

INVESTING YOUR SAVINGS





“Money makes money. And the money that makes money makes more money.”

- Benjamin Franklin



The Two Pillars of growth



SAVINGS

Savings is the portion of current income not spent on consumption



INVESTMENTS

Investing is the purchase of assets with the goal of increasing future income.




TERMS



RISK: The chance that the value of an investment will decrease



RETURN: The profit or yield from an investment



LIQUIDITY: The ability of an investment to be converted into cash quickly without loss of value

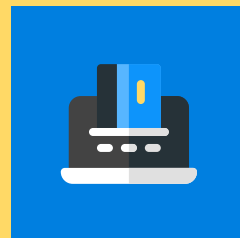


Risk vs Reward

SAVINGS



Low risk
Low return
High liquidity



INVESTMENTS

High risk
High return
Low liquidity

INFLATION

INFLATION

A RISE in the PRICE
of Goods and services



ECONOMICS HELP



Inflation

[in-'flā-shən]

A rise in prices, which can be translated as the decline of purchasing power over time.

What is Inflation and why does it Matter?



- Inflation refers to the general increase in prices of goods and services over time.
- It means that the purchasing power of money decreases as prices go up.
- It is influenced by factors like supply and demand, government policies, and economic conditions.
- Inflation affects the cost of living, as the same amount of money buys fewer goods and services.
- It can erode the value of savings over time if the interest earned does not keep up with inflation.

Inflation Illustrated

How *Inflation* Has Changed the Price of a Cup of Coffee Over Time



What Causes Inflation?



Cost-push Inflation:

When production costs rise and the producers pass the increase on to consumers.

