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## India is Fantasizing – The Next Multibagger



**SPOTTING MULTIBAGGER OR DAY DREAMING**

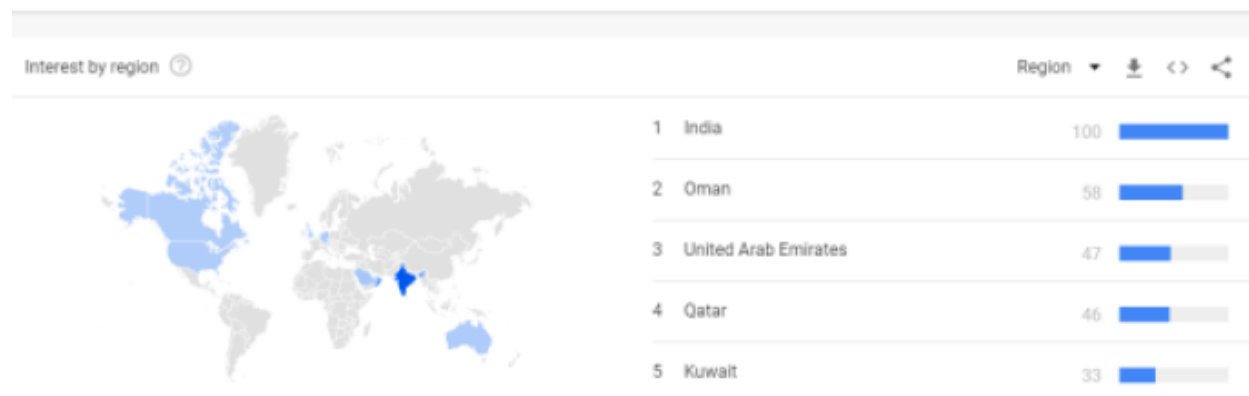
Well, I would start with the Headline – **“India Searching Multibagger... Confirms the Search Engine KING- GOOGLE”.**

The country seems to be gung-ho on this term multibagger that they are not even using logic and searching this on google as if it was some recipe or some restaurant name.

How lame the quest to copy or have a free meal become?

Do you want proof?

Indian Leads in Searching “multibagger” on internet

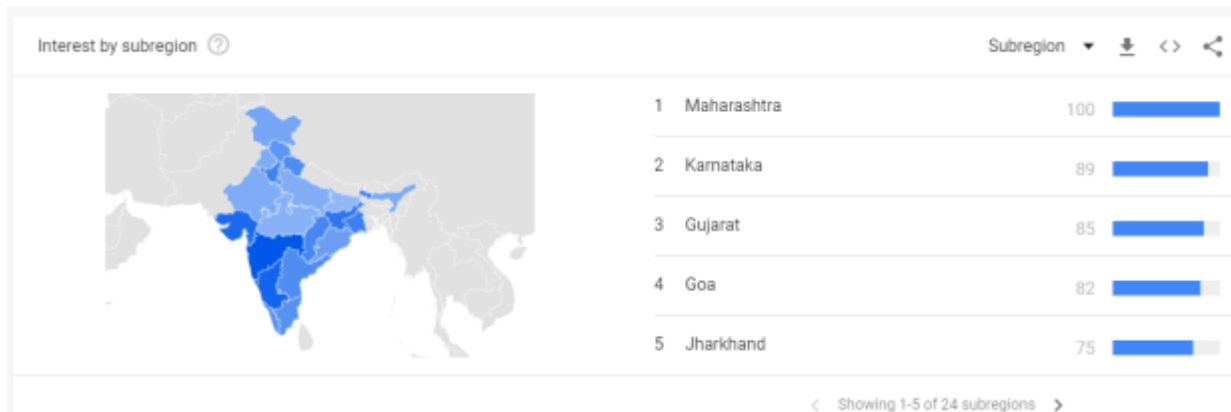


Look out of the entire world, the maximum search comes from India.

You will say it's a bull run so what?

But markets have been not so bad in US or Brazil too.

## Now Top Statewise love for Multibagger




Yes, it was expected.

Maharashtra & Gujrat leads in India. Karnataka also worth noticing as a huge number of Tech Guys live here and they contribute (read – they use office internet as mobile data sucks).

See Jharkhand and Goa... I am shocked.

Look how people have been searching by year, month or even for long term.

Related queries <span>?</span>		Rising <span>▼</span> <span>⬇</span> <span>⬅</span> <span>➡</span> <span>⬆</span>
1	multibagger picks for 2018	Breakout
2	ipo watch	Breakout
3	multibagger stock 2018	+900%
4	multibagger stock for 2018	+900% <span>⋮</span>
5	urja global	+650%



multibagger fd  
 multibagger for 2019  
 multibagger for 2018  
 multibagger for 2020  
 multibagger forum  
 multibagger formula  
 multibagger for 2017  
 multibagger for long term  
 multibagger for 2018 india  
 multibagger food processing  
 multibagger for december 2017

Future Oriented?  
 Wants to learn or Copy?  
 Tell me 2017 multibagger... I am happy with the TAIL

If you still don't know what I am talking about- let me brief you

## What is Multibagger

**Stocks, share or investment that can give returns several times their cost of purchase is called multibagger.** These are stocks which can multiply as they are either undervalued or new to the business.

*So a stock that double is called two-bagger, Multibagger means increasing its value multiple times.*

### Some examples:

Eicher Motors: The company that manufactures Bullet Bikes & Eicher Tractors.

Page Industries: The inner/casual wear brand you know by the name of “Jockey”.

And many more.

### How multibagger are made or originate

Multibaggers are made of 2 elements. One, consistent Growth over Time. So growth means the company has grown at a good rate (more than peers) for many years. Second, you have to give the idea – time to ripe.

If you look at the example above, Page industry has grown by 21% over the last 10 years hence it strikes the wall. How many of the investors searching multi-baggers are committing themselves for 10 years or more?

### Investment is a marathon.

### *And marathon earns respects not recognition.*

You know who runs the 100 meters or 200 meters the fastest but **do you know who is the fastest marathon runner?**

But you respect him because you know he has practiced the hard way. Will you commit to such hard work & patience?

What's wrong in searching Multibagger?

@: I bought sintex ind at 28  
 & PSU banks after your buy call.  
 1 cr in Edelweiss & DHFL- on buy call  
 by ..... of .....  
 Total 2 cr invested. 1 cr from Home  
mortgage  
 Current value is 80 lakhs  
 What should I do?  
 @ .....  
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 28/9/18, 7:43 PM

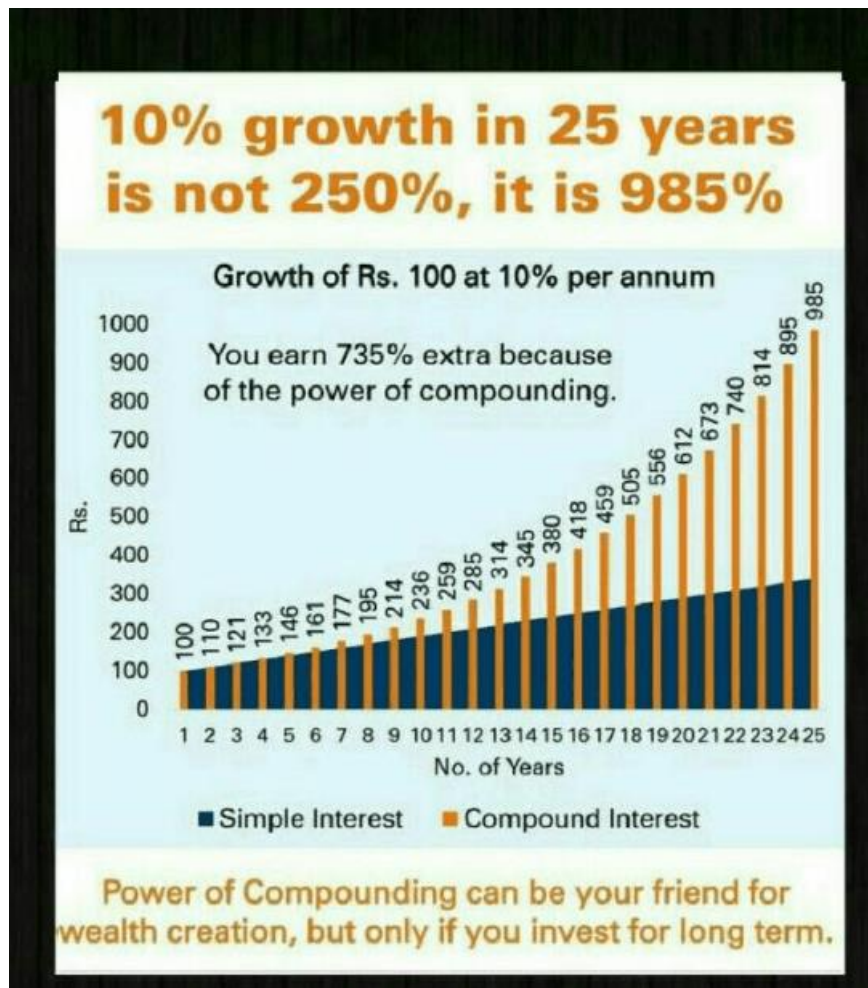
### The wrong in searching multibagger is:

