# Creating Awareness and Analyzing Various Schemes of Different Mutual Fund Companies

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***Abstract*****—** The main objectives of this study is to create awareness and analyzing various schemes of different mutual fund 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. 4 mutual funds were selected for this study and they are ICICI Prudential Blended Plan A(G), Birla Sunlife 95 Fund(G), HDFC Balanced Fund and ICICI Balanced Fund. 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)

***Keywords*****—** *Awareness, Mutual funds, Schemes, Risk analysis and diversification*

## I. INTRODUCTION

Mutual Funds are financial intermediaries concerned with the mobilizing savings of those have surplus income. The purpose of this study is performance evaluation of mutual funds. Mutual funds employ the resources in such a manner as to afford for the investors combine benefits of low risk, steady returns, high liquidity and capital appreciation through diversification and expert management. Therefore, activities of mutual funds have short and long term impact on the savings and capital markets and national economy. Mutual finds thus assist the process of financial deepening and intermediation.

## II. RESEARCH METHODOLOGY

### *A. Objectives of study*

This study analyses various schemes of different mutual fund companies and to create awareness about mutual funds which are worth for investment

### *B. Period of the study*

The study covered a period of 4 years from 2012 to 2016 to assess the performance of the schemes in terms of returns.

### *C. Tools used*

Standard deviation, Sharpe's index, Treynor's index, Jensen's index, Beta and Alpha

## III. 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.

Satya Swaroop (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.

## IV. ANALYSIS AND INTERPRETATION

The mutual funds selected for our study are

1)ICICI Prudential Blended Plan A(G), 2)Birla Sunlife 95 Fund(G), 3)HDFC Balanced Fund and 4)ICICI Balanced Fund.

### *A. Regression Equation*

ICICI Prudential Blended Plan A (G) = 0.4910 + 0.000 Nifty

Birla Sunlife 95 Fund (G) = 0.9898+ 0.0026 Nifty

HDFC Balanced Fund = 0.1100 + 0.001 Nifty

ICICI Balanced Fund = 0.1492 + 0.0097 Nifty

## V. RESULTS AND DISCUSSION

### *A. Interpretation of Table 1 and 2*

The return aspect of ICICI Prudential Blended Plan A(G) during the period of the study the average return was 0.006% and Sharpe Treynor Jensen performance ratio shows negative index -1.4897, -1.4798 and -0.7233 respectively. The return aspect of Birla Sunlife 95 Fund(G) during the period of the study the average return was 0.13% and Sharpe Treynor Jensen performance ratio shows negative index -48.533, -0.604 and -0.596respectively.

Table 1: Calculation of selected mutual fund return

| | NIFTY | | NIFTY | | NIFTY | | NIFTY |
|---|---|---|---|---|---|---|---|
| 1 | return | 2 | return | 3 | return | 4 | return |
| 0.002 | 0.0139 | 0.13 | 0.214 | 0.14 | 0.149 | 0.1 | 0.109 |
| 0.006 | 0.0018 | 0.06 | 0.123 | 0.05 | 0.423 | 0.05 | 0.032 |
| 0.0035 | 0.0159 | -0.05 | -0.459 | -0.03 | -0.2459 | -0.05 | -0.126 |
| 0.0027 | 0.0062 | -0.027 | -0.162 | 0.004 | 0.1662 | -0.02 | -0.16 |
| 0.0039 | 0.0052 | 1.983 | 1.204 | 0.016 | 0.204 | -0.007 | -0.0578 |
| 0.0044 | 0.0048 | 0.04 | 1.132 | 0.027 | 1.232 | 0.02 | 0.128 |
| 0.0103 | 0.0065 | 0.009 | 0.002 | 0.013 | 0.1234 | 0.01 | 0.164 |
| 0.0078 | 0.0089 | -0.078 | 0.062 | -0.08 | -0.062 | -0.06 | -0.056 |
| 0.0077 | 0.0146 | -0.004 | 0.001 | 0.017 | 0.0291 | -0.0002 | -0.0091 |
| 0.0105 | 0.0076 | -0.0009 | -0.082 | 0.02 | 0.026 | 0.02 | 0.036 |
| 0.0055 | 0.0214 | 0.029 | 0.124 | 0.009 | 0.0982 | 0.04 | 0.082 |
| 0.0105 | 0.0075 | 0.0744 | 0.0859 | 0.09 | 0.1899 | 0.08 | 0.079 |
| 0.0088 | 0.0098 | -0.054 | -0.156 | 0.0017 | 0.186 | -0.005 | -0.006 |
| 0.0066 | 0.0249 | 0.0039 | 0.0146 | 0.0029 | 0.0146 | -0.001 | -0.146 |
| 0.0094 | 0.0589 | 0.0069 | -0.0149 | -0.012 | -0.149 | -0.005 | 0.0649 |
| 0.0076 | 0.0104 | 0.0062 | 0.0184 | -0.007 | -0.0084 | 0.01 | 0.034 |

The return aspect of HDFC Balanced Fund during the period of the study the average return was 0.016% and Sharpe Treynor Jensen performance ratio shows negative index -37.644, -6.614 and -0.713 respectively. The return aspect during the period of the study the average return was 0.016% and Sharpe Treynor Jensen performance ratio shows negative index --73.36, -4.879 and -0.718 respectively. So the performance is too risky.

