DEPARTMENT OF COMMERCE AND FINANCIAL STUDIES
BHARATHIDASAN UNIVERSITY, TIRUCHIRAPPALLI – 620024
MBA (FINANCIAL MANAGEMENT)

COURSE CODE: COMMNO1/24
COURSE NAME: Mutual Fund
COURSE TEACHER: DR. T.Unnamalai
EMAIL ID: drtunnamalai@bdu.ac.in

SCHEME OF PRESENTATION UNIT-V

- New Fund Offer (NFO)
- Factors Affecting Unit Allocation
- Factors Affecting Unit Allocation
- Consolidated Account Statement (CAS)
- Disadvantages of a Consolidated Account Statement
- Disadvantages of a Consolidated Account Statement
- How do AMCs Compute Consolidated Account Statements?
- Different Types of Mutual Fund Investors
- Types of Mutual Fund Investors
- Based on Investment Horizon
- Based on Investment Goals
- Based on Investment Approach
- KYC Requirements for Mutual Fund Investors in India
- Tax Implications of STP
- Differences Between STP vs SIP
- Differences Between STP vs SIP

INTRODUCTION

- **New Fund Offer (NFO)** is the initial public offering of a new mutual fund scheme. It's a period when investors can buy units of the fund at a predetermined offer price. Once the NFO period ends, the fund is listed on stock exchanges and starts trading based on its Net Asset Value (NAV).
- **NFO process:**
- **Announcement:**
  - **Fund House:** The asset management company (AMC) announces its intention to launch a new fund.
  - **Investment Objective:** The AMC outlines the fund's investment strategy, target market, and risk profile.
  - **Offer Period:** The duration of the NFO is specified, usually 15-30 days.
  - **Offer Price:** The initial price at which investors can buy units is determined.

- **Subscription Period:**
  - **Investor Interest:** Investors can subscribe to the NFO during this period by purchasing units at the offer price.
  - **Minimum Investment Amount:** There might be a minimum investment requirement.
  - **Application Process:** Investors can apply through various channels like online platforms, brokers, or directly with the AMC.
- **Fund Launch:**
  - **Closure of NFO:** After the subscription period ends, the NFO closes.
  - **Allocation of Units:** The AMC allocates units to investors based on their applications and the total amount raised.
  - **Fund Management:** The fund manager starts investing the collected capital according to the fund's investment objective.
- **Listing and Trading:**
  - **Listing:** The fund is listed on stock exchanges.
  - **Trading:** Investors can buy or sell units of the fund on the stock market based on the NAV.

KEY POINTS TO CONSIDER

- **Risk:** NFOs involve investment risk. The fund's performance depends on market conditions and the fund manager's investment decisions.
- **Diversification:** NFOs can be a good way to diversify your investment portfolio, especially if they invest in different asset classes or sectors.
- **Expense Ratio:** Compare the expense ratio of the NFO with other similar funds to assess its cost-effectiveness.
- **Fund Manager:** Research the experience and track record of the fund manager.
- **Investment Horizon:** Consider your investment goals and time horizon before investing in an NFO.

NFO PRICES:

Fixed Rate: The price remains constant throughout the NFO period.

Subscription Period: Investors can purchase units of the mutual fund at this offer price during the specified subscription period.

Post-NFO Trading: After the NFO closes, the units are traded based on their Net Asset Value (NAV), which can fluctuate.

