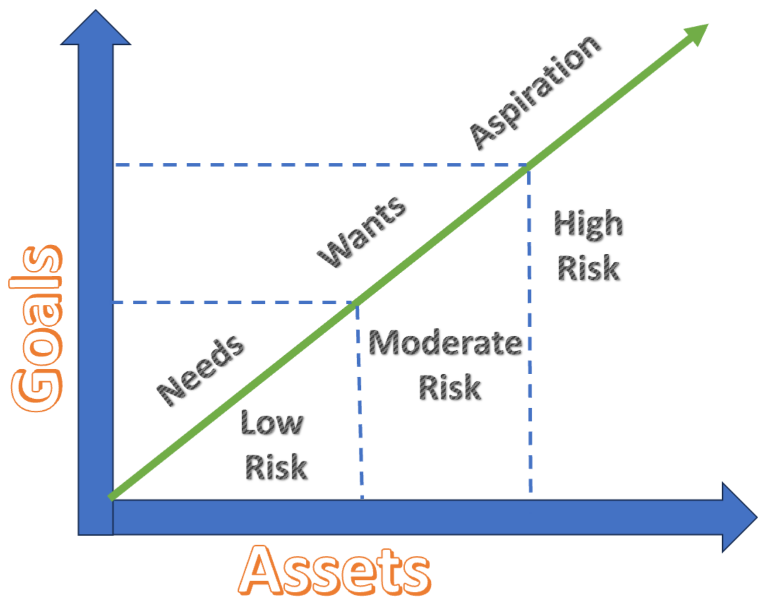
# Your Investment Guide

**As per finance professionals, an efficient investment portfolio is achieved at an optimal level of expected return but with the same standard deviation of return**

**Managing your investment portfolio can't be this complex**




## Goals-based approach

Taking a goals-based approach matches our natural desire to put money in separate mental accounts and focus on loss as a measure of risk.

**Build a liquid emergency fund** equivalent to approximately 3 to 6 months of your living expenses, which you can access immediately for any unforeseen or unplanned expenses.

Your **kid's education** and your first **home-related expense** will consume a chunk of your wealth. A few years of planning in advance can go a long way. Additionally, keep an eye on your **financial freedom** while managing these expenses.

While these are broad guidelines that will apply to most people, every individual has specific requirements, which means you should allocate money based on your requirements and priorities.

# How do the asset classes interact?

There are four broad investment categories **debt, equity, real estate, and gold**.

When the interest rates are low, equity will do well including risky equity categories such as micro-cap and startups.

However, when the economy is dealing with high inflation, interest rates must be increased to manage the inflation. In this situation, equity falls but gold and real estate shine. A debt return would be dependent on the prevailing interest rates.

These cycles operate across asset classes.

Since all asset classes move in cycles, regular monitoring can help you manage the portfolio better.

# Investment Strategy

It is essential to strategize and prioritize to make the best utilization of them. Just as daily tasks have allocated time slots, similarly you need to have a slot in your life to manage and grow your money.

Since each asset class has varying risks, structuring your investment portfolio with the right mix of risk-adjusted assets is central to your aim of meeting your financial goals.

### Obligations & Needs

If you're saving for a short-term goal, like buying a home, creating an emergency etc. volatile investments may work against you, sometimes plummeting right before you need the money. Investment in income assets is recommended.

### Priorities & Desires

When you're saving for a long-term goal, time can smoothen the returns from volatile investments. If you are investing for the long term, you should allocate more towards a diversified equity and bond portfolio.

### Aspirations

This portfolio should have the potential to grow beyond the general market. A concentrated position may be achieved by investing in selected quality stocks available at reasonable prices.

**Asset allocation is not a one-time exercise. You should regularly look at any changing needs or desires and incorporate the changes in your investment portfolio.**