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Best mutual funds for beginners india

I have a BA in Natural Sciences and Mathematics and am currently working towards a Certificate of Finance from TESU. (Only 3 credits to go!)Finally — an easy mutual fund tutorial for the busy working Joe/Jane! (Photo credits are located at the end of this article.)Does This Sound Like You?You work hard for your money! At least eight hours a day (five days a week) you're out there paying your dues and making a contribution to society — just trying to carve out that well-deserved slice. Even more than that: you're responsible. You aren't drowning in debt, and every payday you squirrel away a percentage of your earnings. As a result, you have a tidy sum lying around collecting dust — maybe in a separate savings account at the bank (earning abysmal returns), or maybe even stuffed inside your mattress (earning zero returns).Moreover, you have heard good things about mutual fund investing, but the learning curve for breaking into this sweet racket seems pretty steep. And who can afford to spend the requisite time searching through an endless stream of websites, books and videos just to learn the bare essentials, in order to get up and running with mutual funds quickly — that is, without having to inadvertently acquire CFA (Certified Financial Analyst) credentials along the way?But have no fear, good sir/madam, because that's where I come in.Allow myself to introduce...uhhh... myself. The name's Earl (nice to meet you), and I'm a working stiff just like you. Only, I've taken the liberty of doing the legwork involved with researching mutual funds for you. I've scoured every inch of the globe (Re: internet, public library, local bookstores) in search of information on the topics you will learn about in this article, and I'll gladly share my knowledge with you for free. Don't be intimidated by mutual funds — they're easy!In this tutorial, Mutual Fund Investing for Beginners, everything that you need to know about investing in mutual funds will be covered. Consider it your one-stop-shop for becoming (quickly) acclimatized to the wonderful world of these sublime securities, and for getting started making all of your hard-earned money work hard for you!What Are Mutual Funds (and Why Should I Care)?In this article, I'll explain mutual funds in plain English — what they are, exactly, and why they are such a great investment for busy people with limited time (and limited tolerance) for all of that Wall Street mumbo-jumbo that you've heard on the financial channel.I've also written other helpful pieces on mutual funds. These are best read in the following order:Different Varieties of Mutual Funds: In this article, we'll explore the different categories of mutual funds, as well as the benefits of investing in particular sorts of funds within those categories, rather than other (more expensive) alternatives.Selecting the Best Mutual Funds: Here I show you how to get down to the nitty-gritty, and I'll show you how to determine the good funds from the bad (and ugly); the bargains from the rip-offs; the best from the rest!I also cover the following in Mutual Funds: Asset Allocation, Retirement Planning, Choosing a Broker & Further Reading.Mutual Fund Asset Allocation Formula (by Age and Risk Tolerance): At this point, you'll learn a simple method for calculating your personal investing strategy for mutual funds, based on your age and risk tolerance. Investing for Retirement: Retirement might be right around the corner for you, or it may be years off. But whatever your situation, the sooner you start planning for your golden years the better! In this article, I get into the benefits of investing in mutual funds through a tax-sheltered retirement account — like an IRA or a 401(k) — so that you can decide whether or not pursuing such a course of action would be a good choice for you. (Spoiler Alert: It probably is!) Choosing a Mutual Fund Company and/or Brokerage Firm: Time to let the rubber hit the road! Here, we'll discuss whether or not it would be a better option for you to purchase mutual funds directly from their parent companies or through an online brokerage firm, and then I'll point you in the right direction to start investing right away! List of Some of the Top Mutual Funds in the Country (by Category), and Investor Education Resources: What mutual fund how-to-guide worth it's salt wouldn't list some stellar funds for you to check out? In this article, I'll give you a list of some of the most well-respected funds around, separated by category. Additionally, I'll list reputable investment education websites and financial newsletters for you to get familiar with. The resources listed in this section will give you plenty of extra content to pour over and learn from, should you decide to take your investment game to the next level. (However, if you would rather not dive into the torrent of market