A

PROJECT REPORT

ON

"A Study of Risk and Return Analysis of Mutual Fund"

(With Special Reference of ICICI Securities)

Submitted By

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Under the guidance of

Prof. Poorva Pachpore

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MBA

2020 - 2022

TO BETTER, MANAGEMENT, FOR BETTER TOMMORROW

MBA Programmed
2020 - 2022

Declaration

I **Prachi Pramod Kadu, MBA-2:** Seat No – 2020028 hereby declare that the Project work , **A Study of Risk and Return Analysis of Mutual Fund(With Special Reference of ICICI Securities)** which has been submitted to University of Pune, is an original work of the undersigned and has not been reproduced from any other source. I further declare that the material obtained from other sources has been duly acknowledged in the report.

Date:30/1/2022

Place: Pune

Prachi Pramod kadu

Acknowledgement

It is my pleasure to place on record my sincere gratitude towards my guide

Prof. Poorva Pachpore whose guidance I received. It was his direction and encouragement at every moment and step that motivated me to steer the research work confidently and successfully.

I deem it a great pleasure and privilege to offer my sincere and cordial thanks to our venerable Head of the Department and other faculty members who spent their precious time providing continuous ideas and expert guidance and constant encouragement throughout the course of this research

Prachi Pramod Kadu

Date:30/1/2022

Place: Pune

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SUMMARY

Mutual funds have become attractive investment option over the last few years. A mutual fund invites the prospective investors to join the fund by offering various schemes so as to suit to the requirements of categories of investors. The aim of dividend funds is to provide regular income over the medium to long term. Such schemes normally invest a majority of their corpus in equities. This study aims to analyze the average return and the risk involved in investing in the mutual funds. BETA value is calculated for all six companies to know whether investment in that company is risky or not. In this study, risk adjusted methods of Sharpe, Treynor, and Jenson alpha measure have been used for the performance evaluation of dividend open-ended schemes of equity funds of mutual funds in the mutual fund industry. Yearly return analysis performed on the sample of equity fund of mutual funds clearly showed that all sample funds earned positive returns in the excess of the risk free rate of return over the study period .these funds are supposed to be the best investment vehicle for small investors, but it has observed from the market and other reliable sources that mutual funds have not reached to their expectations.

KEYWORDS: Mutual fund, Equity fund, Dividend fund, Sharpe, Treynor, Jenson

CHAPTER 2.

INTRODUCTION

The economic development of a nation largely depends upon its effective and efficient utilization of scarce resources. One such scarce resource is capital. Capital creation is made possible through accumulation of savings. The surplus entities in the economy save and invest their surplus in various financial assets which in turn is utilized by the deficit entities for investing in various real assets leading to value creation. The financial system of the nation facilitates capital creation by linking the surplus and the deficit entities through capital markets, financial services and financial instruments. The most important among the surplus entities or savers is the Individuals of the nation. Individuals save and invest a part of their earnings with the hope of earning a positive return on their investment, which in turn enhances their future consumption possibilities. The financial system provides the investors a number of investment alternatives with varying amounts of risk and return. Investors make a choice out of the available alternatives based on their investment objectives which include their return aspiration and risk tolerance.

An efficient financial system should provide its investors a range of investment alternatives to suit their investment objectives. This includes alternatives with varying maturities and varying risk – return characteristics. In other words the financial system should enable creation of risk capital on one end and risk less capital on the other. In this regard, Mutual Funds are a good fit into the financial system, as they enable capital creation across the entire spectrum of risk. Mutual Funds are collective investment vehicles which represent an indirect method of investing. A mutual fund is an entity which provides the services of creating and managing public investment portfolios. A mutual fund collects small amounts of money from a large number of likeminded investors having similar investment objectives. The money is pooled and invested into a portfolio of assets depending on the investment objective to be achieved. The returns earned from the invested pool of assets after deducting the investment management charges is divided among the investors based on their invested amount. 19 Mutual Funds provide a number of advantages to its investors as compared to other direct investments. One of the advantages of investing in mutual funds is the advantage of selecting a readymade portfolio of assets to suit the investment objectives of the investor. Similarly another distinct advantage is the advantage of instant diversification. As mutual funds pool a large amount of money, they have the ability to create and hold a large portfolio of assets, thereby providing the investor the benefit of instant diversification from un-systemic risks which include business risk, credit risk and liquidity risk.

