A STUDY ON PERFORMANCE OF SELECTED MUTUAL FUND SCHEMES.

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ABSTRACT

A mutual fund is a sort of expertly oversaw investment fund that pools money from numerous investors to buy protection, for example, stocks, securities, money advertise instruments and different assets. Mutual funds are worked by proficient money directors, who apportion the fund's investments and endeavor to deliver capital gains as well as salary for the fund's investors.

Keywords: Investment, mutual fund, securities.

INTRODUCTION

A mutual fund is a sort of expertly oversaw investment fund that pools money from numerous investors to buy protection, for example, stocks, securities, money advertise instruments and different assets. Mutual funds are worked by proficient money directors, who apportion the fund's investments and endeavor to deliver capital gains as well as salary for the fund's investors.

BENEFITS OF MUTUAL FUNDS

Risk diversification – Mutual funds help to expand the hazard related to the Securities because the general danger of the specific mutual fund is proportionately partitioned among all the unitholders of mutual funds.

Operated by the professional manager – Mutual funds are kept and worked by the expert chefs who are proficient right now so the unit holders appreciate the expert procedure on these mutual funds.

Passive investment style – Mutual fund is a passive investment style in which the proprietors of the unitholders don't take an interest legitimately however they keep these

units inactively. They don't have to take part straightforwardly they just need to buy the units and keep them in a detached manner.

OBJECTIVE OF STUDY

- To analyze the factors that affects the performance of Mutual Fund schemes in different companies.
- To know whether there is an association between the selected variables and investor's perception of mutual funds.
- To suggest suitable measures for strengthening of the mutual funds in India.
- To appraise the performance of selected schemes based on performance measures like the Sharpe ratio.

NEED OF THE STUDY

•The need for the study was to know about the mutual fund and its functioning this helps to know in detail about the mutual fund industry right from its inspection stage.

•It also helps in understanding different schemes of mutual funds because the study depends upon the performance of different schemes.

•To know the investor's behavior towards the different schemes and suggest to them where to invest.

SCOPE OF THE STUDY

- Following mutual fund schemes have been selected for the study for three months from 01-dec-2019 to 29-Feb-2020 in different companies. Such as HDFC banking and PSU debt fund, BOI AXA arbitrage fund, Mahindra unnati emerging business yojana, AXIS arbitrage fund, IIFL focused equity fund, Baroda hybrid equity fund, HSBC brazil fund-growth and Nippon India interval fund annual interval fund.
- The study covers the risk, returns and shares performance ratio of the above selected mutual fund schemes.
- The scope is to study the selected schemes of different mutual fund companies and their suitability to different investors according to their risk-taking ability.

LIMITATIONS OF THE STUDY

- The companies of different funds should be limited to 8 companies.

- The selection of the period is limited to 3 months of that is 01- Dec -2019 to 29-Feb-2020.
- The study was limited to a short period due to which the study may not be detailed in all aspects.

RESEARCH METHODOLOGY

For the collection of data regarding the conceptual framework, performance of the mutual funds and the preference of mutual fund investors, the data has been collected through Secondary Sources as follows:

Secondary data

The study has included scheme-wise performance appraisal of various mutual funds. Data about the performance of the funds were drawn from secondary sources through data published by AMFIL india.com, mutualfundsindia.com, and, IIFL.com, mutual funds books, journals and websites of other mutual funds.

TOOLS OF THE STUDY

Risk= $\sqrt{\text{variance}}$

Variance $= \sum \frac{D2}{n-1}$

The Sharpe measures

(Ri-Rf) $/\sigma$

Where:

 Ri= average returns

 Rf= risk-free rate

REVIEW OF LITERATURE

Deepak Agrawal (2011)

