FINANCE PRO LEAGUE

avalon

Mutual Funds

PREPARED BY

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INTRODUCTION OF MUTUAL FUND

What is a Mutual Fund?

A mutual fund pool's money from different investors in order to invest in a large group of assets (also known as securities) such as stocks and bonds. Professionals manage the holdings that make up the fund's portfolio; investors buy shares that rise or fall in value based on the performance of the fund's underlying securities. Mutual fund investors own shares in a company whose business is buying shares in other companies (or in government bonds, or other securities). Mutual fund investors don't directly own the stock in the companies the fund purchases, but share equally in the profits or losses of the fund's total holdings — hence the "mutual" in "mutual funds".

Mutual Fund Benefits

Mutual funds are one of the top tools people use to grow their wealth and save for retirement. The Indian mutual fund industry recorded an Average Assets Under Management (AAUM) of Rs. 23.16 trillion as on February 28, 2019. The AUM of the industry stood Rs. 5.09 trillion on February 28, 2009, which means the Indian mutual fund industry has registered a more than 4 ½ fold increase in a period of 10 years. There are five primary benefits to investing in mutual funds.

Simplicity: Once you find a mutual fund with a good record you have a relatively small role to play. Let the fund managers do all the heavy lifting.

Professional management: Fund managers make daily decisions on buying and selling the securities held in the fund, decisions that are based on the fund's goals. For example, in a fund whose goal is high growth, the manager might try to achieve better returns than that of a major stock market like the Nifty 50. Conversely, a bond-fund manager tries to get the highest returns with the lowest risk.

Affordability: Mutual funds often have a required minimum somewhere between ₹500 and ₹5,000, but many brokers waive minimums if you make monthly direct deposits to buy more fund shares.

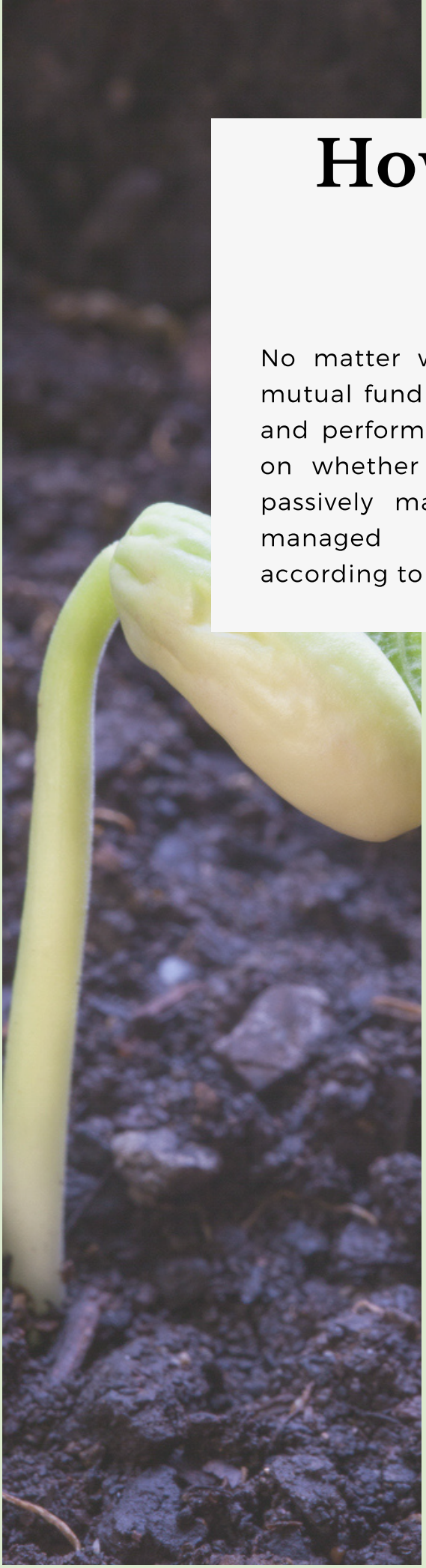
Liquidity: Compared to other assets you own (such as your car or home), mutual funds are easier to buy and sell.

Diversification: This is one of the most important principles of investing. If a single company fails, and all your money was invested in that one company, then you have lost your money. However, if a single company fails within your portfolio of many companies, then your loss is constrained. Mutual funds provide access to a diversified portfolio without the difficulties of having to purchase and monitor dozens of assets yourself.

How do Mutual Funds Work?

No matter which category a mutual fund falls into, its fees and performance will depend on whether it is actively or passively managed. Passively managed funds invest according to a set strategy.

They try to match the performance of a specific market index, and therefore require little investment skill. Since these funds require little management, they will carry lower fees than actively managed funds.



There are **two** types of mutual funds popular for passive investing:
Index funds track a market index, such as the Sensex or the Nasdaq. These funds are made up of the stocks comprising a particular index, so the risk mirrors that of the market, as do the returns.

Exchange-traded funds can be traded like individual stocks but also offer the diversification benefits of mutual funds. They generally charge lower fees than traditional mutual funds, but active traders might find their costs too high.

Actively managed funds have a manager or team making decisions about how to invest the fund's money. Often they try to outperform the market or a benchmark index, but studies have shown passive investing strategies often deliver better returns.

Mutual Fund Types

Some mutual funds focus on a single asset class, such as stocks or bonds, while others invest in a variety. These are the 3 main types of mutual funds available in India.

1) OPEN-ENDED MUTUAL FUNDS: You may buy and sell units at any point while investing in open-ended mutual funds. There is no lock-in period or fixed maturity date. Below are four sub-categories of such funds.

- **Debt or Income Funds:** Debt Funds are the low risk-low return type of mutual fund investments, as the corpus is invested in government securities, debentures, and other debt-related instruments.

- **Money Market or Liquid Funds:** Liquid Funds invest their pooled money in short-term financial instruments. These funds are ideal if you want to park your surplus money in mutual funds that earn better returns than FDs and savings accounts in the short term.

- **Equity / Growth Funds:** Equities are the highest yielding type of mutual fund. The accumulated corpus is principally invested in equities at high risk-high return portfolio. This is the ideal investment if you want long-term capital appreciation. Equity funds are further classified as below.

    - **A. Index Scheme:** Index funds that invest in indices such as the Nifty or Sensex. These adopt a rather passive investment strategy that performs in tandem with the movements of the indices.

    - **B. Sectoral Scheme:** Sectoral Mutual Fund schemes invest in instruments of a particular sector such as pharma, infrastructure, IT, and others. Sector funds may also invest in companies with small, medium, or large market capitalization. The risk involved is closely tied to the sector risks.

- **C. Tax Saving:** Also known as Equity Linked Savings Scheme (ELSS), this type of mutual fund has a three-year lock-in period and offers tax benefits. The fund corpus is invested in equity-related instruments and offer long-term capital appreciation. As per Section 80C of the Income Tax (IT) Act, the investments in ELSS funds are exempt from income tax.

- **Balanced Fund:** Balanced Fund is the perfect mix of equities and fixed income securities as per pre-determined percentage. They enable you to enjoy growth and earn an income at periodic intervals. These funds are suitable for the cautiously aggressive investors.

2) CLOSED ENDED FUNDS: Close-Ended Mutual Funds- have a fixed maturity period. You may invest in these only during the launch or New Fund Offer (NFO) period. Here are two types of close-ended MF schemes.

