

DIVERSE ASSET CLASSES FOR PORTFOLIO ALLOCATION



Stocks(Equities)

- IOC
- HUDCO
- IRFC
- AMBUJA CEMENT



COMMODITIES

- GOLD
- COPPER



MUTUAL FUND

- MOTILAL OSWAL MIDCAP FUND Direct - GrowthDirect
- SBI Infrastructure Fund - Direct Plan - Growth
- HDFC ELSS Tax saver - Direct Plan - Growth



REAL ESTATE

- Mortgage REITs
- Embassy Office Parks REIT

BUSINESS PERSON

Name: Deepak pandey

Age: 33

Gender: male

Education: Master of business administration in finance

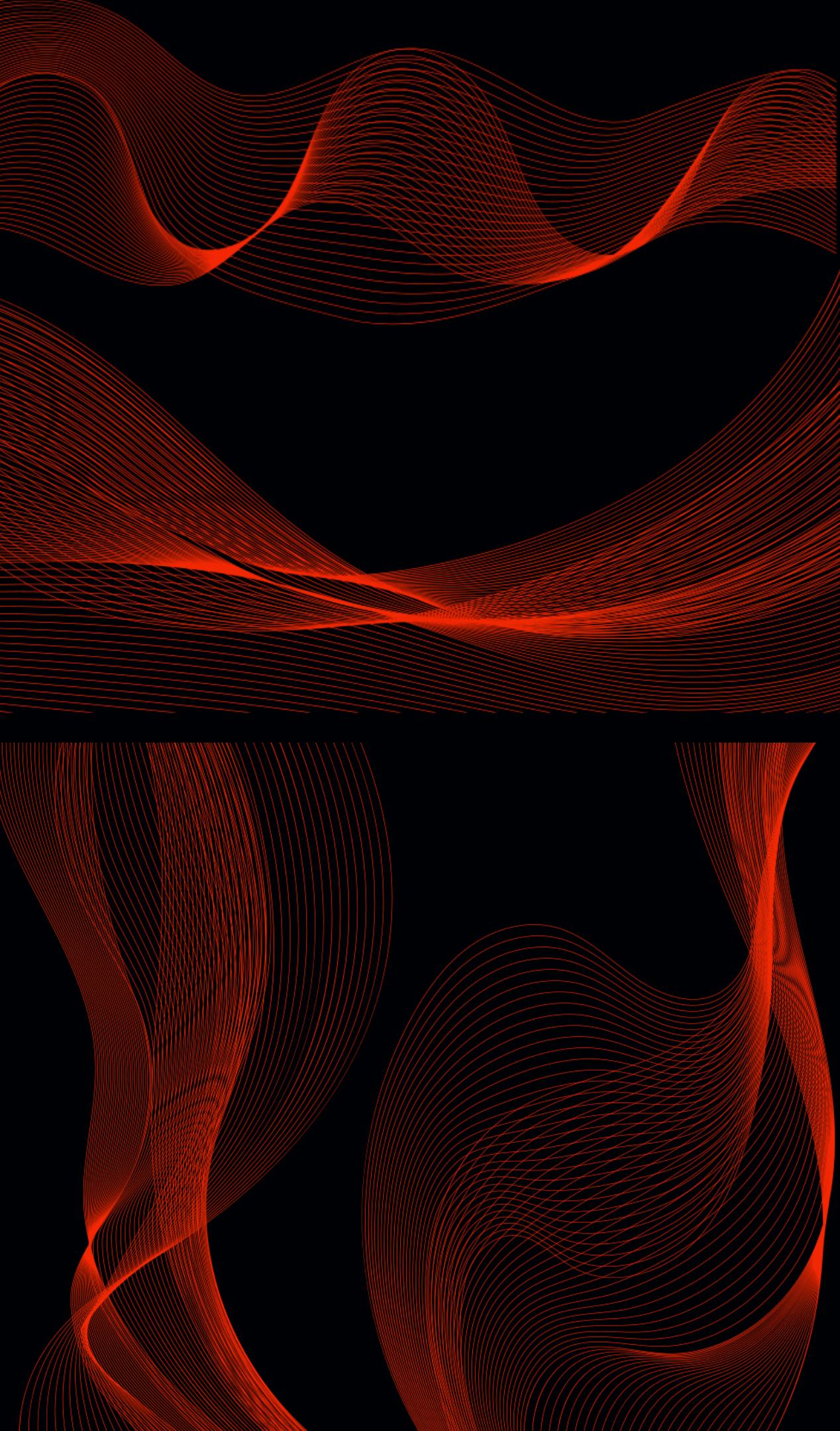
Profession: Trader

Location : Delhi

Analysis of Risk Tolerance, Biases, and Heuristics

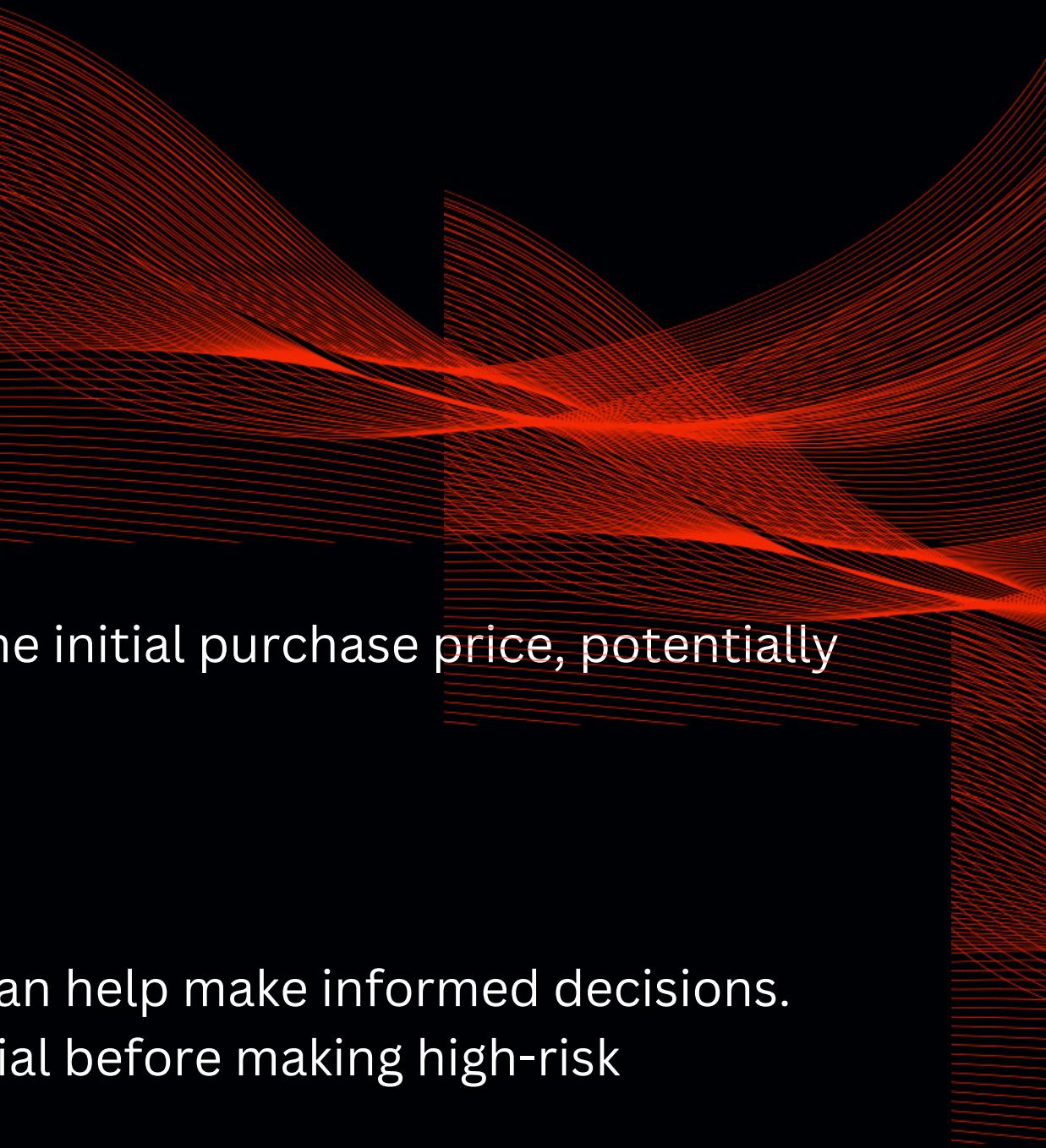
Risk Tolerance:

