Hum Fauji Initiatives

August 2026

WEALTH INSIGNIA

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

Dear Friends

Over the years, I have consistently observed that financial decisions are rarely as simple as they appear. At the same time, they are simple when driven with clarity and purpose.

A higher return may come with higher risk. A lower tax today may not always mean a better outcome tomorrow. And a market correction may feel alarming, but the real question is whether it changes the goal we are investing for.

This edition of Wealth Insignia brings together some of these perspectives, right from market cycles and goal-based investing to education planning, tax decisions and retirement income.

The common thread is simple: good financial planning is not about making the most obvious decision, but the right decision for your goals, circumstances and future.

At Hum Fauji Initiatives, we have always believed in looking beyond investments to the people, families and aspirations behind them.

Because ultimately, ***wealth is not just about how much you accumulate. It is about how confidently that wealth can support the life you have planned for.***

I hope this edition gives you some valuable perspectives to reflect on and discuss with your family.

As always, thank you for your continued trust in Hum Fauji Initiatives.

Warm regards,
Col Sanjeev Govila (retd)
CEO, Hum Fauji Initiatives

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When Safe Returns Rise, Why Do Equities Shake?

Back in 2020, many investors were unhappy with Fixed Deposit (FD) rates. With banks offering around 5-5.5%, people started looking elsewhere for better returns, and equities became the preferred choice.

Now imagine the situation changes.

A bank offers an FD at 8%, or a government bond offers a similar return with relatively lower risk. At the same time, equities are expected to generate around 11–12% over the long term.

Suddenly, the decision doesn't look as obvious.

Think of it like choosing between two roads. One road is smooth and predictable, while the other is bumpy and uncertain but may get you slightly further. If the difference in the destination becomes smaller, many people will choose the safer route.

That's exactly what happens in financial markets.

When safer investments start offering attractive returns, some investors shift money away from equities. As more people make this choice, demand for stocks can reduce, causing valuations to cool down - especially in high-growth sectors.

The interesting part? Companies may not have done anything wrong; they may be working exactly like before.

Markets simply keep asking one question: “Where can I earn the best return for the least uncertainty?"

Sometimes markets fall not because investors become fearful, but because safer alternatives become too attractive to ignore.

(Contributed by Shruti Goyal, Relationship Manager, Team Vikrant, Hum Fauji Initiatives)

THE BIGGEST THREAT TO YOUR CHILD'S EDUCATION ISN'T WHAT YOU THINK

Every parent dream of seeing their child succeed - whether it's becoming a doctor, an engineer, a pilot, or pursuing a passion they've always loved.

But here's a thought that often goes unnoticed.

When your child receives that long-awaited admission letter, will your money be ready?

Education costs are rising at 8-10% every year. A professional course that costs ₹25 lakh today could cost nearly ₹1-1.4 Crores lakh by the time a newborn turn 18.

The dream may stay the same. The cost won't.

The good news? You don't need ₹1-1.4 Crores today - you just need to start early.

Here's the difference time can make:

Suppose your child is born today, and you want to build an education corpus of ₹1-1.4 Crores lakh in 18 years.

WhenYou Start	Approx Monthly SIP Required*	Approx Monthly SIP Required if SIP increased by 10% per year ("Steps-Up" as your yearly income increases)
At birth (18 years to invest)	₹15,000/month	₹8,000/month
When the child turns 5	₹30,000/month	₹18,000/month
When the child turns 10	₹65,000/month	₹50,000/month

