MUTUAL FUND

SAVING KA NAYA TAREEKA

An Investor Education and Awareness Initiative by Taurus Mutual Fund

TAURUS Mutual Fund

AMFI

ONCE UPON A TIME...

This is the story of Suresh, an employee with a Mumbai software firm for almost 5 years. Having spent his entire life in Mumbai, Suresh understands very less about life outside the city. However, for the past few months, Suresh has been experiencing an inexplicable fascination for farming. On his last trip, a short family vacation to Nasik, he fell in love with the idea of growing grapes and making money from the sale of grapes to processing units. So, Suresh with his limited knowledge and resources, bought some grape seeds and ventured into grape-farming. However, due to lack in expertise he suffered a huge loss. Having burnt his fingers, he told himself that farming is a bad idea and no one can make money as a farmer...

Like Suresh, many of us invest in financial markets with limited understanding of the truth. And then there are myths born out of failed experiences and incomplete understanding which lead us into making investments through tools that may not suit our profile. This results in forming lifelong wrong perceptions about the financial markets.

....Going back to Suresh, had he involved some more people with similar interests, and hired a professional who understands farming, then they would have collectively realized their dream of earning good returns by using the professional's expertise. This could have been done by pooling in money from members of the 'collective' and handing it to professionals to manage the day-to-day activities. In fact, money could have been pooled as per the value of the dream. Similarly, if some people are interested for long-term investment returns, then they could pool in money and choose appropriate investment matching their goals and time horizon. Mutual Funds pool in money from people and invest as per their objective. The thing to remember is, the choice will depend on the goals and time-horizon.

THE MUTUAL FUND CONCEPT

01

Investors with common financial objectives pool their money

02

Investors, on a proportionate basis, get Mutual Fund units for the sum contributed to the pool

03

The money collected from investors is invested into shares, debentures and other securities by the fund manager

04

The fund manager realises gains or losses, and collects dividend or interest income

05

Any capital gains or losses from such investments are passed on to investors in proportion of the number of units held by them

Mutual Funds are one of the best vehicles for people who don't have either the expertise or the time to take care of their own investments.

The concept of a Mutual Fund works on pooling resources with one common objective in mind. In other words, a Mutual Fund is made up of money that is pooled together by a large number of investors. Their money is given to a professional (referred as fund manager) to invest in a basket of stocks and/or other financial instruments such as bonds/commodities. The objective of every Mutual Fund scheme is clearly defined and explicitly mentioned by a Mutual Fund company, i.e. Asset Management Company (AMC). In simple words, one can think of a Mutual Fund as a company that brings together a group of people and invests their money in stocks, bonds, and other securities. Each investor owns units, which represent a portion of the holding of the fund, based on the amount invested by the respective investor.

MUTUAL FUND: SAVING IN A NEW AVATAR

Every Mutual Fund is managed by a fund manager, who, using his investment management skills and necessary research work, is capable of providing better returns than what an investor can manage on his own. The capital appreciation and other incomes earned from these investments are passed on to the investors (also known as unit holders) in proportion of the number of units they own. In short, **Mutual Funds are the new way of saving.** Let us understand this concept of units better.

Mutual Funds are a vehicle to mobilize moneys from investors, to invest in different markets and securities, in line with the investment objectives of the fund and agreed upon by the investor.

UNITS. THE SMALL BUT POWERFUL TOOL

A unit, according to the broader definition, is a quantity generally accepted as a standard for exchange. Let's understand with an example, let's assume a box of chocolates costs Rs. 40. A box consists of one dozen chocolates. Four friends decide to have those chocolates, but they have only Rs.10 each with them. And the shopkeeper only sells by the box. Thus in other words 4 friends pool in Rs.10 each for buying one dozen chocolates. According to their contribution they will receive 3 chocolates each. Let's consider one chocolate as one unit, as 12 chocolates cost Rs. 40, thus the price of one unit (chocolate) is Rs. 3.33.

Each friend contributed Rs.10, thus he received 3 chocolates i.e. 3 units. Similarly, in Mutual Funds every investor receives number of units as per the amount he/she invests. Thus in other words every investor in the Mutual Fund is a part owner of the larger pie which is collectively owned by all the unit holders.

A Mutual Fund is not an alternative investment option to shares or bonds; rather it pools the savings of several investors and invests this money in shares, bonds, money market instruments and other types of securities.

As an investor this is what everyone expects: participation in larger markets, professional guidance, convenience, transparency and access to savings whenever required. Let's look at the various benefits of Mutual Funds and know how Mutual Funds have the potential to be that ideal investment.

LET'S COUNT THE BENEFITS

1 PORTFOLIO (READ 'INVESTMENT BASKET') DIVERSIFICATION

Elders have always told us 'Do not keep all your eggs in one basket'; in others words keep your investments in different investment baskets i.e. diversify. Diversification means spreading out money across many different types of investments. When the value of one investment is down, the value of the other might go up. Diversification of investment holdings reduces the risk tremendously. That is exactly what Mutual Funds do. Mutual Funds invest in various securities thus as an investor you will be able to have a diversified investment basket, and hence increasing the security, thereby decreasing the risk.

