Your Financial Plan

Prepared for: Ms. Preeti

Prepared by: Millionsworth Financial Services
27-Aug-2021

Introduction

We are pleased to submit this financial plan for your records. We urge you to keep this safely and privately to avoid any leakage of your confidential financial information.

A full financial plan would cover Cash Management, Risk Management, Retirement Planning, Investment Planning and Estate and Tax Planning. The sections covered in this plan are outlined on the contents page.

The following plan will document your Goals and Resources and make recommendations in line with your Goals based on the information you have provided. The solutions adopted in this plan need to be regularly reviewed. The projected outcomes are provisional and should be treated as indicative rather than as guaranteed. It is vital that the plan is reviewed regularly and the assumptions tested against actual outcomes. Life is dynamic and your financial plan must reflect changes in your personal situation!

We urge you to study these recommendations carefully and we will respond to any questions you may have. You may need to make important decisions on the urgency and timing of the issues dealt within this plan. The effort you have taken to reach this point is well worth the effort to secure your financial future.

Please see the Appendices for details of the underlying assumptions related to your financial future used in building your plan, our Disclosures / Disclaimers and a Glossary to assist you with the terminology used herein.

We trust the experience will be rewarding for a sound financial future and help you reach your goals. We endeavour to respect your privacy and maintain client confidentiality.

Millionsworth Financial Services

Executive Summary

Risk Profile

Considering that Ms. Preeti is a home -maker and does not have much information on financial products, we are assessing (assumed) her risk profile as Conservative. This suggests that you seek a protection of risk and reward in the arrangements for your finances. In particular you will be prepared to accept a below - moderate amount of risk in order to achieve sound returns on your investments.

Currently, a Conservative investment portfolio could be expected to receive a return, after tax and fees, of around 6.2%per annum.

Statement of Position

Currently, your total assets are Rs. 2,49,00,000 and you have liabilities of Rs. 33,00,000. Subtracting your liabilities from your total assets gives your net worth of Rs. 2,16,00,000. The ratio of debt to assets is approximately 0.15; which is comfortable.

Cash Flow

Your cash flow analysis shows a cash flow deficit. To fund the cash-flow deficit, we should invest your assets in income generating assets immediately.

Personal Details

Your Information

This plan is based on the following information that you have provided:

- ❖ Name: Ms. Preeti's Age: 45 ❖ Ms. Preeti is a home – maker and lives with her mother in law (assumed as 70 years) and a daughter (age 12 years).
- ❖ Ms. Preeti has a current annual net income of Rs. 0.
- ❖ You are expected to receive financial asset of Rs. 2,32,00,000 and have mutual funds holdings of Rs. 17,00,000 as on today's date.
- ❖ We are assuming that you are living on your owned house and having a housing loan outstanding of Rs. 33,00,000.

Assumptions

This plan uses the following basic assumptions when calculating the projections:

- ❖ Ms. Preeti's life expectancy of 80. ❖ Ms. Preeti's mother in law's life expectancy of 80.
- ❖ Investments receive a future return consistent with the historical performance of a Conservative risk profile 6.20% net of fees and taxes.
- ❖ General Inflation of 8% p.a. ❖ Medical Inflation of 15% p.a. ❖ Education Inflation of 12% p.a.
- ❖ Graduation cost (current) Rs. 1 lakh per annum for 4 years ❖ Post-graduation cost (current) Rs. 10 lakhs per annum for 2 years ❖ Daughter's marriage cost (current) Rs. 15 lakhs

Conservative Portfolio Return Expectation Illustration :

Type of Assets	Return Expectation (%)	Allocation (%)	Asset Weighted Return (%)	
			Before Tax Implication	After Tax Implication
Growth Assets	12%	30%	3.6%	3.2%
Defensive Assets	5%	70%	3.5%	3.0%
Portfolio Weighted Return Expectation (%)			7.1%	6.2%

Note : In the above table, we have assumed effective tax rate on growth asset at 10% + 4% cess and 15%+4% cess on defensive assets after adjusting indexation benefit.

Risk Profile

While the focus of your plan is your goals, it is important that the planned course of action remains within your risk comfort zone. Financial planning is about empowering you to achieve your goals but it should never be at the cost of having you constantly worried about the level of risk you are taking. For this reason we assess your risk personality and use this assessment to guide our recommendations for you.

Your risk personality covers a range of financial matters, including:
- Making Financial Decisions
- Financial Disappointments
- Financial Past
- Investment
- Borrowing
- Government Benefits and Tax Advantages

Your Risk Profile

We have assessed your risk profile as Conservative which means you will be comfortable with a small amount of risk in the arrangements for your finances provided the returns are appropriate.

Your Result

The amount of risk you are comfortable being exposed to has been rated as Conservative which means you will be comfortable with a small amount of risk in the arrangements for your finances provided the returns are appropriate.

