

“Performance Analysis Of Selected Mutual Funds With Special Reference To Share Khan Ltd”

Mr. Thoufiqulla¹, Dr. D. Venkatrama Raju²

¹Research scholar, Department of Commerce and Business Administration, Bharath Institute of higher Education and Research, Selaiyur, Chennai-600073. India.

²Research Supervisor & Head, Department of Commerce and Business Administration, Bharath Institute of higher Education and Research, Selaiyur, Chennai-600073. India

Abstract: *Mutual fund institutions play dynamic role in the economic development of a country. A well-established Mutual fund market is the key factor for economic growth in many developed countries. India opens the market for different investment to provide variety of financial products. This study is based on performance analysis of mutual funds conducted at Sharekhan Ltd. Mutual fund utilizes the funds of the investors in order to invest them in the bonds, stocks or other types of investments. They help to reduce the transaction cost to the investors. For investor there is no need to pay attention towards the past performance of the mutual fund because this past performance does not decide the future mutual fund performance.*

Mutual fund companies provide information to the investor who does not have the knowledge about the financial market. Mutual funds are very easy concept to understand. A mutual fund does not require any experience or knowledge about financial markets or economics in order to be a successful investor. They provide various benefits to the investors. Mutual fund provides various updates of the market and they also provide various suggestions to the investors regarding making investment in the different schemes. It has wide market coverage. One mutual fund company can invest in thousands of varieties of investment securities.

Key words: *Mutual fund. Performance, Share Khan Ltd, Investors, Economic development*

1. Introduction:

The performance analysis of mutual funds is commonly used topic in the various investment areas among different countries. This happens due to availability of information. They provide various benefits to the investors. Mutual fund provides various updates of the market and they also provide various suggestions to the investors regarding making investment in the different schemes.

Mutual fund utilizes the funds of the investors in order to invest them in the bonds, stocks or other types of investments. They help to reduce the transaction cost to the investors. For investor there is no need to pay attention towards the past performance of the mutual fund because this past performance does not decide the future mutual fund performance.

Mutual fund provides information to the investor who does not have the knowledge about the financial market. Usually the fund manager makes the decision about investing the money and for such fees is paid to them, which arises from the money in the fund. They are getting

most popular among different countries. With the help of mutual fund, the industry can clearly point out that there is a significant growth in the industry.

2. Objectives:

- 1) To understand the concept of mutual funds and its analysis.
- 2) To analyze the selected funds based on their performance.
- 3) To suggest strategies to improve the performance of mutual fund.

3. Scope of the study:

The research is mainly concerned with the performance analysis of mutual funds details provided by the Sharekhan Ltd. All the aspects including in the mutual fund manual and other mutual fund records and observations made by studying work procedures as well as opinions of the executives of finance & accounting departments have been considered for analysis.

4. Research Methodology:

Research design:

Research design the present learning is descriptive in research. The study is based on quantitative research design used. Descriptive research is used with an objective to gather maximum information from secondary data. It helps to ascertain the stated objective.

Data collection:

Primary data: The primary data is the composition of personal interactions with employees and managers.

Secondary data: Secondary data is collected through

- Annual reports from companies,
- Journals

Research type: Descriptive

Data used: Secondary data

Tests used:

- Sharpe's ratio
- Treynor's ratio
- Jensen's performance index

5. Limitation:

- 1) The outcome of the research is based on information supplied by the company.
- 2) The extensiveness of the research was limited, detailed investigation regarding various analyses was not done.
- 3) The project is limited to the selected mutual fund schemes.
- 4) The information gathered from the company may not be 100% accurate.

6. Literature Review:

• Mr. Sunil M (2018) has made a research regarding the performance of mutual funds. He says that huge investors have been attracted because of the consistency in the functioning of mutual fund. He also states that there is a tremendous growth in the India's mutual fund market over the last ten years.

- Dr. A Kishore Kumar (2017) has made a research on performance analysis of mutual

fund. This research examines the performance of Indian mutual funds and it also compares their actions. He used 5 year's portfolio allocation and net asset values in order to analyze the performance of the mutual fund. He suggests that the best option for the investors to make investment in the mutual fund is medium to long term investment.

- Dr. R Karrupasamy (2016) has made a research on performance analysis of mutual fund. This research would enable the investors to select a best scheme from the available alternatives. The main aim of this research is to determine the performance of private sector growth schemes based on their returns and comparing with benchmarks and also to evaluate the performance of the various groups of funds by using Jensen, Sharpe and Treynor's method.

- N.K. Pandya and Rashmi Sharma (2015) have made a research based on investing in mutual fund. In this research, composition of mutual fund, comparison among investments in mutual funds, calculation of NAV'S and other investment alternatives are considered. In this research the attitude of the investors towards mutual fund are also been studied.