2 LIQUIDITY

Just imagine that it's your daughter's marriage for which you had been investing for long and the investment has been giving good returns as well. However, on the day you require it, you are not able to get your money back. High returns are of no use if one can't use the funds. In fact, we all 'want' the money when we 'require' it. This is called liquidity as we want our savings to be available so as to withdraw whenever require. This is exactly what a Mutual Fund provides – Liquidity.

3 LESS RISK

As discussed earlier, diversification reduces risk to a large extent. However, even when the fund manager takes a decision on whether to buy or sell any investments the first thing that they try to see is the risk and then the returns. Compared to any other direct form of investment, due to the concept of pooling the risk is spread out and reduced to a large extent.

4 LOW TRANSACTION COST

We all understand that whenever we buy anything in wholesale, we get better rates as compared to retail rates. Thus, so many people pooling in their savings and giving the Mutual Fund to transact on their behalf, gives Mutual Funds a great power of bargain and thus reducing the overall transaction cost that we would have to accommodate had we done it ourselves.

5 PROFESSIONAL MANAGEMENT

Do we cut our hair at home? The answer is an obvious 'No'. We go to a barber who is an expert, a professional in cutting hair, as we all understand that a hair dresser can do a far better job than us. Similarly, in Mutual Funds your money would be managed by a professional fund manager who will have an expertise in managing funds backed with sound research and understanding of the trends.

6 CHOICE OF SCHEMES

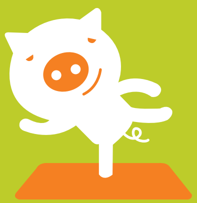
We save/invest for various reasons; some might be doing it for buying a house after a few years or daughter's marriage 10 years from now or maybe one's own retirement which could be 20 years away. However as the objective of investment is different, 'one-size-fits-all' philosophy will not work. Thus, depending on the investment objective and the time horizon, one can choose from a bouquet of Mutual Fund schemes.

7 TRANSPARENCY & SAFETY

Whenever you are handing over your savings to somebody, wouldn't you want to know what is happening with your money? Of course, you would want to know! As it is your money you have all the 'right' to know about it. In case of Mutual Funds, the money is being handled by professional fund managers, the system is extremely transparent. In other words, you will have an exact idea where your money is going. Thus, transparency will automatically give you an added feeling of safety. Due to the transparent system you will come to know about all the things (like where your savings is being invested, how much of it is invested, etc) and if you are not comfortable you could withdraw your savings and thus safeguard it as well.

8 FLEXIBILITY

Everybody does not have the same pattern of earnings as well as spending. The income flow, in case of a businessman and a salaried person would be different. Thus the investment vehicle/basket should be flexible and allow an investor to invest as per one's income flow. The same is true in case of requirement of money. As discussed earlier, people with different investment objectives will want to withdraw money accordingly. For example, one might be saving for retirement; however an unexpectedly large medical emergency at home might force him to withdraw money immediately.
At that moment investments should be flexible so as to meet the requirements. Mutual Funds provide flexibility during investments as well during withdrawal, thus making it the right and the best choice for you.



If you see one major plus point which is emerging out of many of the points mentioned above is convenience at every stage. In other words, right from the time after you decide your goals, to actual investing, during the time you are invested to the time you require your money, at every stage, your convenience has been taken care of. Let us study upon this point deeper. Once you have decided on your goals you can either choose to invest online or offline, similar would be the case during withdrawal of money. In the latter part of this booklet we would discuss this in detail.

MYTH

Mutual Funds are for the experts.

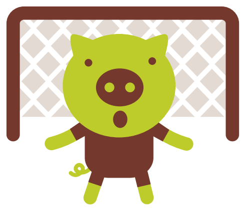
TRUTH

Quite the reverse, actually. Unlike the equity market, you don't have to take the call on when to buy or sell shares. The fund manager will do it for you. It is his job to track various sectors and companies, and decide where to put the money you and other investors have given him.

REMEMBER: GOALS BEFORE NUMBERS

Till now you must have seen we have been speaking a lot about goals and linking them to investments. Let us say you are given a lot of money; however you are not allowed to spend it on anything, or any of your goals, neither can you invest nor can you lend nor give it in charity. Then is that money of any use to you? Of course, that money will be of no use apart from making a bed and sleeping over it or using bundles of money as room partitions. Anyway the point is that as humans what matters to us is emotions and not numbers. For example, whenever you go to a restaurant with your family, what matters to you is the happiness on their face while enjoying the meal. One does not derive happiness by looking at the amount of money spent on the food/ambience, etc.

Let us very clearly understand that as humans we may not understand returns and we may not understand numbers. What we surely understand are goals attached to it. For example, if you are saving/investing for your child's education, what matters to you is whether the funds will be available at the time required and whether it will be sufficient. Thus visualizing your goals first and then making investment decisions will help you achieve those goals.