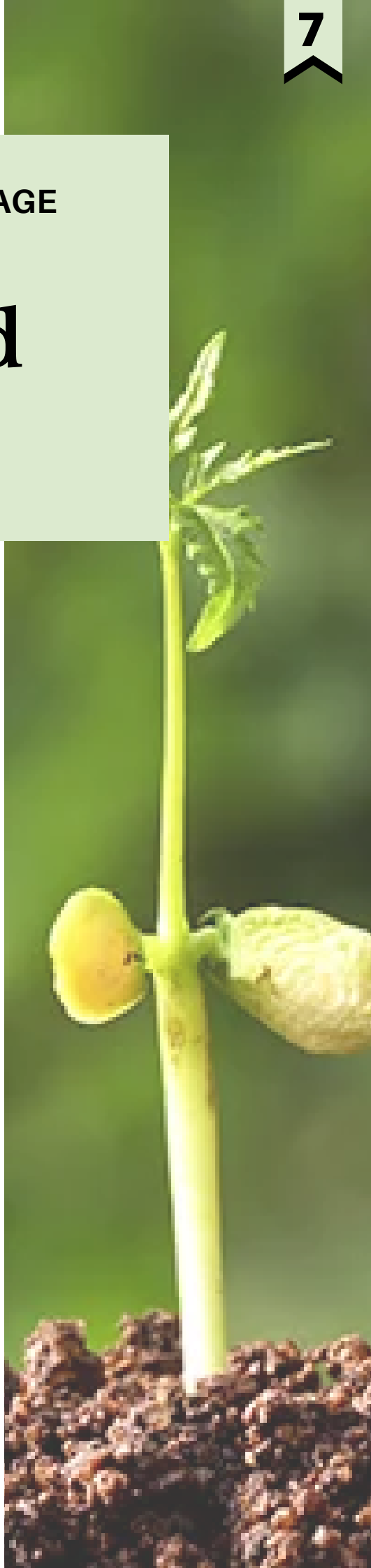
- **Capital Protection Funds:** Evidently, these funds focus on safeguarding your principal investments and thus invest primarily in high-rated fixed income securities. A marginal component of the corpus is invested in equity. Thus, these funds deliver reasonable returns on your investments.

- **Fixed Maturity Plans (FMPs):** As the name suggests, these schemes have a fixed maturity period and the corpus is invested in debt instruments that mature with the fund maturity. Such plans earn a fixed interest or coupon. Since FMPs are passively managed, the expenses on these are lower when compared to actively managed schemes.

3) INTERVAL FUNDS: This is a mix of open and closed-ended funds that allow you to invest at pre-defined intervals. These type of funds offer the benefits of both open-ended and close-ended types of funds.

INTRODUCTION TO BALANCED ADVANTAGE FUND(BAF)

What is Balanced Advantage fund?



Balanced advantage funds are dynamically managed equity mutual funds that typically alter their equity allocation between 30 per cent and 80 per cent, depending on market valuations for which metrics, such as price-earnings ratio or price-to-book ratio, are used. This category came into existence post the SEBI scheme re-categorisation exercise in October 2017.

What you should know about balanced advantage funds

When the balanced advantage funds /dynamic asset allocation funds (BA/DAA) category was created, Funds that it housed were earlier either hybrid funds that blended equity-derivative-debt or hybrid funds that were supposed to dynamically alter asset allocation.

These funds use a model or set of valuation indicators to identify attractiveness of the equity market. Based on these indicators the fund fixes the extent of hedging through stock and index futures, The part of equity exposure to leave open and debt. While the broad idea is the same across funds in reality it results in wide differentials.

#1 Funds follow their own model of equity and derivative allocation.

The role of derivatives is to counter equity markets – higher the hedged equity, lower the fund's vulnerability to stock market movements. This split between hedged and unhedged equity varies very widely between funds. Some are much more aggressive than others and undertake lower hedging. Others are very dynamic in extent of hedging. The lack of any strict definition leaves enough room for funds to follow any allocation they see fit.

#2 Returns and risk for funds are influenced by the allocations.

Higher unhedged equity exposure makes those funds more volatile. It results in poorer ability to contain losses during market corrections. On the other hand it can help deliver better returns over periods longer than 1 year.

Types of BAF

There are about 25 such schemes, with combined assets of close to Rs 91,000 crore—the two largest schemes have a 70 percent market share. Each of the schemes have its unique model to ascertain the equity-debt split, making the category complicated.

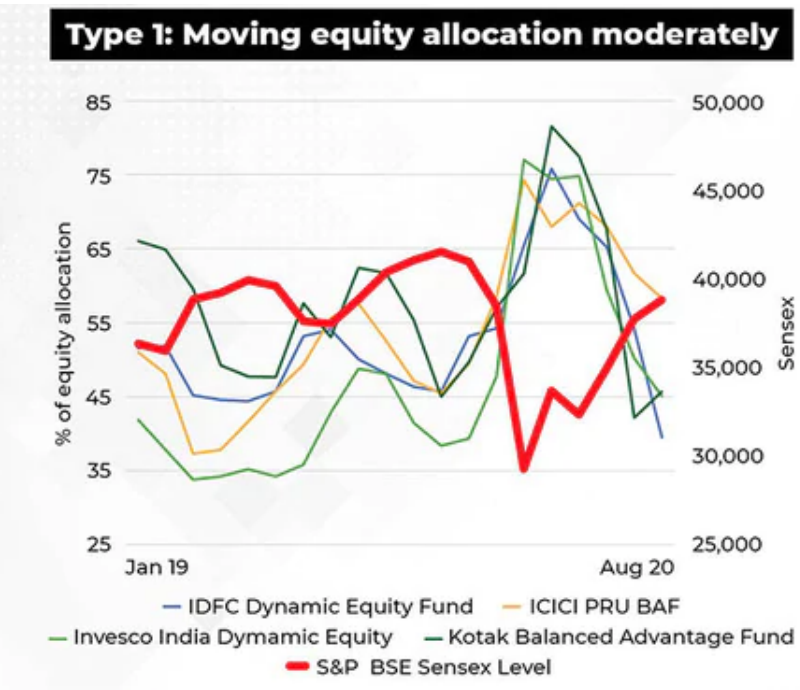
There are mainly 3 types of BAFs available in the market

Type 1: Moving equity allocation moderately

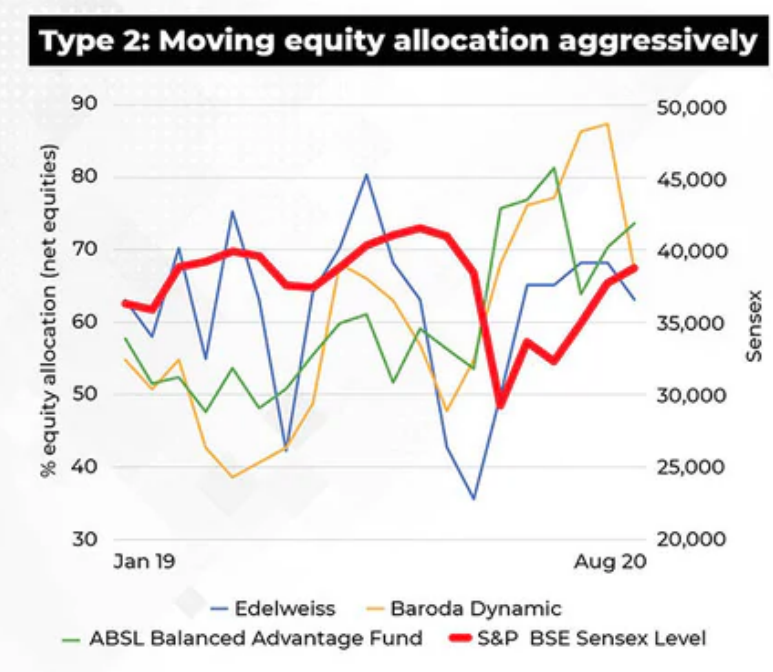
The first category of BAFs move opposite to the Sensex almost in a synchronized way.

IDFC Dynamic Equity fund, ICICI Prudential Balanced Advantage Fund, Kotak Balanced Advantage Fund and Invesco India Dynamic Equity Fund fall in this category.

Here, Invesco India Dynamic Fund is more aggressive than schemes like IDFC Dynamic Equity fund. Invesco India Dynamic Fund has held as little as 43 percent and as much as 81 percent in equities.



