

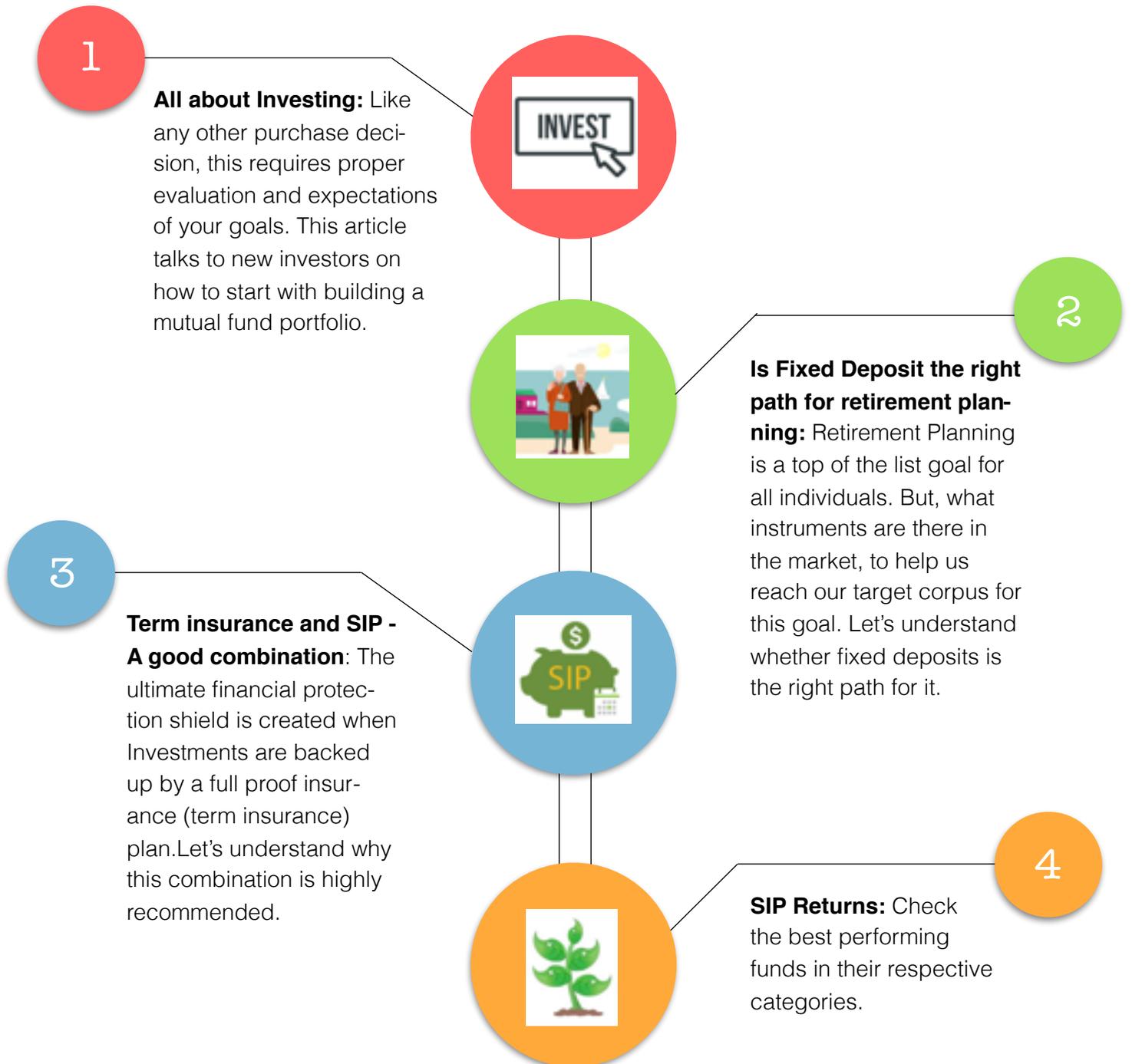


AKHIL CHUGH
DIRECTOR - NET BROKERS

Dear Patrons,

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



Thinking of starting afresh and building up a mutual fund portfolio? Like any other purchase decision, this requires proper evaluation and expectations of your goals. And, the first step here is to ask yourself certain questions:



WHAT ARE INVESTMENT OBJECTIVES

- Generating an additional source of income
- Financing future needs
 - Building a retirement corpus
 - Funding children education
 - Buying a home
 - Children marriage
- Increasing savings
- Reduced tax liability



TYPES OF INVESTORS, BASED ON RISK APPETITE

Conservative Investor: A risk averse investor who wants to preserve his capital first and has low tolerance for risk. Such investor would have his funds allocated to balanced advantage funds and more in debt funds like liquid funds, FMPs and credit risk funds.

