MUTUAL
FUNDS
Sahi Hai

THE MARATHON OF LIFE

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Marathon Fever

The Marathon *fever has caught the fancy of general citizens over the last few years. With increasing participation, there has also been an appreciation of the running culture. It is no longer an interest or passion restricted only for athletes but has opened doors for people to take up running as a healthy lifestyle.*

The same is the case with Mutual Funds. Unlike traditional savings options, Mutual Funds with their potential for higher inflation adjusted returns besides variety and convenience have emerged as a popular investment choice. Not just restricted to the elite or the experts, Mutual Funds are seen as a practical alternative for the average consumer's investment needs. Given the similarities, the Marathon has become a great metaphor while explaining Mutual Funds.

So what are the similarities? Both require discipline, dedication, planning and commitment. Most importantly, both can have positive life-altering effects in the long term. Mutual Funds have the potential to create wealth by pumping energy, pace and strength to your money just like a marathon does to your body and health!

In this booklet, The Marathon of Life*, we seek to highlight some of the key qualities that investors should possess to help them reach their financial goals by drawing analogies between a Marathon and Mutual Funds.*

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Diligently follow these six tenets to

In life.

1

HAVE A GOAL

To achieve a larger purpose.

2

START EARLY

To reach your goals.

3

BE RESILIENT

Through highs and lows.

meet your goals of Health and Wealth

And your investments.

4

STEP UP

To go faster,
higher, stronger.

5

IT'S NEVER TOO LATE TO BEGIN

The right time is now.

6

HAVING THE RIGHT GUIDANCE HELPS

To realise your goals.

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Have A Goal

To achieve a larger purpose.
In life. And your investments.

Setting goals is the first step in turning the invisible to the visible. After all, what are we without our goals? If we didn't have a destination in mind, would we embark on the journey? And yet, goals can help you achieve a larger purpose in life. They can help you go beyond just milestones.

For both running and investing, a purpose beyond goals is very important. For example, you have invested in Mutual Funds for your daughter's higher education and you also reach the desired corpus. However, your bigger purpose is not just investing that money every month and getting a corpus at the end, it's to see your daughter in a top notch university. It's the larger purpose of having given her an opportunity to a successful career and secure future.

Similarly, you may run many marathons but think about running for a cause that is closer to your heart. So, whenever you cross the finishing line, you achieve not just the goal but also a larger purpose. Even if not running for a charity, the bigger purpose of health and fitness is always inherent!

Start Early

To reach your goals.
In life. And your investments.

Time is free and yet, it is priceless.
Whether Mutual Funds or marathon, the earlier you start, the better it is.

- An early start gives you greater flexibility with time to learn, as personal obligations and commitments are much lesser during a younger age.
- Running at 20 years of age as compared to 30 or 40 years will also have much more long term health benefits. The same rule applies to your finances.
- The more you train yourself, spending enough hours on practice, the greater would be the potential to better your 'PBs' (personal bests). Similarly, with Mutual Funds, the longer you invest, the higher would be the effect of the power of compounding.

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One doesn't run a half or full marathon from day one. Likewise, one doesn't need to start investing into Mutual Funds with a huge sum of money but can start with Systematic Investment Plans (SIPs) of even ₹500 to ₹1000 per month.

Starting Early

Let's consider what the power of compounding does if one starts investing early. Renu starts investing ₹10,000 per month via SIPs from the age of 20. She allows the corpus to grow and plans to withdraw the amount only after 30 years, i.e. when she turns 50. Her friend Megha, on the other hand, invests three times the amount, i.e. ₹30,000 per month but starts 10 years later, at the age of 30 and continues for 20 years till she also turns 50.

Who do you think has accumulated more? Renu or Megha.

Renu invested a total of ₹36 lac over 30 years and received ₹3.08 crore (assuming a 12% p.a compounded rate of return) when she turned 50. That's 9 times her principal invested. On the other hand, Megha invested ₹72 lac over 20 years but ended up accumulating ₹2.76 crore which is just under 4 times the principal invested. Thus Renu, despite investing a far lesser amount has accumulated a larger corpus than Megha due to the power of compounding effect. That is the benefit you get from starting early.

