



Handbook for the
Financial Wellbeing Journey
Investment Decisions



Introduction

Thank you for your interest in the Financial Wellness program.

Hope the program was insightful with many implementable take-aways.

Here is a Handbook which gives a glance:

- Equity Investing options
- Alternate Investments
- Managing behaviours on equity investing
- Useful video/ calculator links to help you with further information
- Finsafe Tips



Equity options



Stocks



NPS -Equity



- Equity
- Hybrid



Insurance
- ULIP



Direct Equities – Pros & Cons

Pros



- Potential for higher returns
- Freedom to create your own portfolio

Cons



- Figuring out what to buy, when & how long to hold it for
- Risk Management
- Research
- Time & Effort
- Investment size
- Asset allocation
- Concentration risk
- Your emotions
- Taxes
 - Each time you exit
 - International stocks



Stocks or Mutual Funds?



- Do you have a strategy in place to invest?
- Can you keep up with the ever-changing themes in the market?
- Can you regulate your exposure to stocks and sectors and have a rule-based exit plan?
- Do you have the time and resources to manage this portfolio in the long term?
- Is the allocation to stocks large enough to impact your overall portfolio and does it warrant the attention?
- Can you beat index returns consistently, when the best fund managers with large research teams are finding it difficult to do so?
- What is the impact on your emotional health in volatile times?

Learning Resources:

