

# *New Age India*

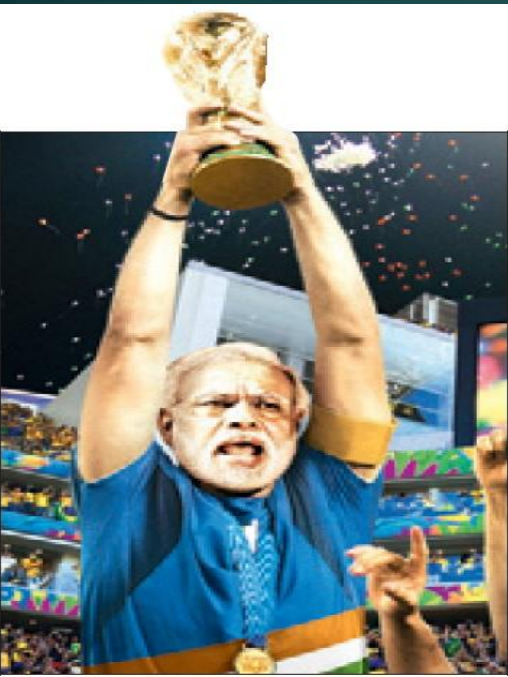
## *New Investment Horizons*



ET imaging: ARINDAM

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# *New Investment Horizons*



- First government after 30 years, with a clear majority.
- Growth & Development basis for majority.

**Matured Indian Democracy.**

**Perform or you are out of power.**



**Advantages of Indian Equity Market &  
Position of India on Global Front**

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# *New Investment Horizons*

## **Better GDP Outlook**

<b>Year</b>	<b>Agriculture</b>	<b>Industry</b>	<b>Service</b>	<b>GDP</b>
<b>2012 – 13</b>	<b>1.2</b>	<b>2.4</b>	<b>8.0</b>	<b>4.9</b>
<b>2013 – 14</b>	<b>3.7</b>	<b>4.5</b>	<b>9.1</b>	<b>6.6</b>
<b>2014 – 15</b>	<b>1.1</b>	<b>5.9</b>	<b>10.6</b>	<b>7.5</b>

**GDP in 2015 – 16 expected at 8 to 8.5%**

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## **Inflation on decline**

	Year		
	2012 - 13	2013 - 14	2014 - 15
<b>Whole Sale Price Index (WPI)</b>	<b>3.7</b>	<b>4.5</b>	<b>9.1</b>
<b>Whole Sale Price Index (CPI)</b>	<b>9.1</b>	<b>9.5</b>	<b>7.0</b>

**CPI Inflation – target for 2015 – 16 is 5%**

# ***New Investment Horizons***

## **Exports picking up**

	Year		
	2012 - 13	2013 - 14	2014 - 15
<b>Export Growth</b>	<b>- 1.8 %</b>	<b>4.1 %</b>	<b>4.6 %</b>

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## **Decline in Crude Oil Prices**

	Year		
	2013	2014	Present
<b>Average Crude Oil Prices in US\$ Brent Crude</b>	<b>108.64</b>	<b>99.02</b>	<b>60.00</b>

Source : [www.eia.gov.in](http://www.eia.gov.in)

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## **Decline in Fiscal Deficit (as a % of GDP)**

<b>2012 – 13</b>	<b>2013 – 14</b>	<b>2014 – 15</b>	<b>2015 – 16 Budgeted</b>
<b>4.8</b>	<b>4.5</b>	<b>4.1</b>	<b>3.9</b>

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## **Relatively stable Exchange Rate**

**US \$ to INR**

<b>1 Year Before Modi Government</b>	<b>54 - 68.50</b>
<b>After Modi Government</b>	<b>58 - 63.50</b>

Source : [www.rbi.org.in](http://www.rbi.org.in)



