

**MAKE THE
RIGHT MOVES for
your Investments...**



MUTUAL FUND AUTOMATED PORTFOLIO REBALANCING SYSTEM

WHICH PARAMETERS NEED TO BE KEPT IN MIND WHILE MAKING AN INVESTMENT ?



Returns



Risk/Volatility



Safety of Capital



Liquidity


















Tax Efficient

WHAT ARE THE INVESTMENT OPTIONS ?

- ▶ **Bank FD/ RD/ Debt Funds**
- ▶ **Gold**
- ▶ **Equity** (through buying stocks or MF)

Lets see how do these options stack up based on investor requirements ?

DEBT/FD

| PARAMETER | FIXED DEPOSITS | SMILEY | DEBT FUNDS | IMPACT |
|---|--|---|---|---|
|  Returns | Returns in the range of 7-9% |  | Return in the range of 7-9% |  |
|  Risk/Volatility | Low |  | Low |  |
|  Safety of Capital | Guaranteed |  | Not Guaranteed, but High |  |
|  Liquidity | High, but subject to Penal charges in cases of premature withdrawals |  | High |  |
|  Tax Efficient | Highest Tax Rate |  | Indexation benefit for investment more than 3 years |  |









GOLD

| PARAMETER | GOLD | IMPACT |
|-------------------|---------------------|---|
| Returns | Equal to inflation |  |
| Risk/Volatility | Average |  |
| Safety of Capital | Average |  |
| Liquidity | High, but with cost |  |
| Tax Efficient | High |  |

- ▶ Gold has given 2.55% return in last 5 years against inflation of 4.27%.
- ▶ Even in the Long term, the returns from Gold are equivalent to Inflation only.

Returns as on 30 Sep'16

EQUITY

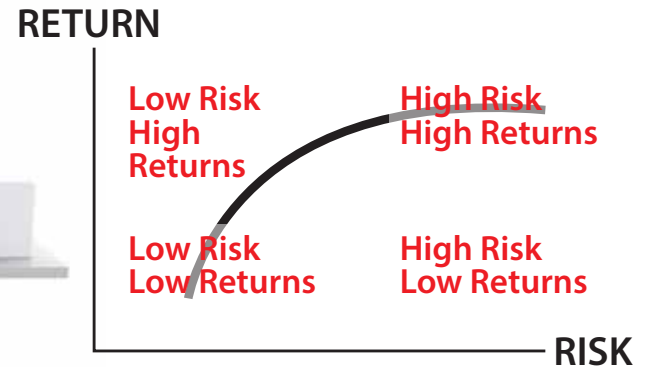
| PARAMETER | EQUITY | IMPACT |
|---|----------------------|---|
|  Returns | High |  |
|  Risk/Volatility | High |  |
|  Safety of Capital | No Capital Guarantee |  |
|  Liquidity | High |  |
|  Tax Efficient | No Tax on LTCG |  |

- ▶ S&P BSE Sensex has delivered 11.1% return in last 5 years, beating inflation of 4.27% comfortably
- ▶ Equities tend to beat inflation by a wide margin over longer term.

