



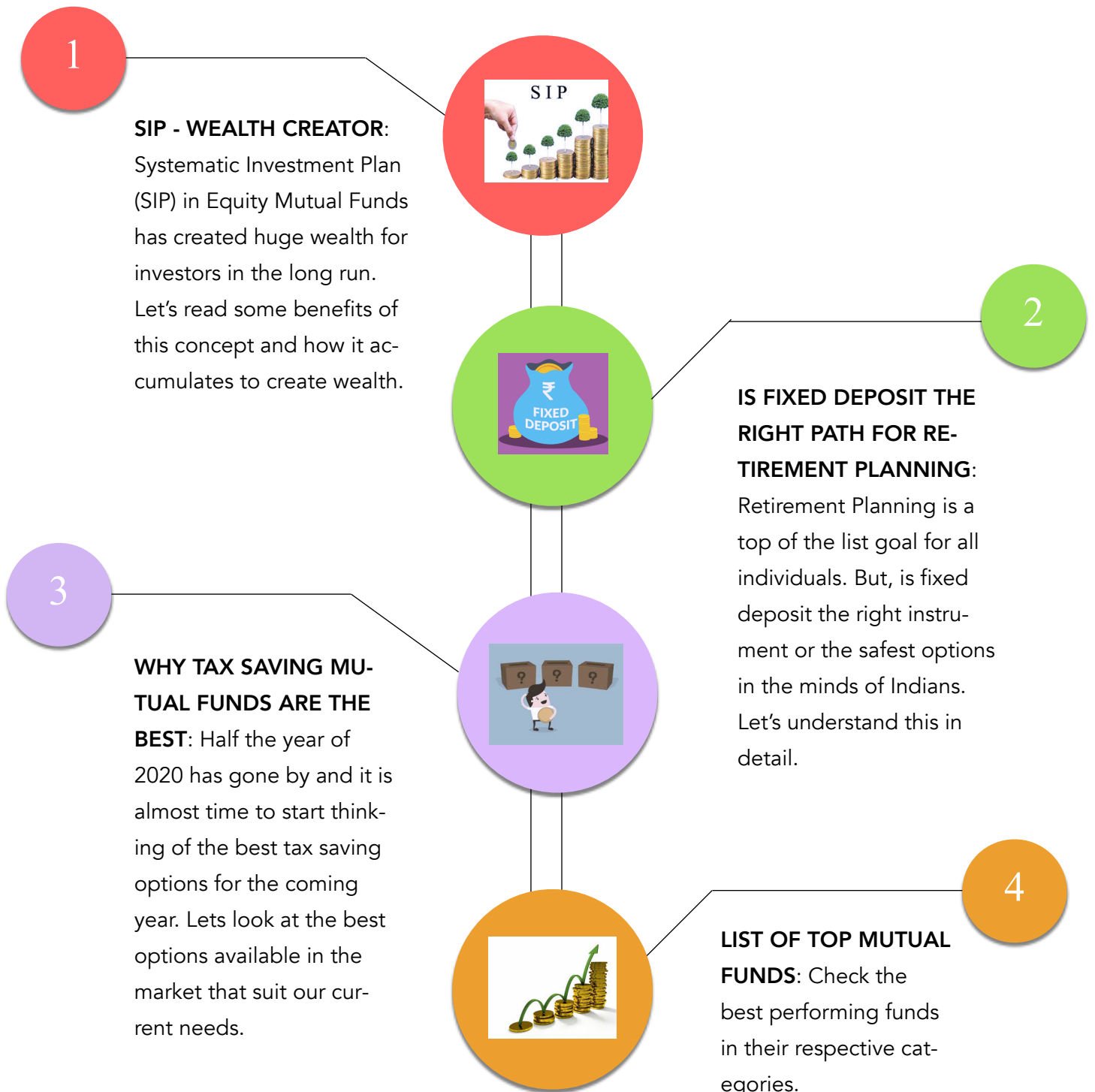
Akhil Chugh
Director - Net Brokers

Dear Patrons,

Greetings!

