

## MUTUAL FUNDS

### DOS

- ✓ Take a holistic view of your financial goals and invest accordingly
- ✓ Be aware that value of your investments is subject to ups and downs of the market. They do not offer guaranteed returns like bank deposits
- ✓ Ensure you have PAN card and Bank account
- ✓ Strike off all blank / irrelevant fields / clauses in Know Your Customer (KYC) registration form
- ✓ In the Scheme Information Document (**SID**) / Key Information Memorandum (**KIM**), carefully note the following
  - Investment objective
  - Asset allocation
  - Risk factors
  - Performance of the scheme relative to benchmark
  - Investment strategy
  - Fund manager and his education, experience and track record
  - Load structure
  - Rights of unit holders (in the Statement of Additional Information - **SAI**)
  - Penalties, pending litigations, findings of inspections or investigations, etc
  - How this scheme is different from other schemes of the mutual fund
- ✓ Peruse the SID / KIM available on the websites of SEBI and Mutual Fund (**MF**)
- ✓ Check if the asset allocation as stated in the SID / KIM is in line with the investment objective of the scheme
- ✓ Keep in mind that the past performance of a scheme is not indicative of its future performance
- ✓ Be aware that a New Fund Offer (**NFO**) with an issue price of ₹ 10 is not necessarily a better bargain than existing schemes
- ✓ Be aware that a scheme with a lower Net Asset Value (**NAV**) is not necessarily a better purchase than a scheme with a higher NAV.
- ✓ Note that the NAV of a scheme is subject to change depending upon market conditions
- ✓ Be aware that an intermediary or its staff making a recommendation, is required to disclose their interest/ position in that scheme
- ✓ Use Application Supported by Blocked Amount (**ASBA**) for NFO - the smart choice
- ✓ If you choose to avail the services of MF distributor,
  - ask for the list of fees and charges applicable, before investing
  - pay him / her according to the services rendered and advice offered
- ✓ Make payments only
  - through A/c payee cheques / drafts / EFT
  - to the mutual fund scheme and not to distributor / agent
- ✓ Verify that the exit load charged to you is as per the SID / KIM
- ✓ In case of change in address, update your KYC immediately
- ✓ Apply to the MF in case of loss / theft / damage of statement of units held

- ✓ In case of any doubt / grievance, contact the compliance officer / investor relations officer mentioned in the SID
  - Be aware that Mutual Funds and Registrar and Share Transfer Agent (**RSTA**) are required to have a dedicated Email ID for registering your complaints
- ✓ Approach SEBI, if your grievance is not resolved
- ✓ Be aware that investor complaints against MFs are displayed on the website of MF and Association of Mutual Funds of India (**AMFI**)
- ✓ Keep track of websites of MFs in which you have invested, SEBI, and AMFI

### **DON'TS**

- × Do not invest with borrowed money
- × Do not expect unrealistic / guaranteed returns
- × Do not invest without reading the SID / KIM
- × Do not be influenced by advertisement / advices / rumours / unauthentic news promising unrealistic gains and windfall profits in mass media
- × Do not get carried away by catchy advertisements without reading the fine print
- × Do not be guided by astrological predictions for your investments
- × Do not fall prey to market rumours / 'hot tips' / 'opportunity knocks only once' kind of advice
- × Do not be swayed by market sentiments
- × Do not invest on any explicit / implicit promises made by anyone
- × Do not invest in any scheme just because of incentives / gifts / inducements etc. offered
- × Do not indulge in impulse investing
- × Do not give wrong / contradictory / incomplete information in the application form
- × Do not mutilate the application form

### **RIGHTS**

- ✓ To receive the SAI, SID or KIM from the mutual fund upon request
- ✓ To enter into any scheme without entry load
- ✓ To receive dividends / interest / redemption proceeds through ECS / NEFT / RTGS, wherever such facility is available
- ✓ To receive
  - refund within 5 working days of closure of NFO
  - dividend within 30 days of its declaration
  - redemption proceeds within 10 working days of request
- ✓ To receive interest @ 15% p.a. for delay beyond aforesaid period for dividend and redemption proceeds
- ✓ To receive statement of account within 5 working days from the
  - date of closure of initial subscription list (NFO)
  - date of request in case of open ended scheme
- ✓ To receive credit of units in demat account,

- within 5 working days from the date of closure of initial subscription list (NFO)
- ✓ To have the NAV of the scheme(s) in at least two daily newspapers and on the websites of the concerned MF and AMFI
- ✓ To receive bonus units
- ✓ To receive within 1 month, from the close of each half year, complete statement of a scheme's portfolio
  - either directly or
  - through an advertisement in a national English daily and the regional language newspaper where the AMC is head quartered
- ✓ To change the distributor without obtaining an NOC from the existing distributor
- ✓ To receive within 4 months, the scheme wise
  - annual report of a mutual fund or
  - an abridged summary thereof with an option to inspect the full annual report and take copies at the Head Office of the MF
- ✓ To be informed about any proposed change
  - in the fundamental attributes of a scheme
  - in ownership pattern of the AMC
 and be given an option to exit at the prevailing net asset value without any exit load
- ✓ To collectively (i.e. by at least 75% unit holders of the scheme) pass a resolution to
  - terminate the appointment of the AMC
  - wind up a scheme
- ✓ Not to be fed with misleading and / or inaccurate advertisements
- ✓ Not to be charged exit load on any units issued
  - as bonus
  - for reinvestment of dividend
- ✓ Not to be charged a differential exit load based upon amount of subscription

## **RESPONSIBILITIES**

- ✓ Read scheme related documents carefully, understand the risks properly, before investing
  - SAI - statutory information on the mutual fund
  - SID - major information related to a scheme and
  - KIM - abridged version of the SID
- ✓ Invest only after carefully analyzing the suitability in the context of your financial goals and risk taking capacity
- ✓ To invest directly with AMCs or through AMFI registered distributor / agent, list of which is available on AMFI website
- ✓ To read and understand carefully the terms of the Power of Attorney, if any, given to the distributor
- ✓ Application form:
  - Fill the application in BLOCK LETTERS

- Duly fill up the application form and give complete information, including bank account details, legibly without any crossing / corrections / over writing
- Furnish all the documents sought in the application form
- Mention number of application form on the reverse of the draft / cheque
- Strike off all blank / irrelevant fields
- ✓ Avail nomination for all your investments without fail
- ✓ Consider the effects of fee charged by the mutual fund and taxes before investing
- ✓ Keep track of the NAV and portfolio of the scheme(s) in which you have invested, on a regular basis
- ✓ To remain informed and vigilant about your investments

*Disclaimer: The aforesaid information provided as a service to investor(s) and general in nature. It is neither a legal interpretation nor a statement of SEBI policy. If you have questions concerning the meaning or application of a particular act or rule or regulation or circular, please consult your legal advisor.*

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