

Wealth Insignia

MONTHLY FINANCIAL NEWSLETTER 'BY THE FAUJIS. FOR THE FAUJIS.'



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A 'Fauji' Investor Story

FINANCIAL MICRO BYTES

FROM TEAM HUM FAUJI INITIATIVES

The Illusion of Prosperity: Navigating Financial Realities

The illusion of prosperity is the perception that we are financially secure based on appearances, even though our financial reality may be different. We are here to shed light on this phenomenon, help you recognize its presence, and guide you toward making sound financial decisions.

1 Lifestyle Inflation: A Silent Deceiver -

Lifestyle inflation occurs when we increase our spending as our income grows. This can make us feel prosperous, but it also makes it difficult to accumulate wealth.

2 Debt: The Veil of False Abundance -

Debt (कर्ज) can create an illusion of abundance because it allows us to buy things we can't afford. However, debt is a liability, not an asset, and it can quickly spiral out of control.

3 Investments: Seeking Solid Ground -

Investments can also create an illusion of prosperity, especially in the short term. A soaring stock or cryptocurrency might give us a temporary sense of wealth. Diversification and a long-term perspective are essential to distinguish true investment growth from transitory gains.

4 Emergencies: The Reality Check -

Emergencies can also reveal our financial vulnerability. Medical bills, job loss, or other unforeseen circumstances can quickly deplete our savings.

5 Breaking the Illusion: A Prudent Path -

Breaking the illusion of prosperity starts with understanding our financial reality. We need to create a budget and track our spending. We should also avoid overextending ourselves on lifestyle upgrades or speculative investments.

6 Financial Literacy: Your Empowerment -

Educate yourself about personal finance. Financial literacy empowers you to see beyond the illusion, make informed decisions, and secure your future. Seek guidance from trusted sources and professionals when needed.



Finally, let's acknowledge the allure of the illusion of prosperity while embracing the wisdom to see beyond it. True financial wellness involves living within your means, prioritizing savings, and pursuing investments based on a clear understanding of risks and rewards.

MF Alam, Senior Financial Research Analyst - Team Hum Fauji Initiatives



Why You Should Not Hesitate to Pay Investment Experts

The illusion of prosperity is the perception that we are financially secure based on appearances, even though our financial reality may be different. We are here to shed light on this phenomenon, help you recognize its presence, and guide you toward making sound financial decisions.

Expert Knowledge and Experience:

Investment professionals have spent years studying financial markets, improving their abilities, and gaining essential expertise. Their knowledge enables them to assist you in making informed financial decisions, reducing the chance of costly and mostly irreversible mistakes.

Tailored Financial Plans:

Investment specialists can tailor financial strategies to your unique objectives, risk tolerance, and time horizon. They can also help you set reasonable goals and make necessary adjustments as your circumstances change.

Enhanced Decision-Making:

Investment specialists are more likely to make sound investment decisions on your behalf due to their extensive experience. Their ability to analyse data, trends, and market dynamics can result in higher profits and improved asset protection.

The decision to hire an investment expert is a strategic move towards financial success, leveraging their knowledge, experience, and personalized guidance to navigate complexities, save time, and position for best returns while managing risk.

Risk Mitigation:

Professionals understand how to successfully diversify a portfolio by spreading risk across multiple asset classes. They can implement procedures to reduce losses during market downturns, thus protecting your investments.

Access to Opportunities:

Investment experts often have access to exclusive investment opportunities and networks, which can offer you potential advantages in the market.

Regulatory Compliances:

They stay up to date on ever-changing regulations in order to keep your investments compliant and secure.

Continuous Monitoring:

Most importantly, Investment experts monitor your portfolio closely and make proactive changes to respond to changing market conditions.

Avinash Kumar, Financial Research Executive - Team Hum Fauji Initiatives



Impact of the New RBI Rules on Floating Rate Loans for Home Loan Borrowers

The Reserve Bank of India (RBI) recently introduced new rules that have significant implications for home loan borrowers with floating interest rates. Let's explore how these changes will impact you as a home loan borrower.

Options for Borrowers

Now, the borrowers can choose to switch their floating-rate loans to fixed-rate loans and they can opt for foreclosure of loans if they find themselves in a position to pay off the loan before the original tenor.

