

Global Investing for Indian Residents

**Simplifying access to global
investment opportunities**

MAY 2021 - CONFIDENTIAL



Why go Global?



Child's Education

Advisable to invest in USD assets for funding future overseas expenses like Child's Education.



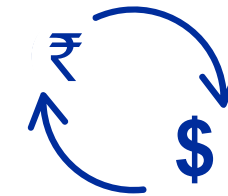
Better opportunities

Opportunities to invest in global brands like Amazon, Facebook, Google, Microsoft, Coca-cola, Nike



Dollar Hedge

USD has appreciated over INR by ~5% p.a. historically. You can preserve value of your cash reserves in India.



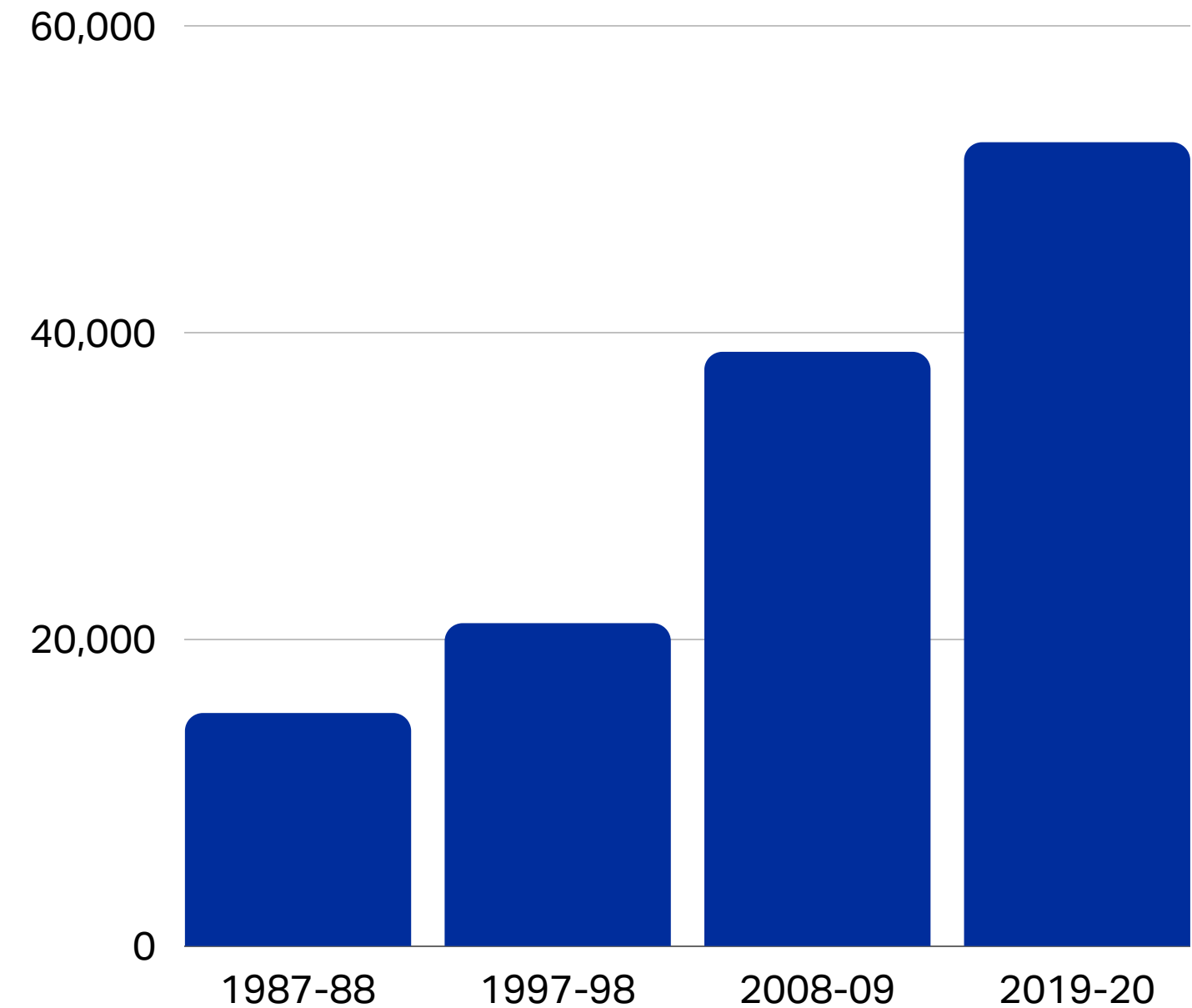
Correlation Benefits

Low correlation b/w Indian & US markets helps in maximizing the risk adjusted returns of your portfolio

