SHUBH CAPITAL

The Complete Beginner's Guide to

Mutual Fund Investing

Everything you need to know to start building long-term wealth through goal-based mutual fund investing — explained simply.

■500	10 min	SEBI	■0
Minimum SIP	To Get Started	Regulated	Advisory Fee

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Chapter 01

What is a Mutual Fund?

A mutual fund is a professionally managed investment vehicle that pools money from many investors to purchase a diversified portfolio of securities such as stocks, bonds, or money market instruments. Each investor owns units proportional to their investment, and the fund is managed by a professional Fund Manager registered with SEBI.

You Invest	AMC Pools Funds	You Earn Returns
You invest ■5,000 in a mutual fund scheme by buying units at current NAV.	The Asset Management Company (AMC) pools your money with thousands of investors.	The fund manager invests in stocks/bonds. Returns are reflected in your NAV.

Key Advantages of Mutual Funds:

- **Professional Management:** Your money is managed by SEBI-registered, experienced fund managers.
- **Diversification:** A single fund invests in 30–80 securities — reducing risk automatically.
- **Liquidity:** Most funds can be redeemed within 1–3 business days.
- **Transparency:** NAV is declared daily. Full portfolio disclosed every month.
- **Regulation:** All AMCs are regulated by SEBI and monitored by AMFI.
- **Low Minimum:** Start with as little as ■500 per month via SIP.

■ Key Insight

You don't need to be rich to invest in mutual funds. A ■500/month SIP started at age 25 and continued until age 60 (35 years) at 12% annual return could grow to over ■1 crore — on a total investment of just ■2.1 lakh.

Chapter 02

Types of Mutual Funds

Fund Type	Invests In	Risk	Ideal Horizon	Best For
Equity Funds	Primarily Stocks	High	7+ Years	Best for long-term wealth creation. Invest in listed companies across market caps.
Debt Funds	Bonds & Govt Securities	Low–Medium	1–3 Years	Suitable for stable, predictable returns. Better than FDs for high-tax-bracket investors.
Hybrid Funds	Mix of Equity & Debt	Moderate	3–5 Years	Balanced approach. Ideal for moderate risk investors. Auto-rebalancing built in.
ELSS Funds	Equity + Tax Saving	High	3 Years (lock-in)	Saves up to ■46,800 in tax under Section 80C. Shortest lock-in among 80C options.
Index Funds	Nifty/Sensex Stocks	Medium	5+ Years	Passively managed. Low cost. Tracks index like Nifty 50 or Sensex.
Liquid Funds	Short-term Instruments	Very Low	1 day–3 months	Park your emergency fund or short-term surplus. Better than savings account returns.

■ Which Fund is Right for You?

There is no single "best" fund. The right fund depends on your goal, time horizon, and risk appetite. A retirement goal 20 years away suits equity funds. A vacation fund needed in 6 months suits liquid/debt funds. That's exactly why goal-based investing is the foundation of what we do at Shubh Capital.

Chapter 03

How SIP Works

A Systematic Investment Plan (SIP) allows you to invest a fixed amount in a mutual fund at regular intervals — typically monthly. It is the most recommended way to build wealth because it removes the need to time the market.

Rupee Cost Averaging — The Core Benefit of SIP:

When markets fall, your fixed SIP amount buys **more units**. When markets rise, it buys **fewer units**. Over time, your average cost per unit is lower than the average market price. This is called Rupee Cost Averaging.

Month	SIP Amount	NAV	Units Bought
January	■5,000	■50	100.00
February	■5,000	■40	125.00
March	■5,000	■45	111.11
April	■5,000	■55	90.91
May	■5,000	■60	83.33
TOTAL	**■25,000**	Avg NAV: ■50	**510.35 units**

*Average cost per unit = ■25,000 ÷ 510.35 = **■48.99** vs average NAV of ■50. SIP automatically gave you a lower average cost!*

SIP Growth Illustration — ■10,000/month at 12% p.a.:

Duration	Total Invested	Estimated Value*	Wealth Gain
5 Years	■6,00,000	■8,16,697	■2,16,697
10 Years	■12,00,000	■23,23,391	■11,23,391
15 Years	■18,00,000	■50,04,574	■32,04,574
20 Years	■24,00,000	■99,91,479	■75,91,479

25 Years	■30,00,000	■1,89,76,351	■1,59,76,351

**Illustrative only. Assumes 12% p.a. CAGR. Actual returns may vary. Mutual Fund investments are subject to market risk.*

Chapter 04

The Power of Compounding

Albert Einstein reportedly called compound interest the "eighth wonder of the world." In investing, compounding means earning returns not just on your original investment, but also on the returns that have already accumulated.

