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PERFORMANCE AND EVALUATION STRATEGIES ADOPTED BY MUTUAL FUND MANAGERS IN AN INDIAN MUTUAL FUND INDUSTRY

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INTRODUCTION:

Mutual Fund in India: A strong financial market with broad participation is essential for a developed economy. With this extensive objective India s first mutual fund was launch in 1963, namely, Unit Trust of India (UTI), at the initiative of the Government of India and Reserve Bank of India „with a understanding to inspiring saving and investment and contribution in the income, profits and gains accruing to the Corporation from the acquisition, holding, management and disposal of securities . According to SEBI Regulations (1996), "Mutual Fund means a fund predictable in the form of belief to raise duties through the sale if parts to the public or a segment of public under one or more structures for investing in securities, in agreement with guideline". The securities market being highly volatile requires lot of expertise and knowledge for investment in it by investors. Thus, it is reinforced by the Securities Market „put not your trust in money, put your money in trust . This implies special type of investment vehicles such as Mutual Funds.

Mutual Funds are trust which pool resources from large number of investors through issue of units for investments in capital market such as shares, debentures and bonds and money market instruments, such as Commercial Paper, Certificate of Deposits and Treasury Bonds. The revenue received through these investments and the wealth gratitude understood is shared by its component owners in amount to the number of units owned by them. The process converts individual savings, which would otherwise have remained idle, into funds usable in industries. The investments are speared over wide cross section of industries and sectors through careful analysis by experts. The diversification eliminates unsystematic risks and

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the investors can expect better returns for lesser risk. Such diversifications are usually not attainable by individuals investors due to fund constraints and lack of necessary expertise.

Mutual Funds: In its place of straight buying equity shares and/or secure income instruments, you can contribute in numerous schemes drifted by mutual funds which, in turn, invest in equity shares and fixed income securities. There are following types of mutual fund

schemes:

- Open Ended Funds
- Close Ended Funds
- Growth Funds
- Income Funds
- Balanced schemes
- Money Market Mutual Funds
- Gilt Funds
- Hybrid Funds

Role of Mutual Fund: The Mutual Fund segment is one of the fastest expanding segments of our Indian Economy. During the last ten-year period the industry has grown at nearly 22 per cent CAGR. With properties of US $ 125 billion, India positions 19th and one of the fast rising nations of the world. The issues important to the expansion of the business are big marketplace Potential, high investments percentage, complete regulatory framework, tax strategies, advances of new arrangements, violent role of distributors, investor education awareness by SEBI, and past performance. Mutual funds are not only if development to investment marketplace through channelization of reserves of retail investors but themselves playing active role as active investor in Indian companies in secondary as well as primary market.

LITERATURE REVIEW

A literature review is a frame of manuscript that purposes to review the serious points of current knowledge on particular topics.

Soumya Guha Deb, Ashok Banerjee & B. Chakrabarti, (2007), This paper attempts to find the stock selection and market timing abilities of the Indian mutual fund managers using unconditional as well as conditional approaches. With an example of 96 Indian mutual fund arrangements, a lack of market timing capacity and attendance of stock choice capacity were experiential among the Indian funds managers in both unconditional as well as conditional approaches. A mutual deterioration was approved out for numerous groups of funds as well as for the complete sample, which also displayed a absence of marketplace timing aptitudes and presence of stock collection abilities.

Sathya Swaroop Debasish, (2009), In the backdrop of liberalization and private participation in the Indian mutual fund industry, the challenge to survive and retain investor confidence has been a prime are of concern for fund managers. For minor stockholders who do not have the time or the proficiency to take straight asset decision in impartialities successfully, the alternative is to invest in mutual funds. The presentation of the mutual fund products develop more difficult in setting of helpful both profit and risk dimensions while giving due position to investment objectives. In this paper, an effort has been made to learning the performance of designated schemes of mutual funds grounded on risk-return relationship models and actions. A total of 23 structures obtainable by six private sector mutual funds and three public sector mutual funds have been studied over the time period April 1996 to March 2009 (13 years). The investigation has remained finished on the basis of mean return, beta risk, and coefficient of determination, Sharpe ratio, Treynor ratio and Jensen Alpha. The complete study finds Franklin Templeton and UTI being the best performers and Birla SunLife, HDFC and LIC mutual funds display poor below-average performance when unhurried in contradiction of the risk-return relationship models.

Jayant R. Kale, Venkatesh Panchapagesan, (2012), This article presents an overview of the mutual fund industry in India and the reasons for its poor penetration, which includes lack of objective research. It standards the manufacturing worldwide, and promotions key matters concerning the ownership and performance of mutual funds, the compassion of deposit flows to performance, and the importance of guideline to its growth, all of which have been largely under researched in India. It then imprisonments the opinions of leading specialists on these and other subjects, counting the tests posed by poor commercial knowledge, the impartiality philosophy in the nation, and the weakly supportive regulatory environment.

Kalpesh P Prajapati & Mahesh K Patel, (2012), In 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 Fama's measure. The data used is daily closing NAVs. The basis of data is website of Association of Mutual Funds in India (AMFI). The learning period is 1st January 2007 to 31st December, 2011. The outcomes of performance actions propose that most of the mutual fund have given optimistic profit during 2007 to 2011.

