

# JOURNEY2MONEY

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MUMBAI

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201, Sai Sadan, 76 / 78, Modi Street, Fort, Mumbai - 400 001 • Tel.: 6654 8814 / 15 • E-mail: support@journey2money.com • Web: www.journey2money.com



## Vcare Investment Services Pvt. Ltd.

...We convert your money to wealth!

### When You Are Given Some Soil, Plant A Few Seeds

Once upon a time a respected Guru and his disciple were going from door to door begging for their daily alms. Some gave them food, others clothes or some other useful objects, and a few gave money.

They arrived at a house which appeared to be impoverished, and while the disciple hesitated; the master called out. No one responded. The master called out again. The disciple was about to leave, but the master stopped him. A moment later a little girl in tattered clothes came out and said with embarrassment, "Guruji, we are going through bad times and have nothing to give". Tears welled up in her eyes.

The Guru smiled and said, "Oh dear child, never ever say that. Can you see the soil in front of you? Give me a handful of that."

The girl and the disciple were both surprised, but the child scooped a handful and gave it to the Guru, who bowed in gratitude and then blessed her.

They moved on and the disciple continued to be puzzled. He asked his master about the use of the soil. The Guru smiled and replied that they would use it to plant some seeds, which would bear fruit and thus make the donated earth useful.

Sometimes we expect some things from life, but may not always get what we want. But one must always be open-minded and think of the best ways to work with what it has given. As the saying goes, when life gives lemons, make lemonade.

How does this apply to the current macro-economic situation that our country faces?

2019 had one of the lowest GDPs of the past decade. The recently announced budget came with huge expectations but failed to please the investors because of which the markets saw one of the biggest budget day falls.

Yes, the Government seems to have given just some soil and nothing else to the common people, but if one looks at the fine print, the soil is fertile and there's plenty in there to revive the fortunes of our nation and ours. But it will need all of us to work hard. We will have to plant in it, nurture it, water it, protect it... Significant focus has been cast on infrastructure, healthcare, agriculture, which will sprout wealth and well-being a few years hence. And small moves like the abolition of dividend tax will encourage strong companies to announce better and higher dividends.

It's thus important to plan, research, and invest wisely, so that your capital is safeguarded and you can take advantage of the tremendous growth that will unfold over the next few years. Now is the time to sit with us and revisit your existing portfolio and your future goals. For, like with the Guru in the above story, even a handful of opportunities are enough to flourish for decades to come.



*Happy Investing!*

**Piyush Desai - CEO**

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### Invest, in **BNP Paribas India Consumption Fund** Top 10 Holding

HDFC Bank	8.11%	PVR Ltd	4.01%
ICICI Bank	7.17%	Inox Leisure Ltd	3.30%
Nestle India Ltd	3.39%	Ultratech Cement	4.43%
Asian Paints Ltd	3.24%	Bharti Airtel Ltd	4.58%
Muthoot Finance Ltd	3.82%	Gujarat Gas Ltd	3.21%

**Past Performance (as of 2<sup>nd</sup> March 2020)**

❖ Last 3 Months: 4.12% ❖ Last 6 Months: 15.86% ❖ Last 1 Year: 25.70% ❖ Since Inception: 21.07  
Scheme Launch Date : 7<sup>th</sup> September 2018

For Further Details, Contact Us: 022-66548814/15

# HOW WILL THE DIVIDEND TAX IMPACT YOU?

Dividends are payments made by a company to owners of its stock. They are a way for companies to distribute revenue back to investors. This payment is generally made out of profits made during a particular year.

A mutual fund scheme can declare a dividend for its unit holders from realised profits in its portfolio.

## Current tax regime

Dividend Distribution Tax (DDT) is paid by entities that distribute dividend. Equity mutual funds pay a DDT of 11.65% and debt mutual funds, 29.12% (including surcharge and cess). Indian companies distributing dividends are liable to pay DDT at 15%; once surcharge and cess are taken into account, the effective rate of DDT is 20.56%. Indian companies have to pay DDT tax even if the company is not liable to pay any tax on its income. DDT is applicable whether it is paid out of current or accumulated profits. Once DDT is deducted, the dividend is tax free in the hands of the investor.

