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**RISK – RETURN ANALYSIS OF SELECTED
MUTUAL FUND SCHEME AND INVESTOR
PERCEPTION TOWARDS MUTUAL FUND WITH
SPECIAL REFERENCE TO INDIA INFOLINE
LIMITED**

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Abstract

Financial markets are continually improving their efficiency by offering investors more attractive solutions. Even though the mutual fund industry, which is a part of the financial markets, is able to react quickly by understanding how investors perceive rewards, they are still in a constant race to differentiate their products in response to unexpected changes in the economy. As a result, it is imperative to comprehend and examine investor perceptions and expectations in order to provide some incredibly valuable information to assist mutual fund investment decisions. Financial markets are becoming more competitive as financial products look for new innovations. To some extent, innovations can be seen in the design of mutual funds portfolios, but these changes must be aligned with investor expectations. As a result, it is essential to examine mutual funds from a new perspective, i.e., to concentrate on investor expectations and identify the underlying factors that contribute to their unhappiness. The current study aims to pinpoint crucial holes in the mutual fund industry's structure and expand it to comprehend the requirement for rebuilding current mutual fund services.

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Risk – Return Analysis of Selected Mutual Fund Schemes And Investor Perception Towards Mutual Fund with Special Reference to India Infoline Limited

1. Introduction

A mutual fund is an investment instrument that is professionally managed and pools money from many different investors to purchase securities. Mutual funds are financial entities that combine capital from a variety of participants to boost purchasing power and diversify assets. As opposed to buying each investment separately, this enables investors to add a sizable number of securities to their portfolio at a much lower price. These elements include liquidity, stock volatility, risk, and return. The main objective of investing in mutual funds is to measure their performance against their benchmark using the risk, return, and beta measures.

The chosen funds' risk, returns, and beta are calculated using historical data. The funds are measured using the valuation methodology. With predictable returns, mutual funds are less risky than equities and provide investors with a diversified portfolio. Because they have no control over the costs incurred by the fund manager, those with extensive knowledge of the stock market can invest in equities instead of mutual funds.

The study provides guidance on how to assess the risk and return of certain equity or investment funds with the goal of helping new investors who want to invest in stocks and mutual funds. Because of the high level of market risk and market instability, the study advises new investors to choose mutual funds rather than stocks.

Objective of the study

The review that is sought shelter the accompanying goal:

- To know, how the five selected scheme perform in a five-year period and ranking them according to their performance.
- To calculate a risk-return of selected 5 mutual scheme.
- To compare the accomplishment of different mutual funds.
- To find out which mutual fund scheme best for investor to invest among selected mutual fund scheme and rank according to their performance.
- To understand how investors feel about mutual funds.
- To assess the investor's knowledge of mutual funds.

Need for the study

The higher goal of their study is to learn how the top 2 mutual fund scheme perform when compared

to the other 3 schemes in the IIFL securities as well as the returns provided by the schemes. The information reference period ranges from 2017 to 2021

2. Research Methodology

- Exploratory method- An exploratory method, which typically relies on secondary data, focuses on the transmission of ideas. It is an exploratory inquiry without a set design.
- The study conducted through exploratory research the help of data obtains from the secondary data.

Literature Review

The study of "Mutual Funds as a Key Resource Mobilizer in the Indian Financial System" "Jani D and Jain R (2023)

According to this article from the Abhinav Journal (International Monthly Referred Journal of Research in Management & Technology), the Indian economy's fundamentals are still quite sound, and the country will experience growth in the upcoming year. Mutual Funds will be a crucial resource mobilizer for the Indian financial sector as the economy expands. The Indian mutual fund industry will have healthy expansion in the near future.

"A Study on Investor Perception Toward Investment in Mutual Funds" Sehdev R and Ranjan P (2022)

Investors tend to favor debt and balanced funds, according to this article from Scholars Journal of Economics, Business, and Management. Investors then search for stocks and funds with a variety of industries. Due to their advantages over other investment options, such as transparency, returns, redemption periods, liquidity, and institutional investor activity, investors choose mutual funds. The internet is the most popular place where people go to get information on mutual funds.

A tool to stabilize the Indian economy is the "Indian Mutual Fund Market." Nair R K (2014)

The Indian economy may be balanced through mutual funds, according to this paper from the International Journal of Scientific and Research Publications. Products from mutual funds are crucial for collecting investors' scattered savings and directing them toward the construction of the country's infrastructure. The nation's banks and financial institutions are also significantly contributing by supporting the mutual fund business.