- Expecting Free meal: You know they never exist. But still, you think someone would leave you biryani on some random website page.
- Ignoring Basics: **Basics of investing are** – Start Early, invest Regularly, Diversify, Set Goals, Review. But multibagger means catching nitrogen from thin air. You forget the basic.
- Most important: Search for multibagger means 2 thongs. You find it or you don't invest in search of that magical thing. So chances are you either hold on a bad idea or sit on fences without doing anything except searching multibagger again every year.
- You leave what's on the table for what you have only heard. You become speculative as you believe in rag to riches (Cinderella) stories. So you procrastinate your financial planning.
- You are an easy fodder for greedy marketers who are selling penny stock tips or Ponzi schemes.

### What to do?

Focus on the easy way.

Do you know a compounding of 10% for 25 years is not 250% but a whopping **985%**?



So instead of winning small wars each day, you are waiting to win The Armageddon. And I am not sure if everybody gets a chance to fight in Armageddon!

Have you started making your [portfolio](#) a Multibagger? Did you plan your goals? Got a [financial plan](#) for you and family?

*If not Sorry – Search “Help in Retirement” instead on Google.*

Any Hint?

Yes... remember the old saying when your liftman, cobbler or miser aunty living next door start taking interest in equities & share, it's a bad sign. Please comment below and tell me what you think? Do you believe in disciplined investing or miracles? Let us have a discussion when you want.



## Differentiating Investing Luck or Skill – 3 Recent Events



The informed investor always give credit or blame their Skills (efforts) or Luck in investing. Well, truth is, both work in investments. The debate of **investing luck or skill** – is never-ending. Recent below 3 events can help to understand the difference.

Luck is something by chance. Means you have no [control](#) over it. It happens and impacts everyone. You say you “your bad luck”, because, it impacted you and your loss is most important in priority.

The skill is your inputs. Your efforts that you put. They may change your investments but events are bound to happen. Efforts may change or cover your investments.

***So, simply put, efforts are in your control. Luck is out of bounds.***





You can be lucky to get less impacted or not impacted using some efforts in some cases only.

## Event 1 – A Saving for ALL

SEBI the regulator of Mutual Funds, in its board meeting on September 18, 2018, announced changes in the total [expense ratio](#) (TER) of mutual funds. They changed the age-old rules of charging expenses. This means more transparency in expenses, and reducing mis-selling and churning.

***Wow, could any investor have guessed this benefit?***

***Did any financial planner take this into account when they made a plan for you projecting future returns for a [goal](#)?***

NO

Because it's a sheer luck that you got this in 2018.

To elaborate on the news, the expense ratio is the amount that MF deducts from your money to manage your money. It includes MF company expenses, marketing expenses, brokerage, cost of registrar and MF company profit.

Equity MF AUM	Newly Imposed	Average So Far
₹0-500 cr	2.25%	2.4%
₹500-750 cr	2%	2.51%
₹750-2,000 cr	1.75%	2.21%
₹2,000-5,000 cr	1.6%	2.08%
₹5,000-10,000 cr	1.5%	2.07%
₹10,000-50,000 cr	Reduction of 0.05% for increase of ₹5,000 cr AUM	2.07%
>₹50,000 cr	1.05%	

Source: SEBI, Bloomberg

Simply to put, for a fund of say 1000 Cr, they were charging 2.2%, now they will only charge 1.75%.

Means an extra 0.45% returns every year. Year on year, so compounding will even increase your returns more.

### ***So is this investing luck or skill?***

Luck of course as all of us are going to benefit. We did not imagine it would happen someday and we did not calculate it.

Out of control event!

Imagine it could have been a reverse decision too! What if SEBI increased the expense ratio?

## **Event 2 – A loss in Liquid/Debt funds**

A company called IL&FS just got downgraded (means credit agencies indicate it will delay or default its payment on interest or capital).

This company is a behemoth in financing infrastructure projects. But seeing bad days.

Result: The NAV of Principal Cash Management Scheme went negative. Yes, the safest of [debt funds](#) saw negative days. Many schemes of Kotak MF, DSPBR MF, LIC MF are suffering.

You will say:

- If not Invested – My good luck (read: effort) as I was not investing in these schemes (think before thinking this – do you know whether your liquid fund has IL&FS security or a security that can go IL&FS ways?) or
- If invested – My bad luck as even the walking cow on road hits me every morning while jogging. So I am thinking of giving up exercise.

## Event 3 – The Domino Effect

The event of IL&FS was not limited to debt. The MFs have liquidity crises so they are selling anything which can help. One of them tried selling Debt paper of a healthy company (ICRA rating AAA) called Deewan Housing & Financial Services, but already sneezing market pundits thought it's a *chemical attack*!

So, they thought this company is turning sour, so the stock prices came down by 45%+.

Some extra cautious thought that entire sector (Housing Companies) is a loss, so prices of other companies like Indiabulls Housing etc also came tumbling down like a [domino effect](#) in motion.

So MF investors who are facing some bad day in debt now have bad in equity too as entire NBFC sector has become *Panipat (war zone)*.

Investing luck or skill? Think again!

## Can you avoid these events by investing luck or skill

Maybe yes by [DIVERSIFICATION](#).

Maybe yes by [ASSET ALLOCATION](#).

But what if some part of IL&FS or DHFL still remains in your portfolio after diversification or asset allocation?

This is exactly the luck – things you cannot control.

So, two things from here: One, you take a step (tactical) where you move out. Second, you stay if you know it's a matter of a few bad days.

**But one thing is sure:**

Few things can be controlled by efforts, but luck is also an element. Also control cannot be 100%.

**My Formula:** Give your best effort before investing decision. ***The harder I put efforts, the luckiest I become.*** Investing luck or skill – invest.

Leave luck to **Law of Averages** (means some bad things will happen, but some good things too will counter them, like event 1. I will get my dues in course of time – I believe so)

***What do you say about investing luck or skill?***

Did you get impacted by these series of events that unfolded?

## Minimum Amount to Invest in Mutual Funds in India



Mutual funds are complete investments in itself. I am saying this as you can get a lot of variety if you understand them well. Most of your investment needs can be fulfilled. But many people think you need big figures to invest. ***They are not aware of the minimum amount to invest in mutual funds in India.*** You can start as low as Rs 100 to Rs 1000. How and want to know best mutual funds to invest in minimum Rs 500... read on to know the details.

The mutual fund minimum investment starts from Rs 100 (Very selected funds in [SIP](#) only). But Rs 500 is the most sought-after figure. Call it rising inflation or blame the banking system. The minimum amount to invest in mutual funds in India is Rs 100 in SIP & Rs 1000 in a lump sum.

***Have you wondered why your local kirana shop has small sachets of everything ... like shampoo, jam, face cream, biryani masala & that Rs 2 Parle G packet.***

To induce trial and obviously, you try with a small quantity.

Once you know you like, you can buy larger quantities. **Similarly, [mutual funds](#) also have a gateway with small amounts.** The best thing of mutual funds is that you can start investing with the minimum sum of amount and increase later on.

There is no other way to invest in reasonable [diversification](#) with the minimum amount of Rs 100 or Rs 500.

Suppose you start a SIP of Rs 500, every month you are buying small quantities of at least 30 companies. Yes, the portfolio of every scheme has 30-50 companies. So your Rs 500 contribution get divided and diversified in these so many companies.

Can you do that with RS 5000 or Rs 50000?

## Minimum Amount to Invest in Mutual Funds in India

There is no restriction by regulator. The fund management decides the minimum amount. The idea is to manage cost with small amounts. So as discussed the minimum amount to invest lump sum is Rs 500 in most cases. Some mutual funds allow Rs 100 through SIP route.

### Best Mutual Funds to invest in minimum Rs 1000, Rs 500 or Rs 100

First – We are responsible advisors and so let me say what is **plain truth**.

**There is nothing called “Best Funds”.** A fund which fulfills your goal in minimum risk can be called Best Fund for you.

