



## Knowledge Initiative

**Dear Patrons,**

Here we are with the fifth 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 Fifth Issue includes:**

1. Patience is the Key
2. Time for Fixed Maturity Plans
3. Useful Tips on Health Insurance
4. Plan Your Child's Future
5. Investment Opportunities in Real Estate



**Akhil Chugh**  
Director

Warm Regards,  
Akhil Chugh



## Patience is the Key

Patience is one of the greatest virtues which very few people possess and is very difficult to act upon in such jittery investment environment. Last 1 month has been full of events. With Fed Chairman signalling a possible end of US monetary stimulus next year leading to Foreign Institutional Investors pulling out funds from both Equity and Debt markets of emerging economies like Brazil, Russia, India which further lead to the rise in Dollar and putting more pressure on balance of payments or current account deficit of these economies.

Recently, Reserve Bank of India has taken some important measures to fight the dollar by tightening the monetary policy. RBI has increased the cost of borrowing for banks by reducing the Liquidity Adjustment Facility (LAF) i.e overnight borrowing facility for banks from Rs 75,000 Cr to Rs 37,500 Cr. Over and above this, banks will be charged 2% extra on borrowings. This has resulted in a sharp increase of 2% hike in the interest rates of short term papers of 1 year like Bank Certificate of Deposits and Commercial Papers.

The Equity market is already facing lot of pressure from FII's pulling out funds and showing lack of interest in Indian Equities due to concerns regarding slower growth, worsening fiscal and current account deficit. The Debt market has also joined the party due to the recent measures inducted by RBI. The bond prices have soar and the returns have gone negative in last one month. RBI has promised that these measures are short term in nature and will be reversed once the rupee stabilizes. It has also hinted that right now the focus is not on growth.

### **Net Brokers View:**

We know this is a tough investment environment with so much happening domestically and internationally. Investors are strongly advised to hold on to their Duration Funds (Debt) as RBI measures are short term in nature. RBI is expected to continue their interest rate cut cycle once the rupee stabilizes. We expect RBI to reverse the temporary monetary tightening measures by November or December 2013 and cut the interest rates by 50 basis points by March 2014.

As far as the Equity investment is concerned, we always advise investing through systematic investment plans (SIP) offered by mutual funds. Keep on continuing with SIPs and focus on long term goals. Such jittery investment environments have always been part of stock market.

Our advice for you is to be patient and have faith in your investments.



## Time for Fixed Maturity Plans

Fixed Maturity Plans popularly known as FMPs are close-ended debt funds. Investments can be made in them only during the new fund offer period. FMPs invest in debt instruments issued by corporate and banks and their investments have a maturity that coincides with the maturity of the FMP. Hence the name - fixed maturity plans.

The investments made by the FMP have an indicative yield. From a few months to several years, there are investment options available across different points of tenor. Investors can select the tenor suiting their investment objectives and needs.

FMPs being close ended are listed in stock exchanges to provide exit to investors before maturity. It is advisable to remain invested till the end as there is hardly any liquidity while making an exit through stock exchange.

With the recent measures of liquidity tightening inducted by RBI, the interest rates across different tenor of papers have gone up. **Currently 1 Year Bank Certificate of Deposit is trading at 9.38% and 1 Year Corporate Paper at 9.91%.**

As far as the taxation is concerned, FMP is a much better alternative as compared to Bank Fixed Deposits. In FDs, the interest income is added to the investor's income and is taxable at the applicable tax slab, also known as the marginal rate of tax. In the growth option of FMPs, returns earned are treated as capital gains (short-term or long-term depending on the investment tenure).

In the case of short-term capital gains (i.e. if investments are held for less than 365 days), the interest income is added to the investor's income and is taxed at the marginal rate of tax. As for long-term capital gains (if investments are held for more than 365 days), the tax liability is determined based on the lower of with indexation (charged at 20% plus surcharge) and without indexation (charged at 10% plus surcharge). **With the indexation benefit, FMPs end up delivering more tax efficient returns than Bank FDs.**

### Net Brokers View:

FMPs are passive investments carrying low risk as compared to duration funds where the fund manager takes active calls in debt instruments. Having said that, investors looking for fixed returns can go for FMPs. Investors who have patience and an investment tenor of minimum 18-24 months, can invest in duration funds as Yield to Maturity has become very attractive.

**For more information on Fixed Maturity Plans, contact us on [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)**



## Useful Tips on Health Insurance

Healthcare costs are rising at a fast clip. According to a survey, healthcare costs in India increased by 13.25% in 2011. The rate of increase year on year is estimated to be roughly at the same level. The culprits: introduction of new medical technologies, over-prescription by doctors, and a general rise in medicine costs.

