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Samriddhi

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Monthly Newsletter from Finlabs

IMPORTANT NEWS

- NJ will launch the NFO of NJ Balanced Advantage Fund on October 08, 2021
- The government extended the deadline to file income tax return (ITR) for FY 2020-21 for most individuals from the earlier deadline of September 30, 2021, to December 31, 2021.
- White Oak Capital group has received the Securities and Exchange Board of India's (Sebi) approval for registration of its subsidiary GPL Finance and Investments Limited as a sponsor of mutual funds and change in control of YES Asset Management (India) from YES Bank Ltd to itsel

Expert Corner

How to protect your portfolio from market volatility?

Market volatility is when your portfolio's return goes up and down constantly. Diversification and hedging are the most effective ways, an investor can be protected from this rapid movements in the stock market, often caused by "Uncertainty" in the markets.

Diversification

Make it your new goal to invest in different asset classes besides stocks/mutual funds, so when the market does something scary, you can bet the rest of your portfolio is still doing well. This strategy also ensures that your total portfolio will have much less price volatility than it would with any one ingredient. Because asset categories will grow or decline at different rates over time, it's a good idea to periodically rebalance your account to keep the allocation consistent.

Hedging

You can implement a hedge by buying another asset, or by short selling an asset. Purchasing an asset like an option transfers the risk to another party. Short selling is a more direct form of executing a hedge. Hedges are very seldom perfect, and if they were, they would serve no real function as there would be no potential for upside or for downside. In many cases only part of the portfolio will be hedged. The goal is to reduce risk to an acceptable level, rather than removing it.

Bottomline

Risk and uncertainty are a given when it comes to financial markets. While risks can seldom be avoided completely, portfolio hedging is one way to protect a portfolio against a potential loss. Hedging stocks does come at a cost but can give investors peace of mind.

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Investor Query

Benefits of Passive Investing and how to invest in Passive Funds including ETF

Considering the historic long-term direction of markets in general, an index-tracking passive investment doesn't try to "beat" the market; it simply tries to "be" the market. And that can be a good thing.

Benefits of Passive Investing are Low cost, no unsystematic risk, underperformers have lower weights and simpler investment.

There are two types of passive funds – Exchange Traded Funds (ETFs) and Index Funds. Cost and Liquidity are important factors you should consider when deciding between the two. If you have investment experience in the stock market buying and selling stocks, then investing in ETFs will be easier for you because ETFs are very similar to stocks.

You should know what price to buy, sell, look at trading volumes and know what to do with dividends. Index funds, on the other hand, are mutual funds. As such, they have all the advantages that are associated with mutual funds e.g. convenience, flexibility, investing through SIP / STP etc..

Mutual Fund SIP Stats Aug 2021

Total No. of outstanding SIP Accounts		No. of SIPs discontinued/ tenure completed
₹ 4.32 Cr. +3.60% M-o-M	No. of New SIPs registered	9.75 Lakhs +14.04% M-o-M
SIP Contribution ₹ crore	24.92 Lakhs +4.75% M-o-M	SIP AUM ₹ crore
9,923 +3.27% M-o-M		5,26,863 +4.62% M-o-M

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Source
AMFI Association of Mutual Funds in India