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A COMPARATIVE ANALYSIS OF SELECTED MUTUAL FUND SCHEMES

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ABSTRACT

The different mutual fund schemes in this research study will be carefully evaluated and analysed in terms of their performance, risk profiles, and suitability for investors. Mutual funds have become much more popular as investment vehicles due to their benefits in terms of diversification and professional management. However, because there are so many options available, investors must be aware of the differences between different mutual fund schemes in order to make informed investment decisions. This study examines the systematic analysis of equity, debt, and hybrid mutual fund schemes, taking into consideration factors including historical returns, risk indicators, fee percentages, portfolio composition, and market conditions.They must choose which investments to make. A thorough understanding of the range of investment alternatives is necessary to make the right investment choice. Investments are the most effective way to achieve financial security. The objective of investing is to increase a potential investor's income. This study provides an overview of the present investment options as well as a fast recap of related investment potential for the short, medium, and long term. The purpose of the study is to outline the numerous investment opportunities and the benefits that come along with them. The investigation will be conducted descriptively with the aid of secondary data.The several investment prospects available in the Indian market are analysed. Investments can be made in both financial and non-financial products.
The crucial words are financial, investment, awareness, security, and attempt.

INTRODUCTION

A mutual fund is a professionally managed collection of securities owned by several corporations. These companies record profits or losses in capital on their traded securities and get dividends on their stock holdings. Investors purchase mutual fund units in the same manner as they do individual securities. After covering operational costs, subscribers receive FCP revenues (dividends, capital gains or losses) in proportion to the amount of money invested. Investors believe that a gain on one investment will more than offset a loss on another.
A mutual fund, which is a communal pool or pool of funds, is managed by a qualified and experienced fund manager. After accepting funds from a group of people who have a similar investing objective, this trust invests in stocks, bonds, money market instruments, and other securities. After deducting relevant costs and levies, the income generated by this combined portfolio is distributed proportionately to investors by calculating the "net asset value" or net asset value of a plan. A mutual fund structure distributes the funds amassed by different investors into units, to put it simply. Whether or not the pooled money invested in stocks,

bonds, or short-term securities rise or fall will depend on how well these assets perform. This must be reflected in the NAV value.

For people who want to enhance their wealth but don't have a lot of money to invest or the time or knowledge to undertake market research, mutual funds are an excellent choice. A small charge that is subtracted from the investment serves as payment to the fund company for its professional expertise. Mutual fund fees are subject to a variety of limitations established by the Securities and Exchange Board of India (SEBI). Due to regular investments made by investors in equities and balanced programmes provided through mutual funds, their prominence has increased over the past few years.

What is "NAV"?

Similar to how a stock's market price is formed by trading on an exchange, the net asset value per unit (NAV) is determined by the closing price of the stocks and bonds that comprise the particular mutual fund's portfolio. A mutual fund's net asset value, less any necessary charges and expenses, is the market value of all the stocks, bonds, and other assets that the mutual fund owns on any given day. The net asset value per unit, which is then divided by the total number of outstanding units under the plan, represents the market value of all securities held by a mutual fund on any given day, less all costs, obligations, and accrued revenue.

NAV is calculated as follows: Market price of securities + other assets - all liabilities + shares outstanding on the NAV date.

NAV = Net assets of the Plan + Number of units in circulation, i.e. Market value of investments + Receivables + Other income to be received + Other assets – Expenses to be paid – Other creditors – Other liabilities + Number of units in circulation on the date of the NAV.

REVIEW OF LITERATURE

(2013) R.Narayanasamy and V.Rathnamani assessed the performance of a few selected equity mutual funds offered by significant Indian fund companies. Despite the fact that the collapse of CNX NIFTY (2011) had an effect on the performance of all funds, the primary goal of the study is to utilise statistical metrics to evaluate the financial performance of a small number of selected mutual fund schemes. The study also provided investors with statistical features to take into account in order to confirm that mutual funds function consistently.

Muralidhar Prasad Ayaluru (2016) chose the top 10 Reliance Mutual products plans to compare the risk and return on offer from these products. The researcher collected daily NAVs during a five-year period (2009-2014). As benchmarking and comparing indicators, the study used the BSE Sensex and the NSE-Nifty. He also discovered that while Reliance Bank Funds have High Returns with High Risks, Reliance Small Cap Funds have Moderate Risk and Moderate Returns.

