HUM FAUJI
OUR VALUES. YOUR TRUST.
By the Faujis. For the Faujis.

Hum Fauji Initiatives
February 2024

WEALTH INSIGNIA

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

Financial Micro Bytes

Top Clients Queries of the Month

Sneak Peak into HFI

HFI - Media Features

A 'Fauji' Investor Story

FINANCIAL MICRO BYTES FROM TEAM HUM FAUJI INITIATIVES

FACING AN UNEXPECTED EXPENSE?

Don't Raid Your Mutual Fund Investments!

Life throws curveballs, but that doesn't mean sacrificing your long-term financial goals or disrupting the wealth creation path. Introducing Loan Against Mutual Funds (LAMF), your financial superhero that grants liquidity without selling your investments.

Think of LAMF as a loan secured by your existing mutual funds. Pledge a portion of your holdings for just as long as you require and access instant cash, just like tapping a magic money tree without pruning a single branch (unit).

It's the perfect blend of financial flexibility and future growth. So, you get to keep your Mutual Funds and they keep earning while you get the cash that you require for your requirements. You return the loan in EMIs with the flexibility of bulk repayment as per the terms and conditions of the LAMF provider.

Here's why LAMF rocks:

STAY INVESTED, KEEP GROWING:

It can be done online in a matter of minutes, with some platforms offering almost instant approvals.

FLEXI CASH AT YOUR FINGERTIPS:

Here, you get a lower interest rate than credit card loans or personal loans. This is because LAMF are secured i.e. they are backed by collateral of your Mutual Funds.

COST EFFICIENT:

Unlike selling your mutual funds, LAMF lets you hold onto your investments and continue to generate returns as in the normal coursev

How LAMF works?

To avail loan against mutual funds, the investor can approach the financing institution or bank. Many finance companies also provide online applications that facilitate the entire process and give approval instantly. Lien marking of units is also done online through the mutual fund registrar's records.Lien on mutual funds lets a bank hold/sell your units as loan security. Repaying some loan releases a proportional amount of units from the lien. We also have a tie-up with a good trusted platform that offers a very quick LAMF at very reasonable rates.

LAMF is a powerful tool for unlocking liquidity without sacrificing your long-term investment goals. Use it wisely, understand the risks, and you'll have a financial superhero by your side.

Vishakha, Financial Planner
- Team Arjun Hum Fauji Initiatives

Beyond the Hype:

SAFEGUARD YOUR INVESTMENTS IN THE MIDST OF IPO MANIA

The recent surge of Initial Public Offerings (IPOs) has attracted many investors all over. While the allure of IPOs is undeniable, navigating this landscape with prudent judgment and a well-defined strategy is essential. As your trusted financial advisor, let's explore effective strategies to safeguard your investments amidst the fervour.

step 1

Thorough Due Diligence:

Before falling for the IPO-mania, embark on a journey of thorough due diligence. Scrutinize the fundamentals of the companies going public, evaluating their financial health, market positioning, and growth prospects. A solid understanding of the underlying businesses is essential for making informed investment decisions.

step 2

Define Risk Tolerance:

Understand your risk tolerance before diving into it. Not all IPOs guarantee immediate success, and prices can be subject to significant fluctuations. Define your risk tolerance and align your investments accordingly. This ensures that your financial decisions are in harmony with your comfort level and overall investment objectives.

step 3

Resist FOMO:

Fear of Missing Out (FOMO) can be a powerful force, especially during IPO mania. However, it's crucial to resist impulsive decisions driven by FOMO and instead focus on a disciplined investment approach. Opportunities will continue to emerge, and strategic, well-timed investments often yield more sustainable results.

step 4

Monitor and Adapt:

In the ever-changing landscape of financial markets, vigilance is the key. Regularly monitor your portfolio, keeping a keen eye on market trends and developments. Be prepared to adapt your strategy as needed, making informed adjustments based on changing market conditions.

Although the idea of quickly creating money through IPOs could seem like instant gratification, the truth is that very few of them provide significant profits. On the other hand, there is a far greater chance of suffering financial loss. By adopting the aforementioned strategies, you can effectively navigate the IPO landscape and make informed investment decisions that align with your financial goals and risk tolerance.

