A Comparative Study on Stock Market and Mutual Fund Industry

Sushil Moar

Assistant Professor, DN College, Hisar, Haryana

Abstract: A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. While there is no legal definition of the term "mutual fund", it is most commonly applied to open-end investment companies, which are collective investment vehicles that are regulated and sold to the general public on a daily basis. They are sometimes referred to as "investment companies" or "registered investment companies". Hedge funds are not mutual funds, primarily because they cannot be sold to the general public. In the United States mutual funds must be registered with the U.S. Securities and Exchange Commission, overseen by a board of directors or board of trustees, and managed by a Registered Investment Advisor. Mutual funds are subject to an extensive and detailed regulatory regime set forth in the Investment Company Act of 1940. Mutual funds are not taxed on their income and profits if they comply with certain requirements under the U.S. Internal Revenue Code where A stock market, equity market or share market is the aggregation of buyers and sellers (a loose network of economic transactions, not a physical facility or discrete entity) of stocks (also called shares), which represent ownership claims on businesses; these may include securities listed on a stock exchange as well as those only traded privately.

Keywords: Mutual Fund, Stoke Market.

I. INTRODUCTION

Mutual funds are swiftly turning out to be an excellent and very intelligent source of income for the next generation of entrepreneurs as they are very lucrative, are a lot more safe and sound than stocks, and for the most part a much more logical thing to do for investors than painstakingly investing in the share market. Standing by the investor has an expected means of livelihood and is unable to dedicate his total allegiance to the share bazaar. In utter contradiction to the share market, the mutual funds reroute your hard earned cash through numerous channels and a more than enough blend of sundry ventures, together with stocks, bonds, intercontinental ventures, besides new securities that in cooperation engender an extraordinarily extra defensive fortification than the share bazaar perhaps will for ever warranty. You should be able to know the difference between Mutual Fund and STOCK MARKET

II. MUTUAL FUNDS

Mutual funds are administered vigilantly by a subsidize administrator. These administrators put vigilant concentration to the presentation of the entity mechanism of the fund, building transformations anywhere they consider obligatory. While investors in the share market must keep a grave watch on their investment, investors in mutual funds stay put unwearied, to consent to their speculation to go according to the market diktat. While the individual components will always experience precariousness, the sum of the dissection will characteristically hang about unswerving, and with appropriate attention to detail, remain in a consistent state of increase. Even without selecting the online share market, you can still adapt your investment, choosing from bond-heavy mutual funds, stock-heavy mutual funds, green mutual funds, money market mutual funds - there is something for anybody who wants to invest. Funds that are more heavily composed of bonds and other secure investments classically hint an incredibly stumpy intensity of risk, but a moderately small upper growth limit. Those that are more profoundly arranged of stocks and new changeable investments have a more restrained hazard of trailing some of a venture, but their upper growth limit is more analogous to the lofty probable booty of living the market. Regardless of the category, you can almost always rest assured that your mutual fund will be secured against risk of full subside that is a threat found in living the stock market.

III. STOCK MARKET

The stock market is an important and interesting source of income for both companies and share holders. The stock market makes it possible for almost anybody to buy stakes at a company that they know and have faith in. People who have been trading in company shares have seen it become a habit and then in many circumstances, their regular source of income. It is a very lucrative business as well for the share holder once he gets accustomed to the rules of the trade. He can see his hard earned capital on the rise in multiples if he is perseverant and dedicated enough. The stock market provides a lucrative opportunity for investors to rapidly grow their money. There is hardly any better way around to making a quick buck! But at the same time, the stock market is also very unpredictable and, in certain instances, it is a high-risk proposition. The following tips will prove to be handy if you wish to make the stock market your source of income.

IV. DIFFERENCE

First things first; the most obvious difference between a mutual fund and the stock market is that whereas the mutual
fund is a low risk low profit form of investment, the stock market is a high risk high profit one. The returns in the stock market are much higher and quicker, and given the pre-condition that you are able to dedicate your full unbiased time to the stock market, there is no better option available. But at the same time, the risks are double. So, if you do not have the time, never invest in the stock market. As you know that stock market is full of risks but if you manage to overcome it, you can be successful.

Stock market as defined is the market in which shares of publicly held companies are issued and traded either through exchanges or over-the-counter markets. Also known as the equity market, the stock market is one of the most vital components of a free market economy, as it provides companies with access to capital in exchange for giving investors a slice of ownership in the company. It is considered another option to raising money for funding the company’s growth instead of debt.

A mutual fund is a professionally-managed trust that pools the savings of many investors and invests them in securities like stocks, bonds, short-term money market instruments and commodities such as precious METALS

REFERENCES

[10]. EY Global Fund Distribution
[13]. WFE 2012 Market Highlights
[14]. "Global Stock Rally: World Market Cap Reached Record High In March | Seeking Alpha".
[16]. "IBM Investor relations - FAQ | On what stock exchanges is IBM listed ?", IBM.
[19]. Financial regulatory probe dark pools Financial Times