

Different Investment avenues are available to investors. **MUTUAL FUNDS** also offer good Investment opportunities to the investors.

**MUTUAL  
FUNDS**

MF  
[IE&AP]

Investor Education & Awareness Program



Disclaimer: This **I**nvestor **E**ducation & **A**wareness **P**rogram [IE&AP] is an effort from Growmoneyfincorp.com. The Information shared here is for the benefit of knowledge sharing & for better understanding and not for any commercial advantage. Being promoted for the interest of MUTUAL FUND industry. For feedback / clarification / suggestions: mailto:[info@growmoneyfincorp.com](mailto:info@growmoneyfincorp.com)

Like all investments, Mutual Funds also carry certain risks. **The Investors may seek advice** from experts and consultants including agents and distributors of Mutual Funds schemes **while making investment decisions.**

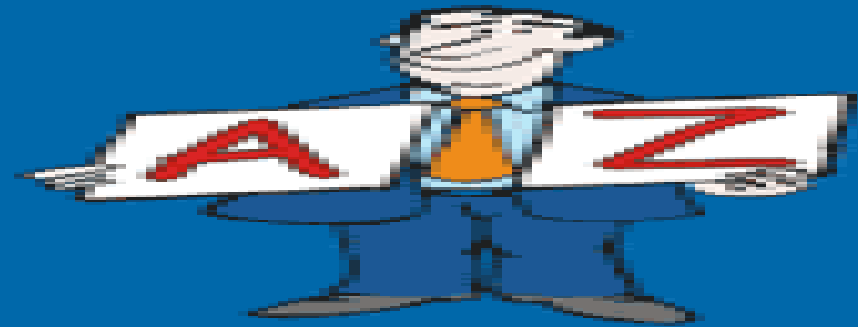


*Beginner's  
Basics*

2

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# Beginner's Basics

**It's time to send your MONEY to work !**

all of us, we earn and spend money  
throughout our lives.

while we make big decisions, that could involve spending  
more than our incomes provide

– may be a home, college expenses, weddings, holidays,  
medical care and finally, retirement.

**How to ensure we have enough MONEY  
to meet all our Goals?**

**By Investing...!**



# Why do I Need to Invest?

Did you know your money may be physically safe, in a savings account, it may not be risk-free?

For instance, if you have Rs.10,000 in a savings account earning 3% interest each year, in 20 years time your savings would be worth Rs. 18,061. That's a return of just over 80%. However, if inflation is about 7%, Rs. 18,061 would only be worth Rs. 4,668 in today's terms!



# Why do I Need to Invest?

**Inflation eats away the value of your money !!**

And that's why mere **savings** is not enough.

You need to invest to pack power or

**Grow Your Money manifold.**

Sound investing in an

**Investment plan** that is **based** on your **personal circumstances.**

You can plan your investment on your own  
or you can take the help of a financial adviser.#

# ([Growmoneyfincorp.com](http://Growmoneyfincorp.com))



# Why do I Need to Invest?

A **T**ypical **I**nvestment **P**lan includes important stages:

- A) **S**etting your FINANCIAL GOALS,
- B) **D**efining your TIME HORIZONS to achieve them,
- C) **D**iscovering how much RISK YOU CAN WITHSTAND,
- D) **D**iversifying Risk.

[ by investing in a range of investments such as Cash, bonds, equities and other assets ]



*Longer the period, more your money multiplies*

# When To Start?

**THE EARLIER , THE BETTER !**

The **sooner** you invest, **more the time** your money will have to **grow** as you benefit from "**compounding**" or the "**snowball** " **effect** on money – when the interest on your investment also starts to grow.

**If you delay**, you will probably **have to invest much more** to achieve a similar result.

THERE'S NO SECRET  
- I JUST STARTED  
EARLY!

Longer the period, more  
your money multiplies



# When To Start?

an illustration to demonstrate the **Difference in Time** can make to **Your Savings Grow Power Packed !**

Age  
40

Investment of **Rs. 5000, p.m** on your 40th birthday in **20** years time your savings could be **Rs. 12 lakhs.**  
( $5000 * 12 * 20 = 12$  . lakhs)

- assuming a Growth at an average of 7% p.a, it would be **worth Rs. 25, 52,994** on your 60<sup>th</sup> Birthday.

Age  
30

If you have started investing 10 years earlier, Investment of **Rs. 5000, p.m,** in **30** years time your savings could be **Rs. 18 lakhs.** ( $5000 * 12 * 30 = 18$  lakhs).

