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Private Wealth Management
we know your investment needs

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Dear Patrons,

Greetings!

We are pleased to share our monthly newsletter **"Knowledge Initiative"** for November 2018.

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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Systematic Investment Plan (SIP) - The future: SIPs have been great source of investment, generating good returns for the investor. SIPs offer a simple and disciplined approach of accumulating wealth in the long term.This article talks about the future - investing in SIP's.

2

Portfolio Review - A must: If you are a mutual fund investor, the current market movement must be giving you jitters. So you simply stop investing? Or shift to any other plans? Let's understand how to proceed when the markets are not doing well.

3

Five money habits impacting your child's financial future: The biggest disconnect between parents and kids is that they themselves may have wrong money habits. Enlighten yourself on how one should maintain good money habits for their children to carry forward,

4

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

Systematic Investment Plan (Sip): The Future

SIP's were introduced in India 20 years ago by Franklin Templeton. Since then, SIPs have been great source of investment, generating good returns for the investor. SIPs offer a simple and disciplined approach of accumulating wealth in the long term. Mutual Fund SIPs work pretty much like bank recurring deposits, except they generate superior risk adjusted returns compared to recurring deposits.

There are number of benefits of investing in Mutual Funds through SIPs:

NO TIMING REQUIRED

The biggest advantage of investing in SIPs is to beat the volatility of the market, as one stays invested in the highs and lows of the market. Timing the market in SIPs is irrelevant because you are investing regularly.

DISCIPLINED APPROACH

SIP's is a disciplined approach to investing in mutual funds. By investing a fixed amount regularly, out of your savings, you will be able to build a corpus for your long term financial needs. Money not invested often gets spent on things that you may not need.

TRANSPARENCY / CHOICE

Mutual funds offer transparency to investors in relation to charges. For a smart investor, mutual funds through SIPs offer several choices, such as funds can be selected based on risk profiles, track record, and fund objectives.

TAX BENEFIT

Equity oriented mutual funds are more tax efficient than most other investment products. Long term capital gains for equity mutual funds are taxed @10% post one year. Most debt investments, with the exception of public provident fund, are taxable as per slab.

FLEXIBLE INSTRUMENT

Mutual funds are very flexible instruments. There are no restrictions and penalties on regular SIP payments and withdrawals, unlike PPF or ULIPs. You can start a SIP with a monthly investment, as low as Rs 500. Some mutual funds have even lower minimum investment limit.

Portfolio Review: A Must

A car needs servicing every six months to a year, as per advisement from the car manufacturers. Similarly, when you have chalked out a financial plan with long term and short term investments, there is a need to service that regularly as well.

A financial advisor generally advices the client to hold a meeting once in six months or a year. This is to discuss the portfolio returns and understand if there is a change in goals and needs of the client.

Here are some points to explain in detail, why a regular monitoring of the portfolio is indispensable in the journey of creating wealth:

CHANGE OF GOALS

As one moves up the age ladder, goals may change. Someone who started their investments at 25, would not have included children education and marriage into their goals. Hence, one needs to revisit their plan and increase the amount of monthly SIP to meet the goals they are looking at. In addition to this, one might need to relook at the debt and equity ratio of their investments and act as per advisement of their financial advisor.

PEER PERFORMANCE

A review can give you an idea on how your investments products are performing in relation to similar funds in the industry. Also, it could help assess the returns expected at the beginning vis-a -vie the current performance of the product. This would give the investor a fair idea on, if he's sticking to the right funds and assures him to help achieve the results in the long run.

LONG TERM INVESTMENT

Investment in mutual funds is not a short term game. Every mutual fund has a time period, post which it starts performing. One must be patient and stay invested for a period in an investment product. As long as the fundamentals are right, one is likely to achieve positive returns. Understanding your risk tolerance and research, one could choose the products most suited in their portfolio for a longer duration. Analysis of your long term goals is evaluated in the time-to-time review and alterations (if required) are suggested by the financial advisor.

SHORT TERM FLUCTUATIONS

Mutual funds are subject to market risks. Market fall in the short term can deter one's judgement on proceeding further with their investments. One must ignore and move forward, until there is a macro economic trend affecting the returns in the portfolio. Annual performance evaluation can help fine tune the portfolio and obtain a balanced return for the future.

MAINTAIN DIVERSIFICATION

Reviewing the portfolio ensures that the invested amount is well spread amongst different categories of mutual funds, based on investors' risk appetite and financial goals. The financial advisor makes sure that there is no duplications of funds in the duration one has been invested.