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"A Paradigm Shift in Mutual Fund Industry Risk Measuring Tools" Srivastava S and Malhotra S (2015)

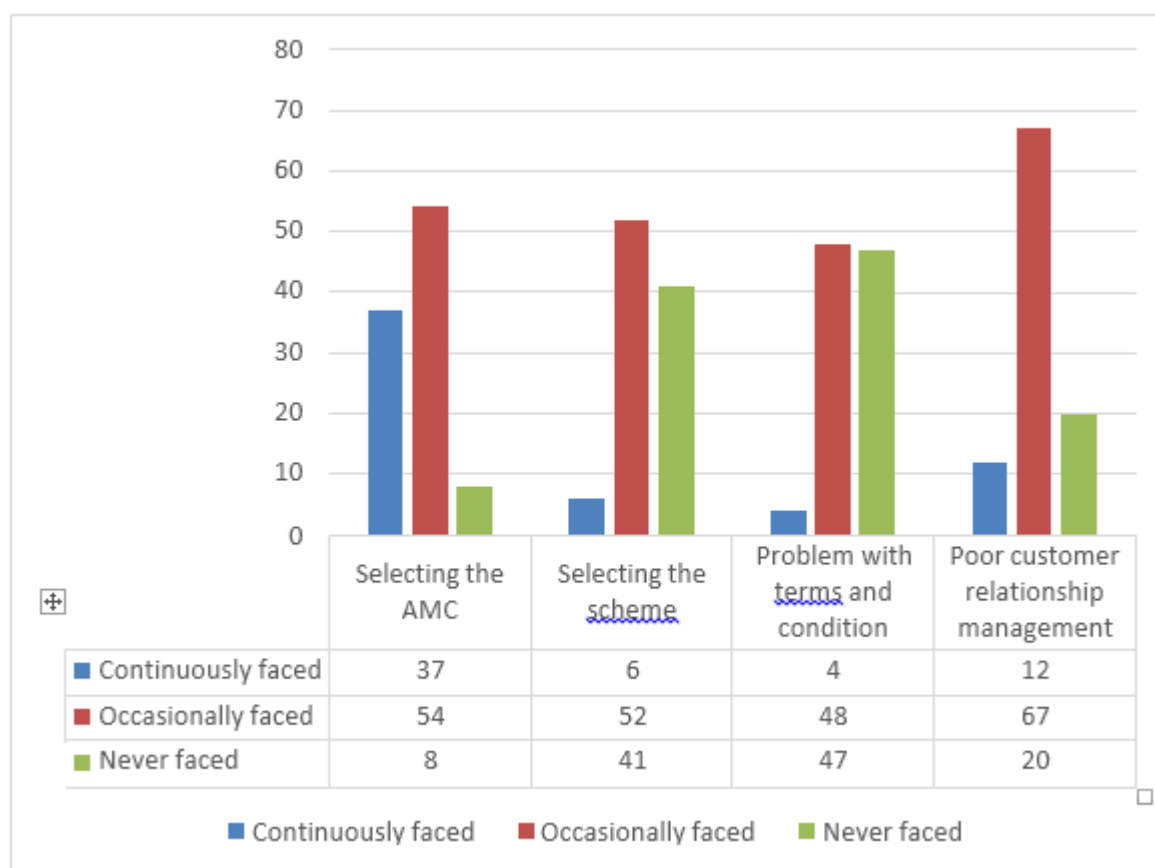
An article from the International Journal of Informative & Futuristic Research claims that equity funds are performing better than debt funds. Risk and return were discovered to have an excellent linear relationship. Calmar ratio and safety-first ratio are two tools that fund managers might use to assess a risk of particular investments. No fund is risk-free, so investors should diversify their risk by investing in equities and equity-related securities.

There have been several research on mutual funds over the years. Dr. Rajesh Manikraoji and M.R. Senapathy (2013)

In their research, they compared that performance of mutual funds offered by SBI Mutual Funds to those offered by other companies. Their primary goals are to evaluate the performance of particular mutual funds and comprehend the numerous schemes of well-known mutual funds in India. In comparison to other mutual funds, they discovered that SBI mutual funds are performing exceptionally well.

