Hum Fauji Initiatives

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WEALTH INSIGNIA

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

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Dear Friends

I hope your investment journey is progressing steadily and bringing you closer to your financial goals.

From time to time, many of us feel a sense of concern when a fund we've invested in doesn't perform as expected. It's a sentiment we understand deeply. In a recent conversation on TV in Zee Business' Money Guru, I shared some insights around this, especially why a fund may seem to underperform and how we can approach such situations with clarity and confidence.

*First, **our expectations need to be realistic**. Especially with equity funds, short-term volatility is normal, and impatience can lead to hasty decisions. If we've entered with a long-term view, we must give the fund time to deliver.*

*Secondly, it's important to **understand the fund manager's strategy** before investing, not after. Whether the fund follows a quality, value, momentum, or sectoral approach, knowing the underlying strategy helps us stay calm when market cycles shift.*

*Another factor is **sector allocation**, especially in diversified or sector-specific funds. If a fund leans into a sector that isn't currently in favour, temporary underperformance is possible. However, these cycles often reverse and those who stay the course benefit the most.*

*Lastly, and most critically, we must give as much thought to our **Exit Strategy** as we do while entering an investment. A goal-based plan ensures we stay on track. Markets have a tendency to stay dynamic and we should not be swayed by emotions or noise. Sadly, while many talk about goal-based investing, not everyone follows through with disciplined execution.*

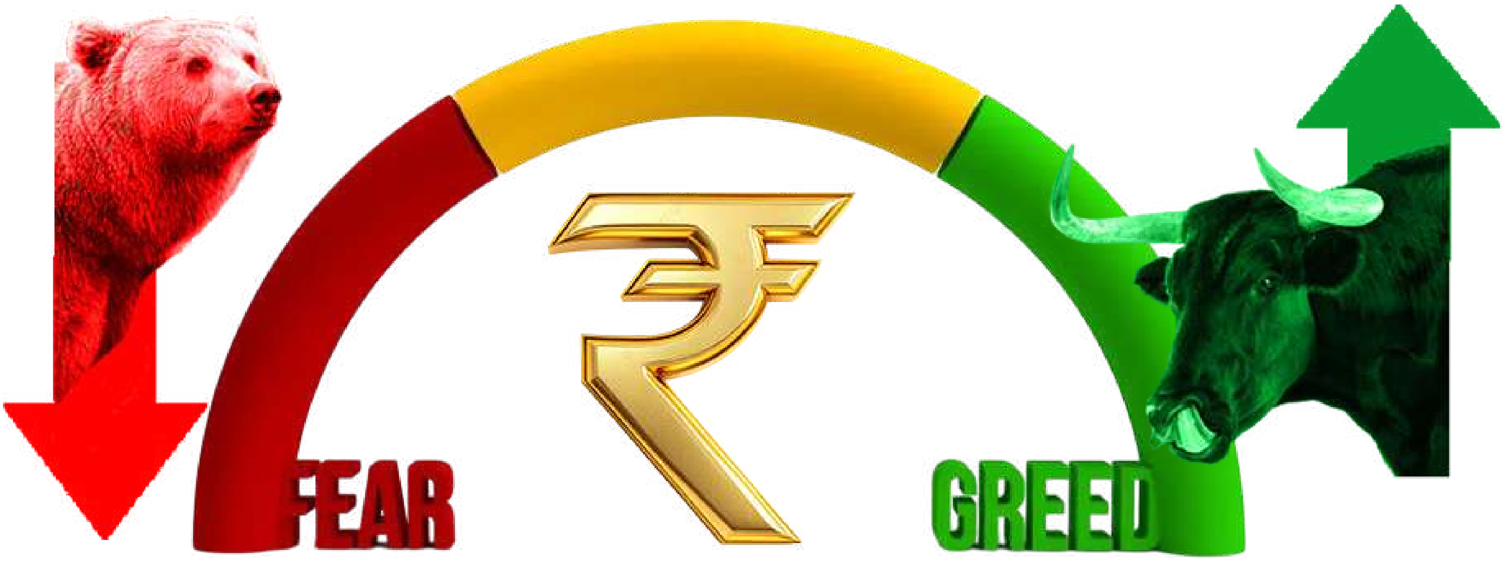
At Hum Fauji Initiatives, we're always here to decode these patterns with you and help build portfolios that are resilient, intentional, and aligned with your financial journey.

Warm regards,

Col Sanjeev Govila (retd)

CEO, Hum Fauji Initiatives

FINANCIAL MICRO BYTES FROM TEAM HUM FAUJI INITIATIVES



Driving through a foggy road, would you rely on instincts or Google Maps?
Most of us follow the map—it gives direction and clarity.

