PROJECT REPORT

ON

"A STUDY OF MUTUAL FUND OF MAHINDRA FINANCE IN DELHI"

for the partial fulfillment for the award

of

Bachelor of Commerce

Submitted By:

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DECLARATION

I, **Sonu Mavi**, student of School of finance and commerce, hereby declare that the project report entitled **"A STUDY OF MUTUAL FUND OF MAHINDRA FINANCE IN DELHI" s**ubmitted by me as a requirement of partial fulfillment of the under graduate program (B.Com Honors) to School of finance and commerce, Galgotias University, Greater Noida is an original and genuine work done by me.

I further declare that it has not been submitted earlier either to Galgotias University or any other institute/body for the fulfillment of the requirements of any other course of study. I also declare that no chapter of this project is copied, either in whole or in part from any other document. Some references have been taken from books, internet and other learning sources, which are duly mentioned in the bibliography section.

Name : **Sonu Mavi**

Signature of the Student :

Date: …..…………………….

Place: ………………………...

<u>CERTIFICATE</u>

This is to certify that the project report entitled **"A STUDY OF MUTUAL FUND OF MAHINDRA FINANCE IN DELHI"** has been prepared by **Sonu Mavi** under my supervision and guidance. The project report is submitted towards the partial fulfillment of 3 year, Full time BCM (H) PROGRAM and is an original, to the best of my knowledge, as also, has not been submitted to any other institution / organization.

Mentor: **Dr. Bhawana Rawat**

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It is with a sense of gratitude; I acknowledge the efforts of entire hosts a well- wisher who has in some way or other contributed in their own special ways to the success & completion of this project **“CUSTOMER RESPONSE TOWARDDS MARKETING STRATEGY Vaishnavi Varshney”.**

It has been an enriching experience for me to undergo on this research project which would not have been possible without the goodwill and support of people around.

First of all, I express my sage sense of gratitude & indebtedness to my immediate supervisor **Dr. Bhawana Rawat, Galgotias University,** from the bottom of my heart, for providing her valuable guidance at all stages of the study, advice, constructive suggestions, positive & supportive attitude & continuous encouragement, without which it would have not been possible to complete the project.

I hope that I can build upon the experience & knowledge that I have gained & make valuable contribution towards this industry in coming future.

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EXECUTIVE SUMMARY

The successful completion of this project was totally different work which I had never done before

Through ithis internship only I got to know about the practical life which is very wide and I was not only knowing it .

Through it, I came to know more about Mutual Funds ,its merits and demerits , types of mutual funds , financial system in India , investors , parties involved in mutual funds , and the whole history of mutual fund's and much more .

In this I had gone through some important terms like Capital Protected Scheme, Systematic Investment plan, legal structure of mutual funds, investing strategies, etc...

Chapter-1: INTRODUCTION

Mutual Funds

“A investment firm could be a company that brings along cash from many folks and invests it in stocks, bonds or alternative assets. The combined holding of stocks, bonds or alternative assets the fund owns area unit called its portfolio. every capitalist within the fund owns shares, that represents apart of those holding.”

(U.S. securities exchange commission)

A investment firm could be a trust that pools the saving of variety of investors World Health Organization shares a typical monetary goal. the money so collected is then endowed in capital market instruments like shares, debenture and alternative securities.

The financial gain earned through these investments and also the capital appreciations realised area unit shared by its unit holders in proportion to the quantity of units closely-held by them. so investment firm is that the most fitted investment for the mortal because it offers a chance to take a position during a varied, professionally managed basket of securities at a comparatively low price.

Mutual funds area unit monetary intermediaries, that collect the savings of tiny investors and invest them during a varied portfolio of securities to reduce risk and maximize returns for his or her participants.

Mutual funds have given a significant positive stimulus to the capital market - each primaries still as secondary. The units of mutual funds, in turn, also are tradable securities. Their worth is decided by their internet plus worth (NAV) that is asserted sporadically.

The operations of the non-public mutual funds square measure regulated by SEBI with respect to their registration, operations, administration and issue still as mercantilism. There square measure numerous styles of mutual funds, looking on whether or not they square measure open all over or shut all over and what their finish use of funds could be an open-ended fund provides for simple liquidity and is a perennial fund, as its terribly name suggests.

A closed-ended fund features a stipulated maturity amount, usually 5 years.

A growth fund features a higher share of its corpus invested with in equity than in fastened financial gain securities, therefore the possibilities of capital appreciation (growth) square measure higher. In growth funds, the dividend increased, if any, is reinvested within the fund for the capital appreciation of investments created by the capitalist.

An financial gain fund on the opposite hand invests a bigger portion of its corpus in fastened financial gain securities so as to disburse some of its earnings to the capitalist at regular intervals.

A balanced fund invests equally in fastened financial gain and equity so as to earn a minimum come to the investors. Some mutual funds square measure restricted to a selected industry; others invest completely in bound forms of short instruments like securities industry or government securities.

CONCEPT OF MUTUAL FUNDS

Encarta reference defines mutual funds as styles of management investment firm that mixes the cash of its shareholders and invests those funds during a big variety of stocks, bonds and market instruments. The latter embrace short – term investments like government bonds and securities, industrial papers, certificates of deposit, etc. Mutual funds give the capitalist with skilled management of funds and diversification of investment.

Mutual fund units square measure investment vehicles that give a method of participation within the stock exchange for those who have neither the time, nor the cash, nor maybe the experience to undertake direct investment in equities with success. On the opposite hand, they additionally give a route into specialist markets wherever direct investment usually demands each longer associate degreed a lot of data than an capitalist could possess.

The price of units in any investment trust is ruled by the worth of the underlying securities. the worth of associate degree investor's holding during a unit will thus, like associate degree investment in shares, go down further as up.

Mutual fund could be a trust that pools the savings of variety of investors UN agency share a standard monetary goal. the cash therefore collected is then endowed in numerous capital market instruments. every investment trust includes a specific investment objective and tries to satisfy that objective through active portfolio management.

Major Types of Mutual Fund Schemes as Per Asset Class

EQUITY SCHEMES

Equity schemes invest primarily in shares. Depending on the scheme objective of investment could be in:

- Growth stocks where earnings growth is expected to be attractive.
- Momentum stocks that go up or down in line with the market.
- Value stocks where the fund manager is of the view that current valuation in the market.

DEBT OR INCOME SCHEMES

Gilt schemes invest in government securities. with the exception of being the foremost liquid securities within the debt market, govt. securities area unit eligible for liquidity support.

Since the establishment is that the governments of India/States these funds have very little risk of default and thus supply higher protection of principal.

Bond schemes invest in fetters issued by the govt or the other establishment, additionally by non-public corporations, banks, money establishments and different entities like infrastructure companies/utilities. By finance in debt, these funds target low risk and stable financial gain for the capitalist as their key objective.

Debt funds area unit mostly thought-about as financial gain funds as they are doing not target capital appreciation, search for high current financial gain and thus distribute a considerable a part of their surplus to the investors.

SCOPE OF THE STUDY

Mutual funds commonly invest during a well varied portfolio or securities. every capitalist during a fund could be a half owner of the fund's entire plus. this allows him to carry a varied investment portfolio even with alittle quantity of investment that will otherwise need massive capital.

Even if Associate in Nursing capitalist has massive quantity of capital on the market to him, he advantages from the skilled management skills brought in by the fund within the management of the investor's portfolio. The investment management skills together with the required analysis into on the market investment choices, guarantee a far higher than what Associate in Nursing capitalist will manage on his own.

Diversification reduces the chance of loss, as compared to investment directly in one or 2 shares or debentures or different instruments.

A direct capitalist bears all the prices of investment like brokerage or custody of securities. once prying a fund, he has the good thing about economies of scale; the funds pay lesser prices due to larger volumes a profit on to its investors.

Even often, investors hold shares or bonds they can not directly, simply and quickly sell. investment during a open-end investment company is far a lot of liquid. The capitalist will liquidate the investments by mercantilism its units to the fund if open over, or mercantilism them to plug if it's close-ended.

Investors will even transfer their holdings from one theme to the other; get updated market info and then on. For equity – varied schemes the chance and come back measures will be calculated and therefore the comparison between numerous schemes will be created that make up totally different plus management firms.

OBJECTIVES OF THE STUDY

The main objective of the study was to research very well and compare the performance varied} equity heterogeneous schemes across various AMC and conjointly to require a note of the budget announcements and their impact on the open-end investment company business.