- M S Ms. Shalini Goyal in the year 2013 has made a performance analysis of mutual funds. This research helps us to know about mutual funds in India. This search also says that where and how we should invest mutual fund and how it helps to diversify the risk and this paper also says that how it is so dangerous to invest directly in the stockmarket.

- Dr. Rajeev Jain and Dhimen Jani (2014) have made a research on functions of mutual funds in IFS (Indian Financial System). This research has been made in order to identify the relationship among Asset under management collected by mutual fund companies and gross domestic product development in India.

- Dr. Sanjay Singla and Anuradha Garg (2013) have made a performance analysis of growth scheme. This research has evaluated the performances of twenty-five growth mutual funds. In order to make this analysis they used these following techniques

- Beta
- Treynor's method
- Sharpe's method

Here the rank is provided based on output available from this scheme and comparisons are also made among output drawn from various schemes.

- V Rathnamani and Dr R Narayanaswamy (2013) have made a research based on performance analysis of equity mutual funds. This research mainly deals with equity mutual funds that are provided by different fund houses in India for investment. This research mainly concentrates on the performance analysis of selected mutual fund schemes based on statistical methods namely alpha, beta, Sharpe ratio, r-squared and standard deviation.

- Dr. Sandeep Bansal and Surender Kumar Gupta (2012) have made a research on performance analysis of mutual fund of Reliance and Birla Sun life. This analysis provides an overview of the debt scheme of mutual funds of Birla Sun life and Reliance by using Sharpe index after calculating the standard deviation and NAV's. This research says that the debt schemes return is very near to bench mark return and risk freereturn.
- Prof. Mahesh K Patel and Prof. P Prajapati (2012) have made a performance analysis of mutual funds of Indian companies. In this research the performance analysis of Indian mutual funds is done through relative performance index, Sharpe's method, Treynor's method and Jensen's method. The period of study is from 1 Jan 2007 to 31 Dec 2011. The output of this analysis suggests that maximum mutual funds provided positive returns during2007-2011.
- Dr. A Chandrababu and E Priyadarshini (2011) has forecasted the NAV's of Indian mutual funds with the help of ARIMA (Auto- Regressive Integrated Moving Average). In this research, some of the mutual funds in India by using ARIMA methodology have been modeled. By using standard statistical method, the period of models wastested.
- Satya SwroopDebasish (2011) has determines the performance of equity mutual fund based on Indian scenario. He says that the mutual fund product performance becoming more difficult in situation of adapting both risk and return measurements while providing priority to investment goals. This research is made on order to study the performance of mutual funds schemes based on risk and return relationship measures or models.
- KavithaPanjwani and Ashok Khurana (2010) have made a performance analysis of hybrid mutual funds. The returns of mutual funds can be measured by using compounded annual growth rate and arithmetic mean. The risk can be measured by calculation of standard deviation. The risk and return can be measured by using Sharpe and Treynor ratio.

7. Data analysis:

7.1 Performance analysis for large capfunds

7.1.1 *Sharpe Ratio of large capfunds*

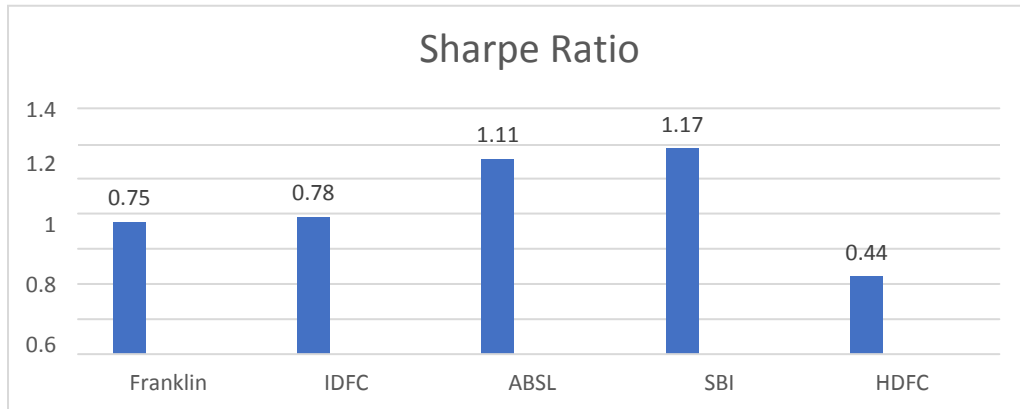
Table 7.1 shows calculation of Sharpe ratio of large cap funds

Funds	Rp	Rf	σ_p	Sharpe Ratio	Rank
Franklin India Blue chip fund	13.688	1.84	15.84	0.75	4
IDFC large cap equity fund	12.05	1.84	13.09	0.78	3
Aditya Birla Sun-life Focused Equity fund	16.404	1.84	13.09	1.11	2

SBI Blue chip fund	17.19	1.84	13.09	1.17	1
HDFC Growth opportunities fund	10.398	1.84	19.12	0.44	5

Analysis

The above table shows the performance of large cap funds under Sharpe index, here Franklin fund is having 0.75, IDFC fund is having 0.78, ABSL fund is having 1.11, SBI fund is having 1.17 and HDFC fund is having 0.44 performances.



