BIJU PATNAIK INSTITUTE OF INFORMATION TECHNOLOGY & MANAGEMENT STUDIES (BIITM), BHUBANESWAR
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Approved by AICTE, Govt. of India | Affiliated to BPUT, Odisha | NAAC Accredited | ISO 9001 : 2015

SUMMER INTERNSHIP PROJECT 2023

REPORT TITLE

A Study on Mutual Fund and It's Investment Mechanism

SUBMITTED BY

MAMALI PANDA
2-year MBA Batch: 2022-24
BPUT University Regn. No: 2206258168

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CERTIFICATE OF INTERNAL GUIDE

This is to certify that Ms Mamali Panda, bearing university registration no 2206258168 of 2022- 24 batch, has completed his summer internship at Investocon from 01/09/2023 to 30/09/2023 under the supervision of Mr. Battina Abhisek (corporate guide) and has submitted this project report under my guidance in partial fulfilment of the requirements for award of the degree of Master of Business Administration at Biju Patnaik Institute of Information Technology and Management Studies, Bhubaneswar. To the best of my knowledge and belief, this project report has been prepared by the student and has not been submitted to any other institute or university for the award of any degree or diploma.

Date:
Place: Bhubaneswar

Signature of the Internal Guide
Name : Dr. Sudeshna Dutta
Designation: Asst. Prof. (Finance)

INVESTOCON
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Date: 30th September 2023

TO WHOMSOEVER IT MAY CONCERN

This letter serves as an official certification for **Ms Mamali Panda** a distinguished student pursuing **Master of Business Administration** (**MBA**) **at BIJU PATNAIK INSTITUTE OF INFORMATION TECHNOLOGY & MANAGEMENT STUDIES.** Ms Mamali has successfully completed her internship at our esteemed Corporate from 1st September 2023 to 30st September 2023.

Throughout the duration of her internship, Ms. Mamali demonstrated a high level of professionalism and dedication to her assigned tasks. She exhibited an eagerness to learn and actively contributed to various projects within the organisation. Her commitment to excellence and strong work ethic were evident in the quality of her work and her interactions with team members.
We commend Ms Mamali's conduct and performance during her internship. She exhibited a positive attitude, strong communication skills, and the ability to adapt to new challenges effectively. Her contributions played an instrumental role in the successful completion of several projects during her internship period.

If you require any further information or have any inquiries regarding Ms Mamali's internship with us, please do not hesitate to contact us.

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DECLARATION

I, Ms Mamali Panda Bearing university registration no 2206258168 (2022-24 batch), hereby declare that the project report titled “Types of Mutual funds and its mechanism of investment” is based on my internship at Investocon, during the period 01/09/2023 to 30/09/2023 and is an original work done by me under the supervision of Mr. Battina Abhisek (Corporate Guide) and Dr Sudeshna Dutta (Internal Guide). This report is being submitted to Biju Patnaik Institute of Information Technology and Management Studies, Bhubaneswar, affiliated to Biju Patnaik University of Technology, Odisha, in partial fulfilment of the requirements for the award of the degree of Master of Business Administration. This project report has not been submitted to any other institute/university for the award of any degree or diploma.

Date:
Place: Bhubaneswar
SIGNATURE

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CHAPTER 1

INTRODUCTION

A mutual fund is a type of investment vehicle that pools money from many investors and uses that money to purchase a diversified portfolio of stocks, bonds, or other securities. It is professionally managed by a team of investment experts who make investment decisions on behalf of the fund's shareholders.

Here are some key characteristics and features of mutual funds:

Diversification:

Mutual funds provide a way for individual investors to spread their money across a wide range of securities, reducing the risk associated with investing in a single stock or bond.

Professional Management:

Mutual funds are managed by experienced portfolio managers who make investment decisions based on the fund's stated objectives and investment strategy.

Liquidity:

Mutual fund shares are typically bought and sold at the fund's net asset value (NAV) at the end of each trading day, providing investors with liquidity and ease of access to their investments.

Transparency:

Mutual funds are required to provide regular updates on their holdings, performance, and fees, allowing investors to make informed decisions.

Distributions:

Mutual funds often distribute dividends and capital gains to their shareholders. These distributions may be reinvested or taken as cash.

Variety:

There are various types of mutual funds, including equity funds (investing in stocks), bond funds (investing in bonds), money market funds (investing in short-term, low-risk securities), and hybrid funds (combining different asset classes). There are also funds with specific investment objectives, such as growth, value, income, or sector-specific funds.

Risk and Return:

The risk and potential return of a mutual fund depend on its underlying investments. Equity funds tend to have higher potential returns but also higher volatility, while bond funds are generally considered less risky but offer lower potential returns.

Fees:

Mutual funds charge various fees, including management fees, sales charges (load or no-load funds), and operating expenses. These fees can impact your overall returns, so it's essential to understand them before investing.

SCOPE:

The scope of mutual funds is extensive, and they play a significant role in the global financial markets. Here are some key aspects that highlight the scope and importance of mutual funds:

Diversification:

Mutual funds offer investors the opportunity to diversify their portfolios across a wide range of assets, including stocks, bonds, and other securities. This diversification helps spread risk and reduce the impact of poor performance in any single investment.
Professional Management:

Mutual funds are managed by experienced professionals who make investment decisions on behalf of the fund's investors. This allows individuals to benefit from the expertise of fund managers without having to actively manage their investments.
Accessibility:

Mutual funds provide an accessible entry point for investors with varying levels of capital. Investors can start with relatively small amounts of money, making mutual funds an attractive option for those who may not have the resources to build a diversified portfolio independently.
Liquidity:

Mutual fund shares can typically be bought or sold on any business day, providing investors with liquidity. This is in contrast to certain investments, such as real estate, where liquidity can be more challenging to achieve.
Wide Range of Choices:

The mutual fund industry offers a broad array of funds with different investment objectives, risk profiles, and asset classes. Investors can choose funds that align with their financial goals, risk tolerance, and investment preferences.
Economies of Scale:

Mutual funds benefit from economies of scale. As the fund's assets under management (AUM) increase, the cost per investor decreases, making it more cost-effective for investors to access professional management.
Income and Capital Appreciation:

Mutual funds can provide investors with regular income through interest or dividends and the potential for capital appreciation. This makes them suitable for a variety of investment goals, including income generation, wealth accumulation, and retirement

planning.
Retirement Planning:

Many individuals use mutual funds as part of their retirement savings strategy. Retirement-focused funds, such as target-date funds, are designed to automatically adjust their asset allocation over time, becoming more conservative as the investor approaches retirement.
Regulatory Framework:

Mutual funds are subject to regulatory oversight, which helps protect investors. Regulatory bodies establish rules and requirements to ensure transparency, fair practices, and the safety of investors' funds

LIMITATIONS:

While mutual funds offer various benefits, it's important to be aware of their limitations as well. Here are some common limitations associated with mutual funds:

Fees and Expenses:

Expense Ratios: Mutual funds typically charge an expense ratio, which represents the percentage of assets deducted annually for fund management. High expense ratios can erode returns over time.
Load Fees: Some mutual funds charge sales commissions or fees, known as loads, which can reduce the amount of money invested.
Market Risk:

Market Fluctuations: The value of mutual fund investments can fluctuate with market conditions. There's a risk of losing money, especially in volatile markets.
Lack of Control: Investors have limited control over the day-to-day management of the fund's portfolio. Fund managers make investment decisions on behalf of all investors.
Diversification:

Over-Diversification: While diversification is a key advantage, some funds may become overly diversified, making it challenging to outperform the market or a specific benchmark.
Liquidity Risk:

Redemption Restrictions: In times of market stress, mutual funds may impose redemption restrictions, limiting investors' ability to withdraw their money. This is more common in open-end funds.
Tax Efficiency:

Capital Gains Distributions: Investors may be subject to capital gains taxes even if they didn't sell their shares, as mutual funds distribute capital gains to shareholders.

Performance Variability:

Manager Performance: The performance of a mutual fund depends on the skill and decisions of the fund manager. If the manager changes or underperforms, it can affect the fund's returns.
Market Timing:

Inability to Time Markets: Mutual funds may not be suitable for investors who want to actively time the market. The buying and selling decisions are made by the fund manager, and investors have limited control over the timing of trades.
Lack of Personalization:

One-Size-Fits-All Approach: Mutual funds have a predetermined investment strategy that may not align with the specific financial goals or risk tolerance of individual investors.
Information Delays:

Research Methodology

Research	Quantitative
Research Design	Descriptive Study
Data Collection	Primary Data and Secondary
Sample Area	Investocon Customers
Sample size	50 customers
Sampling design	Probability technique
Research approach	Survey method
Research Instrument	Questionnaire
Sampling Tool	Structured Questionnaire method
Analytical Tool	Percentage & Numbers

Research Methodology-

Research methodology is a way of explaining how a researcher intends to carry out their research. It's a logical, systematic plan to resolve a research problem. A methodology details a researcher's approach to the research to ensure reliable, valid results that address their aims and objectives. It encompasses what data they're going to collect and where from, as well as how it's being collected and analysed.

Research Design-

When research is carried-out, it follows a definite pattern or plan of action throughout the procedure, i.e., since the problem identification to the report preparation and presentation. This definite pattern or plan of action is called "research design". It is a map that guides the researcher in collecting and analysing the data. In other words, research design acts as a blueprint that is followed throughout the research work.

Data Collection Design-

Data collection is the procedure of collecting, measuring and analyzing accurate insights for research using standard validated techniques.

A researcher can evaluate their hypothesis on the basis of collected data. In most cases, data collection is the primary and most important step for research, irrespective of the field of research. The approach of data collection is different for different fields of study, depending on the required information.

Primary Data-

Primary data is information that you gather exclusively for your research study. It has the advantage of being directly customized to your study needs. This type of data collection method is costly to obtain- is one of its negative factors.

Primary data can also be called the particulars immediately and entirely relevant to the issue at hand. These are unique pieces of

information, generally used as the foundation for assessing and addressing any marketing-related challenge. If you've ever been contacted to participate in a survey, you've been a part of primary data collecting.

Secondary Data-

Secondary research is research that has been assembled, gathered, organized, and published previously by others. Reports and studies from government agencies, trade organizations, and other companies in your industry are included.

Small organizations use most secondary research with limited budgets since it may be accessed quickly and lower than primary research. Secondary data sources can be found in abundance in the market. One of the most prevalent resources for secondary data collection is the Internet.