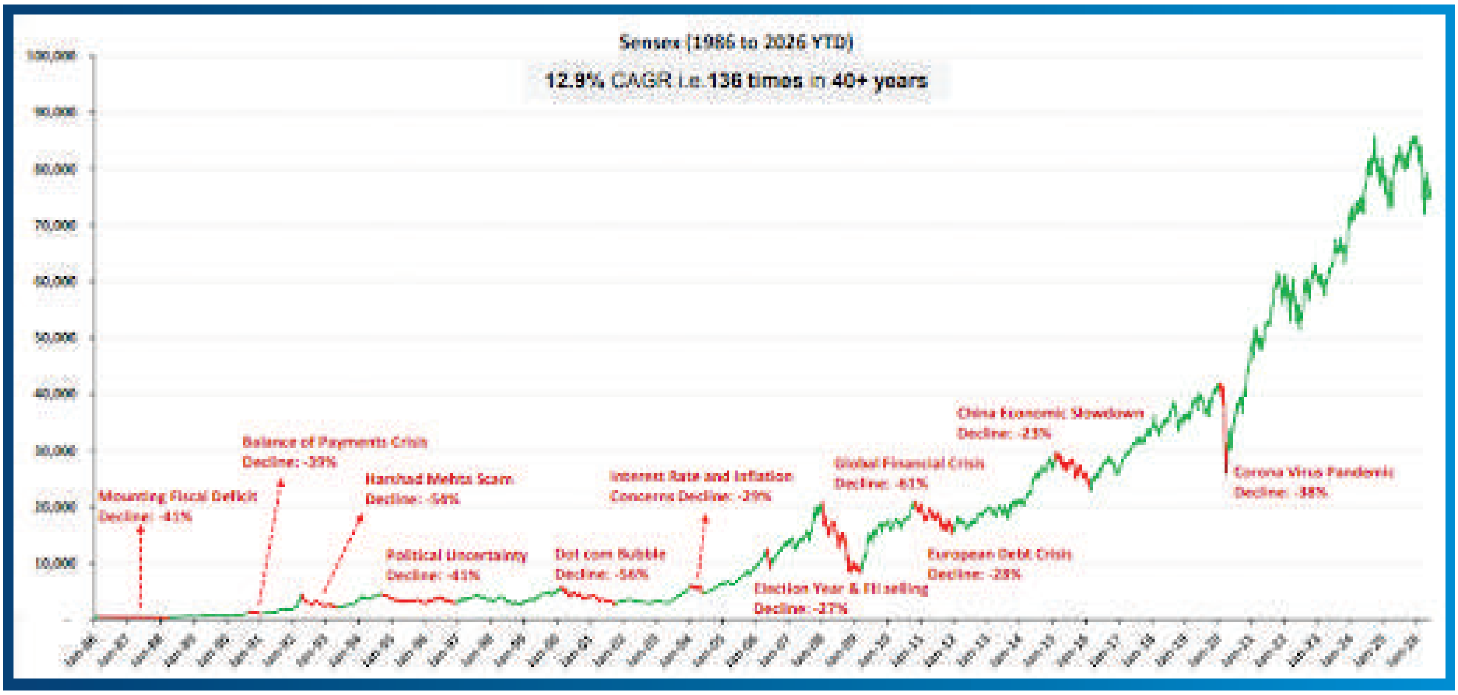
*Illustrative figures assuming 12% annual returns.

That's the power of starting early. It's not about investing a huge amount - it's about giving your money enough time to grow through compounding.

The greatest gift you can give your child isn't just a quality education - it's the freedom to choose it without financial compromises.

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

HOW GOAL - BASED INVESTING PREVENTS EMOTIONAL PORTFOLIO CHANGES



Source: Funds India, Data as of 31 May 2026

Every market cycle brings two powerful emotions - **fear when markets fall and greed when markets rise** – in fact, the stock markets are called the 'Fear-and-Greed' cycle really! Unfortunately, many investors let these emotions drive their decisions, buying when optimism is high and selling when fear takes over.

Now, take a look at the chart below. It tells a story that every investor should remember.

Despite fiscal stress, scams, global crises, inflation shocks, and pandemics, Indian equities have continued compounding wealth over decades.

Over the last **40 years**, Indian equity markets have weathered almost every imaginable challenge - economic crises, scams, political uncertainty, the Global Financial Crisis, COVID - 19, inflation shocks, and geopolitical tensions. At every stage, it felt like the market would never recover.

Yet despite these setbacks, the Sensex has delivered a Compounded Annual Growth Rate (CAGR) of around 12.9%, growing nearly 136 times since 1986.

Every sharp fall on this chart represents a moment when investors questioned whether they should stay invested. Every recovery reminds us why patient investors are often rewarded.

The chart reinforces an important lesson: **markets react to events, but wealth is created by staying invested through them**.

