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A STUDY ON PERFORMANCE EVALUATION OF MUTUAL FUNDS AT SHAREKHAN

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Abstract

A mutual fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is invested by the fund manager in different types of securities depending upon the objectives of the scheme. Mutual funds have emerged as popular investment vehicles that allow individuals to pool their money and invest in a diversified portfolio of securities. Mutual funds now represent perhaps most appropriate investment opportunity for most investors. As financial markets become more sophisticated and complex, investors need a financial intermediary who provides the required knowledge and professional expertise on successful investing. This abstract provides an overview of mutual funds, their features, benefits, and considerations for investors looking to participate in these investment options. Mutual funds are professionally managed investment vehicles that pool money from multiple investors to invest in a diversified portfolio of stocks, bonds, or other securities.

Key Words: Mutual Funds, Portfolio, Stocks, Bonds, Financial Market.

INTRODUCTION:

A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. The term is typically used in the United States, Canada, and India, while similar structures across the globe include the SICAV in Europe ('investment company with variable capital') and open-ended investment company (OEIC) in the UK. Mutual funds are often classified by their principal investments: money market funds, bond or fixed income funds, stock or equity funds, or hybrid funds. Funds may also be categorized as index funds, which are passively managed funds that

track the performance of an index, such as a stock market index or bond market index, or actively managed funds, which seek to outperform stock market indices but generally charge higher fees. Primary structures of mutual funds are open-end funds, closed-end funds, unit investment trusts. The advantages of mutual funds include economies of scale, diversification, liquidity, and professional management. Mutual funds are regulated by governmental bodies and are required to publish information including performance, comparison of performance to benchmarks, fees charged, and securities held.

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A single mutual fund may have several share classes by which larger investors pay lower fees. A mutual fund is a financial intermediary in capital market that pools collective investments in form of units from retail and corporate investors and maintain a portfolio of various schemes which invest that collective investments in equity and debt instruments on behalf of these investors. Mutual fund is expert entity which helps an investor invest in equity and debt instruments indirectly rather than taking risk of investing money directly in these instruments. An ordinary investor has no expertise or knowledge to invest money directly into equity market in India and most of the times investors lose their money due to wrong selection of equity shares, or bonds. Hence, mutual funds as intermediary provide expertise of portfolio management actively and diversify risk by spreading investments from all investors in various equity shares and debt instruments. This helps investors earn good returns at low risk compared to returns at high risk if investors invest on their own directly in capital market.

Recent trends of mutual funds in India:

Increasing Assets Under Management (AUM): The mutual fund industry in India has been experiencing steady growth in terms of AUM. The total AUM of the industry has been increasing over the years, indicating growing investor participation and inflows into mutual funds.

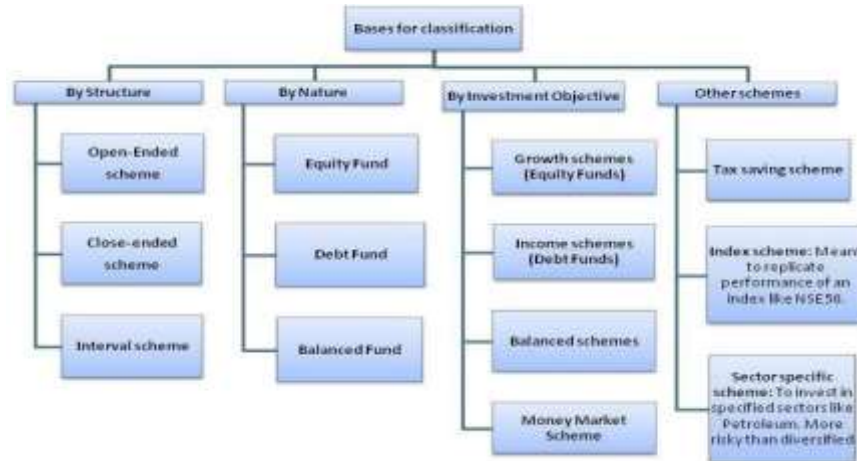
Shift towards Systematic Investment Plans (SIPs):

SIPs have gained significant traction among retail investors in India. SIP allows investors to invest a fixed amount at regular intervals (monthly, quarterly, etc.) rather than making a lump sum investment. This strategy helps in averaging the cost of investment and mitigating market volatility.

