



UNDER THE LENS: **THE NEW ERA OF FIXED INCOME INVESTMENTS BACKED BY REAL ESTATE**

Contents

The Traditional Investment Loop	4
Investor Problems	5
A Wind Of Change	6
Investment Shift: Residential To Commercial And Fixed Income Products	7
The Concept Behind Fixed Income Products Backed By Real Estate	8
Comparison	9
Assetmonk: Paving A New Path For Investors	10



Typically, individual investors allocate their surplus funds towards residential real estate and fixed deposits, aiming to generate rental income or safeguard their savings. Nevertheless, in contrast to the advantages enjoyed by the top 1% of investors, such investors overlook certain benefits that come with investments beyond the regular.

So, what exactly are these advantages? The top 1% of investors have access to high-quality investment products which provide their portfolios with a competitive edge that maintains their wealth during volatile conditions, and multiplies it during opportune times.

In the past, such opportunities were only available to institutional investors due to the significant costs involved. However, the investment landscape is evolving, and a new era of investments has now emerged. Assetmonk, an alternative investments platform, is breaking barriers by making previously inaccessible opportunities accessible to every investor.

The platform encourages investors to make smart investment choices by introducing concepts like fractional ownership and asset-backed investments that are in the best interest of investors.

Let's deep dive and relook at the changing investment perspective.



THE TRADITIONAL INVESTMENT LOOP

Residential real estate is the most common option for individual investors in India, with a majority of them investing in rental properties or purchasing homes for their own use. **According to a survey by Economic Times, residential real estate accounted for 51% of total real estate investments in India in 2022, with the remaining 32% invested in commercial properties.** This indicates that despite the growing popularity of fixed-income investment options, residential real estate remains the preferred choice for most individual investors in India, either due to need-based purchasing, lack of awareness or emotional investing.

Insights Into The Residential Rental Yields in Top Metros

CITIES	RENTAL YIELD (IN %) IN 2022
Delhi	2.6%
Mumbai	3.8%
Bangalore	3.9%
Hyderabad	3.16%
Pune	3.5%
Chennai	3.1%

Source: Anarock Consultants 2022

Expert analysis concludes that India's residential rental yield for top metro cities is relatively stagnant at the range of 2-4%.

Factors such as high property prices, limited rental demand, and the presence of a large number of self-owned properties contribute to this trend. Additionally, various market dynamics, including an abundance of supply in certain areas and rental laws favoring tenants, can further impact rental yields. While some individual properties or locations may yield higher returns, the overall rental yield landscape in India's top metro cities has traditionally remained a low-growth sector for investors.

Furthermore, it is worth mentioning that investing in residential property continues to be driven largely by emotions for many investors in India. However, those who are seeking higher returns should exercise caution.

“ Now, wouldn't you want to invest smart in real estate products that would give you higher returns based on facts and statistics? That's how the high-net-worth investors strategise! ”

- Assetmonk Expertise

INVESTOR PROBLEMS

Owing to the sensitive market conditions in recent times and increased awareness to examine investments thoroughly since the COVID-19 pandemic, investors have actively voiced their concerns regarding the traditional investment options popularly available.

Market Volatility: Once ignored and side-eyed, the unpredictable nature of the stock market is not going unnoticed anymore as significant fluctuations are becoming a frequent occurrence, leading to a drop in overall portfolio values.

Lack of Diversification: Concentrating investments in a single asset class or company can expose portfolios to higher risks which investors are now realizing.

Inflation Risk: Fixed Deposits and other low-risk investment options may not always provide returns that outpace inflation. This can erode the purchasing power of the invested amount over time.

Interest Rate Fluctuations: For FDs and other fixed-income investments, changes in interest rates can impact returns. Investors may worry about locking their funds in long-term deposits when interest rates are low, potentially missing out on better returns in the future.

Lack of Information: Investors who have the intent to diversify their portfolios are struggling to find accurate and reliable information about potential investment opportunities. This lack of information can make it difficult to assess the risks and benefits associated with different investment options.

