

WEALTHWISE

Inside	Pg No.
Choose the Right Products	2
Mistakes to avoid in a falling market	3
Performance of Select Funds	4
Mutual Fund Queries	5-6

Wealthwise

“Wealthwise” is a monthly publication brought to you by Wiseinvest Advisors. Wiseinvest Advisors is a quality investment advisory firm that specializes in mutual funds. Though mutual funds are a simple way to invest money, you can get the best only if you get professional advice. Our CEO, Mr. Hemant Rustagi, is a well known mutual fund expert. He brings with him an experience of more than 24 years in this field. He regularly writes articles for major national dailies and business magazines as well as appears as a mutual fund expert on many investments related TV shows. Besides, our team of advisors has professionals who have spent years in the mutual fund industry. In the last five years, thousands of our clients have benefitted from our quality advice and have made mutual funds as the mainstay of their portfolio. You can benefit too from our expertise for your existing as well as new investments in mutual funds. All you need to do is to just call up any of the branches or email your requirements at information@wiseinvestadvisors.com and our professional advisors will do the rest.

Dear Investor,

The Indian stock markets continued to languish during the month of August 2011 with the benchmark BSE Sensex down by 8.94%. Besides, the BSE mid-cap and small cap indices were down to the tune of 9.26% and 13.91% respectively. On the international front, while the markets were still reeling under the impact of US rating downgrade, the talks of a France credit rating downgrade set off the downward spiral. Consequently, there has been an understandable flight of funds from equity markets to safer havens like gold. No wonder, the international gold prices eclipsed \$1800 per ounce during the month, rising more than 26% during 2011.



Rising inflation and slowing economy have been the major fears for the Indian stock markets. The situation continues to be grim on this front. India's annual food inflation rose to 9.80% for the week ended August 13, 2011. Inflation has remained stubbornly high, almost near double digits, despite an aggressive monetary tightening policy adopted by the Reserve Bank of India. The RBI has hiked key policy rates 11 times since March 2010. In its latest monetary policy review last month, the RBI hiked key policy rates by 50 basis points. The headline inflation based on wholesale price index was recorded at 9.22% in July, marginally lower from 9.44% in the previous month. It is quite evident that the central bank will opt for another rate hike of 25 basis points in its September 16 meet. However, we do not expect inflation to remain stubborn at these levels and hence we may see some kind of moderation going forward.

It is quite evident that we are in the midst of a market situation which is quite tricky and might take a few quarters to settle down. However, we strongly believe that inspite of the challenges facing the markets, these are times wherein serious and long-term investors must continue their investment process to reap benefits over the next couple of years. However, every equity investor must be prepared to handle bouts of extreme volatility from time to time to get the best results from their equity investments.

Warm regards,

Hemant Rustagi
 Chief Executive Officer

Wiseinvest
 With YOU, in meeting
 FINANCIAL CHALLENGES

Address to be affixed here

The Stock Market performance during August 2011.

Indices	1st August 2011	31st August 2011	Change in (%)
Sensex	18314.33	16676.75	-8.94%
MIDCAP	6913.85	6273.60	-9.26%
SMLCAP	8283.88	7131.48	-13.91%
BSE-100	9583.98	8727.88	-8.93%
BSE-200	2265.74	2061.08	-9.03%
BSE-500	7138.08	6487.22	-9.12%

NOW A FUND THAT'S TRULY GOOD AS

GOLD

NOW INVEST IN GOLD WITH THE BENEFIT OF SIP.



