

## **Role of Flexi-Cap Mutual Funds in Post-Retirement Income Planning**

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### **Abstract**

Retirement planning is an essential financial need today, especially for those working in the private sector who lack the security of a government pension. This research paper provides an in-depth analysis of the role of flexi-cap mutual funds and how they can provide a reliable and consistent source of income after retirement. This study utilizes a secondary research methodology, drawing data from various authoritative sources. By employing both descriptive and analytical techniques, the research evaluates the role of flexi cap mutual fund investments in ensuring long-term financial stability during retirement. The study examined historical market data and various performance models. The findings indicate that the flexible investment strategy of flexi-cap funds, combined with a systematic withdrawal plan (SWP), has the potential to deliver an average annual return of at least 14%. This not only helps beat inflation but also provides a strong financial security cushion for old age. This research underlines that in today's rapidly changing digital era, moving beyond the limited scope of traditional investments and adopting modern and dynamic options like flexi-cap is the most practical way to ensure future financial independence and stability.

**Keywords:** *Financial Security, Flexi-cap Mutual Fund, Investment Strategy, Mutual Fund, Retirement Planning, Sustainable Income*

### **Introduction**

**Mutual Fund:-** Mutual funds are a method of investment in which many people pool their money together. Experts called AI or 'fund managers' then invest this pooled money in investments like the stock market, bonds, or gold, to generate good returns for investors. Based on their knowledge and experience, these AI or fund managers determine the best investment options.

**Based on the structure, mutual funds can be classified into three types:-**

#### **1. Open-Ended Mutual Fund:-**

Investors in open-ended mutual funds have complete freedom to invest and withdraw their money. There are no time restrictions or lock-in periods, which means investors can invest whenever they want and withdraw money by selling their units whenever they need. The price of this fund, called the NAV, fluctuates daily depending on market conditions.

#### **2. Close-Ended Mutual Fund:-**

In a close-ended fund, the opportunity to invest is available only when the fund is launched for the first time.

This is called an NFO. The money invested in it is locked for a fixed period such as 3, 5, or 10 years. Before this period, investors cannot withdraw their money. The investor has to wait until the fund period is completed. However, one thing is that if this fund is listed in the stock market, then its units can be bought or sold in the secondary market like shares.

### **3. Interval Mutual Fund:-**

Investment and withdrawal options in interval mutual funds are available only during a specific period (interval period). This window is pre-determined by the fund company, such as opening a 15-day window every three months or once every six months. Investors cannot deposit or withdraw funds during this period, which significantly limits the immediate availability of cash.

### **Flexi Cap Mutual Fund:-**

Flexi Cap Mutual Fund is an open-ended mutual fund. It can invest in large-cap, mid-cap, and small-cap companies. In this, the fund manager gets the flexibility to invest in different sectors and market caps. This makes the portfolio more diversified and helps in creating a balance between risk and return. According to SEBI, such funds have to invest at least 65% of their assets in equity or equity-based investments.

### **Review of Literature**

To understand the broader scope of this research, an extensive literature review was conducted covering key international and national books, articles, and financial reports. Maheen (2022) provides a rigorous empirical framework for evaluating Indian mutual fund performance and offers useful models to assess funds' risk-return profiles, while Das (2022) presents a comparative and critical analysis of pension schemes in the public and private sectors, highlighting limitations in retirement options available to private-sector employees. Although these contributions are significant, most existing studies emphasize wealth accumulation rather than retirement-phase income sustainability, and empirical evidence on how the dynamic asset-allocation feature of flexi-cap funds can support sustainable post-retirement income is limited. The present study addresses this gap by combining flexi-cap fund performance analysis with withdrawal-phase simulations to evaluate their suitability as instruments for sustainable post-retirement income.

### **Key Objectives of the Research: -**

#### **1. To evaluate the performance and risk-adjusted characteristics of flexi-cap mutual funds for long-term retirement investing**

The intent of this objective is to understand how suitable flexi-cap mutual funds are for long-term retirement investing. Here, merely looking at general returns is not sufficient. The evaluation of any investment instrument should be based on its performance as well as its risk. Therefore, this objective emphasizes knowing how these funds perform over a long-term period and what kind of risk is associated with that performance. Stability is very important in retirement investing because, at this stage, an investor usually seeks regular and secure growth. For this reason, this objective is designed to test to what extent flexi-cap funds can meet the needs of such investors. It is also important to consider how balanced the fund's performance remains over time, and whether it can become a reliable option for long-term investment even in a changing market environment.

