

IMPORTANT NEWS

- India now has 2.28 crore unique mutual fund investors as against 2.08 crore investors a year ago.
- The number of unique investors across mutual fund schemes increased by 10% from 2.08 crore as on March 31, 2020 to 2.28 crore as on March 31, 2021," the Ministry of Finance said in a press release.
- In the same period, AUM of mutual funds went up by 41% to Rs 31.43 lakh crore. The AUM was at Rs 22.26 lakh crore at the end of FY20.
- 1,400 individuals have joined the MF distribution business in March. In Feb 1,112 ARNs were added

Expert Corner

Importance of investing basis a goal



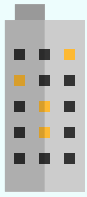
Investing on goal basis is an art. When a person thinks of buying an item say right from mobile phone , air conditioner , television set , 2 wheeler, 4 wheeler, house , international trip, the next moment they buy it with the help of a loan and start paying the EMI.

I would suggest let the client start a separate SIP even in a debt fund for short term goal and equity fund for long term goal. Now when the target is achieved the time takes at least 1 year. By that time the investor has the option to buy the latest model. He also has the full money in hand. He can further bargain with the seller on the product MRP. That's where the shop gives zero interest EMI. Then even for a 2 wheeler you can further opt for a new model same for a car.

There are many people who do not start investing for their long term goals like retirement. Many a times, they start investing, but do not continue with the systematic investment for various reasons. Many a times, they also withdraw the amount that they have saved for the goal for some emergency or for some other short term requirement. In such a case, the investor makes the mistake of withdrawing the money and then ends up with the shortfall when the goal finally falls due. In such a case, he blames his luck and sometimes the government for not providing the solution.

Investing basis goals helps us in the following manner

1. Helps in keeping aside an amount for the goal
2. Long term investing helps the investor to get good returns
3. Helps managing our expenses better
4. Avoid using expensive loans to fulfill goals



Investor Query

What are the pros and cons of investing in real estate as an investment asset



One of the bigger mistakes that many of us in India make when we think of real estate as an investment product is to think that it will always be very easy to sell it off when funds are required. In many cases, it is very difficult to sell off the real estate at the desired price.

Real Estate investment could consist of residential, commercial property, shops, godowns / warehouses, vacation homes, office, agricultural land etc. Let us look at some of the important Pros and Cons of Real Estate Investment

Pros of Real Estate Investment

- Real Estate Properties in certain areas appreciate in price over a period of time and many a times, the appreciation is more than the annual inflation rate thus giving real returns to the investor
- Investment in certain real estate like residential property using a loan provides income tax benefits
- Real Estate Investment which is given out for rental purposes ensures a steady stream of returns in the form of rents
- Real Estate can be bought using loans from financial institutions. In this way an asset can be created by using future cash flows in the form of Loan EMIs.

Cons of real estate investment

- Real Estate requires a huge amount of money even if you are purchasing it using a loan from a financial institution
- Maintenance of the property: Real Estate investment requires maintenance expenses in the form of property taxes, repairs and renovation, society maintenance charges etc. This results in lowering the investment returns
- It is difficult to sell real estate when you really require funds as you might not find the buyer with the right price
- You cannot sell off real estate in parts in case you require only a part of the amount for any goal.
- The rental yields on real estate investments in most parts of India is very low as compared to what the investment amount would have got for other asset classes like Bank Fixed deposit and equity



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Strongly believes and advises clients the Systematic Investment Plan (SIP) route for increasing wealth and planning for goals.