

Dear Patrons,

Happy New Year 2018 !

We are pleased to share our monthly newsletter "**Knowledge Initiative**" for January 2018.

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.



**AKHIL CHUGH**  
DIRECTOR - NET BROKERS

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**Market outlook for year**

**2018:** With the positive socio-economic reform measures during the year, the ending 2017 scaled on a high note, let's understand how 2018 will shape up for the investors.



2

**ELSS funds: A regular pick**

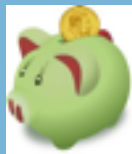
**for all:** What are ELSS funds and why they are a regular pick for all investors, whether it is from tax point of view or helping achieve financial goals . Read on to know.



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**Portability in Health In-**

**surance:** Portability in Health Insurance provides flexibility to individuals to switch insurers at their own free will without worrying about their no claim bonus and Pre-existing disease cover. Enlighten yourself on the major highlights in health insurance.



4

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



The deficit situation caused by GST collection is a concern. Tensions arising in the Middle east would put pressure on the oil crude prices and aggravate the oil supply. Hence developed countries with their monetary growth would have significant repercussions on the overall economic growth.

Better levels for foreign exchange reserves, stronger balance sheets and improving degree of macroeconomic stability – crucial factors that foreign investors look for, is why India stands strong and improving itself despite the external shocks. **Diversified equity funds with core exposure to large caps and prudent risk-taking in mid/small cap space would be the recommended strategy.**

**We would continue to urge investors to invest in a systematic manner keeping in mind individual risk profile and return expectations.**



### MARKET OUTLOOK FOR YEAR 2018

With the positive socio-economic reform measures during the year, the ending 2017 scaled on a high note

The market would be able to sustain current valuations since the corporate earnings are likely to recover, even though the earnings growth has slowed down for the last few years. The macro policies and reforms agenda, an increased infrastructure spending, export growth, global growth revival and robust consumer demand would be the primary reasons for earnings recovery.

Consolidation of GST, bank recapitalization plan, bankruptcy and insolvency process and nurturing the economy back into a higher growth path would be the target areas for the government in the coming year 2018.

Thrust on rural expenditure will continue to remain with fiscal allocation to affordable housing, rural road and electrification. Increased efforts are expected to be taken. Healthy budgetary allocation to road projects should continue in the coming year.

# ELSS funds: A regular pick for all

## What is ELSS?

ELSS is an equity diversified mutual fund that invests majority of its corpus into equity or equity related products. Investors enjoy both the benefits of capital appreciation as well as tax benefits.



## Lock- in period

ELSS are locked in for 3 years and can be invested through the way of lumpsum and SIP; this means if you start a Systematic Investment Plan in an ELSS, then each of your investments will be locked in for 3 years from the respective investment date.

While ELSS investment is locked-in for 3 years, PPF is locked-in for 15 years, National Saving Certificate, Bank FD and Life Insurance Policy is locked-in for 5 years.

Best performing ELSS Funds			
Returns(%)			
SCHEMES	1 Y	3 Y	5 Y
IDFC - TAX ADVANTAGE FUND (G)	48.83	16.69	21.57
PRINCIPAL - TAX SAVING FUND (G)	46.27	16.73	21.32
AXIS - LONG TERM EQUITY (G)	40.06	12.59	24.06

(as on 21.01.2018)

## IMPORTANT

You can follow the same set of rules that you follow while choosing a typical equity mutual fund scheme. As you would know, the first thing to check is the performance of the scheme vis-a-vis its benchmark index, category and peers. If the scheme is consistent in its performance against these benchmarks, you can go ahead with your investment.

## Long term wealth builder

Also, ELSSs invest in equities which make them the best investment option to build wealth over a long period. Equities have the potential to offer superior returns than other asset classes over a long period of time.



Investors also buy Unit Linked Insurance Plans (ULIP) as an equity tax saving option. ULIP is a mix of insurance and investment and hence, should be completely avoided. The insurer deducts charge towards life insurance, administration expenses and fund management fees. So only the balance amount is invested.



## Excellent financial planning tool

ELSS is an excellent way to attain financial goals. The SIP route of investing in ELSS funds offers a disciplined attitude to investing. Though, an investor may book profit after 3 years and redeem the investment, but equities show best returns in a longer span. You achieve your retirement goal while saving taxes on your income.

You can move from one insurer to another without worrying about time bound exclusions.

Choosing a different insurance policy based on your changing lifestyle is the flexibility one has

For transfer of the policy, the **new sum insured** would be existing sum insured plus accrued bonus

Even no claim bonus would be added into the sum insured that is transferred

Application for porting health insurance from one company to another should be made at least 45 days before the renewal date of existing policy.

Policy holder should correctly fill and submit the portability form available on IRDA website – [ww.irda.gov.in](http://ww.irda.gov.in)

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## PRODUCT CHARACTERISTICS

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## PROCEDURE

Company will then send your portability form and all the policy related documents on the IRDA website.

Other documents include all the previous policies, claim experience, proof of age and others.

If any other documents are required then the new company will contact you.

# PORTABILITY IN HEALTH INSURANCE

Portability in Health Insurance provides flexibility to individuals to switch insurers at their own free will without worrying about their no claim bonus and Pre-existing disease cover. Thus, if you are not happy with your insurer, you can move to another insurance company who promises better service.

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## REASONS FOR PORTING

Unhappy with hidden fees, high premiums charged without any intimation.

New insurer is giving benefits such as low premium with more coverage, large network of hospitals, fast claim process, etc.

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## POINTS TO KEEP IN MIND

Do a deep research for best health insurance policy with various insurers. Read the terms and conditions of the new company properly.

The premium may change due to the increase in age, health conditions, etc. if you move to another insurer.

Check claim settlement ratio.

Opt for a company which offers good customer support

SIP RETURNS IN TOP MUTUAL FUNDS

INVESTMENT		VALUE (3 Year)		VALUE (5 Year)		VALUE (10 Year)	
Monthly Investment @Rs 10,000		360000		600000		1200000	
SCHEME NAME	CATEGORY	RETURN	%	RETURN	%	RETURN	%
SBI Blue Chip Fund (G)	Large Cap	463,468	17.1	966,493	19.1	2,890,881	16.7
Mirae Asset India Opportunities Fund (G)	Large Cap	501,943	22.8	1,059,653	22.9	NA	-
Franklin India High Growth Companies (G)	Multi Cap	484,273	20.2	1,084,857	23.9	3,589,392	20.8
Birla SL Advantage Fund (G)	Multi Cap	490,536	21.1	1,081,867	24.8	3,139,528	18.3
Mirae Asset Emerging Bluechip Fund (G)	Mid Cap	547,939	29.2	1,348,911	33.1	NA	-
Aditya Birla SL Pure Value Fund (G)	Mid Cap	565,149	31.5	1,340,913	32.8	NA	-
Franklin India Smaller Companies Fund (G)	Small Cap	521,235	23.5	1,272,218	30.6	4,694,457	25.7
L&T Emerging Businesses Fund (G)	Small Cap	607,003	37.0	NA	NA	NA	-
Principal Balanced Fund (G)	Hybrid Equity	501,990	22.8	997,565	20.4	2,757,598	15.9
ICICI Prudential Balanced Fund (G)	Hybrid Equity	471,143	18.2	965,704	19.1	2,982,993	17.3
IDFC Tax Advantage (G)	ELSS	521,256	25.5	1,094,480	24.3	NA	-
Axis Long Term Equity Fund (G)	ELSS	479,466	19.5	1,058,241	22.9	NA	-

**PLEASE NOTE : Returns over 1 Year are compounded annualised, as on 21st January 2018**



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