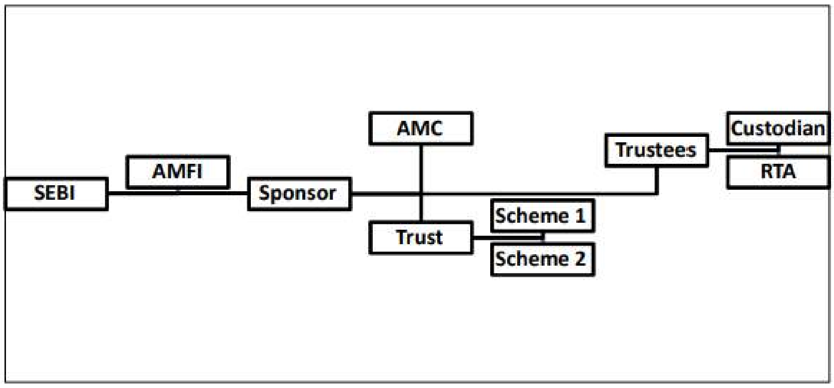
Mutual Funds are classified into various types based on a number of criteria’s. One such classification criteria is the investment pattern of the fund. If the fund invests a larger portion of its assets into equity and related securities, then it is classified as Equity Mutual Funds. The investment objective of such a fund is normally to provide the investor with capital appreciation over a longer period of time. On the other hand if a larger portion of the assets is invested into debt and related securities, then the fund is classified as a Debt Mutual Fund. The investment objective of a debt mutual fund is to generate regular and consistent income to the investor. Equity Mutual Funds are one of the important sources of pooling large amounts of risk capital from large number of small investors. Equity mutual funds could be classified as either diversified funds or undiversified funds. Diversified Equity Mutual Funds are a type of equity mutual funds which invests the fund corpus, in equity shares and related instruments of companies across industry sectors and thereby providing significant diversification in terms of business risk or company specific risk to the overall portfolio. Undiversified funds also known as Sector funds, invests the entire fund corpus into equity shares and related instruments of a particular industry or sector or related sectors. As sector funds do not provide diversification from business risk, they are considered to be undiversified funds.

Mutual funds in general are considered to be relative return providers. Relative return implies that the performance is benchmarked against a defined market index. All mutual fund schemes have a specified benchmark market index against which its investment performance ought to be compared. The fund manager’s constantly strive to outperform the specified benchmark market index. In an up market, the effort is to provide returns greater than the market index and in down market, the effort is to lose lesser than the market index.

2.2 Structure of Indian Mutual Funds

The operational structure of a Mutual Fund in India is determined my SEBI mutual fund regulations. Figure below, shows the structure of a mutual fund:

Operational Structure of Indian Mutual Funds



Source: Compiled based on SEBI Regulatory Structure

Securities and Exchange Board of India (SEBI) is the sole regulator of Mutual Fund Industry and all its intermediaries. SEBI came into existence with the passing of SEBI Act in the year 1992. The preamble of this Act states the objectives for which SEBI was formed. The three main objectives are:

1) To protect the interests of investors in securities
2) To promote the development of securities market
3) To regulate the securities market.

In its endeavour to protect the interests of mutual fund investors and for smooth conduct of mutual fund business, SEBI regulates the industry and its intermediaries through formulation of policies and implementation of regulations.

Association of Mutual Funds in India (AMFI) although not a Self-Regulatory Organization (SRO), functions on the lines of an SRO. It is an organization, working towards developing the mutual fund industry and helps maintain standards to protect and promote the interest of mutual funds and also its investors.

