

# FOCUS



**NAG MUNAGAPATI WEALTH ADVISORS**

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**Hi All,**

We had a deep dive in to the goal management topic as part of comprehensive wealth management in the last FOCUS. In this FOCUS, let's talk in detail about the risk management in our regular course of life.

Risks are some specific contingencies that may impact our asset base significantly. Our first task in this topic is to comprehend the risks that we may face. This is not a difficult task if we can understand the possibility of certain events taking place in our lives. For instance, health care costs may turn significant for different reasons like an unfortunate accident, chronic illnesses and some other health deteriorations. How do we minimize these risks or cover them when they may happen? We have a straightforward answer to opt for health insurance. And now comes the question, how much? The "How Much" will depend on factors like Age, Historical health, Premium affordability and quality of health care opted.

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Based on these determinants, we can arrive at the insurance coverage that is required for an individual or a family.

The other big risk any individual or family faces is the loss of an earning member of family. The earning ability of that concerned family member will usually determine the lifestyle and financial goals of the family. Financial goals of the family include Retirement corpus, Kid's education.



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So, any eventuality that may happen with the earning member of the family will kill the financial spirit of the family as the eventuality will impact the lifestyle of the family and above-mentioned financial goals of the family.

So, we must ensure that the family is covered well till the last kid of the family becomes independent. So now what's the coverage that the earning member shall take? Coverage shall be a sum of the following.

A. Corpus that is required to fund the lifestyle of the family and schooling of the kids given the corpus is invested into a risk-free asset class.

B. Fund that is required to become the inflation factored amount required for higher education of the kids with a given asset class chosen as a tool of investment.

C. Lumpsum that is required to create a corpus for creating fixed income flows for the spouse during his/her retirement as envisaged for the family as part of the financial goals.

D. And any other loans like home loan which will impact the lifestyle of the family.

The sum arrived at is the coverage that any earning member of the family shall ensure the coverage in the form of plain vanilla term insurance.

To understand more about risk coverage and sufficiency of the same, come to us for a detailed discussion. We can talk a lot on risk management but let's stop here for the sake of time and space.

Let's talk about net worth management and asset allocations in our next FOCUS.



## MACRO TALK



Retail Inflation in India is eased. This is a good signal for the RBI to maintain the status quo and RBI can even look at easing down the interest rates if the same scenario stands strong further. We see a slight fall in the inflation in euro zone as well which is a good sign for certain pockets of consumption activity to pick up.

Accenture's weak guidance is a little disheartening for investors of IT sector. And no significant revival is seen in the closest sight yet but however it doesn't mean that we need not invest in the IT sector at all. Green shoots are expected to come only when we see a significant ease in the Inflation in west.

Technically, we see a jerk in the high-level indices like NIFTY, BANKNIFTY and others including small caps. They sound like a temporary halt to this short-term bull run running for the last 6 months and we anticipate a zone of consolidation here for a while. This gives the entrants to build portfolio with a good combination to create value going ahead. But let's see how forward factors like elections, ease of inflation in US may pan out and impact the markets.

"Let's not believe in anything...Lets just try to observe and understand."



## OUR FOCUS



We believe in the long-term dynamics of the equity markets. Temporary consolidation zones are seen as the best times to accumulate value stocks. Bad times for the economies are very common and we endure them, but we stay invested with the long-term goal orientation. And as I emphasize always, we stay invested into good stocks to get the maximum out of them and many good stocks are ones we can get married to much of your lifetime. So, let's hold the same perseverance to move towards our goals.

Let's hold on to the rules of the game like always.



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## **OPERATIONAL CONTACT**



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

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Visit us at **[www.nagmunagapati.com](http://www.nagmunagapati.com)**

**Cheers**  
**Nag Munagapati**