

**A PROJECT REPORT**  
on the Topic  
**“A Study on Comparative Analysis of Selected Equity Mutual Funds”**

By  
**Ms. HEMASREE .L**  
**1CY18MBA19**  
**MBA 4<sup>th</sup> Semester**

**Submitted to**

**VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI**



**In partial fulfillment of the requirement for the award of the degree of**

**MASTERS OF BUSINESS ADMINISTRATION**

**Under the Guidance of**

**Internal guide**

Mrs. Namita. P. Konnur  
Assistant Professor  
Department of Management Studies  
CMRIT, Bangalore

**External guide**

Mr. E P Haridasan  
General Manager  
ICON Design Automation Pvt.Ltd.  
Bangalore



**DEPARTMENT OF MASTER OF BUSINESS ADMINISTRATION**  
**C M R INSTITUTE OF TECHNOLOGY**  
#132, AECS Layout, IT Park Road, Bangalore – 560037

**July 2020**

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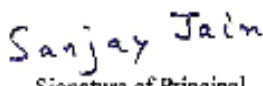
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## CERTIFICATE

This is to certify that **Ms. HEMASREE L** bearing USN **1CY18MBA19** is a bonafide student of Master of Business Administration Programme of the Institute (2018-20 Batch), affiliated to Visvesvaraya Technological University, Belagavi. Project report on **"A STUDY ON COMPARITIVE ANALYSIS OF SELECTED EQUITY MUTUAL FUNDS"** is prepared by her under the guidance of **Mrs. Namita P Konnur**, Assistant Professor, in partial fulfilment of the requirements for the award of the degree of Master of Business Administration of Visvesvaraya Technological University, Belagavi in Karnataka.

  
Signature of Internal Guide

  
Signature of HoD  
Head of the Department  
Department of MBA  
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Signature of Principal  
Principal  
CMR Institute of Technology  
Bangalore - 560037

### Evaluators

1) Name of external evaluator

Signature with Date

2) \_\_\_\_\_  
Name of internal evaluator

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_




Date: 17.02.2020  
Bangalore.

Internship Certificate

This is to certify *Ms. Hemasree .L* Student of CMRIT, Department of Management Studies, Bangalore has successfully completed her internship at ICON Design Automation Pvt. Ltd, Bangalore. For the period of 6 Weeks

During her internship, she was good at work and her conduct was satisfactory during the period.

For ICON Design Automation Pvt. Ltd.

  
E P Handasan  
General Manager



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**ICON Design Automation Private Limited**

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DEPARTMENT OF MANAGEMENT STUDIES AND RESEARCH  
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**DECLARATION**

I HEMASREE. L, hereby like to declare that the project report on “A Study on Comparative Analysis of Selected Equity Mutual Funds” was being prepared by me under the guidance and supervision of Mrs. Namita P Konnur, faculty member, department of management studies and research center, CMRIT, Bangalore and external guidance by Mr. E P Haridasan, General Manager, ICON Design Automation Private Limited.

I also declare that this project work is towards fulfillment of the university regulation for the award of degree of masters of business administration by vishveshvaraya technological university, Belgum.

I have under gone the project for a period of six weeks. I future declare that this report is based on the original study undertaken by me and has not been submitted for award of any degree/diploma from any other university.

Place: Bangalore

*Hemasree*  
*(22/06/2020)*

Signature of the Student

Name: HEMASREE. L

USN: 1CY18MBA19

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As special note of gratitude goes to my external guide Mr. E P Haridasan, General Manager, ICON Design Automation Private Limited, Bangalore for providing me an opportunity to work in this organization and for his support and guidance in this endeavor.

I wish to thank all the staff of the organization who helped me work on my project I finally thank my faculty, my family and friends for this constant support and guidance.

Place: Bangalore

Name: HEMASREE. L

USN: 1CY18MBA19

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# **EXECUTIVE SUMMARY**

## **EXECUTIVE SUMMARY:**

In this few years Mutual fund has impacted many people as a tool or as an investment option for once financial status in India. As now a days most of them are having knowledge and also awareness encouraging more people by giving information about the benefits that they are going to receive by investing in mutual funds. The main reason for having more mutual fund investors has remained small because they are not aware about it benefits. The way we can do is that by converting the knowledgeable mutual funds to a completely known mutual fund investors by this we can understand the potential investors who can invest in this and can be able to take right decision.

So, Mutual Funds have many schemes where many people will do invest their money in common financial goal for getting additional gain benefits. When it comes to the history of Mutual Fund it was started with a combination of UTI Act. This growth period of 25 years was successful and also gave a good return to the investors. May be in the year 1989 a new step was taken into consideration where they started allowing public sector bank and financial institution where allowed to float Mutual Fund and this was a successful achievement which lead private banks to enter this field.

This project work gave me opportunity and a good learning experience at the same time it gave me the ability in analyzing the information. The analysis and interpretation that was done in the report was done on the base of research of research regarding the practice of selecting the mutual fund. The report helps to us to know how the investors make decision of selecting the mutual funds in India. So in the first part we will get to know about the different aspects like introduction to the company detail, the objective for doing the project study, research design and also a brief detail about mutual funds and the history of its evolution.

When it comes to the advantage of mutual fund is that they are being professional managed management, having proper diversification and economy of scale, its simplicity and the liquidity. When it comes to the negative side of Mutual Fund they are comparatively high in cost, sometimes it leads to over diversification of portfolio and few may have tax possibility arising on schemes, not always the investors get the return that they expect, this always depends on the way they manage their portfolio.

The buying and selling process is simple when it comes to the Mutual Funds. Some investors can buy directly, some through funding companies and some other through third party. But before we go with the above option we have to consider few things like objective, the risk, return, the records of those schemes, and how the performance and many more is because in India there are many schemes available which will make the investor confuse in selecting that will suit them.

Every asset management company provides variety of Mutual Fund Schemes. So this will become confusion for the investors for selecting the fund. So the objective of selecting few open ended growth oriented equity scheme for particular time duration. From the values that we received from each scheme helped us to analyze how they perform. The result of these schemes were evaluated through various financial tools like risk and return analysis, Traynor model, Sharpe model and Jensen model. Theses result will assist investors in making decisions regarding the investment in Mutual Fund Scheme in future.

# **CHAPTER - 1**

## **CHAPTER 1:**

### **1.1 ABOUT THE ORGANIZATION:**

#### **OVERVIEW:**

The services industry provides a wide variety of companies that offers a wide range of their products and the services with a personal operating system that also the productivity improvement with proper network security along with a payroll processing services to that of the outsourcing services. This sector is being is now being the fastest growing sector in the Indian economy.

Among these various types of IT sector, Design engineering is one of the service sector that the organization is working. Basically designing refers to method where they analyze step by step process to come up with any product that the customers want. The design engineering is a combination of most of engineers like the mechanical, electronic and aeronautical, chemical, etc.

#### **INTRODUCTION TO ORGANIZATION:**

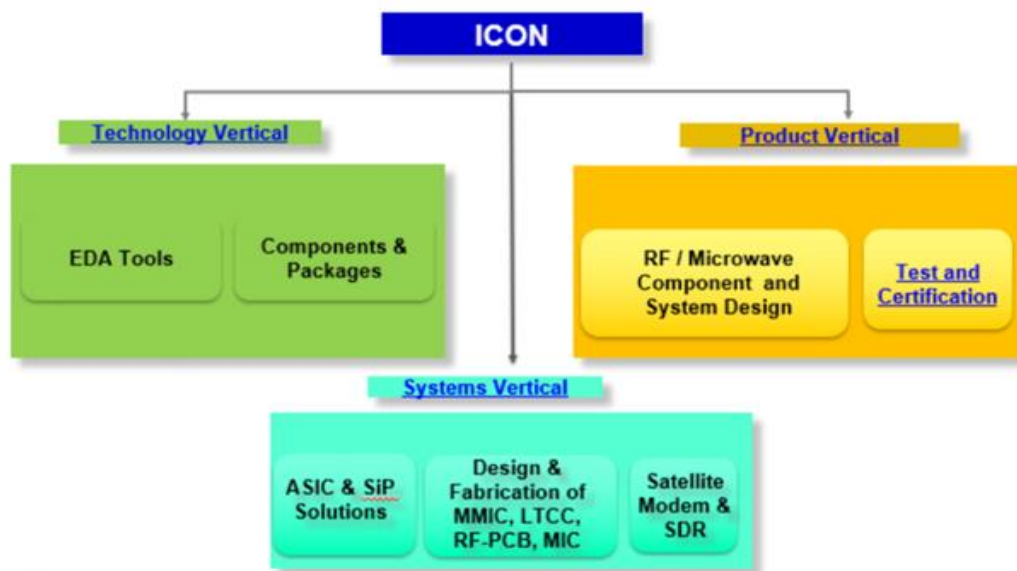
The ICON Design Automation Private Limited is a Design Engineering company that was started in the year 11<sup>th</sup> April 1997. The organization is product design and an engineering company that is specialized in some field like Radio Technology and Semiconductor Solution. They have experienced in this field for about 20+ years under the professional Management team with full dedication, motivation and experienced.



When it comes to management member of ICON Design Automation Private Limited, the directors of the organization are Varalakshmi Ramachandra, Basavaraju noolvi, Arun Rama Chandra and Ramachandra Swamyathanmudaliar. The recent Annual



General meeting of ICON Design Automation Private Limited in the year 29<sup>th</sup> September 2018 this is according to the records of Ministry of Corporate Affairs (MCA). They are expertized in many fields like TelCOM, SatCOM, RADAR, Military Communication, Electronic Warfare and not the least but Avionic subsystem with their presence across all over the Aerospace and Defence customer. The organization has been recognized for their effective project delivery to the customer and there also being providing continues pre and post sales, technique and also continues support. The ICON design Automation Private Limited has also been working with partners for developing few needed products, some of them are being listed in following ways: Ramon chips, trusted semiconductor solution, win semiconductors, silicon infusion, and so on,



Some of the key points of ICON Design Automation Pvt. Ltd.:

- The organization is famous for Radio Technology and Semiconductor Solution.
- Their Headquarter is in Bangalore with offices in Delhi, Hyderabad, Ahmedabad and Dubai.
- They have built technology expertise with various business vertical like:  
 ICON Product: that RF and uWave device for the sub system.  
 ICON System  
 ICON technology  
 ICON Testing

## **1.2 COMPANY VISION AND MISSION:**

### **VISION:**

ICON Team Built on technological Excellence offering world class Engineering Solution to electronic Industry.

### **MISSION:**

Established an electronics company to deliver complete solution to electronics customer.

### **UNIQUE STRENGTH:**

- Provide with a high value quality product to clients.
- Enhance more number of deals.
- The organization has been recognized as a main EDA Distributer.

### **BUSINESS OF ICON PVT. LTD.:**

The various business streams that the organization deals with is listed in the following ways:

- R&D organization telecom
- Aerospace/Defence
- Multinational and Educational Institution

The organization product focus is:

- EDA product solution
- Microwave components
- Product and turnkey solution

### **1.3 THE IMPORTANT CUSTOMERS OF ICON:**

Some of the important customers that the ICON Design Automation private limited deal with is listed in following ways:

- DRDO
- HAL
- Honeywell
- ISRO
- Bharat Electronic
- Infosys
- Raja Ramanna Center for Advanced Technology
- BHEL
- Wipro
- Cisco
- HCL
- Samsung (India Software Solution)

### **THE COMPITATORS OF ICON:**

EDA Industry:

- Electronics RF product: Ansys, Keysight Technology, altair etc
- Electronics Digital Product: Edxact, Aldec, Symica, Sigasi, Mentor Graphic, Synopsys, Cadence, Scharf Engineering, Interra Systems and Xilinx.

## 1.4 SWOT ANALYSIS:



### STRENGTH:

- ICON customer is its largest strength and some of its customers are: Government (Defence and space, R&D organization), Multinational Companies, premium tiered one institution and also other private sector companies.
- The management is one of its main core strength
- The organization has its assets such as the dedicated customer uses, usage of latest technology, and many other activities.

### WEAKNESS:

- The competition and the competitor in the same field, crossing them and leading by being achievable among them is a challenging task.
- As the organization is present all over the world, maintaining their presence is also a challenging task.

### OPPORTUNITY:

- The organization has various opportunities available in different sectors like design, manufacturing and development organization.
- Its growth in the sale of the huge market.

### THREAT:

- The ICON Design Automation Pvt. Ltd. is having potential customer with loyal customer is one of the threat.

## 1.5 FINANCIAL STATEMENT

	MAR 19	MAR 18	MAR 17	MAR 16	MAR 15
	12 mths	12 mths	12 mths	12 mths	12 mths
<b>EQUITIES AND LIABILITIES</b>					
<b>SHAREHOLDER'S FUNDS</b>					
Equity Share Capital	10.18	6.50	1.25	1.25	0.25
<b>TOTAL SHARE CAPITAL</b>	<b>10.18</b>	<b>6.50</b>	<b>1.25</b>	<b>1.25</b>	<b>0.25</b>
Reserves and Surplus	37.39	8.63	6.40	1.69	1.47
<b>TOTAL RESERVES AND SURPLUS</b>	<b>37.39</b>	<b>8.63</b>	<b>6.40</b>	<b>1.69</b>	<b>1.47</b>
<b>TOTAL SHAREHOLDERS FUNDS</b>	<b>47.57</b>	<b>15.13</b>	<b>7.65</b>	<b>2.94</b>	<b>1.72</b>
<b>NON-CURRENT LIABILITIES</b>					
Long Term Borrowings	9.22	3.20	1.86	1.44	1.86
Deferred Tax Liabilities [Net]	0.04	0.03	0.00	0.00	0.00
Other Long Term Liabilities	0.13	0.31	2.01	0.00	0.00
Long Term Provisions	0.00	0.00	0.00	0.32	0.21
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>9.39</b>	<b>3.54</b>	<b>3.87</b>	<b>1.76</b>	<b>2.07</b>
<b>CURRENT LIABILITIES</b>					
Short Term Borrowings	13.89	11.92	6.14	5.42	5.39
Trade Payables	20.24	14.91	19.40	8.09	5.36
Other Current Liabilities	6.11	11.29	12.42	12.49	7.91
Short Term Provisions	2.60	3.68	4.03	1.69	0.42
<b>TOTAL CURRENT LIABILITIES</b>	<b>42.85</b>	<b>41.79</b>	<b>41.99</b>	<b>27.70</b>	<b>19.07</b>

<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>99.80</b>	<b>60.46</b>	<b>53.51</b>	<b>32.40</b>	<b>22.86</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Tangible Assets	12.13	10.29	6.11	5.41	1.76
Intangible Assets	0.05	0.05	0.09	0.20	0.21
Capital Work-In-Progress	11.26	0.12	0.00	0.00	2.56
Other Assets	0.00	0.00	0.00	0.00	0.00
<b>FIXED ASSETS</b>	<b>23.43</b>	<b>10.46</b>	<b>6.19</b>	<b>5.60</b>	<b>4.53</b>
Non-Current Investments	0.89	0.89	0.14	0.00	0.00
Deferred Tax Assets [Net]	0.00	0.00	0.17	0.37	0.11
Long Term Loans And Advances	1.05	0.60	0.00	0.77	0.79
Other Non-Current Assets	0.00	0.00	0.60	0.00	0.00
<b>TOTAL NON-CURRENT ASSETS</b>	<b>25.38</b>	<b>11.95</b>	<b>7.11</b>	<b>6.75</b>	<b>5.42</b>
<b>CURRENT ASSETS</b>					
Current Investments	0.00	0.00	0.00	0.00	0.00
Inventories	27.25	25.20	25.65	2.42	8.33
Trade Receivables	31.03	19.43	16.20	19.28	4.80
Cash And Cash Equivalents	3.03	0.90	1.74	3.14	2.73
Short Term Loans And Advances	1.34	1.37	1.75	0.80	1.57
Other Current Assets	11.78	1.61	1.06	0.00	0.00
<b>TOTAL CURRENT ASSETS</b>	<b>74.43</b>	<b>48.51</b>	<b>46.40</b>	<b>25.65</b>	<b>17.44</b>
<b>TOTAL ASSETS</b>	<b>99.80</b>	<b>60.46</b>	<b>53.51</b>	<b>32.40</b>	<b>22.86</b>

# **CHAPTER - 2**

## **CHAPTER 2:**

### **2.1 INTRODUCTION:**

Among various investment tools, mutual fund is considered to be one of the most compelling finance tools, they have a very important role in the economic development of the country. Mutual fund is a trust that pools number of investors who is sharing a common goal. They are managed form of investment that pools money from different sources and those will be invested in stocks, money market instrument, bonds, etc. The fund manager are also called as portfolio manager, they trade with underlying securities by realizing gain or loss and collect dividend or interest. The value of shares in the mutual fund are called as Net asset value per share (NAV) this is calculated on the bases of total value of fund divided by number of shares currently issued and outstanding.

Mutual Fund is one of the ideal investment tools in our today's scenario. There are entities that pool the investor's money and give them benefits from it. Individual shareholders of the mutual fund have voting right in the operation of funds, just as that of a common shareholders in the corporations have the right to vote on certain issue involved in the company. The owner of the mutual fund shares in cash or can redeem his or her share at any period of time. There for they are considered as liquid investments. All the fund investors get a built-in portfolio management whether they own 50 shares or 10000. There would be an advisor who decides when and what securities to buy or sell and would also be responsible to provide service required by mutual fund in carrying out the day-to-day activities. The advisor will be charge fee for managing the portfolio. There are different types of mutual fund schemes that are available for the investors who are expecting for good returns.

Equity Funds are such securities that are being invested in investment funds. The primary activity is to have capital appreciation of investment in long and medium term. The returns on these funds are good because of their direct link in the stock market. This type of funds is good to the investors who are seeking for high appropriation. These equity funds are less costly and we can avoid high transaction cost, which will be an advantage to the investors.



