



Akhil Chugh
Director - Net Brokers

Dear Patrons,

Greetings!

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



PANDEMIC 2019 - IMPACT ON THE ECONOMY

The rapidly evolving threat around the COVID-19 virus, commonly referred to as coronavirus, is impacting the business and investor community across the world. The global and interconnected nature of today's business environment poses serious risk of disruption of global supply chains that can result in significant loss of revenue and adversely impact global economies.

Listed are the major takeaways:

- Hotel, tourism, travel and leisure companies will be affected majorly during this time.
- Pharma companies are working overtime for a breakthrough, to find a vaccine or cure to the pandemic
- Trade benefit with China has improved by \$10-12 billion

- Market will bottom out only when there is a solution to the pandemic, in terms of vaccine or cure
- Food processing, pharma, healthcare, sanitation, e-commerce, online, FMCG companies will benefit the most
- The government is approaching companies in China to move their plants to India

- India will benefit out of the supply chain diversification effect as companies are moving out of China. India, Indonesia and Vietnam will be some of the contenders.
- COVID - 19 has the largest impact on crude oil prices, as two thirds is used for transport. Brent crude oil prices have declined 70 percent from their January peak. India will be benefitted by this, as it is the 3rd largest importer of oil. There will be tremendous surplus in our reserves with this effect.

- Equities: Aggressive investors can invest in small cap funds; Less conservative investors can channel their funds to mid cap funds; Conservative investors can invest in large cap funds.
- One can invest in a staggered manner, for the next 10 - 12 months and balance can be invested when a media breakthrough happens.
- Fixed income - Invest in quality bonds, 100% AAA - Liquid fund, Corporate bond fund and banking & PSU debt fund, based on the investment tenure.
- Stopping SIPs is not a good call. This is the best time to take advantage of lower NAVs.

- Real estate - residential and commercial, will be affected by low demand. Bigger names will benefit while the smaller player will quit
- Government revenues are down due to tax collections and it seems that RBI will have to step in to ensure funds are being provided. Other countries' central banks have stepped in to infuse liquidity to governments
- FIIs and FPIs selling has impacted our markets, all the money has gone back to their own countries, where the GDP growth rate is much lower than India. Hence, the money will come back in India.

MONEY IN MUTUAL FUNDS - DOS AND DONT'S

Warren Buffet always believed that bear markets are the best time to invest. During these times, markets are down and investors are jittery about holding their investments. Any market expert or investment advisor would recommend you to sit patient and keep the investment intact.

The most common method of investments among people aiming at wealth generation is SIPs. Here are some Dos and Dont's for the recessionary times:

DO'S

REALLOCATE

An ideal portfolio consists of a mix of equity and debt funds. A well diversified portfolio has lesser chances of being hit with recession. In fact, this phase is the perfect time to make fresh investments in equities, as it is available at cheaper valuations.

NEW INVESTMENTS

If you have your earnings on the side and can make some investments, this is the best time to do so. Do consult your investment advisor and take a sound decision on which sector or segments of mutual funds you should choose at this time.

CONTINUING SIPs

The core principle of SIPs is to take advantage of rupee cost averaging. This is the best time to do that. If the current conditions allow you to pay for the SIPs, you must continue investing in the same.

DONT'S

WITHDRAW INVESTMENTS

Staying invested helps reaping the compounded benefit. Withdrawing your investment, simply at the current loss figures, is the worst possible decision.

FINANCIAL SITUATIONS

Facing a financial crunch? And still trying to invest by incurring debt? It's a bad call. Pause your investments and resume once the situations become favourable.