Dr. M. Anbukarasi and Mithuna R. (2018) looked at the performance of various mutual fund schemes. Schemes are categorised for this reason based on their type, which includes equity and debt funds. The top five performing schemes in each area were chosen using statistical techniques. The analysis found reasons for several programmes' underperformance, which may be Volatility and diversity are important concepts. The suggestions include sensible restrictions, diversity, and improved allocation.

Geeta Rani (2019) used Sharpe's ratio, Treynor's, and Jensen's metrics to examine the performance of both public and private sector mutual funds in comparison to specific balanced fund schemes. The study's findings indicate that SBI Magnum Balanced Fund has achieved the highest performance, whereas ICICI Prudential has mediocre performance with high risk. According to the researcher, the public and private sectors' SBI Magnum Balanced Fund and HDFC Balanced Fund have outperformed. In terms of performance, growth direct plans have consistently outpaced growth regular plans.

Mark Grinblatt and Sheridan Titman (2021) evaluated quarterly data to assess the abnormal returns of active and passive investment strategies with and without transaction costs, fees, and expenses.

RESEARCH GAP

Despite numerous studies being conducted to evaluate the performance of a specific mutual fund company or across companies, no research has been conducted on the plans of corporations based on their holding nature. There have been similar studies conducted, however they used a different approach. The methods used in this study were distinct and were not used in any other research. They will aid investors in developing an investment strategy or portfolio based on their financial goals.

SIGNIFICANCE OF THE STUDY:

The objective of this study is to assess the performance of particular mutual fund schemes over the course of the past twelve years that were managed by specific public, private, and foreign mutual fund management companies. It was done to spread information about active high-voltage initiatives that could bring in more money. Investors will benefit from the study since it assesses the performance of the schemes across different holding periods, such as short, medium, and long durations, enabling them to select investments that suit their needs. A new competitor on the market will benefit from the analysis as well.

STATEMENT OF THE PROBLEM

One of the largest and fastest expanding industries in India is mutual funds. UTI held a monopoly in the market until the formation of the public and private sectors in 1987. Although it provided access to a larger variety of investment possibilities, it also caused market swings. the financial industry's efficiency. The performance and success of mutual fund businesses depend on investor confidence, but in India, investors are becoming less confident about the security of their initial investments and are less willing to invest in mutual funds, which has an effect on the capital investment of mutual fund businesses. A larger choice of sizes is available for plans using mutual funds.

OBJECTIVES:

1) To determine whether specific mutual funds are effective.
2) To ascertain whether future mutual fund plans would be successful

CONCEPTUAL FRAMEWORK

For this study, sample mutual fund schemes were the Axis Small Cap Fund Direct Growth Option, Kotak Small Cap Fund Direct Growth Option, ICICI Prudential Small Cap Fund Direct Growth Option, and HDFC Small Cap Fund Direct Growth Option. After assessing, analysing, and comparing the plan, the article's goal is to rate it according to its financial performance. Secondary sources such firm fact sheets, journals, research papers, and open sources were used to compile all of the data. The information used in the analysis was gathered over the course of three years, from 1 April 2019 to 31 March 2022. In order to rank and analyse the company's mean returns, Sharpe's and Treynor's ratios were used along with the daily NAVs of the mutual funds. The computation of the risk-free rate of return was done using treasury notes with a maturity of three years and 91 days that were issued by the Indian government. The fund could vary in relation to its benchmark, hence the study's beta measurement is employed as;

The benchmark used in this analysis was NIFTY SMALL CAP 100 TR, which applied to all four of the selected small cap mutual fund schemes.

Smaller business financing is provided by "Small Cap" funds.

RESEARCH DESIGN

The study's research methodology is exploratory and comparative in character. Over a three-year period, from 2018 to 2021, the performance of various mutual fund schemes is compared.

DATA SOURCES

Secondary data for this study came from the website of the Association of Mutual Funds in India.

