FIVE ESSENTIALS BEFORE INVESTING IN MFS

No one jumps into a pool directly. You have to learn swimming and get the right accessories. In the same way, you need many things ready before investing. Here are 5 essentials before investing:

1 **PLAN FIRST:** Always plan first, especially when your hard-earned money is concerned. Get a financial plan ready, which states your goals, investment deadline. It should also determine your risks and limitations.

2 **FINANCIAL ADVISOR:** It is nice to be confident, but you still need the support of an agent or a financial advisor. They will not only direct you correctly, but also help you open your trading account and place orders.

3 **KYC:** Every investor has to fill a 'Know Your Customer' form while opening new accounts. Once you submit the form, the bank or fund house will verify your details. This allows you to invest in mutual funds.

4 **READ UP:** Before selecting a fund, check the fund's performance, what kind of assets it invests in, and most importantly–does it fit your objectives. Also read the fine print for any extra fees.

5 **HOW TO INVEST:**

Choosing how to invest is a separate decision altogether. There are four key ways to buy mutual fund units – directly from fund houses, financial planners or agents, online banking or trading accounts and mobile.

4 ways to invest in MFs

1 The easiest way to buy MF units is from the fund house. You can simply fill their application form and buy units.

2 Funds houses often tie up with distributors or agents to sell mutual funds. These could be financial planners or banks.

3 This is the time of technology. You can also buy MFs through your trading account or your bank's online service.

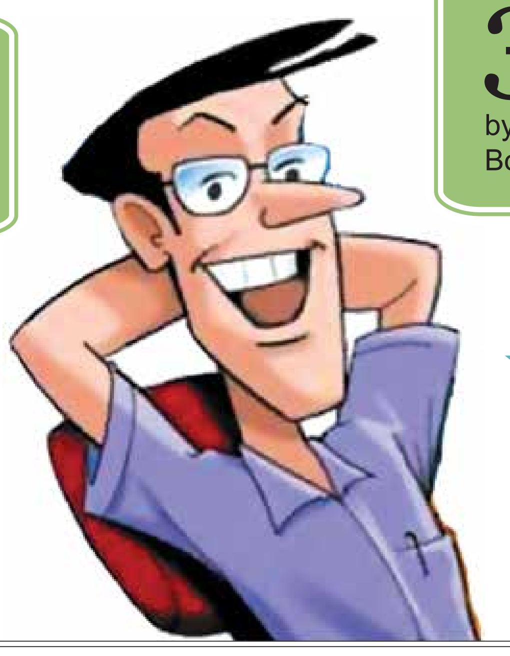
4 Many brokers, funds and banks have separate mobile apps for MFs. You'll have to activate this.

Swatantra Kumar Explains: ASSET MANAGEMENT COMPANY (AMC)

The Asset Management Company is responsible for managing your money on a day-to-day basis.

1 The Asset Management Company appoints expert fund managers to manage your money.

2 The AMC has processes that enable fund managers to take evolved investment decisions.



3 They charge a fee for managing your money as prescribed by Securities and Exchange Board of India guidelines.

4 The fee is usually a percentage of net assets managed by the mutual fund scheme you invest in subject to limits set by SEBI.

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