

Retire with GDP

(Grace, Dignity & Peace of Mind)

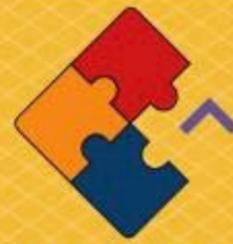
Webinar in association with *Anand Rathi Digital Wealth*

By Jayesh Matani



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Saturday Sep 28 '24



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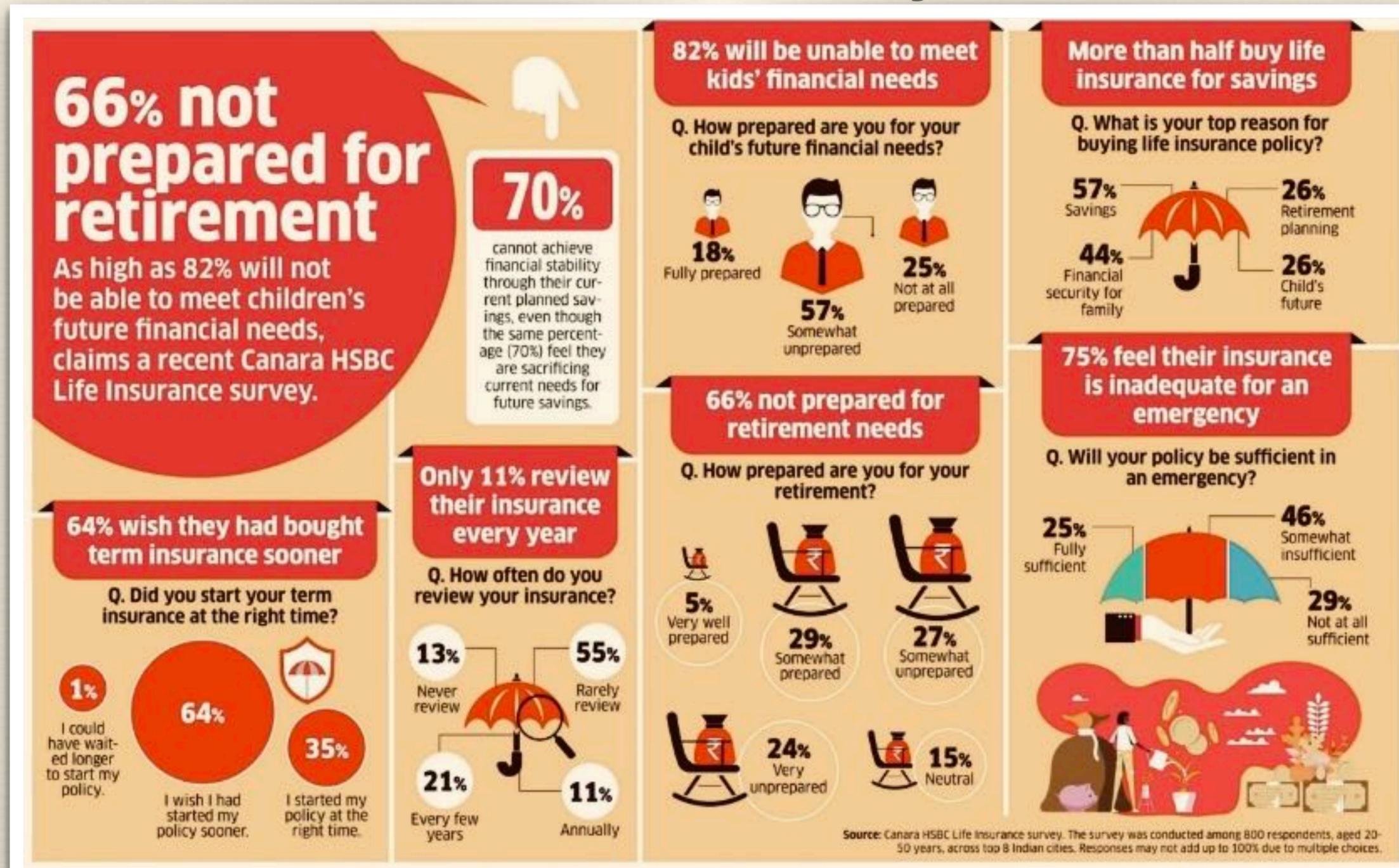
Session flow

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1. Objectives ..
 2. Problem Statement.. *Survey Data*
 3. Current pains
 4. Outlining the Solution
 5. Our approach..
 6. The Secret..
 7. A Sample..
 8. Our approach - how's it's been, so far?
 9. Addressing the pains.
 10. Next steps - the offer
 11. Thank-you !

