



“A Study of Risk & Return of Mutual Fund with Special Reference to Tata Asset Management Ltd.”

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ABSTRACT

Mutual funds are investment vehicles that pool money from multiple investors to invest in a diversified portfolio of securities such as stocks, bonds, and money market instruments. Mutual fund schemes are a very popular investment vehicle in the financial sector. The mutual fund industry is one of the most important financial institutions in the country. Mutual funds have been used by investors for a long time in India. The purpose of this study is to provide some guidelines for writing about research limitations, show examples of some frequently seen study limitations, and recommend techniques for presenting this information. The main objective of this article is to analyze the performance of mutual fund schemes and to understand prospective customers' mentality towards mutual fund investments. The study found that the family subculture plays a dominant position in investments decisions. A planned advertising approach, covering patron awareness, offering higher value with an excessive and regular return to the traders and each and every effort may additionally be made to draw the rural sector into the mainstream of nationwide financial development.

KEY WORDS

Investments, Risk and Return, investment information, investment options, performance analysis, investment strategy, portfolio diversification.

INTRODUCTION

Mutual funds are investment vehicles that pool money from multiple investors to invest in a diversified portfolio of securities such as stocks, bonds and money market instruments. They are managed by professional fund managers who make investment decisions on behalf of investors. The relationship between risk and return in the investment industry is a crucial concept for investors to understand.

The relationship between risk and return in the mutual fund industry is a crucial concept for investors to understand. In general, there is a positive correlation between risk and return, meaning that higher levels of risk are associated with the potential for higher returns, and lower levels of risk are associated with lower potential returns.

Here are some general points about mutual funds:

- 1. Diversification:** Mutual funds offer diversification by investing in a wide range of securities. This helps to spread the risk and reduce the impact of any single investment's performance on the overall portfolio.
- 2. Professional Management:** Mutual funds are managed by experienced professionals who analyze market trends, conduct research, and make investment decisions. This expertise can be beneficial for investors who may not have the time or knowledge to manage their investments themselves.
- 3. Liquidity:** Mutual funds are generally open-ended, which means investors can buy or sell their shares at the net asset value (NAV) on any business day. This provides liquidity and flexibility to investors who can easily enter or exit their investments.
- 4. Affordability:** Mutual funds allow investors to start with relatively small amounts of money. This makes them accessible to a wide range of investors, including those with limited capital.
- 5. Transparency:** Mutual funds are required to disclose their holdings, performance, and expenses regularly. This transparency helps investors make informed decisions and monitor their investments.
- 6. Types of Mutual Funds:** There are various types of mutual funds available, including equity funds, bond funds, money market funds, index funds, and sector-specific funds. Each type has its own investment objective and risk profile, allowing investors to choose funds that align with their goals and risk tolerance.
- 7. Fees and Expenses:** Mutual funds charge fees and expenses, including management fees, administrative fees, and distribution fees. It's important for investors to understand these costs and consider them when evaluating the potential returns of a mutual fund.

LITERATURE REVIEW

- ❖ T.S. Reddy and Y. Hari Prasad Reddy (2000) Without analyzing this data, many wrong conclusions can be drawn about the financial condition of the company. Creditors, investors and other users of financial statements perform analysis of financial statements to determine the creditworthiness and earning power of an entity.
- ❖ Jain (1997-2012) The main focus of this study, covering 15 years from April 1997 to April 2012. analyzed two public sector companies and two private companies' performance of 45 mutual fund schemes. The CAPM model was used to analyze the return, focusing on the relationship between risk and return.
- ❖ Guru Nathan (2001-2011) The study concentrated on the fact that the expansion of large cap mutual funds has been followed by cutting-edge products and service techniques. Regulators will need to strike a delicate balance between properly controlling risks and avoiding the imposition of needless regulation.
- ❖ Jana Hili, Desmond Pace and Simon Grima (2016) in their research, they concentrated on two key points: first, making major contributions to the literature, and second, the research's practical application. It goes without saying that academics and researchers have concentrated their efforts on analyzing the actions of fund managers who are predominantly based in developed and more efficient economies, leaving the rising region mostly unexplored in this regard.
- ❖ K.P. Siva Kumar, Dr. S. Raja Mohan (1998 - 2008) examined the performance of mutual fund players based on private and public sector participants. The study revealed that there is a significant contribution by all the participants for the growth of the mutual fund industry in India. The performance of mutual funds was analyzed from 1998-99 to 2008-09 by taking into consideration of resource mobilization, the study also found that the private participants play a greater role in resource mobilization compared to those of public sector. This study indicated that there is a significant difference between the quantum funds mobilized by public sector with or without UTI. Hence it proved that the UTI has a greater role in performance of mobilization of funds.
- ❖ Dr. Rao Narayan (2007) evaluated the performance of Indian Mutual Fund Schemes in a bear market using relative performance index, risk- return analysis, Treynor's ratio, Sharpe's ratio, Jensen's measure. The study finds that medium term debt funds were the best performing funds during the bear period of September 98- April 2002 and 58 of 269 open ended mutual funds provided better return than the overall market returns.
- ❖ Pal and Chandani (2014) attempted to make a critical analysis of top 10 equity funds in India. Various parameters like CAGR, S.D., Expense Ratio and Sharpe Ratio etc. were used to compare the performance of the schemes and it was found that HDFC Midcap Opportunities (G) is the best mutual fund scheme among all.

