



Knowledge Initiative

Dear Patrons,

Season's Greetings!

Here we are with the Ninth 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 Ninth Issue includes:

1. Stock Markets: Going Forward
2. Start and Save Early
3. Importance of Large Cap Funds
4. Tax Free Bonds: A Good Alternative
5. Health Insurance to Cover Financial Commitments
6. Investment Opportunities in Real Estate



Akhil Chugh

Warm Regards,

Akhil Chugh
Director

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 A COMPROMISE.

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Stock Markets: Going Forward

The BSE Sensex surged to a record high as investors cheered the assembly election results. Clearly, the prospect of a Bharatiya Janata Party-led government at the Centre after the general elections in 2014 enthused the market.

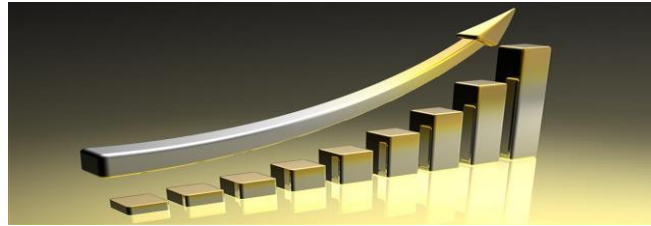
There were positive signs in the economy as well. India's *GDP* grew by 4.8% in the July-September quarter from the previous quarter's 4.4%, sparking hopes that the slowdown may be bottoming out. The *rupee* has stabilised though it is still weak when you compare it with the previous year. Also, the panic in the forex markets has largely disappeared. Strong corporate earnings have sparked hopes of a rebound, though demand is yet to pick up in many industries and corporate have logged profits mainly due to their cost-cutting efforts and better exports.

Key Indicators like consumer price inflation (CPI), fiscal deficit, current account deficit (CAD) and GDP still pose challenges to Indian economy. No economy can grow at a steady pace, if inflation goes beyond 10%, fiscal deficit is at 5% and CAD is at 5% of GDP.

We feel the economy may take another 9-12 months to recover. The government has opened up FDI in retail and defence, and cleared new projects. The government looks committed to keep the Centre's fiscal deficit at 4.8% of GDP. On the external front, gold import curbs are pulling down the current account deficit. The FCNRB-cum-swap scheme has raised \$20-25 billion. This is stabilising the rupee. So, while we are not yet out of the woods, we are better off than a few months ago. Middle-class income has not fallen and with the rupee-dollar down to 60-63, there's more surety that jobs are now better protected in our services industry.

Election outcome next year will play a major role as a strong government at the centre will fasten the policy process and improve market sentiments. Even though the stock markets are at their peak, we don't expect any major fall from these levels. Equity market is poised to give good returns from here onwards provided we have good election outcome.

We urge investors to stay invested in equities for long term. Ideally, an investment tenor depends largely on financial goals. Take help of systematic investment plans (SIP) offered by mutual funds to invest in equities. On Debt side, consider investing in accrual income funds having maturity period of 1 - 3 years.



Start and Save Early

Start Early

The key to building wealth is to start investing early and regularly. Most people tend to delay investments, thinking it is too early. But the longer the delay, the more they need to put away in order to reach their goal.

The Cost of Delaying

Here, we take an example of three people: Radha - 25 years old, Ravi - 30 years old and Rahul - 35 years old. All of them start investing Rs 5,000/- per month in equity diversified mutual fund till the age of 60 Years for their retirement.

Illustration:

	RADHA	RAVI	RAHUL
Starts Investing At The Age	25 years	30 years	35 years
Monthly Savings	5000/-	5000/-	5000/-
Returns (Assumed)	12 %	12 %	12 %
Both Invest Till The Age of	60 YEARS	60 YEARS	60 YEARS
Total Investment	21 Lac	18 Lac	15 Lac
Wealth Accumulated At 60	3.24 Cr	1.76 Cr	94.88 Lac

Note: Top equity diversified mutual funds have delivered returns more than 15% CAGR in last 10 Years

It seems quite obvious who saved more and who would have more wealth on their retirement. But consider this. If each of them got a compounded return of 12% per year on their savings, Radha would have Rs 3.24 Crore, Ravi around Rs. 1.76 Crore and Rahul approximately Rs.95 lacs.

It does matter when you start saving... the earlier the better!

