

# VARSIITY BY DHAIRYASEN DESHMUKH

## CHAPTER 1: WHY SHOULD I INVEST?

-Example of Financial Decision

50k salary-30k is spent on livelihood-20k is left liquid

Assuming there is 8% increment in salary annually and you plan to retire at your 50 (assuming you are at your 30) you have to work for 20 more years

After saving the same % of money every year, after 20 years 1.7cr of money is collected. Also taking the inflation rate in consideration the capital will only last 8 years.

-SAME % OF SALARY WHEN INVESTED CAN LEAD UPTO 4.7CR OF INCOME IS COLLECTED, CONSIDERING MIN OF 12% RETURN ANNUALLY WHICH IS CONSIDERED MINIMUM

-When investing one has to choose asset class that suits the individual's risk and profit profile.

-THERE ARE 4 FUNDAMENTAL INVESTMENT TYPES

### # FIXED INCOME INSTRUMENTS

FITS are Investment avenues where your principal amount is perceived to be safe. The entity pays interest amount on the investment you made. Capital is returned to the investor at the end of investment period known as MATURITY PERIOD

- BANKS FD (FIXED DEPOSIT)
- BONDS ISSUED BY GOVT OF INDIA AND GOVT RELATED AGENCIES SUCH AS GAIL, HUDCO, NHAI (NATIONAL HIGHWAY ASSOCIATION OF INDIA), POPULARLY KNOWN AS T-bills

-As of oct 2022 Typical returns from FITS

INSTRUMENT	RETURNS
FIXED DEPOSIT	5-6%
GVT BOND	5.5%
CORPORATION BONDS	9-10%

-CORPO BONDS ARE RISKY AND GO TO ZERO RETURN WHERE AS GVT RETURN IS CONSIDERED SAFEST WHILST ALL THIS RETURNS DEPEND ON THE INFLATION RATE

EXAMPLE: YOUR RETURN FROM FD IS 9% BUT THE INFLATION IS 10% THEN THE NET GAIN IS - 1%(LOSS), SAME GOES WITH SALARY AND JOB INCOME IF YOUR SALARY IS INCREASED BY 2% BUT THE INFLATION HAS GROWN 3%, IT MEANS ECONOMICALLY YOUR SALARY HAS DECREASED BY 1%

- KEEPING TRACK OF THE CURRENT AFFAIRS AND ECONOMICAL CONDITIONS AND PREDICTIONS IS NECESSARY AND ESSENTIAL FOR MAKING SMART FINANCIAL AND INVESTMENT DECISIONS AND REQUIRES STUDY.

## # EQUITY

Investment in Equity involves buying shares of publicly listed companies which are traded on BSE and NSE.

-UNLIKE FIXED INCOME INSTRUMENT THERE IS NO CAPITAL GUARANTEE HOWEVER AS TRADE OFF THE RETURN

-INDIAN EQUITIES HAVE GENERE=ATED UPWARDS OF 12% COMPOUND ANNUAL GROWTH RATE OVER PAST 10 TO 15 YEARS.

## #REAL ESTATE

Real estate investment involves buying and selling of commercial and non-commercial land.

-TRANSACTION PROCEDURE CAN BE QUITE COMPLEX INVOLVING LEGAL VERIFICATION OF DOCUMENTS

-CASH OUTLAY IS VERY LARGE HENCE IT IS NOT RECOMMENDED TO INVEST AT THE BEGINNING OF THE INVESTMENT JOURNEY

## #COMMODITY

Involves investment in Natural Resources including gold and silver and even grains and oil.

-GOLD AND SLVER INVESTMENTS HAVE YEILD UPTO 5-8% OF CAGR OVER THE LAST 20 YEARS.

- JEWELREY
- EXCHANGE TRADE FUNDS(ETF)
- SOVEREIGN GOLD BONDS

## #ASSET ALLOCATION

-EQUITY TENDS TO GIVE YOU THE BEST RESULTS ESPECIALLY WHEN YOU HAVE A MULTI YEAR INVESTMENT PERSPECTIVE

-CRYPTOCURRUNCIES LACK: ENSURING CHECKS, BALANCES, REGULARITY FRAMEWORK TO PROTECT YOU AS AN INVESTOR

-IT IS CONSIDERED TO BE BEST TO DIVERSIFY YOUR INVESTMENTS IN ALL INVESTMENT ASSET CLASES

ASSET TYPE	PERCENT OF INVESTMENT ALLOCATED
EQUITY	60%
METALS	20%
FIXED INCOME	20%

## #THINGS TO NOTE BEFORE INVESTING

1. HIGER THE RSK HIGHER THE REWARD AND VISE VERSA
  2. FIXED INCOME IS GOOD IF YOU WANT TO PRETECT YOUR PRINCIPAL AMOUNT BUT THE RISK OF LOOSING MONEY WHEN YOU ADJUST THE INFLATION RATE IS HIGH
  3. INVESTMENT IN EQUITY IS A GREAT OPTION. IT IS KNOWN TO BEAT INFLATION OVER A LONG PERIOD. HAS GIVER THE RETURNS OF 14-15% BUT ARE RISKY
  4. REAL ESTATE REQUIRES A LARGE AMOUNT OF CAPITAL AND LIQUIDITY IS A MAJOR ISSUE. YOU CANNOT BUY AND SELL WHENEVER YOU WANT
  5. COMMODITIES ARE RELATIVELY SAFER BUT RESTURNS ON SUCH INVESTSMENT HAS NOT BEEN ENCOURAGING
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## CHAPTER 2: FINANCIAL REGULATORS AND INTERMEDIARIES

### #WHAT IS STOCK MARKET?

Stock market acts as an electrical or digital bridge between seller and buyer of the stocks through intermediaries like STOCK BROKER.

Stock market is accessed through registered Stock Broker like ZERODA, MOTILAL OSWAL.

Stock Exchange in India

- NATIONAL STOCK EXCHANGE
- BOMBAY STOCK EXCHANGE