## 2. To assess the ability of flexi-cap funds to sustain post-retirement income under withdrawal scenarios

The intent of this objective is to examine whether flexi-cap funds are capable of maintaining the continuity of income after retirement. After retirement, an individual's source of regular income changes, so the amount received from investments must be used very carefully. Expenses do not just decrease after retirement; rather, many essential responsibilities remain. Therefore, this objective attempts to understand how helpful flexi-cap funds can be in such a situation. The core idea is whether these funds are limited only to wealth accumulation, or if they can also become a support for income after retirement.

### Research Methodology

This study employed both descriptive and analytical research methodologies. In this, articles, reports and available literature have been reviewed. This study is based on secondary data. The stratified random sampling technique was employed for this study. In this study, the data of annualized returns of Flexi Cap Mutual Funds has been obtained from Groww app.

#### Data Analysis & Findings (Data as on 17 April 2026)

**Table 1: Annualised Returns of HDFC Flexi Cap Direct Plan-Growth:**

HDFC Flexi Cap Direct Plan-Growth	
3 Year annualised	21.48%
5 Year annualised	21.19%

**Table 2: Annualised Returns of HDFC Focused Fund:**

HDFC Focused Fund	
3 Year annualised	21.02%
5 Year annualised	22.72%

**Table 3: Annualised Returns of JM Flexicap Fund:**

JM Flexicap Fund	
3 Year annualised	20.66%
5 Year annualised	18.62%

**Table 4: Annualised Returns of Quant Flexi Cap Fund:**

Quant Flexi Cap Fund	
3 Year annualised	20.03%

<b>5 Year annualised</b>	<b>20.43%</b>
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**Table 5: Annualised Returns of Parag Parikh Flexi Cap Fund:**

<b>Parag Parikh Flexi Cap Fund</b>	
<b>3 Year annualised</b>	<b>18.97%</b>
<b>5 Year annualised</b>	<b>17.34%</b>

As is evident from the above table, the mutual fund has generated an average annual return of above 14%.

**Hence, in this study, all the calculations have been done on the basis of 14% annual return:-**

**SIP (Systematic Investment Plan) Amount:** Rs.5,000/Month

**Expected Return Rate:** 14% per Annum (compounded monthly)

**Table 6**

<b>Early Age</b>	<b>Investment Duration (Year)</b>	<b>Total Investment (Rs.)</b>	<b>Future Value (Rs.)</b>
<b>20</b>	<b>40</b>	<b>Rs. 24,00,000</b>	<b>Rs. 8,65,05,520</b>
<b>30</b>	<b>30</b>	<b>Rs. 18,00,000</b>	<b>Rs. 2,29,98,103</b>
<b>40</b>	<b>20</b>	<b>Rs. 12,00,000</b>	<b>Rs. 58,67,371</b>
<b>50</b>	<b>10</b>	<b>Rs. 6,00,000</b>	<b>Rs. 12,46,462</b>

**These amounts will be very helpful to employees after retirement, depending on the age at which they start investing.**

### **Discussion**

The results of this study indicate that many good flexi-cap mutual funds have provided more than 14% annualized returns in both three-year and five-year periods. This conclusion is encouraging for long-term investors. Especially for those investors who want to build a retirement corpus, this category can prove to be attractive. The biggest feature of flexi-cap funds is their allocation flexibility. These funds can invest in various segments of market capitalization. Depending on necessity and opportunity, allocation can be changed between large cap, mid cap, and small cap.

Due to this flexibility, fund managers can rebalance the portfolio in changing market environments. When growth opportunities are high in the market, mid cap and small cap exposure can be increased. When uncertainty in the market grows, a tilt towards relatively stable large-cap companies is possible. This very flexibility makes them dynamic investment instruments. The study also shows that fund performance should not be judged based

on just one year or any single period. The analysis of both three-year and five-year periods is necessary because it better demonstrates the actual consistency of a fund.

