



# NRIVA BUSINESS & EQUITIES ADVISORY GROUP WELCOMES

INVESTORS EDUCATION WEBINAR  
STOCKS & FUND INVESTMENTS  
01/10/20189

COMMITTEE: SURESH CHATAKONDU(EC  
LIASON), VENKAT BELDE(CHAIR), PRAVEEN  
GOPU, VAMSHI YELAKANTI

# AGENDA

- **How to identify the best stocks to buy, using free tools**
- **Comparison table of best investments across USA/INDIA other than stocks which fetch 9% returns or more**
- **Better way to Prioritize your Investments in stocks and other instruments for better returns with examples**
- **How to read OBV Indicator (On Balance Volume) used by Funds**

# Risk Disclaimer

**Trading or investing carries high level of risk, and is not suitable for all persons. Before deciding to trade or invest you should carefully consider your investment objectives, level of experience and ability to tolerate risk. This content is provided for the sole purpose of education and assistance in making independent investment decisions. The content discussed is only from the personal experience and purely the views of presenter. The content discussed here does not guarantee its accuracy and not liable for any loss or damage which may result directly or indirectly from such content. Examples shown here are purely personal experiences of presenter and may not be applicable to others. No representation is being made that any person will or is likely to achieve profits or losses similar to those shown. Past performance is not necessarily indicative of future results. Happy Investing.**

# Before We Start!

- Is Stock Market for every one. Can we win the game/race?



# Before We Start!

- Does knowledge really matter?
- ✓ Yes we need to research a lot before we Invest on any script.
- Does mind set really matter? What type of mind set is required?
- ✓ Yes clean mind is very important to take decisions. Your timely decisions and strategies are very important in investment.
- Does luck really matter?
- ✓ Yes it matters a lot which is called timing.

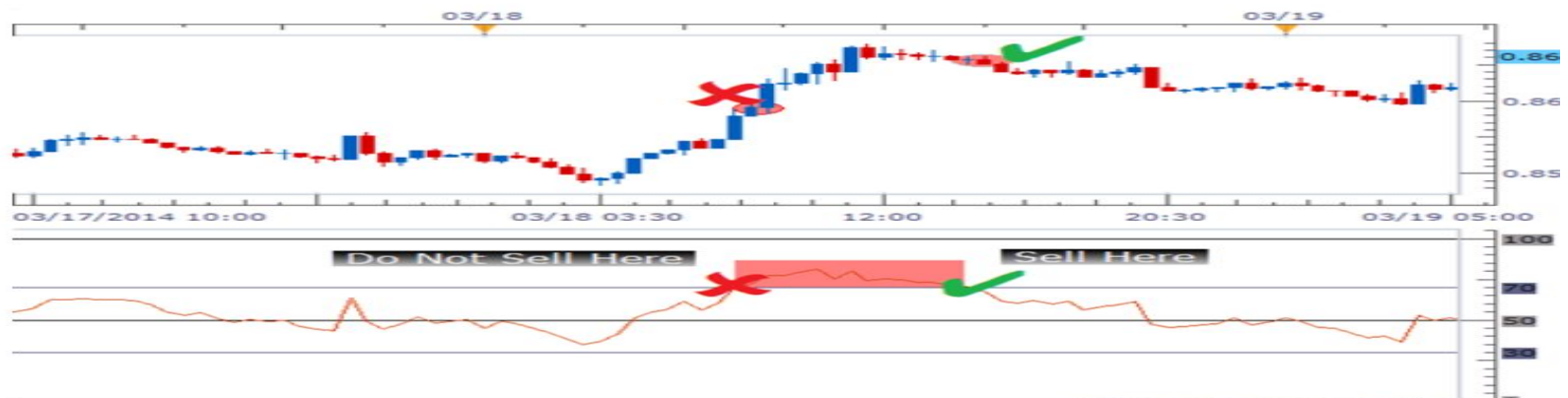
# How to identify the best stocks to buy, using free tools

I recommend following Websites:

- 1) <https://finviz.com/>
- 2) <https://www.stockfetcher.com/examples>

Play around these tools and as an entry level investor we do not need any premium services. Just follow the indicators as we reviewed in our last session to the search criteria I am going to show. Ex: MACD Bullish Cross, MA 13/50 Bullish Cross, MA 50/200 Bullish Cross/RSI(14) Cross above 30 etc

LEARN FOREX: RELATIVE STRENGTH INDEX, OVERBOUGHT AND OVERSOLD LEVELS



# Best investments across USA

- 5% - 9% Return : CLOSED-END FUNDS (CEFs)

<https://doublelinefunds.com/>

<https://www.blackrock.com/investing/products/investment-funds?type=closedEndFunds&tab=averageAnnualReturnNAV&style=all>

Name	Ticker	Change	Previous	Current	Yield	Discount	z-score	Coverage	Announced	Ex-date
EV Floating-Rate Inc Plus Fund	EFF	1.3%	0.079	0.08	6.50%	-15.71%	-2.3	94%	12/3/2018	12/21/2018
MS Asia Pacific	APF	1.8%	0.15227	0.15506	1.11%	-3.63%	4.3	10%	12/11/2018	12/20/2018
MS China A Share	CAF	3.3%	0.85101	0.87918	9.68%	-14.42%	0	0%	12/11/2018	12/20/2018
Voya Prime Rate Trust	PPR	4.2%	0.0259	0.027	7.25%	-15.98%	-2.3	86%	12/19/2018	12/28/2018
Royce Micro Cap Trust	RMT	16.7%	0.18	0.21	12.02%	-14.55%	-2.9	1%	12/3/2018	12/12/2018
JH Investors Trust	JHI	17.8%	0.2689	0.3167	9.31%	-14.94%	-4.6	32%	12/3/2018	12/12/2018
JH Income Securities	JHS	21.9%	0.1711	0.2085	6.65%	-10.81%	-1.9	28%	12/3/2018	12/12/2018
Royce Value Trust	RVT	23.3%	0.3	0.37	13.32%	-15.90%	-3.9	4%	12/3/2018	12/12/2018

# Best investments across USA

- 4% - 6% Return : DIVIDEND STOCKS

PFF(ISHARES U.S.PREFERRED), \$35, 5.3%

PGX(POWER SHARES PREFERRED), \$14, 5.7%

- SOME OF THE STOCKS INCLUDE

AEP, \$73, 3.6%

SO, \$45, 4.1%

T, \$31, 5.8% & VZ, \$57, 4.9% (FOR THE LAST 10 YEARS ATT HAS RAISED ITS QUARTERLY DIVIDEND BY 1 CENT EACH YEAR, TO THE NOW RATE OF 50 CENTS. VZ HAS RAISED BY 1.25 CENTS EACH YEAR TO THE CURRENT OF 50 CENTS)



# Best investments across USA

- 4% - 9% Return : REITs(REAL ESTATE INVESTMETN TRUSTS)  
FRIFX(FIDELITY REAL ESTATE INCOME)\$11.29,4.4% MIXES REIT  
SHARES WITH REAL ESTATE RELATED CORPORATE BONDS.

MNR(MONMOUTH REAL ESTATE INVESTMENT),\$13,4.5%

INVESTORS WILLING TO ACCEPT HIGHER RISK GO FOR  
REM(ISHARES MORTGAGE REAL ESTATE  
CAPPED),\$42,8.5%-OWNS STAKES IN MORTGAGE REIT FUNDS.