The following ar the particular objectives of the study: -

- To study the investors' perception towards open-end investment company as associate degree investment avenue.
- To build a comparative analysis of twenty equity – heterogeneous open-end investment company schemes across varied quality management corporations on the premise of risk and come back measures of performance.
- To analyze varied options of the schemes into account
- To perceive the impact of Budget announcements of last 2 years on the open-end investment company business.
- To assess new developments happening within the open-end investment company industries.

METHODOLOGY OF THE STUDY

The project has been applied to match varied} equity diversified schemes with few having growth possibility and few with dividend possibility that fall into various quality management corporations.

For any study to be conducted a collection pattern of steps is needed to be applied.

First: to speak with the folks within the organization to own their opinion on "Mutual Funds – as Investment Avenue" .Thereby, from this a conclusion regarding investors' perception will be drawn.

Second: numerous tables, charts and diagrams area unit used for precise underneathstanding of the subject under study. Use of assorted performance measures is completed.

Third: the information will be collected from numerous sources which might be needed to be analyzed before findings area unit resulted and conclusions area unit drawn.

Fourth: Expert's steerage can have to be compelled to be taken from the highest management to derive to a pregnant conclusion from the finding.

Fifth: A money report can have to be compelled to ready with success, accomplishing all the objectives mentioned on top of.

CHAPTER-2

The main work on which I was studding was about the Indian financial system , mile stones of mutual funds in India , and also the advantages & disadvantages of mutual funds ,and also the parties involved in mutual funds dealings.

Why to try to to investment in Mutual Funds?

A evidenced principle of sound investment is – don't place all eggs in one basket. Investment in mutual funds is helpful as: -

- Firstly, they assist in pooling of funds and finance in massive basket of shares of various firms. so by finance in various firms, mutual funds will defend against surprising fall in worth of investment.
- Secondly, a median capitalist doesn't have enough time and resources to develop skilled perspective towards their investment. Here, skilled fund managers engaged by mutual funds take fascinating investment selections on behalf of investors therefore on build higher utilization of resources.
- Thirdly, investment in open-end funds is relatively additional liquid as a result of capitalist will sell units in open market and may approach mutual fund to repurchase the units at declared internet plus worth relying upon completely different kind of theme.
- Fourthly, investors will avail tax – rebates by finance in several tax-savings schemes floated by these funds, approved by the govt.
- Lastly, overhead is decreased per head due to massive size of investible funds, thereby cathartic additional lucre for investors.

ADVANTAGES OF MUTUAL FUNDS

• **Professional Management** - Most mutual funds pay topflight professionals to manage their investments. These managers decide what securities the fund can purchase and sell.

• **Diversification** - The best mutual funds style their portfolios therefore individual investments can react otherwise to constant economic conditions. for instance, economic conditions sort of a rise in interest rates might cause sure securities during a distributed portfolio to decrease in worth. alternative securities within the portfolio can reply to constant economic conditions by increasing in worth. once a portfolio is balanced during this means, the worth of the general portfolio ought to bit by bit increase over time, although some securities lose worth.

• **Liquidity -** It's easy to induce your cash out of a fund.

- **Low cost -** Mutual fund expenses area unit typically no quite one.5 % of your investment. Expenses for Index Funds area unit but that, as a result of index funds aren't actively managed. Instead, they mechanically purchase stock in firms that area unit listed on a particular index.
- **Regulatory oversight** - Mutual funds area unit subject to several government rules that defend investors from fraud.The mutual funds have varied edges over and higher than what area unit mentioned like transparency, flexibility, alternative of schemes, tax edges and additionally well regulated.
- **Fees and commissions** - All funds charge body fees to hide their daily expenses. Some funds additionally charge sales commissions or "loads" to compensate brokers, money consultants, or money planners

- **Management risk** - When you invest during a fund, you rely upon the fund's manager to form the proper selections concerning the fund's portfolio. If the manager doesn't perform in addition as you had hoped, you may not create the maximum amount cash on your investment as you expected. Of course, if you invest in Index Funds, you antecede management risk, as a result of these funds don't use managers.
- **No Guarantees** - No investment is innocuous. If the complete stock exchange declines in worth, the worth of fund shares can go down in addition, notwithstanding however balanced the portfolio. Investors encounter fewer risks once they invest in mutual funds than once they purchase and sell stocks on their own. However, anyone World Health Organization invests through a fund runs the chance of losing cash.

- **Taxes -** During a typical year, most actively managed mutual funds sell anyplace from twenty to seventy % of the securities in their portfolios. If your fund makes a profit on its sales, you may pay taxes on the financial gain you receive, although you reinvest the money you created.

WHICH PARTIES AREA UNIT INVOLVED?

1. Investors

Every capitalist, given the money position and private disposition, features a sure inclination to require risk (risk profile). The hypothesis is that by taking Associate in Nursing progressive risk (of losing capital, all or partly), it might be attainable for the capitalist to earn Associate in Nursing progressive come back.

Mutual fund may be a resolution for investors World Health Organization lack time, the inclination or the talents to actively manage their investment risk in individual securities. they'll delegate his role to fund, whereas retentive the proper and also the obligation to observe their investments within the theme (which, in turn, invests in individual securities).

In the absence of a fund choice, the moneys of such “passive” investors would lie either in bank deposits or alternative “safe” investment choices, so depriving them of the likelihood of earning a much better come back.

2. Trustees

Trustees area unit the individuals within a fund organization World Health Organization area unit answerable for guaranteeing that investors’ interest during a theme area unit properly taken care of.

In return for his or her services, they're paid trustee fees, that area unit usually charged to the theme.

3. quality Management Company (AMC)

AMCs manage the investment portfolios of schemes. Associate in Nursing AMC’s financial gain comes from management fees it charges the schemes it manages. Some countries give for performance based mostly management fees in addition.

In order to management fee, Associate in Nursing AMC has naturally to use individuals and bear all the institution prices that area unit associated with its activity, like for premises, furniture, etc. These area unit to be met out of the management fee earned .

So long because the financial gain through management fees quite covers it expenses, Associate in Nursing AMC is economically viable.

Given the character of its activity, an explicit minimum institution Associate in Nursingd infrastructure is critical for an AMC’s functioning. Since prices can't be reduced below a base level, each AMC has to have an affordable corpus of assets below management (AUM), below that it's not viable.

The breakeven level of foreign terrorist organization may be a operate of value structure of the AMC and distribution of assets between its differing types of schemes since debt schemes and index schemes usually yield a lower management fees.

4. Distributors

Distributors earn a commission for conveyance investors into the schemes of a fund. This commission is Associate in Nursing expense for the theme, though there area unit occasions once Associate in Nursing AMC might favor to bear value, all or part.

Depending on the money and physical resources at their disposal, the distributors may be:

- Tier I distribution World Health Organization have their own or franchised network reaching intent on investors all across the country; or
- Tier II distributors World Health Organization area unit usually regional players with some reach among their region; or
- Tier III distributors World Health Organization area unit tiny and marginal players with restricted reach.

5. Registrars

An capitalist holding in fund schemes is often tracked by the schemes Registrar and agency (R&T).

Some AMCs value more highly to handle this role in house, i.e. on their own rather than appointing Associate in Nursing R&T. The Registrar or AMC because the case could also be maintains Associate in Nursing account of the investor's investments in and disinvestments from the schemes. Requests to speculate {more cash|extra money|more cash} into a theme or to redeem money against existing investments during a theme area unit processed by the R&T .

CHAPTER- 3

HISTORY OF MUTUAL FUNDS

The modern investment company was initial introduced in Kingdom of Belgium in 1822. this kind of investment shortly unfold to nice Great Britain and France. Mutual funds became fashionable within the us within the Nineteen Twenties and still be fashionable since the Nineteen Thirties, particularly open-end mutual funds. Mutual funds old a amount of tremendous growth once war II, particularly within the Eighties and Nineties.

Performance of Mutual Funds in India

The year was 1963. Unit Trust of India invited investors or rather to those that believed in savings, to park their money in UTI open-end fund .

For 30 years it existed without one second player. Though the 1988-year saw some new open-end fund companies, but UTI remained during a monopoly position.

The performance of mutual funds in India within the initial phase wasn't even closer to satisfactory level. People rarely understood, and in fact investing was out of question. But yes, some 24 million shareholders were accustomed with guaranteed high returns by the start of liberalization of the industry in 1992. This good record of UTI became marketing tool for brand spanking new entrants. The expectations of investors touched the sky in profitability factor. However, people were miles faraway from the preparedness of risks factor after the liberalization.

