

ANITHA

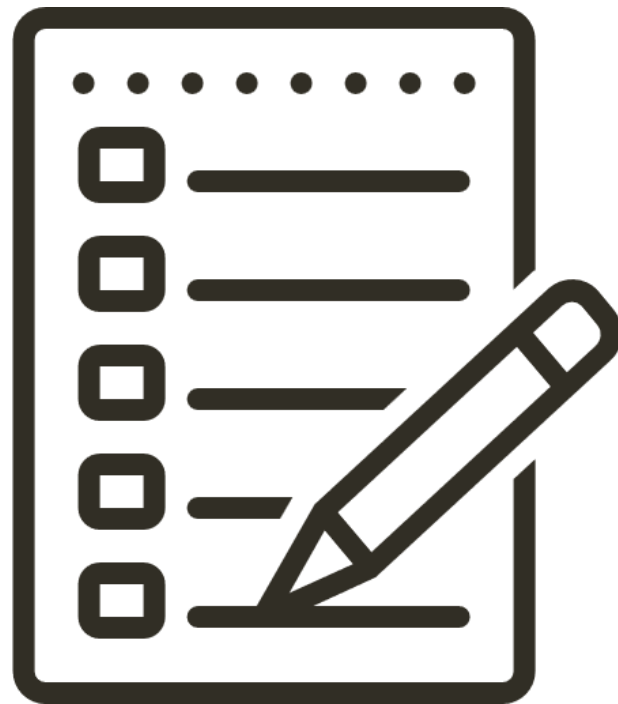


ANITHA | ARN - 56442

AMFI Registered Mutual Fund Distributor

Areas covered

- Safety & Risk
- True financial freedom
- Concept of passive income
- Building financial freedom fund
- Steps to achieve financial freedom
- How to build financial freedom faster?



Definition of Financial Freedom?

- Earning lots of money?
- Having no debt?
- Lavish vacation?
- Bigger bungalow?
- Bigger car?



**“Financial freedom is working because you want
to not because you have to”**



Having enough money to make decisions and choices that you want to make, without having to worry about money!



True definition

To become financially free, you need to achieve the stage where your passive income is more than your expenses!



True definition

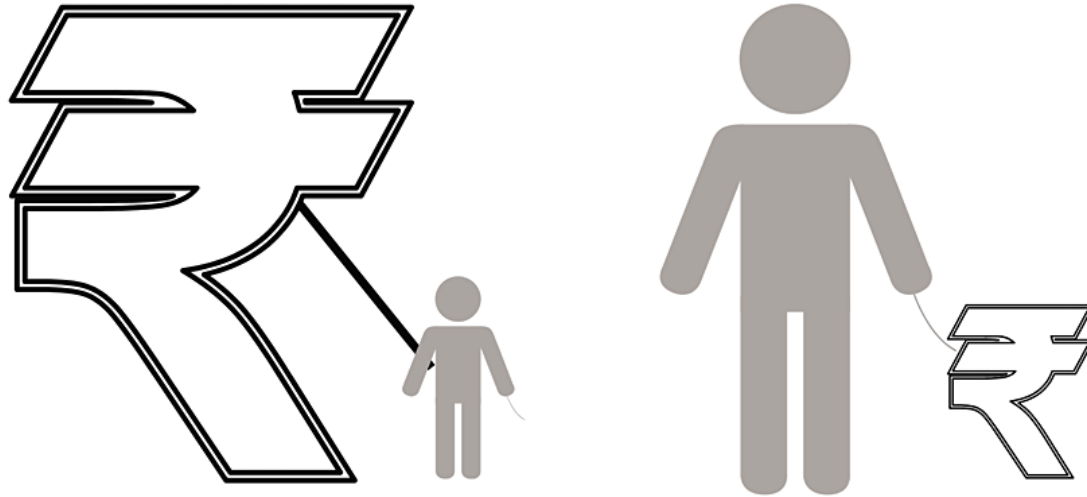


Sources of Passive Income

1. **Business** - By building the business which can run without you. (everyone can't do this)
2. **Investment** - Generating the passive income in form of profit, interest or dividend from your investment portfolio. (everyone can do so by saving regularly and creating a portfolio)



Building passive income from Investments



Building sufficient fund through investing that can fulfil your current as well as future expenses and liabilities.

How much Financial Freedom Fund?

- 1) Fund for house hold expenses
- 2) Liabilities
- 3) Present value of financial goals



Step 1 - finding corpus for household exp.