# Best investments across USA

- **8% - 11% Return : MASTER LIMITED PARTNERSHIPS**  
**WES (WESTERN GAS PARTNERS)-\$46-7.9% (PAY OUT OF \$3.83 IN 2017-18).**  
**ANDX (ANDEAVOR LOGISTICS)-\$36-8.4%(PAY OUT OF \$3.9 IN 2017-18)**  
**GPP (GREEN PLAINS PARTNERS)-\$15,11%(PAY OUT OF \$1.98 IN 2018)**

# Best investments in INDIA

[https://insurance.kotak.com/assets/images/uploads/how\\_do\\_i/Kotak\\_SmartLife\\_Plan\\_Brochure\\_4-Dec-2017.pdf](https://insurance.kotak.com/assets/images/uploads/how_do_i/Kotak_SmartLife_Plan_Brochure_4-Dec-2017.pdf)

## **Kotak SmartLife Plan**

A Limited Pay Non-Linked Participating Life Insurance plan

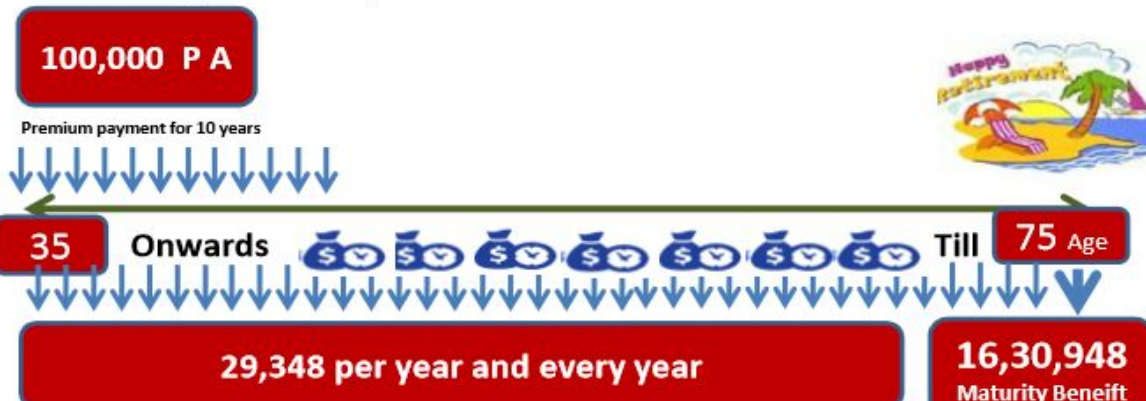
Age Eligibility : (3-55)

### **Plan Benefits:**

- Survival Benefit from 1<sup>st</sup> policy anniversary onwards to 75 years completion according to chosen Bonus option
- Risk Benefit from Day 1 i.e. 11 times of Annual premium + Bonus (if any)
- Maturity Benefit is Sum Assured + Bonus (if any)
- Tax Benefit under Sec 80 C and 10(10 D)

## **SMART STORY**

Mr. Smarty is a 35 year old and he is investing Rs.1,00,000 every year for 10 years with **Kotak Smart Life Plan**.