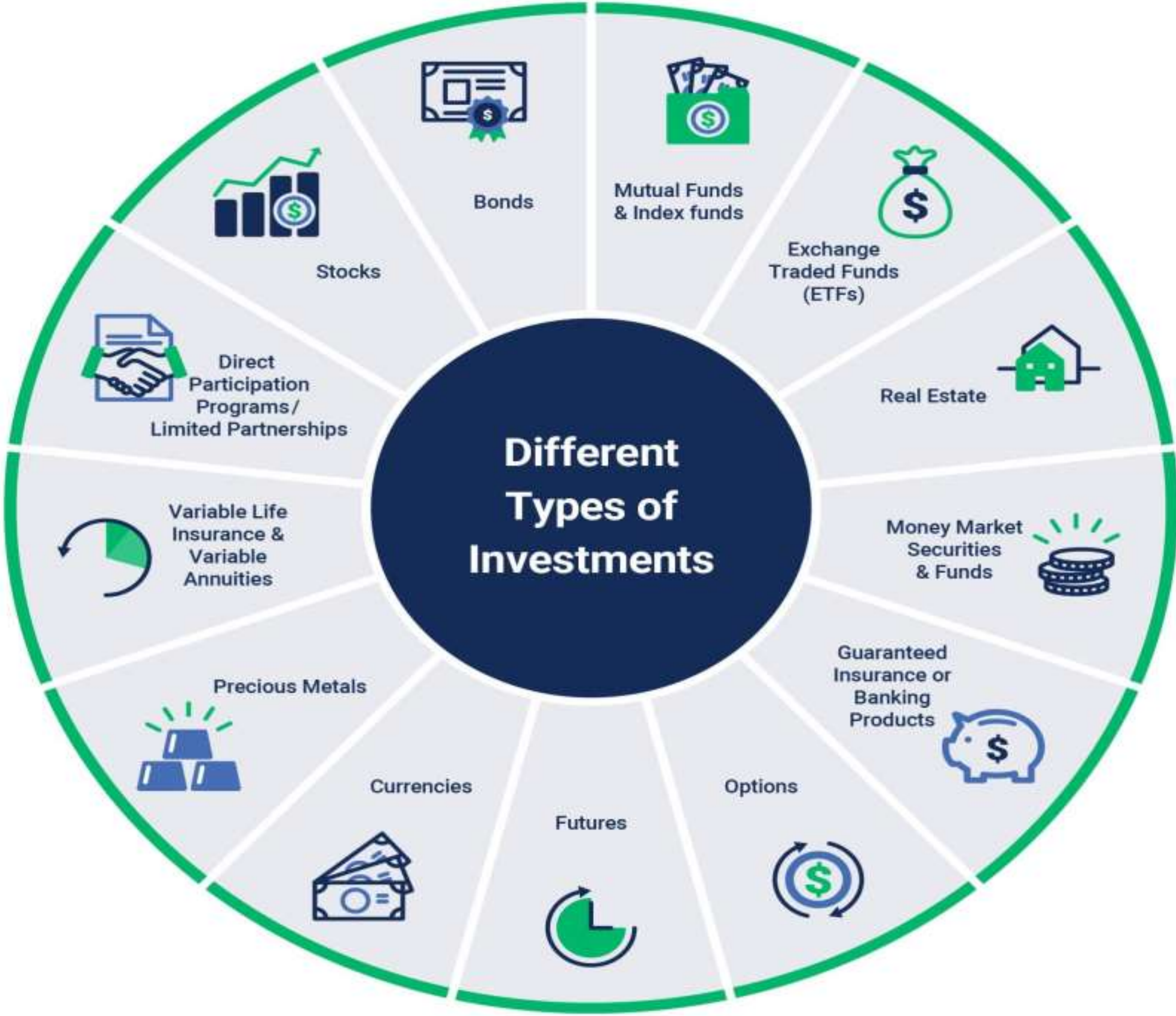
Why Invest in an NFO?

Potential for Higher Returns: NFOs can sometimes offer higher returns compared to existing funds, especially if the fund manager's investment strategy proves successful.

Lower Costs: Investors may benefit from lower expense ratios during the initial stages of the fund.

Access to New Investment Opportunities: NFOs provide access to new investment themes or sectors.

It's important to note that investing in NFOs involves risk. The performance of a new fund may not always be predictable, and there's no guarantee of returns. Before investing, conduct thorough research and consider your investment goals and risk tolerance.



HOW UNITS ARE ALLOCATED

- **Investment Amount:** The number of units you receive depends on the amount you invest.
- **Net Asset Value (NAV):** The NAV is the per-unit value of the fund's assets minus its liabilities. It's calculated daily.
- **Calculation:** The formula to calculate the number of units you'll receive is:

  Number of units = Investment amount / NAV

FACTORS AFFECTING UNIT ALLOCATION

- **Entry Load:** Some funds charge a fee (entry load) when you invest.
- This reduces the amount available to purchase units.
- **Fund Cut-off Time:** Mutual funds have cut-off times. If you invest after the cut-off, your units might be allocated at the next day's NAV
- The value of your investment in a mutual fund fluctuates based on the NAV.
- Mutual fund units are not physical assets like stocks or bonds.
- Diversification is a key benefit of investing in mutual funds.

Additional Considerations:

Regular Investment Plans (SIPs): These allow you to invest a fixed amount at regular intervals, averaging out the cost over time.

Systematic Withdrawal Plans (SWPs): These help you systematically withdraw funds from your mutual fund investment.

CONSOLIDATED ACCOUNT STATEMENT (CAS)

A Consolidated Account Statement (CAS) is a report that consolidates all the investments an individual has made in mutual funds and other securities with various AMCs into a single statement. It is a single document that provides comprehensive information on an individual's investments in all schemes across all AMCs. A CAS statement helps investors to keep track of their investments and their performance without having to look at individual account statements of each investment.

WHY IS CAS IMPORTANT FOR MUTUAL FUND INVESTORS?

CAS is important for mutual fund investors because:
1. Consolidated Account Statement (CAS) is an important document for mutual fund investors as it helps to consolidate and keep track of all the investments made under one portfolio.

2. CAS helps monitor all investments through a single platform by providing detailed information such as NAV, purchase details, redemption details, etc.

3. It keeps the investor informed about all their transactions across different schemes and, at the same time, also gives them an insight into the overall performance of their investments over a given period.

4. Investors can avail tax benefits on long-term capital gains with the help of CAS, making it even more beneficial for them when investing in mutual funds over a longer duration.

