

## Mutual Funds for Life!

### Change is the only Constant in life:

Indians had always believed in saving and traditionally some of the favorite investment options have been Gold, Land, Fixed Deposits and PPF. As our economy progressed though, interest rates came down significantly, which is one of the many reasons that forced people to start looking at other investment options like **Mutual Funds**.

But sometimes people stay invested for a few years and as and when they see gains or heavy losses, they move out their investments back to the traditionally popular options. Due to this short-term view, investors cannot maximize their benefits and cannot create serious long-term wealth. It is very important to maintain discipline in investments and asset allocation and withdraw as and when required, but after giving the funds at least 5-7 years to grow. Mutual funds also need to be considered as lifetime option for staying invested like other options.

### Mutual Funds as a basket of baskets:

Mutual funds provide you a wide variety of products that allow you to manage your entire wealth as per your risk appetite/age and your financial goals. If you continuously invest in Mutual Funds at maximum potential and maintain proper asset allocation during the working phase of your life (20-60 years), then you should be comfortable to draw a monthly income during your retired life (60-100 years). Let us understand some key benefits of Mutual Fund Investments.

- Mutual funds offer excellent **Safety**, easy **Liquidity** and great **Returns** in the long term to beat inflation and create wealth. (remember **Safety Liquidity Returns** formula 😊)
- Simple & Easy taxation rules and transparent calculations.
- Diversification in the form of Debt (fixed income), Gold, Hybrid, Dynamic and pure Equity Funds (further diversification such as Diversified, Large cap, Mid cap, Small cap, Thematic and Tax Saver funds) which invest in some of the best companies from India as well as abroad.
- Mutual funds are managed by professional fund managers, who have deep knowledge and study in Indian and Global economy. This expertise is available **ONLY** to mutual fund investors at negligible costs.
- Zero explicit expenses like annual maintenance costs or folio management fees.

Generally, Success in any field is achieved only with discipline. Similarly, to create wealth using mutual funds in the long term, SIPs (Systematic Investment Plans) help you bring the Discipline in your Mutual Fund investment journey. SIPs help with averaging costs over the highs and lows of the markets. And as the great Albert Einstein said "**Compound Interest is the 8th wonder of the world. He who understands it, earns it; he who doesn't, pays it!**".