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Knowledge Initiative

Dear Patrons,

Greetings from Net Brokers!

We are pleased to share our monthly newsletter “**Knowledge Initiative**” for June 2015.

We thank you for reading and acknowledging our newsletter every month. Knowledge Initiative Team is committed to bring you more educative and informative articles in the Financial Year 2015 -16.

We would very much appreciate your feedback which consistently helps us in improving and upgrading the contents.

Also send us your questions or queries related to any financial product.

The Issue includes:

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2. Value Investing in Mutual Funds
3. How to Make a Claim - Motor
4. Where to Invest Gurgaon or Noida?
5. Investment Opportunities in Real Estate
6. SIP Returns in Top Equity Diversified Mutual Funds



Akhil Chugh

Warm Regards,

Akhil Chugh
Director



Steps to Handle Volatility

The year 2015 has been full of ups and downs for the stock market. The investors often panic and lose sight of their investments goals during high volatility. For the benefit of all, we are listing some important steps on how to handle and take advantage of volatile markets:

Portfolio Rebalancing: Rebalancing begins with a review of investments in your portfolio, looking for any changes and how the allocation has shifted. You can leave the portfolio's baseline asset allocations intact and, instead, make adjustments within asset classes. For example, suppose your allocation is 60 percent stocks, 30 percent bonds and 10 percent cash. If stocks fall significantly, your portfolio could shift to 40 percent stocks. But your goals and investment strategy remain the same. So it's time to rebalance – shifting assets into stocks to bring the allocation back into line with your target of 60 percent stocks.

Don't Time the Markets: Timing the market is easier said done. Tell me how many people were able to predict dotcom crash or subprime crisis in 2008. How many people exited their investments when markets were at peak in January 2008 or entered in October lows of 2008? That's the double-edged sword of market timing – it's not just about skipping the market highs; should you miss a crash, you miss riding the recovery that follows. Stick to your investment plan.

Don't Stop SIPs: There is a famous saying: "In SIPs we don't time the market, we spend time in the market. SIP works best in volatile and bad markets. With every fall in the stock market, SIP or Systematic Investment Plan gives more units to the investor. This in turns lowers the average cost of purchase. You have to stay invested in SIPs during bad or volatile markets to take benefit of rupee cost averaging and power of compounding.

Clean Up Time: This is a good time to take a close look into your portfolio. There may be some funds that are underperforming as compared to their peers or have not stuck to their mandate. You may want to exit them. For example, a fund has a mandate to invest in large caps, but has a good exposure in mid and small cap companies. This may not be a good fund to hold.

Clear Strategy: Volatility is part and parcel of stock market. If you have a clear and firm investment strategy in place, you can have a smooth ride. Investments should be always backed by financial goals like children education, retirement, etc. Such goals have minimum investment period of 5 -10 years, thus inculcating the habit of saving and investing regularly. Do not change your asset allocation based on the stock market. That should be determined by the goal, the amount of risk you are capable of taking depending on your situation and the time frame. The latter is determined by counting the number of years left until you achieve your goal.



Value Investing in Mutual Funds

Growth oriented mutual funds often outnumber value based funds as few investors are aware of the latter or appreciate the significance of having these in their portfolios.

Growth funds focus on companies that will experience faster than average growth as measured by revenues, earnings, or cash flow. **Value funds** on the other hand look for companies whose stock prices don't necessarily reflect their fundamental worth. The reasons for these stocks being undervalued by the market can vary. Sometimes a company or industry has fallen on hard times. Other times a poor quarterly earnings report or some external event can temporarily depress a company's stock price and create a longer-term buying opportunity.

Benefits of Value Funds

Diversification: Value funds provide diversity to most portfolios in which majority of the funds are growth oriented. This ensures that a part of the portfolio will do well at all times.

Downside Protection: As the focus is on cheaper stocks and mostly those that are out of favour, value funds ensure a lower downside than the overall market. They do not invest in stocks that have high expectations.

Established Strategy: Value investing has yielded good profits for investors across the globe and is considered as one of the most successful investment strategies. Value funds in India have delivered good returns since inception, but unfortunately we have few funds based on 100% value style investing.

Suggested Allocation

In an ideal situation, you should have a 50:50 allocation to value and growth funds. We recommend a 25% allocation rather than 50% because many of the diversified (blend) funds in your portfolio would also have value-oriented stocks

Returns of Top Value Funds:

Returns as on 02nd June, 2015

Schemes	Corpus (CR)	1 Year	3 Year	5 Year
ICICI PRUDENTIAL VALUE DISCOVERY	9115	33.02	34.6	20.68
L&T INDIA VALUE FUND	221	33.69	33.9	17.83
TEMPLETON INDIA EQUITY INCOME FUND	1064	22.42	23.68	14.08

*Returns over 1 year are compounded annualised

For more information on Value Funds, contact us on mail@netbrokers.co.in



How to Make a Claim - Motor

A claim under a motor insurance policy could be

- For personal injury or property damage related to someone else. This person is called a third party in this context or
- For damage to your own, insured, vehicle. This is called an own damage claim and you are eligible for this if you are holding what is known as a zero depreciation or a comprehensive policy.