The investigation "Estimating Performance of Indian Mutual Funds" contacted the development of the Indian capital market and deregulations of the economy in 1992. Since the development of the Indian Capital Market and deregulations of the economy in 1992,

there have been basic changes in both essential and optional markets. Mutual funds are key supporters of the globalization of budgetary markets and one of the principle wellsprings of capital streams to developing economies. Notwithstanding their significance in developing markets, little is thought about their investment designation and techniques. This article gave an outline of mutual fund action in developing markets. It depicted their size and asset distribution. The paper is a procedure to investigate the Indian Mutual Fund Industry evaluating component with experimental examinations on its valuation. The information is additionally broke down at both the fund-director and fund-speculator levels. The examination uncovered that the exhibition is influenced by the saving and investment propensities for the individuals and the second side the certainty and unwaveringness of the fund Manager and prizes influence the presentation of the MF business in India.

Dr.V.Rama Devi and Nooney Serien Kumar(2010)

In the paper entitled "Execution assessment A similar report between Indian and Foreign equity Mutual funds" contemplated the presentation of Indian and Foreign equity Mutual funds, assessed the exhibition of diff equity mutual funds on-premise of hazard – return parameters and additionally assessed the exhibition of Indian and Foreign equity Mutual funds on chance balanced measures proposed by Sharpe, Treynor, and Jensen. The analysts have chosen Indian and Foreign equity funds and grouped them into the accompanying classifications. Indian equity expanded funds-Index funds, Tax saving funds, and Technology funds. Remote equity enhanced funds-Foreign equity Index, Tax saving and Technology funds. The examination has taken 40 IEDFS, 18 IEIFS, 16 IETSF and 5 IETFS. They inferred that the Foreign Equity Funds fundamentally vary from each other within the separate remote Investment style. Indeed, even Indian equity mutual funds altogether vary from each other within the particular Investment style. The paper additionally showed that the huge accomplishment of the mutual fund's industry is because of the way that it has accomplished more than some other monetary industry to offer strong items custom-made to meet genuine budgetary needs and showcased those items mindfully and it can't be overlooked that quick changes and Market pressures are testing. The creators focused on that it can't be remained categorized by outdated reasoning or foreseen strategic policies the mutual fund industry needs to keep up long haul wellbeing and financial specialist insurance must be kept up for its future achievement.

DATA ANALYSIS AND INTERPRETATION

- ➢ **STATEMENT OF SHOWING THE RISK AND RETURN OF HDFC BANKING AND PSU DEBT FUND**

Average returns (Ri) = 0.0395

Variance $= \sum \dfrac{D2}{n-1}$

$\qquad = 0.0078$

Risk $(\sigma) = \sqrt{variance}$

$\qquad = 0.0881$

Sharpe   performance ratio = (Ri –Rf)/ σ

Rf   = Risk free returns

$\quad$ =7% per annum

$\quad$ =-0.34623

Interpretation:

From the above table, it represents the average returns, risk and Sharpe performance ratio of HDFC mutual funds for three months.

The HDFC mutual funds have average returns of (0.0395) and variance of (0.0078),   It has the risk of (0.0881) and Sharpe performance ratio of (-0.34623), So there was positive returns the investor can invest his stock based on their risk-taking ability.

The HDFC mutual funds have positive returns so the investor can invest his stock based on their risk-taking ability.

- ➢ **STATEMENT OF SHOWING THE RISK AND RETURN OF BOI AXA ARBITRAGE FUND**

Average returns =0.0171

Variance $= \sum \dfrac{D2}{n-1}$

$= 0.0025$

Risk $(\sigma) = \sqrt{variance}$

$= 0.000280328$

Sharpe   performance ratio $=(Ri - Rf)/ \sigma$

Rf = Risk free returns

=7% per annum

$= -188.5544474$

Interpretation:

From the above table, it represents the average returns, risk and Sharpe performance ratio of BOI AXA mutual funds for three months.

