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Illustrations: RAJ

Beyond Agents

As agents discontinue their services due to lack of incentives, we list alternative ways to invest in mutual funds | **By Tanvi Varma**

Adarsh Shamdasani is frustrated. The 31-year-old investor was accustomed to a mutual fund agent running around to execute her investment decisions. Neither did she mind the agents's advice on buying funds. Now, she is the one pestering her agent to complete her transactions. "Not only has the turnaround time for my requests gone up, but the agent has stopped giving me regular updates and advice," she complains.

Shamdasani's agent is not upset with her. Most agents have lost interest after market regulator Sebi scrapped the entry loads on mutual funds in August 2009. Entry loads of up to 2.5% of the invested amount were their primary source of income. As brokers do not compulsorily earn from investments any longer (apart from a minor trail commission of 0.5-0.75% of the invested amount), they have either become insurance agents or have chosen a new career.

Sebi's move was aimed at making mutual funds cheaper and the commission system more transparent. In the process, it has removed the easiest access to mutual funds and your dial-a-free-adviser, the agent. So, is it time to include trips to fund houses in your weekend schedules? Will you have to fill up application forms of funds instead of just scratching your signature at the end? Perhaps, but there are better options. In case you miss your agent and swear by his unique knack of spotting good funds, find out if he is ready to resume services for a fee. There is no fixed amount, but most agents charge Rs 1,000-2,500 annually.

If you want expert help but do not think

What Online Fund Platforms Offer

WEBSITE	PROMOTED BY	SERVICES PROVIDED
www.fundsupermart.co.in 	iFAST Financial India Pvt Ltd	Extensive research on funds. Cross comparison of funds. Consolidated portfolio view.
www.investonline.in 	Abchlor Investment Advisors (P) Ltd	Consolidated portfolio view. Trigger facility, market updates. Call centre for addressing complaints.
www.fundsindia.com 	Wealth India Financial Services (P) Ltd	Self-service model. Commentary on market data. Trigger facility, portfolio-level SIP.
Mutual fund Websites	Asset management companies (AMCs)	Market commentary. Views of fund managers. Investment updates.

These portals allow you to transact lump sums in SIPs and STPs. They also provide advisory services.

that your mutual fund broker's advice is worth paying for, rope in an independent financial adviser. Most advisers have tie-ups with fund houses and can execute your transactions as well. However, be prepared to shell out much more as fee, which can range from 0.2-1.5% of the value of your assets. You can also opt for the backing of institutionalised research and sign up with a brokerage firm like Bajaj Capital.

For those who would rather use this opportunity to regain control of their finances, there are several do-it-yourself models to invest in funds.

The most obvious option is to tap into your online equity trading account. However, read the fine print as you may have to pay a little extra to buy funds through your existing online brokerage. For example, ICICI Direct slaps a fee of Rs 100 on every lump-sum transaction and Rs 30 or 1.5% of the SIP for investments less than Rs 8 lakh a year. On the other hand, India Infoline offers this service free to the existing customers of *5paisa.com*.

The problem is that if you don't trade in stocks, opening an online account just for mutual funds is tedious. "Some online brokerages also ask investors to open demat and bank accounts only with the parent bank," says Abhinav Angirish MD, Abehler Investment Advisors.

Therefore, for beginners in online investing, Websites of fund houses are a better option. Not only are they free, but the portals allow you to buy, sell and switch investments from one fund to another with just a few clicks. Initiating transactions requires some effort—you must make your first investment in the physical form and sign a PIN agreement to activate your online account. Subsequently, it is smooth sailing. According to Vikas Sachdeva, country head, business development, Bharti AXA IM, fund houses are actually encouraging investors to take the online route as it reduces their costs.

However, there is a catch. To invest in funds of different fund houses, you will have to maintain separate accounts on separate Websites. Fortunately, there is an easier way. Several online platforms cater exclusively to mutual fund investments across various fund houses. The more popular

include *fundsUPERMART.com*, *investonline.in* and *fundsindia.com*. These are registered fund distributors and allow you to buy, sell, switch and start SIP's on their Websites across 15 fund houses through one account. The payment is through a gateway that has more than 10 banks to choose from. You also receive regular account statements and can track investments through a transaction log. As a bonus, there is research material you can skim through and even compare the performance of different funds.

Are these platforms safe? Angirish thinks so. Giving the example of *investonline.in*, he says that the payment for funds is routed to the fund houses directly through ICICI Bank. This means your money is never with the online service provider. Regular updates also alert investors about the status of their portfolios.

Finally, you can invest in funds via the National Stock Exchange and the Bombay Stock Exchange. Just ask your broker to make a transaction, which will be reflected in your demat account. However, this route is not a hit among investors. For one, you have to pay the broker as you do for every stock transaction. More importantly, you cannot invest in a fund at its real-time NAV as units are allotted on the NAV at the close of the day. Another cause for concern is that the broker who deals with just 1,500 well-known scrips may not be very efficient in tracking a 1,000 similar-sounding schemes every day.

By now it must be clear that agents are not indispensable, but there are many other ways to invest in funds and seek advice. So instead of fretting, Shamdasani should wish her agent the best for exploring new horizons. ■



Just a Click Away

Three steps to start investing in mutual funds through online platforms.

1
2
3

1 Fill up the form, which asks for details like your name, mobile number, e-mail address, PAN and bank account number. If required, create a user ID and password for your account.

2 Sign the pre-filled application form sent by the service provider and attach self-attested documents, such as a copy of your PAN, address proof, KYC verification, etc.

3 If the documents are in order, the account will be activated in three days. Start transactions by transferring money through the payment gateway.



Online investing works best for investors who are more informed in terms of research and analysis and know what they want to buy and when they want to buy it.

ANIL REDD
CEO, Right Horizons