

Comparative Analysis of Mutual Funds and Gold ETFs: A Study on Investment Performance

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I.ABSTRACT:

This project analysis the returns of specific large-cap equity mutual funds and Gold Exchange Traded Funds (ETFs) to determine the best investment options for investors looking to balance growth and stability. To create a well-rounded portfolio, the study assesses the performance metrics and risk factors of these investment options. Large-cap equity funds are examined for their ability to offer growth in investment value, while gold ETFs are evaluated for their function as protection against market fluctuations and rising prices.

A Decision matrix framework is utilized to methodically assess every fund and ETF based on factors including past performance and level of risk. This method based on data allows for a comprehensive analysis, pointing out the advantages and drawbacks of equity and gold investments. The research provides information on strategic asset allocation, highlighting diversification to maximize profits and handle risk efficiently. The results are meant to assist investors in making knowledgeable, eco-friendly investment choices in a changing financial environment.

II.INTRODUCTION:

This project examines the performance of certain large-cap equity mutual funds and Gold Exchange Traded Funds (ETFs). The objective is to discover the most promising investment prospects. In today's dynamic financial markets, investors seek a combination of growth and stability in their portfolios. Large-cap mutual funds and gold ETFs offer two alternative options to ponder. Every route comes with its own benefits: equity funds can increase your investment, while gold ETFs provide protection from market fluctuations and inflation.

To evaluate these investment options, we will analyse different measures of performance and factors of risk. This research strives to identify a balanced approach to vary one's investment portfolio.

We employ a systematic approach that focuses on data using a Decision Matrix framework to evaluate and prioritize every fund & ETF. This method considers key elements such as past performance, levels of risk, and market reactions. By doing this, we assess the potential for growth and stability in every investment.

- **SIGNIFICANCE:**

The significance of this project lies in its ability to offer critical insights for making informed investment decisions by analysing mutual funds and Gold ETFs. It helps investors with portfolio diversification, risk-return assessment, and practical use of financial tools like the Decision matrix. The project is relevant to current market trends and provides value to investors and financial advisors by supporting better investment choices and strategies.

III.OBJECTIVE:

- To analyses the performance of selected mutual funds.
- To analyze the performance and risks associated with Gold ETFs.

IV.PROJECT DESCRIPTION:

This project thoroughly examines specific large-cap equity mutual funds and Gold Exchange Traded Funds (ETFs) to determine the best investment options for investors. The research analyzes three successful large-cap mutual funds - Nippon India Large Cap Fund, HDFC Top 100 Fund, and JM Large Cap Fund - along with three well-known Gold ETFs - Invesco India Gold ETF, Axis Gold ETF, and UTI Gold ETF. The project seeks to identify the optimal investment opportunities that achieve a balance between growth potential and risk management by evaluating these funds based on different performance metrics and risk factors.

The analysis utilizes a Decision matrix framework to systematically compare mutual funds and ETFs based on key criteria like historical returns, market volatility, and resilience in various market conditions. This organized method allows the project to evaluate every investment option, ultimately selecting Nippon India Large Cap Fund among mutual funds and UTI Gold ETF among gold ETFs as the best choices for investors.

By utilizing data in the decision-making process, the project offers insights on beneficial investment tactics that focus on increasing capital while also reducing risk. The results highlight how crucial it is for investors to diversify their portfolios with a well-rounded combination of stocks and gold assets, enabling them to make wise and long-lasting investment choices in a fluctuating market environment. This study offers practical advice for investors looking for strong investment options that are in line with their short-term and long-term financial objectives.

V.CHALLENGES AND LIMITATIONS

Challenges:

The project faced various difficulties, such as restricted access to detailed financial information because of confidentiality restrictions, limiting the depth of analysis. The analysis scope was restricted by the two-month project duration, necessitating efficient time management to meet deadlines. Examining investments in a particular market timeframe could lead to results that do not necessarily indicate future market circumstances, causing uncertainty. Understanding financial metrics and risk indicators presented a challenge due to their complexity. Concentrating only on high-performing mutual funds and Gold ETFs may have overlooked valuable information from different market sectors. Integrating data from various sources was challenging, necessitating strategies to maintain consistency and

precision. Moreover, the analysis was made more complex by the evolving financial regulations and the impact of investor behavior.

Limitations:

The project experienced various constraints, such as a short two-month period that limited the extent of data gathering and analysis, which could hinder a thorough examination of the chosen funds and ETFs. Restricted availability of historical and proprietary data also hindered the thorough assessment of performance and risk factors, potentially impacting the accuracy of insights. The evaluation, carried out during a certain market timeframe, represents the conditions at that moment and might not consider upcoming market variations, economic changes, or regulatory influences. Furthermore, concentrating solely on exemplary funds and ETFs offered high-quality choices but failed to encompass the entire range of the market, possibly missing out on other investment options.

VI.CONCLUSION:

This study suggests that the Nippon India Large Cap Fund and UTI Gold ETF are ideal investment options within their respective categories, offering a blend of growth and risk control. The Nippon India Large Cap Fund is ideal for investors focused on growth due to its effective portfolio management and steady returns, while the UTI Gold ETF provides stability, low tracking error, and benefits for hedging against inflation. The research highlights the significance of mixing equity and gold investments to diversify and reduce risk. The use of a decision matrix enabled a systematic, impartial method for choosing investments, aiding in making well-informed, objective portfolio choices.

VII.REFERENCES:

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