

Mutual Fund Performance Evaluation

¹Dr. S. P. Dhandayuthapani, ²S.Richard Brinton

¹Assistant Professor, ²Final year PG Student

^{1,2}Department of Management Studies,

^{1,2}Anna University (BIT Campus), Tiruchirappalli, Tamil Nadu, India

Abstract:

To evaluate the performance of Indian equity varied mutual funds. A subsidiary aim is to investigate the link between risk and return of those funds, supported total risk and systematic risk. Investors generally have appetency to take a position in this instrument which can generate most come with minimum risk. Mutual fund are a foresaid to be the most effective channels for mobilizing the funds of the tiny investors and contribute considerably to the capital markets. The present study is to highlight the level of interest, awareness, risk tolerance and preferences of investors towards mutual funds. . A small capitalist isn't ready to have a varied portfolio chiefly because of dearth of resources. However, a open-end fund pools along the savings of such tiny investors and invests a similar within the capital market and passes the advantages to the investors. The study also attempts to identify the attitudes of the investors regarding the quantum of risk and expectancy of return towards the schemes of mutual fund. A comparative study of select mutual fund schemes is also

Keywords – Mutual fund, risk and return, investor preference, Performance evaluation.

Introduction:

The Investment purposes are varies from many investors. Many investors are prefer capital appreciation, some investors are interest in getting tax concessions and other investors try to take the risks like this. Mutual Fund is a collection of money from varies investors to pool their money for the purpose of investment in securities like share, bond, money market and etc., and generates the returns and passes back to the investors. The combined holding of the mutual fund are known as portfolio. Mutual funds are a popular choice among investors because they generally offer the following features such as professional management,

diversification, affordability, liquidity. Even though it has this types of features it is not popular among rural and semi urban investors. Most mutual funds constitute one in all four main classes – securities industry funds, bond funds, stock funds, and target date funds. Each type has different features, risks, and rewards. Mutual funds supply skilled investment management and potential diversification. They also offer three ways to earn money. They are dividend payments, capital gains distribution, increased NAV.

Investors get investment firm shares from the fund itself or through a broker for the fund, rather than from other investors.

The price that investors get hold of the investment firm is that the funds per share internet quality price and any fees charged at the time of purchase, such as sales loads. Mutual fund shares square measure “redeemable,” meaning investors can sell the shares back to the fund at any time. The fund typically should send you the payment among seven days. Before shopping for shares during a investment firm, read the prospectus carefully. The prospectus contains information regarding the mutual fund’s investment objectives, risks, performance, and expenses.

Background of the Study

Mamta and Ojha, Satish Chandra in Nov 17 publish an article in the title of “Performance Evaluation of Mutual Funds: A Study of Selected Equity Diversified Mutual Funds in India” The main aim of this paper is, to evaluate the performance of Indian equity diversified mutual funds. A subsidiary aim is to analyze the relationship between risk and return of these funds, based on total risk and systematic risk

Rajesh Mishra, Vishal Ahuja publish an article in the title of “Performance Evaluation of Indian Mutual Funds During Bull and Bear Periods .This study also found that majority of the funds were able to show signs of selectivity skills during up and overall periods ; whereas, strong evidence of lack of market timing skills was found for all the period

Amir Rehman analyse in the title of “Performance Evaluation of Select Mutual Funds: A Public-Private Comparison”The study revealed that private sector funds outperformed the public sector funds against

their benchmark index in terms of risk-return analysis as well as risk-adjusted measures of performance evaluation

Vanipriya, Dr.D.venkatramaraju has analyze the Investor's preference towards mutual fund-A comparative study on private and public sector mutual fund investment in Chennai city Indian Journal of Applied Research, Vol.III, Issue.IX September 2013. The study is about plethora of schemes provides variety of options to suit the individual objectives whatever their age, financial position, risk tolerance and return expectations. The study initially tests whether or not there's any relation between demographic profiles. The study helps to know the role of investment pattern and preferences of investors behind finance in investment firm.

V. Rathnamani publish an article in the title of “Investor’s Preferences towards Mutual Fund Industry in Trichy”. In this study, Mutual fund are said to be the best channels for mobilizing the funds of the small investors and contribute significantly to the capital markets. The present study explains briefly about the mutual fund industry, The study also helps to understand the role of investment pattern and preferences of investors behind investing in mutual fund

Jay R. Joshi publish a research paper in the title of Mutual Funds: An investment option from investors’ point of view. The main focus of the study is to know investor’s view about the investment preference and motivational factors, especially for mutual funds. The study will try to identify the consumers’ preference for various mutual

funds and the main reasons for investment in mutual fund schemes. The study will also try to investigate various factors that investor is thinking before selecting a mutual fund company. Overall, the study is focusing on the behavior of individual investors

Dr S.M.Tariq Zafar; Dr Adeel Maqbool; S.M.Khalid in 2013 publish a journal paper in the title of "A Strategic Study on Investors Preference of Mutual Fund in INDIA". In this study, Investors in general have appetite to invest in that instrument which may generate maximum return with minimum risk. To avail the advantage of economic process sizable amount of hybrid monetary product came into existence and investment firm is one in all them. Thus within the light-weight of those ever-growing developments a careful analysis of the investment firm

Dr.Shantanu Mehta, Charmin Shah are analysis the Preference of Investors for Indian Mutual Funds and its Performance Evaluation. In this study, Mutual funds have opened new vistas to millions of small investors by virtually taking investment to their doorstep. In India, a little capitalist usually goes for such reasonably data, which do not provide hedge against inflation and often have negative real returns. He finds himself to be associate odd man go into the investment game. Mutual funds have come back, as a far required facilitate to those investors.

