

**CIRA<sup>®</sup>**  
CERTIFIED INVESTMENT RESEARCH ANALYST<sup>®</sup>

## Investment Avenues



# Agenda

**01**

## Real Assets

Introduction and features of Real Asset

**02**

## Mutual Funds

Introduction and features of Mutual fund

**03**

## Financial Securities

Introduction to different financial securities.

# Real Assets

## Key Learning Outcome

- **Real Estate**
- **Precious Metal**
- **Precious Stones**
- **Art and Antique**



# Introduction

Real assets are physical assets that have an intrinsic worth due to their substance and properties. Real assets include precious metals, commodities, real estate, land, equipment, and natural resources. They are appropriate for inclusion in most diversified portfolios because of their relatively low correlation with financial assets, such as stocks and bonds.

# {Real Asset}

## PROS

- Inflation Hedge
- Efficient Diversification
- Psychic Pleasure
- Safe Heaven

## CONS

- Illiquid Markets
- High Spreads and Commission
- Maintenance effort

# Real Assets: Classifications

## Real Estate

Residential, Commercial, Land, Farms, Holiday Resorts.

## Precious Metals & Stones

Rare, naturally occurring metallic chemical element of high economic value.  
Gold, Silver, Diamond, Others.

## Art Objects & Collectibles

Paintings, Sculpture, Antiques, Others.

