A STUDY ON A COMPARATIVE ANALYSIS OF SELECTED EQUITY DIVERSIFIED MUTUAL FUNDS

Ms. Daneshwari. Devaray Maled, PG Research Scholar, Department of Management Studies, Global Academy of Technology, Bengaluru – 560098

Dr. Shreelatha H R, Associate Professor, Department of Management Studies, Global Academy of Technology, Bengaluru – 560098

ABSTRACT

A trust known as a mutual fund pools the funds of numerous investors with comparable financial goals. This money is then put to use by purchasing shares, debentures, and other assets found in the capital markets. According to the number of units they own, each investor in these ventures receives a share of the revenue generated. As a result, a mutual fund is the best investment choice for average investors because it enables them to purchase a variety of professionally managed securities at a reasonable price. Investors strive to diversify their portfolios, increase liquidity, reduce risks, and generate abnormal returns. The theory of capital asset pricing under risky conditions forms the foundation of early studies on mutual fund performance. It might be a key component of someone's investment plan. Mutual funds have seen an increase in popularity among investors over the past ten years as opposed to other long-term investment vehicles. Mutual funds, equity, diversification, and securities are important terms.

Key words: *Mutual funds, Equity, Diversified, Securities,* Sharpe's ratio, Benchmark index.

I. INTRODUCTION

The Indian government launched the Unit Trust of India (UTI) in 1964, marking the beginning of the mutual fund industry in the Nation. has been one of India's top mutual fund investment companies for the past 36 years. In 163, UTI was confirmed (established) by an act of parliament. Additionally, the Reserve Bank of India established it, and it operated under its administrative and regulatory control. Since public sector banks and insurance companies started establishing mutual funds in 1987, six public sector banks have done the same. The two insurance firms LIC (Life Insurance Corporation) and GIC also founded mutual funds (Guaranteed Investment Certificate). The Securities Exchange Board.

To invest in the securities market and build wealth for investors, mutual fund companies pool investor investments into a single investment vehicle. Investors strive to diversify their portfolios, increase liquidity, reduce risks, and generate abnormal returns. The theory of capital asset pricing under risky conditions forms the foundation of early studies on mutual fund performance.

Objectives of the study:

Analysis of selected equities diversified mutual funds' NSE fluctuations is one of the study's main objectives.

1. To assess the return and risk of equity-diversified mutual funds.

2. To compare the performance of selected Equity Diversified Mutual Funds.

II. REVIEW OF LITERATURE

(BHADRAPPA HARALAYYA, 2022) Comparative Study on Performance Evaluation of Mutual Funds with Reference to Banking Funds: In this paper, one of the world's most lucrative venture options is discussed, and how it affects a nation's financial development. investigating the financial results of the chosen mutual fund schemes and evaluating the performance of the chosen mutual fund schemes with risk adjustments.

(Mahardika Agustinus, 2021) Comparative Analysis of the Performance between Sharia and Conventional Equity Mutual Funds Using Sharpe and Treynor Method: To determine performance is the goal of this study. Sharia and conventional equity compared for the 2016–2020 period, Sharpe and Company mutual funds were used. Techniques of Treynor The equity mutual funds used in this study's samples are traditional and sharia-compliant, and they are both managed by the same investment manager.

(Pandey, An Analysis of Investment Avenues in India: A Comparative Analysis of, 2021)Government Benchmark Returns and Equity Mutual Funds in India: This paper offers an analytical perspective on comparing the returns of various investment avenues in India. The researcher also uses government benchmark returns to compare the various avenues. The researcher considers mutual funds to be a dominant industry for investment.

(Sharma, 2020) Performance Analysis of Mutual Fund: A Comparative Study of the Selected Debt Mutual Fund Scheme in India: The best investments for the average investor are mutual fund schemes because they provide access to a professionally managed stock market with minimal risk and maximum returns. the foundation. The goals of this study are to examine the risk and return ratios of specific debt mutual fund schemes in India as well as their performance.

(Prof. Indrajeet Kole & Ms. Pooja Kiran Deshpande, 2020) Study of Comparative Analysis on The Performance of Sectorial, Multi Sectorial and Equity Diversified Mutual Funds: To analyse and evaluate mutual funds' Net Asset Value and individual returns on live investment avenues, this study will calculate how mutual funds' performance is graded and evaluated Twelve mutual fund schemes were chosen from a variety of equity mutual funds over a three-year period, from August 2017 to August 2020, to represent the pharmaceuticals, technology, banking, and financial services, as well as the FMCG sector.