Returns as on 30 Sep'16

SO INVESTMENTS ARE BASICALLY A TRADE OFF BETWEEN RISK AND RETURNS

- ▶ High Risk = High Returns
- ▶ Low Risk = Low Returns



**WHAT IF WE HAD AN OPTION OF GETTING
HIGH RETURNS WITH LOW RISK?**

TWO INVESTOR INVESTED ₹ 1 LAC



Mr. X

Invested in
Nifty 500

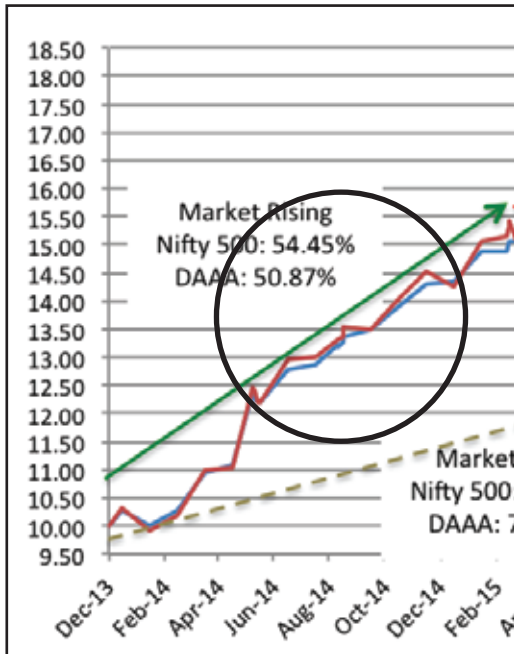


Mr. Y

Invested in
Equity & Debt
MF Schemes

CHANGE OF GOVERNMENT NIFTY 500 GOES FROM 4,756 TO 7,346

Market went up
from Oct'13 to
Mar'15



Mr. X

Period

16/12/13 - 03/03/15

Invested

₹1,00,000

Return

54.4%

Current Value

₹1,54,458/-



Mr. Y

Period

16/12/13 - 03/03/15

Invested

₹1,00,000

Return

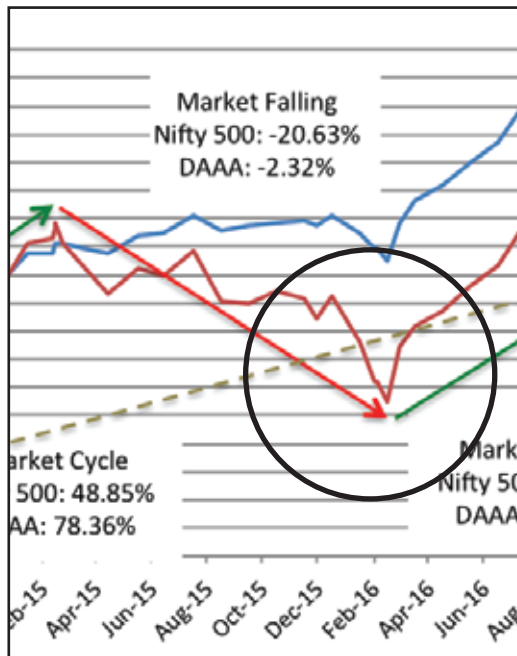
50.9%

Current Value

₹1,50,900/-

FALL IN THE MARKET NIFTY 500 FALL FROM 7,346 TO 5,833

Market fell for the next year



Mr. X

Period

03/03/15 - 12/02/16

Return

-20.6%

Current Value

₹1,22,645/-



Mr. Y

Period

03/03/15 - 12/02/16

Return

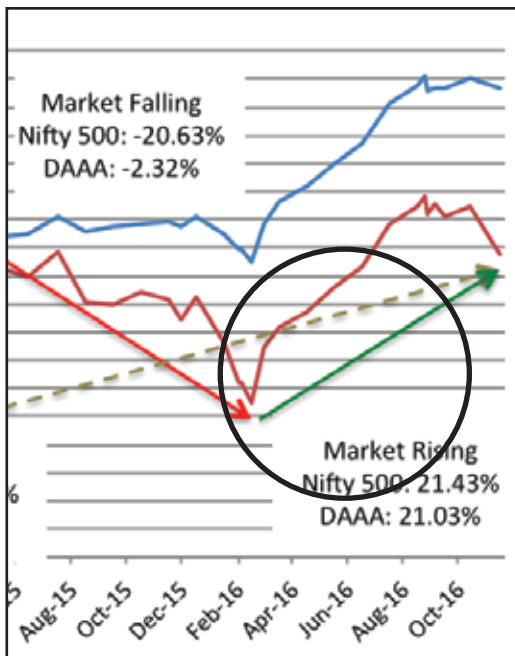
-2.3%

Current Value

₹1,48,300/-

MARKET RUNS AGAIN NIFTY 500 GOES FROM 5,833 TO 6,804

Market again started moving from Feb'16



Mr. X

Period

12/02/16 - 30/11/16

Return

21.4%

Current Value

₹1,48,928/-



Mr. Y

Period

12/02/16 - 30/11/16

Return

21.0%

Current Value

₹1,78,397/-

Mr. Y MADE HIGHER RETURNS



Mr. X

Period

16/12/13 - 30/11/16

Invested

₹1,00,000

Return

48.9%

Current Value

₹1,48,928/-

Mr. Y made high returns as his Equity and Debt allocation kept changing along with the market

