

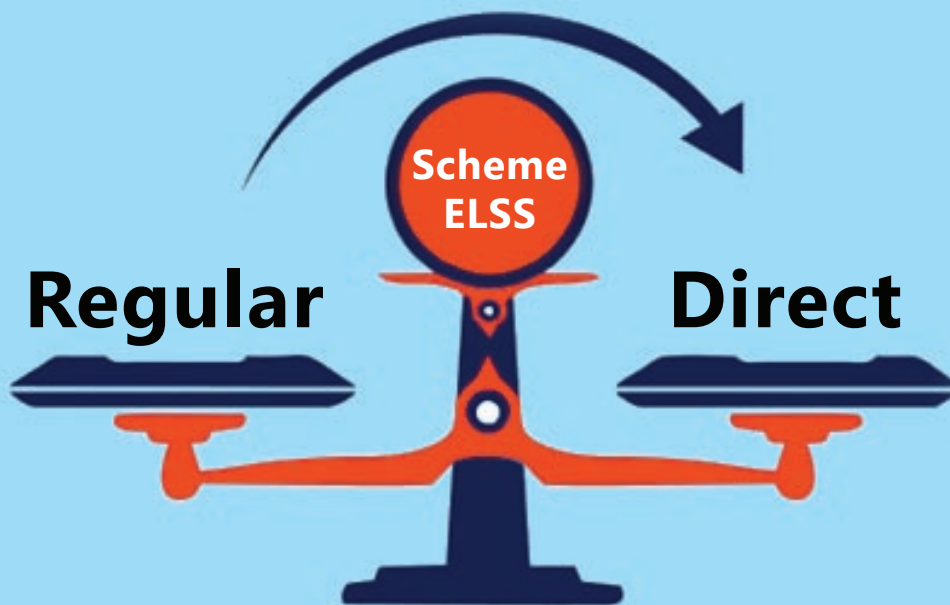
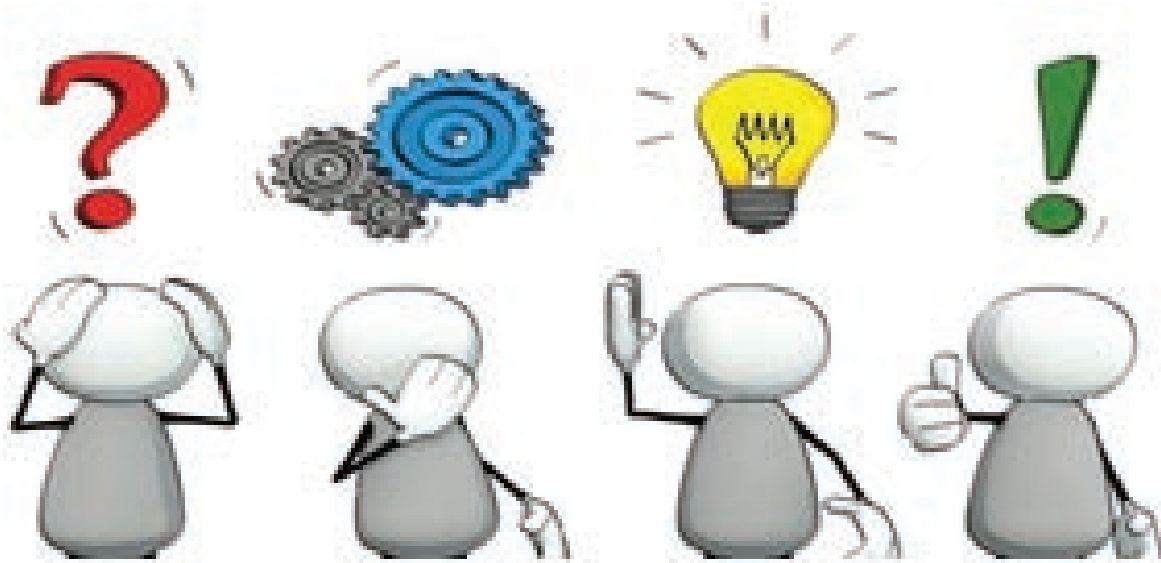
IFAN starts TAX Planning Month

Nov 2019

Strictly for internal purpose only

Planning to Invest to Save Tax.

IFAN starts Tax Planning Month from November 2019. This time Invest in Direct Plans to Save Tax





What is Direct Plan and Difference between direct & regular funds?

In regular mutual funds, the sales commission is paid to middlemen or brokers who get business for them. The amount of commission varies between 1% to 1.25% a year. Although the monthly statement doesn't reflect this amount, the NAV or net asset value of your mutual fund units will be adjusted accordingly.