Graph 7.1 shows Sharpe Ratio of Large cap funds

Interpretation

The above graph shows Sharpe Ratio of Large cap funds, which indicates that SBI is having high return with minimum risk, hence it is ranked as 1, followed by ABSL, IDFC, Franklin and HDFC funds.

7.1.2 Treynor's Ratio of large cap funds

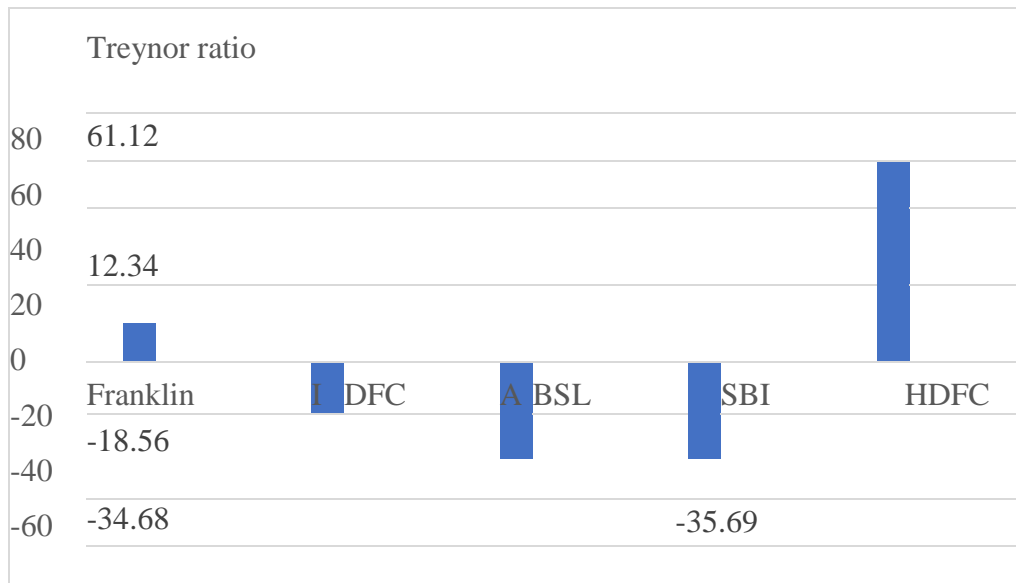
Table 7.2 shows calculation of Treynor's ratio of large cap funds

Funds	R_p	R_f	β_p	Treynor's Ratio	Rank
Franklin India Blue chip fund	13.688	1.84	0.96	12.34	2
IDFC large cap equity fund	12.05	1.84	-0.55	-18.56	3
Aditya Birla Sun-life Focused Equity fund	16.404	1.84	-0.42	-34.68	4
SBI Blue chip fund	17.19	1.84	-0.43	-35.69	5
HDFC Growth opportunities fund	10.398	1.84	0.14	61.12	1

Analysis

The above table shows the performance of large cap funds under Treynor's ratio, here Franklin India fund is having 12.34 performance, IDFC fund is having -18.56, ABSL fund is having -34.68 performance, SBI fund is having -35.69 performance and HDFC fund is having

61.12 performance.



Graph 7.2 shows Treynor Ratio of large cap funds

Interpretation

The above graph shows Treynor Ratio of large cap funds which indicates that HDFC growth fund is having higher return, hence it is ranked as 1st followed by Franklin India blue chip fund, IDFC large cap funds, ABSL equity funds and SBI Blue chip fund.