Transparency in Communication

One of the central themes of the new RBI rules is effective communication. This includes educating borrowers about the risks and benefits of switching to fixed-rate loans or foreclosing their loans. Banks need to have a board-approved policy for such instances, which may also indicate the number of times a borrower may switch the interest rate mechanism during the tenure of the loan.

Transparent Disclosure of Charges

To prevent any surprises, the new rules mandate that lenders disclose all charges incidental to the exercise of these options. So, the borrowers will have a clear understanding of any fees associated with switching to fixed-rate loans or foreclosing their loans.

The new RBI rules aim to create a more borrower-friendly environment, empowering individuals to make sound financial decisions regarding their home loans. It's crucial to stay informed about these changes, understand your loan terms, and plan your finances accordingly to make the most of these regulations.

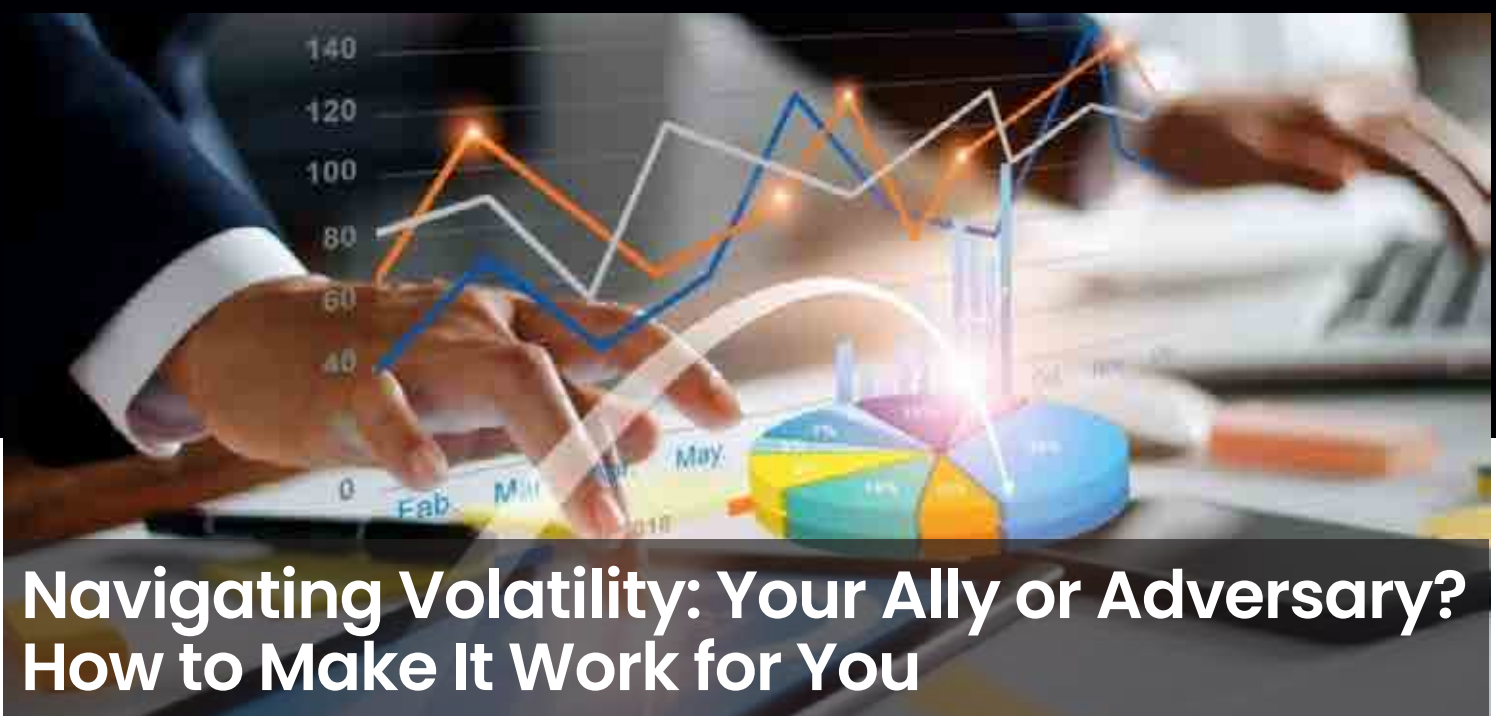
Remember, consulting with your bank or a financial advisor can provide you with personalized insights into how these changes specifically affect your home loan.

