

The Dirty Little Mutual Fund Secret That Leaves You Poorer



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« MUTUAL FUND

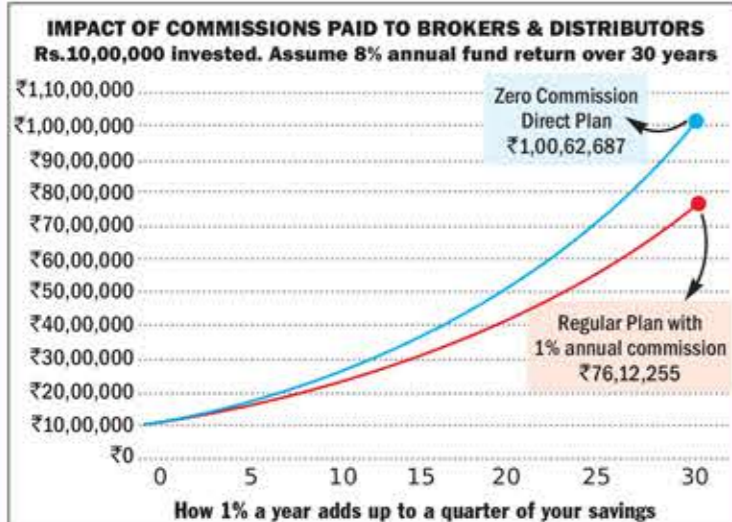
Did you know every time you buy a mutual fund in India, you pay hidden brokerage that makes your broker rich? Not just rich—seriously rich!

Every mutual fund in India comes in two flavours—a regular plan and a direct plan. When you buy a regular plan, you buy it through a bank, broker, agent or distributor—and

are investing in, you have invested in a regular plan and are paying hidden brokerage.

Your agent will probably tell you that it does not matter which plan you invest in. After all, he only earns a small annual commission of 1% for his services.

It doesn't sound like a lot, but in real terms, it is. For instance, if a 35-year-old investor were to put Rs 10 lakh in a 1% annual commission bearing regular plan of a mutual fund, which grows at 8 per cent a year, his investment would be worth Rs 76 lakh when he retires at 65. On the other hand, if he switched to a direct plan of the same mutual fund and cut out the 1% annual commission, his investment would grow to Rs 1 crore over the same period. What would he end up losing as 1% commission each year to his broker? A whopping Rs 24 lakhs!



the mutual fund company pays him back a hidden commission every quarter. How does the broker make commissions when you have not even written a cheque for it? The bitter truth: This commission comes out of your investments.

Instead, when you buy a direct plan directly from the mutual fund company, you don't pay any commission to anyone. The commission that you end up saving is added to your investment balance at the mutual fund. That's why the net asset value (NAV) of a direct plan is always higher than that of a corresponding regular plan.

So how do you know which mutual fund you have bought—direct or regular?

- If you have invested through your bank, you have invested in a regular plan and are paying hidden brokerage.
- If your agent is not charging you anything or tells you his advice is for 'free', you have invested in a regular plan and are paying hidden brokerage.
- If your agent says he gets paid by the mutual fund company, you have invested in a regular plan and are paying hidden brokerage.
- If your bank/broker /agent/distributor/advisor has not told you explicitly about which plan you

In other words, when you buy a regular plan, a quarter of your retirement savings wind up in your broker's pocket. This is money you have spent a lifetime saving up for your kids, only now your broker gets to keep your money for his kids.

This is why most good advisers these days will not sell or recommend regular mutual funds, which cost you a recurring, hidden brokerage fee, year after year, for your entire investing life.

The next time you want to invest, please pick an adviser who sells only direct plans of mutual funds and delivers unbiased advice that is in your interest, not his.

One more thing. Until recently, buying a direct plan was far from simple. You had to register at the mutual fund companies websites, remember tens of passwords and do your KYC every time you invest in with a new mutual fund company.

But now, online investment advisers offer the convenience of one-time registration, recommend the best possible funds and allow you to buy any direct mutual fund in India.

