

JOURNEY 2 MONEY

Vol. No. 9 Issue No. 1

MUMBAI

Price Rs. 5.00

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!

Face the Past, Face the Future

January: the start of a new year, and 2020: the start of a new decade... new ideas, new energies, new possibilities, new opportunities...

But, do you know the origin of the name of this month?

January comes from Janus, the Roman God of beginnings, gates, duality, doorways, passages, change, and endings. Like a door or gate that marks the opening of a house, the month of January is thus the opening of the year.

Janus is usually depicted with two faces looking in opposite ways; for instance, one towards the past and the other towards the future. And so, he also presides over transitional periods such as from war to peace as well as birth, journeys, and exchange. This makes him the Roman God of all beginnings and endings. Therefore, in ancient times, Janus was made a part of every Roman ceremony through the year, and was ritually invoked at the beginning, regardless of the main deity that was being worshiped or the festival being celebrated. And 9th January was celebrated in his honour, with the festival being called the Agonium of Janus.

Does this not remind you of one of our favourite Gods... Ganpati?

Though there is no definite proof, it is possible that Janus is in fact derived from Ganeshji, as there are many similarities. For instance, Ganpati too had two faces, that of a child and the other of an

elephant. And the Vighnaharta is always called upon before any important decision or occasion.

But, maybe we at VCare should also invoke Janus, for we too believe in keeping our eyes on the past performances of funds and markets, while ensuring we do not take our sight off your future needs as well as the expected and unexpected challenges that will arise.

Speaking of transitions, the economy of our country, and the world, is going through a shift that's opening up tremendous possibilities, not just in this year but also in the years to come. While we do not have the divine visions of Janus and the infinite wisdom of Ganpati, we firmly believe that the markets will be less volatile, and that there's plenty of growth for those willing to be decisive but also patient. And team VCare is ready and eager to help you benefit from this opportunity. This is a good time for us to visit your existing portfolio and revisit your goals for 2020, and even beyond. Get in touch and we would be delighted to serve you.

Wishing you all a peaceful and prosperous 2020!



Piyush Desai - CEO

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It's time to Save Tax u/s 80-C up to Rs. 1,50,000/- Invest today in ELSS (Equity Linked Saving Scheme)

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

UNDERSTANDING TATA QUANT FUND

WHAT ARE QUANT FUNDS?

Quant Funds select stocks in their portfolio based on quantitative decision making frameworks. In case of actively managed funds, buying and selling decisions are undertaken by the Fund Manager. In contrast, machine learning based statistical models recommend buy or sell as set out in the fund's objective.

Statistical model used in Quant Funds are developed and managed by the Fund House by leveraging data on parameters that impact price movements of underlying securities.

ADVANTAGES OF QUANT FUNDS

Quant funds tend to have the following advantages:

- Leverage the strength of Artificial Intelligence (AI) & Machine Learning (ML) for investment strategy formulation

- Ability to handle massive computational intensity for stock selection & allocation
- Reduce human bias, error and emotion
- Restrict choice of stocks based on the model (algorithm)
- Consistency in strategy
- Additional investment option for investors
- Disciplined investment process, offering superior risk control

