

## Rediff Chat Session with Mr. Anil Rego, CEO & Founder Right Horizons.

**Date: 16<sup>th</sup> Jan 2009**

**Anil Rego says,** A very good afternoon. This is Anil Rego. I am ready to take your questions.

**DDD asked,** Hi, i have read a couple of articles from you on MC and Papers, just wanted to know how true is the thumb rule of investing saying 100 - persons age should be in debt, and how should one go about it????

**Anil Rego answers,** 100 - persons age should be in equity. This automatically reduces your risk. Some suggest on a more conservative way to use a thumb rule of 80-age. This is just a thumb rule. It is better to study your own risk appetite (could change if you have dependants, wealth you have created, etc); your liquidity requirement, your needs and then arrive at the appropriate risk you can take.

---

**dinesh asked,** Dear Anil, To invest directly in market,we require information about the company. can you kindly tell me from where to access the required information.  
Dinesh

**Anil Rego answers,** There are many sites that provide you information like [valueresearchonline.com](http://valueresearchonline.com) for mutual funds and portals like moneycontrol, MyIris, Yahoo finance, etc. for equities and mutual funds.

---

**GAURANG asked,** HI I HAVE DONE FOLLOWING INVESTMENTS. FOR TAX SAVINGS: -  
ULIP - ICICI PRU LIFE TIME SUPER - MAXIMISER PLAN. STARTED IN OCT 2006 -  
ANNUAL PREMIUM. - ULIP - HDFC UNIT LINKED SUVIDHA PLUS ENDOWMENT PLAN -  
EQUITY MANAGED FUND - STARTED IN DEC 2006 - ANNUAL PREMIUM.. - SBI  
MAGNUM TAX GAIN - DIVIDEND SCHEME - STARTED IN JAN 2008 - ANNUAL  
PREMIUM. PLEASE LET ME KNOW WHAT YOU THINK ABOUT MY TAX SAVING  
SCHEMES. ALSO SUGGEST IF YOU WOULD SUGGEST ME TO SWITCH TO MONTHLY/

HALF YEARLY PREMIUM OR KEEP IT ANNUAL. FOR NON TAX SAVINGS, I HAVE 3 SIP'S - RELIANCE GROWTH - STARTED IN JUNE 2008 - 2000/ MONTH. - DSP ML TOP 100 - STARTED IN JUNE 2008 - 2000/MTH. - HFDC TOP 200 - STARTED IN OCT 2008- 1000/ MONTH. PLEASE LET ME KNOW WHAT OU THINK ABOUT MY COMPLETE PORTFOLIO. I AWAIT ALL YUR VALUABLE SUGGESTIONS.

**Anil Rego answers,** I would suggest you try and use SIPs are far as possible both for tax saving and non tax saving funds. You do not seem to have lower risk options in your portfolio- debt options and gold funds. I would suggest you keep some funds for liquidity as well.

---

**pradeept asked,** i have invested in folowing manner can u suggest me about my portfolio sbi horizen ULIP 2000 p.m. franklin flexi cap - 1000 birla sun frontline equity - 1000 reliance diversified power fund -1000 reliance vision fund -500 hdfc tax saver-100 birla sun life ulip -1500

**Anil Rego answers,** You do have a good breakup of funds. I would suggest you use a diversified fund rather than an sectoral fund (power sector fund). Also, pls look at all the charges while investing in a ULIP. Many times, the best ULIPs are not sold.

---

**raj asked,** Sir,can you please suggest or give some tip for fast money to recover some of the loses incurred in my diversified protfoloio in last few months on being a investor

**Anil Rego answers,** Raj, unfortunately there is nothing that is a sure way to earn fast money. Disciplined long term investing is what creates wealth. Eg if some made an investment of Rs 10K per month for 10 years and invested Rs 12 lakh, this would have been about Rs 18-56 lakh in a bear phase (oct 08 when market was down), Rs 80 lakh - Rs 1.2 crore in a bull market (Nov 07) and Rs 60Lakh - 1 crore in a median market (Feb 08). I have excluded the wort and best funds in this data.

