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Transcript:

I know you're tired of listening to people saying invest in the market for the next 20 years and then all your dreams will come true So I tried to fulfill the dreams of 50 people in the office Listen up guys We've put a boat over here. I wanted to put all of your short term goals, you know your wishes over there Pick with the boys I want a car So we're going to use this to figure out two things one What are all the options available for you to actually invest in a shorter term and second I'll actually give you a calculator so you can figure out what works for you Let's look at the first one which is a savings account It's basically a bank account offering some kind of savings rate You have normal bank accounts giving you some savings rate You have some lesser known banks giving you a higher savings rate So you have savings account as an option This is between 3.5% all the way to 7% depending on what thank you actually inquire And the risk is relatively lower and the best here is savings deposits are liquid You ask for money and the bank gives it back no lock-in Taxation is the most important but I'll tell you in the end So let's see savings account may you can maybe do finish a book because This doesn't require any money it requires time job care person I have because you were king Over time This is savings account of course you can do a lot more with the savings account I'd love to hear what you've done But let's move on to the next option Basically investing in lower duration bonds A lot of companies borrow money from the public and institutions for operations For a very short period of time that's 0 to 90 days Now the returns you can see over here 6 to 7% what you have to figure out is what kind of instrument makes sense for you Versus just the returns which is not too much in your control These funds carry very low risk because their NAV does not move too much like equities For liquidity this takes between 2 to 3 days for your money to come back So if you exit on a Monday that's transaction day Plus one that's Tuesday Tuesday evening you will receive the money or T plus 2 would mean Wednesday evening you'll receive the money So that's something you should know that it's not immediately available like a savings account So let's see if you can find something on the board to actually solve And I guess the iPad is possible the sure mic is possible But I'll pick the iWatch as we move ahead of this and we keep going up The ladder of the different options We will be able to remove most of our because time is where wealth is built right so if you give a little more time Then you're able to actually make those goals a lot remember if you want to make your life tough Make the goals big and make the goals shorter It'll mess up your life Don't do that please don't do that I give it a let's see the next option Then we have the favorite instrument for all Indians fixed deposit and recurring deposit I'll do this together Basically very simple It's a bank deposit with money locked in A recurring deposit is the same thing but it happens every single month So it builds the habit of savings I think it's an absolutely amazing product because not only does everyone have a bank account But they can actually create a recurring deposit or a deposit in their mobile app and start immediately Money is not actually built in choosing the right product and waiting for a long time Money is built in the micro habits that is created when you do small decisions every day So once you start building the right habits the smallest decision today To even start a thousand repeat fixed deposit or a recurring deposit Changes you 10 years from now and we can see here that the returns are between six to seven percent But frankly for senior citizens this is slightly different for the 10 year. It's different So please check with your bank The risk is considered very low, but remember the risk is never zero I've heard people say fixed deposit carries no risk not true There is an insurance on top of your fixed deposit But there is risk the bank can go bankrupt It can run out and you can lose your FD no investment Is zero risk there is some risk in everything fixed deposits do not beat inflation Not true This is overly simplistic in 2013 we have all the way to 2024 We have fixed deposit rates and we have inflation rates and on the right we have the real return Every single year was a positive percentage increase in terms of returns Except three years Minus two percent minus point one percent and minus point

