



AN ANALYTICAL STUDY OF PERFORMANCE OF SELECTED HDFC MUTUAL FUNDS OF INDIA

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ABSTRACT

Mutual funds are key contributors to the globalization of financial markets and one of the main sources of capital flows to emerging economies. Despite their importance in emerging markets, little is known about their investment allocation and strategies. This article provides an overview of mutual fund activity in emerging markets. It describes about their size and their asset allocation. All fund managers are not successful in the formation of the portfolio and so the study also focuses on the empirically testing on the basis of fund manager performance and analysing data at the fund-manager and fund-investor levels. This study is based on to analyses the performance of equity mutual funds of India, to see pattern of performance of HDFC Mutual fund schemes against stock market benchmark and which set of group of equity performing better than others. This study helpful to the investors, researchers and portfolio managements.

KEY WORDS: Net Asset Value (NAV), Asset Under Management (AUM), Equity, Mutual Fund

INTRODUCTION:

Mutual fund is the pool of the money, based on the trust who invests the savings of a number of investors who shares a common financial goal, like the capital appreciation and dividend earning. The money thus collect is then invested in capital market instruments such as shares, debenture, and foreign market. Investors invest money and get the units as per the unit value which we called as NAV (net assets value). Mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in diversified portfolio management, good research team, professionally managed Indian stock as well as the foreign market, the main aim of the fund manager is to taking the scrip that have under value and future will rising, then fund manager sell out the stock. Fund manager concentration on risk – return trade off, where minimize the risk and maximize the return through diversification of the portfolio. The most common features of the mutual fund unit are low cost. The below I mention the how the transactions will done or working with mutual fund.

ORIGIN OF MUTUAL FUND IN INDIA:

The history of mutual funds dates back to 19th century when it was introduced in Europe, in particular, Great Britain. Robert Fleming set up in 1968 the first investment trust called Foreign and Colonial Investment Trust which promised to manage the finances of the moneyed classes of Scotland by spreading the investment over a number of different stocks. This investment trust and other investments trusts which were subsequently set up in Britain and the US, resembled today's close – ended mutual funds. The first mutual in the U.S., Massachusetts investor's Trust, was set up in March 1924. This was the open – ended mutual fund.

The stock market crash in 1929, the Great Depression, and the outbreak of the Second

World War slackened the pace of mutual fund industry, innovations in products and services increased the popularity of mutual funds in the 1990s and 1960s. The first international stock mutual fund was introduced in the U.S. in 1940. In 1976, the first tax – exempt municipal bond funds emerged and in 1979, the first money market mutual funds were created. The latest additions are the international bond fund in 1986 and arm funds in 1990.

This industry witnessed substantial growth in the eighties and nineties when there was a significant increase in the number of mutual funds, schemes, assets, and shareholders. In the US, the mutual fund industry registered a ten – fold growth the eighties. Since 1996, mutual fund assets have exceeded bank deposits. The mutual fund industry and the banking industry virtually rival each other in size.

LITERATURE REVIEW:

Dr. R. Narayanasamy (2013), In India, capital market provide various investment avenues to the investors. The findings of this research study will be help full to investors for their future investment decisions. The mutual \fund guarantees the minimum risks and maximum return to the investor. This study mainly focused on the performance of selected equity large cap mutual fund schemes in terms of risk- return relationship the various statistical tools used for calculated the performance of the selected open ended equity mutual fund schemes.

B. Kishori (2016), This paper analysis the performance of open-ended, growth-

oriented. The different mutual fund schemes analysis their performance through daily NAV of schemes. BSE-Sensex has been used for market portfolio. Results will be useful for investors for taking better investment decisions.

G.S. Batra, (2012), Mutual fund invested in a well-diversified portfolio of different companies. The findings of the study reveal that only three schemes have performed better than benchmark. To study the performance evaluation of selected open ended schemes in terms of risk and return relationship. The importance of risk and return for any investment, this paper analyses risk adjusted returns of mutual funds and also absolute returns. They have attempted to find out if the fund managers have outperformed the benchmark for a given risk class. This reveals that the selection of performance measure is very important in assessing the performance of the mutual fund.

R. Perumal, (2016), Investment decision making towards mutual funds by using Statistical tools and ratio analysis of mutual fund schemes. The objective of this research work is to exploits the use of statistical tools and ratio analysis in terms of financial performance. The research findings are useful to the Mutual Fund Companies in terms of understand their performance among the mutual fund companies in the market.

