Performance Evaluation Of Indian Equity Mutual Fund Schemes

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Abstract
Investment in stock markets are mostly influenced by the keen analysis and reasoning which help in predicting the market at least to some extent. Over the past years, a number of technical and theories for analysis has evolved; these combined with modern technology guides, which serve the purpose of an investor. The giant players in the market, like Foreign Institutional Investors, Mutual Funds, etc. have the expertise skill and access for various analytical tools and make use of them. Most of the small investors are not in position to benefit out from market the way Mutual Funds do. Generally small investor’s investments are based on the market sentiments, inside information, through grapevine, tips and institution. The small investors heavily depend upon brokers and broking house for their investments. They can invest through the Mutual Fund who is more experienced and expert in this field than a small investor himself.

In recent years a large number of players have entered into this market. The paper has been carried out to study an overview of Mutual Fund Industry and to understand investor’s perception about Mutual Funds in the context of their trading performance, explore investors risk perception and find out their preference over top Mutual Funds.

This study is to understand how to evaluate of mutual funds. The objective is to evaluate the investment performance of Indian equity mutual fund with risk adjustment by using the theoretical parameters as suggested by William, Sharpes, Treynor, and Jensen model.

Keywords: Sharpe measure, Treynor measure, mutual funds, Jensen measure, risk-return

Introduction
“A mutual fund is a trust that pools the savings of a number of investors who share a common financial goal”. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. Thus a mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket.

The mutual fund industry in India started in 1963 with the formation of unit trust of India, at the initiative of the government of India and reserve bank. The history of mutual funds in India can be broadly divided into four distinct phases.

The asset base of the mutual fund industry rose by more than Rs. 6,300 crore to Rs. 10.12 lakh crore in August boosted by inflows in equity funds. Assets under management (AUM) of the country’s 45 fund houses increased from Rs. 10.06,452 crore in July to Rs. 10,12,824 crore last month - an increase of Rs. 6,372 crore, according to monthly figures released by the Association of Mutual Funds in India. The asset base had crossed the Rs. 10 lakh crore mark for the first time in May when the markets rose after the Narendra Modi-led BJP government came to power. The rise in AUM during August was primarily due to inflows in equity funds, which was eventually helped by a strong stock market. Besides, retail participation in equity schemes has increased significantly during the recent months. The BSE benchmark index, Sensex, rose by about 3 per cent in August.

The equity mutual funds witnessed an inflow of Rs. 5,217 crore taking the assets base to Rs. 2.35 lakh crore. Also, balanced fund saw an inflow of Rs. 448 crore to take the AUM to Rs. 17,293 crore. Liquid funds' AUM grew to Rs. 2.45 lakh crore last month from Rs. 2.44 lakh crore in July. On the other hand, income funds’ asset base fell to Rs. 4.61 lakh crore in August from Rs. 4.71 lakh crore in the preceding month, led by outflows of Rs. 12,696 crore. Today the Indian market is flooded with more than a thousand mutual fund schemes, promising better returns than others.

A mutual fund is an investment company or trust that pools the resources from thousands of its Mutual Funds. In India shareholders or unit holders who share common investment goal and then diversifies its investments into different types of securities in order to provide potential returns and reasonable safety in the period of globalization rapid price fluctuations are occurring for the assets like equity shares, bonds, real estate, derivatives etc.
Review Of Literature:

Gupta LC (1981) presented a detailed and well-based estimate of “Portfolio” rate of return on equities. This pioneering study in the Indian context has been a major contribution in this field and is regarded as the benchmark on the rate of return on equities for the specified time. He laid the basis of rate of return concept in performance evaluation.

Haslem (1988) evaluated fund performance by comparing the fund return with the return on market portfolio with the comparable risk. The fund's systemic risk, beta co-efficient is used to compare portfolio risk relative to the market risk. 'Beta' is a measure of risk of the fund's portfolio relative to the risk of the market portfolio.

Sarkar and Mazumdar (1995) evaluated financial performance of five close ended growth funds for the period February 1991 to August 1993. They concluded that the performance was below average terms of alpha values and statistically not significant and fund possessed high risk.

