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Private Wealth Management
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Knowledge Initiative

Dear Patrons,

Here we are with the Seventh 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 Seventh Issue includes:

1. Jittery Market Scenario
2. Capital Protection and Growth
3. Need for Insurance Planning
4. Mid-Cap for Higher Returns
5. Investment Opportunities in Real Estate

Akhil Chugh
Director

Warm Regards,
Akhil Chugh

Jittery Market Scenario

Since April 2013, we have written all about stock market volatility, uncertainty, weakening micro and macro factors, rupee volatility, upcoming general elections, fed tapering of quantitative easing (QE), etc. And now the talk of the town is the US government shutdown. All these factors are creating lots of scepticism and fear in the mind of investors.

The Debt funds which were considered some sort of safe heaven have also taken a hit with the Reserve Bank of India (RBI) Governor in his recent policy hiking the repo rate by 25 basis points due to concerns of high inflation and fear of QE tapering by Federal Reserve in coming months. This came as a shocker for the industry which is already facing lot of pressure from slower growth. It is said when such a drastic step is taken, the momentum is expected to continue. Having said that, the interest rates can be hiked by another 50 basis points in coming 6 months. The marginal standing facility (MSF) rate has now been reduced to 125 basis points and the minimum daily maintenance of the cash reserve ratio (CRR) has been reduced from 99% to 95% infusing some liquidity in the banking system. MSF rates are expected to come down further in near future making Short Term Income Funds attractive at this point of time.

Now what will be the impact of recent steps taken by RBI? The growth will take further hit and the focus will be completely to curtail inflation. From a long term point of view, these are good steps taken by RBI as once the inflation is under control, we will enjoy lower interest rates for a longer period of time which will happen only after 15-18 months provided everything goes well.

Such jittery market scenario, questions ones investment decisions taken recently or in the past. We at Net Brokers have been saying from a long time that systematic investment plan (SIP) offered by mutual funds is the best way to invest in equity markets. Even the duration calls in Income Funds taken recently or in the past will give decent returns provided you stay invested for 18 – 24 months.

Above all, the important thing is to have the right asset allocation and this is possible only when you have a proper Financial Plan. There are more than 1200 mutual schemes in the market. An investor should select the schemes on the basis of his risk appetite, needs, financial goals, etc. This is where your Investment Adviser comes into picture.

At the end, we just want to say keep continuing with your investment plans, review your portfolio at least once a year and stay focused on long term goals. Volatility and uncertainty have always been part of stock market. The important thing is to spend time in the market rather than timing the market.

Capital Protection and Growth

In debt mutual funds, one of the least risky options are capital protection-oriented funds. These are close ended schemes and are listed in stock exchanges.

The main aim of a **capital protection-oriented fund** is to protect the principal by investing a part of it in fixed-income instruments such as bonds, T-bills and certificates of deposits (CDs). The rest is invested in equities. The **debt-equity allocation** is usually 80% Debt and 20% Equity.

Imagine a fund of Rs 100 which invests in debt securities with 10 per cent yield. To protect its capital, it will invest Rs 80 in these securities so that this amount becomes Rs 100 (at 10 per cent yield) after 3 years. The rest, Rs 20, will be invested in equity or related instruments.

The Securities and Exchange Board of India has mandated rating of the fund structure by a credit rating agency for assessing the degree of certainty with which the objective of protecting capital can be met. The top rating for capital-protection funds is AAA, indicating the highest degree of certainty regarding timely payment of the principal on maturity.

SAFETY FIRST
The tenor of debt securities in which capital-protection oriented funds invest cannot be more than the funds tenor. Because the securities are held till maturity, the risk of a fall in prices during the holding period due to interest rate changes is nil, making these funds less volatile. Capital protection-oriented funds have maturity period of one, three and five years.

RIGHT TIME TO INVEST
Though the choice of fund will depend on the investment goals, capital protection-oriented funds work best when markets are falling and the investor wants to preserve capital. Another ideal condition for them is the high yield on debt securities. This ensures that the goal of capital protection is met with a smaller investment and more money is available for investing in equity.

TAX EDGE
If the investment in debt funds is held for a year or more, capital gains (long-term) are taxed at 10 per cent without indexation and 20 per cent with indexation. In FDs, the interest earned is included in the income and taxed. Thus, tax treatment and indexation benefit give debt funds an edge over FDs. Short-term capital gains are taxed as per the person's income-tax slab.

