EASY INVESTMENTS

THE FACTS

Your Personal Investment Newsletter : September 2013

MOTILAL OSWAL Solid research. Solid advice.

46/1, Main Road, K.K.Nagar, MADURAI - 625 020. ✆ 0452 - 6544488, 4393337 e-mail: easyinvestindia@gmail.com

Invest with Conviction

Murphy's law says "Anything that can go wrong – will go wrong". That is what precisely happened to the Indian economy. The climax being Rupee scalling Rs.65 plus per dollar. What ever said and done, the morale of all the Indians – be it investors or not were shattered when the once India Shining story was waning. All that is now needed is a bit of clarity on what went wrong and what could happen in future.

India – Darling for Investors:

India was once the darling for investors. Infact, the economy was so sound that in 2009, India out of its surplus cash had bought 200 tonnes of gold and deposited it with World Bank. Flat four years down the line, India seems to be contemplating the idea of leasing this gold and raise about 23 billion USD. Thanks to the series of mis-judgements, mis-calculations and ultimately mis-managements, we have been taken back to those scary 1991 days when India pledged its gold to raise its forex reserves to meet its import bill obligations. We are more or less in 1991 situations, if not worser.

The Rupee Cartel:

When Rupee started crashing with each passing day, there was utter panic - not only in the equity market, but also on the bond market. Infact the bond market had much serious damage than the equity market with government borrowing for a 28 days deposit at 12% (yes – believe it – 12% for just one month). Such was the tight liquidity situation in the market. With India having huge USD based loan repayment (about USD 172 Billion) by March 2014, it seems a Cartel to topple rupee have emerged. With widening current account deficit, monsoon failure, high inflation, elevated interest rates, rising imports & falling exports, India was cornered. And the government was busy fire fighting various issues like scams, they clearly missed out the impending danger in the form of crashing rupee.

The Government wakes up:

When the fire has spread - killing the once roaring economy, Government woke up and started trying one solution after another. Starting from hike in gold Import duty to RBI hiking interest rates, the efforts of the government to address the CAD problem was ineffective. In a bid to attract USD, government cleared as much as 35 FDI at one go. But it had almost nil impact. With few PSU banks downgraded by rating agencies due to probable rise in non performing assets(NPA), rupee started crashing all the way to Rs 65.56 to one USD. And the 10 year Govt of India Bonds (sovereign rated) which was quoting at 7.24% on 3-Jun-2013 rose up to 9.24% on 19th Aug 2013. There was utter panic. All the asset classes in India delivered negative returns.

Gaining Conviction:

No doubt. India is a great country. Temporary glitches in mismanagement, delayed decision making could have slowed down growth. But it is not completely derailed. Following facts would endorse the view:

- Way back in 2008, when sensex was at 21000, Sensex EPS was 833, resulting in PE of 25.12. But today at 18000, Sensex EPS is 1200 with PE of 15. That simply means, you are getting one more chance to invest at much cheaper levels. Once these uncertainities and panic situations receeds, PE gets rerated. And your investments would appreciate with ease.
- Few of the above mentioned facts resulted in detoriation of corporate health. Infact, the Profit after Tax (PAT), EBITA, Asset Turnover and Return on Equity are at 10 year low. But with falling interest rates, falling commodity price, likely fall in labour cost and moderation in rentals, situations are likely to improve in next two to three quarters. This would result in better margin and better asset turnover leading to higher ROE. Only if you keep investing at lower levels like the current situation, you would be able to encash on the opportunity.
- Bulk of FII selling happened only on the bond market and not on the equity market. Infact FII's have constantly been hiking their stake in sectors/stocks of their preference. FII's own 22% of the total 40% floating stocks of BSE 100 companies. In the event of sell off, these stocks with higher FII exposure would fall. Though this can be quoted as a risk, it can also be viewed as their confidence on the quality corporate management.
- We always overestimate the changes that will happen in the next one year and underestimate the changes that will happen in the next 10 years. With elections around the corner, it is obvious that you cannot expect lots from the government. But With huge population, huge consumption and wide geographic terrains, India would in all probability be one of the fastest growing economies. If not a super power, India will definitely be a Global Power. Panic situations (like the once happening now) are mere opportunities to invest. Hold the line - Stay with me – We can Win by just Investing.