<https://www.youtube.com/watch?v=jssRXk951e8>



Advantages of Mutual Funds

01

Professionally managed

02

No tax implication on exit calls taken within the fund

03

Funds available across categories

04

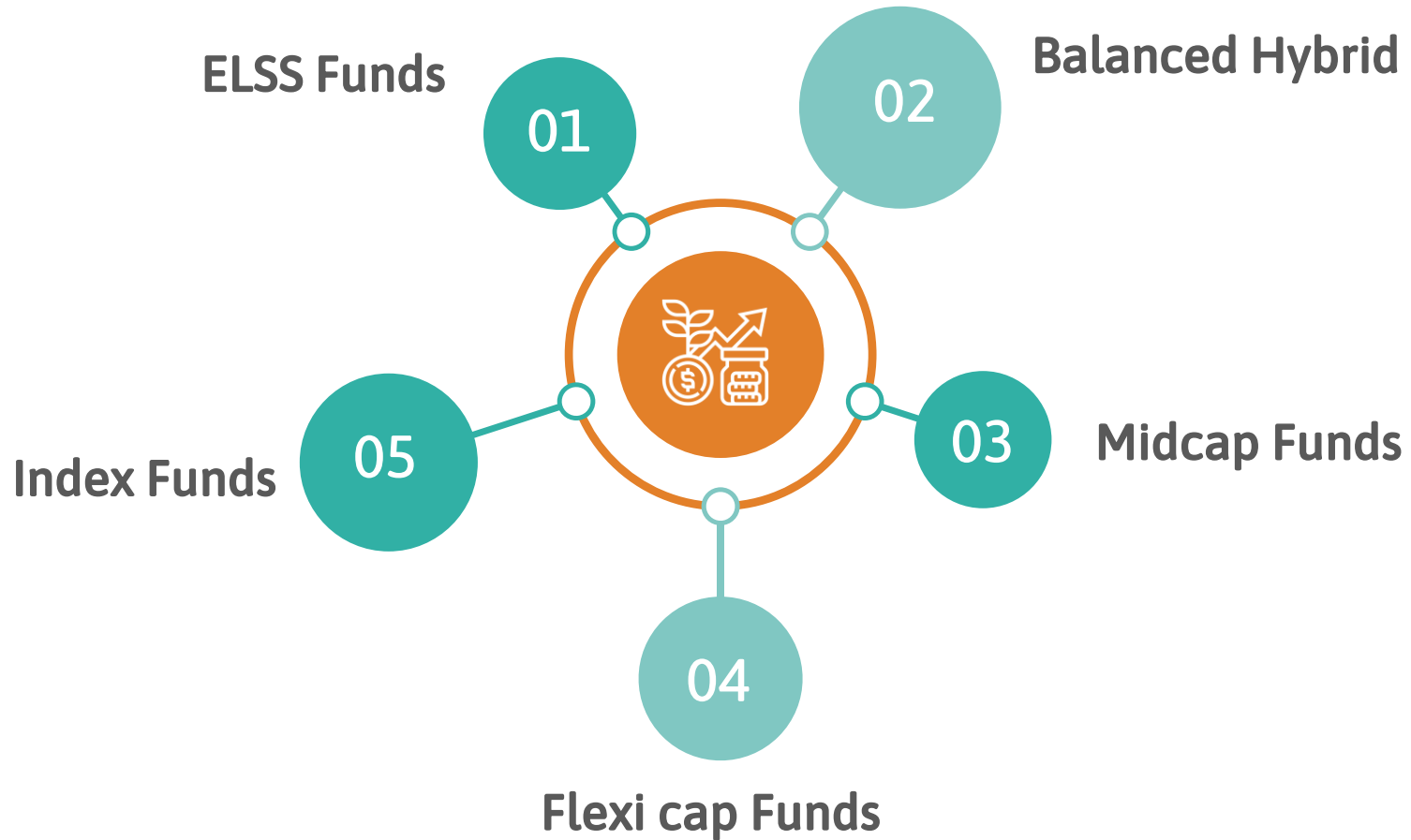
Diversification

05

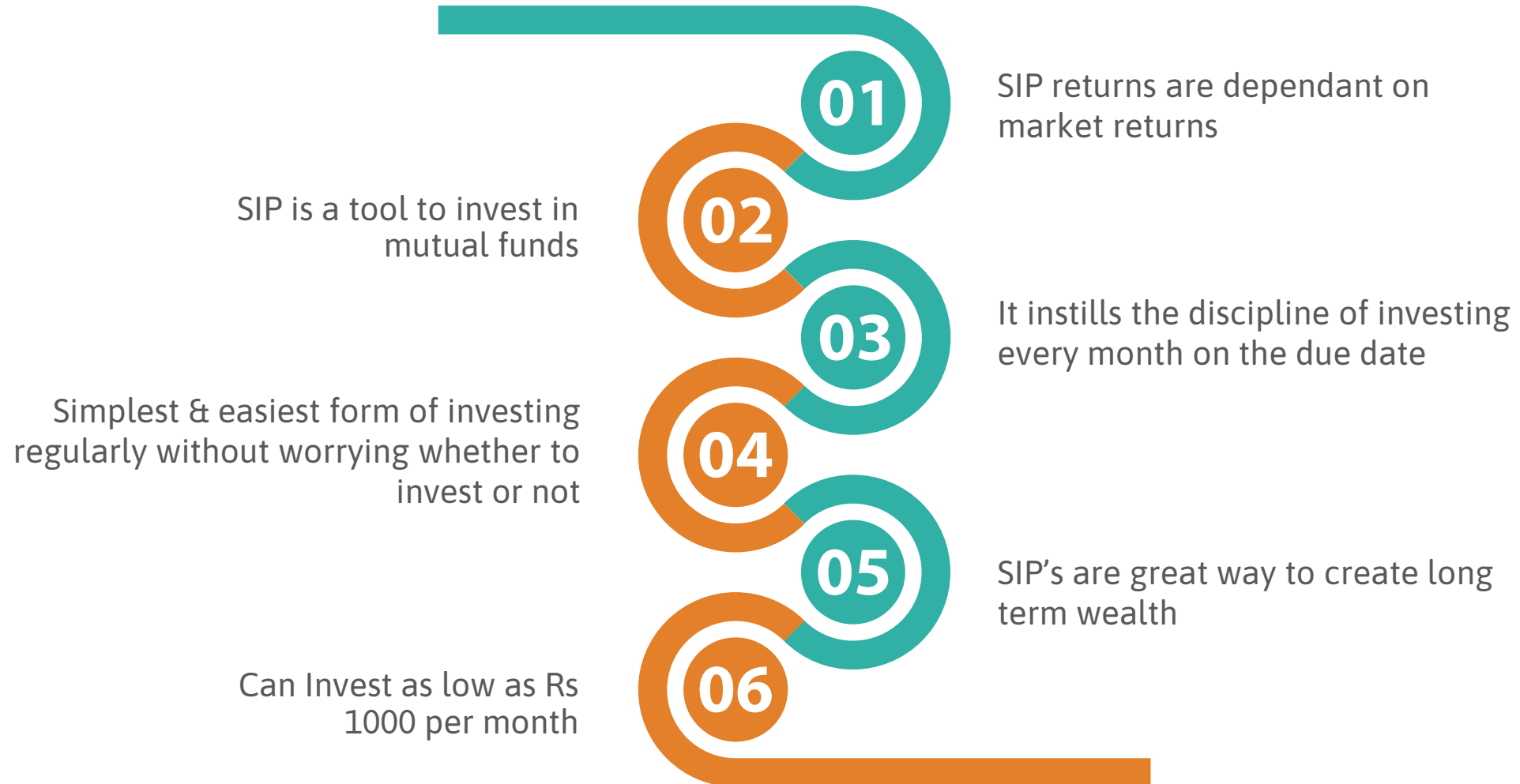
Expense ratios capped



Recommended Categories Of Equity Funds



Features of SIP



Sources for unbiased Mutual Fund recommendations

<https://www.finsafe.in/schemes/>

EQUITY FUNDS

Index & Large Cap	Multi Cap	Mid & Small Cap	ELSS	Balanced Fund
UTI Nifty Index Fund	Quantum LT Equity Fund	Mirae Asset Emerging BlueChip	Franklin India Tax Shield	L&T India Prudence Fund
SBI BlueChip Fund	BSL Equity Fund	SBI Magnum Mid Cap Fund	DSPBR Tax Saver Fund	Tata Balanced Fund
BSL Advantage Fund	Kotak Select Focus	DSP Small & Midcap Fund	Reliance Tax Saver Fund	ICICI Pru Balanced Advantage Fund
ICICI Pru Top 100	Most Focused Multi Cap 35 Fund			HDFC Balanced Fund

FIXED INCOME FUNDS FOR SPECIFIC INVESTMENT HORIZON

0 - 3 Months	3 Months-1.5 Years	1.5 - 3 Years	> 3 Years
BSL Cash Plus	ICICI Pru Flexible Income Plan	Birla SL Short Term Fund	ICICI Pru Short Term Plan
HDFC Liquid	IDFC Ultra Short Term Fund	HDFC Medium Term Opportunities Fund	L&T Resurgent India Corp Bond Fund
	L&T Ultra Short Term Fund(G)	SBI Short Term	Birla SL Treasury Optimizer Plan
		TATA Short Term	

<http://www.morningstar.in/featured-reports.aspx>

Fund Name	Category	Analyst Rating	Equity Stylebox	Fixed Income Stylebox	Star Rating	Report Date