Let us understand where and why does an average Indian save/invest. Either people keep their money in savings bank account for short term requirements, as the main objective here would be of preserving capital. Next people save in Fixed Deposits or Post Office schemes to generate returns and the third common investment avenue is real estate and gold wherein the major objective is of capital appreciation. Broadly whenever you save/invest you would do it for any of the following reasons:

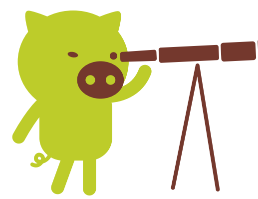
1) Capital Preservation
2) Generate Income
3) Capital Appreciation

The best part is that for all of the above three perspectives, Mutual Funds fit the bill. Let us understand this in a detailed yet simple way. Mutual Funds are of different types basis their structure, constituents, investment objectives, etc. These differences cater to different investment requirements.

INVESTMENT GOALS

CAPITAL PRESERVATION	SAVINGS BANK A/C	PPF	MUTUAL FUND
GENERATE INCOME	FIXED DEPOSITS	PO - MIS	MUTUAL FUND
CAPITAL APPRECIATION	REAL ESTATE	GOLD	MUTUAL FUND

WHAT'S YOUR TYPE?



Say Suresh receives his salary on 30th of every month and he pays 40% of his salary as housing loan EMI and his EMI date is 10th of every month, or else the contingency fund which Suresh always keeps in savings bank account. This money lies in the bank and earns him a meager interest of 4%p.a; however, if Suresh is given an option of earning better returns on his money along with liquidity and safety which is of utmost importance, Suresh would surely consider the same. Thus, if you want to invest for very short-term, the money that you would generally keep in a savings bank account, you could invest in a type of a Mutual Fund known as Liquid Mutual Fund.

LIQUID MUTUAL FUNDS:

When we try and understand the term 'liquid' in financial terms, it means an asset which is as good as hard cash. Liquid Mutual Funds are the least risky and would give returns somewhat higher than a savings account. These funds invest in a low risk investment avenue. Now, let us take into consideration the other investment objective which is ‘Generating Income’. As discussed earlier, many of us would invest in either Fixed Deposits or Post Office savings schemes. When asked, ‘Why people invest there?’ the simple answer one could get is that these are much safer and also give decent returns; even though the money might not be available whenever one requires it on an urgent basis. Basically the need here, as mentioned earlier, is of an investment vehicle which is safer and provides decent returns. The perfect match in this category would be a Debt Mutual Fund.

INVESTMENT GOALS

CAPITAL PRESERVATION	SAVINGS BANK A/C	PPF	LIQUID FUND
GENERATE INCOME	FIXED DEPOSITS	PO - MIS	DEBT FUND
CAPITAL APPRECIATION	REAL ESTATE	GOLD	EQUITY FUND

DEBT MUTUAL FUNDS:

Debt Funds are low risk funds. Their aim is to generate steady returns while preserving your capital; a feature that helps bring stability to your investment portfolio. Although all Mutual Funds carry some risk, these are more risky than Liquid Funds, however less risky than Equity Funds. These would typically invest in government bonds and also lend money to corporates (large organisations) in return of fixed interest rate. Thus investing in Debt Mutual Funds would be ideal if you are looking at a potentially higher return than liquid funds over a medium-term time horizon. Having said that, Debt Mutual Funds carry a moderate risk.

Debt: This means lending/borrowing money at a fixed rate of return (interest rate). Thus investing in debt means lending money to either companies or government in return of fixed interest rate.

Please contact your nearest Mutual Fund office/Financial Distributor (Banks/Individual Financial Adviser, etc) for any further details.

EQUITY MUTUAL FUNDS:

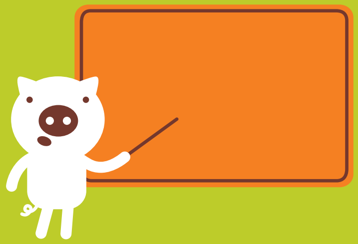
Equity Funds are considered to be riskier than other fund types, but they also provide higher returns than other funds. These funds would invest in the equity of companies i.e. buy shares (part ownership). Thus as an owner of the company the profits would be linked with the performance of the company. In other words the risk would be higher. However, due to diversification i.e. investing in many companies, the risk is brought down. Also over a longer period of time the risk gets spread out and the fluctuation in returns is evened out. It is advisable that an investor looking for wealth creation through capital appreciation should invest in an Equity Fund with a long-term time horizon. And history shows that equity as an investment has outperformed all other investment classes.

However, as discussed earlier, Mutual Funds are available to all kinds of investors, thus for an investor who wants to invest in both Equities as well as Debt Mutual Funds there is a category of funds known as Hybrid Mutual Funds.

Equity: Owning equity means, being a partner in the company and a partner's profit would be unlimited, however, losses would also be unlimited. Thus equity investments fall into higher risk higher returns category.

