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Dear Patrons,

We are pleased to share our monthly newsletter “Knowledge Initiative” for February 2022.

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. Budget 2022 - Market Highlights:

The Union Budget 2022-23 has taken a growth-oriented approach for most of the budget focusing majorly on agriculture, farming, education and health sector.

Starting with the PM Gati Shakti which will put forth the economy, giving a boost to the supply chain and employing over 44% of the population in this sector while continuing to contribute to the country’s gross value.



2. SIP & Power of Compounding:

Albert Einstein once said “Compound Interest is the eighth wonder of the world. He who understands it earns it. He who doesn’t pays it.”

SIP helps you invest a fixed amount of money regularly. Your money grows exponentially with the power of compounding. You earn interest on the principal and on the interest amount.



3. LIST OF TOP MUTUAL FUNDS:

Check the best performing mutual funds in their respective categories, so as to suit the risk appetite and investment goals of most of the investors.



1. Budget 2022 - Market Highlights:

The Union Budget 2022 maintains continuity in policy, stability in taxation, and consistency in the strategic direction of the economy.

The Finance Minister presented a budget that calls for a bigger spend to fire up growth in Asia's third-largest economy, as it stages a world-beating recovery from the pandemic. A 35% increase in capital expenditure is above expectations and is likely to accelerate economic growth and job creation. No bad news in taxes is good news.

Impact of Budget on Key Businesses:



Roads & Infrastructure:

The government's record-high capital outlay of Rs 1.08 lakh crore for the road ministry is likely to provide a huge fillip to order inflows for the sector.



EV Battery Makers:

Crucial for plans to expand India's ambitions to promote clean transport technology, battery makers will gain from a new swapping policy for electric vehicles announced by Sitharaman.



Transport & Infrastructure:

Plans for investments in remote roads, mass transit in cities and 400 new "Vande Bharat" trains in three years will benefit key infrastructure players.



Metals, Cement & Construction:

The government's 600 billion rupee allocation for piped water to 38 million homes and spending on logistics will benefit India's metals producers. The government's plan to build more homes for low-income earners across cities will mean more contracts for cement and construction majors.



Defense Manufacturers:

Companies manufacturing defense equipment look to benefit from Sitharaman's plan to earmark 68% of the sector Capex for local companies in the annual budget.



Digital Finance:

Digital financial services providers in India are set to gain after 2022-23 budget focused on expanding such services.

Cap on Tax Surcharge on Long term Capital Gain: Surcharge on long-term capital gains arising from any class of asset is now capped at 15%. The tax payer having long term capital gain will not be liable for hefty 37% Surcharge rates.

On the whole, the budget appears to be very promising and positive for the financial market. The decision to levy a 30% tax on profits from digital asset transactions, including cryptocurrencies and non-fungible tokens, may make such investments less attractive and will push away many investors to the equity market.



2. SIP & Power of Compounding:

Investing in mutual funds through SIP is a simple and disciplined way of accumulating wealth over a long period of time.

A SIP investment can be done by making small periodic payments instead of a lump-sum. Mutual funds entail two types of earnings – dividend and capital gains. If instead of withdrawing your earnings, you choose to reinvest it in the same plan, you can reap the benefits of compounding.

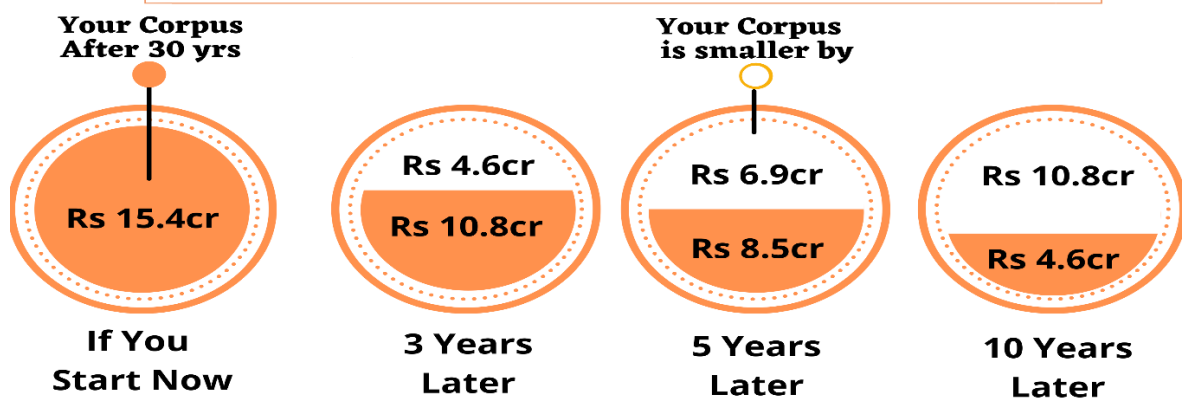
How Can You Take Advantage of Compounding?

Compounding has the advantage of allowing you to appreciate the value of your investments. You can benefit from compounding by-

- **Start Investing Early:** The secret to becoming successful is to begin investing as soon as possible. The day you receive your first paycheck is a good time to start your financial adventure. Start investing today if you haven't already. You may find it difficult to reach your destination if you put off saving.
- **Make Regular Investments:** Your portfolio will be stronger if you invest on a regular basis. Wealth is best created with disciplined and focused contributions. You can establish priorities. As per the thumb rule of investing, you should invest at least **40% of your monthly income via SIPs**.
- **Have Patience:** This is the most crucial factor in accumulating riches. It is advised not to make any hasty investing decisions. It must be noted that only when investments are allowed to grow at their own pace can the power of compounding be felt and appreciated. Although it may appear that your investments are not expanding, you may be shocked to see what compounding can do for your portfolio after years of focused and disciplined investment.

Any delay in starting a SIP could be very costly, the same can be understood from the illustration below:

Delayed Investing Can Be Costly



SIP of Rs 50,000 per month

**Assuming 12% CAGR in Equity Mutual Funds*

We advise you to start your SIP now as there is no good or bad time to do it.

3. LIST OF TOP MUTUAL FUNDS

Check the best performing funds in their respective categories.

| CATEGORY | NAME OF SCHEME |
|-------------------------|--|
| LARGE CAP | Axis Bluechip Fund Mirae Asset Large Cap Fund |
| LARGE AND MID CAP | Axis Growth Opportunities Fund HDFC Large And Midcap Fund |
| FLEXI CAP | PGIM India Flexi Cap Fund DSP Flexi Cap Fund |
| FOCUSED | SBI Focused Equity Fund Axis Focused 25 Fund |
| MID CAP | Axis Midcap Fund PGIM India Midcap Opportunities Fund |
| SMALL CAP | Nippon India Small Cap Fund Kotak Small Cap Fund |
| ELSS | Axis Long Term Equity Fund Kotak Tax Saver Fund |
| HYRBID AGGRESSIVE | Mirae Asset Hybrid Equity Fund Kotak Equity Hybrid Fund |
| BALANCED ADVANTAGE FUND | Nippon India Balanced Advantage Fund Edelweiss Balanced Advantage Fund |
| TECHNOLOGY | ICICI Prudential Technology Fund Tata Digital India Fund |
| GLOBAL | PGIM Global Equity Opportunities Fund Edelweiss Greater China Equity Off-shore Fund |
| HEALTHCARE | Mirae Asset Healthcare Fund DSP Healthcare Fund |
| DEBT - MEDIUM DURATION | Axis Strategic Bond Fund ICICI Prudential Medium Term Bond |

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