The Assets under Management of UTI was Rs. 67bn. by the end of 1987. Let me concentrate about the performance of mutual funds in India through figures. From Rs. 67bn. the Assets under Management rose to Rs. 470 bn. in March 1993 and therefore the figure had a 3 times higher performance by April 2004. It rose as high as Rs. 1,540bn.

The net asset value (NAV) of mutual funds in India declined when stock prices started falling within the year 1992. Those days, the market regulations didn't allow portfolio shifts into alternative investments. There was rather no choice aside from holding the cash or to further continue investing in shares. One more thing to be noted, since only closed-end funds were floated within the market, the investors disinvested by selling at a loss within the secondary market.

The performance of mutual funds in India suffered qualitatively. The 1992 stock exchange scandal, the losses by disinvestments and of courses the shortage of transparent rules within the where about rocked confidence among the investors. Partly due to a comparatively weak stock exchange performance, mutual funds haven't yet recovered, with funds trading at a mean discount of 1020 percent of their net asset value.

The supervisory authority adopted a group of measures to make a transparent and competitive environment in mutual funds. Some of them were like relaxing investment restrictions into the market, introduction of open-ended funds, and paving the gateway for mutual funds to launch pension schemes.

The measure was taken to form mutual funds the key instrument for long-term saving. The more the variety offered, the quantitative would be investors.

The open-end fund industry in India started in 1963 with formation of unit investment trust of India, at the initiative of the govt. . of India and reserve bank. The history of mutual funds in India are often broadly divided into four distinct phases:

FIRST PHASE: 1964 – 1987

UTI was established on 1963 by an act of parliament. It was setup by RBI and functioned under the regulatory and administrative control of the RBI.

In 1978 UTI was de-linked from the RBI and industrial development bank of India (IDBI) took over the regulatory and administrative control in situ of RBI. The first schemed launched by UTI was unit scheme 1964. At the top of the 1988 UTI had Rs.6700 cr. of assets under management.

SECOND PHASE: 1987 – 1993 (entry of public sector funds)

The year 1987 marked the entry of non UTI, public sector mutual funds setup by public sector banks and life assurance Corporation of India and general Insurance Corporation of India. SBI open-end fund was the primary Non and UTI open-end fund established in June 1987 followed by Can bank open-end fund (Dec 87), PNB open-end fund (august 89), Indian bank open-end fund (Nov 89), Bank of India (June 90), Bank of Baroda open-end fund (Oct 92). LIC established its open-end fund in June 1989 while GIC had setup its mutual funds in Dec 1990.

At the top of 1993, the open-end fund industry had assets under management of Rs. 47,004 cr.

THIRD PHASE: 1993 – 2003 (entry of personal sector funds)

With the entry of personal sector funds in 1993 a replacement era started within the Indian open-end fund , except UTI were to be registered and governed. The erstwhile KOTHARI

PIONEER (now merged in FRANKLIN TEMPLETON) was a primary private sector open-end fund registered in July 1993. The 1993 SEBI regulations were substituted by a more comprehensive and revised open-end fund a regulation in 1996. The industry now functions under an equivalent SEBI regulation 1996.

FOURTH PHASE: since Feb 2003

In Feb 2003, following the repeal of the UTI act 1963 UTI was bifurcated into two separate entities. One is that the specified undertaking of the UTI of India with assets under management of Rs. 29,835 cr. As, the top of Jan 2003, representing broadly, the assets folks 64 scheme, assured return and certain other schemes. The specified undertaking of UTI, functioning under an administrator and under the principles framed by the govt. . of India and doesn't come under the preview of the open-end fund regulations. The second is that the UTI open-end fund Ltd, sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and functions

How is the performance of Mutual Funds?

How are mutual funds doing?	
Category	**Annual Return %**
Equity-Diversified	31.65
Equity-ELSS	29.88
Equity-Index	40.07
Funds Of Funds	32.23
Sectorial-Auto	19.36
Sectorial-Bank	34.29
Sectoral-Basic	19.33
Sectoral-FMCG	12.73
Sectoral-Healthcare	12.65
Sectoral-Infrastructure	39.28
Sectoral-Media and Entertainment	57.47
Sectoral-Pharma	8.36
Sectoral-Power	50.57

Sectoral-Services	40.49
Sectoral-TMT	56.19
FOF	11.20
Gilt	5.30
Income	7.08
Liquid	6.52
MIP	8.88
Balanced	20.81

MUTUAL FUNDS INDUSTRY – IMPACT OF UNION BUDGET 2017 TO 18

5 Ways The Union Budget 2017-18 Impacts Your Mutual Fund Investments

Many of us looked forward to the Union Budget 2017-18 with great expectations. There were expectations that the budget would announce a host of tax sops for the honest tax-paying citizens.

But contrary to these expectations, Finance Minister, Mr Arun Jaitely decided to walk the path of fiscal prudence,

The mutual fund industry too, was expecting a host of tax reforms that would boost the inflow to mutual fund schemes. According to sources quoted in the media, market regulator, the Securities and Exchange Board of India (SEBI), proposed increasing the Section 80C (of the Income-tax Act, 1961) limit to Rs 2 lakh, reducing the Securities Transaction Tax (STT), and reducing the holding period for debt mutual funds to 12 months from the current 36 months with consideration towards Long Term Capital Gains (LTCG).

Another letter to the finance minister, from the mutual fund body, the Association of Mutual Funds in India (AMFI), proposed the introduction of Mutual Fund Linked Retirement Plans, introduction of debt-linked savings schemes (similar to equity tax-saving schemes), extending Section 54EC to mutual funds, and categorising Fund of Funds (FoF) as equity funds if more than 65% is invested in equities. As it turns out, they too were left disappointed.

Nevertheless, the budget did include a few proposals that can directly and indirectly influence your mutual fund investment returns. We look at a few of these and the effect on your investments in mutual funds…

- **Clarification on scheme mergers**

Over the past few years, SEBI has been behind fund houses to merge schemes with a similar investment objective in order to reduce the muddle for investors. Unfortunately, the mergers have moved slower than expected due to several roadblocks, such as the tax implications for savers.

The Union Budget 2017-18 clarified the consideration for the holding period and cost of acquisition of units held in the erstwhile schemes for taxation purpose. It proposed that the holding period will include the period held in the former scheme, and the cost of acquisition too, will be that of the former.

Two years ago, in the Union Budget 2015-16, the finance minister provided tax neutrality on scheme mergers – stating that scheme amalgamation will be exempt from capital gains. However, there was no clarity on the holding period.

How will you benefit? – With the aforementioned clarification, scheme mergers are expected to pick up pace resulting in consolidation of mutual fund schemes. This will reduce the deluge of scheme choices available to you which otherwise poses a challenge in the task to select best mutual fund schemes for your investment portfolio. In the diversified equity fund category, there are as many as 182 schemes, with as many as 16 fund houses offering five scheme or more. As many as six AMCs offer 9-10 schemes each. And mind you, these are only open-ended schemes excluding Equity-Linked Saving Schemes (ELSS), sectoral schemes and other thematic schemes.

Consolidation will also allow fund houses to focus on lesser number of schemes, thereby reducing costs and potentially improving performance. Therefore, whether or not you are invested in a scheme that will be merged, this proposal may benefit you in the long run. If the fund houses follow through, it will be easier for you to identify top funds for your portfolio.

- **Change in base year for indexation**

The finance minister proposed to change the base year for indexation to 2001 from

1981. This means that any asset purchased prior to April 1, 2001, the fair market value (in the cost of inflation index) of FY 2001-02 will apply. Currently, for non-equity funds such as debt funds, LTCG is taxed at 20% with indexation. By bringing the base year forward, the cost of acquisition will increase lowering the LTCG tax.

Does it affect you? – The change in base year will benefit you only if the investment in a debt fund or a debt-oriented hybrid fund was made prior to 2001. However, considering the penetration of mutual funds is abysmally low, it would be rare to find individuals holding onto their debt investments for over 16 years. And even if one has held units for over a decade and half, the price appreciation would be marginal to make a significant impact. It will be common to find individuals holding real estate or gold over this period, and they are likely to benefit the most from this budget proposal.

- **Fiscal target of 3.2% for FY 2017-18**

The Government continued to walk steady on the path of fiscal consolidation, keeping the fiscal deficit target at 3.2% of GDP for FY 2017-18 and 3% of GDP for FY 2018-19. This along with easing inflation, would give the Reserve Bank of India (RBI) additional room to cut policy rates, and in turn be conducive for the Indian bond market going ahead.