BEST PERFORMING MUTUAL FUNDS (as on 21-Aug-2013)	1 Years Annualized Return	3 Years Annualized Return	5 Years Annualized Return	Since Inception Return
Large Cap Funds				
BNP Paribas Equity	6.00	3.85	6.46	15.85
ICICI Prudential Focused Bluechip Equity	2.35	2.77	12.35	10.65
ICICI Prudential Top 100	0.83	2.47	8.07	19.07
Canara Robeco Large Cap+	0.27	3.07	NA	3.07
DWS Alpha Equity	-0.42	-4.09	3.43	20.49
Union KBC Equity	-1.23	NA	NA	-1.84
IDFC Equity	-1.36	-0.26	3.97	6.36
UTI Top 100	-2.57	-0.23	4.61	23.91
ICICI Prudential Top 200	-2.69	-2.21	6.30	13.28
UTI Mastershare Unit Scheme	-3.25	-1.02	6.35	22.53
Franklin India Bluechip	-3.53	-0.21	8.85	21.87
DSP BlackRock Top 100 Equity	-3.54	-0.58	7.51	24.17
Kotak 50	-4.43	-2.27	4.22	16.69
L&T Equity	-4.59	-2.15	8.48	15.61
Principal Large Cap	-4.87	-2.55	7.78	13.26
Sundaram Select Focus	-5.56	-5.16	1.68	20.30
Reliance Top 200	-5.80	-1.65	5.26	3.30
HDFC Equity	-7.86	-4.81	9.04	18.51
Mid and Small Cap Funds				
Franklin India Smaller Companies	4.12	-0.22	9.41	5.40
Franklin India Prima	3.29	-0.35	9.57	18.47
SBI Magnum Midcap	2.60	-2.56	2.18	10.33
IDFC Premier Equity	0.95	0.48	12.89	16.91
JPMorgan India Smaller Companies	-2.12	-1.81	4.28	-4.49
Principal Emerging Bluechip	-2.79	-5.45	NA	23.95
SBI Emerging Businesses	-3.18	4.92	12.34	19.44
HDFC Mid-Cap Opportunities	-5.71	0.53	12.15	7.63
UTI Thematic - Mid Cap	-6.82	-4.68	6.43	14.22
IDFC Sterling Equity	-7.36	-1.89	14.64	11.42
Sundaram Select Midcap	-8.46	-3.38	8.70	26.85
Multi Cap Funds				
L&T Opportunities	NA	NA	NA	NA
Tata Equity Opportunities	0.09	-1.14	5.07	22.34
Kotak Opportunities	-0.39	-2.39	5.74	18.19
Mirae Asset India Opportunities	-0.73	0.87	12.16	9.74
UTI Opportunities	-0.76	3.17	12.77	13.98
Franklin India Flexi Cap	-2.59	-1.87	8.65	14.04
SBI Magnum MultiCap	-4.37	-4.72	2.26	6.11
Reliance Equity Opportunities	-6.40	-0.05	12.71	16.60
HSBC India Opportunities	-8.81	-2.70	2.68	13.01
Dividend Yield Funds				
BNP Paribas Dividend Yield	2.99	0.41	12.15	8.11
UTI Dividend Yield	-7.79	-2.75	9.34	13.84
Principal Dividend Yield	-9.94	-5.33	4.12	8.38
International Funds				
ICICI Prudential US Bluechip Equity	36.65	NA	NA	40.91
Franklin U.S. Opportunities	35.12	NA	NA	32.80
DSP BlackRock US Flexible Equity	32.46	NA	NA	34.74
NASDAQ-100 ETF	25.88	NA	NA	30.95
Tax Saving Funds				
BNP Paribas Tax Advantage Plan	3.60	2.35	6.33	5.76
IDFC Tax Advantage	1.03	-0.05	NA	15.80
DSP BlackRock Tax Saver	-0.64	-2.28	7.05	7.81
HDFC Long Term Advantage	-1.28	-0.94	7.49	22.58
Franklin Taxshield	-1.55	1.96	9.70	23.73
Canara Robeco Equity Tax Saver	-2.14	-0.49	NA	23.49
L&T Tax Advantage	-2.50	-1.64	9.27	10.38
UTI Equity Tax Saving Plan	-2.75	-2.30	4.07	17.80
HSBC Tax Saver Equity	-4.60	-2.36	7.43	5.12
SBI Magnum Tax Gain	-5.65	-1.93	5.15	8.98
Sundaram Taxsaver	-7.54	-4.00	5.12	16.31

Will to Write a Will

Let's be practical. Living for eternity is impossible. Life has got its own limits. Inspite of advancements in medical sciences, changing life style often causes havoc. Hence it is ideal to keeps things simple and prepare for the future – write a will so that the dependents would find it easy to transferring your hard earned wealth.

Many might assume that they have adequate time in front of them to write a will. But whenever you enter the asset accumulation stage – be it financial or non financial asset, it is high time to write a will. And the will comes into life only after your life.

