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Knowledge Initiative

Dear Patrons,

Greetings!

We are pleased to share our monthly newsletter “**Knowledge Initiative**” for February 2016.

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 in the Financial Year 2015 -16.

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 issue includes:

1. Greed and Fear
2. Why to Choose ELSS Funds?
3. Importance of Personal Accident Insurance
4. Investment Opportunities in Real Estate
5. SIP Returns in Top Equity Mutual Funds



Akhil Chugh

Warm Regards,

Akhil Chugh
Director

Co-Developers of Select CITYWALK Mall, Saket, Delhi - The number 1 mall of India

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Greed and Fear

One of the popular saying by Warren Buffet: ***“Be Fearful When Others Are Greedy and Greedy When Others Are Fearful” holds very true.*** But very few investors follow it. Most of them get emotional and influenced by negative news flowing in TV channels, print media, etc. and then make a decision to exit. Vis-a-vis when positive news flows, investors get excited and enter equities only to get disappointed after a certain period of time. History has shown when sentiments become negative and fear spreads, that’s the time to become greedy and enter equities and vice versa.

The important question one should ask himself is why he is investing into equities. Common sense prevails: better returns as compared to fixed income. In equities, investment tenure plays an important role. You can’t simply invest because equity gives good returns only to get disappoint after 3 months, 6 months or 1 year when market starts falling.

An ideal way to start investing into equities is to have a financial plan in place. This will help you to identify financial goals such as retirement, children future planning – education and marriage, buying a home, etc. Based on your risk appetite, needs and requirements, etc; an asset allocation of how much investment has to be done in equity and fixed income (debt) is decided. This process will help you to have a long term approach towards equity, and not to get worried by short term jitters in the market. The longer you stay invested in equities, better are the returns and lower is the risk.

In the current market, it is important that investors not lose their cool and instead hunt for opportunities. This is a good time to enter into large cap mutual funds as lot of good quality stocks have taken beating in last 6-9 months. Going ahead, markets will continue to be highly volatile due to global events – fear of US Fed rate hike, china slowdown, oil and commodity crises, etc.

Having said that, India continues to remain an island of stability. The market has been hit by lot of relentless selling by overseas fund managers due to global factors. But when the dust settles, six months out, we are looking at country’s consumption cycle cranking up with Rs. 4.5 lac crore stimulus coming through the pay commission. Corporate earnings are also expected to pick up from April onwards and should be in the range of 10-15% in 2016-17.

Investors should continue with equity investments and maintain focus on their financial goals. SIP is the best way to take advantage of volatile markets. In falling markets, you get a lower NAV and more number of units, thereby, averaging out the purchase cost. We do not advice lump sum investment at this point of time. Instead opt for systematic transfer plan (STP) where money is moved from liquid funds to equity funds on weekly/monthly basis within the same fund house over a period of 6-12 months. In this way, you reduce your risk and benefit from rupee cost averaging.



Why to Choose ELSS Funds?

Here we are in the midst of another tax saving season, where people are looking for tax exemption of Rs 1, 50,000 under Section 80C of the Income Tax act. You have plenty of options to choose from: Public Provident Fund (PPF), National Saving Certificate (NSC), Life Insurance Policy, Bank Fixed Deposits, Equity Linked Saving Schemes (ELSS), etc.

ELSS is an equity diversified mutual fund that invests majority of its corpus into equity or equity related products. Investors enjoy both the benefits of capital appreciation as well as tax benefits.

Reason why ELSS scores high over other tax saving options:

Lower Lock in Period: While ELSS investment is locked-in for 3 years, PPF is locked-in for 15 years, NSC is locked-in for 6 years, Bank FD and Life Insurance Policy is locked-in for 5 years.

Superior Returns: Both ELSS and Unit Linked Insurance Plans (ULIP) invests in shares and related instruments. The returns are higher as compared to other tax saving options. PPF, NSC and Bank FD have fixed rate of interest and are not able to beat inflation also. ELSS tends to outperform ULIP in terms of returns because of its low cost structure.

Tax Free Returns: ELSS returns are tax free. Returns from PPF and Life Insurance Plans are also tax free, but that comes with a 15 year lock-in period in PPF (apart from partial withdrawal available after few years) and minimum lock-in period of 5 years in Life Insurance Plans. Bank fixed deposit, Post office time deposit scheme - all these tax saving options offer returns that are taxable based on individual tax slab.

Helps in Financial Planning: Planning your taxes is an integral part of your financial planning. One of the most popular Section 80C investments is in tax saving mutual funds (ELSS). ELSS being an equity fund has a potential to deliver inflation beating returns over the long term. ELSS along with other equity funds in your portfolio can help you to achieve financial goals, like retirement, children future planning, etc.

Returns of Top ELSS Funds

* Returns as on 14th February, 2016

SCHEMES	3 Year	5 Year	10 Year
FRANKLIN INDIA TAX SHIELD FUND	15.89	13.85	13.02
AXIS LONG TERM EQUITY FUND	23.70	19.21	NA
RELIGARE INVESCO TAX PLAN	16.17	13.56	NA

* Returns over 1 Year are compounded annualized

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



Importance of Personal Accident Insurance

As many people are aware of life insurance policy which covers the risk of death and a health insurance policy as a cushion against hospitalization expenses, very few would know the importance of having a personal accident cover. Life is full of uncertainties and accidents can happen anytime. Personal accident schemes cover the policyholder against death or disability due to an accident.

