



Financial Plan

Prepared for: Mr S SANGHI

Prepared by: Sanghi Consultancy

16-Sep-2017



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Introduction

We are pleased to submit this financial plan for your records as per the information provided to our MD , Mr.Niyesh Sanghi dated 13th of June 2017.

We urge you to keep this safely and privately to avoid any leakage of your confidential financial information.

A full financial plan would cover Cash Management, Risk Management, Retirement Planning, Investment Planning and Estate and Tax Planning. The sections covered in this plan are outlined on the contents page.

The following plan will document your Goals and Resources and make recommendations in line with your Goals based on the information you have provided. The solutions adopted in this plan need to be regularly reviewed. The projected outcomes are provisional and should be treated as indicative rather than as guaranteed. It is vital that the plan is reviewed regularly and the assumptions tested against actual outcomes. Life is dynamic and your financial plan must reflect changes in your personal situation!

We would advise you to study these recommendations carefully and we will respond to any questions you may have. You may need to make important decisions on the urgency and timing of the issues dealt within this plan. The effort you have taken to reach this point is well worth the effort to secure your financial future.

Please see the Appendices for details of the underlying assumptions related to your financial future used in building your plan, our Disclosures / Disclaimers and a Glossary to assist you with the terminology used herein.

We trust the experience will be rewarding for a sound financial future and help you reach your goals. We endeavour to respect your privacy and maintain client confidentiality.



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Executive Summary

Risk Profile

Your risk profile has been assessed as **Aggressive**. The most common risk profile is Balanced. This suggests that you will be comfortable with accepting some risk in the arrangements for your finances. In particular you will be comfortable with including relatively higher risk higher return investments in your portfolio. Currently, an Aggressive investment portfolio could be expected to receive a return, after tax and fees, of around 18.0% per annum. For more information see **Your Risk Personality** on page 8

Statement of Position

Currently, your total assets are **Rs. 3,27,50,000** and you have a liability of **Rs. 23,47,177**. Subtracting your liability from your total assets gives your net worth of **Rs. 3,04,02,823**. Your major assets are SAMPLE's Mutual Fund Savings/SIP (MF Portfolio). Your major liability is your SAMPLE's Housing Loan (IJM). The ratio of debt to assets is 0.07; which is attractively low. For more information see **Where You are Now** on page 10.

Cash Flow

Your cash flow analysis shows a large cash flow **surplus**. To apply this surplus to your goals you should save it, starting with Rs. 34,68,000 this year. For more information see **Cash Flow Management** on page 13.



Personal Details

Your Information

This plan is based on the following information that you have provided:



Name: **SAMPLE SANGHI** Age: **41** (Date of Birth: 19-Jul-1976).



SAMPLE has a current annual net income of Rs. 75,00,000.



Name: **SAMPLE 1 sanghi** Age: **36** (Date of Birth: 19-Dec-1980).



Details of SAMPLE 1's income have not been entered.



You have savings of Rs. 3,27,50,000.



You have a housing loan of Rs. 23,47,177 and your annual repayments are Rs. 4,32,000..

Assumptions

This plan uses the following basic assumptions when calculating the projections:



SAMPLE's preferred retirement age is 60 with a life expectancy of 80.



SAMPLE 1's life expectancy is 80.



Investments receive a future return consistent with the historical performance of an Aggressive risk profile 18.00% gross of fees and taxes.



General Inflation of 8.00%.



Risk Profile

While the focus of your plan is your goals, it is important that the planned course of action remains within your risk comfort zone. Financial planning is about empowering you to achieve your goals but it should never be at the cost of having you constantly worried about the level of risk you are taking. For this reason we assess your risk personality and use this assessment to guide our recommendations for you.

Your risk personality covers a range of financial matters, including:

- Making Financial Decisions
- Financial Disappointments
- Financial Past
- Investment
- Borrowing
- Government Benefits and Tax Advantages

Your Result

The amount of risk you are comfortable being exposed to has been rated as **Aggressive** which means you will be comfortable with taking considered risks in the arrangements for your finances in the expectation of higher returns.

What does this mean for you?

It means you will want to invest much of your funds in investments that are likely to achieve higher than average returns. These investments will almost always have a higher level of risk. So the effect is that your money will be exposed to value fluctuations in the short term but are likely to perform much better over the longer term than if you took less risk.

Limitations

Your risk score is only an indicator of your risk tolerance, it cannot completely describe how you will or should feel about any particular financial matter. Your choice on the level of risk to take in your financial matters should also take into account:

- Your timeframes - how much time do you have until your bigger goals? Longer time frames allow you to take greater levels of risk because the fluctuations even out over time.
- Life Stage - various seasons in life have an impact on the level of risk that is appropriate. When there are others dependant on you, the level of risk taken will need to be lower.
- Partner's risk profile - where a partner is involved the level of risk should reflect both partners' risk tolerances rather than just one.

Your risk personality assessment should be viewed as information for you to include in your decisions on financial matters, not as a constraint on what you should do.





Where You are Now

A Statement of Position, or Net Worth Statement, defines what you have after your debts have been subtracted from your assets. It is a measure of your personal economic position. This analysis is often used by third parties to assess your credit worthiness. Used over time it is a valuable measure of how successful you are in securing your financial health, and increasing wealth overtime.

Statement of Position

Your Statement of Position as at 16-Sep-2017 is:

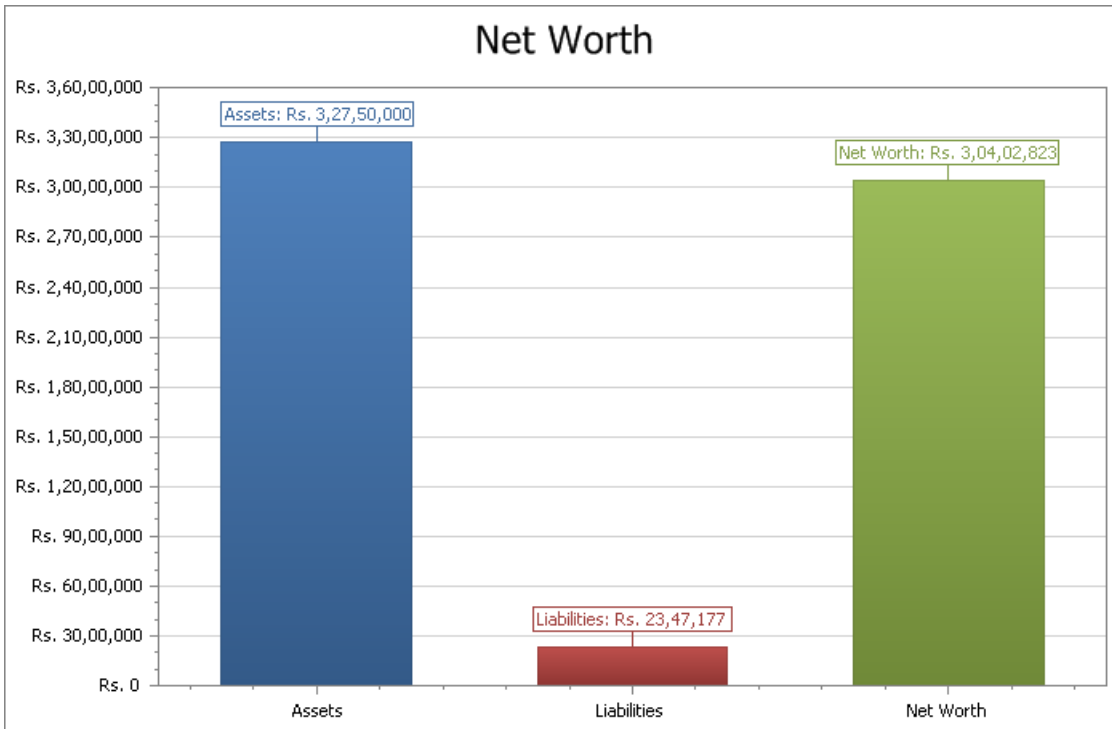
	Investments	Current Valuation
	SAMPLE's Mutual Fund Savings/SIP (MF Portfolio)	Rs. 3,12,50,000
	Total Investments:	Rs. 3,12,50,000
	Other Assets	Current Valuation
	SAMPLE's Other (stocks)	Rs. 15,00,000
	Total Other Assets:	Rs. 15,00,000
	Liabilities	Current Valuation
	SAMPLE's Housing Loan (IJM)	Rs. 23,47,177
	Total Liabilities:	Rs. 23,47,177
	Total Assets:	Rs. 3,27,50,000
	Net Worth:	Rs. 3,04,02,823

Net Worth

Currently, your total assets are **Rs. 3,27,50,000** and you have one liability of **Rs. 23,47,177**. Subtracting your liability from your total assets gives your net worth of **Rs. 3,04,02,823**.

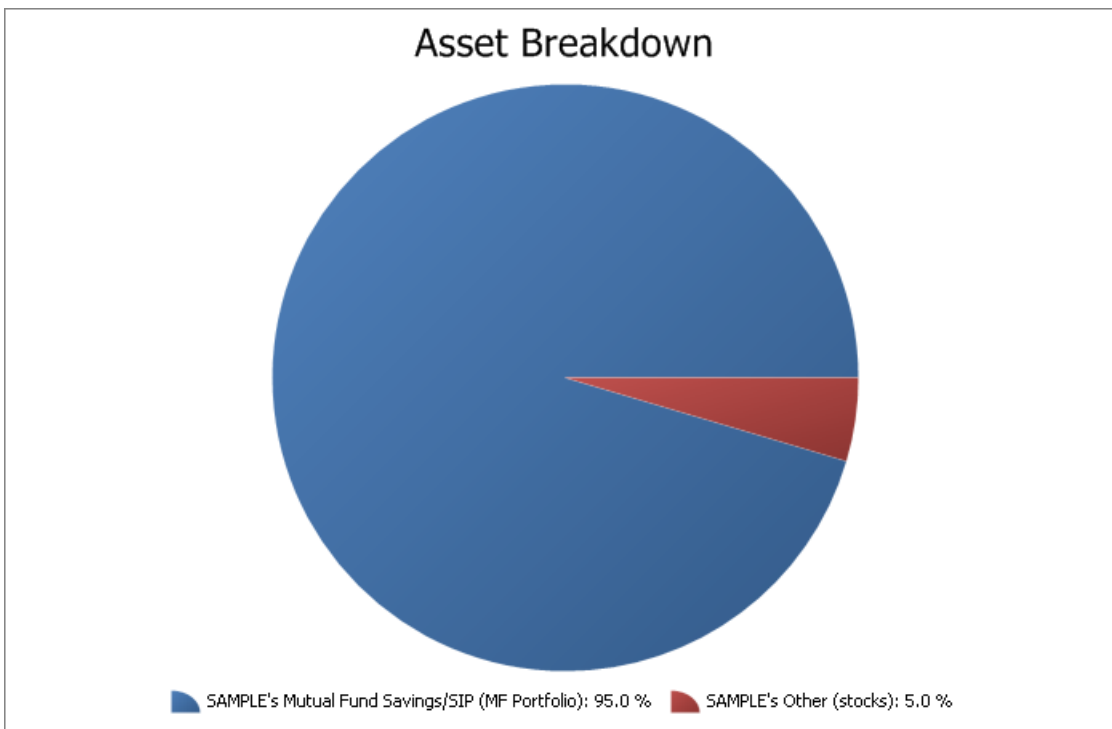


Your ratio of debt to assets is 0.07; which is attractively low.



