JETIR.ORG ISSN: 2349-5162 | ESTD Year : 2014 | Monthly Issue
JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)
An International Scholarly Open Access, Peer-reviewed, Refereed Journal

Risk and Return Study of Some Selected Equity Mutual Funds Funding plans (with a focus on SBI Mutual Funds)

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Abstract

A mutual fund is a financial fund that is properly run and pools the money of many investors buy stocks and bonds. Market risk, which includes both systematic risk and unsystematic risk, can affect mutual funds. Mutual funds have less through diversity, the risks that come with investing. The Indian mutual funds' assets under management (AUM) are: In the 2017 fiscal year, the mutual fund (MF) business grew by 42%, which is a very high rate. Strong fundamentals are to blame for the growth. The retail industry grows, and the market as a whole does too. The paper figures out how risky SBI mutual fund schemes are in different types of stock. In addition, it also shows the return that different SBI mutual fund plans in different categories of equity give. In addition to this, paper analyses the SBI mutual funds' portfolios and how their assets are split among the different categories of equity.

INTRODUCTION

A theme mutual fund is almost exactly the same as any other mutual fund in terms of how it works. You put money into the fund, and based on how much you put in, you get a piece of the pie. The fund manager is in charge of the fund and makes investment choices. There are many different types of investment funds with different goals, aims, and investment strategies. All of this is also done by a mutual fund with a theme. The way a theme mutual fund invests is what makes it different from other funds.

As the name suggests, a thematic mutual fund makes its financial choices based on the theme that runs through it. For example, an FMCG theme could be the basis for a themed fund, which would then invest in companies in the FMCG field. These themes aren't limited, and it's up to the fund and its managers to choose them so that investors with similar interests will want to invest in their thematic fund. For example, a business could offer a minimum variance thematic fund, a transportation and logistics-focused thematic mutual fund, or a special situations fund. There are also funds that offer a type of mutual fund called a "ethical thematic fund." This type of fund makes investment decisions based on certain ethical values while still making money for the fund. Don't forget that themed funds can also focus on other types of securities besides stocks and shares, such as fixed-income securities like bonds.

People have different levels of comfort with risk, which means that no investment is a bad choice, except for the one that isn't right for you. You don't think about before you do it. Before investing, it's best to look closely at the chances of danger and gain any money. Every investment comes with some level of risk. No matter where you are, you can't completely get rid of these risks. This amount of risk has nothing to do with the quality of the investments, the methods used by the fund, or the way the fund is run. Mutual funds give clients the best returns based on their risk. Even with the best mutual funds, there's no way to know for sure that investments with no risk at all.

Risks are made worse by things like bad management, wrong knowledge, and in general actions that are hard to do. The best way to invest in a mutual fund is to know a lot about its plan and how it works. It also figure out what's worth taking a chance on.

According to statistics from the Association of Mutual Funds in India (AMFI), AUM grew from Rs. 12.3 lakh crore in March 2016 to Rs. Rs. 17.5 million crore in March 2017. The total amount of cash, income, and equity (including equity-linked savings) that came in was called the net intake. Schemes or ELSS) have been worth Rs. 1.2 million crore, Rs. 0.96 million crore, and Rs. 0.70 million crore, respectively. In March 2017, Rs. 8,216 crore came into equity funds, including ELSS. In March 2016, Rs. In February 2017, they had 6,462 crore. In FY2017, there have been net entries of Rs. 70,367 crore in this group every month. Retail participation in the Systematic Investment Plan (SIP) is a popular way to invest, so the Equity group is high. Based on what AMFI says, during FY2017 (until February), the mutual fund business gained an average of 6.2 lakh SIP accounts per month. and the average ticket amount per account was Rs. 3,100.

In March 2017, the assets of Equity funds (including ELSS) hit an all-time high of Rs. 5.4 lakh crore. The increase can strong store sales and general market growth can be blamed. FY2017 ended up being a great year for the Across all groups, investors put in Rs. 3.4 lakh crore into the mutual fund business.

REVIEW OF LITERATURE

Bhagyashree and Kishori studied the success of 30 mutual fund plans that were chosen at random in 2016, for five years, each day's closing NAV was written down. Based on the results of the study, Tata Equity Opportunity funds gave the most money back, while Reliance growth funds gave back the least. 14 of the 30 plans were less risky than market risk, and every other plan has more risk than the market. 8 plans have a beta number of more than 1, which means that they are very dangerous. All of the funds that were looked at had a positive Sharpe ratio, and 14 of the funds had a Sharpe ratio of more than portfolio as a standard. Tata Equity Opportunities Funds, HDFC Large Cap Funds, and DSP Mutual Funds had the highest Sharpe ratios.