- Age – 25 Years
- Life Expectancy – 70 Years
- Monthly expenses – Rs 35000
- Inflation – 6%
- Interest rate – 7.5%



This person requires
Rs 1.41 Cr if he wants to stop
working for money

Step 2 - Add up liabilities

- Home Loan - 21 Lacs
- Car Loan - 4 Lacs
- Personal Loan - 1.25 Lacs



This person requires
Rs 26.25 Lacs if he wants to
replay all loans

Step 3 - Other goals

Goal Name	Current cost	Years to goal	FV of goal	Lumpsum required
Child Education	₹ 15,00,000	15	₹ 47,58,254	₹ 8,69,315
Marriage	₹ 20,00,000	20	₹ 93,21,914	₹ 9,66,373

* Inflation assumed 8%, return on lumpsum assumed 12%

This person requires Rs 18.36 Lacs for his kid's education and marriage expense. If he has this amount, He can invest it lumpsum and goals will be achieved.

Financial Freedom fund required

Step 1 – House Hold fund	1.41 Cr
Step 2 - Loan repayment fund	26.25 Lac
Step 3 - Other Goals	18.36 Lac

Financial Freedom Fund require 1.86 Cr



If this person has 1.86 Cr now, he can claim that he is Financially Free

Current investment

Fixed Deposit	8 Lacs
PPF	5 Lacs
Mutual Fund	10 Lacs
<hr/>	
Total Assets	23 Lacs



Required corpus 1.86 Cr - Total Assets 23 Lacs

Conclusion - He is not Financially FREE

Financial Freedom fund required

Financial Freedom Fund Required : 1.86 Cr

Financial Assets : 23 Lacs

Deficit to be built : -1.63 Cr



Key to bridge deficit

Start early

The earlier you start sooner you can achieve the deficit

Year	Monthly Investment Required			
	8%	10%	11%	13%
5	₹ 2,22,029	₹ 2,11,217	₹ 2,06,028	₹ 1,96,062
10	₹ 89,915	₹ 80,910	₹ 76,731	₹ 68,977
15	₹ 47,972	₹ 40,586	₹ 37,294	₹ 31,435
20	₹ 28,464	₹ 22,514	₹ 19,985	₹ 15,696
25	₹ 17,817	₹ 13,112	₹ 11,215	₹ 8,164
30	₹ 11,498	₹ 7,839	₹ 6,447	₹ 4,333

The above calculation is only for the illustrative purposes.

What do we expect from our investment



Golden rule – Safety first



“The first rule of an investment is don't lose [money]. And the second rule of an investment is don't forget the first rule.”

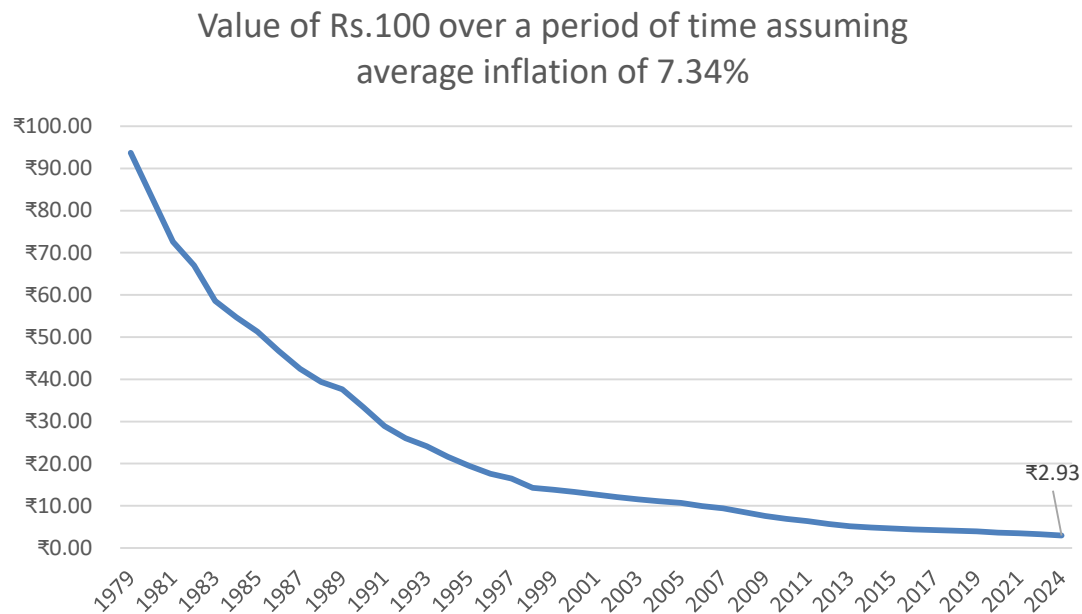
Warren Buffett

Is it safe?



Rs. 100 note Kept in the locker is safe, but the value of the same Rs. 100/- will be very less after 10 Years.

