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Knowledge Initiative

Dear Patrons,

Greetings!

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

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:

- Still Waiting for Correction to Invest?
- SIPs – Move Closer to Your Dreams
- 10 Reasons of Home Loan Rejection
- Investment Opportunities in Real Estate
- SIP Returns in Top Equity Mutual Funds



Akhil Chugh

Warm Regards,

Akhil Chugh
Director



Still Waiting for Correction to Invest?

The Indian Stock Market is near all time high and investors are enjoying excellent returns in their equity portfolio. At the same time, they are very cautious and thinking whether to make fresh investments at these levels or not. As everything is going on good for India, equity looks very promising in the long run.

Correction has always been part and parcel of equity markets. It makes the market healthier to invest. However, we don't feel any correction is big enough to affect your financial goals. Routine correction can come but should be taken as an opportunity to invest more. We feel equity is poised to deliver good returns in the long run because of the following reasons:

Valuations: Corporate earnings are expected to gain momentum in next two quarters on the back of excellent monsoons, reduction in interest rates and pick up in capex cycle. As long as interest rates are low and trending lower, we can justify high valuations.

Liquidity Factor: Emerging markets are witnessing huge amount of inflows into their capital markets. This is because 13 trillion dollars worth of money is parked at negative interest rates in overseas banks. Cheap liquidity from US, Europe and Japan is chasing growth and India stands out to gain the maximum due to favourable factors – high GDP growth rate, stable government, strong reform process, controlled fiscal and current account deficit, low inflation, good monsoons, etc. Monetary easing is likely to continue in developed markets for some more time unless until inflation picks up and growth returns.

Passage of Important Reform: GST is a very important reform passed by the parliament. The implementation of Goods & Services Tax (GST) by next year will boost the ease of doing business in the country. GST will provide for single taxation and will help businesses avoid multiple taxes. Overall profitability of the companies will improve.

Conclusion

India is in a sweet spot and things are looking very bright for the economy ahead. We strongly advice investors to have patience and stick to their financial goals. The global fears will remain in near term and will create high volatility in markets. Apart from US, the global economy is going through a difficult time with hardly any growth. But, India with its favourable demographics will attract global capital and will be able to ride through this storm.

At this point of time, a right mix of equity and debt allocation is very important in your portfolio. Have a portfolio review on half yearly basis with your investment adviser. When you are near to your financial goal, keep rebalancing your portfolio. Systematic Investment Plan (SIP) and Systematic Transfer Plan (STP) of mutual funds will be an ideal way to invest into equities and take advantage of volatile conditions.



SIPs – Move Closer to Your Dreams

Everyone wants to lead a comfortable life – moving in luxury cars, owning a big house, playing with latest gadgets, going out on vacation and the list goes on. But one thing we should ask ourselves – are we saving enough to be able to enjoy what we wish for. To have a good lifestyle and secure our future, it is very important to start saving early and choose the right investment products.

Inflation – Biggest Evil: Before starting any investments, we should always take inflation into account. Inflation refers to the rate at which the prices of goods and services rise every year. It brings down the purchasing power of currency at the same rate over a period of time. Consumer Price Inflation (CPI) rose to 6.07% in July 2016. Our income usually increases over 6-7% every year, so we don't feel the pinch. The moment we head for retirement, our income will become stagnant and the expenses will rise every year. Some expenses like higher education used to cost Rs 3-4 Lacs in 2000, now costs Rs 6-8 Lacs and it might cost Rs 12-14 Lacs in 2030. Similarly, doctor consultation fees used to cost Rs 200 in 2000, now costs Rs 800 and might cost Rs 3000 in 2030. There are lot of examples like these.

In order to afford these future expenses, we should invest in financial instruments that can beat inflation in the long run. Equity oriented mutual funds have a good long track record of beating inflation. Not only the returns are tax free after one year, they also offer Systematic Investment Plan (SIP) which is an ideal way to invest in the equity market. SIP offers a disciplined approach to accumulate wealth over long term and can be started with a minimum of Rs 1000 per month.

Advantages of SIP:

1. **Diversification:** Each mutual fund invests in large number of stocks across 22-25 sectors of the industry. In case few sectors don't perform, rest can take care of returns.
2. **Flexibility:** You can anytime invest, withdraw, increase, decrease or stop SIP without any hassles. Investment can be done online or by simply filling the form.
3. **Rupee Cost Averaging:** More units are purchased when market falls and lesser units when market rises. As a result, the purchase cost is averaged out in the long run.
4. **Timing:** No need to time as you invest regularly on high and low levels of market. Thus making it favourable in volatile markets.