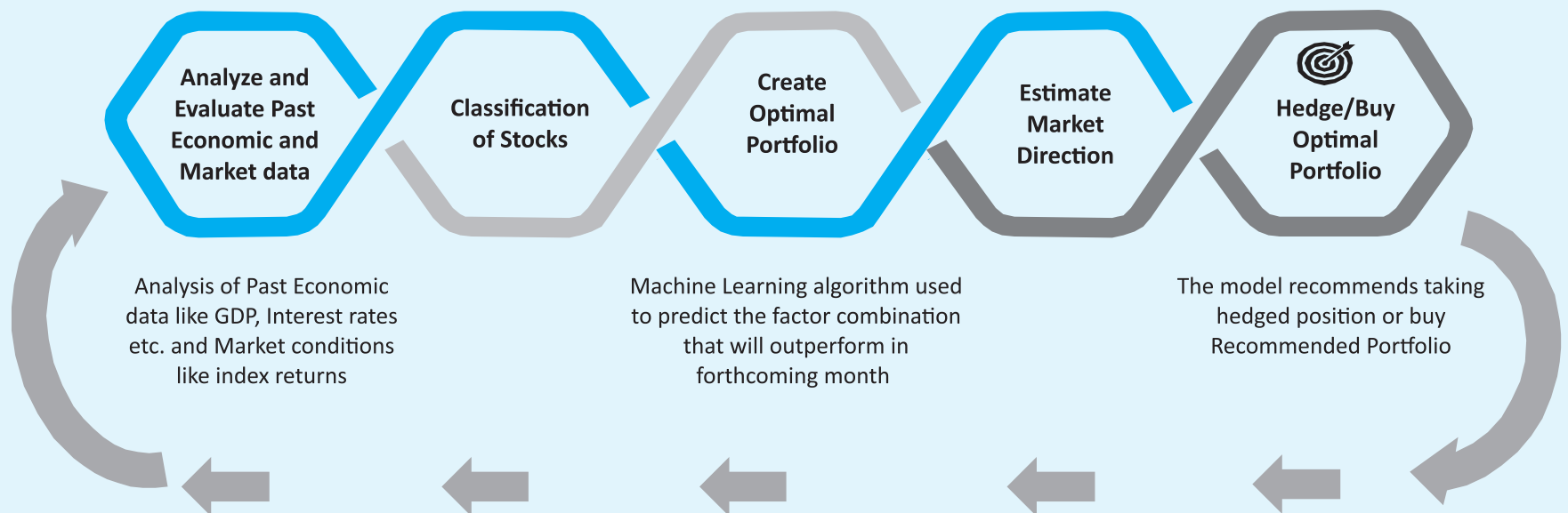
TATA QUANT FUND

Tata Quant Fund is a quant mode based Fund which uses internally developed machine learning based model to make investment decisions.

UNDERSTANDING TATA QUANT FUND STRATEGY LANDSCAPE

Stocks from BSE 200 & Equity Derivative Segment stocks classified into various stock categories like Value, Quality & Alpha

Another Machine Learning algorithm used to predict direction (up / down) of each candidate portfolio.



OTHER DETAILS OF THE FUND:

Scheme Name	TATA QUANT FUND
NFO Date	NFO OPENS: 3rd January 2020 • NFO CLOSES: 17th January 2020
Investment Objective	The investment objective of the scheme is to generate medium to long-term capital appreciation by investing in equity and equity related instrument selected based on a quantitative model (Quant Model) However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved. The scheme does not assure or guarantee any returns.
Type of Scheme	An open-ended equity scheme following quant-based investing theme
Fund Manager	Sailesh Jain
Benchmark	S&P BSE 200 TRI
Minimum Investment Amount	Rs. 5000/- and in multiple of Re.1/- thereafter. Additional Investment: Rs.1000/- and in multiple of Re.1/- thereafter.
Load Structure	Entry Load (During NFO): N.A. Exit Load: 1% of the applicable NAV, if redeemed/switched out on or before expiry of 365 days from the date of allotment.

ARE YOUR MUTUAL FUNDS UNDERPERFORMING?

We get many queries, seeking guidance on what to do with mutual fund schemes which are not performing well. Should you redeem and sit on cash? Should you switch to better performing funds and if yes, which mutual fund scheme should you switch to? Should you continue to hold and wait? How long should you wait? These are not easy questions to answer because under-performance may be due to several factors. In this article, we will discuss how you should evaluate fund performance, possible causes of under-performance and options you can consider.

Before you evaluate the performance of mutual fund schemes in your investment portfolio, you should be clear about three points with regards to every investment.

- ❖ What is your investment objective or your financial goal?
- ❖ What is your investment horizon?
- ❖ What is your risk appetite?

If you are clear about these points then you will be able to evaluate performance more objectively. For example, if your investment horizon is 10 – 15 years, then 1 – 2 year under-performance should not cause major worries. If you have moderate risk appetite and have substantial investments in mid cap and small cap funds, then you are not investing in the right asset class; you may need to revisit your asset allocation. You should always invest according to your financial goals and risk appetite.

Performance versus expectations

Different investors have different expectations from their investments. If the returns of your funds are lower than your expectations, then you are likely to feel dissatisfied. However, if your expectations are themselves not realistic, then your evaluation of fund performance will not be objective. It is therefore, important to form realistic expectations about investment returns.

Possible causes of under-performance

It is important for investors to understand the possible causes of under-performance, so that they can make informed investment decisions. There can be several causes of under-performance:-

- ❖ The timing of your investment may cause temporary under-performance. For example, if you invested in mid cap or small cap funds in 2017, when small and mid cap valuations were at their peak, you may be staring at poor returns even 2 – 3 years later.

A fund may outperform or underperform the benchmark in the short term depending on the investment strategy of the fund manager vis-a-vis prevailing market conditions. For example, if a diversified equity fund has high allocations to small and mid cap stocks, it is likely to underperform in bear market, but will outperform in bull market. Similarly a hybrid fund with high equity asset allocation will underperform in bear market and outperform in bull market.

- ❖ Some funds which have contra investment strategies may underperform in bull markets. You need to have sufficiently long investment horizons (minimum 5 years) for these funds.

- ❖ The fundamental attributes of the scheme may have changed, e.g. a multi-cap fund may have become a large cap fund, a mid cap fund may have become a large cap fund, etc. Scheme mergers can also change fundamental attributes. You should understand what has changed and then make informed decisions.

