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An Assessment of the Top Performing Mutual Funds in the Indian Market

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Abstract

Mutual funds have long been a popular investment option for a variety of investors since they pool capital from multitudes of investors who then invest in a diversified range of a category of certain other securities. One of the major reasons behind comparing mutual funds from different classes is to make a good investment decision that will help us to achieve our unique financial goals, risk tolerance, and market conditions. This particular study will be used to find out the execution and the returns of the top performing funds in each category that being Large, Mid and Small Cap. The study also aims to find out how the top funds in each of these categories perform over a certain time period and also to assess the annualized returns as well as the absolute returns that have been generated by each of the mutual funds, the analysis also hopes to assess the returns of the top mutual funds against the benchmark indices it competes with. The paper also studies the various steps investors can take to ensure that their investment practices are safe and less volatile, the paper also highlights how each category of Mutual Fund caters to every single individual investor so that it satisfies every investors investment horizon and range of volatility that the investor is capable of handling.

Keywords: NAV, India, large, mid, small, SENSEX, NIFTY, returns, benchmark

Introduction

Mutual funds have long been a popular alternative for investors majorly due to its ability to combine the capital of numerous participants and allocate it to a diverse portfolio of stocks, bonds, and other securities. These capital pools are always supervised by highly qualified financial experts, and small investors receive pay-outs from their investments in the fund based on their interest in the fund. The primary benefit of mutual funds as an investment avenue is asset diversification, which reduces the risk and lessens the impact of a poor performance in any given investment. For the various class of investors who aren't equipped with the information to regularly build and track such a wide portfolio, this version can be extremely helpful. Investors evaluate their objectives, capacity for risk, and investment horizon while choosing among various mutual fund categories. The primary objective of equity funds is investing in shares, which has increases both, their return and risk. When compared to equity funds, bond funds focus on fixed income instruments, which provides more observable returns at a lower risk. Typically, a balanced fund focuses on dividing its assets equally between bonds and equities in order to maximize the risk-return ratio during fund administration. As the investors can buy or sell a certain category of asset for a favourable price determined by using a certain formula to analyse its specific value, the assets under the particular fund scheme are simple to liquidate. Mutual funds can be thought of as readily adjustable

investment device with this quantity of cash. Unlike most other investment vehicles, mutual funds allow enrolment with a small down payment making it very accessible to a wide range of individuals. Additionally, mutual funds are becoming an increasingly popular investment option available to classes of investors who are seeking a straightforward approach because of their expert management, diversification, and liquidity undertaken by various companies. As there are so many factors to consider when choosing to invest in a mutual fund, including the manager's experience, fees, performance history, and fund objectives, investors should exercise caution. All things considered, mutual funds is a very practical option for people to participate in the financial market and build a diverse portfolio.

Objective of the Research

- i). An assessment of the historical performances of multiple funds in various groups where the risk-return profiles can be fully understood.
- ii). To evaluate the diversified possibilities that can be offered using the various types of mutual funds e.g. 6 equity funds, debt funds or hybrid funds of various categories.
- iii). To correlate the investment preferences of the investor along with the features of the various mutual fund types.
- iv). To make sure that chosen mutual funds are congruent with the investor's financial goals which may be wealth

accumulation, capital generation, income producing, or capital preserving.

- v). To account for the liquidity requirement of each of the different types investor and pick the funds that meet that

requirement level. This also helps us to assess the redemptions simplicity and regularity and in varying types of goods and services.

Literature Review

Table 1: Text referenced for review of literature.

