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Dear Patrons,

Greetings!

We are pleased to share our monthly newsletter "Knowledge Initiative" for September 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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Rebalance your portfolio:

Changes in market prices of assets are probably the most common reason for needing to rebalance accounts. Enrich your knowledge on what we mean by this term and how its done by financial advisors for clients.



2

Financial planning for single parents:

Long term financial planning for single parent becomes extremely crucial in this challenging environment. Enlighten yourself on how one should handle things under these circumstances.



3

Global funds: The article talks about what global funds are, risks involved and reasons for investing in these kind of funds.



4

Sip Returns: Check the best performing funds in their respec-



REBALANCE YOUR PORTFOLIO

WHAT IS REBALANCING OF PORTFOLIO?

Life has unlimited and unpredictable variables and investment markets do change, sometimes quickly. Even if you have bought high-quality mutual funds or other investments after diligent research, these should be monitored regularly to see if your portfolio needs rebalancing.

Changes in market prices of assets are probably the most common reason for needing to rebalance accounts. You have designed an asset allocation plan to achieve your long-term financial goals like retirement or your children's education. When one asset increases in price or another declines, your allocation can get off balance.

For example, your allocation is 60 percent stocks, 30 percent bonds and 10 percent cash. If stocks rise significantly, your portfolio could shift to 80 percent stocks. But your goals and investment strategy remain the same. So it's time to rebalance – shifting assets into bonds and cash to bring the allocation back into line with your target of 60 percent stocks.

HOW TO REBALANCE?

Rebalancing begins with a review of investments in your portfolio, looking for any changes and how the allocation has shifted. To get back to the targeted allocation, a combination of these three approaches is used:

- Sell some of the portfolio investments in asset classes that are now overweight, and use the proceeds to buy investments in underweighted asset classes.
- Buy additional investments in asset classes that are underweight compared to the target allocation, using cash from the portfolio.
- Add money to your savings, using these regular or special contributions to buy additional assets in the underweighted categories until your allocation is back in line.

CHANGE YOUR TARGETS

Changes that suggest a rethinking of asset allocation are changes in time horizon for your goals – for example, retirement is drawing near – or in family structure – such as getting married, or having children. These changes may alter your level of tolerance for risk or your need for returns in a certain time frame.

FINANCIAL PLANNING TIPS FOR SINGLE PARENTS

Long term financial planning for single parent becomes extremely crucial in this challenging environment. These are some important things to look at:

ESTATE PLANNING

It is essential to make arrangements for your children if you die or become incapacitated. There are three important documents that need to get prepared:

- Will
- Power of Attorney
- Additional Power of Attorney

These documents will help your successor choose a guardian and make important financial decisions.

REGULAR CASH FLOW

If you are divorced or widowed, you may have received a lump-sum payment or social security benefits, and you may be receiving alimony payments for child support. Hence, your income is not regular. Also, these payments may reduce or stop over a period of time. In such a scenario, it becomes extremely important to plan for the future. Investment in Mutual Funds through Systematic Investment Plan (SIP)'s becomes a good option. This can be attached to a goal - Retirement or Children's education and marriage.

CONTINGENCY FUND

One of the first steps in financial planning or what any financial advisor would recommend is to create an EMERGENCY FUND. This fund is a sum total of six months of your expenses or income collected in savings account or a separate account. The amount should remain untouched at all times and could be used at an emergency situation.

HEALTH COVER

It is common to lose health insurance after a divorce or loss of a spouse. Hence, it becomes extremely important to have a cover for these expenses. In India, the government does not give any concession or leverage in such a scenario. The individual should be proactive in taking a health cover as well ensuring the health & hygiene conditions of the family are maintained.

RETIREMENT SAVINGS OVER EDUCATION

If you have to choose between saving for retirement over paying for a tuition fee for college of your child, go for the former. Yes, it is a hard decision, but ultimately it will give you peace of mind financially in the long run. A student can go to college with a grant, scholarship or loan, but the retirement cannot be delayed. In India, the

GLOBAL FUNDS

A Global Fund is an investment avenue that allows domestic investors to participate in global equity markets through investments made locally. Investors can do this through a domestic mutual fund house (AMC) offering a scheme that invests in global funds.

