

FOCUS



NAG MUNAGAPATI WEALTH ADVISORS

SEBI REGISTERED INVESTMENT ADVISOR

REG NO:INA000017435



Hi All,

This is a great month so far when it comes to the performance of equities specifically in India. As we wait touch upon the factors that influence the markets, let's talk at length about expense ratio in the context of mutual funds.

An expense ratio is a proportion of your investment that mutual fund company charges per annum to manage your investment as part of the big fund. Very recently SEBI proposed a tweak to the expense ratio that is being charged by the mutual fund companies and they have deferred the execution of the same for various reasons. In the mutual fund industry, we have two types of schemes. One is a regular scheme and the other is a direct scheme.

Contact us-

+91 9686821758

nagaraj.munagapati@gmail.com

Meet us:

313, Taramandal Complex, Saifabad,
Hyderabad, 500004

In a regular scheme, the expense ratio will be higher as it factors in the commissions to be paid to intermediaries like Mutual fund distributors. Whereas in direct scheme, the expense ratio excludes the commissions to be paid to the intermediaries.

So, if you have enough prowess to choose which scheme you can invest in to, opt for a direct scheme rather than a regular one as 100 basis points will make a huge difference with a long-term compounding effect. And if you don't have required financial knowledge, entrust the responsibility of choosing the modus operandi of how to invest to a registered investment advisor



NAG MUNAGAPATI WEALTH ADVISORS

End of the day, any investment decision is to be taken with many factors in place like risk appetite, time frame of investment, past performance and future potential of the asset class we are looking at to invest.

Following are some of the examples we can site to understand the impact of expense ratio on direct and regular schemes.

Type of Scheme	Scheme name	Expense ratio	CAGR for 10 years	Your 100/- invested in 2013 would be now
Direct	Nippon India Small Cap Fund	0.8%	29.25%	1302/-
Regular	Nippon India Small Cap Fund	1.61%	28.02%	1184/-
Value differential			1.23%	118/-

*Compounded Annual Growth rate is the average returns the scheme generated for a specific number of years on an annualized basis

**The data calculated as per <https://www.moneycontrol.com/mutual-funds/nav/nippon-india-small-cap-fund-growth/MRC587>

So its always recommended to leverage the knowledge of financial experts in the financial decisions we take. Anything we do can be justified but the merit of justification comes only with the arithmetic evidence.



MACRO TALK



Inflation in India is softened and that's a bigger push for the markets.

We are successfully navigating the bad weather of macro things whereas the whole world including US and China are struggling to move ahead.

US is fighting hard on inflation as we can see a hawkish outlook from Fed with the clear indication of two straight interest rate hikes in the months to come. Whereas China is struggling with their demand softening and cascading impact on the manufacturing margins.

The whole world is one economy as we are too much coupled with many other countries with high dependence on each for services and products.

A recession in US is not good for India and less consumption in India is not good for China. In this scenario, India can do well only when the external counterparts do well and so let's hope for a better scenario across the whole world.



RECESSION IN THE WEST



This is impacting the global growth in fact. Global growth squeezed to 2.6% from 3.3% from the last year for the reasons of recession across US, Europe and Latin.

This impact is clearly seen in the IT revenues and margins with the reduced budgets across the companies in above mentioned localities. If this can be overcome, we can see a secular growth cycle across the valuations of NIFTY.

This scenario may impede us all through this year and first half of next year.



OUR FOCUS



As a SEBI Registered Investment Advisor, our focus is to educate the audience with various options to see and understand to align their savings and investing strategy to their long-term goals and wealth creation. But the onus is on the clients to choose what they want with all the rationality.

There are multiple ways of doing things and the rationality here is to choose a certain way that's optimally safer and faster to reach the target. With this bull run in equities, portfolios are doing well across the client base and as we emphasize, lets hold the quality assets and part away from unproductive ones to create wealth and reach goals with a strong risk management framework in place.

Hope we do much better forward.



NAG MUNAGAPATI WEALTH ADVISORS

OPERATIONAL CONTACT



"We serve our clients alike with the passion we have for the markets".

Please contact our Business development and Operations lead Mr. Manindhar vsv

His contact is **+91 8978030383**

Visit us at **www.nagmunagapati.com**

CA Nag Munagapati