Kumar, PK., &Reddy RN. (2021). Comparative analysis of selected hybrid mutual funds in India. *International Journal of Economic Perspectives*,*15*(1),331–335. Retrieved from[https://ijeponline.org/index.php/journal/article/view/59](https://ijeponline.org/index.php/journal/article/view/59)

# Comparative Analysis of Selected Hybrid Mutual Funds In India

**K PRAVEEN KUMAR,**
**Research scholar, Email: [kaki.praveen1264@gmail.com](mailto:kaki.praveen1264@gmail.com),**
**Career point university, Kota, Rajasthan**

**Supervisor, N RAJI REDDY ,**
**Career point university, Kota, Rajasthan**

**Abstract:** A mutual fund is a vehicle for pooling resources by issuing units to investors and investing that money in securities that meet their goals. There are numerous mutual funds in which investors can invest their money, and the consistency of mutual fund performance has been a major factor in attracting many investors. The purpose of this study is to compare the performance of mutual funds with their benchmark indices. The study focuses on Hybrid mutual fund plans from selected Indian mutual funds. The performance of hybrid mutual funds is evaluated in this study, to provide the best investment possibilities out of five hybrid funds. The data used is the yearly NAV closing year, which runs from January 1, 2011 through December 31, 2020.

**Keywords:** *Mutual funds, benchmark, performance evaluation, Risk –Return*

**Introduction:** A mutual fund is one of the most appealing financial investment products that contributes significantly to a country's economy. For investors, the mutual fund scheme opens up new possibilities. The Unit Trust of India was the first mutual fund to be established in India in 1963. Mutual funds allow investors to diversify over a wide range of investments that they might not be able to include in their portfolios if they were individual securities. The Mutual Fund sector has undergone several extraordinary and rapid changes in the recent few years. As a result of the changing environment, it is critical to look into mutual fund performance. In today's complex and modern financial environment, a mutual fund is the best investment instrument. Mutual funds are both cost-effective and simple to invest in, allowing investors to purchase stocks and bonds at a lower trading cost by pooling their money in a mutual fund. The study's goal is to examine the performance of five Indian mutual funds' hybrid funds using performance indicators like Treynor's Index and Sharpe's Index.

**Review of literature:**
**Aggarwal Deepak (2007)** study looks at the pricing and statistics in the Indian mutual fund market from the perspective of both the fund manager and the fund investor. The return on market and return on stock can be used to assess fund mispricing. The t-test is used. The standard deviation and correlation are used to test the hypothesis. The mutual fund business in India has experienced phenomenal expansion, garnering a large number of investments from both domestic and international investors.

**Amita and Chauhan (2013)** In this paper, investors will learn how dangerous particular assets are and how they contribute to a portfolio's overall risk. The study's goal is to use risk-adjusted performance indicators like Treynor's index, Sharpe's index, and Jensen's index to analyse the performance of Indian mutual fund schemes. It will assist investors in selecting the best mutual fund that generates the highest return with the lowest risk, and it can be evaluated by determining the average return, standard deviation, and beta. The private sector outperformed the public sector in terms of average return, standard deviation, and beta, according to this study.

**Dennis Bams and Roger Otten (1998):** This research examines mutual fund performance using a survivorship bias controlled sample of 506 funds from the five most major mutual fund countries. Carhart's (1997) 4-factor asset-pricing model is used for the latter. As evidenced by their positive after-cost alphas, the results suggest that European mutual funds, particularly small cap funds, might provide value. The majority of European mutual funds have good returns and risk-adjusted performance for their clients.

**Dr S Narayan Rao and M Ravindran (2002)** The goal of this research is to assess the performance of Indian mutual funds. The relative performance index, risk-return analysis, Sharpe's ratio, Treynor's ratio, Sharpe's measure, Jensen's measure, and Fama's measure are all used in this study. The data is utilised to calculate the closing NAVs on a monthly basis. According to the results of the performance metric, most mutual funds were able to meet investors' expectations by providing excess returns over predicted returns.

**Michael C. Jense (1964)** The goal of this research was to develop a risk-adjusted portfolio performance measure that quantifies how much a manager's forecasting ability adds to the fund's results. The metric is based on Sharpe (1964), Linter (1965), and Treynor's capital asset theory (undated) The evidence on mutual fund performance shows that not only were these 115 mutual funds on average unable to anticipate securities prices well enough, but that there is also very little evidence that any individual fund did considerably better than what we would expect from random chance.
**Venekateswara Rao (1998):** The goal of this research is to look at the mutual fund industry's net resource mobilisation and asset under management by institution. Averages, percentages, and correlation are employed as statistical techniques.