MF Alam, Sr Research Analyst

- Team Hum Fauji Initiatives

WHY FIXED DEPOSITS MAY NOT BE YOUR BEST BET AGAINST INFLATION?

Although the idea of quickly creating money through IPOs could seem like instant gratification, the truth is that very few of them provide significant profits. On the other hand, there is a far greater chance of suffering financial loss. By adopting the aforementioned strategies, you can effectively navigate the IPO landscape and make informed investment decisions that align with your financial goals and risk tolerance.

Do you really think that FDs are a good investment?

FD rates have increased in the last one year, but post-tax returns are still below the Inflation expectation of 5.4% for the year 2024. As depicted in the below table, FDs of prominent Indian banks have not delivered positive returns in comparison to inflation (taking a 30% tax bracket):-

FD's rate of India's Leading Banks					
Bank	HDFC Bank	ICICI Bank	SBI Bank	PNB Bank	Bank FD Average
6 months' FD Rate	4.50%	4.75%	5.25%	6	5.13
Post-Tax	3.14%	3.31%	3.66%	4.18%	3.57%
1 year's FD Rate	6.60%	6.70%	6.80%	6.75%	6.71%
Post-Tax	4.62%	4.69%	4.76%	4.73%	4.70%
2 year's FD Rate	7.00%	7.10%	7.00%	6.80%	6.98%
Post-Tax	4.95%	5.02%	4.95%	4.81%	4.93%
3 year's FD Rate	7.00%	7.00%	6.50%	7.00%	6.88%
Post-Tax	5.00%	5.00%	4.63%	5.00%	4.91%
5 year's FD Rate	7.00%	7.00%	6.50%	6.50%	6.75%
Post-Tax	5.09%	5.09%	4.72%	4.72%	4.90%

Source: fundsindia.com

Factors Affecting FD Investments

1

Liquidity risk:

FDs cannot be surrendered piecemeal. Eg, if you have a bank FD of Rs 5 Lakhs, you cannot take out Rs 1 Lakh from it. Either you prematurely encash it fully or look elsewhere for your requirements.

2

Inflation risk:

Banks will always short-change you there. The rate at which the cost of things that you buy increases will never be compensated by the interest rate being given by bank FDs ever unless you take a chance with one of those small and unknown banks.

3

Interest rate risk:

If interest rates rise, investors who are locked into a lower-rate FD will not be able to benefit from the higher rates unless they're ready to take the penalty of premature encashment.

4

Reinvestment risk:

When an FD matures, investors may not be able to reinvest the money at a favourable rate. Eg, the interest rates in the economy are headed down any time now and your future maturities of bank FDs will be at lower rates.

5

Taxation risk:

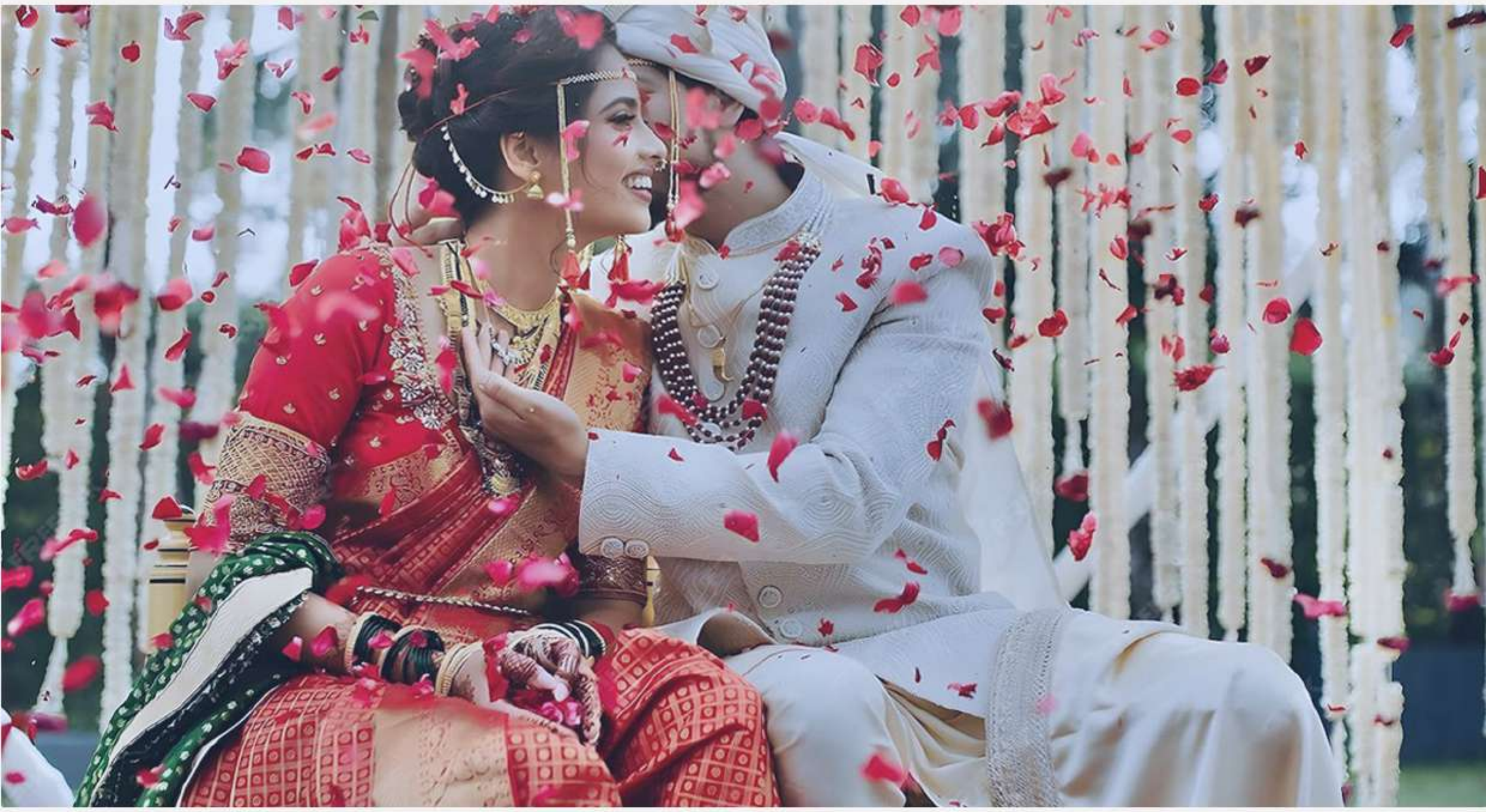
The interest earned on FDs is always fully taxable, which will reduce your overall returns.

Bank FDs lag inflation in post-tax returns, but ditching them entirely might not be the best move. Consider boostined bonds. This balances safety with better returns. Do your research and consult a financial advisor for optimal decisions.

