

Understanding Different Asset Classes



Indian Securities Market - Overview



Starting Investment in Securities Market

Accounts Required



Bank Account



Trading or Broking Account



Demat Account

Many DPs offer a 3-in-1 account opening facility which gives you the convenience of opening a trading, demat and bank account – all together. Now many DPs are offering online demat account opening. Trading or Broking account is required only if you want to buy / sell shares through stock exchange.

About NSDL



1996

First Depository
in India



One of the largest Depositories in
world

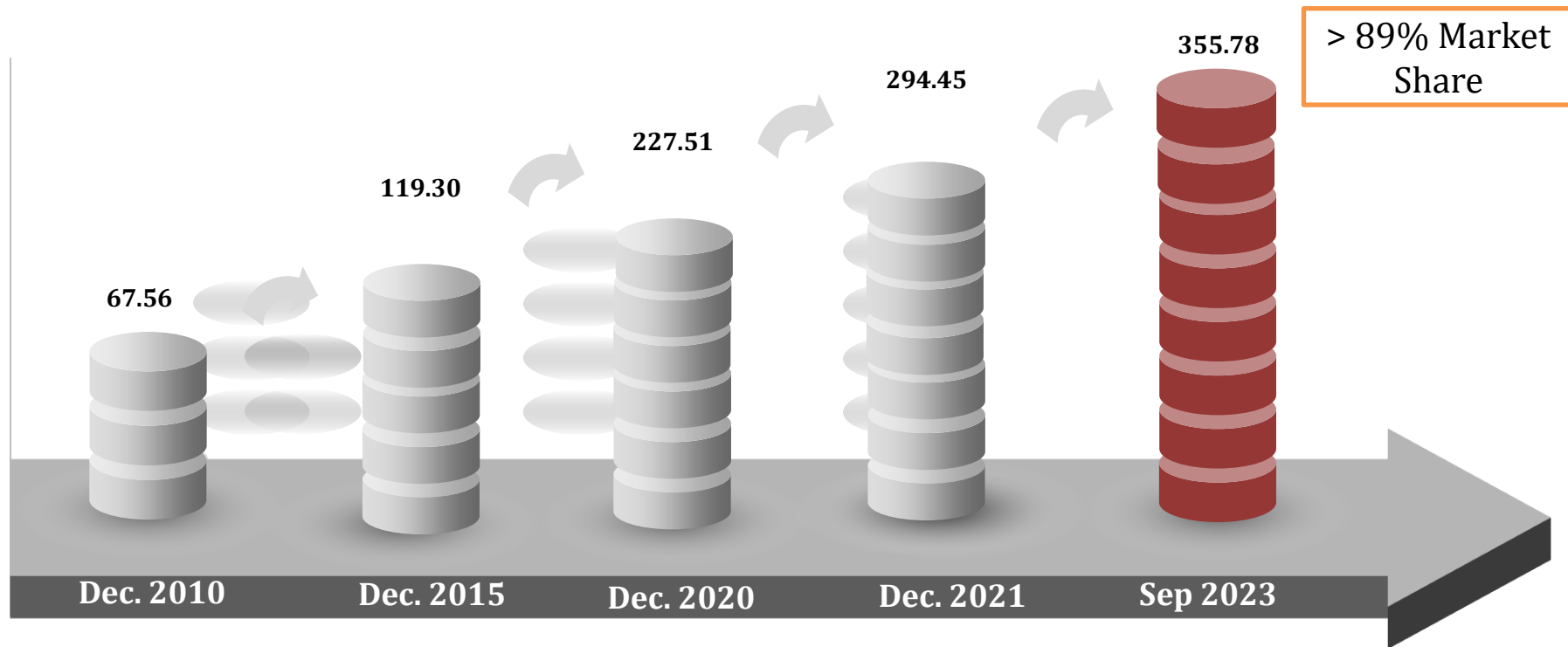


