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DIRECTOR - NET BROKERS

**Dear Patrons,**

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

1

**Motor Insurance - How to nail down a policy:**

Car Insurance is very important for all to cover the big expenses of repairs or damages of car. Listed are some points to understand how to buy car insurance.



2

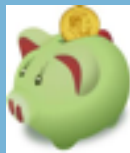
**Value based investing in mutual funds:**

Growth oriented mutual funds often outnumber value based funds as few investors are aware of the latter or appreciate the significance of having these in their portfolios. Read on to know the benefits of the same.



3

**SIP - The wealth creator:** Systematic Investment Plan (SIP) in Equity Mutual Funds has created huge wealth for investors in the long run. Enlighten yourself on something that we encourage each one of you to start as early as you can.



4

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



# MOTOR INSURANCE: HOW TO NAIL DOWN A POLICY

Owning a vehicle is not a luxury anymore, it is surely a necessity for individuals living in metro cities like Delhi, Mumbai, etc. To safeguard the asset, one must consider the lucrative options available in the market:

A zero depreciation cover ensures that in case of an accident, you will receive the full claim without any deduction for depreciation on the value of the parts replaced.

Comprehensive Insurance covers for damages, accidents, natural calamities and even thefts as per policies and includes the mandatory third party insurance.

Third Party Insurance is mainly if the insured causes damage to someone or the property of someone via his/her vehicle. This insurance is mandatory by law and hence all vehicles have it.

Car Insurance is very important for each and every individual to cover the big expenses of repairs if one damages his or her own car. We list some points to understand how to buy car insurance and the important things to keep in mind:

CLAIMS &  
SETTLE-  
MENT

Renowned companies with good track record of settling car insurance claims and that too reasonable quickly, is what we should consider. To name a few, ICICI Lombard and HDFC Ergo General Insurance are well known players in the industry offering satisfactory services and maintaining decent reputation.

While purchasing the policy, the company may seem warm and cordial, but the real performance is seen when the client actually requires the claim and if the company is responsive and readily available to give support. Hence, before deciding the company, one must read the reviews and talk to existing clients about the services.

CUSTOMER  
SERVICE

CASHLESS  
OPTION

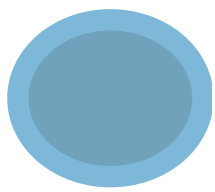
This feature gives convenience to the client of avoiding to carry around cash. The generation has already turned heads towards plastic money and does not believe in cash payments. But, this aspect shouldn't be a deal breaker if the other services and facilities provided are considerable.

One must consider an insurance provider that has maximum tie ups with car workshops available around. This leaves you with lot of options from where you want to get your car repaired from.

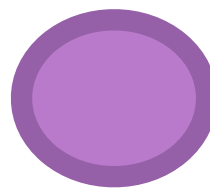
WORKSHOP

PREMIUM

One must compare the premiums from various companies and extent coverage possible. Also, some companies may offer additional discounts if all your cars are insured by them. So consider this point while opting for car insurance.



## GROWTH FUNDS



## VALUE FUNDS

**Growth funds** focus on companies that will experience faster than average growth as measured by revenues, earnings, or cash flow.

**Value funds** on the other hand look for companies whose stock prices don't necessarily reflect their fundamental worth. The reasons for these stocks being undervalued by the market can vary. Sometimes a company or industry has fallen on hard times. Other times a poor quarterly earnings report or some external event can temporarily depress a company's stock price and create a longer-term buying opportunity.

### VALUE INVESTING IN MUTUAL FUNDS

Growth oriented mutual funds often outnumber value based funds as few investors are aware of the latter or appreciate the significance of having these in their portfolios.



### SUGGESTED ALLOCATION

In an ideal situation, you should have a 50:50 allocation to value and growth funds. We recommend a 25% allocation rather than 50% because many of the diversified (blend) funds in your portfolio would also have value-oriented stocks.

### BENEFITS OF VALUE FUNDS

#### DIVERSIFICATION

Value funds provide diversity to most portfolios in which majority of the funds are growth oriented. This ensures that a part of the portfolio will do well at all times.

