R.N.I. Maheng/2005/15179 **PRICE Rs. 1/- Only** Postal regd. No. : MH/MR/South-39/2012-14

Publishing Date : 1st of Every Month | Date of Posting : 10th-11th of Every Month | Office of Posting : Mumbai PC Stg.

THE SAVING PLUS VIEW

Volume - 6 Issue - 99 | OCT. 2013 Pgs : 4 | MONTHLY | www.miconline.co.in | FOR PRIVATE CIRCULATION

Features **Pg. No.**

COMPANY FIXED DEPOSIT RECKONER

Company Name	Interest Rates				Senior Citizen	Yield 36 Months	Interest Mode
	12	24	36	48			
DHFL Ashray Deposit Plus	10.25				0.50		M/Q/H/Y
DHFL Swayam Sidha	10.25 (500 Days)				0.50		M/Q/H/Y
DHFL Ashray Deposit Single	10.51 (14 Months)				0.50		M/Q/H/Y
DHFL Aashray Deposit Trust	10.53 (13 Months)						M/Q/H/Y
.LIC Housing Finance	8.75	9.00	9.00	9.00	0.25	10.39	Q/Y
Mahindra & Mahindra Fin. Ltd.	9.25	10.00	10.25	9.75	0.25	11.34	Q/H/Y
PNB Housing Finance	9.30	9.30	9.30		0.25	10.45	H
Unitech Ltd	11.50	12.00	12.50			15.07	Q/Y
Godrej Industries	7.75 (13 M)	8.50	9.25				
Godrej Properties(Renewal)	9.00	9.50	10.50				
Shriram Deposit	9.25	9.75	10.75	10.75	0.25	11.94	Q/H/Y

CAPITAL GAIN BONDS FOR TAX SAVING U/S 54 EC Bond

REC LTD / NHAI LTD	6 % for 3 Years

GRUH SPECIAL DEPOSIT SCHEME (0.25 EXTRA SC)

Tenure	Monthly Income Plan (ROI %p.a.)	Quarterly Income Plan (ROI %p.a.)	Annual Income Plan (ROI %p.a.)
12-23	9.00	9.25	9.50
24-35	9.25	9.50	9.75
36-47	9.50	9.75	10.00
48-84	8.75	9.00	9.25
33	--	--	--
Minimum Amount	20000	20000	20000

A) HDFC Platinum Deposit Plan (for Individuals & Trusts) : PLATINUM DEPOSIT

Period	Rate of Interest (pa)				
	Monthly	Quarterly	Half Yearly	Annual	Cumulative
15 Month	9.40%	9.45%	9.55%	0.00%	9.75%
22 Month	9.25%	9.30%	9.40%	9.60%	9.60%
33 Month	9.15%	9.20%	9.30%	9.50%	9.50%

B) REGULAR HDFC DEPOSITS

Period	Rate of Interest (pa)				
	Monthly	Quarterly	Half Yearly	Annual	Cumulative
12-23 Months	8.90%	8.95%	9.05%	—	9.25%
24-48 Months	8.90%	8.95%	9.05%	9.25%	9.25%
48-60 Months	8.65%	8.70%	8.80%	9.00%	9.00%

Area Representative

WESTERN SUBURBS

BORIVALI TEL : 2862 2042
MALAD / KANDIVALI MOB.: 98203 25220
GOREGAON / ANDHERI TEL.: 2843 2022
MOB.: 99209 03079
SANTACRUZ (EAST/WEST) TEL.: 98923 43457
MOB.: 98338 84576
MAHIM, SHIVAJI PARK, DADAR TEL.: 2447 4043
MOB.: 98209 65319
VASAI/VIRAR/NALASOPARA MOB.: 94233 54260
MOB.: 90969 81475

CENTRALSUBURBS

DOMBIVLI, KALYAN MOB.: 98208 20274
GHATKOPAR TEL. : 25061651
MOB. : 9833884572
BHANDUP / MULUND TEL.: 97020 99951
MOB.: 97020 99951
THANE TEL.: 2532 9267
MOB : 98195 98586
BHANDUP / MULUND TEL.: 2564 9396
MOB.: 98197 89239
THANE TEL.: 98694 20081
MOB.: 98338 84571

HARBOUR SUBURBS

CHEMBUR / KURLA TEL.: 2523 3429
MOB.: 98194 92697

SOUTH MUMBAI

WALKESHWAR / COLABA MOB. : 9833884577

On the spot Brokerage plus Collection of forms.

