



A STUDY ON PERFORMANCE EVALUATION ON SELECTED LARGE CAP MUTUAL FUNDS IN INDIA

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ABSTRACT :

The Indian capital market offers investors opportunities to participate in many businesses and earn significant returns. Out of all the financial instruments, mutual funds guarantee the lowest risks and the highest return to shareholders. Growing and advancing of diverse In the Indian capital market, investments in mutual funds have been shown to be among the most effective catalysts for producing significant increases in investment volume.

Mutual funds must be closely monitored and evaluated. As a result, choosing lucrative mutual funds to invest in is crucial. Therefore, selecting profitable mutual funds for investment is a very important issue. This study primarily examines the performance of mutual funds that different Indian fund institutions offer for investment. The performance of large cap mutual fund schemes in terms of the risk-return relationship was the primary focus of this study. The primary goals of this research project are to use statistical measures like (beta, standard deviation, and Sharpe ratio , treynor ratio and Jensen alpha) to analyse the financial performance of particular mutual fund schemes.

Keywords: Mutual funds, Large cap, Statistical measures, Sharpe ,Treynor ,Jenson,beta

INTRODUCTION :

A mutual fund is a type of financial intermediary that collects investor money and uses them to buy a variety of securities together. A mutual fund is one in which investors split all returns after expenditures are deducted. Mutual fund investments is described as "a fund established in the form of a trust to raise money by the sale of units to the public or a section owned by the public under one or more schemes for investing in securities, including money market instruments" through the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. A mutual fund in India may raise funds by selling units to the general public, according to the definition given above. The Indian Trust Act allows for the establishment of it as a trust.

OBJECTIVES OF THE STUDY

To examine the funds sensitivity to the market fluctuation in the terms of Standard Deviation and Sharpe.

To assess a few mutual funds' performance using the Sharpe ratio, expense ratio, and Jenson's alpha and to contrast the mutual fund rankings according to the three distinct criteria.

SIGNIFICANCE OF THE STUDY

Mutual fund performance evaluation is crucial for investors as well as portfolio managers. It gives an investor access to information about the amount of return created by the portfolio manager and the level of risk assumed in achieving those returns. Additionally, an investor has the ability to evaluate the relative performance of several fund managers. In a similar vein, fund managers would also have access to information on their performance over time as well as in comparison to other industry competitors. Fund managers can use this review as a tool to pinpoint their strengths and shortcomings in the investment process, enabling them to make the necessary correction

DATA :

This research looks at five open-ended plans that different mutual fund companies are releasing. The selection of these schemes was based on consistent data availability.

The information gathered comes from secondary sources, and the numbers span the years January 2018 through 2023.

LIMITATIONS OF THE STUDY

The present schemes have been chosen for the purpose of evaluating performance. The schemes are associated with different mutual fund providers. For this purpose, the selective open ended equity/growth schemes have been taken into consideration. Due to insufficient data, it was not feasible to evaluate the performance of all the schemes run by the chosen mutual funds. The list of example schemes used for the study is shown in the table. For the purpose of evaluating performance, many schemes have been issued at various times, and each scheme has had its own set of parameters, such as Standard Deviation, Sharpe, Beta, and Alpha, calculated on their own. In light of these considerations, this research aims to examine the risk-return connection in the performance evaluation of a few chosen open-ended growth schemes.

TABLE : Top four funds since five years

NAME OF THE LARGE CAP MUTUAL FUNDS	SD	SHARPE	TREYNOR	BETA	JENSON
EDELWISS LARGE CAP MUTUAL FUND	14.36	0.751	17.53	0.6247	9.62
AXIS BLUE CHIP MUTUAL FUND	12.39	0.678	28.47	0.295	7.44
CANARA ROBECCO BLUE CHIP	22.43	0.93	72.24	0.293	20.76
SBI BLUE CHIP MUTUAL FUNDS	12.93	2.68	126.2	0.275	33.68

Source: www.valueresearchonline.com

TABLE : Ranking of the schemes based on the funds chosen for analysis

FUND SCHEMES	RANKS
SBI BLUE CHIP FUND	1
EDEL WISS BLUE CHIP FUND	2
CANARA ROBECCO BLUE CHIP FUND	3
AXIS BLUE CHIP FUND	4

PERFORMANCE APPRAISAL :**1. AXIS BLUE CHIP FUND :**

The analysis of AXIS BLUE CHIP FUND reveals that its portfolio is 15.49, standard deviation is 12.39 and beta is 0.29. Furthermore, using performance evaluation tools, it was determined that sharpe ratio is 0.67 positive sharpe ratio means more attractive the return and the better the investment, the treynor ratio is 35 the higher treynor indicates better risk adjusted returns relative to the market and the Jensen alpha shows 7.6 Although the portfolio return is positive, the results of the evaluation techniques indicate positive outcomes.

2. CANARA ROBECCO BLUE CHIP :

The analysis of CANARA ROBECCO BLUE CHIP reveals that its portfolio is 28.04, standard deviation is 22.43 and beta is 0.29. Furthermore, using performance evaluation tools, it was determined that sharpe ratio is 0.93 positive sharpe ratio means more attractive the return and the better the investment, the treynor ratio is -72.24 the higher treynor indicates better risk adjusted returns relative to the market and the Jensen alpha shows 20.76. Although the portfolio return is positive, the results of the evaluation techniques indicate positive outcomes.

3. EDELWISS BLUECHIP FUND ;

The analysis of EDELWISS BLUECHIP FUND reveals that its portfolio is 17.96, standard deviation is 14.36 and beta is 0.62. Furthermore, using performance evaluation tools, it was determined that sharpe ratio is 0.75 positive sharpe ratio means more attractive the return and the better the investment, the treynor ratio is 17.53 the higher treynor indicates better risk adjusted returns relative to the market and the Jensen alpha shows 9.62. Although the portfolio return is positive, the results of the evaluation techniques indicate positive outcomes.

4. SBI BLUECHIP FUND

The analysis of SBI BLUECHIP FUND reveals that its portfolio is 41.8, standard deviation is 12.93 and beta is 0.27. Furthermore, using performance evaluation tools, it was determined that sharpe ratio is 2.68 positive sharpe ratio means more attractive the return and the better the investment, the treynor ratio is 12.62 the higher treynor indicates better risk adjusted returns relative to the market and the Jensen alpha shows 33.68. Although the portfolio return is positive, the results of the evaluation techniques indicate positive outcomes.

This analysis ensure the higher return and lower risk for the investors to invest in Mutual Funds through Large cap, Mid cap, and Small cap funds in investments

CONCLUSION :

For achieving heights in the financial sector, the mutual fund companies should formulate the strategies in such a way that helps in fulfilling the investors' expectations. Today the main task before mutual fund industry is to convert the potential investors into the reality investors. New and more innovative schemes should be launched from time to time so that investor's confidence should be maintained. All this will lead to the overall growth and development of the mutual fund industry. There are an incredibly large number of mutual funds. While some mutual funds aim to produce short term, high yield profits, others look for the long term profit. But, large segment of people are scared to invest in the capital market. Some personal and family factors are pulling them in deciding different type of investments. Age, Gender and marital status are some of the socio demographic factors that share the investors' decision and preference in making investments. Many studies have shown that age interact with financial information and issues differently

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