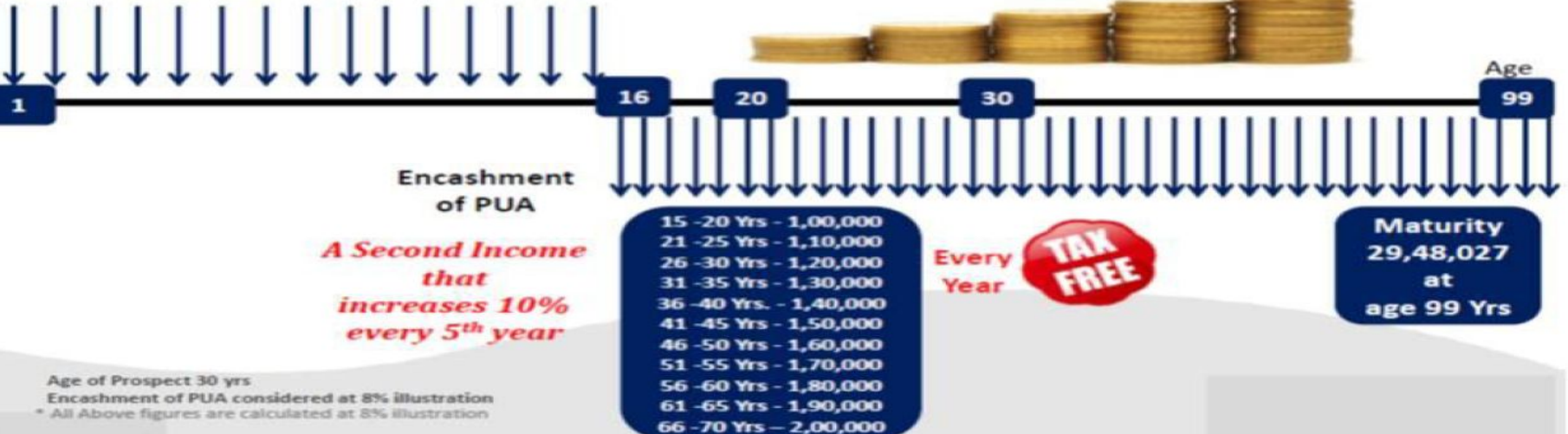
# Best investments in INDIA

## SECOND INCOME PLAN

Tax Free PUA Encashment for **INCREASING** Tax Free **Second Income**

1,00,000 for 15 years

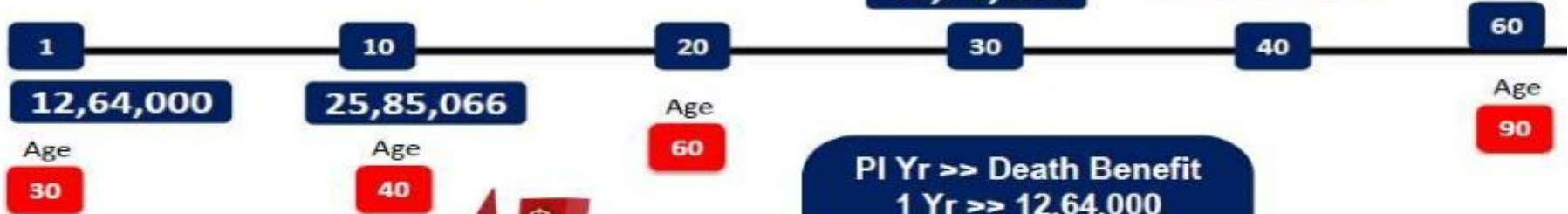
Premium Payment for 15 years



44.27 Lacs (Age 70)

40,51,232

44,27,760



PI Yr >> Death Benefit

- 1 Yr >> 12,64,000
- 10 Yr >> 25,85,066
- 20 Yr >> 37,73,965
- 30 Yr >> 40,51,232
- 40 Yr >> 44,27,760



# Best investments in INDIA

## **MONEY BACK PLAN:**

Term is 24years and you pay only for 12Years.(Every year 5lakhs(\$7000/annum OR \$580/month)

Total Payment for 12Years : 60Lakhs(\$85700)

Returns are as follows:

On 6<sup>th</sup> Year you get 10Lakhs(\$14285)

On 12<sup>th</sup> Year you get 10Lakhs(\$ 14285)

On 18<sup>th</sup> Year you get 10Lakhs(\$ 14285)

On 24<sup>th</sup> Year you get 105Lakhs(\$150000)

Money Back Plan income is Non-Taxable.

## **PENSION PLAN :**

Payment can be lumpsum or for 10Years.

Example : If I pay 5Lakhs/annum(\$7000/annum or \$580/month) for 10years from 11<sup>th</sup> year onwards until you die you will get a returns of Rs.689990/Annum(\$9857/annum) as Pension OR

If you have lumpsum amount by selling land or etc. you can pay lumpsum amount of 5lakhsx10years = 50Lakhs (\$71500) today(Jan 2019) and starting next year (Jan 2020) until you die you will be getting

Rs.689990/Annum(\$9857/annum). On Death your nominee will get a lumpsum amount of Rs.78,94,625(\$113000)-Income is Taxable

# ALLOCATION OF YOUR SAVINGS FOR BETTER RETURNS

- EXAMPLE : Assume Household saving per month is \$5000 (You are 35years old married with one kid or planning for a kid)

Lets go with 40/25/23/12 Plan (Means at any point of time you are **not** exceeding more than 40% of \$5000 into stocks, **not** more than 25% into Mutual Funds, **not** more than 23% into insurance policies(here life insurance is free), **not** more than 12% into Emergency Funds.