That's exactly what a financial plan does for your money. It keeps you focused, even when markets are full of noise—fea r during dips and greed during highs.

Emotions can be your biggest hurdle. When markets fall, fear whispers, **"Sell"**!

When they rise, greed shouts, **"Buy more"**!

But emotional decisions often lead to costly mistakes.

Emotions often cost real money. According to industry data, nearly 33% of mutual fund investors redeemed their investments during the March 2020 market crash. Many booked heavy losses. Those who held on saw the market bounce back within a year—and went on to gain over 80% returns by 2021.

Let's look closer to home

Col Rajeev invested in mutual funds to buy a house in 10 years. But in the second year, the market dipped. He panicked and withdrew—at a loss.

Sqn Ldr Meenal, on the other hand, wanted to send her daughter abroad for higher education. She started a SIP. When the market crashed midway, fear crept in. But she followed her plan. Years later, the market recovered—and her dream came true.

That's the power of a goal-based financial plan—it connects your money to your dreams. It gives your investments purpose keeping your goals, risk capacity, and time horizon in mind.

So next time the market creates noise, remind yourself: I have a plan, and I trust it. Don't let short-term emotions sabotage long-term dreams.

(Contributed by Anchal, Financial Planner, Team Dhruv, Hum Fauji Initiatives)

BREAKING THE MYTH:
WHY TIMING THE MARKET IS IMPOSSIBLE

It sounds like a perfect strategy—buy when the market dips, sell when it peaks, and walk away with great returns. But in reality, even top investors struggle to do this consistently.

Here's why market timing doesn't work:

Unpredictable Market Movements

Stock markets respond to countless factors—economic news, global tensions, policy changes, even emotions. Accurately predicting all of that? Nearly impossible. Nobody's ever been able to it with any amount of consistency.

Missing the Best Days

Data shows that missing just 10 of the best days in a decade can halve (Yes, that's 50%!) your returns. And often, the best days come right after the worst. Step out at the wrong time, and you may lose out big.

Emotional Decisions Lead to Mistakes

Fear in a falling market and excitement in a rising one push many investors to sell low and buy high—the exact opposite of what they should be doing.

Time in the Market Wins

History proves it: Staying invested consistently beats trying to jump in and out. Compounding only works if your money stays in.

So, Market timing may seem like a smart move, but it often leads to missed opportunities and unnecessary stress. A long-term, consistent investment strategy is the true key to wealth creation.

(Contributed by Anjali Singh, Relationship Manager, Team Arjun, Hum Fauji Initiatives)

BANK FDS:
COMFORT TRAP OR SMART CHOICE?

Did you know over 50% of Indian households still park their money in Bank Fixed Deposits (FDs)?

Bank FDs have long been the go-to for conservative investors. But are they still the smart choice today—or are you holding on to outdated beliefs? Let's uncover the truth behind some common FD myths:

- ### Myth: "Auto-renewed FDs give the same return."
  Truth: Nope. Renewed FDs earn the rate in effect at the time of renewal—not your original rate. If rates drop, so do your returns—quietly.

- ### Myth: "FD interest is tax-free."
  Truth: Far from it. FD interest is fully taxable as per your income slab. Banks deduct TDS once the interest crosses ₹50,000 (₹1,00,000 for seniors). If you're in a higher tax bracket, your real returns take a real big hit.

- ### Myth: "FDs are completely risk-free."
  Truth: Only ₹5 lakh per bank per depositor is insured. Any amount beyond that? Exposed, if the bank defaults.

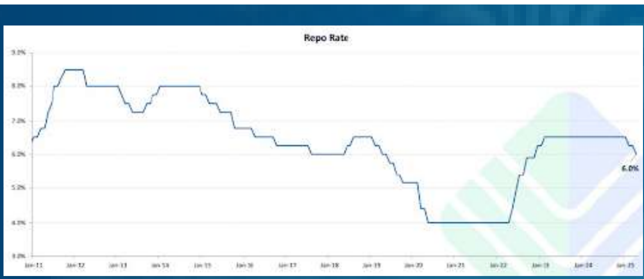
- ### Myth: "FDs are highly liquid."
  Truth: Breaking an FD early often means penalties or lower interest. So, the flexibility could come at a big cost.

- ### Myth: "FDs beat inflation."
  Truth: Most don't unless you take FDs of risky 'small finance' banks. After tax, your bank FD returns may not even match inflation—meaning your money loses value over time.

- ### Myth: "FDs are the best for retirees."
  Truth: Not always. Today, there are safer, more tax-efficient options that offer better returns, more flexibility, and true peace of mind.

(Contributed by Abhilash Rana, Relationship Manager, HNI Desk, Hum Fauji Initiatives)

RBI'S U-TURN: WHAT FALLING RATES MEAN FOR YOUR DEBT INVESTMENTS



Just when savers were getting used to those slightly higher FD interest rates, the winds may be shifting again!

