IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A Case Study On Performance Evaluation Of Mutual Funds At Share Khan Limited

Debojyoti Pal, MBA Students, NSHM Knowledge Campus, Durgapur

Dr. Amrita Bhattacharya, Associate Professor, NSHM Knowledge Campus, Durgapur

ABSTRACT

Mutual Funds were introduced in the Indian financial system with a view to provide comparatively safer investment at the doorstep of the common investors. In this study researcher has tried to understand the performance of selected large cap mutual funds in India. For the study purpose 4 large cap mutual funds has been selected. The Secondary data has been considered for the performance analysis and it was achieved by using various tools and techniques like standard deviation, beta, Sharpe ratio, and Treynor ratio. The findings depict that SBI Blue-chip Regular Growth, ICICI Prudential Blue-chip Fund Growth, Aditya Birla Sun Life Frontline Equity Fund Growth, HDFC Top 100 Fund Growth showed highest return among the selected funds.

INTRODUCTION

The present study attempts to the consideration of investors while investing in Mutual Funds, which can help the mutual fund companies while launching the new schemes. Evaluating the historic performance of mutual funds is important for both investors as well as portfolio managers. It enables an investor to access as to how much return has been generated by the portfolio manager and what risk level has been assumed in generating such returns. Similarly fund managers would also be able to know their performance over time and also other competitors in the industry.

Need of The Study

In India, Mutual Fund is a rapidly growing sector for Indian economy and financial market. Mutual fund investment is quite popular among small and household investors, who mobilize their savings for investment in the capital market. India has a majority of middle-class families who want to yield the maximum returns on their investment by taking the less risk. This study will be guiding tool for those who are keen to check the performance of selected large cap mutual fund schemes in India.

Literature Review

The present study deals with the review of literature on Evaluating the performance of Indian mutual fund schemes* Review of some of the studies is presented in the following discussion.

Ms.Saranya K, Mr Parthiban (2018) conducted a research on performance evaluation of Indian equity mutual fund schemes. This paper examines the performance of selected open-ended Scheme. The performance of this fund is analysed using three-year NAV and to evaluate the performance these statistical tools were used (Sharpe ratio, Treynor ratio, Jensen alpha). Finding of the study reveal that based on the Sharpe method Kotak Mahindra equity saving fund secured 15 position and according to the Treynor HDFC mutual fund secured 1* position and according to Jensen alpha Axis mutual fund secure 1* position. According to this research it says that return is not only the factor investor should look upon. In order to have good return investors should have the proper information of the fund and their asset management company where they are investing.

Aashak Thakkar 2017 attempts to study the performance of selected equity mutual fund by using various risk and return measures i.e. Sharpe ratio, treynor ratio, Jensen alpha and in his research, it was concluded that none of the selected fund shows consistent returns. Birla sun life growth scheme have shown good performance in all three measures, while Tata equity performed well as per the Sharpe measure but didn't perform in other measures.

Dr Vikas Choudhary and Preeti Sehgal Chawala 2014 attempt to analyse the performance of growth-oriented equity diversified scheme on the basis of risk and return by using various financial test like average return, Sharpe ratio, treynor ratio, standard deviation, beta and coefficient of determination. The entire selected fund had the beta less than one and positive which imply that they were less risky than the market portfolio and in term of coefficient of determination. All the selected 8 funds were near to one which indicates that higher diversification. Seven out of eight selected funds have shown superior performance under the Sharpe as well as treynor ratio.

Geeta Rani and Dr Vijay Singh Hooda 2016 evaluate the performance of selected mutual fund scheme by using Sharpe, Jensen, and treynor ratio. In the study, it was found that according to Sharpe, Jensen, treynor ratio Tata equity P/E. fund, Sundaram rural India fund, Birla sun life India was found to be top performing fund.

Vikas Kumar and Ankit Srivastav 2016 evaluated the performance of 20 open - ended equity schemes of private sector mutual funds. The period of study was from 1% April 2006 till 31 march 2015. The research analysed the data with the help of various statistical tools. By comparing overall performance ranking of all scheme, it could have seen that reliance pharma fund has been the best.

Ratnarajan and P. Madhav 2016 analysed the risk and return relationship and market volatility of the selected mutual fund and examined the performance of selected schemes from March 2-12 to 2016 by using Sharpe and treynor model. the author investigates the performance of 30 open ended diversification equity schemes performance of reliance regular saving fund equity, SBI contra fund, HDFC equity fund was not found as good. It was found that the Sharpe ratio was positive for all selected scheme.