Over the past couple of years, debt fund investors have benefited from the falling interest rate environment. In 2016, debt funds outperformed equity funds. The outperformance may continue in 2017 as well, albeit at a lower scale, considering yields have moved lower.

Should you speculate on interest rates? – Most of you with investments in debt funds may have earned double-digits returns in the year 2016. Yields overall softened in 2016, and after demonetisation, plunged even more. But when policy rates were kept unchanged by the RBI in its fifth bi-monthly monetary policy statement for 2016-17 (held on December 8, 2016) contrary to the expectations, yields hardened a bit. Going ahead, RBI is likely to be cautious in its monetary policy stance on the backdrop of uncertainties stemming out of rising crude oil prices and the US Federal Reserve's decision on interest rates.

Therefore, while the economy's fiscal stance may inspire further rate cuts, speculating will be unfruitful. The central bank in its outlook had raised the concerns of the 7th Central Pay Commission (CPC) and the 42% increase in minimum wages. The implementation of the CPC award may have a significant and drawn out impact on the CPI Inflation trajectory, through both direct and indirect channels. The RBI would carefully watch the macroeconomic backdrop panning out – both domestic and global – before taking stance on policy rates.

Therefore, though long-term debt schemes seem attractive, it would be best to stick with short-term debt funds.

- **Focus on infrastructure**

Many applauded the Union Budget 2017-18 for higher spending on agriculture (rural), and infrastructure, where 'affordable housing' was conferred infrastructure status to provide stimulus. The budget even addressed the woes of the real estate sector reeling under heavy debts, by announcing tax related provisions to help them clear the inventory that has been stifling their balance sheets. Further, a provision of Rs 2.41 lakh crore for transportation sector covering rail, roads, and shipping was made. Allocations to roadways and railways were increased by around 12% and 22% respectively. Renewable energy also received special attention. The government announced a 20,000 mw of solar park development in phase II and solar power supply at about 7,000 railway stations in the medium term.

Does this make infrastructure funds attractive? – The focus to the aforesaid sectors of the economy is likely to bode well for cement, steel, shipping, ports, housing, banks and other infrastructure allied sectors. For infrastructure companies, it is not the lack of infrastructure projects or funds, it is the muted demand that is hurting their balance sheets. As per the Financial Stability Report released in June 2016, infrastructure contributes to 32.8% of total stressed assets of banks. Metals on the other hand had a share of 13.6%. Going forward, if banks reduce policy rates it would help reduce borrowing cost and fuel consumption. Rural economy would also benefit backed by the support received vide budgetary allocation; but thorough implementation remains the key.

Having said that, sector and thematic funds are best avoided, unless you want to take greater risk while your core mutual fund portfolio is well in place. To capture investment opportunities across market capitalisations and sectors, opportunities-oriented mutual funds can do good. Choose one that has a proven track-record of generating consistent performance across a range of factors, diverse time periods and market cycles.

- **Disinvestment target of Rs 72,500 crore**

  The Government announced that in FY2017-18, it will raise Rs 72,500 crore through disinvestment of Public Sector Units (PSUs), including listing of three railway PSUs: IRCTC, IRFC and IRCON, and proposed merger and consolidation to create globally competitive companies. This is an ambitious target, as FY 2016-17 will mark the 7th year in a row where the Government has missed its disinvestment target.

  Mr Jaitley said, the Government will continue to use the Exchange Traded Fund (ETF) route for further disinvestment of shares. A new ETF is planned in 2017-18 with a diversified holding of PSU stocks and other Government holdings.

  Should you invest in the CPSE ETFs? – The existing CPSE ETF invests across 10 PSUs, with three-fourth of the assets allocated to ONGC, Coal India, IOC and GAIL. The portfolio of the fund is heavily skewed towards energy sector (74%). Due to a concentrated index, the CPSE ETF lacks diversification and is more thematic. It’s left to be seen if the new CPSE ETF will be better diversified. If you wish to invest in these ETFs, do ensure that you have a high-risk appetite and long-term investment horizon. Due to concentrated bets, the fund can be extremely risky; hence, you should take a limited exposure.

Announcements made in the Union Budget 2017-18 and those that come over the course of the year (such as demonetisation), may tempt you to speculate while investing. But avoid doing that, as speculation can be hazardous to your wealth and health. It may not do well for your long-term financial wellbeing. Instead, prudently review your investment portfolio on a timely basis to ensure that your investments are well aligned to your financial goals in the journey of wealth creation. Be a smart investor.

DIFFERENT TYPES OF MUTUAL FUNDS SCHEMES

Before having a glimpse of total number of market players of mutual funds industry in India, knowledge about classification of mutual fund schemes is necessary.

Return Based

- Income Scheme
- Growth Scheme
- Conservative Scheme

Open – ended Scheme

Investment Based

- Equity Scheme
- Bond Scheme
- Balanced Scheme

Sector Based

- Real Estate Scheme
- Industry Specific
- Other Schemes

Leveraged Based

- Leverage Scheme
- Non-Leveraged

Close – ended Scheme

Other Funds

- Gilt Funds
- Index Funds

Asper Operational Classification: -

A. Open – ended Scheme

In this scheme the size of the fund is not predetermined as entry to or exit from the fund is open to investor who can buy or sell its securities to the fund at any time. This characteristic imparts greater liquidity to the units of those funds along side the pre-determined repurchase price supported declared Net Asset Value. Portfolio mixture of such schemes consists of actively traded securities within the market, preferably equity shares. As investors can anytime withdraw from the fund, therefore, the management of such funds is sort of tedious.

B.Close – ended Scheme

This scheme has deposit redemption date unlike open-ended scheme. These funds have fixed capital base and traded among the investors in secondary market. The forces of demand and provide , hence determine their price. Price is liberal to deviate from its net asset value. Management of such funds is relatively easier because manager can evolve long – term investment plans depending upon the lifetime of the scheme.

As per portfolio classification: -

(a)Return – Based Classification

1) Income Funds

These are for investors who are more concerned about regular returns from investments.

2) Growth Fund

Here the objective is to achieve an increase in value of investment through capital appreciation and not regular income.

3) Conservative Funds

These funds aim at giving reasonable rate of return additionally to capital appreciation.

(b)Investment – based Classification

1) Equity funds

These funds invest within the equity shares of companies and undertake greater risk related to it. This gives good rate of return in rising market.

2) Bond funds

These funds provide greater security to investors by investing fettered , debentures, etc. Investment here has no chance of appreciation.

3) Balanced funds

These funds compute a balance within the mixture of equity shares and bonds. Trends within the market will determine which proportion of the combination is to be increased.

(c) Sector – based Classification

These are the funds / schemes that invest within the securities of only those sectors or industries as laid out in the offer documents. E.g. Pharmaceuticals, Software, fast paced commodity (FMCG), Petroleum stocks, etc. The returns in these funds are hooked in to the performance of the respective sectors / industries. Investors got to keep a watch on the performance of these sectors / industries and must exit at an appropriate time. They may also seek advice of an expert.

(d) Leverage – based Classification

Here concept of leverage is formed use of by borrowings funds from market also as investing along side fund investments thereby making leverage benefits available to open-end fund investor, i.e. giving good return to investors from the income earned by investing borrowed funds.

(e) Index – based Classification

Index funds replicate the portfolio of a specific index like the BSE Sensitive index, S&P NSE 50 index (Nifty). These schemes invest within the securities within the same weightage comprising of an index. NAVs of such schemes would rise or fall in accordance with the increase or fall within the index, though not exactly by an equivalent percentage thanks to some factors. Necessary disclosure during this regard is formed within the offer document of the open-end fund scheme. There also are exchange traded index funds launched by the mutual funds that are traded on the stock exchanges.

(f) Gilt Fund

These funds invest exclusively in government securities. Government securities have no default risk. NAVs of those schemes also fluctuate thanks to change in interest rates and other economic factors as are the case with income or debt – oriented schemes.

Apart from this generalized quite classifications there are sorts of mutual funds that are having specialise in particular strategy while investing.

Value stocks

Stocks from firms with relative low Price to Earning (P/E) Ratio usually pay good dividends. The investor is trying to find income instead of capital gains.

Growth stock

Stocks from firms with higher low Price to Earning (P/E) Ratio usually pay small dividends. The investor is trying to find capital gains instead of income.

Based on company size, large, mid, and little cap

Stocks from firms with various asset levels like over $2 Billion for large; in between $2 and $1 Billion for mid and below $1 Billion for little .

