ANALYSIS OF MUTUAL FUNDS PERFORMANCE WITH REFERENCE TO NET WORTH STOCK BROKING LTD.

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Abstract
Mutual funds are a trust that collects money from a number of investors who share a common investment objective. Then, it invests the money in equities, bonds, money market instruments and other securities. Each investor owns units, which represent a portion of the holdings of the fund. The income generated from this collective investment is distributed proportionately amongst the investors after deducting certain expenses, A Mutual Fund is one of the most viable investment options for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. Mutual funds are created as baskets of investments, which invest in financial instruments like stocks and bonds according to their defined investment objectives. Investing in them allows an investor to gain access to asset classes like equities, bonds or fixed income securities, commodities, and even bullion. The biggest advantage of investing in mutual funds is that they are managed by qualified and professional expertise that are backed by a dedicated investment research team which analyses the performance and prospects of companies and selects suitable investments. Mutual funds make money by charging investors a percentage of assets under management and may also charge a sales commission upon fund purchase or redemption. Fund fees, called the expense ratio, can range from close to 0% to more than 2% depending on the fund's operating costs and investment style. Owing to the importance of the mutual funds to a firm that present paper aims at analysing the mutual funds in Net worth stock broking Ltd., located in Hyderabad.

Keywords: Net Asset Value, Fund Manager Report, Trustworthy, Focus on the long term, Established, Alternatives, Nationalize.

I. Introduction

A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. These investors may be retail or institutional in nature. Mutual funds have advantages and disadvantages compared to direct investing in individual securities. The primary advantages of mutual funds are that they provide economies of scale, a higher level of diversification, they provide liquidity, and they are managed by professional investors.On the negative side, investors in a mutual fund must pay various fees and expenses.Primary structures of mutual funds include open-end funds, unit investment trusts, and closed-end funds. Exchange-traded funds (ETFs) are open-end funds or unit investment trusts that trade on an exchange.

Mutual funds are also classified by their principal investments as money market funds, bond or fixed income funds, stock or equity funds, hybrid funds or other. Funds may also be categorized as index funds, which are passively managed funds that match the performance of an index, or actively managed funds. Hedge funds are not mutual funds; hedge funds cannot be sold to the general public and are subject to different government regulations.In Mutual fund industry has developed by leaps and boundaries, A proper evaluation measure will remove misunderstanding and help small investors to decide approximate   level of investment in various mutual fund schemes, so as to minimize the risk maximize the returns. Further the growing rivalry in the market forces the fund managers to work hard to satisfy investor and the management. A regular performance assessment of the mutual funds is essential for the investors and the fund manager also on the basis of the returns associated with the riskfree security and stock market directories.
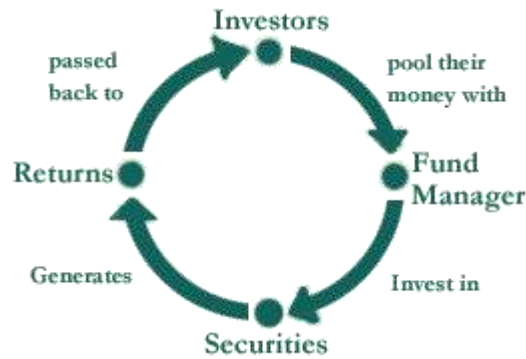
II.   Review of literature:

Norma Gonzalez (January 1, 1995) Conceptualizing the households of working-class Latino students as being rich in funds of knowledge has had transformative consequences for teachers, parents, students, and researchers. Teachers' qualitative, ethnographic study of their own students' households has unfolded as a viable method for bridging the gap between school and community. The focus of the home visit is to gather details about the accumulated knowledge base that each household assembles in order to ensure its own subsistence. Teachers also participate in study groups that offer a forum for the collective analysis of the household findings, and they form curriculum units that tap into the household funds of knowledge. New avenues of communication between school and home foster confianza, or mutual trust.

