

BALANCED FUNDS



vEcoSys

## BALANCED FUNDS

**Our work demands often leave us with little or no time to spend with the family. This routine can lead to unwarranted stress and fatigue.**

**Both work and family are the cornerstones of life, neither of which can be ignored. That is why we need to strike a right balance between work and personal life to lead a happy and a healthier life.**



## BALANCED FUNDS

**Balancing both aspects of your life means you have to give yourself equally so that one will not suffer at the expense of the other. In the long run, the joy, happiness and fulfillment derived from both are worth the effort.**



## BALANCED FUNDS

Investing in balanced funds (also known as Hybrid funds) is not much different. Equity and debt as an asset class have equal role to play in creating long-term wealth.



## BALANCED FUNDS

**EQUITY** provides the opportunity to grow capital through stock price appreciation and dividends, while **DEBT** portfolio brings in the stability through fixed income (interest) and capital gains on bond prices.



## BALANCED FUNDS

Similar to work-life balance, balanced funds are here to give us the best of both worlds.



**Before we learn about  
balanced funds, let us  
first understand how are  
mutual fund schemes  
classified?**



## BALANCED FUNDS

Mutual fund schemes are classified by the type of investments they own.

- An EQUITY FUND primarily invests in stocks.
- A DEBT FUND invests in bonds or fixed interest bearing instruments.
- A BALANCED FUND invests in a mix of both – Equity & Debt.





## BALANCED FUNDS

**Why balanced funds?**



## BALANCED FUNDS

- The EQUITY PORTION provides an opportunity to participate in the equity markets.
- The DEBT PORTION strives to generate stable income through interest income.
- The mix of Equity & Debt offers lower volatility as compared to other equity schemes since the debt portfolio provides stability of income.



## BALANCED FUNDS

- An equity oriented balanced fund usually keeps its equity allocation between 65% to 75% thus enjoying the tax benefit of long-term capital gains tax, if held for more than 365 days.
- A Balanced fund frequently rebalances its portfolio to maintain the equity-debt asset allocation leading to profit booking offered by upward market movements in either stock markets or debt markets.
- A Balanced fund is ideal for those who want to benefit from the stock market but don't have the appetite for volatility.



**Balanced funds also  
bring the following  
advantages:**



## BALANCED FUNDS

- Some investors don't want to invest in different funds. What they want is a single, all encompassing choice that they can invest regularly.
- A well managed balanced fund provides a cushion to the returns generated when the stock market falls, the bonds tend to hold their value better, and when the stock market rises, bonds yields are typically lower.
- This combination of equity and debt serves well for those investors who don't have the appetite for risk associated with an equity fund.



## BALANCED FUNDS



Hope you have understood what balanced funds are and how they are different from other equity or debt funds.



Thinking of Investment

Contact

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**Mutual Fund investments are subject to market risks, read all  
scheme related documents carefully.**