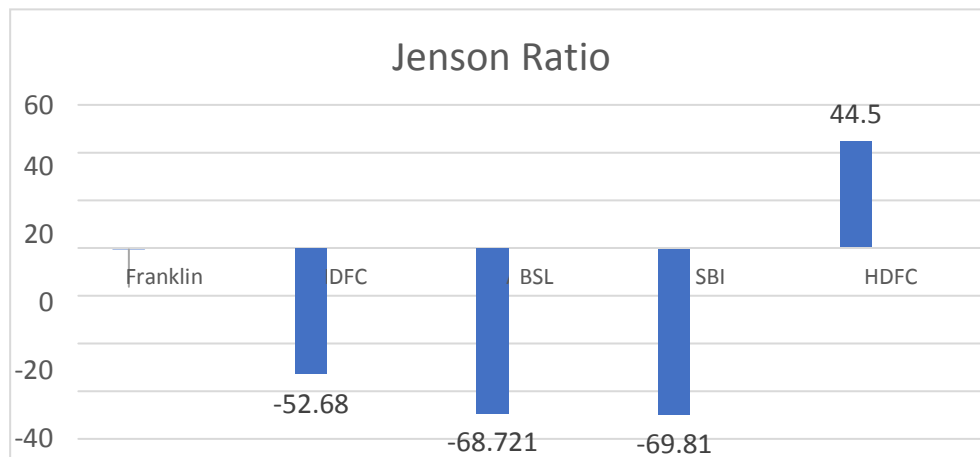
7.1.3 Jenson Ratio of large cap funds

Table 7.3 shows calculation of Jenson Ratio of large cap funds

Funds	α	βp	Jenson Ratio	Rank
Franklin India Blue chip fund	-0.6	0.96	-0.62	2
IDFC large cap equity fund	28.976	-0.55	-52.68	3
Aditya Birla Sun-life Focused Equity fund	28.89	-0.42	-68.721	4
SBI Blue chip fund	30.02	-0.43	-69.81	5
HDFC Growth opportunities fund	6.23	0.14	44.5	1

Analysis

The above table shows that Jenson ratio for large cap funds. Here, Franklin India fund is having -0.62 performance, IDFC fund is having -52.68 performance, ABSL fund is having -62.721 performance, SBI fund is having -69.81 performance and HDFC fund is having 44.5 performance.



Graph 7.3 Shows Jenson Ratio of large cap funds

Interpretation

The above graph shows Jenson Ratio of large cap funds which indicates that HDFC fund is having highest positive return, hence it is ranked as 1 followed by Franklin India funds, IDFC equity fund, ABSL focused equity fund and SBI blue chip fund.

7.2 Performance analysis for midcap funds

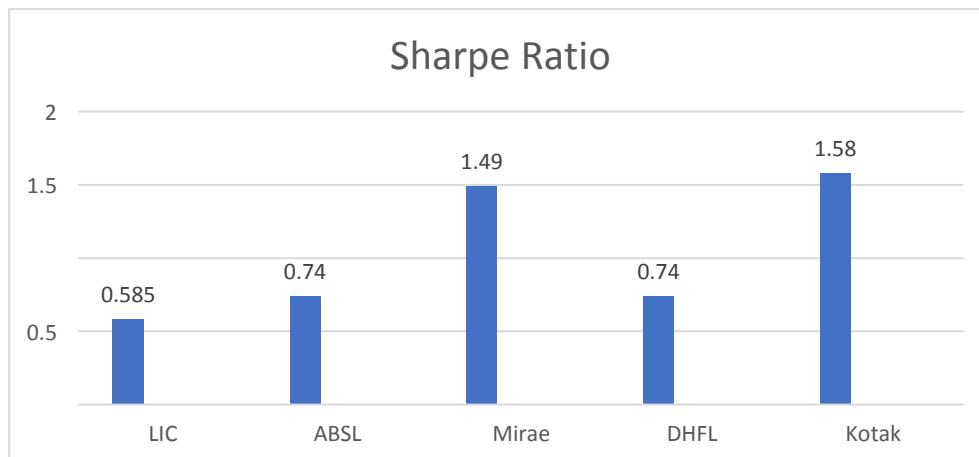
7.2.1 Sharpe Ratio of Midcapfunds

Table 7.4 shows calculation of Sharpe ratio of midcap funds

Funds	Rp	Rf	σ_p	Sharpe Ratio	Rank
LIC midcap mutual funds	13.04	1.84	19.12	0.585	5
Aditya Birla Sun life frontline equity fund	16.042	1.84	19.12	0.74	4
Mirae asset emerging blue chipfund	30.388	1.84	19.12	1.49	2
DHFL Pramerica midcap opportunities fund	13.648	1.84	15.84	0.74	3
Kotak emerging equity fund	26.86	1.84	15.84	1.58	1

Analysis

The above table shows the Sharpe ratio for midcap funds where LIC midcap fund is having 0.585 performances, ABSL frontline equity fund is having 0.74 performances, Mirae asset emerging blue chip fund is having 1.49 performances, DHFL fund is having 0.74 performance and Kotak emerging equity fund is having 1.58 performance.



Graph 7.4 shows Sharpe ratio of midcap funds

Interpretation

The above graph shows Sharpe ratio of midcap funds which indicates Kotak emerging equity fund is having highest return with minimum risk compare to all other funds, hence it can be ranked as 1st, followed by Mirae fund, DHFL fund, ABSL fund and LICfund.