MERCHANT INVESTMENT CONSULTANCY PVT. LTD.
LUCKY MANSION, 1ST FLOOR, OPP. ABYUDAYA CO-OP. BANK LTD., 250/252, BAZAR GATE STREET, FORT, MUMBAI - 400 001.
Office Time Weekdays 10 a.m. to 6 p.m. • Saturday 10 a.m. to 4 p.m.
TEL. : (022) 6634 8150, 6633 6781, 6654 8097 E-mail : services@miconline.co.in
6654 8098, 6654 8099 • FAX : (022) 2265 4898 Website : www.miconline.co.in

BANKING DEBT SCHEME DETAILS & BENEFITS

Bank Debt Fund is an open-ended debt scheme that seeks to generate optimal returns by investing in a portfolio of debt and money market instruments issued by banks. The fund invests a minimum of 80% in bank instruments (including Bank Certificate of Deposits and Bank Bonds) and endeavors to maintain high credit quality and liquid portfolio. Minimum 70% of the assets are invested in securities rated AAA (long-term)/A1+ and equivalent. The fund also looks to invest (up to 20%) in securities issued by Public Financial Institutions (PFIs)/Gilts

The fund provides a better investment avenue compared to traditional deposit schemes by investing in high quality bank debt instruments.

Investment Strategy & Portfolio Construction Guidelines

- The portfolio is actively managed. Highest allocation is made to Certificate of Deposits (CDs) and Bonds issued by Banks.
- Tactical exposure in form of Gilts and Bonds of Public Financial Institutions but exposure is limited to 20% of the portfolio.
- Duration of the fund is actively managed based on market conditions and is maintained between 1 year to 4 years*.
- Overall portfolio credit quality is maintained at a high level.

Fund Suitability

- Investors seeking exposure to debt and money market instruments issued by banks with relatively low credit risk while aiming for reasonable returns.
- Investors with an investment horizon of more than 1 year.

Product Rationale: Why Bank Debt Fund?

Bank Debt Fund endeavors to address three risks in fixed-income / debt investments.

Credit Risk: Comfort of Safety

- The fund will invest at least 80% in debt instruments issued by Banks.
- The remaining 20% can be invested in PFI bonds or G-Sec
- These instruments provide comfort of safety of capital due to low credit risk
- Min. 70% of the assets will be invested in securities rated AAA (long term) / A1+ and equivalent

Interest Rate Risk: Low Volatility

- Duration of the fund is actively managed based on market conditions
- The portfolio duration is maintained between 1 year to 4 years based on the market view

Liquidity & Re-investment Risk: High Liquidity

- All the eligible instruments have a high level of liquidity in terms of traded volumes

Comparison - Bank Debt Fund V/s Bank Fixed Deposit

	Bank Debt Fund	Bank Fixed Deposit
Credit Quality	Equal	Equal
Pre Tax	Equal	Equal
Post Tax	**10% without indexation or 20% with indexation whichever is lower + 3% Cess**	**As per Tax Slab**
Alpha Generation	Rollover after 6 months: Bank CD Interest rate decline	N. A.
Convenience	You can withdraw after 1 year, without any load	withdrawn prematurely current rate of interest is applicable, which may be higher or lower than the maturity rate
Wealth Allocation	2% (Big Market Potential)	60.00%
Best way to invest in child's name	If invested in name of minor and redeemed after the age of 18, the capital gain would treated as his	If invested in name of minor the income would be treated as that of the parent income, not the parent's
Operational hassles	Investor can redeem any time after 1 year without worrying about the rollover hassles	Investors has to survey the available yields with various banks when the FD matures

Timing Rationale: Why invest now?