So switch to a direct plan and stop working to send your broker's, banker's or agent's kids to study abroad. Make your hard-earned money work for your family, not his.

The author is a SEBI-registered online investment adviser

How Residential and Retail Real Estate Sync Up in India

Matching shopping options with local purchasing power



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« REAL ESTATE

Whenever I'm asked how real estate is performing in India, I have to ask the question to be a bit more specific. Real estate is not a single industry but consists of various categories/asset classes, and each behaves differently at the same time and at different times. Residential, commercial and retail real estate each serve a very separate and distinct purpose, respond to a different type of demand and attract different types of investors.

However, it is equally true that all three categories are inter-related because they all depend on each other to drive growth. Residential projects tend to crop up around commercial office catchments, because that is where jobs are created, and employment drives the

financial ability and appetite for homeownership. Likewise, retail real estate developments are only feasible in and around residential and commercial catchments, since retail needs customers. What differs in these three asset classes are the ticket sizes, investment rationale, and investment horizon. To invest in either residential, retail or commercial office real estate calls for different degrees of financial capacity, risk appetite, patience and understanding of what drives growth in each of these asset classes.

Among the various interplays between these real estate categories, the relationship between residential and retail is particularly interesting. In any given location, a certain type of retail follows (or sometimes even spawns) a corresponding type of housing. An area which primarily houses middle-class families will attract a lot of unorganized or mom 'n' pop retail outlets, hypermarkets which enable value shopping for daily needs, and malls with a lot of mainstream brands. Likewise, luxury housing destinations are most logically juxtaposed with high-end retail. At the same time, India's urban real estate landscape cannot really be clearly defined in terms of mid-income and luxury housing, as a significant number of residential



hood of Jor Bagh, Defense Colony, Golf Links and Sunder Nagar.

areas in our cities are home to both middle-class and HNI residents.

This fact has allowed for a very generous bandwidth of retail to become feasible in and around major residential catchments across the country. However, luxury still very much begets luxury, as well. Let us examine some of the notable instances:

• Indiranagar, Bangalore:

The high street retail area in this location is located in an upscale residential precinct. The stretch has a good mix of F&B and fashion retail, attracting the affluent population near the market. Its strategic location has been the main growth catalyst for the retail market here. While the inherent catchment of the prime residential areas in and around Indiranagar contributes to the steadily grow-

ing footfalls along this stretch, IT parks and offices in the vicinity also act as footfall drivers for this high street shopping destination.

• Galleria Market, Gurgaon:

This is an upscale neighbourhood shopping area juxtaposed with one of the most developed areas of Gurgaon where plotted developments, residential colonies and high-rise apartment complexes coexist. Galleria Market has a mix of fashion and mainstream retail stores offering convenience-based categories in addition to F&B. Other categories in the retail tenant mix here include apparel, medical stores, accessories, stationery and gift stores.

• Hiranandani Estate, Powai (Mumbai):

The iconic Hiranandani Estate is very close to major commercial

office destinations within the Powai precinct. Nestled amidst high-end residential apartments and landmarks like the Powai Lake, it attracts footfalls from upper-middle-class to HNI residents. F&B is a dominant category in this high street with multi-cuisine restaurants, ice cream parlours and a few pubs.

• Mehar Chand Market, Delhi:

This market is situated near Lodhi Colony in heart of New Delhi and is more or less a 'boutique' shopping destination for residents living around it. It includes an eclectic mix of retail categories such as designer stores, organic grocery stores, quirky apparel stores, trendy bistros and stationery shops, among others. Mehar Chand Market attracts steady footfalls as it is surrounded by the upmarket residential neighbour-

• Road No. 36 Jubilee Hills, Hyderabad:

Road No. 36, situated in Jubilee Hills' upmarket residential area, is a prime and upscale shopping street in Hyderabad. Traditionally a posh residential area, Road No. 36 has transformed into a prime destination High-Street of Hyderabad. Due to its location, this high street has attracted a number of national and international retail brands, as well as exclusive cafes and restaurants.