The BOI AXA mutual funds have average returns of (0.0171) and variance of (0.0025), It has the risk of (0.000280328) and Sharpe performance ratio of (-188.5544474)

➢ **STATEMENT OF SHOWING THE RISK AND RETURN OF MAHINDRA UNNATI EMERGING BUSINESS YOJANA**

Average returns =   0.0967

Variance $= \sum \frac{D2}{n-1} = 0.331929941$

   Risk $(\sigma) = \sqrt{variance}$

$=0.576133614$

Sharpe   performance ratio $=(Ri - Rf)/ \sigma$

Rf = Risk free returns

=7% per annum

$=0.046292726$

Interpretation:

From the above table, it represents the average returns, risk and Sharpe performance ratio of MAHINDRA mutual funds for three months.

The MAHINDRA mutual funds have average returns of (0.0967) and variance of (0.331929941), It has the risk of(0.576133614) and Sharpe performance ratio of (0.576133614).

> ➢ **STATEMENT OF SHOWING THE RISK AND RETURN OF AXIS ARBITRAGE FUND**

Average returns (Ri) = 0.0251

Variance = $\sum \frac{D2}{n-1}$

$\qquad = 0.003442057$

Risk $(\sigma) = \sqrt{variance}$

$\qquad = 0.05866905$

Sharpe   performance ratio = (Ri – Rf)/ σ

Rf = Risk free returns

$\quad$ =7% per annum

$\quad$ =-0.7659

Interpretation:

From the above table, it represents the average returns, risk and Sharpe performance ratio of AXIS mutual funds for three months.

The AXIS mutual funds have average returns of (0.0251) and variance of(0.003442057), It has the risk of (0.05866905) and Sharpe performance ratio of (-0.7659).

> ➢ **STATEMENT OF SHOWING THE RISK AND RETURN OF IIFL FOCUSED EQUITY FUND**

Average returns = 0.0603

Variance = $\sum \frac{D2}{n-1}$

$$= 0.599302$$

risk $=\sqrt{variance}$

$$= 0.774146$$

Sharpe   performance ratio = (Ri – Rf)/ σ

Rf = Risk free returns

   =7% per annum

   = -0.012465416

Interpretation:

From the above table, it represents the average returns, risk and Sharpe performance ratio of IIFL mutual funds for three months.

The IIFL mutual funds have average returns of (0.0603) and variance of (0.599302), It has the risk of (0.774146) and Sharpe performance ratio of (-0.012465416).

> **STATEMENT OF SHOWING THE RISK AND RETURN OF IIFL HSBC BRAZIL FUND**

Average returns (Ri) = -0.1963

Variance $= \sum \frac{D2}{n-1}$

$$= 3.310303296$$

Risk (σ) $=\sqrt{variance}$

   = 1.819423891

Sharpe   performance ratio = (Ri – Rf)/ σ

Rf = Risk free returns

   =7% per annum

   = -0.146352274

INTERPRETATION:

From the above table, it represents the average returns, risk and Sharpe performance ratio of HSBC mutual funds for three months.

The HSBC mutual funds have average returns of (-0.1963) and variance of (3.310303296), It has a risk of (1.819423891) and Sharpe performance ratio of (-0.146352274).

STATEMENT OF SHOWING THE RISK AND RETURN OF   BARODA HYBRID EQUITY FUND

Average returns(Ri) = -0.0133

Variance = $\sum \frac{D2}{n-1}$

$\qquad$ = 0.385444629

Risk (σ) = $\sqrt{variance}$

$\quad$ = 0.620841871

Sharpe   performance ratio = (Ri – Rf)/ σ

Rf = Risk free returns

$\quad$ =7% per annum

$\quad$ = -0.134196668

INTERPRETATION:

From the above table, it represents the average returns, risk and Sharpe performance ratio of BARODA mutual funds for three months.

The BARODA mutual funds have average returns of(-0.0133) and variance of (0.385444629), It has the risk of (0.620841871) and Sharpe performance ratio of (-0.134196668).

