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## **Knowledge Initiative**

**Dear Patrons,**

**Greetings from Net Brokers!**

We are pleased to share our monthly newsletter “**Knowledge Initiative**” for July 2015.

We thank you for reading and acknowledging our newsletter every month. Knowledge Initiative Team is committed to bring 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. The Ups and Downs
2. Financial Planning For Children
3. Why Health Insurance is Important
4. Six MUST DO's Before Buying Property
5. Investment Opportunities in Real Estate
6. SIP Returns in Top Equity Diversified Mutual Funds



**Akhil Chugh**

**Warm Regards,**

**Akhil Chugh**  
**Director**



## The Ups and Downs

The global financial markets are going through a difficult time and are faced with plenty of problems like euro zone crises, fear of US fed rate hike; slow down in china and in other major economies of the world leading to good amount of volatility in stock markets, currencies and commodities prices.

The European Union agreeing on Greece bailout has given some sigh of relief to financial markets. They have set strict terms and conditions for the bailout. Perhaps the toughest condition was Germany's insistence that Greek state assets worth up to 50 billion Euros be placed in a trust fund beyond government reach to be sold off with proceeds going directly to pay down debt. The ultimate deal will be difficult to implement and its long-term viability is very much in question. Notably, the Greek economy and its finances have deteriorated so much in recent months, that the cost of a bailout is now a moving target.

At this point of time, most of the investors are in a dilemma whether this is the right to enter into equities or not. As far as India is concerned, we are in a sweet spot. We believe India is a turnaround story. With the corporate earnings expected to improve post September, this is the right time to enter equities. India has emerged as a beacon of stability in an increasingly volatile world with the country's improved macro-economic fundamentals as compared to a few years ago. The government is focused on adding layers of defence from a macro-perspective whether it is foreign exchange reserves, fiscal deficit or current account deficit.

But the most important thing is to have long term approach in equities and linking your 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. They help in inculcating saving and investment habits among the investors. An investor should stay focused on his financial goals. Ups and downs have always been part of equity markets. It is important to spend time in the market rather than timing the market.

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. If you're patient and disciplined, your money can work for you and make a real difference in your investment returns over time. The longer the period of your investment, the more you accumulate, because of the power of compounding... which is why it makes sense to start investing early.



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## Financial Planning For Children

Bringing-up child as a successful and responsible individual is a dream of every parent. Almost every parent sacrifices his or her own desires and wishes to make their child's future secure. Many parents also face lot of hardships to save money and fulfil their child's dream.

The purpose of Children's Future Planning is to create a corpus for foreseeable expenditures such as those on higher education and wedding, and to provide for an adequate security cover during their growing years.

At Net Brokers, our experts spend adequate time in understanding the dreams and aspirations you have for your child. Based on this, we suggest a plan and the investment process along with the tenor required to achieve your desired goals.

**Let's have a look at the illustration where Mr. & Mrs. Vyas plan to invest for their Child's Education & Marriage:**

	Education	Marriage
<b>Target Amount</b>	25 Lac	50 Lac
<b>Tenor</b>	18 Years	25 Years
<b>Anticipated Inflation</b>	7%	7%
<b>Future Cost of Goal</b>	84.49 Lac	2.71 Cr
<b>Returns Expected</b>	12%	12%
<b>Amount To Save Monthly</b>	Rs 11,039	Rs 14,300

The above table is a classic example of the investment process required for achieving the corpus of the Child's Education and Marriage Plan. By investing a minimum of Rs 11,039 and Rs 14,300 on monthly basis, you can gift your child the best of education and marriage.

**For more information on Children Future Planning, contact us on [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)**



## 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:

1. **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 hospitalization, 30 days prior and 60 days post hospitalization, cashless hospitalization, free health check-ups, inclusion of pre-existing diseases etc.
2. **Monetary Support:** A mediclaim policy can make a huge difference in the financial status of a family. You save in two different ways with a medical insurance policy. Firstly, you save on the cost of treatment. Secondly, under section 80 D of the Income Tax Act, you can avail tax benefits up to Rs 15,000 p.a and additional rebate of Rs 15,000 if you buy a health insurance for your parents. If your parents are senior citizens (65 years and above) the rebate is Rs. 20,000. This means an individual can now avail a rebate up to Rs. 35,000 for buying health insurance policies.
3. **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 specialized and timely medical care with a smile.
4. **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.
5. **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.



## Six MUST DO's Before Buying Property

We all have our eyes on the real estate section while reading the newspaper in the morning. There are several advertisements of developers and townships in Delhi and NCR. It gives us a brief on the overall market scenario, but not an insight on how to go about purchasing a property. There are several other factors to look into, when we start our research on the subject. Let's list them below to get clarity:

### **Current Market Situation**

The levels of inventories are the biggest indicator of the market scenario and bargaining power across various cities. As per a research done through REIS, developers in Mumbai are holding on to inventory levels of close to 48 months. That is quite significant, considering that a comfortable level of inventory is around 12-15 months. Other tier 1 cities such as Delhi (with 21 months), Bangalore (with 25 months), Chennai and Kolkata (both with 17 months) are in a relatively more comfortable state when compared to Mumbai, although there are signs of pressure to sell in these cities as well. Also, property prices haven't really shown a considerable growth rate in the last 24 months. Hence, it is important to keep our expectations on negotiation at a rational level.