A mutual fund is established in the form of a trust by a sponsor. A sponsor’s role lies in the creation and registration of the mutual fund with SEBI. Sponsors appoint trustees to oversee the functioning of the mutual fund to ensure it is run in accordance with SEBI regulations and in the interest of the unit holders.

Trustees appointed by the sponsors, in turn appoint the Asset Management Company, to float and manage the investment schemes for the trust. Trustees appoint a Custodian, who play a key role in the safe keeping of the securities owned by the trust.

Trustees also appoint Registrar & Transfer Agent to handle the responsibility of investor accounting.

2.3 Distribution of Mutual Funds

Mutual funds are financial products. As with any product, marketing plays an important role in its successfully reaching the consumers. Financial products are no different. Mutual funds are promoted or made available to the investors, through various distribution channels. The
channels through which mutual funds are distributed to investors are as follows:

1) Individual Mutual Fund Advisors
2) Corporate Distributors
3) Directly by the Fund Houses

As per SEBI guidelines, mutual fund distributors have to get themselves registered with AMFI, after clearing a certification exam. AMFI registration is mandatory for distributors. A son 31st March 2013, there were 52194 AMFI registered distributors consisting of 48276IFA’s and 3918 Corporate distributors.

2.4 Types of Mutual Funds

Mutual funds are ready made portfolios. Investors depending upon their investment objectives and constraints choose a portfolio that best suits them and invest in it. Keeping the investor objectives and their appetite for investment, AMC’s float new schemes to attract new investors.
Mutual funds can be classified into various types, based on certain criteria, some of which are as follows:

a) Maturity
b) Investment Portfolio
c) Demography of Investment
d) Load
e) Trading Facility

Based on maturity of investment, mutual funds are classified as:

1) Open Ended Funds
2) Close Ended Funds

Open ended funds are those funds which are open for continuous subscription and redemption. Investors can enter and exit the fund any time. Such funds do not have any pre-set redemption date.

Close ended funds on the other hand are those funds, which are not open for continuous subscription and redemption. There are restrictions for entry into and exit from the funds. These funds have a definite pre-set redemption date, on which the fund is dissolved and amounts paid out to investors. In order to provide exit opportunity to the investors of such funds, SEBI regulations mandate close ended funds to either provide repurchase facility or be listed on a stock exchange.

Based on Investment Portfolio, mutual funds can be classified as follows:

1) Growth Funds

2) Income Funds

3) Balanced Funds

4) Liquid Funds

Growth funds are those funds which have long term capital appreciation as the investment objective. These funds invest a major portion of their assets in equity and related securities to achieve the objective of capital appreciation. These funds are also called **Equity funds**.

Income funds have an investment objective of earning a regular income for the investor. In order to achieve this objective, such funds invest a large portion of their assets in debt securities. These funds are also called Debt funds.

Balanced funds invest one portion of their assets in equity shares and related securities and another portion of the assets in debt securities. The objective of the fund is to provide a moderate amount of capital appreciation and also a moderate amount of current income to investors. Balanced funds could either be classified as **Equity Oriented Funds** or **Debt**

Oriented Funds

This classification as either equity or debt, gains importance as it is the basis on which the taxation of the fund returns are dependent. Section 10 (38) of the Income Tax Act, defines equity oriented funds as one which invests 65 percentage (50 percentage till 31.05.2006), of its total proceeds in equity shares of domestic companies. So any fund which invests 65 percentage or greater of its assets in domestic equity is classified as equity oriented fund and is entitled for claiming appropriate income tax benefits. Therefore equity oriented balance funds are funds in which 65 percentage or more, of the corpus is invested in domestic equity. On the other hand if the investment in equity is less than 65 percentage, then such fund is considered to be a debt oriented balanced fund. The tax benefits for a debt oriented balance fund are the same as provided for non-equity funds.