Hedge against Rising Costs of US Education

- Fees of US colleges have grown at ~2.2-2.7% p.a. and USD/INR has appreciated at -5.45% p.a. over the last 10 years. Accordingly, US education cost is expected to rise by 8-9% p.a.(in INR) going forward as well.
- There has been a drop in endowment of US colleges; the number and amount of scholarships given to international students are expected to drop, thus increasing the financial burden further.

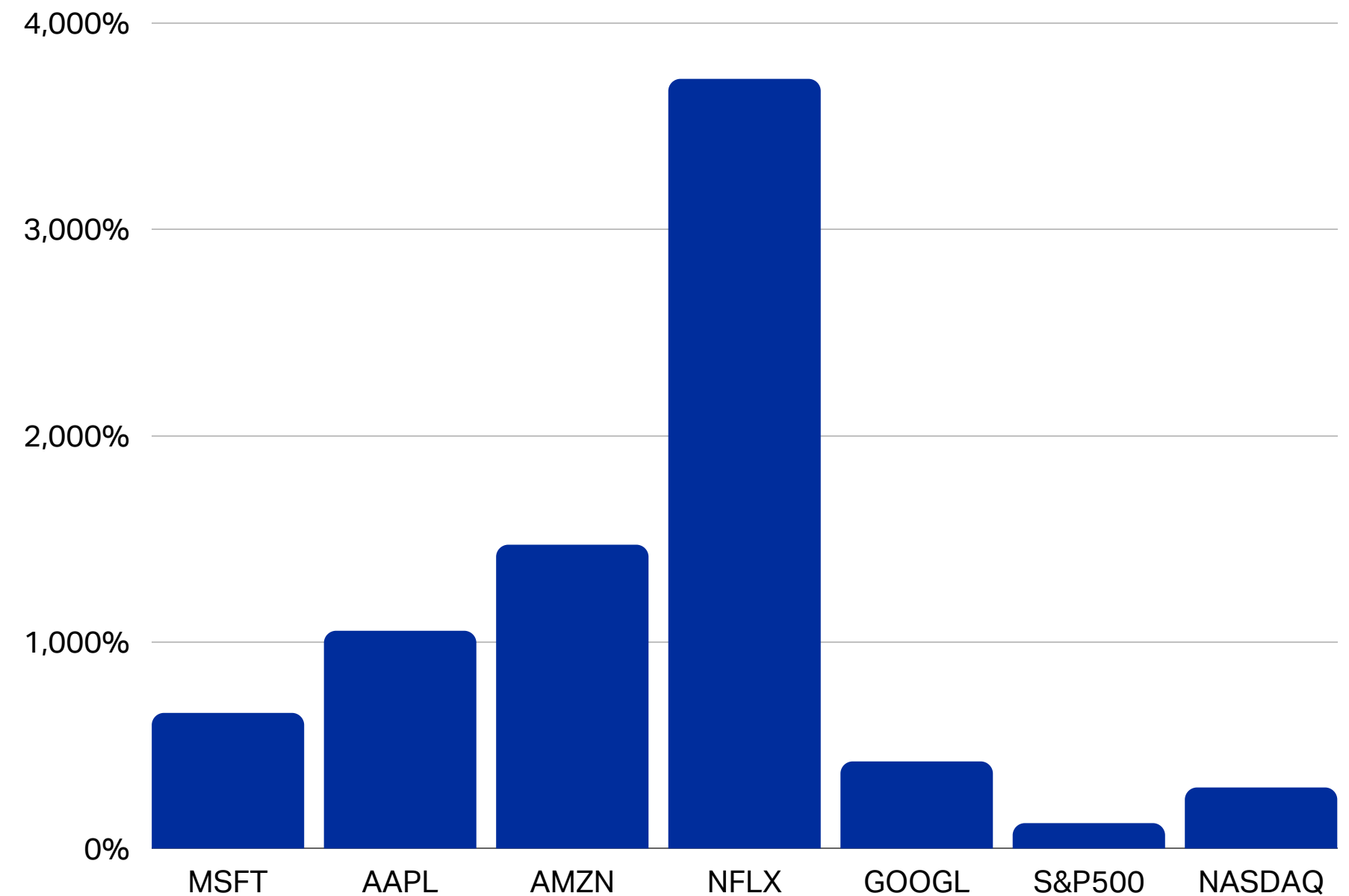
Fees of US colleges per Annum (in USD)



