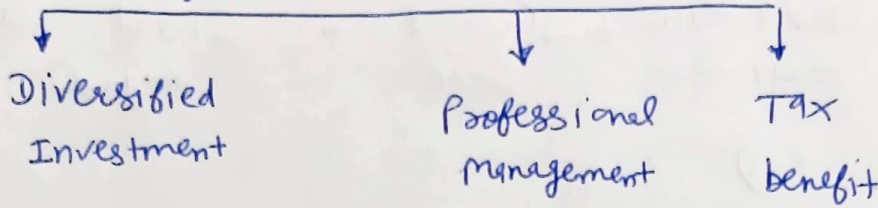


① mutual fund is a trust registered under Indian trust Act.

4. mutual fund

② Advantage of mutual fund



③ There are different types of fund

- + Equity fund
- + long term debt fund
- + Short term debt fund
- + Hybrid fund
- + Gilt fund
- + Equity linked Saving Scheme (tax Saving funds)
- + Exchange traded fund

Note → Gilt fund is considered as risk free fund.

④ Buying price or selling price of unit of mutual fund → NAV on the date of buy/sale

⑤
$$NAV = \frac{\text{Net assets of scheme}}{\text{No of units of that scheme}}$$

⑥ Net assets of Scheme



Market value of Investment + Short term Receivable + Cash & Bank - Short term payable

(00)

Unit Capital + Reserve.

⑦ Return from Investment in mutual fund

(a) Dividend payout plan (dividend is payable in cash)

$$\left[\frac{(\text{Dividend} + \text{NAV}_1) - \text{NAV}_0}{\text{NAV}_0} \right] \times 100$$

(b) Dividend reinvestment plan (under this plan, unit will be given of equivalent amount of dividend on the basis of NAV prevail on the date of dividend declaration)

$$\frac{\left[\text{No of units at the end} \times \text{NAV}_1 \right] - \left[\text{No of units at beginning} \times \text{NAV}_0 \right]}{\text{No of units at beginning} \times \text{NAV}_0} \times 100$$

(C) Bonus plan (bonus unit will be given at free of cost)

↓

$$\frac{\left[\left(\text{No of units at end} \times \text{NAV}_1 \right) - \left(\text{No of units at beginning} \times \text{NAV}_0 \right) \right]}{\text{No of units at beginning} \times \text{NAV}_0} \times 100$$

(d) Growth plan

↓

$$\frac{\text{NAV}_1 - \text{NAV}_0}{\text{NAV}_0} \times 100$$

⑧ Expense ratio $\rightarrow \frac{\text{Expense per unit}}{\text{Average NAV}} \times 100$

⑨ Indifference point

Return to Investor
on his own
Investment

=

Return to Investor
from mutual fund

↓

$$\text{Return to Investor on his own Investment} = \left[\text{Return to mutual fund from Capital market} - \text{Recurring expenses} \right] \times \left[1 - \text{Initial expenses} \right]$$