- **High-risk tolerance:** This is evident from their aggressive growth goals, preference for high-risk investments like individual stocks, and attempt to average down on a losing position.
- The client is financially responsible for one other person in the household, which may limit the ability to take on excessive risk.
- **Inconsistent risk management:** Despite the high-risk tolerance, they panic-sell when faced with a 30% drop and claim they don't believe in saving, indicating a potential lack of a well-defined risk management strategy.



Biases:

- **Overconfidence bias**: They do not understand investment terminology yet believe they can analyze options and make quick decisions. This suggests an overestimation of their financial knowledge.
- **Availability bias**: Their decision to sell after a 30% drop might be influenced by the recent negative experience, overlooking the potential for long-term growth.



Heuristics:

- **Anchoring bias**: Their attempt to average down on a losing stock suggests anchoring to the initial purchase price, potentially leading to bad decisions.

Recommendations:

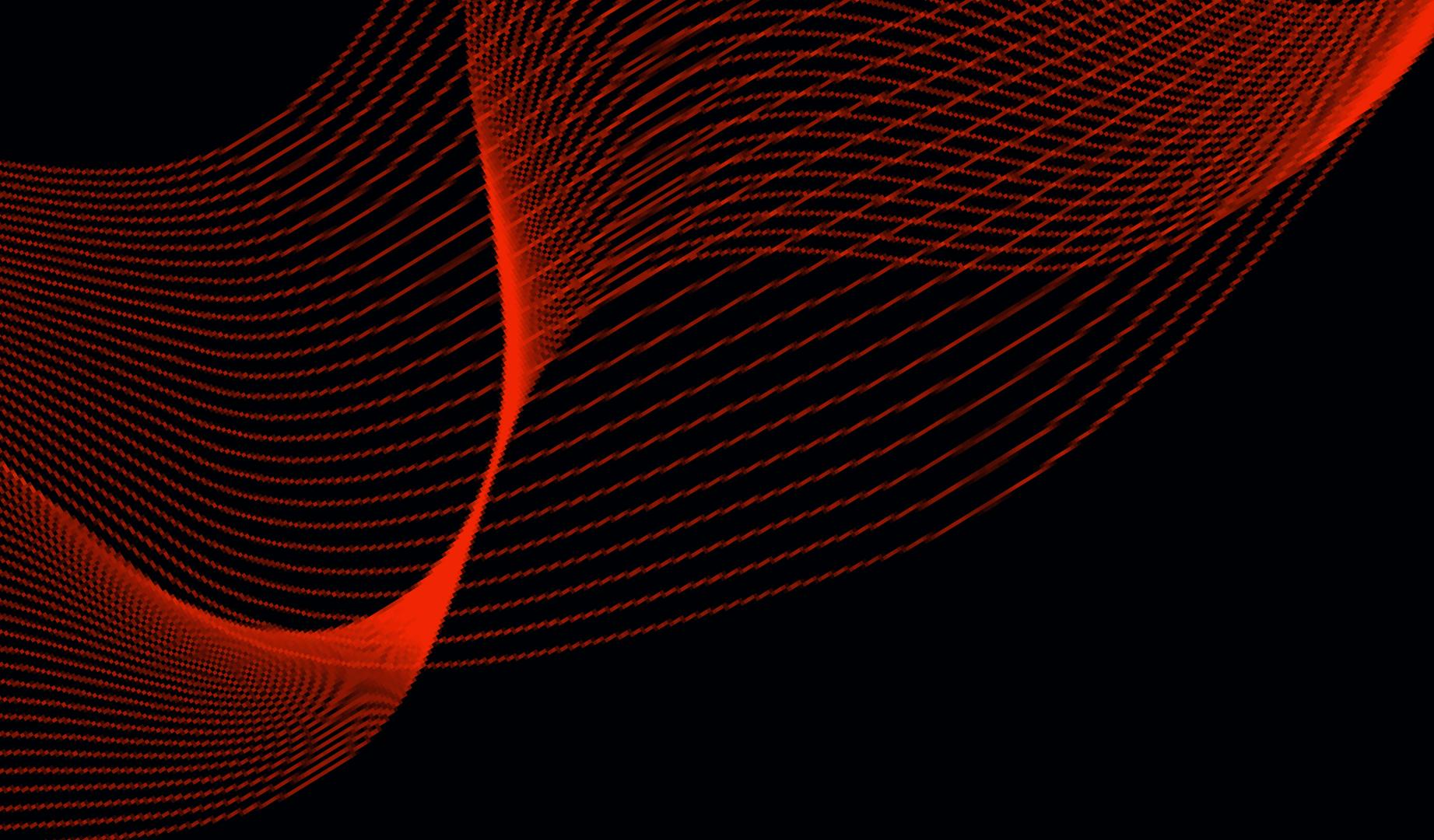
- **Develop a financial plan**: Having clear goals, risk tolerance, and an investment strategy can help make informed decisions.
- **Educate themselves**: Understanding basic investment principles and terminology is crucial before making high-risk decisions. Consider taking investment courses or consulting a financial advisor.
- **Seek professional guidance**: A financial advisor can help develop a plan, manage risk, and navigate market fluctuations.
- **Focus on long-term goals**: Short-term fluctuations are inevitable, but focusing on long-term growth potential can be more sustainable.

