

# Handbook for the Financial Wellbeing Journey



# Introduction

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**Thank you for your interest in the Equity Investing program. Hope the program was insightful with many implementable take-aways.**

Here is a Handbook which gives a glance about:

- Various equity options
- Pros and cons of various equity options
- Choosing funds and reviewing portfolio
- Useful video links to help you with further information
- Finsafe Tips

# Equity options

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1

**Stocks**

2

**NPS -  
Equity**

3

**Mutual  
Funds**  
- Equity  
- Hybrid

4

**Insurance  
- ULIP**

# Direct Equities – Pros & Cons

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## Pros

- Potential for higher returns
- Freedom to create your own portfolio



## Cons

- Figuring out what to buy, when & how long to hold it for
- Risk Management
- Research
- Time & Effort
- Investment size
- Asset allocation
- Concentration risk
- Your emotions
- Taxes
  - each time you exit
  - International stocks

# Stocks or Mutual Funds?

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- Make the right comparison
  - Time period
  - Balanced funds vs equity
  - Single share vs basket of stocks
  - Large cap stock vs midcap fund
- Can you identify winning stocks regularly?
- Will you be able to diversify?

## Learning Resources:

1) <https://www.youtube.com/watch?v=jssRXk951e8>

# Advantages of Mutual Funds

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Professionally  
managed

No tax implication  
on exit calls taken  
within the fund

Funds available  
across  
categories

Diversification

Expense ratios  
capped

# How to choose an equity fund?

- Goal & Risk appetite
  - Choose category based on goal duration & risk appetite
  - For eg : Midcap to be chosen if goal is above 10 years and for investors who can take volatility
  - Scheme selection based on consistent risk adjusted returns as well as volatility ratios

# Recommended equity funds

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**Index  
Funds**

1

**Balanced  
Hybrid/  
DAA**

**Flexi cap  
Funds**

2

**Midcap  
Funds**



# Sources for unbiased Mutual Fund recommendations

<https://www.finsafe.in/schemes/>

## EQUITY FUNDS

Index & Large Cap	Multi Cap	Mid & Small Cap	ELSS	Balanced Fund
UTI Nifty Index Fund	Quantum LT Equity Fund	Mirae Asset Emerging BlueChip	Franklin India Tax Shield	L&T India Prudence Fund
SBI BlueChip Fund	BSL Equity Fund	SBI Magnum Mid Cap Fund	DSPBR Tax Saver Fund	Tata Balanced Fund
BSL Advantage Fund	Kotak Select Focus	DSP Small & Midcap Fund	Reliance Tax Saver Fund	ICICI Pru Balanced Advantage Fund
ICICI Pru Top 100	Most Focused Multi Cap 35 Fund			HDFC Balanced Fund

## FIXED INCOME FUNDS FOR SPECIFIC INVESTMENT HORIZON

0 - 3 Months	3 Months-1.5 Years	1.5 - 3 Years	> 3 Years
BSL Cash Plus	ICICI Pru Flexible Income Plan	Birla SL Short Term Fund	ICICI Pru Short Term Plan
HDFC Liquid	IDFC Ultra Short Term Fund	HDFC Medium Term Opportunities Fund	L&T Resurgent India Corp Bond Fund
	L&T Ultra Short Term Fund(G)	SBI Short Term	Birla SL Treasury Optimizer Plan
		TATA Short Term	

<http://www.morningstar.in/featured-reports.aspx>

Fund Name	Category	Analyst Rating	Equity Stylebox	Fixed Income Stylebox	Star Rating	Report Date
Reliance Focused Large Cap Fund - Growth	Large-Cap	Under Review	---	---	★★★★	05 Apr 2017
Reliance Regular Savings Fund - Equity Option - Growth	Flexicap	Under Review	---	---	★★★★	05 Apr 2017
SBI Magnum Multiplier Fund Regular Dividend Payout	Flexicap	Under Review	---	---	★★★★	20 Sep 2016
SBI Magnum Taxgain Scheme Regular Dividend Payout	ELSS (Tax Savings)	Under Review	---	---	★★★★	18 Sep 2016
HDFC Mid-Cap Opportunities Fund Growth	Small/Mid-Cap	Gold	---	---	★★★★	17 May 2017
HDFC Equity Fund Growth	Large-Cap	Gold	---	---	★★★★	30 Jan 2017
HDFC Top 200 Fund Growth	Large-Cap	Gold	---	---	★★★★	30 Jan 2017
Franklin India Bluechip Fund Growth	Large-Cap	Gold	---	---	★★★★	23 Dec 2016
Franklin India Prima Fund Growth	Small/Mid-Cap	Gold	---	---	★★★★	23 Dec 2016
Franklin India Prima Plus Fund Growth	Flexicap	Gold	---	---	★★★★	23 Dec 2016
Franklin India Ultra Short Bond Fund Super Institutional Growth	Ultrasort Bond	Gold	---	---	★★★★★	30 Nov 2016
Reliance Top 200 Fund - Growth	Large-Cap	Silver	---	---	★★★★	23 Aug 2017
Reliance Equity Opportunities Fund - Growth	Flexicap	Silver	---	---	★★★★	14 Aug 2017
Mirae Asset Emerging Bluechip Growth	Small/Mid-Cap	Silver	---	---	★★★★★	24 Jul 2017
Mirae Asset India Opportunities Fund Regular Growth	Large-Cap	Silver	---	---	★★★★★	20 Jul 2017
IDFC Sterling Equity Fund - Regular Plan - Growth	Small/Mid-Cap	Silver	---	---	★★★★	14 Jul 2017
Axis Long Term Equity Growth	ELSS (Tax Savings)	Silver	---	---	★★★★	06 Jun 2017
IDFC Government Securities Fund - Investment Plan - Regular Plan - Growth	Intermediate Government Bond	Silver	---	---	★★★★	05 Jun 2017