Inflation Risk



Source: <https://www.worlddata.info/asia/india/inflation-rates.php>

Inflation Risk

Inflation erodes the purchasing power of your money every year.

Historical Inflation

Year	Inflation
1979	6.28%
1980	11.30%
1981	12.70%
1982	7.70%
1983	12.60%
1984	6.50%
1985	6.30%
1986	8.90%
1987	9.10%
1988	7.20%
1989	4.60%

Year	Inflation
1990	11.20%
1991	13.50%
1992	9.90%
1993	7.30%
1994	10.30%
1995	10.00%
1996	9.40%
1997	6.80%
1998	13.10%
1999	3.40%
2000	3.80%

Year	Inflation
2001	4.40%
2002	5.00%
2003	4.10%
2004	4.00%
2005	3.70%
2006	6.70%
2007	5.90%
2008	9.20%
2009	10.60%
2010	9.40%
2011	8.10%

Year	Inflation
2012	10.00%
2013	9.40%
2014	5.80%
2015	4.90%
2016	4.50%
2017	3.60%
2018	3.40%
2019	4.80%
2020	6.20%
2021	5.50%
2022	6.70%
2023	5.40%
2024	4.40%

Historical avg.
Inflation
(From 1979 till 2024)
7.34%
Per annum

Source: <https://www.worlddata.info/asia/india/inflation-rates.php>

Historical FD rates

FY Year	Lower Range	Higher Range	Average	FY Year	Lower Range	Higher Range	Average
1999 – 2000	10.00%	10.50%	10.25%	2011 – 2012	9.00%	9.25%	9.13%
2000 – 2001	9.50%	10.00%	9.75%	2012 – 2013	8.75%	9.00%	8.88%
2001 – 2002	8.00%	8.50%	8.25%	2013 – 2014	8.75%	9.10%	8.93%
2002 -2003	5.50%	6.25%	5.88%	2014 – 2015	8.50%	8.75%	8.63%
2003 – 2004	5.25%	5.50%	5.38%	2015 – 2016	7.00%	7.50%	7.25%
2004 – 2005	5.75%	6.25%	6.00%	2016 – 2017	6.50%	6.90%	6.70%
2005 – 2006	6.25%	7.00%	6.63%	2017- 2018	6.25%	6.70%	6.48%
2006 – 2007	7.75%	9.00%	8.38%	2018 – 2019	6.25%	7.25%	6.75%
2007 – 2008	7.50%	9.00%	8.25%	2019 – 2020	5.70%	6.40%	6.05%
2008 – 2009	7.75%	8.50%	8.13%	2020 – 2021	5.25%	5.35%	5.30%
2009 – 2010	6.50%	7.50%	7.00%	2021 – 2022	5.05%	5.35%	5.20%
2010 – 2011	8.25%	8.75%	8.50%	2022-2023	5.35%	5.90%	5.63%
				2023-2024	3.25%	9.40%	6.33%
						Average FD Interest Rates	7.00%

Source: <https://www.bajajfinservmarkets.in/fixed-deposit/what-is-the-history-of-fixed-deposits-through-time>

Personal inflation is more

Lifestyle inflation is a silent killer killing the value of your savings!



Changing lifestyle is increasing the
expenses

From

Roti, Kapda aur Makan

To

Zindagi Na Milegi dobara

Learn rule of 72

72

Number of years
in which your expenses
gets doubled

==

Your personal
Inflation number

What's your inflation number?

14.40%

Can't ignore the possibility

- If your total monthly expense amount gets doubled every 5 years.

12.00%

More Likely

- If, your total monthly expense amount gets doubled every 6 years.

10.23%

Less Likely

- If your total monthly expense amount gets doubled every 7 Years.

How to keep your money safe?

To save the value of money, You need to earn at least the
Return (Post tax) equal to your Personal Inflation



Equity – long term wealth creator

Year	Sensex	Investment/Value
31 st March 1979	100	Rs. 1,00,000
28 th Jan 2025	75,901.41	Rs. 7,59,01,410

Sensex has delivered a **15.57%** return in the past 45.84 Years

*As on 28th Jan., 2025 - Source: www.bseindia.com

Market risk

Probability of getting the negative return in given period of time is called market risk!



Let's understand market risk

Details	Rolling Returns starts from 1 st Day of Financial Year					
	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Total Observations	45	43	41	36	31	26
Positive Observation	31	36	38	35	31	26
Probability of Positive Return	69%	84%	93%	97%	100%	100%
Probability of Negative Return	31%	16%	7%	3%	0%	0%

From 31st March 1979 to 31st March 2024.