Investors present in more than
99% pin codes in India

Wide service network – all States
and UTs

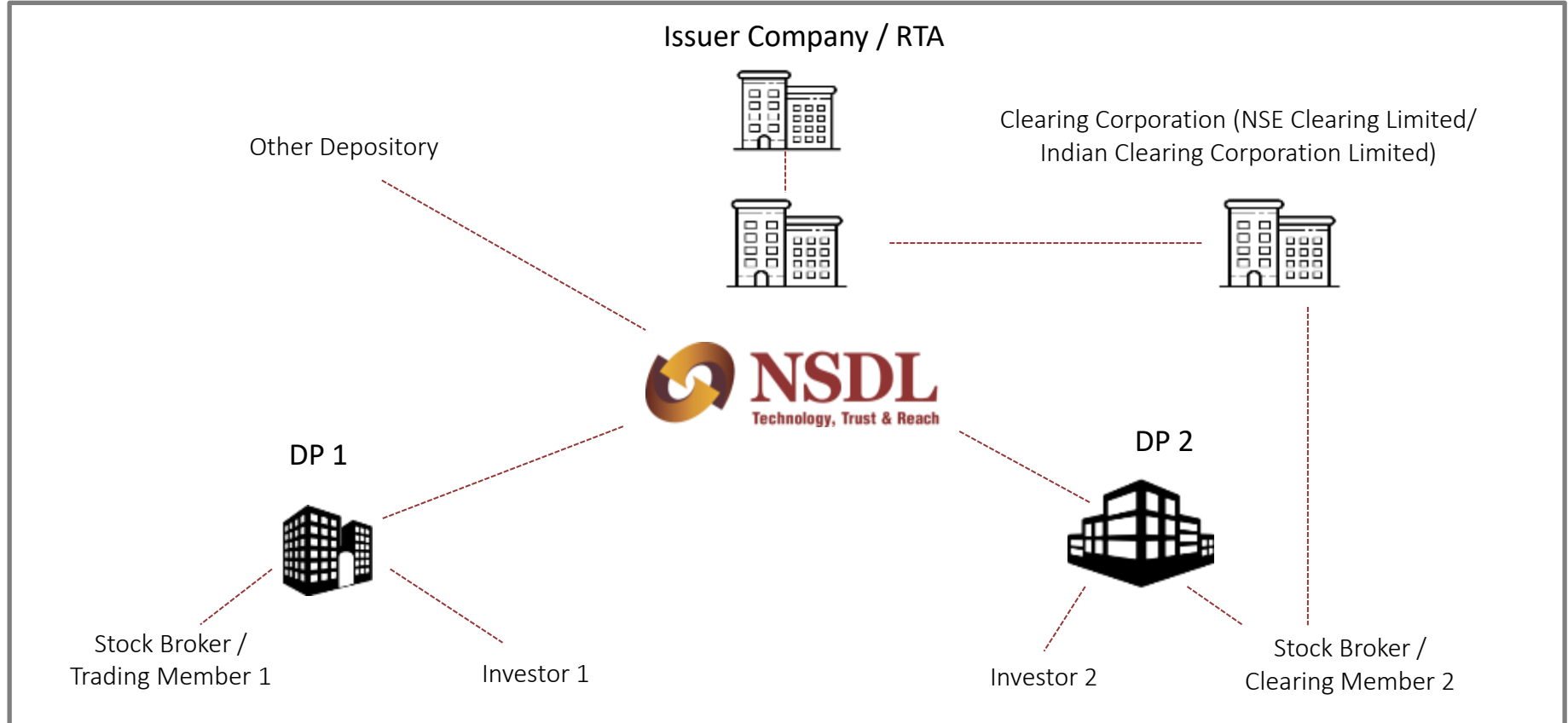
No. of Service Centres – 60,000+

Growing Custody Value

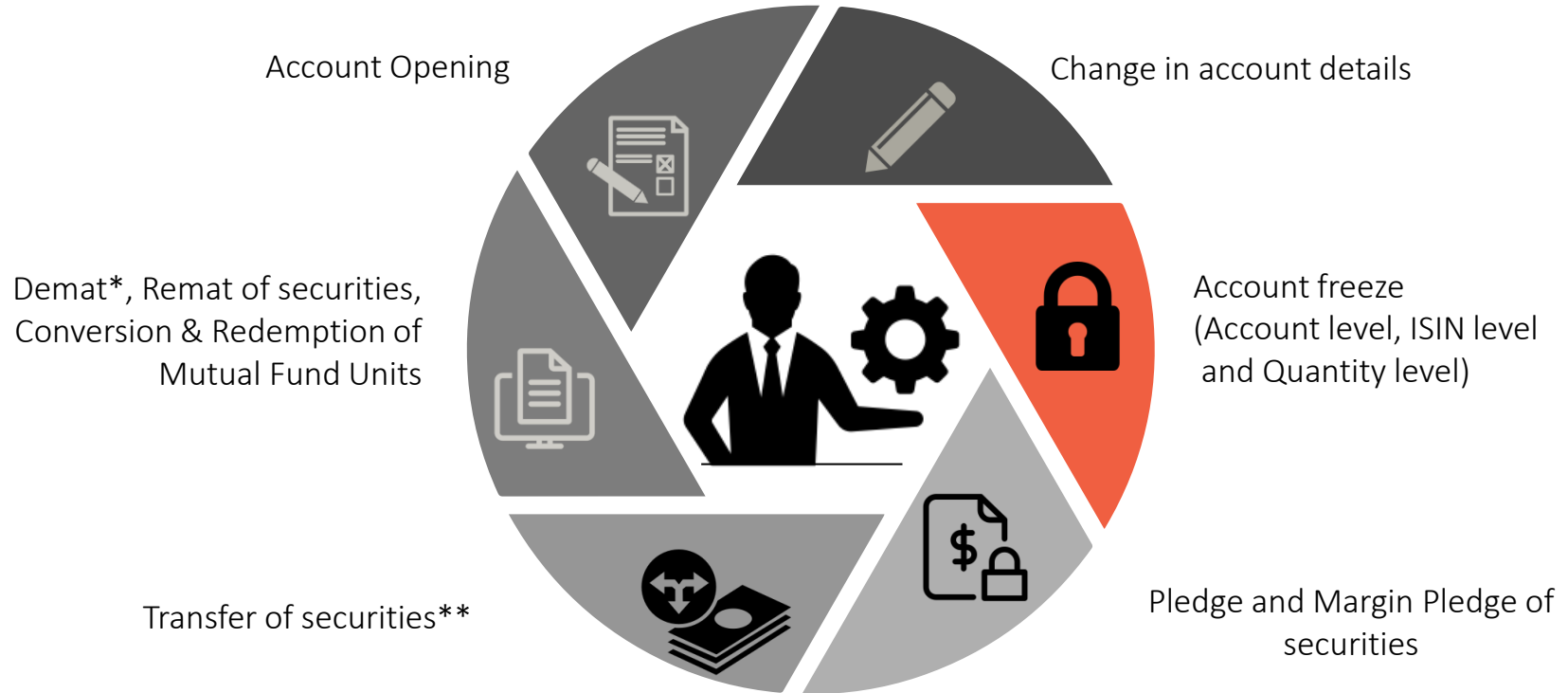


Total Value of All Assets Held In All NSDL Demat Accounts in ₹ Lakh Crore

Indian Securities Market - Depository System



Services offered by Depository Participant



*Even unlisted shares can be dematerialized. **Transfer of securities held in physical form not allowed w. e. f. April 1, 2019. Re-lodgement of transfer deeds which were submitted prior to this, but were rejected or returned, was allowed till March 31, 2021. Shares pending for transfer with listed company / its RTA shall be issued only in demat.

Key points on Anti-Money Laundering

Legislative and Regulatory References

- Prevention of Money Laundering Act, 2002
- Prevention of Money Laundering (Rules), 2005
- SEBI Master Circular – October 15, 2019

What is Money Laundering (ML)?

- Money Laundering is “the process in which the proceeds of crime are converted and disguised as legitimate assets”

What is Anti-Money Laundering (AML)?

- Anti-Money Laundering is “the initiative to effectively prevent, detect, control and report ML activities to the authorities”

What are Suspicious Transactions?

