



# THE SAVING PLUS VIEW

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FOR PRIVATE CIRCULATION

## Features Pg. No.

Case Study of Anil & Naveen	1
Earn Real Return, Not Gains	1
Earn Regular Income	2
Equities + SIP Create Wealth	3
What SIP is Best Suited	3
Long Term Invest Pays Benefit	4
Corporate List of FD's	4

## Focus on Real Returns, Not Just Gains

This Is Based on **Real Example of Two Persons Working In Private Company Anil Singh (namechanged), 44, works with a private company and believes in investing his entire savings in fixed deposits.** His financials from the year **2000 till date is given in the table.**

Anil's savings in FDs gave him an average return of around 8%. The total amount saved over the 174 months (From January 2000 to June 2014) is Rs 49.80 lakh. The value of his investment today is around Rs 66.71 lakh. Naveen Singh (name changed), 44, works in a similar profile like Anil. However his expenses were on the higher side. His financials are as in the table.

**Naveen invested only in equities.** The total amount saved over the 174 months (From January 2000 to June 2014) is Rs 38.40 lakh. The value of his current savings is Rs 69.11 lakh. His average return is around 17.24%. The rate of return is based on the BSE sensx returns from the year 2000.

Naveen is richer than Anil by Rs 2.4 lakh over this time frame although he saved Rs 10.4 lakh lesser than him. Both Anil and Naveen have made wealth in this time frame. However, this corpus has to be seen in the light of inflation in the same time period. The retail inflation rate from the year 2000 till date is approximately 7%. Let us now see the inflation-adjusted real return that Anil and Naveen have made during this time frame.

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ANIL's Savings in Fixed Deposits					NAV EEN's Savings in Equity			
Year started	2000	2005	2010	2014(6 Months)	2000	2005	2010	2014(6 Months)
Net Monthly Salary	10000	50000	125000	200000	10000	50000	125000	200000
Savings= Income- Expenses	3000	20000	60000	120000	3000	15000	45000	100000
Profile	Just Married	One child	Middle level upgradation job	Senior level Mgmt Profile	Just Married	One child	HAS 2 CHILD, Middle level upgradation job	Senior level Mgmt Profile
Investments Annual Savings(Rs)	36,000	2,40,000	7,20,000	7,20,000	36,000	1,80,000	5,40,000	6,00,000

Real Returns Over 174 Months

Name	Savings Till Date (Rs)	Value as of today (Rs.)	Value of the Savings(Rs) in line with inflation @7%	Net Real Gains Over & Above Inflation (Rs)
Anil Savings	49,80,000	66,71,000	65,75,000	96,000
Naveen Savings	38,40,000	69,11,000	50,98,000	18,13,000

Both Anil and Naveen have followed their own investment philosophy . They have invested in assets which they understand and which they thought is appropriate for them. Here, we are also not considering the incidence of taxation on the two investors which can change the returns for the two.

It is important to note that investors should consider a proper financial plan and allocate his/her portfolio on the basis of his/her needs and risk taking ability. This will help in optimizing ones resources and also in achieving his/her goals in an efficient and effective manner



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## Uncertain Times, Regular Certain Monthly Income

• BNP Paribas Dividend Yield Funds • ICICI Prudential Balanced Advantage • TATA Balanced Fund

### BNP Paribas Dividend Fund Scheme Yield

Month	Div Date Amount	Invested	NAV	Units	Div %	Div Amount	Ex Div NAV	Value Post Div
January	1-Jan-13	100000	11.67	8568.98	0.08		11.78	100000
Jan-13	24-Jan-13		11.86	8568.98	0.08	685.52	11.78	100899.74
Feb-13	22-Feb-13		11.41	8568.98	0.08	685.52	11.33	97112.25
Mar-13	28-Mar-13		10.78	8568.98	0.08	685.52	10.70	91688.09
Apr-13	26-Apr-13		10.81	8568.98	0.08	685.52	10.73	91970.87
May-13	31-May-13		10.87	8568.98	0.08	685.52	10.79	92442.16
Jun-13	28-Jun-13		10.55	8568.98	0.08	685.52	10.47	89674.38
Jul-13	26-Jul-13		10.64	8568.98	0.08	685.52	10.56	90471.29
Aug-13	30-Aug-13		10.24	8568.98	0.08	685.52	10.16	87060.84
Sep-13	27-Sep-13		10.72	8568.98	0.08	685.52	10.64	91199.66
Oct-13	28-Oct-13		11.02	8568.98	0.08	685.52	10.94	93736.08
Nov-13	29-Nov-13		11.12	8568.98	0.08	685.52	11.04	94567.27
Dec-13	27-Dec-13		11.33	8568.98	0.08	685.52	11.25	96392.46
Jan-14	31-Jan-14		10.82	8568.98	0.08	685.52	10.74	92065.12
Feb-14	28-Feb-14		10.89	8568.98	0.08	685.52	10.81	92639.25
Mar-14	28-Mar-14		11.48	8568.98	0.08	685.52	11.40	97720.65
Apr-14	25-Apr-14		11.72	8568.98	0.08	685.52	11.64	99742.93
May-14	30-May-14		13.04	8568.98	0.08	685.52	12.96	111036.85
						11,654		

