Mutual Fund's

A B C

An investor education initiative by

TAURUS
Mutual Fund

Many *small* parts can make a whole.

INVEST THAT MONEY TO

REACH YOUR

BIG GOAL.

An Investor Education and Awareness Initiative by Taurus Mutual Fund

TAURUS Mutual Fund

Mutual Fund investments are subject to market risks, read all scheme related documents carefully

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SYSTEMATIC INVESTMENT PLAN (SIP)

Little by little, it can build up to a whole lot more. It all depends on fitting the small parts together with the right plan. SIP allows you to **put aside fixed amounts at regular intervals** over a pre-set term.

By cashing in on the **power of compounding** over a period, it rewards you for your disciplined & responsible approach.

Benefits of Systematic Investment Plan (SIP)

Allows you to invest small fixed sum of money at regular intervals - **light on the wallet**

SIP makes volatility work in your favour - **reduces risk**

Benefit of Rupee Cost Averaging - **get more units at lower NAV, less units at higher NAV**

Power of compounding comes into play - **the early you start higher are the returns**

Imparts time - tested discipline to investing - **key to financial success**

An Investor Education and Awareness Initiative by Taurus Mutual Fund

TAURUS Mutual Fund

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CHAPTER
1

Introduction

Mutual funds combine the savings of a large number of investors and manage it as a single pool of money. Instead of the investors worrying about which stock or bond or commodity to invest in, professional fund managers do the job. Mutual funds are run by mutual fund companies, also known as Asset Management Companies (AMC). Each AMC operates a number of fund scheme that suit different types of investment needs.

For individual investors who don't have the time to study and research investments, mutual funds are the best option for reaping the benefits of diversified investments with minimum effort. In most funds, it is possible to start investing with as little as a few thousand rupees. Also, unlike many other investments, mutual fund investments (open-ended schemes) are highly liquid and can be withdrawn anytime.

The benefits of investing in mutual funds, is that they let individual investors like you to invest in a wide variety of companies and instruments such as equity shares, bonds, besides investments in other parts of the world at a much lower cost than if you bought and sold the stocks or bonds by yourself. There are broadly two ways in which one can make money from mutual fund investments—income earned from dividends declared by mutual fund schemes or by redeeming units in a fund scheme that has appreciated in value.

WHY INVEST IN MUTUAL FUNDS?

There are several advantages to investing in a mutual fund compared to directly investing in stocks or bonds other than the cost advantage of investing in them.

Convenience: Almost anyone can buy mutual funds, because investments in mutual funds start at as low as ₹1,000, which makes them immensely affordable for a lot of people. Likewise, you can easily make investments as well as withdraw them in any amount that you like. Investments can be made by filling up a simple form or by going online with direct debit from your bank account. Similarly, redemption proceeds can be credited directly into your bank account, which does not take more than 3 to 10 days. Instead, if you go directly to buy shares of different companies to have a diversified set, you will need a lot of money. However, through a mutual fund, you can invest in a diversified set of stocks for far less. And what's more, you can invest more, (or redeem) in small batches.

Instant and easy diversification: The basics of safe investing is to spread your money across different investments.

> **!** Unlike many other investments, mutual fund investments are highly liquid and can be withdrawn without any delay

According to modern portfolio theory, when your investments are spread across several securities, your risk reduces substantially.

Mutual funds are an easy way to do this. Each fund spreads the money across a large number of investments. A mutual fund is able to diversify more easily than an average investor across several companies, which an ordinary investor may not be able to do. With an investment of ₹1,000, you can buy stocks in some of the top Indian companies through a mutual fund, which may not be possible to do as an individual investor.

Professional research and investment management: Investing is a lot work. There are hundreds of companies to track and their prospects could change without warning. While you could do it all by yourself, you may not have the time or the resources. For an average investor, it is difficult to decide what securities to buy, how much to buy and when to sell.

However, when you buy a mutual fund, you acquire a professional fund manager who manages your money. This is the person who decides what to buy for you, when to buy it and when to sell. The fund manager takes these decisions after doing adequate research on the economy, industries and companies, before buying stocks or bonds. Most mutual fund companies charge a small fee for providing this service which is called the management fee, which is shared mutually among all the investors in a fund.

Liquidity: Unlike several other forms of savings like the

> **!** Redemptions can be made directly into your bank account, which does not take more than 3 to 10 days

Public Provident Fund (PPF) or the National Pension Scheme (NPS), you can withdraw your money from a mutual fund immediately, making them highly liquid.

As per SEBI's rules, all mutual funds must offer liquidity. However, the liquidity is of a different nature depending on whether a fund is open-ended or closed-ended. Open-end funds are perpetual funds that are always available for investment or redemption with the AMC. In the case of open-ended funds, the AMC itself will redeem the money at the NAV-based selling price withing 3 to 10 days.

Closed-ended funds are launched for a fixed period and you can invest in them only at the time of the initial offer. For closed-end funds, the AMCs get the fund listed on a stock exchange so that you can sell your units like a stock through a stock broker. However, this is not a great option because the stock-exchange price of a fund is generally a lot less than the NAV. In practice, you should consider closed-end funds to be locked in for their full duration.

There is another category of funds, which are called equity linked savings scheme (ELSS), which have a three-year lock-in. These funds save you tax under Section 80C of the Income Tax Act but you cannot redeem for three years as per the tax law. Moreover, in these funds, one can invest a maximum of ₹1 lakh in a financial year.

Variety: There are mutual funds available for every kind of return and risk level and suitable for every kind of time horizon. No matter what kind of investment you want,

! **ELSS have a three-year lock-in and provide tax savings up to ₹1 lakh on investments in a financial year**

Unique benefits

There are many investments you can make only through a mutual fund and there are some where the convenience is immense.

Government Securities: Individuals can't buy government bonds, but they can buy funds that invest in such bonds.

International Stocks: For most of us, it would be prohibitively complex to open brokerage accounts and buy shares in different countries. However, you can do so easily by investing in an international fund.

there's likely to be a variety of funds that suit you.

Tax Efficiency: By design mutual funds make investing simple and if used smartly, are tax efficient and do not burden investors. Take for instance, when you buy or sell any investments, you have to pay tax on the profit you make. However, this doesn't happen when that buying and selling is done on your behalf by a mutual fund.

To maximise profits, the fund manager could keep buying and selling stocks as and when needed, but you have to pay tax only when you redeem your investments from the fund. For example, in case of equity funds, the investments redeemed after a holding period of one year are tax free, because long-term capital gains on equity investments are nil. Likewise, dividends from equity funds are tax-free in the hands of investor. Even though dividends from debt funds are also tax-free in the hands of the investor, the respective

! Certain mutual funds provide access to inaccessible assets, making them unique investment vehicles fund/scheme pays the additional income tax on distribution of dividend.

Transparent, well-regulated industry: Mutual funds are obligated by law to release comprehensive data about their operations and investments. Almost all funds release NAV daily and most release their complete portfolio every month. SEBI regulates the fund industry very tightly and is constantly refining the applicable rules to protect investors better.

As you would expect, funds that invest in equity offer the highest potential returns with the highest risk. At the other extreme are funds that invest in short-term bonds and deposits which offer returns that are in the range of what banks offer with a high degree of safety.

Moreover, there is a wide diversity within the quality of funds. Which means, not all funds have the ability to deliver what they promise and investors also have to keep an eye on the track-record of specific funds, the fund manager and asset management companies at the time of investing.

CHAPTER

2

Working of mutual funds

The genesis of a mutual fund is a sponsor, who takes the initiative to start a mutual fund. There are other participants in a mutual fund such a Board of Trustees, an Asset Management Company or AMC (the manager) and unitholders, who are investors in the fund scheme.

The sponsor is a shareholder of the AMC, and as per SEBI regulation, the effective control of the AMC is with the Board of Trustees, who function as the governing body.

It is for this reason that most of the trustees are independents, while the sponsor can have nominees. Moreover, maximum limits have been prescribed for management fees and other chargeable expenses by the regulator.

The SEBI regulations provide the framework for mutual funds to operate and prescribes limits for management fee and other chargeable expenses. SEBI also regulates many other aspects of an AMC's operations and policies. All of these actions make the mutual fund industry highly regulated and safe.

INVESTMENT OBJECTIVE

Each Asset Management Company (AMC) offers several fund schemes. The way to distinguish one scheme from another is to look at their stated investment objective. Simply put, the investment objective indicates the financial goal that the fund scheme invests to achieve.

For example, some funds invest in well-established large companies, or companies that regularly pay dividends. There are funds that invest in bonds or gilts and some that invest in international markets. While a mutual fund scheme is launched with a stated investment objective, with time funds can change the stated objective by notifying investors of the change in its objective.

WHAT IS NAV?

The Net Asset Value (NAV) of a fund and the number of units that an investor owns are two of the least useful, most misunderstood and most over-valued numbers. A mutual fund is made up of all the money that its various investors have invested collectively. Here's an example: A fund is launched and a 1,000 investors each invest ₹10,000 in it. In all, the fund has ₹1 crore of assets under its management. Just for convenience, a fund is divided into 'units' of a certain value, which is set to a round number initially. Typically, this is ₹10. In the above fund, each investor is said to own a 1,000 units and in all, the fund has issued 10,00,000 units.

The NAV is basically the current value (on any given day)

A fund's investment objective helps investors choose a fund scheme based on their needs and risk tolerance

of each unit of the funds. In the current example, the fund manager invests the ₹1 crore of assets in various instruments such as stocks and bonds. In the beginning, the NAV is ₹10 and each unit is worth ₹10.

Let's say that after an year, the investments have done well and the ₹1 crore grows to ₹1.1 crore. Now, the NAV of each unit is ₹11 (1.1 crore divided by 100,000). Each investor owns 1000 units so the value of his investments has grown to ₹11,000. It is important to understand that the only relevant thing here is that the total assets have grown by 10 per cent and therefore the investors have had a gain of 10 per cent. If the fund had initially had a face value of ₹100, then the NAV would have grown to ₹110 or if the face value had been ₹1 then the NAV would have grown to ₹1.10. From the investors' point of view, only the percentage change in the NAV is important, not the actual number.

Whenever an investor has to invest or redeem his money, he either buys fresh units or sells them at the NAV at the point. Under some circumstances, there might be a small extra charge at the time of redemption. Also, some funds allow entry and exit at any time while others allow entry only when the fund is launched and exit only after a predetermined period when the fund is terminated.

CHARGES, FEES, EXPENSES AND OTHER COSTS

For the services that a mutual fund company provides, it levies investors with charges and fees.

> **!** The NAV is dynamic and is basically the current value (on any given day) of each unit of the funds

Fund classification

There are hundreds of mutual funds in India. If you were to try and understand each one individually by reading their investment objective before deciding which is a suitable one to invest in, it would be an impossible task. However, the task is made easier if you could divide the funds into categories according to their investment characteristics.

The purpose of the fund classification system is to help you match your returns expectations and risk-taking ability with the type of fund that you are going to invest in.

The Value Research mutual fund classification is almost entirely about dividing the entire risk-return continuum into bands of roughly equal return and risk expectations. This makes the real task, that of identifying funds that are likely to generate higher returns at lower risk, easier. The entire fund universe can be divided into 26 categories: 12 are pure equity categories, 6 are hybrids (equity and debt) and 7 are pure debt categories with the last one being gold.

This way you can zero in on the exact balance of risk and return; and second, peer funds can be compared easily. The entire categorisation is based on the actual portfolios that the fund managers are running, spread over the past three years.