Introduction of Direct Plans: In 2013, the Securities and Exchange Board of India (SEBI) introduced direct plans for mutual funds. Direct plans enable investors to invest directly with the fund house, bypassing distributors or brokers. These plans have gained popularity due to lower expense ratios, which can potentially lead to higher returns for investors.

Expansion of Equity Mutual Funds: Equity mutual funds have been a favored investment option for many investors in India. While debt funds and hybrid funds also have their own significance, equity funds have attracted a large portion of investments due to their potential for higher returns over the long term.

Focus on Systematic Withdrawal Plans (SWPs): With the aging population and an increased focus on retirement, there has been a growing focus on SWPs in mutual funds. SWPs allow investors to receive a fixed amount of money at regular intervals, providing a source of regular income post-retirement. The below are the schemes of mutual funds:



REVIEW OF LITERATURE

Raju and Rao (2008) The study indicated that performance of income schemes was much better than that of growth schemes. While comparing performance of schemes with systematic risk measured in terms of beta it was evident that as many as 54 schemes were defensive (including growth schemes). The average diversification was 29.77 percent which implied that sample schemes were not adequately diversified.

Deb (2008) studied return-based style analysis of equity mutual funds in India and analyzed their relative performance with respect to style benchmark. The study was based on 96 schemes belonging two group-ELSS Group(23Schemes) and Growth Group (73Schemes). It covered the period from April 2000 to June 2005. The results revealed that Indian equity fund managers were not able to beat their style benchmark on the average.

Chavali and Jain (2009) in their study analyzed the performance of 16 equity linked savings schemes by using Sharpe ratio, Standard deviation, Beta, Alpha, R-Squared Cluster analysis and multi-Variate analysis. They also studied the awareness level of investors based on survey of 75 salaried class respondents in Delhi. The results revealed all the equity linked saving schemes had different risk and return parameters.

Miglani (2010) in his study examined the growth and development of mutual fund industry in India and evaluated the performance of selected mutual

fund schemes. He also tested the marketing abilities of mutual fund managers. The study was based on mutual fund schemes both from public and private sector covering period from 1 April 1999 to March 31, 2004.

Vijayakumar, Muruganandan and Rao (2004) in their study examined the relationship between fund performance and fund characteristics using 14 open-ended funds of fund from 2004 to 2008. The study found a strong positive relationship between fund performance and fund riskiness proxies by standard deviation of return, fund size and expenses ratio. There was negative relationship between fund performance and turnover ratio.

NEED FOR THE STUDY:

A mutual fund is a strategy where numerous investors pool their funds for a shared financial goal. The money raised is invested in the capital market, and the profit is split among the holders of the various holdings. The UTI Act, which essentially established a modest savings section under the RBI, served as the foundation for the mutual fund business in India. Over a 25-year period, this expanded rather well and provided investors with a good return; as a result, in 1989, public sector banks and financial institutions were permitted to float mutual funds, and their performance emboldened the government to permit the private sector to enter this market. The investor spends a lot of time and effort thinking about which assets to buy, how long to hold them, and what kind of return to expect. Understanding the advantages and disadvantages of mutual funds is crucial to the success of this investigation.

Therefore, there is a need and importance to demonstrate the flexibility of mutual funds by analyzing numerous money market mutual funds provided by SHAREKHAN LIMITED.

SCOPE OF THE STUDY:

Examining SHAREKHAN LIMITED money market mutual funds is the focus of this research.

The study analyzes the performance evaluation of mutual funds at SHAREKHAN.

The reason for this research is to better understand the mutual fund options provided by SHAREKHAN LIMITED.

This research examines the potential gains and losses associated with investing in money market mutual funds.

OBJECTIVES OF THE STUDY:

To understand the recent trends in the MF world in India.

To comprehend the risk and return of the various schemes.

