

Dear Patrons,

Greetings!

We are pleased to share our monthly newsletter "**Knowledge Initiative**" for March 2019.

We would like to take this opportunity to thank our readers for acknowledging our newsletter every month. Knowledge Initiative Team is committed to bring to you more educative and informative articles.



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Women and their financial independence: The women of 21st century are equal to men, and hence have all the right to manage and invest their finances. Let us brief the women on their journey into financial planning and leading their way forward.



2

Top reasons to sell your fund: While selection of mutual fund schemes totally depends upon on an individual's choice, situations may arise when you have to offload some of these investments. Enhance your knowledge base on the most common situations a person may face.



3

SIP Top up - Flexibility along with discipline: A systematic investment plan (SIP) is a smart financial planning tool that helps you build wealth, step by step, over a period of time. SIP Top Up allows you to increase the monthly investment amount periodically. Educate yourself on the advantages of this facility available.



4

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



WOMEN AND THEIR FINANCIAL INDEPENDENCE

Since Women's Day has been round the corner, we would like to thank all the women in our lives for their contribution in the society at all walks of life. Celebrated on March 8 every year, International Women's Day gives us a chance to celebrate the financial independence of a woman. The women of 21st century are equal to men, and hence have all the right to manage and invest their finances.

Let's understand points to keep in mind while starting your journey into financial planning:

LINK INVESTMENTS TO FINANCIAL GOALS

Women in today's time, need to hold a portfolio of their own while looking at long term goals for themselves along with their family goals. It is important to assign a goal to each investment. Financial goals – retirement, children education and wedding, etc. encourages them to keep a long term horizon for investments. As a result, they don't become impatient in times of volatility in the markets.

INSURANCE IS A MUST

According to reports, women lag behind men in the purchase of life insurance — the ratio is almost 1:2. Despite the odds, women from all walks of life multitask all the time. Unfortunately, they are not very cautious of their health. Increasing heart-related diseases, gestational diabetes, cancer, reproductive health, depression are just some of the reasons why women in India need to opt for health insurance at the earliest.

EXPOSURE TO EQUITIES

Equity diversified schemes have the potential to deliver 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. One can have a mix of equity and debt schemes in their portfolio and balance/re-balance their schemes in the longer duration of portfolio held.

BUY LESS GOLD JEWELLERY, CHOOSE OTHER GOLD OPTIONS

Women love to wear jewellery and buy from time to time. But, unfortunately, gold doesn't provide any recurring interest or long term gains. One can hold on to this asset class for a longer duration and utilise by paying additional making charges. Instead, women could choose gold bonds or gold ETF's that are held in demat form, as a part of your portfolio.

While selection of mutual fund schemes totally depends upon on an individual's choice, situations may arise when you have to offload some of these investments.

Here are five of the most common situations a person may face:



TOP REASONS TO SELL YOUR FUND

STRATEGY CHANGE

You may welcome change, but a fund could change its investment objective at any point of time. This may not be in line with your risk appetite and financial plan. Some funds do morph into different product overtime. A fund that was based on large caps may tilt towards having a complete mid-cap orientation. This may or may not suit your risk profile. A fund may legally change its scheme by merging into another. This can mean that the fund is taken over by another asset management company, which believes in a totally different approach of investing. All these could call for you offloading that specific investment.

UNDERPERFORMANCE

This is a serious issue because it could jeopardise your chances of meeting your financial goal. Although one year of underperformance may be nothing to worry about, it can get frustrating to watch your fund fall behind the competition for two or three years or more. Before cutting a fund loose, be sure that you're comparing your under performer to an appropriate benchmark and relevant peers. Check to see whether the performance shortfall is a recent development or part of a sustained pattern of performance weakness.

CHANGE OF INVESTMENT GOALS

There is an objective to achieve a specific goal. But these goals are prone to change, as the objective changes from time to time. For example, Mr. X had invested in a debt fund with an aim to have a family holiday within the next three years. His goal could be fulfilled with no efforts at his end. The company gives him a promotion and presents him with a family holiday; his yearly bonus gets used to spend on a family holiday. Now, that money accumulated with his three year investment can be channelized towards his retirement corpus, which means he could sell the fund and put the money in an equity fund.

MISTAKES MAY HAPPEN

Sometimes, we invest in a fund which might not fit our risk appetite. The fund may be too volatile for you to handle. Don't wait – cut your losses and move on or sell the next time you see the fund rallies. This often happens with thematic or sectoral funds. Without understanding the nature of the fund and simply terming it as 'low risk' avenue of investment, we tend to make mistakes. Before, the mistake gets bigger and gives us sleepless nights, get rid of it.