"Start Early" — The Most Important Investing Principle:

Investor	Starts At	Stops At	Monthly SIP	Total Invested	Value at 60*
Aarav (Early)	25 years	35 years	■5,000	■6,00,000	■1.7 Crore
Priya (Late)	35 years	60 years	■5,000	■15,00,000	■1.1 Crore

**Illustrative. Assumes 12% p.a. CAGR. Aarav invests for only 10 years but starts 10 years earlier.*

■ Start Today — Not Tomorrow

Aarav invested for just 10 years and built more wealth than Priya who invested for 25 years — purely because he started 10 years earlier. Every year you delay costs you more than you realise. The best time to start a SIP was yesterday. The second best time is today.

Chapter 05

Goal-Based Investing

Goal-based investing means linking every investment to a specific life goal. Rather than asking "which is the best fund?", you ask "which fund is best for this goal?" This approach prevents emotional decision-making and keeps you invested.

1

Emergency Fund

3–6 months of expenses. Keep in Liquid or Ultra-Short Duration Debt Funds. Should be immediately accessible. **Ideal Horizon:** 0–1 Year · **Suggested:** Liquid/Debt

2

Child's Education

Plan 15–18 years ahead. A child born today needs funding for higher education around 2039–2042. Equity funds are ideal. **Ideal Horizon:** 15–18 Years · **Suggested:** Equity/Flexi-cap

3

Home Down Payment

If buying in 3–5 years, use a mix of debt and hybrid funds. If 5+ years away, equity funds are suitable. **Ideal Horizon:** 3–7 Years · **Suggested:** Hybrid/Equity

4

Retirement Corpus

The biggest goal. Start early, increase SIP annually, and stay invested in equity for the maximum period possible. Switch to debt as you near retirement. **Ideal Horizon:** 20–30 Years · **Suggested:** Equity + NPS

5

Wealth Creation

Building long-term wealth without a specific goal. Flexi-cap and mid-cap funds offer good growth over 10+ year horizons. **Ideal Horizon:** 10+ Years · **Suggested:** Mid/Flexi-cap

Chapter 06

Understanding Risk & Your Risk Profile

All investments carry some risk. Mutual funds are no exception. Understanding risk helps you choose the right funds and stay invested during volatile periods.

Types of Risk in Mutual Funds:

- **Market Risk:** The value of your investment may fall due to stock/bond market movements. This is the most common risk in equity funds.
- **Credit Risk:** In debt funds, the bond issuer may default. Mitigated by investing in high-rated bonds.
- **Liquidity Risk:** Some funds (like close-ended) cannot be redeemed freely. Always check the fund type.
- **Inflation Risk:** If your returns are lower than inflation, you lose purchasing power. Equity funds historically beat inflation.
- **Concentration Risk:** Investing too heavily in one sector or fund. Diversification reduces this.

Risk Profiles — Which One Are You?

Profile	Description	Recommended Allocation
Conservative	Prefers capital preservation over growth. Cannot tolerate significant losses.	70-80% Debt + 20-30% Equity
Moderate	Accepts some market fluctuation for better returns. Balanced approach.	50% Debt + 50% Equity
Aggressive	Comfortable with high volatility for maximum long-term growth.	80-90% Equity + 10-20% Debt

■■ Risk vs Time Horizon

Risk and time are inversely related in equity investing. The longer your horizon, the more risk you can take — because short-term market drops average out over time. Nifty 50 has never given negative 10-year returns in history. Patience is your best risk management tool.

Chapter 07

Tax-Efficient Investing

Understanding the tax treatment of mutual funds helps you keep more of your returns. Tax implications depend on the type of fund and how long you hold the investment.

Capital Gains Tax on Mutual Funds (FY 2024-25):

Fund Type	Short-Term (STCG)	Long-Term (LTCG)	Holding Period
Equity / ELSS Funds	20% (held < 1 year)	12.5% above ■1.25 lakh gain	1 year = LTCG
Debt Funds	As per your income tax slab	As per your income tax slab	No LTCG benefit currently
Hybrid Funds (Equity-oriented)	20% (held < 1 year)	12.5% above ■1.25 lakh gain	65%+ in equity = equity treatment

Section 80C — ELSS Tax Saving:

Equity Linked Savings Schemes (ELSS) are the most tax-efficient investment under Section 80C. You can claim a deduction of up to **■1,50,000 per year**, saving up to **■46,800 in tax** (for those in the 30% tax bracket). ELSS has the shortest lock-in (3 years) among all 80C options.