To Examine the values of open, high, low and close of SENSEX and NIFTY

To Examine the spread of SENSEX and NIFTY from 01-04-2023 to 30-04-2023.

RESEARCH METHODOLOGY:

DATA COLLECTION:

Research methodology is a way of explaining how a researcher intends to carry out their

research. It is a logical, systematic plan to resolve a research problem. A methodology details a researcher's approach to the research to ensure reliable.

Primary data:

Primary data is collected from the personal discussions with clients and members of the sharekhan.

Secondary data:

Secondary data is collected from external sources which include information from published material of sharekhan and some other information is collected online. The data sources also include various books, magazines, newspapers, websites.

LIMITATIONS OF THE STUDY:

The study focuses on Mutual Funds

Performance in sharekhan limited only .

The study is conducted in short period 30 days, due to which the study may not be detailed in all aspects.

The findings cannot be generalized as a whole because it needs to be completed in a specific time.

The data taken into account for analysis is very general. Confidential data is ignored as it is highly sensitive. As a result, the information presented in the research report is limited.

DATA ANALYSIS AND INTERPRETATION

STOCKS : BSE

Table no:1. Tabular representation of stocks BSE

Nexus Surgical BSE: 538874 NSE: ISIN: INE370Q01015
Historical Data for the Period : 01-APRIL-2023 to 30-APRIL-2023 on BSE
Period High : 14.75
Period Low : 11.90

Date	Open	High	Low	Close	Volume	- SPREAD -	
						(High-Low)	(Open-Close)
30-04-23	12.36	13.61	12.36	13.6	3179	1.25	-1.24
29-04-23	13.32	13.32	13.01	13.01	1940	0.31	0.31
28-04-23	12.66	13.24	12.66	12.69	644	0.58	-0.03
27-04-23	12.5	13.24	12.5	13.24	1537	0.74	-0.74
26-04-23	13.4	13.4	12.65	12.7	2715	0.75	0.7

04-23	13.32	13.32	12.7	13.31	1995	0.62	0.01
23-04-23	13.35	13.35	12.69	12.69	774	0.66	0.66
21-04-23	13.79	13.79	13.35	13.35	3547	0.44	0.44
20-04-23	14.01	14.01	13.44	13.44	5683	0.57	0.57
19-04-23	12.21	14.75	12.21	14.7	7819	2.54	-2.49
16-04-23	12.2	12.6	11.93	12.6	7351	0.67	-0.4
15-04-23	11.91	12.2	11.91	11.92	1497	0.29	-0.01
14-04-23	12.21	12.21	12.18	12.18	1135	0.03	0.03
13-04-23	12	12.2	11.9	12.19	5613	0.3	-0.19
04-04-23	12.98	12.98	12.2	12.2	5968	0.78	0.78
09-04-23	13	13	12.36	12.36	2918	0.64	0.64
08-04-23	12.89	12.89	12.52	12.75	1436	0.37	0.14
07-04-23	12.9	12.9	12.06	12.89	1538	0.84	0.01
06-04-23	12.88	12.9	12.6	12.9	2877	0.3	-0.02
05-04-23	13	13	12.84	12.84	2784	0.16	0.16

02-04-23	13.3	13.3	13.05	13.05	2938	0.25	0.25
01-04-23	13.04	13.44	13	13	0472	0.44	0.04

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Table no:4.2. Tabular representation of S&P BSE Sensex

S&P BSE Sensex						
Historical Data for the Period: 01-APRIL-2023 to 30-APRIL-2023						
PeriodHigh:63583.07						
PeriodLow:59754.10						
Date	Open	High	Low	Close	-SPREAD-	
					(High-Low)	(Open-Close)
30-04-23	61329.2	61392.7	60743.7	60840.7	648.97	488.42
29-04-23	60628.3	61210.7	60479.1	61133.9	731.59	-505.59
28-04-23	60811.5	61075.3	60713.8	60910.3	361.56	-98.76
27-04-23	60861.4	60986.7	60405.7	60927.4	581.02	-66.02
26-04-23	59755.1	60833.8	59754.1	60566.4	1,079.68	-811.34
23-04-23	60205.6	60546.9	59765.6	59845.3	781.32	360.27
22-04-23	61257.2	61464.4	60637.2	60826.2	827.14	430.95
21-04-23	61993.7	62006.5	60938.4	61067.2	1,068.08	926.47
20-04-23	61608.9	61780.4	61102.7	61702.3	677.69	-93.44
19-04-23	61405.8	61844.9	61265.3	61806.2	579.61	-400.39
16-04-23	61534.2	61893.2	61292.5	61337.8	600.69	196.43
15-04-23	62530.1	62624.8	61715.6	61799	909.2	731.04
14-04-23	62685.9	62835.1	62591.3	62677.9	243.83	8.03

