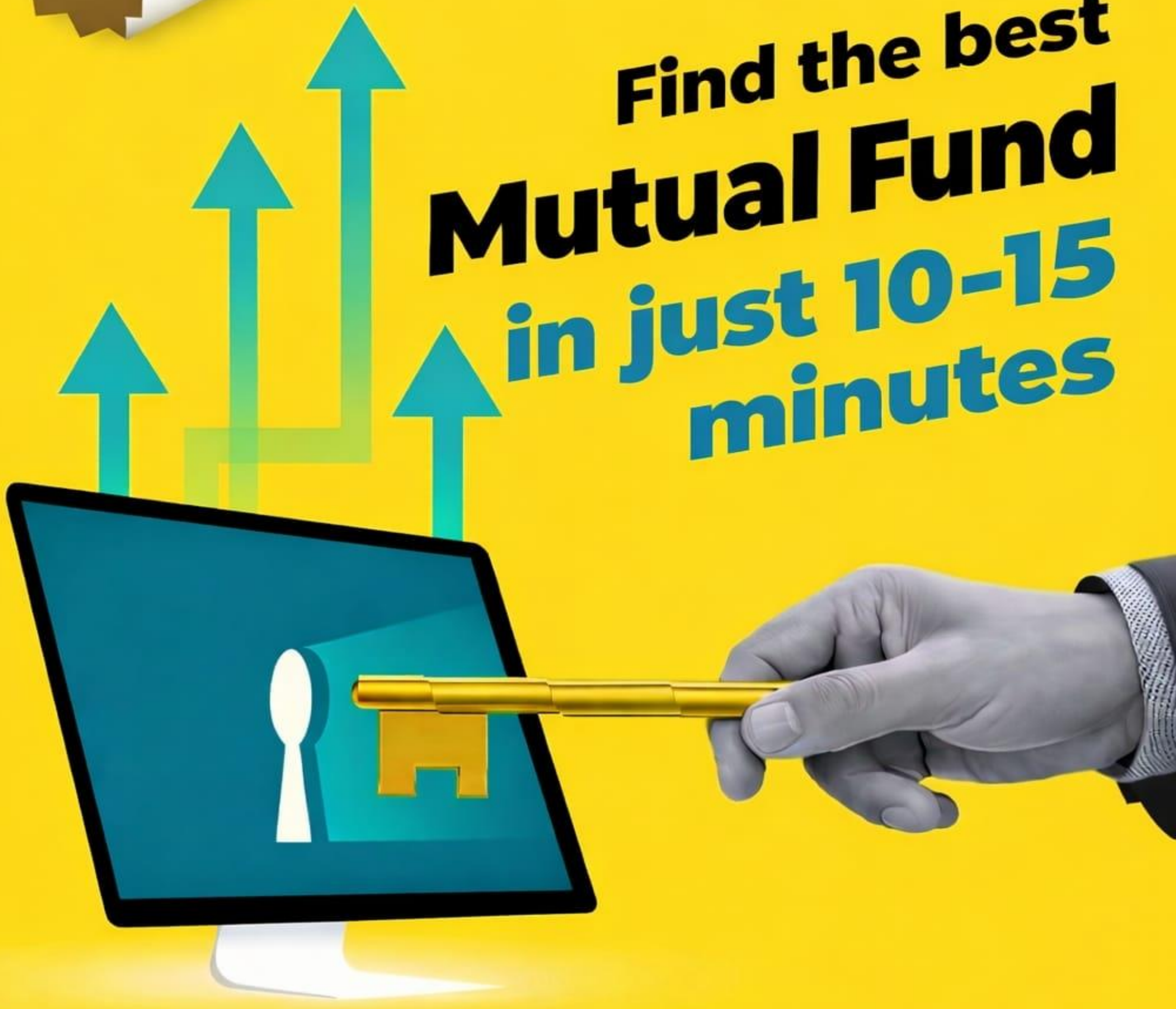
21 Secrets Revealed with You

Find the best Mutual Fund in just 10-15 minutes



DISCOVER HOW FOUR STEPS CALCULATIONS PICK WINNING MUTUAL FUNDS.

BROUGHT TO YOU BY PASSIVELY

HANDBOOK BY

PASSIVELY

PASSIVELY

⚠ DISCLAIMER

1) Author/publisher owns the full rights of this book.	Yes
2) Copying or sharing without permission is allowed.	No
3) This book is only for the original buyer.	Yes
4) Selling or uploading this book online is allowed.	No
5) Breaking copyright rules is a legal offense.	Yes
6) Author/publisher is responsible for reader's financial loss.	No
7) Content is only for learning purpose.	Yes
8) Any profit or return is guaranteed.	No
9) All images belong to the owner of this book.	No
10) Reader must use information at their own risk.	Yes

INTRODUCTION

Mutual funds are one of the easiest investment options to grow money, but choosing the right fund often feels confusing and time-consuming. *"Find the Best Mutual Fund in Just 10–15 Minutes"* is a book designed to simplify this process for everyone. This book breaks down complex financial concepts into clear, easy steps that anyone can follow. This guide will help you make smart and confident decisions. You don't need deep financial knowledge—just a few minutes and the right approach.