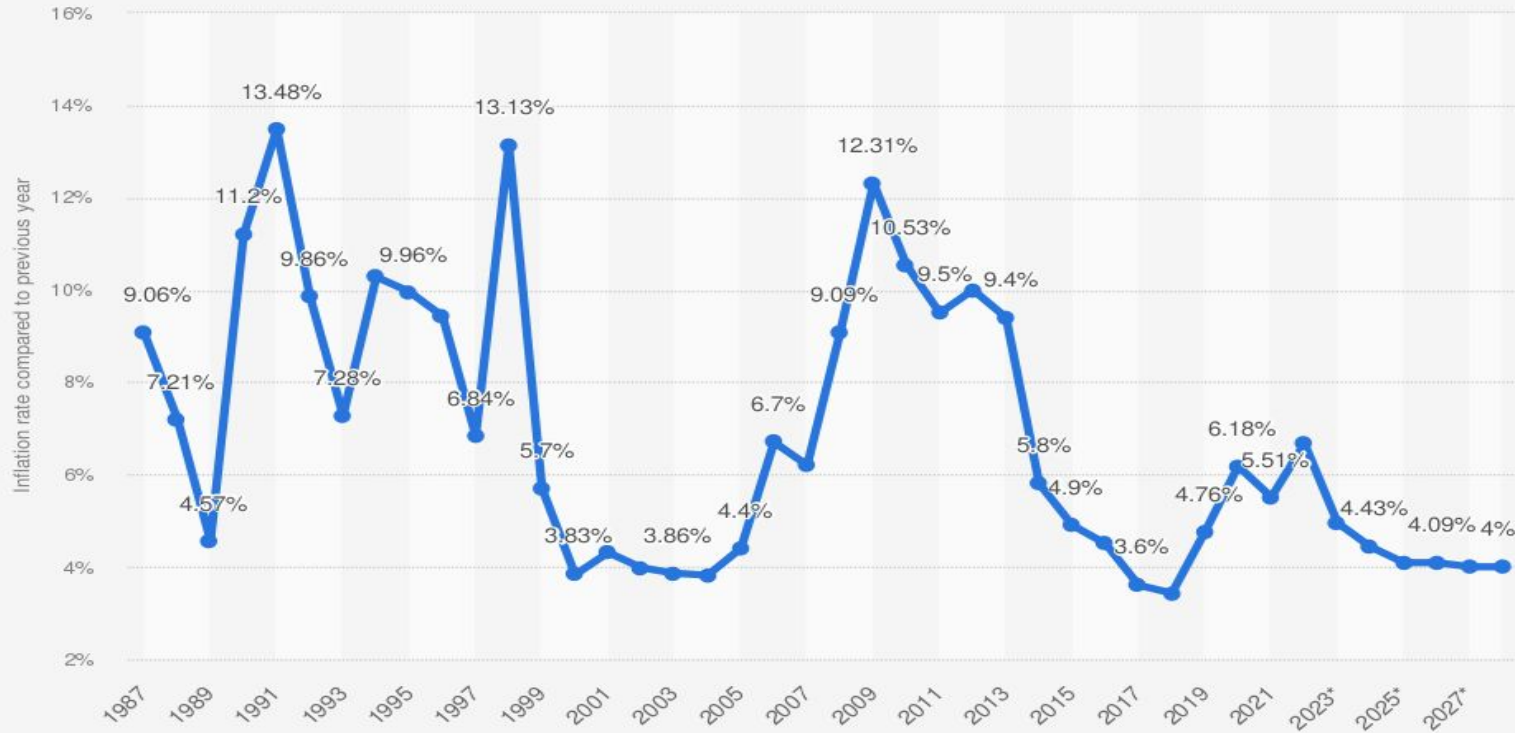


Demand-pull Inflation:

When demand for goods increases and exceeds production capacity.



India: Inflation rate from 1987 to 2028 (compared to the previous year)



Source
IMF
© Statista 2023

Additional Information:
IMF

NEEDS

VS

WANTS

Necessary expenses for humans
to live healthy lives



Ex: rent, clothing, groceries

Expenses that buyers choose to buy
but can comfortably live without



Ex: travel, electronics, dining out

Work Sheets

Needs and Wants

Look at the pictures. Select **NEED** or **WANT**.



