



## Knowledge Initiative

**Dear Patrons,**

Here we are with the Eight Issue of our monthly newsletter “**Knowledge Initiative**”.

We trust you will enjoy reading this newsletter, even while soaking in the contents. We would very much appreciate your feedback which consistently helps us in improving and upgrading the contents.

Also send us your questions or queries related to any financial product.

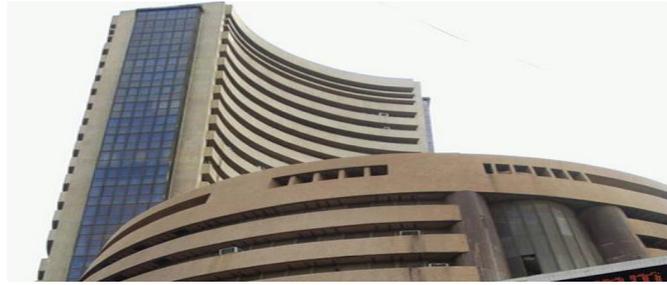
**The Eight Issue includes:**

1. Sensex Celebrates Diwali
2. Take SIP in Volatile Markets
3. Multi Cap Funds: Flavour of All Seasons
4. Consumer Inflation-Linked Savings Plan
5. Tips on Buying Home Loans
6. Investment Opportunities in Real Estate



**Akhil Chugh**  
**Director**

**Warm Regards,**  
**Akhil Chugh**



## Sensex Celebrates Diwali

The Sensex celebrated Diwali Festival by surpassing all time high of 21,207 on 1<sup>st</sup> November 2013 on the back of aggressive buying by foreign institutional investors (FIIs) with access to low-cost funds in the US. But the euphoria that normally accompanies such milestones was missing—and for good reason, because the real economy is anywhere but on a high. Economic growth is at 4.4% (for the quarter ended June), less than half the 9.2% it was at when the sensex was at its previous peak of 21,005 in November 2010.

On 29 October, the Reserve Bank of India (RBI), in its mid-year monetary policy review, hiked the benchmark repo rate by 25 basis points (0.25 percentage point) which now stand at 7.75%. Simultaneously, it reduced the marginal standing facility (MSF) rate by 25 basis points, bringing it down to 8.75%. The central bank also injected additional liquidity into the banking system by enhancing the money available via 7 and 14 day repos from 0.25% to 0.5% of NDTL (net demand and time liabilities). In totality, what these measures mean is that even while the benchmark rate (the repo) has gone up, the liquidity within the system has risen and short-term rates in the economy are expected to decline further. Hence, the repo rate hike has not been as negative for growth this time as is generally the case.

RBI may hike the repo rate by 25 basis points in next policy review on 18<sup>th</sup> December as there is an increase in WPI and CPI figures for October. WPI and CPI now stand at 7% and 10.09%. Post December, we expect RBI to pause repo rate hike.

In our opinion, QE tapering issue has been blown out of proportion. One, the main impact of this should be on external debt flows and we have seen the impact of that already. Two, the same issue has seldom impacted capital markets twice and the fall in rupee and equity markets a few months back have significantly discounted this issue.

**We know the economy is not in great shape, but the direction is now right and the worst is behind us.** Moving into the second half of the current year and the next financial year, economic growth should improve, interest rates should head lower, capital formation should revive, led by roads and power distribution and transmission sectors. Markets are beginning to appreciate the improving economic conditions, risk appetite is coming back and that's why the role of leaders and laggards is getting interchanged.

**At this point of time, systematic investment plan (SIP) offered by mutual funds will be an ideal route to invest in equity. In debt funds, consider investing in short term papers having maturity period of 1-3 years.**

Investors are strongly advised to stick to their financial plans and focus on long term investing. Periodic reviews are necessary and should be conducted once a year.



## Take SIP in Volatile Markets

Systematic Investment Plan (SIP) investors in equity mutual funds have enjoyed the returns, despite the Sensex and Nifty remaining flat over the last three years. Investor's who used the SIP route and invested a fixed amount of money in equity mutual funds at a specified date every month, have earned a return of more than 10% in the same period.

