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TREND AND PERFORMANCE OF SELECTED MUTUAL FUNDS

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Abstract - *The study was conducted to find out the performance evaluation of various company mutual fund schemes. The main objectives of this study is to analyse the risk and return of the schemes and to evaluate the performance of selected companies equity, debt balanced scheme using Treynor, Sharpe, Jensen measure etc.,. This study mainly focused on debt and equity balanced funds .The study will be carried out using the secondary data and observed the transaction of the securities trading and movements of funds. 5 mutual funds were selected for this study and they are Birla Sunlife Adv Fund Plan B (G), HDFC Equity Fund Growth Option, ICICI Prudential Dynamic Plan(G), Birla Sunlife Dynamic Bond Fund(G) and HDFC High Interest Fund(G).The data have been collected from particular company's annual reports. This study is an attempt to the evaluate the various companies mutual fund schemes with respect to 4 financial years (2012-2016)*

Key Words: **Performance evaluation, Mutual funds, Investors, Trend analysis, Investment**

1.INTRODUCTION

Mutual funds provide the services of experienced and skilled professionals, backed by a dedicated investment research team that analyze the performance and prospects of companies and suitable investment to achieve the objectives of the scheme, More investor friendly regulatory measures have been taken both by SEBI to protect the investor and by the government to and investor return though tax benefits. A comprehensive setup regulation for all mutual funds operating India was introduced with SEBI (mutual funds) regulations, 1996 these regulations, set uniform standards for all funds. Putting the AUM of the India mutual fund industry in to comparison, the total of it is less than the deposits of SBI alone, constitute less than 11% of the total deposits held by the Indian banking industry. The main reason of its poor growth is that the mutual fund industry in India is new in the country. Large sections of Indian investors are yet to be created awareness with the concept. Hence it is the prime responsibility of all mutual fund companies, to market the product correctly abreast of selling.

2. REVIEW OF LITERATURE

Tripathy (2007) highlighted the various facets of mutual funds. The study identified the various challenges to be encountered by mutual funds in future and concluded that the key to the success of mutual fund industry is the perceived confidence of the investors in the organization in total. Another study reported poor performance of many selected schemes and suggests that the managers of the schemes have to redesign and change the investment pattern 13 by identifying the likely phases in the market (bullish / bearish) well in advance and emerging stocks on a continuous basis.

Sankaran (2008) studied the growth and future prospects of mutual fund industry in India. The study also examined the regulatory framework of mutual funds in India and pointed out that regulations should be strengthened for ensuring better service to the investors.

SatyaSwaroop (2009) evaluated the performance of 23 equity based mutual funds during the period April 1996 to March 2009. He used the Sharpe ratio, Treynor ratio and Jensen measure in his study and concluded that in the public sector UTI mutual fund schemes and in the private sector Franklin Templeton schemes out- performed the market.

Khurana & Panjwani (2010) used the Sharpe, Treynor and Jensen measure in order to evaluate the performance of fifteen (15) open ended hybrid mutual fund schemes . The study finds that all the schemes have out-performed the market in terms of most of the measures used in the study except ICICI Prudential Balanced Fund-G and Principal Balanced Fund-G.

Rao and Daita (2011) analyzed the influence of fundamental factors such as economy, industry and company on the performance of mutual funds. With the help of correlation matrix, Augmented Dicky-Fuller (ADF) test and Granger casualty test, they tried to find out the relationship between real economic variables and their impact on the performance of mutual funds. The study concluded that the real economic variables are not significantly influencing the investment in mutual funds. The industry analysis revealed that the entire mutual fund industry was dominated by a few players with big chunk of their AUM. The company analysis revealed that the P/B Ratio and P/E ratio have great impact on the returns earned by a fund followed by fund size and market capitalization.

Jain (2012) made a study of 45 equity based mutual fund schemes offered by 2 public sector companies and 2 private sector companies in India during the period April 1997 to April 2012 on the basis of risk-return analysis. The study concluded that the private sector mutual funds performed better than the public sector mutual funds during the study period.

