



## Knowledge Initiative

**Dear Patrons,**

**Season's Greetings.**

Here we are with the Tenth 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 Tenth Issue includes:**

1. Market Outlook for 2014
2. Useful Research Tools on SIP
3. ELSS: The best Tax Saving Option
4. Invest in NCDs for Higher Returns
5. Property Buying: Downside of Wait and Watch
6. Investment Opportunities in Real Estate



**Akhil Chugh**  
**Director**

**Warm Regards,**  
**Akhil Chugh**



# A SECURE FUTURE SHOULDN'T MEAN A PRESENT THAT IS A COMPROMISE.

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## Market Outlook for 2014

Equity markets will do much better in 2014 as compared to last year, though there will be lot of uncertainty at the time of general elections. During this period, volatility will be quite high. There is a general perception that Modi led BJP government will boost market sentiments and will drive lot of foreign investments in the country. The most important thing will be to have a stable government which can complete full tenor and avoid policy paralysis.

We don't expect US Quantitative Easing (QE) tapering to take a toll on the markets as it has already been priced in. In any case, till now the impact of QE tapering has been mainly felt on Foreign Institutional Investors (FII) debt flows and less on equity flows. Fiscal and current account deficit appears to be peaked out. However, inflation and rupee depreciation will remain a big concern and the new government will have to take immediate measures to control it.

The stock markets are trading at all time highs and the market P/E is still lower than previous highs of 2008. As on 1<sup>st</sup> January 2014, Nifty's P/E is at 18.82 as compared to 27.64 on 1<sup>st</sup> January 2008. Current low P/E's should be taken advantage of to increase allocations to equities in phases with a 3 - 5 year investment horizon. Low P/E's generally yield good returns and are available only during challenging times.

FII's are very positive on India as it offers higher growth potential than rest of the world due to favourable demographics, rising affordability, low penetration of consumer goods and rich natural resources.

**We feel Equity markets should reward long term investors. Reasonable valuations and likely rebound in earnings growth provide a compelling case for equity with a 3 year perspective.**

### Investment Ideas:

- Stay invested in equities and increase allocation through systematic investment plan (SIP) offered by mutual funds.
- On the debt side, expect good returns as interest rates will come down sooner or later. Invest in short and medium term accrual based income funds with maturity of 1- 3 Years.
- Asset allocation will be very important at this point of time. Allocation to equity and debt should be made on the basis of factors like needs, requirements and risk appetite. A financial plan is highly recommended as it develops long term investment habit and helps to achieve future financial goals like retirement, children education and marriage, buying a house, etc.



## Useful Research Tools on SIP

[www.netbrokers.co.in](http://www.netbrokers.co.in)

**Systematic Investment Plans offered by mutual funds are the best way to create wealth over the long term period. Now you can zero down on research by using Net Brokers SIP returns calculator which gives you access to past SIP returns generated by any fund over any time period.**

### Step 1:- Visit Our Website

The Net Brokers website gives you access to large number of research tools which allows an investor to select a mutual fund scheme to invest in. Tools such as Past SIP Performance, SIP Future Value Calculator, Factsheets, MF News, Latest NAV and many more.

Past SIP Performance

Fund House	<input type="text" value="Select"/>
Category	<input type="text" value="---"/>
Scheme	<input type="text" value="Select"/>
Installment Amount (Rs.)	<input type="text"/>
Period	<input type="text" value="Monthly"/>
SIP Date	<input type="text"/>
From Date	<input type="text"/>
To Date	<input type="text"/>
Value as on Date	<input type="text"/>

### Step 2:- Locate Past SIP Returns.

Under mutual funds, find MF Tools and click on Past SIP Performance. You can narrow down your research by selecting the mutual fund house and the scheme where you want to invest in. The calculator will show you past SIP returns of any mutual fund scheme of your choice.

Past SIP Performance

Fund House: ICICI Prudential Mutual Fund

Category: Equity

Scheme: ICICI Pru - Discovery Reg (G)

Installment Amount (Rs.): 10000

Period: Monthly

SIP Date: 01

From Date: 01-01-2008

To Date: 01-01-2014

Value as on Date: 01-01-2014

Calculate

**Step 3:- Evaluate Returns**

Once you have selected a fund, enter SIP amount, frequency period, start and end date. Then click on calculate and you will get to know the Total Investment amount, SIP Fund Value, Average NAV, Absolute and XIRR Returns. This tool allows you to evaluate and select the best scheme that has survived the stormy seas of the market and delivered good returns.

