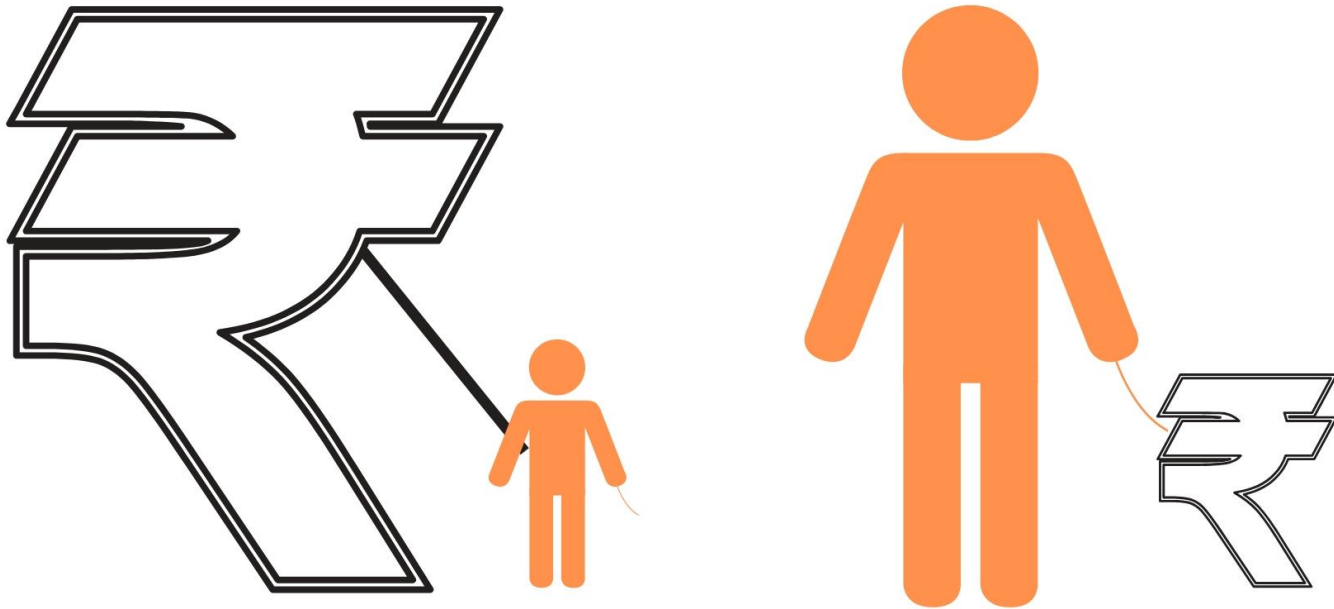




Financial Freedom



Areas covered

- Safety & Risk
- True financial freedom
- Concept of passive income
- Building financial freedom fund
- Steps to achieve financial freedom
- How to build financial freedom faster?



What we **expect** from investment!