• Breach Candy, Mumbai:

This is one of the core South Mumbai areas known for its elite high-end residential neighbourhood. Most of the shoppers on this high street belong to the immediate or nearby catchment areas. Breach Candy hosts some of the legacy high street brands and has attracted a lot of local high-end fashion designers, as well.

While it is always tempting to claim that real estate development in India evidences no clear planning, the logical manner in which residential and retail spaces follow each other seems to tell a different story. Granted, there is in most cases no pre-determined town planning involved - but the fact remains that Indians can nevertheless match their shopping preferences with their inherent purchasing power. Like water, lifestyle appears to always find its own level in India.

What Precautions To Adopt When Trading On The Internet...

Internet trading has rapidly become the default trading platform for most Indian investors. With the spread of smart phones, internet-enabled bank accounts and more robust online trading systems, we expect the trend towards internet trading to become more pronounced in the months and years to come. Internet trading offers you simplicity, convenience and transparency. You can execute transactions at the click of a button; you can operate your trading account, bank account and demat account from the comfort of your home or office and you can have full control and knowledge of the transaction being executed. Having said that, internet trading happens on the internet and hence there are some key precautionary measures you need to take. Here are a few such measures...

you must be logged out of your trading account. Most trading accounts will automatically log you out if the system is idle for some time but you need not even take that much risk. Apart from logging out when leaving the seat, ensure that your cache is cleared at the end of each day. It will mean that you have to enter your user name and password each time, but it is worth the trouble.



Password is your key to unlock your financial profile...

As a trader on the internet, the importance of a password cannot be overestimated. It forms the basis for you to operate your trading account, your bank account and your demat account. You can increase security by making your password as complex and as dynamic as possible. Here is how! Using your name, date of birth or marriage anniversary as your password are simple giveaways. Avoid that. Never write down a password on a piece of paper or in a text file on your PC. It should strictly exist only in your memory. Most trading sites will require you to change your password at frequent intervals. Even if your trading site does not insist on that, it is always advisable to keep changing your password at least once a month. More importantly, never share your password with your friends or even your relatives and never respond to phone calls asking for your password.

Insist on a 2-factor authentication for your trading account...

Purely accessing your trading account using your user name and password is good but then it still exposes you to unwarranted attacks. A better way to protect yourself is to use a two-factor authentication for your trading account. A 2-factor authentication is an additional level of security that is imputed into your trading account to make it safer. For example, your first level can be your password and the second level can be your date of birth or some other secret code. Alternatively, your password can be authenticated each time you access the trading account through an OTP (One-Time Password) sent to your registered mobile. This 2 factor authentication further complicates your log-in process and makes it more difficult for hackers to chip into your account.

Be cautious of where you are accessing your trading account from...

The basic rule is that you must never access your trading account from computers that you are unfamiliar with. That includes computers belonging to your friends and relatives. Ensure that the PC or laptop that you are using has an anti-virus and anti-spyware program installed and the program is up to date. If you find the system slowing or multiple windows opening when you try to access your trading account then immediately shut down the computer as its security could have been compromised. In case your browser (Chrome or Explorer) offers to store your password, just say no. But most important, be careful of the connection you are using. Always use a dial-up connection or a secured wi-fi connection to access your trading account. Avoid trading in public places using public wi-fi systems at airports, railway stations and malls. Never, ever access your trading account from cyber cafes as that is an invitation for hackers to hack into your trading account.

Never forget to close your trading session when you are off the desk...

When you are trading on your PC or laptop, it is quite common to keep the session open when you go to grab a sandwich or to attend nature's call. That is again a strict no! The moment you are not on your desk,

Eternal vigilance pays off when you are trading on the net...

One of the best ways to be very secure when using your internet trading account is to maintain high standards of vigilance both in terms of hardware, software and in terms of reporting. Avoid downloading any unknown software or programs from CNET or FILEHIPPO just because it is a freeware. Secondly, ensure that you are trading behind a firewall as these can be vulnerable to attacks. When your trading account opens first ensure that the web address is prefixed by https:// and not http://. This indicates that you have entered a secure area. Above all, you need to constantly cross check with trail reports. Check your order book and trade book each day and cross check with the e-contract notes that you receive. Ensure that shares come into your demat account on T+2 and money comes into your bank on T+2. A basic audit trail will protect you from a variety of operational hitches.

