IS HYBRID MUTUAL FUNDS MORE ATTRACTIVE? A PERFORMANCE MEASUREMENT

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Abstract

Mutual fund industry is emerging as a preferred investment rout in Indian financial market inlast ten years as it provides more promising returns to the investors according to the Association of Mutual Fund India. Asset Under Management (AUM) of the Indian Mutual Fund industry asof 30th November,2024 stood at INR67.09 trillion. The AUM of the Indian Mutual Fund industry has stood INR6.57 trillion as of September 30,2010. Indian mutual fund industry has grown about 10 folds in last decade. The Indian mutual fund industry seen a dramatic improvement in terms of quantity as well as quality of the product and service offerings in recent years. This paper made an attempt to study the performance of selected Debt, Equity and Hybrid fund schemes, measure the risk-return relationship and market volatility of the selected mutual fund schemes. The study used financial tools like: Rate of Return, Standard Deviation, Beta, Sharpe Ratio, Jenson ratio, Treynor Ratio. The data was collected from the various reports of the funds and authorized websites. This analysis concluded that majority of the funds selected for the study are average or below the average performer in CRISIL Rank. From selected funds Debt Mutual Fund schemes are best performer in CRISIL Rank. Majority of the funds outperformed in Sharpe, Treynor and Jenson ratio.

Key words: Mutual fund, equity funds, hybrid funds, investor's portfolio.

1. Introduction

India has one of the highestrates of global savings. Indian investors go beyond investing in the conventionally recommended bank TDRs and gold to mutual funds because of the inclination for wealth creation. A mutual fund is professionally managed investment company that collect savings from investors who has common investment objective and invest them in various securities like bonds, stocks and money market instruments and other assets for taking advantage of diversification and professional portfolio management with reasonable cost. Investors can buy mutual fund products from the Fund itself or from the broker of the fund or from the other investors too. Mutual funds are also redeemable means investors can sell the shares to the funds any time. Like any other business, managing mutual fund also involves cost. Funds pass these costs to the investors in the form of charging fees and other expenses. A mutual fund's portfolio is structured and maintained to match the investment objective stated in its prospectus. The value of the mutual fund company depends on the performance of the securities investor decides to buy. When investors buy a unit or share of a mutual fund, investors are buying the performance of its portfolio or, a part of the portfolio's value. A share of a mutual fund represents investments in many different stocks (or other securities) instead of just one holding. A fund's NAV is derived by dividing the total value of the securities in the portfolio by the total amount of shares outstanding. Mutual funds are becoming more popular investment tools nowadays because of its many advantages less disadvantages.

a. Advantages of Mutual Funds

- Expert Management: The advantage of investing in mutual fund is that the professionals manage and operate the mutual fund. The fund manager pools the money from all the investors and allocates the money in different asset classes, thereby helping the investors to gain more profit.
- Liquidity:The most important benefit of investing in mutual fund is liquidity. Unlike fixed deposits, the mutual fund is flexible and pre-exit penalty should be taken into consideration.
- Diversification: As mutual fund consists of many securities, investor's interest is safeguarded if there is volatility in other securities purchased.It reduces the risks involved in building a portfolio.
- Invest in Small Amount: Among the other benefits of mutual fund, the most important benefit is its flexibility. Retail investors need not put huge amount of money to invest in a mutual fund. Investments can be as per the cash flow position.
- Ease of access: Mutual funds are easily accessible and one can start investing or buy mutual fund from anywhere in the world.

An asset management company (AMC) offers funds and distribute through channels like brokerage firms, agents and banks etc. This makes mutual fund universally available and easily accessible.

- Transparency: With the SEBI guidelines, all products have been labelled, which means all mutual fund schemes will have colour coding which helps the investors to ascertain the risk level of the investments, thus making the entire process safe and transparent.

- Tax Saving: Mutual fund provides the best tax saving options. ELSS (equity linked saving schemes) mutual fund have a tax exemption of Rs.1.5 lakh a year under section 80 c of Income Tax Act.

b. Disadvantages of Mutual Funds

- Dilution: Due to dilution it is not recommended to invest in too many mutual funds at the same time.Diversification although saves an investor from major losses, also restricts one from making higher profit.

