

# SWATANTRA KUMAR EXPLAINS: Myth: Playing safe always helps

*A wise man once said, "Playing it safe is the riskiest choice we can ever make". Be it cricket or investments, there cannot be a greater truth.*

## Balancing risk and rewards

In the engaging game of cricket, a batsman cannot miss the opportunity of taking a big strike for the fear of getting out. It might result in a big hit. Likewise, a fielder cannot afford to drop a catch if the opportunity so presents itself. After all, catches win matches!

Similarly, there are risks associated with Mutual Fund investments but they do come with rewards. Also, there are ways of diversifying this risk.

While both the tools help you save Tax on investments up to ₹ 1.5 lakh annually, 5-Year Fixed Deposits or FDs are comparatively safer than Equity Linked Savings Schemes (ELSS), but are they rewarding enough?



Let's check:

FD	Particulars	ELSS
Low	Risk	High
5 years	Lock-in Period	3 years
No	Can spread investments	Yes, through Systematic Investment Plans (SIPs)
7.60%	10 years Compound Annual Growth Rate (CAGR)	13.93%

Source: SBI, Ministry of Finance, MFIE

Assuming that investments are made on 1st Jan of each year from Jan-09 to Jan-18 in each of the Tax savings options. Data as of 31st Dec, 2018



**Bottom Line:**

**Be it cricket or investing, assuming a little risk can get you rewards. Choose wisely!**