Data analysis and interpretation

1. Showing problem faced during the buying mutual fund scheme.



Interpretation: - The graph shows the problem that are faced by the respondents while buying the mutual funds. While selecting the AMC 54% of them are facing occasional problem, 37% of them are continuously facing problem and remaining 8% of them are not facing any problem. While selecting scheme 52% of them are facing occasional problem, 41% of them are never faced problem and remaining 6% of them are continuously facing problem. Regarding terms and condition 48% of

them are facing occasional problem, 47% of them are never faced problem and remaining 4% of them are continuously facing problem. Regarding poor customer relationship management 67% of them are facing occasional problem, 20% of them are never faced problem and remaining 12% of them are continuously facing problem.

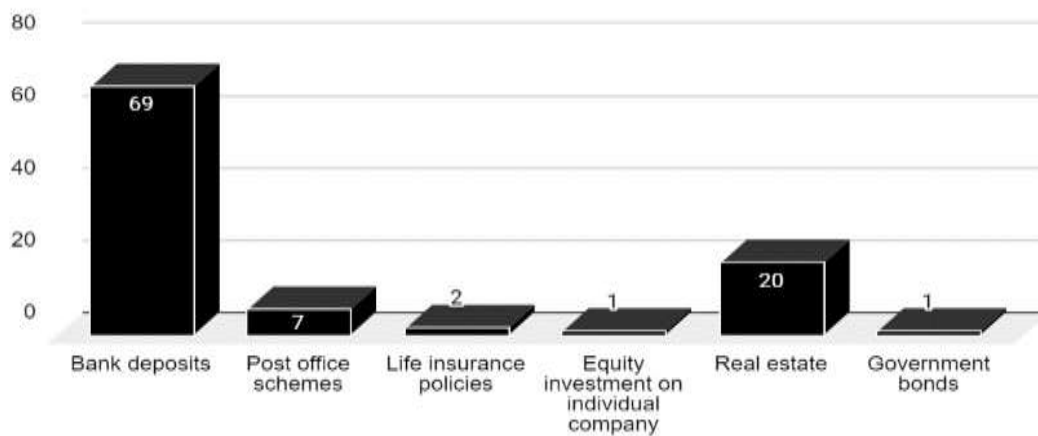
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2. Showing which investment avenue would respondents prefer apart from mutual fund.

Interpretation: - The above graph show that according to the respondents which avenue would they prefer apart from the mutual funds, 69% of them they will prefer to go with the bank deposite, 20% of them tell that they will prefer to go with

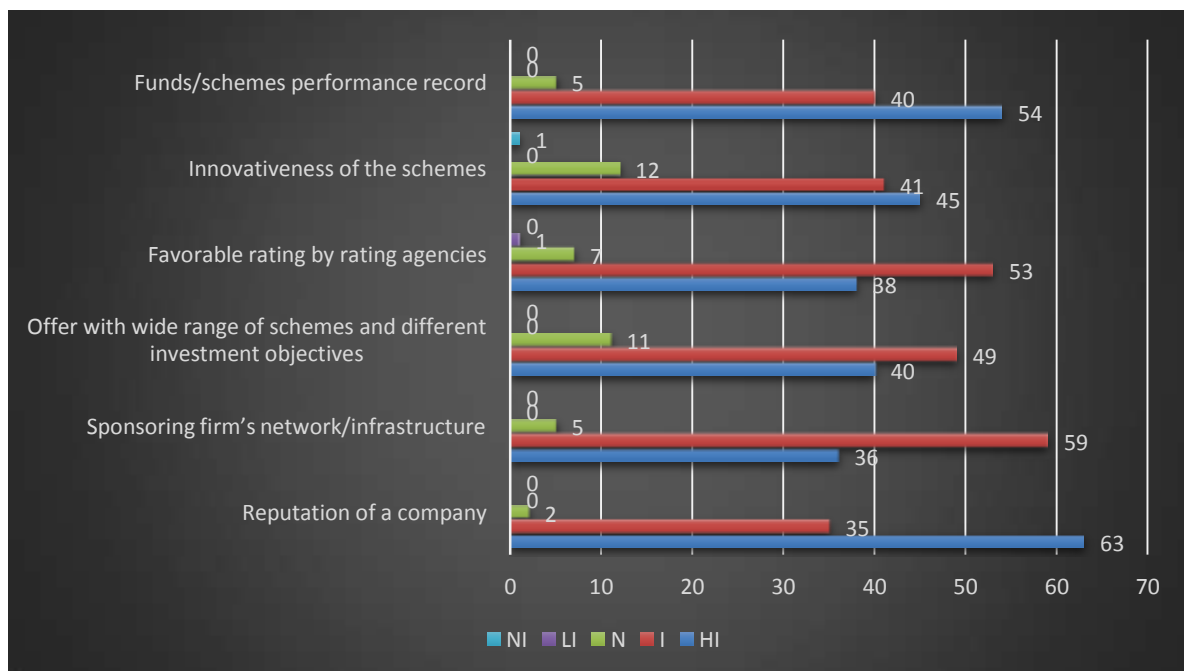
the real estate and so on. As the bank deposite will give a steady returns and there is not much risk involved in the bank deposite that’s why majority of them prefer to invest in bank deposite. And about the real estate it will give more return and have more risk, high risk taker will prefer to go with it.