For more information on Start and Save Early, contact us on mail@netbrokers.co.in



Tax Free Bonds: A Good Alternative

Tax free bonds seem to be catching the eye of the investors. Lot of them are breaking their bank fixed deposits and diverting funds to tax free bonds. **Recently concluded, HUDCO and NTPC bonds have got good response from the investors as there was pre mature closure of both the issues. HUDCO and NTPC offered returns as high as 9.00% and 8.91% p.a.** The yield of bonds is nearly 3% more than what bank fixed deposits are offering. The returns are so attractive that NTPC Bonds with 8.91% yield was sold on first day of the issue itself. Many more tax free bonds are lined up to hit the markets in the coming months.

Bank Deposits have yielded years of negative real returns because of high inflation and skewed taxation policy, thereby, drawing people towards tax free bonds. Banks offer 9% on a 10 year deposit. But for a person who is in the higher tax bracket of 30%, yield works out to be 6%. The same money with HUDCO and NTPC bond will yield 9.00% and 8.91% with eligibility up to Rs 10 Lac.

The Government of India has allowed 13 companies who build infrastructure to raise 48,000 crores in tax free bonds for the financial year 2013-14. People who are about to retire and need regular flow of income can include such bonds in their retirement plans.

Benefits of Investing:

- High interest rates
- Ensures highest safety as tax free bonds are being issued by government owned companies
- Good credit ratings
- Ensures good liquidity as they are listed in stock exchanges
- Taxation – Interest is tax free. Capital gains arising out of premium are taxed as per slab before 1 year and 10% flat after 1 year.

As we know, interest rates are almost at their peak levels, not much scope is left for further increase in rates. Investing in tax free bonds at current rates makes sense as down the line interest rates are likely to fall. As a result, an investor will not only benefit from tax free interest, but also the premium generated by the fall in interest rates.

For more information on Tax Free Bonds, contact us on mail@netbrokers.co.in



Importance of Large Cap Funds

Large cap funds form core part of the mutual fund portfolio and are 100% equity diversified funds. They invest a larger proportion of their corpus in companies with large market capitalization. The criteria for large cap companies may vary. However, these are generally the ones with huge market capitalization. Such funds are known to offer stable and sustainable returns over a period of time, but might be outperformed by small and mid cap funds, which have higher risk exposure. In case of down fall, they fall lesser as compared to mid cap funds.

Portfolio of large cap funds consists of blue chip stocks like Reliance Industries, HDFC Bank, ICICI Bank, ONGC, TCS, Infosys, HDFC Ltd, Tata Steel and many more. Exposure to such funds will depend upon the age, risk appetite, financial goal, etc of the investor. Investors in the age group of 20 - 40 years generally have more risk appetite as to a person in 50's or 60's and may prefer more aggressive funds such as mid cap funds for higher returns.

Important thing to be noted here is that one should never depend upon a single mutual fund category to deliver returns as you may not get the desired results.

It is always advisable to diversify and invest in different categories of mutual funds such as large cap, mid cap, multi cap, balanced and debt funds so that if one or two categories are not performing, the rest of the categories can take care of the overall returns.

While investing in equity funds, consider the route of systematic investment plan (SIP) as it provides benefit of power of compounding and rupee cost averaging.

Equity Funds like large cap should have a minimum investment tenor of 5 years. Ideally, investment tenor depends upon the financial goal of the investor.

Following are returns of Top Large Cap Funds:

Current Returns (XIRR) %

Scheme	5 Years	10 Years
HDFC Top 200 Fund (G)	20.56	20.23
Franklin - India Blue chip Fund (G)	19.65	18.02
ICICI Prudential - Focused Blue chip Equity Fund (G)	23.25	-

*Returns as on 12th December 2013

For more information on Large Cap Funds, contact us on mail@netbrokers.co.in



Health Insurance to cover Financial Commitments

These days lot of people who are businessmen, professionals and servicemen are doing well in their respective fields. Their living standards also increase with the increase in their incomes year on year. Most of them are busy with their day to day routines and don't realise the importance of having an adequate health cover for their families. Medical treatments are becoming expensive and the cost is increasing by 13-14% annually.

An unforeseen event may take a toll on person's financial commitments like loan EMIs, credit card bills, children school expenses and other day -to- day expenses. They end up breaking their investments like SIP, fixed deposits and also indulge in borrowings from family and friends to tide over their personal expenses for the next few months.