Avinash Kumar, Research Executive

- Team Hum Fauji Initiatives

LOVE, LAUGHTER, AND LAKHS: MANAGING WEDDING BUDGET

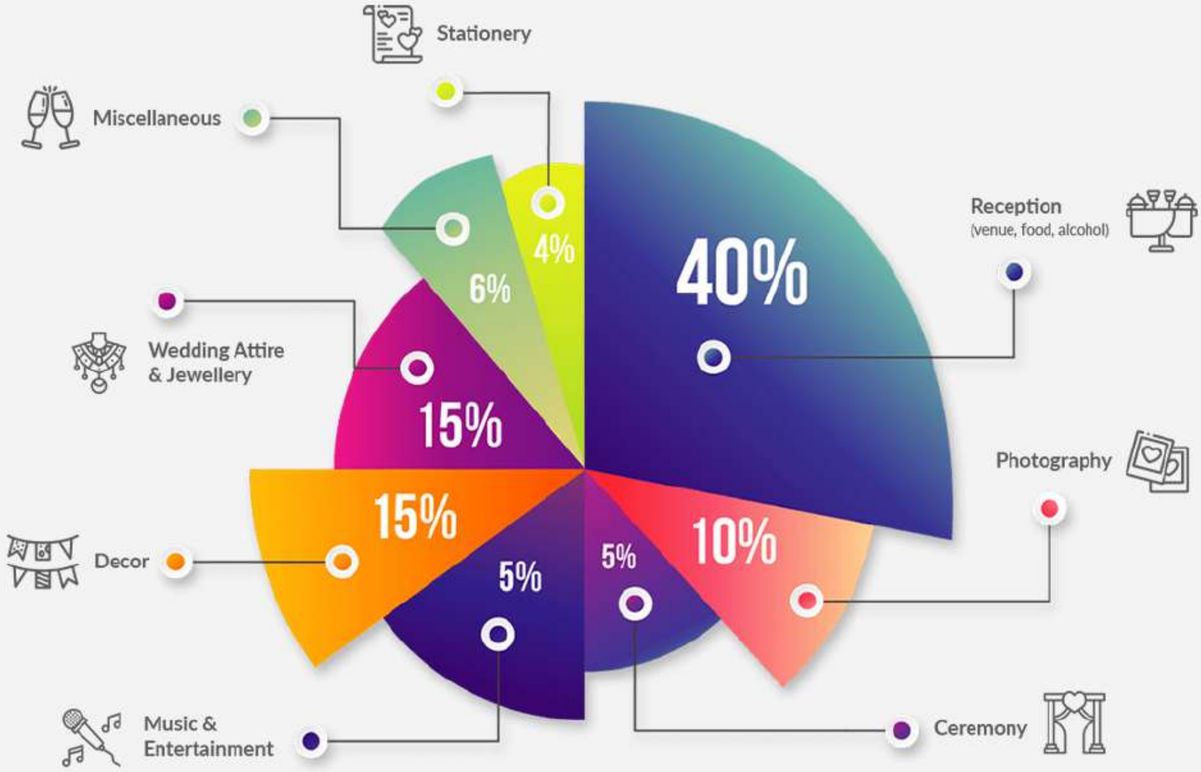


Indian weddings are serious affairs. They resemble a Bollywood extravaganza, complete with lavish dinners, dancing events, and an abundance of drama and there's a price to all of this fun, usually a high one.

But do not worry, we're here to guide you through the financial maze that is an Indian Wedding.

Face the Facts: First things first, let's talk numbers. According to a recent survey, the average Indian wedding costs a whopping Rs 25 lakhs! That's enough to buy a small apartment or fund a world tour. The 'big, fat Indian Wedding' can of course run into so many crores that a number of zeros may be difficult to count...

Now, take a deep breath and remember: it's just an average. Your wedding can be anything you want it to be, from a budget-friendly affair to a full-blown Maharaja-style extravaganza.



Negotiate Like a Pro: Remember, bargaining is an art form in India. Don't be afraid to haggle with vendors. From decorators to caterers, everyone 'expects' a bit of negotiation.

Embrace the Off-Season: Who says monsoon weddings can't be magical? How about a winter wonderland wedding? Opting for an off-season wedding can save you big bucks on venues, decorations, and even travel costs for out-of-town guests.

Embrace the Digital World: E-invites are eco-friendly and budget-friendly. They're also easier to track and manage than traditional paper invites. Plus, you can have fun with the design and add interactive elements like links to locations, posts, videos, etc.

Be aware of hidden costs: On your wedding day, unexpected expenses can completely throw you off. Very often, a wedding programme exceeds the scheduled time fixed with the venue. Inquire about the overtime rules before hiring the venue.

Remember, your wedding should be a celebration of your love, not a financial burden to be carried for a long time after it is over. With a little planning and creativity, you can have a beautiful and memorable wedding without breaking the bank.

So, go forth, lovebirds, and plan your dream wedding!

Avinash Kumar, Research Executive

- Team Hum Fauji Initiatives

FINANCIAL CHECK–UP:

MARK THESE CHECK POINTS BEFORE THE YEAR ENDS

As the curtain falls on 2023 and the stage is set for the grand welcome of 2024, let's take a moment to indulge in a bit of financial nostalgia. Our pockets may be lighter from festive expenditures, but fear not! It is a good time to reflect on your financial journey.

Check Point 1

Review your budgeting journal

Budgeting is key to managing your finances. Following the 50/30/20 budgeting method, allocate 50% to needs, 30% to wants, and 20% to savings and investments. This balance allows you to enjoy the present while securing the future.

Benjamin Franklin famously said, "Beware of little expenses – a small leak can sink a great ship."