Hudson (1997) wherever performance evaluation is implemented, there will always be two key ingredients (a) a measure of return and (b) a measure of risk, over a given time horizon. Proper evaluation and comparison is possible only if the reporting standard is of high quality and there are well based standards for calculating NAVs.

Bers and Madura (2000) examine the performance persistence of 384 domestic closed-end funds in the United States. The sample includes 115 taxable bond funds, 67 equity funds, and 202 municipal bond funds. They employed the regression test to assess the persistence of performance over the periods. They found net asset value based performance persistence and market price based performance persistence for each type of closed-end fund over 12-, 24-, and 36-month holding periods. The results differ slightly between fund groups and over different holding periods. Lin and Yung (2004) confirm the short-term persistence in performance of U.S. real estate mutual fund by using the autocorrelation analysis.

The Research on “Performance Evaluation of Indian Mutual Funds” was done by Dr S Narayan Rao in IITB (2002). The Study is conducted to understand whether most of the mutual fund schemes were able to satisfy investor’s expectations by giving excess returns over expected returns.

The research “Mutual Fund Portfolio Creation Using Industry Concentration” is done by Mohit Gupta; Navdeep Agarwal in ICFAI University (2009). There is very little research on the construction of mutual fund portfolio. The present study seeks to fill this gap. The objective of the research is to construct the portfolio using the cluster method, taking industry concentration as a variable and to compare the performance of two types of portfolios with selected benchmarks.

Sathya Swaroop Debashish (2009) measured the performance of the equity based mutual funds in India. 23 schemes were studied over a period of April 1996 to March 2009 (13 years). The analysis was done on the basis of mean return, beta risk, and coefficient of determination, sharp ratio, Treynor ratio and Jensen alpha. The first analysis has been done on the basis of returns, followed by a comparison between market returns and the return on schemes. It was concluded that UTI mutual fund schemes and Franklin Templeton schemes have performed excellently in public and private sectors respectively. Further, on the basis of the parameters like Sharpe ratio,

Deutsche, Franklin Templeton, Prudential ICICI (in private sector) and SBI and UTI (in public sector) mutual funds schemes have out-performed the market portfolio with positive values. However, the overall analysis finds Franklin Templeton and UTI being the best performers, and Birla SunLife, HDFC and LIC mutual funds showing poor below-average performance when measured against the risk-return relationship models and measures.

Amporn Soongswang (2009) studied 138 open ended equity mutual funds managed by 17 asset management companies in Thailand during the period 2002-2007. When the mutual funds were measured using Treynor ratio, Sharpe ratio and Jensen’s alpha, showed that performance of Thai open ended mutual funds significantly outperform the market. However, by using the Data Envelopment analysis (DEA) technique, the results suggested that for 3 month time period of investment only, the open ended equity mutual fund significantly outperform the market.

Dr. B. Nimalathasan, Mr. R. Kumar Ghandhi (2012) studied the financial performance analysis of mutual fund schemes (equity diversified schemes and equity mid-cap schemes) of selected banks. The objective of this research work is to analysis the financial performance of selected mutual fund schemes through the statistical parameters (Standard Deviation, Beta and Alpha) and ratio analysis.

Need For The Study:

Investment decision mainly depends upon the investor’s attitude towards risk and return of each of the revenues investment. Planning & advisory plays an important role in facilitating an investor in investigating process. For advising an investor for investment, performance evaluation is necessary, hence the study is aimed at “Performance evaluation of Indian equity mutual funds schemes with special reference to Alice blue India private limited”.
Objectives Of The Study:

a) To evaluate the investment performance of Indian equity mutual funds with risk adjustment by using the theoretical parameters as suggested by William Sharpe, Treynor and Jensen measure.
b) To evaluate the performance of different schemes of Indian equity mutual funds.

Research Methodology

Data: The study is based on secondary data. The Secondary data sources include Fact sheets of Mutual funds, articles, newspapers, AMFI reports and websites.

Period of Study: The growth oriented schemes, which have been floated by the selected funds during the period, Jan, 2012 to Dec, 2014 have been considered for the purpose of the study. Selected mutual funds scheme are in operation since last 10 years and these schemes faces all ups and downs of market.

