

# A Study on Selected Equity Mutual Funds

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## ABSTRACT

Equity mutual fund invest in the shares of different companies. The fund manager tries to offer great returns by spreading his investment across companies from different sectors or with varying marketing capitalizations. Typically, equity funds are known to generate better returns.

**KEYWORDS:** Sharpe ratio standard deviation

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## INTRODUCTION

Equity mutual fund invest in the shares of different companies. The fund manager tries to offer great returns by spreading his investment across companies from different sectors or with varying marketing capitalizations. Typically, equity funds are known to generate better returns.

### Need for the study

This study aims to analyze and evaluate the performance of selected equity mutual funds of Nippon India and Aditya Birla Sunlife.

### Scope of the study

This study covers the performance of selected equity mutual funds of Nippon India and Aditya Birla Sunlife for a period of 5 years i.e., from 2016-2020

### Objectives of the study

- To Study the performance of selected equity mutual funds.
- To evaluate the risk and returns of equity mutual funds of Nippon India and Aditya Birla Sunlife.
- To rank the selected equity mutual funds according to the sharpe ratio.

## RESEARCH METHODOLOGY

### Secondary Data:

The study is based on secondary data. It was collected from the company annual reports, websites and journals.

### Limitations

- The Financial market in India is unpredictable in nature and the future aspects of the Equity mutual funds vary.
- The study is restricted to the selected equity mutual fund schemes with returns last 5 years

## INTERPRETATION

1.Returns of Nippon India small cap fund

Years	Returns(x)	(x-X)	(x-X) <sup>2</sup>
2016	11.49	1.05	1.10
2017	2.60	-7.84	61.46
2018	7.20	-3.24	10.49
2019	18.70	8.26	68.22
2020	12.22	1.78	3.16
Total	52.21		144.43

$MEAN(X) = 52.21/5$   
 $= 10.44$   
 $STANDARD\ DEVIATION = \sqrt{(x-x)^2/5} = \sqrt{144.43/5}$   
 $= 5.37$   
 $SHARPE\ RATIO = \text{Average return of portfolio} - R_f / \text{Standard deviation}$   
 $= 10.44 - 6.03 / 5.37$   
 $= 0.82$



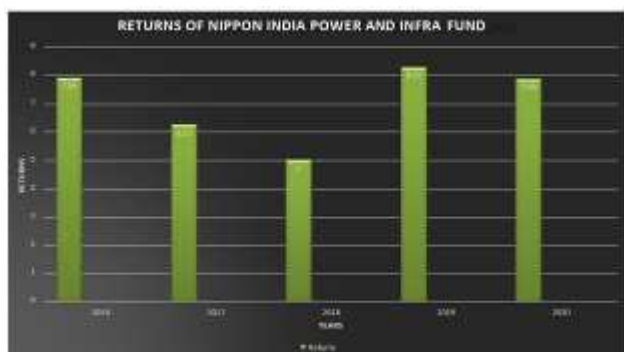
**Interpretation:**

Nippon India small cap fund has generated average returns of 10.44 with risk 5.37 and the Sharpe ratio is 0.82. According to the Sharpe ratio it stood in second place.

**2. RETURNS OF NIPPON INDIA POWER AND INFRA FUND**

YEARS	RETURNS	(X-X)	(X-X) <sup>2</sup>
2016	7.89	0.84	0.70
2017	6.25	-0.8	0.64
2018	5.0	-2.05	4.20
2019	8.27	1.22	1.48
2020	7.85	0.8	0.64
TOTAL	35.26		7.66

$MEAN(X) = 35.26/5$   
 $= 7.05$   
 $STANDARD\ DEVIATION = \sqrt{(X-X)^2/5} = \sqrt{7.66/5}$   
 $= 1.23$   
 $SHARPE\ RATIO = \text{Average return of portfolio} - R_f / \text{Standard deviation}$   
 $= 7.05 - 6.03 / 1.23$   
 $= 0.82$



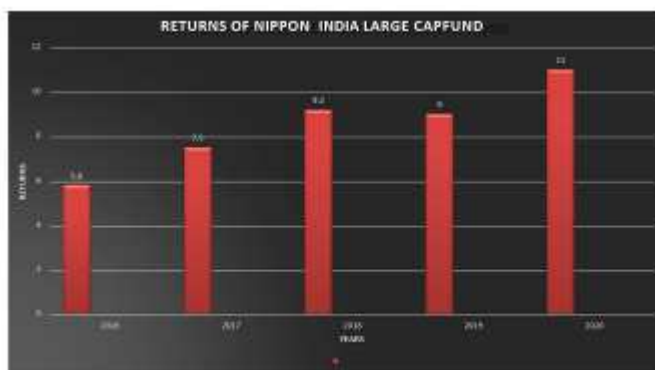
**INTERPRETATION**

Nippon India power and Infra fund has generated average returns of 7.05 with risk 1.23 and the Sharpe ratio is 0.82. According to the Sharpe ratio it stood in second place.