## **THE HISTORY OF MUTUAL FUND:**



### **Evolution Phase:**

The forming of Unit Trust of India has marked the beginning for the Indian Mutual Fund in the year 1963. The basic and the main objective at the time is to attract small investor. The history of mutual fund industry in Indian can be better understood in the following phases:

#### **Phase 1:** Establishment of Growth of Unit Trust of India – 1964-87:

Unit Trust of India enjoyed complete monopoly when it was established in 1963 by an act of parliament. The United Trust of India (UTI) was set up by reserve bank of India and it continued to operate. Later in 1978 all authority was passed to the Indian Bank for Industrial Development (IDBI). In 1964, the UTI introduced its first system, called US-64.

#### **Phase 2:** Enter for Public Sector Fund 1987-1993:

1978 was listed as a non-UTI entry. SBI mutual fund was the first non-UTI mutual fund established in June 1987, followed by Canbank mutual fund, Punjab national bank mutual fund, Indian bank mutual fund, India bank, etc. At the end of 1993, the mutual fund industry had assets under management of Rs. 47,004 crores.

### **Phase 3:** Entry of Private Sector Funds – 1993-2003:

A new era started in Indian mutual fund industry, giving the Indian investor wider choice of fund family. Also there was first mutual fund regulation came into begin, under which all mutual funds except LTI were to be registered and governed. The erstwhile Kothari pioneer was the first private sector mutual fund registered in July 1993.

### **Phase 4:** Since February 2003:

Investor's interest was safeguarded by SEBI and the government offered tax benefits to the investors in order to encourage them. SEBI regulation, 1996 was introduced by SEBI that set uniform standard for all mutual funds in India. In 1999 union budget exempted was given to all dividend income in hands of investors from income tax.

The UTI act was replaced in February 2003 by a special legal status which acts as a trust and was created by parliamentary act. The key reason behind that is to get all the players from the Mutual Fund to the same point. The UTI is reorganized into 2 components:

- 1.) The specified undertaking
- 2.) The UTI Mutual fund.

### **Phase 5:** Consolidation and Growth: from 2004

The industries have seen more of mergers and acquisitions these days and some of the examples of these acquisition of Alliance mutual fund schemes by the life of Birla Sun. At the same time more international Mutual Funds have started entering India like fidelity, franklin templeton mutual fund etc.

## **ADVATAGES OF MUTUAL FUNDS:**

Some of the advantages that investors can have are being listed in the following ways:

- **Availability of option:** It means to say that the investors who are choosing the mutual Fund option can get various schemes available to them some of them can be like equity funds, gift funds, debt funds and many more.
- **Diversification:** one of the reason for diversification is to reduce the risk. So here mutual funds can be diversified by which one can reduce the risk.
- **Well Regulated:** this industry is well regulated with proper maintenance and the SEBI act as a watch dog in this case which will make the investor fell secure and can also protect the interest.
- **Taxation on Mutual Fund:** the funds that are being registered under SEBI with specified financial institution and are being approved by Central government or RBI they are exempted from tax payment.

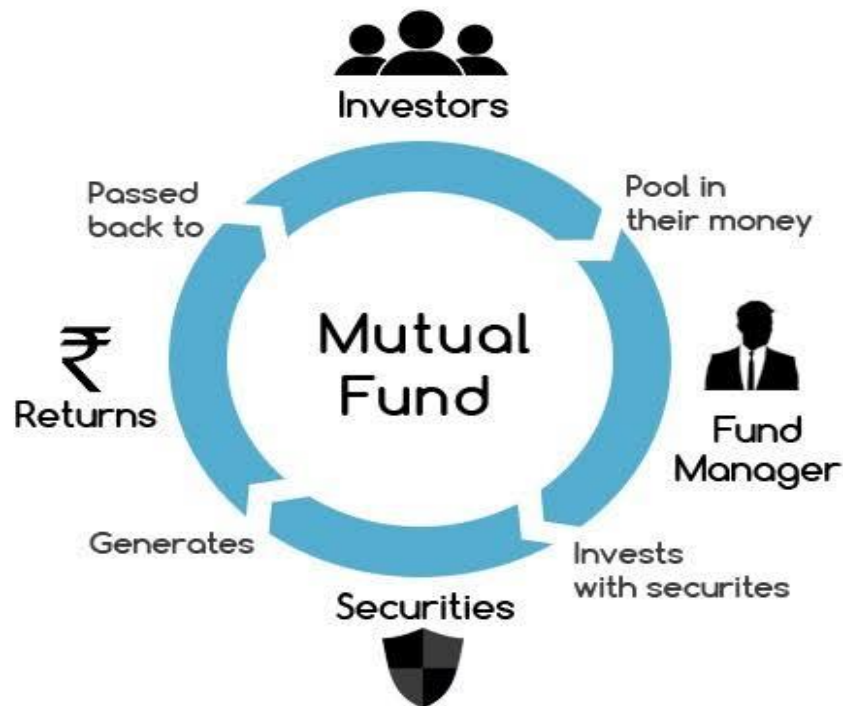
## **DISADVANTAGE OF MUTUAL FUNDS:**

- **Managing Portfolio Funds:** the investor would prefer to diversify the risk because of this he would invest various schemes. For few investors it would be a challenging task to maintain and to evaluate.
- **Managing portfolio Funds:** as mentioned earlier, a new investor how does not have much experience will feel difficult in managing the schemes that he has in his portfolio.
- **Sales Charge and high Expense Ratio:** when the investor is investing in mutual fund they have to be aware that if the expense ratio is more than 1.20% it is meant to say that it is high cost end. Not all mutual fund companies have, the investor has to see and then do the investment.

## **WORKING OF MUTUAL FUNDS:**

Basically Mutual Funds refers to the combination of stocks, bonds, security instrument which are being owned by the respective investors and are being managed by Investment Company. Having a diversified portfolio is one of the risky work for an individual investors. Now a days investment in Mutual Fund is a becoming flexible because of its easy investment in shares and debts. The process begins with the

amount investment in any particular mutual fund schemes. By purchasing that he would become the owner of those respective schemes units. From the investment that has been done on the securities will gain some interest or dividend. This will be divided among the investor of those particular schemes. If the investor gets money by selling the stock at a higher price than that is considered as capital gain.



## **MUTUAL FUND TYPES:**

We have various Mutual Funds in India, depending on different factors and variables. So here we have different classification of mutual funds and they are being listed in the following ways:

### **Mutual Fund Schemes according to Maturity Period:**

According to Maturity Period the mutual fund schemes are being classified into open ended schemes and close ended schemes:

**Open Ended Schemes:**

They are a type of schemes where the subscription or the repurchase is on continuous basis. The open ended schemes does not have fixed period of maturity. The traders of these schemes can buy and sell the stocks at net asset value (NAV) that are being to be declared daily information. The advantage of open ended scheme is that they are easy liquidity.

**Close Ended Schemes:**

They are other type of maturity period mutual fund schemes. This type of scheme have stipulated maturity period Example: 4-6 years. Here the funds have particular period for doing the subscription. Investment in these funds can happen only at the time of IPO. Only after this the investors can purchase or sell at the security exchange. Some close ended fund will provide an existing route for the investor to make it easy by selling them back the mutual fund through periodical repurchase.

**Mutual Fund Schemes according to Investment Objectives:**

Here the schemes of Investment Objective can be sub divided into following types which can be a part of open ended or close ended and they are being listed in the following ways:

**Equity/Growth Oriented schemes:**

The main intention of these schemes is provide the investor with capital appreciation for medium to long term. This type is possible for the investors who invest major part in the equities. This type of funds has comparatively high risk. The growth Oriented Schemes have a large option to the investors to invest and depending upon the performance the investors will make the decision. They should mention the type that they are investing in the application form and the changing option is available till the last date. This type of schemes is suitable to the investors who can invest for a longer term period.

**Debt or Income Oriented Schemes:**

The aim for this type of funds is to provide regular and steady income to the investors. These type of schemes are fixed securities such government securities, money market

instruments and etc. these type of oriented schemes are less risky when compared to other schemes. The schemes don't get affected because of fluctuation in other equity shares. As it has less risky which means that the capital appreciation is also less when compared to other here, the NAV gets effected according to the change in the interest rate of the country. If fall in NAV means there is increase in short run this happens only when the interest rate falls and the vise-versa. But long term investor no need to worry about these fluction.

### **Balanced Fund:**

The goal of these funds is to give daily income and grow-up as these investments are made for both fixed and equity securities according to the proportion shown in their paper. This type of fund is applicable for those investors who are looking for moderate return. Even these types of funds get effected due to the fluction in the share price in the market. But, however they are being lightly effected when compared to other equity funds.

### **Money Market/ Liquid Funds:**

The main intention of these schemes is to provide easy liquidity, moderate capital, etc. these schemes are mostly for shorter period because it is safer only during that term period those short term instrument can be treasury bill, commercial paper, certificate of deposits, etc. return fluctuations on these schemes are lower when compared to other schemes. This is suitable for individual investors who is looking for surplus for a short period.

### **Gilt Fund Schemes:**

The investment on these schemes are mainly done on government securities. The government securities basically do not have risk but the NAV value of these schemes mostly be fluctuating because of the change in the interest rate in the market or it can be because of the change in the economic factor.

### **Index Funds:**

Here the Index Fund Basically represents the portfolio of any particular index. The NAV of these types of schemes have Index market showing rise or fall, not the same percentage of changes that happens but it may include the economic changing factor.

These funds are also as exchange trade index fund that are being introduced by mutual funds that are being trade in the market.

### **RISK IN MUTUAL FUND:**

Mutual fund risk has to be considered as important role in selecting the Mutual Funds. So, if any investor wants to take decision has to consider the level of risk that certain schemes have and also should think whether this type scheme can it be handled by him. Some of the important points that are seen while investing in mutual funds are listed in following ways:

#### **Call Risk:**

The fall in interest rate may cause a bond issue for redeeming it before the bond maturity period.

#### **Country Risk:**

This type of risk will refer to any problem that has raised due to nature calamity, political event or any financial problem may led to change in the economy which ultimately lead to reduction in interest value.

#### **Income Risk:**

A possibility of investor's dividend being reduced due to fall or rise in the interest rate.

#### **Market Risk:**

When fall in stock or bond value which may happen due to changing cycle of market where when it reaches on period rise in price where as when reach one period fall in price. There are some more other types of risk that are being commonly used in the market activity.

#### **Measure of Risk:**

There are few financial tools that are being used for the measurement of risk. There are mainly two tools that can be used for the measurement they are listed in the following ways:

Standard deviation is one of the measurement that says how much actual performance of fund is better when compared with average performance. So if the standard deviation is less it means the fund is good.

Secondly the Sharpe Ratio, this is a measurement tool that sees both return and risk. Here the measurement says if the Sharpe ratio is high then it means that the fund is good.

**Some of the things that are being considered while doing the investment:**

- Always consider risk, not only NAV of the fund
- Always do review about the mutual fund schemes and how is the investment style that is being followed
- Highest rating does not mean that the fund has good return
- It is highest rating is not meant high risk
- Collecting the historical performance of the funds
- Doing a volatility measurement
- How is the taxation effect on these funds

So, these are the some of the important things that are to be considered while investing in mutual fund.



## **2.2 LITRATURE REVIEW:**

Dr. K. Veeraiah and Dr. A. Kishore Kumar (Jan 2004)

The research was conducted on the comparative performance analysis of selected Indian mutual funds schemes. The analysis helps us to understand the performance of India's own mutual funds and compared their performance. The analysis of performance was done by using the NAVs and the portfolio allocation. The finding in the study revealed that the Mutual Fund is a path to a long term investment option and is also selected as suitable investment option.

Dr. Nishi Sharma (2012 Aug)

The research was conducted on "the attitude of Indian investors about mutual funds." The paper investigated in understanding why there is less recognition for mutual funds as a prime investment option. It analyses the perception of the investor with respect to the distinct features offered by the few mutual fund firms to attract them to invest in specified schemes. Research also tells about the principle component analysis as a tool. It also explored three factors that are the attributes, monetary benefits and sponsor related attribute this may offer the investor to secure their patronage. The result thus was a successful view to mutual fund companies by offering required needs that the Indian investor expect.

Dr. Sandeep basal and Dr. Surender Kumar Gupta (Jul 2012)

The comparative study of researchers was done on debt scheme of mutual fund Birla Sunlife and Reliance. The research gave an overview of the debt performance scheme for both the companies by using the Sharpe index after evaluating the Net Asset Value and the Standard Deviation. The research revealed the return on mutual fund scheme is close to benchmark return.

Dr. Anurag Singh, Dr. Ramananda Singh and Dr. Ranjit Singh (Aug 2011)

The research was done on positioning of Mutual Fund was done between two investors they are small town and the sub-urban investors. Before the proportion of investment in urban were being drawn by mutual funds. This led to a change in the market. Hence in order to expand the investor base, the mutual fund companies are planning to expand their facility to urban and small town areas.

Yet in these areas the marketing of the mutual funds are to be done according to the requirement that the investors have in their mind in their own ways. The product is to be accepted by the investors and should be accessible to the. The investors should be aware about it and also should know about its availability in market. The research presently deals with all these issue that are being faced. It tests the level of impact of urban and small town investors on affordability, acceptability and knowledge for making the decision.

N. K. Pandya and Rashmi Sharma (in 2013)

The researchers have done the research in understanding how to do Investment on Mutual Fund. In this paper, the structure of Mutual Fund and the comparison between investment of Mutual Fund to that of other investment option and also calculation of NPV etc. the research was also on the demographic impact on various investment attitudes that leads toward the mutual fund. They have collected data efficiently and effectively for the conclusion, the pie chart has been used to examine the various factors responsible for mutual fund investment.

Kavita Panjwani and Dr. Ashok Khurana (Nov 2016)

The analysis was done on hybrid mutual fund. They have evaluated using arithmetic mean and compared annual growth rate. Here the funds are compared with an industrial average benchmark to find out how well they are performing in relation to market value. Based on the study that was conducted the fund that the companies chooses is balance fund growth schemes.

Dr. Mamta Shah (2012 Dec)

The research was conducted on mutual fund marketing activities. Economic growth depends on the financial system and also on the amount of new capital that can be achieved by mobilizing savings and adapting new patterns of investment. The same way there are different investor and each of them are of with different objective. It is therefore critical for investment managers to select the right strategy for the community they are working with and also to manage them through ongoing, complex processes.

Dr. Vibha Lamba (Feb 2014)

The person has researched on the analysis on Portfolio Management in India. The reason was to analyse the scope and importance of portfolio management. The research also explained the types and steps for performing the portfolio management which the portfolio manager takes to get the maximum return and also to minimize the risk to his clients.

Dr. Ramachandra Reddy and B. Raja Manner (Oct 2012)

The study was done on the performance of selected mutual funds which are being controlled by private sector banks like Axis Equity and Kotak 50 funds- growth option. The 2 Mutual Funds are being reviewed with a detailed explanation of the fund house itself. They have done a statistical evaluation by using correlation with a benchmark set.

Mrs.V. Sasikala and Dr. A. Lakshmi (Jan 2013)

The researchers have done “comparative analysis on the mutual funds performed between the years 2008 to 2010”. Here they wanted to know the risk and return breakdown period of top hundred Mutual Funds in 2008 with that of the same hundred Mutual Funds in 2010. They have done analysis on few of the things like alpha, beta, standard deviation, and many more.

Sowmiya. G (Jan 2014)

The research was done on the performance of mutual funds in India. The objective of doing the research is to know the basic concept and terminologies of mutual funds in public and private companies. This was done to understand the improvement level of selected mutual funds schemes with that of their return and NAV value.

Dr. J.K. Raju, Mr. Manjunath B.R, Mr. Nagaraja G. M (Nov 2014)

The research was on the performance evaluation of Indian equity mutual funds schemes. The study explains how the evaluation of mutual funds happens. The objective is to calculate the performance of mutual fund with risk, with the adjustment of treynor and Jensen measure as theoretical measures. They also concluded that the returns on the fund are comparatively high when we see that of other choices.

R Narayaswamy and V. Rathnamani (April 2013)

They have done the study on mutual fund performance assessment. In terms of risk and returns, they focus mainly on the performance of few selected funds. It also tries to examine the variability and volatility of the mutual funds. They have identified that the fund schemes are good at high volatility market. They are considering few statistical tools like alpha, beta, standard deviation and total return is need to ensure that there is constant performance of funds.

Ms. M. V Subha, Ms S. Jaya Bharathi (Jun 2007)

The research was about undertaking selected schemes of mutual funds in India. The paper explains how to evaluate the selected open ended mutual fund by using few measures that are related to risk and returns of those particular schemes. The conclusion of the paper is that returns are good in Mutual funds and would be a better option for the coming days.

Syed Husain Ashraf and Dhanraj Sharma (in the year 2014)

The paper on the performance evaluation of Indian equity mutual funds against established benchmark index. An attempt was made to understand the returns and risk free rate for the past five years. Here they have taken a sample of ten growth oriented mutual funds which belongs to 5 public and 2 private mutual fund companies. The results are being calculated through various measures like Treynor's ratio, Sharpe's ratio, Jensen method, regression analysis, etc. they have done the calculation of a return earned of a sample mutual fund and compared with the benchmark value by this both have absorved that the market factors closely will effect the behaviour of mutual fund returns. The correlation between the mutual funds and the benchmark returns are comparatively high.

Ratish Gupta & Shruti Maheshwari (Aug 2017)

This research was focused on the performance of diversified equity mutual funds, with specific reference to large and medium-sized funds. They have given a try of calculating the risk and returns of various large-cap and mid-cap funds using few financial techniques. The study provides a review on the mix of both the funds will create a good wealth for a larger period of time.

Dr. Sarita & Meenakshi Rani (July 2017)

They did a report on the comparative review of India's mutual fund schemes. The research focussed on the efficiency estimation of selected schemes on bases of risk and return by using the portfolio model that is Sharpe, Treynor, and Jensen. This attempt was to see whether they are outperforming or underperforming. To evaluate this they have taken 29 open-ended, growth oriented scheme, the study revealed 14 out of 29 had outperformed the benchmark.

D. Agrawal and D. Patidar (Oct 2014)

They have conducted the study on the mutual fund are key contributor for the globalization of financial market and also one of the main source for capital flow in emerging economy. They have provides overall idea about the mutual fund in the market. It has described about the allocation of assets. The research of the study has revealed the amount of performance that is being effected by the saving investment of people.

