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Dear Patrons,

Greetings!

We are pleased to share our monthly newsletter "Knowledge Initiative" for December 2019.

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.

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How money can work for women in the year 2020: It is that time of the year when people change their resolutions, start new venture, take vacations and more so, make fresh investments. Presenting to you are things that should work for women this coming year.

2

Real estate looks promising in the year 2020: The real estate sector is one of the major contributors to India's GDP. The sector has become more transparent and organized now. Read the article to understand how year 2020 looks like, with respect to this sector.

3

Sukanya Samriddhi Yojana: In today's times, people are willing to sacrifice their retirement savings for their children's education and financial future. If you have a daughter then you would definitely know about the Sukanya Samriddhi Yojana (SSY). Let's understand it in detail.

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Sip Returns: Check the best performing funds in their respective categories.

HOW MONEY CAN WORK FOR WOMEN IN THE YEAR 2020

It is that time of the year when people change their resolutions, start new venture, take vacations and more so, make fresh investments. As a woman, if you intend to make your financial life slightly better than what it has been thus far, here are four things you can do. Presenting to you are things that should work for you this coming year.

TRACK YOUR EXPENSES

Most people find it very difficult to keep track of their expenses. And, when they're unable to match the monthly amount with their expenditure, they classify it as miscellaneous and move on. Checking monthly expenses gives you a clear idea on spending habits and curbs impulsive shopping and purchasing unnecessary things. Hence, one must do this on a monthly basis.

INVOLVEMENT IN FAMILY'S FINANCIAL DECISIONS

Most women are not well aware of family's financial calculations and investments. It is extremely important in today's time to be involved, as a family can face unforeseen circumstances such as death, divorce, debt trap etc. Hence, one must be well versed and should be able to handle the finances in any scenario.

READ ON FINANCIAL TOPICS

Most women are financially illiterate. They know nothing about financial matters, calculations and investments process of financial products. One must read at least two articles on any financial topic in the newspaper. This will increase their general knowledge and help them take small financial decisions on their own.

INVESTMENT IN INSURANCE

Health and life insurance are unavoidable investment products in today's time. An insurance cover protect you and your loved ones from an unforeseen circumstance. Even in insurance policies, there is no one size that fits all. One must ensure that that there is decent health, critical illness and accidental disability covers.

Real estate looks promising in year 2020

The real estate sector is one of the major contributors to India's GDP. The sector has become more transparent and organised now, which has set the tone to regain the buyer confidence. Taking a note of all these positive sentiments in the market, the year 2020 looks more promising.

As per an Anarock report, the year 2019 witnessed the launch of about 2.3 lakh new units in the top 7 cities of the country. Out of these, nearly 92,000 units were in the affordable segment, which constituted 40% of the total launch. 33% of the units came under the mid-segment category and the luxury and ultra-luxury segment accounted for an estimated share of 10%, i.e. 23,000 units.

ANNUAL GROWTH RATE

The year 2019 saw a decent annual growth rate of 4-5% with over 2.58 lakh homes sold, which is slightly more than that of the year 2018.

GST REDUCTION

The slashing of GST rates in real estate sector from 12% to 5%, gave impetus to the under-construction properties.

REDUCED REPO RATE

The RBI cut the repo rate by 135 bps to a nine-year low all through 2019, encouraging buyers to invest or buy their dream home.
This step by the government has created an environment of mutual trust in the market.

REAL ESTATE FUNDS

The slowdown in the sector delayed many real estate projects that failed to meet their deadlines. Taking note of this, the government introduced two funds in a quick succession – one of Rs 20,000 crore and another of Rs 25,000 crore – in September and November, respectively.The specific fund is expected to revive 80% of the real estate projects. This decision will not only help in completing the stuck projects in this sector, but will also regain the confidence of buyers to invest in real estate.

MERGERS

The realtors have also stepped up the effort to revive the distressed projects in the sector by entering into mergers, consolidations, acquisitions, joint development and joint ventures with better established and prestigious developers. The completion of existing projects is instilling confidence in the buyers and is improving the market sentiment.

This increase in demand is expected to rise further in the times ahead. The coming year looks promising as a result of the positive impacts of various government measures. The year 2020 will see the industry grow in terms of newer policies aimed at improving buyer sentiments and the sale of affordable housing.

Sukanya Samriddhi Yojana

In today's times, people are willing to sacrifice their retirement savings for their children's education and financial future. If you have a daughter then you would definitely know about the Sukanya Samriddhi Yojana (SSY). But what is this yojana? Let's understand it in detail:

What is SSY?

Sukanya Samriddhi Yojana (SSY) is a small deposit scheme for the girl child launched as a part of the 'Beti Bachao Beti Padhao' campaign. Being part of government's small savings schemes, the SSY often gets compared with products such as the PPF (public provident fund). The SSY does give higher returns, of 8.4 per cent, than PPF (7.9 per cent).