Along with practical strategies, this book focuses on how to quickly analyze funds, avoid common mistakes, and select the best mutual fund based on your goals. It also includes simple methods to find out underperforming mutual fund without getting overwhelmed. This is not just a book to read—it's a tool to help you take action and start investing wisely in minutes.

TABLE OF CONTENTS

CHAPTER 6: WHICH FUNDS SHOULD YOU PREFER

When it comes to mutual fund investing, one of the biggest confusions investors face is:

“Which type of mutual fund should I invest in?”

Today, there are more than 1,000 mutual fund schemes in India. Every fund house claims its fund is the best. Some show high past returns, others show top star ratings. But the truth is — **not all funds are suitable for every investor.**

To grow your money wisely, you don’t need *every* fund. You just need the *right set* of funds that suit your goals, risk level, and time horizon.

In this chapter, we’ll focus on **which funds you should prefer** and — equally important — **why you should avoid others.**

The Core Principle

Most successful investors don’t hold 20 different types of funds.
They simply hold a few **core fund sub-categories** that are strong, time-tested, and diversified enough to handle all market conditions.

Major 3 categories of mutual fund are:

- **Equity Funds (for growth)**
- **Hybrid Funds (for balance)**
- **Debt Funds (for safety and stability)**

Let’s understand each of these in detail:

Types of Mutual Fund Sub-Categories:

Sr. No.	Sub-Categories in Equity Fund	Investment Focus	Risk Level	Potential Returns
1.	Large-Cap Fund	Invest in top 100 large companies	Moderate	Moderate
2.	Mid-Cap Fund	Invest in mid-sized companies	High	High
3.	Small-Cap Fund	Invest in small companies	Very High	Very High
4.	Large & Mid Cap Fund	Invest in large & mid companies	Moderate to High	Moderate to High
5.	Multi-Cap Fund	Invest in large, mid & small companies	High	High
6.	Flexi Cap Fund	Any market cap (flexible allocation)	Moderate to High	Moderate to High
7.	ELSS-Tax Saving	Diversified equity (3-year lock-in)	Moderate	Moderate
8.	Sectoral/Thematic Fund	Concentrate on specific sectors	Very High	Very High
9.	Focused Fund	Max 30 stocks	High	High
10.	Dividend Yield Fund	Invest in dividend + paying stocks	Moderate	Moderate
11.	Value Fund	Seek undervalued stocks	High	High
12.	Growth Fund	Target high-potential companies	High	High
13.	Index Fund	Mirror benchmark indices	Moderate	Moderate
14.	International Fund	Invest in foreign companies	High	High
	Sub-Categories in Hybrid Fund	**Investment Mix**	**Risk Level**	**Potential Returns**
15.	Conservative Fund	75-90% Debt + 10-25% Equity	Low to Moderate	Low to Moderate
16.	Balanced Advantage Fund/Dynamic Asset Allocation Fund	Equity-Debt mix changes dynamically	Moderate	Moderate
17.	Aggressive Fund	60-80% Equity + rest Debt	Moderate to High	Moderate to High
18.	Multi-Asset Allocation Fund	Equity + Debt + Gold/Commodities	Moderate	Moderate

19.	Arbitrage Fund	Arbitrage opportunities in cash & derivatives	Low to Moderate	Low to Moderate
20.	Equity Saving Fund	Equity + Arbitrage + Debt	Low to Moderate	Low to Moderate
	Sub-Categories in Debt Fund	**Investment Focus**	**Risk Level**	**Potential Returns**
21.	Liquid Fund	Invest in short-term assets, up to 91 days maturity	Very Low	Very Low
22.	Overnight Fund	1-day maturity	Very Low	Very Low
23.	Money Market Fund	Up to 1-year maturity	Low	Low
24.	Ultra-Short Duration Fund	3-6 months maturity	Low	Low
25.	Low Duration Fund	6-12 months maturity	Low to Moderate	Low to Moderate
26.	Short Duration Fund	1-3 years maturity	Moderate	Moderate
27.	Medium Duration Fund	3-4 years maturity	Moderate	Moderate
28.	Medium to Long Duration Fund	4-7 years maturity	Moderate	Moderate
29.	Long Duration Fund	7+ years maturity	Moderate to High	Moderate to High
30.	Dynamic Bond Fund	Adjust portfolio duration based on market conditions	Moderate to High	Moderate to High
31.	Corporate Bond Fund	Invest in corporate bonds	Moderate	Moderate to High
32.	Credit Risk Fund	Higher-yield bonds with lower-rated bonds or credit risk exposure	High	Moderate to High
33.	Banking & PSU Fund	Invest in debt instruments of Banks & PSU	Moderate	Moderate
34.	Gilt Fund	Invest in Govt. securities with no credit risk	Low to Moderate	Low to Moderate
35.	Floater Fund	Invest in floating rate debt securities	Low to Moderate	Low to Moderate

