

Invest Regularly to Fulfill Dreams



NIVESH PATRIKA

Year : 9 Volume : 5 Monthly Total Pages-8 ₹ 10/- Publication Date - 15 Jan., 2025

Mutual Funds: A Gift for Your Children



Maloo Investwise Pvt. Ltd.



8287099099 9829040524



www.mftoday.com



services@mftoday.com



Maloo Investwise Pvt. Ltd. (erstwhile Maloo Finance & Investment Services) was established in 1992. Our purpose is to help our customers on their journey to fulfill their financial dreams. With more than 32 years of experience, Maloo Investwise is an esteemed and trusted financial service provider in Rajasthan.

We provide investment, mutual fund and diversified financial services through dynamic information management, benchmarking and continuous client reporting.

Founder and Pioneer



Award and Achievements



Dr. Ramesh Chand Maloo, founder of Maloo Investwise Pvt. Ltd. is a Certified Financial Planner (CFP) with over 30 years of experience in financial management

Awarded with NSE Market Achievers Award in 2018.



His Ph.D. theses "Analysis of Investment Opportunities- A comparative study of Mutual Funds, Equity, and traditional Investments." highlighted investment opportunities in open market

Awarded with the "Tarakki champion" Award in 2019



He has undergone a short term course on "Family Business: Organization, Strategies, Internationalization and Succession" From the prestigious IIM, Ahmedabad.

Awarded with CNBC TV 18, UTI MF, and ICRA's Best performing MFD Award erstwhile (Individual Financial Advisor Award) for north India cities (tier II)' 2018-19



He has also done short term course on leadership development program from ISB Hyderabad.

Awarded with MFRT Imperial Qualifier Award in Year 2013.



Company Strategy

Vision

To build long-term relationship with our clients and provide them real time financial services through use of state-of-the-art technology and innovation.

Mission Statement

To ensure optimal financial growth for our clients.

Purpose

To provide active portfolio management and diversified financial services to our clients through dynamic information management, bench marking and continuous client reporting.

Our Services

Online Investment

Our website and mobile app (IOS and Android) provide our clients with useful financial tools, calculators and articles for better financial planning and do-it-yourself online investment options.

Financial Solutions

We offer various financial products to help our clients achieve their financial goals;

Investment in Mutual Fund

We are Rajasthan's largest retail financial service provider offering a variety of financial products including mutual funds, life insurance, health insurance, postal schemes, bonds (capital gain, infrastructure, government and RBI) etc.

MUTUAL FUNDS: A GIFT FOR YOUR CHILDREN

INTRODUCTION:

As parents, one of our most profound responsibilities is to ensure that our children have the resources they need to succeed. Whether it's for their education, a future business venture, or their first home, providing a financial foundation for our children can give them the opportunity to pursue their dreams without the burden of financial constraints. One of the most effective and accessible ways to achieve this goal is through investing in mutual funds. These investment vehicles provide an opportunity to build wealth over time, leveraging the power of compounding interest, diversification, and professional management.



This article explores the role of mutual funds in securing a child's financial future. From understanding the basics of mutual funds to their potential benefits and risks, we will examine why mutual funds are an ideal investment tool for parents looking to provide their children with a financial head start. Additionally, we will explore practical strategies for incorporating mutual funds into long-term financial planning, offering a roadmap for parents who wish to gift their children not just money, but the financial knowledge to grow it.

WHAT ARE MUTUAL FUNDS?

At the core, a mutual fund is a pool of money collected from various investors, which is then managed by a professional fund manager. These funds are typically invested in a diversified portfolio of stocks, bonds, or other securities, depending on the fund's objective. When you invest in a mutual fund, you're essentially buying a small piece of a variety of assets, making it one of the best ways to diversify your investments without having to pick individual stocks or bonds.

THE STRUCTURE AND BENEFITS OF MUTUAL FUNDS

1. Diversification: One of the key benefits of mutual funds is diversification. Diversification is the practice of spreading investments across a range of assets to reduce risk. While investing in a single stock or bond can expose you to the risk of that particular asset's performance, a mutual fund contains a variety of investments. This lowers the overall risk by ensuring that poor performance in one area may be offset by gains in others.

For parents, this is especially important. When saving for a child's future, you want to minimize risk while ensuring growth. Mutual funds provide a balanced approach to managing both goals.

