MANIPAL
ACADEMY *of* HIGHER EDUCATION
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DEPARTMENT OF COMMERCE

BBA 306: LOCAL PROJECT

A comparative study and analysis of mutual funds

Report Submitted By

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Bachelor of Business Administration (Financial Markets)

Under the Guidance of

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April 2019

DECLARATION

I hereby declare that this project entitles ‘A project on comparative study and analysis of mutual funds’ was prepared by me during the year 2018-19 and was submitted in partial fulfilment of the requirements for the award of the degree in Bachelor of Business Administration of Department of Commerce.

I also declare that this project report is original and genuine and has not been submitted to any other institution for the award of any degree, diploma or other similar titles or purposes.

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ACKNOWLEDGEMENT

The internship opportunity I had with R&D Capital Advisors Pvt Ltd. was an incredible shot for learning and expert improvement. In this way, I see myself as an exceptionally fortunate individual as I was furnished with a chance to be a piece of it. I am additionally thankful for having an opportunity to meet such a significant number of superb individuals and experts who drove me through this entry level position period.

I am utilizing this chance to offer my most profound thanks and exceptional on account of the representatives of R&D Capital Advisors Pvt Ltd, who disregarding being phenomenally occupied with their obligations, invested significant time to hear, guide and keep me on the right way and enabling me to complete my undertaking at their regarded association

I express my most profound because of Mr Sumanta and Mr Ratandeep for participating in valuable choice and giving vital exhortation and direction and masterminded all offices to make life less demanding. I pick this minute to recognize her commitment thankfully.

It is my brilliant assessment to put on record my best respects, most profound feeling of appreciation to Mr Mukesh H.V for his cautious and valuable direction which were to a great degree important for my examination both hypothetically and for all intents and purpose.

I see as this open door as a major turning point in my vocation advancement. I will endeavor to utilize picked up aptitudes and information in the most ideal route with the end goal to accomplish wanted profession destinations.

Sincerely,
Rohan V Kumar

Table of Contents

Chapter 1: Introduction

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities such as stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus. Mutual funds pool money from the investing public and use that money to buy other securities, usually stocks and bonds. The value of the mutual fund company depends on the performance of the securities it decides to buy. So, when you buy a unit or share of a mutual fund, you are buying the performance of its portfolio or more precisely, a part of the portfolio's value.

That's why the price of a mutual fund share is referred to as the net asset value (NAV) per share, sometimes expressed as NAVPS. A fund's NAV is derived by dividing the total value of the securities in the portfolio by the total amount of shares outstanding. Outstanding shares are those held by all shareholders, institutional investors, and company officers or insiders. Mutual fund shares can typically be purchased or redeemed as needed at the fund's current NAV, which—unlike a stock price—doesn't fluctuate during market hours, but is settled at the end of each trading day.

The average mutual fund holds hundreds of different securities, which means mutual fund shareholders gain important diversification at a low price. Consider an investor who buys only Google stock before the company has a bad quarter. He stands to lose a great deal of value because all of his dollars are tied to one company. On the other hand, a different investor may buy shares of a mutual fund that happens to own some Google stock. When Google has a bad quarter, she only loses a fraction as much because Google is just a small part of the fund's portfolio.

Mutual funds give small or individual investors access to professionally managed portfolios of equities, bonds and other securities. Each shareholder, therefore, participates proportionally in the gains or losses of the fund. Mutual funds invest in a vast number of securities, and performance is usually tracked as the change in the total market cap of the fund—derived by the aggregating performance of the underlying investments.

A mutual fund is both an investment and an actual company. This dual nature may seem strange, but it is no different from how a share of AAPL is a representation of Apple, Inc. When an investor buys Apple stock, he is buying part ownership of the company and its assets. Similarly, a mutual fund investor is buying part ownership of the mutual fund company and its assets. The difference is that Apple is in the business of making smartphones and tablets, while a mutual fund company is in the business of making investments.

If a mutual fund is a virtual company, its CEO is the fund manager, sometimes called its investment adviser. The fund manager is hired by a board of directors and is legally obligated to work in the best interest of mutual fund shareholders. Most fund managers are also owners of the fund.

There are very few other employees in a mutual fund company. The investment adviser or fund manager may employ some analysts to help pick investments or perform market research. A fund accountant is kept on staff to calculate the fund's NAV, the daily value of the portfolio that determines if share prices go up or down. Mutual funds need to have a compliance officer or two, and probably an attorney, to keep up with government regulations.

Most mutual funds are part of a much larger investment company; the biggest have hundreds of separate mutual funds. Some of these fund companies are names familiar to the general public, such as Fidelity Investments, the Vanguard Group, T. Rowe Price, and Oppenheimer Funds.

- *Equity Funds*
- The largest category is that of equity or stock funds. As the name implies, this sort of fund invests principally in stocks. Within this group is various sub-categories. Some equity funds are named for the size of the companies they invest in small-, mid- or large-cap. Others are named by their investment approach: aggressive growth, income-oriented, value, and others. Equity funds are also categorized by whether they invest in domestic (U.S.) stocks or foreign equities.

- *Fixed-Income Funds*
- Another big group is the fixed income category. A fixed income mutual fund focuses on investments that pay a set rate of return, such as government bonds, corporate bonds, or other debt instruments. The idea is that the fund portfolio generates interest income, which then passes on to shareholders.
- *Index Funds*
- Another group, which has become extremely popular in the last few years, falls under the moniker "index funds." Their investment strategy is based on the belief that it is very hard, and often expensive, to try to beat the market consistently. So, the index fund manager buys stocks that correspond with a major market index such as the S&P 500 or the Dow Jones Industrial Average (DJIA). This strategy requires less research from analysts and advisors, so there are fewer expenses to eat up returns before they are passed on to shareholders. These funds are often designed with cost-sensitive investors in mind.
- *Balanced Funds*
- Balanced funds invest in both stocks and bonds to reduce the risk of exposure to one asset class or another. Another name for this type of mutual fund is "asset allocation fund." An investor may expect to find the allocation of these funds among asset classes relatively unchanging, though it will differ among funds. This fund's goal is asset appreciation with lower risk. However, these funds carry the same risk and can be as subject to fluctuation as other classifications of funds.

There is a fund for nearly every type of investor or investment approach. Other common types of mutual funds include money market funds, sector funds, alternative funds, smart-beta funds, target-date funds, and even funds-of-funds, or mutual funds that buy shares of other mutual funds. A mutual fund will classify expenses into either annual operating fees or shareholder fees. Annual fund operating fees are an annual percentage of the funds under management, usually ranging from 1-3%. Annual operating fees are collectively known as the expense ratio. A fund's expense ratio is the summation of the advisory or management fee and its administrative costs.

Shareholder fees, which come in the form of sales charges, commissions and redemption fees, are paid directly by investors when purchasing or selling the funds. Sales charges or commissions are known as "the load" of a mutual fund. When a mutual fund has a front-end load, fees are assessed when shares are purchased. For a back-end load, mutual fund fees are assessed when an investor sells his shares.

Sometimes, however, an investment company offers a no-load mutual fund, which doesn't carry any commission or sales charge. These funds are distributed directly by an investment company rather than through a secondary party.

Some funds also charge fees and penalties for early withdrawals or selling the holding before a specific time has elapsed. Also, the rise of exchange-traded funds, which have much lower fees thanks to their passive management structure, have been giving mutual funds considerable competition for investors' dollars. Articles in the financial media about how fund expense ratios and loads can eat into rates of return have also stirred negative feelings about mutual funds. Mutual fund shares come in several classes. Their differences reflect the number and size of fees associated with them.

Currently, most individual investors purchase mutual funds with A shares through a broker. This purchase includes a front-end load of up to 5% or more, plus management fees and ongoing fees for distributions, also known as 12b-1 fees. To top it off, loads on A shares vary quite a bit, which can create a conflict of interest. Financial advisors selling these products may encourage clients to buy higher-load offerings to bring in bigger commissions for themselves. With front-end funds, the investor pays these expenses as they buy into the fund.

To remedy these problems and meet fiduciary-rule standards investment companies have started designating new share classes, including "level load” C shares, which generally don’t have a front-end load but carry a 1% 12b-1 annual distribution fee.

Funds that charge management and other fees when an investor sell their holdings are classified as Class B shares. The newest share class, developed in 2016, consists of clean shares. Clean shares do not have front-end sales loads or annual 12b-1 fees for fund services. American Funds, Janus and MFS, are all fund companies currently offering clean shares.