Get Access to Global Opportunities

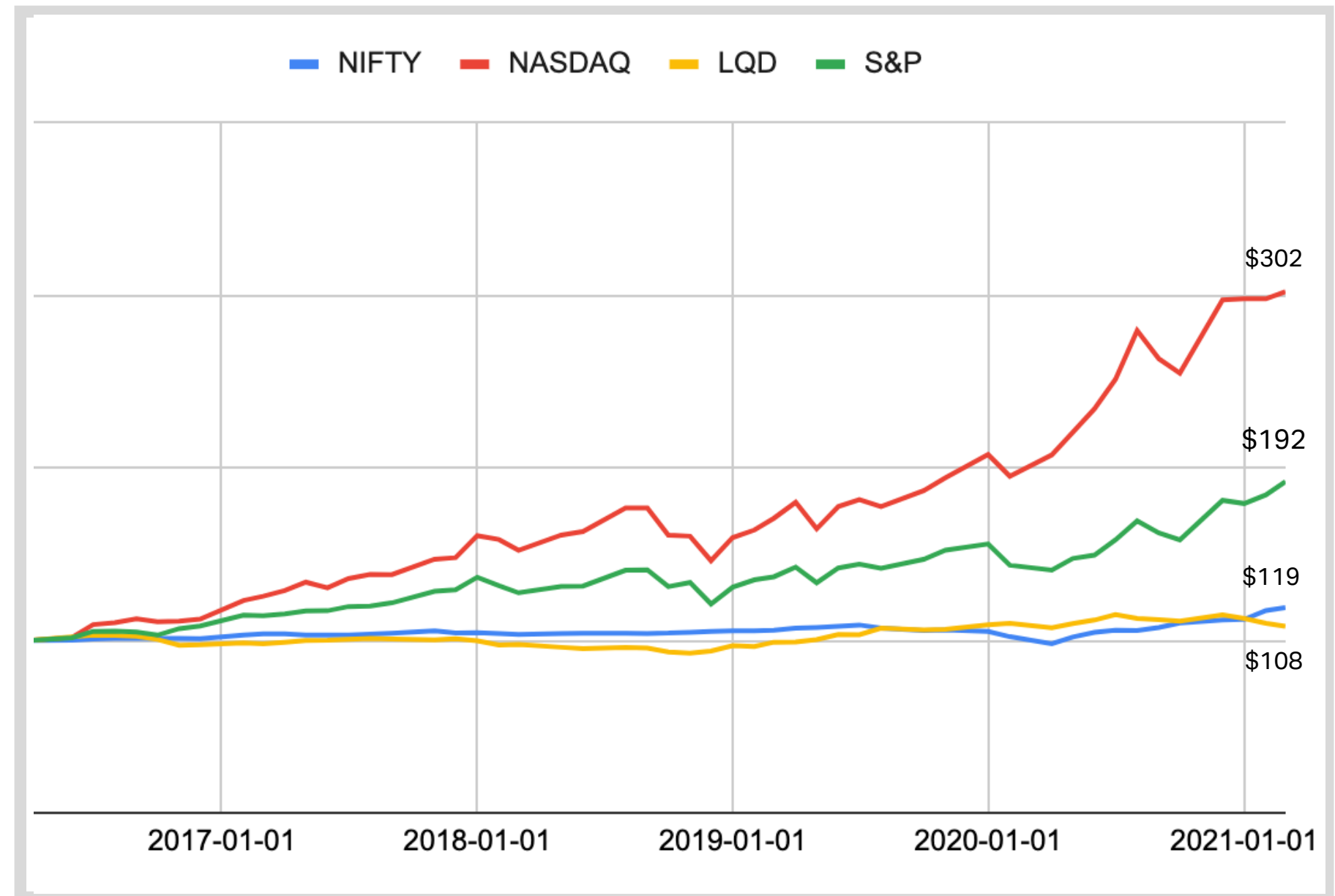
- Investing in global technology leaders and household names like Google, Apple, Microsoft, Amazon, Netflix would have resulted in capital multiplication of ~4x - 37x over 10 years
- Such companies have true access to global growth opportunities and reduced exposure to country specific risks, providing a unique opportunity to invest in a robust business model