Type 2: Moving equity allocation aggresively



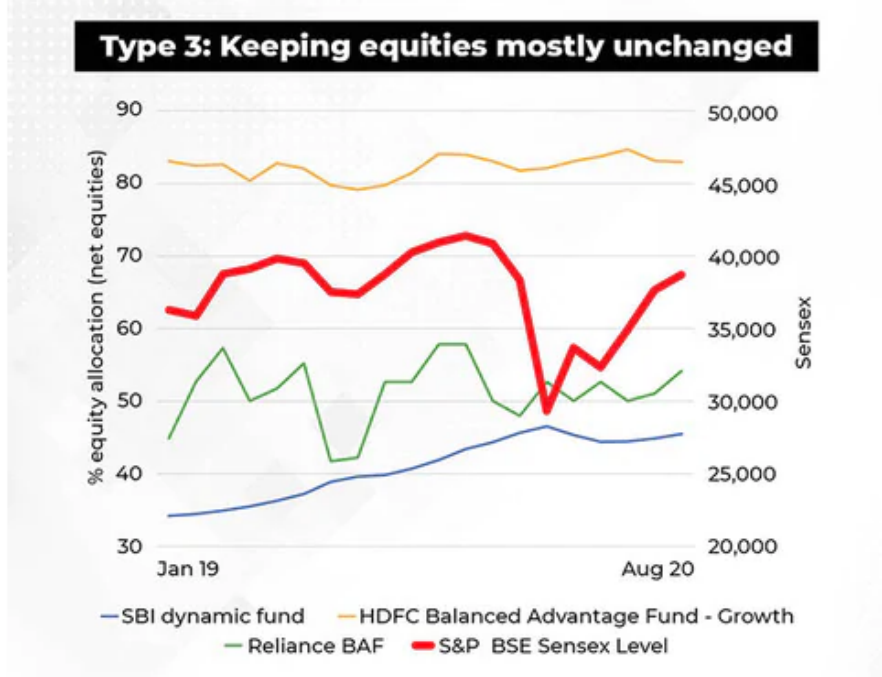
The second group of BAFs are aggressive. In other words, their equity allocation goes up and down sharply. Looking at the way their equity allocation has moved, three schemes can be slotted in this basket—Edelweiss Balanced Advantage Fund, Baroda Dynamic Equity Fund and Aditya Birla Sunlife Balanced Advantage Fund.

While the minimum equity in the first two dropped below 40 percent in the last year and half, all three schemes have even held a maximum equity of more than 80 percent in this time period.

Type 3: Keeping equity mostly unchanged

A third set of BAFs are those whose equity allocation has been more or less steady or moved in a narrow range. Though this is not a good strategy since a BAF or a dynamic equity fund should ideally change its equities according to market's moves.

Schemes that fit in this bucket are SBI Dynamic Asset Allocation Fund, HDFC Balanced Advantage Fund and Nippon Balanced Advantage Fund.

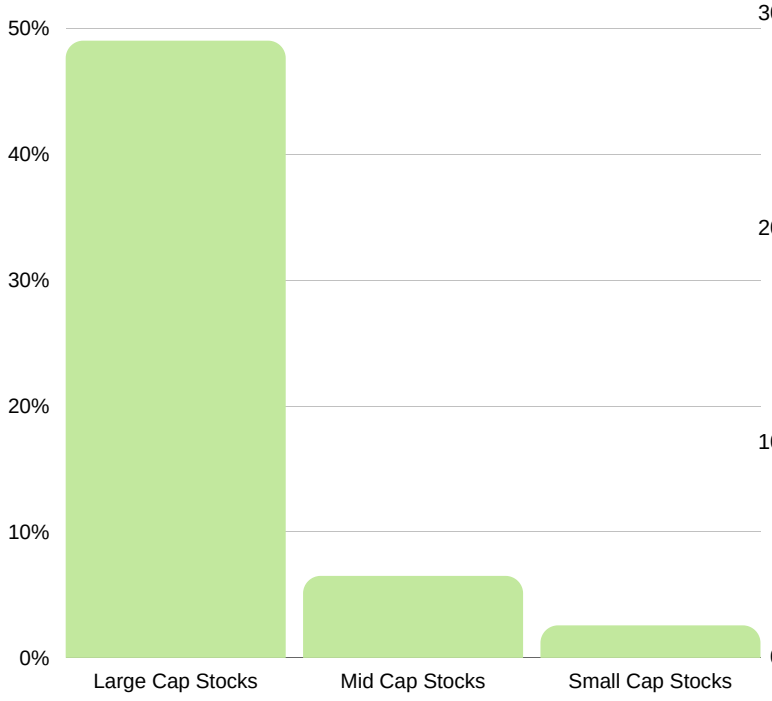


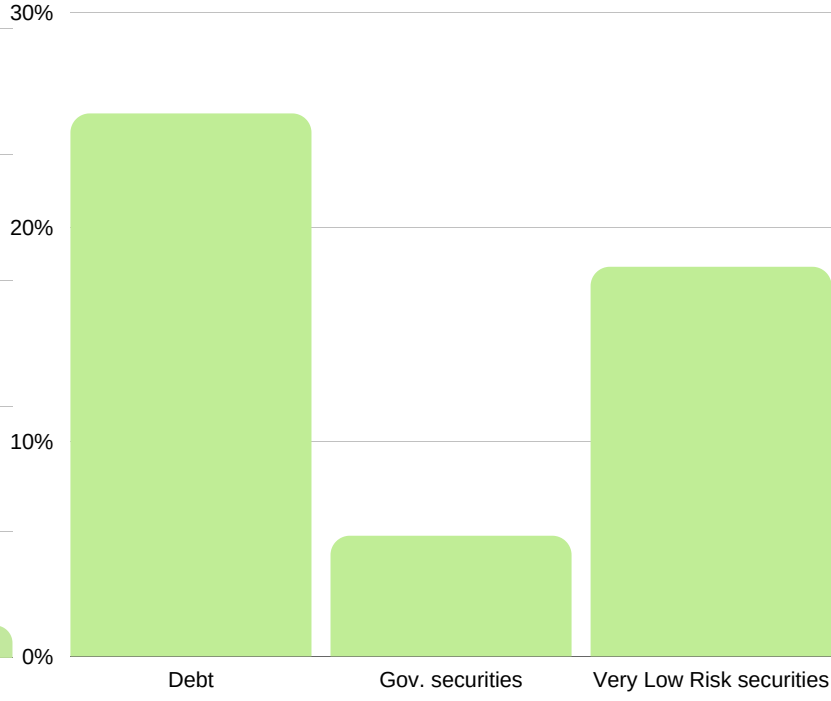
MUTUAL FUND RECOMMENDATIONS

ICICI Prudential Balanced Advantage Fund - Growth

In BAF segment, ICICI is the 2nd largest fund according to their AUM and it's our recommendation in the **Type: 1 BAF category**
Fund has 65.01% investment in Indian stocks of which 49.31% is in large cap stocks, 6.49% is in mid cap stocks, 2.56% in small cap stocks. Fund has 25.3% investment in Debt of which 5.61% in Government securities, 18.15% in funds invested in very low risk securities.

NAV: ₹ 38.85
AUM: ₹ 26638.14 Cr
Expense Ratio: 1.72%
Crisil Rank: 2
Risk-O-Meter: Moderately high



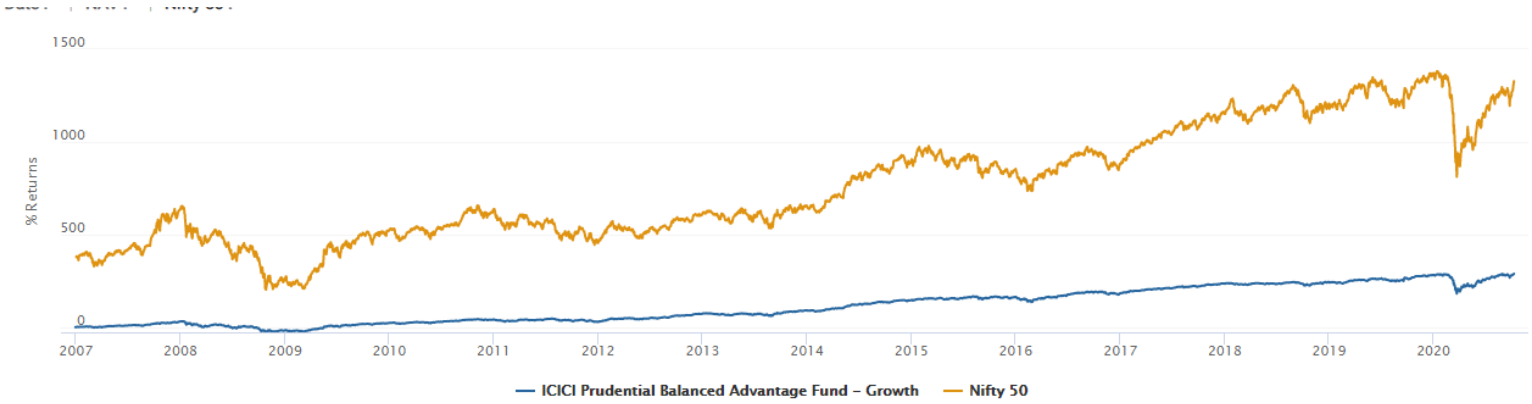


Historical Performance of Fund

Historical performance of a fund lets you derive the performance of the fund over the specified period of time

3 Years ROI				5 Years ROI			
One Time		SIP		One Time		SIP	
Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns
20.26%	6.29%	11.17%	7.1%	48.82%	8.24%	21.34%	7.73%

10 Years ROI				Since Inception (30-Dec-2006)	
One Time		SIP		Absolute Returns	Annualised Returns
Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns		
174.36%	10.6%	72.4%	10.53%	286.60%	10.31%



This scheme VS Nifty 50

All BAFs come with their strategies to ascertain how much they should invest in equities (net equities; this excludes the derivatives portion) at a given time. Most though look at market valuations. To put it simply, most of them increase their equity allocation when markets go down and vice versa.