Burlakanti & Chiruvuori (2013), All These Fund houses have several mutual fund schemes in each segment like equity, debt, gilt and liquid funds. Availability of wide range of equity MF schemes in each AMC, it would be difficult for the investor to choose the best scheme. It is overlook to consider risk and return of each fund to earnings better returns before taking investment decision.

Mane, P. (2016)" in his study A Study of Investors Perception towards Mutual Funds in the City of Aurangabad " with objective To know investor view towards Mutual fund, To know the awareness of mutual fund in Aurangabad people, To know the preference of people for investment" Source : Primary data Sample Size: 30 Tools : Chi Square " Most of the people are hesitant in going for new age investments like mutual funds. People prefer less riskier investment"

Pasalkar, N.V. (2015)", in study "A comparative study of Mutual Fund Investment vs. Equity Investment of Indian Individual Investors" " To compare mutual fund investment with direct equity investment. To study the preferences of individual investors investing in mutual funds. To study the present practices of mutual fund investors." "Source: Primary data Secondary data Sample size: 100 Respondents method: Simple random sampling" " Equity investment is more favored. Proper education is required about mutual funds."

Shukla, S. (2015)" A comparative performance evolution of selected mutual funds " To study the performance of selected mutual funds schemes under different 5 categories To examine the return from the above selected mutual funds" Source: Secondary data Tools: Standard deviation, Beta, Alpha, R squared, Sharpe ratio All the funds are having positive correlation with Nifty. " To know whether the mutual funds are able to provide reward to variability and volatility To identify security market return with fund return for the study period."

Ramanujam, V., Bhuvaneshwari, in his study ,A (2015)" Growth and Performance of Indian Mutual Fund Industry during Past Decade "To analyses Growth of Asset Under Management To analyze the growth of Asset under Management Institution Wise. To examine Sector wise mutual fund sales and mutual fund

redemption. To analyze the Scheme wise resource mobilization by mutual fund To examine the total number of Schemes and Number of folios" Descriptive research Source; Secondary data " Private sector has increased their asset base manifold. The asset under management has shown growth in all the sectors"

Bhutada, M. (2015)", in his study Comparative Analysis of Mutual Fund Schemes available at Kotak Mutual Fund and HDFC Mutual Fund "To study the various schemes available at Kotak Mutual Fund and HDFC Mutual Fund. To analyze and compare the performance of different mutual fund schemes offered by Kotak Mutual Fund and HDFC Mutual Fund. To know the factors that affects on the performance of mutual fund schemes. To find out the best scheme available for investors by comparing their performance. To compare the similar schemes of Kotak Mutual Fund with HDFC Mutual Fund and find out the reasons behind the difference in their performances." "Source: Secondary Data Method: Convenience Sampling. Tools : Standard Deviation, Sharpe Ratio, Beta, R Squared, Alpha" " Election result, Crisis, Inflation, Budget and any such big events (factors) affect on the Performance of Mutual Fund Schemes. Risk taken by different schemes, Alpha & Beta ratio and portfolio are the major reasons. Behind the difference in performance of both Mutual Fund Schemes."

RESEARCH OBJECTIVE:

1. To analyse the performance of the selected HDFC mutual fund schemes
2. To study the relation between Benchmark index and HDFC mutual fund's performance

Sample Size:

1. HDFC Capital Builder Value Fund
2. HDFC Equity Fund
3. HDFC Balanced Advantage Fund
4. HDFC Hybrid Equity Fund
5. HDFC Top 100 Fund

Time Period:

Last 10 years of data has been analysed, HDFC mutual funds' NAV data from 2009-10 to 2018-19 has been taken under this study.

DATA ANALYSIS:

Table 1: HDFC Mutual Fund Performance

Mutual Fund Name	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Nifty 50	15.58	-23.08	27.77	6.19	31.09	-4.43	4.13	28.65	2.12	11.58
HDFC Capital Builder Value Fund	28.44	-23.64	28.41	10.36	51.96	4.62	3.83	42.31	-5.47	-7.02
HDFC Equity Fund	29.22	-26.72	34.14	3.82	53.77	-5.09	7.26	36.86	-3.53	-0.74
HDFC Balanced Advantage Fund	27.71	-21.25	27.83	-1.40	42.86	-0.37	6.59	35.42	-0.78	0.20
HDFC Hybrid Equity Fund	23.76	-22.59	19.50	-0.10	52.08	-1.22	0.16	35.10	-11.58	0.93
HDFC Top 100 Fund	25.05	-24.30	32.44	4.05	46.52	-6.09	8.52	31.97	0.13	-0.02

