



By the Faujis. For the Faujis.

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 you are doing well.

March has been quite intense, both geopolitically and in the markets. What we are witnessing is not an isolated event, but the outcome of years of tension, negotiations, and shifting global dynamics. It is not an easy phase but it is certainly a defining one.

Needless to say, phases like these are uncomfortable. News flow is negative, uncertainty is high, and outcomes are not clear. But they also bring an important shift like valuations correct, fear peaks, and long-term opportunities begin to build quietly.

What matters most in these times is not reaction from investors, but continued discipline. Avoid making tactical decisions driven by short-term noise. Stay aligned to your asset allocation. Continue to stay invested, and if you have surplus capital, consider deploying it gradually rather than immediately or conversely, waiting for too much clarity.

March may have tested investor sentiment with its volatility and noise. But as we step into a new financial year, it's important not to let short-term disruptions influence long-term goals.

This is a good time to pause, review, and realign across your investments, insurance, and tax planning. Because how you begin often sets the tone for how you finish.

Sharing the market updates email links that I have been sending to my investors ever since the war break. Links below:

<https://mailchi.mp/humfauji/market-update-geopolitical-volatility>

<https://mailchi.mp/humfauji/market-update-2-13032026>

<https://mailchi.mp/humfauji/market-update-3>

<https://mailchi.mp/humfauji/market-update-4>

*At **Hum Fauji Initiatives**, our focus remains the same - to help you navigate every phase with clarity, structure, and confidence.*

Stay the course. Stay invested.

Warm regards,

Col Sanjeev Govila (retd)

CEO, Hum Fauji Initiatives

MONTHLY FINANCIAL NEWSLETTER BY THE FAUJIS. FOR THE FAUJIS.

Pension Commutation: Is Taking a Lump Sum the Right Move?

For veterans, pension is more than income - it represents financial dignity after years of honourable service. At retirement, officers have the option to commute a portion of their pension and receive a lump sum upfront. When evaluated properly, this can be a strategic financial move.

By commuting, you receive an immediate lump sum while your monthly pension reduces for 15 years in proportion to the percentage of commutation you have opted for, which could be anything from 0% to 50%. After this period, the full pension is restored.



The key question is: Can immediate liquidity serve you better than a slightly higher monthly income?

Commutation offers three clear advantages:

- **Tax efficiency:** The lump sum is tax-free, while monthly pension is taxable (unless you have disability pension or a gallantry award).
- **Investment potential:** The amount can be invested to create an additional income stream through structured withdrawals. If properly invested, it can give you much more versatility of income, structuring of cash flows, better returns and financial security.
- **Timely liquidity:** Retirement often brings responsibilities such as children's education, liabilities, or housing needs.

Another important point to consider is family pension. After the pensioner's demise, the family pension generally reduces to about 50% of the original pension. However, the commuted amount is not refundable to the government and remains with the family.

For example, if you commute ₹50 lakh and invest it at a very-safe 7% annually, it can generate approximately ₹3.5 lakh per year (about ₹29,000 per month) while the whole lumpsum amount remains intact. And if investments are done in a better way, preferably with the help of a good financial advisory company, it can generate much better returns.

So, should you commute?

In most of the cases, we have found that commutation of pension makes a better sense. However, commutation is not a one-size-fits-all decision. The right approach depends on your upcoming financial goals, existing cash flows, liabilities, and overall retirement plan.

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

SECTORAL FUNDS: GOLDEN OPPORTUNITY OR HIDDEN TRAP?

Sectoral funds often attract investors because they show very high returns during certain periods. When a sector like banking, technology, or infrastructure starts performing well, these funds quickly gain popularity. But before investing, it is important to ask a simple question - is it a genuine opportunity or a potential trap?

What Are Sectoral Funds?

Sectoral funds are mutual funds that invest primarily in one **specific sector of the economy**. Instead of spreading investments across industries, these funds concentrate on companies from a single segment such as banking, IT, healthcare, or energy.



Why do investors consider sectoral funds?