Third Party Claim

In a third party claim, where your vehicle is involved, it is important to ensure that the accident is reported immediately to the police as well as to the insurance company. On the other hand, if you are a victim, that is, if somebody else's vehicle was involved, you must obtain the insurance details of that vehicle and make intimation to the insurer of that vehicle.

Own Damage Claim

In the event of an own damage claim, that is, where your own vehicle is damaged due to an accident, you must immediately inform insurance company and police, wherever required, to enable them to depute a surveyor to assess the loss. Do not attempt to move the vehicle from the accident spot without the permission of police and the insurance company. Once you receive permission for removal of the vehicle and for repairs, you can do so. If your policy provides for cashless service, which means you do not have to pay out of your pocket for covered damages, the insurance company will pay the workshop directly. In either of these situations, you must intimate the insurance company immediately.

Theft Claim

If your vehicle is stolen, you must inform the police and the insurance company immediately. In addition you must keep the transport department also informed. As soon as you receive the policy document, read about the procedures and documentation requirements for claims rather than wait for a claim to arise. If you have to make a claim, ensure that you collect all the required documents and submit them along with the requisite claim form duly filled in, to the insurance company. There may be certain specific documentation requirements for specific types of claims. For instance in respect of a theft claim, there is a special requirement that you should surrender the vehicle keys to the insurance company.

For more details on Motor Insurance Claim, contact us on mail@netbrokers.co.in



Where to Invest Gurgaon or Noida?

The real estate markets of Gurgaon and Noida in the National Capital Region have grown at a rapid pace over the last decade and continue to do so. On one hand, Noida is one of the largest planned city in Asia whereas Gurgaon, on the other hand, though haphazard, has seen immense development with various options such as shopping complexes, IT/ITeS, industries etc. As a result, these cities have attracted not just end-users but largely investors. The big question arises: where to invest?

The answer is rather very difficult, considering the fact that both cities have shown remarkable growth in the past and continue to do so with several new planned projects. From investment point of view, along with location, many points have to be kept in consideration such as infrastructure, connectivity, quality of living, demand & supply etc. Hence, to ultimately decide which city is better among the two, we will explore some key differences. While there are many similarities, there are also many differences in terms of environment, facilities and most importantly real estate developments.

Strengths & Weaknesses

Noida		Gurgaon	
Strengths	Weaknesses	Strengths	Weaknesses
Noida, located close to Delhi, incorporates both industry and residential development with advanced infrastructural facilities	Over supply in residential and commercial space capping the appreciation of rents	Gurgaon is also located close to Delhi	Gurgaon has seen haphazard development. It was a private company that gave shape to the city
DND Flyover, an 8-lane expressway connecting Noida and Delhi. Yamuna Expressway connects Noida to Agra via Mathura	Many developers may slow down or resist construction activity to rationalize the supply	Gurgaon and Greater Gurgaon are becoming one of the preferred luxury destinations in India	Gurgaon has one of the worst physical and social infrastructure in the country
Rich in social infrastructure and commercial market – many premium shopping malls, hospitals and educational institution		There are 11 metro stations in Gurgaon, of which five are managed by Delhi metro. Remaining six stations are operated by Rapid Metro	
Noida-Greater Noida Expressway (about 40 sectors are planned)		Gurgaon has more than 500 Fortune listed companies.	

Key Differences:

- Noida has a better planned infrastructure in comparison to that of Gurgaon where liveability is still a major concern in many areas.
- Minimum road width in Noida's industrial sectors is 80 feet as against just 45 feet in Gurgaon.
- Noida has better water and electricity supply system with most of its electricity supply being privatized. On the contrary, condition of power supply in Gurgaon is dependent upon Haryana State Electricity Board which in itself is not so productive/efficient.
- Physical infrastructure in Noida and Greater Noida is followed by real estate development including commercial and residential. While in Gurgaon, it is just the reverse. Infrastructure is developed only after the real estate potential of an area has been almost fully exploited.
- No polluting industry is permitted in Noida.
- Wide and better roads, public transport connectivity in each part of Noida, low cost of living, better connectivity through expressways, large green landscape areas, environmental friendly policies, and other related lifestyle facilities in Noida gives it an edge over Gurgaon.
- Education: For children schools, Gurgaon has more and better established international schools than Noida.
- UP as a state is too large and Noida is among the other many cities including Ghaziabad, Lucknow, Kanpur, among others. Whereas Haryana is smaller and Gurgaon is probably the only cash cow. Hence, the latter has always had and will continue to have better Government focus than Noida.