***Corresponding author**:* Kumar, PK., &Reddy RN.
*Submitted: 27 Jan 2021, Revised: 09 February 2021, Accepted: 18 February 2021, Published: 28 February 2021*

**Research Methodology:**

The goal of this project was to examine the performance of hybrid mutual funds from five distinct mutual fund AMCs, namely ICICI, ABSL, Kotak, TATA, and LIC, during a ten-year period from 2011 to 2020. The researcher relies on secondary data for this. Sharpe's index and Treynor's index are used to make a comparison based on NAV trend, returns, and risk considerations. The NAV is calculated over a one-year period, while market returns are calculated over a ten-year period. The information about NAV and Returns was gathered from a variety of sources.

**Objectives:**

1. To make a comparative analysis of the performance of hybrid mutual funds of three different companies.
2. To find out the best investment option from the five hybrid funds.
3. To study the trend of performance of Hybrid funds of ICICI, Kotak TATA, LIC and ABSL.

**Data analysis**

The purpose of this study was to examine the performance and risk of five hybrid mutual fund schemes during the course of the study period. A research was conducted to examine the risk and return of various schemes within the category or to the market in order to meet the objectives. The performance and risk of various mutual fund schemes are assessed using a variety of statistical and financial methodologies.

**HYPOTHESES**

$H_0$ There is no Significant relationship between the returns earned by Balanced Mutual Fund schemes over 3, 6, and 10 years.

$H_1$ There is Significant relationship between the returns earned by Balanced Mutual Fund schemes over 3, 6, and 10 years.

**LIMITATIONS OF THE STUDY**

1. While asset management companies (AMCs) provide a wide range of mutual fund schemes that diversify across asset classes such as equities, debt, gold, and hybrid mutual funds, the study concentrates on hybrid mutual fund schemes.

2. The mutual fund industry is extremely dynamic, with several regulatory and process changes; nevertheless, the research only looks at the impact of these changes until December 2020.

3. The data that is considered for the Comparative analysis of various Mutual Funds returns of Open-Ended Balanced Growth Fund are for a period of 10 years (1st Jan 2011 to 31st Dec 2020) and performance during this period may not be same in future.

**Analysis & Discussion**

Table 1 shows the values of NAV on the 1st of every year and NAV is taken for the period of one year and the graph for the same is presented for the different AMC's as first graph presents the value of NAV of ABSL – Equity Hybrid '95 fund, Second ICICI prudential Equity & Debt Fund, third Kotak Equity Hybrid Fund, fourth LIC - Equity Hybrid fund and fifth Tata Equity Hybrid Fund.

| Year | AMC | | | | |
|---|---|---|---|---|---|
| | ABSL - Equity Hybrid '95 Fund | ICICI prudential Equity & Debt Fund | Kotak Equity Hybrid Fund | LIC - Equity Hybrid fund | Tata Equity Hybrid Fund |
| 2010 | 269.47 | 40.05 | 23.78 | 51.86 | 101.62 |
| 2011 | 322.45 | 47.49 | 23.75 | 57.41 | 116.73 |
| 2012 | 277.77 | 43.06 | 19.47 | 47.91 | 102.7 |
| 2013 | 346.09 | 55.71 | 23.23 | 59.55 | 134.07 |
| 2014 | 367.19 | 61.94 | 19.08 | 63.94 | 144.18 |
| 2015 | 545.5 | 90.16 | 17.93 | 85.77 | 215.7 |
| 2016 | 563.81 | 92.05 | 18.27 | 79.96 | 230.73 |
| 2017 | 618.78 | 104.62 | 20.28 | 86.65 | 240.06 |
| 2018 | 772.84 | 130.54 | 24.97 | 106.57 | 286.64 |
| 2019 | 734.25 | 128.05 | 23.43 | 102.58 | 279.46 |
| 2020 | 769.18 | 138.48 | 26.74 | 117.48 | 298.61 |


*Corresponding author:* Kumar, PK., &Reddy RN.
*Submitted: 27 Jan 2021, Revised: 09 February 2021, Accepted: 18 February 2021, Published: 28 February 2021*

Kumar, PK., &Reddy RN. (2021). Comparative analysis of selected hybrid
mutual funds in India. *International Journal of Economic Perspectives*,*15*(1),331–335.
Retrieved from https://ijeponline.org/index.php/journal/article/view/59