minutiae that has consumed both mighty and meek alike, rest assured that this piece is strictly optional!) Curb market at Broad Street, in New York City. It later became the American Stock Exchange. In the background, the New York Stock Exchange building can be seen under construction.What Are Mutual Funds (and Why Should I Care)?So, what are mutual funds anyway? How do they work? For that matter — why should you care? Let me explain it like this:Say that your family runs a small pizzeria. Everyone in the family has a job to do to ensure the smooth operation of the restaurant. You are responsible for picking up all of the necessary ingredients used in pizza making, and for making sure that the restaurant is always well-stocked. Nana keeps the place spic-n-span, and she also answers the phone. Pappy makes the pies, Junior makes the deliveries, and so onand so forth. Then, there's Poindexter...What Poindexter lacks in social graces, he makes up for in financial acumen. He has a shrewd business sense, is an absolute whiz at marketing, and has keen managerial instincts. Poindexter handles the finances. All of themoney that comes into and goes out of the pizzeria passes through him. His job is to make sure that the business makes sound financial decisions — in order tomake a profit, of course! This arrangement works well for him and for the rest of the family, because everyone gets to focus on doing what they are good at withoutbeing forced to handle affairs that fall outside of their respective wheelhouses.Re: "Poindexter"Now imagine that instead of your (hypothetical) pizzeria-owning family in the example above, a group of complete strangers decide to team up. Also, instead of working together in a restaurant, they choose to pool their money together into one big pot. Finally, picture the role of "Poindexter" as being played by an expert who specializes in taking big pots of money, for the purposes of investing them into a myriad of financial securities, in order to return — well — an even bigger pot of money (to be shared by everyone who contributed in the first place!)A mutual fund is simply a group of people who have decided to combine their money in such a way, who then turn over all of the decisions for investing that money to experts (called fund managers). In this way, people with absolutely no interest in following the stock market are able to reap the substantial rewards gained through investing (i.e., by leveraging the knowledge and experience of professional investors). Such people are then free to go on with their lives while all of the hard work involved with making their money grow is handled by other, more interested parties. What is a mutual fund? A mutual fund is a pool of money created by many contributing individuals (personal investors), who then turn over the responsibility for investing that money to professional managers. Any returns that are realized by the investments are shared among the fund's contributors. Now, you may be thinking: That's all fine and good Earl, but — why should I care?It's a reasonable question. After all, is it really worthwhile to fork over your hard-earned money to a complete stranger to invest, when you could just tack a portion away in a savings account like many people do? Would that not be a safer choice, in light of the known volatility of the stock market?While it is true that there is risk associated with investing in stocks, bonds, and other financial securities, the fact of the matter is that when you average the market's performance over time, you will see that investors have earned an average annual return of about 10%.1 This is an average return that persists inspite the occasional market catastrophe that has been known to shake up our economy (such as the famous stock market crash of 1929).That's a pretty impressive track record! On the other hand, even the highest-yield savings accounts can't touch average market returns, as demonstrated below in Table 1. As you can see, it would take ten years for a principal invested in a savings account — offering a paltry .87% return on your money — to approach comparable returns as the same amount of money invested in a mutual fund (earning the historic market average of 10%) for one year.TABLE 1: Comparison of a \$10,000 Principal Employed in Three Different Ways Over a Period of Ten Years*For simplicity, this chart disregards fees, sales commissions, and other advanced topics, which will becovered in more detail in the following sections. **The formula used for compounded interestcalculations will be discussed in Section IV.TimeUNDER THE MATTRESSHIGH-YIELD SAVINGS ACCOUNT (.87% ANNUAL INTEREST)MUTUAL FUND (10% ANNUAL INTEREST)1 yr. \$10,000\$10,087\$11,000\$ yrs.