



Financial Litera

PROGRAM OUTLINE

- Basics of Investment
- Investment Avenues
- Presenting Mutual Funds, Angel Investment and Venture Capital
- Factors Key to Investing
- Career paths & progression



BASICS OF **INVESTMENT**

NEED FOR SAVINGS



Children's Education



Child's Marriage



Retirement



House Purchase



Vacation




Wealth Creation

SAVINGS PLAN



Right Savings Formula

Income - Expenses = 

Savings Income - Savings 

= Expenses

- ❑ Accomplish goals with a process oriented approach
- ❑ Psychologically consider only 70%-80% of your salary as income
- ❑ Indians generally channelize 20%-30% of income towards savings
- ❑ Keep one eye on the present and one eye on the future

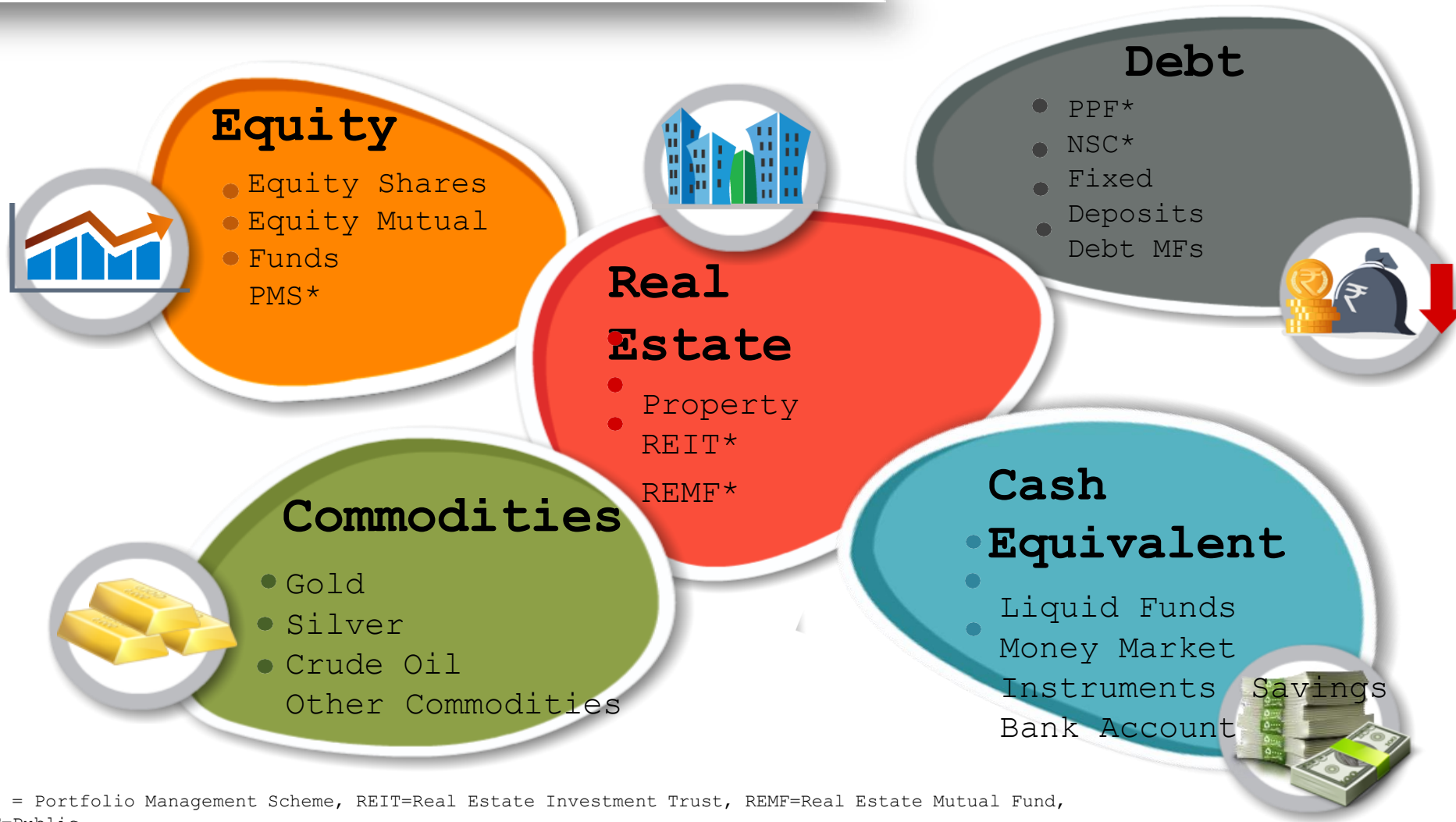
The % numbers mentioned are an indicative and not a recommendation. We recommend that you should consult your financial advisor while deciding the levels of savings



