kotak
Mutual Fund

INVESTMENT₹R

An Investor Education Initiative
By Kotak Mahindra Mutual Fund

If what you create does not outlive you, then you have failed.

- Uday Kotak

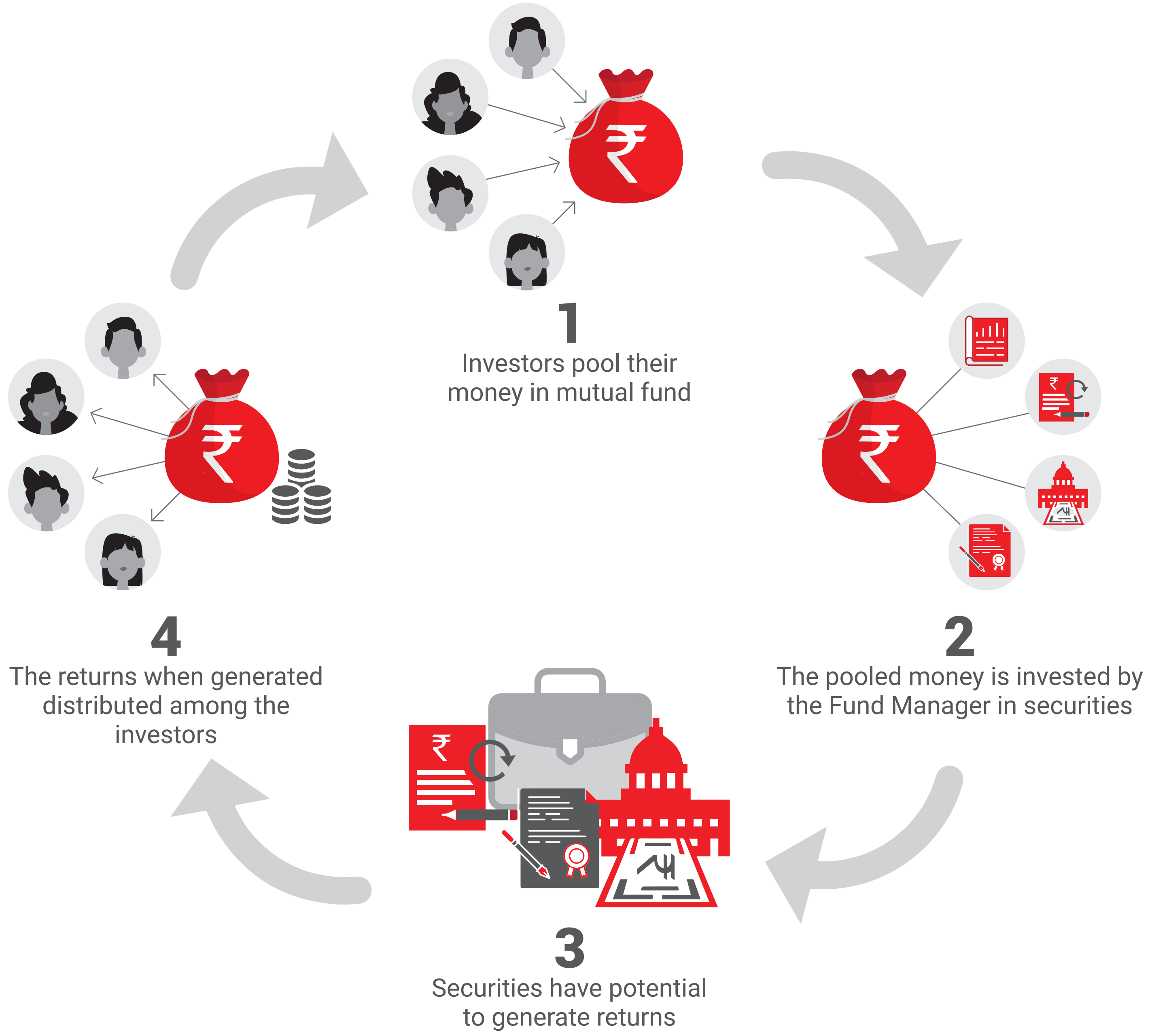
Index

> *It's never too early to encourage long term savings.*
>
> *– Ron Lewis*

What is Mutual Fund?

Mutual Fund is a smart investment tool that helps grow your wealth. All mutual funds are registered with SEBI (Securities Exchange Board of India).

Mutual Fund is a smart investment tool that helps achieve your financial goals.



The gains when generated from this collective investment is distributed proportionately amongst the investors after deducting certain expenses, by calculating a scheme's Net Asset Value or NAV.

Mutual fund is a smart way to make money work harder, without you working for it.

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You work the first eight hours of each day for survival. Anything after that is an investment.

- Thomas Watson

Benefits Of Investing In Mutual Funds

Mutual Funds Benefits

Diversification
'Don't put all your eggs in one basket' Concept

Transparency
Sharing account statements, factsheets and declaring NAVs daily

Rupee Cost Averaging
Your money buys more units when markets are low and vice-versa

Professional Management
Qualified professionals with research teams manage your funds

Regulation
Funds follow strict regulations to protect investors

Liquidity
Redeem your investments with convenient payout options

Mr. A
Invests in Mutual Fund

Professional Fund Managers take investment decisions

Exposure to Well diversified Portfolio

Stress free

Mr. B
Invests in Stocks

Rely on own research for decision making

Limitations on portfolio diversification

Market stress

Invest in Mutual Funds and let the professionals handle your money.

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The stock market is filled with individuals who know the price of everything, but the value of nothing.

- Phillip Fisher

Equity Mutual Funds

What are Equity Mutual Funds?

These funds invest primarily in equity and equity related stocks.

Capital Appreciation

Objective Of Equity Mutual Funds

Income From Equities

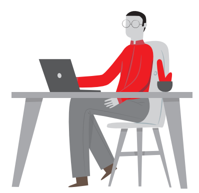
How Long To Invest

It is advised to invest in Equity Mutual Funds with an investment horizon of minimum 3-5 years which enables the fund to ride out different market cycles and volatility.

Why You Should Invest In Equity Mutual Funds

- Equities may generate wealth over the long term
- Professional fund managers will invest your money without you picking stocks
- Can be used to invest In specific sector or industry to enable diversification

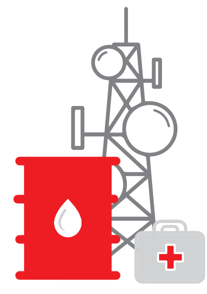
Types of Equity Mutual Funds



Small Cap Funds

Mid Cap Funds

Large Cap Funds



Sectoral Funds

International Funds

Choose Equity MFs if long-term wealth creation is your goal. Though volatile in the short-term, you may be rewarded if you patiently stay invested for a longer time frame.

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> *Those who are unwilling to invest in the future haven't earned one.*
>
> *- H.W. Lewis*

5 Points To Keep In Mind Before Investing

1
Know Your Investment Goal

Based on the time frame of your goal, it can be classified as long-term or short-term goals. Goal based investing helps you to draw a proper plan to meet your financial needs within a stipulated time frame.

2
Know Your Investment Timeframe

Having a defined time frame for your investments can help you prioritize your goals and helps you stay focused and disciplined.

3
Know Your Risk Tolerance

Investing without knowing the risk tolerance can give you sleepless nights. Decide your risk taking ability and stay calm once invested.

4
Know Your Asset Allocation

It's necessary to decide Asset Allocation to diversify your investment across Equity, Debt & Gold. Knowing how much to invest across these instruments will help manage risk-reward aptly.

5
Know Which Product To Invest

Zero in on a product that suits your investment needs and matches the time horizon of your investment as well as your risk taking capability.

Keep these 5 points in mind before investing to meet your financial needs with discipline.

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> *Try to learn from your mistakes - better yet, learn from the mistakes of others!*
>
> *- Warren Buffett*

Investing With A Goal In Mind

"A goal is a dream with a deadline" - Napoleon Hill
We all have some goals in our lives and to attain those, we need to plan our investment smartly.

Investing With A Goal In Mind Helps You Decide On...

- Where to invest ?
- How much risk ?
- How much to invest ?
- How long to invest ?

