Mutual Fund

A mutual fund is a pool of money from numerous investors who wish to save or make money just like you. Investing in a mutual fund can be a lot easier than buying and selling individual stocks and bonds on your own. Funds are kept in units of Rs.10. An investor can redeem their holdings partially or fully at any point of time and collect the proceedings on t +2 basis .

Investment Objectives

There are many different types of mutual funds, each with its own set of goals. The investment objective is the goal that the fund manager sets for the mutual fund when deciding which stocks and bonds should be in the fund's portfolio.

For example, an objective of a growth stock fund might be: This fund invests primarily in the equity markets with the objective of providing long-term capital appreciation towards meeting your long-term financial needs such as retirement or a child' s education.

Mutual Funds are of two types-**Open Ended and Close Ended**

Open-End Funds

An open-end fund is one that is available for subscription all through the year and is not listed on the stock exchanges. The majority of mutual funds are open-end funds. Investors have the flexibility to buy or sell any part of their investment at any time at a price linked to the fund's Net Asset Value.

Closed-End Funds

A closed-end fund has a fixed number of shares outstanding and operates for a fixed duration (generally ranging from 3 to 15 years). The fund would be open for subscription only during a specified period like New Fund Offer.Closed-end funds generally are listed on the stock exchange so it is traded just like other stocks on an exchange or over the counter. Usually the redemption is also specified which means that they terminate on specified dates when the investors can redeem their units.

Tax Benefits

Investments in ELSS (Equity Linked Savings Scheme) upto Rs.1 lakh are eligible for tax exemption as per Sec.80C. Dividends from equity funds are tax free. Long term capital gains are free from capital gain tax.

Risk factor

Stocks historically have outperformed other asset classes over the long term, but tend to fluctuate in value more drastically over the short term. The risks are more discussed in each fund' s prospectus.

SIP -Systematic Investment Plan

A Systematic Investment Plan (SIP) is a disciplined way of investing, where you make regular investments according to a set calender you create. Systematic investing, also known as rupee-cost averaging, can help you to put the power of compounding on your side. Systematic investing is a time-tested discipline that makes it easy to invest automatically.
In investment , the best ideas are often the simplest. Investing regularly in small amounts can often lead to better results than investing in a lump sum.

SIP mode is available for all Mutual Fund Products