Starting Early

	Renu	Megha
Mutual Fund Investment Starts At	20 years	30 years
Monthly SIP Amount (In ₹)	10,000	30,000
Assumed Compounded Rate of Return (in % p.a.)	12%	12%
Mutual Fund Investment Stops At	50 years	50 years
SIP Investment Tenure	30 years	20 years
Principle amount invested over time	**₹36 lac**	**₹72 lac**
Value of Investment at age 50	**₹3.08 Cr**	**₹2.76 Cr**
Compounding Effect (Growth)	**Around 9 times**	**Around 4 times**

Please note that the above example is hypothetical and the rate of returns (12% p.a compounded) are assumed for the above calculation. The example seeks to highlight the principle of the power of compounding and should not be construed as an assurance or guarantee of returns by investing in any Mutual Fund.

We are not what happens to us. We are what we choose to become.
At times, runners hit the "runner's wall". One needs to work around it. You may have prepared and given your best, but it may still go against you and you may not achieve your desired results. Not to be deterred, one needs to break the plateau.

- Past achievements aren't absolute unless we improvise and relearn constantly, with changing times and circumstances.
- Keep negative thoughts at bay, and train well. Remember, a marathon is not merely linked to the body but is also a mind game. So hone both your body and your mind to face hard times.

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- Curb the urge to take the easy way and quit. Be determined and stay put.
- As an investor, you need to be resilient and stay invested across market cycles. The benefits of SIPs can be seen more in a down cycle than an up cycle as SIPs have the concept of Rupee Cost Averaging that help one buy more units when markets are down and less units when markets are up.

As an investor you may feel the urge to stop or cancel your SIPs when the economy and markets are not doing well. But history has shown that long term investors who stayed the course have created wealth.

Stay the course
The longer you stay invested, the better your chances of wealth creation. Consider the example of an SIP of ₹10,000 per month growing at an compounded annual rate of 12% (assumed) p.a. With time, the compounding effect comes into play and this results in the growth of principle on an exponential rate.

Stay The Course

Period	Principal In ₹ lac	Final Value in ₹ lac	Growth of Principal (Compounding Effect)
10 years	12	22.4	Almost 2 times
15 years	18	47.59	Almost 3 times
20 years	24	91.99	Almost 4 times
25 years	30	170.22	Almost 6 times

Please note that the above example is hypothetical and the rate of returns (12% p.a compounded) are assumed for the above calculation. The example seeks to highlight the principle of the power of compounding and should not be construed as an assurance or guarantee of returns by investing in any Mutual Fund.

Step Up

To go faster, higher and stronger.
In life. And your investments.

Sometimes the smallest step in the right direction ends up being the biggest step of your life.
Once you have trained and started running, you must push yourself to improve your timings on your smaller runs like the half-marathon and then over time, push yourself to graduate to the full marathon. That's how one can embrace growth and kick-out stagnancy. Along with aiming for more

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challenging milestones, you experiment by running uphill, stair runs or beach runs, to test your tenacity and add to the excitement. Similarly while investing in Mutual Funds, stepping-up your investments as your salary or income grows is an important tenet. Logically, at an earlier stage in your career, the ₹1,000 per month SIP may have made sense, but as your own income and subsequently your needs grow, the SIP amounts should also grow.

Satish started investing ₹10,000 per month through an SIP and kept this contribution constant for 20 years. His friend Manoj too invested ₹10,000 per month but kept increasing his investment by 10% every year for 20 years. In both cases, let us assume a compounded return of 12% p.a. With constant investment, Satish invested ₹24 lac over 20 years and accumulated a corpus of ₹91.98 lac. With a 10% yearly incremental investment, Manoj accumulated about ₹1.86 crore on an investment of ₹68.73 lac. So, by investing 10% more every year, Manoj has managed to receive more than double the corpus of Satish.

Constant vs Step-up SIP

	Satish (Constant SIP)	Manoj (Step-up SIP*)
Initial Monthly SIP (In ₹)	10,000	10,000
Total Investment after 20 Years (Principal)	₹24 lac	₹68.73 lac
Assumed Compounded Return on Investment (p.a)	12%	12%
Corpus after 20 Years	₹91.98 lac	₹1.86 Cr

*10% increase in investment amount every year under Step-up SIP. Please note that the above example is hypothetical and the rate of returns are assumed for the above calculation. The example seeks to highlight the benefit of Step-Up SIP and should not be construed as an assurance or guarantee of returns by investing in any Mutual Fund.