---

**syam asked**, Sir, I am Investing Rs 1000 each in following mutual funds through SIP per month . They are 1. DSP Blackrock Top 100 2. IDFC Imperial Equity fund 3. SBI Magnum Contra 4. Kotak Opportunities 5. Reliance Regular Saving Equity Fund .6. Sundarm SMILE Fund and ELSS in 7.Sundaram Tax saver 8. SBI Magnum TAX gain . My investing time horizon 10 to 15 years . What is yur advice ? whether I will continue these funda or any change I will do ? Please give ur opinion .

**Anil Rego answers**, I would suggest you lower the number of funds and stick to about 5 funds. Each of the fudns are already diversified. You will find it difficult to keep track and could have issues while filing your returns and computing capital gains if there are so many transactions. Kotak Opportunties can be definately dropped.

---

**Arup asked**, I am planning to buy 500 shares of Satyam, your advice please? And suggest some more shares within Rs.50/- which can be good for a long term investment (10 years)?

**Anil Rego answers**, I would not like to give any stock specific advice on this chat. However, wanted to comment that a common investor best stay out of stocks where there is a controversy since the volatility will be very high and also risk of capital. If you invest in stocks like Satyam, restrict it to about 5-10% of your portfolio.

---

**naveen asked**, sir can you please suggest me the top 2 ELSS funds available in the market? I already have HDFC, Fidelity, DSP and reliance ELSS with me ? Is it a right decision to avearge these out for this financial year intead of buying new funds?

**Anil Rego answers**, You can use Franklin India Tax Shield/ Sundaram BNP Pribas Tax Saver. The other funds you have used are also good. You can continue using the same as well. Too many funds will also be difficult for you to track.

---

**Kalpesh asked**, Hello Anil, I am a salaried person ... am able to save Rs 15K p.m. - Where shall I invest to have combination of good returns and security also

**Anil Rego answers,** Kalpesh, I would suggest using a portfolio approach. Using a combination of SIPs, Insurance (to give family protection and for needs like children's education), Debt Funds (for liquidity), Gold funds. The objective would be to match the avenues with your needs, take care of taxation and also provide you liquidity when you need.

---

**urvi asked,** Dear Anil, kindly suggest what is best investment seeing today's scenario of market to save tax.

**Anil Rego answers,** I would suggest that we look at a combination of investments in all market conditions. Some secure (like PPF, Bank FD, Traditional Insurance) and some higher risk-return (like ELSS mutual funds, ULIPs). Having an asset allocation will ensure you get good returns at the same time are protected in down markets.

---

**ajay asked,** good afternoon sir. This is ajay from Jaipur. sir according to your analysis what is the market trend? with the fact that elections are going to be in April and

**Anil Rego answers,** I do expect a bear market rally over the next 3-9 months. However, one needs to keep in mind that bear market rallies may not sustain. The fall can be used to re-enter the market.

---

**Murali asked,** Hi Anil, I had invested 70% of my monthly savings in SIP from last 3 yrs, now all profit is lost and I am sitting on losses. Should I continue or move partially into fixed instrument. What should be the horizon for ULIP plan as it is front loaded and needs at least 6-7 yrs just to break even. In what cases is ULIP suitable (pension/savings)

**Anil Rego answers,** Murali, I have earlier given the rationale for continuing your SIP. By moving to a fixed instrument, you may end up missing out the better investment points. Not too many people make money on markets because past data is the worst when it is the best time to buy and vice versa. Past data was the best when the market was at the peak. Going forward, I would suggest when markets are at a peak a profit

booking is done. Continue your SIP. If you see a bear market rally, that could be a good time to partially exit your past holdings.. the earlier installments could be in profit in a market rally. ULIPs break even after about 7-8 years so consider them only if you are willing to wait it out. The secret is to look for a ULIP with a lower Fund Management Charge (FMC) than say for a mutual fund. In that case, it could break even in the long term.