The Reserve Bank of India (RBI), which acts like the financial captain of our country, appears to be changing its course. Lately, their signals suggest a possible move towards lower interest rates.

Well, the RBI keeps a close eye on two big things: how much prices are going up (inflation) and how fast our economy is growing. If inflation seems to be under control and the economy needs a bit of a push, the RBI might decide to lower interest rates. Recent chatter from the RBI in April-May 2025 hinted at a comfortable inflation level, giving them room to think about supporting growth.

So, what does this potential drop in rates mean for your hard-earned money parked in debt investments? Let's break it down simply:

- ☑ **Bank FDs:** Lower RBI rates usually mean banks offer lower FD rates. New deposits or older deposits when renewed may earn less than before. So, the returns you get on fresh FDs might be a bit less juicy.
- ☑ **Debt Mutual Funds:** These could benefit as bond prices, a big constituent of longer term debt mutual funds, rise when interest rates fall.
- ☑ **PPF and Small Savings:** These often follow broader interest trends. A rate cut could eventually reduce returns here too.
- ☑ **Old Bonds:** Already own long term bonds with higher interest? Their value might rise—good news!

It might feel like things are changing, but don't panic—just realign your strategy. And here's a little something to ponder: in the current scenario, some other investment avenues might actually offer you better returns after taxes compared to traditional FDs.

(Contributed by Gautam Arora, Relationship Manager, Team Vikrant, Hum Fauji Initiatives)

TOP CLIENT QUERIES OF THE MONTH

WHAT DID OUR CLIENTS ASK US?

QUESTION

I've been thinking about using my mutual funds to pay off my home loan. I know my investments are doing well, but having a loan still bothers me. Could you please help me understand in what situations it makes sense to repay a home loan by redeeming a well-performing investment portfolio?

OUR REPLY

It's a common dilemma: your investments are growing well, but that lingering home loan still feels like a burden. So, should you redeem your mutual funds to repay it?
Let's look at both sides of the decision—logical and emotional:

Financial Perspective

1. Interest Rate Vs Investment Return –
If your mutual fund returns are higher than your home loan interest rate, staying invested usually builds more long-term wealth.

2. Tax Benefits

Under the old tax regime, you can claim:

- ₹1.5L deduction under Section 80C (principal repayment)
- ₹2L under Section 24(b) (interest paid)

In the new tax regime, most of these benefits are there if it's a let-out property.

Emotional Perspective

01 **Peace of Mind –** Even if the numbers work, carrying debt can feel stressful. For some, debt causes emotional discomfort, even if it's "good debt" like a home loan. Paying it off earlier offers you peace of mind, emotional relief, and a sense of financial freedom.

02 **Lifestyle and Life Stage Factors –** If you're nearing retirement, have variable income, or face big life events (job change, child's education), reducing liabilities might offer more comfort and stability.

Situations When It Makes Sense to Redeem and Prepay:

★ You're in the new tax regime with no significant tax benefits from the loan.

★ Your risk appetite has reduced, and you're uncomfortable with market volatility.

★ You're close to a **major life event** (e.g., job change, retirement, child's education) and want to reduce liabilities.

★ You value emotional peace more than market returns.

(Contributed by Team Arjun, Hum Fauji Initiatives)

QUESTION

I have taken health insurance from more than one company. If I ever face a major medical emergency, how do I manage the claim across these different insurers? Is there a proper way to split the claim, and what documents would I need to provide to each of them?

OUR REPLY

Absolutely, you can claim from more than one insurer—and it's simpler than it sounds.
Think of your insurance policies as stopovers on a journey.
Each one helps cover a part of the cost if the first doesn't take you all the way.

Here's your step-by-step route:

1. Start with the Primary Insurer

File your claim with the insurer offering higher or more relevant coverage.

2. Collect Your Documents

After the first claim is settled, collect the following:

- Final hospital bill
- Discharge summary
- Diagnostic/lab reports
- Prescription copies
- Settlement letter from the first insurer

(Ensure all documents are duly attested.)

3. Submit to the Second Insurer

Submit the above documents + the first insurer's settlement note. The second insurer will assess and pay the remaining eligible expenses as per their policy and due diligence.

Important: You can only claim up to your total hospital bill, no more. And do not forget to inform about the settlement done by other insurer(s).

Thanks to IRDAI's simplified rules, you don't have to split claims proportionally. You're free to choose the order of insurers.

Your policies are your safety nets— use them smartly!

(Contributed by Team Dhruv, Hum Fauji Initiatives)

REVOLUTIONIZING DEFENCE

At **Hum Fauji Initiatives**, empowering the armed forces with financial wisdom is not just our duty—it's our passion.

