

## Mutual Funds with Equity

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### ABSTRACT

The concept of Mutual Funds with Equity revolves around pooling money from multiple investors and investing primarily in equity shares of publicly listed companies. These funds offer investors an opportunity to participate in the stock market without having to directly manage a portfolio. Equity mutual funds are known for their potential to deliver high returns over the long term, although they carry higher risk compared to debt or balanced funds.

This study explores the performance, risk factors, and investment strategies of equity mutual funds, highlighting their role in wealth creation and portfolio diversification. It also delves into investor behavior, the impact of market volatility, and the regulatory framework governing these funds in India. By analyzing historical data and performance metrics, the study aims to provide insights into how equity mutual funds can be a suitable investment avenue for both retail and institutional investors seeking capital appreciation.

**KEYWORDS:** Mutual Funds, Equity, Stock Market, Investment, Capital Appreciation, Risk, Portfolio Management, Investor Behavior, Wealth Creation.

### 1. INTRODUCTION

The dynamic landscape of financial markets offers investors a plethora of avenues for wealth creation, among which equity investments and mutual funds stand as prominent choices. Equity, representing ownership in companies, forms the bedrock of stock markets, with the combined global market capitalization exceeding trillions of dollars, reflecting its significant scale and influence. In India, for instance, the

### 3. DATA ANALYSIS

#### TATA STEELS:

Tata Steel Limited is an Indian multinational steel-making company, based in Jamshedpur, Jharkhand and headquartered in Mumbai, Maharashtra. It is a part of the Tata Group. Formerly known as Tata Iron and Steel Company Limited (TISCO), Tata Steel is among the largest steel producing companies in the world,

Average Assets Under Management (AAUM) of the Mutual Fund Industry reached ₹ 67,58,305 crore in February 2025, underscoring the substantial role these investment vehicles play in the economy. Mutual funds, designed to pool capital from numerous investors for diversified portfolios, offer a compelling alternative to direct equity participation, particularly for retail investors.

One of the primary advantages of mutual funds lies in their diversification capabilities. A typical equity mutual fund may hold a diverse portfolio of numerous stocks, thereby mitigating the risks associated with individual stock volatility. This diversification, coupled with professional management, has contributed to the burgeoning growth of retail participation in mutual funds. In India, the total number of accounts, or folios, reached 23.23 crore in February 2025, with a significant portion, 18.42 crore folios, invested in equity, hybrid, and solution-oriented schemes, demonstrating the widespread adoption of mutual funds by retail investors. This trend highlights the increasing accessibility and appeal of mutual funds as a means of participating in equity markets.

### 2. RESEARCH METHODOLOGY

1. Quantitative: Statistical analysis of historical performance, risk metrics (standard deviation, Sharpe ratio), etc.
2. Qualitative: Surveys, interviews, case studies to understand investor behavior.
3. Data Sources: Specify the sources (e.g., financial databases, regulatory reports, company websites).
4. Sampling Techniques: Describe how data will be selected.

YEAR	X	X-MEAN	X 2-MEAN SQUIRE	RETURN	MARKET RETURN		
				Y	X	X2	XY
24-05-2023	105.8	-24.1	580.81	3.827977	1.93645265	3.749849	7.412697
26-06-2023	109.85	-20.05	402.0025	8.557123	5.42286803	29.4075	46.40415
24-07-2023	119.25	-10.65	113.4225	-0.83857	-1.7058729	2.910002	1.430501
24-08-2023	118.25	-11.65	135.7225	7.737844	1.1821032	1.397368	9.14693
25-09-2023	127.4	-2.5	6.25	-4.74882	-2.9907901	8.944826	14.20273
25-10-2023	121.35	-8.55	73.1025	3.790688	2.99923215	8.995393	11.36915
24-11-2023	125.95	-3.95	15.6025	7.344184	8.13514741	66.18062	59.74602
26-12-2023	135.2	5.3	28.09	-0.03698	-0.387584	0.150221	0.014334
24-01-2024	135.15	5.25	27.5625	5.54939	2.43429841	5.925809	13.50887
26-02-2024	142.65	12.75	162.5625	6.834911	-0.4393865	0.19306	-3.00317
26-03-2024	152.4	22.5	506.25	8.628609	1.90787122	3.639973	16.46227
24-04-2024	165.55	35.65	1270.9225	46.64635	18.4943396	131.4946	176.6945
<b>TOTAL</b>	<b>1558.8</b>		<b>3322.3</b>	<b>46.64635</b>	<b>18.4943396</b>	<b>131.4946</b>	<b>176.6945</b>
<b>MEAN</b>	<b>129.9</b>			<b>AVG RETURN</b>	<b>4.240577</b>		

<b>BETA</b>	<b>0.978763</b>
<b>ALPHA</b>	<b>2.594979</b>
<b>SD</b>	<b>16.63906047</b>

The stock prices of Tata Steels during this period show fluctuations around a mean value of 129.9. The returns for Tata Steels vary across the months, with the highest positive return being 8.63% in April 2024 and the lowest being -4.75% in October 2023. The market returns also fluctuate, but not always in sync with Tata Steels' returns. Beta measures the stock's volatility relative to the market. A Beta of approximately 0.98 indicates that Tata Steels' stock price moves in close alignment with the market, though slightly less volatile. Alpha represents the stock's performance Compared to the market Taking into account the associated risks. A positive Alpha. of 2.59 indicates that Tata Steels outperformed the market by 2.59%, after adjusting for its Beta. The deviation derived from the mean quantifies the stock's price volatility.

