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"A STUDY ON WEALTH MANAGEMENT AT ADITYA BIRLA FINANCE LTD"

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Abstract:

Wealth Management is a continuous investment advisory process that is a combination of financial planning, investment portfolio management and a number of aggregated financial services. It offers several strategies and plans that allow affluent individuals or companies to attain all possible financial goals in a systematic manner. The goal of wealth management is to sustain and grow long term wealth. From an affluent person's standpoint, wealth management is a science of enhancing their financial situation in a strategic manner.

Aditya Birla Capital Limited (ABCL) is the financial services platform of the Aditya Birla Group. With a strong presence across the life insurance, asset management, private equity, corporate lending, structured finance, project finance, general insurance broking, wealth management.

Keywords: **Wealth Management, investment, portfolio management, asset management, general insurance broking.**

Introduction

Wealth management is a comprehensive approach to financial planning and investment management aimed at optimizing the wealth of individuals and families. This literature review provides an overview of the key concepts, theories, and best practices related to wealth management. Wealth Management is a continuous investment advisory process that is a combination of financial planning, investment portfolio management and a number of aggregated financial services. It offers several strategies and plans that allow affluent individuals or companies to attain all possible financial goals in a systematic manner. The goal of wealth management is to sustain and grow long term wealth. From an affluent person's standpoint, wealth management is a science of enhancing their financial situation in a strategic manner.

It is a continuous investment advisory process that is a combination of financial planning investment portfolio management and a number of aggregated Financial services. It offers several strategies and plans that allow individuals or companies to attain all possible financial goals in a systematic manner.

About the company

Aditya Birla Capital Limited (ABCL) is the financial services platform of the Aditya Birla Group. With a strong presence across the life insurance, asset management, private equity, corporate lending, structured finance, project finance, general insurance broking, wealth management, equity, currency and commodity broking, online personal finance management, housing finance, pension fund management, and health insurance business, ABCL is committed to serving the end-to-end financial services needs of its retail and corporate customers. Anchored by more than 17,000 employees, ABCL has a nationwide reach and more than 200,000 agents / channel partners.

- Aditya Birla SunLife Asset Management Company (ABSLAMC)

- **Aditya Birla Sun Life Insurance**

Aditya Birla Sun Life Insurance Company Limited (ABSLI) is a part of Aditya Birla Capital Ltd (ABCL). ABSLI was incorporated on August 4, 2000 and commenced operations on January 17th, 2001. ABSLI is a 51:49 joint venture between the Aditya Birla Group and Sun Life Financial Inc., an international financial services organization in Canada.

- **Aditya Birla Sun Life mutual fund**

Established in 1994, Aditya Birla Sun Life Mutual Fund (ABSLMF), is co-sponsored by Aditya Birla Capital Limited (ABCL) and Sun Life (India) AMC Investments Inc.Having total domestic assets under management (AUM) of over INR 2.7 lakh crore for the quarter ended March 31, 2021, ABSLMF is one of the leading Fund Houses in India based on domestic average AUM as published by the Association of Mutual Funds of India (AMFI). ABSLMF has an impressive mix of reach, a wide range of product offerings across equity, debt, balanced as well as structured asset classes, sound investment performance and over 7 million investor folios as of March 31, 2021.

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With a pan India presence across 300 locations, ABSLMF is committed to deepening mutual fund penetration in the country. The company is ceaselessly working to enhance the appeal of mutual funds across a wider set of investors and advisors across India. Part of this effort includes introducing smart solutions, user-friendly services and conveniences which simplify mutual fund processes with digitization for both – investors as well as distribution partners. ABSLMF provides sector specific equity schemes, fund of fund schemes, hybrid and monthly income funds, debt and treasury products and offshore funds.

Objectives of the proposed study

This Project work has certain objectives behind it. Without any proper objective one cannot plan its implementation. The current study was undertaken to achieve the following stated objectives:

- To ensure the Financial Security of investors and preserve assets for future generations.
- To Reduce the Financial Stress of investors.
- To set a systematic Financial Plan of investors.
- To provide a Flexible Investment Strategy.
- To discuss the factors that have acted as facilitators and obstructions for the growth of the wealth management market.
- Reducing the tax impact of wealth building.

Scope & Limitations

Each of the strategies described has corresponding investment options that can achieve the goals for that stage. Some examples of popular instruments for each stage are listed below.

