

A COMPARATIVE ANALYSIS OF THE PERFORMANCE OF SELECTED MID-CAP MUTUAL FUNDS

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ABSTRACTION

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 tried to understand the performance of selected mid cap mutual funds in India. For the study purpose 4 mid 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 average return, standard deviation, beta, alpha, Sharpe ratio, Jensen ratio and Treynor ratio.

1. INTRODUCTION

A mutual fund is a financial vehicle of investing money in the security market, a mutual fund is pulling the small saving in the large investment with the help of Assets Management Company. There is a different kind of mutual fund in India which defines according to the nature of fund investment. Mutual fund type is equity, balanced, debt, fund of fund, index fund, money market fund, an exchange-traded fund. A mutual fund is also defined by the market capitalization of companies like large cap, medium cap, and small-cap. Investment of funds depends on fund Manager. A mutual fund is a diversified investment risk by the allocation of funds in different securities.

A mutual fund is handling or operated by a qualified fund manager. And he is allocating funds in the mutual fund according to the requirement of return on investment. There are many types of investment schemes in the mutual fund like open-ended, close-ended It's the best way for the individuals to gain/get exposure to a diversified portfolio without a need for the detailed study/research or the large amounts of capital.

Mutual funds and their nature are differentiated. Since their assets are spread throughout a wide variety of a securities and also other mutual funds along with a wide range of objectives and potential steps to growth, and your turn to investing in a diversified collection will be increases.

2. METHODOLOGY

STATEMENT OF THE PROBLEM

The study's focus will be on “A Comparative Analysis of the Performance of Selected Mid-Cap Mutual Funds.”.

In a comparative market there are multiple mutual funds working in the Indian market. It is necessary to know mutual fund as the performance of the mutual fund decides the future of Mutual Fund Company. In my study I have Compared 4 AMC's with each other and in which AMC performance is better than the other AMC's.

NEED FOR THE STUDY

- To identify more about the working of mutual and their diversification.
- To know what amount of risk is associated with each fund.

LIMITATION

- The study concentration is only on above mentioned Mutual funds.
- The results, which are the findings of this paper, may no longer be precise in the future.
- The study, limited to historical data, may constrain the depth of analysis for long-term performance trends.

OBJECTIVES OF THE STUDY

- To compare the performance of selected Mutual Funds in India.
- To use various statistical parameters for determining the degree of overall risk and return in all the selected Mutual Fund.
- To assess the difference in the performance of the selected Mutual Funds.
- To analyze the growth and progress of Mutual Funds.

SCOPE OF THE STUDY

- This research contains only four mutual funds those which are initiated by several mutual fund firms.
- And analyzing their performance over a five year period from 2018 to 2023.
- Identifying the potential risk would not affect the performance in the future.

3. LITERATURE REVIEW

Dr. Mansi Kukreja, Vedant Saxena and T Veda Mounika, 2023: Conducted research on “A Comparative Analysis of Private and Public Mutual Funds”. This paper presents a comprehensive comparative analysis of private and public mutual funds in terms of their performance. The study aims to evaluate the risk-adjusted returns, expense ratios, fund size, asset allocation, and other relevant factors of both private and public mutual funds to determine which type of fund offers better performance.

V. Prabakaran, P. Smitha, P.V. Saravanan and K.C. Mini Mathew, December 2023: Conducted research on “A Comparison of Performance of Selected Open-Ended Equity and Debt Mutual Fund Schemes”. Evaluate the open-ended schemes performance concerning equity and debt in mutual funds. The sample contains 10 schemes chosen from ten of the BSE 30 corporate schemes from January 2018 to December 2022.

Aroon Raj Jesrani, 2023: Conducted research on “A Comparative Study of the Selected Hybrid Mutual Fund Scheme in India”. This study focused on a comparative analysis of selected aggressive hybrid and conservative hybrid mutual fund schemes in Indian mutual fund market, covering the period from January 2020 to December 2023. The study aims to evaluate the performance of these mutual funds schemes and compare their risk and return components.

4. RESEARCH METHODOLOGY

1. Sample Size:

For this study 4 AMCs have been selected (Mid-Cap Funds)

- a. SBI Mutual Fund
- b. HDFC Mutual Fund
- c. ICICI Prudential Mutual Fund
- d. Nippon India Mutual Fund

2. Sources of data collection:

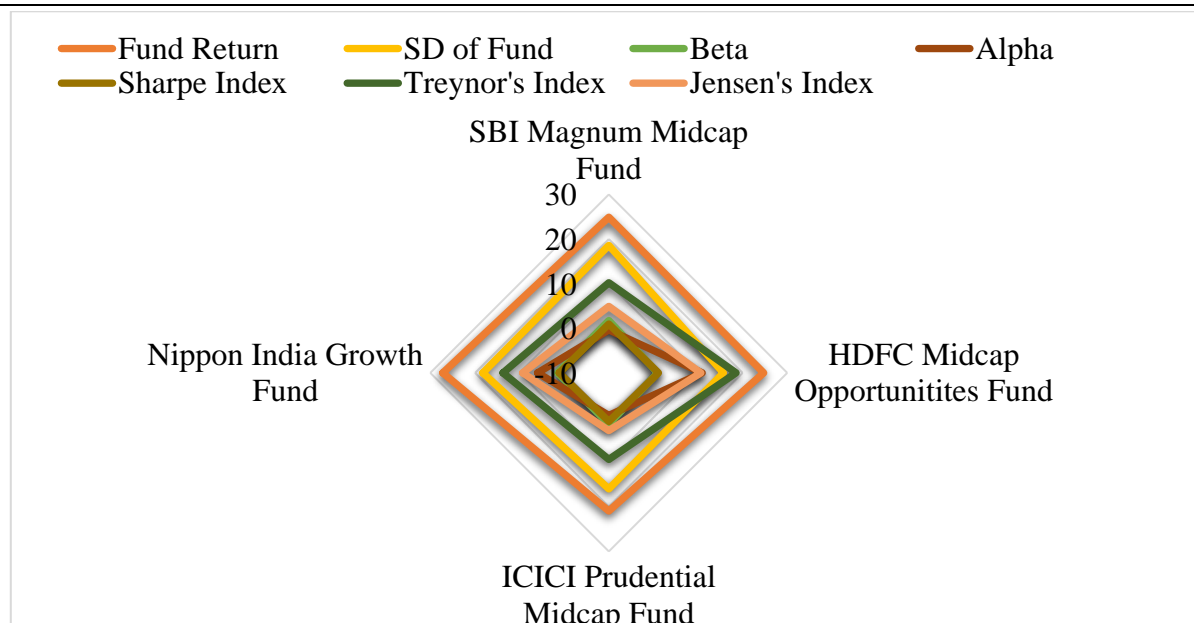
The study consider the period of 5 years from 2018 to 2023.

