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Editorial

IMPACT OF LOK SABHA ELECTIONS ON THE STOCK MARKET

Stock markets are always influenced by new information, and one of the most significant events that affect them is elections. Elections are recurring events that happen on a fixed schedule and play a vital role in shaping a country's political, economic, and social landscape. They serve as a barometer for political sentiment and economic stability, with investors closely monitoring them due to their potential impact on market dynamics.

• How Elections Affect Indian Stock Markets:

Changes in government leadership and policies resulting from elections can cause short-term volatility in stock markets. However, the long-term effects are mainly determined by the economic reforms and policies implemented by the ruling party. While there has been limited research on this topic, analyzing historical data reveals that election politics generally do not profoundly influence equity returns over the long term. Despite some variations, the overall trajectory of wealth creation remains positive, irrespective of the political leadership in power.

• Pre-Election Market Performance:

In the periods leading up to general elections, stock markets tend to exhibit increased volatility due to uncertainties regarding election outcomes and potential policy shifts. However, historical data indicates strong market performance in pre-election periods. For example, one year before elections, the average return is approximately 29.1%, and in the one month before elections, it's around 6%. Although there have been exceptions, such as the market fall of 24.9% in 2009, these downturns are often offset by significant market surges post-election.

	Before Results	Election	After Election	Results	2 Years Return
Lok Sabha Results	1 Year	1 Month	1 Month	1 Year	
6th Oct 1999	50.7	3.3	-0.8	13.1	37.6
13th May 2004	98.1	-7.5	-14.4	23.3	121.5
17th May 2009	-24.9	26.8	6.8	31.9	7.0
16th May 2014	16.6	8.0	7.1	20.6	37.1
23rd May 2019	5.2	-0.4	0.1	-2.8	2.4
Average	29.1	6.0	-0.2	12.0	41.1

*Source: smallcase

• Historical Insights on Elections and Market Dynamics:

Examining Indian elections from 1989 to 2019 provides valuable insights into their impact on the stock market. During periods of political turmoil, such as the Coalition Era in 1989, market volatility increased due to uncertainties surrounding government formation. However, phases of stable governance, like the NDA's victory in 1999, brought market stability and witnessed significant economic growth driven by sectoral reforms and liberalization policies.

• Outlook for the Indian Economy:

Despite changes in government over the years, India has maintained an average real GDP growth rate of 6.2% since 1980. Speculations about the impact of future elections on the market persist, with coalition governance enabling significant reforms but potentially limiting the pace of economic growth compared to countries like China. However, India's long-term real GDP growth potential is projected to be around 6.0%-6.5%, suggesting continued growth opportunities for investors in the Indian market.

In summary, while elections introduce short-term volatility in the stock market, the long-term outlook remains positive, driven by economic reforms and policies that promote growth and stability. Investors should approach market fluctuations with a long-term perspective and capitalize on opportunities presented by electoral cycles.

Happy Voting!

Keyur Desai
Editor

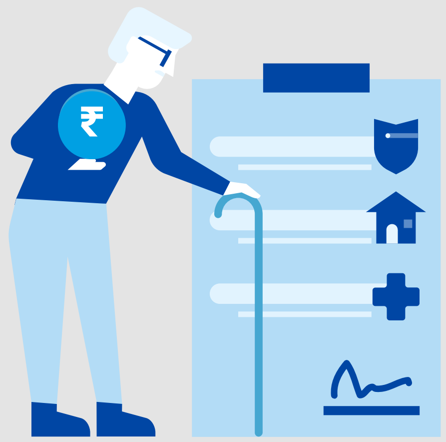
"If you are truly investing for the long-term, what happens in the market today, this week, or this month is irrelevant."
- Brian Feroldi

Index

How To Plan For A Secured Retirement

All of us have a perfect vision for retirement – a comfortable life and doing everything we have not had the time for, such as travel, taking up a hobby, etc. To make this vision a reality, retirement planning is becoming increasingly necessary.

