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A Study on Performance of Selected Mutual Fund with Reference to Shriram Mutual Fund, Anantapururamu

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ABSTRACT

Mutual funds are becoming a popular avenue for investment. There are numbers of schemes which can satisfy the different needs of investors. Different Asset Under Management companies are launching various schemes with diversified risk. In this Study, an attempt has been made to analyze the Hybrid Equity Fund. This is one schemes of five AMCs has been studied over the period of 5 years. The analysis has been made using a risk-return relationship. Sharpe ratio is used as a tool to compare selected mutual fund schemes returns.

Mean is used to calculate the average returns of five AMCs for 5 years, Standard deviation is used for risk. From the analysis, it is found that Shriram Hybrid equity Fund and Adithya hybrid Equity funds shows better performance when compared to ICICI, HDFC and NIPPON Hybrid Equity Fund.

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INTRODUCTION

A Mutual Fund Is a trust that pools the saving so number of investors who share a common financial goal. The money thus collected is invested by the fund manager in different types of securities depending upon the objective of the scheme.

These could range from shares to debentures to money market instruments. The income earned through these investments and the capital appreciation realized by the scheme is shared by its unit holders in proportion to the number of unit so wned by them(prorata).

Thus, a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost. Anybody with an investible surplus of as little as a few thousand rupees can invest in Mutual Funds.

MEANINIG:

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The flow chart below describes broadly the working of a mutual fund.

DEFINITIONS:

The reason for increased response towards mutual funds the world over is on account of investment analyst who takes investment decisions based on research.

According Mr.jams pierce- “the mutual fund is an important vehicle for bringing wealth holders and deficit units together indirectly.”

According to frank relicy -“mutual funds are financial intermediaries which being a wide varity of securities within the reach of the most modest of investors”.

TYPES OF MUTUALFUNDS

Mutual fund schemes may be classified on the basis of its structure and its investment objective.

By Structure:

- **Open-ended Funds:**

An open-end fund is one that is available for subscription all through the year. These do not have a fixed maturity. Investors can conveniently buy and sell units at Net Asset Value("NAV") related prices. The key feature of open-end schemes is liquidity.

- **Closed-ended Funds:**

A closed-end fund has a stipulated maturity period which generally ranging from 3 to 15 years. The fund is open for subscription only during a specified period. Investors can invest in the scheme at the time of the initial public issue and thereafter they can buy or sell the units of the scheme on the stock exchanges where they are listed. In order to provide an exit route to the investors, some close-ended funds give an option of selling back the units to the Mutual Fund through periodic repurchase at NAV related prices. SEBI Regulations stipulate that at least one of the two exit routes is provided to the investor.

- **Interval Funds:**

Interval funds combine the features of open-ended and close-ended schemes. They are open for sale or redemption during pre-determined intervals at NAV related prices.

By Investment Objective:

- **Growth Funds:**

The aim of growth funds is to provide capital appreciation over the medium to long-term. Such schemes normally invest a majority of their corpus inequities.

It has been proven that returns from stocks, have outperformed most other kind of investments held over the long term.

- **Income Funds:**

The aim of income funds is to provide regular and steady income to investors. Such schemes generally invest in fixed income securities such as bonds, corporate debentures and Government securities. Income Funds are ideal for capita 1st ability and regular income.

- **Balanced Funds:**

The aim of balanced funds is to provide both growth and regular income. Such schemes periodically distribute a part of their earning and invest both in equities and fixed income securities in the proportion indicated in their offer documents. In arising stock market, the NAV of these schemes may not normally keep pace, or fall equally when the market falls. These are ideal for investors looking for a combination of income and moderate growth.

- **Money Market Funds:**

The aim of money market funds is to provide easy liquidity, preservation of capital and moderate income. These schemes generally invest in safer short-term in struments such as treasury bills, certificates of deposit, commercial paper and inter-bank call money. Returns on these schemes may fluctuate depending upon the interest rates prevailing in the market. These are ideal for Corporate and individual investors a same an stop ark their surplus funds for short periods.

- **Load Funds:**

A Load Fund is one that charges a commission for entry or exit. That is, achtime you buy or sell units in the fund, a commission will be payable. Typically, entryandexitloadsrangefrom1%to2%.Itcouldbeworthp ayingtheload, if the fund has a good performance history.

