



SIX KEYS TO SUCCESSFUL INVESTING

Investing is the process of deploying your savings optimally with a view to growing your wealth over time. While it sounds simple on paper, in practice it turns out to be quite a stressful exercise due to various reasons. Well, here are a few pointers that could make your investing process more successful.

Invest with a plan and purpose

Every paisa that you save and invest is to meet some financial commitment or aspiration in your life, right? If yes, then shouldn't every paisa be working towards meeting an identified and defined goal? Well, it is only when you know the finish line that you can win a race. So the very first step in your investment process should be to identify your financial goals as specifically and as practically as possible. You can then identify the right investment products that would suit your goal.

Start investing early

Money matters usually fall at the bottom of the to-do list in our busy daily life. When everyday is a challenge in itself, thinking about the distant future seems a luxury. Whatever may be your circumstances, you need to start investing today, if you haven't already done so. Also, when you start investing early in life, you benefit from the 'power of compounding' (your investment income earns you more income over time). So take your first step now because every marathon has to begin with the first step. By starting early, you have more time over which you can achieve your financial goals.

Win the race against inflation

If there is one hurdle to your financial life, it is inflation. This invisible evil keeps eating into the value of your hard-earned money and over a period of time, reduces its purchasing power. So, your investment program should aim to match inflation at least and better still, beat it if you desire to build your wealth for the future. Remember, investing is like climbing a greasy pole with inflation being the grease that continuously makes your climb difficult.

Take emotions out of your investments

Your biggest enemy in your investment program could be your own emotions. It often pushes logic and reason to the background and this is where much of the investment benefits are lost. So once you have made a plan after putting a lot of thought and effort, stick to it with a lot of conviction without allowing your emotions to affect your decisions. Using systematic plans plays a role here where you invest periodically irrespective of where the stock markets are headed in the short term.

Axe the tax

Like inflation, tax has the potential to adversely affect your final investment performance. Eliminating or even postponing tax legally is quite possible by selecting the right investment product. Capital gains and some dividends enjoy tax-free/concessional taxation benefits and you may want to explore these while investing your savings to achieve your cherished financial goals.

Evaluate your progress

Investing is not a one-time "do it – forget it" activity. It is in fact a life-long process. Every stage in life brings a different financial situation and needs. Then you have the external economic environment that is ever-changing to deal with. So your investment activity will need to be dynamic. You should review your plan and investments periodically to make the necessary adjustments and course corrections. Your financial advisor would help you put the pieces together in evaluating your progress towards your financial goal without burdening you with the pressure of doing it too often. So do discuss with your advisor periodically.

How you invest could determine 90% of your investment success and this simple guide would hopefully help you do things right.

Please consult your financial advisor before investing.