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The Prosperity Handbook

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First two steps

Congratulations!! You have taken the first step to making the world more prosperous and preventing a repeat of the “Great Indian Financial Tragedy” where Indians collectively lost the opportunity to be “Desh ki Tarakki Mein Hissedar” by staying stuck in fixed deposits and not investing in stocks or equity mutual funds.

If you are reading this then you most probably have downloaded the Bharosa app and used it to increase your financial literacy. You have also looked at the “Tips to Prosperity”. You could be in any part of the world and benefit. If you have not completed these first two steps, then stop and complete these before you go further.

Overview of the Handbook

Anyone (institution or individual) anywhere in the world can become a facilitator.

The handbook is broken into four sections

Section 1 – Why Facilitate?

Section 2 - Boosting Prosperity

Section 3 – Wealth Simple

Section 4 - Any Mutual Fund

Section 3 and 4 are India specific.

India took 61 years after independence to become a one trillion US\$ economy in 2008. It took only seven years to reach US\$ 2 trillion in 2015 and there is talk that India will be a five trillion economy by 2025. The simplest way to be part of this wealth creation is to use Wealth Simple. If you have the time and skills, you may want to invest directly in equities or equity mutual funds.



WHY FACILITATE?

Collective Good increases Individual Good

Prosperity is not a zero-sum game. As you become more prosperous others do not have to become less prosperous. Prosperity is infinite. In fact, if the collective is not prosperous it diminishes your prosperity in very tangible ways. For instance, the chances that a terrorist or criminal will kill you or that you will die of a sanitation related disease are much higher when collective prosperity is low.

Contentment is better than Slavery

Prosperity is more than wealth. You will die at some point and you cannot take your wealth with you. Yet there are many who are slaves to wealth and are constantly chasing more wealth. They become slaves to wealth. Contentment increases by helping others help themselves.

Reasons to Facilitate

Read the section that applies to you

- Individuals/Community/Politicians - Free
- Institutions - Free
- Earn Money – Individual
- Earn Money – IFA/Business
- Build a Facilitation Platform

Individuals/Community – Free

Friends, Family, Domestic Help

Many friends, family and domestic help need help. Even babies can start building wealth. You will get joy, status and in the case of domestic help they may work better and stay longer because they feel you care about their future. Many people have divided the Diwali bonus into twelve monthly payments which they put into Wealth Simple for domestic help.



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Community Help

NGO, Religious groups, associations work with communities to help them become more prosperous. Helping them use Bharosa will work well towards reaching the goals they have set themselves.

Politicians

Politicians can show they care about their voters by helping them help themselves towards becoming prosperous. This will increase their chances of getting elected.

Institutions - Free

Institutions will benefit if their employees are more prosperous and they can also build their brands by showing they support a more prosperous world. As the number of Bharosa members grow they can become paid sponsors and offer great ideas/products/services/ deals/discounts to members.

Earn Money-Individual

Many people could pay a one-time facilitation fee of say Rs 200 to get set up with Wealth Simple. If an individual facilitates 1000 people, they could earn Rs 2 lacs.

Institutions/Associations could be looking for facilitators and individuals who help them could use their offices or set up kiosks and earn substantial amounts without running from pillar to post.

Earn Money-IFA/Business

A business could build on individual facilitators and facilitate many other services such as full-service wealth management. Most people look for human advisors and as long as the business is properly licensed it could use facilitation to get a foot in the door and then cross sell other products and services.

IFA (Independent Financial Agents) or ARN/RIA companies may want to download this presentation <https://www.bharosaclub.com/pdf/IFA.pdf> to get ideas on how to grow their business. Bharosa Club allows groups to be set up with unlimited number of members and unlimited AUM. Group leaders can transact for members of their groups or the members can transact on their own. Bharosa Club uses a machine learning algorithm to rate mutual funds. The benefits that the Bharosa Club platform are many and IFA/Business that use it can poach



customers from competitors plus manage a large number of customers easily. There is a myth that customers are not willing to pay a fee for advice. They will pay reasonable fees once they understand the hidden fees they pay for “free”. The maximum fee for the platform is Rs 11800 per month (including 18% GST) but since the first ten lacs are free IFA/Business can start for free with say a group of 100 people each with Rs 10000 in Wealth Simple.

Build a Facilitation Platform

Platforms such as PayPal, Uber, Airbnb, OYO have shown the power of disruptive platforms to make billions by serving millions. The graphics below we hope will inspire platform builders to build the next gen facilitation platform.

WHERE WE ARE TODAY

919,725 polling booths in India

Physical goods

With kirana stores, these reach all, the rich and the poor

Digital goods & services

Reach the rich but with BAD selling

No one is selling these services to the poor

FUTURE

Digital + Physical goods & services

Through virtual kirana stores - good selling to rich and poor

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BOOSTING PROSPERITY

We have a very simple belief that if you show people a simple path to prosperity then they will follow it when they are ready. There will be some early adopters who will inspire others. The Bharosa app has a simple calculator, some videos, one-page PDF and a classic book that make the secrets of wealth creation available to all. The tips on prosperity cover contentment and health in addition to wealth.

The best part is that the app does not require registration and can be deleted if it is no longer useful.

Finding the app is easy. Go to www.bharosaclub.com to get links or search for Bharosa WealthSimple in the play store on Google or the App store on Apple. The URL for the prosperity page is <https://www.bharosaclub.com/prosperity.html>

The videos, one pager and the calculator are India specific (the calculator uses a 11.6 % CAGR) but the principles are global. The book and the prosperity page are global so anyone in the world can facilitate and they can build their own customized simple content if they want to.