- **No-Load Funds:**

Anon-Load Fund is one that does not charge a commission for entry or exit. That is, no commission is payable on purchase or sale of units in the fund. The advantage of a no-load Fund is that the entire corpus is put to work.

Other Schemes:

- **Tax Saving Schemes:**

These schemes offer tax rebates to the investors under specific provisions of the Indian Income Tax laws as the Government offers tax incentives for investment in specified avenues. Investment smadein Equity Linked Savings Schemes (ELSS) and Pension Schemes are allowed as deductionu/s88 of the Income Tax Act, 1961. The Act also provides opportunities to investors to save capital gainsu/s 54EA and 54EB by investing in Mutual Funds, provided the capital asset hasbeensoldpriortoApril1,2000 and the amount is invested before September 30,2000.

- **Special Schemes:**

1. **Industr Specific Schemes:**

Industry Specific Schemes invest only in the industries specified in the offer document. The investment of these funds is limited to specific industries like Info Tech, FMCG, Pharmaceuticals etc.

Index Schemes:

Index Funds attempt to replicate the performance of a particular index such as the BSE Sensex or the NSE50.

2. **Sectoral Schemes:**

Sectoral Funds are those, which invest exclusively in a specified industry or a group of industries or various segments such as 'A' Group shares or initial public offering

1. INDUSTRY PROFILE

The mutual fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank.

Mutual funds in INDIA (1964-2000):

The end of millennium marks 36 years of existence of mutual fund in this country. The ride through these 36 years is not been smooth. Investor opinion is still divided. While some are for mutual fund others are against it.

HISTORY OF MUTUAL FUNDS:

FIRST PHASE - 1964-87:

An Act of Parliament established Unit Trust of India (UTI) on 1963. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. In 1978 UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first scheme launched by UTI was Unit Scheme 1964. At the end of 1988 UTI had Rs.6, 700 crores of assets under management..

SECOND PHASE – 1987-1993 (Entry of Public Sector Funds)**:**

1987 marked the entry of non- UTI, public sector mutual funds set up by public sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first non- UTI.

THIRD PHASE - 1993-2003 (Entry of Private Sector Funds)**:**

The 1993 SEBI (Mutual Fund) Regulations were substituted by a more comprehensive and revised Mutual Fund Regulations in 1996. The industry now functions under the SEBI (Mutual Fund) Regulations 1996.

FOURTH PHASE - since February 2003**:**

In February 2003, following the repeal of the Unit Trust of India Act 1963 UTI was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India with assets under management of Rs.29, 835 crores as at the end of January 2003, representing broadly, the assets of US 64 scheme, assured return and certain other schemes. The Specified Undertaking of Unit Trust of India, functioning under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations

RESEARCH METHDOLOGY

NEED OF THE STUDY

- The study is useful to the investors to taking decisions relating to investment in mutual funds. Invest in mutual funds to reduce the risk and increase their returns.

SCOPE OF THE STUDY

- This study focuses on the Mutual Fund position of Shriram mutual funds for the period of 5 years i.e., 2016-2017 to 2020-2021.

OBJECTIVES OF THE STUDY

- To evaluate the performance of the selected mutual fund schemes and Shriram mutual funds schemes.
- To study the risk and return relationship of the selected mutual fund schemes and Shriram mutual funds schemes.
- To compare the selected schemes in Shriram Mutual Fund and other Mutual Fund.

RESEARCH METHODOLOGY

SOURCE OF DATA:

The source of data is secondary and it is collected through various websites, journals, newspapers.

WEBSITES:

www.shriramamc.com
www.moneycontrol.com

TOOLS AND TECHNIQUES

TECHNIQUES:

- Standard deviation
- Mean
- Sharpe Ratio
- Tables
- Graphs
- ANOVA

SOFTWARE PACKAGES:

- MS-excel

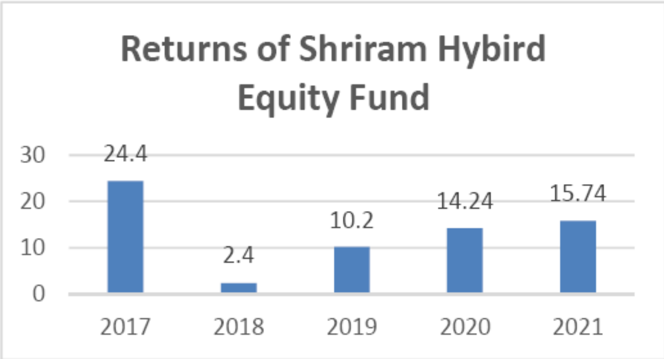
LIMITATIONS OF THE STUDY

- The study is confined to Only for SHRIRAM, HDFC, ICICI, NIPPON and ADITHY SUNLIFE companies.
- The study limited to a period of 5 years i.e., 2016-2017 to 2020-2021.