**30% HIGHER
RETURN WITH
LOWER RISK**



Mr. Y

Period

16/12/13 - 30/11/16

Invested

₹1,00,000

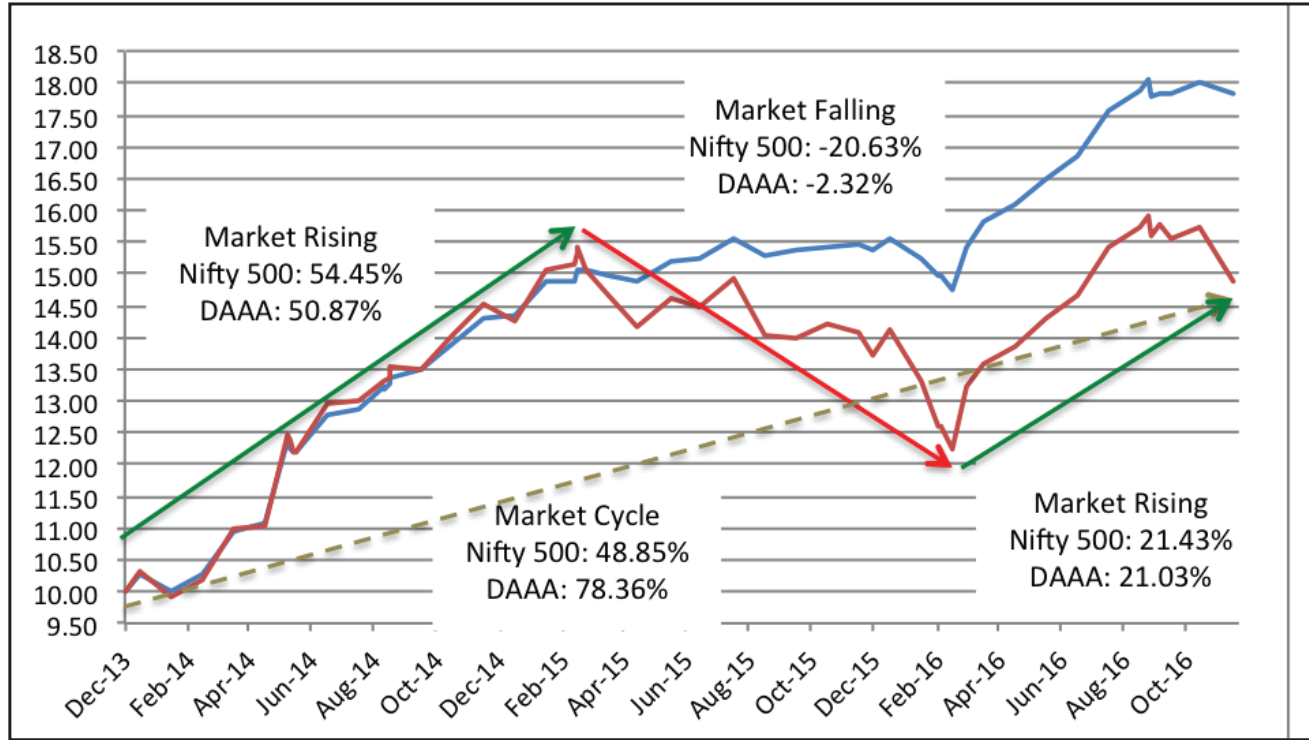
Return

78.4%

Current Value

₹1,78,397/-

RISE EQUAL TO MARKET, BUT PROTECTION DURING MARKET FALL



Mr. **Y** Invested in



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MUTUAL FUND AUTOMATED PORTFOLIO REBALANCING SYSTEM

WHAT IS MARS?

- ▶ **MARS = Mutual Fund Automated Rebalancing System**
- ▶ It allocates your money between Equity and Debt based on market valuation and invests in Top Performing Equity MF Schemes
- ▶ The Asset Allocation in MARS is reviewed on a half yearly basis while the scheme rebalancing is done once a year

HOW WAS MARS ABLE TO DO THIS ?