Best Way to Invest:

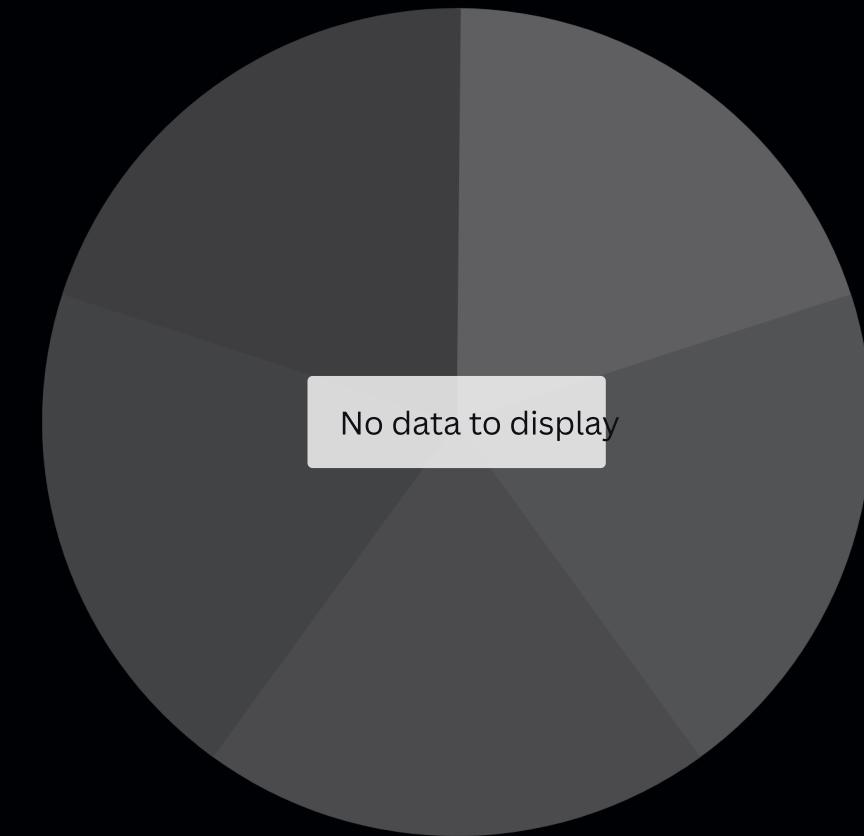
Given high-risk tolerance and long-term goals, a diversified portfolio with a mix of asset classes could be suitable. Here's a possible approach:

- **Invest in real estate:** Consider real estate properties or real estate investment trusts (REITs) for potential appreciation and rental income.
- **Allocate a portion to commodities:** Invest in commodities such as precious metals, agricultural products, or energy resources to diversify the portfolio and hedge against inflation.
- **Allocate a portion to stocks:** Invest in individual stocks of companies with strong fundamentals and growth potential.
- **Consider mutual funds:** Invest in mutual funds to gain exposure to a diversified portfolio of stocks, bonds, or a combination of asset classes managed by professional fund managers.
- **Rebalance the portfolio periodically:** This ensures the asset allocation stays aligned with my risk tolerance and goals.





ASSET ALLOCATION



BUSINESS PERSON

Name: MANAS TIWARI

Age: 55

Gender: Male

Education: Bachelor's Degree in commerce

Profession: sales person

Location : Lucknow (up)

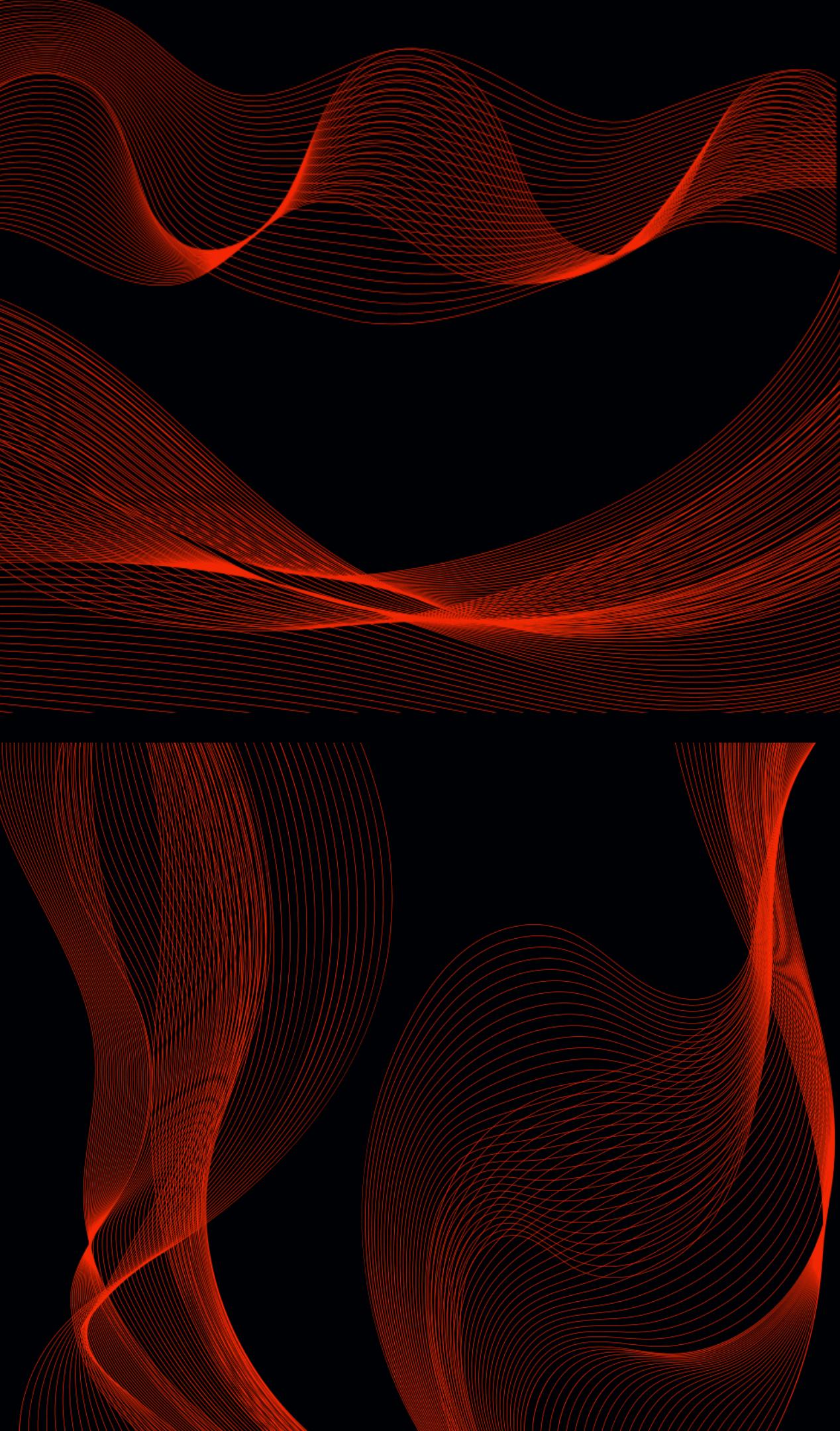
Analysis of Risk Tolerance, Biases, and Heuristics

Risk Tolerance:

- **Medium risk tolerance:** This is indicated by the desire for significant growth but a preference for stable investments and a 25-50% allocation to high-risk assets.
- **Disciplined saving:** Saving 15% or more consistently demonstrates a focus on long-term goals.