What You Own

Your major assets are SAMPLE's Mutual Fund Savings/SIP (MF Portfolio).



What You Owe

Your major liability is your SAMPLE's Housing Loan (IJM).








Cash Flow Management

Monitoring your Cash Flow is a dynamic way of taking your financial pulse

For most people, the ability to earn is their greatest asset and its careful management should be a high priority. This section details how your cash flow surplus was calculated. We examine your current income and expenditure and then project forward based on the changes to incomes and expenditures likely over time.

Income and Expenditure Statement for Current Year

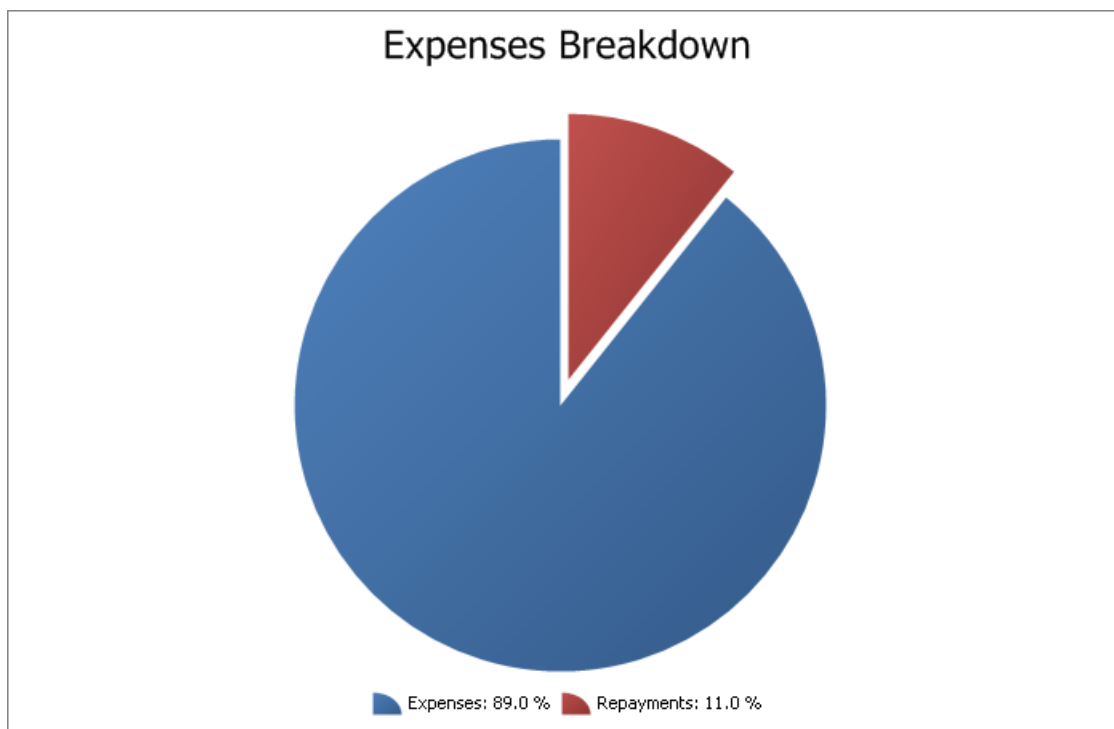
In this table, your outgoings are subtracted from your after tax incomes. Outgoings are divided into Fixed Expenses, Discretionary Expenses, Committed Savings and Repayments. From this analysis we can determine your Net Cash Flow.

Incomes		
	SAMPLE's Business Income (NIYESH)	Rs. 75,00,000 p.a.
	Total Income:	Rs. 75,00,000 p.a.
Expenses		
	Living Expenses	Rs. 36,00,000 p.a.
	Total Expenses:	Rs. 36,00,000 p.a.
Repayments		
	Regular Repayment into SAMPLE's Housing Loan (IJM)	Rs. 4,32,000 p.a.
	Total Repayments:	Rs. 4,32,000 p.a.



Incomes		
	Total Income:	Rs. 75,00,000 p.a.
	Total Expenses:	Rs. 40,32,000 p.a.
	Net Cash Flow:	Rs. 34,68,000 p.a.

Expenses

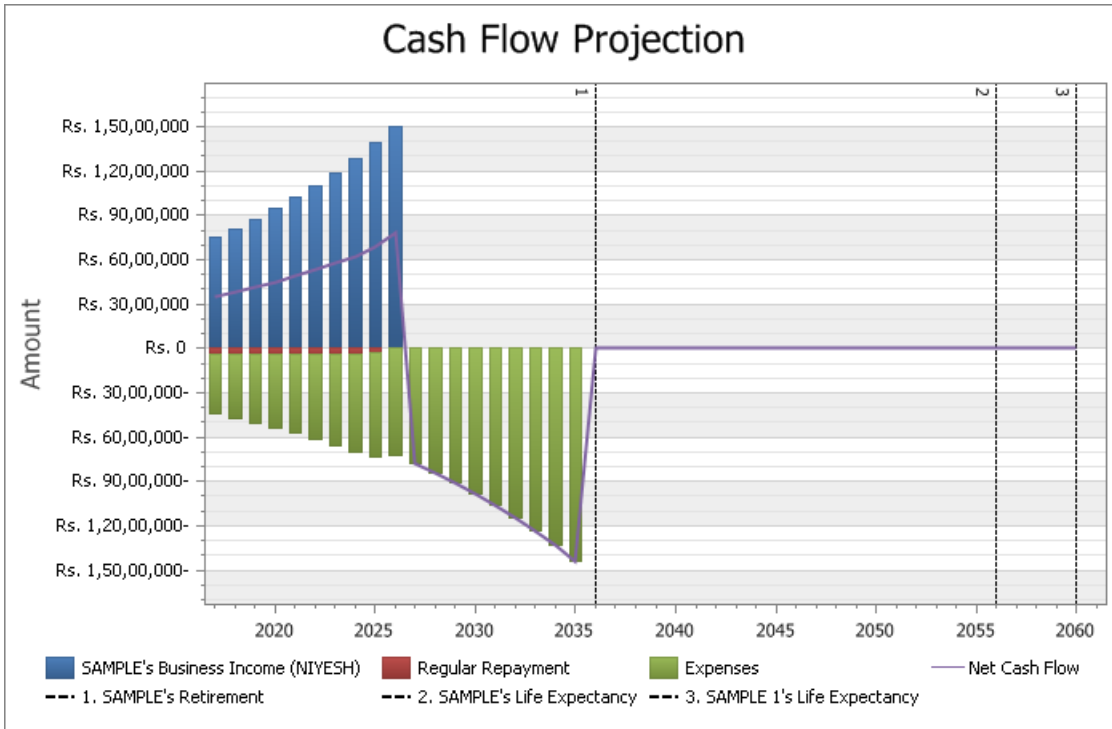


Cash Flow Projections





This section maps out the inflows and outflows of cash over your lifetime. The changes in your incomes and expenses over time are shown and the net cash flow at each stage of your life is calculated.

The following graph summarises a lot of information and is worth careful study. Your incomes are shown as positive amounts (above the line) and your outgoings (expenses, debt repayments and committed savings) are shown as negative amounts (below the line).

The Net Cash Flow, your income less outgoings is shown by the line on the graph. Prior to retirement, you should aim to have a positive net cash flow – you make more than you spend – as this will allow you to apply that surplus towards your goals. After retirement you are likely to have a negative cash flow indicating that you will need to use capital to fund your retirement lifestyle.



Details of the data used to create the above graph are in the table below so use this to enhance your understanding of the graph.

Incomes		Amount
	SAMPLE's Business Income (NIYESH)	Rs. 75,00,000 p.a. 2017 to 2026
Expenses		Amount
	Current Living Expenses	Rs. 36,00,000 p.a. 2017 to 2035
	Retirement Living Expenses	Not set 2036 to 2060
Repayments		Amount
	Regular Repayment into SAMPLE's Housing Loan (IJM)	Rs. 36,000 Monthly 2006 to 2026



Debt Management

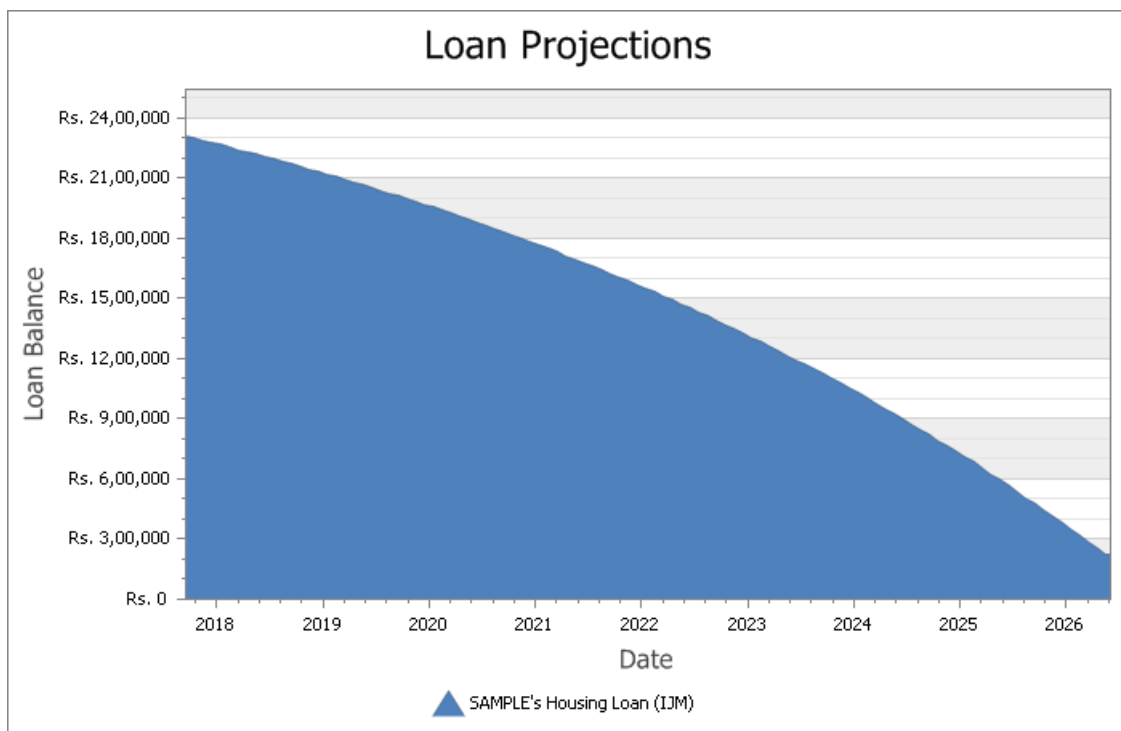
Loans and Mortgages

It is important to regularly review your loans and mortgages. It is possible to save thousands in interest costs and even pay your loan off much sooner than expected and then re-direct the payments to your Goals.