Check Point 2

Building Emergency Fund

Emergency funds are the superhero cape your portfolio needs. When you're in financial trouble, 3-4 months' worth of expenses in the piggy bank (aka your emergency fund) can battle the unexpected financial villains.

Check Point 3

Insurance Planning

Ensure all family breadwinners have a life insurance shield, And don't forget to get adequate health insurance for your family's well-being. Keep your assets, like homes and cars, protected with insurance too!

Check Point 4

Tracking Financial Goal

Whether it's your child's education, retirement, or buying a house, calculate the required investment and start investing or mapping existing investments, preferably through a systematic investment plan (SIP).

Pro Tip: Add the flavor of top-up SIPs to your investments for the timely achievement of your financial goals.

Bonus Check Point: Succession Planning

As you twirl through investment portfolios, ensure your assets are left in capable hands with a Will. If you've got one, dust it off and make sure it's ready to include any new investments from the year.

As the year bows out, assess your financial performance and swap out the unnecessary ones and the underperformers. Set the stage for the New Year, the brand new 2024, with a roadmap of milestones for a smooth financial journey.

Hemant Bisht, Financial Planner
- Team Vikrant, Hum Fauji Initiatives

THE SCIENCE OF FOOD AND FINANCE

Welcome to the world of investing, where we'll spice up our financial strategy thali-style! Just like a perfectly curated thali brings together a variety of flavours, textures, and aromas, a balanced investment portfolio combines different assets to create a feast for your financial future. So, grab your metaphorical plate, and let's dive into the delicious world of diverse investments!

Rice: The Staple – Mutual Funds: Rice, the thali's basis, gives consistent energy, just like mutual funds are the backbone of your portfolio. They provide a portfolio of several equities or bonds, spreading your risk and lowering volatility. Consider it a delightful pulao – rice with a variety of veggies and nuts, each bite unique yet integral to the whole.

Dal: The Comfort – Bonds: Dal adds protein and balances the spicier elements. Similarly, bonds provide stability and income when markets get turbulent.

Sabzi: The Flavour – Equity: Ah, the sabzi! The show's star, bringing colour and excitement. Equity assets, like stocks, have significant growth potential and higher risk. Consider tandoori paneer – bold, flavourful, and potentially scorching, much like the stock market!

Chutney: The Tangy Twist – Insurance: An excellent chutney offers a zingy aspect that awakens your palette. Insurance serves a similar purpose, acting as a safety net against life's unforeseen twists and turns. Consider a spicy mint chutney: it's sharp, unexpected, and necessary to complete the dish.

Dessert: The Sweet Reward – Additional Investments: Sweeten your portfolio with dessert! Think gold, real estate – the fun stuff! These alternative picks add a touch of diversification and excitement to your financial journey.

Now, assemble your thali with care, ensuring a balance of flavours and textures. Just as you wouldn't load up on only spicy dishes or skip the dal entirely, diversify your investments wisely. This thali-style approach ensures that your financial taste buds are constantly stimulated, and you're prepared for whatever the market kitchen serves up.

So, dive into the world of investing with the gusto of enjoying a thali, savoring the variety and relishing the journey toward a well-nourished financial future. Bon appétit!

Abhinandan Singh, Associate Financial Planner
- Team Arjun, Hum Fauji Initiatives

TOP CLIENTS QUERIES OF THE MONTH

Question – How can my son manage his mutual fund investments in India while working abroad as an NRI for the next five to seven years?

Our Answer – It is a common misconception that Non-resident Indians (NRIs) are not allowed to invest in India. The reality is that they can easily invest just by following guidelines set by the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) under the Foreign Exchange Management Act (FEMA). Here are some important things to be aware of about your Indian investments and your finances in general when you become an NRI:-

1) Update your Residency Status in KYC Records.
2) Convert your Bank Account to NRE or NRO, as per your fund inflows and outflows.
3) Don't forget additional Compliances such as FATCA declaration form for US or Canada Residents.
4) Tax implications on NRIs' fund investments in India be well known to the investor.
5) India has a Double Taxation Avoidance Agreement (DTAA) with over 90 countries. You need to be clear of the tax implications of your Indian investment in both, India and your country of residence.

