R.N. I. No. MAHENG/2011/40895
WPP No : MR/Tech/WPP-356/South/2021-23

PUBLISHED ON 5TH OF EVERY MONTH
POSTED ON 5TH & 6TH OF EVERY MONTH

POSTED AT MUMBAI PATRIKA CHANNEL
SORTING OFFICE, MUMBAI GPO, MUMBAI - 400001

August 2022

JOURNEY 2 MONEY

Vol. No. 11 Issue No. 08 MUMBAI Price Rs. 5.00

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EDITORIAL

HOW OFTEN SHOULD WE CHURN OUR MUTUAL FUND PORTFOLIO?

We have been getting queries from a lot of our investors about churning their portfolio regularly because the market is not doing well - like in the recent times. When the Russia/Ukraine war started, a lot of portfolios went negative and investors started calling us with concerns about their portfolio and schemes which were not doing well - like the smallcap funds, midcap funds and global funds.

A Small Example:

If our son is not faring well in studies and getting lower marks compared to his previous marks, what should we do?

Should we tell him to get out of the house because he has not fared well in his studies or should we tell him to stop going to the school permanently or should we change his school?

No, we would not do any of the above things because our job as parents is to nurture our child and not demoralize him otherwise he will never be able to perform well in future. As parents we should try to find out the root cause of his getting low marks, keep him a good tutor for the subjects where he has not done well and motivate him for the next semester.

Similarly for our portfolio, when things are not favorable in the market - like war, inflation, bad economic condition, political unrest - which will be distracting the market to a large extent, all gains of shares may come down in a short period of time, all negative rumors and illogical talks will begin in the market; and we will be disturbed by the noise in the market and will try to churn or start redeeming our good portfolio which will eventually hamper our financial goals.

Our advice would be to try to adjust to the situation, nurture your investments just like you would nurture your child. If you have surplus money, add to your current portfolio because investment done in bad times will give you excellent return in good times.

Nifty, from a high of 18604 as on 18th Oct 2021 made a low of 15183 as on 17th June 2022 (fall of 18.39%). And today, as on 29th July 2022 while writing this article, Nifty is trading at 17,158 (a rise of 13.01%).

So, in our view Mutual Fund portfolio should not be churned for at least five year unless some drastic changes happen in the funds/schemes.

Wish you all a very Happy Independence Day!

Piyush Desai - CEO

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"Successful investing is about managing risk, not avoiding it."

-Benjamin Graham

IDFC MIDCAP FUND

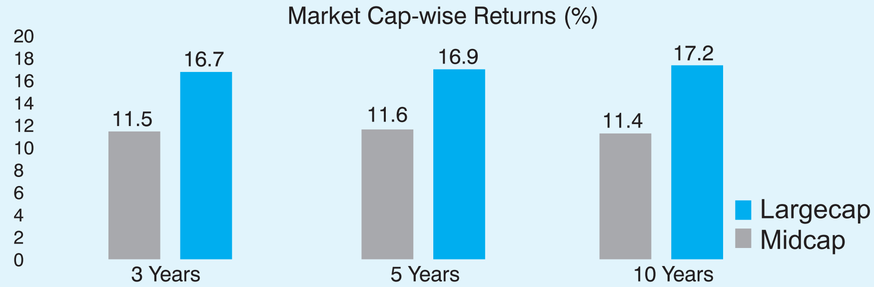
(Mid Cap Fund - An open ended equity scheme predominantly investing in mid cap stocks)

Sweet spot between Risks and Returns

NFO opens on 28th July 2022
NFO closes on 11th August 2022

Midcaps have established strong performance across time periods

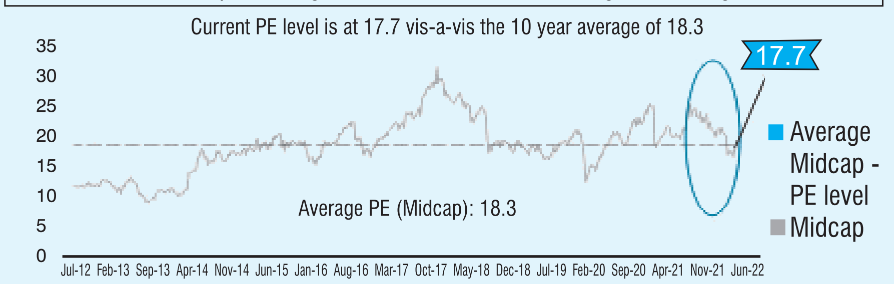
Midcap segment has generated relatively higher returns across 3Y, 5Y as well as 10Y periods



Source: ICRA MFI; Large Cap - S&P BSE 100 TRI; Mid Cap - S&P 150 Mid Cap TRI; The period considered - 10 years: From 30th June 2012 to 30th June 2022. Returns are CAGR. The above graph shows the performance as an average of various periods (3, 5 & 10 years) rolling return. Past performance may or may not be sustained in the future.