\$10,000\$10,442.64\$16,105.1010 yrs. \$10,000\$10,904.86\$25,937.42So, to answer the question of whether or not investing in mutual funds is worth it:Yes, yes, and yes again!However, before you can decide which mutual fund(s) to purchase, you've got to learn how to distinguish between all of the different types of funds that are available. You also need to know how to tell a good fund from a bad one. In the following sections, we will cover these — and many more — topics in detail.Click here to read an article of mine about Different Varieties of Mutual Funds.Related Work by EarlResources1. Wikipedia contributors. Stock market [Internet]. Wikipedia, The Free Encyclopedia; 2013 Sep 18, 13:23 UTC [cited 2013 Sep 23]. Available from: Credits1. 'A welder for Combustion Engineering Co. makes boilers for a ship in Chattanooga, TN.' (Finally — an easy mutual fund tutorial for the busy working Joe/Jane!). Source: Original photo by Alfred T. Palmer, Public Domain (i.e., This is a U.S. Government work and is not subject to copyright under U.S.law; learn more), via Wikimedia Commons. Circa 1942 (cited 2013 Sep 20). Derivative photo by E.N.B.Original photo available from: Boilermaker - Alfred T. Palmer.jpg2. 'L'Utilisateur: Nicolas Perrault IIIl'apparement confus.' 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Content is for informational or entertainment purposes only and does not substitute for personal counsel or professional advice in business, financial, legal, or technical matters. Once upon a time, the biggest hurdle for beginner investors who wanted to build a diversified portfolio was saving up enough to buy that first investment. Funds typically involved large minimum purchases, some of which was eaten up by onerous sales charges.Today, that hurdle has been flattened. Exchange-traded funds (ETFs) can now be purchased for the price of just one share, and many mutual funds now have low (and even no) minimum investments. Better still, annual expenses are edging lower every day.The biggest hurdle nowadays for beginners is deciding which mutual funds and ETFs they should invest in. We can help with that.Today we're going to look at a short list of the best funds for beginner investors. But understand that the idea of this list isn't to go out and invest equally across all of these funds. Instead, consider it an abbreviated menu from which you might choose one or two or three options to start your portfolio.You'll notice these top beginner funds lean almost exclusively toward stocks. That's because bonds are often too defensive and low-growth in nature for younger beginners, who have time to ride through the stock market's ups and downs. Just remember that when you invest in stocks, volatility is natural. Your investments will go down some days, but historically, the stock market has gone up over the long term, and that should continue to be the case going forward.Here, then, are seven of the best funds for beginners.Assets under management: \$13.8 billionDividend yield: 2.2%Expenses: 0.08%If you were to choose just one fund to start your portfolio, the Vanguard Total World Stock ETF (VT, \$79.59) would be hard to beat. This exchange-traded fund provides exactly what the name suggests: exposure to the worldwide stock market, including the U.S.; developed foreign markets such as the U.K. and Japan; and emerging markets, which include still-developing nations like India and China.Vanguard Total World Stock ETF does a nice job of replicating the world stock market, too. The U.S. accounts for around 55% of the global stock market, and VT's portfolio is presently 57% U.S.-based. Japan (7.5%) and China (4.6%) make up the next largest portions. In total, you're getting exposure to nearly 8,700 stocks from more than 40 countries.The fund is weighted by market size, so a few stocks — such as Microsoft (MSFT) and Apple (AAPL), each at 3% of assets — will have an outsized pull on the fund. But for the most part, you're still getting excellent diversification, both in number and geography. That and its low expenses make VT one of the best funds for beginners.VT also comes in mutual fund form via the Vanguard Total World Stock Index Fund Admiral (VTWAX, \$28.18). This version of the fund will cost a tiny bit more at 0.10% and has a \$3,000 minimum investment. But under the hood, it's all the same.Learn more about VT at the Vanguard provider site.Assets under management: \$5.4 billionDividend yield: 1.5%Expenses: 0.0%One idiom that does not apply to investing is "you get what you pay for." Paying more for an investment doesn't make it better — in fact, the opposite can be true, whether it's paying for an overpriced stock, or losing out on performance due to onerous fund fees. In fact, the longer you hold a fund, the more of your potential growth high fees will consume.Fortunately, investment fees on funds have never been lower. Not only have brokerages gone commission-free, but you now have access to a few zero-expense funds, including the products that Fidelity Investments debuted in 2018. Their "Zero" line of funds feature 0% annual expense ratios and no minimum investments. The only