Many people viral jokes, videos, songs and so on. This is wonderful and we hope that they will viral the app and nudge people to spend a little bit of time to see how they can start their prosperity journey.

A few key learnings that facilitators may want to communicate

- Become a “Desh ki Taraaki Mein Hissedar”. India is one of the fastest growing economies in the world, but other regions are growing as well and by investing simply and staying invested for long periods anyone anywhere in the world can create wealth.
- Power of compounding – Rs 300 a month becomes Rs 1 crore in 50 years, Rs 11000 a month becomes Rs 1 crore in 20 years, Rs 44000 a month becomes Rs 1 crore in 10 years
- You can enjoy today and yet secure your future
- Contentment and health are more important than wealth
- Collective Good leads to Individual Good



WEALTHSIMPLE

This section will help you facilitate the following

- Understanding Wealth Simple
- Completing Get Started – Email, PAN, MF KYC, CAN, PayEezz
- Adding and withdrawing Rs 500

Note 1: This handbook assumes that the person being facilitated is an adult Indian resident. Minors and NRI or OCI can use Wealth Simple but to keep the handbook simple we have excluded these three categories

Note 2: A person can just get ready to invest and invest zero money or as little as Rs 100 one time or monthly. By the end of 2020 the BHAG “Big Hairy Audacious Goal” is to have every Indian have at least Rs 10000 in mutual funds. With 1.3 billion Indians this would mean that over Rs 13 trillion would be invested in mutual funds by end of 2020. The assets in MF both retail and corporate as of Sep 2018 were Rs 2.4 trillion which implies tremendous growth for the industry. The challenge would be to manage the cost of acquisition and servicing so that the growth in assets is profitable.

Understanding Wealth Simple

This task can be easily done by seeing the Wealth Simple presentation, reading the FAQ and seeing the backtest data. By using Wealth Simple it is almost certain that you will triple your money in ten years (CAGR 11.6%) assuming that the Indian growth story continues. If you stay stuck in fixed deposits, tax free bonds, PPF then your money will double (CAGR 7.6%). Over 50 years Rs 1 lakh in Wealth Simple is estimated to become Rs 2.43 crores while it would be 32 lakhs in Fixed deposits. This is a difference of over Rs 2 crores per lakh.

You will pay zero tax on the money invested. You will only pay tax on withdrawals. The tax on withdrawals from debt are on the gains at your short-term tax rate for money held for less than three years and the cost is adjusted for inflation in case the holding is for more than three years. Short term equity gains (less than one year) are taxed at 15% while long term capital gains over Rs 1 lakh are taxed at 10% and the higher of the cost or the price on Jan 31,2018 are used for calculating the long-term gains. A good rule of thumb is to not worry about tax as the amount of tax paid will be quite minimal and the gains after tax will beat tax free alternatives such as PPF.

There is no lock in and after seven days there are no penalty on withdrawals. Wealth Simple is recommended for long term (over ten-year money) but should the money be needed it will be



available in one business day from debt and 3 business days in equity. Liquidity is a major benefit of Wealth Simple.

The higher the percentage you have in equity the higher your risk. However, the returns are higher as well. With 100% equity your CAGR could be 15% instead of 11.6% which is at the default equity rate of 11.6%. You can adjust your equity percentage based on your risk appetite but for most adults staying at the default 60% is fine.

Ideally you want to sell at market peaks and buy at market bottoms, but this is very difficult to do. Wealth Simple automatically rebalances your portfolio but at times you may want to change the equity percentage to try and time the market. This is not recommended but should you choose to that the option is available.

Completing Get Started

In some cases, a person you are facilitating will have a CAN and a PayEezz. If they have these then enter these on Bharosa and you are ready for adding and withdrawing Rs 500.

The process is complex. We continue to work with regulators, industry and the government to try and make it simpler. These complex processes push up cost and exclude people. Regulators and industry must solve the problem of how a Rs 100 a month mutual fund folio can be profitable to set up and execute. With the technology today, this is possible. To get a sense of urgency we will investigate a PIL application to the Supreme Court if regulators and industry continue dragging their feet. The current process requires patience and take 30-45 days to complete.

Email, PAN, Bank Account (Aadhar Linked), e-Aadhar

To use Wealth Simple, you need to have the four items listed above.

A person who does not have email and get one on Gmail.

To get a PAN card they can go to

<https://www.onlineservices.nsdl.com/paam/endUserRegisterContact.html>

It costs Rs 116/- plus a nominal charge for online.

They need a bank account and their Aadhar card must be linked to their bank account.

The Aadhar card must have a phone number linked to it where the holder can receive an OTP.



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To get an e-Aadhar which is required for e-KYC for Mutual funds you can go to <https://eaadhaar.uidai.gov.in/>.

Skip this step if all these are available.

E-KYC for MF

You can skip this if the person already has MF KYC.

To get an E-KYC for MF for a person you need a unique number which will be allocated to you by Bharosa once you register as a facilitator. Once you have your unique number you can get MF KYC for a person and they can use this to transact themselves, with Bharosa or with any other advisor.

E-CAN

Once you have MF KYC you can get an E-CAN.

PayEezz

Once you have a confirmed CAN you can apply for PayEezz.

This is a paper process

Getting and Withdrawing Rs 500

This step will test whether your set up is complete and everything works. When you add 500 your bank account must be debited, and you must get mutual fund units. When you withdraw 500 your bank account must be credited.



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ANY MUTUAL FUND

People with large portfolios (over Rs 10 lakhs) may want to take more risk for higher return with actively managed mutual funds. A facilitator can go through the FAQ and Checklist and can help them execute. In case they advise, they must have an AMFI or SEBI certification.