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## India in the BRICS Pack

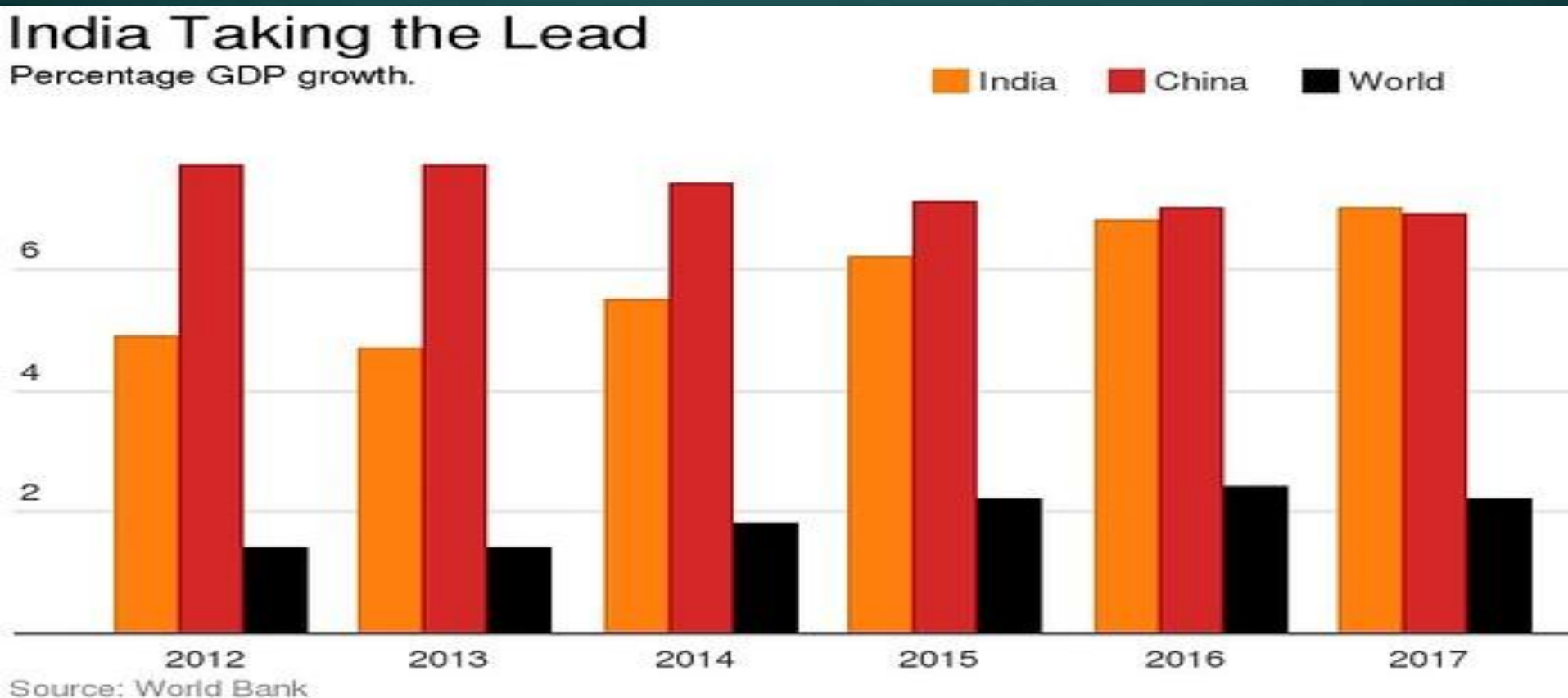


**Advantages of Indian Equity Market &  
Position of India on Global Front**

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**First time in recent history Indian GDP growth rate to match up with China**



**Advantages of Indian Equity Market &  
Position of India on Global Front**

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**Stage is set for an economic turnaround...**

**Advantages of Indian Equity Market &  
Position of India on Global Front**

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**Where can I Invest  
to participate in the  
India Growth Story ?**

**Advantages of Indian Equity Market &  
Position of India on Global Front**

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# *New Investment Horizons*

## **(1)** **Debt**

- Bank Fixed Deposit
- PPF / NSC / Post Office Schemes
- Company Fixed Deposit
- Debt Based Mutual Funds

## **(2)** **Equity**

- Direct Equity Schemes
- Portfolio Management Services
- Equity Based Mutual Funds

**Which asset class is better and why and significance of each asset class**

# *New Investment Horizons*

(3)

## Precious Metals

- Gold
- Silver
- Gold ETF
- Gold Mutual Funds

(4)