5. CAS also facilitates fund transfers between different schemes within a single portfolio, and this helps investors to rebalance their investments without any hassles.

6. CAS also helps investors to get easy access to important documents such as transaction statements, redemption slips, account statements, etc., thus making it easier for investors to stay updated with their mutual fund investments.

Overall, Consolidated Account Statement (CAS) provides an effective way of keeping track of one's mutual fund investments and is an essential document for any investor wishing to make smart decisions while investing in mutual funds.

- **How To Generate a Consolidated Account Statement (CAS) Online?**

To generate a Consolidated Account Statement (CAS) online, follow the steps below:

- 1. Visit the website of the registrar and transfer agent (RTA) or the AMC's
  2. Click on the 'CAS' option.
  3. Enter the PAN (Permanent Account Number) and the registered email address.
  4. Select the desired period for which the statement needs to be generated.
  5. Enter the captcha code and click on the 'Generate' button.
  6. The CAS statement will be sent to the registered email address.

It is important to know that the CAS statement can be generated for a maximum period of six months. If an investor requires statements for a longer duration, they need to generate multiple statements for different periods.

What are the Benefits of a Consolidated Account Statement (CAS)?

The Consolidated Account Statement (CAS) provides several benefits to investors, some of which are:

1. **Easy tracking of investments:** Investors can track all their investments across different schemes and AMCs through a single statement, making the process simpler and hassle-free.
2. **Saves time and effort:** Before the introduction of CAS, investors had to go through multiple account statements from different AMCs to keep track of their investments. However, with the introduction of CAS, investors can now view all their investments in a single statement, saving time and effort.
3. **Helps in tax planning:** A CAS statement provides a comprehensive view of all the investments made by an investor. This helps investors plan their taxes better and helps them make informed investment decisions.

4. **Provides transparency:** A CAS statement provides complete transparency in the investment process. Investors can easily view all the transactions made, including new purchases, redemptions, and switches, among others. This helps investors ensure that all the transactions are in compliance with the rules and regulations set by SEBI.
5. **Accuracy:** By crafting CAS statements, the registrar and transfer agent (RTA) guarantee investors that their data is precise and up-to-date. Rest easy knowing that this information can be trusted when making investment choices with confidence.

DISADVANTAGES OF A CONSOLIDATED ACCOUNT STATEMENT

While the Consolidated Account Statement (CAS) has several benefits, there are also some disadvantages. Some of the disadvantages are:

1. **Limited period:** CAS statements can be generated for a maximum period of six months. If an investor requires statements for a longer duration, they need to generate multiple statements for different periods.
2. **Complexity:** For investors with a large number of investments, the CAS statement can be quite complex and difficult to read.
3. **Security concerns:** CAS statements contain sensitive information such as PAN, investment details, and contact information. Investors need to ensure that they keep the statement secure to prevent any unauthorized access.
4. **Dependency on the registrar and transfer agent (RTA):** CAS statements are generated by the RTA, and investors are dependent on them for the accuracy and timely generation of the statement.

HOW DO AMCS COMPUTE CONSOLIDATED ACCOUNT STATEMENTS?

1. The Consolidated Account Statement (CAS) is generated by the registrar and transfer agent (RTA) based on the data provided by the Asset Management Companies (AMCs). The AMCs provide the RTA with the investor's details and investment transactions made in the respective AMC.

2. The RTA consolidates the data from various AMCs and generates the CAS statement, which is sent to the investor's registered email address. The RTA is responsible for ensuring that the information provided is accurate and up-to-date.

WHAT ARE THE CONTENTS OF A CONSOLIDATED ACCOUNT STATEMENT?

A Consolidated Account Statement (CAS) includes the following information:

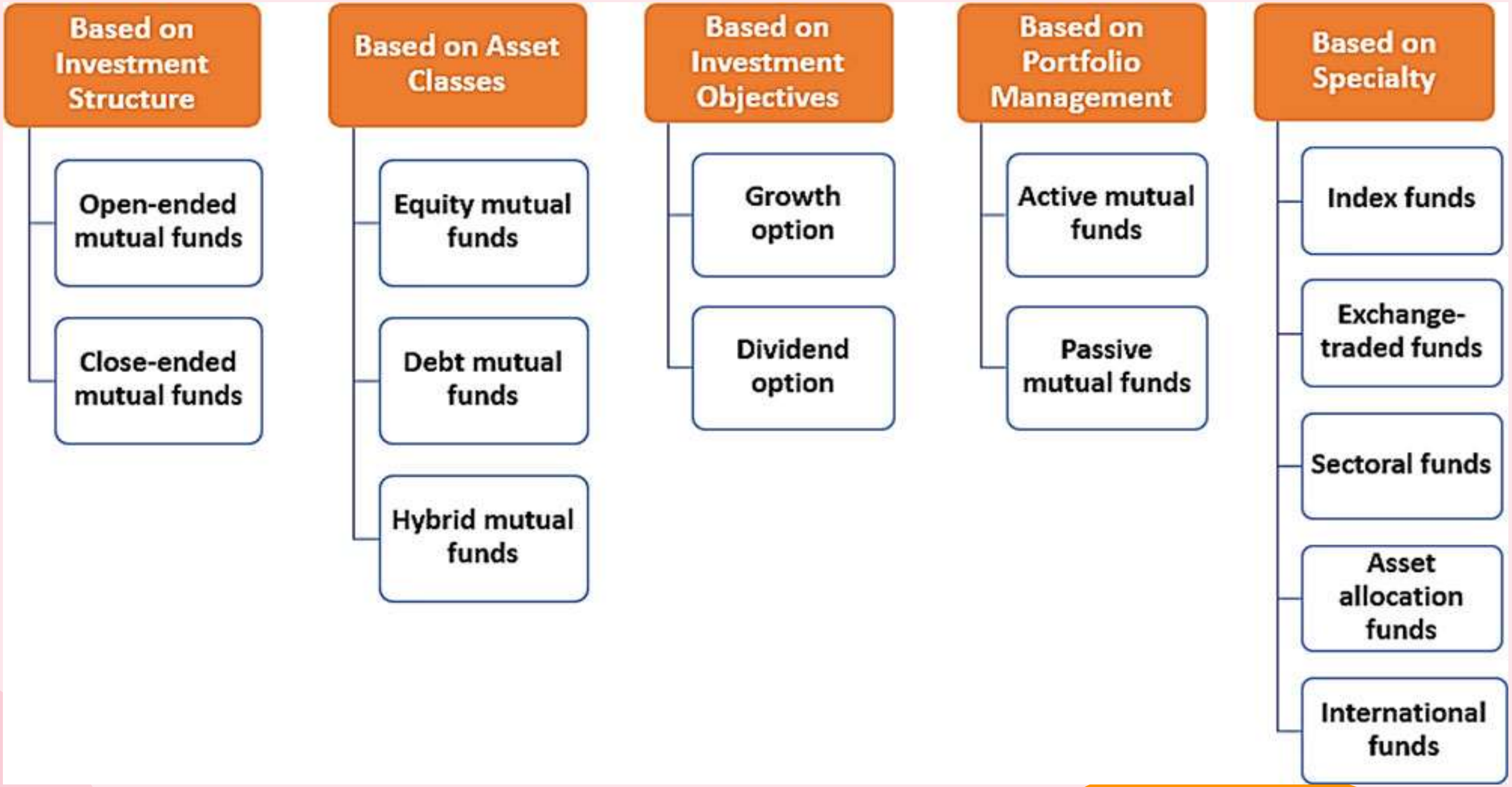
1. **Investor details:** This includes the name, address, and contact information of the investor.
2. **Investment details:** This includes the name of the scheme, the number of units held, the NAV, the current value of the investment, and the date of investment.
3. **Transaction details:** This includes all transactions made in the account, such as new purchases, redemptions, switches, and SIP transactions, among others.
4. **Account statement details:** This includes the period for which the statement has been generated, the opening and closing balance, and the total investment value.
5. **Bank details:** This includes the bank account number and the bank name.
6. **Tax details:** This includes information related to taxes, such as the PAN number and the TDS (Tax Deducted at Source) details.

How to Download Consolidated Account Statement (CAS)?

Investors can download the Consolidated Account Statement (CAS) from the website of the registrar and transfer agent (RTA). The process for downloading the statement is as follows:

1. Visit the website of the RTA, such as CAMS or Karvy.
2. Click on the 'CAS' option.
3. Enter the PAN (Permanent Account Number) and the registered email address.
4. Select the desired period for which the statement needs to be generated.
5. Enter the captcha code and click on the 'Download' button.
6. The CAS statement will be downloaded in PDF format.

Different Types of Mutual Fund Investors



Types of Mutual Fund Investors

Mutual funds offer a diverse range of investment opportunities to cater to various investor profiles. Here are some common types of mutual fund investors:

Based on Risk Tolerance:

Conservative Investors: These investors prioritize capital preservation and stable returns. They typically favor low-risk options like money market funds, short-term debt funds, and government bond funds.

Moderate Investors: This group seeks a balance between risk and return. They may invest in a mix of equity and debt funds, aiming for steady growth with moderate risk.

Aggressive Investors: These investors are willing to take on higher risks in pursuit of potentially higher returns. They often invest in equity funds, sector funds, and emerging market funds.

BASED ON INVESTMENT HORIZON

1. **Short-Term Investors:** These investors have a shorter time horizon, typically less than 3-5 years. They may choose liquid funds or short-term debt funds for easy liquidity and potential capital gains.

2. **Medium-Term Investors:** With a time horizon of 5-10 years, these investors can consider a mix of equity and debt funds to balance risk and return.