Questionnaire:

The best way to collect the data is to personally administer the questionnaires. The advantage of this method is, the data can be collected from the respondents within a short period of time. Any doubts that the respondents might have on any question could be clarified on the spot.

WHY INVESTMENT IS NEEDED

Investment is needed for several reasons, and it plays a crucial role in personal finance, business growth, and economic development. It's important to note that different investments come with varying levels of risk and return potential. Investors should consider their financial goals, risk tolerance, and investment horizon when making investment decisions. Diversifying a portfolio with a mix of asset classes can help manage risk while seeking to achieve financial objectives. Additionally, seeking advice from financial professionals or conducting thorough research before making investment decisions is advisable to make informed choices that align with your financial needs and goals.

Investment is needed for several important reasons, and it plays a crucial role in individual financial planning, economic growth, and overall wealth creation. Here are some key reasons why investment is necessary:

Here are some of the key reasons why investment is necessary:

Wealth Accumulation:

Investment provides the opportunity to grow your wealth over time. By investing money rather than letting it sit idle, you can potentially earn returns that outpace inflation, increasing your overall financial assets.

Financial Goals:

Investment is a means to achieve various financial goals, such as buying a home, funding education, saving for retirement, or starting a business. Investing allows you to set aside money with the intention of achieving specific objectives in the future.

Risk Diversification:

Investment enables you to diversify your financial portfolio. By spreading your investments across different asset classes (e.g., stocks, bonds, real estate, commodities), you can reduce the risk associated with holding a single type of asset.

Income Generation:

Many investments, such as stocks and bonds, provide regular income in the form of dividends, interest, or rental income. This can supplement your regular income and improve your financial stability.

Retirement Planning:

Investing is a fundamental aspect of retirement planning. By consistently investing in retirement accounts like 401(k)s or IRAs, you can build a nest egg that will support you during your retirement years.

Business Growth:

For businesses, investment is essential for expansion, innovation, and operational improvements. Companies often seek investment to fund research and development, acquire assets, hire more employees, and enter new markets.

Economic Growth:

On a broader scale, investment is critical for economic growth. It leads to increased production, job creation, technological advancements, and overall prosperity. Governments and policymakers often encourage investment to stimulate economic development.

Innovation and Development:

Investment in research and development (R&D) is crucial for innovation and technological advancement. This drives progress in various industries and improves the quality of products and services.

Hedging Against Inflation:

Investments can act as a hedge against inflation. While cash loses value over time due to inflation, certain investments have the potential to provide returns that outpace the rising cost of living.

Wealth Transfer and Legacy Planning:

Investment can be used as a tool for wealth transfer and legacy planning. By accumulating assets and investments over a lifetime, individuals can pass down wealth to future generations or support charitable causes.

Portfolio Diversification:

Diversifying investments across different asset classes, such as stocks, bonds, real estate, and commodities, can help spread risk and reduce the impact of market volatility on an individual's overall portfolio.

Social and Environmental Impact:

Impact investing focuses on generating positive social and environmental outcomes alongside financial returns. It allows investors to support causes they believe in while earning a profit.

DIFFERENT TYPE OF INVESTMENT AVAILABLE IN INDIA

India offers a wide range of investment options to suit various financial goals, risk appetites, and investment horizons. Here are some different types of investments available in India:

EQUITY INVESTMENTS

- **Stocks:** Investing in individual company stocks through the stock market. It offers the potential for high returns but also carries higher risk.

FIXED INCOME INVESTMENTS:

- **Bonds:** Debt securities issued by governments, corporations, or other entities. They offer regular interest payments and return of principal at maturity.
- **Fixed Deposits (FDs):** Time deposits with banks or financial institutions that offer a fixed interest rate for a specific term.

REAL ESTATE INVESTMENTS:

- **Direct Real Estate:** Investing in physical properties, such as residential or commercial real estate.

- **Real Estate Investment Trusts (REITs):** Investment vehicles that allow individuals to invest in income-generating real estate portfolios without owning physical properties.

MUTUAL FUNDS:

Equity Funds:

- These funds primarily invest in stocks or equities. They aim to provide capital appreciation over the long term.

Debt Funds:

- These funds primarily invest in fixed-income securities like government and corporate bonds. They aim to provide regular income with lower risk compared to equity funds.

Hybrid Funds (Balanced Funds):

- These funds invest in a mix of both stocks and bonds. They aim to provide a balance between capital appreciation and regular income.

Money Market Funds:

- These funds invest in short-term, low-risk instruments like Treasury bills, commercial paper, and certificates of deposit. They aim to provide stability and liquidity.

Index Funds:

- These funds aim to replicate the performance of a specific market index, like the S&P 500. They have lower management fees because they don't require active management.

Sectoral or Thematic Funds:

- These funds focus on specific sectors or themes, such as technology, healthcare, or sustainability. They can offer exposure to high-growth areas but may be riskier due to concentrated holdings.

Tax-Saving Funds (ELSS - Equity Linked Savings Schemes):

- These are a type of equity fund with a lock-in period of three years. They offer tax benefits under Section 80C of the Income Tax Act in India.

Global or International Funds:

- These funds invest in equities or fixed-income securities outside of the investor's home country. They provide exposure to international markets.

Exchange-Traded Funds (ETFs):

- While not exactly mutual funds, ETFs are similar. They are traded on stock exchanges like individual stocks but represent a portfolio of assets like a mutual fund.

Fund of Funds:

- These funds invest in other mutual funds rather than directly in stocks, bonds, or other securities. They offer diversification across multiple mutual funds.

Liquid Funds:

- These are a type of debt fund that primarily invests in very short-term fixed-income instruments. They aim to provide high liquidity and safety.

Gilt Funds:

- These funds primarily invest in government securities, which are considered low-risk investments. They provide regular income.

Dynamic Asset Allocation or Balanced Advantage Funds:

- These funds have the flexibility to adjust their allocation between equities and debt based on market conditions.

Fixed Maturity Plans (FMPs):

- These are close-ended debt funds with a fixed maturity date. They invest in debt securities with matching maturity profiles.

Government-Sponsored Investments:

- **Public Provident Fund (PPF):** A long-term savings scheme offered by the government with tax benefits.
- **National Savings Certificates (NSC):** Fixed-income savings certificates with a fixed interest rate and a lock-in period.
- **Sukanya Samriddhi Yojana:** A savings scheme for the girl child's education and marriage with tax benefits.

Alternative Investments:

- **Gold & Silver:** Investing in physical gold/Silver, gold ETFs, or sovereign gold bonds, Silver ETFs
- **Commodities:** Investing in various commodities such as oil, metals, and agricultural products through commodity futures or ETFs.

Small Savings Schemes:

- **Post Office Monthly Income Scheme (POMIS):** A monthly income scheme with a fixed interest rate.
- **Senior Citizens Savings Scheme (SCSS):** A savings scheme designed for senior citizens with a higher interest rate.
- **National Pension System (NPS):** A long-term retirement savings scheme that offers both equity and debt investment options.

It's important to note that each investment option comes with its own set of risks, rewards, and tax implications. Therefore, it's advisable to consult with a financial advisor and conduct thorough research before making investment decisions to align your investments with your financial goals and risk tolerance. Additionally, tax implications should be carefully considered when investing in India.

CHAPTER 2

MUTUAL FUND IN DETAILS

A mutual fund is a financial investment vehicle that pools money from multiple investors and uses that collective capital to purchase a diversified portfolio of stocks, bonds, or other securities. These funds are typically managed by professional portfolio managers or investment teams who make decisions about which assets to buy and sell within the fund's portfolio.

Here are some key characteristics and aspects of mutual funds:

Diversification: Mutual funds offer investors the opportunity to invest in a diversified portfolio of assets. By pooling resources from numerous investors, mutual funds can spread risk across various securities.

Professional Management: Experienced fund managers oversee the mutual fund's investment strategy. They analyze market conditions, conduct research, and make decisions about the composition of the fund's holdings with the goal of achieving the fund's stated objectives.

Liquidity: Mutual fund shares are typically bought and sold at the end-of-day net asset value (NAV), which is determined based on the closing prices of the securities held by the fund. This provides investors with liquidity as they can generally redeem their shares on any business day.

Variety of Investment Options: There are various types of mutual funds, each with its own investment objectives and strategies. Common categories include equity funds (investing in stocks), bond funds (investing in bonds), money market funds (investing in short-

term, low-risk securities), and hybrid funds (combining multiple asset classes).

Risk and Return: The risk and potential return of a mutual fund depend on its underlying investments. Equity funds tend to have higher potential returns but also higher volatility, while bond funds may offer more stability but lower potential returns.

Fees: Mutual funds charge fees and expenses to cover management, administrative, and distribution costs. These fees are typically expressed as an expense ratio and can vary among funds. There are also sales charges called "loads" associated with some funds.

Net Asset Value (NAV): The NAV represents the per-share value of the mutual fund and is calculated by dividing the total value of the fund's assets minus its liabilities by

the number of outstanding shares. It is the price at which investors buy and sell mutual fund shares.

Dividends and Capital Gains: Mutual funds may distribute income generated from their holdings in the form of dividends and realized capital gains to investors. These distributions can have tax implications for investors.

Accessibility: Mutual funds are accessible to individual investors and can be bought through brokerage accounts, retirement accounts, or directly from the fund company. This accessibility makes them a popular choice for a wide range of investors.

Regulation: Mutual funds are regulated by government agencies, such as the U.S. Securities and Exchange Commission (SEC) in the United States. These regulations are designed to protect investors and ensure transparency.

Investors should carefully consider their financial goals, risk tolerance, and investment time horizon when selecting mutual funds. It's also important to review a fund's prospectus, which provides detailed information about its objectives, fees, and historical performance, before investing.

MUTUAL FUNDS TERMINOLOGY IN DEPTH

A mutual fund is an investment vehicle that pools money from various investors to purchase a diversified portfolio of stocks, bonds, or other securities. These funds are managed by professional fund managers or portfolio managers who make investment decisions on behalf of the investors. Here's a more detailed look at mutual funds:

- **Structure:** Mutual funds are structured as open-end investment companies. This means that they issue and redeem shares to accommodate investor demand. The price at which investors buy or sell shares is based on the fund's net asset value (NAV), which is calculated daily.
- **Objective:** Mutual funds have specific investment objectives that dictate the types of assets they invest in. These objectives can range from capital appreciation to income generation, and they help investors choose funds that align with their financial goals.
- **Asset Classes:** Mutual funds can invest in various asset classes, including:
- **Equity Funds:** Invest in stocks of companies.
- **Fixed-Income Funds:** Invest in bonds and other fixed-income securities.
- **Money Market Funds:** Invest in short-term, low-risk securities.
- **Hybrid or Balanced Funds:** Hold a mix of stocks and bonds.
- **Specialty Funds:** Focus on specific sectors, regions, or strategies.
- **Risk Levels:** Mutual funds can be categorized by their risk levels, ranging from low-risk money market funds to higher-risk

equity funds. Risk levels are influenced by the underlying assets and the fund's investment strategy.