Liquid funds are those funds which have the investment objective of providing liquidity to the investor on notice. It therefore invests its entire investible corpus, in money market securities with a maturity of less than 365 days. These funds are also called Money market funds.

Equity funds can be further classified based on the following:

1) Diversification

2) Market Capitalization

3) Tax Saving

4) Portfolio Management Style

Diversified Equity funds are those funds which hold a diversified equity portfolio. The purpose of holding a diversified portfolio is to reduce the effect of business or sector risk on the overall portfolio. Sector funds on the other hand are un- diversified equity funds which hold a portfolio skewed towards one particular sector or related sectors.

Equity funds are also classified **based on the market capitalization** of the stocks that it invests. Market capitalization of a company is computed by multiplying its market price per share with the outstanding shares issued by the company.

Mutual funds can also be classified based on the extent of portfolio manager intervention in the management of the portfolio. Based on this characteristic, funds are classified as:

1) Active Funds / Dynamic Funds

2) Passive Funds / Index Funds

Active funds are those funds in which there is a frequent churning of the portfolio by the fund manager, with the intention of outperforming the market. The objective of such funds is to earn a superior return as compared to the market. Passive funds are buy and hold funds, in which the portfolio turnover of the fund is small. The objective of such funds is to earn returns on par with the market, with a small amount of tracking error.

Based on the demography of investment, funds may be classified as :

1) Domestic Funds

2) Off Shore Funds; and

3) Global Funds

Domestic funds invest only in the domestic market, in securities issued by domestic companies. **Off shore funds** invest in overseas markets in securities issued by foreign companies. **Global funds** are hybrid funds which invest in domestic markets as well as foreign markets thereby providing international diversification.

Mutual funds can also be classified based on loads. ‘Load’ refers to the charges levied by a fund either at the time of entering into a scheme (entry load) or at the time of exiting the scheme (exit load). Based on loads, funds are classified as :

1) Load Funds

2) No Load Funds

Load funds are those funds which levy a charge on the investor at the time of entering or exiting a fund and in some cases at both points. SEBI in the year 2009, in order to empower the investor, banned the system of mutual funds charging entry load. Prior to this ban, mutual funds, charged the investors an amount ranging up to 2.25 percentage of the investment value as entry load. Entry load was meant to cover the distribution expenses.

Mutual funds currently are allowed to charge only exit loads. On the other hand, ‘No load funds’ are a category of mutual funds that do not charge any loads including exit.

Mutual funds normally are traded at the end of the day Net Asset Values (NAV) As per SEBI guidelines, depending on the type of fund, a cut off time is fixed for login of application to avail the NAV of the day. Applications for purchase or repurchase, time stamped after the cut off time would be processed with the NAV of the next business day.

These transactions are processed by the transfer agents on behalf of the fund houses. This also means that normally with mutual funds, there is no scope for intra -day trading.

However there are certain mutual funds that trade only on a stock exchange platform with intra-day price movements similar to that of stocks. Such funds are known as Exchange

Traded Funds (ETF’s). Index and Gold ETF’s are popular forms of Exchange Traded Funds. As the value of index changes during the day, the index ETF’s price also changes.

Similarly, as the cash price of Gold changes during the day, the Gold ETF’s price also changes. So this creates intraday trading opportunities in ETF’s. However they can be bought and sold only through a stock exchange, post the New Fund Offer (NFO).

2.5 ELEMENTS OF INVESTMENTS

A. **RETURN:** Investors buy or sell financial instruments in order to earn return on them. The return includes both current income (current yield) and capital gain (capital appreciation).

B. **RISK:** Risk is the chance of loss due to variability of returns on an investment. In case of every investment, there is a chance of loss. It may be loss of investment; however risk sand returns are inseparable.

C. **TIME:** Time is an important factor in investment. Time period depends on the attitude of investors who follow a‗buy‘&‗hold‘ policy.