By standardizing fees and loads, the new classes enhance transparency for mutual fund investors and, of course, save them money. For example, an investor who rolls $10,000 into an individual retirement account (IRA) with a clean-share fund could earn nearly $1,800 more over a 30-year period as compared to an average A-share fund, according to an April

2017 Morningstar report, co-written by Aron Szapiro, Morningstar director of policy research, and Paul Ellenbogen, head of global regulatory solutions. There are a variety of reasons that mutual funds have been the retail investor's vehicle of choice for decades. The overwhelming majority of money in employer-sponsored retirement plans goes into mutual funds.

Diversification

Diversification, or the mixing of investments and assets within a portfolio to reduce risk, is one of the advantages of investing in mutual funds. Buying individual company stocks and offsetting them with industrial sector stocks, for example, offers some diversification. However, a truly diversified portfolio has securities with different capitalizations and industries and bonds with varying maturities and issuers. Buying a mutual fund can achieve diversification cheaper and faster than by buying individual securities.

Easy Access

Trading on the major stock exchanges, mutual funds can be bought and sold with relative ease, making them highly liquid investments. Also, when it comes to certain types of assets, like foreign equities or exotic commodities, mutual funds are often the most feasible way—in fact, sometimes the only way—for individual investors to participate.

Economies of Scale

Mutual funds also provide economies of scale. Buying one spares the investor of the numerous commission charges needed to create a diversified portfolio. Buying only one security at a time leads to large transaction fees, which will eat up a good chunk of the investment. Also, the $100 to $200 an individual investor might be able to afford is usually not enough to buy a round lot of the stock, but it will purchase many mutual fund shares. The smaller denominations of mutual funds allow investors to take advantage of dollar cost averaging.

Professional Management

Most private, non-institutional money managers deal only with high-net-worth individuals—people with at least six figures to invest. However, mutual funds, as noted above, require much lower investment minimums. So, these funds provide a low-cost way for individual investors to experience and hopefully benefit from professional money management.

Freedom of Choice

Investors have the freedom to research and select from managers with a variety of styles and management goals. For instance, a fund manager may focus on value investing, growth investing, developed markets, emerging markets, income or macroeconomic investing, among many other styles. One manager may also oversee funds that employ several different styles. Investing in a mutual fund offers you a gamut of benefits

Some of them are as below:

- **Small investments:** With mutual fund investments, your money can be spread in small bits across varied companies. This way you reap the benefits of a diversified portfolio with small investments.
- **Professionally managed:** The pool of money collected by a mutual fund is managed by professionals who possess considerable expertise, resources and experience. Through analysis of markets and economy, they help pick favourable investment opportunities.
- **Spreading risk:** A mutual fund usually spreads the money in companies across a wide spectrum of industries. This not only diversifies the risk, but also helps take advantage of the position it holds.
- **Transparency and interactivity:** Mutual funds clearly present their investment strategy to their investors and regularly provide them with information on the value of their investments. Also, a complete portfolio disclosure of the investments made by various schemes along with the proportion invested in each asset type is provided.
- **Liquidity:** Closed ended funds can be bought and sold at their market value as they have their units listed at the stock exchange. In addition to this, units can be directly redeemed to the mutual fund as and when they announce the repurchase.
- **Choice:** A wide variety of schemes allow investors to pick up those which suit their risk / return profile.
- **Regulations:** All the mutual funds are registered with SEBI. They function within the provisions of strict regulation created to protect the interests of the investor.
    - Every investor has a different investment objective. Some go for stability and opt for safer securities such as bonds or government securities. Those who have a higher risk appetite and yearn for higher returns may want to choose risk-bearing securities such as equities. Hence, mutual funds come with different schemes, each with a different investment objective.
    - There are hundreds of mutual fund schemes to choose from. Hence, they have been categorized as mentioned below.

- **By structure:** Closed-Ended, Open-Ended Funds, Interval funds.
- By nature: Equity, Debt, Balance or Hybrid.
- **By investment objective:** Growth Schemes, Income Schemes, Balanced Schemes, Index Funds.

Investors can spread out and minimize their risk up to a certain extent by purchasing units in a mutual fund instead of buying individual stocks or bonds. By investing in a large number of assets, the shortcomings of any particular investment are minimized by gains in others.

- **Economies of scale:** Mutual funds buy and sell large amounts of securities at a time. This helps reduce transaction costs and bring down the average cost of the unit for investors.
- **Professional management:** Mutual funds are managed by thorough professionals. Most investors either don?t have the time or the expertise to manage their own portfolio. Hence, mutual funds are a relatively less expensive way to make and monitor their investments.
- **Liquidity:** Investors always have the choice to easily liquidate their holdings as and when they want.
- **Simplicity:** Investing in a mutual fund is considered to be easier as compared to other available instruments in the market. The minimum investment is also extremely small, where an SIP can be initiated at just Rs.50 per month basis.

Income, expenses, commitments, financial goals and many other factors vary from person to person.

So before investing your money in mutual funds, you need to analyse the following:

- **Investment objective:** The first step should be to evaluate your financial needs. It can start by defining the investment objectives like regular income, buying a home, finance a wedding, educating your children, or a combination of all these needs. Also your risk appetite and cash flow requirements form an important part of the decision.
- **Choose the right Mutual Fund:** Once the investment objective is clear, the next step would be choosing the right Mutual Fund scheme. Before choosing a mutual fund the following factors need to be considered:
- NAV performance in the past track record of performance in terms of returns over the last few years in relation to appropriate yardsticks and other funds in the same category
- Risk in terms of unpredictability of returns
- Services offered by the mutual fund and how investor friendly it is
- Transparency indicated in the quality and frequency of its communications

It is always advisable to diversify your money by investing it in different schemes. This not only cuts down on the risk, but also gives you a chance to benefit from multiple industries and sectors.

A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. These investors may be retail or institutional in nature.

Mutual funds have advantages and disadvantages compared to direct investing in individual securities. The primary advantages of mutual funds are that they provide economies of scale, a higher level of diversification, they provide liquidity, and they are managed by professional investors. On the negative side, investors in a mutual fund must pay various fees and expenses.

Primary structures of mutual funds include open-end funds, unit investment trusts, and closed-end funds. Exchange-traded funds (ETFs) are open-end funds or unit investment trusts that trade on an exchange. Mutual funds are also classified by their principal investments as money market funds, bond or fixed income funds, stock or equity funds, hybrid funds or other. Funds may also be categorized as index funds, which are passively managed funds that match the performance of an index, or actively managed funds. Hedge funds are not mutual funds; hedge funds cannot be sold to the general public and are subject to different government regulations.

The first modern investment funds (the precursor of today's mutual funds) were established in the Dutch Republic. In response to the financial crisis of 1772–1773, Amsterdam-based businessman Abraham (or Adriaan) van Ketwich formed a trust named Eendragt Maakt Magt ("unity creates strength"). His aim was to provide small investors with an opportunity to diversify.

Mutual funds were introduced to the United States in the 1890s. Early U.S. funds were generally closed-end funds with a fixed number of shares that often traded at prices above the portfolio net asset value. The first open-end mutual fund with redeemable shares was established on March 21, 1924 as the Massachusetts Investors Trust (it is still in existence today and is now managed by MFS Investment Management).

In the United States, closed-end funds remained more popular than open-end funds throughout the 1920s. In 1929, open-end funds accounted for only 5% of the industry's $27 billion in total assets.

After the Wall Street Crash of 1929, the United States Congress passed a series of acts regulating the securities markets in general and mutual funds in particular.

- The Securities Act of 1933 requires that all investments sold to the public, including mutual funds, be registered with the SEC and that they provide prospective investors with a prospectus that discloses essential facts about the investment.
- The Securities and Exchange Act of 1934 requires that issuers of securities, including mutual funds, report regularly to their investors. This act also created the Securities and Exchange Commission, which is the principal regulator of mutual funds.
- The Revenue Act of 1936 established guidelines for the taxation of mutual funds.
- The Investment Company Act of 1940 established rules specifically governing mutual funds.

These new regulations encouraged the development of open-end mutual funds (as opposed to closed-end funds).

Growth in the U.S. mutual fund industry remained limited until the 1950s, when confidence in the stock market returned. By 1970, there were approximately 360 funds with $48 billion in assets.

The introduction of money market funds in the high interest rate environment of the late 1970s boosted industry growth dramatically. The first retail index fund, First Index Investment Trust, was formed in 1976 by The Vanguard Group, headed by John Boggle; it is now called the "Vanguard 500 Index Fund" and is one of the world's largest mutual funds. Fund industry growth continued into the 1980s and 1990s.