When your investments are linked to meaningful goals - your child's education, retirement, or financial independence - temporary market declines become less frightening. Instead of reacting to headlines, ask yourself one simple question: 'Am I still on track to achieve my goal?'

Short - term volatility is inevitable, but long-term discipline has historically rewarded patient investors. Every correction in this chart once felt like the end of the market - but every recovery proved that patience often outlasts panic.

(Contributed by Pregya Bansal, Relationship Manager, HNI Desk, Hum Fauji Initiatives)

EARNING JUST ABOVE ₹12 LAKHS? YOU MAY STILL PAY LESS TAX WITH MARGINAL RELIEF

The Union Budget 2025-26 has brought significant tax relief under the new tax regime. Individuals with a taxable income of up to ₹12 lakh (after the applicable standard deduction) are eligible for a rebate under Section 87A, resulting in zero income tax.

But here's a question many taxpayers ask:

"What if my income is ₹12.05 lakh or ₹12.10 lakh? Will I suddenly lose the entire tax benefit?"

The answer is No.

To ensure fairness, the Government has introduced Marginal Relief. Its purpose is simple - to ensure that a small increase in income does not result in a disproportionately large tax liability.

Let's understand with a simple example.

Suppose your taxable income (after the applicable standard deduction) is ₹12.10 lakhs.

- Your income is only ₹10,000 above the **₹12 lakhs threshold**.
- Under the normal tax calculations, your tax liability would be ₹61,500.

This would mean that earning an additional **₹10,000** results in paying **₹61,500** in tax - clearly an unfair outcome.

This is exactly where **Marginal Relief** comes into play.

Instead of paying ₹61,500, **your tax liability is restricted to ₹10,000**, which is equal to the additional income earned above ₹12 lakh.

In simple words, the additional tax payable cannot exceed the additional income earned over the ₹12 lakh threshold.

A quick tax table to refer this

Taxable income after standard deduction (Rs)	Tax without marginal relief (Rs)	Tax with marginal relief (Rs)	Savings (Rs) over regular tax calculations
12,01,000	60,150	1,000	59,150
12,05,000	60,750	5,000	55,750
12,10,000	61,500	10,000	51,500
12,25,000	63,750	25,000	38,750
12,50,000	67,500	50,000	17,500
12,60,000	69,000	60,000	9,000
12,70,000	70,500	70,000	500

A small salary hike should always leave you better off - not with a bigger tax burden than your additional income. **Marginal Relief** ensures exactly that, making the transition beyond ₹12 lakh fair and logical.

(Contributed by Prateek Agarwal, Financial Planner, HNI Desk, Hum Fauji Initiatives)

TOP CLIENT QUERIES OF THE MONTH
WHAT DID OUR CLIENTS ASK US?

QUESTION

Why do you recommend investing my lumpsum amounts through STPs instead of making a direct lump sum investment in equity funds? How does it add any value to my investment strategy?

OUR REPLY

Imagine receiving a retirement corpus, bonus, or proceeds from selling a property. The temptation is to invest the entire amount immediately. But what if the market corrects soon after?

That's why we often recommend a bulk amount broken up into small bits and invested through **Systematic Transfer Plan (STP)** to ride out market volatilities to a certain extent like the flywheel in a vehicle.

With an STP, your lump sum is first invested in a debt fund. A fixed amount is then transferred periodically into equity or commodity - oriented funds over a pre - defined period.

This approach offers several advantages:

- ★ **Reduces Market Timing Risk:** Since no one can accurately predict market highs and lows, investing gradually helps avoid putting all your money into the market at one level.
- ★ **Rupee Cost Averaging:** You buy more units when prices are lower and fewer when prices are higher, helping average your purchase cost over time.
- ★ **Keeps Your Money Productive:** While waiting to be transferred, the remaining amount continues to earn potential returns in the debt fund.
- ★ **Encourages Disciplined Investing:** Automatic transfers reduce emotional decisions driven by market fluctuations.

An STP may not always generate higher returns than a lump sum investment, but it can make the investment journey smoother by balancing growth opportunities with risk management.

(Contributed by Team Arjun, Hum Fauji Initiatives)

QUESTION

When I am nearing retirement, should I stick to monthly income streams from bank FDs or move to an SWP after making a lump sum investment?