Reliance Focused Large Cap Fund - Growth	Large-Cap	Under Review			★★★	05 Apr 2017
Reliance Regular Savings Fund - Equity Option - Growth	Flexicap	Under Review			★★★	05 Apr 2017
SBI Magnum Multiplier Fund Regular Dividend Payout	Flexicap	Under Review			★★★	20 Sep 2016
SBI Magnum Taxgain Scheme Regular Dividend Payout	ELSS (Tax Savings)	Under Review			★★	18 Sep 2016
HDFC Mid-Cap Opportunities Fund Growth	Small/Mid-Cap	Gold			★★★★★	17 May 2017
HDFC Equity Fund Growth	Large-Cap	Gold			★★★★★	30 Jan 2017
HDFC Top 200 Fund Growth	Large-Cap	Gold			★★★★★	30 Jan 2017
Franklin India Bluechip Fund Growth	Large-Cap	Gold			★★★★★	23 Dec 2016
Franklin India Prima Fund Growth	Small/Mid-Cap	Gold			★★★★★	23 Dec 2016
Franklin India Prima Plus Fund Growth	Flexicap	Gold			★★★★★	23 Dec 2016
Franklin India Ultra Short Bond Fund Super Institutional Growth	Ultrashort Bond	Gold			★★★★★	30 Nov 2016
Reliance Top 200 Fund - Growth	Large-Cap	Silver			★★★★★	23 Aug 2017
Reliance Equity Opportunities Fund - Growth	Flexicap	Silver			★★★★	14 Aug 2017
Mirae Asset Emerging Bluechip Growth	Small/Mid-Cap	Silver			★★★★★	24 Jul 2017
Mirae Asset India Opportunities Fund Regular Growth	Large-Cap	Silver			★★★★★	20 Jul 2017
IDFC Sterling Equity Fund - Regular Plan - Growth	Small/Mid-Cap	Silver			★★	14 Jul 2017
Axis Long Term Equity Growth	ELSS (Tax Savings)	Silver			★★★★	06 Jun 2017
IDFC Government Securities Fund - Investment Plan - Regular Plan - Growth	Intermediate Government Bond	Silver			★★★★	05 Jun 2017