DATA ANALYSIS AND INTER PRETATION

TABLE 4.1: RETURNSOFSHRIRAM Hybrid Equity Fund: CHART 4.1

YEARS	RETURNS	$x-\bar{x}$	$(x-\bar{x})^2$
2017	24.4	11.004	121.08802
2018	2.4	-10.996	120.91202
2019	10.2	-3.196	10.214416
2020	14.24	0.844	0.712336
2021	15.74	2.344	5.494336
TOTAL	66.98		258.42112



MEAN $(\bar{x})$ =66.98/5 =13.396
STANDARD DEVIATION = $\sqrt{\sum(x-x)^2/5}$
=$\sqrt{258.4211/5}$
=7.18

SHARPE RATIO=Average return of portfolio-Rf/Standard Deviation
=13.396-6.26/7.18
=0.99

TABLE4.2: PERFORMANCE OF Hybrid Equity Fund:

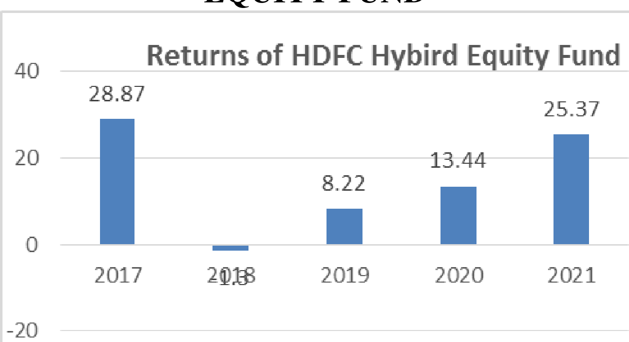
Fund Name	Mean	Standard Deviation	Sharpe Ratio
SHRIRAM Hybrid Equity Fund:	13.396	7.18	0.99

INTERPRETATION:
Shriram Hybrid Equity Fund has generated highest retunes of 24.40 in the year 2016-2017 and lowest returns of 2.40 in the year of 2017-2018 and the raised to 15.74 in the year of 2020-2021 and it has generated average of 13.04 over period of five years, the risk of the fund is 7.18 and its Sharpe ratio is 0.99.

TABLE4.3: RETURNS OF HDFC Hybrid Equity Fund

YEARS	RETURNS	$x-\bar{x}$	$(x-\bar{x})^2$
2017	28.87	13.95	194.6025
2018	-1.3	-16.22	263.0884
2019	8.22	-6.7	44.89
2020	13.44	-1.48	2.1904
2021	25.37	10.45	109.2025
TOTAL	74.6		613.9738

CHART 4.3: RETURNS OF HDFC HYBIRD EQUITY FUND



MEAN $(\bar{x})$ =74.6/5 =14.92
STANDARD DEVIATION=$\sqrt{\sum(x-x)^2/5}$ =$\sqrt{613.97/5}$
=11.08

SHARPE RATIO=Average return of portfolio-Rf/Standard Deviation
=14.92-6.26/11.08 =0.78.

TABLE4.4: PERFORMANCE OF HDFC Hybrid Equity Fund:

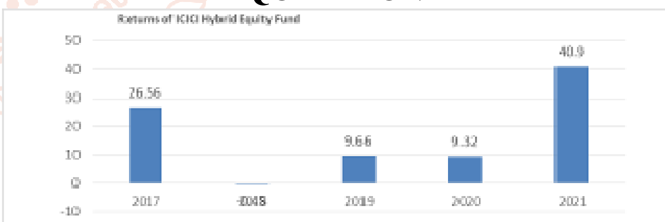
Fund Name	Mean	Standard Deviation	Sharpe Ratio
HDFC Hybrid Equity Fund	14.92	11.08	0.78

INTERPRETATION: HDFC Hybrid Equity Fund und has generated highest retunes of 28.87 in the year 2016-2017 and lowest returns of -1.3 in the year of 2017-2018 and the raised to 25.37 in the year of 2020-2021 and it has generated average of 14.92over period of five years, the risk of the fund is 11.08 and its Sharpe ratio is 0.78.