XIRR 16.49%	Capital Value 1,11,037	+	Total Dividend Paid 11,654	=	Total Amount Received 1,22,691
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### ICICI Prudential Balanced Advantage Fund - Reg Mthly Dividend

Date	Invested Amount	NAV	Units	Dividend Per Unit	Dividend Amount	Post Dividend NA Value
28-Mar-13	100,000.00	10.0631	9937.296			100000
31-May-13		10.4	9937.296	0.0350	347.8053483	103347.8749
11-Jul-13		10.32	9937.296	0.0400	397.4918266	102552.8913
17-Sep-13		10.36	9937.296	0.0400	397.4918266	102950.3831
18-Oct-13		10.82	9937.296	0.0600	596.2377399	107521.5391
29-Nov-13		11.1	9937.296	0.0600	596.2377399	110303.9819
27-Dec-13		11.31	9937.296	0.0600	596.2377399	112390.814
31-Jan-14		10.97	9937.296	0.0600	596.2377399	109012.1334
28-Feb-14		11.14	9937.296	0.0600	596.2377399	110701.4737
28-Mar-14		11.6	9937.296	0.0600	596.2377399	115272.6297
30-Apr-14		11.63	9937.296	0.0600	596.2377399	115570.7486
30-May-14		12.27	9937.296	0.0600	596.2377399	121930.6178
27-Jun-14		12.58	9937.296	0.0800	794.9836531	125011.1795

XIRR 24.07%	Capital Value 1,25,012	+	Total Dividend Paid 6,708	=	Total Amount Received 1,31,720
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### Equity Schemes Pay In Long Term

Investment Year	Amount Invested	Current Value	CAGR (%)
1999	10 lakh	2.12 Crore	22.6
2004	10 lakh	50.7 lakh	17.6

### Equity Schemes Pay In Long Term

SIP duration	Amount Invested	Current Value	CAGR (%)
15 Years	18 lakh	1.06 Crore	20.7
10 Years	12 lakh	23.87 lakh	13.0
5 Years	6 lakh	7.74 lakh	9.7

## Use Equities To Grow Your Wealth

Fund	Rating	NAV	1 Year Return %	2 Years Return %	3 Years Return %	5 Years Return %
<b>DIVERSIFIED SCHEMES WITH (MONTHLY INCOME)</b>						
BNP Paribas Dividend Yield Fund	★★★★★	13.64	37.80	24.50	15.00	20.80
ICICI Prudential Balanced Advantage	★★★★	12.63	28.10	21.90	15.60	16.80
Tata Balanced Fund	★★★★	59.58	33.60	22.90	16.30	19.00
<b>LARGE CAP</b>						
Birla Sun Life MNC	★★★★★	377.14	43.20	28.30	19.60	27.10
ICICI Prudential Top 100 Fund - Regular Plan	★★★★	210.93	40.40	24.70	16.30	17.80
Birla Sun Life Frontline Equity Fund	★★★★★	133.90	33.90	26.40	15.40	18.10
ICICI Prudential Focused Bluechip Equity Fund - Regular Plan	★★★★★	24.75	33.50	24.10	14.50	19.60
<b>MIDCAP</b>						
ICICI Prudential Value Discovery Fund - Regular Plan	★★★★★	87.56	66.50	32.50	21.40	27.70
Axis Midcap Fund	★★★★★	19.70	59.10	35.60	23.30	—
BNP Paribas Midcap Fund	★★★★★	18.11	54.60	32.80	22.80	26.70
<b>DIVERSIFIED</b>						
ICICI Prudential Dynamic Fund	★★★★★	164.84	46.70	25.40	15.40	20.00
Axis Equity Fund	★★★★★	16.50	28.00	25.60	15.20	—
BNP Paribas Equity Fund	★★★★	53.94	34.40	24.90	16.90	17.00
Birla Sun Life TOP 100 Fund	★★★★	35.67	40.30	26.60	16.00	18.70
<b>TAX SAVER</b>						
Reliance Tax Saver Fund	★★★★★	36.87	66.80	30.90	20.20	22.60
ICICI Prudential Tax Plan - Regular Plan	★★★★★	225.78	52.00	28.70	17.00	22.80
Axis Long Term Equity Fund	★★★★★	22.83	47.20	33.00	21.50	—
BNP Paribas Tax Advantage Plan Fund	★★★★	22.98	38.90	25.50	17.40	19.00

