

Performance Evaluation of Mutual Funds with Respect to Growth Funds

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ABSTRACT

This paper aims at assessing the performance of growth funds in mutual funds through market on factors, management and investors. According to the study conducted among 98 participants, evaluating the market conditions and the role of fund managers as well as the investors' preferences, mutual funds are essential for portfolio diversification and seeking of better risk-adjusted returns. Market factors, economic factors and international affairs affect the performance of the funds in the market. Thus one sees that while active fund management does not inspire the same levels of confidence among investors, transparency and efficient and strategic asset allocation of the fund do build confidence among investors. Current trends show that it is a crucial area because it has a preferred standard for investment decisions, focusing on personalized offerings. This research also shows that investors care more about fundamental analysis than sentiment analysis and recommends increased financial knowledge, clarity of funds' operations, and a change in investment solutions that respond to investor expectations, regardless of fluctuations in markets and management of investment funds. Terms such as Mutual Funds, Growth Funds, Market conditions, Fund Managers, Investor Behaviour and Performance analysis.

INTRODUCTION

The concept of mutual funds was in place to pool money from the people and investing it in corporate and government securities. The fund managers in turn speculate on these securities and earn their fee, commission and or commission from dividend, interest and capital appreciation which is paid over to the fund owners. It can be defined as a pooled investment management firm that has the overall function to channel savers' funds towards the capital market which links savings and the capital market. Thus mutual fund is described as a kind of institution that performs the part of an investor between the fund's buy side and sell side. The Share can also be defined as a way of combining the various small amount of saving of many investors with the view to harmonically investing it for good returns and an increase on their value. The topic of Mutual Fund itself puts the squeeze on most people's brains, let alone any other financial terminologies. But as we explore on the same subject, we come to realize that in fact we have nothing to lose and most of all everything to gain so long as we comprehend on the basics of Mutual Funds. Mutual fund is a professionally managed money collection of a fund from several investors who have openness in their goal to invest the money so collected, in assets classes that are in coherence with the clearly stipulated objectives of the scheme. Since the aims and objectives mentioned for an mutual fund scheme serve as the key reason for an investor to put his money into the mutual fund, a mutual fund cannot change these objectives at any time.

REVIEW OF LITERATURE

Rob Bauer carry forward ethical mutual fund performances investigation done by him and his co-authors in 2024 that focused on an international sample of 103 ethical German, UK, and US mutual funds. This study thus confirms that there are no differences in risk-adjusted performance of ethical and conventional funds for the 1990-2001 period using the Carhart metric based on four factors. The findings recommend that ethical mutual funds were behind in terms of

performance and in the subsequent periods, ethical mutual funds show signs of increased catching up. The study is also reassures performance estimates against ethical indexes and notes that the ethical indexes are not incrementally identified to explain the ethical mutual fund return variation.

Tom Jacob's paper presented in 2023 addresses enhanced growth in the mutual fund business in India and affirms the need to evaluate the fund performance with other fund. Mutual funds are in minimum risk and maximum return proposition and, therefore, makes a catalytic tool in the generation of investment. This has made it necessary that constant monitoring and evaluation of mutual funds are conducted. Thus, the objective of the research is to compute the financial performance of the selected mutual fund schemes through the help of certain statistical tool like alpha, beta, standard deviation, required, and Sharpe ratio. The findings will be useful to investors since mutual funds provide minimal risk associated with the company's investment with maximum profitability.

Povilas Vysniauskas The choice of the empirical method is as follows The theoretical and empirical research by Povilas Vysniauskas published in 2014 is concerned with the assessment of the Lithuanian mutual funds performance by measures of risk and performance evaluation ratios. This paper use these ratios and differentiate the appropriate ones to be used in the evaluation of performance of mutual funds. To assess the mutual fund performance of twenty three benchmarks the research applies the degree of standard deviation, alpha, beta, Sharpe and Treynor ratios. The monthly fund prices were examined with the help of data from the work done since 2012-01-02 till 2013-10-15. Thus, the paper outlines possible application of the proposed model towards valuation of the investment fund and presents beneficial results for practice, and, at the same time, defines direction for further studies. This paper notes that there is a significant added value of looking at the performance of the mutual funds and the cost of management fees paid to the investment banks.