What does this mean for you?

It means you will want to invest most of your funds in safe investments that are not likely to lose money or reduce in rupee amounts but will want to invest some of your money in areas that are expected to achieve higher returns. So the effect is that your money will carefully balance a sound expected return with a below - moderate amount of risk.

Limitations

Your risk score is only an indicator of your risk tolerance, it cannot completely describe how you will or should feel about any particular financial matter. Your choice on the level of risk to take in your financial matters should also take into account:

- Your timeframes - how much time do you have until your bigger goals? Longer time frames allow you to take greater levels of risk because the fluctuations even out over time.

❖ Life Stage - various seasons in life have an impact on the level of risk that is appropriate. When there are others dependant on you, the level of risk taken will need to be lower.

Your risk personality assessment should be viewed as information for you to include in your decisions on financial matters, not as a constraint on what you should do.

Conservative Portfolio Behaviour Analysis

Portfolio with 70% Defensive and 30% Growth

	Depth of Fall				
Length of Fall (months)	<10%	10% to 19%	20% to 33%	33% to 50%	> 50%
1	37				
2	11				
3	6				
4 to 6	4	1			
7 to 12	2	2			
13 to 24					
> 24					
Total	60	3	0	0	0

Explanation : Looking at the last 33 years empirical data on portfolio behaviour, we are observing that there have been only three instances when this portfolio has fallen more than 10% in value in last 33 years. Thus, we can assume that portfolio with 70% defensive assets and 30% growth asset will not demonstrate high volatility and will keep Ms. Preeti in her comfort zone.

Top 10 falls

Depth of Fall	Started Falling	Months in Fall	Months to recover	Total Months to come back to principal	Recovery on
-13.90%	Dec-07	6	5	11	Nov-08
-13.70%	Mar-92	8	11	19	Oct-93
-12.90%	Feb-00	8	12	20	Oct-01
-7.60%	Dec-08	2	1	3	Mar-09
-7.50%	Dec-97	1	1	2	Feb-98
-7.50%	Sep-90	4	2	6	Mar-91
-6.20%	May-13	3	7	10	Mar-14
-6.20%	Dec-03	6	5	11	Nov-04
-5.80%	Apr-06	3	1	4	Aug-06
-5.60%	Apr-98	4	4	8	Dec-98

Explanation : The table on the left side explains the biggest falls in this portfolio in history and recovery time. For e.g. The biggest fall in this portfolio was of 13.90% started in December 2017 and continued falling for 6 months and then it took 5 months to recover. Accordingly, it took total 11 months to recover. If you look at the 2nd and third bigest falls as shown in the table, you would notice that they have taken 19 & 20 months time to recover completely. Therefore, I have suggested to maintain household emergency fund equivalent to 24 months of expenses. So, we can minimise withdrawal and limit erosion in principal amount from portfolio in such scenarios.

Portfolio Returns % of times the Bank FD

Expected as Multiple of Rate from Bank Deposits	Actual as Multiple of Rate from Bank Deposits
<=0.5	0%
1	39%
1.5	59%
2	2%
2.5	0%
3	0%
>3.5	0%
Average	1.35 times the Bank FD

Explanation : The table on the left hand side explains that this portfolio has never generated return lower than 0.5 times the bank fixed deposits. We can also say that this portfolio has always generated return equal to or greater than bank fixed deposit. To elaborate it futher, this portfolio has generated 1 times (same as fixed deposit) FD return - 39% times; 1.5 times FD return (50% more than bank FD) - 59% times and 2 times FD return (100% more than bank FD) - 2% times, in history.

Portfolio Characteristics

Note: The analysis was done on monthly portfolio performance analysis for the period 1 January 1988 to 31 December 2020, basis for an asset allocation comprising 10% Cash, 60% Fixed Interest, 25% Indian Equities and 5% International Equities. The asset allocation was rebalanced annually. The annualised 10 year returns are expressed as a multiple of the rate earned from Bank Deposits, the actual results are group in multiples of 0.5, for example, a multiple of 1.5 times represents multiples ranging from 1.25 to less than 1.75.

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Where You are Now

A Statement of Position, or Net Worth Statement, defines what you have after your debts have been subtracted from your assets. It is a measure of your personal economic position. This analysis is often used by third parties to assess your credit worthiness. Used over time it is a valuable measure of how successful you are in securing your financial health, and increasing wealth overtime.