RBI Policy, Measures and its impact:

- RBI's policy on 30th Jully'13 of "no rate-change stance" is in tandem with measures taken to control INR volatility
- The short end (1 Year Bank CD's) of the curve has remained elevated by ~200 bps & on the long end the yields have remained up by 40 to 50 bps.
- The fund is well positioned to benefit from hardening of yields at the short end of the curve. As on 30thJuly-13, the fund is running duration of 1 year with ~60% allocation to Certificate of Deposits (CDs), ~20% to Bank Bonds and ~17% in Cash.

Inverted Yield Curve

- Low duration strategy during the current phase of inverted yield curve and heightened volatility is expected to work in favor of debt market investor
- We intend to continue a low to moderate duration in our bank debt fund as the markets pass through this phase of readjustment to the RBI measures.

Roll-back of RBI measures

- RBI has indicated that the recent measures taken to check volatility in the forex market will be rolled back in a calibrated manner as stability is restored to the foreign exchange market
- Once this current phase passes through, the interest rate story will become much more powerful. The fund is well poised to manage duration of up to 4 Years, in view of on such market conditions.
- We will look to increase the duration over the next 3 to 6 months once the markets experience a reasonable period of stability Corporate default rate at 10 year high
- Notably, one third of the 484 downgrades in H1 (first half) of 2012-13 were to the default category
- Overall annualized default rate surpassed the ten year high of 3.4% in 2011-12

Credit Spreads widening

- In light of the major steps unfurled by RBI, credit spreads are expected to widen
- As the Bank Debt fund invests only in bank bonds and CDs (highest quality credits) it reduces the impact from any credit spread widening in the lower order credits.

Gilts volatility

- The gilts market is also expected to remain volatile and has the potential to move sharply in either direction as the sentiments are very edgy. The fund is positioned to take Tactical exposure in form of Gilts and Bonds of Public Financial Institutions upto 20% of the portfolio.

WHAT IS FMP SCHEME & ITS BENEFITS

Dear All,

What is a Fixed Maturity Plan(FMP)?

An FMP is a close ended income scheme with a portfolio of debt and money market instruments which has a fixed tenure. Please note that as with all mutual fund products, FMPs are also exposed to market/credit risks. Some of the benefits it offers include:

- **Indexation**: An FMP with a longer tenure allows investors to account for inflation and therefore, reduces tax liability on income earned*
- **Diversification**: It allows investors to participate in a variety of debt and money market instruments thereby creating diversity of return and of risk
- **Relatively low cost product**: The expenses of FMP tend to be comparatively lower than other, more actively managed products. Hence, for similar portfolios, the product with lower expenses can offer a better rate of return
- **Relatively low interest rate risk**: This being a closed ended fund, a typical investor would stay for the term of the product and so that extent there is relatively low interest rate risk compared to a similar open fund

Why should I invest in an FMP?

Given the interim measures by the RBI to address the currency concerns, system liquidity has been squeezed and the yields have been pushed upwards. As these measures suggested by the RBI are relatively easy to roll back unlike a rate hike, we expect the reversal of these measures would coincide with further monetary support to growth and hence could lead to more monetary easing, once the current currency concerns subside. It provides a good opportunity to make investments in debt and money market instruments and lock in the currently prevailing yields. This product is suitable for investors who are seeking :

- Regular fixed income over short term
- Investment in Debt/Money Market Instruments
- Low risk

While FMP offer several advantages over other fixed income products when interst rates are rising, there are still certain factors that investors should keep in mind before taking the plunge. Here are a few of them...

Time horizon:

Please remember although Sebi rules mandate that all FMPs should be listed on the bourses, the ground reality is that there is practically nil liquidity in these instruments since there are hardly any buyer or seller in the market. So as an investor if you are investing in an FMP, be sure that if you want the money even in case of even an emergency, you are unlikely to get that back then. Instead you have to wait till the day of redemption to get the money invested in that FMP in your bank account.