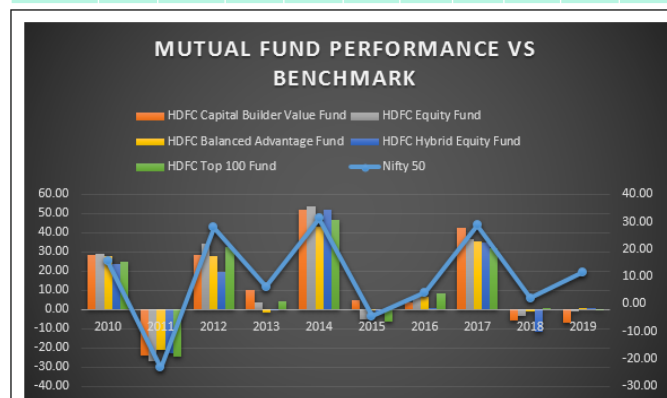


Figure 1: HDFC Mutual Fund Performance

Table 2: Average of HDFC Mutual Fund Performance

Mutual Fund Name	Average	Average First 5 Years	Latest 5 Years Average
Nifty 50	9.96	11.51	8.41
HDFC Capital Builder Value Fund	13.38	19.11	7.65
HDFC Equity Fund	12.90	18.85	6.95
HDFC Balanced Advantage Fund	11.68	15.15	8.21
HDFC Hybrid Equity Fund	9.60	14.53	4.68
HDFC Top 100 Fund	11.83	16.75	6.90

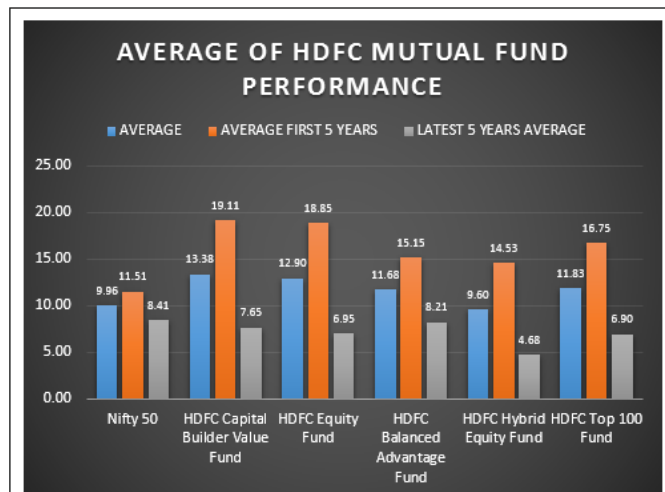


Figure 2: Average of HDFC Mutual Fund Performance

CONCLUSION:

Based on the HDFC mutual fund performance and average of HDFC mutual fund performance tables it can be concluded that except HDFC Hybrid Equity Fund all five HDFC mutual fund schemes performed better than the benchmark CNX Nifty 50 throughout last ten years of study period.

- It is also shown that average performance of HDFC mutual fund schemes in early stage of five years was tremendous better than the benchmark CNX Nifty 50 while average performance of HDFC mutual fund schemes in latest stage of five years was underrated than the benchmark CNX Nifty 50
- During year 2014 HDFC mutual fund schemes performed better than any other years taken under study while 2011 is the weakest year amongst ten years taken under study for performance of HDFC mutual fund schemes.
- Negative return of HDFC mutual fund schemes can be observed during years 2011, 2015, 2018 and 2019 while positive return of HDFC mutual fund schemes can be observed during years 2010, 2012, 2013, 2014, 2016 and 2017
- It is also seen that performance of benchmark CNX Nifty 50 is somewhat impact on the return of HDFC mutual fund schemes taken under study throughout last ten years of study period.
- Amongst five selected HDFC mutual fund schemes HDFC Capital Builder Value Fund, HDFC Equity Fund, HDFC Balanced Advantage Fund and HDFC Top 100 Fund performed better than the benchmark CNX Nifty 50.
- HDFC Capital Builder Value Fund stood number one position amongst all five selected HDFC mutual fund schemes with on an average 13.38 highest return followed by HDFC Equity Fund while HDFC Hybrid Equity Fund stood at last position with on an average return of 9.60.

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