

FOCUS



NAG MUNAGAPATI WEALTH ADVISORS

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Hi All,

We are in a different era altogether. We as Indians are at an inflection point in terms of standard of living. We saw our grandparents and parents living a very minimalistic lifestyle. But we are different and upgraded in terms of lifestyle. We got used to certain level of lifestyle that we cannot feel comfortable and happy unless we have a specific inflation adjusted pension is coming in on a periodic basis till the expected end of life alike your central government pension. As per a study on “Urban and Rural spend on household consumption” done by economic times in 2024-25, We can find that household expenditure in rural and urban areas increased 6-fold from the numbers of 2004-2005 implying a whopping 9% CAGR in the standard of living in terms of monetary spend.

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If we defector inflation of 5.5% CAGR, the absolute standard of living increased by 3.5% CAGR. This shows an absolute increase in the spend by a common man for a higher standard of living and any common man aspires to live the same lifestyle once he ups his ante.

Why we want to touch upon these data points is to understand and estimate the amount of pension that one may need to sustain the same kind of lifestyle that he or she or a family got used to.



For example, if a wife and husband need 50k per month as their maintenance cost, one should take it seriously that what's the corpus they will need to ensure the fixed financial flows of 50k equivalent factoring in inflation post retirement till the estimated end of life. Our corpus and fixed financial flows shall factor in inflation and returns be tagged to risk free interest rates. Our whole point here is to put it simple.

- Can you manage the same lifestyle post retirement?
- Have you ever understood what are the financial flows that you may need?
- Have you understood the impact of inflation?
- What's the Corpus that you will need?

So please come to us for a detailed discussion on this. We will help you plan your retirement better.

MACRO TALK

Market seems very much factored the election results in favor of NDA and that's reflected in the current ongoing rally.

Does the current rally on a halt?

Will it reverse back to the levels of 20k?



We don't have perfect answers, but the valuations may express their fatigue for a while in this year for an extended time. So, what triggers the next rally? May be the interest rate cut done in time with the softening of current inflation levels from 5.5 to 5 levels

AI is not easy. Gemini from Google did prove how AI can impact the output given it is not driven with all safe hands. We don't know much about this space but wanted to comment randomly on this. Its beyond our comprehension to understand the impact of AI on our lives for the only reason that any AI system is built to evolve just like any human mind and so we will see new legalities coming in to control these systems from the puberty. This is the space where every established player comes in to explore and evolve in their own domains. Let's see how this domain pans out in the context of new investment opportunities.



OUR FOCUS



Markets were good and so no big complaints from many. The flood of opinions come to me on how we got to manage the money when the markets bleed. Irrespective of what we do get, sticking with a company which creates value is the easiest and best thing to do. Alike this, we will stick to our principles of the model investing. Let's discuss more on the principles of investing in the coming week as a separate topic. Every time we enquire into the dynamics of our Indian economics, some questions come to my mind are.

1. How probable that India will see a long-term bear market?
2. What if the world war – 3 kicks in?
3. What if India doesn't grow at least 6% p.a.?
4. Will the above no or low growth phase constrict our PE multiples and valuations in consequence?



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All this pessimism does exist in the mind, but we got to move forward with the positive thought process of India doing great with all the favorable dynamics we have on all sides. So, let's focus on participating in the equity markets and use the same to build the wealth. Happy Investing and stay strong in the low growth phases, they don't stay long in a market like India.

See you again



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"We serve our clients alike with the passion we have for the markets".

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Visit us at **www.nagmunagapati.com**

Cheers
Nag Munagapati

Investments in securities are subject to market risk