Highlights:

- Anyone below the age of 65 years is eligible for the coverage
- Policy Sum Insured ranges from Rs.2.5 lacs to Rs.15 lacs
- The policy can be extended to include your entire family including dependents – parents and children and at an affordable price
- The policy operates worldwide and is a 24 hours cover.

Features:

- Accident Insurance: 100% of the policy sum insured will be reimbursed, if the policy holder suffers physical injuries due to an accident and in turn leads to death.
- Permanent Total Disability: 100% of the policy sum insured will be payable to the insured, if the policy holder suffers physical injuries that lead to permanent disability.
- Broken Bones: 10% of the sum insured will be payable to the insured, if the policy holder suffers physical injuries that further lead to bone fractures.
- Hospitalization Assistance: In case of insured's illness or accident, daily hospitalization assistance for 45 days is provided.
- Burns: In the event of accident leading to treatment of burns, up to 5% of the sum insured will be payable.
- Ambulance costs: Ambulance expenses incurred are reimbursed as per policy held.

Private insurance players charge a higher premium, but offer a higher cover and a wide range of benefits. A policyholder can get a cover of up to 8 times of his annual salary. Before you buy a policy, go through the terms and conditions properly. For example, a policyholder can avail the hospitalization benefits only if he/she is admitted within seven days of the accident and is hospitalized for at least 24 hours. Check if there is a waiting period attached to the policy. A personal accident policy covers the buyer against costs that can shatter him financially. So don't waste any time, buy it today itself.

For more information on Personal Accident Insurance, contact us on mail@netbrokers.co.in

Investment Opportunities in Real Estate

The challenges of demand-supply mismatch and high unsold inventory across the country remain, but the signs are nevertheless encouraging - cities like Delhi NCR, Mumbai, Bangalore, Pune and Hyderabad are slowly but surely crawling back to positive growth. 2016 may well bring an end to the long and painful journey this sector has had, and signal an upward growth trajectory.

Net Brokers presents to you lucrative options in Real Estate for February 2016:

Project	Type	BSP/Sq.ft /Sq.Yd	Cost
Vipul Arohan, Golf Course Road, Gurgaon	Residential	12500	2.50 Cr onwards
Godrej 101, Sector 79, Gurgaon	Residential	5990	82 Lacs onwards
Vatika Xpressions , Sector 88 B, Gurgaon	Residential	5365	72 Lacs onwards
Mahagun Meadows, Sector 150, Noida Expressway	Residential	4500	64 Lacs onwards
Civitech Sampriti, Sector 77, Noida – Ready to Move	Residential	5500	62 Lacs onwards
Countywalk, Dharuhera, Plots - Assured Buyback @ 15% p.a	Residential	22,000	25 Lacs onwards
Vatika INXT City Centre, Sector 83, Gurgaon, Retail Shops – Assured Returns @ 9% p.a	Commercial	15,000	1.2 Cr onwards
Vatika Towers, Golf Course Road, Gurgaon – Assured Returns @ 10% p.a	Commercial	16000	80 Lacs onwards
Vatika One India Next, Sector 82 A, Gurgaon - Assured Returns @ 10.50% p.a	Commercial	8667	43 Lacs onwards
World Trade Center Noida - Assured Returns @ 12% p.a.	Commercial	5500	23 Lacs onwards
Cyberwalk, Manesar, Gurgaon – Assured Returns @ 15% p.a & Assured Buyback	Commercial	6000	15 Lacs onwards
DLF Prime Towers, Okhla Phase- 1, New Delhi	Commercial	14,500	1.27 Cr onwards
DLF Galleria, Mayur Vihar, New Delhi - Retail Shops	Commercial	12,000	1.16 Cr onwards



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

SIP Returns in Top Equity Mutual Funds

* Returns as on 14th February, 2016

Current Value & Yield (XIRR) %							
Scheme Name Monthly Investment: Rs 10,000	Category	Value & Return (3 Yr)		Value & Return (5 Yr)		Value & Return (10 Yr)	
		360000	%	600000	%	1200000	%
Religare Invesco Business Leaders Fund (G)	Large Cap	403,920	7.6	778,341	10.4	NA	NA
Birla SL Frontline Equity Fund (G)	Large Cap	399,815	6.9	796,370	11.3	2,286,456	12.4
ICICI Prudential Value Discovery (G)	Multi Cap	457,831	16.3	947,048	18.3	3,071,727	17.9
Franklin India High Growth Companies Fund (G)	Multi Cap	440,873	13.6	919,661	17.1	NA	NA
Franklin India Prima Fund (G)	Mid Cap	478,704	19.4	1,006,261	20.8	2,824,802	16.3
IDFC Premier Equity Fund(G)	Mid Cap	448,847	14.9	910,414	16.7	3,132,180	18.2
Franklin India Smaller Companies Fund (G)	Small Cap	509,575	23.9	1,109,640	24.9	3,116,715	18.2
DSP BlackRock Micro Cap Fund (G)	Small Cap	560,474	31.0	1,138,075	25.9	NA	NA
Tata Balanced Fund Plan (G)	Hybrid Equity	434,592	12.6	865,927	14.7	2,503,121	14.1
HDFC Balanced Fund (G)	Hybrid Equity	425,731	11.2	831,347	13.0	2,515,896	14.2
Axis Long Term Equity (G)	ELSS	469,602	18.1	989,938	20.1	NA	NA
Religare Invesco Tax Plan (G)	ELSS	429,709	11.9	855,880	14.2	NA	NA

*Returns over 1 Year are compounded annualized



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