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

- Uday Kotak
“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.

1. Investors pool their money in mutual fund

2. The pooled money is invested by the Fund Manager in securities

3. Securities have potential to generate returns

4. The returns when generated are distributed among the investors

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.
“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

<table>
<thead>
<tr>
<th>Mutual Funds Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diversification</strong></td>
</tr>
<tr>
<td>‘Don’t put all your eggs in one basket’ Concept</td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
</tr>
<tr>
<td>Sharing account statements, factsheets and declaring NAVs daily</td>
</tr>
<tr>
<td><strong>Rupee Cost Averaging</strong></td>
</tr>
<tr>
<td>Your money buys more units when markets are low and vice-versa</td>
</tr>
<tr>
<td><strong>Professional Management</strong></td>
</tr>
<tr>
<td>Qualified professionals with research teams manage your funds</td>
</tr>
<tr>
<td><strong>Regulation</strong></td>
</tr>
<tr>
<td>Funds follow strict regulations to protect investors</td>
</tr>
<tr>
<td><strong>Liquidity</strong></td>
</tr>
<tr>
<td>Redeem your investments with convenient payout options</td>
</tr>
</tbody>
</table>

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

- Phillip Fisher

**Objective Of Equity Mutual Funds**

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

**How Long To Invest**

These funds invest primarily in equity and equity related stocks.

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

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.

Those who are unwilling to invest in the future haven’t earned one.

- H.W. Lewis
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.

<table>
<thead>
<tr>
<th>Where to invest?</th>
<th>How much risk?</th>
<th>How much to invest?</th>
<th>How long to invest?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investing Without A Goal is Like Travelling Without Destination Planning For Investment Is As Simple As Planning For Travel. Let’s See How</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Planning for travel

- Decide Goals to fulfill
- Timeline When to reach the goal
- Budget Investment required
- Option Select the right product based on asset allocation
- Commencement When to start investing
- Research Find a suitable product within the asset class
- Consulting a Travel Planner Consulting a Financial Advisor

Planning for investing

- Place to travel
- When to travel
- Deciding the budget
- Select transportation & stay options
- When to start travel
- Finding the best deal
- Consulting a Travel Planner

Define Your Goal To Know A Suitable Product For Investment

<table>
<thead>
<tr>
<th>Short-Term Goal 0 to 3 Years</th>
<th>Mid-Term Goal 3 to 5 Years</th>
<th>Long-Term Goal 5 or More Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying a car, home, appliances, creating an emergency fund or alike</td>
<td>Suggested investment in Hybrid Funds (Equity oriented)</td>
<td>Child Education, Marriage, Retirement or alike</td>
</tr>
<tr>
<td>Suggested investment in Liquid &amp; Debt Funds</td>
<td></td>
<td>Suggested investment in Equity Funds</td>
</tr>
</tbody>
</table>

Points To Be Considered While Goal Based Investment Planning

- Goals Should Be Smart
- Review & Realign
- Don’t Forget Inflation

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

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.

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

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.

No Need To Time The Market
Investing through SIP helps you avoid timing the market.

Flexibility To Select Investment Frequency
Select an investment frequency based on your convenience and need.

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.

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

Mr. A

54,00,000

Mr. B

39,00,000

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.

In investing money the amount of interest you want should depend on whether you want to eat well or sleep well.

- Kenfield Morley
Rule number one: Don't lose money.

Rule number two: Don't forget rule number one.

- Warren Buffett
“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.

Let’s 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 fared after 10 years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Ms. A</th>
<th>Ms. B</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>₹10,000</td>
<td>₹10,000</td>
</tr>
<tr>
<td>2006</td>
<td>₹10,000</td>
<td>₹10,500</td>
</tr>
<tr>
<td>2007</td>
<td>₹10,000</td>
<td>₹11,000</td>
</tr>
<tr>
<td>2008</td>
<td>₹10,000</td>
<td>₹11,500</td>
</tr>
<tr>
<td>2009</td>
<td>₹10,000</td>
<td>₹12,000</td>
</tr>
<tr>
<td>2010</td>
<td>₹10,000</td>
<td>₹12,500</td>
</tr>
<tr>
<td>2011</td>
<td>₹10,000</td>
<td>₹13,000</td>
</tr>
<tr>
<td>2012</td>
<td>₹10,000</td>
<td>₹13,500</td>
</tr>
<tr>
<td>2013</td>
<td>₹10,000</td>
<td>₹14,000</td>
</tr>
<tr>
<td>2014</td>
<td>₹10,000</td>
<td>₹14,500</td>
</tr>
<tr>
<td>2015</td>
<td>₹10,000</td>
<td>₹15,000</td>
</tr>
</tbody>
</table>

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.
“If a business does well, the stock eventually follows.”
- Warren Buffet
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.
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.