You currently have the following loans

	Loan Product	Associated Resource	Loan Type	Interest Rate	Repayments	Interest Cost	Outstanding Loan Amount
	Floating	SAMPLE's Housing Loan (IJM)		13.00	Regular Repayment: Rs. 36,000 Monthly from 2006 until loan is payed off in full	Rs. 16,54,759	Rs. 23,47,177

The follow graph illustrates the lifetime of your loans if you continue paying them back at your current rates



Other thoughts on debt

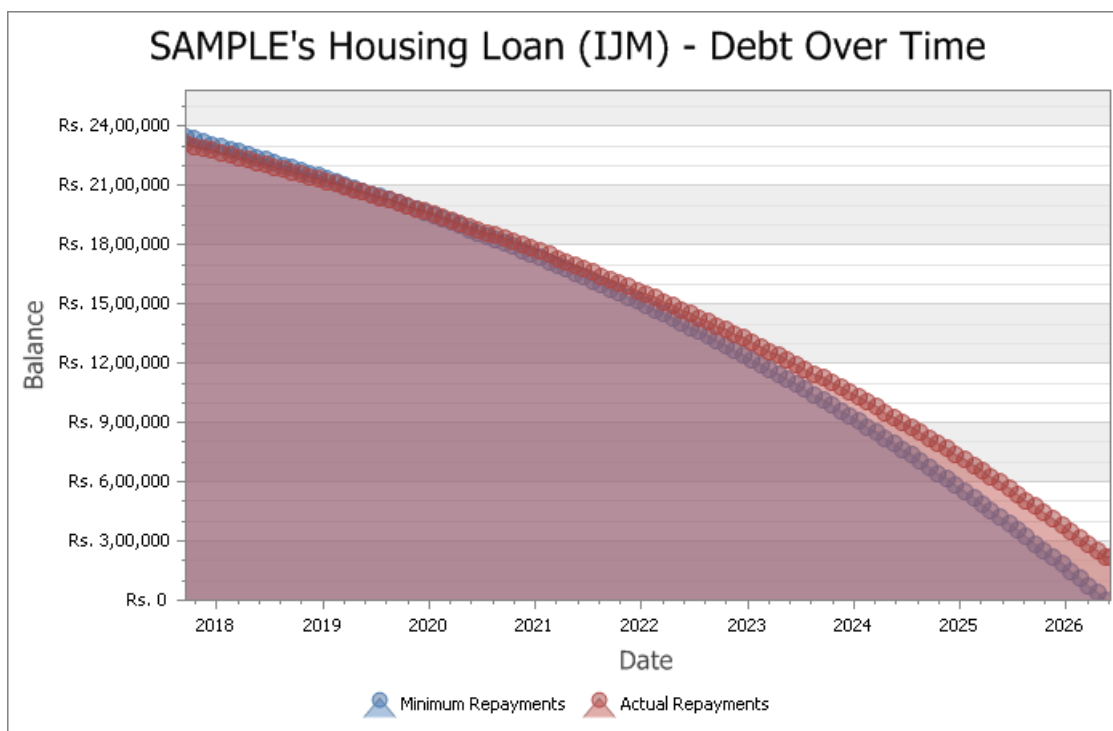
"The man who never has money enough to pay his debts has too much of something else." ~ James Lendall Basford

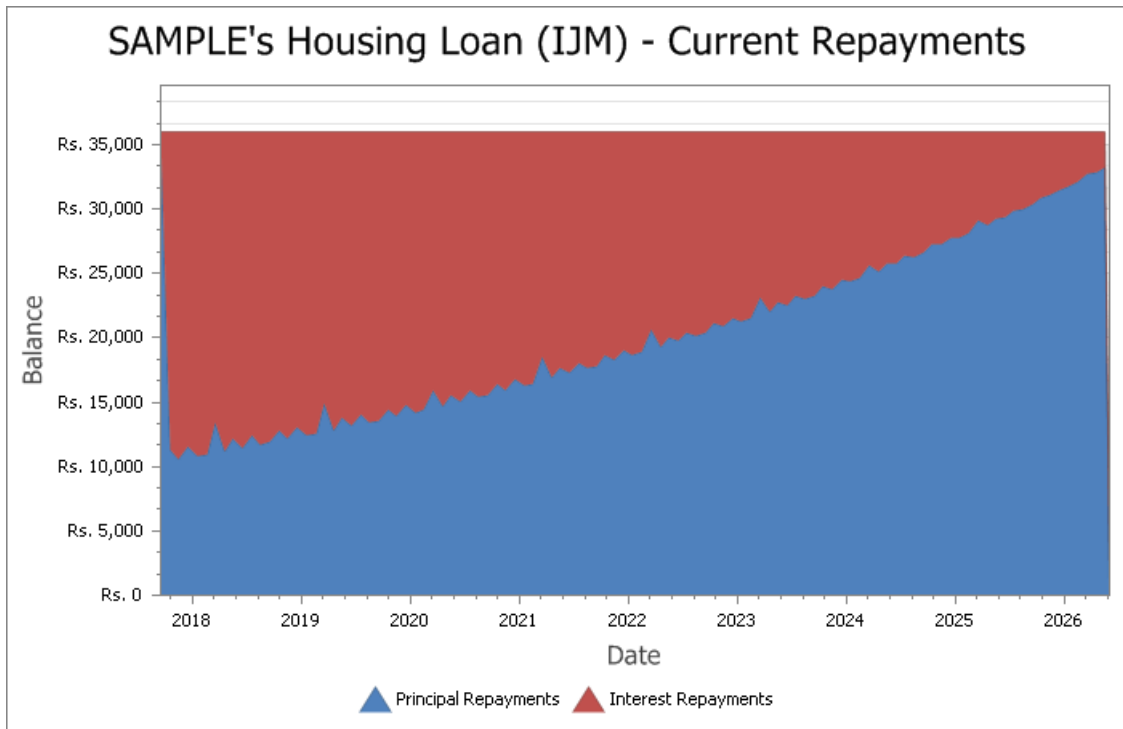
Debt can be used as a tool to grow your wealth, however, it has to be used wisely. Focus on paying off your consumer debt first as this is usually at a much higher interest rate.

Loan Analysis for SAMPLE's Housing Loan (IJM)

The table and chart show the details of your SAMPLE's Housing Loan (IJM). Payments, if any, above the minimum rate will be identified and their saving impact illustrated.

Debt Name	SAMPLE's Housing Loan (IJM)
Original Loan Amount	Rs. 32,00,000 at 01-Jun-2006
Length of Original Loan	20 Years (on 01-Jun-2026 when SAMPLE is 49 years old.)
Current Balance Outstanding	Rs. 23,47,177 (Valued at 31-Aug-2017)
Current Interest Rate	13.00 %
Minimum Repayment Amount	Rs. 37,735.39 Monthly
Scheduled Repayments	Regular Repayment: Rs. 36,000 Monthly from 2006 until loan is payed off in full on the 16-May-2026 when SAMPLE is 49 years old.
Total Interest Cost With Minimum Repayments	Rs. 15,77,302
Total Interest You Will Pay With Current Repayments	Rs. 16,54,759
Total Interest Saved With Current Repayments	Rs. 77,457-
Total Time Saved	







Your Goals

Goals are dreams with deadlines. ~ Diana Scharf Hunt

A review of your Goals enables you clarify where you want to get to and why. It will assist you in determining if your Goals are achievable and what you have to do to make them happen. Having clear achievable Goals is motivational.

Obstacles are those frightful things you see when you take your eyes off your goal. ~ Henry Ford

Goal based planning works by using your financial resources, such as your Investment Portfolio, and aligning them on a priority basis against your chosen goals.



Basic Assumptions

This plan uses the following basic assumption when doing the analysis: -

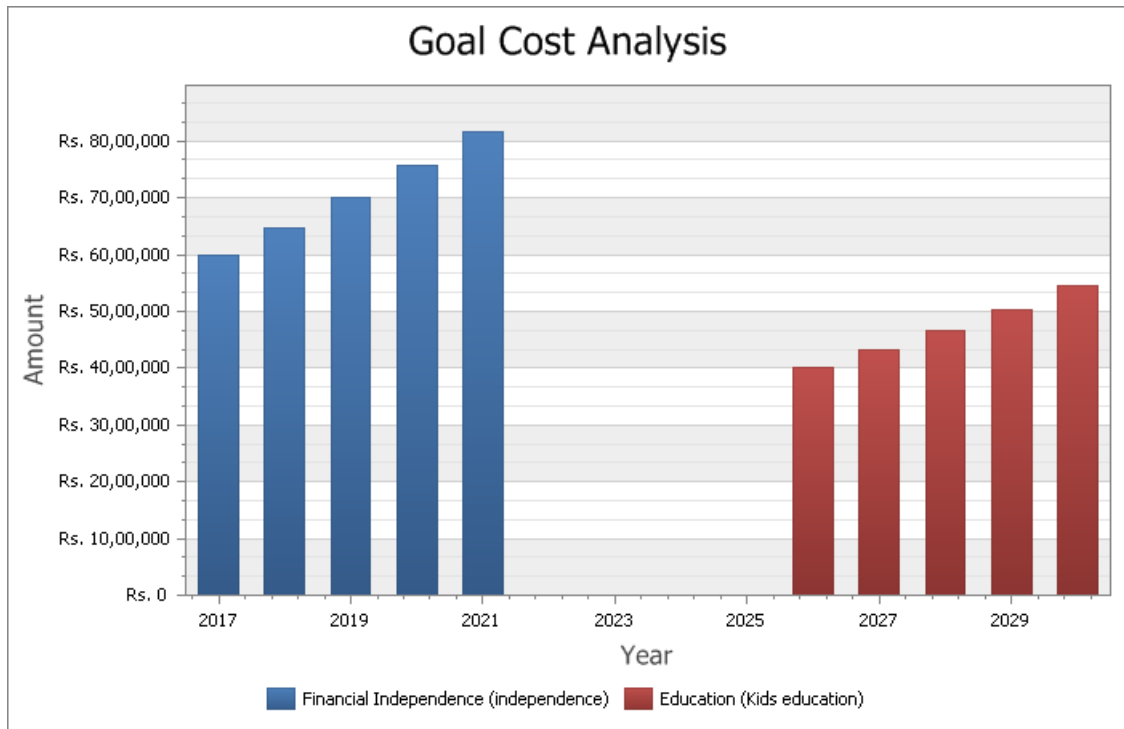
- SAMPLE's preferred retirement age is 60 with a life expectancy of 80.
- SAMPLE 1's life expectancy is 80.

