



Top 6 benefits of investing in Mutual Funds

From the time she was a young girl, Anaira had dreamt about weddings, and not necessarily her own. Her fascination with weddings began when she attended her aunt's ceremony as a flower girl, at the age of six and since then, all Anaira wanted to do was make people get married with pomp and show. Now, you may be wondering why we are talking about weddings and a six year old, in a blog about the benefits of investing in mutual funds. Well, you already know that there are varied benefits of mutual funds but, with Anaira's example, these benefits of mutual funds will further come to light. So, Anaira completed her BBA and started working with an event management company with the aim of gaining exposure to the industry and saving up for her dream project. When she came to know about the benefits of mutual funds, as an investment vehicle, she started a systematic investment plan to help create a corpus to bootstrap her business.

Mutual funds are ideal for investors looking for professional management of their investments at a nominal cost. Mutual funds offer a number of schemes (equity-oriented, debt-oriented, etc.) and each scheme makes investments according to its investment objective. An investor can select suitable schemes based on his needs and by matching his investment objectives with that of the scheme. A mutual fund is professionally managed by a team of fund managers who make investment decisions and ensure that the fund adheres to its investment objective.

Here are the top 6 benefits of mutual funds for investors:

1. Diversification:

Each scheme invests in a number of securities across different asset classes to build a diversified portfolio based on the scheme's investment objective. Your investment in the scheme is spread across these securities thereby giving you the benefit of diversification without having to invest a large sum.

2. Variety in securities and investment strategies:

Mutual funds offer a number of schemes which invest in different asset classes and use different investment strategies based on their investment objective. You can select from a number of equity-oriented funds which include large cap funds, mid cap funds, small/micro cap funds, etc. or debt-oriented funds, which include bond funds, government securities or Gilt funds, short term debt funds, medium term debt funds, liquid funds, etc. You also have available balance or hybrid funds which invest in a combination of equity and debt securities. You can also invest in gold exchange traded funds (ETFs).

3. Variety in modes of investment and withdrawal:

Mutual funds offer flexibility in terms of modes of investment and withdrawal. You could opt to invest a lump sum amount or use the [systematic investment plans \(SIPs\)](#) route where you invest a fixed amount periodically (every week, fortnight, month, etc.).

4. Professional Fund Management:

Mutual funds make available to you professional fund managers with extensive experience and deep knowledge of capital markets. You can avail their services at a nominal cost. This saves you countless hours of time and energy in carrying out research and analysis of prospective investments; besides, capital markets are becoming increasingly complex and most retail investors don't have the skills to manage their investments.

5. Discipline of investing regularly:

Building personal wealth requires the discipline of planning your investments and investing regularly. Using the SIP route, you can use the online facility offered by your bank and mutual fund by issuing standing instructions to your bank to transfer a fixed amount periodically (weekly, fortnightly, monthly) from your bank account into your mutual fund investment. This way, you don't need to make any extra efforts to invest since you have automated your investments. Using SIP to [invest in equity](#) also helps you average down the cost of investment if carried out over the long term.

6. Affordability:

Investing in mutual funds does not require a large capital outlay. While your initial investment into a scheme could be Rs. 5,000, additional investments made into the scheme could be as modest as Rs. 500. Furthermore, expense ratios of mutual funds are relatively low.

There are multiple mutual fund benefits ranging from disciplined investing to low costs. Furthermore, mutual funds offer a variety of schemes, investment flexibility and professional fund management that fulfils the needs of all investors.

Anaira found her corpus growing steadily due to these benefits of investing in mutual funds, with aspects such as affordability, discipline, diversification, and professional management enabling her savings to flourish in the medium term. You can also benefit from these advantages and fulfil your financial goals optimally.

An investor education initiative by Edelweiss Mutual Fund

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For more info on KYC, RMF and procedure to lodge/redress any complaints, visit - <https://www.edelweissmf.com/kyc-norms>

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