Objectives

- **Grace:** To maintain same lifestyle throughout the retired life,
- **Dignity:** Regular monthly inflow beating inflation & Liquidity at all times,
- **Peace of Mind:** Overall capital growth & corpus to outlast the retirement life
- **Tax Efficient**

Problem Statement.. Survey Data..



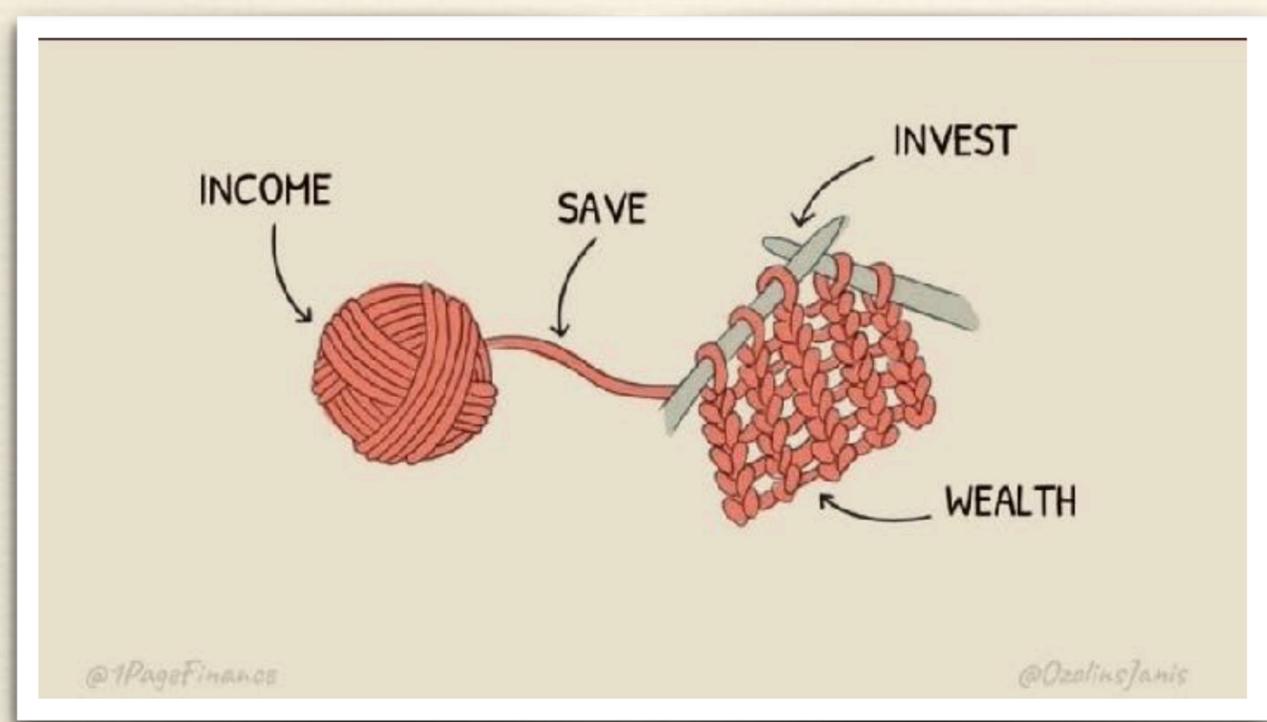
Current pains..



- Bank FD returns post tax lower than inflation and, falling interest rates
- Risk of losing principal for increased monthly inflows in future
- Liquidity at the cost of compromised monthly inflows

Outlining the Solution

- **Invest:** *in appreciating Assets*
- **Optimise returns:** *by way of Asset Allocation*
- **Lower risks:** *by bucketing the capital (Solution, ensuring planning regular inflation adjusted cashflow, safety & growth)*



Our approach..