According to Pozen and Hamacher, growth was the result of three factors:

1. A bull market for both stocks and bonds,
2. New product introductions (including funds based on municipal bonds, various industry sectors, international funds, and target date funds) and
3. Wider distribution of fund shares, including through employee-directed retirement accounts such as 401(k), other defined contribution plans and individual retirement accounts (IRAs.) Among the new distribution channels were retirement plans. Mutual funds are now the preferred investment option in certain types of fast-growing retirement plans, specifically in 401(k), other defined contribution plans and

in individual retirement accounts (IRAs), all of which surged in popularity in the 1980s.

In 2003, the mutual fund industry was involved in a scandal involving unequal treatment of fund shareholders. Some fund management companies allowed favored investors to engage in late trading, which is illegal, or market timing, which is a practice prohibited by fund policy. The scandal was initially discovered by former New York Attorney General Eliot Spitzer and led to a significant increase in regulation. In a study about German mutual funds Gomulka (2007) found statistical evidence of illegal time zone arbitrage in trading of German mutual funds. Though reported to regulators Baffin never commented on these results.

Total mutual fund assets fell in 2008 as a result of the financial crisis of 2007–2008.

At the end of 2016, mutual fund assets worldwide were $40.4 trillion, according to the Investment Company Institute. The countries with the largest mutual fund industries are:

1. United States: $18.9 trillion
2. Luxembourg: $3.9 trillion
3. Ireland: $2.2 trillion
4. Germany: $1.9 trillion
5. France: $1.9 trillion
6. Australia: $1.6 trillion
7. United Kingdom: $1.5 trillion
8. Japan: $1.5 trillion
9. China: $1.3 trillion
10. Brazil: $1.1 trillion

In the United States, mutual funds play an important role in U.S. household finances. At the end of 2016, 22% of household financial assets were held in mutual funds. Their role in retirement savings was even more significant, since mutual funds accounted for roughly half of the assets in individual retirement accounts, 401(k)s and other similar retirement plans.

In total, mutual funds are large investors in stocks and bonds.

Luxembourg and Ireland are the primary jurisdictions for the registration of UCITS funds. These funds may be sold throughout the European Union and in other countries that have adopted mutual recognition regimes.

Open-end mutual funds must be willing to buy back ("redeem") their shares from their investors at the net asset value (NAV) computed that day based upon the prices of the securities owned by the fund. In the United States, open-end funds must be willing to buy back shares at the end of every business day. In other jurisdictions, open-funds may only be required to buy back shares at longer intervals. For example, UCITS funds in Europe are only required to accept redemptions twice each month (though most UCITS accept redemptions daily).

Most open-end funds also sell shares to the public every business day; these shares are priced at NAV.

Most mutual funds are open-end funds. In the United States at the end of 2016, there were 8,066 open-end mutual funds with combined assets of $16.3 trillion, accounting for 86% of the U.S. industry.

Closed-end funds generally issue shares to the public only once, when they are created through an initial public offering. Their shares are then listed for trading on a stock exchange. Investors who want to sell their shares must sell their shares to another investor in the market; they cannot sell their shares back to the fund. The price that investors receive for their shares may be significantly different from NAV; it may be at a "premium" to NAV (i.e., higher than NAV) or, more commonly, at a "discount" to NAV (i.e., lower than NAV).

In the United States, at the end of 2016, there were 530 closed-end mutual funds with combined assets of $300 billion, accounting for 1% of the U.S. industry.

The key criteria were analysing he portfolio management of two equity schemes and debt schemes with regard to their part performance record over a period of 3 – 5 years after adhering to the particular client's risk appetite and analysing the total asset value of the mutual fund scheme to pick equity and debt schemes with potential returns. The equity and debt schemes vary largely with respected to the total volume of the stock which also help determine possible returns from an investment. From the study we understand investment in debt funds usually provides with lower returns and the risk appetite required by a particular client investing in debt funds is much lower than the risk and return involved in investments in equity funds.

Mutual funds have created a strong segment for retail investors and financial institutional investors to monetize their savings into a more productive method of compounding savings over a certain period of time. In this project, we shall be observing a breakdown of four equity funds and two psu debt funds of the two respective banking intuitions, ICICI bank and Axis bank. The funds have been carefully selected with respect to their relevance against each other. In the following report we shall be analysing two blue-chip equity funds and two credit risk funds along with safer investments with standard fixed returns such as psu debt funds. Blue chip funds are usually mutual funds of financially sound organizations which are often bought by and sold to more expensive investors with sufficient amounts of capital. Blue chip funds provide with higher returns and are considered more stable, although the same cannot be true in all cases, such the Indian market which is strongly supported by the midcap and small cap companies, the foundation for fluctuations in the Indian stock exchange. R&D Capital Advisors Pvt Ltd, is a start up organization based in Bangalore which provide their clients with an array of such mutual funds to invest in, in order to compound their investors capital with returns up to 10% to 30% with significant respect to the nation's gross domestic product and changing inflation rates. The inflation rates in India have been considerably consistent and haven't affected the Indian markets in a drastic way due to cash inflow through smaller lever retail investors sustaining strong positions in the mid cap and small cap segment. Similarly, the Indian mutual fund segment consists of funds created with a portfolio of more number of small and mid cap organizations rather than blue chip companies, as it increases risk and chances of a loss or instability in the markets could be higher. This project will provide a clear descriptive analysis of which funds are worth investing in. Most investors follow the regular order of investment of such wherein 60% of the funds are invested in equity shares of various organizations while the remaining 40% is invested into debt funds mainly for the purpose of safety. These investments can vary from being into large-cap, mid-cap or small-cap. Intelligent investors are either value oriented or growth oriented with respect to their portfolio. The free ratios of bonds or government securities are usually lesser, on average than equity funds because the overall management costs are lower. Following are some of the actions undertaken by the company. Every mutual fund comes with a definite financial objective or a theme– this helps the asset manager to shortlist and decide on which asset to invest in. For instance, many debt-oriented funds put no more than 20% of their assets under management in equities. Or a balanced fund may choose to invest only 60% assets in equities. Research and analysis - Building a portfolio rides on plenty of in-depth study on a daily basis. Analysts study the market, micro and macro-economic aspects and fund performances regularly, and pass the reports to the manager.

Most investors follow the regular order of investment of such wherein 60% of the funds are invested in equity shares of various organizations while the remaining 40% is invested into debt funds mainly for the purpose of safety. These investments can vary from being into large-cap, mid-cap or small-cap. Intelligent investors are either value oriented or growth oriented with respect to their portfolio. The free ratios of bonds or government securities are usually lesser, on average than equity funds because the overall management costs are lower. Following are some of the actions undertaken by the company. Every mutual fund comes with a definite financial objective or a theme– this helps the asset manager to shortlist and decide on which asset to invest in. For instance, many debt-oriented funds put no more than 20% of their assets under management in equities. Or a balanced fund may choose to invest only 60% assets in equities. Research and analysis - Building a portfolio rides on plenty of in-depth study on a daily basis. Analysts study the market, micro and macro-economic aspects and fund performances regularly, and pass the reports to the manager. The financial market sector in India has a massive scope of technological and economic growth

and stability as has been observed through latest records of research study that even currently in various segments of the county, majority of the population do not have bank accounts and are unaware of banking services. Therefore, more capital should be invested in the education sector in order to create awareness regarding the scope of growth and job opportunities within the industry. Over the past few years the potential for mutual funds has grown drastically. At the very beginning of the era of fund investments, asset management companies had offered a limited number of selections.

Yet during the course of its time people still chose to invest in such funds as they offered their clients very unique investment options. Therefore, by pitching their money into such funds they were able to invest through various channels such as regular stocks, preferred stocks, government securities etc. Also due to its great liquidity aspect people could withdraw from these funds whenever required. With foreign direct investments (FDI) on a risk simultaneously as the rising population of the is further educated regarding the financial markets industry, the total value of investment will continue to grow over the years sustaining its position as a country with a trillion-dollar economy and rising. The key criteria were analyzing he portfolio management of two equity schemes and debt schemes with regard to their part performance record over a period of 3 – 5 years after adhering to the particular client’s risk appetite and analyzing the total asset value of the mutual fund scheme to pick equity and debt schemes with potential returns. The equity and debt schemes vary largely with respected to the total volume of the stock which also help determine possible returns from an investment. From the study we understand investment in debt funds usually provides with lower returns and the risk appetite required by a particular client investing in debt funds is much lower than the risk and return involved in investments in equity funds

Chapter 2: Research Methodology

The Indian stock market is extremely dynamic and volatile, hence from an investor's point of view, one of the important important features of an investment in the equity of a corporation is its liquidity. Following methods were used throughout the duration of the project in order to obtain valuable data upon the mutual funds selected.