# ALLOCATION OF YOUR SAVINGS FOR BETTER RETURNS

Lets Calculate how the investments work:

1) 40% of \$5000 = \$2000/month into stocks which means \$24000/annum or \$240000 in 10years (You are 45years then)

Returns : After 10years either your \$240000 can be null or down 50% or up 100%. Worst case scenario is you may loose all doing options or may be 50% of the value is lost if only doing stocks – NO GUARANTEES ON RETURNS

2) 25% of \$5000 = \$1250/month into Dividend Mutual funds from the criteria we have. Which means \$15000/annum or \$150000 in 10years (You are 45years then) (Selected say average 8% dividend yield return)

Returns : After 10years either your \$150000 can be no change in value or down 50% or up 50%. More chance of earning average 8% dividend which is \$1200/annum or \$12000 in 10years – NO GUARANTEES ON RETURNS BUT WILL NOT LOOSE THE WHOLE CAPITAL LIKE IN OPTIONS

# ALLOCATION OF YOUR SAVINGS FOR BETTER RETURNS

Lets Calculate how the investments work:

3) 23% of \$5000 = \$1150/month into Policies from Kotak(I suggest going with Smart Life & Money Back plan). Which means \$13800/annum or \$138000 in 10years (You are 45years then)

Returns : Kotak Premier Plan : Every year you are getting 8-10% guaranteed(\$2100)and is paid yearly. Also your principal is multiplied and paid in lumpsum on maturity.(\$116496)-Covers your India Tickets or Vacation if required as you get returns every year.

Money Back Plan : Lumpsum is paid in 6years(\$14285).12years (\$14285).18years (\$14285) & 24years guaranteed and 24<sup>th</sup> year you are paid lumpsum of \$150000. (Free Life insurance covered & Tax Free Returns)Above Lumpsum amount in Money Back can be used for your son/daughters marriage or college education)

4) 12% of \$5000 = \$600/month into Emergency Fund (Includes Rent/Mortgage(\$300) & 529 Plan(\$300)). Which means \$7200/annum or \$72000 in 10years (You are 45years then)

Returns : Emergency fund can be used for anything if an emergency does not occur.



# How to read OBV Indicator

- On balance volume (OBV) uses volume to predict security price movements in advance.
- The OBV works by keeping a running tally on volume in accordance with the direction of a security. When the security increases in price, volume is added to the running total making up the OBV figure. When the security decreases in price, volume is subtracted from the running total making up the OBV figure.(Positive Close volume is added, Negative Close volume is subtracted)
- When the indicator was developed in the 1960s by Joseph Granville, the idea was that **when volume decreases without an accompanying move in the security, a down move would soon expectedly follow**. Similarly, **if volume increases without an attendant rise in the security, an upward move is expected to follow**.

# How to read OBV Indicator

- Example Calculation of On Balance Volume

Date	Open	High	Low	Close	Adj Close	Volume	OBV
8/31/2009	51.41	51.52	51.14	51.45	34.43	2957200.00	2957200.00
9/1/2009	51.14	51.82	50.30	50.47	33.78	4639400.00	-1682200.00
9/2/2009	52.29	52.90	52.00	52.53	35.16	10640300.00	8958100.00
9/3/2009	52.70	52.89	52.33	52.80	35.34	5365500.00	14323600.00
9/4/2009	52.47	53.33	52.38	53.19	35.60	5001500.00	19325100.00
9/8/2009	54.04	54.29	53.80	54.16	36.25	6251900.00	25577000.00
9/9/2009	54.81	55.27	54.48	54.95	36.78	5362300.00	30939300.00
9/10/2009	54.72	55.10	54.42	55.04	36.84	3722200.00	34661500.00
9/11/2009	54.83	54.93	54.23	54.58	36.53	4888700.00	29772800.00

# How to read OBV Indicator

- Example Calculation of On Balance Volume

Let's take a hypothetical daily set of share price and share volume numbers. We'll then translate this to on balance volume changes.

