

A COMBINATION OF EQUITY, DEBT AND INSURANCE MAKES FOR A GOOD PORTFOLIO FOR FIRST-TIME INVESTORS



In mutual fund investments, the most important thing is to choose the right portfolio at the right time



HOW HEALTHY IS YOUR PORTFOLIO?



ILLUSTRATION: SACHIN VARADKAR

Which all assets should a first-time investor have in his portfolio? This is one of the most asked questions for financial planners and advisors. According to them, for a basic plan

for a first-time investor, exposure to equity and debt products and also insurance plans are the must-haves, provided these assets match with the person's risk profile. For starters, gold may also be included.

DEBT



✓ Usually fixed income assets like debt mutual funds, bonds and fixed deposits carry relatively lower risks than equities. So an investor should invest some amount of his total corpus into debt assets.

EQUITY



✓ Equities create wealth in the long term, and they are strictly not for meeting short term financial goals. Although equities are more risky than several other assets, over long period of time such risks dissipate. So if the risk profile of the investor allows, a beginner should invest some part of his corpus in equity assets like equity mutual funds and may be stocks.

INSURANCE



✓ In India, a large number of people feel buying insurance is same as investing. The truth is that insurance is protection from unforeseen events that could affect a person's financial health. It's not an investment. A healthy portfolio should have medical insurance plan and if needed, a life insurance plan as well.

INVESTMENT AND REDEMPTION PROCESSES



✓ From the start of the investing process, according to financial planners and advisors, the investor should be regular and disciplined. To this end, systematic investment plans (SIPs) are the best route to invest in various assets through the mutual fund route. And while redeeming the investments when the goal is achieved, systematic withdrawal plans (SWPs) should be the best way to get money and enjoy the fruits of the long investing journey.

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