There are thousands of mutual fund schemes in the market.

Even inside one sub-category, like Large-cap fund, there are many options – Nippon India Large-Cap Fund, HDFC Large-Cap Fund, Tata Large-Cap Fund and many more.

Examples of Large-Cap Mutual Fund schemes

Here are some prominent large-cap mutual fund schemes available in India (from different AMCs).

Large-Cap Fund Scheme	AMC/Fund House/MF Co.
Nippon India Large-Cap Fund	Nippon India Mutual Fund
ICICI Prudential Large-Cap Fund	ICICI Prudential Mutual Fund
HDFC Large-Cap Fund	HDFC Mutual Fund
SBI Bluechip Large-Cap Fund	SBI Mutual Fund
Canara Robeco Bluechip Large-Cap Fund	Canara Robeco Mutual Fund
Tata Large-Cap Fund	Tata Mutual Fund
Aditya Birla Sun Life Frontline Large-Cap Fund	Aditya Birla Sun Life Mutual Fund
Mahindra Manulife Large-Cap Fund	Mahindra Manulife Mutual Fund
Edelweiss Large-Cap Fund	Edelweiss Mutual Fund
Invesco India Large-Cap Fund	Invesco India Mutual Fund
Kotak Bluechip Large-Cap Fund	Kotak Mutual Fund
Baroda BNP Paribas Large-Cap Fund	Baroda BNP Paribas Mutual Fund
UTI Large-Cap Fund	UTI Mutual Fund
Mirae Asset Large-Cap Fund	Mirae Asset Mutual Fund
Axis Bluechip Large-Cap Fund	Axis Mutual Fund
Bandhan Large-Cap Fund	Bandhan Mutual Fund

- ✓ Even within a single sub-category – "Large-Cap" – there are many different schemes available from different AMCs. Each fund house/AMC tries to start its own large-cap scheme or other sub-categories.

- ✓ In India, there are 40+ AMCs (fund houses). SEBI allows 30+ sub-categories of mutual funds.

- ✓ Now just imagine:
  If each AMC creates one scheme in each sub-category, then =

Like → SBI AMC creates one scheme in each sub-category – SBI Large-Cap Fund, SBI Mid-Cap Fund, SBI Small-Cap Fund, SBI Multi-Cap Fund, SBI Flexi Cap Fund, and so on.

HDFC AMC creates one scheme in each sub-category – HDFC Large-Cap Fund, HDFC Mid-Cap Fund, HDFC Small-Cap Fund, HDFC Multi-Cap Fund, HDFC Flexi Cap Fund, and so on.

Similarly, all AMCs create one scheme in each sub-category.

40 AMCs × 30 sub-categories = 1,200 schemes

So even if every AMC launches just one fund per sub-category, the market will already have more than 1,000 schemes.

But in reality:

- Some AMCs launch more than one scheme in a sub-category
- Some sub-categories have regular + direct plans
- Each plan has growth + IDCW options

So one scheme becomes 4 variants.

Example:

If one AMC launches 30 schemes → 30 × 4 = 120 options for 40 AMCs → 120 × 40 = 4,800 fund options (That's why our mutual fund app shows thousands of choices!)

Because every AMC launches its own scheme in each sub-category, the no. of schemes becomes huge. That's why investors should not try to study all schemes.
Instead, they should focus only on a few sub-categories and a few strong funds to avoid confusion. In a simple terms, investors must choose only a few important sub-categories instead of getting confused by all the options.

Preferred Equity Fund Sub-Categories

Equity funds are meant for **long-term wealth creation** — ideally for 7 years or more.

They invest mainly in the stock market, and while they can fluctuate in the short term, they give much higher returns than fixed deposits or savings accounts over time.

Here are the best equity fund sub-categories to prefer:

(A) Large-Cap Fund

- This fund invests in the **top 100 companies** of India — stable, reputed, and financially strong businesses.
- They are the foundation of your mutual fund portfolio.
- Returns may be moderate (12-15%), but risk is lower than mid and small-caps.