Title of the Paper	Author and Year	Objectives	Observations
“A Critical Analysis of Selected Mutual Funds in India”	Shilpi Pala and Arti Chandani.B (2014) [1]	“By examining the daily Net Asset Values (NAVs) of these income or debt mutual fund schemes in India, the study aims to evaluate their efficacy”	“The best-performing schemes were found to be HDFC scheme, Birla Sun Life scheme and Quantum Long-Term Equity funds after the 3-and 5-year (CAGR) of equity mutual funds were analysed”
“Performance evaluation of selected equity mutual funds in India”	Shivam Tripathi and Dr. Gurudutta P. Japee (2020) [2]	“The study aims to evaluate; the performance of certain debt or income mutual fund schemes was determined by their NAVs on a daily basis”	“Research indicated that out of the 15 funds that were analysed, 10 performed well even in volatile market conditions. This shows that certain funds were able to navigate market fluctuations”
“Performance Analysis of Mutual Funds in India”	Vimala Viparia (2022) [3]	“Analysis of Mutual Fund Scheme schemes based on their respective risk and returns”	“The study gives a better understanding of the assorted fund categories; it highlighted the strengths and weaknesses present in each category”
“Performance Analysis of selected equity mutual funds in India”	Vinay Kumar (2019) [4]	“Aimed to ascertain the effectiveness of particular mutual funds in India across many categories”	“The Return data from the selected mutual fund schemes indicated that investments made for longer periods yield positive and above-average returns, whereas short-term investments tend to generate minimal returns, and in some cases, even negative returns”
“Mutual Funds Industry in India: A Growth Trend Analysis”	Prasanna K Baral & Dr. Kishore Kumar Das (2016) [5]	“The analysis encompasses an examination of certain metrics such as assets under management (AUM), number of schemes, investor participation, and the market share dynamics”	“The data analysed in the study showed the substantial growth and dominance of the private sector in mobilizing resources within the industry under study”
“A study on Performance Evaluation of Selected Mutual Funds in India”	CA Jyothi J Patel (2020) [6]	“Analysed 7 mutual funds while employing financial ratio analysis to evaluate the performance of these funds, focusing on Net Asset Value (NAV)”	“It was found out that some funds exhibited relatively lower volatility and better risk-adjusted returns compared to the benchmark indices while others showed higher volatility and poorer risk-adjusted returns it emphasizes the significance of thorough performance analysis”
“Performance Analysis of Mutual Funds: A Study on Selected Large Cap Mutual Funds in India”	Margi Choksi and Dr. Priyanka Bhat (2020) [7]	“Aims at analysing the returns generated of certain selected large cap funds in India, with a focus on 15 such funds”	“It was found that the top performers in this particular category were from the domain of ICICI and of the life insurance corporation”
“A Study on Factors Influencing the Choice of Investors: Towards Mutual Funds”	Nittan Arora and Dr. Sonia Chawla (2021) [8]	“It examines the ways in which various factors affect investment choices and area of study was the domain of study”	“The findings reveal that regular returns on schemes emerge as the most influential factor, there was no specific association with any other external factors associated with risk”

Methodology

In order to carry out this research, secondary data was used which refers to the information that has already been collected and analysed by others for various purposes. In this specific research, data was used in the form of online reports, websites

and articles. The research has been conducted with respect to the various categories of funds such as large, mid and small. The mutual funds used to conduct the study were taken on the basis of the returns generated over the specified time periods.

Findings

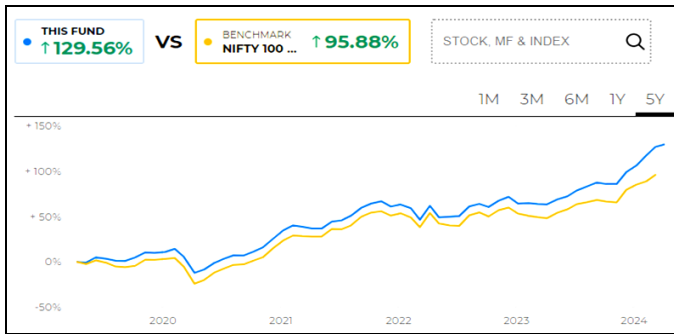
Table 2: Returns of Baroda BNP Paribas from the Large Cap category

Period of Investment	Investment of Rs 10000	Current Value	Absolute Returns	Annualised Returns
YTD	01-Jan-24	11084.00	10.84%	-
1 st Year	05-Apr-23	14239.30	42.39%	42.26%
2 nd Year	05-Apr-22	14440.20	44.40%	20.14%
3 rd Year	05-Apr-21	17689.50	76.89%	20.92%
5 th Year	05-Apr-19	24223.00	142.23%	19.33%

Source: Own Creation

Interpretation from Table 2: The above table shows us the information and performance of the selected fund over a

defined period of time and also denotes the absolute returns as well as the annualized returns.



Source: Economic Times Website

Fig 1: Performance of Baroda BNP Paribas Large Cap Fund 2020-2024

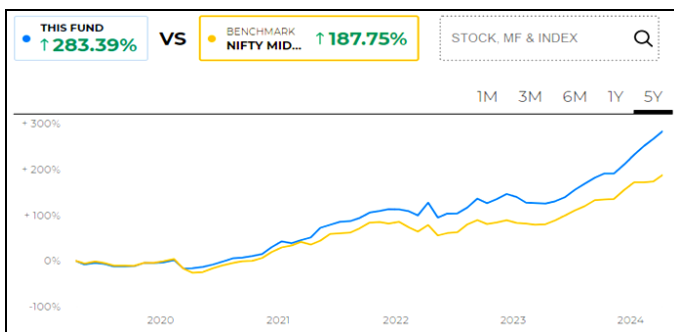
Interpretation from Figure 1: The above graph depicts the performance of Baroda BNP Paribas Large Cap Fund over the denoted period, this graph shows that the mutual fund has been consistently on par and for most of the time has consistently outperformed the benchmark index fund and showing a healthy growth trajectory which can be seen by the selected fund was seen to perform better than the target index benchmark by close to thirty-five percent.