- assuming a (same) Growth at an average of 7% p.a, it would be **worth Rs. 58, 82,545** on your 60<sup>th</sup> Birthday!

So, **The Earlier, The Better.**

The Sooner You Invest, More The Time Your Money Will Grow





*Make your money work  
harder for you*



# A Lump Sum or SIP?

The **Answer** is : depends on Preference & Convenience.

**Some** may **prefer** to invest a **lump sum**,

(as & when they have lump sum)

The benefit is.. you are less likely/ limited  
to spend the money on other things!

However, if you do not have a lump sum,  
you don't have to save up until  
you have a large amount to invest.

**You can invest a relatively Small Amount Every Month  
[ SIP ]**

that can build up into a worthwhile nest egg.

*Make your money work  
harder for you*



# A Lump Sum or SIP?

If you start up a Monthly Savings Plan, i.e.: **SIP**, **S**ystematic **I**nvestment **P**lan, you will think of your regular payment as an essential part of your monthly budget. **you will benefit** from a phenomenon known as "**Rupee Cost Averaging**", no matter how markets are performing.

*Make your money work  
harder for you*



# A Lump Sum or SIP?

**You will benefit** from a phenomenon known as "**Rupee Cost Averaging**", no matter how markets are performing.

If the **Market Goes Up**,  
the **units** you already own  
will **increase in value**. !

If the **Market Goes Down**,  
your next Payment will **Buy More Units**. !!

Make your money work harder for you



# SIP Benefits..

An illustration for "Rupee Cost Averaging"

		LUMP SUM INVESTOR		REGULAR SAVER	
Month	Unit Price (Rs.)	Amount invested (Rs.)	Units bought	Amount invested (Rs.)	Units bought*
1	20	60,000	3,000	10,000	500
2	18			10,000	556
3	14			10,000	714
4	22			10,000	455
5	26			10,000	385
6	20			10,000	500
<b>Total invested</b>		<b>0</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>
<b>Average price paid</b>		<b>0</b>	<b>20</b>		<b>19</b>
<b>Total units bought</b>		<b>0</b>	<b>3,000</b>		<b>3,110</b>
<b>Value of investment after six months</b>		<b>0</b>	<b>60,000</b>		<b>62,200</b>

This example uses assumed figures and is for illustrative purposes only. \*Fractional units ignored.

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*Different people  
Different circumstances  
Different needs*



## Some Investment Options

Different Investments Plan Suits Different People  
At Different Stages in Their Lives.  
each one has its own level of risk and reward.

### Is there a Basic Rule of Thumb?

The Greater the Risk,  
The Greater the Potential Reward.  
& Vice Versa.



*Different people  
Different circumstances  
Different needs*



# Some Investment Options

Here are **Broad Descriptions** of **Some Investment Options**:

Gold, Real Estate

Are Traditional Investments

'physical' nature, Liquidity is bit tricky.

PF, PPF, NSCs & Post Office Savings, Insurance are

**Long Term National Savings Avenues**

that help you Save for Retirement, besides

Offering Tax Benefits.

*Different people  
Different circumstances  
Different needs*



# Some Investment Options

But the True Blue Financial Investments are

**3 Main Asset Classes..**

## 1. CASH

Usually, cash is held in a Savings Deposit,  
a safe place to park money,

But **Low Prospects for Growth** in the long term.

In reality, your money could even be **"Robbed" by Inflation.**

*Different people  
Different circumstances  
Different needs*



# Some Investment Options

## 1. CASH ... (continued...)

[ "Robbed of Inflation#" = Inflation Rate VS. % of interest offered for a savings account ]

Now It's easy to spot the " thief ", called Inflation.

**Cash or Money Market Funds could Increase**  
your **Returns** as a benefit from Better Interest Rates

( #pl.refer to slide 3)



*Different people  
Different circumstances  
Different needs*



# Some Investment Options

## 2. BONDS

A bond is a **Loan** to the Government

Or to a Company.

you receive interest until the maturity date.

**BONDS** can be a good way to generate regular income .

**The Risk is ...**

The Borrower may miss an interest payment,

Or in some extreme cases,

may not pay back the Loan at all.

*Different people  
Different circumstances  
Different needs*



# Some Investment Options

## 2. BONDS ( continued...)

This **Risk is Minimal with Government Bonds** but can be higher with some corporate bonds.

A **Bond Fund** can help you benefit from the complex world of investing In Government & Corporate bonds.

*Different people  
Different circumstances  
Different needs*



# Some Investment Options

## 3. EQUITIES

**EQUITIES** are the other name for shares.

The **value of a share** of a company **depends** on the **performance** of the company.

