Ideas for investing

1. Mutual Funds(MF)

A. Onetime investment: Go for big names and their large cap 5 star funds. Like that of ICICI Prudential, Mirae Asset, HDFC, Axis, DSP, etc.
B. SIP: Can go for sector specific funds like Midcaps, Small caps, Health, Technology, Pharma, Finance, Pure Debt funds, etc. as per own gut instinct and flavour of markets. In SIP, same predefined amount is invested in a Mutual Fund for specified period at fixed intervals. Advantage is we get higher number of Units when NAV is Low and lower number of units when NAV is high. So, it gives better weighted average cost of acquisition as compared to purchasing fixed number of units of a MF, say every month.
C. TIP (Targeted Investment Plan): ICICI Direct offers this modified SIP. Here, you decide on SIP with maximum and minimum outflow every month. Say 5000 to 8000. Now, At time of SIP, algorithm calculates Fund value till date and as per your desired rate of return and Target Fund Amount, SIP amount is decided dynamically every time. So, when market is UP, less amount will be invested(5000) and when market is DOWN, more(8000) will be invested. It will give better returns than fixed SIP in long run, which simply changes number of units but not amount.
D. DYNAMIC or BALANCED FUNDS: These funds dynamically change the ratio of investment between Debt and Equity as per market scenario. So, when Equity markets are high and it's algorithm calculates that shares are overpriced and returns from Equity are going to be limited, it may allocate more in Debt, say 60% and less in Equity, say 40%. Viceversa, when it's algorithm thinks Markets are underpriced. Some consultants have even own algorithm which switches from Dynamic to Equity in MFs of same companies. That way, they avoid Exit Load charges.
E. NFO (New Fund Offer): Be on the lookout for NFOs of reputed MF Houses and make one time investments in them. Normally, they offer good returns for initial one-two year as they want to entice more customers. Although risk is higher. They could be sector specific or broad based.
F. Emerging/Foreign market funds: International markets are currently giving better returns then Indian markets due to flush of liquidity all over the world, especially in Europe and USA. Identify some good funds and invest in them too.
G. Never ever withdraw from Mutual Funds for booking profits or thinking you are timing the markets. I tried that and regretted later. Money that remains invested will always give better returns in the long run. Withdraw only when there is a genuine need.

H. Switching: Sometimes, we feel fund is not giving sufficient returns and think of switching from one fund to another, but it is only a myth. Firstly, If we switch, there are hidden charges of Exit load, which is not visible to us. Secondly, if a fund is underperforming, there is better opportunity to invest even more in it, because markets will eventually bounce back sooner or later.
I. ELSS: Investments in Equity linked savings scheme MFs are locked for 3 years and can be claimed for deductions from salary under Sec 80C. You can withdraw only after 3 years. But it is not compulsory to withdraw. You can remain invested as long as you want, which you should.

2. INSURANCE
A. ULIPS Unit linked Insurance Plans: These plans generally give lower returns than MFs. The only advantage is those who are not disciplined in MF investing can be more disciplined here. You have option of Maximiser or Balancer plans and have option to switch in between these two, which is another word for investing in more Equity based or Debt based instruments.
B. TERM PLANS : If we can stick to our commitments to invest in a disciplined manner in MFs, then best go for Term plans only. In present scenario, with age below 40, best is go for Term plans of at least 2 Crores. Again, one can go for short term payment(10-12 years) and lifelong coverage or keep making payment till 70 years of age. From opportunity value of money and considering

inflation, paying till maturity is better option than short term payment option. However, short term has advantage that you only have to pay for limited time and then can forget about it in future. Policy Bazaar has some really good options and it's easy to manage there. According to a study, Average term insurance premium increases exponentially with age. According to the report, premium prices increase exponentially as we age. Delaying a term plan purchase by 10 years costs on an average 45 per cent higher for a 25-year-old and 70% higher for a 35-year-old. The report said, "People aged 55 are paying the highest amount, which is four times more than what a 25-year-old is paying. Therefore it is always better to enter into a term plan early and lock-in the prices."
C. MEDICAL INSURANCE: It is an investment and not a useless expense. Start early to get advantage of lower premium costs. In present scenario with increasing lifestyle diseases, it is important to have a medical insurance. Also, add a floater policy over and above standard policy. Even if your company offers free medical insurance, start your own medical insurance policy as soon as possible to cover family members and yourself for future emergencies. As company policy won't cover you if you leave job or after retirement. And later on the costs of joining a new policy become very high.

3. EQUITY You need to have DEMAT account to deal in Equity in India.

A. IPOs: You must invest in new IPOs regularly. Most IPOs that are coming in market at present are leaving sufficient scope for listing gains to entice investors to subscribe. But before investing, check out their Grey market premium on internet. That will give us an idea for listing gains or not. In coming times, Technology stocks, especially of UNICORNS, are expected to give good returns. But remember, they are no longer being evaluated on basis of current earnings like old established companies but on future potential profits which no one really knows when or how.
B. TRADING: Every intelligent person must invest in Equity and do trading in it. For those not having time to check Equity prices on hourly basis, you can take a long term trading approach, say holding for a week to month. But still one needs to check prices of Shares in your portfolio at least once on a daily basis if one wants to do any type of share trading.

