



Foundation of Independent Financial Advisors

— Feb 2019 —

What's New?

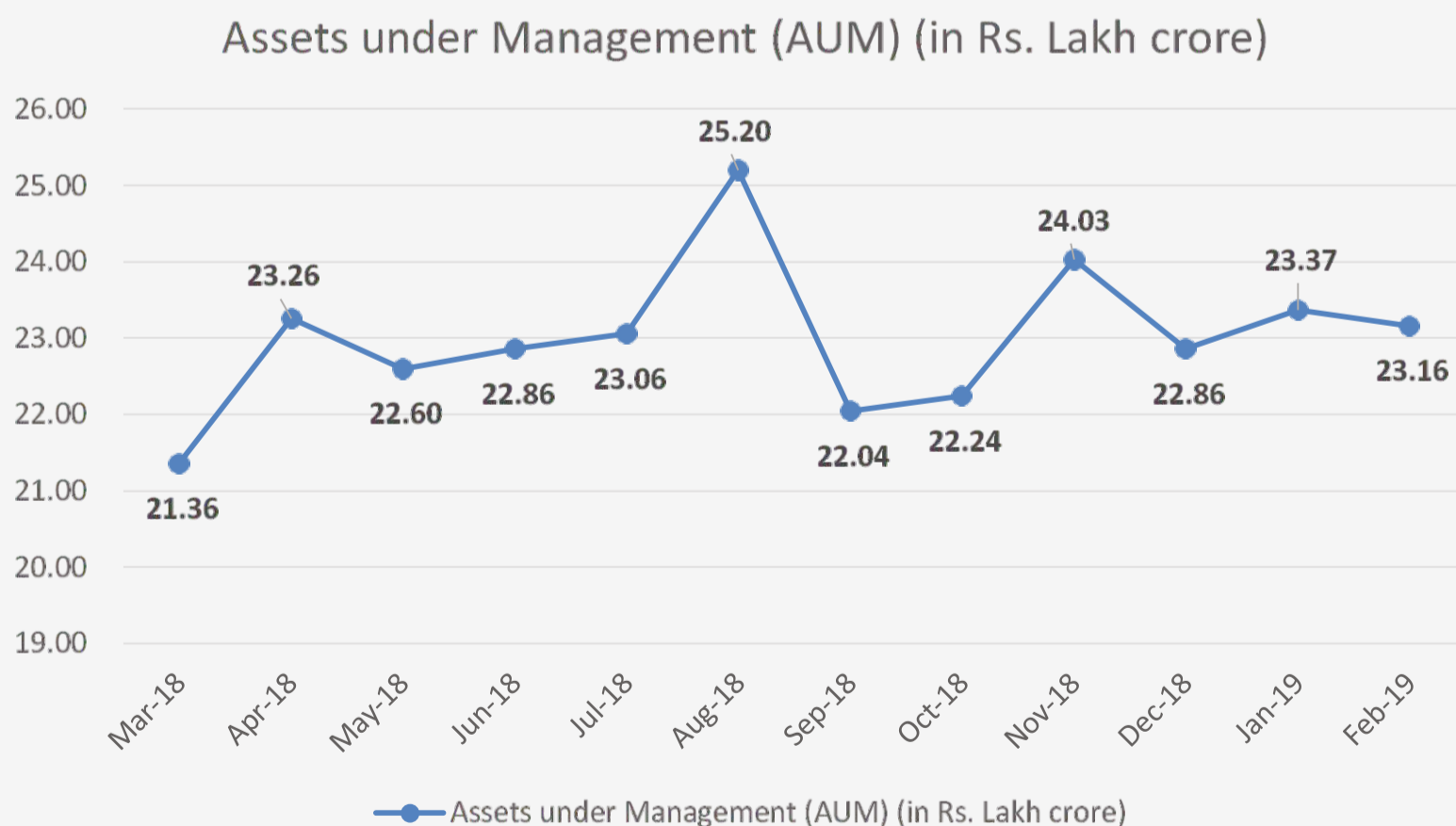
○ Market Performance during February 2019

While most of the major global markets have been positive during the month, Indian markets were subdued on account of domestic reasons. The investors have been staying cautious of the upcoming General Elections and amidst the spike in the geopolitical tensions with Pakistan, the equity markets ended the month with marginally negative gains. S&P BSE Sensex and Nifty50 have given returns of around -1.1% and -0.4% respectively during the month of February 2019.

