INVESTOR TIMES

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MISSION STATEMENT

Assisting investors in FINANCIAL PLANNING, helping them in WEALTH CREATION thereby giving them COMPLETE FINANCIAL FREEDOM.

INVEST SEARCH
Redefine your Search for Investments

Dear Investors ,
Wishing you Happy & Wealthy 2019. To summarize - 2018 was a year of reversals. Globally, most asset classes were in the red due to macro concerns, especially volatile crude oil prices, strong USD and rising yields. Geopolitical events kept investors on tenterhooks and domestic events such as tightened liquidity and State elections added fuel to the fire. Secular growth in the equity markets seen in 2017 gave way to volatility in 2018 globally, and India was no exception.

Going forward for Domestic market, first half 2019 will be volatile due to elections and second half will be function of which government comes to power.

We suggest Investors to keep Patience and stay invested . For fresh allocation in Equity funds enter gradually in next 1 year.

The eight most common excuses people make to not invest at the right time and right avenue are as below:

1. IT'S TOO EARLY TO INVEST

The transitions from bachelorhood to being married generally help people understand the importance of investing their savings, even if small. Plans give them a starting point. They help to get focused. So starting today, starting with what you have and for what you want today is important. The more you delay the more you'll have to invest. It's important to increase your investments in line with increase in your income. If you do not start small you will never start.

2. MY PLANS MAY CHANGE

Plans change and that's true for everyone. But that doesn't mean you shouldn't plan at all. Suppose you start saving and investing for a master's degree that you wish to pursue, after five to six years but along the way a business idea interests you.

It does not mean your savings in an education fund was a waste. You can direct the same fund into the initial capital to set up the business.

3. I HAVE A LOT OF COMMITMENTS

Most people live with financial commitments be it a home or car loan. Commitments will always be there but that shouldn't stop you from managing your money for your future goals. Start off by analyzing if your commitments make sense at all. If your current commitments are stopping you from saving or investing for the long term, maybe you need to rethink whether all of them are necessary.

4. REAL ESTATE IS THE BEST

Investing in real estate is often reassuring for Indians it's a physical asset and appears to be one of the safest investments.People often invest their lifetime savings into buying a house which concentrates their investments in a single asset or get locked into high EMI's early on in their careers which leaves little room for other investments and expenses.Having all eggs in one basket is not a great idea. Besides real estate is an illiquid asset and may not sell when you want the money not even at a lower price.

5. EQUITIES ARE TOO RISKY

You may have witnessed a friend or relative lose money in the stock market which made a wary of equity investments. But a friend's loss does not mean you must not invest in equities at all. Risk comes from a combination of wrongly defines time frames and inappropriate choice of instruments. Since equities are a vehicle for investors who want to partake in the growth of businesses through listed stock, looking from the long term perspective is important.

6. I WANT THE BEST SCHEME

Typically you would want to buy the best performing scheme to get the best returns. But a scheme that gives the best returns now may not do the same a year from now.It is almost impossible to always get into the performing products at the right time and exit out and re-enter into other performing products at the right other times. Returns from a portfolio don't just depend on how many well performing schemes you have but about a mix of schemes and assets that suit your needs.

7. MY BANK CAN BE MY ADVISOR

It's not uncommon to find people who have been mis-sold insurance policies and other products by bank representatives who are looking to meet targets.The advice comes for free and people fall for it.Not just banks,even large distribution entities have staff with large incentives based on product sale and consequent revenues and hence it is unlikely that they will be transparent about the risks involved.

8. PLANNERS ARE FOR THE RICH

Some planners have standard fees for writing a plan.There are others who charge based on the portfolio size of the client.If you are a new investor and don't have adequate resources,it gets all the more necessary for you to have a robust financial plan to optimize your resources. Financial planners work with multiple segments and don not restrict their services only to the wealthy.

> **"If one or more of the above beliefs deter you from investing right, it's time to shake them off. Remember, making a start is the most crucial.**

ELSS is a tax saving mutual fund. These are saving or investment schemes which invest majorly in equity assets. ELSS schemes are essentially diversified mutual funds. Some of the key features of ELSS are:

- ELSS funds have lock in period of 3 years. Lock in period is better than any other tax saving option
- Tax deduction benefit for Individual and HUF under section 80C of Income tax act up to limit of 1.5 lakhs per year
- Generally give Superior returns than other tax saving options
- Wealth creation in the long run
- Investors can also invest through SIP
- After the lock in period the units can be switched and redeemed

Below are some of the ELSS funds and their returns and allocation:

Scheme Name	Launch Date	3 Years Returns	5 Years Returns	Returns Since Inception (In %)	Large ca Allocation (In %)	Mid cap Allocation (In %)	Small cap Allocation (In %)
Aditya Birla Sun life Tax Relief 96 fund(G)	Mar-96	13.65	20.05	24.57	57	41	3
Axis Long Term Equity fund(G)	Dec-09	13.45	20.56	17.62	78	22	1
Edelweiss Long Term Equity fund(G)	Dec-08	8.47	14.11	16.04	72	22	3
IDFC Tax Advantag (ELSS) fund(G)	Dec-08	13.33	17.19	18.35	60	22	11
Invesco India Tax Plan(G)	Dec-06	12.75	18.59	14.14	81	17	0
L&T Tax Advantage fund(G)	Feb-06	13.39	16.8	13.86	62	28	6
Mirae Asset Tax Saver fund(G)	Dec-15	-	-	18.71	76	22	1

Source : Morningstar India

Data : As on end of December 2018

Credit Risk Funds

If you are looking for Tax efficient option compared to FD, you should also consider Debt or Bond funds.

One of these mutual fund categories is Credit Risk Fund. It gives superior alternative to traditional investments. The average post tax returns are higher than FD's

- Credit risk funds are debt funds which have at least 65% of their investments in less than AA rated paper.
- They generate higher returns by taking higher credit risk and by investing in lower-rated papers.
- Such companies offer higher interest rates and as and when their ratings move up, they offer benefit of capital gains.
- Returns you earn within three years of investment are subject to short-term capital gains tax.

Below are the list of Credit Risk Funds and Illustration showing working of credit risk fund:

Sr No.	Scheme Name	Launch Date	AUM (cr)	3 years (p.a.)	5 years (p.a.)	Since Inception
1	L&T Credit Risk Fund	Oct-09	3,756	7.33%	8.75%	8.13%
2	Aditya Birla SL Credit Risk Fund	Apr-15	7,896	8.05%	-	8.27%
3	ICICI prudential Credit Risk Fund	Dec-10	11,356	7.40%	8.66%	8.54%
4	Reliance Credit Risk Fund	Jun-05	10,580	7.51%	8.58%	7.02%
5	HDFC Credit Risk Debt Fund	Mar-14	17,170	7.42%	-	8.68%

Source : Morningstar India

Data : As on end of December 2018

BOOK POST

Regards,
Himanshu Dani

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