1. Accumulation Strategy

The focus is clearly on getting above-average returns and building a strong base so that the power of compounding gives better returns in the medium/long run.

i. **Mutual Funds/ELSS**: Mutual funds invest in equities and have funds focused on specific industries and or stock indices. You can choose the type of fund depending on the risk appetite and targeted return.

ii. Unit Linked Insurance Plan (ULIP): ULIPs also invest in equity and debt just like mutual funds do. But ULIPs come with additional advantages. ULIPs have an insurance cover that comes along with the investment. Moreover, both the investment and the maturity amounts have tax benefits which means you save money on taxes as well.

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iii. **National Pension System (NPS)**: NPS helps you invest in a diversified and dynamic portfolio of equity, debt and alternative assets. This automated portfolio investment reduces your portfolio risk as you age and will ensure safe investments by the time of maturity. You can withdraw up to 60% of the corpus as a lump sum and must invest the rest to receive an annuity.

2. **Preservation Strategy**

Consolidation is the mantra here. The degree of consolidation will increase as progress through this stage and approach retirement.

- **National Savings Certificate (NSC)**: NSC is offered by the Post Office and is very similar to the tax-saving 5-year bank deposit. The rate of interest for an NSC is 6.8% which is a tad higher than the current rate of interest for bank deposits. The lock-in period is 5 years and the amount invested is deductible, from taxable income, under section 80C. Interest is compounded annually and this annual interest can also be deducted from taxable income. However, the interest amount receivable on maturity is taxable.

ii. **Life Insurance Savings Plans**: Savings plans from life insurers offer guaranteed maturity benefits with bonus additions for long-term investors. The plans also have a tax-free maturity and investment. Thus, you can protect your wealth from inflation as well as taxes.

iii. **ULIP/Guaranteed Return Plans**: ULIP plans offer you investment into safer debt funds. You can allocate 100% of your funds to debt funds while enjoying the tax benefits on your investment. Even when you had started with 100% equity investment you can later switch to 100% debt in ULIPs. Tax benefits and bonuses ensure that your wealth is safe from market forces, inflation and taxes.

3. **Distribution or Income Strategy**

You need the money at this stage. Moreover, you need guaranteed cash flow post retirement when your income from employment or profession will dry up.

i. **Life Insurance Annuity**: An annuity is a long-term investment wherein your contributions are converted into periodic payments that can last for life. In addition, you also get a life insurance cover.

ii. **Fixed Deposit (FD):** Both bank and post office FDs give almost the same rates of interest. If one is highly risk averse, FD is the right choice for investment. The interest rate hardly beats inflation but the person is assured that the money is in safe hands.Unless one is investing in the 5-year tax-saving FDs, you will not get any tax benefits for other FDs. But you can receive a defined sum into your account as interest payments.iii. Monthly Income Plans: Monthly income plans are mutual funds which aim to provide a monthly income payout. These funds invest in blue chip stocks to generate income through dividend payments.

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Need of the study

Wealth management strategies will vary based on the specific needs of the client. Overall, the reason to use a wealth management firm is to seek strategies to help maintain and grow your total wealth. This can mean different things to different people. Some individuals are more focused on keeping their wealth than growing it, for example, and so the wealth manager would design safer strategies focused on that objective.

In general, wealth management entails coordinating all the moving parts of a client's financial situation into a comprehensive wealth plan. This might include the client's tax situation, investments and retirement planning.

Examples of wealth management strategies include:

- Developing a comprehensive investment strategy covering all of the client's various types of investment and retirement accounts.
- Coordinating an optimal tax planning strategy into their wealth planning.
- Ensuring that the client's estate plans reflect their desires.
- Developing a succession plan for business owner clients.

These are some of the services most commonly available through wealth management firms:

- Investment management. A wealth manager will work with you to develop an investment strategy tailored to your goals and risk tolerance. If the manager is a licensed investment advisor, they may also select and manage investments on your behalf, often in exchange for an annual fee.
- Financial planning. A wealth manager can help you develop a financial plan that includes saving, investing and spending goals. The manager can also help you plan for retirement, saving for college and other major life events. These plans can be revisited periodically as your circumstances change.
- Tax advice. A wealth manager can provide advice on how to structure your finances in a way that minimizes your tax liability.