Prof. A. Kanagaraj and Ms. Archana Patro (Jun 2012)

The researchers have done their research on exploring of the herding behaviour in Indian mutual fund industry. They have done analysis on trading activities of mutual funds. The conclusion of these activity was done by the comparison of previous studies also on determining the maturity of capital market.

Poonam Loothra, Ashish Sharma and Deepika Sharma (May 2011)

The researchers have done a Comparative analysis on the selected diversified mutual fund schemes. The detail study was based on the examination of the investment instrument in the market. For this purpose they had selected eight mutual fund schemes. The result of this was successful because of various financial testing tools like sharpe ratio, standard deviation and alpha.

# **CHAPTER - 3**

## **CHAPTER 3:**

### **3.1 STATEMENT OF PROBLEM:**

Our Indian capital market provides various investment opportunities to the investors. Among these various opportunities mutual fund is one which is having various schemes available. There are many variety of funds available India. Selecting the best fund is challenging task, hence selecting profitable fund is important aspect. In the literature review mentioned some of the few have fail to select fund and also problem on required knowledge of mutual fund that is having high return, risk and good performance, etc.

### **3.2 OBJECTIVE:**

- To understand the Working of Mutual Fund Industry in India
- To measure the performance of 4 mutual Funds in India
- To Analyse the performance of selected schemes with reference to risk, Return and NAV.
- To Compare the Performance of selected Schemes.

### **3.3 SCOPE OF STUDY:**

The project analysis deals mainly with mutual fund investment. The study covers few main important aspect which can be like the selected 5 top mutual fund sector in India. The sector that is selected for mutual fund is SBI, KOTAK, HDFC, ICICI and AXIS. Here for study 3 schemes are been taken randomly from each mutual fund companies irrespective of their caps. The analysis is completely based on three things that are risk, return, and the share price. To analysis these things we have used different tools on the bases of data obtained which are average return, standard deviation, beta value, Sharpe test, Tryon and Jensen model.

The study has covered few concept of Mutual fund and introduction on equity. The project report mostly covers the net assets value of the mutual fund. The analysis part include risk and return that gives an idea of clear picture on the value of mutual funds of the company. The study also guides the investors in comparing the selected mutual

funds of the companies. The study also gives us knowledgeable information about various schemes and also the working of mutual funds.

### **3.4 RESEARCH METHODOLOGY:**

Year based value of different schemes of the mutual funds are taken for a particular period. The research was mostly done on the secondary data source this includes fact sheet of mutual fund, money control, articles, and also few website.

Data Collection Method:

To review the schemes of the mutual fund and their results, 5 mutual funds were selected which are completely taken on a random basis. The yearly value of the schemes is being taken in this study for a term of three years. BSE-Sensex is used for value. The research was focused mainly on the secondary knowledge collection. The value was obtained from different website like [www.Moneycontrol.com](http://www.Moneycontrol.com), bse.com.

**Date Analysis Tools:**

**RETURN,**

Return is a form of award and also a motivator that encourages the investors for making the investments in the market. The formula used for calculating the expected return is as follows:

$$E(R) = \sum_{I=1}^n r_i p_i$$

Where,

E(R) – Expected return of stock

r<sub>i</sub> – return from stock

p<sub>i</sub> – probability of occurrence

n – number of possibility



### **NET ASSET VALUE (NAV),**

NAV is one of the common measurement instrument that is used to identify the potential opportunities that the investor have to select within those Mutual Fund. This can also be used to view their own portfolio to take decision . here is the formula that can be used for calculating the net asset value:

$$\text{NAV} = (\text{Value of Portfolio} - \text{Liability}) / \text{total number of share}$$

Whereas for calculating the Net asset Value of single share the formula is as follows:

#### **Single share,**

$$\text{Net Asset Value per Share} = \text{NAV} / \text{Total Outstanding Share}$$

### **RISK,**

Risk is something that is uncertain from the return. Here, standard deviation is measure of risk. The following formula is used to calculate the standard deviation for the mutual fund schemes:

#### **Standard Deviation**

$$\sigma^2 = \frac{\sum (R_i - \bar{R})^2}{N - 1}$$

$$\sigma = \sqrt{\sigma^2}$$

Where,

$\sigma$  – standard deviation of return

$r_i$  – return from stock

$n$  - Number of period

#### **Alpha Value**

$$\text{Alpha } (\alpha) = (R_x - R_f) - \beta(R_m - R_f)$$

#### **Beta Value**

$$\beta = \frac{\text{covariance } (R_x, R_m)}{\text{Variance } (R_m)}$$

### **SHARPE MEASURE,**

William F. Sharpe in 1966 had invented the Portfolio Performance Assessment Index that is Sharpe ratio. Sharpe ratio is also called as 'Reward to Variability' The formula that is used to calculate the Sharpe measure is as follows:

$$\text{Sharpe Ratio (SR)} = \frac{R_p - R_f}{SDP}$$

Where,

$R_p$  – Realized Return on Portfolio during holding period

$R_f$  – Risk Free rate of Return

$SDP$  – Standard Deviation of Portfolio

### **TREYNOR MEASURE,**

Treynor Measure was being developed by Jack Treynor in the year 1965, this was based on systematic risk and this was being named as Treynor Ratio or also as 'reward of volatility'. The formula is as follows:

$$\text{Treynor Measure(TM)} = \frac{R_p - R_f}{\beta_p}$$

Where,

$R_p$  – realized return on a portfolio

$R_f$  – risk free rate of return

$\beta_p$  – Beta coefficient of portfolio

### **JENSEN MEASURE,**

This measure was introduced by Michael Jensen. It seeks to give us the concept of calculating absolute output that can be calculated against the performance of various funds. The formula is as follows:

$$\text{Jensen Index} : R_p - [R_f + \beta_p(R_m - R_f)]$$

Where,

$R_p$  - return of mutual fund portfolio

$R_f$  - risk free rate of return

$B_p$  - Beta coefficient of portfolio

$R_m$  - return of benchmark portfolio

### **3.5 THE HYPOTHESIS:**

Hypothesis is made according to dependent and independent variable which will be a part of analysis. The following is the hypothesis of the study:

Hypothesis -1

H<sub>0</sub> – Mutual Fund is not said to be the best fund among the Indian Financial Market.

H<sub>1</sub> – Mutual Fund is one of the best investment option to the investors among other various Indian Financial Markets.

### **3.6 LIMITATION:**

- Lack of required information to do the analysis.
- Time limitation is one of the factor in the study.
- Thought of doing the primary data collection, but as it was too less for doing the study.
- There was limitation in point of research especially for equity fund schemes.

# **CHAPTER - 4**

## **CHAPTER 4:**

### **INTRODUCTION:**

There are five mutual fund companies that are being taken into consideration for doing the analysis and interpretation by considering various tools they are listed in following ways:

#### **SBI MUTUAL FUND:**



SBI Mutual funds was started by the sponsorship of State Bank of India. This mutual fund company is Asset Management Company. The company was established in Mumbai in the year 1987. Even though its been sponsored by SBI, the mutual fund company is recognized as a private sector therefor they are called as SBI Fund Management Private Limited (SBIFMPL). This company works on a joint venture bases and they are between S.B.I(The Indian public sector bank) and Amundi ( The European Asset Management Company).

The three main services that the SBI mutual fund company provides is listed in the following ways:

- They provide equity type mutual funds which has a wide range of diversification which can be form separation to thematic and it may also be sector based offering. Some of the equity based mutual funds are:  
SBI Magnum Midcap Fund  
SBI Magnum Multicap Fund  
SBI Bluechip Fund  
SBI Large and Midcap Funds  
SBI Magnum Equity ESG Fund
- Secondly the debt fund have a robust number of product that are ranging and are also being matching with maturity of the cash. Here the focus is mainly

on the product liquidity along with the quantity of securities that are being held. Some of the debt fund are listed in following ways:

SBI Magnum Income Fund

SBI Overnight Fund

SBI Magnum Medium Duration Fund

SBI Liquid Fund

SBI Dynamic Bond Fund

- Lastly, the hybrid type of schemes. They are a type of mixture of assets like debt, equity, etc. that are again based on the proposition that the investor does. Some they hybrid type of mutual funds are listed in following ways:

SBI Equity Hybird Fund

SBI Debt Hybird Fund

SBI Multi Assets Allocation Fund

SBI Arbitrage Opportunities Fund

SBI Dynamic Assets Allocation Fund

Some of the main competitors of SBI Mutual Fund schemes are Birla Sun Life Mutual Fund, Reliance mutual fund, Axis Mutual Funds, etc.

### **KOTAK MUTUAL FUNDS:**



Kotak Mutual Fund is a one among the non-banking institution that was started in the year 1998 but the company was licensed in the year 2003 by Reserve Bank of India. The founder of Kotak Mutual fund is Mr. Uday Kotak. The company provides financial services all over the world. The head quarter is in Mumbai and Maharashtra. The company has 79 branches that are particularly offering mutual fund services. The kotak offers various services like the Asset Management, stock, general investment and investment banking, etc.

The KMAM Kotak Mahindra Asset Management is completely controlled by Kotak Mahindra Bank Limited (KMBL). The product and services offered by the company

is equity, TaxSaver, hybrid and debt these are the main categories which are being offered the Kotak Mutual Funds. The following are the division of funds according to the categories.

- Kotak equity funds that are being exclusive picked among 60 companies that are selected with high potential. Some of the equity funds are listed below:

Kotak. Bluechip Fund

Kotak Standard Multicap Fund

Kotak Emerging Equity Fund

Kotak Equity Opportunity Fund

Kotak Small Cap Fund

Kotak Equity saving fund

- Kotak Debt funds are one of the best schemes to make good returns while the liquidity is happening. The following are the list of schemes of Kotak Mutual Funds and they are as follows:

Kotak Bond

Kotak Medium term Fund

Kotak. Dynamic-Bond Fund

Kotak. Bond Short-term Fund

Kotak. Credit Risk Fund

Kotak. Banking & PSU-Debt Fund

- By having a mixture of both equity and debt schemes the mutual fund is able to have balanced fund by this they can attract the people who can tolerate the medium risk. The following are the type of schemes:

Kotak Equity Hybird Fund

Kotak Debt Hybird Fund

- These kotak mutual funds are also being providing with tax saving equity fund scheme for having tax deduction

Kotak Tax Saver

Some of the major competitors of Kotak Mutual Fund Company are ICICI Prudential Mutual Fund, HDFC Mutual Fund, Reliance Mutual Fund, SBI Mutual Fund etc.

## **HDFC MUTUAL FUND:**



HDFC Mutual Fund or it is also called as HDFC Asset Management Company Limited. The company was started on 10<sup>th</sup> December 2000. But the company had received an approval to begin as an asset management firm by SEBI on July 3<sup>rd</sup>, 2000. May be in the year 2003 HDFC Asset Management took over Zurich Asset Management Company. Some of the product or service that is offered by HDFC Mutual fund companies is listed in the following ways:

- HDFC equity funds are the fund that are being offered according to the requirement of investors that are ranging from lower to higher. The following schemes are being currently being offered by the company  
HDFC. Housing-Opportunity Fund  
HDFC. Equity Fund  
HDFC. Top-100 Fund  
HDFC. Midcap-Opportunity Fund  
HDFC. Tax saver Fund
- When it comes to debt funds that are being offered by HDFC Mutual Fund are  
H.D.F.C. gilt Fund,  
H.D.F.C. corporate-bond Fund,  
H.D.F.C. short-term debt Fund,  
H.D.F.C. credit-risk debt Fund,  
H.D.F.C Dynamic-debt Fund
- Not only these schemes but they still provide wide variety of services HDFC Liquid Fund, HDFC Children Gift Fund (these type of funds are for the betterment of their children life it can be their education, marriage, etc.), HDFC Retirement Saving fund(it is a type where monthly investment will be made in the end of five years they will receive entire amount with additional gain), HDFC fixed Maturity Plan(mainly capitalized with government



securities), HDFC Exchange Traded Fund( traded on stock market), and many other schemes.

### **ICICI MUTUAL FUND:**



The other type of mutual fund is ICICI Prudential Mutual Fund. This mutual fund was started in the year 1993. The head quarter is in Mumbai. The ICICI Mutual fund is a joint venture undertaking that was between ICICI Bank (in India) and Prudential Plc (is UK largest financial sector). The company was initially started with 6 people working in two location but now it has grown to 1000 employees working in more than 120 places. Now the position ICICI Mutual Fund is said to be the second largest Indian asset-management firm. When it comes to product and service of ICICI Mutual Fund, they have categorized into two division that is the portfolio management and the real Estate. Those schemes are show in the following ways:

- The portfolio Management provides the investor to do high net investment in schemes in gaining high return. Some of the ICICI Equity Fund is comparatively having high risk. Some of the equity schemes that are being offered by shown below:

I.C.I.C.I Prudential Dynamic Fund

I.C.I.C.I Prudential Focused Bluechip Equity Fund

I.C.I.C.I Prudential Value Discovery Fund

I.C.I.C.I Prudential Infrastructure Fund

I.C.I.C.I Prudential Long Term Equity Fund

- The next type of fund is in the portfolio management is the hybrid funds. Here in this scheme they provide mixture of both equity and debt and also it provides money market investment opportunities. Some of them are:

I.C.I.C.I Prudential Child-Care Plan

I.C.I.C.I Prudential MIP-25

I.C.I.C.I Prudential Monthly-Income Plan

I.C.I.C.I Prudential equity & Debt Fund

I.C.I.C.I Prudential Regular-Income Fund

I.C.I.C.I Prudential Child-Care Plan

- When it comes to ICICI Debt fund they gave protection to both short and long term capital. Here the investment occurs mainly in shares, money market instruments, and securities. This is best suited for people who prefer low to medium risk. Some of the schemes included are:

ICICI Prudential Money Market Fund

ICICI Prudential Flexible Income Plan

ICICI Prudential Saving Fund

ICICI Prudential Short Term Plan

ICICI Prudential Ultra Short Term Plan

ICICI Prudential Liquid Plan

ICICI Prudential Income Plan

- There are still some types of funds that are being available those are funds of funds, Exchange Traded Fund.
- Here they have concentrated on high net worth investor and also the institutional investors to start with the real estate investment as their portfolio option.

Some of the major competitors of ICICI Prudential Mutual fund are the Reliance mutual funds, SBI Mutual Fund, Birla Sun Life Mutual Funds and finally the UTI Mutual Funds.

#### **AXIS MUTUAL FUND:**



Axis asset Management Company or Axis Mutual Fund(AMF) has introduced its 1<sup>st</sup> scheme in the year 2009. From the time it started it is improving its growth level. The growth attribute of the Axis Mutual Fund has followed three basic principle and they are as followed: long term capital appreciation, customer view and finally long term

relationship. The priority for them is to provide the investor with risk management and provide planning and also to motivate by reducing the risk.

- Axis Equity Fund are moderately having high risk which automatically generate high return. This scheme is suitable for those who are ready to invest for long term goal which give capital appreciation with income generation. Some of the top schemes of Axis Equity mutual funds are:

Axis Focused 25 Fund

Axis Bluechip Fund

Axis Midcap Fund

Axis Long Term Equity Fund

- When it comes to Axis Debt Fund they have moderately low risk. Here they invest happens in debt or in money market instrument. Some of the top important scheme are as follows:

Axis Banking & PSU Debt Fund

Axis Credit Risk Fund

Axis Dynamic Bond Fund

Axis Strategic Bond Fund

Axis Short Term Fund

- The next category of scheme is hybrid scheme. Here the risk ranges from moderate to high moderate. The intention is to have capital return and regular income. Some of the hybrid activity are listed as follows:

Axis Arbitrage Fund

Axis Equity Saver Fund

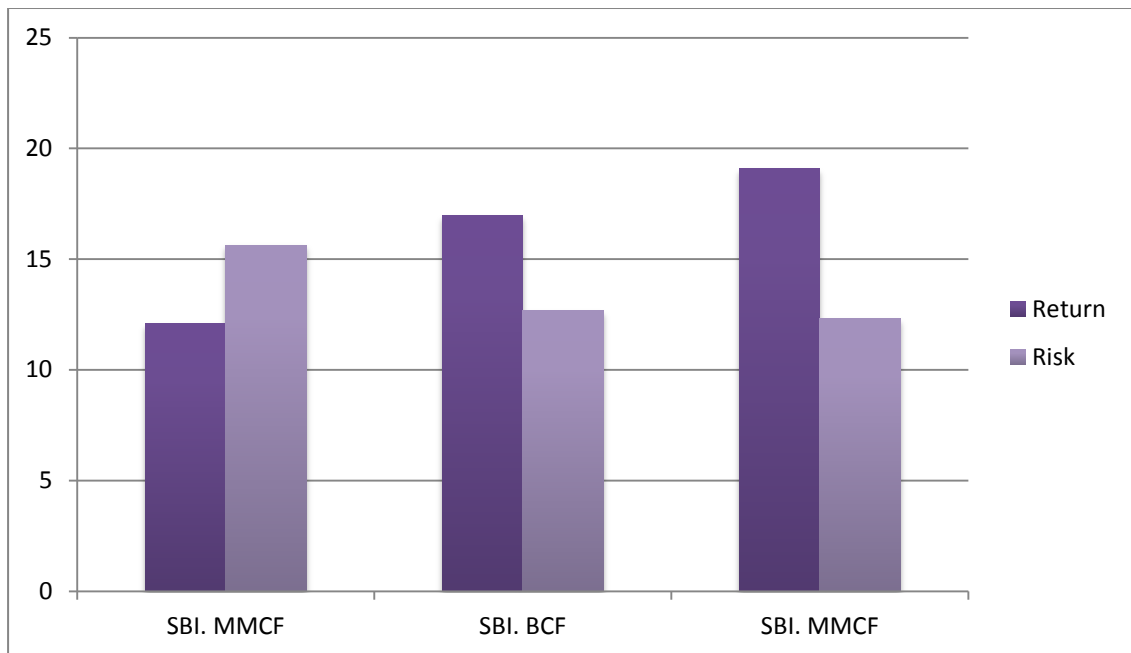
Axis Regular Saver Fund

Axis Triple Advantage Fund

Some of the top asset management fund managers gives expertise solution to the investor to choose the scheme that will be suitable to them. Some of the investment manager are – Anupam Tiwari, Ashwin Patni, R. Shivakumar and Devang Shan and many more.