Your Current Goals

Your current goals are shown in the table below.

	Goal Name	Corpus Required (Today)	Corpus Required (At start of goal)	Amount Required During Goal Period
1	 Financial Independence (independence)	Rs. 2,94,54,568	Rs. 2,94,54,568	Rs. 3,51,99,606
	Rs. 60,00,000 every year from 2017 until when SAMPLE is 45 (2021) at 8.00 % inflation.			
2	 Education (Kids education)	Rs. 67,11,774	Rs. 1,86,12,277	Rs. 2,34,54,725
	Rs. 20,00,000 every year from when SAMPLE 2 is 18 (2026) until when SAMPLE 2 is 22 (2030) at 8.00 % inflation.			
	Total	Rs. 3,61,66,342		

The following chart illustrates the cost of your goals over time. The cost of your goals will increase over time due to inflation.





Your Goals

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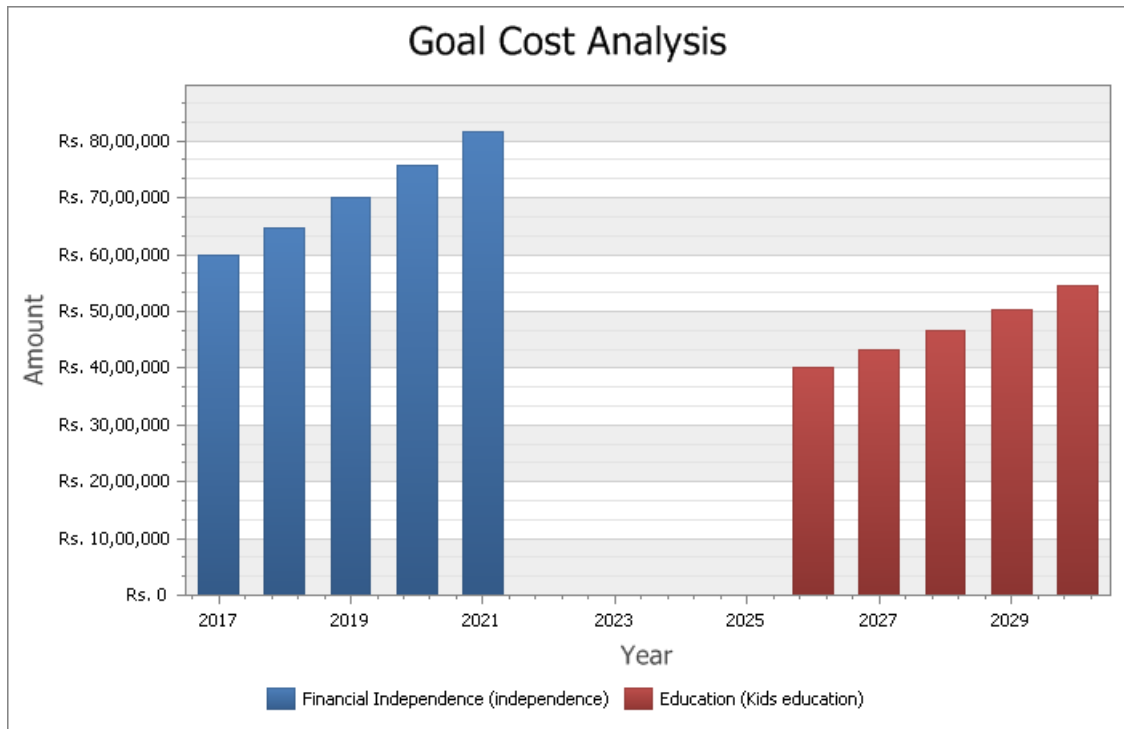
- SAMPLE's preferred retirement age is 60 with a life expectancy of 80.
- SAMPLE 1's life expectancy is 80.

Your Current Goals

Your current goals are shown in the table below along with which financial resource is available to fund the goal.

Priority	Goal Name	Goal Description	Amount Needed Today	Available Resources
1	Financial Independence (independence)	Rs. 60,00,000 every year from 2017 until when SAMPLE is 45 (2021) at 8.00 % inflation.	Rs. 2,94,54,568	SAMPLE's Mutual Fund Savings/SIP (MF Portfolio)
2	Education (Kids education)	Rs. 20,00,000 every year from when SAMPLE 2 is 18 (2026) until when SAMPLE 2 is 22 (2030) at 8.00 % inflation.	Rs. 67,11,774	SAMPLE's Mutual Fund Savings/SIP (MF Portfolio)



The following chart illustrations the cost of your goals over time. The cost of your goals will increase over time due to inflation.





Current Financial Resources

Your current financial resources are shown below.

	Name	Value	Available From	Available For	Contributions
	SAMPLE's Mutual Fund Savings/SIP (MF Portfolio)	Rs. 3,12,50,000	This year	All goal needs	
	SAMPLE's Other (stocks)	Rs. 15,00,000	Locked until 2036	All goal needs	

You also have these additional income sources available which can be used to fund your goals.

Income Name	Income Description	Available For
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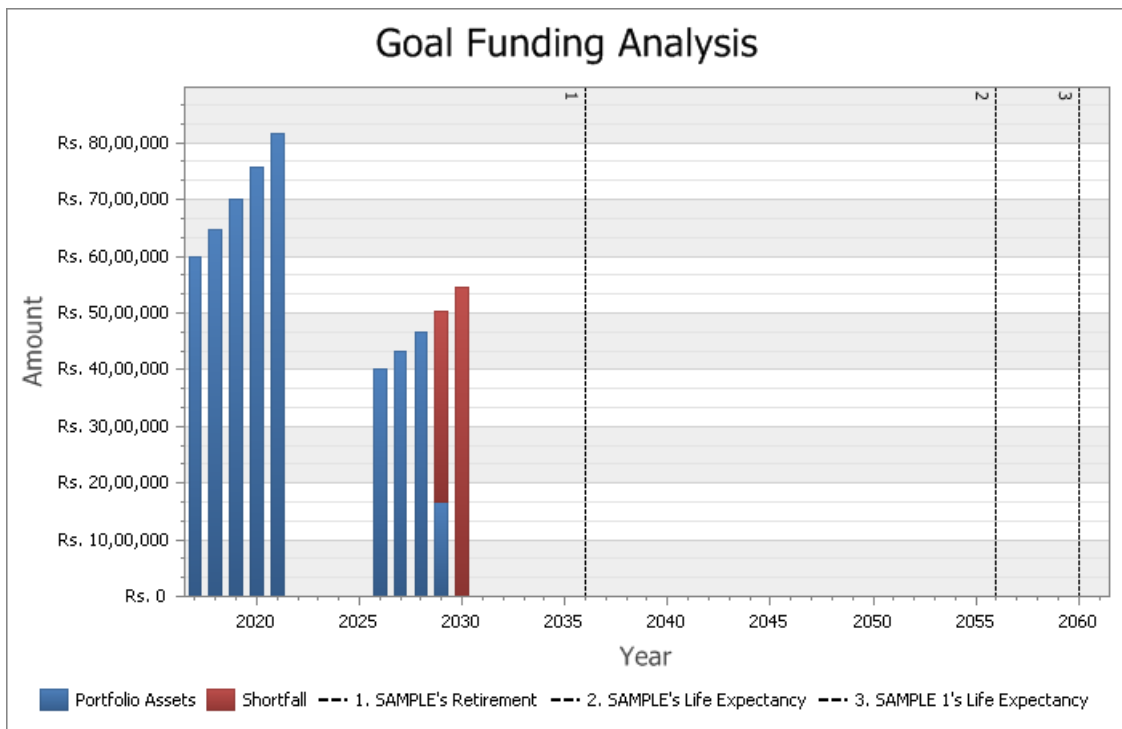
Goal Analysis

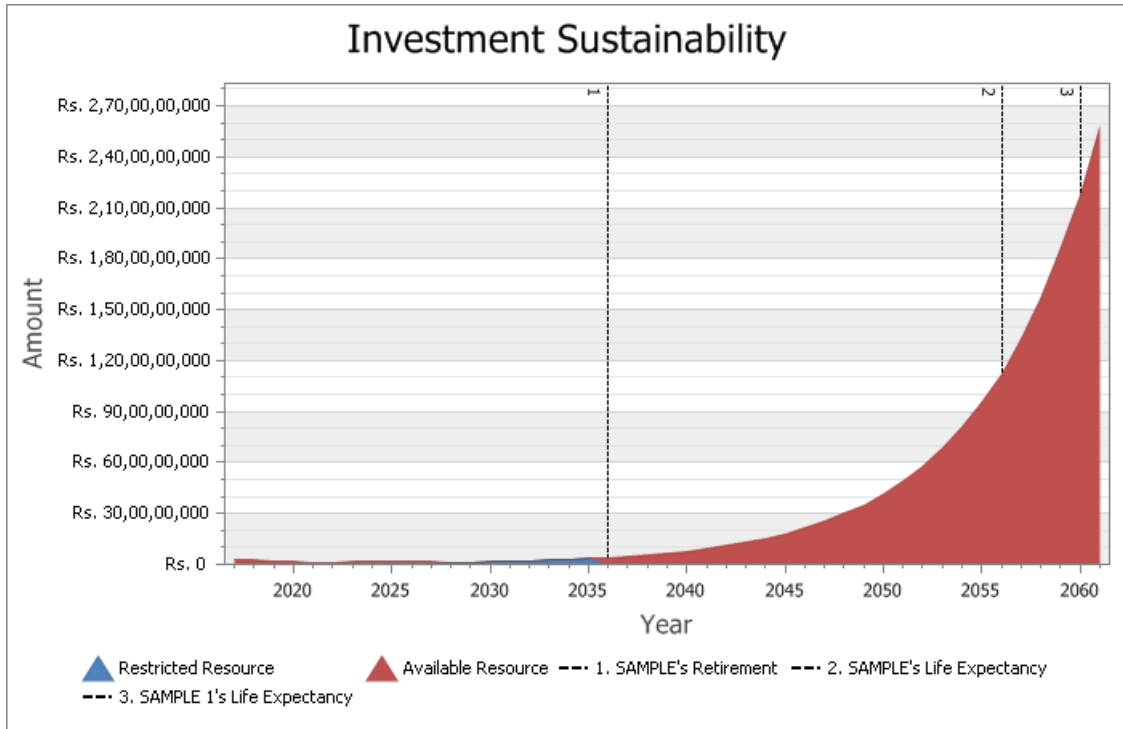
The following analysis is based on the chosen priority order of your goals. This means that a lower priority goal that happens next year will not take priority over a longer term higher priority goal. For example a purchase of a car now may compromise the deposit of a house in 5 years time.