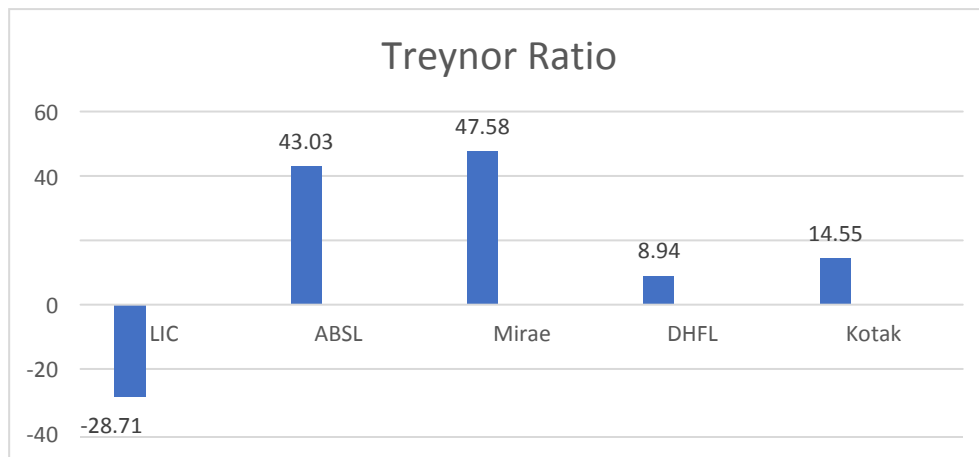
7.2.2 *Treynor's Ratio of midcapfunds*

Table 7.5 shows calculation of Treynor's Ratio of midcap funds

Funds	Rp	Rf	β_p	Treynor's Ratio	Rank
LIC midcap mutual fund	13.04	1.84	-0.39	-28.71	5
Aditya Birla Sun life frontline equity fund	16.042	1.84	0.33	43.03	2
Mirae asset emerging blue chipfund	30.388	1.84	0.60	47.58	1
DHFL Pramerica midcap opportunities fund	13.648	1.84	1.32	8.94	4
Kotak emerging equity fund	26.86	1.84	1.72	14.55	3

Analysis

The above table indicates the Treynor ratio for midcap funds. Here LIC fund is having -28.71 performance, ABSL fund is having 43.03 performance, Mirae fund is having 47.58 performance, DHFL Midcap fund is having 8.94 performance and Kotak equity fund is having 14.55 performance.



Graph 7.5 shows Treynor's Ratio of midcap funds

Interpretation

The above graph shows Treynor's Ratio of midcap funds which indicates that Mirae asset emerging blue chip fund is having higher return, hence it is ranked as 1st followed by ABSL frontline equity fund, Kotak emerging equity fund, DHFL Pramerica midcap opportunities fund and LIC equityfund.

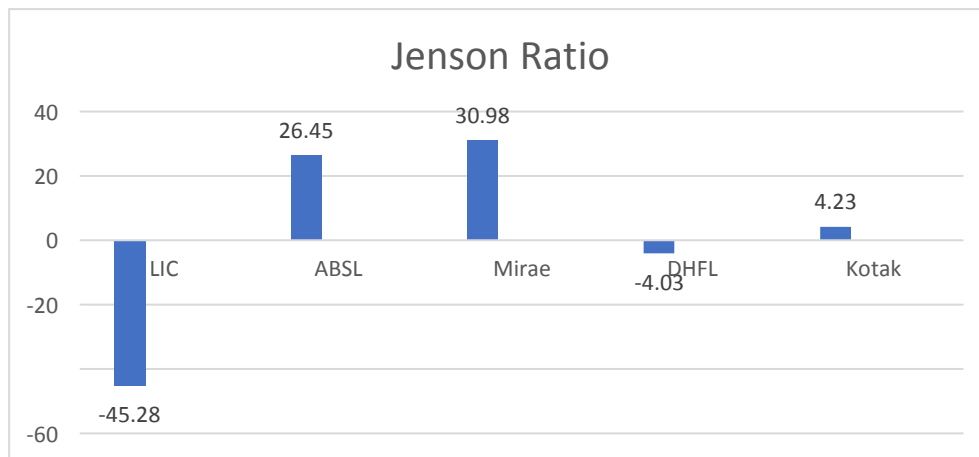
7.2.3 *Jenson Ratio of midcapfunds*

Table 7.6 shows calculation of Jenson ratio of midcap funds

Funds	α	βp	Jenson Ratio	Rank
LIC Midcap mutual fund	17.66	-0.39	-45.28	5
Aditya Birla Sun life frontline equity fund	8.73	0.33	26.45	2
Mirae asset emerging blue chipfund	18.59	0.60	30.98	1
DHFL Pramerica midcap opportunities fund	-5.32	1.32	-4.03	4
Kotak emerging equity fund	7.29	1.72	4.23	3

Analysis

The above table indicates that Jenson ratio for midcap funds where LIC fund is having -45.28 performance, ABSL equity fund is having 26.45 performance, Mirae blue chip fund is having 30.98 performance, DHFL fund is having -4.03 performance and Kotak equity fund is having 4.23 performance.



