

How do I invest?

As a first time mutual fund investor, you may want to know the basic strategy to start your investments via Mutual Fund. The following approach will help you align your financial goals suitably with the selected Mutual Fund.

Let's look at what you need to do and how to go about it.

Step 1: Analyse Individual Aspects:

Recognize your investment objective, risk taking capacity and time horizon before taking the leap.

1. **Understand your investment objective:** Before you pick a scheme, your first step is to recognize and outline your investment objective.
2. **Know your investment horizon:** Classify your investment horizon into short term, mid-term and long term — where short term refers to a time period of 1 to 3 years, mid-term equates to 3 to 5 years and any time frame over and above as long term.
3. **Get familiar with your risk appetite:** Your ability and willingness to take on risk when investing will be helpful in filtering the right Mutual Fund scheme.
4. **Decide asset allocation & Select the fund category:** Based on the individual factors we've covered so far, you now have to decide the % allocation to different asset class (Debt, Equity, Gold, etc.) and then fill it with right Mutual Fund type. Once asset allocation is finalized, selecting the fund's category is vital as it helps to decide the kind of returns the fund generates within your investment horizon.
5. **Pick the Mutual Fund scheme:** Given the wide range of schemes within the chosen Mutual Fund category, select one that fits and caters to your financial goals.

Risk Tolerance	Investment Horizon	Investment Objective	Asset Type	Scheme Category
Low	Short-Term	Liquidity	Debt	Liquid Fund
				Overnight Fund
Moderately Low	Ultra Short-Term	Income Generation	Debt	Ultra Short/Low Duration Fund
				Money Market Fund
Moderate	Mid-Term		Hybrid	Arbitrage Fund
			Debt	Short Duration Fund
Moderately High	Long-Term	Hybrid		Medium Duration Fund
			Regular Savings Fund	
Moderately High	Long-Term	Wealth Creation	Equity	Large Cap Fund Multi-cap Fund Mid Cap Fund Index Fund
		Wealth Creation cum Tax-Saving	Equity	ELSS
High		Wealth Creation/ Tactical Allocation	Equity	Thematic/Sectoral Fund

6. **Study past performance:** Look into the past performance of your chosen Mutual Fund scheme to understand the risks involved and its overall returns.

Disclaimer - Past performance is not indicative of future performance.

Step 2: Conduct Adequate Research:

Decide asset allocation % post analysis of individual aspect and look into the Fund Scheme of your choice

- **Consistency in Performance:** Consider the Fund's past performance to check its returns if it has performed well in the past and how consistently it has done in the past.
- **Performance Against A Benchmark:** Evaluate the Scheme's performance to see if it's able to meet or outperform its benchmark returns.
- **Track Record Of The Asset Management Company:** Assess the Asset Management Company's [AMC] market expertise, performance history of its schemes and overall track record. Also examine the AMC's reputation, the fund manager's credentials.
- **Fund Manager's Credentials:** Look into the manager's skill set and his or her ability to lead the fund against its counterparts and their benchmark indices. Also, review the fund manager's investment style to see if it fits with your investment objective.
- **Asset Under Management (AUM):** Know the total AUM, its asset mix & market value of the investments held by the mutual fund or the amount of assets that the Mutual Fund is handling for its investors.
- **Expense Ratio:** Examine the Mutual Fund scheme's expense ratio that includes operational cost, administrative costs and marketing & distribution expenses charged by the AMC to manage the fund.

Step 3: Complete your KYC process

Know Your Customer (KYC) is a mandatory one-time process used to verify an investor's identity. Its objective is to prevent fraud and ensure the financial institution understands you and your financial transactions in order to serve you better.

KYC (Know Your Customer) procedure -

- It is a one-time mandatory exercise to invest in Mutual Funds.
- Process can be done in physical mode or digitally (Online) mode.
- Complete your KYC digitally (Online) by using camera & microphone enabled mobile phone/laptop by clicking here <https://www.utimf.com/portal/signup>
- For Digital KYC (Online), keep the following ready:
 - a) Identity proof: Self-attested PAN copy.
 - b) Any of the following as address proof: Aadhaar card/Driving License/Voter ID/Passport/Offline Aadhaar (downloaded within 3 days)/Aadhaar Digilocker.
 - c) Cancelled cheque copy with the name as per your ID or address proof.
 - d) Image of your signature on plain paper.
- Read More about Digital KYC - <https://utimf.com/servicerequest/digital-kyc/>

To speed up the registration process, National Payments Corporation of India [NPCI] has implemented eNACH (i.e. electronic National Automated Clearing House)* which is a one-time registration process which allows an investor to do SIP or Lumpsum investments in Mutual Funds. It allows the investors to undertake paperless mutual fund investment conveniently for an amount up to a maximum of Rs. 10 lakh.

Here's how to initiate the eNACH mandate in simple 4 step process as below:

- Log into your investment account.
- Select the folio and register for OTM [One-Time Mandate].
- Select the bank account.
- Authorize OTM through net banking.

Follow these steps and you are all set to start your investments via Mutual Funds.

To know more, click here (<https://www.utimf.com/articles/enach-paperless-way-to-invest-in-mutual-funds>)