Planning to invest Diwali bonus? Mutual fund advisors offer help

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With the Diwali celebrations going on, apart from gifts and sweets, there is also an inflow of cash during this time. Many people receive cash gifts from their relatives while some receive bonuses at their workplace.

Instead of spending the money on useless things, it makes sense to invest it. However, many new investors are confused about where to invest their money. Based on the current market scenario, if you are also confused where to invest this money, mutual fund advisors offer some help:

Vishal Dhawan, CEO, Plan Ahead Wealth Advisors, a wealth management firm in Mumbai:

The expert recommends that to deploy Diwali bonuses through lumpsum mode in a balanced advantage fund would be a good option. Investors with a long-term investment horizon should consider doing STP and can also consider gold and silver through STP.

“Considering that Indian equity markets have now started to correct, we would suggest that investors who have a 7-10 year investment horizon should consider doing a Systematic Transfer Plan (STP) into equities over a 12 month period. Investors can also consider a gold and silver fund through STP. For investors preferring to invest in lumpsum, a balanced advantage fund can be considered to deploy lumpsum Diwali bonuses. In case there are any loans, at least half of the monies received can be used to prepay the loan,” he said.

Amar Ranu, Head-Investment Products & Insights, Anand Rathi Shares and Stock Brokers:

The expert recommends that allocating a portion in equity mutual funds looks attractive. SIPs in diversified funds are also an appealing option.

“With the market having recently corrected and some froth cleared, this Diwali season presents a unique investment opportunity. For those receiving bonuses and cash gifts, allocating a portion to investment can be a prudent choice, especially in equity mutual funds that may compound over medium to longer term. Systematic Investment Plans (SIPs) in diversified funds are also appealing options, allowing you to take advantage of rupee cost averaging in a fluctuating market, building wealth over time,” he said.

“However, as Diwali is a time for happiness and festivities, it's equally crucial to set aside some of these monies for celebratory and personal costs. Purchasing new clothing, house furnishings, or other necessities not only makes the holiday season more enjoyable, but it also boosts the economy by encouraging consumer spending. You may increase your wealth and support the economic cycle by striking a balance between investing for the future and enjoying the present, which will make this Diwali financially profitable on many levels,” he added.

Manish Kothari, Co-founder & CEO, Zfunds:

The expert recommends that investors with medium term goals can invest across mid cap, small cap and large cap funds. Those with a shorter horizon can go for balanced advantage funds or multi asset funds.

“The time horizon plays a crucial role when investing your Diwali bonus or cash gifts. For those looking at a medium-term goal of 3-4 years, investing in equity—across mid-cap, small-cap, and large-cap funds—can offer potential growth. However, if the goal is shorter, say around 12-24 months, then a balanced advantage fund or multi-asset fund could be more appropriate, offering growth potential with reduced risk. Investing in these festive windfalls thoughtfully can help build wealth while keeping the investment aligned with one’s financial timeline,” he recommended.

Sujit Modi, CIO, Share.Market:

According to the expert, if you are looking to invest in Gold ETFs if you are looking to purchase gold. Investors can consider investing in PPF and ELSS funds.

“Investing Diwali bonuses or cash gifts wisely can set the stage for greater financial security.

A good base is to set up or add to your emergency fund or safety net. Ideally, setting aside 6-12 months of living expenses can help you prepare for emergencies without breaking your savings. Once this is in place, one may look at investing in Mutual Fund SIPs. Equity mutual funds can help you with long-term growth.

With increasing healthcare costs, upgrading or purchasing health insurance can also be a wise move. This will ensure you don’t dip into your savings for unexpected medical expenses.

Additionally, consider tax-saving investments like the Public Provident Fund (PPF) and Equity-Linked Savings Scheme (ELSS), which offer tax breaks while supporting long-term financial goals.

By prioritizing an emergency fund, SIPs, and a mix of Gold ETFs and health insurance, you can make the most of your Diwali bonus, enhancing both immediate financial stability and long-term growth potential. Using tax-saving options adds a layer to your plan, helping you build a secure financial future,” he said.