- Day 1 = \$10.00 share price; volume = 10,000 shares
- Day 2 = \$10.10 share price; volume = 12,000 shares
- Day 3 = \$10.05 share price; volume = 14,000 shares
- Day 4 = \$10.15 share price; volume = 8,000 shares
- Day 5 = \$10.12 share price; volume = 9,000 shares

The general idea is that each day the share price is up, OBV increases by the share volume count. On each day the share price is down, OBV decreases by the share volume count.

- Day 1:  $OBV = 0$
- Day 2:  $OBV = 0 + 12,000$
- Day 3:  $OBV = 12,000 - 14,000 = -2,000$
- Day 4:  $OBV = -2,000 + 8,000 = 6,000$
- Day 5:  $OBV = 6,000 - 9,000 = -3,000$

# How to read OBV Indicator

## Uses of On Balance Volume

- It is believed that the money that predominantly moves markets – institutional funds – are most active on low volume days (Rotation mode) while retail traders and investors are most active on high volume days. (Upgrades, news etc.)
- The idea behind the indicator is that price follows volume, a widely held belief among many technical analysts (Remember it's all Supply/Demand)
- Institutional traders may be more likely to buy when volume is low in a flat or declining market. Volume builds and once the buyers start outbidding the sellers, price will eventually follow. As price rises, retail traders are likely to start buying believing its new uptrend suggests that it might be a good investment (rather than the fact that it's typically getting more expensive). At this point, institutional traders may begin selling to lock in profits.

# How to read OBV Indicator

Tips :

- **If the OBV is moving notably in one direction, it could give credence to the idea that a big move could be coming in that direction in price.**
- For example, in the chart below (daily chart of the S&P 500), OBV moves down faster than the correspondent move in price. This could tell a trader that a bigger move down in price could be forthcoming. The areas are marked below.
- **\* USE THIS INDICATOR ON LARGE CAPS, HIGHLY LIQUID STOCKS, STOCKS WHERE INSTITUTIONAL OWNERSHIP IS HIGH.**

# How to read OBV Indicator

- Tips :



# How to read OBV Indicator

Tips :

- In the example below, we see a market in an uptrend as identified by the 50-period simple moving average. On the OBV chart below, we see a notable move up, beyond the rate at which price is rising.
- With the uptrend and rising volume combined with a muted reaction in price, a trader might look further into pursuing this opportunity.

# How to read OBV Indicator

Tips :