Statement of Position

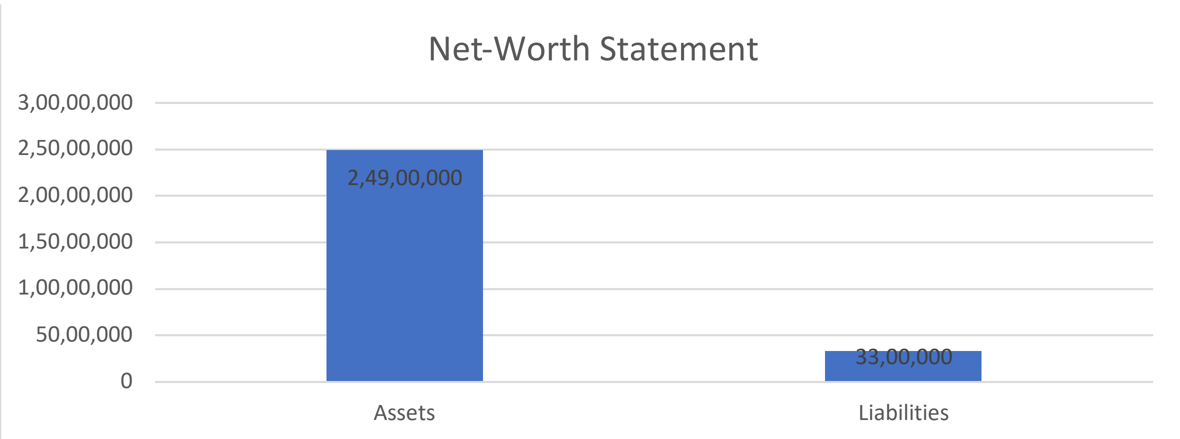
Your Statement of Position as at 27-Aug-2021 is:

Particulars	Amount	Total
Assets :		
Receivable from Insurance Company	2,00,00,000	
Receivable in the form of Employer PF & Gratuity	32,00,000	
Current Value of Mutual Fund Holdings	17,00,000	**2,49,00,000**
Liabilities :		
Housing Loan	33,00,000	**33,00,000**
Net Worth		**2,16,00,000**

Net Worth

Currently, your total assets are Rs. 2,49,00,000 and you have liabilities of Rs. 33,00,000. Subtracting your liabilities from your total assets gives your net worth of Rs. 2,16,00,000.

Your ratio of debt to assets is 0.15 approximately; which is comfortable.



Risk Management

If we look at the life timeline of Ms. Preeti, the first goals that will come their way is daughter's graduation and then post – graduation. But before we go ahead planning for the future we need to ensure that their present is not being compromised.

Financial Risk : Since, the family her lost the sole bread earner, it may pose a huge risk to the financial stability of the family for certain period of time.

Life & Health Risk : Preeti, her mother in law and her daughter are not covered under any life or health insurance policy.

Inflation Risk : Any asset or income stream that is denominated in money is potentially vulnerable to inflationary risk because it will lose value in direct proportion to the decline in the purchasing power of money. Thus investing the investible corpus in an appropriate portfolio is important.

Type of Risk	Solution
Financial Risk	Since, the family her lost the sole bread earner and Preeti's mother in law is ageing, it may pose a huge risk to the financial stability of the family for certain period of time. Hence it is recommended to set up an emergency fund in liquid assets equivalent to 24 months of the monthly household expenses of the family. This implies that Rs. 6.72 lakhs (Rs. 28000*24) needs to be set aside, which should be kept as reserve for household emergencies that may come. We assume that the debt mutual portfolio has liquid fund, which can be used as emergency fund. Also, it is recommended to set up a medical emergency fund of Rs. 10 lakhs towards medical emergencies of the family, especially Preeti's mother in law. It will safeguard the interest of the family in times of financial crisis (in case it may arise)
Life & Health Risk	Since, all the three family member are not earning, we would not suggest life insurance cover. However, we would strongly recommend two Health Insurance policies for Rs. 10 lakhs each. One policy cover Preeti and her daughter and other policy covering Preeti's mother in law alone. The insurance premium for 1^{st} policy will be approx. 16000 p.a. and for 2^{nd} policy it will be apporx. 52000 p.a.. We have planned the same as an expenses in the family's financial plan. We will also explore at taking a base health insurance policy for Rs. 5 lakhs and then a super top up for an additional 5 Lakhs could be taken, keeping Rs. 5 lakh as deductible. This might help in optimizing costs of health insurance. We will engage a specialist insurance advisor for this.

Home Loan Analysis and Recommendation

Home Loan Outstanding	₹33,00,000
Current Interest rate (reference - SBI home loan interest rate for >30 lakhs)	7.0%
Tenure (years)	20
EMI (monthly)	₹25,585

The prime business of banks / housing finance companies is lending and earning profits and not resorting to desperate measures like conducting property auctions or asking for one time settlement when main bread earner gets deceased. Things like property auction actually cost them dearly and that is why banks leave no stone unturned, to make an arrangement that is beneficial for the family of the borrower and itself.