**3. RETURNS OF NIPPON INDIA LARGE CAP FUND**

YEARS	RETURNS	(X-X)	(X-X) <sup>2</sup>
2016	5.8	-2.7	7.29
2017	7.5	-1	1
2018	9.2	0.7	0.49
2019	9	0.5	0.25
2020	11	2.5	6.25
TOTAL	42.5		15.28

$MEAN(X) = 42.5/5$   
 $= 8.5$   
 $STANDARD\ DEVIATION = \sqrt{(X-X)^2/5} = \sqrt{15.28/5}$   
 $= 1.74$   
 $SHARPE\ RATIO = \text{Average return of portfolio} - R_f / \text{Standard deviation}$   
 $= 8.5 - 6.03 / 1.74$   
 $= 1.41$



**INTERPRETATION**

Nippon India large cap fund has generated average returns of 8.5 with risk 1.74 and the Sharpe ratio is 1.41. According to the Sharpe ratio it stood in first place.

**4. RETURNS OF NIPPON INDIA BANKING FUND**

YEARS	RETURNS	(X-X)	(X-X) <sup>2</sup>
2016	4.12	-2.43	5.90
2017	5.0	-1.55	2.40
2018	6.18	-0.37	0.13
2019	8.19	1.69	2.85
2020	9.28	2.73	7.45
TOTAL	32.77		18.73

$MEAN(X) = 32.77/5$   
 $= 6.55$   
 $STANDARD\ DEVIATION = \sqrt{(X-X)^2/5} = \sqrt{18.73/5}$   
 $= 1.93$   
 $SHARPE\ RATIO = \text{Average return of portfolio} - R_f / \text{Standard deviation}$   
 $= 6.55 - 6.03 / 1.93$   
 $= 0.26$



**INTERPRETATION**

Nippon India Banking fund has generated average returns of 6.54 with risk 1.93 and the Sharpe ratio is 0.26. According to the Sharpe ratio it stood in fourth place

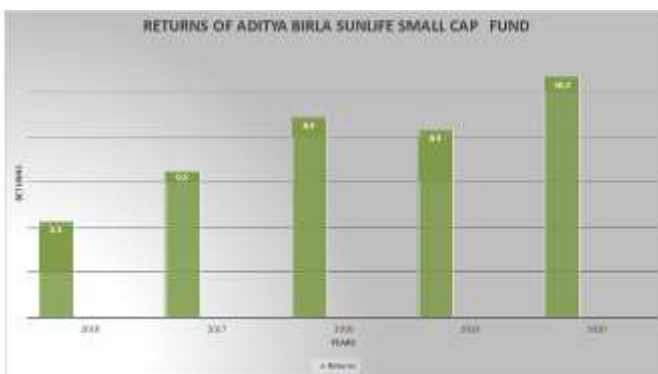
**2.RETURNS OF ADITYA BIRLA SUNLIFE SMALL CAP FUND**

YEARS	RETURNS	(X-X)	(X-X) <sup>2</sup>
2016	4.3	-3.46	11.97
2017	6.5	-1.26	1.58
2018	8.9	1.14	1.29
2019	8.4	0.64	0.40
2020	10.7	2.94	8.64
TOTAL	38.4		23.88

MEAN(X)=38.8/5  
=7.76

STANDARD DEVIATION= $\sqrt{(X-X)^2/5} = \sqrt{23.88/5}$   
=2.18

SHARPE RATIO=Average return of portfolio-Rf/Standard deviation  
=7.76-6.03/2.18  
=0.79



**INTERPRETATION**

Aditya Birla Sunlife Small Cap fund has generated average returns of 7.76 with risk 2.18 and the Sharpe ratio is 0.79. According to the Sharpe ratio it stood in second place.

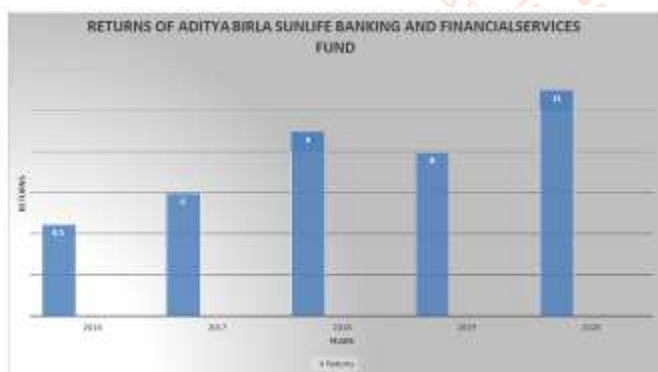
**1.RETURNS OF ADITYA BIRLA SUNLIFE BANKING AND FINANCIAL SERVICES FUND**

YEARS	RETURNS	(X-X)	(X-X) <sup>2</sup>
2016	4.5	-3.2	10.24
2017	6	-1.7	2.89
2018	9	1.3	1.69
2019	8	0.3	0.09
2020	11	3.3	10.89
TOTAL	38.5		25.8