Please note, actively managing NRI investments requires planning, strategic choosing of accounts and investments, and regular monitoring. Consider seeking professional guidance for portfolio management and to ensure your son's financial goals are met even while abroad.

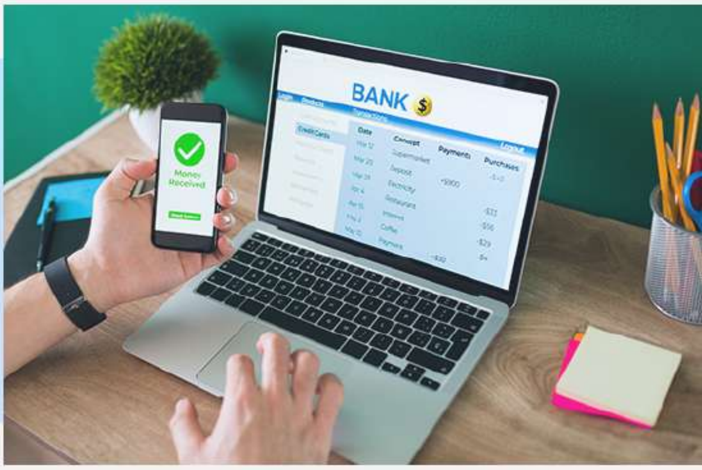
Associate Manager
-Team Vikrant, Hum Fauji Initiatives

What Did Our Clients Ask Us in the Past 7 Days?

Query from our Investors: Since markets are at all-time highs, should I withdraw all my investments and reinvest when markets come down?

Our Answer: The Stock Market is either moving up or moving down all the time and it is this volatility that helps us generate wealth through it at a faster rate than say, bank FDs and post office products. Trying to outrun (or is it hoodwink!!) it has never succeeded for anybody anywhere in the world except sometimes maybe as a stroke of luck.
Sample the data below of the positive and negative returns in the Indian Stock Markets over the past 43 years over 11,000 trading days:-

Daily:	**53% positive, 47% negative.**
Weekly:	**56% positive, 4% negative.**
Monthly:	**61% positive, 39% negative.**
Quarterly:	**64% positive, 36% negative.**
Yearly:	**72% positive, 28% negative.**
Over 3 years:	**89% positive, 11% negative.**
Over 5 years:	**96% positive, 4% negative.**
Over 10 years:	**100% positive, 0% negative.**



So, what is the sense that the above data gives? Buy right and sit tight!!

If one keeps on buying and selling, one is shooting in the dark – betting that markets will surely go down now, without having any real reason to believe so. Also, you every 'sell' generates a tax liability which you have to pay and maybe the exit load too – none of which is coming back to you once you have incurred it.

Who knows – markets may keep rising further and you will forever keep waiting for the 'right moment' to get in, after getting out.

All in all, there is no right time to enter the markets if you have a long-term horizon of more than 5-7 years. And if you are in the stock markets, whether through direct stocks or equity mutual funds, you should be there ONLY for the long term; short-term stock market investments are like Russian Roulette, dice might be heavily loaded against you.

So, timing the markets is no strategy at all. Staying in the markets is.
Buying stocks through Tips, or reacting to the fear/greed generation of WhatsApp forwards, is the right path toward wealth destruction! Avoid it like the plague.

Associate Manager
-Team HNI, Hum Fauji Initiatives

SNEAK PEAK INTO HUM FAUJI INITIATIVES

As January kicked off with renewed energy, our monthly office party went into full zeal mode! Teams engaged in lively activities, enjoyed a sumptuous luncheon because what's fun without food, won exciting gifts, and captured countless moments of laughter and posing. Get a sneak peek into the spirited celebration of our team's enthusiasm!!

HFI Media Section

How would you react if instead of the usual monthly Rs 2,000 SIP investment getting deducted from your bank account, the bank charges you Rs 2,360 as "NACH return charges". Such a charge can hurt small investors a lot. But when does such an event happen?