Investing Without A Goal is Like Travelling Without Destination
Planning For Investment Is As Simple As Planning For Travel. Let's See How

Planning for travel		Planning for investing
Place to travel	Decide	Goals to fulfill
When to travel	Timeline	When to reach the goal
Deciding the budget	Budget	Investment required
Select transportation & stay options	Option	Select the right product based on asset allocation
When to start travel	Commencement	When to start investing
Finding the best deal	Research	Find a suitable product within the asset class
Consulting a Travel Planner	Expert Advice	Consulting a Financial Advisor

Define Your Goal To Know A Suitable Product For Investment

Short-Term Goal
0 to 3 Years

Buying a car, home appliances, creating an emergency fund or alike

Suggested investment in
Liquid & Debt Funds

Mid-Term Goal
3 to 5 Years

Foreign trip for the family, Marriage or alike

Suggested investment in
Hybrid Funds (Equity oriented)

Long-Term Goal
5 or More Years

Child Education, Marriage, Retirement or alike

Suggested investment in
Equity Funds

Points To Be Considered While Goal Based Investment Planning

Goals Should Be Smart

Review & Realign

Don't Forget Inflation

Investing with a goal in mind helps you stay committed and focused on your investments

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> *Compound interest is the eigth wonder of the world. He who understands it, earns it; he who doesn't, pays it.*
>
> *- Albert Einstein*

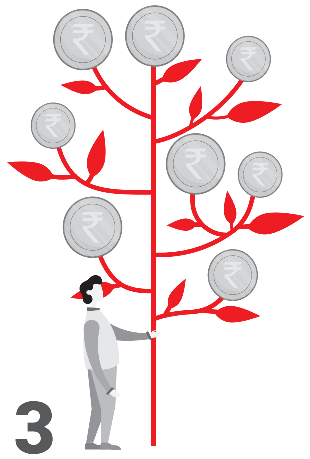
Reasons To Do An SIP

1 Brings In Discipline

Investing on a pre-set date every month, makes you set aside fixed sum of money to invest and gradually turns you into a disciplined investor.

2 Rupee Cost Averaging

You get more units when the markets go down and less when it goes up. Thus you average out the cost of buying mutual fund units.



3 Power Of Compounding

The longer you stay invested, more is the benefit of compounding. It is like earning interest on interest. Hence start an SIP early & enjoy the power of compounding.

4 Convenience

SIP offers convenience since you invest a small amount periodically without affecting your household budget.

5 No Need To Time The Market

Investing through SIP helps you avoid timing the market.

6 Helps in Achieving Financial Goals

SIP is a smart tool that helps break your big goals into small amounts. Just ascertain the investment amount & start investing regularly through a SIP to achieve your dreams.

7 Flexibility To Select Investment Frequency

Select an investment frequency based on your convenience and need.

Start an SIP today to generate wealth in the long-run!

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> *In investing money the amount of interest you want should depend on whether you want to eat well or sleep well.*
>
> *- Kenfield Morley*

Benefits of Compounding

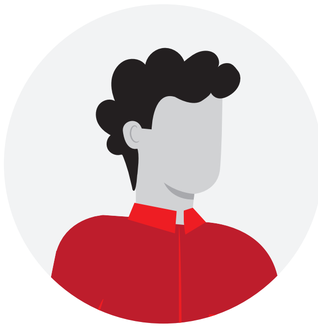
"Compound interest is the eighth wonder of the world." - Albert Einstein

Why Is It So? Let Us Understand

In Compounding, interest is generated not only on the initial invested amount but also on the previously accumulated interest. Reap the benefits of Compounding by investing early to achieve your financial goals.

Let us understand with an example

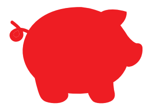
Mr. A



Age 25

Starts investing for his retirement

50,000 p.a.



Mr. B

Age 30

Starts investing for his retirement

62,500 p.a.

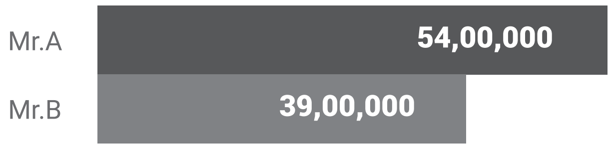
When they turn 50, they both had invested

₹12,50,000 each.

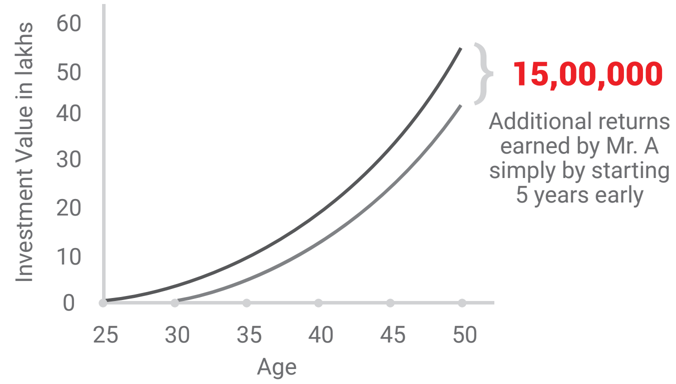
However, their investment or holding value was different.
Let us see what is their investment value when they turn 50.

Value Of Investment

We assumed that both earned 10% returns (compounded annually) on their investment



Let us see how their investment grew over over the years



Benefits Of Compounding

1
Starting early gives you the benefit of investing smaller amounts

2
Staying invested for longer help you in getting better returns

3
Proper planning can help you achieve your financial goals

Time is the best wealth creator - The earlier you start and longer you stay invested, the more rewarding it is! Hence avoid delays in investing.

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> Rule number one: Don't lose money.
>
> Rule number two: Don't forget rule number one.
>
> \- Warren Buffett

Sabr Ka Fal - Be Patient with SIPs

It takes about 5-10 years for a mango tree to finally, bear the fruit we love so much.

Similarly, staying invested for as long as possible may help you achieve your financial goal. While you can start and stop your SIP at any time, you should stay invested for as long as you can.

For Instance, Let Us Look At Mr. A And Mr. B And Analyse Their Financial Choices

Mr. A

Mr. B

Same College | Same Job | Same Salary

Years

Mr. A		Mr. B
Mr. A chooses to invest **1,000** per month through SIP		Mr. B chooses to save **2,000** per month
Assuming **12%** returns	10 Years	He then invests the **2,40,000** that he has saved
		Assuming **12%** returns
Total Investment ₹2,40,000 =		Total Investment = ₹2,40,000
Portfolio worth* **9,99,148**	20 Years	Portfolio worth* **7,45,403**

Thus, staying invested and having patience when it comes to your SIP is the key to capital appreciation.

*The above investment simulation, based on assumed rate of return(s), is for illustration purpose only and should not be construed as a promise on minimum returns and safeguard of capital. This is only an illustration & a hypothetical example to demonstrate the concept of compounding and should not be construed as a promise, guarantee or a forecast of any minimum returns.

Systematic and regular investments pay off in the long term due to the power of compounding

> *Wealth is like sea-water; the more we drink, the thirstier we become; and the same is true of fame.*
>
> *– Arthur Schopenhauer*

Reason To Opt For SIP Top-up

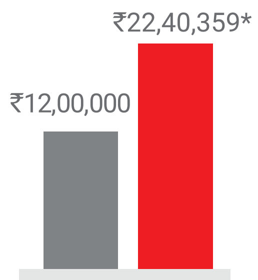
SIP Top-up Facility provides an option to increase your SIP installment amount at pre-defined intervals.

Lets Us See With An Example, How This Tool Can Help You Become Wealthy In A Disciplined Manner.

Ms. A and Ms. B started investing ₹10,000 each in an equity mutual fund scheme* in 2005. Ms. A kept on investing the same amount over the next 10 years, whereas Ms. B increased her SIP amount every year by ₹500. Let us see how their investment faired after 10 years.

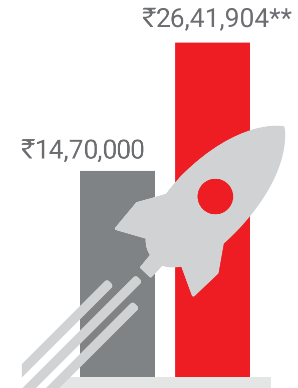
*considered Sensex

Ms. A		Ms. B
₹10,000	2005	₹10,000
₹10,000	2006	₹10,500
₹10,000	2007	₹11,000
₹10,000	2008	₹11,500
	after 7 years	
₹10,000	2015	₹14,500



Growth Of Investment*

Total investment | Investment value



Thus, a small SIP top-up of ₹500 can make a huge difference in wealth accumulated

Benefits Of SIP Top-up

1 Increase your investment without even realizing it

2 Manage your income to investment ratio better

3 Manage your financial goal better

* SIP returns are calculated by XIRR approach assuming investment of Rs 10000 @ 12% on the 1st working day of every month Compounded monthly

* *SIP top-up returns are calculated by XIRR approach assuming investment of Rs 10000 @ 12% on the 1st working day of every month for the first year, with a Rs 500 annual increase in SIP amount the returns are compounded monthly

You too can boost your investment using SIP Top-up facility

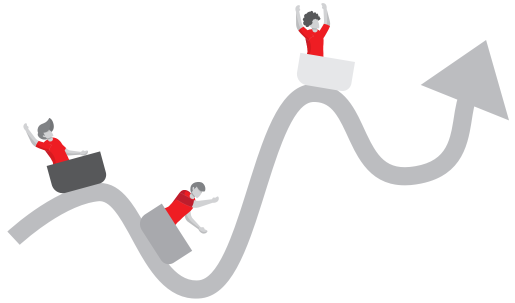
If a business does well, the stock eventually follows.

