A STUDY ON PERFORMANCE OF TYPES OF MUTUAL FUND SCHEMES WITH REFERENCE TO SHAREKHAN PRIVATE LIMITED

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ABSTRACT

Mutual fund is a professionally-managed trust that pools in money from various individuals to invest in securities like stocks, bonds, short-term money market instruments and commodities. The mutual fund is managed by professional fund managers, who buy and sell securities based on thorough market study and understanding. Every scheme launched by the mutual fund has an investment objective comprising: long-term capital growth, regular monthly income or steady returns and more.

This is the comparison study on mutual fund schemes including 3 sectors namely, IT, BANKING and STOCK MARKET. There are 5 schemes are selected i.e., ICICI prudential banking and finance fund, RELIANCE banking fund, ICICI prudential technology fund, SBI technology opportunities fund, ICICI nifty index fund. Today the Investor is confused about where to invest, which fund to invest, whether his capital is safe or not. Many sites, like www.crisil.com, www.myiris.com, www.mutualfundsindia.com, www.valueresearchonline.com etc which carry out the performance evaluation of various Mutual Fund schemes and publish their ranking of the schemes in various segments.

The data needed for the study has been collected from the secondary data AMFI, INVESTING, MONEY VONTROL website and other related share broking website. Analysis and interpretation has been done by using the financial tools and data's are presented through tables and charts

INTRODUCTION

Mutual fund is a professionally-managed trust that pools in money from various individuals to invest in securities like stocks, bonds, short-term money market instruments and commodities. The mutual fund is managed by professional fund managers, who buy and sell securities based on thorough market study and understanding.

Every scheme launched by the mutual fund has an investment objective comprising: long-term capital growth, regular monthly income or steady returns and more. The funds are, thus, invested as per the stated objective, risk profile and time horizon. For instance, an equity fund will invest in shares for long-term capital growth, while a debt mutual fund will invest in government securities and corporate bonds with an aim to deliver steady returns or less volatile returns.

In India, a mutual fund is set up in the form of a trust that has a Sponsor, Trustees, Asset Management Company (AMC) as per the stipulated legal structure under SEBI (Mutual Funds) Regulations, 1996. Under this structure, an Asset Management Company (AMC) is in charge of managing the investments and other day-to-day activities of the mutual fund.

SELECTION OF FUND

Objective of the fund

The Fund whether income oriented or growth oriented. Consistency of performance a mutual fund is always intended to give steady long term returns hence the investors should measure the performance of a fund over a period of at least three years.

Historical background

The success of any fund depends upon the competence of the management, its integrity, periodicity and experience.

Cost of Operation

Mutual funds seek to do a better job of the investible funds at a lower cost the he investible fund at lower cost. The investors compare with their funds with others.

COMPANY PROFILE

Mafwil Digital Services Private Limited (business partner of Sharekhan) is a Private incorporated on 15 December 2017. It is classified as Non-government company and is registered at Registrar of Companies, Chennai. Its authorized share capital is Rs. 1,000,000 and its paid up capital is Rs. 100,000. It is involved in Business activities n.e.c.

Mafwil Digital Services Private Limited's Annual General Meeting (AGM) was last held on N/A and as per records from Ministry of Corporate Affairs (MCA), its balance sheet was last filed on N/A.

Directors of Mafwil Digital Services Private Limited are Karthikeyan Sivashanmugam, Kalamani Muthusamy, Iyyamperumal Kannan, Muthukumaran Krishnasamy and Karthikeyan Kavitha.

ABOUT SHAREKHAN COMPANY

Sharekhan is one of the top retail brokerage houses in India with a strong online trading platform. The company provides equity based products (research, equities, derivatives, depository, margin funding, etc.). It has one of the largest networks in the country with 704 share shops in 280 cities and India's premier online trading portal www.sharekhan.com. With their research expertise, customer commitment and superior technology, they provide investors with end-to-end solutions in investments. They provide trade execution services through multiple channels - an Internet platform, telephone and retail outlets.