## SBI RISK & RETURNS

FUND NAME	RETURNS	RISK
SBI Magnum Mid Cap Fund	12.08	15.63
SBI Blue chip Fund	16.97	12.67
SBI Magnum Multi cap Fund	19.07	12.33



**Chart 4.1: risk and return value of SBI Mutual fund**

### **SBI. Magnum mid-Cap Fund:**

They are a type of open ended fund. They are invested in midcap companies and generates long term growth. The investment mainly happens to invest in equity stock midcap companies. The investors can enjoy capital appreciation and gain from the returns

### **SBI Blue Chip Fund:**

They are large cap schemes that like to invest in stocks of large companies. The large cap is considered to be less volatility when compared to mid and small cap schemes. These funds are suitable for the investors who are ready to invest for a period of five to seven years. The return on this type of scheme is moderate.

## **SBI Magnum Multi Cap Fund:**

The intention of these funds is To ensure long-term capital-market stability for investors by diversifying in the entire market.in these type of funds 65%are being used for investment in equity stock where as 35% is in debt or money market. The longer the period of investment the return will also be good.

### **Analysis:**

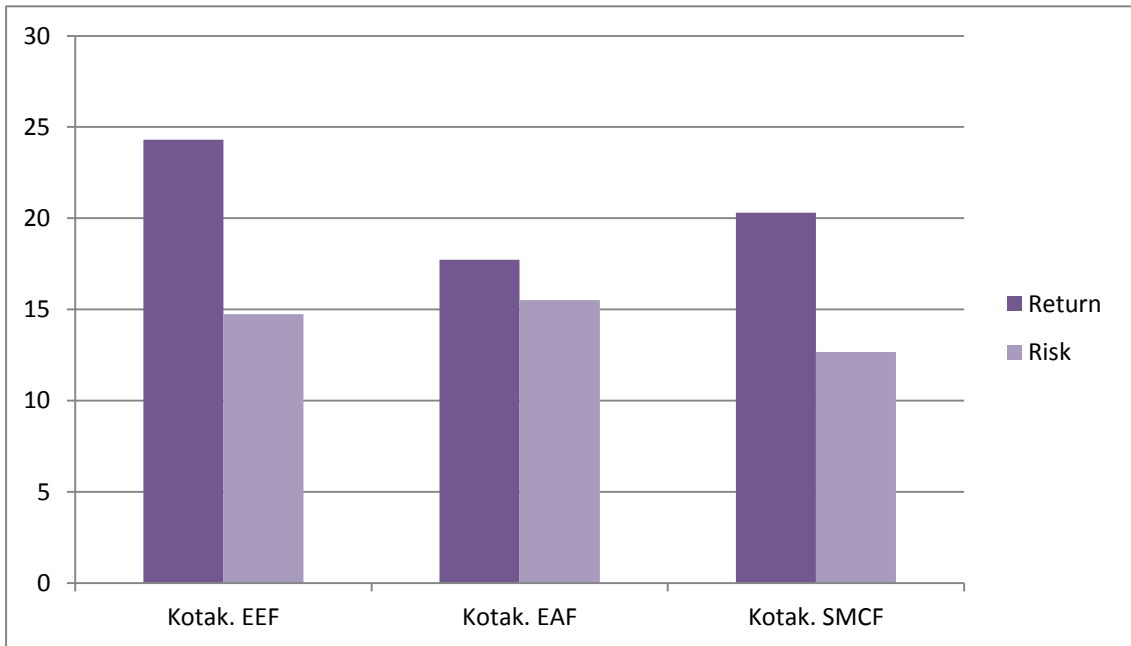
From the above data collection we can analyze the return values of SBI Mutual fund schemes are SBI Magnum mid Cap is 24.08, SBI. Blue-chip fund is 16.97 and SBI. Magnum-multicap fund is of 19.07. Where as the risk of the schemes are SBI Magnum mid cap is 15.63, SBI Blue Chip und is 12.67 and the SBI Magnum Multi Cap fund is 12.33 respectively.

### **Interpretation:**

From the above mentioned data value it can be interpreted as, in the above selected schemes is that the return of SBI Magnum Mid cap fund is having high return of 24.08 which is more than the value of other funds over the past 5years. And the return of SBI Blue chip fund is having low return of 16.97 for the past 3 years. By analyzing the risk and return of three scheme value SBI Magnum Mid Cap fund having high return and high risk. The same is in case of sbi. Blue-chip fund and sbi. magnum-multicap fund also. Most probably the investors will seek to do investment for higher risk because it may yield higher return.

## KOTAK RISK & RETURNS

FUND NAME	RETURNS	RISK
Kotak Emerging Equity	24.30	14.74
Kotak Equity Arbitrage Fund	17.73	15.51
Kotak Standard Multi cap Fund	20.31	12.67



**Chart 4.2: risk and return value of kotal Mutual funds**

### **Kotak Emerging Equity Fund:**

These funds are open ended schemes which give the investors a long term capital appreciation. This is suitable to the investors who can invest for three-four years. These type fund investment is basically done in mid and small cap companies that have potential progress in long run.

### **Kotak Equity Arbitrage Fund:**

This type of fund will generate return between spot and future market through arbitrage. They are open-ended scheme and the level of risk is moderately less.

### **Kotak Standard Multi Cap Fund:**

The fund enjoys higher alpha between the periods of three to five years. Here alpha means better return to the investor. The investor who is looking for a good multicap fund with a long term financial goal to be achieved, then they has to go with this investment approach.

### **Analysis:**

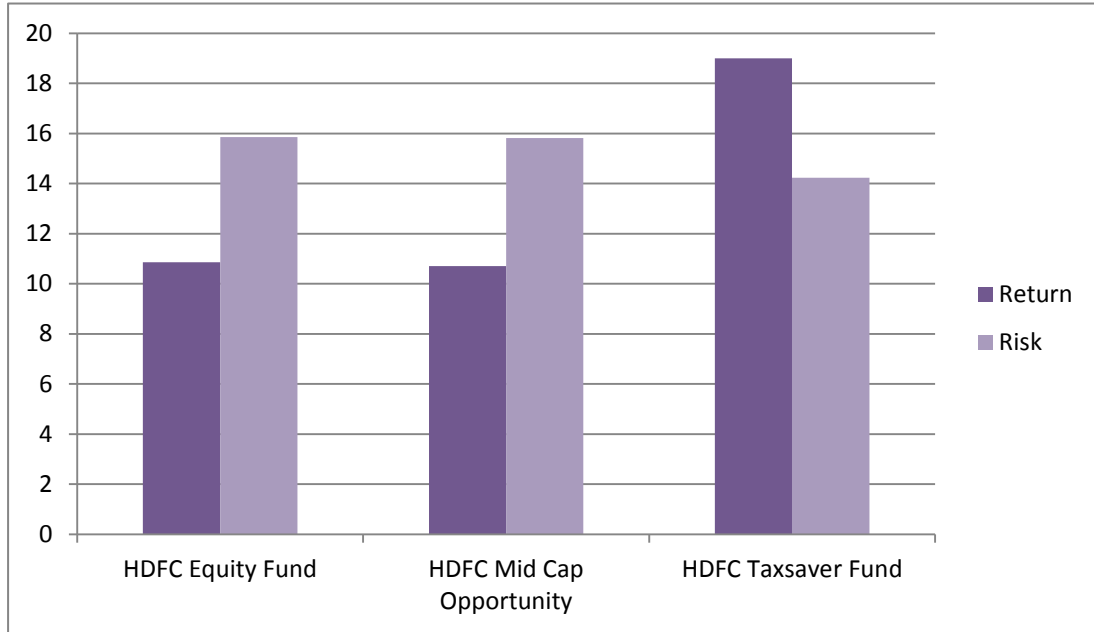
From the above graphical information of kotak mutual funds is that the risk and return of Kotak mutual fund is 14.74 and 24.30, kotak equity arbitrage fund has 0.51 and 19.73 where as kotak standard multi cap has 12.67 20.31.

### **Interpretation:**

From the above done analysis on data of kotak mutual funds schemes we can interpret that the above mentioned schemes are having a very good return and among them kotak emerging equity funds are having high return and also risk is high in case of other two schemes .

## HDFC RISK & RETURNS

FUND NAME	RETURNS	RISK
HDFC Equity Fund	10.86	15.86
HDFC Mid Cap Opportunity Fund	10.70	15.81
HDFC TaxSaver Fund	19	14.23



**Chart 4.3: risk and return value of HDFC Mutual Fund**

### **HDFC Equity Fund:**

The scheme provides the investors with capital appreciation from the their portfolio. This type of funds are suitable for the investors who will be able to bear high risk and will be able retain their fund for a longer period of time.

### **HDFC Mid Cap Opportunity:**

They are open ended scheme that tries to provide long term capital appreciation on their investment. The investor would be basically being investing in midcap companies. Only investors who are seeking to invest for the period of three years or more than that. The risk these funds are moderately high

### **HDFC TaxSaver Fund:**

This fund is equity linked saving scheme that is involved in equity scheme. The main intention of investing in this schemes is to have high capital appreciation and also for deduction under section 80c.



### **Analysis:**

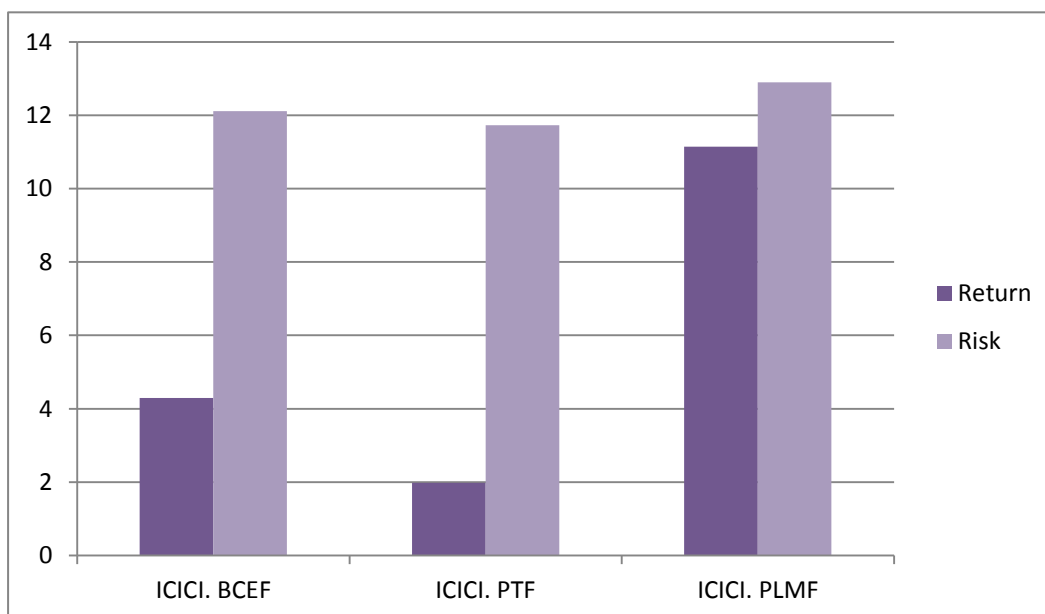
From the given data we can analysis that the return of HDFC Equity fund is 10.86, HDFC Mid cap opportunity fund is 0.70 and HDFC Tax saver fund is 19. Where as the risk value of HDFC equity fund is 15.86, HDFC Mid Cap Opportunity Fund is 15.81 and HDFC Tax saver fund is 14.23.

### **Interpretation:**

From the above analyzed data we can interpret that the returns of two schemes (HDFC Equity Fund and HDFC tax saver fund) are having high return when compared to other two schemes. Whereas HDFC Equity Fund are having slight higher risk when compare HDFC mid cap Opportunity. By doing the comparison of above mentioned scheme HDFC Mid Cap Opportunity is having low return high risk, HDFC equity Fund is less return and more risk and HDFC Tax saver fund greater return and less risk. So, the decision of investors depends on the decision and the capability.

## ICICI RISK & RETURNS

FUND NAME	RETURNS	RISK
ICICI Bluechip Equity Fund	4.29	12.11
ICICI Prudential Technology Fund	1.98	11.73
ICICI Prudential Large and Mid Cap Fund	11.14	12.9



**Chart 4.4: risk and return value of ICICI Mutual Fund**

### **ICICI Bluechip Equity Fund:**

It is an open ended equity scheme that provides long term capital gain to investor by investing in equity companies that are being listed in the stock market. The risk of the funds is moderately high.

### **ICICI Prudential Technology Fund:**

They are also open ended schemes that are being invested in the equity companies that have related securities of technology dealing company. The have fluctuation of going up and down in market due to several reason. These schemes have high risk.

## **ICICI Prudential Large and Mid Cap Fund:**

These are also open ended scheme. The investor who are ready to invest for a period of five year or more than that. The investors have to be ready for the ups and downs of the business due to economic changes.

### **Analysis:**

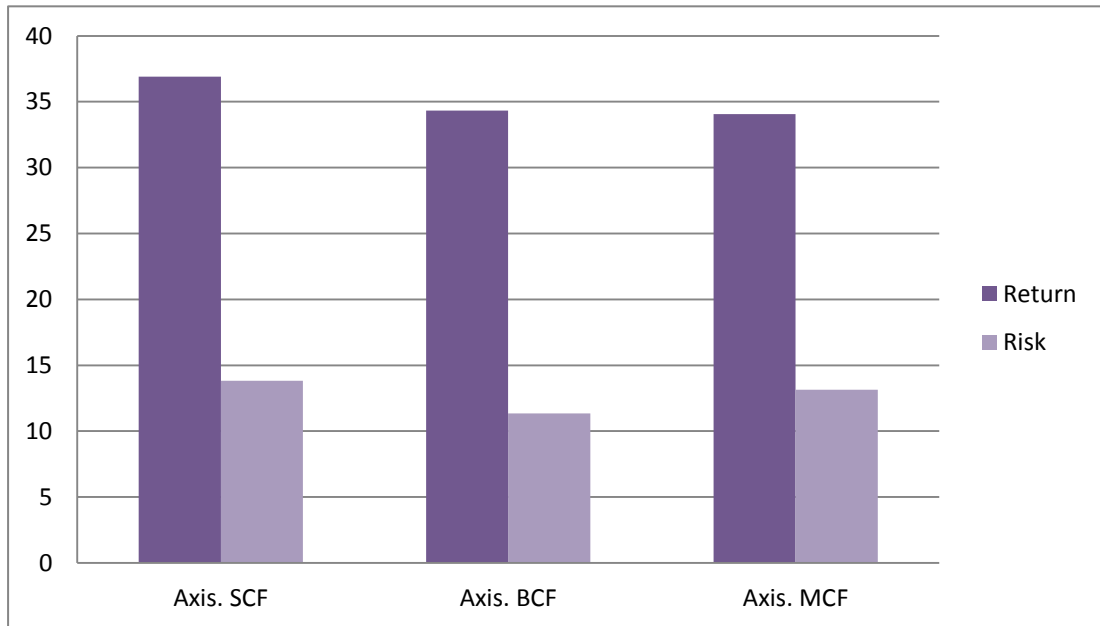
From the data given we can analyze that the return value ICICI Bluechip Equity fund is 4.29, ICICI Prudential technology fund is 1.98 and ICICI Prudential Large and Mid cap fund is 11.14. where as the risk value of ICICI Bluechip Equity Fund is 12.11, ICICI Prudential technology fund is 11.73 and ICICI prudential large and mid cap fund is 12.9.

### **Interpretation:**

From the given analyzed data we can be interpreted that the selected mutual fund, schemes of ICICI mutual fund. Here the returns on ICICI Prudential large and mid cap funds is 11.14 which is slightly higher. Where as ICICI prudential technology fund is lower (1.98). from evaluating all the schemes in above we can say that ICICI Prudential technology fund is having higher risk when it is compared with other schemes and also ICICI prudential large and mid cap fund is having equal return and risk.

## AXIS RISK & RETURNS

FUND NAME	RETURNS	RISK
Axis Small Cap Fund	36.91	13.83
Axis Blue Chip Fund	34.34	11.36
Axis Mid Cap Fund	34.05	13.14



**Chart 4.5: risk and return Value of Axis Mutual Fund**

### **Axis Small Cap Fund:**

This type of investment is suitable only for those who can invest for more than five years or above. These investment are mostly done in small companies because of this we can expect high return.

### **Axis Blue Chip Fund:**

They are open ended equity scheme basically investing in large cap stock. The risk level of these scheme is moderately high. This is suitable for people who can retain for longer period.

### **Axis Mid Cap fund:**

The investors in this investment should be for more than five years. Which gives capital appreciation even after ups and downs in the market.

### **Analysis:**

From the above available information we can analyze that the return value of Axis small cap fund is 36.91, axis blue chip fund is 34.34 and axis mid cap fund is 34.05. Where as the risk value of the above mentioned schemes are the axis small cap fund is 13.83, axis blue chip fund is 11.36 and the axis mid cap fund is 13.14 respectively.

### **Interpretation:**

From the above done analysis we can interpret the given data , in these selected mutual fund schemes of axis the return value of the axis small cap fund is having the value of 36.91 and the axis blue chip fund is having low value of 34.34 when compared to other. Where as axis mid cap fund is having slighter higher risk of 13.83 when compared to other schemes of 11.36 and 13.14.

During the interpretation we can say that all the selected mutual fund schemes of axis blue chip fund is having high risk when compared to that of returns value. Even other two schemes are same but are slight better when compared to that of axis blue chip fund.