DR R. Narayanasamy V. Rathnamani 2013 evaluates the performance of selected equity large cap mutual fund scheme in term of risk and return relationship. The performance analyses of the selected five equity of large cap fund and the study conclude that all the fund has performed well in high volatile market movement expect reliance vision.

RESEARCH OBJECTIVE

- To study the performance of selected large-cap mutual funds schemes in terms of, Return, Risk, Standard deviation, Beta, Sharpe ratio, Treynor ratio.
- To analyse performance evaluation measures for different funds which help the investor to choice at right avenues investment for the profitable purpose.

RESEARCH PROCESS

- Research Resign: For this research study longitudinal descriptive research design has been applied.
- Data collection method: Secondary data has been used for this research. The secondary data was collected from the website of Association of Mutual Funds in India, Value Research, Asset Management Companies (AMCs) Websites, and Journals Etc.
- Time period: The time frame for this research study is from January, 2022 to December, 2024.
- Tools and techniques: For the performance analysis various statistical and financial tools like standard deviation, beta, Sharpe ratio, Treynor ratio has been applied.

DATA ANALYISI

Table 1: Standard Deviation of Mutual Funds

S. N	Scheme	Standard Deviation
1	SBI Blue-chip Regular Growth	0.2166
2	ICICI Prudential Blue-chip Fund Growth	0.2180
3	Aditya Birla Sun Life Frontline Equity Fund Growth	0.2279
4	HDFC Top 100 Fund Growth	0.2332

The above result shows that Based on the provided standard deviations values for the mutual funds indicate their volatility or risk. Among the funds, the SBI Blue-chip Regular Growth fund has the lowest standard deviation (0.2166), suggesting it has the least volatility and is relatively stable. On the other hand, the HDFC Top 100 Fund Growth has the highest standard deviation (0.2332), indicating higher volatility and a greater potential for fluctuating returns. The ICICI Prudential Blue-chip Fund Growth (0.2180) and Aditya Birla Sun Life Frontline Equity Fund Growth (0.2279) fall in between, showing moderate levels of risk. Investors should consider these volatility levels when choosing a fund based on their risk tolerance and investment goals.

Table 2: Beta of Mutual Funds

S. N	Scheme	Beta
1	SBI Blue-chip Regular Growth	0.0914
2	ICICI Prudential Blue-chip Fund Growth	-0.0147
3	Aditya Birla Sun Life Frontline Equity Fund Growth	-0.0193
4	HDFC Top 100 Fund Growth	-0.0097

The above table shows that the Beta values indicate the sensitivity of each mutual fund to market movements. The SBI Blue-chip Regular Growth fund, with a Beta of 0.0914, is slightly positively correlated with the market, implying it moves in the same direction as the market but with lower volatility. On the other hand, the ICICI Prudential Blue-chip Fund Growth, Aditya Birla Sun Life Frontline Equity Fund Growth, and HDFC Top 100 Fund Growth all have negative Beta values (-0.0147, -0.0193, and -0.0097 respectively), suggesting these funds tend to move inversely to the market, albeit very slightly, indicating potential stability during market downturns.

Table 3: Sharpe ratio of Mutual Funds

S. N	Scheme	Sharpe Ratio
1	SBI Blue-chip Regular Growth	-0.0679
2	ICICI Prudential Blue-chip Fund Growth	-1.3214
3	Aditya Birla Sun Life Frontline Equity Fund Growth	-1.6974
4	HDFC Top 100 Fund Growth	21.1857

The Result shows that the Sharpe Ratio indicates risk-adjusted returns of the mutual funds. The HDFC Top 100 Fund Growth stands out with a very high Sharpe Ratio (21.1857), suggesting excellent risk-adjusted performance. In contrast, the SBI Blue-chip Regular Growth fund has a slightly negative Sharpe Ratio (-0.0679), and both the ICICI Prudential Blue-chip Fund Growth (-1.3214) and Aditya Birla Sun Life Frontline Equity Fund Growth (-1.6974) show significantly negative ratios, indicating poor risk-adjusted returns.

