Overview of Risk Analysis Subjected to Mutual Fund

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Introduction

Systems with investment funds are allocated to many investors on the basis of their individual needs and objectives. The need for a retired man and the ability to draw a risk will be very different from that of a 30-year-old. That is why different types of investment funds meet the needs and objectives of investors. Sub-funds for the fund take the risk that the investor will cover his or her income and take risks. According to SEBI regulations, investment funds do not interfere with the planning to reach potential investors or construction products. These arrangements will meet the huge needs of different types of investors. India's investment funds currently offer various categories in more than 400 products and planned intersections. Previously, all investment funds corresponded to different types of conditions in the expansion method. There are many types of investment funds that are not dedicated to investors. However, this kind of funds can be classified into the following specific categories:

Functional classification of investment funds

Investment funds on a job basis are generally of six types and they are:

a) open structure
b) Closed method
c) Separate the system
d) Financing
e) No-load financing
f) Tax exemption fund

(a) Open system

In open plans, investment funds are always extended to be sold and purchased at net asset value (NAV) or NAV-related prices. The net asset value is the market value of the assets of the fund (less the liabilities of the unpaid profit fund) divided by the number of prominent units. Investors can enter and exit the proposal at any time during the term of the fund. An open fund does not have to be listed on the stock exchange and can be quickly reclaimed after dividends.

(b) Termination funds

The unit capital of the deadline is specified because a fixed number of units has previously been sold. The deadline for the deadline is two to five years. After the proposal is closed, the
fund does not allow investors to buy units or pay ransom directly from the fund. Nevertheless, to provide investors with a lot of liquidity, funds with weighted price are numbered on the stock market. Investors can trade through the stock exchanges in a standardized manner by trading their shares through direct investment.

(c) Interval planning

Spacing plans include both open and closed fund characteristics. Interval funds can be used for sale or redemption during a predetermined period against NAV-related prices.

(d) Financing

Promotions for investment funds require a provisional fee. Investment funds collect these investor expenses in different ways at different times. The general ways in which Disbursal can be reclaimed from investors can be subdivided into:

- When an investor deposits into the fund, you deduct a certain amount of the gift -
- You are charged an annual fixed amount per year. - delayed load
- When the investor leaves the fund, by deducting the indicated amount from the amount of the refund, the investor can pay - Funds that charge costs for entry, exit or delayed costs are called funds.

(e) No-load funds

A mutual fund that has emigrated or has left because of withdrawal or a late payment is called a 'no-load' fund. An interest-free fund is a fund that does not charge marketing costs. All funds still charge administrative and other costs. Only the investors of the zero-load fund are counted after entering or subtracting the net NAV of the fund, but are not allowed to pay the marketing costs of a given NAV. Some funds are for access only, others are for exclusion only. These funds can be called sub-tax funds.

(f) Tax Exemption Fund

Investment funds that invest in non-taxable securities are considered to be exempt from tax. In India, investment fund experience is tax-free. After the federal budget of 1999, all income from all investment funds is exempt from investing by investors. On the other hand, funds other than open equity funds must pay distribution obligations before they distribute income to investors.

2. Nature and Purpose Of The Investment

1) Money Market Mutual Fund
2) Debt
3) Hybrid funds
4) Equity funds
5) Other funds
1) Money market / Liquid Fund

Floating funds are characterized by the lowest steps in order of risk level in investments in short-term financial bonds. These investments are usually carried out on securities with a maturity of less than one year. Money Market Mutual Funds inform investors about risks by showing changes in short-term assets as terminal issues, maturity and size. This documentary provided investors with short-term resources and provided money market instruments in the hands of individuals. Money Market Mutual Fund invests in the following securities:

(a) Treasury bills issued by the government
(b) A deposit certificate issued by the Bank
(c) Commercial paper issued by an enterprise;
(d) Telephone or notification of money

Money Market Mutual Funds are ideally suited for short-term investments. In particular, if the financing is uncertain, the investor obtains the market-rate interest rate and guarantees liquidity for the investor. Interest rate risk exists, but the impact is negligible due to the shortening of the term of the investment instrument.

