



# A Performance Analysis Of Mutual Funds

## A Study On Performance of Mutual Funds

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### **Abstract:**

The flare-up circumstance of the Corona virus pandemic is an Eccentric shock to the world economy. World Economy faces the stoppage of offer market costs particularly the worth of common asset esteem diminishes. Organizations and Money managers generally put resources into the shared assets to assume a more secure part and change their gamble into the return and to expand the Net Resources Worth (NAV). This concentrate on endeavors to portray a condition of the parlous condition of common subsidizes in India during this Coronavirus period. The presentation of common assets is contrasted and the previously and during Coronavirus and This model determines on testing the exhibition of shared reserves both in the general population and confidential areas and furthermore it achieves access the effect of Coronavirus on common funds. I have involved connection for figuring out the connection of Coronavirus and Shared Assets. This paper chiefly addresses the reasons for financial backers during monetary vacillation and the arrival of top common organizations with the examination of the arrival of 1 year and during these last 3 months. The effect of Coronavirus isn't just on specific areas, it influences pretty much every area like development documented, producing recorded, Organizations, farming, and so on. While this area impacted by Coronavirus pandemics it raises a ruckus around town as well as the economy, when the

economy descends, the expansion rate increment, Forex rate will increment and it influences our entire country. In this paper, I included how much every area impacted and its presentation currently and how well the various sorts of assets performing which will be valuable for the per user to dissect the impacted areas. I finish up my report with the assistance of a review and measurable devices whether the financial backers can make a further installment and hold for some period or, in all likelihood they go on with the venture anything that situation emergency influences our economy.

### **Keywords:**

Mutual funds in India, Different types, COVID-19 impact, investors situation, performance, and growth of mutual funds in India.

### **Introduction:**

Shared Assets is an arising venture vehicle that is covered with a pool of assets assembled from numerous financial backers. Common assets are assuming the part of monetary middle people between the banks and financial backers who needs to put resources into an offer market. The principal point of shared reserves is to enhance the gamble of investors. Majority of businesses putting their sum in common assets for dealing with the gamble of their monetary resources. There is a gathering of protections which is known as a portfolio that assists with choosing security in view of the exhibition. These gigantic measures of cash in the shared assets are worked by the venture proficient called an asset chief or cash director or portfolio supervisor. This asset administrator's responsibility is to put the asset's resources in various protections like gold, stock, and different resources for make possible capital additions or pay. Common finances give valuable open doors always little and individual financial backers to get to expertly kept up with arrangement of protections like bonds, values, and different protections. Subsequently, the addition or misfortune emerging from such speculation can be shared on the whole among the financial backers with respect to their commitment to the asset. A shared asset's scope of speculation is organized and worked to satisfy the venture goals.

As per the SEBI Guidelines, shared reserves planned plans for the various kinds of financial backers suits them. In India as of late there are in excess of 400 items and administrations accessible in shared assets in different classifications. these frameworks they packed in two structures for example Unassuming plans and close-finished plans.

In short shared reserves are the bushel by loaded up with brimming with various kinds of speculation like bonds, cash, gold, stocks, and so on. Cash for shared assets will be emerges from the ventures of little and individual financial backers or some business establishments. Shared reserves offer one of the most incredibly complete, simple, wide, and adaptable ways of making an enhanced scope of ventures. A shared asset is the monetary device that is made to expertly keep up with and deal with the assets emerges from the various financial backers in general. The principal benefit of putting resources into common assets is that

the financial backers can buy securities or stocks in the shared assets at nearly lower exchanging costs contrasted with direct putting resources into the stock or capital market. The colossal strength of the shared asset is pooling the assets of various financial backers. Since shared reserves require just a modest quantity of cash to contribute, it urges the little financial backer to put resources into common assets and partake in the advantages that emerge out of common assets. Each speculation choice in the shared assets is taken by the "reserve supervisor" as per the direction gave in the venture goal and venture design.