ICICI Prudential Balanced Advantage Fund, the second-largest scheme in this category with assets of close to Rs 27,000 crore, takes into consideration an in-house model that primarily looks at price-to-book and few other parameters to decide on net equity asset allocation (30-80 percent).

Fund Managers

Fund manager is responsible for implementing a fund's investing strategy and managing its portfolio trading activities. The fund can be managed by one person, by two people as co-managers, or by a team of three or more people.

Manish Banthia

About

Manish is a fund manager in the Fixed Income function and anchors key roles which includes fixed income trading, credit analysis and product development. He also advises Indian Fixed Income Fund domiciled in Japan. His core competency lies in portfolio management, rates trading and credit research.

AUM: ₹1,12,104 Cr

Schemes: 87

Experience: 13 years

Ihab Dalwai

About

Mr. Ihab Dalwai is a Chartered Accountant. He is associated with ICICI Prudential AMC since April 2011.

AUM: ₹39,597 Cr

Schemes: 12

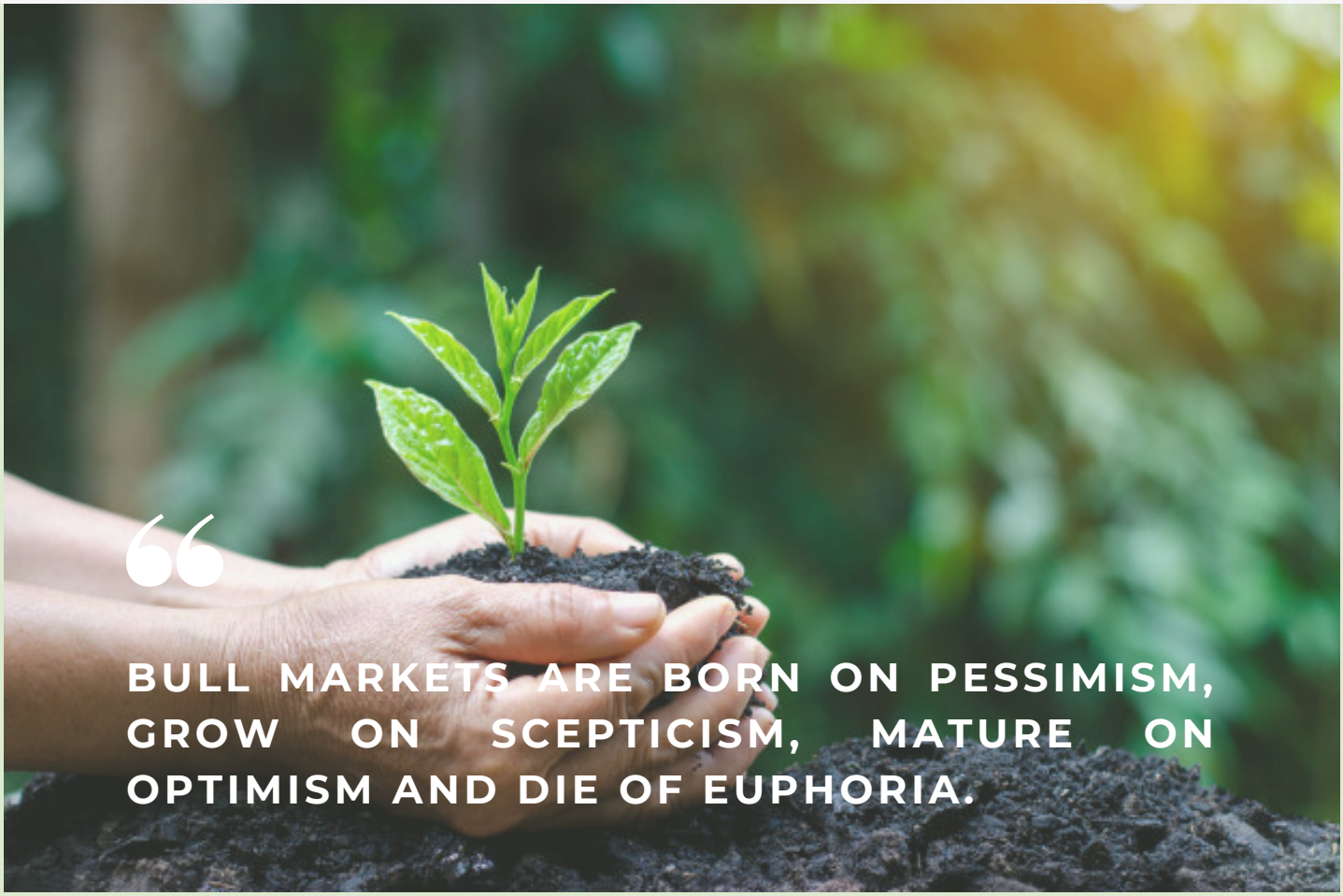
Experience: 9 years

Sankaran Naren

About

Naren oversees investment function across the Mutual Fund and International Advisory Business. He has been instrumental in the overall investment strategy development and execution at the company. He is the leading voice on the Indian capital markets and has myriad awards to his name in fund management. His views on macro and markets feature prominently across media, both locally and globally. An alumnus of IIT Madras and IIM Calcutta, he has served across various roles in the financial services industry and investment management.

AUM: ₹84,184 Cr
Schemes: 47
Experience: 26 years.



Portfolio Segmentation

Portfolio Segmentation denotes the splitting of a Credit Portfolio in the context of into smaller components according to some defined characteristics.

The segmentation will be manifest in the internal organization of people, systems and process and visible e.g. in Risk Policy.

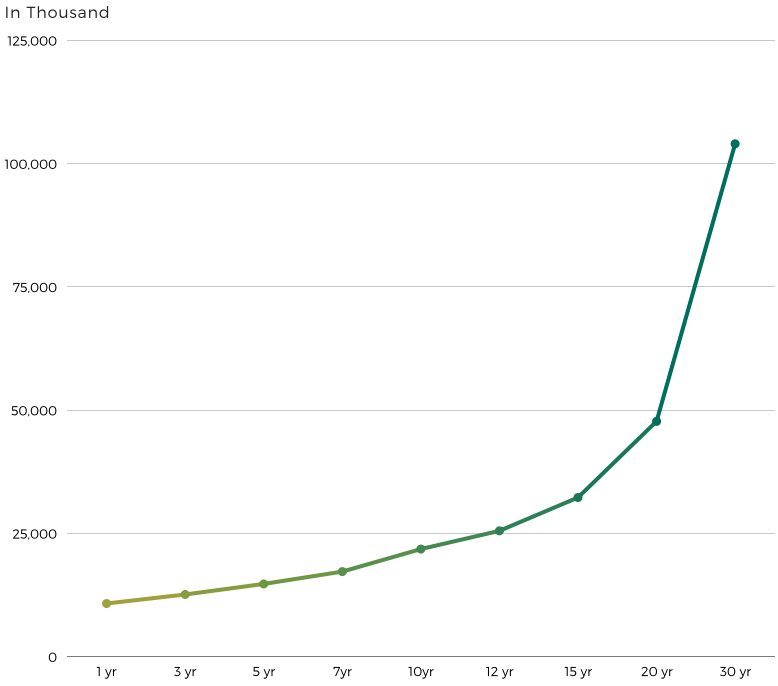
Top Holdings	Weightage
Reliance Industries Ltd	6.1%
ICICI Bank Ltd	4.4%
HDFC Bank Ltd	4.35%
5.77% GOI 2030	3.62%
Nifty 50 Index	3.6%
Infosys Ltd	3.31%
Bharti Airtel Ltd	2.88%
Axis Bank Limited	2.63%
NTPC Ltd	2.45%
Kotak Mahindra Bank Ltd	2.44%

This open ended equity oriented scheme aims to generate reasonable returns by investing in a blend of large and mid-caps stocks and using derivatives to hedge the downside risk of the portfolio.