Which investment avenue would respondents prefer apart from Mutual funds?



Count of Which investment avenue would respondents prefer apart from Mutual funds?

3. Showing performance of the scheme before selecting the scheme by the respondents.



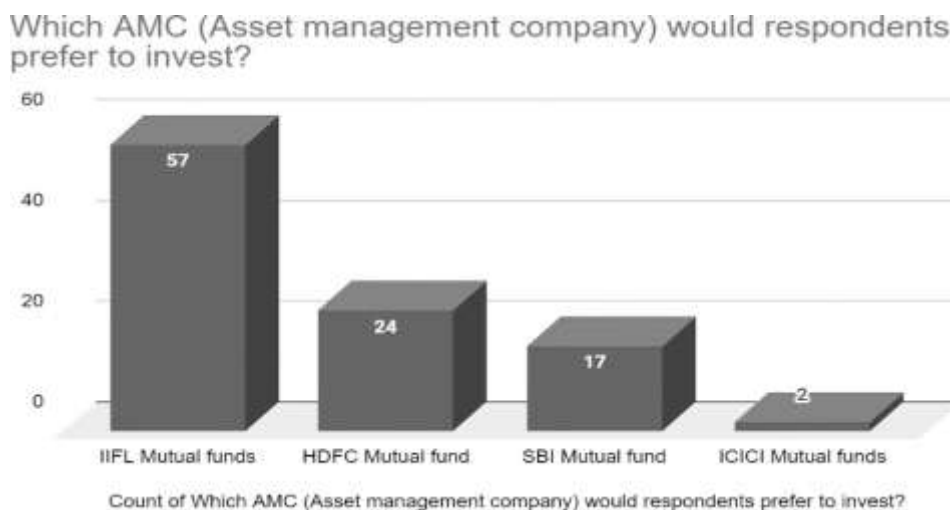
Interpretation : -The graph will show the that how much is important the performance of the scheme, innovativeness of scheme, rating of fund,

reputation of company. And the respondents are rated according to there importance by scaling (I-important, N-neutral, and HI-highly important Less

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important terms are LI and NI.).

4. Showing which AMC would respondents will prefer to invest.

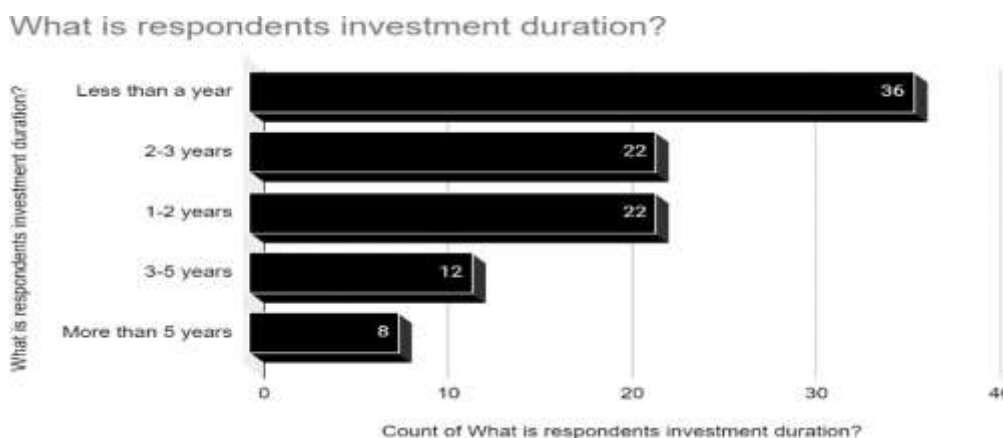


Interpretation: -

The above graph show which AMC would the respondents will prefer to invest. About 57% of them tell that they will go for the IIFL AMC because all respondents are the IIFL AMC client. 24% of them will tell that they are willing to go for

the HDFC AMC because of the world wide name and fame for the HDFC also there will be no fraud involved in famous company. Remaining 17% of them tell that they will go for SBI because it is India's number one banking sector.

