1.1 Frequently asked questions

- **What Is MutualFund?**

A Mutual Fund is a pool of money from numerous investors who wish to invest their money in stocks, bonds and other securities for creating wealth. Investing in a Mutual Fund is lot easier than buying and selling individual stocks and bonds on one's own as it offers a platform to invest in diversified securities managed by professionals.

- Types of Mutual Fund:

Based on investor's goal and investment horizon, Mutual Funds give him/her the option to invest money across various asset classes like equity, debt and gold. This allows to diversify his/ her investments and strive to reduce portfolio risk.

The different types of Mutual Funds are as follows –

i. Equity Funds / GrowthFunds

Funds that invest in equity shares are called equity funds. They carry the principal objective of capital appreciation of the investment over a medium to long-term investment horizon. Equity Funds are high risk funds and their returns are linked to the stock markets. They are best suited for investors who are seeking long term growth. There are different types of equity funds such as Diversified funds, Sector specific funds and Index based funds.

ii. DiversifiedFunds

These funds provide you the benefit of diversification by investing in companies spread across sectors and market capitalization. They are generally meant for investors who seek exposure across the market and do not want to be restricted to any particular sector.

iii. Sector Funds

These funds invest primarily in equity shares of companies in a particular business sector or industry. While these funds may give higher returns, they are riskier as compared to diversified funds. Investors need to keep a watch on the performance of those sectors/industries and must exit at an appropriate time.

iv. IndexFunds

These funds invest in the same pattern as popular stock market indices like CNX Nifty Index and S&P BSE Sensex. The value of the index fund varies in proportion to the benchmark index. NAV of such schemes rise and fall in accordance with the rise and fall in the index. This would vary as compared with the benchmark owing to a factor known as “tracking error”.

v. Tax SavingFunds

These funds offer tax benefits to investors under the Income Tax Act, 2961. Opportunities provided under this scheme are in the form of tax rebates under section 80 C of the Income Tax Act, 1961. They are best suited for long investors seeking tax rebate and looking for long term growth.

vi. Debt Fund / Fixed Income Funds

These Funds invest predominantly in rated debt / fixed income securities like corporate bonds, debentures, government securities, commercial papers and other money market instruments. They are best suited for the medium to long-term investors who are averse to risk and seeking regular and steady income. They are less risky when compared with equity funds.

vii. Liquid Funds / Money MarketFunds

These funds invest in highly liquid money market instruments and provide easy liquidity. The period of investment in these funds could be as short as a day. They are ideal for Corporate, institutional investors and business houses who invest their funds for very short periods.

viii. GiltFunds

These funds invest in Central and State Government securities and are best suited for the medium to long-term investors who are averse to risk. Government securities have no default risk.

ix. BalancedFunds

These funds invest both in equity shares and debt (fixed income) instruments and strive to provide both growth and regular income. They are ideal for medium- to long-term investors willing to take moderaterisks.

x. Exchange Traded Funds(ETFs)

Exchange Traded Funds (ETFs) track an index, a commodity or a basket of assets as closely as possible, but trade like shares on the stock exchanges. They are backed by physical holdings of the commodity, and invest in stocks of companies, precious metals or currencies. ETFs give you the flexibility to buy and sell units throughout the day, on the stock exchanges.

xi. ArbitrageFund

Funds which seek returns from arbitrage opportunities between equities and derivatives and invest in debt when no arbitrage is possible.

2. Is Mutual Fund Safe toInvest?

I. Like any other Capital Market securities Mutual funds are also subject to market risk, price fluctuation, liquidity etc. However, investment in Mutual Funds minimizes said risks through diversification and professionally managementportfolios.

II. Further, Securities and Exchange Board of India (SEBI) is the regulatory body regulating the Mutual Fund industry. Its primary purpose is to protect the interests of the capital marketinvestors.

III. It has made elaborated investment guidelines and reporting requirements mandatory so as to ensure prudent functioning of mutual funds and safeguarding of investorinterests.

IV. Besides, Association of Mutual Funds in India (AMFI), a trade body of mutual funds in India working under the purview of SEBI also involves itself in devising compliance and best practices guidelines in theindustry.

3. How Customer can invest in Mutual Funds of different companies with whom PNB hastie-up?

Customers can invest through:

I. Offline Mode: Please Visit nearest Bank'sbranch.

II. Online Mode: Through Corporate Website of the Bank, Click **INVEST ONLINE** of the respective Mutual Fund company customer will be redirected to Mutual Fund company website. Follow the process and fill the mandatorydetails.

