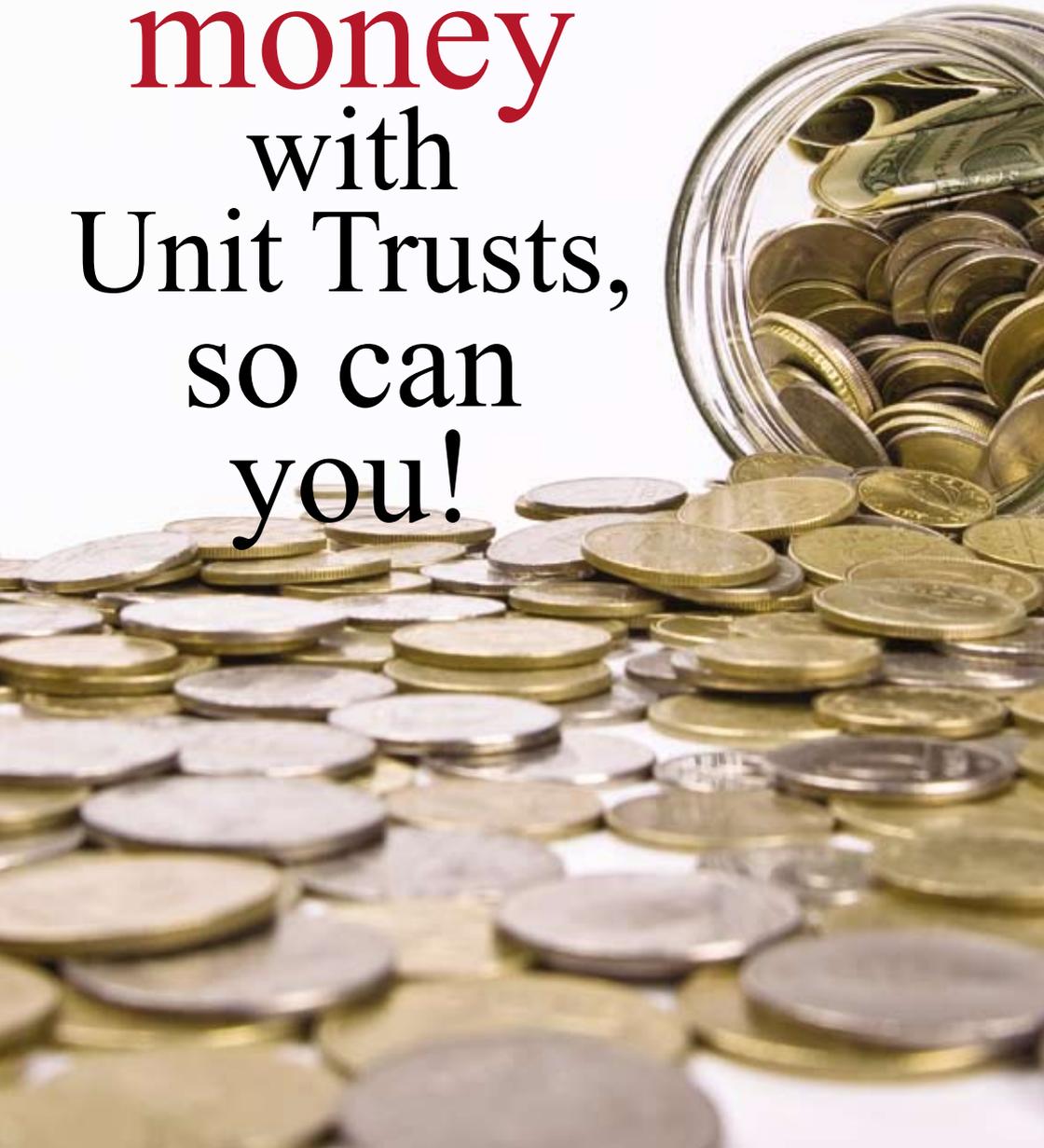


If I can
make
money
with
Unit Trusts,
so can
you!



What is a unit trust?