Planning for retirement is complex. If, however, simplicity is the path you like to take, then, here are 10 simple steps to plan for a secure and comfortable retirement.



Don't give up!

Being disciplined and consistent with investing is the key to retaining your financial independence during retirement.

Start right away

The best time to start retirement investment is when you receive your first pay check. If you have not done so, then the best time to start is now. Delaying will mean saving more to accumulate the same amount because you would lose out on the power of compounding. For instance, a 25-year-old adult who wishes to retire at the age of 60 and requires Rs. 5 crore to fund his retirement, assuming a rate of return of 12% per annum on his investments, will need to invest only about Rs. 6,850 per month. However, a 45-year-old adult with the same parameters will need to invest about Rs. 86,050 per month for his retirement kitty!

Rent vs Buying a home

Owning a home during retirement is very critical. It provides security and relieves you from heavy monthly rent which rises over time due to inflation. Also, real estate is an asset that, in the long term, is expected to appreciate in value.

Healthcare costs

With the ever-rising instance of diseases and a sharp rise in medical costs, any medical emergency could be crippling, physically and financially. It can make a big hole in your retirement kitty. Medical insurance thus becomes a necessity. It is ideal to buy medical insurance when you are young as premiums are low and coverage is high.

Pick a retirement date

The number of years you have to build your wealth and the funds required for your retirement are centered on your retirement date. Most people retire at the age of 60 or 65, but some are retiring earlier; this implies building a higher kitty for retirement.

Life gets more expensive with time

Due to inflation, cost of living rises each year. By the time you are ready for retirement, you will need to spend much more each month to retain the current standard of living. Also, health-related costs will go up as you age. These costs have to be factored in your sustenance expenses during retirement.

Factoring in life expectancy

With advances in medical science, life spans have increased dramatically. Put a number to your life expectancy to ascertain your retirement corpus. It's important to have sufficient corpus to retain your financial independence and maintain the same standard of living post retirement.

A comfortable nest egg

You must accumulate enough to comfortably see you through your retirement years. It's preferable to accumulate a little more than a little less.

Where to invest?

What should your retirement portfolio comprise of? If you have more than 10 years to retirement, investing in equity is a good option as it is an asset class that has the ability to beat inflation and provide high returns over a longer time horizon. If, however, you are closer to retirement, it is advisable to invest in debt instruments (or a combination of debt and equity where debt forms a major component of your portfolio). Debt investments not only provide stability to your portfolio, but also generate regular income.

Should I take the SIP route?

SIP or Systematic Investment Plan offered by mutual funds is an ideal and disciplined way of investing over a long period of time. It not only provides the ease of investing a modest sum periodically, but also lets experts manage your investments.

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

Regd. Office : Vcare Investment Services Pvt. Ltd.
201, Sai Sadan, 76/78, Modi Street, Fort, Mumbai - 400 001.
Tel. : 022 6654 8814 / 15
Piyush Desai : 9820300647 **Priyesh Darbari : 9920032541**
Mehul Bheda : 9819592326 **Bakul Mehta : 9821123324**

Transfer of Mutual Fund Investments to Nominee After the Unit Holder's Demise: Process Explained

Losing a loved one is an emotionally taxing experience, and amidst the grieving process, dealing with practical matters like financial investments can seem overwhelming. One such task is the transfer of mutual fund investments to the designated nominee after the unit holder passes away. While this process may initially appear daunting, understanding the necessary steps can make it more manageable.

Understanding the Procedure:

When a unit holder of mutual fund investments passes away, the designated nominee inherits the rights to those investments. However, the transfer process requires adherence to specific procedures set forth by the mutual fund company or its registrar and transfer agent (RTA). Here's a comprehensive guide to navigating this transition:

STEP 1:
Notify the Mutual Fund Company

The first step is to inform the mutual fund company about the demise of the unit holder and your status as the nominee. Contact the customer service department and request guidance on the necessary steps to transfer the investments.

