5 things mutual fund investors should remember in the current scenario

BY SHIVANI BAZAZ, ET ONLINE | FEB 28, 2019, 11.38 AM IST

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Many mutual fund investors are concerned about the escalating tension between India and Pakistan, say mutual fund advisors. “Investors are asking us which schemes are the best to tide this uncertain time, whether they should stop their SIPs or make any changes in their asset allocation,” says Ankur Maheswari, CEO - Equirus Wealth.

Most mutual fund advisors believe that investors should refrain from taking tactical position to tide over the current crisis. “There are no dedicated styles of investing in such phases of the market. At least none of them works. Investors shouldn’t choose their investment style in any phase or type of market,” says Ashish Modani, Founder SLA investment Solutions.

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However, mutual fund advisors have some golden rules that they believe investors should follow in such uncertain conditions:

1. Don’t invest a lumpsum: Mutual fund advisors believe that investors should refrain from investing a huge amount in the markets at this point. You can always catch the market at the wrong time and incur losses. “We have been asking our clients to refrain from making any lumpsum investments since the last six months. Since it the election season and with the international borders heating up, we can see a lot of ups and downs in the market," says Ankur Maheshwari. "A staggered approach is the best way to sail through uncertain times. You will benefit by volatility by SIPs," he adds.

2. Don't experiment with your investments: Many investors tend to change their investments in times of volatility. Mutual fund advisors suggest that this is a wrong thing to do. "The best action in uncertain times is inaction. Don't think about changing allocations, moving to safer schemes etc. Stick to your asset allocation. Too much tweaking can hamper your returns," says Ashish Modani.

3. Stay focused on your goals: Many investors ask their advisors about which schemes are the best to invest during uncertain times. Well, the answer is that all schemes can be the best. "The answer to where you should invest is why you are investing. Stick to the fundamentals of choosing schemes. There are no special schemes for uncertain times," says Ashish Modani.

4. Don't take tactical calls: Not all mutual fund investors worry about volatility, some want to benefit from the volatility. However, investor shouldn't be too adventurous, say advisors. "Many investors put in their money after the correction or in pessimism, thinking the market will go up and they will earn extra. This doesn't happen most of the time. You can never time the market. Stopping and starting your investments in such phases can hamper the growth of your investments," says Vishal Dhawan, Founder, Plan Ahead Wealth Advisories.

5. Don't stop your investments: The most important rule that the planners want you to remember is that you must continue with your investments. "No matter how volatile the markets get, stay put. Don't quit because of short term volatility. Discipline is the key to achieving big results with your investments," says Dhawan.