HYBRID MUTUAL FUNDS:

As the name suggests these are a mixture of Debt and Equity Funds in other words; Hybrid Funds are those funds whose portfolio includes a blend of equities, debts and money market securities. Depending on the mix of equity and debt there are various types of Hybrid Funds as well. Depending on your risk taking capacity you could consider to include Hybrid Mutual Funds in your portfolio. These kinds of funds would be less risky than a 100% Equity Fund due to the safety net which is provided by the Debt Fund component which is also a part of these types of Mutual Funds. After understanding the concept of Mutual Funds and the types of Mutual Funds, one more important concept to be understood would be NAV before discussing where and how to buy.



MYTH

A Mutual Fund is an equity product.

TRUTH

When people think of funds they think of only Equity Funds, but the truth is that a Mutual Fund is a vehicle that can carry any passenger. Equity Mutual Funds will buy shares off the stock markets and Debt Mutual Funds will buy into debt products like government bonds, corporate debentures and treasury bills. The risk of each kind of fund will depend on the passenger carried by the bus.

NET ASSET VALUE

NAV is an abbreviation for Net Asset Value. Just like every share has a price, every Mutual Fund unit has a NAV. In other words, NAV represents a fund's per unit market value. This is the price at which investors buy/sell fund units. In context of Mutual Funds, the value of the asset is the total value of the fund's portfolio minus the liabilities. This value of the asset divided by the number of outstanding units is termed as the NAV of that particular fund. This NAV is generally calculated on a daily basis.

NAV reflects the market value of the shares/bonds/securities held by the fund on any day. Because a fund holds several shares in its portfolio, the NAV can only reflect the combined returns on the portfolio. Whether the scheme in which you are planning to invest has a NAV of Rs.15 or Rs.150 does not matter at all. If the overall investment holdings appreciate by 10% Rs.15 NAV will become Rs.16.5 and Rs.150 NAV will become Rs.165. So the NAV you invest, your investment will fetch you 10% return. So instead of concentrating on 'Low' NAV and more number of units, it is worthwhile to consider other factors (performance track record, fund management, volatility) that determine the portfolio return. A fund with higher NAV may give higher returns than a lower NAV fund, if its holdings (shares/bonds/securities) performed better.

MYTH

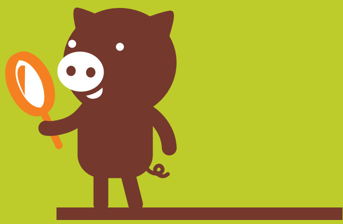
Mutual Fund with Rs.10 NAV is better than a Mutual Fund scheme having a Rs.25 NAV.

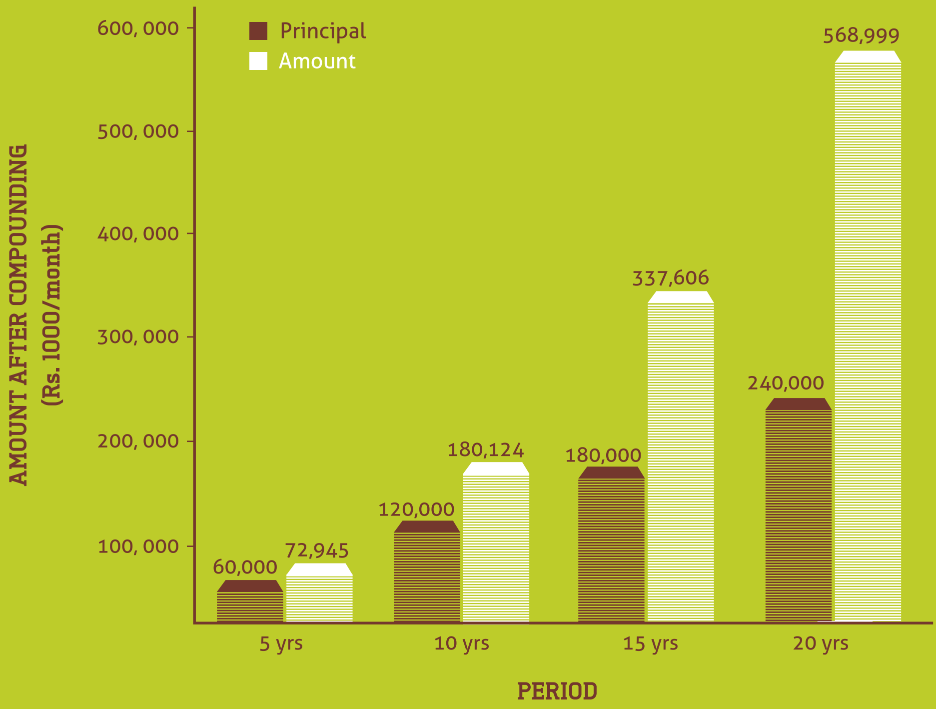
TRUTH

This is by far the most enduring myth that investors continue to believe. The fact is that it is the percentage return on invested funds that matters, remains unnoticed and overlooked. For example, given a similar performance level of 10% appreciation, a Rs.10 NAV will rise to Rs.11 whereas a Rs.200 NAV will rise to Rs.220. It's a simple truth that is neither told nor heard. In fact, due to already demonstrated performance, the chances of the Rs.200 scheme posting the 10% appreciation is far higher than the one which has just started its innings.