- 2. Professional Management:** Mutual funds are managed by experienced professionals who have the knowledge and tools to navigate the complexities of financial markets. This is particularly beneficial for parents who may not have the time, interest, or expertise to manage investments themselves. A mutual fund manager will make decisions about when to buy or sell assets based on market conditions, which can result in more informed decisions and better performance over time.
- 3. Accessibility and Affordability:** Mutual funds provide an affordable entry point into the world of investing. Many funds have relatively low minimum investment requirements, which makes it easier for parents to start building a nest egg for their children. Additionally, mutual funds provide a convenient way to invest small amounts regularly through SIP, allowing parents to gradually build wealth over time.
- 4. Compounding Growth:** The most powerful feature of investing in mutual funds for a child's future is compounding. When you invest in a mutual fund, any returns earned on your investments (interest, dividends, or capital gains) are reinvested back into the fund. This creates a snowball effect, where the returns generate further returns, accelerating the growth of the investment over time.

For example, if you begin investing in a mutual fund for your child when they are infant or young, the returns generated over many years can amount to a significant sum by the time they reach adulthood. The earlier you start, the greater the impact of compounding.

WHY MUTUAL FUNDS ARE A GREAT GIFT FOR YOUR CHILDREN

- 1. Setting Up for Education:** For many parents, funding a child's higher education is one of their top financial priorities. The rising cost of education makes it increasingly difficult for families to manage tuition fees, room and board, and other related expenses. Investing in a mutual fund early can help offset the high costs of college education. By selecting a growth-focused mutual fund, parents can take advantage of long-term capital appreciation, ensuring that the fund grows sufficiently over time to cover a significant portion of tuition and fees.



The benefit of mutual funds in this context is that they can adapt to the time horizon of the goal. If the child is still young, the fund can focus on more aggressive growth assets, such as stocks. As the child gets closer to college age, the fund can gradually shift toward more conservative investments, such as bonds, to protect the portfolio from market volatility.

- 2. Providing Capital for Future Ventures:** In today's entrepreneurial world, many young people dream of starting their own business. However, access to capital is often a major barrier for budding entrepreneurs. By investing in mutual funds for your child, you can help them gain the financial backing they need when they are ready to launch their own venture. As with

education, the earlier you start, the more substantial the gift will be when the time comes for your child to pursue their business goals.

- 3. A Source of Financial Independence:** Mutual funds can also serve as a long-term income stream for your children.

A mutual fund portfolio designed for income generation can become an essential tool for managing personal finances, especially if your child is interested in early retirement, pursuing creative endeavors, or focusing on other non-financial goals. By having this safety net, they are more likely to achieve their personal aspirations without being bogged down by the weight of financial uncertainty.

RISK CONSIDERATIONS

While mutual funds offer many advantages, they are not without risks. One of the biggest risks is market risk. Since mutual funds often contain stocks, their value can fluctuate with the overall market. For example, if the stock market experiences a downturn, the value of the mutual fund could decrease. This is why it is important to take a long-term approach when investing for a child's future and to select mutual funds that align with your risk tolerance and financial goals.



To manage risk, parents should carefully choose mutual funds based on their child's age and time horizon. Younger children can afford to take more risk and invest in growth-focused funds, while funds for older children or those closer to using the money may focus on more conservative investments. Moreover, investing in a well-diversified mutual fund portfolio can help reduce the impact of any single asset's poor performance. **You can consult a Mutual Fund Distributor**

HOW TO GET STARTED: PRACTICAL STEPS FOR PARENTS

- 1. Set Clear Financial Goals:** The first step in investing in mutual funds for your child's future is to set clear financial goals. Do you want to save for their education? Help them start a business? Or simply provide a safety net for the future? By identifying specific objectives, you can choose the appropriate mutual fund that aligns with these goals.
- 2. Choose the Right Mutual Fund:** Selecting the right mutual fund is crucial for ensuring that your child's future is secure. Consider the time horizon and risk tolerance associated with the fund. A growth-focused fund may be suitable for long-term goals like education or entrepreneurship, while a more conservative fund may be appropriate for short-term goals.
- 3. Start Early and Contribute Regularly:** The sooner you start investing in mutual funds for your child, the more time the investment will have to grow. Begin contributing as early as possible,

even if it's a small amount. Regular contributions over time will accumulate, and the compounding effect will work in your favor.