M. F. Kaplan (11, 1, 1967) The Griffith crack theory of fracture strength is discussed. Tests were performed on concrete beams with crack simulating notches, and two methods, which have been called the analytical and the direct experimental methods, were used to determine the critical strain-energy-release rate associated with the rapid extension of the crack. There was good agreement between Go values for beams with different notch depths and which were loaded both by the third-point and centre-point methods. However, 3 x 4 x 16 in. beams gave somewhat larger Cc values than did 6 x 6 x 20-in. beams. Although further research is necessary, the indications are that the Griffith concept of a critical strain-energy-release rate being a condition for rapid crack propagation and consequent fracture, i s applicable to concrete. The critical strain-energy-release rate may be ascertained by suitable analytical and experimental procedures and the fracture strength of concrete containing cracks can thereby be predicted.

Michael F. Good child (20 November 2007) In recent months there has been an explosion of interest in using the Web to create, assemble, and disseminate geographic information provided voluntarily by individuals. Sites such as Wikimedia and OpenStreetMap are empowering citizens to create a global patchwork of geographic information, while Google Earth and other virtual globes are encouraging volunteers to develop interesting applications using their own data. I review this phenomenon, and examine associated issues: what drives people to do this, how accurate are the results, will they threaten individual privacy, and how can they augment more conventional sources? I compare this new phenomenon to more traditional citizen science and the role of the amateur in geographic observation.

Mark F. Pittance (02 Apr 1999) Human mesenchyme al stem cells are thought to be multipotent cells, which are present in adult marrow, that can replicate as undifferentiated cells and that have the potential to differentiate to lineages of mesenchyme tissues, including bone, cartilage, fat, tendon, muscle, and marrow stromal. Cells that have the characteristics of human mesenchyme stem cells were isolated from marrow aspirates of volunteer donors. These cells displayed a stable phenotype and remained as a monolayer in vitro. These adult stem cells could be induced to differentiate

exclusively into the adipocytes, chondrocytes, or osteocytes lineages. Individual stem cells were identified that, when expanded to colonies, retained their multiline age potential

Shanti, N. S In this paper, an attempt has been made to evaluate the performance of 32 growth-oriented open-ended Equity Linked Savings Schemes (ELSS) of tax-saving mutual funds in India. Performance has been analysed by comparing the monthly returns of the funds with that of Indian stock market benchmark Sample CNX NIFTY. For this purpose, risk-adjusted performance measures suggested by Sharpe, Treynor and Jensen have been used. The Net Asset Value (NAV) of tax saving schemes from 2006-07 to 2011-12 has been considered. There was volatility in the performance of all the funds during the entire period of study. All the schemes follow the same pattern in returns and move along with the stock market index Sample CNX NIFTY. As expected, all the funds showed negative returns during 2008-09 and it was higher than that of the stock market index. The average return of most of the schemes is higher and the average risk is lower than the benchmark Sample CNX NIFTY.

Raphie Hayat & Roman Kraus's (2, June 2011) Islamic equity funds (IEFs) differ fundamentally from conventional equity funds since Muslims are prohibited to invest in certain companies/sectors and pay or receive interest. This paper analysis the risk and return characteristics of a sample of 145 IEFs over the period 2000 to 2009. Our results show that IEFs are underperformers compared to Islamic as well as to conventional equity benchmarks. This underperformance seems to have increased during the recent financial crisis. We also find that IEF managers are bad market timers. They try to time the market, but in doing so, reduce the return rather than increasing it. An important implication of our results is that Muslim investors might improve their performance by investing in index tracking funds or ETFs rather than to invest in individual IEFs.

Gruber and Christopher R. (2 Apr., 1996) We examine predictability for stock mutual funds using risk-adjusted returns. We find that past performance is predictive of future risk-adjusted performance. Applying modern portfolio theory techniques to past data improves selection and allows us to construct a portfolio of funds that significantly outperforms a rule based on past rank alone. In addition, we can form a combination of actively managed portfolios with the same risk as a portfolio of index funds but with higher mean return. The portfolios selected have small but statistically significant positive risk-adjusted returns during a period where mutual funds in general had negative risk-adjusted returns.

Jenny Jordan (01 November 2002) Effective advertising strategies are of growing importance in the mutual fund industry due to keen competition and changes in market structure. But the dominant variables in financial decision making, investor's perceived investment risk and expected return, have not yet been analysed in an advertising context, although these product related evaluations can be influenced by advertising and therefore serve as additional indicators of advertising effectiveness. In this study, the authors use a large-scale experimental study (n=499) to detect how risk-return assessments of private investors are influenced by specific elements of print ads. In this context, judgmental heuristics used systematically by private investors play a crucial role.