Why Prefer: Stability, consistent performance, and strong track record during both good and bad markets.

(B) Mid-Cap Fund

- This invests in the **next 150 companies (rank 101-250)** by market size.
- They are growing companies — not as big as large-caps, but with higher growth potential.

Why Prefer: Balanced mix of risk and return. Mid-cap performs very well in the long term (13-17% returns).

(C) Small-Cap Fund

- This invests in smaller companies (rank 251 onwards).
- This is high-risk, high-return fund — ideal for investors with long-term horizons (12+ years).

Why Prefer: This can multiply wealth over the long term. Returns may be high (15-22%), but risk is higher than large and mid-caps.

(D) Flexi Cap Fund

- Flexi-cap fund can invests freely in **large, mid, and small-cap** stocks depending on market conditions.
- It gives the fund manager flexibility to move money across categories.

Why Prefer: Flexibility + diversification + adaptability. They reduce the need to manage multiple category funds yourself.

(E) ELSS (Tax-Saving Fund)

- ELSS stands for Equity Linked Savings Scheme.
- It comes with a **3-year lock-in period** and offers tax deduction up to ₹1.5 lakh under Section 80C.

Why Prefer: Dual benefit — wealth creation + tax saving.

Preferred Hybrid Fund Sub-Categories

Hybrid fund is a mix of **equity and debt** — they balance risk and return.
It is perfect for investors who want steady growth but don't want to see big ups and downs.

Here are the **best hybrid fund sub-categories** to prefer:

(A) Conservative Hybrid Fund

- Invests about **75-90% in debt** and **10-25% in equity.**
- Ideal for beginners or retired investors.

Why Prefer: Low volatility, regular returns, and moderate growth.

(B) Aggressive Hybrid Fund

- Invests **60-80%** in equity and the rest in debt.
- Suitable for investors with moderate risk tolerance.

Why Prefer: Balanced mix — enough equity for growth, enough debt for stability.

(C) Balanced Advantage Fund (BAF)

- This fund automatically changes their equity-debt ratio depending on market conditions.
- When market is high, it reduces equity exposure.
- When markets falls, it increases equity exposure.
- Most ideal for post-retirement planning.

Why Prefer: Dynamic risk management — perfect for all market phases.

(D) Multi-Asset Allocation Fund

- This fund invests in **three or more asset classes** — typically equity, debt, and gold.
- This creates natural diversification.

Why Prefer: Stability and inflation protection.

Preferred Debt Fund Sub-Categories

Debt fund invests in **bonds, government securities, and money market instruments.**
It doesn't depend on stock markets, so it brings stability to your portfolio.

Here are the best debt fund sub-categories to prefer:

(A) Liquid Fund

- Invest in short-term assets of up to 91 days maturity.
- Gives better returns than bank savings account.
- Prefer only when you need more returns than your bank savings account.

Why Prefer: Good for higher returns (5-7%) than bank savings A/c (2.5-4%).

(B) Short Duration Fund

- Invests in short-term bonds (1-3 years maturity).
- Gives better returns than bank FDs, with moderate safety.

Why Prefer: Good for 2-3 year goals like car purchase or emergency fund.

(C) Medium Duration Fund

- Invests in bonds of 3-4 years maturity.
- Balances returns and safety.

Why Prefer: For medium-term financial goals.

(D) Medium-to-Long Duration Fund

- Suitable for investors who can hold for 4-7 years.

Why Prefer: Provides slightly higher returns by taking limited interest rate risk.

(E) Corporate Bond Fund

- Invests mainly in **AAA-rated corporate bonds.**

Why Prefer: Very high-quality instruments, ideal for conservative investors.

(F) Banking & PSU Fund

- Invests in bonds issued by banks and public sector companies.

Why Prefer: Government-backed entities = higher safety.

(G) Gilt Fund

- Invests 100% in **Government Securities (G-Secs).**

- No default risk, but can fluctuate with interest rate changes.

Why Prefer: 100% safety of capital; ideal for long-term debt investors.

Don’t Prefer Other Equity Fund Sub-Categories

Now, let’s talk about why you didn’t include some other fund sub-categories in your preferred list.
These funds are not *bad*, but they’re not *essential* for most investors.

A. Large and Mid Cap Fund

- Mandatory rule: the fund must invest 35% in large-cap and 35% in mid-cap companies.
- This fixed allocation reduces flexibility.
- If mid-caps are performing poorly, the fund is still forced to hold them.
- Flexi cap or mid-cap funds offer better flexibility and performance potential.

