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A Study on Mutual Fund as a Profitable Avenue of Investment with Special Reference to SBI MF

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Abstract: A mutual fund is a scheme in which several people invest their money for a common financial cause. The collected money is invested in the capital market and the money, which they earn, is divided based on the number of units, which they hold. The study of any subject is made by examining it in an organized pattern. This study consisted of interviewing the various investors and asset management companies (AMC's), and their responses against the questions put up. A mutual fund is a company that pools money from many investors and invests that money in stocks, bonds, short-term money market instruments and other securities or assets. It has various

advantages like diversification of risk, liquidity, management by skilled professionals, transparency, tax benefits which further makes it an appealing avenue of investment.

Keywords : SBI MF, Mutual Fund, BLUE CHIP.

Introduction:

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is invested by the fund manager in different types of securities, depending upon the objective of the scheme. These could range from share to debentures to money market instruments.

The income earned through these investments and the capital appreciations realized by the scheme are shared by its unit holders in proportion to the number of units owned by them.

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. And the income / gains generated from this collective investment is distributed proportionately amongst the investors after deducting applicable expenses and levies, by calculating a scheme's "Net Asset Value" or NAV. Simply put, the money pooled in by a large number of investors is what makes up a Mutual Fund as defined by Lalitha Thamaraiandy (2017), Mutual Funds: The Money Multiplier.

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