Mahesh K Patelin this paper the performance evaluation of Indian mutual funds is carried out through relative Performance index, risk-return analysis, Treynor's ratio, Sharp's ratio, Sharp's measure, Jensen's Measure, and Fame's measure. The data used is daily closing NAVs. The source of data is website of Association of Mutual Funds in India (AMFI). The study period is 1st January 2007 to 31st December, 2011. The results of performance measures suggest that most of the mutual fund have. Given positive return during 2007 to 2011.

BURTON G. MALKIEL. June 1995 Several recent studies suggest that equity mutual fund managers achieve superior returns and that considerable persistence in performance exists. This study utilizes a unique data set including returns from all equity mutual funds existing each year. These data enable

us more precisely to examine performance and the extent of survivorship bias. In the aggregate, funds have underperformed benchmark portfolios both after management expenses and even gross of expenses. Survivorship bias appears to be more important than other studies have estimated. Moreover, while considerable performance persistence existed during the 1970s, there was no consistency in fund returns during the 1980s.

Kavitha Ranganathan Consumer behaviour from the marketing world and financial economics has brought together to the surface an exciting area for study and research: behavioural finance. The realization that this is a serious subject is, however, barely dawning. Analysts seem to treat financial markets as an aggregate of statistical observations, technical and fundamental analysis. A rich view of research waits this sophisticated understanding of how financial markets are also affected by the 'financial behaviour of investors.

With the reforms of industrial policy, public sector, financial sector and the many developments in the Indian money market and capital market, Mutual Funds which has become an important portal for the small investors, is also influenced by their financial behaviour. Hence, this study has made an attempt to examine the related aspects of the fund selection behaviour of individual investors towards Mutual funds, in the city of Mumbai. From the researchers and academicians point of view, such a study will help in developing and expanding knowledge in this field.

III.   Need for the study:

The principal objective of every investor is to maximize his investments and to earn more from his savings.
The study has been done using the statistical tools like Sharpe's and Treynor's Ratios.
The main purpose of doing this project was to know about mutual funds and its functions.
The project study was done to ascertain the asset allocation, entry load, exit load
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IV.   Scope of the study:

* The study is confined to five years.
* For the study data collection is done at net worth stock broking, Hyderabad area.
* Analysis is carried out using Sharpe's Ratio, Treynor's Ratio and Beta are computed on data.
* The sample data comprises of assessing performance of mutual funds with duration of five years.

V. Objectives of the study:

* The basic objective of the present study is to evaluate the performance of selected mutual funds in India.
* To analyse the risk and return of the selected mutual funds traded in Indian mutual funds industry.
* To compare the performance the mutual funds using sharpe and Treynor ratios.
* To study the performance of top 10 equity mutual fund schemes in various categories
* To study the best mutual fund house in Equity Mutual Fund category
* To compare the performance of top 10 equity mutual fund schemes according to the performance parameters .

VI. Research Methodology:

Research design:
Research methodology is a collective term for the structured process of conducting research. There are many different methodologies used in various types of research and the term is usually considered to include research design, data gathering and data analysis.

Sources of Data
Data we collected based on two sources.
- Primary data.
- Secondary data.

Secondary data:
- Annual report of the company.
- Material provided by the company.
- The internet sources.
- The secondary data is obtained from the various mutual fund scheme and investor's magazines and websites.
- For this project work I have taken data from research paper, journal, websites and articles. For historical data I collected from AMFI website.

VII. Limitations of the study
- The data provided by the investor and the agents can't be held true as 100% correct.
- The study was conducted to understand with respect to Risk involved in broking firm and investors, which is a part of the equity share market.
- To understand the overall working of mutual funds, the period of 45 days is not enough.
- The analysis depending upon annual reports of the industry only.
- Analysis done is limited to the availability of the data.
- Non-availability of confidential financial data.
- The study is limited by the detailed study of various schemes.