## LITERATURE REVIEW

### **Jana Hili, Desmond Pace and Simon Grima, 2016:**

In their study they focused on two important things first providing significant contributions to the literature and second was the practical perspective of the research. Needless to say that researchers and academia have centred their efforts on appraising the behaviour of fund managers domiciled primarily in developed and more efficient economics, leaving the emerging region highly uncovered in this respect.

### **Rao, 2015:**

In this research work the performance of the fund will be evaluated using five portfolio performance measurement parameters like Beta, Standard Deviation, Sharpe

Ratio, Treynor Ratio and Jensen's Alpha. The benchmark taken for this is CNX NIFTY Index.

In research study by (Priyan, 2018) is very pivotal for the performance evaluation as in that study they check investment style of large cap equity mutual funds using style-exposure analysis proposed by Sharpe (1992). The study uses the constrained quadratic optimization factor model over the period January 2011–April 2015. To assess the dynamic drift in the style of a fund, a rolling-period exposure style analysis of the funds has been carried out by using a 36-month rolling-period window. The results of the study show that the fund managers exhibit some level of active management and a good selection capability.

### **Gurunathan,2013:**

The study focused that the growth of large cap mutual funds has been accompanied by innovative products and servicing methods. Regulators will have to do balancing act by carefully managing risks and not by imposing unnecessary regulation.

### **Jain, 2012:**

This research study has been carried out for April 1997 to April 2012 (15 years) with the Primary focus of this research was on to the performance analysis of 45 equity mutual funds schemes provided by two public. Sectors Company and two private ownership companies. For the performance analysis CAPM model has been used concentrated on risk-return relationship.

### **BHATT, 2015:**

In this study it is revealed that corporate investor group has highly invested in debt funds while retail investor group has more inclination towards equity and balanced schemes. Additionally, the finding of the

study will also be useful for Fund manager, policy makers and AMC to prepare/modify new schemes/current mutual fund schemes as per the investment size of the available investor groups.

### **Research methodology**

This research paper is based on secondary data. The data is collected from various published sources like E-Journals, newspapers, Magazines, articles, online resources, and other references.

### **Impact Of Covid 19 On Mutual Funds In India:**

Globally, the stock market is bearing a crisis of COVID 19 pandemics. An impact of corona virus pandemics has affected a stock market vastly. It becomes a more volatile state. It causes many investors to have met dramatic changes in the value of the investment portfolio. It's been critical for an investor to maintain and track their investment goals and especially it affects long term investment plans. Every country's stock market value comes down which affects the banks and private sector. The rapid spread of this virus, an investor from all over the world affected. People those who all invested in mutual funds investment facing financial asset crisis. India's mutual funds' performance is quite better than in other countries. However, the performance of the equity market is falling worst. Sensex hits around 23% on the equity market. Mainly people who have invested in construction companies are facing losses every day. According to the money control report, interest rates on fixed deposits fall which was announced by Reserve Bank of India (RBI) and it particularly impacts the savings bank rates. Investors try to save their investment by using some strategies for taking a fresh breath like Sensex as well as the Nifty market. During this lockdown period, investors can take ease pressure from the equity market, some markets are highly rated which are pharma, emerging giants, prudence, etc.

In the business point of view, meetings like Annual General Meeting, Board meetings, corporate meetings, meetings for product launches, conferences, seminars meetings, etc. has canceled and postponed due to COVID-19. GDP growth of the Indian economy reduced to 4.7% in the 3<sup>rd</sup> Quarter of 2019-2020. The outbreak of COVID-19 changes the whole world economy into a recession including India. It changes the lives of people, businesses, and how the economies will function. This impact would continue at least for the next 24 months, currently, many businesses are struggling to survive and some may even result in wound up. But things will eventually get back to normal only if emerges of new industries take place with famed hope of recovery. We can expect the liquidity of many industries and companies in near future as the cost of borrowing went upwards in the real term, due to this RBI (Reserve Bank of India) forced to reduce its interest rates. Currently, demand for the essential goods was increased rapidly. Therefore, the Indian government's focus is only on the essential goods which will affect the non-essential goods is huge. So, Non-essential goods business would look forward to recovering they're outstanding from outsiders and receivable from debtors in order to survive in the market.