THE POWER OF LONG-TERM PERSPECTIVE

The concept of long-term investing is often compared to a snowball - it keeps growing as it rolls. Similarly, however small the investment, your money over a period of time attracts more money & grows. This effect is also known as the power of compounding. As illustrated on the right, a small amount of Rs.1000 invested every month at an interest rate of 8% would yield very good returns. In fact, the growth of small contributions over a long period of time would be able to take care of your future needs comfortably. Apart from the small contributions what's important is that you set realistic goals and be patient to make the most of your investments.





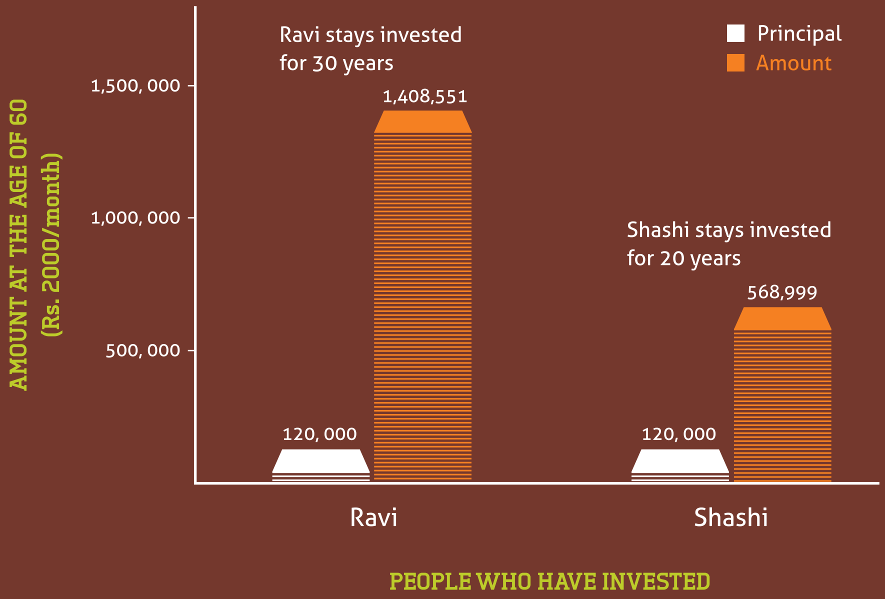
POWER OF COMPOUNDING

- This is a hypothetical illustration to explain the concept of "Power of Compounding", assuming that the person saves Rs. 1000, every month at an interest rate of 8%.
- Past performance may or may not be sustained in the future.

Please contact your nearest Mutual Fund office/Financial Distributor (Banks/Individual Financial Adviser, etc) for any further details.

STARTING EARLY PAYS

Staying invested for a long term is important, but in order to maximize the end returns, it's crucial you start early. The below mentioned example clearly puts across the advantages of starting early – Ravi and Shashi start investing Rs.2000 every month, earning interest at 8% p.a. on a monthly compounding basis. The only difference is Ravi starts at the age of 25, while Shashi starts investing at the age of 35. Both of them invest Rs.1.2 lakhs over a period of 5 years and then hold their investments till they turn 60. Ravi's investment appreciates to over Rs.14,08,551 while Shashi's investment grows to only Rs. 5,68,999. Thus reinforcing the fact - more the time period, better the returns.