Midcap valuation could be at a reasonable level

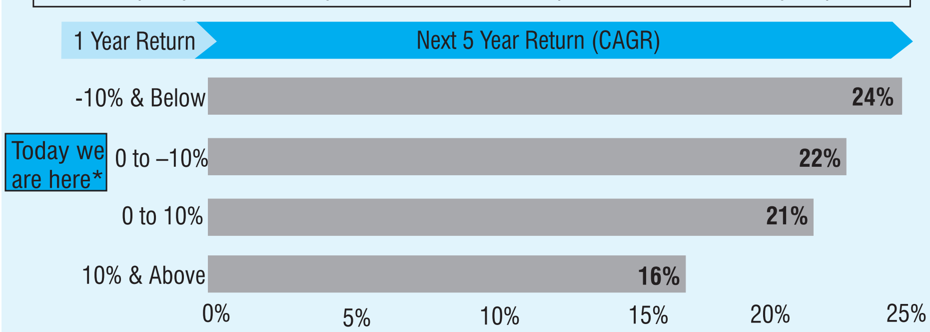
Midcap is trading at moderate discount to its long-term average



Source: Bloomberg, Midcap: Nifty Midcap 100 Index; Trailing PE considered from June 2012 to June 2022. PE date as on June 20, 2022. Past performance may or may not be sustained in the future.

Midcaps may have potential return opportunities over the long term

Modest past year returns may lead to attractive return potential over the next 5 year period



* As on June 30, 2022 @ Trailing 1Y CAGR of -1.21%; Source: ICRA MFI; Mid Cap - S&P BSE 150 Mid Cap TRI The period considered is 10 years i.e. from 30th June 2012 to 30th June 2022. Returns are CAGR. The above graph shows the performance as an average of 5 years (Forward) period return. Past performance may or may not be sustained in the future.

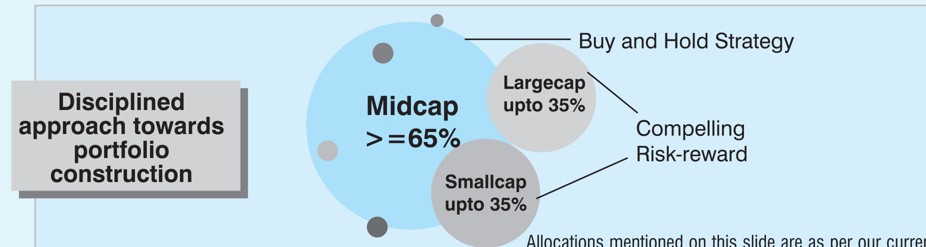
ABOUT IDFC MIDCAP FUND

IDFC Midcap Fund offers an opportunity to benefit from the strong growth potential of the midcap companies over the long term. The fund's portfolio construction would be executed with a boom-up investing approach. While the approach does not guarantee immunity to volatility from the macroeconomic factors, it brings in a sharper focus on business-specific aspects and aligns the execution with a long-term view.

IDFC Midcap Fund - 5 Filter Framework for Stock Selection

Governance / Sustainability	**Enables to take longer-term view on business** - Strong governance, capital allocation track record and sustainable business model
Capital Efficiency	**Key for shareholder value creation** - Structural opportunity for business to earn optimal return on invested capital (RoIC)
Competitive Edge	**Leads to strong franchise network creation** - Clear value proposition for customers through cost/product differentiation
Scalability	**Results into longer-term earning growth** - Large market opportunity available
Acceptable Risk / Reward	**Non-adherence to discipline could result into inferior investment outcomes** - Avoiding to pay excess for right kind of business

Note: Above mentioned framework is part of portfolio stock selection approach. The selection however would be evaluated on an ongoing basis

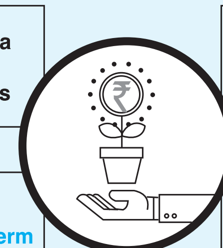


Allocations mentioned on this slide are as per our current proposed framework. This may change in future depending on market opportunities and fund manager views and would be subject to SID limits. The SID limits shall prevail at all points in time.