Many funds perform well during boom periods, but their value can drop significantly during a recession. There are some funds that may look less attractive but prove to be more stable and reliable over time. In retirement planning, such balanced funds can often be more useful.

This clarifies that an investor should focus not only on absolute return, but also on return consistency, drawdown behavior, portfolio discipline, and recovery capacity.

It is also clear from this study that flexi-cap mutual funds should not be viewed as limited only to a means of wealth accumulation. With proper planning, they can also function as a retirement income support instrument. However, this role will not be the same in all funds. Some funds will prove more suitable, while some may be comparatively less stable. Therefore, in fund selection, it is necessary to pay attention to elements such as past performance, volatility, portfolio quality, fund house credibility, and risk management approach.

It is also important to note that retirement planning is not a single-product exercise. The entire future cannot be secured with any single fund or any single scheme. Still, flexi-cap funds can be seen as an important component, especially when the investor is building a corpus in the years before retirement. In this stage, the benefit of a growth-oriented strategy can be taken. In later years, income support can be obtained through gradual withdrawal. In this way, flexi-cap funds can play a role in both accumulation and decumulation phases. But for this, disciplined investing, realistic expectations, and periodic reviews are mandatory.

### **Limitations**

**Market Volatility:** The performance of Flexi-cap mutual funds is directly linked to the fluctuations of the stock market. It is not possible to fully incorporate the unpredictable future behavior of the market in the research, which may affect the fixed income after retirement.

**Dependence on Fund Manager's Skill:** The success of a Flexi-cap fund depends on when and how much money the fund manager invests in large, mid, or small-cap. This research cannot fully control the fund manager's individual decision-making ability and the risks associated with it.

**Limitations of Historical Data:** This research is primarily based on past performance and historical data. In the world of finance, past performance does not provide an accurate guarantee of future results.

### **Conclusion**

The conclusion of this study is that flexi-cap mutual funds can play an important role in retirement planning. Many funds included in the study have given more than 14% annualized returns in both three-year and five-year periods, which shows their long-term growth potential. This performance indicates that with the right fund selection, this category can be useful for long-term wealth creation.

The biggest feature of flexi-cap funds is their investment flexibility. They can change allocation in different market cap segments according to market conditions. This flexibility makes them more dynamic and adaptive in a changing market environment. Therefore, it can be said that with appropriate fund selection, disciplined investment behavior, and realistic withdrawal planning, flexi-cap mutual funds can become an effective means of retirement income planning. Flexi-cap funds are not just growth instruments, but they can also become a supporting foundation for retirement financial security.

In short, according to this research, flexi cap mutual funds have the potential to deliver an average annual return of at least 14% over the long term. This could make them a reliable means for all investors to ensure financial security after retirement.

### Suggestions

Based on this study, some important suggestions can be presented:

☆ Investors making retirement investments should also focus on fund volatility, consistency, downside risk, and long-term sustainability. If high returns are associated with high instability, they may not be practically suitable at the retirement stage. Therefore, the evaluation of any fund should be multi-dimensional.

☆ Investors should select those flexi-cap funds whose performance has been stable over both three-year and five-year periods. It would not be appropriate to base decisions only on recent returns. The long-term track record, fund manager's competency, portfolio diversification, and risk handling capacity should also be considered.

☆ While making a withdrawal strategy, excessive withdrawals should be avoided. If the withdrawal rate is very high, the corpus may be exhausted quickly. Therefore, a retirement withdrawal plan should be made keeping in mind the individual's actual needs, market environment, inflation, and expected longevity.

☆ Financial advisors should present the role of flexi-cap funds in the correct context. They should not be promoted merely as high-return products. Their actual utility should be explained in terms of long-term growth, flexible allocation, and partial income support.

So, the simple truth emerging from this entire research is that for private sector employees who lack a 'safety net' like a government pension, a long-term SIP in Flexi-Cap mutual funds is not just an investment, it is their strongest support system for old age. When we dive deep into the data, it becomes clear that a 14% average annual return is more than just a number; it is the force that can outpace inflation and provide true financial independence during retirement years. In today's fast-paced digital era, relying on traditional and stagnant investments is a risk in itself. In such a scenario, choosing modern and dynamic options like Flexi-Cap funds stands out as the most prudent path toward a secure and stable future.

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