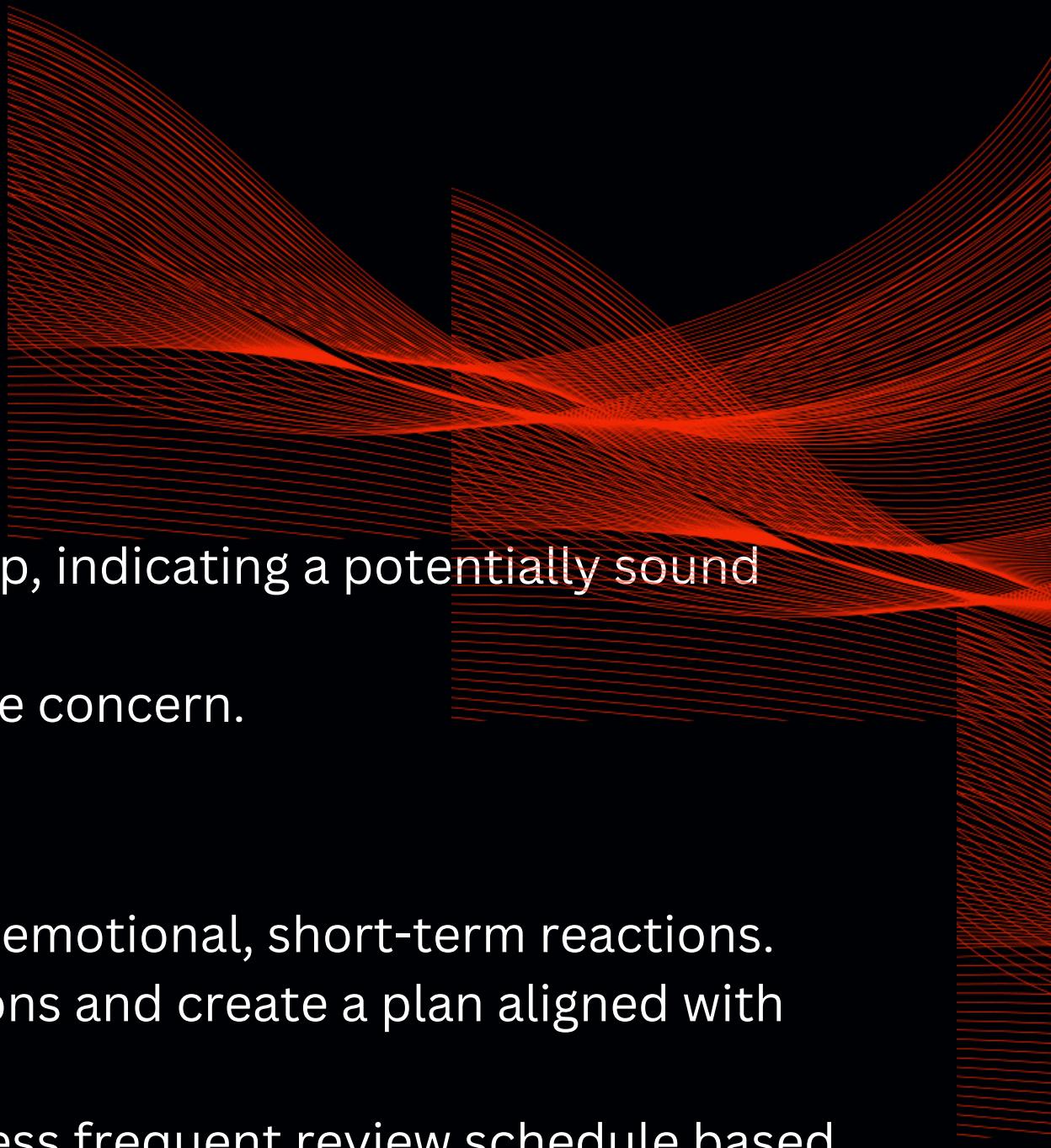
Heuristics:

- Loss aversion
- Overconfidence



Investment Knowledge:

- **Proficient investor:** Claiming knowledge of advanced financial concepts suggests research capabilities.
- **Daily monitoring and trading** could indicate a behavioral bias towards excessive monitoring and potentially impulsive decisions.



Decision-Making:

- Research-based decisions: They claim to research companies and wait after a price drop, indicating a potentially sound approach.
- Contradictory statement: They also say they make random decisions, which could cause concern.

Recommendations:

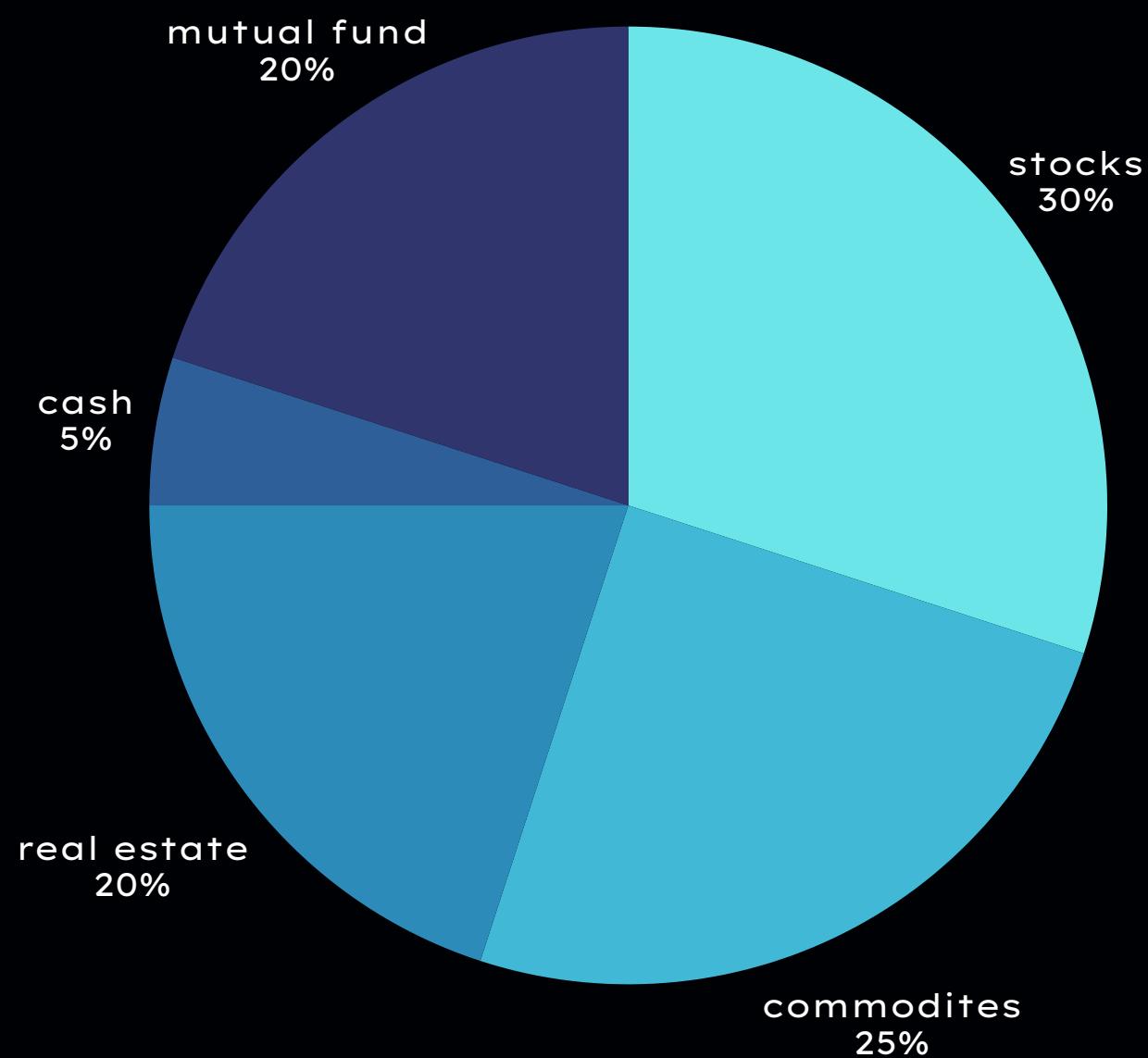
- **Refine decision-making:** Relying solely on research and long-term goals can help avoid emotional, short-term reactions.
- **Consider a financial advisor:** Professional guidance can help navigate market fluctuations and create a plan aligned with risk tolerance and goals.
- **Review trading frequency:** Daily monitoring might lead to hasty decisions. Consider a less frequent review schedule based on your investment strategy.