- **High Return Potential:** If a sector experiences strong growth, sectoral funds can generate impressive returns.
- **Participation in Economic Trends:** Investors can benefit from sectors driven by policy changes, reforms, or technological shifts.
- **Focused Strategy:** A concentrated portfolio can amplify gains when the sector performs well.

Risks Investors Should Know

- **Limited Diversification:** Concentration in one sector increases portfolio risk.
- **Sector Cycles:** Every sector goes through phases of growth and slowdown which generally cannot be predicted with any reasonable accuracy.
- **Timing Risk:** Most retail investors enter after a sector has already rallied, reducing future return potential.

Our Take

Sectoral funds can be useful for investors who understand the risks and maintain a limited allocation. However, for most investors, diversified funds remain a more stable approach for long-term wealth creation.

Please remember: a balanced and growing portfolio is rarely built on a single sector.

(Contributed by Prerna Pattanayak, Relationship Manager, Team Sukhoi, Hum Fauji Initiatives)

WAR HEADLINES VS MARKET REALITY: LESSONS FOR INVESTORS FROM GLOBAL CONFLICTS

Recent geopolitical tensions involving Iran, Israel, and the United States have unsettled global markets. Escalating conflict in the Middle East has pushed crude oil prices higher, creating short-term volatility in equities. For India, a major oil importer, rising oil prices can increase inflationary pressure, fiscal strain, and currency volatility, which often leads to temporary corrections in equity markets.



Why Markets React Quickly

Financial markets dislike uncertainty. During war headlines, investors shift toward safe havens like Gold, leading to short-term equity corrections.

History Tells a Different Story

Date	Event	Peak fall that month(%)	One-Year Return (%)
March 20, 2003	US-Iraq war	-8	60
September 13, 2008	Delhi serial blasts	-15	18
November 26, 2008	Mumbai attacks	-19	82
February 20, 2014	Crimea annexation (Russia-Ukraine)	-2	45
September 28, 2016	Uri surgical strikes	-4	12
February 26, 2019	Balakot air strike	-4	10
May 5, 2020	Galwan skirmish	-5	58
February 24, 2022	Russia-Ukraine war	-9	7

(The Nifty 50 is considered the benchmark, Data Source: Valueresearch)

A review of past geopolitical events shows a consistent pattern. Markets react sharply in the short term, but such volatility is usually temporary. Once uncertainty fades, economic fundamentals regain focus and markets tend to stabilize.

The Real Lesson for Investors

While geopolitical conflicts create dramatic headlines, long-term market performance is primarily driven by economic growth, corporate earnings, and liquidity. For investors, maintaining diversification and staying committed to long-term goals remains the most effective strategy during periods of uncertainty.

(Contributed by MF Alam, Lead Research Analyst, Hum Fauji Initiatives)

LIFE COVER FOR DEFENCE PERSONNEL: DURING SERVICE AND BEYOND



For most armed forces personnel, life insurance protection begins automatically the day they join service, with contributions deducted from their monthly salaries. Through schemes such as Army Group Insurance Fund (AGIF), Naval Group Insurance Scheme (NGIS) and Air Force Group Insurance Society (AFGIS), defence personnel receive substantial life cover during their service years.

For example, officers receive insurance protection of around **₹1.25-₹1.5 crore**, while sailors, airmen, and JCOs are also covered with meaningful financial protection for their families. This automatic coverage provides a strong safety net during the active years of service. However, an important transition happens at retirement.

Once an officer retires, the insurance cover under these schemes **reduces sharply**. For example, under AGIF, the cover for officers generally reduces to **around ₹25 lakh**, while similar reductions exist under other services as well. Although some extended cover options are available, the protection level is far lower than what existed during service.

In simple terms, officers move from **crore-level protection during service to a much smaller cover after retirement**.

Another important aspect many officers overlook is that fresh life insurance cover becomes difficult - or sometimes unavailable - after retirement due to age limits, discontinuation of salary and medical underwriting. This means the best time to secure adequate protection is during the service years itself.

If retirement is approaching and major financial goals are still ahead - such as children's higher education, marriage, or family security - it becomes essential to reassess your insurance needs.

Planning early helps ensure that your family remains financially protected even after service.

