



INVESTMENT KNOWLEDGE CENTER

A MONTHLY NEWSLETTER ON INVESTING & PERSONAL FINANCE



IN THIS ISSUE

- Power of SIP, ready reckoner Values
- Market Indicator, US Market did extremely good
- Investment Story of Dr. Ram, a smart annuity planner
- Review your Health & Life Insurance

Whopping rise in Women investor's in last Year

More women are taking investment decision

Women were 'recklessly cautious' when it comes to savings, as nearly 58 per cent prefer to park their money in either fixed deposits, public provident fund (PPF) or letting it lie in their savings account, according to a survey done in 2019.

But things have changed now ! A recent survey done in March 2021 (source ET Now), shows that there is close to 1000% rise in women account and actions in Equity Stocks and Mutual Funds. We have seen a whopping rise in SIP opening and SIP inquiries by women, said a senior manager of Mutual Fund Company.

I personally appreciate this change and am super excited to educate . motivate and serve these new entrants in Financial Market.

(V.R. Aiyappan)

CFA, FRM

Founder of Mera Funds

WHAT DOES A WOMEN
LOOK FOR WHILE
INVESTING ?

Easy to invest, Safe & Liquid

A survey says that
women investors prefer
Safety and Liquidity
over Returns. And they
are quick learner in
terms of basic details of
any product

**WE PERSONALLY MET 3
WOMEN INVESTOR TO
COLLECT THEIR
INVESTING EXPERIENCE
AND LEARNINGS....**

..... read these 3 short
testimonies to get inspired for
your own personal finance.



|| I used to save around five to ten thousand per month through my kitty groups. Over the years these savings grew to a decent sum of 14 lakhs, which I use to keep in cash. Post demonetization era, I invested this home held savings into some equity funds as suggested by my Financial Distributor. Today, when I see the actual valuation of my 14 lakhs become almost 26 lakhs in just 4.5 years, I actually repent for the opportunity loss of all those years when I kept the fund lying idle in my drawer. So, my message to all the housewives – **“Don’t let your money die in your drawer, invest it in some good equity funds as per your risk appetite.”** – **Laxmi Saxena (48 yrs.), Housewife ||**



|| Investing in SIP is great fun ! My mutual fund distributor introduced me to this unique investment method, which can be mapped with any of your financial objectives. Today I run SIP for Rs. 1000, 2000, 500, 1500 and 750 for my goals like home painting, 25th anniversary, maid’s daughter’s education, emergency and misc. expenses respectively. So, my message to all the women over there – **“A small SIP of Rs. 1000 per month can become 2.5 lakhs in 10 years – you just have to identify the right scheme and stick to disciplined savings”.** – **Gita Majumdar (36 yrs.), Teacher ||**

|| For the first few years of my marriage, savings and investment was not my domain in the household. It was completely managed by my husband and other male members in the family. However, I kept asking them about their future planning and investment targets. After sometime I realised that their investments were just done randomly, without any specific Goals or Targets. And then I realized that my personal dreams are not included in my husband’s financial plans. Hence, I started putting aside some funds out of my monthly pocket money, to create a kitty for my dreams. Fortunately, I found an encouraging and helpful MF distributor who explained to me the concept of SIP – Systematic Investment Plan. Through my personal savings of around Rs. 10,000 per month in SIP, I have accumulated around 25 lakhs as on date. My message to all the housewives – **“Discuss and ensure that your personal and family goals are included in your husband’s investment plans; if not, then start on your own. SIP is very simple and powerful tool of investments”** – **Mamta Patil (40 yrs.), Housewife ||**

CHAPTER 1

Why SIP is the best Investment Tool for Retail Investors ?



SIP of Rs 5000/- started on 1st July 2010, has become Rs 18.84 lacs as on 1st July 2021 (Actual Figure)

WHAT ?

SIP is a short form for Systematic Investment Plan; as the name suggests, it is a method of regular investments. Like when you invest a fixed amount every month in a Mutual Fund Scheme, it is called a SIP.

