

IMPORTANT NEWS

- Franklin Templeton Mutual Fund has informed investors that it will be migrating to Computer Age Management Services (CAMS) as its registrar and transfer agent, and hence transactions will be suspended over the 17-18 July weekend.
- Axis Mutual Fund's average equity AUM of Rs 1.06 lakh crore was the highest among all mutual funds in the first quarter of FY 2022.
- NJ India, SBI Bank and Axis Bank are the top three mutual fund distributors who received highest gross commission in FY 2020-21.

Expert Corner



How to evaluate & review clients Investment Portfolio ?



In the industry of Investment Management, analysis of the clients' current financial portfolio should be done initially, which means establishing the value of existing assets, the extent of present commitments (Liabilities), the tax situation, the income needs of the current lifestyle etc. is necessary. Goal based plan is the practical approach through which we can evaluate the investment portfolio of clients over the specified period of time. Before evaluating, it is very important to understand the risk appetite of client. This is the key to understand the rate of returns required, identify the investor's goal and time frame.

One major advantage of this approach is that risk management gets closely aligned with investor perceptions incorporating insights from behavioral analysis into portfolio construction management and reporting.

Investment planning is an ongoing process which requires constant monitoring and regular review. A comprehensive plan however brilliantly conceived and properly implemented, reviewing Investment Portfolio at this juncture is important because change in the economic environment, SEBI tax laws, EPF regulations, the international and domestic markets, and personal objectives mean that a good plan cannot be static and must evolve and grow as circumstances change. Recommendations must be modified as changing circumstances arise. Their circumstances may come about by poor performance by one or more of the investments recommended or by change in the needs and objectives of the client.

E.g. If due to growth, the value of a client's share portfolio rises from 40% of assets to 65%, this indicates that the portfolio should be re-weighted to the chosen asset allocation of 40%, i.e. rebalanced, unless the circumstances of the client have changed and the client is comfortable with the increased risk.

We should help the client understand the overall performance of the portfolio by classifying investments into fixed /guaranteed returns (Bank deposits, bonds etc.) and market based returns (Mutual funds / Direct Equity etc.) The returns should be show in the form of time based returns where the investment period is more than a year for ease of comparison. The returns of the investment can also be show in comparison with a relevant benchmark.

The objective of the review is to continually assess the plans performance and risk with regards to the client's initial objectives and also to continually assess the suitability of the portfolio to changing circumstances.



Investor Query

How do I manage my portfolio and choose investments when the markets are at a high ?



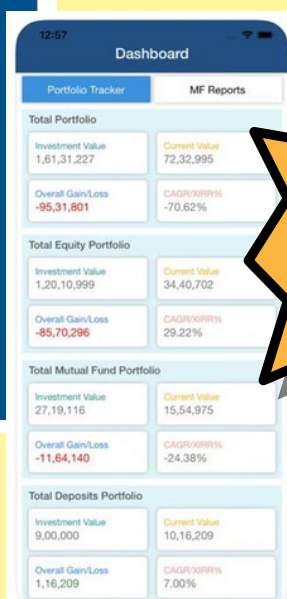
When markets are at high, there are certain criteria that need to be considered:

1. Reviewing the Portfolio that have changed since compilation of the original plan
2. Need for Rebalancing the Portfolio or diversify the Portfolio, recommended change to plan
3. We should not invest in any of the financial product, linked to market, which is not known by us.

We would advise clients to remain alert, while enjoying the bull run since this is when markets are prone to correction. When markets are high diversifying stocks in different market capitalization is safe, especially investing in Large Cap and Flexi Cap Funds. Asset Allocation will help to diversify the risk when markets are at high and will ease to achieve your financial goals. Client should be disciplined with his investment and should not take any wrong decisions at any moment that will hamper the financial goal to which funds are allocated.



Nagesh Amin CFP- Proprietor of K.K. Investment Solutions as an organisation provides all type of Financial Services- Life/Health Insurance, Mutual Funds/FD's and Comprehensive Financial Planning, having a vast experience of more then a decade and Certified Financial Planner since 2018



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