Safety



Better Returns

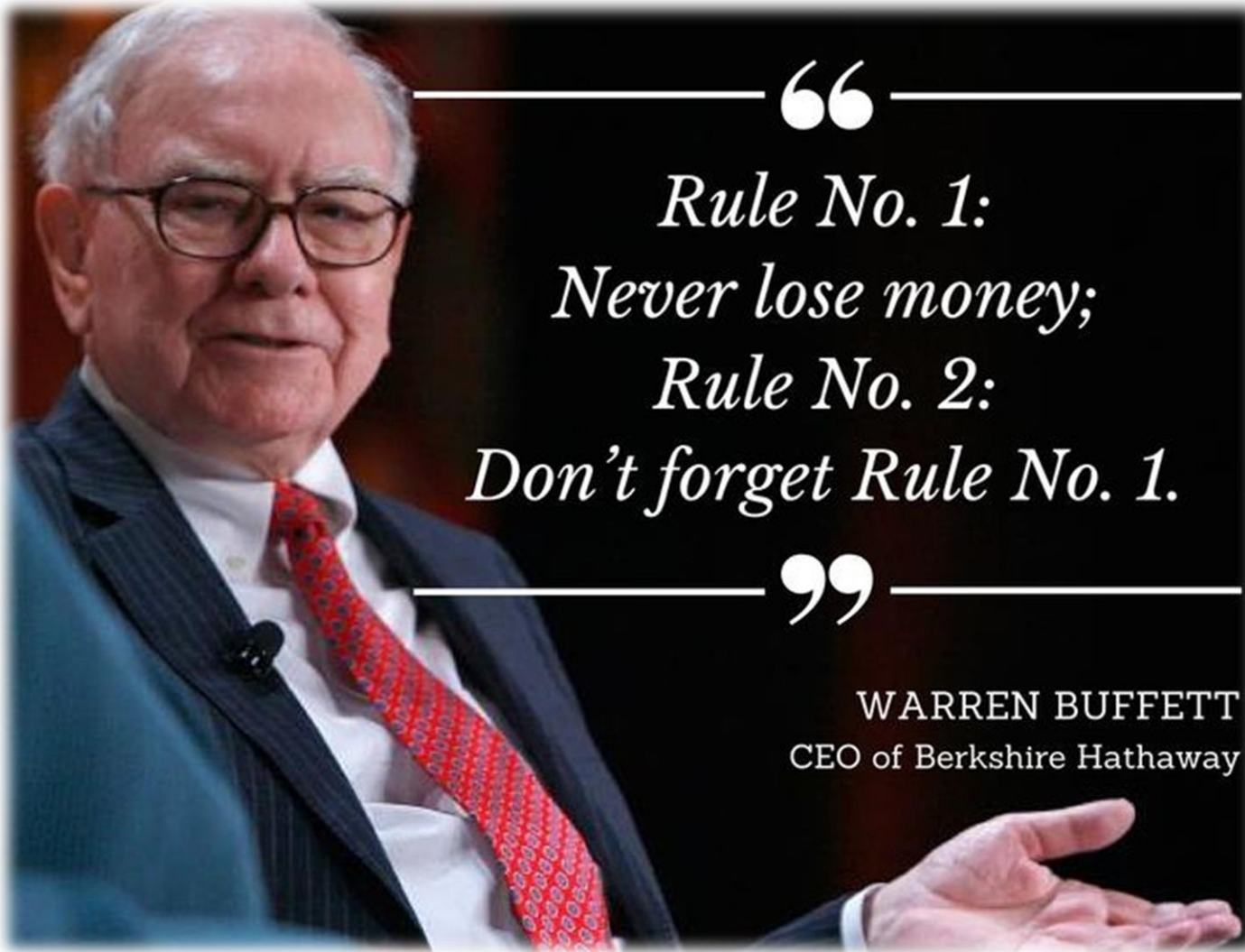


Tax Benefit



Liquidity

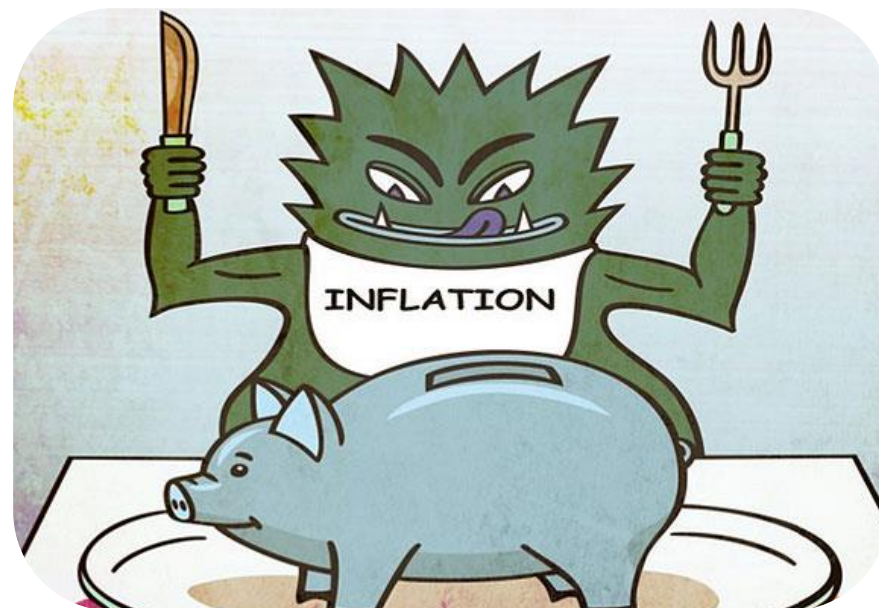




Understanding risks



Market Risk



Inflation Risk

Right **definition** of safety?