CHANGE IN TIME HORIZON

Different kinds of investment are sought out with the time horizon considered. The nature of your retirement planning will call for an aggressive portfolio while you are young. And, as the person grows older, the exposure to equity reduces and an increase in hybrid or fixed income investments is seen. This can also change, if someone plans to retire five years early. The investments will have to be adjusted accordingly.

SIP TOP UP: FLEXIBILITY ALONG WITH DISCIPLINE

A systematic investment plan (SIP) is a smart financial planning tool that helps you build wealth, step by step, over a period of time. You can start a minimum SIP for Rs. 500 per month and benefit from the power of compounding and rupee-cost averaging. This disciplined approach helps you to hedge the investment against inflation. A SIP Top Up allows you to increase the monthly investment amount periodically. SIP top ups can be specified as a percentage or a fixed amount every year.

How to go about it?

There are two ways to step-up your SIPs every year. The **traditional option** is to simply decide how much more money per month you'd like to invest and then start a fresh SIP. You can do that either in the same scheme (but the SIPs won't get clubbed) or in another scheme in the same folio. Secondly, you could also decide the top-up amount right at the time when you start your SIP, before you pay your first instalment.

Every fund house has a common application form as well as a SIP form. In the SIP form, after you fill your basic SIP details like start date, monthly investment amount and SIP end date; there are a few other details right below these that ask you if you'd like to top-up your SIPs in the future.

Here is a list of advantages of SIP top up:

Increasing income every year

With an increase in salary and income every year, one can divert more funds towards saving them for future goals. Also, the bonuses and increments could be used as top-up to the existing SIP.

Faster wealth creation for goals

Regular SIPs make you disciplined in your savings, leading to wealth creation in the long term. A top up facility allows you to reach your financial goals faster or expand your goals to meet your needs. You can expect your income to grow over the years, so investing more in an existing plan is a logical step towards building wealth.

Beats Inflation

A penny saved is a penny earned. But thanks to inflation, over time, the value of the penny saved could be much less than when it was earned. As inflation is reducing the value of your money, it becomes very important to contribute more to beat inflation in the longer perspective.

Flexibility to existing plan

Topping up the SIP is the easiest and more efficient method, rather than looking for another investment opportunity that can be tedious. It helps you from the hassle of starting multiple SIPs at one go or in the years to come. A sudden rise in income or an unexpected new source of earnings would need to be systematically invested.

Conclusion

A top-up SIP helps an individual plan their changing circumstances and act accordingly. They provide a neat and efficient way of discipline along with flexibility. Thus, SIP top up's enhance your chances of reaching your long term goal faster.

INVESTMENT		VALUE (3 Year)		VALUE (5 Year)		VALUE (10 Year)	
Monthly Investment @Rs 10,000		360000		600000		1200000	
SCHEME NAME	CATEGORY	RETURN	%	RETURN	%	RETURN	%
ICICI Prudential Bluechip Equity (G)	Large Cap	422,703	10.7	790,969	11.0	2,446,105	13.6
Axis Bluechip Fund (G)	Large Cap	443,196	14.0	813,288	12.1	N/A	N/A
Principal Emerging Bluechip Fund (G)	Large & Midcap	404,821	7.8	820,353	12.5	3,091,030	18.0
Mirae Asset Emerging Bluechip Fund (G)	Large & Midcap	442,498	13.9	928,143	17.5	N/A	N/A
Mirae Asset India Equity Fund (G)	Multi Cap	440,462	13.6	851,213	14.0	2,879,483	16.7
Kotak Standard Multicap Fund (G)	Multi Cap	429,988	11.9	836,121	13.2	N/A	N/A
L&T Mid Cap Fund (G)	Mid Cap	401,544	6.2	821,994	12.6	3,062,397	17.8
Kotak Emerging Equity Fund (G)	Mid Cap	398,402	6.7	810,492	12.0	2,940,722	17.1
HDFC Small Cap Fund (G)	Small Cap	437,224	13.1	877,960	15.2	2,843,853	16.5
L&T Emerging Businesses Fund (G)	Small Cap	409,457	8.6	N/A	N/A	N/A	N/A
Franklin India Focused Equity Fund (G)	Focused	419,284	10.2	800,052	11.5	2,853,731	16.5
Axis Focused 25 Fund (G)	Focused	426,982	11.4	823,900	12.6	N/A	N/A
Principal Hybrid Equity Fund (G)	Hybrid Equity	424,058	10.9	812,454	12.1	2,374,280	13.1
Mirae Asset Hybrid Equity Fund (G)	Hybrid Equity	427,721	11.5	N/A	N/A	N/A	N/A
Aditya Birla SL Tax Relief 96 Fund (G)	ELSS	416,933	9.8	811,573	12.0	2,623,285	15.0
Axis Long Term Equity Fund (G)	ELSS	422,010	10.6	803,209	11.6	N/A	N/A



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