D. **LIQUIDITY :** It means, the investor must be able to sell his investment any time to get the cash from his investments.

A serious minded investor will have to consider the following important categories of investment opportunities:-

- Tax oriented investment
- Fixed income investments
- Speculative investment
- Emotional investment
- Growth investment
- Protective investments

2.6 RISK AND RETURN IN MUTUAL FUNDS

Necessary Risk

Some risk is involved in every investment. Necessary -- or systematic -- risk in mutual fund markets refers to such events as financial crashes, the failure of entire sectors of the market and interest rate fluctuation. These risks cannot be completely eliminated in any setting. The quality of the investments, strategies employed by the fund and management play no part in this level of risk. Even with the safest mutual funds, there is no way to guarantee completely risk-free investments.

Unnecessary Risk

Some risk is avoidable, and you should check on what any fund is doing to minimize these risks before trusting it with your money. Factors that increase risks include poor management, skewed information and generally problematic operations. Under these circumstances even funds that have a historically lower risk, such as bonds, do not perform well. To be sure the managers pay off your earnings as promised, vet your mutual fund to determine its credit risk and look for exorbitant fees that lower your returns.

Measuring Risk and Returns

It's possible to measure the risks and returns involved in any mutual fund. The Sharpe ratio and Treynor’s Ratio is a measurement used to calculate how many units of return any investment offers per unit of risk. The higher the ratio is, the more worthwhile the investment is given the risk it involves. Another measure is standard deviation, which shows how much a fund tends to stray from its own average performance or how volatile it is. This is useful because even a fund that outperforms the market in terms of returns might have horrendous slumps every few years. Both of these measures become more accurate over long periods.

Making a Decision

Different people have different tolerances for risk, which means that no investment is a wrong choice, except for the one you jump into without consideration. Risk does tend to correlate with return, but that doesn't mean you can't make good money while being prudent. For example, hedge funds tend to make a few people very rich, but if you get there late, you are likely to take a high risk for poor returns. Strategy, market savvy and close observation can diminish your risk. For example, even if the market is crashing, you can make money by using short positions. Detailed familiarity with any mutual fund's strategy and operations is the most effective way to determine what's worth the risk.

Look Long Term

One of the most common and easily observed features of the stock market is that it essentially cannot be predicted. No one to date has beaten the market every time. However, one of the best ways to predict the returns of any given stock is to study its past performance. Past trends can give you a good indicator of which way a stock is going to go, how quickly and with how much turbulence. The longer the term you study for trends, the more likely you are to accurately predict future performance. Short-term analysis can be dangerous and misleading, generating unfounded hopes or worries.

Be Aware of Outside Factors

The stock market operates purely on the forces of supply and demand. When there is a limited amount of stock that everyone wants to buy, the price goes up. The inverse is also true. However, there are a lot of other factors to be aware of in the political, economic and social realms. For example, even the most consistently performing blue chip stock could be rattled by events such as wars, natural disasters or the advent of a new competitive industry. The political climate and the psychology of investors are important factors to consider, as they can sharply affect the market even in spite of the company's fundamentals.

Use Standard Deviation

It's a given that the stock market is impossible to predict with total accuracy. Yet investors still strive to make accurate predictions based on piles of data and research and a variety of market theories. One of the best tools you can use is standard deviation, which is a way of measuring the amount of fluctuation that you can expect from a certain stock or the market as a whole. Standard deviation indicates how far a stock's actual performance strays from the trend line, or the average of its performance. If nothing else, standard deviation can give you an idea of the dips and spikes that are within the normal performance range of any stock.