- **Expense Ratios:** Mutual funds charge fees, including management fees and operating expenses. The expense ratio represents the total costs as a percentage of the fund's assets and affects your overall returns.

TYPES OF MUTUAL FUNDS

Equity Funds:

- **Large-Cap Funds:** Invest in stocks of large, well-established companies.
- **Mid-Cap Funds:** Invest in stocks of medium-sized companies.
- **Small-Cap Funds:** Invest in stocks of small, emerging companies.

Sector Funds: Focus on specific industries, such as technology, healthcare, or energy.

Dividend Funds: Invest in dividend-paying stocks.

Fixed-Income Funds:

- **Government Bond Funds:** Invest in government-issued bonds.
- **Corporate Bond Funds:** Invest in bonds issued by corporations.
- **Municipal Bond Funds:** Invest in bonds issued by state and local governments.

Money Market Funds:

- **Treasury Money Market Funds:** Invest in U.S. Treasury securities.
- **Prime Money Market Funds:** Invest in short-term corporate debt.
- **Hybrid or Balanced Funds:**
- **Conservative Allocation Funds:** Hold a higher proportion of bonds.
- **Aggressive Allocation Funds:** Hold a higher proportion of stocks.

Target-Date Funds:

Designed for retirement planning, they adjust their asset allocation over time, becoming more conservative as the target date approaches.

Index Funds:

Track specific market indices, providing low-cost, passive exposure to the market.

Exchange-Traded Funds (ETFs):

While not technically mutual funds, ETFs are similar and are traded on stock exchanges, offering diversification and flexibility.

DIFFERENT PARTICIPANTS FOR INVESTING IN MUTUAL FUNDS AND ITS MECHANISM.

ASSET MANAGEMENT COMPANY (AMC)

An Asset Management Company (AMC) is a financial institution that manages and administers investment funds on behalf of individual and institutional investors. These funds could include mutual funds, exchange-traded funds (ETFs), pension funds, and other types of investment vehicles.

<u>Here are some key Objective about Asset Management Companies:</u>

The primary objective of an AMC is to help investors grow their wealth by investing in a diversified portfolio of securities. The specific investment goals may vary depending on the type of fund being managed.

Portfolio Management:

AMCs employ professional fund managers and analysts who are responsible for making investment decisions. They analyze market trends, economic indicators, and individual securities to make informed choices about which assets to buy or sell.

Fees:

AMCs charge fees for their services. These fees may include management fees (a percentage of assets under management) and performance fees (based on the fund's returns).

Regulation:

AMCs are regulated by financial authorities in the respective countries where they operate. These regulations are in place to ensure that the company operates in the best interest of its investors and complies with legal and ethical standards.

Reporting and Transparency:

AMCs are required to provide regular reports to investors, detailing the fund's performance, holdings, expenses, and other relevant information. This transparency is crucial for investors to make informed decisions.

Custodian Services:

AMCs often work with custodian banks that hold and safeguard the assets of the fund. The custodian is responsible for safekeeping the fund's securities and ensuring accurate record-keeping.

Distribution Channels:

AMCs often distribute their investment products through various channels such as financial advisors, banks, brokers, and online platforms.

Risk Management:

AMCs implement various risk management strategies to mitigate potential losses. This may include using derivatives, setting limits on exposure to certain sectors or securities, and employing hedging techniques.

Customer Service:

AMCs typically offer customer service to assist investors with queries, account management, and other related services.

Performance Benchmarking:

AMCs often compare their fund's performance to a benchmark index that represents a relevant market segment. This helps investors gauge how well the fund is performing relative to the broader market.

REGISTRAR & TRANSFER AGENTS (RTA)

Registrar and Transfer Agents are specialized financial intermediaries responsible for maintaining and updating the records of investors in a mutual fund or other investment schemes. They act as a link between the Asset Management Company (AMC) and investors. Their services are integral to the smooth functioning of mutual funds and similar investment products.

Objectives of RTAs:

Investor Record Maintenance:

RTAs maintain detailed records of all investors in a mutual fund. This includes personal information, investment details, transaction history, and any changes in the investor's status.

Processing Transactions:

They handle various types of transactions, including purchases, redemptions, switches, and systematic investment plans (SIPs) or systematic withdrawal plans (SWPs).

Issue and Redemption of Units:

RTAs are responsible for issuing new units when investors make purchases and redeeming units when investors decide to sell.

Dividend and Interest Distribution:

They ensure that dividends, interest, and other distributions are accurately calculated and paid out to the investors.

Providing Account Statements:

RTAs generate periodic account statements for investors. These statements detail their holdings, transactions, and any income earned from the investments.

Handling Change Requests:

RTAs process requests for changes in investor information, such as address updates, bank account details, and nominee details.

Providing Customer Service:

They offer customer support services to investors, addressing inquiries, providing information, and assisting with any issues related to their investments.

Compliance and Regulatory Reporting:

RTAs ensure that all transactions and record-keeping adhere to regulatory requirements. They also generate reports as per regulatory guidelines.

Facilitating KYC Compliance:

They assist in Know Your Customer (KYC) compliance, ensuring that investors meet the necessary regulatory standards before making investments.

Supporting AMCs and Distributors:

RTAs provide various services to AMCs and distribution partners, including transaction processing, reporting, and administrative support.

Technology and Infrastructure:

They invest in robust technology and infrastructure to handle large

volumes of transactions efficiently and securely.

Ensuring Data Security:

RTAs are responsible for maintaining the confidentiality and security of investor data, ensuring that it is not accessed or used inappropriately.

Adoption of Technological Advancements:

They strive to leverage technology for streamlining processes, offering online services, and providing a seamless experience for investors.

MUTUAL FUND DISTRIBUTOR's

A Mutual Fund Distributor, also known as a Mutual Fund Agent or Mutual Fund Advisor, is an individual or entity that helps investors buy, sell, and manage mutual funds. They play a crucial role in facilitating the distribution of mutual funds to investors.

Here are some key objective of a mutual fund distributor's role:

Educating Investors:

Mutual fund distributors provide information and guidance to investors about various mutual fund schemes, their features, and how they fit into an investor's financial goals and risk tolerance. They help investors make informed decisions.

Fund Selection:

They assist investors in selecting mutual funds that align with their investment objectives. This involves analysing the investor's financial situation and recommending funds accordingly.

Transaction Facilitation:

Mutual fund distributors facilitate the purchase and sale of mutual fund units on behalf of their clients. They help investors complete the necessary paperwork and navigate the transaction process.

Portfolio Review:

Distributors may periodically review an investor's mutual fund portfolio to ensure it remains in line with the investor's goals. They may suggest changes or adjustments when necessary.

Documentation:

They assist investors in completing documentation, including Know Your Customer (KYC) requirements, necessary for investing in mutual funds.

Customer Service:

Mutual fund distributors provide ongoing customer support, addressing queries and concerns related to investments, account statements, and fund performance.

Timely Reporting:

Distributors keep investors informed about the performance of their investments through periodic reports and updates.

Ethical Conduct:

They are expected to act in the best interests of the investor, providing unbiased advice and avoiding conflicts of interest.

Stay Informed and Updated:

Distributors need to stay current with market trends, economic conditions, and changes in mutual fund offerings to provide relevant and timely advice.

Adherence to Professional Standards:

They are expected to uphold professional standards of conduct and ethics, which may include ongoing training and certification requirements.

Earn Commissions:

Mutual fund distributors typically earn a commission or fee for their services, which is often paid by the asset management companies running the mutual funds. This compensation can vary based on the mutual fund company and the specific funds sold.

It's important for investors to choose a mutual fund distributor who is knowledgeable, trustworthy, and transparent about their fees and compensation. Additionally, regulations in many countries require mutual fund distributors to be registered and adhere to specific compliance and ethical standards to ensure the best interests of investors are protected.

ROLE OF BANKS IN MUTUAL FUND INDUSTRIES

Banks play several important roles in the mutual fund industry, acting as key intermediaries between investors and mutual fund products. Their involvement adds a layer of convenience and accessibility for individuals looking to invest in mutual funds.

Here are the main roles of banks in the mutual fund industry:

Distribution of Mutual Funds:

Banks serve as distribution channels for mutual funds, offering a platform for investors to access a wide range of mutual fund products.

Customer Outreach and Education:

Banks have an extensive customer base and can actively promote mutual funds to their account holders. They often conduct awareness campaigns and provide educational materials to help customers understand the benefits and risks of mutual fund investing.

Financial Advisory Services:

Many banks have dedicated wealth management or advisory services that provide personalized advice to customers on investment choices, including mutual funds. This includes understanding risk profiles, investment goals, and recommending suitable fund options.

Facilitating Transactions:

Banks allow customers to invest in mutual funds through their existing accounts, making it convenient for investors to manage their investments alongside other banking activities.

KYC Compliance and Documentation:

Banks assist in fulfilling the mandatory Know Your Customer (KYC) requirements for mutual fund investments. This includes verifying customer identities and addresses, which is crucial for regulatory compliance.

Offering Systematic Investment Plans (SIPs) and Systematic Withdrawal Plans (SWPs):

Banks facilitate the setup and execution of SIPs, which allow investors to invest a fixed amount regularly in a mutual fund. They

also help with SWPs, which allow investors to withdraw a fixed amount at regular intervals.

Providing Access to Multiple AMCs:

Banks typically offer a range of mutual funds from different Asset Management Companies (AMCs), providing investors with a wide variety of investment options.

Portfolio Tracking and Reporting:

Banks offer tools and platforms that allow investors to track the performance of their mutual fund investments, view account statements, and access reports.

Online and Mobile Platforms

Many banks have online and mobile platforms that enable customers to invest in mutual funds electronically, making the process more convenient and accessible.

Safety and Security:

Investors often have a high level of trust in banks due to their reputation for security and reliability. This can provide investors with confidence when investing in mutual funds through a bank.