Transactions (including attempted transactions), that may involve proceeds from a predicate offence, do not have any economic rationale, made in circumstances of unusual or unjustified complexity or gives rise to a reasonable ground of suspicion that it may involve financing of activities relating to terrorism

Key Authorities – Financial Intelligence Unit (FIU-IND), Ministry of Home Affairs and the Enforcement Directorate

Key points for all Investors

Individuals:

- Provide officially valid documents for proof of identity and address
- Furnish correct information on income, occupation, business, marital status, etc.
- Provide accurate financial information – salary or business income as applicable
- Inform about any changes to the above information
- Invest only using own sources of funds, not third party funds
- Do not fall prey to any gimmicks or schemes from anyone

Non – Individuals:

- Provide officially valid documents for proof of identity and address
- Furnish information about Beneficial Owner(s), where applicable
- Furnish all other related documents (AoA, MoA, Partnership deed, ASL, etc.)
- Provide correct information about nature and type of business
- Changes to the above information may be duly informed to DPs

Cooperate with DPs who may seek any additional information for due diligence

Be diligent and aware about various money laundering schemes

Contact your DP or broker in case of any doubts

Be a Prudent Investor



Keep record of documents signed, account statements, contract notes received and payments made. Save important emails and take periodic back up of data.

Change password of your online accounts frequently.
Never share your passwords, OTP, CVV and PIN with any one.
Never click on suspicious links received via SMS, email or social media platforms.

Read SMS, emails, letters, statements, bills sent by your broker, bank, DP and NSDL. These are sent to you to keep you updated.

Accept the DIS only if serial number is pre printed and Client ID is pre stamped or pre printed. Keep DIS in safe custody.

Be a Prudent Investor



Inform your DP about any change in your Personal Information such as address, bank account immediately.

Always mention your Mobile Number and email ID in account opening form and keep them updated.

NSDL publications and presentations are available in Hindi, English and other languages at www.nsdl.co.in → Education

Schedule of Awareness Programs, Registration, Feedback and Webinar Recordings are available at www.nsdl.co.in → Education

Be a Prudent Investor – Don'ts



Never deal with any unregistered or unauthorised market intermediary. Check on the SEBI's website that your stock broker / authorised person, mutual fund distributor, investment advisor are registered with SEBI.

Never invest with borrowed money. Avoid unnecessary loans and credits.

Be a Prudent Investor

**Nominate Karo - Surakshit, Samajhdaar,
aur Atmanirbhar Niveshak Bano !**



**Hurry!! Last date is
December 31, 2023**

NOMINATE YOUR LOVED ONES TODAY!!

**Opting-in/Opting-out of nomination is mandatory in your
Demat Account to avoid your account becoming inactive**



SCAN TO
KNOW
MORE



SCAN TO
NOMINATE
ONLINE*

*Applicable to single demat account holder (Resident Individual) who
have not opted-in/opted-out for Nomination in their demat account.

Be a Prudent Investor

Do Not Fall Prey To Stock Tips, Hot Picks etc. Circulated on Twitter, Instagram, WhatsApp, Telegram, Unsolicited SMS, YouTube Channels etc.



Be a Prudent Investor – Consult a SEBI Registered Investment Advisor and Do Your Own Homework Before Investing

Be a Prudent Investor

Do Not Invest In Any Ponzi Scheme, Unregistered Collective Investment Scheme or Any Other Schemes Promising Unrealistic Returns



*Be a Prudent Investor – Consult a SEBI Registered Investment Advisor
and Do Your Own Homework Before Investing*

The Financial Kaleidoscope – Free monthly newsletter



www.nsdl.co.in



Education



Newsletter – The
Financial Kaleidoscope

SEBI Investor Website

Learn to Manage Your Money For Financial Well-being



Money Matters : Lets Understand

This Section will provide you Understanding about Money Related Matters

More...



Investment : Avenue to grow your money

This Section will provide you Essential Guide on Investment and Investment Asset Class

More...



Securities Market Investment : Lets Learn

This Section helps you to know about Investment avenues available in Securities Market

More...