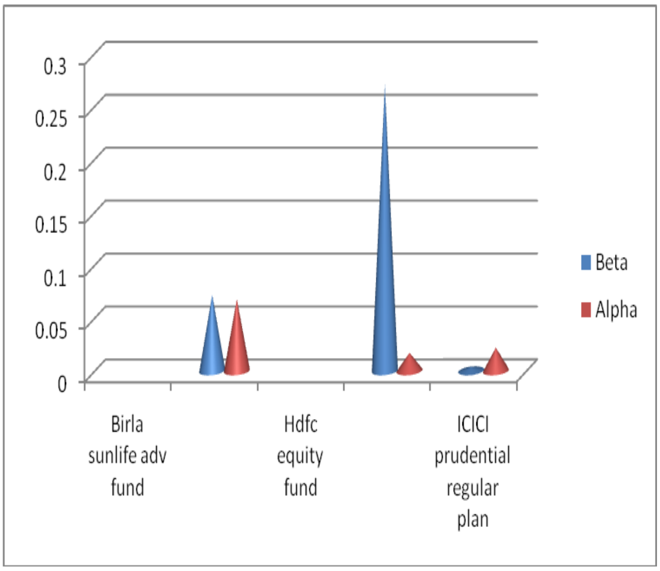


Chart 1: Balanced Funds Risk Performance Chart

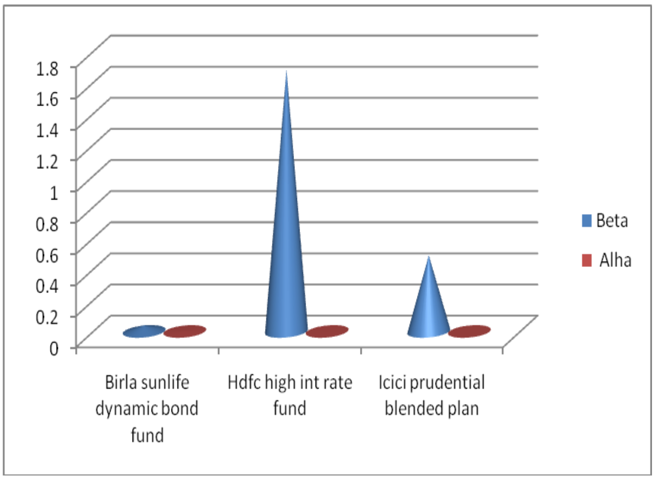


Chart 2: Dept Income Funds Risk Performance Chart

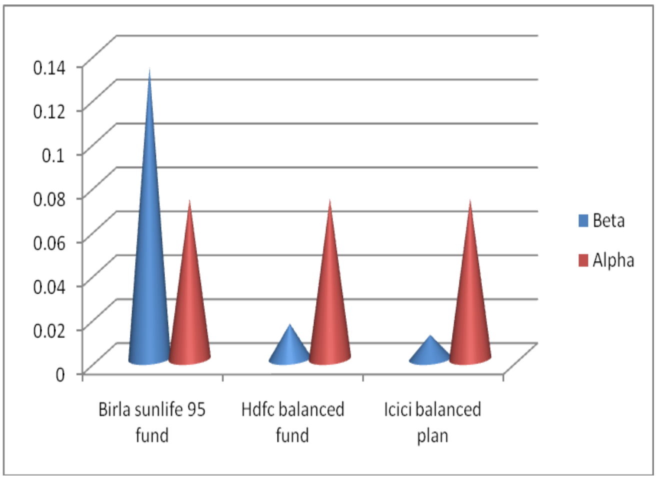


Chart 3: Balanced Funds Risk Performance Chart

Table 2: Calculation of summary of selected mutual funds

| | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| Return | 0.006 | 0.133 | 0.016 | 0.011 |
| Standard deviation | 0.00016 | 0.0155 | 0.019 | 0.0098 |
| Sharpe Ratio | -1.4897 | -48.533 | -37.644 | -73.36 |
| Treynor's Ratio | -1.4798 | -0.604 | -6.614 | -4.879 |
| Jensen Index | -0.7233 | -0.596 | -0.713 | -0.718 |
| Beta | 0.49106 | 0.9898 | 0.11 | 0.1492 |
| Alpha | 0 | 0.0026 | 0.001 | 0.0097 |
| Correlation | 0.1705 | 0.6921 | 0.3154 | 0.6311 |

***B. Interpretation of Chart 1, 2 and 3***

The above Chart indicate Risk over the period of 2012 – 16. This Analysis indicates Equity growth schemes, Dept Income schemes and Balanced fund schemes has minimum risk in the scheme of ICICI prudential regular plan.

## VI. SUGGESTION

Government should take remedial measures towards inflation. Mutual fund is a retail product Investors Park their savings in mutual funds to meet the needs of adequate return safety liquidity tax benefits, diversification and professional management etc. new products may introduce to attract these investors by predicting the market timings. The operational environment of the fund may be simplified in the sense the procedures involved.

## 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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