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Knowledge Initiative

Dear Patrons,

Happy New Year!

We are pleased to share our monthly newsletter “**Knowledge Initiative**” for January 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. Benefit from Volatile Market
2. Large Cap Funds – Core Part of Portfolio
3. Important Steps before Buying a Second Home
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

**FIRST TIME IN THE HISTORY OF REAL ESTATE,
READY PROPERTY WITH
12% ASSURED RENTAL / BUYBACK GUARANTEE!!**

**READY
PROPERTY**

**ASSURED
RENTAL /
BUYBACK
INVESTMENT**



OFFICE/RETAIL/STUDIO APARTMENTS



**INVESTMENT
STARTS
₹ 30 LACS***
Get 30,000/-
P.M.

2nd phase launch. New Inventory

Ready Property. Unbeatable Investment!

Assured rental/buyback available on limited inventory.

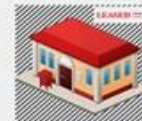
- * Part of 150 acre dedicated IT Park /R&D campus already home to multinational giants such as Agilent Technologies, Nestle, Bharti Airtel & HCL Technologies
- * 14 Lakh Sq Ft of mixed use development - Offices, Serviced Apartment and Retail Areas
- * 1st Leed Gold Certified Green Building in Manesar, New Gurgaon
- * Connected via NH-8, KMP & Dwarka Expressway



**SECURED
INVESTMENT**



**CAPITAL
GROWTH**



**RENTAL
INCOME**

100 OVER 100 PROJECTS
DELIVERED

MEMBER OF
CREDAI

MEMBER OF
NAREDCO



Benefit from Volatile Market

Release of China's weak manufacturing data and devaluation of Yuan by People's Bank of China (PBOC) has sent shock waves across the globe. Nifty has lost close to 400 points since the beginning of the year and is going through a highly volatile phase. There are chances that China will further devalue Yuan by 3-4% in the calendar year 2016 and that could have a negative impact on the global currencies, including rupee. The sentiment has also been impacted because of the commodity cycle and what is happening to commodity prices and oil prices. The positive thing is that India will continue to be a big beneficiary of the oil fall. Oil has breached \$32/barrel barrier and is now eyeing \$25. India will be able to save \$50 - \$60 billion in a year and will continue to be a big beneficiary in terms of lower trade deficit.

We have highlighted important points to be taken note of in such volatile and challenging times:

- **Revival of Economy:** The Indian economy is on a revival mode and is projected to grow at 7.5% in 2016 overtaking china as the fastest growing economy in the world. Corporate earnings are expected to pick up in 2nd half of the year and should be in the range of 10-15%. We don't see a major fall in the stock market from here on and these are good levels to make lump sum investments.
- **Link Investments to Financial Goals:** It is important to assign a goal to each investment. Financial goals – retirement, children education and wedding, etc. encourages keeping a long term horizon for investments. As a result, you don't become impatient at times of high volatility in markets.
- **Rebalance Portfolio:** A sharp fall in markets results in drop of equity percentage from what originally was decided at the time of portfolio creation. It is important to maintain the equity levels by reducing debt percentage or investing surplus money into equities.
- **SIP is the Best:** Systematic investment plans (SIP) is the best way to invest in volatile markets. You end up getting more units at a lower price when market falls and vice versa. In this way, your cost of acquisition evens out. Don't panic and stop your SIPs. This is the biggest mistake you can ever do. In fact SIP works best in falling markets. You will be a winner when market bounces back. If you can afford, increase or double the SIP amount in situations like this.
- **Portfolio Review:** Make sure you review your portfolio on half yearly basis with your financial advisor. Check whether the portfolio is on track with financial goals or some changes need to be done in asset allocation. Review gives you an overall outlook of what is happening in the market and gives the desired confidence to continue with your investments.

No doubt these are challenging times, but India is strongly placed as compared to rest of the world. Thanks to the strong domestic factors, this is an excellent time to invest in equity markets when others are pessimistic.



Large Cap Funds – Core Part of Portfolio

Large cap fund comprises of top 100 companies of India in terms of market capitalization. These are companies with sound balance sheets and strong businesses. They have the strength to withstand any shocks in the market. They fall when market falls but lesser as compared to mid and small cap stocks. Large caps are more stable in nature and should form core part of any portfolio.

Foreign Institutional Investors (FII's) prefer large cap names and have sold large chunk of their holdings in India last year due to global factors. As a result, price to earning valuations of large caps have become very attractive. Whenever sentiment revives, it would be the well-run larger companies with good earnings prospect that will rise faster.

Investors should not worry on adverse movements in market, especially when it's due to global market affecting Indian stocks. Things are looking up for the country. The economy is in the recovery stage and the interest rates are gradually going to reduce.

The best thing is to have a financial plan in place to help you decide the right asset allocation. For example, your portfolio comprises of 70% equity and 30% Debt. A good 30-40% of equity money should be in large cap funds. The idea behind high allocation to large cap funds is that it should be able to deliver returns in good times without being too volatile. The balance can be put into multi cap and mid cap funds to boost portfolio returns.

The longer an investor stays in the market, the lesser is the risk of losing money and market volatility affecting a person. Some of the older large cap funds, launched long time ago reflects this.