Investments depend on your goal. They depend on your risk appetite. So portfolio should be made considering your goals & asset allocation. Whether you invest Rs 500 or Rs 5 Lakhs the risk remains same as underlying funds remain the same. So before thinking minimum, consider these factors also. Goals can be:

- You want [tax saving from investments](#).
- Investment for short-term goals like car or maternity expenses
- [Investment for long-term goals](#) retirement or car replacement in 10 years.
- For just parking your ideal surplus

### Minimum Amount to Invest in Mutual Funds in India – Category Tax Saving

The mutual fund investment is a great way to save [tax under section 80C](#). It allows you to avail deduction of 1.5 Lakhs every year. Here are some funds where you can start at Rs 500. (Lump sum & SIP both)

Here are some good funds for tax saving

- DSP Tax Saver Fund
- ICICI Prudential Long Term Equity Fund

- Axis Long Term Equity Fund
- Aditya Birla Sunlife Tax Relief 96 Fund

Fund	AUM	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years
Aditya Birla Sun Life Tax Relief 96 - Direct	6,569	9.47	17.27	18.29	17.80	17.72	25.26
Axis Long Term Equity Fund - Direct	18,262	11.84	15.61	16.69	15.40	15.72	26.35
DSP Tax Saver Fund - Direct	4,577	5.57	5.26	11.52	15.85	13.63	22.21
ICICI Prudential Long Term Equity Fund (Tax Saving) - Direct	5,522	11.11	19.68	13.08	15.03	12.21	22.04
All Direct Plans as on 10 Sept, 2018							
Returns shown here are max for 5 years as Direct Plans started in 2013				www.thewealthwisher.com			
AUM= Asset Under Management on 30 Sept 2018				Right Plan... Right Life...			

## Minimum Amount to Invest in Mutual Funds in India – Category Hybrid Funds

Hybrid funds are good to start investing in equities. There is one [balanced fund](#) as of today that allows you to invest Rs 500 in lump sum mode.

- Reliance Equity Hybrid Fund

These are some Balanced Funds which offers SIP in Rs 500.

- UTI Hybrid Equity Fund
- Tata Hybrid Fund
- SBI Equity Hybrid Fund
- DSP Equity & Bond Fund

Fund	AUM	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years
Reliance Equity Hybrid Fund - Direct	14,203	3.49	5.95	7.52	13.51	14.63	13.00	20.63
SBI Equity Hybrid Fund - Direct	26,376	2.21	5.76	10.03	11.62	12.80	12.72	19.59
Tata Hybrid Equity Fund - Direct	5,238	2.07	4.97	5.34	7.09	9.36	10.52	17.74
UTI Hybrid Equity Fund - Direct	6,513	2.61	4.28	6.74	10.43	12.63	10.21	16.09
DSP Equity & Bond Fund - Direct	7,188	2.62	5.03	6.06	9.80	13.12	12.84	18.97
All Direct Plans as on 10 Sept, 2018								
Returns shown here are max for 5 years as Direct Plans started in 2013				www.thewealthwisher.com				
AUM= Asset Under Management on 30 Sept 2018				Right Plan... Right Life...				

## Minimum Amount to Invest in Mutual Funds in India – Category Equity

For long-term goals, you need to beat inflation and the best way is to invest in [equity funds](#).

There is only one fund with a minimum investment of Rs 500 in a lump sum.

- Quantum Equity FOF Fund

Some funds have Rs 2000 as a minimum LumpSum

- SBI Magnum MultiCap Fund

Many fund offer SIP in Rs 500 in diversified funds



- Franklin India Focused Equity Fund
- Kotak Standard Multicap Fund

Fund	AUM	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years
Quantum Equity FoF Fund - Direct Plan		2.87	4.23	6.93		13.70		20.77
Franklin India Focused Equity Fund - Direct	7,733	3.76	4.73	10.09	11.77	13.18	13.80	24.90
SBI Magnum Multi Cap - Direct	5,850	2.40	5.82	7.70	13.76	16.56	15.68	23.79
Kotak Standard Multicap Fund - Direct	21,271	5.11	9.54	9.46	14.88	17.01	16.07	23.51
All Direct Plans as on 10 Sept, 2018								
Returns shown here are max for 5 years as Direct Plans started in 2013								
AUM= Asset Under Management on 30 Sept 2018								

[www.thewealthwisher.com](http://www.thewealthwisher.com)

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## Minimum Amount to Invest in Mutual Funds in India – Category Liquid / Short Term Funds

There are some funds who allow short-term funds with SIP for just Rs 500.

- Franklin India Short Term Plan
- Reliance Banking and PSU Fund
- HDFC Banking and PSU Debt Fund

### Liquid or Ultra Short-term Funds

If your goal is to park your cash for short time, you can either consider a [liquid fund](#) or an ultra short-term fund.

- Axis Liquid Fund
- ICICI Prudential Ultra Short Term Fund
- Franklin India Low Duration Fund
- Tata Liquid Fund

You will love to read this too [Systematic Investment Plan \(SIP\) of mutual funds](#)

Fund	AUM	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years
Franklin India Ultra Short Bond Fund - Direct	13,801	8.39	7.94	7.57	8.37	8.88	9.12	9.39
Franklin India Low Duration Fund - Direct	6,143	8.87	8.08	7.42	8.65	9.14	9.41	9.66
Reliance Banking & PSU Debt Fund - Direct	3,860	7.46	5.01	3.86	6.16	7.52	NA	NA
HDFC Banking and PSU Debt Fund - Direct	3,178	7.59	4.47	3.83	6.29	7.81	8.27	NA
Axis Liquid Fund - Direct	24,297	7.39	7.46	7.18	7.03	7.35	7.70	8.06
ICICI Prudential Ultra Short Term Fund - Direct	2,721	8.12	7.47	6.87	8.09	9.10	10.19	10.42
Tata Liquid Fund - Plan A - Direct	19,956	7.38	7.42	7.14	7.00	7.32	7.68	8.07
All Direct Plans as on 10 Sept, 2018								
Returns shown here are max for 5 years as Direct Plans started in 2013								
AUM= Asset Under Management on 30 Sept 2018								

[www.thewealthwisher.com](http://www.thewealthwisher.com)

Right Plan... Right Life...

## Why investing is important, and not the minimum amount?

I understand that when someone has a small amount, he can invest in small only. For the same reason I am saying, funds are not important – To Start Investing is most important.

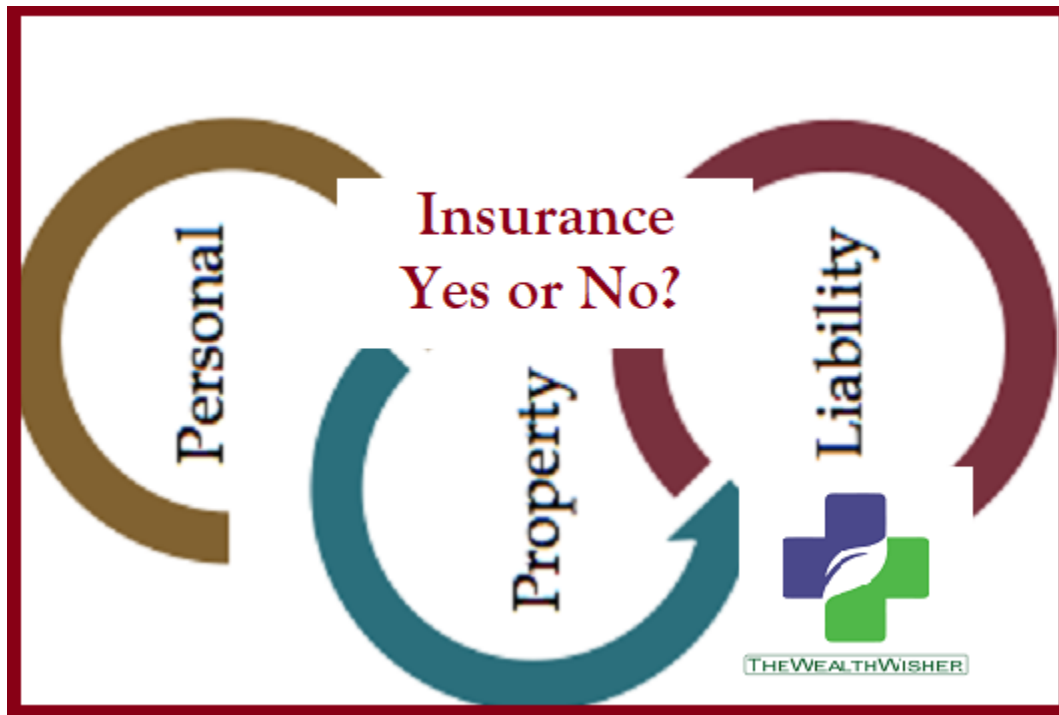
***Sitting on fences, means you are a spectator. Participating means – You are a player.***

***If you win – you are a winner.***

So, shed inhibitions. Keeping the minimum amount low is just one more good point to start investing.

