A STUDY ON COMPARATIVE ANALYSIS OF MUTUAL FUNDS AT KOTAK MAHINDRA BANK LIMITED

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I. ABSTRACT

Generally, when an investor decides to study an investment options readily available in today's confusing, complex and risky environment, he thoroughly evaluates all the investment options. While evaluating such multiple options, he naturally considered several factors like past performance of the options under study, risks adjusted returns from the invested plan, share in the portfolio policy, fund house, black returns i.e. percentage of interest/ dividends and consistent rate of returns on investment, to mention a few. In the word of Warrant Buffett, "Risk comes from not knowing what you are doing". If at all, an investor decides to follow all these options for his investment, quite strictly, preferable he would come to a rational conclusion of an option of mutual funds.

II. STATEMENT OF THE PROBLEM

Mutual Funds do not provide assured returns. The returns are linked to the performance. The invest in shares, debentures and deposits. All these investments involve an element of risk. The value of funds may vary depending upon the asset management companies. Apart from this, this study mainly focuses on the performance analysis of selected mutual funds for five years

III. INTRODUCTION

Mutual fund indicates the fund where in numerous investors come together to invest in various schemes of mutual fund. Mutual funds are dynamic institution, which plays a crucial role in an economy by mobilizing savings and investing them in the capital market, thus establishing a link between savings and the capital market. A mutual fund is an institution that invests the pooled funds of public to create a diversified portfolio of securities. Pooling is the key to mutual fund investing. Each mutual fund has a specific investment objective and tries to meet that objective through active portfolio management. Mutual fund as an investment company combines or collects money of its shareholders and invests those funds in variety of stocks, bonds, and money market instruments. The latter include securities, commercial papers, certificates of deposits, etc.

Mutual funds provide the investor with professional management of funds and diversification of investment. Investors who invest in mutual funds are provided with units to participate in stock markets. These units are investment vehicle that provide a means of participation in the stock market for people who neither have time nor the money nor perhaps the expertise to undertake the direct investment in equities. On the other hand they also provide a route into specialist markets where direct investment often demands both more time and more knowledge than an investor may possess. The price of units in any mutual fund is governed by the value of underlying securities. The value of an investor's holding in a unit can therefore, like an investment in share, can go down as well as up. Hence it is said that mutual funds are subjected to market risk. Mutual fund cannot guarantee a fixed rate of return. If the particular scheme is performing well then more return can be expected.

IV. NEED OF THE STUDY:

Mutual Fund being an institutional investment agency is treated as a suitable vehicle specifically for small investors, who normally feel shy of the capital market and are unable to predict its conditions. Through different schemes, mutual funds can provide expert advice and portfolio management by reducing unsystematic risk while offering good returns it is essential to understand the performance of the mutual funds for the investor to invest. The mutual fund is an important financial institution if it performs in an efficient way then a large number of investor can be attracted toward these funds. In India household sector's savings is the largest among all the sectors. And mutual funds are considered to be the best investment for small investors.

V. OBJECTIVE OF THE STUDY:

- To study the various mutual fund schemes offered by KOTAK MAHINDRA BANK LIMITED so that performance of each fund can be analyzed.
- To evaluate the financial performance of selected major schemes of different companies, so as to suggest the best to investors.
- To study the performance of mutual funds using Sharpe Ratio to depict risk-return analysis.
- To find which investment option proves to be better.
- To compare the relation between Mutual funds andKOTAK MAHINDRA BANK LIMITED.

VI. SCOPE OF THE STUDY:

The scope of a comparative analysis of mutual funds is broad and encompasses various aspects that are relevant to investors. Here are some key areas within the scope of such an analysis:

- Investment Strategy: Comparative analysis should explore and explain the investment strategies followed by each mutual fund. This includes examining factors such as asset allocation, sector focus, geographic diversification, and the fund manager's approach. Understanding the investment strategy helps investors determine if it aligns with their investment goals and preferences.
- Fund Characteristics: The analysis should cover various fund characteristics, including fund size, fund manager tenure, turnover ratio, and historical changes in the fund's portfolio. These factors provide insights into the stability, experience, and consistency of the fund management team.

VII. RESEARCH METHODOLOGY: The research has been performed using

Research methodology helps in identifying the problem, collecting and analysing the required information or data and providing an alternative solution to the problem. It also helps in collecting the vital information that is required to assist in better decision making.

Data Sources:-The data is collected from:

1. **Primary Source**-It is collected by interacting with the employees of KOTAK MAHINDRA BANK LIMITED.
2. **Secondary Source-**Secondary data is collected from

- Website
- KOTAK MAHINDRA BANK LIMITED Journals
- Security Analysis
- Brochures

Sample Size :- The Sample Data is considered for 5 years.