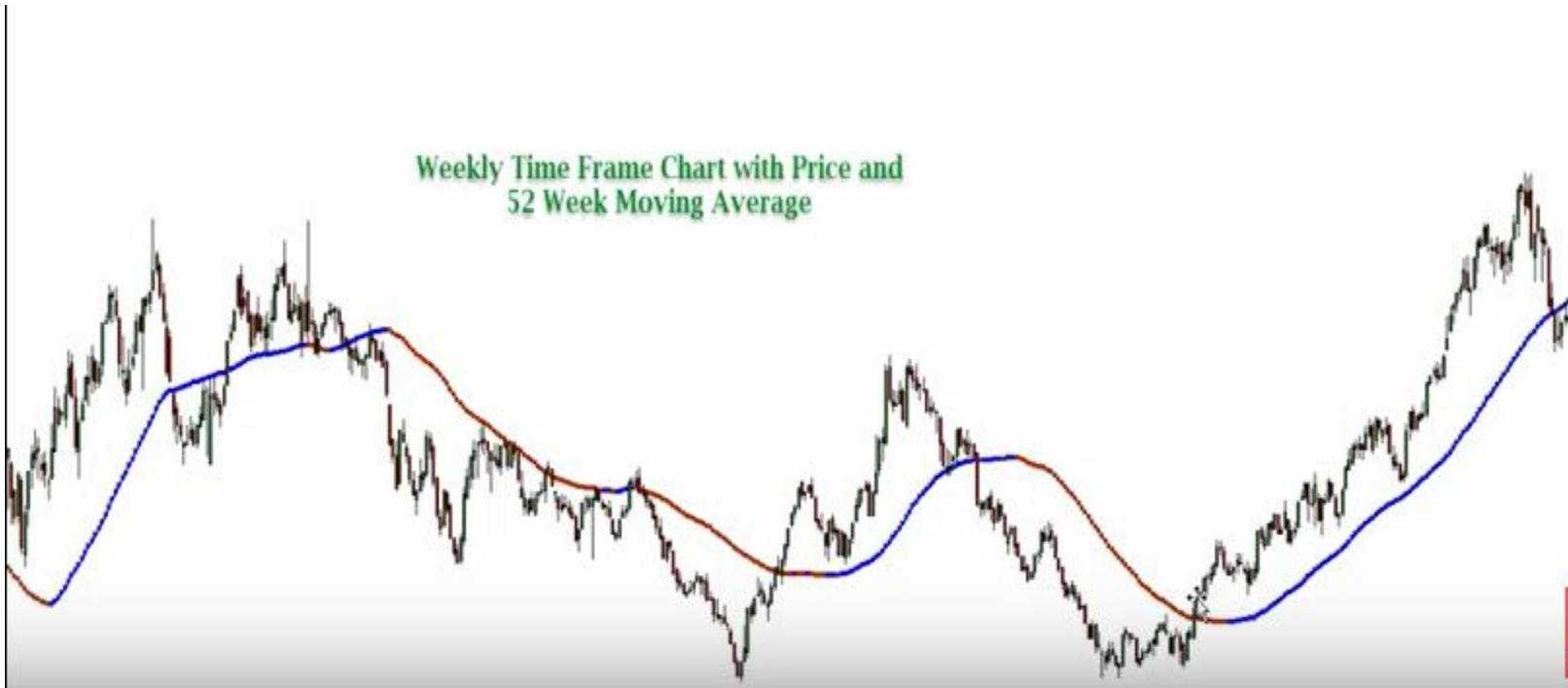
# How to read OBV Indicator

- Many of the Analyst combine OBV with other Indicators. Like RSI (Relative Strength Index to determine overbought and oversold conditions)
- RSI is based on closing prices. That is, RSI (Close, N) where N is number of days.
- To use OBV in better way , use OBV as RSI (OBV, N) where N is number of days.
- Indicator formula :  
`Plot(RSIa(OBV(),20),"OBV",colorBlue,styleline|stylethick);`

# How to read OBV Indicator

- RSI can be 80-40 & 60-20 range
- FRAMEWORK SETUP FOR OBV

**Step 1:** Identify the trend. 52Week moving average on weekly time frame. Price above 52 week average & slope of average should be up.



# How to read OBV Indicator

**Step 2:** Stock Entry to be taken on Daily time frame when RSI(OBV) approaches the 30-40 region.

Daily Time Frame



# How to read OBV Indicator

**Step 3:** 52Week Moving Average becomes the stop loss for the trade.

**Step 4:** Ride the trend till price does not close below the 52 Week Moving Average.

Tips :

**This strategy is very powerful for swing trading.**

**OBV as RSI(OBV) works better if applied on right kind of stocks.**

**Imp :** Avoid applying this on Penny Stocks, Mid cap or Small cap stocks with no institutional ownership.

# Questions & Answers

- I am available all the time for any questions.
- Dollar to Rupee forecast :

<http://dollarrupee.in/>

My Phone Number : 5712178923 (Ping me to see if I am available before calling)

Email : tradingvamshi33@gmail.com