



Haq, ek behtar zindagi ka.

# SWATANTRA

An investor education initiative | Powered by hindustantimes

## FOLLOW YOUR PLAN, NOT THE HERD

Everyone is different. So why should your investment plan be the same as someone else? Get a plan that suits you best, and stick to it.

Here are **5** pitfalls to avoid while investing

**1 NOT HAVING ANY PLAN**

When you start working, the focus is on spending more than saving or investing. Actually, you must spend whatever is left after investing. Typically, people invest only when you have some investible surplus. However, you must draw a plan with a Financial Advisor sooner than later.

**2 FOLLOWING SOMEONE ELSE**

You hear a friend discuss losses or gains in Mutual Funds (MFs). You tend to follow their steps and actions of buying or selling a similar scheme without really understanding your investment needs or goals. It is important to follow your own plan and not others.



**3 SHORT-TERM OUTLOOK**

While investing in any asset class through MFs, you must let it grow. Invest only when you are willing to leave it untouched. Avoid a short-term outlook for MF investments.

**4 NOT CHANGING WITH TIME**

If you have set your target for a corpus or a goal, you must take your money out as soon as you need it. This is irrespective of the state of the market. A review of the portfolio is necessary to align your MF investments with your new objectives or goals.

**5 TOO MUCH INFORMATION**

You watch television or read pink papers to gather information on investing. It is a good idea to listen to everyone. However, at times, too much information can be confusing. You are better off finding a good Financial Planner. You must discuss your ideas and reason with them.

### INVESTING FOR THE SALARIED



ROHIT SHAH, Founder & CEO, Getting You Rich

- My friends invest in Stocks. I have no Equity exposure. How do I get started?  
A. Equity Mutual Funds are a good starting point. You can setup SIPs (Systematic Investment Plans) in Diversified Equity Mutual Funds for long-term investments.
- When Stock markets rally, do I buy more Equity Funds or redeem for profits?  
A. You should redeem Equity Funds when your goal maturity is near. Buy Equity on a regular basis and avoid timing the markets. Consult with your advisor about profit booking if you're interested in a rally.
- If technology Stocks are in the limelight, do I buy individual Stocks or Sector Funds?  
A. Avoid buying individual Stocks. You may be unqualified for the research, tracking etc. Avoid exposure in Sector Funds, as most Diversified Equity Funds will have exposure to the IT sector. Let the fund manager decide which sector to bet on.
- Most of my relatives and close friends buy Fixed-Deposits regularly. Are there any similar options in Mutual Funds?  
A. Look at Debt Mutual Funds and select based on your holding period and goal. They aren't similar to FDs as their returns are market linked and you can save taxes on holdings beyond 3 years.

For more details, visit [www.beswatantra.com](http://www.beswatantra.com), follow us on Twitter #swatantra  
Email queries or suggestions: [info@beswatantra.com](mailto:info@beswatantra.com)

## LET YOUR SALARY AMOUNT TO MORE

Invest your hard-earned money to make it work for you.

- 1** Get your investment profile. Decide how much money you can set aside every month or year and your investment goals. You also need to know how much return you need every year. All these will affect your Mutual Fund investments.
- 2** Next, move on to your risk appetite. Figure out how much risk you can take during your investment duration. This will play a big role while choosing the right Mutual Fund scheme.
- 3** It's time to choose your scheme. First choose if you want to invest in Equities, fixed-income or a mixture of both. The younger you are, the more you can invest in Equities.
- 4** Build a portfolio that has exposure to both Stocks as well as Bonds. This means you need to invest the right amount in Equity, Debt and Balanced MFs. Decide this allocation first.
- 5** Depending on your Equity and Debt exposure, set schemes that have a good track record, given consistent return - even through bear markets, and do not have high fund charges.
- 6** Now decide if you want to invest in lump sum - all one go, or would you opt for a Systematic Investment Plan with which you invest a small amount every month.
- 7** Keep your tax liabilities in mind. Equity Mutual Funds are more tax friendly, some can even help you reduce your taxable income as per Section 80C of the IT Act.
- 8** Last step - Invest! Open a trading account to invest online or approach MF distributors to buy Mutual Fund schemes directly. Alternatively, you can directly buy from the fund house.

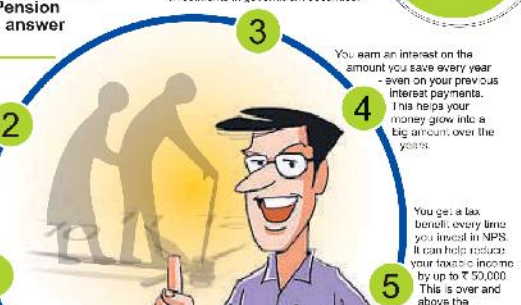
### Swatantra Kumar Explains: NATIONAL PENSION SCHEME

How will you sustain tomorrow after retirement when there is no income? The National Pension Scheme helps answer this question.

Within the NPS, you have three investment options - Class E for equity investments, Class C for safer, fixed income investments, and Class G for investments in government securities.

**DID YOU KNOW**  
Investments in MFs in India are worth ₹12 lakh crore today! This is expected to rise to ₹20 lakh crore in 2018.

This money grows and earns you a monthly "pension" during your golden years. This acts as your post-retirement income.



National Pension Scheme (NPS) is an investment option that allows you to set aside a small portion of your salary every month.

**FIXED MATURITY PLAN. IT GROWS YOUR MONEY STEADILY SO THAT YOU CAN RELAX.**

**uti**  
UTI Mutual Fund

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**FIXED MATURITY PLAN (FMP). THIS CLOSE ENDED DEBT MUTUAL FUND PLAN COMES WITH A PREDEFINED TENURE, LETTING YOU ENJOY STABLE RETURNS.**

\* Option to choose from varying maturities starting from one month up to a few years.  
\* FMPs invest in fixed income securities like money market instruments, government securities, corporate bonds, Certificate of Deposits (CDs), Commercial Papers (CPs) etc. which mature in line with the tenure of the fund.