So ... plan and invest.

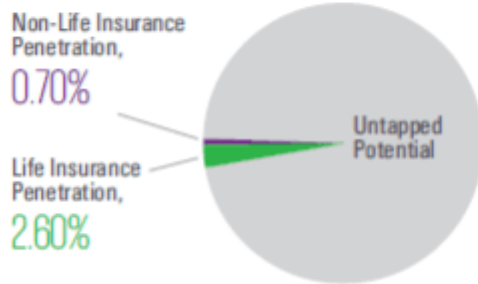
## Importance of Insurance in Your Portfolio



Two recent incidents have made me re-think and re-emphasize the need of insurance. I will narrate these incidents below, but insurance products are still sold than bought. Numbers have improved but still lot remains to be done. I still meet people on daily basis, who are financial savvy and still do not have basic Term Plan or Mediclaim. ***The importance of insurance is ignored.*** The chalta hai... attitude can cost huge in this active world. Insurance importance need to be appreciated.

The insurance density (ratio of total insurance premiums to the whole population) also remains very low at \$73 as compared to the world average of \$650. In short, India is grossly uninsured. Importance of Insurance takes a back seat even after 72 years of independence.

## Penetration: Premium as % of GDP-FY15



## Average Penetration of key countries

11.4%	South Korea	9.3%	France
10.8%	Japan	8.7%	Italy
10%	U.K.	73%	U.S.

In fact, not only un-insurance but under-insurance is also a key issue. Many ignore the importance of insurance.

It is a subject that is low on the priority list even for financially literate investors. In India insurance penetration (ratio of premium underwritten in a given year to the gross domestic product or GDP) in India is only 3.7 percent, which is far below the global average of 6.1 percent, according to the multinational reinsurance company Swiss Re Institute's sigma report, 2018.

The majority of people who have taken a cover are [under-insured](#), meaning not having an adequate coverage.

### *The 2 most recent incidents – Importance of Insurance*

... which got me re-access my own covers and write this piece.

### **Who thought it would rain like hell!**

Last month we all saw the heroic efforts of Armed forces in Kerala where they worked day and night to save the flood surrounded people. Your life is saved but your house, your office your belongings, your car etc. is all water ruined and now shall be of no use.

To get back to life, you need to buy and repair many things and this means you need some good amount of money – now.

In another incident, me and 2 of my finds with their family went for a little weekend gateway to Siriska Forest (it's in Alwar Rajasthan). It was hilly area to drive. We 3 friends were in one car and in second we had our families. Suddenly my friend who was driving the car, dozed off and car went left.

The car went over a huge rock and front portion jumped over the rock and we got stuck. The rock saved our lives as if it would have not been there we would have been rolling inside the 250 ft. deep valley.

But the front portion of the car got badly damaged. Luckily my friend had insurance (that too with depreciation waiver – here the plastics like bumpers etc. are also covered). Within 2 days he got the damaged part replaced, dented & painted. Mental agony- Full but expenses – - covered.

## WHY DO I NEED LIFE INSURANCE?

 <p><b>BREADWINNER</b> Life insurance can provide "income replacement" so that your family can continue to pay everyday expenses.</p>	 <p><b>DIVORCED PARENT</b> A policy could cover the support payments that a divorced parent makes.</p>	 <p><b>STAY-AT-HOME PARENT</b> Life insurance would cover the cost of paying for services the parent does for "free," such as child care.</p>
 <p><b>PARENT OF A SPECIAL-NEEDS CHILD</b> Life insurance can make sure the child will have financial support no matter when a parent dies.</p>	 <p><b>SOMEONE WITH CO-SIGNED DEBT (EX. STUDENT LOANS OR CREDIT CARDS)</b> Life insurance could cover the cost of the debt.</p>	 <p><b>HOMEOWNERS WITH A MORTGAGE</b> payments, so your family doesn't have to move if you die.</p>
 <p><b>PEOPLE CONCERNED ABOUT PAYING FOR THEIR OWN FUNERALS</b> Small life insurance policies can pay for your funeral and final expenses.</p>	 <p><b>SOMEONE WHO WANTS TO PROVIDE AN INHERITANCE</b> If you don't have a lot of wealth, life insurance can provide a small inheritance to heirs.</p>	
<b>BUSINESS OWNERS</b>		
 <p><b>BUSINESS OWNER</b> Life insurance can pay off business debts if you die, help heirs to the business pay off estate taxes, or fund a buy-sell agreement that allows a business partner to buy out your share.</p>	 <p><b>HIGH NET WORTH INDIVIDUAL</b> Life insurance can provide funds for heirs to pay estate or inheritance taxes.</p>	 <p><b>INVESTOR WHO HAS MAXED OUT OTHER RETIREMENT PLANS</b> Life insurance with a cash value component can provide a supplemental source of retirement savings.</p>

## Importance of Insurance – One of the Best Way of Managing Risks

We often cannot prevent events such as the death of a loved one, an accident, or extreme weather conditions from damaging our homes and businesses (the latest example being of historic Kerala floods & Mumbai – every year floods).

These are uncertainties of life, for which, we need to take steps to mitigate the risks. In fact, given the rise of lifestyle diseases, double-digit medical inflation, fading employee benefits, etc. getting an adequate amount of insurance today is more important than ever.

When you buy insurance, you transfer the cost of a potential loss to the insurance company in exchange for a fee, known as the premium.

## Basis Checks in Insurance

There are just 2 needs or importance of insurance:

- **Asset Protection**
- **Income Protection**



Asset protection means saving what you already have. Like your car or house from burglary. If an asset is lost you lose money in replacing or repairing it. And this money will be drain on your financials and will impact other goals.

Income Protection means, saving yourself from earning. Death, [medical emergencies](#) can prevent you or the bread winner to earn further or have an imposed break. You know of earning stops, the goals for life (like retirement, kids' education etc.) will suffer or get delayed. Can you let that happen?

Depending upon your requirements, different types of insurance products can be taken – [life insurance](#) for safeguarding your loved ones, [health insurance](#) to protect yourself and your

family in case of medical emergencies, home and car insurance to protect your assets, and [term insurance](#) plans for goals like retirement, children's marriage and education, etc.

### *What if you have insurance?*

Once bought, the insurance covers also need to be regularly reviewed and upgraded, especially at changing life stages. Also, remember to keep all your insurance plans in a secure place and inform your family members/ [nominees](#) about the same.

## Insurance & Life Planning



Most insurance products have added tax saving benefits. But never buy insurance for Tax Benefit. Buy if your Financial Plan needs it.

Always keep fundamentals of planning finances strong. Make savings as you earn, invest in good return-generating instruments, provide protection to self, family and your assets through life and general insurance, and achieve all your goals in a systematic manner. This should be followed rigorously.

Our message remains the same – ‘keep investing and stay invested for your life goals’.

Any financial plan without an adequate insurance coverage is incomplete.

## What to have in your Insurance portfolio?

Different types of insurance products – across life and general categories – help protect you and your loved ones in difficult times such as [illness](#), accidents, disability, death, and other risks.



Importance of insurance should be your top priority. Even before investments, especially the life and the health insurance.

Its role as a risk-management tool cannot be overemphasized. Usually, one realizes the importance of insurance after the event has occurred. It is, however, crucial that you act early on to avoid unnecessary hardships later.

There are many forms of insurance and one size does not fit all. You need to take into consideration your age, financial situation, life goals, health conditions, etc. before deciding upon the right cover.

For life insurance, the pure term plan works best. It is fairly inexpensive and the simplest form of insurance that meets the core objective of protection.

For health insurance, the family floater plans are most suitable for the majority.

Motor or vehicle insurance is mandatory by law and should never be ignored.

Next, there are certain insurance plans that help you reach your financial goals such as child and retirement plans, and some that help you create wealth in the long run, such as unit-linked

Insurance plans (ULIPs). In current form these are expensive and a mix of term insurance with SIP is the best combination. Hence ULIPs should be avoided.

You should also consider buying covers against disability travel, real estate and household contents.