Moderately aggressive Investor: An investor willing to take controlled risks for moderate returns. A mix of large, multi, balanced and debt funds forms a typical portfolio type for this one.

Aggressive Investor: This kind of investor finds an opportunity to take intelligent financial decisions based on his experience and intelligence. His portfolio would comprise of mostly equity funds like multi cap, mid-cap and small cap.

WHY THINK ABOUT INVESTING?

WHY CHOOSING MUTUAL FUNDS AS AN INSTRUMENT?

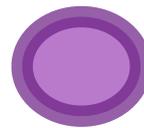
WHAT ARE THE KINDS OF GAINS WE'RE LOOKING AT?

WHERE DOES ONE REINVEST THE GAINS? HOW MANY YEARS REQUIRED?

WHAT IS THE REAL OBJECTIVE OF INVESTING?

- CAPITAL APPRECIATION
- CAPITAL PRESERVATION
- SUSTAINABLE LONG TERM GROWTH
- COMBINATION OF CAPITAL AND INCOME GROWTH

WHAT KIND OF RISK ARE WE WILLING TO TAKE IN THE LONG RUN?



FACTORS DETERMINING YOUR RISK APPETITE

Current scenario: This aspect is determined by the age, current assets and liabilities, financial dependents, source of income and investible capital.

Past experience: Knowledge about investment products, inclination to learn, nature of previously held portfolio (if any).

Future outlook: Liquidity requirement in the near future and time horizon available to fulfill the the investment objectives planned.

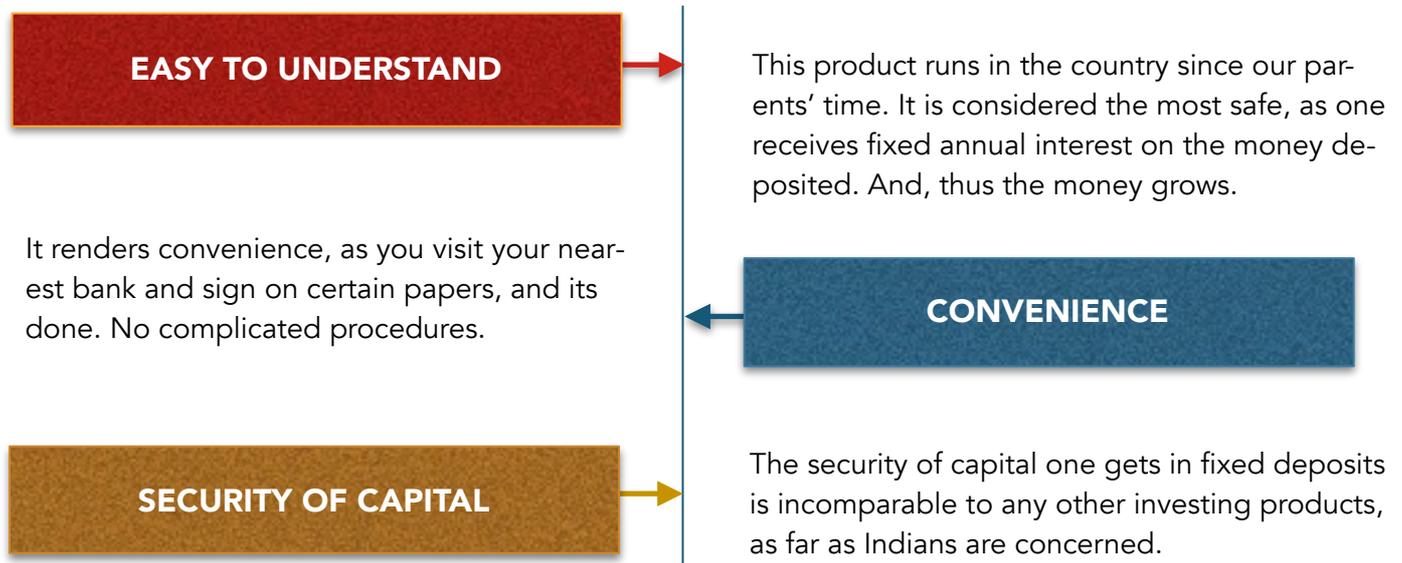
Investment attitude: Willingness towards risk taking, ability to withstand short-term notional losses in return for long term high returns.