Remember the power of compounding investment returns. A small change in your portfolio today will make a significant difference in 20 years time!

The current analysis indicates that you will not be able to fund all your goals. The following plan will give you a range of options to help you address this issue.

Priority	Goal Name	Amount Required During Goal Period	Projected Amount available	% Goal Funded	Additional Deposit	Additional Regular Savings
1	 Financial Independence (independence)	Rs. 3,51,99,606	Rs. 3,51,99,606	100%	-	-
2	 Education (Kids education)	Rs. 2,34,54,724	Rs. 1,46,51,065	62.47%	Deposit Rs. 21,10,096 this year	Save Rs. 2,84,244 annually until 2030







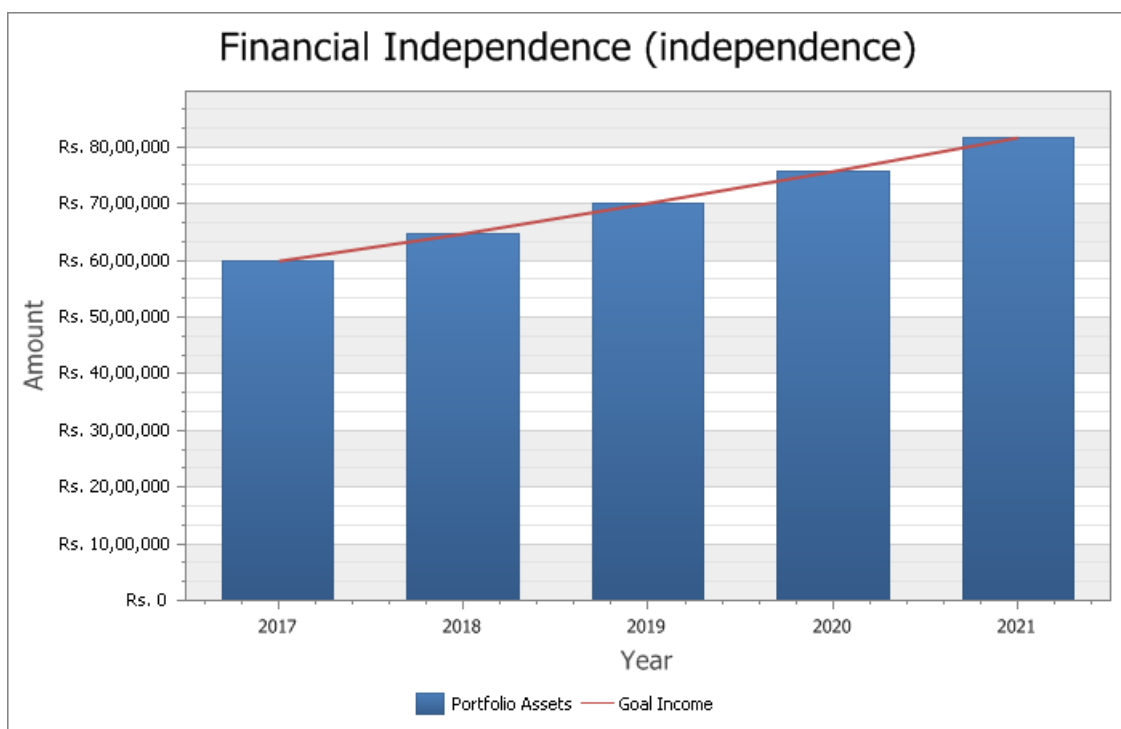
Goal Funding Analysis for Financial Independence (independence)

You have indicated that the Financial Independence (independence) goal is your number one priority. You currently have sufficient assets and savings available to fund your goal.

Current Goal Assumptions

The following table details the key assumptions used.

	Assumptions
Goal Objective	Rs. 60,00,000 every year from 2017 until when SAMPLE is 45 (2021)
Number of years to reach goal	0
Estimated amount required during goal period	Rs. 3,51,99,606
Inflation Rate	8.00 %
Total Amount Funded	Rs. 3,51,99,606
Short fall	Rs. 0
% Goal funded	100 %
Potential Funding Sources	SAMPLE's Mutual Fund Savings/SIP (MF Portfolio). Amount used Rs. 3,51,99,606.







Advice

You currently have sufficient assets and savings available to fund your Financial Independence goal. It is recommended that you: -

- Review your Asset Allocation.

Action Plan

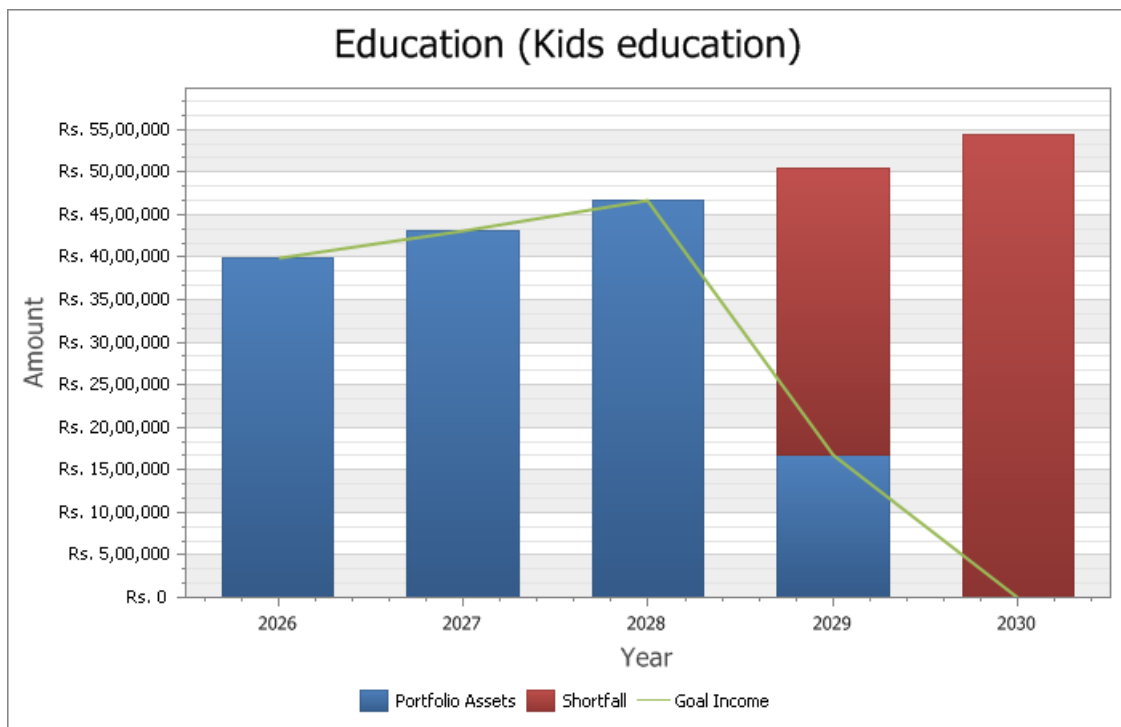
Goal Funding Analysis for Education (Kids education)

Your available savings and assets are not enough to fully fund your goal with only 62.47% of the goal funded. This leaves a shortfall of Rs. 88,03,659.

Current Goal Assumptions

The following table details the key assumptions used.

	Assumptions
Goal Objective	Rs. 20,00,000 every year from when SAMPLE 2 is 18 (2026) until when SAMPLE 2 is 22 (2030)
Number of years to reach goal	9
Estimated amount required during goal period	Rs. 2,34,54,724
Inflation Rate	8.00 %
Total Amount Funded	Rs. 1,46,51,065
Short fall	Rs. 88,03,659
% Goal funded	62 %
Potential Funding Sources	SAMPLE's Mutual Fund Savings/SIP (MF Portfolio). Amount used Rs. 1,46,51,065.





Advice

Your current gap in meeting your goal is Rs. 88,03,659. To fully fund your goal you will need to consider one of the following options: -

Option	Description
Option 1	Additional Lump Sum Investment: Set aside a lump sum of Rs. 21,10,096 this year.
Option 2	Additional Regular Savings: Save an additional Rs. 2,84,244 per year until the start of your goal, starting this year.
Option 3	Delay your goal. Delaying your goal by a few years gives you more time to save and take advantage of the effects of compounding interest.
Option 4	Decrease the cost of your goal: If you cannot delay your goal you might then consider reducing the overall cost of your goal.
Option 5	Review your Asset Allocation: You also might be able to review your asset allocation to a higher rate of return, however this will introduce more risk into your portfolio and should only be used for your long-term, non essential goals where you can afford to take the increased risk.