Income stock

The investor is trying to find income, which usually come from dividends or interest. These stocks are from firms that pay relative high dividends. This fund may include bonds that pay high dividends. This fund is far just like the value stock fund, but accepts a touch more risk and isn't limited to stocks.

Index funds

The securities during this fund are an equivalent as in an mutual fund like the Dow Jones Average or Standard and Poor's. The number and ratios or securities are maintained by the fund manager to mimic the mutual fund it's following.

Enhanced index

This is an mutual fund , which has been modified by either adding value or reducing volatility through selective stock-picking.

Stock market sector

The securities during this fund are chosen from a specific marked sector like Aerospace, retail, utilities, etc.

Defensive stock

The securities during this fund are chosen from a stock, which usually isn't impacted by economic down turns.

International

Stocks from international firms.

Real estate

Stocks from firms involved in land like builder, supplier, architects and engineers, financial lenders, etc.

Socially responsible

This fund would invest according to non-economic guidelines. Funds may make investments supported such issues as environmental responsibility, human rights, or religious views. For example, socially responsible funds may take a proactive stance by selectively investing in environment-friendly companies or firms with good employee relations. Therefore the fund would avoid securities from firms who take advantage of alcohol, tobacco, gambling, etc.

Balanced funds

The investor might need to balance his risk between various sectors like asset size, income or growth. Therefore the fund may be a balance between various attributes desired.

Tax efficient

Aims to attenuate tax bills, like keeping turnover levels low or shying faraway from companies that provide dividends, which are regular payouts in cash or stock that, are taxable in the year that they are received. These funds still draw a bead on solid returns; they only want less of them exposure on the tax returns.

Convertible

Bonds or preferred shares , which can be converted into common shares .

Mutual funds of mutual funds (Fund of Funds)

This funds that focuses on buying shares in other mutual funds instead of individual securities.

CHAPTER-4

INTORODUCTION

"Capital Protected Scheme" may be a discretionary portfolio management service where IDLC Investments Limited will manage your fund and take all investment decisions. This is a selected structured product that has a capital guarantee of the initial investment amount up to a group percentage (100%).

CAPITAL PROTECTED SCHEMES

A capital protected scheme may be a quite balanced scheme, where a neighborhood of the initial issue proceeds is invested in gilts that might mature to a worth like the unit capital of the scheme. Thus, the investor's capital is protected. The remaining issue proceeds (excess over what is required to be invested in gilts for capital protection) are invested in risky investments.

In the worst-case scenario, it's going to happen that an investment doesn't grow. But the principal amount invested is roofed by maturity proceeds from the investment in gilt securities.

Enhanced Index Funds

The enhanced index fund is a managed index fund that seeks to beat the performance of its benchmark index by at least 0.1 %, but not more than 2%. If the index fund's performance were to exceed this 2% cap, it would then be considered an equity mutual fund.

Legal Structure of Mutual Funds in India

SEBI regulates the mutual fund sector in India. Earlier, Federal Reserve Bank of India (RBI) was liable for regulating market Mutual funds (MMMFs), but even this responsibility now rests with SEBI.

Sponsor

Every project needs a promoter, a major mover who has overall responsibility for the project. The promoter of a mutual fund is referred to as sponsor. As per the regulations, a sponsor means "any one that acting alone or together with another body corporate establishes a mutual fund".

- Qualifications for a sponsor: -
- Sponsor should have a sound track record and general reputation of fairness and integrity in all business transaction.
- Sound track record means: -

Carrying on business in financial services for a period of not but five years.

Having a profit, after providing for depreciation, interest and tax, in three out of the immediately preceding five years, including in the fifth year.

Having a positive net worth altogether the immediately preceding five years.

In the immediately preceding year, having a net worth that is more than the capital contribution of the sponsor in the AMC.

• Sponsor should be a fit and proper person.

Sponsor or any of its directors, or the principal officer to be employed by the mutual fund should not be guilty of fraud or convicted of an offense involving moral turpitude or found guilty of any economic offence.

Trusteeship

Trust Deed

A open-end fund has got to be constituted within the sort of a trust, created through

A trust deed. The trust deed:

• Has to contain certain clauses prescribed by SEBI

• Cannot contain any clause that:

• Limits or extinguishes the obligations and liabilities of the trust with

Respect to the mutual fund or its investors;

• Indemnifies the trustees or the AMC for loss or damage caused to

The unit holders on account of negligence or acts of commission or

Omission;

• Has to be duly registered under the provisions of the Indian Registration Act, 1908; and

• Has to be executed by the sponsor in favor of the trustees named in the deed.

Some Key Obligations of Trustees

• The trustees shall enter into an investment management agreement with the AMC.

• Before the launch of any scheme they shall ensure that the AMC has:

• Systems in place for its back office, dealing room and accounting;

• Appointed all key personnel including fund managers;

• Appointed auditors and registrars;

• Prepared a compliance manual and designed internal control mechanisms including internal audit; and

• Specified norms for empanelment of brokers and marketing agents.

- Trustees shall ensure that all activities of the AMC are in accordance with the provisions of the SEBI regulations.
- They shall call for details of transactions in securities by the key personnel of the AMC.
- They shall abide by the prescribed code of conduct.
- The trustees shall be discerning in the appointment of directors on the board of the AMC.

Asset Management Company

Appointment and Termination

It is obligatory for each open-end fund to possess an AMC to manage the open-end fund and operate its schemes. The actual appointment might be made either by the sponsor or, if so authorized by the deed of trust , the trustees.

The appointment can be terminated by a majority of the trustees or by 75% of the unit holders. Any change in appointment of the AMC is, however, subject to prior approval of SEBI and the unit holders.

Qualifications for AMC

AMCs need to fulfill the following conditions:

- Existing AMCs should have a sound track record (net worth and profitability), and general reputation for fairness and integrity in transactions;
- The AMC has to be a fit and proper person;
- Key personnel of the AMC should not have been found guilty of moral turpitude or convicted of economic offence or violation of any securities laws nor should they have worked for any AMC or mutual fund or any intermediary during the period when its registration has been suspended or cancelled at any time by SEBI; and
- The AMC should have a net worth of not less than Rs. 10 crore (Net Worth = Paid up capital plus free reserves minus miscellaneous expenditure not written off minus deferred revenue expenditure minus intangible assets minus accumulated losses)

CHAPTER 5

INTORODUCTION

For an organization to function efficiently and adhere to the statutory requirements, it is essential to maintain certain records and registers. Maintaining such records and registers are important for fulfilling the statutory, disclosure, statistical, MIS purposes. Maintaining such records helps in ensuring that the operations of an organization are systematic.

Companies Act, 2013 requires every company to keep and maintain at its registered head office books of accounts and relevant documents and the financial statements for each FY (financial year) that provides a true and fair picture of the company's state of affairs which includes its branch offices and other offices.

The provision further requires an explanation of transactions affected both at registered as well its branch offices and such books must be kept at accrual basis and following the double entry system of bookkeeping.

Maintenance of Investor Records

The AMC can either handle the registrar and transfer (R&T) work-in-house, or it can appoint a SEBI – approved R&T agent.

If handled in-house, the AMC can charge the schemes competitive market rates for the service. If the AMC proposes to charge higher than the competitive market rates, then prior approval of the trustees is to be obtained and reasons for such higher rates has to be disclosed in the annual accounts.

Custody of Investments

The mutual fund shall appoint a custodian to carry out the custodial services for the schemes of the fund and inform SEBI about the appointment within 15 days.

The open-end fund shall enter into a custodian agreement with the custodian. The agreement, the service contract, terms and appointment of the custodian shall be after prior approval of the trustees.

If the sponsor or its associates hold 50% or more of the voting rights of the share capital of the custodian, or where 50% or more of the administrators of the custodian represent the interest of the sponsor or its associates, then such custodian will not be appointed for a mutual fund constituted by the same sponsor or any of its associate or subsidiary company.

THE AMFI CODE OF ETHICS

One of the objects of the Association of Mutual Funds in India (AMFI) is to market the investors' interest by defining and maintaining high ethical and professional standards within the mutual fund industry. In pursuance of this objective, AMFI had constituted a Committee under the Chairmanship of Shri A. P. Pradhan with Shri S. V. Joshi, Shri C. G. Parekh and Shri M. Laxman Kumar as members. This Committee, working in close co-operation with Price Waterhouse–LLP under the hearth Project of USAID, has drafted the Code, which has been approved and recommended by the Board of AMFI for implementation by its members. I take opportunity to thank all of them for his or her efforts.

