



Knowledge Initiative

Dear Patrons,

Greetings.

Here we are with the **Anniversary Issue** of our monthly newsletter "**Knowledge Initiative**".

We thank you for reading and acknowledging our newsletter month on month. Your patience and acknowledgment has helped us to complete one full year. Knowledge Initiative Team is committed to bring you more educative and informative articles in the new Financial Year 2014-15.

We trust you will enjoy reading the Anniversary Issue, even while soaking in the contents. We would very much appreciate your feedback which consistently helps us in improving and upgrading the contents.

Also send us your questions or queries related to any financial product.

The Anniversary Issue includes:

1. Conquering Dilemma
2. Which Fixed Income option to choose?
3. Financial Planning – How it works
4. Dwarka – Gurgaon Link Expressway: The Golden Road
5. Clients Speak
6. Real Estate: Investment Opportunities



Akhil Chugh
Director

Warm Regards,
Akhil Chugh



SWIRL | SPIRE WORLD

A SECURE FUTURE SHOULDN'T MEAN A PRESENT THAT IS A COMPROMISE.

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- HIGH RETURNS
- SECURITY OF INVESTMENT
- PRIDE OF OWNERSHIP
- CAPITAL APPRECIATION

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Conquering Dilemma

One of the common dilemmas faced by investors at high market levels is what to do with their equity investments. Should it be retained or exited? Should we invest more surplus money? We usually get calls from our clients regarding the exit and hence, have to spend lot of time convincing them about equities.

At the onset of our Anniversary Issue, we would like to highlight the importance of staying invested in equities with a long term horizon, even if you have to enter fresh in high market levels. Every investor wants to make money by entering at lower levels and exiting at higher levels. He may be successful one or two times, but it is practically impossible to time the market. The exit part is the most difficult thing.

High market levels do not indicate you need to exit equities and sit on cash or invest completely in bank fixed deposits. We at Net Brokers have always emphasized on the importance of linking investments with Financial Goals like Children Future Planning – Education and Marriage, Retirement, Buying a House, Vacation, etc. Financial Goals such as children future planning and retirement are long term goals and encourage investors to invest regularly in order to fulfil their dreams. This helps in inculcating saving and investment habits among the investors.

Systematic Investment Plan (SIP) offered by mutual funds is an important step towards this approach. SIP helps in providing you with a disciplined approach to investing. You don't need to time the market as you end up with more units when the market is down and fewer when it is up. In this way, your cost of acquisition evens out.

Following are the SIP returns of Top Equity Mutual Fund Schemes:

Current Value & Yield (XIRR) %

Monthly SIP Investment Rs. 10,000/-								
Scheme	Value & Return (1 Yr)		Value & Return (3 Yr)		Value & Return (5 Yr)		Value & Return (10 Yr)	
		%		%		%		%
Total Investment	120000		360000		600000		1200000	
Birla SL - Frontline Equity Fund (G)	137,331	27.8	463,112	17.1	828,392	12.9	2,817,046	16.3
HDFC - Prudence Fund (G)	141,152	34.3	441,913	13.8	817,295	12.3	2,770,228	16.0
Franklin - India Blue chip Fund (G)	132,070	19.2	423,608	10.9	762,950	9.5	2,465,150	13.8
ICICI Prudential - Discovery (G)	149,375	48.3	490,983	21.2	928,650	17.5	-	-
UTI - Opportunities Fund (G)	134,130	22.6	440,089	13.5	815,188	12.2	-	-

*Returns as on 16th April, 2014

For more information on SIPs, contact us on mail@netbrokers.co.in



Which Fixed Income Option to Choose?

People are usually aware of the Traditional Investment products – Bank Fixed Deposits, Public Provident Fund (PPF), Post Office Schemes, etc. Out of the lot, we favour PPF because of its tax free interest rate of 8.7% which is compounded annually. The limitation is the investment limit of Rs 1 Lac and a long lock-in period. But PPF is still worth investing. Rest of the other traditional investments attract taxation as per income slab and provide lower returns in the hand of the investors.

Apart from these, there are other Fixed Income Options available for investors yielding better returns than traditional investment products.

1. Fixed Maturity Plans (FMPs)

Fixed Maturity Plans (FMP) are offered by Mutual Funds and invests in 100% debt securities. The portfolio consists of corporate papers, bank certificate of deposits, etc. Tenor ranges from 3 months to 5 years. Securities are held till maturity and hence, carry low interest rate fluctuation. Returns are attractive because of low taxation as compared to bank fixed deposits. Long Term Capital Gain tax is 10% without indexation and 20% with Indexation. Short Term Capital Gain is as per income slab. Returns become almost tax free with double indexation.