We are pleased to share our monthly newsletter "Knowledge Initiative" for August 2020.

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.



SIP: 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 and global factors. Good Returns have been made possible because of two important benefits provided by SIP: Rupee Cost Averaging and Power of compounding

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."

VALUE OF INVESTMENT (RETURNS @ 12% CAGR)

Period	VIRAJ	SIRAJ
Start investing at the age of	25 years	30 years
Invest till age of	60 years	60 year's
Number of years in SIP	35 year's	30,000
Monthly SIP	10,000	10,000
SIP Date	1st of every month	1st of every month
Cost of Investment	42 lacs	36 lacs
Value of investment	5.51 crore	3.08 crore

IS FIXED DEPOSIT THE RIGHT PATH FOR RETIREMENT PLANNING

Retirement Planning is a top of the list goal for all individuals. But, what instruments are there in the market, to help us reach our target corpus for this goal. The answer everyone has one - Fixed Deposits. However, one must think whether that this instrument should be top of the line, so as to create a handsome corpus for retirement.

SO WHY DO PEOPLE CHOOSE THIS INSTRUMENT

EASY TO UNDERSTAND

This product runs in our country since our parent's time. It is considered the most safe, as one receives fixed annual interest on the money deposited. And, thus the money grows.

CONVENIENCE

It renders convenience, as you visit your nearest bank and sign on certain papers, and its done. No complicated procedure.

SECURITY OF CAPITAL

The security of capital one gets in fixed deposit is incomparable, to any other investment options as far as Indians are concerned.

FACE THE REALITY

What is easy if often not the right plan. Fixed deposit is a problematic choice, when it comes to retirement planning.

TAXES

FD interest is fully taxable, whether you withdraw the interest or not. If the interest is more than Rs 10,000 annually, then the TDS is deducted automatically @10%.

LOW RATE OF RETURN

Your retirement can soak up a majority of your savings. Hence, you cannot afford to have a small corpus as retirement money. Assuming, one needs the money for at least 20 years, a minimum return required is 10% - 12% on the money saved over a long period of time.

NOT AN INFLATION FIGHTER

FD's are clearly unable to fight inflation in the long run. The FD pre-tax return is 1.5% - 2% below the inflation rate. Post-tax returns are even lower.

Equity is the only asset class that gives inflation beating returns in the longer run. Right mix of equity and debt funds will help an individual to build a sizeable retirement corpus. Allocation of equities will depend on factors like age group, risk appetite etc. Take advantage of Systematic Investment Plans (SIP) to invest in equities, ride through market volatility and build a sizeable corpus in the long run.

WHY TAX SAVING MUTUAL FUNDS ARE THE BEST

Half the year of 2020 has gone by and it is almost time to start thinking of the best tax saving options for the coming year.

The popular tax-saving options like

- Public Provident Fund (PPF), • Employees Provident Fund (EPF), • Bank fixed deposits,
- Unit Linked Insurance Plans (ULIPs), • National Savings Certificate (NSC) and others are all available in the market for years now.

Amongst these, equity linked savings scheme (ELSS) has gained popularity owing to a range of benefits that it offers over other alternatives. Why ELSS is better than other tax-saving options?

SHORT LOCK - IN PERIOD

Lock-in period means the time for which you are not allowed to redeem your investment. Instruments like PPF and NSC have long lock-in periods of 15 years and 5 years, respectively. Under Section 80C of the Income Tax Act, ELSS has the shortest lock-in period of 3 years. Thus, ELSS become the most accessible funds with respect to other tax saving options.

INVESTMENT IN EQUITIES

ELSS invests 100% in equities. Along with the tax benefit, investors who are looking at accumulating wealth always pick this for their portfolio. ULIPs have high charges which eat up returns and cannot be considered as a wealth booster scheme. In case of NPS, maximum restriction in equities is 75% and then it tapers off with increase in age resulting in less returns. Thus, in addition to the inherent tax advantage in ELSS, you can accumulate wealth towards achievement of long run financial goals like retirement planning.