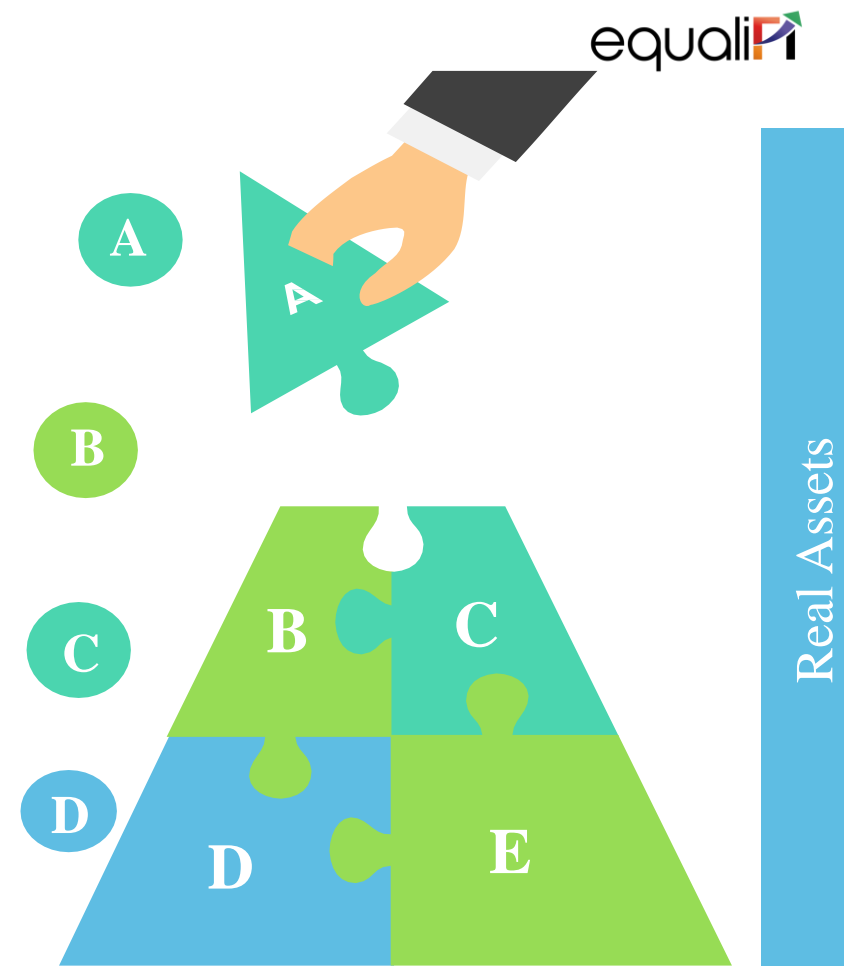
## Metals: Gold, Silver, Copper

**Energy:** crude oil, heating oil, natural gas, and gasoline

**Livestock and meat:** lean hogs, pork bellies, live cattle, and feeder cattle

**Agricultural:** corn, soybeans, wheat, rice, cocoa, coffee, cotton, and sugar

Spot (cash) market or via Derivatives Market



# {Real Estate} Features and Properties

Benefits

Steady  
Income

Capital  
Appreciat  
ion

Portfolio  
Diversific  
ation with  
Leverage

- Real estate is real, tangible property made up of land, buildings, flora and fauna, and natural resources. Basic categories: residential, commercial and industrial.
- When it comes to investing, residential real estate is less expensive and more feasible to individuals, while commercial real estate is more valuable and more stable.
- As an investment, real estate offers income and capital appreciation.
- Invest in real estate directly—buying land or property—or indirectly through buying shares in publicly traded real estate.

## Limitations

Local Factors

Liquidity

Capital  
Barrier

# {Real Estate} Way of Investing

## Be Landlord

- Purchase of Real estate Property
- Regular Rental Income and Capital Appreciation expected.
- Huge Capital Investment
- Liquidity risk associated with investment

## Real Estate Trading

- Invest in Undervalued Property and sell in small term.
- High level of skill and market expertise required to exploit opportunity.
- Liquidity risk in case of adverse market scenario

## REIT (Real Estate Investment Trust)

- Allows investors to buy shares in commercial real estate portfolios
- REIT portfolio may include apartment complexes, data center, healthcare facilities, hotels, infrastructures.
- Liquidity, Low information and Interest Rate are the risk factor for investor of REIT.

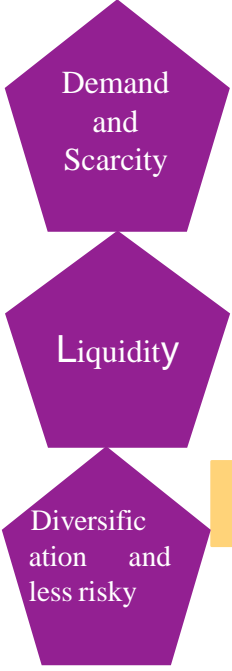
## REIG (Real Estate Investment Group)

- Real estate investment groups are comprised of multiple partners or shareholders. Having multiple sources for capital investments provides a greater pool of capital and a greater ability to invest more broadly.
- Seeks to create portfolio of real estate investments.



# {Precious & Stones} Features and Properties

Benefits



Precious metals: Gold, Platinum, Silver, Titanium, Diamond, Sapphire etc. Gold used as the treasury reserved by central banks across world.  
 Attractive cover for Inflation, credit risk without additional cost.  
 Negative or very less correlation with equity market  
 The mode of investment either through physical or financial asset.

## Limitations



Real Assets

# { Art & Antique } Features and Properties

Art and Antique are an alternative investment, which means they're not stocks, bonds, real estate, or cash. Some investors invest into collectibles, assuming they can make their fortune in a world filled with schemes.

Benefits

Valuable and Scarcity

Appreciation

High demand

Collectibles are a more difficult investment, many unique features.

Major risks: high costs and fees; a lack of investment income or dividends until sale; prevalence of counterfeits; and a greater than average risk of destruction of the assets.

In general, the better the overall market, the better the alternative market too. The Mode of purchase is generally through Auction and Private Transaction.