RESEARCH METHODOLOGY

Research Design

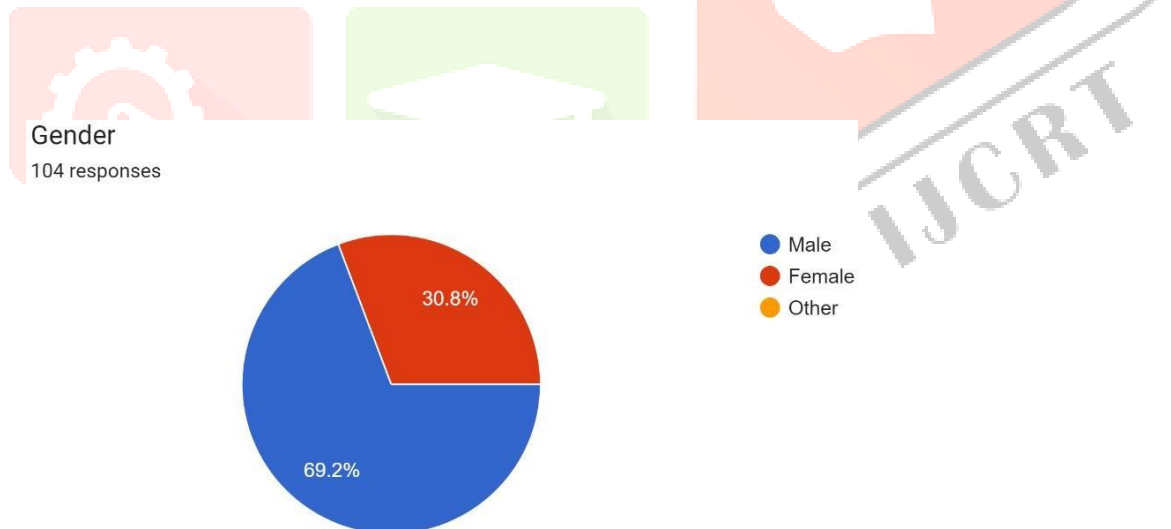
we have used primary data collection method and secondary as well. To understand the trend of the mutual fund and growth of the mutual fund we took secondary data. And to understand prospective customers mentality towards mutual fund investments.

Sample Design and Sampling

- Sample Size: 104
- Sampling technique: Simple random sampling.

Data collection

Data collection is the process of gathering and evaluating information or data from multiple sources to find answers to research problems, answer questions, evaluate results, and predict trends and probabilities. We chose a Google form to collect our basic data. This is an important step in all types of research, analysis and decision-making, including the social sciences, business and health.

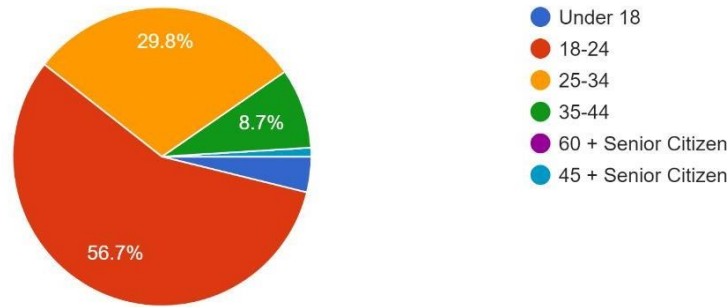


The above chart shows category of gender of total 104 respondents which are follows;

1. 30.8% are females.
2. 69.2% are Males.