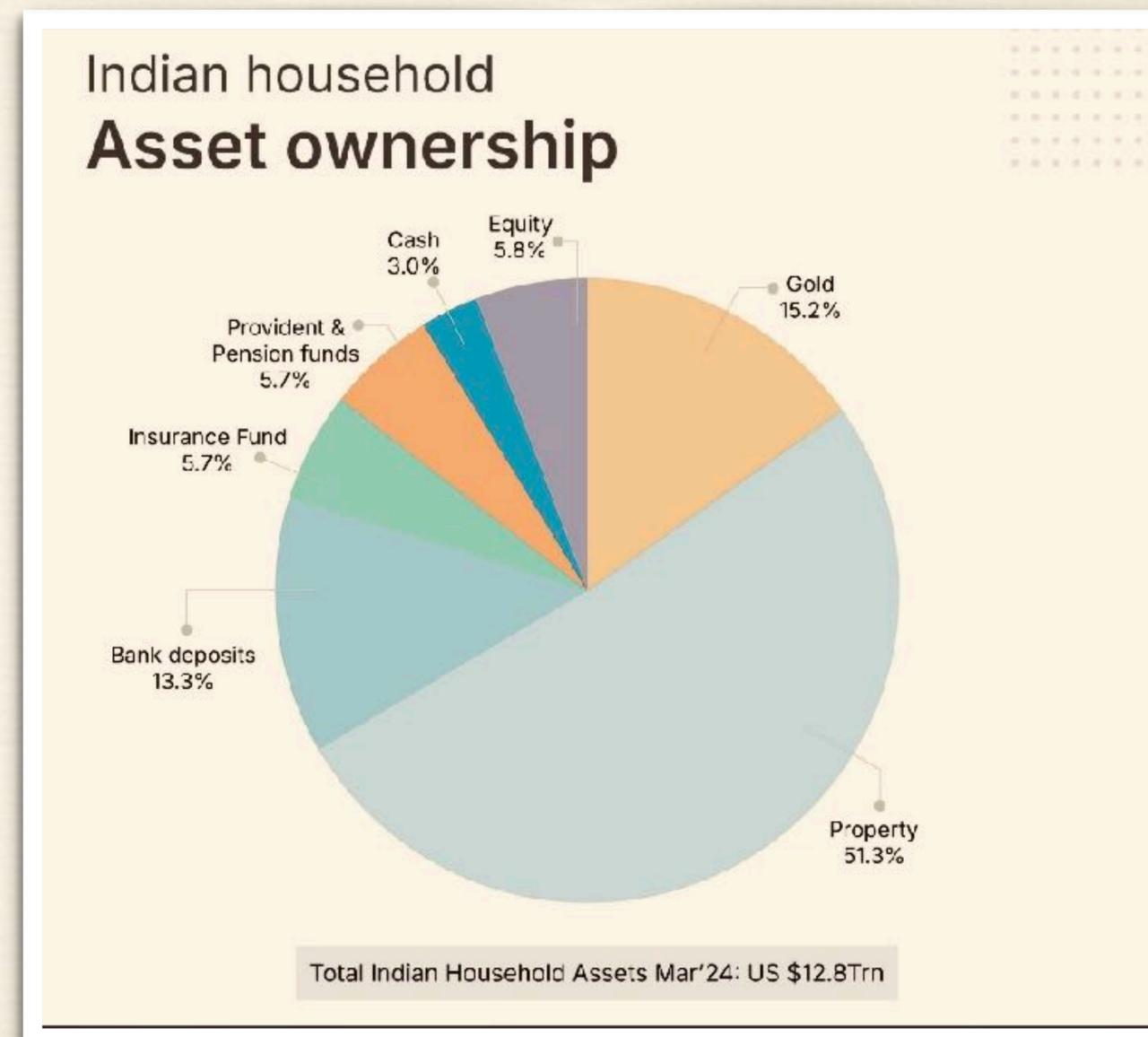
- **Debt Funds:** To ensure steady cash flow without taking any risk on capital.
- **Structured Product:** to enhance the chances of a $> 9\%$ p.a. return with a higher probability and almost no chance of losing capital.
- **Equity Mutual Funds:** to create significant wealth in long term.