Need Want



Need Want



Need Want



Need Want



Need Want



Need Want



Need Want



Need Want



Need Want



Need Want

Needs vs Wants

- Look at the pictures and decide what are things you need and things you want.

FOOD



NEED WANT

TOYS



NEED WANT

CANDY



NEED WANT

VIDEO GAMES



NEED WANT

WATER



NEED WANT

HOUSE



NEED WANT

CLOTHES



NEED WANT

ICE CREAM



NEED WANT

SKATES



NEED WANT

#1 **Want vs. Need**

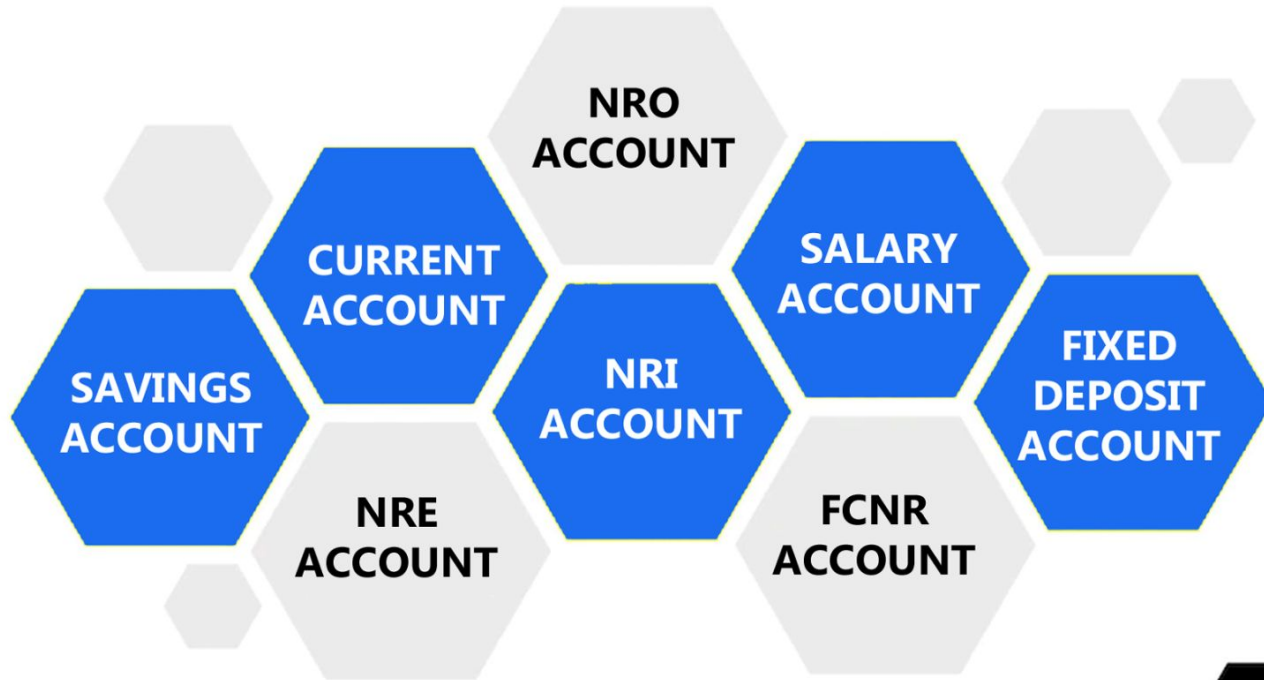
A **need** is something you *have* to have, something you can't do without.