**For example, a three-year SIP in ICICI Pru Focused Blue Chip Equity Fund has given investors 12% returns .As compared to this, a lump-sum investment in the Sensex or Nifty would have given you a mere 1.36% and 1.02%, respectively.**

SIPs help investors put in small amounts of money every month and invest in a staggered manner. Investing in mutual funds through SIPs ensured investors accumulated more units when markets were hovering at lower levels. When the equity markets remain volatile for long periods and eventually move up, investors in SIPs make money. This strategy seems to have paid off for investors. As the indices move close to an all time high, many of these investments are now showing healthy profits.

Investors in SIP have benefited from rupee cost averaging and power of compounding in last 3 years. A SIP in a well-managed diversified equity fund can improve your returns over the medium-to long-term horizon.

**By looking at the past three years, the worst thing that you can do with your portfolio in a volatile phase in equity markets is to stop SIPs.** Over a period of time as markets climb up, you stand to gain, but if you terminate your SIP halfway and sell your investments, then you do not get the appreciation in your portfolio, when markets look up. Minimum investment tenor for SIP should be 5 years. Ideally, your financial goals should decide the tenor of your SIP.

### Top Mutual Funds SIP Returns:

Current Returns (XIRR) %

Scheme	3 Years	5 Years
ICICI Prudential - Discovery (G)	11.30	17.30
IDFC - Premier Equity Fund (G)	10.1	15.90
ICICI Prudential - Focused Blue chip Equity Fund (G)	11.8	15.10
UTI - Opportunities Fund (G)	10.0	14.0
Franklin - India Blue chip Fund (G)	7.9	11.5

\*Returns as on 6<sup>th</sup> November, 2013

For more information on Mutual Funds SIP, contact us on [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)



## Multi Cap Funds: Flavour of All Seasons

The mandate of Multi Cap funds is to buy stocks across the entire market-cap spectrum in order to generate good returns. Managers of such funds are also allowed to invest in both value and growth stocks in their quest for beating their benchmark or category average. The portfolio consists of large, mid and small cap companies. This is a 100% equity fund and the fund manager usually holds 40-50% of holdings in large caps.

**The reason why it has been called Flavor of All Seasons is that the fund manager can invest into any market cap or combination of market caps depending upon the market conditions.** There are no restrictions on him.

Retail investors cannot gauge which part of the market will perform well - large-caps, mid-caps or small caps. By investing in multi-cap funds, they can gain in all market conditions. The go anywhere strategy works well during downturns as well. While a given set of conditions may not benefit one part of the multi-cap fund portfolio, it could benefit the other, thereby creating a counter-balance effect that generates long-term results.

But at the same time, such funds tend to be volatile and slightly riskier as the fund manager takes aggressive calls in the market. Exposure to such funds should be in the range of 20-30% of the total portfolio. Allocation to Multi Cap Funds will depend upon the investor's financial goals. He can invest in such funds to provide further diversification to the portfolio.

We at Net Brokers always advise our clients to invest in mutual funds through systematic investment plans (SIP). SIP gives more returns in volatile markets as you get more units when market falls and lesser units when market rises. Thus benefiting from rupee cost averaging and power of compounding.

Multi Cap Funds are volatile in nature and one should strongly consider SIP while investing in such funds. Investment tenor will be minimum 5 years or ideally will depend upon your financial goals.

### Return of Top Multi Cap Funds:

Scheme	Current Returns (XIRR) %	
	5 Years	10 Years
ICICI Prudential - Dynamic Plan (G)	14.60	17.30
HDFC - Equity Fund (G)	11.20	15.40
Templeton - India Equity Income Fund (G)	12.9	-

\*Returns as on 6<sup>th</sup> November, 2013



## Consumer Inflation-linked Savings Plan

There is good news for retail investors as RBI will soon launch a 10 year savings instrument which will offer inflation-linked returns as an alternative to investing in gold. It will be called Inflation Indexed National Saving Securities (IINSSs) for retail investors and will be launched in November/December 2013.

The Inflation-Indexed Securities for retail investors will be linked to the new (combined) consumer price index (CPI). The interest on these securities would comprise of a fixed rate plus inflation. Interest would be compounded half-yearly and paid cumulatively at redemption.