- Lock-in Period: ELSS have a longer lock in period of 3 years. This debars an investor from withdrawing the investment before the lock in period is over. However withdrawing these funds before the lock in period could lead to huge penalties.

2. Classification of Mutual Funds

Mutual funds are generally placed into four categories:

a. Equity Funds: Equity funds are stocks or an equivalent that is investing in publicly traded as opposed to privately-owned companies. Equity funds are the most volatile of the three, with their value sometimes rising and falling sharply over a short period. Historically, stocks have performed better over the long term than other types of investments.

b. Fixed income (Debt) Funds: Investment in corporate and government debt with the purpose of providing income through dividend payments. Debt funds are often included in a portfolio to boost an investor's total return, by providing steady income when stock funds lose value. Debt funds are safer than equity funds, though they face their own risks: possibility of may failed pay back debt, there may be a chance that interest rates will rise, which will cause thevalue of the bonds to decline and vice-versa, the possibility that a bond will be paid off early which means there is the chance the manager may not be able to reinvest the proceeds in something else that pays a higher return.

c. Money Market Funds: Money market funds have relatively low risks, compared with other mutual funds. They are limited to investing only in specific high-quality, short- term investments. Money market funds try to keep their "net asset value" (NAV). The returns for money market funds have been lower than for either debt or equity funds.

d. Hybrid Funds: Hybrid fund is a combination of different types of funds that can be tailored to match an investor's situationand needs. This type of fund invests in both equity and debt funds. This not only gives the fund the appeal of decreased risk but generally they give relatively decent returns for beginning investors or investors in need of a tailored approach. The attractiveness of a hybrid fund is in the diversification of the portfolio, and the ability of the funds to allocate assets in different manners throughout the investor's ownership of the fund. Hybrid funds take on the risks of the funds that are compiled within the portfolio of the fund.

3. Hybrid Mutual Funds

The tax advantage related to mutual funds along with the volatility of equities leads to introduction of hybrid mutual funds, which avoids volatility and has taxationof equity earningswhich preferred by the Asset Management Companies (AMC) or fund managers. The hybrid funds achieve tax efficiency by investing over 65 per cent in equity funds which has a tax rate of 12.5 per cent along with surcharge and cess holding for more than a year. However, for the debt funds, it is 30 per cent tax with surcharge and cess. The hybrid funds who has more than 65 per cent investment in equities are considered as equities for tax purpose and the remaining debt component of the fund is also attracted the same 12.5 per cent tax.

The Securities and Exchange Board of India (SEBI) describes six types of hybrid funds. They are;

a. Aggressive Hybrid Funds: In these funds, it is mandatory to invest in equities in the range of 65 to 80 per cent of the portfolio. So, this type is one step below the equity funds. The remaining allocation of 20-35 per cent is towards debt instrument leads to less volatility than the equity funds. For tax purpose, more than 65 per cent allocation of fund is considered as equity andthe total fund attracts only 12.5 per cent plus surcharge and cess.

b. Balanced Hybrid Funds: Here equity allocation by the AMCS is in the range of 40-60 per cent of the fund and rest comes under debt fund.

Given a fund with allocation over 65 per cent is considers as equity and taxed as equity, AMCs not shown interest in BHFs. Also, SEBI restricts AMCs to choose either Aggressive Hybrid fund or Balance Hybrid fund but not both.

c. Dynamic Asset Allocation or Balanced Advantage Funds (BAF):It is an investment in equity/debt that is managed dynamically. The AMCs positioned BAF in a manner where equity component at over 65 per cent to be made eligible for equity taxation. AMCs use this BAFs by maintaining fund at 65 per cent to be eligible for equity taxation. A part of the equity is 'hedged', where the net equity exposer is much lower to the market volatility. In an adverse position, the risk is to the extent of hedged funds only and not total equity part of the fund.

d. Equity Saving Funds: Though ESFs are equity funds for tax purpose, the equity portion (Un-hedged portion), 20-40 per cent is similar to fixed income or debt-oriented funds.

e. Arbitrage Funds: These funds earn income from the price differential between equity stock in cash market and stock futures market, for 65 per cent of the portfolio. The price at which a stock is sold in the future market is higher than the price at which it is purchased in the cash market. These funds have 65 per cent or more are in cash arbitrage and 35 per cent or less in debt or money market instruments. The income come from price differential between the two segments.

f. Multi Asset Funds: Are those with exposure to a minimum of three asset categories and minimum 10 per cent in each category. Here also, AMCs maintain over 65 per cent equity to be eligible for equity taxation. The balance is invested in debt or gold, or some other similar asset.

