



## Knowledge Initiative

**Dear Patrons,**

Greetings!

We are pleased to share our monthly newsletter “**Knowledge Initiative**” for March 2017.

We thank you for reading and acknowledging our newsletter every month. Knowledge Initiative Team is committed to bring to you more educative and informative articles.

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 issue includes:**

- Have You Missed The Equity Bus?
- STP: An Excellent Option
- Investing Decisions: Requires Indian Women’s Attention
- Investment Opportunities in Real Estate
- SIP Returns in Top Equity Mutual Funds



Akhil Chugh

**Warm Regards,**

**Akhil Chugh**  
Director



## Have You Missed The Equity Bus?

Fixed income investors are faced with dilemma whether to renew their Bank Fixed Deposits or not. The interest rates on deposits are low and are expected to come down further going forward. At such times, investors are eagerly looking out for alternative products which can deliver inflation beating returns. Mutual Funds offer an excellent opportunity to investors at this point of time. Both Equity and Debt Funds are poised to deliver good returns.

**Fixed Income** - As Bank Fixed Deposits are becoming unattractive month on month, fixed income investors can look to park their money into debt Funds. Conservative investors can look at accrual debt funds like short term income and corporate bond funds offering stable returns. Investors who are willing to take risk can opt for duration funds where the fund manger takes bet on interest rate cycle.

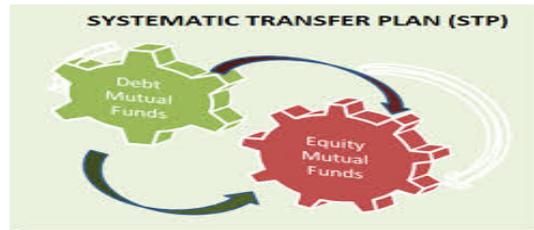
**Equity** - As the markets are near their peak levels, have fixed income investors missed the bus? Not really. We feel this is the beginning of the biggest bull rally in the history of the Indian Stock Market.

A strong ground for the markets to take off from here has been set. Strong factors are in place – Stable and pro reform government; excellent budget with thrust on infrastructure and rural sector; demonetization effect resulted in low interest rates which will lead to credit off take and improved profitability; strong presence of BJP in state elections will result in passing of important reforms; implementation of GST will simplify the tax structure and ease of doing business; other parameters like low current account deficit and controlled fiscal deficit will increase foreign inflows in the economy and many other factors.

Third quarter, December 2016, Gross Domestic Product (GDP) saw growth of 7% year-on-year. We believe as demonetisation effect reduces, the economic activity could rebound quickly. Capacity utilisation among the Indian corporate sector is low and going forward it is likely to go up. As incremental output from high capacity utilisation will occur without any capex, thus, operating leverage will contribute to earnings over the next two years.

New investors can take help of Systematic Investment Plan (SIP) to invest in equity funds. In this way, they are able to average out their investments and benefit from power of compounding. SIP can create huge wealth for investors if they are patient and have a minimum investment period of 7-10 years. Lump sum money can be invested through Systematic Transfer Plan where amount is invested in liquid fund (Debt) and then transferred on weekly/month basis to equity fund. In this way, you are able to spread out your risk in 6 – 12 months and are not depended on single NAV for returns.

***To conclude, this is an excellent time to invest into equities as market has significant upside potential from here. Get on to the equity bus and maintain a long term outlook.***



## STP: An Excellent Option

Systematic Transfer Plan (STP) is an excellent option for mutual fund investors looking to deploy lump sum amount in equities at this point of time. STP refers to where in an investor invests a lump sum amount in low-risk debt fund and regularly transfers (i.e. switches) a pre-defined amount into an equity fund. Every month on a specified date an amount investor chooses is transferred from one mutual fund scheme to another of his choice. In this way, STP offers dual returns – Debt +Equity to investors.

An STP compresses the time and effort involved in giving multiple instructions to the mutual fund to redeem from one scheme and invest in another into a single instruction, which will be executed over the defined period.

The only difference between Systematic Investment Plan (SIP) and Systematic Transfer Plan (STP) is that in SIP; funds are transferred from Bank Savings Account and in STP; funds are transferred from low risk debt fund.



### Example of STP:

An investor wants to invest Rs 5 lacs lump sum in equity oriented mutual fund. The risk is that if the market falls, fund value will also fall. This is a risky strategy. Moreover, if the fall continues for some time, you will lose on the opportunity cost because your money is stuck with an investment which has gone down in value.

There is other way which can really minimize the risk. The way is called STP. In this case, you can withdraw a fixed amount from your debt fund investment and invest in equity oriented fund. This can go on for several months depending upon your choice. For example, if you want to continue STP for 3 years, you can direct your fund to do this and the fund will withdraw money automatically from your debt fund and put into equity oriented fund every month. What this strategy achieves is that it essentially acts as a defence against any adverse movement of the market.

