



RESEARCH ARTICLE

PERFORMANCE OF SELECTED PRIVATE SECTOR MUTUAL FUNDS

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ABSTRACT

The performance evaluation of private sector mutual funds is carried out through risk-return analysis, Treynor's ratio, Sharpe's ratio & Jensen's measures. The data used in the study is daily closing NAV's for the period of 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2017. This paper consists of three private sponsored mutual funds schemes. The result of performance evaluation suggest that out of three schemes namely DSP black rock, Reliance focus large cap fund & Kotak select focus fund and among these KOTAK select focus fund is the best performer.

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INTRODUCTION

Mutual fund industry today is one of the most attractive investment avenues in India. Mutual fund is a good investment option for the medium and small investors who have limited resources and do not have professional knowledge about stock market and other investment opportunities. Mutual funds are the significant financial intermediary collecting funds mainly from small investors and investing them in financial market securities. A mutual fund is an investment company or trust that pools the resources of thousands of its shareholders or unit holders and invest it on behalf of these diversified securities and a cross section of companies to attain the objectives of the investors, which in turn achieve income or growth or both i.e. steady return or capital appreciation or both along with low risk. Thus, mutual funds offer several benefits to the investors like diversification, professional management, tax benefits, transparency, liquidity, flexibility, choice of schemes and low cost etc. In India the mutual funds industry has been pioneered with the enactment of unit trust of India act 1963, which started its operations in 1964. The encouraging trend has been observed since then. Mutual funds, in India, are being regulated by Securities and Exchange Board of India (SEBI) and the apex bank in the country i.e. Reserve Bank of India (RBI). According to Department of Public Enterprises (DPE), the mutual-funds registered with and regulated by SEBI, where the Government, its financial institutions and public sector

banks holds/hold individually or collectively more than 50percent of equity in the Asset Management Company of that mutual funds, is known as Public Sector Mutual Funds. On the contrary the Asset Management Company (AMC), who's more than 50percent of equity paid-up capital is being held by private companies or private sector business houses, is known as Private Sector Mutual Funds.

**Objective:** To evaluate the performance of private sector mutual schemes.

Hypothesis

- H<sub>0</sub>. There is no significant difference in the performance of private sector mutual fund schemes.
- H<sub>1</sub>. There is significant difference in the performance of private sector mutual fund schemes.

Data

Table 1. List of mutual fund schemes

1.Dsp blackrock equity fund
2.Reliance focus large cap fund
3.Kotak select focus fund

Table 2. Average return of given schemes

Name	RETURN (%)
Dsp blackrock equity fund(g)	24
Reliance focus large cap fund(g)	18
Kotak select focus fund (g)	28

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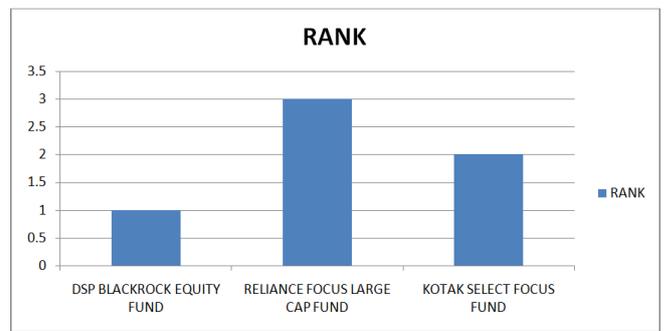
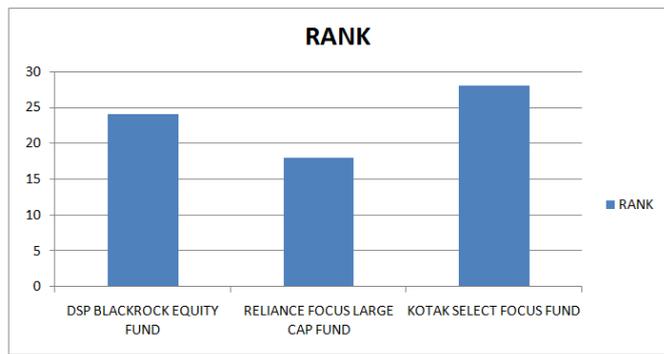


Table 2 shows the average return earned by the various schemes. The result shows that the highest return is given by KOTAK SELECT FOCUS FUND(G).