RETURN ON INVESTMENT IS HIGHER

The time frame you need to stay invested in all schemes u/s 80 C is 3 - 15 years. The thumb rule says, long term investments should generate higher returns to beat the inflationary pressure. Fixed interest generating securities like NSC and PPF yield returns in the range of 7-8%. In the same manner, Sukanya Samridhi Yojana delivers a slightly higher interest. As ELSS essentially invests in the equity markets, you can expect them to earn higher returns vis-a-vis other tax-saving investment options, especially from the point of view of a long-term investor.

DISCIPLINE

In ELSS funds, you may invest regularly by using a Systematic Investment Plan (SIP). In SIP, a fixed amount is deducted from your bank account and used to buy units of your preferred ELSS fund. The most important benefit of SIP lies in financial discipline which it inculcates in the investor. When you invest small amounts regularly on a monthly basis, it lowers the liquidity pressures which you might face at the end of the financial year. This disciplined and planned investment schedule also inspires you to get into habit of saving and investing.

Hence, the choice is pretty clear! ELSS helps you achieve financial goals in a disciplined manner.

LIST OF TOP MUTUAL FUNDS

CATEGORY	NAME OF SCHEME
LARGE CAP	Axis Bluechip Fund
	Mirae Asset Large Cap Fund
LARGE AND MID CAP	Mirae Asset Emerging Bluechip Fund
	Kotak Equity Opportunities Fund
MULTICAP	DSP Equity Fund
	Kotak Standard Multicap Fund
FOCUSED	SBI Focused Equity Fund
	Axis Focused 25 Fund
MID CAP	Axis Midcap Fund
	DSP Midcap Fund
SMALL CAP	Axis Small Cap Fund
	SBI Small Cap Fund
ELSS	Axis Long Term Equity Fund
	Mirae Asset Tax Saver Fund
HYBRID AGGRESSIVE	Mirae Asset Hybrid Equity Fund
	SBI Equity Hybrid Fund
BALANCED ADVANTAGE FUND	DSP Dynamic Asset Allocation Fund
	Edelweis Balanced Advantage Fund
HEALTHCARE	Mirae Asset Healthcare Fund
	TATA India Pharma and Healthcare Fund
GLOBAL	Franklin India Feeder Franklin US Opp Fund
	Edelweiss US Technology Equity Fund of Fund
DEBT - CORPORATE BOND	Kotak Corporate Bond Fund
	ICICI Pru Corporate Bond Fund
DEBT - BANKING & PSU	DSP Banking & PSU Debt Fund
	IDFC Banking & PSU Debt Fund



Net Brokers Private Limited

Registered Office: A-35, Shivalik, New Delhi -110017

Head Office: 22, New Market, Malviya Nagar, New Delhi- 110017

Telephone: +91-11-41881002. **Mobile:** +91-9311999924. **FAX:** +91-11-26676419.

E-mail: mail@netbrokers.co.in

Disclaimer: Net Brokers has taken due care and caution in presenting factually correct data contained herein above. While Net Brokers has made every effort to ensure that the information / data being provided is accurate, Net Brokers does not guarantee the accuracy, adequacy or completeness of any data/information in the publication and the same is meant for the use of receipt and not for circulation. Readers are advised to satisfy themselves about the merit details of each investment scheme, before taking any investment decision. Net

Brokers shall not be held liable for any consequences, legal or otherwise, arising out of use of any such information/data and further states that it has no financial liability whatsoever to the recipient /readers of this publication. Neither Net Broker nor any its directors/employees/ repetitive accept any liability for any direct or consequential loss arising from the use of data/information contained in the publications or any information/data generated from the publication. Nothing contained in the publication shall or be deemed to constitute a recommendation or any an invitation or solicitation for any product or service. Any dispute arising in future shall be, subject to the Court(S) at Delhi. Readers are advised to go through the respective product brochure / offer documents before making any investment decisions