Month	Investment in Debt Fund	Debt Fund value	Investment in equity fund	Equity fund value	Final Value	Overall gain
1	490000.00	494900.00	10000.00	9900.00	504800.00	0.96%
2	484900.00	489749.00	19900.00	19701.00	509450.00	0.92%
3	479749.00	484546.49	29701.00	29403.99	513950.48	0.88%
4	474546.49	479291.95	39403.99	39009.95	518301.91	0.85%
5	469291.95	473984.87	49009.95	48519.85	522504.73	0.81%
6	463984.87	468624.72	58519.85	57934.65	526559.38	0.78%
7	458624.72	463210.97	67934.65	67255.31	530466.28	0.74%
8	453210.97	457743.08	77255.31	76482.75	534225.83	0.71%
9	447743.08	452220.51	86482.75	85617.92	537838.44	0.68%
10	442220.51	446642.72	95617.92	94661.75	541304.46	0.64%
11	436642.72	441009.14	104661.75	103615.13	544624.27	0.61%
12	431009.14	435319.23	113615.13	112478.98	547798.21	0.58%

You can see that even when the market is losing value at the rate of 1% per month, the STP plan has worked as a defence against the fall. Even after 12 successive falls, the return after 12 months is 9.56% which is quite good. Had this been done in a lump sum amount of 5 lacs, here is the payoff. The investor has actually lost 11.36% over the same period. This is the advantage of STP.

Month	Investment in equity fund	Equity fund value
1	500000.00	495000.00
2	495000.00	490050.00
3	490050.00	485149.50
4	485149.50	480298.01
5	480298.01	475495.02
6	475495.02	470740.07
7	470740.07	466032.67
8	466032.67	461372.35
9	461372.35	456758.62
10	456758.62	452191.04
11	452191.04	447669.13
12	447669.13	443192.44

**Important points to keep in mind**

STP is a possibly the second best investment strategy after SIP. It is one of the best risk mitigation strategies of the market. Investors though should keep the following points in mind:

- First, STP is a risk mitigation strategy. It will protect you from any adverse loss to a large extent.
- Second, investors need to follow it with discipline. STP, just like SIP, benefits only when followed properly. Breaking STP because of short term market movement or interest rate movement will only harm your investment in long term.

**For more information on Systematic Transfer Plans, contact us on mail@netbrokers.co.in**



## Investing Decisions: Requires Indian Women's attention

A recent study has revealed that women work for a lesser period and live longer. This makes for a strong case for women to plan for retirement more than men need to. With the family dynamics changing and women having fewer children, it is not uncommon to see a widow living all alone - as her child has pre-deceased or is living abroad. Hence, women should have more money and better management skills than men. In reality, it is quite different. There are some serious limitations for women to create a bigger corpus.

### Education

Women are encouraged to study in today's communities, more from a marriage point of view rather than a job point of view. Further, doing a master's in a field is still not very common amongst girls, you may have certain exceptions completing their master's and undergoing further studies.

### Geographical Restrictions

Most women are bounded with limitations of travel. A girl from Chennai will not be allowed to travel for work to a city like Delhi on regular basis.

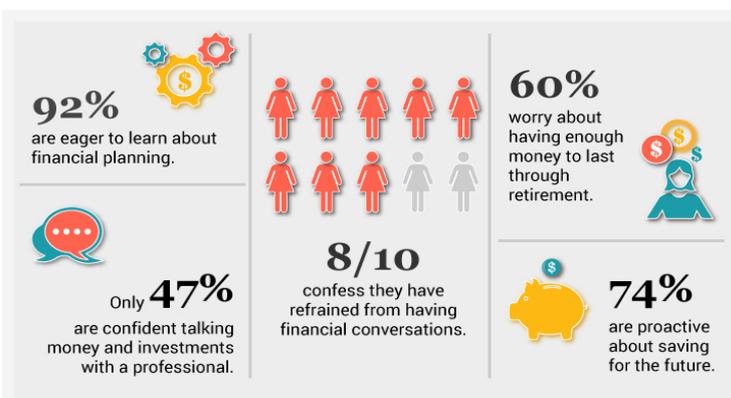
### Gullible Women

Indian society sadly still lives under male dominance, where men are the bread earners and women are made to believe that their priority is cooking and managing their houses. With this sort of mindset, they tend to be very gullible.

### Career Breaks for Women

We see women in all fields of jobs, taking breaks for family planning and children education. This definitely upsets their growth pattern.

To close it all, a genuine piece of advice for all girls and women of the newer generation: Take control of your finances and be independent. No one knows what way life takes, but we all must be well prepared for this adventure called LIFE.