Goyal (2015) found that Crisil September 2014 ranked the top 10 equity-diversified mutual funds in India. The money picked Fund, BNP Paribas Equity Fund, SBI Blue Chip Fund, UTI Equity Fund, and Birla Sun Life Top 100 Fund. Canara Robeco Large Cap+ Fund, Franklin India Opportunities Fund, Frontline Equity Fund, BOI AXA Equity Fund, L&T Equity Fund, and Kotak Opportunities. S&P CNX Nifty was also used to measure how well these funds did. From this research I came to the conclusion that the average returns of mutual fund plans are better than the returns of standard indices. It also made clear that Mutual fund plans have a bigger standard range. It was said that the Franklin India mutual fund gave the best return. It has high sharp ratio, Treynor ratio, and Jensen alpha, and low variation in returns.

Dr. Sarika's book, which came out in 2015, is all about growing net worth and meeting long-term financial goals. It is possible to lose money when you invest. principal and cares more about how much money they will get back. Standard deviation can be used to figure out this total risk. risk that is not planned for and risk that is planned for. Risk that can't be spread out is also called diversifiable risk. Systemic danger This type of risk is measured by Beta and may be called non-diversifiable risk, inevitable risk, or market risk.

GUPTA (2013) said that the mutual fund business has grown a lot in the last 20 years. The number of The number of projects where more money has been raised in the last few years shows how important Indian industry for joint funds. Mutual funds have to exist so that millions of individual buyers can get what they want work well as investments for institutions. Proper evaluation of how different funds have done and how they compare to each other funds help small buyers decide how to spend their money. Statistical evidence shows that individual buyers are not very interested in People use things like trends and the rate of return.

Ruahal S. (2013) looked at large cap, infrastructure, hybrid, multi cap, and mid & small cap mutual funds. tiny cap. Statistical analysis was used to compare the results of three schemes from each group. Tools like the standard deviation, beta, alpha, R squared, and sharpe ratio can help you do this. All of the plans were said to have worked out well return. The benchmark, big, and blend funds did worse than the midcap and small cap funds. Analysis of risk showed that compared to other funds, hybrid funds had less total risk because they had a lot of loan funds. Large cap funds and consumer funds had the least amount of difference between their results and the average. Overall, investing in mutual funds proved to be a good way to make money from 2013 to 2014.

Ravikumar (2013) looked at how well certain Indian mutual fund plans did in five different ways. Sharpe ratio, Treynor ratio, Jensen measure, Sharpe difference return measure, Fama's measure, and Jensen measure. mechanisms of investment success using the average monthly NAV of 60 plans from 10 mutual funds for the five year-dated, or between April 2000 and March 2005. A market index and a set of fundexes were used as two benchmark portfolios.

use for this reason. Monthly Treasury Bills with a maturity of 91 days were used as a stand-in for the risk-free rate of return.

Jain (2012) found that the study had looked into how well quality-based mutual fund plans in India were doing, using data from the Indian Stock Exchange. Both private and public businesses have done well in the long run. While deals between the reliance and kotak mutual funds have done better than the UTI, and the SBI has done the worst. The results make it clear that over the years. In the last 15 years, mutual fund companies in the private sector have done better than those in the state sector. How well each mutual fund is doing.

Dhanda SK (2012) has looked at how certain open-ended plans perform in terms of risk and profit. Using the rate of return, Beta, Standard Deviation, Sharp Ratio, and Treynor Ratio, you can see how two things are related. BSE-30 has been a standard to study how well mutual funds in India are doing, and the study time is from April 1, 2009, to March 31, 2011. The study's results showed that only three schemes did better than the standard.

Prince V. and L. Bacon over the ten years from 1997 to 2006, the market did well. In this study, the results were compared to a set of tools that measure success benchmarks to see if real speed is close to what was predicted. The results showed that there was some Returns have been made, but you can't use a single measure as a guide for more than a few of the funds. A good way to judge even past results. The data tends to show that the market works because, for the most The results on the actively managed funds that were looked at in this study were mostly what was predicted.