WHERE ?

It is advised to start the SIP in a diversified Equity Fund, for better long-term growth. SIP works on the principle of SNOW BALL theory - longer you go, bigger it grows. Volatility is the food for SIP.

HOW ?

Opening a SIP account is very very simple. You just need to check if you are a KYC compliant, and then sign an ACH mandate with your MF Distributors, for monthly deduction of the SIP amount; that's it!

3 TIPS TO GET THE BEST FROM YOUR SIP

SIP is a very convenient method of investing in mutual funds through standing instructions to debit your bank account every month, without the hassle of having to write out a cheque each time. Currently, mutual funds have 3.73 crore SIP accounts through which investors regularly invest in Indian mutual fund schemes.



1

SIP is nothing but a piggy bank ! You should assign all your SIP to your Financial Goals, like- SIP for home painting, SIP for Foreign Vacation, SIP for Social Gifting, SIP for Kids education etc. This will help you maintain the discipline of investments and inspire you to save.

2

Always check your estimated future Value, before starting a SIP; I have given below the reference table of Rs 1000/- per month at an assumed rate of 12% p.a*, just for your help

Duration	SIP Amount (₹)	Future Value (₹)
5 years	1000	0.8 Lakhs
8 years	1000	1.6 Lakhs
10 years	1000	2.3 Lakhs
12 years	1000	3.2 Lakhs
15 years	1000	5.0 Lakhs
18 years	1000	7.7 Lakhs
20 years	1000	10 Lakhs
22 years	1000	13 Lakhs
25 years	1000	19 Lakhs
28 years	1000	27.6 Lakhs
30 years	1000	35.3 Lakhs
35 years	1000	65 Lakhs

Note : Above table is just a ready reference for your help. 12% p.a is just an indicative returns, taken for the purpose of calculation. Actual Average ROI of Top 5 Diversified Equity funds is 18.5% p.a , in 20 Years period

3

Always allocate your SIP according to your target period and Liquidity requirement. Like, if you want to start a SIP for a shorter period (< 5 years) , then prefer a large Cap or Hybrid Fund , and if you are looking to start a SIP for longer period (7-10 years or more), you can select Midcap or Small Cap Funds. I have given below the real historic chart of some of the long term SIPs in Indian Equity Mutual Funds :

Fund Name	SIP Amount (Rs)	Value (in Rs Lacs) after		
		10 Yrs	15 Yrs	20 Yrs
Nippon India Growth Reg	5000	16.10	34.50	200.00
SBI Magnum Global Reg	5000	15.97	37.70	180.00
Franklin Prima Reg	5000	17.20	41.60	170.00
DSP Flexi Cap Reg	5000	15.60	34.20	150.00
SBI Large & Midcap Reg	5000	16.00	34.70	150.00
DSP Equity Opp Reg	5000	15.80	34.00	140.00
ABSL Flexi Cap Reg	5000	15.90	33.50	140.00
HDFC Flexi Cap Reg	5000	13.40	30.50	130.00
Franklin Flexi Cap Reg	5000	14.30	32.30	130.00
HDFC Top 100 Reg	5000	12.60	27.50	120.00
UTI Flexi Cap Reg	5000	16.51	37.40	120.00
HDFC Capital Builder Value Reg	5000	13.60	31.00	120.00

One can see the advantage of SIP over a long term - SIP of Rs 5000 per month has been converted to huge wealth , if you have kept the discipline of investing



Take your first Step towards wealth creation . Learn more about SIP. Meet us or call us freely to know all about SIP.