Best Way to Invest:

Given their stated goals, risk tolerance, and investment horizon (3-6 years for financial needs), a diversified portfolio with a mix of asset classes is suitable:

- **Invest in real estate:** Consider real estate properties or real estate investment trusts (REITs) for potential appreciation and rental income.
- **Allocate a portion to commodities:** Invest in commodities such as precious metals, agricultural products, or energy resources to diversify the portfolio and hedge against inflation.
- **Allocate a portion to stocks:** Invest in individual stocks of companies with strong fundamentals and growth potential.
- **Consider mutual funds:** Invest in mutual funds to gain exposure to a diversified portfolio of stocks, bonds, or a combination of asset classes managed by professional fund managers.
- **Rebalance periodically:** Regularly review the portfolio and rebalance as needed to maintain the desired asset allocation

ASSET ALLOCATION



SERVICE

Name: Sikha Jain

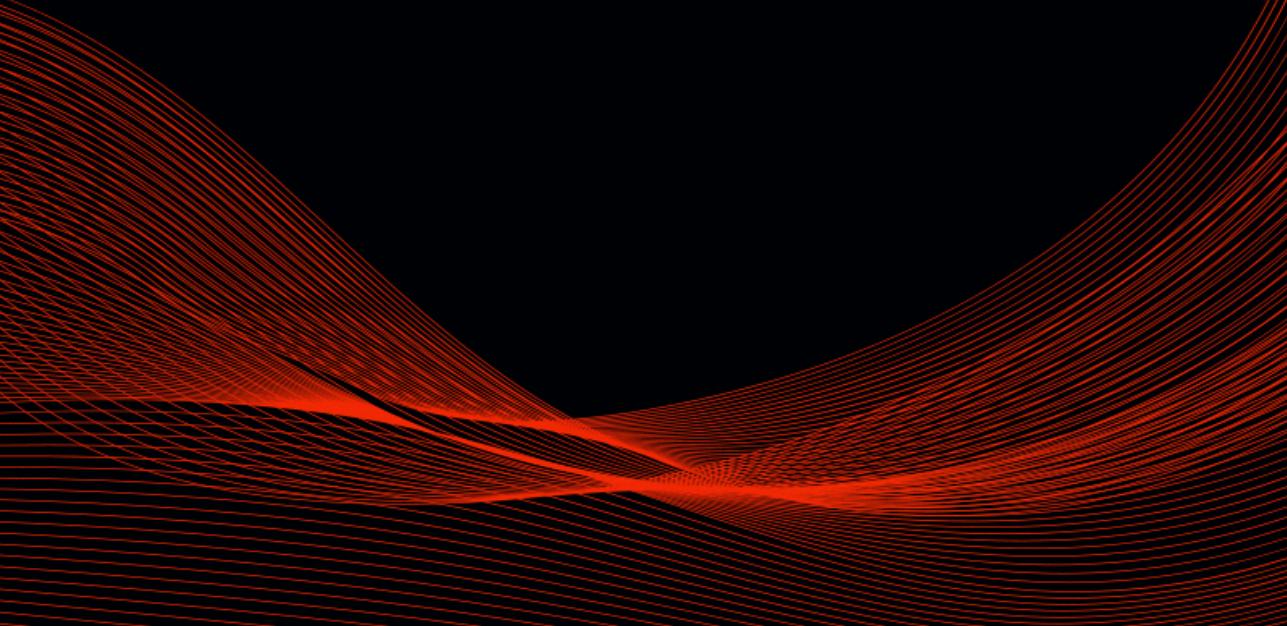
Age: 33

Gender: female

Education: Bachelor's degree in finance

Profession: Teacher

Location : Delhi



Analysis of Risk Tolerance, Biases, and Heuristics

The information provided reveals a complex investment approach. Here's a breakdown:

Risk Tolerance:

- High-risk tolerance: This is evident from the desire for aggressive growth, willingness to average down on a losing position, and a short-term investment horizon.
- Inconsistent risk management: Selling after a 30% drop and a neutral stance on sticking to a plan suggest a potential lack of a well-defined risk management strategy.

Investment Knowledge:

- Limited knowledge: Claiming not to understand investment terminology indicates a need for education before making investment decisions.

Decision-Making:

- Swayed by emotions: Admitting to being somewhat swayed by emotions could lead to impulsive choices.
- Seeks guidance: The importance placed on expert advice highlights a desire for informed decisions.

- **Recommendations:**

- Financial education: Learning investment basics and terminology is crucial before investing. Consider online resources, books, or investment courses.
- Seek professional guidance: A financial advisor can help develop a plan, manage risk, and navigate the market based on your goals and risk tolerance.
- Develop a risk management strategy: Define acceptable loss limits and a plan for reacting to market fluctuations.
- Focus on long-term goals: While short-term gains appeal, a long-term perspective can be more sustainable for aggressive growth.

Best Way to Invest:

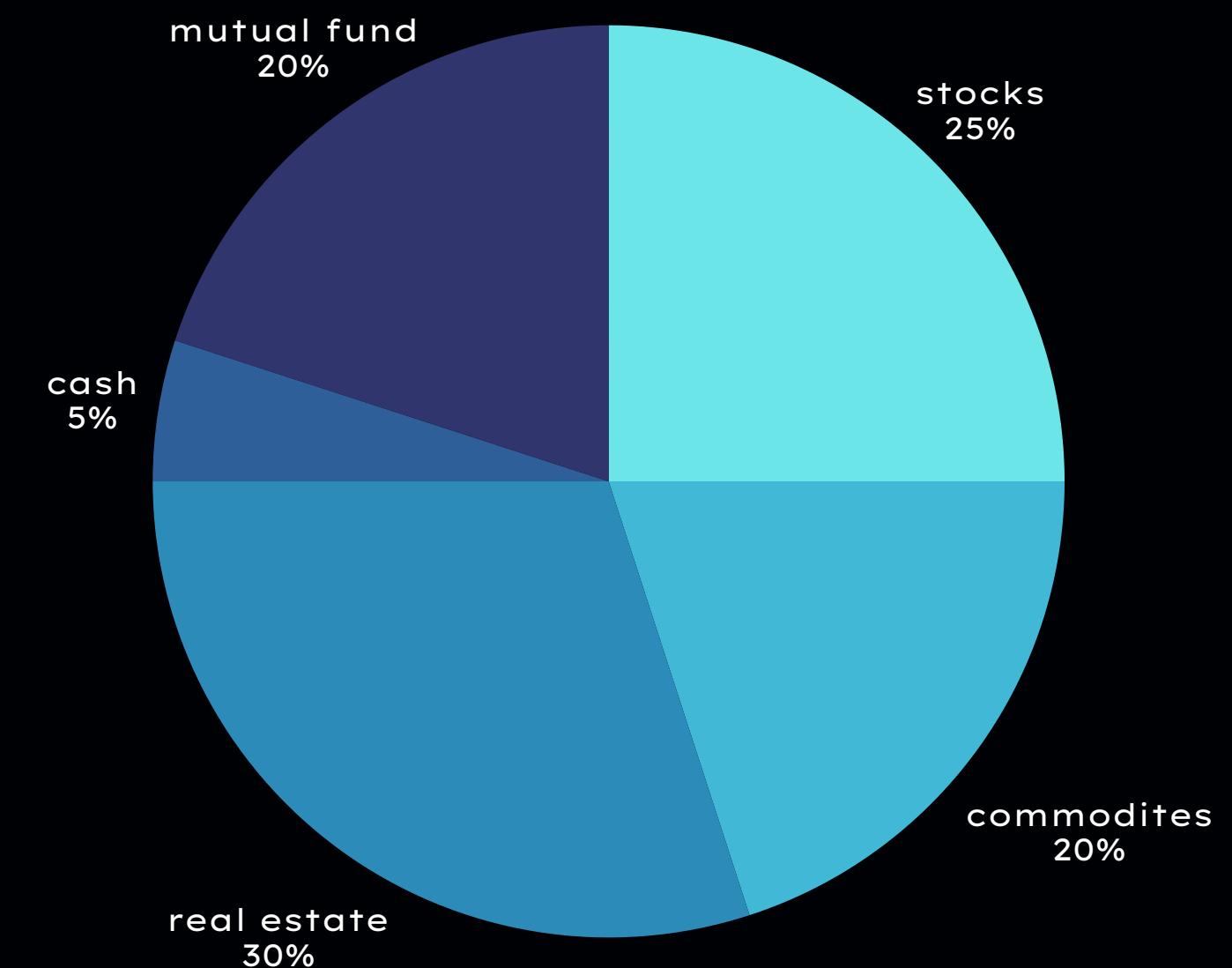
Given your income level, financial responsibility, and risk tolerance, a cautious approach might be advisable:

- Start with safer options: Consider low-cost index funds or mutual funds with a diversified mix of assets. This offers growth potential with lower risk.
- Invest a small amount in individual stocks: Once you gain knowledge, allocate a small portion (less than 10% as mentioned) to individual stocks after thorough research.
- Focus on building a solid financial foundation: Prioritize saving and emergency funds before aggressive investments.

Heuristics:

- Disposition
- Overconfidence

ASSET ALLOCATION



STUDENT

Name: Keshav

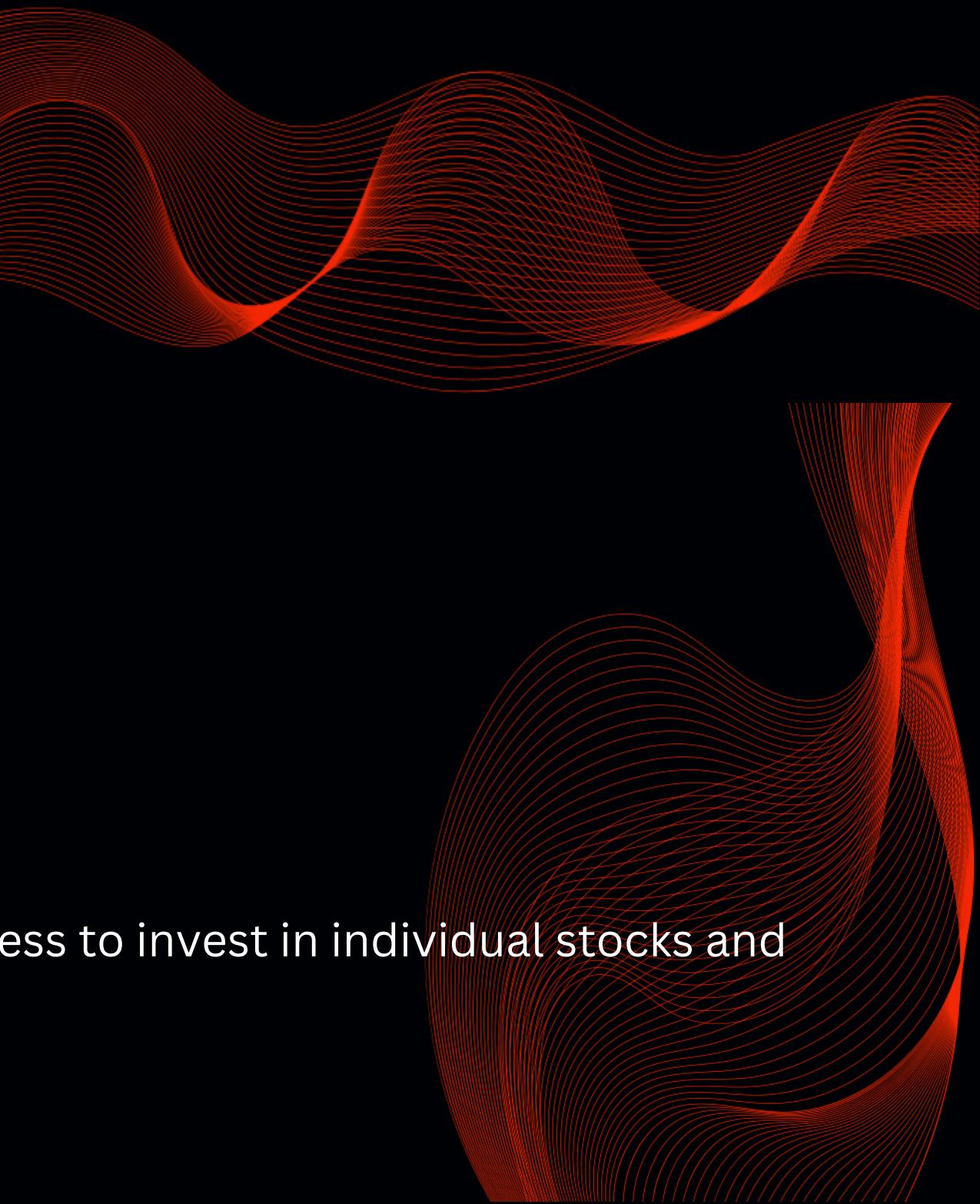
Age: 21

Gender: Male

Education: Pursuing Bachelor of Business Administration.

Profession: investor

Location : Bangalore



Analysis of Risk Tolerance, Biases, and Heuristics

The information provided reveals a complex investment approach. Here's a breakdown:

Risk Tolerance:

- Medium risk tolerance: This is evident from the desire for significant growth and willingness to invest in individual stocks and some high-risk options but with a long-term outlook and a 6-10-year savings horizon.

Investment Knowledge:

- Limited knowledge: Admitting a lack of familiarity with investment options suggests a need for education.

Heuristics

- Overconfidence
- Chasing Trend

Decision-Making:

- Research-oriented: Taking time for research and deliberation before investing indicates a thoughtful approach.
- Seeks guidance: The importance placed on expert advice highlights a desire for informed decisions.
- Potential for emotional bias: Daily monitoring could lead to impulsive reactions. Consider a less frequent review schedule.