3. **Long-Term Investors:** These investors have a time horizon of over 10 years and can afford to take on higher risks for potentially higher returns. They may invest in equity funds, sector funds, or emerging market funds.

BASED ON INVESTMENT GOALS

1. **Income-Seeking Investors:** These investors prioritize regular income through dividends or interest payments. They may invest in income funds, dividend yield funds, or corporate bond funds.

2. **Growth-Seeking Investors:** These investors aim for capital appreciation over time. They may invest in growth funds, sector funds, or emerging market funds.

3. **Tax-Saving Investors:** These investors seek to reduce their tax liability through tax-saving mutual funds. They may invest in equity-linked savings schemes (ELSS) or other tax-efficient funds.

BASED ON INVESTMENT APPROACH

1. **Active Investors:** These investors believe in the ability of fund managers to outperform the market and actively manage their portfolios. They may choose actively managed funds.

2. **Passive Investors:** These investors believe that the market is efficient and that attempting to outperform it is difficult. They may choose index funds or exchange-traded funds (ETFs) that track a particular market index.

Financial Transactions with Mutual Funds

Mutual funds offer a variety of financial transactions to suit different investment goals and strategies. Here are some common ones:

1. **Purchase Transactions**
2. **One-time lump sum investment:** Investing a specific amount of money at once.
3. **Systematic Investment Plan (SIP):** Investing a fixed amount regularly, often monthly.
4. **Systematic Transfer Plan (STP):** Transferring a fixed amount from one mutual fund scheme to another.
5. **Redemption Transactions**
6. **Redeeming a specific number of units:** Selling a certain number of units of a mutual fund.
7. **Redeeming a specific amount:** Selling enough units to equal a desired amount.
8. **Switching Transactions**

1. **Switching within the same fund house:** Transferring units from one scheme to another within the same mutual fund company.
2. **Switching across fund houses:** Transferring units from one mutual fund company to another.
3. **Dividend Reinvestment**
4. **Opting for dividend reinvestment:** Automatically reinvesting dividends received from a mutual fund scheme into additional units.
5. **Systematic Withdrawal Plan (SWP)**
6. **Regularly withdrawing a fixed amount:** Setting up a plan to receive regular income from a mutual fund.
7. **Other Transactions**
8. **Dividend payout:** Receiving cash dividends from a mutual fund scheme.
9. **Bonus units:** Receiving additional units of a mutual fund as a bonus.
10. **Merger or amalgamation:** Combining two or more mutual fund schemes.
11. **Liquidation:** Winding up a mutual fund scheme and distributing its assets to investors.

KYC REQUIREMENTS FOR MUTUAL FUND INVESTORS IN INDIA

1. **Know Your Customer (KYC)** is a mandatory process in India for investing in mutual funds. It helps prevent money laundering and terrorist financing.
2. **Documents Required**
3. To complete the KYC process, you'll typically need the following documents:
4. **Proof of Identity (PoI):** This could be your PAN card, Aadhaar card, passport, driving license, or voter ID card.
5. **Proof of Address (PoA):** This could be your Aadhaar card, passport, driving license, electricity bill, gas bill, or bank statement.
6. **Recent Photograph:** A passport-sized photograph.

HOW TO COMPLETE KYC

1. **Online:**
    1. Visit the website of the mutual fund house or a registered KYC registration agency (KRA).
    2. Fill out the online KYC form with your personal details and upload scanned copies of the required documents.
    3. Pay the applicable fees online.
2. **Offline:**
    1. Obtain a physical KYC form from the mutual fund house or a KRA.
    2. Fill out the form and attach photocopies of the required documents.
    3. Submit the form along with the documents to a KRA or the mutual fund house.

In-Person Verification (IPV)

1. In most cases, you'll also need to undergo in-person verification (IPV) at a designated KYC center. This involves presenting the original documents and verifying your identity with an authorized person.

Important Notes

1. **KYC is mandatory:** You cannot invest in mutual funds without completing the KYC process.
2. **Multiple investments:** If you invest in multiple mutual funds, you only need to complete KYC once.
3. **KYC validity:** Your KYC record is valid for a certain period. You may need to update it periodically.
4. **Online verification:** Many mutual fund houses now offer online verification options.

What Is STP?

1. A Systematic Transfer Plan (STP) makes it easy for investors to move their money from one scheme to another regularly and effortlessly. This periodic transfer allows investors to seize opportunities when market conditions are favourable and shield their investments during turbulent times.

How Does a Systematic Transfer Plan Work?

Let's understand the workings of STP with an example. Suppose you want to transfer ₹2 lakh from your debt to equity funds over a period of 20 quarters.

To invest ₹2 lakh in an equity fund using a Systematic Transfer Plan (STP), here are the steps:

1. **Choose a Fund:** Start by selecting your debt fund as the source of your investment.
2. **Decide Transfer Amount:** Determine how much money you want to transfer regularly, whether daily, weekly, monthly, or quarterly. Let's say you decide to transfer ₹10,000 every quarter.
3. **Duration:** With this transfer amount, it would take 20 quarters or 60 months to complete your ₹2 lakh investment.