Tax advantage :

Like most mutual fund schemes, FMPs too come with certain tax advantages. If you invest in an FMP which matures after more than year, say even a 367 day FMP, you stand to gain from long term capital gains options under the income tax act. Under this option, you can pay a 10% tax without indexation, or 20% with indexation benefits. So clearly this makes sense if you are in the highest income tax bracket, which is you pay income tax at the rate of about 33%. If you are in the

Calculations with & without Indexation		
Enter yield p.a. here	--------------------------------->	**10.50%**
Enter Tenor i.e.period in no. of months	--------------------------------->	12.00
Enter assumed indexed cost here	--------------------------------->	8.00%

Scheme Particulars	**Workings with Indexation**	**Workings without indexation**	**Assured Return Product**
Investment Amount	100,000	100,000	100,000
If Returns (p.a.) =	**10.50%**	**10.50%**	**10.00%**
Period	1.000	1.000	1.000
Indexed Cost of Acquisition	116,640	-N.A-	-N.A-
Assumed Value on expiry	110,500	110,500	121,840
Taxable Capital Gain / Income (Loss can be set-off against taxable LT gains)	(6,140)	10,500	21,840
Applicable tax rate - assuming highest tax bracket + 5% Surcharge + 3% Cess	**21.630%**	**10.8150%**	**32.445%**
Tax liability	-	1,136	7,086
Net Gain (i.e. after Tax liability)	**10,500**	**9,364**	**14,754**
Hence Net Returns post tax / *Tax Free* Per Annum	**10.50%**	**9.36%**	**14.75%**
Equivalent Pre Tax Returns(p.a.) to be earned from other debt instruments like FD etc to match the above post tax returns (Assumed Tax rate 32.445%)	**15.54%**	**13.86%**	**21.84%**

Note: Returns of Assumed Value of Expiry in the case of assured return product is quartely interest reinvested, hence it is showing higher assumed value on expiry as compared to with indexation and without indexation calculation

If Returns (p.a.) = (Simple Annulised)	**10.50%**
If Returns (p.a.) = (CAGR)	**5.12%**

The calculation is for illustrative purpose only and is not indicating the performance of the scheme.

SIPs best bet for those who don't have time to monitor markets

SIP for Every Dream

Systematic Investment Plan (SIP) is a smart financial planning tool that helps you to create wealth, by investing small sums of money every month, over a period of time. Systematic Investment Plan (SIP) is a planned approach to investments and an investment technique that allows you to provide for the future by investing small amounts of money in Mutual Fund Schemes.

Many a times it be comes difficult for retail investor to analyze day-to-day movements and volatility of the stock market. To address this problem and to generate better returns the concept of rupee-cost averaging came into the picture Generally speaking, rupee cost averaging is the process of making regular monthly investment over a period time at various market levels and this, to a large extent, will help the investor reduce the risk of timing the market.

Traditional SIP vs flexi-SIP

At present, the most popular rupee-cost averaging method to invest in mutual fund schemes is called systematic investment plan (SIP). Of late another variant of the SIP called the flexi-SIP, is also gaining popularity.

Traditional SIPs allow investor to invest regularly say monthly or quarterly Flexi-Sips, on the other hand give investors the flexibility to decide how much they want to invest each month. It gives flexibility to invest more less or even decide the levels at which to invest in the market to generate better returns. So the investor can invest the amount depending upon how the investor perceives the market situation.

Investors cant alter the SIP amount under the conventional mode frequently but with the help of flexi-sIP they can invest the amount as the market situation warrants.

Pros and cons

Flexi-Sips can be beneficial to those who are undecided about the actual amount contribution towards Sips be cause savings may fluctuate from time to time and at times it may become difficult for the investor to make periodic payments. In such situations, as per their liquidity, fiexi-SIPs can be helpful for the investor. However, it is not advisable to those investors who are not able to time the market or not able to understand the behaviour of the market regularly ideally, Flexi-SIP is not advisable for salaried persons be cause it not only disturbs the investment discipline but may also become an obstacle to other periodical payments. Traditional SIP option better for those investors who are not able to track the market properly and regularly, and it is bneficial to all class people no matter how the markets behave. Traditional SIPs or rupee-costaveraging will help them to do regular and disciplined investments. The concept of rupee-costAveraging works at the time of buying and also at the time of selling ones mutual fund units or any other securities.

