A

STUDY ON

"COMPARATIVE ANALYSIS OF MUTUAL FUND"

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Abstract:
The Article is titled as Comparative Analysis of Mutual Fund. The predominant intention is to evaluate the mutual price range and make permit to the buyers in making a better choice to make investments and to provide a basic concept of making an investment into mutual finances. It offers an thrilling intension into awareness about mutual funds which makes variations in income degrees of chance, danger taking ability of individuals, and options favored to make investments etc. This look at allows me to understand how the organizations maximize their returns and minimize the danger which involved. These schemes have been evaluated on the basis of Sharpe, Treynor and Jensen's measure which results for taking better funding decisions. This have a look at indicates the traders to invest their cash into the exceptional one. Finally, I shall consider all my difficult work worthwhile, if this endeavour of mine is capable of satisfy all the ones concerned & proves beneficial to anybody or for any have a look at within the future.
Keywords:*Mutual funds, Risk and Return, Net Asset value, Sharpe measure.*

INTRODUCTION:
Mutual fund is taken into consideration one of the maximum appealing economic devices to make investments which performs a vital role within the economic device of a country. Mutual fund is professionally controlled pool of money from a group of buyers. The fund supervisor invests your fund in diverse securities including bonds, cash market gadgets etc...It provides an entire lot of services to the small investors to control and manipulate the portfolio investment due to the size of budget, experience too.
Firstly, Mutual fund was set up in 1822 inside the shape of Society General De Belgique. In 1963, Mutual fund was added in India with the formation of Unit Trust of India (UTI). During the previous couple of years, many excellent and rapid adjustments have been seen within the mutual fund industry.
Therefore, due to the modified environment, if becomes critical to investigate the mutual fund performance. Some major vicinity of mutual fee range which embody HDFC mutual fund, Tata mutual fund, ICICI prudential mutual fund, Reliance mutual fund etc. The fund management costs range among 0.5% and 1.0%, however they not often exceed to 2.5% also. For passive index finances, the ratio is about 0.2 according to year.

REVIEW OF LITERATURE:

A Mutual Fund is a monetary transitional which act as an device of investment. It collects the price range from different buyers to a not unusual pool of investible budget after which make investments these finances in a wide type of funding potentialities in elevated portfolios of securities such as Money Markets device, company and authorities bonds and equity shares of joint stock companies.

The funding may be diverse to spread threat and to ensure appropriate return to the buyers. The Mutual Funds employ professional, experts and funding consultants to conduct funding evaluation and then to select the portfolio of securities in which the budget are to be invested.

John McDonald (1974) inspected the connection between the stated fund factors and their dangers and go back qualities. The take a look at concludes that, on a mean the fund managers seemed to preserve their portfolios inside the stated risk. Some

budget inside the lower danger group possessed better risk than price range within the riskiest group.James R.F. Guy (1978) estimated the hazard-adjusted presentation of UK investment

trusts via the application of Sharpe and Jensen measures. The look at concludes that no trust had exhibited advanced overall performance compared to the London Stock Exchange Index.
Grinblatt and Titman(1989) concludes that a few mutual funds consistently recognise bizarre returns by systematically picking stocks that recognise advantageous extra returns.
National Council of Applied Economic Research (NCAER) "Urban Saving survey" noticed that regardless of occupation accompanied and academic stage and age attained, families in each group notion saving for the destiny was desirable. It became observed that desire to make provision for emergencies had been a very important cause for saving for antique age. It is determined out from the survey 'Survey of Indian Investors' conducted through NCEAR (2000) and the regulatory authority SEBI, stated that Safety and liquidity have been the number one considerations which had determined the selection of an funding asset. In this paper NCAER determined out the Factors which influence man or woman the funding decision, is the distinction inside the belief of Investors within the investing process on the idea of Age and the distinction in perception of the Investors on the idea of Gender.
Ravi Jagannathan(2011)inside the article"Impatient Trading, Liquidity Provision, and Stock Selection through Mutual Funds" showed that a mutual fund's stock choice skill can be decomposed into additional additives that encompass liquidity-absorbing impatient buying and selling and liquidity provision. The take a look at proved that past performance predicts future overall performance better among funds buying and selling in shares affected extra by means of records activities Past winners earn a risk-adjusted after-fee excess go back of 35 basis points according to month in the future. Most of that superior performance comes from impatient buying and selling. The paper additionally states that impatient buying and selling is extra vital for growth-oriented budget, and liquidity provision is more crucial for younger profits price range.

