



MUTUAL FUNDS

Management

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ABSTRACT

Mutual Fund is an Investment Vehicle that pools together funds from investors to take a position in stocks, bonds or different securities. Mutual funds play a predominant role in the financial market. Mutual Funds became a widely standard and effective approach for investors to participate in financial markets in a simple, low-priced fashion, whereas muting risk characteristics by spreading the investment across different kinds of securities, also referred to as diversification. It will play a central role in a person's investment strategy. With the excess of schemes out there within the Indian markets, an investor has to evaluate and think about numerous factors before making an investment decision. The study also will help the mutual fund corporations to succeed in the investors in an exceedingly higher approach and also to boost upon their performances. The study also analyses the performance analysis and think about numerous factors before making an investment decision. The study also analyses the performance evaluation of selective mutual fund schemes. This investigation is aimed to look at the performance of assorted Mutual Fund schemes at completely different quality Management Company considering Risk and Return are the main factors. The data collected from the secondary sources. The analysis and interpretation have been done and finally, conclusions are drawn.

KEYWORDS

Mutual Fund Loads, Mutualfund Share Class, Index Funds, Balanced Funds, Sector Funds

INTRODUCTION:

The mutual fund industry has been in India for an extended. This came into existence in 1963 with the establishment of unit investment trust of India, a joint effort by the Government of India and the Reserve Bank of India. The year of 1993 marked the start of a brand new era within the Indian mutual fund industry with the entry of personal players like Morgan Stanley, J.P.Morgan, and Capital International.

A Mutual Fund could be a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested within capital market instruments like shares, debentures and different securities. The financial gain through these investments and therefore the capital appreciations accomplished are shared by its unit holders in proportion to the amount of units owned by them. Therefore a Mutual Fund is the best-suited investment for the commoner because it offers a chance to invest in a diversified, professionally managed basket of securities at a comparatively low price.

Mutual Fund could be a mechanism for pooling the resources by issuance units to the investors and investing funds in securities by objectives as disclosed in the provided document.

Objectives Of The Study:

- To compare Rate of returns of different companies.
- To analyze Risk of different companies

Need Of The Study:

- Mutual Fund could be a productive package for a lay-investor with restricted finances, this project creates an awareness that the Mutual Fund could be a worthy investment practice.
- Mutual Fund is a globally proven instrument.
- Mutual Funds are "Unit Trust" because it is named in some parts of the globe has a long and productive history, currently Mutual Funds became a hot favorite of many people everywhere.
- The driving force of Mutual Funds is that the 'safety of the principal' secured and the extra advantage of capital appreciation alongside the financial gain earned within the style of interest or dividend.
- The various schemes of Mutual Funds offer the investor with a large variety of investment choices consistent with his risk bearing capacities and interest besides, they also offer handy come back to the investor.
- Mutual Funds offers an investor to invest even a little amount of cash, each Mutual
- The fund has an outlined investment objective and strategy.

Scope Of The Study:

My scope of the study is with reference to working with mutual funds. In the analysis, my project deals with comparing different companies

with NIFTY. Each scheme is analyzed according to its performance against the other based on risk and returns.

Methodology Of The Study:

The methodology involves randomly choosing various schemes at AMC. The info collected for this project from secondary sources.

Secondary Sources:

The data is collected from fact sheets and various research reports from bank.

Sample Size:

- UTI
- ICICI
- HDFC
- SBI
- HSBC

Statistical Tools:

- Treynor's Ratio

Formula:-

$$\text{Treynor's Ratio} = \frac{\text{Total Portfolio Return} - \text{Risk Free}}{\text{Portfolio beta}}$$

Sharpe's Ratio

- Formula:-

$$\text{Sharpe Ratio} = \frac{\text{Total Portfolio Return} - \text{Risk Free}}{\text{Standard deviation}}$$

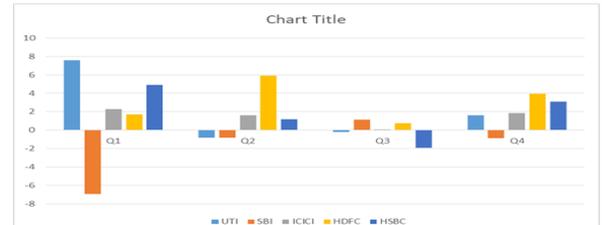
$$\text{Beta} = \frac{(\text{covar.rp.rm})}{\text{covar.m}}$$

Objective 1: To Compare Rate Of Returns Of Different Companies.

Comparison of returns between different companies quarterly.

Table – 2.1

SNO	UTI	SBI	ICICI	HDFC	HSBC
Q1	7.57	-6.93	2.3	1.7	4.92
Q2	-0.81	-0.833	1.63	5.91	1.17
Q3	-0.19	1.156	0.099	0.77	-1.9
Q4	1.61	-0.88	1.85	3.93	3.09



INTERPRETATION:

UTI:

In the above table it is clearly shown that in the first quarter it holds highest returns with 7.57 and it decreased in the next two quarters and finally it reaches up to 1.61 in the final quarter.

SBI:

In the first two quarters it holds negative returns then it moves to 1.156 and finally in the. It ends up with -0.88.