## Mint 50 Recommended Schemes

Category	Rank	1Y	3Y	5Y	10Y	15Y	20Y
<b>LARGE CAP (Core)</b>							
Aditya Birla Sun Life Frontline Equity Fund	10.15	19.41	14.13	42.00	2.18		25,980.42
Franklin India Bluechip Fund	8.06	16.59	12.67	24.33	2.03		4,307.94
ICICI Prudential Bluechip Fund (Formerly ICICI Pru Focused Bluechip Equity)	19.32	19.30	15.47	10.00	2.12		16,747.28
ICICI Prudential Nifty Next 50 Index Fund <sup>1</sup>	12.68	22.34	N/A	---	0.85		265.36
UTI Nifty Index Fund - Regular Plan <sup>3</sup>	11.28	16.30	9.98	---	0.20		935.94
<b>Category Average</b>	<b>9.80</b>	<b>17.62</b>	<b>11.89</b>				
<b>Nifty 500 Total Return Index</b>	<b>11.98</b>	<b>18.21</b>	<b>13.28</b>				
<b>LARGE AND MID-CAP (Core)</b>							
Mirae Asset Emerging Bluechip Fund - Regular Plan	16.13	33.45	N/A	87.00	2.09		5,729.87
<b>Category Average</b>	<b>10.43</b>	<b>20.41</b>	<b>13.30</b>				
<b>Nifty Large Midcap 250 Total Return Index</b>	<b>13.47</b>	<b>23.94</b>	<b>13.51</b>				
<b>MULTI-CAP (Core)</b>							
Franklin India Equity Fund (Formerly Franklin India Prima Plus)	8.93	21.15	14.63	27.70	2.04		11,832.01
Parag Parikh Long Term Equity Fund - Regular Plan (Formerly Parag Parikh Long Term Value Reg)	13.41	20.78	N/A	11.37	2.00		1,986.00
UTI Equity Fund (For your satellite portfolio)	11.37	20.32	15.00	32.00	2.20		6,530.32
<b>Category Average</b>	<b>10.65</b>	<b>21.25</b>	<b>13.91</b>				
<b>Nifty 200 Total Return Index</b>	<b>12.01</b>	<b>18.64</b>	<b>13.50</b>				
<b>MID-CAP (Core)</b>							
L&T Midcap Fund	14.73	31.44	17.87	39.34	2.01		3,066.22
<b>Category Average</b>	<b>8.84</b>	<b>27.56</b>	<b>16.76</b>				
<b>Nifty Midcap 100 Total Return Index</b>	<b>14.54</b>	<b>27.48</b>	<b>16.28</b>				
<b>SMALL-CAP (Core)</b>							
Franklin India Smaller Companies Fund	12.67	30.65	19.24	23.55	2.15		7,284.82
HDFC Small Cap Fund - Regular Plan	17.71	21.40	16.45	26.90	2.04		4,377.95
<b>Category Average</b>	<b>11.25</b>	<b>28.24</b>	<b>16.85</b>				
<b>Nifty Smallcap 250 Total Return Index</b>	<b>9.85</b>	<b>26.78</b>	<b>15.27</b>				
<b>ELSS (Core)</b>							
ICICI Prudential Long Term Equity Fund (Tax Saving)	10.18	31.58	15.02	131.00	2.28		5,522.41
Investec India Tax Plan	12.27	23.87	16.98	41.00	2.47		590.36
L&T Tax Advantage Fund	12.56	31.88	15.02	32.18	1.94		3,324.70
<b>Category Average</b>	<b>10.58</b>	<b>26.99</b>	<b>13.18</b>				
<b>Nifty 500 Total Return Index</b>	<b>12.11</b>	<b>19.32</b>	<b>13.63</b>				
<b>VALUE ORIENTED (Core)</b>							
L&T India Value Fund	11.95	27.59	N/A	35.28	1.94		6,560.28
<b>Category Average</b>	<b>12.41</b>	<b>23.81</b>	<b>14.95</b>				
<b>Nifty 50 Value 20 Total Return Index</b>	<b>13.41</b>	<b>18.00</b>	<b>N/A</b>				
<b>AGGRESSIVE HYBRID (Core)</b>							
Aditya Birla Sun Life Equity Hybrid 50 Fund (Formerly Aditya Birla SL Balanced 50)	9.78	18.87	14.03	2.33	2.29		14,844.34
IDFC Hybrid Equity Fund (Formerly IDFC Premier Multi-Cap)	10.68	21.07	16.03	N/A	2.21		22,761.80
ICICI Prudential Equity & Debt Fund (Formerly ICICI Prudential)	10.73	19.25	13.01	3.21	2.13		10,233.82
L&T Hybrid Equity Fund (Formerly L&T India Prudence)	3.62	19.62	N/A	N/A	1.93		10,935.86
<b>Category Average</b>	<b>9.45</b>	<b>18.78</b>	<b>12.28</b>				
<b>CONSERVATIVE HYBRID (Core)</b>							
Franklin India Debt Hybrid Fund (Formerly Franklin India MIP-A)	6.64	10.22	6.96	2.88	2.36		3,761.60
IDFC Hybrid Debt Fund (Formerly IDFC MIP Long Term)	7.06	11.38	10.32	N/A	1.81		3,442.34
Reliance Hybrid Bond Fund (Formerly Reliance MF9)	7.05	10.83	11.31	2.45	1.95		2,043.41
UTI Regular Savings Fund - Regular Plan (Formerly UTI MIP - Advantage)	8.19	12.05	10.28	N/A <sup>1</sup>	1.61		2,832.37
<b>Category Average</b>	<b>3.67</b>	<b>10.37</b>	<b>9.34</b>				
<b>SHORT DURATION (Core)</b>							
Axis Short Term Fund	1.69	2.83	4.65	1.60	0.99		5,370.94
IDFC Short Term Debt Fund (Formerly IDFC Short Term Opportunities)	1.94	3.25	5.62	N/A	0.40		10,504.76
ICICI Prudential Short Term Fund (Formerly ICICI Pru Short Term)	1.62	2.55	3.87	1.68	1.35		6,105.06
L&T Short Term Bond Fund (Formerly L&T Short Term Corp)	1.82	2.95	4.87	1.41	0.70		2,725.94
UTI Short Term Income Fund - Regular Plan	1.75	2.89	4.63	1.21	0.85		9,361.30
<b>Category Average</b>	<b>1.64</b>	<b>2.83</b>	<b>4.60</b>				
<b>CORPORATE BOND (Satellite)</b>							
Kotak Corporate Bond Fund - Standard Plan	1.90	3.70	6.32	0.75	0.59		993.36
<b>Category Average</b>	<b>1.72</b>	<b>2.71</b>	<b>4.43</b>				