TABLE4.5: RETURNS OF ICICI Hybrid Equity Fund

YEARS	RETURNS	$x-\bar{x}$	$(x-\bar{x})^2$
2017	26.56	9.362	87.64704
2018	-0.45	-17.648	311.4519
2019	9.66	-7.538	56.82144
2020	9.32	-7.878	62.06288
2021	40.9	23.702	561.7848
TOTAL	85.99		1079.768

CHART 4.3: RETURNS OF ICICI HYBRID EQUITY FUND



MEAN $(\bar{x})$ =85.99/5 =17.198
STANDARD DEVIATION=$\sqrt{\sum(x-x)^2/5}$
=$\sqrt{1079.768/5}$
=14.69

SHARPE RATIO=Average return of portfolio-Rf/Standard Deviation
=17.198-6.26/14.69
=0.744.

TABLE4.6: PERFORMANCE OF ICICI Hybrid Equity Fund

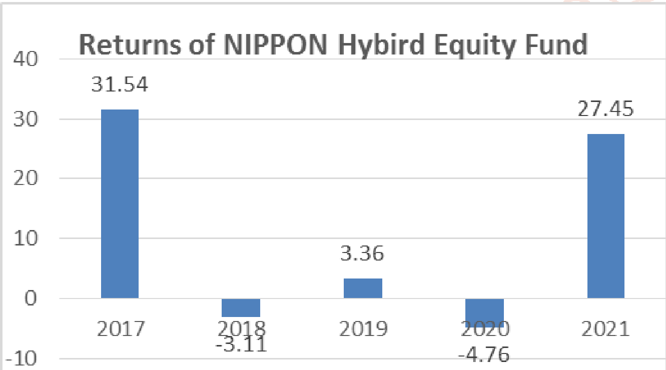
Fund Name	Mean	Standard Deviation	Sharpe Ratio
ICICI Hybrid Equity Fund	17.198	14.69	0.744

INTERPRETATION:
ICICI Hybrid Equity Fund has generated highest retunes of 40.9 in the year 2020-2021and lowest returns of -0.45 in the year of 2017-2018 and the raised to 40.9 in the year of 2020-2021 and it has generated average of 17.198 over period of five years, the risk of the fund is 14.69 and its Sharpe ratio is 0.744.

TABLE4.7: RETURNS OF NIPPON Hybrid Equity Fund

YEARS	RETURNS	$x-\bar{x}$	$(x-\bar{x})^2$
2017	31.54	20.644	426.1747
2018	-3.11	-14.006	196.168
2019	3.36	-7.536	56.7913
2020	-4.76	-15.656	245.1103
2021	27.45	16.554	274.0349
TOTAL	54.48		1198.279

CHART 4.7: RETURNS OF NIPPON HYBIRD EQUITY FUND



MEAN $(\bar{x})$ =54.48/5 =10.896
STANDARD DEVIATION=$\sqrt{\sum(x-x)^2}$ /5
=√1198.279/5
=15.48

SHARPE RATIO=Average return of portfolio-Rf/Standard Deviation
=10.896-6.26/15.48
=0.29

PERFORMANACE OF NIPPON HYBRID EQUITY FUND:

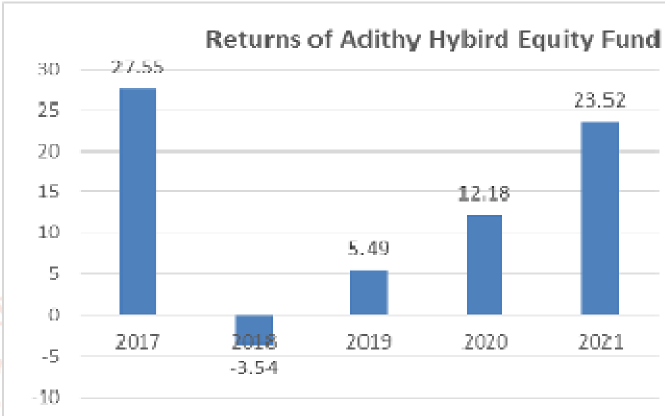
Fund Name	Mean	Standard Deviation	Sharpe Ratio
NIPPON Hybrid Equity Fund	10.896	15.48	0.29