Benchmark Index: For this study, BSE-100, because BSE National index is comparatively broad based than BSE Sensex that is constituted of 30 shares only. Hence it would cover the majority percentage of different scheme portfolios and therefore is expected to provide better performance benchmark.

Tools Used For Data Analysis - Return:

Return on typical investment consists of two components. The basic is the periodic cash receipts (or income) on the investment, either in the form of interest or dividends. The second component is the change in price of the assets-commonly called the capital gain or loss. This element of return is the difference between the purchase price and price at which the assets can be sold; therefore it can be a gain or a loss.

The return can be calculated as under:

\[ \text{Portfolio Return} = \left( \frac{\text{Today's Nav Price} - \text{Yesterday's Nav Price}}{\text{Yesterday's Nav Price}} \right) \times 100 \]

Where \( R_{\text{net}} \) is the difference between market indices of two consecutive days dividend by the market index for the preceding day.

Risk:

Risk is neither good nor bad. Risk in holding securities is generally associated with the possibility that realized returns will be less than expected returns. The difference between required rate of return on mutual fund investment and risk free return is the risk premium. Risk can be measured in terms of Beta and 'standard deviations,

Standard Deviation:

It is used to measure the variation in the individual returns from the average expected returns over a certain period. Standard deviation is used in the concept of risk of a portfolio of investments. Higher standard deviation means greater fluctuation in expected return. Standard deviation (SD) = \( \sqrt{\text{Variance}} \)

\[ \text{Variance} = \sum P(r_i - E(r))^2 \]

Beta measures the systematic risk and shows. How prices of securities respond to the market forces. It is calculated by relating the return on security with return for the market. By convention, market have beta .0, Mutual Fund is said to be volatile, more volatile or less volatile_ If beta is greater than the stock is said to be riskier than market. If beta is less than 1, the indication is that stock is less risky in comparison to market, if beta is zero then risk is the same as that of the market, Negative beta is rare.

Alpha:

The size of the alpha exhibits the stock's unsystematic return and its average return independent of market return. If the fund produces the expected return at the level of risk assumed, the fund would have an alpha equal to zero. A positive alpha indicates that the manager produced return greater than expected for the risk taken. Alpha is calculated by comparing the fund's actual performance with the risk-adjusted expected return.

\[ \beta = \frac{\sum n x y - (\sum x)(\sum y)}{n \sum x^2 - (\sum x)^2} \]

Where \( n \)= number of days

\( X \)= rolling returns of the NSE index

\( Y \)= rolling returns of the schemes
Where \( R_p \) = portfolio return
\( R_p \) = Risk free rate of return ( )
\( R_m \) = Average market return
\[
\alpha = \left( R_p - R_f \right) - \beta \left( R_m - R_f \right)
\]

**Sharpe's Index:**
Sharpe index measures risk premium of a portfolio, relative to the total amount of risk in the portfolio. Sharpe index summarizes the risk and return of a portfolio in a single measure that categorizes the performance often fiords on the risk-adjusted basis. The larger the Sharpe's index the portfolio over performs the market and vice versa.

\[
S = \frac{R_p - R_f}{\sigma_p}
\]
Where, \( S \) = Sharpe's index
\( R_p \) = Portfolio return
\( R_f \) = Risk free rate of return
\( \sigma_p \) = Standard deviation of portfolio

**Treynor's Index:**
Treynor's model is one of the concepts of the characteristics straight line. The characteristics line has drawn between the market return and a specific portfolio without taking into consideration any direct adjustment for risk. It is also known as reward to volatility ratio is defined as:

The formula for Treynor's Index is:

\[
T_n = \frac{R_p - R_f}{\beta_p}
\]
Where
\( R_p \) = average return of portfolio
\( R_f \) = riskless rate of interest
\( \beta_p \) = a measure of systematic risk

**JENSEN'S Performance Index:**
The absolute risk adjusted return measure was developed by Michael Jensen and commonly known as Jensen measure. It is mentioned as a measure of absolute performance because a definite standard is set and against that the performance is measured. The standard is based on the manager's predictive ability. Successful prediction of security price would enable the manager to earn higher returns than the ordinary investor expects to earn in a given level of risk. The basic model of Jensen is given below

\[
R_p = \alpha + \beta \left( R_m - R_f \right)
\]
\( R_p \) = average return of portfolio the intercept
\( R_f \) = riskless rate of interest
\( \beta \) = a measure of systematic risk
\( R_m \) = average market return

**Limitations Of The Study:**
a) Studied only open ended schemes and close ended schemes were ignored.
b) The data is collected is for limited period i.e., three years
c) The study has been conducted and analysed based on set of available information, which is governed by time factor.