possibly detractor from your return is fund turnover (how much buying and selling the manager does within the fund, which does rack up institutional trading fees).Fortunately, the Fidelity ZERO Total Market Index Fund (FZROX, \$11.52) is a passively managed index fund with a turnover of merely 6%, which means it would take roughly 17 years for the entire portfolio to get turned over once. So no, trading expenses aren't a concern, either.FZROX is a total U.S. stock market fund that invests in large, medium and small companies alike. Like VT, Fidelity ZERO Total Market is weighted by float-adjusted market-cap, which means the largest companies still have the biggest effect on the fund's performance. Roughly three-quarters of FZROX's assets are in large-cap stocks, with another 16% in mid-caps and the rest in small firms. Still, it's more diversification than you'll get than an S&P 500-tracking product.Learn more about FZROX at the Fidelity provider site.Assets under management: \$53.7 billionDividend yield: 3.4%Expenses: 0.13%Emerging markets are home to a larger portion of the world's population and a growing portion of the economic output," says Daniel Price, a chartered financial analyst and head of iShares product consulting for BlackRock's U.S. Wealth Advisory business.As these markets continue to grow, "the world is likely to have to pay increased respect to the Far East, and so there should be a position, especially for younger people, in that part of the world," says Lewis J. Altfest, CEO of Altfest Personal Wealth Management in New York City.He tells young investors to put "a modest to moderate amount of money" — not all of your money, but some — into emerging markets stocks.That's something you can do easily via the iShares MSCI Emerging Markets ETF (IEMG, \$52.66), which is among the least expensive portfolios in the category, ranking in Morningstar's cheapest quintile."Consider it the risky part of your portfolio," Altfest says, because emerging markets are more volatile than developed ones.To help mitigate this risk, it's best to diversify your emerging market exposure across multiple countries. "While any one stock or country can be quite risky, diversifying broadly across the segment can give investors the return potential with a reduction in risk," Price says.IEMG's ability to tackle that makes it one of the best funds for beginners. With almost 2,500 stocks from a couple dozen countries, iShares MSCI Emerging Markets ETF boasts one of the broadest and most diversified portfolios in the category. Holdings right now include the likes of China's Alibaba (BABA) and Tencent (TCEHY), and Taiwan chipmaker Taiwan Semiconductor (TSM).Learn more about IEMG at the iShares provider site.Assets under management: \$42.2 billionDividend yield: 1.7%Expenses: 0.06%Just as emerging markets have more room to grow than developed markets, small-cap stocks typically have more growth potential than large-company equities."Relative to larger companies, small caps are lesser-known companies with potentially strong growth opportunities that might make them tomorrow's leaders," BlackRock's Price says.This can make them good investments for long-term investors looking for growth, but also like emerging markets, these smaller companies carry more risk. It's easier for them to grow, but because of narrower revenue streams and less access to capital, it's also easier for small firms to fall out of favor or go out of business."Investing in an ETF versus individual stocks provides the additional benefit of diversification so that an investor can capture the growth opportunity of a sector while minimizing the risk of investing in a single company," Price says.The iShares Core S&P Small-Cap ETF (IJR, \$72.12) is one of the best funds in the U.S. small-cap space, and at more than \$42 billion in assets, it's larger than the popular iShares Russell 2000 ETF (IWM).IJR, which holds stocks such as automotive retailer Lithia Motors (LAD) and wing chain Wingstop (WING), has outperformed its category average over the last 15 years but with no additional volatility.Learn more about IJR at the iShares provider site.Assets under management: \$4.2 billionDividend yield: 1.0%Expenses: 0.08%Technology-focused funds are among the best funds for beginners, too, if it's growth you're after. The technology sector has held up far better than most of the rest of the market during America's weakened economic state, in large part because technology provides so many solutions to the problems we currently have. While the S&P 500 and Dow are still near or below where they started the year, the tech-heavy Nasdaq is well in the black and yet again sitting near all-time highs."A technology mutual fund or ETF can provide exposure to some of the interesting growth opportunities in the market, while providing more diversification than a position in a single tech stock," says Greg Friedman, head of ETF management and