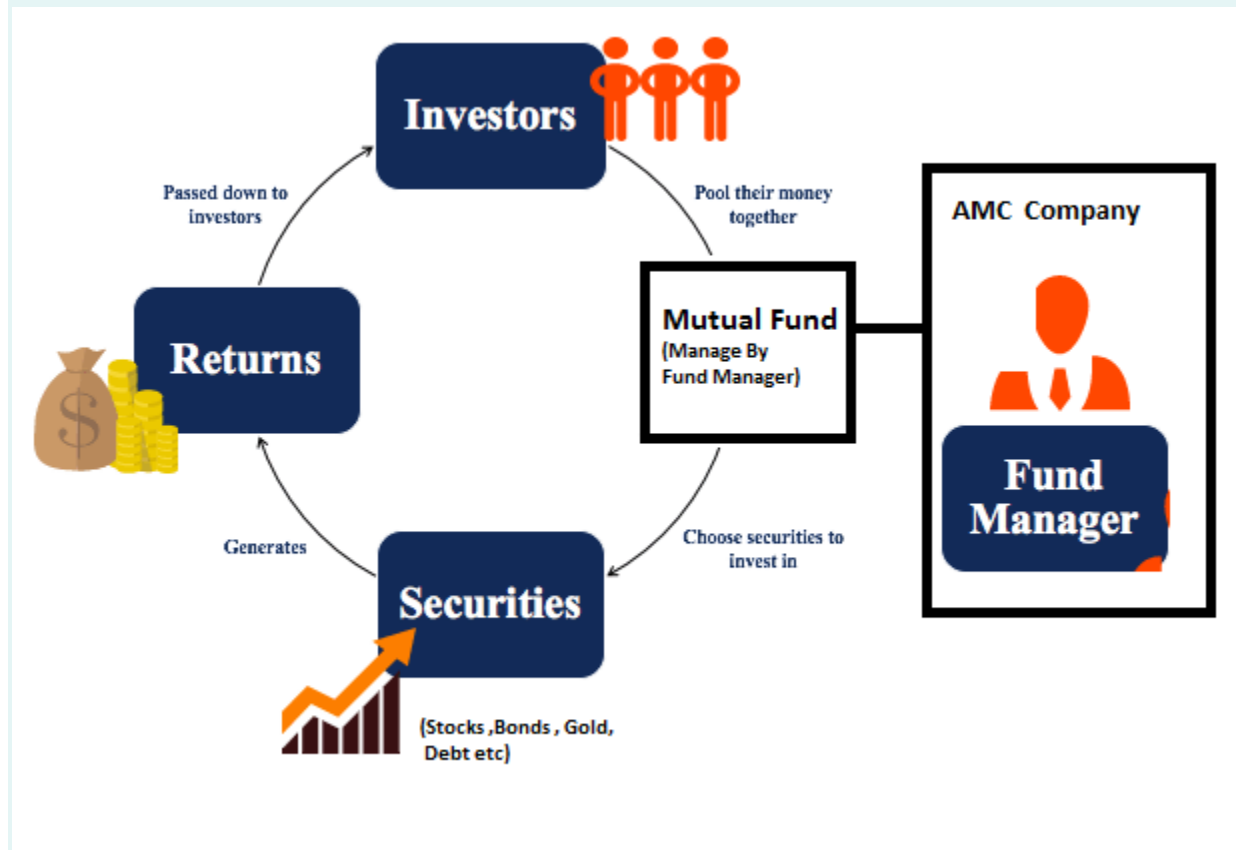


## WHAT ARE MUTUAL FUNDS?

A mutual fund is a pool of money managed by a professional Fund Manager.



AMC(Asset Management Company) that collects money from a number of investors who share a common investment objective and Their Fund manager Choose Securities to Invests in Stocks, Bonds, money market instruments and/or other securities.

And the income / gains generated from this collective investment is distributed proportionately amongst the investors after deducting applicable expenses and levies, by calculating a scheme's "Net Asset Value" or NAV.

Simply put, the money pooled in by a large number of investors is what makes up a Mutual Fund.

## What is AMC?

The AMC full form in mutual fund is Asset Management Company.

AMCs are formed as trust in India.

AMCs are firms that pool money from various investors for investing in various securities. The AMC invests the money so collected in various securities like stocks, bonds, Government securities and commodities, etc

### **Here's a simple way to understand the concept of a Mutual Fund Unit.**

Let's say that there is a box of 12 chocolates costing ₹40.

Four friends decide to buy the same, but they have only ₹10 each and the shopkeeper only sells by the box.

So the friends then decide to pool in ₹10 each and buy the box of 12 chocolates.

Now based on their contribution, they each receive 3 chocolates or 3 units, if equated with Mutual Funds.

And how do you calculate the cost of one unit?

Simply divide the total amount with the total number of chocolates:  $40/12 = 3.33$ .

So if you were to multiply the number of units (3) with the cost per unit (3.33), you get the initial investment of ₹10.

This results in each friend being a unit holder in the box of chocolates that is collectively owned by all of them, with each person being a part owner of the box.

Next, let us understand what is “Net Asset Value” or NAV.

Just like an equity share has a traded price, a mutual fund unit has Net Asset Value per Unit.

The NAV is the combined market value of the shares, bonds and securities held by a fund on any particular day (as reduced by permitted expenses and charges).

NAV per Unit represents the market value of all the Units in a mutual fund scheme on a given day, net of all expenses and liabilities plus income accrued, divided by the outstanding number of Units in the scheme.


Mutual funds are ideal for investors who either lack large sums for investment, or for those who neither have the inclination nor the time to research the market, yet want to grow their wealth.