Safety of **Money?**

Or

Safety of **Value of Money?**

Money lying in locker



Kept in locker is safe,
but **value of the same**
Rs. 100/- will be very
less after 10 Years.

next
portfolio
believe in relationships...



A close-up image of a circular, gold-colored Nepalese 5 Rupee coin. The coin features a large central numeral '5' with the word 'RUPEES' embossed below it. The year '2009' is at the bottom. The top edge has the Nepali word 'रुपयि' (Rupaiya). The coin is decorated with floral patterns on the sides and a beaded border. A blue ribbon is visible at the top left, and a red ribbon is at the bottom center.

Akshay Tiwari - akshaytiwari@nextportfolioindia.com

Inflation Erodes the purchasing power

Facts about Inflation

- 10 Year Average CPI Inflation – 8% to 8.5%
- 1 Year FD return (Current) – 7%



Lifestyle inflation



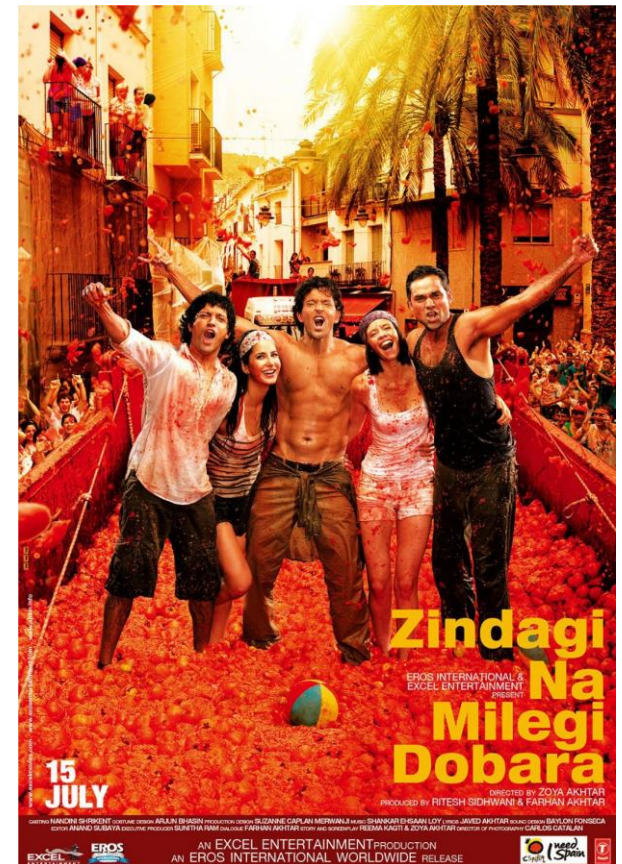
Lifestyle change – you vs grandpa!

Increase in monthly expenses due to change in lifestyle



FROM

TO



How much **inflation** are you facing?

14.40%

Can't ignore the possibility

- If your total monthly expense amount gets doubled every **5 years**.

12.00%

More Likely

- If, your total monthly expense amount gets doubled every **6 years**.

10.23%

Less Likely

- If your total monthly expense amount gets doubled every **7 Years**.

Sensex rolling return 1 years



	1 Year
Rolling Return Occurrences	40
Negative Return Occurrences	13
Probability of Loss	33%

Let's understand **market risk**

Sensex rolling return 5 years

	1 Year	5 Years
Rolling Return Occurrences	40	35
Negative Return Occurrences	13	3
Probability of Loss	33%	9%



Let's understand **market risk**

Long term = **less** risk

	1 Year	5 Years	10 Years
Rolling Return Occurrences	40	35	30
Negative Return Occurrences	13	3	1
Probability of Loss	33%	9%	3%



What is more **risky**?

	Short term	Long term
Inflation Risk	Less	High
Market Risk	High	Less



Your **definition** of Financial Freedom?

- ✓ Earning lots of money?
- ✓ Having no debt?
- ✓ Lavish vacation?
- ✓ Bigger bungalow?
- ✓ Bigger car?