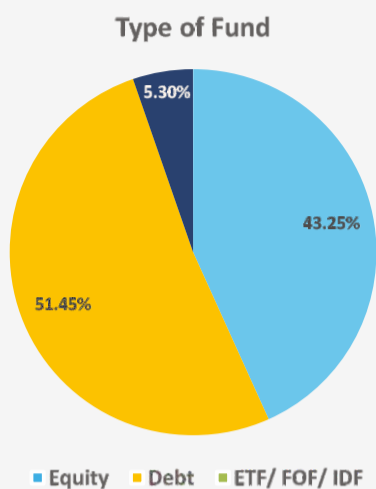
Continuing with its underperformance over the year 2018 with -29% returns, Nifty Smallcap Index once again gave negative returns of 3.2% to the investors during the month. The 10-yr benchmark G-sec yield has been 7.41% as at the end of February 2019, as compared with 7.28% as at 31st January 2019, thereby showing an increase of 13 bps over the last month. Even the 10-year credit spreads for an AAA-rated entity sequentially increased from 99 bps as at Jan-19 end to 105 bps as of 28th February 2019. However, amidst all the negative news, the improvement in FII inflows and weakness in USD helped the Indian currency appreciate by 0.7% over the month and INR ended the month at Rs. 70.7 per USD.

While the recent surgical strikes led to the rise in geopolitical tensions with Pakistan, it also highlighted the Govt.'s intention and ability to take strong actions for the Nation. As such, India's long term growth outlook continues to be positive, but at the same time, the outcome of General Elections would be keenly watched. The recent underperformance of the Indian markets has made the valuations much more reasonable than the last year. As such, the clients can be advised to invest in the equity markets through SIPs, as such staggered investments absorb the volatility to a large extent. SIPs in midcap and smallcap schemes can also be considered for investment with long term horizon.

○ AUM Movement over the last 12 months



AUM Composition as at February End



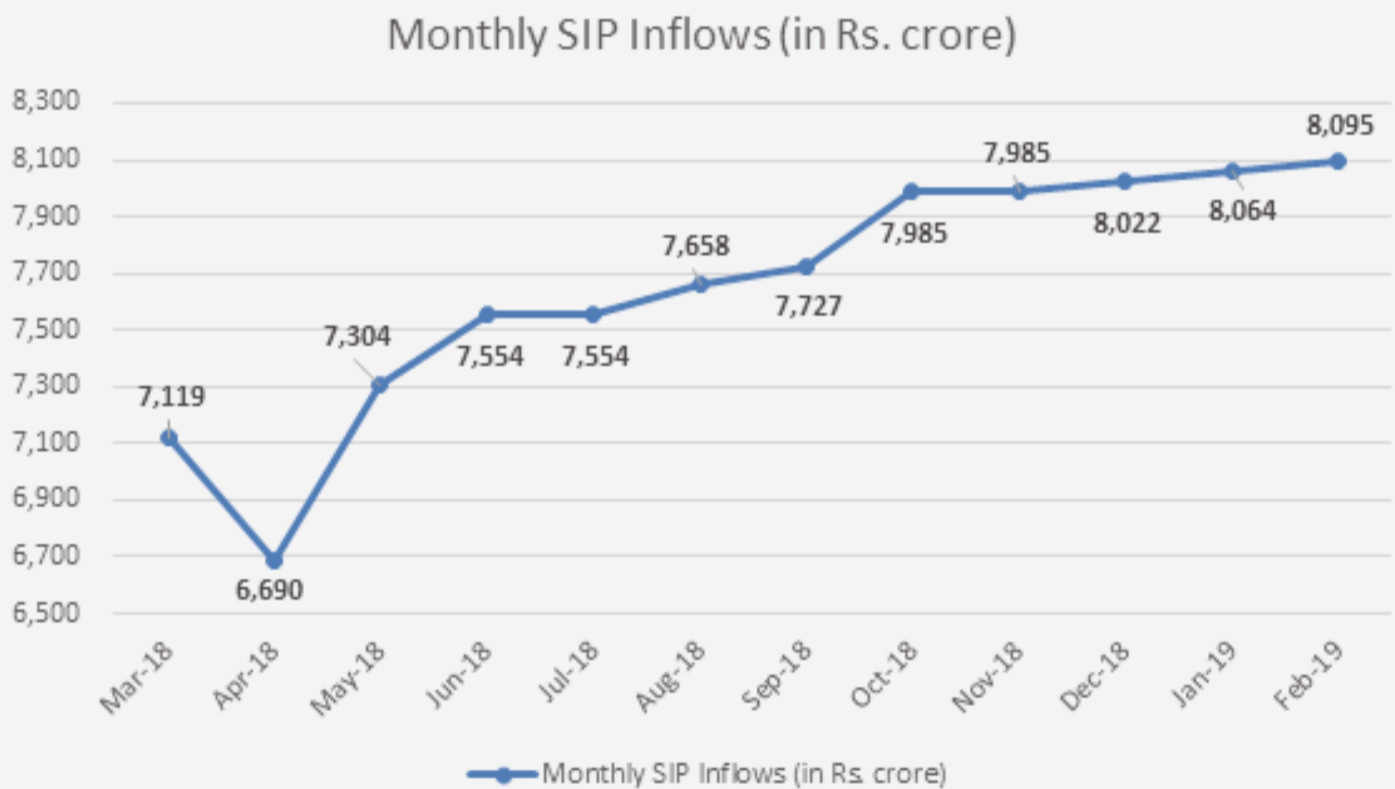
How has the AUM changed over the last month?