A **want** is something you *would like* to have. It is not absolutely necessary, but it would be a good thing to have.

Saving through Bank



TYPES OF BANK ACCOUNTS IN INDIA



B4INVESTING

Bank Account

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graph TD; BA[Bank Account] --> CA[Current Account]; BA --> SA[Savings Account]; BA --> FD[Fixed Deposit]; BA --> MMA[Money Market Account]; BA --> IRA[Individual Retirement Account]; BA --> OA[Other Accounts]; OA --> LA[Loan Account]; OA --> FCA[Foreign Currency Account]; OA --> TFE[Term Foreign Exchange]; OA --> NFE[Non-Resident Foreign Exchange];
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Current Account

Savings Account

Fixed Deposit

Money Market
Account

Individual
Retirement Account

Other Accounts

Loan Account

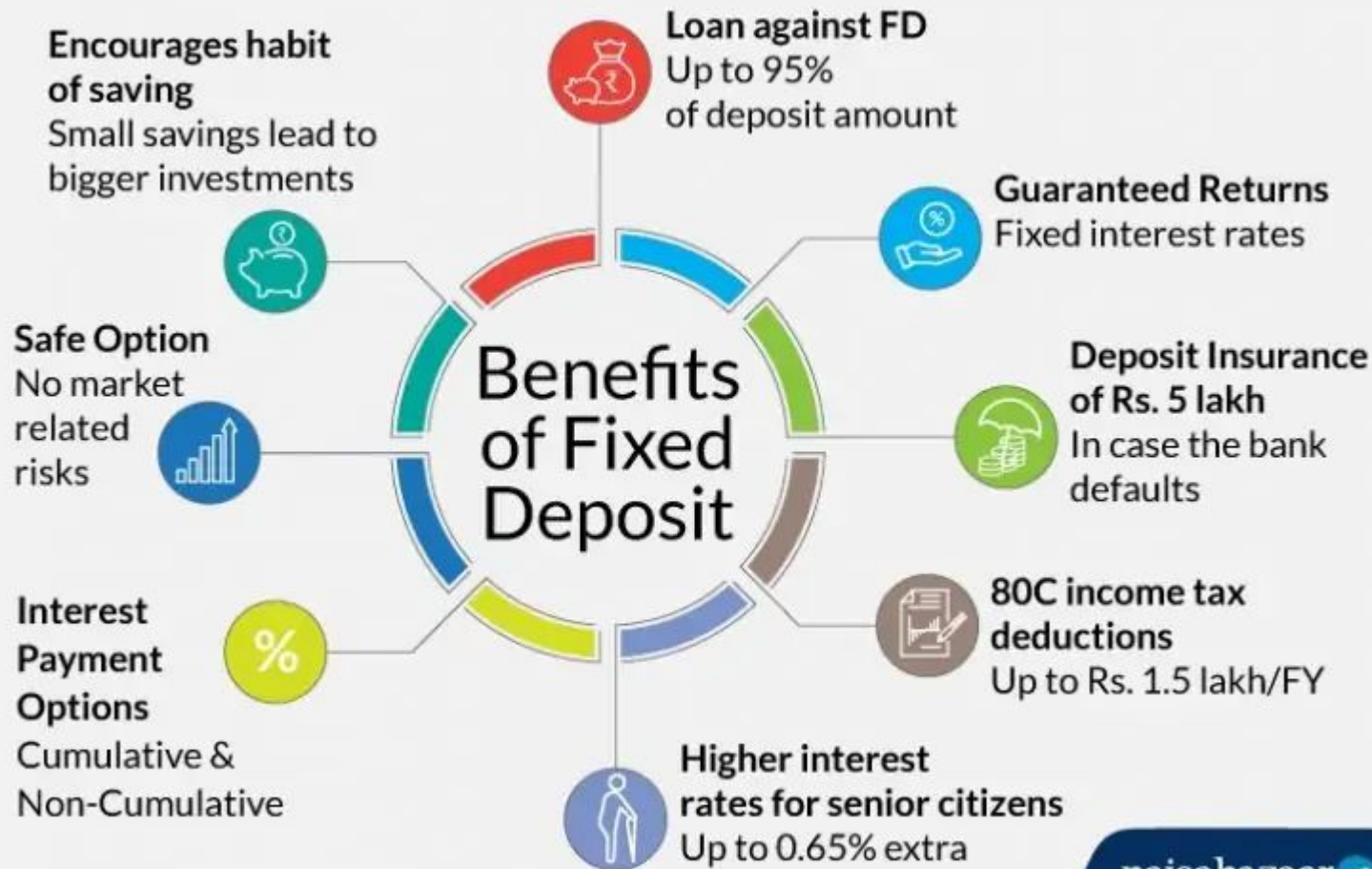
Foreign Currency
Account

Term Foreign
Exchange

Non-Resident
Foreign Exchange

FIXED DEPOSIT - Banks

- Fixed Deposits are a safe and low-risk investment option.
- You deposit a specific amount of money, called the principal, into the fixed deposit account.
- The money is locked for a predetermined period, known as the tenure or maturity period.
- The interest rate is fixed at the time of deposit and remains the same throughout the tenure.
- The interest can be compounded or paid out periodically (simple interest), depending on the terms.
- Fixed deposits offer a guaranteed return on investment.
- The longer the tenure, the higher the interest rate typically offered.
- Fixed deposits are suitable for conservative investors who seek stable returns