**Here are some tips you should keep in mind to ensure that you aren't buying the wrong plan:**

- Know how much the average cost of your healthcare should be. For example, it is generally accepted that Rs.5 lac cover is sufficient for a single adult.
- Individual covers are usually more comprehensive than family plans and also cheaper on your wallet in the long run. Moreover, individual health plans cover most, if not all your checkups, pre- and post-hospitalisation expenses, and other domiciliary costs, which are usually somewhat limited in an umbrella cover.
- Check your policy to see if it provides cover for typical expenses, like maternity, vision, dental, etc. If it doesn't, find out if such covers can be added to your policy, or if they will be covered after a certain number of years have elapsed.
- Never select a policy based on premium alone. Find out what your insurer's claim settlement history is. If they have a reputation for speedy claim resolution and better payouts, go for it.
- Assess your risk-taking ability before you choose to opt for a floater plan. Though these are comparatively cheaper than individual plans, and provide cover for your entire family, they also mean that you have to assume a higher amount of risk in exchange for a smaller premium.
- If you are employed and your employer pays for your insurance cover, it would be wise to get a separate cover privately, as well. The main reason being – though workplace insurance covers are usually very beneficial, they may be terminated when you leave your organisation. Today, most

people are mobile when it comes to changing jobs, so you might not always have a cover when you're transitioning from one job to the next.

- Consider getting additional covers, like critical illness cover, accident cover, hospital cash, surgical cover, etc. These can be added to your existing policy as riders, for an added sum to your premium.

Keep to the above list of considerations, and you should be able to find the right cover with little trouble!

**Following are the Health Insurance Policies recommended by us:**

- Max Bupa Heart Beat
- Apollo Munich Optima Restore
- ICICI Lombard Health Protect Plus

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



## Plan Your Child’s Future

Bringing-up child as a successful and responsible individual is a dream of every parent. Almost every parent sacrifices his or her own desires and wishes to make their child’s future secure. Many parents also face lot of hardships to save money and fulfil their child’s dream.

The purpose of Children's Future Planning is to create a corpus for foreseeable expenditures such as those on higher education and wedding, and to provide for an adequate security cover during their growing years.

At Net Brokers, our experts spend adequate time in understanding the dreams and aspirations you have for your child. Based on this, we suggest a plan and the investment process along with the tenor required to achieve your desired goals.

**Let’s have a look at the illustration where Mr. & Mrs. Vyas plan to invest for their Child’s Education & Marriage:**

	<b>Education</b>	<b>Marriage</b>
<b>Target Amount</b>	25 Lac	50 Lac
<b>Tenor</b>	18 Years	25 Years
<b>Anticipated Inflation</b>	7%	7%
<b>Future Cost of Goal</b>	84.49 Lac	2.71 Cr
<b>Returns Expected</b>	12%	12%
<b>Suitable Investment Portfolio</b>	Aggressive	Aggressive
<b>Amount To Save Monthly</b>	Rs 11,039	Rs 14,300

The above table is a classic example of the investment process required for achieving the corpus of the Child’s Education and Marriage Plan. By investing a minimum of Rs 11,039 and Rs 14,300 on monthly basis, you can gift your child the best of education and marriage.

**For more information on Children Future Planning, contact us on [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)**



## 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 Advisors 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	1.31 Cr - 2. 36Cr	Dec, 2016
2	DLF	The Sky Court	Sec- 86,Gurgaon	Rs 7750	Residential	1.5 Cr	Sep, 2016
3	Raheja	Revanta	Sec-78,Gurgaon	Rs 6775	Residential	1.04 Cr to 2.52 Cr	Oct ,2014
4	3C	Lotus Zing	Sec-168, Noida Expressway	Rs. 5,500	Residential	65 Lacs Onwards	June,2014
5	Sunworld	Arista	Sec-168, Noida	Rs. 5250	Residential	35 Lac - 1.75 Cr	Dec, 2014
6	Sikka	Karnam Greens	Sec- 143, Noida	Rs5135	Residential	34 Lac – 1.12 Cr	Dec, 2014
7	Spire World	World Trade Center	Yamuna Expressway, Greater Noida	Rs 4950	Commercial	24 Lac Onwards	July, 2016
8	Mahagun	Mywood Phase 3	Sec- 16C, Noida Extention	Rs 4000	Residential	35.53 - 42.18 Lacs	Dec,2017
9	Eros	Sampoornam	Sec- 02 Noida Extention	Rs 3400	Residential	30 Lac - 72.48 Lac	Dec, 2015
10	Jaypee	Sports City Studio1	Yamuna Expressway, Greater Noida	Rs. 3290	Residential	18 Lac Onwards	July, 2016

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

## FIXED DEPOSITS

**Earn Assured Returns up to 12.57 % p.a.**

**Offered By Renowned Companies**

<u>Sr. No.</u>	<u>Company Name</u>	<u>Period</u>			<u>3 Years Yield</u>	<u>Senior Citizen</u>	
		1 Year	2 Year	3 Year	(in %)	(additional Rate)	(Yield in %)
1	Shriram Transport Finance	9.25	9.75	10.75	11.94	0.50	12.57
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.	8.90	9.05	9.15	10.01	0.25	10.31

# Interest @12.50% compounded monthly under 3 years Cumulative Scheme.

\* 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

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