

WEALTH CAFE FINANCIAL SERVICES

BEGINNERS GUIDE TO MUTUAL FUNDS

A guide on understanding
Mutual Funds and answering
your questions about it.



"Equity mutual funds are the perfect solution for people
who want to own stocks without doing their own research"
-Peter Lynch

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MUTUAL FUND SAHI HAI!

We all know Mutual Fund Sahi hai but are they actually sahi for you? Mutual funds are sahi only when you understand what it is, how do they work, how you can make money from them, and how to invest in them to achieve your goals.

In this guide, we will teach you how to invest. We will help you with the nitty-gritty of mutual funds and guide you through this journey.

Note: In this guide, we have attached articles by wealth cafe explaining /answering various things about what a mutual fund is and how a mutual fund is. You just have to click on the link and you would be redirected to the respective blogs.

You can always ask your questions at iplan@wealthcafe.in

"The more you learn, the more you earn"
-Warren Buffet

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PART A

Understanding a Mutual Fund

1. Understanding a Mutual Fund
2. Understanding Mutual Fund Units & NAV
3. Mutual Funds Jargons Simplified
4. Types of mutual fund - as per SEBI categorization
5. Why should I invest in a Mutual Fund - Mutual Funds: Pros and Cons

#wealthcafenote :

Investors often confuse Mutual Funds and SIP's to be the same. Are you one of them? SIP (systematic Investment Plan) is nothing but a way to invest in Mutual Funds where as Mutual Funds are an investment product. You set up a SIP to invest in Mutual Funds. Learn more about SIPs in the next part of this guide.

Saving Money is wise
But investing in it is profitable!

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PART B

What is SIP/STP/SWP?

1. Modes of investing in MF – SIP, STP, VIP etc
2. Why a Systematic Investment Plan(SIP)?
3. Why should you do a SIP?
4. Impact of Compounding – Why should you start your SIP now.
5. SIP Impact: Well Illustrated - explain this in a line?
6. Should I pause/stop my SIP?
7. SIP top-up (Increase your SIP amount).
8. Timing the market for your SIP investments?
9. What is an STP and how does it work?
10. What is SWP? How does it work?
11. What is XIRR in Mutual Funds and How to compute the same?

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PART C

Basic questions you may have about Mutual Funds?

1. How many mutual funds should you have
2. Is looking at the best mutual fund the right approach to buying mutual funds?
3. Are Mutual Fund Investments even safe?
4. How long should you stay invested in mutual funds?
5. What are the fees that you pay on a mutual fund? How are the fees charged to you?
6. Should you switch from the traditional endowment plan to a mutual fund?
7. When to exit from Mutual Funds or stop SIP?

#wealthcafenote: Mutual Funds are very liquid i.e. you can buy and sell them at your convenience (except a few which have a lock-in period). However, you must avoid selling and buying them as per your whims & fancy but have a strategy in place. Our next part explains how to Invest your money.

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PART D

Taxation & other aspects of Mutual Funds

1. Taxation of Mutual Funds for FY 2021-22 (AY 2022-23).
2. Do you have to pay taxes on Mutual Fund withdrawals?
3. Things to check in the mutual fund account statement
4. Missed call facility to know your mutual fund investment status
5. Consolidation of MF folios

#wealthcafenote: Tax on your gains from Mutual Funds is not paid every time you see a gain in the account statement. Tax is payable only when you redeem your mutual fund's units and cash flow is added to your bank account. You can do smart tax planning by choosing debt mutual funds over fixed deposits where you are in higher tax brackets. However, do remember that returns from mutual funds are market linked and not assured as fixed deposits.

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PART E

Step-by-step process on how to invest in a mutual fund.

Never depend on a single income, make an investment to create a second source.
-Warren Buffet

Step 1: Calculate your Risk Profile - One size does not fit all

Step 2: Plan your financial goal/ Investment objective - What should be my monthly SIP for higher education for a 10 year old?

Step 3: Choose the Right Scheme

- Types of Mutual Fund scheme
- Mutual Funds Investment Options – Dividend or Growth
- Switching of Mutual Funds – Direct plan to Regular plan
- Open-Ended and Closed-Ended Funds
- Mutual Funds for a beginner - Your First Mutual Fund Investment?

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PART E

Step-by-step process on how to invest in a mutual fund.

Step 4: Choose the right Fund - What are the factors to look at before investing in a mutual fund?

Step 5: How to Invest in a Mutual Fund

- What you need to start and how to be KYC compliant.
- How to Invest through your Mobile Phone in a Mutual Fund?
- How to invest in Mutual Funds using CAMS?

Thank you for going through the guide, we hope it helped us solve your queries about Mutual Funds and get a better understanding of it. We know you want to know what Mutual Funds you must invest in and how should you get started. This is a very personalized approach and we can do that as a 1-2-1 service. Fill this form and our team shall get in touch with you.

You can always reach out to us at iplan@wealthcafe.in for any queries that you may have. Best Regards - Team Wealth Cafe.

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