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Dear Patrons,

Greetings!

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

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.

1

Your investment strategy in volatile markets: Investors often panic and lose sight of their investments goals during high volatility. Read on to know the important steps on how to handle and take advantage of volatile markets.



2

Motor Insurance - How to nail down a policy: Car Insurance is very important for all to cover the big expenses of repairs or damages of car. Listed are some points to understand how to buy car insurance.



3

Home loan transfers - Insights and facts: Home loan transfers have become extremely common in today's era. Educate yourself on the insights and facts about this home loan product.



4

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



PORTFOLIO RE-BALANCING

Rebalancing begins with a review of investments in your portfolio, looking for any changes and how the allocation has shifted. You can leave the portfolio's baseline asset allocations intact and, instead, make adjustments within asset classes. For example, suppose your allocation is 60 percent stocks, 30 percent bonds and 10 percent cash. If stocks fall significantly, your portfolio could shift to 40 percent stocks. But your goals and investment strategy remain the same. So it's time to rebalance – shifting assets into stocks to bring the allocation back into line with your target of 60 percent stocks.

YOUR INVESTMENT STRATEGY IN VOLATILE MARKETS

The stock market of late has been highly volatile on account of global events. Investors often panic and lose sight of their investments goals during high volatility. For the benefit of all, we are listing some important steps on how to handle and take advantage of volatile markets:

CLEAR STRATEGY

Volatility is part and parcel of stock market. If you have a clear and firm investment strategy in place, you can have a smooth ride. Investments should be always backed by financial goals like children education, retirement, etc. Such goals have minimum investment period of 5 -10 years, thus inculcating the habit of saving and investing regularly. Do not change your asset allocation based on the stock market. That should be determined by the goal, the amount of risk you are capable of taking depending on your current situation and investment time frame. The time frame is determined by counting the number of years left until you achieve your goal.

DON'T TIME THE MARKET

Timing the market is easier said done. Tell me how many people were able to predict dotcom crash or subprime crisis in 2008. How many people exited their investments when markets were at peak in January 2008 or entered in October lows of 2008? That's the double-edged sword of market timing – it's not just about skipping the market highs; should you miss a crash, you miss riding the recovery that follows. Stick to your investment plan.

DON'T STOP SIP

There is a famous saying: "In SIPs we don't time the market, we spend time in the market. SIP works best in volatile and bad markets. With every fall in the stock market, SIP or Systematic Investment Plan gives more units to the investor. This in turns lowers the average cost of purchase. You have to stay invested in SIPs during bad or volatile markets to take benefit of rupee cost averaging and power of compounding.

CLEAN UP TIME

This is a good time to take a close look into your portfolio. There may be some funds that are underperforming as compared to their peers or have not stuck to their mandate. You may want to exit them. For example, a fund has a mandate to invest in large caps, but has a good exposure in mid and small cap companies. This may not be a good fund to hold.

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:

CLAIMS & 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.

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.

CUSTOMER SERVICE

CASHLESS 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.

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.

WORKSHOP

PREMIUM

One must compare the premiums from various companies. Also, some companies may offer additional discounts if all your cars are insured by them. So consider this point while opting for car insurance.

WHO IS ELIGIBLE?

A borrower who has a paid at least 12 EMIs and has a decent credit rating is most likely to get balance transfer offers from other housing finance lenders. The lending institution may also prescribe minimum loan amount eligible for balance transfer.

WILL IT BENEFIT?

A home loan transfer may or may not benefit on certain conditions, even if a bank offers a lower interest rate. The following factors contribute to the decision-making when considering whether to transfer a home loan or not:

- Total cost
- Remaining loan tenure
- Outstanding principal
- Time and effort

2

REASONS FOR SWITCH

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1. High interest rates

If a bank is charging a high rate of interest (RPLR plus spread), then a transfer to a bank with a 1 year or 3 year rate of interest, same option should be taken into consideration. You may have to incur costs such as one time processing fees, lawyer fees etc.

2. Prepayment penalties

Most of the banks have waived off prepayment charges to the customers, for payments as many times a year. This is as per RBI guidelines given to banks and NBFCs. But if your bank is still charging you prepayment penalty, it is time to get a balance transfer.

3. Option of lower interest rate in the term of loan

Conversion option is given to existing clients for lowering their interest rates within the term of the loan. This can be availed by signing certain documents and payment of a minimal fee at any centre, in order to lower the interest.

4. Online platform

In the current world of technology, if a bank is not offering online servicing of your home loan, then it is definitely time to switch. All banks offering online login to your home loan account holders, which allows you to pay EMI's online, check amortisation schedules, download tax certificates and statements of accounts etc.

Do explore the option of a home loan transfer; it can benefit you in certain conditions. However the decision should be made after a careful cost benefit analysis.

1

WHO IS ELIGIBLE? WILL IT BENEFIT?

HOME LOAN TRANSFERS: INSIGHTS AND FACTS

Home loan transfers have become extremely common in today's era. All bank loans, including home loans are linked to a retail prime lending rate (RPLR), decided by the RBI. Whereas, non banking financial institutions (NBFCs) or housing finance companies (HFCs) have their own rates based on competition or cost of funds.

3

WHAT'S THE CATCH?

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When you transfer a home loan the cost involved includes the processing fees (charged by the bank taking over the loan), pre-payment penalty (may or may not be charged by the existing lender) and some charges like stamp duty etc. While pre-payment penalty is generally waived off by most banks as NHB and RBI discourage banks from charging it but other charges are unavoidable. Total savings can be determined after considering the total cost involved.

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)	<i>Large Cap</i>	408,205	8.3	764,508	9.6	2,376,351	13.1
HDFC Top 100 Fund (G)	<i>Large Cap</i>	412,639	9.0	716,539	9.5	2,245,028	12.0
Principal Emerging Bluechip Fund (G)	<i>Large & Midcap</i>	778,411	5.1	1,588,111	11.1	6,008,827	17.5
Mirae Asset Emerging Bluechip Fund (G)	<i>Large & Midcap</i>	420,709	10.4	889,301	15.7	N/A	N/A
Mirae Asset India Equity Fund (G)	<i>Multi Cap</i>	422,198	10.6	817,817	12.3	2,785,155	16.0
Kotak Standard Multicap Fund (G)	<i>Multi Cap</i>	408,268	8.3	797,441	11.3	N/A	N/A
L&T Mid Cap Fund (G)	<i>Mid Cap</i>	383,824	4.2	792,248	11.0	2,955,009	17.1
Axis Midcap Fund (G)	<i>Mid Cap</i>	425,573	11.1	804,307	11.6	N/A	N/A
HDFC Small Cap Fund (G)	<i>Small Cap</i>	415,715	9.5	835,138	13.2	2,711,851	15.6
Principal Hybrid Equity Fund (G)	<i>Hybrid Equity</i>	413,544	9.2	792,006	11.0	2,316,009	12.6
Mirae Asset Hybrid Equity Fund (G)	<i>Hybrid Equity</i>	411,827	8.9	N/A	N/A	N/A	N/A
Aditya Birla SL Tax Relief 96 Fund (G)	<i>ELSS</i>	404,843	7.8	792,634	11.1	2,565,926	14.5
Mirae Asset Tax Saver Fund (G)	<i>ELSS</i>	433,751	12.5	N/A	N/A	N/A	N/A



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