



Akhil Chugh
Director - Net Brokers

Dear Patrons,

Greetings!

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

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Sip Returns: Check the best performing funds in their respective categories.



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Technology in the financial service sector: The article talks about how the financial sector is benefitted with a technology driven environment - e-mutual funds and mobile application



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Systematic Investment Plan: Common myths: Listed are some key myths about SIP, so that the pre-conceived notions do not come in your way of creating wealth.



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Link investment to your goals: Here is an insight on why it is important for an investor to link investment to goals for potential wealth creation in the long run.



LINK INVESTMENTS TO YOUR GOALS

The stock market is finally going through routine correction which was very much required to make markets healthy in the long run. We don't expect any steep correction unless until geopolitical tension escalates or some global situation arises. As far as the Indian economy is concerned, all domestic factors are strongly in place. The latest RBI cut of 0.25% in interest rates is positive for equity markets. India's factory output, as measured in the terms of the Index of Industrial Production (IIP), declined by 0.1% in the month of June, compared to a 1.7% rise in the previous, its first fall since June 2013. This will put more pressure on Reserve Bank of India to cut down interest rates further making overall picture very positive for both equity and debt markets.

MACRO STORY OF INDIA

- **Long-term macro story of India remains good and that will attract a lot of investors. We should end with a double digit kind of earnings growth for March 2018.**
- **Good domestic liquidity over the next one year, will lead the market to new highs.**
- **The current year has the highest number of multi-billion-dollar projects under bidding - trans-harbour links, coastal roads, New Delhi airport, Navi Mumbai airport, Urja Ganga, fertiliser plants etc. This will result in private capex picking up in a big way going forward.**

At this point of time, investors should refrain from panicking and continue their investments in disciplined way with the help of systematic investment plans (SIP). They can also take advantage of any fall in the market by investing some portion of lump sum money as well.

It is very important for investors to link investments to goals if they really want to create a good corpus for themselves in future. Here are some goals mentioned according to time horizon:

LONG TERM GOALS		SHORT TERM GOALS
Retirement planning		Buying a house
Children future planning	Education	Buying a car
	Wedding	Planning a vacation

ROADMAP AHEAD: Let's look at the key factors involved in linking the financial goals to investments

**KEY
FACTORS
TO
PROGRESS
AHEAD**



Creating an emotional attachment to investments in the form of financial goals will encourage you to stay

When an investor doesn't know what he is investing for, the investments lack discipline. If you know you are investing for your retirement which is 10 years away, you will not juggle with the money to earn a little extra.

SYSTEMATIC INVESTMENT PLAN: COMMON MYTHS

SIPs have emerged as the most effective tool of investment which allows most investors irrespective of their financial standing to create wealth. An individual who can save even Rs 500 a month has an equal chance of creating wealth over a long period of time as much as an individual who can spare a few thousands / lacs for investment. While a lot of us are aware of the power of **SIPs**, we also tend to make a few fundamental errors when it comes to the actual investments. We are going to point out a few things here, so that nothing can come between you and creation of wealth:

High Amounts for Investing

- Don't go overboard on SIPs and create financial burden for yourself.
- At the same time, don't go too low on SIPs as it can put an unnecessary pressure leading to non accomplishment of financial goals. Take help of a financial planner to know how much monthly SIP you should do to achieve your financial goals.

Only for Small Investors

- The fundamental of SIPs, which are time value of money, rupee cost averaging and compounding do not change irrespective of the amount invested.
- An amount as low as Rs 500 per month to Rs 1,50,000 per month or a bigger amount can be invested in SIP's.

Short Term Investment Outlook

- The longer you stay invested; higher will be the value of your investment.
- Hence, if you have been contemplating redeeming after a short period of time not only are you losing on potential wealth creation, you may make a loss as well.

Stopping SIPs in Falling Markets

- Investors investing through SIP redeem or stop SIPs when markets fall and this is a big mistake. They should look at this as an opportunity to invest more or continue with their SIPs because if they invest in a lower market they get higher number of units as the NAV is low and benefit in terms of rupee cost averaging.

Dividend over Growth Option

- An investor has two options while investing - Growth or Dividend option
- Dividend is basically a withdrawal from your corpus and thus if you are opting for that, the compounding effect is reduced and it hinders the growth of your targeted corpus.
- In growth option, no dividends are paid or declared and thus the corpus continues to grow and benefit from compounding. Avoid this mistake in order to grow your corpus and reach the targeted amount.

TECHNOLOGY IN THE FINANCIAL SERVICE SECTOR

The internet has made life easier and has re-modelled the way anyone and everyone live, shop, socialize and entertain oneself. Therefore, it has also come up as a resource people save and invest.