**Data Analysis And Interpretation**

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>STANDARD DEVIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSF Return</td>
<td>4.18</td>
</tr>
<tr>
<td>Franklin Asian equity Fund (G)</td>
<td>2.47</td>
</tr>
<tr>
<td>Axis Equity fund (G)</td>
<td>4.33</td>
</tr>
<tr>
<td>Quantum equity Fund of Fund</td>
<td>4.98</td>
</tr>
<tr>
<td>Reliance Equity opportunities Fund (G)</td>
<td>4.82</td>
</tr>
<tr>
<td>UTL opportunities Fund (G)</td>
<td>4.08</td>
</tr>
</tbody>
</table>

*Source: Valueresearch.com*
The above table and graph, it is observed that the Franklin Asian Equity Fund (G) is having minimum standard deviation of 2.47% compare to benchmark BSE 200 returns of 4.18% and on the other hand, the Quantum equity Fund of Fund is having high risk 4.98% against benchmark.

**Table 2: Showing Beta value of selected different schemes in Indian Equity Mutual Fund**

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>BETA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franklin Asian equity Fund (G)</td>
<td>0.14</td>
</tr>
<tr>
<td>Axis Equity fund (G)</td>
<td>0.09</td>
</tr>
<tr>
<td>Quantum equity Fund of Fund</td>
<td>1.07</td>
</tr>
<tr>
<td>Reliance Equity opportunities Fund (G)</td>
<td>0.92</td>
</tr>
<tr>
<td>UTI opportunities Fund (G)</td>
<td>0.89</td>
</tr>
</tbody>
</table>

*Source: Valueresearch.com*

**Graph 2: Showing Beta value of selected different schemes in Indian Equity Mutual Fund**

The above, it is clear that, quantum equity fund has 1.09 and Franklin Asian equity fund has 0.04. The lower the beta, lower the risk against benchmark.
Table 3: Showing Actual return of selected different schemes in Indian Equity Mutual Fund

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>ACTUAL RETURN</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSE Return</td>
<td>28.32%</td>
</tr>
<tr>
<td>Franklin Asian equity Fund (G)</td>
<td>15.68%</td>
</tr>
<tr>
<td>Axis Equity fund (G)</td>
<td>15.68%</td>
</tr>
<tr>
<td>Quantum equity Fund of Fund</td>
<td>35.98%</td>
</tr>
<tr>
<td>Reliance Equity opportunities Fund (G)</td>
<td>48.73%</td>
</tr>
<tr>
<td>UTI opportunities Fund (G)</td>
<td>25.36%</td>
</tr>
</tbody>
</table>

Source: Valueresearch.com

Graph 4: Showing Actual return of selected different schemes in Indian Equity Mutual Fund

INTERPRETATION:

In the above schemes, Reliance Equity Opportunities Fund has high return of 48.73% and Franklin Asian Equity Fund and Axis Equity Funds are having a low return of 15.68% against the benchmark 28.32%. Therefore, from the schemes do vary in a range with respect to returns.

Table 5: Showing Expected returns of selected different schemes in Indian Equity Mutual Fund

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>EXPECTED RETURN</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSE Return</td>
<td>1.46</td>
</tr>
<tr>
<td>Franklin Asian equity Fund (G)</td>
<td>1.09</td>
</tr>
<tr>
<td>Axis Equity fund (G)</td>
<td>1.65</td>
</tr>
<tr>
<td>Quantum equity Fund of Fund</td>
<td>2.17</td>
</tr>
<tr>
<td>Reliance Equity opportunities Fund (G)</td>
<td>2.64</td>
</tr>
<tr>
<td>UTI opportunities Fund (G)</td>
<td>1.89</td>
</tr>
</tbody>
</table>

Source: Valueresearch.com
Graph 5: Showing Expected returns of selected different schemes in Indian Equity Mutual Fund

INTERPRETATION:
In the above schemes, Reliance Equity Fund (G) has high expected returns compare to other mutual fund schemes even when it is compared with benchmark index too.