## Limitations

High Cost to buy, hold and Sell

No income Potential

Illiquidity, Counterfeits, and Loss

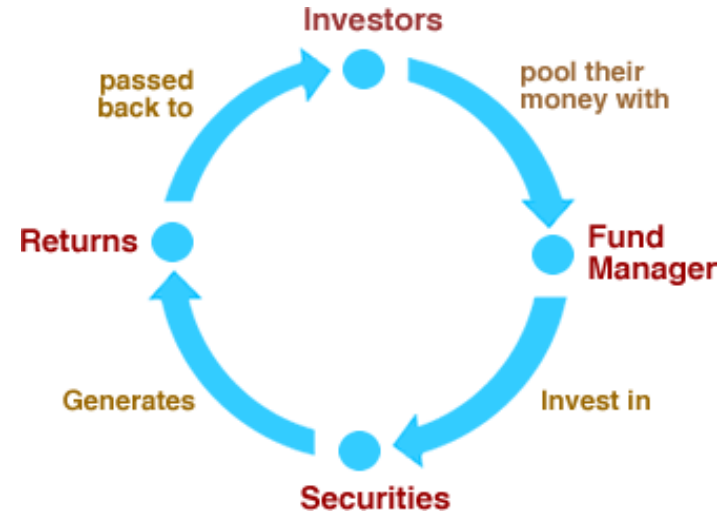
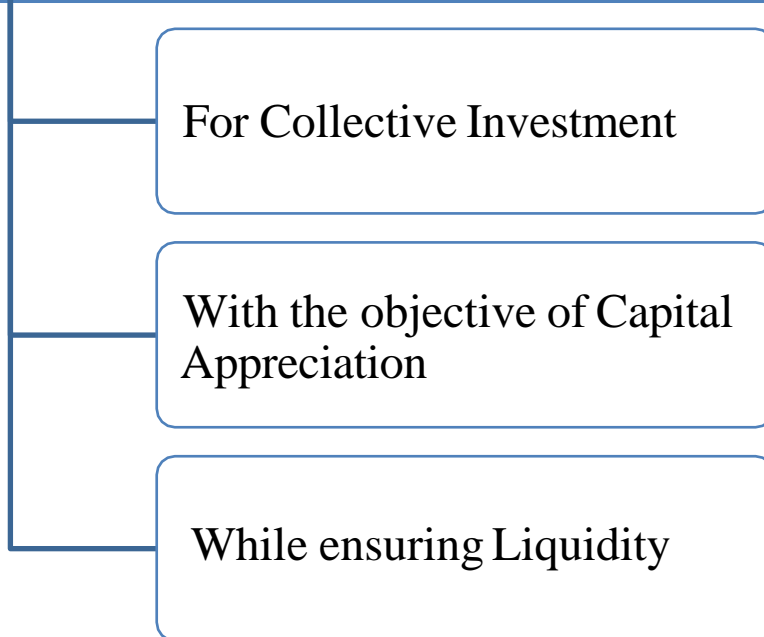
# Mutual Funds

## Key Learning Outcome

- **Type of Fund**
- **Equity Scheme**
- **Debt Scheme**
- **Hybrid Scheme**

# What is a Mutual Fund?

Mechanism for pooling together savings of large number of investors



# Why Mutual Fund?

Professionally Managed **1**

Return Potential **4**

Liquidity **2**

Regulated and Tax Compliance **5**

Diversification of Risk **3**

Low operating cost **6**

Mutual Funds

# Equity Scheme

**An equity fund is a mutual fund scheme that invests predominantly in equity stocks**

An Equity Fund can be actively managed or passively managed. Index funds and ETFs are passively managed. Equity mutual funds are principally categorized according to company size, the investment style of the holdings in the portfolio and geography. The size of an equity fund is determined by a market capitalization, while the investment style, reflected in the fund's stock holdings, is also used to categories equity mutual funds.

**Liquid**

**Transparent**

**Regulated**

**Risk diversified**



Under the tax regime in India, equity funds enjoy certain tax advantages (such as, there is lower long term capital gains tax @ 10% on equity shares or equity funds which are held for at least 12 months from the date of acquisition).



In the Indian context, as per current SEBI Mutual Fund Regulations, an equity mutual fund scheme must invest at least 65% of the scheme's assets in equities and equity related instruments.



