

# [New way of investing](https://assignbuster.com/new-way-of-investing/)

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Thematic investing can be used in different contexts within the equity universe, but it typically comes down to a top down approach to investing.

This particularly for a market like India with such low participation in equity markets could be the way forward. It revolves around picking a broader theme without having the hassle of researching or segregating amongst the plethora of individuals stocks and managements that any particular sector might have to offer. This form of investing essentially diversifies risk and makes investor less susceptible to volatility that could be associated with one individual stock.

A farmer for instance could invest into a monsoon theme with the click of a button, this would allocate his funds to a bunch of stocks which are set to gain from a good monsoon and fundamentals of these stocks in turn are curated by professional set of managers. The themes could vary from benefitting based on GST inclusion to public transportation to investing in solar energy. For example, thematic based investment company like smallcase. com, allows you to pick from over 50 broad themes.

Indians historically have favored investments into Gold and Real estate, investment in financial instruments has historically remained at under 5% in India, this when compared to developed markets like the US wherein penetration has reached levels as high as 85 %, this excludes us from global growth and diversification and leaves us vulnerable to changes in Real estate and gold prices.

In summary, we believe at products like thematic investment, automation and transparency in banking and lending practices are the way forward, this in essence could simplify and introduce the mass untapped populous to better investing practices. This remains the pivotal point of focus for us and we are investing in such products which could help us achieve our goal of increasing overall participation in the financial sector.