

ASCENT FLASH



Newsletter Edition: September '23

FINANCIAL SOLUTIONS PVT. LTD.
SEBI REGISTERED INVESTMENT ADVISER



Attain Financial Freedom: Be The Sailor Of Your Own Life

Welcome to our newsletter! Stay updated with the latest financial updates, insightful articles, and valuable information delivered straight to your inbox. Explore a diverse range of topics curated to inform and inspire our readers in every edition.

Table Of Contents

- From The Editorial Team..... (3)
- From The Managing Director's Desk.....(4)
- Financial Planning Helps Make Major Decisions In Life.....(5)
- Data Bytes.....(6)
- Story of Vishwanath and His Second Chance at Life Will Make You Rethink Financial Planning.....(11)
- Major Events.....(13)
- Our Client's Feedback.....(13)
- Understanding the Debt to Asset Ratio.....(14)
- Vote Of Thanks.....(15)

From The Editorial Team

Dear Valued Patrons,

We are delighted to present to you the latest edition of our newsletter - Ascent Flash!

We are thrilled to have you as part of the Ascent family and excited to share the latest news, updates, and valuable insights from the world of finance.

Our team has worked hard to mine informative and engaging knowledge base, and we hope you find it well.

As always, we welcome your feedback and suggestions for future content. We aim to make this newsletter a valuable resource for you and are committed to provide you with the information that will help in making smarter financial decisions.

Thank you for being associated with Ascent Financial Solutions Pvt. Ltd. We hope you enjoy this edition of our newsletter.

Best regards,

Ascent Financial Solutions Pvt. Ltd.

From The Managing Director's Desk



Mr. Prakash Lohana

Managing Director
Ascent Financial Solutions Pvt. Ltd.

- Certified Financial Planner, (CFP) from Financial Planning Standard Boards of India

Dear Readers, it's my pleasure to welcome you to yet another edition of our monthly newsletter. In this edition, we are excited to share updates on different aspects of financial planning & wealth creation. Which we feel will add great value to your financial life.

Understanding the Two Key Risks in Investment: Inflation and Volatility

There are many different types of risk involved in investment but primarily there are two important risk which an investor should keep in mind.

Inflation: Inflation is a major risk in our long-term goals. Let us see with an example below. Suppose, if there is a goal of higher education of kid and it is falling 10 years from now then in that case the value of goal at 7% will multiply as under.

Current Year	Goal Year	Goal Detail	Inflation	Today's Value	Future Value in Goal Year
2023	2033	Higher Education Fund	7%	20,00,000	39,34,303

As shown in above table, goal value will almost double in 10-year period so if your goals are far away inflation will make them much bigger and you will have to invest more money to meet such goals. Now to meet this risk, which is created by inflation investors will have to invest more in the asset class which can beat inflation. The primary asset class that can beat inflation is equity. So, for goals which are long term major risk is inflation and money invested for long term goals should be more equity oriented.

Volatility: Volatility means fluctuation in asset prices and not the permanent loss. When we ask about risk most of the investor believes that risk is permanent loss in value of investment but actual risk is not permanent loss but it is fluctuation in the prices of securities. If you are investing in equity, then there can be a loss in individual company but not in portfolio over a long run.

Current Year	Goal Year	Goal Detail	Inflation	Today's Value	Future Value in Goal Year
2023	2024	Higher Education Fund	7%	20,00,000	21,40,000

As shown in the above table if the same goal is coming after one year, then the goal value is not increasing much and it can be met with slightly higher amounts. So, inflation is not a major risk for this goal. Now it is important to understand that if investment for this goal is made in equity instruments and if markets fell at the time when funds required for the goal then we will have to withdraw funds at a reduced value and this will result in losses. So loss occurs when we withdraw money at the time of market fall. From this discussion, it is clear that investment for this goal which is short term cannot be made in equity-oriented instruments or any other instruments which are volatile. For this goal, investment has to be made in any short-term bond fund or Fixed deposit where there is absolutely no volatility.

From the above discussion it is easy to understand that "Inflation & Volatility" are two major risks that investors face in their investment and based on their investment horizon they have to construct the portfolio in such a way that for long term goals they are investing more funds in equity-oriented instruments so that they can beat the inflation as volatility over a longer period is expected to average out and markets will go up over the long term. For short term goals, investments should be made in fixed income securities where there is no price fluctuation.