# Reviewing Portfolios

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## *Yearly*

- **Use a tracking tool** to track performance
- Relative to benchmark & category Average
- **How much of goals** have been covered?
- Is there any **underperformance** in any of the investments relative to benchmark?
- **Fresh funds** to be allocated

# Summary on Mutual Funds

- No NFOs
- No closed ended funds.
- Track growth on NAV not NAV.
- Number of funds to be held should not be more than 5-7 funds.
- Diversify a MF portfolio
  - Too many funds of the same style or same fund house
- Managing volatility in funds.
- Choose funds based on goals.
- Subcategory based on time horizon & risk appetite.
- Scheme selection based on quantitative & qualitative parameters ( 20 years+, Not changes in FM, Star FMs, funds above 10K cr ).
- Review Funds regularly
- Do not churn

## Learning Resources:

1) [https://www.youtube.com/watch?v=HlhNhsqWP\\_E&t=11s](https://www.youtube.com/watch?v=HlhNhsqWP_E&t=11s)

2) <https://www.youtube.com/watch?v=MuLY9cwdbCk>

3) <https://www.youtube.com/watch?v=d-01Evm7Q8g>

# NPS Options-Active & Auto Choice

01

Equity & related instruments



03

Government Bonds & related instruments



02

Corporate Debt and related instruments



04

Alternative Investment Funds



Learning Resources:

1) [https://www.youtube.com/watch?v=V\\_oRpfVDt4s](https://www.youtube.com/watch?v=V_oRpfVDt4s)

Under Active choice in NPS, investor gets to choose how their contribution to NPS can be invested into the various asset classes

The maximum permitted equity investment is 75% of the total asset allocation

In Auto Choice option, funds are invested across the asset classes in a predetermined manner



Aggressive Life Cycle Fund



Moderate Life Cycle Fund



Conservative Life Cycle Fund

# Taxation of Equities

Category	Lockin	STCG	LTCG
Stocks	Nil	< 1 yr : 15%	> 1 yr 10%, if gains above 1 lakh
Intra day trading	Nil	At slab ( Treated as business income)	At slab ( Treated as business income)
International Stocks	Nil	< 2 yrs : slab	> 2 yrs : 20% with indexation
Derivatives	Nil	At slab	At slab
Mutual Funds	Nil	< 1 yr : 15%	> 1 yr 10%, if gains above 1 lakh
ULIP	5 / 10 years	Tax Free	New rule
NPS	60 years	NA	60% tax free, 40% into annuity which is taxed as per slab

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