



# Foundation of Independent Financial Advisors

— Sep 2018 —

# What's New?

## Monthly SIP Inflows

Markets have continued to consolidate with bullish sentiments in the month of August 2018 as well. This month continued to ride the optimism around the investments in Mutual funds, especially through SIP route. During the month of August 2018, an amount of Rs. 7,658 crores has been invested through SIPs which is 47% higher than the amount of Rs. 5,206 crores collected in August 2017. Even on a sequential basis, the SIP inflows were higher by around 1.4% than the SIP inflows in July 2018. Retail investors have continued to reflect their investing preferences for systematic investing and the statistics stand testimony to this fact. Around 50.35 lakh SIP accounts have been added during the first 5 months of FY 2018-19 with average SIP amount being Rs. 3,200.

## Equity Market Performance during July 2018

Credit rating aims to reflect the credit quality of the issuer company. Just like the credit score of an individual reflect the credit risk of the individual on the basis of existing debts and repayment history, the credit rating of the company will highlight the credit risk involved in investing in the fixed income securities of such companies and the probability that they might not honor the interest and principal payments on time.

Credit ratings are issued under various grades like AAA, AA, A, BBB, BB, B, C, D etc. wherein the credit risk increases as we move across the rating pyramid from AAA to D. AAA rating is considered as the safest credit rating from the investors' point of view and D rating denotes that the company has already defaulted on the payment obligations for its fixed income securities.

## AUM Data - Investments in Mutual Funds

Whether the bonds are being issued for the first time, the coupon rate is fixed after considering the credit risk spreads as well. A security with lower credit risk is bound to give a lower yield to the investor, as compared to a security with higher credit risk. Even when the securities have been issued at a fixed yield, the present yield will be governed by the present interest rate scenario and also the credit quality of the issuer. As the perceived credit risk increases reflected by a credit rating downgrade, the credit risk premium also gets higher so as to compensate the investor for taking higher risk. This translates into higher yield for the investors and lower valuation of the securities, as yield and price are inversely proportional. That is the reason, why the debt funds invested in IL&FS securities have seen a mark-down in their portfolio in line with the proportion of their holdings. Similarly, when a credit rating is upgraded, the portfolio valuations get adjusted upwards, factoring in the lower credit risk premium for the upgraded rating.

## How to Manage the Credit Risk?

Debt funds manage the Credit Risk by maintaining a diversified portfolio of the fixed income securities with varied credit ratings. Further, most of the debt funds also maintain their internal ceiling limits as well in terms of maximum exposure to one issuer, so as to eliminate the concentration risk. Investing across the spectrum of credit ratings ensures that the portfolio maintains a suitable risk-reward ratio.

# Debt Funds and Credit Risk

The recent rating downgrade of IL&FS (Infrastructure Leasing & Financial Services Ltd.) has again put the spotlight on credit risks in debt funds. Since credit risk comes inherent to the fixed income securities, it becomes imperative to be aware of credit risks and how it impacts the debt funds in your portfolio.

## ○ Returns through Interest Accrual

Credit risk is the risk of default in the payment of principal and interest by the company issuing the fixed income securities. There might be a probability that the company may not be able to honor its servicing obligations on time. Credit risk precisely is equivalent to the probability to default and is gauged by the Credit Ratings issued by Credit Rating Agencies. Lower such probability to default, lower the credit risk.

## ○ Returns through Interest Rate Movements

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## ○ Impact of Changes in Credit Risk on Valuation of the Debt Portfolio

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# FIFA Welcomes New Members

M TYPE	MEM. NO.	TYPE	NAME OF ORGANISATION / IFA	NAME OF MEMBER	LOCATION
General	O1554	N.Indv	Lakshmi Enterprises	Meenakshi Singhal	Ahmedabad
General	O1555	Indv	Dinesh Mahesh Dixit	Madhu M S	Jaipur
General	O1556	N.Indv	K Shri Investments	Dinesh Mahesh Dixit	Adoor
General	O1557	N.Indv	Dhanashree Investment	Sheela Rahul Birla	Bhusawal
General	O1558	Indv	Girish Ashok Kulkarni	Sonje Dhananjay Vishwanath	Jalgaon
General	O1559	Indv	Komal Prakashchand Jain	Girish Ashok Kulkarni	Dhule
General	O1560	Indv	Subodh Bhagwandas Varma	Komal Prakashchand Jain	Bhusawal
General	O1561			Subodh Bhagwandas Varma	Bodwad
Life	L138	N.Indv	Omega Financial	Ziauddin Khan	Jalgaon
				Yogendra Singh	Bhilai
Life	L139	N.Indv	ECS Financial Services (India) Pvt.Ltd	Elluswamy Chandrasekaran	Bhilai
				C.Karthik	Secunderabad
Associate	A4	N.Indv	Kanga Financial Services Pvt.Ltd	Khushru Homi Kanga	Secunderabad
				Havovj Khushru Kanga	Pune
General	O1562	Indv	Deepak Subhash Kasat	Deepak Subhash Kasat	Pune
General	O1563	N.Indv	Rajan Investment	Roma Ravindra Mundada	Jalgaon
General	O1564	N.Indv	Strategic Financial Services	Swapnil Sadanand Wani	Jalgaon
General	O1565	N.Indv	Niramayi Portfolio Management	Avinash Mujumdar Anil	Bhusawal
General	O1566	N.Indv	VGP Portfolio	Gautam Agarwal	Bhusawal
General	O1567	Indv	Alok Kumar Dutta	Alok Kumar Dutta	Kolkatta
General	O1568	N.Indv	Knowledge First Financial Services Pvt.Ltd.	Dr.Sanjeev Kumar	Bandra
General	O1569	N.Indv	Total Financial Solutions	Navtej Luthra Singh	Navi Mumbai
General	O1570	Indv	Navratan Bagree	Navratan Bagree	Jalandhar
Founder	F146	Indv	Surendra Kumar Bagaria	Surendra Kumar Bagaria	Bikaner
General	O1571	Indv	Neeraj Sethi	Neeraj Sethi	Kolkatta
General	O1572	Indv	Bhisham Vij	Bhisham Vij	Punjab
General	O1573	N.Indv	Vishal Investment Advisor	Vishal Khurana	Punjab
General	O1574	Indv	Raghav Aggarwal	Raghav Aggarwal	Punjab
General	O1575	Indv	Ripudaman Singh Joshi	Ripudaman Singh Joshi	Punjab

