

**DEPARTMENT OF COMMERCE AND FINANCIAL STUDIES  
BHARATHIDASAN UNIVERSITY, TIRUCHIRAPPALLI - 620024  
MBA (Financial Management)**

**Course Code: FMEC5/21**

**Course Name: Financial Planning and Wealth Management**

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# **Scheme of Presentation**

## **Unit II**

- **Meaning and features of a mutual fund**
- **Key terms and concepts associated with mutual funds**
- **Regulatory framework for mutual funds**
- **Types of mutual fund products**
- **Taxation of Mutual Fund Products**
- **Investment options**
- **Macroeconomic policies and asset allocation**
- **Behavioural biases in decision-making and portfolio management**

# Meaning of mutual fund

A mutual fund is a pool of money managed by a professional Fund Manager. It is a trust that collects money from a number of investors who share a common investment objective and invests the same in equities, bonds, money market instruments and/or other securities.

# Features of Mutual Fund

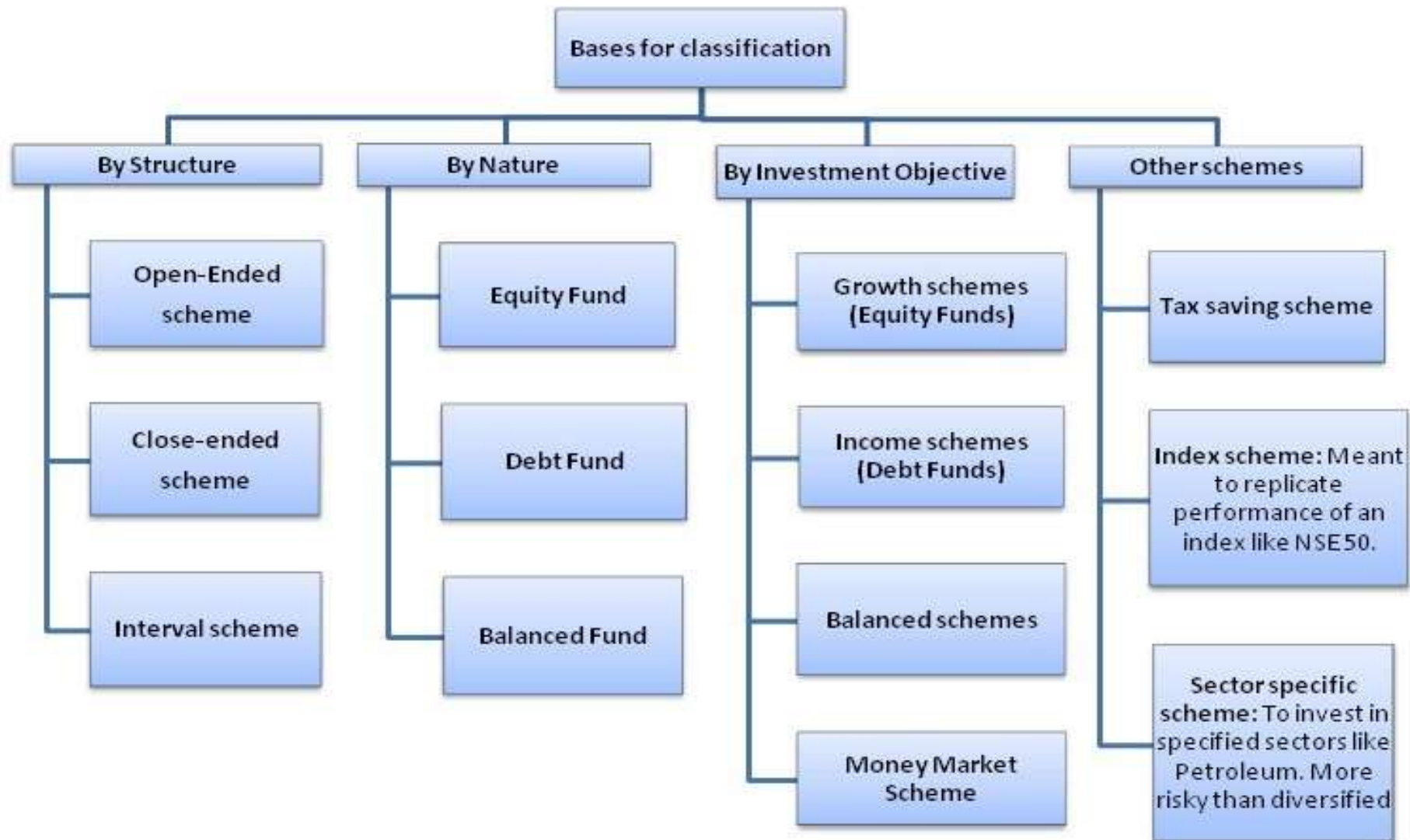
## FEATURES OF MUTUAL FUNDS

The various features of mutual funds are :