Using a standard variation of 16.64, Tata Steels' stock shows a moderate level of volatility.

**JSW STEELS**

With a capacity of 18 MTPA, JSW Steel, the flagship firm of JSW Group, is one of India's top integrated steel producers. With operations in more than 100 countries, it is among the most rapidly developing firms in India. Modern production facilities are situated in Tamil Nadu,

Maharashtra, and Karnataka. It is renowned for its creativity and excellence.

YEAR	X	X-MEAN	X2-MEAN(SQURE)	RETURN	RETUEN MARKET			
				Y	X	X2	XY	
24-05-2023	700	-91.7042	8409.654184					
26-06-2023	748.8	-42.9042	1840.767517	6.971429	1.93645265	3.749849	13.49984	
24-07-2023	775.65	-16.0542	257.7362674	3.585737	5.422868032	29.4075	19.44498	
24-08-2023	787.9	-3.80417	14.47168403	1.579321	-1.705872943	2.910002	-2.69412	
25-09-2023	779.9	-11.8042	139.3383507	-1.01536	1.182103201	1.397368	-1.20026	
25-10-2023	748.3	-43.4042	1883.921684	-4.0518	-2.990790124	8.944826	12.11809	
24-11-2023	782.05	-9.65417	93.20293403	4.510223	2.999232151	8.995393	13.52721	
26-12-2023	852.3	60.59583	3671.855017	8.982802	8.135147409	66.18062	73.07642	
24-01-2024	812.2	20.49583	420.079184	-4.70492	-0.387583968	0.150221	1.82355	
26-02-2024	808.75	17.04583	290.560434	-0.42477	2.434298415	5.925809	-1.03402	
26-03-2024	821.9	30.19583	911.7883507	1.625966	-0.439386494	0.19306	-0.71443	
24-04-2024	882.7	90.99583	8280.241684	7.397494	1.907871224	3.639973	14.11347	
<b>MEAN</b>	<b>9500.45</b>		<b>26213.61729</b>	<b>TOTAL</b>	<b>24.45612</b>	<b>18.49433956</b>	<b>131.4946</b>	<b>141.9607</b>
	<b>791.7042</b>			<b>AVG RETURN</b>	<b>2.223284</b>			

<b>BETA</b>	<b>2.413123</b>
<b>ALPHA</b>	<b>-1.83391</b>
<b>SD</b>	<b>46.7382938</b>

The returns of JSW Steels vary each month, with some months showing positive returns (e.g., December 2023 with 8.982802%) and others showing negative returns (e.g., January 2024 with -4.70492%). The market returns also fluctuate, but not always in the same direction as JSW Steels' returns, indicating that the stock does not always move in tandem with the overall market. Beta measures the stock's volatility relative to the market. A Beta of 2.41 means JSW Steels is significantly more volatile than the market. Alpha represents the stock's performance relative to the market risk-adjusted approach.. A negative Alpha of -1.83 indicates that JSW Steels underperformed the market by 1.83%, even after adjusting for the stock's higher risk (as indicated by the Beta Standard Deviation measures the stock's price volatilityThe standard variance of 46.738 suggests that the stock prices have varied largely throughout the mean. This high degree of deviation from normal indicates JSW Steels is a volatile stock, with substantial risk due to large fluctuations in its price.

**INDIAN OIL CORPORATION**

Indian Oil Corporation Limited (IOCL or IOC), trading as IndianOil, is an Indian multinational oil and gas company under the ownership of the Ministry of Petroleum and Natural Gas, Government of India. Registered in Mumbai but headquartered in New Delhi it is a public sector undertaking whose operations are overseen by the Ministry of Petroleum and Natural Gas.

YEAR	X	X-MEAN	X-MEANSQURE	RETURN	RETUEN MARKET		
				Y	X	X2	XY
24-05-2023	89.1	-30.05	903.0025				
26-06-2023	89.3	-29.85	891.0225	0.224467	1.93645265	3.749849	0.43467
25-07-2023	99.8	-19.35	374.4225	11.75812	5.422868032	29.4075	63.76273
24-08-2023	91.7	-27.45	753.5025	-8.11623	-1.70587294	2.910002	13.84526
25-09-2023	92.5	-26.65	710.2225	0.87241	1.182103201	1.397368	1.031279
25-10-2023	89.2	-29.95	897.0025	-3.56757	-2.99079012	8.944826	10.66985
24-11-2023	104.1	-15.05	226.5025	16.70404	2.999232151	8.995393	50.09928
26-12-2023	123.9	4.75	22.5625	19.02017	8.135147409	66.18062	154.7319