OPTIONS GALORE



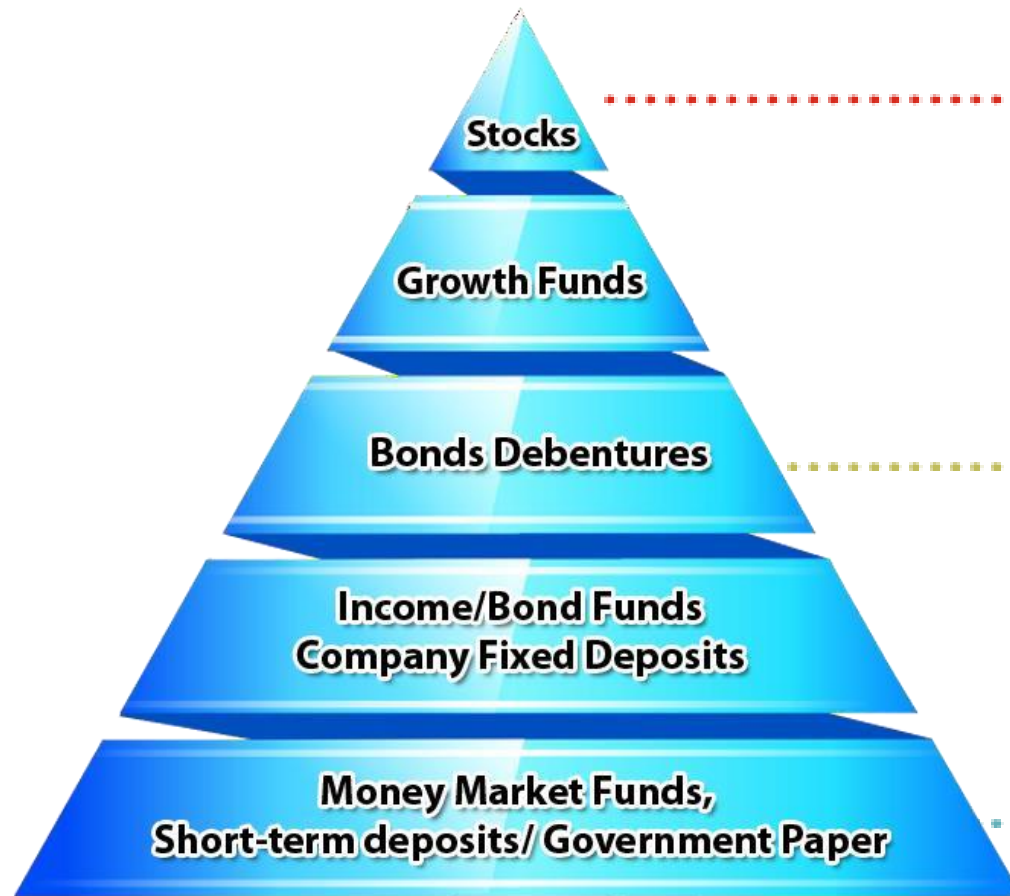
ASSET CLASS TYPES



PMS = Portfolio Management Scheme, REIT=Real Estate Investment Trust, REMF=Real Estate Mutual Fund, PPF=Public Provident Fund, NSC=National Saving Certificate