1. Mobilising Small Savings
2. Investment Avenue
3. Professional Management
4. Diversified Investment
5. Better Liquidity
6. Reduced Risk
7. Investment Protection
8. Switching facility
9. Tax Benefit
10. Low Transaction Cost
11. Economic Development

## Characteristics of Mutual Funds

- Investors own the mutual fund.
- Professional managers (AMC) manage the fund for a small fee.
- Fee is expressed as a percentage of assets managed
- The funds are invested in a portfolio of **marketable securities**, reflecting the investment objective.
- Value of the portfolio and investors' holdings, alters with change in the market value of investments.

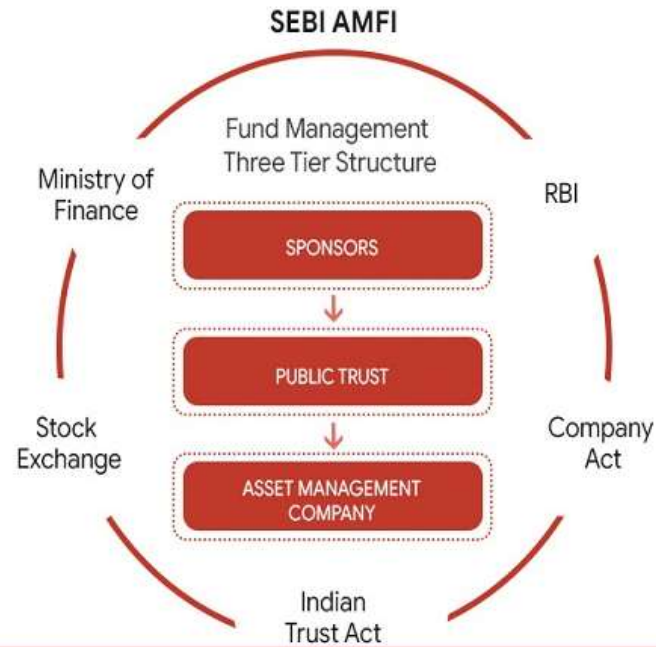


# Key terms and concepts associated with mutual funds

- 1. Net Asset Value (NAV)**
- 2. Assets Under Management (AUM)**
- 3. Growth Option**
- 4. Dividend or IDCW Option**
- 5. Asset Allocation**
- 6. SIP (Systematic Investment Plan)**
- 7. STP (Systematic Transfer Plan)**
- 8. SWP (Systematic Withdrawal Plan)**
- 9. NFO (New Fund Offer)**
- 10. FMP (Fixed Maturity Plan)**
- 11. Benchmark Index**
- 12. Exit Load**
- 13. AMC (Asset Management Company)**
- 14. Portfolio**

# Regulatory framework for mutual funds

## Regulatory mechanism for Mutual Funds





# Tax on Mutual Funds

**ApnaPlan.com**  
Apna Personal Finance Guide!

## Equity Funds

MF schemes investing **more than 65%** of its assets in shares in Indian listed companies

### Long Term Capital Gains

If redeemed **after 1 Year** of Investment

Gains above Rs 1 Lakh is taxed at 10.40%

### Short Term Capital Gains

If redeemed **before 1 Years** of Investment

Gains are taxed at 15.60%

## Non Equity Funds

All other schemes other than Equity MFs  
Includes Debt, Gold, International, Funds of Funds, etc.