A calculated combination of debt and equity components makes the funds less vulnerable to market volatility. The equity components of the fund are aimed at generating capital appreciation and their debt components serve as securities to shield the investment from unforeseen market corrections.

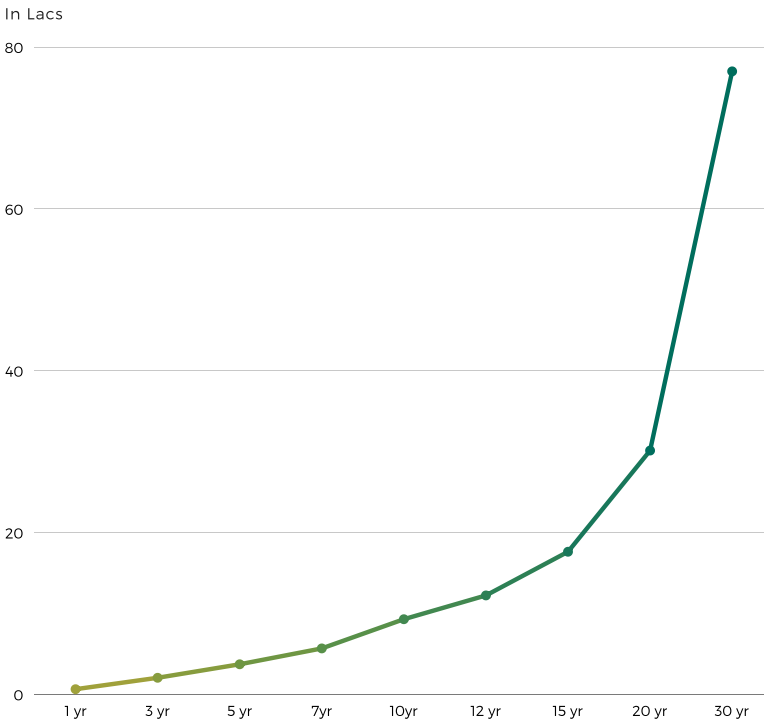
Future Potential of the Fund

With its calculated combination of diversified investment across different asset classes, makes it a probable investment opportunity,



making an one time investment of 10,000/-, we can see it can double the amount in less than 10 years, while mitigating the market volatility as much as possible.

Investing 5,000 as monthly SIP(systematic investment plan), we are investing a total of 6 lac in 10 years and we are getting a total of 10 lac in return. After that, the investment return increases exponentially and before you know it, you would have a corpus of around 80 lac when you retire, by just investing 18 lac.



https://cleartax.in/mf/icici-prudential-mutual-fund/icici-prudential-balanced-advantage/INF109K01BH2?amount=5000&investmentType=SIP_MF

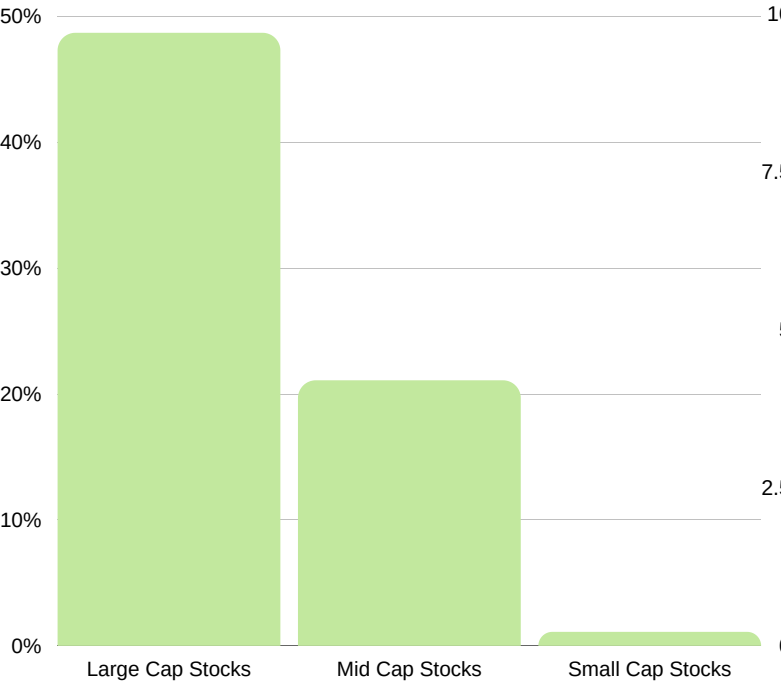
Click the above link to access the return calculator and find your desired amount of return.

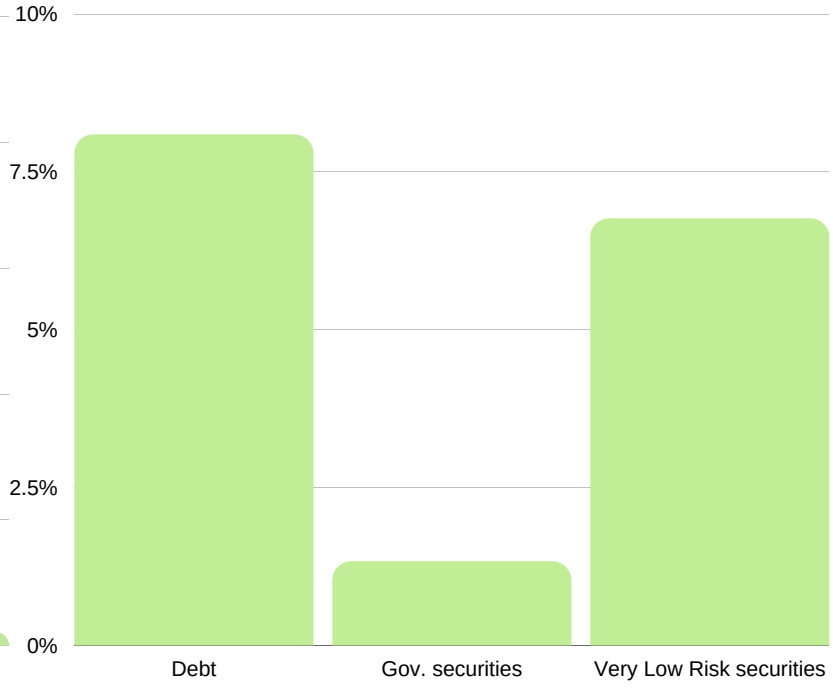
Edelweiss Balanced Advantage Fund - Growth

An open ended asset allocation fund which invests in equity and fixed income dynamically depending upon the market ups and downs and it's our recommendation in the **Type: 2 BAF category**

Fund has 76.82% investment in Indian stocks of which 48.67% is in large cap stocks, 21.07% is in mid cap stocks, 1.9% in small cap stocks. Fund has 8.09% investment in Debt of which 1.33% in Government securities, 6.76% in funds invested in very low risk securities.

NAV: ₹ 27.07
AUM: ₹ 1496.27 Cr
Expense Ratio: 2.06%
Crisil Rank: 2
Risk-O-Meter: High



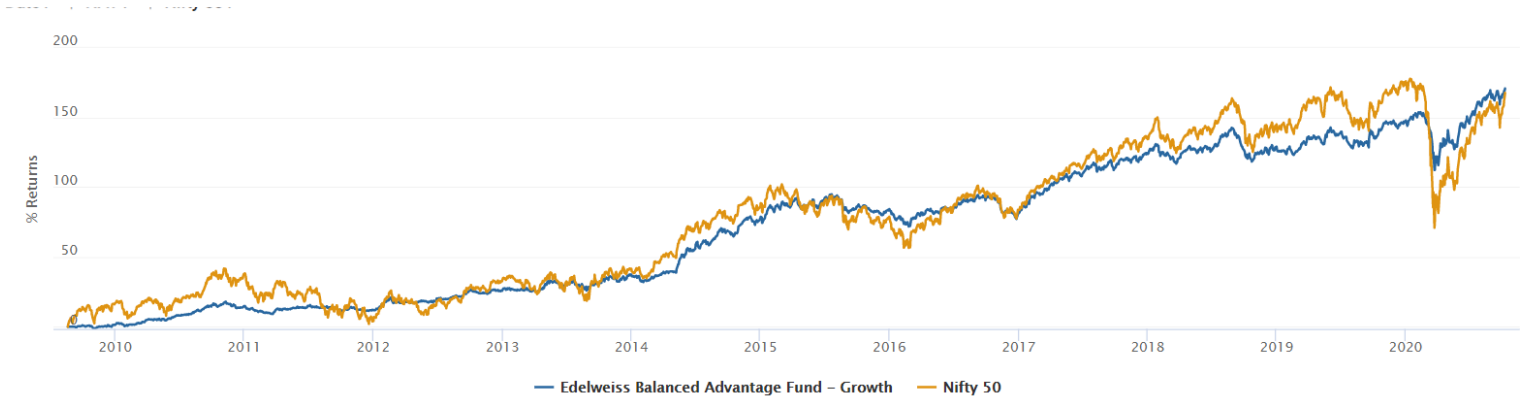


Historical Performance of Fund

Historical performance of a fund lets you derive the performance of the fund over the specified period of time.

