



Knowledge Initiative

Dear Patrons,

Greetings.

We are pleased to share our monthly newsletter “**Knowledge Initiative**” for July 2014.

We thank you for reading and acknowledging our newsletter month on month. 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 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 Issue includes:

1. Stay Away from Speculation
2. Highlights of Union Budget 2014-15
3. Portfolio Booster
4. Praiseworthy Budget 2014: Ache Din for Real Estate
5. 10 Reasons of Home Loan Rejection
6. Investment Opportunities in Real Estate



Akhil Chugh
Director

Warm Regards,

Akhil Chugh



Sundaram



S.M.I.L.E

**Sundaram Small and Medium
 Indian Leading Equities Fund**

An open-end equity scheme

Past performance may or may not be sustained in the future and may not necessarily serve as a basis for comparison with other investments. The returns are calculated on CAGR basis since inception of the scheme and for periods above one year as on June 30, 2014 and on an absolute basis for one-year period for Regular Plan - Growth Option. Scheme launch: Feb 15, 2005. NAVs for Regular Plan - Growth Option: NAV per unit as on June 30, 2014: ₹50.97. NAV per unit as on June 30, 2013: ₹28.64. NAV per unit as on June 30, 2012: ₹28.85. Scheme Benchmark Index: S&P BSE Small Cap Index. Additional Benchmark Index: CNX Nifty. Fund Manager for Sundaram S.M.I.L.E is Krishnakumar S. Load and taxes are not considered for computation of returns. NAV per unit of the scheme on the inception date was ₹10.

Small and midcap stocks, undervalued for a long time, are now back. Just look at the last one year return above! Join the action. Make sure you have every reason to SMILE!

Returns	Fund / Benchmark		
	S.M.I.L.E	S&P BSE Small Cap Index	CNX Nifty
Since Inception (%)	19.0	11.4	14.8
Last 1 Year (%)*	91.3	80.8	30.3
30/06/13 to 30/06/14			
30/06/12 to 30/06/13 (%)	(7.6)	(13.0)	10.7
30/06/11 to 30/06/12 (%)	(4.9)	(19.8)	(6.5)
Last 3 Years (%)	18.9	7.7	10.4
Last 5 Years (%)	17.9	12.2	12.1
Last 7 Years (%)	14.1	4.0	8.4
₹10,000 Invested at launch is now worth	₹50,972	₹27,554	₹36,419

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SUNDARAM MUTUAL
 UNEARTHING OPPORTUNITIES

This product is suitable for investors who are seeking** ● long term capital growth ● Investment in diversified stocks that are generally termed as small and mid-caps ● High Risk (BROWN)
 **Investors should consult their financial advisors if in doubt about whether the product is suitable for them

Note: Risk may be represented as:
 (BLUE) investors understand that their principal will be at low risk
 (YELLOW) investors understand that their principal will be at medium risk
 (BROWN) investors understand that their principal will be at high risk

Performance details for other schemes managed by Mr. S. Krishnakumar, i.e. Sundaram Select Mid Cap, Sundaram Equity Multiplier. The performance details are provided for 'Regular Plan-Growth Option' under these schemes.

Fund / Benchmark	30/06/13 to 30/06/14(%)	30/06/12 to 30/06/13(%)	30/06/11 to 30/06/12(%)	Since Inception Returns ₹10,000	Fund / Benchmark	30/06/13 to 30/06/14(%)	30/06/12 to 30/06/13(%)	30/06/11 to 30/06/12(%)	Since Inception Returns ₹10,000
Sundaram Select Mid Cap	66.8	8.4	(6.8)	31.4 2,60,118	Sundaram Equity Multiplier*	47.8	2.1	(10.8)	9.3 19,185
S&P BSE Mid-Cap Index	57.2	(3.1)	(10.2)	21.0 96,833	CNX 500 Index	36.9	8.2	(7.8)	9.3 19,152
CNX Nifty	30.3	10.7	(6.5)	19.0 79,231	CNX Nifty	30.3	10.7	(6.5)	9.6 19,547

Past performance may or may not be sustained in the future and may not necessarily serve as a basis for comparison with other investments. Sundaram Select Mid Cap: Date of Inception: July 19, 2002. NAV per unit as on 30/06/14 is ₹260.12. NAV per unit as on 30/06/13: ₹155.92. NAV per unit as on 30/06/12: ₹142.56. Sundaram Equity Multiplier: Date of Inception: Feb 27, 2007. NAV per unit as on 30/06/14 is ₹19.18. NAV per unit as on 30/06/13: ₹12.98. NAV per unit as on 30/06/12: ₹12.72. NAVs per unit provided are for Regular Plan - Growth Option. Common for all Performance-related information: Returns are calculated on CAGR basis since inception of the scheme and for period above one year as on June 30, 2014 and on an absolute basis for one-year period. Load and taxes are not considered for computation of returns. NAV per unit for all schemes on their respective inception dates was ₹10.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.