## **INTRODUCTION OF BETA:**

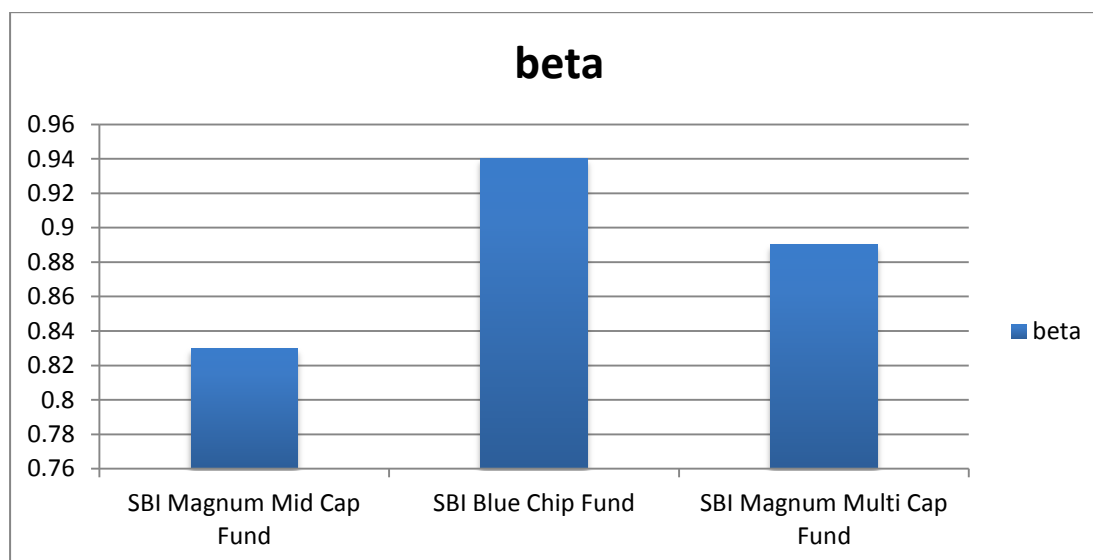
Beta can be defined as a numerical value that helps in measuring the fluctuation in stock to that of overall changes in the cost. It explains more details about the changes in the stock price and also its overall changes. This measurement happens by benchmark index set. This helps the investors to make decision for selecting the scheme that is suitable for them. If the beta value is more than 1 then it means they are highly correlated with the market whereas when the Beta value is less than 1 then it means it is less correlated.

This can be explained with an example if the stock beta value is 1.4 then it says that it is 40% more volatile than the market value. This can be done by calculating the regression analysis. And also by multiplying beta value with the expected movement of stock can also be determined. Example: as in the above beta value was 1.4; assume the expected move was 10% that means the stock has moved to 14% ( $1.4 \times 10\%$ ).

By calculating beta we will be able to determine the volatility of the stock along with its systematic risk. If the beta value is positive then it means it is moving in same direction whereas when it is negative it means to say that it is moving in different direction.

## BETA VALUE OF SBI MUTUAL FUNDS

FUND NAME	BETA
SBI Magnum Mid Cap Fund	0.83
SBI Blue Chip Fund	0.94
SBI Magnum Multi Cap Fund	0.89



**Chart 4.6: beta value of SBI Mutual Funds**

### **Analysis:**

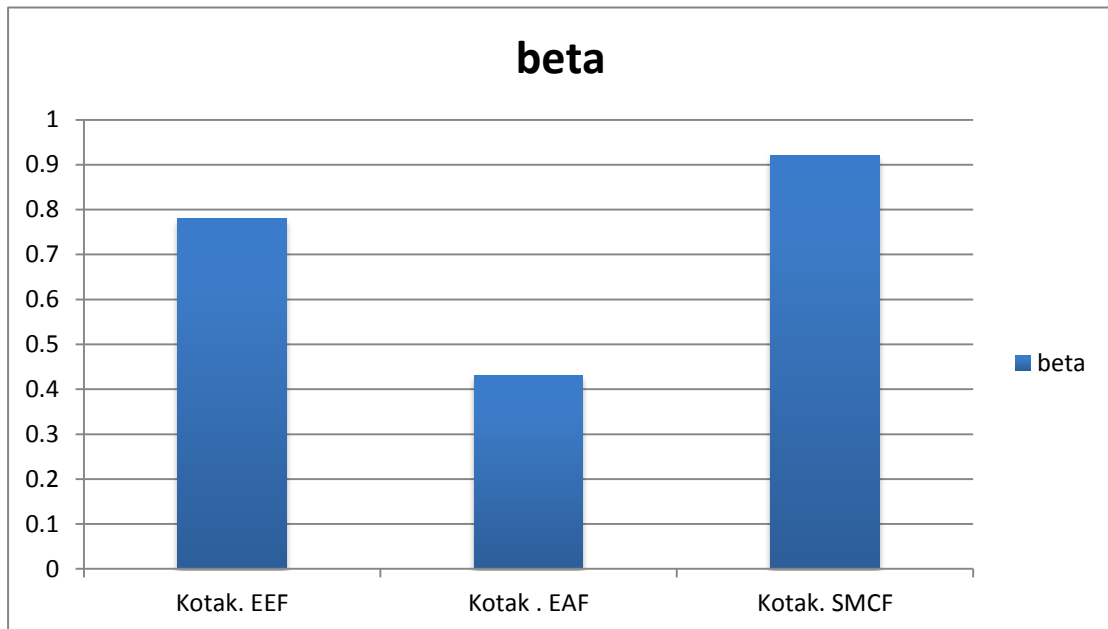
The above chart shows the Beta value of the SBI Mutual Fund of the last five years. The value of the mutual fund schemes of SBI is being given in the following ways, SBI magnum mid cap fund is 0.83, the SBI blue chip fund is 0.94 and the last SBI magnum multi cap fund is 0.89.

### **Interpretation:**

From the above analyzed information we can interpret that the beta value uses the idea of where to do the investment in the market. The beta measurement gives us idea about the systematic risk that gives the relation between the NAV returns and market return. From the graph mentioned above the fund value given is less than 1 which meant to say that the security will be less volatile.

## BETA VALUE OF KOTAK MUTUAL FUNDS

FUND NAME	BETA
Kotak. Emerg.ing-Equity	0.78
Kotak. Equity-Arbitrage Fund	0.43
Kotak. Standard-Multi cap Fund	0.92



**Chart 4.7: Beta value of Kotak Mutual Fund**

### **Analysis:**

The above mentioned chart explains the Beta value of Kotak mutual funds for the last three years, the chart explains about each scheme's Beta value, firstly Kotak Emerging Equity fund with 0.78 then Kotak Equity Arbitrage Fund with 0.43 and Kotak Standard Multi Cap Fund with 0.92.

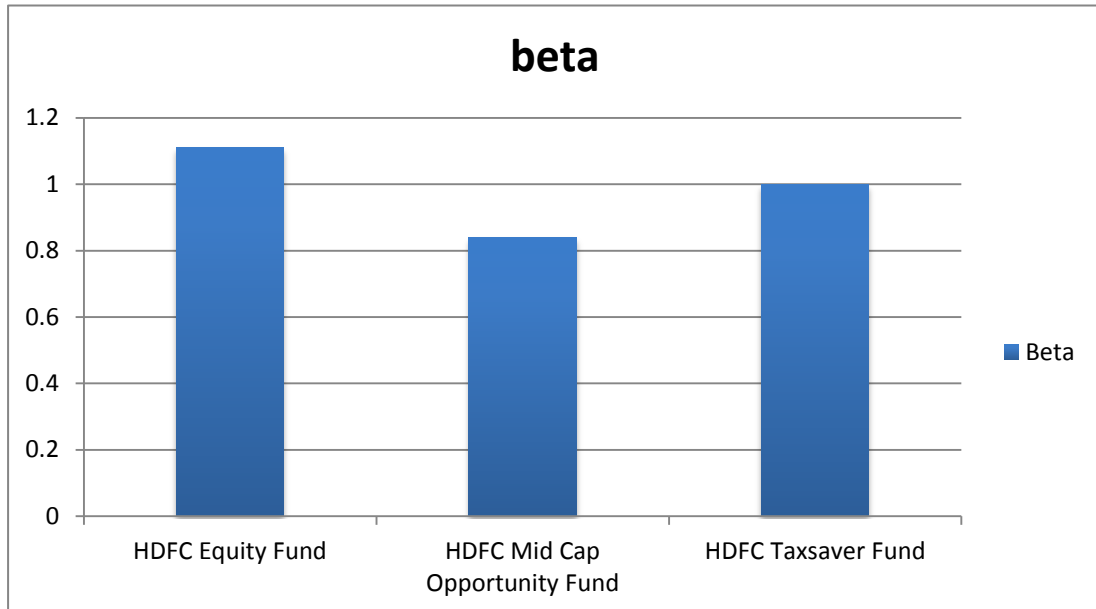
### **Interpretation:**

From the above done analysis we can interpret the beta value for making investment decision in the market. The above mentioned 3 beta values of the specified schemes are less than 1, which means that the schemes are better for investment.



## BETA VALUE OF HDFC MUTUAL FUNDS

FUND NAME	BETA
H.D.F.C. Equity Fund	1.11
H.D.F.C. MidCap-Opportunity Fund	0.84
H.D.F.C. Tax saver Fund	1



**Chart 4.8: Beta value of HDFC Mutual Fund**

### **Analysis:**

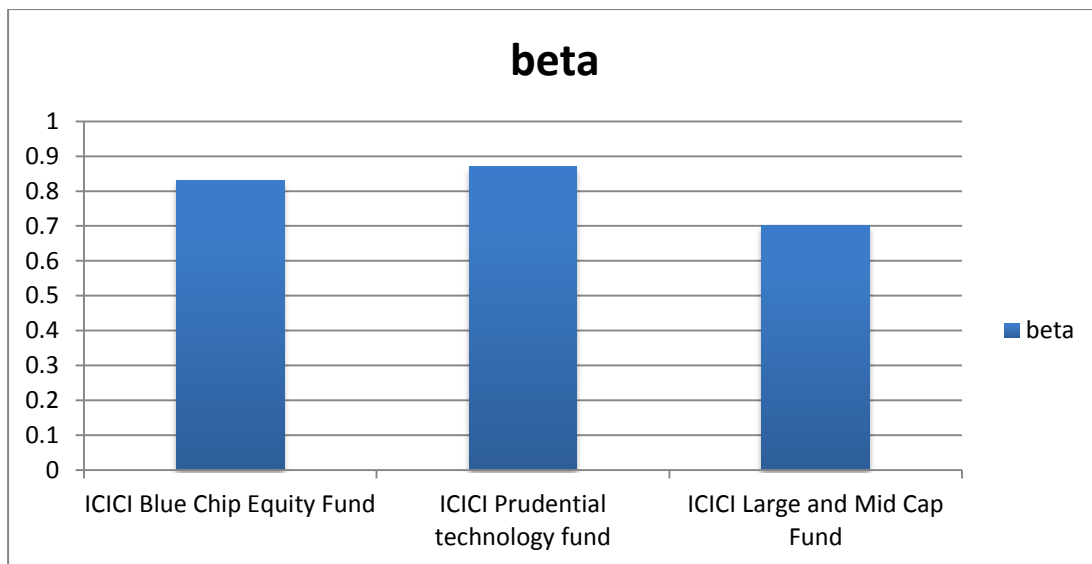
The above chart shows the beta value of the HDFC mutual funds for the over three years. They have listed information in the following ways, that is HDFC Equity Fund is 1.11, hdfc mid cap opportunity fund is 0.84 and HDFC Tax saver Fund is of 1.

### **Interpretation:**

From the above analyzed information we can interpret that the beta value is of systematic risk in the market. The HDFC equity fund and HDFC Tax saver fund is 1 and more than 1 that also means that it has more volatile in the market and the hdfc MCOF market is less volatile than the price because it is less than 1.

## BETA VALUE OF ICICI MUTUAL FUND

FUND NAME	BETA
ICICI Blue Chip Equity Fund	0.83
ICICI Prudential Technology Fund	0.87
ICICI Prudential Large and Mid Cap Fund	0.7



**Chart 4.9: Beta value of ICICI Mutual Fund**

### **Analysis:**

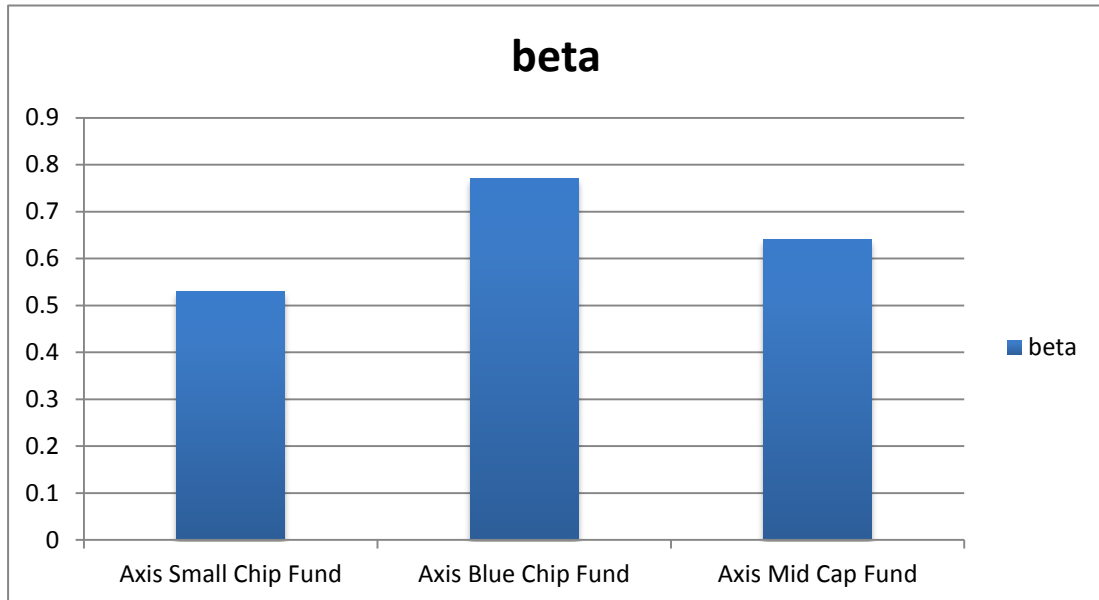
From the data we can analysis the following data about the beta value of ICICI mutual fund for the period of the three year. According to the information ICICI blue chip Equity fund is 0.83, ICICI Prudential Technology fund is 0.87 and ICICI large and Mid cap fund is 0.7.

### **Interpretation:**

From the analyzed information we can interpret the data of ICICI mutual fund is all the three schemes are performing good but among them ICICI Prudential technology fund are performing more better than the other two where as ICICI large and mid cap fund are performing less when comparing to others.

## BETA VALUE OF AXIS MUTUAL FUND

FUND NAME	BETA
Axis Small Cap Fund	0.53
Axis Blue Chip Fund	0.77
Axis Mid Cap Fund	0.64



**Chart 4.10: Beta value of Axis Mutual Fund:**

### **Analysis:**

The above demonstrated chart shows the beta value of axis mutual funds for upto three years. There are few data that is being explained, they are axis small cap fund of 0.53 next axis blue chip fund of 0.77 and the axis mid cap fund is of 0.64.

### **Interpretation:**

From the above analyzed data we can interpret that the beta value in a systematic risk type in the market. The values mentioned in the schemes are less than 1 this means to say that it has less volatile than that of market price

## COMPARATIVE STUDY OF 5 MUTUAL FUND SCHEMES:

FUND NAME	BETA
SBI Magnum Mid Cap Fund	0.83
SBI Blue Chip Fund	0.94
SBI Magnum Multi Cap Fund	0.89
Kotak. Emerg. Equity	0.78
Kotak Equity-Arbitrage Fund	0.43
Kotak Standard MultiCap Fund	0.92
HDFC. Equity Fund	1.11
HDFC. Mid Cap-Opportunity Fund	0.84
HDFC. Tax saver Fund	1
ICICI Blue Chip Equity Fund	0.83
ICICI Prudential Technology Fund	0.87
ICICI Prudential Large and Mid Cap Fund	0.7
Axis Small Cap Fund	0.53
Axis Blue Chip Fund	0.77
Axis Mid Cap Fund	0.64

From the above data that is being collected we can do a analysis of 5 mutual fund schemes. Among the above data schemes which are less than 1 has less volatile in the market whereas if it is more than 1 then it has more volatile in the market. So, accordingly investor how wants to have high return will take up high risk so those type of investors can invest in HDFC equity fund as its beta value is 1.11 and this is the most risky. The second risky scheme is HDFC Tax saver Fund it has the beta value of 1. when it comes to those investors who wants low risk can do the investment in Kotak Equity Arbitrage Fund as it is having the low Beta value of 0.43 when compared to other schemes.

## **INTRODUCTION ABOUT SHARPE RATIO:**

Sharpe Ratio was named by William F Sharpe introduced this in the year 1966. Sharpe ratio is one of the important financial tool that is being used for measure the performance of investment. Sharpe Ratio is defined as difference between actual risk and the risk free return and by dividing it by risk. These ratio are basically used to rank the performance of the funds.

A negative Sharpe ratio means that the portfolio is under performance compared to the set bench mark value. But most of the investors would prefer those that has positive value because that yield them some return this can happen only when they increase the return and reduce the volatility.

Example of Sharpe Ratio is,

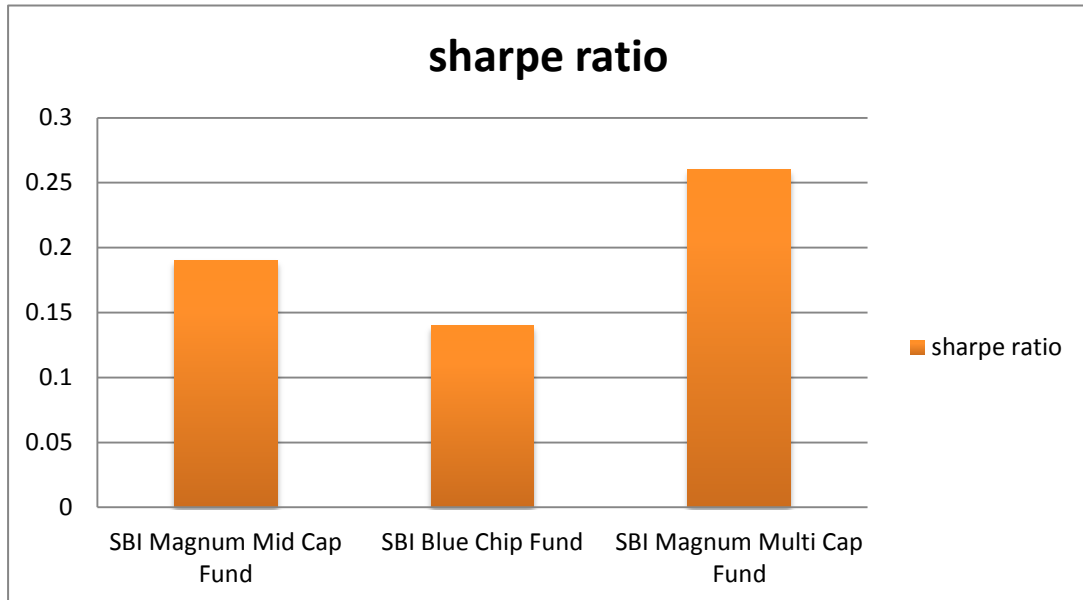
Assume that the current scheme has a expected return of 14% and the risk being 10% and the risk free rate of return being 6%. ?

