UTI Mutual Fund

Haq, ek behtar zindagi ka.

UTI SWATANTRA

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ALL YOU NEED TO KNOW ABOUT BALANCED FUNDS

It is said that you cannot eat the cake and have it too. But, with Mutual Funds (MFs), this is possible. A Balanced Fund lets you have the best of both worlds. Here's all you must know:

What are they?

They strike a balance between two asset classes.

Your money is invested in a mix of Stocks and Debt instruments.

What are the characteristics?

There are two types of Balanced Funds—Equity-based and Debt-based:

	Equity-oriented	Debt-oriented
Asset ratio	**65%** or above – Equity Remaining – Debt	**35%** or above – Debt Remaining – Equity
Taxation	Treated as Equity Funds for tax Short-term Capital Gains: **15%** Long-term Capital Gains: **0%**	Treated like Debt Funds for tax Short-term Capital Gains: **IT slab rate** Long-term Capital Gains: **20% post indexation**

- You do not have to worry about the proportion of Equity and Debt.
- The Fund Manager uses his expertise to allocate your money.
- The risk, return potential depends on the proportion of Equity and Debt assets.

What benefits do they offer?

Moderate risk

- The Equity component helps you to create and grow wealth.
- The Debt component brings stability to your portfolio.
- You, thus, have a diversified portfolio.

Convenience

- The Fund Manager has the know-how to pick the right Equity, Debt assets.
- You can rest and let the Fund help achieve your financial goals.

Taxation

- With a greater Equity component, these Funds become tax efficient.
- You do not pay any capital gains tax if you hold your investment for more than a year.
- The dividends that you receive are also tax-free.
- If you hold your Debt-oriented Funds for more than three years, they become tax efficient as the returns are 'indexed'—lowered as per inflation for tax purposes.

Who should invest?

- First-time investors who want to enter the Equity market.
- Those who want to spread their money across Equity and Debt with a single product.

Remember:

Experts say that you must manage risk, and not avoid it. A Balanced Fund is a good way of minimizing the downside of risk. But it is important to check the Equity-Debt ratio of the Fund to see the risk involved.