For more information on Capital Protection-Oriented Funds, contact us on mail@netbrokers.co.in

Need for Insurance Planning

"Insurance is not for the person who passes away, it is for those who survive," goes a popular saying that explains the importance of Insurance Planning.

It is extremely important that every person, especially the breadwinner, covers the risks to his life, so that his family's quality of life does not undergo any drastic change in case of an unfortunate eventuality.

Coverage areas to review include:

- Health
- Disability
- Life
- Auto/Home

Insurance Planning is concerned with ensuring adequate coverage against insurable risks. Calculating the right level of risk cover is a specialized activity, requiring considerable expertise. Proper Insurance Planning can help you look at the possibility of getting a wider coverage for the same amount of premium or the same level of coverage for the same amount of premium or the same level of coverage for a reduced premium. Hence, the need for proper insurance planning.

Insurance, simply put, is the cover for the risks that we run during our lives. Insurance enables us to live our lives to the fullest, without worrying about the financial impact of events that could hamper it. In other words, insurance protects us from the contingencies that could affect us.

So what are the risks that we run? To name a few - the risk on our lives that is, the worries of replacement of the incomes that we contribute to the running of the household, the risks of medical contingencies (since they have the capability of depleting our wealth considerably) and risks to assets (since the replacement of these can have tremendous financial implications). If we can imagine a situation where our goals are disturbed by acts beyond our control, we can realize the relevance of insurance in our lives.

Insurance Planning takes into account the risks that surround you and then provides an adequate coverage against those risks. There is no risk not worth insuring yourself against, and insurance should first and foremost be looked as a measure to guard against risks - the risk of your dreams going awry due to events beyond your control.

At Net Brokers, our experts analyze your age, responsibilities, risk, financial goals, etc and accordingly prepare an insurance plan taking into account all the factors and provide full protection to the family against any unforeseen risk.

For more information on Insurance Planning, contact us on mail@netbrokers.co.in

Mid-Cap for Higher Returns

If you want to participate in India's growth story, allocate a portion of your equity portfolio to mid and small cap funds. Many of today's large-cap stocks in sectors such as technology, private banks, two-wheelers and telecom were mid and small caps in the 1990s.This story will inevitably be repeated in the coming decades and you wouldn't want to miss out on the ride.

The fact that mid cap funds outperform their large cap peers in rising markets was evident in the bull markets of 2007, 2009, 2010 and 2012. In a growing economic environment, mid cap funds significantly outperform large-cap funds. These stocks post a higher rate of earnings growth due to their low base. A re-rating of their PE (price-to-earnings ratio) multiples also takes place.

Since stocks with different market caps tend to outperform in different calendar years, an allocation to funds across market caps means you can ensure that a portion of your portfolio does well in all conditions. An exposure to sectors such as education, textiles and agro-chemicals, where the players tend to be smaller, may not be possible via large-cap funds. So, mid-cap funds are your only option.

Another advantage of investing in a mid-cap fund, instead of the stock directly is the guaranteed liquidity. In declining markets, exiting these stocks can prove difficult. Even if you find buyers, they will quote a low price. However, if you have invested through a mutual fund, you can exit smoothly on the day of your choosing. Notwithstanding the mayhem in the markets, the fund house will be duty-bound to redeem your units at the end-of-day net asset value (NAV).

Mid Cap Funds are added to give an extra boost to the portfolio. During bad times, they tend to fall much more than large cap funds. But, it’s worth investing provided the investment tenor is minimum 5 years. An allocation to such kind of funds will depend upon the risk appetite and financial goals of the investor. The best way to invest in this category is through systematic investment plan (SIP) offered by mutual funds.

Top 5 Mid-Cap Funds:

1. IDFC Premier Equity Fund
2. ICICI Prudential Discovery Fund
3. SBI Emerging Business Fund
4. HDFC Mid Cap Opportunities Fund
5. IDFC Sterling Equity Fund

For more information on Mid-Cap Funds, contact us on mail@netbrokers.co.in

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	ATS	ATS PRISTINE	Sec-150,Noida Expressway	Rs.5500	Residential	Rs. 96.25 Lac Onwards	Mar,2017
6	The IITL & Nimbus Group	The Golden Palm GH-01-E	Sec-168, Noida Expressway	Rs 5500	Residential	Rs. 59 Lac Onwards	Dec,2014
7	Spire World	World Trade Center	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	Sports City Studio1	Yamuna Expressway, Greater Noida	Rs. 3760	Residential	Rs. 21 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