Table 4: Treynor Ratio of Mutual Funds

S. N	Scheme	Treynor Ratio
1	SBI Blue-chip Regular Growth	-0.1608
2	ICICI Prudential Blue-chip Fund Growth	19.5513
3	Aditya Birla Sun Life Frontline Equity Fund Growth	19.9519
4	HDFC Top 100 Fund Growth	-506.177737

The above table shows that Aditya Birla Sun Life Frontline Equity Fund Growth (19.9519) and ICICI Prudential Blue-chip Fund Growth (19.5513) show strong positive Treynor Ratios, indicating effective risk-adjusted performance. In contrast, the SBI Blue-chip Regular Growth fund (-0.1608) and HDFC Top 100 Fund Growth (-506.177737) have negative Treynor Ratios, suggesting poor risk-adjusted returns and potentially high levels of risk relative to their performance.

Findings

The analysis of mutual funds highlights important insights regarding their performance and risk levels. Based on standard deviation, the SBI Blue-chip Regular Growth fund emerges as the least volatile option (0.2166), offering stability, while the HDFC Top 100 Fund Growth exhibits the highest volatility (0.2332), reflecting greater fluctuations in returns. The ICICI Prudential Blue-chip Fund Growth (0.2180) and Aditya Birla Sun Life Frontline Equity Fund Growth (0.2279) demonstrate moderate levels of volatility. Examining Beta values reveals that the SBI Blue-chip Regular Growth fund (0.0914) moves positively with the market, albeit less significantly, making it a safer choice during market changes. In contrast, the other funds show slightly negative Beta values, indicating minimal inverse correlation with market trends and potential stability during downturns.

When considering risk-adjusted returns, the Sharpe Ratio analysis shows that the HDFC Top 100 Fund Growth outperforms with an impressive score (21.1857), offering excellent returns for the risk taken. However, the SBI Blue-chip Regular Growth (-0.0679), ICICI Prudential Blue-chip Fund Growth (-1.3214), and Aditya Birla Sun Life Frontline Equity Fund Growth (-1.6974) exhibit negative Sharpe Ratios, signalling poor compensation for the risks involved. The Treynor Ratio analysis paints a slightly different picture, where Aditya Birla Sun Life Frontline Equity Fund Growth (19.9519) and ICICI Prudential Blue-chip Fund Growth (19.5513) demonstrate strong performance relative to systematic risk. However, the SBI Blue-chip Regular Growth (-0.1608) and HDFC Top 100 Fund Growth (-506.1777) show negative Treynor Ratios, highlighting poor efficiency in managing systematic risk relative to returns.

In summary, the SBI Blue-chip Regular Growth fund is suitable for risk-averse investors prioritizing stability despite its underwhelming risk-adjusted performance. The Aditya Birla Sun Life Frontline Equity Fund Growth and ICICI Prudential Blue-chip Fund Growth are better suited for moderately risk-tolerant investors seeking balanced returns relative to risk. For high-risk-tolerant investors aiming for significant rewards, the HDFC Top 100 Fund Growth stands out with its exceptional Sharpe Ratio, despite its volatility and unfavourable Treynor Ratio. Investors should carefully align their choices with individual risk tolerance, financial goals, and market expectations.

References

- Geeta Rani, Dr. Vijay Singh Hooda, Performance Evaluation of Mutual Fund Schemes: A Study of Selected Topper Schemes.
- Dr. S.M.ALAGAPPAN, "PERFORMANCE EVALUATION OF MUTUAL FUNDS IN INDIA",
- Journal of Emerging Technologies and Innovative Research (JETIR), Volume 6, Issue 6, June 2019.
- Mamta & Satish Chandra Ojha, "Performance Evaluation of Mutual Funds: A Study Of Selected Equity Diversified Mutual Funds In India", ISSN (P): 2347-4572; ISSN (E): 2321- 886X, Vol 5, Issue 11, 85-92. Nov 2017
- Noel Daliwala, A STUDY ON RISK-ADJUSTED PERFORMANCE OF SELECTED OPEN-ENDED EQUITY LARGE-CAP MUTUAL FUND SCHEMES IN INDIA BY SHARPE RATIO.
- Performance Evaluation of Indian Equity Mutual Fund Schemes, 1Ms. SARANYA K, 2Mr. PARTHIBAN THANGAVEL
- Aashka Thakkar,"A Study of Performance Evaluation of Selected Equity Mutual Funds in India", Indian journal of applied research, ISSN - 2249-555X, Vol. 7, Issue 1, January 2017.
- Suchita Shukla, "A COMPARATIVE PERFORMANCE EVALUTION OF SELECTED MUTUAL FUNDS" ISSN (Print) 2394-1529, (Online) 2394-1537, International Journal of Science Technology & Management, Volume No.04, Special Issue No.02, February 2015.