

Introduction to Mutual Funds

Understanding the Basics – COINSTOCKS

- **What Are Mutual Funds?:** Pooled investment vehicles managed by professionals to invest in stocks, bonds, and other securities.
- **Key Participants:** Includes fund managers, custodians, transfer agents, and investors contributing capital.
- **Purpose and Goal:** To provide investors with diversified exposure and professional management.



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How Mutual Funds Work

Investment Mechanism Simplified – COINSTOCKS



Pooling of Capital

Investors contribute funds which are pooled into a single investment vehicle.



Portfolio Diversification

The fund invests in a diversified mix of securities to spread risk.



NAV and Units

Investors are allotted units based on Net Asset Value (NAV), which fluctuates daily.

Types of Mutual Funds

Diverse Investment Options – COINSTOCKS



Equity Funds

Primarily invest in stocks and suitable for growth-oriented investors.



Debt Funds

Invest in fixed-income instruments like bonds and government securities.



Hybrid Funds

Combine equity and debt exposure for balanced risk-return profiles.

Benefits of Investing in Mutual Funds

Why Choose Mutual Funds – COINSTOCKS



Diversification

Spread investments across assets to reduce overall portfolio risk.



Professional Management

Experienced fund managers make data-driven investment decisions.



Liquidity and Flexibility

Easily redeem units at current NAV, offering daily liquidity.

Risks Associated with Mutual Funds

Understanding Investment Risks – COINSTOCKS



Market Risk

Fund value can fluctuate due to market volatility and economic factors.



Credit Risk

Debt funds carry risk of default by issuers of bonds or securities.



Liquidity Risk

Difficulty in selling fund units at desired time or price during market stress.

Active vs Passive Funds

Strategic Investment Styles – COINSTOCKS



Active Funds

Managed by professionals aiming to outperform the benchmark index.



Passive Funds

Track a market index with minimal management and lower costs.



Cost Efficiency

Passive funds typically have lower expense ratios than active ones.

How to Choose a Mutual Fund

Key Selection Criteria – COINSTOCKS



Investment Objective

Align fund's goal with your financial needs and risk tolerance.



Past Performance

Review historical returns, but don't rely solely on them.



Expense Ratio and Manager Track Record

Lower fees and experienced fund managers drive long-term returns.