Financial institutions and banks have already had the problems of recovering the Non-Performable Assets, bankrupt and insolvency now this impact will add additional pressure to them.

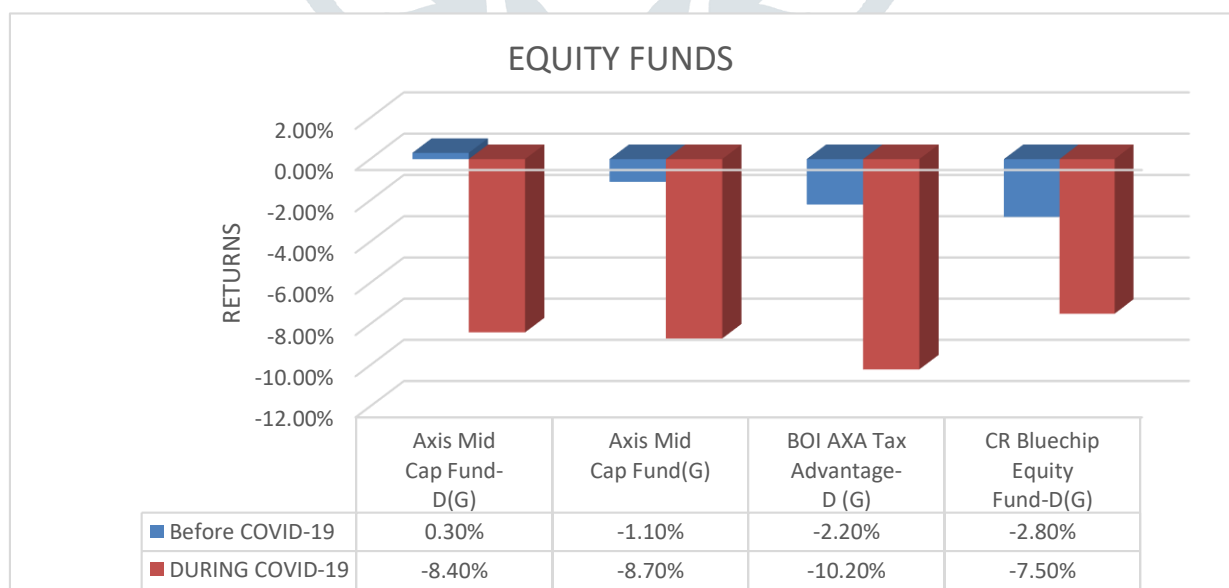
Table 1: IMPACTS OF COVID-19 ON DIFFERENT SECTORS IN INDIA

IMPACTS ON DIFFERENT SECTOR	RETURNS (April to June)
Construction	-13.3%
Professional services, Real estate, and Finance	-17.3%
Agricultural, Fishing, and Forestry	-1.3%
Manufacturing	-6.3%
Water supply, electricity, gas and other	-13.9%
Trade, Transport, Hotels, Communication	-9.7%
Public administration, defense, and others	-0.4%

