

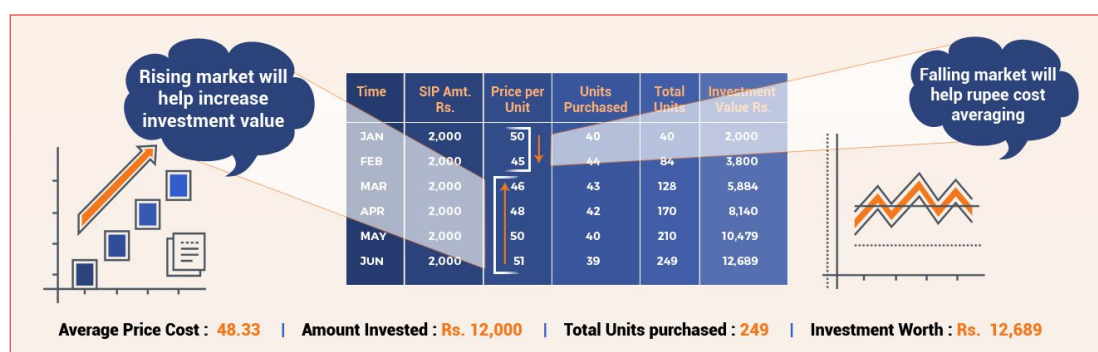
## Avoid these 5 investment mistakes to win!



We all make mistakes now and then. No one is perfect. Investors often ignore good advice due to many reasons. Here are 5 common mistakes that you should avoid making as a mutual funds investor.

### 1. Don't stop your SIP:

Systematic Investment Plans (SIPs) take advantage of Rupee cost averaging. This means when the markets are down, you can get more units for your SIP amount and when they are high, your investment value rises. Don't stop your SIP in mutual funds (MF) when markets fall because you will lose out on reducing your investment cost.



The above is only for illustration purpose.

### 2. Keep an eye on risk:

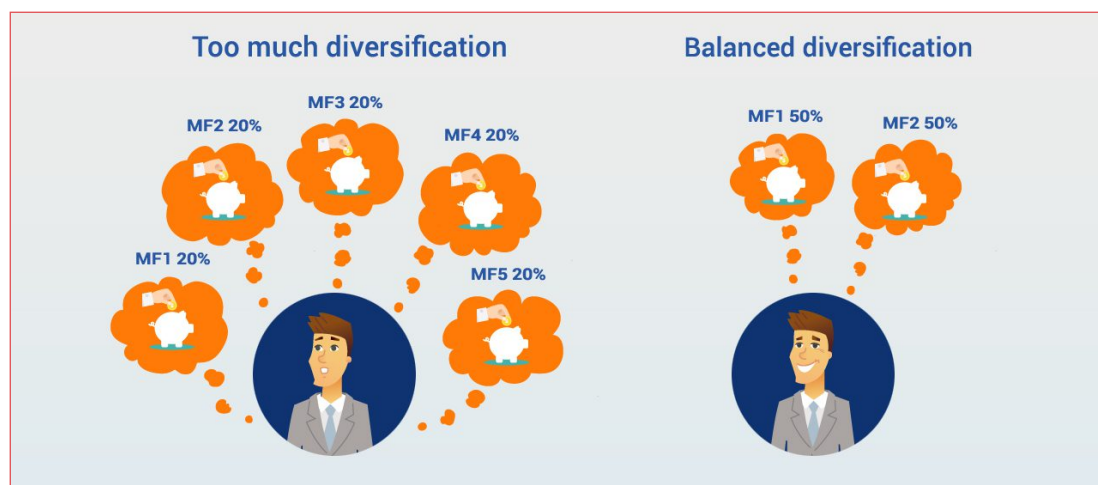
Each one of us can take risk depending on our personal financial situation. Don't take more risk than you can manage; at the same time, don't shy away from risk. Both of these actions lead to disappointment.



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### 3. Don't over-diversify:

Diversification can help protect you against risk, but if you diversify too much, you will have too many mutual funds that are investing in the same companies. Your portfolio may also become too large to be managed easily.



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### 4. Increase your SIP periodically:

Imagine you invest Rs.5,000 per month for 20 years; if your fund gives you 12% returns a year, you can make Rs.49.46 lakh from this investment. Now increase the SIP amount by say 10% each year and your return will be Rs.98.45 lakh! Not increasing your SIP amount makes you lose out on big amounts. Even if markets are turbulent, you should keep investing to take benefits of averaging out.



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### 5. Don't focus only on tax:

Investing just for tax saving can be a costly mistake. Saving tax should not be the reason to invest. You must make investment decisions to create a balanced portfolio. Use equity linked savings schemes (ELSS) if you need to save tax. Do not make hasty last minute tax saving investments.

There are a number of tax benefits available to investors

- Equity mutual funds**
  - Gains up to Rs. 1 lakh are tax-free
  - Gains up to 31 January 2018 are tax-free
  - Short term capital gains are taxed at 15%
  - Long term capital gains are taxed at 10%
- Debt mutual funds**  
 Long term capital gains are taxed at 20% with indexation (where the cost of investment is increased based on the cost inflation index table published by the government).

Applicable for FY 18-19

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Avoid these investment mistakes; think; plan and stay the course... and win!