Stay Away from Speculation

Speculation is the biggest enemy of people in the stock market. You have two ways either be a speculator or an investor. People have lost lot of money in speculation (Intraday Trading) and are still losing. They should value their hard earned money and simply not play with it. People who have invested and hold on to their investments for years are called investors, they have still made money. Though there have been many incidents where they lost because the companies did not perform well or got winded up. Most of the older generation still have physical certificate of some shares which got delisted and are nothing but a piece of junk.

Speculation or intraday trading is something which should be seriously avoided by investors. History has shown that nobody has ever made money in speculation. As far as long term investment is concerned, gone are those days when you could hold on to shares for years and make good money. These days, the business trends are changing rapidly. A sector may be performing well for two/three quarters or probably two years, but may not perform consistently well. To set off this risk, you try to diversify your portfolio by investing in variety of sectors.

Portfolio creation requires study of both, fundamental and technical research. You need to visit companies, their projects, talk to the top management, know their business plans, study balance sheets, analyze historical data of stock price movements and the list does not end. All this requires lot of time and dedication. This is beyond the reach of common man. They are either busy in jobs or business. Moreover, the stock markets are linked internationally. Any unexpected event in America or any other country with whom the Indian economy is directly/indirectly linked may hamper the domestic market sentiments.

We at Net Brokers strongly believe Mutual Funds do provide the best solution to the investment needs of the common man. The biggest advantage is portfolio diversification. There is a highly qualified fund manager monitoring the investments supported by a dedicated research team looking into fundamental and technical aspect of the companies. Together, they short list the sectors and the companies where the investments are to be made.

An equity diversified mutual fund scheme at any given point of time is invested into minimum 15 - 20 sectors and 40 – 60 stocks. This may vary from scheme to scheme. The fund manager creates a well diversified portfolio and makes changes keeping in mind the market trend and the business cycle of the companies.

Systematic Investment Plan (SIP) in mutual funds is the best way to invest in equities. SIP offers two big benefits: Rupee Cost Averaging and Power of Compounding. The basic principle of SIP is not to time the market, but to spend time in the market. SIPs should be always linked to Financial Goals such as Children Future Planning (Education & Marriage), Retirement, Buying a Home, Car, Planning a Vacation, etc. This encourages an approach of long term investment and focus towards achieving financial goals among investors.



Highlights

Gross Domestic Product (GDP)

- Nominal GDP is projected to grow by 13.4% year-on-year (YoY), similar to previous year

Revenue and expenditure

- Planned expenditure growth is budgeted to rise 26.9% YoY in Financial Year 2014-15 (FY15), a prelude to the infrastructure build-out plans of the new government
- Gross tax revenues are budgeted to grow 19.8% YoY in FY15 (from 9.9% in FY14), which could be optimistic considering the current weak growth environment
- Gross market borrowing increased to INR 6.0 trillion (INR 5.5 trillion in FY14), while net borrowing is flat at INR 4.6 trillion (INR 4.5 trillion in FY14); with around INR 500 billion of bond buybacks.

Fiscal consolidation

- Fiscal deficit target maintained at 4.1% of GDP for FY15
- Provisional estimate of the FY14 fiscal deficit is 4.5% of GDP, marginally better than the revised target of 4.6% of GDP
- Fiscal consolidation to continue in medium term, target deficit of 3.6% in FY16 and 3.0% in FY17

Source of revenue

- Consolidation is expected to be achieved through a combination of increased asset sales and higher tax revenues
 - Divestment target increased by 207% to INR 584.25 billion
 - Improved tax compliance expected to lead to a 19.8% increase in tax revenues

Subsidies

- Budgeted at INR 2.5 trillion – slippage risk exists due to lack of clarity on unpaid bills
 - Subsidy burden falls from 2.2% in FY14 to 1.95% in FY15

Overall impact on the equity markets

- Boost to Infrastructure sector; focus on asset creation
- Roadmap for raising capital for long term funding requirements – Enhanced Foreign Direct Investment (FDI) limits, Creation of Investment Trusts, etc.
- Reiterated Commitments on Fiscal Consolidation and Tax Reforms

- Reduced Tax outgo for Individual Tax Payers – to spur consumption/savings
- Devoid of any major populist announcements

Overall impact on the debt markets

- Fiscal deficit projection maintained in FY15
- Divestment target achievable, given the buoyant markets
- Tax revenue growth at 19% appears optimistic
- Increase in Planned Expenditure - a step toward tackling supply side issues – a long term positive
- Could provide the much needed room for monetary easing by RBI over a period of time
- Expect G-sec yields to face some pressure on fears of drought and supply in near-term
- Holding period for long term capital gains has been increased from 12 months to 36 months and will now be taxed at 20 per cent on the nominal long term capital gains indexed for inflation.