Age

104 responses

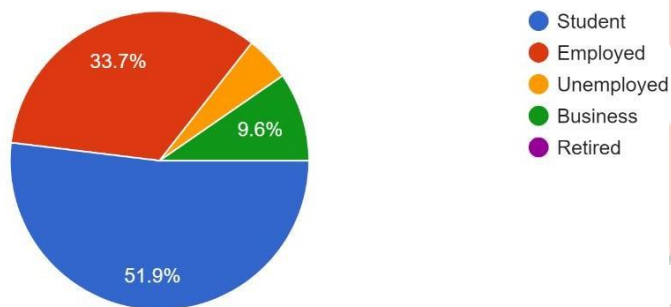


Above chart represents age group of the respondents.

1. 1% of this chart denotes Senior citizens.
2. 8.7% are age group between 35 to 44.
3. 29.8% are age group between 25 to 34.
4. 56.7% are age group between 18 to 24.
5. And rest 3.8% are age group under 18.

Occupation

104 responses

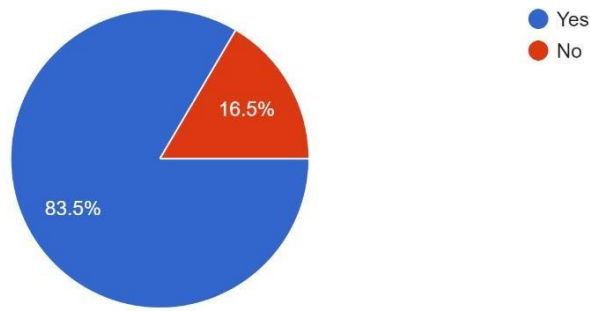


Above chart represents Occupation of the respondents.

1. Students are 51.9%.
2. Employed are 33.9%.
3. Unemployed are 4.0%.
4. Business people are 9.6%
5. There is no one of retired category.

Are you aware about Mutual fund?

103 responses

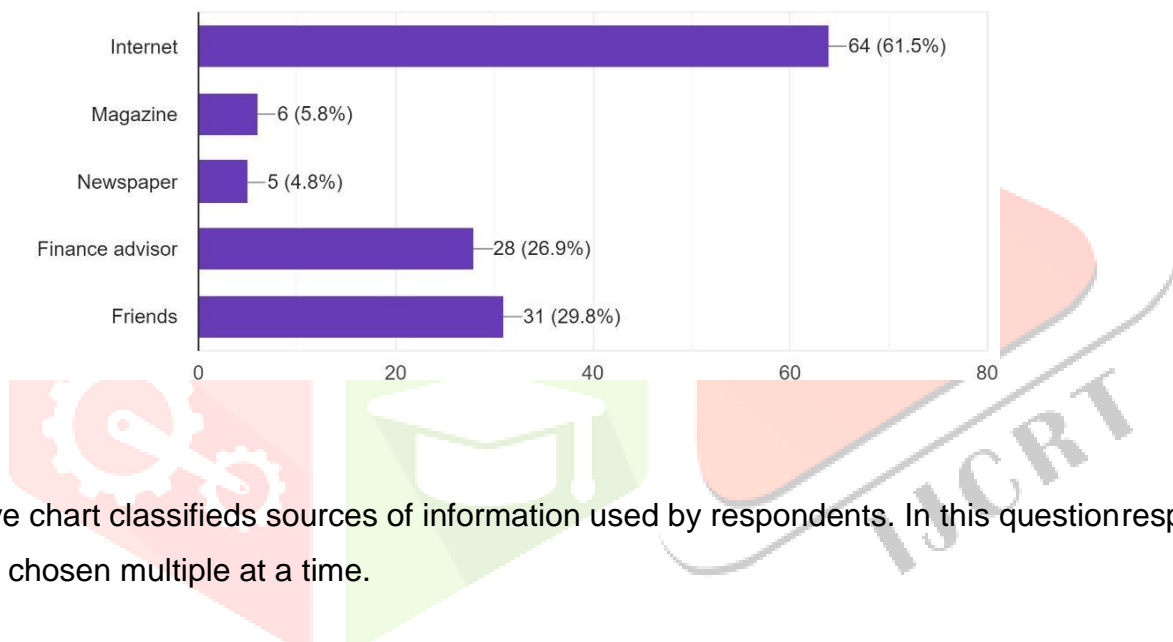


Above chart shows awareness of mutual fund investment option.

1. 83.5% of total respondents are aware of mutual funds.
2. 16.5 are not aware.