NEED FOR THE STUDY

It is very much needed to know about performance of different mutual fund schemes in MAFWIL DIGITAL SERVICES PRIVATE LIMITED (business partner of SHAREKHAN). It is also needed to know about the type of schemes yields more return. It is to study and make comparative risk and return analysis of mutual fund schemes and identify the best one.

It is also helpful to categorize the risky, moderate risky and less risky which paves way for different investors to choose it accordingly. It is also needed to know the preference of the customers in Banking or IT sector schemes. The study helps to give remedial measures to improve the scheme which yield less return. To boost the performance in the competitive market.

OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVES

- To study about the Performance of different mutual fund schemes in Mafwil digital pvt ltd.

SECONDARY OBJECTIVES

- To analyse the types of mutual fund schemes available in Mafwil.
- To compare the selected schemes to know the performance of each scheme.
- To analyse the risk and return in the mutual fund schemes.
- To provide remedial measures and suggestions for the schemes which yield less return.

SCOPE OF THE STUDY

The study is conducted to know about performance of types of mutual fund schemes in MAFWILDIGITAL SERVICES PRIVATE LIMITED (Business partner of SHAREKHAN). The study is helpful to know the investor preferences either in Banking or IT sector schemes which helps to develop the sector which yields less return paves the way for development of an economy.

This study is made to compare different schemes and helps to know the best one so that the company can steps to improve the schemes which yields less return. This project report may help the company to make further planning and strategy to flourish in the most competitive world.

REVIEW OF LITERATURE

Tarak Paul, (2012), An Assessment of Gap between Expectations and Experiences of Mutual Fund Investors. International Journal of Marketing, Financial Services & Management Research. **2012; 1 (7):10-21.** assesses the Gap between Expectations and Experiences of Mutual Fund of around 260 Investors in Guwahati city and has found out that there is a significant gap between the mutual fund investors' expectations and experiences.

Sarish, (2012) A Study of Opportunities and Challenges for Mutual Fund in India: Vision 2020. VSRD-IJBMR. **2012; 2 (4): 167-178.** studied mutual funds and the benefits of investing in mutual fund, its drawbacks and have done detailed study on various aspects of mutual fund. This paper aims at exploring the potential of mutual funds in India with all problems, complexities and variables, and suggesting the means and ways of meeting the challenges for developing the mutual funds in tandem with its potential of economic growth. This study relied on secondary data in order to identify and analyze the challenges and opportunities for mutual funds.

Alekhya, (2012), A Study on Performance Evaluation of Public & Private Sector Mutual Funds in India. Asia Pacific Journal of Marketing & Management Review. **2012; 1 (2):147-168**. studied performance evaluation of Public & Private Sector Mutual Funds in India and comparative performance of public and private sector mutual fund schemes the Indian Mutual fund Industry has witnessed a structural transformation during the past few years. This paper has evaluated the performance of Indian Mutual fund equity scheme of 3 years past data from 2009 to 2011.

Palanisamy, Sengottaiyan, and Palaniappan, (2012) Investment Pattern in Debt Scheme of Mutual Funds – An Analytical Study. **IJMIE .2012; 2(3):285-301**. studied Investment Pattern in Debt Scheme of Mutual Funds. Data collected through interview schedule and statistical tools used such as percentage analysis, weighted ranking analysis and Chi-square analysis.

Loomba (2011) Investigating Performance of Equity-Based Mutual Fund Schemes and Comparison with Indian Equity Market. Asian Journal of Research in Banking and Finance .**2011; 1(3):94-111**.evaluates the performance and growth of Indian mutual funds vis-à-vis the Indian equity market. The overall analysis finds that Nifty returns outperformed Franklin
Templeton Large Cap Equity Scheme returns.

Bahl and Rani (2012) "A Comparative Analysis of Mutual Fund Schemes in India", International Journal of Marketing, Financial Services & Management Research, **Vol.1 No. 7, July 2012, pp. 67 to 79** conducted risk and return analysis of selected mutual fund schemes in order to evaluate and compare their performances. Analysis was also conducted to see whether these schemes outperformed or underperformed the benchmark. 29 schemes were selected on a random basis and their monthly NAVs were recorded for six years. The study revealed that 14 schemes have outperformed market in terms of return. HDFC equity growth fund was reported to yield highest return and Principal growth fund was reported to yield minimum return.