Financial Planning Helps Make Major Decisions In Life



Amit Trivedi

Author, Speaker, and Trainer in
Personal Finance

When you are at crossroads in life, facing tough choices, how do you decide which direction to go into? Out of two or more options to choose from, which one should you pick up? Is one a better choice or it just looks like that? Does it appear to be a good choice today, but which may lead to regret later?

Many of these questions are difficult to answer. Often, we do not know how to assess the data, in fact we may not know which is relevant data and where do we get it from. Examples of some such choices are:

- Can I leave my job to pursue my hobby / interest?
- Can I upgrade my vehicle?
- Can I buy my own house?
- Should I repay the loan now that I have got the annual bonus?
- Can we have a second child?
- Can I send my child abroad for higher studies?
- Can I take sabbatical from the job to study further?

These are important questions. One may face some of these at some stage in life.

These could be turning points in life. There are financial implications behind many such tough decisions. Very often, we are unsure about the consequences of the choices we have to make.

The uncertainty with respect to the outcome makes it difficult to decide and some people go by the default choice (continuing with the job, for example) or with popular opinion (either what others are doing or what others tell us to do). Decisions taken under such circumstances may turn out to be mediocre or compromises.

There is a better way to take such decisions. We may call the process as “informed decision making”. Financial planning is a process that helps in this matter.

Data collection is the first step in this process. This data helps one assess the situation and understand the possibilities. One is also able to prioritise among various objectives and allocate resources effectively. At various stages in life, it makes immense sense to check one’s financial plan to be able to take informed decisions.

Data Bytes

Indian Equity Summary

Index	1W	1M	3M	6M	1Y	3Y	5Y
Mid Cap 150	1.0%	5.1%	15.3%	25.7%	23.5%	31.9%	15.9%
Small Cap 250	3.1%	6.2%	18.5%	29.9%	28.1%	35.1%	14.2%
Auto	1.4%	1.6%	7.5%	21.4%	18.1%	25.7%	7.5%
Bank	-1.1%	-2.2%	-0.3%	6.4%	11.9%	22.7%	9.6%
Energy	-1.7%	-2.4%	7.6%	13.3%	-6.7%	18.0%	10.5%
FMCG	-1.8%	-2.4%	0.1%	12.2%	17.5%	18.1%	9.7%
Infra	-0.7%	-0.8%	8.2%	15.2%	16.8%	22.9%	12.7%
IT	0.2%	3.7%	6.6%	3.3%	11.9%	20.5%	14.7%
Metal	0.9%	0.4%	11.4%	17.3%	13.3%	38.7%	12.7%

Source : <https://ticker.finology.in/market> | Data as of 01 September '23

Domestic Equity Benchmark Indices (Returns %)

Index	1W	1M	3M	3M	6M	1Y	3Y	5Y
Nifty 50	-0.7%	-1.4%	3.5%	8.7%	9.8%	18.8%	10.7%	10.7%
Sensex	-0.6%	-1.4%	3.3%	7.6%	10.3%	18.6%	11.1%	11.1%

* Data as of 01 September '23

Source : <https://ticker.finology.in/market>

FII / Mutual Fund data

(Rs Cr)	29 Aug	MTD	YTD
FII's	792.77	13026.60	138836.8
Mutual Funds	441.11	14488.52	81204.7