three percent So first we can do the show mic and I think it's 50,000. I'm guessing Uskiabad we have Ladakh trip. Yeah, this is also possible in something like a fixed deposit. It's basically Staving smartly and yeah, that's possible Cat 99 percential skillet the mark. She is saving me Hey Then we come to the arbitrage mutual fund first. Let me explain what arbitrage is imagine you're buying a packet of peneers from a particular company Same Grammage same company same everything and it costs hundred rupees in this shop But if you walk slightly ahead on the other side of town the same thing same product same company same quality Is a hundred and ten rupees now imagine if you could buy from this shop and sell it to that shop You'd make ten rupees profit the same commodity is mispriced or has a very big gap in price in two different market places So in arbitrage the difference is between spot and futures or between cash and futures My point is very simple There is a futures market and the cash market Don't know where there is some difference at the end of the month that difference become zero and therefore This is an opportunity to earn money Funds can actually make money by doing an arbitrage strategy You can see the average returns in the last one year for these funds remember this keeps changing But if you look historically it gives some okay, okay returns over a period of time remember it has a T plus three settlement and The risk is low, but you know a lot depends over here on volatility if the market moves a lot The arbitrage funds actually do pretty well and the markets very scale You know there's no volatility then the arbitrage Funds do not make as much money because the difference between the two instruments is not very white And therefore they don't make a lot of cash because of that so over here we can use You can do triplets family Pro camera okay Kura Kaga's Man Meera iPhone Pro yeah, this is quite easily done international trip with boys Hara I wonder who did this who is the one person in office who wants to see all the time Sir, I want to see it sir sir I want to see it sir sir vacation sir. Let me see it sir. Please sir Then we have the equity savings mutual fund So about 65% is invested in equity. That's the growth portion and the rest is invested in the fixed portion giving you Stabilized returns stable returns the interesting thing over here is your horizon increases from Something like a few years to three to five years because you are now looking at something that has a large equity portion of it So any of these things like I want to buy a card Get into this because now the wait time is slightly longer There's another card here. What else anything else? Can you point something foreign trip? Yeah, you can add that as well But you get my point now over here what we've done this is not a fast rule like these things can interchange right a lot of this thing Tell me done enough things deposit as well Our idea was to basically pull this out from actual people's short term wishes and turn them into what they possibly could be travel plus d travel plus d slur LV air Jordans. I don't know how much this is for so I'll leave it here. How much is this? So now let's move on to the next option. That's the conservative hybrid mutual fund But before I do that I want to talk about this By this time you've thought about everything you want Hopefully you've posted something in the comments if you've not please hit the send button right now I need you to think Every time you add something to your list you take away something from this list There is nothing wrong in wanting stuff. It's fine. You're earning it. You're working hard But remember it comes at a cost that's more than just money So I'm gonna put this somewhere important. I'll put it right next to my laptop So it reminds you that peace of mind is more important than anything else Anyway, hybrid fund has 10 to 25% in equity and the rest isn't born So it's way more stable Because it's diversified into fixed income more so it's relatively lesser riskier than your equity mutual savings fund Returns of course very it could be anywhere between 9% to 11% The settlement is d plus 1 or t plus 2 And now let's talk about taxation the most important part. We created this table right here But I wasn't sure if it's right or wrong. So I asked my friend Vishwajit Pratik this is bottom any who short term investments are taxed higher rates and investors must know about this Now that we know all the options this sheet will give you clarity It takes your goal shows what you already have what you're saving and the gap you still need to cover And at the end helps you decide whether do you save more extend the timeline or change the goal itself So I'll pick something which is very tough Something that you need a calculator for This is not going to

be this is not going to be I wanted to pick yeah this one sorry The vacation to Paris now trip to Europe is not cheap and you have to make sure that you can actually calculate it So let's calculate it. I'm going to put it here Let's put a target date for this I'll put 2026 December so it's one year and something few months amount needed is let's say two and a half lack rupees inflation is six percent current corpus mine what I have for this trip is 50,000 and current monthly investment is 5000 you can change this Now here is when the art of investing or the art of choosing happens we have priority Priority means how important is this to you one means this is very important. It's as important as And five means it's not that important maybe I should It's okay if I don't do it for some time. It doesn't matter that much now here is where the automatic calculation happens You'll see here. It says 90 day to three here if I scroll all the way to the right I can see what instrument I have for 90 day to three years which is liquid fund low duration debt funds Now remember this is not a recommendation It's a calculator that you can use to make your choices easier if this doesn't make sense You can obviously change the choices But let's see what we've got so far. I have an inflation adjusted amount. I have an expected return So if you think the expected return here is wrong you can reduce it Then you have the required monthly amount to invest over here. It's 9,000 rupees now. I know we were investing 5,000 There is a funding gap of 4,164 that means I have 4,100,000 rupees I will put extra money to actually meet this expectation The tweak can also be you can increase the risk to an higher riskier product and hope that it works This is never recommended ideally you should do the others that is increase the amount or decrease the budget This also will tell you tweak time Can I extend this goal by another six months to actually hit this You'll know or it just says by rework the budget add a lump sum or add some more money and then you'll be able to do it Also, this is not a perfect calculator. So for every situation it will not give you the absolute rightest answer Rightest is not something that is not true But in this way you don't have the best answer

Summary

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