### Long Term Capital Gains

If redeemed **after 3 Years** of Investment

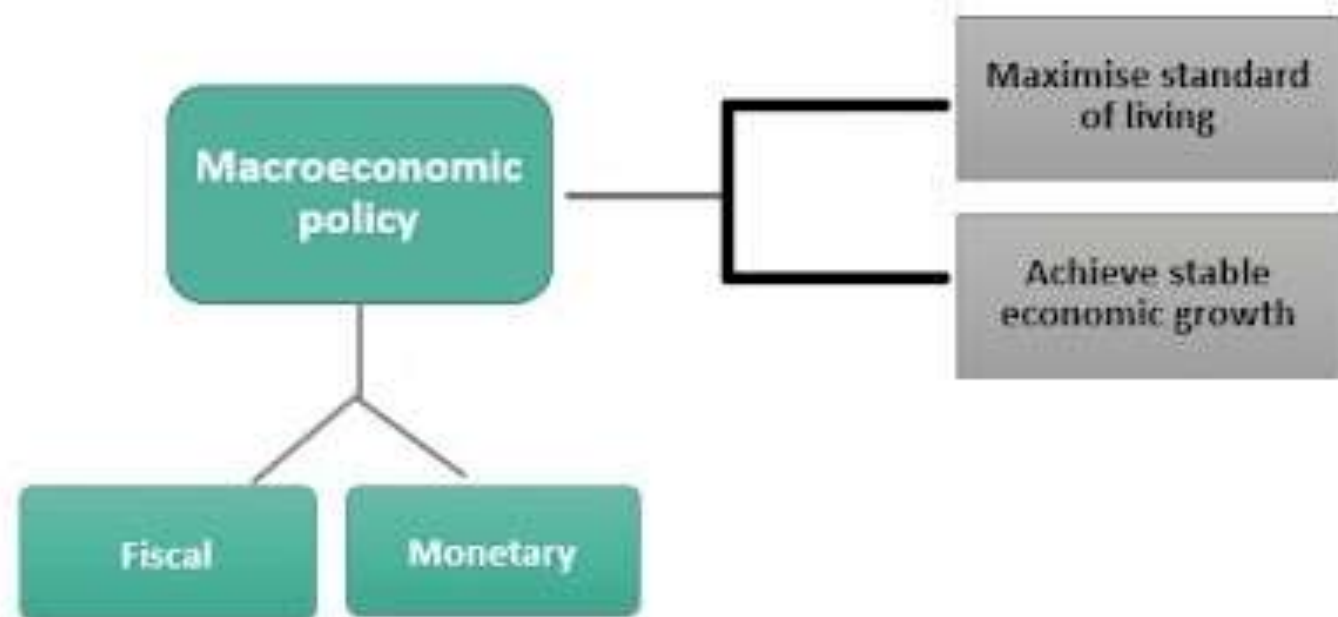
Gains are taxed at 20.80% after taking indexation benefit

