

What are close-ended mutual fund schemes?

Close-ended mutual fund Schemes have a stipulated maturity period wherein the investor can invest directly in the scheme at the time of the initial issue and thereafter units of the scheme can be bought or sold on the stock exchanges where the scheme is listed. The market price at the stock exchange could vary from the scheme's NAV on account of demand and supply situation, unit holders' expectations and other market factors. Usually a characteristic of close-ended schemes is that they are generally traded at a discount to NAV; but closer to maturity, the discount narrows.

[Up](#)**# What are open-ended mutual fund schemes?**

Open-ended schemes usually do not have a fixed maturity period and are available for subscription and redemption on an ongoing basis. The units can be bought and sold any time during the life of the scheme at NAV related prices.

[Up](#)**# What is the difference between an open-ended and close-ended scheme?**

Open-ended schemes can issue and redeem units any time during the life of the scheme while close-ended schemes cannot issue new units except in case of bonus or rights issue. Hence, the number of units of an open-ended scheme can fluctuate on a daily basis while that is not the case for close-ended schemes. Another way of explaining this difference is that new investors can join the scheme by directly applying to the mutual fund at applicable net asset value related prices in case of open-ended schemes while that is not the case in case of close-ended schemes, where new investors can buy the units from secondary market only.

[Up](#)**# What are the different types of Mutual Funds?**

Mutual Funds are classified by structure in to (a) Open - Ended Schemes (b) Close-Ended Schemes (c) Interval Schemes and by objective in to (a) Equity (Growth) Schemes (b) Income Schemes (c) Money Market Schemes (d) Tax Saving Schemes (e) Balanced Schemes, (f) Offshore funds (g) Special Schemes like index schemes etc

[Up](#)**# What is a Mutual Fund?**

A Mutual Fund is a vehicle for investing in stocks and bonds. It is not an alternative investment option to stocks and bonds, rather it pools the money of several investors and invests this in stocks, bonds, money market instruments and other types of securities. Buying a mutual fund is like buying a small slice of a big pizza. The owner of a mutual fund unit gets a proportional share of the fund's gains, losses, income and expenses.

[Up](#)**# What is venture capital? What are venture capital funds?**

Venture Capital is the fund/initial capital provided to businesses typically at a start-up stage and many times for new/ untested ideas. Venture capital normally comes in where the conventional sources of finance do not fit in. Venture capital funds are mutual funds that manage venture capital money i.e. these funds aggregate money from several investors who want to provide venture capital and deploy this money in venture capital opportunities.

Typically venture capital funds have a higher risk/ higher return profile as compared to normal equity funds and whether you should invest in these would depend on your specific risk profile and investment time-frame.