



ELSS – Key Features & Benefits

An Equity Linked Savings Scheme (ELSS) is a diversified equity mutual fund that gives you a dual benefit of tax saving with the growth potential of equities. However, unlike other tax saving investments, ELSS has a lock-in period of just 3 years!

You can invest in ELSS through Systematic Investment Plan (SIP) and also lump sum. Investing through an SIP also gives you the benefit of rupee-cost-averaging and compounding that helps you ride over market volatility over the long term. ELSS aims to beat rising inflation in the long run by investing primarily in equities.

Benefits of ELSS

- 1) Income Tax deduction under section 80C of Income Tax Act* - Tax savings of upto Rs 46,800[^]
- 2) Offers long term wealth creation potential as ELSS schemes invest predominantly in equities which is known to other asset classes over the long term
- 3) Lock-in of only 3 years – One of the shortest lock in period among all tax saving instruments under Section 80C of Income Tax Act.
- 4) No LTCG upto Rs 1 lakh - Long Term Capital Gains (LTCG) of up to Rs 1 lakh a year from ELSS mutual funds are exempt from income tax and long-term capital gains above Rs 1 lakh are taxed at 10%^{**}
- 5) Ease of investment - Investor can put money via an SIP with a minimum amount of Rs 500 or as a lumpsum
- 6) Dividend option - Investor can opt for dividend option and get some cash flows even during the lock-in period#

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

[^]The tax saving shown has been calculated for a person aged less than 60 years in the highest income tax slab having annual income less than Rs. 50 lakhs, as per Section 80C of the Income Tax Act, 1961 for the Financial Year 2022-23 and includes applicable cess. We have considered the current 4% educational cess on tax. Including cess, the tax saving per annum would amount to 31.2% of Rs. 1.5 Lakh or Rs. 46,800

#Dividend will be taxable. Please consult your financial advisor or tax consultant.

^{**}SIP in ELSS will lock your investment on each Investment installment (i.e. for 3 years).

An Investor Education & Awareness Initiative by HSBC Mutual Fund

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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