Regulatory Compliance:

Banks ensure that all transactions related to mutual funds comply with regulatory guidelines and standards set by the respective financial authorities.

Customer Support and Service:

Banks typically provide customer service support for mutual fund investments, addressing inquiries, assisting with transactions, and providing information about fund options.

Cross-Selling Opportunities:

Banks may use mutual funds as part of a larger suite of financial products and services, offering customers a comprehensive range of investment options.

DEPOSITORIES

Depositories are specialized financial institutions responsible for holding, safeguarding, and facilitating the transfer of financial securities, including mutual fund units, in electronic form. In many countries, they act as the central clearinghouses for securities transactions.

Objectives of Depositories in Mutual Fund Industries:

Dematerialization of Units:

One of the primary objectives of depositories is to convert physical mutual fund unit certificates into electronic form. This process, known as dematerialization, eliminates the need for physical certificates and reduces the risk of loss or theft.

Secure Custody:

Depositories provide a secure environment for holding mutual fund units electronically. This ensures that investors' holdings are protected from physical damage or loss.

Efficient Settlement Process:

Depositories facilitate the smooth and timely settlement of mutual fund transactions. This includes the transfer of units from the seller to the buyer during a purchase or redemption.

Ensuring Transparency:

By maintaining detailed records of mutual fund holdings and transactions, depositories enhance transparency in the mutual fund industry. Investors can easily track their investments and transaction history.

Minimizing Paperwork:

Depositories significantly reduce the paperwork associated with mutual fund transactions. This simplifies the process for investors and intermediaries, making it more convenient and efficient.

Preventing Frauds and Forgeries:

Electronic holding of mutual fund units through depositories reduces the risk of fraudulent activities or unauthorized transfers, as the process is highly secure and regulated.

Facilitating Easy Transfers:

Depositories enable the easy and quick transfer of mutual fund units between investors. This is particularly important for processes like switch transactions between different funds.

Supporting Intermediaries:

Depositories provide services to intermediaries such as mutual fund distributors, brokers, and investment advisors. They offer platforms and tools that facilitate transactions on behalf of their clients.

Integration with Other Financial Systems:

Depositories often integrate with various financial systems, including banks, stock exchanges, and clearing corporations. This ensures seamless movement of funds and securities.

Regulatory Compliance:

Depositories operate under strict regulatory frameworks to ensure compliance with legal and industry standards. They work closely with regulatory authorities to maintain the integrity of the market.

Record Keeping and Reporting:

Depositories maintain comprehensive records of mutual fund holdings and transactions, providing statements and reports to investors and intermediaries on a regular basis.

Depositories are crucial in modern financial systems, and they work in conjunction with other financial intermediaries such as banks, brokers, and exchanges to ensure the smooth functioning of financial markets. They help reduce risk and promote transparency in the trading and ownership of financial assets, making it easier for investors to participate in the capital markets. In many countries, depositories are regulated and overseen by relevant financial regulatory authorities to ensure the safety and integrity of the financial system.

STOCK EXCHANGE

Exchanges, in the context of finance and investing, refer to organized marketplaces or platforms where various financial instruments, such as stocks, bonds, commodities, options, and derivatives, are bought and sold. These exchanges play a crucial role in facilitating trading, setting prices, and providing liquidity to financial markets. Here's a more detailed meaning of exchanges:

Listing of Exchange-Traded Funds (ETFs):

ETFs are a type of investment fund that trade on stock exchanges, similar to individual stocks. They are structured like mutual funds but are traded on an exchange like a stock. ETFs represent a significant portion of the investment options within the mutual fund industry.

Secondary Market Transactions:

While mutual fund units themselves are not traded on stock exchanges, investors often buy and sell mutual fund units in the secondary market through brokers and other financial intermediaries. Stock exchanges provide the infrastructure for these transactions to take place.

Market Information and Transparency:

Stock exchanges provide a wealth of information to investors and market participants. This includes real-time price quotes, historical data, and other relevant information. This information can be useful for investors looking to make informed decisions about their mutual fund investments.

Liquidity and Price Discovery:

Stock exchanges provide liquidity to ETFs and other securities. This means that investors can buy or sell ETFs at prevailing market prices during trading hours. This liquidity helps ensure that investors can easily enter or exit their positions.

Regulatory Oversight:

Stock exchanges are subject to regulatory oversight by financial authorities. This helps maintain the integrity of the market and ensures that trading activities are conducted in a fair and transparent manner.

Market Efficiency:

Stock exchanges contribute to market efficiency by providing a platform for buyers and sellers to transact. This helps ensure that prices reflect all available information, which is essential for fair valuation of ETFs and other securities.

Facilitating Arbitrage Opportunities:

ETFs are structured to trade close to their net asset value (NAV). Stock exchanges play a crucial role in facilitating arbitrage activities that help keep the prices of ETFs in line with their underlying holdings.

Access to a Wide Range of ETFs:

Stock exchanges offer investors access to a diverse range of ETFs, covering various asset classes, sectors, and investment strategies. This allows investors to tailor their portfolios to meet specific investment objectives.

Integration with Brokers and Investment Platforms:

Stock exchanges work closely with brokerage firms and online investment platforms. These platforms provide investors with easy access to a wide range of mutual funds, including ETFs.

Market Surveillance and Compliance:

Stock exchanges have robust surveillance mechanisms in place to monitor trading activities and detect any irregularities or market abuses. They also enforce compliance with regulatory rules and requirements.

Overall, while mutual funds are not directly traded on stock exchanges like individual stocks, the infrastructure and services provided by stock exchanges are integral to the functioning and accessibility of mutual fund investments, particularly in the case of exchange-traded funds (ETFs).

ASSOCIATION OF MUTUAL FUND IN INDIA (AMFI)

The Association of Mutual Funds in India (AMFI) is a self-regulatory organization established to promote and regulate the mutual fund industry in India. It was formed on August 22, 1995, and is registered under the Indian Companies Act.

AMFI is a non-profit organization and serves as the industry body for the mutual fund sector in India. Its primary objectives are to enhance the integrity and transparency of the mutual fund industry, protect the interests of investors, and promote the healthy growth of mutual funds in the country.

The key functions and roles of the Association of Mutual Funds in India (AMFI) include:

Setting Industry Standards:

AMFI plays a pivotal role in setting and maintaining industry standards and best practices for mutual funds in India. This includes standardizing various operational procedures, disclosure norms, and marketing practices to ensure transparency and consistency across the industry.

Regulatory Compliance:

AMFI works closely with regulatory authorities like the Securities and Exchange Board of India (SEBI) to ensure that mutual fund companies adhere to the regulations and guidelines established for the industry.

Investor Education:

AMFI is actively involved in investor education and awareness campaigns to educate the public about the benefits of mutual funds and how to make informed investment decisions. These efforts aim to increase financial literacy and promote responsible investing.

Professional Training:

AMFI offers training and certification programs for professionals in the mutual fund industry. This helps in enhancing the knowledge and skills of individuals working in the sector, including mutual fund distributors.

Dispute Resolution:

AMFI provides a platform for the resolution of disputes and grievances between investors and mutual fund companies, ensuring that complaints are addressed in a fair and transparent manner.

Industry Research:

AMFI conducts research and publishes reports related to the mutual fund industry in India. This data and research are valuable for industry participants, regulators, and policymakers.

Advocacy and Representation:

AMFI represents the interests of mutual fund houses in discussions with regulatory authorities and government bodies. It serves as a unified voice for the industry and advocates for policies that support the growth and stability of mutual funds.

Promoting Ethical Practices:

The association focuses on promoting ethical business practices and maintaining the highest standards of conduct among mutual fund companies.

AMFI plays a critical role in ensuring the development and integrity of the mutual fund industry in India. By establishing best practices, providing educational resources, and advocating for investprotection, it contributes to the industry's credibility and growth. It also helps build trust and confidence among investors in mutual funds, ultimately benefiting the Indian financial market.

CHAPTER 3

TOP AMC's OF INDIA

SBI MUTUAL FUND

AUM	**₹8,28,312 Crs**
No. of Schemes	**139**
AMC Age	**36 years**

SBI Mutual Fund was established on 29 June 1987 as a Trust with State Bank of India (SBI) as the sponsor and SBI Mutual Fund Trustee Company Private Limited as the Trustee. It was registered with SEBI on 23 December 1993. On 13 April 2011, an agreement was signed between SBI and AMUNDI Asset Management, making the fund house a joint venture.

Today, the fund house offers a wide range of mutual fund schemes across equity, debt, hybrid, and other categories. It holds 17.83% of the industry AUM.

- SBI has a 63% stake in SBI Funds Management Pvt Ltd (SBIFMPL). The remaining 37% is held by AMUNDI Asset Management through Amundi India Holding, a wholly owned subsidiary.
- SBI Mutual Fund offers 139 primary schemes.
- Out of these, the AMC offers 39 equity funds, 77 debt schemes, 12 hybrid schemes, and 11 others, including Exchange Traded-Funds (ETFs), index funds, and gold funds.

ICICI PRUDENTIAL MUTUAL FUND

AUM	**₹6,07,561 Crs**
No. of Schemes	**252**
AMC Age	**30 years**

ICICI Prudential Mutual Fund is the second-largest mutual fund company in India in terms of AUM. It was established in 1993 as ICICI Prudential Asset Management Company Limited (a part of ICICI Group). In 1998, Prudential plc, came in as a joint venture (JV) partner. Prudential Plc is one of the largest companies in the financial services sector in the United Kingdom (UK). ICICI Bank holds a 51% stake in the JV and Prudential Plc has 49%.

With an experience of over two decades, ICICI Prudential Mutual Fund also offers Portfolio Management Services. Its reach is spread across over 350 locations and an investor base of 7.5 million investors (as of 31st Mar 2022).

- ICICI Prudential Mutual Fund offers 252 mutual fund schemes. These comprise 54 equity schemes, 153 debt schemes, 14 hybrid schemes, and 31 other schemes.
- ICICI Prudential Balanced Advantage Fund, ICICI Prudential Liquid Fund, and ICICI Prudential Value Discovery Fund are the three largest funds of the company as of 14th April 2023.
- The fund house comprises 12.59% of the industry AUM.