If anyone want to maintain equity exposer at certain level, they may select a relevant hybrid mutual fund.

4. Review of Literature

Abhinav Kaul (2023) After solution-oriented schemes, hybrid schemes rank as the second-lowest open-ended mutual fund category with a total AUM of Rs. 4.87 trillion. Growth and equity-oriented schemes have an AUM of Rs. 15.01 trillion, in comparison. The government did not alter the hybrid mutual fund with the adjustment to the budget.

Prashant Mahesh (2023) Investors may think about integrating hybrid funds into their portfolio if they want to allocate to fixed income products that have better tax treatment than more conventional options like fixed deposits, non-convertible debentures, and debt mutual funds.

Sanket Dhanorkar (2023) Tax advantages are frequently the driving force behind people's investment decisions. Therefore, it is not unexpected that the recent negative adjustment in the taxation of debt funds has prompted a recalibration of portfolios and driven investors to seek out new, tax-friendly options. Some people are actively looking for hybrid funds to avoid the greater tax liability.

Sharma & Joshi (2022) examined the performance of selected debt equity and hybrid mutual funds and also compared the performance of selected funds using financial tools. The study showed that the majority of funds outperformed in financial tools such as: Sharpe's ratio, Treynor's ratio and Jenson's measure. Whereas, in CRISIL ranking debt mutual funds resulted best performer and the rest were average or below the average performers.

Harinie et al. (2022) analyzed mutual fund returns and practices, comparing them to equity investment plans via descriptive research using secondary data. The study identified areas for further research in India, suggesting evaluation of fund growth, size, and volume against the overall market performance. Developing the relationship between specific fund characteristics and performance was deemed crucial for deeper insights. Evaluation of performance ratios and rankings focusing on foreside ratios was recommended for a comprehensive understanding of fund interdependence and their relation to the index.

Sharma (2020) tried to examine the performance of Indian selected mutual fund schemes. The study included NAVs of selected funds from January 2017- December 2019 fromauthorised websites to achieve the objective of study. To evaluate the performance financial tools and techniques had been used. The study found that out of selected 5 funds three funds performed well during the study period and in highly volatile market condition. The study had further suggested to the investors that they should consider statistical parameters before making financial investment decision.

Panigrahi CMA, et al (2020) studied an analysis of ten equities linked saving scheme mutual funds. Using financial ratios and tools for analysis including the average return, coefficient of determination (R2), S.D, Beta, Sharpe ratio, Jensen alpha. They found a more attractive return in ELSS mutual funds and also take a tax benefit of INR1.5 lakh.

Sharma, KB (2020) found that three funds have performed well and two funds had not performed well during the study period from the selected five Debt funds.

The sharp fall in the NIFTY during the year 2019 has impacted the performance of all the selected funds. statistical parameters used for performance evaluation were alpha, beta, standard deviation.

Tripathi and Japee (2020) analyzed the performance of mutual funds in India and try to identify whether the mutual funds can give reward to changeability and unpredictability with the help of statistical tools like standard deviations, beta, Sharpe ratio and Jenson's alpha. This study concluded that from selected 15 schemes all the funds have performed well in the high volatile market movement expect SBI Bluechip Fund, Nippon India Largecap Fund, Nippon India Growth Fund, Nippon India Small cap Fund and DSP Smallcap Fund.

Lakshmi,N (2007) has made analytical study of 25 Growth schemes, performance during the period 1997 to 2006.The study has found out industry had grown 57% & Assets under Management has grown 14% during the selected period. The study concentrates only the selected investor and fund manager had agreed investment in Mutual Fund is less risky. For selecting Mutual Fund Organization investors mostly looks for Goodwill of Asset Management Company. The study revealed that selected sample respondents had modestly satisfied about Asset Management Companies Performance and service offered by them.

5. Objective of the study

The comparative study of performance evaluation of selectiveEquity,Debt and Hybrid mutual fund schemes in India is quite desirable as it gives a deep understanding of performance analysis of selected Equity,Debt and Hybrid mutual fund schemes, as investors except for consistent return on their investment. These investors are generally confused about pick the best scheme out. This study will provide some insight into the comparison of performance of selected mutual fund schemes which will help them taking rational investment decisions and allocating their resources in the right mutual fund scheme.