Why Not Preferred: Less flexible because SEBI forces fixed allocation to both segments, limiting fund manager freedom.

B. Multi-Cap Fund

- As per SEBI rules, it must hold 25% each in large-cap, mid-cap, and small-cap.
- This compulsory allocation increases risk because:
  - ✓ Small caps (25%) add high volatility/risk.
  - ✓ Even when small caps are falling, the fund most continue to hold them.
- Flexi Cap Funds are better because they can freely reduce exposure to risky segments.

Why Not Preferred: Mandatory equal allocation to large, mid, and small-caps increases risk unnecessarily.

C. Sectorial/Thematic Fund

- Invests in only one sector.
- If that sector performs poorly, entire investment suffers.

Why Not Preferred: Very high risk because performance depends on only one sector or theme.

D. Focused Fund

- Holds only 30 stocks.
- High concentration risk; performance depends on very few companies.

Why Not Preferred: Concentrated portfolio (only 30 stocks) increases stock-specific risk.

E. Dividend Yield Fund

- Depends on companies that give dividends.
- Limited growth potential; returns can be lower than diversified funds.

Why Not Preferred: Limited growth potential because it invests mainly in high-dividend mature companies.

F. Value Fund

- Takes very long to show returns.
- Hard for normal investors to understand.

Why Not Preferred: Long underperformance phases because value stocks take years to perform.

G. Growth Fund

- Very aggressive and highly volatile.
- Better alternatives exist like Flexi Cap or Mid-Cap Fund.

Why Not Preferred: Expensive valuations make them more volatile during market corrections.

H. Index Fund (except Large-Cap Index Fund)

- While Index Funds are great for Large-Cap exposure, Mid-Cap and Small-Cap Index Funds carry too much volatility.
- Large-Cap index funds perform well in their category, but others (Mid-Cap & Small-Cap) don't offer risk-adjusted benefits in Index Fund sub-category.

Why Not Preferred: Tracking error + higher volatility in mid/small-cap indices makes performance unpredictable.

I. International Fund

- Currency risk + global market risk.
- Returns depend on foreign rules and geopolitics.
- These require understanding of global cycles, taxation, and volatility.
- Complex for beginners, limited advantage compared to domestic diversified funds.

Why Not Preferred: Returns depend on global markets + currency risk, making them inconsistent.

Don't Prefer Other Hybrid Fund Sub-Categories

A. Arbitrage Fund

- Complex Structure (uses derivatives).
- Returns behave like debt funds but not worth the complication.

Why Not Preferred: Returns fall when market volatility is low, making the fund unreliable.

B. Equity Saving Fund

- Returns are usually low to moderate, similar to hybrid or debt-like returns.
- Too many moving parts:
  - ✓ Equity
  - ✓ Arbitrage
  - ✓ Debt
- Performance is stable but not great for long-term wealth creation.
- Better options exist such as Balanced Advantage Funds or Aggressive Hybrid Funds.

Why Not Preferred: Returns depend on complex hedging strategies, often resulting in low and unpredictable performance.

Don't Prefer Other Debt Fund Sub-Categories

A. Overnight Fund

- Very low returns.
- Only for 1-day parking, not useful for investors.

Why Not Preferred: Returns are too low for long-term wealth building.

B. Money Market Fund

- Low returns.
- Better options exist in short duration or corporate bonds sub-categories.

Why Not Preferred: Very short-term focus, returns barely beat inflation.

C. Ultra-Short Duration Fund

- Low returns.
- Useful for short-term parking, not long-term investing.

Why Not Preferred: Suitable only for parking money briefly, not for growth.

D. Low Duration Fund

- Low returns compared to medium or corporate bond funds.
- Not suitable for building wealth.

Why Not Preferred: Short-term returns with limited wealth-creation potential.

E. Long Duration Fund

- Very high interest-rate risk.
- Returns fall sharply when interest rates rise.

Why Not Preferred: High interest-rate risk makes returns unpredictable.

F. Dynamic Bond Fund

- Duration Keeps changing based on fund manager's prediction.
- Wrong calls can reduce returns.

Why Not Preferred: Fund manager's interest-rate calls can cause volatility.

G. Credit Risk Fund

- Invests in low-rated companies.
- High chance of default; capital may be at risk.

Why Not Preferred: High default risk due to low-quality corporate bonds.

H. Floater Fund

- Invests in floating-rate debt securities.
- Returns depend heavily on interest rate movements.
- If interest rates fall, returns drop quickly.
- Not consistent; difficult to predict returns.
- Other debt funds (Short Duration, Corporate Bond, Banking & PSU) give more stable returns.

Why Not Preferred: Returns fluctuate with interest-rate changes, causing instability.