VIII. Empirical Result
This section is designated to present the results of data analysis on the data collected. For conducting analysis Treynor's and sharpe ratios on the data collected are computed and are presented here,

UTI MUTUAL FUNDS				NIFTY		
DATE	OPEN	CLOSE	RR	OPEN	CLOSE	RR
1 Mar 2016 to 30 Jun2016	69.21	85.4	23.39	6729.5	6696	-0.49
1 July 2016 to 30 Sep 2016	86.44	91.94	6.36	7629	7721	1.21
1 Oct 2016 to 31 Dec 2016	91.81	98.58	7.37	7990.4	8322	4.15
1 Jan 2017 to 31 Mar 2017	99.14	102.94	3.83	8272.8	8809	6.48
1 Apr 2017 to 30 Jun 2017	104.11	101.6	-2.41	8953.9	8182	-8.63
1 July 2017 to 30 Sep 2017	102.69	100.46	-2.17	8376.3	8533	1.87
1 Oct 2017 to 31 Dec 2017	101.01	99.9	-1.10	7992.1	8066	0.92
1 Jan 2018 to 31 Mar 2018	100.3	96.62	-3.67	7938.5	7564	-4.72
1 Apr 2018 to 30 Jun 2018	96.47	104.25	8.06	7718.1	7850	1.71
1 July 2018 to 30 Sep 2018	104.81	109.83	4.79	8313.1	8639	3.91
1 Oct 2018 to 31 Dec 2018	111.86	101.04	-9.67	8666.2	8626	-0.47
1 Jan 2019 to 31 Mar 2019	100.84	114.61	13.66	8210.1	8561	4.28
1 Apr 2019 to 30 Jun 2019	114.83	118.22	2.95	9220.6	9304	0.91
1 July 2019 to 30 Sep 2019	119.54	121.85	1.93	9588	10077	5.10
1 Oct 2019 to 31 Dec 2019	122.52	131.45	7.29	9893.3	10335	4.47
1 Jan 2020 to 31 Mar 2020	130.39	128.5	-1.45	10532	11028	4.71
1 Apr 2020 to 30 Jun 2020	130.68	138.5	5.98	10152	10739	5.79
1 July 2020 to 30 Sep 2020	138.54	134.83	-2.68	10732	11357	5.82

1 Oct 2020 to 31 Dec 2020	135.36	136.08	0.53	11752	10930	-6.99
1 Jan 2021 to 31 Mar 2021	136.28	140.46	3.07	10843	11514	6.19
		AVG	3.30		AVG	1.93
		S.D	6.90		S.D	4.22
		VAR	47.60		VAR	17.83

Table:1.1 Pperformance of selected mutual funds in India from March-2016-Mar 21.
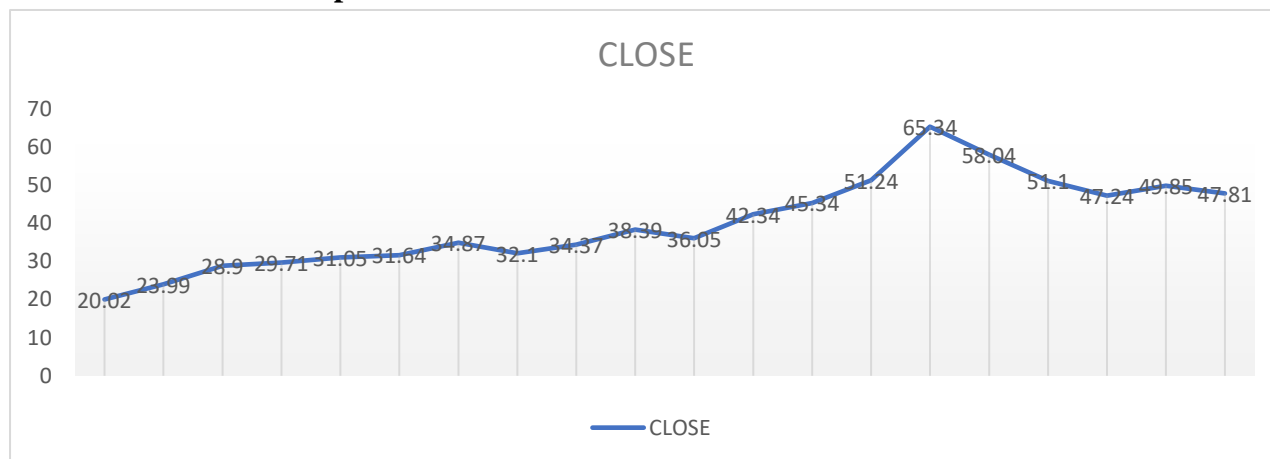**Source: Author's compilation**