“A couple of years ago, I noticed that there was a lot of excitement around the stock exchange. I had a friend who was making a lot of money from his investments. I had no idea about the share market, so I asked him for advice. It was he who introduced me to Unit Trusts.

A unit trust is a simple concept. Imagine there's an asset that you can't afford to buy on your own. So you gather a bunch of friends and each one makes a contribution. Then you buy the asset collectively. When the value of the asset appreciates, it can be sold at a profit and the members are entitled to a share of that profit.

So it's the same with a unit trust. Except instead of friends, it's hundreds of other investors that you collectively invest with. And the assets you invest in may be shares, Treasury bills or other securities, depending on the unit trust you choose. And like with the venture with your friends, when the assets appreciate, you stand to profit.”



Is a Unit Trust a form of saving?

“Well yes, but savings is a very vague and general term. A Unit Trust is best viewed as an investment. Investors (as against savers) are people with clear goals, ambitions and opinions. They get their money to work for them in smarter ways.”



“If you look at it from a long-term perspective, the answer is almost always yes.

Unit Trusts are based on markets. It is true that the markets fluctuate, but the historical trend has always been upward, consistently beating inflation and bank interest. For example, take the stock exchange. There have been many ups and downs over the last decade. But it has still grown at a considerable rate.

Unit Trusts diversify their investment portfolio, which is the best strategy for minimizing risk and generating steady returns. You’re not putting all your eggs in one basket.

Unit Trusts are managed by highly-qualified experts who spend their entire time studying and researching market opportunities. Chances are they can even beat the average market performance.

There are also various different Unit Trusts to choose from, depending on your risk tolerance, and your financial goals.”

So is a Unit Trust a
good
investment?

What are the
benefits of a
Unit Trust?



“There are so many benefits.

“It’s rewarding. A Unit Trust can offer a much faster rate of return than a bank deposit. I started to invest in Unit Trusts five years ago. I still kept part of my money in the bank. The growth of my Unit Trust investment has been so much faster than what I’ve got from my fixed deposits.

It’s cost-effective. You need to have millions to invest in land, or lakhs to open fixed deposits. But you can invest in Unit Trust with as little as Rs.1,000 !

It’s flexible. With my Unit Trust, I can invest more money whenever I have some, and I can pull money out whenever I need it. Without any penalties. Try doing that with property or term deposits!

Returns from Unit Trusts are tax-free... In most circumstances, the returns from your Unit Trust investments are yours to keep.

What are the different kinds of Unit Trusts?

“There are many options, but let me describe some of the main ones. As with most things in life, there is trade-off between risk and reward.

Let’s say that safety is your biggest concern. You need a regular income from your investment. Then you might consider a Unit Trust that invests primarily in treasury bills. These are government securities, so there is virtually no chance of loss, but your returns will be relatively slow and steady.

What if you’re looking for better returns, but without taking too much of a risk? You might be saving up for your children’s education. Unit Trusts that offer a balanced portfolio are an ideal compromise. They invest say 60% in equities, which offer the best potential for growth - and 40% in Treasury bills, which provide a firm anchor.

Now let’s say you’re prepared to brave a few rough patches if need be in return for exceptional growth potential. You want to be able to afford that sports car before you’re too old to enjoy it. Then you might want to place your bets on those Unit Trusts that are based entirely on equities for maximum performance.”



How do I choose a Unit Trust?

“Figure out what your financial goals are and what kind of risk you are willing to bear. Then investigate the various unit trusts. They will all be willing to send you a prospectus. Check out the returns they have generated for their investors over the years. Remember, when it comes to Unit Trusts, past performance is only a useful guide, not a guarantee.”

How much should I invest in a Unit Trust?



