

Dear Patrons,

Happy New Year!

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



AKHIL CHUGH
DIRECTOR - NET BROKERS

1

Setting up financial goals:

Setting up goals is one of the important steps in financial planning. Let us understand the important things we have to keep in mind, while deciding upon our finances and future aspirations



2

Multi - cap: An integral part of your portfolio:

Multi cap funds has an important role to play in an equity portfolio. Multi cap funds invest across market capitalisation. Enhance your knowledge base on how this product works and why it is considered a flavour of all seasons.

3

Why health insurance is important:

Health care cost has increased many folds in last 20 - 30 years. An adequate insurance is required to protect from unforeseen circumstances and avoid major financial distress. Educate yourself on how health insurance can keep you guarded in certain situations.



4

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



SETTING UP FINANCIAL GOALS

Setting up goals is one of the important steps in financial planning. Let us understand the important things we have to keep in mind, while deciding upon our finances and future aspirations.

HAVE SPECIFIC GOALS

It is important to assign a priority to each goal. This will depend upon how important the goal is, what is the time horizon and how will you arrange the funds for it. For example, a retirement goal should be given more priority over a child's higher education plan because you can always get a loan for education, but you won't be able to get one for your retirement.

TAKE SMALL STEPS

One should always factor in inflation while calculating the amount you require for goals. This will decide the amount you will need to invest for each goal. For example, if the cost of your son's higher education is Rs 20 lacs today, 6% inflation will increase the figure to Rs 38.51 lacs in 10 years. You should also re-view your financial plan on half yearly basis to ensure it is on track.

MATCH DURATION WITH INVESTMENT

People have a tendency of assigning aimless figures to their goals without understanding whether the amount invested will be sufficient in future or not. It is very important to have specific financial goals assigned to investments. For example, a systematic investment plan (SIP) of Rs 10,000 per month done for 20 years with an assumption of 12% CAGR return to create a retirement corpus of Rs 1 Crore is a specific goal. Do your calculations properly and set specific goals. If you assign a figure and date to each goal and write it down, you will feel more motivated to save.

GOAL PRIORITISATION

A person should start and save early in life. This is because he will have more numbers of years to invest and achieve his goal. SIP in mutual funds is one of the best ways to invest in equity markets on monthly basis. You can start with any amount based on the calculation of your financial goal and then increase the investment in line with the rise in your income.

INFLATION

Every goal has a different time frame. So you need to match the investment avenue with the time available for that goal. If you have less than three years to save for your child's college admission, you should invest in debt rather than equity to ensure the safety of your capital.

As you start investing in equity mutual funds, you are advised to divide the investment in two parts – large cap and mid or small cap. These are two different types of funds. Mid or small cap has the potential to deliver exceptional returns whereas large cap would ensure stability in the portfolio.

The mandate of Multi Cap funds is to buy stocks across the entire market-cap spectrum in order to generate good returns. Managers of such funds are also allowed to invest in both value and growth stocks in their quest for beating their benchmark or category average.



OUT-PERFORMERS

Multi cap funds has an important role to play in an equity portfolio. Multi cap funds invest across market capitalisation. Different categories of stock market tend to do well at different times. Past data shows as large caps have done well in a given year, mid caps have done the same in the next year. Thus, multi cap funds can benefit from the outperformance of any of these.

SUFFICIENT LIQUIDITY

Multi cap funds also provide sufficient liquidity at the time of crisis. Investors tend to have large exposure to mid and small cap stocks when markets are on a rise. As and when the trend changes, liquidity dries up in these stocks. In multi cap funds, there is a right combination of large caps, mid and small caps and hence, they are least affected.

FLEXIBLE PRODUCT

The fund manager has the flexibility to allocate the money to large caps, mid caps and small caps in equal proportion or in any percentage depending upon the internal research of the fund house.

WHAT NET BROKERS RECOMMEND

Multi cap fund should be an integral part of equity portfolio. An ideal exposure can be 30-35%. However, allocation will totally depend upon the risk appetite and financial goals of an individual. We believe systematic investment plan (SIP) is the best way to invest in such funds or any other equity mutual fund. SIP offers a discipline way of investing on monthly basis irrespective of the market levels and avoids timing the market. It is an excellent tool to achieve financial goals like retirement, children education and marriage, buying a home, car, planning a vacation, etc.

SIP Returns in top Multi-cap funds:

Scheme	Returns 3 year (%)	Returns 5 year (%)	Return 10 year (%)
Invesco - India Multicap Fund (G)	5.13	9.59	17.65
Mirae - Asset India Equity Fund Reg (G)	11.52	13.09	16.59
Kotak - Standard Multicap Fund (G)	9.9	12.52	N/A

WHY HEALTH INSURANCE IS IMPORTANT

Someone has rightly said, "Health is wealth". Health care cost has increased many folds in last 20 - 30 years. More and more young people are complaining of heart and other diseases which were seen in older people earlier. This is because of high stress jobs, bad eating habits, more and more cars in the city, pollution etc. An adequate insurance is required to protect from unforeseen circumstances and avoid major financial distress. Let's go through some important benefits of Health Insurance:

Emergencies

Most health insurance companies have cashless facility these days. This is an especially designed feature for emergencies where it is quite impractical to expect a patient to withdraw cash from a bank before heading to the hospital to get admitted. All you have to do is check whether the hospital you are headed to is on the panel of the medical insurance company or not, pick up your health card and get admitted.