(All figures in Rs. lakh crore)

Particulars	AUM as at 31-Jan-19	Net Inflows/ (Outflows)	Increase/ (Decrease) due to market movements	AUM as at 28-Feb-19
Equity	10,05,755	3,563	(7,353)	10,01,965
Debt	12,14,709	(28,872)	5,857	11,91,694
ETF/ FOF/ IDF	1,16,654	5,226	864	1,22,744
Total	23,37,118	(20,083)	(632)	23,16,403

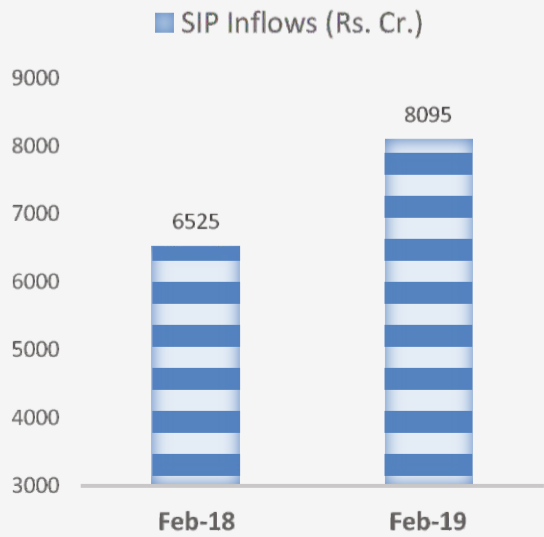
SIP Trends

SIP Trends

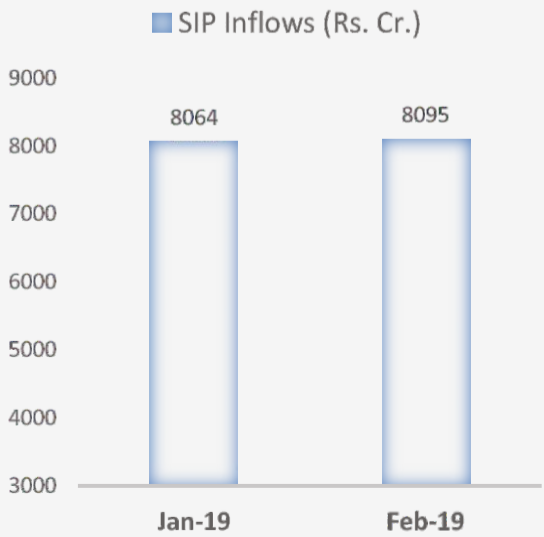


Growth in SIP Inflows

FEB-19 V/S FEB-18



FEB-19 V/S JAN-19



FIFA Welcomes New Members

M TYPE	MEM. NO.	TYPE	Member/Organization	LOCATION
General	O1909	Ind	Radha Sarvesh Sinai Narvencar	Goa
General	O1910	Ind	Diptilata Behera	Odisha
General	O1911	N.Indv	Aarush Investment Solution	Odisha
General	O1912	N.Indv	Thirukochi Financial Consultants Pvt Ltd	Kerala
General	O1913	N.Indv	Trivedi Investment	Gujarat
General	O1914	Ind	Sachin Digambar SakhareT	Maharashtra
General	O1915	Ind	Ashish Vijay Bhanarkar	Maharashtra
General	O1916	N.Indv	Deep Investment	Maharashtra
General	O1917	N.Indv	Smart Money Financial Services	Maharashtra
General	O1918	N.Indv	Great Consultants	Maharashtra
General	O1919	Ind	Ekta Harsh Gupta	Maharashtra
General	O1920	Ind	Sameer S Nemavarkar	Maharashtra
General	O1921	N.Indv	Hardik Jatin Mehta	Gujarat
General	O1922	N.Indv	Gautamlabhdi Wealth Management	Maharashtra
General	O1923	N.Indv	Alphabet Capital	Chhattisgarh
General	O1924	Ind	Shila Pithabhai Kanara	Gujarat
General	O1925	Ind	Komal Rohit Shah	Gujarat
General	O1926	Ind	Sarhi Leverage 2 Investment	Gujarat
General	O1927	Ind	Punjani Wealth Management	Gujarat
General	O1928	Ind	Daxaben Jayeshbhai Pattani	Gujarat
General	O1929	Ind	Shah Investment	Gujarat
General	O1930	Ind	Brijeshkumar Chandrakant Darji	Gujarat

Upgradation of Members

M TYPE	MEM. NO.	TYPE	NAME OF ORGANISATION / IFA	LOCATION
General	O209	Ind	Amit Chandrakant Sheth (Upgraded from General to Life on 26th Feb 2019)	Maharashtra
General	L35	N.Indv	Shah & Shah Finsol Pvt. Ltd (Upgraded from Life to Founder on 26th Feb 2019)	Maharashtra
General	L42	N.Indv	Shalibhadra Master Investment Brokers LLP (Upgraded to Founder member on 26th Feb 2019)	Gujarat

5TH Annual Event Highlights

- FIFA's 5th Annual Conference was held on 8th February, 2019 at The Lalit, Mumbai which was attended by 472 of India's leading IFAs spread across 90 cities.