1. Primary and secondary data collection

   Collection of significant data such as the net asset value of the fund, the historic progress of a fund under the appointed asset manager and the total number of assets under management with respect to the growth of it's value of 3 years, have provided valuable insight, in order to decide if a particular fund is investable or not.

2. Problem oriented research

   Various investors do not have enough capital to either diversify their portfolio to reduce risk or invest into funds with higher expense or dividend payout ratio. According to the research conducted, the ideal dividend payout ratio should be 35% to 50%. More dividend means less retained earnings for the company and therefore, while the dividend investor makes profit, the company growth is stagnant and wouldn't attract other investors.

3. Qualitative Research [Historical and Analytical]

   Qualitative research is based upon the type of fund, the fund manager and the company which has launched the particular fund. Investors at first look decide based on the qualitative aspects of the particular mutual fund and the historical background of its management.

4. Observation and analysis of interest rates

At different intervals of duration occur the gains and costs for a given financial decision. A typical investment project incurs costs upfront and therefore provides benefits in the coming future. Hence, interest rates help determine if or not a particular mutual fund or stock is worth investing with respect to the time period required and cash inflow or profit generated through it. Therefore, observation and analysis of such interest rates is extremely crucial because in essence an interest rate is like an exchange rate across time as it helps us define the market price today of money in the future.

5. Interpretation of the yield curve

   The interest rates that banks offer on investments or the charge on loans depends on the horizon of the investment or the term of the loan. This relationship between the investment term and the interest rate is called the term structure of interest rates. Therefore, this relationship when plotted on a graph is called the yield curve.

6. Valuation of bonds

   Various investors with a more restricted risk appetite would rather prefer investing into treasury bills or bonds, instead of diversifying their portfolio with different mutual funds or stocks. Bonds are an important instrument in the hands of governments and firms to raise funds or resources. Usually investors in these bonds are banks, insurance companies and mutual funds as well as retail investors. The prices of risk free government bonds can be used to determine the risk free interest rates that produce the yield curve which in turn provides important information for valuing risk free cash flows and assessing expectations of inflation and economic growth.

7. Dividend Discount Model

   Estimating dividends for the distant future is difficult. A common approximation is to assume that in the long run, dividends will grow at a constant rate. The simplest forecast for the firm’s future dividends states that they will grow at a constant rate, g forever. That case yields the following timeline for the cash flows for an investor who invests in a stock or a mutual fund and holds it.

Mutual funds are created as baskets of investments, which invest in financial instruments like stocks and bonds according to their defined investment objectives. Investing in them allows an investor to gain access to asset classes like equities, bonds or fixed income securities, commodities, and even bullion.

These investment vehicles are created by fund companies under the aegis of an investment trust and are owned by investors who buy units or shares in them. They are pools of investment formed from the money invested by investors in exchange for units or shares. They are managed by an investment team with portfolio composition decisions being taken by a fund or portfolio manager. The manager, with the help of research analysts, decides which instruments, stocks or bonds, go into an investment portfolio or fund, and which need to be sold off.

Convenience:

For investors, one of the most prominent benefits that mutual funds provide is convenience. By investing in a single fund, they can gain access to a broad range of the financial market. A typical diversified equity fund can spread out the money across tens of stocks with some portion invested in fixed income securities as well.

Diversification:

Further, if an investor wants to focus on one segment of the market, for instance, large-cap stocks, funds focused on this segment can spread out the investment across multiple large-cap stocks in just one transaction of purchasing the fund. If the investor were to try to do that themselves, it would take a lot of effort, transaction cost, and time to create an individual large-cap stock portfolio. The situation with investing in bonds is even more difficult if one tries to do it individually rather than taking the fund route.

Ease of Investment:

Apart from this, mutual funds are easy to buy and sell. One can either engage the services of a distributor or agent to transact in funds or do it over the internet themselves. In the case of latter, the transaction amount is debited from or comes directly to the bank account linked to the mutual fund account depending on whether a fund has been bought or sold.

Spoilt for Choice:

This feature follows from the convenience aspect discussed above. Investors have several choices when it comes to mutual funds. And given their investment objectives, funds provide access to a wide range of financial instruments, sectors, and strategies.

Professional Management:

This is one of the factors, which is a key highlight of the importance of mutual funds. Due to lack of expertise several investors don't have the confidence in taking the financial market route to grow their wealth. They feel they have limited or no capability to invest in stocks and bonds on their own and do not have the time to keep tracking their investments even if they manage to invest on their own.

Mutual funds take care of this issue by providing the expertise of the fund manager and their team of analysts, which perform the analysis of financial markets and instruments on a daily basis. They charge a fee for their professional services, which are bundled into the expense ratio of a mutual fund.

Some fund managers also invest in the same fund(s) that they manage, thus making them accountable for their performance; they have a stake in the fund doing well. This expertise and experience in money management make mutual funds a great vehicle for investors.

This assumes a lot of importance for investors as by investing minimal time and energy, they can add a variety of instruments to their investment portfolio.

Chapter 3: Company Profile

R&D Capital

Vision: To remain concentrated on the requirements of our investors and be India's most regarded common store house by holding fast to customary estimations of effortlessness, straightforwardness and trustworthiness while proceeding to convey relentless execution over the long haul.

Mission: R&D supports an association culture with our financial specialists and workers to spread the decency of contributing

R&D Capital is committed to providing:

- Conversion of wealth to savings through investments.
- Simplified product line.
- Low cost investments.
- Trust-worthy service standards.
- Rational returns with respect to investor's risk appetite.

R&D Capital's statement of vision articulates "To stay focused on the needs of our investors and be India's most respected mutual fund house by adhering to traditional values of simplicity, transparency and integrity while continuing to deliver steady performance over the long term."

Company's word of significance - To remain concentrated on the necessities of our investors are absolutely critical to the organization. We take extraordinary pride in expressing that whatever we do is remembering the end financial specialist, our items, our theory, our exploration forms are altogether composed keeping the speculator's best enthusiasm at the front line. To guarantee that the trust set in us to deal with his/her well-deserved investment funds is very much set and we would treat their reserve funds with the consideration and regard they merit.

To ensure even higher standards of customer satisfaction and delight, we have re-aligned our organization to ensure that all departments are working together, in sync, with the only one objective - the delight of our customers or investors. The company also provides its clients with funds that provide excellent tax savings scheme.

Chapter 4: Data Analysis and Interpretation

1. Axis Blue Chip Fund - Regular Plan (G)

Axis Blue Chip Fund – Regular Plan (G) is a mutual fund scheme launched by the bank in February 2010. With a solid NAV of Rs. 27.87 the scheme provides investors with a standard deviation of ranging 13.6 vs 12.85 and beta ranging from 0.91 vs 0.87 which indicates high volatility. Shape's ratio ranging from 0.54 vs 0.31 the fund provides better risk adjusted returns. Sharpe's ratio indicted the amount of risk taken for the value of return. Higher ratios indicate higher return. Treynor's ratio ranging from 0.08 vs 0.05 indicate higher excess returns from the fund over a period of 1 – 3 years. Jenson's Alpha at 1.71 vs -0.81 clearly indicates the ability of the fund to generate excess returns with respect to the benchmark.

Dividends are a very significant part of any mutual fund which helps attract wealthy investors and therefore the dividend algorithm is such that the fund provides seven dividend payoffs throughout the cycle of the mutual fund. Therefore, this makes the mutual fund scheme very attractive as it acts as an added income upon the initial earnings of the fund through it's holdings in large, mid and small cap equity markets.

