally In Investment Is Important Because They Are Interconnected Factors That Collectively Determine The Suitability, Profitability, And Accessibility Of An Investment, Ensuring A Balanced And Informed Decision-Making Process.

S

Investment safety is crucial as it relates to potential losses and market fluctuations. Managing safety involves evaluating risk tolerance, aligning with goals, and employing strategies like diversification and risk management. Balancing risk and reward is essential for investors to achieve their objectives.

L

Liquidity is the ease of buying or selling an investment without affecting its price. It enables quick conversion of investments to cash, facilitating timely reactions, seizing opportunities, and efficient portfolio management. Illiquid investments restrict access to funds, and the appropriate liquidity level depends on goals, risk tolerance, and time horizon.

R

Return is the financial gain or loss from an investment, reflecting the reward for risk-taking. It can come from capital appreciation or income. Different investments offer varying returns, typically with higher risk associated with higher returns. Achieving a suitable balance requires assessing objectives, time horizon, and risk tolerance.

Combination of SLR will determine your Investment avenues after considering cost & taxes!

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Case Study of a Client!

Client's Age:
35 years old

Child's Age:
3 years old

Child's Higher Education

At age-17 years

Current Cost: 10,00,000/-

After 14 years:

Rs. 29.37 lakhs

Child's Marriage

At age-25 years

Current Cost: 15,00,000/-

After 22 years:

Rs. 81.54 lakhs

Retirement

At age-60 years

Current Monthly Expense 20,000/-

After 25 years:

Rs. 1.73 lakhs

Corpus Required: Rs. 2.73 crore

Inflation-8% | Inflation Post Retirement-5% | Post retirement returns- 7% | Life Expectancy- 80 years

If invested at 8% ....

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Goal	Current Cost	Future Cost	Time to Save (Years)	Monthly	Lumpsum
		HIGHER EDUCATION			
Higher Education – Child 1	₹10,00,000.00	₹29,37,194.00	14	₹9,693.00	₹10,00,000.00
		CHILD'S MARRIAGE			
Child's Marriage – Child 1	₹15,00,000.00	₹81,54,811.00	22	₹11,751.00	₹15,00,000.00
		RETIREMENT			
Retirement – Monthly Exp	₹20,000.00	₹1,36,970.00	25	₹28,238.00	₹37,72,049.00
Retirement Corpus Required		₹2,58,32,787.00			
	TOTAL			₹49,681.00	₹62,72,049.00

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If invested at 15% ....

	Current value	Future Value	Time to Save	Monthly	Lumpsum
Higher Education					
Child 1	10,00,000.00	29,37,194.00	14	5,597.79	4,15,109.69
Child's Marriage					
Child 1	15,00,000.00	81,54,811.00	22	4,573.89	3,76,757.07
Retirement					
Monthly Exp	20,000.00	1,36,970.00	25	9,371.38	7,84,739.03
Retirement Corpus		**2,58,32,787.00**			
Total				**19,543.06**	**15,76,605.79**

Time Value Of Money
(Money Today ≠ Money Tomorrow)

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WHAT IS TIME VALUE OF MONEY?

The time value of Money is that money available at the present time is worth more than the same amount in the future due to its earning capacity!

WHAT IS INFLATION?

Inflation refers to the rise in prices, which can lead to a decline in purchasing power over time!

WHAT IS POWER OF COMPOUNDING?

The power of compounding is like a financial snowball, where your money grows not just on what you put in, but also on what it earns, leading to exponential wealth accumulation.

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- Inflation rate to be taken @ 5%
- CAGR to be taken @ 10%
- Amount taken in lakhs