- The days proceedings started with the National Anthem and Lighting of the Lamp followed by FIFA's Chairman, Mr Dhruv Mehta's address to the members.
- He gave a quick update on FIFA's activities in the recent past and the Road Ahead was for members to Be not only Independent but also Excellent Advisors.
- This was followed by a Keynote address by Hon. Minister of Textiles, Smt. Smriti Irani. Five of FIFAs own members then shared their own Success Stories. We then had an External Speaker, the Founder of BookmyShow sharing their journey followed by Panel Discussions on the Debt and Equity Market.
- The Panel discussion on Equities and Debt were very educative and insightful for our members and will go a long way in shaping the suitable and appropriate advise to their clients in the current volatile environment. The Moderator's were able to extract pearls of wisdom from the panelists.
- The conference concluded with Mr. Rakesh Jhunjunwala interview on equities by Mr. Madhu Kela which was telecasted live on ET Now.



Just before the **5th annual event** begins



Dhruv Mehta,
Chairman, FIFA
giving a welcome
address to the
attendees



The Chief Guest of the
event Smt.Hon. Smriti
Irani, Union Minister,
Government of India
addresses the event
attendees



The Debt Panel moderated by Santosh Kamath, Franklin Templeton. Panelists: Bhushan Kedar from CRISIL Ltd, Amit tripathi from Reliance MF, Lakshmi Iyer from Kotak MF, Maneesh Dangi from Aditya Birla Sunlife Mutual Fund, Suyash Chowdary from IDFC MF and Amit Bhosale, ICICI Prudential MF

On 23rd February, 2019 Mr. Sanjay Khatri conducted two Sessions in Godhra & Ahmedabad which was attended by many IFAs.



On 24th February, 2019 Mr. Sanjay Khatri did a session in Palanpur which was attended by large number of IFAs..





Smt. Hon. Smriti Irani, Union Minister, Government of India shares a picture with the core team of FIFA



Rakesh Jhunjhunwala, Investor and Stock Market Guru in conversation with Madhusudhan Kela



The equity panel moderated by Raamdeo Agarwal, Motilal Oswal. Panelists: R. Srinivasan, SBI MF, Soumendra Nath Lahiri, L&T MF, Pankaj Tibrewal, Kotak MF, Chetan Setelvad, HDFC MF, Neelesh Surana, Mirae MF

Other Events

On 22nd February, 2019 Mr. Sanjay Khatri conducted Session in Bharuch which was attended by large number of IFAs.