Mint 20 Mutual Fund Schemes

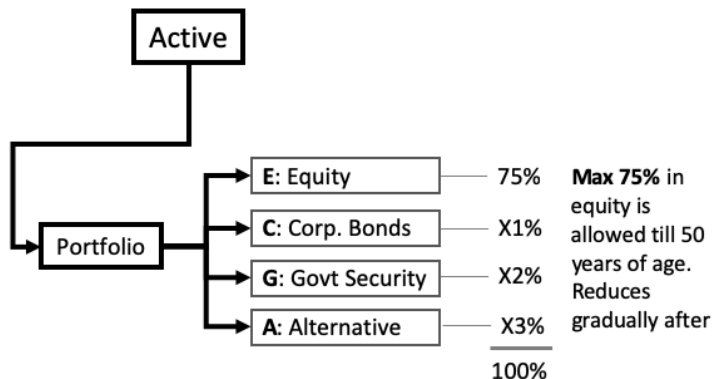
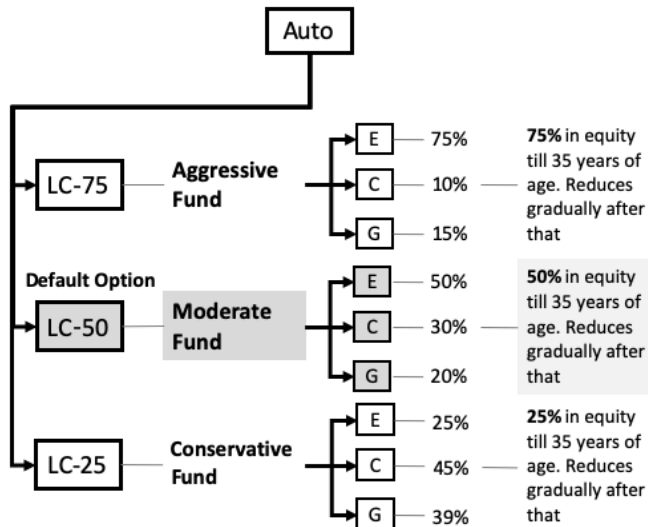
EQUITY	3-years return (%)	5-years return (%)	Corpus (₹ cr)
LARGE-CAP			
UTI Nifty Index	17.81	16.73	5,380
HDFC Index	17.51	16.53	4,085
Category average	17.52	16.37	
EQUITY FLEXICAP			
Canara Robeco Flexi Cap	21.67	19.23	6,143
Parag Parikh Flexi Cap	28.80	22.38	17,220
Category average	20.31	17.47	
EQUITY SMALL AND MIDCAP			
Axis Midcap	26.43	22.68	15,988
SBI Small Cap	28.57	23.56	10,626
Category average Midcap	23.67	17.47	
Category average Smallcap	27.28	19.12	
EQUITY (TAXSAVER)			
Canara Robeco Equity Tax Saver	23.78	19.95	2,893
Mirae Asset Tax Saver	23.56	21.30	10,146
Category average	18.82	16.07	
HYBRID			
BALANCED ADVANTAGE			
Edelweiss Balanced Advantage	16.23	14.12	6,331
ICICI Prudential Balanced Advantage	12.97	11.35	36,816
Category average	11.54	9.67	
ARBITRAGE			
Kotak Equity Arbitrage	4.80	5.35	24,430
Tata Arbitrage*	5.10	-	11,980
Category average	4.41	4.91	
DEBT			
SHORT TERM			
HDFC Corporate Bond	4.41	8.85	28,807
IDFC Corporate Bond	3.87	8.05	20,613
Category average	4.23	6.30	
CREDIT RISK			
HDFC Credit Risk Debt	7.44	8.94	8,757
ICICI Prudential Credit Risk	6.61	8.62	8,304
Category average	2.51	3.53	
DEBT (LESS THAN 1 YEAR)			
HDFC Money Market	1.88	3.77	15,828
Kotak Money Market	1.86	3.68	11,454
Category average money market	5.85	6.19	
OUT OF THE BOX			
BHARAT Bond ETF - April 2031	Returns since launch	Date of launch	Corpus (₹ cr)
Motilal Oswal S&P 500 Index Fund	30.52	28 Apr 2020	2,398