FIVE MONEY HABITS IMPACTING YOUR CHILD'S FINANCIAL FUTURE

The biggest disconnect between parents and kids is that they themselves may have some wrong money habits. This is the reason you need to go through the following points and understand which habits of yours can make or mend your children's financial future.

Talking about money

When parents communicate with each other about household finances, spending, saving, investing, and planning for the future, it gradually and subconsciously becomes a financial template for the child to work with as an adult. "It is very important because otherwise, it will leave children ill-equipped to earn, maintain and multiply money. This could result in their overspending and under-saving. It is important for parents to discuss and plan their finances regularly and explain children the power of compounding and benefits of saving.

Saving and investing for goals

If the parents have saved and invested systematically throughout their lives for all their goals, including children's education and wedding, the kid is most likely to do the same for his family once grown up. "Planning is the only way to reach goals and it is important to choose the right tools for the right goals. You cannot keep your money in a fixed deposit for 15 years and expect it to work for you. The more important thing to do is to involve children in the process so that they also get a firsthand experience of risks, wins and losses. As they turn 16, they should be involved in discussions about funding their higher education.

Being organised

Do you maintain a budget, compare your inflow and outflow periodically, do not miss deadlines for paying bills or premiums, and make investments and check them regularly? Your ability to keep your finances under a firm check and manage these in an orderly manner lends financial stability and security to the household. Since you will know exactly how much money is available for saving and spending, you can impose financial discipline on your kids and not give in to their random demands for toys, gadgets and clothes.

Healthy risk appetite

It's almost a given that children are influenced by the type of investments their parents make. So if equity and stock markets have been seen as a risk, the children are unlikely to explore these. The older generation saw the markets as a gamble and stayed away from it. They only considered debt options like fixed deposits, gold and property as safe. This is the reason why current generation is very conservative in their approach towards investment. Now the changed government policies have rendered these options very unattractive and they are moving towards equity through mutual funds.

Securing risks

Your finances can never be secure if you do not buy adequate insurance or have a contingency fund, as well as a will, to ensure that your legacy passes on safely to the heirs. Not having these can expose your loved ones to undue hardships. Make sure you have a good contingency fund in place, an adequate term insurance cover and a registered will.

SIP RETURNS IN TOP MUTUAL FUNDS

PLEASE NOTE : Returns over 1 Year are compounded annualised, as on 24th November 2018

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*	418,819	10.1	788,366	10.9	2,506,920	14.1
Axis Bluechip Fund (G)	*Large Cap*	430,190	11.9	794,005	11.1	N/A	N/A
Principal Emerging Bluechip Fund (G)	*Large & Midcap*	412,295	9.0	864,313	14.6	3,319,826	19.3
Mirae Asset Emerging Bluechip Fund (G)	*Large & Midcap*	869,761	12.7	1,896,875	18.4	N/A	N/A
Mirae Asset India Equity Fund (G)	*Multi Cap*	430,986	12.0	844,165	13.6	2,942,243	17.1
Kotak Standard Multicap Fund (G)	*Multi Cap*	416,672	9.7	825,208	12.7	N/A	N/A
L&T Mid Cap Fund (G)	*Mid Cap*	415,396	9.5	886,070	15.6	3,307,223	19.2
Kotak Emerging Equity Fund (G)	*Mid Cap*	393,414	5.9	836,916	13.3	2,995,463	17.4
HDFC Small Cap Fund (G)	*Small Cap*	446,638	14.5	904,523	16.4	2,979,406	17.3
L&T Emerging Businesses Fund (G)	*Small Cap*	433,521	12.5	N/A	N/A	N/A	N/A
IDFC Focused Equity Fund (G)	*Focused*	406,821	8.1	747,050	8.7	1,989,543	9.8
Axis Focused 25 Fund (G)	*Focused*	430,923	12.0	833,611	13.1	N/A	N/A
Principal Hybrid Equity Fund (G)	*Hybrid Equity*	426,319	11.3	818,615	12.4	2,420,603	13.3
Mirae Asset Hybrid Equity Fund (G)	*Hybrid Equity*	419,628	10.2	N/A	N/A	N/A	N/A
Aditya Birla SL Tax Relief 96 Fund (G)	*ELSS*	417,164	9.8	831,408	13.0	2,711,594	15.6
Axis Long Term Equity Fund (G)	*ELSS*	420,541	10.4	824,583	12.7	N/A	N/A

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