Hum Fauji Initiatives

May 2024

WEALTH INSIGNIA

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

Financial Micro Bytes

Top Client Queries of the Month

SEBI's Regulatory Updates

Sneak Peak into HFI

HFI Media Features

Dear Friends,

As we navigate through the ongoing election season, it's essential to acknowledge the potential impact it may have on market dynamics. Historically, elections often introduce short-term uncertainty, leading to increased investor anxiety and market volatility. However, it's noteworthy that markets have tended to perform positively during such periods, both leading up to and following the event, on an average.

It's important to anticipate potential market reactions based on different election outcomes. A surge beyond expectations pre-election may lead to a corrective phase post-election. Conversely, cautious market behavior pre-election could result in a rapid increase in market activity following the announcement. However, we emphasize maintaining a consistent and non-aggressive investment approach as we witness what the tabloids call a 'dance of democracy'.

Additionally, I also want to express my gratitude to our valued patrons/clients who took time to interact and gave feedback, a special mention to those who dropped the Google Reviews for us.

Your trust in our guidance and your commitment to making informed decisions are deeply appreciated. Your feedback drives us to progress and provide you with the current insights and financial advice. I urge all our patrons to share your valuable feedback, enabling us to better serve you.

Thank you for choosing us as your prosperity managers and to partner in your investment endeavors.

Warm regards,
Col Sanjeev Govila (retd)

Voices of Trust: Where client satisfaction speaks volumes

Ajay Mehta

HFI teams have dynamic and brilliant members, ready to help and guide. The research work is also good and beneficial. Overall, very happy to be part of HFI.

Google Verified Reviews

Bipin Patel

Exceptional financial services delivered with personal touch. I am extremely satisfied and strongly recommend Hum Fauji for wealth generation.

Google Verified Reviews

https://g.page/r/CTsLMLU3t1MrEB0/review

THE ART OF DOING NOTHING

HOW NOT REACTING CAN BOOST YOUR WEALTH?

You're stuck in a traffic jam, everyone's honking, and you're constantly changing lanes hoping to get ahead. Sounds familiar, right? Well, believe it or not, this scenario mirrors how we sometimes approach investing – always moving, always doing something, but not always getting where we want to be.

Let's break it down. There's this concept called 'bias for action' in investing. It implies an investor always feeling the need to do something, anything, because Action is equated to Success. But here's the catch: sometimes, especially when markets are volatile, doing nothing is the best move. Yep, you heard that right – doing nothing can be a winning strategy too.

Now, let's talk more on this. Instead of constantly tinkering with your investments, sometimes it's best to just let them be and give them time to grow; something like planting seeds in a garden – you don't keep digging them up to check if they're growing, right? You give them time, water, and sunlight, and eventually, they flourish.

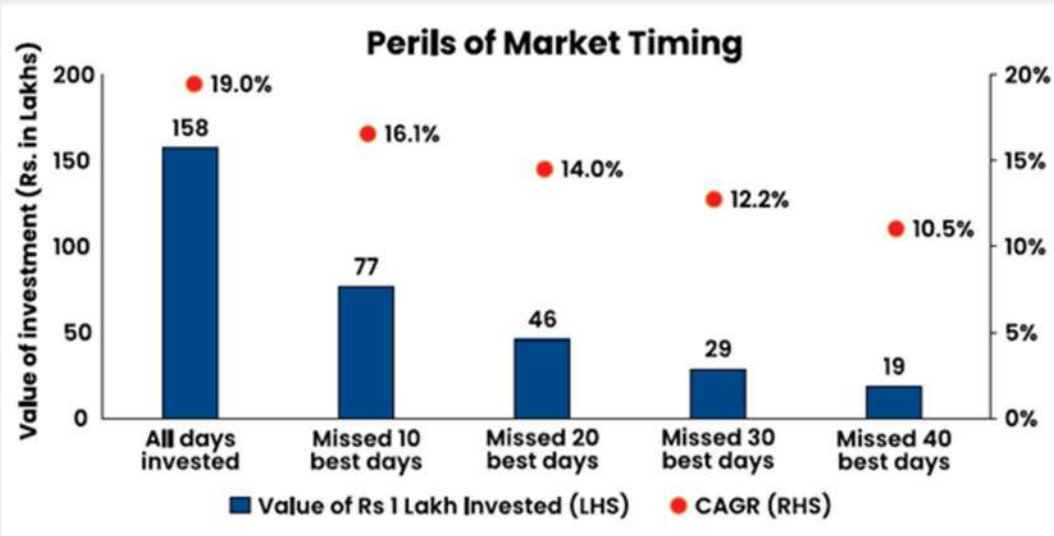
A study in 2007 on 286 football penalty kicks in top events showed the downside of action bias. It showed that penalty takers' kicks went 32% to the left, 38% to right, and 29% in the centre. Surprisingly, goalkeepers' dive direction is highly skewed towards left and right, while only 6% stayed in the centre - possible reason is 'Action Bias'. In fact, the study suggests that staying in the centre more often could have lead to better outcomes for the goalkeepers. This example demonstrates the power of stillness as a strategic approach.

