

Redeem laggard funds for downpayment of house

Sudhir Kumar is saving for a house, his kids' education and retirement. Here's the doctor's advice:

PORTFOLIO CHECK-UP

- Investing in funds for past 2-3 years.
- Most funds are doing well, but a few have underperformed.
- Goals are ambitious and require big increase in SIPs.
- Switch from equity to debt funds to buy house in two years.
- Surge in markets offers a good opportunity to get out of laggards.
- The two other goals are long term, so focus on equity funds.

Note from the doctor

- Target of ₹40,000 for retirement seems low. Consider raising it.
- Other savings like PF and insurance plans not mentioned.
- Review investments and rebalance at least once in a year.
- Reduce risk when goal is near so that you don't miss the target.

GOALS	1	2	3	
	DOWNPAYMENT FOR HOME LOAN: 2 years PRESENT COST: ₹20 lakh FUTURE COST: ₹22.9 lakh	CHILDREN'S EDUCATION: 20 years PRESENT COST: ₹30 lakh FUTURE COST: ₹2 crore	RETIREMENT: 22 years PRESENT COST: ₹1 crore (₹40,000 per month) FUTURE COST: ₹4.45 crore	
FUND NAME	AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION	NEW SIP (₹)
Corporate fixed deposits	2,00,000	0	Hold these bonds. Use them for raising funds for the downpayment of the home loan.	0
Tax-free bonds and NCDs	2,00,000	0		0
HDFC Equity	2,39,000	2,000	Stop SIPs in this underperforming multi-cap fund. Switch corpus to HDFC Short Term Debt Fund.	0
HDFC TaxSaver	2,50,000	2,000	Stop SIPs in this underperforming ELSS fund. Switch corpus to HDFC Short Term Debt Fund.	0
HDFC Top 100	1,29,000	1,000	Stop SIPs in this underperforming large-cap fund. Switch corpus to HDFC Short Term Debt Fund.	0
HDFC MidCap Opportunities	1,04,000	4,000	Another mediocre fund. Stop SIPs and shift the corpus to HDFC Short Term Fund.	0
Nippon India Growth	1,58,000	1,000	This mid-cap fund needs to be closed. Stop SIPs and shift to Nippon India Banking and PSU Debt Fund.	0
Nippon India Banking & PSU Debt	0	0	Start SIPs of ₹30,000 in this debt fund to save for the home loan downpayment.	30,000
ICICI Pru Value Discovery	2,01,000	2,000	Continue SIPs in this stable value fund. Hike the SIP amount by 10% every year.	2,000
Mirae Asset Emerging Bluechip	33,000	3,000	Continue SIPs in this outperforming large and midcap fund. Hike the SIP amount by 10% every year.	3,000
Mirae Asset Large Cap	56,000	5,000	Continue SIPs in this stable large-cap fund. Hike the SIP amount by 10% every year.	5,000
Axis Long Term Equity	3,10,000	5,500	Continue SIPs in this outperforming ELSS fund. Hike the SIP amount by 10% every year.	5,500
ICICI Pru Bluechip	87,000	1,000	Increase SIPs to ₹3,000 in this outstanding large-cap fund. Hike the SIP amount by 10% every year.	3,000
NPS	2,00,000	4,000	Keep contributing to this pension scheme and increase by 10% every year. Invest in lifecycle fund.	4,000
PPF	0	0	Open a PPF account and start investing ₹8,000 in it every month. Do not withdraw before retirement.	8,000
TOTAL	₹21,67,000	₹30,500		₹60,500

The goals can be reached using the mutual funds marked in the same colour.

PORTFOLIO DOCTOR

Not many investors know whether they have invested in the right funds and if their fund portfolio is on track. The Portfolio Doctor assesses the health of the fund portfolio, examines the schemes and their suitability with regard to the goals and, if required, recommends corrective measures. The advice given is based on the performance of the funds, the risk profile of the investor as well as his financial goals.



Assumptions used in the calculations

INFLATION	
Education expenses	For all other goals
10%	7%
RETURNS	
Equity funds	Debt options
12%	8%

Maintain discipline to reach all targets

Harman Brar is saving for his children's goals, a house and retirement. Here's what the doctor says:

GOALS	1	2	3	4
	CHILDREN'S EDUCATION 21 years PRESENT COST: ₹14 lakh FUTURE COST: ₹1 crore	CHILDREN'S MARRIAGE 28 years PRESENT COST: ₹20 lakh FUTURE COST: ₹1.44 crore	BUY A HOUSE 28 years PRESENT COST: ₹1 crore FUTURE COST: ₹6.6 crore	RETIREMENT INCOME 29 years PRESENT COST: ₹1.5 crore (₹60,000 a month) FUTURE COST: ₹10.7 crore

PORTFOLIO CHECK-UP

- Investing in equity funds for the past 2-3 years.
- Early start and regular investing have helped, but goals are too ambitious.
- SIP amount will have to be doubled to reach targets.
- Review mutual fund portfolio at least once a year. Change if any fund's performance slips.
- Reduce risk when goal is near so that you don't miss the target.

FUND NAME	AMOUNT INVESTED (₹)	EXISTING SIP (₹)	RECOMMENDED ACTION
1 L&T Emerging Business Fund	95,216	2,000	Fund has underperformed. Switch to Canara Robeco Emerging Bluechip. Hike SIP to ₹4,000 and increase by 10% every year.
2 SBI Bluechip	66,649	2,000	Fund has slipped. Switch to SBI Focused Equity for better returns. Increase SIPs to ₹3,000 and hike by 5% every year.
3 Kotak Standard Multicap	1,34,576	5,000	Continue SIPs in this stable multi-cap fund. Raise amount to ₹10,000 and hike by 10% every year.
4 PPF	12,00,000	12,500	Continue contributing to this tax free option. Do not withdraw before retirement.
NPS	7,00,000	15,000	Continue SIPs and increase amount by 10% every year. Opt for maximum allocation to equity funds.
TOTAL	₹21,96,441	₹36,500	



PORTFOLIOS ANALYSED BY
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WRITE TO US FOR HELP

If you want your portfolio examined, write to etwealth@timesgroup.com with "Portfolio Doctor" as the subject. Mention the following information:

- Names of the funds you hold.
- Current value of the investment.
- If you have SIPs running in any of them.
- The financial goals for which you invested.
- How much you need for each financial goal.
- How far away is each goal.