





What are liquid funds?

Liquid funds are a category of debt mutual funds that invest in highly liquid money market instruments.

Money market instruments are short term fixed income instruments which have a tenure of 1-90 days. Some examples include, commercial paper, treasury bills, certificate of deposit and so on.



Who should you Invest?

Investors can park surplus funds for a short duration of upto 90 days. Safe option while also having the potential of providing reasonable Alternative to savings account with a potential to earn a higher return.









Characteristics

Liquidity

Highly liquid (exit load may apply for upto 7 days)

Low Risk

Investments are less prone to fluctuations because they are less sensitive to interest late analysis.

Taxation

Liquid funds are taxed as debt instruments