### Performance Of Top Mutual Funds In Different Schemes

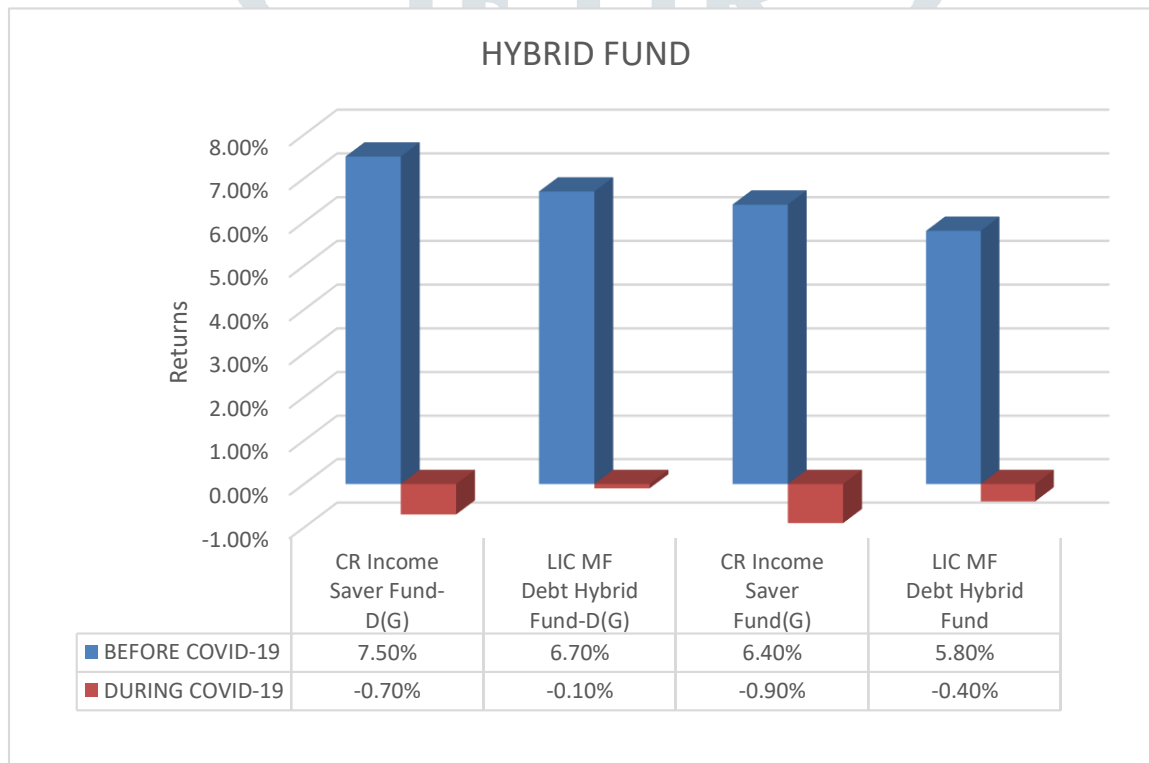
I have taken the three major funds equity, hybrid, and debt funds with top companies 4 funds running in a good manner and made a comparison of performance between a 1 year return and this three-month return.

Figure 1: Top Four Funds Performance in Equity Market.