(Contributed by Anjeeta, Relationship Manager, Team Prithvi, Hum Fauji Initiatives)

TOP CLIENT QUERIES OF THE MONTH

WHAT DID OUR CLIENTS ASK US?



QUESTION

What key red flags - such as sub-limits, co-payments, room-rent caps, or other restrictive clauses - should be carefully evaluated to avoid shortfalls at the time of a major claim in health insurance?

OUR REPLY

If you ever face a big hospital bill, you want your health insurance to actually pay most of it. However, many policies contain clauses that will make you pay a lot more than you expect to. Here are the key red flags to check:

- ★ **Room-rent limit:** Some policies cap how much they pay for your room. If you choose a costlier room, the insurer doesn't just cut the excess rent, it may apply a proportionate deduction on the entire hospital bill (doctor's fees, surgeon's charges, etc.). Some plan may advertise 'no room-rent limit' but still force you into shared rooms or only certain hospital tiers.
- ★ **Sub-limits** – Certain treatments like cataract or knee replacement may have capped payouts even within your sum insured.
- ★ **Co-payment Clause** – If a policy has a 20% co-pay, you must bear 20% of the claim amount.
- ★ **Network Hospital Restrictions** – Cashless treatment may be limited to specific hospitals.
- ★ **Consumables & Waiting Periods** – Items like PPE kits, gloves, or pre-existing diseases may have exclusions or waiting periods.

Health insurance should act like a **strong safety net**, not a fragile rope. When reviewing your policy, don't just look at the premium or the total cover amount. A 'cheaper' premium often comes with these 'deduction traps'.

(Contributed by Team Vikrant, Hum Fauji Initiatives)

QUESTION

How can booking profits up to ₹1.25 lakhs in a financial year be beneficial for me in terms of tax efficiency, portfolio rebalancing, and overall long-term wealth creation?



OUR REPLY

Many investors focus only on staying invested for the long term. While that is important, there is a simple strategy that can also improve tax efficiency and portfolio management—booking long-term capital gains up to the tax-exempt limit and reinvesting them.

Currently, long-term capital gains up to ₹1.25 lakhs in a financial year are tax-exempt on equity investments. By periodically booking gains within this limit and reinvesting the entire **amount back into your portfolio**, you unlock two powerful benefits.

Efficient Tax Utilization: Instead of letting gains accumulate and become taxable later, you make use of the available exemption every year.

Higher Purchase Cost: When the redeemed amount is reinvested, your **purchase cost resets to the current market value**, which can reduce taxable gains in the future.

Compounding Remains Intact: Since the redeemed amount is reinvested, **market exposure remains intact**, allowing long-term compounding to continue.

Caveat – this strategy work only if the redeemed amount is invested at the earliest into the portfolio. If this is not done, the portfolio compounding will be lost which could affect the portfolio more than the tax saved.

Use the tax exemption, reset your cost base, rebalance when required, and stay invested for long-term wealth creation.

Use the tax exemption, reset your cost base, rebalance when required, and stay invested for long-term wealth creation.

(Contributed by Team Arjun, Hum Fauji Initiatives)

REVOLUTIONIZING DEFENCE



Sound financial awareness remains a cornerstone of long-term security, and our Investor Awareness Programs (IAPs) continue to play a vital role in enhancing financial literacy among armed forces personnel.

During March, a series of focused IAP sessions were conducted across key military stations, addressing essential themes such as effective money management, disciplined investing, and goal-based financial planning—carefully aligned with the unique financial realities of soldiers and their families.

Stations Covered & Outreach

- ◆ **Locations:** Ahmednagar, Kamptee, Jabalpur, Wellington & Siachen Glacier
- ◆ **Sessions Conducted:** 11 IAP lectures
- ◆ **Total Outreach in March:** 1,459 jawans
- ◆ **Overall Impact:** 91,681 jawans educated through 733 IAPs conducted so far

Each session continues to strengthen financial awareness at the grassroots level, enabling personnel to make informed decisions with greater confidence and clarity, ultimately contributing to long-term financial stability for their families.