24-01-2024	138.95	19.8	392.04			12.14689	-0.38758397	0.150221	-4.70794
26-02-2024	175.9	56.75	3220.563			26.5923	2.434298415	5.925809	64.73359
24-03-2024	164.35	45.2	2043.04			-6.56623	-0.43938649	0.19306	2.885113
24-05-2024	171	51.85	2688.423			4.046243	1.907871224	3.639973	7.71971
<b>TOTAL</b>	<b>1429.8</b>		<b>13122.31</b>			<b>73.11461</b>	<b>18.49433956</b>	<b>131.4946</b>	<b>365.2054</b>
<b>MEAN</b>	<b>119.15</b>			<b>AVG RETU</b>	<b>RN</b>	<b>6.646783</b>			

<b>BETA</b>	<b>2.413123</b>
<b>ALPHA</b>	<b>2.58959</b>
<b>SD</b>	<b>33.0685</b>

The stock prices of IOC during this period fluctuate around a mean value of 119.15. IOC's returns vary significantly, with the highest positive return being 26.59% in February 2024 and the lowest being -8.12% in August 2023. These returns show that the stock experienced both substantial gains and losses over the period. Beta measures the stock's volatility relative to the market. A Beta of 2.41 suggests that IOC is significantly more volatile than the market. For every 1% change in the market, IOC's stock is expected to move by approximately 2.41%. Alpha represents the stock's performance relative to the market on a risk-adjusted basis. A positive Alpha of 2.59 indicates that IOC outperformed the market by 2.59% after adjusting for its high Beta. Standard Deviation measures the stock's price volatility. With a divergence of 33.07, IOC's stock shows a high level of volatility, meaning the stock price has experienced significant fluctuations around its mean.

#### ASHOK LEYLAND

Ashok Chennai serves as the corporate home of Leyland, an international automotive manufacturer based in India. The Hinduja Group is the current owner of it. It was established in 1948 as Ashok Motors, which became Ashok Leyland in the year 1955 after collaboration with British Leyland. Ashok Leyland is the second largest manufacturer of commercial vehicles in India (with a market share of 32.1% in 2016), the third largest manufacturer of buses in the world,

YEAR	X	X-MEAN	X-MEANSQR	RETURN	RETUEN MARKET		
				y	x	X2	XY
24-05-2023	154.9	-18.4333	339.7878				
26-06-2023	161.6	-11.7333	137.6711	4.325371	1.93645265	3.749849	8.375877
24-07-2023	184.4	11.06667	122.4711	14.10891	5.422868032	29.4075	76.51076
24-08-2023	188.9	15.56667	242.3211	2.440347	-1.705872943	2.910002	-4.16292
25-09-2023	179	5.666667	32.11111	-5.24087	1.182103201	1.397368	-6.19525
25-10-2023	170.95	-2.38333	5.680278	-4.49721	-2.990790124	8.944826	13.4502
24-11-2023	178.3	4.966667	24.66778	4.299503	2.999232151	8.995393	12.89521
26-12-2023	176.05	2.716667	7.380278	-1.26192	8.135147409	66.18062	-10.2659
24-01-2024	171.45	-1.88333	3.546944	-2.61289	-0.387583968	0.150221	1.012716
26-02-2024	174.2	0.866667	0.751111	1.603966	2.434298415	5.925809	3.904532
26-03-2024	167.25	-6.08333	37.00694	-3.98967	-0.439386494	0.19306	1.753006
24-04-2024	173	-0.33333	0.111111	3.437967	1.907871224	3.639973	6.559199
<b>TOTAL</b>	<b>2080</b>		<b>953.5067</b>	<b>12.61351</b>	<b>18.49433956</b>	<b>131.4946</b>	<b>103.8374</b>
<b>MEAN</b>	<b>173.3333</b>			<b>AVG RETUEN</b>	<b>1.146683</b>		

<b>BETA</b>	<b>2.413123</b>
<b>ALPHA</b>	<b>-2.91051</b>
<b>SD</b>	<b>8.913972</b>

The stock prices of Ashok Leyland during this period fluctuate around a mean value of 173.33. Ashok Leyland's returns show a mix of positive and negative performances throughout the period. The highest positive return was 14.11% in July 2023, while the lowest was -5.24% in September 2023. A Beta of 2.41 indicates that Ashok Leyland's stock is significantly more volatile than the market. This means that for every 1% shift in the market, Ashok Leyland's stock is anticipated to move by approximately 2.41%. A negative Alpha of 2.91 indicates that Ashok Leyland underperformed the market by 2.91% after adjusting for its high Beta. This suggests that the stock did not provide returns that justify the risk, making it a less attractive investment during this period. The standard deviation of 8.91 indicates that Ashok Leyland's stock has experienced moderate volatility around its mean return.

#### 4. CONCLUSION

Equity mutual funds are an excellent investment option for individuals seeking long-term capital appreciation. By investing in a diversified portfolio of stocks, these funds offer growth potential while spreading risk across multiple sectors and companies. Although they carry market-related risks, professional fund management, research-backed stock selection, and disciplined investment strategies help mitigate volatility.

Investors should assess their risk tolerance, investment goals, and time horizon before investing in equity mutual funds. A well-chosen equity fund can serve as a powerful wealth creation tool, making it an essential component of a diversified investment portfolio.

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