3 Years ROI				5 Years ROI			
One Time		SIP		One Time		SIP	
Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns
25.93%	7.92%	14.82%	9.31%	44.64%	7.63%	24.93%	8.9%

10 Years ROI				Since Inception (20-Aug-2009)	
One Time		SIP		Absolute Returns	Annualised Returns
Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns		
132.76%	8.79%	63.39%	9.51%	169.80%	9.32%



This scheme VS Nifty 50

Edelweiss Balanced Advantage Fund has a different approach. It goes with the markets. Its equity position goes up and down with the market and not necessarily in the opposite direction.

Bharat Lahoti, fund manager of Edelweiss Balanced Advantage, says that since Indian markets typically move in a single direction—either up or down—over a long time, or as he says as 'trending' market, it doesn't make sense to move in the opposite directions as most other BAFs do.

Fund Managers

Fund manager is responsible for implementing a fund's investing strategy and managing its portfolio trading activities. The fund can be managed by one person, by two people as co-managers, or by a team of three or more people.

Bharat Lahoti

About
Bharat Lahoti has earlier worked with marquee investment banks and asset management companies. His last assignment before joining Edelweiss Asset Management Limited was with DE Shaw Group, a global hedge fund, as a senior manager working on fundamental and quantitative research ideas.

AUM: ₹2,147 Cr
Schemes: 14
Experience: 13 years

Bhavesh Jain

About
Bhavesh Jain started his career with Edelweiss Asset Management in January 2008. He had joined in the Low Risk Trading team which is responsible for looking at arbitrage between SGX Nifty and NSE Nifty along with normal cash-future and index arbitrage.

AUM: ₹6,315 Cr
Schemes: 18
Experience: 10 years

Gautam Kaul

About

Gautam Kaul has been associated with some of the renowned fund houses in India, viz. Sahara, Invesco, IDBI Asset Management amongst others. His association with Edelweiss Asset Management Limited started in the year 2016. Today, he's the Fund Manager with us and his core competence is Fixed Income Schemes. With 15 plus years of rich experience in the financial markets, some of the schemes which he successfully manages are Fixed Income Duration fund and the fixed income portion of Balance Advantage fund. With an MBA in finance from Pune University, he strongly believes that one should always lead by an example!

AUM: ₹7,159 Cr
Schemes: 73
Experience: 15 years

Portfolio Segmentation

Portfolio Segmentation denotes the splitting of a Credit Portfolio in the context of into smaller components according to some defined characteristics.

The segmentation will be manifest in the internal organization of people, systems and process and visible e.g. in Risk Policy.

Top Holdings

Name of Instrument	Industry	% to Net Assets
WABCO India Ltd.	Automobile	7.68
Reliance Industries Ltd.	Oil & Gas	4.81
ICICI Bank Ltd.	Financial Services	4.4
Infosys Ltd.	IT	2.98
Bharti Airtel Ltd.	Telecom	2.92
HCL Technologies Ltd.	IT	2.7
Nestle India Ltd.	Consumer Goods	2.07
ITC Ltd.	Consumer Goods	2.05
Maruti Suzuki India Ltd.	Automobile	1.67
Tata Consultancy Services Ltd.	IT	1.66

Portfolio Analysis: Sector-Wise

Power	1.87 %
Fertilisers & Pesticides	2.68 %
Telecom	3.21 %
Metals	3.22 %
Pharma	5.95 %
Oil & Gas	7.98 %
Consumer Goods	9.69 %
IT	9.79 %
Automobile	10.99 %
Financial Services	17.92 %

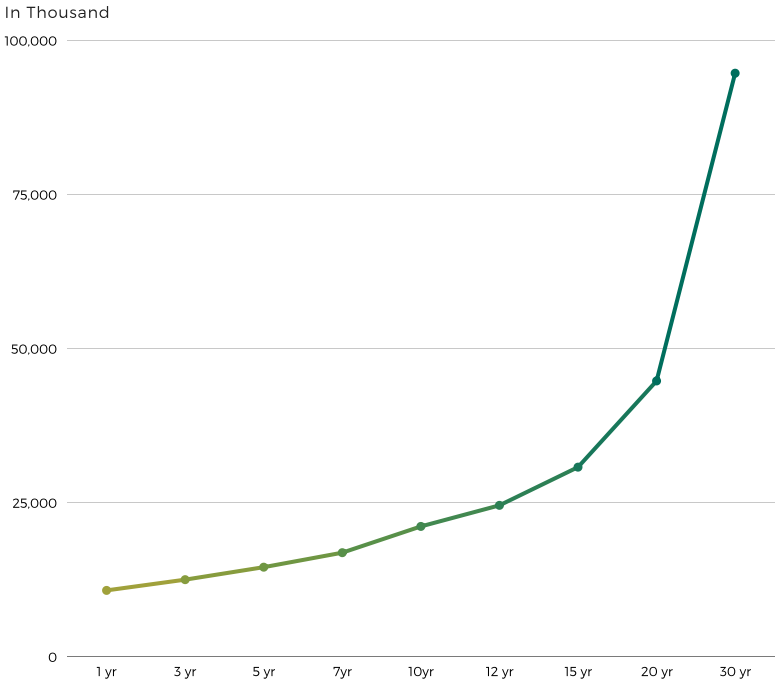
The objective of this fund is to create wealth by investing in equities, but also experience consistency, lower volatility and better downside protection.

Edelweiss BAF follows Pro-cyclical approach, which looks at quantitative factors coupled with fundamentals. The idea is to have higher equity exposure during bull market and lower equity exposure during bear market, which makes investors more wealth in bull market and higher downside protection during bear market.

That's where Edelweiss BAF model is unique as compared to other models.

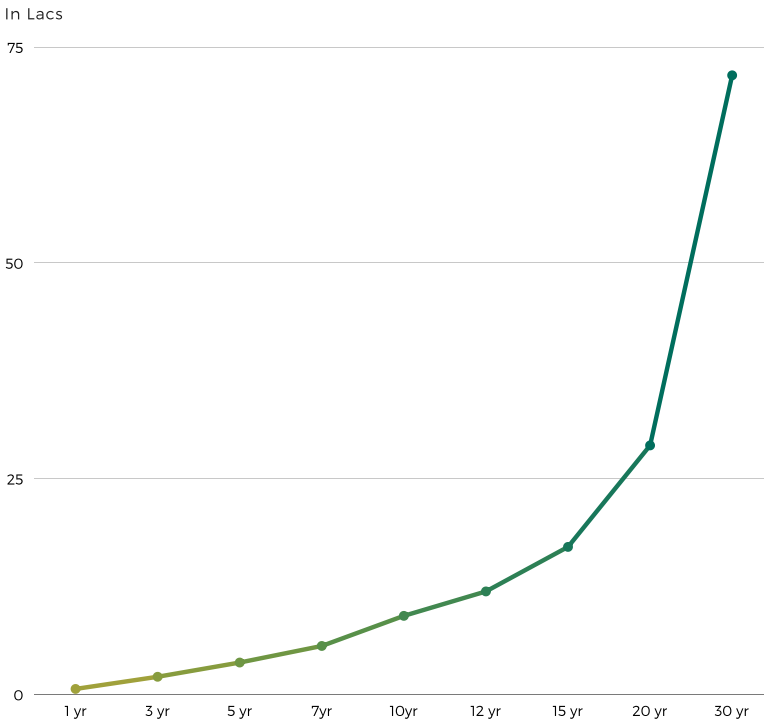
Future Potential of the Fund

With its calculated combination of diversified investment across different asset classes, makes it a probable investment opportunity,



making an one time investment of 10,000/-, we can see it can double the amount in 10 years, while protecting the investor wealth in bear market as much as possible.