The objective of the study are as follows:

a. To compare the performance of selected Equity, Debt and Hybrid funds.
b. To study the performance of selected schemes using risk measurement viz. Sharpe, Jenson and Trey nor ratios.
c. To study the risk and return component among the selected mutual fund schemes.

5. Methodology

Descriptive research methodology used for the present study.As the present study is quantitative in nature as it includes data which will be helpful in drawing conclusions using statistical tools and techniques. At present in India there are 44 mutual fund companies are working. Out of them Equity, Debt and Hybrid funds are selected for the present study.For selection of sample of Equity, Debt and Hybrid funds purposive random sampling method is used.

From the purposive random sampling method, 15 fund schemes, of which five fund schemes from Equity, Debt and Hybrid funds each are selected for a period of five years from 2020-2024.The data was collected from the projects, researches, thesis and authorized websites.The data regarding historical NAV (Net Asset Value) were collected from the factsheets of the selected companiesand websites of www.mutualfundindia.com and website of www.amfiindia.com.

The present Mutual fund environment in India are one of the investment sources available for small and retail investors with low risk for investment. This study analyzed the 15 Mutual Fund schemes,with fivefunds under Equity Mutual Funds, Debt Mutual Funds and Hybrid mutual funds. Equity Mutual Fund schemes are: Canara Robeco ELSS Tax Saver Fund Growth ELSS, LIC MF ELSS Tax Saver Growth ELSS, ICICI Prudential ELSS Tax Saver Fund, SBI Long Term Equity Fund Growth ELSS. Debt Mutual Funds schemes are: Bandhan Banking & PSU Debt Fund, LIC MF Banking & PSU Fund, Nippon India Banking & PSU Debt, HDFC Banking & PSU DebtFund and ICICI Prudential Banking & PSU Debt. Hybrid mutual fund schemes are: Kotak Equity Hybrid Fund Growth, LIC MF Aggressive Hybrid Fund Growth, Edelweiss Aggressive Hybrid Fund Growth, SBI Equity Hybrid Fund Growth and Tata Hybrid Equity Fund Growth.

The Scope of the Study is limited to five years of selected Equity, Debt and Hybrid funds. These schemes selected randomly and Financial ratios like Treynor, Sharpe and Jenson measures are used to analysethe risk and performance of the funds although mutual fundsare subject to market risk. So, it is difficult to ascertain the comparison of performance of selected funds only with the help of average returns.

Statistical Tools used in Analysis

S.No	Tool	Formula	Application
1	Rate of return	Closing priceopening - price/opening price*100	Measure Average return of selected funds.
2	Standard deviation (S.D.)	$\sigma = \frac{\sqrt{\Sigma (x_i} - X)}{N}$	Measure variance and risk.
3	Beta Value	Covariance/σm×σm	Measure the level of volatility associated with the fund compared to the benchmark.
4	Sherpe's ratio	[(Return from the fund-Risk free rate of return)/Total risk of the fund]	Measures the excess return earned on fund per unit of total risk.
5	Jenson's ratio	Portfolio return- [risk free rate+ portfolio beta*(market return- risk free rate)]	Measures abnormal return of a security or portfolio of securities over the theoretical expected return.
6	Treynor's ratio	[(return from the fund - risk free rate of return)/ Beta]	Measures the excess return earned per unit of systematic risk that is beta.

Table 1: Equity Funds

S. No	Fund Name	CRISIL Score	NAV 2020	Returns 2020	NAV 2021	Returns 2021	NAV 2022	Returns 2022	NAV 2023	Returns 2023	NAV 2024	Returns 2024
1	Canara Robeco ELSS Tax Saver Fund - Direct Plan – GrowthELSS	3	126.733	35.11	138.871	15.41	149.37	13.11	166.799	20.29	186.110	12.09
2	LIC MF ELSS Tax Saver - Direct Plan – GrowthELSS	3	129.372	11.92	132.872	22.14	145.44	-0.93	169.613	26.69	181.509	20.74
3	ICICI Prudential ELSS Tax Saver Fund	2	824.506	25.48	852.331	24.6	863.520	-0.08	1080.440	30.26	988.860	12.91
4	Kotak ELSS Tax Saver Fund - Direct	3	99.636	21.61	107.32	33.85	115.495	6.49	129.457	30.67	143.596	11.32
5	SBI Long Term Equity Fund - Direct Plan – GrowthELSS	5	368.471	27.67	390.360	19.07	406.043	8.12	452.288	54.62	493.575	13.42