OBJECTIVES OF THE STUDY:

This study concerned the following objectives of mutual fund:

- To provide mainly to the need of individual investors.
- To understand the investment strategies followed by each company.
- To compare the analysis of selected mutual funds in various categories.
- To understand each company performance basing on weekly wise data.

RESEARCH METHODOLOGY:

The present studies is an try to take a look at comparative performance of mutual budget of selected Indian groups. The examine cognizance on mutual fund schemes of decided on Indian groups comprising Equity, Debt and Hybrid Schemes. The totals of 15 Indian mutual fund businesses are selected for the look at. The Asset management businesses selected for the observe are Birla Sun Life, Deutsche, DSP BlackRock, Franklin Templeton, HDFC, ICICI Prudential, IDFC, Kotak Mahindra, L&T, Reliance, Religare Invesco, SBI, Sundaram, Tata and UTI mutual fund. The total of 390 schemes comprising of 178 fairness mutual finances, 138 debt schemes and seventy four hybrid schemes are selected for the observe. Equity mutual funds include area fund, infrastructure fund, International fund, big cap fund, Large & Mid Cap fund, small cap fund, ELSS fund and miscellaneous budget. Debt fund includes Income, Liquidity fund, Short term debt fund, Ultra short-time period debt fund, GILT brief term and long-term fund. Hybrid mutual fund protected for the examine are Asset allocation fund, Arbitrage fund, aggressive debt fund, conservative debt fund and equity-oriented fund. For the motive of the study the records has been collected from secondary resources which include AMFI reviews on mutual fund and RBI Bulletin. The required statistics relating to Net Asset Value (NAV) of sampled 15 mutual fund businesses has been amassed from the websites of AMFI, mutual fund India, value studies, Morningstar etc. The benchmark marketplace returns like BSE Sensex, BSE 100, BSE 200, 91-day T-invoice had been taken from respective site.

Net Asset Value (NAV):

Mutual Funds invest the money collected from the investors in securities markets. In simple words, Net Asset Value is the market price of the securities scheme also varies on daily basis. The NAV consistent with unit is the market value of securities of a scheme divided through the entire range of gadgets of the scheme on any precise date. The performance of a specific scheme of a Mutual Fund is denoted by "Net Asset Value". For example; if the market fee of securities of a MF Scheme is Rs. two hundred lakhs and the Mutual Fund has issued 11 lakhs devices of Rs. 11 each to the buyers, then the NAV consistent with unit of the fund is Rs. 20. NAV is required to be disclosed by way of the MF on a ordinary basis – every day or weekly – depending on the kind of scheme.

NAV = Market value of the fund's investments + Receivables + Accrued Income – Liabilities – Accrued Expenses

HYPOTHESIS:

The hypothesis of this study is as follows:

H_0 = The analysis of mutual fund of selected schemes is higher than the indices of benchmark.

H1= The analysis of mutual fund of selected schemes is lower than the indices of benchmark.

THEORETICAL CONCEPTS:

In a mutual fund, many investors contribute to form a common pool of cash. This pool of money is invested in accordance with a said goal. The ownership of the fund is therefore joint or "mutual"; the fund belongs to all traders. A single investor's possession of the fund is in the equal percentage as the amount of the contribution made by means of him bears to the whole quantity of the fund.