5. Showing respondents investment duration



Interpretation: -

The above graph show the duration of investment done by the respondents. Because the bulk of the respondents are students, almost 36% of them have

never invested in mutual funds. About 22% of them are in the range of 1-2 and also 2-3 years, this is the respondents which are salaried employees. And 12% of them are investing from 3-5 years. The remaining 8% have been investing in mutual fund

Findings and Suggestions

1) Mutual investments are always related with the Market risk.

2) The rate of returns for all of the chosen funds is lower than the five-year average for market returns.

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- 3) The Beta of Digital India Fund by Aditya Birla Sun Life is 0.1678 compare that of other funds which indicates that this fund is more volatile than other funds. This fund is considered as aggressive fund while other funds Beta is less than 0.167, so they are considered as defensive funds and less volatile.
- 4) HDFC small cap fund has more risk of 6.2 and this fund gives the highest returns in last 5 years when it is compared to others funds.
- 5) SBI equity hybrid fund is having less risk when compare to other selected funds in study and also return is also low.
- 6) As per the Sharpe's index measure, SBI equity hybrid Mutual fund is ranks 1st and Canara Robeco bluechip equity fund ranks last position.
- 7) As per the Treynor's index measure, Canara Robeco bluechip equity fund is ranks 1st and HDFC small cap fund ranks last position.
- 8) All funds which are selected for the research is positively correlated with Market returns.
- 9) Most fund performed less in the year 2018 and 2019.
- 10) Majority of the respondents are graduates and postgraduate.
- 11) As per the response majority of the respondents are male.
- 12) The results will show that the most of the respondent's monthly income range is less than 20000.
- 13) Majority of the respondents are lies between 18-25 years.
- 14) Most of the respondents are low risk taker and consider safety as their priority.
- 15) Most of the respondents prefer the bank deposit as an alternative investment avenue.
- 16) The majority of respondents said they would recommend mutual funds to others.

Suggestions (or Recommendations)

- The business's goal is to raise awareness of India's need for capital markets and mutual funds.
- Investors must analyze the market condition and past performance of funds before investing in any funds.
- Financial backers need to put resources into common assets instead of value to decrease the gamble factor.
- The financial backers need to put resources into mutual reserves relying upon their

gamble limit. AMC's needs to create awareness among investors regarding how to use the available technology for the investment purpose.

- Investors who are willing to take on risk and are seeking high returns can invest in products like HDFC small size mutual funds.
- Investors anticipating less risk can choose funds like SBI Equity hybrid mutual funds.
- The Funds like Aditya Birla and Canara Robeco Bluechip Equity mutual funds are performed well under Sharpe's and Treynor's performance measure indexes so the investors can choose these funds as their investment option.
- AMC has to attract more and more corporate investors and big individual investors.

3. Conclusion

Capital market investments are not easy and also mutual funds are always subjected to market fluctuations, so it requires careful study of market. Taking this into consideration this report may help the investors to analyze better investment opportunities in capital market. Among the available investment options mutual funds are better compared to equity stock market. Investors can choose mutual funds to avoid market risks and to gain growth instead of investing in stocks. The selected stocks have greater average return than average market return. The growth of stock market has been rapid over the years which indicates the positive sign to investors and all the stocks selected for analysis is positively correlated with the market return so the investments can be made in these funds.

A systematic investment plan's investments are less hazardous because they are made over a longer period of time. SIP is a successful tactic in the current environment. Small investors can make monthly or quarterly investments in equity funds in multiples of \$500. By making regular investments, small investors might benefit from the volatility. If equity markets continue to increase in a secular fashion, a SIP might not be able to reduce a average purchase cost.

Mutual fund scheme provides regular dividends to their investors instead of putting the profits back into equity or debt. It provide saving scheme also known as tax saving funds, equity means stock of a company and it helps to buy the high rated stocks easily and provide future profit.

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