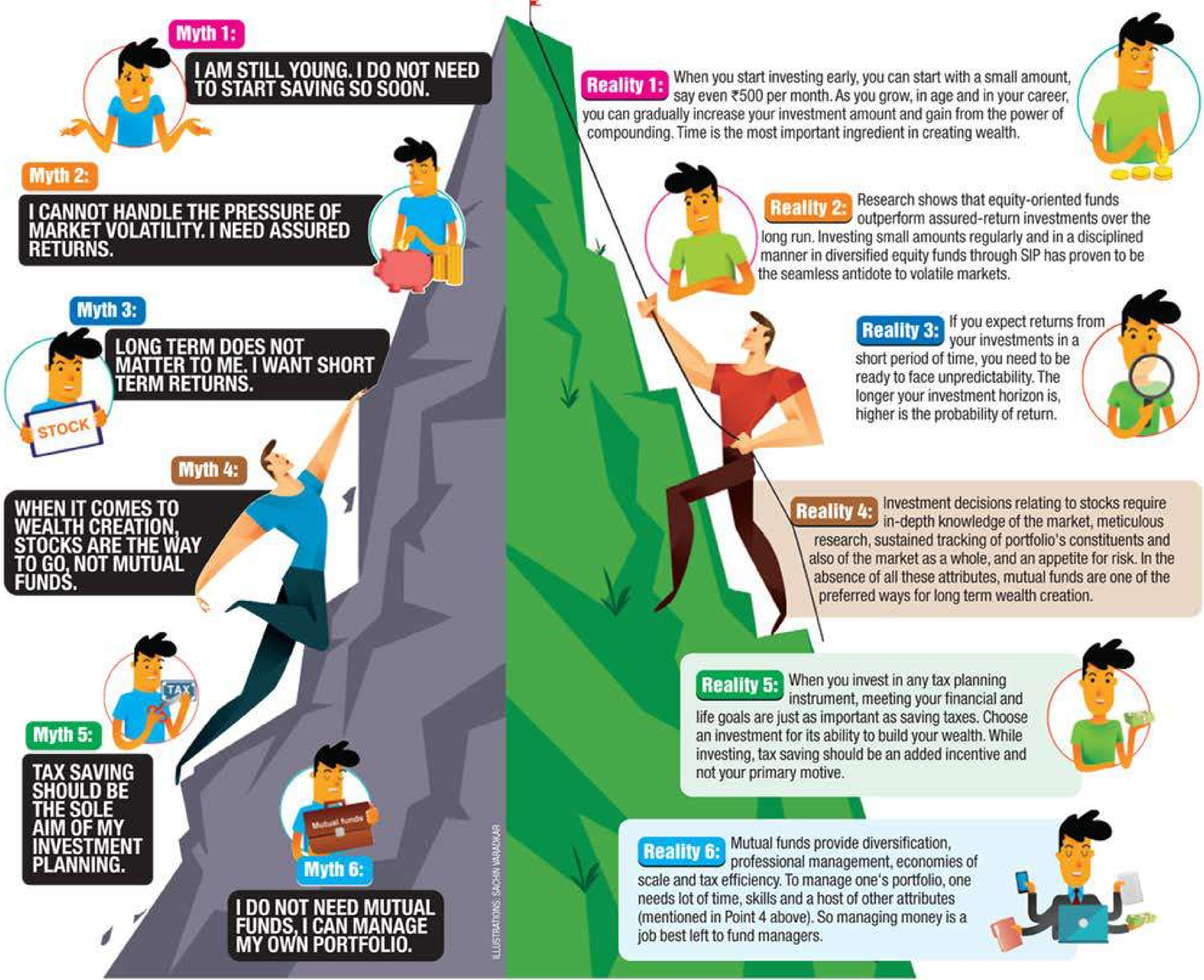
Myth 1:
I AM STILL YOUNG. I DO NOT NEED TO START SAVING SO SOON.
Reality 1: When you start investing early, you can start with a small amount, say even ₹500 per month. As you grow, in age and in your career, you can gradually increase your investment amount and gain from the power of compounding. Time is the most important ingredient in creating wealth.
Myth 2:
I CANNOT HANDLE THE PRESSURE OF MARKET VOLATILITY. I NEED ASSURED RETURNS.
Reality 2: Research shows that equity-oriented funds outperform assured-return investments over the long run. Investing small amounts regularly and in a disciplined manner in diversified equity funds through SIP has proven to be the seamless antidote to volatile markets.
Myth 3:
LONG TERM DOES NOT MATTER TO ME. I WANT SHORT TERM RETURNS.
STOCK
Reality 3: If you expect returns from your investments in a short period of time, you need to be ready to face unpredictability. The longer your investment horizon is, higher is the probability of return.
Myth 4:
WHEN IT COMES TO WEALTH CREATION, STOCKS ARE THE WAY TO GO, NOT MUTUAL FUNDS.
Reality 4: Investment decisions relating to stocks require in-depth knowledge of the market, meticulous research, sustained tracking of portfolio's constituents and also of the market as a whole, and an appetite for risk. In the absence of all these attributes, mutual funds are one of the preferred ways for long term wealth creation.
TAX
Myth 5:
TAX SAVING SHOULD BE THE SOLE AIM OF MY INVESTMENT PLANNING.
Reality 5: When you invest in any tax planning instrument, meeting your financial and life goals are just as important as saving taxes. Choose an investment for its ability to build your wealth. While investing, tax saving should be an added incentive and not your primary motive.
Mutual funds
Myth 6:
I DO NOT NEED MUTUAL FUNDS, I CAN MANAGE MY OWN PORTFOLIO.
Reality 6: Mutual funds provide diversification, professional management, economies of scale and tax efficiency. To manage one's portfolio, one needs lot of time, skills and a host of other attributes (mentioned in Point 4 above). So managing money is a job best left to fund managers.
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