

Taking the mutual fund route to achieve financial freedom

A person is said to be financially free when the living expenses have been provided for without relying on a specific source of income such as a 9-to-5 job. It can be anything from investments to interest income to rental income that would ensure sustaining the current lifestyle. It is important to note that the definition of financial freedom varies from individual to individual. However, it can be achieved by careful planning, prudent investments and defining the financial objectives.

There are a few key aspects of financial freedom that one needs to understand. The first step involves having sufficient passive income from various sources like interest,

rental, dividends, etc. It is important to aim for zero or minimal high-interest debt to avoid being burdened by liabilities. Additionally, building a contingency fund to cover unexpected expenses is crucial instead of relying on investments in times of need.

Achieving financial freedom can also lead to an early retirement, allowing individuals to pursue their interests and passions. Disciplined savings and investing play a significant role in wealth creation.

The journey to achieve financial freedom through mutual funds starts with educating oneself about mutual funds as it is essential to understand how they work and the various types available, such as equity, debt, bal-

anced advantage, and more. It's important to assess past performance and risks associated with different mutual fund schemes. Goal-based investing is key, where individuals define their financial goals and the time frame to achieve them. It is absolutely crucial to understand one's risk tolerance and choose mutual fund schemes accordingly. Diversifying investments across various asset classes helps spread risk.

Familiarise yourself with Systematic Investment Plans (SIPs). SIPs can be an important tool, for long term investing as they leverage the power of compounding. When investing in funds, one should have a long term perspective aligned with your goals and



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plans. It is advisable to review and rebalance your investment portfolio to ensure it remains in line with your objectives and risk tolerance. For financial market investments, it is good to get guidance from advisors who will understand your needs and design a personalized plan that will be unique to your needs. In order to stay up to date, one must also keep track of the latest market trends and news.

All said and done, there is no guaranteed return generated by mutual fund schemes. The performance of mutual funds is influenced by various factors, but by investing for a long term increases the likelihood of achieving financial freedom.