III. RESEARCH_METHODOLOGY

The current study is post hoc analytical in nature. Data is collected from secondary source. The research is based on the comparative analysis of selected company's mutual funds. Which has the financial information of the selected company's mutual funds over five years. Financial information was gathered for the study from secondary sources including the money control. Formula used for the analysis is

Sharpe Ratio = (Expected Return Portfolio - Risk-Free Rate) /Standard Deviation Portfolio

(or)

$$\frac{R_p - R_f}{\sigma_p}$$

Where,

R_p = Expected Return Portfolio

R_f = Risk-Free Rate of returns (Nifty 50)

σ_P = Standard Deviation of portfolio

Expected Returns Portfolio = $\frac{\text{Future value} - \text{Present value}}{\text{Present value}}$ OR $\frac{P_1 - P_0}{P_0}$

Standard Deviation Portfolio = $\sqrt{\frac{\Sigma f(x-\bar{x})^2}{\Sigma f}}$

R_p = Average returns

R_f = Index value of Nifty 50

σ_P = Rate of Returns

Hypothesis of the study:

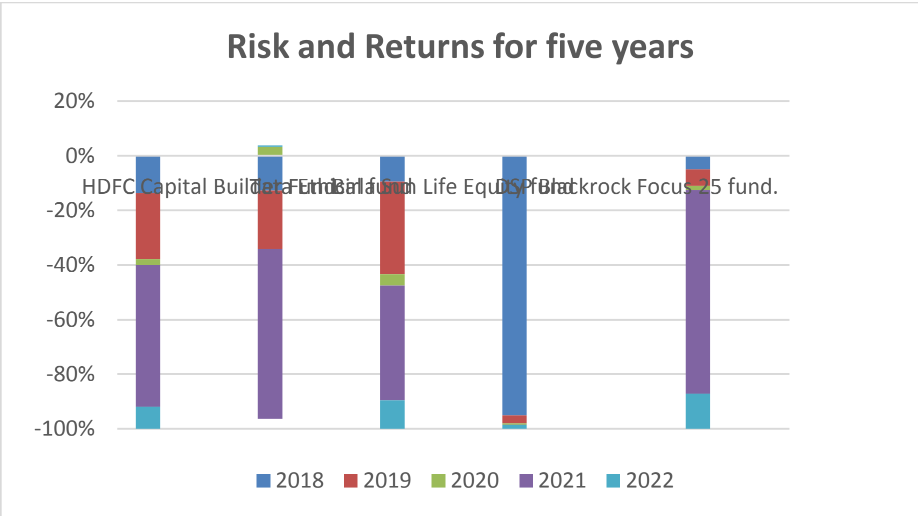
H_0: There is no significant difference among the performance of selected mutual funds.

H_1: There is a significant differents among the performance of selected mutual funds.

IV. DATA ANALYSIS AND FINDINGS

Table No. 1: Sharpe Ratio of selected companies from 2018 - 2022

Fund Name	2018	2019	2020	2021	2022
Franklin India High Growth Cos fund	-30.9545	-54.7143	-4.90119	-117.222	-18.375
HDFC Capital Builder Fund	-24.0733	-40.1379	6.24873	-117.444	0.709677
Tata Ethical fund	-32.8889	-118.3	-14.2778	-146.2	-36.6
Birla Sun Life Equity fund	-7110.5	-223	-33.7949	-7.02848	-107.25
DSP Blackrock Focus 25 fund.	-77.75	-92.1667	-23.2807	-1149	-199.5



Interpretation: According to the graph above, HDFC had the highest risk and return percentage (6.24873%) in 2020. The difference between Birla Sun Life and the other four equity mutual fund shares in 2022 is at least -7110.5%. Only HDFC experienced the second-highest risk and return in 2022, by 0.709677%. If a trader purchases HDFC funds, he will only make money when the share price of Birla Sun Life rises; otherwise, he will lose money. However, if he invests in a variety of funds, there is a chance that his risk in mutual funds will be reduced.

V. CONCLUSION

Mutual funds are becoming more popular, according to this report, because they reduce risk for individual investors. This equity diversified mutual fund assists investors in mutual funds in reducing risk and maximizing returns. Companies that offer mutual funds provide various schemes based on market trends. A mutual fund is the best investment option for average investors because it allows them to invest in a diverse, professionally managed portfolio of securities at a low cost.

In this study we conclude that when the trader buys HDFC funds that time he gets profits if only if share price of Birla Sun Life rises. If he invests in a variety of funds, he may be able to reduce his risk in mutual funds. In this research null hypothesis is rejected.

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