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## **Knowledge Initiative**

**Dear Patrons,**

**Happy New Year!**

We are pleased to share our monthly newsletter “**Knowledge Initiative**” for January 2017.

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.

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 issue includes:**

- Embrace Equities for 2017
- Have a Plan to Retire Rich
- Motor Insurance: How to Nail Down a Policy
- Investment Opportunities in Real Estate
- SIP Returns in Top Equity Mutual Funds



**Akhil Chugh**

**Warm Regards,**

**Akhil Chugh**  
**Director**



## Embrace Equities for 2017

The New Year has started with the Indian stock market faced with uncertainties due to impact of demonetisation and US election outcome. Demonetisation has resulted in slowdown of economy in near term with GDP expected to get hit by at least 1%. On the other hand, the surprise win of Donald Trump has led to fears on what will be his economic policies towards the world. Trump's focus is to increase employment opportunities for Americans and to be less dependent on outsourcing. There will be also strict immigration rules under his regime which may result in revenue loss for Indian IT and pharma companies. The two events have led to a sharp correction in the market. The strong fundamentals and growth potential of India is still very much intact. Following are the reasons why the year 2017 is an excellent opportunity to accumulate equities for long term investors:

**Low Interest Rates:** Demonetisation has helped banking system to be flushed with liquidity. As interest rates are expected to fall going forward, people will start looking for better investment avenues. Lot of money is expected to flow into equities in the coming months.

**Budget:** Never a Finance Minister in the history of India has felt so rich. This has to be one of the best upcoming budgets. The focus will be on tax reduction for individuals and corporate; benefits for rural and agriculture sector; major emphasis on infrastructure spending and incentives for industries being majorly hit by demonetisation.

**Election Outcome:** The upcoming elections in five states will have a strong impact on the markets. The most important state for BJP to win will be Uttar Pradesh as this is one of the largest electoral states in India. BJP's win in UP will give confidence to the central government to carry on the process of passing important reforms. This will boost the Indian economy, the country's GDP and global ratings in the long run.

**Implementation of GST:** One of the most important reforms of India is expected to be implemented before 30<sup>th</sup> September 2017. Introduction of single tax and removal of multiple taxes will improve the profitability of Indian companies. This will also widen the tax net as lot of companies and sectors will now come under GST, thereby increasing the tax collections of both states and central government.

**US Elections:** US election outcome has led to big outflows from foreign institutional investors (FII) from the emerging countries like India. This has led to high volatility in the Indian markets and this is expected to continue further for another 2-3 months. Once the situation normalizes, FII money will start coming back as India is one of the fastest growing economy in the world with strong domestic fundamentals.

The recent sharp correction is nothing but a blessing in disguise. Investors should embrace the year 2017 to invest into equities for the long term. Take help of systematic investment plan (SIP) of mutual funds to ride out market volatility.



## Have a Plan to Retire Rich

You may be working hard for a comfortable present and better future, but with little planning you can retire rich and have a luxurious life. It is important to start early in life and you may be surprised that by simply saving a modest amount every month, you may end having crores as savings.

The first step is to have a retirement plan. This will help to identify the retirement corpus, current monthly expenses and risk taking capability based on which you will get a rough idea of how much you would need for your retirement.

Selection of investment products plays a very crucial role in the retirement plan. You have plenty of options like Public Provident Fund (PPF), Employee Provident Fund (EPF), Bank Fixed Deposits, Traditional Insurance Plans and other Post Office Schemes. All these are fixed income options with returns ranging from 6.00 - 8.70% p.a. Apart from PPF, EPF and Insurance Plans, the interest earned in all other schemes is taxed as per slab. With interest rates heading south, all these options will become unattractive. Therefore, it is important to choose products which are tax efficient and deliver inflation beating returns.

Equity and Debt schemes of Mutual Funds are ideal investments to be included in your retirement plan. Equity diversified schemes have the potential to deliver tax free returns of 12-15% CAGR provided you have a minimum tenure of 10 years. A longer tenure helps to reduce risk and overcome market fluctuations. Debt schemes offer good tax efficient returns with the help of indexation benefit.

Systematic Investment Plan (SIP) on monthly basis is the best way to invest in mutual funds. The earlier one starts saving and investing, the more time your money will have to grow. If you delay, you may have to invest much more to achieve a similar corpus.

**Let's understand this through an example. Returns assumed @ 12% CAGR**

	Ram	Shyam
Start investing at age of	25 years	30 years
Invests till age of	60 years	60 years
Number of years SIP done	35 years	30 years
Monthly SIP amount	10000	10000
SIP date	1st of every month	1st of every month
Cost of Investment	42 Lacs	36 Lacs
Value of Investment	6.49 Cr	3.52 Cr

A five year gap lets Ram lead by almost double.

