



THE BUZZ

The Wealth Manager's Picks

Starting this week, we ask India's top wealth managers what products they are recommending to their clients. Look carefully at disclosures below

'What should I buy?' remains the question topmost in the minds of the investor since product choice is probably one of the most difficult things to do. A wrong choice will cost big and a right choice could make you a millionaire.

This space has always advocated a need-based approach to individual money, rather than a product-centric approach. But after the risk profiling and the asset allocation is over, there is still the matter of putting all the theory into action by buying products that suit the risk taking ability and asset allocation. From this week we will look at what the top wealth managers are buying for their clients. Wealth managers would include financial planners and wealth management divisions of banks. To throw up any conflicts of interest, we ask our guests to make a disclosure of tie-ups and other exclusive arrangements with mutual funds, banks and insurance companies.

Himanshu Kohli's Top Choice

A partner in Gurgaon based wealth management firm Client Associates, Kohli lists out his top picks across insurance, fixed return instruments and cash, debt and equity mutual funds.

1. INSURANCE

One should look at insurance only as a risk coverage for life and do the investments through other products like mutual funds. The best manner to structure an insurance plan is to take a **step down term insurance policy** as insurance needs reduces over a period of time. But if you do want to approach investments through an insurance company, a unit linked policy is a cost-efficient option. Here is what I like in the two insurance categories:

Top Picks in Unit Linked

ICICI Prudential Premier Life
Birla Classic

these are good as the expense ratios are low and they give quite a few options for selecting an asset allocation.

Why One should look at the policies which have the lowest expense ratios. Both

Top Picks in Term insurance

Birla Sunlife
Om Kotak

these are fairly competitive on the mortality rates - the pure risk cover component.

Why Term insurance is a pure life cover with no investment component. Both

DISCLOSURE: We are corporate agents with Birla Sunlife

2. ZERO RISK FIXED INCOME SCHEMES

This is the risk-free part of your asset allocation. The products here belong to the government's borrowing programme and some of them come with tax kicks.

PPF gives 8 per cent tax free

Senior Citizen Bonds for senior citizens give 9%

GOI 8 per cent taxable bonds for others

3. MUTUAL FUNDS

We have divided funds into three categories. Cash funds are those that invest in the money market or short term instruments. The risk of principal erosion is small, but so are the returns. They are to be used mainly as cash parking places. Debt funds invest in corporate and government debt and are good for de-risking the portfolio, expect returns that are slightly above the inflation rate here, nothing more. Equity funds invest in shares of companies that are listed on the stock markets. The most well-known type of mutual funds, these are probably the most misunderstood as well. You can have a lower risk equity fund in the form of an index fund and a higher risk equity fund in a sector fund. Each of the three fund types is further split into picks for the conservative, moderate and aggressive investor.

Given this product classification, Kohli recommends:

	CONSERVATIVE	MODERATE	AGGRESSIVE
EQUITY	<ul style="list-style-type: none"> ●HDFC Prudence ●DSPML Balanced 	<ul style="list-style-type: none"> ●Franklin India Bluechip Fund ●HSBC Equity Fund 	<ul style="list-style-type: none"> ●Franklin India Prima Fund ●DSPML Opportunities Fund
DEBT	<ul style="list-style-type: none"> ●HDFC Floating Rate Fund ●Templeton Floating Rate Fund 	<ul style="list-style-type: none"> ●Grindlays All Season Bond Fund ●Birla Bond Plus 	<ul style="list-style-type: none"> ●Grindlays Dynamic Bond Fund ●Templeton India Income Fund
CASH	<ul style="list-style-type: none"> ●HDFC Cash Management Savings Plan ●Prudential ICICI Liquid Fund 	<ul style="list-style-type: none"> ●HDFC Cash Management Investment Plan ●Templeton TMA. 	<ul style="list-style-type: none"> ●Templeton Floating Rate - Short Term ●HDFC Short Term Plan

HYBRID CATEGORY

- Monthly income plans (MIPs) – hybrid category with 85 per cent debt and 15 per cent equity
- HDFC MIP
- DSP Merrill Lynch Savings Plan.

DISCLOSURE: We are registered with all AMCs

Equity: We focus on diversified equity and balanced funds, and use five criterion, including expense ratios and returns to shortlist fund houses and schemes

Debt: We focus on diversified income funds for a long-term portfolio