Split of 286 penalty kicks and dives

	Left	Center	Right
Kick	92 (32%)	82 (29%)	112 (39%)
Drive	141 (49%)	18 (6%)	127 (45%)

Source: Action Bias among Elite Soccer Goalkeepers: The Case of Penalty Kicks, Michael Bar-Eli and Ilana Ritov (2007)

In investing, the potency of stillness lies in granting investments time to mature, rather than constantly tinkering with them. This historical approach has consistently yielded superior long-term returns. While action is often lauded, the power of stillness can be equally formidable.

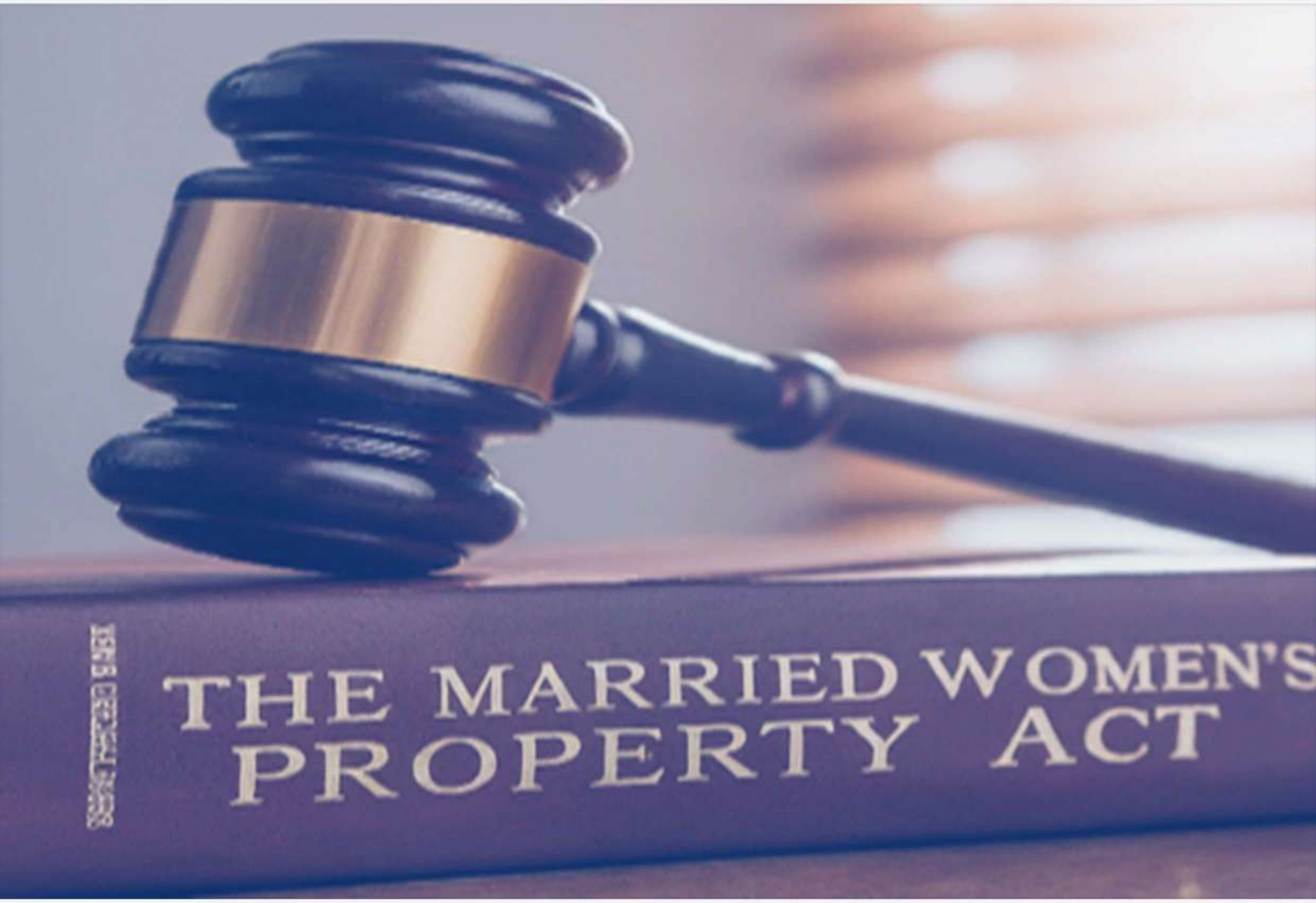


So, next time you feel the urge to make a move with your investments, take a moment to pause and consider the power of stillness. Remember, sometimes the best action is NO ACTION AT ALL.

Or better still, contact a trusted and unbiased financial advisor like us.

*(Contributed by **Ujjwal Dubey**, Financial Planner, Team Prithvi, Hum Fauji Initiatives)*

HOW MARRIED WOMEN PROPERTY (MWP) ACT PROTECTS THE RIGHTS OF WOMEN?



As the head of the household, you naturally want the best for your wife and children, whether it's providing love, care, or financial security. When you buy life insurance, it's to ensure they're taken care of, if something happens to you.

However, if you have outstanding loans and you pass away before settling them, your life insurance money payable to your family may be used to pay them off, even against your wishes. However, Married Women's Property (MWP) Act can protect your family's financial future even in such circumstances.

Here's why buying insurance under the MWP Act can be a smart move:

- **Protecting Your Assets:** The MWP Act shields assets from potential legal threats and creditors by allocating insurance benefits exclusively to named beneficiaries. This ensures financial security for the insured and their family members, particularly in the absence of the husband.

- **Avoiding Family Disputes:** Insurance policies under the MWP Act provide a clear title to the beneficiary, typically the wife and children, which helps in resolving any family disputes over inheritance or the deceased husband's estate. These policies operate as a separate trust and cannot be included in the policyholder's will or claimed by anyone other than the designated beneficiary, even if they are legal heirs or there's a dispute.