Returns of Top Large Cap Funds

* Returns as on 12th January, 2016

SCHEMES	Launch Date	3 Y	5 Y	10 Y	15 Y	20 Y
FRANKLIN INDIA BLUECHIP FUND (G)	August,2002	10.99	8.23	13.55	19.49	22.28
HDFC TOP 200 FUND - (G)	December,1993	9.9	7.12	14.22	22.18	-
TATA PURE EQUITY FUND PLAN A (G)	May,1998	12.07	8.56	13.2	18.6	-
BIRLA SUN LIFE FRONTLINE EQUITY FUND REG (G)	September,1996	14.73	10.84	16.09	-	-

* Returns over 1 Year are compounded annualized



Important Steps before Buying a Second Home

Investing in a second home is a big decision that can drastically change your future. Reasons for buying a second home may vary, from recreation and vacation enjoyment to investment and development to retirement planning. Whatever your interests may be, there are certain things you need to look at in order to make this investment stress-free and worthwhile.

Here's a list of steps you can follow to help you purchase your second home and a few tips to qualify for a second home loan.

Decide the finances: One must ask themselves a few important questions before divulging into the property market again.

- What is the purpose of the second home?
- Are other loan payments taken care of with the current income?
- Are there any other family investments to make in the near future?
- Are you and your family's health and loan payments covered under insurance?

Credit score check: In the current technology driven environment, one must strive to keep their repayment track records clean and clear. This will in turn help to avail a property as well as a home loan on the same. It's extremely important to keep all documents and bank statements in order. Also, paying off the already running home loan is a good idea, to get the new home loan approved.

Right move towards second home: If you have managed to get your second home loan sanction, check some very basic facts about the property:

- Location is favorable - in close proximity to office as well as home; has markets in and around the area; there is considerable development happening in the particular area
- Structure - whether it is a duplex, apartment, row house etc
- Locality is good - if it's safe enough, there are streetlamps, the area is not prone to flooding etc.

Pre-approval: The process of pre-approved home loans is popular in the home loan market. In this, the amount of home loan is sanctioned by the financial institution on the basis of submission of income documents and existing obligations. A pre-approved home loan is valid for 6 months and once an individual finalizes the property, the legal and technical procedures can kick start.

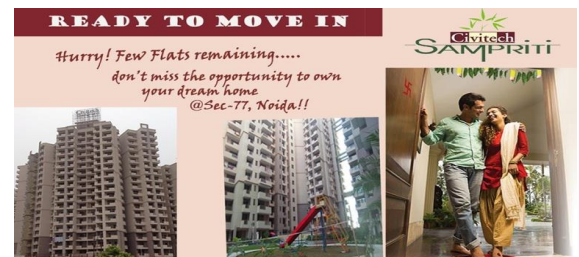
Deal finalization: Once the home loan is sanctioned and other property checks are done, the home buyer can negotiate with the seller on the sale price and sale conditions. A seasoned real estate advisor can help you weigh your criteria and make all the difference in a second home purchase. Savvy tax planning can make a difference in your return on the property. Tax implications for second homes can vary significantly based on your financial situation and whether or not you plan to rent out the property. Whether you're looking for a home to spend your retirement days or an investment property to diversify your portfolio, make sure you do your homework and work with the right experts.

Investment Opportunities in Real Estate

Real estate has been the most sought after asset class, given the kind of returns it has delivered in the past. Even after the financial crisis of 2008, some residential markets saw fast growth. Investors entering now will have to keep a horizon of 5 -7 years to get good returns provided they invest in the right kind of property.

Net Brokers presents to you lucrative options in Real Estate for January 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



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

SIP Returns in Top Equity Mutual Funds

* Returns as on 12th January, 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	%
Birla SL Frontline Equity Fund (G)	Large Cap	438,649	13.2	871,125	14.9	2,518,533	14.2
ICICI Prudential Focused Bluechip Equity Fund (G)	Large Cap	423,492	10.8	826,546	12.8	NA	NA
ICICI Prudential Value Discovery (G)	Multi Cap	515,858	24.8	1,062,276	23.0	3,451,926	20.0
Franklin India High Growth Companies Fund (G)	Multi Cap	500,224	22.5	1,038,082	22.1	NA	NA
UTI Mid Cap Fund (G)	Mid Cap	575,931	33.0	1,186,334	27.6	3,347,638	19.5
Franklin India Prima Fund (G)	Mid Cap	537,836	27.8	1,124,215	25.4	3,148,184	18.3
Franklin India Smaller Companies Fund (G)	Small Cap	583,525	34.0	1,260,667	30.2	3,527,723	20.4
DSP BlackRock Micro Cap Fund (G)	Small Cap	669,137	44.6	1,348,235	33.0	NA	NA
Tata Balanced Fund Plan (G)	Hybrid Equity	475,344	18.9	944,511	18.2	2,737,523	15.7
L&T India Prudence Fund(G)	Hybrid Equity	484,078	20.2	NA	NA	NA	NA
Axis Long Term Equity (G)	ELSS	515,024	24.7	1,079,100	23.7	NA	NA
Religare Invesco Tax Plan (G)	ELSS	479,019	19.4	949,532	18.4	NA	NA

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Net Brokers Private Limited

Registered Office: A-35, Shivalik, New Delhi -110017

Head Office: 22, New Market, Malviya Nagar, New Delhi- 110017

Telephone: +91-11-41881002. **Mobile:** +91-9311999924. **FAX:** +91-11-26676419.

E-mail: mail@netbrokers.co.in

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