Is it a liquid product?

It is a very illiquid product and should be chosen only if it suits the investor's actual objective of accumulating savings for the girl child's future.

Rules for SYY

- A Sukanya Samriddhi Account or SSA can be opened only up to 10 years age of the girl child.
- It matures on completion of 21 years from the date of account opening (note that it's not related to the girl's age).
- But deposits can be made only till the 15th year. No deposits are allowed between the 16th and 21st years, though the account continues to earn interest for all 21 years.
- There is an option for premature closure (before 21 years since account opening) for the girl's marriage (only available if she is above 18).

What should be done if money is required early (for girl's education)?

The SSY rules allow partial withdrawal for higher education. You can withdraw up to 50 per cent of the SSA balance at the end of previous financial year.

Important Aspect

This Yojana works only if one invests when the child is very young, such as one or two years.
Let's explain this with an example:
Parent A invests for their daughter at the age of 1 in the SSY. Parent A keeps making investments for the first 15 years (girl's age 1-16). No investment is to be made from years 15 to 20 (girl's age 17-22). Now SSA allows withdrawal only after the age of 18, that too only 50 per cent of the corpus as of the previous FY. In this case, it would be fine, assuming that 50 per cent of the SSA balance in the previous year would be enough for the daughter's higher education needs.

Parent B invests for their daughter at the age of 6 in the SSY. Parent B keeps making investments for the first 15 years (girl's age 6-21). No investment is to be made from years 16 to 21 (girl's age 22-29). So, in this case, amounts can be withdrawn fully only after the daughter is almost 28-29. And even though 50 per cent of the corpus can be withdrawn when the daughter turns 18, the account would have only completed 11 - 12 years of existence and may not have enough savings for education itself.

Sukanya Samriddhi Account is a long-term product. But when saving for goals such as **education and marriage**, its possible that the SSY – being a pure debt product — may be not be able to match inflation's pace and result in inadequate savings. And if interest rates fall, then SSA savings may not grow enough to meet your requirements.

For those who have very young daughters, it makes sense to take some exposure to equity as well as it's the only way to beat inflation in the long run. Equity mutual funds give you the best shot at inflation-beating returns in the long run.

So, if you need some amount for your daughter's education after 12-15 years and for marriage after 20-plus years, then consider investing in equity funds via regular SIP (systematic investment plan) as well.

SIP RETURNS IN TOP MUTUAL FUNDS

INVESTMENT		VALUE (5 Year)		VALUE (10 Year)		VALUE (15 Year)	
Monthly Investment @Rs 10,000		600000		1200000		1800000	
SCHEME NAME	*CATEGORY*	*RETURN*	*%*	**RETURN**	*%*	**RETURN**	**%**
Mirae Asset Large Cap Fund (G)	*Large Cap*	825,909	12.7	2,705,043	15.5	N/A	N/A
Axis Bluechip Fund (G)	*Large Cap*	865,313	14.6	2,525,327	14.2	N/A	N/A
DSP Equity Opportunities Fund (G)	*Large & Midcap*	778,033	10.3	2,400,268	13.3	5,494,735	13.7
Mirae Asset Emerging Bluechip Fund (G)	*Large & Midcap*	872,765	15.0	N/A	N/A	N/A	N/A
Kotak Standard MulticapFund (G)	*Multi Cap*	805,404	11.7	2,630,955	15.0	N/A	N/A
DSP Equity Fund (G)	*Multi Cap*	800,594	11.5	2,347,138	12.9	N/A	N/A
Kotak Emerging Equity Fund (G)	*Mid Cap*	752,777	9.0	2,742,659	15.8	N/A	N/A
Axis Midcap Fund (G)	*Mid Cap*	820,906	12.5	N/A	N/A	N/A	N/A
SBI SmallCap Fund (G)	*Small Cap*	794,396	11.2	3,418,166	19.9	N/A	N/A
Axis SmallCap Fund (G)	*Small Cap*	823,700	12.6	N/A	N/A	N/A	N/A
SBI Focused Equity Fund (G)	*Focused*	835,615	13.2	2,792,664	16.1	6,829,739	16.2
Axis Focused 25 Fund (G)	*Focused*	861,010	14.4	N/A	N/A	N/A	N/A
ICICI Pru Equity & Debt Fund (G)	*Hybrid Aggressive*	762,185	9.5	2,400,605	13.3	5,240,074	13.1
SBI Equity Hybrid Fund (G)	*Hybrid Aggressive*	787,649	10.8	2,421,027	13.4	N/A	N/A
DSP - Tax Saver Fund (G)	*ELSS*	794,588	11.2	2,549,026	14.4	N/A	N/A
Axis Long Term Equity Fund (G)	*ELSS*	830,065	12.9	N/A	N/A	N/A	N/A

Returns as on date 27th December 2019

PLEASE NOTE: *Returns over 1 Year are compounded annualised

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