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Investments on Your Fingertips

Advantages of investing in Equities through Equity Mutual Funds:

1) **Professional Management:** Direct investments in stocks requires considerable skill, research and time. Many of the investors may not have the requisite expertise and time to track their investments. By investing in Equity Markets through a mutual fund, you get the benefit of a fund manager's expertise. Fund Managers are specialists in investing in stock markets and have access to analyst & research information. In an Equity Mutual Fund scheme, everything from – choosing the stocks, monitoring them, making sector and asset allocation and booking profits when required is done by the fund manager. This ensures that portfolio of Equity Mutual Fund scheme holds good stock with potential for long-term returns.

2) **Diversification:** Investment in an Equity mutual fund scheme allows you to have exposure to basket of stocks and makes your portfolio diversified. Diversification is simply like putting eggs in different baskets. It helps in reducing risk which means you are less likely to lose money on your investments. A well-diversified portfolio should have about 25-30 stocks. But, creating such a portfolio requires large corpus. Compared to direct investments in stocks, equity mutual fund schemes are affordable and convenient way to build a diversified portfolio. You could start investing in an equity mutual fund scheme with an amount as low as Rs 1000 monthly in case of Systematic Investment Plan(SIP) or Rs 5000 through Lump Sum.

3) **Lower cost of investing:** Fund houses, being a bigger entity than individual investors can negotiate with intermediaries, and therefore have lower brokerage costs. Due to their scale, mutual funds pay only a fraction of the brokerage charged to individual investors. By investing in an equity mutual fund scheme, this benefit gets indirectly passed to you.

4) **Investment Choice:** Different types of Equity Mutual Fund schemes are available catering to almost all your investment needs. You can choose to invest in a scheme that suits your investment needs. For example, If you want to save tax, you have the option to invest in Equity Linked Savings Scheme(ELSS). If you want income from your equity investments, you may choose to invest in a dividend- payout option and if you want the invested money to grow you can opt for growth option of a scheme and so on.

5) **Convenient investment options:** Mutual fund schemes provide convenient investment options like a Systematic Investment Plan(SIP) through which you get to invest small sums at regular intervals. SIP makes it simpler for beginners to invest in equity mutual fund schemes with smaller amounts. These small sums that you invest regularly are invested to buy stocks. It also inculcates a regular habit of investing which helps in long term wealth creation.

6) **Liquidity:** Open ended Equity mutual fund schemes are liquid i.e. they offer you an opportunity to redeem your investments at any time. You can redeem all your investments in the time of need at the then prevailing Net Asset Value (NAV). Redemptions in Equity mutual funds within 365 days of investing are subject to exit load and attract Short Term Capital Gain tax. We suggest investors to check these details before placing a 'Sell' transaction.