Types of Investments and Risk

DIFFERENT TYPES OF INVESTMENT



Fixed Deposits



Bonds



Gold



Stocks



Mutual Funds



Public Provident Fund



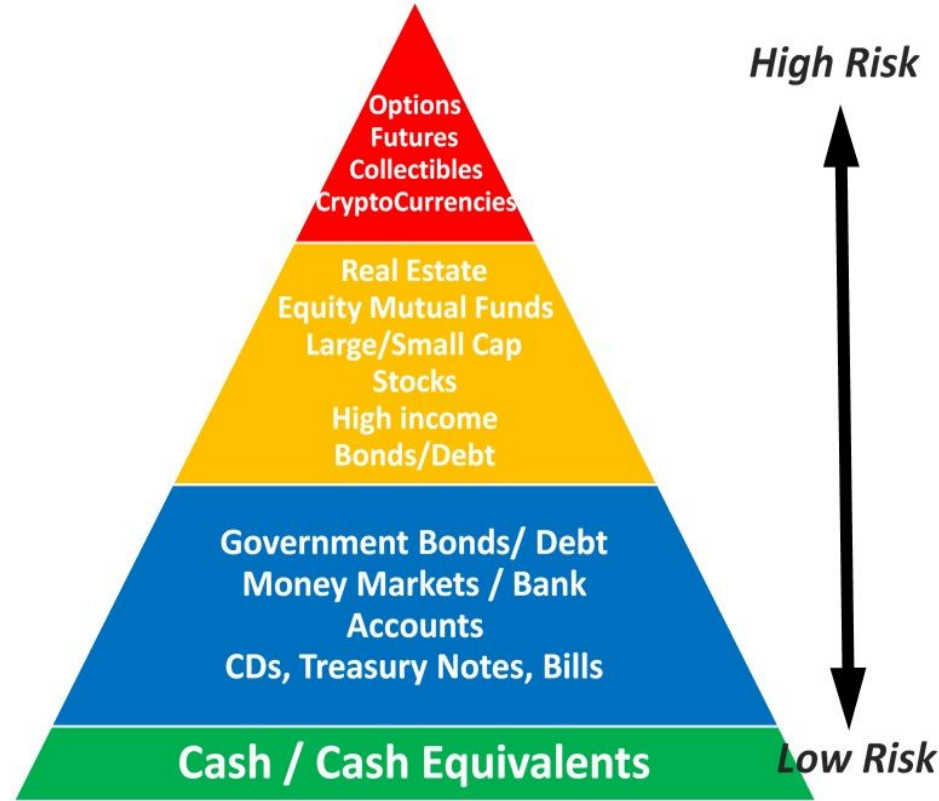
Exchange Traded Funds



National Pension Scheme



Real Estate

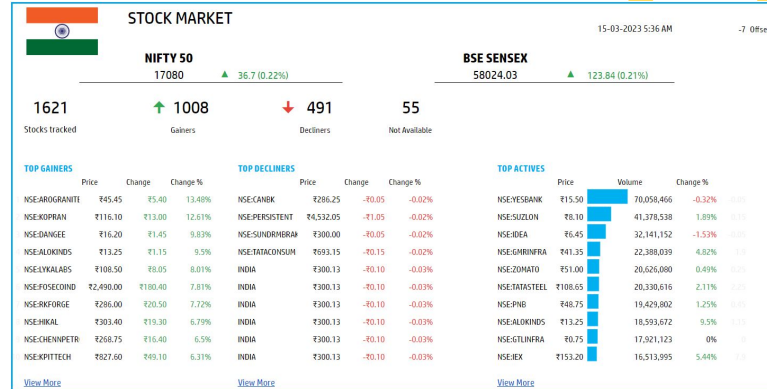


What are Stocks and Bonds?



Bond

- You lend money government
- Interest and principal at set date



Stocks/Shares

- Buying a small portion of a company
- - changes value based on supply and demand

STOCK MARKET

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-7 Offset

NIFTY 50

17080 ▲ 36.7 (0.22%)

BSE SENSEX

58024.03 ▲ 123.84 (0.21%)

1621

▲ 1008

▼ 491

55

Stocks tracked

Gainers

Decliners

Not Available

TOP GAINERS

	Price	Change	Change %
NSE:AROGRANITE	₹45.45	₹5.40	13.48%
NSE:KOPRAN	₹116.10	₹13.00	12.61%
NSE:DANGEE	₹16.20	₹1.45	9.83%
NSE:ALOKINDS	₹13.25	₹1.15	9.5%
NSE:LYKALABS	₹108.50	₹8.05	8.01%
NSE:FOSECOIND	₹2,490.00	₹180.40	7.81%
NSE:RKFORGE	₹286.00	₹20.50	7.72%
NSE:HIKAL	₹303.40	₹19.30	6.79%
NSE:CHENNPETR	₹268.75	₹16.40	6.5%
NSE:KPITTECH	₹827.60	₹49.10	6.31%

[View More](#)

TOP DECLINERS

	Price	Change	Change %
NSE:CANBK	₹286.25	-₹0.05	-0.02%
NSE:PERSISTENT	₹4,532.05	-₹1.05	-0.02%
NSE:SUNDRMBRAK	₹300.00	-₹0.05	-0.02%
NSE:TATACONSUM	₹693.15	-₹0.15	-0.02%
INDIA	₹300.13	-₹0.10	-0.03%
INDIA	₹300.13	-₹0.10	-0.03%
INDIA	₹300.13	-₹0.10	-0.03%
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INDIA	₹300.13	-₹0.10	-0.03%