Types of Systematic Transfer Plans

STPs come in various forms, each designed to cater to different investment objectives and risk appetites. In India, the three most common types of systematic transfer plans are flexible STP, fixed STP, and capital appreciation STP.

1. **Flexible STP:** In this flexible STP, investors have the autonomy to decide the total funds to transfer based on their individual requirements. The choice is influenced by market conditions and the investor's assessment of a scheme's performance. Consequently, investors can opt to transfer a larger portion of their existing fund when they anticipate market volatility, conversely, transfer a smaller portion when they foresee stability.

- **Fixed STP:** This STP, also known as value-based STP, is a straightforward way of transferring a fixed sum from one scheme to another at regular intervals. This type of STP is ideal for those who seek a steady and predictable income stream while ensuring that their capital remains invested in the market.

- **Capital Appreciation STP:** On the other hand, Capital Appreciation STP focuses on capital appreciation and allows investors to transfer gains made in one scheme to another. This type of STP is more suitable for those who are willing to take on higher market risk in exchange for the potential for greater returns.

Features of a STP

STPs have several distinctive features that set them apart from other investment strategies. Let's explore some of the key features of a systematic transfer plan:

1. **Flexibility:** STPs allow investors to choose the transfer amount, frequency, and mutual fund schemes involved. This flexibility empowers investors to tailor their STP to their unique financial goals and risk tolerance.

2. **Rupee Cost Averaging:** STPs incorporate the concept of rupee cost averaging, which can be beneficial in volatile markets. By regularly transferring a fixed amount, you buy more units of a fund when its NAV(Net Asset Value). is low and fewer units when it's high. Over time, this strategy can potentially reduce the average cost per unit of the fund.

3. **Automatic Execution:** STPs are hassle-free and convenient, as they are automatically executed according to the predetermined frequency and amount. This automation ensures investors stay committed to their investment strategy and benefit from market opportunities without manual intervention.

Benefits of a Systematic Transfer Plan

STPs offer a range of benefits that make them a compelling investment strategy. Let’s explore these advantages:

1. **Risk Management:** STPs provide a structured approach to managing market risk. By gradually moving funds from one scheme to another, investors can mitigate the impact of market volatility and safeguard their investments. It is an excellent tool for those who are wary of sudden market downturns.

2. **Capital Preservation:** An STP is an ideal choice for investors who want to preserve their capital while enjoying the potential of market gains. With options like fixed STP, you can ensure a steady income stream while maintaining your initial investment.

3. **Rupee Cost Averaging:** Rupee cost averaging, a key feature of STPs, helps investors buy more units when the market is down and fewer units when it’s up. This strategy reduces the overall average cost per unit over time and enhances the potential for long-term returns.

5. Tax Efficiency: STPs offer tax benefits by allowing investors to avail of indexation benefits on capital gains when transferring funds from debt to equity schemes within the same asset management company. This can lead to substantial tax savings over the long term.

6. Diversification: STPs enable investors to diversify their portfolios across various mutual fund schemes and asset classes. By transferring funds between equity and debt schemes, investors can balance risk and returns according to their financial goals.

7. Long-Term Wealth Creation: For investors with a long-term perspective, STPs can be a potent tool for wealth creation. By participating in the growth potential of equities while safeguarding profits in debt schemes, investors can work towards their financial aspirations systematically.

Who Should Invest in an STP?

STPs can be an excellent choice for a wide range of investors, provided their financial goals and risk profiles align with the features and benefits of this investment strategy. Here are some scenarios where investing in an STP makes sense:

1. **Salaried Individuals:** Salaried individuals often have a regular income stream, making it easier to commit to an STP. They can use STPs to transfer a portion of their salary into mutual funds, allowing them to grow their wealth systematically.

2. **Retirees:** Retirees who depend on their savings for a steady income can benefit from fixed STPs. By transferring a fixed amount at regular intervals, they can ensure a reliable income source while maintaining their principal investment.

3. Risk-Averse Investors: Investors who are risk-averse and prefer to safeguard their capital may find STPs appealing. It allows them to benefit from the stability of debt schemes while having a portion of their money exposed to the growth potential of equities.

4. Long-Term Investors: Those with long-term investment goals can use STPs to harness the power of compounding. By transferring gains from equity schemes to debt schemes, they can protect their profits while capitalising on market opportunities.

5. Tax-Conscious Investors: Investors who seek tax-efficient strategies can benefit from STPs, particularly fixed STPs. The indexation benefit on capital gains can lead to substantial tax savings, making it a tax-efficient way to grow wealth.

How To Invest in an STP?

An STP allows you to periodically transfer a particular number of units from one mutual fund scheme to another within the same mutual fund house. Transfer plans could include an STP from an equity scheme to a debt scheme or vice versa, but within the same fund house.