Table 3: Returns of Quant Midcap Mutual Fund

Period of Investment	Investment of Rs 10000	Current Value	Absolute Returns	Annualised Returns
YTD	01-Jan-24	11886.20	18.86%	-
1 st Year	10-Apr-23	17326.30	73.26%	73.00%
2 nd Year	08-Apr-22	17320.10	73.20%	31.46%
3 rd Year	09-Apr-21	25709.30	157.09%	36.91%
5 th Year	10-Apr-19	42199.30	321.99%	33.33%

Source: Own Creation

Interpretation from Table 3: The above table shows us the information and performance of the fund over the defined period of time and also denotes the absolute and annualized returns over the mentioned time period.



Source: Economic Times Website

Fig 2: Performance of Quant Midcap Mutual Fund 2020-2024

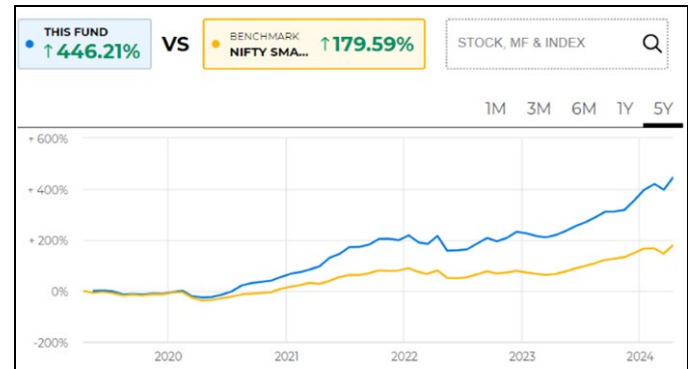
Interpretation from Figure 2: The above graph depicts the performance of Quant Midcap Fund over the denoted period, the graph depicts the comparison of the selected security against the index it hopes to outperform, it has consistently performed at par and over the duration of five years has easily outperformed the benchmark index by close to ninety percent, showcasing the strength of the fund.

Table 4: Returns of Quant Small Cap Mutual Fund

Period of Investment	Investment of Rs 10000	Current Value	Absolute Returns	Annualised Returns
YTD	01-Jan-24	11546.70	15.47%	-
1 st Year	12-Apr-23	17421.60	74.22%	73.95%
2 nd Year	12-Apr-22	17846.00	78.46%	33.54%
3 rd Year	12-Apr-21	29312.40	193.12%	43.07%
5 th Year	12-Apr-19	49927.80	399.28%	37.88%

Source: Own Creation

Interpretation from Table 4: The above table shows us the information and performance of the fund over the denoted time period and also denotes the absolute and annualized returns over the mentioned time period.



Source: Economic Times Website

Fig 3: Performance of Quant Small Cap Fund 2020-2024

Interpretation from Figure 3: The above graph depicts the performance of The Quant Small Cap fund over the specified time period, it denotes a substantially better trajectory in comparison to the index, generating around double the returns of the benchmark index funds, highlighting the impressive returns that small cap funds can generate.

Suggestions

An assessment of the top performing funds selected in each category that being large, mid and small cap shows that investors can diversify their portfolios to suit their unique requirements, we can help mitigate risk and provides a more balanced approach to the area of investing. The investors by approaching mutual fund investments with a long-term perspective, the Top-performing funds may experience certain short-term fluctuations, but a long-term investment horizon allows the investors to benefit from compounding and navigate through various periods of market volatility. From this analysis of the mutual funds the investors can get a clear idea of what they are hoping to achieve, they can do this by analysing the absolute return and annualized returns and while also comparing the selected mutual funds to the benchmark indices we can assess the historical performance over varying time periods. The investors can also undertake various workshops to help understand the various risk profiles and importance of constant monitoring of funds. The Investors from this analysis can also understand the importance of timely reviewing and rebalancing of their assets, thereby helping to navigate through various periods of market volatility and help make sound investment decisions.

Conclusion

In Conclusion, mutual fund analysis provides valuable insights into the dynamics and complexities of the investment landscape, allowing investors to get a comprehensive understanding of numerous fund options and performance measurements. In this Research Paper, we looked at the intricacies of mutual fund investments, such as risk, return, and fund size. We investigated numerous types of mutual funds, such as large, mid, and small cap, to identify their merits and suitability for investors with varying risk tolerances and investment goals. The study emphasizes the significance of aligning investment decisions with individual financial goals and risk tolerance. Large-cap funds or diversified portfolios may be excellent for investors seeking consistent growth while taking on acceptable risk. Those class of investors who are accepting to weather volatility in the hopes of increased gains on more larger returns may choose to look into sector-specific or mid-cap funds. The top-performing mutual funds in India provide a diverse range of investing options, each with its own risk-return profile. By knowing these characteristics and considering fundamental aspects such as fund management, diversification, and fees, investors may make calculated choices which matches with their unique investment horizon and respective needs. The analysis emphasizes the importance of constant assessment and flexibility in ensuring that investment strategies evolve in response to changing market dynamics and various other investor objectives.

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