Absolute Returns over 10 Years (ending 01-Mar-2020)



Nasdaq Returns 2.5 times of Nifty Returns

- An investment of \$100 would have grown to ~\$119 over the last 5 years – [2/5th of the investment in NASDAQ](#), which would have grown to ~\$302.
- S&P 500 being a much broader index has returned 1.6x times that of Nifty which is a much more skewed and concentrated Index.
- Let's just say, we don't want to adjust the Nifty returns to dollar terms and still NASDAQ's CAGR returns are 1.9x of that of Nifty on an average for the same period.



- LQD: an ETF which provides diversified exposure to Investment Grade bonds of US companies
- Source : finance.yahoo.com

Is a USD account better than a Domestic FD?

- Keeping the capital in a USD denominated online bank account as cash would have earned 5.66% returns (in INR) due to dollar appreciation alone.

Despite Dollar cash and money market instruments giving close to 0% yield, the total return is still better than most Rupee denominated instruments of the same quality.

- Fixed deposit or Cash Balances in India can return between 3.5 - 6.5% in 1 year. However, these have a higher credit risk associated with them.
- Thus, in clear terms, the risk adjusted returns continue to be better in USD

*source : <https://www.investopedia.com/personal-finance/banks-pay-highest-interest-rates-savings-accounts/>

*source : <https://economictimes.indiatimes.com/wealth/save/state-bank-of-india-reduces-fd-rates-here-are-the-latest-ones/articleshow/74569992.cms>

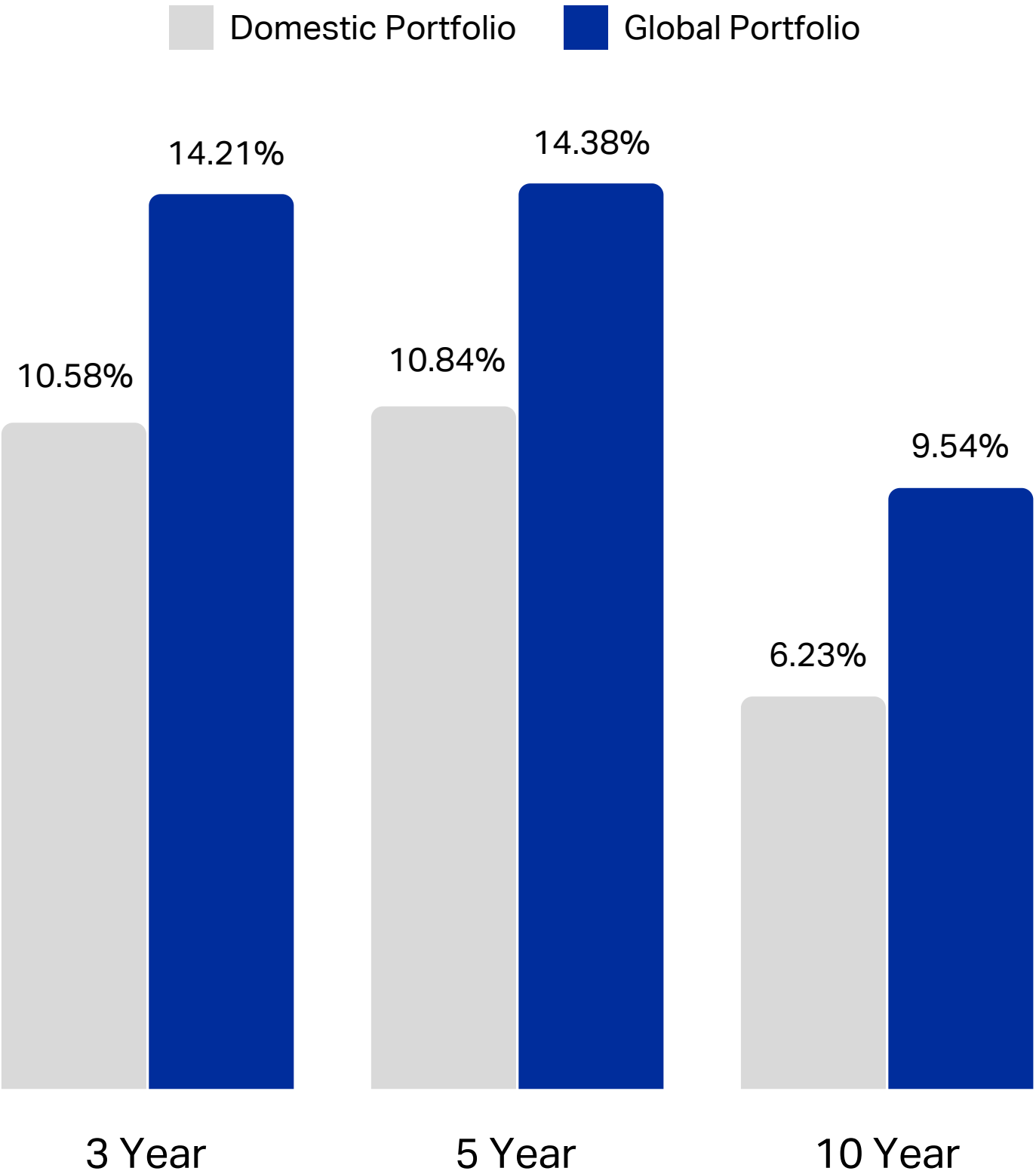
Just 20% in Global will outperform Domestic Portfolio