The move aims to revive small investor's interest in financial assets. With unabated inflation, investor's have been moving away from financial assets such as bank fixed deposits and small savings schemes, instead opting for physical assets such as gold. Investors who believe inflation is going to rise can invest in such bonds as it is a good option to hedge against inflation.

Eligible investors would consist of individuals, Hindu undivided families, trusts and charitable institutions.

The Union Budget for 2013-14 had proposed introducing instruments that would protect savings from inflation and provide an alternative to gold as an investment avenue for individuals. Both the government and the RBI have imposed a host of restrictions on the import of gold, one of the major reasons for the record high current account deficit in the previous financial year.

The government can make IINSSs more attractive by making the instruments tradable, as currently returns will be received only at the time of redemption. This clubbed with a wider investor base will make the instrument more attractive.

Inflation Index Bonds currently available have not received a good response from the investors. The returns are linked to wholesale price index (WPI) which is much lower than consumer price index (CPI). WPI inflation for October is at 7% whereas CPI is at 10.09%. Bank deposits were in the range of 8-9%.

IINSSs linked to the new (combined) consumer price index (CPI) is a good option for retail investors and can form an important part of debt portfolio in their financial plans.



## Tips on Buying Home Loans

Buying a home is a dream for every individual in today's time. Home loans are the best way to fulfil your dream & also gives additional benefit of tax saving. Here are a few tips that should be considered before you buy your dream home & look at financing as an option. This will help in getting clarity on the process to be followed & proceeding with the right decision.

### Following are the tips:

**Educate yourself:** Home loans are offered at attractive interest rates & schemes by various financial institutions. Reading and understanding the terms & conditions mentioned in a loan agreement, is of utmost importance, in order to go ahead with home financing. Clarify all your doubts, before finalising anything.

**IIR:** A very frequently used abbreviation in home loan financing – *Instalment versus Income ratio*. A home loan customer needs to assess how much he can keep aside as EMI every month, apart from his monthly expenditure. Prepare yourself for the per month expense, as it is a long term commitment. A home loan customer, on an average, is able to repay his loan in 5-6 years.

**Interest rate negotiation:** Various banks & financial institutions such as Axis, ICICI, HDFC, LIC & many more, offer competitive interest rates & are ready to give additional benefits to their clients. Choosing the right financial institution is very important, as the due diligence on the property being funded plays a vital role in client's confidence on purchasing the property. Please make sure you do a real time comparison before finalising the financial institution, providing the best interest rate.

**Loan Eligibility:** All banks look at the client's credit history by generating a CIBIL REPORT, which provides an in-detail track on the loans & credit cards one has maintained. The repayment track record can be checked for each & every loan & credit card. Kindly ensure that all your loan repayments & credit card payments are made on time, to maintain a decent CIBIL score.

**Additional Charges:** Before you apply for a home loan with a financial institution, please make yourself aware of the additional charges, such as processing fees & service charges and other lawyer fees involved. Please note, in a resale case, the panel lawyer of the financial institution is involved to carry out the transaction between the buyer & the seller. For this, he charges a nominal amount of fees, which is paid by the loanee.



## Investment Opportunities in Real Estate

Net Brokers is a channel partner of reputed developers across Delhi/NCR and is dealing in new bookings, under construction and completed projects.