*MF Data as of 23 August 2023

Nifty PE

Nifty P/E		
Latest P/E*	FY23E	FY24E
22.07X	21.81X	18.84X

* Data as of 30 August 2023

Indian Debt Summary

Index	31 Jul	Debt Watch Week Ago	Month Ago	Year Ago
Call Rate	6.72%	6.77%	6.48%	5.21%
Repo	6.50%	6.50%	6.50%	5.40%
10 Yr Gilt^	7.18%	7.19%	7.16%	7.19%
30 Yr Gilt^	7.48%	7.48%	7.50%	7.61%
91-D T Bill^	6.79%	6.85%	6.72%	5.60%
182-D T Bill^	7.01%	7.02%	6.84%	6.01%
364-D T Bill^	7.02%	7.04%	6.86%	6.29%
1-mth CP rate	7.10%	7.20%	7.06%	5.85%
3-mth CP rate	7.38%	7.34%	7.18%	6.15%
6-mth CP rate	7.60%	7.55%	7.35%	6.45%
1 yr CP rate	7.86%	7.86%	7.70%	7.03%
1-mth CD rate	7.06%	6.92%	6.78%	5.53%
3-mth CD rate	7.06%	7.05%	6.95%	5.86%
6-mth CD rate	7.20%	7.25%	7.14%	6.28%
1 yr CD rate	7.47%	7.50%	7.37%	6.80%

Yields (%)	Gsec*	AAA	AA+	AA	AA-	A+
6 month	7.01	7.30	8.01	8.59	9.61	10.42
1 Year	7.00	7.52	8.23	8.81	9.83	10.64
3 Year	7.16	7.58	8.29	8.87	9.89	10.70
5 Year	7.18	7.58	8.83	9.42	10.44	11.25
10 Year	7.18	7.61	8.86	9.45	10.47	11.28

^Weighted Average Yield. G-sec and corporate bonds data as of August 30 *Weighted average yields for G-sec data 6 month G-sec: 182 day T-Bill rate; 1 year G-Sec: 6.69% GS 2024; 3 year G-Sec: 5.63% GS 2026; 5 year G-Sec: 07.06 GS 2028; 10 year G-Sec: 07.26 GS 2033

Economic Indicators

YoY (%)	Economic Indicators Current	Quarter Ago	Year Ago
Monthly Inflation (CPI)	7.44 (July-2023)	"4.7% (April-2023)"	"6.71% (July-22)"
IIP	"3.7% (June-23)"	1.70% (Mar-23)	"12.62% (June-22)"
GDP	6.1% (Jan-Mar FY23)	4.5% (Oct-Dec FY23)	8.0% (Jan-Mar FY22)
Monthly Inflation (WPI)	-1.36% (July-23)	-0.92% (April-23)	13.93% (July-22)

Reserve Ratios

CRR 4.50%

SLR 18%

Source: RBI

International News

- US ADP Employment Change came in at 177000 in August, following an upwardly revised 371000 rise in July.
- The US economy grew by an annualized 2.1% in the second quarter, revised from the preliminary figure of 2.4% and compared to the first quarter's expansion of 2.
- Eurozone consumer confidence indicator came in at -16 in August, down from -15.1 in July.

Currencies Vs INR

	30 Aug	29 Aug	Change
USD	82.73	82.70	-0.03
GBP	104.73	104.34	-0.39
Euro	90.08	89.43	-0.65
100 Yen	56.52	56.43	-0.09

	31 Jul	1 Day	1 month	1 Year
DJIA	34890	0.11	-1.60	9.75
Nasdaq	14019	0.54	-2.08	17.98
FTSE	7474	0.12	-2.87	1.52
Nikkei	32333	0.33	-1.30	14.68
Hang Seng	18483	-0.01	-7.20	-7.35
Strait Times	3220	-0.09	-4.48	-0.59

Source: Domestic Indices - NSE, BSE, FII / MF (Equity) – SEBI, Domestic Derivative Statistics – NSE, Currency Movement - RBI, Reuters, Domestic Economic Indicators - CRISIL Center for Economic Research, Domestic Fixed Income Numbers - CRISIL Fixed Income Database, RBI Commodity Prices - Reuters, IBSA, International Indices – Respective websites, Market summaries, global bond yields, domestic and international news – CRISIL Research, Financial websites

Abbreviations: FII (Foreign Institution Investors), CPI (Consumer Price Index), WPI (Wholesale Price Index), P/E (Price/Earnings ratio), CP (Commercial Papers), CD (Certificate Of Deposits), G-sec (Government Securities), MTD – Month to Date, YTD – Year to Date

Source : ICICI Prudential MF Head start

Commodities

	30-08-2023	Week Ago	Month Ago	Year Ago
London Brent Crude Oil (\$/bbl)	85.86	83.21	84.99	99.31
Gold (Rs/10 gms)	59292	58520	59491	51188

Story of Vishwanath and His Second Chance at Life Will Make You Rethink Financial Planning



“I mean, we’re financially stable, my wife was earning too. But I was not confident whether that’d be enough for her to take care of our kids by herself. Or enough to make them feel financially secure, you know, to let them attain the life they desired. They have a whole life ahead of them. I had never assessed these things before.”