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



## Motor Insurance: How to Nail Down a Policy

Owning a vehicle is not a luxury anymore, it is surely a necessity for individuals living in metro cities like Delhi, Mumbai, etc. To safeguard the asset, one must consider the lucrative options available in the market:

- A zero depreciation cover ensures that in case of an accident, you will receive the full claim without any deduction for depreciation on the value of the parts replaced.
- Comprehensive Insurance covers for damages, accidents, natural calamities and even thefts as per policies and includes the mandatory third party insurance.
- Third Party Insurance is mainly if the insured causes damage to someone or the property of someone via his/her vehicle. This insurance is mandatory by law and hence all vehicles have it.

Car Insurance is very important for each and every individual to cover the big expenses of repairs if one damages his or her own car. We list some points to understand how to buy car insurance and the important things to keep in mind:

- 1. Claims & their Settlement:** Renowned companies with good track record of settling car insurance claims and that too reasonable quickly, is what we should consider. To name a few, ICICI Lombard and HDFC Ergo General Insurance are well known players in the industry offering satisfactory services and maintaining decent reputation.
- 2. Customer Service and Support:** While purchasing the policy, the company may seem warm and cordial, but the real performance is seen when the client actually requires the claim and if the company is responsive and readily available to give support. Hence, before deciding the company, one must read the reviews and talk to existing clients about the services.
- 3. Cashless as an Option:** This feature gives convenience to the client of avoiding to carry around cash. The generation has already turned heads towards plastic money and does not believe in cash payments. But, this aspect shouldn't be a deal breaker if the other services and facilities provided are considerable.
- 4. Workshops:** One must consider an insurance provider that has maximum tie ups with car workshops available around. This leaves you with lot of options from where you want to get your car repaired from.
- 5. Premiums:** One must compare the premiums from various companies and extent coverage possible. Also, some companies may offer additional discounts if all your cars are insured by them. So consider this point while opting for car insurance.

No company is good or bad. Talk to your financial advisor about various options and the public experience in general. Go ahead with the best offering and the company whose services appeal to you the most promising.

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

## Investment Opportunities in Real Estate

The government will notify the rules of the Real Estate Act soon, moving another step toward operationalizing the legislation which seeks to regulate the housing sector, bring transparency and help protect consumer interests. As per the provisions of the Act, Real Estate Regulatory Authorities and Real Estate Appellate Tribunals have to be set up by the end of April, 2017 and the entire Act is to come into effect the day after.

Net Brokers presents to you lucrative options in Real Estate for January 2017:

Project	Type	BSP/S q.ft	Cost
Vatika Seven Lamps, Vatika INXT, Sector - 82, Gurgaon	Residential	6300	85 Lacs onwards
Vatika Gurgaon 21, Vatika INXT, Sector - 83, Gurgaon	Residential	6200	81 Lacs onwards
Godrej 101, Sector - 79, Gurgaon	Residential	5255	75 Lacs onwards
Vatika Turning Point, Sector - 88B, Gurgaon - Vatika Shield (Zero Risk Investment)	Residential	5250	60 Lacs onwards
Mahagun Moderne, Sector - 78, Noida - Full Furnished - Ready to Move	Residential	5500	70 Lacs onwards
DLF Prime Towers, Okhla Phase - 1, New Delhi	Commercial	14,500	1.27 Cr onwards
DLF Galleria, Mayur Vihar, New Delhi - Retail Shops	Commercial	12,000	1.16 Cr onwards



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

## SIP Returns in Top Equity Mutual Funds

\* Returns as on 11<sup>th</sup> January, 2017

Current Value & Yield (XIRR) %							
Scheme Name Monthly Investment: Rs 10,000	Category	Value & Return (3 Yr)		Value & Return (5 Yr)		Value & Return (10 Yr)	
		360000	%	600000	%	1200000	%
Birla SL Frontline Equity Fund (G)	Large Cap	421,642	10.5	880,529	15.3	2,510,327	14.1
SBI Blue Chip Fund (G)	Large Cap	430,783	12.0	913,756	16.8	2,447,242	13.6
ICICI Prudential Value Discovery (G)	Multi Cap	436,403	12.9	996,741	20.4	3,377,300	19.6
Birla SL Equity Fund (G)	Multi Cap	466,656	17.5	1,014,884	21.1	2,665,499	15.2
Mirae Asset Emerging Bluechip Fund (G)	Mid Cap	508,721	23.7	1,229,035	29.1	NA	NA
L&T India Value Fund (G)	Mid Cap	490,619	21.1	1,115,415	25.0	NA	NA
Franklin India Smaller Companies Fund (G)	Small Cap	491,127	21.2	1,218,015	28.7	3,762,058	21.6
DSP Black Rock Micro Cap Fund (G)	Small Cap	545,074	28.8	1,345,582	32.9	NA	NA
HDFC Balanced Fund (G)	Hybrid Equity	441,099	13.6	925,699	17.3	2,831,638	16.4
ICICI Prudential Balanced (G)	Hybrid Equity	449,375	14.9	935,735	17.8	2,601,598	14.8
Franklin India Taxshield (G)	ELSS	427,995	11.5	909,046	16.6	2,666,890	15.2
Axis Long Term Equity (G)	ELSS	413,649	9.2	945,211	18.2	NA	NA

\*Returns over 1 Year are compounded annualized



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