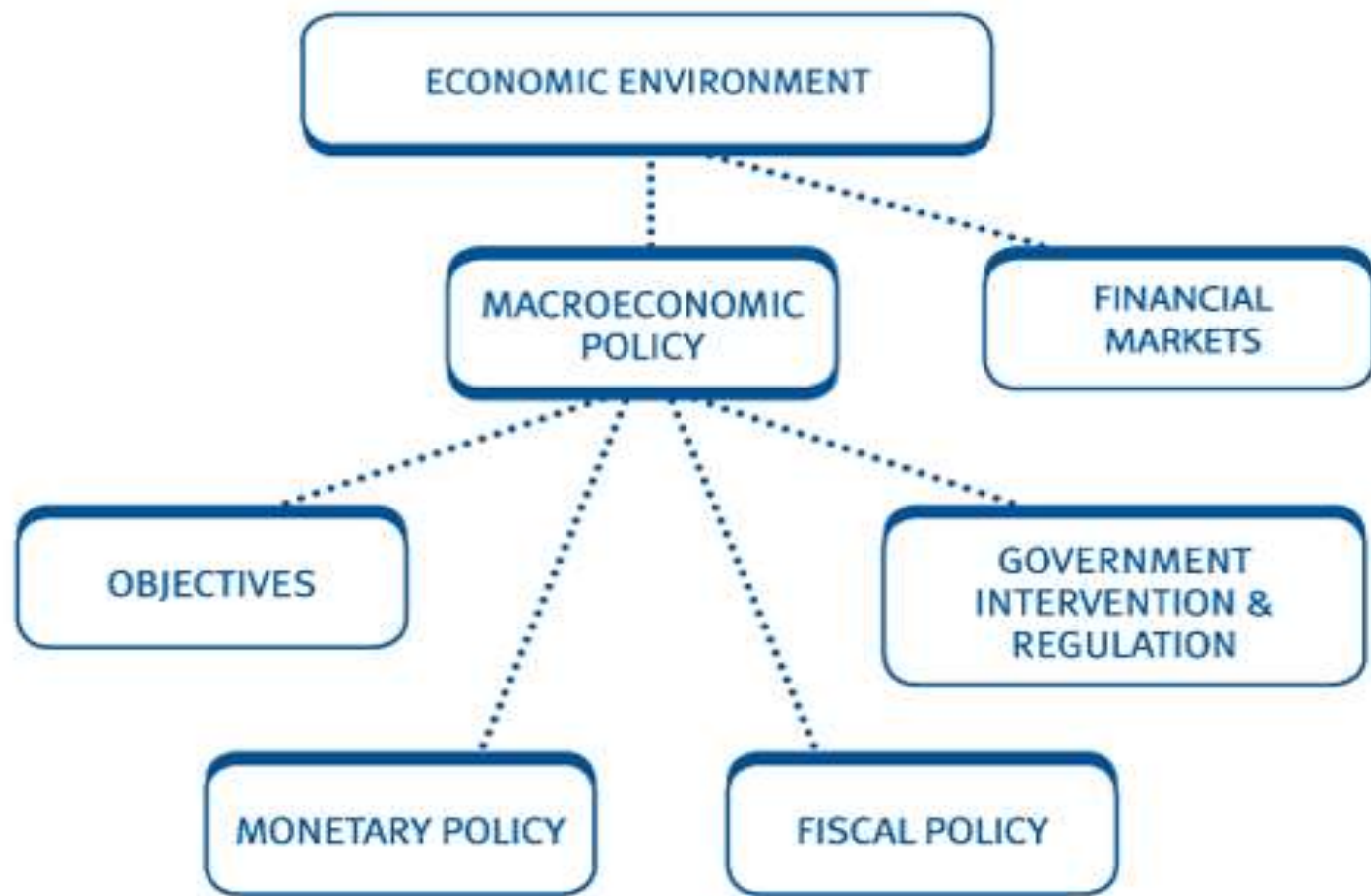
### Short Term Capital Gains

If redeemed **before 3 Years** of Investment