Chart 1 Growth of NAV of ABSL – Equity Hybrid '95 fund


Chart 2 Growth of NAV of ICICI Prudential Equity & Debt Fund

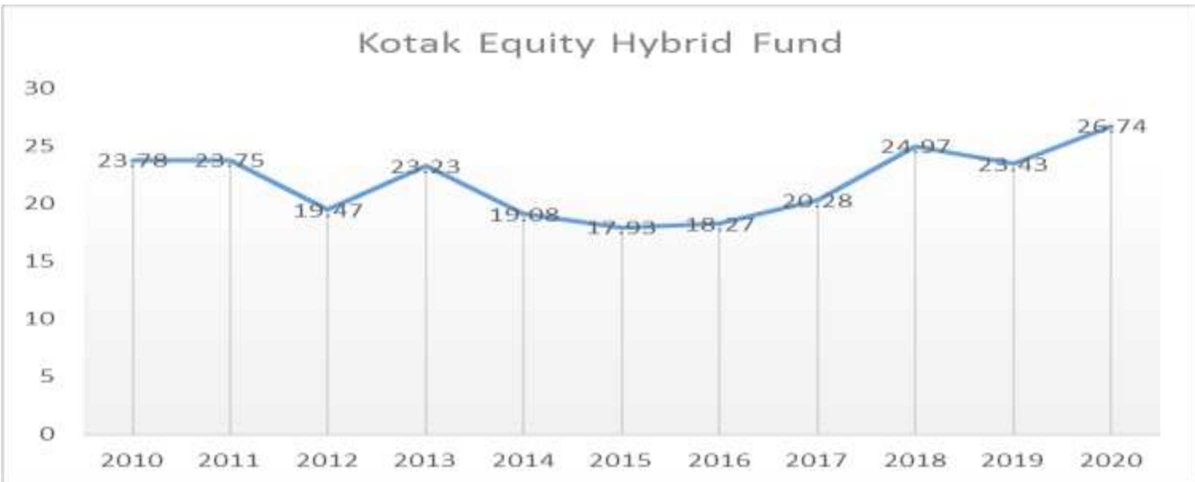


Chart 3 Growth of NAV of Kotak Equity Hybrid Fund

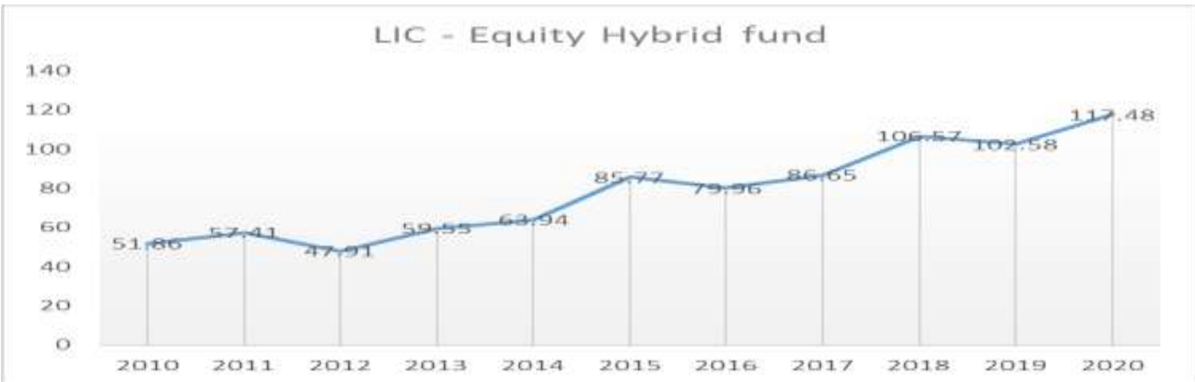


Chart 4 Growth of NAV of LIC- Equity Hybrid Fund



***Corresponding author**:* Kumar, PK., &Reddy RN.

*Submitted: 27 Jan 2021, Revised: 09 February 2021, Accepted: 18 February 2021, Published: 28 February 2021*