Wealth Management and Financial Planning:

Wealth management involves the integration of financial planning and investment management to achieve the long-term financial goals of individuals. It encompasses various aspects such as retirement planning, tax planning, estate planning, and risk management. The literature in this area emphasizes the importance of aligning investment strategies with individual goals and risk tolerance.

Portfolio Management and Asset Allocation:

Asset allocation is a critical component of wealth management, where investments are allocated across different asset classes to achieve diversification and risk management. The literature highlights the role of modern portfolio theory in asset allocation and the use of techniques such as mean-variance optimization and risk-adjusted returns in portfolio construction.

Investment Strategies and Financial Markets:

The literature on investment strategies in wealth management covers a range of approaches, including active versus passive management, value investing, growth investing, and factor-based investing. It explores the impact of market efficiency, behavioral biases, and macroeconomic factors on investment decision-making.

Clustering Indian stock market data for portfolio management, Author links open overlay panel, S.R. Nanda, B. Mahanty, M.K. Tiwari (6 July 2010):-

In this section, portfolio management and clustering techniques are briefly reviewed. We found that the problem of efficient frontier can be solved more efficiently by clustering the stocks and then choosing to enhance the criteria of diversification.

Research Design (Sources of data, Sampling, Tools ofanalysis)

A Research is the process of in-depth analysis of the data in order to find the actual results, solutions and societal benefits etc. There are different types of research viz., Descriptive research, exploratory research, cross sectional research etc

1. Data Collection: By survey or questionnaires data collected, and also from other websites which are related to wealth management.

2. Type of Data: Primary Data or Secondary Data used in this project.

3. Types of Questionnaire:- There is a basic question which relates to their life, income and profession, their knowledge about wealth management, interested in which method of saving etc.

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Sources of Data Collection

Data is a collection of facts, figures, objects, symbols, and events gathered from different sources. Organizations collect data with various data collection methods to make better decisions.

Primary Data Collection:

- **Questionnaires**:- Designed structured questionnaires to collect data from individuals or groups who are interested in investment.
- **Observations**- observe and record behaviours , actions, or events in Aditya Birla finance ltd of Investors .
- **Focus Groups-** Focus groups bring together a small group of individuals and discuss with them all the policies and their interests.

Secondary Data Collection

Online Databases, Publicly Available Data, Past Research Studies, Published Sources have been used to collect the data relating to the public interest, schemes and policies that is used by most of the investors in earlier years in Aditya Birla finance ltd.

Technique of the analysis

Various different tools such as pie charts, tables , bar graphs have been used to derive comparative studies amongst different investors and their interest in respective schemes and policies to have an overall scenario at once.

Characteristics such as race, ethnicity, gender, age, education, profession, occupation, income level and marital status, are all typical examples of demographics that are used in surveys.

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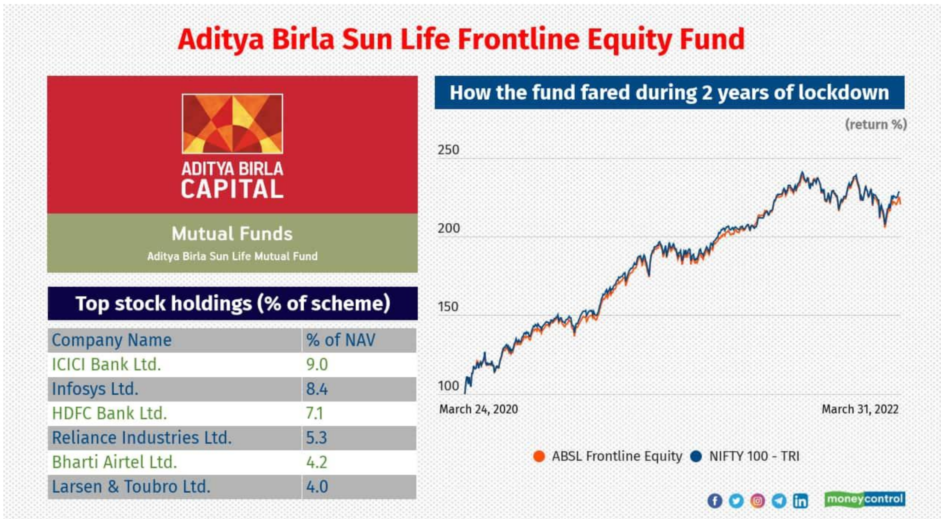

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