VR Aiyappan

CFA, FRM

Call : +91-73380-94513



CHAPTER 2

Market Indicators As on 30/06/2021



EQUITY MARKET SNAPSHOT - As on 30/06/2021

Performance	INDIAN INDICES		INTERNATIONAL INDICIES		
	SENSEX 52482.71	NIFTY 50 15721.5	NASDAQ 100 14504	S & P 500 4297.5	Dow Jones 34502.51
1 Month	1.05%	0.89%	5.49%	2.22%	-0.08%
3 Months	6.01%	7.02%	9.49%	8.17%	4.61%
6 Months	9.91%	12.44%	12.54%	14.41%	12.73%
1 Year	39.56%	41.97%	34.98%	31.38%	30.55%

COMMODITY MARKET SNAPSHOT - As on 30/06/2021

Performance	GOLD (USD) / OUNCE 1771.6	SILVER(USD) / OUNCE 26.194	CRUDE OIL (USD) 75.13
1 Month	-7.02%	-6.50%	8.38%
3 Months	3.15%	6.77%	18.24%
6 Months	-7.04%	-1.05%	45.04%
1 Year	-12.17%	5.20%	73.51%

OTHER MARKET INDICATORS - As on 30/06/2021

Performance	GSEC RATE % (10 Yrs) 1771.6	CURRENCY INR/USD 26.194	INFLATION % 75.13
1 Month	6.022	2.55%	4.23%
3 Months	6.177	1.67%	5.03%
6 Months	5.894	1.81%	4.59%
1 Year	5.837	-0.74%	6.23%

Current Market Cap of India as on 30th June 2021 - **229.77 LAKH CR INR** & Current GDP: **\$2.7 TRLN US dollars** or 196000 in billions INR **Current Mkt Cap / GDP- 117%**

Ratio of total market cap over GDP

Recent 10 Year Maximum - 112%	Recent 10 Year Minimum - 48.29%
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GDP Growth Figures	% of Growth
LAST QUARTER (JFM 2021)	0.016
PREVIOUS QUARTER (OND 2020)	0.005
YEAR AGO (JFM 2020)	0.03

NIFTY EQUITY BENCHMARK INDICIES - As on 30/06/2021

INDEX	52W H	FALL FROM 52 WEEK HIGH	1 WEEK %	1 MONTH %	1 YEAR %
NIFTY50 (15721.5)	15915.65	-1.23%	0.22%	0.89%	41.97%
NIFTY NEXT 50 (38513.25)	39399.6	-2.30%	-0.03%	2.99%	49.51%
NIFTY100 (15959.4)	16167.6	-1.30%	0.16%	1.97%	52.04%
NIFTY200(8325.55)	8437.3	-1.34%	0.29%	2.35%	55.44%
NIFTY500 (13473.55)	13634.35	-1.19%	0.37%	2.72%	58.74%
NIFTY MIDCAP 100 (26970.75)	27474.45	-1.87%	1.11%	4.96%	83.04%
NIFTY SMALLCAP 100 (9733.75)	9824.05	-0.93%	1.02%	5.18%	109.64%
NIFTY BANK (34772.2)	37708.75	-8.45%	0.57%	-1.05%	62.80%
NIFTY AUTO (10600.35)	11093.15	-4.65%	0.11%	0.86%	59.50%
NIFTY FMCG (36093.2)	36565.25	-1.31%	-0.26%	3.45%	20.42%
NIFTY IT (29168)	29311.55	-0.49%	3.22%	7.54%	97.51%
NIFTY MEDIA (1797.5)	1927.25	-7.22%	-3.13%	0.66%	31.48%
NIFTY METAL (5215.8)	5524.25	-5.91%	3.04%	3.17%	162.17%
NIFTY PHARMA (14308.9)	14530.95	-1.55%	2.07%	2.69%	41.17%
NIFTY REALTY (343.95)	365.6	-6.29%	-1.22%	3.72%	68.85%
NIFTY COMMODITIES (5138.65)	5323.5	-3.60%	-0.30%	1.84%	79.31%
NIFTY ENERGY (19822.4)	21066.1	-6.27%	-2.61%	1.31%	35.88%
NIFTY INFRASTRUCTURE (4339.25)	4530	-4.40%	-1.22%	1.37%	42.61%
NIFTY100 ESG SECTOR (2682.2)	-	-	0.09%	1.88%	-