What is your source of information while investing in mutual funds?

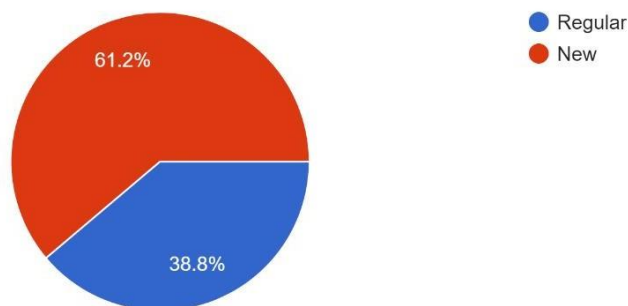
104 responses



Above chart classifieds sources of information used by respondents. In this question respondents have chosen multiple at a time.

Are you regular or a new investor in mutual funds?

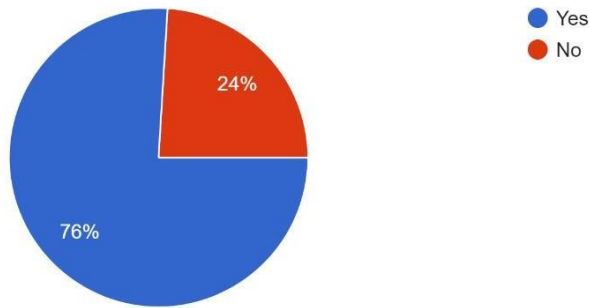
103 responses



From the above chart we observed that 61.2% of respondents are new investors in mutual fund schemes. And 38.8% are regular investors.

In this volatile market, do you think Mutual Funds are a destination for investment?

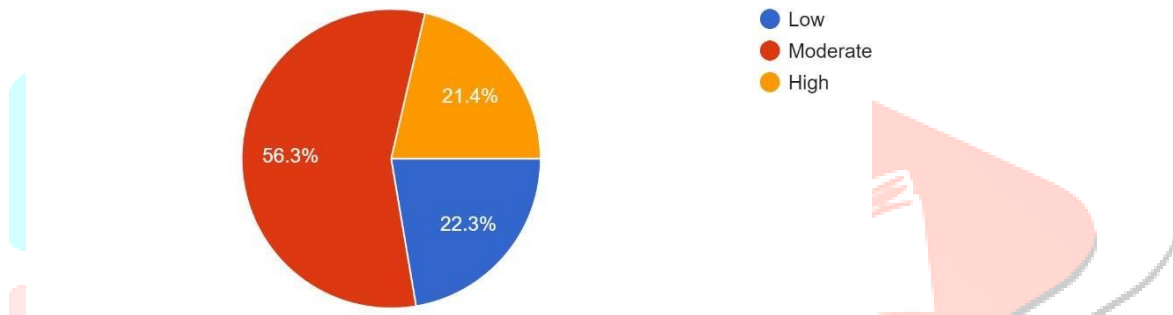
104 responses



Mutual funds are subject to dynamics of the market, as of this 76% thinks that investing in mutual funds is preferable.

How do you rate the risks associated with Mutual Funds?

103 responses

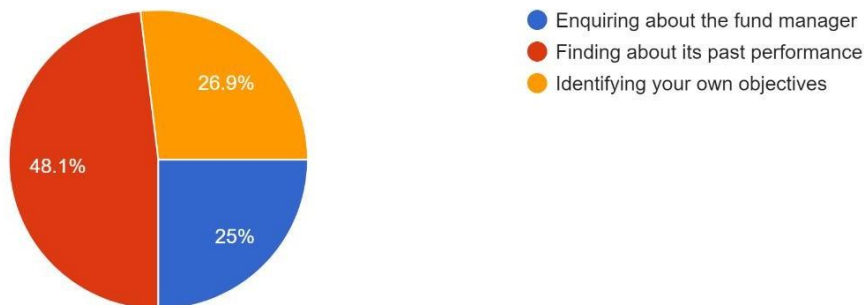


Above chart represents information of associated risk with mutual fund.

- 22.3% respondents think low risk involved in mutual funds
- 56.3% respondents think moderate risk involved in mutual funds.
- 21.4% respondents think high risk involved in mutual funds.

Which among the following principles do you consider while selecting a Mutual Funds?

