Introduction To Various Asset Classes Equity, Debt, Gold

An Investor Education & Awareness Initiative By Franklin Templeton Mutual Fund
Meaning

An act of laying out the ‘money saved’ for productive use with an expectation of earning return higher than inflation to preserve purchasing power of money

A process of making your ‘money saved’ work for you
Physical Assets and Financial Assets

A Physical Asset is an asset which has value and can be touched, felt and used.

A Financial Asset is an asset which is bought in the form of certificate, which entails the buyer for the benefits as a beneficial holder. But such entitlement cannot be touched or felt.
Various Investment Avenues

- Equities or Stocks
- Debt or Bonds
- Fixed Deposits
- Precious Metals
- Commodities
- Real Estate
- Art
Equity means **Ownership**

- Equity holders are the owners of the company
- Companies issue equity to raise capital
Advantages Of Equity Investing

• As an equity investor, you enjoy ownership in the company
• Earnings in the form of profit sharing through dividends
• Returns in the form of capital appreciation
• Ability to generate returns that are higher than inflation
• Limited liability
• Tax Benefits
• Liquidity
• Equity investing helps in economic development of the country
• Equity markets have a well regulated structure
Disadvantages Of Equity Investing

- Equity does not guarantee return
- Equity investments carry high risk
- Need proper skills to identify a good equity stock
- Needs regular monitoring
- News flows impact equity markets
Equity Investing Is Suitable For

- Investors with a certain level of risk taking ability
- Investors eyeing for high returns
- Investors having a long term investment horizon
- Investors ready to invest small but regularly
How To Invest In Equities

Direct Investment
- Stock Exchanges through a Stock Broker
- Initial Public Offerings (IPO)

Indirect Investment
- Mutual Funds
- Portfolio Management Services (PMS)
Debt means **Loans**

- Debt Investors lend money to issuers at a pre-decided coupon
- On maturity the issuer returns the principal to the investor
Advantages Of Debt Investing

- Preservation of Principal
- Regular flow of income in the form interest payments
- Capital appreciation
- Reduce portfolio risk
- Helps economic growth
Disadvantages Of Debt Investing

- Low inflation adjusted returns
- Issue with price discovery
- Interest rate risk
- Credit risk
Debt Investing Is Suitable For

• Conservative Investors

• Investors looking for regular flow of income

• Investors whose goal is approaching
Avenues To Invest In Debt Markets

- Bank Fixed Deposits
- Corporate Deposits
- Corporate Bonds and Debentures
- Government Securities
- Small Saving Schemes offered by Government and Post Offices
- Public Provident Funds
- Debt Mutual Funds
Gold

- Gold is a **Precious Metal**
- It carries **“store of value”**
- Gold is a **vehicle to monetary exchange**
How Is Gold Put To Use?

• Store of Value
• Reserve Currency
• Hedge against economic pressures
• Industrial demand
• Jewellery / Ornaments
• Investment
• Portfolio Diversification
• Pledging for Emergency Needs
How To Invest In Gold?

Conventional ways to invest in Gold
- Physical form - Jewellery or Coins or Bars

Unconventional ways to invest in Gold
- Gold Exchange Traded Funds (Gold ETFs)
- Gold Funds
Some key take away points!

**Equity**
- Equity means ownership
- Equities help you earn through dividend as well as capital appreciation
- Equities have the potential to generate returns higher than inflation
- Equity does not guarantee return
- Equity investments carry risk
- You can invest in equities in the direct form or through the indirect form
Some key take away points!

Debt
- Debt offers preservation of capital
- Debt is ideal for generating regular flow of income
- Debt offers low inflation adjusted returns
- There are some risk associated in debt markets
- Bond Prices and Interest Rates are inversely related
- Select your debt investment wisely
Some key take away points!

Gold
Gold is a precious metal and has a “store of value”
Gold is a good hedge against inflation
You can hold gold in physical as well as non-physical form
we now invite you to test your learning by taking up this simple quiz
(and win exciting prizes!)
Quick Quiz

1) One of the qualities of Debt is preservation of principal
   A. True
   B. False

2) Which of these assets has historically shown its ability to generate inflation beating returns?
   A. Debt
   B. Gold
   C. Equity
   D. Art

3) An asset which is bought in the form of certificate and entails the buyer for the benefits as a beneficial owner is called
   A. Physical Asset
   B. Financial Asset
Quick Quiz

4) When interest rate rises, the market price of bond will
   A. Move up
   B. Move down
   C. Remain constant

5) Which of the following is an unconventional form of buying Gold?
   A. Gold Jewellery
   B. Gold Bar
   C. Gold Coins
   D. Gold ETFs
Thank You For Participating!
Mutual Fund Investments Are Subject To Market Risks, Read All Scheme Related Documents Carefully.