ICICI:

In the first quarter it starts with 2.3 then it decreased in the next quarters and finally it end up with 1.85 in the last quarter.

HDFC:

It starts with 1.7 in the first quarter and in the second quarter it reaches to maximum of 5.91 and finally ends up with 3.93.

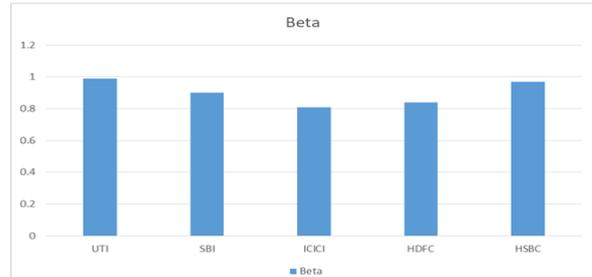
HSBC:

It starts with a maximum of 4.92 in the first quarter it decreased to -1.9 in the third quarter and finally it reaches to 3.09.

Objective 2:- To analyse Risk of different companies.

Table – 2.2

Mutual Fund Companies	Beta
UTI	0.99
SBI	0.9
ICICI	0.81
HDFC	0.84
HSBC	0.97



INTERPRETATION:

In the above table, it is clearly shown that the risk of each company when compared to each other.

Among all UTI bears the higher risk with 0.99 and ICICI bears the lower rate of risk with 0.81. HSBC has 0.97 followed by SBI has 0.9 and HDFC has 0.84

Findings:

Returns:

It is clearly understood that UTI has more average returns when compared to all the companies, SBI has very less returns.

Risk:

UTI has more risk when compared to all the other 4 companies, and ICICI has very low risk.

Limitation Of The Study

- The study is restricted only to the analysis of various schemes and its suitability to different investors consistent with to their risk-taking ability.
- The data provided by the investor and the agents can't be declared true.
- Insufficient time to cover more information about all the schemes during a very limited period.

Literature Review

Richa Sharma Vyas:

This paper is a study of cross-selling practices in Indian public and private sector banks through the case study methodology. The study discovered that cross-selling practices in the public sector and private sector banks are quite completely different. These differences emerge mainly from their completely different philosophy, background and distinct target client segments. However, each sector will learn from every other; public sector banks will introduce specialised coaching

and incentives, whereas private sector banks need to introduce appropriate management mechanisms and avoid indiscriminate cross-selling. The paper additionally brings out the elements of successful cross-selling in India.

E. Priyadarshini and A. Chandra Babu:

Regression analysis is one among the popular methodology used for prediction and forecasting. Regression analysis is additionally used to understand which among the independent variables are associated with the dependent variable, and to explore the forms of these relationships. In recent times, Artificial Neural Network has been with success utilized in modelling financial time series due to its ability to model easily any type of parametric or nonparametric method and automatically and optimally transform the input data. In this paper, the interaction effects of the varied economic factors influencing the Net Asset Values of the Indian Mutual Funds was evaluated and therefore the future NAV's were forecasted for the subsequent years using Regression Analysis and Artificial Neural Network and therefore the performance of the 2 methods were compared supported standard statistical measures like MAPE, RMSE, etc. Validity of the models was tested and the future NAV values of the mutual fund have been forecasted.

Findings Suggestions & Conclusion:

RETURNS:

All the companies earned returns according to their schemes, they can be clearly mentioned below

UTI has average returns of 0.681

SBI: - -0.624

ICICI: - 0.490

HDFC: - 1.026

And finally, HSBC has 0.606

It is clearly understood that UTI has more average returns when compared to all the companies, SBI has very less returns.

RISK:

Every company will have certain risk and it can be calculated with the help of Beta.

UTI has a risk of 0.99

When it comes to other companies

SBI has 0.90

ICICI has 0.81

HDFC has 0.84 and

HSBC has 0.97

UTI has more risk when compared to all the other 4 companies, and ICICI has very low risk.

SUGGESTIONS:

It is better to the select UTI Master share Fund because it is giving the highest returns when compared to other company selected schemes.

Even HSBC large-cap equity fund is giving next highest average returns after UTI.

Both HDFC and SBI are giving very low average returns in the market, one of the reasons for less returns is the duration is for a very short period (1 year), in the long term investors may get high returns.

Both UTI and HSBC has very high market risk when compared to others.

ICICI has a very low risk because it is a Tax saving scheme, mostly retired people will interest in these schemes. In the case of retired people it's better to invest in this scheme.

Even HDFC bears low risk when compared to others, so it's better to look at this long term equity fund.

CONCLUSION:

The biggest advantage with Mutual Funds is that the investor doesn't need a huge amount to be invested in all his favourite stocks and bonds. Most Mutual Funds have a minimum investment is Rs.5000. It can be said that falling interest rates and recent developments in the investment climate in the country have led to investment avenues dwindling drastically. But Mutual Funds are any day a safe best for investors of different groups. Since Asset Management companies offer a range of Funds respective Investment philosophies, an investor

can benefit only by investing in the appropriate fund, which shall meet his requirements. The manager should try to reduce the risk by investing in efficient or he should be able to differentiate between efficient and inefficient securities. The mutual fund company should concentrate on cash-rich companies like the Trusts, cash-rich private companies, etc. to generate, more funds for the investment.

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