Source: www.moneycontrol.com/mf/performance tracker; www.mfindia.com

Table 2: Debit Funds

S. No	Fund Name	CRISIL Score	NAV 2020	Returns 2020	NAV 2021	Returns 2021	NAV 2022	Returns 2022	NAV 2023	Returns 2023	NAV 2024	Returns 2024
1	Bandhan Banking & PSU Debt Fund -	5	14.98	8.49	17.02	4.72	19.02	4.05	22.021	7.31	25.089	7.89
2	LIC MF Banking & PSU Fund - Direct	4	33.35	6.71	31.02	4.10	34.011	3.8	35.809	7.51	37.22	8.19
3	Nippon India Banking & PSU Debt	3	16.07	8.67	19.013	5.42	22.83	3.73	24.31	7.64	27.373	8.14
4	HDFC Banking & PSU Debt 24.81Fund -	3	14.881	8.38	17.33	4.06	19.51	4.03	21.189	7.66	23.739	8.17
5	ICICI Prudential Banking & PSU Debt	3	20.033	7.71	24.81	5.04	28.036	5.14	30.885	7.96	33.814	8.23

Source: www.moneycontrol.com/mf/performance tracker; www.mfindia.com

Table 3: Hybrid Funds

S.No	Fund Name	Crisil Score	NAV 2020	Returns 2020	NAV 2021	Returns 2021	NAV 2022	Returns 2022	NAV 2023	Returns 2023	NAV 2024	Returns 2024
1	Kotak Equity Hybrid Fund - Direct Plan - Growth	4	51.019	16.62	57.371	28.80	61.229	6.50	21.1	21.10	73.596	23.23
2	LIC MF Aggressive Hybrid Fund - Direct Plan - Growth	3	166.321	10.53	179.36	16.05	192.040	-1.07	20.23	20.23	226.238	18.47
3	Edelweiss Aggressive Hybrid Fund - Direct Plan - Growth	5	51.273	14.20	57.371	28.23	61.03	7.44	27.7	27.70	73.29	21.82
4	SBI Equity Hybrid Fund - Direct Plan - Growth	1	251.046	13.46	260.312	23.11	279.11	2.99	16.62	16.62	320.58	14.99
5	Tata Hybrid Equity Fund - Direct Plan - Growth	2	411.216	12.17	429.319	23.68	436.216	8.98	16.84	16.84	508.333	14.03

Source: www.moneycontrol.com/mf/performance tracker; www.mfindia.com

Table 4: Risk Ratio - Equity Funds

S.No	Fund Name	CRISIL Score	Standard Deviation	Beta	Sharpe Ratio	Jenson	Treynor Ratio
1	Canara Robeco ELSS Tax Saver Fund - Direct Plan – Growth ELSS	3	13.43	0.92	0.52	-0.07	0.08
2	LIC MF ELSS Tax Saver - Direct Plan – Growth ELSS	3	13.35	0.88	0.62	1.42	0.09
3	ICICI Prudential ELSS Tax Saver Fund	2	12.72	0.85	0.55	0.39	0.08
4	Kotak ELSS Tax Saver Fund - Direct	3	14.08	0.95	0.66	2.01	0.1
5	SBI Long Term Equity Fund - Direct Plan – Growth ELSS	5	13.39	0.9	1.14	8.4	0.17

Source: www.moneycontrol.com/mf/performance tracker; www.mfindia.com

Table 5: Risk Ratio - Debit Funds

S.No	Fund Name	CRISIL Score	Standard Deviation	Beta	Sharpe Ratio	Jenson	Treynor Ratio
1	Bandhan Banking & PSU Debt Fund -	5	0.73	0.33	-0.61	-0.18	-0.01
2	LIC MF Banking & PSU Fund - Direct	4	0.79	0.19	-0.48	-0.27	-0.02
3	Nippon India Banking & PSU Debt	3	0.98	0.02	-0.35	-0.34	-0.2
4	HDFC Banking & PSU Debt Fund -	3	0.87	0.04	-0.27	-0.23	-0.06
5	ICICI Prudential Banking & PSU Debt	3	0.91	0.59	0.26	0.8	0