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
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.

**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 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.

- **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.**

![STP Diagram](image-url)
What Is An ETF?

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

<table>
<thead>
<tr>
<th>Exchange</th>
<th>They are bought and sold on a stock exchange like Bombay Stock Exchange (BSE) or the National Stock Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traded</td>
<td>They can be traded throughout the day like a stock on a real time basis</td>
</tr>
<tr>
<td>Fund</td>
<td>Like a Mutual Fund, they track the valuation of an index or basket of assets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ETFs VS Equity Shares</th>
<th>Both can be bought, sold or held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversification becomes simple with ETFs as compared to Direct Equity</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ETFs VS Mutual Funds</th>
<th>Both are baskets of stocks and/or bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price of ETFs change dynamically whereas Mutual Fund NAVs are declared at the end of the day</td>
<td></td>
</tr>
</tbody>
</table>

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.
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.

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.

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

5 Reasons Why You Should Invest While You Are Young

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

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
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.
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

1. Determine your monthly expenditure
2. Ascertain your retirement age and duration. For e.g., Retirement age: 60 years Expected to live: Till 80 years 20 years of retirement
3. Decide retirement corpus that you will need
4. Ascertain SIP amount that you should invest to achieve your goal
5. Keep investing regularly and harness the power of compounding
6. Review & rebalance periodically to keep a track of your goal
7. Prepare for your retirement early

Follow these 7 simple steps to retire peacefully.

AN INVESTOR EDUCATION INITIATIVE BY KOTAK MAHINDRA MUTUAL FUND
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.

<table>
<thead>
<tr>
<th>Life Stage</th>
<th>Basic Needs</th>
<th>Investment Goals</th>
<th>Mutual Fund To Opt</th>
<th>Why?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young and working</td>
<td>Emergency Fund, Build an Investment Corpus or Wealth Creation</td>
<td>Short-term: Save for future wedding.</td>
<td>Short-term: Liquid Funds.</td>
<td>Liquid Funds are used for liquidity.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Medium-term: Buying a car, house.</td>
<td>Medium-term: Balanced Funds.</td>
<td>Balanced Funds offer exposure to both Equity and Debt.</td>
</tr>
<tr>
<td>Middle-aged couple</td>
<td>Child’s Education, Retirement or Own Home.</td>
<td>Short-term: Child’s school fees, home loan EMI.</td>
<td>Short-term: Liquid or Short-term Debt Funds.</td>
<td>Invest the returns from prior investments in Liquid or Debt Funds for ready availability.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Medium-term: Child’s higher education and wedding, buying a larger house.</td>
<td>Medium-term: Large Cap Funds.</td>
<td>Over the long-term, the potential for return is higher than the risk with Equity Funds.</td>
</tr>
</tbody>
</table>

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.

An investment in knowledge always pays the best interest.

– Benjamin Franklin
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. **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.

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. **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.

6. **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.

7. **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.

---

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

- Henry Ford
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.

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.

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets include the market value of scheme investment and current assets including Accrued Income</td>
<td>Liabilities include current liabilities and provisions including accrued expenses like management fees, custody charges, commission to distributors &amp; brokers, marketing expenses etc</td>
<td>Total number of units issued by the Mutual Fund Company till date.</td>
</tr>
</tbody>
</table>

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).

NAV = Assets - Liabilities
Number of Units

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).

Net Asset Value (NAV) Simplified
(Mutual Funds are bought and sold at their NAV)

<table>
<thead>
<tr>
<th>Scheme A</th>
<th>Scheme B</th>
</tr>
</thead>
<tbody>
<tr>
<td>200 Units bought</td>
<td>100 Units bought</td>
</tr>
<tr>
<td>50 Investment</td>
<td>100 Investment</td>
</tr>
</tbody>
</table>

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

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

Value of Investment (₹) = 12,000

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.
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.

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.

**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.

---

**Risk comes from not knowing what you are doing.**

- Warren Buffett
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.

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**Who Are You, A Saver Or An Investor?**

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.