Zaheeruddin, Sivakumar & Reddy (2013) analyzed the performance of three mutual funds from the financial services sector. They considered HDFC Mutual Fund, Birla Sunlife Mutual Fund and ICICI Prudential Mutual Fund for the purpose during the period July 2009 to April 2012.They concluded that ICICI Prudential Mutual Fund performed better under Sharpe, Treynor and Jensen measures than HDFC and Birla Sunlife Mutual Fund.

3. ANALYSIS AND INTERPRETATION

Table -1: calculation of selected mutual fund return

YEAR		1	NIFTY return	2	NIFTY return
	Q1	0.22	0.38	0.011	0.135
	Q2	0.062	0.136	0.075	0.0069
	Q3	-0.076	-0.064	-0.029	-0.064
2012-13	Q4	0.061	0.089	-0.033	0.004
	Q1	0.089	0.156	0.021	0.039
	Q2	0.064	0.159	0.067	0.159
	Q3	0.609	0.509	0.132	0.509
2013-14	Q4	-0.15	-0.149	-0.113	-0.254
	Q1	-0.015	-0.01	0.026	0.136
	Q2	-0.007	-0.0018	-0.011	-0.0143
	Q3	0.134	0.246	0.143	0.253
2014-15	Q4	0.241	0.321	0.0006	0.0092
	Q1	0.018	0.091	0.103	0.241
	Q2	0.014	0.145	0.132	0.064
	Q3	0.082	0.075	-0.001	-0.0765
2015-16	Q4	-0.024	-0.0032	0.065	0.0059

Table -2: calculation of selected mutual fund return

YEAR		3	NIFTY return	4	NIFTY return
	Q1	0.1434	0.1362	0.014	0.0164
	Q2	0.084	0.1482	0.0059	0.0016
	Q3	0.045	-1.46	0.0053	0.0159
2012 -13	Q4	-0.022	-0.043	0.0018	0.0462
	Q1	0.007	0.018	0.0061	0.0052
	Q2	0.033	0.049	-0.0004	-0.156
	Q3	0.0063	0.0068	0.0021	-0.0068
2013-14	Q4	-0.078	-0.1562	0.0026	0.0162
	Q1	-0.002	-0.0162	0.0053	0.0046
	Q2	-0.008	-0.125	0.0088	0.0048
	Q3	0.066	0.154	0.0065	0.0069
2014-15	Q4	0.125	0.625	0.0104	0.0205
	Q1	-0.0211	-0.1246	-0.0005	-0.0016
	Q2	-0.0036	-0.0049	0.0097	0.0156
	Q3	-0.0056	-0.0146	0.0066	0.0892
2015-16	Q4	0.016	0.246	0.0076	0.0926

Table -3: calculation of selected mutual fund return

YEAR		5	NIFTY return
	Q1	0.265	0.0189
	Q2	0.004	0.0018
	Q3	0.0075	0.0159
2012 -13	Q4	0.0057	0.0062
	Q1	0.0243	0.0352
	Q2	0.0002	0.0356
	Q3	0.0002	0.0065
2013-14	Q4	0.0025	0.0089
	Q1	0.0045	0.0146
	Q2	0.0069	0.0048
	Q3	0.0057	0.0069
2014-15	Q4	0.0056	0.0075
	Q1	0.0087	0.0089
	Q2	0.0068	0.0149
	Q3	0.007	0.0089
2015-16	Q4	0.0076	0.0192

The mutual funds selected for our study are
1 Birla Sunlife Adv Fund Plan B (G),
2. HDFC Equity Fund Growth Option,
3. ICICI Prudential Dynamic Plan(G),

