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A COMPARATIVE ANALYSIS OF MUTUAL FUNDS AT DOHA BROKING FINANCIAL SERVICES, VIJAYAWADA

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Abstract

A mutual fund is a special type of investment institution which acts as an investment conduit. It pools the savings particularly of small investor and invests them in a well-diversified portfolio of sound investment mutual funds have emerged as an important segment of financial in India. Due to liberalisation, privatisation and globalization these is a severe completion among various National and International funds. The present study aims to analyze the performance Five Top performed mutual funds and Rank them according to their performance.

Keywords: *Mutual Funds, NAV, Portfolio, Fund Managers.*

MEANING OF MUTUAL FUNDS

A 'Mutual Fund' is an investment vehicle for investors who pool their savings for investing in diversified portfolio of securities with the aim of attractive yields and appreciation in their value. As per Mutual Fund Book, published by Investment Company Institute of the U.S., "A Mutual Fund is a financial service organization that receives money from shareholders, invests it, earns returns on it, attempts to make it grow and agrees to pay the shareholder cash on demand for the current value of his investment". The investment managers of the funds manage these savings in such a way that the risk is minimized and steady return is ensured.

Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 define 'mutual funds' as "a fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities, including money market instruments".

CONCEPT OF MUTUAL FUNDS

The formal origin of mutual funds can be traced to **Belgium** where **Society Generale de Belgium**, established in **1822** as an investment company to finance investments in national industries with high associated risks. In England, the **Foreign and Colonial Government Trust** was established in 1868 to spread risks for investors over a large number of securities. The concept of mutual funds spread to U.S.A. in the beginning of the 20th century and three investment companies were started in 1924. The Post World War-II period gave an impetus to mutual funds culture in U.S.A. when more and more people invested in mutual funds. Since then, the concept of mutual funds has been growing all around the world.
The terms like Investment Company, Money Funds, Investment Trust and Mutual Fund are used interchangeably and used to describe same thing in American literature. The term 'mutual fund' has not been explained in British literature but it is considered as synonym of investment trust of U.S.A.

TYPES OF MUTUAL FUNDS

There are a number of mutual funds to suit the needs and preferences of investors. The choice of the fund is linked to the demand of the investor.

A. According to Ownership
B. According to the Scheme of Operation
C. According to Portfolio
D. According to Location
E. Others.

A. According to Ownership

According to ownership, mutual funds in India may be classified as (i) Public Sector Mutual Funds and (ii) Private Sector Mutual Funds.

1. **Public Sector Mutual Funds.**
   Unit Trust of India (UTI) has been functioning in the arena of Mutual –Fund- business in India since 1963-64. However, it was only after 23 years.
2. **Private Sector Mutual Funds.**
   Seeing the success and growth of Mutual Funds in the Indian capital market, the Government of India allowed the private sector corporate to join the Mutual Fund Industry on February 14, 1992. Since then, a number of private sector companies have approached SEBI for permission to set up private mutual funds

B. According to Scheme of Operation

The most important classification of mutual funds is on the basis of the scheme of their operations as all types of mutual funds fall under this classification. According to the scheme of operations, the mutual funds could be divided into three categories, i.e. open ended funds, close ended funds and the interval funds.

i) **Open-Ended Schemes/Funds.**
Open ended scheme means a scheme of mutual funds which offers units for sale without specifying any duration for redemption. These schemes do not have a fixed maturity and entry to the fund is always open to investors who can subscribe it at any time. Similarly, the investors have an option to get their holdings redeemed at any time. The fund redeems or repurchases the units/shares at periodically announced rates. These repurchase rates are based upon the **net current assets value** of the fund. Thus, open ended funds provide better liquidity to the investors.

ii) **Close-Ended Schemes/Funds.**
A close-ended scheme means any scheme of mutual fund in which the period of maturity of the scheme is specified. Unlike open-ended funds, the corpus of close-ended scheme is fixed and an investor can subscribe directly to the scheme only at the time of initial issue. After the initial issue is closed.

iii) **Interval Schemes/Funds.**
An interval scheme is a scheme of mutual fund which is kept open for a specific interval and after that it operates as a close scheme.

C. According to Portfolio

Mutual Funds can also be classified according to portfolio or the objectives of the fund. Some of these funds are discussed as follows.

i) **Income Funds:**
These funds aim at providing maximum current return/income to the investors. The investments are made in stocks yielding higher returns and capital appreciation is of small importance.

ii) Growth Funds.

These funds aim at providing capital appreciation in the value of investment. Such funds invest in growth oriented securities have a potential to appreciate in long run.

iii) Balance or Conservative Funds.