Investing 5,000 as monthly SIP(systematic investment plan), we are investing a total of 6 lac in 10 years and we are getting a total of 9 lac in return. After that, the investment return increases exponentially and before you know it, you would have a corpus of around 71 lac when you retire, by just investing 18 lac.



https://cleartax.in/mf/edelweiss-mutual-fund/edelweiss-balanced-advantage-fund/INF754K01285?amount=5000&investmentType=SIP_MF&ref=related-funds-mf

Click the above link to access the return calculator and find your desired amount of return.

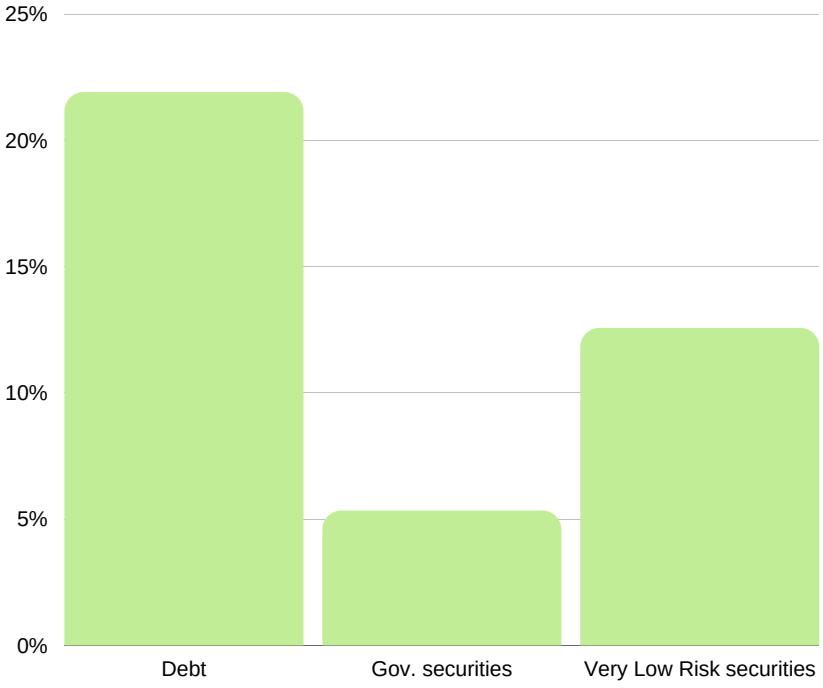
Nippon India Balanced Advantage Fund - Growth

This fund attempts to capitalize on the potential upside in equity markets while attempting to limit the downside by dynamically managing the portfolio through investment in equity and active use of debt, money market instruments and derivatives. It's our recommendation for

Type: 3 BAF category

Fund has 67.61% investment in Indian stocks of which 41.04% is in large cap stocks, 11.1% is in mid cap stocks, 8.14% in small cap stocks. Fund has 21.9% investment in Debt of which , 19.28% in funds invested in very low risk securities..

NAV:: ₹ 94.7402
AUM: : ₹ 2905.35 Cr
Expense Ratio: 1.99%
Crisil Rank: not ranked
Risk-O-Meter: Moderately High

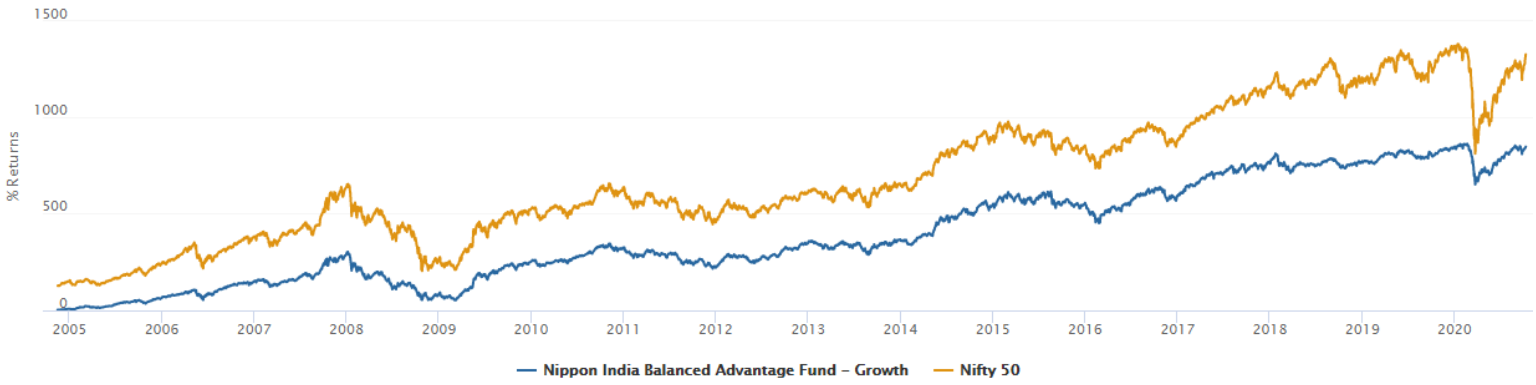


Historical Performance of Fund

Historical performance of a fund lets you derive the performance of the fund over the specified period of time.

3 Years ROI				5 Years ROI				10 Years ROI			
One Time		SIP		One Time		SIP		One Time		SIP	
Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns
14.82%	4.67%	6.39%	4.06%	45.52%	7.76%	17.27%	6.3%	118.08%	8.09%	62.61%	9.39%

15 Years ROI				Since Inception (15-Nov-2004)	
One Time		SIP		Absolute Returns	Annualised Returns
Absolute Returns	Annualised Returns	Absolute Returns	Annualised Returns		
536.11%	13.1%	139.08%	10.81%	844.31%	15.16%



This scheme VS Nifty 50

The fund maintains a large cap oriented portfolio diversified across sectors. Debt portfolio is managed conservatively, focused at the shorter end through investment in a combination of liquid and short term fixed income securities.

The fund follows an in-house proprietary Model (which follows Valuations & Trend Following) to determine unhedged equity allocation.

Fund Managers

Fund manager is responsible for implementing a fund's investing strategy and managing its portfolio trading activities. The fund can be managed by one person, by two people as co-managers, or by a team of three or more people.

Ashutosh Bhargava

About

Ashutosh Bhargava is Head- Equity Research and Fund Manager at Reliance Nippon Life Asset Management Limited. He has been working with Reliance for nearly 12 years now. Prior to that, he has worked as an analyst for over 2 years at JP Morgan in their "Global Economics Team" based out of Mumbai. He specializes in macro and rule based investment strategies.

AUM: ₹12,420 Cr

Schemes:11

Experience: 14 years

Manish Gunwani

About

Mr. Gunwani is a B.Tech. and PGDM. Prior to joining Reliance Mutual Fund, he has worked with ICICI Prudential Mutual Fund as Fund Manager and as Analyst in various organisations: Vicisoft Technologies, Lehman Brothers, Brics Securities , Lucky Securities, SSKI Securities and Prime Securities