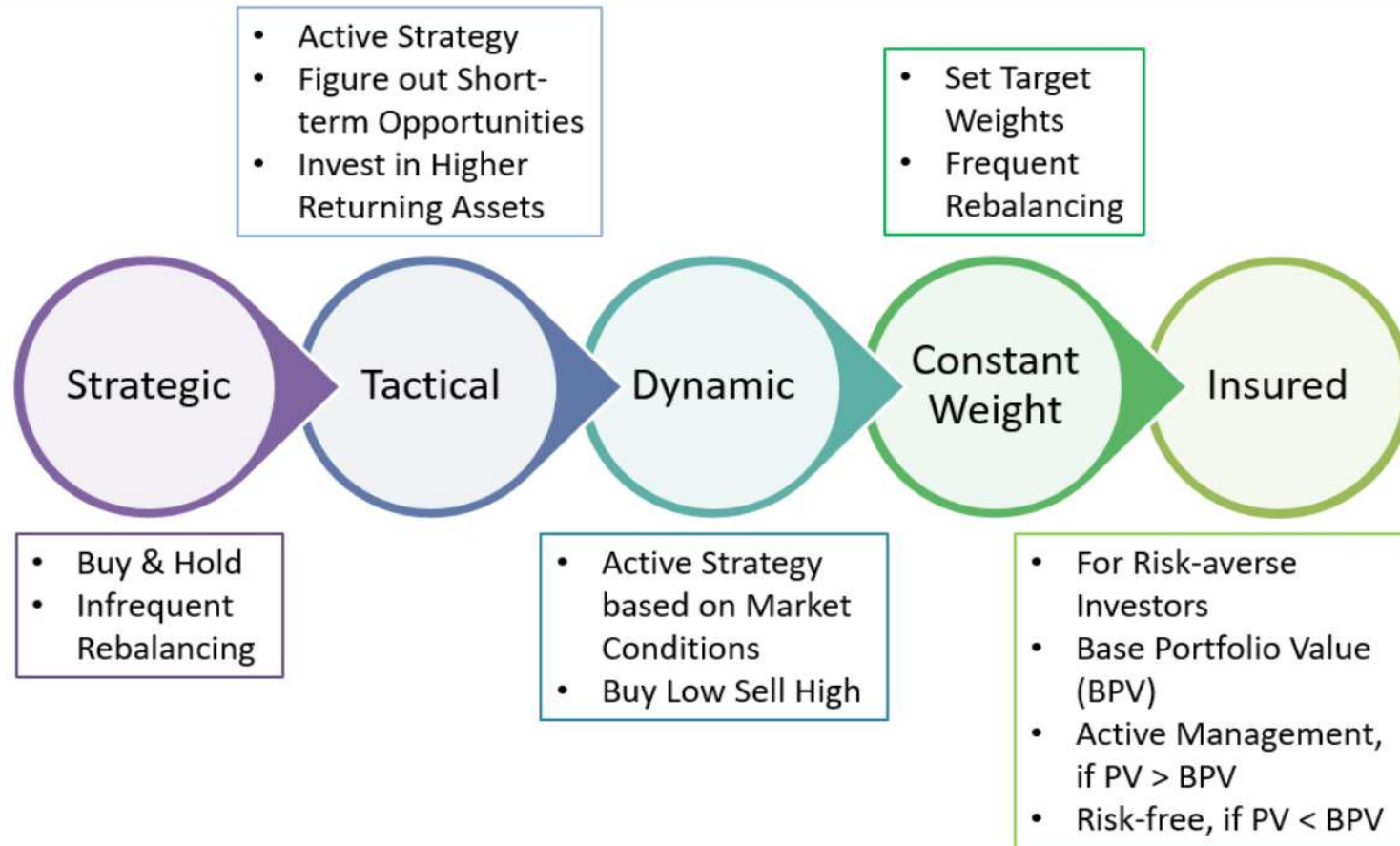
Gains are taxed at marginal income tax rates