Batra and Bhatia (1992) "Indian Mutual Funds: A study of Public sector", paper presented, UTI Institute of Capital Market, Mumbai. studied several mutual funds schemes and compared them with respect to their return and mobility. The results of the study revealed that UTI, LIC and SBI mutual funds are operating in financial market since a long period of time. They have a record of declaring dividends ranging from 11 to 16 percent. Mutual funds promoted by Canbank, Indian Bank and PNB were reported to be good investment option based on their performance. Mutual funds were also compared to the industrial securities and it was found that they yield an equally good return.

Mehta and Shah (2012) "Preference of Investors for Indian Mutual Funds and its Performance Evaluation", Pacific Business Review International, **Vol.5** attempted to analyze preference of investors towards mutual fund investment and compare performance of various mutual fund schemes based on the return parameters. The study was conducted in Ahmedabad and Baroda city. The study found out that mutual fund is the second most preferred investment avenue after saving account. Age and factor preferred by investors displayed no significant relationship.

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the problem. In it we are study the various steps that are generally adopted by a researcher in studying the research problem along with the logic behind them. Research Methodology is the outer cover of the research design. A research is the systematic enquiry and or examination in seeking facts in order to gain knowledge and find solutions to problems. The research design is followed for the study is analytical research design. The first step of any research design is the collection of data. The secondary data are data are collected information which is used by other. It is not direct information. This information is already collected and analysis by other and that information is used by others.

DATA ANALYSIS

Table no-1 Table showing calculation of return of ICICI PRUDENTIAL BANKING AND FINANCE FUND For the year 2014 to 2015

DURATION	PRICE(NAV)	RETURN IN(%)
1 DAY	19.98	
1 MONTH	35.71	78.72872873
3 MONTH	43.75	66.56398768
6 MONTH	64.31	101.3257143
1 YEARS	60.86	63.56709687
2 YEARS	57.74	62.04403549
3 YEARS	62.46	73.57118116
5 YEARS	64.79	71.74191483
TOTAL		517.542659

$$\text{RETURN} = \frac{P1-P0}{P0} \times 100$$

WHERE,

P1 = CURRRENT PERIOD PRICE

P0 = PREVIOUS PERIOD PRICE

n = NO.OF PERIODS
Total Return = 517.542659
INTERPRETATION
From the above table it is interpreted that the return of ICICI prudential banking and finance fund for the year 2014 from the 3 month return of 66.56398768%. 2016 it was increased to 73.57118116%. 2015 and 2018 it was 62.04403549% and 71.74191483%.

Table no-2 Table showing calculation of return of RELIANCE BANKING FUND For the year 2014 to 2015

DURATION	PRICE(NAV)	RETURN IN(%)
1 DAY	97.614	
1 MONTH	100.151	2.599012437
3 MONTH	121.46	23.81004683
6 MONTH	148.65	42.01877161
1 YEARS	191.524	63.17524386
2 YEARS	153.499	29.17911071
3 YEARS	199.732	66.52681776
5 YEARS	264.858	83.73420383
TOTAL		311.043207

$$\textbf{RETURN} = \frac{P1-P0}{P0} \times 100$$

WHERE,
P1 = CURRRENT PERIOD PRICE
P0 = PREVIOUS PERIOD PRICE
n = NO.OF PERIODS
Total Return = 311.043207.
INTERPRETATION
From the above table it is interpreted that the return of Reliance banking fund for the year 2014 from the 3 month return of 23.81004683%. It was increasing 83.73420383% in the year 2018. In 2016 it was decreased to 29.17911071%.