Debt Funds

Income: Funds which can vary their average maturity widely, as per their declared objective

Gilt: Medium & Long-term: Funds which invest in gilt securities and can vary their average maturity widely, as per their declared objective

Short-Term: Funds whose average maturity over the last 6 months is between 1 year and 4.5 years

Gilt: Short Term: Funds which invest in gilt securities with average maturity of over the last 6 months is between 1 and 4.5 years

Ultra Short Term: Funds whose average maturity over the last 6 months is less than 1 year, but which are not liquid funds

Liquid: Funds which do not invest any part of assets in securities with a residual maturity of more than 91 days FMPs: tenure fixed by the issuer

Equity Funds

Large-Cap: Funds with more than 80 per cent of assets in large-cap companies over the last three years

Large & Mid-Cap: Funds with 60 to 80 per cent of assets in large-cap companies over the last three years

Multi-Cap: Funds with 40 to 60 per cent of assets in large-cap companies over the last three years

Mid & Small-Cap: Funds with at least 60 per cent of assets in small and mid-cap companies over the last three years

Tax Planning: Funds with tax rebate under Section 80C of the Income Tax Act

International: Funds with over 65 per cent of assets invested abroad

Sector Funds

Banking sector funds: as per declared objective

FMCG funds: as per declared objective

Infrastructure sector funds: as per declared objective

Pharma sector funds: as per declared objective

Technology, IT sector funds: as per declared objective

Miscellaneous: Other funds, which cannot be classified in any of the existing categories and do not have the requisite numbers for a separate category.

Hybrid Funds

Equity-oriented: Hybrid funds with over 60 per cent average equity exposure over the last one year

Debt-oriented Aggressive: Hybrid funds with 25 and 60 per cent average equity exposure over the last one year

Debt-oriented Conservative: Hybrid funds with less than 25 per cent average equity exposure over the last one

Arbitrage: Funds which seek returns from arbitrage opportunities between equity and derivatives, and invest in debt when no arbitrage is possible

Asset Allocation: Funds which may invest fully in equity or debt depending on the market conditions

Miscellaneous: Other funds, which cannot be classified in any of the existing categories and do not have the requisite numbers for a separate category.

Total Expense Ratio (TER): Typically, AMCs charge investors for professional fund management, regular operational costs which include investment management and advisory fees, sales or agent commissions, ongoing service fees, legal and audit fees, registrar and transfer agent fees, fund administration expenses, marketing and selling expenses.

All these expenses charged to an investor are together called the 'total expense ratio' (TER); it is an annual charge on AUM in percentage terms. According to the SEBI guidelines, TER needs to be lower as AUM increases. The net asset value (NAV) of a mutual fund scheme is net of all liabilities including TER, and hence a lower TER results in higher returns and vice versa. In recent times, SEBI has also included service tax under 'cost to investors' which was earlier paid by the AMCs. The TER is total expenses during an accounting period divided by the total net assets of the fund.

CHARGES UNDER TER

With effect from October 1, 2012, the SEBI allowed the TER to be fungible. To put it simply, fungible means interchangeable; just the way ₹100 is replaceable with another ₹100 note or other currency notes, as long as they are valid. For AMCs, this means that expenses will be a single pool which they

SEBI limit on TER in per cent

Daily NAV (₹)	Equity	Debt
First 100 crore	2.50	2.25
Next 300 crore	2.25	2.00
Next 300 crore	2.00	1.75
On the balance assets	1.75	1.50

can divide between various eligible expenses and fees. Until October 2012, there was an internal division in the expenses charged between actual expenses and management fees, which will all be included in the single head of TER.

In addition to the above expenses, with effect from October 1, 2012, SEBI has allowed the following additional expenses to be charged to the scheme

1. Additional expenses under different heads not exceeding 0.20 per cent of daily net assets of the scheme
2. In order to encourage investments from beyond top 15 cities, additional expenses not exceeding 0.30 per cent of daily net assets may be charged to the scheme if the new inflows from such cities as specified by SEBI are at least:
   (i) 30 per cent of gross inflows in the scheme OR
   (ii) 15 per cent of the average net assets under management (year to date) of the scheme

   The amount incurred as expense on account of inflows from such cities are to be credited back to the scheme in case the said inflows are redeemed within a period of 1 year from the date of investment.

Transaction charge: Since August 2011, SEBI has allowed AMCs to collect a nominal amount as a one-time transaction fee in case the investment is routed through a distributor or agent. It ruled that for a first time investor, AMCs can collect ₹150 as a fee if the investment is more than ₹10,000 while the fee for an existing investor would be ₹100; no fee can be charged for any amount less than ₹10,000. In the case of

> **!** Total Expense Ratio is an annual charge on AUM in percentage terms, which goes down as the AUM increases

Systematic Investment Plans (SIPs), where the total commitment towards the SIP is more than ₹10,000, a transaction charge of ₹100 is levied payable in four equal instalments starting from the second to the fifth instalment.

Exit load: This charge is levied when an investor redeems or sells his units within a span of time in which the exit load is charged. Mutual funds charge exit loads to deter investors from leaving mutual fund schemes before holding them for a sufficient period. Various categories charge exit loads depending on pre-defined holding period cut-offs.

This charge varies across fund schemes and follows a sliding rule, which means a lower rate is charged as exit load when the investment stays for the long run, which in many cases is also nil. Exit load, if any, charged to the investor is credited to the fund scheme, net of service tax.

Other costs: There are indirect costs that investors may incur when investing in exchange traded funds (ETF) where one has to pay for opening a demat account, for maintaining the account, and brokerage charges. Moreover, mutual funds pay securities transaction tax while buying and selling stocks, which is indirectly borne by investors. Unitholders are required to pay securities transaction tax (STT) at the rate of 0.001 per cent at the time of redemption or switch out of units of an equity-oriented fund.

WHAT IS AN ACCOUNT STATEMENT?

A mutual fund account statement lists details pertaining to your investment such as the name of the fund, the folio number, your PAN, the type of investment plan you are invested in like growth, dividend or dividend re-investment. You can also see the amount invested, the number of units

Consolidated Account Statement

01-Nov-2009 to 12-Dec-2013

XXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXX	This consolidated account Statement is brought to you as an investor friendly initiative by CAMS, Karvy and FTAMIL, and lists the transactions, balances and valuation of Mutual Funds in which you are holding investments. The consolidation has been carried out based on the email id entered by you. If you have not entered a PAN number and if the email id is common to several members of your family, this statement will consolidate all those investments as well. If you find any folios missing from this consolidation, you have not registered your email id against those folios.

Date	Transaction	Amount (INR)	Units	Price (INR)	Unit Balance
XYZ Mutual Fund					
Folio No: 123456789/0		PAN: ABC1234XC		KYC: OK	PAN: OK
116 XYZD-ABC Advantage Fund - Regular Plan - Growth (Advisor: ARN-12345)					Registrar: ABCD
					Opening Unit Balance: 0.000
08-Jun-2010	Systematic Investment (1)	2,000.00	94.697	21.12	94.697
12-Aug-2010	Systematic Investment (1/3)	2,000.00	84.674	23.62	179.371
15-Sep-2010	Systematic Investment (2/3)	2,000.00	80.289	24.91	259.660
15-Oct-2010	Systematic Investment (3/3)	2,000.00	79.208	25.25	338.868

Closing Unit Balance: 338.868 **NAV on 18-Nov-2013: INR 24.99** **Valuation on 18-Nov-2013: INR 8,468.31**

Current Entry Load - NIL w.e.f. 1st Aug 2009. Current Exit Load - NIL subject to lock-in period of 3 years. The above investment in XYZ ABC Advantage Fund is eligible for availing tax benefits under section 80C of income tax 1961. Applicable NAV refers to Load adjusted NAV as defined in Scheme Information document

allocated and the acquisition price of the units.

Since October 1, 2011, as per SEBI guidelines, an allotment confirmation specifying the units allotted is sent by way of email and/or SMS within 5 business days of the initial investment transaction to investors who register their e-mail address and/or mobile number. After this initial allotment confirmation, a Consolidated Account Statement (CAS) is sent to you which details the folio transactions that have taken place during a month, on or before 10th of the succeeding month by mail or email. One can also request an account statement for specific period as required by them, at no cost to the investor.

A CAS is a single account statement that reflects all transactions of a unit holder in all folios across all schemes of all mutual funds. Only those folios are considered for the despatch of the statement that have recorded financial transactions in a month, have identical holders, and where all unit holders are PAN and KYC compliant. Here is how to

Consolidating investments

Investors are identified across fund houses by their permanent account number - PAN for the purposes of a CAS. Holding pattern in the folios determines CAS. For example if unit holders A, B and C are all unit holders in a particular folio, all folios within the Fund House and across mutual funds with a similar holding pattern will be classified for consolidation purposes.

ensure you are entitled to receive the CAS.

Update: You must submit a self attested copy of his PAN card and of all holders, along with a letter carrying the folio number and holder details, to the AMC.

KYC compliance: You need to complete the KYC formalities at any point of service of a KYC Registration Agency (KRA). The KYC form, along with documents for proof of identity and address, needs to be submitted.

Eligibility: The investment will be eligible for a common CAS only if the mode of holding and order of holders is the same across mutual fund folios.

HOW TO REDEEM YOUR INVESTMENT IN A FUND?

Redeeming a mutual fund scheme, is nothing but selling units in the scheme. The redemption process varies depending on how one has bought the fund scheme—through a distributor, online or directly from the AMC.

Redemption if purchased from an agent or directly from an AMC, you need to first fill a redemption form. The details that you necessarily need to fill in this form include your name, the folio number of the fund in which you have invested and the number of units that you wish to redeem.

Your bank account plays a role too, especially the one that

Redemption Transaction Slip

Name of the Mutual Fund: ____

Folio No.: ________________________________ PAN: ________________________

Investor Name: ____

Scheme: ____________________________________ Plan: _________ Option: Payout / Reinvest

I/We wish to redeem ________________ units / Amount of Rs. _________________ or All units

Please credit the redemption proceeds:

☐ To my registered default bank account on record in this folio.

☐ To the following registered bank account [in this Folio] given below for this transaction alone:

Bank Name: ____

A/c No.: ____

If my/our unit/amount balance is inadequate to meet the request, I/We authorize you to redeem available units/amount and send the proceeds accordingly. I/We am/are authorized to undertake this transaction.

****

I/We have read and understood the contents of the Scheme Information Document(s), Key Information Memorandum and Addenda issued for the respective scheme(s). I/We hereby apply to the Trustee of Mutual Fund and agree to abide by terms and conditions, rules and regulation of the relevant scheme(s) / Mutual Fund.

you provided when you first invested in the fund scheme. For, when you redeem the mutual fund, the redemption will be credited to the same account. However, if you have changed your bank account, you will need to submit the proof of your new bank account.

You could do this by attaching a copy of the passbook of a new bank account that you maintain. A declaration letter from the bank with the bank manager's signature will also suffice to redeem your investment into. Normally, once you submit a completed redemption form, your money is credited to your bank account within ten working days.

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CHAPTER

3

Mutual Funds for your needs

There are over 2,000 fund schemes in India, which is a lot to choose from. There are funds that can serve any conceivable purpose and can be used to create a portfolio suitable for a wide variety of uses. For instance, there are funds to meet short-term cash-parking requirement to a post-retirement portfolio that is meant for a time-span of decades. This is where you gain from the level-headed perspective of choosing funds and sifting the wheat from chaff.

HOW TO CHOOSE A FUND?