No financial worries

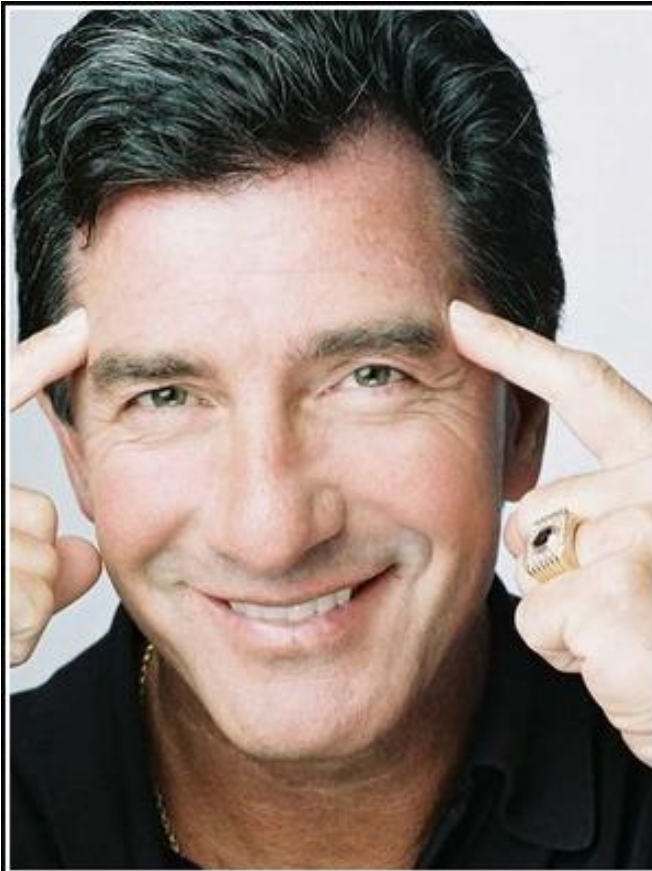


Definition of financial freedom

Having enough money to make decisions and choices that **YOU** want to make, without having to worry about money!



True financial freedom



You become financially free when
your passive income exceeds your
expenses.