Over the **Long Term**, **EQUITIES** offer significant **Growth Potential**, but tend to fluctuate in the short term.

*Different people  
Different circumstances  
Different needs*



# Some Investment Options

## 3. EQUITIES (continued...)

You can invest directly in Individual Companies, but if you're not equipped to research, the companies you would like to invest in, you could choose to **INVEST** in an **EQUITY MUTUAL FUND**. Your investment will be spread across many different companies and will be professionally managed.

*What kind of investor  
are you?*



# Getting The Right Mix

Three Principles can help shape  
your financial future.

1. ALLOCATE

2. DIVERSIFY

3. Re - BALANCE



What kind of investor  
are you?



# Getting The Right Mix

## 1. ALLOCATE:

The **Very First Step** to Investing is  
to have a financial goal.

**Check YOUR INVESTMENT NEED...!**

is it for a Home ?

or

As Retirement Benefit? etc

As Individuals, Our circumstances of needs varies.

So, **Define Your Financial Goal.**

What kind of investor  
are you?



# Getting The Right Mix

## 1. ALLOCATE: (continued...)

The **NEXT Step** is

To establish, **WHAT TYPE OF INVESTOR YOU ARE ?**

e.g.: Is Your Approach for Investment is

**CAUTIOUS?** Or **BOLD?**

Or Somewhere in-between ?

You can consider

**Aggressive** Fund Options for **Longer-Term** Goals

And **Conservative** (like Balanced, Gilt) options

for Immediate needs.

What kind of investor  
are you?



# Getting The Right Mix

## 2. DIVERSIFY :

Bear in mind that Very Few People Choose  
just one investment.

Most Intelligent Investors,  
DIVERSIFY

or choose a variety of investments.

DIVERSIFIED Investments benefits you by  
there are chances of Less Likely to Lose Out



*What kind of investor  
are you?*



# Getting The Right Mix

## 2.DIVERSIFY : ( continued...)

If One Type of Investment Does Badly &  
You also have MORE Chances  
of benefiting  
From other Investments that do well.

Remember: " Don't Put All Eggs in One Basket ! "

*What kind of investor  
are you?*



# Getting The Right Mix

## 3. Re-BALANCE:

There also comes a time when it Makes Sense  
to **CHANGE YOUR INVESTMENT MIX**  
to lock-in the Gains Made.

Major events and Fluctuations in  
your portfolio's performance may mean  
your plan is " off-track " and

**you may want to Consider Re - BALANCING!**

What kind of investor  
are you?



# Getting The Right Mix

## 3. Re-BALANCE: (continued...)

When You want to consider Re-Balancing,  
you need to **do with at most care** is  
**MONITOR YOUR PLAN** on your own  
or  
with the help of your **Investment Adviser** #

#(Growmoneyfincorp.com)

and keep Investing.

*What kind of investor  
are you?*



# Getting The Right Mix

We would like to make Some of the basic suggestions  
on the **GETTING THE RIGHT MIX** are...

If you got **25 years to go**  
to reach your **FINANCIAL GOAL** ...

Emphasis on **EQUITIES**, for the potential of  
**Long-Term Capital Growth**.

What kind of investor  
are you?



# Getting The Right Mix

We would like to make Some of the basic suggestions  
on the **GETTING THE RIGHT MIX** are...

If you got **10 years to go**  
to reach your **FINANCIAL GOAL** ...

Your Portfolio could get a bit **CONSERVATIVE** to  
consolidate some of the gains.

**Part** of the Money Stays **in Equities**,  
-& a **Part** moves into **Lower-Risk Bond** Investments.

*What kind of investor  
are you?*



# Getting The Right Mix

We would like to make Some of the basic suggestions  
on the **GETTING THE RIGHT MIX** are...

If you got **5 years to go**  
to reach your **FINANCIAL GOAL ...**

**Aim to PRESERVE any Gains Made.**

- Lay emphasis on Lower-Risk bond
- & Cash Investments

# MUTUAL FUNDS



## The Next Step...

INTERESTED ?

# Welcome!

Be a part of the **GROWING** Industry,  
MUTUAL FUNDS! BECOME AN INVESTOR !!

You are just **THREE** steps away.

Step**1**: DEFINE YOUR FINACIAL GOAL...

Step**2**: DISCUSS YOUR PLANS...

Step**3**: BECOME AN INVESTOR !

mail to: [expert@growmoneyfincorp.com](mailto:expert@growmoneyfincorp.com)

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