The amount of cover can be ascertained with a help of an expert or your financial planner. *Share your views and first of all think are you convinced on importance of insurance? Second, check ... **Are you adequately insured?***

## Introducing the India Post Payments Bank

### After Successful Turnaround Stories of

Japan Post Bank & Postal Saving Bank of China



Here Comes

### Indian Post Payments Bank



IndiaPost  
PaymentsBank

आपका बैंक, आपके द्वार  
Aapka bank, aapke dwaar

[www.thewealthwisher.com](http://www.thewealthwisher.com)

I & my daughter went to post Rakhis for our family. The post office is a bit far, but we have a post box hanging on a Neem tree near our house. I was surprised that it was full with “Rakhi Packets”, to the extent that I could pull out a few if I insert my fingers. My daughter was amazed & she remarked... “Dad.. this looks like a good business. Who owns this company post office?” Back of my mind, I was thinking, how this century-old department is reinventing itself and on verge of becoming the biggest payment bank of India – The India Post Payments Bank... starts 1 Sept 2018.

The **Indian Post Payments Bank (IPPB)** is a new player (or I should call it a veteran) in the financial market. It looks easy but it takes many years of hard work & millions to keep alive a dying business. It goes live with 650 Branches and 3500 access points located in post offices on 1 Sept 2018.

The  
Online-Offline  
Combo



India Post Payment Bank took a lot of time but **I really hope it bridges the gap we have in India & Bharat**. In fact, I cannot think of a better name to accomplish this task.

Do you know, after Jandhan, Jio & Paytm etc ... all kind of exercise we still have more than 20 crore heads – With **NO BANK ACCOUNTS!**

Call it nostalgia... my nature to adore old & rich, I really want it to succeed and flourish. Same reason I had written about [Post Office Savings Bank](#) a few days ago. Now a bit of information on India Post Payments Bank.

First, a clarity... your post office is not changing to a bank immediately. It's a separate entity and maybe later they merge or do business together.

## Biggest Weapon of Asset India Post Payments Bank

Door Step Banking – Yes, the department has 3 Lakh people on fleet. Ask your bank, they too have door stop banking, but for really large clients only.

Do you have access to a door banking facility with your current bank? And here we have a player which specializes in it.



What if you get services at your door... no matter where you are or live. This is what Indian Post Payments Bank is banking upon.

**Question: What do you need to make a successful bank?**

**Answer: People, Real Estate, Money Supply & Technology.**

Post Office already has people and has inducted more, they have a more than 5 lakhs crore [deposits](#), they have 1.5 lakhs branches and now a CBS system (Centralised Banking System).

Do you know RBI has stopped Paytm & Fino Payments Bank to stop opening new accounts as they were not able to verify a large number of KYC of new accounts due to technology, access, and other issues?

IPPB will provide handheld devices to its staff and aims to use Aadhaar based identification to onboard customers. This is similar to what telecom players are using.

The reach is so huge that government is planning to shift all NAREGA accounts once it gets fully operational.

## IPPB Business Proposition

India Post Payments Bank or IPPB will have 650 Branches to start with and 3500 employees. Majority of this infrastructure is already in place. Further, IPPB will deal through:

### Doorstep Banking Charges

Service		Charges (INR)
Doorstep Banking –On-boarding	Customer On-boarding	Free
Doorstep Banking – Cash based transactions	Cash Deposit and Withdrawal	For cash transactions
		< INR 2,001 : INR 15 per visit
		INR 2001 – 5,000 : INR 25 per visit
		INR 5,001 - 10,000 : INR 35 for per visit
Doorstep Banking – Non-cash based Financial Transactions	Remittance	Cash transactions above INR 10,000 will not be offered at doorstep
Doorstep Banking – Non-cash based Non-Financial Transactions	Balance Enquiry	Free
	Mini Statement	

Only three transactions are allowed per visit. Fourth transaction would be treated as another visit, and charges would apply accordingly

- Counter operations
- ATMs/micro ATMs
- Doorstep, mobile and internet banking
- Transfers like RTGS, NEFT & IMPS
- Pre-paid instruments such as mobile wallets, PoS, MPoS, etc.
- Third party products like [MFs](#), Insurance, Pensions & Forex.
- Coming with an app to make mobile recharges, utility bills and other payments like school fees etc.
- Small-scale loans

## Can you link Post Office Savings Bank A/c to IPPB A/c?

The payments bank is all determined to bring the regular Post Office Savings Bank accounts into the fold of digital transactions.

As the limit of Payments bank is 1 Lakh, the excess amount can be linked and transferred to Post Office Savings Bank account at the end of the day! Just like Sweep In-Sweep Out account.

Currently, you can open a IPPB account with the commitment of no minimum balance and earn 4% interest on it.

In all, a revolution starts when PM inaugurates the Post Office Payments Bank on Sept 1, 2018. I will be eager how this entity emerges and do business.

## **Ayushman Bharat – A Future Health Care Scheme?**





The question that will come to your mind is, Ayushman Bharat is a scheme for below poverty line population, so why are you reading it? It is true, but the most noteworthy statement of PM's Independence Day speech was – Ayushman Bharat will be extended to all social classes after the initial launch. So it will really be a **National Health Protection Scheme** in times to come. It will cover each one of us. So here are the details, features, eligibility & scope of Ayushman Bharat.

Another reason to discuss **Ayushman Bharat** is- may be economical conditions separate us but we live & work in a society full of people who need medical help around us. This article will help you – help them and guide. **It's our duty.**





## PIB India

✓@PIB India

Govt is going to bring Pradhan Mantri Jan Arogya Abhiyan under which 10 crore families will get health insurance worth Rs 5 lakh per annum; will launch it on 25th Sept, birth anniversary of Pt Deendayal Upadhyay : PM @narendramodi #IndependenceDayIndia @MoHFW\_INDIA @JPNadda

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[11:41 AM - Aug 15, 2018](#)

68 people are talking about this

[Twitter Ads info and privacy](#)

The scheme is already been compared to Obamacare – which covered all US citizen on payment basis. It's now been stalled by Trump Administration and the US is still waiting for a revised scheme. Media has started calling Ayushman Bharat as Modicare. It will be World's largest government-funded health scheme upon launch.

I am not a political expert, but timing and involvement will surely make this scheme as a front-running issue in 2019 general elections. The scheme first phase will be launched on 25 Sept 2018.

## Ayushman Bharat Eligibility

In the current format, Ayushman Bharat is a scheme for around 10.74 Crore families or around 50 crore heads (considering 5 members per family).

The selection of these families is as per income levels surveyed in 2011.

So all family members irrespective of age (children to elderly), gender or location are beneficiaries of this scheme. So no cap on family size too.

## Ayushman Bharat Coverage

The scheme cover is Rs 5 Lakh per family per year Floater Coverage Basis. So a family can avail treatment of Rs 5 lakh by one person or multiple people for Rs 5 lakhs in a year.

Ayushman Bharat will cover medical and hospitalization expenses for almost all procedures. The health ministry has included 1,354 packages in the scheme under which treatment for coronary bypass, knee replacements, and stenting among others. Here is the [list](#).

All pre-existing diseases are covered from day 1. No waiting period like private mediclaim policies.

### ***Is it sufficient?***

Yes, it is sufficient to cover basic ailments like stroke, minor surgeries or accidents. But major diseases like cancer, organ replacements or major accidents/surgeries will have shortfalls.

A health insurance coverage of Rs. 5 Lakh in case of hospitalisation per family per year	10.74 crore families will be covered including 8.30 crore from rural and 2.44 crore from urban areas
Cashless benefits may be availed from all public and empanelled private hospitals across India	All the identified beneficiaries from SECC database will be covered under PMRSSM

### **How will it work?**

The exact modalities are yet to be announced as pilot testing has started in some districts. But this is a cashless scheme. So you should have valid documents of eligibility. The eligibility will be different for rural & urban areas.

The beneficiaries once found eligible will be issued cards. They will not be required to pay any charges for the hospitalization. The benefit will include pre and post-hospitalization expenses.

Each impaneled hospital will have an 'Ayushman Mitra' (a desk to help & counsel) to assist patients. These help desks will check [documents](#) to verify the eligibility, and enrollment to the scheme.

Also, all the beneficiaries will be given letters having QR codes. A demographic authentication will be conducted for identification and to verify his or her eligibility to avail the benefits of the scheme.

The scheme is portable across the country. Beneficiary covered under the scheme can take cashless benefits from any public or private impanelled hospitals across the country.

A helpline number 1455 has also been launched for benefit of patient & families.

## What Next?

As announced by PM the benefits will be extended to the middle class and other social groups.

If Obamacare model is studied, the higher class members will not be getting the benefits FREE. They will be asked to pay/copay a part of the premium and they can then avail the benefits.