SIP Performance of Top Mutual Fund Schemes:

*Returns as on 7th September, 2016

Scheme	Category	1 Year	3 Year	5 Year	10 Year
Birla SL Frontline Equity Fund	Large Cap	33.77	18.91	20.12	16.01
ICICI Pru Value Discovery Fund	Multi Cap	27.53	22.91	25.64	21.37
Franklin India Prima Fund	Mid Cap	37.83	28.90	29.43	20.80
Tata Balanced Fund	Hybrid Equity	24.02	18.92	20.09	16.53

*Returns over 1 Year are compounded

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



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>

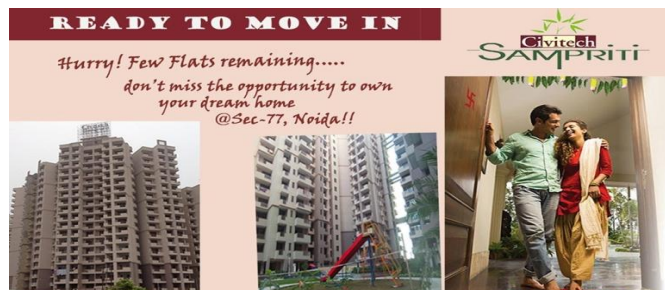
For more information on Home Loans, contact us on mail@netbrokers.co.in

Investment Opportunities in Real Estate

The recently cleared Real Estate Regulatory Act (RERA) will bring in transparency in real estate transactions, reducing the number of litigations in the sector, according to a survey-based report by FICCI and Grant Thornton. Respondents of the survey also felt that the new act will improve the hold of governance on the sector which will push more foreign direct investments into the sector in the short term.

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

Project	Type	BSP/S q.ft	Cost
Vatika Seven Lamps, Vatika INXT, Sector - 82, Gurgaon	Residential	6300	85 Lacs onwards
Vatika Gurgaon 21, Vatika INXT, Sector - 83, Gurgaon	Residential	6200	81 Lacs onwards
Godrej 101, Sector 79, Gurgaon	Residential	5255	75 Lacs onwards
Mahagun Moderne, Sector - 78, Noida - Full Furnished - Ready to Move	Residential	5500	70 Lacs onwards
Civitech Sampriti, Sector - 77, Noida - Ready to Move	Residential	5500	62 Lacs onwards
Sunworld Arista, Studio Apartments, Sector - 168, Noida Expressway - Fully Furnished	Residential	-	50 Lacs
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
Vatika One On One - Sector 18, NH-8, Gurgaon - Assured Returns @ 10.50% p.a & First Lease Gurantee @ 9% p.a.	Commercial	17333	86.65 Lacs Onwards
Vatika Mindscapes, Mathura Road - Assured Returns @ 10.50% p.a & First Lease Gurantee @ 9% p.a.	Commercial	8800	44 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 07th September, 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	%
Total Investment		360000	%	600000	%	1200000	%
Birla SL Frontline Equity Fund (G)	Large Cap	478,974	19.4	988,622	20.0	2,783,893	16.0
Invesco Business Leaders Fund (G)	Large Cap	469,090	17.9	936,177	17.8	NA	NA
ICICI Prudential Value Discovery (G)	Multi Cap	509,086	23.8	1,126,829	25.5	3,696,978	21.3
Franklin India High Growth Companies Fund (G)	Multi Cap	512,705	24.3	1,136,299	25.8	NA	NA
UTI Mid Cap Fund (G)	Mid Cap	553,687	30.0	1,259,635	30.1	3,702,594	21.3
Franklin India Prima Fund (G)	Mid Cap	551,946	29.8	1,233,763	29.3	3,585,859	20.7
Franklin India Smaller Companies Fund (G)	Small Cap	583,367	33.9	1,379,638	34.0	4,052,004	23.0
DSP BlackRock Micro Cap Fund (G)	Small Cap	628,062	39.6	1,427,486	35.5	NA	NA
HDFC Balanced Fund (G)	Hybrid Equity	483,369	20.1	986,323	19.9	2,980,783	17.3
Tata Balanced Fund Plan (G)	Hybrid Equity	479,197	19.4	988,552	20.0	2,858,811	16.5
Axis Long Term Equity (G)	ELSS	494,656	21.7	1,100,512	24.5	NA	NA
Franklin India Taxshield (G)	ELSS	494,200	21.6	1,022,618	21.4	2,953,657	17.1

*Returns over 1 Year are compounded annualized



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