Our approach.. contd..



- Tax efficient withdrawal mechanism – Use Systematic Withdrawal Plan (**SWP**) to fund regular monthly income at a family level.
- **Liquidity** – Allows lump-sum withdrawals at all times *in case of emergencies*

The secret.. *backed by Data*



A widely cited study of pension plan managers said that **91.5%** of the **difference** between one portfolio's performance and another's are explained by **asset allocation**.

A Sample - Secret at play !!

- A client with 1 cr of retirement corpus having monthly requirement of Rs. 50,000.
- Monthly expenses expected to grow at 6% p.a

Portfolio	Sugg. Investment (Lacs)	Sugg. All (%)	ERR (post tax)
Debt Funds (Arbitrage)	30.24	30%	5.0%

← 1st 5 yrs withdrawals

Portfolio	Sugg. Investment (Lacs)	Sugg. All (%)	ERR (post tax)
SP	25.00	25%	8.5%

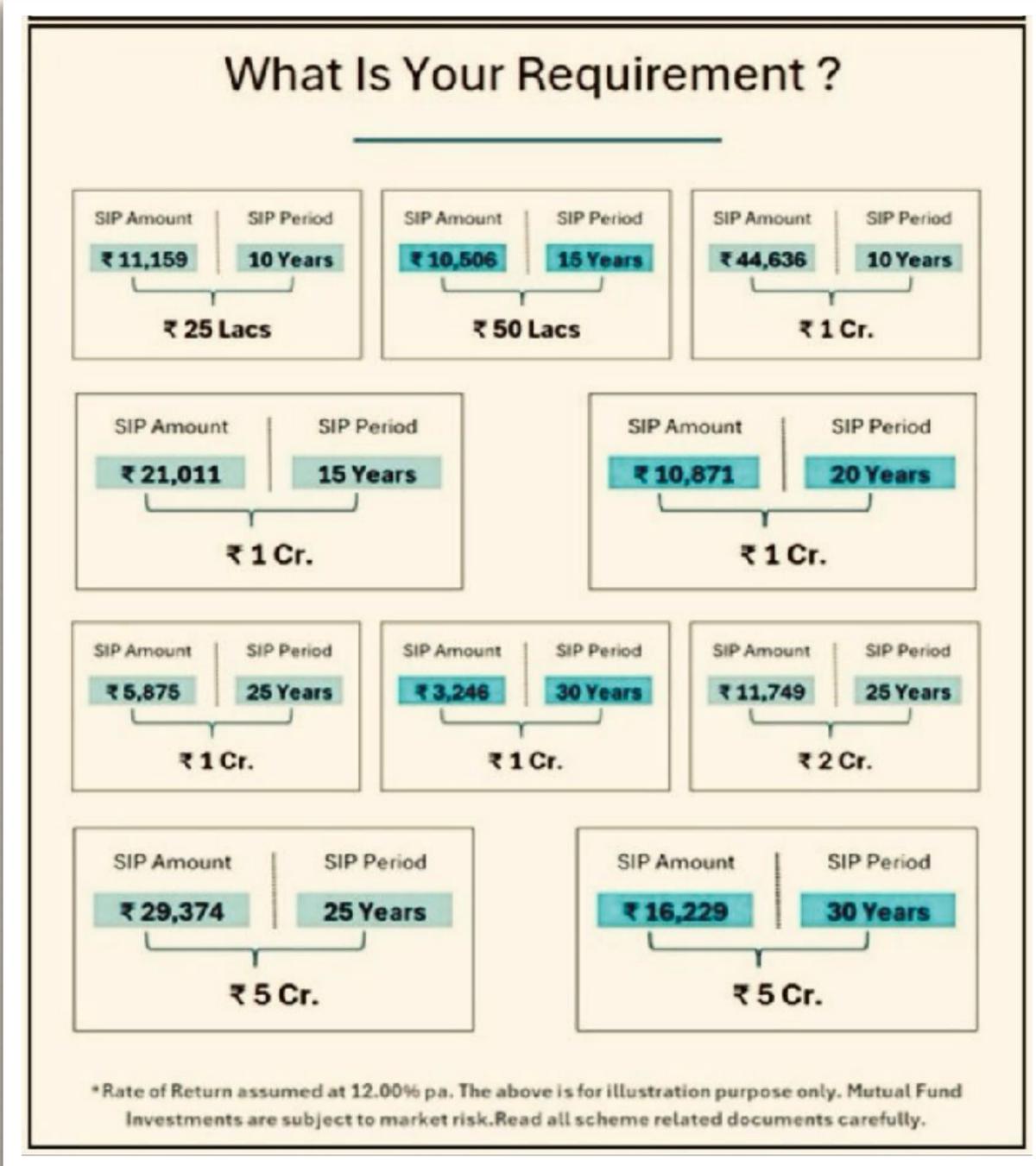
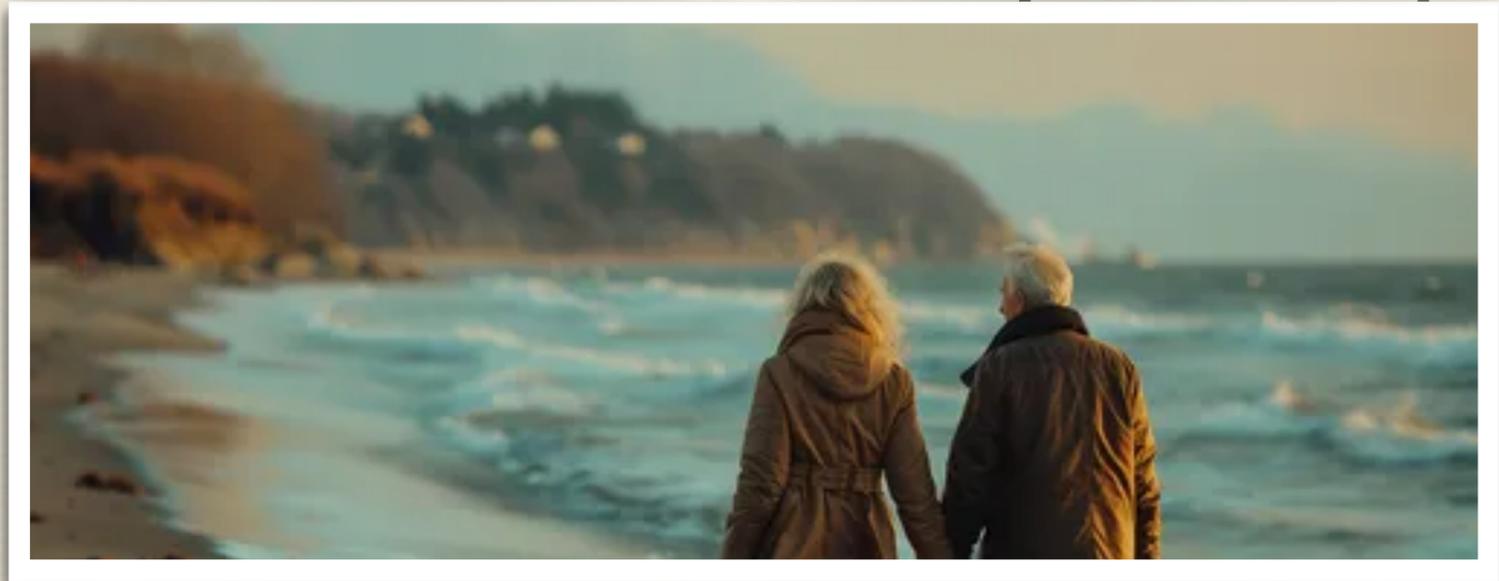
← 6th to 9th yr withdrawal

Portfolio	Sugg. Investment (Lacs)	Sugg. All (%)	ERR (post tax)
Equity Funds	44.76	45%	12.0%

← 10th yr onwards withdrawal

Returns assumed and taxation for arbitrage funds at 12.5%/20% and returns of 6%, 30% on SP & LTCG tax on Equity

A Sample - post 20 yrs !!