Customer can invest online only if they are KYC complied

KYC can be complied by the customer through PAN card (in case of customer is already KYC complied).

In case customer invests inSIP (Systematic Investment plan), a unique reference number will be generated which customer have to fill under biller section through PNB mobile Banking app to complete the process of auto debit mandate from the next month cycle.

Note: If customer is not e-KYC complied then customer have to visit the nearest Bank Branch.

4. What strategies are available for Investment in a Mutual FundScheme?

The strategies for investment are:-

I. **Lump sum:** One timeInvestment.

II. **Systematic Investment Plan:** An SIP is a regular investment in a fund for a fixed sum at a fixed frequency.SIP is a good way to invest at an average price over aperiod.Besides above, the facilities for transfer/withdrawal are as under:

i. **Systematic Transfer Plan (STP):** An STP is a regular redemption from a fund. It is like an SIP but source of investment money is differentfund.

ii. **Systematic Withdrawal Plan (SWP):** SWP means a regular redemption from a fund. Investors can redeem a fixed amount, a fixed number of units or all returns above certain baselevel.

5. What is a Systematic Investment Plan(SIP)?

A SIP allows an investor to invest regularly. One puts in a small amount every month that is invested in a mutual fund. A SIP allows one to take part in the stock market without trying to second-guess its movements.

6. Do customer needs to be KRA (KYC Registration Agency) compliant for TransactOnline?

Yes, with effect from 1st Jan 2011, KRA is mandatory for all class of investors irrespective of the amount proposed to be invested.

7. Whom Customers shall approach for redemption/ request for switching to other Funds/ Updation of the details in their folio or any other request/ Grievances.

i. Customer can approach to the nodal officer of the Mutual Fund Company mapped with the respective branch /Circle.

ii. Alternatively the request can be mailed to the respective company's customer care email ID/ or customer can also request through customer care number of the Mutual Fund companies.

iii. Any grievance if unresolved for more than 7 working days must be reported by the respective branch to msd@pnb.co.inunder intimation to

Circleoffice.

8. What is Net Asset Value (NAV) of ascheme?

The performance of a particular scheme of a mutual fund is denoted by Net Asset Value (NAV).

Mutual funds invest the money collected from investors in securities markets. In simple words, NAV is the market value of the securities held by the scheme. Since market value of securities changes every day, NAV of a scheme also varies on day to day basis. The NAV per unit is the market value of securities of a scheme divided by the total number of units of the scheme on any particular date. For example, if the market value of securities of a mutual fund scheme is INR 200 lakh and the mutual fund has issued 10 lakh units of INR 10 each to the investors, then the NAV per unit of the fund is INR 20 (i.e.200 lakh/10 lakh). NAV is required to be disclosed by the mutual funds on a daily basis.

9. What is sale and repurchase/redemptionprice?

The price or NAV a unit holder is charged while investing in an open-ended scheme is called sales price. Repurchase or redemption price is the price or NAV at which an open-ended scheme purchases or redeems its units from the unitholders. It may include exit load, if applicable.

10. What is the Cut-off time for Calculation of Net Asset Value(NAV)?

The sale and re-purchase prices are a function of the applicable NAV. In order to ensure fairness to investors, SEBI has prescribed cut-off timing to determine the applicable NAV.

11. How to invest in a scheme of a mutualfund?

Investors should refer to the product labeling of the scheme. All the mutual funds are required to label their schemes on the followingparameters:

i. Nature of scheme such as to create wealth or provide regular income in an indicative time horizon (short/ medium/ longterm).

ii. A brief about the investment objective (in a single line sentence) followed by kind of product in which investor is investing(Equity/Debt).

However, investors should consult their financial advisers if they are not clear about the suitability of theproduct.

12. How to choose a scheme for investment from a number ofschemes**available?**

As already mentioned, the investors must read the offer document of the mutual fund scheme very carefully. They may also look into the past track record of performance of the scheme or other schemes of the same mutual fund. They may also compare the performance with other schemes having similar investment objectives.

Though past performance of a scheme is not an indicator of its future performance and good performance in the past may or may not be sustained in the future, this is one of the important factors for making investment decision.

In case of debt oriented schemes, apart from looking into past returns, the investors should also see the quality of debt instruments which is reflected in their rating. Similarly, in equities schemes also, investors may look for quality of portfolio. They may also seek advice of experts.

****Mutual Funds Investments are subject to market Risk. Read all scheme related documents carefully before investing**.**

**** Bank holds no responsibility of any information provided herein****