Regulatory Changes: Investors need to stay updated with changes in regulations and policies that may impact their investments. Sudden regulatory changes can lead to uncertainty and affect the profitability of investments.

Liquidity Concerns: Certain investment options, such as real estate or long-term FDs, may lack liquidity. Investors may face challenges in accessing their funds when needed, particularly during emergencies.

Scams and Fraud: Investors need to be cautious about fraudulent investment schemes and scams. Unscrupulous individuals or organizations may lure investors with promises of high returns, but end up defrauding them.

A WIND OF CHANGE

In recent years, there has been a significant increase in the popularity of alternative investment options like asset-backed products, especially in the post-covid period. Investors are looking for opportunities to diversify their portfolios with a mix of low ticket sizes and high returns. Alternative investments provide such an opportunity by offering non-market linked products with exceptional returns.

One of the most popular alternative investment options is secured fixed-income [structured debt] investments backed by real estate assets. This growing interest in fixed-income investments is driven by several factors, including the need for stable income streams, increasing awareness about alternative investment options, and the current economic environment with high market volatility.

“ The structured debt market in India has grown at a compounded annual growth rate of 17% over the last five years. ”

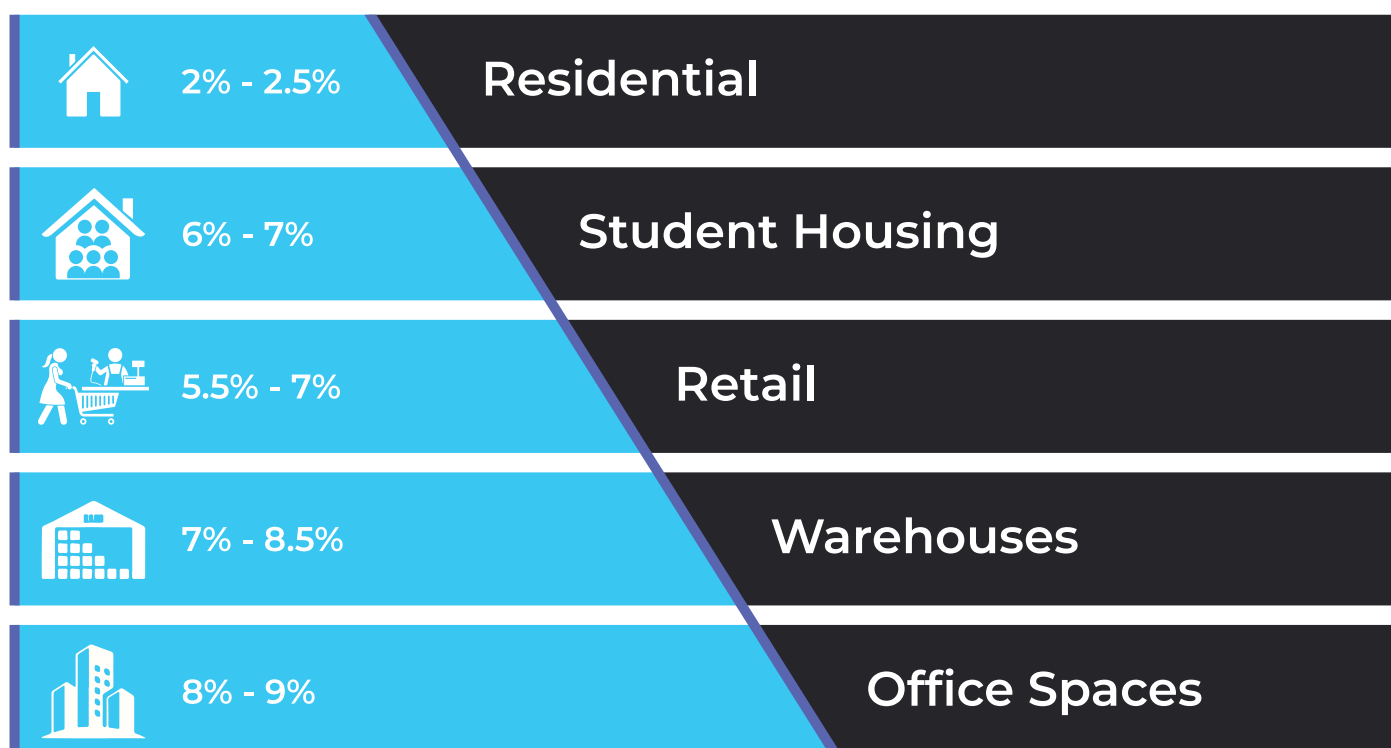
- CRISIL

INVESTMENT SHIFT: RESIDENTIAL TO COMMERCIAL AND FIXED INCOME PRODUCTS

“ During the projection period of 2022-2027, the Indian commercial property market is anticipated to expand at a CAGR of almost 13% ”

- KnightFrank

According to EconomicTimes Indian Investors could reshuffle their investment portfolio to include more debt assets in 2023 on expectations of at least a 30% jump in returns from 2022.



Source: Colliers Investment Update Q2 2022

THE CONCEPT BEHIND FIXED INCOME PRODUCTS BACKED BY REAL ESTATE

Real estate-backed fixed-income products are game-changing. Issued by private developers, these short-term investment opportunities enable direct lending to companies seeking capital for their projects.

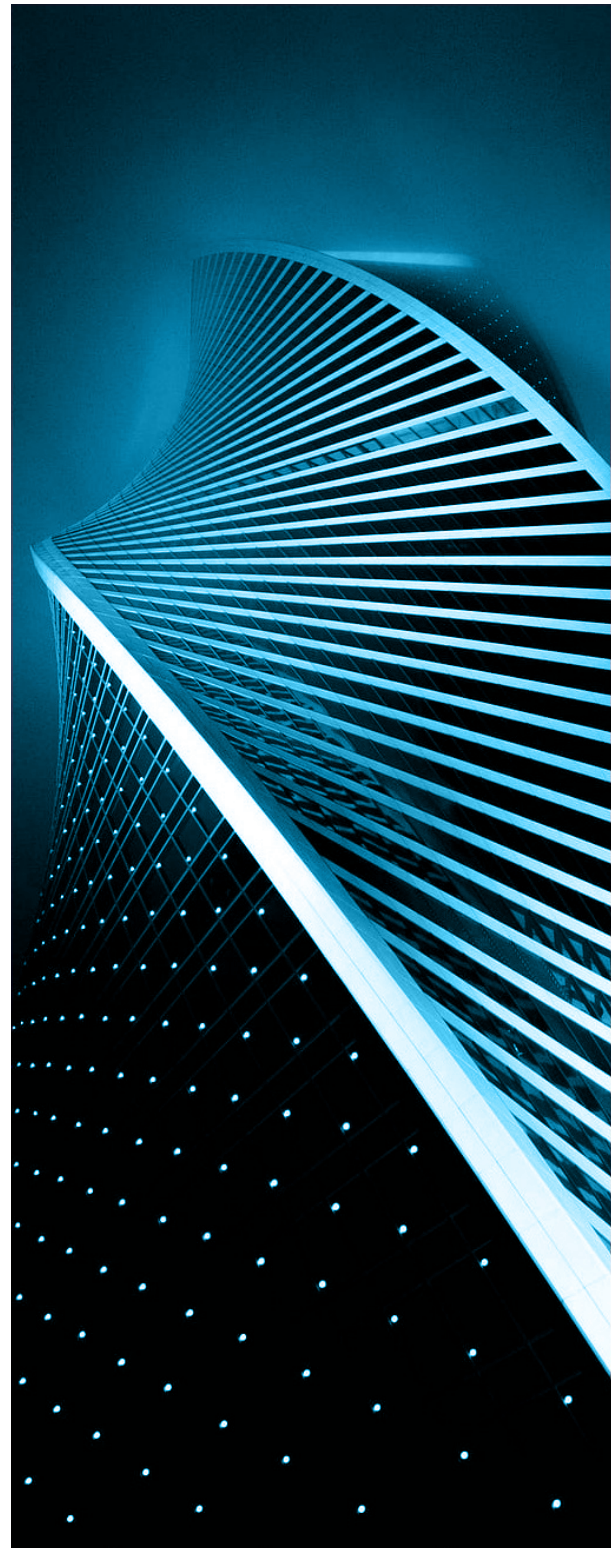
From an investor's point of view, these products act as stable investments to diversify portfolios and offer higher assured yields in comparison with traditional opportunities.