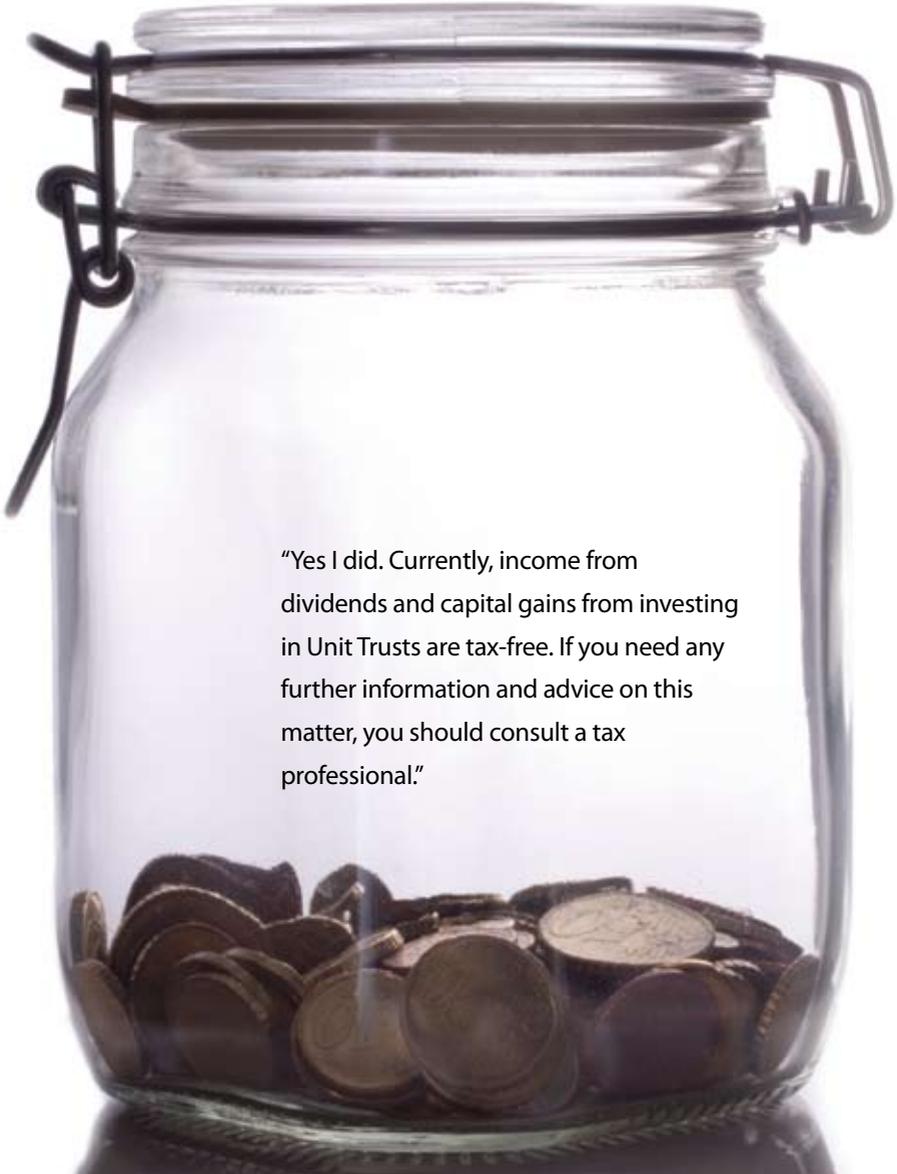
“One of the great things about a Unit Trust is that you don’t need huge sums of money to invest in one. Like I said before, you can start with as little as Rs.1,000.

Take advantage of the flexibility of a Unit Trust. You don’t have to invest a large one-off lump sum. Instead, build up your investment over a period of time, as and when you have the funds available – like a savings account, but with much higher earning potential!

Don’t think of a Unit Trust as a short term investment. It might make you some money in a month, it might not. So I wouldn’t advise you to put funds that you might need for daily living into a Unit Trust. But look at as a long-term investment and it is highly unlikely that you will be disappointed.

What proportion of your savings you should invest in a Unit Trust depends on your financial circumstances and goals. It is but one of many options you have – savings accounts, fixed deposits, land etc. Consider each carefully, balance the pros and cons, and then decide.”

Did you say that Unit Trust investments are not taxed?



"Yes I did. Currently, income from dividends and capital gains from investing in Unit Trusts are tax-free. If you need any further information and advice on this matter, you should consult a tax professional."



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