The Ideal Combination For Most Investors

To build a smart, simple, and balanced portfolio, use this combination:

Sub-Category	Purpose	Example Allocation
Large-Cap Fund	Stability	30%
Mid-Cap Fund	Growth	25%
Small-Cap Fund	High Growth	15%
Selected Hybrid Fund	Market balance	20%
Selected Debt Fund	Safety + Stability	10%

This portfolio covers every corner of your financial life — growth, stability, and risk control — without adding unnecessary complexity.

Keynote

The best approach is to stop choosing all the mutual fund sub-categories and instead choose a few sub-categories to invest into the right mutual funds that is suitable for your own risk and return expectations within few and specific sub-categories – be it Large-Cap, Mid-Cap, Small-Cap, etc.

Preferred Categories	Why Chosen
Equity: Large, Mid, Small, Flexi, ELSS	Proven growth, diversification, long-term success
Hybrid: Conservative, Aggressive, BAF, Multi-Asset	Balanced and dynamic performance
Debt: Short Duration, Medium Duration, Med-to-Long Duration, Corporate Bond Fund, Banking & PSU Fund, Gilt Fund	Stability and safety
Not Preferred: Large & Mid Cap Fund, Multi-Cap Fund, Sectoral/Thematic Fund, Focused Fund, Dividend Yield Fund, Value Fund, Growth Fund, Index Fund (except Large-Cap Index Fund), International Fund (all these are non-preferred equity	**Overall:** Too risky, narrow focus, high concentration risk, very low potential returns, and not consistent

categories), Arbitrage Fund, Equity Saving Fund (all these are non-preferred hybrid categories), Overnight Fund, Money Market Fund, Ultra-Short Duration Fund, Low Duration Fund, Long Duration Fund, Dynamic Bond Fund, Credit Risk Fund, Floater Fund (all these are non-preferred debt categories).	

But if you pick only the essential ones — like **Large, Mid, Small, Flexi, ELSS, selected Hybrid, and selected Debt funds** — your portfolio becomes powerful, stable, and self-sustaining.

Remember:

"In investing, what you avoid is as important as what you choose."

CHAPTER 8: AGE-BASED INVESTING

Your age plays a major role in how you should invest.
When you are young, you have time on your side, so you can take higher risks.
As you grow older, you should protect your wealth by shifting to safer investments.

Let's make it simple with examples for every age group.

If Your Age Up To 28 Years – Focus On Growth

At this age, your **goal is wealth creation**.
You can afford to take higher risk because you have many years to recover from short-term market ups and downs.

If you are planning to invest in only 1 Mutual Fund	***If you are planning to invest in 2 Mutual Funds***	***If you are planning to invest in 3 Mutual Funds***	***If you are planning to invest in 4 Mutual Funds***	***If you are planning to invest in 5 Mutual Funds***
Small-Cap Fund	Small-Cap Fund	Small-Cap Fund	Small-Cap Fund	Small-Cap Fund
	Mid-Cap Fund	Mid-Cap Fund	Mid-Cap Fund	Mid-Cap Fund
		Micro Cap Index Fund	Micro Cap Index Fund	Micro Cap Index Fund
			Large-Cap Fund	Large-Cap Fund
				Aggressive Hybrid Fund

Young investors have the longest time horizon and highest risk capacity, making them suitable for high-growth, volatile funds like small-cap fund, and micro-cap index fund.

If Your Age Between 29-32 Years – Blend Of Growth And Stability

Now you may have more responsibilities — maybe a home loan, marriage, or kids.
So, your portfolio should balance **growth and safety**.

If you are planning to invest in only 1 Mutual Fund	***If you are planning to invest in 2 Mutual Funds***	***If you are planning to invest in 3 Mutual Funds***	***If you are planning to invest in 4 Mutual Funds***	***If you are planning to invest in 5 Mutual Funds***
Small-Cap Fund	Small-Cap Fund	Small-Cap Fund	Small-Cap Fund	Small-Cap Fund
	Mid-Cap Fund	Mid-Cap Fund	Mid-Cap Fund	Mid-Cap Fund
		Flexi Cap Fund	Flexi Cap Fund	Flexi Cap Fund
			Large-Cap Fund	Large-Cap Fund
				Balanced Advantage Fund

Introduce slightly more diversified funds like a **Flexi Cap and a Balanced Advantage Funds** to reduce volatility while still aiming for good returns.

If Your Age Between 33-50 Years – Focus On Stability And Consistent Growth

This is your peak earning stage.
You should focus on steady wealth creation while protecting your capital.

