

Mutual Fund objectives

To invest in a Mutual Fund, you need to understand the types of Mutual Funds that are available to you. These include:

- **Equity:** These are funds that invest exclusively in the stocks of domestic companies listed on stock exchanges. These are categorised as high-risk funds.
- **Money market:** These are mainly meant for investors looking for easy liquidity and returns in the short-term. These funds invest in money market instruments such as Treasury bills (T-Bills), Commercial Papers (CPs), Repurchase Agreements (Repo) and government securities. These are categorised as low-risk funds.
- **Debt:** These are funds that are considered as an alternative to Fixed Deposits. These funds invest in fixed-income securities. **Debt funds** are typically low-risk funds.
- **Hybrid or balanced:** These funds invest in both fixed-income securities (debt) and stocks (equities), thereby offering a balanced portfolio to investors.

Mutual Funds can also be categorised based on whether they are *closed* or *open-ended*.

- **Close-ended:** These funds have fixed maturities and money cannot be withdrawn from them before maturity.
- **Open-ended:** You can withdraw the investment in these funds at any point of time and get your money within a few days.