Marketing Associate



KOTAK GOLD FUND



Kotak Gold Fund: An open ended Fund of Funds Scheme. Investment Objective: The investment objective of the scheme is to generate returns by investing in units of Kotak Gold Exchange Traded Fund. Fund Structure: Entry Load: Nil, Exit Load: 2%, if redeemed/switched out within 6 months from date of allotment. 1%, if redeemed/switched out after 6 months and before 1 year from the date of allotment. Nil, if redeemed/switched out after 1 year from the date of allotment. Scheme Specific Risk Factors: The scheme will predominantly invest in units of Kotak Gold ETF. Hence the scheme's performance may depend upon the performance of the Kotak Gold ETF. Any change in the investment policies or the fundamental attributes of the underlying scheme may affect the performance of the scheme. The investors of the scheme will bear the recurring expenses and possibly exit loads, as those of the scheme and those of the underlying scheme. General Risk Factors: Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objective of the scheme will be achieved. As with any securities investment, the NAV of the Units issued under the Scheme can go up or down depending on the factors and forces affecting the securities market. Past performance of the Sponsor/AMC/Fund or that of any scheme of the Fund does not indicate the future performance of the Scheme of the Fund. Kotak Gold Fund is only the name of the Scheme and does not in any manner indicate the quality of the Scheme, future prospects or returns. Statutory Details: Kotak Mutual Fund is a Trust (Incorporated in India, 1982). Investment Manager: Kotak Advisors Asset Management Company Ltd. Sponsor: Kotak Mahindra Bank Ltd. Category: B-100. Trustee: Kotak Mahindra Trustee Company Ltd. Kotak Mahindra Bank Ltd. is not liable or responsible for any loss or profit resulting from the operations of the scheme. Please read the Scheme Information Document (SID) and Statement of Additional Information (SAI) carefully before investing. SID and SAI are available on www.kotakfund.com.

Choose the Right Products

As we all know, investment is an on-going process. To be a successful investor, one must choose the right products and the right strategy to invest in them. Considering the wide range of investment options that are available to investors today, selecting the appropriate ones is a challenging task. Let us discuss some of these options and how you can select the most suitable:

Traditional instruments vs. MFs

There are investors who feel that it is much safer to invest in bank FDs, insurance or bonds, than in mutual funds. It is no wonder then that MFs do not find a place in their portfolios. The fact, however, is that the MF industry is a very well regulated one, and that should be a big comfort for investors. The regulations governing the industry are well defined, and SEBI is doing a great job of monitoring its working and ensuring that schemes are managed on a day-to-day basis in the interest of investors. Besides, MFs offer a variety of products to suit the risk profile and time horizon of investors. It's time for investors to opt for smart options like MFs to get the most out of their hard-earned money.

RD vs. SIP

For those risk-averse investors who invest regularly, a Recurring Deposit (RD) is one of the preferred options. The fact, however, is that to create wealth over a period of time one must invest in options that have the potential to provide a positive real rate of return i.e. rate of returns minus inflation. Traditional instruments such as bank RD may not be an appropriate choice, as they do not provide adequate safeguards against inflation. Besides, investing in RDs is not a tax efficient option either.

Here is where products like equity funds step in. There is no doubt that investing in equity funds can be risky if one invests in a haphazard manner and/ or invests to make a quick buck. Remember that "risk versus return" is an important factor in investing. To earn higher returns, one has to take calculated risks. This risk, however, gets substantially reduced if one invests regularly through a Systematic Investment Plan (SIP) over a period of time.

ULIP vs. Equity funds

Before we discuss the dilemma of investors regarding these options, let us understand what ULIP and equity funds have to offer. A ULIP, or unit-linked insurance plan, is a type of investment where the characteristics of insurance and mutual funds are combined. Accordingly, a part of the premium is utilized towards the premium and the administrative charges and the rest is invested as per the option selected by the investor. On the other hand, an equity mutual fund is a pure investment option that provides long-term growth through capital appreciation, although dividends are also source of revenue for investors.

There are a few factors that need to be considered before making a choice between an equity fund and ULIP. First, the focus should be on being adequately insured. While a ULIP can be a good option, it may not always provide adequate insurance cover.

Secondly, MFs not only provide a wide range of choices - from plain vanilla equity funds to sector as well as specialty funds- but also a high level of flexibility to realign the portfolio, both in terms of equity/debt exposure, as well as reducing/increasing exposure to different segments of the market. This allows investors to make a choice according to market conditions and their own circumstances. In this aspect, MFs are definitely a superior option than ULIPs.

Considering these factors, the choice between ULIP and equity funds would depend on one's need and ability to take decisions, with regard to various options offered by mutual funds and their suitability. For those who have the ability and access to proper advice to assess his insurance and investment needs, the best solution would be to go for separate options, rather than going for a product like ULIP. For someone who is looking for a product that can take care of his multiple needs, a ULIP may be a suitable choice.

(This article written by our CEO, Mr.Hemant Rustagi was published in Dalal Street Journal- Issue dated August 14, 2011).



WHEN YOU HAVE A SYSTEMATIC PLAN, NO DREAM IS TOO BIG.