- 4. Monitor and Adjust Your Investments:** While mutual funds are designed to be managed by professionals, it's still important to periodically review your investment strategy. As your child grows, their financial needs may change, and so should your investment approach. Periodically reassess your goals and adjust the mutual fund mix to stay on track.
- 5. Educate Your Child:** As your child grows older, it's essential to involve them in the process of managing their investments. Teaching them about the importance of saving, investing, and managing money will provide them with invaluable financial literacy that will benefit them for a lifetime.

Conclusion : Investing in mutual funds is one of the most effective and strategic ways to gift your children a financially secure future. By leveraging the power of diversification, professional management, compounding growth, and tax advantages, you can build a financial foundation that helps your children achieve their dreams, whether those dreams include pursuing higher education, starting a business, or securing their financial independence.

While the process requires careful planning, regular contributions, and long-term commitment, the rewards are undeniable. **A mutual fund is not just a financial investment; it's a gift that will grow over time, providing your children with the tools they need to thrive. By investing in their future, you are providing them with the opportunity to live life on their terms, free from the constraints of financial uncertainty.**

Have you planned for
your Child's education ?

Contact us to Invest



MALOO INVESTWISE PVT. LTD.

AMFI registered Mutual Fund Distributor



9829040424 , 98290 45324



info@mftoday.com



www.mftoday.com



Mutual funds are subject to market risk. Read all scheme-related documents carefully.

LET US UNDERSTAND THIS ARTICLE WITH AN EXAMPLE

If a father (Amitabh) starts a SIP of Rs 10000/- per month when his son (Abhishek) is born

PURPOSE	AMOUNT INVESTED (Rs.)	INVESTMENT VALUE (Rs.)
When son (Abhishek) turns 18, the father (Amitabh) can use the accumulated corpus for son's "Higher Education" .	21.60 Lakh	75.78 Lakh
If amount is not used for above purpose, father (Amitabh) can use the amount when son (Abhishek) turns 25 for son's "Marriage".	30 Lakh	1.87 Crores
If amount is not used for above purpose, Now, as the son (Abhishek) is earning and his father (Amitabh) has taught him about the financial planning. The son has started paying for his SIP investment , at age 30 the corpus can be used for "Business" .	36 Lakh	3.49 Crores
If amount is not used for above purpose ,at age of 46, corpus can be used for "Higher Education" for Abhsihek's daughter Aaradhya (assuming Aaradhya was born when Abhishek 's age was 28 Years).	55.20 Lakh	24.18 Crores
If amount is not used for above purpose, at age of 53, corpus can be used for "Marriage" of Aaradhya .	63.60 Lakh	55.92 Crores
If amount is not used for above purpose, at age of 60 , Abhsihek can use the corpus for his "Happy Retirement Life".	72 Lakh	129 Crores

If we discount Rs 129 crore @ 6% p.a. then the present value would be Rs 4 crore (approx) .

Assumption: Rate of return: 12%

The SIP continued till 60 years with the same amount i.e Rs 10000/- monthly

As you can see, by investing just ₹10,000 a month for 60 years, the power of compounding can turn your relatively small monthly contribution into a gigantic sum of Rs 129 Crores (approx). Even though ₹10,000 may seem modest at first, when invested consistently over several decades, it can grow substantially due to the compounding effect. Assuming an average annual return of 12%, this long-term commitment has the potential to accumulate a significant corpus that can fund major life milestones like your child's education, marriage, and even your retirement. This illustrates how **starting early and staying disciplined with even a modest investment can result in financial growth that far exceeds initial expectations, providing security and financial freedom in the long run.**

Mutual fund investments are subject to market risks, read all scheme related documents carefully.



WEALTH QUOTES

"A market downturn doesn't bother us. It is an opportunity to increase our ownership of great companies with great management at good prices."

-Warren Buffett



www.mftoday.com

If undelivered , please return to

Published by: Dr.Ramesh Chand Maloo

103, First Floor, BrijAnukampa, Opp BSNL

Office, Ashok Marg, C- Scheme, Jaipur – 302001

Phone: 9829040524,0141-2360570/71/72

Email: niveshpatrika@mftoday.com

Printer, Publisher & Editor:**Dr.Ramesh Chand Maloo**

Editorial Team: **CA Kamal Maloo& Col Raj Rakesh**

Printed at: Mohan Sharma & CO. Pvt. Ltd,A-10,

Sudershanpura,Industrial Area,Jaipur

Address

Disclaimer:

Nivesh Patrika does not accept responsibility for any investment decision taken by readers on the information provided therein.

The objective is to keep readers informed by the information and articles.