13-04-23	62300.7	62567.9	62129.6	62533.3	438.35	-232.63
12-04-23	61770.6	62239.4	61676.2	62130.6	563.27	-360.01
09-04-23	62690.9	62735.4	61889.1	62181.7	846.31	509.19
08-04-23	62504	62633.6	62320.2	62570.7	313.38	-66.64
07-04-23	62615.5	62760	62316.7	62410.7	443.32	204.84
06-04-23	62395.6	62677.8	62390.1	62626.4	287.77	-230.81
05-04-23	62865.3	62939.6	62507.9	62834.6	431.75	30.68
02-04-23	62978.6	63148.6	62679.6	62868.5	468.96	110.08
01-04-23	63358	63583.1	63183.8	63284.2	399.3	73.8

Table no:4.3. Tabular representation of CNX Nifty

CNX Nifty						
Historical Data for the Period : : 01-APRIL-2023 to 30-APRIL-2023						
Period High : 18887.60						
Period Low : 17774.25						
Date	Open	High	Low	Close	- SPREAD -	
					(High-Low)	(Open-Close)
30-04-23	18259.1	18265.3	18080.3	18105.3	184.95	153.8
29-04-23	18045.7	18239.7	17992.8	18191	236.9	-145.3
28-04-23	18084.8	18173.1	18068.4	18042.5	104.75	-37.75

27-04-23	18089.8	18149.3	17967.5	18132.3	181.8	-42.5
26-04-23	17830.4	18084.1	17774.3	18014.6	309.85	-184.2
23-04-23	17977.7	18050.5	17779.5	17806.8	270.95	170.85
23-04-23	18288.8	18318.8	18068.6	18047.4	250.15	161.45
21-04-23	18435.2	18473.4	18162.8	18199.1	310.6	236.05
20-04-23	18340.3	18404.9	18202.7	18385.3	202.25	-45
19-04-23	18288.1	18431.7	18244.6	18420.5	187.1	-132.35
16-04-23	18319.1	18441	18255.2	18269	185.8	50.1
15-04-23	18614.4	18652.9	18387.7	18414.9	265.2	199.5
14-04-23	18671.3	18696.1	18632.9	18660.3	63.2	10.95
13-04-23	18524.4	18617.3	18490.2	18608	047.05	-83.6
04-04-23	18402.2	18521.6	18345.7	18497.2	175.85	-95
09-04-23	18662.4	18664.7	18410.1	18496.6	254.6	165.8
08-04-23	18570.9	18625	18537	18609.4	88.05	-38.5
07-04-23	18638.9	18668.3	18528.4	18560.5	139.9	78.35
06-04-23	18600.7	18654.9	18577.9	18642.8	77	-42.1
05-04-23	18719.6	18728.6	18591.4	18701.1	137.25	18.5
02-04-23	18752.4	18782	18639.2	18696.1	142.75	56.3
01-04-23	18872	18887.6	18778.2	18804.5	109.4	59.45