- **Empowering Women:** By allowing married women's control over insurance benefits, the MWP Act promotes their financial independence. This empowers them to manage policy proceeds directly, without dependence on their husband or others.

- **Estate planning:** The MWP Act facilitates the active participation of women in estate planning, enabling them to secure assets for their future and that of their children. This contributes to long-term financial stability within the family.

How to buy term insurance under the MWP Act?

When filling out insurance forms, choose 'Yes' for purchasing term insurance under the MWP Act. Do note that an insurance policy under the MWP Act only allows your wife and any children to be your nominees.

The Married Women's Property Act is a wise option for safeguarding family finances with insurance, particularly beneficial for married individuals concerned about their spouse and children in unforeseen circumstances.

*(Contributed by **Yogesh Gola**, Relationship Manager, Advisory Desk, Hum Fauji Initiatives)*

ESG INVESTING

OPPORTUNITIES IN SUSTAINABLE MUTUAL FUNDS

In recent years, a notable shift has occurred in the investment landscape, with more investors prioritizing Environmental, Social, and Governance (ESG) factors when making investment decisions. This trend has driven the rise of sustainable and ESG investing within mutual funds too, offering investors the opportunity to align their financial goals with their values. Let's delve into this trend, exploring what ESG investing involves, why it matters, and how we can evaluate ESG funds effectively.

Why ESG Investing Matters?

Think beyond just making money. ESG investing acknowledges how a company's actions impact the environment, society, and even its own governance. Imagine if your investments could not only bring you financial gains but also contribute to a better world.

By choosing companies that ace these areas, investors can create positive change while still aiming for those sweet financial returns. Generally, companies with strong ESG practices tend to be more resilient, innovative, and competitive – talk about a win-win!

