

A Study on Top 10 Mutual Funds in India for the Year 2021

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1.1) **Introduction:**

The mutual funds are the financial instruments that pools the savings of number of investors who share a common financial goal. The investment of the mutual funds is invested in the securities like stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus. Mutual funds give small or individual investors access to diversified, professionally managed portfolios at a low price. Mutual funds charge annual fees (called expense ratios) and, in some cases, commissions, which can affect their overall returns.

Mutual funds pool money from the investing public and use that money to buy other securities, usually stocks and bonds. The value of the mutual fund company depends on the performance of the securities it decides to buy. So, when you buy a unit or share of a mutual fund, you are buying the performance of its portfolio or, more precisely, a part of the portfolio's.

Each investor owns units, which represents a portion of holding of fund. The income generated from this collective investment is distributed proportionally among the investors after deducting the expenses by calculating a scheme's "Net Asset Value (NAV)".

Investing in a share of a mutual fund is different from investing in shares of stock. Unlike stock, mutual fund shares do not give its holders any voting rights. A share of a mutual fund represents investments in many different stocks (or other securities) instead of just one holding.

Investor typically earn return on mutual funds in 3 ways,

- Dividends: Income is earned from dividends on stocks and interest on bonds held in the fund's portfolio.
- Profit on selling mutual funds: You can then sell your mutual fund shares for a profit in the market.
- Capital gains: Capital gain occurs when you sell an asset for more than what you originally paid for it.

1.1) **Need of the Study:**

All investors aim to achieve a higher RoI (return on investment) by investing in financial instruments such as mutual funds to beat inflation and increase their wealth of long term. One of the prominent advantages of mutual funds is diversification. It helps us created an assorted portfolio that segregate the headwind experienced in various sectors. Diversification will help in reduce the risk associate with different asset class. Mutual funds have greater prospects of potentially providing high returns overtime as one can invest in a diverse range of sectors and industries. The ease of investment makes mutual funds preferable avenue. Hence, the study of top 10 mutual funds is important to guide an investor.

1.2) **Objectives of the Study:**

- i. To study about current scenario of mutual funds in India
- i. To study and analyse the top 10 mutual funds with reference to selected parameters.
- ii. To study asset allocation of the top 10 mutual funds.

1.3) **Scope of the Study:**

The study is conducted for the top 10 mutual funds in India from January 2021 to 31 December 2021. The study focuses on top 10 mutual funds in India. The study comprises of Net asset value, Investment portfolio in various sectors, fund performance with benchmark and peers, asset size and their asset allocation.

1.4) **Limitation of the study:**

The limitation of the study is as follows:

- Mutual fund industry is the vast subject, it can be studied at any length of time.
- Due to time paucity the study has been limited to 10 mutual funds only.
- As the project time period is limited, the long-term data of mutual funds are not taken into consideration.
- Since return of mutual fund scheme is calculated in different methods the study is limited to annualized return only the other return like trailing returns, absolute return, rolling return is not considered because of time limit.

FINDINGS:

The major findings from the study are as follows:

- The study reveals that the Average Asset Under Management among the ten mutual funds is more in Axis Blue Chip Fund then followed by Mirae Asset Large Cap Fund, Axis Liquid Fund, HDFC Short term debt, Nippon Small Cap Fund, ICICI Prudential Blue-Chip Fund, SBI Small Cap Fund, DSP Tax Saver Fund.
- The mutual fund scheme which charges highest expense ratio from the investors are Quant Active Fund followed by Nippon Small Cap Fund, DSP Tax Saver Fund, Axis Blue chip fund, SBI small cap Fund, ICICI Prudential Blue-Chip Fund, Mirae Asset Blue Chip Fund. The mutual fund scheme which charges less is Axis Liquid Fund. The investor always prefers those mutual which charge less expense ratio.
- Among the top 10 mutual funds the funds which could generate higher return with risk adjusted on basis of sharpe ratio are Axis Liquid Fund followed by DSP Equity and Bond Fund, HDFC Short Term Debt, Quant Active Fund, SBI Small Cap Fund, Canara Robeco Flexi cap Fund, Axis Blue Chip Fund, ICICI Prudential Blue-Chip Fund, DSP Tax Saver Fund, Mirae Asset Large Cap Fund, Nippon Small cap fund.
- The top 10 mutual fund which has more asset size is Axis Blue Chip Fund followed by Mirae Asset Large Cap Fund, ICICI Prudential Blue-Chip Fund, Axis Liquid Fund,
- The top 10 mutual funds have major of its stock holdings invested in ICICI Bank, HDFC Bank. Axis Bank, Reliance Industry Limited, SBI Bank, Bharti Airtel Limited, Infosys Limited, Tata Consultancy and services Limited, Larsen and Turbo Limited.
- The top 10 Mutual Funds have invested mostly in the Banking, Software-IT, Financial, Automobile, Telecom, Consumer goods, Health and Service sectors.
- Standard deviation shows that the deviation in return generated by the fund. Among the top funds Nippon Small Cap Fund has major deviation, followed by Quant Active Fund, SBI Small Cap Fund, DSP Tax Saver Fund, Mirae Asset Large Cap Fund, ICICI Prudential Blue-Chip Fund, Canara Robeco Flexi Cap Fund, Axis Blue Chip Fund, HDFC Short Term Debt. The Fund with least deviation is Axis Liquid Fund.
- Among all the selected funds, the fund which has generated maximum return in the year 2021, Nippon Small cap fund, Quant Active Fund, SBI Small Cap Fund, DSP Tax Saver Fund, Canara Robeco Flexi Cap Fund, ICICI Prudential Blue-Chip Fund, Mirae Asset Large Cap Fund, Axis Blue Chip Fund, HDFC Short Term Debt and Axis Liquid Fund.

CONCLUSIONS:

Mutual Fund is the investment option where the investment is pooled with the other investors and invested in the securities. The fund manager's expertise knowledge will help the investors to get more returns than fixed deposits in the banks. Liquidity is easier in mutual funds. Moreover, we can either invest lumpsum amount or invest with minimum amount as well. Mutual Fund also provide tax exemption to the investors. Among all the top 10 mutual funds, the fund which is performing very well is ICICI Prudential Blue-Chip Fund followed by Quant Active Fund, Nippon Small Cap Fund, HDFC Short Term Debt, SBI Small Cap Fund based on various parameters like Consistency in the returns, down side protection, asset size, growth in the return and performance comparison with the peers and many more.

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