Dividends and Fees

Dividends and fees are factors that many investors fail to take into consideration when trying to predict the returns on a certain stock. Some companies pay out dividends to stock holders as rewards for investing. These come from profits, so a company with explosive profits and a generous dividend policy would most likely give a higher return than you might expect from simply analyzing stock growth. On the other hand, there are certain expenses that might cut into stock market returns. These include broker fees of all kinds and capital gains taxes, which apply once you sell your stock for a profit

CHAPTER - 3

3.1 OBJECTIVES OF THE RESEARCH

1) To give a brief idea of factors affecting mutual fund investments.
   This will find out the factors which attracts investors to invest in mutual fund and the factors which refrain investors from investing in mutual funds.
2) To study risk associated with mutual funds.
   This studies the risk of mutual funds under study by studying standard deviation and other factors of risk..
3) To study return of mutual funds under study.
   Returns of the mutual funds will be studied using different performance indices.

3.2 SCOPE OF THE STUDY

This research gives insight of risk and return of mutual funds of ICICI , it will be helpful for progress of research in this field for forth coming researchers. This study will be useful for students and researchers in this field.

3.3 NEED FOR THE STUDY

The main purpose of doing this project was to know about mutual fund and its functioning. It also helps in understanding different schemes of mutual funds. This study is done with reference to mutual funds of ICICI and studies risk and return of mutual fund. This is significant to be studied to know how risk and return are calculated and how it plays important role in investment.

CHAPTER - 4

4.1 INTRODUCTION OF THE COMPANY

ICICI Securities Ltd. is an integrated securities firm offering a wide range of services including investment banking, institutional broking, retail broking, private wealth management, and financial product distribution.

ICICI Securities sees its role as 'Creating Informed Access to the Wealth of the Nation' for its diversified set of client that includes corporates, financial institutions, high net-worth individuals and retail investors.

Headquartered in Mumbai, ICICI Securities operates out of 66 cities and towns in India and global offices in Singapore and New York. ICICI Securities Inc., the step-down wholly owned US subsidiary of the company is a member of the Financial Industry Regulatory Authority (FINRA) / Securities Investors Protection Corporation (SIPC). ICICI Securities Inc. activities include Dealing in Securities and Corporate Advisory Services in the United States.

ICICI Securities Inc. is also registered with the Monetary Authority of Singapore (MAS) and operates a branch office in Singapore.

ICICI Securities is the member of NSE & BSE and registered as Broker. It provides business opportunity to entrepreneurs by registering them as Sub-Brokers / Authorized Person. ICICI Securities provides trading terminals through which the Sub-broker can offer a range of financial products like Equities, Derivatives, Currency Derivatives, IPO, MF, Bonds, and Fixed Deposits etc.

Another way to get associated with ICICI Securities, as an Independent financial Advisor and gain access to a wide range of financial products like MF, IPOs, Bonds, Corporate Fixed Deposits.

One can also be associated as an Investment Advisor to sell a range of financial products like IPO, Bonds, Fixed Deposits, etc. to their set of customers. In addition, they can also sell asset products like Home Loans, Education Loans, etc. to the customers.

ICICI Securities empowers over 2 million Indians to seamlessly access the capital market with ICICIdirect.com, an award winning and pioneering online broking platform. The platform not only offers convenient ways to invest in Equity, Derivatives, Currency Futures, Mutual Funds but also other services Fixed Deposits, Loans, Tax Services, New Pension Systems and Insurance are available. ICICIdirect.com offers a convenient and easy to use platform to invest in equity and various other financial products using its unique 3-in-1account which integrates customers saving, trading and de-mat accounts.

Apart from convenience, ICICIdirect.com also offers access to comprehensive research information, stock picks and mutual fund recommendations among other offerings. Tailored services and trading strategies are available to different types of customers; long term investors, day traders, high-volume traders and derivatives traders to name some.

ICICIdirect.com uses the most advanced commercially available 128-bit encryption technology enabled Secure Socket Layer (SSL), to ensure that the information transmitted between the client and ICICIdirect.com across the internet is safe and cannot be accessed by any third party.

ICICIdirect.com is the first broker in India to introduce 'Digitally Signed Contract Note' to its customers. As a result, the process of generating contract notes has been automated and the same would be instantly available to its customers in a safe and secure manner through the website.

