

How to build a portfolio (with MoneyWorks4me)?

You may often wonder how to build portfolio after your join MoneyWorks4me.com

Our analysts answer:

We give Buy signal only when a security is undervalued. We do not recommend our best performing stock *if it has already run up*. We ask to invest in company which is undervalued at that particular point of time.

When you start with MoneyWorks4me, you will see list of existing buy signals (undervalued companies) in the Dashboard. Based on the % allocation recommended, you can allocate a portion of your portfolio at once. Let's say, we have Buy on 5 companies and allocation is total 32% of total portfolio. Invest in these opportunities immediately. You can park the surplus funds in Short term/liquid money market instruments like Liquid BeES or short term Fixed Deposits. This will earn you some returns *till the time a new opportunity arises*. We insist you to diversify in 15-18 stocks based on our allocation. You can choose your desired allocation provided you do not exceed the cap i.e. 'Maximum percentage of portfolio'. We also suggest investing small percentage in all our opportunities. We also suggest you buy in tranches (buckets) and not in one go. We have developed systematic investment plan where you will be guided what percentage has to be allocated at a particular price point. Buying in small tranches (buckets) will leave some room for averaging the stock if it moves lower. Overall, on cost basis, the allocation to a particular stock should not exceed "Max. Percentage allocation".

As you know that not all companies perform as expected hence diversifying in 15-18 stocks is a good discipline. You may choose **to skip** few risky "**RED**" stock or Small Cap stock if you do not want slightest of risk in your portfolio (You can ask us through mail).

Don't worry about number of 'BUY' signals. Remember you have ANNUAL subscription. We believe One year is sufficient to pick up good number of undervalued opportunities, provided markets are not in overtly bullish zone. (Dec'14 – Jun'15 – Very bullish period)

You will have good portfolio at the end of the year. Be patient and stay invested. We are investing for long term, 3-4 years at least. We are holding mostly good to great

For private circulation only

companies so there is *no fear of companies going under*. Even if there are a few underperformers in short run, you can be certain overall portfolio will keep performing if you hold it over long term. *If you see your portfolio returns in negative or low returns zone, it is very likely that the market have corrected and/or in undervalued zone*. In this situation, you may (**should!**) like to add more funds to equity portfolio to Buy/Average your favourite stocks. This can amplify your returns when markets recover. Never sell out your portfolio stocks when markets are in undervalued zone (unless you hold bad stocks). Negative returns are temporary. If your portfolio companies are good, losses will go away in matter of 12-18 months when markets recover from the bottom. Always, Always, Always remember that Equity is for long term. Don't trust 6-m, 12-m Sensex/Nifty target, its an estimate.

"We do not have to act a lot in market to generate returns. Buying good to great companies at reasonable prices and holding them over long term ALWAYS works."