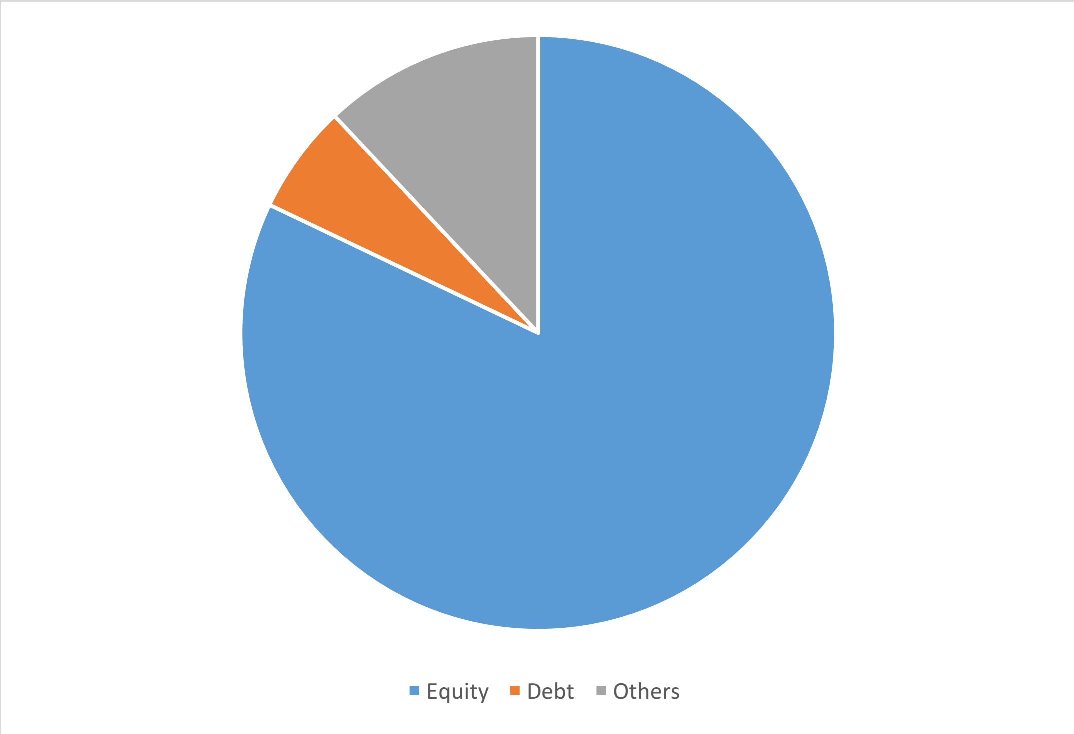
As it is observed, the mutual fund portfolio is well diversified in order to reduce the amount of risk associated with the fund due to which it usually tends to generate lower quarterly results and hence is more suggested to risk adverse investors looking rather for security instead of profit maximization. This safe play of funds for security is very simply the concept of accumulation of assets. Therefore, a mutual fund as such can provide stable returns of a course of time and is usually suggested to employed individuals expecting returns to secure the near future instead of generating maximum revenue to invest more and reap more.

Returns

Period Invested For	Latest Value	Absolute Returns (%)	Annualised Returns (%)	Category Average (%)

1 year	11224.33	12.24	12.24	4.37
2 years	13681.89	36.82	16.97	9.06
3 years	15853.24	58.53	16.60	13.55
5 years	19949.89	99.50	14.83	13.46
10 years	Na	Na	Na	16.88
Since Inception	27870.00	178.70	11.79	Na

Graphical distribution of funds across the mutual fund



As the chart represents, the following fund is invested 82.08% invested in equity funds and 5.92% in debt and 12% in other (commodities, futures and options, derivatives, etc). Therefore, due to the presence of cash inflow into debt funds, makes the following mutual fund a safer and provides the security of consistent fixed returns, the lower interest rate among debt funds acts as a balancer to average out the total interest rates involved with respect to the entire mutual fund portfolio.

Annual Results

Period	This Fund (%)	Nifty 50 (%)	Nifty 100 (%)	Category Average (%)
2019	-1.18	4.74	4.00	-1.35
2018	7.43	4.09	1.95	-2.70
2017	37.96	27.58	29.90	26.20
2016	-3.97	2.72	3.34	1.24

2015	-1.29	-4.08	-2.47	-0.04
2014	40.64	31.44	33.13	41.14

2. ICICI Prudential Blue Chip Fund (G)

ICICI prudential blue chip fund (G) is a growth fund scheme launched by ICICI bank May 2008. The fund has a Crisil rank of 4 stars with a net asset value of Rs. 41.8 as on 15th march 2019. The fund has about a total of 81.19% which mainly consists of Indian stocks of which the large cap segment carries 85.74%, 3.27% invested into the mid cap stocks and 0.19% in small cap funds. The fund represents a standard deviation of 13.12 vs 12.85 and beta at 0.91 vs 0.87. The high volatility of the stock is balanced through the Sharpe ratio at 0.53 vs 0.31 and Treynor's ratio at 0.08 vs 0.05 which show better risk adjusted returns. The mutual fund provides excess returns upon initial investment with a drastic difference in Jenson's Alpha ranging at 1.3 vs -0.81.

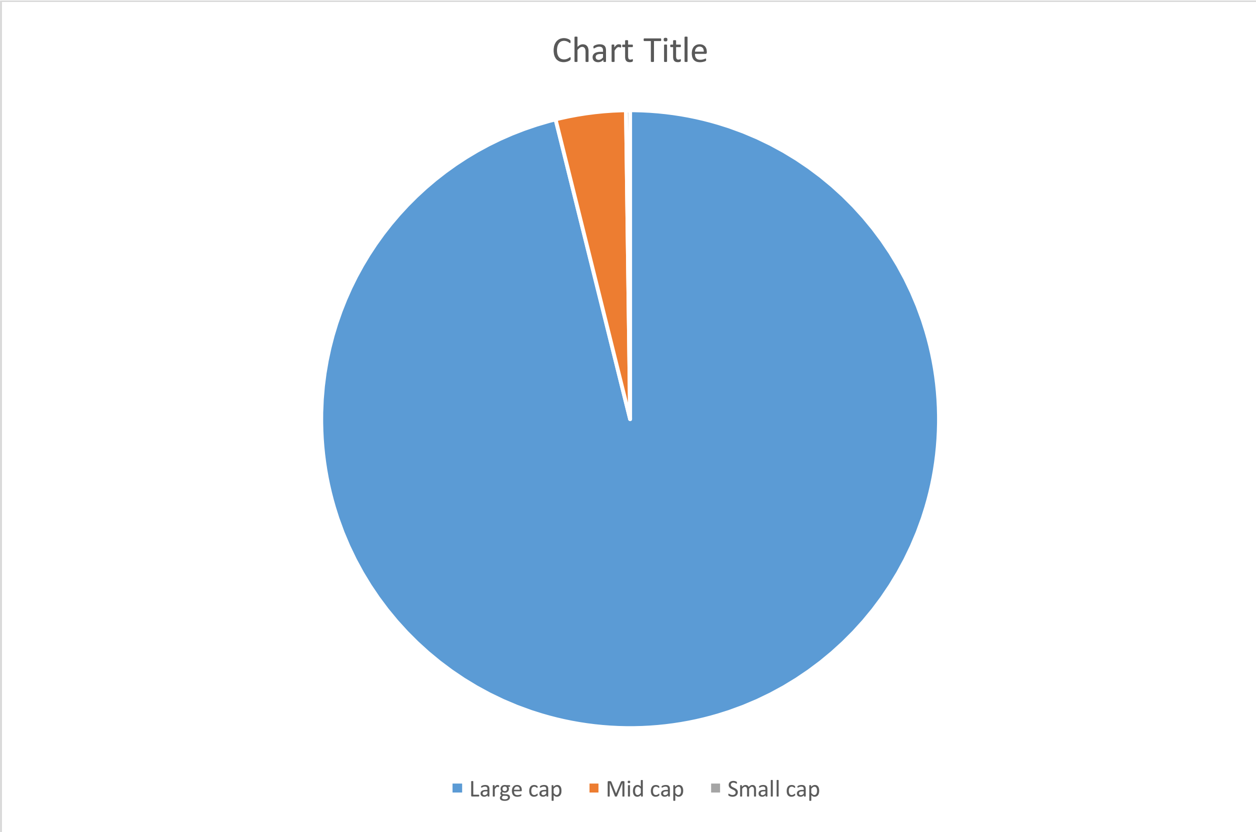
Investing into markets bears the investor with a variety of investment options to consider from of which most risk averse investors looking for competitive mutual funds expecting higher returns either monthly or over a longer period of time. The tables as illustrated above provide a clear picture of the returns generated by both the mutual funds over the course of one to 5 years' time also suggesting monthly return. Various mutual funds usually have a lock in period of 3 years; while the fund can be stopped prior too, but will be taxed.