MARKET FALL ESTIMATION

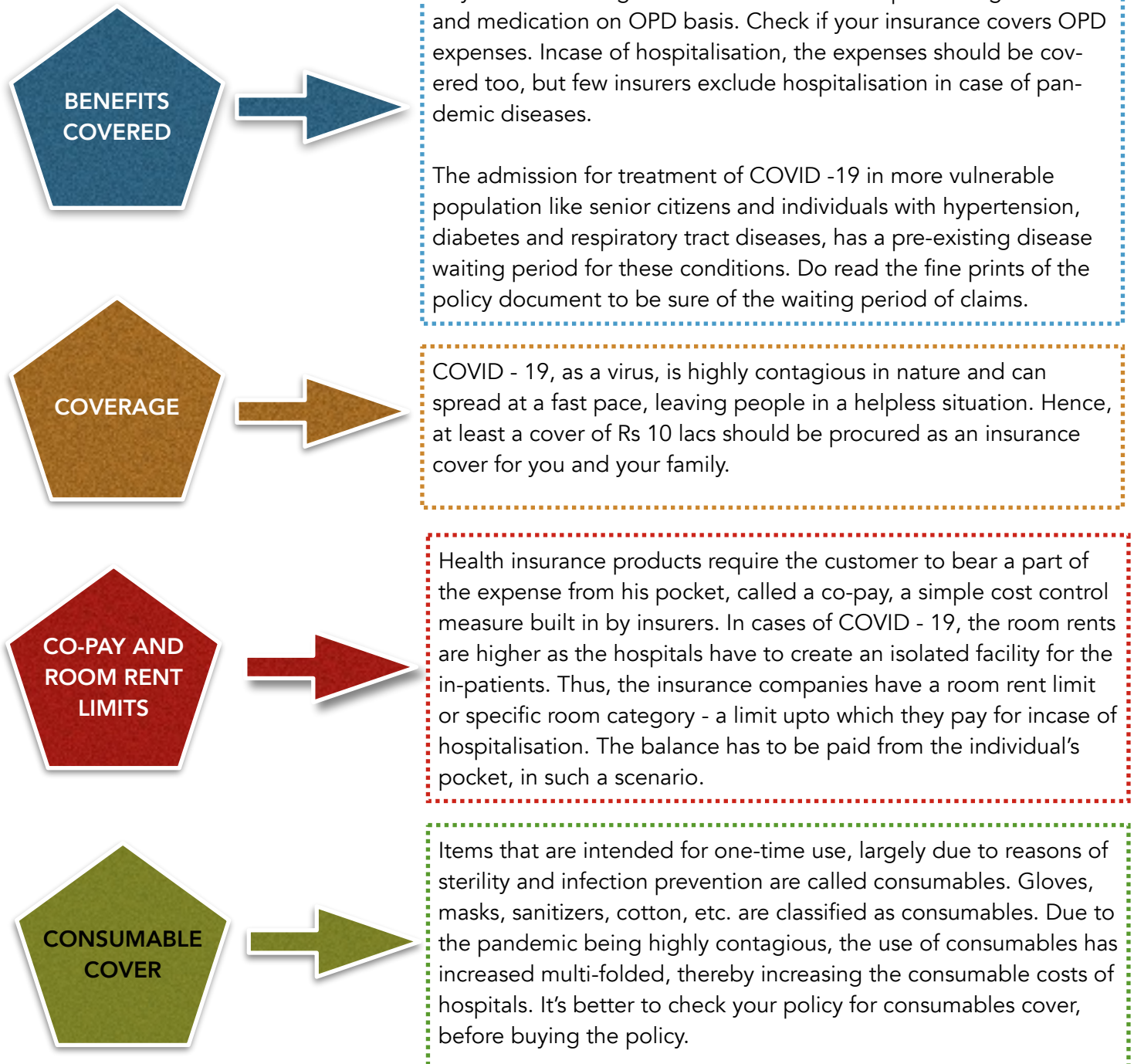
Markets are very volatile and no one can predict the bottom. Coronavirus cases are updated everyday which suggest an increase in the number of deaths. Hence, market fall cannot be estimated. Assuming that markets have fallen to the bottom and cannot fall further would be an inaccurate assumption. The effect of virus is still prevalent and there is always a risk of markets falling further.

Keeping in mind all the above factors, investors must decide and reconsider their strategy of investing in the mutual funds. They must have a proper asset allocation plan and should realign their portfolios from time to time.

HEALTH INSURANCE DURING COVID - 19 TIMES

Health insurance has suddenly gained limelight due to the pandemic spread in the country. Unfortunately, health insurance is considered as dead investment by some, as it does not give any returns. Its value is realised in events unexpected and out of our control, such as the current pandemic. Paying more than five to seven years premium together in one go at a single hospitalisation is a hit on finances than paying premium year on year for 5 , 7 or 10 years.

During COVID - 19, appropriate health insurance that covers coronavirus treatment as well, is prudent for an individual. The four C's should be taken into consideration -



So, as your financial advisor, we would recommend you to stay indoors, wash your hands, try not to panic, and most importantly stay insured.

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
	ICICI Prudential US Bluechip Equity 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

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