Mutual Fund

Brief Handbook

Easy investing, suitability to most risk profiles and highly professional management make Mutual Funds the most popular investment instruments amongst investors.

Want to know more about Mutual Funds?

Mutual funds are funds that pool the money of several investors to invest in equity or debt markets. Mutual Funds could be Equity funds, Debt funds or balanced funds.

Funds are selected on quantitative parameters like volatility, risk adjusted returns, rolling return coupled with a qualitative analysis of fund performance and investment styles through regular interactions/due diligence processes with fund managers.

Advantages of Mutual Funds

The reason that mutual funds are so popular is that they offer the ability to easily invest in increasingly more complicated financial markets. A large part of the success of mutual funds is also the advantages they offer in terms of diversification, professional management and liquidity.

Flexibility

Mutual Fund investments also offer you a lot of flexibility with features such as systematic investment plans, systematic withdrawal plans & dividend reinvestment.

Affordability

They are available in units so this makes it very affordable. Because of the large corpus, even a small investor can benefit from its investment strategy.

Liquidity

In open ended schemes, you have the option of withdrawing or redeeming your money at any point of time at the current NAV

Diversification

Risk is lowered with Mutual Funds as they invest across different industries & stocks.

Professional Management

Expert Fund Managers of the Mutual Funds analyze all options based on experience & research

Potential of return

The fund managers who take care of your Mutual Fund have access to information and statistics from leading economists and analysts around the world. Because of this, they are in a better position than individual investors to identify opportunities for your investments to flourish.

Low Costs
The benefits of scale in brokerage, custodial and other fees translate into lower costs for investors.

Regulated for investor protection
The Mutual Funds sector is regulated to safeguard the investor's interests.

Know more about
Equity Funds
Debts Funds
Hybrid Funds
SIP (Systematic Investment Plan)

Types of Mutual Funds

Equity Funds
Equity Funds (also know as growth funds) provide capital appreciation over the medium to long term. They usually invest in publicly traded stocks. The risk level varies according to the type of fund. If you are looking for growth with a long term outlook, then Equity Funds are just right for you. Further there is tax saving options through Equity Linked Savings Schemes (ELSS).

Debts Funds
Debt Funds provide a relatively safer investment option over the medium term. They invest in interest bearing government and corporate bonds, thus ensuring interest income as well as capital gains.

Hybrid Funds
Hybrid Funds include both debt and equity assets and provide benefits from both these asset classes. These are ideal for medium to long term horizons. Some of the popular types of Hybrid Funds are Balanced Funds and Monthly Income Plans.

Systematic Investment Plan

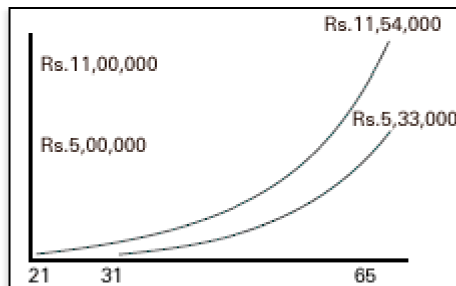
Investing regularly in a SIP (Systematic Investment Plan) allows you to benefit from the phenomenon known as 'Rupee Cost Averaging'. You can benefit no matter how the markets are performing: if the market goes up, the units you own will increase in value and if the market goes down, your next monthly payment will buy more units. Either way, you win.

Power of Compounding - The Benefit of Investing Now:
The power of compounding underlines the importance of making your money work for you at an early age.

For instance, Ramesh is 30 years old and invests Rs. 5000/-. He adds Rs. 1000/- every year till he reaches 65, after which he stops any further investment.

Sameer, aged 21, also starts investing in the same fund. He adds Rs. 1000/- a year till he's 30. He starts investing Rs. 12,000/- every year from the age of 35 and continues to do so till he reaches 65 yrs of age.

If both earn, say, 11 % per annum on their investments, which of them would be wealthier when they retire at 65?



At 65, Sameer would have accumulated Rs. 11.54 lacs, whereas Ramesh's wealth would have been lower at Rs. 5.33 lacs.

Clearly, the power of compounding can have a significant impact on your wealth accumulation, especially if the investment is for a long period of time.

Rupee Cost Averaging - The power of disciplined investment.

In SIP, you don't have to worry about where share prices or interest rates are headed. You simply invest a fixed amount at regular intervals, regardless of the NAV. The idea is that you buy fewer units when the NAV is high and more when it is low, automatically. This is in line with the natural desire to buy low and sell high. You automatically gain without having to monitor the market, or attempt to predict the market for purchasing the units.

Rupee Cost Averaging, however, does not guarantee a profit. But with a sensible approach and long term investment, it can smoothen out the markets ups and downs and reduce the risk of investing in volatile markets. In a nutshell, Rupee Cost Averaging is an efficient and convenient vehicle to accumulate wealth in a time bound and disciplined manner.

Convenience

You don't have to take time out from your busy schedule to make your investments. Enroll for the SIP by signing up the required forms of periodic investments (monthly/quarterly) based on your convenience. Your account will be automatically debited on the requested date to purchase the units of the required fund.