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Know what financial advice experts are giving investors amid second covid wave

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NEW DELHI : As India is hit hard by the second wave of covid-19, its equity markets have turned jittery. The S&P BSE Sensex has corrected around 7% from its peak in February. However, the correction is not as bad as was witnessed during the first wave when the markets crashed around 30% in one month.

However, are you prepared for such a correction in equities? Gold prices have also corrected around 20% from their peak, while debt funds may not deliver the kind of performance they have delivered in the past, as interest rates have bottomed out. We asked experts what they would advise their clients to do to ride through these tough times.

Vishal Dhawan is a certified financial planner and founder of Plan Ahead Wealth Advisors, a Sebi-registered investment advisory firm. He said:
We are asking clients to take following steps
1.Relook at investment goals such as education, and if they are coming up in the next two to three years, move those monies to more conservative assets.
2.Rebalance portfolios that would have become overweight on equities and move towards bonds and gold as a part of aligning portfolios with strategic asset allocation.
3.Have incremental exposure to international assets to address geographical concentration risks, as different geographies are in different phases of vaccination and lockdowns.

Prathiba Girish is a certified financial planner, founder, Finwise Personal Finance Solutions, a mutual fund distribution firm. She said:
Where portfolios are mapped to long-term goals, we have not made any changes, except the regular rebalancing. We have communicated that the returns will taper in future in line with our long-term expectations of 10% and is not going to show the fabulous returns seen last year.

In the last few months, all lump sum inflows for long-term goals have been parked in debt to be moved to equity at an appropriate time. Given the slight correction in equity markets, we have moved a large part of this portfolio to balanced advantage funds and plan to move to pure equity when there is a meaningful correction. Irrespective of

current valuations and wave 2, the medium to long term outlook for India seems positive.
On the debt front, given the current interest rates and our expectation of an increase in the future we are asking customers not to lock their money in long-tenor FDs at the current rates.

Harshad Chetanwala is a Sebi-registered investment adviser and co-founder of MyWealthGrowth. He said:

Our view on investment strategy continues to be the same and has not changed due to the second wave of covid-19. We were advising our clients to invest gradually in equities for the last few months and continue to hold the same view at present as well. On the existing investment across different asset classes, we are suggesting holding on with the present allocation and do not make any changes. Equity investors should continue to remain invested and those who have surplus can use the dips in the stock market to add during every reasonable fall. Those investors who would have invested during last year's market correction, we recommend them to hold on with their investments as well and not to look at booking profits and exiting. One of the major differences between last year and this second wave is that there are many learnings from previous lockdowns. Companies are better equipped to handle the situation operationally and they have been able to control cost as well.

Melvin Joseph is a Sebi-registered investment adviser and founder of Finvin Financial Planners. He said:
2020 was a wake-up call for all of us to be reminded about the need for sufficient emergency fund. Many have realized it the hard way. Now everyone understands the need for it. Emergency fund should be the top priority before starting any investment. Once you have this, there is nothing to worry about equity market volatility. Continue investing in equity funds to benefit from the market volatility. If you are investing according to your asset allocation, nothing to worry about temporary market volatility or market level. Gold price and equity performance have a negative correlation. Don't take emotional decisions based on temporary price changes. Don't spend more than 10% of your portfolio in gold. It is more volatile than equity. It will correct after normalcy is established after the vaccine.