SAMPLE DESIGN

A small-cap direct growth mutual fund plan's data for three years, from the fiscal years 2019–20 to 2021–2022, makes up the sample.

STATISTICAL TOOLS

This study gathered daily NAVs for all four of the chosen mutual fund schemes during a three-year period, from 1 April 2019 to 31 March 2022. After that, the data was evaluated using a number of methods, including Simple Mean, to test various theories.

DATA ANALYSIS AND INTERPRETATION

Table 1

Table 1).

Schemes	Mean NAV	Rf	Standard Deviation	Sharpe Ratio	Rank	Treynor Ratio	Rank
Kotak Mahindra	77.29126	6.19	5.466112	13.00765	III	71.10126	I
Axis Bank	28.25591	6.19	0.991625	22.25228	I	22.06591	III
HDFC	46.18668	6.19	2.104656	19.0039	II	39.99668	II
ICICI Prudential	25.43996	6.19	2.191344	8.784547	IV	19.24996	IV

Table 1. Analysis of Data for the Year 2019-2020.

According to Table 1, the several small cap direct growth schemes perform well in the fiscal year 2019–20, as evidenced by their high NAVs of 77.29125911 and Treynor Ratios of

71.10125911. In terms of performance among the selected plans, Kotak Mahindra excelled, while Axis Bank had the best Sharpe ratio—a metric that compares return to total risk—followed by HDFC, Kotak Mahindra, and ICICI prudential (Tables 2 and 3).

Table 2

Schemes	**Mean NAV**	**Rf**	**Standard Deviation**	**Sharpe Ratio**	**Rank**	**Treynor Ratio**	**Rank**
Kotak	76.38392	4.36	6.192544	11.63075	I	72.02392	I
Mahindra							
Axis Bank	32.13029	4.36	2.813177	9.871503	III	27.77029	III
HDFC	42.1748	4.36	3.885416	9.732497	IV	37.8148	II
ICICI Prudential	25.92069	4.36	2.003384	10.76214	II	21.56069	IV

2. Analysis of Data for Year 2020-21.

Table 3

Schemes	**Mean NAV**	**Rf**	**Standard Deviation**	**Sharpe Ratio**	**Rank**	**Treynor Ratio**	**Rank**
Kotak Mahindra	90.71185	3.18	22.67564	3.860172	IV	87.53185	I
Axis Bank	36.67823	3.18	6.604417	5.072094	I	33.49823	III
HDFC	42.53575	3.18	9.037174	4.354874	II	39.35575	II
ICICI Prudential	28.1104	3.18	6.420344	3.883033	III	24.9304	IV

Table 3. Analysis of Data for Year 2021-22.

In terms of NAV with a score of 90.711852 and a Treynor Ratio of 87.531852, Kotak Mahindra was the top-performing mutual fund among the chosen schemes. However, when looking at Sharpe ratio performance, Kotak Mahindra was the least successful, with Axis Bank leading, followed by HDFC and ICICI prudential.

RESULTS AND FINDINGS

1. Every one of the four small-cap direct-growth mutual fund schemes had a positive return and growth rate from 2019–20 to 2021–2022, with the exception of the HDFC small-cap direct–growth mutual fund scheme, which showed a negative trend between 2019–20 and 2020–21.

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2. The Axis Bank Small Fund Direct Growth Scheme performed the best in terms of risk-return over a three-year period.
3. While the Kotak Mahindra small cap mutual fund has the highest mean return and Treynor Ratio over the course of the three years, its standard deviation is very large, highlighting the plan's volatility. Only risk-takers should participate in this plan as a result of this.
4. ICICI TinyCap Prudential Direct

CONCLUSION

Mutual funds offer a wide range of programmes in different fields, depending on the risk-return portfolio. The top ratings from CSRIL were awarded to the four small cap plans that were chosen. The general trend of the selected plan has been rising and good over time. The Kotak Mahindra Small Cap Direct Option Growth Plan was discovered to be the Treynor Ratio leader after their performance was evaluated, although the Sharpe Ratio position changed from year to year. The difference in rank between these two ratios was mostly caused by the standard deviation, which accounts for the fluctuation of daily return from mean return. Performance was assessed in this study using a variety of methods and approaches.

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