

COMPARATIVE STUDY ON SELECTED MUTUAL FUNDS

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ABSTRACT

This study is titled as “Comparative Study on selected mutual funds”. The main objective of the study is to evaluate the performances of equity funds, liquid funds, balanced funds, glit funds, income funds and index funds. Data are taken from the NSE, BSE and money control. The main tools used for the study are Simple average method, Simple standard deviation, Simple comparative method and simple ranking method. It is analyzed that SBI Magnum Blue Chip equity fund stood first rank in average return and it is followed by Birla G-Sec Glit fund, LIC Normura MF Index Fund stood last rank in average return. In Standard Deviation, HDFC Top 200 equity fund secured first rank and Overnight fund secured last rank in standard deviation. This study suggests to invest in fund which performs well in the financial market.

Keywords: Mutual fund, Performance of funds, Risk and return, Investment.

INTRODUCTION

Mutual funds are the investment made by the investors to know the financial performance of various fund schemes. The investment can be made in securities like stock, bonds, money market instruments, cash and other assets. The investing of funds can be of large and small investors. It involves a high rate of risk as well as return. The risk and the returns of funds are based on the investment made by the investors in diversifying financial market. The financial market in India is unpredictable. It is volatile in nature. Mutual fund performances are based on the performance of financial market. Each fund has a common financial goal and the money is invested in accordance with the objective. Each and every investor of the mutual fund performs proportionally. The investor can invest minimum amount in different sectors of mutual funds to analyze the risk and return of various fund schemes. This study enables the investor to invest in the best fund to earn a better profit. This study aims to analyze and evaluate performance of mutual fund schemes and to analyze which fund scheme performs better than its peers in a particular category of funds. The study is concentrated on equity funds, balanced funds, glit funds, index fund, income fund, liquid fund. The major private sector funds include ICICI prudential mutual fund, Birla sun life mutual fund, HDFC mutual fund, Tata mutual fund, BNP Paribas fund and to name a few.

RESEARCH METHODOLOGY

OBJECTIVES

- To study a comparative performance analysis for the selected mutual funds for five years.
- To analyze the risk and returns of mutual fund schemes.
- To achieve a comprehensive understanding regarding the mutual fund schemes.

SCOPE OF STUDY

This study evaluates about the analysis of returns that takes place for the five years and their volatility based on investment.

LIMITATIONS

- Mutual Funds of only five years are taken into account for analyzing the performance.
- The comparative study is restricted to the selected schemes of asset management companies.
- The financial market in India is unpredictable in nature and the future aspects of the mutual funds may vary.

RESEARCH GAP

This comparative study aims to analyze and evaluate the performance of different categories of mutual fund schemes and also to find out which fund scheme performs better than the other fund schemes.

STATEMENT OF PROBLEM

Mutual Funds do not provide assured returns. The returns are linked to the performance. The invest in shares, debentures and deposits. All these investments involve an element of risk. The value of funds may vary depending upon the asset management companies. Apart from this, this study mainly focuses on the performance analysis of selected mutual funds for five years

SOURCES OF DATA

The Source of data is Secondary data.

TOOLS

The tools used for the analysis are

- Simple Average method and Standard deviation method

- Simple Comparative analysis method and Ranking method

ANALYSIS AND INTERPRETATION

1.1 Performance Evaluation of Equity Funds

FUNDS	Year					Average Return	Standard Deviation	Rank	
	2015	2016	2017	2018	2019			Avg. Return	Std .dev
SBI Magnum Blue chip Fund	7.86	4.48	30.23	-3.58	8.08	9.41	11.23	1	3
Birla Sun Life Frontline Equity Fund	0.92	6.97	30.58	-2.28	0.68	7.37	11.98	3	2
HDFC Top 200 Fund	-6.21	7.82	31.97	0.75	3.17	7.50	13.04	2	1

Interpretation

Table 1.1 shows a performance of equity funds of SBI Magnum Blue chip funds, Birla Sunlife Frontline equity fund and HDFC Top 200 Fund for the year 2015 to 2019. In 2019, SBI Magnum blue chip fund showed a noticeable return compared to Birla Sunlife equity fund and HDFC Top 200 fund. While comparing the average return for 5 years, SBI Magnum fund has performed better than other two equity funds. Birla

Sunlife equity fund shows a comparatively low fluctuations as compared with SBI Magnum blue chip funds and HDFC Top 200 fund. So Birla Sunlife Frontline equity fund is best suited for investors to averse the risk.