SUNWORLD | SPIREWORLD
WORLD TRADE CENTER®
NOIDA
AT SPIRETEC, GREATER NOIDA
New BSP Rs.
5,100/- Per Sq. Ft.
INVESTMENT MERI MARZI KA.
AB RETURN BHI MERI MARZI KA.
123 PLAN
THE UPGRADABLE INVESTMENT
Presenting, India's first investment that lets you decide the size of your returns. Upgrade your returns to suit your budget and your appetite with WTC 1.2.3 Plan that allows you to scale-up the profit from your investment depending on your investment capacity. Now, let your ROI be your decision.
WITH 10% P.A. ASSURED RETURN TILL POSSESSION + MINIMUM MONTHLY RENTAL OF RS. 42*/- P.SQ.FT. GUARANTEED FOR 3 YEARS THEREAFTER
STEP UP YOUR INSTALLMENT & INCREASE YOUR RETURNS UPTO 12%*
Also available • 100% DOWN PAYMENT PLAN
50-25-25 EASY PAY INVESTMENT PLAN
net brokers
Private Wealth Management
we know your investment needs
09999577833
09311999924
011-64722147
Plot No. TZ-13A, Sector Tech Zone, Greater Noida Industrial Development Area, District Gautam Budh Nagar (U.P.)

New Investment Offers

• Mutual Funds

New Fund Offers

Fund	Category	Type	Open	Close	Asset Allocation (Debt: Equity)
ICICI Prudential Capital Protection Oriented Fund IV Plan E- 36 Months plan	Hybrid Debt	Closed-end	7-Oct	21-Oct	80:20
Reliance Dual Advantage FTF IV Plan D	Hybrid Debt	Closed-end	17-Oct	31-Oct	80:20
BNP Paribas Dual Advantage Series I Reg	Hybrid Debt	Closed-end	17-Oct	31-Oct	80:20
DSPBR Dual Advantage Series 19 39M Reg	Hybrid Debt	Closed-end	17-Oct	30-Oct	80:20
DWS Hybrid FTF Series 17 Reg	Hybrid Debt	Closed-end	17-Oct	31-Oct	80:20
ICICI Prudential Value Series I Reg	Large & Mid Cap	Closed-end	18-Oct	28-Oct	80:20

Fixed Maturity Plan

Fund	Tenure	Opening	Closing	Asset Allocation
HDFC FMP 372D Oct 2013 (1) Reg	372	10-Oct	14-Oct	100% Debt
HDFC FMP 572D Oct 2013 (1) Reg	572	10-Oct	17-Oct	100% Debt
ICICI Prudential FMP Series 70 540 Days Plan S Reg	540	14-Oct	22-Oct	100% Debt
Sundaram FTP EO Reg	730	14-Oct	21-Oct	100% Debt
DWS FMP Series 40 Reg	1230	17-Oct	31-Oct	100% Debt

• Tax Free Bonds

Issue Name	Interest Rate	Opening	Closing	Face Value Per Bond	Minimum Amount
Housing and Urban Development Corporation Ltd (HUDCO) Tax Free Bonds	8.76% p.a.	17-Sep	14-Oct	Rs.1,000	5 Bonds and in multiples of 1 Bond thereafter
India Infrastructure Finance Company Ltd (IIFCL)Tax Free Bonds	8.75% p.a.	03-Oct	31-Oct	Rs.1,000	5 Bonds and in multiples of 1 Bond thereafter
Power Finance Corporation Limited	8.92%p.a.	14-Oct	11-Nov	Rs.1,000	5 Bonds and in multiples of 1 Bond thereafter

• Non - Convertible Debentures

Issue Name	Interest Rate	Opening	Closing	Face Value	Minimum Amount
Shriram Transport Finance Company Limited Secured NCD	11.75% p.a.	7-Oct	21-Oct	Rs.1,000 /- per NCD	10 NCDs and in multiples of 1 NCD thereafter

FIXED DEPOSITS

Earn Assured Returns up to 12.28 % p.a.

Offered By Renowned Companies

S.No.	Company Name	Period			3 Years Yield	Senior Citizen	
		1 Year	2 Year	3 Year	(in %)	(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.

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