Uncover a notable shift in the banking landscape, where penalties have evolved from consequences to lucrative revenue streams. Our **CEO, Col Sanjeev Govila (retd)**, sheds light on this transformation in The Economic Times, emphasizing the ethical concerns surrounding the imposition of hefty penal charges for NACH/ECS/SI return on monthly investment mandates. This practice, especially affecting SIPs of retail investors, raises questions about its impact on those investing modest amounts for long-term financial goals. Explore his insights for a comprehensive understanding of this evolving financial scenario.

Read more at,

https://economictimes.indiatimes.com/wealth/invest/high-charges-on-nach-ecs-debit-bounce-even-17-return-on-mutual-fund-sip-may-not-be-enough-to-recover-penalties/articleshow/106984131.cms?from=mdr

PERSONALISED FINANCIAL SUCCESS: Col Vinod Bali's Journey with Hum Fauji Initiatives

In 2017, Col Vinod Bali signed up with Hum Fauji Initiatives to tackle financial worries and ensure a steady retirement. He learned about team Hum Fauji through positive recommendations from colleagues, and during his Senior Command Course, a lecture by Col Sanjeev Govila, C EO of the company, inspired him to seek guidance in organising his finances.

Engagement with Hum Fauji:

Col Vinod Bali's six-year journey with Hum Fauji Initiatives has been characterised by purpose and method. Seeking assistance in financial planning, the engagement involved a thorough analysis of existing assets, liabilities, commitments, and plans. Hum Fauji Initiatives prioritised the identification of goals and tailored an investment plan based on a Risk Assessment, creating a well-analysed financial path.

Impact Created by Hum Fauji:

Hum Fauji Initiatives has played a crucial role in enhancing Col Vinod Bali's financial well-being. The impact has been significant, as regular portfolio reviews ensured agile adjustments to maintain alignment with his intended financial goals. The collaborative approach of the proactive financial advisor team has instilled in him a profound sense of security and peace of mind.

The array of initiatives by Hum Fauji, which includes timely updates, the inventive 'Cocktail Samosas' offering diverse financial strategies, a user-friendly mobile app for easy account access and frequent guidance, has further contributed to an exceptionally positive and enriching experience for Col Vinod Bali.

In line with its commitment to client satisfaction and innovation of a very high order, Hum Fauji's initiatives encompass:

Regular Comprehensive Portfolio Reviews: Demonstrates the organisation's dedication to ongoing financial management, ensuring alignment with evolving goals and market conditions. There is a good amount of interaction that goes on all the time with the clients including when such a review is due. This ensures that client's current situation and requirements keep getting built-in into his/her portfolio and remains updated continuously.

Simplified IT Return Filing Initiative: Introduces a user-friendly approach to streamline the tax filing process for members.

HFI Meet & Greets: Facilitates physical meetings by the CEO and COO in various cities where majority of the clients are, fostering community and personal connections among members.

Holistic and Client-Centric Approach: Goes beyond conventional financial services, emphasising a comprehensive and innovative approach to cater to members' financial well-being.

Client-Centric Focus: Underscores Hum Fauji's dedication to providing personalised and purposeful solutions for its members.

Conclusion:

This case study underscores Hum Fauji's success in providing personalised and purposeful financial guidance. Their proactive initiatives demonstrate a genuine commitment to the well-being of individuals. Col Vinod Bali's journey highlights the tangible benefits of Hum Fauji's financial planning services, solidifying the organisation as a trusted partner for those seeking tailored financial solutions.

HFI and Forces Network are organizing an exclusive seminar to empower retired or soon-to-retire armed forces champions on their post-military journey.

Join us on February 18th, 2024, at the prestigious Hotel Pride Plaza, Aerocity, New Delhi, for a day of transformation and enlightenment.

Gain profound insights from distinguished industry leader Col Sanjeev Govila (retd) and esteemed Military to Civilian Transition expert Lt Col Iqbal Singh. This event is a unique opportunity to chart a new course for your future beyond service.

Don't miss out on this chance to redefine your path post-military service.

Register today: https://pmny.in/vI6lNtf9eCwz

Feb 18 | **09:00 AM**

By the Faujis. For the Faujis.

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+91-99990-53522
+91-99998-38923

contactus@humfauji.in

www.humfauji.in

Visit at : 1st & 2nd Floor, Bimla Plaza,
Sector-11, Dwarka,
New Delhi - 110075