| Domestic Portfolio | |
|---|-----|
| Domestic Equity - Nifty 50 | 50% |
| Domestic Fixed Income - 10YR India Corporate bond index | 50% |
| Global Portfolio | |
| Domestic Equity - Nifty 50 | 40% |
| Domestic Fixed Income - 10YR India Corporate bond index | 40% |
| Global Equity - Nasdaq | 20% |

*10 years ending on 31 March 2021

*Constant Weight Portfolios

Total Annualised Returns (USD)



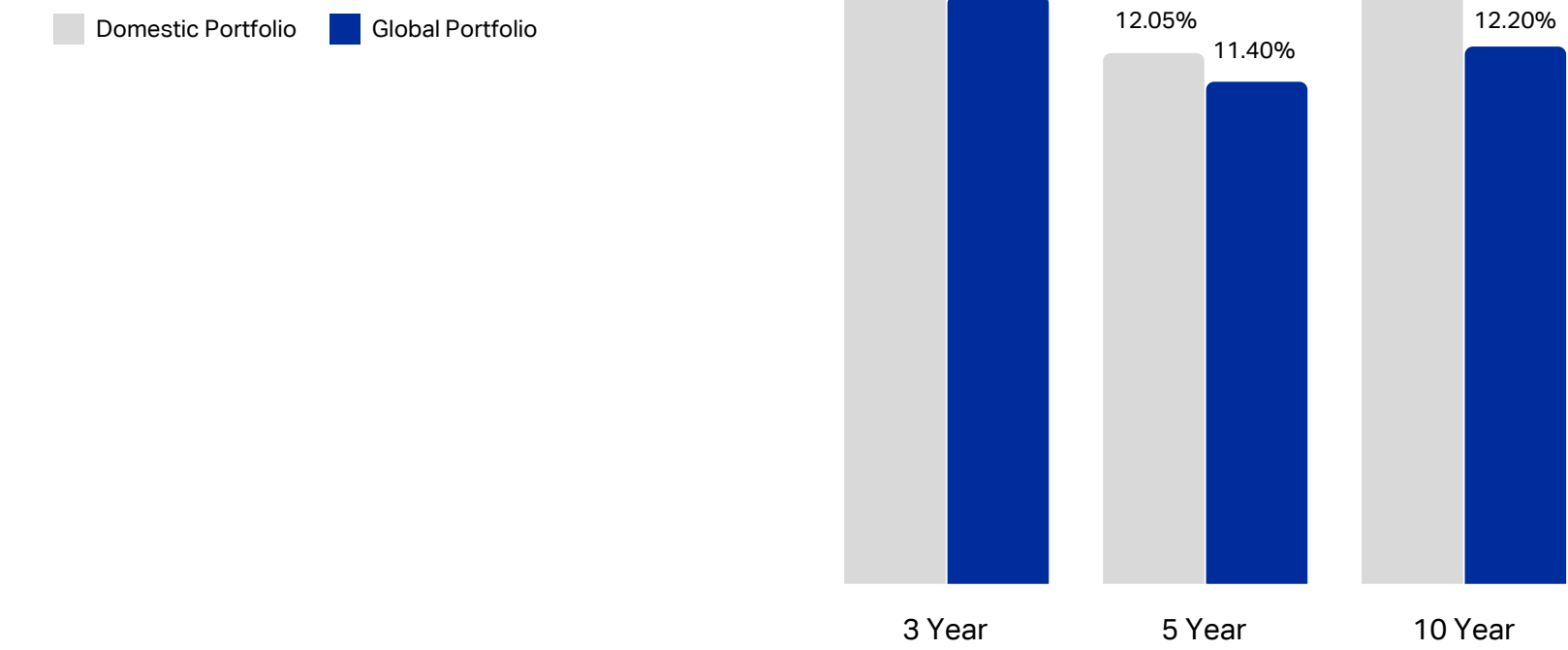
Volatility of Global Investments

- Volatility of a Global portfolio is less than the Domestic portfolio.
- Maximum Drawdown is also marginally lower in the Global Portfolio as compared to the Domestic Portfolio

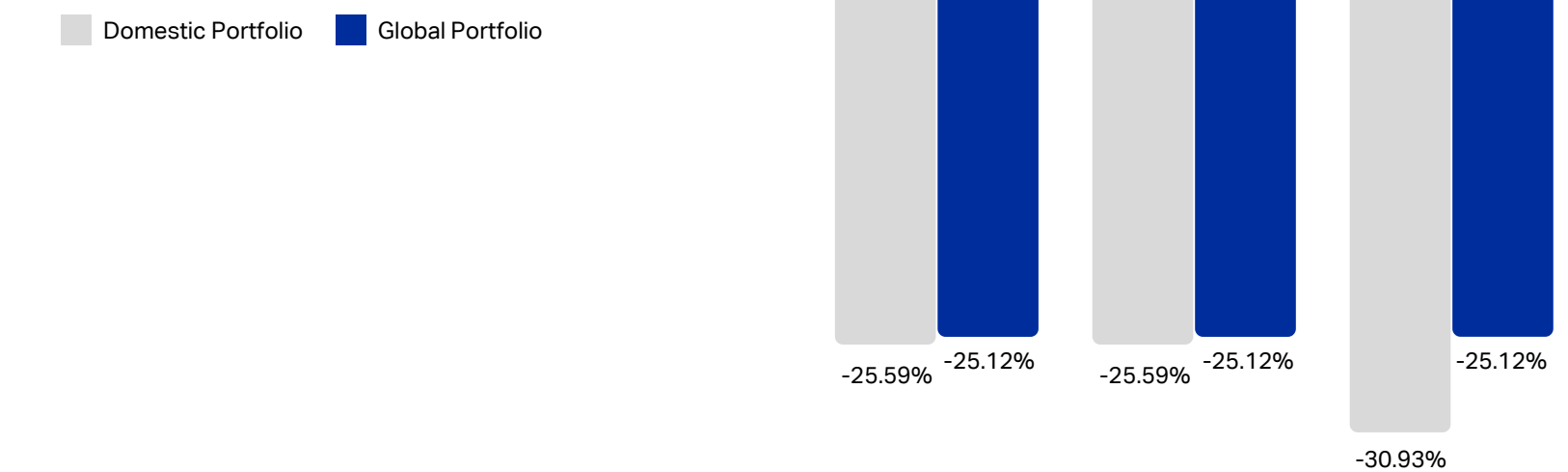
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*Constant Weight Portfolios

Volatility of Returns (USD)

