



AN EMPIRICAL STUDY ON ASSESSMENT OF FUND PERFORMANCE ON SELECTED EQUITY MUTUAL FUNDS IN INDIA WITH SPECIAL REFERENCE TO APRIL 2022- MARCH 2023

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ABSTRACT

This study scholarly attempted to study about the fund performance on selected equity mutual funds in India. The period taken for the study is April 2022- March 2023 (1 Year).Based on Upward stock price movements for past one year. This study attempted to assess the Fund performances compared to their BENCHMARK as mentioned in the Fund fact sheet. This study will be helpful to assess the performances of Selected Equity mutual funds with reference to the upward trends of Stock price movements. Portfolio of stocks invested, Asset Allocation and Fund Manager's ability will be considered as factors in this article to assess the selected Equity funds performances in the Mutual funds.

Keywords: Benchmark, Fund performance, Equity mutual funds, Asset Allocation, Portfolio.

*INTRODUCTION

A mutual fund is a collective investment vehicle that collects & pools money from a number of investors and invests the same in equities, bonds, government securities, money market instruments.

The money collected in mutual fund scheme is invested by professional fund managers in stocks and bonds etc. in line with a scheme's investment objective. The income / gains generated from this collective investment scheme are distributed proportionately amongst the investors, after deducting applicable expenses and levies, by calculating a scheme's "Net Asset Value" or NAV. In return, mutual fund charges a small fee.

In short, mutual fund is a collective pool of money contributed by several investors and managed by a professional Fund Manager.

Mutual Funds in India are established in the form of a Trust under Indian Trust Act, 1882, in accordance with SEBI (Mutual Funds) Regulations, 1996.

The fees and expenses charged by the mutual funds to manage a scheme are regulated and are subject to the limits specified by SEBI.

RISK FACTORS

STANDARD RISK FACTORS

Mutual Fund Schemes are not guaranteed or assured return products.

Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.

As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the value of investment in a mutual fund Scheme may go up or down.

In addition to the factors that affect the value of individual investments in the Scheme, the NAV of the Scheme may fluctuate with movements in the broader equity and bond markets and may be influenced by factors affecting capital and money markets in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in Government policies, taxation, political, economic or other developments and increased volatility in the stock and bond markets.

Past performance does not guarantee future performance of any Mutual Fund Scheme. **SPECIFIC RISK**

FACTORS

RISKS ASSOCIATED WITH INVESTMENTS IN EQUITIES

Risk of losing money:

Investments in equity and equity related instruments involve a degree of risk and investors should not invest in the equity schemes unless they can afford to take the risk of possible loss of principal.

Price Risk:

Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis.

Liquidity Risk for listed securities:

The liquidity of investments made in the equities may be restricted by trading volumes and settlement periods. Settlement periods may be extended significantly by unforeseen circumstances. While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. The inability of a mutual fund to sell securities held in the portfolio could result in potential losses to the scheme, should there be a subsequent decline in the value of securities held in the scheme portfolio and may thus lead to the fund incurring losses till the security is finally sold.

*Source : www.amfiindia.com (Introduction)

REVIEW OF LITERATURE

B. Raja Manner and Dr. B. Ramachandra Reddy (Oct 2012), Review and Performance of Select Mutual Funds Operated By Private Sector Banks: Axis Equity and Kotak 50 Funds – Growth Option. The two mutual funds (i) Axis Equity (G) and (ii) Kotak 50 (G) are reviewed in detail with a brief introduction of the fund houses itself. The funds are then statistically evaluated by correlation with the benchmark. S&P CNX Nifty, standard deviation, Sharpe's Index. Treynor's Ratio, Jensen's alpha, Fama's Measure and M2 .

Mrs.V. Sasikala and Dr. A. Lakshmi (Jan 2014) have studied The Mutual Fund Performance Between 2008 And 2010: Comparative Analysis. The paper entitled "comparative analysis of mutual fund performance between 2008 & 2010. The paper was undertaken to know the after meltdown period risks and returns of 2008 top hundred mutual funds and compare with 2010 top hundred mutual funds published in Business today. The

analysis of alpha, beta, standard deviation, Sharpe ratio and R-squared are declare high, low, average, above average and below average of risks and return of funds.

Dr.K.Alamelu (FEB 2019) have done study of Private Sector Mutual Fund in India. The study explains about the Portfolio of Fund managers investments and a well-integrated Mutual funds AUM Growth also contributed for economic growth for channelizing productive resources towards industrial growth and development.

ANALYSIS AND INTERPRETATION

For the mentioned period AMFI India research reports taken for consideration to compare the Benchmark returns and AUM Growth of selected equity type of mutual funds in India.