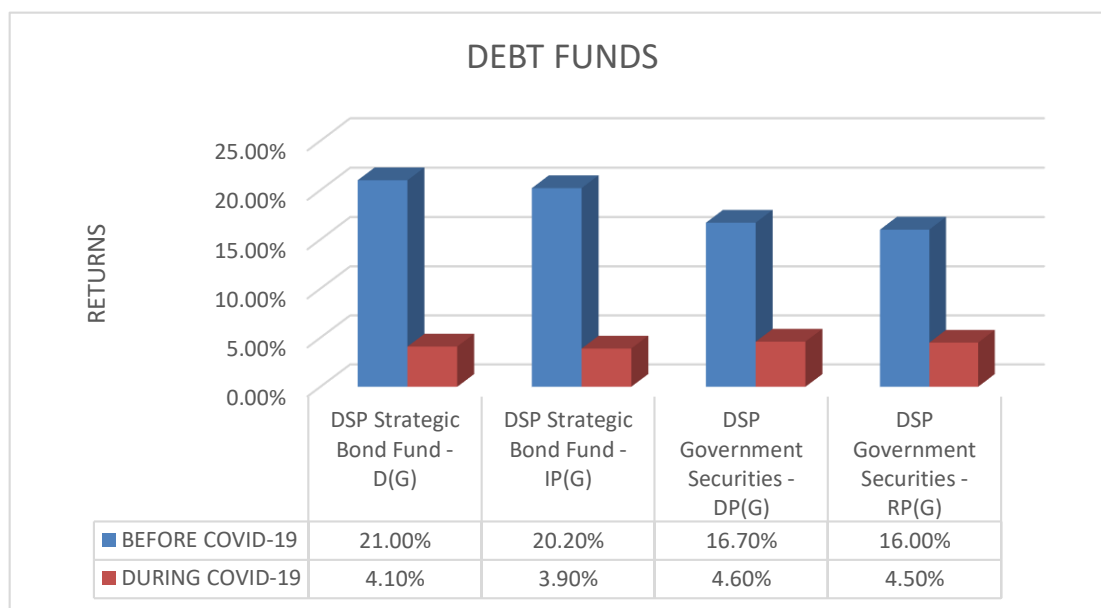


As you can see the difference from one-year return and 3 months return. Even though the 1-year return was negative in some companies but still these three months of COVID-19 pandemics go more negative. The first Axis Midcap fund- Direct plan and have growth charges its 1year return was 0.30% but the three months return is -8.40% you could see the losses. The top companies holding this fund are City Union Bank, Info Edge, Bajaj Finance, Bata India, etc. Secondly, also an Axis Midcap fund but it doesn't have a direct plan but charging only growth rate. BOI AXA Tax Advantage it comes under the ELSS fund category. Its 1-year return is already in negative -2.20% but this three-month negative return (-10.20%) crossed the 1-year negative return and the companies holding this fund are Bajaj Finance, HDFC Bank, ICICI Bank, Kotak Mahindra, Reliance, etc. CR Bluechip Equity Fund is under Large Cap fund and growth charges 1.0% of sell value and companies holding this fund are HDFC Bank, Infosys, Axis Bank, TCS, Reliance, etc.

**Figure 2: Top Four Funds Performance in Hybrid Market.**



Before COVID-19 indicates the 1-year return and during COVID-19 calculates the three months return. CR Income Saver Fund-D it deals with a direct plan and Growth. The top companies holding CR Income saver funds are Apollo hospital, City Union Bank, Axis Bank, Sanofi India, Whirlpool, etc. LIC MF Debt Hybrid funds set a benchmark of CRISIL MIP Blended Fund and the companies holding this fund are ICICI Bank Ltd, Infosys Ltd, State Bank of India, Government of Indian Sovereign, etc. CR Income saver funds-G is a growth plan only and it comes under the Canara Robeco Mutual funds and it dealing with LIC Housing Finance Ltd, Indian Railway Finance, Reliance Industries Ltd, Housing Development, etc.

**Figure 3: Top Four Funds Performance In Debtmarke**

By comparing the equity and hybrid fund, debt fund still earning a positive return but when you compare 1-year returns and these three months it's far less. DSP Strategic Bond Fund -D(G) is under the Dynamic Bond Fund, it is for the purpose of bond investment where it expects to maximize more returns. DSP Strategic Bond Fund- IP(G) it is for an institutional plan; the primary goal of this scheme is to generate optimal returns with high liquidity through the portfolio. DSP Government Securities DP(G), this scheme's objective is to generate income through investment in Government Securities of various maturities. The last fund is DSP Government Securities -RP (Regular Plan)- Growth mainly invested in bonds which issues by the government of India. These types of bonds do not carry any default risk since the repayment money is backed by the government.