Presenting Systematic Investment Plan (SIP) from BNP Paribas Mutual Fund
When you are chasing a dream, you need a systematic and planned approach for your investments to achieve it. That is what a Systematic Investment Plan offers. In an ever-changing and dynamic economic environment, a disciplined investment approach can go a long way in ensuring that you realize your dream. Because, when you have a systematic plan, no dream is too big.

Statutory Details: Sponsor: BNP Paribas Investment Partners Asia Ltd. Trustee: BNP Paribas Trustee India Pvt. Ltd. Investment Manager / AMC: BNP Paribas Asset Management India Pvt. Ltd. (Reg. Office of Trustee & AMC is at 5th Floor, French Bank Building, 62, Hornji Street, Fort, Mumbai - 400 001). BNP Paribas Mutual Fund has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) by the Sponsor and the Trustee as per the terms of the superceding Trust Deed. The Sponsor/ Associates are not responsible or liable for any loss resulting from the operation of the Schemes beyond the initial contribution of ₹ 1 lakh made by it towards setting up the Fund. **Risk Factors:** All mutual funds and securities investments are subject to market risks, and there can be no assurance that the Schemes' objectives will be achieved. Investment in Mutual Fund units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. As the price / value / interest rates of the securities in which the Schemes invest fluctuates, the NAVs of the Scheme may go up or down depending upon the factors and forces affecting the securities market. Various factors impact the value of the Schemes' investments include, but are not limited to, fluctuations in the bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc. **The names of the Schemes do not in any manner indicate either the quality of the Schemes or their future prospects and returns.** Past performance of the Sponsor / AMC / Mutual Fund do not guarantee future performance of the Scheme. The Schemes do not guarantee or assure returns. Statement of Additional Information (SAI), Scheme Information Document (SID) & Key Information Memorandum cum Application forms (KIM) are available at AMC offices / AMC web-site: www.bnpparibasfmi.in / Investor Service Centres / Distributors. Please read the SAI, SID & KIM carefully in its entirety before investing and retain these documents for future references.

BNP PARIBAS
MUTUAL FUND

Mistakes to avoid in a falling market

A falling stock market, like the one being witnessed, challenges the patience and resolve of even the most seasoned investors. Needless to say, a situation like this becomes even more challenging for new as well as not-so-experienced investors. The question that comes to the mind of most investors is whether this is a beginning of a bear market? Or, is it one of those phases that will last for a few months, without impacting the long-term prospects of the stock market.

As has been seen, time and again in a situation like this, the first instinct of non-serious as well as short term investors is to abandon the stock market. The steep falls in the value of their holdings afflicts their mindsets, as they do not have a clear time horizon for being in the market.

For a serious long-term investor, however, the situation is different. It is not that he remains unaffected. It is just that he has mentally prepared himself to brave these downturns, and, in addition, has time on his side.

It has been historically proven that a quality portfolio always recovers the lost ground. It is important, therefore, to put market meltdowns in a proper perspective. Equity investors need to understand that even though most company stock prices are impacted in such a scenario, this doesn't necessarily mean the companies themselves are faring poorly. Moreover, short term movements in the market do not take away the ability of equity to out-perform other asset classes in the long run.

Those who continue investing regularly during these turbulent times benefit the most when the market rebounds. While a haphazard approach may work when the market is on the way up, lasting success springs only from a strategic and deliberate approach. Remember, spur-of-the-moment investment decisions, based on the current market trends, can prove to be very costly. For example,

moving money out of equity funds now can make an investor miss out on gains later, when the market rebounds.

Now, a word of caution to investors, who may get tempted to make a quick buck in a current market situation. They need to remember that even in times like these it is vital to follow the same investment principles that one would in a normal market condition i.e. focus on suitability of the scheme, invest for the long-term and go for a quality portfolio. Many investors get tempted by funds that invest in funds that witness the maximum fall, thinking these would gain the most once the market rebounds. This could prove suicidal, as those funds could be of poor quality or the ones that are aggressive such as mid- and- small cap funds, thematic as well as sector funds. Many of these funds would probably be among the last ones to get back to their original NAVs.

Another dilemma that equity investors face is whether it makes sense to switch to more conservative investments in a down market. The fall in the equity portfolio value, along with the negative news flow, adds to the anxiety. While moving money from equity funds into more conservative options like Fixed Maturity Plans (FMPs) and fixed deposits may seem like a sensible thing to do, the fact remains that selling in a down market can be a costly mistake. A haphazard or an extremely cautious approach can expose an investor to the risk of falling short of a long term financial goal.