strategy for Fidelity MSCI Information Tech ETF (FTEC, \$84.74). "That said, the tech sector can still have more volatility than a portfolio that is fully diversified across different sectors, and across both stocks and bonds."In other words, if you do invest in a tech fund, make sure it's a smaller portion of your portfolio, and know that it might be a bumpy ride than some of the more blended products we've already mentioned.As for FTEC itself, it stands out for a few reasons. For one, it provides exposure to large-, mid- and small-cap tech stocks, whereas many popular tech funds are more focused on only large-cap stocks. But again, larger equities still rule the roost, with the top 10 holdings — including Apple, Visa (V), and Adobe (ADBE) — commanding nearly 60% of the fund's assets.And an expense ratio of just 0.084% makes FTEC one of the cheapest tech ETFs on offer.Learn more about FTEC at the Fidelity provider site.Assets under management: \$11.7 billionDividend yield: 3.5%Expenses: 0.06%There are two ways to get paid as a stock investor: 1.) via the capital appreciation of your shares (prices go up), and 2.) via dividends, which are cash payments that some companies periodically make to shareholders.Dividends appeal to investors because while a stock's share price may be subject to the whims of the market, dividends — especially on U.S. stocks — are fairly consistent. Yes, economic crises can lead to dividend cuts and even suspensions. But largely speaking, dividends keep you paid, even if the stock price itself isn't cooperating.While you could build your own dividend portfolio with individual stocks, using an ETF "will better protect your investment against a single stock determining whether you make a lot of money or lose it all," says Tony Walker, a retirement planning specialist and author of Live Well, Die Broke. He points his clients to spread their risk across to the Schwab U.S. Dividend Equity ETF (SCHD, \$54.69), which tracks an index of roughly 100 dividend-paying U.S. stocks including United Parcel Service (UPS), Pfizer (PFE) and PepsiCo (PEP).These stocks must have paid dividends for at least 10 years in a row and be among the top scoring companies in metrics like return on equity, cash flow relative to total debt and five-year dividend growth. Adding these quality screens helps keep SCHD's portfolio from becoming too risky, as many funds seeking high dividend yield can become. This, coupled with a low expense ratio of 0.06%, makes SCHD one of the best funds for beginners looking to generate a little income.Learn more about SCHD at the Schwab provider site.Assets under management: \$27.1 billionDividend yield: 1.4%Expenses: 0.53%The only way to succeed at investing is to stick with it. Even the most finely tuned portfolio won't do you any good if you panic sell when the market has a downturn. So, if you are a beginner, before you choose any of the funds on this list, ask yourself this:What would you do if your portfolio lost 10% of its value in a week?If the answer is "sell everything and hide under my bed," then an all-stock portfolio might not be for you.Bonds, which are debts issued by an institution such as the U.S. government, a state or even a publicly traded company, provide investors with regular fixed income. Because of their perceived safety, they often do well when investors are fearful and selling off their stocks. Thus, adding bonds to your portfolio can lessen the impact of stock market declines.However, bonds typically trade around a "par" value, so while they can appreciate or depreciate over time, they don't really have the same upside or downside potential as stocks. Enter balanced funds, such as the Fidelity Puritan Fund (FPURX, \$24.43), which aim to strike a balance between stock and bond exposure.FPURX, which launched on April 16, 1947, isn't just one of the best funds for beginners — it's one of the oldest funds around. It targets an allocation of 60% stocks to 40% bonds, and it has ranked in the top performance quartile among its peers seven years out of the past 10.Current portfolio manager Daniel Kelley, who took the helm in 2018, is committed to broad diversification and keeping an eye on risk."I pay close attention to the underlying fundamentals, valuation and free cash flow potential of the businesses the fund invests in with the aim of avoiding businesses with deteriorating fundamentals, excessive valuations or significant risk factors outside of management's control," he says.FPURX is equity-heavy at the moment. More than 60% of the fund is currently invested in domestic equities, and another 6% is in international equities. Another 30% of assets are spread across Treasuries, corporate issue, sovereign debt and other bonds, and the remainder is in cash.Like FZROX, Fidelity Puritan has no required minimum investment.Learn more about FPURX at the Fidelity provider site.

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