[View More](#)

TOP ACTIVES

	Price	Volume	Change %	
NSE:YESBANK	₹15.50	70,058,466	-0.32%	-0.05
NSE:SUZLON	₹8.10	41,378,538	1.89%	0.15
NSE:IDEA	₹6.45	32,141,152	-1.53%	-0.05
NSE:GMRINFRA	₹41.35	22,388,039	4.82%	1.9
NSE:ZOMATO	₹51.00	20,626,080	0.49%	0.25
NSE:TATASTEEL	₹108.65	20,330,616	2.11%	2.25
NSE:PNB	₹48.75	19,429,802	1.25%	0.45
NSE:ALOKINDS	₹13.25	18,593,672	9.5%	1.15
NSE:GTLINFRA	₹0.75	17,921,123	0%	0
NSE:IEX	₹153.20	16,513,995	5.44%	7.9








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Stocks	VS.	Bonds
		
An equity instrument carrying ownership interest.	Meaning	A debt instrument with a promise to pay back the money with interest.
Dividend	Return	Interest
No	Return Guarantee	Yes
Voting rights in the company.	Additional Benefits	Preferential treatment when bond matures.




BONDS	A loan to a company or government	STOCKS	Ownership of a business
			
<ul style="list-style-type: none"> • More stable in the short term • Tend to underperform over the long term • Earn money through interest 		<ul style="list-style-type: none"> • More volatile in the short term • Better performers over the long term • Earn money through dividends 	



STOCKS	BONDS
Stocks are essentially shares of a company that are sold to help raise funds.	When a company issues bonds, it is taking a loan from investors in the public market
<ul style="list-style-type: none">  Earns more than bonds  Offers better returns  Poses higher risk  Easy to lose money 	<ul style="list-style-type: none">  Poses lower risk  Less responsive to market fluctuations  Lower earning potential

Bonds vs Stocks

 Bonds	 Stocks
You lend to corporations or governments	You own shares or portions of a company
Corporations and governments issue them	Corporations issue them
You make money on fixed interest payments	You make money on returns and dividends
Potential returns are limited to interest	Potential returns are unlimited
Bonds could become worthless if the issuer defaults; inflation could outpace interest	Shares could lose value or become worthless in the event a company declares bankruptcy

Basis of comparison	Mutual funds	Stocks
Meaning	It is a financial vehicle that pools money of numerous investors and invests it in a portfolio of assets such as bonds, stocks, money market instruments, etc	A bunch of shares held by an individual that signifies ownership of a company
Managed by	A professional fund manager	Individually
Ownership	Shares of a particular fund	Shares of a company
Risk involved	Relatively low thanks to diversification of assets and professional management	Relatively high
Trading	Only once usually at the end of a day	Throughout the day at a prevailing net price
Final investment	In the fund through which investment is directed	Directly in the stock market
Value determination	Net Asset Value [NAV] of the fund at the end of a day	Price of share on the exchange
Paid up value	They can be partially or fully paid up	Stocks are at all times fully paid up
Average returns	Have a lower risk vs. return ratio as opposed to stocks	Have a huge potential to produce exceptional returns