To know the sharpe value of the given information weather it is working at a good condition or not. We have substitute the following details:

$$0.14 - 0.06 / 0.1 = 0.8$$

## SHARPE'S PERFORMANCE INDEX OF SBI

FUND NAME	RETURN	RANK
S.B.I Magnum Mid Cap Fund	0.19	2 <sup>nd</sup>
S.B.I Blue Chip Fund	0.14	3 <sup>rd</sup>
S.B.I Magnum Multi Cap Fund	0.26	1 <sup>st</sup>



**Chart 4.11: Sharpe Ratio of SBI Mutual Fund**

### **Analysis:**

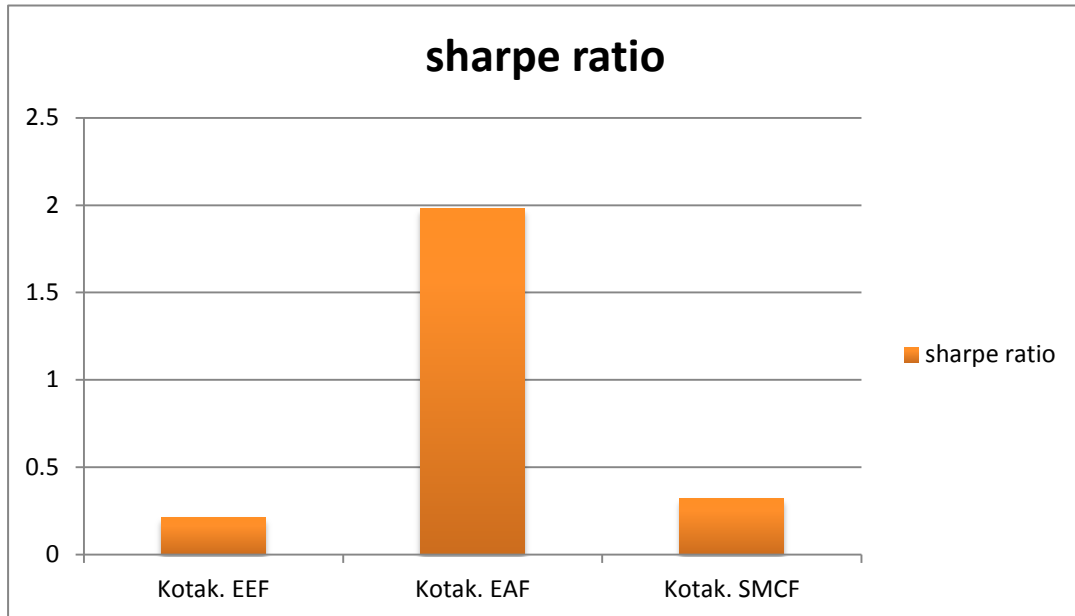
We can see from the above chart analyze that the Sharpe's index of SBI mutual fund from the last three years data is being taken for the study. The value of S.B.I magnum midcap fund is 0.19, S.B.I blue-chip fund is of 0.14 and SBI Magnum-multicap fund is 0.26.

### **Interpretation:**

The above done analysis shows the following Sharpe's index measure of the portfolio. This is done to evaluate both systematic-risk and unsystematic-risk of mutual fund performance. S.B.I magnum-multicap fund is showing the highest value, here high value means a better return yielding capacity and it also means it is performing well in market. SBI blue chip fund is showing the lower rank it means that it failed to diversify the risk.

## SHARPE'S PERFORMANCE INDEX OF KOTAK

FUND NAME	RETURN	RANK
Kotak Emerging Equity	0.21	3 <sup>rd</sup>
Kotak Equity Arbitrage Fund	1.98	1 <sup>st</sup>
Kotak Standard Multi cap Fund	0.32	2 <sup>nd</sup>



**Chart 4.12: Sharpe Ratio of Kotak Mutual Fund**

### **Analysis:**

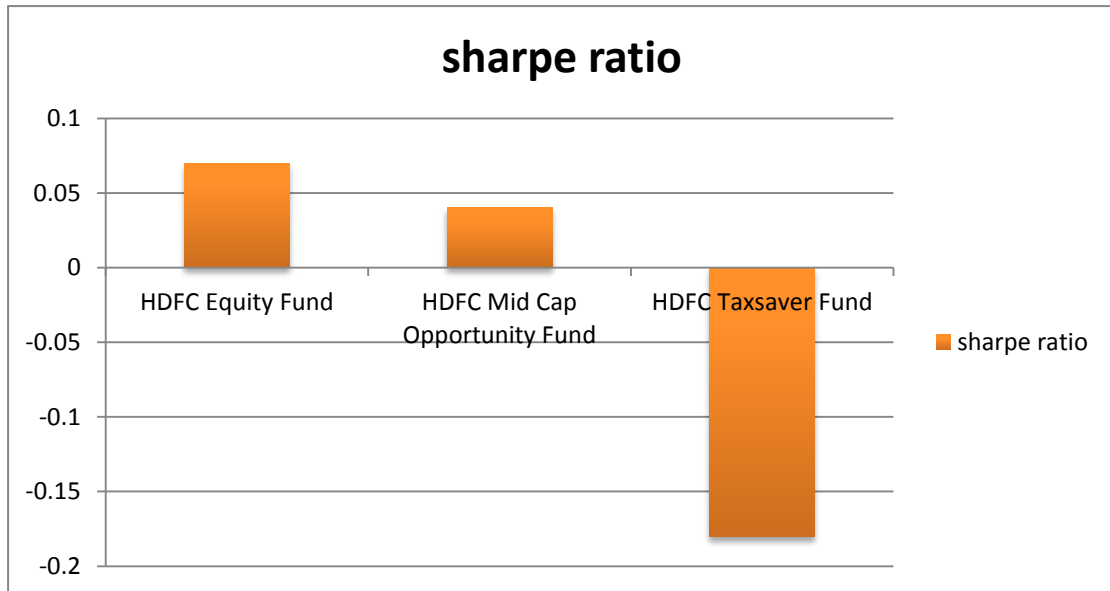
From the above chart given it can be analyzed that Sharpe's index of Kotak mutual fund from the last three years that is form 2015 to 2020 and the value of Kotak emerging equity is 0.21, kotak equity arbitrage fund is 1.98 and the Kotak standard multi cap fund is 0.32.

### **Interpretation:**

The above analyze shows the following information about Sharpe's index measure of the portfolio. The kotak equity arbitrage fund is having the highest rank among the three specified schemes this is showing the good performance in the portfolio and the kotak emerging equity is showing last rank because it failed to diversify the risk.

## SHARPE'S PERFORMANCE INDEX OF HDFC

FUND NAME	RETURN	RANK
HDFC. Equity Fund	0.07	1 <sup>st</sup>
HDFC. MidCap-Opportunity Fund	0.04	2 <sup>nd</sup>
HDFC. Tax saver Fund	-0.18	3 <sup>rd</sup>



**Chart 4.13: Sharpe ration of HDFC Mutual Fund**

### **Analysis:**

From the above chart given it was analyzed that that the Sharpe's index value of SBI Mutual funds for the last three years is given. They are HDFC equity fund is of 0.07, H.D.F.C midcap-opportunity fund is of 0.04 and HDFC tax saver fund is of -0.18.

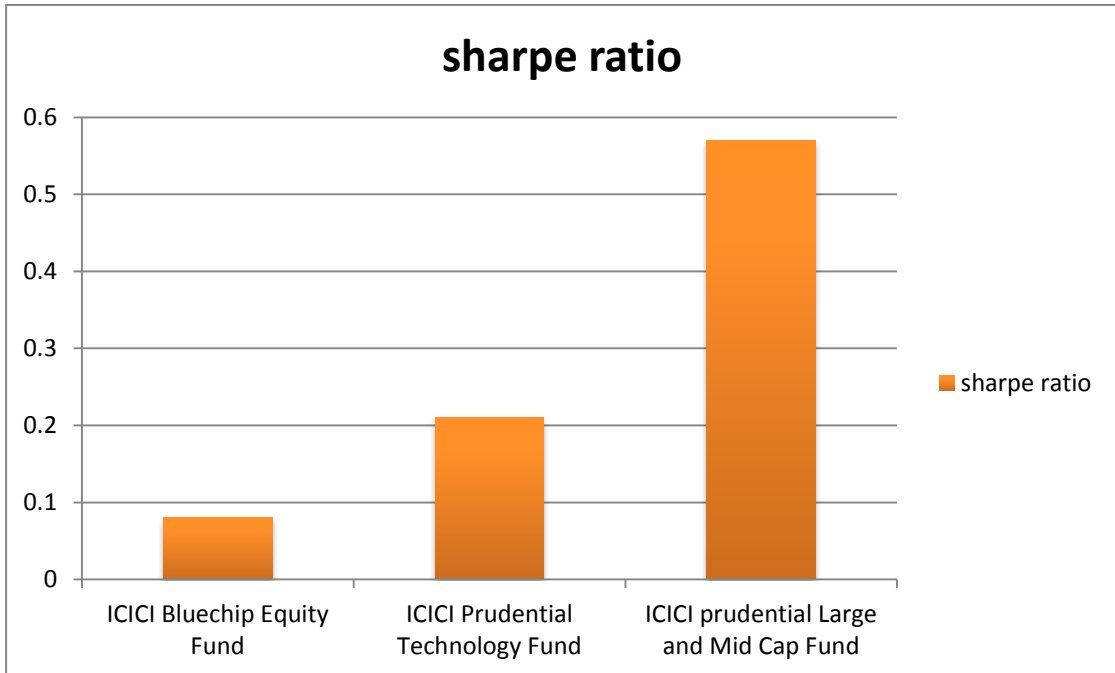
### **Interpretation:**

The above analysis is done to show the Sharpe's index measure performance of the portfolio it is done to evaluate both systematic and unsystematic risk on the performance of the mutual fund. As in the above analysis HDFC equity Fund is having high rank that means it is indicating better return when compared to other two where as HDFC TaxSaver fund is working very poor in providing the yield capacity.



## SHARPE'S PERFORMANCE INDEX OF ICICI

FUND NAME	RETURNS	RANK
ICICI Bluechip Equity Fund	0.08	3 <sup>rd</sup>
ICICI Prudential Technology Fund	0.21	2 <sup>nd</sup>
ICICI Prudential Large and Mid Cap Fund	0.57	1 <sup>st</sup>



**Chart 4.14: Sharpe Ratio of ICICI Mutual Fund**

### Analysis:

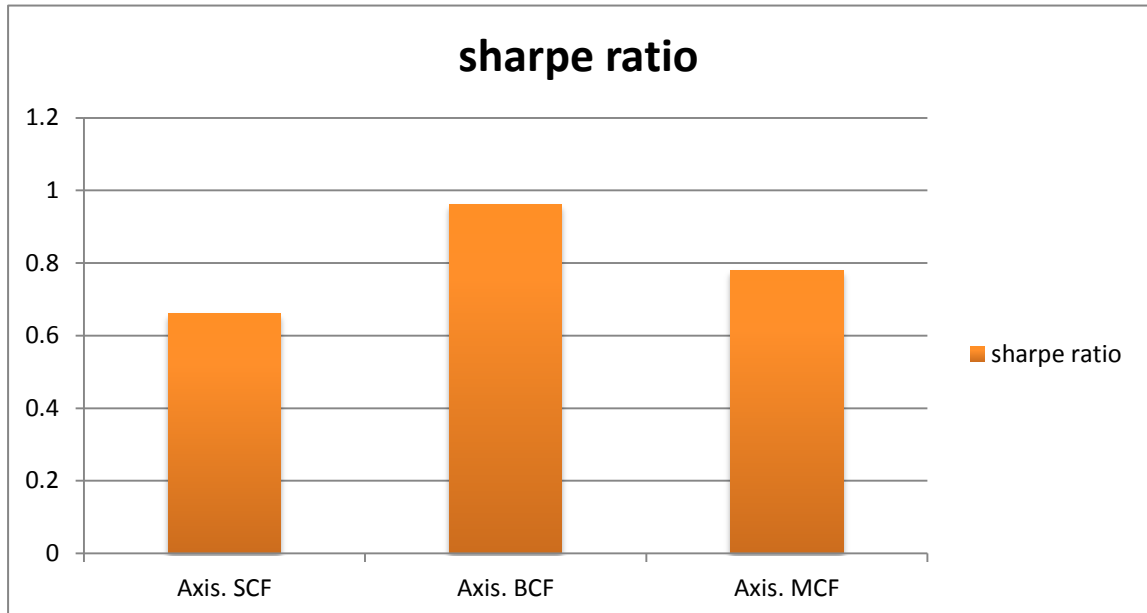
From the above information we can analyze that Sharpe ratio of ICICI mutual fund for over the period of three years. The given detail is as follows ICICI bluechip equity fund is 0.08, ICICI prudential technology fund is 0.21 and the ICICI prudential large and mid cap fund is 0.57.

### Interpretation:

From the above analyzed information we can do the interpretation of Sharpe's ration of ICICI mutual fund can indicate the degree of return that is generated by going the investment after considering two thing of systematic and unsystematic risk. According the above chat ICICI prudential large and mid cap funds are performing better when compared to other two bluechip equity fund is being lower ranked which has poor yield capacity.

## SHARPE'S PERFORMANCE INDEX OF AXIS

FUND NAME	RETURN	RANK
Axis Small Cap Fund	0.66	3rs
Axis Blue Chip Fund	0.96	1 <sup>st</sup>
Axis Mid Cap Fund	0.78	2 <sup>nd</sup>



**Chart 4.15: Sharpe Ratio of Axis Mutual Fund**

### **Analysis:**

From the above chart analysis of Sharpe's ratio of axis mutual funds for the period of three years. The given information is as follows axis small cap fund is 0.66, axis blue chip fund is 0.96 and the axis mid cap fund is 0.78.

### **Interpretation:**

The above analyzed information can be interpreted about the degree of returns that generated by doing the investment by considering systematic and unsystematic risk. In the above information Axis BC fund is doing good when compared to small cap fund and mid cap fund.

## COMPARATIVE STUDY OF 5 MUTUAL FUND SCHEMES:

FUND NAME	RETURN
SBI Magnum Mid cap Fund	0.19
SBI Blue Chip Fund	0.14
SBI Magnum Multi Cap Fund	0.26
Kotak. Emerg. Equity	0.21
Kotak. Equity-.Arbitrage Fund	1.98
Kotak. Standard Multicap Fund	0.32
HDFC. Equity Fund	0.07
HDFC. MidCap-Opportunity Fund	0.04
HDFC. Tax saver Fund	-0.18
ICICI Bluechip Equity Fund	0.08
ICICI Prudential Technology Fund	0.21
ICICI Prudential Large and Mid Cap Fund	0.57
Axis Small Cap Fund	0.66
Axis Blue Chip Fund	0.96
Axis Mid Cap Fund	0.78

From the above mentioned data we can do a comparative analysis on the 5 Mutual Fund Scheme of Sharpe Ratio. The Sharpe ratio analysis was done to deduct the risk free rate of return and will also give idea for investors who want to take decision on investment that will give them better return. In the above data HDFC fund is having a negative value of -0.18, so it is better that they invest in any government bonds. It is always better to have higher value so that the performance will be that good. Here in these schemes Kotak Equity Arbitrage Fund is having high Sharpe value of 1.98 even the beta value is less this means the risk level is also low so this can be suggested for people who want to invest and get higher rate return. And I would not suggest the investors to invest in h.d.f.c midcap-.opportunity fund because they have lowest value 0.04.

## **INTRODUCTION TO TREYNOR RATIO:**

The Treynor Ratio Index is also called as “Treynor reward to volatility model”. This was introduced by Jack L Treynor. The Treynor ratio is financial measurement tool that is used to measure the return value that is being earned from the excess than the value that can be earned from investment that is being done in no diversifiable risk. But here when calculating the Treynor Ratio we will not take total risk but instead we will take only systematic risk. The evaluation of the risk can be done when higher the Treynor Ratio means it is having better performance in the portfolio. There is few limitation in this ratio also, this ratio has only ranking criteria and this ranking system is useful only in few circumstances.