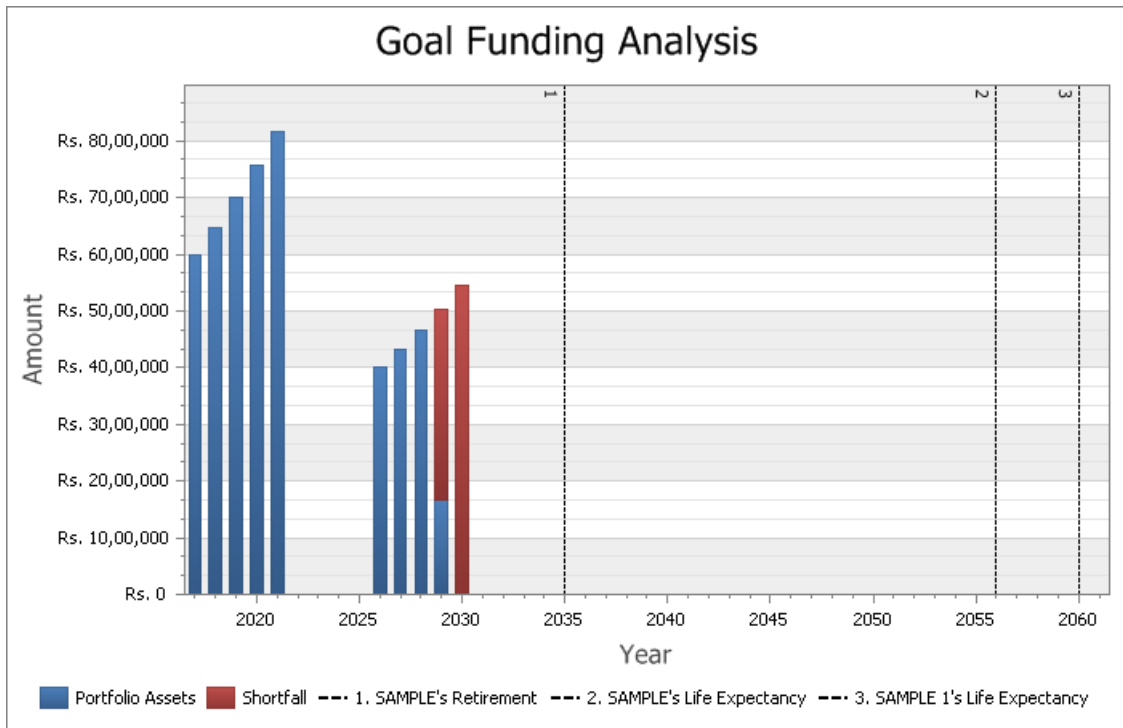
Action Plan

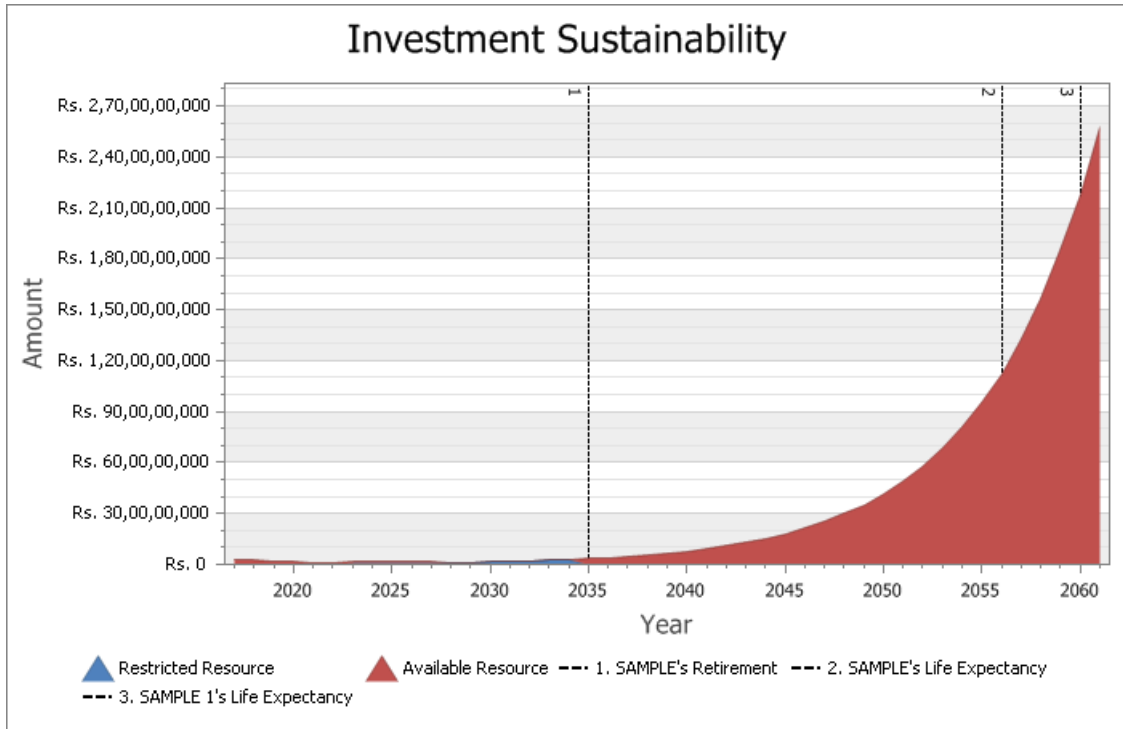


Adjust Your Retirement Illustration.

The following section illustrates the effect of bringing your retirement forward by 1 year to when you are 59.

Goal Name	Current			After		
	Amount Required During Goal Period	Projected Amount available	% Goal Funded	Amount Required During Goal Period	Projected Amount available	% Goal Funded
Financial Independence (independence)	Rs. 3,51,99,606	Rs. 3,51,99,606	100.00%	Rs. 3,51,99,606	Rs. 3,51,99,606	100.00%
Education (Kids education)	Rs. 2,34,54,724	Rs. 1,46,51,065	62.47%	Rs. 2,34,54,724	Rs. 1,46,51,065	62.47%







Investment Asset Allocation

"Do not put all your eggs into one basket"

Diversification over Asset Sectors.

This maxim can be applied to both Asset Allocation and the underlying investments used in each of your Asset Sectors.

It is beneficial to spread your investments over a range of assets. In different years often a different asset is the best-performing one. It is difficult to predict which Asset Sector will perform best in any given year. Trying to pick the best Assets Sector and knowing when to move to another is speculative.

It is prudent to following a consistent plan which weights your exposure to a range of Asset Sectors in line with your Investor Profile. Historical analysis of each Asset Sectors behaviour determines how much exposure you should have to each sector. Your Investor Profile has been aligned with a Strategic Asset Allocation (the long term view) and this can be modified by Tactical adjustments (what happening now). A mixture of Asset Sectors is more likely to maximize returns and minimize risk providing with you the best opportunity to reach your Goals. The past is not a guarantee of the future but it can be a guide.

Diversification over / within Investments.

Investment diversification within your Asset Sector compliments Asset Allocation. While a portfolio can be diversified over a range of Asset types it can also be diversified over the range of investments types. The intent is to reduce your exposure to the specific risk of one investment.

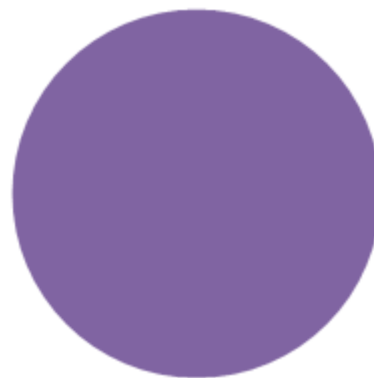
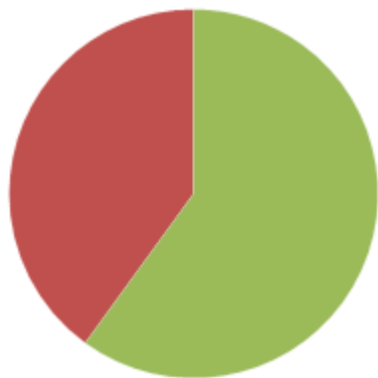
The results from your risk profile assessment indicate that you are a **Aggressive** investor:

Sanghi Consultancy seeks to manage your portfolio within the criteria set and will seek to give you exposure to Funds that are performing in the top quartile and to adjust your assets allocation to meet current economic conditions whilst maintaining your Investment Profile. Most investments are medium to long-term. Fixed interest is medium to long-term. Fixed Interest Trusts 1-3 years; shares 5 years; property 5-7 years.

Returns will always be dependent on current economic conditions and no absolute guarantee is possible.

At each review you are confirming the strategy adopted as detailed above. If this is no longer appropriate you should notify your advisor.

Current Asset Allocation	Recommended Aggressive Asset Allocation
--------------------------	---



Asset Sector	Current Percentage	Recommended Percentage	Difference
Cash	0.0 %	100.0 %	100.0 %
Debt, PPF, NSC, FIXED DEPOSIT	60.0 %	0.0 %	-60.0 %
Gilt	0.0 %	0.0 %	0.0 %
Property	0.0 %	0.0 %	0.0 %
Equity	40.0 %	0.0 %	-40.0 %
International Equity	0.0 %	0.0 %	0.0 %
Alternative Assets	0.0 %	0.0 %	0.0 %
MUTUAL FUND	0.0 %	0.0 %	0.0 %



Asset Allocation Notes

Notes on Risk: There are many forms of risk that have to be taken account of. For example:

- **Inflation Risk:** If the inflation rate exceeds your after tax returns then you are going backwards! You are losing your buying power. This often happens to those who just remain in cash and / or fixed interest.
- **Market Risk:** An investment will participate in a particular investment sector e.g. Domestic Share Market and often, regardless of the actual holding, will experience the impact of market sentiment both positive and negative. This can be driven by either economic factors or human behaviour and is often a combination of both. Some funds use technical investment tools to manage and this.
- **Specific Risk:** If funds are placed into an asset which is not diversified within itself then the outcome will be dependent on that one placements performance. Grouped Investment Funds / Mutual Funds seek to mitigate this by diversifying the risk.
- **Currency Risk:** If investments are held outside of the country in which you live and in which you intend to use these funds then differential in currencies can have significant impact on the purchasing power of your portfolio. Hedging strategies are a way of managing this.
- **Default Risk:** This occurs when the issuer of a security is unable to repay a loan. Research Houses / Rating Agencies seek to quantify the probability of this happening.
- **Sector Risk:** There are times when one sector is depressed while the others are buoyant. Diversification over different asset classes seeks to mitigate this.
- **Duration Risk:** Locking into a long term investment based on current economic assumptions when these assumptions can change. E.G Locking into a low interest rate Fixed Interest Security for 10 years means the value of the Bond, if tradable, will go down if not held to maturity if interest rates rise. In addition there is the missed opportunity of higher rates in the future. Few can see 10 years ahead!

A well designed portfolio will address all of these issues No Pilot tales off without a pre-flight check!






Life Insurance Analysis for SAMPLE

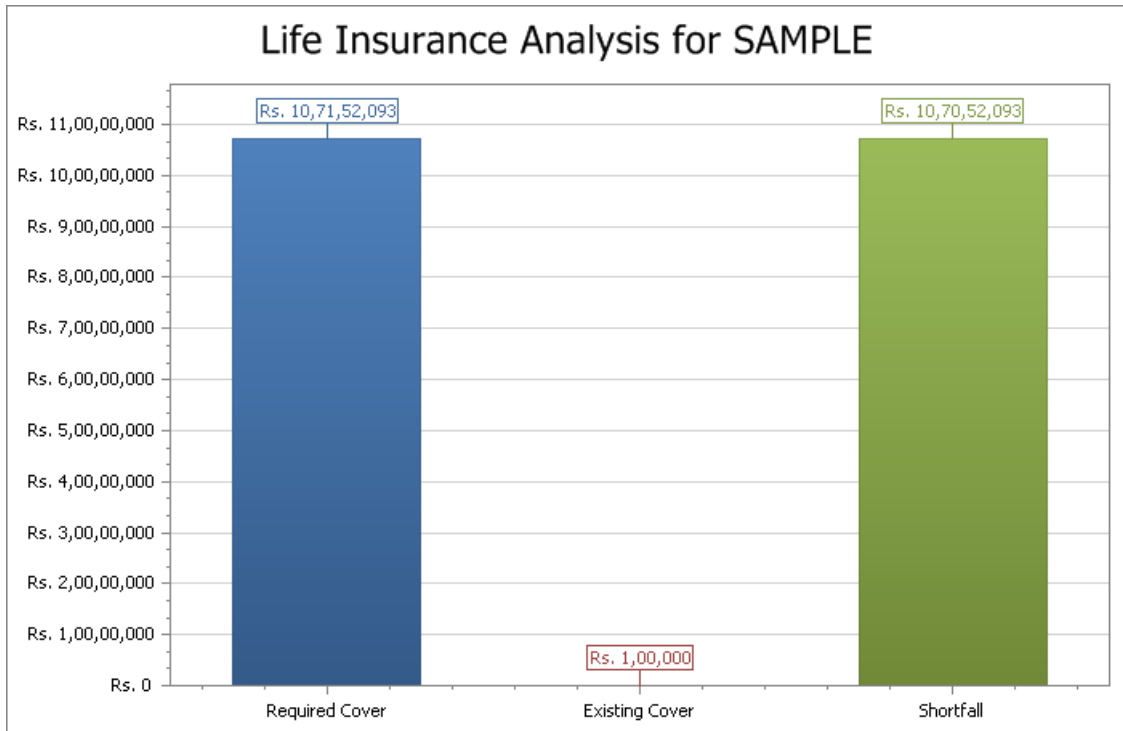
Current Life Insurance Situation

The following table details the key assumptions used.