What if we decide to hold the home loan by transferring in the name of Ms. Preeti for 20 year tenure and invest Rs. 33 lakhs in the portfolio in line with her risk profile -

Total EMIs (monthly EMI x 12 x 20)	₹61,40,368
Fund value of Rs. 33 lakhs investments	₹1,09,48,021
Total Benefit	₹48,07,654
PV of Benefit amount	₹14,49,144

Recommendation : Considering the low interest rate scenario, we sould suggest you to transfer the home loan in the name of Ms. Preeti for 20 years tenure. Other than low interest rate, Ms. Preeti will also get tax savings benefit under Sec 24 and Sec 80C in future, when her income (withdrawals from portfolio) will come in the taxable slab.

In case home loan transfer option is not acceptable by the borrower, then only we would suggest you to settle the outstanding loan from the receivables.

Portfolio Return Assumption :

Type of Assets	Return Expectation (%)	Allocation (%)	Asset Weighted Return (%)	
			Before Tax Implication	After Tax Implication
Growth Assets	12%	30%	3.6%	3.2%
Defensive Assets	5%	70%	3.5%	3.0%
Portfolio Weighted Return Expectation (%)			7.1%	6.2%

Cash Flow Management

Monitoring your Cash Flow is a dynamic way of taking your financial pulse

For most people, the ability to earn is their greatest asset and its careful management should be a high priority. This section details how your cash flow deficit was calculated. We examine your current income and expenditure and then project forward based on the changes to incomes and expenditures likely over time.

Income and Expenditure Statement for Current Year

In this table, your outgoings are subtracted from your after tax incomes. Outgoings are divided into Fixed Expenses, Discretionary Expenses, Committed Savings and Repayments. From this analysis we can determine your Net Cash Flow.

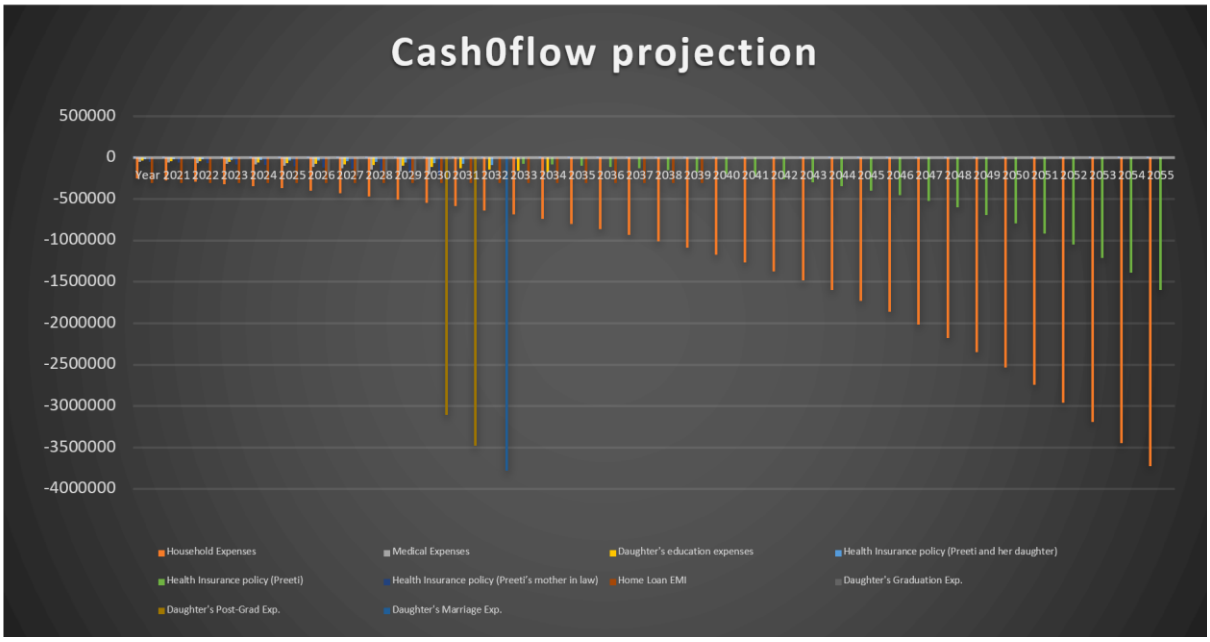
Particulars	Amounts (p.m.)	Amounts (p.a.)
Income		
Preeti's Income	-	-
Total Income	-	-
Expenses		
Household Expenses	21,000	2,52,000
Medical Expenses	4,000	48,000
Daughter's education expenses	3,000	36,000
Health Insurance Premium (Preeti and her daughter)	NA	16,000
Health Insurance Premium (Preeti's mother in law)	NA	52,000
Home Loan EMI	25,585	307020
Total Expenses	**53,585**	**7,11,020**
Net Cash-flow	**53,585** (excluding health insurance premiums)	**7,11,020**

Note: Since break up of expenses were not given between household expenses, medical expenses and education expenses, we have assumed medical expenses as Rs. 4000 per month, education expenses as Rs. 3000 per month and household expenses as Rs. 21000 per month.