Table 1.1

Sr	Scheme Name	Net Assets Under Management (INR in crore)	Average Net Assets Under Management (INR in crore)
A Open ended Schemes			
I Growth/Equity Oriented Schemes			
i	Multi Cap Fund	53,297.70	53,186.60
ii	Large Cap Fund	212,074.38	212,716.10
iii	Large & Mid Cap Fund	105,880.69	105,453.08
iv	Mid Cap Fund	150,744.39	150,723.62
v	Small Cap Fund	102,481.52	102,090.23
vi	Dividend Yield Fund	9,145.31	9,223.11
vii	Value Fund/Contra Fund	75,220.51	75,216.96
viii	Focused Fund	90,621.98	90,751.23
ix	Sectoral/Thematic Funds	141,636.05	141,953.06
x	ELSS	134,225.70	135,193.62
xi	Flexi Cap Fund	210,682.47	211,296.44
Sub Total - II (i+ii+iii+iv+v+vi+vii+viii+ix+x+xi)		1,286,010.69	1,287,804.06

** Data in respect Fund of Funds Domestic is shown for information only. The same is included in the respective underlying schemes.

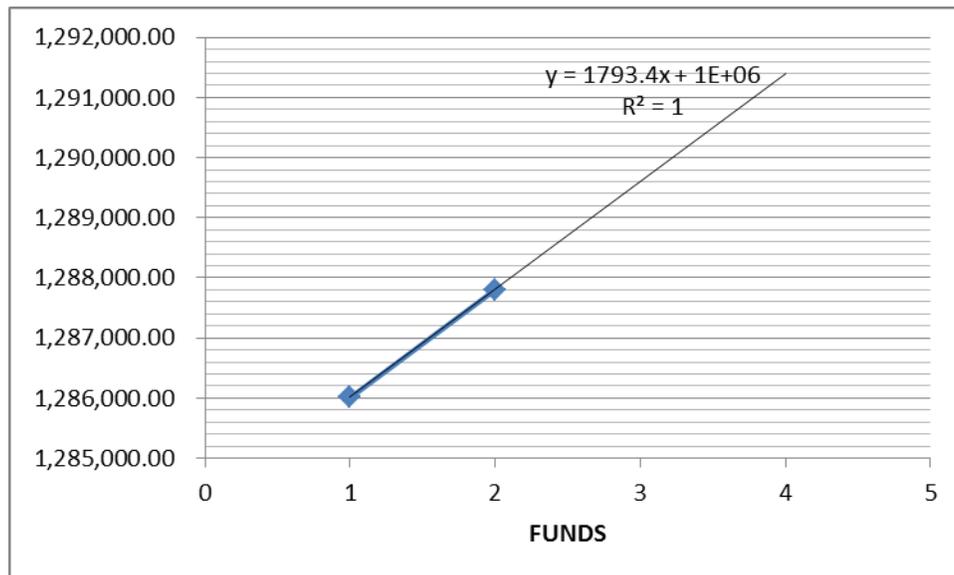
SOURCE : TABLE 1.1 www.amfiindia.com

ANALYSIS FACTORS OF TABLE 1.1

Sr	Scheme Name	Net Assets Under Management (INR in crore)	Average Net Assets Under Management (INR in crore)	CORRELATION	RESULTS
A	Open ended Schemes				
I	Growth/Equity Oriented Schemes				
i	Multi Cap Fund	53,297.70	53,186.60	>90%	HIGHLY CORRELATED
ii	Large Cap Fund	212,074.38	212,716.10	>90%	HIGHLY CORRELATED
iii	Large & Mid Cap Fund	105,880.69	105,453.08	>90%	HIGHLY CORRELATED
iv	Mid Cap Fund	150,744.39	150,723.62	>90%	HIGHLY CORRELATED
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vii	Value Fund/Contra Fund	75,220.51	75,216.96	>90%	HIGHLY CORRELATED
viii	Focused Fund	90,621.98	90,751.23	>90%	HIGHLY CORRELATED
ix	Sectoral/Thematic Funds	141,636.05	141,953.06	>90%	HIGHLY CORRELATED
x	ELSS	134,225.70	135,193.62	>90%	HIGHLY CORRELATED
xi	Flexi Cap Fund	210,682.47	211,296.44	>100%	HIGHLY CORRELATED
	Sub Total - II (i+ii+iii+iv+v+vi+vii+viii+ix+x+xi)	1,286,010.69	1,287,804.06		

From the above analysis it is clear that NET AUM and AVERAGE NET AUM is Highly correlated with each other due to Market factors of Bull markets of Stock market indices for the research period and results evidenced as most of the Type of Equity funds have shown better yield and there is Growth in AAUM .

FIG 1.1 GRAPHICAL REPRESENTATION OF ANALYSIS



RESULTS = $Y = R^2 = 1$ (HIGHLY CORRELATED WITH BENCH MARK RETURNS)

CONCLUSION :

Thus this study concludes study about the fund performance on selected equity mutual funds in India. The period taken for the study is April 2022- March 2023 (1 Year).Based on Upward stock price movements for past one year. This study attempted to assess the Fund performances compared to their BENCHMARK as mentioned in the Fund fact sheet. This study will be helpful to assess the performances of Selected Equity mutual funds with reference to the upward trends of Stock price movements. Portfolio of stocks invested, Asset Allocation and Fund Manager's ability will be considered as factors in this article to assess the selected Equity funds performances in the Mutual funds.

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