80C Option	Lock-in	Returns	Risk
ELSS (Mutual Fund)	3 Years	10–14%* (market-linked)	Medium-High
PPF	15 Years	7.1% (fixed)	Zero
NSC	5 Years	7.7% (fixed)	Zero
5-yr Bank FD	5 Years	6.5–7.5%	Zero
NPS	Till Retirement	8–10%* (market-linked)	Medium

**Historical returns. Not guaranteed. Mutual Fund investments are subject to market risk.*

Chapter 08

How to Start Investing with Shubh Capital

Getting started is simpler than you think. Everything is done digitally — no physical paperwork, no branch visits.

1

Step 1: Book a Free Consultation

Call or WhatsApp us on +91 90963 16155. We'll understand your goals, income, and risk appetite in a 20-minute conversation. Zero obligations.

2

Step 2: Complete Your KYC

You'll need: PAN Card + Aadhaar + Bank Account details. We guide you through the digital KYC process — takes under 10 minutes.

3

Step 3: Register on AssetPlus

Visit assetplus.in/mfd/shubhcapital to open your investor account. This is our partner platform for secure, SEBI-compliant investing.

4

Step 4: Choose Your SIP

Based on your goals, we recommend specific mutual fund schemes. You set up the SIP mandate through your bank — amount debits automatically each month.

5

Step 5: Track & Grow

Monitor your portfolio anytime via the app. We conduct periodic reviews and send you updates. You never invest alone with Shubh Capital.

■ Call / WhatsApp	✉■ Email	■ Invest Online
+91 90963 16155	shubhcapitalmfd@gmail.com	assetplus.in/mfd/shubhcapital

Chapter 09

Common Mistakes to Avoid

■ Stopping SIP During Market Falls

This is the worst thing you can do. When markets fall, your SIP buys MORE units at cheaper prices. Stopping the SIP means you miss the most advantageous buying period.

■ Chasing Last Year's Top Performers

A fund that returned 40% last year is not guaranteed to do so again. In fact, it may be overvalued. Past performance is not indicative of future returns.

■ Investing Without a Goal

Investing without a specific goal makes it hard to stay disciplined during volatility. Always know WHY you are investing and WHEN you need the money.

■ Over-Diversifying

Having 15–20 mutual funds does not reduce risk proportionately. It just creates overlap and management complexity. 3–5 well-chosen funds are usually sufficient.

■ Redeeming Early for Short-Term Needs

Mutual fund investments — especially equity — work best over 7–10+ years. Redeeming early during a market dip locks in losses and defeats the purpose.

■ Not Increasing SIP Annually

A ■5,000 SIP started in 2024 should ideally grow to ■6,000–■7,000 by 2025. Step up your SIP by 10–15% every year to account for salary growth and inflation.

> **■ The Right Mindset**
>
> "Time in the market beats timing the market." The investors who built the most wealth with mutual funds are not those who were the smartest — they are those who were the most patient. Discipline, consistency, and long-term thinking are your greatest investing edge.

Chapter 10

Glossary of Key Terms

Term	Meaning
AMC	Asset Management Company. The company that manages the mutual fund (e.g., SBI, HDFC, Mirae, Nippon).
AMFI	Association of Mutual Funds in India. The industry body that regulates mutual fund distributors and sets standards.
ARN	AMFI Registration Number. A unique code assigned to registered Mutual Fund Distributors. Shubh Capital's ARN is 323243.
CAGR	Compound Annual Growth Rate. The average annual rate of return over a period. Used to compare fund performance.
ELSS	Equity Linked Savings Scheme. A type of mutual fund that qualifies for tax deduction under Section 80C.
Exit Load	A fee charged when you redeem units within a specified period (e.g., 1% if redeemed within 1 year). Some funds have zero exit load.
Expense Ratio	The annual fee charged by the AMC for managing the fund, expressed as a percentage of AUM. Lower is better.
KYC	Know Your Customer. A mandatory one-time process using PAN and Aadhaar to verify investor identity.
NAV	Net Asset Value. The per-unit price of a mutual fund, declared daily. Buy price = current NAV.
SEBI	Securities and Exchange Board of India. The regulatory authority overseeing all mutual funds in India.
SIP	Systematic Investment Plan. Investing a fixed amount at regular intervals (monthly) in a mutual fund.
STP	Systematic Transfer Plan. Gradually transferring a lumpsum from one fund to another (e.g., debt to equity).
SWP	Systematic Withdrawal Plan. Withdrawing a fixed amount regularly from your mutual fund investment.

TER	Total Expense Ratio. The total annual cost of running a mutual fund, including management fees.
Unit	The smallest denomination of a mutual fund. When you invest, you receive units based on the current NAV.