- Warren Buffet

Investing In Volatile Markets

How To Ride On Volatility?

Markets are volatile by their nature! Investors need to know how to manage volatility to benefit from it.



Let Us First Understand, What Causes Volatility?

In the short term, markets get swayed away by speculation and noise created by the media. But, in the long run, it rewards those who stay focused on their investment strategy & goal.

1 Global Factors
Uncertainty in global economy

2 Domestic Factors
Uncertainty in domestic economy, political scenario, inflation & currency volatility

3 Industry Specific
Risk arising due to sector specific policy changes

4 Company Specific
Risk arising from company's management & operations

Market volatility in the short, medium and long term

In the short run, the market volatility is inevitable. Whereas in the long run, volatility is a myth.

Mutual Fund – Key To Manage Volatility

With Mutual Funds, one can invest across various asset classes like equity, debt and others that could help you sail through volatility rather smoothly. Let us understand how Mutual funds can help in managing volatility with ease?

Offers Diversification
Mutual funds invest your money in different asset classes/sectors and offers diversification that helps manage portfolio volatility better.

Stay Patient
In investing, EQ (Emotional Quotient) is more important than IQ (intelligence quotient).

Discipline
Make volatility your friend using SIP. With every dip in the market, the SIP instalment garners more units for you, which turns market downturns in your favour.

Keep calm and keep investing!

> *Forecasts may tell you a great deal about the forecaster; they tell you nothing about the future.*
>
> *– Warren Buffet*

5 Steps Which May Help You Generate Wealth

Here's how you can tread the path which may help you generate wealth.

1 Save Smartly

Saving is the first step to wealth creation. Save as much as you can by putting a curb on unwanted spends. Review your spending habits periodically & save diligently.

2 Invest – The Sip Way

Put your regular savings into action by investing through SIP* in any mutual fund scheme/s of your choice.

3 Channelize Savings To Investments

Saving alone won't help. Based on your financial needs, channelize your savings into different investment products. Mutual Funds are a smart tool to invest in.

4 Increase Savings & Investments Periodically

Your savings and investments should increase in the same proportion as the rise in your income levels. Give your SIPs regular top-up to boost your investments.

5 Invest Lumpsum When Possible

Invest a certain part of the windfall gains/bonus as a lumpsum amount to your regular mutual fund investment rather than splurging it.

*SIP-Systematic Investment Plan

Creating wealth is very simple. Just be disciplined once you start investing.

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If you don't value your time, neither will others. Stop giving away your time and talents. Value what you know & start charging for it.

– Kim Garst

5 Reasons To Invest In Equity Linked Savings Scheme (ELSS)

Check out these 5 reasons to select elss over other traditional tax saving investment options.

1
Save Tax & Create Wealth

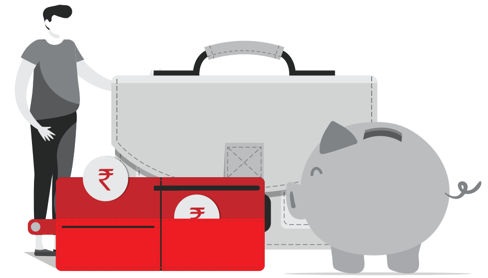
Investments in ELSS qualify for tax deductions of up to ₹1.5 lakh in a financial year under Section 80C of the Income Tax act. Also, ELSS has the potential to create wealth through equities.

2
Shortest Lock-in Period

It has a lock-in of just 3 years which is lower than other tax saving investment options.

3
Invest Small

Can start investing with as low as ₹500. While you can also opt to start a SIP.



4
Taxation Policy

Investment held for less than a year qualify for short term capital gains tax of 15% plus applicable cess and surcharge. Investments held for more than a year qualify for long term capital gains tax exceeding ₹1 Lakh in a year at a rate of 10% without indexation plus applicable cess and surcharge.

5
Benefits From Compounding

Long term equity investment ensures you benefit from compounding.

Follow these 5 simple steps to retire peacefully.

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“

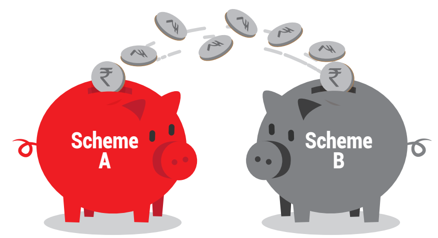
We don’t have to be smarter than the rest. We have to be more disciplined than the rest.

- Warren Buffet

”

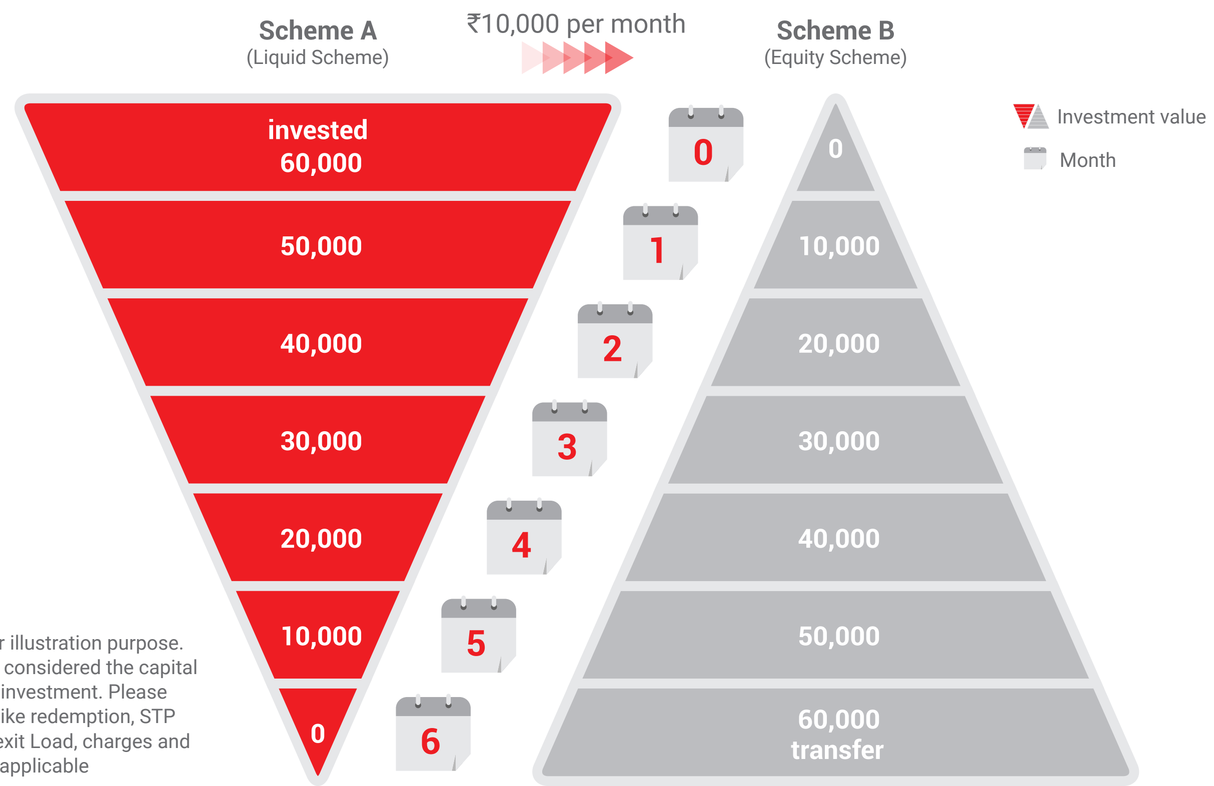
How To Use STP Smartly

Systematic Transfer Plan (STP) is a tool provided by Mutual Funds that help transfer money automatically between two schemes at a predefined frequency.



How It Works

Mr X had invested ₹60,000 in scheme A (Liquid – Debt scheme). Now, he wants to transfer ₹10,000 every month in scheme B (an Equity scheme). With STP, he can invest in scheme B using his existing investment in scheme A, simply by following a one-time registration process.