Choosing a mutual fund is not an easy task with so many funds available. Rarely do investors, who do something else for a living-have a systematic checklist of things that they should evaluate about a fund, which they are considering to buy. Here's a blueprint for a structured approach to fund selection. There are five basic areas that you must evaluate in a fund to decide whether it's a good investment and get started.

Performance: When choosing a fund, look for one that has a fairly long performance history, especially over both bad and good phases of the markets. Next, compare performance for similar funds, that is funds that are based in the same category . Only when used within the same category of funds do performance numbers tell you anything at all.

A good way to start comparing funds is by using independent rating agencies like Value Research, Moneycontrol.com, CRISIL and others. The rating will tell you how a fund has performed on a risk-adjusted basis relative to a relevant category in the past. The fund rating is a good starting point for a fund evaluation.

Diversification: Mutual funds are diversified, but what is the way to evaluate if it is well diversified? One way to check if a fund is well diversified is to check the fund's portfolio which is shared every month. For instance, a well diversified portfolio will have at least 20-30 stocks, with no less than X per cent of the total portfolio. The stocks must be spread over at least 5 sectors with no sector being less than Y per cent. At least Z per cent must be held only in large companies because they tend to be more stable in bad times. And so on and so forth.

Collectively, such rules define a frame-work which ensures that the portfolio stays diversified and safe from shocks that may strike individual stocks, sectors or types of stocks. Individuals who manage their own stock investing would rarely have the knowledge or the discipline to do all

> **!** There are five basic areas that you must evaluate in a fund to decide if it's a good investment and get started

this continuously. Even if the investor has the knowledge and the discipline, he's unlikely to have the tools to evaluate if their investment portfolio is well diversified.

Risk: Almost all investing is risky, at least those investments that get you any meaningful returns. In general it is said that the riskier a fund, the more its potential for earning high returns, at least most of the time. However, this is a simplified view that implies that a given amount of risk always gets you the same returns. This is simply not true because not all funds are equally well-run. The true measure of risk is whether a fund is able to give you the kind of returns that justify the kind of risk it is taking.

Evidently, this is not as easy to measure as returns. There are a wide variety of statistical techniques that can be used to measure this, and the rating agencies distil a combination of performance and risk measurement into their Fund Ratings. When a rating agency says that a fund has a 5- or 4-star rating, it means that the fund, compared to similar funds, performed better, given its risk level.

Portfolio: Unlike performance and risk, portfolio is the internals of a fund. It is internal in the sense that the result of good, bad or ugly portfolio is already reflected in the first two measures and it's perfectly fine for you to choose funds on the basis of those two measures alone without actually bothering about what they own.

A fund's monthly Fact sheet (available on its website) indicates the fund's holdings in the previous month. The

! **Almost all investing is risky, at least those investments that get you any meaningful inflation beating return**

important information on the factsheet to use is the data about the portfolio, which lists the fund's holdings in stocks and other instruments and how much it makes for as a percentage of the assets. There is also data on sector allocation indicating the sectors in which the fund has invested.

In case of fixed income funds, the data indicates the quality of fixed return instruments in which it has investments. One can also analyse whether a fund prefers safer (lower returns) securities or riskier (higher returns) securities. In the case of hybrid funds, the mix of both equity and debt investments can be ascertained to evaluate the portfolio.

Management: Fund management is a fairly creative and personality-oriented activity. This may not be true of some types of funds like short-term fixed-income funds and, of course, index funds, but equity investment is more of an art than a science. When you are buying a fund because you like its track record (and unless you can foresee the future, that's the only way to buy a fund), what you are actually buying is a fund manager's (or sometimes a fund management team's) track record.

What you need to make sure is that the fund manager who was responsible for the part of the fund's track record that you are buying into is still there. After all, a high-performance equity fund with a new manager is actualy like a new fund offering to some extent.

Cost: While these are the four main points on which to evaluate a fund, there is one more factor that is becoming

> **!** **A fund's monthly Fact Sheet available on its website, indicates the fund's holdings in the previous month**

increasingly important and that is cost. Funds are not run for free and nor are they run at an identical cost. While the difference in different funds' cost is not large, these can compound to significant variations, especially for fixed income funds where the performance differential between funds is quite small to begin with. Even for equity funds, it may not be worth buying a higher cost fund that appears to be only slightly better than a lower cost one.

Remember, there is no reason for one AMC to have much higher costs than others, apart from the fact that it wants to have a higher margin, or that it wants to spend more on things like marketing, which are of no relevance to you.

DIFFERENT NEEDS, DIFFERENT FUNDS

Useful, simple to understand and easy to execute. Those should be the qualities that your investments should have. However, your financial needs may be different and call for a different approach and collection of funds to achieve the same. For instance, your need may be long-term growth or tax savings or income in retirement and so on.

GROWTH

Your investments can either grow and build value or generate income. If you are investing for growth, it means taking no income from your savings and investments and reinvesting all interest and dividends. Growth seekers tend to be investors who have time to sit back and watch their money

Your financial needs may be different and call for a different approach and collection of funds to achieve them

grow. And they are likely to be saving for a particular event, such as retirement, their children's university costs or a wedding. It generally means saving for a minimum of five to seven years rather than just a few months.

Investing for growth means investing for the long-term. and investing for growth inevitably means investing in equity or equity-based investments, as in the long run equity is the only asset class that manages to beat inflation.

Types of funds to invest? Equity and balanced funds, International funds, Other kind of equity funds such as index funds, sector and thematic funds.

Equity funds: These are funds that predominantly invest in equity stocks across different market capitalisation. These can be further classified as large-cap, large- and mid-cap, multi-cap, sector funds and international funds.

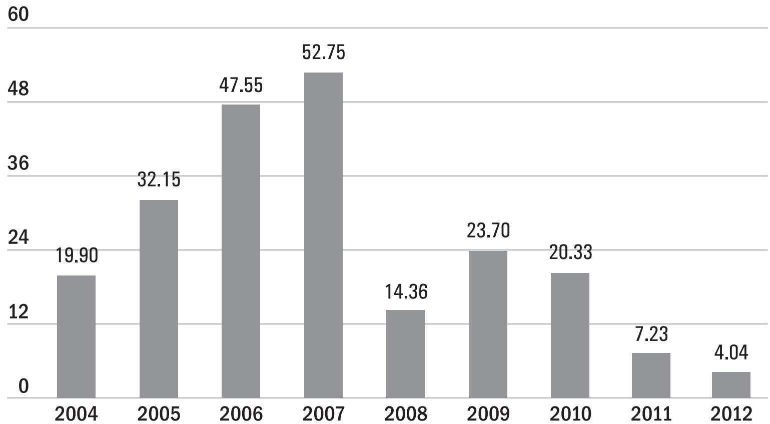
Balanced funds: Also called hybrid funds combine equity and debt investments in a certain ratio. In order to maintain this ratio, the fund manager will typically disinvest from holdings that have gained more and invest in holdings that have gained less. Effectively, the gains that are made in equity are protected by debt.

The great advantage of balanced funds is that they are inherently safer than pure equity funds. They gain well when the markets gain but when the markets fall, they fall less sharply , thus protecting the gains that were made in the good times.

International funds: An increasingly wide range of Indian

> **!** In the long run equity is the only asset class that manages to beat inflation and earn positive returns

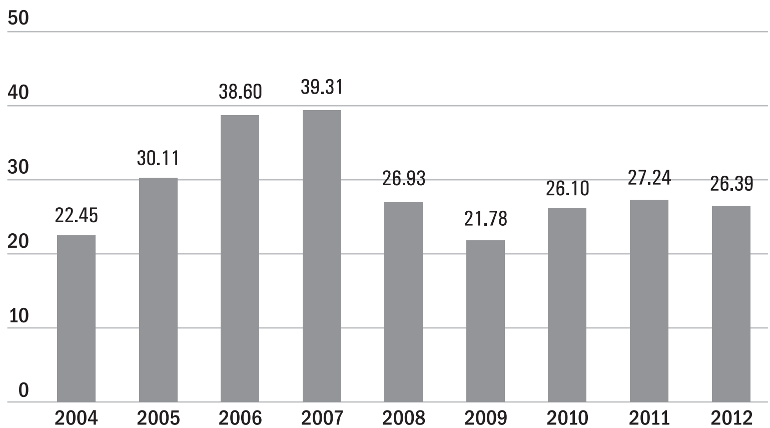
5-year rolling returns of a Large cap fund



Large cap funds are safe, have predictable returns and are less volatile to market swings

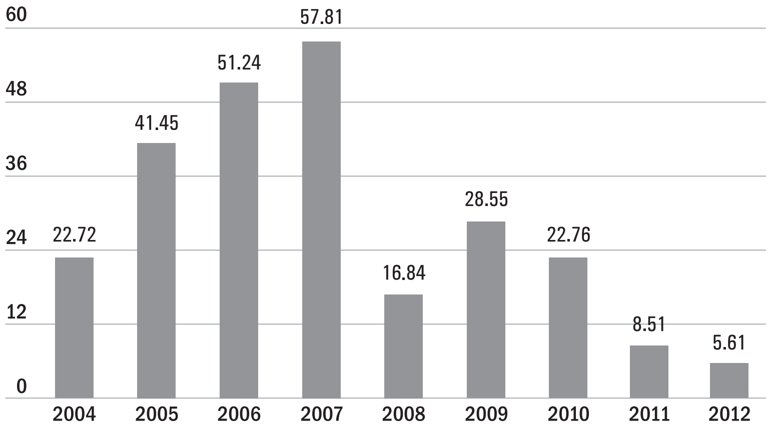
mutual funds now invest abroad. These are funds that predominantly invest outside of India providing both geographic diversification as well as investments in different themes and businesses.

10-year rolling returns of a Large cap fund



These funds are less volatile to market swings and mirror the performance of the economy

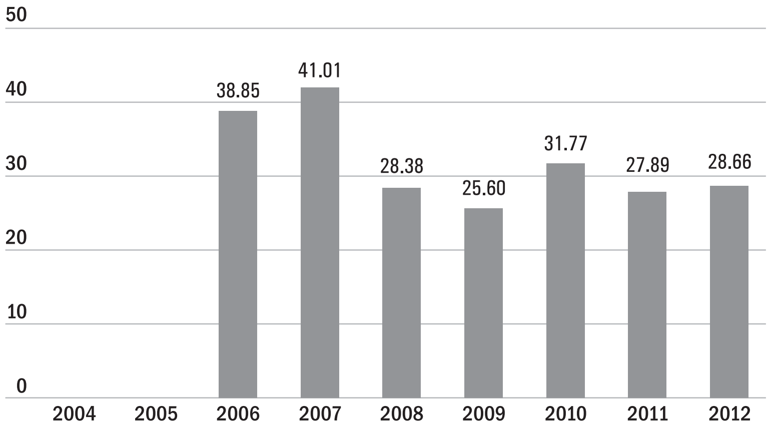
5-year rolling returns of a Large & Mid cap fund



During bull runs, this category does better than the benchmark

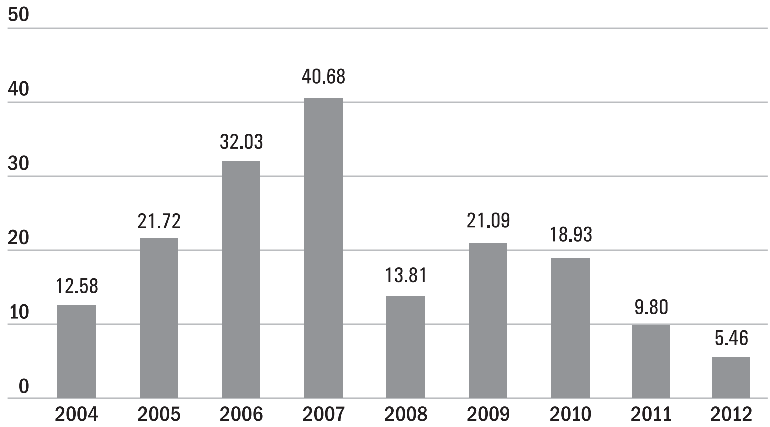
At present, there are three types of global funds are available: those that allow direct investing into global markets; funds that use the feeder route to invest in an existing global fund; and lastly, fund of funds that invest in several funds