— T. Harv Eker —

AZ QUOTES

Formula of financial freedom

$$\text{Financial Freedom} = \text{Passive Income} > \text{Expenses}$$

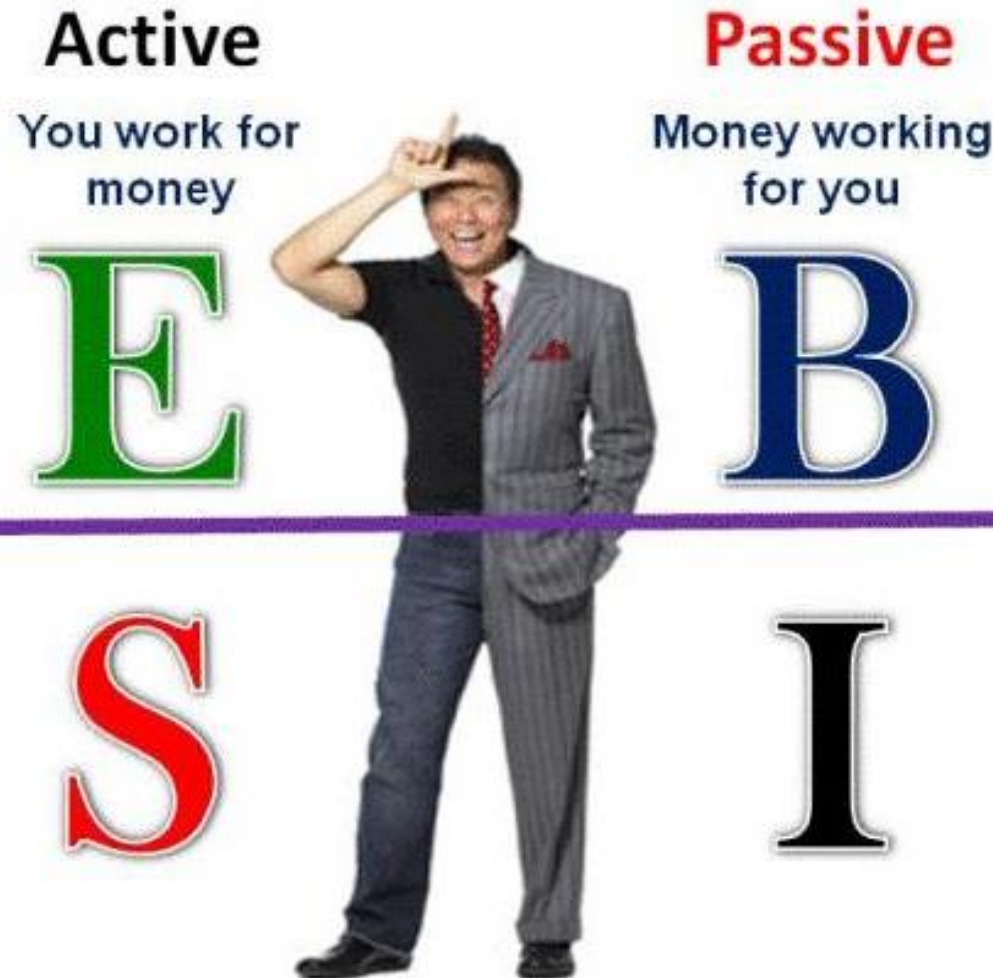
Passive Income



Active Income

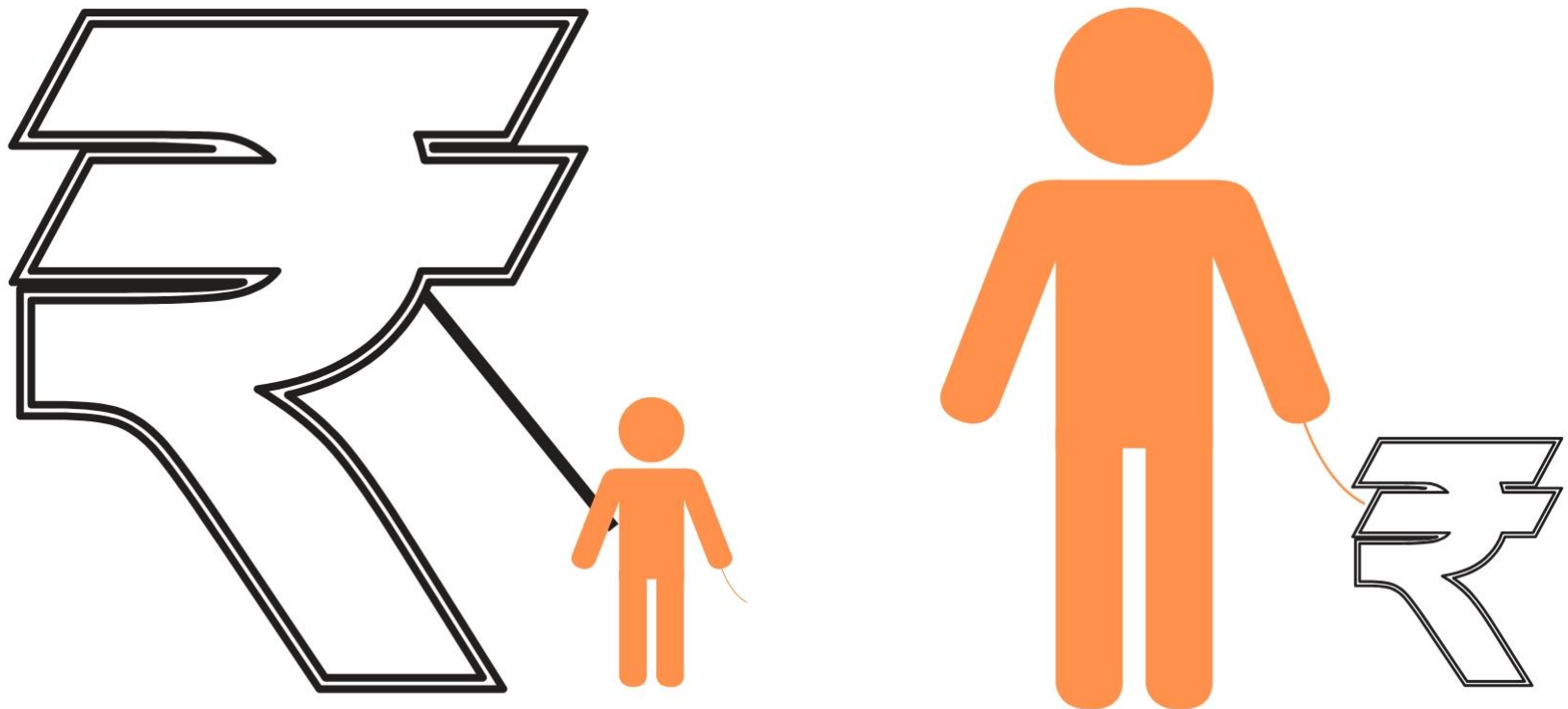


Source of income



Passive income from investment

Building sufficient fund through investing that can fulfil your current as well as future expenses and liabilities.



Corpus required - Financial Freedom

- 1) Fund for house hold expenses
- 2) Liabilities
- 3) Present value of other basic financial goals



Fund for regular expenses

Age – 35 Years

Life Expectancy – 70 Years

Monthly expenses – Rs 35000

Inflation – 6%

Interest rate – 7.5%

Corpus
Required

Rs 1.41 Cr

Calculate total **Liabilities**

Type of Loan	Amount
Home Loan	Rs. 21 Lacs
Car Loan	Rs. 4 Lacs
Personal Loan	Rs. 1.25 Lacs
Total Liabilities	Rs. 26.25 Lacs



PV of financial goals

Goal Name	Current cost	Years to goal	FV of goal	Lumpsum required
Child Education	₹ 15,00,000	15	₹ 47,58,254	₹ 8,69,315
Marriage	₹ 20,00,000	20	₹ 93,21,914	₹ 9,66,373
Total Present Value				₹ 18,35,688

* Inflation assumed 8%, return on lumpsum assumed 12%



Particular	Amount
House Hold corpus	Rs 1.41 Cr
Liabilities	Rs 26.25 Lacs
Corpus for Financial goals	Rs. 18. 36 Lacs
Financial Freedom fund required	Rs 185.61

Type of investment	Amount
PPF	Rs 8 Lacs
Mutual Fund	Rs 5 Lacs
Bank FD current balance	Rs 10 Lacs
Total Assets	Rs 23 Lacs

Deficit

Particular	Amount
Financial Fund required	Rs. 185. 61 Lacs
Financial Assets	Rs. 23 Lacs
Deficit to achieve financial freedom	Rs 162.61 Lacs