Naila Iqbal, (2013), There are many challenges facing mutual fund industry which is of prime concern to the people who have an investment spree. People discovery mutual fund savings so much stimulating because they think they can gain high amount of profit by increasing their asset and danger. But, in reality this scope of great rate of profits is just one side of the coin. On the other side, there is the harsh reality of highly changing rate of incomes. Though there are other disadvantages also, this concern of changing returns is most possibly the highest test faced by the mutual fund.

RESEARCH OBJECTIVES

The following are the Main Objectives:

1) To study and understand the concept of various Mutual Fund Schemes in India.
2) To examine the affecting factors to the various Mutual Fund Schemes in India.
3) To measure and analyses the performance and evaluation strategies adopted by various Mutual Fund Managers in an Indian Mutual Fund Industry.

RESEARCH METHODOLOGY

In carrying out analysis data collected from 2015 to 2018 are used.

Types : Empirical

Research Design : Descriptive

Data Type : Secondary data

Contact Method : Company Records Survey,

Data Analysis Method : Standard Deviation, Beta,
Sharpe Ratio Method.

Fund Manager Name : Mr. Shreyash Devalka, Mr. Jignesh Gopani,
Mr. Prashant Jain, Mr. Vinay Kulkarni,
Mr. Ashwani Kumar

Mutual Fund Schemes : Large Cap Equity Fund

RESULTS AND DISCUSSIONS:

Performance and Evaluation Strategies Adopted by Mutual Fund Managers in an Indian Mutual Fund Industry:

Large Cap Equity Fund : Period 2015 -2018

Sr. No.	AMC'S	Category	Benchmark	Scheme	Risks Ratios		
					Beta	Standard Deviation	Sharpe
1	Axis Mutual Fund	Axis Large Cap Equity Fund	Nifty 50	Open Ended	0.87	12.51%	-0.09
		Axis Focused 25 Fund	Nifty 50	Open Ended	1	14.65%	0.17
2	HDFC Mutual Fund	HDFC Equity Fund	Nifty 500	Open Ended	1.193	5.08%	-0.003
		HDFC Large Cap Fund	Nifty 50	Open Ended	1.059	4.39%	-0.058
3	Reliance Nippon Mutual Fund	Equity-Diversified Large Cap	S&P BSE Sensex 100	Open Ended	1.06	4.56%	-0.05
		Reliance Focused Large Cap Funds	Nifty 50	Open Ended	0.98	4.16%	-0.05
4	IDFC Mutual Fund	IDFC Nifty Fund	Nifty 50	Open Ended	1	13.49%	-0.19
		IDFC Equity Fund	S&P BSE Sensex 100	Open Ended	0.93	12.93%	-0.26
5	HSBC Mutual Fund	HSBC Large Cap Equity Fund	Nifty 50	Open Ended	1.0249	14.60%	0.4316

RESULTS AND DISCUSSIONS:

Beta: Beta Relates to the market movement i.e. Market volatility. Beta benchmark is always considered as 1 as ideal ratio.		
Beta is a measure of systematic risks.		
B=1	Moderate Risk	
B>1	Aggressive Risk	Fluctuates more than the market
B<1	Conservative risk	Less return than benchmark

Standard Deviation (S.D) it depicts the range of mutual fund performance that means fund which shows maximum/minimum return it gives.it shows how much fund return deviates from its historical average return.
If S.D ratio is low it shows low volatility and the fund is less risky.
If S.D ratio is high it shows high volatility and the fund is more risky.
Conclusion: S.D low is preferable.

Sharpe Ratio: William Sharpe considered both the systematic and unsystematic risks, Weight the return of an investment against its volatility.
Sharpe Ratio is a Relative Measure i.e. comparative between the mutual funds belongs to the same category and depicts the result as which one is preferable
To determine the risk adjusted return it uses the standard deviation.
it gives idea of mutual fund return, high risk is due to high return hence maximum/more Sharpe ratio is preferable.

7) FINDINGS:

Large Cap Equity Fund: Period 2015 - 2018, on the source of returns calculated by Standard Deviation, Beta, and Sharpe Ratio Method:

- Take an overall view of Mutual Fund schemes in India Based on Market cap, Sectorial, Diversified & Thematic, Hybrid, Goal Based Passive among these Market cap based Large Cap have been taken into consideration.

- The earnings of the fund, Axis focused 25 Fund and HSBC Mutual Fund funds are top funds in respect of profit when it compared to its particular benchmark earnings.

- The Standard deviation of the funds lies between 4.36% and 4.76%.Reliance Focused Large cap fund and HDFC Large cap fund i.e., 4.16 and 4.39 show comparatively low fluctuations. So, these funds are best suited to an investor who is averse of risk.

CONCLUSIONS

Based on the empirical findings related to performance evaluation, market timing and selectivity skills among the top five Large Cap Equity Fund in India for the period 2015-18. The authors justify thankfulness for selecting this area at a time when the mutual funds are fast increasing global because of the increase of the progress and expansion in global capital markets. The authors also justify thankfulness for exploring an investigation area which can donate near an understanding how investments could be mobilised through mutual funds in India. The past performance of mutual funds advance highlights their position as these funds have shown marvellous growth during the earlier decade. I approve that in our country, people escape interest-based conventional schemes of investment.

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