High incidence of lifestyle related diseases coupled with poor knowledge of health insurance plans are the main factors. Younger people are increasingly being afflicted by major illnesses they thought would never affect them and they end up drawing funds from their savings to manage day-to-day expenses while recuperating from the illness. Hospitalisation/treatment costs can drain the income of a salaried and once these cross a particular threshold, the high lifestyle-related financial commitments begin to suffer.

There are several comprehensive health insurance plans today that can cover much more than hospitalization costs like the Critical Illness policy.

A Critical illness policy provides a lump sum on the incidence of 20 diseases - not only covers hospitalization expenses, but also help you take care of EMIs, SIPs, School Fees, Credit Card outstanding dues, and routine expenses by giving lump sum compensation. Critical Illness plans can come at very low, affordable premiums and provide a cover of upto INR 5 lacs. Further, they also provide tax benefit under section 80 D.

A report by the World Health Organization (WHO) reveals that by 2030 lifestyle diseases will cause more than three-fourths of all deaths globally, and typically treatment of these diseases costs an arm and leg! It is imperative for working professionals to subscribe to smart health insurance plans, and balance their income and expenditure. Choosing the right health insurance plan is a sure-shot way to tackle the uncertainties of life and soar above financial burden.

For more information on Health Insurance Plans, contact us on 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 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	Mathura Road (Delhi – Faridabad border)	Rs 7800	Commercial	Rs.39 Lac Onwards	Sep,2016
5	Spire World	WTC- Spire One	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	Spire World	WTC- WTC One	Yamuna Expressway, Greater Noida	Rs 5100	Commercial	Rs.25.50 Lac Onwards	July, 2016
8	Jaypee Group-Wishtown	Garden Isles	Sec-133,Noida Expressway	Rs.5050	Residential	Rs. 65.90 Lac Onwards	Dec,2015
9	Jaypee Group Sports City	Buddh Circuit Studios I	Yamuna Expressway, Greater Noida	Rs. 3590	Residential	Rs. 20.10 Lac Onwards	July, 2016
10	Eros	Sampoornam	Sec-02,Noida Extention	Rs 3450	Residential	Rs. 28.80 Lac Onwards	Dec, 2015

For more information on Real Estate Projects, contact us on mail@netbrokers.co.in

New Investment Offers

- Mutual Funds**

New Fund Offers

Fund	Category	Type	Open	Close	Asset Allocation (Debt: Equity)
ICICI Prudential Capital Protection Oriented Series IV Plan G Reg	Equity	Open-end	02-Dec	16-Dec	80:20
ICICI Prudential Capital Protection Oriented Series IV Plan H Reg	Equity	Closed-end	11-Dec	24-Dec	80:20
Reliance Dual Advantage FTF IV Plan E	Hybrid Debt	Closed-end	06-Dec	20-Dec	80:20
Sundaram Hybrid Fund Series D Reg	Hybrid Debt	Closed-end	05-Dec	19-Dec	80:20

Fixed Maturity Plans

Fund	Tenure (Days)	Opening	Closing	Asset Allocation
Birla SL FTP Series JJ	1092	13-Dec	23-Dec	100% Debt
DWS FMP Series 44	562	19-Dec	23-Dec	100% Debt
HDFC FMP 531 Dec 31	531	13-Dec	18-Dec	100% Debt
ICICI Prudential FMP SERIES 71	1095	12-Dec	19-Dec	100% Debt
ICICI Prudential FMP SERIES 71	480	19-Dec	26-Dec	100% Debt
IDBI FMP Series III 494 D	494	12-Dec	20-Dec	100% Debt
IDFC FTP Series 55	523	13-Dec	18-Dec	100% Debt
IDFC FTP Series 57	503	20-Dec	26-Dec	100% Debt
Reliance FHF XXV Series 11	499	16-Dec	19-Dec	100% Debt

- Tax Free Bonds**

Issue Name	Interest Rate	Opening	Closing	Face Value Per Bond	Minimum Amount
India Infrastructure Finance Company Ltd (IIFCL) Tax Free Bonds	8.91% p.a.	09- Dec	10-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 Amount
India Infoline Housing Finance Ltd (IIHFL) Tax Free Bonds	11.52%	12-Dec	20-Dec	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.



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