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# How to select a mutual fund advisor

BY ECONOMICTIMES.COM | UPDATED: JUN 27, 2017, 12.17 PM IST

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By Vishal Dhawan

Investing in [mutual funds](#) was always easy. It became easier with the advent of direct plans and the [penetration](#) of internet. One can buy and sell schemes with a few clicks these days. However, we believe that in some cases, especially with new investors with sketchy ideas about [mutual fund](#) investing, a [mutual fund advisor](#) can make a big difference. Most of our readers were not enthused about the idea (what if the advisor take you for a ride, they asked), but some wanted to know whether they can follow some simple rules to choose a mutual fund advisor. We asked Vishal Dhawan, a seasoned financial planner, to offer a few pointers to our readers. This is what he came up with.



1. **Experience** : While selecting mutual fund schemes, the experience of a fund manager across different [market](#) cycles is of great value. Similarly, it is critical to look at mutual fund advisors who have been through at least one downturn in the market. Indian financial [markets](#) went through their last significant downturn about a decade ago. So, look for mutual fund advisors who have been around for at least the last 10 years.

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2. **Portfolio creation**: One of the key roles of a mutual fund advisor is to help the investor to understand the [underlying asset](#) classes in mutual fund schemes, and combining them together to achieve his/her investment objectives. Look for mutual fund advisors, who are willing to take a holistic view on your portfolio, do a detailed [risk](#) profiling process, understand your financial goals and investment objectives, and then suggest a mutual fund scheme or a combination of schemes for you.

3. **Avoid hustlers**: In a world where everyone is perennially short of time, a quick recommendation and implementation seems the best thing. However, when it comes to investing, it is best to spend time, ask multiple questions and only once you are fully satisfied, go ahead with the same. A good mutual fund advisor will not put pressure on you to decide fast because the markets mood may change. Ultimately, if you are going to invest for the long term, do your [due diligence](#) – a few days are unlikely to make a difference.

4. **Ask for referrals**: Request the mutual fund advisor to share referrals, for investors that he has worked with, and who are in a similar life stage. Also, for who have worked with him/her for possibly more than five years. Reach out to them to check their own experiences on the advice and service offered by the mutual fund advisor.



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5. **Seek clarity on compensation**: Post the introduction of direct plans of mutual funds, advisors have adopted different models ranging from commission only, fee-based service, which is a combination of fee and commission or fee only. While each advisor would pick his compensation model as per the needs of his [business](#) and target clients, it is critical to spend some time understanding the same in detail.

**Vishal Dhawan is a Certified Financial Planner and the CEO and Founder of Plan Ahead [Wealth Advisors Pvt Ltd](#), a SEBI Registered Investment Advisory firm.**

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