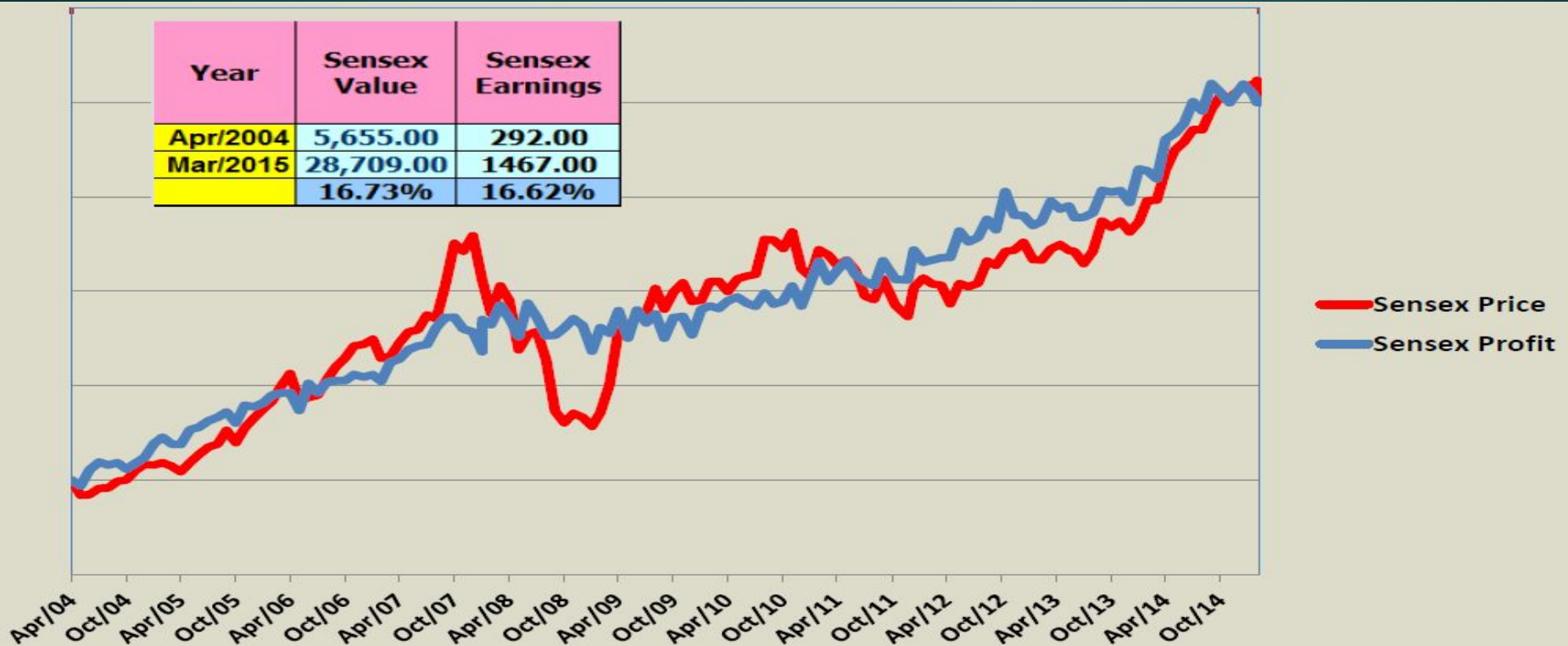
## Real Estate

- Land
- Building
- Rented Property
- Real Estate of  
Nationally renowned  
Real Estate Developers

Which asset class is better and why and  
significance of each asset class

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Our belief  
Equity Market is risky



In long run Sensex Price and Sensex Profit growth are same, but in short run there is a mismatch

Which asset class is better and why and significance of each asset class

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# *New Investment Horizons*

## Our belief

**Real Estate gives the best returns**

Particular (Amt in Rs.)	Purchase Value (Amt in Rs.)	Sale value (% p.a.)	Returns	Tax	Sale Value Minus Tax	Post Tax (% p.a.)
Sensex	30 Lakhs	Rs. 27 Cr	16.13%	NIL	27 Cr.	16.13%
Flat	30 Lakhs	Rs. 21 Cr	15.20%	4 Cr.	17 Cr.	14.42%
Gold 17 K.g.	30 Lakhs (@ Rs. 1,800)	Rs. 5 Crore (@ Rs. 29,450)	9.76%	50 Lakhs	4.5 Cr.	9.32%

**Which asset class is better and why and  
significance of each asset class**

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## Our belief

**Fixed Deposits are the best**

**Sleep peacefully – Relax – No tensions**

**What is the real rate of return?**

**Rate of Return – Rate of Inflation = Real Return**

**Which asset class is better and why and  
significance of each asset class**

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# *New Investment Horizons*

## **Factors to be considered in taking investment decision on asset allocation**

- **What is my investment goal?**
- **How well does it beat inflation?**
- **Taxation on investments**
- **Time period for investment**
- **Risk tolerance**
- **Age and Net worth**