Statistical Tools & Techniques for Data analysis

To analyse the information (or) data collected form Branch Manager and various financial Statements the following tools are used:

1. Percentages
2. Averages
3. Range
4. Bar Chart
5. Sharpe Ratio

$$Sharpe\ ratio = \frac{\bar{r}_p - r_f}{\sigma_p}$$

$\bar{r}_p$ = expected return of the portfolio or investment
r_f = risk free rate
σ_p = standard deviation of portfolio returns

VIII. LIMITATIONS OF THE STUDY:

- As the period of study is limited for 45 days the data collected is very limited.

The following are the limitations of the study

1. The study is restricted only to the various mutual funds of few companies alone.
2. Due to shortage of time an extensive study could not be carried out.
3. The study is mainly carried out based on the secondary data.
4. The study is based on the historical data and information provided in the newspapers, magazines, journals and websites and from the host organizations only.
5. The accuracyof the study depends on the accuracy of the data provided. Hence had to depend fully on secondary data alone.

IX. REVIEW OF LITERATURE

Meenakshi Garg(2020)in her article titled "A Study on Performance Evaluations of Selected Mutual funds in India" Here an attempt has been made to examine the trends interms of growth, size,volume of mutual funds in India and evaluate the financial performance of selected mutual funds in India. For evaluating the financial performance of selected mutual funds, the period of the study was taken by the researcher from April 2002 to March 2013. The sample was selected Tax Saving Schemes, ETF, Growth (Equity Diversified) and Index/sectorial and Contra Fund. She finds that Tax saving schemes out-performed the market in terms of absolute return in different years of the study. However, these schemes and market returns did not provide an adequate return to cover risk-free return and total risk of the scheme. The market performance funds have a significant positive influence on the entire sample schemes performance. The present NAV is positively and significantly correlated with the past NAV all the time lags of the selected schemes. The study also suggested that the mutual fund must ensure not only good performance over the market but also consistency in their return.

Samar Mondal (2020) has given this in his article titled "Growth of Mutual Fund in India with Comparative Performance with SBI Equity &**KOTAK MAHINDRA BANK LIMITED** Mutual Fund" about A Mutual fund is a investment plan into which investor place their contribution that are to be invested in accordance with a stated objective. Mutual Funds serve as a key financial intermediary to playing a crucial role in converting the investors savings to capital market, thus establishing a link between savings and the capital market. Small investors are unable to diversity their investment because of their limited funds. Mutual Fund offer a way for these investors to diversify their risk. The mutual fund industry in India came into being in 1963 with the setting up of the Unit Trust of India (UTI).

Dr. Sandeep Bansal, Deepak Garg and Sanjeev K Saini (2021), havestudied Impact of Sharpe Ratio & Treynor's Ratio on Selected Mutual Fund Schemes. This paper examines the performance of selected mutual fund schemes, that the risk profile of the aggregate mutual fund universe can be accurately compared by a simple market index that offers comparative monthly liquidity, returns, systematic & unsystematic risk and complete fund analysis by using the special reference of Sharpe ratio and Treynor's ratio.

Dr. K. Veeraiah and Dr. A. Kishore Kumar (Jan 2022), conducted a researchon Comparative Performance Analysis of Select Indian Mutual Fund Schemes. This study analyzes the performance of Indian owned mutual funds and compares their performance. The performance of these funds was analyzed using a five year NAVs and portfolio allocation. Findings of the study reveals that, mutual funds out perform naïve investment. Mutual funds as a medium-to-long term investment option are preferred as a suitable investment option by investors.

Dr. Yogesh Kumar Mehta (Feb 2022), has studied Emerging Scenario ofMutual Funds in India: An Analytical Study of Tax Funds. The present study is based on selected equity funds of public sector and private sector mutual fund. Corporate and Institutions who form only 1.18% of the total number of investors accounts in the MFs industry, contribute a sizeable amount of Rs. 2,87,108.01 crore which is 56.55% of the total net assets in the MF industry. It is also found that MFs did not prefer debt segment.

X. DATA ANALYSIS AND INTERPRETATION

Data Analysis

TAX SAVING FUNDS COMPARISION

1. UTI Equity Tax Saving-Equity long term fund (G)

UTI Equity Tax Saving-Equity long term fund (G)

Year	Return(R)%	D	d^2
2018	-23.6	-34.22	1191.0084
2019	26.9	18.28	265.0384
2020	6.6	-4.02	18.1804
2021	40.8	30.20	910.8324
2022	2.4	-8.22	67.5684
ΣR=	53.1	Σd^2=	2430.608

Note: ΣR is the total of return of 5 years

N is the no of years

Rp = the expected return on the investor's portfolio

Rf = the risk-free rate of return

σp = the portfolio's standard deviation, a measure of risk

In the above table Rf value is the standard current risk free rate of return in India i.e.,7.35