#### DOWNSIDE PROTECTION

As the focus is on cheaper stocks and mostly those that are out of favour, value funds ensure a lower downside than the overall market. They do not invest in stocks that have high expectations.

#### ESTABLISHED STRATEGY

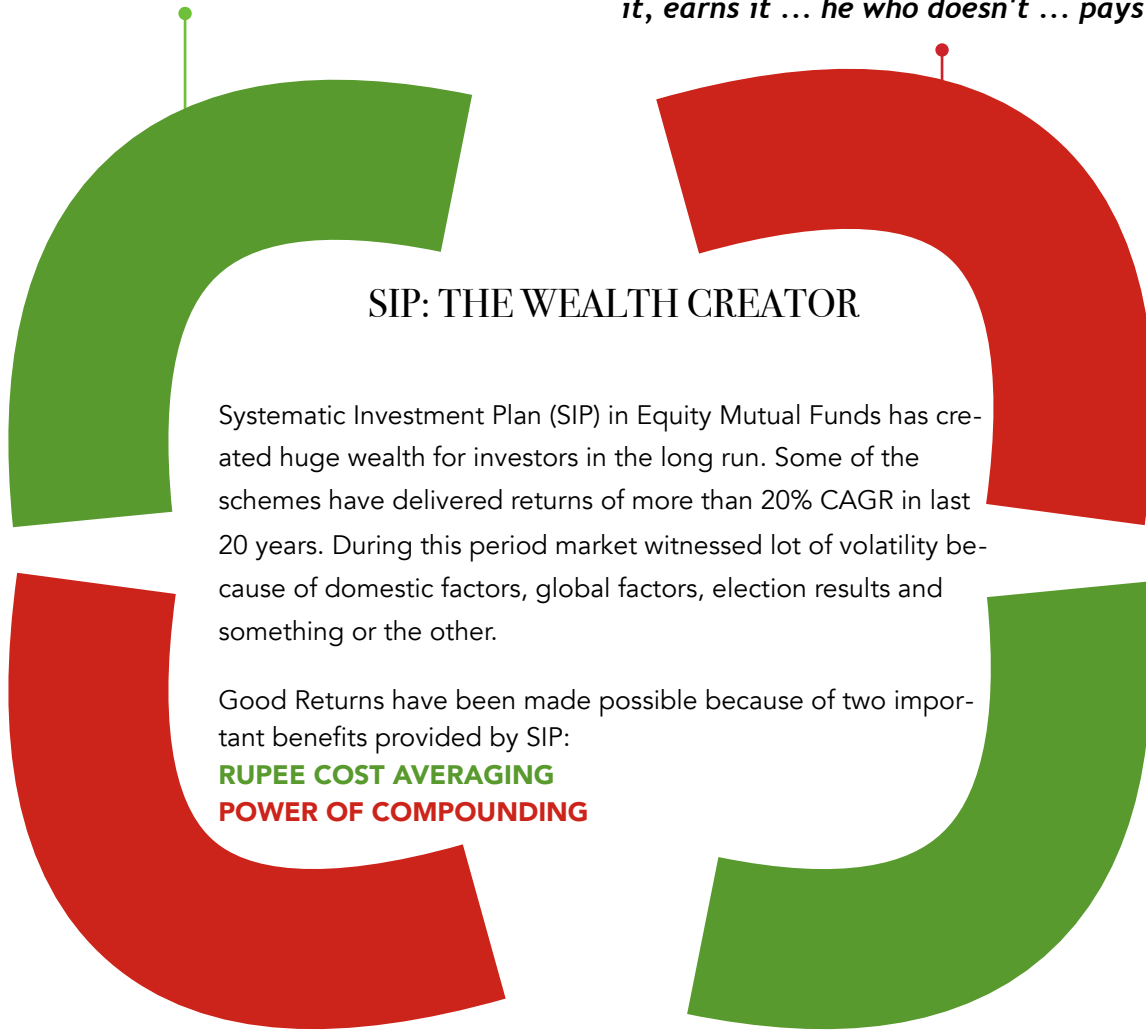
Value investing has yielded good profits for investors across the globe and is considered as one of the most successful investment strategies. Value funds in India have delivered good returns since inception, but unfortunately we have few funds based on 100% value style investing.