Balanced funds spend both on common stock and preferred stock.

iv) Stock/Equity Fund.

These funds mainly invest in shares of the companies. The investments may vary from 'blue chip' companies to newly established companies.

v) Bond Funds.

These funds employee their resources in bonds. These investments ensure fixed and regular income. Sometimes bonds are available in the market at lower than face value.

vi) Specialized Funds.

These funds invest in a particular type of securities. The funds may specialize in securities of companies dealing in a particular product.

vii) Leverage Funds.

The primary aim of leverage funds is to maximize capital appreciation. These funds may use even borrowed funds for buying speculative stock which ensures a profit in the future.

D. According to Location

Mutual fund can also be classified on the basis of location from where they mobilize funds, as:

i) Domestic Funds:

These are the funds which mobilize savings of people within the country where investments are made. Domestic funds can further be sub-divided on the basis of scheme of operation or portfolio as discussed in the earlier pages.

ii) Off-shore Funds:

Off-shore mutual funds are those which raise or mobilize funds in countries other than where investments are to be made. These funds attract foreign savings for investment in India.

E. Other Types of Mutual Funds

In addition to the above mentioned mutual funds, there can be some other types of mutual funds also, **'Loan Funds'** and **'Non-Loan Funds'** based upon the expenses/fees to be charged: **'Hub and spoke funds'** which are basically fund of funds, etc.

OBJECTIVES OF THE STUDY

1. To study and Evaluate open-ended equity growth schemes of 5 mutual funds.
2. To analyze and rank these 5 Mutual Funds.
3. To give an idea and guide investors to take investment decisions.

SCOPE OF THE STUDY

The data that is considered for the comparative analysis of various mutual funds returns of open ended equity growth funds are for a short period (31-03-2016 to 31-03-2019) and performance during the period may not be same in future. The Five mutual funds are

1. HDFC Equity fund
2. Reliance Growth Fund
3. Fedility open ended equity growth fund

4. Franklin Templeton Blue chip fund.
5. ICICI Prudential Dynamic growth fund.

HDFC EQUITY FUND GROWTH OPTION

NAV_{+-1}	NAV_{1-}	$D_1(NAV_1\text{-}NAV_{1--1}$	Growth
211.262	300.516	89.254	29.70%

HDFC has generated close to 29.70% growth in five years. This equity mutual fund may generate decants returns in long term than other

RELIANCE GROWTH FUND

NAV_{+-1}	NAV_{1-}	$D_1(NAV_1\text{-}NAV_{1--1}$	Growth
393.198	518.457	125.25	24.15%

Reliance Growth fund has generated 24.15% growth in 5 years. NAV of Reliance Growth fund is in increasing trend

FEDILITY OPEN-ENDED EQUITY GROWTH FUND

NAV_{+-1}	NAV_{1-}	$D_1(NAV_1\text{-}NAV_{1--1}$	Growth
28.043	38.274	10.231	26.73%

FRANKLIN TEMPLETON BLUE –CHIP FUND

NAV_{+-1}	NAV_{1-}	$D_1(NAV_1\text{-}NAV_{1--1}$	Growth
174.805	228.409	53.604	23.46%

ICICI PRUDENTIAL DYNAMIC GROWTH FUND

NAV_{+-1}	NAV_{1-}	$D_1(NAV_1\text{-}NAV_{1--1}$	Growth
180.574	226.904	46.33	20.14%

RANKING

NAME OF THE FUND	RETURN	RANK
HDFC Equity Fund	29.70%	1
Reliance Growth Fund	24.15%	3
Fedility Equity	26.73%	2
Franklin Templeton Blue Chip Fund	23.46%	4
ICICI Prudential Dynamic Fund	20.41%	5

MAJOR FINDINGS & SUGGESTIONS

- Franklin Templeton returns are less but more risk free fund than other
- HDFC Equity fund generated more returns than other funds.
- Reliance returns was under performed but less risk.
- ICICI Dynamic fund was under performed.
- Fedility fund is second best performed after HDFC
- All the funds performed above bench mark in the study.
- These 5 funds chosen for the study are top performers in the mutual fund market.
- The equity funds not able to provide, steady and assumed returns in short term but capital appreciation in longer term.
- Investors who seek long term returns are advised to opt HDFC mutual funds.

CONCLUSION

Mutual Fund is the most suitable investment mode for the common man as it offers an opportunity to invest in a diversified, Professionals managed portfolio at a relatively low cost. Safety of funds and positive rate of return over inflation are the basic two needs of traditional investor. Mutual Fund is well equipped to cater to these basic desirer of investors but investors who have less risk taking capabilities, the balanced fund is suitable are than equity fund.

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