Table 6: Showing portfolio return analysis of different schemes in Indian Equity Mutual Fund

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>PORTFOLIO RETURN</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSE Return</td>
<td>0.23</td>
</tr>
<tr>
<td>Franklin Asian equity Fund (G)</td>
<td>0.14</td>
</tr>
<tr>
<td>Axis Equity Fund (G)</td>
<td>0.14</td>
</tr>
<tr>
<td>Quantum equity Fund of Fund</td>
<td>0.28</td>
</tr>
<tr>
<td>Reliance Equity opportunities Fund (G)</td>
<td>0.35</td>
</tr>
<tr>
<td>UTI opportunities Fund (G)</td>
<td>0.21</td>
</tr>
</tbody>
</table>

Source: Valueresearch.com

Graph 6: Showing portfolio return analysis of different schemes in Indian Equity Mutual Fund
**INTERPRETATION:**
In the above schemes, Reliance Equity opportunities Fund has a high Portfolio return of 0.35, beats the benchmark index portfolio return and Axis Equity fund and Franklin Asian fund has a low portfolio return of 0.14.

Table 7: Showing comparison of risk and return analysis of different schemes in Indian Equity Mutual Fund

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>STANDARD DEVIATION</th>
<th>EXPECTED RETURN</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSE Return</td>
<td>4.18</td>
<td>1.46</td>
</tr>
<tr>
<td>Franklin Asian equity Fund (G)</td>
<td>2.47</td>
<td>1.09</td>
</tr>
<tr>
<td>Axis Equity fund (G)</td>
<td>4.33</td>
<td>1.65</td>
</tr>
<tr>
<td>Quantum equity Fund of Fund</td>
<td>4.98</td>
<td>2.17</td>
</tr>
<tr>
<td>Reliance Equity opportunities Fund (G)</td>
<td>4.82</td>
<td>2.64</td>
</tr>
<tr>
<td>UTI opportunities Fund (G)</td>
<td>4.06</td>
<td>1.89</td>
</tr>
</tbody>
</table>

Source: Valueresearch.com

**GRAPH 7:** Showing comparison of risk and return analysis of different schemes in Indian Equity Mutual Fund

**INTERPRETATION:**
The above table and graph depicts that Reliance Equity Opportunity Fund has highest standard deviation and expected return when it is compared against other mutual fund schemes as well as benchmark index.

Table 8: Showing Treynor method analysis of different schemes in Indian Equity Mutual Fund

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>TREYNOR</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franklin Asian equity Fund (G)</td>
<td>0.41</td>
<td>2</td>
</tr>
<tr>
<td>Axis Equity fund (G)</td>
<td>0.63</td>
<td>1</td>
</tr>
<tr>
<td>Quantum equity Fund of Fund</td>
<td>0.18</td>
<td>4</td>
</tr>
<tr>
<td>Reliance Equity opportunities Fund (G)</td>
<td>0.29</td>
<td>3</td>
</tr>
<tr>
<td>UTI opportunities Fund (G)</td>
<td>0.14</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Valueresearch.com
INTERPRETATION:
From the above table and graph, based on TREYNOR method, Axis equity scheme has obtained 1st rank with the methodology adopted and other schemes ranks were calculated and identified as above.

