



SNS COLLEGE OF ENGINEERING

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DEPARTMENT OF MANAGEMENT STUDIES

COURSE NAME : FINANCIAL SOURCING MANAGEMENT

II YEAR /III SEMESTER

Unit 1 – INTRODUCTION





Meaning of Funds and its Types





FUNDS



A fund is a pool of money that is allocated for a specific purpose.

Those pools can are often invested and professionally managed.





Government setting aside money to build road



College setting money to award a scholarship



Insurance company setting aside money to pay its customers' claims.



**PURPOSE
OF
FUNDS**



Type of Funds



Emergency funds



Mutual funds



College funds



Trust funds



Retirement funds



Money-market funds



Exchange-traded funds



Hedge funds



Government bond funds



Emergency funds



An emergency fund is a readily available source of assets to help people navigate financial dilemmas, such as the loss of a job, a debilitating illness, a major repair to home or car.

The purpose of the fund is to improve financial security that can be used to meet emergency expenses.



Mutual funds

A mutual fund is essentially a common pool of money in which investors put in their contribution.

This collective amount is then invested according to the investment objective of the fund.

The money could be invested in stocks, bonds, money market instruments, gold and other similar assets.

These funds are operated by money managers or fund managers,





Categories Of Mutual Funds

- 1) **Equity funds** - funds that invest only in stocks and other equity instruments
- 2) **Debt funds** - funds that invest only in fixed income instruments



- 3) **Money market funds** - funds that invest in short-term money market instruments
- 4) **Hybrid funds** - funds that divide investments between equity and debt to create a balance



College funds

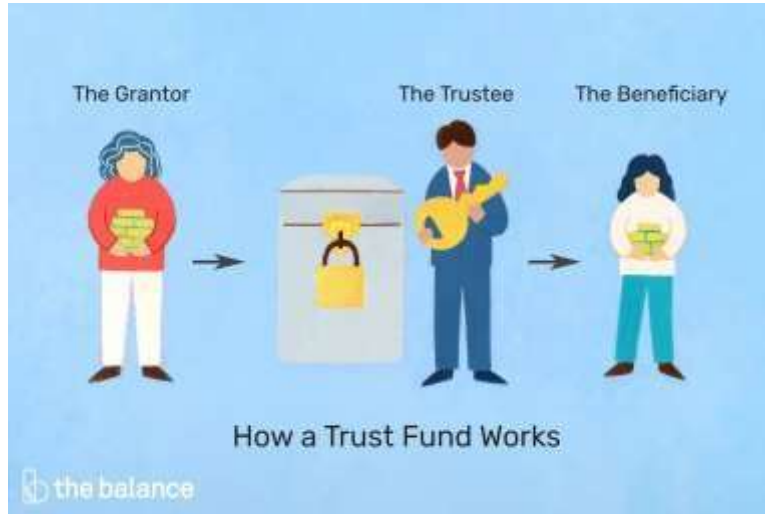


College funds are usually tax-advantaged savings plans set up by families to allocate funds for their children's college expenses.





Trust funds



Trust funds are legal arrangement set up by a grantor who appoints a trustee to administer valuable assets for the benefit of a listed beneficiary for a period of time.

After which all or a portion of the funds are released to the beneficiary or beneficiaries.

There are three parties involved in a trust fund: the grantor, the trustee, and the beneficiary.



Retirement funds



Retirement funds are savings vehicles used by individuals saving for retirement. Retirees receive monthly income or pensions from retirement funds.





Money-market fund s



Money Market Funds are short-term debt funds.

They invest in various money market instruments and endeavor to offer good returns over a period of up to one year while maintaining high levels of liquidity.

The average maturity of a Money Market Fund is one year.





Exchange-traded funds



Exchange-traded funds (ETFs) are similar to mutual funds but traded on the public exchanges like stocks.





Hedge funds



Hedge funds are investment vehicles for high-net-worth individuals or institutions designed to increase the return on investors' pooled funds by incorporating high-risk strategies such as short selling, derivatives, and leverage.

HEDGE FUND





Government bond funds



Government bond funds are for investors looking to put their money away in low-risk investments through Treasury securities, such as Treasury bonds, or agency-issued debt.



Assessment



- 1) _____ funds that invest only in stocks and other equity instruments.
- 2) _____ funds that invest only in fixed income instruments.
- 3) _____ funds that invest in short-term money market instruments.
- 4) _____ funds that divide investments between equity and debt to create a balance.



Summary

- A fund is a pool of money set aside for a specific purpose.
- Those pools can are often invested and professionally managed.
- Some common types of funds include pension funds, insurance funds, foundations, and endowments.