MEAN(X)=38.5/5  
=7.7

STANDARD DEVIATION= $\sqrt{(X-X)^2/5} = \sqrt{25.8/5}$   
=2.27

SHARPE RATIO=Average return of portfolio-Rf/Standard deviation  
=7.7-6.03/2.27  
=0.73



**INTERPRETATION**

Aditya Birla Sunlife Banking and Financial services fund has generated average returns of 7.7 with risk 2.27 and the Sharpe ratio is 0.73. According to the Sharpe ratio it stood in third place.

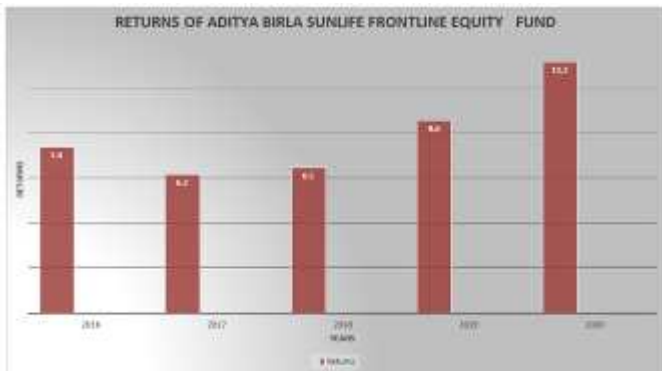
**3.RETURNS OF ADITYA BIRLA SUNLIFE FRONTLINE EQUITY FUND**

YEARS	RETURNS	(X-X)	(X-X) <sup>2</sup>
2016	7.4	-0.58	0.33
2017	6.2	-1.78	3.20
2018	6.5	-1.48	2.19
2019	8.6	0.62	0.38
2020	11.2	3.22	10.36
TOTAL	39.9		16.46

MEAN(X)=39.9/5  
=7.98

STANDARD DEVIATION= $\sqrt{(X-X)^2/5} = \sqrt{16.46/5}$   
=1.81

SHARPE RATIO=Average return of portfolio-Rf/Standard deviation  
=7.98-6.03/1.81  
=1.07



**INTERPRETATION**

Aditya Birla Sunlife Frontline Equity fund has generated average returns of 7.98 with risk 1.81 and the Sharpe ratio is 1.07. According to the Sharpe ratio it stood in first place.

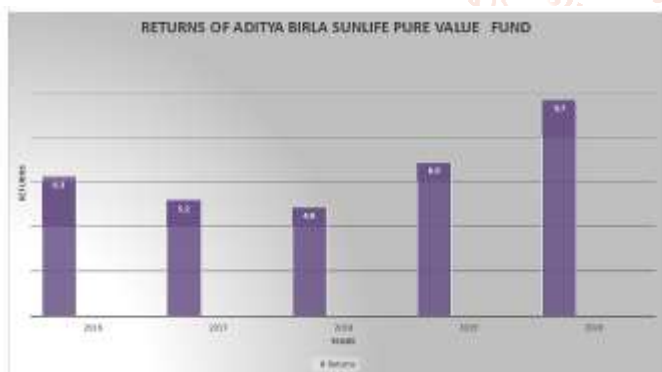
**4.RETURNS OF ADITYA BIRLA SUNLIFE PURE VALUE FUND**

YEARS	RETURNS	(X-X)	(X-X) <sup>2</sup>
2016	6.3	-0.3	0.09
2017	5.2	-1.4	1.96
2018	4.9	-1.7	2.89
2019	6.9	0.3	0.09
2020	9.7	3.1	9.61
TOTAL	33		14.64

MEAN(X)=33/5  
=6.6

STANDARD DEVIATION= $\sqrt{(X-X)^2/5}=\sqrt{14.64/5}$   
=1.71

SHARPE RATIO=Average return of portfolio-Rf/Standard deviation  
=6.6-6.03/1.71  
=0.33

