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Dear Patrons,

We are pleased to share our monthly newsletter "**Knowledge Initiative**" for April 2018.

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.

1

Equity linked saving schemes, Things one must know:

ELSS is a popular term heard and used for tax saving investment option. Listed are some points why it is the best tax saving option and a new investor product to move into equities.



2

Make your child a millionaire:

Yes, a millionaire! Systematic Investment Plan (SIP) is the key and the only way to grow your savings, as the power of compounding does its magic. Read on to learn and understand the concept.



3

Important steps before buying a second home:

Investing in a second home is a big decision that can drastically change your future. Reasons may vary, let's review the checklist we should be aware of, before buying a second home.



4

SIP Returns: Check the best performing funds in their respective categories.



EQUITY LINKED SAVING SCHEMES: THINGS ONE MUST KNOW

SHORT
LOCK-IN

ELSS is investment in stocks, but this instrument is purely for those who have a long term horizon. They are risky products, but one could overcome the fear of risk if they stay invested for a long period and attach the investment to a financial goal. Studies say that it is the only option that can beat inflation and achieve returns in the longer period of time.

ELSS have the shortest lock in period for tax planning amongst all investment options u/s 80C. Though the other investment options such as PPF(Public Provident Fund) comes with a lock-in period of 15 years and NSS (National Saving Scheme) has an investment period of 5 years.

HIGHER
RISK,
BUT.....

There are several options available for exempting tax under Section 80C. Life insurance policy and Employee Provident Fund (EPF) are two popular options beside ELSS, that people like investing in. But, make sure you deploy funds accordingly, if you hold all three options in the portfolio. Because, one cannot claim tax deduction more than Rs 1.5 lacs in a financial year.

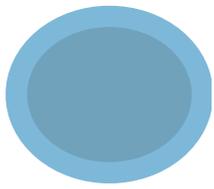
TAX
BREAK OF
ONLY RS
1.5 LAC

Someone who has never invested in equity schemes, should start by investing in ELSS. One get a-tuned to the volatility of the market in the mandatory lock-in period of three years. The investor gets a fair idea of how his realistic returns would look in the longer period of time and then could try his hands on other equity schemes.

FIRST
EQUITY IN-
VESTMENT

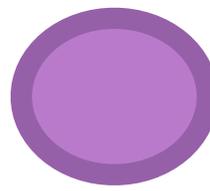
This product will offer superior returns only if one shows patience in his/her approach. These are long term investment products, that can get returns to the tune of 10-12% in comparison to a fixed deposit (FD).

HIGHER
RETURNS



START WITH WHAT YOU CAN

It's not important to accumulate a huge amount in order to start investing in SIP. Even if one starts with an amount as low as Rs 5000 and gradually increases with time, it can help them create a good amount of corpus. The time horizon should not be less than 5 - 7 years to witness a significant return on the amount invested.



LINK YOUR SIPs TO FINANCIAL GOALS

Financial goals such as children education and marriage, are goals that one can link the SIP amount to. In order to create a particular corpus for the respective financial goals, you delegate a monthly amount as SIP. They are affordable and little investments that help you achieve long term goals.



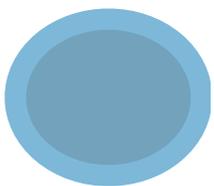
Yes, a millionaire! Your children have a chance to become one, only if you understand that your child has 'time' in hand to reap the benefits.

Such is the irony of life: When we are 20 years old, we don't have the money to invest and when we are 50 years old, we don't have the time to invest.

Systematic Investment Plan (SIP) is the key and the only way to grow your savings, as the power of compounding does its magic.

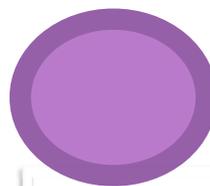
Value of SiP over Different Time Period

When your child is 5 years old and you invest for	Amount invested per month	Rate of return(%)	Total amount invested	Age of child when SIP matures	SIP amount at the end of the time period
5 years (60 months)	Rs 10,000	12%	6,00,000	10 years	8.24.863
10 years (120 months)			12,00,000	15 years	23,23,390
15 years (180 months)			18,00,000	20 years	50.45.760
20 years (240 months)			24,00,000	25 years	99,91,479
25 years (300 months)			30,00,000	30 years	1,89,76,350



EASY TO INVEST

Unlike paying your electricity bills by visiting a counter, SIP's are easy to invest. The SIP amount can directly get debited from the bank through Electronic Clearing System (ECS) on a predetermined date.



