

PERSONAL FINANCE

EP.8 MUTUAL FUND



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AGENDA

- **MUTUAL FUND**
- **TYPES OF MUTUAL FUND**
- **RISK AND RETURN OF MUTUAL FUND**
- **BENEFITS OF INVESTING IN
MUTUAL FUNDS**

MUTUAL FUND



Mutual fund: a company that pools money from many investors and invests the money in securities such as stocks, bonds, and short-term debt

Reference: www.investor.gov

TYPES OF MUTUAL FUND

Money market funds

investing in highly liquid, including cash, cash equivalent securities, and short-term debt securities (

Bond funds


investing in government bonds and corporate bonds

Stock funds

investing in equity or stock

Mixed Funds

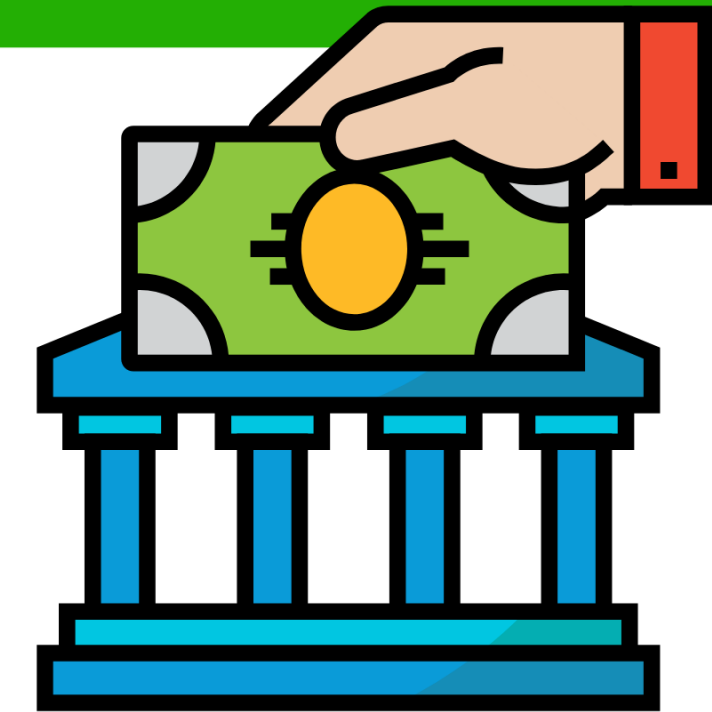
an asset allocation funds investing in money market instruments, bonds, stocks, or alternative investments.



