**ASSET ALLOCATION REPORT**

**Ms. AMANDEEP KAUR**

**Prepared on: 21 September 2016**

Dear Ms Kaur,

Congratulations on your next step towards a financially planned future. You are currently saving adequately to meet your financial objectives now you just need to invest wisely. Making investment decisions may sometimes sound intimidating but you need not worry as in this report we are going to provide not only a comprehensive analysis of your financial status and goals but also suggest you the funds in which you should invest to achieve your goals.

In the table below, a comprehensive evaluation of your goals is provided. Accordingly, we have prioritised the goals for you and provided the exact amount you should invest in the different asset classes in order to achieve your goals. Further, for achieving your retirement needs you should invest Rs. 4,000 in equity funds, Rs. 2,000 in Public provident fund and Rs. 1,500 in National Pension scheme.

Similarly, for emergency fund you should invest Rs. 10,750 in debt/hybrid mutual fund and save the same amount in your saving account. Moreover, for the down payment of your house loan, you should invest Rs. 6,000 in a debt or hybrid mutual fund.

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| Goals | Amount  (Rs. In lakhs) | Target Date | Current Allocation | Recommended Allocation | Equity Fund | Hybrid/ Debt Fund | Savings Account | PPF | NPS |
| Retirement | 91 | July,2051 | 8,333 | 7,500 | 4,000 | 0 | 0 | 2,000 | 1,500 |
| Emergency Fund | 2.5 | August,2017 | 0 | 21,500 | 0 | 10,750 | 10,750 | 0 | 0 |
| Down Payment for house renovation | 1.5 | December,2017 | 0 | 6,000 | 0 | 6,000 | 0 | 0 | 0 |
| Down payment for car | 2 | December,2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wedding | 15 | December,2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Now, below is the list of funds that you should consider investing in order to achieve the desired financial goals. Therefore, you need to invest Rs. 4,000 in one or more equity funds mentioned below and Rs. 16,750 in one or more debt or hybrid funds mentioned below. Moreover, we strictly advice you to invest through monthly SIPs as this way you would not only be able to invest on a regular basis but also it would diversify the risk associated.

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| --- | --- | --- |
| Asset Class | Total investment amount | Name of the funds |
| Equity Mutual Fund | 4,000 | * HDFC Mid-Cap Opportunities Fund - Direct Plan * Birla Sun Life Top 100 Fund - Direct Plan |
| Debt/ Hybrid Funds | 16,750 | * Franklin India Government Securities Fund - Composite Plan - Direct Plan * HDFC Gilt Fund - Long Term Plan - Direct Plan * HDFC Balanced Fund |
| Public Provident Fund | 2,000 | - |
| Savings Account | 10,750 | * Kotak Mahindra Bank * Yes Bank |
| National Pension Scheme | 1,000 | - |

We recommend you to diversify your investment among these funds based on your goals. We have already mentioned the amount that you need to invest in a particular type of fund in order to achieve your financial goals. Now, you just need to invest in these funds. You can do this through a broker or you can even directly invest in these funds and save the brokerage by visiting their websites.

Now, these funds have been selected based on your investment need, the underlying assets and the returns these have generated in the past. Moreover, your financial goals and your risk taking ability have been taken into consideration while selecting the funds and thus we strictly recommend you to regularly invest in these funds through monthly SIPs.

The diagram below shows a comparative analysis of your current asset allocation and the asset allocation that we recommend for you. You are currently depositing 49% of your savings in recurring deposit, 33% in fixed deposits and 18% in your saving account.

We, on the other hand, recommend you to allocate 70% of your savings toward equity mutual funds, 10% towards debt/ hybrid fund, 10% towards public provident fund, 5 % towards national pension scheme and save 5% in your savings account.

Since you lie in the age group of 20-30 years and you do not have liabilities at all thus it is always advisable to invest a major portion of your savings in equity. Thus **we recommend you that your portfolio should have 70% investment in equity mutual funds, 10% in debt or hybrid mutual funds, 5% in national pension scheme, 5% in savings account and 10% in PPF.**

Now, the charts below show the effect of your current and recommended asset allocation on the future value of your savings. Moreover, if you allocate your savings in the asset classes you are currently investing in then your savings after 10 years will be around ₹ 60 lakhs and your savings after 20 years will be around ₹ 1 crore and 78 lakhs. Whereas, if you invest your savings in our recommended asset classes and in recommended proportion then your savings after 10 years will be around ₹ 77 lakhs and your savings after 20 years will be around ₹ 3 crore and 10 lakhs.

Rs. in crore

Further, having the assets which yields higher return in your portfolio will help you to save more and achieve goals in the long run. In a ten year span you would save around ₹ 17 lakhs more, by investing in the asset classes that we recommend, than what you would be able to save by maintaining the current asset allocation. And in a twenty years time the difference will increase to ₹ 1 crore and 30 lakhs. Now, **imagine having extra savings of around one crore and thirty lakhs in your hands just by following some simple advices**.

Now, the graph below shows how the value of your investments will grow over the course of 5 years. In the beginning of FY17 your investments were around Rs 3 lakhs and by the end of FY 2021 the value of your investments will grow to around Rs 24 lakhs. Moreover, the graph below shows your existing investment (blue segment), additional investment i.e. annual savings (red segment) and the annual returns (green segment)

Moreover, your current saving rate is around 78% which is a fantastic number. Now, you just need to be a smart investor and allocate your savings in the asset classes that suits your profile. We have provided you with all the details which will help to not only achieve your goals but also have a financially independent future.

For any further query or advice always feel free to contact us.

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