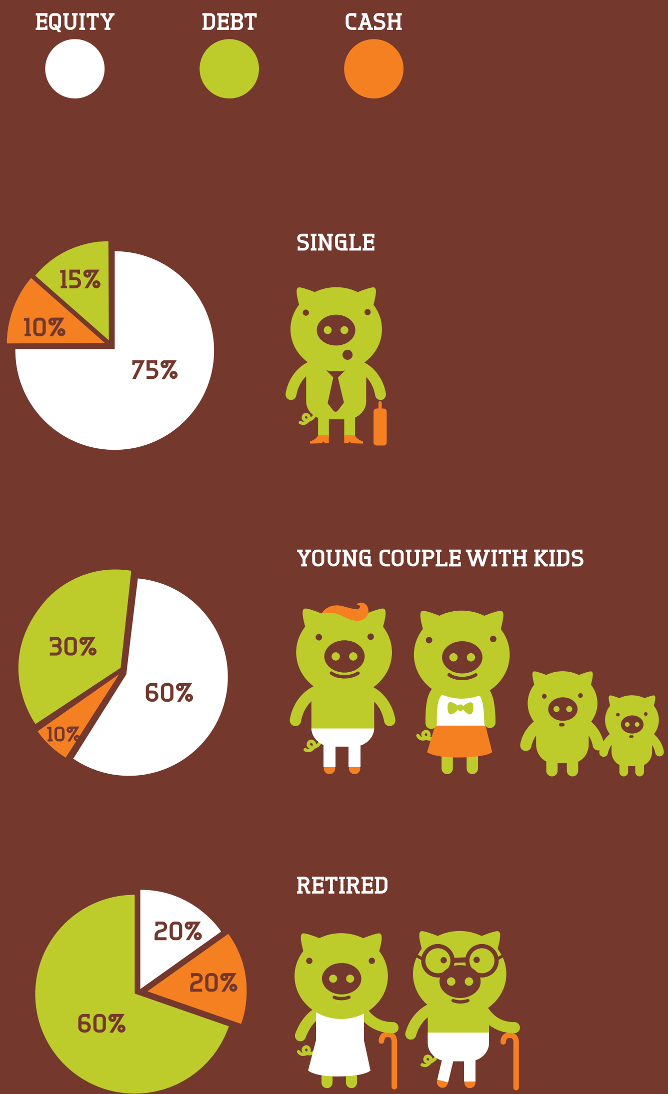


• This is a hypothetical illustration to explain the concept of "Power of Compounding", assuming that the person saves Rs. 2000, every month at an interest rate of 8%.

HERE'S HOW TO INVEST

All this knowledge would be wasted if you do not know where and how to invest. Before that what's important is how much does one invest? The answer to this question would depend on your goals. As discussed earlier every person might have different goals and responsibilities to fulfil in life, thus how much to invest would differ from individual to individual. For example, a couple with 2 kids would have different responsibilities to take care of, whereas a retired couple would have different priorities along with different goals to fulfil. Thus the question of 'How much to buy?', should not arise. The important question to ask is 'How to buy?'

First of all everybody needs to define their financial goals very clearly which is also called goal planning, then depending on the goals and the risk you can take, identify and then evaluate the Mutual Funds. You could either buy them online or offline. Online could be either directly through the website of the Asset Management Company (AMC i.e. Mutual Fund Company) or through any distributor partner who provides an online platform for investing in Mutual Funds, (e.g. Banks, Stock Brokers) etc. Or else one could call/walk-in/reach the local financial distributor/adviser, wherein you will be required to fill in the form and then submit the same along with relevant documents. The financial distributor would help you to do the same. Once the AMC (Mutual Fund Company) accepts your form and your payments are cleared, you are set to achieve your goals through the Mutual Fund route.



This is an illustration. There are many models available that suggest the appropriate investment mix in your portfolio. Consult a professional Financial Planner to get the right portfolio made, as there are many variables apart from age and family size.

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HERE'S WHOM TO CONSULT

There are approximately around 1 lakh directly empanelled distributors who sell Mutual Funds across the country. However, the total number of people who could assist you with Mutual Funds would be far larger in number as there would be many banks who would be distributors of Mutual Funds. Also some large distributors who have large sales team deployed pan India.

Website address and the contact number of Mutual Fund companies in India

Name of the AMC	Website	Toll Free No.
• AIG Global Asset Mgmt. Co. (India) Pvt. Ltd.	aiginvestments.co.in	1800 200 3444
• Axis Asset Management Company Ltd.	axismf.com	1800 3000 3300
• Baroda Pioneer Asset Mgmt. Co. Ltd.	barodapioneer.in	1800 419 0911
• Benchmark Asset Mgmt. Co. Pvt. Ltd.	benchmarkfunds.com	1800 22 5079
• Bharti AXA Investment Managers Pvt. Ltd.	bhartiaxa-im.com	1800 103 2263
• Birla Sun Life Asset Mgmt. Co. Ltd.	birlasunlife.com	1800 270 7000 1800 22 7000
• BNP Paribas Mutual Fund	bnpparibasmf.in	022 33704000

Name of the AMC	Website	Toll Free No.
• Canara Robeco Asset Mgmt. Co. Ltd.	canararobeco.com	1800 209 2726
• Daiwa Asset Mgmt. (India) Pvt Ltd	daiwafunds.in	1800 419 5000
• Deutsche Asset Mgmt. (India) Pvt. Ltd.	dws-india.com	1800 209 5005
• DSP BlackRock Investment Managers Ltd.	dspblackrock.com	1800 200 4499
• Edelweiss Asset Mgmt. Ltd.	edelweissmf.com	1800 425 0090
• Escorts Asset Mgmt. Ltd.	escortsmutual.com	011 4358 7420/ 4358 7415
• FIL Fund Mgmt. Pvt. Ltd	fidelity.co.in	1800 2000 400/ 1800 180 8000
• Franklin Templeton Asset Mgmt. (India) Pvt. Ltd.	franklintempletonindia.com	1800 425 4255/ 60004255
• Goldman Sachs Asset Mgmt. (India) Pvt Ltd	gsam.in	022 66279032
• HDFC Asset Mgmt. Co. Ltd	hdfcfund.com	1800 233 6767
• HSBC Asset Mgmt. (India) Pvt. Ltd.	assetmanagement.hsbc.com	66145000
• ICICI Prudential Asset Mgmt. Co. Ltd.	icicipruamc.com	1800 222 999/ 1800 200 6666
• IDBI Asset Mgmt. Ltd.	idbimutual.co.in	1800 22 4324
• IDFC Asset Mgmt. Co. Pvt. Ltd.	idfcmf.com	1800 22 6622
• India Infoline Asset Mgmt. Co. Ltd	iiflmf.com	1800 200 2267
• ING Investment Mgmt. (India) Pvt. Ltd	ingim.co.in	1800 22 0042
• JM Financial Asset Mgmt. Pvt. Ltd.	jmfinancialmf.com	1800 1038 345