Past SIP Performance

Fund House: ICICI Prudential Mutual Fund

Category: Equity

Scheme: ICICI Pru - Discovery Reg (G)

Installment Amount (Rs.): 100

Period: Monthly

SIP Date: 01

From Date: 01-01-2008

To Date: 01-01-2014

Value as on Date: 01-01-2014

Calculate

Scheme Name	No. of SIP Installment	Average NAV	NAV as on 01-01-2014
ICICI Pru - Discovery Reg (G)	72	41.7747	62.5800
Total Investments	SIP Value as on 01-01-2014	Absolute Return	XIRR
₹ 7,200.00	₹ 12,387.58	72.05%	18.4103%

Value As On

Date	NAV	Units	Current Value in (₹)
01-01-2014	62.5800	197.948	12,387.58

For more information on Research Tools, contact us on mail@netbrokers.co.in



## ELSS: The Best Tax Saving Option

The tax saving season is upon us once again. There are lot of financial products competing with one another to seek your attention. One such product is the equity linked saving schemes (ELSS) from mutual funds. ELSS is 100% equity diversified mutual fund scheme offering dual benefits of equity returns and tax deduction of one lac under section 80C of income tax act if you are ready to invest your money for 3 years.

As there are large number of financial products under section 80C, you need to carefully analyze your options before committing your money to a particular scheme. On the debt side, you have tax-saving instruments such as National Savings Certificate (NSC), Public Provident Fund (PPF), five-year bank fixed deposits. These entire products offer assured rates of return. However, these instruments have been offering negative real returns (or lower rates than inflation) for some time now and the situation may not change in the near term. Moreover, the returns are not tax free. On the equity side, you have ELSS and unit-linked insurance plans (Ulip). The long term capital gains arising from these products are tax free. Ulips come with a high lock-in period of five years and higher charges, and hence mutual funds serve as a better option to invest in equities that generate inflation-beating returns. Other options like NSC come with a six-year lock-in whereas Ulip blocks your money for five years. And PPF is a rather long 15-year haul.

Be it ELSS or other equity funds, systematic investment plans (SIPs) are the best way to invest in the markets. Theoretically, one must invest when the markets are down and valuations are low, but practically most investors follow the opposite trend—they think bearish when the markets are down and bullish when the markets are up. Given that timing the market is very difficult, SIPs offer the best way to invest in the market. They average out your cost of investment and infuse a disciplined approach to investment.

Following are SIP returns of Top ELSS:

### Current Returns (XIRR) %

Scheme	3 Years	5 Years
BNP Paribas - Tax Adv Plan (G)	13.5	13.1
Franklin - India Taxshield (G)	11.0	12.9
Axis - Long Term Equity (G)	17.9	-

\*Returns as on 1<sup>st</sup> January 2014

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



## Invest in NCDs for Higher Returns

Non-convertible debentures (NCDs) are debt instruments with a fixed tenure issued by companies to raise money for business purposes. Unlike convertible debentures, NCDs can't be converted into equity shares of the issuing company at a future date.

Investors looking to earn higher returns from fixed income products can consider NCDs. Currently, Srei Infrastructure Finance, Muthoot Finance and Mannapuram Finance are offering NCDs in the market with a tenor ranging from 400 days to 6 years. The interest rates range between 11% and 12.5% which is much higher than bank fixed deposits. They also offer you the option of monthly interest, annual interest, cumulative option as well as option to double your money.

***NCDs may attract investors with lower tax slab of 10% or no tax at all.*** Before making investments, one should carefully analyze the credit ratings of NCDs as high rating will ensure good liquidity at the time of exiting. Usually in case of NCDs, it is advisable to hold till maturity. ***Those in the higher tax slabs can look at tax-free bonds for superior returns.***

For example, if a person with 30% tax bracket invests in a five year Muthoot Finance NCD at 12%, his post tax returns will work out to be 8.40%. So it doesn't make sense for those in high tax brackets to invest in NCDs. However, if you are in 10% tax bracket, your return will be 10.80%.

Muthoot Finance and Manappuram Finance give you the option of monthly income as well as an annual income while Srei Infra has only an annual interest payment option.

When it comes to interest rates Srei Infra pays 11.5% while Muthoot and Manappuram pay 12% for five-year tenure. Srei Infra however, offers an additional 0.25% to existing bond holders as well as shareholders.

***Investors should strongly consider diversification in their fixed income portfolio.*** Apart from Bank Fixed Deposits which are not able to beat inflation, there are other good options to consider such as Tax Free Bonds, Corporate Fixed Deposits and Non-Convertible Debentures (NCDs). ***Investors whose income are not subject to tax or pay a marginal tax of 10% can invest in Corporate Fixed Deposits and NCDs, rest can invest in tax free bonds.***

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



## Property Buying: Downside of Wait and Watch

Buyer paralysis – or, as it is popularly known these days, the ‘wait-and-watch’ syndrome – is one of the main reasons today why aspiring home owners do not make their move.

Fence-sitting buyers are waiting for a few things to happen – for property prices to come tumbling down, and for home loan interest rates to be brought so low as to become irresistible. Obviously, a combination of both would be the most preferred scenario. Then there are people who want to own a sizeable property, but delay their decision until they have enough money to make a sizable down payment.