Going ahead...

DDT has been abolished from that end and now will be taxed in the hands of the investor. In Budget 2020, it has been proposed to levy DDT in the hands of the investors as per their applicable tax rate. So, if the investor falls in the 30% tax bracket, they will pay tax

on the dividend at a 30% rate. Those in tax slabs below 20% will pay lesser tax.

## Impact on investor

The new tax treatment increases the tax burden on investors in the higher tax brackets. They are now better off taking their returns as capital gains rather than dividends.

**Equity:** Long term capital gains tax (LTCG) is 10%, above a tax-free capital gains exemption of ₹1 lakh per financial year. Short term capital gains tax (STCG) is 15%.

**Debt:** LTCG is 20% (after indexation). STCG is added to the relevant tax slab of the investor.

It would be wise to switch from your dividend options to growth options to save DDT outgo. If you need the cash flow, consider a systematic withdrawal plan, or SWP.

Senior citizens or investors whose income is not subject to tax could continue to remain in the dividend plans. But do note, that TDS deduction is applicable for dividend paid in excess of Rs 5,000 a year. So if your income is not subject to tax, you will have to ask for a refund.

Source : mornigstar.in

# SWP Performance Report

	SBI Equity Hybrid Fund	DSP Equity & Bond Fund	Canara Robeco Equity Hybrid Fund	TATA Hybrid Equity Fund
Initial Investment (02/01/2004)	10,00,000	10,00,000	10,00,000	10,00,000
Nav as on 02/01/2004	15.69	18.69	16.22	32.41
Monthly SWP	7000/-	7000/-	7000/-	7000/-
SWP Start Date	Feb-04	Feb-04	Feb-04	Feb-04
Total Withdrawal Till Date (A)	13,44,000	13,44,000	13,44,000	13,44,000
Total No. of Months	192	192	192	192
NAV as on 02/01/2020	147.93	164.62	168.93	220.97
Market Value (B)	48,44,968	46,29,934	58,54,971	49,84,057
Total A + B	61,88,968	59,73,934	71,98,973	63,28,058
Return (%)	15.54%	15.30%	16.57%	15.69%

# Vcare Investment Services Pvt. Ltd.

For any of your requirements in:

- ❖ Mutual Funds
- ❖ Health Insurance (Mediclaim)
- ❖ Life Insurance (Term Plan)

INVESTORS FROM VAPI / DAMAN CONTACT

**Mr. Mukesh Dedhia : 94268 89416**

201, Surbhi Apartment, Saikripa Society No.1,  
Nani Daman, DAMAN - 396 210.

Regd. Office: **Vcare Investment Services Pvt Ltd**

201 Sai Sadan, 76/78 Modi Street, Fort, Mumbai - 400 001

Tel.: 022 6654 8814 / 15, 4002 0893 / 94.

- ❖ Piyush Desai : 98203 00647
- ❖ Mehul Bheda : 98195 92326
- ❖ Priyesh Darbari : 99200 32541
- ❖ Bakul Mehta : 98211 23324

**Journey2Money - Brand of Vcare Investment Services Pvt. Ltd.**

Shop No. 4, Veena Sargam CHS Ltd. Near Axis Bank,  
Opp. Balaji Hotel, Mahavir Nagar, Kandivali (W), Mumbai - 400067

Tel.: 022 6236 2201/02

**Mr. Keyur Desai : 9833024371 • Mr. Ashish Shah : 9920990380**

# WHAT IS SWP & HOW IT WORKS

**SWP Facility:** SWP is a facility wherein investors can realize regular cash flow in a tax efficient manner.

SWP allows investors to withdraw a specific percentage of a decided corpus from Mutual Fund Scheme at Regular intervals.