- Snapshot for 20 years

Particulars	Amt.(In lakhs)
Initial Investment	100.00
Total of monthly payouts over 20 years	220.71
Investment Value after 20 years	201.79
Monthly payout in the year 20	1.51
Projected XIRR (20 years)	11.1%

Our approach - How's it been, so far ?

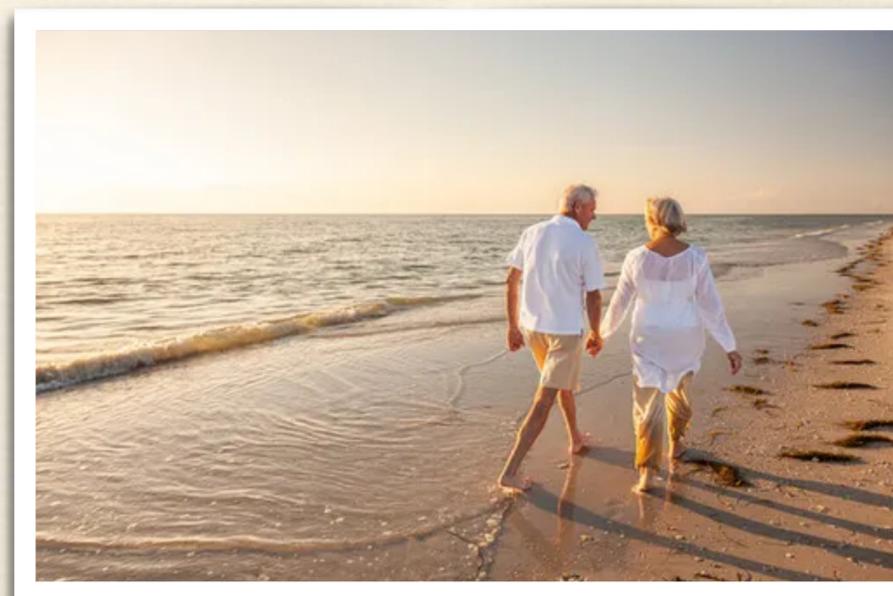
Financial Year	AR Model Portfolio return in %	Nifty 50 return in %	Alpha in %	Rs. Alpha Value on 10 Cr. Portfolio
2013-14 (from Jun' 13)	16.8	12	4.8	0.48
2014-15	51.4	26.7	24.7	3.50
2015-16	-6.0	-8.9	2.9	3.70
2016-17	26.1	18.6	7.5	5.64
2017-18	10.6	10.3	0.3	6.30
2018-19	6.0	14.9	-8.9	5.17
2019-20	-23.5	-26.0	2.5	4.45
2020-21	68.0	70.9	-2.9	7.06
2021-22	20.0	18.9	1.1	8.73
2022-23	0.4	-0.6	1.0	9.05
2023-24	44.9	28.6	16.3	17.83
Jun'2013 –Mar' 2024	17.1	12.9	4.2	
Jun'13-Mar'24 (absolute)	451.30	273	178.31	17.83 Cr

AR Model portfolio has delivered 4% alpha p.a., in line with the expectation. However, the alpha is not distributed linearly as there were 6 years where the alpha was below 3%. Therefore, one should stay invested in the model portfolio over a longer period and not be anxious if we witness a year of lower alpha.

Addressing the pain..

- Bank FD returns post tax lower than inflation - **Retirement plan** is expected to deliver **more than double of FD**, hence beating inflation.
- Falling interest rates - **Smart combination** of Equity, SP & Debt Funds **ensures inflation beating returns** and **reducing dependency** on falling interest rates
- Risk of losing principal for increased monthly inflows in future – **Principal is expected to double even after inflated monthly payouts for 20 years**
- Liquidity at the cost of compromised monthly inflows – Portfolio being liquid, **can withdraw higher amounts in case of emergencies**
- Taxable at marginal rates – **Most Tax efficient** portfolio

The best math you can learn is how to calculate the future cost of current decisions.



Next steps.. the offer

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Subject: Portfolio Review



thank you

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