



DO'S OF MUTUAL FUND INVESTING

Mutual Fund investing is convenient as it provides you with the benefit of professional fund management at small investible amounts. A lot of new investors are drawn to mutual funds because they offer ease, diversification and discipline in investing. However, just like in any other investment, there are some Do's and Don'ts that you should consider.

1

GAUGE YOUR RISK PROFILE

Assess your income, cash outflows and your ability to sustain financial risks before investing in a particular fund.

2

WORK OUT YOUR ASSET ALLOCATION BASED ON YOUR RISK PROFILE

Once you know more about your risks, you can select the assets in which you want to invest your money like, equity funds, debt funds, ETFs and so on.

3

USE INVESTMENT STRATEGIES LIKE SYSTEMATIC INVESTMENT PLANS (SIPS)

SIPs help to create investing discipline and are a tool to build long term wealth.

UNDERSTAND THE TAX IMPLICATIONS

It is best to know how much tax is payable on investments and how an investment affects your total tax outgo. Consult a tax advisor if necessary.

4

MONITOR YOUR MUTUAL FUND INVESTMENTS

Investments should be reviewed regularly keeping in mind your changing financial goals. You may need to increase investments or switch to another asset class.

5

CONSULT A FINANCIAL ADVISOR

A financial advisor can help you make the right decisions related to investments especially if you are a new investor.

6



DON'Ts OF MUTUAL FUND INVESTING

1

DON'T TAKE MORE RISK THAN YOU CAN DEAL WITH

You should not go beyond your comfort level when it comes to investing; always analyse your risk profile before investing.

2

DON'T INVEST ALL YOUR MONEY IN ONE ASSET CLASS ONLY

Don't allocate all your money towards investing in only a particular type of fund or sector. e.g.; infrastructure funds, debt, gold schemes and so on.

3

DON'T INVEST WITHOUT GUIDANCE

If you are not conversant with Mutual Fund investing, consult a certified financial advisor.

4

DON'T BE IN A HASTE TO SIGN

Don't sign the investment forms without first reading and understanding the contents of the scheme related documents.

5

DON'T HAND OVER UNFILLED OR INCOMPLETE APPLICATIONS

Never hand over signed but blank or incomplete application forms. Your investment process may not be completed due to lack of some information.

6

DON'T FORGET TO SAVE IN CASH

Always keep some surplus fund aside for emergencies before investing.

Conclusion: The key to any investment decision is to learn as much about the investment avenue as possible before you take the decision. Following these Do's and Don'ts will help you have a happy mutual fund investing experience.