Graph 7.6 shows Jenson ratio of midcap funds

Interpretation

The above graph shows Jenson ratio of midcap funds which indicates that Mirae blue chip fund is having highest return, hence it is ranked as 1st followed by ABSL equity fund, Kotak equity fund, DHFL midcap opportunities fund and LIC midcap fund.

7.3 Performance analysis for small capfunds

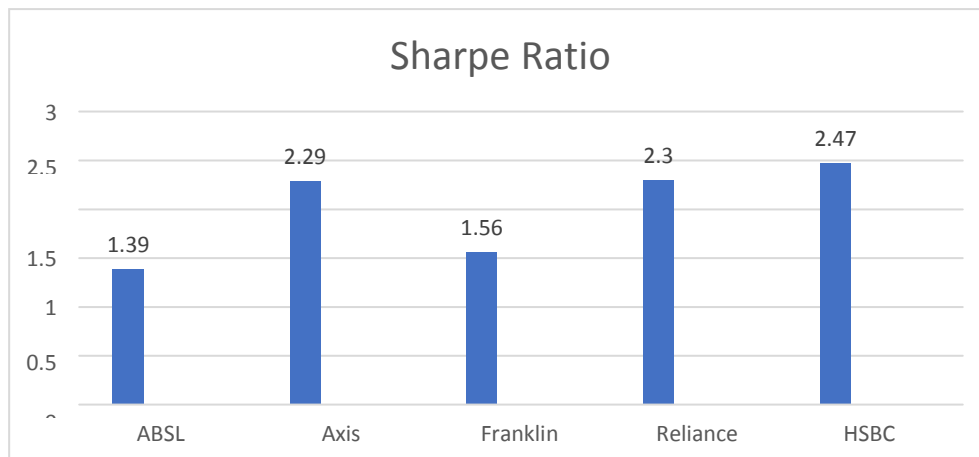
7.3.1 *Sharpe Ratio of small capfunds*

Table 7.7 shows Sharpe ratio of small cap funds

Funds	Rp	Rf	σ_p	Sharpe Ratio	Rank
Aditya Birla sun life small cap fund	23.95	1.84	15.84	1.39	5
Axis small cap fund	23.59	1.84	9.49	2.29	2
Franklin India smaller companies fund	26.66	1.84	15.84	1.56	4
Reliance small cap fund	31.96	1.84	13.09	2.30	3
HSBC small cap fund	25.29	1.84	9.49	2.47	1

Analysis

The above table shows the Sharpe ratio for small cap funds. Here ABSL small cap fund is having 1.39 performance, Axis fund is having 2.29 performance, Franklin India smaller cap fund is having 1.56 performance, Reliance fund is having 2.30 performance and HSBC small cap fund is having 2.17 performance.



Graph 7.7 shows Sharpe ratio of small cap funds
Interpretation

The above graph shows Sharpe ratio of small cap funds which indicates that HSBC small cap fund is having high return with minimum risk, hence it can be ranked as 1st followed by Axis small cap fund, Reliance small cap fund, Franklin India smaller cap fund and ABSL small cap fund.

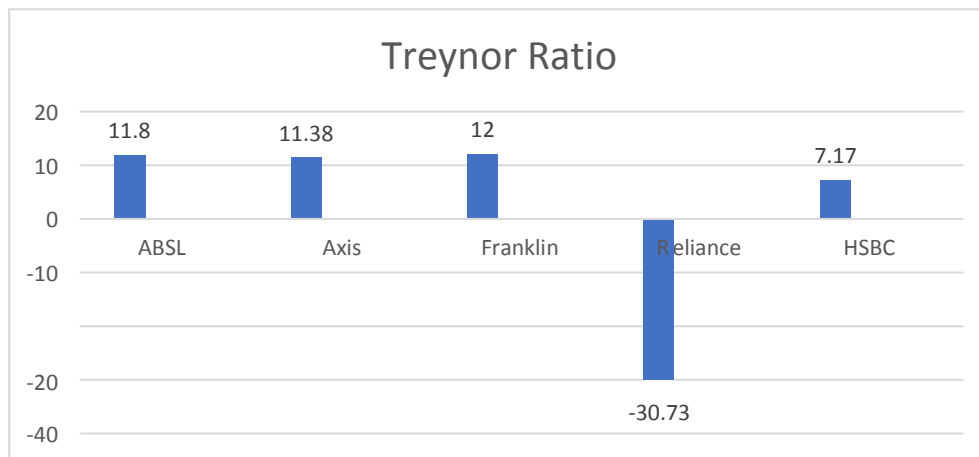
7.3.2 *Treynor's Ratio of small capfunds*

Table 7.8 shows calculation of Treynor's Ratio of small cap funds

Funds	Rp	Rf	β_p	Treynor's Ratio	Rank
Aditya Birla sun life small cap fund	23.95	1.84	1.87	11.8	2
Axis small cap fund	23.59	1.84	1.91	11.38	3
Franklin India smaller companies fund	26.66	1.84	2.06	12.0	1
Reliance small cap fund	31.96	1.84	-0.98	-30.73	5
HSBC small cap fund	25.29	1.84	3.27	7.17	4

Analysis

The above table shows the Treynor's ratio for small cap funds. Here ABSL small cap fund is having 11.8 performance, Axis fund is having 11.38 performance, Franklin India smaller cap fund is having 12.0 performance, Reliance fund is having -30.73 performance and HSBC small cap fund is having 7.17 performance.