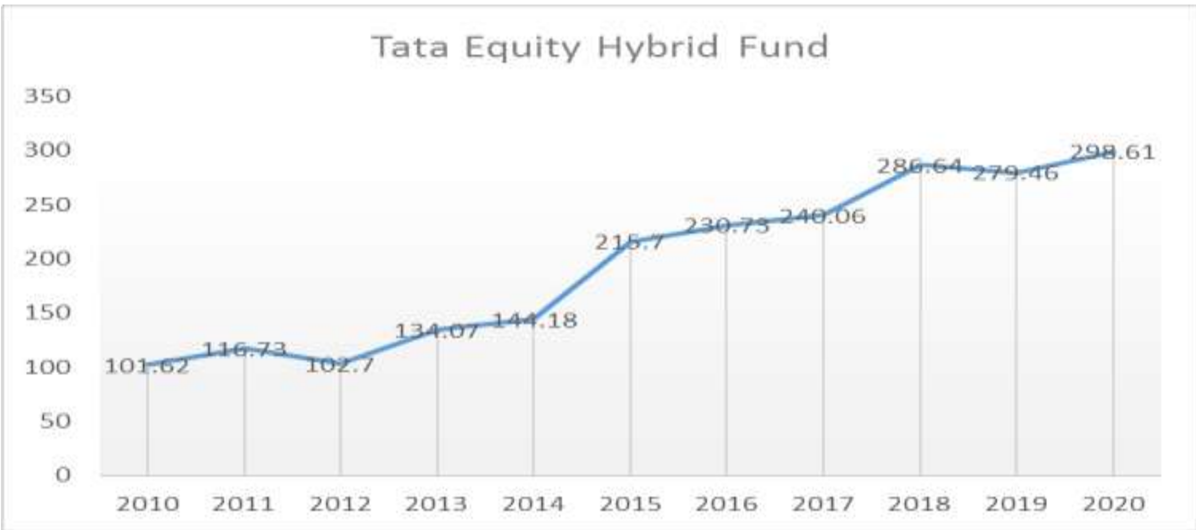


Chart 5 Growth of NAV of TATA Equity Hybrid Fund

**Table 2 exhibit Performance in terms of 3 years, 6 years & 10 years Average Annualised Return of Balanced Mutual fund schemes**

| S N | Scheme Name | 3 years Average Annualised Return | Rank | 6 years Average Annualised Return | Rank | 10 years Average Annualised Return | Rank |
|---|---|---|---|---|---|---|---|
| 1 | ABSL - Equity Hybrid '95 Fund | 7.52 | 5 | 13.12 | 2 | 11.06 | 3 |
| 2 | ICICI prudential Equity & Debt Fund | 9.80 | 2 | 14.35 | 1 | 13.21 | 1 |
| 3 | Kotak Equity Hybrid Fund | 9.66 | 3 | 5.79 | 5 | 1.18 | 5 |
| 4 | LIC - Equity Hybrid fund | 10.68 | 1 | 10.67 | 4 | 8.52 | 4 |
| 5 | Tata Equity Hybrid Fund | 7.55 | 4 | 12.90 | 3 | 11.38 | 2 |

*Source: - Own Calculation*

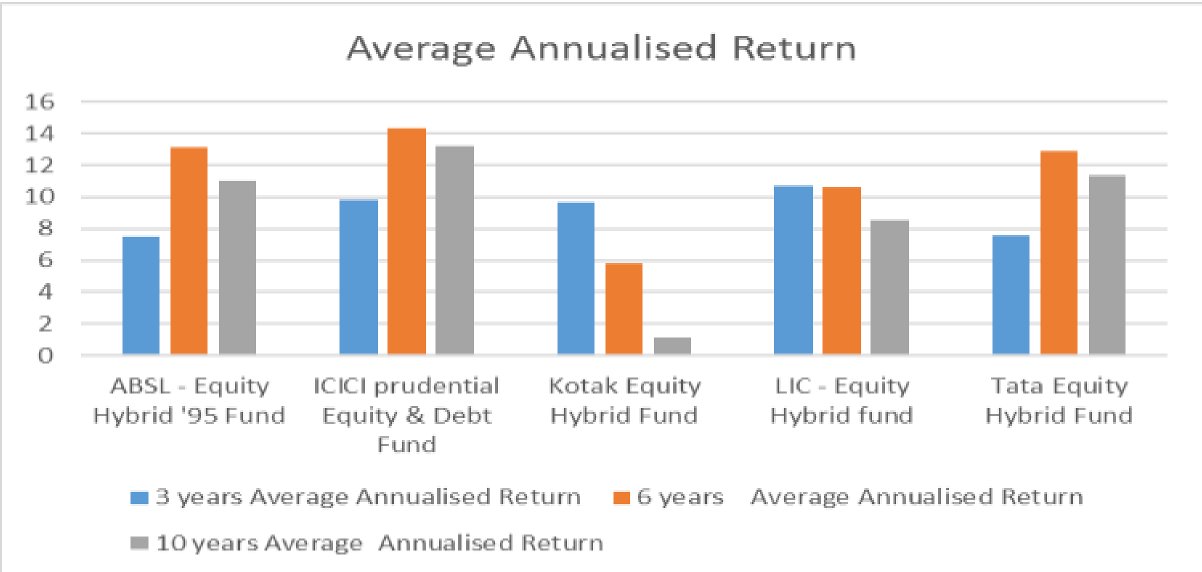


Chart 6 Averaged annualized returns

A mutual fund's total return investment quality is demonstrated by reasonably consistent positive performance over 3, 6, and 10-year periods, particularly the latter, when compared to its peers, category, and an appropriate broad market index. Before participating in a mutual fund scheme, it is critical for an investor to assess the plan's performance. This may be done by looking at the program's previous returns. Returns from the past are also


***Corresponding author***: Kumar, PK., &Reddy RN.
*Submitted: 27 Jan 2021, Revised: 09 February 2021, Accepted: 18 February 2021, Published: 28 February 2021*

known as rolling returns or point-to-point returns. An investor can assess a scheme's success by looking at its returns over the previous three, six, or ten years.