Existing Borrowers

If you already have a floating rate home loan, these rules still apply to you. Banks are obligated to communicate any changes in interest rates to existing borrowers. It's essential to stay informed about these changes and how they affect your loan.



Vishakha, Financial Planner - Team Arjun



Navigating Volatility: Your Ally or Adversary? How to Make It Work for You

Volatility

- **Capitalizing on Market Swings:** Picture this – when the market's mood swings wildly, prices bob up and down like a seesaw. But within these fluctuations lie golden opportunities to make strategic purchases.
- **Riding the Rupee-Cost Averaging Wave:** Imagine yourself investing a fixed sum at regular intervals, regardless of the current price. This smart move, known as rupee-cost averaging, can steady your investment ship, helping you sail through stormy markets.
- **Tempering the Temptation to Flee:** Amidst the turbulence, a calm mind prevails. It's tempting to hastily part ways with your investments when the market trembles, but remember, sticking to your game plan is the path to steadiness.

Of course, volatility can also play the adversary. Without proper preparation, it might nudge you into impulsive decisions that jeopardize your long-term financial voyage. To convert it into your ally, follow these navigational tips:

- **Seeing Beyond Short-Term Fluctuations:** Our Indian economy, much like a steady ship, sails towards growth in the long run. If your financial goals are distant shores like retirement, don't let passing waves divert your course.
- **Crafting a Tapestry of Investments:** Imagine your investments as threads in a rich tapestry. Diversity is the key – if one thread frays, others remain strong, cushioning you against potential losses.
- **Mastering the Art of Patience:** Amidst market tremors, remain anchored. Panic selling may seem like a quick escape, but it often leads to regret. Stay resolute, and your investment ship shall weather the gale.

By embracing volatility, you're steering toward a sunlit horizon of financial success. It might be a wild ride, but remember, every twist and turn can be harnessed to your advantage. So, let's embark on this journey with confidence and skill.

Abhilash S Rana, Financial Planner - Team HNI Hum Fauji Initiatives



Present a United Family Front on Finances

Marriage is a partnership, and that includes a financial partnership. When you get married, you're not just merging your lives together, you're also merging your finances. That can be a challenge, especially if you and your spouse have different financial habits or goals. But it is important, and always better, to make joint financial decisions if you want to build a strong financial future together.

Here are some rules to make Joint Financial Decisions That Work for Everyone

1 Set financial goals together -

What do you want to achieve financially as a couple? Do you want to buy a house, save for retirement, or send your kids to college? Once you know your goals, you can start to make joint decisions about how to reach them.

2 Communicate openly and honestly about your finances -

This means sharing your income, expenses, and financial goals with each other. It's also important, to be honest about your spending habits and financial history.

3 Make decisions together -

You shouldn't just assume that one partner will take care of the finances. Both of you should be involved in making financial decisions, even if one partner is more financially savvy than the other.

4 Be flexible -

Things don't always go according to plan; so be prepared to adjust your financial goals and decisions as needed. The important thing is to be on the same page and work together towards your financial future.

Additional Tips for Making Joint Financial Decisions

Review your financial plan regularly. Your financial goals and needs may change over time, so it's important to review your plan regularly and make adjustments as needed.

Get professional help from a financial advisor. A financial advisor can help you create a budget, set financial goals, and make prudent investment decisions.

Making joint financial decisions can be challenging, but it's important to remember that you're in this together. So choose your path wisely together.



Gautam Arora, Financial Planner -Team Sukhoi

Don't look for the needle in the haystack. Just buy the haystack



The saying, "Don't look for the needle in the haystack. Just buy the haystack", encapsulates a pragmatic approach to investment and decision-making. The analogy suggests that instead of expending considerable effort searching for a single valuable item (the needle) within a vast field of options (the haystack), one should consider investing in the entire field itself. This concept has relevance not only in the world of finance but also in broader aspects of life.