From direct plans, AMC's do not pay any sales commission, so annual returns are generally 1% to 1.25% higher in case of a direct plan. However, an intermediary understands your investment profile and risk appetite and guides you accordingly.

A certified financial expert can save you plenty of time by picking the best plan to suit your requirements.



Particulars	Direct Plan	Regular Plan
Expense ratio	Lower	Higher (commission to the intermediary)
Advise/Guidance	No	Yes
NAV	Higher	Lower
Research & market knowledge required	Perfect for the market and investment savvy	The qualified intermediary guides as per the individual goals and risk appetite
Convenience	Less	More
Returns	More as the expense ratio is lesser	Less as the AMC fee is more

As you can see from the above example, the returns of a particular fund between a direct plan and a regular plan vary between 0.8% to 1.25% annually. But it all depends on how knowledgeable one is when it comes to the markets.



Advantage Of Direct Over Regular

ELSS: DIRECT VS REGULAR

The Direct Fund selection typically has a bigger impact over a longer time frame. Let us take a time frame of 10 years and also assume that the TER of the Regular Plan is 2.06% while the TER of the Direct Plan is 99 bps lower at 1.07%. What is the wealth impact?

Regular TER	2.06%	Expected Rate of return (Regular)	11.34%
Direct TER	1.07%	Expected Rate of return (Direct)	12.49%

If we do one time investment for 10 years

DATE	AMOUNT INVESTED	ELSS (Direct)	ELSS (Regular)
01/01/2019	150000.00	168735.00	167010.00
01/01/2020	-	189810.00	185948.93
01/01/2021	-	213517.27	207035.54
01/01/2022	-	240185.58	230513.37
01/01/2023	-	270184.76	256653.59
01/01/2024	-	303930.83	285758.11
01/01/2025	-	341891.79	318163.08
01/01/2026	-	384594.08	354242.77
01/01/2027	-	432629.88	394413.90
01/01/2028	-	486665.35	439140.44
Direct plan Wealth advantage		47524.91	10.82%

If we do yearly investment for 10 years

Investment	ELSS regular	ELSS Direct
-150000	12.50%	13.73%
Years 10	3033883.4	3255778.4
Direct plan Wealth advantage	221,894.99	7.31%

If we do Monthly SIP for 10 years

SIP	ELSS Regular	ELSS Direct
-12500	12.50%	13.73%
Years 10	2961418.5	3186297.9
Direct plan Wealth advantage	224879.4	7.59%

Written by **Indraneel Sengupta** Vice President-Business Development, Research & Product.

+91 99878 24927 / indranil.sengupta@ifan.co.in

SPA Group (Corporate Office), 25, C-Block Community Centre, Janak Puri, New Delhi-110 058, India. Contact: 011-45675500 / 45586600

IFAN Finserv Private Limited (A SPA Group Company), 804, Hallmark Busines Plaza, Bandra (East), Mumbai-400 051, India.

Toll free contact : 1800 22 6784, Contact: 022 4061 7990, Email : advisor@ifan.co.in Website : www.ifan.co.in

CIN U72900MH2005PTC154875 | SEBI: IA Number: INA000003304

This Document is for information purposes only and for internal circulation to the registered associates only. This Document and the information (including any opinion/s view point/s) contained therein do not constitute a distribution, an endorsement, an investment advice, an offer to buy or sell or the solicitation of an offer to buy or sell any securities or any other financial products/investment products (collectively "Products") mentioned in this Document or an attempt to influence the opinion or behaviour of the Investors / Recipients. Investors/Recipients must make their own investment decisions based on their own specific investment objectives, their financial position and using such independent professional advisors, as they believe necessary, before investing in such Products. The opinion incorporated in this document is solely to enhance the transparency and should not be treated as an endorsement of any Product in any manner whatsoever. Investments in Products are subject to market risks, various micro and macro factors and forces affecting the capital markets and include price fluctuation risks. There is no assurance or guarantee/warranty that the objectives of any of the Products will be achieved. IFAN, its affiliates, their directors / proprietor / partners, employees, representatives or agents shall not be liable or responsible, in any manner whatsoever, to any Investor/Recipient or any other person. The distribution of this Document in certain jurisdictions may be restricted / prohibited by law and the persons who come into possession of the Document should inform themselves about and observe any such restrictions/prohibitions. The information in this Document reflects prevailing conditions as of date of publication and is subject to change from time to time. The distribution, reproduction or other use of all or any portion of this Document is prohibited.