Immediate Cash Needs		
	CONTINGENCY FUND	Rs. 30,00,000
	Total Immediate Cash Needs:	Rs. 30,00,000
Replacement Income		
	Income of Rs. 60,00,000 for 20 years	Rs. 14,41,52,093
	Total Replacement Income:	Rs. 14,41,52,093
Debt Repayment		
	Total Liabilities:	Rs. 0
Surplus Assets		
	MUTUAL FUNDS	Rs. 4,00,00,000
	Total Surplus Assets:	Rs. 4,00,00,000
	Total Needs:	Rs. 14,71,52,093
	Total estimated coverage required:	Rs. 10,71,52,093
Existing Life Insurance Policies		
	Life Insurance JEEVAN	Rs. 1,00,000
	Total Existing Life Insurance Cover:	Rs. 1,00,000



The chart below shows you a comparison of your required cover compared with your existing level of cover.



Term cover recommended !



Advice

You currently do not have enough existing Life Insurance cover for SAMPLE with only 0% of the life insurance needs funded. This leaves a shortfall of Rs. 10,70,52,093 worth of cover.

Action Plan

Need to improve the cover !



Conclusion

Your Net Worth as at 16-Sep-2017 is **Rs. 3,04,02,823** ; comprised of total assets of **Rs. 3,27,50,000** less liabilities of **Rs. 23,47,177** .



Next Steps

Appendix: Glossary of Terms used in Financial Planning

Asset Allocation

Asset Allocation is the process of selecting amongst asset classes such as equity debt gilt property and gold. A large part of financial planning consists of finding an asset allocation that is appropriate for a given person in terms of their appetite for and ability to shoulder risk

Compounding

The effect of compounding depends on the frequency with which interest is compounded and the periodic interest rate which is applied. Therefore, in order to define accurately the amount to be paid under a legal contract with interest, the frequency of compounding (yearly, half-yearly, quarterly, monthly, daily, etc.) and the interest rate must be specified

Goals

There are many types of financial goals. Here are some of more common goals for everyday parlance

1. Get out of debt — “I will completely eliminate my debt in 3 years.”
2. Saving for retirement — “I will save for my retirement years.”
3. Saving for college education — “I will save for college education for my son”
4. Saving for a House Purchase — “I will save for down payment on my first home.”
5. Saving for a down payment for your car — “I will save for down payment on my new car.”

After you set your goals, the next step is to prioritize them. Although it's nice to be able to accomplish them all, sometimes that is simply not possible. You may have to make some changes and accept some compromise. After your goals are prioritized, the next step is to review them and identify actions you should take to accomplish each goal.

Diversification

Portfolio diversification is the means by which investors minimize or eliminate their exposure to company-specific risk, minimize or reduce systematic risk and moderate the short-term effects of individual asset class performance on portfolio value.

Well-conceived portfolio diversification will result in the construction a well-diversified portfolio that will serve you well in achieving your long-term investment goals. And defining an investment universe that is sufficiently broad to ensure that the highest level of diversification consistent with your risk tolerance can be achieved is the single most important step in constructing your portfolio.

Inflation



Inflation, a universal concept, is an economy-wide sustained trend of increasing prices from one year to the next. The rate of inflation is important as it represents the rate at which the real value of an investment is eroded and the loss in spending power over time. Inflation also tells investors exactly how much of a return (%) their investments need to make for them to maintain their standard of living.

Insurance

Traditionally, Life insurance has always been a way to protect your survivors and dependents against financial hardship. Simply put, Life insurance offers financial protection to you and your loved ones when you retire, die or are unable to continue providing financially due to unforeseen incidents. While nothing can substitute your loss, insurance at least takes care of the financial gap created by your absence or the absence of an active income source. It thus tries to eliminate risk by substituting certainty for uncertainty

However Life Insurance has evolved over time. Today it is a smart savings and investment option and can offer market linked returns. With the right life insurance policy you can be assured of maintaining your standard of living and even improve it. You can plan for your aspirations and time your policies to get you a lump sum amount just when you need it or you can simply make your money grow for the rainy day. It can help you meet your child's educational needs, their marriage expenses or for purchasing that dream home that you've always wanted.

Monte Carlo

Risk is part of all investments. Monte Carlo simulation allows for better decision making under uncertainty. Monte Carlo simulation performs risk analysis by building models of possible results by substituting a range of values—a probability distribution—for any factor that has inherent uncertainty. It then calculates results over and over, each time using a different set of random values from the probability functions. Depending upon the number of uncertainties and the ranges specified for them, a Monte Carlo simulation could involve thousands or tens of thousands of recalculations before it is complete. Monte Carlo simulation produces distributions of possible outcome values.

By using probability distributions, variables can have different probabilities of different outcomes occurring. Probability distributions are a much more realistic way of describing uncertainty in variables of a risk analysis

Risk Profiler

Risk profiling can help you make decisions that are suitable to you, as it is a method of measuring personal tolerance to investment risk. In simple terms, how much risk an individual is willing to make, or not make. Risk tolerance can be seen as the sum of all the 'fear/greed' trade-offs available.

Once we have obtained your investor profile, we then examine the most suitable strategy. Once we have decided on the strategy we then look at the investment options available to you. This process results in your funds being invested across many investment sectors so that they are fully diversified as to your wishes and also your tolerance levels.

Net Worth



The Net Worth Statement tells you what you're worth financially. Use it to list all your assets and liabilities (your debts and expenses) and then subtract the sum of your liabilities from your total assets.

When completing your net worth information, use a specific date -- perhaps the end of a calendar quarter or the end of the year -- so you can use the same date to recalculate it annually. Remember, the higher your net worth, the better. A low or negative net worth tells you that you'll need to work on your Cash Flow statement to find ways of increasing your savings. The goal is to have a greater net worth each year. (As you build your assets, carefully evaluate the appropriateness of protecting them with life insurance.)



Appendix: Disclaimer / Disclosure Statement

The recommended products and strategies in this plan have been prepared especially for you. These recommendations given here flow out of an analysis of your Investor Profile and your Goals and Objectives as presented to us.

In addition, it is important to be aware of the following:

- All market linked investment returns will reflect the performance of the underlying assets of the products you have chosen and will go up and down with the value of the products assets.
- With all international investments you are exposed to the added risk of currency fluctuations.
- Most Investments are medium to long term and the minimum investment term must be considered before making an investment (Fixed Interest Trusts 1-3 years; Shares 5 years; Property 5-7 years).
- Any report product information goods services or advice ("advice") given to you has been prepared from the information supplied to us from you. Any decisions made by you in reliance upon or in relation to such advice are to be made by you and not by us. You are therefore exclusively responsible for all acts and decisions in making any decisions in reliance on any advice or materials supplied to us by you.
- Any calculated projections or any predictions given by us to you are not guaranteed and are merely an expression of opinion only and are not intended for other than illustration purposes only.

Whilst every care has been exercised and the advice and the statements made are based on information believed to be accurate that no liability is accepted by us or our employees or officers or outside suppliers of information for any error or omission contained herein. It is strongly recommended that this qualification be borne in mind when making any decisions in reliance upon any of the advice contained herein. You are exclusively responsible for all such decisions. Further, our responsibility in connection with any materials or advice given by us to you is supplied to you alone and neither we nor our employees either directly or indirectly accept any responsibility howsoever arising on any grounds whatsoever to any other party.



Appendix: Annual Cash Flow Statement

This table details, year by year, the information from the Cash Flow projections graph.

Year	Incomes	Expenses	Repayments	Net Cash Flow
2017	Rs. 75,00,000	Rs. 36,00,000	Rs. 4,32,000	Rs. 34,68,000
2018	Rs. 81,00,000	Rs. 38,88,000	Rs. 4,32,000	Rs. 37,80,000
2019	Rs. 87,48,000	Rs. 41,99,040	Rs. 4,32,000	Rs. 41,16,960
2020	Rs. 94,47,840	Rs. 45,34,963	Rs. 4,32,000	Rs. 44,80,877
2021	Rs. 1,02,03,667	Rs. 48,97,760	Rs. 4,32,000	Rs. 48,73,907
2022	Rs. 1,10,19,961	Rs. 52,89,581	Rs. 4,32,000	Rs. 52,98,380
2023	Rs. 1,19,01,557	Rs. 57,12,748	Rs. 4,32,000	Rs. 57,56,809
2024	Rs. 1,28,53,682	Rs. 61,69,767	Rs. 4,32,000	Rs. 62,51,915
2025	Rs. 1,38,81,977	Rs. 66,63,349	Rs. 3,24,000	Rs. 68,94,628
2026	Rs. 1,49,92,535	Rs. 71,96,417	Rs. 0	Rs. 77,96,118
2027	Rs. 0	Rs. 77,72,130	Rs. 0	Rs. 77,72,130-
2028	Rs. 0	Rs. 83,93,900	Rs. 0	Rs. 83,93,900-
2029	Rs. 0	Rs. 90,65,412	Rs. 0	Rs. 90,65,412-
2030	Rs. 0	Rs. 97,90,645	Rs. 0	Rs. 97,90,645-
2031	Rs. 0	Rs. 1,05,73,897	Rs. 0	Rs. 1,05,73,897-
2032	Rs. 0	Rs. 1,14,19,809	Rs. 0	Rs. 1,14,19,809-
2033	Rs. 0	Rs. 1,23,33,394	Rs. 0	Rs. 1,23,33,394-
2034	Rs. 0	Rs. 1,33,20,065	Rs. 0	Rs. 1,33,20,065-
2035	Rs. 0	Rs. 1,43,85,670	Rs. 0	Rs. 1,43,85,670-
2036	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2037	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2038	Rs. 0	Rs. 0	Rs. 0	Rs. 0



2039	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2040	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2041	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2042	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2043	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2044	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2045	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2046	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2047	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2048	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2049	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2050	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2051	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2052	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2053	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2054	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2055	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2056	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2057	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2058	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2059	Rs. 0	Rs. 0	Rs. 0	Rs. 0
2060	Rs. 0	Rs. 0	Rs. 0	Rs. 0