HDFC MUTUAL FUND

AUM	**₹5,29,047 Crs**
No. of Schemes	**108**
AMC Age	**23 years**

HDFC Mutual Fund (formally known as HDFC Asset Management Company Limited) was established in the year 1999 as a joint venture between HDFC Limited and ABRDN Investment Management Limited. It is one of India's largest mutual fund houses and it has Rs

4,49,169 crore as assets under management as of Feb 2023 which is 10.91% of the industry's AUM. The fund house became a publicly listed entity in August 2018.

The fund house has a strong position in equity investments and holds an institutional customer base of 9.9 million live accounts as of 31st March 2022.

- HDFC AMC offers approximately 108 primary schemes.
- Of the 108 schemes, 58 are debt funds, 33 are equity-oriented, 6 are hybrid schemes, and 11 others (ETFs, Gold, FoFs, etc.).
- The company's vision: To be the most respected Asset Manager in the world and the mission is to be the wealth creator for every Indian.

NIPPON INDIAN MUTUAL FUND

AUM	**₹3,52,861 Crs**
No. of Schemes	**180**
AMC Age	**28 years**

Nippon India Mutual Fund is among India's top asset management companies with Assets Under Management (AUM) of Rs. 2,91,415 crores (as of Feb 28, 2023). The company was earlier called Reliance Mutual Fund when Japan-based insurer Nippon Life Insurance Company was in a joint venture with Reliance Capital. Later, Nippon Life increased its stake to 75% in the joint venture. It was renamed to Nippon India Mutual Fund in September 2019. It was the first mutual fund company to be listed on stock exchanges in 2017.

It was registered with the Securities and Exchange Board of India (SEBI) in June 1995. The company's vision is: "To consistently create a better financial future for investors by using the best of our local and global capabilities".

- According to the data on Feb 28, 2023, Nippon India Mutual Fund offers 180 primary fund schemes.
- Out of these, 34 are equity schemes, 116 are debt schemes, 13 are hybrid schemes, and others, including commodity schemes, are 17
- Going by the figures of April 2023, some of the Nippon India MF schemes with the highest AUM are Nippon India Liquid Fund, Nippon India Small Cap Fund, and CPSE Exchange Traded Fund.

KOTAK MAHINDRA MUTUAL FUND

AUM	**₹₹3,36,324 Crs**
No. of Schemes	**114**
AMC Age	**29 years**

Kotak Mutual Fund is a wholly owned subsidiary of Kotak Mahindra Bank Limited. Kotak Mahindra Asset Management Company Limited (KMAMC) is the asset manager of the fund house. It was registered with SEBI in June 1998. The fund house has a large investor base of over 8.1 million. Based on its quarterly AUM as of Mar 2023, the fund house ranked the 5th largest amongst all fund houses.

The fund house has an Asset Under Management (AUM) of Rs 2,85,987 crores as of Feb 28, 2023.

- Kotak Mutual Fund has over 114 mutual fund schemes for investors to choose from.
- Out of these, 30 are equity schemes, 70 are debt schemes, and 5 are hybrid schemes. The others, including commodity schemes, account for the remaining 9.
- Kotak Mutual Fund holds 6.94% of the industry AUM.

ADITYA BIRLA SUN LIFE MUTUAL FUND

AUM	**₹3,11,682 Crs**
No. of Schemes	**206**
AMC Age	**28 years**

Aditya Birla Sun Life AMC was founded in 1994. The company was established after Aditya Birla Capital Limited and Sun Life AMC Investments (a Canada-based financial services company) entered into a joint venture. Apart from mutual funds, it also operates in multiple segments such as portfolio management services, alternative investments, and real estate investments.

As of Feb 28th, 2023, the company's AUM stood at Rs 271,747 crore, which constitutes 6.6% of the industry AUM.

- Aditya Birla Sun Life AMC allows you to choose from 206 Mutual Fund schemes.
- This includes 142 debt schemes, 39 equity schemes, 6 hybrid schemes, and 19 others (including commodity schemes).
- The top schemes from Aditya Birla Sun Life Mutual Fund by AUM are Aditya Birla Sun Life Liquid fund, Aditya Birla Sun Life Frontline Equity, and Aditya Birla Sun Life Corporate Bond Fund.

AXIS MUTUAL FUND

AUM	**₹2,60,625 Crs**
No. of Schemes	**77**
AMC Age	**14 years**

Axis Mutual Fund (formally known as Axis Asset Management Company Ltd) is one of India's top 10 Asset Management Companies.

It was established in 2009 and it is a joint venture between India's 3rd largest private bank, Axis Bank, and Schroder Singapore Holdings Private Limited (SSHPL).

This AMC is one of the fastest-growing mutual fund companies in India. As of Feb 28th, 2023, the company's AUM stood at Rs 2,41,455 crores, which constitutes 5.8% of the industry AUM.

- Axis Mutual Fund offers 77 mutual fund schemes, as of Feb 28th, 2023
- Out of these, 23 are equity schemes, 32 debt schemes, 6 hybrid schemes, and 14 other schemes
- The fund house had more than 1.28 Crore active investor accounts and a presence in over 100 cities

UTI MUTUAL FUND

AUM	**₹2,66,925 Crs**
No. of Schemes	**85**
AMC Age	**20 years**

UTI Mutual Fund was established in January 2003 as a SEBI-registered fund house. It is backed by five large institutional partners which include the SBI, Bank of Baroda, Punjab National Bank, the LIC, and T Rowe Price Group Inc. The fund house made its debut on stock exchanges in October 2020. Though the UTI Mutual Fund was established in 2003, its mutual funds have existed since the 1980s under the "Unit Trust of India" banner.

In fact, UTI Master Share, launched in 1986, is one of India's oldest mutual fund schemes.

The UTI Mutual Fund has a total Asset Under Management (AUM) of approximately Rs. 233,772 crores (as of Feb 28, 2023). It holds 5.68% of the industry AUM share.

- It offers over 85 primary mutual fund schemes for investors with varying risk appetites.
- Out of these, 27 are equity-based schemes, 46 are debt schemes, 7 are hybrid schemes, and 5 other schemes (commodity, etc.)
- The company is present in 694 districts, serviced through 163 financial centres and 56,600 distributors.

BANDHAN MUTUAL FUND

AUM	**₹1,24,742 Crs**
No. of Schemes	**86**
AMC Age	**23 years**

Bandhan Mutual Fund is managed by Bandhan Asset Management Company Limited. In April 2022, a consortium comprising Bandhan Financial Holding (60%), Chrys Capital (20%), and Singapore's sovereign fund GIC (20%) acquired IDFC Asset Management Company. After the acquisition, IDFC Mutual Fund was rebranded as Bandhan Mutual Fund (in March 2023).

Originally, IDFC AMC was established in 2000. By 2020, it became one of India's top 10 asset managers by AUM. As of Feb 28th, 2023, the AUM of the company was Rs 1.18 lakh crores.

The fund house offers investment products across equities, debt, and commodities. It has a presence in over 46 cities across India and investors from more than 375 cities and towns.

- The company offers 76 primary mutual fund schemes to its investors.
- Of these, 48 are debt schemes, 17 are equity schemes, 6 are hybrid schemes, and 5 are of other categories.
- Bandhan AMC held around 2.88% of the industry AUM as of 28th Feb 2023.

INVESCO ASSET MANAGEMENT PRIVATE LTD

AUM	**₹57,740 Crs**
No. of Schemes	**80**
AMC Age	**17 years**

Invesco Mutual Fund or Invesco Asset Management Limited offers a wide range of mutual funds with various investment objectives and strategies. It's part of Invesco Limited, a US-based independent investment management company headquartered in Atlanta, Georgia. It has ground operations in over 20 countries. The organization's client base spans 120 nations.

The company had partnered with Religare Securities for the mutual fund business in India. In April 2016, it completed the purchase of its partner's share and renamed Religare Invesco Mutual Fund to Invesco

Mutual Fund. As of 28th Feb 2023, AMC's assets under management stood at Rs 45877 crores.

- Invesco Mutual Fund allows you to choose from 80 mutual fund schemes as of 14th April 2023.
- Invesco Asset Management Company's (AMC) product line comprises 14 equity-oriented funds, 4 hybrid schemes, 55 debt-oriented funds, and 7 other schemes.
- Invesco India Contra Fund, Invesco India Liquid Fund, and Invesco India Growth Opportunities Fund are the three largest funds of the company.

CHAPTER 4

CUSTOMERS OF MUTUAL FUND DISTRIBUTORS

Individual Investors: This is the most common category. Individual investors, including retail investors and high-net-worth individuals, seek the services of mutual fund distributors to help them navigate the wide range of mutual funds available and make informed investment decisions.

HNI (High Net Worth Individuals): HNIs often have substantial investable assets and may have more complex financial needs. They may rely on mutual fund distributors for personalized advice and portfolio management.

Family Offices: Family offices are entities that manage the wealth of affluent families. They may invest in mutual funds as part of their overall investment strategy. Mutual fund distributors can assist family offices in selecting and managing funds that align with their financial goals.

Institutional Investors: This category includes entities like pension funds, endowments, foundations, and insurance companies. Institutional investors often use mutual funds as part of their investment strategy to achieve diversification and potentially higher returns.

SMEs (Small and Medium Enterprises): Some SMEs may choose to invest their surplus funds in mutual funds. They may rely on distributors to help them select appropriate funds based on their financial objectives and risk tolerance.

Trusts and Charitable Organizations: Trusts and charitable organizations may use mutual funds as part of their investment strategy to grow their assets and generate income for their beneficiaries. Distributors can assist them in selecting funds that align with their specific goals.

Non-Resident Indians (NRIs): NRIs who wish to invest in Indian mutual funds may do so through mutual fund distributors.

Distributors can provide guidance on the regulatory requirements and tax implications for NRIs investing in mutual funds.

Corporate Investors: Some corporations may choose to invest their surplus funds in mutual funds. Distributors can assist them in selecting funds that align with their treasury management goals.

Retirement Accounts and Plans: Individuals and organizations may invest in mutual funds through retirement accounts like Employee Provident Fund (EPF), Public Provident Fund (PPF), and National Pension System (NPS). Mutual fund distributors can assist in selecting funds that align with retirement planning objectives.