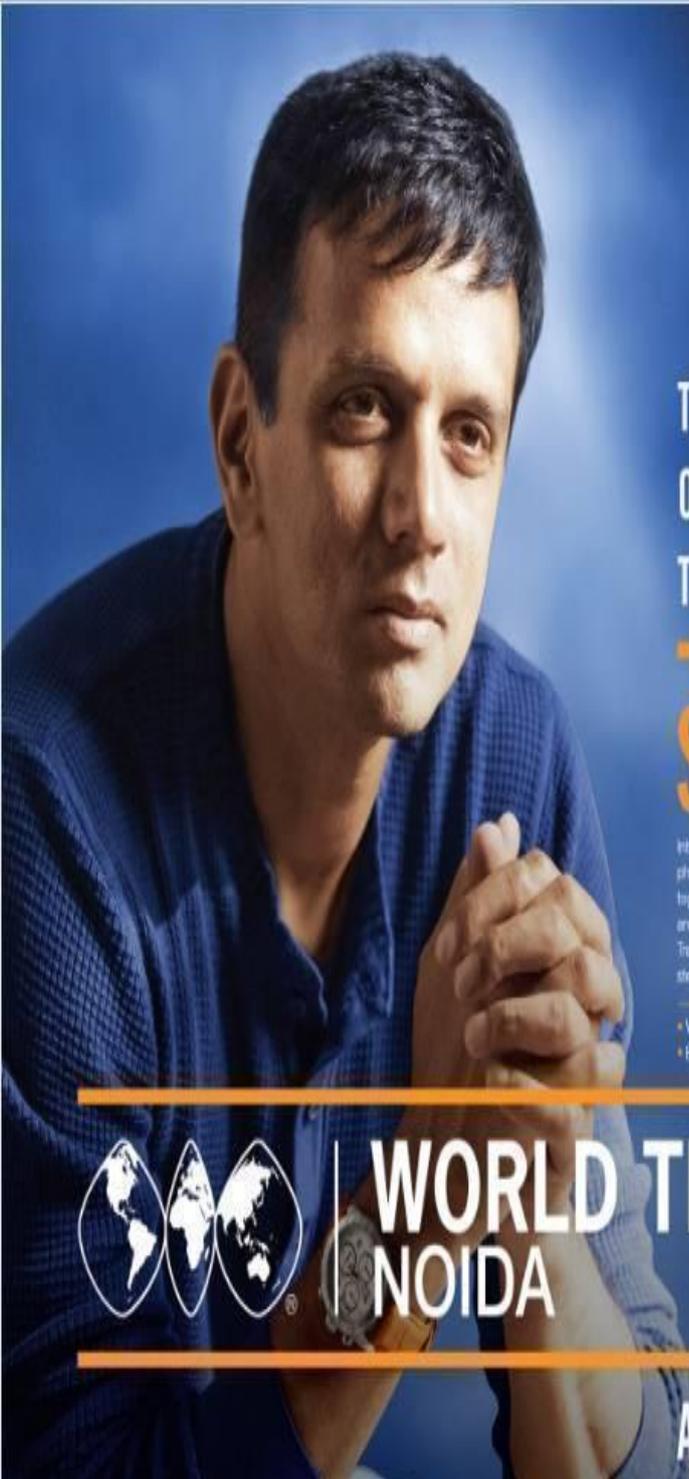
### Why Net Brokers?

- We have a team of Property Advisers who are trained professionals and provide unbiased advice.
- Short listing of suitable properties from a list of 150 plus projects across Delhi/NCR.
- Comparison of multiple properties.
- Site Visits
- Market Analysis

### List of Top Projects:

S.No	Developer Name	Project	Location	BSP (Per Sqft)	Type	Budget	Possession
1	ATS	Tourmaline	Sec - 109,Gurgaon	Rs. 8000	Residential	Rs.1.40 Cr Onwards	Dec, 2016
2	DLF	The Sky Court	Sec - 86,Gurgaon	Rs 7750	Residential	Rs. 1.44 Cr Onwards	Sep, 2016
3	Raheja	Revanta	Sec - 78,Gurgaon	Rs.7475	Residential	Rs.1.26 Cr Onwards	Oct ,2014
4	Vatika	Vatika Mindscapes	Mathura Road (Delhi – Faridabad border)	Rs 7800	Commercial	Rs.39 Lac Onwards	Sep,2016
5	Spire World	WTC- Spire One	Yamuna Expressway, Greater Noida	Rs.6250	Commercial	Rs. 28.12 Lac Onwards	Oct,2017
6	ATS	ATS PRISTINE	Sec - 150,Noida Expressway	Rs.5500	Residential	Rs. 96.25 Lac Onwards	Mar,2017
7	Spire World	WTC- WTC One	Yamuna Expressway, Greater Noida	Rs 5100	Commercial	Rs.25.50 Lac Onwards	July, 2016
8	Jaypee Group-Wishtown	Garden Isles	Sec - 133,Noida Expressway	Rs.5050	Residential	Rs. 65.90 Lac Onwards	Dec,2015
9	Jaypee Group Sports City	Buddh Circuit Studios I	Yamuna Expressway, Greater Noida	Rs. 3590	Residential	Rs. 20.10 Lac Onwards	July, 2016
10	Eros	Sampoornam	Sec - 02, Noida Extention	Rs 3450	Residential	Rs. 28.80 Lac Onwards	Dec, 2015

For more information on Real Estate Projects, contact us on [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)



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OF DELIVERING IN BOTH  
THE SHORT AND THE LONG TERM.