So it will be like a government-run [mediclaim](#) for us. No doubt government cannot do it alone so they will take help of public & private health insurance companies to roll out this benefit.

## Is Ayushman Bharat better than Mediclaim Policy?

Yes, in phase one it is free (There is no cost or premium mentioned ever by PM or program's website) for eligible families. But if same is extended on a paid basis to other class we need to see if the cost-benefit is adequate to provide a good treatment. Also, it will be interesting to watch if the government allows additional cover (above 5 Lakhs) on payment basis.

### **Final Words**

*Ayushman Bharat is a huge step to cover medical coverage in a country which is 7<sup>th</sup> largest by area and 2<sup>nd</sup> largest by population. After its first phase, more than 50% (existing government servants + health insurance beneficiaries combines) population will be covered with medical benefits.*

For us .. as [taxpayers](#) & future beneficiaries, we need to really see if our money is used properly. ***Hopefully, Ayushman Bharat does not become an election tool and then axed by future governments like it happened in the USA.***

## Should You Invest in SIP with Insurance?



What to do if your favorite South Indian shop stops giving you the coconut chattni? What if the Pani Poori wala stops giving the extra spicy-water? You will never like it. **The freebies that you get is an essential part of the experience.** That is human nature and we all like what is free or without cost. Using the same human attributes, many mutual funds have started offering “Free Insurance”. This is generally with SIPs – called as SIP with Insurance.



SIP with Insurance is a bundled product, where along with the investment units, you get a bit of insurance. I am saying it “bit” because it is not substantial enough that it can replace your [term plan](#). How? Let’s see the details today.

This post will help you know the features, details & decide on SIP with Insurance. So let’s start.

**The 3 top most MF companies that started SIP with Insurance**

- Aditya Birla MF – Century SIP
- ICICI Prudential MF – SIP Plus
- Reliance Nippon MF – SIP Insure

### **Let's review each of these SIP with Insurance Features**

#### **Aditya Birla MF's Century SIP**

In this scheme, they offer free insurance based on your SIP period & Amount of [SIP](#). Your insurance cost is fully borne by AMC. You don't need any medical check-up or any proof. You just need to sign a good health declaration and answer Some questions.

#### **Cover under Century SIP:**

1<sup>st</sup> year of investment: – you will get 10 times of your monthly SIP

2<sup>nd</sup> year of investment: – you will get 50 times of your monthly SIP

3<sup>rd</sup> year of investment: – you will get 100 times of your monthly SIP

The maximum limit of every insurance is 20 lakhs.

For example, if you invest Rs 1000 per month in an equity fund, you will get Rs 10000/- insurance in 1st year, Rs 50000 in 2<sup>nd</sup> year and after it, during the 3rd year & ONWARDS you will be insured with Rs 100000.

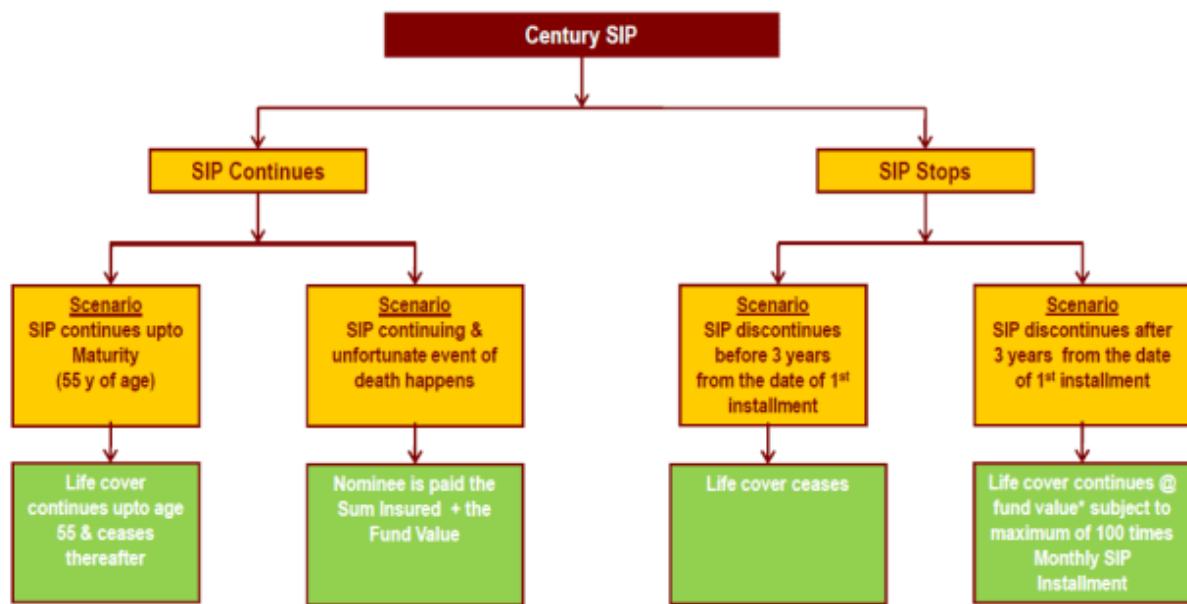
If you invest Rs 30000 per month your insurance for 1st year will be 3 Lakhs. For 2<sup>nd</sup> year it will be 15 Lakhs after your 3<sup>rd</sup> year you will get insurance of 20 Lakhs (Max Limit).

Entry age limit for this plan is 18 to 46 years and the plan covers up to the age of 55 years.

Insurance cover starts your day of first investment, however, for first 45 days, only accidental death is covered.

#### **What if SIP discontinues?**

If the SIP is discontinued after 3 years, the cover continues till the age of 55.

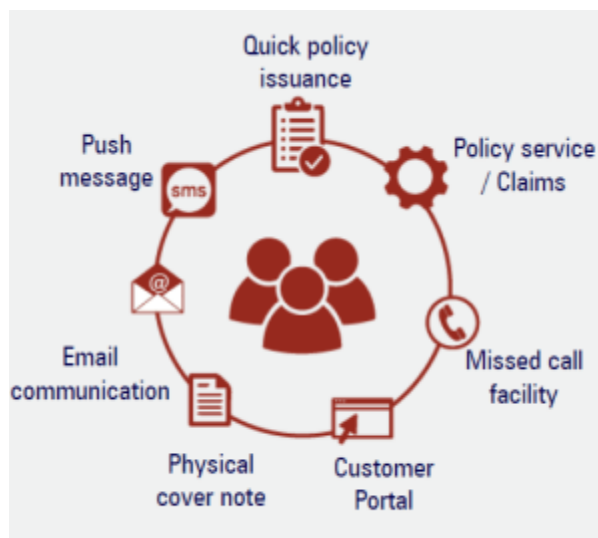


Note – Insurance cover would cease , if investor redeems (fully / partially) or switch out (fully / partially) units before completion of the Century SIP tenure

\* Fund Value = Value of units, accumulated under Century SIP, at start of the each policy year.

The designated schemes under Century SIP include almost all the top performing equity funds of Aditya Birla Sun Life Mutual Fund.

## ICICI Prudential MF's SIP plus



THIS IS WHAT CUSTOMER GETS IN SIP WITH INSURANCE

SIP Plus provides the same amount of cover free of cost, as offered by Century SIP.

The only difference in the product is the Maximum Life Cover is Rs 50 Lakhs.

Age of entry is 18 to 51 years. Insurance cover ceases to exist after 55 years of age.

All the main equity funds are covered in SIP plus.

## Reliance Nippon MF's SIP Insure

This scheme also follows all same conditions with the difference that after 3<sup>rd</sup> year the SIP cover is 120 times of your monthly investment.

Another difference is the maximum cover is Rs 21 Lakhs only. **(Update Aug 2018 – MAX COVER INCREASED TO Rs 50 Lakhs)**

### Comparison of Plans – SIP with Insurance

So in a nutshell, here is how these 3 plans stand opposite each other:

<b>Feature</b>	<b>Aditya Birla Century SIP</b>	<b>Reliance SIP Insure</b>	<b>ICICI Prudential SIP plus</b>
<b>Age limit</b>	Investor must be in the age of 18 – 46 years	Age between 18 – 51 years	Investor with age range 18 – 51 years.
<b>Insurance Cover 3<sup>rd</sup> Year onward</b>	100 times of monthly investment	120 times of monthly investment	100 times of monthly investment
<b>Maximum Insurance Cover (Rs)</b>	20 Lakhs	21 Lakhs <b>(Update Aug 2018 – MAX COVER)</b>	50 Lakhs



		<b>INCREASED TO Rs 50 Lakhs)</b>	
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## Should you opt for SIP with Insurance Plans?