Gohar R, Ahmed S, and Niazi U compared how well different types of mutual funds in Pakistan did in 2011 and I've come to the conclusion that stock funds do better than income funds. The sample was chosen based on how the companies were ranked. The data will be taken by the Pakistan Credit Rating Agency (PACRA) every month for five years, from 2005 to 2009. The results showed that broker-backed equity funds did better than big equity funds.

And, among income funds, institutional funds do better than broker-backed funds.

Noulas and Athanasios, in 2005, looked at how well Greek stock funds did from 1997 to 2000. The Risk and return were looked at to make the decision. The first three years of the investment brought in money. Stock market, and the fourth year was when the market fell quickly, according to A Study on the Performance of Equity mutual funds (with a focus on equity big cap. The results showed that there were big differences between the stock portfolios in terms of risk and return. The mutual funds in terms of risk and return, and the results showed that risk and return were linked in a good way return for the whole time, and all of the funds' betas were less than one.

Rao Narayan and Ravindram found in 2002 that the Indian mutual fund industry's performance review was a bear, relative performance measure, risk-return analysis, Treynor's ratio, Sharpe's ratio, Jensen's ratio, and Treynor's ratio. The data came from AMFI and was made up of monthly closing NAVs from September 1998 to April 1999. 02 (bear time) of 269 open ended plan. They didn't include the funds whose returns were lower than the risk-free yields. These schemes were used to find out more. Based on relative data, it seemed like most mutual fund plans in The group of 58 were able to meet investors' expectations by giving them more money than they expected.

RESEARCH METHODOLOGY

The paper is based on facts that came from other sources. Ten years data were used to do the study. The data set used was taken from the database of the Association of Investment Companies. Mutual Funds of India (AMFI), National Stock Exchange (NSE) for S&P CNX Nifty, and the Reserve Bank of India (RBI). The rate with no risk.

SBI Healthcare Opportunities Fund

SBI Healthcare Opportunities Fund is an open-ended thematic equity mutual fund that primarily invests in the healthcare and pharmaceutical sectors. The fund's objective is to provide long-term capital appreciation by investing in equity and equity-related instruments of companies engaged in the healthcare and allied sectors. Fund Details: Launch Date: October 04, 1999 Expense Ratio: 2.33% (as of January 31, 2022) Asset Allocation: Equity and Equity-related Instruments of Healthcare and Pharmaceuticals: 97.55% Top Holdings: Divi's Laboratories Ltd. Cipla Ltd. Dr. Reddy's Laboratories Ltd. Aurobindo Pharma Ltd. Sun Pharmaceutical Industries Ltd.

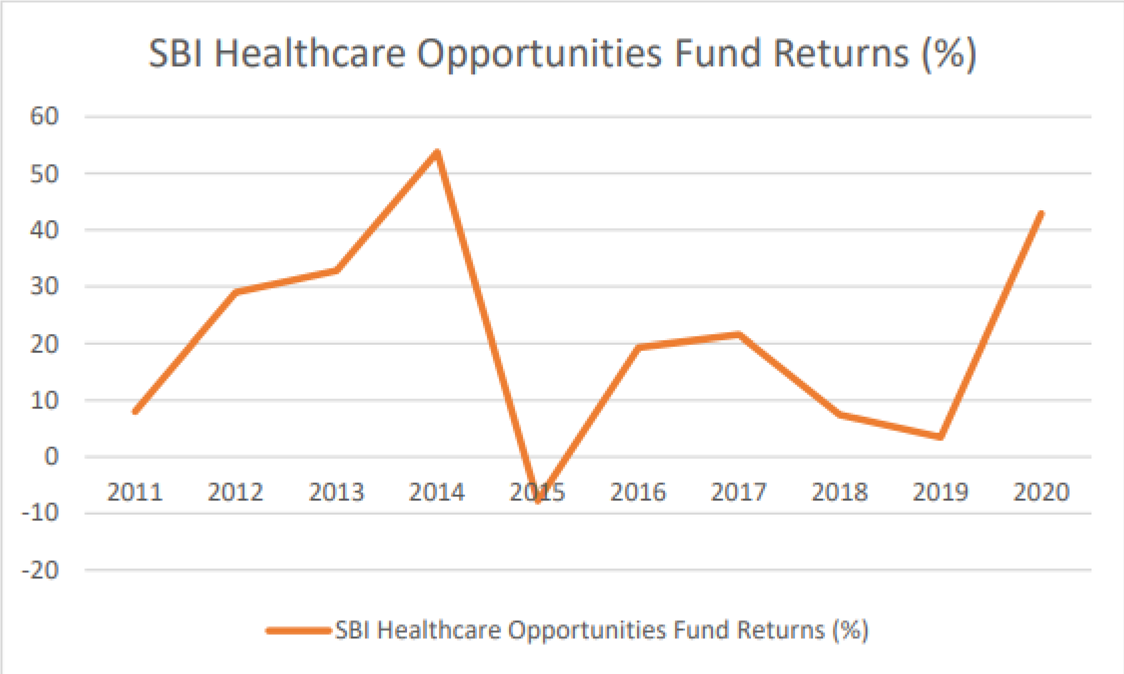
SBI Healthcare Opportunities Fund Returns (%)