Topics of Interest



Secure Your Investment Account



Nomination



SMS and Email Alerts to Investors



Apply in IPO through ASBA



Awareness Messages



Video Gallery



Investor Charter



Awareness Programs



Investor Support



Investor Alert



Events **
Ongoing Event-WTW 2023



Join us

Learn to Manage Your Money for Financial Well-being such as Personal Finance and forthcoming investor awareness programs, Financial Calculators, Financial Health Check-Up, etc. on SEBI's Investor website
<https://investor.sebi.gov.in>

SEBI's Mobile App for Investor Education



SAARTHI

SEBI SCORES Education

E Everyone

 Add to wishlist

4:21



Welcome to Saarthi - SEBI Investor Awareness App

4:18



4:21



4:20



4:21



If You are holding Securities in Paper form

1. Provide PAN, KYC information and Nomination to RTA / Company for all joint holders.
2. Get PAN and Aadhaar linked for all joint holders.
3. Folio may be frozen if not complied.
4. Electronic interface provided by company / RTA for various service requests like issuance of duplicate shares, transmission, change in name etc.
5. SEBI has prescribed 'Simplified and Standard Norms' for processing of various service requests [Form ISR – 1 and other forms available on website of listed company / RTA].

Grievances Redressal

1. Read Investor Charter at www.nsdl.co.in → Education
2. Lodge your complaint with SEBI at www.scores.gov.in/ or SEBI Mobile App – SCORES
3. For filing dispute for resolution by conciliation and arbitration, visit SEBI's Securities Market Approach for Resolution Through ODR (SMART ODR) Portal <https://smartodr.in/login>
4. SEBI Toll free helpline - 18002667575 / 1800227575
5. NSDL helpline - 022-48867000/022-24997000
6. Online submission of Grievances at www.nsdl.co.in → Query related to Demat
7. NSDL email for grievance - relations@nsdl.com
8. NSDL email for other information - info@nsdl.com



Understanding Different Asset Classes

Why Do We Invest?

Investment is necessary to support your financial needs when you do not earn money.

1. By investing a portion of your income you allow money to grow and work for you.
2. 3 parameters to assess suitability of any investment avenue are –
 - i. Return potential
 - ii. Safety
 - iii. Liquidity
3. Various avenues where money can be invested, are broadly classified into some groups, known as 'Asset Class'. Stocks or Equity shares are most popular class of assets.



What is meant by Asset Class?

1. An Asset Class is a group of different financial assets or instruments which have some common ground in terms of safety, returns and liquidity.
2. Typically various investment avenues under one asset class respond similarly to market conditions.
3. Historically, asset classes have shown significantly different performance in different market conditions.
4. Therefore, it pays to allocate different amounts to different asset classes.
5. This process of allocating or investing some amount to different financial assets or financial instruments is called 'Asset Allocation'.



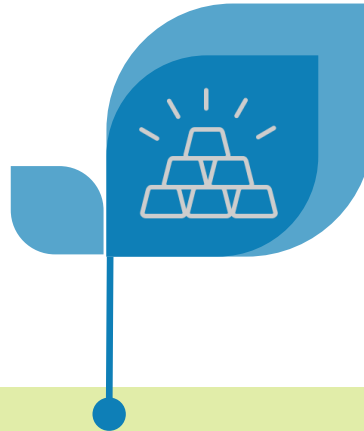
Type Of Asset Classes



Fixed Income



Real Estate



Gold



Equity



Cash and Cash
Equivalent

How to Decide Asset Allocation?

3 Classical Questions

1. Which are the appropriate Asset Classes for one investor?
 2. How much money one should invest in one particular Asset Class?
 3. How much money one should invest in one particular financial asset or instrument (within one Asset Class)?
- ✓ There are no standard answers for above questions.
 - ✓ Asset Mix varies from person to person.
 - ✓ Even for one person, Asset Mix is not constant. It varies over time.

Factors Affecting Asset Allocation



Time Horizon

Risk Tolerance

Risk versus Reward

Tax saving

In real life, there are many assets which can not be fit into a single Asset Class, meaning they are Hybrid Assets.

