



MUTUAL FUNDS: ADVANCED

RETURNS IN MUTUAL FUNDS

- Absolute returns
- CAGR
- Risk adjusted returns (RaR)

THINGS TO KEEP IN MIND BEFORE STARTING YOUR MUTUAL FUND INVESTMENT JOURNEY

- Identify your goals
- Know your risk appetite

SELECTING RIGHT FUNDS

ACTIVE FUNDS

- Track record of fund managers
- Reputation of mutual fund company
- Schemes should have a track record
- Consider costs
- Comparative performance
- Risk involved

PASSIVE FUNDS

INDEX FUNDS

- Tracking error and tracking difference

ETF

- Tracking error and tracking difference
- Impact costs
- Average trading volume

COMMON PITFALLS IN SELECTING MUTUAL FUNDS

- NFO is not IPO
- Investing all your money in one fund
- Following others
- Timing the market
- Exiting mid way

STEPS TO CREATE AN IDEAL PORTFOLIO

- 5-6 schemes are adequate
- Invest in open ended schemes for better flexibility
- Invest in schemes with good track record
- Include equity, hybrid, debt and passive funds

SOME RELEVANT DOCUMENTS THAT YOU MUST REFER TO

- **Scheme Information Document (SID)**
- **Contains information specific to each MF scheme**
- **Concise and detailed information on schemes that investors should know**

STATEMENT OF ADDITIONAL INFORMATION (SAI)

**Contains information with regards to each mutual fund and is
common across all schemes of a mutual fund**

KEY INFORMATION MEMORANDUM (KIM)

- Abridged version of SID
- Simple to understand and contains key / essential information

FACTSHEET

- Fact sheets help you assess a scheme and keep track of its performance
- Issued every month
- Easy to understand and provides a snapshot of the scheme
- Show following key information at a glance:
 - NAV
 - Returns
 - Fund Managers managing the portfolio
 - Riskometer
 - Other statistics allowing investors to compare mutual funds and decide which ones to invest in

STEPS TO INVEST IN MUTUAL FUNDS

- Pre-requisites
 1. KYC (Know Your Customer) Process
 2. PAN Card
 3. Bank Account
- Steps to complete KYC Process

Visit any MF Branch Investor Service Centre / Branch with required KYC Documents, namely

 1. Address Proof - Aadhaar Card, Passport, Tel. bill etc.
 2. Identity Proof - PAN Card, Aadhaar Card, Passport, Voter's card etc
- Submit Completed KYC form with photograph with required documents
- After completing KYC, you can open a MF Folio with any Mutual Fund and start investing.

MODE OF INVESTMENT

- Physical Mode (Traditional/ Paper based)
- Online Mode

NOMINATION

- Facility that enables an individual unitholder to nominate a person, who can claim the units held by the unitholder in the event of death the unitholder
- Nomination can be made at the time of initial application for purchase of units
- Nomination once made can be changed subsequently any time and any number of times
- Investors can nominate up to 10 nominees

COMPLIANT REDRESSAL AND SCORES

- Contact the Investor Relations Officer of the Mutual Fund
- Name and contact details of the Investor Relations Officer are available in SID and also on the website of fund houses
- If you are not happy with the resolution, you can reach out to SEBI through SEBI Complaints Redress System (SCORES) platform

TAXATION

TYPES OF INCOME

- Capital gains
- Dividend income

Equity Oriented Funds			
Type of Tax	Individual / HUF	Domestic Company	NRI
Short Term Capital Gains	20%	20%	20%
Long Term Capital Gains	12.5% on gains above Rs. 1.25 lakh	12.5% on gains above Rs. 1.25 lakh	12.5% on gains above Rs. 1.25 lakh

Debt Oriented Funds			
Type of Tax	Individual / HUF	Domestic Company	NRI
Short Term Capital Gains	As per investor's slab rate	As per investor's slab rate	As per investor's slab rate
Long Term Capital Gains	12.5% on gains above Rs. 1.25 lakh	12.5% on gains above Rs. 1.25 lakh	12.5% on gains above Rs. 1.25 lakh

TDS on Redemptions by NRIs		
Equity Funds	Short Term (Within 12 Months)	15%
	Long Term (After 12 Months)	10% on gains over Rs. 1 lakh
Debt Funds	Short Term (Within 36 Months)	As per the applicable tax rate
	Long Term (After 36 Months)	20% on gains over Rs. 1 lakh

SUMMING UP

- You can evaluate performance of mutual funds through CaGR and RaR
- Better to invest in a scheme with good track record
- For passive funds, you need to look at tracking error and tracking difference
- Fact sheets help you assess a scheme better
- You can reach out to SEBI through SCORES platform for resolution of grievances

THANK YOU

