

Do's and Dont's of Investing



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Mutual Funds Distributor.

Good gets *better*



An Investor Education & Awareness Initiative of



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Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

PREFACE



The Mutual Fund industry has grown fast to become an important component of the Indian economy, helping channelise household savings into the capital market. Moreover, Mutual Funds investment has become an important way for citizens' private investment and wealth management. In light of this, investor education is an important aspect to keep the investor well informed, as well as protect their legitimate rights and interests, particularly for small and medium investors.

This booklet is a specific exhibition of Nippon India Mutual Fund's efforts to spread awareness and continue building the investors' knowledge. It explains investment related information in simple language and in a lively and vivid manner. I am sure, investors of all kinds will find value in this booklet and be encouraged to use this as a stepping stone towards practicing financial prudence.

All the very best and happy reading.

A handwritten signature in black ink that reads "Sundeep Sikka". The signature is written in a cursive style with a long horizontal line underneath.

Sundeep Sikka

Executive Director & CEO

Nippon Life India Asset Management Limited

(Formerly known as Reliance Nippon Life
Asset Management Limited)

Mr.Gupta, 38 yrs, wants to plan his retirement finances and provide for his son's college education.



Financial Goals

-  Retirement Finances
-  Son's College Education
-  Easy Liquidity

He has received an unexpected bonus that he does not mind putting at risk, but he prefers easy liquidity. He is looking for an investment product which will help him meet all these goals.

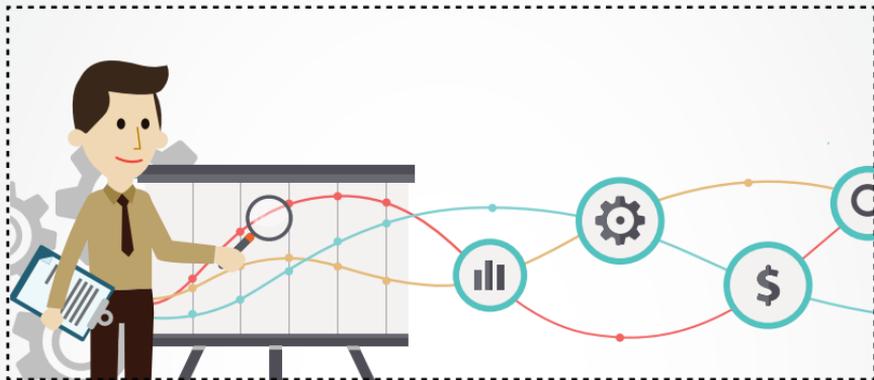
Is there a one-size-fit-all product?

We can find an investment option that meets many different financial goals.

Choose your investment according to your specific financial goal!

RESEARCH BEFORE INVESTING

Deepak is impressed by a scheme that claims to give 25% returns in 2 years.



His market savvy colleague has recommended it. A good friend is planning to invest. Some media reports have praised it. But the scheme has a poor past track record and Deepak does not know where it is going to invest and how it is going to generate the returns.

Should Deepak invest?

Trust media reports, market rumors or tips for generating good returns on investment.

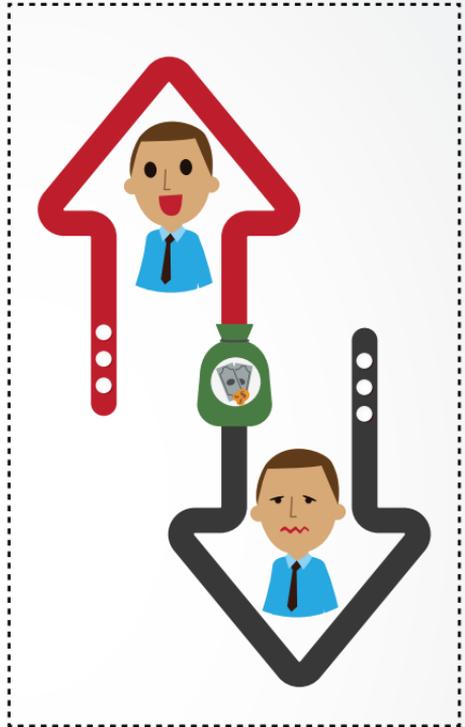
Invest only after reading all offer documents and analyzing the track record of the product.

DIVERSIFY ACROSS INVESTMENTS

Vijay was investing for funding his daughter's higher education. He decides to invest his entire savings into an equity fund that earned a massive 50% return last year.

This year the stock market falls, and his savings are wiped out! Was he right in investing all his savings in one product? What should he have done instead?

If Vijay had invested in different types of assets, losses in one would have been made up by gains in another.



Shortlist one sound investment product and invest all your savings into the same

Diversify your investments across different asset classes, sectors, geographies to minimize the overall portfolio risk

FOCUS ON GOAL, NOT PRODUCT

Sheela's grandfather had gifted her a monthly savings product 15 years ago, so she could use it for building her retirement corpus.



The product has been underperforming last 3-4 years, making it harder to achieve her desired corpus value.

She should have rebalanced her portfolio in favour of a high-yielding investment instead of staying put.

Invest on the basis of sentiments and feelings.

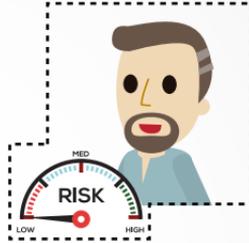
Avoid emotional attachment; instead, know the benefits and disadvantages of your product thoroughly.

CALCULATE YOUR RISK APPETITE



Ravi is a young professional with a good salary and sound understanding of financial products.

Shashi is a middle-aged clerk with many financial commitments.



They do not have the same capacity for risk and therefore, must consider different asset classes and instruments for their investment needs.

Ravi can afford to take on risk to earn a higher return and he has time on his side. Shashi is better off with low-risk, steady return assets.

**The higher the return,
the better the investment.**

**Do not get taken in by returns, invest
according to your risk appetite.**

DEAL WITH AUTHORIZED AGENTS

Sujit was investing through an acquaintance, who claimed to be a broker.

However, in case of a dispute, he realised that he had no recourse to the regulator as the broker was neither registered nor qualified for investment advice.



He must:

- Be careful of dealing with unregistered dealers or brokers
- Beware of unscrupulous financial advisers who may swindle your hard-earned money
- Not hesitate to ask for and check all related documents

Remember: A fool and his money are soon parted!

Any dealer or agent can handle your financial services

Ensure that your financial agents are registered with a regulatory body and authorized to provide the offered services

INVEST THROUGH MUTUAL FUNDS



Ishaan is an IT professional and wants to invest in equity shares for his long term goals.

- Does he have the skill to research the companies for selection or exit?
- Does he have the time and resources to track company performance?
- How many companies or sectors will he be able to invest in?
- What amounts will he be able to allocate to each company?
- Will he have to bear the costs every time he buys or sells?
- What are cost implications of buying or selling direct equity?

Mutual funds are professionally managed and suitably diversify portfolios across securities, sectors and asset classes. These are low cost, convenient and liquid investment options, available in various risk-return combinations.

You don't need professional help in creating and managing your investment portfolio.

Invest through mutual funds to ensure that your investment is managed professionally

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