Said Vishwanath - product manager for an IT company in Bangalore.

Vishwanath is not just another guy who is earning and having a successful career. To be honest, he takes his personal finance pretty seriously.

When we met last year in February, he had his life covered, regulated his expenses with active management. He was also a consistent investor in Mutual Funds and had a good understanding of how the equity market worked.

Surprisingly he also had a conscious repulsive tendency towards investment insurances, particularly ULIPs. Instead, he had his investments in ELSS funds and PPF among other instruments for tax benefits.

He had all the basics done right and showed excellent commitment. For a person who is not in the industry of personal finance or even finance, I must say his ‘portfolio’ was in pretty good shape.

Preceding to our first meet, Vishwanath had visited Hawaii to attend a business conference in the month of January.

On a dreadful day, Vishwanath woke up to a notification that made him realize how much out of control everything is.

The notification on his phone read:

“BALLISTIC MISSILE THREAT INBOUND TO HAWAII. SEEK IMMEDIATE SHELTER. THIS IS NOT A DRILL”

He was convinced it wasn't a joke; after all, he was in the place where the Pearl Harbour attack happened.

Panic began to set in.

“Why does someone from southern-most India have to come halfway across to this? It wasn't fair at all!”

His words were simple and carried an enormous weight for anyone to bear. It is, indeed, not fair. Nothing ever is.

Talking to him, it was apparent that fear of abandoning—or being forced to abandon—your dependents, your family is worse than the fear of death.

Think about it, which is harder, facing your own death or being forced to give up your family for no reason at all?

This was exactly the situation Vishwanath was put in. He elaborated:

“I called my wife—told her there is no time to worry. I talked to my children, too. Above all the fears and tears, I wanted to make sure they are safe, even in my absence.”

“I am still not sure whether it was instinctive or not. I started to imagine them going on about their life after this. I told her what I had planned for our family, especially our children and their future. What I had in mind and how I had planned and built my investments and everything.”

“Honestly, I didn't think she listened to it at all. I was dumping all my responsibilities onto her. It is the last of things any man would want to do. But I was helpless. And I cursed myself for that.”

What he meant was very clear.

Even with some good investment decisions and financial stability, the financial future of Vishwanath and his family was still a question mark. You cannot expect life to play fair, can you?

What would happen if his wife also had gotten sick or lose her job after he's gone? Even though the odds of it happening are minuscule, looking at what is at stake, you definitely cannot take a risk. Uncertainty has been the biggest enemy of peace of mind. And it's a terrible thing to live in the fear of it.

Fortunately, Vishwanath got a second chance to fix some things and increase the odds against uncertainty. The EMERGENCY ALERT turned out to be a false alarm. The same was taken back after “40 minutes of terror”.

He didn't wait a day after coming to India, to home. Being already aware of personal finance and its working, he knew he needed a solid financial plan. And here we are today.

After returning Vishwanath met a financial planner and created a financial plan teaming up with his wife. Both of them review their financial plan at least once a year together. They discuss and take every financial decision unanimously.

When asked,

“We don’t plan on winning the fate, but we don’t plan on giving fate easy win over us either. We honestly started it as a precautionary measure; we expected it to be tiring. But now it is more of an adventure, we understand each other even better and that makes life interesting.”

This should be one of the best decisions of Vishwanath. Creating a financial plan is one thing, but creating a financial plan as a family simply amplifies its effectiveness.

“Even though I hate to even talk about it, this incident gave me the push that I needed the most in my life. I am grateful for every new day and the opportunities I get.”

“I still don’t want to die, but if I must go, I’ll be at least at peace this time.”

—Said Vishwanath with a subtle smile on his face.

Vishwanath was lucky enough to get a second chance. Others may not, you may not. Financial planning sets your goals and investments in motion. It allows you to confront some of the worst possibilities ahead and make plans to tackle them in advance. It raises your odds against life’s uncertainties.