The key, therefore, is to keep focus on the long-term investment goals and continue investing in an asset class like equity, irrespective of the market condition.

(This article written by our CEO, Mr. Hemant Rustagi was published in Business Standard - Issue dated August 30, 2011).

CANARA ROBECO
Mutual Fund

Small Is Powerful
SYSTEMATIC INVESTMENT PLAN. INVEST A LITTLE, EVERY MONTH.

An investor education initiative brought to you by Canara Robeco Mutual Fund.

Mutual Fund investments are subject to market risks. Read the Offer Document carefully before investing.

Performance of Select Funds

Data as on August 26, 2011

EQUITY FUNDS

Diversified

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Birla Sun Life Frontline Equity	Aug-02	-13.2	-10.22	-7.5	-12.38	5.07	10.48	12.86
Canara Robeco Equity Diversified	Sep-03	-9.62	-5.71	-1.62	-8.82	9.92	15.04	14.18
DSPBR Top 100 Equity Reg	Mar-03	-10.41	-7.9	-4.37	-7.82	6.61	9.88	13.64
DSPBR Equity	Apr-97	-11.41	-6.75	-2.69	-11.65	9.86	11.74	15.07
Fidelity Equity	May-05	-11.28	-8.39	-5.78	-10.45	10.79	12.02	13.13
Fidelity India Growth	Oct-07	-11.74	-8.51	-6.36	-10.07	10.01	11.99	—
Franklin India Flexi Cap	Mar-05	-13.38	-10.96	-6.07	-11.77	6.9	11.52	9.45
HDFC Equity	Jan-95	-14.65	-11.36	-7.81	-13.36	11.52	15.41	13.71
HDFC Top 200	Oct-96	-13.97	-10.73	-7.51	-12.62	6.98	12.5	13.91
ICICI Prudential Dynamic	Oct-02	-14.7	-12.12	-9.28	-9.61	9.2	9.27	11.83
ICICI Prudential Focused Bluechip	May-08	-13.35	-8.94	-5.36	-7.48	9.81	14.54	—
ICICI Prudential Discovery	Aug-04	-15.35	-12.94	-6.44	-12.7	11.91	18.26	10.93
Kotak 50	Dec-98	-11.76	-7.77	-5.02	-11.36	4.07	4.5	9.46
Kotak Opportunities Fund	Sep-04	-12.56	-9.05	-5.68	-16.85	3.62	5.05	10.31
Reliance Regular Savings Equity	Jun-05	-15.29	-11.09	-7.28	-17.79	4.78	8.93	14.63
Reliance Equity Opportunities	Mar-05	-13.39	-7.89	-1.71	-11.08	18.22	17.27	12.51
Tata Equity PE	Jun-04	-12.7	-9.76	-5.61	-12.3	6.07	9.98	14.24
Templeton India Equity Income	May-06	-13.5	-11.4	-10.27	-8.64	7.86	7.85	12.11

Sector, Specialty & Tax Saving

Reliance Banking Retail	May-03	-18.96	-13.02	-13.55	-17.04	15.96	19.76	22.55
Franklin FMCG	Mar-99	-3.44	4.96	17.34	10.41	28.1	24.63	15.8
Franklin Pharma	Mar-99	-7.74	-1.87	4.23	5.85	29.5	27.64	17.58
Reliance Pharma	Jun-04	-11.59	-4.34	4.7	0.93	27.96	29.53	22.91
Canara Robeco Equity Tax Saver	Mar-93	-9.55	-5.17	-1.22	-9.65	11.12	19.26	17.82
Fidelity Tax Advantage	Feb-06	-11.68	-8.36	-5.56	-10.71	11.56	12.7	13.25
HDFC Tax saver	Mar-96	-12.54	-8.11	-5.24	-12.01	11.43	13.62	10.61

Midcap & Smallcap

Birla Sun Life Dividend Yield Plus	Feb-03	-8.66	-3.72	1.86	-7.98	16	21.95	15.35
DSPBR Small and Mid Cap Reg	Nov-06	-11.89	-3.39	2.82	-12.06	16.98	17.14	—
IDFC Premier Equity	Sep-05	-6.62	-0.58	6.91	-6.36	18.86	18.66	23.94
IDFC Small & Midcap Equity	Mar-08	-11.07	-4.76	1.71	-9.72	15.64	23.07	—
Sundaram Select Midcap Reg	Jul-02	-11.15	-2.77	5.49	-8.54	12.41	15.32	12.64
UTI Dividend Yield	May-05	-9.11	-5.37	-1.5	-6.27	14.48	16.38	16.35
UTI Master Value	Jun-98	-11.86	-6.28	-0.66	-9.82	17.23	14.74	12.47