Here is the example to explain the calculation of ratio easily, they are as follows:

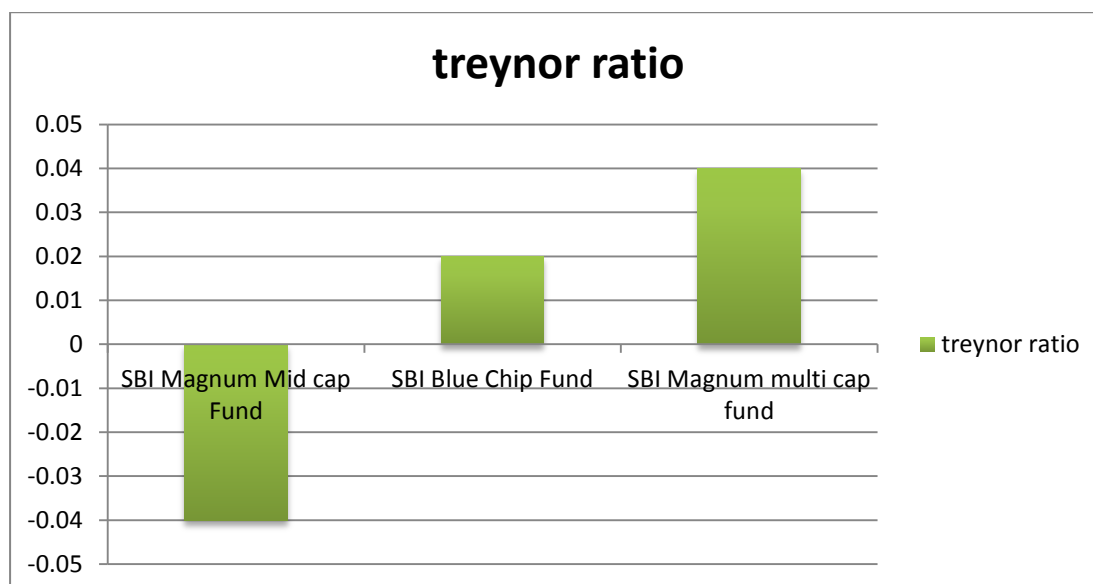
Let us imagine the expected rate of return is 30% and the risk free rate of return is 5% and the beta of the portfolio is approximately 1.5. So the Treynor value is

$$0.3 - 0.05 / 1.5 = 0.16$$

The analysis of this ratio can be done to compare the investment opportunities that the investor will receive. Some managers may go with long term profitability decision where as some other may go with short term because of the markets up and down which cannot be expected. Hence for these types of confusion treynor ratio will help to figure out the problem and gives an idea of which fund would be a good decision for their investment requirement.

## TREYNOR'S PERFORMANCE INDEX OF SBI

FUND NAME	VALUE	RANK
S.B.I Magnum-Mid Cap Fund	-0.04	3 <sup>rd</sup>
S.B.I Blue-Chip Fund	0.02	2 <sup>nd</sup>
S.B.I Magnum-Multi Cap Fund	0.04	1 <sup>st</sup>



**Chart 4.16: Treynor Ratio of SBI Mutual Fund**

### Analysis:

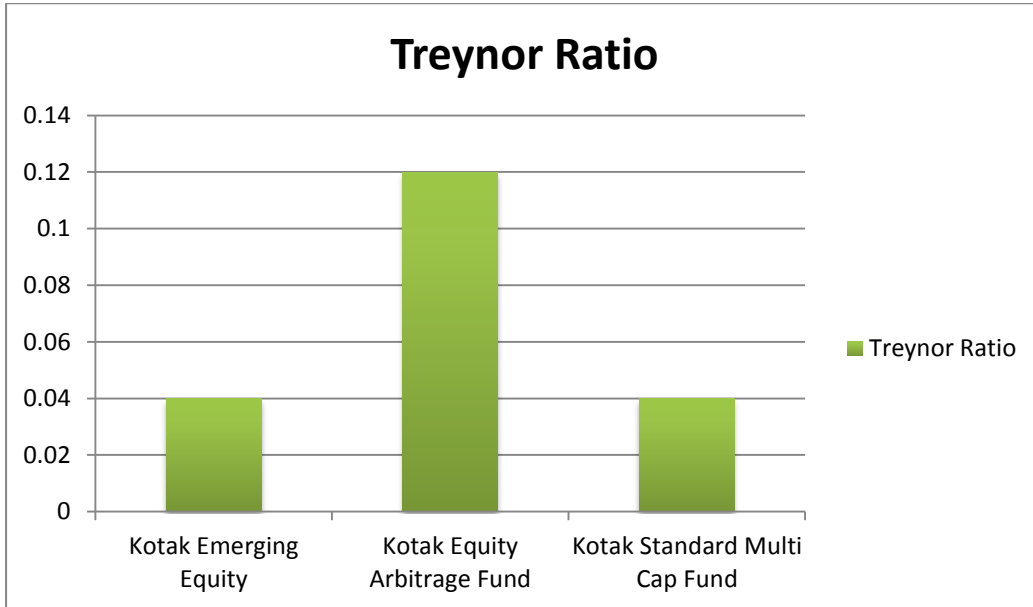
From the above shown chart it can be analyzed that Treynor's index of SBI mutual funds over last three years is given the treynor ratio sbi MMC fund is -0.04, sbi BC fund is 0.02 and sbi MMIC fund is 0.04.

### Interpretation:

From the above done understanding we can interpret the following data that the Treynor ratio will help us to know the return in relation to the market risk of the fund. The Treynor ratio of SBI magnum multi cap fund is performing good and its beta is also being managed well when compared to the rest of the schemes. Where as the treynor ration of SBI magnum mid cap fund has gone to negative which says its performance is going very bad.

## TREYNOR'S PERFORMANCE INDEX OF KOTAK

FUND NAME	VALUE	RANK
Kotak Emerging Equity	0.04	2 <sup>nd</sup>
Kotak Equity Arbitrage Fund	0.12	1 <sup>st</sup>
Kotak Standard Multi Cap Fund	0.04	3 <sup>rd</sup>



**Chart 4.17: Treynor Ratio of Kotak Mutual Fund**

### **Analysis:**

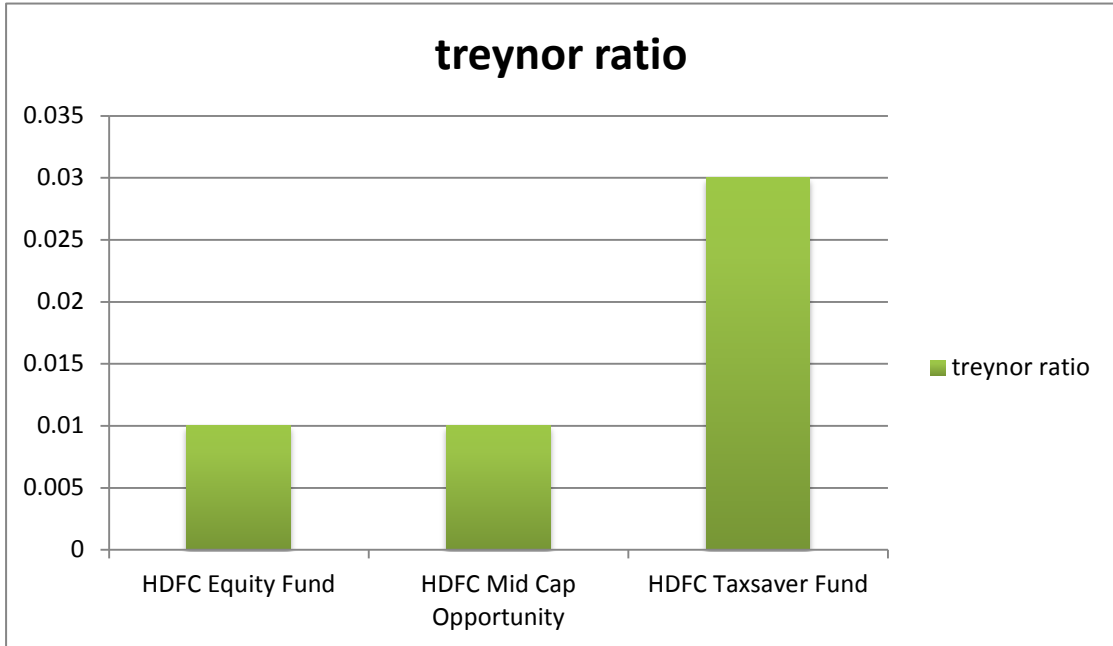
From the above information of kotak mutual funds we can analyze the treynor value of kotak emerging equity of 0.04, kotak equity arbitrage fund is 0.12 and kotak standard multi value fund is 0.04.

### **Interpretation:**

From the above done analysis we can interpret about the following information that the Treynor ratio will help us to know the return in relation to the market risk of the fund. Here the kotak equity arbitrage fund performs well as compared to funds of other two schemes but its beta value is not upto the mark. Where as other two schemes are moving at a same constant growth.

## TREYNOR'S PERFORMANCE INDEX OF HDFC

FUND NAME	VALUE	RANK
HDFC Equity Fund	0.01	3 <sup>rd</sup>
HDFC Mid Cap Opportunity Fund	0.01	2 <sup>nd</sup>
HDFC Taxsaver Fund	0.03	1 <sup>st</sup>



**Chart 4.18: Treynor Ratio of HDFC Mutual Fund**

### Analysis:

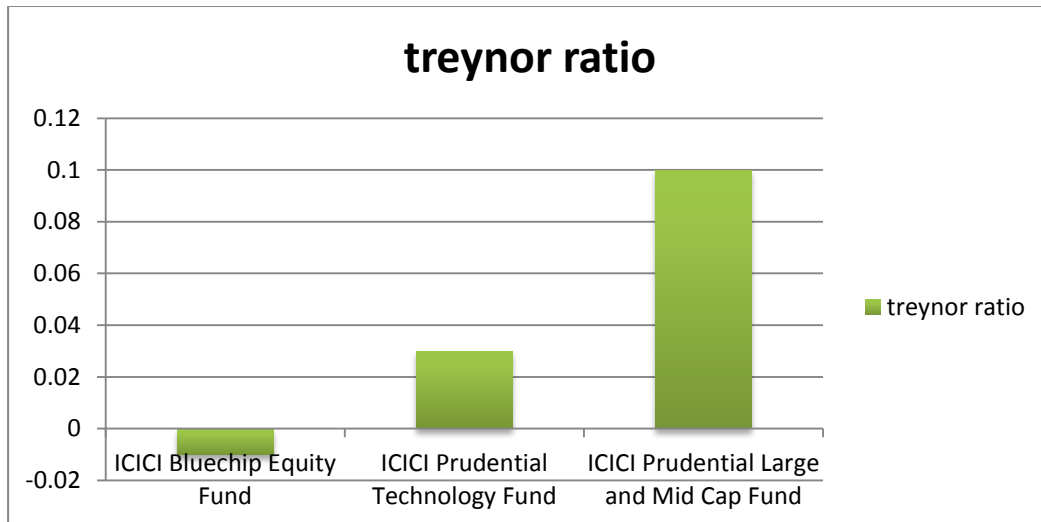
From the above data given we can analyze that treynor ratio of HDFC Mutual fund for the last previous years is given there are few schemes which are being given, those are HDFC equity fund of 0.01, HDFC mid cap Opportunity is 0.01 and HDFC taxsaver fund is 0.03.

### Interpretation:

From the above analysis we can interpret the traynor's ranking for HDFC mutual fund is based on risk and returns for the fund. The index measures the risk but not taking the complete risk into consideration. In HDFC mutual funds, the HDFC taxsaver fund is being ranked first among the schemes, it is also being managed properly. The other two schemes are being in same rank position.

## TREYNOR'S PERFORMANCE INDEX OF ICICI

FUND NAME	VALUE	RANK
ICICI Bluechip Equity Fund	-0.01	3 <sup>rd</sup>
ICICI Prudential Technology Fund	0.03	1 <sup>st</sup>
ICICI Prudential Large and Mid Cap Fund	0.1	2 <sup>nd</sup>



**Chart 4.19: Treynor Ratio of ICICI Mutual Fund**

### Analysis:

From the above graph given we can analysis the Treynor ratio of ICICI mutual funds for the period of three years and the ICICI bluechip equity fund is -0.0 ICICI prudential Technology fund is of 0.03 and the ICICI prudential large and Mid cap fund is 0.1.

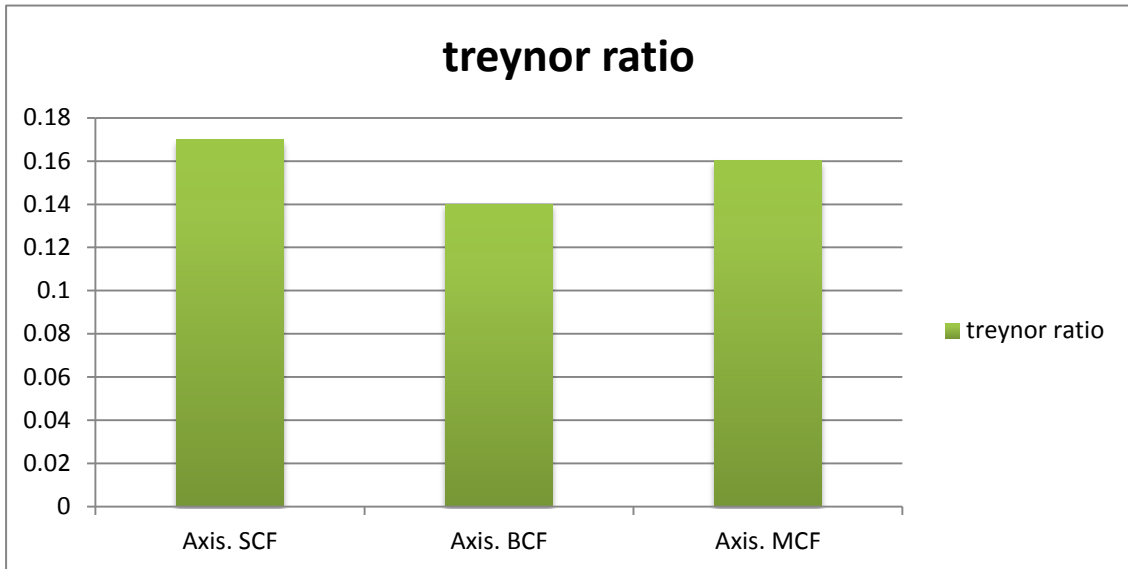
### Interpretation:

The above data given represents the Treynor's performance index. It is one of the performance matrix which says how much return can be generated from each unit that is taken in portfolio. ICICI prudential large and mid cap fund is having high return according to Treynor ration that is 0.1 and ICICI bluechip equity fund is having little low when compared to other two mutual fund schemes.



## TREYNOR'S PERFORMANCE INDEX OF AXIS

FUND NAME	VALUE	RANK
Axis Small Cap Fund	0.17	1 <sup>st</sup>
Axis Blue Chip Fund	0.14	3 <sup>rd</sup>
Axis Mid Cap Fund	0.16	2 <sup>nd</sup>



**Chart 4.20: Treynor Ratio of Axis Mutual Fund**

### **Analysis:**

From the data given it can be analyzed to Treynor's ratio performance of Axis mutual funds for the period of three years and the value of axis small cap fund is 0.17, Axis blue chip fund is 0.14 and Axis mid cap fund is 0.16.

### **Interpretation:**

The above table shows the analyzed value if Treynor performance index. According to this index Axis small cap fund is performing well when compared to other even though its beta value is low. Where in case of axis blue chip fund the beta value is high where as the treynor ratio is low when compared to other.

## COMPARATIVE ANALYSIS ON 5 MUTUAL FUND SCHEME

FUND NAME	VALUE
SBI Magnum Mid Cap Fund	-0.04
SBI Blue Chip Fund	0.02
SBI Magnum Multi Cap Fund	0.04
Kotak. Emerg. Equity	0.04
Kotak. Equity-.Arbitrage Fund	0.12
Kotak. Standard Multicap Fund	0.04
HDFC. Equity fund	0.01
HDFC. MidCap-Opportunity fund	0.01
HDFC. Tax saver Fund	0.03
ICICI Bluechip Equity Fund	-0.01
ICICI Prudential Technology Fund	0.03
ICICI Prudential Large and Mid Cap Fund	0.1
Axis Small Cap Fund	0.17
Axis Blue Chip Fund	0.14
Axis Mid Cap Fund	0.16

When it comes to a comparative analysis of the five Mutual Fund schemes. We know Treynor ratio generally say about the systematic risk that a fund can be faced. So in the above data we have two fund which are being performing in negative value even though there beta and Sharpe value are moderately good but the treynor ratio has fallen to negative of -0.04(SBI Magnum Mid Cap Fund) and 0.01(ICICI Bluechip Equity Fund) which means they are performing worse than the risk free rate of the instruments. But it suggestible for the investors who are ready to take up slightly higher risk can go for Axis Small Cap Fund of 0.17 and even its Sharpe value and the beta are also being good.

## **INRODUCTION ABOUT JENSON RATIO:**

Jenson Performance Index is also called as Jenson alpha. This ratio is used to analyze the investor's abnormal portfolio return, also predicted by CAPM (capital asset pricing model).

Let use consider some example for understanding more clearly, let us consider two mutual funds and these two funds are having a return of 12%, they have to select an investment option that is less risky. Here Jensen model can be used for determining which model will be suitable for them. After calculating, if the value comes positive then it means the portfolio is earning excess return in other sense it means the fund manager has crossed the market value by selecting a right stock and the vise-versa.

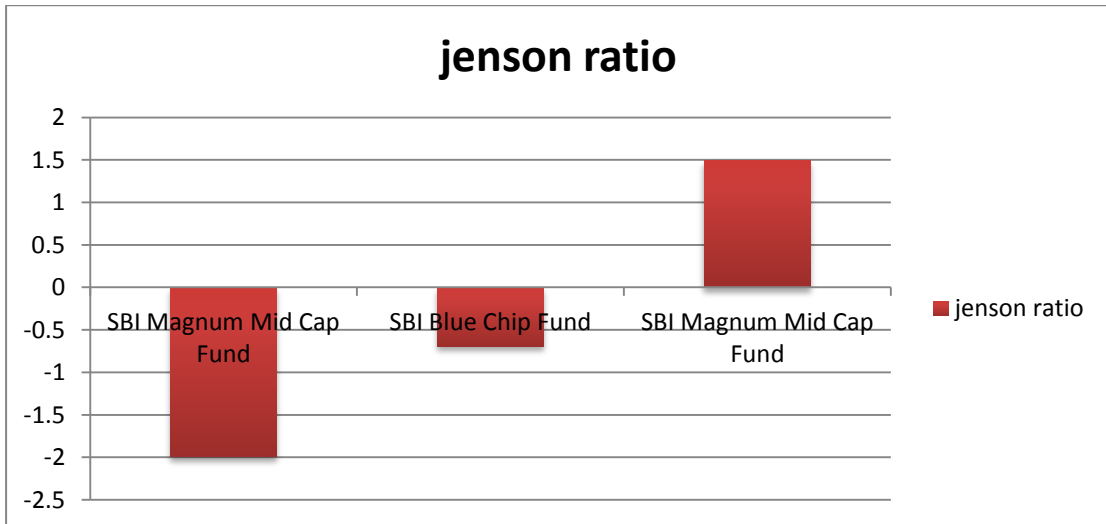
Example, a mutual fund return value is 15%, the appropriate market value of the fund is 10% and the beta value of the fund is 1.2 the risk free rate of return is 4%, so the ratio value is:

$$15\% - (4\% + 1.2 \times (12\% - 3\%)) = 0.24\%$$

From the above beta value the fund is risky, which means it earns more return. As the ratio value is showing positive that means the manager will earn more return than the expected value. But if the value was in negative then the manager will not have enough returns even after taking the risk.