2. KOTAK MAHINDRA BANK LIMITED Tax saving- Long term equity fund (G)

KOTAK MAHINDRA BANK LIMITED Tax saving- Long term equity fund (G)

Year	Return(R)%	D	d²
2018	-24.3	-39.68	1774.5024
2019	37.1	21.72	471.7584
2020	9.5	-5.88	34.5744
2021	50.5	35.12	1233.4164
2022	4.1	-11.28	127.2384
ΣR=	76.9	Σd²=	3441.488

Rp = the expected return on the investor's portfolio
Rf = the risk-free rate of return
σp = the portfolio's standard deviation, a measure of risk

3. SBI Magnum tax gain (G)

SBI Magnum tax gain (G)

Year	Return(R)%	D	d²
2018	-23.8	-37.54	1609.2518
2019	34.1	20.36	416.5296
2020	6.2	-7.54	56.8518
2021	49.2	35.46	1257.4118
2022	3	-10.74	117.3476

ΣR=	68.7	Σd^2=	3253.392

Rp = the expected return on the investor's portfolio
Rf = the risk-free rate of return
σp = the portfolio's standard deviation, a measure of risk

4. KOTAK MAHINDRA BANK LIMITED Tax saver (G)

KOTAK MAHINDRA BANK LIMITED Tax saver (G)

Years	Return(R)%	D	d^2
2018	-19.3	-35.34	1248.9176
2019	30	13.96	194.8818
2020	9.6	-6.44	41.4736
2021	54.2	38.18	1656.2056
2022	5.7	-10.34	106.9176
ΣR=	68.7	Σd^2=	3253.392

AVG RETURN	ΣR/N=68.7/5	18.04%
STANDARD DEVIATION(σ)	$\sqrt{\Sigma d^2/N}$=3253.392/5	24.69179%
SHARPE RATIO	Rp-Rf/σp=	0.35

Rp = the expected return on the investor's portfolio
Rf = the risk-free rate of return
σp = the portfolio's standard deviation, a measure of risk

5. UTI Equity fund (G)

Year	Return(R)%	D	d^2

2018	-19.5	-33	1089
2019	32.4	20.9	357.21
2020	7	-6.5	42.25
2021	46.8	33.3	1108.89
2022	0.8	-12.7	181.29
ΣR=	67.5	Σd²=	2758.64

UTI Equity fund (G)

AVERAGE RETURN	ΣR/N=67.5/5	13.5
STANDARD DEVIATION	√Σd²/N=2758.64/5	23.48889
SHARPE RATIO	Rp-Rf/σp=	0.26

Rp = the expected return on the investor's portfolio
Rf = the risk-free rate of return
σp = the portfolio's standard deviation, a measure of risk

XI. FINDINGS

The following gives the AMCs with the highest return under each fund i.e., tax saving funds, large cap funds and mid cap funds

From the above table and graph we infer that KOTAK MAHINDRA BANK LIMITED tax saver scheme has more return i.e., 18.04% as compared to UTI tax saving has less return of 10.62%. KOTAK MAHINDRA BANK LIMITED

tax saving scheme has more risk i.e., 26.23% whereas UTI is having less risk with 22.04.

From the above table and graph we can infer that KOTAK MAHINDRA BANK LIMITED tax saver scheme stands 1st as it has highest Sharpe ratio i.e., 0.35, KOTAK MAHINDRA BANK LIMITED

Tax saving- long term equity fund(G) scheme stands 2nd with 0.3, 3rd SBI magnum with 0.25 and 4th UTI with 0.16.

XII. SUGGESTIONS

1. The investor should take moderate risk to invest in KOTAK MAHINDRA BANK LIMITED Tax saver (G) which gives more return.
2. If an investor likes to take less risk he can invest in KOTAK MAHINDRA BANK LIMITED Focused blue chip equity (G).
3. The prospective investors are needed to be made aware of the investment in mutual funds.
4. It is better for the investors to have thorough knowledge about the various financial services and instruments so that better decisions can be taken.
5. Risk-return analysis should be made effectively so that investors are not misled.

XII. CONCLUSION

The performance of the AMC's scheme has been evaluated with the help of Sharpe ratio under each fund and the scheme with highest Sharpe ratio is given the top rank. Top ranked AMC's scheme under each fund is as follows:

- Tax saving fund: KOTAK MAHINDRA BANK LIMITED tax saver fund with 0.35
- Large cap fund: UTI equity fund and SBI Blue chip fund with 0.26
- Mid cap fund: SBI Magnum mid cap fund scheme with 0.49

VI.It is found that among the different types of funds Mid Cap funds are performing well with more returns and more risk.

VII. It is also found that SBI magnum mid cap fund scheme has highest Sharpe ratio i.e., 0.49 and investing in the same will lead to profit.

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