- 1) This feature cannot be considered as a regular income flow, dividend depends on the market situation & company declares dividend in each particular schemes as per the company internal policy.
- 2) Start SIP in any scheme mentioned in this table.

## USE EQUITIES THROUGH SIP FOR CREATING WEALTH

### INVEST EARLY & HAVE GOAL BASED PLANNING WHICH SIP IS BEST FOR YOU

WE BACK CALCULATED THE RETURNS OF SIP'S STARTED IN JUNE 2009 & FUND THAT THERE WASN'T ANY SIGNIFICANT DIFFERENCE IN RETURNS

SIP FREQUENCY	AMOUNT (RS)	VALUE OF INVESTMENT (RS)
QUARTERLY	9,000	2,72,434
MONTHLY	3,000	2,70,334
FORTNIGHTLY	1,400	2,73,289
WEEKLY	700	2,73,076
DAILY	100	2,72,311

(1) The quarterly option has given high returns, but these are volatile & the large amount can be a burden for the investor. (2) The fortnightly, weekly & daily options offers marginally higher returns but can be cumbersome. (3) for the salaried individual, who earns in monthly instalments, the monthly option works best.

NOTE: All SIPs in ICICI Prudential Focused Bluechip Equity Fund, Monthly & Quarterly SIPs started in June 2009. Daily, weekly & fortnightly SIPs started on 28 May 2009. The SIP amount for fortnightly, monthly & daily options has been rounded off

GOAL	TARGET CORPUS	TIME AVAILABLE	SUGGESTED ASSET MIX	
RETIREMENT	75 LAKHS	20 YEARS	80%	20%
CHILD'S MARRIAGE	30 LAKHS	15 YEARS	75%	25%
CHILD'S EDUCATION	25 LAKHS	10 YEARS	60%	40%
DOWN PAYMENT OF HOUSE	10 LAKHS	5 YEARS	30% EQUITY, 50% DEBT, 20% GOLD	

NOTE: (1) EQUITY FUNDS WITH 12% ANNUALISED RETURNS (2) DEBT FUNDS WITH 8% ANNUALISED RETURNS (3) GOLD FUNDS WITH 8% ANNUALISED RETURNS