MUTUAL FUNDS VS STOCKS

Enter your sub headline here



Mutual Funds vs Stocks



VS



MUTUAL FUNDS



Less volatility – low risk



Low trading costs



Professional management



Tax-saving benefit

STOCKS



High volatility – high risk



High trading costs

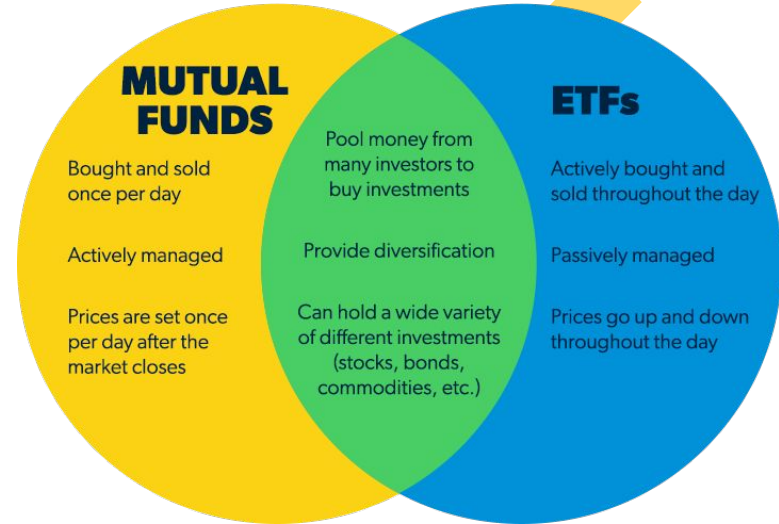


Individual management



No tax exemption

MUTUAL FUNDS vs. ETFs: What Are the Similarities and Differences?



Direct Equity Stocks



- Direct equity stocks are a good choice for investors who are willing to take higher risks.
- It involves investing in stocks of individual companies
- By investing in stocks, you have the potential to earn profits through capital gains or receive dividends.
- Investing in direct equity stocks comes with a high risk-return ratio and volatility.
- It is suitable for investors with a long-term investment horizon.
- It is important to have a high risk appetite and understand how equity stocks and markets work before investing.

Equity mutual funds



- Equity mutual funds invest in stocks and related securities.
- They are a good choice for small investors who want to benefit from the stock market's growth.
- You can start investing with as little as Rs 500.
- These funds mostly invest between 70 to 95% of the money in stocks.
- Equity mutual funds have the potential for high returns, but they also come with higher risks.
- There are two types: actively managed and passively managed funds.
- In actively managed funds, a manager selects stocks based on research.
- In passively managed funds, the fund follows the performance of a specific index or market.
- The success of actively managed funds depends on the manager's decisions, while passively managed funds mirror the chosen index or portfolio.

Equity Debt Funds

- Debt mutual funds are for those who want to avoid high risk and volatility.
- They invest in a mix of safe fixed-income securities like government and corporate bonds.
- The risk level of debt funds depends on the types of securities in the portfolio.
- Check the ratings of the securities to assess the risk before investing.
- Funds with top-rated securities or government bonds offer more stability and lower risk.
- Debt funds are suitable if you prefer relatively stable returns and want to prioritize the safety of your investment.
- All debt funds are still affected by changes in interest rates.

Aspect

Debt Funds

Equity Funds

Meaning

Types of Loan/ Borrow Funds

Funds arranged from Dilution of ownerships

Security

Maybe secured or unsecured

Always unsecured

Returns

Fixed returns

Return depend on market movement

Form of Return

Interest

Dividend

Backup

Backed up by assets

Not backed up

Risks

Low Risks

High Risks

Position

Liabilities to company

Own funds

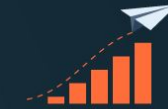
Funds Holders

Creditors of company

Partners of company

www.thisisbusiness.com

MUTUALFUNDS Sahi Hai 



Equity funds



Invest in equity shares and related securities



Have the potential to deliver relatively high returns over long periods



Could be relatively volatile in the short term



Debt funds



Invest in government securities, corporate debentures and other such debt instruments



May deliver returns in line with inflation or marginally higher than inflation



Would be less volatile than equity funds in the short run most of the time

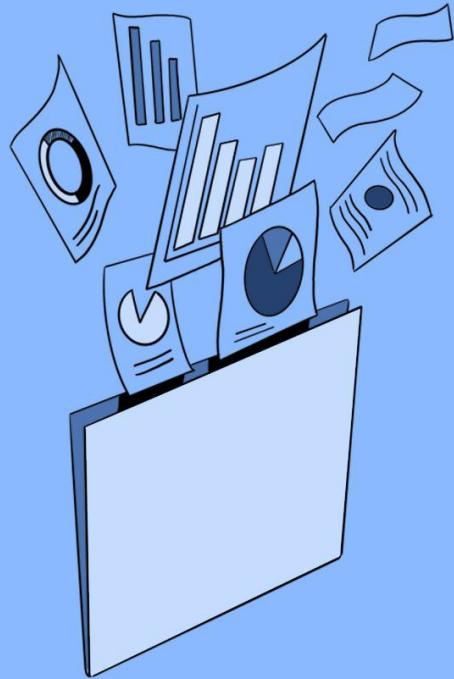
Equity funds enjoy favourable tax treatment as compared to debt funds.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Provident fund (Covered in-depth in Retirement Section)