Cash Flow Projections:

This section maps out the inflows and outflows of cash over your lifetime. The changes in your incomes and expenses over time are shown and the net cash flow at each stage of your life is calculated.

The following graph summarises a lot of information and is worth careful study. Your incomes are shown as positive amounts (above the line) and your outgoings (expenses, debt repayments and committed savings) are shown as negative amounts (below the line).



Details of the data used to create the above graph are in the table below so use this to enhance your understanding of the graph.

Particulars	Amounts	Period
Expenses		
Household Expenses	21,000 p.m.	From year 2021 till year 2056
Medical Expenses	4,000 p.m.	From year 2021 till year 2031
Health Insurance policy (Preeti and her daughter)	16,000 p.a.	From year 2021 till year 2033
Health Insurance policy (Preeti)	12,000 p.a.	From year 2034 till year 2056
Health Insurance policy (Preeti's mother in law)	52,000 p.a.	From year 2021 till year 2031
Home Loan EMI	25,585 p.m.	From year 2021 till year 2041
Daughter's education expenses	3,000 p.m.	From year 2021 till year 2035
Daughter's graduation expenses	100,000 p.a.	From year 2027 till year 2030
Daughter's post - graduation expenses	10,00,000 p.a.	From year 2031 till year 2032
Daughter's marriage	15,00,000	In the year 2033

Your Goals

Goals are dreams with deadlines. ~ Diana Scharf Hunt

A review of your Goals enables you clarify where you want to get to and why. It will assist you in determining if your Goals are achievable and what you have to do to make them happen. Having clear achievable Goals is motivational.

Obstacles are those frightful things you see when you take your eyes off your goal. ~ Henry Ford

Goal based planning works by using your financial resources, such as your Investment Portfolio, and aligning them on a priority basis against your chosen goals.

Basic Assumptions

This plan uses the following basic assumption when doing the analysis: -

- Ms. Preeti is a home – maker with a life expectancy of 80 years.
- Ms. Preeti's mother is law is 70 years old and life expectancy of 80 years.
- Ms. Preeti's daughter is 12 years old and expected to get married after 15 years.

Your Current Goals

Your current goals are shown in the table below.

Goal Name	Corpus Required (Today)	Corpus Required (At start of goal)	Amount Required (During Goal Period)	Goal Funding status
Emergency Fund	Rs. 6,72,000	Rs. 6,72,000	Rs. 6,72,000	100% funded
	Rs. 6,72,000 (i.e. 24 months equivalent of expenses) at 8% p.a. inflation.			
Medical Emergency Fund	Rs. 10,00,000	Rs. 10,00,000	Rs. 10,00,000	100% funded
	Rs. 10,00,000 at 15% p.a. inflation.			
Daughter's education (Graduation)	Rs. 4,00,000	Rs. 7,89,529	Rs. 9,43,355	100% funded
	Rs. 1 lakh every year for 4 years starting after 6 years at 12% p.a. inflation.			
Daughter's education (Post - Graduation)	Rs. 20,00,000	Rs. 62,11,696	Rs. 65,84,398	100% funded
	Rs. 10,00,000 every year for 2 years after 10 years at 12% p.a. inflation.			
Daughter's marriage	Rs. 15,00,000	37,77,255	Rs. 37,77,255	100% funded
	Rs. 15,00,000 after 12 years at 8% p.a. inflation.			
Living Expenses	Rs. 1,66,77,409	Rs. 1,66,77,409	Rs. 6,32,36,294	93% funded (funded till 79th year of Preeti's age)
	At today's cost - Rs. 28,000 per month for next 10 years, Rs. 24,000 per month thereafter for next 5 yeas and Rs. 21000 per month till life expectancy of Ms. Preeti. Additionally it also includes health insurance premiums for all three of you.			

Investment Asset Allocation

"Do not put all your eggs into one basket"

Diversification over Asset Sectors.

This maxim can be applied to both Asset Allocation and the underlying investments used in each of your Asset Sectors.

It is beneficial to spread your investments over a range of assets. In different years often a different asset is the best-performing one. It is difficult to predict which Asset Sector will perform best in any given year. Trying to pick the best Assets Sector and knowing when tomove to another is speculative.

It is prudent to following a consistent plan which weights your exposure to a range of Asset Sectors in line with your Investor Profile. Historical analysis of each Asset Sectors behaviour determines how much exposure you should have to each sector. Your Investor Profile has been aligned with a Strategic Asset Allocation (the long term view) and this can be modified by Tactical adjustments (what happening now). A mixture of Asset Sectors is more likely to maximize returns and minimize risk providing with you the best opportunity to reach your Goals. The past is not a guarantee of the future but it can be a guide.