* Data for illustration purpose. Have not considered the capital gains on investment. Please note – Alike redemption, STP attracts exit Load, charges and taxes as applicable

Different Types of STP

Fixed STP
Transfer amount is fixed

Capital Appreciation STP
Transfers only profit amount

Flexi STP
Transfers variable amount* based on liquidity

*minimum transfer amount can vary from different schemes

Strategies To Use STP Smartly

Fixing Liquidity Problems
Facing liquidity problems but want to invest regularly? Simple, once you get money, invest the lumpsum amount in liquid scheme and start STP into an Equity the scheme – it works like SIP.

Plan Your Tax Savings Better
Let say you have liquidity issue and still want to invest in an ELSS, start an STP from an existing investment in equity scheme to an ELSS and save tax.

Doing Value Based Investing
Rebalance the portfolio across assets based on market valuation, using STP. When markets look overpriced, start STP from equity scheme to liquid scheme and vice versa.

Managing Asset Allocation For Goal Based Investing
Investors who are nearing the goal either in terms of amount and / or time can transfer investment from equity to the liquid scheme using STP to manage portfolio volatility better.

Use STP prudently to earn smart returns on your investments.

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> *An investment in knowledge always pays the best interest.*
>
> *– Benjamin Franklin*

What Is An ETF?

An Exchange Traded Fund (ETF) is an investment fund traded on stock exchanges, much like stocks.

Exchange

They are bought and sold on a stock exchange like Bombay Stock Exchange (BSE) or the National Stock Exchange

Traded

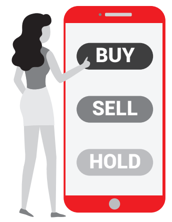
They can be traded throughout the day like a stock on a real time basis

Fund

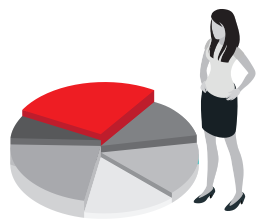
Like a Mutual Fund, they track the valuation of an index or basket of assets

ETFs VS Equity Shares

Both can be bought, sold or held



Diversification becomes simple with ETFs as compared to Direct Equity



ETFs VS Mutual Funds

Both are baskets of stocks and/or bonds

Price of ETFs change dynamically whereas Mutual Fund NAVs are declared at the end of the day

Types Of ETFs

Equity ETFs

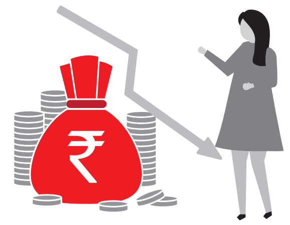
Gold ETFs

Bank ETFs

Debt ETFs

Benefits Of Investing In ETFs

Lower Cost Alternative to diversification



Easier Redemption due to daily liquidity

ETFs are an emerging investment class and you can allocate a small portion of your investment for better diversification.

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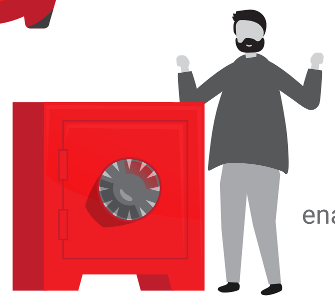
> *Happiness is not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort.*
>
> *– Franklin D. Roosevelt*

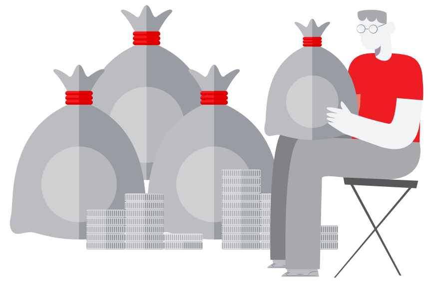
5 Reasons Why You Should Invest While You Are Young

You Can Start Small.
One can invest in mutual funds with as less as ₹500 and gradually increase the amount. A small part of your salary, stipend or pocket-money will go a long way if you invest in mutual funds early.

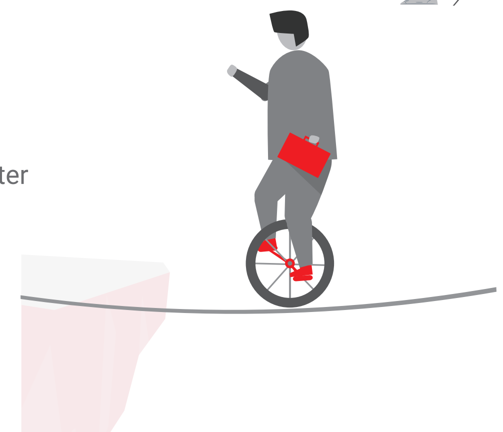


Improve Your Spending Habits.
Investing while you are young enables you to develop the habit of disciplined spending.

Power Of Compounding.
Earlier you start, greater is the Power of Compounding since you stay invested for a long time.



Accumulate A Larger Corpus Amount.
When you stay invested over a long period of time, you stand a better chance to accumulate a sizeable corpus by the time you retire.



Higher Risk Taking Ability.
When you are young, you have a better chance to take risks since you have lesser responsibilities at this stage. You also have more time to invest which ultimately helps in generating more wealth over the long run.

Investing early not only helps you plan your long term goals, but also gives you the advantage of taking more risks.

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> *The safe way to double your money is to fold it over once and put it in your pocket.*
>
> *– Frank Hubbard*

5 Steps To Secure Your Child's Future Using Mutual Funds

When it comes to the future of your child, you do not think twice. You will do whatever it takes. You can build it brick by brick and one step at a time without hurting your finances. Mutual Funds are a way to go.

1 Set Goals

You must know the purpose you wish to save and invest the money for. It could be an international school admission or a professional degree at a university. Set your sight on a figure that will ensure your child gets the education he or she wants.

2 Save More

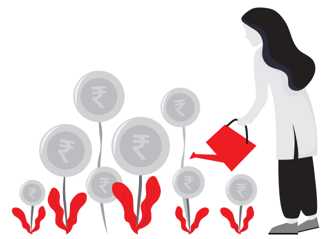
Once you know your goals, set aside some money for this goal before you spend the rest. It is important to get into a good saving habit every month as the stepping stone to secure your child's future.

3 Start With SIPs

A way to get into a discipline of investing is by using SIPs. Systematic Investment Plans or SIPs help you use 'rupee cost averaging'. This means you buy more when prices fall and buy less when prices rise. You can start with as little as ₹500 every month.

4 Use SIP Top-up

As your income grows, you can boost your allocation to SIPs by using the SIP Top-up. This increases the amount you set aside each month for your child's future. A timely boost every month can make a significant difference to the final amount you receive when you need it.



5 Do Not Stop Investing

You must continue your monthly Mutual Fund investments till you meet your goals. If you stop investing for some reason, figure out a way to quickly replenish the child education kitty. The more you stay away, the more you hurt your prospects of reaching your goals on time.

It makes sense to allocate your SIPs to diversified equity funds. Your money grows along with your child. To reap the benefit, you need to give your money that much time.