2. Income Funds

Income Funds are gain offered by mutual funds and invest in 100% debt securities. The portfolio usually forms a part of money market instruments, corporate papers and government securities (GILT). Income Funds are of two types: Accrual and Duration. In Accrual, fund manager holds 80-95% of the portfolio till maturity, thereby reducing the interest rate risk. Average maturity of papers ranges from 6 months – 3 years. In Duration, only 15-25% of the portfolio is held till maturity with average maturity ranging from 3 years – 10 years. Conservative investors should go for accrual whereas a person, who is willing to go for high risk/high return, can opt for duration. Taxation remains the same as in FMP. These are excellent investment products yielding better returns than FMP and Bank Fixed Deposits provided the risk associated with the product is properly understood.

3. Tax Free Bonds

The Government of India had allowed 13 infrastructure companies to issue Tax Free Bonds last year to raise 48000 Crores. It is an excellent product offering tax free rate of interest to investors. Interest rates in the range of 8.5% - 9.01% p.a were offered in FY 2013-14. Investors will have to wait for some time as these bonds will be issued in the month of August-September this year.

4. Non-Convertible Debentures (NCDs)

Investors can consider buying Non-Convertible Debentures (NCDs) of some good companies with healthy fundamentals and efficient managements. NCDs are usually issued offering interest rate of 11-13% per annum and are rated AA+. Investors should avoid the unrated or unsecured NCDs. Investors can consider investing in NCDs over bank/company FDs because of higher interest rates and better taxation.

5. Corporate Fixed Deposits

While investing in Corporate Fixed Deposits, go for companies with strong fundamentals and good credit ratings. Most sound and secured Corporate Fixed Deposits in the country are from HDFC LTD, Mahindra & Mahindra Finance, Dewan Housing Finance Limited (DHFL) and Shriram Transport Finance Limited. Companies with lower credit ratings offer higher returns and at the same time carry high risk of default.

6. Inflation Indexed National Saving Securities (IINSSs)

IINSSs is a 10 year saving instrument and was launched in November/ December 2013. IINSSs are for retail investors and linked to consumer price inflation index (CPI). The interest on these securities would comprise of a fixed rate plus inflation. Interest would be compounded half-yearly and paid cumulatively at redemption. We do not recommend this product because of the variable nature of returns and most importantly, CPI is expected to come down in future.

There are several options to choose among fixed income products. One should have a basket of products rather than investing in one or two. According to us; Accrual Income Funds stands out to be the best option amongst the lot and should have high portfolio allocation. The other products can be NCD's, Bank and Corporate Fixed Deposits. Ideally allocation in fixed income products varies from investor to investor and largely depends upon his/her financial goals.



Financial Planning – How It Works

Financial Planning is a process of meeting life goals through proper management of finances. Life goals can include buying a home, saving for your children's education or planning for retirement.

But, do we really know what this is all about. Let's try to find our answers by addressing these questions:-

- **What are financial goals?**
- **Who is this suitable for?**
- **What does a financial plan cover?**
- **Do we have anything to offer to clients' already existing portfolio?**
- **How does a wealth manager make a plan?**

What are financial goals?

Financial goals can be categorised as short term, medium term or long term.

- ✓ Some of the general goals can be:
- ✓ Buy a car
- ✓ Pay off credit cards
- ✓ Plan a vacation
- ✓ Save down payment for house
- ✓ Pay off mortgage early
- ✓ Take early retirement
- ✓ Start a business
- ✓ Create an emergency fund
- ✓ Child marriage fund
- ✓ Plan for child education

Who is this suitable for?

- ✓ Individuals looking to develop a holistic picture of their current financial well being and evolve a roadmap for the future
- ✓ Individuals looking to secure future financial needs like children's education, children's marriage and family head's retirement
- ✓ Individuals looking to rebalance their existing portfolios
- ✓ Individuals looking to invest in new opportunities in the market

What does it cover?

2. Assessing the client's financial health – through analysis of current financial context. This includes the income, expenses and net worth (assets and loans).
3. Helping the client's family set its long-term milestones and plan for the same.
4. Providing medium term cash flow analysis and long term net worth projections.
5. Performing on-demand scenario analysis specific to the customer (e.g. what if I plan an early retirement).

Do we have anything to offer to clients' already existing portfolio?