On 25th February, 2019 Mr. Sanjay Khatri did a session in Baroda which was attended by many IFAs..



Quiz

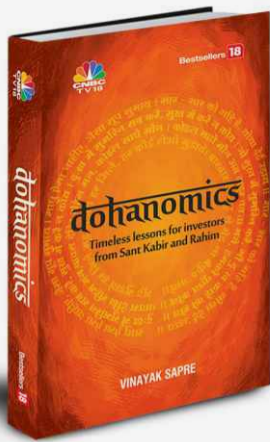
- Q.1 - Systematic Transfer Plan (STP) can be registered only for transfer of investment from debt funds to equity funds.
A) True B) False
- Q.2 - There is a lock-in period of 7 days for investment in liquid funds.
A) True B) False
- Q.3 - Fixed Maturity Plans are close-ended mutual funds.
A) True B) False
- Q.4 - SWP stands for:
A) Small Wealth Plan B) Systematic Withdrawal Plan
C) Significant Wealth Proposal D) Serial Withdrawal program
- Q.5 - The investments through SIP cannot have any exit load.
A) True B) False

Ans. Q.1 - B), Q.2 - B), Q.3 - A), Q.4 - B), Q.5 - B),



Let’s wait for a while, Abhi aur girega

Vinayak Sapre



It is a very common answer these days, whenever a conversation strikes to put surplus money in the market. This conversation happens mostly with the existing investors who have not seen positive return in the last 18-24 months. It is a common nature that people like to participate more when they see positive returns if not decent returns.

This, ‘Let’s wait for a while’ has a big impact on the advisors as well and this goes viral. And if markets start falling then the verdict gets even stronger against investing, ‘Wait, abhi aur correction aayega’. Market bounces back, crosses the previous high i.e. the level where ‘Let’s wait for a while’ had started. Sentiments start becoming positive, people start with little participation and go all out when it reaches to the top and we all know what happens there after. This a very common story of a common investor.

Let us look at how much weight this wait carries:

Let us assume that market corrects 30%, 20% and 10 % respectively for an existing investor whose equity mutual fund portfolio value is Rs. 1000000 i.e. 10 lakhs and three investors put another 3 lakhs assuming that investment post correction will earn them 15% CAGR. Let us assume that 30% correction will happen over one year, 20% correction will happen over 6 months and 10% correction will happen over 3 months, so how their portfolio will look like, six years down the line, vis a vis the investor who puts 3 lakhs now and earns 12% CAGR?

Investor No.1	Value of Existing Investments on 1st Mar 2019	Rs. 1000000
Investor No.2	VOI after 30% correction on 1st Mar 2020	Rs. 700000
Investor No.3	VOI after 20% correction on 1st Sept 2019	Rs. 800000
Investor No.4	VOI after 10% correction on 1st June 2019	Rs. 900000

Let us look at how the picture looks like when the additional investment of 3 lakhs is made and the VOI thereafter.

Table No. 1

Additional Investment	300000	300000	300000	300000
Total	1300000	1000000	1100000	1200000
Investment date	NOW	1 year later	6 months later	3 months later
Rate of return	12%	15%	15%	15%
VOI on 1st March 2025	25.66 Lakhs	20.11 lakhs	23.72 Lakhs	26.8 Lakhs

To earn more than by investing today @12% over six years versus assuming 15% CAGR, only in one scenario WAITING helps. Equation will be no different for new investors as well.

Time and again we have seen ‘Experts’ being proven wrong in predicting the markets. As an investor, Do I really need to care for correction if I am investing for long term? Well, the data doesn’t suggest so.

In the words of legendary investor Peter Lynch, “Far more money has been lost by investors preparing for corrections, or trying to anticipate for corrections, than has been lost in corrections itself.”

जिन ढूंढया तिन पाइयां, गहरे पानी पैठी ।

मैं बैरा बूडन डरा, रहा किनारे बैठी ॥

If one wants to create wealth, instead of sitting on the fence he needs to participate.

Disclaimer : The above article is only for information purpose and should not be constued as an advise.