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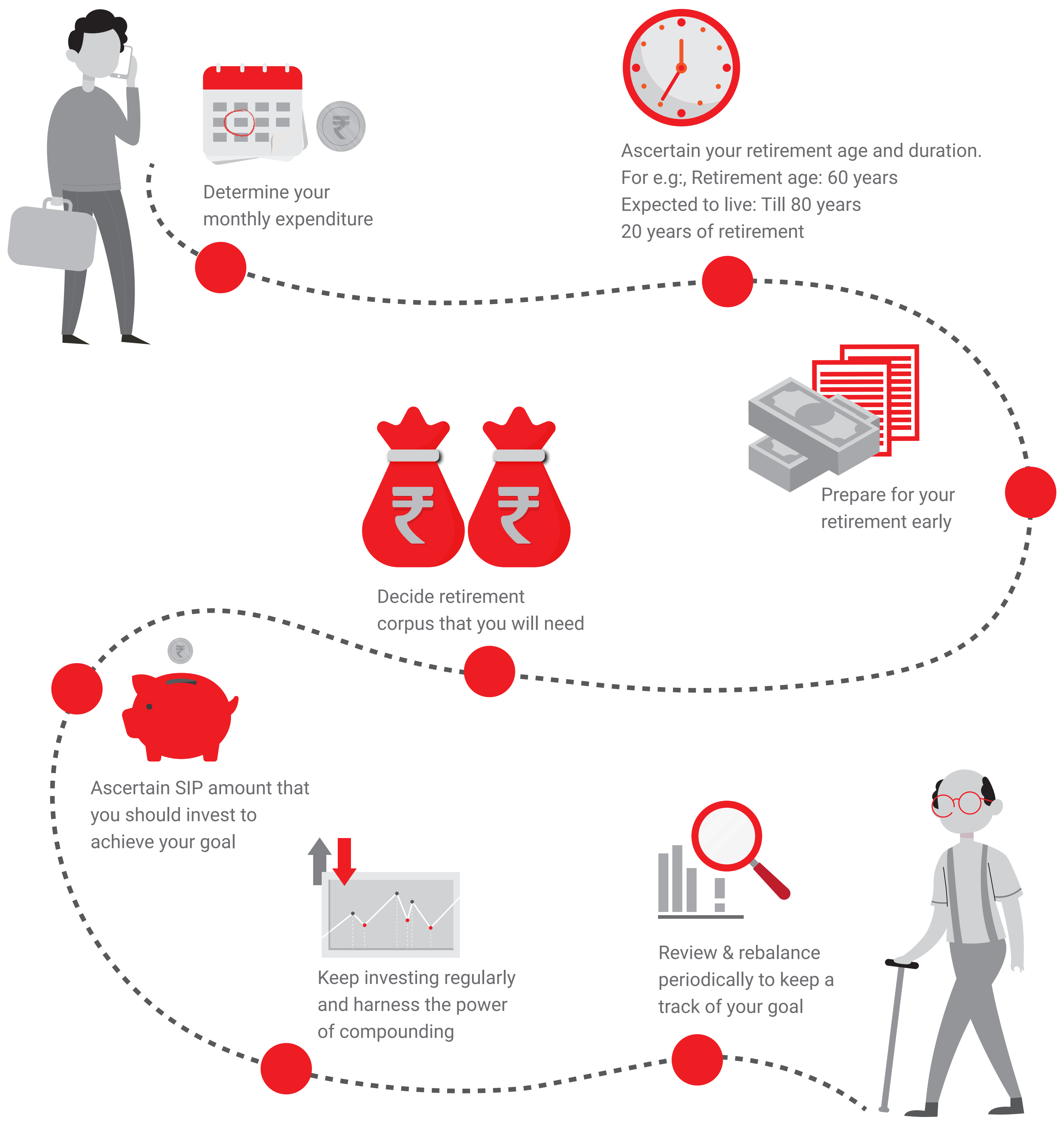
Great investment opportunities come around when excellent companies are surrounded by unusual circumstances that cause the stock to be misappraisal.

– Warren Buffett

Steps to Build a Retirement Corpus



Follow these 7 simple steps to retire peacefully.

INVESTMENTOR AN INVESTOR EDUCATION INITIATIVE BY KOTAK MAHINDRA MUTUAL FUND

> *An investment in knowledge always pays the best interest.*
>
> *– Benjamin Franklin*

Different Mutual Funds For Various Stages Of Life

We have different life goals. Some are short-term like buying a car or a house. Some are long-term like child's professional education or retirement. With so many options in mutual funds, making a choice is easier said than done.

Allow Us To Simplify It For You. Depending On Your Life-stage And Basic Needs, You Can Opt For The Following Types Of Mutual Funds.

Life Stage	Basic Needs	Investment Goals	Mutual Fund To Opt	Why?
Young and working 	Emergency Fund, Build an Investment Corpus or Wealth Creation.	**Short-term:** Save for future wedding. **Medium-term:** Buying a car, house.	**Short-term:** Liquid Funds. **Medium-term:** Balanced Funds. **Long term:** Equity Mutual Fund.	Liquid Funds are used for liquidity. Balanced Funds offer exposure to both Equity and Debt.
Middle-aged couple 	Child's Education, Retirement or Own Home.	**Short-term:** Child's school fees, home loan EMI. **Medium-term:** Child's higher education and wedding, buying a larger house. **Long-term:** Retirement.	**Short-term:** Liquid or Short-term Debt Funds. **Medium-term:** Large Cap Funds. **Long-term:** Diversified Equity MFs, Retirement Plans.	Invest the returns from prior investments in Liquid or Debt Funds for ready availability. Over the long-term, the potential for return is higher than the risk with Equity Funds.
Retirees 	Healthcare, Living Expenses or Medical.	**Short-term:** Daily expenses, medical bills.	**Short-term:** Systematic Withdrawal Plans (SWP).	Capital protection is priority.

Short Term = 6 months- 1 year | Medium Term = 1-5 years | Long Term = 5 years and above

You have multiple options under the Debt, Balanced and Equity Fund categories. Choose the right combination of funds for meeting different goals.

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The highest use of capital is not to make more money, but to make money do more for the betterment of life.

- Henry Ford

7 Myths That Can Be Detrimental To Your Investment Plan

When it comes to investing, the lack of awareness is a common problem. This applies to Mutual Fund (MF) investing too.

Here Are 7 Myths That Can Be Detrimental To Your Investment Plan

1 The Investing Procedure Is Difficult

The myth could not have been more wrong! You can easily invest in Mutual Funds from distributors, financial advisors, brokers or even your own bank.

2 You Need A Demat Account

Your Demat account is required only in case of listed schemes of Mutual Funds and buying equity – shares of companies listed on the stock exchange.

3 You Cannot Exit Mutual Funds Easily

It is very easy to sell and exit. For open-ended funds, Mutual Funds sell or repurchase units on weekdays during market hours.

4 MFs Are All About Equity

Funds invest across asset classes. This includes Debt instruments like Bonds and Money-Market instruments or even Gold. There are different kinds of Gold, Debt and Hybrid Funds available.

5 MFs Are Only For The Long Term

You can invest in Mutual Funds for the short-term too. In fact, Liquid Funds and Short-term Debt Funds can be used for creating your Emergency corpus.

6 You Need To Invest A Large Amount In Mutual Funds

You can start investing in Mutual Funds with as less as ₹5,000 in case of lump-sum investments. If you invest through SIP, you can start investing with as less as ₹500 or ₹1,000.

7 Funds With A Lower NAV Are Cheaper

The Net Asset Value (NAV) represents the value of the assets that the Fund has invested in. It has nothing to do with whether a Fund is available cheaply.

Do not invest on hearsay or follow the herd when it comes to investing. Look at your own needs and then decide.

> *It's not your salary that makes you rich, it's your spending habits.*
>
> *– Charles A Jaffe*

Net Asset Value (NAV) Simplified

(Mutual Funds are bought and sold at their NAV)

So, what's NAV?

NAV is the price per unit of a Mutual Fund like the price per share of a company. It measures how much each unit of a mutual fund is worth.

$$\text{NAV} = \frac{\text{Assets - Liabilities}}{\text{Number of Units}}$$

Assets

Assets include the market value of scheme investment and current assets including Accrued Income

Liabilities

Liabilities include current liabilities and provisions including accrued expenses like management fees, custody charges, commission to distributors & brokers, marketing expenses etc

Number of Units

Total number of units issued by the Mutual Fund Company till date.

Let's Understand This With An Example.

You and your three friends decided to pool in ₹**150** each to buy a large pizza costing ₹**600**

Each friend got **2 slices** each from that pizza, thus the unit cost of each slice comes at ₹**75** (₹600 pizza divided in 8 slices).

Now Just Replace The Pizza With A Mutual Fund

Let's assume there is a mutual fund scheme with total assets under management (AUM) of ₹**600** with 8 outstanding units

The scheme had 4 investors who held **2** units each Thus the NAV of the fund comes at ₹**75** (₹600 AUM divided by 8 outstanding units).

NAV is Calculated Everyday - NAV of Mutual Fund Scheme changes every trading day since the market value of securities it holds changes every trading day.

Busting the Myth - "One should invest in a scheme with a lower NAV" Let's assume there is a scheme A whose NAV is ₹50 and a scheme B whose NAV is ₹100. You invest ₹10,000 in each fund

	Scheme A	Scheme B
Buy NAV (₹)	50	100
Units bought	200 = 10,000 Investment / 50 NAV	100 = 10,000 Investment / 100 NAV

After 1 year, if portfolio value increases by 20% for both the schemes, then

	Scheme A	Scheme B
Value of Investment (₹)	12,000 = 200 units x 60 NAV (50 x 20% + 50 = 60 NAV)	12,000 = 100 units x 120 NAV (100 x 20% + 100 = 120 NAV)

Thus, low NAV does not signify that the scheme is Under-priced and vice versa. What matters is the performance of the scheme.

High NAV should not be a deterrent and low NAV should not be a preference while buying a mutual fund.