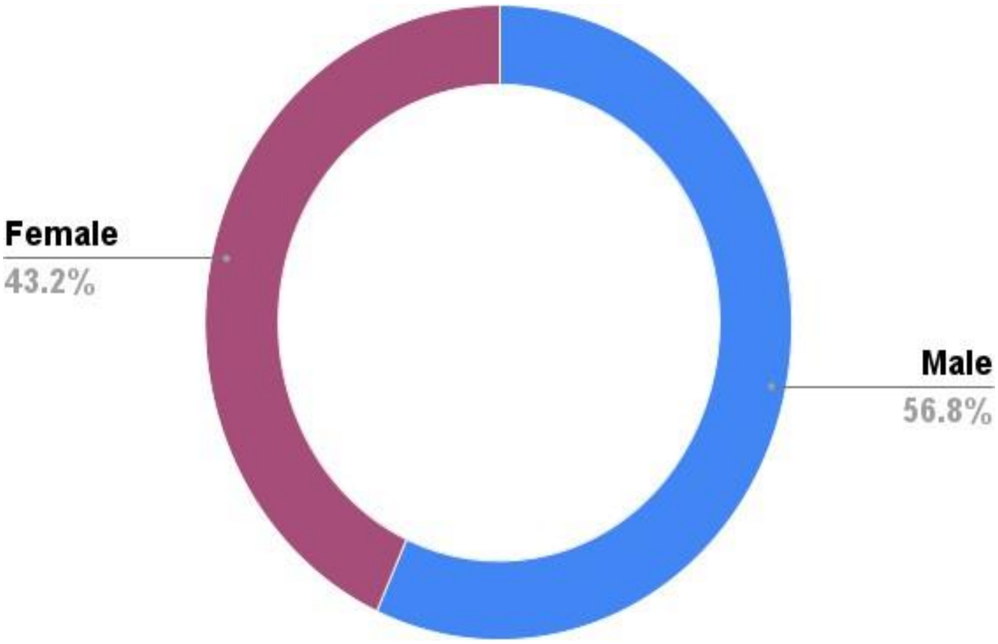
Mechanism of investment in Mutual fund by Investocon Clients

Several steps and follows a specific mechanism

1. **Selection of Mutual Fund:**
    - Investors start by researching and selecting a mutual fund that aligns with their investment goals, risk tolerance, and time horizon. This can be based on factors like fund type (equity, debt, hybrid), investment strategy, historical performance, and fund manager expertise.
2. **KYC (Know Your Customer) Process:**
    - Before making an investment, individuals are required to complete the KYC process, which involves providing personal identification details and documents as per regulatory requirements. This ensures compliance with anti-money laundering (AML) and other legal regulations.
3. **Filling out Application Form:**
    - Investors need to fill out an application form provided by the mutual fund company or its authorized distributor. The form includes details like the investor's name, address, PAN (Permanent Account Number), bank account details, investment amount, and choice of plan (e.g., growth, dividend).
4. **Choosing Investment Amount:**

- Investors decide how much money they want to invest in the mutual fund. This can be a lump sum amount or through systematic investment plans (SIPs), which allow for regular contributions over time.

5. **Payment Process:**
   - If investing via lump sum, investors need to make a payment equivalent to the chosen investment amount. This can be done through various methods, including checks, online banking, or other electronic payment systems. For SIPs, the investment amount is deducted automatically from the investor's bank account on the specified dates.
6. **Allotment of Units:**
   - Once the payment is received, the mutual fund company allocates units to the investor based on the prevailing Net Asset Value (NAV) of the fund. The NAV is the value of each unit of the fund on a particular day.
7. **Statement of Account:**
   - The mutual fund company provides a statement of account to the investor, which details the number of units allotted, NAV at the time of allotment, and the total value of the investment.
8. **Fund Management:**
   - The mutual fund's professional fund managers take charge of investing the pooled money into various securities (e.g., stocks, bonds, money market instruments) in line with the fund's investment objective and strategy.
9. **Periodic Reporting and Updates:**
   - Investors receive periodic updates, typically in the form of account statements, about the performance of their investments, including NAV changes, dividends (if applicable), and any additional purchases or redemptions.



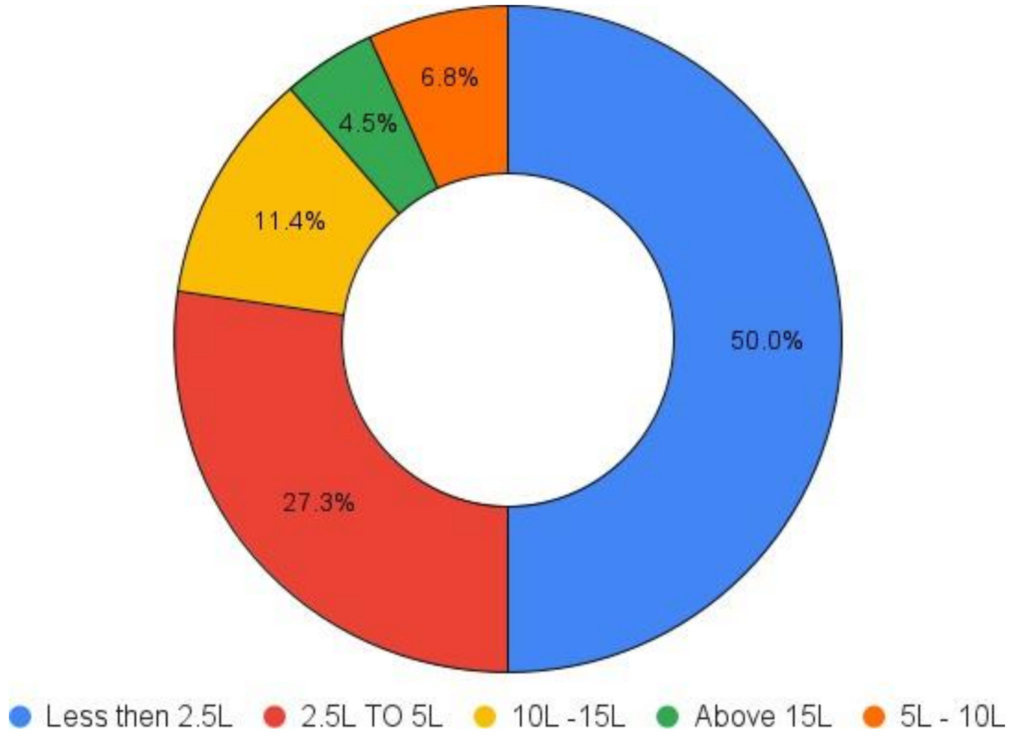
CHAPTER-5

SURVEY RESULT

Gender Of Respondents

From the above gender pie chart we had total 50 respondents out of which 43.2% are females and 56.8% are Male. All the respondents present here is the existing customers of Investocon.

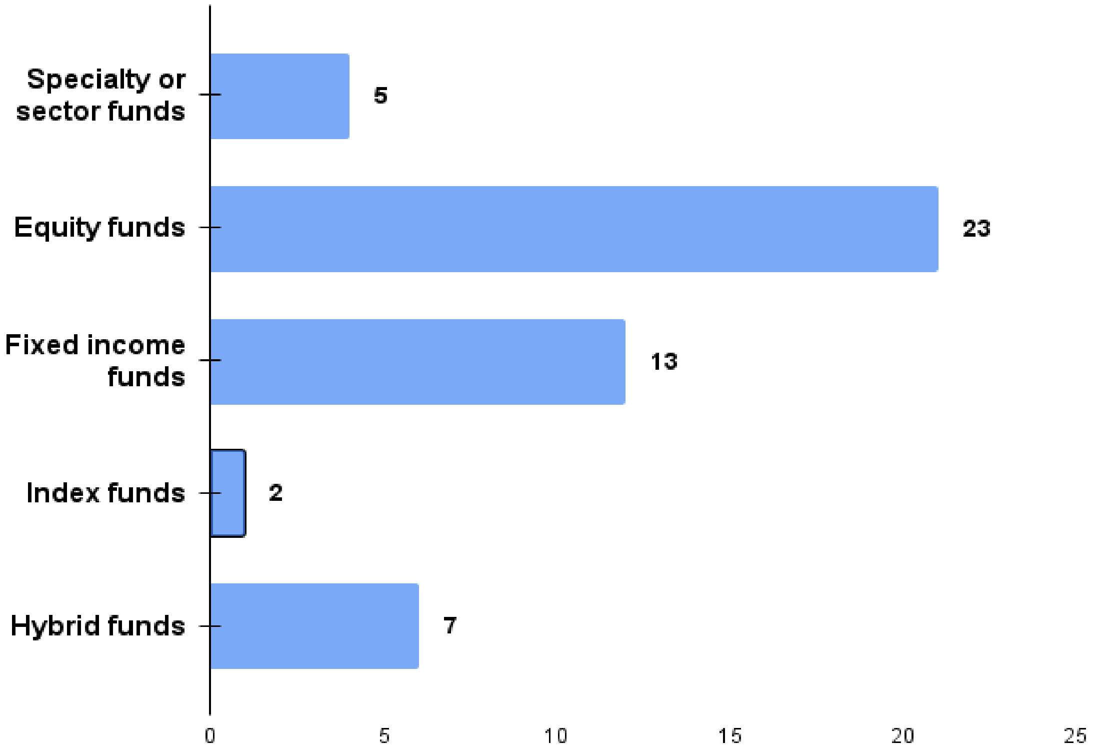
Income Level



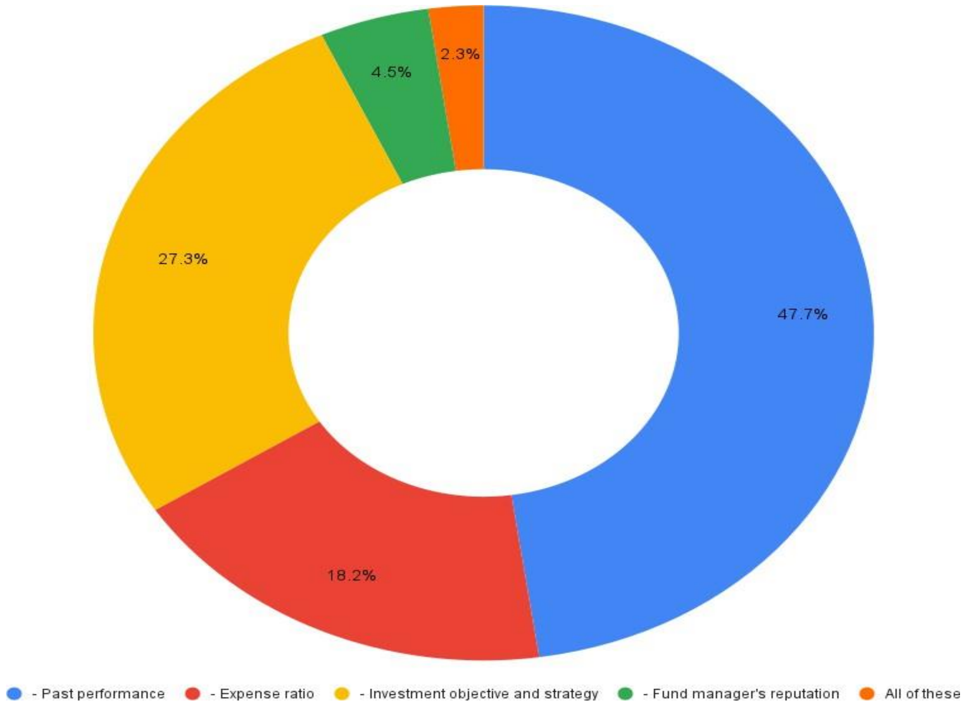
The above chart of income level shows 50% of respondents are of Income level less than 2.5L and 27.3% of respondents are having income level between 2.5l to 5L. 11.4% belong to 10L-15L.