To summarise

Revival of investment cycle

- Thrust on Infrastructure investments - Roads, Metro rail, Feeder separation scheme in the power sector, Smart cities, River linking
- Capital expenditure by PSUs (INR 2.48 trillion)
- Focus on affordable housing

Focus on savings

- Section 80C exemption raised to INR 1.5 lakhs
- Exemption limit for housing loan interest enhanced to INR 2 lakhs
- The Finance Minister has raised the exemption limit on income tax from Rs. 2 lakhs to Rs. 2.5 lakhs.
- For senior citizens, the exemption on income has been raised to Rs. 3 lakhs per annum.

Measures towards improving financing constraints

- Banks allowed to raise long term infrastructure financing with minimum regulatory costs
- Proposal for formation of investment trusts
- Enhancement of Foreign Direct Investment (FDI) limits in Insurance & Defence
- Focus on developing a vibrant & liquid corporate bond market

Reiterated commitment on

- Fiscal consolidation
- Tax reforms
- Bank recapitalization
- PSU divestment



Portfolio Booster

Mid cap funds are those mutual funds, which invest in small / medium sized companies. They form core part of a mutual fund portfolio and should be added to boost overall returns. These funds are aggressive in nature and tend to outperform large cap funds by good margins during economic upturn. At the same time, they are highly volatile and carry high risk.

Small /medium sized companies tend to be under researched thus they present an opportunity to invest in a company that is yet to be identified by the market. Such companies offer higher growth potential going forward and therefore an opportunity to benefit from higher than average valuations. ***Mid cap companies are looked upon as wealth creators and have the potential to join the league of large cap companies.***

The ongoing rally on the domestic bourses has breathed new life into small and mid cap schemes offered by mutual funds as they have now emerged as the best performing funds on an annual basis. The steep rally has been partly because of their attractive valuations and partly because of the improved risk appetite among investors.

We believe there is enough steam left in small and mid cap stocks for further upside. Their valuations are still looking attractive. Most of them are still trading at a huge discount from their all time high. They have only partially recovered their lost ground and therefore the mid cap funds could see further appreciation going forward.

Systematic Investment Plan (SIP) is an ideal way to invest in mid cap funds as the returns are highly volatile. It is strongly advisable to have a minimum tenor of 5 years before investing in such funds. A longer tenor in SIPs tends to reduce risk as you are able to invest in highs and lows of the markets. As a result, the purchase cost (NAV) gets averaged out and the overall units get increased.

SIP Returns of Top Mid Cap Funds:

Current Value & Yield (XIRR) %

Scheme	3 Yrs	5 Yrs	10 Yrs	20 Yrs
	%	%	%	%
Franklin India Prima Fund (G)	33.8	22.4	17.2	23.2
Sundaram Select Midcap (G)	32.4	21.0	20.3	-
Religare Invesco Mid N Small Cap (G)	35.1	25.0	-	-
ICICI Prudential Value Discovery (G)	36.1	24.2	-	-
Axis Midcap Fund (G)	36.6	-	-	-

*Returns as on 11th July, 2014

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



Praiseworthy Budget 2014: Ache Din for Real Estate

Finance minister, Arun Jaitley brings relief to the real estate & infrastructure sector, by announcing very positive & significant measures in its favour. The measures namely relaxation of FDI, REIT's, small cities development and incentives for affordable housing, are the need of the hour for this sector.

Allocation of Rs 4000 Cr to provide affordable housing and Rs 7060 Cr towards development of smart cities will have a definite impact on the growth of the real estate sector.

Changes in FDI access to small builders has been proposed in the budget, with the intention of development of smart cities. To enable this, the built up area has been reduced from 50000 sqm to 20000 sqm and minimum capitalisation from 10 million to 5 million. Slum development has been made a part of corporate social responsibilities.

The government has articulated its vision to provide housing for all by 2022 for which it wants to partner with the private sector. According to the housing ministry, there is a shortage of around 18.78 million houses in the country of which 96% is in the economically weaker and low income segments. This move to relax FDI limit will help increase the development of low-cost and affordable housing furthering the government's vision.

