* Sharpe Ratio shows the extra return that the fund has generated for every additional unit of risk taken. A fund having a higher Sharpe Ratio is better than the fund having a lower Sharpe Ratio. Similarly, Alpha tells you how much extra return has the fund manager generated as compared to the benchmark. The higher the alpha, the superior would be the fund.
* Fund which has a history of say at least 5 years may seem eligible for shortlisting.
* SIP allows investors to invest a fixed sum regularly. The frequency of SIP can be monthly, quarterly, bi-annually, or annually.
* Equity mutual funds invest majorly in equity-linked instruments such as stocks.
* Small-cap mutual funds are those that invest in shares of companies having smaller market capitalization and listed under the 250th rank of the under the benchmark.
* Large-cap mutual funds invest in shares of companies with large market capitalization. Large-cap companies are very little affected by the market fluctuations as these are well established.
* Mid-cap mutual funds invest in stocks of companies having a market capitalization in the range of Rs 500 crore to Rs 10,000 crore.
* Multi-cap funds are diversified mutual funds. They invest in stocks of small, mid, and large-cap market capitalization.
* Tax-saving funds or ELSS, are equity-oriented mutual funds allowing investors to save taxes up to Rs 46,800 a year under Section 80C of the Income Tax Act, 1961.
* Liquid funds are an ideal option to invest your savings parked in a regular savings bank account. Liquid funds are mutual funds that invest in short-term debt instruments such as treasury bills that generate fixed income.
* The maturity period of the Short-term mutual funds vary between 15 days and 91 days. Historically, these funds have offered returns of up to 9%.
* The balanced/hybrid mutual funds invest in both equity and debt instruments. Investing is balanced.