Large Cap Equity Funds	Multi Cap Equity Funds
Mid-Cap Equity Funds	Thematic Equity Funds
Small Cap	Equity Linked Savings Scheme

# Debt Scheme

A debt Fund ( Income Funds, Bond Funds) invests in fixed income instruments, such as Corporate and Government Bonds, money market securities. Offers coupon and capital appreciation. Less volatile compared to Equity Funds



	Liquid	Transparent	Regulated	Low Risk
Liquid & MM Funds	Income funds	Short-Term funds		
Floating Rate funds	Gilt Funds	Interval Funds		
Multiple Yield Funds	Dynamic Bond Funds	Fixed Maturity Plans		



# Balanced Scheme


A balanced fund (hybrid) combines equity, bond and money market components in a single portfolio. Growth comes from equity and stability from debt portion.

Liquid


Transparent

Regulated

Managed Risk



Equity-oriented Balanced funds have a larger portion of their corpus (at least 65%) invested in stocks and qualify for the same tax treatment as equity funds. This means lower capital gains tax, if held for more than one year. However, these funds are more volatile due to the higher allocation to stocks.



Debt-oriented balanced funds are less volatile and suit those with a lower risk appetite. However, they offer lower returns and the gains are not eligible for tax exemption. If the investment is held for less than three years, the capital gains are treated as short term and taxed at the normal rates..