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“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

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AN INVESTOR EDUCATION INITIATIVE
BY KOTAK MAHINDRA MUTUAL FUND
Avoid these simple mistakes and achieve your goals with ease.

**Emotions are your worst enemy in the stock market.**

- Don Hays

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**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.
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.

Wealth is not only what you have but also what you are.

- Sterling W. Sill
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.

An investor without investment objectives is like a traveller without a destination.

- Ralph Seger
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**

They are same as Direct Equity.

**Truth**

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.

You need a large sum of money to invest.

2.

Mutual Funds invest in various investment classes ranging from equity to debt.

They are only for the long-term.

3.

Most funds allow investments as low as ₹1000 for SIP. Infact for ELSS the amount is as low as ₹500.

More funds, better diversification.

4.

Equity schemes are for long-term and debt schemes can be from 1 day to a few weeks.

5.

Ideally, you should diversify your investment with 3-5 funds according to your objective.

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Try to learn from your mistakes - better yet, learn from the mistakes of others!

- Warren Buffett

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

<table>
<thead>
<tr>
<th>Feature</th>
<th>Debt Fund</th>
<th>Bank FD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha Potential</td>
<td>Returns</td>
<td>Fixed Return</td>
</tr>
<tr>
<td>Market Risk</td>
<td>Risk</td>
<td>Almost Risk-free</td>
</tr>
<tr>
<td>Highly Liquid</td>
<td>Liquidity</td>
<td>Less Liquid</td>
</tr>
<tr>
<td>Yes</td>
<td>Indexation Benefit</td>
<td>No</td>
</tr>
</tbody>
</table>

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.

AN INVESTOR EDUCATION INITIATIVE BY KOTAK MAHINDRA MUTUAL FUND
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.

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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.

<table>
<thead>
<tr>
<th>Item</th>
<th>For example Price in 2010</th>
<th>For example Prices in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 litre of Petrol</td>
<td>₹ 51.4</td>
<td>₹ 80.4</td>
</tr>
<tr>
<td>1 litre of Milk</td>
<td>₹ 22</td>
<td>₹ 44</td>
</tr>
</tbody>
</table>

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% = ₹92

Purchasing power after 1 year

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

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

Example of SWP Scheme

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

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 the offices of SEBI. For any queries, feedback or assistance, please contact SEBI Office on Toll Free Helpline at 18002275757 / 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. Canceled cheque leaf in original of New bank account. Investor name should be pre-printed on Cheque Leaf.
   If the name 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. Canceled 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.

Documents required for Non-Individuals, over & above the aforementioned list, is mentioned below:

<table>
<thead>
<tr>
<th>Types of Entity</th>
<th>Documentary Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>• Copy of the balance sheets for the last 2 financial years (to be submitted every year)</td>
</tr>
<tr>
<td>Partnership firm</td>
<td>• Copy of the balance sheets for the last 2 financial years (to be submitted every year)</td>
</tr>
<tr>
<td>Trust</td>
<td>• Certificate of registration (for registered trust only). For Charitable and Public Trust, Registration Certificate is mandatory</td>
</tr>
<tr>
<td>HUF</td>
<td>• PAN of HUF • Deed of declaration of HUF/List of coparceners</td>
</tr>
<tr>
<td>Unincorporated Association or a body of individuals</td>
<td>• Proof of Existence/Constitution document</td>
</tr>
<tr>
<td>Banks</td>
<td>• Bye-laws or Constitution Document in the name of the Bank</td>
</tr>
<tr>
<td>Foreign Institutional Investors (FII)</td>
<td>• Copy of SEBI registration certificate</td>
</tr>
<tr>
<td>Army/Government Bodies</td>
<td>• Self-certification on letterhead</td>
</tr>
<tr>
<td>Registered Society</td>
<td>• COPY OF REGISTRATION CERTIFICATE UNDER SOCIETIES REGISTRATION ACT</td>
</tr>
<tr>
<td></td>
<td>• List of Managing Committee members</td>
</tr>
<tr>
<td></td>
<td>• Committee resolution for persons authorised to act as authorised signatories with specimen signatures</td>
</tr>
<tr>
<td></td>
<td>• True copy of Society Rules and Bye Laws certified by the Chairman/Secretary</td>
</tr>
</tbody>
</table>
MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

An Investor Education Initiative

To know more about Mutual Funds, contact your financial advisor.

www.kotakmf.com | Toll-free number +91 80488 93330 | ♬ ♬ ♬ ♬ ♬

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