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# Overnight Funds

**Wealth managers believe investors can allocate spare money in their bank accounts to overnight funds to earn more than a savings account.**



## WHAT ARE OVERNIGHT FUNDS?

Overnight funds are a category of debt mutual funds. These schemes have a portfolio that invests in securities that mature in one day. The bonds are purchased overnight, and they mature by the following business day. Overnight funds invest in assets such as overnight reverse repos, CBLOs (Collateralised Borrowing and Lending Obligations), and money market securities that mature the next day.

## WHAT IS THE ASSET SIZE OF OVERNIGHT FUNDS?

According to data from the Association of Mutual Funds in India (AMFI), there are 35 overnight fund schemes managing assets worth ₹96,490 crore with 863,000 folios.

## WHAT RETURNS DO THESE FUNDS OFFER?

Data from Value Research show that over the last one year, investors have earned an average of 6.67% in such schemes. Over three years, they have earned 5.65%. This is higher than the 2.7-4.0% that they earn in a bank savings bank account or post office savings account.



# Invesco Mutual Fund

## An investor education and awareness initiative

For Know Your Customer (KYC) guidelines along with the documentary requirements and procedure for change of address, phone number, bank details, etc., please visit the Education and Guidance section on [www.invescomutualfund.com](http://www.invescomutualfund.com). Investor should deal with only SEBI registered Mutual Funds, details of which can be verified under "Intermediaries/Market Infrastructure Institutions" on <https://www.sebi.gov.in/index.html>. For any grievance / complaint, please call us on 1800-209-0007 or write to us at [mfservices@invesco.com](mailto:mfservices@invesco.com). Alternatively, complaints can be registered on the SEBI SCORES Portal at <https://scores.gov.in>

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**

## WHY IS IT BETTER TO PARK MONEY IN THESE FUNDS?

Many investors tend to keep huge sums idle in savings bank accounts to invest in case of a sharp correction in stocks or to buy a stock they identify with. Wealth managers believe it is better to park this money in an overnight fund. It can also be used to run a systematic transfer plan to invest in an equity fund.

## WHAT IS THE TIME FRAME AND MINIMUM AMOUNT NEEDED HERE?

Financial planners advise investors to use overnight funds for a time frame of between one day and one week. Most funds accept lumpsum investments as low as ₹500.

## HOW SOON IS THE MONEY CREDITED ONCE REDEEMED?

Once an investor submits a redemption request before the cut-off time on a working day, the money reaches their bank account the next business day.

## DO THESE FUNDS HAVE RISKS?

Overnight funds are seen as having low risk and volatility as they invest in instruments with a high credit rating (P1+) and which mature in a day.

PRASHANT MAHESH