FUNDS SUITABILITY

Investors who aim to have a diversified portfolio with participation across sectors

Long term investors who believe in spending time in the market, rather than timing the market



Investors looking for relatively higher long-term growth prospects

Access broad range of growth potential with a core allocation with wider opportunities

Benchmark	S&P BSE 150 MIDCAP INDEX
Fund Managers	Sachin Relekar (Equity portion)/ Harshal Joshi (Debt portion)
Exit Load	If redeemed/switched out within 1 year from the date of allotment - 1% of applicable NAV; If redeemed/switched out after 1 year from the date of allotment - Nil
Minimum Application Amount	Rs. 5000 and in multiples of Re.1 thereafter

UNDERSTANDING TATA AIA - FORTUNE GUARANTEE PENSION

TATA AIA
LIFE INSURANCE

FORTUNE GUARANTEE PENSION

Key Benefits

- Multiple Annuity Options
- Annuity Rate Guaranteed at Inception
- Single Life & Joint Life Option
- Flexible PPT Single, Limited, and Regular Pay
- Death benefit in the form of Return of Premium

Sample Illustration | Single Life | 10 Pay

Male aged 45 Yrs. Standard Life | PPT - 10 Yrs. (Limited Pay)
Deferment Period - 15 Yrs. (PPT + 5 Yrs.) | Annuity Mode - Annual

SAMPLE ILLUSTRATION
Deferred Life Annuity (GA II) with ROP

Annuity Rate **12.30%**

Pay	Get		ROP on Death
₹10 lacs* p.a. for 10 yrs. Wait for 5 yrs.	**₹ 12,30,900 p.a.** For Life	+	**₹ 1 Cr.**

Sample Illustration | Joint Life | 10 Pay

Male / Female aged 45 Yrs. Standard Life | PPT - 10 Yrs. (Limited Pay)
Deferment Period - 15 Yrs. (PPT + 5 Yrs.) | Annuity Mode - Annual

SAMPLE ILLUSTRATION
Deferred Life Annuity (GA II) with ROP

Annuity Rate **11.09%**

Pay	Get		ROP on Death
₹10 lacs* p.a. for 10 yrs. Wait for 5 yrs.	**₹ 11,09,600 p.a.** for you and for your spouse after you	+	**₹ 1 Cr.**

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Financial Sector – Getting bigger, better & newer avenues emerging within Financial Services

Why Banking Sector:

- Banking and Financial Services account for a large weight and it is well diversified
- Financial companies account for ~30% of the total market capitalization of top 250 companies
- Historically, Banking & Financial services sector has outperformed broad market indices when economy grows
- Digital banking services picked up in last five years promoting mobile based banking (UPI, etc.)
- Digital transformation has just begun with banks collaborating with Fintech to leverage technological gains
- Banks profitability improvement will be driven by better cost efficiencies / productivity with shift from physical to digital

Scheme Name	AUM (Crore)	1 Year	2Year	5 Year	10 Year
Nippon India Banking & Financial Services Fund	3064.15	7.13	36.18	6.78	14.47
ICICI Pru Banking & Fin Services Fund	4744.80	0.83	28.09	6.39	16.70
Aditya BSL Banking & Fin Services Fund	2003.96	1.34	27.72	6.15	—
SBI Banking & Financial Services Fund	3129.18	2.16	24.61	10.36	—
Baroda BNP Paribas Banking & Fin Services Fund	51.91	5.03	23.14	6.60	11.47
Invesco India Financial Services Fund	389.90	0.00	22.19	7.71	14.62
Tata Banking & Financial Services Fund	933.44	0.23	20.64	7.30	—

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

Performance as on 28th July 2022

Outlook:

- As economy becomes more sophisticated and per capita income keeps increasing, financial services firms would gain from both increased demand for financial instruments & increase in financial savings in the overall domestic savings pie.
- **Increasing diversity** - Several strong growth engines with respect to Para Banking sectors like Insurance, Asset Management, Securities Broking, Credit Rating Agencies, Exchanges, etc. are now available in the public listed market which can help in managing cyclicality of pure lending businesses of Banks/NBFCs
- Another opportunity is **listing of Fintech firms in public markets** –globally, business models based on technology have created massive wealth for investors in developed markets – similar story can play out in Indian markets as well

5 Points to consider before buying a house

- Ensure to have sufficient own-payment to **lower the impact of EMI**
- Don't forget to **add expenses** like house furnishings, brokerage and stamp duty
- Ensure that the EMI portion is **less than 50%** of your total in-hand income
- Decide **your budget** for buying the house and stick to it
- Make sure your income is **stable** and you are **able to invest** for financial goals

House purchase is one of the biggest financial decision you will make. Analyse your situation carefully before making any commitment.

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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

Printed & Published by PIYUSH DESAI on behalf of VCARE INVESTMENT SERVICES PVT. LTD., Printed at SUNNY ENVELOPES N PRINTS, 110/112, MODI STREET, FORT, MUMBAI - 400 001 and Published at VCARE INVESTMENT SERVICES PVT. LTD. , 201, SAI SADAN, 76/78, MODI STREET, FORT, MUMBAI 400 001 • Editor : PIYUSH DESAI