Year	SBI Healthcare Opportunities Fund Returns (%)
2011	7.98
2012	28.96
2013	32.79
2014	53.75
2015	-7.81
2016	19.31
2017	21.53
2018	7.42
2019	3.44
2020	42.91

The table shows the annual returns of the SBI Healthcare Opportunities Fund from 2011 to 2020. The fund has shown a mixed performance over the years with some years giving exceptional returns while others have resulted in negative returns. In 2012, 2013, and 2014, the fund has given very high returns of 28.96%, 32.79%, and 53.75% respectively. This can be attributed to the growth in the healthcare sector during those years. However, in 2015, the fund had a negative return of -7.81%, which is probably due to the market correction in that year.

Scheme	Years	Mean	Std. Deviation	Minimum	Maximum
SBI Healthcare Opportunities Fund	10	21.028	18.02889891	-7.81	53.75

In the subsequent years, the fund has again delivered positive returns with a growth of 19.31%, 21.53%, and 7.42% in 2016, 2017, and 2018, respectively. The returns were not as high as in the previous years but still above the benchmark. In 2019, the fund had a lower return of 3.44%, which could be due to the economic slowdown in the country. However, in 2020, the fund gave a remarkable return of 42.91%, which can be attributed to the pandemic, as the healthcare sector was in high demand and performed well during that period.



Overall, the fund has shown good returns over the 10-year period, with an average annual return of approximately 21.39%. However, investors should note that the performance of this fund is linked to the performance of the healthcare sector, and therefore it may be subject to volatility.

Null Hypothesis

There is no positive trend in the returns of SBI Healthcare Opportunities Fund during the period 2011 to 2020.

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.80 87	0.6547	0.5338	11.55 5

The multiple R value indicates that there is a strong positive correlation between the year and the SBI Healthcare Opportunities Fund Returns. The R square value suggests that 65.47% of the variation in the SBI Healthcare Opportunities Fund Returns can be explained by the year. The adjusted R square value takes into account the number of predictor variables in the model, and hence, it is lower than the R square value. The Std. Error of the Estimate indicates the average distance that the data points fall from the regression line. The computed regression analysis indicates that there is a strong positive relationship (0.8087) between the year and the returns of the SBI Healthcare Opportunities Fund. This suggests that as the year increases, the returns of the fund are also likely to increase. The adjusted R-square value is 0.5338, which is lower than the R-square value. This suggests that the addition of year as a predictor does not improve the model significantly. The standard error of the estimate is 11.555, which indicates the average distance that the actual returns are from the predicted returns. Overall, the result suggests that there is a strong positive relationship between the year and the returns of the fund. However, year alone may not be the only significant predictor of the fund returns. Other factors such as market conditions, fund manager's decisions, and economic environment can also affect the returns of the fund.

Overall, the analysis shows that there is a strong positive linear relationship between the Year and SBI Healthcare Opportunities Fund Returns, with a statistically significant coefficient of 2.0691 and a standardized coefficient of 0.808. The model has an R-squared of 0.6547, indicating that 65.47% of the variance in the fund returns can be explained by the year variable.

CONCLUSION

Investing in stocks is becoming more and more popular, as the number of buyers and investors themselves shows. From individual stocks to ETFs and mutual funds, there are a lot of options you can use to spread out your risk and make your portfolio more diverse. Mutual funds are especially popular because they let you invest in a wide range of securities and use the help of a professional money manager, who is in charge of how the money is invested. A thematic fund, also called a thematic mutual fund, is a type of mutual fund.

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