<u>What types of mutual funds are you most Invested in? (Select all that apply)</u>

In the above bar indicates the various types of mutual funds exist in the market which is more preferable to invest. According to The Survey Result Highest of respondents invest in Equity fund.

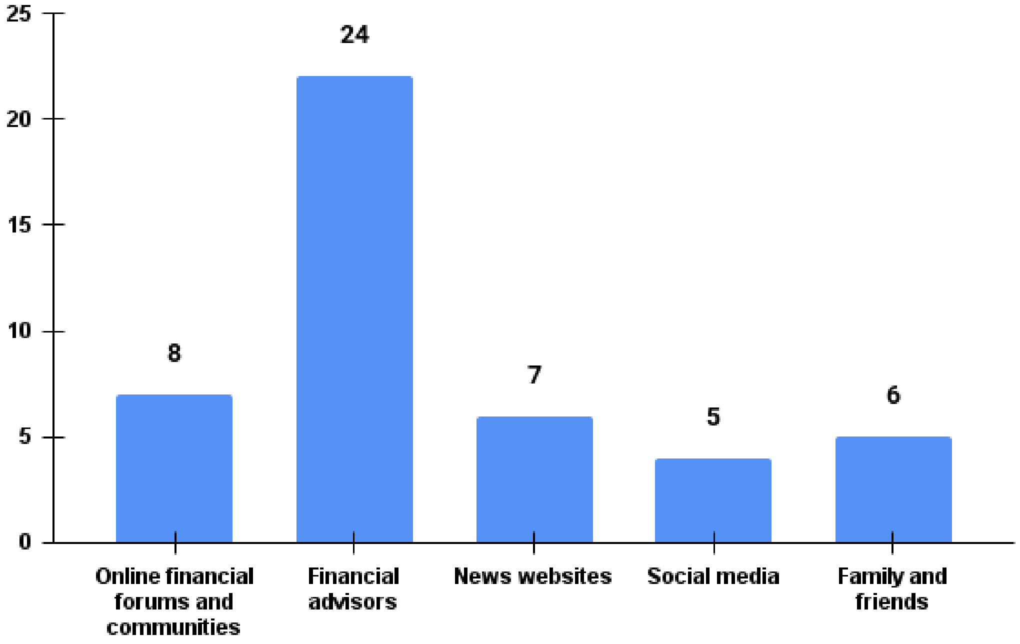


<u>What factors are most important to you when choosing a mutual fund?</u>



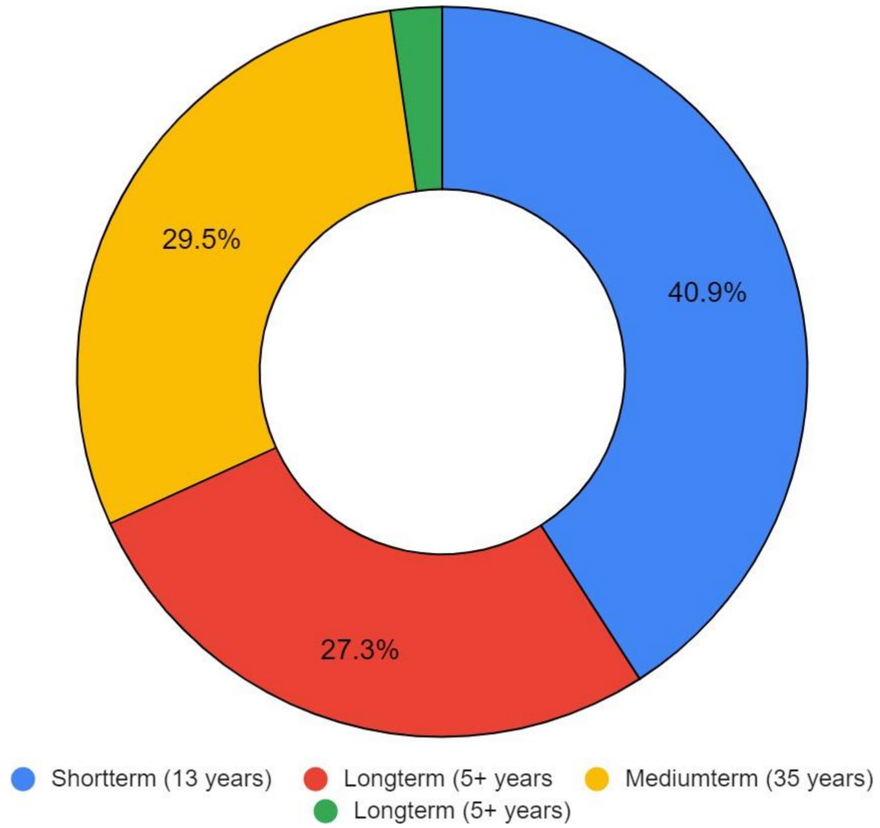
The findings of the survey Results indicates 47.7% people are seeing past performance of any Mutual fund before investing.27.3% people are seeing investment objectives and strategy and 18.2% are seeing previous expenses ration , 4.5% people seeing fund managers reputation and rest 2.3% are relying on different factors which boost investment investment decision**.**

<u>Where do you typically seek information about mutual funds? (Select all that apply)</u>



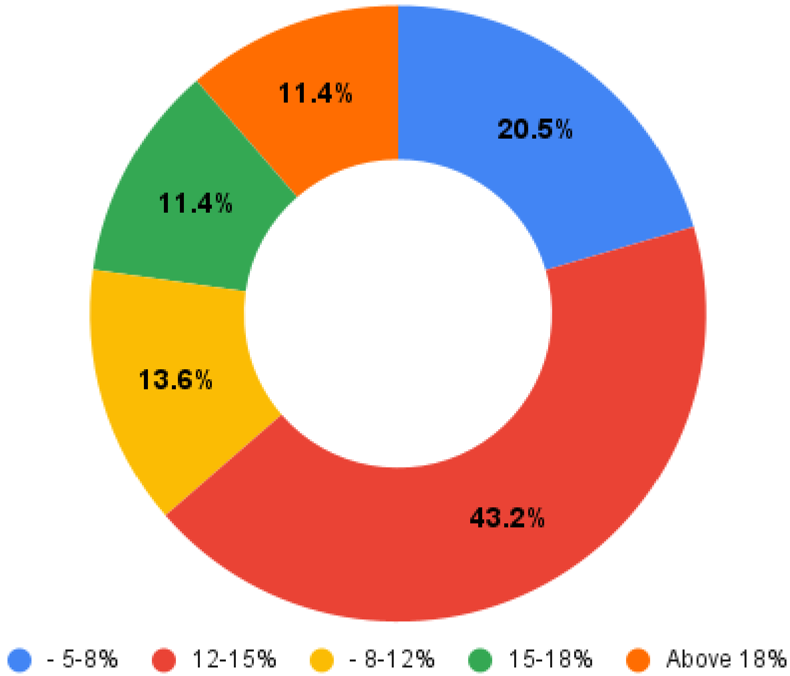
The survey Results indicates that's above all 24 Respondents are seeing advise from Financial advisor, 8 number of people rely on online financial forum and communities ,7 are on news websites 6 respondents rely on family and friends and rest 5 are on social media and rest to invest in various category Mutual funds.

<u>What is your typical investment horizon when considering mutual funds?</u>



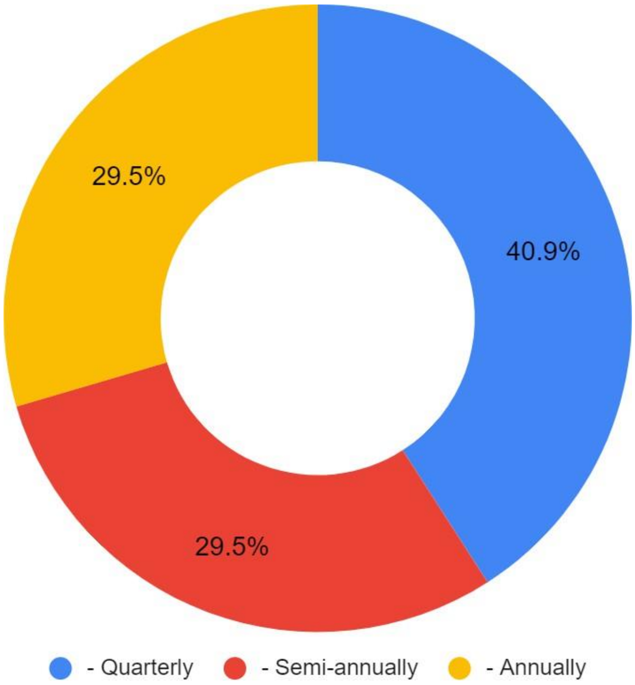
On the basis of findings of survey results 40.9% of respondents are seeing for short term gains in Mutual funds typically between (1-3 years) of time horizon and 29.5% strongly rely on Medium term benefits.

What rate of return do you typically expect from your mutual fund investments on an annual basis ?