Based on the responses from an investor, the investment advisor will classify him/her in the conservative, moderately aggressive or aggressive category and simultaneously determine the products and schemes that should be allocated to the portfolio.

IS FIXED DEPOSIT THE RIGHT PATH FOR RETIREMENT PLANNING

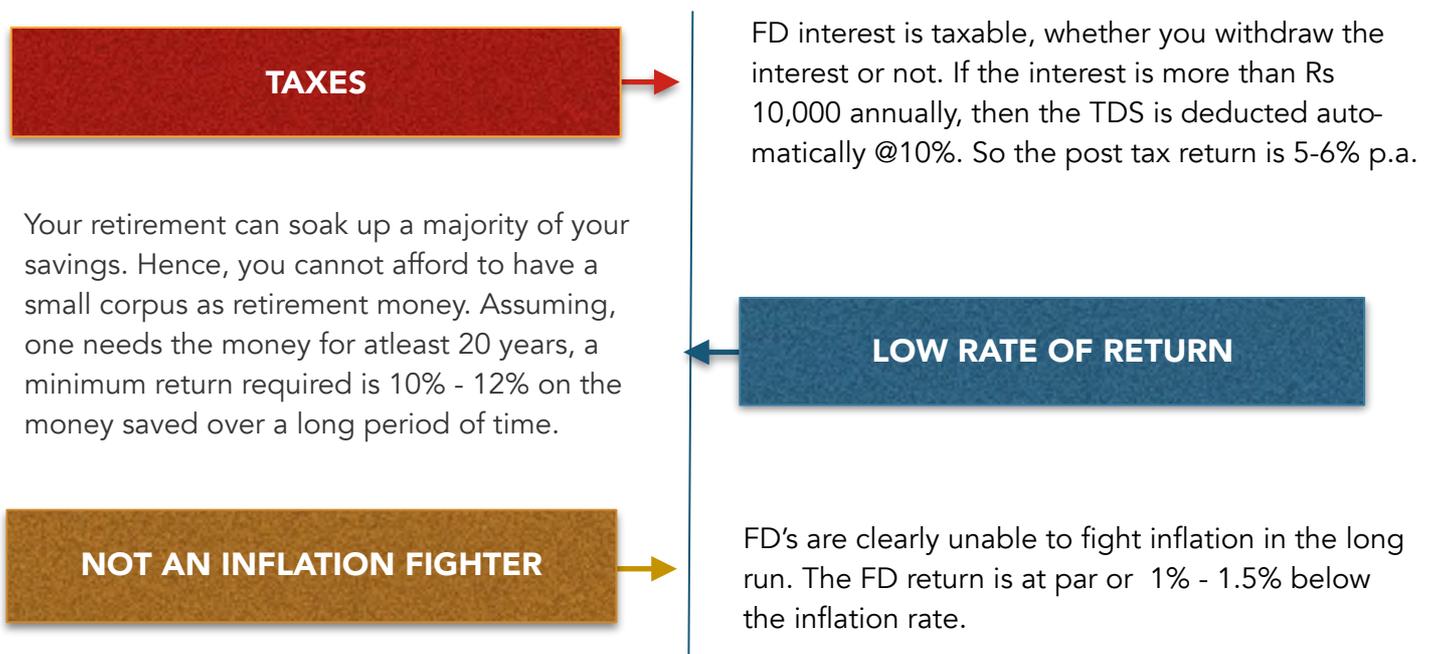
Retirement Planning is a top of the list goal for all individuals. But, what instruments are there in the market, to help us reach our target corpus for this goal. The answer everyone has one - Fixed Deposits. However, one must think whether that this instrument should be top of the line, so as to create a handsome corpus for retirement.

So, WHY DO PEOPLE CHOOSE THIS INSTRUMENT?



FACE THE REALITY

What is easy often not the right plan. Fixed deposit is actually a problematic choice, when it comes to retirement planning:



OUR RECOMMENDATION

Equity is the only asset class which gives inflation beating returns in the longer run. Right mix of equity and debt funds will help an individual to build a sizeable retirement corpus. Allocation to equities will depend on factors like age group, risk appetite, etc. Take advantage of Systematic Investment Plan (SIP) to invest in equities, ride through market volatility and build a sizeable corpus in the long run.

