Recommended Asset Allocation (General Rule of Thumb)

Asset Class	Suggested Allocation	Why
Equity	**60–70%**	Higher growth potential over 10 years, can beat inflation
Debt	**30–40%**	Reduces volatility, provides stability

This is based on the **age-old 100 minus age rule**, adjusted for your goal rather than your age.

Why Equity Should Dominate

Pros:

- Historically, Indian equity returns average **12–15% p.a.** over 10 years.
- Ideal for **longer horizons**: gives you time to ride out market volatility.
- Helps build a **bigger corpus faster** than debt instruments.

How to Invest:

- SIP in **diversified equity mutual funds** (e.g. large-cap, flexi-cap, ELSS if tax saving).
- Consider index funds or ETFs if you want lower cost.

Why Debt Still Matters

Role:

- Adds **stability** to your portfolio.
- Helps protect capital as you near the goal.
- **Rebalances volatility** during market downturns.

How to Invest:

- Debt mutual funds (short-term, target maturity funds).
- PPF, EPF (if available), fixed deposits for part of the amount.

Glide Path Strategy (Dynamic Rebalancing)

As the goal approaches, gradually **reduce equity exposure**:

Years Left to Goal	Equity	Debt
10–7 years	70%	30%
6–4 years	60%	40%
3 years left	40%	60%
1–2 years left	20–30%	70–80%

This ensures your house down payment is **protected from late-stage market crashes**.

Quick Illustration (₹10,000/month SIP)

Asset Class	Monthly Allocation	Expected 10Y Corpus
Equity (70%)	₹7,000/month	₹17–18 lakhs*
Debt (30%)	₹3,000/month	₹5–5.5 lakhs*
Total	₹10,000/month	₹**22–23 lakhs**

*Assuming 12% CAGR for equity and 6% CAGR for debt.