MONEY MARKET FUNDS

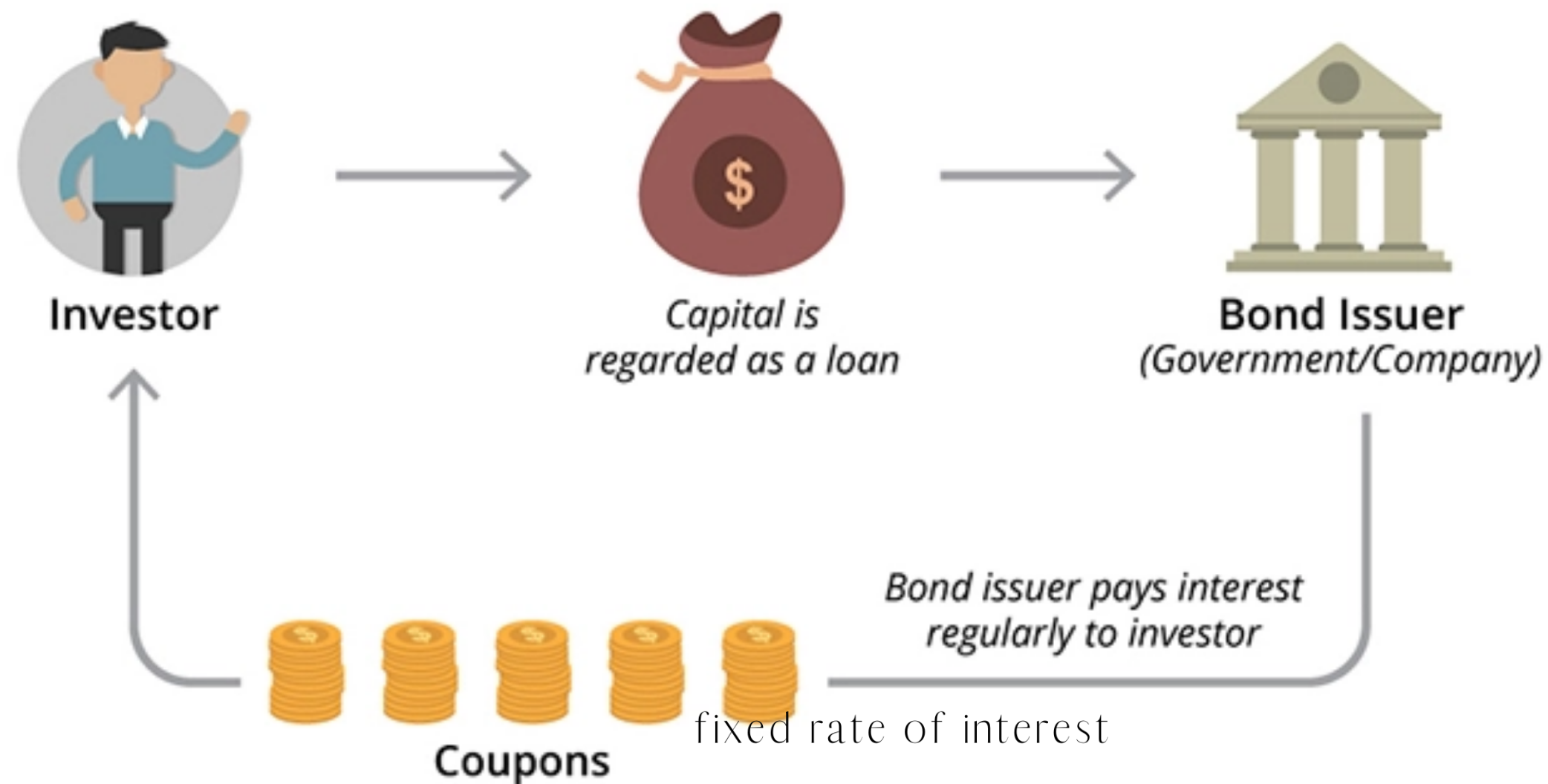
- It is a fixed-income mutual funds
- It invests in **high-quality, short-term debt** from governments, corporations or banks.
- For examples, Treasuries, certificates of deposit and commercial paper
- It has **high liquidity and lowest returns**

Money market funds



BOND FUNDS

Bond funds



- Bond funds invest in **government bonds and corporate bonds**.
- It has higher risks than money market funds and higher returns.
- There are **many different types of bonds** so the risks and returns of bond funds can vary significantly.

STOCK FUNDS

- The funds invest in **different types of stock funds.**
- **Growth stocks** (a share of a company has the potential to grow faster than the overall market)
- **Income funds** (investing in stocks that pay high dividends)
- **Value stocks** (a share of a company that is traded at a lower price relative to its fundamentals)
- **Large-cap stocks, mid-cap stocks, small-cap stocks**, or combinations of these.





amazon

Amazon.com Inc.
(AMZN)



Meta Platforms Inc.
(META)