CONCLUSION:

To sum it up, from investment point of view, both cities have their own pros and cons. Gurgaon has almost four times the presence of commercial and corporate offices than that in Noida. The other key advantage of the millennium city is its close proximity to South Delhi and the IGI airport, which has been the key driver for growth in Gurgaon. But prices here are now exorbitantly high and a person with a small budget (within 50-60 lakhs) has to move to the peripheries to invest.

On the other hand, the region around Noida-Greater Noida expressway will be a good investment option with relatively low ticket size. Gurgaon remains largely driven by investors while Noida is more end-users driven and more affordable for mid-segment buyers. Though it has been observed that Gurgaon has seen higher appreciation in property values than that of Noida, what favours investors entering the latter are the entry-level price points which have more scope for appreciation and return on investments. Gurgaon continues to be favoured by buyers in the premium segment.

Investment Opportunities in Real Estate

The RBI will continue to cut interest rates in the near future and this will see more spending in the residential real estate segment. The Ministry of Statistics Program and Implementation and PwC Analysts predict a growth of 8 to 9 per cent. Added to this, the introduction of Real Estate Bill, REITs, improved market sentiment and more efforts by the government to reduce project loopholes and bottlenecks in transactions will go a long way in clearing the way for positive trends in 2015.

Net Brokers presents to you lucrative options in the Real Estate for June 2015:

Project	Type	BSP/Sq.ft	Cost
Emaar MGF Palm Gardens, Sector 83, Gurgaon	Residential	6999	1.20 Cr onwards
Godrej Icon, Sector- 88A/89A, Gurgaon	Residential	5999	90 lacs onwards
Vatika City Homes, Sector- 83, Gurgaon	Residential	6000	84 Lacs onwards
Mahagun Manorial, Sector- 128, Noida Expressway	Residential	7700	2.00 Cr onwards
Mahagun Mirabella, Sector- 79, Noida	Residential	5300	73 Lacs onwards
Sunworld Arista, Sector 168, Noida Expressway - Assured Returns & Buyback	Residential	-	43.50 Lacs onwards
Vatika Towers, Golf Course Road, Sector 54, Gurgaon – Assured Returns @ 10% p.a	Commercial	15568	77.84 Lacs onwards
WTC Noida - Assured Returns @ 12% p.a.	Commercial	5500	22.50 Lacs onwards
Cyberwalk, Manesar, Gurgaon – Assured Returns @ 15% p.a & Assured Buyback	Commercial	6000	15 Lacs onwards



SUNWORLD
ARISTA
3/4/5 BHK HIGH-END AIRCONDITIONED LUXURY APARTMENTS

A Classical Residential Masterpiece
 By Master Architect Hafeez Contractor



For more information on Real Estate Projects, contact us on mail@netbrokers.co.in

SIP Returns in Top Equity Diversified Mutual Funds

Returns as on 02nd June, 2015

Current Value & Yield (XIRR) %							
Scheme Name Monthly Investment: Rs 10,000	Category	Value & Return (3 Yr)		Value & Return (5 Yr)		Value & Return (10 Yr)	
		360000	%	600000	%	1200000	%
UTI Equity Fund	Large Cap	520,203	25.5	972,255	19.4	NA	NA
ICICI Prudential Focused Bluechip Equity Fund	Large Cap	500,343	22.6	931,825	17.6	NA	NA
Franklin India Prima Plus	Large & Mid Cap	564,165	31.5	1,049,781	22.6	3,102,884	18.1
Birla SL Frontline Equity Fund	Large & Mid Cap	520,923	25.6	972,124	19.4	2,959,993	17.2
Franklin India Smaller Companies Fund	Mid Cap	686,155	46.8	1,343,435	32.9	NA	NA
Religare Invesco Mid N Small Cap	Mid Cap	629,162	39.9	1,216,573	28.7	NA	NA
Franklin India High Growth Companies Fund	Multi Cap	636,753	40.8	1,210,428	28.5	NA	NA
Reliance Equity Opportunities	Multi Cap	553,520	30.1	1,057,688	22.9	3,441,850	20.0
HDFC Balanced Fund	Hybrid Equity	531,836	27.1	995,760	20.4	3,059,190	17.8
ICICI Prudential Balanced Plan	Hybrid Equity	518,613	25.2	992,973	20.3	2,697,464	15.5
Axis Long Term Equity	ELSS	618,325	38.5	1,210,860	28.5	NA	NA
BNP Paribas Long Term Equity Fund	ELSS	561,462	31.1	1,067,140	23.2	NA	NA

*Returns over 1 Year are compounded annualised



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