Returns

Period Invested For	Latest Value	Absolute Return (%)	Annualised Return (%)	Category Average (%)

1 year	10601.07	6.10	6.01	5.36
2 years	12294.12	22.94	10.88	9.31
3 years	15779.54	57.80	16.42	14.07
5 years	19876.37	98.76	14.74	13.59
10 years	60230.55	502.31	19.66	16.95
Since Inception	41800.00	318.00	14.14	Na

Graphical distribution of stock segment across the mutual fund



The following mutual fund scheme portrays very clearly through the chart it's major investment segment being in large cap equity stock which show strong returns over the duration of one to three years. A strong share of 85.74% investment in large cap stocks indicate stronger returns with a balance average of 3.27% investment in mid cap stocks and a minor 0.09% in small cap. Therefore, this mutual fund provides higher returns with respect to it's high volatility and higher risk, hence the fund would generate attractive returns which are averaged out by investment in mid cap and small cap stock. Upon all its large cap funds ICICI prudential also provides eight advancing dividends over the course of the mutual fund until its maturity.

Annual Results

Period	This fund (%)	Nifty 50 (%)	Nifty 100 (%)	Category Average (%)

2019	-2.29	4.74	4.00	-1.35
2018	-0.22	4.09	1.95	-2.7
2017	32.58	27.58	29.90	26.20
2016	7.32	2.34	3.34	1.24
2015	-0.28	-4.28	-2.47	-0.04
2014	40.09	31.44	33.13	41.14

a. Upon comparison of both the stocks, Axis Blue Chip Fund - Regular Plan (G) is a mutual fund scheme where in the investor has to hold the scheme for three to four years for higher returns. At the same time these investors should also be ready for a slight possibility of moderate losses. All mutual fund schemes generally upon their launch show losses and gains, therefore what matters is the total gain at the end of its tenure.

b. The aim of this fund is to beat the Nifty 50 while it also undertakes a risk which is still considerably lower than the benchmark index. This fund has a philosophy which clearly describes the four pillars of high quality business, strong competitive positioning, a sound balance sheet generating consistent cash flow and a credible management team portray a sustainable growth potential.

c. ICICI Prudential Blue Chip Fund (G) is a mutual fund scheme which is most useful and profitable to investors with larger amounts of capital available to invest. Therefore, to the general public on a larger scale, Axis Blue Chip Fund - Regular Plan (G) is more appealing to retail investors looking to monetize their savings into a successful scheme which can provide the investor with good returns of a period of three to four years, of the lifecycle of the mutual fund.

3. Axis Credit Risk Fund Direct Plan (G)

Axis credit risk fund direct plan is a mutual fund scheme launched by Axis bank in July 2014. This scheme is considerably safer as it portrays a standard deviation of 1.61 vs 1.71 which represents low volatility, which allows investors more liquidity, in case of investment of capital into the fund. Also a Treynor's ratio of 0.47 vs 0.44 clearly indicate the risk in the fund is adjusted with respect to it's stock distribution. A Jenson's Alpha of 0.01 vs 0.01 is considered very stable and therefore is not very likely to generate excess returns, only in a moderate condition.

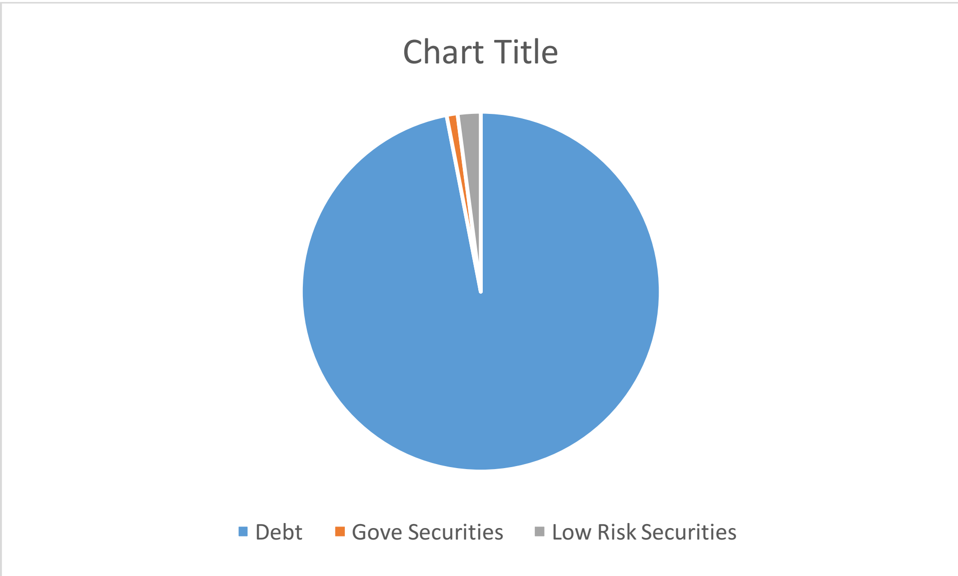
Various mutual funds as we have seen in this case invest in blue chip stocks such as Zee Entertainment in order to generate higher profits. While mutual fund portfolio which include in them blue chip stocks are futile and risky, they also help investors reap more yield and therefore the received revenue is further invested in such funds to consistently multiply their capital or savings.

Returns

Period Invested For	Latest Value	Absolute Return (%)	Annualised Return (%)	Category Average (%)

1 year	10786.34	7.86	7.86	6.04
2 years	11662.10	16.62	7.99	6.99
3 years	12896.10	28.96	8.85	8.26
5 years	Na	Na	Na	9.21
Since Inception	15286.60	52.69	9.49	Na

Graphical representation of stock segment across the mutual fund



As we can see clearly represented in the graph this fund is more credible for retail investors with a slightly moderate risk appetite. Therefore, this fund involves most of its investment, with a marking of 96.95% of the total capital as initial investment put into debt funds with fixed returns at a usually constant rate of return. 2.07% is invested in certain low risk securities in order to differentiate the mutual fund from investment instruments such as a fixed deposit or a recurring deposit. Hence, it makes the fund more attractive and stable with up to 8 – 10% interest upon original value with respect to it's tenure.

Debt funds are usually opted by retail investors looking to monetize their savings in a safe and secure manner, hence such investors do not receive excess returns upon their investment unlike mutual fund scheme which invest mainly into equity stock which are large cap blue chip funds that can provide up to 20 to 30% in return.

Buying a debt instrument is similar to giving a loan to the issuing entity. A debt fund invests in fixed-interest generating securities like corporate bonds, government securities, treasury bills, commercial paper and other money market instruments. The basic reason behind investing in debt fund is to earn interest income and capital appreciation. The issuer pre-decides the interest rate you will earn as well as maturity period. That's why they are called 'fixed-income' securities because you know what you're going to get out of them.

Such mutual fund schemes are for safer investors not looking to build a fortune but to monetise their savings with constant and fixed returns over a certain period of time.

Annual Results

Period	This Fund (%)	Nifty 50 (%)	Nifty 100 (%)	Category Average (%)
2019	0.74	4.74	0.13	0.27
2017	Na	-2.76	0.26	0.34
2016	33.28	21.27	0.89	Na