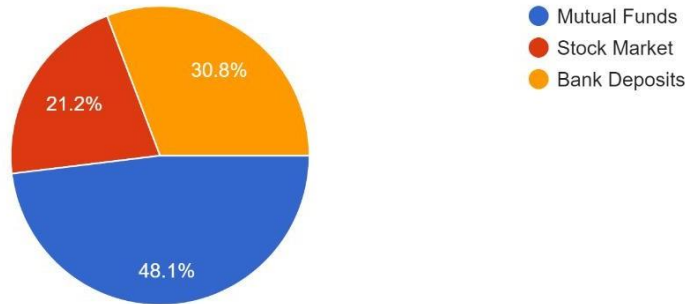
104 responses



Above chart shows the principles considered by the respondents while selecting mutual fund for investment.

Which among the following is the safest investment option?

104 responses

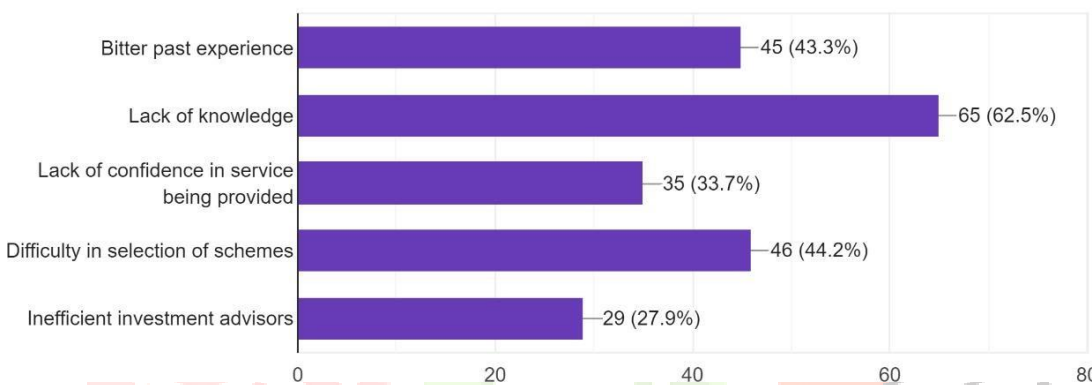


Above chart represents the mode of investment according to safety.

In which 48.1% choose mutual funds, 21.2% choose stock market, and 30.8% choose bank deposits.

Which factors prevent you to investing in mutual funds?

104 responses



Above stats define factors affected respondents while investing in the mutual fund.

Data analysis

Frequencies

Notes	
Output Created	05-APR-2024 16:51:06
Comments	
Input	Active DatasetFilter DataSet0 Weight Split File <none> N of Rows in Working Data File <none> <none>
Missing Value Handling	104 User-defined missing values are treated as missing. Statistics are based on all cases with valid data.
Cases Used	

Syntax		FREQUENCIES VARIABLES=V1 V2 V4 V5 /STATISTICS=STDDEV MINIMUM MAXIMUM MEAN MEDIAN MODE /BARChart FREQ /ORDER=ANALYSIS.
Resources	Processor Time	00:00:00.45
	Elapsed Time	00:00:03.25

Statistics

	Which factors prevent you to investing in mutual funds	Which among the following principles do you consider while selecting a mutual fund	In this volatile market do you think mutual fund are a destination for investment	What is your source of information while investing in mutual funds
Valid N	104	104	102	104
Missing	0	0	2	0
Mean MedianMode	1.7885	2.0192	1.2451	2.6538
Std. Deviation	2.0000	2.0000	1.0000	1.0000
Minimum Maximum	1.00	2.00	1.00	1.00
	.89955	.72381	.43227	4.41262
	1.00	1.00	1.00	1.00
	5.00	3.00	2.00	44.00

Frequency Table

Which factors prevent you to investing in mutual funds

	Frequency	Percent	Valid Percent	umulativePercent
Bitter past experience	46	44.2	44.2	44.2
Lack of knowledge	42	40.4	40.4	84.6
lack of confidence in services being provided	9	8.7	8.7	93.3
Difficulty in selection of schemes	6	5.8	5.8	99.0
inefficient investment advisors	1	1.0	1.0	100.0
Total	104	100.0	100.0	

In this volatile market do you think mutual fund are a destination for investment

	Frequency	Percent	Valid Percent	umulativePercent
yes	77	74.0	75.5	75.5
Valid no	25	24.0	24.5	100.0
Total	102	98.1	100.0	
Missing System	2	1.9		
Total	104	100.0		