For more information on Financial Planning for Women, contact us [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)

## Investment Opportunities in Real Estate

After a wait of several years, the government has finally awarded infrastructure status to the largely-neglected affordable housing, which is encouraging for developers. Infrastructure status will ensure easier access to institutional credit and help in reducing developers' cost of borrowing for affordable projects. According infrastructure status will further simplify approval process for affordable projects, create clear guidelines and increase transparency in the segment. Such a market, which will further be made accountable through the Real Estate Regulatory Authority (RERA), could attract debt and pension funds to invest in the affordable housing segment.

Net Brokers presents to your lucrative options in Real Estate for March 2017:

Project	Type	BSP/S q.ft	Cost
Vatika Gurgaon 21, Vatika INXT, Sector - 83, Gurgaon	Residential	6200	81 Lacs onwards
Godrej 101, Sector - 79, Gurgaon	Residential	5255	75 Lacs onwards
Vatika Turning Point, Sector - 88B, Gurgaon - Vatika Shield (Zero Risk Investment)	Residential	5250	60 Lacs onwards
Mahagun Moderne, Sector - 78, Noida - Full Furnished - Ready to Move	Residential	5500	70 Lacs onwards
Vatika Mindscape, Mathura Road – Assured Returns @ 10% P.A	Commercial	8800	44 Lacs onwards
WTC Noida PH - III Assured Returns @ 12% P.A	Commercial	5500	27.5 Lacs onwards
DLF Prime Towers, Okhla Phase - 1, New Delhi	Commercial	14,500	1.27 Cr onwards
DLF Galleria, Mayur Vihar, New Delhi - Retail Shops	Commercial	12,000	1.16 Cr onwards



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

## SIP Returns in Top Equity Mutual Funds

\* Returns as on 14<sup>th</sup> March, 2017

Current Value & Yield (XIRR) %							
Scheme Name Monthly Investment: Rs 10,000	Category	Value & Return (3 Yr)		Value & Return (5 Yr)		Value & Return (10 Yr)	
		360000	%	600000	%	1200000	%
SBI Blue Chip Fund (G)	Large Cap	442,969	14.0	944,717	18.2	2,568,422	14.6
Mirae Asset India Opportunities Fund (G)	Large Cap	457,539	16.2	987,599	20.0	NA	NA
Birla SL Equity Fund (G)	Multi Cap	473,963	18.7	1,043,697	22.3	2,778,207	16.0
Franklin India High Growth Companies Fund (G)	Multi Cap	457,414	16.2	1,055,699	22.8	NA	NA
Mirae Asset Emerging Bluechip Fund (G)	Mid Cap	524,292	26.0	1,290,969	31.2	NA	NA
L&T India Value Fund (G)	Mid Cap	495,574	21.9	1,148,148	26.3	NA	NA
Franklin India Smaller Companies Fund (G)	Small Cap	492,215	21.4	1,239,238	29.5	3,927,460	22.4
Reliance Small Cap Fund (G)	Small Cap	511,145	24.2	1,310,847	31.9	NA	NA
HDFC Balanced Fund (G)	Hybrid Equity	444,294	14.2	940,864	18.0	2,890,945	16.8
ICICI Prudential Balanced Fund (G)	Hybrid Equity	457,687	16.2	960,379	18.9	2,752,472	15.8
DSP BlackRock Tax Saver Fund (G)	ELSS	467,703	17.8	1,009,109	20.9	2,857,606	16.5
L&T Tax Advantage Fund (G)	ELSS	453,353	15.6	936,226	17.8	2,644,259	15.1

\*Returns over 1 Year are compounded annualized



**net brokers**

Private Wealth Management  
 we know your investment needs

### Net Brokers Private Limited

**Registered Office:** A-35, Shivalik, New Delhi -110017

**Head Office:** 22, New Market, Malviya Nagar, New Delhi- 110017

**Telephone:** +91-11-41881002. **Mobile:** +91-9311999924. **FAX:** +91-11-26676419.

**E-mail:** mail@netbrokers.co.in

**Disclaimer:** Net Brokers has taken due care and caution in presenting factually correct data contained herein above. While Net Brokers has made every effort to ensure that the information / data being provided is accurate, Net Brokers does not guarantee the accuracy, adequacy or completeness of any data/information in the publication and the same is meant for the use of receipt and not for circulation. Readers are advised to satisfy themselves about the merit details of each investment scheme, before taking any investment decision. Net Brokers shall not be held liable for any consequences, legal or otherwise, arising out of use of any such information/data and further states that it has no financial liability whatsoever to the recipient /readers of this publication. Neither Net Broker nor any its directors/employees/ repetitive accept any liability for any direct or consequential loss arising from the use of data/information contained in the publications or any information/data generated from the publication. Nothing contained in the publication shall or be deemed to constitute a recommendation or any an invitation or solicitation for any product or service. Any dispute arising in future shall be, subject to the Court(S) at Delhi. Readers are advised to go through the respective product brochure / offer documents before making any investment decisions.