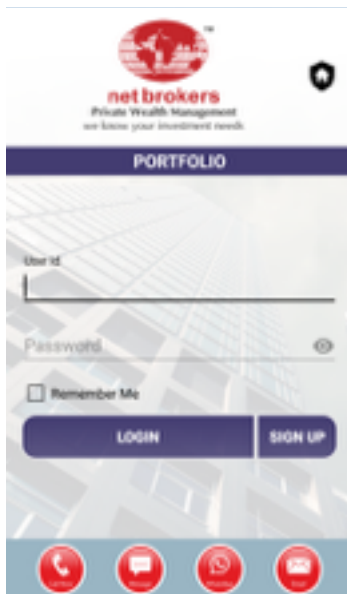
With a growth rate of 8.5% every year, there are many ways in which Internet has affected Financial Services sector in India:



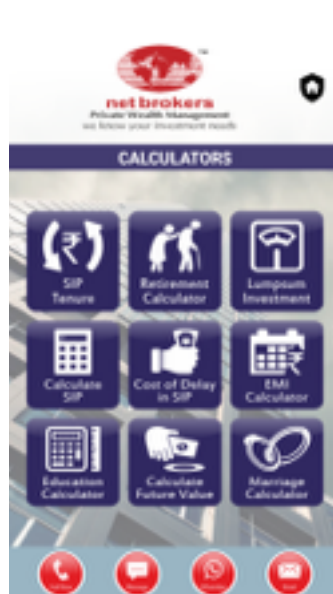
ONLINE PLATFORM IN MUTUAL FUNDS

Net Brokers has entered the technology realm engaging thousands of our clients into the faster way of investing.

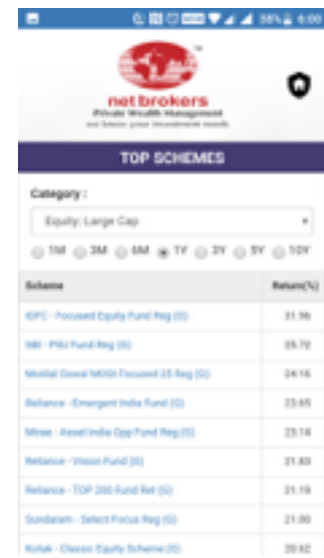
- Through the website, www.netbrokers.co.in, one can invest into new mutual funds, shift into a new scheme or redeem at any point.
- The mobile application, available on Google Play, gives an opportunity to new as well existing users, to invest, track and redeem their mutual funds at the click of a button anywhere in the world.



With a pre submitted User ID and Password, one can login anywhere - check their portfolio status, recent updates



Availability of various calculators on the app, one can calculate the amount of SIP per month / lumpsum required to achieve the financial goals



An investor can analyse performance of various schemes under different categories, and make an informed decision.

SIP RETURNS IN TOP MUTUAL FUNDS

INVESTMENT		VALUE (3 Year)		VALUE (5 Year)		VALUE (10 Year)	
Monthly Investment @Rs 10,000		360000		600000		1200000	
SCHEME NAME	CATEGORY	RETURN	%	RETURN	%	RETURN	%
SBI Blue Chip Fund (G)	Large Cap	449,064	14.9	954,800	18.6	2,729,028	15.7
Mirae Asset India Opportunities Fund (G)	Large Cap	472,894	18.5	1,020,045	21.4	NA	NA
BIRLA SL Balanced Advantage Fund (G)	Multi Cap	450,407	15.1	875,212	15.1	2,245,977	12.0
Motilal Oswal Most Focused Multicap 35 Fund (G)	Multi Cap	520,194	25.4	NA	NA	NA	NA
Mirae Asset Emerging Bluechip Fund (G)	Mid Cap	523,248	25.8	1,312,791	31.9	NA	NA
L&T India Value Fund (G)	Mid Cap	495,414	21.9	1,166,651	26.9	NA	NA
Franklin India Smaller Companies Fund (G)	Small Cap	479,224	19.5	1,213,455	28.6	4,143,905	23.4
L&T Emerging Businesses Fund (G)	Small Cap	555,741	30.3	NA	NA	NA	NA
HDFC Balanced Fund (G)	Hybrid Equity	456,069	16.0	971,496	19.3	3,035,043	17.7
L&T India Prudence Fund (G)	Hybrid Equity	451,058	15.2	957,461	18.7	NA	NA
TATA India Tax Saving Fund (G)	ELSS	475,454	18.9	1,022,866	21.5	2,939,995	17.1
Axis Long Term Equity Fund (G)	ELSS	444,566	14.2	1,019,871	21.4	NA	NA

PLEASE NOTE: *Returns over 1 Year are compounded annualised

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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