

My Fund Guide — Self Learning Pack

Practical guide: Mutual Funds, Insurance, Small Savings, and Action Checklist

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Mutual Funds — Basics

Mutual funds pool investor money to buy a diversified portfolio of stocks, bonds or other assets. Each investor owns units proportional to investment.

Benefits: professional management, diversification, small ticket investments, regulatory transparency.

Costs: expense ratio, exit load, taxes. Check fund objective and horizon.

Types of Mutual Funds

Equity funds: higher growth potential, higher volatility.

Debt funds: lower volatility; suitable for short-term goals and preserving capital.

Hybrid funds: blend of equity and debt for balanced risk and return.

Index funds & ETFs: passive, low-cost options tracking market indices.

SIP and SWP

SIP (Systematic Investment Plan): regular contributions to build wealth via rupee cost averaging and discipline.

SWP (Systematic Withdrawal Plan): regular withdrawals from a fund for steady cashflow, useful after retirement.

Risk Profiler & Fund Selection

Risk profile (conservative, balanced, aggressive) guides asset allocation and fund choice.

Select funds by matching goal horizon, checking rolling returns, Sharpe ratio, manager track record and expense ratio.

Use a core-satellite approach: protective core holdings plus higher-risk satellites.

Health Insurance — Key Points

Health insurance covers hospitalization and medical costs. Choose adequate sum insured based on city and family.

Understand cashless vs reimbursement, waiting periods, exclusions, and network hospitals.

Consider top-up plans for higher cover at lower premium.

Term Insurance — Key Points

Term insurance provides pure life cover (payout on death) at low cost compared to endowment plans.

Decide sum assured based on income replacement needs and liabilities; choose term length to cover earning years.

Check insurer's claim settlement ratio and add riders if needed.

Small Savings Schemes

PPF: long-term, tax-free interest, ideal for retirement and long goals.

NSC: fixed tenure with tax benefits under section 80C.

SCSS: senior citizen savings with attractive rates.

Action Checklist

Take a risk profile test and set 3 goals with timelines.

Start SIPs in diversified funds for long-term goals.

Maintain emergency fund (3-6 months), buy health and term insurance.