2015	5.83	3.65	0.82	0.21
2014	6.21	Na	0.12	Na

4. ICICI Prudential Credit Risk Fund

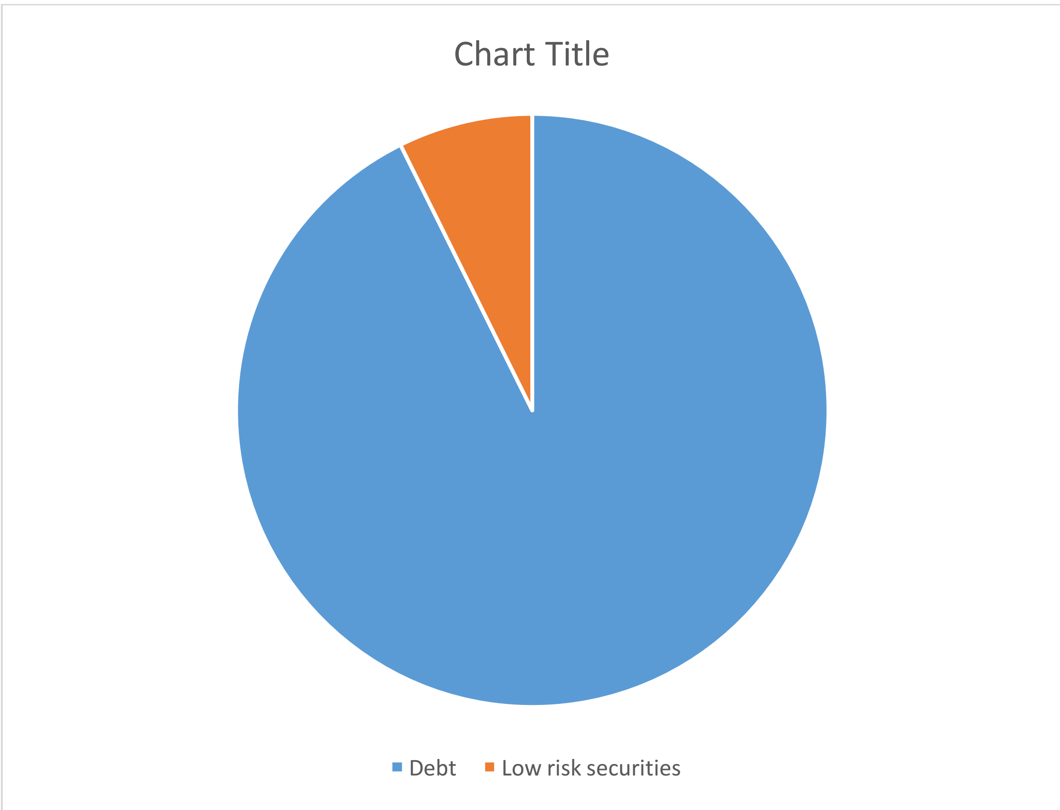
ICICI prudential credit risk fund is a scheme launched by ICICI bank December 2010. The short term credit risk fund provides retail investors with moderate risk upon their investments. The open ended scheme provides a stable foundation for consistent returns with a standard deviation ranging at 1.52 vs 1.71 and beta marked at 0.37 vs 0.51, which represent extremely low volatility with respect to the benchmark index. Treynor's ratio marked at 0.03 vs 0.01 and Sharpe's ratio ranging at 0.66 vs 0.44 which represent better risk adjusted returns and hence risk adverse investors would be most attracted to such funds.

Returns

Period Invested For	Latest Value	Absolute Returns (%)	Annualised Returns (%)	Category Average (%)
1 year	10696.67	6.97	6.97	5.14
2 years	11438.92	14.39	6.95	6.09

3 years	12610.07	26.10	8.04	7.65
5 years	15034.80	50.35	8.51	8.32
Since Inception	19742.20	97.42	8.56	Na

Graphical representation of stock segment with respect to the mutual fund.



As represented in the chart, up to 92.66% of the total share of investments in the fund are only directed toward debt funds, making it a safe and secure investment for retail and well as intuitional investors looking for fixed returns over a certain fixed period of time. The rest, 7.34% is invested in low risk securities, although these low risk securities usually help balance out a debt portfolio by providing slightly higher returns adding to the debt interest income earned by the investor until the maturity of the mutual fund, which is usually up to three to four years of time with respect to the growth upon the benchmark index.

Therefore, such funds help investors balance out their investment portfolio with the right amount of balance between investment into equity funds as well as debt funds. Debt funds provide greater security and therefore fixed returns while equity portfolio are much riskier and therefore provide far better returns over a short period of time.

Annual Results

Period	This Fund (%)	Nifty 50 (%)	Nifty 100 (%)	Category Average (%)
2019	0.62	4.74	0.13	0.22
2018	6.54	4.09	6.13	3.37
2017	6.56	27.58	-0.38	5.06
2016	9.49	2.72	12.01	7.97

2015	8.9	-4.08	Na	7.12
2014	10.93	31.44	Na	6.54

Upon comparison and analysis of both mutual funds, we observe that debt instruments as they're supposed to provide investors with stable returns. As in the case of both the credit risk funds of Axis bank and ICICI bank, the fund houses provide their investors with similar executions. Both funds invest the capital of such retail investors and intuitional investors into a safer debt market heavily with an average of 90%.

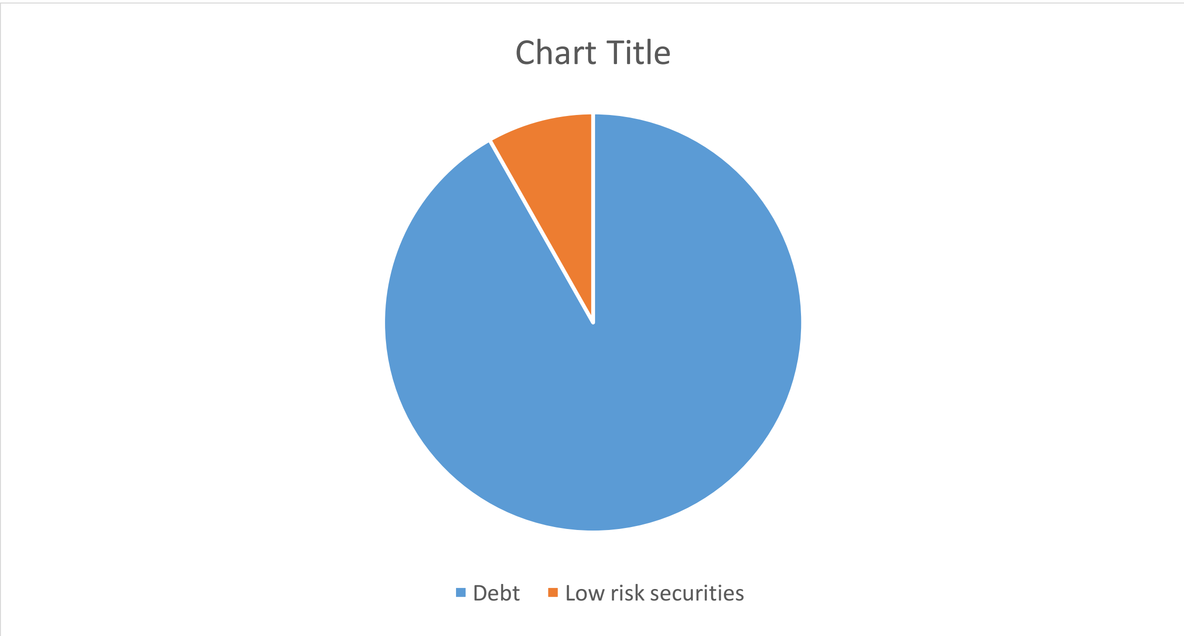
This acts as a strong foundation for the growth of the fund and hence the investment has to be help for at least three to four years in order to expect collective gains worth twenty to thirty percent. Unlike equity funds, where investors invest their capital into companies which usually belong to the Nifty 50 or the Nifty 100 category, very similar to the BSE Sensex.

The debt funds in both the mutual funds usually consist of treasury bonds, government securities and various others which do not show great fluctuations over the course of its tenure and hence, it acts as a economic stabiliser, only though, with respect to the individual's funds. Investors usually tend to lean towards the debt market during the times of a recession or higher inflation rates. Inflation rates again, are affected by the gross domestic product of the nation.

The sum of the gross domestic product, and the inflation and the level of risk attached to a particular mutual fund is what adds up to the total amount of revenue, a retail investor or an intuitional investor can generate in terms of the interest rate.

5. Axis Bank PSU Debt Fund Regular Plan (G)

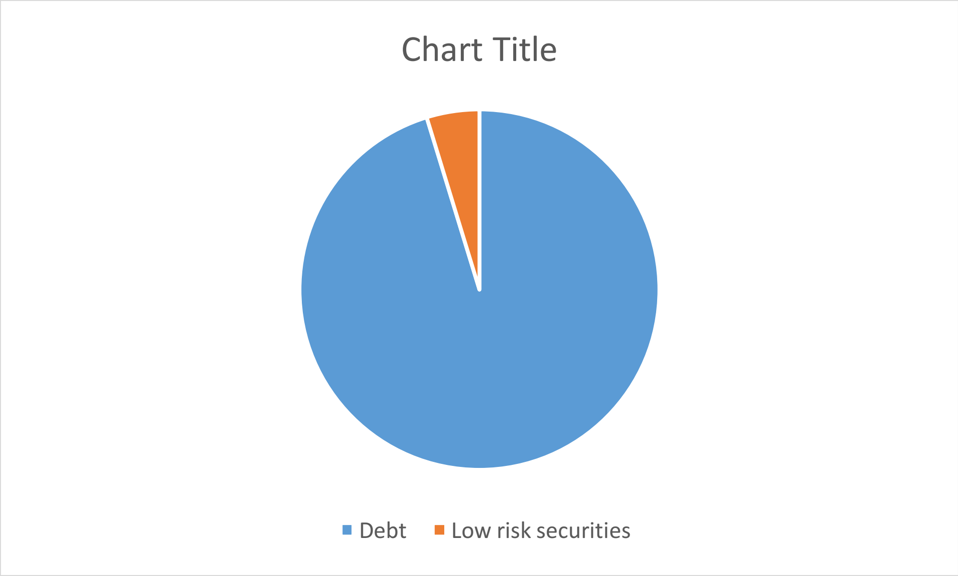
The PSU debt fund by Axis bank is a debt scheme launched by Axis bank on June, 2012. With a standard deviation and beta ranging from 1.13 vs 1.67 and 0.66 vs 1.45 respectively, the fund lower downside potential as it clearly represents low volatility on the fund. Less volatility, more stability and consistent returns. Sharpe's ratio and Jenson's alpha marked at a valuation of 1.04 vs 0.01 and 0.55 vs -0.47 respectively, show higher possibility of excess returns upon the fluctuations in the fund with respect to its benchmark. A Treynor's ratio at 0.02 vs 0.04 could slightly affect the possibility of generating consistent returns and therefore the fund mind experience ups and downs, not to a greater extent as it is supported through it's Sharpe's ratio which provide better risk adjusted returns.