***For homebuyers-in-waiting, a deeper understanding of the dynamics of the real estate market – and the various options open to them – can often bring them closer to finally achieving their goals:***

- Price corrections do not happen the way most people imagine and they do not take place uniformly across all cities, but only in cities – and more importantly, in locations – where there is too much stock and no sales. If sales are taking place, even at a slower rate, prices will not drop. This is, in fact, one of the main reasons why investment in the right property at the right location is such a safe bet.
- Home loan rates are decided by the state of the economy and economic performance depends on a huge plethora of macro factors. Moreover, the monthly outgoings on an existing home loan will automatically decrease when interest rates come down (provided that the loan is on a floating and not fixed rate of interest).
- Home purchase and property investment are two very separate concepts. A home is one of the things we buy because we intend to put them to use and make our lives more secure and comfortable. An investment property is something we buy in order to sell it at a sizable profit a few years down the line, and to rent it out until then. Homeowners view their homes as a source of stability and security, while investors see their holdings as tradable commodities.
- Size DOES matter – but not all that much. If you are in the position to buy a 2 BHK in a good location today, you can be assured that it will appreciate in value. As your income grows steadily, you can always upgrade to a bigger home. Do not delay your decision simply on the basis of waiting to make a hefty down payment for a large size property.

Like all mind-sets, the wait-and-watch stance can become a chronic one for no better reason than that it has become a habit. The decision to postpone the purchase of a home should not be on the basis of limited information. In fact, such a course can be self-defeating and put your dream home further and further out of reach.



## 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 (Assured Returns-11%)	Mathura Road (Delhi – Faridabad border)	Rs 7800	Commercial	Rs.39 Lac Onwards	Sep,2016
5	World Trade Center	WTC- Spire One (Assured Returns-12%)	Yamuna Expressway, Greater Noida	Rs.6250	Commercial	Rs. 28.12 Lac Onwards	Oct, 2017
6	ATS	ATS PRISTINE	Sec-150,Noida Expressway	Rs.5500	Residential	Rs. 96.25 Lac Onwards	Mar, 2017
7	World Trade Center	WTC- WTC One (Assured Returns – 12%)	Yamuna Expressway, Greater Noida	Rs5100	Commercial	Rs.25.50 Lac Onwards	July, 2016)
8	Jaypee Wishtown	Garden Isles	Sec-133,Noida Expressway	Rs.5050	Residential	Rs. 65.90 Lac Onwards	Dec,2015
9	Jaypee Greens	Aman 3	Yamuna Expressway, Greater Noida	Rs 2700	Residential	Rs. 10.80 Lac Onwards	Jan, 2017
10	Eros	Sampoornam	Sec-02,Noida Extention	Rs 3550	Residential	Rs. 29 Lac Onwards	Dec, 2015

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

## New Investment Offers

- Mutual Funds**

### New Fund Offers

Fund	Category	Type	Open	Close	Asset Allocation (Debt: Equity)
Axis Hybrid Series 8	Hybrid Debt	Closed-end	06- Jan	17-Jan	80:20
DSPBR Dynamic Asset Allocation	Hybrid AAC	Open-end	17- Jan	31-Jan	Varies
ICICI Pru Capital Protection Oriented Ser V Plan A	Hybrid Debt	Closed-end	02- Jan	16-Jan	80:20
ICICI Pru Multiple Yield Sr 5 D	Hybrid Debt	Closed-end	14- Jan	28-Jan	80:20
IDFC Equity Opportunity Series 2	Equity	Closed-end	13- Jan	24-Jan	20:80
Religare Invesco Pan European Equity	Equity	Open -end	15- Jan	29-Jan	80:20
SBI Tax Advantage Series III	Equity	Closed-end	28- Dec	27- Mar	20:80

- Tax Free Bonds**

Issue Name	Interest Rate	Opening	Closing	Face Value Per Bond	Minimum Bonds
Indian Railway Finance Corporation Limited (IRFC)Tax Free Bonds	8.65% p.a.	06-Jan	20-Jan	Rs.1,000	5 Bonds and in multiples of 1 Bond thereafter

- Non - Convertible Debentures**

Issue Name	Interest Rate	Opening	Closing	Face Value	Minimum NCDs
Manappuram Finance Limited NCDs	12.94%	30-Dec	20-Jan	Rs.1,000 /- per NCD	10 NCDs and in multiples of 1 NCD thereafter
Edeleiwss Capital Limited NCDs	12.59 %	16-Jan	27-Jan	Rs.1,000 /- per NCD	10 NCDs and in multiples of 1 NCD thereafter
Muthoot Finance Limited NCDs	12.25%	27-Dec	27-Jan	Rs.1,000 /- per NCD	10 NCDs and in multiples of 1 NCD thereafter
SREI Infrastructure Finance Limited NCDs	11.77%	30-Dec	31-Jan	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 (In %)	Senior Citizen	
		1 Year	2 Year	3 Year		(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	9.60%			9.78	0.25	10.04

\* 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.



**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**

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