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Five things a women should know about investing

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Volatile global and domestic markets, significant RBI policies, changes in the regulatory environment not to mention modifications in tax rules every year can make investing challenging and onerous. Can you be on top of your investments in such an environment? I believe you can if you follow these five golden rules

1. Plan your asset allocation well: Broadly there are four asset classes: Equities, fixed income (including FDs and tax free bonds), gold and real estate. Based on your risk appetite, investment horizon, tax applicability and liquidity needs plan a rough asset allocation mix between these four. This should stand you well in good and bad times.

2. Choose a reputed advisor: Unless you have enough time and resources to research funds, new products, handle paperwork, coordinate with different financial companies you will need the help of a good financial advisor. An independent fee based advisor who avoids expensive plans and commission based products and is not affiliated to any one company or bank should be selected.

3. "All under one WINDOW"- Devise a simple online method to track your consolidated portfolio It's important to monitor your portfolio on a regular basis (at least weekly). At the click of a few buttons you should be able to view your entire portfolio be it mutual funds, stocks, FDs, ULIPs, PF, PPF, etc. No portfolio can be static forever. Even asset allocation mix may change over period of time. Some funds which maybe underperforming may need to be sold off.

4. Holding gold investments in a convenient form: While most women understandably have a bias towards gold in jewellery form, it is advisable to hold most of one's gold investments in ETF form or invest in the newly launched 'Sovereign Gold Bond Scheme'. Risks of theft and hassles of storing physical gold as well as ensuring the purity of the gold can be avoided.

5. Real estate investments should be avoided: I would not advise real estate investments at all. Property for self-occupation is definitely required. However when it comes to dabbling in real estate for investment purpose there are several risks: large outlay of one's savings/capital, housing society maintenance costs and other annual regular interiors upkeep costs, loan costs (if loan is taken), builder risks (especially if it's an under construction project), change in surroundings leading to decline in property value, time and effort involved in renting out the property etc. Most real estate investments are subject to steep capital gains tax and they are extremely illiquid. Unwinding or selling off your investment can take a lot of time. When one factors in all these costs the return from real estate investments may not be much higher than other asset classes. If you still are looking to invest as a rough thumb rule would not advise more than 50% of your total savings to be locked up in real estate investments.

The financial product which is convenient, low cost, simple to use and understand and with the highest standards of customer service are mutual funds. Mutual Funds can help to achieve one's saving and investment goals and are relatively easy to get in and get out as compared to other financial products.