Diversification over / within Investments.

Investment diversification within your Asset Sector compliments Asset Allocation. While a portfolio can be diversified over a range of Asset types it can also be diversified over the range of investments types. The intent is to reduce your exposure to the specific risk of one investment.

The results from your risk profile assessment indicate that you are a Balanced investor:

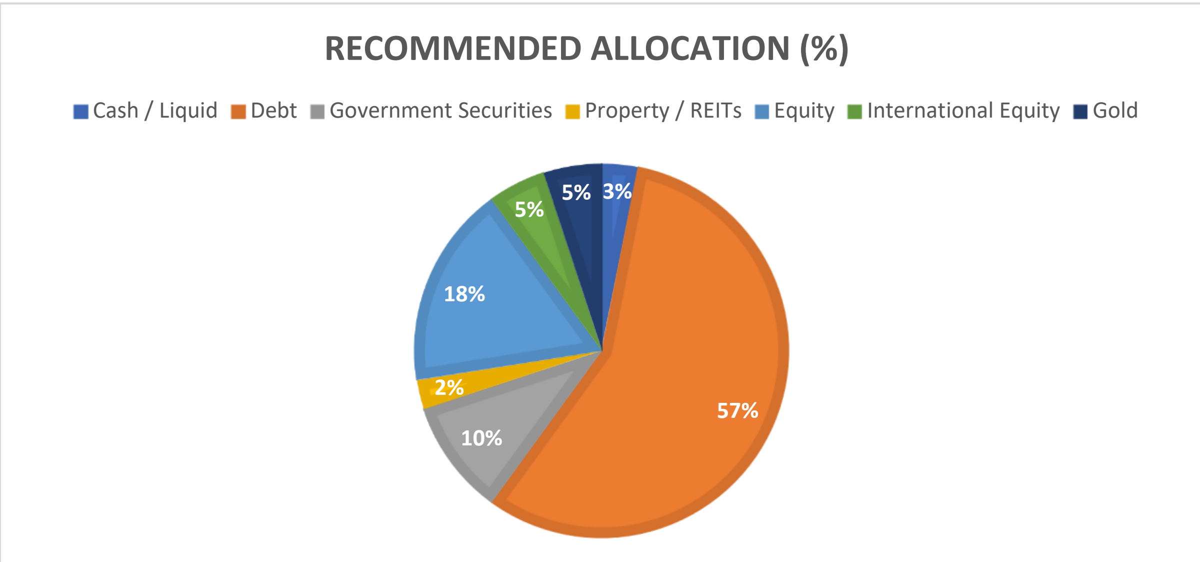
Millionsworth Financial Services seeks to manage your portfolio within the criteria set and will seek to give you exposure to Funds that are performing in the top quartile and to adjust your assets allocation to meet current economic conditions whilst maintaining your Investment Profile. Most investments are medium to long-term. Fixed interest is medium to long-term. Fixed Interest Trusts 1-3 years; shares 5 years; property 5-7 years.

Returns will always be dependent on current economic conditions and no absolute guarantee is possible.

At each review you are confirming the strategy adopted as detailed above. If this is no longer appropriate you should notify your advisor.

Recommended Investment Asset Allocation

Asset Categories	Recommended Allocation		Rationale	Recommended Mutual Fund category
	Percentage (%)	Amount (Rs.)		
Cash / Liquid	3.11%	₹7,74,667	To maintain emergency funds equivalent to 24 months	Liquid Fund / Arbitrage Fund
Debt	56.89%	₹1,41,65,333	To maintain portfolio diversification and risk low	Corporate Bond Fund, Short Term Debt Fund and Medium Term Debt Fund
Government Securities	10.00%	₹24,90,000	To maintain portfolio diversification and risk low	Gilt Fund
Property / REITs	2.50%	₹6,22,500	To maintain portfolio diversification	REITs
Equity	17.50%	₹43,57,500	To maintain portfolio diversification & generate inflation adjusted return	Large cap fund and Flexi cap fund
International Equity	5.00%	₹12,45,000	To maintain geographical diversification & generate inflation adjusted return	International FoFs
Gold	5.00%	₹12,45,000	To maintain portfolio diversification and reduce overall risk	Gold Savings fund
Total	100.00%	Rs. 2,49,00,000		



Asset Allocation Notes

Notes on Risk: There are many forms of risk that have to be taken account of. For example:

- Inflation Risk: If the inflation rate exceeds your after tax returns then you are going backwards! You are losing your buying power. This often happens to those who just remain in cash and / or fixed interest.
- Market Risk: An investment will participate in a particular investment sector e.g. Domestic Share Market and often, regardless of the actual holding, will experience the impact of market sentiment both positive and negative. This can be driven by either economic factors or human behaviour and is often a combination of both. Some funds use technical investment tools to manage and this.
- Specific Risk: If funds are placed into an asset which is not diversified within itself then the outcome will be dependent on that one placements performance. Grouped Investment Funds / Mutual Funds seek to mitigate this by diversifying the risk.
- Currency Risk: If investments are held outside of the country in which you live and in which you intend to use these funds then differential in currencies can have significant impact on the purchasing power of your portfolio. Hedging strategies are a way of managing this.
- Default Risk: This occurs when the issuer of a security is unable to repay a loan. Research Houses / Rating Agencies seek to quantify the probability of this happening.
- Sector Risk: There are times when one sector is depressed while the others are buoyant. Diversification over different asset classes seeks to mitigate this.
- Duration Risk: Locking into a long-term investment based on current economic assumptions when these assumptions can change. E.G Locking into a low interest rate Fixed Interest Security for 10 years means the value of the Bond, if tradable, will go down if not held to maturity if interest rates rise. In addition there is the missed opportunity of higher rates in the future. Few can see 10 years ahead!

A well designed portfolio will address all of these issues. No Pilot tales off without a pre-flight check!

Detailed Investment Recommendation

Equity Fund Categories	Allocation (%)	Allocation (Rs.)
Large Cap Funds	7.5%	₹18,67,500
Flexi Cap Funds	5.0%	₹12,45,000
Mid Cap Funds	5.0%	₹12,45,000
International Fund (Global)	5.0%	₹12,45,000
Gold Savings Fund	5.0%	₹12,45,000
REIT FoFs	2.5%	₹6,22,500
Debt Fund (Government securities)	10%	₹24,90,000
Debt Fund (Corporate Bonds)	10%	₹24,90,000
Debt Fund (Banking & PSU)	10%	₹24,90,000
Debt Fund (Dynamic Bond Fund)	15%	₹37,35,000
Debt Fund (Floating Rate Funds)	15%	₹37,35,000
Arbitrage Funds	6.9%	₹17,15,610
Liquid Funds	3.1%	₹7,74,390
Total	100.00%	24900000

Note : We would suggest Ms. Preeti to invest in lumpsum and then set-up SWP plan for 12 months from mix of Equity funds, fixed income funds, Gold saving funds and REIT FoFs in a way that it meets the income requirement for the year. After 12 months, SWP amounts to revised in order to meet her next 12 months of income requirement. We are adjusting SWP amount to take of rise in expenses amount due to inflation and also to fund the financial goals.

Why Mutual Funds

As there is no source of income for Ms. Preeti, her tax implication will depend upon the amount she will withdraw from the investment portfolio.

At present her need is Rs. 28000 per month (i.e. 3.36 lakhs p.a.), thus not taxable. However, due to inflation, after 5 years her income needs will cross Rs. 5 lakhs p.a. and thus will be subject to taxes.

Choosing to invest in a well-diversified, professionally managed and tax efficient investment options will help her keeping tax relation expenses lower and investment portfolio at low risk throughout her life time.

Please refer below illustration to understand the tax efficiency in debt mutual funds as compared with fixed deposits.

Tax efficiency of Debt mutual funds against Fixed Deposits
(Interest payout from FD vs SWP from debt funds)