REIT (Real estate Investment Trust) being incentivised by way of taxation, will surely help the sector players, such as developers, private funds and financial institutions have liquidity. The other issues – credit crunch, transparency, organisation of property sector, experiences by the sector can be addressed as well. The introduction of REIT will have a long term benefit to the industry.

A REIT is a type of security that is sold like a stock on an exchange and invests and owns real estate assets that produce a stable rental income for shareholders. The advent of REITs will give builders an opportunity to monetize their income producing assets.

Companies such as DLF, Unitech, Embassy Group and funds such as Blackstone, Xander have several income-producing assets that can be listed as REITs.

The budget will help the consumer with more savings in real estate investments by increasing exemption for interest payment on home loan up to 2 Lakhs and also by raising 80C exemption (which includes principal payment for home loan) to 1.5 Lakhs.

According to Jaitley, the Budget 2014 is only a step in the direction of economic recovery. Jaitley said, "We shall leave no stone unturned in creating a vibrant India."

This budget will ensure that the sentiments remain upbeat for the next few years.



10 Reasons of Home Loan Rejection

First time home buyers often get a setback when they apply for a home loan and get rejected for some reason. Let's understand some typical situations that can be avoided to have a smooth HOME LOAN SANCTION from any financial institution:

<p>Residential address on defaulter's list Living under the same roof as someone who has slipped up on a loan payment or credit card dues, can get you to be in the defaulters list as well.</p>	<p>Filing income tax regularly 3 year income tax returns are mandatory documents for home loan sanction; In case of non-availability, the lending institution has a right to reject your application</p>
<p>Dues unpaid Accumulating credit card dues, late EMI payments, huge pending debts, form a major reason for rejection.</p>	<p>Poor cibil score Cibil score forms a very important part in sanctioning your home loan, hence make sure your credit card and loan payments are made on time</p>
<p>Other liabilities You are already running with many other loans, then your income less loan payments will be considered as real income</p>	<p>Loan application rejected before If for any reason, your previous home loan application with another financial institution was rejected, this gets recorded in the cibil report. The lending institution can ask you a detailed explanation for the same.</p>
<p>Loan guarantor to a defaulter You are a guarantor to someone who has not been paying loan EMI's – this will hamper your situation in the eyes of the institution</p>	<p>Property being purchased falling under policy guidelines Choose an established and trusted builder who has all the necessary documents for easy sanction of your loan. If there is a problem with the title, layout etc., your loan application could get rejected.</p>
<p>Age: A concern You are nearing your retirement age, gets an individual in a situation of having a smaller tenure & high EMI option. Hence, financial institutions refrain from accepting such applications.</p>	<p>Job hopper Your changing of job frequency is more than 2-3 a year; this is an alarming sign for any financial institution concerning an individual's stability.</p>

Investment Opportunities in Real Estate

The budget 2014 has been quite favourable for the real estate sector. We believe that the new government will be able to formulate and revive the real estate sector growth in the coming years. We anticipate the real estate demand to increase by another 10 percent to 15 percent in the medium term and this will also give a boost to the other related industries.

Net Brokers presents to you lucrative options in the real estate division, for the month of July 2014.

Project	Type	BSP/sqft	Cost
ATS Allure, Yamuna Expressway	Residential	3000	34 Lakhs onwards
Gaur Yamuna City, Yamuna Expressway	Residential	2095	20.95 Lakhs onwards
Jaypee Naturvue, Jaypee Sports City	Residential	3590	27 Lakhs onwards
Mahagun Mirabella, Sector 79, Noida	Residential	4400	60 Lakhs onwards
Lotus Greens, Yamuna Expressway	Residential	2950	29.50 Lakhs onwards
Cyberwalk, Manesar, Gurgaon	Commercial	6600	16.50 Lakhs onwards
WTC Spire One, Noida	Commercial	6800	36.60 Lakhs onwards
Spaze Arrow, Gurgaon	Commercial	9429	36 Lakhs onwards
Vatika Mindscape, Delhi	Commercial	7800	39 Lakhs onwards



For more information on Real Estate Projects, 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	Senior Citizen	
		1 Year	2 Year	3 Year	(In %)	(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	9.25	9.40	9.65	10.61	0.25	10.91
5	DHFL	10.25	10.25	10.25	11.34	0.50	11.99
6	HDFC LTD Platinum Deposit 15/22/33 Months	9.50%			10.34	0.25	10.64

* 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.



net brokers

Private Wealth Management
 we know your investment needs

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