Hybrid: Equity Oriented

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
DSPBR Balanced	May-99	-8.47	-4.51	-0.93	-7.36	8.81	10.55	12.81
HDFC Balanced	Sep-00	-8.31	-3.55	3.93	0.93	18.24	16.46	13.63
HDFC Prudence	Feb-94	-9.22	-4.49	-0.3	-4.87	15.74	18.52	15.54
Reliance Regular Savings Balanced	Jun-05	-12.13	-7.95	-5	-13.94	7.13	14.28	12.4

Hybrid: Debt Oriented

Fund	Launch	1-Month*	3-Month*	6-Month*	1-Year*	2-Year**	3-Year**	5-Year**
Canara Robeco MIP	Apr-01	-1.1468	0.9735	3.236	4.5286	6.9342	10.8049	11.0948
HDFC MIP LTP	Dec-03	-2.4201	0.1501	2.5318	2.788	8.3905	12.8899	10.66
Reliance MIP	Dec-03	-1.7942	0.071	2.8293	2.7246	7.5832	14.1761	10.6954
FT India Dynamic PE Ratio FoF	Oct-03	-5.0469	-3.1068	-0.872	0.5059	6.8031	10.6511	11.6253

Debt Oriented & Ultra Short Term Debt Fund

Funds	Launch	1 Week*	1 Month*	3 Months*	6 Months*	1 Year*	2 year**	3 Year**
Birla Sun Life Dynamic Bond Ret	Sep-04	0.2706	0.9212	3.174	5.3243	7.8853	7.0191	8.9496
BNP Paribas Flexi Debt Reg	Sep-04	-0.07	0.7634	1.8611	3.8849	5.1978	4.617	9.2178
Templeton India Short-term Income Ret	Jan-02	0.2421	0.8398	2.6106	5.0305	7.4817	7.4041	9.4771
Templeton India Income Opportunities	Dec-09	0.2567	0.8578	2.6625	5.1227	7.4834	—	—
BNP Paribas Money Plus Reg	Oct-05	0.1819	0.7316	2.1866	4.4089	8.0851	6.4588	7.179
Kotak Floater LT	Aug-04	0.1965	0.7786	2.3152	4.5992	8.3434	6.6713	7.1093

*Absolute ** Annualised. Past performance may or may not be sustained in future.

Dividends declared by equity and equity-oriented funds during the month of August 2011

Scheme name	Date	Dividend declared in ₹ Per unit
UTI Master Value Fund (D)	04/08/2011	1.00
L&T Midcap Fund (D)	08/08/2011	2.50
ING Core Equity Fund (D)	25/08/2011	2.50
ICICI Pru Dynamic Plan (D)	30/08/2011	0.50

Please check whether you have received dividend for the fund/s that you may have in your portfolio out of this list. In case, you do not maintain any portfolio statement, Wiseinvest Advisors can do that for you free of charge. Once we have the details, we would send your updated statement every month. You can contact our corporate office or any of the branches to avail of this free service.

Mutual funds, like securities investments, are subject to market and other risks. As with any investments in securities, the NAV of units can go up or down depending on the factors and forces affecting capital markets.



Choose a healthy investment.

In today's volatile market, it pays to have a healthy investment plan. HDFC MF Systematic Investment Plan (SIP) is a simple, convenient and disciplined way to meet your financial goals. It invests a minimum of ₹ 500 every month, irrespective of market conditions. Truly, a healthy way to invest!

HDFC MUTUAL FUND SIP
Systematic Investment Plan

Toll Free No.: 1 800 233 6767

Registered Office: Ramon House, 3rd Floor, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020. Tel.: 022-6631 6333. Fax: 022-2282 1144.