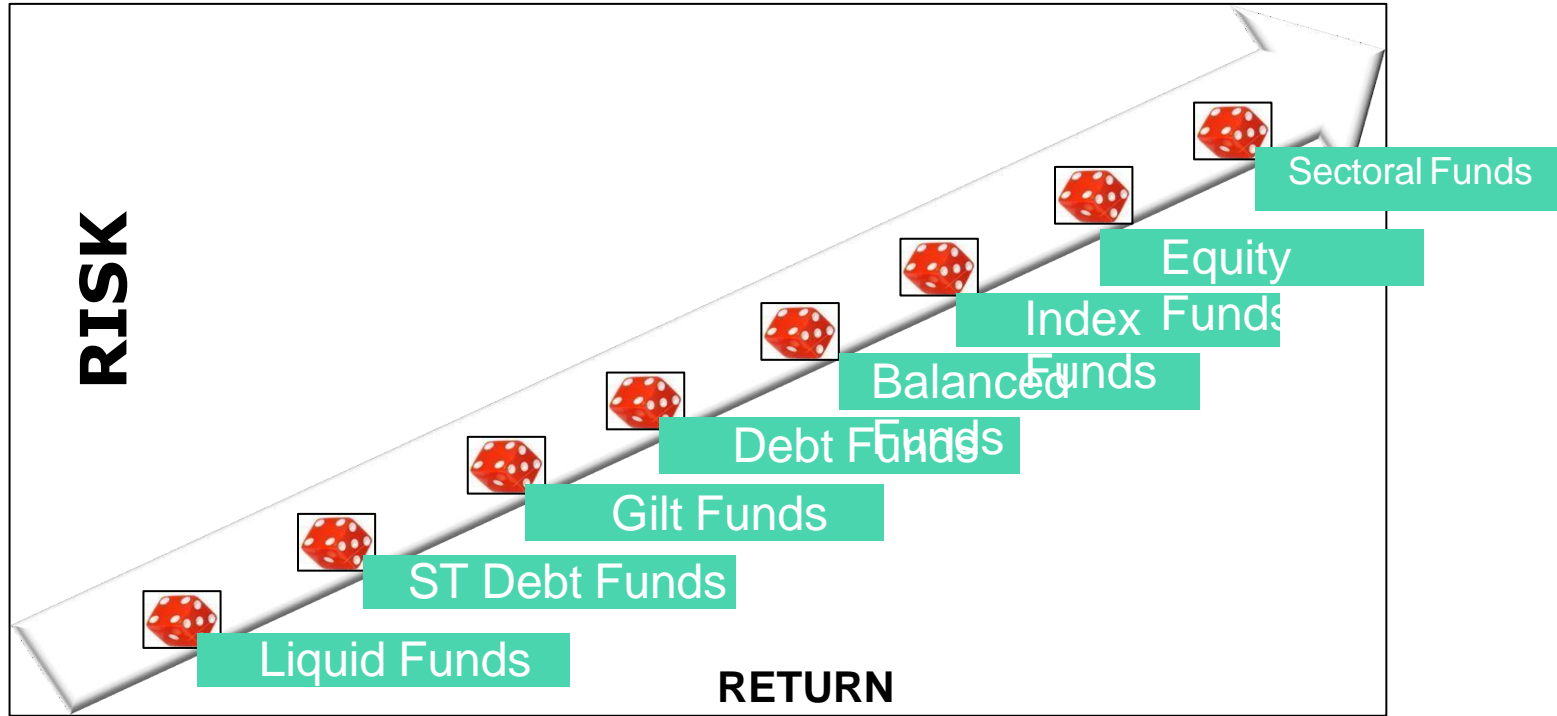
Equity Oriented

Debt Oriented





# Mutual Fund - Risk Return Profile



Mutual Funds

# ✓ Mutual Fund Type and Features

Investment Objectives	Operational	Geographic Classification	Type
Income Scheme	Open Ended Schemes	Domestic Schemes	Direct Plan
Growth Scheme	Close Ended Schemes	Offshore Schemes	Regular Plan
Balanced Scheme	Interval Schemes		
Tax Saving Scheme			
Sector Funds			
Index Funds			
Gilts and Money Market Funds			



Banks

MF Distributors

Investment  
Advisors

Stock Brokers

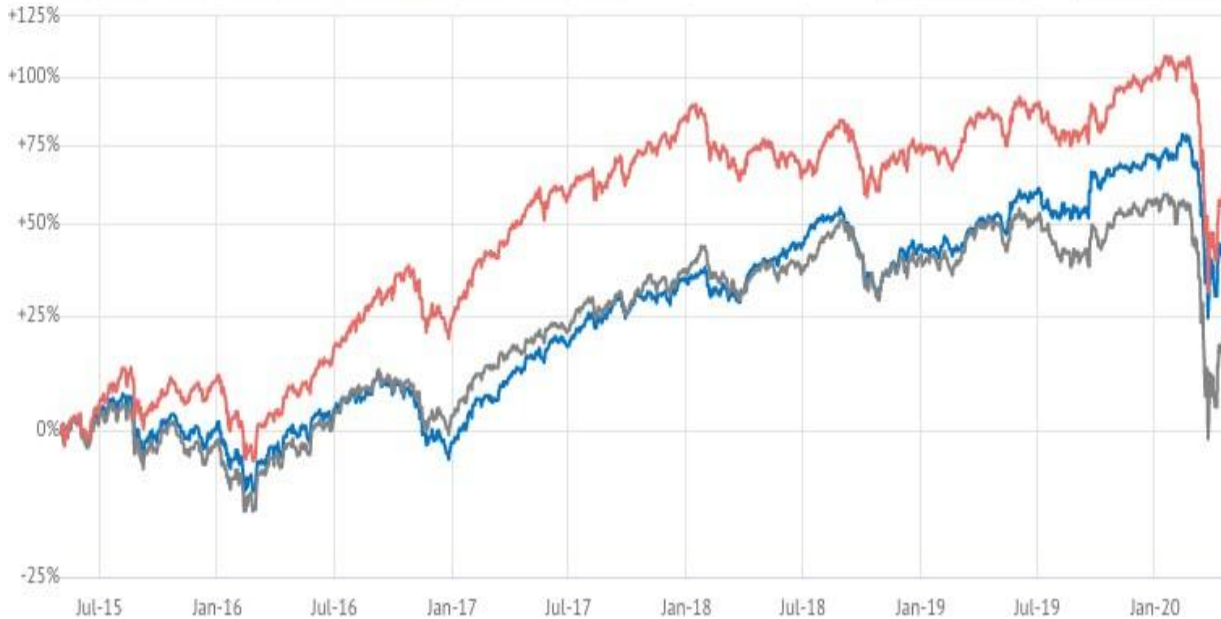
# Mode of Transaction

# Mutual Fund - Performance Analysis

— Axis Bluechip-G — S&P BSE 100 TRI — Mirae Asset Emerging Bluechip Reg-G

YTD 1m 3m 6m 1y 3y **5y** 7y 10y All

From 30-Apr-2015 To 30-Apr-2020



Basic Details	
Fund House:	Axis Mutual Fund
Launch Date:	05-Jan-2010
Return Since Launch:	10.56%
Benchmark:	NIFTY 50 TRI
Riskometer:	Moderately High
Type:	Open-ended
Assets:	₹ 10,998 Cr (As on 31-Mar-2020)
Expense:	1.99% (As on 31-Mar-2020)
Risk Grade:	Low
Return Grade:	High
Turnover:	87.00%

