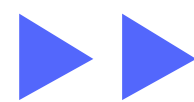


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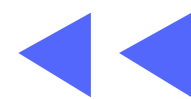
2

Mutual fund **terms** to know while **investing**



Groww

Benchmark



Benchmark is the platform or the parameter, which is considered as base. A benchmark sets the minimum expectation of returns for an investor and fund manager. A fund is then compared concerning this benchmark and positioned accordingly based on the outperformance.

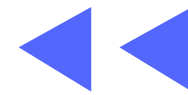
For example: Mirae Asset India Equity Fund is a large-cap fund that primarily invests in large-cap companies. The benchmark is Nifty 100 TRI. Thus, the fund is compared with this benchmark while assessing its suitability for an investor.



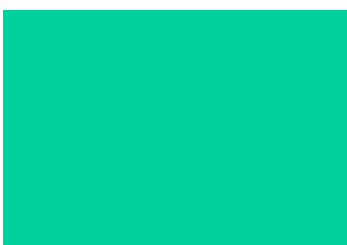
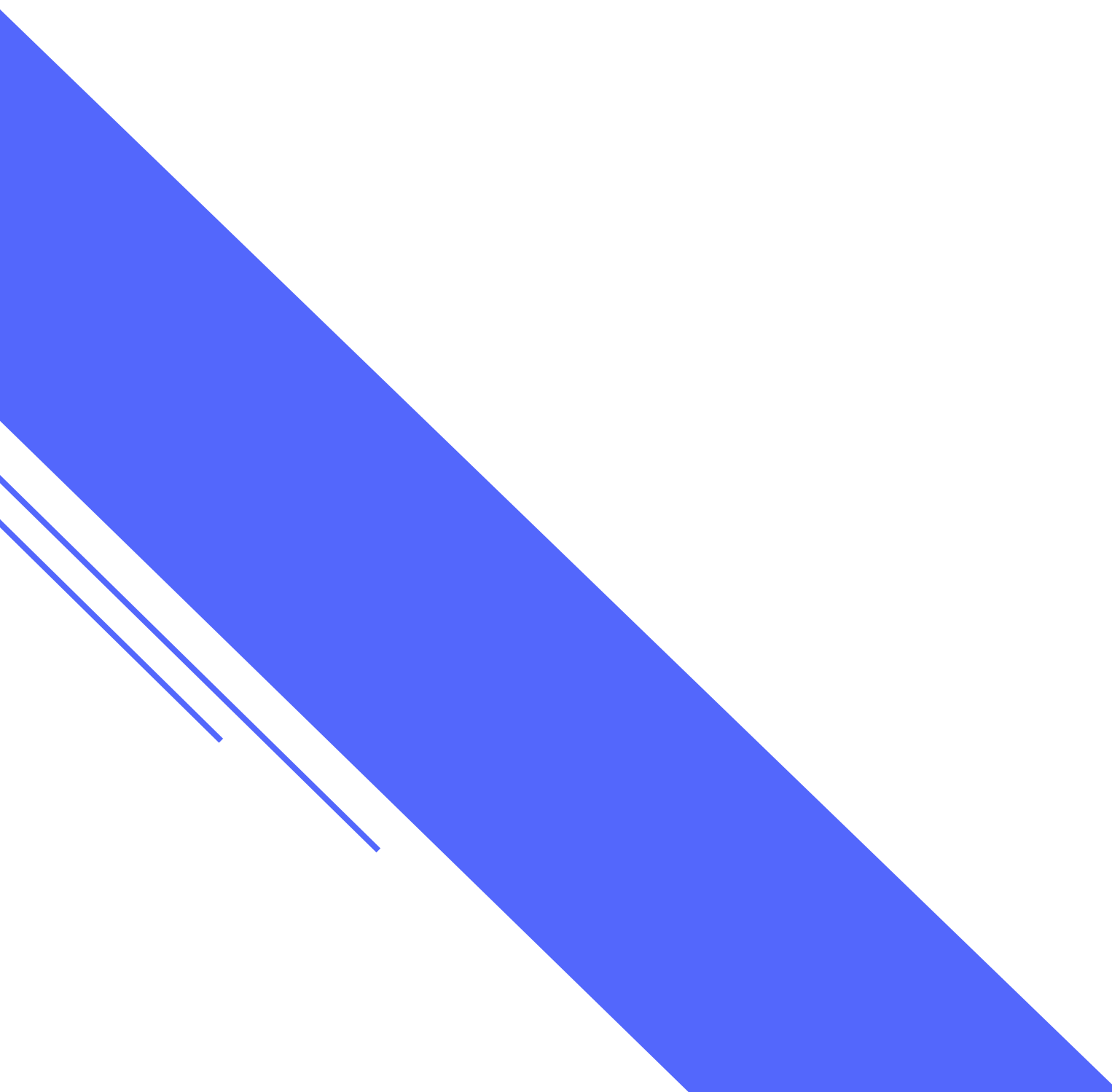
Turnover

Turnover is the extent to which a fund's portfolio is changed during a year. A high turnover indicates that the number of securities in the fund has changed significantly. This also shows higher investment expenses, which may lead to erosion of the value of the units.

Inflation risk



The risk related to the value of assets shrinking due to the shrinking of the currency value is known as **inflation risk**. It is majorly used in analyzing the debt funds and its viability, and also helps in assessing the attractiveness of a fund. Ideally, an investment should grow more than the inflation rate to enable an investor to accumulate capital.

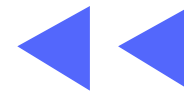




Risk-adjusted returns

The returns expected from an investment after adjusting for the risk involved in it is known as a **risk-adjusted return**. The parameter is primarily used to compare two investment options, particularly with different risk/return profiles.

Sector allocation



Sector allocation refers to the proportion of the fund that is invested in the companies of different sectors of the economy, such as Industrials, Materials, Consumer Durables, etc.