The chart represents the division of funds across the scheme. 91.79% are for obvious reasons invested in only debt instruments while 8.21% are invested into low risk securities which are not debt funds, but help generate slightly higher returns than the scheme would've if only debt.

6. ICICI PSU Debt Fund (G)

ICICI prudential banking and psu debt fund (G) is a debt scheme launched by ICICI bank in Jan, 2010. This particular debt scheme isn't very attractive as the standard deviation and beta of the fund ranging at 2.61 vs 1.67 and 1.67 vs 1.45 respectively represents high volatility upon the mutual fund which in turn could create varied fluctuations. A Sharpe's ratio and Jenson's Alpha marked at 0.48 vs 0.41 and -0.31 vs -0.40 respectively portray the ability of the mutual fund to generate better returns, the fact is also supported though high volatility upon the fund.



The following chart represents the distributions or the allocation of capital across the mutual fund scheme by the fund manager clearly describes a majority of 95.26% in debt funds only and a supportive measure which is the reason for high volatility is an investment of only 4.74% into low risk securities. Therefore, the only cause effect that can be seen upon the stock is a change in the interest rates received by retail investors or intuitional investors looking for a safer way to monetise their savings to achieve fixed, stable returns.

Chapter 5: Findings &Suggestions

From the previously stated data we conceive that mutual funds are a far safer way for retail investors and institutional investors to monetise their excess savings into a category of investment for which there exists a lock in period of 3 years at the least. Most reputed fund houses advise investors to lock in their trade upon a particular or a set of mutual funds carefully selected by wealth advisors or the respective individuals.

Unlike investment into the equity market directly through the process of trading in shares, or derivative instruments such as currency trading or futures and options, mutual funds are a great way for an individual to start investing.

It provides the basic idea of how stocks and their prices fluctuation with respect to the economy, the gross domestic produce, the inflation and trade volume of a particular stock or a group of stock under a single mutual fund scheme.

What the Indian mutual fund market and the stock market needs is a free system. Hidden taxes upon trades should be removed in order to help individuals generate more money. Also the only way you can get more number of people in India to start investing is by abolishing GST on the sale of stock.

A high brokerage, and a tax included upon the sale of an individual's mutual fund or shares restricts the individual's ability to generate a profit and therefore they would back out from investing all together.

The extent of Mutual Funds has become colossally throughout the years. In the primary time of common assets, at the point when the speculation administration organizations began to offer shared assets, decisions were few. Despite the fact that individuals put their cash in shared assets as these assets offered them broadened speculation choice out of the blue. By putting resources into these assets they could broaden their interest in like manner stocks, favoured stocks, bonds and other money-related securities. In the meantime, they additionally delighted in the benefit of liquidity. Upon requirement, clients also have easy access to their mutual fund portfolio. With foreign direct investments (FDI) on a risk simultaneously as the rising population of the is further educated regarding the financial markets industry, the total value of investment will continue to grow over the years sustaining it's position as a country with a trillion-dollar economy and rising.

The financial market sector in India has a massive scope of technological and economic growth and stability as has been observed through latest records of research study that even currently in various segments of the county, majority of the population do not have bank accounts and

are unaware of banking services. Therefore, more capital should be invested in the education sector in order to create awareness regarding the scope of growth and job opportunities within the industry. There has to be made further technological advances and therefore the growth of a nation like India would be restricted and hence cannot advance very quickly due to it's lack of the ability to import new and better technology which can in turn help fasten the entire process and flow of numerous transactions taking place in order to increase profits attained by investors which will further provide a bigger window for investments, and also this will improve the maintenance system of the entire industry to provide ease of doing business between the investors and the companies through various brokerage firms across the country.
The key criteria were analysing he portfolio management of two equity schemes and debt schemes with regard to their part performance record over a period of 3 – 5 years after adhering to the particular client's risk appetite and analysing the total asset value of the mutual fund scheme to pick equity and debt schemes with potential returns. The equity and debt schemes vary largely with respected to the total volume of the stock which also help determine possible returns from an investment. From the study we understand investment in debt funds usually provides with lower returns and the risk appetite required by a particular client investing in debt funds is much lower than the risk and return involved in investments in equity funds.

Chapter 6: Conclusion

Mutual funds are a very important aspect for a country to grow. Individuals in a country like India, are hesitant towards capitalism and hence, that is the reason we have such few people investing in anything in the Indian market, leave alone mutual funds. Due to an inflow of huge amount of FII's into the country averaging to about Rs. 36,000 crore, the Indian investment scene is drastically changing and growing. The funds taken in the project are safer investments which individuals can undertake in order to monetise their savings rightly.
Compounding savings through fixed deposits or recurring deposits are an extremely slow process and banks never provide higher interest rates. As we have seen, the average interest rate any bank would provide an individual with would be 6% to 8%.
Therefore, we have a long way to go and with the increase in foreign investment into the country, the nation's mutual fund and investment scene is bound to grow and flourish. The past two decades have seen basic system changes went for movement and globalization of the Indian economy. To achieve a gainful, clear and dynamic cash related region when all is said in done and the offer exchanging a couple of cash related division changes in market

microstructure and trading practices were exhibited. The Capital Issues (Control) Act 1947 was dropped and assessment of budgetary assets was changed. As a bit of market changes, new stock an exchange was set up, and the present stock exchanges were demutualized besides, exchanges got screen-based A.I powered trading. The National Stock Trade (NSE) and Bombay Stock Exchange (BSE) moved a couple of new budgetary things and SEBI was set up as the controller of the capital market. In an instructively proficient market, costs rapidly retain new data and mirror all the accessible data in a split second so that such value preparing component does not give additional ordinary returns. As it were, there is no probability of consistency of profits by utilizing the historical backdrop of profits and a basic purchase and hold system would do well in such an educationally productive market. A general end that can be drawn from the investigation is an all around created money related framework runs as an inseparable unit with vigorous monetary development and expanded work. The better the money related framework works, the newer organizations are propelled, the bigger the quantity of freely recorded organizations, the better the in general administration of hazard, the more prominent the accessibility of buyer credit and higher the total venture. Securities exchanges may influence financial action through the making of liquidity. Numerous beneficial ventures require a long haul duty of capital, however, speculators are regularly hesitant to give up control of their investment funds for extensive stretches. In an all, India is a progressively developing country and has a long way to go when it comes to investing in mutual funds or the stock market and has a huge scope with less at 6% of the total population of the country actually having been involved into the mutual fund industry. Orthodox ways only lead to newer and better ways to come and therefore tremendous amounts of awareness must be spread into the community and the general public as with a population of 1.6 billion people as on today, the country has tremendous scope and its people to generate higher revenues apart from their daily income in order to secure their future by simply buying securities. As it is observed, the mutual fund portfolio is well diversified in order to stand by risk reduction associated with the fund due to which it usually tends to generate lower quarterly results and hence is more suggested to risk adverse investors looking rather for security instead of profit maximization. This safe play of funds for security is very simply the concept of accumulation of assets. Therefore, a mutual fund as such can provide stable returns of a course of time and is usually suggested to employed individuals expecting returns to secure the near future instead of generating maximum revenue to invest more and reap more.

Such funds are not entirely the same as bonds, as they provide fixed returns of 6-7% annually or monthly depending upon the type of scheme selected.

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