How to buy the right term insurance plan

By Risabh Parekh

The right time to buy a term plan is when you have someone depending on you financially like your parents or a sibling and the second-best time is today. The amount of life cover can be worked out either by using the complex calculations or by following a simple thumb rule of buying a cover equivalent to ten times of your yearly income. Life insurance cover is one of the best thing you can do to protect your family in case of any emergency and there is nothing better than a good term insurance plan. The term plan offers you a good amount of insurance cover at a very nominal price because it is a plain vanilla product but still people make many mistakes while buying it thereby putting their family's well-being at risk.

Let us understand the important tips before buying a good term insurance plan and what mistakes to avoid:

Premium & Death Benefit

Awareness about having a good term insurance plan has increased manifold, but still there are many who keep worrying about the return on a term plan. As you know, a term plan offers you a cover in case of death but in case if a person survives the entire duration of a term plan then there is nothing which will be paid in return and the said term policy will get terminated on maturity.

Though there are options which offers you “Return of Premiums” in case a person survives the maturity but it comes at an additional premium and practically it doesn't make sense to go for this option because if you look at the time value of money i.e. return of the premiums paid till maturity, then the math does not add up to provide you the benefit. The additional cost you pay for this option can be invested elsewhere to optimise the overall returns, so always go for a pure vanilla term plan without a return of premium option.

When is the right time to buy a term plan & how much cover is needed?

Well, the right time to buy a term plan is when you have someone depending on you financially like your parents or a sibling and the second-best time is today. Likewise, with the increase in your liabilities and dependents like getting married, having kids or going for a home loan etc. requires you to suitably increase your cover at every stage of your life. The amount of life cover can be worked out either by using the complex calculations or by following a simple thumb rule of buying a cover equivalent to ten times of your yearly income.

But what I have observed over the years is the fact that people end up investing lot of time in deciding the right amount than actually buying it or taking care of the other important factors. Yes, one should always be careful and need to do due diligence before buying a term plan but one should not invest too much time in planning. For example, say Sanjay, who earns anywhere between Rs. 10 lakh and Rs. 20 lakh, follows a due diligent process and buys a right cover. But if Sanjay spends most of his time in deciding than actual buying, he may be a victim of paralysis by analysis leading to any emergency which may happen during that time where he doesn't have a cover or the cover was insufficient. So, in this case, what Sanjay should do is buy a decent cover of at least Rs. 1 crore soon.

Should you buy multiple policies from different insurance companies?

There is again a good number of people who end up buying term plans from different insurers, for example you would find people buying 4 different policies of Rs 25 lakh from 4 different companies or for Rs 50 lakh from two different insurers to ultimately buy a cover of Rs. 1 crore. But ask yourself the reason as to why people resort to this tactic? Well, the common notion among people is the misconception that if one insurer won't honour the claim, others may. In reality, if one insurer doesn't honour your claim, why would the other company do because the reasons for rejections will be same in most of the cases.

So, the logic of diversification doesn't work here the way it works with other investment products because term insurance is not an investment plan but a protection plan. If at all you are not able to control the urge of buying a term plan from multiple insurance companies then do not go beyond two insurance companies, just imagine a situation when you are gone and your family has to run from one insurer to another for registering a claim, that's the last thing you want them to go through apart from the emotional trauma in case of your absence.

Do you need a rider with a term plan?

Well, the best practice is to buy a term plan which is free from any “if and buts” and adding any rider along with your term plan will add complexities and comes with certain conditions, always. Though, there is no issue in adding a rider as such like an accidental or a critical illness rider by paying a nominal add on premium towards it but as said, keeping your term plan very simple works better and you can always go for a separate policy on critical illness or any other rider.

What should be the term of your policy?

Again, this is an area where people end up buying more out of emotions than logic, like higher the term, better, because one day they will die, so claim will be paid eventually. People buy term plan for as long as 40 years and there is policy which comes cashing on this sentiment which offers cover till 100 years of your life.

Well, look at this like this, you want to protect your family in your absence so having a good coverage in the initial phase of your life is very critical because you don't have the kind of wealth you need to support your family in your absence, hence the dependency on an insurance plan. But slowly and gradually you have to focus on creating real insurance, real asset which works as an insurance and not policy papers. So, let me ask you, would you buy an insurance policy to protect your family in case you already have say 10/20 crore or inherited assets running in to multi crores? I believe, you may not buy a policy at all, isn't it?

