POWER MY MONEY

FinDiet

Is Your Money Working Towards the Life You Want?

A Simple Guide to Goal-Based Investing and Mutual Funds

for young adults and couples • Ages 25–45

What is a FinDiet?

A healthy diet is not about eating only one food group. Likewise, a healthy FinDiet is not about putting all your money into one investment.

A FinDiet is a balanced approach to investing that combines the right mix of assets, goals, time horizons, and risk levels. It helps ensure that every rupee has a purpose — whether that is building an emergency fund, buying a home, funding a child's education, or creating retirement wealth.

Rather than chasing the latest market trend, a strong FinDiet focuses on balance, diversification, discipline, and long-term wealth creation through sensible asset allocation.

The goal is simple:

Right Money → Right Goal → Right Asset → Right Time Horizon

That is the foundation of a healthy FinDiet.

The Four Pillars of a Healthy FinDiet

Clear Goals	Balanced Allocation	Consistent Investing	Periodic Review
Each SIP has a name and a purpose.	Equity + Debt matched to your horizon.	Monthly SIP, not one-time panic buys.	Once a year, stay on track.

DISCLAIMER: This ebook is for educational purposes only and does not constitute investment advice. Mutual fund investments are subject to market risks. Please read all scheme-related documents carefully before investing. Past performance is not indicative of future returns. Consult your AMFI-registered MFD before making any investment decisions.

What's Inside

Six chapters + one quick-reference guide. Designed to be read in one sitting.

CHAPTER 1 OF 6

Start with the Goal, Not the Fund

If you are new to mutual funds, the first step is simple: do not start by asking which fund is best. Start by asking — what is this money for?

Safety Money	Short-Term Money	Long-Term Money
3–6 months of expenses. Always accessible.	Travel, car, down payment. Needed in 1–5 years.	Retirement, kids, freedom. Needed in 5–20+ years.

When each goal gets the right kind of investment, your financial life feels organised. That is what a healthy FinDiet means — your money has a purpose, not just a place to sit.

YOUR MONEY NEEDS A JOB DESCRIPTION

- Emergency money must be safe and instantly accessible — keep it in a Liquid Fund, never in equity.
- Short-term goal money (under 3 years) needs stability, not stock market risk.
- Long-term goal money (5+ years) can accept equity risk for better growth.
- Retirement money benefits most from decades of compounding — start now.

The Four Pillars of a Healthy FinDiet

Clear Goals	Balanced Allocation	Consistent Investing	Periodic Review
Each SIP has a name and a purpose.	Equity + Debt matched to your horizon.	Monthly SIP, not one-time panic buys.	Revisit once a year, stay on track.

FinDiet Tip #1

“Every SIP should have a name before it has an amount. Invest for goals, not products.”

CHAPTER 2 OF 6

Keep the Journey Simple

A beginner does not need ten funds. Two to four well-chosen funds, aligned to your goals and protected by adequate insurance, is all you need to get started.

THE 5-STEP BEGINNER FLOW

1. **Build your emergency corpus:** Park 3–6 months of expenses in a Liquid Fund. Do this before any SIP.
2. **Cover your risks:** Term life insurance (15–20x income) and health insurance are essential risk management tools — not optional.
3. **Start a SIP for each goal:** Match the fund category to your time horizon. Start with what you can sustain consistently.
4. **Step up every year:** Increase your SIP amount by 10% on each salary hike date.
5. **Review once a year, not every week:** Markets will move. Your goal is what matters — not the daily NAV.

THE POWER OF A ₹5,000 SIP

Time Invested	Amount Invested	Wealth Created*
5 Years	₹3 Lakh	**₹4.1 Lakh**
10 Years	₹6 Lakh	**₹11.6 Lakh**
15 Years	₹9 Lakh	**₹25.2 Lakh**
20 Years	₹12 Lakh	**₹50.0 Lakh**

*Illustrative only. Assumes 12% annualised return, SIP invested at the beginning of each month. Actual returns may vary.

FinDiet Insight

A ₹5,000 SIP does not become powerful because of the amount. It becomes powerful because of time.

Over 20 years, ₹12 lakh invested can potentially grow to nearly ₹50 lakh through the combined effect of disciplined investing and compounding.

THE POWER OF A 10% ANNUAL STEP-UP

As your income grows, step up your SIP by just 10% every year. The impact over time is dramatic.

Time Invested	Total Invested	Wealth Created*
5 Years	₹3.66 Lakh	**₹5.09 Lakh**
10 Years	₹9.56 Lakh	**₹18.47 Lakh**
15 Years	₹19.08 Lakh	**₹44.52 Lakh**
20 Years	₹35.97 Lakh	**₹98.76 Lakh**

*Starting SIP ₹5,000/month, increased by 10% every year. Assumes 12% annualised return. Illustrative only.

FinDiet Insight

The secret is not starting with a bigger SIP. It is increasing it as your income grows.

A ₹5,000 SIP growing by just 10% each year can potentially create nearly ₹1 crore in 20 years — compared with ₹50 lakh if the amount never changes. That is the FinDiet formula: Start small. Stay consistent. Increase gradually. Let compounding do the heavy lifting.