Objectives

The present study has following objectives;

To study about growth and current situation of mutual fund market in India.

To study the factors influencing the investor's investment purpose and pattern.

To give suggestions and recommendation for better investment, to Investors.

Research Methodology

Research comprises defining and redefining problems, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; making deductions and reaching conclusion; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis.

Methodology indicates a particular technique for gathering and examination of information. It is an approach to methodically take care of the examination issue. It is vital for the scientist to know the exploration strategies/procedures yet in addition strategy.

Research methodology is a way to deal with proficiently deal with the investigation issue. It may be appreciated as a specialty of looking at how ask about is done deductively. In it we think about the distinctive advances that are ordinarily gotten by an expert in considering his examination issue nearby the basis behind them. It is essential for the researcher to

know the investigation methodologies yet also framework.

Research

The use of things, ideas or symbols for the aim of generalizing to unfold, correct or verify data, whether or not that data aids in construction of theory or within the observe of an art. Research in common idiom refers to a quest for data analysis is a tutorial activity and intrinsically the term ought to be utilized in a technical sense. Research includes shaping and redefining issues, formulating hypothesis or advised solutions, collecting, organizing and evaluating information, creating deductions conclusions; and eventually fastidiously testing the conclusions to determine whether they fit the formulating hypothesis

Research Design

Decisions concerning what, where, when, how much, by what suggests that regarding associate inquiry or a pursuit study represent a pursuit style. A analysis style is that the arrangement of conditions for assortment and analysis of knowledge in an exceedingly manner that aims to mix relevancy to the analysis purpose with economy in procedure.”¹ The formidable downside that follows the task of process the analysis downside is that the preparation of the planning of the research, popularly called the “research design”

Research Method

Descriptive Method

Descriptive research incorporates studies and actuality discovering enquiries of various types. The significant motivation behind engaging exploration is portrayal of the situation as it exists at present.

Sampling Technique

In the project sampling it is done on the basis of non-probability sampling method. Among the non-probability sampling design, chosen is quota sampling technique.

Quota sample: The researcher finds and interviews a prescribed number of people in each several categories.

Sample Size

206 samples taken

Data Collection

Questionnaire is sent to the investors about a preference and performance to. Survey comprises of a number inquiry includes both explicit and general inquiries identified with representative’s conduct.

Statistical Tool Used

Correlation

Chi square

Anova

Finding And Results

1. Correlation

Paired Samples Correlations for the Elements of Mutual fund

Table 1

Pair	Variable	N	Correlation	Significant
Pair 1	General investment & Public sector mutual funds investment	206	.587	.000
Pair 2	General investment & Secondary market investment	206	.537	.000
Pair3	General investment & Change & their instrument	206	.573	.000
Pair 4	General investment & Return on investment	206	.657	.000
Pair 5	Primary & Private sector mutual funds investment	206	.451	.000
Pair 6	Primary changes and their investment	206	.479	.000
Pair 7	Primary & return on investment	206	.528	.000
Pair 8	Secondary & changes and their instrument	206	.448	.000
Pair 9	Secondary & return on investment	206	.496	.000
Pair 10	Instrument and their changes return on investment	206	.519	.000

Inference

The above table indicates that all the correlation co-efficient are significant and elements of mutual funds are deeply related among themselves in the opinion of the investors. The parametric paired sample significant t-test values are presented in table 1

2. Chi-Square Test

H0:There is no significant between income and preference of investment

H1: There is significant between income and preference of investment

Table 2

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	26.180	12	.010
Likelihood Ratio	29.172	12	.004
Linear-by-Linear Association	.008	1	.931
N of Valid Cases	206		

Inference

It is inferred that Pearson’s value is positive, from the table 2, therefore there is significant relation between income and preference of investment of investors

3. Anova

H0:There is no relationship between occupation and investment preference

H1: There is relationship between occupation and investment preference

Table 3

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	14.546	2	7.273	7.638	.001
Within Groups	193.299	203	.952		
Total	207.845	205			

Inference:

From the table 3, the calculated value is less than the significant values, therefore H0 is rejected.H1 is accepted .There is a relationship between occupation and investment preference.

Conclusion

Indian mutual fund market has now grown into a great material market with a lot of qualitative inputs and emphasis on investor protection and disclosure norms. The market has become automated, transparent and self-driven. It has integrated with global markets, with Indian companies Seeking listing on foreign mutual funds exchange, off shore investments coming to India and foreign mutual funds floating their schemes and thus bringing expertise in to our markets. The investment preference of investors is depended and performance evaluation is analyzed.

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