How to Choose the Right ESG Funds?

When evaluating ESG funds, investors should consider several key criteria to assess the fund's alignment with their investment objectives and values:

ESG Integration: Make sure the fund walks the talk by fully integrating ESG factors into its investment process.

Portfolio Holdings: Review the fund's portfolio holdings to understand the types of companies and industries it invests in. Consider whether the portfolio aligns with the sustainability goals and risk tolerance.

Expense Ratio and Fees: Nobody likes surprises, especially when it comes to fees. Check that the fund's fees are fair and square compared to others out there.

The Future Looks Bright.

And here's the cherry on top – governments worldwide are pushing for greener economies and less climate risk. This means more opportunities for social causes and a cleaner, greener future for all. By investing in ESG funds, you're not just securing your financial future – you're shaping a better tomorrow!

So, next time you're thinking about where to put your money, consider ESG investing. It's not just about profits – it's about making a positive impact on the world.
And hey, who says responsible investing can't be exciting? 🌱📈

*(Contributed by **Neeraj Kumar**, Financial Planner, Team Arjun, Hum Fauji Initiatives)*

CRADLE TO COLLEGE

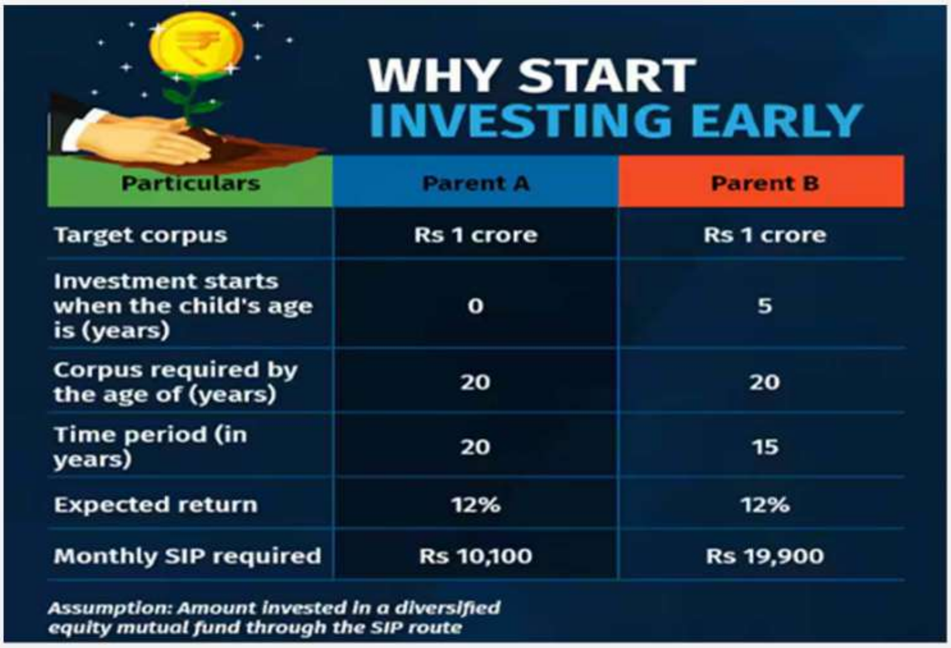
NAVIGATING HIGH EDUCATION COSTS THROUGH INVESTMENT

With education inflation averaging between 11-12% annually, higher education costs can double every 5 to 7 years. The gap between educational aspirations and financial realities is becoming increasingly challenging. Let's delve into key insights and strategies for effectively managing higher education finances.

Setting Clear Goals and Understanding the Total Cost: Consider whether you are aiming for a specific degree or field of study. Estimating the total cost of education requires considering more than just the tuition fees. Include accommodation, books, transportation, and living expenses in your budgeting process to avoid disappointment later.

Embracing Early Financial Planning: The adage ‘the early bird catches the worm’ holds true in educational finance. Start planning and saving as soon as possible to leverage the power of compounding.

Let's consider the example of two parents, A and B, who want to build a corpus of Rs. 1 crore for their child's higher education. ‘A’ begins saving before her child is born, while ‘B’ starts when her child is 5 years old. You can see the difference in the SIP amount required to build the same corpus in both scenarios.