4. Birla Sunlife Dynamic Bond Fund(G) and
5. HDFC High Interest Fund(G).

Table 4 shows calculation of summary of selected mutual funds

	1	2	3
Return	0.082	0.03	0.36
Standard Deviation	0.014	0.008	0.054
Sharpe Ratio	-49.1113	-10.148	-17.65
Treynor's Ratio	-10.052	-2.551	-0.1964
Jensen Index	0.0546	-0.1615	-0.236
Beta	0.072	0.271	0.0038
Alpha	0.068	0.017	0.022
Correlation	0.9296	0.172	0.172

Table – 5: Calculation of summary of selected mutual funds

	4	5
Return	0.005	0.022
Standard Deviation	0.126	0.0001
Sharpe Ratio	-0.3381	-0.4100
Treynor's Ratio	-17.891	-0.419
Jensen Index	-0.724	-0.7073
Beta	0.040	1.687
Alpha	0.0050	0.001
Correlation	0.408	0.1819

Regression Equation

Birla sunlife adv fund = 0.068+0.072 Nifty
HDFC equity fund(G) = 0.271+0.017 Nifty
ICICI prudential dynamic plan (G) = 0.0038+0.0221 Nifty
BIRLA Sunlife Dynamic Bond Fund (G) = 0.040+0.0050Nifty
HDFC High Interest Fund (G) = 1.687+0.001Nifty

4. RESULTS AND DISCUSSION

Birla Sunlife adv fund plan b (g) has maximum return in the year of 2013-16(0.609).HDFC equity fund growth option (g) have maximum return in the year of 2014-16(0.132).ICICI prudential dynamic plan (g) growth have maximum return in the year of 2011-12(0.166).BIRLA Sunlife dynamic bond fund (g) growth have maximum return in the year of 2014-15 (0.0097).HDFC high interest fund(g) growth have maximum return in the year of 201-11 (0.0002).

In the return aspect the average return of Birla sunlife adv fund was 0.08% and the Jensen performance index is positive 0.0546 but Treynor, Sharp performance ratio shows -10.052, -49.1113 negative so the performance of return also very poor. In the risk aspect, the S.D is 0.014 for HDFC equity fund during the period. It is not favorable for the investors. The systematic and market is 0.072 (Beta) and 0.068 (Alpha) to the fund is high risk. The return aspect during the period of the study for was 0.03% and Sharpe, Treynor and Jensen performance ratio shows negative index -10.148, -2.551 and -0.1615 respectively. So the performance is too risky. The return aspect during the period of the study for ICICI prudential dynamic plan was 0.36% and Sharpe Treynor Jensen performance ratio shows negative index -17.65, -0.1964 and -0.236 respectively. So the performance is too risky. The return aspect during the period of the study for Birla Sun life Dynamic Bond Fund was 0.005% and Sharpe Treynor Jensen performance ratio shows negative index -0.3381, -17.891 and -0.724 respectively. So the performance is too risky.

The return aspect during the period of the study for HDFC High Interest Fund was 0.022% and Sharpe Treynor Jensen performance ratio shows negative index -0.4100, -0.419 and -0.7073 respectively. So the performance is too risky.

5. SUGGESTION

For the investors it is better to hold the fund next one year the market will bounce back again. Company should generalize and simplify the procedures for common peoples, which will increase the positive attitude of the customer towards mutual investment. Company may try to avoid hidden charge in the investment rules. Company may increase benefit of agents and distributors, which leads to an increase in sales.

6. CONCLUSION

The last four years it was hard for any investors as the market was crumbling like anything. This made the investors to rethink about the investment strategies they have to follow, so the investors are now in a dilemma whether to invest or not but there is not much variation in investment. High inflation rate and global recession caused huge market hit to mutual investment. Experts are expecting a market bounce back with in another one year. The type of money flowing in the stock market is surely caring a lot of domestic investors dream. These dreams are effectively turned in to dream for the past five year. But for the last five years it was hard for any investors as the market was crumbling like anything. This made the investors to rethink about the investment strategies they have to follow, so the investors are now in a dilemma whether to investor not but there is not much variation in investment. It can be summarized that most of the schemes for the study have shown a good sign of improvement.

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BIOGRAPHY

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