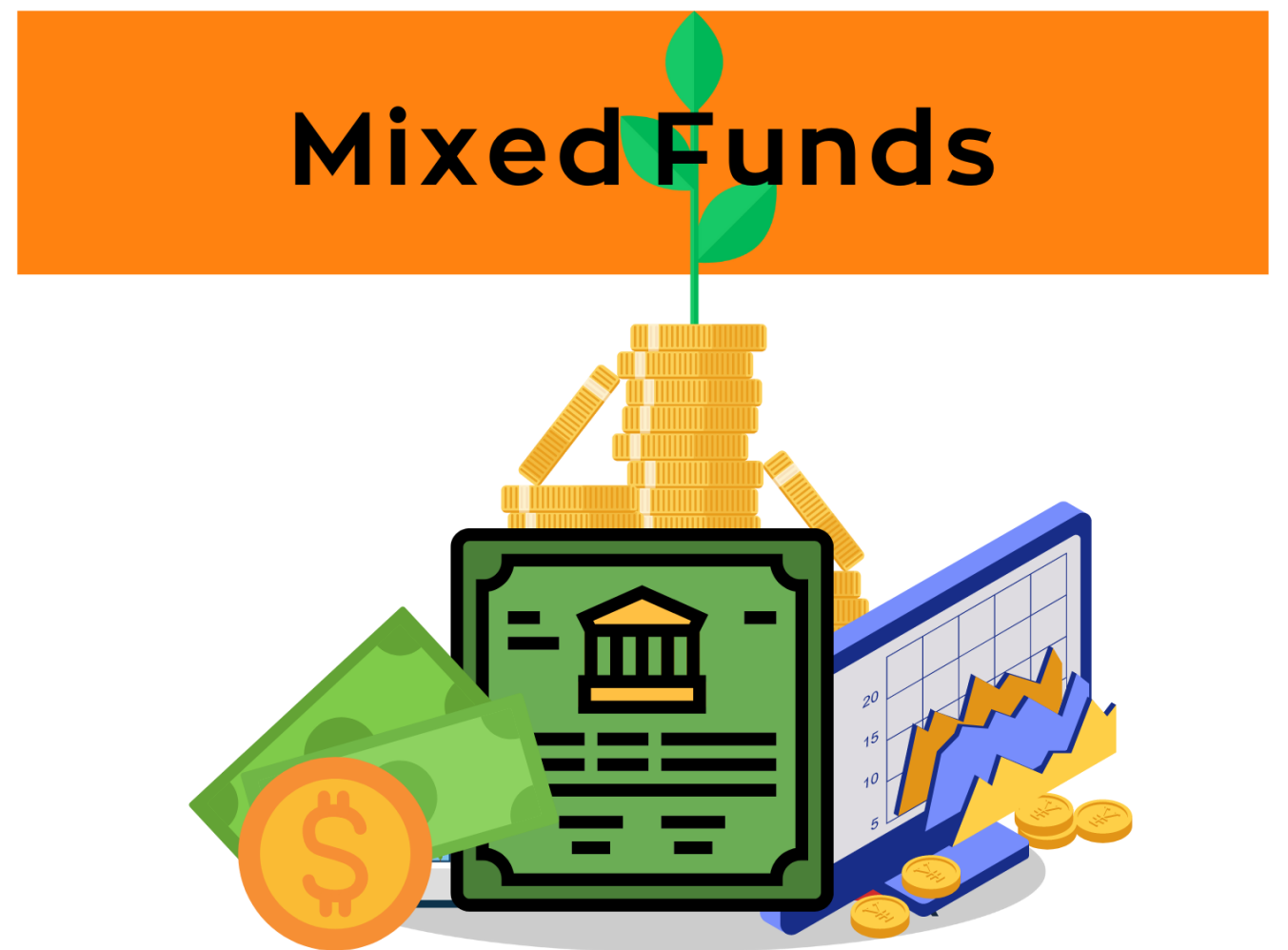


Alphabet Inc.
(GOOG, GOOGL)