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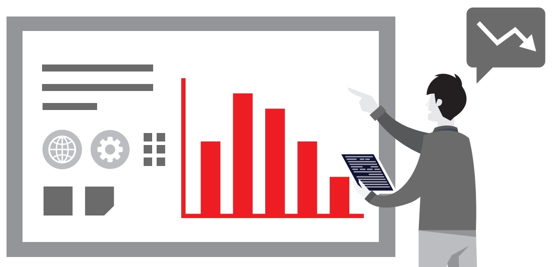
Risk comes from not knowing what you are doing.

- Warren Buffett

5 Investment Risks You Should Know

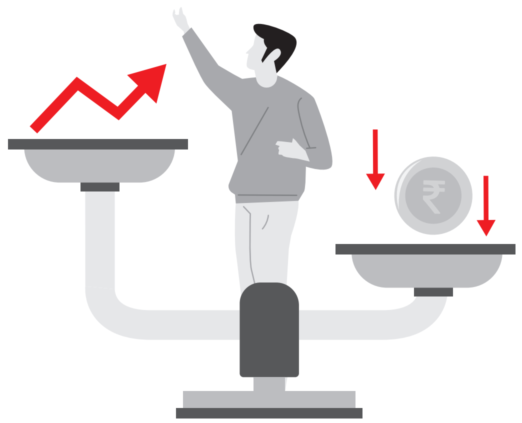
We do not stop living just because there are risks in life. Similarly, we must not stop investing just because there are risks. In the investment world, knowledge is the best hedge against any risk.



1

Stock Market risk

Anything that affects corporate profits can lead to a fall in the Stock Markets.



2

Risk

Interest Rate Risk- When the interest rate rise, bond prices in the market fall. Credit Risk- Default on a debt that may arise when an obligor fails to make required payments

3

Natural calamities

Natural calamities of any sort lead to great losses financially and affect corporate profits.

4

World Risk

In an increasingly globalised and interconnected world, financial markets all over could be affected by events in one country.

5

Socio-Political risks

Political uncertainty can lead to delay in policy implementation and future business prospects.

Embrace risk and learn how to use it to your advantage. Mutual Funds are designed for diversification. The risk in one asset can make up for the loss in another.

When I was young, I thought that money was the most important thing in life; now that I am old I know that it is.

- Oscar Wilde

Who Are You, A Saver Or An Investor?

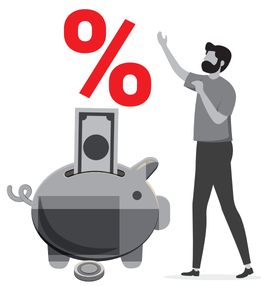
Investing is an art. To become a good investor, it is important to know more about yourself. For that, you need to ask yourself a few questions. Here is a checklist to find out what personality are you?

Saver

Short-term Needs
You usually save for going on vacation or for an emergency.

Easy Access To Money
You prefer keeping money in cash to meet an emergency need or expense.

Negligible Risk
You prefer to play it safe when it comes to investment and prefer government-guaranteed savings scheme account for minimal or no risk.



Gain Interest
You like interest income because it is easy to understand.

Investor

Long-term: Attain Bigger Objectives
You want to save for your child's college education, a holiday home or retiring rich.

You Have Saved Enough
You feel you have enough money in the bank to take care of your emergencies.

Higher Risk
You take the risk because you know inflation is your enemy and just saving is not enough.

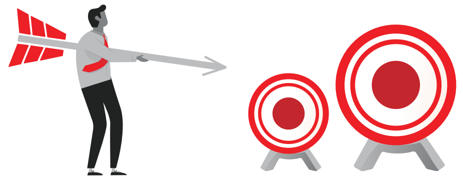
More Possibilities Of Profit
You want to buy when prices are low and sell when prices are high. But you are not sure if that is the right time.

Being a good saver is the starting point of becoming a good investor. Once you have kept aside an adequate sum for emergencies, the transition becomes easy.

> *Emotions are your worst enemy in the stock market.*
>
> *- Don Hays*

7 Investing Mistakes To Avoid

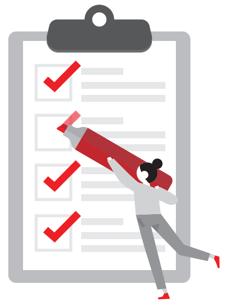
Avoid these common investment mistakes as they can be detrimental to your investment.



1

Investing Without A Goal & Understanding Your Risk Profile

Knowing your investment goals helps give you direction, stay focused and disciplined through your investment journey.



2

Selecting A Product Without Doing Proper Due Diligence

It is imperative to check whether your investment objective matches with that of the schemes' you are investing in. Invest only after doing proper research.

3

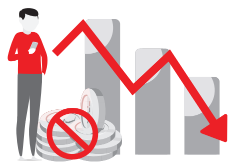
Trying To Time The Market

Invest using SIP and stay invested for long to reach your financial goal.

4

Reshuffling Your Investment Too Often

Taking decisions based on rumours is not advisable. Frequent churning attracts exit loads and in turn affects growth potential.



5

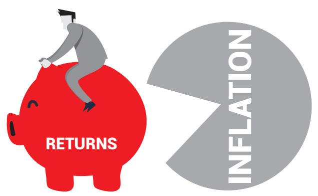
Stop Investing When The Market Are Down

Keep investing through SIP and keep a tab on your emotions across market cycles.

6

Putting All Your Eggs In One Basket

Not all asset classes perform in tandem. Diversify your investment across equity, debt and gold.



7

Not Considering Impact Of Inflation On Returns

Ignoring the impact of inflation on investment can make huge dent in your financial plan.

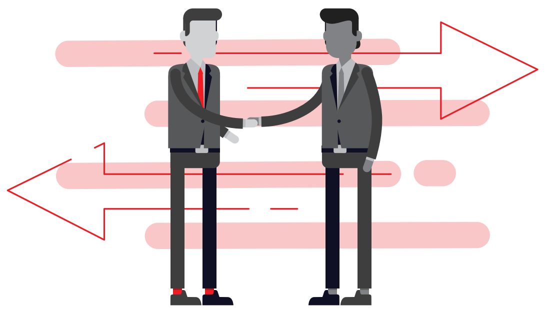
Avoid these simple mistakes and achieve your goals with ease.

> *Wealth is not only what you have but also what you are.*
>
> *- Sterling W. Sill*

Get Started With Mutual Funds Now

Today, investing in Mutual Funds is as easy as tapping on your phone or clicking your mouse.

Here Are 4 Ways To Get Started.



Financial Advisors

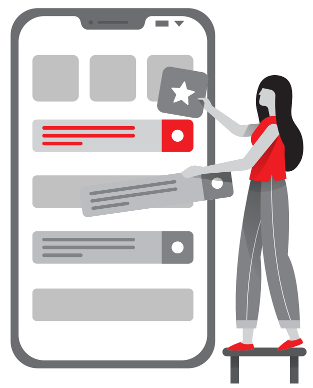
Most advisors and Wealth Managers not just recommend, but also help you buy Mutual Funds. Get in touch with your Advisor to know more about investing in Mutual Funds.

Through Your Broker

Already have a trading account with a broker? You can approach your brokerage house to buy Mutual Funds. They can also suggest the Mutual Funds schemes most suitable to your profile.

From Banks

Most Banks offer investment products, including Mutual Funds Speak to your Banker today.



Buy Direct Funds

If you have the time and the required skills to analyse the funds for finding the one that suits your needs and risk appetite, you can go for Direct funds. You can also buy MFs directly the funds website.

It is a myth that Mutual Funds investing is hard. It's hassle-free! With so many options available, you can get started immediately.

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> *An investor without investment objectives is like a traveller without a destination.*
>
> *- Ralph Seger*

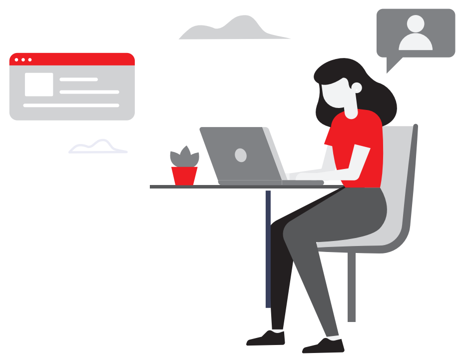
How To Read Your Mutual Fund Statement

You read your credit card statements carefully to ensure you do not pay more or are wrongly charged for something you did not transact.

Similarly, you must read your Mutual Fund holding statement to know more about the performance of your investment.