## RUPEE COST AVERAGING

SIPs help to curb volatility, both on the upside as well as downside. This is done by cost averaging since the investments are made on a periodic basis, and not at one go. Though the investment amount is fixed, more units are purchased when the market trends downwards, and fewer units when the market moves up. So in a rising market, the SIP allows for new purchases to be made at higher costs. This impact is then nullified during a market decline. ***In SIP we do not time the market; we spend time in the market.***

## POWER OF COMPOUNDING

Another important benefit is the Power of Compounding, the snowball effect that happens when your earnings generate even more earnings. You receive interest not only on your original investments but also on any interest, dividends, and capital gains that accumulate—so your money can grow faster and faster as the years roll on. 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. ***Albert Einstein rightly said “Compound interest is the eighth wonder of the world. He who understands it, earns it ... he who doesn't ... pays it.”***



### SIP: THE WEALTH CREATOR

Systematic Investment Plan (SIP) in Equity Mutual Funds has created huge wealth for investors in the long run. Some of the schemes have delivered returns of more than 20% CAGR in last 20 years. During this period market witnessed lot of volatility because of domestic factors, global factors, election results and something or the other.

Good Returns have been made possible because of two important benefits provided by SIP:

- RUPEE COST AVERAGING**
- POWER OF COMPOUNDING**

Years	5 years		10 years		15 years		20 years	
Total investment	Monthly SIP investment = Rs 10,000							
	6,00,000		12,00,000		18,00,000		24,00,000	
SCHEME	Value	Return	Value	Return	Value	Return	Value	Return
Franklin India Prima Fund (G)	10,38,855	22.2%	37,10,761	21.4%	94,94,537	19.9%	4,08,06,696	24%
Hdfc Equity Fund (G)	8,66,970	14.7%	26,47,175	15.1%	79,69,204	17.9%	3,22,68,221	22.1%
Hdfc Top 200 Fund (G)	8,35,945	13.3%	24,52,293	13.7%	74,82,809	17.2%	2,55,19,818	20.2%
Principal Tax Saving Fund (G)	9,79,772	19.8%	28,69,962	16.6%	66,78,839	15.9%	1,80,11,499	17.5%

**PLEASE NOTE :** Returns over 1 Year are compounded annualised, as on 18th March 2018

SIP RETURNS IN TOP MUTUAL FUNDS

PLEASE NOTE : Returns over 1 Year are compounded annualised, as on 18th March 2018

INVESTMENT		VALUE (3 Year)		VALUE (5 Year)		VALUE (10 Year)	
Monthly Investment @Rs 10,000		360000		600000		1200000	
SCHEME NAME	CATEGORY	RETURN	%	RETURN	%	RETURN	%
Mirae Asset India Equity Fund (G)	Large Cap	450,876	15.2	942,067	18.1	3,158,004	18.4
SBI Blue Chip Fund (G)	Large Cap	429,382	11.8	886,541	15.7	2,690,164	15.4
Franklin India High Growth Companies (G)	Multi Cap	433,520	12.5	953,401	18.6	3,211,908	18.7
Principal Growth Fund (G)	Multi Cap	476,810	19.2	983,373	19.9	2,879,083	16.7
Mirae Asset Emerging Bluechip Fund (G)	Mid Cap	481,112	19.9	1,169,387	27.1	NA	-
Aditya Birla S L Pure Value Fund (G)	Mid Cap	498.782	22.5	1,165,841	27.0	NA	-
Franklin India Smaller Companies Fund (G)	Small Cap	473,338	18.7	1,135,410	25.9	4,298,567	24.1
L&T Emerging Businesses Fund (G)	Small Cap	557,207	30.7	NA	NA	NA	-
HDFC Balanced Fund (G)	Hybrid Equity	439,972	13.5	909,669	16.7	2,929,351	17
Principal Balanced Fund (G)	Hybrid Equity	466,470	17.6	922,553	17.3	2,580,482	14.7
Principal Tax Saving Fund (G)	ELSS	475,203	19.0	979,772	19.8	2,869,962	16.6
Axis Long Term Equity Fund (G)	ELSS	437,518	13.1	946,254	18.3	NA	-



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