Every investment option belongs to a broad asset class

GOAL BASED ASSET ALLOCATION



Goal - Capital Growth

Risk: Medium to High
Period: Above 3-5 years

Goal - Income

Risk: Medium to Low
Period: 1 to 3 years

Goal - Capital Preservation

Risk: Low to Medium
Period: Less than 1 year

Nearer the goal, lower the risk and

HOW MUCH TO INVEST IN EQUITY

(100 – Your Age) = Equity % Allocation

AGE (years)	EQUITY (Stocks, MFs, ETFs)	DEBT (Bank FDs, Bonds)
25	75%	25%
35	65%	35%
45	55%	45%
55	45%	55%
65	35%	65%

RISK FACTOR

As you grow older, your risk taking capacity decreases as you will require the invested money sooner and equity usually requires long term for higher growing. Debt investments assure you fixed income which is valued at later stages life.

As you grow older, ability to take risk decreases.

FEATURES OF EQUITY

- Shareholders are owners
- Volatile asset class
- Potential to deliver high long term returns
- Dividends and long term returns from equity are currently tax free



Equity

- Shares
- Equity MFs
- PMS

Positive inflation adjusted returns makes it a suitable investment for long term

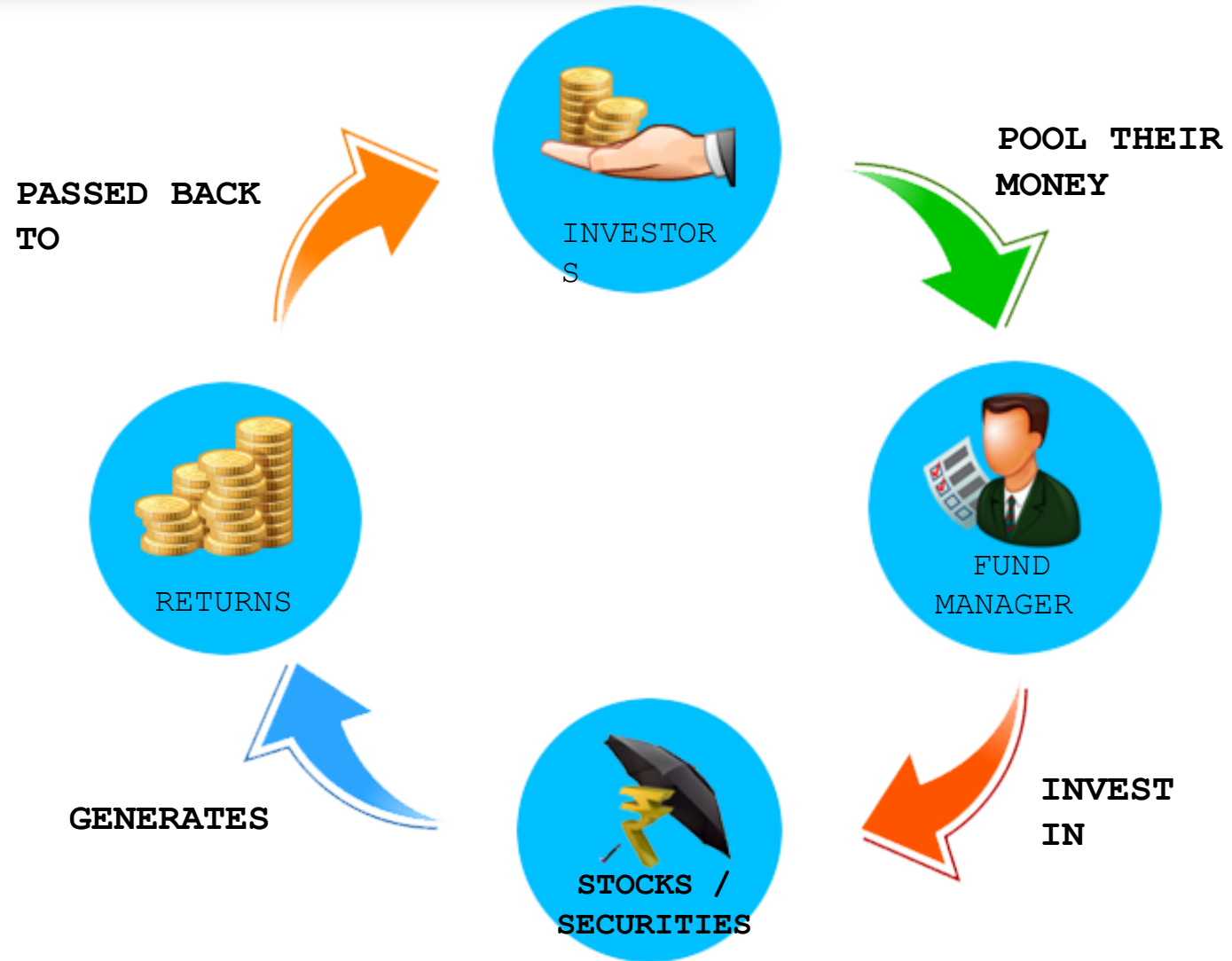
INVESTING IN DIRECT EQUITY

- Top - Down Approach
- Bottom - Up Approach
- Team bandwidth to track various sectors and stocks
- Diversification difficult for retail investors. MRF trades at Rs 1 Lakh per share!!



Presenting
MUTUAL FUNDS

CONCEPT OF MUTUAL FUNDS



MUTUAL FUNDS CLASSIFICATION

**TYPES OF
MUTUAL FUNDS**

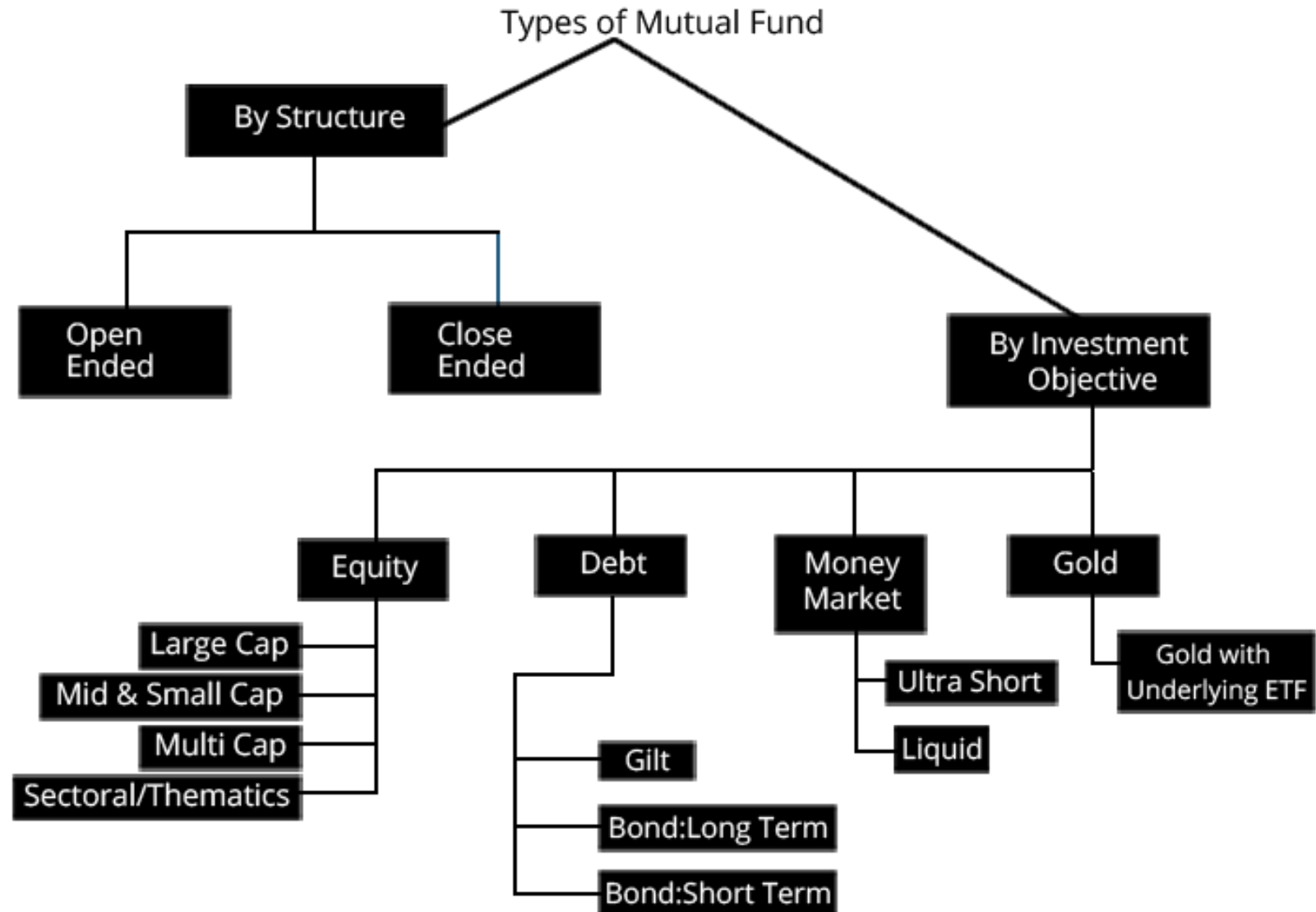
Passive Funds (ETFs)