STEP 2:
Gather Required Documents

Collect all necessary documents, including:

- Original death certificate of the unit holder
- Transmission forms provided by the mutual fund company (such as Form T1 to T4)
  Form T1 - for Deletion of Name of the deceased 2nd or 3rd Jt. Holder
  Form T2 - for Transmission of Units - Where the 1st holder is Deceased
  Form T3 Transmission Request Form for Nominee & Legal Heir
  Form T4 Transmission Request Form for change of Karta upon demise of the registered Karta
- PAN card and Aadhaar card of the nominee
- New cancelled cheque of the nominee
- Signature bank attestation form of the nominee (if required)
- FATCA and KYC requirements form
- Email and mobile number updation form
- Appointment of new nomination form

STEP 3:
Fill Out Forms & Provide Documentation

Complete the transmission forms accurately and ensure all required fields are filled. Attach copies of the death certificate, nominee's identification documents, and any other requested paperwork.

STEP 4:
Submit the Documents

Submit the completed forms and supporting documents to the mutual fund company OR through MUTUAL FUND DISTRIBUTOR who will facilitate the process of transmission for you. Ensure that all paperwork is submitted correctly to avoid delays in processing.

STEP 5:
Await Processing

Once the documents are submitted, the mutual fund company will initiate the transfer process. Be patient during this period, it may take 7 to 15 working days for the transfer of investments to be completed.

STEP 6:
Update Contact Information & Bank Details

Ensure that you update your contact information and bank details with the Mutual Fund Company or MF distributor to receive future correspondence and payments related to the investments.

STEP 7:
Seek Professional Assistance if Needed

If you encounter any challenges or uncertainties during the process, consider seeking guidance from a financial advisor.

By following these steps diligently, the transfer of mutual fund investments to the designated nominee after the demise of the unit holder can be facilitated smoothly. This process not only ensures compliance with legal requirements but also honors the wishes of the deceased while providing the nominee with access to the inherited investments.

Journey2Money
Brand of Vcare Investment Services Pvt. Ltd.

Shop No. 14, Veena Sarang C.H.S. Ltd., Next to SVC Bank, Opp. Sachin Tendulkar Gymkhana, Sai Baba Extension Road, Borivali (West), Mumbai - 400092. Tel. : 022 6236 2201 / 02

Mr. Keyur Desai : 9833024371

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Beware Of Social Media Scams

HOW INDIAN INVESTORS FALL VICTIM TO PIG BUTCHERING

Social media has spawned a vast array of scams hurting Indian Investors

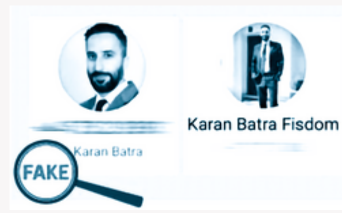
HOW IT WORKS

- Collect users through ads or messages
- Nudge them to join a WhatsApp group
- Post stock tips
- Impersonate brokers/investment advisers
- Participants download fake app
- Show fake profits
- Allow withdrawals at first
- More money gets transferred
- Ultimately, money is blocked

Solution:
Authorities must hold social media platforms accountable

Can you spot the real person?

They created fake profiles of Karan Batra, COO of Fisdom to lure people. This is a common tactic.



Can you identify the real app?

Scammers create clones of trading apps and even list them on

Playstore and App Store

Brokers which issued alerts on the fake apps

Fisdom
Dhan
Choice
Fyers

	Victim 1	Victim 2
Occupation	Student at IIT Bombay	Independent consultant
Amount Invested	2 lakh	6 lakh
Money Lost	2 lakh	4.75 lakh
Comment	"I got this money through a scholarship and was my coming semester's fee."	"I checked on Google too and thought it was a legitimate business."

Source: mint

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