Table no:4.4. Tabular representation of Bank Nifty

Bank Nifty						
Historical Data for the Period : : 01-APRIL-2023 to 30-APRIL-2023						
Period High : 44151.80						
Period Low : 41569.45						
Date	Open	High	Low	Close	- SPREAD -	
					(High-Low)	(Open-Close)
30-04-23	43401.7	43423	42833.1	42986.5	589.85	415.25
29-04-23	42684.9	43498.1	42489.8	43252.4	1,008.25	-567.45
28-04-23	42733.6	43035	42694.9	42827.7	340.1	-94.1
27-04-23	42827.8	42927.2	42394.2	42859.5	533.05	-31.75
26-04-23	41716.4	42846.2	41569.5	42630.2	1,276.70	-913.8
23-04-23	41951.4	42326.7	41597.7	41668.1	629	283.3
23-04-23	42864	42933.5	42331.4	42408.8	702.15	455.2
21-04-23	43525.8	43614.7	42363.8	42618	1,250.85	907.8
20-04-23	43152.7	43426.2	42955.4	43359.5	470.8	-206.85
19-04-23	43346.4	43451.5	43110.3	43413.8	341.15	-67.4
16-04-23	43261.8	43598.2	43080.6	43219.5	517.65	42.25
15-04-23	43940.1	44040.6	43379.1	43498.2	741.5	441.9
14-04-23	44078.6	44151.8	43988	44049.1	163.85	29.5
13-04-23	43793.7	43983.8	43767.8	43946.6	216.05	-152.85

04-04-23	43455.9	43767.1	43378.8	43708.8	388.25	-252.9
09-04-23	43765.3	43853.4	43361.7	43633.5	491.7	131.85
08-04-23	43142.3	43640.9	43095.3	43596.9	545.6	-454.6
07-04-23	43157.4	43327.4	42948.5	43098.7	378.9	58.65
06-04-23	43093.9	43306.9	43076.4	43138.6	230.45	-44.65
05-04-23	43269.4	43372.2	42985	43333	387.15	-63.6
02-04-23	42976.7	43131.9	42937.8	43103.8	194.1	-047.05
01-04-23	43504.1	43515.1	43101.9	43260.7	413.2	251.45

FINDINGS

The prices of Nexus Surgical BSE was consolidated, but the price and volume on 19th April was high compared to the other days.

The average for spread(High-Low) and (Open-Close) of Nexus Surgical BSE was found to be 0.615 and 0.01727 respectively.

The price of S&P Sensex has a downside trend till 25th April and from 25th the market was reversed and the market faces upside trend.

The average for spread(High-Low) and (Open-Close) of S&P Sensex was found to be 603.7632 and 54.75318 respectively.

From the CNX Nifty it was analysed the market saw a downside trend till 22nd and appeared a reversed trend from 25th April. The average for spread(High-Low) and (Open-Close) of CNX Nifty was found to be 178.425 and 23.4 respectively.

With reference to Bank Nifty, the market was consolidated around 19th April and there is a little fluctuation from 25th April.

The average for spread (High-Low) and (Open-Close) of BANK Nifty was found to be 536.8318 and 5.461364 respectively.

After the COVID-19 pandemic in March of 2020, 2021 saw a tripling of new Demat account openings. From 551 lakhs in March 2021 to 806 lakhs in December 2021, the number of Demat accounts more than doubled.

SUGGESTIONS

Mutual fund investors who want to achieve their financial goals should adhere to a competent investing strategy.

Understanding how mutual funds function is essential for investors. Before committing capital, investors should investigate a mutual fund's track record.

Investors should check the mutual funds' performance history and evaluate it relative to similar funds.

Investors should prefer mutual funds that give better returns with minimum risk.

Investors should avoid Mutual Funds that charge exit fees at the back-end door.

Investors should prefer to buy the funds with no hidden costs.

CONCLUSION

It is concluded that the sharekhan bets on growth will pay off. The sharekhan - Growth has outperformed its rivals. Management and investor goals in the industry need to be transparent and aligned. Sharekhan is a safe and reliable stockbroker in India. It has a strong parent company, quality services, and variable brokerage rates as per customer requirements. Sharekhan follows all the regulatory guidelines. The mutual fund is structured around a fairly simple concept, the mitigation of risk through the spreading

of investments across multiple entities, which is achieved by the pooling of a number of small investments into a large bucket. Yet, it has been the subject of perhaps the most elaborate and prolonged regulatory effort in the history of the country. The mutual fund industry has grown to gigantic proportions in countries like the USA, in India it is still in the phase of infancy.

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