A mutual fund makes use of the money accumulated from buyers to buy those property which are mainly permitted by way of its stated investment goal. Thus, a increase fund would buy specifically equity assets-ordinary shares, preference shares and warrants. An income fund would specially purchase debt units such as debentures and bonds. The fund's property are owned by using the investors in the equal percentage as their contribution bears to the whole contributions of all traders positioned together.

The mutual fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Reserve Bank of India and the Government of India. The objective then was to draw the small buyers and introduce them to market investments. Since then, the records of mutual funds in India may be widely divided into six distinct phases.

- Phase 1(1964-87): Growth of Unit Trust of India
- Phase 2 (1987-1993): Entry of Public Sector Funds
- Phase 3 (1993-1996): Emergence of Private Funds
- Phase 4 (1996-99): Growth and SEBI Regulation

- Phase 5 (1999-2004): Emergence of a Large and Uniform Industry
- Phase 6 (From 2004 onwards): Consolidation and Growth

Structure of Mutual Funds:

There are many types of schemes of mutual funds available to the Indian investor. However, these different kinds of schemes can be grouped into positive classifications for better understanding. From the investors perspective, we would follow three fundamental classifications.

Firstly, schemes are generally categorised according with their structure
- as close-ended or open-ended. The distinction depends upon whether or not they give the investors the choice to redeem and buy devices at any time from the fund itself (open - ended) or whether the investors should look forward to a given maturity before they can redeem their units to the fund (close - ended). Close-ended budget are indexed on stock exchanges. It can be cited that inside the USA, all mutual finances are open-ended.

Schemes also can be grouped in terms of whether or not the fund accumulate from buyers any costs on the time of access or exit or both, accordingly decreasing the investible amount or the redemption proceeds. Funds/schemes that make these expenses are categorized as load funds, and price range/schemes that don't make any of these charges are termed no-load budget.

Open-ended Fund:

An open-ended fund is one that sells and repurchases gadgets at all times. When the fund sells units, the investor buys them from the fund. When the investor redeems the units, the fund repurchases the units from the investor. An investor can buy devices or redeem devices from the fund itself at a price based totally on the net asset fee (NAV) in line with unit. NAV according to unit is obtained by dividing the quantity of the market value of the fund's assets (plus accrued income minus the fund's liabilities) with the aid of the wide variety of devices extraordinary. The number of devices top notch goes up or down on every occasion the fund sells new units or repurchases existing gadgets. In different words, the unit capital of an open-ended mutual fund is not fixed but variable. When sale of gadgets exceeds repurchase, the fund will increase in size. When repurchase exceeds sale, the fund shrinks.

Close - ended Fund:

Close-ended funds do not permit buyers to buy or redeem gadgets at once from the price range. However, to offer the much-wished liquidity to traders, close-ended budget are indexed in a stock exchange. Trading through a inventory exchange enables investors to buy or sell devices of a close-ended mutual fund from each other, thru a stockbroker, inside the same fashion as shopping for or selling shares of a company. The fund's units can be traded at a reduction or premium to NAV primarily based on traders' perceptions approximately the fund's future performance and different market elements affecting the demand for or supply of the fund's devices. The variety of great gadgets of close-ended finances do no longer vary as a consequence of trading inside the

fund's devices on the stock exchange. Sometimes, close-ended budget do provide buy- again of fund stocks/devices, therefore offering another road for liquidity to close- ended fund traders. In this case, the mutual fund actually reduces the variety of exceptional units. In India, Securities Exchange Board of India regulations ensure that the close - ended scheme traders are given at the least one of the two go out avenues.

Load Funds:

In India, Securities and Exchange Board of India has described a 'load' as the only time rate payable via the investor to permit the fund to meet preliminary issue charges which include brokers'/agents'/ distributors' commissions, advertising and marketing fees.

No-Load Funds:
Securities and Exchange Board of India would consider a fund to be 'a no-load', if an Asset Management Company (AMC) absorbs these initial marketing fees and does not rate the fund - a situation that is somewhat special to India and now not widely time-honored elsewhere.