C. SEP: Systematic Equity Plan is an interesting option offered by ICICI Direct where we can invest in a stock every month (or fixed period), just like we do in SIP for MFs. It is a hassle free way to invest long term in a stock of choice. Same advantages are there as for SIP in MFs. Check with your Service provider.
D. IDENTIFYING STOCKS: For identifying specific stocks, rely on research done and published on portals like Moneycontrol, ICICI Direct, etc. Lakhs of people read these recommendations so even if the research is flawed, thousands are still going to invest on these recommendations. It will create a demand for these stocks. So, there is advantage in numbers. Don't be wedded to stocks. They are just a source of income. Use them and discard them frequently. There is always another opportunity going to come in a new stock. Insider information on stocks is rare and hard to come by. Don't ever rely on Tips from anyone. Even your boss. Always prefer Stocks from BSE Sensex or NSE 50. Or at least from A category or Large caps. Directly Investing in Midcaps or Small caps is always risky. Prefer MFs for them. Remember, Midcaps and small caps are last to rally when there is Stock market rally and first to fall down when markets crash. Some important parameters that we can look into before investing are Stock PE ratio v/s Sector PE, PB ratio, Market cap, Volumes(any recent spikes), 52 week high low, Piotroski Score, Moving averages. Technical Analysis is also useful in identifying stocks but not everyone can understand or use it unless you do a course on it.
E. DAY TRADING: This is strictly for experienced and people having lot of spare time. Extremely dangerous and 9 out of 10 day traders make losses. Only market operators (big bulls and bears) make profit. Even more dangerous is to short (Selling without actual possession, in

anticipation of future price drop) any stock. Because, at least when you go long (buy) and end up being wrong, you can still take actual delivery of stock and sell at a later date when prices go up. But when you short, you have no choice but to square off your transaction.

F. FUTURE and OPTIONS: Again highly dangerous and strictly a no-no for beginners and guys and gals with regular jobs or business. It's gambling and nothing else.

G. SUGGESTED STRATEGY: Remember, inspite of all the investment advice and research, we can never perfectly time the markets. So, we need to have a strategy to safeguard ourselves. Invest in a selected A grade stock with good fundamentals, at your preferred price. Wait for stock price to move.
    A. If it goes UP, say 5% in fortnight or a month, book profits by selling 50%. This is much better than any FD returns. Sell remaining at 10-20% profit whenever you can.
    B. If it goes DOWN, say 5% or more in a fortnight or a month, do nothing. If it goes further down, say 10% or more, buy double the number of shares of original investment. Keep doing this for every 10-20% subsequent drop. Don't despair. In fact, be happy when there is a huge price fall, say 30-40% from original purchase price. You can now purchase your stock at dirt cheap prices. Added advantage is funds invested is also less. Wait patiently. Have faith. There will come a time when you will get your price increase. Every share eventually bounces back, especially if fundamentals are good. Be firm and never panic. Exit only with profit. Keep remembering, It is a loss only when you sell it. Until then, it is just an investment. MY GOLDEN RULE is NEVER BOOK LOSSES.
    C. For this strategy, you need to have patience and always maintain reserve funds. Never invest all your money. But this will always give profits in long run. Guaranteed.

Above is just one strategy for a risk averse Trader. One can evolve one's own strategy with experience.

H. ETFs : This is a good route to invest in say Sensex, NSE 50, Gold, sector specific stocks when we want to spread the risk and not invest in 1 or 2 specific stocks. Good for those who want to go for long term investment in stocks.

4. GOLD

Gold is considered overpriced at this point of time. But, If you really want to understand Gold, always benchmark it against the average monthly household expense of an upper middle class family in India. Historically, price of 10 grams(1 tola) of Gold is equivalent to one month's household expense of an upper middle class family of India. So if 10 grams of Gold costs say 50,000 rupees today, that is what an average upper middle class family of husband, wife and 2 children is spending every month in present times.

That is why Gold is volatile due to uncertainty of Covid 19 and how lot of families are facing pressure on their monthly incomes and expenditures. From all accounts, It will not stabilise soon. Also, Gold prices are inversely proportional to Dollar. Strong Dollar results in price drop in Gold

and vice-versa. It is also affected majorly by Government policies worldwide. In India, Union Government is doing everything to bring sale and purchase of Gold under Billing system as it is major concern for black money. Soon, it will be compulsory for every milligram of Gold to be hallmarked. Entire Gold chain will be brought into the online system like GST. It will be impossible for Traders and retailers to do any transaction in cash as every invoice will have to be uploaded on Government portal. No one will be able to break the chain.
Gold can be invested through either Physical route, ETFs or Mutual Funds. In present scenario with high volatility, I recommend to avoid one time investments in Gold. Instead, It is better to invest through a staggered route like SIP in MFs or SEP (Systematic Equity Plan) for ETFs. Before investing in any ETF, please check if it has reasonable corpus and good liquidity on the stock exchange. Major Gold retailers also offer yearly or fixed period plans for investing in physical gold at market prices.

5. PPFs, EPFs, Pension Plans, FDs, SBs
These have fixed returns and are best for highly conservative and risk free returns mindset. Best avoided by youngsters below 50, unless it is a mandatory requirement by the companies they work in, like EPF.