In the context of investing, the phrase advocates a diversified portfolio. Rather than fixating on individual stocks or assets with uncertain outcomes, the strategy advises spreading investments across a variety of options to minimize risk. This approach aligns with the principle of not putting all eggs in one basket. By 'buying the haystack', investors can benefit from the potential growth of multiple assets while safeguarding against the failure of any single one.



This philosophy can extend beyond finance. In decision-making, it encourages a broader perspective. Instead of obsessing over minute details or overthinking a single choice, embracing the larger context can lead to better outcomes. By considering the entirety of circumstances, one can make informed choices that align with long-term goals rather than getting caught up in short-term concerns.

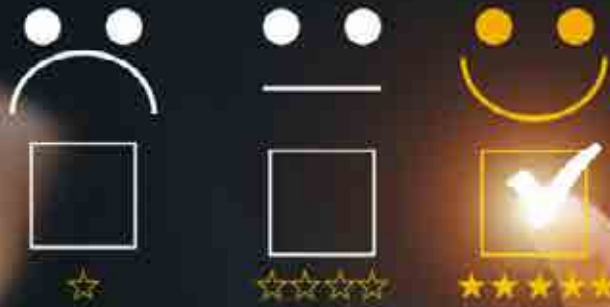
However, it's essential to note that the 'buy the haystack' approach isn't universally applicable. While diversification can reduce risk, it may also limit potential gains.

In conclusion, it emphasizes the advantages of a balanced, holistic perspective. It encourages diversification in investment and a broader consideration of options in decision-making. While not an absolute rule, the concept underscores the importance of striking a balance between focused efforts and broad exploration for achieving success and minimizing risks in various aspects of life.

Ankit Kumar Singh, Associate Financial Planner -Team Sukhoi

What did our clients ask us

last
month
?



My son is a seafarer, a merchant navy officer, and is thus not a resident in any country. Should he file his ITR in India?

Income tax rules for Indian seafarers depend on their residential status, which is determined by their period of stay in and outside India.

If the crew member of a ship works outside India for 183 days or more during a financial year as per his/ her CDS (Continuous Discharge Certificate) or passport, his/ her residential status changes to a Non-Resident Seafarer. Overseas salary of a non-resident seafarer/ Merchant Navy staff shall not then be taxed in India.

Calculation of Period outside India:

Stamping dates in the passport is the basic criteria for calculation of the period outside India. Generally, passport dates are used when you join and sign off from a ship outside India. However, the dates of the CDC are the conclusive evidence at the time of scrutiny that you are outside India for the purpose of employment.

New resident provision from FY 2020-21:

As per the new Section 6(1A), applicable from the financial year 2020-21, an NRI (including seafarers) can be categorized as a resident in India if his/ her stay in India exceeds 119 days and the taxable income in India exceeds Rs. 15 lakhs during a financial year.

However, visiting NRIs, including Indian seafarers, whose taxable income in India is up to 15 lakhs during the financial year will continue to remain NRI retrospectively if their stay in India doesn't exceed 181 days.

Seafarers and merchant navy are not obligated to pay taxes or file Income Tax Returns (ITR) in any country worldwide. However, it is highly recommended and advantageous for seafarers to file an ITR in India, even though it is not mandatory according to the Income Tax Rules in India. By filing an ITR, seafarers can obtain several benefits, such as using it as a crucial document for purposes like loan applications and visa applications.

Associate Manager - Team Prithvi

Why do you not change my portfolio frequently as the markets change and adjust my portfolio to keep only the best-performing funds all the time?

Our Response:

While the allure of chasing short-term gains is strong, it's crucial to recognize the broader impact of such actions on your portfolio's overall health and financial aspirations. The frequent pursuit of the highest performing funds leads to 'churning' which may not really be good for your portfolio and it can actually run counter to what most investors perceive or believe. This tactic often results in increased transaction costs, taxes, and potential losses due to market volatility where your perception of the right time runs counter to what the markets would think and behave!

It is common for people to gather information from various sources like newspapers, TV, and websites, and then jump on the trend of the moment. But, after some time, most investors find that these investments did not meet their expectations and end up reorganizing their portfolio again. And this cycle continues ad infinitum. The repetition of this pattern is due to 'recency bias' – placing undue emphasis on recent events and assuming they'll persist forever.