What is your source of information while investing in mutual funds

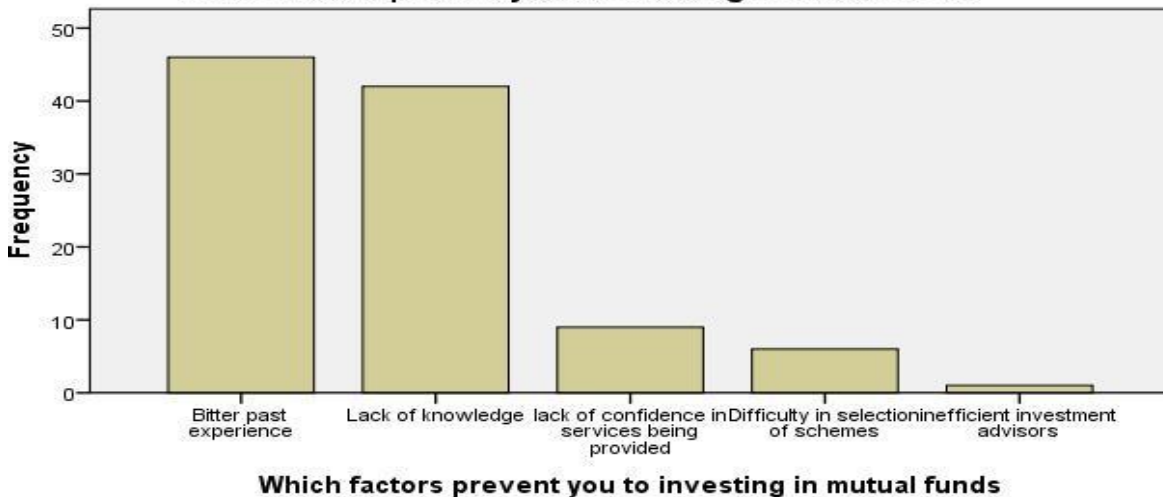
	Frequency	Percent	Valid Percent	umulativePercent
internet magazine	64	61.5	61.5	61.5
finance advisor	1	1.0	1.0	62.5
Valid friends	24	23.1	23.1	85.6
44.00	14	13.5	13.5	99.0
Total	104	100.0	100.0	100.0

Which among the following principles do you consider while selecting a mutual fund

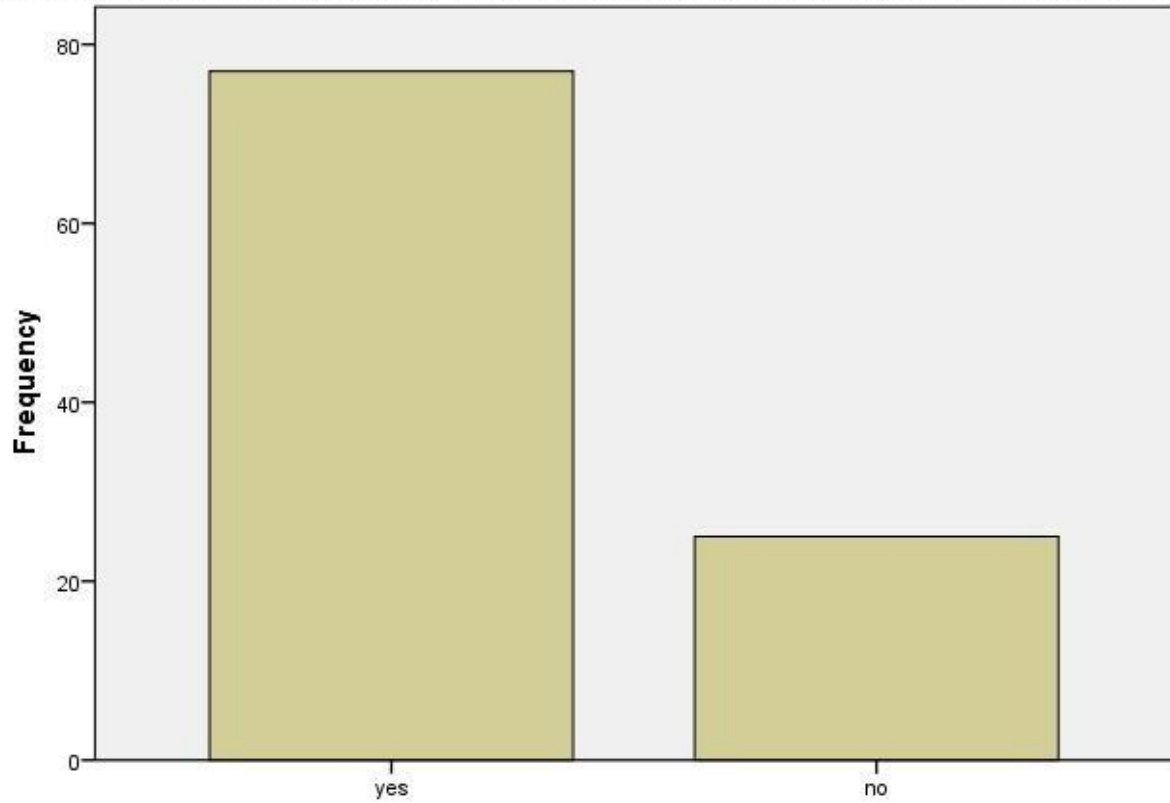
	Frequency	Percent	Valid Percent	umulativePercent
Enquiring about the fundmanager	26	25.0	25.0	25.0
Valid Finding about its past performance	50	48.1	48.1	73.1
identifying your own objectives.	28	26.9	26.9	100.0
Total	104	100.0	100.0	