10-year rolling returns of a Large & Mid cap fund



The allocation to mid-cap stocks is the key for the spurt in these fund's returns

5-year rolling returns of a Balanced fund

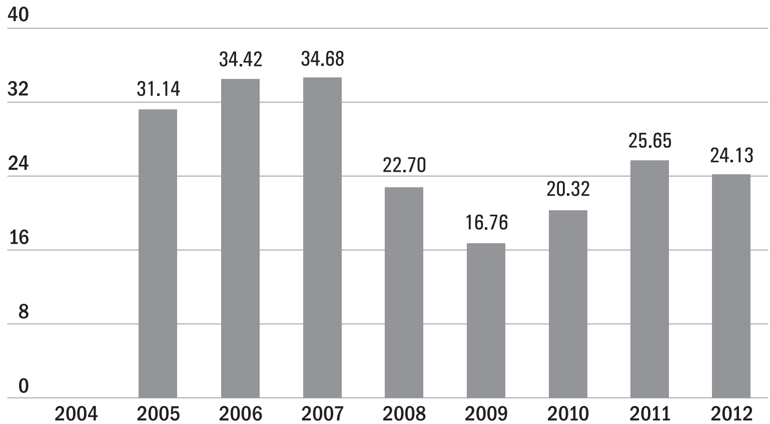


These funds are not meant to out perform the broad equity fund categories but check the fails

to achieve international exposure.

Some of these schemes have geographical focus and some invest in a sector or a theme such as agriculture or commodities. Depending on your need, you can decide on the

10-year rolling returns of a Balanced fund



These funds are tax efficient by dynamically managing the equity-debt allocation kind of investment you wish to invest. You need to be aware of the tax implications when investing in international funds; funds with less than 65 per cent domestic equity exposure are taxed as debt funds, which means short term and long term gains tax applies.

Index funds: As the name implies, index funds are those mutual fund schemes that replicate the performance of a given index. For instance, there are index funds that replicate the Sensex and the Nifty.

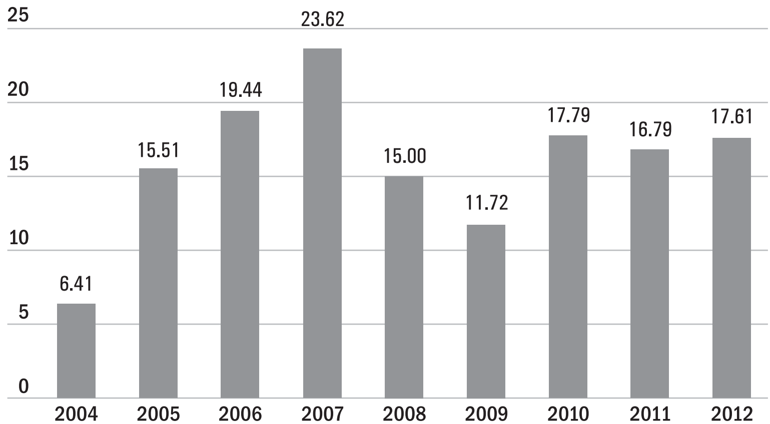
Sector funds: Sector funds, as the name suggests are mutual funds that predominantly invest in a particular sector. For instance, there are funds that invest in a single sector such as banking, FMCG or pharmaceuticals. The idea of such funds is to provide investors an option to enhance their exposure to a sector which has a strong growth potential.

Thematic funds: A thematic fund is one that doesn't limit itself to a specific, clearly identifiable sector but a broader investment theme. However, even though theme is broader than a sector, the fund is not a true diversified fund. Some of the themes on which funds have been launched in India are rural growth, economic reforms, generation next, shariah principles, and even the internet. As is evident from their names, these are a diverse lot.

GROWTH AND TAX SAVINGS

There is a type of mutual fund scheme which not only allows for growth, it also helps investors reduce their income tax liability. Tax saving funds are also called ELSS funds as their formal name in the tax law is Equity-Linked Savings Scheme. They are basically all-equity funds, investments in which are eligible for tax exemptions under

10-year rolling returns of ELSS

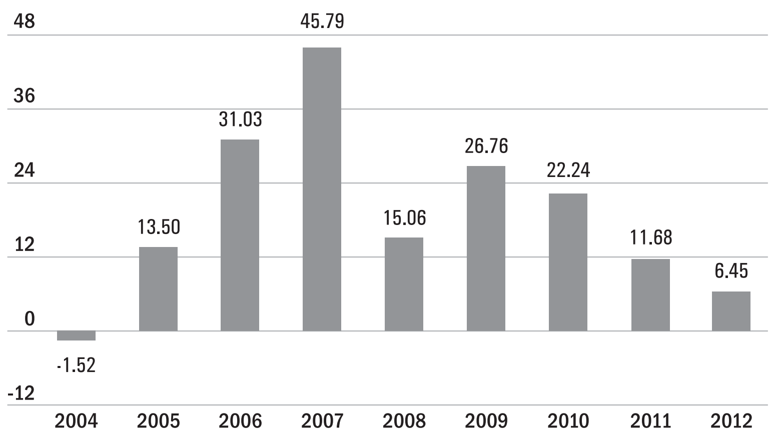


The funds in this category are managed like any other diversified equity fund

Section 80C of the Income Tax Act.

Under Section 80C, you can invest up to ₹1 lakh in a set of investments, one of which is ELSS funds. Since they are equity funds, one should invest in them for long-term. This

5-year rolling returns of ELSS



The 3-year lock-in allows fund managers to manage these schemes without redemption pressure long-term imperative is compulsorily enforced because under the tax laws, investments made into these funds are locked in for at least three years. Because of this lock-in, investors tend to have a good experience of getting reasonable returns from these funds. Moreover, the tax-break acts as a natural boost to returns.

Types of funds to invest? Equity-Linked Savings Scheme

TAX EFFICIENT INCOME

Investment for income is mostly in a situation when you need to regularly withdraw a part of your investment to meet your living expenses. Generally, this is done by retired people or others who don't have a real income.

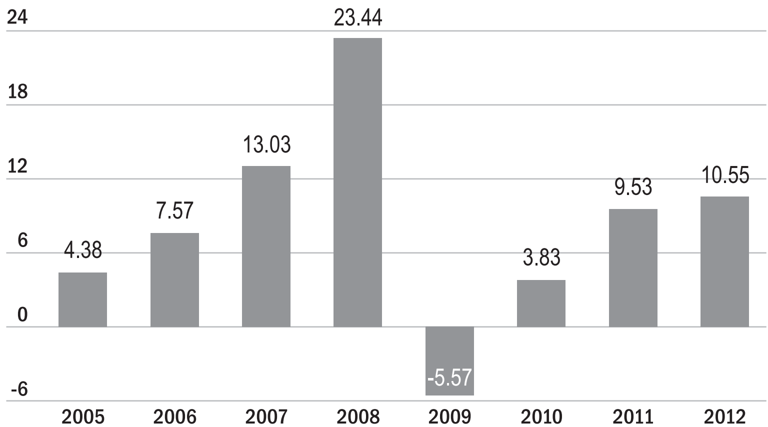
Investing for income is different from investing for accumulating wealth. First and foremost, it needs to be predictable. When money is accumulating for use much later , then it doesn't really matter if you get somewhat higher or lower returns at different times. However , when you need to make regular withdrawals, then this unevenness is not desirable.

Secondly, this predictable rate of return needs to match the inflation rate, or at least come close to it. If the rate of return doesn't match inflation then your money is just losing value even when you are not using it.

Thirdly, the investment needs to be liquid. By liquid, we mean that it should not have a long lock-in period and you should be able to withdraw regularly.

! **Debt funds generate regular income but you need to understand how exactly to use them**

Income fund Returns



Income funds bet to leverage from interest rate fluctuation

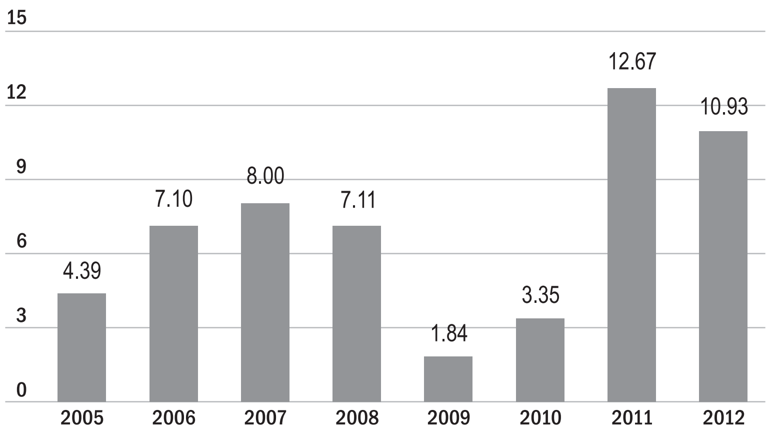
There aren't many investment avenues that satisfy all these needs. Savers tend to use a bank savings account for this purpose. Savings accounts score well on points number one and three mentioned earlier. They are certainly safe and predictable. They are also highly liquid. However , their interest rate is low. Currently, most banks offer interest rate of 4 cent, with a few newer banks offering slightly higher rates, up to 6 per cent, especially on larger deposits. This may be impressive compared to what savings accounts used to pay till a few years ago, but it doesn't even come close to matching the rate of inflation that consumers face. Your money loses real value lying in a savings account, and buys less and less as time goes by.

This leaves debt funds as one of the alternatives. They don't suffer from any of the above flaws. The best suited subtype for this purpose are short-term debt funds. Debt funds as a category are funds based on the their stated goal as liquid funds, short- term, ultra short-term and gilt funds. Within this universe the income fund category has evolved more by way of exclusion. The income fund category can broadly be divided into those with high yield debt which bet on corporate debt and those that bet to leverage from interest rate fluctuation.

Funds in this category invest in bonds, debentures, certificates of deposit, commercial papers, government securities, pass through certificates and collateralised debt obligations. Interest rates and prices of fixed income instruments have an inverse relationship; when the overall interest rates in the economy rise, bond prices fall and vice versa.