The AMFI Code of Ethics,"The ACE" for brief , sets out the standards ofgood practices to be followed by the Asset Management Companies in theirOperations and in their dealings with investors, intermediaries and the public. SEBI (Mutual Funds) Regulation 1996 requires all Asset Management Companies and Trustees to abide by the Code of conduct as laid out in the Fifth Schedule to the Regulation. The AMFI Code has been involved to supplement that schedule, to encourage standards above those prescribed by the Regulations for the advantage of investors in open-end fund industry.

PERCEPTION OF INVESTORS TOWARDS MUTUAL FUNDS

- ***Preference for different investment avenues***

There are different attributes of various investment avenues that influence the choice of a particular investment avenue. The most important of various attributes of an investment are – Safety, Liquidity, Reliability, Tax Benefit and Return received over it.

The median ranks can be obtained to scale ranging from 1 to 5 i.e. 1-most important and 5-least important investment avenue for investors.

Table: Preference for Different Investment Avenues (Median values)

Investment Avenue	Safety	Liquidity	Reliability	Tax Benefit	High Return
Real estate	2	4	3	5	2
Shares/ Debentures	4	2	3	5	2
Mutual Funds	4	2	3	2	4
Fixed Deposits	1	2	3	4	4
Post-office Schemes	2	4	3	2	4
PPF	2	4	2	3	4

UTI Schemes	4	2	3	2	4
Gold	1	2	3	5	4
LIC Policy	2	4	3	2	4
NSC, NSS	2	4	3	1	4

The above data in the table is representing attitude of general investor's category.

Factors influencing choice of mutual fund

There are a number of factors that affect the decision to choose a particular mutual fund for making investment.

The six important factors can be enlisted as below: -

- Past record of the organization
- Growth Prospects
- Credit Rating
- Market Speculations
- Disclosure of Adequate Information
- Early Bird Incentives

Options expected from a Mutual Fund

- Repurchase Facility
- Easy Transferability
- Prompt Service
- Information Adequacy
- Lock in Period
- Grievance Redressal
- Investor Right Adherence
- Cost Effective
- Management

Sources of Mutual Fund Information

- Bankers
- Brokers / Professional / Financial Advisor
- Friend's Advice

MUTUAL FUNDS – EXPENSES, NET ASSET VALUE AND LOADS

Initial Issue Expenses

Mutual funds are a "pass through" vehicle. This, therefore, means that the incomes and expenses of the fund (schemes) would ultimately be credited or charged to the investors.

As a measure of investor protection, the regulation prescribes a limit on the initial issue expenses – 6 percent of the resources mobilized in the initial public offer (IPO).

The initial expenses cover: -

- SEBI filing fees and other regulatory expenses related to bringing the issue to the market.
- Printing expenses for offer document, forms, brief information memorandum, etc.
- Scheme advertising (but not general corporate advertising) and conference expenses.
- Marketing expenses including commission to distributors
- Bank charges

The 6 percent limit is a cap. The AMC can even choose not to charge any issue expense to the scheme. This happens quite often in debt schemes, where the AMC prefers to bear the expense, rather than let the scheme performance take a hit on account of the expenses.

Net Asset Value

In order to calculate the NAV of a scheme, each asset and liability of the scheme needs to be valued:

NAV = Value of all assets minus value of liabilities other than to the unit holders.

It can also be calculated as: Unit capital plus reserves

There is a significant element of subjectivity in the valuation of assets. SEBI, through its valuation norms, has been trying to ensure some degree of standardization in the manner in which different AMCs handle this subjectivity.

CHAPTER-6

INTORODUCTION

A systematic investment plan (SIP) is a plan where investors make regular, equal payments into a mutual fund, trading account, or retirement account such as a 401(k). SIPs allow investors to save regularly with a smaller amount of money while benefiting from the long-term advantages of dollar-cost averaging (DCA). By using a DCA strategy, an investor buys an investment using periodic equal transfers of funds to build wealth or a portfolio over time slowly.

MEANING OF SYSTEMATIC INVESTEMENT PLANNING

When we all strive to organize and systematic our activities, then why not do the same with investments. SIP may be a thanks to invest in regular and disciplined manner while taking care of volatility, systematic is that the word that describes you, organized well manner planned altogether your activities. Whether it is earning, saving or spending everything is done in a disciplined manner.

One never had enough money or sometimes it had been shortage of your time . If this is the case then its time you had a look at the SIP of mutual funds .A SIP is nothing but a planned investment program which takes a small sum of money from people and in invests it in a mutual fund at regular interval. The minimum amount are often as small as Rs. 500 and therefore the frequency of investment is typically monthly or quarterly.

This simple program has a number advantage.

- First if saving is an arduous task for the person, then SIP can do this for. Money deducted from the account (Through post datedcheques) and invested is money one cannot spend. And a rupee saved is a rupee earned.
- Even if each investment is small, over time this can add up to a neat kitty. And the power of compounding can do wonders in due course of time, a small amount can grow into a significant amount More importantly a sip does away with the need or effort to time the market.
- When the market is falling person may feel then it may decline further and that investor should wait a while. Often stock exchange recover, notice the chance is lost.
- When market are rising it is scary to invest money is not better should wait for a correction and then make an investment. But if the correction doesn't happen then even this chance is missed. And if markets are going nowhere then what's the purpose in investing in the least .

So trying to find out which is the best time to invest can be tough task. And that’s why it is said that the timing the market is futile. If one could cash in of the ups and downs that markets encounter, it might be great and this is often where SIP fits in. By the process of regular investing one gets to invest in the high as well as the lows, and this help in averaging out the volatility in the market.

Thus, an SIP imparts discipline to investing, whether it's the regular act of saving or investing, an SIP does both automatically. While there are certain benefits of an SIP please commit it to memory is not any wonder drug that cures all investment related ailments.

An SIP doesn't guarantee returns or positive returns. I one opt for an SIP in a falling market and the market continue to fall, then their investment will suffer a loss on the whole.

An SIP can be useful for a debt funds well …to help build a pool of savings. It can be thought of something similar to a recurring deposit where a part of your savings is automatically deducted from account. Overall, and SIP is a simple device that helps you to save and invest in a disciplined manner without having to time the mark

SIP may be a process of consecutive investment in capital market through mutual fund: -

The short of investment plan, to some extent, reduces the risk of market fluctuation since it is invested in stretched time but overall risk remains in full source.

As the inherent nature of capital market your investment may or might not grow and even it can reach far below your initial investment .But recurring deposit in any Bank assures you a fixed sum at its maturity.

Though it's not high enough but it's fully harmless . In view of the frequent volatility in the equity markets, systematic investment plan are seen as the best option to invest in equity schemes.

Undoubtedly, SIP is fairly an honest avenue for retail investors It insulates them from extreme volatility. It helps protecting downside risk .On the other hand it enforces the disciplined approach of saving in an investor’s mentality

Under an SIP option, one can invest fixed amounts at a daily frequency. It prompts investors to take a disciplined approach of saving instead especially for the salaried class. There are two statistical forces inSIP which work for investors: rupee cost averaging and power of compounding.

Investors will get fewer units when the worth is high and the other way around . SIP averages out the value , while the rupee cost averaging doesn't assure investors profit.

It has worked out well for millions of investors throughout the world. The power of compounding acts over along term. If an investor invests Rs 1,000 monthly in such funds, it might give better returns over 5 years as against 3 years

For Example:

Franklin India Blue chip: - Fund gives 32.82 per cent returns in 5 years as against 22.05 per cent in 3 yrs.

Franklin India Prima Plus gives 35.92 per cent in 5 years as against 25.24 per cent.

Franklin India Prima Fund yields 28.84 percent against 8.21 percent.

Actually, the returns on SIP depend upon market conditions.

Investors avoid participation in equity markets because of the fear of volatility impacting their returns. An SIP offers investors the safety of mitigating volatility risk, thus encouraging participation in the equity markets.

If an investor has the discipline to invest during difficult periods, such investments usually deliver the best value over the long term.

For an SIP between 2008 and 2017, 70-75 per cent of wealth creation was attributable to investments during lackluster phases in the market.