If you are planning to invest in only 1 Mutual Fund	***If you are planning to invest in 2 Mutual Funds***	***If you are planning to invest in 3 Mutual Funds***	***If you are planning to invest in 4 Mutual Funds***	***If you are planning to invest in 5 Mutual Funds***
Small-Cap Fund	Small-Cap Fund	Small-Cap Fund	Small-Cap Fund	Small-Cap Fund
	Mid-Cap Fund	Mid-Cap Fund	Mid-Cap Fund	Mid-Cap Fund
		Large-Cap Fund	Large-Cap Fund	Large-Cap Fund
			Conservative Hybrid Fund	Conservative Hybrid Fund
				Corporative Bond Fund OR Banking & PSU Fund

As the investors near their peak earning years, the strategy shifts to a more balanced approach, increasing the allocation to Large-Cap Fund for stability and incorporating debt-oriented hybrid fund for capital protection.

If Your Age Between 51-70 Years – Focus On Capital Protection And Regular Income

At this stage, your main goal should be **protecting wealth and earning steady income**.
Avoid risky small-cap and mid-cap funds.

If you are planning to invest in only 1 Mutual Fund	***If you are planning to invest in 2 Mutual Funds***	***If you are planning to invest in 3 Mutual Funds***	***If you are planning to invest in 4 Mutual Funds***	***If you are planning to invest in 5 Mutual Funds***
Balanced Advantage Fund	Balanced Advantage Fund	Balanced Advantage Fund	Balanced Advantage Fund	Balanced Advantage Fund
	Conservative Hybrid Fund	Conservative Hybrid Fund	Conservative Hybrid Fund	Conservative Hybrid Fund
		Multi-Asset Allocation Fund	Multi-Asset Allocation Fund	Multi-Asset Allocation Fund
			Medium Duration Fund	Medium Duration Fund
				Short Duration Fund

At this age, focus on **income stability** and **low volatility**.
Debt and hybrid funds help you achieve that balance.

Keynote

As you move through different stages of life, your investment plan should also evolve.

Age Group	Main Focus	Suggested Strategy
Up to 28	Growth	High equity exposure
29-32	Balanced growth	Mix of equity & hybrid
33-50	Stability & steady growth	Equity + debt mix
51-70	Protection & income	Hybrid & debt focus

- ✓ As you grow older, reduce risk.
- ✓ Follow the age formula investment.
- ✓ Balance between Equity, Hybrid, and Debt as per life stage.

CHAPTER 19: HOLDING AND SELLING OF CURRENT MUTUAL FUND INVESTMENTS

Investing is only half the job.
The real success comes from knowing **when to hold** your mutual funds and **when to sell** them.

Most investors either sell too early due to fear or hold too long due to greed. Both mistakes can reduce your overall returns.

“Buying makes you an investor,
but holding makes you wealthy — and selling at the right time makes you wise.”

This secret helps you master the art of **holding and selling** mutual funds like a disciplined investor, not an emotional trader.

Why Holding Period Matters In Mutual Fund Investing

Mutual fund investing is not like trading.
It’s not about making quick money.
It’s about creating long-term wealth through patience and compounding.

Every fund has a natural **time frame** in which it performs best:

Type of Fund	Ideal Holding Period
Equity Funds (Large, Mid, Small Cap)	5-12 years
Hybrid Funds	3-5 years
Debt Funds	6 months-3 years

The longer you hold, the higher the chances of earning inflation-beating and market-compounded returns.

“In mutual funds, time in the market is more important than timing the market.”

The Power Of Holding

Let's see how holding can change your wealth.

Suppose you invest ₹10,000 per month in an equity mutual fund giving 12% annual return.

Holding Period	Total Invested	Future Value
3 Years	₹3,60,000	₹4,30,793
5 Years	₹6,00,000	₹8,11,036
10 Years	₹12,00,000	₹22,40,359
20 Years	₹24,00,000	₹91,98,574

The longer you hold, the more you earn — because compounding accelerates over time.

"Holding is the secret ingredient of compounding."

When To Hold Your Mutual Fund

You should **continue holding** your mutual fund investment in the following situations:

1. Fund Is Beating Benchmark and Category

If your fund's 3-year returns are **higher than benchmark and category average**, continue holding confidently.

Example:

Your large-cap fund gives average 13% return.
Benchmark (Nifty 100) gives 11%, category average is 10%.
→ Keep holding. Your fund is doing great.

2. Fund Manager or Strategy Is Stable

If the fund's management and philosophy haven't changed, it's a sign of stability.
Avoid switching just for small return differences.

3. You Haven’t Reached Your Goal Yet

If your financial goal (retirement, child’s education, house) is still far away, there’s no reason to sell.
Let your SIPs continue and let time do the work.