**Dividend from Mutual Fund is taxed at marginal Income Tax Rates**





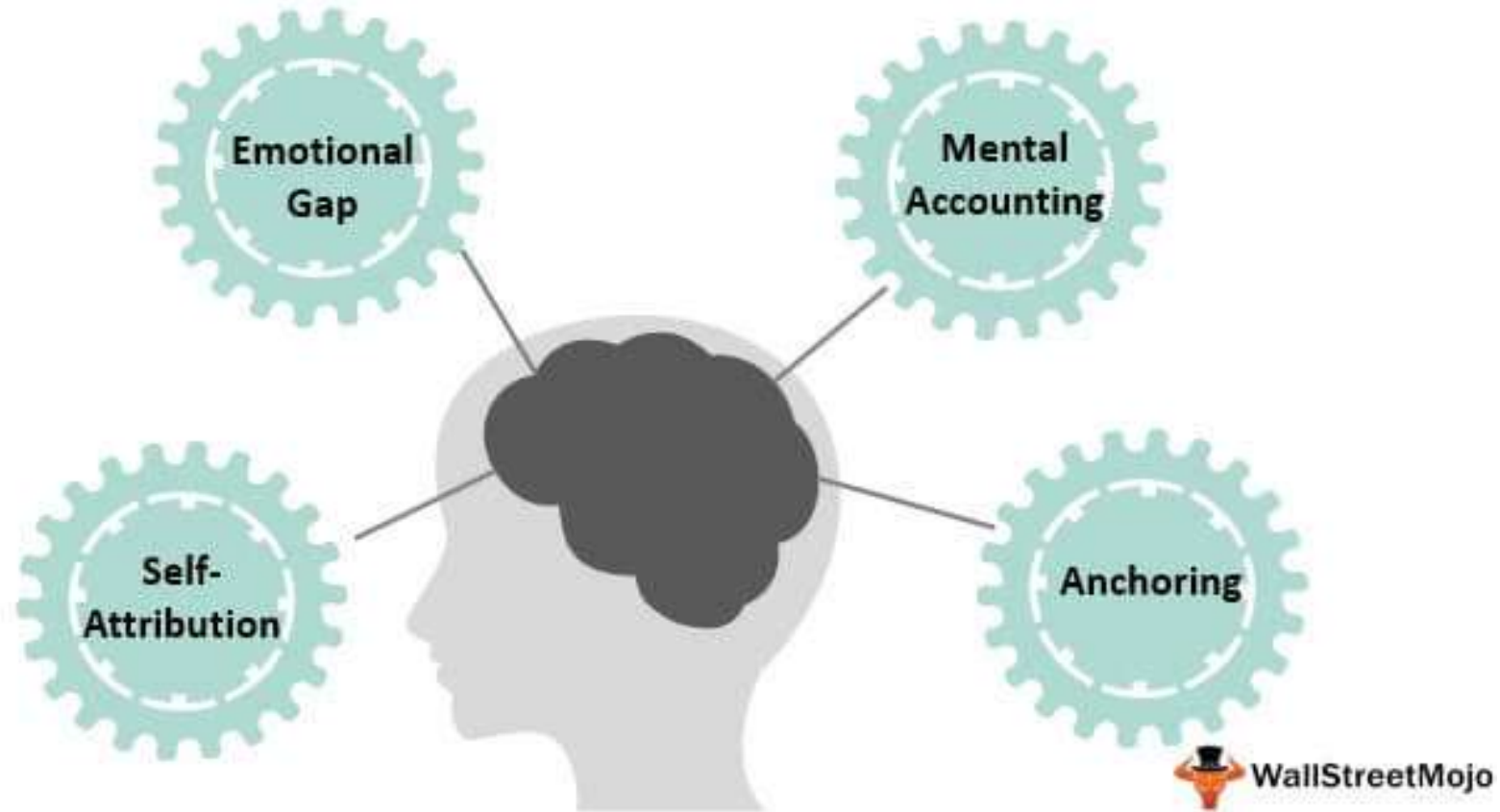
## Asset Allocation Strategies Simplified