The FinDiet Formula

Start Early + Stay Invested + Annual Step-Up + Time = Wealth Creation

Most investors underestimate the power of increasing their SIPs. A modest annual step-up can have a bigger impact on long-term wealth than searching for the next top-performing fund.

ONE HABIT THAT CHANGES EVERYTHING

Stay invested. The biggest risk is not a market crash — it is stopping your SIP during one. Historically, long-term investors who remained invested through market corrections have generally been rewarded over time. Consistent investing beats clever timing, every time.

For couples:

Set up individual SIPs in your own name. Joint SIPs are not possible in Indian mutual funds. Each partner should have their own folio with a nominee registered.

FinDiet Tip #2

"Consistency beats intensity. A SIP sustained for years is more powerful than occasional large investments."

CHAPTER 3 OF 6

Match the Fund to the Time Frame

The easiest way to choose a mutual fund is by time horizon — how long before you need the money. This single idea explains most of what a new investor needs to know.

GOAL → TIME FRAME → FUND CATEGORY

Your Goal	Time Frame	What May Suit You	Risk Level
Emergency Corpus	Any time	Liquid Fund / Low Duration Fund	**Very Low**
Vacation / Gadget	1–2 Years	Liquid Fund / Low Duration Fund	**Low**
Car / Down Payment	3–5 Years	Balanced Advantage / Hybrid	**Low-Med**
Child Education	7–12 Years	Flexi Cap / Large & Mid Cap	**Moderate**
Home Purchase	5–8 Years	Balanced Advantage / Multi Cap	**Medium**
Retirement	15–30 Years	Flexi Cap + Multi Asset + Large Cap	**Mod-High**

Asset allocation matters more than chasing returns. The right mix keeps you calm when markets go up and down — because each rupee has a job and a timeline.

THE BEGINNER'S THREE RULES

- Short time frame = more stability (debt-heavy, equity-light).
- Long time frame = more equity (growth outpaces inflation over years).
- Unsure investor = keep it balanced (Balanced Advantage Fund is a good start).

FinDiet Insight

Risk is largely a function of time, not courage.

Money needed next year should behave differently from money needed 20 years from now. The longer your horizon, the greater your ability to withstand market volatility — because markets have more time to recover and compound.

FinDiet Tip #3

“Asset allocation drives outcomes more than fund selection. The right mix matters more than finding the “best” fund.”

CHAPTER 4 OF 6

Investing Journey Reference Guide

Think of investing as a journey with five clear stages. You do not need to do everything at once. Each stage builds on the one before it.

THE 5-STAGE INVESTING JOURNEY

Stage 1 — Build Safety

Park 3–12 months of expenses in a Liquid Fund (3–6 months for salaried; 9–12 months for self-employed). Ensure term life cover (typically 10–20x annual income) and health insurance. This is your financial foundation.

Stage 2 — Start Investing

Begin 1–2 SIPs aligned to clear long-term goals. Start with what you can sustain. Pick a Large Cap or Flexi Cap fund. Assign each SIP to one specific goal.

Stage 3 — Grow Steadily

Increase SIP by 10% every year after your salary hike. Consider limited mid-cap exposure if your horizon exceeds 7 years and you are comfortable with higher short-term volatility.

Stage 4 — Stay Balanced

Review portfolio once a year — not more. One common approach: rebalance when allocation deviates by about 5% from your target. Balanced Advantage funds do this automatically.

Stage 5 — Stay Patient

Ignore short-term market noise. Let compounding work. Three years before a goal matures, begin shifting gradually to safer debt funds.

Remember: Protect first → Invest next → Grow slowly → Review calmly → Stay consistent.

YEAR-BY-YEAR MILESTONE TIMELINE

Month 1–3	Set up emergency corpus — 3 months of expenses in a Liquid Fund.
Month 4–6	Start first SIP in a Large Cap or Flexi Cap fund. Ensure term life and health cover is in place.
Year 1	Add a second goal-SIP. Review your portfolio every 6 months.
Year 2	Step up SIP by 10%. Add Flexi Cap or Multi Asset fund to diversify.
Year 3	Review allocation. Consider limited mid-cap if horizon exceeds 7 years and volatility is acceptable.
Year 5	Rebalance: if equity exceeds target, book partial profit into debt.
Year 7+	Let compounding work. Avoid unnecessary withdrawals. Stay put.
Year 10+	Shift 20–30% to safer funds as your goal nears its target date.

FinDiet Tip #4

“Review annually. React rarely. Your goals should guide decisions — not headlines.”

CHAPTER 5 OF 6

Common Beginner Mistakes to Avoid

Starting early matters more than starting perfectly. These five mistakes derail most new investors — knowing them is half the battle.

THE 5 TRAPS — AND HOW TO SIDESTEP THEM

1. Starting without a goal

Without a goal you have no reason to stay invested when markets fall.
Fix: Assign a goal to every rupee before opening any investment app.