OUR REPLY

There isn't a one-size-fits-all answer because the right choice depends on your retirement goals, income needs, and risk appetite.

Bank Fixed Deposits provide certainty. You know how much interest you'll receive every month, making them suitable for investors who prioritise stability. However, FD returns are fully taxable as per your income tax slab and may not always keep pace with inflation over a long retirement.

A **Systematic Withdrawal Plan (SWP)** works differently. Instead of living only on interest, you invest a lump sum in suitable mutual funds and withdraw a fixed amount periodically. Meanwhile, the remaining corpus continues to stay invested, giving it the potential to grow better over time. Depending on the type of fund and applicable tax provisions, SWPs may also be more tax-efficient than interest earned from Bank FDs.

For many retirees, the best solution isn't choosing **FD** or **MF SWP** - it's combining both.

A portion of the retirement corpus can be kept in safer instruments to meet near-term income needs, while the remaining amount stays invested for long-term growth in MFs for meeting your growth as also the regular income requirements. This helps maintain a regular income while reducing the impact of inflation on your purchasing power.

Retirement isn't just about earning a monthly income - it's about ensuring that your income lasts as long as your retirement does.

(Contributed by Team Sukhoi, Hum Fauji Initiatives)

REVOLUTIONIZING DEFENCE

Building financial awareness remains a key step towards long-term financial security, and our Investor Awareness Programs (IAPs) continue to empower soldiers and their families with the knowledge to make informed financial decisions.

During **July**, focused IAP sessions were conducted across multiple military stations, covering practical aspects of personal finance, disciplined investing, risk management, and goal-based financial planning. These sessions are designed to simplify financial concepts and help personnel build a stronger financial future for themselves and their families.

July Outreach at a Glance

- **Locations:** Ahmednagar, Kamptee, Jabalpur & Wellington
- **IAP Sessions Conducted:** 9
- **Jawans Reached in July:** 835
- **Cumulative Impact:** 94,419 jawans educated through 762 Investor Awareness

Programs conducted so far.

The enthusiastic participation and thoughtful interactions during each session reflect the growing awareness and importance of structured financial planning within the armed forces community. Every session brings us one step closer to building a financially aware and financially resilient force.

Planning an IAP for your unit?

Partner with us to conduct practical, need-based financial awareness sessions tailored specifically for armed forces personnel and their families.

EXPLORE OUR DIVERSE RANGE OF OFFERINGS

(Contributed by Gagandeep Kaur, Deputy Manager, Financial Planning)

YOUR GUIDE TO TAX PLANNING

When selling a property, most taxpayers ask just one question:
"Which option will reduce my tax today?"
But after the Finance (No. 2) Act, 2024, that may no longer be the right question.
Sometimes, the option that reduces today's tax could cost you a valuable tax benefit tomorrow.

Here's why.

If you're selling an eligible property acquired before **23 July 2024**, you can choose between:

- 20% tax with indexation, or
- 12.5% tax without indexation.

Most people stop their analysis here. But there's an important aspect many taxpayers overlook.

What if indexation converts your gain into a loss?

Earlier, a Long-Term Capital Loss (LTCL) could generally be set off against other Long-Term Capital Gains, such as gains from:

- Equity Mutual Funds
- Listed Shares
- Other Capital Assets

However, under the new provisions, **an indexed Long-Term Capital Loss arising from exercising the indexation option cannot be set off against gains taxable under Section 112A, nor can it be carried forward**.

That means the **loss may have little or no future tax value**, even though it appears beneficial today.

A Smarter Comparison

20% Tax with Indexation

- ✅ May reduce your taxable capital gain.
- ❎ If indexation results in a Long-Term Capital Loss, the indexed loss cannot be set off against Section 112A gains or carried forward.