Peace of Mind

Stress is the number one enemy of health. Stress makes your immune system weak and makes you vulnerable to all kinds of health trouble. With all these benefits of a health insurance policy in your pocket, you can be sure that you can handle anything that life has to offer. No more will you have to fret about medical bills or worry about you and your family's future health.

Security

Health insurance policies are plans that are designed to be used when you have any health related problem. A policy not only protects you, but your whole family. The best health insurance companies offer "family floater" plans. A "family floater" plan can cover two adults and two children and comes out to be more efficient than four individual policies for each family member. Usual benefits included are coverage of medical expenses due to hospitalisation, 30 days prior and 60 days post hospitalisation, cashless hospitalisation, free health check-ups, inclusion of pre-existing diseases etc

Increase in Tax Benefit Under Section 80D

As per the announcement, deduction limit for the health insurance premium paid for senior citizens has been raised to Rs 50,000 from the earlier limit of Rs 30,000. This will not only benefit those senior citizens who themselves pay the health insurance premium but also those individuals who pay health insurance premium for their parents aged 60 years and above. Earlier an individual who was paying health insurance premium for his/her spouse, kids and parents, could claim maximum deduction of Rs 55,000 (of premium paid) from gross total income before levy of tax. However, from FY 2018-19 onwards, he/she can claim a maximum deduction of Rs 75,000 under this section 80D.

Good Care

Health insurance companies are tied up with top notch health care providers around the country. They have strong networks of hospitals on their panels where you can receive specialised and timely medical care with a smile.

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	414,524	9.4	775,474	10.2	2,433,528	13.5
Axis Bluechip Fund (G)	Large Cap	437,122	13.1	802,201	11.5	N/A	N/A
Principal Emerging Bluechip Fund (G)	Large & Midcap	404,318	7.7	829,504	12.9	3,161,932	18.4
Mirae Asset Emerging Bluechip Fund (G)	Large & Midcap	435,420	12.7	926,485	17.4	N/A	N/A
Mirae Asset India Equity Fund (G)	Multi Cap	429,173	11.7	831,730	13.0	2,862,999	16.6
Kotak Standard Multicap Fund (G)	Multi Cap	417,561	9.9	816,674	12.3	N/A	N/A
L&T Mid Cap Fund (G)	Mid Cap	405,081	7.8	842,871	13.5	3,155,579	18.4
Kotak Emerging Equity Fund (G)	Mid Cap	392,402	5.7	812,908	12.1	2,936,234	17.0
HDFC Small Cap Fund (G)	Small Cap	436,234	12.9	875,110	15.1	2,865,608	16.6
L&T Emerging Businesses Fund (G)	Small Cap	416,723	9.7	N/A	N/A	N/A	N/A
Franklin India Focused Equity Fund (G)	Focused	404,790	7.8	782,622	10.6	2,815,574	16.3
Axis Focused 25 Fund (G)	Focused	423,763	10.9	816,606	12.3	N/A	N/A
Principal Hybrid Equity Fund (G)	Hybrid Equity	422,768	10.7	808,137	11.8	2,369,243	13.0
Mirae Asset Hybrid Equity Fund (G)	Hybrid Equity	417,328	9.8	N/A	N/A	N/A	N/A
Aditya Birla SL Tax Relief 96 Fund (G)	ELSS	417,263	9.8	819,562	12.4	2,665,536	15.2
Axis Long Term Equity Fund (G)	ELSS	415,470	9.5	800,173	11.4	N/A	N/A



Net Brokers Private Limited

Registered Office: A-35, Shivalik, New Delhi - 17

Head Office: 22, New Market, Malviya Nagar, New Delhi-17

Telephone: +91-11-41881002 **Mobile:** +91-9311999924 **E-mail:** mail@netbrokers.co.in

Disclaimer: Net Brokers has taken due care and caution in presenting factually correct data contained herein above. While Net Brokers has made every effort to ensure that the information / data being provided is accurate, Net Brokers does not guarantee the accuracy, adequacy or completeness of any data/information in the publication and the same is meant for the use of receipt and not for circulation. Readers are advised to satisfy themselves about the merit details of each investment scheme, before taking any investment decision. Net Brokers shall not be held liable for any consequences, legal or otherwise, arising out of use of any such information/data and further states that it has no financial liability whatsoever to the recipient /readers of this publication. Neither Net Broker nor any its directors/employees/repetitive accept any liability for any direct or consequential loss arising from the use of data/information contained in the publications or any information/data generated from the publication. Nothing contained in the publication shall or be deemed to constitute a recommendation or any an invitation or solicitation for any product or service. Any dispute arising in future shall be, subject to the Court(S) at Delhi. Readers are advised to go through the respective product brochure / offer documents before making any investment decision