Vikas Agarwal, In his work dated 2014, Vikas Agarwal analyzes the effects of portfolio disclosure on stock liquidity and the performance of the mutual fund. This paper makes use of informed trading and different frequency of disclosure rates set and tests on the SEC regulation in May 2004. It is thus concluded that the stocks with more fund ownership achieve higher liquidity gains, particularly in the situations where information asymmetry with regard to such stocks is greater. Yet, the funds with more accurate information suffer a deeper performance decline, especially if the shares are characterized by a high level of information imbalance.

Mohamed Zaheeruddin's 2013 study evaluates the performance of mutual funds in India, focusing on selected financial intermediaries. Mutual funds are cost-efficient and easy to invest in, generating significant returns to promote financial excellence. The study examines the performance of mutual funds based on their fund return, risk, and performance ratios. The financial reforms and competition in the mutual fund industry have opened new vistas for investors and provided liquidity to the Indian financial system. However, investors struggle to recognize and select benchmarking companies in the evolving financial service sector in India.

STATEMENT OF THE PROBLEM

The mutual fund market can be said to be one of the most growing segments of the Indian capital market. Since then they have grown very rapidly liberalization, privatization and globalization (LPG) measures are the reasons behind its growth in India. Over the period of years mutual funds have emerged as the most preferred and opted investment avenue for those who are interested in stocks and have actually replaced the known elder forms of investment such as fixed deposits, post-office saving, banks, GPF and other small savings. As in developed countries, mutual funds in India also have become the major component in the stock market. The increase in the number of mutual funds in India is expected to outstrip the growth of banks, the finance and insurance companies in the future.

SCOPE OF THE STUDY

The purpose of the present work is to establish the contingency measures that can build and maintain human capital. This study would be helpful to avert the hard ship that organizations encounter in the Talent Acquisition process and the Talent Retention process. This study helps to make and consolidate the acquisition decision and ensures the employers are content.

OBJECTIVES OF THE STUDY

- Analyze the Impact of Market Conditions
- Assess the Role of Fund Management
- Provide Investor Insights

RESEARCH METHODOLOGY

In order to accomplish the above stated objectives of the study, the following method of data collection have been adopted.

DATA SOURCE

The Mutual Funds companies which are chosen for the study are listed below: For this research only secondary data will be collected as the data, which are collected and stored are. All the data were obtained from capital line database. Other information is obtained from the Annual Reports, Journals and so on. The Secondary data is also available through trade magazines, books, and Internet etc. The rationale for collecting the data is to become more acquainted with the subject as well as to obtain fresh ideas of their financial performance of Selected Mutual Funds companies.

SAMPLE AND SELECTION

For the purpose of depth analysis, various aspects of financial performance of the selected Mutual Funds companies and their implications on managerial efficiencies, 6 major Mutual Funds companies have been selected from India. With regard to this, the firms have been chosen on the basis of performance. The sample is limited to Six Mutual Funds companies and includes information of only the three years.

LIMITATION OF THE STUDY

- This also applies to the analysis and interpretation is only based on the open - end schemes.
- With regards to this research, dividend schemes were not put under consideration.
- There is only past performance taken into consideration while analyzing and interpreting the fund.
- All the information of the study is related to the financial statement that only includes the past records.
- Regarding the limitative aspect of the financing statement analysis, the same is applicable to the study.
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ANALYSIS AND INTERPRETATION

TABLE NO.1

Age group

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	84	85.7	85.7	85.7
	25-30	4	4.1	4.1	89.8
	30-40	6	6.1	6.1	95.9
	40 above	4	4.1	4.1	100.0
	Total	98	100.0	100.0	

INTERPRETATION OF AGE

The survey results show that 85.7% of respondents are between 18 and 25 years old, indicating that most investors are young people. However, there is less representation in older age groups, with only 4.1% of the 25-30 age group participating actively. The 30-40 age bracket represents only 6.1%, and the 40+ bracket has a meager 4.1% investment. The cumulative percentage of respondents is 95.9%, with only 4.1% of those aged 40 and above. The total number of respondents is 98, sufficient for analysis.

TABLE NO.2

What is your gender?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	26	26.5	26.5	26.5
	Male	72	73.5	73.5	100.0
	Total	98	100.0	100.0	

INTERPRETATION OF GENDER

The survey has a male dominance with 73.5% of respondents being male. Female participation is lower at 26.5%. The cumulative percentage of male respondents reaches 100%, confirming the total number of 98 respondents. This indicates a male-dominated survey.