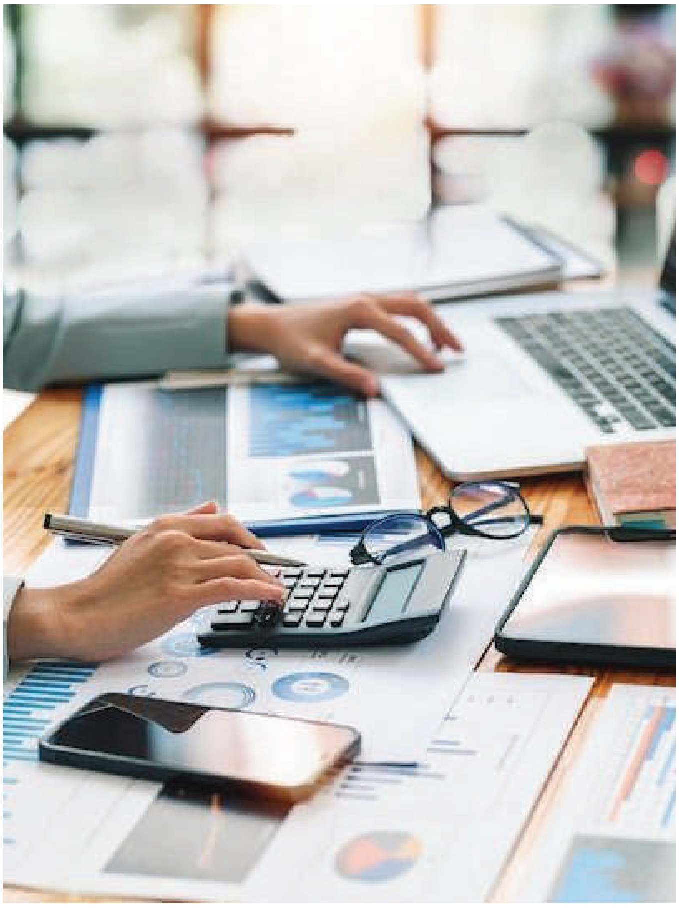
12.5% Tax without Indexation

- ✅ No indexation benefit.
- ❎ If it results in a Long-Term Capital Loss, the normal provisions relating to set-off and carry forward continue to apply, subject to the provisions of the Income-tax Act.

The Real Decision

Don't compare **only today's tax liability**.
Also compare **the future tax value of your capital loss**.
Sometimes, paying a little more tax today may preserve a much larger tax benefit in the years ahead.

In tax planning, the cheapest option today isn't always the most valuable option tomorrow.



(Contributed by Gagandeep Kaur, Deputy Manager, Financial Planner, Hum Fauji Initiatives)

SNEAK PEEK
INTO HUM FAUJI INITIATIVES

AN INSIGHTFUL CONVERSATION WITH A MARKET LEADER

We had the privilege of hosting **Mr. B. Gopkumar, CEO, Axis AMC,** for an engaging Q&A session on market perspectives, investing, and the principles that drive long-term wealth creation.
A valuable exchange of insights for our team and clients alike.

CELEBRATING OUR JULY STARS!

At Hum Fauji Initiatives, every milestone is an opportunity to celebrate the people who make our workplace what it is. July brought its share of smiles, surprises, and birthday cheer as we celebrated our team members and the joy they bring to HFI every day.

Here's a glimpse of the moments that made our **July birthday celebrations** extra special!

MEDIA FEATURES

Consistent Investing Can Build Wealth

Starting your first job often means balancing rent, food, online purchases, and other expenses, leaving little room for investing. But as **Col. Sanjeev Govila (Retd.)**, CEO, Hum Fauji Initiatives explains, building wealth is less about how much you invest initially and more about developing the habit of consistent investing.

Starting with a modest SIP, building an emergency fund, and being responsible with credit can help create a strong financial foundation. As your income grows, increasing your investments gradually can help you stay on track towards your long-term financial goals.

Read the full article on Outlook Money:
https://shorturl.at/xCplP

Outlook MONEY

AI Can Analyse Your Portfolio. But Can It Understand Your Life?

AI can scan a portfolio in seconds, but as **Col. (Retd.) Sanjeev Govila, CEO, Hum Fauji Initiatives**, notes, it cannot understand the life behind those investments. While AI can be a useful learning tool, financial decisions need to consider personal goals, family circumstances, risk appetite and future needs. Investors should therefore avoid treating AI-generated portfolio analysis as a substitute for personalised financial advice.

Read the full article on Outlook:
https://shorturl.at/JyOt8

Outlook

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CEO, Hum Fauji Initiatives

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