For advising on current investments:

- Assess the risk taking ability, based on milestones planned above
- Evaluate the existing investments across different asset classes
- Recommend an asset allocation suitable to customer needs and designed to meet objectives laid out in the Financial Plan
- Recommend specific mutual fund schemes, debt instruments, equity ideas within each asset class
- Execute the transactions to achieve the targeted asset allocation and hence the Financial Plan objectives

How does a wealth manager create a financial plan?

Example of a 31 year old guy named Varun, is working in a Multinational Company. He has 1 child. He wants to plan for RETIREMENT. The financial plan is created on the basis of the following assumptions:

- ▶ He plans to retire at the age of 60 years
- ▶ Inflation rate – 7%
- ▶ Return expected – 12%
- ▶ Monthly requirement post retirement – Rs 25000
- ▶ Approach: Aggressive

The Goal sheet shows that the future cost of goal will be Rs 279.32 Lac in the next 29 years, till he retires. To have the above mentioned corpus for his retirement, he needs to invest Rs 8949 monthly or Rs 116223 annually.

The schemes would be discussed on a personal visit to the client, in order to understand his risk taking ability.

Retirement	
Target Amount	Rs.25000 per mon
Time	29 years
Anticipated Inflation	7%
Future Cost of Goal	Rs.279.32 lacs
Amount already saved towards goal	Rs.0
Returns Expected	12%
Suitable Investment Portfolio	Aggressive

You need to invest 

**Rs.116,223 Annually OR
 Rs.8,949 Monthly**

Recommended Products:

undefined	undef
undefined	undef
undefined	undef

For more information on Financial Planning, contact us on mail@netbrokers.co.in



Client Speak

In this Anniversary Special issue, we have a special page on 'Client Speak' – their thoughts, & experiences. Our clients depend on us to provide reliable information on products & exceptional customer service.

We are only happy when you are. So, it's particularly pleasing, when we hear from our clients.

“Net Brokers are excellent people to put your money for investment purposes. I feel fully secure that my funds are being invested in a proper way as the Director of the company, Mr. Akhil Chugh has his vision very clear where, when & how much to invest so that the client gets full satisfaction. I have great trust in him. If one wants their money to grow then Net Brokers are the right people one should consider.”

- Ms. Devyani Joon, Co-owner, Dash Grooming School

“Great experience dealing with Akhil and his team. Akhil comes across as a seasoned professional and is very customer focused. With the increased portfolio of offerings, I am sure that Net Brokers can grow in size and serve many more customers. I wish them a great future.”

- Mr. Aman Gupta, Regional Director, Dell Global BV Singapore

“The Net Brokers team is very knowledgeable, warm, friendly, reliable, flexible with a never say die attitude! All hallmarks of a smart & suave investment advisor. Obviously, my experience has been terrific & I look forward to a very long association with them.”

- S.Ravi Aiyar, Executive Director (Legal) & Company Secretary, Maruti Suzuki India Limited.

“My association with Net Brokers Private Limited has been extremely beneficial. Their understanding of customer needs and customising of solution is excellent. I found their customer service great and they keep to the promise. The best part is they are upfront and deliver more than what they promise. I wish Net Brokers all the success and a great future.”

- Suresh Tripathi, Vice President – HRM, Tata Steel Limited



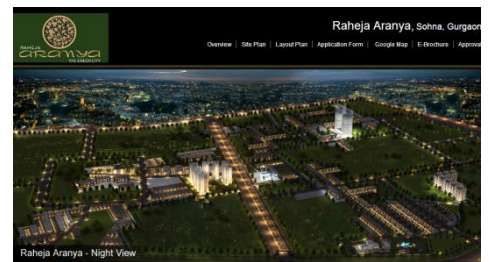
Real Estate: Investment Opportunities

The NCR area of Delhi remains as attractive as it was 4-5 years ago. Property prices are witnessing an increasing trend with the Gurgaon toll removed. The area has developed as a global development hub with a great scope of future growth. The areas which would directly benefit from the removal of the toll are Ambience Island, DLF Phase III, DLF Phase II and Udyog Vihar. These areas, which are closest to Delhi, would now be seen as Delhi's extension.

Noida, as an area, has a lot of scope and is being developed in a well organised manner. Some prominent names, with their upscale projects will compete with the Emaar & DLF of Gurgaon. To name a few, there is Jaypee, 3C Group, Mahagun and many more.