> **STATEMENT OF SHOWING THE RISK AND RETURN OF NIPPON INDIA MUTUAL FUND**

Average returns (Ri) = 0.0205

Variance = $\sum \frac{D2}{n-1}$

$\qquad$ = 0.000255752

Risk $(\sigma) = \sqrt{variance}$

$\quad$ = 0.015992246

Sharpe   performance ratio = (Ri – Rf)/ σ

Rf = Risk free returns

$\quad$ =7% per annum

$\quad$ = -3.092959096

INTERPRETATION:

From the above table, it represents the average returns, risk and Sharpe performance ratio of Nippon India mutual funds for three months.

The Nippon India mutual funds have average returns of (0.0205), a variance of (0.000255752), It has the risk of (0.015992246) and Sharpe performance ratio of (-3.092959096).

COMPARISION OF MUTUAL FUNDS

Interpretation:

The following graphs represent that the highest returns were for MAHINDRA UNNATI EMERGING BUSINESS YOJANA (0.0967) and lowest returns were for BOI AXA ARBITRAGE FUND (0.0171),

The highest risk was included in the HSBC BRAZIL FUND-GROWTH (1.819423891) and the lowest risk was involved in BOI AXA ARBITRAGE FUND (0.000280328) and also in NIPPON NDIA INTERVAL FUND (0.015992246)**.**

The highest Sharpe ratio was MAHINDRA UNNATI EMERGING BUSINESS YOJANA (0.576133614) and remaining all mutual fund schemes having a negative Sharpe ratio.

FINDINGS:

- The HDFC mutual funds have average returns of (0.0395) and variance of (0.0078), It has the risk of (0.0881) and Sharpe performance ratio of (-0.34623).

- The BOI AXA mutual funds have average returns of (0.0171) and variance of (0.0025), It has the risk of (0.000280328) and Sharpe performance ratio of (-188.5544474).

- The MAHINDRA mutual funds have average returns of (0.0967) and variance of (0.331929941), It has the risk of (0.576133614) and Sharpe performance ratio of (0.576133614).

- The AXIS mutual funds have average returns of (0.0251) and variance of(0.003442057), It has the risk of (0.05866905) and Sharpe performance ratio of (-0.7659).

- The IIFL mutual funds have average returns of (0.0603) and variance of (0.599302), It has the risk of (0.774146) and Sharpe performance ratio of (-0.012465416).

- The HSBC mutual funds have average returns of (-0.1963) and variance of (3.310303296), It has the risk of(1.819423891) and Sharpe performance ratio of (-0.146352274).

- The BARODA mutual funds have average returns of(-0.0133) and variance of (0.385444629), It has a risk of (0.620841871) and Sharpe performance ratio of (0.134196668).

- The Nippon India mutual funds have average returns of (0.0205) and variance of (0.000255752), It has the risk of (0.015992246) and Sharpe performance ratio of (-3.092959096)

SUGGESTIONS:

- The HDFC mutual funds have the positive returns so I suggest the investor to invest his stock on
    the basis of their risk-taking ability.
- The BOI AXA mutual funds the positive returns in the scheme of BOI AXA ARBITRAGE
    FUND so the investor can invest his stock.
- The MAHINDRA mutual funds so the investor can invest his stock based on their risk taking ability.

- The AXIS mutual funds have positive returns so the investor can invest his stock.

- The IIFL mutual funds have positive returns so the investor can invest his stock.

- The HSBC mutual funds have negative returns and also there include the high risk, so its better

  for the investor to hold his/her stock.

- The BARODA mutual funds the negative returns so the investor should hold his/her stock.

- The Nippon India   mutual funds so the investor can invest his stock based on their risk taking ability.

CONCLUSION:

The study has attempted to understand the financial behavior of mutual fund investors and understand the performance of different schemes of mutual funds.

Comparing to above information the performance of MAHINDRA UNNATI EMERGING BUSINESS YOJANA scheme is good and beneficial for the investor so I suggest that its better for the investor to invest in MAHINDRA UNNATI EMERGING BUSINESS YOJANA fund because it has high returns compared to other mutual funds, the investors should hold the stock of HSBC BRAZIL FUND-GROWTH because it has negative returns and it carries high-risk factor.

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