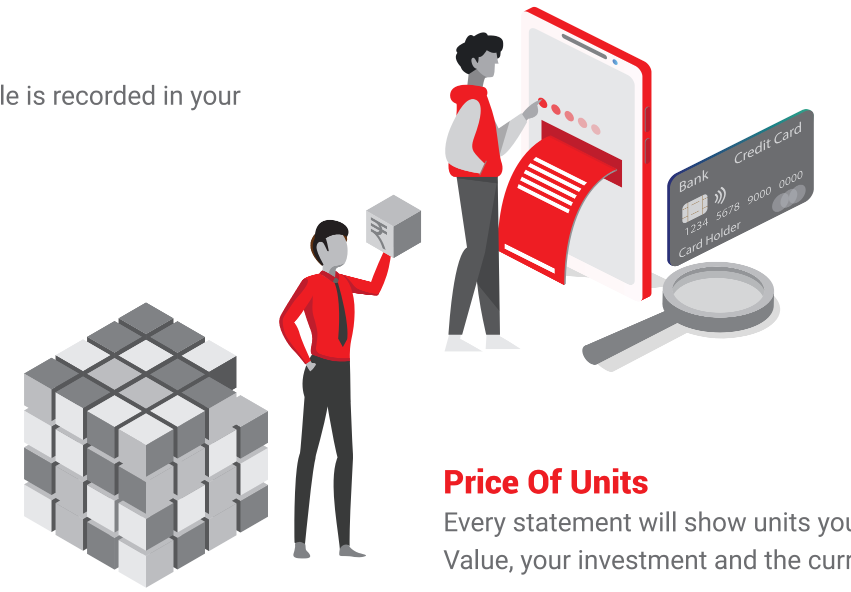
What To Read In MF Statement

Personal Details
You must check that your name, address and PAN Card details are correctly mentioned and your KYC status says 'OK'



Nominee
In case you haven't updated your nominee details then please do so at the earliest. The process to claim or do the transmission of units gets long and cumbersome in the unfortunate event the death of the primary holder.

Transaction
Every purchase or sale is recorded in your account statement.



Price Of Units
Every statement will show units you hold, the Net Asset Value, your investment and the current market value of it.

**Your Mutual Fund transactions are explained in your statement.
Understand how your money is working for you by reading it regularly.**

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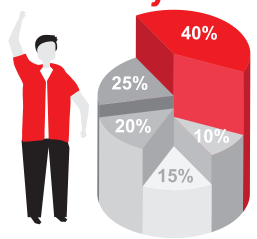
> ❝
>
> *Try to learn from your mistakes - better yet, learn from the mistakes of others!*
>
> *- Warren Buffett*
>
> ❞

Mutual Fund Myth Busters

Mutual Fund investments are believed to be easier than other investment classes, but there are some myths which obstruct people from investing. Let's bust some of the top myths about Mutual Funds.

	Myth		Truth
Who Can Invest? 	Mutual Funds are for experts.	1	In Mutual Funds, the fund manager who is a financial expert tracks various sectors and companies along with a research team and invest on your behalf.
What's The Difference? 	They are same as Direct Equity.	2	Mutual Funds invest in various investment classes ranging from equity to debt.
How Much To Invest? 	You need a large sum of money to invest.	3	Most funds allow investments as low as ₹1000 for SIP. Infact for ELSS the amount is as low as ₹500.
How Long To Invest? 	They are only for the long-term.	4	Equity schemes are for long-term and debt schemes can be from 1 day to a few weeks.
Is More Always Better? 	More funds, better diversification.	5	Ideally, you should diversify your investment with 3-5 funds according to your objective.

Do not invest on hearsay or follow the herd when it comes to investing. Look at your own needs and then decide.

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It's never too early to encourage long term savings.

- Ron Lewis

Debt Fund. An Alternative To Traditional Fixed Income Products.

Let's Learn About Debt Mutual Funds

Debt Mutual Fund is a scheme that invests in fixed income instruments, such as Corporate and Government Bonds, corporate debt securities, and money market instruments that offer capital appreciation.

Features of Debt MF and FD Investments

Debt Fund		Bank FD
Alpha Potential	**Returns**	Fixed Return
Market Risk	**Risk**	Almost Risk-free
Highly Liquid	**Liquidity**	Less Liquid
Yes	**Indexation Benefit**	No

Debt Fund Returns Comprise :

- Capital appreciation/depreciation in the value of the security due to changes in market dynamics
- Interest income

Debt Mutual Funds can play an important role in overall portfolio rebalancing.

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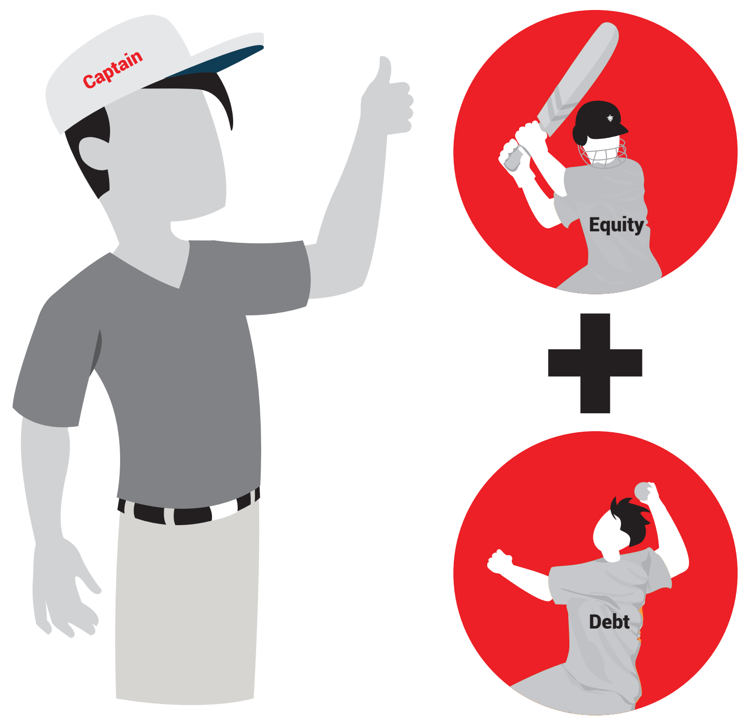
> *Every day I get up and look through the Forbes list of the richest people in America. If I'm not there, I go to work.*
>
> *- Robert Orben*

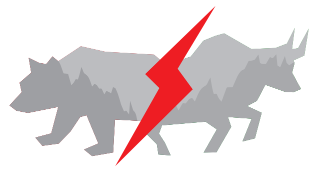
Confused Between Equity And Debt? Go With Hybrid.

If you were the captain of a cricket team, depending on wicket you would pick the optimal mix of batsmen and bowler from the lot for benefit of team. Likewise, the hybrid fund. It invests in equity and debt to avail the benefit of both.



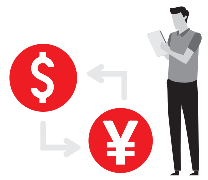
While equity funds are promising and risky, debt funds are comparatively safe and low on returns. For investors who don't want to be at either extreme ends, hybrid is the answer!

The Hybrid fund invests in various market instruments like



Equity (Unhedged)
For Wealth Creation

Fixed Income
For Regular Income



Arbitrage
For Lower Volatility

Hybrid funds could be ideal for budding investors who are eager to take exposure in equity markets.

> *I hate weekends because there is no stock market.*
>
> *- Rene Rivkin*

Let's Know About Inflation. It Lies Ahead Of You.

Inflation is the rise in prices over time, relative to the money available. This table will help you understand better.

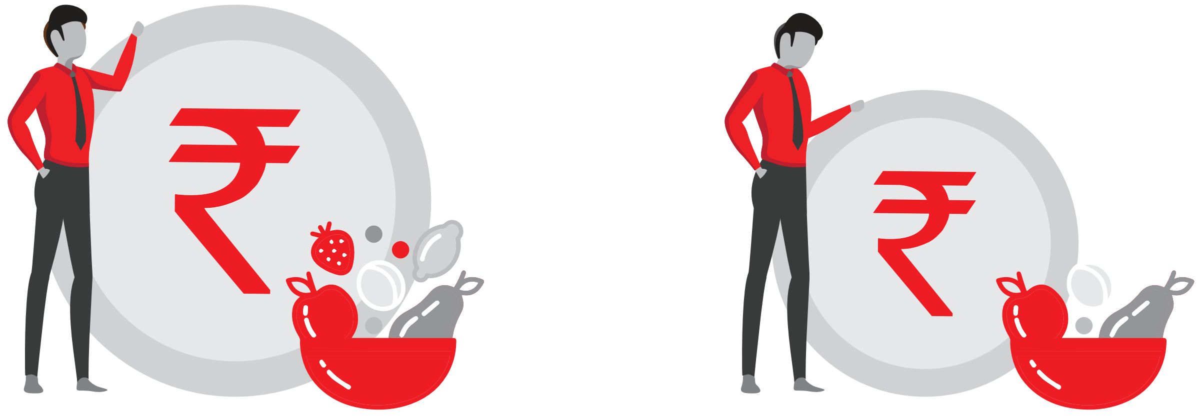
Item	For example Price in 2010	For example Prices in 2020
1 litre of Petrol	₹ 51.4	₹ 80.4
1 litre of Milk	₹ 22	₹ 44

Source: Kotak Internal Research

Inflation is inevitable. Are you prepared for it?

