How to get started with investment?

Everyone is required to invest but some ignores it as they feel that there is no need of it while some who wants to invest don't know how to invest. In this blog we are going to help the individuals who want to invest their money for the achievement of goals. Investing in mutual funds is very simple.

There are few things which an investor should keep in his/her mind: -

1) Know Your Risk Profile

Who doesn't want to earn a higher rate of return on his/her investments. But in order to earn higher returns you have to bear some amount of risk. One must understand his/her own risk profile before investing in any asset class. For example, equity markets are volatile in nature so if you would be able to stomach the volatility of the markets only then you should allocate a portion of your total investments in equity mutual funds.

2) Decide Time Horizon

Even if you have the required risk appetite for equities, one should consider the time period for which an individual can invest. Equity investments can be very risky if your horizon is short term. By short term I mean less than 3 years.

3) Liquidity Requirement

Some of the investors remain perplexed about their investments as well as their expenses. They are not sure about the expenses which they might have to incur in the near term and remains in dilemma. It is really important to forecast the future need for better and effective planning.

4) Prioritize Your Goals

Knowing your goals in first place is the first step towards financial freedom. Segregating your goals on the basis of short term and long term needs will help you in making a better investment decision. For example, if a goal of children marriage is 10 years away then you can allocate a higher portion of your investments towards equities as the volatility of equity markets evens out in long term and they generate higher risk adjusted returns.

5) Choosing Asset Allocation and Schemes

Investors should pay heed to their asset allocation as it is also of utmost importance. Investing all your money in debt or equity instruments is also not a wise thing to do. For example, if you park all your investments in debt instruments then you will miss out on the opportunity of earning higher returns while on the other hand if you park your funds in equities then your investments will always run a risk from the volatility of the markets.

6) KYC Compliance

The investors have to comply with KYC requirements. This is a one-time exercise which every investor has to go through in order to invest in Indian financial markets. The KYC documents of the investors get registered in the CKYC registry, so the investors need not to submit KYC documents again and again if they avail services of other market participants.

7) DIY or Hiring Expert

Investors can choose to invest in mutual funds directly with the AMCs. But if you want to be sure about picking the right scheme and need some experts to help, then you can contact us at Budwisefunds through our helpline number. We also offer DIY investors to invest on their own through our web portal.