Table 9: Showing Sharpe’s method analysis of different schemes in Indian Equity Mutual Fund

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>Sharpe’s</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franklin Asian equity Fund (G)</td>
<td>0.41</td>
<td>2</td>
</tr>
<tr>
<td>Axis Equity Fund (G)</td>
<td>0.63</td>
<td>1</td>
</tr>
<tr>
<td>Quantum equity Fund of Fund</td>
<td>0.18</td>
<td>4</td>
</tr>
<tr>
<td>Reliance Equity opportunities Fund (G)</td>
<td>0.29</td>
<td>3</td>
</tr>
<tr>
<td>UTI opportunities Fund (G)</td>
<td>0.14</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Valueresearch.com

INTERPRETATION:
From the above schemes, based on Sharpe’s method, Axis equity scheme has obtained 1st Rank and other mutual fund schemes are ranked accordingly in the above graph and table.
Table 10: Showing Jensen’s Method analysis of different schemes in Indian Equity Mutual Fund

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>Jensen’s RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franklin Asian equity Fund (G)</td>
<td>2.56</td>
</tr>
<tr>
<td>Axis Equity fund (G)</td>
<td>-4.15</td>
</tr>
<tr>
<td>Quantum equity Fund of Fund</td>
<td>9.9</td>
</tr>
<tr>
<td>Reliance Equity opportunities Fund (G)</td>
<td>17.04</td>
</tr>
<tr>
<td>UTI opportunities Fund (G)</td>
<td>2.74</td>
</tr>
</tbody>
</table>

Source: Valueresearch.com

Graph 10: Showing Jensen’s Method analysis of different schemes in Indian Equity Mutual Fund

**INTERPRETATION**

In the above schemes, based on Jensen’s measure, Reliance Equity opportunities fund has obtained 1st rank and other mutual fund schemes are represented as above in the graph and table.

**Findings**

a) The rate of return from the mutual funds is higher when compared to the other investment options. Thus, mutual funds are a better investment avenue to trade-off between risk and return.

b) Investment in Quantum equity Fund of Fund is seems to be risky because the Beta of the fund is 1.07, which is more than 1.

c) The Franklin Asian Equity Fund (G) is having minimum risk of 2.47% is near to BSE 200 returns of 4.18% and the Quantum equity Fund of Fund is having high risk 4.98%.

d) The Reliance equity opportunities Fund has high return of 48.73% and Franklin Asian equity fund and Axis equity funds are having a low return of 15.68. It has high expected returns i.e., Reliance equity opportunity fund compare to other mutual fund schemes.

e) The Reliance fund has a high Portfolio return of 0.35 and Axis Equity fund and Franklin Asian fund has a low portfolio return of 0.14.

f) Reliance equity opportunity fund has highest standard deviation and expected return when it is compared against other mutual fund schemes.

g) The 6th graph depicts, based on TRENOR method Axis equity scheme has obtained 1st rank when compared with other mutual fund schemes.

h) Based on Sharpe’s method Axis equity scheme has obtained 1st Rank when compared with other mutual fund schemes.

i) Jensen’s measure Reliance Equity opportunities fund has obtained 1st rank when compared with other mutual fund schemes.

**Suggestions**

a) The scheme such as Quantum equity fund (G) option has high return 35.98% and high risk 4.98 and this type of funds is suitable for aggressive investors i.e., youths and also high income group of people.

b) Franklin Asian equity fund is suitable for the conservative or moderate investors because it gives normal return but less risky.

c) The Quantum Equity fund (1.07), Reliance Equity opportunity fund (0.92), UTI opportunity fund (0.89) have high beta value indicates that the schemes are more volatile. So company should harness on it by focusing on investors who is ready to take more risk.
d) Therefore, it is suggested for the investors to do a thorough analysis with the help of available performance evaluation techniques like Treynor, Sharpe and Jensen to know the level of performance in terms of risk and return.

Conclusion
From the study we conclude that the Mutual Fund is a safe investment tool. Mutual Fund is the only opportunity many investors have for investing in an intelligent diversified manner.

After studying and analyzing different mutual fund schemes the following conclusions can be made. The most important considerations while making investment decision was return aspect followed by safety, liquidity, and taxability. On the basis of the analysis the performance of the study can be concluded to be good and those who want to eliminate risk element and want to reap better return than it would be advisable to go for debt or arbitrage schemes, which ensures both return and safety.

Small investors, who neither have ability nor expertise, should go for the Mutual Fund. There will be various stocks among that they should select the right one and keep track of the investment made. In order to get good return investors should have proper information of the funds and their asset management companies where they are investing. So it is necessary investors should contact the advisory securities for knowing which fund gives good return for their investment.

References