WHY START INVESTING EARLY

Particulars	Parent A	Parent B
Target corpus	Rs 1 crore	Rs 1 crore
Investment starts when the child's age is (years)	0	5
Corpus required by the age of (years)	20	20
Time period (in years)	20	15
Expected return	12%	12%
Monthly SIP required	Rs 10,100	Rs 19,900

Assumption: Amount invested in a diversified equity mutual fund through the SIP route

Source: MoneyControl

Exploring Scholarship and Grant Opportunities: Research and apply relevant opportunities that align with your academic profile. For instance, working as an intern in your desired field can not only help cover expenses but also provide networking opportunities.

Leveraging Tax Benefits: Certain education loans and investment instruments offer tax advantages. Explore these options to optimize your savings and reduce your overall financial outlay.

Seeking Expert Financial Advice: Consulting with a reputed and professional financial advisors like Hum Fauji Initiatives can provide valuable insights and guidance. An advisor can help assess your financial situation, recommend suitable investment avenues, and fine-tune your financial plan for educational success.

Harnessing Part-Time Work Opportunities: While focusing on academics is paramount, engaging in part-time work during college can supplement your income and offset expenses.

Remember, education is an investment in yourself and your future. With thoughtful financial planning, you can turn your academic aspirations into a reality and embark on a rewarding path of growth and achievement.

*(Contributed by **Vishakha**, Relationship Manager, Team Arjun, Hum Fauji Initiatives)*

REPO RATE

THE HIDDEN DRIVER OF YOUR FINANCIAL DESTINY

"The RBI has decided to keep the repo rate unchanged at 6.5% in its April 2024 monetary policy."

-Headlines on 5th Apr 2024, 02:15 PM

To most people, this headline, in general, and the word 'Repo rate' in particular, are financial mumbo-jumbo which seem to have nothing to do with their lives! What if we told you that the so-called repo rate has a big mysterious influence on your money?

Let's see how?

In simple terms, Repo Rate is the interest rate at which the central bank (like Reserve Bank of India) lends money to banks for short periods. And how does it affect you?

1. **Borrowing Costs:** When the central bank reduces the repo rate, borrowing becomes cheaper for commercial banks. Consequently, these banks lower the interest rates on loans. This translates to potential savings for individuals seeking loans for various purposes such as purchasing a car or a home.

2. **Savings and Investments:** On the flip side, a lower repo rate leads to diminished returns on savings accounts and investments. Banks typically lower interest rates on savings products following a decrease in the repo rate, affecting the ability to grow savings or generate passive income through investments.

3. **Inflation and Purchasing Power:** The repo rate is integral to managing inflation. A lower repo rate can stimulate economic activity by encouraging borrowing and spending. However, it may also lead to higher inflation over time, impacting the purchasing power of money.

4. **Stock Market:** The repo rate indirectly influences the stock market. Lower interest rates can make equities more appealing to investors seeking higher returns compared to fixed-income investments. Consequently, stock prices may rise following a reduction in the repo rate, although this relationship is subject to various other factors.

In conclusion, while the repo rate may seem like a technical aspect of monetary policy, it has significant implications for your personal finances. Understanding its impact can be the key to steering your financial destiny towards stability and prosperity.

*(Contributed by **MF Alam,** Sr. Research Analyst, Hum Fauji Initiatives)*

BEYOND THE SMOKE AND MIRRORS

Recent Headlines:

'Epidemic' of online share trading frauds: In 2 months, 110 people in Pune lose Rs 18 crore
– The Indian Express, March 13, 2024.

T.N. Cyber Crime issues advisory on new investment scam
– The Hindu, February 17, 2024.

SEBI warns investors of fraud trading schemes offered by entities posing as FPIs
– MoneyControl, February 26, 2024

A headline about investment scams freezes you in your tracks. The paper crumples in your hand as your heart races. You quickly check your investments done from Telegram tips, praying for salvation. It's a stark reminder to stay vigilant in the digital age.

Crafty Tactics

These scams reel you in with promises of wealth, peddling fake businesses or elaborate trading schemes. Scamsters use the name of reputed firms or individuals to gain your trust.

The Importance of Authorized Advisors

This is where certified investment advisors like Hum Fauji Initiatives shine. Instead of falling for the false allure of self-proclaimed experts, trust those with genuine credentials. They have the knowledge and expertise to navigate the clean waters of safe investing.