There is no rocket science about your internet trading account. In this world, there is nothing like fool-proof security. It is all about making it very difficult to break into your trading account. Such vigilance will go a long way in keeping your trading account safe and secure!

(By arrangement with Angel Broking)

In 2018, Mobility Will Keep The Ball Rolling



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« TECHNOLOGY

This is a generation that's always been on the move. And with the coming of 2018 that fact is not expected to undergo much change.

Be it work, shopping, or ordering food, anytime-anywhere is the go-to formula. In the past few years, the shift towards mobility has been massive. Almost every enterprise has embarked on a digital transformation journey, and businesses have grown with the help of mobility. From smartphones, to laptops and tablets, devices have become increasingly portable, thereby making mobility indispensable.

What makes mobility imperative?

The business world never sleeps. Be it the customers or the employees, portable devices have proved to be game-changers. By allowing employees to log in to work from anywhere and at any time, organizations can increase productivity without incurring any extra costs. In a world where 9-to-5 jobs are a

thing of the past, mobility devices fit in perfectly. Imagine having to go to office every time you need to put out an update for a new project that your organization has bagged. It's cumbersome, at best.

Same applies to customer satisfaction. If a customer or buyer is dissatisfied with something he or she has bought, making them wait for the next morning just to be able to lodge their grievance is bound to be the last nail in the coffin. There's no denying that customers are a crucial part of the business ecosystem, and ignoring their needs is no more an option.

From allowing them choice in terms of what they want to buy, to quick customer care when the product does not live up to their expectation, each aspect needs to be taken care of. As most online shopping sites are proof, a mobility-friendly platform for all of this can help businesses grow exponentially.

By allowing external stakeholders to participate in their business ecosystem, businesses have moved beyond the traditional value chains. This has been possible due to mobility, thereby making it an aspect organizations cannot afford to ignore.



Mobility's had everyone's attention in 2017. Will 2018 be any different?

Enterprise mobility has fast emerged into a function that is essential to the growth of an organization. In terms of both workforce mobilization and customer engagement, it has turned into a top priority for most organizations. The demand for mobile-first platforms has also risen among both employees as well as businesses.

On that note, let's take a look at what's expected to be the talk of the town in the enterprise mobility arena in 2018.

Smart Apps: Every business can do with a platform that allows them

to roll out business processes on a user-friendly mobile platform, and that's where Smart Apps come in. The applications are compatible with cross platforms and can be hosted on in-premise infrastructure or cloud. These apps make use of imaging technologies to capture documents and transmit them over available network bandwidth. If you're looking to get to market in a cost-efficient way, Smart Apps are your one-stop solution. These apps also enable business users to perform several activities on the fly, such as, capturing data, attaching documents, and real-time validation of customers.

Cloud Computing: Cloud-based technologies have made their mark in almost every sector, and its convergence with enterprise mobility is adding new dimensions to the way businesses operate. Easy availability, affordability, and reliability make cloud computing a go-to option for enterprises. It enables business leaders and on site execu-

tives, with anytime-anywhere access to business data for quick decision making and better customer servicing without compromising on security. The security aspect remains a roadblock when it comes to cloud computing. However, future cloud computing technologies would in all probability be equipped with regulatory controls.

Bring-Your-Own-Device trend: The BYOD trend has been integrated into the corporate culture since long. It has increased productivity as well as efficiency, making it a lot more than just a trend. With the coming of 2018, the BYOD trend will be incorporated into the corporate culture a lot more actively. It will turn into a workplace norm, and a lot more companies will be seen shifting to it.

Enterprise mobility has been a major focus of IT investments in 2017, and will remain so in 2018. Thanks to heightened customer expectations and dynamically changing corporate environment, the difference between the physical and the digital world is fast-diminishing. For any organization looking to remain relevant, enterprise mobility thereby remains of prime importance.

TELL US WHAT YOU THINK