Table no-3 Table showing calculation of return of ICICI PRUDENTIAL

DURATION	PRICE(NAV)	RETURN IN(%)
1 DAY	32.3	
1 MONTH	42.26	30.83591331
3 MONTH	40.92	20.39753904
6 MONTH	49.37	41.71554252
1 YEARS	57.78	51.61028965
2 YEARS	64.37	55.50363448
3 YEARS	59.16	41.72751282
5 YEARS	59.4	45.80797836
TOTAL		287.5984102

TECHNOLOGY FUND For the year 2014 to 2015

$$\text{RETURN} = \frac{P1-P0}{P0} \times 100$$

WHERE,

P1 = CURRRENT PERIOD PRICE
P0 = PREVIOUS PERIOD PRICE
n = NO.OF PERIODS
Total Return = 287.5984102

INTERPRETATION
From the above table it is interpreted that the return of ICICI prudential technology fund for the year 2014 from the 3 month return of 20.39753904%. In 2018 it was increased to 45.80797836% but in 2016 it has given the higher return of 55.50363448%.

Table no-4 Table showing calculation of return of SBI TECHNOLOGY OPPORTUNITIES FUND For the year 2014 to 2015

DURATION	PRICE(NAV)	RETURN IN(%)
1 DAY	36.736	
1 MONTH	46.598	26.84560105
3 MONTH	45.059	17.8612816
6 MONTH	50.92	31.47872789
1 YEARS	61.339	48.31696779
2 YEARS	64.46	45.19799801
3 YEARS	60.763	37.27427862
5 YEARS	59.65	37.71044879
TOTAL		244.6853038

$$\text{RETURN} = \frac{P1-P0}{P0} \times 100$$

WHERE,

P1 = CURRRENT PERIOD PRICE
P0 = PREVIOUS PERIOD PRICE
n = NO.OF PERIODS
Total Return = 244.6853038

INTERPRETATION
From the above table it is interpreted that the total return of SBI technology opportunities fund for the year 2014 from the 3 month return of 17.8612816%. In 2018 it was increased to 37.71044879% but in 2015 it has given the higher return of 48.31696779%.

Table no-5 Table showing calculation of return of ICICI NIFTY INDEX FUND For the year 2014 to 2015

DURATION	PRICE(NAV)	RETURN IN(%)
1 DAY	61	
1 MONTH	82.01	34.44262295
3 MONTH	83.32	27.21619315
6 MONTH	107.87	56.25300048
1 YEARS	110.69	46.06470752
2 YEARS	113.55	47.47492998
3 YEARS	112.91	45.71554381
5 YEARS	113	46.05437959
TOTAL		303.2213775

RETURN $= \frac{P1-P0}{P0} \times 100$

WHERE,
P1 = CURRRENT PERIOD PRICE
P0 = PREVIOUS PERIOD PRICE
n = NO.OF PERIODS
Total Return = 303.2213775.

INTERPRETATION

From the above table it is interpreted that the total return of ICICI nifty index fund for the year 2014 from the 3 month return of 27.21619315%. In 2018 it was increased to 46.06470752% but it has given the higher return of 56.25300048% in the period of 6 month from the year 2014.

SUGGESTIONS

- Know the risks associated with Mutual Funds.
- Know your risk appetite/tolerance level.
- Determine your asset allocation.
- Learn how to choose the best funds in any Mutual Fund category.
- Know the basics on tax considerations on Mutual Funds
- Tax on capital gain from Mutual Funds.
- Tax on dividend from Mutual Funds.
- Regular monitoring on your fund and rebalance.
- Keep a watch on latest trends/news in financial market specially Mutual Funds.

CONCLUSION

Mutual Fund is good concept of investment which collects the savings and invests in different sector and different market in such a way that investment get highest return. This return will be paid back to Unit holder.

Today Advisors are keeping full of knowledge of all investment instruments. And their researches allow them to suggest Mutual Fund as Investment Avenue. Still some advisers have not suggested the Mutual funds as investment instrument. The basic reason behind that is, lack of knowledge about mutual funds, which is followed by high risk and unasserted returns.

Safety is at the peak of all attributes list of investment products in the mindset of Advisors, which is followed by tax benefit, returns, maturity and liquidity. Advisors are highly providing pre-investment advisory services and doorstep collection services. Some of the Advisers follow their clients and provide post-investment advisory services too. Sharing of brokerage and online valuation report providing is very less in a practice.

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