Graph 7.8 shows Treynor's ratio of small cap funds

Interpretation

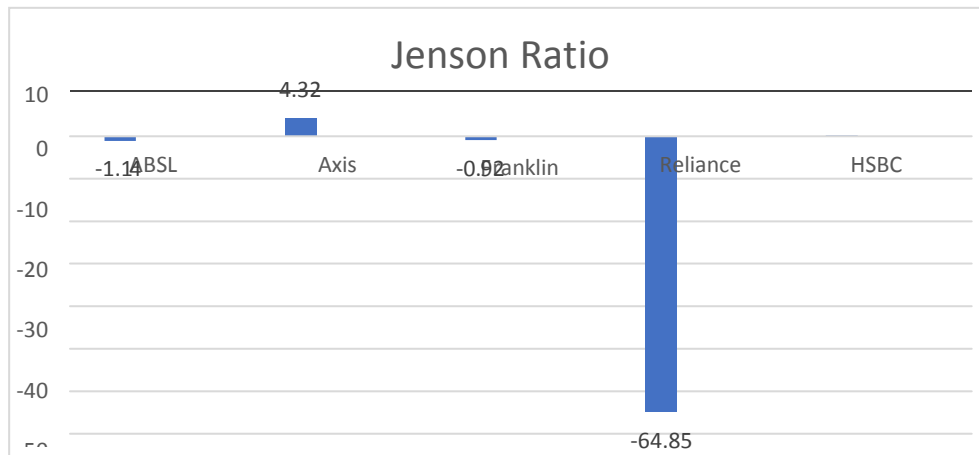
The above graph shows Treynor's ratio of small cap funds which indicates that Franklin India smaller company fund is having higher return, hence it can be ranked as 1st followed by ABSL small cap fund, Axis small cap fund, HSBC small cap fund and Reliance small cap fund. *Jenson Ratio of small cap funds*

Table 4.9 shows calculation of Jenson Ratio of small cap funds

Funds	α	β_p	Jenson Ratio	Rank
Aditya Birla sun life small cap fund	-2.15	1.87	-1.14	4
Axis small cap fund	8.27	1.91	4.32	1
Franklin India smaller companies fund	-1.91	2.06	-0.92	3
Reliance small cap fund	63.55	-0.98	-64.85	5
HSBC small cap fund	0.37	3.27	0.11	2

Analysis

The above table shows the Jenson ratio for small cap funds. Here ABSL small cap fund is having -1.14 performance, Axis fund is having 4.32 performance, Franklin India smaller cap fund is having -2.92 performance, Reliance fund is having -64.85 performance and HSBC small cap fund is having 0.11 performance



Graph 4.9 shows Jenson ratio of small cap funds

Interpretation

The above graph shows Jenson ratio of small cap funds which indicates that Axis small cap fund is fetching higher return, hence it can be ranked as 1st followed by HSBC small cap fund, Franklin smaller companies fund, ABSL small cap fund and Reliance small cap fund.

8. Findings:

8.1.1 Findings for large cap funds

1. Under Sharpe ratio, SBI blue chip fund is having good performance for the past 5 years, hence it is ranked as 1st followed by Aditya Birla Sun life focused equity fund, IDFC large cap equity fund, Franklin India blue chip fund and HDFC growth opportunities fund.

2. Under Treynor's ratio, HDFC growth opportunities fund is having highest return compare to all other fund in the last 5 years, hence it is ranked as 1st followed by Franklin India blue chip fund, IDFC large cap equity fund, Aditya Birla Sun life focused equity fund, and SBI blue chip fund.

3. Under Jenson ratio, HDFC growth opportunities fund is having highest return compare to all other fund in the last 5 years, hence it is ranked as 1st followed by Franklin India blue chip fund, IDFC large cap equity fund, Aditya Birla Sun life focused equity fund, and SBI blue chip fund.

8.1.2 Findings for midcap funds

1. Under Sharpe ratio, Kotak emerging equity fund is having high return with minimum risk for the past 5 years, hence it is ranked as 1st followed by Mirae asset emerging blue chip fund, DHFL Pramerica midcap opportunities fund, Aditya Birla Sun life frontline equity fund and LIC midcap mutual fund.