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General	O1576	Indv	Saket Gupta	Saket Gupta	Punjab
General	O1577	N.Indv	Finserv	Deepak Sharma	Telangana
General	O1578	N.Indv	Trisha Finserv	Shambhu B Porwal	Chandigarh
General	O1579	Indv	Kishore Lakshmandas Matta	Kishore Lakshmandas Matta	New Panvel
General	O1580	N.Indv	Bhagwati Financial Services	Abhijit Ramakant Sawant	Mumbai
General	O1581	Indv	Manoj Darak	Manoj Darak	Mumbai
General	O1582	Indv	Abhinaya Thirupathi	Abhinaya Thirupathi	Kolkatta
Founder	F147	N.Indv	Goenka Consultants Private Limited	Kamal Kumar Goenka	Madurai
General	O1581	Indv	Manoj Darak	Manoj Darak	Kolkatta
General	O1582	Indv	Abhinaya Thirupathi	Abhinaya Thirupathi	Madurai
General	O1583	N.Indv	Capital Investments	N.Harihara Puthran	Madurai
General	O1584	Indv	D.R. Vasudevan	D.R. Vasudevan	Paramkudi
General	O1585	N.Indv	K. Vanitha	Vanitha Kumaravel	Madurai
General	O1586	Indv	Gajanan Asaram Bavaskar	Gajanan Asaram Bavaskar	Jalgaon
General	O1587	N.Indv	Samarth Wealth	Devendra Durgadas Bhavsar	Jalgaon
General	O1588	N.Indv	Dhanashree Investment	Rahul Bhimrao Patil	Jalgaon
General	O1589	N.Indv	Being Mutual	Gulshan Hariram Bajaj	Jalgaon
General	O1590	N.Indv	Laxmivilas Investments	Vilas M Chaudhari	Chalisgaon
General	O1591	Indv	Yogesh Nandkishor Bihani	Yogesh Nandkishor Bihani	Ahmednagar
General	O1592	Indv	Ankur Dasgupta	Ankur Dasgupta	Hoogly
General	O1593	N.Indv	Step By Step Financial Advisory	Bharat Kumar Bhargava	Ghaziabad
General	O1594	N.Indv	RNR Financial Services	Ravinder Singh Khanuja	Jabalpur
General	O1595	Indv	Sandeep Nema	Sandeep Nema	Jabalpur



# Events

Mr. Sanjay Khatri, Director, FIFA, attended SUMMIT 2018 on 7th September, 2018 at Mathura for Mathura IFA Association "FAAM". FAAM local IFA Association of Mathura conducted their Summit in Mathura successfully wherein around 45 IFA's attended.



An invitation card for the FAAM Summit 2018. The card is red and gold, featuring the FAAM logo, a butterfly, and a peacock. The text on the card reads: "Invitation FAAM SUMMIT- 2018 on Friday, 7th September 2018 Timing : 5.00 PM Chief Guest : Mr. SANJAY KHATRI Director - FIFA Venue : Hotel Brijwasi Royal State Bank Crossing, Mathura followed by dinner Ashok Kumar Sharma President 9412167176 Deepak Kumar Agrawal Secretary 9359518593 FINANCIAL ADVISOR ASSOCIATION-MATHURA".







**Ms. Roopa Venkatkrishnan did a programme for IFA's in Raipur on 8th September, 2018.**



## FINANCIAL FREEDOM FOR IFA



FIFA cordially invites you for the session -  
**"The best practices an IFA can follow for growing business"**  
 by Mr. Sanjay Khatri (Founder & Director of FIFA)

**Venue:** Hotel Grand Imperial, Agra  
**Date:** 8 September 2018 Saturday  
**Time:** 2:00 P.M

Praveen Jain  
 Nakoda Investments  
 (Local Co-ordinator)  
 9760099937

**Mr. Sanjay Khatri addressed nearly 40 IFAs in Agra on 8th September, 2018.**

**He also conducted a similar session in Delhi on 9th September, 2018.**

# Quiz

Q.1 - Investments in mutual funds cannot be made in the name of minors.

A ) True

**B ) False**

● **Q.2 - Credit Risk Funds can invest in securities with any credit rating.**

A ) True

**B ) False**

**Q.3 - Systematic Investment Plans (SIP) cannot be registered for a period less than 12 months.**

A ) True

**B ) False**

● Q.4 - The credit rating reflecting the lowest credit risk is:

A ) AAA

B ) BB

c) c

D ) D

Q.5 - A credit rating downgrade lowers the yield of a fixed income security.

A ) True

**B ) False**

Ans. 0.1 - B), 0.2 - B), 0.3 - B), 0.4 - A), 0.5 - B),

**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](mailto:response@fifaindia.com)

**Editor: Nisreen Mamaji**