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Dear Patrons,

Greetings!

We are pleased to share our monthly newsletter "Knowledge Initiative" for July 2020.

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.

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SIP - A CONCEPT OF WEALTH CREATION: SIP is a mode of investment by which fixed sums of money are debited from a bank account of investors into specific mutual funds. Let's read some benefits of this concept and how it accumulates to create wealth.



2

HEALTH INSURANCE IN COVID 19: IRDA has instructed insurance companies to offer short term plans to cover hospitalisation expenses for treatment of COVID 19. Listed are health insurance plans to cover hospital expenses under the pandemic.



3

FINANCIAL VOWS FOR 30 YEAR OLDS: The concept of savings and investment comes in an individual's life, when one finishes their education to start working in an organisation. But, during this time, one can make haste financial decisions. Lets understand the vows one must take in this period of life.



4

LIST OF TOP MUTUAL FUNDS: Check the best performing funds in their respective categories.



SIP: A CONCEPT OF WEALTH CREATION



SIP is a mode of investment by which fixed sums of money are debited from a bank account of investors into specific mutual funds

The person using SIP will be allocated certain amounts of units according to ongoing NAV (net asset value)

Each time the sum of money is invested, more units get added and the price gets averaged out. The concept is called RUPEE COST AVERAGING

FLEXIBILITY

Any person can opt for this way of investment and can increase / decrease or stop a SIP whenever one wants. There are no penalties to be faced by investors in this regard. A mutual fund scheme can start with a minimum of Rs 500 per month.

TAKING CARE OF LIABILITIES

We encourage individuals to invest by way of SIP because it is the most disciplined way of creating wealth. SIPs can be done weekly or monthly basis. It is considered a hassle free way of making one's money grow.

PREVENTS SPECULATION

SIP is an investment strategy that can free investors from carrying out speculations in highly volatile markets. The investor gets more units when the market is at a LOW and fewer units when the market is at HIGH. The cost of the units, this way, gets averaged out delivering good returns in the long run.

Period	Total amount invested @10,000 p.m.	Corpus value (assumed returns @12%)
3 years	3,60,000	4,30,793
5 years	6,00,000	8,11,036
7 years	8,40,000	12,88,013
10 years	12,00,000	22,40,359
20 years	24,00,000	91,98,574

HEALTH INSURANCE IN COVID 19

IRDA has instructed insurance companies to offer short term plans to cover hospitalisation expenses for treatment of COVID 19. The two policies, Corona Kavach and Corona Rakshak policy are health insurance plans offered to cover hospitalisation expenses.

Let's understand the basic details of the policies:

BENEFITS OF CORONA KAVACH AND RAKSHAK POLICY

- These are short term plans, and one need not continue to pay premium for their lifetime.
- The no-claim bonus on existing health insurance is not immediately impacted.

WHO OFFERS THESE POLICIES

These policies are offered by all general and health insurance companies.

MINIMUM AND MAXIMUM AMOUNT

The minimum sum insured for Corona Kavach Policy is Rs 50,000 and the maximum is Rs 5 lakh while for the Corona Rakshak Policy, the minimum sum insured is Rs. 50,000 and the maximum limit shall be Rs.2.5 lakh.

HOSPITALISATION

In the Corona Kavach Policy, the base coverage or the sum insured will apply only when there is a hospitalization of a minimum period of 24 hours. The hospital expense up to the sum insured will be paid as claim by the insurer irrespective of the days of stay in the hospital. But, in the case of Corona Rakshak Policy, it requires hospitalization for a minimum continuous period of 72 hours.

TYPE OF POLICY

Corona Kavach Policy can be bought on individual as well as family floater basis, whereas Corona Rakshak policy only has the individual basis to offer.

NATURE OF POLICY

The Corona Kavach Policy shall have one basic mandatory cover and one optional cover. The premium payable towards this Optional Cover will have to be paid separately so as to enable policyholders to choose and pay based on the need. The Base Cover of Corona Kavach Policy will be offered on Indemnity basis whereas Optional Cover shall be made available on Benefit Basis.

In an indemnity cover, the claim is paid as per the hospital bills while in a Benefit cover, the entire sum insured is paid to the policyholder.

FINANCIAL VOWS FOR 30 YEAR OLDS

The concept of savings and investment comes in an individual's life, when one finishes their education to start working in an organisation. They are self dependent and ready to take care of their earned income. The time when you're in a position to save is typically in your late 20s or early 30s for starters. But, during this time, one can make haste financial decisions. Lets understand the vows one must take in this period of life:

Avoid Debt Traps: Spontaneous purchases are most common mistakes that one commit when they start to earn. Multiple credit cards and multiple loans with regular EMI payments becomes a regular affair. Debt traps can lead to undue stress and pressure and thus, must be avoided. A consistent approach must be adopted to grow money in the long run.

A good retirement plan: Investing in equities through SIP is a great way to channelise savings, but this works best when you link it to a financial goal such as retirement. It is necessary to have a fixed income post the working period of life, in order to maintain the same standard of living.

Start investing early: Investing comes into play when one starts saving and accumulating their monthly income. The earlier you start in your working career, the better it is for one to secure their future. Systematic investment plan (SIP) is the perfect way to investing in equities and adopting a disciplined approach to make wealth in the long term.

Insured: Insurance is indispensable in today's times. Life and health insurance are the products one needs to invest to secure their life and for the ones who are dependent on them. But, one must not link these to their investment needs. Life insurance such as a pure term cover is best suited in such a case.

Budgeting: Socialising is necessary to keep a balance along with a professional career. It helps one to make new connections and a change from the regular routine. Alongside, it is extremely important to keep party budget for the month and not try to exceed it. This helps in keeping the savings in track. Also, a personal financial budget helps you to balance leisure and work at all stages.

The above mentioned financial vows allows one to fulfil their present dreams and aspirations and lead to a secure period post retirement. A disciplined approach to investments is as important as a disciplined lifestyle.

LIST OF TOP MUTUAL FUNDS

CATEGORY	NAME OF SCHEME
LARGE CAP	Axis Bluechip Fund
	Mirae Asset Large Cap Fund
LARGE AND MID CAP	Mirae Asset Emerging Bluechip Fund
	Kotak Equity Opportunities Fund
MULTICAP	DSP Equity Fund
	Kotak Standard Multicap Fund
FOCUSED	SBI Focused Equity Fund
	Axis Focused 25 Fund
MID CAP	Axis Midcap Fund
	DSP Midcap Fund
SMALL CAP	Axis Small Cap Fund
	SBI Small Cap Fund
ELSS	Axis Long Term Equity Fund
	Mirae Asset Tax Saver Fund
HYRBID AGGRESSIVE	Mirae Asset Hybrid Equity Fund
	SBI Equity Hybrid Fund
BALANCED ADVANTAGE FUND	DSP Dynamic Asset Allocation Fund
	Edelweis Balanced Advantage Fund
HEALTHCARE	Mirae Asset Healthcare Fund
	TATA India Pharma and Healthcare Fund
	Franklin India Feeder Franklin US Opp Fund
GLOBAL	Edelweiss US Technology Equity Fund of Fund
DEBT - CORPORATE BOND	Kotak Corporate Bond Fund
	ICICI Pru Corporate Bond Fund
DEBT - BANKING & PSU	DSP Banking & PSU Debt Fund
	IDFC Banking & PSU Debt Fund



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