KOTAK 30 performance as on 30, 2019

Largecap Schemes				
Scheme Name	5-yr monthly SIP		10-yr monthly SIP	
	Present value of Rs 6 lakh invested (Rs)	XIRR(%)	Present value of Rs 12 lakh invested (Rs)	XIRR(%)
ICICI Pru Bluechip Fund	8,58,349	14.54	27,08,565	15.66
SBI BlueChip Fund-Reg	8,71,364	15.17	27,04,279	15.64
Aditya Birla SL Frontline Equity Fund	8,44,051	13.85	26,48,418	15.24
Reliance Large Cap Fund	8,79,137	15.53	26,47,641	15.24

Record Date	**Dividend per Unit Rs**
28-Feb-2019	6.00

11-Jan-2019	6.00
20-July-2018	3.00
27-Dec-2017	5.50
27-Dec-2016	1.00
3-Jun-2016	1.00
5-Nov-2015	1.50
31-Jan-2014	5.00
20-Oct-2012	2.00
28-Dec-2010	1.00

DEBATABLE VIEW

There can be little debate that SIP promotes traits that are invaluable to financial planning –

Regular investing that makes market timing redundant

Rupee cost averaging that beats investing lump-sum

Some demerits relevant with SIP: -

Despite the pros, investors would be well advised to note some demerits associated with SIP, although it's not like the negatives bring down the entire structure on which the argument for SIP is based on the other hand they are significant too.

- **Exit is not as cheap as people thought:-**

Most SIP investors probably are not aware that there is an exit load slapped on premature redemption since the entry load is waived off on SIP, in a lot of cases 12 month is the minimum time period for which investors have to be invested to escape without an entry load.

So investor assure that they can redeem the entire amount in the 13month after investment while this assumption is flawed, it is not necessarily the investor who is to be blamed. Often, investment agent in their enthusiasm to promote SIP forget to mention exactly how the redemption schedule for SIP works.

Redemption schedule:

Cheque date	SIP no.	Earliest redemption
1-Jan-2018	SIP 1	1-Jan-2019
1-Feb-2018	SIP 2	1-Feb-2019
1-Mar-2018	SIP 3	1-Mar-2019
1-Apr-2018	SIP 4	1-Apr-2019

The earliest redemption of Sip1 can be made only in the 13th month since the cheque date Likewise in the 14th month, the investor can redeem SIP2, Notice each sip has minimum investment time frame of 12 months not just SIP1 .So one go without incurring a sales load, you will be able to do only in June 2019.

Rupee-cost averaging does not always work:-

How many time we've heard elaborate presentation and seen fancy tables and graph that show how rupee-cost averaging one vital reason to require SIP rout to open-end fund investing.

However, rupee cost-averaging does not always work. It certainly doesn't add a rising market. This is because a market that shows a consistently rising trend will ensure that every subsequent Sip in and equity fund is at a higher NAV than the previous SIP.

WHEN RUPEE-COST AVERAGING FAILS

Cheque Date	NAV (Rs)	SIP amount (Rs.)	No. of units
1-Aug-19	11.72	1,000	85.3
1-Sep-19	12.53	1,000	79.8
1-Oct-19	14.03	1,000	71.3
1-Nov-19	14.12	1,000	70.8
1-Jan-19	18.68	1,000	53.5

Average NAV	**14.48**		

It is obvious that the SIP mode of investing wasn't such a great idea. Rupee-cost averaging did not work its charm for the investor who had the option to enter the equity fund through a one-time, lump-sum investment on at least four occasions from August1, 2018 till Nov1, 2018 to beat the average NAV of Rs 14.48, but yet choose the SIP way. If he had taken the opportunity to enter lump-sum on any one of these occasions he would have been better off than opting for the SIP route

Of course, that is not to say that rupee-cost averaging is a failure, but it works particularly well if you have taken an SIP over a longish time horizon of 12-18 months to benefit from a falling market.

- ## The exit load could really pinch one:-

Some investors opt, for SIP thinking that despite the drawback it is however a smart way to invest as opposed to one time lump-sum investment. This right but SIP work best only if you last clients to go in for SIP because the entry load is waived off. Their argument is that since the entry load is waived off, then even if the client withdraws prematurely, the 2.00% exit load (approximately) is not really damaging as it's just a charge for not paying the entry load. This argument is flawed because the entry and exit loads are charged on different amounts.

For example from the above real life illustration it's easy to understand how the exit, load can be particularly high on premature redemptions from an SIP. Take the first SIP at an NAV of Rs11.72 .

If the investor had entered one time at that level at 2.00% entry load it would have cost him Rs0.23(2% of Rs11.72) But since he has opted for the SIP rout let us understand how a premature redemption work for him. Say, the investor wants to redeem his units by January1, 2008 because the NAV has climbed significantly and he wants to capitalize on the opportunity. He will be slapped with a 2.00% exit load since the entry load was waived off on the SIP.

However, the 2.00% exit load will be calculated on Rs18.68, which amount to Rs0.37. Compare this with theRs0.23 he would have had to pay if he hadentered lump-sum.

Of course, these illustrations are on hindsight and the investor has no way to know this in advance. That is understandable and as we have outlined we are not out to debunk SIP. However, SIP need to be promoted by the investment agent/distributor community after explaining all the merits and demerits to the investor so as to enable him to take an informed decision.

EQUITY LINKED TAX SAVING SCHEME

Enjoy Tax Benefits:- these schemes are becoming more popular as traditional ways of tax saving becoming less interesting with declining interest rates.

WHO SHOULD INVESTMENT:- Equity linked saving scheme is an ideal way to save on tax as well as staying invested in equity mutual funds.

HOW THEY PERFORMED:- In last one year and above these fund have given above average returns to keep you more & more interested in saving tax as well as counting return on your investment.

Company profile

The US $6 billion Mahindra Group is among the top 10 industrial houses in India. Mahindra & Mahindra is the only Indian company among the top tractor brands in the world.

Mahindra's Farm Equipment Sector has recently won the Japan Quality Medal, the only tractor company worldwide to be bestowed this honor, it also holds the distinction of being the only tractor company worldwide to win the Deming prize. Mahindra is the market leader in multi-utility vehicles in India.

It made a milestone entry into the passenger car segment with the Logan.

The group has a leading presence in key sectors of the Indian economy including the financial services, trade and logistics, automotive components, information technology, and infrastructure development

With over 62 years of manufacturing experience, the Mahindra Group has built a strong base in technology, engineering, marketing and distribution which are key to its evolution as a customer centric organization. The Group employs over 50,000 people and had several state-of-the –art facilities in India and overseas.

Mahindra & Mahindra has entered into partnerships with international companies like Renault SA France, and International Truck and Engine Corporation, USA. Forbes has ranked the Mahindra Group in its Top 200 list of the World's Most Reputable companies and in the Top 10 list of Most Reputable Indian Companies. Mahindra has recently been honored with the Bombay Chamber Good Corporate Citizen Award for 2006-07.

We are one of the leading non-banking finance companies ("NBFCs") with customers in the rural and semi urbanmarkets of India. We are part of the Mahindra Group, which is one of the largest business conglomeratesin India. We are primarily engaged in providing financing for new and pre-owned auto and utility vehicles,tractors, cars and commercial vehicles. We also provide housing finance, personal loans, insurance broking andmutual fund distribution services.

We were incorporated in 1991 and commenced operations as a finance company in 1993. We were registered asa deposit-taking NBFC in 1998 and have since established a pan-India presence, spanning 24 states and fourunion territories through 537 offices as of December 31, 2010. Our offices cater to the financing needs of ourlarge customer base, which includes retail customers and small and medium-sized enterprises. Our Companyfocuses primarily on providing financing for purchases of new auto and utility vehicles, tractors and cars, whichaccounted for 30.0%, 22.0% and 33.0% of estimated total value of the assets financed, respectively, for the ninemonths ended December 31, 2010. We benefit from our close relationships with dealers and our long-standingrelationships with Mahindra & Mahindra Limited ("**M&M**") and Maruti Suzuki India Limited ("**Maruti**"),which allow us to provide on-site financing at dealerships.

M&M, our Promoter and the flagship company of the Mahindra Group, had a market capitalization as ofSeptember 30, 2010 of Rs. 401.11 billion and was ranked by Forbes amongst top 200 most reputable companiesin 2009. The Mahindra Group has a strong presence in the utility vehicles, tractors, information technology,financial services, aerospace, real estate, hospitality and logistics sectors.

We have won several awards, including the IDC Enterprise Innovation Awards, 2010, the "CEO with HROrientation Award" from Asia's Best Employer Brand Awards 2010 and the "Pioneer Award" in the EnterpriseConnect Award – 2007. We ranked 186th in the list of "India's Most Valuable Companies in the Private Sectorin terms of Average Market Capitalization in 2009" published by Business Today magazine.

Between March 31, 2008 and December 31, 2010, we have increased our office network by 23.2% to 537offices and increased the number of financing contracts we entered into with customers by 79.0% to 1,460,357financing contracts. For the nine months ended December 31, 2010, our Company's estimated total value ofassets financed was Rs.