Source: www.moneycontrol.com/mf/performance tracker; www.mfindia.com

Table 6: Risk Ratio - Hybrid Funds

S.No	Fund Name	Crisil Score	Standard Deviation	Beta	Sharpe Ratio	Jenson	Treynor Ratio
1	Kotak Equity Hybrid Fund - Direct Plan - Growth	4	9.98	1.81	0.67	3.19	0.04
2	LIC MF Aggressive Hybrid Fund - Direct Plan - Growth	3	10.32	1.1	0.43	0.01	0.04
3	Edelweiss Aggressive Hybrid Fund - Direct Plan - Growth	5	10.09	1.1	0.97	5.46	0.09
4	SBI Equity Hybrid Fund - Direct Plan - Growth	1	8.94	0.96	0.52	0.79	0.05
5	Tata Hybrid Equity Fund - Direct Plan - Growth	2	9.9	1.08	0.51	0.71	0.05

Source: www.moneycontrol.com/mf/performance tracker; www.mfindia.com

6. Discussions

a. Equity Funds

The Table-1 shows that from the selected Equity mutual fund schemes, the average returns of the last five years are highly volatile in nature although NAV of each fund increased from 2020 to 2024. ICICI Prudential ELSS Tax saver fund and LICMF ELSS Tax saver-Direct plan Growth ELSS fund have comparatively low beta that is 0.85&0.88.Therefore, it can be said that these two funds caries low volatility compared to other funds. ICICI Prudential ELSS Tax saver fund has lowest Standard Deviation value that is12.72 and Kotak ELSS Tax saver fund Direct has highest standard deviation value14.08 Therefore, ICICI Prudential ELSS Tax saver fund carries low variance and risk compared to other schemes. As greater the Sharpe Ratio the better risk adjusted performance. SBI Long term Fund has greater Sharpe Ratio this fund gave better risk adjusted performance in5years.AsJenson Ratio determine is portfolio earning the proper return for its level of risk. In selected Equity Mutual Fund schemes SBI Long term Fund showing the best performance. Trey nor Ratio shows that all except the SBI Long term Fund, selected funds indicating that their performance is better than risk free security. According to CRISIL rank SBI Long term Fund falls under the relatively weak performance in the fund category. Caner a Robeco ELSS Tax saver fund, LIC MF ELSS Tax saver fund and Kotak ELSS tax saver fund falls under the below average performance category, whereas, ICICI Prudential ELSS Tax saver fund falls under above average. Overall selected Equity Mutual Fund schemes are under performance schemes in five year.

b. Debt Funds

The Table-2 shows that from the selected Debt Mutual Fund schemes, the average returns of the last five year is volatile in nature although NAV of each fund increased from 2020 to 2024. Nippon India Banking & PSU Debt fund and HDFC Banking & PSU Debt Fund have comparatively low beta that is 0.02 & 0.04. Therefore, it can be said that these two fund scaries low volatility compared to other funds. Bandhan Banking & PSU Debt Fund has lowest Standard Deviation value that is 0.02 and Nippon India Banking & PSU Debt Fund has highest standard deviation value 0.98. Bandhan Banking & PSU Debt Fund carries low variance and risk compared to other schemes. As greater the Sharpe Ratio the better risk adjusted performance. ICICI Prudential Banking & PSU Debt Fund and HDFC Banking & PSU Debt Fund have greater Sharpe Ratio these two funds gave better risk adjusted performance in 5 years. As Jenson Ratio determine is portfolio earning the proper return for its level of risk. In selected Debt Mutual Fund schemes Nippon India Banking & PSU Debt fund showing the best performance. Trey nor ratio shows that HDFC Banking & PSU Debt indicating that its performance is worse than risk free security. According to CRISIL rank Bandhan Banking & PSU Debt Fund falls under the relatively weak performance in the fund category. LIC MF Banking & PSU Fund falls under the average performance category. And remaining three funds Nippon India Banking & PSU Debt, HDFC Banking & PSU Debt fund and ICICI Prudential Banking & PSU Debt Fund fall under the good performance category. Overall selected Debt Mutual Fund schemes are good performance schemes.

