

Investment planning is a systematic approach towards achieving your financial goals. Though it assumes much importance, most of us feel reluctant to do it ourselves; the reason may be sheer lack of knowledge, time or resources. In such a case, mutual funds come in handy as they provide professional management in addition to a shoal of other benefits, such as diversification, cost-reduction, flexibility, convenience, liquidity, transparency etc.

But to enjoy these benefits, you need to choose some funds those are suitable for your unique financial requirements. That's why; it is always beneficial to do some home work, before taking final move. Obviously your next question would be –yes I am ready, tell me how to do? Well, you can do that through the following three simple steps –

I. Identify your financial goals

The first and foremost step is to identify your investment objective, the time period you wish to remain invested for and level of risk you are comfortable with. You may wish to purchase a house in a couple of years, or may want to invest for your child's education in the next 10 years, etc. Next, evaluate your risk tolerance. How much risk are you capable of undertaking to arrive at the desired goal? You can broadly decide on the level of risk you are able and willing to take under one of these 3 categories – high risk, medium risk and low risk.

II. Formulate an investment plan

Based on your objective, time horizon and risk tolerance, you should chalk out an investment plan. For instance, if you have a high-risk tolerance and a longer time horizon, you may opt for funds with higher equity exposure, for better return. However, remember that even if your risk tolerance is high, you should balance your portfolio by investing in some low risk funds as well. In other words, match your requirements with the investment objective of the schemes and choose accordingly.

III. Determine the funds for investment

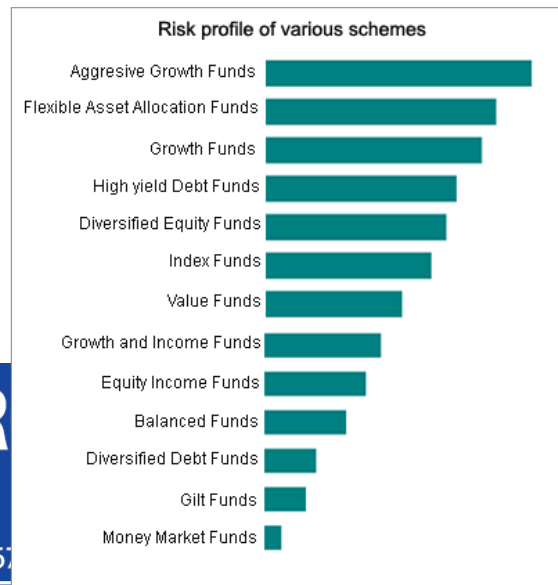
Based on your investment approach, ascertain the type of funds to invest. Broadly, funds can be classified into equity funds, debt funds and liquid funds. Within each category, there are variations. For instance, under the equity fund category, there are mid-cap funds, sector funds, index funds, etc. Each of these has its own level of risks and returns; you should choose the ones that match with your risk and return criteria.

In order to select appropriate schemes within the category, assess schemes based on the following criteria:

- Past performance of the scheme
- Level of risk based on the scheme's portfolio
- Scheme's corpus size (higher the corpus size, better the scheme)
- Minimum investment requirement

The following table can help you to select an appropriate fund category based on your risk capacity and your investment horizon.

Type of funds	Risk Level	Return Level	Ideal Investment time Period
Equity Funds			Long term
<i>Aggressive Growth Funds</i>	High	High	
<i>Growth Funds</i>	High	High	
<i>Sector Funds</i>	High	High	
<i>Diversified Equity Funds</i>	Medium to High	High	
<i>Equity Index Funds</i>	High	High	
<i>Value Funds</i>	Medium to High	High	
<i>Equity Income Funds</i>	Medium	Medium	



SIMPLY INVEST KAR
 Toll-Free: 1800 22 1230 | SMS: INVEST to 56767
 Mutual fund investments are subject to market risks. Please read the scheme information document carefully before investing.

Debt/Income Funds			Medium to long term
<i>Diversified Debt Funds</i>	Low	Low	
<i>High Yield Debt Funds</i>	High	High	
<i>Assured Return Funds</i>	Low	Low	
<i>Fixed Term Plan Series</i>	Low	Low	Short-term
Hybrid Funds			
<i>Balanced Funds</i>	Medium	Medium	Long term
<i>Growth and Income Funds</i>	Medium to High	Medium	Medium term
Gilt Funds	Low	Low	Medium to long term
Money Market/Liquid Funds	Low	Low	Short-term

You can see that mutual funds offer a range of investment options with varying risk and return combination. All you need is a little bit of meticulous investment planning and you can construct a well-diversified mutual fund portfolio, all by yourself!]

Synopsis:

- Investment planning is a systematic approach towards achieving your financial goals
- Mutual funds offer professional management of portfolio, which is good for people who lack the time, knowledge and resources of managing investments themselves
- But to enjoy these benefits, you need to choose some funds those are suitable for your unique financial requirements.
- While selecting appropriate mutual fund schemes, keep in mind the following:
 1. Your financial goals
 2. Your investment plan and
 3. Type of funds for investment



SIMPLY INVEST KARO

Toll-Free: 1800 22 1230 | SMS: INVEST to 5676756

An Investor Education Initiative



UTI Mutual Fund

Mutual fund investments are subject to market risks. Please read the scheme information document carefully before investing.