Recommendations:

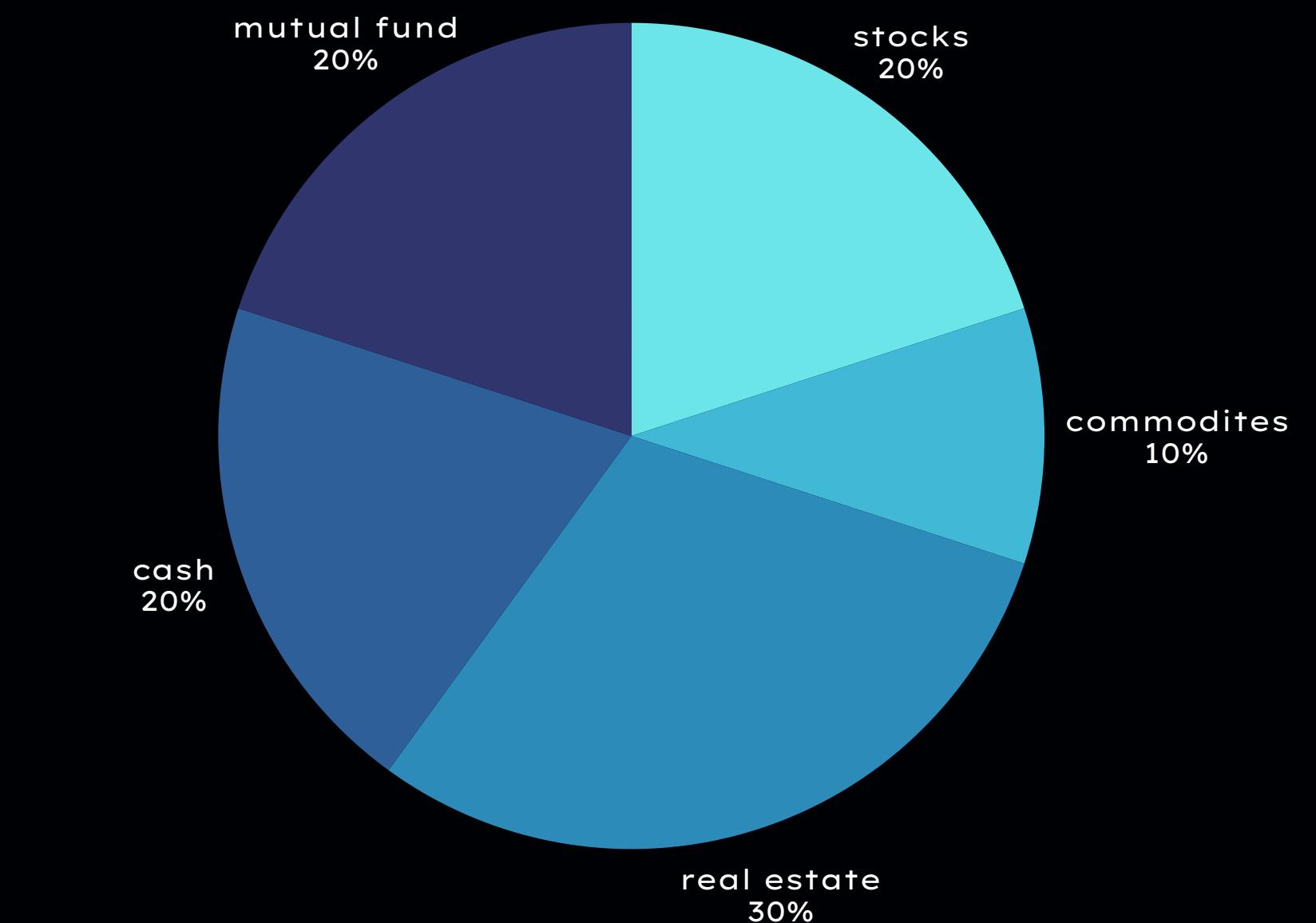
- Financial education: Learning investment basics, terminology, and diversification strategies is crucial. Consider online resources, books, or investment courses.
- Seek professional guidance: A financial advisor can help develop a plan, manage risk, and navigate the market based on your goals and risk tolerance.
- Develop a risk management strategy: Define acceptable loss limits and a plan for reacting to market fluctuations.
- Review monitoring frequency: Daily monitoring might be excessive. Consider weekly or monthly reviews based on your investment strategy.

Best Way to Invest:

Given your income, risk tolerance, and long-term goals, a diversified portfolio with a mix of asset classes is suitable:

- Core allocation (70-80%): Invest in low-cost index funds or ETFs for broad market exposure and long-term growth with lower risk.
- Satellite allocation (10-25%): Allocate a portion to individual stocks or higher-risk investments after thorough research. This offers potentially higher returns but comes with greater risk. Maintain a diversified selection within this allocation.
- Rebalance periodically: Regularly review the portfolio and rebalance as needed to maintain the desired asset allocation.