INTERPRETATION: NIPPON Hybrid Equity Fund has generated highest retunes of 31.54 in the year 2016-2017 and lowest returns of -3.11 in the year of 2017-2018 and the raised to 27.45 in the year of 2020-2021 and it has generated average of 10.896 over period of five years, the risk of the fund is 15.48 and its Sharpe ratio is 0.29.

TABLE4.9: RETURNS OF ADITHYA SUN LIFE Hybrid Equity Fund:

YEARS	RETURNS	$x-\bar{x}$	$(x-\bar{x})^2$
2017	27.55	14.51	210.5401
2018	-3.54	-16.58	274.8964
2019	5.49	-7.55	57.0025
2020	12.18	-0.86	0.7396
2021	23.52	10.48	109.8304
TOTAL	65.2		653.009

CHART 4.9: RETURNS OF ADITHY SUN LIFE



MEAN $(\bar{x})$ =65.2/5 =13.04
STANDARD DEVIATION=$\sqrt{\sum(x-x)^2}$ /5
=√653.009/5 =11.42

SHARPE RATIO=Average return of portfolio-Rf/Standard Deviation
=13.04-6.26/11.42=0.59.

TABLE4.10: PERFORMANCE OF Hybrid Equity Fund:

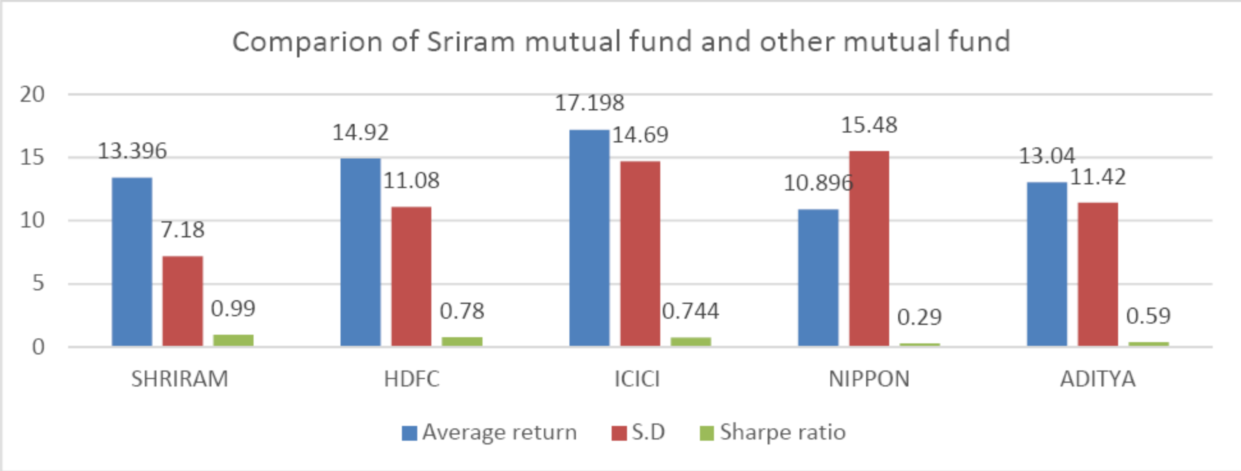
Fund Name	Mean	Standard Deviation	Sharpe Ratio
ADITHYA Hybrid Equity Fund	13.04	11.42	0.59

INTERPRETATION: ADITHYA Hybrid Equity Fund has generated highest retunes of 27.55 in the year 2016-2017 and lowest returns of -3.54 in the year of 2017-2018 and the raised to 23.52 in the year of 2020-2021 and it has generated average of 13.04 over period of five years, the risk of the fund is 11.42 and its Sharpe ratio is 0.59.