---

**tatt asked**, hi Can you give me some information on returns on Profit Plus ULIP .

**Anil Rego answers**, You can find info on the LIC website <http://www.licindia.com/>.

This site will provide you the full detail of the plan.

---

**SB asked**, I am investing in a ICICI SIP with Rs.3000/- per month. Is it possible to reduce the SIP amount?

**Anil Rego answers**, Not sure if you are talking about a SIP from a Mutual Fund or from a Unit Linked Insurance Plan (ULIP). This SIP from a Mutual Fund can be stopped and restarted for lower contribution. Most ULIPs do not allow this flexibility.

---

**shailesh asked**, Dear Sir, Kindly tell me, which sector is playing the leader role in next bull market & please suggest the stock for same. Shailesh

**Anil Rego answers**, In bear markets, defensive sectors like FMCG, Pharma, Telecom Service Providers and PSU Banks are likely to do better.

---

**shailesh asked**, Dear Sir, I have invested in Mutual fund through SIP in 4 Fund of Rs.1000/- pm for one year. The fund is, Tata Infrastructure Fund (G), DSPBR TIGER Fund (G), Reliance Vision (D), Kotak 30 (D). Please tell me about my Investment. Shailesh

**Anil Rego answers**, You are very heavy on the Infrastructure sector. I would suggest

you move Tata Infrastructure fund to a stable fund like HDFC Top 200 Fund. You can keep the other funds.

---

**ak asked,** Hi, i have invested 25 lakhs in the market in the last 2 years, which at the moment has gone down considerably. With a 2 year horizon, do u feel ne thing belwo 9000 is a good rate to invest? Also Is ELSS a good bet especially sundarm tax saver or PPF a safer bet in these times?

**Anil Rego answers,** I would suggest you continue to invest over the next 2 years to help average out and give you long term return. An SIP could be considered over the next 2 years - this should help recover. Try to invest about 12 lakhs over the next 2 years considering that you have put in a large sum in the last 2 years.

---

**sa asked,** Please suggests can I continue SIP of Rs 1000 each of HDFC Top 200, ICICI Dynamic, I am suffering lose of 48% from last six month, also please suggest for LIC M fund Infrastructure, I am also losing more than 48 % from last one year, I also want to start SIP of Rs 1000 with other large cap fund or some equity diversied mf , what about Kotak 30 please suggest fund, my time horizon are 8 to 10 years , my age are 41 yr , can I still invested in growth fund

**Anil Rego answers,** One of the key reasons for investing in a Systematic Investment Plan is so that you are able to also purchase units when markets fall. Eg. If you have bought units when market was at 20K and you buy units when markets are at 10K; you will recover your money when market hits 15K itself. If you do not invest on falls, then market has to go up to 20K for you to recover your capital. Continue with you SIP - HDFC Top 200 and ICICI Dynamic can be continued for SIP. You can use Reliance Growth fund for the additional SIP that you plan. You may need to hold on to LIC infrastructure for 2-3 years for you to break even and make money.

---

**456789 asked,** hi i am new investor i have invested Rs. 6000/- via SIP for six months in SBI Contra and DSP Black Rock (tax saving), i want to go for online trading what should be option as i want to save Rs. 1000-2000 for my kid for future please let me know what kind of MF or online trading should i do so that i should minimise the risk. again i have two LIC Policies. please help me i am new investor and dont know about the share market trading.

**Anil Rego answers,** If you need tax savings, then you can look at investing in and SIP of HDFC Tax Saver and Franklin India Taxshield. If you would like to be a little conservative considering you would like to plan for your child's education, you can use an SIP into balanced funds like HDFC Prudence or even HDFC Child Gift Fund. These would not provide you with tax benefits. Avoid direct share market trading since you are a new investor.