2008

A bag full of vegetables would have costed around ₹250

2022

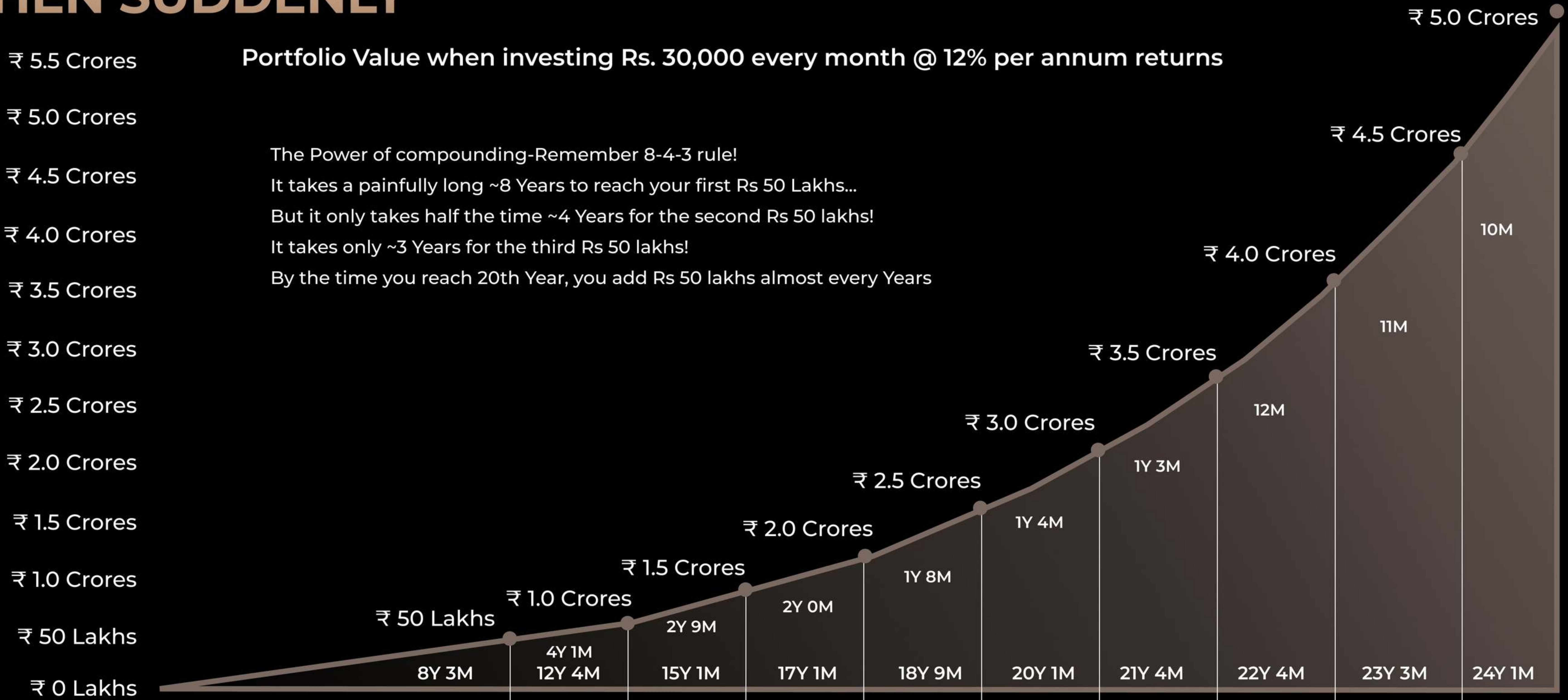
A bag full of vegetables costs around ₹500

"As we can see that inflation has substantially increased thus eroding one's purchasing power therefore one should invest so as to preserve their capital."

POWER OF COMPOUNDING - SLOWLY & THEN SUDDENLY

Portfolio Value when investing Rs. 30,000 every month @ 12% per annum returns

The Power of compounding-Remember 8-4-3 rule!
It takes a painfully long ~8 Years to reach your first Rs 50 Lakhs...
But it only takes half the time ~4 Years for the second Rs 50 lakhs!
It takes only ~3 Years for the third Rs 50 lakhs!
By the time you reach 20th Year, you add Rs 50 lakhs almost every Years



Contribution to Incremental 50 Lakhs											
	Investment	59%	29%	20%	14%	12%	10%	9%	7%	7%	6%
	Returns	41%	71%	80%	86%	88%	90%	91%	93%	93%	94%

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ASSET ALLOCATION

Don't put all your eggs in one basket!


ADITYA BIRLA CAPITAL
Mutual Funds
Aditya Birla Sun Life Mutual Fund

EQUITY PERFORMANCE

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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.*

What is Portfolio Diversification?

