

Date: 09.01.2026

CHILDREN'S MUTUAL FUNDS

What are Children's Mutual Funds?

A **Children's Mutual Fund** is a long-term investment scheme designed to help parents build a dedicated corpus for their child's future needs, such as education or marriage. These funds usually invest in a mix of equity and debt to provide growth with stability. They also come with a **mandatory lock-in period of 5 years or until the child turns 18**, ensuring disciplined savings and preventing early withdrawals so the money remains secure for important milestones.

Why should one invest in them?

Investing in a **Children's Mutual Fund** is mainly about **starting early for your child's future goals** and using time to your advantage. Here are the key reasons explained simply:

1) Long investment horizon:

Children's funds are meant for **long-term goals** such as higher education, professional courses, or even marriage. Since these goals are many years away, the investment gets enough time to **grow through compounding**.

2) Power of early investing:

When you start investing soon after a child is born, even **small monthly amounts** can build a substantial corpus over time. Time, more than the amount invested, becomes the biggest return driver.

3) Disciplined goal-based investing:

Children's mutual funds are usually **goal-oriented**. They help parents invest **systematically and regularly**, ensuring the money is set aside specifically for the child's future and not used for other purposes.

4) Equity exposure for higher growth:

Most children's funds invest a significant portion in **equities**, which historically have delivered better returns over long periods compared to traditional savings instruments. As the child grows older, many funds gradually **reduce risk**.

5) Tax efficiency:

Investments in children's funds are generally **more tax-efficient** than traditional options like fixed deposits, especially when held for the long term.

6) Creates financial security for key milestones:

A well-planned children's fund investment ensures that **major expenses do not disrupt your regular finances** when the time comes.



Top 4 Children's Mutual Funds:

Fund Name	Returns		
	3 Year	5 Year	10 Year
SBI Children's Fund- Investment Plan	22.85%	28.09%	-
ICICI Pru Children's Fund	17.78%	15.91%	-
HDFC Children's Fund	14.08%	16.47%	13.66%
UTI Children's Equity Fund	13.30%	13.14%	12.71%
Benchmark: NIFTY 50 Hybrid Composite Debt 65:35 Index	11.93%	11.63%	12.09%

Returns as on 31st December, 2025.

MFD Details:

Nilanjan Dey

MFD

ARN - 84929

Regards,

Trina Dutta

Research Executive, Wishlist Capital

* Mutual funds are subject to market risks. Please read all scheme-related documents carefully before investing. Past performance does not indicate future results. Investments are subject to market fluctuations, and there is no assurance of returns.