FII / DII - ACTIVITIES IN INDIAN EQUITY MARKET (CASH)

Month- Year	Net Purchase / Sales	
	FII (Rs Crores)	DII (Rs Crores)
Jun-21	-25.89	7043.51
May-21	-6015.34	2067.23
Apr-21	-12039.43	11359.88
Mar-21	1245.22	5204.42
Feb-21	42044.46	-16358.1
Jan-21	8980.81	-11970.54
Dec-20	48223.94	-37293.53
Nov-20	65317.13	-48319.17
Oct-20	14537.4	-17318.44
Sep-20	-11410.69	110.3
Aug-20	15749.86	-11046.78
Jul-20	2490.19	-10007.88

Mutual Fund CATEGORY AVG Performance across Industry - 30th JUNE 2021

Equity Funds Category - AVG Performance across Industry				
Category Type	1 Month	3 Months	6 Months	1 year
Small-Cap	5.88	20.69	38.15	104.16
Mid-Cap	4.93	12.90	26.77	75.43
Contra	2.66	10.91	21.75	68.86
Multi-Cap	3.07	12.73	23.41	65.22
Value	2.58	10.91	21.50	64.73
Large & Mid- Cap	3.60	11.29	21.11	62.32
ELSS (Tax Savings)	2.73	10.04	17.99	58.31
Flexi Cap	2.80	10.04	16.68	55.56
Focused Fund	2.60	9.53	17.23	54.88
Equity - ESG	3.75	10.58	16.62	54.41
Large-Cap	1.80	8.48	12.99	50.44

Fixed Income Category- AVG Performance across Industry				
Category Type	1 Month	3 Months	6 Months	1 year
Low Duration	0.23	0.94	1.66	6.68
Floating Rate	0.21	1.30	1.69	5.56
Short Duration	0.08	1.22	1.33	5.46
Banking & PSU	0.07	1.16	1.18	4.63
Corporate Bond	0.01	1.18	1.19	3.98
Ultra Short Duration	0.27	0.83	1.63	3.79
Money Market	0.25	0.84	1.69	3.66
10 yr Government Bond	0.06	1.90	0.57	3.66
Dynamic Bond	0.23	1.58	0.28	3.53
Government Bond	-0.06	1.36	0.24	3.25
Credit Risk	0.29	1.76	0.64	3.01
Medium Duration	0.07	1.44	-0.68	2.68
Medium to Long Duration	0.04	1.44	-0.68	2.39
Long Duration	-0.47	0.61	-0.77	1.28

Balance Fund Category- AVG Performance across Industry				
Category Type	1 Month	3 Months	6 Months	1 year
Aggressive Allocation	2.32	8.29	14.39	44.95
Balanced Allocation	2.32	6.26	8.91	35.33
Dynamic Asset Allocation	1.15	4.72	7.86	26.75
Equity Savings	1.14	3.92	6.87	21.48
Conservative Allocation	0.56	2.80	3.33	13.45

NOTE: This is not a single scheme Fund Performance, this is an Avg. Performance of all the funds

Source - Morning Star as on 30th JUNE 2021

While we have used our reasonable efforts to ensure the accuracy of the data used in this website. If you find any error or omission in the data, please report to us for correction and rectifications

CHAPTER 3

Real Case Story



" More and more retired people are now opting for dynamic asset allocation mutual funds for meeting their monthly income need"

Most of the Government schemes provide the annuity of around Rs. 620 – 675 per lakh per month, which makes it around 7% per annum. These annuities are added as income and taxed as per the actual slab of the investor. Technically, Rs. 1 lakh per month would actually mean Rs. 80,000 only after tax (assuming a 20% tax slab).

Contrary to above, if you create similar annuity from a dynamic asset allocation mutual fund, you will only be required to pay taxes on the profit portion of the withdrawal , and that too at the rate of 10% only (assuming that the withdrawal has started after 1 year of investment). So technically, Rs. 1 lakh per month would actually mean Rs. 98,000 after tax (assuming 10% flat tax on the gain portion).