Deceptive Tactics and Empty Promises

Operating on social media, scammers lure victims into groups, promising prosperity. They coerce transfers into fancy accounts for supposed stock purchases. But the dream turns into a nightmare as promised returns vanish, leaving victims unable to retrieve their money or sell stocks, sometimes resorting to threats.

Protective Measures and Staying Alert

To safeguard yourself, verify investment opportunities and seek advice from professionals like us. Be cautious on platforms like WhatsApp or Telegram, where scammers impersonate financial figures, enticing you with false profits.

In a world of digital traps, stay cautious, follow sound investment principles, and seek advice from authorized advisors to protect yourself from online fraudsters.

*(Contributed by **Avinash Kumar,** Research Analyst, Hum Fauji Initiatives)*

We're thrilled to announce that we've reached a significant milestone in April!
*Our Assets Under Management (AUM) have soared to an impressive **Rs 1,300 crore!***

TOP CLIENT QUERIES OF THE MONTH

Question – What are the tax implications of receiving gifts, particularly from relatives, unrelated persons, and during weddings?

Our Answer – Ah, the joy of receiving gifts! But be careful about the tax man who can come knocking!

Gift from Relatives: Good news first! Gifts from relatives are like little bundles of joy exempt from the taxman's reach. So, whether it's your spouse, siblings, or even those cool close aunts and uncles, you can breathe easy. The Income Tax Act generously exempts gifts from these dear ones from any tax obligations. In case of HUF, gift received in HUF from any of its members is exempt from Income Tax.

Gift from Unrelated Persons: Now, here's where it gets a bit trickier. If you're receiving gifts from someone unrelated and the total value of such gifts in a financial year exceeds Rs 50,000, you have gotten into Uncle Tax's gaze. These gifts are considered taxable income and will be subjected to regular tax rates under the head 'Income from other sources'. So, remember to keep an eye on those big-ticket presents!

Gift from Unrelated Persons: Well, good news again for newlyweds! The gifts you receive on the auspicious occasion of your marriage are like little tokens of affection, exempt from the clutches of taxation. So go ahead, dance, celebrate, and cherish those heartfelt gifts without worrying about tax implications!

Remember, while gifts are indeed wonderful gestures, understanding their tax implications can save you from any unwelcome surprises. So, whether it's from dear relatives, distant friends, or in the midst of matrimonial bliss, know your tax game to enjoy those gifts to the fullest!

If you have any queries or need further assistance, feel free to speak to your Relationship Manager at Hum Fauji.

Happy gifting! 🎉

(Contributed by ***Team Vikrant****, Hum Fauji Initiatives)*

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

Question: I am invested over past 10 Years. My portfolio XIRR is 10% and my CAGR is 17%. What does it mean and which one is reliable?

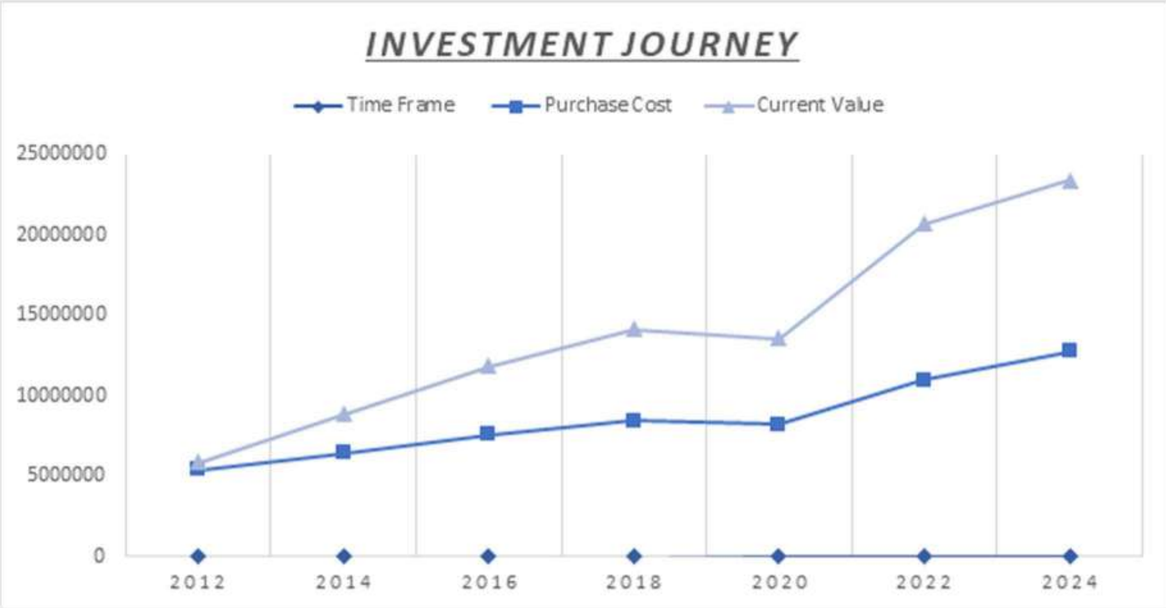
Our Answer: Financial terms can sometimes feel like a maze, with each metric offering a different perspective on your portfolio's performance.