Though it does not mean that those who are rich or super rich don't buy life insurance, in fact they may buy a much higher cover but in either case that term has to be decided based on the assets you would create and in what time along with your financial responsibilities and things at stake. You may not want to leave your dependents with large number of policies rather you want them to be secured by

...Contd

leaving solid assets spread across equity, real estate, fixed investments etc. So, in case if you are in your 30s then buy a plan till you want to retire say 50 or till 60 years and aim to create real asset base in the meanwhile. So, based on the stage when you can amass that level, term should be decided, it can always change with the time and changes in your goals or responsibilities.

Nomination & Claims settlement

Almost everyone takes care of the nomination process while buying a term plan but have you ever thought that in case of your untimely death, your dependents who will be under huge emotional trauma have to run from pillar to post in collecting documents and lodging a claim. Make sure that you should inform your insurance policy details to your immediate dependents and also someone close like your best friend or a close relative whom you can trust that he or she will be there to support your family in getting the paperwork etc. done while you are not there, this is very important.

Which insurance company to buy from?

This is one of the most important parameter and almost everyone looks at the claim settlement ratio but what you need to note is that the claim settlement ratio changes every year and though it is one of a good indicator in deciding which company to buy from, there are other important things you need to be careful too. Please note that all the insurers are governed by the IRDA i.e. Insurance Regulatory Authority of India which makes sure the solvency of these companies. But yes, going with the trusted known brand with a good track record is always good, just don't end up buying based on how low premium is being charged by an insurer or any other marketing gimmicks, take your call judiciously.

Disclose the right information!

Make sure to provide exact details while filling up the proposal form as any inaccurate details discovered after lodging the death claim may put your claim for a toss. Details about health status like a medical condition affecting your life, or habits like smoking or drinking has to be clearly shared.

Follow these tips and buy the right plan!

Rishabh Parakh is the founder & chief gardener of Money Plant Consultancy

Source: CNBC Tv18

Woman's Day special

"Adviser Talks " - An initiative by ICICI Prudential Mutual Fund & Morningstar featuring Nisreen Mamaji

Celebrating the success of Women in financial advisory space, ICICI Prudential Mutual Fund hosted a live Facebook video session with Nisreen Mamaji of Money Works Financial Advisors on International Women's Day 2019. Sharing her journey across the times, Nasreen recalled how she had to conquer the glass ceilings in the male-dominated profession and steer through her own way to gain and retain clients. In the world where women allow Men in their lives to control their financial lives, she also talked about the significance of women taking the charge of their finances.

Women are known to reflect patience in their decisions, be it waiting for the boiling milk or watering the plant daily to let it grow over time and this virtue is what we expect from a long term investor – to stay patient across times and staying committed to the tasks to be done. At the same time, women also tend to be risk averse and thus continue investing in traditional investment products. Mutual funds have been offering a variety of investment options even for such investors who can choose to invest in debt funds or conservative equity funds. Talking about the demographic traits, women have higher life expectancy than men and thus, due importance needs to be given to succession planning. With the talk, Nisreen just reinforced a sense of empowerment showcased by women who have been excelling in every field they venture into.



“ Nisreen Mamaji of MoneyWorks Financial Advisors chats with Ravi Samalad about how women take charge of their finances ,,

Helping Women Investors Plan their Financial Future Better

More often than not, one would find the Men in the family do all the discussions regarding the finances and also take most of the important financial decisions. However, off late, the tide is turning, and the financial matters are getting discussed with the ladies of the house. However, traditionally staying away from financial matters, women tend to portray several inherent traits, impacting their financial and investing decisions.

Here is how financial advisors can help women investors plan their financial future better:



Asset Allocation

While they must be inclined towards investing in gold, advisors must advise them to maintain a prudent asset allocation strategy, comprising of different asset classes, including equity, debt, gold, etc.



Risk Profile

The portfolio may be skewed towards fixed income investments, thereby reflecting a conservative risk profile. Portfolio planning may be suitably devised so as to have a balance between the risk profile and portfolio.



Financial Discipline

While the ladies of the house may be saving regular amounts from the monthly budgets, such savings may not be getting invested anywhere. As such, the advisors may encourage them to register Systematic Investment Plans (SIPs) to help them accumulate a healthy corpus over long term.

All Members are requested to update their email IDs and cell numbers on telegram and database. Also, please provide the GST Number. All those Members who have not paid the Annual Fee are requested to do so at the earliest for both 2017-18 & 2018-19.

Your contribution towards this newsletter is solicited. Please share your views on events that you at your end.

Mail to response@fifaindia.com

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