Disclaimer: HDFC MF SIP does not assure a profit or guarantee protection against loss in a declining market. HDFC Mutual Fund is not guaranteeing or promising or forecasting any returns. **Risk Factors:** All mutual funds and securities investments are subject to market risks and there can be no assurance that the Scheme's objectives will be achieved and the NAV of the Scheme may go up or down depending upon the factors and forces affecting the securities market. Past performance of the Sponsors and their affiliates / AMC / Mutual Fund and its Scheme(s) do not indicate the future performance of the Scheme of the Mutual Fund. There is no assurance or guarantee to unit holders as to the rate of dividend distribution nor that dividends will be paid regularly. Investors in the Schemes are not being offered any guaranteed / assured returns. The NAV of the units issued under the Schemes may be affected, inter-alia by changes in the interest rates, trading volumes, settlement periods, transfer procedures and performance of individual securities. The NAV will inter-alia be exposed to Price / Interest Rate Risk and Credit Risk. **Please read the Scheme Information Document and Statement of Additional Information before investing.** In view of individual nature of tax consequences, each investor is advised to consult his/ her own professional tax advisor. **Statutory Details:** HDFC Mutual Fund has been set up as a trust sponsored by Housing Development Finance Corporation Limited and Standard Life Investments Limited (liability restricted to their contribution of ₹ 1 lakh each to the corpus) with HDFC Trustee Company Limited as the Trustee (Trustee under the Indian Trusts Act, 1882) and with HDFC Asset Management Company Limited as the Investment Manager.

Mutual Fund Queries

Q: What is the difference between Systematic Investment Plan (SIP) and Value Investment Plan (VIP)? Which is better in terms of Rupee Cost Averaging?

A: Though the objective of both of them is to allow investors to invest periodically and benefit from “averaging”, they differ in more than one ways. First, while SIP helps an investor build a corpus through regular contributions, VIP requires one to have a lump sum to be invested in a liquid or an ultra short term debt fund and then move this money periodically into a pre-selected equity fund through a STP. Second, while SIP allows an investor to invest a fixed sum at a pre-determined interval, under a VIP the amount invested may differ depending on the returns on the last month's contribution. Let us take an example of an investor who has opted to invest ₹ 5,000 pm through a VIP. Whilst the first instalment will be for ₹ 5,000, the second one would depend on the value of the first instalment. In case the value of the first instalment is at ₹ 5,500, the second instalment would be for ₹ 4,500 so as to make the value of the portfolio to ₹ 10,000. As is evident, the objective here is to invest less when the market is on its way up and invest more when the market is down.

While VIP is certainly a better option, it may not suit every investor's requirements. Besides, there are just a couple of fund houses that offer it today.

Q: What are FMPs and are these better than equity funds in the current scenario?

A: A fixed maturity plan (FMP) is essentially a debt fund that invests in securities maturing in line with the time profile of the respective plans. FMPs provide investors with an opportunity to invest for various fixed maturities. FMPs normally have a series of quarterly/half-yearly and yearly plans. FMPs aim to generate predictable returns and at the same time protect investors from the interest rate volatility. While structurally FMPs may be similar to fixed deposits, the tax efficiency of these schemes makes them a much better option.

As for their comparison with equity funds in the current scenario, the comparison is not fair. While FMP may provide better returns than equity funds during certain time periods, investing long-term money in them would amount to compromising your long-term goals. Therefore, the right way to

proceed would be to invest short term or medium term money in FMPs (provided one is sure about one's time horizon) and continue to invest long-term money in equity funds as the current market levels provide an excellent opportunity.

Q: What is CAGR and how it is calculated?

A: Compounded Annual Growth Rate (CAGR) is a growth rate annualized over a period of time. This does not represent the actual growth but it shows an annualized growth rate if the same investment had grown at a steady rate. The formulae to calculate CAGR is:

$$CAGR = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\left(\frac{1}{\# \text{ of years}} \right)} - 1$$

Let us understand this by way of an example. Suppose you invested ₹ 10,000 in a fund on Jan 1, 2008. Let's say by Jan 1, 2009, your portfolio had grown to ₹ 13,000, then ₹ 14,000 by 2010, and finally ended up at ₹ 19,500 by 2011.

Your CAGR would be the ratio of your ending value to beginning value ($\frac{₹ 19,500}{₹ 10,000} = 1.95$) raised to the power of $1/3$ (since $1/\#$ of years = $1/3$), then subtracting 1 from the resulting number:

1.95 raised to $1/3$ power = 1.2493 . (This could be written as $1.95^{0.3333}$).
 $1.2493 - 1 = 0.2493$

Another way of writing 0.2493 is 24.93% . Thus, the CAGR in this case would be 24.93% .

Q: How are investments made through SIP taxed? Also explain about applicability of LTCG on investments made through SIP?

