

J D Women's College
Department of Management Study
Course Name- MBA (PG professional)
(3rd semester)

Subject- Security Analysis and Portfolio Management
Topic- Mutual Fund (part-2)

Faculty Name – Anjali

(Faculty member)

Department of MBA

Mutual Fund

(Part-2)

Type of mutual fund:

h) Balanced Fund Scheme

It is a scheme of mutual fund that has a mix of debt and equity in the portfolio of investments of may be referred to as balanced fund scheme'. The portfolio of such scheme will be often shifted between debt and equity, depending upon the prevailing market trends.

i) Bond Scheme Fund

It is a type of mutual fund based on bond investments. The portfolio of such funds comprises bonds, debentures, etc which carries advantage of secure and steady income. However, such shares have very little or no capital appreciation, but carry low risk. A variant of this scheme is Liquid funds', which specializes in investing in short term money market instruments. The focus is mainly on low risk, but steady income.

j) Sectoral Fund Schemes

In this mutual funds, manager invest the amount collected from a wide variety of small investors directly in various specific sectors of the economy, such funds are called as sectoral Mutual Funds. The specialized sectors may include gold and silver, real estate, specific industry, etc.

k) Fund of Fund Schemes

There can be Fund of Funds, where funds of one mutual fund are invested in the units of the other mutual funds. There are a number of other mutual funds that direct investment into a specified sector of the economy.

l) Leverage Funds Schemes

The funds that are created out of investments, with not only the amount mobilized from small savers but also the fund managers who borrow money from the capital market, are known as leveraged-fund scheme'. This way, fund managers pass on the benefit of leverage to the mutual fund investors. In order to operate such schemes, there must be provisions available.

m) Gilt Funds

These funds look for; to generate returns through investment in gilts. Under this scheme, funds are invested only in Central and State Government securities. A portion of the corpus may be invested in the call money market or RBI to meet liquidity requirements. Government securities carry zero credit risk or default risks. Their prices are influenced only by movement of interest rates in the financial system.

n) Index Funds

These funds are also known as growth funds, but they are linked to a specific index of share prices. It means that the funds mobilized under such scheme are invested principally in the securities of companies whose securities are included in the index concerned and in the same weightage. Thus, the funds progress is linked to the growth in the concerned index.

o) Tax Savings Scheme

Certain mutual fund schemes offer tax benefits on investment made in mutual funds. This helps the assesses to save tax. This investment has worked in such a way that the tax payment is minimized, but within the legal framework.

p) Money Market Mutual Funds

Money Market Mutual Fund refers to those schemes of mutual fund which has been set up with the objective of investing exclusively in money market instruments. These instruments include treasury bills, call and notice money, commercial papers, commercial bills, certificate of deposits etc.