Equity Funds

Balanced Funds

Fixed Income Funds

Alternative Funds

DETAILED MUTUAL FUNDS CLASSIFICATION

ADVANTAGES OF INVESTING IN MUTUAL FUNDS



Wealth Accumulation
with Flexible Investments



Tax Benefits



Professional Management
and Oversight



Low transaction
costs



Diversification



Safety & Systematic
Investments



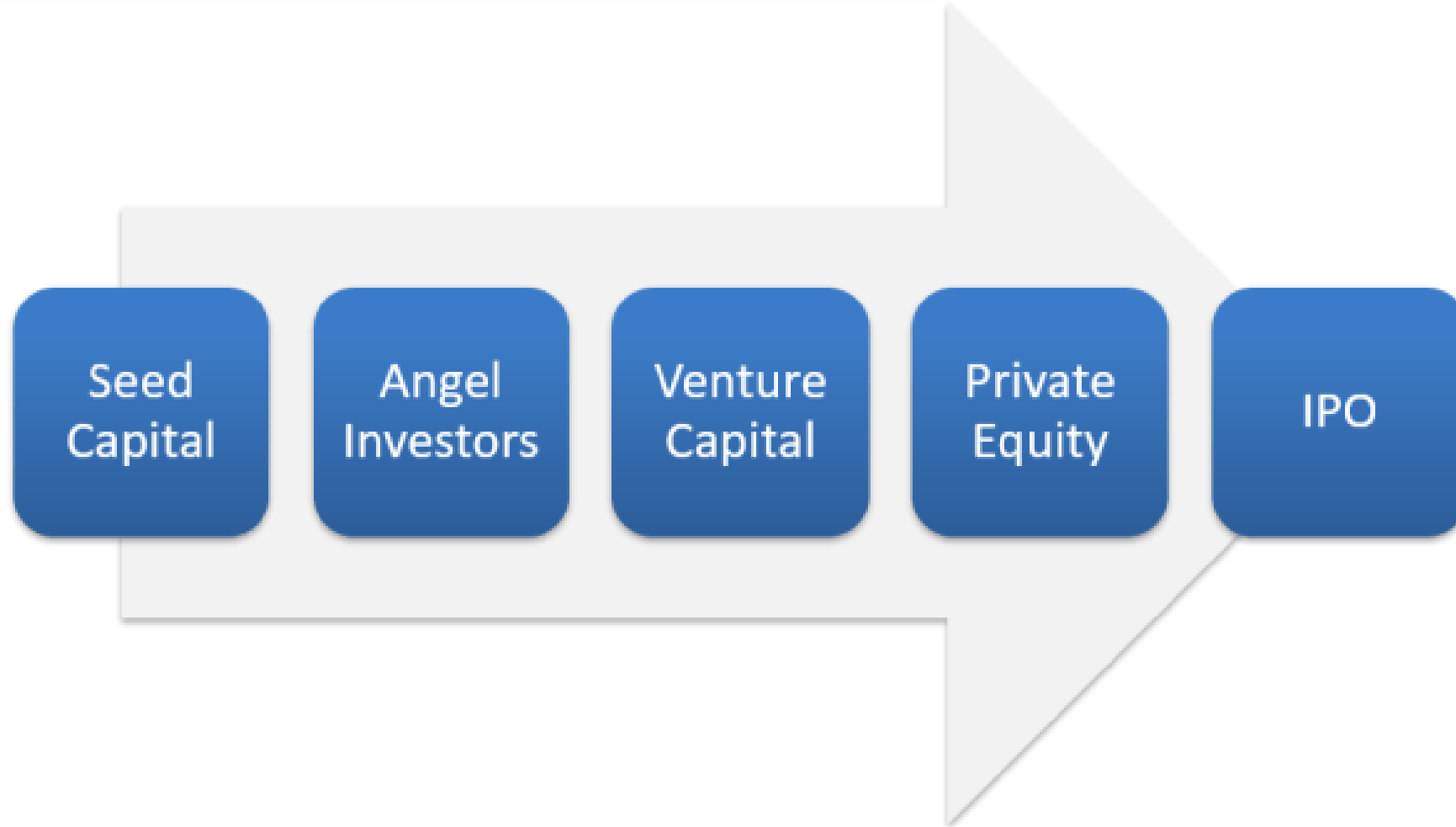
Higher Liquidity

INVESTING IN LISTED COMPANIES THROUGH MUTUAL FUNDS





PRIVATE EQUITY FINANCING
STAGES



- **Meaning:** In Angel Investment, Individual investor invest in pre revenue business.
- **Risk level:** This investment is highly risky since revenue stream is not certain.
- **Investment size:** Investment size is limited to few million.
- **Type of investment:** Type of investment is through equity and/or safe (simple agreement for future equity) wherein the invested business gives the angel investor right to buy shares in future equity offerings.
- **Rate of return potential:** This investment has high return potential sometimes even 100 times the investment.

- **Meaning:** Investment is usually made in pre-profitability business by company which pools money from Individuals and Institutions.
- **Risk level:** This investment is comparatively less risky since revenue stream is proven and profitability of the invested company is not yet prominent.
- **Investment size:** Owing to pooling of funds, investment size can range from few million to tens of million since amount of funds at disposal with venture capitalist is much higher.
- **Type of investment:** Type of investment is through equity and/or convertible debt.
- **Rate of return potential:** Venture capital involves more calculated risks where later-stage investment returns could be much lower than Angel investment

THE DIFFERENCE BETWEEN

ANGEL INVESTORS

- An Individual
- Under \$1 Million Investment
- Usually Has Other Full-time Job
- Usually Isn't Involved With Your Company
- May Not Ask For Board Seat
- Wants Bring Product to Market
- Invests in the Long-Term



VS



VENTURE CAPITALISTS

- A Company -
- Over \$1 Million Investment -
- Investment As Full-time Job -
- Wants a Board Seat -
- May Want Involvement with Company -
- Wants To Scale Existing Offering -
- Wants Large Return on Investment -
- Help You Go Public -

According to a recent report by the Indian Private Equity and Venture Capital Association (IVCA), start-up investments by super angels and angel networks rose 24 percent to hit a new record of 341 in 2020 from 275 a year earlier



Start Early

EARLY
POWER OF SIPS

SIP is a process oriented approach where a fixed amount is invested irrespective of the market levels.