The investors have to decide on the following for registering SWP:-

**(a) Specified Amount;    (b) Frequency & Tenure;    (c) Percentage of Withdrawal per annum**

**Advantages of opting for SWP:**

**A) Convenient    B) Regular Cash Flow    C) Tax Efficient in Long Term**

## Illustration of how SWP works in Mutual Fund

Assuming investor has specified Rs.10 Lacs to be registered under SWP on 1st April. The investor has decided a percentage withdrawal at 8% p.a. on the 25th of every month. The following table will explain how the SWP works.

Date	NAV (Rs.)	No. of units	Units transacted	Units O/S	Cashflow (Rs.)	Gain Component (Rs.)	Principal Component (Rs.)	Taxes* (Rs.)	Value of Investment (Rs.)
1-Jan	10.0	–	100,000	100,000	1,000,000	–	1,000,000	—	1,000,000
25-Jan	11.0	100,000	606	99.394	6,667	606	6,061	104	1,093,333
25-Feb	10.5	99.394	635	98,759	6,667	317	6,349	54	1,036,970
25 Mar	11.5	98,759	580	98,179	6,667	870	5,797	149	1,129,062
25-Apr	12.5	98,179	533	97,646	6,667	1,333	5,333	229	1,220,575
25-May	13.5	97,646	494	97,152	6,667	1,728	4,938	297	1,311,554
25-Jun	13.0	97,152	513	96,639	6,667	1,538	5,128	264	1,256,311
25-Jul	12.0	96,639	556	96,084	6,667	1,111	5,556	191	1,153,005
25-Aug	1.25	96,084	533	95,550	6,667	1,333	5,333	229	1,194,380
25-Sep	13.5	95,950	494	95,057	6,667	1,728	4,938	297	1,283,264
25-Oct	13.0	95.057	513	94,544	6,667	1,538	5,128	264	1,229,069
25-Nov	14.0	94.544	476	94,068	6,667	1,905	4,762	327	1,316,946
25-Dec	13.5	94.068	494	93,574	6,667	1,728	4,938	297	1,263,246

\*Short Term Capital Gains upto first 12 months is calculated @ 15% plus 10% surcharge plus 4% cess. Long Term Capital Gains after 12 months would be calculated @ 10% plus 10% surcharge plus 4% cess for gains exceeding Rs. 1 lakh in a financial year. As the units redeemed are less than 15% of units allotted, NIL exit load has been considered.

SWP Value (Rs.)	Principal Returned (Rs.)	Taxable Income (Rs.)	Tax to be paid (Rs.)	Tax as a % of SWP*	Units Outstanding	Value of Investment (Rs.)
80,000	64,262	15,738	2,701	3.38%	93,574	1,263,246

\* Tax as a percentage of SWP could be higher in subsequent years.

Disclaimer: The above simulation is for illustration purposes only using assumed figures to explain the concept of SWP and tax impact thereon. The illustration is merely indicative in nature and should not be construed as investment advice. It does not in any manner imply or suggest performance of any Mutual Fund Scheme(s). Mutual Fund / AMC is not guaranteeing return on investments made in the scheme. Investors should be aware that the fiscal rules/tax laws may change and there can be no guarantee that the current tax position may continue indefinitely. Investors are advised to consult their tax advisers.



# TOP CHILD INVESTMENT PLANS IN INDIA



Children always hold a special place in your hearts. They are your bundle of joy and you try to bring your child up in the best possible way. That is why you choose the best education, the best clothes, the best food and also the best future for your child. Whatever you do for your child, it involves money. Whether you want your child to go to the best schools or have the best toys, you need money to fund your child's dreams. Especially when your child wants to build a career for himself/herself you need sufficient funds for higher education. Given the rising cost of education, affording quality education for your child is tough. When it comes to higher education, the challenge becomes more difficult as higher studies are expensive.

When you are earning, you set aside funds for your child's future expenses and higher studies. But what would happen in case of an unforeseen emergency? In case of your premature death, can you ensure a secure financial future for your child?

You can if you choose a child insurance plan.