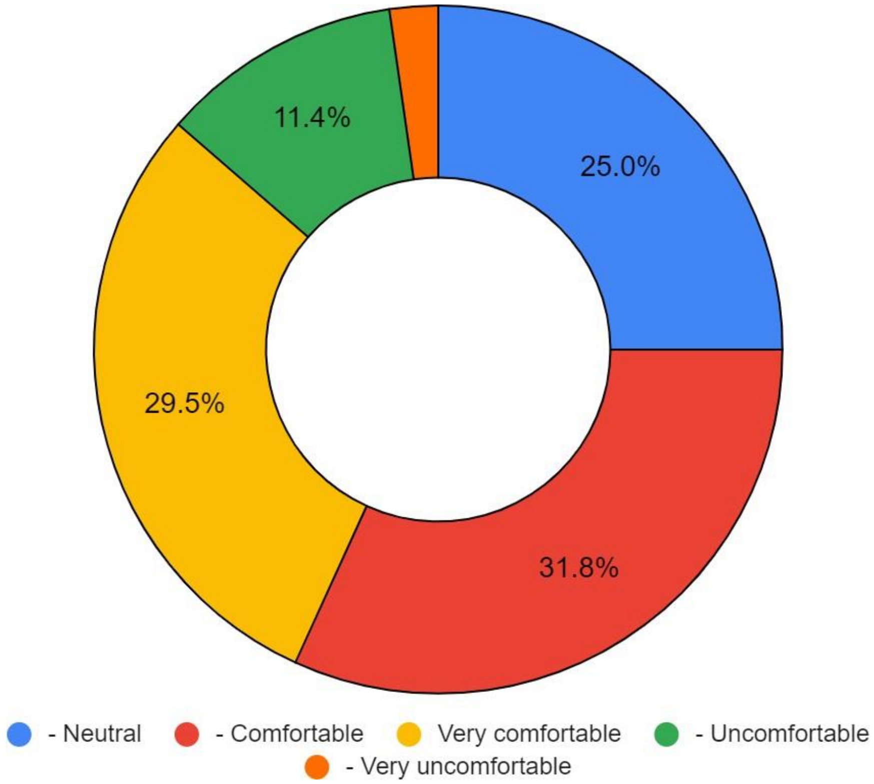
The findings of the survey Results indicates 43.2 % of respondents are Looking for those Invest which to generate return of 12-15% P.a. 20.5% (5-8% p.a), 13.6%(8-12% PA),11.4%(15-18%) and 11.4(above 18% P.a)

<u>How frequently do you review and potentially adjust your mutual fund investments?</u>



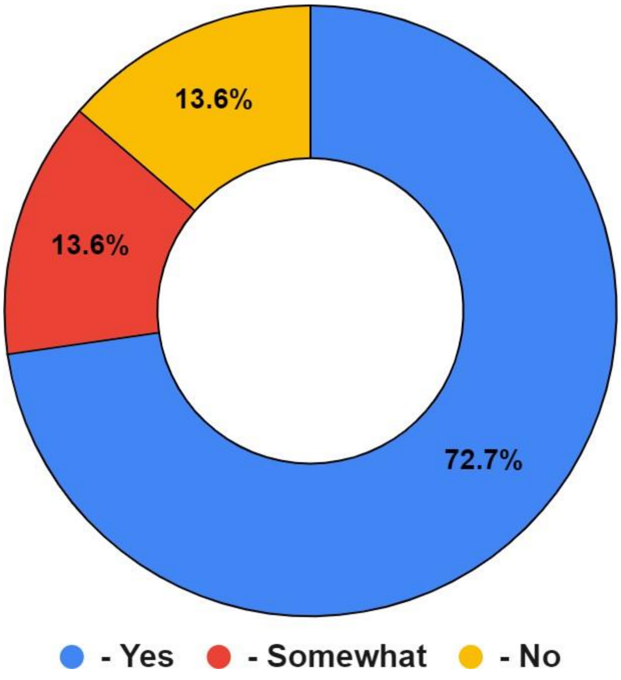
On the basis of findings of survey results 40.9% of people Mostly review their portfolios quarterly and 29.5% are review there semi-annually and rest 29.5% review their investment portfolio annually.

<u>How comfortable are you with the potential for short-term market fluctuations in pursuit of potential long-term gains?</u>



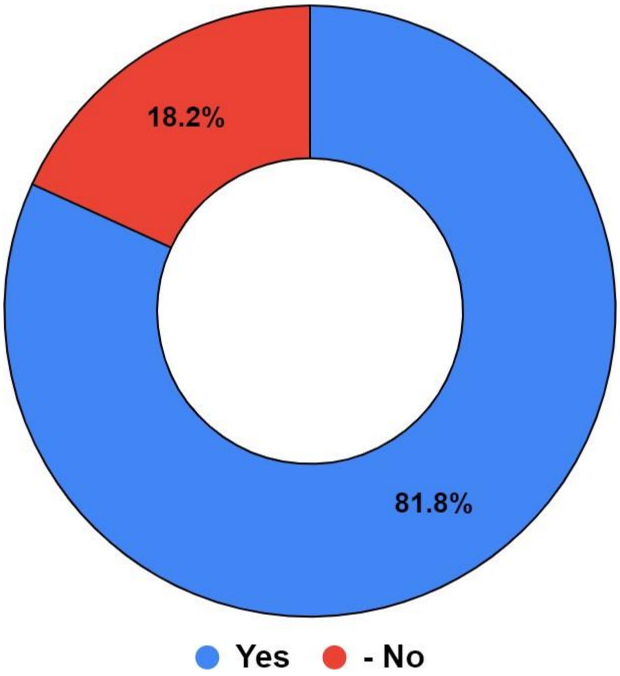
On the basis of findings of survey results out of 100% there are 31.8% people are saying they are comfortable with short term fluctuations and 29.5% Very comfortable and rest are neutral and uncomfortable in market in order to get long term returns.

How would you describe your level of knowledge regarding mutual funds?



On the basis of findings of survey results 72.7% respondents agree that they have knowledge about Mutual funds and investment plans.

Do you have a specific exit strategy in mind for your mutual fund investments (e.g., reaching a specific financial goal, retirement)



On the basis of findings of survey results 81.8% respondents have an exist strategy with their Investment. And 18.2% people don't have any exit strategy.

FINDINGS

- The Research shows in “Mutual Fund “there is56 respondent among them 56.8% of respondents are male, while 43.2% are female. In Income Levels there is 50% of respondents have an income level less than 2.5L, with 27.3% between 2.5L to 5L, and 11.4% between 10L to 15L.
- In entire research of mutual fund the majority of respondents prefer investing in Equity funds, as indicated by the survey results.
- In Factors Influencing Mutual Fund Choice Past performance is crucial for 47.7% of respondents, followed by investment objectives and strategy at 27.3%.
- In the research Information Sources rely on Financial advisors choose by 48% of respondents, while online forums, news websites, family/friends, and social media also play roles in decision-making.
- Through Research there are among 56Respondants there are 40.9% aim for short-term gains (1-3 years), and 29.5% focus on medium-term benefits. And In case of Expected Annual Returns there are 43.2% expect returns of 12-15% p.a., while other expectations vary between 5-18%.
- In case of Review Frequency of Mutual fund research there are 40.9% review their portfolios quarterly, 29.5% review semi-annually, and 29.5% are annually.
- In the mutual Fund resource In Comfort with Market Fluctuations there are 61.3% are comfortable or very comfortable with short-term market fluctuations for potential long-term gains.
- In case of Knowledge Level the research generate 72.7% of respondents claim to have knowledge about mutual funds and investment plans others are unaware of it.
- On the above Research of Mutual Fund the Exit Strategy follows 81.8% have a specific exit strategy, while 18.2% do not have any knowledge to Quit.

CONCLUSION

In conclusion, the survey results provide valuable insights into the investment preferences, considerations, and behaviors of respondents in the context of mutual funds. The gender distribution among the 50 respondents shows a slight majority of male participants (56.8%) compared to females (43.2%). In terms of income levels, a significant portion of respondents (50%) falls into the income bracket of less than 2.5 lakhs, with varying percentages in other income categories.

The survey reveals a clear preference for investing in Equity funds, with a majority of respondents indicating this as their primary choice among various mutual fund types. When it comes to the factors influencing the choice of mutual funds, past performance emerges as the most critical factor for nearly half of the respondents, followed by investment objectives and strategy.

In terms of information-seeking behavior, financial advisors are the most sought-after source, chosen by 48% of respondents. Online forums, news websites, family and friends, and social media also play notable roles in influencing investment decisions.

The survey sheds light on the investment horizon, with a significant percentage of respondents (40.9%) aiming for short-term gains (1-3 years) and a substantial portion (29.5%) focusing on medium-term benefits. Expected annual returns vary, but 43.2% of respondents anticipate returns in the range of 12-15% per annum.

Review frequency of mutual fund portfolios shows a diverse pattern, with 40.9% reviewing quarterly, 29.5% semi-annually, and an additional 29.5% conducting annual reviews. Comfort levels with short-term market fluctuations are relatively high, with 61.3% expressing comfort or very comfort in pursuit of potential long-term gains.

Regarding knowledge levels, a significant majority of respondents (72.7%) claim to possess knowledge about mutual funds and investment plans. Finally, a notable proportion of respondents (81.8%) have a specific exit strategy in mind for their mutual fund investments, emphasizing a proactive approach to managing their portfolios.

These findings collectively highlight the nuanced perspectives and preferences of investors in the mutual fund landscape, providing valuable insights for financial professionals, institutions, and policymakers.

SUGGESTIONS

- **Define Your Financial Goals:** Determine what you're investing for. Are you saving for retirement, buying a home, education, or simply looking to grow your wealth? Your goals will influence the types of funds you choose.

- **Assess Your Risk Tolerance:** Consider how comfortable you are with market fluctuations. Generally, higher potential returns come with higher levels of risk. If you're risk-averse, you may lean towards more conservative investments.

- **Diversify Your Portfolio:** Diversification is key to managing risk. Consider spreading your investments across different types of funds (e.g., equity, debt, hybrid) and across different sectors or asset classes.

- **Review Fund Performance and Expenses**: Look at a fund's historical performance but remember that past performance is not indicative of future results. Also, consider the expense ratio - lower expenses can significantly impact your overall returns.

- **Regularly Monitor and Rebalance Your Portfolio:** As the market changes, your portfolio may become unbalanced. Periodically review your investments and adjust as needed to keep aligned with your goals.

- **Consider Tax Efficiency:** Different types of funds can have different tax implications. For example, index funds tend to be tax-efficient due to low turnover.

- **Stay Informed:** Keep up with financial news and trends. Understanding the broader economic environment can help inform your investment decisions.

- **Seek Professional Advice:** If you're unsure about where to start, or if you have a significant amount to invest, consider seeking advice from a financial advisor or consultant.

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