UNAFFECTED WITH MARKET CONDITIONS

The best part about SIP is that it beats the highs and lows of the market. Power of compounding does the magic by working in your favour even if the market is not doing well. Beating inflation is another factor considered positive for the investor.

Thus, the longer you stay invested the more money you will make. The best way to take benefit of compounding is to start saving and investing wisely as early as possible. The earlier you start investing, the greater will be the power of compounding.

Investing in a second home is a big decision that can drastically change your future. Reasons for buying a second home may vary, from recreation and vacation enjoyment to investment and development to retirement planning. Whatever your interests may be, there are certain things you need to look at in order to make this investment stress-free and worthwhile.

DECIDE THE FINANCES

One must ask themselves a few important questions before divulging into the property market again.

- What is the purpose of the second home?
- Are other loan payments taken care of with the current income?
- Are there any other family investments to make in the near future?
- Are you and your family's health and loan payments covered under insurance?

CREDIT SCORE CHECK

In the current technology driven environment, one must strive to keep their repayment track records clean and clear. This will in turn help to avail a property as well as a home loan on the same. It's extremely important to keep all documents and bank statements in order. Also, paying off the already running home loan is a good idea, to get the new home loan approved.



RIGHT MOVE TOWARDS SECOND HOME

If you have managed to get your second home loan sanction, check some very basic facts about the property:

- **Location is favorable** - in close proximity to office as well as home; has markets in and around the area; there is considerable development happening in the particular area
- **Structure** - whether it is a duplex, apartment, row house etc
- **Locality is good** - if its safe enough, there are streetlamp, the area is not prone to flooding etc.

DEAL FINALISATION

Once the home loan is sanctioned and other property checks are done, the home buyer can negotiate with the seller on the sale price and sale conditions. A seasoned real estate advisor can help you weigh your criteria and make all the difference in a second home purchase. Savvy tax planning can make a difference in your return on the property. Tax implications for second homes can vary significantly based on your financial situation and whether or not you plan to rent out the property. Whether you're looking for a home to spend your retirement days or an investment property to diversify your portfolio, make sure you do your homework and work with the right experts.

PRE-APPROVAL

The process of pre-approved home loans is popular in the home loan market. In this, the amount of home loan is sanctioned by the financial institution on the basis of submission of income documents and existing obligations. A pre-approved home loan is valid for 6 months and once an individual finalizes the property, the legal and technical procedures can kick start.

SIP RETURNS IN TOP MUTUAL FUNDS

PLEASE NOTE : Returns over 1 Year are compounded annualised, as on 17th April 2018

INVESTMENT		VALUE (3 Year)		VALUE (5 Year)		VALUE (10 Year)	
Monthly Investment @Rs 10,000		360000		600000		1200000	
SCHEME NAME	CATEGORY	RETURN	%	RETURN	%	RETURN	%
Mirae Asset India Equity Fund (G)	Large Cap	459,991	16.6	955,604	18.7	3,217,058	18.7
SBI Blue Chip Fund (G)	Large Cap	446,227	14.5	916,637	17.0	2,794,798	16.1
Franklin India High Growth Companies (G)	Multi Cap	433,150	12.4	943,213	18.1	3,202,284	18.7
Aditya Birla SL Advantage Fund (G)	Multi Cap	453,270	15.5	980,455	19.7	2,926,922	17.0
Mirae Asset Emerging Bluechip Fund (G)	Mid Cap	492,157	21.4	1,186,083	27.6	NA	NA
L&T India Value Fund (G)	Mid Cap	478,691	19.4	1,086,337	24.9	NA	NA
Franklin India Smaller Companies Fund (G)	Small Cap	479,755	19.6	1,138,676	25.9	4,359,023	24.4
L&T Emerging Businesses Fund (G)	Small Cap	567,548	31.9	NA	NA	NA	NA
HDFC Balanced Fund (G)	Hybrid Equity	449,094	14.4	917,243	17.0	2,961,308	17.2
L&T India Prudence Fund (G)	Hybrid Equity	444,470	13.7	906,370	16.5	NA	NA
IDFC Tax Advantage (G)	ELSS	497,848	22.2	1,029,373	21.7	NA	NA
Axis Long Term Equity Fund (G)	ELSS	465,560	17.4	996,496	20.4	NA	NA



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