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A SPIRE INITIATIVE

## New Investment Offers

- **Mutual Funds**

### New Fund Offers

Fund	Category	Type	Open	Close	Asset Allocation (Debt: Equity)
Pramerica Midcap Opportunities	Large & Mid Cap	Open-end	11-Nov	25-Nov	100% Equity
Axis Small Cap	Large & Mid Cap	Closed-end	11-Nov	25-Nov	100% Equity
ICICI Prudential Value Series 2	Large & Mid Cap	Closed-end	18-Nov	29-Nov	100% Equity
Reliance Close Ended Equity Series A	Large & Mid Cap	Closed-end	15-Nov	29-Nov	100% Equity
Birla Sun Life Capital Protection Oriented Sr 17	Hybrid Debt	Closed-end	20-Nov	29-Nov	80:20
ICICI Prudential Capital Protection Oriented Series IV Plan F	Hybrid Debt	Closed-end	7-Nov	21-Nov	80:20
ICICI Prudential Multiple Yield Series 5 B	Hybrid Debt	Closed-end	15-Nov	29-Nov	80:20

### Fixed Maturity Plan

Fund	Tenor (Days)	Opening	Closing	Asset Allocation
Axis FTP Series 43	511	26-Nov	04-Dec	100% Debt
Birla SL FTP Series IX	1092	18-Nov	27-Nov	100% Debt
Birla SL FTP Series IZ	542	22-Nov	28-Nov	100% Debt
Birla SL FTP Series IY	499	15-Nov	25-Nov	100% Debt
DSPBR FTP Series 33-24 Months	720	21-Nov	25-Nov	100% Debt
DWS FMP Series 42	1230	7-Nov	21-Nov	100% Debt
HDFC FMP 923D Nov 2013 (1)	923	15-Nov	20-Nov	100% Debt
ICICI Prudential FMP Series 71 525 Days Plan D	525	22-Nov	26-Nov	100% Debt
Kotak FMP Series 127	730	12-Nov	21-Nov	100% Debt
Reliance FHF XXV Series 3	578	20-Nov	26-Nov	100% Debt
Sundaram FTP ER	540	21-Nov	27-Nov	100% Debt

- **Non - Convertible Debentures**

Issue Name	Interest Rate	Opening	Closing	Face Value	Minimum Amount
Muthoot Finance Limited Redeemable NCD	12.25% p.a.	18-Nov	2-Dec	Rs.1,000 /- per NCD	10 NCDs and in multiples of 1 NCD thereafter

For more information on New Investment Offers, contact us on [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)

## Fixed Deposits

**Earn Assured Returns up to 12.28 % p.a.**

**Offered By Renowned Companies**

S.No.	Company Name	Period			3 Years Yield (in %)	Senior Citizen	
		1 Year	2 Year	3 Year		(additional Rate)	(Yield in %)
1	Shriram Transport Finance	9.25	9.75	10.75	11.94	0.25	12.25
2	Kerala Transport Development Finance Corporation LTD	10.25	10.25	10.25	11.94	0.25	12.28
3	Mahindra & Mahindra Finance Ltd	9.25	10.00	10.25	11.34	0.25	11.64
4	DHFL	10.00	10.00	10.00	11.33	0.50	11.98
5	HDFC Ltd. Platinum Deposit 15 Months	9.75			9.94	0.25	10.20

\* The rates of interest are applicable as on the data mentioned herein above. The rate may be revised at the sole discretion of the respective companies inviting the Fixed Deposits without Further Notice.



**net brokers**  
 Private Wealth Management  
 we know your investment needs

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