- ▶ MARS uses a research model to find out correct allocation to Equity based on current valuations.
- ▶ So if markets are expensive, MARS will allocate less amount to Equity and if markets are cheap, the Equity Allocation will go up
- ▶ It sounds so easy, but it's easier said than done!!

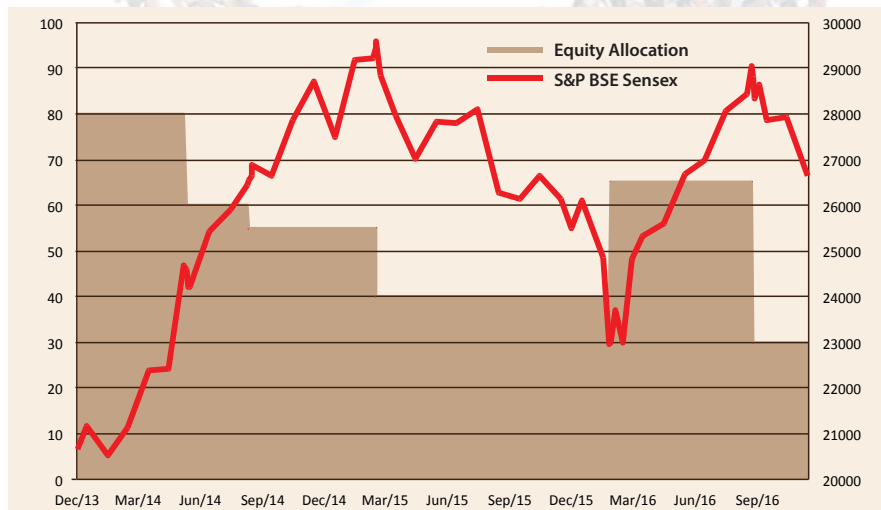
MARS ASSET ALLOCATION TIME

- ▶ In Dec 13, MARS had 80% allocation to Equity, but as markets rose sharply, it reduced its exposure to 40% in Mar 15
- ▶ Due to this change, the fall in Portfolio value was very low
- ▶ Then again in Feb 16, as valuations became attractive again, MARS increased allocation to Equity to 65%

| Date | Equity (%) | Debt (%) | Nifty 500 | Sensex | PE Nifty 500 |
|------------|------------|----------|-----------|----------|--------------|
| 16/12/2013 | 80 | 20 | 4756.00 | 20659.52 | 18.32 |
| 27/05/2014 | 60 | 40 | 5844.20 | 24591.51 | 20.74 |
| 27/08/2014 | 55 | 45 | 6355.15 | 26560.15 | 31.33 |
| 03/03/2015 | 40 | 60 | 7345.55 | 29593.73 | 25.28 |
| 12/02/2016 | 65 | 35 | 5833.40 | 22986.12 | 20.02 |
| 09/09/2016 | 30 | 70 | 7,575.55 | 28797.25 | 28.56 |






ASSET ALLOCATION CHANGES

- ▶ Mars was started in Dec. 2013. Asset Allocation has been very dynamically managed since it's launch based on market movements.
- ▶ As is evident from the graph, the Equity Allocation decreased from Dec 13 to Mar 15 as the market went up and increased sharply as market declined in Feb 16. As the market rose again till Sep 16, the allocation again went down.
- ▶ So, effectively investors have been able to get higher returns than market with less than 60% exposure to it. Also, this has resulted in bringing down volatility in the portfolio substantially.



Inception Date 16 Dec 2013. Above chart depicts asset allocation changes in MARS DAA - Aggressive Portfolio.

HOW DOES MARS FIT IN INVESTMENT PARAMETERS

| PARAMETER | MARS | IMPACT |
|---|---|--------|
|  | High | 😊 |
|  | Low | 😐 |
|  | Low risk of Loss of capital if invested for 3 years and above | 😊 |
|  | High | 😊 |
|  | No Tax on LTCG | 😊 |

IS THERE ONLY 1 INVESTMENT OPTION IN MARS ?