1.2 Performance Evaluation of Index Funds

FUNDS	Year					Average Return	Std. Dvt.	Rank	
	2015	2016	2017	2018	2019			Avg. Retn	Std .dvt
HDFC Index Fund	-3.1	3.6	29.47	5.27	7.8	8.60	11.03	1	2
ICICI Prudential Index Fund	-3.65	3.33	28.73	4.32	7.2	5.67	10.97	2	3
LIC Normura MF Index Fund	-4.11	2.47	28.57	3.52	6.71	5.12	11.13	3	1

Interpretation

Table 1.2 shows a Performance evaluation of index funds of HDFC Index Fund, ICICI Prudential Index Fund and LIC Normura MF Index fund from 2015 to 2019. In the year 2019, HDFC Index fund showed a high return compared to ICICI Prudential Index fund and LIC Normura MF Index Fund. By calculating the average return for five years, ICICI Prudential Index Fund and LIC Normura MF Index fund showed a low fluctuation as compared to HDFC Index Fund.

1.3 Performance Evaluation of Income Funds

FUNDS	Year					Average Return	Standard Deviation	Rank	
	2015	2016	2017	2018	2019			Avg. Return	Standard
Birla Sunlife Income Plus Fund	4.67	14.24	2.77	5.03	8.78	7.10	4.06	2	3
HDFC Income Fund	5.4	14.37	1.3	3.5	7.36	6.39	4.46	3	1
ICICI Prudential Income Fund	5.12	15.61	4.12	6.71	10.04	8.32	4.16	1	2

Interpretation

Table 1.3 shows a performance of income funds of Birla Sunlife Income plus funds, HDFC Income Fund and ICICI Prudential Income Fund for the year 2015 to 2019. ICICI Prudential Income Fund shows high fluctuation in the year 2019, when compared to HDFC Income Fund and Birla Sunlife Income Fund. In calculating the average return, ICICI Prudential Income Fund shows the higher return. HDFC Income Fund shows the lowest fluctuation. So HDFC Income Fund suits best for investors to averse the risk in the market.

1.4 Performance Evaluation Of Balanced Fund

FUNDS	Year					Average Return	Standard deviation	Rank	
	2015	2016	2017	2018	2019			Avg. Retr n	Std .dv t
Tata Balanced Fund	6.76	3.7	19.41	-2.07	3.48	6.26	7.16	3	3
HDFC Prudent Fund	-0.12	8.71	27.88	-2.85	2.24	7.17	11.03	1	2
Reliance RSF Balanced Fund	8.26	3.89	29.53	-4.36	-1.92	7.08	12.06	2	1

Interpretation

Table 1.4 shows the performance of balanced fund of Tata Balanced fund, HDFC Prudent fund and Reliance RSF balanced fund for the year 2015 to 2019. Tata Balanced fund showed a high fluctuation rate in the year 2019. When compared to HDFC Prudent fund and Reliance RSF balanced fund, Tata balanced fund shows a lowest rate of return in 2019. The standard deviation of Reliance RSF Balanced has a highest fluctuation rate.

1.5 Performance Evaluation Of Liquid Fund

FUNDS	Year					Average Return	Standard deviation	Rank	
	2015	2016	2017	2018	2019			Avg. Return	Std .dv t
Birla Sunlife Cash Plus	8.38	7.76	6.73	7.49	5.69	7.21	0.92	1	2
BNP Paridas Overnight Fund	8.13	7.49	6.54	7.28	5.55	7.00	0.88	2	3
Reliance Liquid Fund Cash Plan	7.62	6.79	5.78	7.3	-0.61	5.38	3.05	3	1

Interpretation

Table 1.5 shows a performance of liquid funds of Birla Sunlife Cash plus fund, BNP Paridas Overnight Fund and Reliance liquid fund cash plan for the year 2015 to 2019. In 2019 none of the funds gave a noticeable return due to the high market slowdown. While comparing the average return, Birla Sunlife shows a highest return in a slight difference when compared to BNP Paridas Overnight Fund. Thus Reliance Liquid Fund Cash plan has a lowest fluctuation rate compared to Birla Sunlife Cash plus fund and BNP Paridas Overnight Fund.