Because the world is a single market, a global fund of fund allows investors to benefit from major international developments. Moreover, investing in specific markets can help investors leverage their inherent strengths, for example, Latin America (commodities), Asia region (services), US (has a highly diversified economy and is a key market for emerging regions), BRIC (highly promising developing economies) all have specific industries that outperform others.

DIVERSIFICATION	TAXATION
<p>Global funds help an investor in diversification across a wider range of markets reducing exposure to country-specific risks. Spreading investments across geographies is a good thing, because global markets don't move in the same direction and thus this helps the portfolio from risks of volatility.</p>	<p>These funds are treated as debt funds and taxed accordingly. In debt funds, long term capital gains are after 3 years and taxed @20% with indexation. Short-term capital gains are included to the income and taxed according to the applicable slab rates.</p>

REASONS FOR INVESTING IN GLOBAL FUNDS

- ☒ Diversifying risk factors across different economies, as they react differently to international developments
- ☒ Access to expertise of international fund managers
- ☒ Prevents loss or risk by spreading your investments
- ☒ Provides access to specialized international markets

CURRENCY RISK	GEOPOLITICAL RISK
<p>Investment returns on international funds also depend on the performance of the local currency. For example, if you are an Indian investor and you have invested in stocks in America; your gains are affected by two parameters - the change in the price of the stocks and the change in the value of the US Dollar and the Indian Rupee. So, if you gain 10% in your US stocks but the US Dollar depreciates by 15% against the Indian Rupee, the effective gain will be nil.</p>	<p>Any unfavourable condition, such as earthquake, riots etc, can influence the return on investment in these funds.</p>

Global Funds is a good option to diversify your portfolio. They will not only mitigate your domestic risk, but give you access to international markets as well.

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	804,506	11.7	2,650,504	15.1	N/A	N/A
Axis Bluechip Fund (G)	Large Cap	857,861	14.3	N/A	N/A	N/A	N/A
Kotak Equity Opportunities Fund (G)	Large & Midcap	759,678	9.4	2,326,323	12.7	5,534,395	13.7
Mirae Asset Emerging Bluechip Fund (G)	Large & Midcap	854,980	14.1	N/A	N/A	N/A	N/A
Kotak Standard MulticapFund (G)	Multi Cap	795,847	11.2	2,601,773	14.8	N/A	N/A
SBI M MulticapFund (G)	Multi Cap	785,592	10.7	2,493,615	14.0	N/A	N/A
L&T Mid Cap Fund (G)	Mid Cap	729,663	7.8	2,695,406	15.4	6,409,310	15.4
Franklin India Prima Fund (G)	Mid Cap	725,906	7.5	2,704,105	15.5	6,307,074	15.3
SBI SmallCap Fund (G)	Small Cap	814,468	12.2	3,479,677	20.2	N/A	N/A
Axis SmallCap Fund (G)	Small Cap	810,081	11.9	N/A	N/A	N/A	N/A
SBI Focused Equity Fund (G)	Focused	815,605	12.2	2,764,278	15.9	N/A	N/A
Axis Focused 25 Fund (G)	Focused	845,763	13.7	N/A	N/A	N/A	N/A
ICICI Pru Equity & Debt Fund (G)	Hybrid Equity	738,863	8.3	2,349,301	12.9	5,162,640	12.9
SBI Equity Hybrid Fund (G)	Hybrid Equity	775,477	10.2	2,386,132	13.2	N/A	N/A
DSP - Tax Saver Fund (G)	ELSS	787,621	10.8	2,533,308	14.3	N/A	N/A
Axis Long Term Equity Fund (G)	ELSS	816,453	12.3	N/A	N/A	N/A	N/A

SIP RETURNS IN TOP MUTUAL FUNDS
 Returns as on date 24th September 2019
PLEASE NOTE: *Returns over 1 Year are compounded annualised



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