These fixed debt investments can be categorized into two types:

NCD - Non-convertible debentures do not offer ownership rights to the investor, post maturity. As per the terms of the issuer, the investment is dissolved after the tenure and investors get their profits as fixed interests and capital back.

CCD - Compulsory convertible debentures offers a return on investment in the form of fixed interest and ownership rights after predetermined criteria set by the issuer is met.

This alternative source of funding opens up possibilities for projects that may have been otherwise unfeasible for the borrower. Companies that cannot qualify for construction finance due to its stringent criteria opt for this for upfront capital and flexible terms.



COMPARISON: RISK, RETURN, YIELD, AND SECURITY FOR RESIDENTIAL AND FIXED-INCOME PRODUCTS

Driving Parameters	Residential	AM Fixed-income
Risk	Higher risk of market fluctuations and economic downturns affect the value of the property, which can impact the return on investment.	Has a lower risk factor, as they are backed by real estate assets and offer fixed returns.
Return	Is dependent on factors such as rental income and property value appreciation. These returns can be volatile and may not provide consistent income over time. Average returns - 3%	Offer fixed returns, providing investors with a steady stream of income that is not dependent on market fluctuations or property value appreciation. Average return - 16-18%
Security	Offer tangible assets that can appreciate in value over time but they can also be impacted by natural disasters, tenant vacancies, and other unforeseen events that can affect their security.	Backed by tangible real estate assets and offer a level of security that is not available in other traditional fixed-income investments.

NOTE: It's important to note that the risk, return, and security can vary greatly depending on the specific property or fixed-income product being invested in, and it's always important to do thorough research and analysis before making any investment decisions.

ASSETMONK: PAVING A NEW PATH FOR INVESTORS

In today's dynamic investment landscape, the demand for alternative investment opportunities is skyrocketing, bringing forth exciting prospects for both investors and borrowers. At the forefront of this transformation stands Assetmonk, a platform dedicated to bridging the gap between investors and borrowers. The fixed income product category offers a seamless connection that opens doors to a world of mutually beneficial outcomes where investors gain access to a diverse range of investment opportunities that boast an impressive risk-free return of 16% to 18%. Leveraging the expertise and in-depth understanding of the real estate market, Assetmonk ensures a secure investment journey for all investors.

“ Fixed income products backed by real estate has just come under the spotlight where smart investors who seek higher, non-market linked returns are making the early move. As an investor, it's not too late for you to stay ahead of the curve and diversify your portfolio with new-age real estate products.”

- Assetmonk Expertise

The future is bright for those who are willing to explore new avenues and take advantage of the latest investment opportunities. So, are you the next smart investor?





Start A Conversation With Our Advisor

Talk to us: +91-756-964-6464

Our Locations:

Hyderabad | Bangalore | Mumbai | Chennai | US



260+
Cr AUM

16+
Investor Geographies

24
Products Funded

4
Product Exits

9%
Average Yield

18%*
IRR

25%
Repeat investments

100%
On time payouts

www.assetmonk.com

[@assetmonk.io](https://www.facebook.com/assetmonk.io) | [Assetmonk_live](https://twitter.com/Assetmonk_live) | [Assetmonk_live](https://www.instagram.com/Assetmonk_live)