

Mutual Funds – FAQs

1. What is a mutual fund and how does it work?

A mutual fund is a pool of money collected from multiple investors to invest in stocks, bonds, or other assets. A professional fund manager manages the fund to achieve specific investment objectives.

2. What are the different types of mutual funds?

Mutual funds can be equity (stock-based), debt (bond-based), hybrid (mix of equity & debt), index funds, or sector-specific funds.

3. How is the return on a mutual fund calculated?

Returns are calculated based on the Net Asset Value (NAV) movement over time, plus any dividends declared.

4. Is there any lock-in period in mutual funds?

Only ELSS (Equity Linked Saving Scheme) mutual funds have a 3-year lock-in. Most others are open-ended and can be redeemed anytime.

5. Are mutual funds safe to invest in?

They are market-linked and carry risk, but they are regulated by SEBI and managed by professionals, making them relatively safer compared to direct investing.