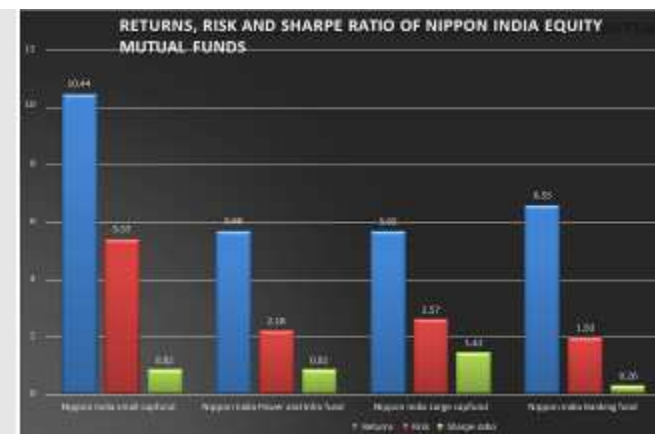


**INTERPRETATION**

Aditya Birla Sunlife Pure Value fund has generated average returns of 6.6 with risk 1.71 and the Sharpe ratio is 0.33. According to the Sharpe ratio it stood in fourth place.

**SHOWING RETURNS, RISK AND SHARPE RATIO OF NIPPON EQUITY MUTUAL FUNDS**

FUNDS	AVERAGE RETURNS	RISK	SHARPE RATIO
Reliance India Small Cap fund	10.44	5.37	0.82
Reliance India Power and Infra fund	5.66	2.18	0.82
Reliance India Large Cap fund	5.65	2.57	1.41
Reliance India Banking fund	6.55	1.93	0.26



**SHOWING RETURNS, RISK AND SHARPE RATIO OF ADITYA BIRLA SUNLIFE EQUITY MUTUAL FUNDS**

FUNDS	AVERAGE RETURNS	RISK	SHARPE RATIO
Aditya Birla Sunlife Banking and financial services fund	7.7	2.27	0.73
Aditya Birla Sunlife Small cap fund	7.76	2.18	0.79
Aditya Birla Sunlife Frontline Equity fund	7.98	1.81	1.07
Aditya Birla Sunlife Pure Value fund	6.6	1.71	0.33



**FINDINGS**

**Nippon India Equity Mutual Funds:**

- Nippon India Small Cap Fund has generated average returns of 10.44 with risk 5.37 and the Sharpe ratio is 0.82. According to the Sharpe ratio it stood in second place.

- Nippon India Power and Infra Fund has generated average returns of 7.05 with risk 1.23 and the Sharpe ratio is 0.82. According to the Sharpe ratio it stood in second place.
- Nippon India Large Cap Fund has generated average returns of 8.5 with risk 1.74 and the Sharpe ratio is 1.41. According to the Sharpe ratio it stood in first place.
- Reliance India Banking Fund has generated average returns of 6.54 with risk 1.93 and the Sharpe ratio is 0.26. According to the Sharpe ratio it stood in fourth place.

#### **Aditya Birla Equity Mutual Funds:**

- Aditya Birla Sun Life Banking and Financial Services Fund has generated average returns of 7.7 with risk 2.27 and the Sharpe ratio is 0.73. According to the Sharpe ratio it stood in third place.
- Aditya Birla Sun Life Small Cap Fund has generated average returns of 7.76 with risk 2.18 and the Sharpe ratio is 0.79. According to the Sharpe ratio it stood in second place.
- Aditya Birla Sun Life Frontline Equity Fund has generated average returns of 7.98 with risk 1.81 and the Sharpe ratio 1.07. According to the Sharpe ratio it stood in first place.
- Aditya Birla Sun Life Pure Value Fund has generated average returns of 6.6 with risk 1.71 and the Sharpe ratio 0.33. According to the Sharpe ratio it stood in fourth place.

#### **SUGGESTIONS**

##### **Nippon India Equity Mutual Fund:**

- It is suggested that risk takers can go for Nippon India Small Cap Fund which generates more returns (10.44) with more risk (5.37).
- It is suggested that Nippon India Large Cap Fund has considered as one of the best fund as per Sharpe ratio (1.41).

##### **Aditya Birla Equity Mutual Fund:**

- It is suggested that Aditya Birla Sun Life Frontline Equity fund has generated more returns (7.98) with medium risk (1.81) and also has high Sharpe ratio(1.07) compared to all other funds.
- It is suggested that Aditya Birla Sun Life Small Cap Fund is considered as one of the best fund as per Sharpe ratio (0.79).

#### **CONCLUSION:**

As per the study it is concluded that Nippon India Small Cap Fund having high risk and as well as giving high returns when compared to other equity funds in Reliance. This study suggested that investors can go with Nippon India Large Cap fund it has maximum returns and minimum risk.

Aditya Birla Sunlife Banking and Financial services fund is having high risk as well as high returns when compare to other equity funds in Aditya Birla Sunlife. This study suggested that investors can go with Aditya Birla Sunlife India Gen next fund it has maximum returns and minimum risk.