Loan Repayment Table for SAMPLE's Housing Loan (IJM)

Date	Initial Value	EMI	Interest	Principal	Outstanding Loan Amount
16/09/2017	23,47,177.32	36,000.00	0.00	36,000.00	23,11,177.32
16/10/2017	23,11,177.32	36,000.00	24,694.77	11,305.23	22,99,872.09
16/11/2017	22,99,872.09	36,000.00	25,393.11	10,606.89	22,89,265.20
16/12/2017	22,89,265.20	36,000.00	24,460.64	11,539.36	22,77,725.84
16/01/2018	22,77,725.84	36,000.00	25,148.59	10,851.41	22,66,874.43
16/02/2018	22,66,874.43	36,000.00	25,028.78	10,971.22	22,55,903.21
16/03/2018	22,55,903.21	36,000.00	22,497.23	13,502.77	22,42,400.44
16/04/2018	22,42,400.44	36,000.00	24,758.56	11,241.44	22,31,159.00
16/05/2018	22,31,159.00	36,000.00	23,839.78	12,160.22	22,18,998.78
16/06/2018	22,18,998.78	36,000.00	24,500.18	11,499.82	22,07,498.96
16/07/2018	22,07,498.96	36,000.00	23,586.98	12,413.02	21,95,085.94
16/08/2018	21,95,085.94	36,000.00	24,236.15	11,763.85	21,83,322.09
16/09/2018	21,83,322.09	36,000.00	24,106.27	11,893.73	21,71,428.36
16/10/2018	21,71,428.36	36,000.00	23,201.56	12,798.44	21,58,629.92
16/11/2018	21,58,629.92	36,000.00	23,833.64	12,166.36	21,46,463.56
16/12/2018	21,46,463.56	36,000.00	22,934.82	13,065.18	21,33,398.38
16/01/2019	21,33,398.38	36,000.00	23,555.06	12,444.94	21,20,953.44
16/02/2019	21,20,953.44	36,000.00	23,417.65	12,582.35	21,08,371.09
16/03/2019	21,08,371.09	36,000.00	21,025.95	14,974.05	20,93,397.04
16/04/2019	20,93,397.04	36,000.00	23,113.40	12,886.60	20,80,510.44
16/05/2019	20,80,510.44	36,000.00	22,230.11	13,769.89	20,66,740.55
16/06/2019	20,66,740.55	36,000.00	22,819.08	13,180.92	20,53,559.63
16/07/2019	20,53,559.63	36,000.00	21,942.14	14,057.86	20,39,501.77



16/08/2019	20,39,501.77	36,000.00	22,518.33	13,481.67	20,26,020.10
16/09/2019	20,26,020.10	36,000.00	22,369.48	13,630.52	20,12,389.58
16/10/2019	20,12,389.58	36,000.00	21,502.24	14,497.76	19,97,891.82
16/11/2019	19,97,891.82	36,000.00	22,058.92	13,941.08	19,83,950.74
16/12/2019	19,83,950.74	36,000.00	21,198.38	14,801.62	19,69,149.12
16/01/2020	19,69,149.12	36,000.00	21,741.56	14,258.44	19,54,890.68
16/02/2020	19,54,890.68	36,000.00	21,584.14	14,415.86	19,40,474.82
16/03/2020	19,40,474.82	36,000.00	20,042.71	15,957.29	19,24,517.53
16/04/2020	19,24,517.53	36,000.00	21,248.78	14,751.22	19,09,766.31
16/05/2020	19,09,766.31	36,000.00	20,405.72	15,594.28	18,94,172.03
16/06/2020	18,94,172.03	36,000.00	20,913.74	15,086.26	18,79,085.77
16/07/2020	18,79,085.77	36,000.00	20,077.90	15,922.10	18,63,163.67
16/08/2020	18,63,163.67	36,000.00	20,571.37	15,428.63	18,47,735.04
16/09/2020	18,47,735.04	36,000.00	20,401.02	15,598.98	18,32,136.06
16/10/2020	18,32,136.06	36,000.00	19,576.25	16,423.75	18,15,712.31
16/11/2020	18,15,712.31	36,000.00	20,047.45	15,952.55	17,99,759.76
16/12/2020	17,99,759.76	36,000.00	19,230.31	16,769.69	17,82,990.07
16/01/2021	17,82,990.07	36,000.00	19,686.16	16,313.84	17,66,676.23
16/02/2021	17,66,676.23	36,000.00	19,506.04	16,493.96	17,50,182.27
16/03/2021	17,50,182.27	36,000.00	17,453.87	18,546.13	17,31,636.14
16/04/2021	17,31,636.14	36,000.00	19,119.16	16,880.84	17,14,755.30
16/05/2021	17,14,755.30	36,000.00	18,322.04	17,677.96	16,97,077.34
16/06/2021	16,97,077.34	36,000.00	18,737.59	17,262.41	16,79,814.93
16/07/2021	16,79,814.93	36,000.00	17,948.71	18,051.29	16,61,763.64
16/08/2021	16,61,763.64	36,000.00	18,347.69	17,652.31	16,44,111.33



16/09/2021	16,44,111.33	36,000.00	18,152.79	17,847.21	16,26,264.12
16/10/2021	16,26,264.12	36,000.00	17,376.52	18,623.48	16,07,640.64
16/11/2021	16,07,640.64	36,000.00	17,750.11	18,249.89	15,89,390.75
16/12/2021	15,89,390.75	36,000.00	16,982.53	19,017.47	15,70,373.28
16/01/2022	15,70,373.28	36,000.00	17,338.64	18,661.36	15,51,711.92
16/02/2022	15,51,711.92	36,000.00	17,132.60	18,867.40	15,32,844.52
16/03/2022	15,32,844.52	36,000.00	15,286.45	20,713.55	15,12,130.97
16/04/2022	15,12,130.97	36,000.00	16,695.58	19,304.42	14,92,826.55
16/05/2022	14,92,826.55	36,000.00	15,950.75	20,049.25	14,72,777.30
16/06/2022	14,72,777.30	36,000.00	16,261.08	19,738.92	14,53,038.38
16/07/2022	14,53,038.38	36,000.00	15,525.62	20,474.38	14,32,564.00
16/08/2022	14,32,564.00	36,000.00	15,817.08	20,182.92	14,12,381.08
16/09/2022	14,12,381.08	36,000.00	15,594.23	20,405.77	13,91,975.31
16/10/2022	13,91,975.31	36,000.00	14,873.16	21,126.84	13,70,848.47
16/11/2022	13,70,848.47	36,000.00	15,135.67	20,864.33	13,49,984.14
16/12/2022	13,49,984.14	36,000.00	14,424.49	21,575.51	13,28,408.63
16/01/2023	13,28,408.63	36,000.00	14,667.09	21,332.91	13,07,075.72
16/02/2023	13,07,075.72	36,000.00	14,431.55	21,568.45	12,85,507.27
16/03/2023	12,85,507.27	36,000.00	12,819.85	23,180.15	12,62,327.12
16/04/2023	12,62,327.12	36,000.00	13,937.47	22,062.53	12,40,264.59
16/05/2023	12,40,264.59	36,000.00	13,252.14	22,747.86	12,17,516.73
16/06/2023	12,17,516.73	36,000.00	13,442.72	22,557.28	11,94,959.45
16/07/2023	11,94,959.45	36,000.00	12,768.06	23,231.94	11,71,727.51
16/08/2023	11,71,727.51	36,000.00	12,937.16	23,062.84	11,48,664.67
16/09/2023	11,48,664.67	36,000.00	12,682.52	23,317.48	11,25,347.19



16/10/2023	11,25,347.19	36,000.00	12,024.26	23,975.74	11,01,371.45
16/11/2023	11,01,371.45	36,000.00	12,160.35	23,839.65	10,77,531.80
16/12/2023	10,77,531.80	36,000.00	11,513.35	24,486.65	10,53,045.15
16/01/2024	10,53,045.15	36,000.00	11,626.77	24,373.23	10,28,671.92
16/02/2024	10,28,671.92	36,000.00	11,357.67	24,642.33	10,04,029.59
16/03/2024	10,04,029.59	36,000.00	10,370.39	25,629.61	9,78,399.98
16/04/2024	9,78,399.98	36,000.00	10,802.61	25,197.39	9,53,202.59
16/05/2024	9,53,202.59	36,000.00	10,184.90	25,815.10	9,27,387.49
16/06/2024	9,27,387.49	36,000.00	10,239.37	25,760.63	9,01,626.86
16/07/2024	9,01,626.86	36,000.00	9,633.82	26,366.18	8,75,260.68
16/08/2024	8,75,260.68	36,000.00	9,663.84	26,336.16	8,48,924.52
16/09/2024	8,48,924.52	36,000.00	9,373.06	26,626.94	8,22,297.58
16/10/2024	8,22,297.58	36,000.00	8,786.19	27,213.81	7,95,083.77
16/11/2024	7,95,083.77	36,000.00	8,778.60	27,221.40	7,67,862.37
16/12/2024	7,67,862.37	36,000.00	8,204.56	27,795.44	7,40,066.93
16/01/2025	7,40,066.93	36,000.00	8,171.15	27,828.85	7,12,238.08
16/02/2025	7,12,238.08	36,000.00	7,863.89	28,136.11	6,84,101.97
16/03/2025	6,84,101.97	36,000.00	6,822.28	29,177.72	6,54,924.25
16/04/2025	6,54,924.25	36,000.00	7,231.08	28,768.92	6,26,155.33
16/05/2025	6,26,155.33	36,000.00	6,690.43	29,309.57	5,96,845.76
16/06/2025	5,96,845.76	36,000.00	6,589.83	29,410.17	5,67,435.59
16/07/2025	5,67,435.59	36,000.00	6,063.01	29,936.99	5,37,498.60
16/08/2025	5,37,498.60	36,000.00	5,934.57	30,065.43	5,07,433.17
16/09/2025	5,07,433.17	36,000.00	5,602.62	30,397.38	4,77,035.79
16/10/2025	4,77,035.79	36,000.00	5,097.09	30,902.91	4,46,132.88



16/11/2025	4,46,132.88	36,000.00	4,925.80	31,074.20	4,15,058.68
16/12/2025	4,15,058.68	36,000.00	4,434.87	31,565.13	3,83,493.55
16/01/2026	3,83,493.55	36,000.00	4,234.19	31,765.81	3,51,727.74
16/02/2026	3,51,727.74	36,000.00	3,883.46	32,116.54	3,19,611.20
16/03/2026	3,19,611.20	36,000.00	3,187.36	32,812.64	2,86,798.56
16/04/2026	2,86,798.56	36,000.00	3,166.57	32,833.43	2,53,965.13
16/05/2026	2,53,965.13	36,000.00	2,713.60	33,286.40	2,20,678.73
1/06/2026	2,20,678.73	0.00	1,257.57	0.00	2,21,936.30
		16,54,758.98			