These funds also have excellent liquidity—you can redeem your money on the day of request, but it normally takes up to 3 working days for redemption. And the returns compare favourably to bank fixed deposits. In fact, if your investments last for longer than a year, then on a post-tax

Short-term debt fund returns

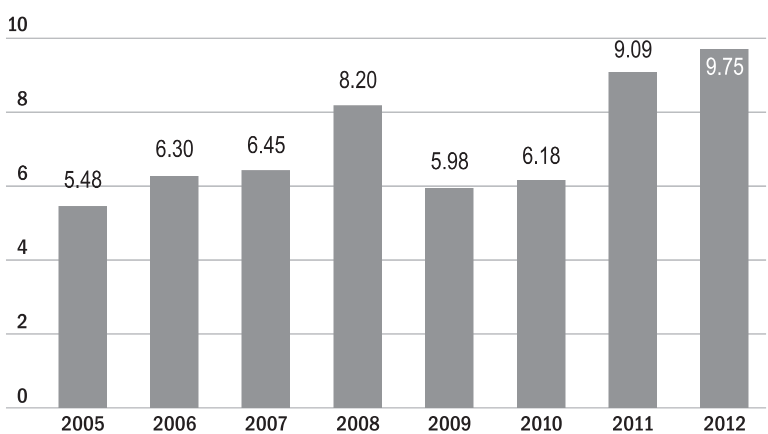


Investments are in short to medium term debt and money market securities to deliver returns basis, you are likely to earn far better than what your investment in fixed deposit can manage. An investment that is made for income has to have a higher level of predictability of returns and risk as well as higher liquidity A good investment will not just match inflation but exceed it, thus becoming a second source of income. In the long term Debt funds can be a much better source of regular income compared to bank deposits

ENHANCING RETURNS OVER IDLE BANK BALANCE

More often than not for fear of losing money, one tends to park large sums of money in a bank savings account which earns measly returns. Debt funds are a direct alternative and competitor for bank fixed deposits. The primary area of difference between the two is on safety and taxation (and thus returns), with mutual funds holding the advantage in tax-adjusted returns and fixed deposits in safety.

Liquid fund returns



Select a scheme that matches your investment tenure with a track record and low expenses

As with all mutual funds, there are no guarantees in debt funds. Returns are market-linked and the investor is fully exposed to defaults or any other credit problems in the entities whose bonds are being invested in. However, that's a legalistic interpretation of the safety of your investments in mutual funds.

The big difference is that of taxation. Returns from bank fixed deposits are interest income and as such have to be added to your normal income. Since many investors are in the top (30 per cent) tax bracket, this effectively reduces return by an equal percentage. With debt funds, the returns are classified as long-term capital gains for investments of over 12-months for and are thus taxed at 10 per cent or 20 per cent with indexation. If you take into account indexation benefits, then the difference between FD returns and debt fund returns are quite large. And if you can time the investment to get double indexation benefits for say a 370 days Fixed Maturity Plans, then its quite a bonanza.

Short-term capital gains tax applies on debt funds that are held for less than a year at the income tax slab that one falls in. However, there is tax efficient strategy that you can adopt. Dividends from debt/liquid funds are tax-free in the hands of investor, which makes them more attractive than bank fixed deposits. However the debt fund scheme pays the additional income tax on distribution of dividend. This is at the rate of 23.325 per cent (including applicable surcharge and cess) when dividend is paid to an individual/HUF and at

! **Debt funds are a versatile asset class and can play many different roles in an investment portfolio**

the rate of 33.99 per cent (including applicable surcharge and cess) when dividend is paid to any other investor. Earlier the dividend distribution tax on liquid funds was lower as compared to other debt funds but it has now been brought on par, so much of the advantage is lost now.

Consider opting for dividend reinvestment when investing in a liquid fund because dividends stripped will be reinvested as units and will be considered as fresh investments. This way the capital gain will be very low. In case you do plan to hold the investment in liquid fund for over a year; opt for the growth option to benefit from the indexation benefits.

SMART ALTERNATIVE TO FDs

The Fixed Maturity Plan (FMP) is a good alternate to bank fixed deposit. These can be used by investors as an alternative to bank fixed deposits. In general, these funds resemble FDs more than they do other mutual funds. These are

How FMPs score over bank deposits

Particulars	Bank Fixed Deposit	FMP With Indexation	Without Indexation
Amount Invested (₹)	1,00,000	1,00,000	1,00,000
Tenure (in days)	372	372	372
Indicative Yield (%)	10	9	9
Total Amount + Interest (₹)	1,10,191.8	1,09,172.6	1,10,191.8
Interest/Gain (₹)	10,191.8	9,172.6	10,191.8
Indexed Cost (₹)	-	1,04,078.8	-
Indexed Gain (₹)	-	5093.8	-
Tax Rates (%)	30.90	22.66	11.33
Tax Amount (₹)	3,149.3	1,154.3	1,154.7
Post Tax Gain (₹)	7,042.5	8,018.3	9,037.0
Post Tax Yield (%)	7.04	8.02	9.04

The Systematic Way

Apart from straightforward investment and redemption in funds, there are some special systematic ways of investing and redeeming your money in mutual funds. They are enormously useful in making you a more disciplined investor, as well as enhancing your returns. Investing regularly means lower risks and higher gains. Systematic investments plans make this simple and easy.

Systematic Investment Plan (SIP)

An SIP is a regular investment in a fund of a fixed amount at a fixed frequency. Generally, the frequency is monthly. SIPs neatly solve the two main problems that prevent investors from getting the best possible returns from their mutual fund investments. Firstly, since SIPs mean investing with a fixed sum regularly regardless of the NAV or market level, investors automatically buy more units when the markets are low. This results in a lower average price, which translates to higher returns. One of the basic principles of investing is ‘Buy Low, Sell High’. SIPs automatically enforce this.

If you invest a large sum at one go, you could end up catching a high point of the equity markets. This would mean that you have invested at a high NAV and that would reduce your gains if the market falls. An SIP is a good way to invest at an average price over a period.

Secondly, SIPs are also a great psychological help while investing. Investors inevitably try to time the market. When the

closed-end funds, meaning that one can only enter them when they are launched and exit them when their pre-stated term is over.

You can exit them earlier since they are listed on the stock exchanges, you will be able to realise a lower value as they are usually quoted at a price lower than their NAVs.

market falls, they sell and they don't invest any more. When it rises, they invest more. This is the opposite of what should be done. An SIP puts an end to all this by automating the process of investing regularly. It eliminates the mental load of deciding when to invest and leads to better returns.

For inexperienced investors, this is normally the biggest barrier to getting good returns. Investors end up 'buying low' and that stand them in good stead eventually.

Systematic Withdrawal Plan (SWP)

SWPs are a regular redemption from a fund. There are a number of variations. Investors can either redeem a fixed amount, a fixed number of units or all returns above a certain base level. Among other things, they are a convenient way to take a regular income from a fund investment.

Systematic Transfer Plan (STP)

An STP is a regular transfer from one fund to another. It's like an SIP but the source of the money is an STP from another fund. The most frequent use of an STP is when you have a lump sum to invest in an equity fund. For reasons listed above, it is always better to invest gradually through an SIP rather than with a large sum all at once. In such cases, you could put the lump sum in a debt fund of an AMC and simply give instructions to transfer a fixed amount into a chosen equity fund every month. This is called STP.

Although fund houses can no more provide the indicative return on the FMP, the returns are comparable and sometimes better than what bank deposits offer.

FMPs invest in debt instruments with the intent of holding them to maturity. This means that regardless of any ups and downs in the market value of the investments, the final earnings are predictable.

One obvious question is why investors should prefer FMPs to bank deposits. The reason is mostly to do with tax efficiency. When you put money in a fixed deposit, the interest gets added to your income. In FMPs longer than a year, if you elect to take all your gains as capital appreciation, the taxation is merely 10 per cent without indexation benefit or 20 per cent with indexation. That's generally quite a saving from the tax rate which either individuals or companies would pay on the interest earned from a bank deposit.

CAPITAL PROTECTION

For investors oriented to safety, there is a category of funds that they can explore--the capital protection oriented funds. These do not guarantee capital protection, but are structured to protect the capital. Capital protection is a goal and not an obligation with these funds. But, one way by which these type of funds score over bank fixed deposits is in terms of taxation. If redeemed after one year they are taxed at the rate of 20 per cent without indexation or 10 per cent with indexation while in case of bank fixed deposits TDS (tax deducted at source) is deducted at 30 per cent for a person falling in the highest tax bracket.

CHAPTER 4

How to buy a mutual fund

There are several ways to buy a mutual fund scheme. But before selecting a fund scheme to invest, one needs to be ready with the necessary paperwork to make a hassle free investment.

WHAT YOU NEED TO GET STARTED WITH MUTUAL FUND INVESTING

To start investing in a fund scheme you need a PAN, bank account and be KYC (know your client) compliant. The bank account should be in the name of the investor with the Magnetic Ink Character Recognition (MICR) and Indian Financial System Code (IFSC) details. These details are mentioned on every cheque leaf and it is common for an agent or distributor to seek a cancelled bank cheque leaf.

HOW TO GET YOUR KYC?

The need for KYC is to comply with the market regulator SEBI in accordance with the Prevention of Money laundering Act, 2002 ('PMLA'), which undergo changes from time to time.

KYC process is investor friendly and is uniform across various SEBI regulated intermediaries in the securities market such as Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes and others. This way, a single KYC eliminates duplication of the KYC process across these intermediaries and makes investing more investor friendly.

Documents required to be submitted along with KYC application

- Recent passport size photograph
- Proof of identity such as a copy of PAN card or UID (Aadhaar) or passport or voter ID or driving licence
- Proof of address passport or driving license or ration card or registered lease/sale agreement of residence or latest bank A/C statement or passbook or latest telephone bill (only landline) or latest electricity bill or latest gas bill, which are not older than three months.

You will need to submit copies of all these documents by self-attesting them along with originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorised for attesting the documents. In case you are unable to furnish proper documents, it could result in delays in getting a KYC.

A single KYC eliminates duplication of KYC process across intermediaries and makes investing easy

Resident Indians can get it attested by: Notary public, Gazetted officer, Manager of a scheduled commercial or co-operative bank or multinational foreign banks. Make sure the name, designation and seal is affixed on the copy.

NRIs can get attestation from: Authorised officials of overseas branches of scheduled commercial banks registered in India, notary public, court magistrate, judge, Indian Embassy in the country where the client resides.

HOW TO CHECK YOUR KYC STATUS?

Existing investors and those who have submitted their applications can check the status on KYC compliance with their PAN number with any of the KYC Registration agency

- www.cvlkra.com/
- https://kra.ndml.in/
- www.nsekra.com/
- https://camskra.com/
- www.karvykra.com/

MUTUAL FUND APPLICATION FORM

Each mutual fund scheme has a form that investors need to fill. If you start investing in the systematic investment plan (SIP), you need to fill in two forms: one to open an account with the mutual fund and the other to specify your SIP details such as frequency, monthly instalment amount, and date on which the SIP sum is to be invested.

> **!** You can check the status on KYC compliance with your PAN number with any of the KYC Registration agency

Investing for Minors

If you wish to invest in the name of a minor, you need to fill in a third-party declaration form.

- Only parents are allowed to invest on behalf of their children
- Documents that establish the parent's relationship with the child should be submitted (Passport, birth certificate or any other ID proof)
- If the child has no parents in case of an eventuality, then a court-appointed guardian can invest if necessary documentary proof is submitted to establish the relationship between the minor child and the guardian

GROWTH, DIVIDEND OR DIVIDEND RE-INVESTMENT

When investing in mutual funds, there are three options that are available in which you could invest: growth, dividend and dividend reinvestment. One is normally expected to select one of the three options when filling an investment form, however, in case if you do not fill any of the option, the fund house selects the default option for the scheme as mentioned in its Scheme Information Document (SID), which is most often the growth option. Investors have the flexibility to change the investment option at a later date to suit their convenience.

Growth option: In this option, the scheme does not pay any dividend, but continues to grow. Therefore, nothing is received by you as a unit holder and hence, there is nothing to reinvest in the scheme. Any gains made by selling the fund holdings are invested back into the scheme, which can

When a dividend is declared, it gets deducted from the NAV of your fund scheme and is paid to you be seen in the NAV (net asset value) of the scheme, which rises over time. But, the number of units with the investor remains the same.

