



MUTUAL FUNDS

Know How to Invest in Direct Mutual Funds

At the age of 27, when she was four years into her career as a corporate communications professional, Deepti decided to take a break and volunteer with an NGO. At this time, she had about INR 6 lakhs in her savings account and she was keen on investing it in mutual funds. This would enable her to participate in the expansion of the market and grow her money passively, even as she pursued her passion. But, Deepti had never invested in her life and did not know how to go about the process. Her phone banking application showed her a mutual funds segment, and she went there to do her research. In this segment, she found a variety of options, from equity fund and debt funds to hybrid funds. Later, she also downloaded an investment application, which offered her two routes of investing in mutual funds – direct and regular. If she invested directly, instead of choosing the regular route, she would be able to save on the commission charged by the intermediaries, such as her banking app. Over the longer term, this would help her boost her returns further, since the commission would not eat into her corpus. So, how to invest in direct mutual funds? Here are all the details you need.

How to Invest in Direct Mutual Funds in India?

Answering the question of how to invest in direct mutual funds, there are two primary modes for investing in direct mutual fund – offline and online. To get started, the initial step is to select the mutual fund in which you intend to invest. This selection entails understanding the mutual fund category and identifying the Asset Management Company (AMC) offering the fund. Additionally, you should also consider whether or not the investment amount is in line with your financial goals and decide whether you prefer a Systematic Investment Plan or SIP, or one-time lump sum deposits like Deepti wanted. Once you complete these steps, you can invest in direct mutual funds both online and offline.

How to Invest in Direct Mutual Funds Online?

To start investing in a direct mutual fund platform online, you need to pick a platform, log in and enter your Know Your Customer details and create a valid id. This platform can either be a third-party one like Groww, Zerodha, etc., or the website of the AMC you wish to invest in. Once this is done, the same id and details will be applicable across all mutual fund investments. Then, you can choose the mutual fund scheme, from the website or platform, and choose the option of direct, from the plan types offered to you. Following this, you will be prompted to pick between the dividend and growth plans. If you prefer a regular dividend payout from your investment, choose that option, or opt for growth if you want your profits to be reinvested in the scheme. The growth plan will help you access a higher amount at the end of the investment period. Next, you will need to choose other investment details, such as investing via SIP or lumpsum, using a demat account or not, and mode of payment. After you confirm the payment details and verify the bank account pointers, you can give the go-ahead and your investment in direct mutual funds will be initiated.

Advantages of Investing in Direct Mutual Funds Online

Choosing the online mode for direct mutual fund purchases has various advantages, beginning with the fact that it saves you a lot of time and effort. Further, it also provides access to a broader range of mutual fund schemes compared to the offline method. Once you update your KYC details, you can use them to invest in multiple direct mutual fund schemes on various platforms. Moreover, when you register with an AMC, you will not be required to repeat the process in the future if you decide to invest in any mutual fund scheme offered by that company.

How to Invest in Direct Mutual Funds Offline?

Some of you may prefer to invest in direct mutual funds offline and this involves physically filling in and submitting the mutual fund form. Here is a step-by-step guide to this process –

- You can start by visiting the closest office of the chosen AMC
- At the office, you can complete your KYC process through the documents offered by the office
- Remember to carry your KYC documents such as a self-attested copy of your PAN card, and address proof such as your latest electricity or telephone bill, or passport
- You will be required to submit a common application form or SIP form, based on your choice. In the SIP route, you will be required to also fill in a National Automated Clearing House mandate, for the auto-deduction of your SIP amount at the pre-decided frequency.
- Following this, you will be asked to submit a cheque or demand draft, of the decided investment amount, in the name of the AMC
- After the initiation of your transaction, you will receive the folio number for your investments, as well as an account statement
- You can also undertake these steps at the office of your nearest Registrar and Transfer Agent

In this manner, you can start investing in direct mutual funds and save on the commission cornered by the intermediaries, thus ensuring a higher corpus at the end of the investment tenure.

An investor education initiative by Edelweiss Mutual Fund

All Mutual Fund Investors have to go through a onetime KYC process. Investor should deal only with Registered Mutual Fund (RMF).

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.