c. Hybrid Funds

the Table-3 shows that from the selected Hybrid mutual fund schemes, the average returns of the last five years is highly volatile in nature although NAV of each fund increased from 2020 to 2024. SBI Equity hybrid Fund-Direct Plan Growth fund and Tata Hybrid Equity Fund Direct plan fund have comparatively low beta that is 0.96 &1.08.Therefore, it can be said that these two fund scarie slow volatility compared to otherfunds.SBI Equity hybrid Fund-Direct Plan Growth fund has lowest Standard Deviation value that is 8.94 and LIC Aggressive Hybrid Fund and Edelweiss Aggressive Hybrid Fund have highest Standard Deviation value10.32 and 10.09. SBI Equity hybrid Fund-Direct Plan Growth Fund carries low variance and risk compared to other schemes. As greater the Sharpe Ratio the better risk adjusted performance. Edelweiss Aggressive Hybrid Fund and Kotak Equity Hybrid Fund has greater Sharpe Ratio these two funds gave better risk adjusted performance in5years. As Jenson Ratio determine is portfolio earning the proper return for its level of risk. In selected Hybrid Mutual Fund schemes, Edelweiss Aggressive Hybrid Fund showing the best performance. Trey nor ratio shows that all selected Hybrid Fund indicating that their performance is better than risk free security. According to CRISIL Rank, Edelweiss Aggressive Hybrid Fund falls under the relatively weak performance category, and followed by Tata Hybrid Equity Fund Direct plan fund, LIC Aggressive Hybrid Fund and Kotak Equity Hybrid funds in that order. Overall selected Hybrid Mutual Fund schemes are under performed in 5 years.

7. Conclusion

The present study revealed that all the selected Mutual fund schemes outperformed in average return during selected time period. Except selected Hybrid mutual fund schemes both Equity and Debt Mutual fund schemes NAV (Net Asset Value) outperformed. As per calculated Beta value,Debt Mutual fund schemes are ideal as they are less volatile in nature and Equity Mutual fund schemes are highly volatile in nature. Equity Mutual fund schemes carries highest standard deviation value as they are also highly volatile in nature which shows that high risk and high return associated with the Debt Mutual fund schemes. Whereas, Equity Mutual fund schemes are of average risk and average return nature and Hybrid mutual fund schemes are of low risk and low return nature. Sharpe ratio of 10 schemes out of 15 is outperformed which means it provides better risk adjusted performance in selected time period. Jensen value determines that out of selected 15 schemes that 7 Mutual fund schemes are outperformed and 8 Mutual fund schemes are underperformed. Treynor value shows that out of 15 schemes 10 schemes indicating better performance than risk free securities. As rankings provided by CRISIL 2 Debt fund schemes Kotak Low Duration Fund and Principal Low Duration Fund falls under the category of good performance category. Debt Fund L&T Low Duration Fund falls under the average performance category. 7 funds Canara Robeco Emerging Equities, Principal Emerging Blue chip Fund, Kotak Equity Opportunities Fund, Principal Hybrid Equity Fund, BNP Paribas Substantial Equity Hybrid Fund, DSP Equity and Bond Fund, Canara Robeco Equity Hybrid Fund falls under the below average performance fund category and remaining 5 funds Canara Robeco Savings Fund, Edelwe is Large & Mid Cap Fund, Mirae Asset Emerging Blue chip Fund and BOI AXA Mid & Small Cap Equity and Debt Fund falls under the relatively weak performance category. Overall Equity Mutual fund schemes out performed in CRISIL ranking.

The study suggested that Equity and Hybrid Funds are high volatile in nature. And, if investors have long-term investment objectives, they can select equity and hybrid funds. If investors have short-term investment objectives or goals, they can choose equity funds. As per the performance evaluation ratios it is suggested to invest in Debt Mutual Fund schemes. As per the CRISIL Rank debt mutual fund schemes have betterperformance in selected time period compared to Equity and Hybrid Mutual Fund schemes.If thoroughly assessed, it may give average return with average risk. Out of 15 schemes nine schemes revealed positive Jenson measure which shows the superior performance of funds. The performance ratios like Sharpe ratio, Treynor ratio and Jenson Ratio are very much useful to know the fund’s performance.

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