TERM INSURANCE AND SIP: A GOOD COMBINATION

One thing can be a major blow to an individual's savings and a shock for the family members is Death. Saving is a good habit and doing it systematically is the ideal way to plan for the future. A Systematic Investment Plan does not cover anything in this scenario. Only a TERM INSURANCE can.

Unfortunately, the life insurance sector is very under-explored in our country till date. One would postpone this investment in general. Without realising that, this investment might be the only security for the family members, in case of any mishap in the bread earner's life.

SIP prepares you for the long term while a Term Plan can make you tension free from the moment you buy it. Term Plan comes with a dual advantage of securing your family's future and saving taxes as well.

SIP and term insurance are a brilliant combination in one's portfolio. Moving hand in hand with each other, these financial products can create a win-win situation for an investor. The investor is not only generating a huge corpus for him and his family, but also securing themselves from any unforeseen circumstances.

**BENEFITS
OF A TERM
PLAN**

The **premiums are affordable** to an investors' pocket that can be paid on a monthly/yearly basis.

Term plans **allow tax deduction** under section 80C and hence are eligible for **tax benefit** under section 10(10D)

They allow **high insurance amounts** provided to your family members to maintain regular living and pay off the family debts, in your absence

Let's illustrate this with an example: Age of individual: **30 years**; SIP amount: **Rs 10000 p.m.**; Insurance premium: **Rs 1000 p.m.** With high insurance coverage of up to Rs 1 crore at affordable average annual premium of Rs 12,000 for a 30-year old, a term insurance plan should be the first thing to buy once you have dependants. High insurance money helps your family members meet regular expenses and repay outstanding loans in your absence.

Age 30 years	SIP	Term Plan of Rs 1 Cr
Duration	30 years	30 years
Monthly flow	10,000	1,000
Annual Investment	1,20,000	12,000
Expected Annual Return	15%	Nil
Final Corpus	Rs 7 Cr	Rs 1 Cr in case of death

Evaluate your financial needs and family expenses when you finalise the best insurance plan for yourself. Remember, the period of coverage should be available till all your liabilities are over. Once you retire, you may not need a term Plan. For your retirement planning, you may choose a mutual fund via the SIP route.

INVESTMENT		VALUE (3 Year)		VALUE (5 Year)		VALUE (10 Year)	
Monthly Investment @Rs 10,000		360000		600000		1200000	
SCHEME NAME	CATEGORY	RETURN	%	RETURN	%	RETURN	%
ICICI Prudential Bluechip Equity (G)	Large Cap	459,436	16.6	878,641	15.3	2,790,620	16.1
AxisBluechip Fund (G)	Large Cap	487,220	20.7	912,970	16.8	N/A	N/A
Mirae Asset Emerging Bluechip Fund (G)	Large & Midcap	481,950	20.0	1,105,540	24.7	N/A	N/A
Principal Emerging Bluechip Fund (G)	Large & Midcap	478,694	19.5	1,049,364	22.6	N/A	N/A
Kotak Standard Multicap Fund (G)	Multi Cap	464,729	17.4	945,684	18.3	N/A	N/A
Mirae Asset India Equity Fund (G)	Multi Cap	473,087	18.6	951,069	18.5	3,279,498	19.1
KOTAK Emerging Business Fund (G)	Mid Cap	448,036	14.8	1,008,918	20.9	3,441,701	20.0
L&T Midcap Fund (G)	Mid Cap	471,662	18.4	1,056,010	22.8	3,778,715	21.7
L&T Emerging Business Fund (G)	Small Cap	501,865	22.9	N/A	N/A	N/A	N/A
HDFC Small Cap Fund (G)	Small Cap	499,360	22.5	1,028,424	21.7	3,326,579	19.4
Axis Focused 25 Fund (G)	Focused	511,579	24.3	1,002,118	20.7	N/A	N/A
IDFC Focused Equity Fund (G)	Focused	476,037	19.0	880,944	15.4	2,322,995	12.7
Mirae Asset Hybrid Equity Fund (G)	Hybrid Equity	448,061	14.8	N/A	N/A	N/A	N/A
ICICI Prudential Equity & Debt Fund (G)	Hybrid Equity	434,105	12.6	854,095	14.1	2,747,531	15.8
Axis Long Term Equity Fund (G)	ELSS	472,913	18.6	965,754	19.1	N/A	N/A
Motilal Oswal Long Term Equity Fund (G)	ELSS	476,557	19.2	N/A	N/A	N/A	N/A



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