We advocate for a steady and strategic investment approach that's aligned with your unique financial objectives and risk aptitude which is something that has stood the test of time. Here's why this method tends to be more advantageous in the long term.



Time in the Market:

Perfectly timing the market is an elusive feat – it's never been reliably achieved. Most of the investors who try to pursue this strategy ultimately discover that they have consistently got sub-optimal returns compared to even doing nothing! There have been thousands of studies and articles on this human tendency and almost each one of those endorses that 'time in the market is more important than timing the market'. Staying invested over the long haul lets you harness the magic of compounding, enabling your investments to grow exponentially over time.



Winners rotate all the time:

The market has thousands of funds and the winners rotate all the time. Yesterday's top-rankers could be languishing today and new leaders emerge from nowhere. This may be just due to a fund manager picking up one or few stocks that have suddenly done well, or a fund manager changing some part of his/her portfolio which could lead to some temporary under-performance of the fund, or any such fleeting reasons. The winning strategy here is to identify good and consistent fund managers and a fund that aligns with your risk profile and future goals.



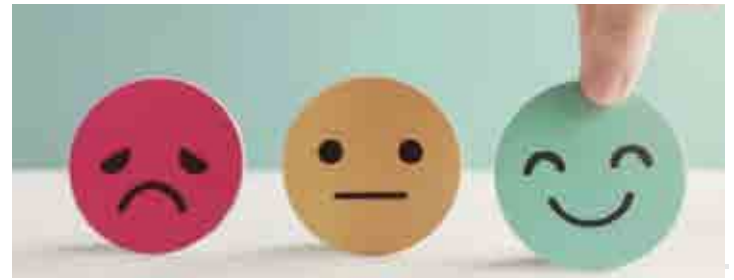
Cost Efficiency:

Frequent buying and selling of funds can rack up higher transaction expenses such as exit loads and taxes. A consistent investment strategy reduces these costs, enhancing your overall returns.



Emotionally Sound Choices:

Chasing after high-performing funds can be emotionally charged and might lead to impulsive decisions. A well-structured investment plan keeps you focused on your goals and prevents rushed choices driven by market fluctuations.



Comprehensive Perspective:

Instead of fixating solely on performance, a comprehensive investment strategy factors in your risk tolerance, financial goals, time horizon, and overall financial situation.

While periodic reassessment of your investment strategy is certainly wise, it's crucial to do so with a long-term outlook in mind. This way, your investment journey remains steadfast on the path to your financial aspirations.



Contributed by Team Vikrant, Hum Fauji Initiatives

SNEAK PEAK INTO HUM FAUJI INITIATIVES

At HFI, we foster a culture of appreciation and unity. Every month, we come together to celebrate the birthdays of our valued colleagues. These monthly gatherings are more than just cake and balloons; they are a testament to the bonds we share and the importance we place on recognizing the individual contributions of each team member. It's our way of ensuring everyone feels valued and appreciated in our close-knit workplace.



HUM FAUJI INITIATIVES

MEDIA FEATURES



SGBs are suited for long-term investors who are looking for a safe haven asset and are willing to hold on to their investment for at least 5 years.



The Government of India has launched the Sovereign Gold Bond (SGB) Scheme 2023-24 Series II, which commences today and remains open for subscription until September 15. This scheme presents a secure alternative to owning physical gold and an opportunity for additional income. If you're wondering where to invest here are a few frequently asked questions (FAQs) answered by Col. Sanjeev Govila (Retd), a Sebi-Registered Investment Advisor (RIA), and CEO, Hum Fauji Initiatives, a financial planning firm.



Who should invest in SGB?

SGBs are suited for long-term investors who are looking for a safe haven asset and are willing to hold on to their investment for at least 5 years, preferably full 8 years to get the tax advantage of Zero capital gains tax on gains made.

How much of the investment portfolio should be invested in gold, and how much out of that in SGBs?

I recommend investing at least 5–10 per cent of one's portfolio in gold. However, if you're considering investing in SGBs, you should be comfortable being invested for the long term, preferably all of the maturity period of 8 years, to use the best benefits of SGBs.

In the current market scenario when the equity market is all-time high, there is high inflation and global uncertainty, does it make more sense to invest in SGB?