Possible courses of actions

- ❖ Most often, doing nothing is the best course of action. If the fund was performing well and then started underperforming due to a change in investment cycle, you should simply wait for the current market phase to pass.
- ❖ If there have been changes in the fundamental attributes of funds in your portfolio, you should understand what has changed and if the new attributes are consistent with your investment needs and risk appetite. If they are not, then you can consider switching to a different scheme which is better suited to your investment needs.
- ❖ If there is a change in fund manager, lookup to the long term track record of the other schemes managed by the new fund manager. You can find the performance of other schemes managed by the fund manager in the fund fact-sheet. If the new fund manager has good long term track record, then there is no need to take any action.
- ❖ If your fund has been unable to beat its benchmark over sufficiently long performance periods (at least 3 years for equity and hybrid funds), then you can consider switching to a better performing fund.
- ❖ When evaluating fund performance in your portfolio, it is also useful to review your asset allocation and make necessary changes if your asset allocation is not consistent with your risk appetite. For example, if your equity asset allocation is higher than your target asset allocation, you can switch from equity funds to hybrid mutual funds.
- ❖ Always consider the tax consequences of your portfolio actions, e.g. will redemption or switch lead to short term capital gain tax and make decisions accordingly.

Summary

In this article, we have discussed **how you should look at mutual fund performance**. It is important to set realistic expectations in order to meet your investment objectives.

Over long term, **you can have absolute returns expectations but in the short to medium term performance should be measured on a relative basis with respect to scheme benchmark**. If your scheme is underperforming you should try to understand the possible reasons for under-performance and make informed decisions. As mentioned in this article, **you should always tie investment decisions with your financial goals and risk appetite**. You should also consult us - Your Financial Advisor before making investment decisions.

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

IS IT RIGHT TIME TO INVEST IN MIDCAP/SMALLCAP FUNDS?

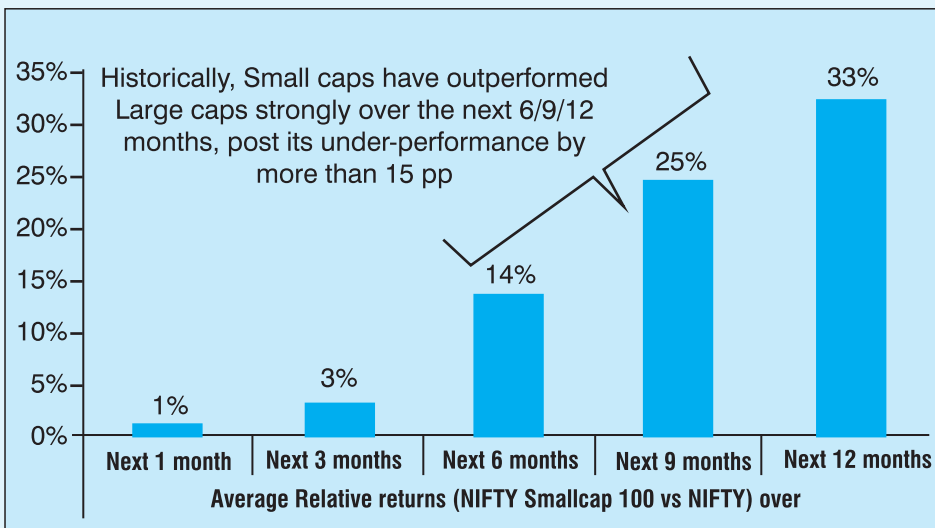
Nifty At Lifetime High Levels But Mid & Small Cap Returns Are Still Negative

Index Name	Return (%) (Jan 2018 to Oct 2019)
Nifty 50 TRI	16.0
Nifty Midcap 100 TRI	-18.7
Nifty Smallcap 100 TRI	-35.3

Average relative performance of NIFTY Smallcap 100 vs NIFTY, post NIFTY has outperformed small caps by > 15 pp, over the past 6 months

Small & Mid Caps Are Still Down From Its Peaks Despite Recent Pullback

Draw-down from 52 Week High	No. of Stocks	% of Top 1000 Stocks
Less than 10%	222	22%
Between 10% and 20%	182	18%
Between 20% and 30%	177	18%
Between 30% and 50%	312	31%
More than 50%	106	11%



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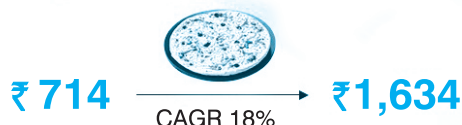
For details contact: 022 66548814 / 15

DID YOU KNOW?

You could own a piece of the businesses that are part of your day to day life with **Midcap Funds**

A company that makes your Pizzas

Jubilant Foodworks



Where you trendy clothes come from

Trent



Your footwear manufacturer

Bata



AC that cools your house

Voltas



The humongous growth in these companies over last 5 years speak for the stock picking capability of **Midcap Funds**

Make these growth stories a part of your portfolio now!

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POSTAL REG. No. MCS/098/2018-20

Posted at Mumbai Patrika Channel Sorting Office on 5th & 6th of Every Month.

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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