Major Events

September 2023

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 Manufacturing PMI	2
3	4 Service PMI	5	6	7	8	9
10	11	12 IIP/ CPI	13	14 WPI	15 Advance Tax Filing	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30 Last date to file income tax audit report

PMI - Purchasing Managers' Index

IIP - Industrial Production Data

CPI - Consumer Price Index

WPI - Wholesale Price Index

Our Client's Feedback

Dr. Niranjan Shendurnikar
 Pediatrician

Since the beginning of my career, my priorities were not well defined, the goals were somewhat hazy and the means to build up the savings and a direction for investments was lacking. Meeting Prakash Lohana & Ascent Team was a unique experience in itself (wishing that it had happened a few years earlier on) which made me and my spouse realize that wealth management is a strategy, it as a science and it needs a vision and a direction with a clearly defined objective. Ascent Team takes care of this expertly and precisely for me since 2011.

Understanding the Debt to Asset Ratio

The debt to asset ratio is a metric that helps an individual to determine if they have over-borrowed (or) are in a difficult situation, i.e., they are experiencing solvency concerns. When taking out a new loan, the debt-to-asset ratio should be considered. If you have previously borrowed above your ability to repay, it is best not to take out another loan. Your financial responsibilities will rise as a result. A better option would be to wait until you have paid off your previous loans.

The formula to calculate the ratio is,

$$\text{Debt to Asset ratio} = \frac{\text{Total Debt}}{\text{Total Assets}}$$



Let's understand with the help of an Illustration:

Mr. Amit runs a business who has various debt obligations such as Home Loan, Personal loan, Credit Card Balance, And Other Outstanding Debt worth Rs. 50,00,000 and he has total assets worth Rs. 1,50,00,000. What would be his debt to asset ratio?

$$\begin{aligned} &= \frac{50,00,00}{1,50,00,000} \\ &= 33\% \end{aligned}$$

Whereas, Total debt includes standard debts such as a vehicle loan, a home loan, or a personal loan, as well as credit card payments and money borrowed from private lenders.

An individual's Total assets includes all that he or she has. These include cash, investments, a vehicle, a home, jewels, land and property and so on.

An ideal debt-to-asset ratio is no more than 50%. It is recommended that your debt (loans, credit cards) not exceed 50% of your entire assets.

Your debt to total assets ratio calculates the percentage of your assets owned by creditors. Your ratio decreases when you begin to repay obligations such as a personal loan or mortgage.

Debt to total assets ratios is often higher in young people and decrease with age. As you approach retirement, the smaller your ratio, the better.

Vote Of Thanks

Dear Reader,

We really appreciate everyone who took the time to read and interact with our material as we approach the close of another edition of our newsletter. We anticipate your ongoing encouragement and support.

We would like to express our sincere gratitude to Mr. Amit Trivedi for his invaluable contribution in this newsletter. Their insightful and thought-provoking contribution have truly enhanced the quality of this newsletter.

We also want to express our gratitude to the members of the editorial staff, authors, designers, and everyone else who helped with the production and dissemination of this newsletter.

We make an effort to deliver pertinent, educational, and interesting information that represents our beliefs and interests. As we work to enhance and expand as a newspaper, we are always open to your comments and recommendations.

Thank you for joining our community. We look forward to bringing you even more exciting content in the future.

Best Regards,
Ascent Financial Solutions Pvt Ltd.

Disclaimer: The content provided in this newsletter is for informational purposes only. The views and opinions expressed in the articles are those of the individual authors and do not necessarily reflect the views of the newsletter's editor or publisher. The information contained in this newsletter is not intended to provide professional advice or recommendations of any kind. Readers are encouraged to seek the advice of a qualified professional for any questions or concerns they may have. The editor and publisher of this newsletter are not responsible for any actions taken by individuals based on the information provided in this newsletter.

"Investment in securities market are subject to market risks. Read all the related documents carefully before investing."

"Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors."



**Partners
In
Transforming
Your Financial
Lives**



Location

315-316, Notus IT Park Sarabhai
Campus, Genda Cir, Vadodara,
Gujarat 390007

Contact

+91 74900 56120
financialplanning@ascentsolutions.in
www.ascentsolutions.in