Characters of a Will:

- Will is the ultimate wish of an individual. Both Men and Women in their individual capacity can write their will, in any language.
- Drafting a will is usually done by an experienced advocate or Chartered Accountant. Understanding your needs, expectations and wishes are crucial to drafting your will. Hence you need to be transparent with them, if you need to write a sound will.
- Writing a will is confidential. It is your wish on who should inherit which of your assets. If you discuss the contents of your will with the beneficiaries or the will is drafted under their influence, and it is proved in court of law – then the will becomes invalid ! Even the witness of the will should not know the contents of the will.
- Registering a Will is another major subject with its own pros and cons. Though any Will be it registered or unregistered, be it on bond paper or on plain paper is valid by court of law, a complete will would mean it is a registered will. It has its own merits.
- As time passes by, you keep accumulating more and more wealth. Sometimes, you would have disposed off your existing assets. Hence the need to keep updating your will is essential. This process of amending (called codicil) may need to go on for your life time.
- Having drafted a will, it is important to store the will in a suitable place which is know to your well wishers like Chartered accountants, Advocates or family friends.
- Sometimes, we forget the place where we stored the earlier will and may draft another altogether new will. Though we might have thought of cancelling the earlier will, but often due to laziness we donot take the effort to trace this will and do the needful. When both these will's are discovered, the latest will comes stands valid – but can be challenged legally in court of law.

All those who have read this article – it is high time you write a Will. That's why you took so much interest and read through this article. Do not postpone, Do not hesitate. Go ahead and write your will. You can amend it with more information tomorrow. But take the first step today.

Effective Money Management Tips

It is common for all investors to invest in more than one investment option. That is typical "Don't put all eggs in one basket' – risk diversification technique. Perfectly fine. But in many occasion, we invest in too many baskets, that at one point it becomes difficult to manage.

Nonetheless, the return on investment also decreases as the diversification increases beyond 'certain limits'. Though each one of us could have committed this 'mistake' unintentionally, it is ideal that we admit these misgivings and steer back on track so as to maximize the investment returns.

- Some mutual fund investors hold more than 50 different schemes and equity investors hold on to more than even 100 stocks. Investing in too many schemes/stocks may be because of not having conviction while investing. Though it is safe to invest little in the first instance – to test water, a regular review of your investment portfolio would indicate the growth potential of the investment. If the return on investment is as per your expectation, then hiking the investment on these successful schemes would make sense..
- We invest to generate good return. It is ideal to take one serious look at your portfolio and weed out / sell off / redeem all those investment options which are not delivering returns as per your expectations. Probably you could reinvest this capital in some other option which would generate better investment options.
- Many investors might find it difficult to maintain their portfolio – since maintaining investment dairy may look like a lousy idea. But that is the way it has to go. If not a physical dairy, maintain your investments through suitable investment websites. In many situations, Investment advisors / demat service providers would provide you with online login by which your upto date investment portfolio would be available online. That saves lots of our time along with accuracy. If you are not tech savvy, no other option – go for the paper and pen option. And such records come in handy during transmission of these investments.
- Investors are used to invest through too many sources – agent / broker / advisor / banker. Though there could be obligation on your part to reciprocate some of these sources, when it comes to consolidation and reporting, it is a real head ache. It would be advisable to deal with those people who would provide all these services – advisory, execution, portfolio tracking and reporting. And this person has to be accessible and be personalized to suit your needs. Otherwise, you may go cracy in crucial times like tax returns filing.
- It would be ideal to draw an investment plan and stick on to this plan and build your portfolio. It is as simple as constructing a building. It would take time. You need to lay a strong foundation, then raise the pillars, walls, then lay the centring / cealing and do the elevation works to make it look elegant. Constructing a building without a plan would result in unstable, awkward structure which could crash any time. Similar is the process of building a beautiful portfolio. Just like engineers who construct your buildings, knowledgeable investment advisors are experts in building a suitable investment plan. They constantly update their investment knowledge and advise you based on prevailing market conditions. Avail their expertise. Passionate people can build a beautiful portfolio.

High Value Transactions – Automatic Data Flow (ADF)

Some of us could have received notice from Income tax department requesting us to provide details of transactions like credit card usage, cash deposit etc. Though our CA's take care of these issues, it is important to understand the background of such adhoc notices.

Since 2010, RBI has implemented ADF to ensure submission of correct and consistent data from the banks straight from their systems to Reserve Bank without any manual intervention. Hence if you had made a cash deposit of more than 10 Lakhs in one full year in your back account, this information is automatically reported to RBI. Don't blame your bank manager for such reporting. It is beyond his control.