Let's understand with the help of Col Sunil's portfolio. He is an avid investor who's been diligently nurturing his portfolio for over a decade now. With steadfast dedication and strategic choices, he has achieved an XIRR of 10% and a CAGR of 17%. But which one truly reflects his investment success?

Let's break it down!

What does XIRR or Extended Internal Rate of Return indicate?

Imagine Col Sunil investment journey as a rollercoaster ride, with deposits, withdrawals, and reinvestments all along the way. XIRR is the tool that accounts foreach one of these twists and turns, offering a comprehensive view of his portfolio's performance. It considers the timing and size of each cash flow in and out, providing a precise measure of annualized return in such cases.



Each peak and trough represent a cash flow event – deposits, withdrawals, and reinvestments. XIRR calculates the rate of return that smoothens out these fluctuations, offering a clearer picture of his overall performance.

What does CAGR or Compound Annual Growth Rate indicate?

CAGR paints a simpler, yet powerful picture. It's like setting a course and measuring how far Col Sunil has come from the starting point. CAGR assumes a constant rate of growth over the investment period, stripping away the complexities of cash flows to focus solely on the beginning and ending values of different investments done in the portfolio.

CAGR charts a straight path from initial investment to its final value, showcasing the compounded annual growth rate that led the portfolio to its current stature.

So, which one should Col Sunil rely on?

It depends on the type of investment. For investments with regular cash flows, such as lump sum investments, CAGR is a good enough measure of returns. However, for investments with irregular cash flows, such as SIPs, XIRR is a better measure of returns. So, choose the metric which better reflects the way you have invested so far.

*(Contributed by **Team Dhruv**, Hum Fauji Initiatives)*

SEBI'S REGULATORY UPDATES

Recently, SEBI (Securities and Exchanges Board of India) has issued new KYC rules effective from April 1, 2024, focusing on KYC validation for mutual fund investments. Basically, it's like double- checking your details against a central database to ensure everything is accurate.

Previously, documents like bank statements and utility bills were accepted for the KYC. However, the regulator now accepts a narrower range of officially valid documents (OVD) like Aadhar Card, passport, and voter ID, excluding previously accepted documents such as bank statements and utility bills.

Type of OVD Used in your KYC earlier	Existing KYC Status	Proof Validated with issuing authority	Mobile / Email Verified	New KYC Status	Action Required
Aadhar (Online)	Validated	Yes	Yes	Validated	No Action Required
Aadhar (Physical)	Validated	No	Yes	Registered	Validation
Non - Aadhaar (OVD) (Passport, Voter ID Etc)	Registered / Verified	No	Yes	Registered	Validation
Non - Aadhaar (OVD)	Registered	No	No	On Hold	Re - KYC
Deemed OVD (Bank Statement, Utility Bills, ETC.)	Registered	No	Yes	Registered	Re - KYC
Deemed OVD	Registered	No	No	On Hold	Re - KYC
NON - OVD	Registered	No	No	On Hold	Re - KYC

If your KYC was done with non-OVD documents mentioned above or if your email ID/mobile numbers were not verified, your KYC status would be put '**ON HOLD**'. In such cases, you won't be able to make transactions, including existing SIPs, new investments, or even redeem money till the documents are sorted out.