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## **Factors to be considered in taking investment decision on asset allocation**

- **No asset class is good or bad**
- **What is important is, does it suit me ?**
- **Consult a Financial Advisor not an Investment Advisor**

# ***New Investment Horizons***

## **What type of Financial Advisor one should contact**

- **Who has understanding about all the asset classes**  
**Debt, Equity, Real Estate, Precious Metals**
- **Who understands Taxation & Financial laws**
- **Who knows when & how to borrow money**
- **How to plan finance & tax matters in business or profession**

**Need of a Financial Advisor not an  
Investment Advisor**

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## **Mutual Fund – A Vehicle for Investment in Debt, Equity, Gold How does it operate?**



**Advantages of Mutual Fund Investments  
and Why Mutual Funds**

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# New Investment Horizons

## Advantages of Mutual Funds

1. Professional Management
2. Diversification
3. Convenient Administration
4. Return potential
5. Low cost
6. Liquidity
7. **Transparency**
8. Flexibility
9. Choice of schemes
10. **Well regulated**
11. **Tax benefits**



**Advantages of Mutual Fund Investments  
and Why Mutual Funds**

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# ***New Investment Horizons***

## **Returns generated by Debt Based Mutual Funds**

<b>Name of the Fund</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>
<b>ICICI Prudential Long Term Fund - Regular Plan</b>	<b>19.56</b>	<b>12.96</b>	<b>10.67</b>
<b>HDFC High Interest Fund - Dynamic Plan</b>	<b>17.75</b>	<b>10.94</b>	<b>9.07</b>
<b>UTI Bond Fund</b>	<b>16.73</b>	<b>10.02</b>	<b>9.47</b>
<b>IDFC Dynamic Bond Fund - Regular Plan</b>	<b>16.18</b>	<b>10.73</b>	<b>9.87</b>
<b>Birla Sun Life Dynamic Bond Fund - Retail Plan</b>	<b>15.83</b>	<b>10.79</b>	<b>9.54</b>

**Advantages of Mutual Fund Investments  
and Why Mutual Funds**

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# ***New Investment Horizons***

## **Returns generated by Equity Based Mutual Funds**

<b>Name of the Fund</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>
<b>ICICI Prudential Focused Bluechip Equity Fund</b>	<b>39.15</b>	<b>23.56</b>	<b>15.99</b>
<b>L&amp;T Equity Fund</b>	<b>50.99</b>	<b>24.44</b>	<b>15.45</b>
<b>UTI Equity Fund</b>	<b>46.42</b>	<b>25.28</b>	<b>16.65</b>
<b>Franklin India Prima Fund</b>	<b>70.51</b>	<b>36.6</b>	<b>20.98</b>
<b>HDFC Mid-Cap Opportunities Fund</b>	<b>65.28</b>	<b>32.88</b>	<b>23.07</b>

**Advantages of Mutual Fund Investments  
and Why Mutual Funds**

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# New Investment Horizons

## Returns of PPF Vs. ELSS

Year	Total Investment	PPF Interest Rate	Value in PPF	Cost Inflation Index (WPI)	Depreciation of Rupee by Inflation	Sensex Value Level	Value if invested in Sensex	ICICI Pru. Tax Plan NAV	Value in ICICI Tax Plan
03 April 2000	70000	12.00%	70,000	406	70,000	5,053	70,000	18.62	70,000
02 April 2001	140000	11.00%	1,48,400	426	1,43,448	3,566	1,19,405	10.10	1,07,970
01 April 2002	210000	9.50%	2,34,724	447	2,20,520	3,500	1,87,192	13.06	2,09,613
01 April 2003	280000	9.00%	3,27,023	463	2,98,413	3,081	2,34,771	11.49	2,54,414
01 April 2004	350000	8.00%	4,26,455	480	3,79,370	5,741	5,07,458	27.01	6,68,061
01 April 2005	420000	8.00%	5,30,571	497	4,62,806	6,605	6,53,848	48.68	12,74,044
03 April 2006	490000	8.00%	6,43,017	519	5,53,292	11,564	12,14,782	90.70	24,43,784
02 April 2007	560000	8.00%	7,64,458	551	6,57,407	12,455	13,78,378	80.34	22,34,648
01 April 2008	630000	8.00%	8,95,615	582	7,64,393	15,627	17,99,326	92.28	26,36,758
01 April 2009	700000	8.00%	10,37,264	632	9,00,063	9,902	12,10,164	57.72	17,19,260
01 April 2010	770000	8.00%	11,90,245	711	10,82,571	17,693	22,32,290	128.04	38,83,825
01 April 2011	840000	8.00%	13,55,465	785	12,65,243	19,420	25,20,284	141.23	43,53,916
02 April 2012	910000	8.60%	15,33,902	852	14,43,232	17,478	23,38,229	136.32	42,72,548
01 April 2013	980000	8.80%	17,35,818	939	16,60,604	18,865	25,93,729	146.24	46,53,461
01 April 2014	1050000	8.80%	18,05,818	1,024	19,50,925	22,446	32,26,117	187.21	60,97,156
Position as on 27th Feb 2015	10,50,000	8.80%	18,05,818	1,024	19,50,925	29,220	41,99,730	280	89,15,528