Following are the transactions which are under ADF. If you fall on any of these category, better be prepared to answer any query from IT and stay cautious in future to avoid any such issues:

- Cash deposit of Rs.10 Lakh and above per annum per bank account.
- Credit card bill of Rs.2 Lakh and above per annum per credit card.
- Mutual Fund Investments of Rs.2 Lakh and above per folio (scheme) per annum.
- Investments in Bonds / Debentures of Rs.5 lakh and above per annum.
- Investment in Share IPO for Rs. 1 Lakh and above per annum per company.
- Purchase / Sale of property for Rs. 30 Lakh and above per annum.
- Investment in RBI Bond for Rs. 5 Lakh and above.

Numbers speak better than words

What would you prefer, if investing in the same mutual fund, for the same duration but by different investment method delivers different return on investments? Not only you, every one of us would go for the investment method which delivered higher investment returns. In good old days, investors are conversant with investing in those schemes which delivered better returns in the past. Nothing wrong with it. But with growing complexities picking the winner is very difficult. Hence you would need advanced investment tools to generate superior investment returns.

Understanding these hidden needs of investors EASY Investments had developed Investment strategies which are easy to understand and effective in delivery. Following table would clearly prove the case. For instance, an investment in ICICI Prudential Discovery delivered 17.59% per annum for 5 years against 5.84% delivered by the fund. And the beauty is you get this exceptional returns by investing lesser money !!! PERPLEXED. It is high time you provide us with an appointment to let us explain this novel concept in great details. Else you may miss out wonderful opportunities of easy money making. Do call us today.

Emotionless Investing : VIP	Price on 1-Jan-08	Price on 4-July-13	One Time Investment	Current Value	Profit	Absolute Return	Annualized Return	VIP Investment	Current Value	VIP Profit	VIP Absolute Return %	VIP Annualized Return %
Reliance Equity Opportunity Fund	32.04	39.85	670000	833418	163418	24.39	4.43%	340546	659748	319202	93.74	17.01%
SBI Emerging Business Fund	50.26	53.37	670000	711440	41440	6.19	1.12%	258029	673118	415089	160.87	29.20%
ICICI Prudential Discovery Fund	38.96	51.5	670000	885652	215652	32.19	5.84%	336741	664197	327456	97.24	17.59%
Sundaram Select Midcap	153.19	157.42	670000	688480	18480	2.76	0.50%	399950	668586	268636	67.17	12.19%

For more information : Contact EASY Investments @ 9944193339. Email: easyinvest@gmail.com. Website:www.easyinvest.co.in

Investors needs to note that the returns generated out of equity investing is subject to market risk. All that we try to do is minimize the risk and maximize the returns based on suitable risk management strategies. Also note, VIP Investments is designed and practiced only at EASY Investments.

Facts about Tax Savings:

Investing to save tax is common among investors. By investing in tax saving options, you save your taxes and get back your capital invested with returns. Infact many investors invest purely because they get some tax break. And tax planning / tax saving investments are made during the 11th hour that we hardly have any time to look into the fine print of these schemes. One among the vital information that is often missed is the tax treatment of interest (earnings) and the tax treatment of the maturity proceeds. To put it simply, not all tax saving investment options have the same tax treatments – they vary.

Exempt Exempt Excempt (EEE): If you invest in the EEE schemes, you get tax EXEMPTION at the time of investment upto Rs.1,00,000 (U/s 80C), the returns you get out of the investments are EXEMPT from tax and the maturity proceeds are also EXEMPT from tax. PPF scheme, 10 Years Post office SB A/c, ELSS schemes of Mutual Funds, Insurance and ULIPS enjoy EEE.

Exempt Exempt Tax (EET): Here at the time of investing you get tax EXEMPTION, the returns compounded on the scheme can be taken as reinvestment and can again be EXEMPT, but the maturity proceeds (both the principal and the returns compounded) are fully taxable. That means you have simply deferred the tax – instead of paying your taxes today, by investing you have postponed the tax to a future date. Your post office National Savings Scheme (NSC) and 5 years FD in Bank for tax saving fall under the category of EET.

Deductions for Savings / Deductions for Expenses: Tution fees paid, home loan principal repaid and stamp duty and registration charges are in literal terms expenses – since you donot get it back after a duration with returns. But being mandatory expenditures, Section 80C benefits have been extended to these schemes too.

Designed & Printed by Ana.R.Moneygandan, Chennai - 96. **Cell: 9962522933**

EASY INVESTMENTS 1st Floor, "Janani Apartments", 80 Feet Road, K.K.Nagar, MADURAI - 625 020. Phone: **6544488, 4393337** e-mail: easyinvest@gmail.com