It completely depends on individual investment goals and risk appetite. SGBs are a good option for investors who want to invest in safe asset, wants to hedge and diversify their portfolio when equity market is at all-time high, there is high inflation and global uncertainty. Read More...

<https://shorturl.at/FGJZ9>



How has gold performed and what is the outlook?

Historically, gold has been an excellent hedge against inflation and other economic concerns. Gold prices have been fluctuating in recent years but they have generally trended upwards. The outlook for gold in the future is uncertain, but many experts believe that gold will continue to be a valuable asset.



What are the pros and cons of SGBs?

Like any investment, there are pros and cons to investing in SGBs.



Pros:

- **Safe-haven asset:** Gold is considered a safe-haven asset and it is issued by the RBI on the behalf of GOI.
- **No storage or security concerns:** SGBs are held in dematerialized form, which means there are no storage or security concerns.
- **Interest rate & Maturity Benefit:** An investor will get 2.5% interest per annum payable semi-annually and maturity is linked with market price of Gold.
- **Tax benefits:** SGBs offer tax benefits, including exemption from capital gains tax if held until maturity.

Cons:

- **No guaranteed returns:** The returns on SGBs are not guaranteed, and they depend on the prevailing market price of gold at the time of sale.
- **Lock-in period of 5 years:** There is a lock-in period of 5 years, so you cannot exit your investment before then. It is 8 years if want the capital gains tax benefit.



When can you exit?

You can exit after a minimum of 5 years. However, it is tradable on stock exchanges, if held in demat form, and can be traded if enough volume for the tranche exists.



What price do you get if you exit SGB via stock exchange?

The price that you get when you exit your SGBs via the stock exchange will depend on the prevailing market price of gold at that instance and may be influenced by the trading pattern at that time.

A 'FAUJI' INVESTOR STORY

Enhancing Financial Well-being through Holistic investment planning



Mrs Rina Dhawan, along with her son Mr. Shравan Dhawan, sought professional assistance in managing their substantial financial resources. Following the demise of Col Sanjay Dhawan, they were in possession of a significant corpus, insurance benefits, and other financial assets. The family's objective was to optimise their investments, ensure prudent investment planning, and generate wealth through informed decisions.

The Dhawan family learned about Hum Fauji Initiatives (HFI) through a trusted reference, Brig GS Sabherwal, who had enjoyed a long positive experience with us. This personal endorsement led them to explore HFI's financial advisory and wealth management services as a solution to their financial needs.

■ Engagement with HFI:

Upon visiting the HFI office, the Dhawans were introduced to Col Sanjeev Govila, CEO of Hum Fauji Initiatives. Col Govila's deep insights and adept communication skills helped bridge the gap between Mr Shравan Dhawan's existing knowledge and investment concepts' complexity. The onboarding process, including making a life-time financial plan for the family, explaining that to the family and handling their queries, setting up investment accounts and initiating investments, was executed seamlessly by the HFI team. This ensured a smooth transition from planning to their investment journey.



■ Impact of HFI:

With HFI's guidance, the Dhawan family was empowered to allocate resources strategically. Investments made in alignment with their future financial goals and as per their risk comfort has yielded promising returns over the past one year. The family now enjoys financial security and continued portfolio growth with abundance and financial freedom as the ultimate goal.



■ Post Sign-Up Client Services:

HFI's commitment to maintaining an open channel of communication through regular emailers, community groups and online Investor Awareness Programs (IAPs) backed with personal interactions plays a crucial role in nurturing a strong client-advisor relationship.



■ Community Involvement:

The Dhawans appreciated Col Govila's contributions to online platforms, providing valuable insights into investment strategies and market trends that made it all the more easy to understand trends and clarify concerns around them.



■ Personalised Attention:

The proactive engagement with the HFI team demonstrated their genuine care for the Dhawans' financial well-being. The team's readiness to accommodate requests and stay updated on changing requirements strengthened their trust in 'Brand HFI' as a trustworthy and professional organisation catering exclusively and wholesomely to the armed forces community.



■ Conclusion:

HFI's commitment to maintaining an open channel of communication through regular emailers, community groups and online Investor Awareness Programs (IAPs) backed with personal interactions plays a crucial role in nurturing a strong client-advisor relationship.





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Wealth Creation | Tax Planning | Mutual Funds and much more...



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