Table 4 shows the beta value of selected mutual fund schemes. Beta is a measure of systematic risk. It can be seen that 1 out of 3 mutual fund scheme implying that they are less risky than benchmark-nifty portfolio and lowest beta value is given by Reliance focus large cap fund (G).

Table 3. Standard deviation of given schemes

Name	(σ)
Dsp blackrock equity fund(g)	7
Reliance focus large cap fund(g)	4
Kotak select focus fund (g)	6

Table 5. Coefficient of variation of given schemes

Name	Covariance
Dsp blackrock equity fund(g)	0.28
Reliance focus large cap fund(g)	0.23
Kotak select focus fund (g)	0.20

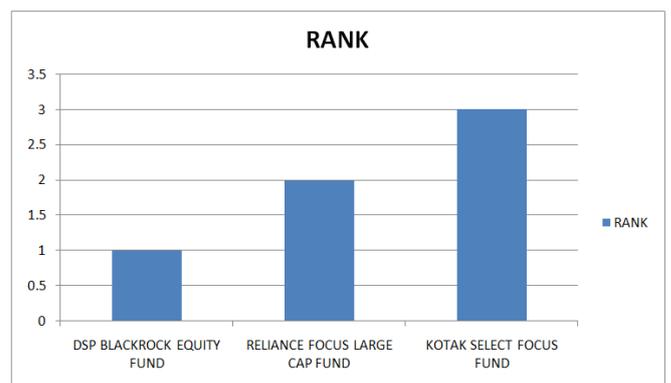
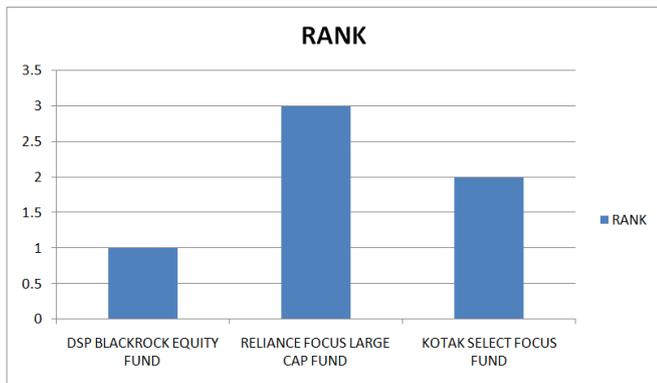


Table 3 gives the standard deviation of the selected mutual fund schemes which is a measure of total risk. Higher is the value of standard deviation higher is the risk being carried out by the particular mutual fund scheme. The results show that the RELIANCE FOCUS LARGE CAP(G) scheme has the minimum value of standard deviation. So it can be concluded that it is the least risky scheme of mutual fund against the benchmark-nifty.

Coefficient of variation is greater is said to be more variable or less consistent, whereas it is less is said to be less variable or more consistent. Hence, in above table the least value of coefficient of variation is KOTAK select focus fund (G) which means it is more consistent than other given schemes.

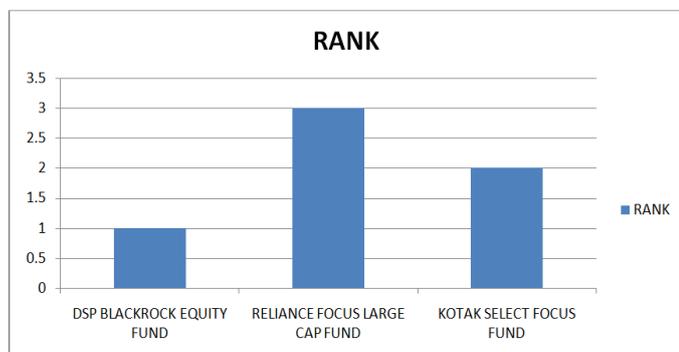


Table 6. Sharpe's value of selected schemes

Name	Sharpe's value
Dsp blackrock equity fund(g)	2.49
Reliance focus large cap fund(g)	2.58
Kotak select focus fund (g)	3.66

Table 4. Beta value of given schemes

Name	Beta(β)
Dsp blackrock equity fund(g)	1.58188
Reliance focus large cap fund(g)	1.26045
Kotak select focus fund (g)	1.4365