Monthly investment required

Years	15%
5	₹ 1,86,176
20	₹ 12,253

Start early
&
Invest regularly

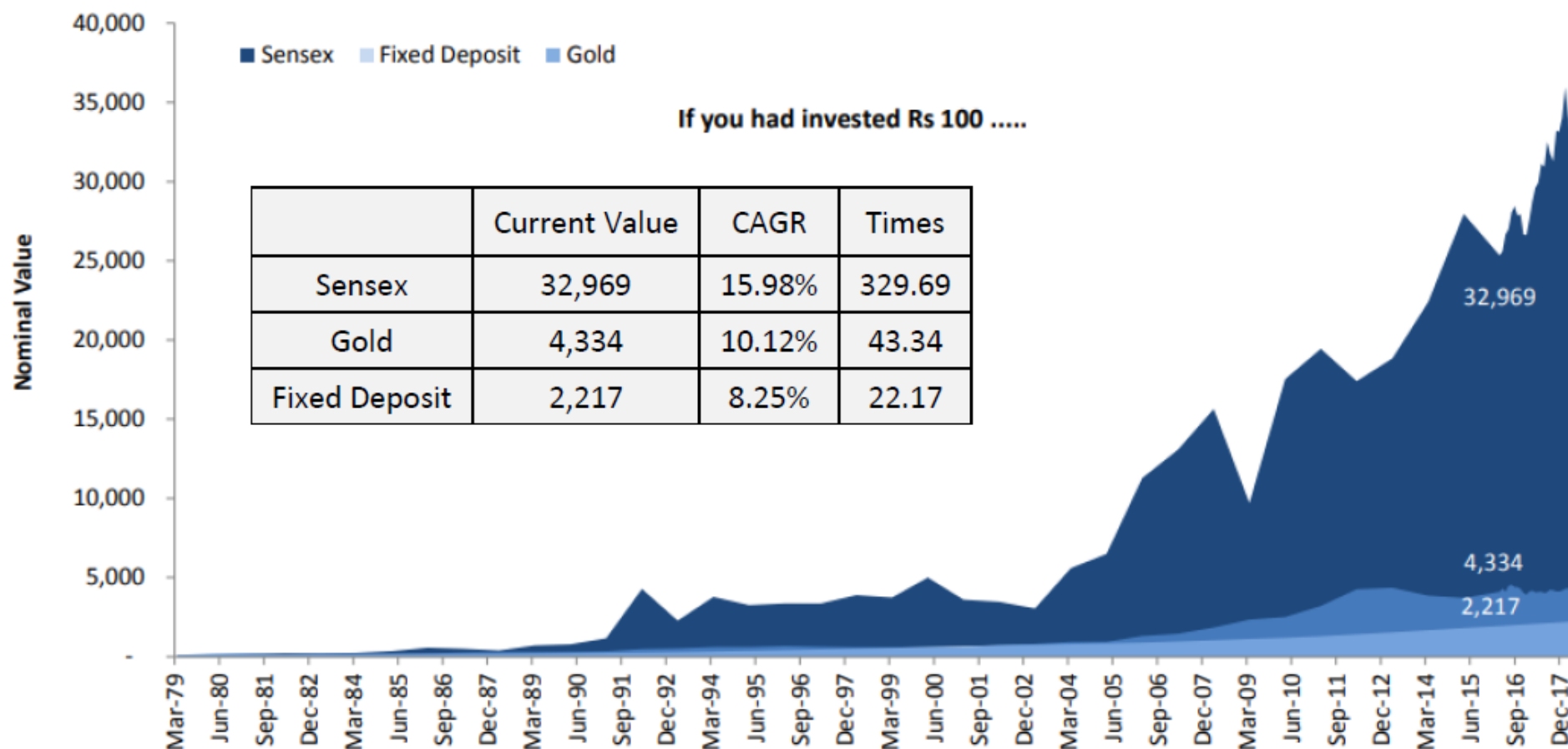
*Assumed return is only for the indicative purpose and not to be treated as an assurance or guarantee

Choose wisely

Years	8%	12%	15%
15	₹ 47,858	₹ 34,167	₹ 26,382
20	₹ 28,396	₹ 17,678	₹ 12,253

*Assumed return is only for the indicative purpose and not to be treated as an assurance or guarantee

Choose **right** asset class



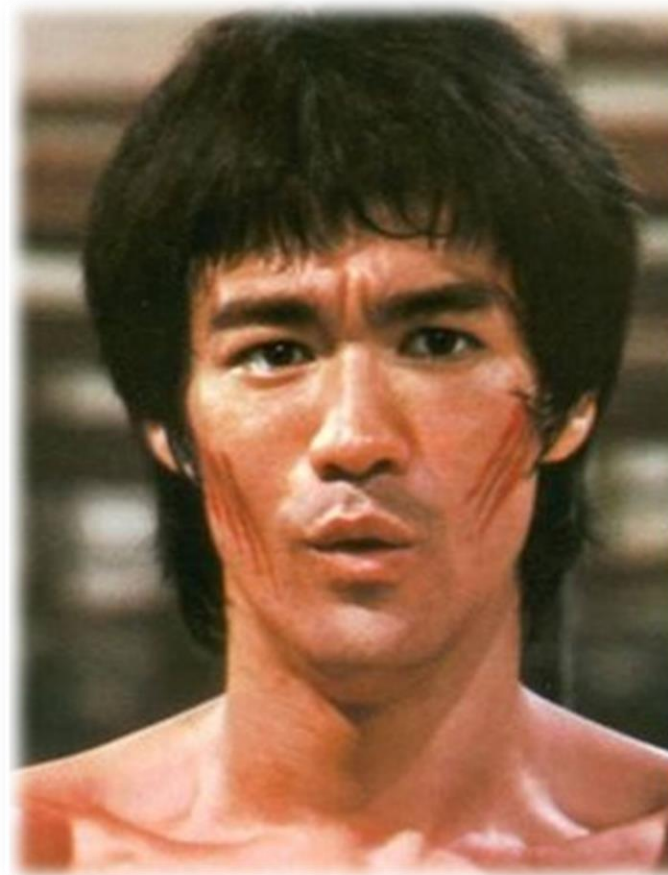
Source: Bloomberg, MOAMC internal analysis, Data as on 31st March 2018

Note: The information herein is used for comparison purpose and is illustrative and is not sufficient and shouldn't be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party. Past performance may or may not be sustained in future.