However, if your status is '**KYC Registered**', it means you have provided documents which are unverifiable but your email ID and mobile number is fine. So, you can continue your investments where you already have investments but cannot start a new folio in a new fund house. A fresh set of documents are required to get to the all-clear 'KYC Validated' stage.

How to check your KYC status and get it validated?
Go to the website https://www.cvlkra.com/> Select 'KYC Enquiry'> Insert Pan Number> accept CAPTCHA >Press 'Submit'.

*(Contributed by **Team Prithvi**, Hum Fauji Initiatives)*

REVOLUTIONIZING DEFENCE

IAPS FOR THE MONTH OF APRIL 2024

We have conducted about 15 lectures at various locations including New Delhi, Jabalpur, Mumbai, Kamptee, Barabanki and Umroi Cantt.

The number of Jawans who have been educated through the month are 2046 while the overall number stands at 54,145.

SNEAK PEAK INTO HUM FAUJI INITIATIVES

New Team Members!

Vinay Singh
Associate Financial Planner, Team Dhruv

> *"Companies say that we care for our employees", but are we really successful in achieving that goal? Not before but here at Hum Fauji, as an Employee I strongly agree with the notion.*

Hi, I am Vinay Singh an Associate Financial Planner at Hum Fauji Initiatives. I have joined Hum Fauji after working in different domains of the Indian financial industry for 1.7 years. It's only been 1.5 months and I am sure what I have been doing here is what I wanted to do. Having different prior experiences, I can say that learning here is robust, and it's not restricted to what we need to learn to serve our Defence based clients but also, what one learns here is client handling, adaptability, knowledge and healthy competition keeping client's values on top and many other things which may not be required here but may necessary for an individual's growth in their life. Having words restriction, I would like to end this by saying one last thing "Only after working here, one can really know what work life balance is".

Aditya Bhola
Associate Financial Planner, Team Prithvi

I have completed 1.5 months in the company. The culture of this company, like 'discipline' and 'punctuality' will help me in enhancing my professional self.

The colleagues are friendly and they help me a lot whenever I miss something or I make mistakes.

My team is also very helpful and they have a lot of knowledge, not only about the work they do but also related to other aspects of finance and economics. Also, internal knowledge sessions like updates from the research team every week help me absorb the knowledge that I can apply in my daily work.

External sessions like fund managers and CEOs of multiple big AMCs also come and share their experiences and valuable insights related to the industry which I feel becomes instrumental in widening my understanding. I feel that I have taken the right decision to choose this company during the initial phase of my career.

Shruti Goyal
Associate Financial Planner, Team Arjun

Working in the corporate world is totally new to me. It has been great to be a part of the HumFauji family.

Their culture, marked by genuine concern for one another and a strong sense of discipline, has left a long-lasting impression.

Within this environment, I have found abundant opportunities for learning, skill refinement, and meaningful collaboration with colleagues.

I think it is a great place to learn about corporate life while still having a good balance between professional and personal life.

Achievers of the Month – April 2024

1st Prize Winners
Riya, Rishabh & Anchal

2nd Prize Winners
Manish, Anjeeta & Hemant

3rd Prize Winners
Aman, Prerna & Tapesh

A huge round of applause for our fantastic Achievers of the Month!

Your hard work and dedication haven't gone unnoticed. You've truly set the bar high and inspired us all.

This recognition is a celebration of your achievements, but it's also a motivator for everyone to keep pushing their limits. Here's to reaching even greater heights together!

HFI Media Section

Joint-term insurance is a smart choice for couples seeking cost-effective financial protection. While it offers valuable support, it's essential to understand its complexities. Discover more insights on this topic in an insightful article by one of the contributors, **Col Sanjeev Govila (Retd.)**, in Outlook Business Money. Gain expert advice on securing your financial future together.

Insurance

Joint-Term Insurance: Here's Why It Is Considered A Good Product For Couples

Col Sanjeev Govila (Retd.)

A joint-term insurance plan is considered a useful product for couples looking for a cost-effective way to secure financial stability for the surviving partner in case of the untimely death of either.

Joint-Term Insurance, Couples, Insurance

Read more at:

https://business.outlookindia.com/personal-finance/insurance/-joint-term-insurance-heres-why-it-is-considered-a-good-product-for-couples

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