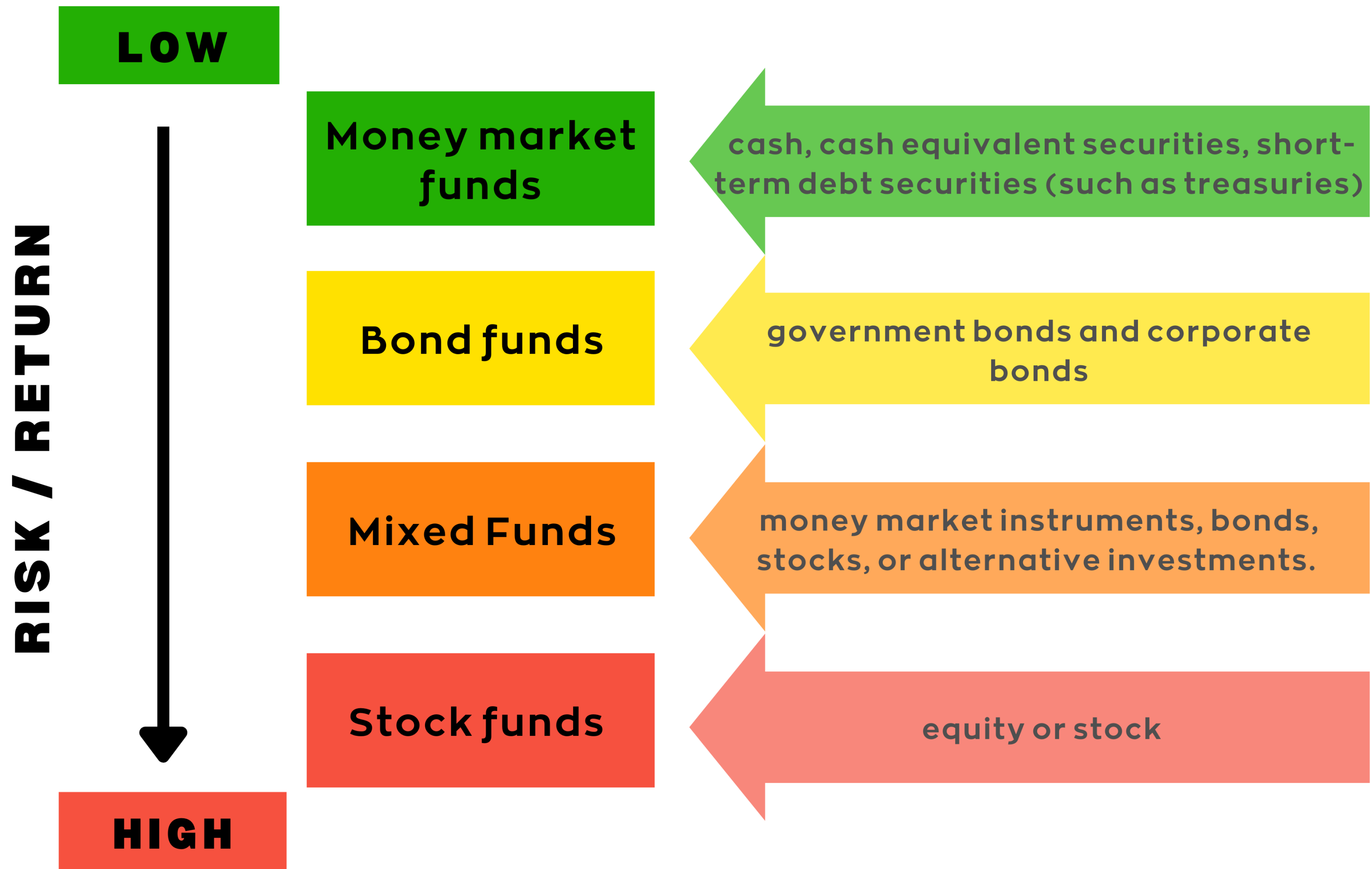
GROWTH STOCKS FOR 2022

MIXED FUNDS

- The funds invest in **a mix of fixed-income securities, bonds and equities.**
- The mixed funds have **more risk than fixed income funds**, but **less risk than pure stocks funds.**
- It has **different risk levels**, depending on the allocation between bonds and stocks.
- It **reduces volatility**. The fixed-income securities has a stable returns so the possible losses are lower in times of uncertainty.



RISK AND RETURN OF MUTUAL FUND



BENEFITS OF INVESTING IN MUTUAL FUNDS



Professional management

Fund managers and experts with high experience decide to buy and sell assets.



Smaller investments

Mutual fund investments can be done with as little money like ₹100. Some funds may not have minimum investment.



Management fee

Mutual fund charges fees but it is just small percentage.



High liquidity

A mutual fund investment is a highly liquid asset. It takes a short period of time to convert it to cash.



Convenience and simplicity

Investing in the stock market may be too complicated for someone. Mutual fund investment is simpler.