Investment Date	FD Investment Cashflow (Rs)	Purchase / Sell NAV	Indexed NAV	Units Purchased / sold	Unit Balance	MF Investment Value	Net Gain	Tax payable	Effective Tax Rate
Jan 01, 2002	1,00,00,000	10.18		9,82,511	9,82,511	1,00,00,000			
Feb 01, 2002	- 50,000	10.26		- 4,872	9,77,639	1,00,32,531	409	128	0.26%
Mar 01, 2002	- 50,000	10.32		- 4,844	9,72,795	1,00,42,167	702	219	0.44%
Apr 01, 2002	- 50,000	10.40		- 4,808	9,67,987	1,00,66,099	1,063	332	0.66%
May 01, 2002	- 50,000	10.48		- 4,773	9,63,214	1,00,90,634	1,422	444	0.89%
Jun 02, 2002	- 50,000	10.53		- 4,747	9,58,468	1,00,96,501	1,690	527	1.05%
Jul 01, 2002	- 50,000	10.61		- 4,711	9,53,757	1,01,23,178	2,054	641	1.28%
Aug 01, 2002	- 50,000	10.71		- 4,669	9,49,088	1,01,62,831	2,475	772	1.54%
Sep 01, 2002	- 50,000	10.79		- 4,633	9,44,455	1,01,92,555	2,845	888	1.78%
Oct 01, 2002	- 50,000	10.87		- 4,600	9,39,854	1,02,15,278	3,179	992	1.98%
Nov 01, 2002	- 50,000	10.96		- 4,564	9,35,291	1,02,47,045	3,551	1,108	2.22%
Dec 01, 2002	- 50,000	11.05		- 4,526	9,30,765	1,02,83,092	3,937	1,228	2.46%
Jan 01, 2003	- 50,000	11.13		- 4,491	9,26,274	1,03,12,207	4,289	1,338	2.68%
Feb 02, 2003	- 50,000	11.16		- 4,482	9,21,792	1,02,82,585	4,379	1,366	2.73%
Mar 02, 2003	- 50,000	11.20		- 4,464	9,17,328	1,02,74,987	4,567	1,425	2.85%
Total	- 6,00,000	By choosing debt mutual funds, investor would pay only tax at 1.84% of the withdrawal amount. Whereas in Fixed Deposit, investor would pay at 31.2% (30% + 4% cess) of the withdrawal amount.					35,450	11,060	1.84%
Tax @ 31.2%	- 1,87,200								
Apr 02, 2003	- 50,000	11.24		- 4,449	9,12,879	1,02,59,846	4,720	1,473	2.95%
May 01, 2003	- 50,000	11.34		- 4,410	9,08,469	1,02,99,308	5,112	1,595	3.19%
Jun 01, 2003	- 50,000	11.43		- 4,376	9,04,093	1,03,30,162	5,461	1,704	3.41%
Jul 01, 2003	- 50,000	11.48		- 4,357	8,99,736	1,03,25,366	5,655	1,764	3.53%
Aug 01, 2003	- 50,000	11.54		- 4,333	8,95,403	1,03,32,050	5,897	1,840	3.68%
Sep 01, 2003	- 50,000	11.62		- 4,303	8,91,099	1,03,53,682	6,201	1,935	3.87%
Oct 01, 2003	- 50,000	11.69		- 4,276	8,86,823	1,03,68,732	6,475	2,020	4.04%
Nov 02, 2003	- 50,000	11.73		- 4,263	8,82,560	1,03,51,545	6,612	2,063	4.13%
Dec 01, 2003	- 50,000	11.75		- 4,256	8,78,303	1,03,17,431	6,678	2,084	4.17%
Jan 01, 2004	- 50,000	11.82		- 4,232	8,74,072	1,03,27,155	6,928	2,161	4.32%
Feb 02, 2004	- 50,000	11.84		- 4,223	8,69,849	1,02,99,007	7,019	2,190	4.38%
Mar 01, 2004	- 50,000	11.87		- 4,212	8,65,636	1,02,75,102	7,127	2,224	4.45%
Total	- 6,00,000	In the 2nd year, though the tax percentage on mutual fund have increased, it is substantially lower than tax rate applicable on FD.					73,885	23,052	3.84%
Tax @ 31.2%	- 1,87,200								
Apr 02, 2004	- 50,000	11.96		- 4,182	8,61,455	1,03,00,413	7,439	2,321	4.64%
May 03, 2004	- 50,000	12.00		- 4,166	8,57,289	1,02,90,040	7,602	2,372	4.74%
Jun 01, 2004	- 50,000	12.03		- 4,158	8,53,131	1,02,58,900	7,680	2,396	4.79%
Jul 01, 2004	- 50,000	12.04		- 4,153	8,48,978	1,02,21,697	7,733	2,413	4.83%
Aug 02, 2004	- 50,000	12.09		- 4,137	8,44,841	1,02,11,599	7,897	2,464	4.93%
Sep 01, 2004	- 50,000	12.15		- 4,117	8,40,725	1,02,10,600	8,098	2,527	5.05%
Oct 01, 2004	- 50,000	12.19		- 4,102	8,36,622	1,01,96,751	8,246	2,573	5.15%
Nov 01, 2004	- 50,000	12.21		- 4,095	8,32,527	1,01,65,157	8,321	2,596	5.19%
Dec 01, 2004	- 50,000	12.27		- 4,075	8,28,452	1,01,65,108	8,525	2,660	5.32%
Jan 03, 2005	- 50,000	12.39	11.50	- 4,037	8,24,415	1,02,11,209	3,572	1,114	2.23%
Feb 01, 2005	- 50,000	12.45	11.50	- 4,018	8,20,398	1,02,09,849	3,792	1,183	2.37%
Mar 01, 2005	- 50,000	12.51	11.50	- 3,998	8,16,400	1,02,09,894	4,018	1,253	2.51%
Total	- 6,00,000	Similarly in the 3rd year also, though the tax percentage on mutual fund have increased, it is substantially lower than tax rate applicable on FD. Further, you would notice that indexation benefit reduces tax implication by almost 50%.					82,922	25,872	4.31%
Tax @ 31.2%	- 1,87,200								