1. To invest in STP in mutual funds, take the following steps:
2. Fill up your STP form and submit it at the AMC's office. You could fill it online at the website of the fund house.
3. Select the source and the destination funds i.e. the fund from which the money will be taken out and the fund to which the money will be sent, respectively.
4. You can choose the timeline for this transfer process. For example, you can choose daily, weekly or monthly STPs according to their availability and your convenience.

Tax Implications of STP

1. STPs do have tax implications and possible exit loads on the transfer. Each and every inter-fund transfer is considered as a redemption of the mutual fund units taken from the source fund. These redemptions are taxable. The exact rate of taxation depends on whether the gains made are in the long term or the short term. Moreover, whether the gain is considered long-term or short term depends both on the number of years of investment, as well as the type of fund. For example, to be considered for long term capital gains tax, the mutual fund unit must be held for at least 1 year if it is a equity fund and at least 3 years if it is a debt fund.

	STCG	LTCG
Equity Fund	15% tax on gains on mutual fund units held for >1 year.	LTCG of up to ₹1 lakh in a financial year is tax-free. Above that, 10% taxes are charged without indexation advantage.
Debt Fund	Imposed on gains on fund units held for less than 3 years and the applicable rate is as per the investor’s income slab.	20% tax with indexation benefit on gains on fund units held for more than 3 years.

Differences Between STP vs SIP

Topic	STP	SIP
Source of money for new unit purchase	Units get transferred from your source fund.	The money comes from your bank account.
Returns	STPs offer higher returns as your money is simultaneously invested in two mutual funds.	SIPs offer less returns as the source fund is probably a bank account with less interest.
Flexibility	The amount, as well as the time period of transfers, are fixed. The transfers to your destination fund will stop after that period.	SIPs are usually open-ended with no defined time frame for investment.
Taxation	Every transfer is considered a redemption from the source fund and thus subject to taxes.	Transfers from bank accounts not considered taxable. Taxation applicable only upon redemption of the SIP.
Context	STP can be done only if you are an existing mutual fund investor with the fund house.	Anyone can start a new SIP.

Remember When Investing With STP

While STPs offer several advantages, it's crucial to keep certain considerations in mind to maximise their benefits and avoid common pitfalls. Here are some key things to remember when investing in an STP:

1. **Long-Term Goals:** Avoid investing through an STP if you plan to withdraw your investment in the near future. STPs are better suited for long-term goals.

2. **Market Risk Awareness:** Educating yourself about market risks before committing to an STP is crucial. Being informed allows you to make well-informed decisions when market conditions change.

3. **SEBI's STP Requirements:** Be aware that SEBI (Securities and Exchange Board of India) mandates a minimum of 6 STPs, even if the asset management company determines the investment plan. This is a regulatory requirement.

4. **Tax and Exit Charges:** Always calculate the taxes and exit fees before transferring. Ensure your investment generates returns after accounting for these expenses rather than seeing profits eroded by taxes and fees.

5. **Inherent Risk:** Understand that while STPs can mitigate risk, they cannot eliminate it entirely. Market fluctuations are a part of investing, even within an STP framework.

6. **Regulated Structure:** Keep in mind that STPs are a regulated investment structure. Exiting an STP prematurely may not align with the initial objective you had in mind when entering the plan.

Non-Financial Transactions in Mutual Funds

Non-financial transactions in mutual funds refer to actions that do not involve direct monetary exchange. These transactions typically relate to administrative tasks, account updates, and changes in investor information.

Here are some common examples of non-financial transactions:

Account Maintenance

1. **Change of address:** Updating your residential or mailing address.
2. **Change of contact information:** Modifying your phone number, email address, or other contact details.
3. **Change of bank account:** Updating the bank account where dividends or redemption proceeds are deposited.

Nominee and Beneficiary Updates

1. **Nominee registration:** Designating a person to receive your mutual fund units in case of your demise.
2. **Beneficiary update:** Changing the beneficiary of your mutual fund holdings.

Folio Management

1. **Consolidation of folios:** Merging multiple mutual fund folios into a single account.
2. **Splitting of folios:** Dividing a single folio into multiple accounts.
3. **Change of joint holder:** Adding or removing a joint holder to your mutual fund account.

KYC and PAN Updates

1. **KYC update:** Providing updated Know Your Customer (KYC) documents as required by regulatory authorities.
2. **PAN update:** Updating your Permanent Account Number (PAN) information.

Other Transactions

1. **Change of dividend option:** Selecting your preferred dividend reinvestment or payout option.
2. **Registration of a minor:** Opening a mutual fund account for a minor.
3. **Registration of a power of attorney:** Granting someone else the authority to manage your mutual fund account.

Special Investor Categories in the Stock Market

Special investor categories refer to groups of investors who have specific requirements or privileges due to their unique characteristics or the nature of their investments. These categories often have distinct regulations and considerations in the stock market.