Secondary data has been used for this research, collected from various research papers and online sources like NSE, BSE, Money control, ET Money, The Economic Times and Value research etc.

5. DATA ANALYSIS AND INTERPRETATION

Table.1 showing the value/rate of the selected Mutual Fund schemes with the values of several tools used in the analysis.

TOOLS	SBI Magnum Mid-Cap Fund	HDFC Mid-Cap Opportunities Fund	ICICI Prudential Mid-Cap Fund	Nippon India Growth Fund
Market Return	14.41	14.41	14.41	14.41
Fund Return	24.90	24.72	20.95	27.20
SD Of Market	8.09	8.09	8.09	8.09
SD Of Fund	18.59	15.70	15.996	18.21
Beta	1.7529	0.9559	1.48688	1.4738
Alpha	- 0.3668	10.942	- 0.4789	5.96
Sharpe Index	0.96	1.128	0.872	1.109
Treynors Index	10.21	18.54	9.38	13.71
Jensen's Index	4.911	10.637	2.932	9.279



Graph.1 representing the value/rate of the selected Mutual Fund schemes with the values of several tools used in the analysis.

After the analysis, it clearly shows the Nippon India growth fund yields the high fund returns associated to other funds, with the average returns of 27.2% but the ICICI Prudential midcap fund has least return compare to other 3 selected funds that is 20.95%.

From the above graph, it is clear that the SBI Magnum midcap fund has highest standard deviation of 18.59 (high risk) and the lowest standard deviation compared to other selected funds is HDFC midcap opportunities fund 15.7.

On or after analysis, it shows the SBI Magnum midcap fund has maximum beta of 1.7529 which implies more volatility in nature and the HDFC midcap fund has less than 1 beta value that is 0.9559 which states less volatility in nature.

It is clear that the growth of the individual funds, the HDFC midcap opportunities fund having grater return of 10.942, the investment outperformed after adjusting volatility. However, the ICICI prudential midcap fund – 0.4789 and the SBI Mangnum midcap fund – 0.3668 both have negative values (less growth).

The above graph shows that the Sharpe ratio, HDFC midcap opportunities fund and Nippon India growth fund has the highest Sharpe measure of 1.128 & 1.109 respectively, indicates that investors find the good to be acceptable. But ICICI prudential midcap fund and SBI Magnum midcap fund has less than 1.

Above graph shows it is clear that all 4 funds having good ratios means above 1 but the HDFC midcap opportunities fund has 18.54 means better risk adjusted returns in Treynor Measure.

The HDFC midcap opportunities fund has high rank of 10.637 compared to other selected mutual funds in Jensen's Measure.

6. SUGGESTIONS

The current analysis offers a clear picture of the risk and return/reward associated with each fund, assisting investors in selecting the most diversified “Mutual funds.” The research assists investors in choosing the finest mutual funds based on their tolerance for risk. Some suggestions I can make for investors considering mutual fund investments are listed below.

- The analysis recommends the **SBI Magnum Mid-Cap Fund**, which yielded 50.51% returns in 2021, and the **Nippon India Growth Fund**, which yields 50.40% returns in 2023, for investors who are ambitious and willing to take risks.

For those investors who don't mind taking small risks. Given that the fund's beta is lesser than 1, the **HDFC Mid-Cap Opportunities Fund** is the superior choice.

Anyone considering investing in mutual funds should research the real workings of the sector. Because the funds are different from one another, the investor must select the fund based on his tolerance for risk.

7. CONCLUSION

Investments have both pros and cons. Meanwhile, one has no idea what will happen to the funds. Mutual funds offer them more advantage to make them the most active, profitable investors by investing money in various financial instruments. Find the grammar mistake and make the correct sentence.

The 'Mutual fund Industry' is a useful tool for people who lack the time to perform technical or market analysis because the fund management team will allocate funds to create a profitable portfolio that will increase returns for retail investors. From December 2018 to December 2023, the risk, reward/return of four mutual funds are examined in this study. The analysis of funds is executed using different statistical tools. The Standard Deviation, Beta, Alpha, Sharpe, Treynors, and Jensen measure are the foundations for evaluating the past performance of the chosen system assets.

The Nippon India Growth Fund and SBI Magnum Mid-Cap Fund are recommended for investors willing to take risks, as they have shown high returns (50.40% and 50.51% respectively) despite the SBI Magnum Mid-Cap Fund being associated with higher risk.

8. REFERENCE

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