A: For tax purposes, MF schemes are divided into two categories i.e. equity and debt. All those schemes that have an average exposure of 65% or more in domestic equities are treated as equity funds and the rest are treated as debt and debt oriented funds. Any long-term capital gains on equity funds i.e. gains

Cont. page 6

Reliance SIP FREE INSURANCE!
AISA BHI KABHI HOTA HAI OFFER

RELIANCE
Mutual Fund

Monthly savings ko SIP mein badlo aur **free** life insurance pao!

Toll free: 1800 300 1111
SMS: FREE to 561617
www.reliancemutual.com

Reliance SIP Insure is a special facility available to the investors in selective schemes of Reliance Mutual Fund subject to such limits, operating guidelines, terms and conditions as may be prescribed by Reliance Capital Asset Management Limited (RCAM)/Reliance Mutual Fund from time to time. Free life insurance cover provided as a part of an add on feature called as 'Reliance SIP Insure' (available in select schemes of Reliance Mutual Fund) is arranged and funded by Reliance Capital Asset Management Limited through "Reliance Group Term Assurance scheme/plan" (UIN 121N006V01) of Reliance Life Insurance Company Limited (Reg. 121). The sum assured will be an amount equivalent to the aggregate balance of unpaid SIP instalments, subject to a maximum of Rs.10 lakhs per investor across all schemes / plans and folios. For further details on SIP Insure facility including the load structure, terms of insurance etc. refer to the Notice Cum Addendum No 12 issued in the year 2011 and Scheme Information Documents of the respective schemes offering the said facility. **Statutory Details:** Reliance Mutual Fund has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882. **Sponsor:** Reliance Capital Limited. **Trustee:** Reliance Capital Trustee Co. Limited. **Investment Manager:** Reliance Capital Asset Management Limited (Registered Office of Trustee & Investment Manager: 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhaima, Navi Mumbai - 400 710, Maharashtra). The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act 1956. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lakh towards the setting up of the Mutual Fund and such other accretions and additions to the corpus. **Risk Factors:** Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved. As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on the factors and forces affecting the capital markets. The name of the Schemes do not in any manner indicate either the quality of the Scheme; its future prospects or returns. Past performance of the Sponsor/AMC/Mutual Fund is not indicative of the future performance of the Scheme. The NAV of the Scheme may be affected, inter-alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures. For details of scheme features and for Scheme specific risk factors, please refer to the Scheme Information Document which is available at all the DISC / Distributors / www.reliancemutual.com. **Please read the Scheme Information Document and Statement of Additional Information carefully before investing.**

Investment Success requires...

Cont. page 5

made on amounts redeemed after 12 months or more are tax free whereas in the case of debt funds the long-term capital gains is taxed @ 10% (without indexation) and 20% (with indexation).

As for the applicability of LTCG, every instalment has to complete 12 months period to be eligible for tax free long-term capital gains.

Q. I have been investing in mutual funds for quite some time and come across advisors who do not give proper advice. How can one ascertain whether justice is being done to one's hard earned money?

A: Once you start working with an advisor, it is very important to periodically evaluate what type of advice and service you're getting and whether it is helping you achieve your financial goals. Here's what you should look for:

- It is important that your advisor determines your risk level before suggesting the schemes. Remember, it is the level of risk that provides the guidance about the kind of return you can expect as well as the level of volatility, while achieving it.
- Ensure that your advisor provides you with a comprehensive, well thought-out plan for your money. Also ensure that the plan has the required flexibility to take care of changes that might take place in your needs.
- Ensure that your portfolio is a well diversified one. Diversification means spreading your investments over a range of different options such as equity schemes, balanced and debt-oriented schemes.
- While reviewing your investments, if you notice that your investments are consistently losing money, make sure your advisor has the right answer for it. If he recommends sticking with an investment that's on the decline, ask why?
- Make sure you know the reasons for investing or redeeming any MF investment. Also, you should know how a recommended scheme fits into your personal financial plan.

Attacks
when required



Defends
when necessary



Aims to get the best of both in one fund

Value Research Fund Rating ★★★★★

Past performance is no guarantee of future results.

ICICI Prudential
Dynamic Plan

An Open Ended Diversified Equity Fund

A flexi cap fund that adapts to changing market conditions.



TARAKKI KAREIN!