Dividend payout: In this option, the mutual fund scheme pays you from the profits made by the scheme at regular periods which could be monthly, quarterly, half-yearly or yearly in case of debt funds and at irregular intervals in case of equity funds. A liquid fund also provides for a daily or weekly dividend option. However, you should be aware that dividends are not guaranteed, which means a fund is not bound to pay out a dividend; it may or may not pay a dividend.

Dividend reinvestment: In this option, the dividend is not paid to you, instead it is reinvested in the fund scheme itself by buying more units on your behalf.

Each of the three options has its share of pros and cons, which will vary depending on your needs. As investors, the treatment of gains and taxes are the two essential features that differentiate these options. If evaluating the returns from an investment at a point of time, there is no difference among the three options. The difference emerges in an implicit form with respect to the applicable taxes.

Further, it is important to consider the tax impact when selecting between the growth, dividend payout or dividend reinvestment options as the post-tax returns' differs between the options. This difference occurs because, the tax treatment is different for long-term and short-term holding period. The tax treatment also differs for equity and debt funds.

> **!** The growth option is the most suitable if you are investing for long term wealth creation

Capital Gains from Mutual Funds

Type of investment	Short-term holdings (less than one year)	Long-term holdings (more than one year)
Equity and Equity-oriented Hybrid Funds	Taxed as short-term capital gains, currently 15 per cent	Not Taxed
All Other Funds	Taxed as part of investor's income	Taxed as long-term capital gains, adjusted for inflation

Dividend Income from funds

Type of investment	Dividend tax
Equity and Equity-oriented Hybrid Funds	None
All Other Funds	25%*

** for individuals and HUF, plus surcharge as applicable and 3% education cess*

WHERE AND HOW TO BUY FUNDS?

Like the many mutual fund schemes to choose from, there are several ways in which one can invest in them. One can invest online or offline or in direct as well as regular plans. Like everything else, each option has its limitations and advantages, which vary for each investor.

Direct Plan: Since January 1, 2013, all mutual fund houses have rolled out a new plan under all of their existing fund schemes—the Direct Plan. These plans are targeted at investors who do not make their mutual fund investments through distributors and hence have a lower expense ratio compared to existing fund schemes of the AMC.

This means that you, as an investor, will get an opportunity

> **!** In direct plans you get an opportunity to earn a slightly higher return from your mutual funds

to earn a slightly higher return from your mutual fund despite it having the same portfolio. The direct plans will not charge distribution expenses or commission, resulting in these plans having lower annual charges and eventually, a different (higher) NAV compared to the regular plans.

Through intermediaries: There is a wide variety of intermediaries available. These include most banks, distribution companies having national or regional presence, some stock brokers (including online brokers) and a large number of individuals and small financial advisory companies. All intermediaries have to be registered with the Association of Mutual Fund in India (AMFI), which also maintains a searchable online directory at www.amfiindia.com. The website also lists intermediaries who have been suspended for malpractice to protect investors from going back to them.

The intermediary, normally brings the required mutual fund application form, helps you fill the forms, submit the forms and other documents to the Mutual Fund office and sometimes even brings in the Account Statement. But, all these services come to you for a fee. Typically, agents charge a flat fee for these services.

Through IFAs: IFAs are independent Financial Advisors, who are individuals who act as agents to facilitate a mutual fund investment. They help you fill the application form and also submit the same with the AMC.

Directly with the AMC: You can invest in a mutual fund scheme by

Online portals charge an initial fee to setup an account and facilitate smooth future access to invest and redeem

investing directly through the AMC. The first time you invest in any Mutual Fund, you may have to go to the AMC's office to make your investment. Subsequently, future investments in different fund schemes of the same AMC can be made online (provided this facility is offered by the AMC) or offline, using the folio number in your name. Some AMCs may extend the facility of sending an agent to help you fill the application form, collect the cheque and send the acknowledgement.

Through Online Portals: There are several third party online portals, from where you can invest in various mutual fund schemes across AMCs. Most of the portals have tie-ups with banks to facilitate easy fund transfer at the time of investing. These portals charge an initial fee to setup an account and facilitate future smooth online access to invest and redeem your investments.

Through your bank: Banks are also intermediaries who distribute fund schemes of different AMCs. You can invest directly at your bank branch into fund schemes that you wish to invest in.

Through Demat and Online Trading Account: If you have a demat account, you can buy and sell mutual funds schemes through this account.

ELECTRONIC MONEY TRANSFER

The traditional way to transfer money from one bank account to another is to write a cheque and then deposit it. The advent of technology has ensured that one need not go

> **!** Each intermediary has different advantages and limitations, so opt for one that suits your needs

Investing in Mutual Funds is not about investing in equity shares alone

You can also invest in

FIXED INCOME OR DEBT MUTUAL FUND SCHEMES

that invest in debt securities like Govt. Securities (G-Secs)/ Treasury Bills, Commercial Papers (CPs), Certificates of Deposit (CDs), Corporate Bonds etc.

An Investor Education and Awareness Initiative by Taurus Mutual Fund

TAURUS
Mutual Fund

Mutual Fund investments are subject to market risks, read all scheme related documents carefully

ADVANTAGES OF DEBT MUTUAL FUNDS

- Carry lower risk & volatility compared to equity funds
- Suitable for all categories of investors
- Investor can choose a debt fund according to the risk appetite & time frame of investment
- Investor can use it for short term parking (Liquid or Ultra Short Term Bond Fund), medium term (Short Term Income Fund / Dynamic Income Fund) or long term investment needs (Long Term Income Funds, Gilt Funds, MIPs etc)
- Add balance & stability to the portfolio
- Tax efficient
- Transparent – monthly disclosure of portfolios
- Highly Liquid
- Affordability – low cost
- Can be used as an investment vehicle for transferring a fixed sum periodically to equity funds through systematic transfer plan (STP)

DIFFERENT TYPES OF DEBT FUNDS

- Liquid Fund
- Ultra Short Term Bond Fund
- Short Term Income Fund
- Dynamic Income Fund
- Long Term Income Fund
- Fixed Maturity Plan
- Gilt Fund
- Monthly Income Plan (MIP) – predominantly invests in debt securities with limited exposure to equity and/or Gold ETF

Taxation in Debt Mutual Funds for Individual investors (FY 2013-14)

Short Term Capital Gains Tax* - As per income tax bracket of the investor
Long Term Capital Gains Tax - 10% + 3% Education cess (without indexation) OR 20% + 3% Education Cess (with indexation)

Dividend Distribution Tax (DDT)** - 28.325% (25% + 10% Surcharge +3% Education Cess)

* Surcharge at the rate of 10% is levied in the case of individual/HUF unit holders whose income exceeds ₹1 cr

** DDT is deducted at source and is payable by the Scheme. Dividend received in the hands of the unitholder is tax free.

Disclaimer : This dose not constitute tax advice. In view of the individual nature of the tax consequences, each investor is advised to consult his or her own tax consultant with respect to specific tax implications arising out of his/her investment in any scheme.

An Investor Education and Awareness Initiative by Taurus Mutual Fund

TAURUS Mutual Fund

Mutual Fund investments are subject to market risks, read all scheme related documents carefully

through such a tedious process anymore. Over the years, the RBI has introduced several steps that has resulted in paperless transfer of funds through electronic funds transfer (EFT). There are several other acronyms that one comes across, especially when transferring funds online or through electronic clearances such as RTGS, NEFT and ECS. Each of these plays an important role in ensuring your investments are timely and you do not lose time when investing. Each of these options plays a role in the way your investments are treated in a mutual fund.

Electronic Clearing Service (ECS): ECS is an electronic mode of payment or receipt for transactions that are repetitive and periodic in nature. For this reason, ECS is most preferred and useful when investing through SIP. Essentially, ECS facilitates bulk transfer of money from one bank account to many bank accounts or vice versa.

Primarily, there are two variants of ECS—ECS Credit and ECS Debit. ECS Credit is used by an institution for affording credit to a large number of beneficiaries having accounts with bank branches at various locations within the jurisdiction of a ECS Centre by raising a single debit to the bank account of the user institution. ECS Credit enables payment of amounts towards distribution of dividend, interest, salary, pension, etc., of the user institution.

ECS Debit is used by an institution for raising debits to a large number of accounts maintained with bank branches at various locations within the jurisdiction of an ECS

ECS is most preferred and useful when investing through systematic investment plans (SIP)

Centre for single credit to the bank account of the user institution. ECS Debit is useful for payment of mutual fund SIPs, because these are periodic or repetitive in nature and payable to the user institution by large number of investors.

National Electronic Fund Transfer (NEFT): This is a nationwide payment system facilitating one-to-one funds transfer. Under this scheme, individuals, firms and corporate can electronically transfer funds from any bank branch to any individual, firm or corporate having an account with any other bank branch in the country participating in the Scheme. Individuals who do not have a bank account (walk-in customers) can also deposit cash (up to ₹50,000) at the NEFT-enabled branches with instructions to transfer funds using NEFT. At present, NEFT operates in hourly batches - there are eleven settlements from 9 AM to 7 PM on weekdays and five settlements from 9 AM to 1 PM on Saturdays.

Electronic Funds Transfer (EFT): This is a paperless method by which money is transferred from one bank account to other bank account without the cheque or currency notes. The transaction is done at bank ATM or using Credit Card or Debit card. In the RBI-EFT system you need to authorise the

Electronic payments

IFSC or Indian Financial System Code is an alpha-numeric code that uniquely identifies a bank-branch participating in the NEFT system. This is an 11 digit code with the first 4 alpha characters representing the bank, and the last 6 characters representing the branch. The 5th character is 0 (zero). IFSC is used by the NEFT system to identify the originating or destination banks or branches and also to route the messages appropriately to the concerned banks or branches.

bank to transfer money from your bank account to other bank account that is called as beneficiary account. Funds transfers using this service can be made from any branch of a bank to any other branch of any bank, both inter-city and intra-city. RBI remains intermediary between the sender's bank called as remitting bank and the receiving bank and affects the transfer of funds. Using this method, funds are credited into the receiver's account either on the same day or within a maximum period of four days, depending upon the time at which the EFT instructions are given and the city in which the beneficiary account is located. Usually the transactions done in first half of the day will get first priority of transfer than the transaction done in second half.

Real Time Gross Settlement (RTGS): The real time gross settlement is an instantaneous funds-transfer system, wherein the money is transferred in real time. With this system you can transfer money to other bank account within two hours. In this system there is a limit that you have to transfer money only above ₹1 lakh and for money below ₹1 lakh transactions, banks are instructed to offer the NEFT facility to their customers. This is because; RTGS is mainly used for high value clearing. The RTGS facility is available only up to 3 PM and inter-bank transactions are possible up to 5 PM.

! Fund houses can accept cash up to ₹20,000 per investor, per mutual fund per financial year

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CHAPTER

5

Navigating investments

Over the years, the regulator and market forces have created several initiatives that have worked towards simplifying mutual fund investing. There is easy information available, which can be well used to make investing enjoyable.

COLOUR OF A FUND

The market regulator SEBI, has standardised fund labels and colour codes, which will help investors make the right choice. The colour code is done based on risk profiles with three colour schemes; brown for high-risk products, yellow for medium-risk and blue for low-risk ones. The criterion considered is the risk on the principal invested. Broadly, the colour code indicates that all equity products are classified as high-risk, majority of debt funds as low-risk and all hybrid ones (mix of equity and debt) as medium-risk.