When to opt

If the investor wants to grab the opportunity of the market volatility then it is advisable to opt for flexi-SIPs in mutual funds. However, if the investor is not able to time the market properly then it is advisable to go for simple rupee cost averaging or to go for conventional mode of SIP, which is the traditional mode. Ideally, the investor should continue with the regular commitment under the conventional mode of SIP be cause monitoring flexi-SIPs may not be an easy task for the common investor. So the investor has to decide there after whether he or she wants to make use of thse flexible SIP modes to take advantage of market volatility or not.

The bottomline, however is that the best way to achieve ones financial goals or to create handsome wealth is through disciplined investing.

Courtesy : Times of India, 6th Nov. 2012.

The Six Advantages of Investing in SIP Plan

1. Disciplined approach to investments.
2. No need to time the market.
3. Lighter on wallet and Bank Balance.
4. Reap benefits of starting early.
5. Harness the power of two powerful investment.
6. Rupee cost Avg. Benefit from votality.
7. Power of compounding -small investments create big, over a period.

Start Date	End Date	No. Of Month	Invested Amount	ICICI Prudential FOC Bluechip	BNP Dividend Yield	Birla SL Front Line	DSP BR Small& MidCap	IDFC Premier Equity	RELIANCE EQTY. OPP FUND	ICICI PRUDENTIAL DISCOVERY	FRANKIN Prima Plus	SBI EMERGING BUSINESS	HDFC Equity	AXIS Equity Fund
1/4/2008	01/4/2011	36	72,000	1,08,022	1,02,850	1,00,911	1,15,264	1,11,494	1,14,113	1,19,668	99,615	1,12,091	1,13,713	83,520
1/4/2008	01/4/2012	48	96,000	1,28,771	1,27,028	1,17,336	1,35,862	1,37,990	1,42,029	1,43,650	1,35,578	1,50,719	1,28,036	1,11,605
1/4/2008	01/4/2013	60	1,20,000	1,62,328	1,61,531	1,56,717	1,59,028	1,74,224	1,83,703	1,81,039	1,54,548	2,01,428	1,55,861	1,40,014
1/4/2008	06/9/2013	65	1,30,000	1,79,564	1,75,16	1,69,633	1,50,855	1,77,924	1,80,810	1,82,707	1,62,351	1,90,772	1,56,569	1,49,574

Valuation as on 06/9/2013 **Source : www.miconline.co.in / financial_calculator.htm**

Invested during Turbulent Times are likely to benefit in the long term

Started invest of Rs. 5000 from July 2013 in CNX Nifty

Discountinued SIP Dec. 2008		Continued till June' 2003	
Amt. Invest :	3,30,000	Amt. Invest :	6,00,000
Redemption Value :	3,76,864	Redemption Value :	10,57,805
Annualised Return :	4.90%	Annualised Return :	11.08%

Data Sources : Bloombers, SIP, Systematic Investment Plan. The data assumes that an invest of Rs. 5000 is made on the last business day of every month. There turns are using IRR, XIRR calculates the Internal rate return for schemes of cash plans.

MERCHANT INVESTMENT CONSULTANCY PVT. LTD.
250/252, BAZAR GATE STREET, 1ST FLOOR, LUCKY MANSION, NEAR APNA BAZAR, FORT, MUMBAI-400 001,
LAND MARK : 10 MINUTES FROM V. T. STATION
Tel. : 6633 6781, 6634 8150, 6654 8097, 6654 8098, 6654 8099
Fax : (022) 2265 4898 • E-mail : services@miconline.co.in
Website : www.miconline.co.in

Editor : Udoay Merchaant and PUblished by : Anoll Merchaant on behalf of Merchant Investment Consultancy Pvt. Ltd., 250/252, Bazar Gate Street, Fort, Mumbai-1, Printed at Somani Printing Press, 14-A, J. R. Boricha Marg, Sitaram Mill Compound, Lower Parel, Mumbai - 400 013.

From : MERCHANT INVESTMENT CONSULTANCY PVT. LTD.
250/252, BAZAR GATE STREET, 1ST FLOOR, LUCKY MANSION,
NEAR APNA BAZAR, FORT, MUMBAI-400 001,