TABLE NO. 3

Educational Qualification?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bachelor's degree	40	40.8	40.8	40.8
	Diploma/Associate degree	3	3.1	3.1	43.9
	High school or below	2	2.0	2.0	45.9
	Master's degree	52	53.1	53.1	99.0
	Ph.D. or higher	1	1.0	1.0	100.0
	Total	98	100.0	100.0	

INTERPRETATION OF EDUCATIONAL QUALIFICATION DISTRIBUTION

The majority of respondents hold a Master's degree (53.1%), with 40.8% having a Bachelor's degree. 93.9% have at least an undergraduate degree. Only 3.1% have a Diploma/Associate degree, 2.0% have a High School education or lower, and 1.0% hold a Ph.D. or higher. The cumulative percentage of respondents is 99.0%, with Ph.D. holders making up the final 1%.

TABLE NO.4

What is your employment status?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business owner	4	4.1	4.1	4.1
	Employed full time	34	34.7	34.7	38.8
	Part time	8	8.2	8.2	46.9
	Student	52	53.1	53.1	100.0
	Total	98	100.0	100.0	

INTERPRETATION OF EMPLOYMENT STATUS DISTRIBUTION

The survey reveals that the majority of respondents are students (53.1%), with 34.7% employed full-time and 8.2% part-time. Only 4.1% of respondents are business owners, indicating minimal representation of entrepreneurs. The cumulative percentage of respondents is 100% after including students, confirming a total of 98 respondents. The majority of respondents are not yet in full-time employment, with only 4.1% being business owners. The total number of respondents is 98.

TABLE NO.5

Monthly income?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Above Rs.50,000	8	8.2	8.2	8.2
	Below Rs.25,000	70	71.4	71.4	79.6
	Rs.25,000-Rs.50,000	20	20.4	20.4	100.0
	Total	98	100.0	100.0	

INTERPRETATION OF INCOME DISTRIBUTION

The survey shows that 71.4% of respondents earn below ₹25,000, indicating low income, likely due to students. 20.4% earn between ₹25,000 and ₹50,000, representing a moderate-income segment. Only 8.2% earn above ₹50,000, indicating underrepresentation of high-income individuals. The cumulative percentage is 79.6%, with 79.6% earning ₹25,000 or less, reinforcing the dominance of lower-income groups. The cumulative percentage reaches 100% after including the ₹25,000 - ₹50,000 category.

FINDINGS

The study reveals that market conditions significantly influence investment fund performance, with 48% of respondents agreeing and 19.4% strongly agreeing. However, responses were split, with 49% neutral, suggesting uncertainty in investors' perceptions of market volatility. Economic indicators, such as inflation and interest rates, also impact portfolio

performance. Sector trends and global events showed high neutrality, while global events had mixed reactions. Market cycles were not strongly influenced by long-term growth, with 39.8% disagreeing. Fund manager expertise was considered crucial, but 43.9% remained neutral, indicating uncertainty in its impact on investment success. Active vs. passive strategies were not strongly agreed upon, with only 17.3% strongly agreeing that active fund management leads to better returns. Portfolio adjustments and transparency were moderately confident, with 30.6% agreeing that managers effectively adjust portfolios and 39.8% agreeing that transparency boosts confidence. Asset allocation was seen as crucial for risk management, but only 13.3% strongly agreed that managed funds consistently meet expectations. Past performance matters, and risk tolerance and decision-making were mixed, with 38.8% neutral. Market analysis was preferred over sentiment, and investors preferred tailored investment strategies. Regulatory influence was also uncertain, with 38.8% neutral, suggesting uncertainty in its impact on confidence.

CONCLUSION

This study provides a nuanced analysis of growth funds, offering insights for investors seeking to balance return and risk. It highlights the influence of economic factors and global events on investment funds, emphasizing the need for better market trend analysis. Investors prioritize data-driven decisions over sentiment, emphasizing the importance of research tools. A shift towards personalized investment strategies indicates a growing preference for financial solutions. Regulatory uncertainty necessitates more investor education on regulations' impact on market confidence.

REFERENCES

Rob Bauer's 2024 article explores the international evidence on ethical mutual fund performance and investment style, focusing on the issue of 9 in the Journal of Banking & Finance.

Tom Jacob's 2023 study compares mutual fund schemes of Reliance and Unit Trust of India, focusing on their respective benefits and risks.

Md. Qamruzzaman ACMA's 2014 study on the performance evaluation of mutual fund schemes in Bangladesh, analyzing monthly returns, was published in the Journal of Business Studies Quarterly.

Jamal Alsakran's 2014 study on mutual fund performance, published in the Tactful Management Research Journal, provides a visual analysis of the performance of these funds.