The colour code will be useful for you to understand the basics of what kind of investment a fund is intended for and what it's risk profile is. With this basic information, you will be equipped to interact with your distributor or the intermediary selling you a fund scheme, the colour code will help you identify and invest in a fund scheme, which invests in what you are looking for or at least in a scheme that matches your risk profile. The colour codes, at best can be the starting point to identify funds based on your risk profile and need, but by no means is it conclusive to invest in a fund scheme.

Today, product label details about a fund scheme is disclosed on the front page of the Scheme Information Document (SID). Moreover, the label is placed in the common application forms and advertisements. According to the SEBI, the product label has to be placed in proximity to the caption of the scheme in the initial offering—Key Information Memorandum (KIM) and Scheme Information Documents (SIDs)—and common applications so that they are prominently visible to investors.

WHAT IS A PROSPECTUS OR OFFER DOCUMENT?

All mutual fund schemes are mandated to provide an offer document or prospectus to investors, which contains details on the fund schemes such as issue date, investment objective, fees and lot more.

Date of issue: This is the start and end date of new fund offers.

Investment objective: This section details the broad criteria that the mutual fund will follow with regard to investing in a particular security.

! The colour codes can be the starting point to identify funds based on your risk profile

Minimum investment: In this section, mutual funds prescribe the minimum sum to be invested through new fund offers and multiple sums in addition to the prescribed minimum.

Investment policy: The offer document will also outline the general strategies the fund managers will implement, types of investments, and asset allocation pattern considered appropriate for the fund.

Risk factors: The offer document is required to describe the risks associated with investing in the fund. You should be familiar with the differences between varieties of risk, why these risks are inherent in particular funds, and how these risks fit in with risks in the overall portfolio.

Benchmark: This section details the benchmarks chosen by the fund to ensure that its relative performance is appropriate. Be careful to read the fine print in these sections, especially the composition of the benchmark.

Fees and expenses: Offer documents are also required to list the limits on fees, including entry and exit loads, switching charges, annual recurring expenses, management fees and investor servicing costs. The prospectus also indicates the impact these have had on fund investment.

Key personnel: This section details the qualifications and professional experience of the top management in the fund company, including those of the chief executive officer (CEO) and fund managers.

Tax benefit information: Mutual funds enjoy significant tax benefits. Thus careful reading of the tax benefits is essential

! **The prospectus indicates the fee and expenses for a fund scheme and its impact**

before you to plan tax benefits you can avail, so as to enhance your post-tax returns.

Investor services: These are details of services such as automatic reinvestment of dividend and systematic investment or withdrawal plans that a mutual fund provides for an investor's convenience.

WHAT IS SCHEME INFORMATION DOCUMENT (SID)

This is an exhaustive document which concisely lists the information about the scheme that a prospective investor ought to know before investing. Before investing, you should also ascertain about any further changes to this SID after the launch of the fund scheme from the AMC or distributors, because the SID can be modified from time to time through an addendum whenever a material change occurs. Such material change will also be filed with SEBI and circulated to all unit holders or may be publicly notified by advertisements in newspapers subject to regulations. Investors can obtain such addenda from the mutual fund or its Investor Service Centres (ISC) or distributors.

WHAT IS STATEMENT OF ADDITIONAL INFORMATION

This statement provides details on the AMC besides the tax and legal issues. The SAI, is part of the SID and the two should be read in conjunction and not isolation to get the full picture on what the scheme proposes to do and how it is expected to be managed.

KIM, SID and Fact Sheet are important documents to ascertain what a fund scheme does and how it is faring

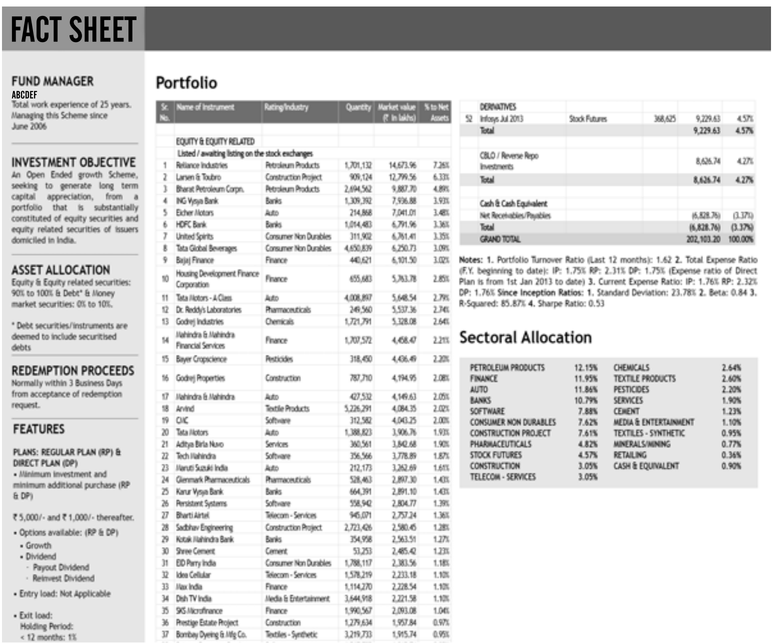
WHAT IS KEY INFORMATION MEMORANDUM (KIM)

The KIM has information, which a prospective investor ought to know before investing. In some ways it is an abridged version of the SID.

WHAT IS A FUND FACT SHEET?

A fund scheme's fact sheet reveals loads of information about the fund. It informs investors where their money has been invested and how their investments are performing.

Typically, AMC's release their monthly fact sheet detailing the fund's investment performance and investments in the previous month in the first week of the subsequent month. For you, the information in the fact sheet can help make the decision to invest in a scheme, exit a scheme or continue investing in a scheme.



FACT SHEET

FUND MANAGER
ABCDEF
Total work experience of 25 years. Managing this Scheme since June 2006

INVESTMENT OBJECTIVE
An Open Ended growth Scheme, seeking to generate long term capital appreciation, from a portfolio that is substantially constituted of equity securities and equity related securities of issuers domiciled in India.

ASSET ALLOCATION
Equity & Equity related securities: 90% to 100% & Debt* & Money market securities: 0% to 10%.

* Debt securities/instruments are deemed to include securitised debts

REDEMPTION PROCEEDS
Normally within 3 Business Days from acceptance of redemption request.

FEATURES

PLANS: REGULAR PLAN (RP) & DIRECT PLAN (DP)
- Minimum investment and minimum additional purchase (RP & DP)

₹ 5,000/- and ₹ 1,000/- thereafter.
- Options available: (RP & DP)
  - Growth
  - Dividend
    - Payout Dividend
    - Reinvest Dividend
- Entry load: Not Applicable
- Exit load:
  Holding Period:
  < 12 months: 1%

Portfolio

Sr. No.	Name of Instrument	Rating/Industry	Quantity	Market value (₹ In lakhs)	% to Net Assets
	EQUITY & EQUITY RELATED				
	Listed / awaiting listing on the stock exchanges				
1	Reliance Industries	Petroleum Products	1,701,132	14,673.96	7.26%
2	Larsen & Toubro	Construction Project	909,124	12,799.56	6.33%
3	Bharat Petroleum Corpn.	Petroleum Products	2,694,562	9,887.70	4.89%
4	ING Vysya Bank	Banks	1,309,392	7,936.88	3.93%
5	Eicher Motors	Auto	214,868	7,041.01	3.48%
6	HDFC Bank	Banks	1,014,483	6,791.96	3.36%
7	United Spirits	Consumer Non Durables	311,902	6,761.41	3.35%
8	Tata Global Beverages	Consumer Non Durables	4,650,839	6,250.73	3.09%
9	Bajaj Finance	Finance	440,621	6,101.50	3.02%
10	Housing Development Finance Corporation	Finance	655,683	5,763.78	2.85%
11	Tata Motors - A Class	Auto	4,008,897	5,648.54	2.79%
12	Dr. Reddy's Laboratories	Pharmaceuticals	249,560	5,537.36	2.74%
13	Godrej Industries	Chemicals	1,721,791	5,328.08	2.64%
14	Mahindra & Mahindra Financial Services	Finance	1,707,572	4,458.47	2.21%
15	Bayer Cropscience	Pesticides	318,450	4,436.49	2.20%
16	Godrej Properties	Construction	787,710	4,194.95	2.08%
17	Mahindra & Mahindra	Auto	427,532	4,149.63	2.05%
18	Arvind	Textile Products	5,226,291	4,084.35	2.02%
19	CMC	Software	312,582	4,043.25	2.00%
20	Tata Motors	Auto	1,388,823	3,906.76	1.93%
21	Aditya Birla Nuvo	Services	360,561	3,842.68	1.90%
22	Tech Mahindra	Software	356,566	3,778.89	1.87%
23	Maruti Suzuki India	Auto	212,173	3,262.69	1.61%
24	Glenmark Pharmaceuticals	Pharmaceuticals	528,463	2,897.30	1.43%
25	Karur Vysya Bank	Banks	664,391	2,891.10	1.43%
26	Persistent Systems	Software	558,942	2,804.77	1.39%
27	Bharti Airtel	Telecom - Services	945,071	2,757.24	1.36%
28	Sadbhav Engineering	Construction Project	2,723,426	2,580.45	1.28%
29	Kotak Mahindra Bank	Banks	354,958	2,563.51	1.27%
30	Shree Cement	Cement	53,253	2,485.42	1.23%
31	EID Parry India	Consumer Non Durables	1,788,117	2,383.56	1.18%
32	Idea Cellular	Telecom - Services	1,578,219	2,233.18	1.10%
33	Max India	Finance	1,114,270	2,228.54	1.10%
34	Dish TV India	Media & Entertainment	3,644,918	2,221.58	1.10%
35	SKS Microfinance	Finance	1,990,567	2,093.08	1.04%
36	Prestige Estate Project	Construction	1,279,634	1,957.84	0.97%
37	Bombay Dyeing & Mfg Co.	Textiles - Synthetic	3,219,733	1,915.74	0.95%

	DERIVATIVES				
52	Infosys Jul 2013	Stock Futures	368,625	9,229.63	4.57%
	Total			9,229.63	4.57%
	CBLO / Reverse Repo Investments			8,626.74	4.27%
	Total			8,626.74	4.27%
	Cash & Cash Equivalent				
	Net Receivables/Payables			(6,828.76)	(3.37%)
	Total			(6,828.76)	(3.37%)
	GRAND TOTAL			202,103.20	100.00%

Notes: 1. Portfolio Turnover Ratio (Last 12 months): 1.62 **2.** Total Expense Ratio (F.Y. beginning to date): IP: 1.75% RP: 2.31% DP: 1.75% (Expense ratio of Direct Plan is from 1st Jan 2013 to date) **3.** Current Expense Ratio: IP: 1.76% RP: 2.32% DP: 1.76% **Since Inception Ratios: 1.** Standard Deviation: 23.78% **2.** Beta: 0.84 **3.** R-Squared: 85.87% **4.** Sharpe Ratio: 0.53

Sectoral Allocation

PETROLEUM PRODUCTS	12.15%	CHEMICALS	2.64%
FINANCE	11.95%	TEXTILE PRODUCTS	2.60%
AUTO	11.86%	PESTICIDES	2.20%
BANKS	10.79%	SERVICES	1.90%
SOFTWARE	7.88%	CEMENT	1.23%
CONSUMER NON DURABLES	7.62%	MEDIA & ENTERTAINMENT	1.10%
CONSTRUCTION PROJECT	7.61%	TEXTILES - SYNTHETIC	0.95%
PHARMACEUTICALS	4.82%	MINERALS/MINING	0.77%
STOCK FUTURES	4.57%	RETAILING	0.36%
CONSTRUCTION	3.05%	CASH & EQUIVALENT	0.90%
TELECOM - SERVICES	3.05%		

APPLICATION FORM

The mutual fund application form has the necessary details that is needed from you at the time of buying units in the fund scheme you have short listed to invest. Details such as your name, address, amount of investment and such other information as required in the application form. Details of bank account number and PAN also need to be filled.

