



CHOOSING THE RIGHT PRODUCT TO MAKE YOUR INVESTMENT COMPLETE

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Choosing the right product and designing your investment portfolio largely rely on your financial goals. When you translate your financial goals into numbers an expected growth rate comes into shape. Based on this expected growth rate you can manage your portfolio more effectively. Investment is a long journey. When you consider the growth of your portfolio in the decades to come factors like central bank interest rate, industry growth horizon and disruptive changes become instrumental.

Saving habit is a stepping-stone to a successful investment strategy. You can start your savings journey by selecting from some of the most popular saving instruments available in the financial market. We can discuss stocks, precious metals, real estate etc. a little later, but here are some of the saving options that kickstart your investment journey with a mix of safety and growth.

1. Public Provident Fund offers a respectable rate of interest of 7.1%. It is a safe form of investment and the 15-year lock-in period ensures that long-term growth goals are achieved. It is extremely tax-friendly, with investment, interest income and maturity receipts all waived from income tax.

2. National Pension System is the government's retirement planning and savings scheme that accepts deposits till you reach 60 years. Maturity receipts include lump sum payouts and annuity-based monthly pension receipts. NPS deposits have a separate tax benefit of Rs. 50,000. 40% of the maturity benefit is also tax-free.

3. Unit Linked Insurance Plans can give you the dual benefit of investment and insurance coverage. ULIPs are market-linked, and you can select the debt and equity ratio as per your risk appetite.

4. Government-backed saving schemes help you maintain a healthy and regular saving habit. A recurring deposit is one such option for a regular saving habit. It requires a low minimum deposit, higher than a savings account rate of interest and flexible choice of tenure - from six months to ten years. The Post Office Time Deposit scheme is a 5-year scheme. Its minimum investment is only Rs. 200 and there is no limit on maximum investment. It has tax benefits too. Senior Citizen Savings Scheme is ideal for investors over the age of 60. It offers one of the best fixed-income interest rates i.e. 8%. It has a maturity tenure of 5 years, which can be extended by 3 more years.

5. Mutual Funds offer something for everyone, with a wide range of variety. You can invest in aggressive market-linked mutual funds or the more conservative investment of debt-oriented mutual funds.

Apart from these benchmark saving options, you will also look into other asset classes while choosing products for your portfolio.

Equity– Your equity investment may undergo fluctuations in the short and medium term. Negative growth between two consecutive years is quite common. However, the equity market tends to grow at 12-14% in the long run. But to achieve that you must pick reliable stocks and monitor their performances regularly. If their fundamentals are strong, it is better to ignore temporary blips and stay invested for long-term growth instead.

Non-Equity Choices – While thorough research is a must in equities, you should also avoid predictable choices in non-equity choices. For instance, investment in an apartment or plot of land is the traditional choice. But could an investment in real estate investment trusts or REITs make more sense? REITs offer liquidity and don't require large investments. In other words, non-equity choices also require thorough research.

Alternative investment choices – Traditional investments must be probed, but you must also keep an eye on what other investment options are emerging in the market. This includes monitoring the startup scene, the unicorns and the soonicorns of the world. You can also explore international markets to keep your Rupee risk low, by hedging with foreign currency investments. International currency exposure will safeguard you from any devaluation in the domestic currency. Besides, investments in different economies and markets will bring stability and diversity to your portfolio.

Keeping an eye on the future is very important while choosing your investment products. Your long-term financial goals will and should dictate your approach towards investing and portfolio management. With foresight and risk-managed investment strategies, you can make the right choice of products and ensure the long-term growth of your investments.