The enthusiastic participation and insightful queries observed during these sessions reflect a growing awareness and acceptance of structured financial planning within the forces.

Planning an IAP for your unit?

Partner with us to bring practical, need-based financial awareness sessions to your personnel.

YOUR GUIDE TO TAX PLANNING



Let's be honest—tax filing is often treated as a routine task. Upload Form 16, click submit, and move on.

Every year, as FY 2025–26 filing season approaches, most individuals treat tax filing as a routine task. But what if we told you, it's much more than that? It's your annual financial reality check.

Start with a simple question: **Have you chosen the right tax regime?**

The new regime may look attractive with its lower rates and simplicity, but if you're investing, paying insurance premiums, or servicing a home loan, the old regime might quietly save you more. A quick comparison can make a meaningful difference.

Now think about this—**Have you reported all your income?**

That small savings account interest, FD income, or dividends you ignored? They're already reflecting in your AIS. Missing them in your return could lead to unnecessary notices later.

And **what about your investments?** If you've bought or sold mutual funds or shares, capital gains must be reported correctly. In fact, if markets didn't go your way, you could actually turn losses into an advantage by carrying them forward.

The key takeaway:

Tax filing is not just compliance—it's awareness. A chance to review, correct, and plan better. **This year, don't rush. Pause. Review. Plan.**

(Contributed by Deputy Manager, Financial Planning, Hum Fauji Initiatives)

SNEAK PEEK

INTO HUM FAUJI INITIATIVES

Highlight of the Month Celebrating Leadership & Impact

A proud moment for Hum Fauji Initiatives as our COO, Ms. Bindu, was named among the **Top 6 finalists at The Economic Times MSME Awards 2025** under the 'MSME Women Entrepreneur of the Year' category.



Among 10,000+ entries across 20 segments, this recognition celebrates not just an individual milestone, but the spirit of resilience, purpose, and people-first leadership that defines who we are.



Women Who Lead, Together

Women who work together, grow together, and thrive together. At Hum Fauji Initiatives, our women's team leads with strength, empathy, and quiet confidence, bringing balance and perspective to everything we do.



At the centre of it all is Bindu Ma'am, our COO—a constant guiding force who inspires, supports, and leads by example.

A small glimpse into our Women's Day moments, celebrating the spirit that drives us forward.



Work Hard. Party Harder. Repeat.

To stay aligned with evolving trends, an internal session on Artificial Intelligence was conducted at Hum Fauji Initiatives, focusing on AI's growing relevance and practical applications. The team gained valuable insights on how AI can be leveraged to better understand client needs, enhance efficiency, and deliver more informed, future-ready solutions. Take a peek!



HUM FAUJI INITIATIVES MEDIA FEATURES

Women home loan borrowers: Co-borrowers must ensure they are co-owners

Women today are not just participating in home ownership, they are actively driving it. With increasing access to credit and added financial benefits like lower interest rates and stamp duty advantages, home loans are becoming a powerful tool for women to build long-term assets.

One key point to keep in mind...if you're a co-borrower, ensure you are also a co-owner to fully benefit from both ownership and tax advantages.

Want to know more? Read the full article by our CEO, Col Sanjeev Govila (Retd.), on Business Standard: <https://shorturl.at/x8ncP>



Emergency Funds at 25: Don't Lock What You May Need

At 25, the biggest risk isn't market volatility, it's lack of liquidity. Parking your entire emergency corpus in low-yield savings accounts or locking it into fixed instruments may not be the most efficient approach.

A more balanced strategy is to keep a small portion easily accessible and park the rest in low-risk, liquid options that offer better post-tax efficiency while maintaining flexibility.

Want to understand this better? Read the detailed suggestion by our CEO, Col Sanjeev Govila (Retd.), on Outlook Money: <https://shorturl.at/OL0kI>



COL SANJEEV GOVILA (RETD.)

CEO,
Hum Fauji Initiatives





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Email:

contactus@humfauji.in



SMS or WhatsApp:

+91-99990-53522

+91-99998-38923



Website:

www.humfauji.in

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Hum Fauji Financial Services Private Limited

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