It's Never Too Late To Begin

The right time is now.
In life. And your investments.

Nobody can go back and start a new beginning, but anyone can start today and make a new ending.
Similarly, one is never too young or too old to invest or run. What is more important is to make a start. There are many who feel that they should have started running in their 20s and it's too late now. Similarly, there are many investors who feel that they should have saved more in their younger days rather than over spending. Now with a family and kids, they have higher expenses leaving very little room to save.

It is certainly easy to start running and investing at an early age but even if one starts late, there is no such thing as 'missing the bus.' You need to be determined to make a start and then be persistent in your efforts to meet your goals. Even if you may save less on a regular basis, you can invest the larger cash flows like incentives, ex-gratia, etc. more prudently to create a larger corpus. Yes, the later you start may mean that you may need to invest larger amounts to get to your goal but it's always better late than never.

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Having The Right Guidance Helps

To realize your goals.
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If you want to go fast go alone, if you want to go far go with a mentor. When you decide to run a marathon from scratch, it is easily said than done. You may be self-motivated but you need help. You need guidance to help you on this path to become a successful marathoner. These may include a coach or mentor, running buddies, fitness trainers, nutritionists as well as like-minded peer groups. Your physical trainers may guide you in terms of exercises and hours of running needed daily as well as ways to up the ante. On the other hand, nutritionists can help you in your food intake, weight control, etc.

The same is the case with Mutual Funds. It's very easy to research on the internet, ask a few friends and family and think you know enough to start investing. However, only a professional financial adviser or Mutual Fund distributor will be the able to guide you across your investment life cycle, over the years. As an expert, he or she would suggest products based on your specific goals and risk appetite and design an appropriate financial plan. Importantly, your adviser or distributor would also help you to monitor your portfolio, track your investments on a periodic basis and be able to hand-hold you especially when markets are volatile.

To Conclude

Much like a marathon, Mutual Fund investments necessitate fixing your financial goals and relentlessly working towards achieving them in a disciplined manner. Investors stand to gain not only from investing through SIPs, but also from a professional money manager's expertise. Starting early helps, but it's never too late to start investing. A meticulous plan and a disciplined approach can help you reap the benefits over the long-term. When you choose Mutual Funds as your investment vehicle, you will have to do the hard yards, but it could help you get past the finishing line without breaking too much of a sweat.

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Our Services

1)Financial Planning - http://www.thewealthwisher.com/financial-planning/
2)Wealth Management - http://www.thewealthwisher.com/wealth-management-service/
3)WMS for NRI's – http://www.thewealthwisher.com/pms-for-nris/
4)WMS for Working Women - http://www.thewealthwisher.com/pms-for-working-women/
5)WMS for Executives - http://www.thewealthwisher.com/pms-for-executives/
6)Fixed Income Services - http://www.thewealthwisher.com/fixed-income/

To Summerize- What We Do in Wealth Management Services?

1) We carry out all the transactions that are required to **bring you to the model portfolio**. This include:

- Shifting/Redeeming & Reinvesting the investments in the desired schemes.
- Looking & ascertaining the Taxation while exiting an old investment.
- Exiting out of schemes/investments which are bad and not required.
- Getting the C-KYC & other formalities registration.
- Subscribing to new schemes/SIPs as recommended in the plan.
- Helping to create corpus as advised like Emergency Fund etc.

2) Once the portfolio is constructed, our **day-to-day research keeps you updated** on what is going on in the investment scenario. We keep interacting you on new opportunities, your requirements.

3)We contact and carry out the **Half Yearly Review**. Not much change happens during 6 months but it gives you idea and reasoning that your portfolio is headed in right direction.

4) Behavioral Coaching: There is a **GAP** between what market gives and what investor earns. Investor loses his focus very quickly when he gets information on good or bad events. And, this is bound to happen when investments are for long 15-20 or more years. We constantly coach you to **BRIDGE this gap** with regular inputs, regular corrections in views & do not let you drift away from your actual goals.

5)Taxation/Mandatory requirement: We provide all reports/information regarding your investment. We liaise with your CA in case it is required. We can also provide file returns when

6)Year-end Review & Portfolio Rebalancing: Your asset allocation is 90% plus responsible for your goal fulfillment and reducing risk. We make sure that we do it constantly, at the right time without emotional bias

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