The money collected in mutual funds is invested by professional fund managers in line with the scheme’s stated objective. In return, the fund house charges a small fee which is deducted from the investment. The fees charged by mutual funds are regulated and are subject to certain limits specified by the Securities and Exchange Board of India (SEBI)

## For example to understand

## Mutual Fund Investment



	<b>SBI Balanced Advantage Fund Direct Growth</b>	<b>₹5,389</b> Current Amount	
Invested Amount	₹5,000	Balanced Units	489.323
Returns	+₹389.00 (7.78%)	Current NAV	11.0137
Folio Number		Average NAV	10.22

In Above example if you see

***NAV is the price of 1 unit of a mutual fund.***

Current Nav = 11.0137rs (current unit price )

Average Nav = 10.22 (previous invested unit price average)

Balanced units = 489.323 (Total unit of mutual fund)

## What Are the Types of mutual funds?

Different categories of mutual funds are as follows-

1. Equity mutual funds
2. Debt mutual funds
3. Hybrid mutual funds
4. Others

### 1. *Equity mutual funds*

An equity fund is a fund which invests mainly in stock markets. The major chunk of the fund is invested in stocks of companies. It is also known as stock fund. The primary objective of an equity mutual fund is to generate higher returns in comparison to fixed income instruments such as FDs and debt funds. Investors are participating in the growth of companies by investing in these funds. These funds are ideal for investors for fulfilling financial goals of building wealth.

Equity mutual funds can further be broadly categorized into Equity – Large cap funds, Equity – Mid cap funds, Equity – small cap funds, Equity – sector funds, Equity – index funds, Equity – tax saving funds, among others.

For example :-

## List of Sbi Mutual Funds in India

Fund Name	Category	Risk	1Y Returns	Rating	Fund Size(in Cr)
SBI Small Cap Fund	Equity	Very High	13.1%	4 ★	₹15,348
SBI Bluechip Fund	Equity	Very High	9.0%	3 ★	₹34,622
SBI Flexicap Fund	Equity	Very High	2.5%	3 ★	₹16,160
SBI Banking & Financial Services Fund	Equity	Very High	12.4%	5 ★	₹3,991
SBI Focused Equity Fund	Equity	Very High	-3.4%	4 ★	₹27,819

### 2. Debt mutual funds

Debt funds are mutual funds investing in such debt instruments. They are of different kinds depending on the kind of debt instruments they invest in.

Higher the credit rating of the debtor, lesser the chance of default and hence lesser the risk is – however, returns for such instruments can be lower. Lower the duration of the debt, lesser the probability of interest rate fluctuation and hence lesser the uncertainty of returns.

On the basis of issuer- debt funds can be classified into gilt funds and corporate bond funds.

For example :-

## Best SBI Performing Debt Mutual Funds

Fund	NAV	Net Assets (Cr)	3 MO (%)	6 MO (%)	1 YR (%)	3 YR (%)	2022 (%)	Debt Yield (YTM)	Mod. Duration
SBI Liquid Fund <small>Growth</small>	₹3,480.45 ↑ 1.13	₹63,100	1.6	3.1	5.4	4.1	4.8	6.85%	1M 13D
SBI Overnight Fund <small>Growth</small>	₹3,594.98 ↑ 0.60	₹20,590	1.5	3	5.2	3.8	4.6	0%	
SBI Magnum Ultra Short Duration Fund <small>Growth</small>	₹5,068.52 ↑ 1.82	₹9,790	1.6	2.9	4.9	4.6	4.5	7.33%	4M 24D
SBI Savings Fund <small>Growth</small>	₹35.2145 ↑ 0.01	₹18,694	1.6	2.9	4.8	4.4	4.3	7.45%	4M 13D
SBI Magnum Gilt Fund <small>Growth</small>	₹54.3728 ↑ 0.08	₹4,141	0.7	2.2	4.5	4.7	4.2	7.07%	4Y 6M 14D
SBI Magnum Low Duration Fund <small>Growth</small>	₹2,965.46 ↑ 1.44	₹7,403	1.4	2.7	4.5	4.5	4	7.76%	9M 14D
SBI Credit Risk Fund <small>Growth</small>	₹37.6449 ↑ 0.03	₹2,816	1.3	2.6	4.5	5.8	4.2	8.07%	1Y 9M 18D

### 3. Hybrid funds

As the name suggests hybrid funds invest in a mix of debt and equity funds to avail the benefit of both the funds. Depending on the mix, they can be classified into Debt oriented or equity oriented hybrid mutual funds, depending on greater proportion of investments in debt or equity.



## SBI Equity Hybrid Fund Direct Plan Growth

Hybrid

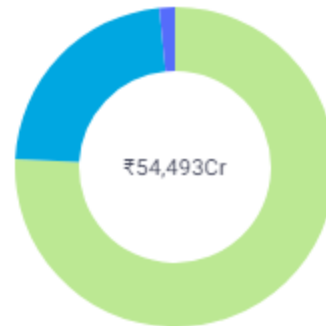
Aggressive Hybrid

Very High Risk

## Holding analysis

Equity / Debt / Cash Split

● Equity	75.8%
● Debt	22.6%
● Cash	1.6%



## 4. **Others**

Fund of funds (FoF) is a fund that invests in other mutual funds. It provides to its investors the benefit of low cost and diversification.

In this, a manager decides to invest the funds in a portfolio of mutual funds, each managed by other mutual fund managers. It is suitable for those investors who want to gain more exposure into different mutual fund schemes while investing only a small amount of money.

For example:-



Motilal Oswal Nasdaq 100 FOF Direct Growth

Other

FoF Overseas/Domestic

Very High Risk



## Holdings (1)

Name	Sector	Instrument	Assets
Motilal Oswal NASDAQ 100 ETF-Growth	Financial	Mutual Fund	98.7%