2) Debt

Debt funds are invested in a balanced manner in accounts of governments, private companies, banks, financial institutions and other institutions such as infrastructure companies. The main goal of investing in debt funds is low risk and stable income for investors. However, this fund is more speculative than liquid assets because it invests in long-term securities and is more exposed to price fluctuations. Debt funds also run a higher risk of defaulting than in Gilt funds.

Debt funds are regarded as an income fund because they mainly invest in debt instruments based on income. They do not focus on capital growth, but seek the current income and therefore allocate a considerable part of the surplus to investors.

3) Hybrid funds - quasi-equity / semi-debt

Hybrid securities are a crucial example of a capital management tool that compromises debt and equity elements in a cost-effective way. The hybrid approach invests in a mix of equities and debt instruments. Hybrid funds do not differ from certain security. These funds are planned to achieve personal goals, such as rapid growth, proportional to the market index, or to commit to certain areas of the economy. Hybrid funds use the composition of securities to achieve a predetermined goal.

Benefits of hybrid funds

• Hybrid funds act as catalysts for risky variants and eager investors to make money without offering promising journeys with less risk and less volatility.
• Hybrid funds are beneficial for investors who do not have sufficient funds to diversify into different funds.
• With the Rupee Cost Average strategy, investors can easily buy shares and bonds in one go.
• With the help of hybrid funds, investors who do not appreciate their equity with different investment options can use the services of the Professional Portfolio Manager.
• Hybrid funds look for income but still want the equity market to grow, so pensioners want it.

4) Equity funds

Equity funds are eligible for funds that require high risk and high returns. Equity funds invest more and more in the equity they acquire, either directly in the IPO or buy shares on secondary markets. Equity-type funds are exposed to market-specific, company-specific share price movements at sector or sector level. The intrinsic value of the net assets assets is associated with all these price changes caused by a number of external factors such as politics, social and economic. Equity Fund is a publisher that would consider the obtained in accordance with the existing possibilities of the statement and thereby consider the highest possible growth capital at their own merit.

Equity funds implement different investment strategies, resulting in undifferentiated risk levels. For this reason, they are generally classified as different types in terms of their investment style.

Risk / Return related to investment funds

During this period, an investment fund is considered less dangerous than to stand out, or consider a fixed point or event unique nature of direct investments in the stock market. Investment funds can split through asset classes by investing in certain grouped funds such as shares and debt.

But some investors act was to suffer a deterioration of the business and economic activities and interests of other people were able to see the erosion of its value. Investment fund brokerage is also a way to translate the benefits of storage and other allowances favorite size is relatively more expensive than the direct investment in the capital market reduced because in lower costs for investors. The following figure clearly illustrates the risk-return relationship between investments in investment funds and other direct investments.

Risks associated with investing in investment funds

All investments have certain risks and uncertainties that are certain but not specified. There is even the possibility of false insured bank accounts it allows people with less purchasing power than the actual purchasing power and faster than the rate of return rises (Rs 100 if they are older than his grandmother was such).

Investments in investment funds are also often used in combination with trends or risks that affect the financial markets. The types of risks associated with investments in investment funds are:
1. Market risk

Sometimes the price of all instruments rises or falls as a result of a wide range of external influences. The effects of this type of fluctuations can be influenced by the stock prices of outstanding high-income and exit companies. This change is due to the market risk.

2. Inflation risk

If excessive negligence occurs faster than an investor's net income, investors reduce the risk of buying realistically small amounts. Therefore, inflation risks can cause loss of purchasing power. Inflation risks can also arise when the prices outweigh the return on the investment.

3. Credit risk

This type of risk is required to pay a final conclusion that is not to analyze how a stable and accident expected and the company that offers the money to invest or types of investments are able to repay the principal when it matures.

Conclusion

Investment funds are allocated to a large number of investors, depending on their individual needs, objectivity and perception. Just as retired men clearly differ from men aged 30, the preconditions and the contract risk vary with age, while the needs of women certainly differ from men of the same age. That is why there are many types of investment funds on the market and different types of investment funds are trying to meet the needs and objectives of investors. The selection of the fund depends on the investor, depending on his income and the acceptance of the risk.

References