The value of rupee will keep decreasing. A ₹100 earned maybe just ₹92 after a year if it is not invested and the inflation rate is 8%. That is why it is important to be on the lookout for investments which have the potential to generate returns by beating the inflation rate.

If today's purchasing power is ₹100 → **Inflation** 8% → **Purchasing power after 1 year** ₹92



Our financial aim must not be just to save, but make inflation-beating investments.

Wealth is not his that has it, but his that enjoys it.

- Benjamin Franklin

Plan Your Regular Income With Mutual Fund

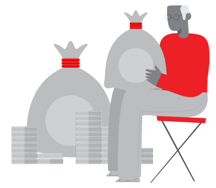
As long as you work, your salary gets deposited into your account regularly. But in case you take a break from work or retire, your income stops. For these situations, financial planning through an SWP (Systematic Withdrawal Plan) is a facility to get regular income from your investment corpus.

For regular income, SWP is the way!

Systematic Withdrawal Plan, or SWP, is a method of withdrawing a fixed amount of money from your investment corpus on a regular basis. The withdrawal can be on a monthly, quarterly or annual basis.

SWP is suitable for those looking to generate regular cash flows:

A person who has received windfall gain such as bonus



The retired

How are SWP taxed?

	Short Term Capital Gain	Long Term Capital Gain
SWP in Equity Mutual Fund	In first year of investment: 15% tax on gains	10% tax on the gains (subject to ₹1 lakh exemption for the financial year)
SWP in Debt Mutual Fund	In the first 3 years of investment: tax as per applicable tax slab	20% tax on the gains with indexation benefit

Example of SWP Scheme

2018 Month	Cashflows (₹)	NAV^	No. of units redeemed	Fund Units	Investment Value (₹)
January	2,00,000	10.00		20000	2,00,000
February	-10,000	11.00	909	19091	2,10,000
March	-10,000	10.50	952	18139	1,90,455
April	-10,000	11.50	870	17269	1,98,593
May	-10,000	12.00	833	16436	1,97,228

In this example, if Capital Gain, arises after each systematic withdrawal will be subject to Short Term Capital Gain Tax. SWP acts as a tax efficient option while handling regular payments. ^The figures in the above table are for illustration purposes only.

Systematic Withdrawal Plan is an excellent option to have for regularity of cash flows to investors.

Important Information

Investors shall deal only with registered Mutual Funds, details of which can be verified on the SEBI website under "Intermediaries/Market Infrastructure Institutions".

Procedure with regard to Investor Grievances

If you have a complaint regarding your fund house w.r.t. your investment , you may reach out to them at their customer service contact number or write to their respective customer service email IDs. Alternatively, you may also contact their investor relation representatives at the branch office listed on their website.
Additionally to this, you may also contact their Compliance Officer(s) for further escalation or you may also contact the Managing Director of the fund house with your grievance.
You can also lodge your grievances with SEBI at http://scores.gov.in or you may also write to any of the offices of SEBI. For any queries, feedback or assistance, please contact SEBI Office on Toll Free Helpline at 1800227575 / 18002667575.

Change of Address

In case a unit holder is KYC Compliant, he needs to submit the requisite documents to the KYC Registration Agency (KRA) for updating the new address.
Once the address is updated with the KRA, the unit holders' address would be automatically updated in AMC's records, provided his KYC status is updated at the AMC's end.
In case a unit holder is not KYC Compliant, he would need to first get himself KYC compliant, and then submit a request to the AMC, to update his PAN (if not done earlier) and KYC, at their end.

Change of Bank Details

In the event that an Investor wishes to Change his Bank Details in AMC records, he needs to submit the below mentioned documents to any of AMC/RTA's
Investor Service Centres:

1. Request for Change of Bank Mandate on the Change of Bank Mandate form.
2. Cancelled cheque leaf in original of New bank account. Investor name should be pre-printed on Cheque Leaf. If the same is not pre-printed then bank account statement also needs to be submitted with Cancelled Cheque Leaf. If Photocopy of New bank cancelled cheque leaf is submitted, the same needs to be attested (original seen & verified) by AMC or RTA representatives.
3. Cancelled cheque leaf in original of existing registered bank account. Investor name should be pre-printed on Cheque Leaf. If the same is not pre-printed then bank account statement also needs to be submitted with Cancelled Cheque Leaf. If Photocopy of New bank cancelled cheque leaf is submitted, the same needs to be attested (original seen & verified) by AMC or RTA representatives.In the event of non-availability of cancelled cheque leaf, the investor will have to provide a declaration in prescribed form along with self-attested copy of his PAN card, Address proof, and 'In-Person Verification' duly updated by AMC/ RTA staff.

Change of Phone Number

For change of Contact Number, the investor needs to submit a written request for the same, duly signed, as per the mode of holding in the folio.

KYC Registration

Documents required for Individual

1. KYC Application Form for Individual – with 'In-Person Verification' duly updated
2. Attested photocopy of PAN Card in the name of Applicant
3. Attested photocopy of Current Address proof in the name of Applicant (for correspondence and permanent-Not more than 3 months old)

Documents required for Non-Resident Individual

1. KYC Application Form for Individual – with 'In-Person Verification' duly updated
2. Attested photocopy of PAN Card in the name of Applicant
3. Attested photocopy of Passport/PIO Card/OCI Card
4. Attested photocopy of Overseas Address proof (current and not more than 3 months old)
5. Attested photocopy of Current Address proof in the name of Applicant (for correspondence and permanent-Not more than 3 months old)

Documents required for Non-Individual

1. KYC Application Form for Non-Individual.
2. Attested photocopy of PAN Card in the name of Non-Individual Applicant.
3. Attested photocopy of Current Address proof in the name of Non-Individual Applicant (for correspondence and permanent-Not more than 3 months old).
4. Details of Promoters/ Partners/ Karta/ Trustees and Whole Time Directors forming a part of Know Your Client (KYC) Application Form for Non-Individuals on the Annexure Form.
5. Attested photocopy of Proof of Identity of all members mentioned on the Annexure Form.
6. Attested photocopy of Proof of Address of all members mentioned on the Annexure Form.

Additional documents to be obtained from Non-Individuals, over & above the aforementioned list, is mentioned below:

Types of Entity	Documentary Requirements
Corporate	• Copy of the balance sheets for the last 2 financial years (to be submitted every year) • Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD(to be submitted every year) • Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations • Photograph, POI, POA, PAN of individual promoters holding control – either directly or indirectly • Copies of the Memorandum and Articles of Association OR Constitution Document • Certificate of incorporation • Copy of the Board Resolution for investment in securities market • Authorised signatories list with specimen signatures
Partnership firm	• Copy of the balance sheets for the last 2 financial years (to be submitted every year) • Certificate of registration (for registered partnership firms only) • Copy of partnership deed • Authorised signatories list with specimen signatures • Photograph, POI, POA, PAN of Partners
Trust	• Copy of the balance sheets for the last 2 financial years (to be submitted every year) • Certificate of registration (for registered trust only). For Charitable and Public Trust, Registration Certificate is mandatory • Copy of Trust deed • List of trustees certified by managing trustees • Photograph, POI, POA, PAN of Trustees
HUF	• PAN of HUF • Deed of declaration of HUF/List of coparceners • Bank pass-book/bank statement in the name of HUF • Photograph, POI, POA, PAN of Karta
Unincorporated Association or a body of individuals	• Proof of Existence/Constitution document • Resolution of the managing body & Power of Attorney granted to transact business on its behalf • Authorized signatories list with specimen signatures
Banks	• Bye-laws or Constitution Document in the name of the Bank • Registration Certificate / RBI certificate • Board Resolution • Authorized signatories list with specimen signatures
Foreign Institutional Investors (FII)	• Copy of SEBI registration certificate • Authorized signatories list with specimen signatures
Army/Government Bodies	• Self-certification on letterhead • Authorized signatories list with specimen signatures
Registered Society	• Copy of Registration Certificate under Societies Registration Act • List of Managing Committee members • Committee resolution for persons authorised to act as authorised signatories with specimen signatures • True copy of Society Rules and Bye Laws certified by the Chairman/Secretary

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MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.