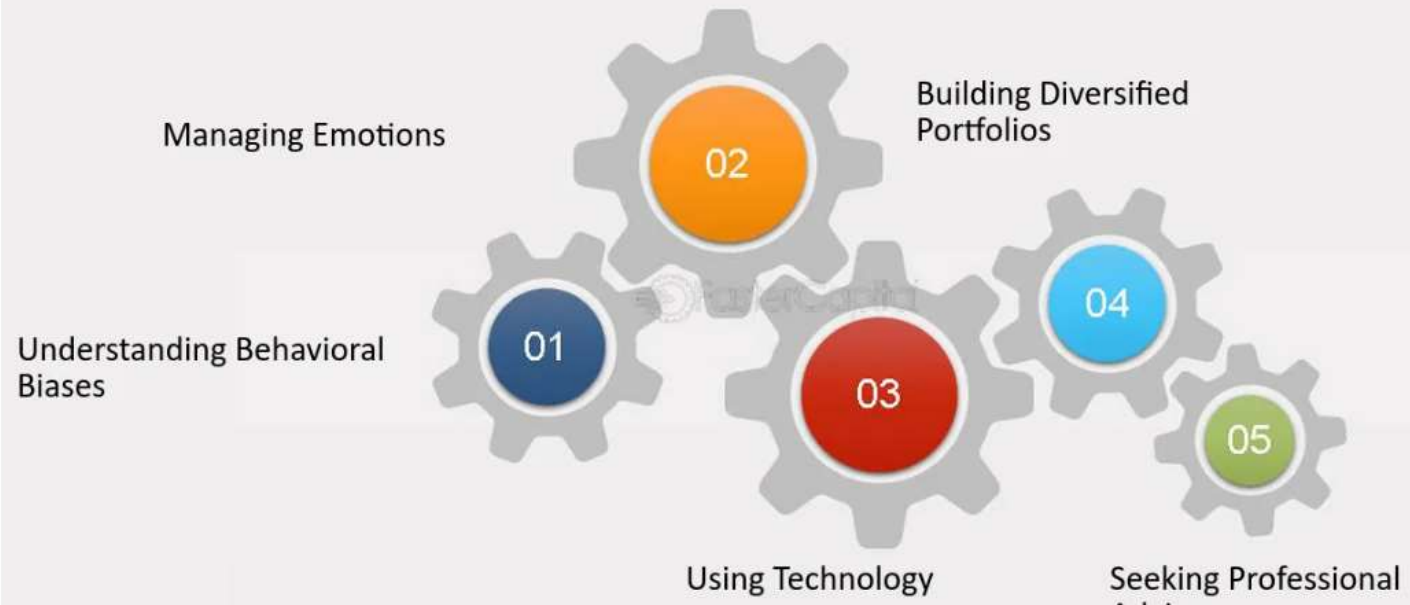
# Introduction to Behavioral Finance

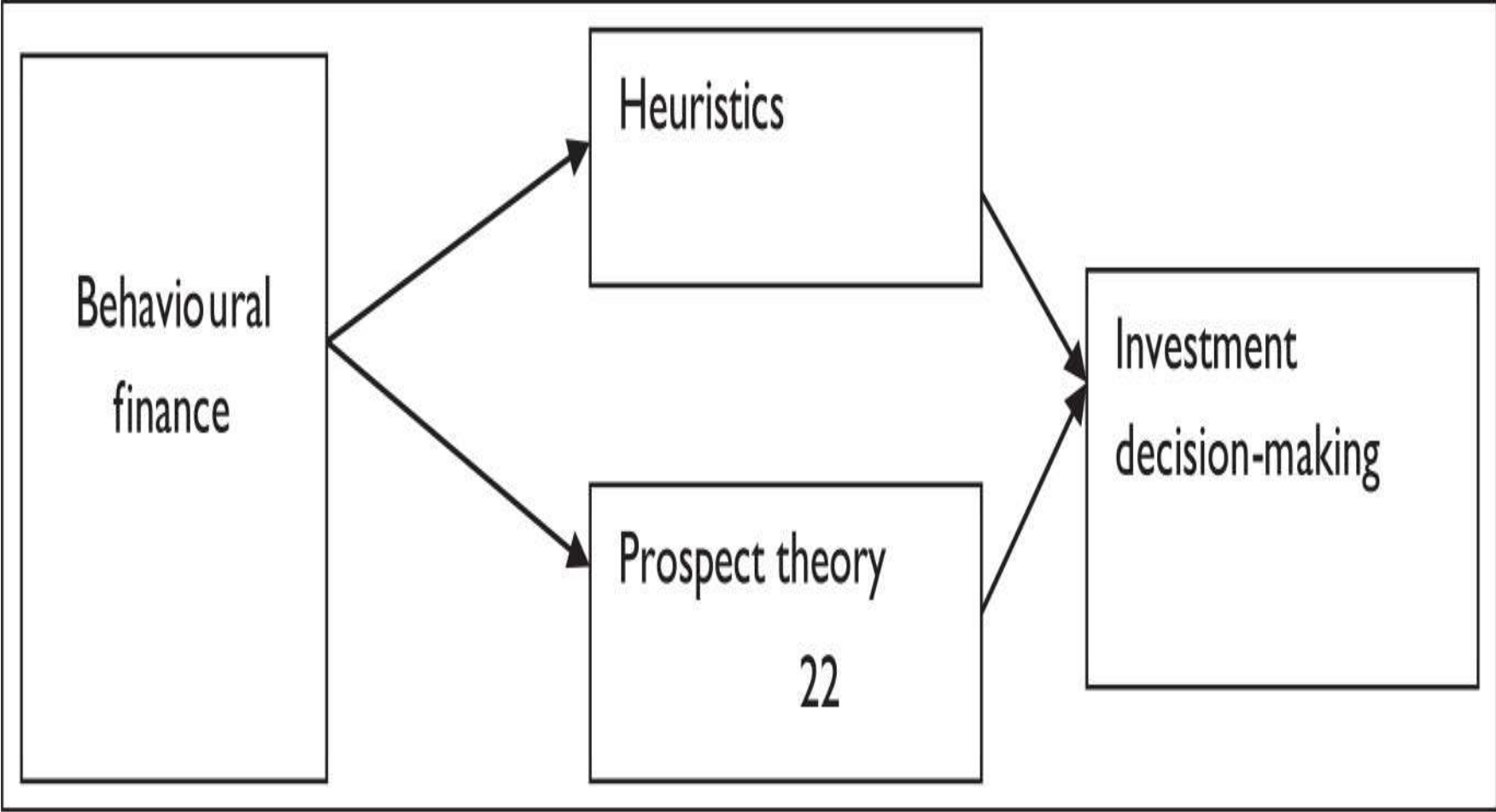


# Behavioral Finance



## The Role of Behavioral Finance in Investment Decisions







Thank You

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