Child insurance plans are life insurance plans which help you plan for your child's secure financial future. These plans aim to create a financial corpus for your child when he/she grows up whether or not you are alive. There is an inbuilt premium waiver benefit under child plans. This benefit kicks in when the policyholder, who is the parent, dies during the policy tenure. In case of death of the policyholder, the premiums are not required to be paid but the policy continues. The insurance company pays the premiums on behalf of the policy holder. Then, when the policy matures, the promised maturity benefit is paid. Thus, child plans promise a lump sum benefit on maturity even when the parent dies during the policy term. This lump sum benefit helps provide the child with the financial corpus necessary to pursue his/her dreams.

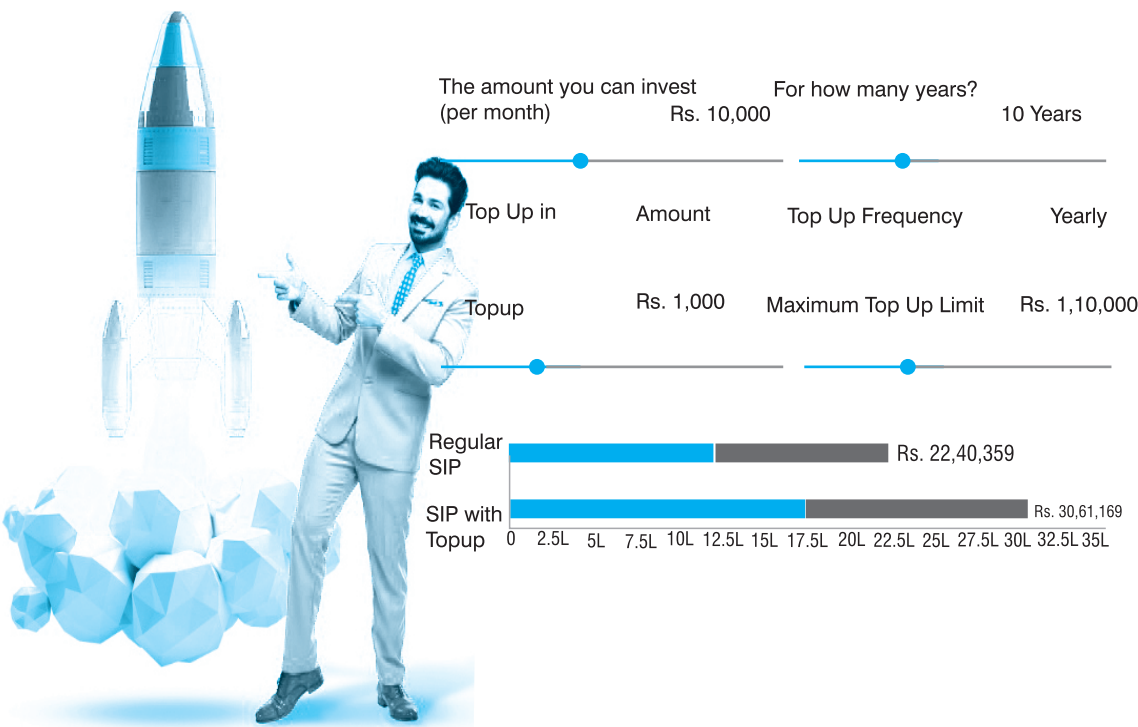
One can consider the following investment plans: Bajaj Allianz Future Gain, Bajaj Allianz Lifelong Assure, Bajaj Allianz POS Goal Suraksha, Edelweiss Income Builder Plan, Edelweiss Tokio GCAP Plan

For any further assistance, kindly contact us: 022 - 66548814 / 15

To Create Wealth  
through SIP

How a Top-up in your SIP  
can increase your corpus?

Use our SIP Topup Calculator to find out how the topup in SIP can potentially increase your corpus.



SIP Topup would increase the worth of your SIP investment to Rs.17,40,000 from Rs.12,00,000 and your investment is expected to reach Rs.30,61,169 over Rs.22,40,359 at the end of 10 years.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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From : VCARE INVESTMENT SERVICES PVT. LTD.  
201, Sai Sadan, 76/78, Modi Street, Fort, Mumbai-400 001 • Tel.: 6654 8814/15  
E-mail: support@journey2money.com • Web: www.journey2money.com

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