Our recent **Investor Awareness Programs (IAPs)** have continued this mission with great success across key training centres, engaging officers with practical financial knowledge and actionable insights.

LOCATIONS COVERED & IMPACT

Location	No of lectures conducted	Total Strength
Lonavla	3	510
Jabalpur	3	270
Meerut	1	60
Kamptee	1	77

★ **Total Sessions: 8** ★ **Personnel Reached: 917**

Mission: Financial Preparedness

These sessions were aimed at helping officers understand the importance of goal-based planning, disciplined investing, and securing their family's financial future. The interactive sessions received enthusiastic participation and excellent feedback.

Host an IAP at Your Station

If you'd like to bring financial clarity and confidence to your unit, reach out to us. Together, let's continue building a financially aware and future-ready armed forces community.

Status As on	30 May 2025
Started on	22 Nov 2021
Total Workshops Done so far	661
Number of Jawans, Sailors & Airmen and their families attended	83,577
Number of Military Stations where workshops conducted	116

YOUR GUIDE TO TAX PLANNING

TAX TIP FY 2025–26

Turn Freelancing or Consulting Income into a Tax-Saving Tool!
Section 44ADA — The Smart Freelancer's Shortcut to Lower Taxes

Are you a consultant, part-time freelancer, doctor, architect, or IT professional with side income?
Here's a powerful tax trick you might be missing!

Under **Section 44ADA**, if your income from eligible professions is up to ₹75 lakh (new limit from FY 2024–25), you can legally pay tax on just 50% of it — without maintaining books of accounts.

Example

- Income as freelance IT consultant: ₹20 lakh
- Taxable under 44ADA: ₹10 lakh
- Minus standard deduction (₹75,000 under new regime)
- Final taxable income: ₹9.25 lakh
- Tax = ₹27,300

Compare this to full ₹20 lakh being taxed → approx. **₹1.93 lakh** in tax.
You save ₹1.7 lakh!

Why You Should Care:

- No books of accounts required
- No GST if turnover < ₹20 lakh (services)
- Side-income from lectures, writing, or training is also eligible
- Works under new tax regime too

NOTE

You can't claim extra deductions under

44ADA

but the default savings are already substantial.

Want to know if your income qualifies or need help filing smartly? Let us know.

SNEAK PEEK

INTO HUM FAUJI INITIATIVES

Where effort meets excellence

Our teams brought their A-game to the Snowball **Dhamaka Referral Competition** and **SIP ke Sikander** — and the results speak for themselves!

SIP ke Sikander

Claimed victory in their **namesake challenge**

Snowball Dhamaka Referral Competition

Team Vikrant

(Winners)

These wins are a reflection of the commitment, energy, and teamwork that define the HFI spirit.
Here's to the passion, performance, and people-first drive that keep us moving forward. You don't just aim for success, **you make it happen**.

LIGHTS, CAMERA, BOLLYWOOD THEME PARTY!










This month, our work-hard-play-harder mantra hit full filmi mode!

From Geet to Thakur, Bodyguard to Munna Bhai — our Bollywood Theme Party had it all. Teams brought iconic characters to life, spanning generations of cinema, and the energy was nothing short of blockbuster!

Because while we chase goals every day, some days are meant for naach, gaana, and full-on entertainment.

Take a glimpse into our reel-meets-real celebration!

HUM FAUJI INITIATIVES MEDIA FEATURES

Watch the full video here:
https://www.youtube.com/watch?v=SKy_cZql1fg

Why Isn't My Fund Performing? Here's What You Should Know.

It's natural to feel concerned when a fund you've invested in doesn't meet expectations. Many investors face this moment of doubt—and it's exactly why clarity matters.

In a recent episode of Zee Business' Money Guru, our CEO, Col **Sanjeev Govila (retd)**, shared valuable insights on why even well-researched funds may underperform at times—and what you, as an investor, can do about it.

Smart Moves After the RBI Rate Cut: What Should Home Loan Borrowers Do?

After the recent 50 bps rate cut by the RBI, many home loan borrowers are weighing their options — whether to reduce their EMIs or shorten their loan tenure. While reducing the tenure is more beneficial in terms of overall interest savings, it may not be practical for everyone. Our CEO, Col Sanjeev Govila (Retd), shared his perspective in a recent interview with Times Now, highlighting that if budget constraints are a concern, opting to reduce EMIs could be a more manageable solution. He also pointed out that some lenders offer a hybrid option, allowing partial reductions in both EMI and tenure to strike a balance between affordability and long-term savings.

For more insights, read the full article:
https://surl.li/yopkxi

COL SANJEEV GOVILA (RETD.)

CEO,
Hum Fauji Initiatives

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