**Advantages of Mutual Fund Investments  
and Why Mutual Funds**

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## Investment in Mutual Funds through SIP

### SIP – Systematic Investment Planning

...it is a method of investing a fixed sum, at a regular interval, in a mutual fund.

It is very similar to monthly saving schemes like a recurring monthly deposit / post office deposit

### Advantages of Systematic Investment Planning

- Encourages Regular Investments (just like recurring deposit schemes)
- A Convenient way to invest regularly
  - Lower initial investment without cutting into regular expense
- Long term perspective
- **Rupee Cost Averaging Benefit** to counter volatility - it brings down the average cost of your Investments
- No timing the market!!!
- Meet investment objective with investment needs
- Helps to match the risk / return profile



**Why SIP (Systematic Investment Plan)?**

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## SIP – How Rupee Cost Average Works

Month	Amount	Rising Market		Falling Market		Volatile Market	
		NAV (Rs)	Units Allotted	NAV (Rs)	Units Allotted	NAV (Rs)	Units Allotted
1	10000	10	1000.00	10	1000.00	10	1000.00
2	10000	10.5	952.38	9.75	1025.64	10.5	952.38
3	10000	12	833.33	9	1111.11	9	1111.11
4	10000	14	714.29	7	1428.57	11	909.09
5	10000	17	588.24	6.5	1538.46	13	769.23
6	10000	18	555.56	6	1666.67	11.5	869.57
<b>Total</b>	<b>60000</b>	<b>81.50</b>	<b>4643.79</b>	<b>48.25</b>	<b>7770.45</b>	<b>65.00</b>	<b>5611.38</b>
Avg. Purchase NAV (Total of NAVs/No. of investments)		13.58		8.04		10.83	
Avg. cost per unit (Total Investment /No of units held)		12.92		7.72		10.69	

Put aside an amount regularly

Discipline is the key

Rupee cost averaging

Control volatility

This example uses assumed figures and is for illustrative purposes only.

## Why SIP (Systematic Investment Plan)?

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**Save Regularly**

**Invest Regularly**

**Power of Compounding**

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# *New Investment Horizons*

## Power of Compounding

Year of Investment

Rate of Return

Savings Per Month	Total Amount Saved	For Years	Value of Investment			
			8%	12%	15%	20%
Rs. 10,000	Rs. 6,00,000	5	7,39,675	8,24,864	8,96,817	10,34,554
Rs. 10,000	Rs. 12,00,000	10	18,41,698	23,23,391	27,86,573	38,23,735
Rs. 10,000	Rs. 24,00,000	20	59,29,769	99,91,479	1,51,59,550	3,16,16,708
Rs. 10,000	Rs. 36,00,000	30	1,50,04,175	3,52,99,138	7,00,98,206	23,36,31,069

Power of compounding is the 8<sup>th</sup> Wonder of the World - Albert Einstein

Power of Compounding

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## **Tax Planning & investments**

- **Fixed Deposit Vs Debt Based Mutual Fund.**
- **Gold bars Vs Gold Deposit with SBI**
- **Equity Shares Vs Equity Based Mutual Fund**
- **Land Vs Let out property**

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## **Tax Planning & investments**

- **Urban Land                      Vs Agricultural Land**  
**Investments                      Vs Equity Linked**  
**U/s- 80C                              Savings Scheme**  
**PPF, 5 Years FD,                      (ELSS)**  
**Life Insurance**  
**Premium**
- **Traditional                      Vs              Life Insurance**  
**Life Insurance                      Term Plan**
- **Profit on Capital Asset – Investment Option**

# Questions?

# Thank you...



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