1.6 Performance Evaluation of Glit Fund

FUNDS	Year					Average Return	Standard Deviation	Rank	
	2015	2016	2017	2018	2019			Avg. Return	Std. dev
IDFC G – SEC Fund	5.99	13.65	3.12	7.73	11.95	8.49	3.85	3	3
SBI Magnum Glit LTP Fund	7.51	16.12	3.87	5.07	11.54	8.82	4.49	2	1
Birla Sunlife G – SEC Fund	5.93	16.64	4.45	6.84	10.43	8.86	4.36	1	2

Interpretation

Table 1.6 shows a performance evaluation of glit funds of IDFC G-SEC fund, SBI Magnum Glit LTP Fund and Birla Sunlife G-SEC Fund for the year 2015 to 2019. In 2019 there is no greater differences in IDFC G-SEC Fund, SBI Magnum Glit LTP Fund and Birla Sunlife G-SEC Fund. The average return for five years also states that the funds has the lowest fluctuation rate, Birla Sunlife G-SEC Fund has the slightest higher fluctuation rate. In Standard Deviation calculation, SBI Magnum Glit LTP Fund has showed a higher fluctuation rate.

RANKING OF FUNDS BASED ON AVERAGE RETURN AND ITS STANDARD DEVIATION

S.NO	CATEGORY	FUNDS	AVERAGE RETURN (in percent)	OVERALL RANK	STD.DVN	OVERALL RANK
1.	Equity Funds	SBI Magnum blue chip fund	9.41	1	11.23	4
2.	Equity Funds	Birla Sun Life Front line Equity fund	7.37	8	11.98	3
3.	Equity Funds	HDFC Top 200 Fund	7.50	7	13.04	1
4.	Index Funds	HDFC Index Fund	8.60	6	11.03	6
5.	Index Funds	ICICI Prudential Index Fund	5.67	17	10.97	8
6.	Index Funds	LIC Normura MF Index Fund	5.12	18	11.13	5
7.	Income Funds	Birla Sunlife Income Plus Fund	7.10	11	4.06	14
8.	Income Funds	HDFC Income Fund	6.39	14	4.46	11
9.	Income Funds	ICICI Prudential Income Fund	8.32	5	4.16	13
10.	Balanced Fund	Tata Balanced Fund	6.26	15	7.16	9
11.	Balanced Fund	HDFC Prudent Fund	7.17	10	11.03	7
12.	Balanced Fund	Reliance RSF Balanced Fund	7.08	12	12.06	2
13.	Liquid Fund	Birla Sunlife Fund Plus Fund	7.21	9	0.92	17
14.	Liquid Fund	BNP Paribas Overnight Fund	7.00	13	0.88	18
15.	Liquid Fund	Reliance Liquid Fund Cash Plan	5.38	16	3.05	16
16.	Glit Fund	IDFC-G Sec Fund	8.49	4	3.85	15
17.	Glit Fund	SBI Magnum Glit LTP Fund	8.82	3	4.49	10
18.	Glit Fund	Birla Sunlife G-Sec Fund	8.86	2	4.36	12

Interpretation

From the ranking method, it is analyzed that SBI Magnum Blue Chip equity fund stood first rank with 9.41 percentage of average return and it is followed by Birla G-Sec Glit fund with 8.86 percentage of return, LIC Normura MF Index Fund stood last rank with 5.12 percentage of average return. In Standard Deviation, HDFC Top 200 equity fund secured first rank with 13.04 percentage, followed by Reliance RSF balanced fund with 12.06 percentage. BNP Paridas Overnight fund secured last rank with 0.88 percentage of standard deviation.

FINDINGS & SUGGESTIONS

From the ranking method, it is analyzed that SBI Magnum Blue Chip equity fund stood first rank with 9.41 percentage of average return and it is followed by Birla G-Sec Glit fund with 8.86 percentage of return, LIC Normura MF Index Fund stood last rank with 5.12 percentage of average return. In Standard Deviation, HDFC Top 200 equity fund secured first rank with 13.04 percentage, followed by Reliance RSF balanced fund with 12.06 percentage. BNP Paridas Overnight fund secured last rank with 0.88 percentage of standard deviation.

It is not advisable to invest in equity fund category as the market undergoing fluctuations asset component are subject to high risk. Debt and liquid funds offered decent returns than the equity and index funds in 2019. It is suggested that investment in the debt and liquid funds will fetch fair returns in the forthcoming year also.

CONCLUSION

This study evaluates the performance of different categories of mutual fund and the nature of market and the best mutual fund from the selected funds. The study is relevant in today's financial market and will form the basis for the performance evaluation of mutual funds in future also. The performance of mutual funds are measured by different performance evaluation technique like Average method, Standard deviation, Comparative analysis and Ranking method

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