Investments and Insurance are 2 separate pillars of your financial plan building. You cannot [mix](#) them.

The SIP amount or scheme should be independent of free insurance. If you get it it's fine otherwise no issues.

The attraction with SIP with insurance is that you get the cover free of cost. If the cover is offered with schemes that have a solid track record of performance across market cycles and fit your plan, you can go for it.

Your major [goals](#) should be covered through a term plan only. This is because you need a full-time insurance and not an insurance cover which is not flexible or can stop when your SIP stops for any reason.

However if you in 40-50 range and have missed out term plans, these plans will be handy as term plans in this age will costly.

*Hope you are now conversant with the SIP with insurance plans of Mutual Funds.*

*This article has contributions from [Ms Payal Patwari](#) – Intern Research*

## 5 Important Real-Life Investment Mistakes



- Why NAV goes down, when I invest?
- Why he invests better than me?
- How much time should I wait to buy or sell?

Am I the only one  
jinxed?

Often simple hacks help in life & investing. Few rules are so simple and straight that you do not need to think twice. Yet we fail to understand them. **Here are 5 most important real life investment mistakes**, that you need to understand to be a successful investor. I have provided some real life example too. Let's see if you can correlate with your life.

Real Life rules in investing help you connect your life & [investments](#) that you do. The investment mistakes are common and keep happening around us.

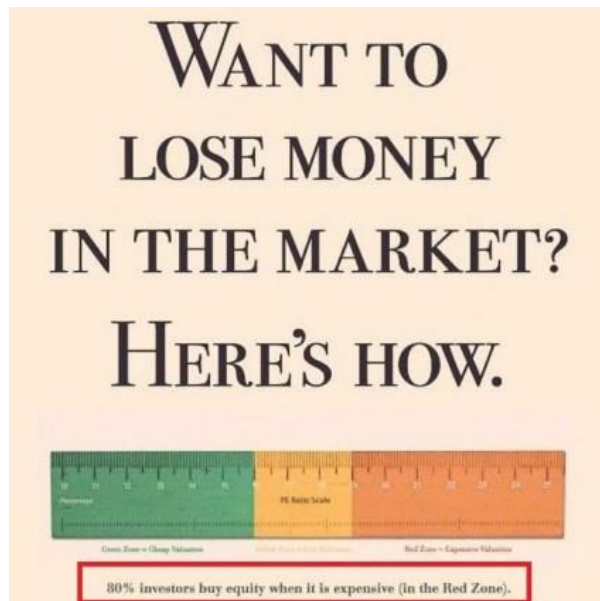
We hear many time people **complaining about luck, de-glorifying themselves** & claiming that they are not suited for investments. This is more of an excuse.

There are reasons for whatever is happening in your investing world, you just need to identify and work around these reasons. Let's check the 5 most important real life investment mistakes.

When I purchase an MF or a Share, it always goes down

Do you know why this happens to you? Because of 2 reasons.

One, you purchase them at peak (relatively). Chances are you do not have information about them and just learning that X MF is number 1, you wait. Then it goes ahead further, you just move ahead and invest. Now If you invest in something when [valuations](#) are high and it is going through an upward cycle, the law of gravity demands that it will correct. But you say you are jinxed.



The second reason is that you are standing and pointing from a wrong spot. You invested in a consumption fund, and just after a month you say- *the fund is not doing good*. Are you right in pointing wrong an investment of 5-10 years just after a week or a year?

Markets go through at least one big [pullback](#) every year, and one massive pullback every decade. Get used to it. It's just what they do.

## Your friend is not “that” genius

You friends or peers often bang tables narrating tales how they made killing in Avenue Supermart [IPO](#) or Bitcoin Mania. But this does not mean they can be ideals in investing.

There is virtually no accountability in the [financial pundit](#) arena. ***People who have been wrong about everything for years still draw crowds.***

Just observe them carefully, do they ever tell how they lost in Reliance Power? Do they tell about the amount they invest in speculations? If they would have invested convincingly why would they invest just a few thousands, why not more? They are just bragging their luck, and luck is 1% in investments. Rest is research, effort & behavior.

There are tens of thousands of professional money managers. Statistically, a handful of them have been successful by pure chance. Rest do the hard work and succeed.

## Investment Mistakes in differentiating between Waiting & Patience

You decide to buy Y stock. It's trading between Rs 44.50 and 45. You wait to see if it drops to Rs 44 to buy it. You turn away for some work and when you look back, it is now Rs 46. Oops! You but is in a wink.

On the other hand, you want to sell Z. It's trading between Rs 21.50 and 21.75. Your idea is to see if you can get Rs 22. You decide to wait and you see it dropped to Rs 19. You sell it thinking everyone selling for a reason!

**FEAR**  
 Makes You Sell Too Soon  
**GREED**  
 Makes You Hold Too Long



If you look at prices you will always confuse waiting & patience. Instead, you should **focus on value & goals**. If a goal & value is achieved, move out. If still underachieved wait. Simple, isn't it?

## Embrace Boring Atmosphere

Investing is based on research and information. Researching information and drawing a meaning is a time taking activity. Its reading pages, surfing dull websites & talking to financial planners etc. Then you invest, wait for years to see results. The thrill is in the pudding and not in rice or sugar.

***The most boring companies like – toothpaste, food, oil – can make some of the best long-term investments.***

Investments is a game of mind, trust & patience. All these 3 pillars make a foundation of a good portfolio. You may have dull moments but these are for good. Thrill is fatal in investments.

## The market will always beat us in Short Term

Because we do not know the vastness and size of information that makes Mr. Market.

No matter how knowledgeable you are, how much effort you have put into research or how lucky you are, you cannot know it all. Mr. Market loves to make you regret your mistakes.

**Not a single person in the world knows what the market will do in the short run.** End of the story.

YEAR END (1)	SENSEX (2)	ROLLING 1 YR GROWTH (3)	ROLLING 3 YR GROWTH (4)	ROLLING 5 YR GROWTH (5)	ROLLING 10 YR GROWTH (6)	ROLLING 15 YR GROWTH (7)	ROLLING 20 YR GROWTH (8)
Mar-79	100						
Mar-80	129	29%					
Mar-81	173	35%					
Mar-82	218	26%	30%				
Mar-83	212	-3%	18%				
Mar-84	245	16%	12%	20%			
Mar-85	354	44%	18%	22%			
Mar-86	574	62%	39%	27%			
Mar-87	510	-11%	28%	19%			
Mar-88	398	-22%	4%	13%			
Mar-89	714	79%	8%	24%	22%		
Mar-90	781	9%	15%	17%	20%		
Mar-91	1168	50%	43%	15%	21%		
Mar-92	4285	267%	82%	53%	35%		
Mar-93	2281	-47%	43%	42%	27%		
Mar-94	3779	66%	48%	40%	31%	27%	
Mar-95	3261	-14%	-9%	33%	25%	24%	
Mar-96	3367	3%	14%	24%	19%	22%	
Mar-97	3361	0%	-4%	-5%	21%	20%	
Mar-98	3893	16%	6%	11%	26%	21%	
Mar-99	3740	-4%	4%	0%	18%	20%	20%
Mar-00	5001	34%	14%	9%	20%	19%	20%
Mar-01	3604	-28%	-3%	1%	12%	13%	16%
Mar-02	3469	-4%	-2%	1%	-2%	14%	15%
Mar-03	3049	-12%	-15%	-5%	3%	15%	14%
Mar-04	5591	83%	16%	8%	4%	15%	17%
Mar-05	6493	16%	23%	5%	7%	15%	16%
Mar-06	11280	74%	55%	26%	13%	16%	16%
Mar-07	13072	16%	33%	30%	15%	8%	18%
Mar-08	16644	20%	34%	39%	15%	14%	20%
Mar-09	9709	-38%	-5%	12%	10%	6%	14%
Mar-10	17528	81%	10%	22%	13%	12%	17%
Mar-11	19445	11%	8%	12%	18%	12%	15%
Mar-12	17404	-10%	21%	6%	18%	12%	7%
Mar-13	18836	8%	2%	4%	20%	11%	11%
Mar-14	22386	19%	5%	18%	15%	13%	9%
Mar-15	27957	25%	17%	10%	16%	12%	11%
Mar-16	25342	-9%	10%	5%	8%	14%	11%
Mar-17	29621	17%	10%	11%	9%	15%	11%
Mar-18	32969	11%	6%	12%	8%	17%	11%
Probability Of Gain		26/39	31/37	32/35	29/30	25/25	20/20

Sensex returns are computed for 1,3,5,10,15 & 20 years from the date of investment. Source: BSE Ltd. Returns for 1 year are absolute and above 1 year CAGR.