**Table 2: TOP 10 RANKING MUTUAL FUNDS COMPANY IN PRESENT TIME**

AMC	CATEGORY	STRATEGY NAME	RECENT RETURN(APRIL) %
KOTAK	Sector Fund	Pharma	26%
EQUIRIES SECURITIES	Mid & Small Cap	Long Horizon Fund	24%
GREEN PORTFOLIO	Multi-Cap	Special	20%
AMBIT CAPITAL	Small-Cap	Emerging Giants	19%
ICICI PRUDENTIAL	Large Cap	Large-cap Portfolio	19%
SOLIDARITY ADVISORS	Multi-Cap	Prudence	18%

MARCELLUS	Small-Cap	Little Champs	17%
CREST WEALTH MANAGEMENT	Small-Cap	Emerging Bluechip	17%
ANAND RATHI ADVISORS	Multi-Cap	Impress PMS	17%
RIGHT HORIZONS	Small-Cap	Minerva India Under-Served	17%

Please note that mutual fund performance can be highly variable and past performance is not a guarantee of future returns. Additionally, it's important to consider factors like fees, investment goals, and risk tolerance when selecting a mutual fund. That being said, based on the information provided, here are the top 10 ranking mutual fund companies in the present time:

1. Kotak Mahindra Asset Management Company - Sector Fund - Pharma - 26%
2. Edelweiss Asset Management Limited - Mid & Small Cap - Long Horizon Fund - 24%
3. Green Portfolio - Multi-Cap - Special - 20%
4. Ambit Capital - Small-Cap - Emerging Giants - 19%
5. ICICI Prudential Asset Management Company - Large Cap - Large-cap Portfolio - 19%
6. Solidarity Advisors - Multi-Cap - Prudence - 18%
7. Marcellus Investment Managers - Small-Cap - Little Champs - 17%
8. Crest Wealth Management - Small-Cap - Emerging Bluechip - 17%
9. Anand Rathi Advisors - Multi-Cap - Impress PMS - 17%
10. Right Horizons - Small-Cap - Minerva India Under-Served - 17%

### Findings

1. The COVID-19 epidemic has significantly affected the world stock market, resulting in instability and sharp fluctuations in the value of investment portfolios.
2. The Sensex fell by over 23%, which has had a significant impact on the performance of the Indian equities market.
3. Those who made investments in building enterprises have been suffering daily losses.
4. Savings bank rates have been impacted by the decline in interest rates on fixed deposits.
5. Various industries in India have been impacted differently, with the real estate, finance, professional services, and construction industries being the most severely hit.
6. As a result of the lockdown, the travel and tourism industry has suffered losses of Rs. 8500 crores.
7. Before to the pandemic, investors frequently diversified their portfolios and reduced risk by purchasing two or three mutual funds in several categories.

8. Because to the pandemic's high market volatility, investors now have their attention on asset allocation funds, which may be dynamically managed by asset management firms to balance risk and reward.
9. In India, mutual fund performance has been significantly impacted by the COVID-19 pandemic.
10. By ensuring that their portfolios are diversified, investors can reduce risk and optimum rewards.

## **Conclusion**

The impact of COVID-19 on mutual funds in India has been significant. The stock market has been affected globally, causing volatility and dramatic changes in the value of investment portfolios. The performance of the equity market in India has been particularly impacted, with Sensex falling by around 23%.

Investors who have invested in construction companies have been facing losses every day. The interest rates on fixed deposits have also fallen, impacting savings bank rates. However, some markets such as pharma, emerging giants, and prudence have been highly rated during the lockdown period.

The COVID-19 pandemic has had a significant impact on different sectors in India. Construction, professional services, real estate, and finance have been particularly affected, with returns falling by 13.3% and 17.3% respectively.

The travel and tourism sector has also been severely impacted, incurring losses of Rs. 8500 crores due to the lockdown.

Before the pandemic, investors typically invested in two or three mutual funds in different categories to diversify their portfolios and minimize risk. Mutual funds were divided into three major categories: large-cap, mid-cap, and small-cap.

However, with the high market volatility caused by the pandemic, investors have shifted their focus to asset allocation funds, which can be dynamically managed by asset management companies to balance risk and return.

In conclusion, the COVID-19 pandemic has had a significant impact on mutual funds in India, as well as on different sectors of the economy. However, investors can minimize risk and maximize returns by diversifying their portfolios and investing in asset allocation funds.

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