**Below Table 3 shows *t-test statistic & p value* for testing Significant of correlation between 3 years, 6 years return & 10 years return generated by Balanced Mutual fund schemes:**

| | **At 5% level of significance(Paired-sample test)** |
|---|---|
| Degree of freedom(df) | 4 |
| *t test statistic* | 3.782 |
| *P value* | 0.019 |

The researcher has calculated the corresponding p-value along with the t test statistic in the table below for further testing that there is a significant relationship exists between 3 years, 6 years return, and 10 years return generated by Balanced Mutual fund schemes and found that the p value is very small, it is very small than the level of significance i.e. 0.05. As a result, if the p value is less than the significance level, the null hypothesis must be rejected and the alternate hypothesis must be accepted. The researcher accepted the alternate hypothesis (H1) and rejected the null hypothesis as a result of this (H0).

**Conclusion and Suggestions:**

For individuals who do not wish to take a significant risk, the ICICI prudential Equity & Debt Fund is a better long-term investment. It is preferable because it reaches its peak level after 6 to 10 years. If the researcher compares the returns of ICICI prudential Equity & Debt Fund to those of other mutual funds over the course of six and ten years, ICICI prudential Equity & Debt Fund outperforms them. In comparison to other mutual fund schemes, there is a 2-3 percent difference. As a result, the ICICI prudential Equity & Debt Fund provides nearly a 2% to 3% greater return. In terms of average annualised returns, ICICI outperforms all of the examined mutual fund schemes.

**References:**


- Aggarwal Deepak (2007), "Measuring Performance of Indian Mutual Funds", www.ssrn.com (id 1311761), Finance India, June 2011.
- Amita and Chauhan (2013), "Selectivity and market timings skills of Mutual Fund managers: A study with reference to Income schemes", Researches in Business and Management, Academic and Professional Perspective (Proceedings of GJU conference) ISBN: 9789381505540, Edition 2013.
- Michael C.Jense (Performance of Mutual Funds in the period 1945-1964), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=244153
- Roger's Otten and Dennis Bams (European Mutual Fund Performance) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=213808 1. R Inetseeranracthio 2n1a8l Journal of Economic 4. Prince V, Bacon L (2010) Analyzing mutual fund performance against establishes performance benchmarks: A test of market efficiency. Research in Business and Economics Journal 1: 1-15.
- Debashish S.S (2009) Investigating performance of equity- based mutual fund scheme in Indian scenario. KCA Journal of Business Management 2: 1-15.
- Guha D.S (2008) Performance Evaluation of Equity mutual funds in India; An empirical exploration. IIM Calcutta.
- Deb GS, Banerjee A, Chakrabarti BB (2007) Performance of Indian equity mutual funds vis a vis their style benchmarks: An empirical exploration. Journal of Applied Finance, ICFAI.
- Panwar Sharad, Madhumathi RM (2006) Characteristics and performance evaluation of selected mutual funds in India. Institute of capital Market
- Capital market Conference paper. A Study on the Performance of Equity Mutual Funds (With special reference to equity large cap and DOI: 10.9790/487X-1902026772 www.iosrjournals.org 72 | Page
- Noulas G and Athanasius (2005) Performance of mutual funds. Managerial Finance 31:101


**Websites:**


- https://www.fundsindia.com/s/kotak-debt-hybrid-fund-g-/2051
- https://www.topstockresearch.com/INDIAN_STOCKS/BANKS/PriceRangeof_ICICI_Bank_Ltd.html
- https://www.moneycontrol.com/mutual-funds/nav/icici-prudential-equity-debt-fund/returns/MPI011
- https://stableintvestor.com/2018/01/nifty-annual-yearly-returns-historical.html
- https://papers.ssrn.com/sol3/displayabstractsearch.cfm



*Corresponding author:* Kumar, PK., &Reddy RN.
*Submitted: 27 Jan 2021, Revised: 09 February 2021, Accepted: 18 February 2021, Published: 28 February 2021*