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Name of the AMC	Website	Toll Free No.
• JP Morgan Asset Mgmt. India Pvt. Ltd.	jpmorganmf.com	1800 22 5763
• Kotak Mahindra Asset Mgmt. Co. Ltd.	kotakmutual.com	1800 22 2626
• LIC Mutual Fund Asset Mgmt. Co. Ltd.	licnomuramf.com	022 220 42450
• L & T Investment Management Limited	lntmf.com	1800 209 6565
• Mirae Asset Global Invt. Mgmt. (India) Pvt. Ltd.	miraeassetmf.co.in	1800 1020 777
• Morgan Stanley Investment Mgmt. Pvt. Ltd.	morganstanley.com	1800 425 1313
• Motilal Oswal Asset Mgmt. Co. Ltd	motilaloswal.com	1800 200 6626
• Peerless Funds Management Co. Ltd	peerlessmf.co.in	1800 200 9995
• Pramerica Asset Managers Pvt. Ltd.	pramericamf.com	1800 266 2667
• Principal PNB Asset Mgmt. Co. Pvt. Ltd.	principalindia.com	1800 425 5600
• Quantum Asset Mgmt. Co. Pvt. Ltd.	quantumamc.com	1800 22 3863
• Reliance Capital Asset Mgmt. Ltd.	reliancemutual.com	1800 300 11111
• Religare Asset Mgmt. Co. Pvt. Ltd.	religaremf.com	1800 209 0007
• Sahara Asset Mgmt. Co. Pvt. Ltd.	saharamutual.com	022 67520121/27
• SBI Funds Mgmt. Pvt. Ltd.	sbimf.com	1800 425 5425
• Sundaram BNP Paribas Asset Mgmt. Co. Ltd.	sundarammutual.com	1800 425 7237

Name of the AMC	Website	Toll Free No.
• Tata Asset Mgmt. Ltd.	tatamutualfund.com	1800 209 0101
• Taurus Asset Mgmt. Co. Ltd.	taurusmutualfund.com	022 66242700
• Union KBC Asset Mgmt. Co. Pvt. Ltd	unionkbc.com	1800 200 2267
• UTI Asset Mgmt. Co. Ltd.	utimf.com	1800 22 1230

