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Dear Patrons,  
Happy New Year!

We are pleased to share our monthly newsletter “Knowledge Initiative” for January 2023.

We thank you for reading and acknowledging our newsletter every month. The knowledge Initiative Team is committed to bringing to you more educative and informative articles.



## 1. Financial Planning:

The start of a new year offers an opportunity to reflect on the past and set goals for the future. Revisiting both your personal and financial goals can help set you up for success in 2023 and beyond.

Each investor would have some life goals to be met for which they would need to plan to accumulate money. Focusing on your financial goals one should analyze his asset allocation, SIP's, STPs.



## 2. Type of Debt Funds:

Debt Funds are categorized into different types based on the kind of securities they invest in and the maturity (time horizon) of these securities. Debt securities include bonds issued by corporates, banks and Government, debentures issued by big corporates, money market instruments like commercial papers and certificate of deposits (CDs) issued by banks.

Debt funds are relatively low-risk investment options.



## 3. LIST OF TOP MUTUAL FUNDS:

Check the best performing mutual funds in their respective categories.



## 1. Financial Planning:

Creating a financial plan is important because it allows you to make the most of your assets and gives you the confidence to weather any bumps along the way. Make sure you have a plan. Don't wait until the last minute or put off planning until later in life when it's too late.

Market is expected to experience volatility in first half of 2023 because of global factors. However, it should not deter investors from investing and they should continue their journey of SIP's & STP's to achieve their goals.

### Essential smart financial planning moves that should form a part of your financial year routine:

- 1. Review Your Financial Goals:** You should make it a point to review your progress towards your financial goals at the beginning of the financial year. Financial goals, in fact, are the numerical value of one's life goals, such as creating a corpus for post-retirement life, child's education, home loan down payment, etc. In many cases, short-term goals for which you may have invested could become redundant, or It is possible that the target amount of your goals might have moved up more than you anticipated earlier.
- 2. Track Your Expenses And Save More:** Start the process by making a budget for yourself and your family's requirements. Analyse your previous year's income, expenses, and future goals. Review your budget, financial goals, and check if you have reached any milestones for the year.
- 3. Build an Emergency Fund:** Saving regularly is a good financial habit you must instil. But saving for a rainy day is essential as a solid savings base would give you a cushion to handle uncertainties in a better way.
- 4. Start Investing:** It is never too early or too late to start investing. Start with convenient and smart options like Systematic Investment Plans (SIPs). SIP has become popular for investing regularly in mutual funds. It offers the convenience and the benefit of rupee cost averaging to beat market volatility.
- 5. Begin with Tax Planning:** As you must have observed over the past few weeks, many taxpayers end up making hasty decisions with respect to their tax planning towards the end of the financial year. It is best to start the tax planning exercise for FY2023-24 at the beginning of the financial year instead of waiting until the end of the year in order to avoid mistakes. Often investors become impatient when closer to the deadline, and that's when most mistakes can happen.
- 6. Ensure Adequate Insurance Cover:** Your responsibilities may increase significantly over a period of time. Accordingly, you need to make sure that your life and health insurance cover is sufficient to cover all these additional responsibilities.
- 7. Review Your Investment Portfolio:** A review will help you understand which assets and funds in your portfolio have performed as per your expectation and which have been laggards. A periodic review of your portfolio is essential, and the beginning of the financial year may be the perfect time to do it.

**Get in touch with our experts for executing your financial plan or framing it on basis of your personal requirements.**



## 2. Type of Debt Funds:

Debt funds have emerged as one of the most popular mutual funds in the country. They offer stability and flexibility with relatively low risk and are, hence, considered a favourite among conservative investors.

Now, the question arises: which type of debt fund is optimal for you and your financial goals?

Since there are different types of debt funds to choose from, you should make a sensible choice and find what will work best for you.

### Types of Debt Funds:

#### Below – 1 Year:

- 1. Liquid funds:** Liquid debt funds can be converted into cash easily and have a very low maturity period of 91 days. The low maturity period makes them risk-free, but they also provide the most stable returns. The investment is made in Treasury Bills, CDs, or Certificates of Deposit.
- 2. Ultra Short-Term Funds:** These funds come with short maturity periods, usually for less than a year. While a major part of the amount gets invested in ultra-short-term debt securities, a small portion is also invested in long-term securities. Ultra short-term funds come with low risk and may be the best investment option for those with a 1-12 month horizon.

#### Below – 3 Years:

- 3. Short-term income funds:** Short-term debt funds have a shorter maturity period ranging from 1 to 3 years. They invest in government securities, debt, and money market instruments. Short-term debt funds may be best suited for those with low to moderate-risk appetites.

#### More than 3 Years:

- 4. Dynamic bond funds:** Dynamic Bond Funds move dynamically across long-term and short-term funds with different maturity profiles. The funds move across all classes of debt and money market instruments taking into account fluctuating interest regimes. Those with medium to high-risk appetites may consider investing in dynamic bond funds.
- 5. Credit risk fund:** Credit risk funds are debt funds that lend at least 65% of their money to not-so-highly rated companies. The borrowers pay higher interest charges as a way to compensate for their lower credit rating, which translates into a higher risk for the lender due to an increased possibility of default. Ideal for a longer time frame investment.
- 6. Medium-term bond funds:** Medium-duration funds are debt funds that lend to quality companies for 3 or more years. The longer tenure of loan means these funds returns are subject to the interest rate changes that borrowing companies undergo due to positive or negative economic cycles over time. Suitable when the interest rates in the economy are expected to stay stable or move down.

As an investor, in order to choose the optimal debt fund for you, it is important to take into account various factors, including the risk, the returns, the fee, the maturity period of the funds, and the tax on gains.

Get in touch with us at [mail@netbrokers.co.in](mailto:mail@netbrokers.co.in) to learn more about type of Debt Funds ideal for you.

### 3. LIST OF TOP MUTUAL FUNDS

Check the best performing funds in their respective categories.

CATEGORY	NAME OF SCHEME
LARGE CAP	ICICI Pru Bluechip Fund Nippon India Large Cap Fund
LARGE AND MID CAP	SBI Large & Midcap Fund HDFC Large & Midcap Fund
FLEXI CAP	PGIM India Flexi Cap Fund Parag Parikh Flexi Cap Fund
FOCUSED	SBI Focused Equity Fund Nippon India Focused Equity Fund
MID CAP	SBI Magnum Midcap Fund PGIM India Midcap Opportunities Fund
SMALL CAP	SBI Small Cap Fund Nippon India Small Cap Fund
ELSS	Parag Parikh Tax Saver Fund PGIM India ELSS Tax Saver Fund
HYBRID AGGRESSIVE	ICICI Pru Equity & Debt Fund Kotak Equity Hybrid Fund
BALANCED ADVANTAGE FUND	Tata 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	Kotak Medium Term Fund ICICI Prudential Medium Term Bond

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