Bar Chart

Which factors prevent you to investing in mutual funds

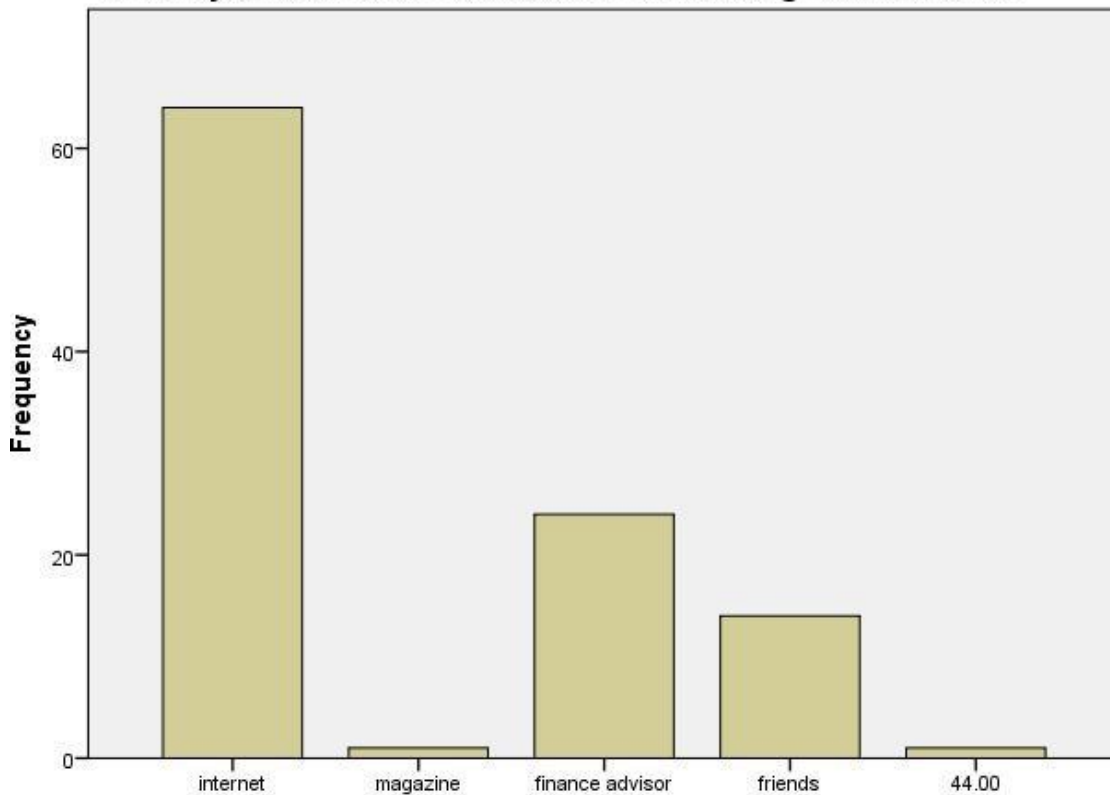


In this volatile market do you think mutual fund are a destination for investment