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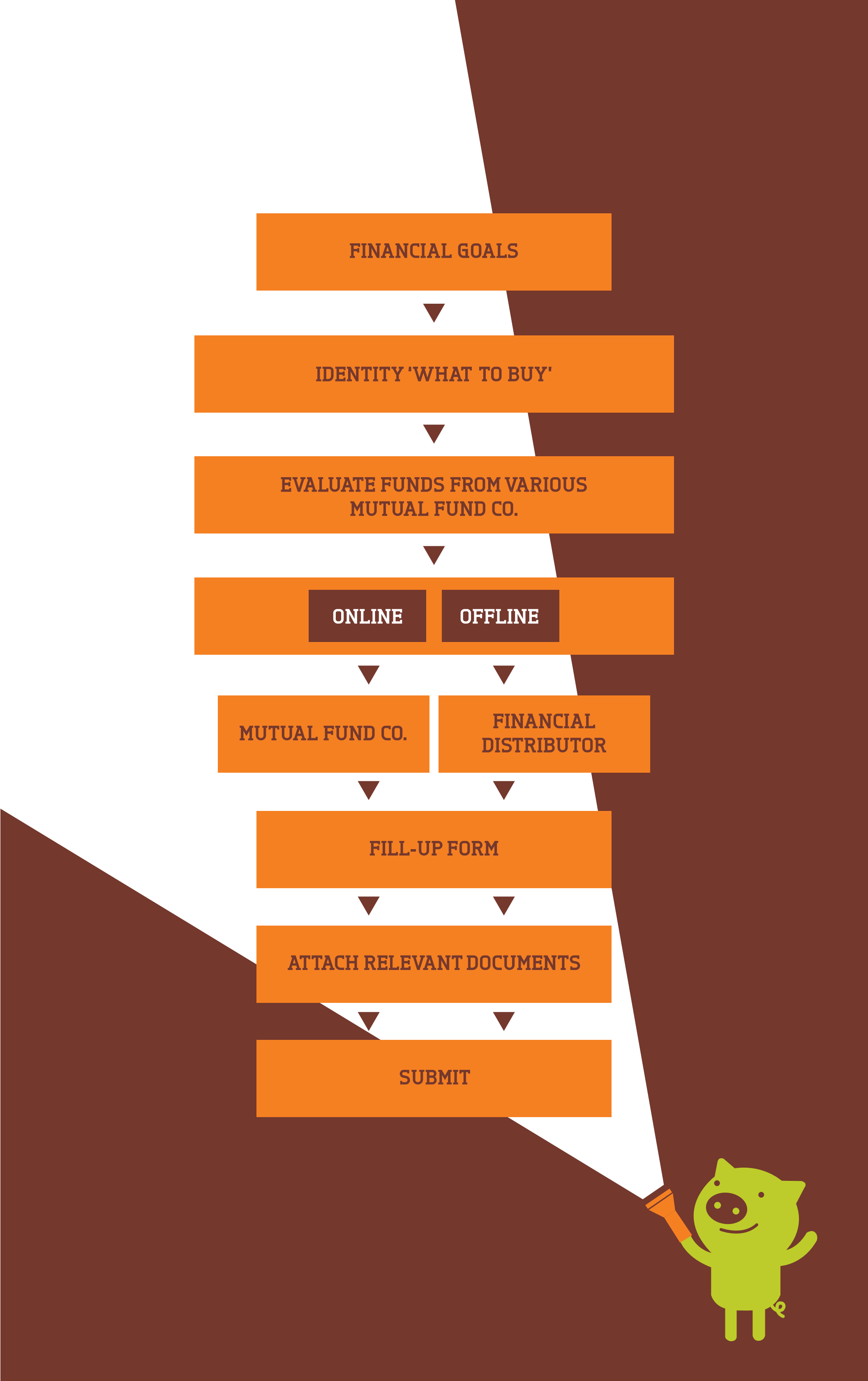
FINANCIAL GOALS
IDENTITY 'WHAT TO BUY'
EVALUATE FUNDS FROM VARIOUS MUTUAL FUND CO.
ONLINE
OFFLINE
MUTUAL FUND CO.
FINANCIAL DISTRIBUTOR
FILL-UP FORM
ATTACH RELEVANT DOCUMENTS
SUBMIT

MYTH

For investing in Mutual Fund you require a Demat account.

TRUTH

Mutual Funds can be bought either online, either directly through AMC (Mutual Fund Company) or through a broker; however, one can also invest offline by filling a physical form. One can contact the nearest distributing partner, which could be either a bank, individual financial adviser or even a stock broker who sells Mutual Funds. If one has a Demat account, he/she can buy Mutual Funds in Demat format or else they can even buy it offline by just filling in a form.

AFTER YOU INVEST

Once you buy a Mutual Fund you would get a statement which will consist of the details such as; your personal details, amount invested, current NAV, etc. This statement is known as account statement. You would not only receive the account statement after a few days of your investments, but also would receive the updated account statements on periodic basis, thus the Mutual Fund house keeps you updated on your investments.

Now that we have all seen what Mutual Funds are, along with why and how one should invest. The most important part which we have time and again been discussing; investments have meaning only when they can be put to use when you 'require' the money. Thus, it is even more important to understand how to get your money back at the time you 'require' it.

It is pretty much simple, you just need to sign a form and make sure the form is submitted to the AMC (Mutual Fund Company). Now this raises a lot of questions, how does one do this? Let us understand this in detail.

The process of applying for withdrawal of money is known as redemption. The redemption form can be procured either online or offline. Online it would be available on the AMC's website, or one could get a physical form either from the AMC's branch office or a financial distributor (same list as provided earlier). Not only that, every account statement you receive will have a redemption form at the bottom of the page. One needs to fill in the form, sign it and submit it. Money would be in your bank account as per the scheme specified days, however the maximum amount of time taken would be not more than 3 working days after submission.

COMMON TRANSACTION SLIP
(Download from Mutual Fund Company's website or get it from the branch or a Financial Distributor)

▼

CHOOSE REDEMPTION

▼

FILL-UP RELEVANT DETAILS
(You could do partial redemption as well)

▼

SIGN THE FORM
(All applicants to the units need to sign)

▼

SUBMIT
(Submit the form to the branch of the specific Mutual Fund Co.)

▼

MONEY INTO YOUR BANK A/C
(Money gets credited to you as per the scheme-specific turnaround time)

Please contact your nearest Mutual Fund office/Financial Distributor (Banks/Individual Financial Adviser, etc) for any further details.

Now, I am sure you will not act the way Suresh has acted. With the awareness you will gather more positive perceptions about the financial markets and Mutual Funds. Just to summarize you need to have your goals in place, then decide upon an investment tool, depending on your goals and requirements choose an appropriate Mutual Fund and invest, and let the rest be taken care by Mutual Fund companies.

Please contact your nearest Mutual Fund office/Financial Distributor (Banks/Individual Financial Adviser, etc) for any further details.

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