ASSET ALLOCATION



SERVICES

Name: Rishab Singh

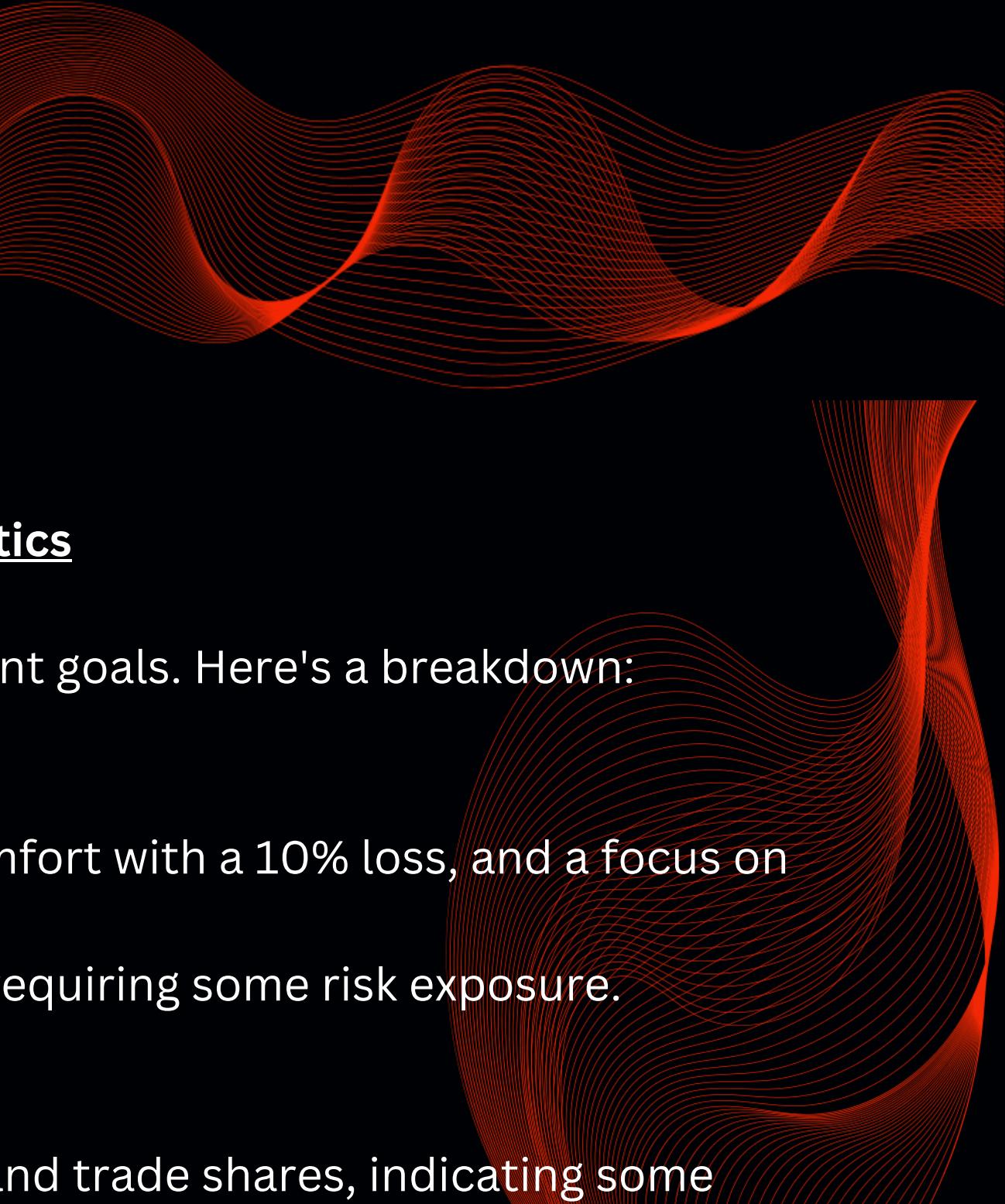
Age: 56

Gender: Male

Education: B.Tech degree with a specialization in computer science

Profession: Software engineer

Location : Pune (Maharashtra)



Analysis of Risk Tolerance, Biases, and Heuristics

The information reveals a potential conflict between your risk tolerance and investment goals. Here's a breakdown:

Risk Tolerance:

- Extremely risk-averse: This is evident from your desire for stable investments, discomfort with a 10% loss, and a focus on capital preservation.
- Long-term goals: However, you aim for significant growth within 3-6 years, typically requiring some risk exposure.

Investment Knowledge:

- Understands investment principles: You claim to understand investment principles and trade shares, indicating some knowledge.

Heuristics:

- Loss Aversion
- Overconfidence

Recommendations:

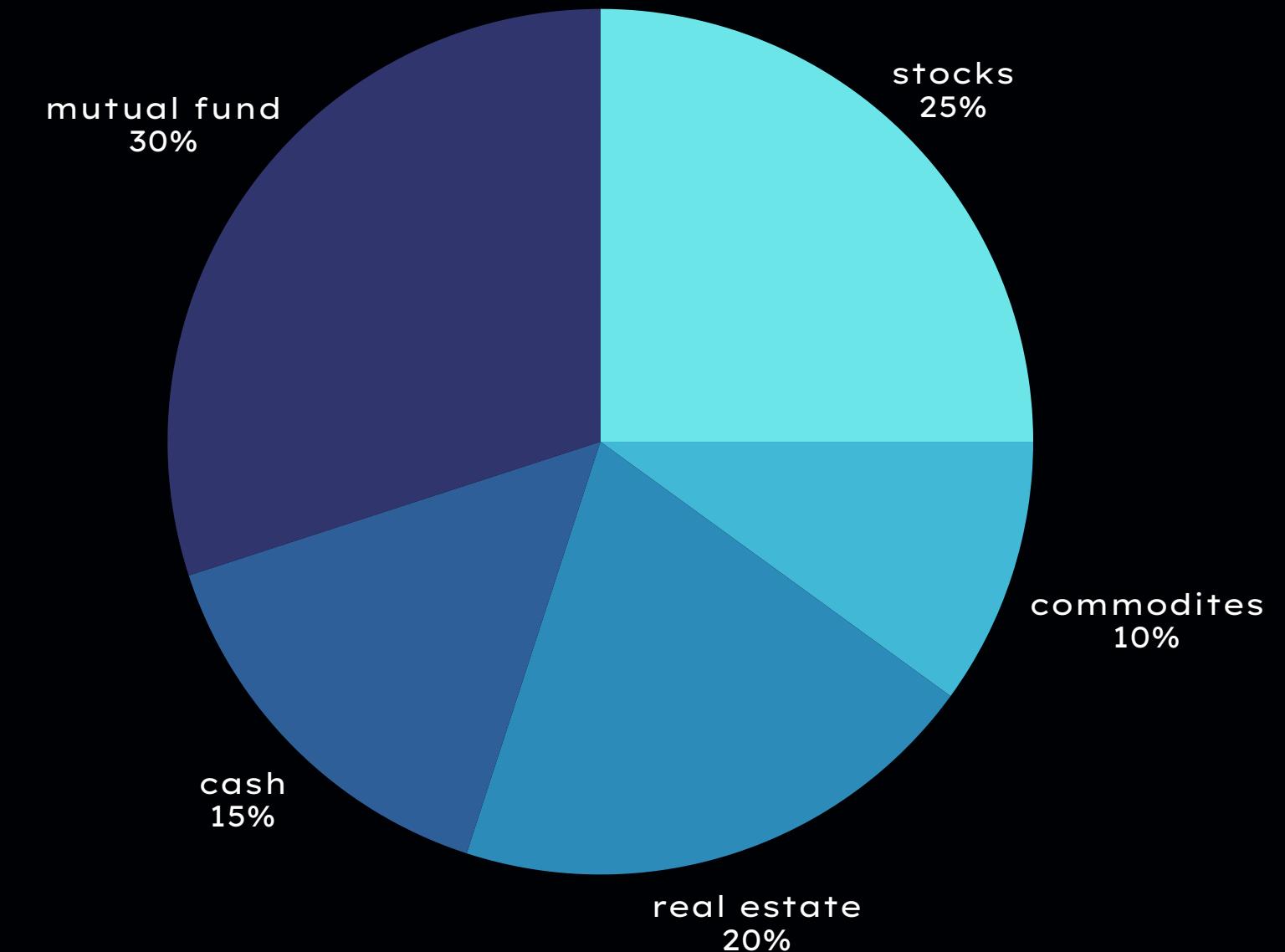
- Reconcile risk tolerance and goals: Discuss your goals and risk tolerance with a financial advisor. They can help create a plan that balances both.
- Focus on long-term strategy: While some growth is possible with low-risk investments, significant growth often requires a longer time horizon and some risk tolerance.
- Manage emotions: Develop a disciplined approach and stick to your investment plan, even during market fluctuations.

Best Way to Invest:

Given your risk tolerance and desire for growth, a diversified portfolio with a focus on income and some growth potential might be suitable:

- Core allocation (70-80%): Invest in low-risk assets like bonds, dividend-paying stocks, or bond index funds. These provide income and some capital appreciation with lower volatility.
- Satellite allocation (20-30%): Allocate a smaller portion to growth-oriented mutual funds or ETFs with a diversified mix of stocks. This offers potentially higher returns but comes with greater risk. Maintain a focus on established companies with a history of stable performance.

ASSET ALLOCATION



HIGH LEVEL OF WEALTH
(ADAPT)

1. DEEPAK PANDEY
2. MANAS TIWARI
3. RISHAB SINGH

1. Sikha Jain

COGNATIVE BIASES
(MODERATE)

EMOTIONAL BIASES
(ADAPT)

1. KESHAV

LOW LEVEL OF WEALTH
(ADAPT)