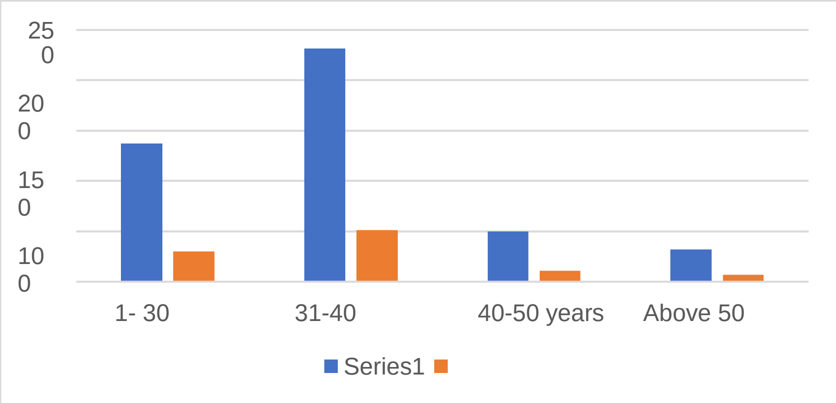
Tax Exempt Funds:
Generally, while a fund invests in tax-exempt securities, it is known as a tax- exempt fund. In the U.S.A., for example, municipal bonds pay hobby this is tax- free, while interest on corporate and different bonds is taxable. In India, any earnings obtained through the mutual fund is tax-free. After the 1999 Union Government Budget, all of the dividend income acquired from any of the mutual price range is tax- free within the palms of the investor.

DATA ANALYSIS AND INTERPRETATION:
The most essential project of any research is facts analysis and proper interpretation. Without suitable interpretation number one and secondary data had been useless. The important goal of this bankruptcy is to examine the collected statistics from the diverse assets of statistics and convert them into some meaning complete result.

1. The following table shows the numbers of respondents wants to purchase the mutual fund scheme:

Age (Years)	**Frequency**	**Percentage (%)**
1- 30 years	137	30.4
31-40 years	231	51.3
40-50 years	50	11.1
Above 50 years	32	7.1
Total	450	100.0

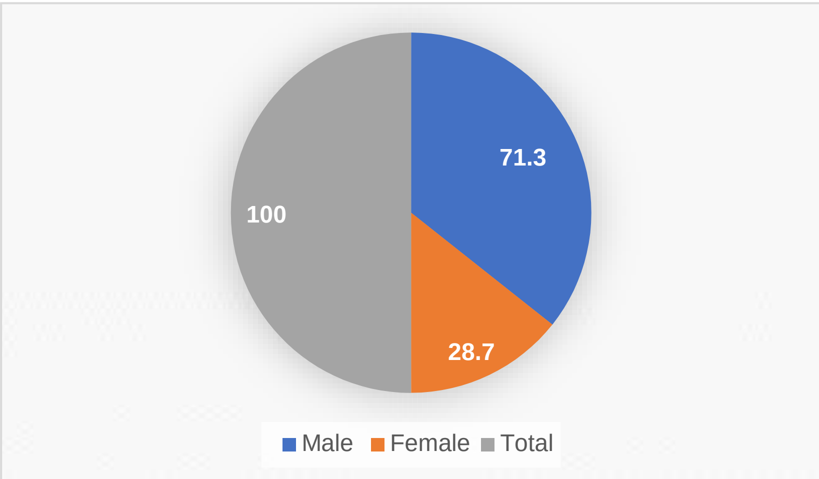
Graphical representation:



2. These table shows the respondents wants to purchase the mutual fund scheme in gender wise:

Gender	Frequency	Percentage (%)
Male	321	71.3
Female	129	28.7
Total	450	100.0

Graphical representation:

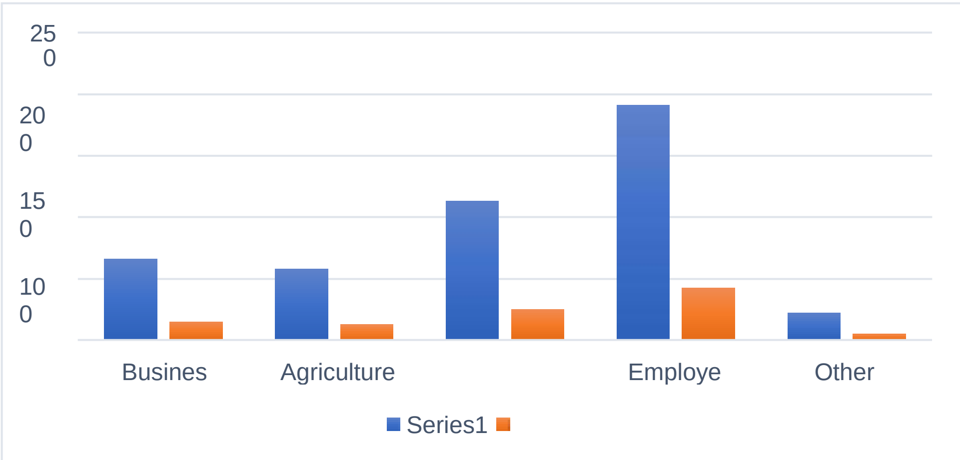


3. These table shows that the employed and professional respondents are purchases the mutual funds compare to the other class occupations:

Occupation	Frequency	Percentage (%)
Business	66	14.7

Agriculture	58	12.9
Professional	113	25.1
Employed	191	42.4
Others	22	4.9
Total	450	100.0

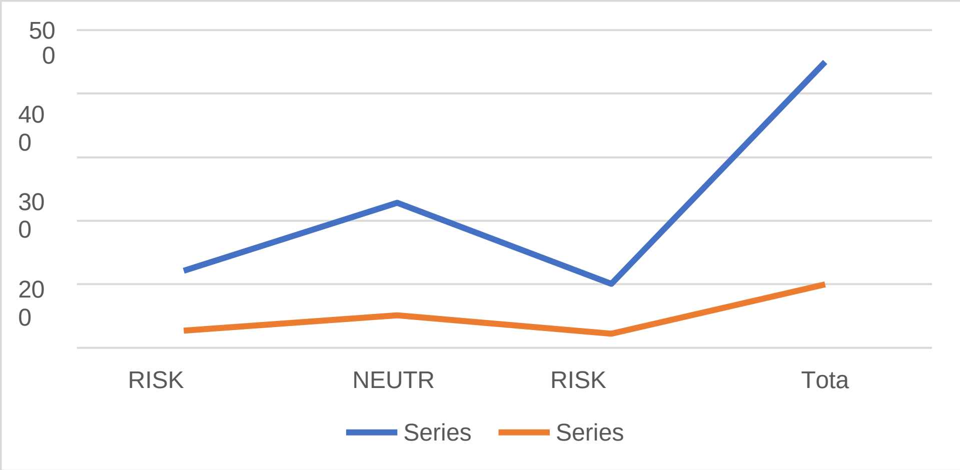
Graphical representation:



4. The table shows that the respondents do not bear any kind of risk and does not demand maximum percentage of returns:

Investor's Risk Class	Frequency	Percentage (%)
RISK LOVER	121	26.9
NEUTRAL	228	50.7
RISK AVERSE	101	22.4
Total	450	100.0

Graphical representation:



CONCLUSION:

The records in this project record will offer the investors the basic understanding approximately Mutual Funds and enable them to choose the satisfactory investments suiting their risk/go back profile. Basing on the data on this project, hints made to buyers are as follows:

- Mutual funds provide regular and steady income to investors.
- Systematic investment plan in Mutual Funds is the best tool for sound investment to small investors who prefer investments in instalments
- The entry load and exit load in Mutual Funds is very low which does not affect the ultimate yields.
- Safety of funds & positive rate of return over inflation are the basic two needs of traditional investor. Mutual Fund is well equipped to cater to these basic desires of investors.

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