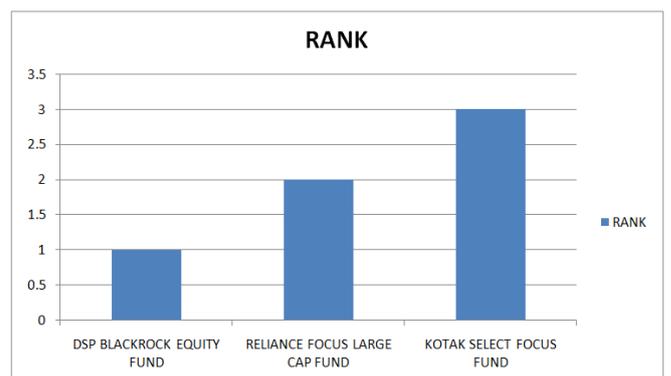


Table 6 shows the Sharpe's value. It is a measure of reward to volatility ratio. It gives the excess return over risk free return with respect to the total risk of a portfolio. The results shows that KOTAK select focus fund(G) is the best among all as it is having the highest positive value implying that it has given the excess return over risk free return.

**Table 7. Treynor's value of selected schemes**

Name	Treynor's value
Dsp blackrock equity fund(g)	0.10793
Reliance focus large cap fund(g)	0.08558
Kotak select focus fund (g)	0.14275

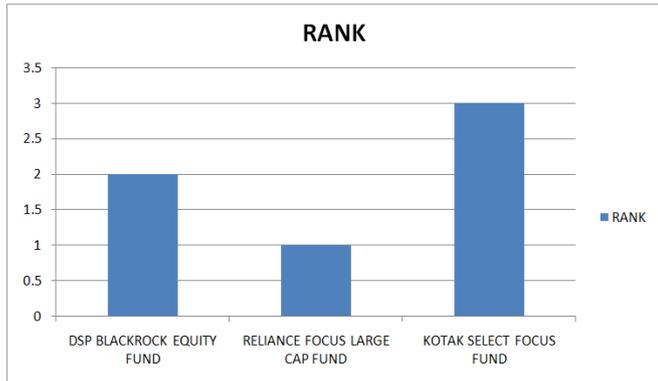


Table 7 shows the Treynor's value. It gives the excess return over risk free return with respect to the systematic risk of a portfolio. The results shows that KOTAK SELECT FOCUS FUND(G) is the best among all as it is having the highest positive value implying that it has given the excess return over risk free return.

**Table 8. Jensen's value of selected schemes**

Name	Jensen's value
Dsp blackrock equity fund(g)	0.09
Reliance focus large cap fund(g)	0.04
Kotak select focus fund (g)	0.13

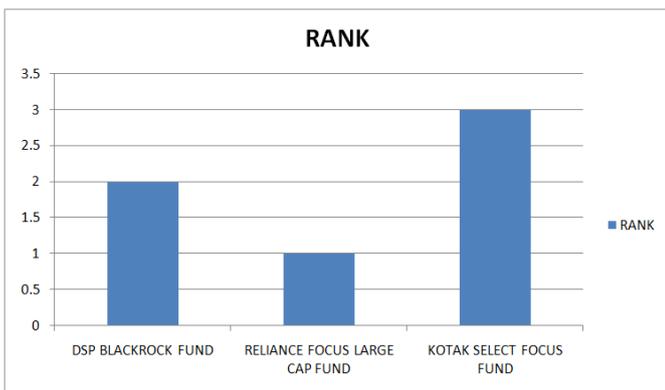


Table 8 shows the Jensen's value. Higher value of the Jensen measure means better performance of the mutual fund scheme. The results shows that KOTAK SELECT FOCUS FUND(G) is the best among all as it is having the highest positive value implying that it has given the excess return over risk free return.

**Summary and Conclusion**

The present study is an attempt to analyze the performance of a few selected private sector Growth schemes on the basis of their NAVs and returns recorded for the period of three years starting from 1<sup>st</sup> April 2014 up to 31<sup>st</sup> March 2017. The evidences have clearly revealed the following:

1. KOTAK SELECT FOCUS FUND(G) has performed better in among selected mutual fund schemes.
2. All private mutual fund schemes have significant different results.
3. Null hypothesis is rejected.

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