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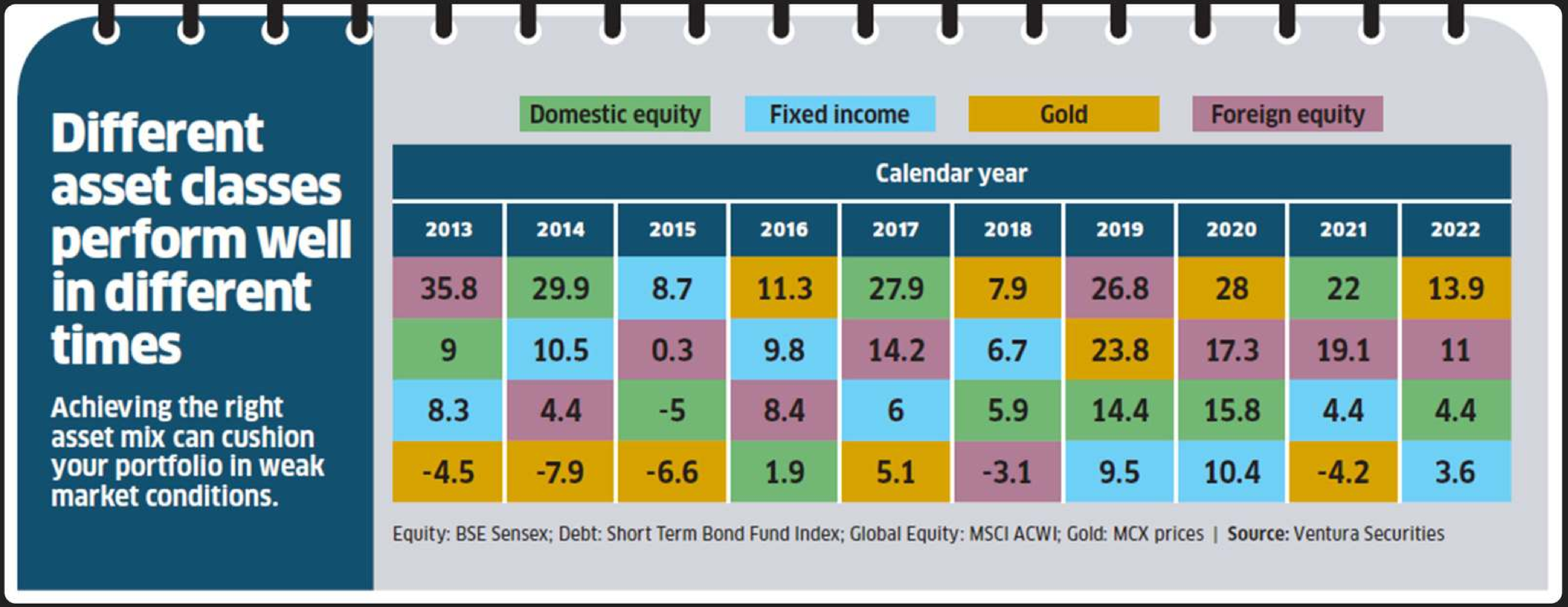
Portfolio diversification simply means diversifying your financial portfolio by investing your funds in multiple asset classes. This is done to ensure that the risk gets distributed across all the asset classes, and the good performing assets cover up the poor performance of any asset class.

Diversification is one of the most effective portfolio strategies to tackle market volatility. For instance, the equity portion may fall if the stock markets are down. However, the investments in gold will increase. Also, the income generated from investments in bonds provides a consistent cash flow to the investors.



Different asset classes perform well in different times

Achieving the right asset mix can cushion your portfolio in weak market conditions.

Domestic equity | Fixed income | Gold | Foreign equity

Calendar year									
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
35.8	29.9	8.7	11.3	27.9	7.9	26.8	28	22	13.9
9	10.5	0.3	9.8	14.2	6.7	23.8	17.3	19.1	11
8.3	4.4	-5	8.4	6	5.9	14.4	15.8	4.4	4.4
-4.5	-7.9	-6.6	1.9	5.1	-3.1	9.5	10.4	-4.2	3.6

Equity: BSE Sensex; Debt: Short Term Bond Fund Index; Global Equity: MSCI ACWI; Gold: MCX prices | **Source:** Ventura Securities

DEBT PERFORMANCE

Debt historically has delivered 6-8% over 5+ years

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Year wise Lumpsum Returns of Debt (2000 to 2022)