AUM: ₹10,949 Cr

Schemes: 7

Experience: NA

Prashant R Pimple

About

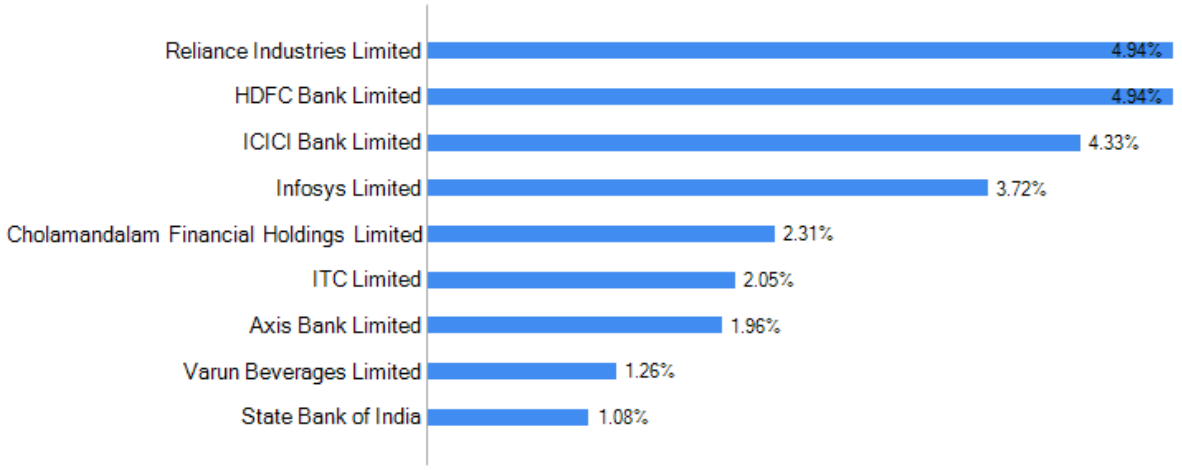
Mr. Prashant R. Pimple has a total experience of 14 years in debt fund management. He has a total experience of nearly a decade in managing fixed income portfolios with Reliance Nippon Life Asset Management Limited (formerly Reliance Capital Asset Management Limited). Prior to this, he worked as portfolio manager with Fidelity International Limited Asset Management Company and as Portfolio Manager in Investment Advisory Services (Debt Institutional) in ICICI Bank Ltd. From 2000 to 2003, he was a fixed income trader with Bank of Bahrain and Kuwait, B.S.C. and The Saraswat Co-operative Bank Ltd. He also had a stint with SIDBI in the Project Finance Division.

AUM: ₹23,980 Cr
Schemes: 39
Experience: 14 years

Portfolio Segmentation

Portfolio Segmentation denotes the splitting of a Credit Portfolio in the context of into smaller components according to some defined characteristics.

The segmentation will be manifest in the internal organization of people, systems and process and visible e.g. in Risk Policy.

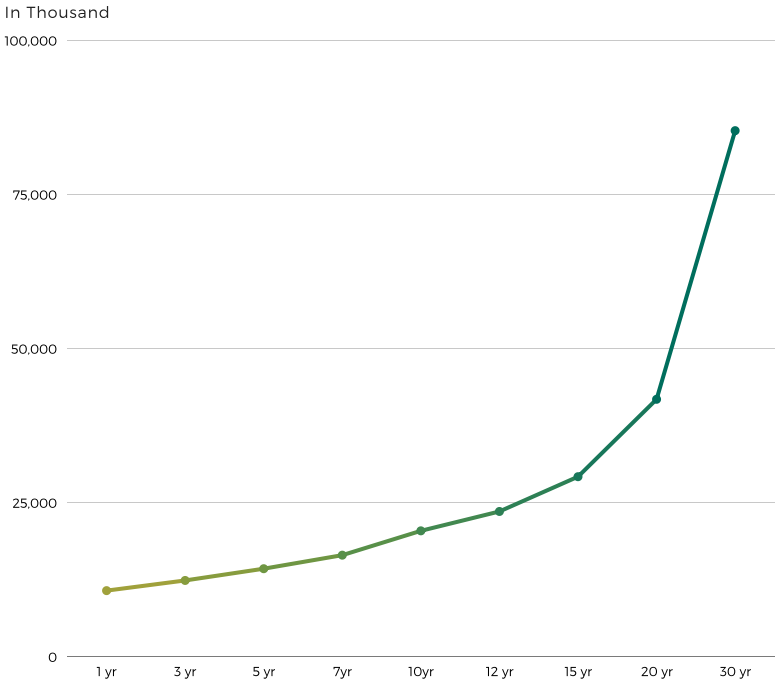


This fund invests in equity and equity related instrument, debt, money making instrument and it's idea for long term investors.

The model of the fund is based on Dynamic Asset Allocation that aims to offer Triple Benefits of 1. Emotion Free Asset Allocation through Model Based Asset Allocation, 2. Lowers downside risk through hedging and 3. Long Term Alpha – through Active Stock selection and Sector.

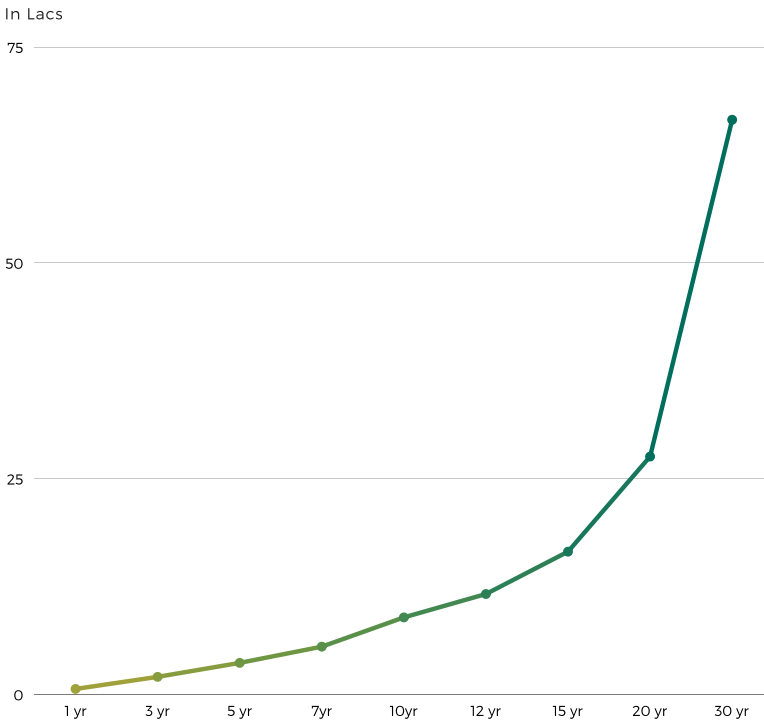
Future Potential of the Fund

With its calculated combination of diversified investment across different asset classes, makes it a probable investment opportunity,



making an one time investment of 10,000/-, we can see it can double the amount in 10 years, while giving balanced return and protection to the investor.

Investing 5,000 as monthly SIP(systematic investment plan), we are investing a total of 6 lac in 10 years and we are getting a total of 9 lac in return. After that, the investment return increases exponentially and before you know it, you would have a corpus of around 66 lac when you retire, by just investing 18 lac.



https://cleartax.in/mf/reliance-mutual-fund/nippon-india-balanced-advantage/INF204K01604?ref=related-funds-mf

Click the above link to access the return calculator and find your desired amount of return.

Pros and Cons of BAFs

These schemes differ greatly from one another. There is no uniform formula or method they follow. There can be N number of permutations and combinations to create a portfolio of a balanced advantage fund. Fund managers manage their fund as per their internal strategy.

Pros

- This scheme provides a convenience of diversification in form of a single docket of mutual fund. An investor thus need not go through the hassle of analyzing and selecting a bouquet of funds.
- It seeks to provide investors an opportunity to benefit out of market volatility.
- It's best kind of fund for first time investors who can not afford much risk.

Cons

- While it might seem that it is not entirely the case. Balanced funds have their own share of risk. While in case of a direct investment across a number of stocks and debt instruments, one can relocate the resources among different funds as diversification for tax planning or wealth creation.
- While balance finds can be safer option to invest in stock market, the safety comes at a price.Most of the balanced funds usually under-perform equity mutual funds especially during bull market as a part of their fund still remains allocated to debt funds.

Conclusion

If an investor is looking to get more returns than any benchmark index, then BAFs are not the way to go. On paper, it promises to outperform in rising as well as falling markets by changing their equity allocation accordingly, but that's not the case in reality.

BAFs are a complex creatures. “It’s easier to do your own asset allocation using separate equity and debt funds. Deciphering the right BAF for you is tough because (it) tries to combine multiple objectives into one. Hence, a do-it-yourself investor should avoid BAF,” says Vidya Bala, founding partner and head, Research and Products at PrimeInvestor, a subscription-based research solutions platform.

Bala says BAFs are suitable mainly for high-networth individuals and those in higher tax brackets.

A BAF is a better alternative if you wish to switch between equities and debt opportunistically.

But if you manage your finances on your own, it’s best to do your asset-allocation through separate equity and debt funds.

If you hadn't notice the subtle growth story happened in your hindsight.
Congratulations!!
You're one step closer to understanding Mutual Funds.

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