Source: www.baseindia.com and internal research

Equity delivered great returns despite all problems



Start Date	End Date	Event
Jan-08	Mar-09	Global Financial Crisis
Jul-11	Oct-11	US Credit Rating Downgrade
Jun-13	Sep-13	Taper-Tantrum
Apr-15	Feb-16	Yuan Devaluation
Oct-16	Jan-17	Fed Hikes / Demonetisation
Apr-18	Nov-18	NBFC Crisis
Jun-19	Sep-19	Slowdown
Feb-20	Apr-20	Onset of Covid-19
Nov-21	Jul-22	Geo-political worries
Sep-24	Oct-24	Currently Ongoing

Conclusion

Market risk is **High** when you invest for **Short Term**,
Market risk is **Low** when you invest for **Long Term**



Conclusion

Low
High

Inflation Risk

- Short term
- Long Term

Market Risk

- Long Term
- Short Term

While investing select the right product based on your investment horizon helps you to keep it safe.

Invest through Equity

Start early - the earlier you start sooner you can achieve the deficit

Year	Monthly Investment Required			
	8%	10%	11%	13%
5	₹ 2,22,029	₹ 2,11,217	₹ 2,06,028	₹ 1,96,062
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Where to invest?

Start investing in Equity Mutual
Fund through

Systematic Investment Plan

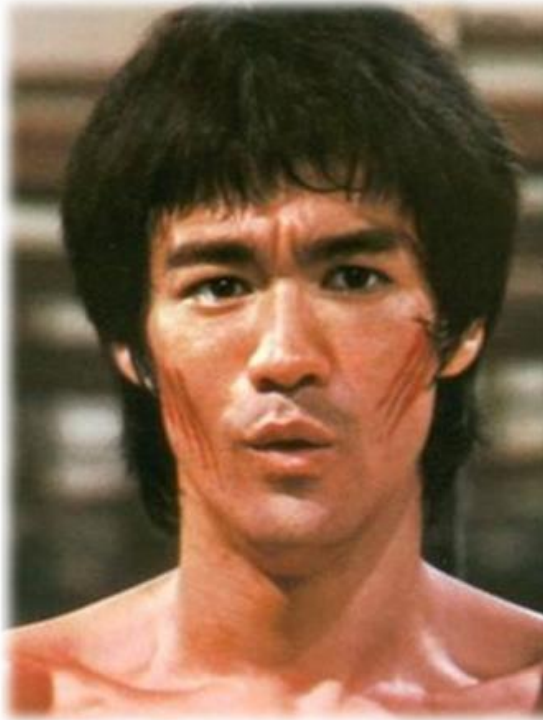


Invest through SIP

- The Benefits of Long-Term Equity Investment
 - Equities can provide superior returns compared to other asset classes over the long term.
- The Benefits of Systematic Monthly Investment
 - Eliminates the risk of market timing.
 - Leverages rupee cost averaging and the power of compounding.



Discipline is the key to create Freedom



I fear not the man who has practiced
10,000 kicks once, but I fear the man
who has practiced one kick 10,000
times.

— *Bruce Lee* —

AZ QUOTES

SIP return Analysis

Category	10 years			15 Years		
	Maximum	Average	Minimum	Maximum	Average	Minimum
Flexicap Funds	20.35%	14.80%	10.87%	17.18%	14.30%	10.52%
Large & Midcap funds	17.71%	15.59%	11.63%	18.41%	15.06%	12.63%
Largecap Fund	15.90%	13.15%	10.87%	15.31%	12.93%	10.56%
Mid Cap Funds	21.10%	17.47%	14.53%	20.02%	17.57%	15.25%
Small Cap Fund	23.98%	18.35%	13.05%	21.13%	17.85%	14.36%

Data as on - 20-03-2025 – Past performance may or may not sustain in future.

Buying a Home?

Home Loan amount	Rs. 5000000
No. of Years	25
Interest Rate	8.5%
EMI	Rs. 40,261
Total Payment	Rs. 1,20,78,406

Calculation is only for illustrative purposes. Assumed return is only for the illustrative purposes.

Do you want to get back all EMIs?

START
SIP



WITH
EMI

EMI + SIP

Recovery of all EMIs paid

Home Loan amount	Rs. 50,00,000
No. of Years	25
Interest Rate	8.5%
EMI	Rs. 40,261
Total Payment	Rs. 1,20,78,406

Start SIP of	Rs. 8,600
Total SIP Investment	Rs. 25,80,000
Assumed Return on SIP	12%
Total Outflow (EMI+SIP)	Rs. 1,46,58.406
FV of SIP	Rs. 1,46,38,976

*Assumed return of 12% is assumed and is only for illustrative purposes.

Start your journey towards **Freedom**



Mutual Fund Investments are subject to market risk,
read all scheme related documents carefully.

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