Here are some common special investor categories:

1. Institutional Investors

- **Qualified Institutional Buyers (QIBs):** These are large financial institutions that meet specific criteria set by the Securities and Exchange Board of India (SEBI). They often have access to larger allocations in initial public offerings (IPOs) and other securities.

- **Foreign Institutional Investors (FIIs):** These are non-resident entities that invest in Indian securities. They have their own regulations and restrictions, including limits on foreign investment in certain sectors.

- **Domestic Institutional Investors (DIIs):** These are Indian institutions that invest in securities, such as mutual funds, pension funds, and insurance companies.

2. Retail Investors

- **Individual Investors:** These are individuals who invest in securities for their personal financial goals. They may be categorized further based on factors like income, net worth, or investment experience.

- **High Net Worth Individuals (HNIs):** These are individuals with a significant amount of wealth, often defined by a specific net worth threshold. They may have access to exclusive investment opportunities and services.

3. Promoters and Directors

- **Promoters:** These are the individuals or entities that have a significant controlling interest in a company. They are often subject to specific regulations regarding their investments in the company's securities.
- **Directors:** These are individuals who serve on a company's board of directors. They may have restrictions on their trading activities to avoid conflicts of interest.

4. Other Special Categories

- **Hedge Funds:** These are investment funds that use a variety of strategies to generate returns, often including leverage and short-selling.
- **Private Equity Funds:** These funds invest in private companies, providing capital in exchange for equity ownership.
- **Venture Capital Funds:** These funds invest in early-stage companies with high growth potential.

Turnaround time

Turnaround time in mutual funds refers to the time it takes for a transaction, such as a purchase or redemption, to be processed and completed. This typically includes the time taken for:

- **Fund realization:** When the investment amount is received by the mutual fund house.
- **Unit allocation or redemption:** When the units are allocated to your account (for purchases) or redeemed (for sales).
- **NAV calculation:** Determining the Net Asset Value (NAV) of the fund on the relevant day.

Factors Affecting Turnaround Times

Transaction Type:

- **Purchase:** The turnaround time generally depends on the time of the day the transaction is initiated and whether the funds are received before or after the cut-off time.
- **Redemption:** The time taken for redemption depends on the fund type and the processing time of the AMC (Asset Management Company).

Fund Type:

- **Liquid Funds:** These funds generally have the shortest turnaround times due to their highly liquid nature.
- **Equity Funds:** The turnaround time for equity funds can vary depending on the underlying investments.
- **Debt Funds:** Debt fund redemptions may take slightly longer, especially for funds with illiquid securities.

AMC Policies: Each AMC has its own policies and procedures regarding transaction processing. These can affect the turnaround time.

Market Conditions: During periods of high market volatility or heavy trading volume, turnaround times may be slightly longer.

General Turnaround Times

While the exact turnaround times can vary, here's a general breakdown:

Purchase:

- **Before cut-off time:** Same day or next business day.
- **After cut-off time:** Next business day or subsequent business days.

Redemption:

- **Liquid Funds:** Typically within 1-2 business days.
- **Equity Funds:** Generally within 3-5 business days.
- **Debt Funds:** Can range from 3-7 business days

Do's:

- **Understand your financial goals:** Determine your investment objectives, risk tolerance, and time horizon. This will help you choose the right fund type.
- **Research fund performance:** Look at the fund's past performance over various time periods, but remember that past performance is not indicative of future results.
- **Consider the fund manager:** Evaluate the fund manager's experience, investment philosophy, and track record.
- **Check the expense ratio:** Opt for funds with lower expense ratios as they can significantly impact your returns over time.
- **Diversify your portfolio:** Spread your investments across different fund types to reduce risk.
- **Invest regularly:** Consider systematic investment plans (SIPs) to average out costs and benefit from rupee cost averaging.
- **Stay informed:** Keep track of market trends and fund performance to make informed decisions.

Don'ts:

- **Chase high returns:** Don't be swayed by short-term performance. Focus on long-term returns and consistent performance.
- **Panic sell:** Avoid selling your investments during market downturns. Stay invested for the long term to reap the benefits of compounding.
- **Time the market:** Trying to predict market movements is difficult and often leads to poor investment decisions.
- **Ignore fees:** Be aware of the fees associated with the fund, including expense ratios, exit loads, and entry loads.
- **Invest based on tips or rumors:** Make informed decisions based on research and professional advice.
- **Overlook risk:** Understand the risks associated with the fund and ensure it aligns with your risk tolerance.

THANK YOU

References

https://www.bajajfinserv.in/investments/consolidated-account-statements

https://www.sebi.gov.in/cms/sebi_data/attachdocs/1356331038553.pdf

https://portal.amfiindia.com/spages/13860.pdf

https://www.miraeassetmf.co.in/knowledge-center/direct-versus-regular-plan

https://www.dspim.com/downloads/sid-dsp-multi-asset-allocation-fund.pdf

https://www.bajajamc.com/sites/default/files/2023-07/scheme%20flexi.pdf