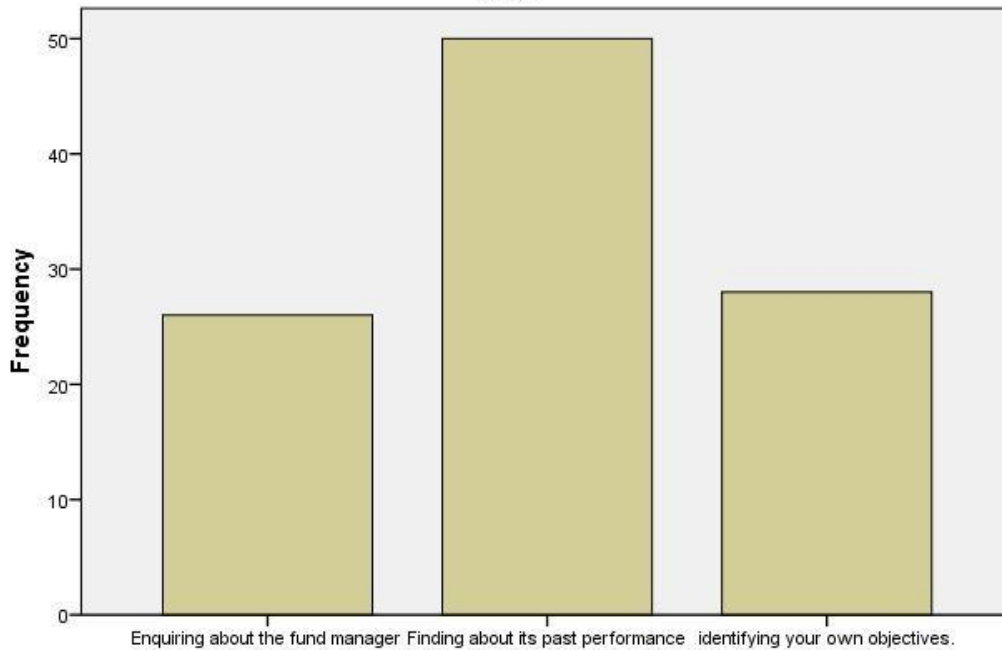
In this volatile market do you think mutual fund are a destination for investment

What is your source of information while investing in mutualfunds



What is your source of information while investing in mutualfunds

Which among the following principles do you consider while selecting a mutual fund



Which among the following principles do you consider while selecting a mutual fund

FINDINGS

- People invest their money more in medium term than long term.
- At present time investors consider maximum return with safety and lower risk.
- Mostly people are aware about the investment in mutual funds.
- Most of the investors gather investment information from the market through the internet.
- Mostly investors are students and employed peoples.
- They have been identified as one of the vital factors as past performance the mutual fund.
- It is found that most of the investors don't have enough knowledge of mutual funds.
- Yet people things that bank deposits are safe way to invest their money.

Limitations

The limitations of a study are the elements of methodology or study design that impact the interpretation of your research results. The limitations essentially detail any flaws or shortcomings in your study. Study limitations can exist due to constraints on research design, methodology, materials, etc., and these factors may impact the findings of your study. However, researchers are often reluctant to discuss the limitations of their study in their papers, feeling that bringing up limitations may undermine its research value in the eyes of readers and reviewers.

In spite of the impact, it might have (and perhaps because of it) you should clearly acknowledge any limitations in your research paper in order to show readers— whether journal editors, other researchers, or the general public—that you are aware of these limitations and to explain how they affect the conclusions that can be drawn from the research.

In this article, we provide some guidelines for writing about research limitations, show examples of some frequently seen study limitations, and recommend techniques for presenting this information. And after you have finished drafting and have received manuscript editing for your work, you still might want to follow this up with academic editing before submitting your work to your target journal.

CONCLUSION

Nowadays people do not simply invest in fixed deposits but prefer to invest where they can get high return and low risk over a sufficient period of time. So that as per our questionnaires from investors prefer other securities to invest their money in long or medium time.

Though more than a few new avenues are delivered for funding purposes, traders in rural and city vicinity nevertheless decide upon bank deposits. The major cause for selecting this investment is owing to safety and security. Only a few investors preferred the funding on public problems however they are now not aware of the market fee of their holdings.

The consequences of the study point out that the traders choose to invest solely in safer avenues. Further evaluation of the information indicates that the family subculture plays a dominant position in investments decisions. Among the conventional funding avenues, financial institution deposits and gold are the most preferred avenues, whilst insurance schemes and public workplace devices are getting improved attention.

Only a few buyers preferred the funding on public problems however they are now not aware of the market fee of their holdings. A planned advertising approach, covering patron awareness, offering higher value with an excessive and regular return to the traders and each and every effort may additionally be made to draw the rural sector into the mainstream of countrywide financial development.

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