TABLE 4.11: COMPARISON OF SHRIRAM MUTUAL FUND WITH OTHER MUTUAL FUND

FUND NAME	Average return	S.D	Sharpe ratio
SHRIRAM	13.396	7.18	0.99
HDFC	14.92	11.08	0.78
ICICI	17.198	14.69	0.744
NIPPON	10.896	15.48	0.29
ADITYA	13.04	11.42	0.59

CHART4.11: COMPARION OF SHRIRAM EQUITY MUTUAL FUND AND OTHER EQUITY MUTUAL FUND:



INTERPRETATION: From the above data by comparing with Shriram mutual Fund schemes other mutual schemes performance is very good. The SHRIRAM Mutual Fund schemes values like Sharpe ratio is 0.99 increased the returns are more when compared with the other mutual fund schemes like. HDFC Sharpe ratio is 0.78, ICICI Sharpe ratio is 0.74, NIPPON Sharpe ratio is 0.29, and ADITHY Sharpe ratio is 0.59

From the above data by comparing with Shriram mutual fund and Adiyhya mutual fund returns are equal Shriram mutual fund value is 13.396 and Adiyha mutual fund value is 13.04 the both returns equal. But risk is not equal Shriam mutual fund value is 7.18 and Adiyhya mutual fund value is 11.42.

From the above data compare to selected mutual funds returns, risk and performance is good. But Nippon mutual fund is return 10.896, risk 15.48 and Sharpe ratio is 0.29.

Anova: Single Factor				
SUMMARY				
Groups	*Count*	*Sum*	*Average*	*Variance*
Column 1	5	69.45	13.89	5.483584
Column 2	5	59.85	11.97	10.9393
Column 3	5	3.394	0.6788	0.067597

ANOVA						
Source of Variation	*SS*	*Df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	509.5223	2	254.7612	46.34695	2.27E-06	3.885294
Within Groups	65.96192	12	5.496827			
Total	575.4843	14				

INTERPRETATION:
F is = 46.34695
F crit is = 3.885294
F is 46.34695 > F crit is 3.885294 this test based on the
H0(null hypothesis) is rejected.
H1 (Alternative hypothesis) is accepted.
In this anova test F is high 46.34695 and F crit is low 3.885294

FINDINGS OF THE STUDY

- Shriram Hybrid Equity fund has generated average returns of 13.396 with risk 7.18 and the Sharpe ratio is 0.99.
- HDFC Hybrid Equity fund has generated average returns of 14.92 with risk11.08 and the Sharpe ratio is 0.78.
- ICICI Hybrid Equity fund has generated average returns of 17.198 with risk14.69 and the Sharpe ratio is 0.744.
- Nippon Hybrid Equity fund has generated average returns of 10.896 with risk15.48 and the Sharpe ratio is 0.29.
- Adithya Sun life Hybrid Equity fund has generated average returns of 13.04 with risk 11.42 and the Sharpe ratio is 0.39.
- Compare them selected mutual funds returns, risk and performance is good. But Nippon mutual fund is return low 10.896, risk is high 15.48 and Sharpe ratio is 0.29.

- To compare the Shriram mutual fund and Adiyhya mutual fund returns are equal. Shriram mutual fund value is 13.396 and Adiyha mutual fund value is 13.04 the both returns equal. But risk is not equal Shriram mutual fund value is 7.18 and Adiyhya mutual fund value is 11.42.

SUGGESTIONS

- Hybrid Equity Funds generates high returns and it is suggested that the investors who are risk takers and require high return can invest ICICI Hybrid Equity Fund as it provides higher return with high risk when compared to Shriram Hybrid Fund.
- It is suggested that risk averters can invest both Shriram and Adithya Hybrid Fund generates almost equal returns, with equal risk. When compared to Shriram and Adithya Hybrid Equity Fund generate slightly high returns.
- It is suggested that investors high returns, low risk and good performance can invest in Shriram Hybrid Equity Fund.
- It is suggested that investor's high risk, low return and bad performance in Nippon mutual fund can't invest this mutual fund.

CONCULSION

- As per the study it is concluded that ICICI Hybrid Equity Fund having high return and as well as giving high risk when compared to other hybrid equity funds. This study suggested that investors can go with ICICI Hybrid Equity fund it has maximum returns and minimum risk.
- Adithya Birla Sun life Hybrid Equity Fund and Shriram Hybrid Equity fund is having high risk as well as high returns when compare to other Hybrid equity funds. This study suggested that investors can go with ICICI Hybrid Equity fund it has maximum returns and minimum risk.

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[3] https://www.moneycontrol.com