- ▶ No, MARS offers Multiple investment options based on risk profile and need of the customers
- ▶ MARS Portfolios are available in 2 types
- ▶ DAA – Dynamic Asset allocation Portfolios
(Asset Allocation in these portfolios changes with market valuations)
- ▶ Fixed Asset Allocation
(The AA remains fixed)

DYNAMIC ASSET ALLOCATION PORTFOLIOS

| DAA PORTFOLIO | EQUITY ALLOCATION | DEBT ALLOCATION | INVESTOR SUITABILITY |
|---------------|-------------------|-----------------|---------------------------------------|
| Aggressive | 0 - 100% | 0 - 100% | Medium to High Risk Profile Investors |
| Moderate | 0 - 60% | 40 - 100% | Low to Medium Risk Profile Investors |
| Conservative | 0 - 30% | 70 - 100% | Low Risk Profile Investors |

- ▶ **3 Types of Portfolios are available to chose with Dynamic Asset Allocation Theme**
- ▶ **Ex- If Asset Allocation in Aggressive Portfolio is 80% in Equity, Equity Allocation in Moderate Portfolio will be 48% and in conservative will be 24%**

FIXED ASSET ALLOCATION PORTFOLIOS

| FAA PORTFOLIOS | EQUITY ALLOCATION | DEBT ALLOCATION | INVESTOR SUITABILITY |
|----------------|-------------------|-----------------|---------------------------------------|
| E 100 | 100 % | 0% | High Risk Profile Investor |
| E 90 | 90 % | 10 % | High Risk Profile Investor |
| E 80 | 80 % | 20 % | Medium to High Risk Profile Investors |
| E 70 | 70 % | 30 % | Medium to High Risk Profile Investors |
| E 60 | 60 % | 40 % | Medium Risk Profile Investors |
| E 50 | 50 % | 50 % | Medium Risk Profile Investors |
| E 40 | 40 % | 60 % | Low to Medium Risk Profile Investors |
| E 30 | 30 % | 70 % | Low to Medium Risk Profile Investors |
| E 20 | 20 % | 80 % | Low Risk Profile Investors |
| E 10 | 10 % | 90 % | Low Risk Profile Investors |

- ▶ 10 Portfolios are available with Fixed Asset Allocation Theme.
- ▶ These portfolios are rebalanced once in a year

PORTFOLIO DAA AGGRESSIVE

| | 12 Month | 24 Month | Since Inception |
|-----------------------------|-------------|-------------|-----------------|
| DAA-AGGRESSIVE | 15.3 | 11.7 | 21.6 |
| Nifty 500 | 5.9 | 1.2 | 14.4 |
| MARS Out performance | 9.4 | 10.6 | 7.2 |

- ▶ Performance as on 30 Nov 16
- ▶ Inception Date 16 Dec 13
- ▶ Returns for one year or less period are on an absolute basis and for more than a year period are on CAGR basis
- ▶ Benchmark is Nifty 500 (Source: NSE) and Bank FD (data from RBI)
- ▶ Clients performance may differ from the model portfolio performance.
- ▶ Past Performance may or may not sustain in the future.

PORTFOLIO E 100

| | 12 Month | 24 Month | Since Inception |
|-----------------------------|-------------|------------|-----------------|
| FAA E100 | 10.0 | 7.9 | 23.6 |
| Nifty 500 | 5.9 | 1.2 | 14.4 |
| MARS Out performance | 4.1 | 6.8 | 9.2 |

- ▶ Performance as on 30 Nov 16
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PORTFOLIO REBALANCING AND SCHEME CHANGE

- ▶ **Asset Allocation of Dynamic Portfolios is rebalanced twice in a year in March and September**
- ▶ **Asset Allocation of Fixed Portfolios is rebalanced once in a year in March**
- ▶ **Scheme change is done once in a year in March. In case a scheme does not qualify for investment as per NJ research, the investment in that scheme is redeemed and allocated to another fund**
- ▶ **The entire investment and rebalancing process is automated, the client only has to press a single button to complete his investment**

There are no

CHARGES

Its absolutely

FREE

SHIFT YOUR INVESTMENTS TO



- ▶ Equity investment with much lower risk
- ▶ Multiple Portfolios Available as per investor risk profile
- ▶ Fully automated, only 1 click required
- ▶ Better risk adjusted returns
- ▶ Money invested in better performing schemes at all times
- ▶ All this at no extra cost!!



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