2. Putting all money in one fund

Concentration creates risk. An all-equity or single-fund portfolio leaves you exposed.
Fix: Diversify across at least two categories based on your time horizon.

3. Stopping SIPs after a market fall

A market fall means you buy more units at a lower price — that is actually good for a long-term SIP.
Fix: Automate your SIP. Never touch it when markets are red.

4. Checking returns too often

Checking every day breeds anxiety and impulsive decisions. Funds need months and years.
Fix: Review every 6 months. Annual reviews are enough for most goals.

5. Chasing last year's top performer

Last year's best fund is rarely this year's winner. Performance cycles constantly.
Fix: Choose funds by goal and horizon — not by last year's return chart.

FinDiet Insight

The biggest investing mistake is often behavioural, not technical.

Most investors do not fail because they selected the wrong fund. They fail because they stop investing, panic during corrections, or constantly change strategies. Building good habits matters more than finding the perfect fund.

FinDiet Tip #5

“Market volatility is temporary. Investor behaviour is permanent. Stay disciplined during market declines.”

When Guidance Can Help

Getting support is useful when investing feels overwhelming or when life gets complex. An AMFI-registered MFD does not just recommend funds — they help you build and stick to a plan that fits your real life, not a theoretical one.

SIGNS AN MFD CAN MAKE A REAL DIFFERENCE

- You and your partner have different risk comfort levels and cannot agree on a plan.
- You have multiple goals happening at once — home, children's education, retirement.
- You are unsure how much to put in equity versus debt for your situation.
- You tend to stop investing or switch funds whenever markets fall.
- You have had a major life event — new job, a baby, marriage, or an inheritance.
- You want accountability and an annual check-in to stay on track.

THE REAL REASON PEOPLE FALL BEHIND

Most people don't struggle because they picked a bad fund. They struggle because they invest without a plan, keep changing direction, or lose patience too early. Working with a trusted MFD removes the guesswork — and the emotional noise.

POWER MY MONEY

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Serving investors across India

A successful FinDiet is not built by predicting markets.

It is built by aligning money with goals, maintaining the right asset allocation, investing consistently, and giving compounding the time it needs to work. The simpler the plan, the easier it is to stay invested — and staying invested is where wealth creation begins.

FinDiet Tip #6

"The best investment plan is the one you can stick with. Simplicity often outperforms complexity."

BONUS QUICK REFERENCE PAGE

Keep this page handy — everything you need in one view.

STEP 1 — BEFORE YOU INVEST

1	**Emergency Fund First**	3–6 months of expenses in a liquid fund. Do this BEFORE any SIP.
2	**Match SIP to a Goal**	Each SIP should have one clear goal — vacation, education, or retirement.
3	**Choose the Right Category**	Short goals: Liquid / Low Duration. Long goals: Flexi Cap / Multi Cap / Large Cap.
4	**Define Your Goal**	Each SIP = one goal. One goal = one fund.

STEP 2 — RISK PROFILE

Profile	Horizon	Equity %	Funds for You
Conservative	< 3 yrs	0–20%	Liquid / Short Duration
Moderate	3–7 yrs	40–60%	Balanced Adv. / Hybrid
Aggressive	7+ yrs	75–100%	Flexi Cap + Multi Cap + Small Cap

STEP 3 — GOAL TO ASSET CLASS

House / Car (3–5Y)	Balanced Advantage / Low Duration Fund
Child Education (8Y+)	Flexi Cap + Mid Cap SIP
Vacation (1–2Y)	Liquid Fund / Low Duration Fund
Retirement (20Y+)	Flexi Cap + Multi Asset + Large Cap
Wedding / Family (5Y)	Balanced Advantage + Hybrid

KEY NUMBERS TO REMEMBER

3–6x	Monthly expenses as emergency corpus target (Liquid Fund)
10%/yr	Annual SIP step-up to grow with your income
5% rule	Rebalance trigger — equity drift from target allocation
7+ yrs	Minimum horizon recommended for Mid / Small Cap exposure
2–4	Ideal number of funds for a beginner portfolio

QUICK FUND CATEGORY GUIDE

Liquid Fund	Emergency fund parking. Very low risk. Indicative return ~6–7% p.a.
Multi Asset	Invests across equity, debt, and gold. Built-in diversification.
Large Cap	Top 100 companies. Stable, lower volatility. ~11–13% p.a.
Flexi Cap	Fund manager picks across market caps. Good beginner fund.
Mid Cap	Higher growth potential. Best suited for 7+ year horizon.
Balanced Advantage	Auto-adjusts equity vs debt allocation. Ideal for moderate risk.
Small Cap	High growth potential over 7+ year horizon. High short-term volatility.

The FinDiet Pyramid

WEALTH CREATION
Retirement & Long-Term Goals

GOAL-BASED SIP INVESTING
Equity, Hybrid & Multi-Asset Funds

PROTECTION & INSURANCE
Term Life & Health Insurance

EMERGENCY CORPUS
Liquid Funds — 3 to 12 Months of Expenses

Every healthy FinDiet starts with a strong foundation. Build protection first, invest next, grow steadily, and let compounding work over time.