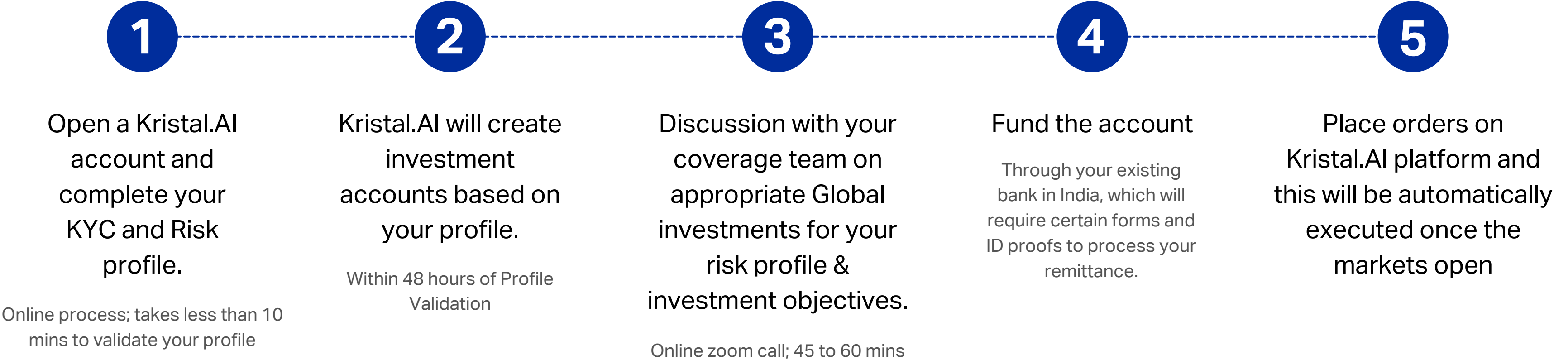


Maximum Drawdown (USD)



5 steps to get started with Global Investments

Global investments are done under the RBI approved LRS (Liberalized Remittance Scheme), which allows individual investors to transfer upto USD 250,000 every financial year for permitted investing and expenses.



How are my global investments safe ?



Cash Level Security

All client monies are held in a trust account by Kristal Advisors (SG) Pte. Ltd. ("KASG") in a segregated client bank account (the "Account ") with a bank licensed (the "Bank") under the Banking Act (Cap. 19) (currently, DBS Bank). This Account is distinguished from any other account in which KASG deposits its own monies.

Security Level Security

All client investments are held with regulated custodians in either unique client accounts or in Kristal's name held on behalf of the clients.
The custodians that Kristal work with are the custodians for Interactive brokers, Saxo and All funds.

Cessation of Business

In the unlikely event Kristal ceases to exist, we anticipate that Kristal would be bought over by another buyer, as approved by the MAS, and all client assets would move to the custodian of the new buyer.

Tax Implications on global investments*

1

5% Tax Cut at Source (TCS)

- Applicable on all LRS permissible remittances exceeding INR 7,00,000.
- It is not a new tax but whose credit can be claimed while paying income tax or filing tax returns to avoid double taxation.

2

Tax on Capital Gain

- Global ETFs are treated like stocks (unlisted),
- where, long-term means holding period > 3 years


3

Tax on Dividend

- Dividend on Global investments is treated as Personal income and will be added to an individual's income and will be taxed at the applicable income slab rate.

| | Applicable tax rate |
|--------------------------------|---------------------|
| Short term capital gain (STCG) | 30% + surcharges |
| Long term capital gain (LTCG) | 20% with indexation |

How is Kristal.AI better

| | Wide product range | Safety of Assets | Low barrier of entry | Advice | Competitive Pricing Advice | Cross-border setup in place | Joint Account Support | Value add Services (International Wills, 2nd Passport) |
|-----------------------------|---|---|---|---|---|---|---|---|
| International Brokers |  | Subject to Broker |  |  |  |  | Subject to Broker |  |
| International Private Banks |  |  |  |  |  |  |  | Subject to Bank |
| Product Manufacturers |  |  |  |  |  |  | Subject to Manufacturer |  |
| Kristal.AI |  |  |  |  |  |  |  |  |

Why Kristal.AI?

1

Transparent & Cost Efficient

Explore a variety of investment opportunities without extravagant management fees. We use ETFs which have the lowest expense ratio.

2

Easy Access to Global Markets

Cherry-picked offerings across asset classes, curated ETFs across 200+ indices and geographies, and access to hedge funds not available at most private banks.

3

Personalization through Curated Strategies

Whether you are a new, experienced or a busy investor, our advisors will work with you to optimise your portfolio as needed.

4

Safe, Secure & Trustworthy

Licensed by MAS (Singapore), SFC (Hong Kong), SEBI (India), we are transparent in costs and your holdings.

Get in touch with your Kristal Advisors for more insights.

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