To invest, consult your financial advisor or log on to www.icicipruamc.com

Value Research Rating Methodology: ICICI Prudential Dynamic Plan (IPDP) (Institutional Option I) has been rated 5 star that indicate the fund is in the top 10% of its category in terms of historical risk-adjusted returns. The fund rated in Equity- Large & Mid Cap category out of 60 schemes. Rating is based on weighted average monthly returns for last 3 & 5-year periods ended 31-07-2011. For detailed methodology refer www.valueresearchonline.com. These ratings do not take into consideration any entry or exit load. Value Research does not guarantee the accuracy. Each category must have a minimum of 10 funds for it to be rated. The Ratings are subject to change every month. Rating Source: Value Research.

Statutory Details: Settlor of ICICI Prudential Mutual Fund (IPMF): ICICI Bank Ltd. and Prudential plc; IPMF was set up as a Trust sponsored by the settlor in accordance with the provisions of Indian Trust Act, 1882. **Trustee:** ICICI Prudential Trust Ltd. (IPTL); **Investment Manager:** ICICI Prudential Asset Management Co. Ltd. (IPAMCL); IPTL & IPAMCL are incorporated under Companies Act, 1956. **Liability:** Liability of IPMF/Sponsors/IPTL/IPAMCL is limited to Rs. 22.2 lacs collectively. Past performance of the Sponsors, AMC, Fund, and Trustee has no bearing on the expected performance of the mutual fund or any of its schemes. **Risk Factors:** All investments in Mutual Fund and securities are subject to market risks and the NAV of the Schemes may go up or down, depending upon the factors and forces affecting the securities markets and there can be no assurance that the fund's objectives will be achieved. ICICI Prudential Dynamic Plan is an open-ended equity scheme seeking to generate capital appreciation by actively investing in equity and equity related securities. For defensive considerations, the Scheme may invest in debt, money market instruments and derivatives. **Investments in the scheme may be affected by trading volumes, settlement periods, volatility, price fluctuations, liquidity risks, derivative risk, market risk, risk relating to fluctuations in foreign exchange for investments in foreign securities, lending & borrowing risks, credit & interest rate risks relating to debt investment. Entry Load: N.A. Exit Load for Redemption/ Switch out made upto one year from the date of allotment: 1% of applicable NAV; Else Nil. ICICI Prudential Dynamic Plan is only the name of the scheme and does not in any manner indicate either the quality of the Scheme or its future prospects and returns. Mutual Fund investments are subject to market risks. Please read the Statement of Additional Information and Scheme Information Document carefully before investing.**

WISEINVEST ADVISORS PVT. LTD.

• **Corporate Office:**

202, Shalimar Morya Park, New Link Road, Andheri West, Mumbai 400053. Tel : 65281507 / 09

Fax : 2673 2671. E-mail : information@wiseinvestadvisors.com

• **Branches:**

Fort: 107, Vikas Building, Above Jimmy Boy Restaurant, 11, N.G.N. Vaidya Marg, Fort, Mumbai - 400 001. Tel: 6524 5333 / 34, 2263 2329

Fax: 2263 2330. E-mail : information3@wiseinvestadvisors.com

Thane: Aishwarya Laxmi, Shop No. 4, Opp. Namdeo Wadi Hall, Maharshi Karve Road, Thane (W) - 400 602. Tel : 6592 7051 / 52

Fax : 2539 1306. E-mail : information1@wiseinvestadvisors.com

www.wiseinvestadvisors.com

DISCLAIMER: All reasonable care has been taken to ensure that the information contained herein is neither misleading nor untrue at the time of publication, but we make no representation as to its accuracy or completeness. All information is provided without any liability whatsoever on the part of Wiseinvest Advisors Private Limited.

RISK FACTORS: Mutual funds, like securities investments, are subject to market and other risks and there can be no assurance that the scheme's objectives will be achieved. As with any investments in securities, the NAV of units can go up or down depending on the factors and forces affecting capital markets. Please read the offer document before investing.

Edited, Published and Printed by Mr. Hemant Rustagi, on behalf of **Wiseinvest Advisors Pvt. Ltd.** from 202, Shalimar Morya Park, New Link Road, Andheri West, Mumbai 400053 at **AdvantEdge Offset Printers**, K-7 Rizvi Park, S V Road, Santacruz (W), Mumbai 400 054. Design by **Mosaic Design**. Copyright reserved © 2007. All rights reserved in favour of Wiseinvest Advisors Pvt. Ltd.