MC 30 Funds

EQUITY	
LARGE CAP (CORE)	
Canara Robeco Bluechip Equity Fund - Regular Plan - Growth	Despite being large-cap, has managed to beat benchmark consistently
Mirae Asset Large Cap Fund - Regular - Growth	Among the largest in its category; size not an issue for performance
FLEXI CAP (CORE)	
UTI Flexi Cap Fund - Growth	Follows a growth-styled approach and managed conservatively. Stable long-term performance
Parag Parikh Flexi Cap Fund - Growth	Investments in international equities and timely deploying cash, helped
Kotak Flexi Cap Fund - Growth	Large-size has pushed the fund towards large-caps, but remains adequately diversified
MID CAP (CORE)	
Kotak Emerging Equity - Growth	Size is bit large for a mid-cap fund, but so far fund has managed well.
Invesco India Mid Cap Fund - Growth	Small corpus bodies well for a midcap fund. Takes lesser risks
DSP Midcap Fund - Regular Plan - Growth	Despite a conservative portfolio, performance is good. Well-diversified.
Axis Midcap Fund - Growth	Consistent performer and manages risks well. Takes active cash calls
SMALL CAP (SATELLITE)	
Axis Small Cap Fund - Growth	Strong pedigree. Did well in 2018 and 2019, despite tough markets.
SBI Small Cap Fund - Regular Plan - Growth	Good stock picking skills. Did well in rising and falling markets.
ELSS (CORE/SATELLITE)	
Kotak Tax Saver Scheme - Growth	Same manager for over seven years now. 3-year lock-in helps in stock picking
Canara Robeco Equity Tax Saver - Regular Plan - Growth	Despite a high churn, the scheme has done well across market cycles
FOCUSED (SATELLITE)	
SBI Focused Equity Fund - Regular Plan - Growth	Invests across large, mid and small sized companies and up to 30 stocks
Axis Focused 25 Fund - Growth	Invests in up to 25 stocks. Tilted towards large-caps last year
HYBRID	
AGGRESSIVE HYBRID (CORE)	
DSP Equity & Bond Fund - Regular Plan - Growth	Ideal for first time equity investors. Invests about 65% in equities. Well-diversified.
Canara Robeco Equity Hybrid Fund - Regular Plan - Growth	Ahead 65% in equities. Well-diversified, tilts towards large-caps
DEBT	
SHORT TERM (CORE)	
ICICI Prudential Short Term Fund - Growth	Actively-managed. Small portion in perpetual bonds, though monitors risks closely
HDFC Short Term Debt Fund - Growth	Despite investing 8-10% in AA-rated securities, fund has managed credit risks well.
Axis Short Term Fund - Growth	Consistent performer. Actively-managed. Does not take credit risks
CORPORATE BOND (CORE)	
Sundaram Corporate Bond Fund - Growth	Invests significantly in high-rated securities. Despite small-size, the fund is well-diversified
HDFC Corporate Bond Fund - Growth	Largest fund in this category. Invests almost entirely in AAA-rated assets.
BANKING AND PSU DEBT (CORE)	
IDFC Banking & PSU Debt Fund - Regular Plan - Growth	Fund manager's track record in avoiding credit risks, inspires confidence
Kotak Banking and PSU Debt Fund - Growth	Tilt to label, avoids private sector firms. Uses Government securities opportunistically.
Nippon India Banking & PSU Debt Fund - Regular Plan - Growth	Ideal for investment around 3 years. Avoids AT1 bonds. Well-diversified.
OTHERS	
INDEX FUNDS/ETFs	
Nippon India ETF Nifty BEES	Oldest ETF in India. One of the most liquid.
Nippon India ETF Gold BEES	An ideal way to invest in gold, without bothering about storage
Motilal Oswal Nifty 100 ETF (NIFTY 100)	Invests in the US companies. Passively-managed. No fund manager risk
ICICI Prudential Nifty Next 50 Index Fund - Growth	A good way to invest in the next lot of emerging large-cap companies
UTI Nifty Index Fund - Growth	Oldest index fund in India. Low tracking error.



NPS



What is NPS?

- Defined contribution scheme
- Minimum Rs. 1,000 per year
- Lock in- upto 60 years
- Different Funds to choose 60% of corpus can be withdrawn tax free
- 40% needs to be invested into annuity (pension) and pension will be taxable

Section 80CCD

- Deduction of Rs. 50,000 for contribution to NPS
 - Under Sec 80CCD (1B)
- Max deduction is 10% of the salary (Basic + DA)
 - Under Sec 80CCD (1)
 - Over and above 80 C Limit of Rs 1.5 lakhs



Investment Linked Insurance

Investment Linked Insurance Vs MF

- Mortality Cost
- Other costs
- Ease

NPS or pension scheme from insurance company

- NPS costs are lower compared to pension schemes
- Returns are completely taxable in pension schemes. NPS only 40 % is exposed to pension
- NPS gives market linked (Equity and Debt returns). Pension schemes returns are very low despite being market-linked



Summary



- Check the risk return tradeoff
- Post expense, post tax returns to be considered
- Equities is a must
- Index & NPS Active Equity are good starting point
- Managing losses & family concerns:
 - Be an informed investor
 - Volatility is an opportunity
 - Keep investing



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