2. Under Treynor's ratio, Mirae asset emerging blue chip fund is having highest return for the past 5 years, hence it is ranked as 1st followed by Aditya Birla Sun life frontline equity, Kotak emerging equity fund, DHFL Pramerica midcap opportunities fund and LIC midcap mutual fund.

3. Under Jenson ratio, Mirae asset emerging blue chip fund is having highest return for the past 5 years, hence it is ranked as 1st followed by Aditya Birla Sun life frontline equity, Kotak emerging equity fund, DHFL Pramerica midcap opportunities fund and LIC midcap mutual fund.

5.1.3 Findings for small cap funds

1. Under Sharpe ratio, HSBC small cap fund is high return with minimum risk for the past 5 years, hence it is ranked as 1st followed by Axis small cap fund, Reliance small cap fund, Franklin India smaller companies fund and Aditya Birla Sun life small cap fund.

2. Under Treynor's ratio, Franklin India smaller companies fund is having higher return compare to all other fund in the last 5 years, hence it is ranked as 1st followed by Aditya Birla Sun life small cap fund, Axis small cap fund, HSBC small cap fund and Reliance small cap fund.

3. Under Jenson ratio, Axis small cap fund is having higher return compare to all other fund in the last 5 years, hence it is ranked as 1st followed by HSBC small cap fund, Franklin India smaller companies fund, Aditya Birla Sun life small cap fund and Reliance small cap fund.

9. Suggestions:

9.1.1 Suggestions for large capfunds

1. As Sharpe ratio measures the performance based on the relationship between risk and return of a fund, hence Franklin India blue chip fund and HDFC growth opportunities fund should give importance to reduce their risklevel.
2. As Treynor's ratio measure the performance based on extra return earned by a fund than the risk free rate of return, hence Aditya Birla sun life focused equity fund and SBI blue chip fund must concentrate on providing more return than the risk free return to theirinvestors.
3. As Jenson ratio measures the performance based on ability of the fund to yield more expected return by reducing its overall risk factor, hence Aditya Birla sun life focused equity fund and SBI blue chip fund should give importance to yield higher average return by reducingrisk.

9.1.2 Suggestions for midcapfunds

1. According to Sharpe ratio Aditya Birla Sun life frontline equity fund and LIC midcap mutual fund should concentrate on reducing risk to increase the return for theirinvestors.
2. According to Treynor's ratio DHFL Pramerica midcap opportunities fund and LIC

equity fund must concentrate on providing more return than the risk free return to their investors.

3. According to Jenson ratio DHFL Pramerica midcap opportunities fund and LIC equity fund should give importance to yield higher average return by reducing risk.

9.1.3 Suggestions for small cap fund

1. As per Sharpe ratio Franklin India smaller companies fund and Aditya Birla Sun life small cap fund should concentrate on reducing risk to increase the return for their investors.
2. As per Treynor's ratio HSBC small cap fund and Reliance small cap fund must concentrate on providing more return than the risk free return to their investors.
3. As per Jenson ratio Aditya Birla Sun life small cap fund and Reliance small cap fund should give importance to yield higher average return by reducing risk.

10. Conclusion:

Mutual funds are applicable to almost all the type of investors such as salary person and businessman etc. investors need not to have knowledge about investing in mutual fund. The fund manager makes the decisions regarding investing in the mutual funds, which helps the investor to high return with a minimum risk.

This research helps us to know that sometimes the investors may get negative return by investing in the mutual funds.

Investors has to choose midcap funds because compare to all other funds like large cap funds and small cap funds they are yielding high return with minimum risk under 3 forms of performance analysis method taken for calculation.

Reference:

1. Leelawathi and Shweta Agrawal, "Assets creation by systematic investment plan", *international Journal of Commerce and Business Management*, volume 7, issue 1, April 2014
2. R.Nandini and Dr.V.Rathnamani, "A study on the performance of monthly saving scheme offered by banking and non-banking institutions", *international Journal of Management & Business Studies*, volume 5, issue 4, October 2015
3. Dr. HemendraGuptha, "A study on performance of SENSEX and Evaluation of investing lump sum or monthly regular investment in equity on risk and return for investor" , *international Journal of development research*, volume 5, issue 5, May 2015
4. Dr. Ashish K. Desai, "Investment of loan against property amount in mutual fund: A profitability analysis based on supposition" , *Indian journal of research*, volume 5, issue 4, April 2016
5. Dr. Shantanu Mehta and CharmiShaha, " Performance of investors for Indian funds and its performance evaluation" , *Pacific business review international*, volume 5, issue 3, September 2012
6. Dr. PunitaSoni and Mrs. Iram Khan, "Systematic investment planning v/s other investment avenues in individual portfolio management" , *international journal in multidisciplinary and academic research*, volume1, issue 3, September 2009.