A Basic Approach for Asset Class Selection

	Students	Salary Earners - Private	Salary Earners - Government	Professionals	Traders	Housewives	Retired Persons
Returns	VI	VI	I	VI	VI	I	I
Liquidity	LI	I	I	LI	LI	I	I
Safety	I	I	VI	I	I	VI	VI
Tax Savings	LI	VI	I	VI	VI	LI	LI
Key: VI - Very Important, I - Important, LI - Less Important (Source: Ministry of Corporate Affairs, Primer for First-time Investors)							

Its not the case that all salaried persons should have similar Asset Mix. Even same salaried person will need to reconfigure his / her portfolio with advancing age, changes in family composition, etc.

Importance of Portfolio Diversification

1. An Investment Portfolio means combination of various financial assets belonging to different asset classes.
2. A well diversified portfolio reduce the overall risk and ensure optimal returns.
3. It ensures that portfolio performance is not affected by poor performance of any single asset class.



Some Important Asset Classes – Fixed Income

PROS

- ✓ Relatively low-risk category
- ✓ Can be easily liquidated

CONS

- ✗ Typically yield low returns
- ✗ Offers little or no tax saving

1. Typically have fixed return attached.
2. Time horizon is pre-defined generally.
3. Examples –
 - i. Bank Deposits – Fixed and Recurring - (FDs / RDs)
 - ii. Government securities
 - iii. Corporate debentures or bonds

Some Important Asset Classes – Equity

PROS

- ✓ Among the highest returns
- ✓ Can be easily liquidated

CONS

- ✗ Requires time to assess, monitor and manage
- ✗ Can be a high-risk category

1. Equity offers typically high but uncertain returns.
2. Examples -
 - i. Equity shares
 - ii. (Equity) Mutual funds

Some Important Asset Classes – Gold

PROS

- ✓ Consistent appreciation in value
- ✓ Safe against inflation

CONS

- ✗ Requires high investment and long term commitment
- ✗ Liquidating such assets can be time-consuming and a loss in value

1. It is the oldest form of holding assets.
2. It is popular across the world. Even central banks do hold some portion of their reserves in gold.
3. Various forms of investment in gold –
 - i. Physical gold – coins, bars, jewellery
 - ii. Digital gold
 - iii. Gold mutual fund and Gold ETF
 - iv. Sovereign Gold Bond

Some Important Asset Classes – Cash

PROS

- ✓ It is fully liquid by default
- ✓ The safest way to protect value against external factors

CONS

- ✗ Risk of theft if held physically
- ✗ Least appreciation in value
- ✗ Returns will almost always be less than inflation

1. Cash earns typically the lowest returns, yet essential component of portfolio.
2. A thumb rule – keep 3 to 6 times of your monthly expenses in Cash or Cash like assets as Emergency Funds.
3. Examples –
 - i. Hard cash or bank balance
 - ii. Foreign exchange
 - iii. Flexible fixed deposits
 - iv. Liquid mutual funds

Characteristics of Different Financial Assets

Financial Asset or Instrument	Returns	Liquidity	Safety
Government Bonds, Treasury Bills, National Saving Certificates, Fixed Deposits with Scheduled Banks, Saving Bank and Recurring Deposits	Low	Medium	High
Deposit schemes of PSUs / Infrastructure Companies / Blue chip Companies, ULIPs	Medium	Low to High	Medium
Mutual Funds, Corporate Bonds, Corporate Fixed Deposits, Preference Shares, Commercial paper, Certificate of Deposits	Medium	Low to Medium	Medium
Direct Investment in Equity	High	Low to Medium	Low to Medium
Collective Investment Schemes, Derivatives, Currency Swaps, Credit Default Swaps (CDS), Collateralized Debt Obligation (CDO)	High	Medium to High	Low

Remember

1. Always remember your financial goals and investment timeframe.
2. Review your financial goals periodically, at least once in 5 years.
3. Risk and Return profile of various assets are not constant.
4. Consider taking help from a registered and qualified Investment Advisor.



“Investing money is the process of committing resources in a strategic way to accomplish a specific objective.”

Alan Gotthardt

Be a Prudent Investor



Demat Ki Paathshala - An initiative by NSDL for Investor Education

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this program at www.nsdl.co.in / info@nsdl.com**