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Average	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	7%	8%
Max	14%	12%	10%	9%	9%	9%	9%	8%	9%	9%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Min	1%	3%	5%	5%	6%	7%	6%	6%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	8%
Jan-01	11%	11%	9%	8%	7%	7%	8%	8%	7%	7%	7%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Jan-02	10%	8%	6%	6%	6%	7%	8%	7%	7%	7%	7%	7%	7%	8%	8%	8%	8%	8%	8%	7%	7%	
Jan-03	6%	5%	5%	5%	6%	7%	7%	6%	7%	7%	7%	7%	7%	7%	7%	7%	7%	8%	7%	7%		
Jan-04	3%	4%	5%	6%	8%	7%	6%	7%	7%	7%	7%	7%	8%	7%	7%	7%	8%	7%	7%			
Jan-05	5%	6%	7%	9%	7%	7%	7%	7%	8%	8%	8%	8%	8%	8%	8%	8%	8%	7%				
Jan-06	7%	8%	10%	8%	7%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%					
Jan-07	10%	12%	8%	7%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%						
Jan-08	14%	7%	6%	7%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%							
Jan-09	1%	3%	5%	6%	6%	7%	7%	7%	7%	7%	7%	8%	7%	7%								
Jan-10	5%	7%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%									
Jan-11	9%	9%	9%	9%	9%	9%	9%	8%	8%	9%	8%	8%										
Jan-12	10%	9%	9%	9%	9%	9%	8%	8%	9%	8%	8%											
Jan-13	8%	9%	9%	9%	8%	8%	8%	8%	8%	7%												
Jan-14	10%	9%	9%	8%	8%	8%	8%	8%	7%													
Jan-15	8%	9%	8%	8%	8%	8%	8%	7%														
Jan-16	9%	8%	7%	8%	8%	7%	7%															
Jan-17	7%	7%	7%	8%	7%	7%																
Jan-18	7%	8%	8%	7%	7%																	
Jan-19	9%	9%	7%	6%																		
Jan-20	9%	7%	6%																			
Jan-21	4%	4%																				
Jan-22	4%																					

Returns>=6%

0 to<6%

Less than 0%

Source: MFI. *Debt: Index calibrated based on the Debt Schemes - Aditya Birla SL Low Duration Fund, HDFC Low Duration Fund, Aditya Birla SL Corporate Bond Fund.
How to read the table: Column 1 indicates the starting date of SIP. The Row named 'Year' indicates the time frame on investment – 1Y, 2Y, 3Y etc

Investment Avenues : -

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INVESTMENTS AVENUES TO CHOOSE :-

Bank

- Savings Bank A/C
- Fixed Deposits
- Recurring Deposits
- Public Provident Fund
- Sukanya Samriddhi Scheme
- Postal Life Insurance

Commodities

- Gold
- Silver

Real Estate

- Commercial Real Estate
- Residential Real Estate

Equity

- Unit Linked Incentive Scheme
- Equity Mutual Funds
  - Large Cap Fund
  - Flexi cap Fund
  - Focused Cap Fund
  - Large & Mid Cap Fund
  - Mid Cap Fund
  - Small Cap Fund
  - Sectoral Fund
  - Thematic Fund
  - International Fund
- Direct Equity
- PMS
- Equity AIFs

Debt

- Insurance Traditional Plan
- Debt Mutual Funds
  - Liquid Fund
  - Ultra Short Fund
  - Low Duration
  - Short-term Funds
  - Corporate Bond Fund
  - Banking & PSU Fund
  - Medium Duration Fund
  - Long Duration Fund
  - Credit Risk Fund
  - Dynamic Bond Fund
- Bonds
- Debt AIFs

Hybrid Market

- Hybrid Mutual Funds
  - Conservative Hybrid
  - Equity Savings Fund
  - Dynamic Asset Allocation
  - Aggressive Hybrid

PRESERVE YOUR WEALTH

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Wealth preservation is a critical aspect of financial Planning, as it focuses on protecting and maintaining the value of assets accumulated over time.

It is particularly important for high-net-worth individuals and families, who face unique challenges and opportunities related to their wealth.

Wealth preservation strategies aim to minimize potential risks, protect against unforeseen events, and ensure the long-term viability of assets.

They often include diversification, tax management, risk management, and estate planning, among other tactics

You

Financial Planning

Risk Management

Asset Allocation

Estate Planning & Wealth Preservation Strategies

Wealth Accumulation & Retirement Planning

THANK YOU

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