### **Engage a Financial Adviser**

Buyers usually avoid involving an adviser because they do not wish to pay the brokerage. It is better to seek the right advice from a professional, than getting stuck with a less reputed builder or paying more on an apartment.

### **Don't Time the Market**

No one can precisely predict how low or high the prices in the real estate market are going to go. Hence, don't be a victim of this syndrome. Developers are willing to offer good deals to serious buyers.

### **Don't Expect Quick Gains**

Those investing in real estate now should not expect prices to rise sharply over the next year or so, the primary reason being that they have already increased to a high level in most cities, especially in Mumbai and the National Capital Region (NCR).

### **Factor in Borrowing Costs**

Currently, the home loan rate is 9.90%. This means that the rising prices of apartments and home loan rates of 9-10% along with the minimal appreciation in property, a buyer will have negative gains in the short or medium term.

### **Wasteful Offers into Cash Discounts**

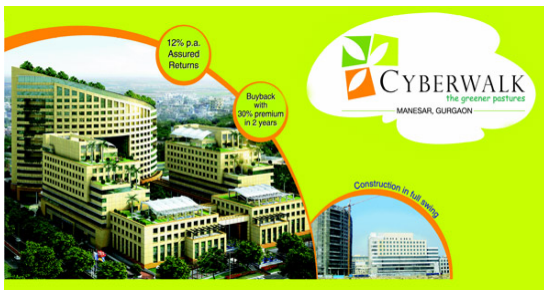
Several developers resort to freebies and offers such as win a car or gold coin. Just one word for this - AVOID. Try and negotiate with the developer on a cash discount and a better overall price of the property.

## Investment Opportunities in Real Estate

Declining borrowing costs, improving employment outlook and availability of affordable housing projects are encouraging home buyers to purchase new properties in 2015, a survey has said. The sentiment is gradually becoming conducive for home buyers this year compared to 2014. There has been a significant rise in sentiment as the index stands at 43.9 in June this year compared with 30.7 in the same period in 2014.

Net Brokers presents to you lucrative options in the Real Estate for July 2015:

Project	Type	BSP/Sq.ft	Cost
<b>Emaar MGF Palm Gardens, Sector 83, Gurgaon</b>	Residential	6999	1.20 Cr onwards
<b>Vatika Xpressions , Sector 88 B, Gurgaon</b>	Residential	5350	72 Lacs onwards
<b>Supertech Azalia, Sector 68, Gurgaon</b>	Residential	5800	41 Lacs onwards
<b>Mahagun Manorial, Sector- 128, Noida Expressway</b>	Residential	7700	2.00 Cr onwards
<b>Mahagun Mirabella, Sector- 79, Noida</b>	Residential	5300	73 Lacs onwards
<b>Supertech Eco Village - 3, Noida Extension</b>	Residential	3950	32 Lacs onwards
<b>JM Florence, Noida Extension</b>	Residential	2915	31 Lacs onwards
<b>Vatika Towers, Golf Course Road, Sector 54, Gurgaon – Assured Returns @ 10% p.a</b>	Commercial	15568	77.84 Lacs onwards
<b>WTC Noida - Assured Returns @ 12% p.a.</b>	Commercial	5500	22.50 Lacs onwards
<b>Cyberwalk, Manesar, Gurgaon – Assured Returns @ 15% p.a &amp; Assured Buyback</b>	Commercial	6000	30 Lacs onwards



For more information on Real Estate Projects, contact us on [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in)

## SIP Returns in Top Equity Diversified Mutual Funds

Returns as on 16th July, 2015

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	%
UTI Equity Fund	Large Cap	531,695	27.1	1,007,424	20.9	NA	NA
ICICI Pru Focused Bluechip Equity Fund	Large Cap	510,935	24.1	963,989	19.0	NA	NA
Franklin India Prima Plus	Large & Mid Cap	575,734	33.0	1,087,530	24.0	3,180,924	18.5
Birla SL Frontline Equity Fund	Large & Mid Cap	534,905	27.5	1,015,914	21.2	3,056,365	17.8
Franklin India Smaller Companies Fund	Mid Cap	683,202	46.4	1,366,656	33.7	NA	NA
Religare Invesco Mid N Small Cap	Mid Cap	637,355	40.9	1,252,165	29.9	NA	NA
Franklin India High Growth Companies Fund	Multi Cap	637,902	41.0	1,237,641	29.5	NA	NA
Reliance Equity Opportunities	Multi Cap	559,966	30.9	1,081,475	23.8	3,487,540	20.2
HDFC Balanced Fund	Hybrid Equity	536,838	27.8	1,013,411	21.1	3,103,060	18.1
ICICI Prudential Balanced Plan	Hybrid Equity	523,435	25.9	1,012,570	21.1	2,747,248	15.8
Axis Long Term Equity	ELSS	627,808	39.7	1,250,895	29.9	NA	NA
BNP Paribas Long Term Equity Fund	ELSS	586,239	34.4	1,130,897	25.7	NA	NA

\*Returns over 1 Year are compounded annualised



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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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