# Mutual Fund - Performance Analysis

Trailing Returns (%)											
	YTD	1-Day	1-W	1-M	3-M	6-M	1-Y	3-Y	5-Y	7-Y	10-Y
Fund	-12.07	1.92	3.30	8.38	-12.59	-10.51	-2.12	9.02	8.50	12.01	10.27
S&P BSE 100 TRI	-18.28	3.09	5.53	14.81	-17.26	-16.64	-14.97	2.31	5.08	9.18	7.75
Equity: Large Cap	-17.30	2.80	4.81	13.58	-16.58	-16.36	-14.06	2.11	4.51	8.91	7.53
Rank within category	6	111	94	108	9	4	1	1	1	2	3
Number of funds in category	111	114	114	112	112	109	107	84	66	61	44

Best & Worst Performance		
	Best (Period)	Worst (Period)
Week	9.21 (19-Sep-2019 - 26-Sep-2019)	-15.60 (11-Mar-2020 - 18-Mar-2020)
Month	17.09 (07-May-2014 - 06-Jun-2014)	-29.76 (20-Feb-2020 - 23-Mar-2020)
Quarter	25.04 (21-Feb-2014 - 23-May-2014)	-27.35 (23-Dec-2019 - 23-Mar-2020)
Year	54.97 (28-Jan-2014 - 28-Jan-2015)	-22.21 (31-Dec-2010 - 02-Jan-2012)

# Mutual Fund - Risk Analysis

Risk Measures (%)						
	Mean	Std Dev	Sharpe	Sortino	Beta	Alpha
Fund	10.05	16.27	0.28	0.29	0.74	5.33
S&P BSE 100 TRI	4.46	20.50	-0.05	-0.05	--	--
Equity: Large Cap	4.09	19.90	-0.07	-0.08	0.95	-0.42
Rank within category	1	3	1	2	4	1
Number of funds in category	85	85	85	85	85	85

The Risk Measures have been calculated using calendar month returns for the last three years.

As on 30-Apr-2020

Asset Allocation (%)	Concentration & Valuation	
<p>● Equity ● Debt ● Cash &amp; Cash Eq.</p>	Number of Stocks	24
	Top 10 Stocks (%)	55.23
	Top 5 Stocks (%)	32.03
	Top 3 Sectors (%)	51.83
	Portfolio P/B Ratio	4.10
	Portfolio P/E Ratio	27.11



# Financial Assets

## Key Learning Outcome

- **Securities Market**
- **ADR**
- **GDR**
- **IDR**

# Capital Market Structure



Indian Securities Market



Equity Market

Debt Market

Derivative Market



Govt Debt Market



Corporate Debt Market



Money Market



Future Segment



Option Segment



# Capital Market Structure

## Global Capital Market Instruments



ADR

- An American depositary receipt (ADR) is a certificate issued by a U.S. bank that represents shares in foreign stock.
- Trade on American stock exchanges.
- Their dividends are priced in U.S. dollars.
- Represent an easy, liquid way for U.S. investors to own foreign stocks.



GDR

- A global depositary receipt (GDR) is a bank certificate issued in more than one country for shares in a foreign company. Trade on American stock exchanges.
- GDR can represent anywhere from a fraction of a share to multiple shares, depending on its design.
- Generally, the brokers are from the home country and are sellers within the foreign market.



IDR

- A foreign company can access Indian securities market for raising funds through issue of Indian Depositary Receipts (IDRs).
- Denominated in Indian Rupees in the form of a depository receipt created by a Domestic Depository against the underlying equity of issuing company to enable foreign companies to raise funds from the Indian securities Markets

**Thank You**