The best you can do is – your homework. If you are investing in shares directly, then you need to know your securities inside and out—know their numbers, competitors, fundamentals and technicals, risks & growth areas. Have a strategy for every scenario.

**Hope you had Deja Vu moments when you read these 5 most important real life investment mistakes. If you work on these, I am sure you will have good results in long-term investing.**

## What is Large Cap or Mid Cap or Small Cap?



You must be wondering what does it mean when your advisor says “XYZ fund is a Large cap, and it will bring stability to your portfolio”. **What is large cap?** How will it ensure stability? **What is Mid cap** then? Or **what is small cap** stock? They are all equity, so does categorizing them makes any sense or these are just jargons?

Let's see what they are & how they are recognized by Indian Mutual Funds.



The name has it all... yes **SEBI, the regulator of the Mutual Fund Industry** has ensured that funds from mutual funds are “true to label”. Means if you want to buy a large cap you should get a large cap.



Well, this is possible if we “[standardize](#)” or “fix” the definition of the large-cap and other type of funds.

In the circular dated October 6, 2017, they clearly mentioned:

*“It is desirable that different schemes launched by a Mutual Fund are clearly distinct in terms of asset allocation, investment strategy etc. Further, there is a need to bring in uniformity in the characteristics of similar type of schemes launched by different Mutual Funds. This would ensure that an investor of Mutual Funds is able to evaluate the different options available, before taking an informed decision to invest in a scheme.”*

So in this very circular, they paved the way for categorizing equity stocks.

Before, I tell What is Large Cap or What is Mid cap & What is Small cap  
lets quickly check **what is CAP?**

Cap stands for Capitalization or simply market capitalization (mcap). Its formula is very simple.

**MCap = No of Equity Shares (Available for Trading) X Price**





So today if HDFC Bank price is 2200 and the number of shares is 2595090267 the MCAP is 57092 Cr.

*Hence Capitalization can:*

- Increase or decrease minute by minute on a day market is open as the price
- Increase if the company issues more shares (Follow up Price Offer) or decrease if they buyback.

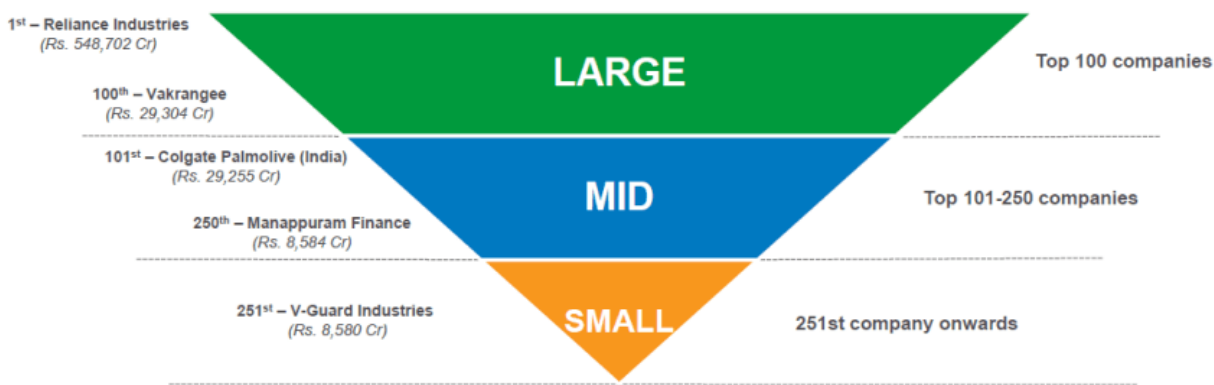
So back to our Question, if CAP or capitalization is changing every day or minute, how we decide which share is large-cap or mid-cap or small cap?

As per SEBI, the answer to Question – What is Large Cap?

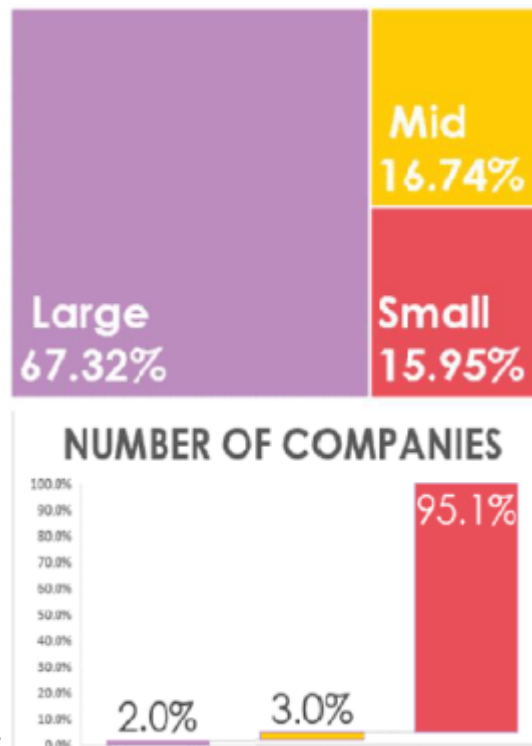
**Large Cap:** 1st TO 100th company in terms of full market capitalization. This means Nifty companies plus the next 50 companies.

**Mid Cap:** 101st -250th company in terms of full market capitalization. Only 150 stocks qualify as Mid Cap shares.

**Small Cap:** 251st company onwards in terms of full market capitalization. This means more than 4000 companies qualify as a Small cap. This is the largest space for MFs to make a portfolio.



AND the Referee to this is AMFI – The Association of Mutual Funds of India (the guys behind Mutual Fund Accha Hai campaign)



The same above mentioned circular says:

*“Mutual Funds would be required to adopt the list of stocks prepared by AMFI in this regard.”*

AMFI would adhere to the following points while preparing the list:

1. Average market capitalization will be computed, If a stock is listed on more than one recognized stock exchange.
2. Full market capitalization will be considered, if a stock is listed in one recognized stock exchange,
3. This list would be uploaded on the AMFI website and the same would be updated every six months based on the data as on the end of June and December of each year.

So you want to know which are Large Cap or Mid Cap Or Small Cap of 2018? [Click Here.](#)

The Hard Fact is:

***If a Fund Say “I am Large Cap” – It ought to be Large Cap only.***

Taking the discussion further let me also elaborate why you should invest in a particular fund.



**What is Large cap fund:** – these are funds which invest their corpus in companies with large capitalization in the market. These are the funds which invest in giant companies like SBI or Reliance Industries. They are known to provide stable returns.

*Benefits of investing in large cap: –*

1. Risk level is low: the risk level is low as compare to small and medium cap funds because they are leaders and have market share. For Eg, Reliance Industry has huge earnings from its refinery
2. Potential Returns & Dividend: the stock prices are stable (fluctuate in range) and dividend policies are also well known. These are market leaders & well established in the market.
3. Stability: the funds are stable in market because these are companies who have maintained a good reputation in the market and financial stability.

**What is Mid cap fund:** – that fund which focuses on investment in companies of a medium range of market capitalization. The mid cap companies offer more growth than large cap peers.

*Benefits of investing in mid cap: –*

1. Growth Opportunity: the growth opportunity of mid cap fund is higher than large cap funds as these companies are continuously growing in the market and are acquiring market share.
2. Risk level: – the risk level of mid cap funds is more than large cap.
3. Stability or liquidity: – liquidity level of mid cap funds is better than small But they are prone to more price fluctuations than large caps.

**What is Small cap fund:** these funds invest in companies with small market capitalization.

*Benefits of investing in small-cap funds: –*

1. Higher growth rate: – small-cap funds provides an exponential growth rate and provide high returns on the funds. All mid caps were small caps some years ago, with high growth rates.
2. Risk: They are risky as they may face illiquidity (finding buyers-sellers) in the market. They also have a risk of disappearing or engage in frauds or price manipulations as the scale of business is small.

You should only invest based on your risk profile & [portfolio](#) requirement.

Rs. in Trillions

Market Cap	No. of Company	Total Mkt cap	Highest	Lowest	Average	Median
Large Cap	100	101	6.10	0.31	1.01	0.63
Mid Cap	150	25	0.29	0.10	0.17	0.15
Small Cap	4827	24	0.10	0.01	0.03	0.02
Total Market	5077	150				

*Hope this article clear the basic questions of MF investments like what is large cap or what is mid cap & what is small cap?*

*This article has contributions from [Ms Payal Patwari](#) – Intern Research*

**Please let us know regarding your views and avail or services.**



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