104,562.47 million, our total income of Rs. 14,532.52 million and our total profit aftertaxation was Rs. 3,280.04 million.

As of December 31, 2010, our Company maintained a non-performing asset ("**NPA**") coverage ratio of 81.6%,net NPA of 1.1% of total assets and capital adequacy ratio of 17.4%, and we had total loans and advancesoutstanding of Rs. 116,357.05 million and total assets of Rs. 123,476.52 million, compared to, as of March 31,2010, our Company maintained an NPA coverage ratio of 86.4%, net NPA of 0.9% of total assets and capitaladequacy ratio of 18.5% and we had total loans and advances outstanding of Rs. 84,864.49 million and totalassets of Rs. 91,951.77 million.

Our long-term and subordinated debt is rated AA+, AA+ and AA(ind) by CRISIL Limited, a subsidiary ofStandard& Poor ("**CRISIL**"), Brickwork Ratings India Private Limited and FITCH Ratings India PrivateLimited, respectively. CRISIL has also rated our short-term debt P1+, which is the highest rating for short-termdebt instruments, and our fixed deposit program FAAA. For further details on our credit ratings, see "- *OurCredit Ratings*".

On September 27, 2010, our Company entered into an agreement with De LageLanden Financial Services Inc.,which is wholly-owned by the Rabobank group, to form a joint venture company in the United States, MahindraFinance USA LLC. Mahindra Finance USA LLC was formed to provide, among other services, wholesaleinventory financing to U.S.-based dealers purchasing products of the Mahindra Group and retail financing tocustomers for financing the purchase of the Mahindra Group products.

Our Company has made an initial investment in Mahindra Finance USA LLC of approximately US$ 5.02million. Our Company owns a 49.0% interest in Mahindra Finance USA LLC with the balance owned by DeLageLanden Financial Services Inc.

Mahindra Finance

MAHINDRA & MAHINDRA FINANCIAL SERVICES LTD.

Overview:

- A Subsidiary of Mahindra & Mahindra Ltd, it is one of the leading non banking finance companies focused on rural and semi urban sector.
- CRISIL has assigned AA+ rating to the company's long term debt reflecting a high degree of safety.
- MMFSL finances purchase of utility vehicles, tractors, cars and commercial vehicles. The company's goal is to be the preferred provider of financing services in the rural and semi urban areas of India.
- A company has 436 branches covering 25 states and 2 union territories.
- Assets under Management have increased from Rs 7,919 crores year on year basis.
- MMFSL recorded total revenues of INR 12,268 million & PAT of INR 1'770 million for the year ends March 31, 2008 and had total Assets of INR 70,218 million as of march 31, 2008.

Our Strategies

Our business strategy is designed to capitalize on our competitive strengths to become the preferred provider offinancing services to customers in the rural and semi-urban areas of India.

Focus on the rural and semi-urban markets to grow our market share - We plan to continue to expand our office network and increase the market share of our existing products andservices in the rural and semi-urban markets of India. We intend to grow our market share by expanding ourcustomer base and strengthening our relationships with dealers. We have grown our office network to 537offices as of December 31, 2010 from 436 offices as of March 31, 2008. Our immediate expansion goal is tolaunch one office per district in India to be in the vicinity of the local customer base. In opening each office site,we analyze the local market and proximity to target customers. We believe our customers appreciate thisconvenience and that well-placed office sites allow us to attract new customers.

We also seek to expand our dealer relationships by strengthening our presence at dealers and by continuing toengage dealers beyond M&M for customer relationships. We believe that this strategy will increase ourcustomer base and revenues and mitigate risks associated with deriving a substantial percentage of our vehiclefinancing revenues from purchasers of M&M vehicles. In order to enhance our dealer relationships, we alsoparticipate in dealer trade funding to assist with the working capital requirements of these dealers. We believethat we are in a position to leverage our existing distribution infrastructure to increase our penetration in marketswhere we already have a presence.

Focus on effective use of technology - As we continue to expand our geographic reach and scale of operations, we intend to further develop andintegrate our technology to support our growth and improve the quality of our services. We intend to increasethe number of offices connected to the centralized data centre in Mumbai. We also intend to expand our use ofhand-held GPRS devices, which collect data used to monitor our operations and risk exposure. We have alsorolled out a pilot program under the project name “mobile offices” which is an enhanced version of the presentGPRS hand-held device that will allow our employees to originate loans and conduct know-your-customerchecks at a customer’s home or business location. We believe that as we develop and integrate such programsinto our business, we can further capitalize on the reach of our offices and increase our market share. Our use oftechnology will also allow us to continue providing streamlined approval and documentation procedures andreduce incidence of error.

Further, we believe that our continued focus on the effective use of technology will allow employees across ouroffice network to collect and feed data to a centralized management system, providing our senior managementwith prompt operational data and assisting with treasury management. We believe that the accurate and timelycollection of such data gives us the ability to operate our business centrally and develop better credit proceduresand risk management.

Diversify product portfolio - We also intend to further improve the diversity of our product portfolio to cater to the various financial needs ofour customers and increase the share of income derived from sale of financial products. As of December 31,2010, we derived 95.1% of our total income from our vehicle financing business, which consists of loans fornew and pre-owned auto and utility vehicles, tractors, cars and commercial vehicles. We intend to improve thediversity of our product portfolio both within our vehicle financing business as well as through the introductionand growth of other financial products. Within our Company’s vehicle financing business, new auto and utilityvehicles, tractors and cars constitute 85.0% of estimated total value of the assets financed for the nine monthsended December 31, 2010. We intend to grow the share of our disbursements to pre-owned vehicles and lightand heavy commercial vehicles to capture market share in what we believe is a growth area and improve thediversity of our loan exposure. We also intend to leverage our relationships—including with Maruti and its‘True Value’ brand of pre-owned vehicles and M&M and its ‘First Choice’ brand of pre-owned vehicles—andour existing office network to diversify and expand our product portfolio.

Beyond our vehicle financing business, we intend to leverage our brand and office network, developcomplementary business lines and become the preferred provider of financial products in rural and semi-urbanmarkets—a one-stop shop for customers’ financial needs. We expect that complementary business lines willallow us to offer new products to existing customers while attracting new customers as well. To this end, wehope to grow our housing finance and personal loans businesses and increase distribution of mutual funds andinsurance products. We expect that our knowledge of local markets will allow us to diversify into productsdesired by our customers, differentiating us from our competitors.

Chapter - 7

FINDINGS

There is great opportunity for Mutual Fund companies as there is a rise in a number of people who want to invest in share market but do not have time and knowledge to do so, also these people wants to take less risk.

The survey shows that significant part of the investment portfolio of the retail investors consists of Mutual Fund Scheme. But still, Insurance and Post Office

Scheme have a significant share because of the safety factor associated with them.

With booming market and falling interest rate of bank deposits, people see mutual funds as an attractive financial tool which provide a high return rate at lower risk as compared to equity market.

Most of the investors prefer Mutual Fund route for equity investment than direct stock market investment.

Young people these days are particularly more interested in mutual funds because they see mutual fund as safe bet .Also these people have large disposable incomes and risk taking capability too. According to the study of major part of the investors are showing interest in the Equity Based Schemes to meet out their need for capital appreciation.

The bad part is people are still ignorant about mutual funds and different schemes about mutual funds. Hence it is very necessary to educate them about mutual funds.

Another significant finding of the study is that investors are lured by the returns Mutual Funds are showing. However at the same time they want to minimize their risk.The investment horizon, which is most liked by the investors, is 2 to3 years.An investor equity fund portfolio largely depends on his/income level and age.

CONCLUSIONS

In my project I have taken a good experience by how a company, survive in the market. It was really wonderful working with a brand known as the Mahindra group.

I was guided by this group in an excellent way to get know how about the corporate world and how to tackle with the clients, how to interact with them.

With their full support and help I completed my project with a great success. I am concluding my project with my best understanding and finding which I found during this project.

- People generally not aware of mutual funds the relate mutual fund with stock market.
- In this way they expect high return like stock market.
- Mostly people want to invest for resourceful life.
- People wise to for short term to medium term time horizon.
- People invest in mutual fund on the basis of return and mostly prefer to go with some brand names of AMC’s.
- People mind set is to earn maximum return in short term while it should be minimized.
- People generally prefer SIP. Because of it’s services as amount deducted from account automatically.
- SIP also easy to manage because it is a low amount which is not heavy to investor pocket.

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