You must be wondering how this taxation thing works in case of withdrawal from mutual funds. Let's see a small example –

Say , you invested Rs 50 Lacs in a Dynamic Asset Allocation Fund @ Rs 10/- per unit. You will get 5,00,000 units. If u start the SWP of Rs 50,000/- per month, the scheme will redeem your units every month, to credit the amount. Assume that the first withdrawal starts after 1 year , when the NAV was Rs 12/-. In the withdrawal of 50000, scheme will sell around 4166 units. For taxation purpose, the gain will be calculated on $4166 \times 2 = \text{Rs } 8333/-$ only. That makes SWP better than any other form of Income

Read this real case story of **Dr. Ram** (changed name) who used some dynamic asset allocation mutual funds, also known as balanced advantage funds, to generate monthly income for himself starting from **17th July 2019**

Age : 62 years

Requirement : Rs. 27,750 per month

Available corpus : Rs. 40 lakhs

...contd

Such automatic withdrawal scheme from a mutual fund is called SWP (Systematic Withdrawal Plan). Creating an annuity through SWP method is beneficial in many ways like tax efficiency, capital appreciation and easy liquidity. The only disadvantage of such withdrawal scheme is that there is no guarantee of your capital as it is linked with the market price of units. **However, if such withdrawals are taken from a dynamic asset allocation fund, the risk of capital erosion comes down**

Fund Name	Inv. Since		Investments	Bal Units	Current Val	XIRR %
	Date	Days				
Aditya Birla SunLife Balanced Advantage-G	17/07/2019	715	800000	13456.45	936704	15.69
HDFC Balanced Advantage-G	17/07/2019	715	800000	3691.37	951580	16.56
ICICI Prudential Balanced Advantage-G	17/07/2019	715	800000	19905.30	920620	14.53
Invesco India Dynamic Equity-G	17/07/2019	715	400000	12259.61	430925	10.67
Kotak Balanced Advantage Fund Reg-G	17/07/2019	715	600000	50411.35	692501	14.61
Mirae Asset Hybrid Equity Reg-G	17/07/2019	715	600000	36563.08	743656	19.07
Total			4000000		4675986	

As you see in the table above, Dr. Ram withdrew Rs. 27,750/- every month starting from 17th July 2019; still his fund value has grown from 40 lakhs to 46.75 lakhs. That's the beauty of SWP ! Now Dr. Ram is planning to step up his SWP amount to Rs. 30,000 per month, because he has now got a bigger capital to use.

If you are building an investment portfolio, it is better to diversify your portfolio so that it helps you in balancing the overall investment risk. If you are one of those who don't want to invest in financial products that offer low fixed interest rates and is keen on seeking capital appreciation through investments in market linked schemes, you can consider investing in mutual funds.

“ Message of the story: If you want to beat inflation and live your retirement happily, you must explore the SWP method to meet out your annuity requirement

CHAPTER 4

National Insurance Awareness Day - 28th June



" Buy the best life and health insurance plans for yourself against coronavirus "

Last week, we had shared few Blogs on choosing and buying the appropriate insurance plan. We all have learnt the importance of having insurance and having an adequate amount of it, from the novel coronavirus pandemic . On the National Insurance Awareness Day, we urge you all to review your insurance covers – both health and life insurance.

Read on to find out how you can pick the right insurance cover – should you opt for the Covid-specific insurance covers or should you go for a comprehensive health, term plan?

In 2020, insurance companies rolled out the Corona Kavach and Corona Rakshak covers on the basis of guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI). These standard health insurance policies cover the treatment cost of the coronavirus disease. These policies are issued for very short-term and was supposed to remain valid until March 31, 2021. IRDAI has now allowed insurers to offer and renew these Covid-19 specific health policies up to September 30, 2021

The Corona Kavach has the lowest initial cooling period of 15 days compared to 30 days for comprehensive health plans. The sum assured of the Corona Kavach ranges from Rs 50,000 to Rs 5 lakh

Primarily, COVID19 has been observed to have long term side effects on an infected body which requires medication beyond COVID19 related expense which is not covered under COVID19 specific policies but a standard health care plan take care of the same. Also in case of a side effect caused to due COVID19 vaccination which requires hospitalisation is also taken care by the health care plan, unlike COVID19 specific which restricted till COVID19 illness hospitalisation.