4. Market Is Volatile or Falling

Never stop SIPs or sell during market corrections.
That’s when your SIP buys more units at cheaper prices.
Holding during tough times brings long-term rewards.

“When the market falls, your patience grows your wealth.”

5. Fund Has Reasonable Risk and Expense Ratio

If Alpha, Beta, Sharpe, and Std. Deviation are within good limits (you can check on ET Money), then hold on — your fund is performing efficiently.

When To Sell or Redeem Your Mutual Fund

Selling is not wrong — but it should have logic, not panic.

Let’s learn the right situations to sell.

1. Fund Underperformance for a Long Time

If your fund has underperformed its benchmark for **more than 3 years** continuously, you may plan an exit.

Example:

Benchmark return = 12% (average)
Fund return = 8% consistently (average)
→ Review and consider switching to a better-performing fund.

But remember — check the performance of 3 year returns, not just short-term data.

2. Change in Fund Objective or Management

Sometimes fund houses change the fund manager, category, or objective.
If it no longer matches your original plan, you may exit and reinvest in a more suitable fund.

3. Goal Achieved

If your investment has reached the target goal (like education corpus or house down payment), you should start redeeming gradually.
Use **SWP (Systematic Withdrawal Plan)** to move funds safely into Liquid or Debt Funds.

4. Personal Emergency

If you face a genuine emergency, redeem **only 10-15%** of your investment.
Avoid complete liquidation.

Avoid Emotional Selling

Here's what most investors do wrong:

- Sell during market crashes out of fear.
- Redeem when they see 2-3 months of low performance.
- Panic when NAV falls temporarily.

But experienced investors know:
Market fluctuations are normal — holding through them is what builds wealth.

Example:

If you invested ₹1 lakh before the 2020 market crash and didn't sell,
your investment almost doubled within the next 2 years.

Those who sold in panic lost both money and peace of mind.

"Fear sells your fund early.
Patience sells it profitably."

The Best Holding-Selling Table

FUND	MINIMUM HOLDING PERIOD	SELL/REDEEM
Large-Cap Fund	7 Years	Anytime After 7 Years Hold

FUND	MINIMUM HOLDING PERIOD	SELL/REDEEM
Mid-Cap Fund	10 Years	Anytime After 10 Years Hold

FUND	MINIMUM HOLDING PERIOD	SELL/REDEEM
Small-Cap Fund	12 Years	Anytime After 12 Years Hold

FUND	MINIMUM HOLDING PERIOD	SELL/REDEEM
Flexi Cap Fund	8 Years	Anytime After 8 Years Hold

FUND	MINIMUM HOLDING PERIOD	SELL/REDEEM
ELSS Tax Savings Fund	7 Years	Anytime After 7 Years Hold

FUNDS	MINIMUM HOLDING PERIOD	SELL/REDEEM
Any Preferred Hybrid Funds	5 Years	Anytime After 5 Years Hold

FUNDS	MINIMUM HOLDING PERIOD	SELL/REDEEM
Any Preferred Debt Funds	3 Years	Anytime After 3 Years Hold

Tax Implications Of Selling

When you sell, always check **capital gains tax**:

Fund Type	STCG Holding Period	STCG Tax Rate	LTCG Holding Period	LTCG Tax Rate
Equity / Hybrid (Equity > 65%)	less than or equal to 1 Year	15%	>1 year	10% on gains above ₹1 lakh
Debt / Hybrid (Debt Heavy)	less than or equal to 3 Year	As per your income tax slab	> 3 years	As per your income tax slab

So, holding longer also helps you **save tax** and increase net returns.

Practical Example

Let's say Riya started a SIP of ₹10,000/month in a Flexi Cap Fund in 2015.
In 2020, the market crashed — her portfolio dropped by 20%.

She was about to stop SIPs, but she remembered this rule — "holding builds wealth."
She continued.

By 2025, her portfolio grew from ₹12 lakh to ₹25 lakh.
Her patience was rewarded.

That's how long-term holding wins every time.

Keynote

Situation	Action
Fund performing well	Hold
Fund underperforming (3 years)	Review and Switch
Market crash	Continue SIP and hold
Goal achieved	SWP or partial redemption
Emergency	Redeem 10-15% only
Fund objective changes	Exit gradually

“Hold your mutual funds with patience and sell them with purpose (goals) or after the appropriate period (3,5,7,8,10, or 12 years) — that’s how you protect your wealth and multiply it wisely.”

To buy this book:

Visit www.passivelybooks.in

Chapters 20 & 21 teach you the exclusive knowledge that is not available on the internet or even AI won’t be able to tell. These chapters give you a deeper understanding beyond ordinary information. These 2 powerful chapters are available nowhere else and available only to Passively readers.