OTHER INVESTOR SERVICES

As a mutual fund investors, you may wish to make changes to your investment. For instance, you may wish to stop a SIP,

ABC Mutual Fund

APPLICATION NO.

ARN & Name of Distributor	Branch Code (only for SBG)	Sub-Broker ARN Code	Sub-Broker Code	EUIN* (Employee Unique Identification Number)	Reference No.

Declaration for "execution-only" transaction (only where EUIN box is left blank) (Refer Instruction 1 (p))
* I/We hereby confirm that the EUIN box has been intentionally left blank by me/us as this is an "execution-only" transaction without any interaction or advice by the employee/relationship manager/sales person of the above distributor or notwithstanding the advice of in-appropriateness, if any, provided by the employee/relationship manager/sales person of the distributor and the distributor has not charged any advisory fees on this transaction.

SIGNATURE(S)			
	1st Applicant / Guardian / Authorised Signatory	2nd Applicant / Authorised Signatory	3rd Applicant / Authorised Signatory

Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based on the investors' assessment of various factors including the service rendered by the distributor

In case the subscription amount is Rs. 10,000/- or more and if your Distributor has opted to receive Transaction Charges, Rs. 150 (for first time mutual fund investor) or Rs. 100/- (for investor other than first time mutual fund investor) will be deducted from the subscription amount and paid to the distributor. Units will be issued against the balance amount invested.

1. PARTICULARS OF FIRST APPLICANT (SEE NOTE 1)

☐ I confirm that I am a **First time** investor across Mutual Funds ☐ I confirm that I am an **existing** investor in Mutual Funds

EXISTING FOLIO NO. (For Exisiting unitholders: Please mention your Folio number, Name and PAN details and then proceed to Investment and Payment details- 8)

Name (Mr./Ms./M/s.)

Gender ☐ Male ☐ Female Date of Birth* D D M M Y Y Y Y *Mandatory in case of Minor and please provide photocopy of supporting documents (See Note 1 h)

Telephone No. (O) Email ID

Telephone No. (R) Mobile No.

Please register your E-mail address & Mobile number to get alerts & communication via E-mail & SMS.

Relationship of Guardian in case of Minor ☐ Father ☐ Mother ☐ Legal Guardian

Please mandatorily enclose the document evidencing the relationship of Minor with Guardian (See Note 1 h)

Name of Guardian (in case of Minor) / Name of Contact Person (in case of Institutional Investor)

PAN Mandatory Enclosures ☐ PAN Proof ☐ KYC Acknowledgement

PAN Exempt KYC Ref no (PEKRN for Micro investments) - ____________

2. PARTICULARS OF SECOND APPLICANT (SEE NOTE 1 & 2)

Name Mr./Ms./M/s.

PAN Mandatory Enclosures ☐ PAN Proof ☐ KYC Acknowledgement

3. PARTICULARS OF THIRD APPLICANT (SEE NOTE 1 & 2)

Name Mr./Ms./M/s.

PAN Mandatory Enclosures ☐ PAN Proof ☐ KYC Acknowledgement

4. GENERAL INFORMATION – Please (✓) wherever applicable (SEE NOTE 1 m & n)

Status (Please (✓))				Mode of Holding (Please (✓))	Occupation (Please (✓))	
☐ Individual	☐ PSU	☐ Partnership Firm	☐ Bank ☐ Others ____	☐ Single	☐ Professional	☐ Housewife
☐ Trust	☐ FII	☐ Minor through Guardian	☐ PIO	☐ Joint	☐ Business	☐ Retired
☐ Society	☐ HUF	☐ Company/Body Corporate	☐ NRI(Repatriable)	☐ Any one or Survivor	☐ Student	☐ Service
☐ AOP/BOI	☐ Sole Proprietor	☐ Government Body	☐ NRI(Non-Repatriable)		☐ Others ____	

5. CONTACT DETAILS (SEE NOTE 1)

Local Address of 1st Applicant

City Pin

State

Address for Correspondence for NRI Applicants only (Please (✓)) Indian by Default ☐ Foreign ☐

Foreign Address (NRI / FII Applicants)

City

Country Zip

or redeem an investment. With time, you may have changed your residence and would need to get the same reflected in your account or change your bank and a lot more. Every AMC has provision to facilitate such changes and there are specific forms to address each of such changes. All you need is to fill the appropriate form and submit it to your distributor or the Investor Service Centres (ISC) and the change will be incorporated.

HOW DO I GET MY GRIEVANCES REDRESSED?

Every AMC mentions the name of the person to be contacted for redress of grievances in their scheme offer document. Moreover, the offer document also has details of the trustees of mutual funds and the names of the directors of the AMC and trustees. You can also approach SEBI for redressal of complaints at http://investor.sebi.gov.in/. On receipt of complaints, SEBI takes up the matter with the concerned mutual fund and follows up on these till the matter is resolved.

List of Mutual Funds

Name of the Asset Management Co.	Website	Customer Care e-mai l ID	Toll free No.
Axis Asset Management	www.axismf.com	customerservice@axismf.com	1800 3000 3300
Baroda Pioneer Asset Management	www.barodapioneer.in	info@barodapioneer.in	1 - 800 – 419091
Birla Sun Life Asset Management	www..birlasunlife.com		1-800-270-7000
BNP Paribas Asset Management	www.bnpparibasmf.in	customer.care@bnpparibasmf.in	
BOI AXA Investment Managers	www.boiaxa-im.com	service@boiaxa-im.com	1800-103-2263
Canara Robeco Asset Management	www.canararobeco.com	crmf@canararobeco.com	1800-209-2726
Daiwa Asset Management (India)	www.daiwafunds.in	investorcare@daiwafunds.in	1 800 419 5000
Deutsche Asset Management (India)	www.dws-india.com	dws.mutual@db.com	
DSP BlackRock Investment Managers	www.dspblackrock.com	service@dspblackrock.com	1800-200-4499
Edelweiss Asset Management	www.edelweissmf.com	EMFHelp@edelweissfin.com	1800 425 0090
Escorts Asset Management	www.escortsmutual.com	help@escortsmutual.com	
Franklin Templeton Asset Mgmt. (India)	www.franklintempletonindia.com	service@templeton.com	1800-425-4255
Goldman Sachs Asset Mgmt. (India)	www.gsam.in	gsamindia@gs.com	1800-266-1220
HDFC Asset Management	www.hdfcfund.com	cliser@hdfcfund.com.	1800-3010-6767
HSBC Asset Management (India)	www.assetmanagement.hsbc.com/in	hsbcmf@hsbc.co.in	1800 200 2434
ICICI Prudential Asset Management	www.icicipruamc.com	enquiry@icicipruamc.com	1800 200 6666
IDBI Asset Management	www.idbimutual.co.in	contactus@idbimutual.co.in	1800-22-4324
IDFC Asset Management	www.idfcmf.com	investormf@idfc.com	1-800-2666688
IL&FS Infra Asset Management	www.ilfsinfrafund.com		
India Infoline Asset Management	www.iiflmf.com	service@iiflmf.com	1800-200-2267
Indiabulls Asset Management	www.indiabullsmf.com	customercare@indiabullsmf.com	1800 200 7777
ING Investment Management (India)	www.ingim.co.in	information@in.ing.com	18004255433
JM Financial Asset Management	www.jmfinancialmf.com	investor@jmfl.com	1800 1038 345

Name of the Asset Management Co.	Website	Customer Care e-mai l ID	Toll free No.
JPMorgan Asset Management	www.jpmorganmf.com	India.Investors@jpmorgan.com	1-800-200-5763
Kotak Mahindra Asset Management	www.kotakmutual.com	mutual@kotak.com	1800222626
L&T Investment Management	www.lntmf.com	investor.line@lntmf.co.in	1800 2000 400
LIC NOMURA Mutual Fund Asset Management	www.licnomuramf.com	corp.office@licnomuramf.com redressal@licnomuramf.com	1800-258-5678
Mirae Asset Global Investments (India)	www.miraeassetmf.co.in	customercare@miraeasset.com	1800-1020-777
Morgan Stanley Investment Management	www.morganstanley.com/indiamf	msmfcustomercare@karvy.com	1800 425 1313
Motilal Oswal Asset Management	www.motilaloswal.com/assetmanagement/	query@motilaloswal.com	
Peerless Funds Management	www.peerlessmf.co.in	pfmc@peerless.co.in	
PineBridge Investments Asset Management	www.pinebridge.in	india.investorcare@pinebridge.com	1800-200-3444
PPFAS Asset Management	www.amc.ppfas.com	ppfasmf@ppfas.com	
Pramerica Asset Managers	www.pramericamf.com	customercare@pramericamf.com	1-800-266-2667
Principal Pnb Asset Management	www.principalindia.com	customer@principalindia.com	1800 425 5600
Quantum Asset Management	www.QuantumAMC.com	Customercare@QuantumAMC.com	1800 22 3863 or 1800 209 3863
Reliance Capital Asset Management	www.reliancemutual.com	customer_care@reliancemutual.com	1800-300-11111
Religare Invesco Asset Management	www.religareinvesco.com	msfservices@religareinvesco.com	1-800–209–0007
Sahara Asset Management	www.saharamutual.com	saharamutual@saharamutual.com	
SBI Funds Management	www.sbimf.com	partnerforlife@sbimf.com	1800 425 5425
SREI Mutual Fund Asset Management		mfinvestorservices@srei.com	
Sundaram Asset Management	www.sundarammutual.com	customerservices@sundarammutual.com	1800 103 7237
Tata Asset Management	www.tatamutualfund.com		1800-209-0101
Taurus Asset Management	www.taurusmutualfund.com	customercare@taurusmutualfund.com	1800 108 1111
Union KBC Asset Management	www.unionkbc.com	investorcare@unionkbc.com	18002002268
UTI Asset Management	www.utimf.com	invest@uti.co.in , service@uti.co.in	1800 22 1230

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Your first fund

Useful, simple to understand and easy to execute. Those should be the qualities your first fund investments should have. For beginners, these requirements are generally best satisfied by investing in equity funds.

Tax Savings Funds: Investments in Equity-Linked Savings Scheme are eligible for tax exemptions under Section 80C of the Income Tax Act. Under Section 80C, you can invest up to ₹1 lakh in a set of investments, one of which is ELSS funds. The long-term imperative is compulsorily enforced in this fund, because under the tax laws, investments in these funds are locked in for at least three years. The lock-in, can result to be a good experience, save taxes and also build wealth.

Monthly Income Plan (MIP): These funds have low equity exposure and try to address the capital protection concerns of investors by investing predominantly in debt instruments. These funds suit investors seeking income from investments, with low risk, which can beat inflation and provide regular income. Some MIPs also offer controlled exposure to gold in addition to equity and debt.

Other Options: You can also look at investing in an Index Fund based on S&P BSE Sensex or CNX Nifty or a diversified equity fund with focus on large cap stocks. An investor with surplus money available for a short duration can look at parking in a liquid fund.

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An Investor Education and Awareness Initiative by Taurus Mutual Fund

TAURUS
Mutual Fund

www.taurusmutualfund.com

Mutual Fund investments are subject to market risks, read all scheme related documents carefully

An investor education initiative by

TAURUS Mutual Fund