" When should you go for Corona Rakshak? "

The Corona Rakshak policy is a benefit-based plan where 100 per cent sum insured is paid to the insured if he/she gets hospitalised as per policy terms and conditions. The policy will only cover individuals.

Rather than compensating the actual expense of treatment, this policy pays the entire benefit amount on occurrence of the covid infection above a defined level of severity. To be eligible to receive the entire sum assured, the policyholder has to be hospitalised for a minimum continuous period of 72 hours.

If you do not have any life insurance protection, then these coronavirus-specific plans, which offer very little coverage, may not be of much help especially if the policyholder dies due to Covid-19. Therefore, it is better to go for a basic term plan that secures your family financially after your death.

You must have a life insurance plan as soon as possible to secure the future of the family in case of the demise of an individual. Moreover, it is always emphasised that a life insurance policy should be bought early in life to enjoy its benefits such as lesser premium with higher returns and to wisely plan the future of your family





Q : Can I buy a Mutual Fund Unit under Demat holding ? How can I do that ?

Ans : Yes, you can buy mutual fund units in Demat account also; since mutual fund units are not transferable, hence it is safe to keep in physical mode also. Still, if you need to buy units in Demat form then you need to open a separate MF trading account with us. Contact us freely to get the same

Q : What is the waiting period in a Medical Policy ?

Ans : I think, you want to ask about the claim rules on pre existing disease. It actually differs from policy to policy and company to company. Generally, ENT treatment or surgery has a wait period of 3 years, Diabetics, Hypertension etc have a wait period of 1 years , and so on. Please check for the limitations before buying any health policy

Q : I am a 24 yrs working executive; I want to accumulate Rs 1 Cr in next 10 years. How much SIP should I start with, to reach this target ?

Ans : Assuming that your selected scheme will deliver around 12% p.a, you need to invest Rs 45000 per month to make 1 Cr in 10 years. However, the scheme selection is very important to ensure appropriate Risk Reward matching in this case

Q : Why there is no Guarantee in MF Schemes ?

Ans : Mutual Fund means - your fund ! I mean, every unit holder is the owner of the fund in proportion of their holdings. So all the profit and loss of the portfolio is proportionately divided between the unit holders.

This division of Profit & Loss is done everyday and announced to the public, in form of NAV (Net Asset Value). This NAV can go up or down, on the basis of market value of the securities bought by the fund. There is no guarantee that the fund NAV will go up or go down next day. Hence Mutual Funds do not guarantee any returns.

Q : Is it an appropriate time to Book profit from my Equity portfolios ?

Ans : Such questions are very personalised and situational . Still, I can say that profit booking is not so easy , because it creates a bigger risk of re-investment ! So, if things are running fine and your fund is doing better than index, stick to it and hold your positions. It is seen that Buy and Hold strategy has created much bigger wealth as compared to any other strategy





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Disclaimer :

Mutual Fund investments are subject to market risks, read all scheme related documents carefully. The NAVs of the schemes may go up or down depending upon the factors and forces affecting the securities market including the fluctuations in the interest rates. The past performance of the mutual funds is not necessarily indicative of future performance of the schemes. The Mutual Fund is not guaranteeing or assuring any dividend under any of the schemes and the same is subject to the availability and adequacy of distributable surplus. Investors are requested to review the prospectus carefully and obtain expert professional advice with regard to specific legal, tax and financial implications of the investment/participation in the scheme.

While all efforts have been taken to make this Newsletter as authentic as possible, we will not be responsible for any loss to any person/entity caused by any short-coming, defect or inaccuracy inadvertently or otherwise crept in this Newsletter

Thank you