Project	Type	Cost
Mahagun Meadows, Sector 150, Noida	Residential	64.83 lac onwards
Eros Sampoonam, Noida Extension	Residential	29.64 lac onwards
ATS Allure, Yamuna Expressway	Residential	Rs 34.50 lac onwards
Jaypee Udaan	Residential	Rs 43.98 lac onwards
Raheja Aranya, Sohna	Residential	1.16 crore onwards
Cyberwalk, Manesar	Commercial	Rs 15 lac onwards
WTC Spire 1, Noida	Commercial	Rs 29.47 lac onwards
Spaze Arrow, Gurgaon	Commercial	28.28 lac
Vatika Mindscape, Delhi	Commercial	39 lac onwards



For more information on Real Estate Projects, contact us on <mailto:mail@netbrokers.co.in>

New Investment Offers

- Mutual Funds**

New Fund Offers

Fund	Category	Type	Open	Close	Asset Allocation (Debt: Equity)
HSBC Managed Solutions India- Conservative	Hybrid Others	Open Ended	09- Apr	23- Apr	85:15
HSBC Managed Solutions India - Moderate	Hybrid Others	Open Ended	09- Apr	23- Apr	30:70
HSBC Managed Solutions India - Growth	Hybrid Others	Open Ended	09- Apr	23- Apr	10:90
ICICI Prudential Dividend Yield Equity Fund	Equity	Open Ended	25- Apr	09- May	100% Equity
Religare Invesco Global Equity Income Fund	Equity	Open Ended	15- Apr	28- Apr	100% Equity
Axis Hybrid Fund - Series 11	Hybrid Debt	Closed Ended	21- Apr	02- May	80:20
Birla Sun Life Capital Protection Oriented Fund - Series 20	Hybrid Debt	Closed Ended	11- Apr	25- Apr	80:20
Birla Sun Life Emerging Leaders Fund - Series 1	Equity	Closed Ended	25- Apr	30- Apr	100% Equity
DWS Hybrid Fixed Term Fund - Series 21	Hybrid Debt	Closed Ended	16- Apr	30- Apr	80:20
ICICI Prudential Capital Protection Oriented Fund - Series V - Plan E - 1100 Days	Hybrid Debt	Closed-end	15- Apr	28- Apr	80:20
ICICI Prudential Value Fund - Series 4	Equity	Closed Ended	21- Apr	28- Apr	100% Equity
L&T Emerging Businesses Fund	Equity	Closed Ended	22- Apr	06- May	100% Equity
Reliance Dual Advantage Fixed Tenure Fund V - Plan G	Hybrid Debt	Closed Ended	07- Apr	21- Apr	80:20
Sundaram Hybrid Fund - Series H	Hybrid Debt	Closed Ended	14- Apr	28- Apr	80:20

Fixed Maturity Plans

Fund	Tenor (Days)	Opening	Closing	Asset Allocation
DWS Fixed Maturity Plan - Series 64	1185	16- Apr	30- Apr	100% Debt
HDFC Fixed Maturity Plans - 1100 Days - April 2014 (1)	1100	09- Apr	21- Apr	100% Debt
JP Morgan India Fixed Maturity Plan - Series 38	1185	17- Apr	28- Apr	100% Debt
Reliance Fixed Horizon Fund - XXVI - Series 14	775	16- Apr	28- Apr	100% Debt
Reliance Fixed Horizon Fund - XXVI - Series 16	1093	21- Apr	28- Apr	100% Debt
Religare Invesco Fixed Maturity Plan - Series 23Plan K	775	17- Apr	23- Apr	100% Debt

- NCDs**

Issue Name	Interest Rate	Opening	Closing	Face Value Per NCD	Minimum NCDs
Shriram City Union Finance Ltd	11.75% p.a.	16- Apr	16- May	Rs.1,000	10 NCD and in multiples of 1 NCD thereafter

For more information on New Investment Offers, contact us on mail@netbrokers.co.in

FIXED DEPOSITS

Earn Assured Returns up to 12.28 % p.a.

Offered By Renowned Companies

S.No.	Company Name	Period			3 Years Yield (In %)	Senior Citizen	
		1 Year	2 Year	3 Year		(additional Rate)	(Yield in %)
1	Shriram Transport Finance	9.25	9.75	10.75	11.94	0.25	12.25
2	Kerala Transport Development Finance Corporation LTD	10.25	10.25	10.25	11.94	0.25	12.28
3	Mahindra & Mahindra Finance Ltd	9.25	10.00	10.25	11.34	0.25	11.64
4	Bajaj Finance LTD	9.75	9.40	9.65	10.61	0.25	10.91
5	DHFL	10.00	10.00	10.00	11.33	0.50	11.98
6	HDFC LTD Platinum Deposit 15 Months	9.60%			9.78	0.25	10.04

* The rates of interest are applicable as on the data mentioned herein above. The rate may be revised at the sole discretion of the respective companies inviting the Fixed Deposits without Further Notice.



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 we know your investment needs

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