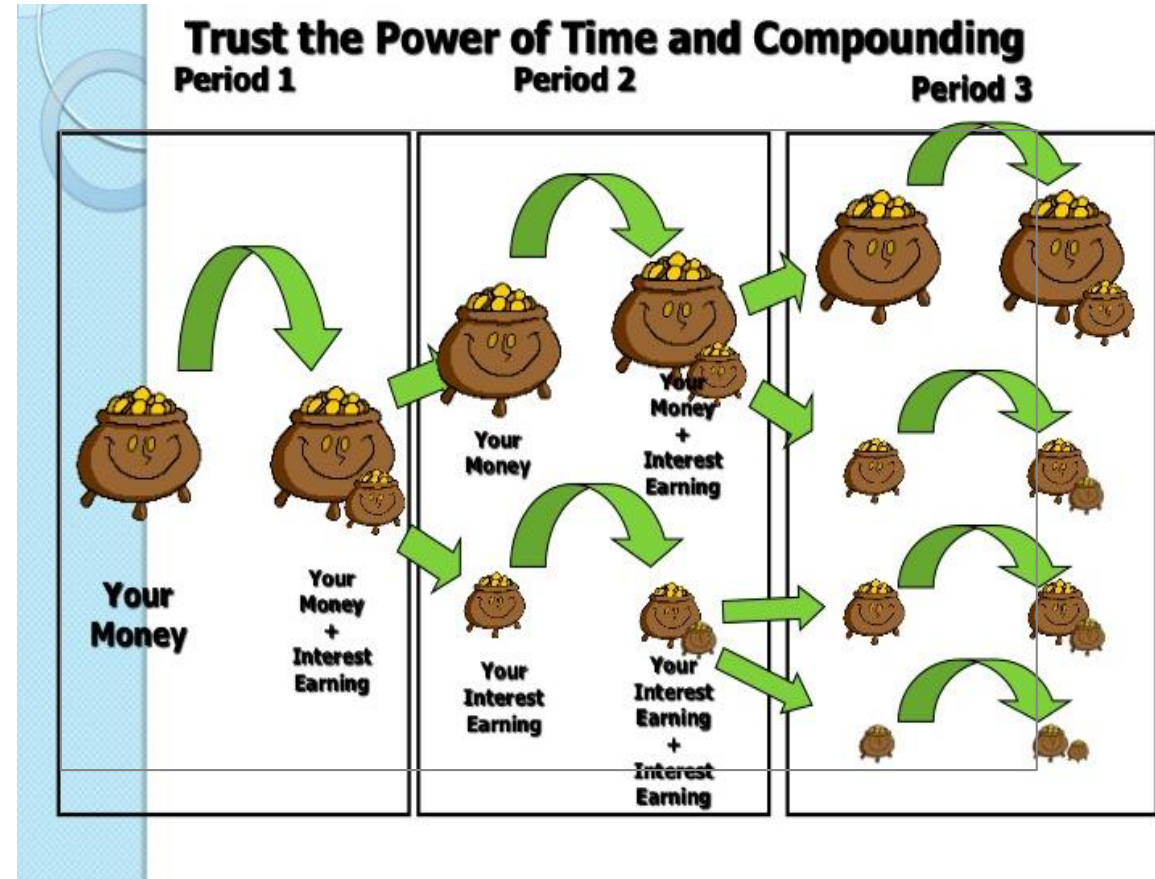
SIP enables wealth creation due to power of compounding and rupee cost averaging

POWER OF COMPOUNDING

THE RULE OF 72

$$\text{Doubling Time} = \frac{72}{\text{Interest Rate}}$$

Behold the Power of Compound Interest



“Compounding is the eighth wonder of the world.” –

EARLY
THE MORE THE DELAY, THE MORE THE NEED TO MAKE UP

Monthly saving for a corpus of Rs.1 crore at 60 years @ 12% p.a.

Investment begins at	Monthly saving required Rs.
25 years	1,555
30 years	2,861
35 years	5,322
40 years	10,109
45 years	20,107

For Illustrative purposes only

Every 5 year delay doubles the monthly saving needed to meet the corpus

- **Sales and business development:** Finance Sales means that your job is to sell a financial services company's products and services to private individuals or corporate client. Passion to communicate, network
- **Operations:** Administer and analyse client onboarding, dealing, settlements, accounting. Passion for crunching numbers, setting processes
- **Products and Marketing:** Product managers are in charge of developing strategy to sell a product, and outlining goals, identifying potential risks, challenges and opportunities. Passion for communication and creativity
- **Investor Relations Associate:** Investor Relations is responsible for ensuring the company is appropriately and strategically positioned with analysts, investors, and all stakeholders. Passion for communication and crunching numbers
- **Analyst:** An analyst is principally responsible for interpreting data, formulating reports and making recommendations based upon the research findings. An analyst graduates to a fund manager role who responsible for implementing a fund's investing strategy and managing its portfolio trading activities They manage analysts, conduct research, and make

Thank You