Investing fixed amount every month in **Mutual Fund**



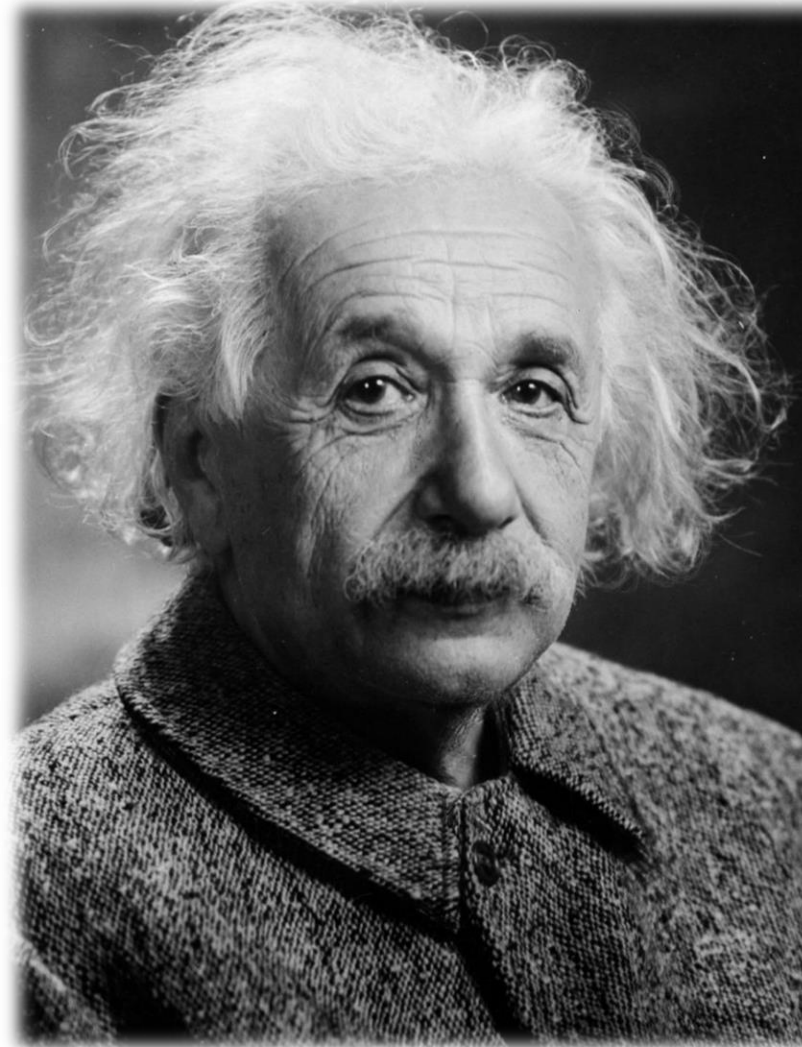
Discipline is the key



I fear not the man who has practiced
10,000 kicks once, but I fear the man
who has practiced one kick 10,000
times.

— *Bruce Lee* —

AZ QUOTES



"COMPOUND INTEREST IS THE EIGHTH
WONDER OF THE WORLD.
HE WHO UNDERSTANDS IT EARNES IT, HE
WHO DOESN'T, PAYS IT."

- ALBERT EINSTEIN

FENIUS

Long term track record

Particulars	15 Years	20 Years
Total no. of schemes	67	29
Highest Return (%)	22.96	24.21
Lowest Return (%)	10.13	12.53
Average Return (%)	16.19	18.63
Schemes with 20% + CAGR	4	10
Schemes with 15% + CAGR	48	24
Schemes with 12% + CAGR	63	29
Schemes with 8% + CAGR	67	29

All diversified equity funds which has completed 15 years and 20 years respectively as on 30th April, 2018

How to speed up!

- ✓ Save more & Invest more
- ✓ Stay away from impulsive purchases
- ✓ Do not try to time the market
- ✓ Have patience, invest for long term



Thank You