- Employers manage and contribute to provident funds.
- Generally a certain percentage of your salary is contributed by your employer.
- Contributions offer tax advantages
- Employees may also contribute
- Contributions accumulate and earn interest or investment returns.
- **Long-Term Savings:** Provident funds are for long-term savings and retirement income.
- Special case withdrawals can be made prematurely as a loan
- **Retirement Benefits:** Lump sum or pension payments can be chosen upon retirement.

We all need to build a Portfolio



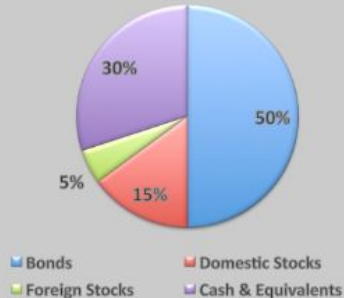
Financial Portfolio

[fə-'nan(t)-shəl pòrt-'fō-lē-,ō]

A collection of financial investments like stocks, bonds, commodities, cash, and cash equivalents, including closed-end funds and exchange traded funds (ETFs).

Creating Your Diversified Portfolio

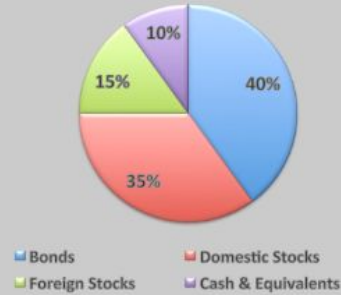
Conservative



Risk Tolerance: Low
Time Horizon: Short

Conservative portfolios invest in lower-risk securities and is appropriate if preserving your capital is a priority or you plan to use a big portion of it to purchase something in the next 12 - 24 months.

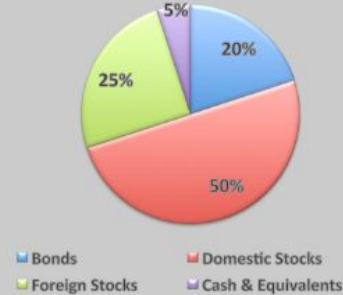
Balanced



Risk Tolerance: Medium
Time Horizon: Medium

Balanced portfolios are good for those who want both long-term growth and require income/or some cash.

Growth

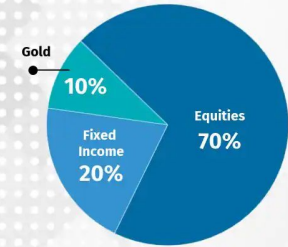


Risk Tolerance: High
Time Horizon: Long

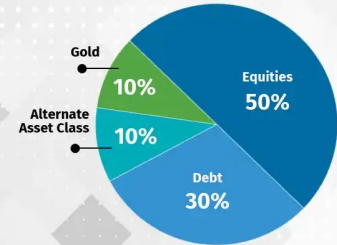
Growth portfolios are good for those who want to build long-term wealth and don't need cash or income.

PORTFOLIO OF JYOTI ROY, DVP EQUITY STRATEGIST, ANGEL BROKING LTD.

AGGRESSIVE INVESTORS



MODERATE RISK PROFILE



CONSERVATIVE INVESTOR



Take Away : Dos and Don'ts



- Know the difference between Need and Want
- Open a Bank Account in your name and start saving
- Open a DEMAT Account (your bank may provide one)
- Start Saving and create a Fixed Deposit
- Invest in a Mutual Fund or Equity after doing your research
- Start reading about Stock Markets
- Set a goal to save for Wants
- Money won't grow sitting in your Wallet / Purse / cupboard in your home
- Spend more than you need to
- Don't be swayed by Want's

THANK YOU



Q & A