## JENSON'S PERFORMANCE INDEX OF SBI

FUND NAME	VALUE	RANK
S.B.I Magnum-Mid Cap Fund	-1.99	3 <sup>rd</sup>
S.B.I Blue-Chip Fund	-0.69	2 <sup>nd</sup>
S.B.I Magnum-Multi Cap Fund	1.49	1 <sup>st</sup>



**Chart 4.21: Jenson Ratio of SBI Mutual Fund**

### Analysis:

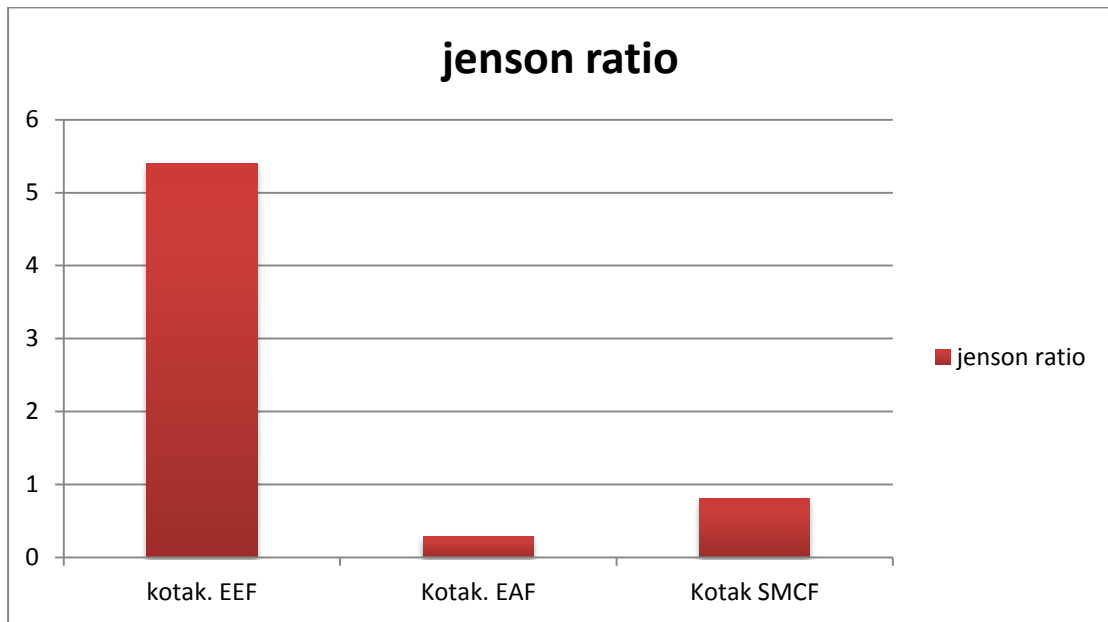
The information that shows the Jenson's performance index of SBI mutual fund for a period of three years, it provide following information that is sbi MMC fund is -1.99, sbi BC fund is -0.69 and sbi MMIC fund is 1.49.

### Interpretation:

The above analyzed information can be interpreted in Jenson's ratio where this measure says whether the portfolio is earning proper return or not. Here, only the SBI magnum mid cap fund is in positive and higher where as the other two schemes is having poor performance.

## JENSON'S PERFORMANCE INDEX OF KOTAK

FUND NAME	VALUE	RANK
Kotak Emerging Equity	5.4	1 <sup>st</sup>
Kotak Equity Arbitrage Fund	0.28	3 <sup>rd</sup>
Kotak Standard Multi Cap Fund	0.81	2 <sup>nd</sup>



**Chart 4.22: Jenson Ratio of Kotak Mutual Fund**

### Analysis:

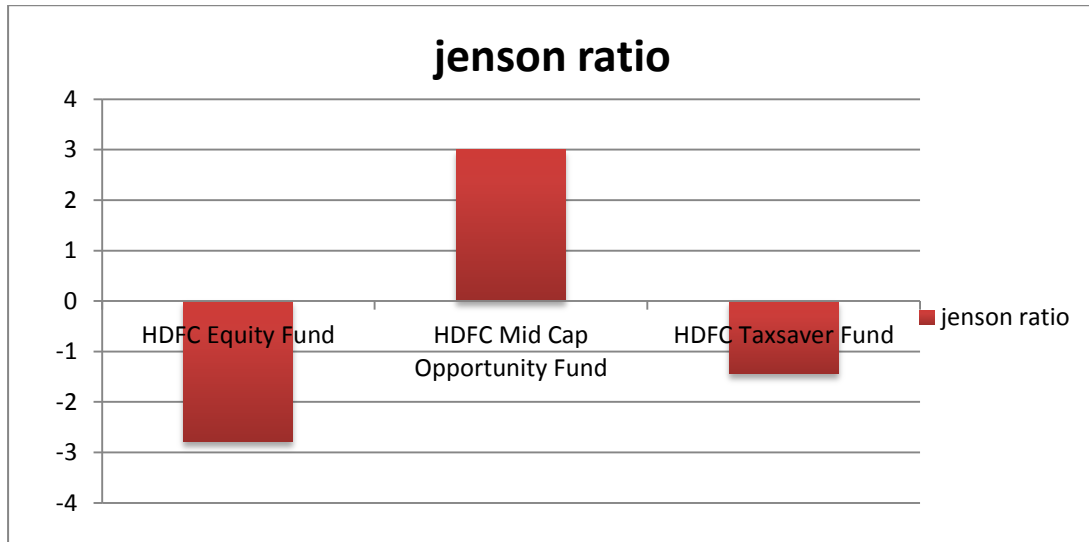
The above data shows the jenson's performance value of kotak mutual fund for the average period of three years. The following information is kotak emerging equity is 5.4, kotak equity arbitrage fund is 0.28 and kotak standard multi cap fund is 0.81.

### Interpretation:

From the above done analysis we can interpret that the jenson's value is the indicates the portfolio performance. In case of above data kotak emerging equity fund is performing good when compared to the other schemes which is 5.4 and the kotak equity arbitrage performance is low as per the index performance.

## JENSON'S PERFORMANCE INDEX OF HDFC

FUND NAME	VALUE	RANK
HDFC. Equity Fund.	-2.79	3 <sup>RD</sup>
HDFC. Midcap-opportunity Fund.	3	1 <sup>ST</sup>
HDFC. tax saver Fund.	-1.43	2 <sup>ND</sup>



**Chart 4.23: Jenson Ratio of HDFC Mutual Funds**

### Analysis:

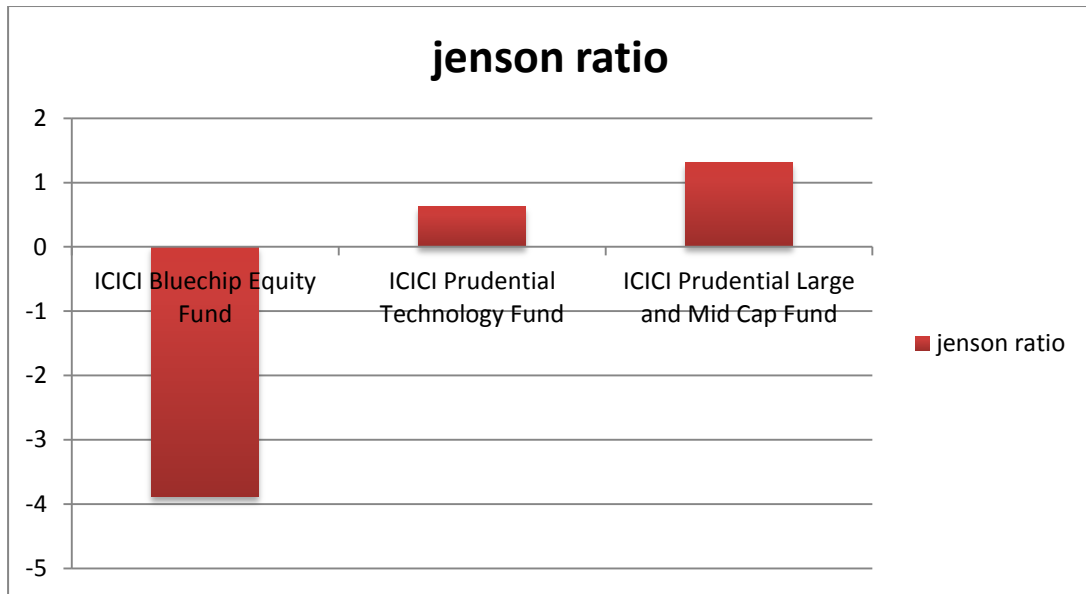
From the above data, information for the three-year period on the HDFC mutual fund is provided. Here they have informed the following information that is HDFC equity fund is -2.79, HDFC mid cap opportunity fund is 3 and the HDFC tax saver fund is -1.43.

### Interpretation:

From the above analysis we can interpret the performance of HDFC mutual funds because this indicates the value of portfolio. According to the given information only HDFC mid cap opportunity fund is good when we see the other schemes because of its positive value.

## JENSON'S PERFORMANCE INDEX OF ICICI

FUND NAME	VALUE	RANK
ICICI Bluechip Equity Fund	-3.88	3 <sup>rd</sup>
ICICI Prudential Technology Fund	0.63	2 <sup>nd</sup>
ICICI Prudential Large and Mid cap Fund	1.31	1 <sup>st</sup>



**Chart 4.24: Jensen Ratio of ICICI Mutual Fund**

### **Analysis:**

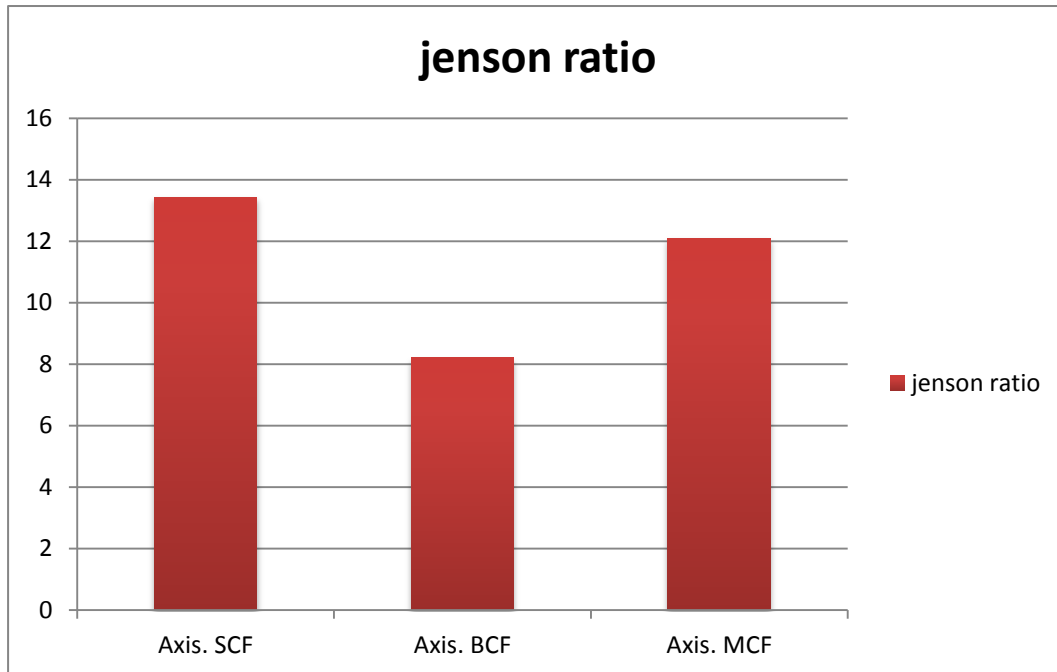
From the data given above, we may analyse the following information on jenson performance index for the three years with the following information of ICICI blue chip equity fund of -3.88, ICICI prudential technology fund of 0.63 and ICICI prudential large and mid cap fund of 1.31.

### **Interpretation:**

From the above analyzed information we can interpret the given data of jenson performance. According to that ICICI prudential large and mid cap fund are comparatively performing better in its portfolio and the ICICI bluechip equity fund is having poor performance according to the ranking of the schemes.

## JENSON'S PERFORMANCE INDEX OF AXIS

FUND NAME	VALUE	RANK
Axis Small Cap Fund	13.44	1 <sup>ST</sup>
Axis Blue Chip Fund	8.23	3 <sup>RD</sup>
Axis Mid Cap Fund	12.1	2 <sup>ND</sup>



**Chart 4.25: Jenson Ratio of Axis Mutual Fund**

### **Analysis:**

From the data given we can analysis the following information of Jenson performance index for the period of three year. According to that axis small cap fund it is 13.44, axis blue chip fund is 8.23 and axis mid cap fund is 12.1.

### **Interpretation:**

The above analyzed information helps us to interpret the data about Jenson ratio performance of the portfolio. All three schemes are performing good but axis small cap fund are more better when compared to other schemes and according to the ranking axis blue chip fund is a bit less performing when compared to other schemes



**COMAPRATIVE ANALYSIS OF FIVE MUTUAL FUND SCHEMES:**

<b>FUND NAME</b>	<b>VALUE</b>
SBI Magnum Mid Cap fund	-1.99
SBI Blue Chip Fund	-0.69
SBI Magnum Multi Cap Fund	1.49
Kotak. Emerg.ing Equity	5.4
Kotak. Equity-.Arbitrage Fund	0.28
Kotak. Standard Multi cap Fund	0.81
HDFC. Equity fund	-2.79
HDFC. Midcap-opportunity fund	3
HDFC. taxsaver fund	-1.43
ICICI Bluechip Equity Fund	-3.88
ICICI Prudential Technology Fund	0.63
ICICI Prudential Large and Mid Cap Fund	1.31
Axis Small Cap Fund	13.44
Axis Blue Chip Fund	8.23
Axis Mid Cap Fund	12.1

So, Jenson Ratio is generally used to measure the present average return that the investor will receive for the portfolio that he is going to invest. In the above comparative study of five schemes for different mutual fund we can say four schemes are in negative they are -1.99 (sbi magnum midcap fund), -0.69 (sbi blue chip fund), -2.79 (hdfc equity fund) and -1.43 (HDFC Tax saver Fund) and -3.88 (ICICI Prudential Large and Mid Cap Fund) these values says that the investor will not receive the return that he has to even after the amount of risky taken during that time. Where as the Axis Small Cap Fund is having high return and even the risk is moderate. So this is preferable choice for the investors.

# **CHAPTER - 5**

## **CHAPTER 5**

### **5.1 FINDING:**

- Many have idea about mutual funds but many of them have a negative perception about mutual fund.
- Another thing is many investors are worried about the risk factor because of that where they will lose the money.
- Now days there are various mutual funds schemes available but this not being aware to the people.
- Most of the people think bank deposit is a safest investment option. This is because they don't know the difference between saving and investment.
- Some people do investment in mutual fund may be for tax benefits or for liquidity.
- For many investors who wants to invest have to analysis with specified available performance evaluation measures like Treynor, Sharpe and the Jensen model to known its position in terms of return and risk.

### **5.3 CONCLUSION:**

From the above done study on mutual fund we can come to conclusion that these mutual funds is a safe investment tool. Mutual fund can be said as an investing option for the investor in a proper diversified manner. After doing the analysis and interpretation of 5 mutual fund schemes. In this the most important investment decision to be considered is the return and the risk along with that safety, taxability and the liquidity.

In the above collected data we could analyses that the schemes had positive as well as negative values. We could interpret that, the influence of the economic condition are closely affecting the behavior of the schemes.

The mindset of investors still thinks that traditional investment is safest form of investment. Specialize agents in the mutual fund are not mostly seen.

The perception of people about mutual fund was that they are risky type of investment. Most of them satisfy from the current return what they receive and this makes them not to take risky by investing in mutual funds.

Finally, any investors have to consider the statistical parameter like Beta, Alpha, Standard deviation, etc. while investing in schemes.

## **5.2 SUGGESTIONS AND RECOMMENDATION:**

- The most common thing is that the investors should be aware of the benefits of different scheme.
- Mutual funds offer various benefits than other single option. But this is not known to most of the people. Thus the main role of the advisor takes place at this situation because of their lack of knowledge.
- Therefore, basically suggestion and recommendation on the report is based on the facts, figure, attitude, perception, and other things that we receive during the research work. So, these were the common things that I would suggest.

## **BIBLIOGRAPHY**

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<http://www.mutualfundindia.com>

[www.google.com](http://www.google.com)

## ANNEXURE:

### ACTIVITY CHART

Sl. No.	Activity	Activity Details	Duration
1	Activity-1	Understanding Structure, Culture and functions of the organization/identification of business problem from the Industry from the literature study	Week-1 [2 <sup>nd</sup> JAN – 12 <sup>th</sup> JAN]
2	Activity-2	Discussion with the guide for finalization of research design and instrument and presenting the same to the guide.	Week-2 [13 <sup>th</sup> JAN – 19 <sup>th</sup> JAN]
3	Activity-3	Collection of data, editing of the collected data, coding, tabulating and presenting to the guide for suggestions for analysis.	Week-3 [20 <sup>th</sup> JAN – 26 <sup>th</sup> JAN]
4	Activity-4	Analysis and finalization of report and making presentation to the guide	Week-4 [27 <sup>th</sup> JAN – 9 <sup>th</sup> FEB]
5	Activity-5	Submission of final Report to the University before one week of the commencement of theory examination	Week-5 [10 <sup>th</sup> FEB – 16 <sup>th</sup> FEB]

*Hemalata*

Name and Signature of the Student