### List of Fixed Deposit for the Month of July 2014

Company Name	Rating	Interest Rate in (%)				Senior Citizen	Yield	Minimum Investment	Interest Mode Available
		12 M	24 M	36 M	48 M				
Mahindra & Mahindra Financial Services Ltd	CRISIL : FAAA	9.25	10.00	10.25	9.75	0.25	11.34	10000	H/Q
Bajaj Finance	FAAA	9.25	9.40	9.65	9.25	0.25		150000	M/Q/H/Y
Bajaj Finance	FAAA	9.75 (15 M)						150000	M/Q/H/Y
DHFL - Aashray Deposit Plus	CRISIL : AA+	10.00	10.00	10.00	10.00	0.50	11.34	10000	M/Q/H/Y
DHFL - Swayam Sidha Deposit	CRISIL : AA+	10.00 (500 Days)				0.50	10.46	10000	M/Q/H/Y
DHFL - Aashray Deposit Single	CRISIL : AA+	10.50 (14 M)						10000	M/Q/H/Y
DHFL - Aashray Deposit Trust	CRISIL : AA+	10.50 (13 M)						10000	M/Q/H/Y
DHFL - Aashray Deposit	CRISIL : AA+	10.50 (40 M)				0.50		10000	M/Q/H/Y
Shriram Unnati Deposit	CRISIL : FAAA; ICRA : MAA+	9.25	9.75	10.75	10.75	0.25	11.94	25000	Q/H/Y
Shriram City Union Finance Ltd	CRISIL : FAAA; ICRA : MAA+	9.25	9.75	10.75	10.75	0.25	11.94	25000	M/Q/H/Y
PNB Housing Finance Ltd	CRISIL : FAAA	9.65	9.40	9.40	9.40	0.25	10.45	20000	H
LIC Housing Finance Ltd	CRISIL : FAAA	9.00	9.25	9.40			10.39	10000	H
Gruh Finance Ltd	CRISIL : FAAA; ICRA : MAAA	9.00	9.25	9.25	9.50	0.25		1000	M/Q/Y
HDFC Ltd. Regular Deposits	CRISIL : FAAA; ICRA : MAAA	9.25	9.25	9.25	9.00	0.25		20000	M/Q/H/Y
HDFC Ltd. Platinum Deposits (Individual & Trusts)	CRISIL : FAAA; ICRA : MAAA	(15 M - 9.50) (22 M-9.50) (33 M - 9.50)				0.25		20000	M/Q/H/Y
Capital Gain Bonds									
Rural Electrification Corporation Ltd. (REC) - 54 EC Bonds				6.00					
National Highway Authority of India (NHAI) - 54 EC Bonds				6.00					

**DISCLAIMER :** 1) Investment done in Mutual Funds, Company Fixed Deposits, Bonds etc. are subject to Market Risk. Investors are required to read the offer documents and application forms carefully before investing. 2. We act as the distributor between the company and the investor, we wont be responsible for any market losses occurred in investments in mutual funds & company fixed deposits. 3) Please confirm interest rates before applying, we don't take any responsibility for change in interest rates & loss occurred due to same. 4) Company FD investments are unsecured in nature. 5) We don't promote or recommend any schemes, investors need to clarify & understand the details of every investments done by them.

### BIG PUSH TO SMALL SAVINGS

Finance Minister Arun Jaitley has given reasons for individual taxpayers to smile in his maiden Budget. The Union Budget has given fresh incentives for small saving schemes by increasing the income tax deduction limit under Section 80C from Rs. 1 lakh to Rs. 1.5 lakh.

The increase deduction under Section 80C from 1 lakh to Rs. 1.5 lakh will help achieve twin objectives of encouraging the households to make long-term savings, and also increase the overall savings rate in the economy.

As a result of these changes, a taxpayer in the 30% tax slab can save upto Rs. 36,050 a year, in the 20% tax slab can save up to Rs. 25,750 and those in the 10% tax slab can save up to Rs. 17,510.

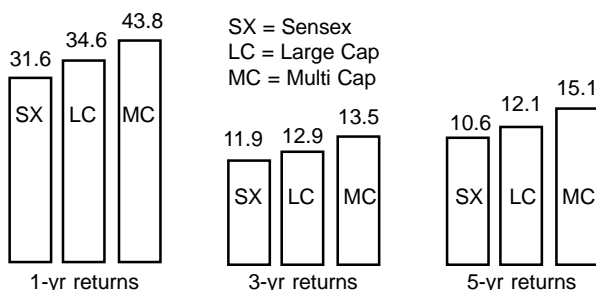
Tax Saving Scheme LIKE ELSS Tax Saving is beneficial in long run.

The Returns of The Scheme are shown Across Table, as this schemes gives regular income also.

Invest Today in AXIS Long Term Equity, BNP PARIBAS Tax Advantage, ICICI Prudential Tax Plan, Reliance Tax Saver.

### THINKOVER : CAN INVESTORS OUT PERFORM MUTUAL FUND MARKETING

If the average small investor does a comprehensive study of his equity portfolio he will discover that his gains from direct stock investments are nothing compared to how much the average mutual fund made during the period. Mutual funds have full fledged research team that look into every aspect of a stock before they include it in their portfolios. They are able to Zero in on a multi-bagger much before that stock comes into the limelight. If you outperformed the mutual funds, you are in the wrong profession and should join a fund house as a fund manager. Otherwise, just invest through mutual funds for steady wealth creation.



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