Figure: 1.1.a Performance of selecte mutual funds in India from March 2016- Mar 21
Source: Author's Compilation

Treynor's Ratio $=\frac{(Rp-Rf)}{Bp} = \frac{(3.30-1.81)}{0.37} = 3.67$ Treynor ratio is a measure of returns earned in excess of the risk-free return at a given level of market risk. It highlights the risk-adjusted returns generated by a mutual fund scheme. This ratio was given by Jack Treynor thereby expanding the contribution of William Sharpe towards modern portfolio theory. The calculated Treynor's ratio is 3.67 which means 3.67 time's higher market and volatility rate. Sharpe's Ratio $= \frac{(Rp-Rf)}{\sigma p} = \frac{(3.30-1.81)}{6.90} = 0.19$ Components of the Ratio. When analysing the Sharpe ratio, the higher the value, the more excess return investors can expect to receive for the extra volatility they are exposed to by holding a riskier asset. Similarly, a risk-free asset or a portfolio with no excess return would have a Sharpe ratio of zero. The calculated Sharpe's ratio is 0.19 which means 0.19 time's higher market and volatility rate. Beta $=\frac{(covar.rp,rm)}{covar.m} = \frac{(6.54)}{17.83} = 0.37$ From the above calculation UTI Mutual Fund is from the year March 2014 to Jan 2019.The rate of return highest in the quarter of March 2014 to June 2014 with rate of return as 23.39 and the lowest rate of return in the quarter of Oct 2016 to Dec 2016 as -9.67 and from the above calculation of The overall positive total return of UTI Mutual Fund is 3.30. The Beta Value 0.37.

XI. Findings, Suggestions and Conclusion
Findings:
- The SBI Magnum FMCG Fund is launched on Jul 31, 1999 the mutual fund is offering only exit load of 1% And last dividend paid on 03rd march 2006 paid Rs 6/-per one unit of NAV, Minimum Investment of 2000/-
- The UTI banking sector fund is launched on Apr 07, 2004 the mutual fund is offering only exit load of 1% Minimum Investment of 5000/-
- The UTI CRTS 81G is launched on Oct 01, 1981 the mutual fund is offering only exit load of 1% Minimum Investment 10000/-

- The UTI BOND FUND G is launched date Jun 17, 1998 the mutual fund is offering only exit load of 1.50% Minimum Investment 1000/-
- Most of the investors belong to the age group of 26 years to 40 years & above. Through this we can infer that the investment activity in this age is more compared to the investors whose age is below 25 years.
- Most of the investors do take advice from Brokers while investing in mutual funds.
- Most of the investors are trading in mutual funds for less than one year. This means that derivatives trading are unfamiliar & they consider it as too risky
- Most of the investors trade on Monthly basis in systematic investment plan.
- Most of the investors rated services provided by AMC companies Services as Good.

Suggestions:

- The study has tried proving that mere returns of a fund or the past performance is not good enough to make a sound decision on investment for the future.
- There is a need to understand various available tools of comparative analysis and their significance in making an investment decision.
- There tools help in analysing the consistency of performance of the funds over a period of time.
- Thus while giving a suggestion to a potential investor on investments.
- The investor need to observe
- Take the beta ratios of various funds and suggest wither the fund is volatile or not
- Use correlations and suggest whether the benchmark taken by the company for judging the performance is good enough or not.

Conclusion:

Mutual fund makes you disciplined in your savings. Every month you are forced to keep aside a fixed amount. As you see above, it helps you make money over the long term. Since you get more units when the NAV drops and fewer when it rises, the cost averages out over time. So you tide over all the ups and downs of the market without any drastic losses. Also, a number of mutual funds do not charge an entry load if you opt for mutual funds. This fee is a percentage of the amount you are investing. And if you do not exit (sell your units) within a year of buying the units, you do not have to pay an exit load (same as an entry load, except this is charged when you sell your units). If, however, you do sell your units within a year, you would be charged an exit load. So it pays to stay invested for the long-run. The best way to enter a mutual fund is via an SIP. But to get the benefit of an SIP, think of at least a three-year time frame when you won't touch your money. Of Course you would lose money if your units lost value over time.

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