ICICI Securities has set-up neighborhood financial stores which offer a variety of financial products and services under one roof. It is a one-stop shop that facilitates existing and potential customers to speak to our team and understand their financial plans and goals. ICICI Securities has 250 stores across 66 cities in India.

Another unique concept called the ICICIDirect.com Money Kitchen, was launched in late 2009. An extension of the superstore model, the money kitchen is an innovative financial store where visitors can create their profiles to not only analyze their investment strategy by using various financial tools but also monitor it from time-to-time.

To enable our customers to maximize their returns and plan for their future, ICICIDirect.com has also started financial planning services at these stores. Customized financial plans can be created for our customers by dedicated Relationship Managers who will understand the customer's requirements and future goals.

Based on this information, the Relationship Manager works on creating a comprehensive and easy to read financial plan. This enables ICICIDirect.com to move from just a transactional based relationship to a meaningful and value-added long-term relationship with our customers. ICICIDirect.com services and offerings evolve according to the customer's ever changing requirements and goals.

Customers can walk-in to the financial superstores for products like ICICIDirect.com 3-in-1online trading account, equities, mutual funds, IPO, Life and General insurance, Fixed Deposits and many other financial products. The stores also conduct periodic training sessions on markets and demo sessions of the trading website.

4.2 ADVANTAGES WITH ICICI DIRECT

- 3-in-1 account integrates your banking, broking and demat accounts. All accounts are from ICICI and very well integrated. This feature makes ICICI the most interesting player in online trading facility. There is absolutely no manual interfere require. This is truly online trading environment.
- Unlike most of the online trading companies in India which require transferring money to the broker's pool or towards deposits, at ICICI Direct you can manage your own demat and bank accounts through ICICIdirect.com. Money from selling stock is available in ICICI bank account as soon as the ICICI Direct receive it.
- Investment online in IPOs, Mutual Funds, GOI Bonds, and Postal Savings Schemes all from one website. General Insurance is also available from ICICI Lombard.
- Trading is available in both BSE and NSE.

4.3 DISADVANTAGES WITH ICICI DIRECT

- ICICI Direct brokerage is high and not negotiable.
- ICICI Direct doesn't offer commodity trading. With ICICI Trading account you cannot trade at MCX or NCDEX.
- With ICICIdirect.com e-Invest account (3-IN-1 concept), the Demat Account has to be opened with ICICI Bank Ltd as the Depository Participant (DP) and the Bank Account has to be opened with ICICI Bank Ltd. as the Banker.

CHAPTER - 5

RESEARCH METHODOLOGY

5.1 Introduction

A Mutual fund is just the connecting bridge or financial intermediary that allows a group of investors to pool their money together with a predetermined investment objective. The mutual fund manager is responsible for investing the gathered money into specific securities (stocker bonds).

Risk and return are most important concept on finance. Risk and return concept are basic to the understanding of the valuation of assets or securities. Return expresses the amount which an investor actually earned on an investment during a certain gains, while risk is the chance or probability that a certain investment may or may not deliver the actual/expected returns. The risk and return trade off says that the potential return rises with to decide risk. It is important for an investor to decide on a balance between the desire for the lowest possible risk and return or highest possible return. Risk in investment exists because of the inability to make perfect or accurate forecasts. The “risk and return” refers to the potential financial loss or gain experienced through investments in securities. Investors who has registered a profit is said to have seen a return on his or her investment. The risk of the investment, meanwhile, denotes the possibility or likelihood that the investor could lose money. Conversely, an investment in securities that has a high a risk factor also has the potential to garner higher returns. The key idea of this chapter is that it explain the research methodology used for this study. This chapter begins with the brief introduction of the research methodology. This part explain the methodology used in this study. The methodology includes data and sources of data, sample size, area of the study and framework of analysis. The study is based on secondary data. The secondary has been collected from various books, magazine, journals, newspapers and websites. In order to analyze the collected data, different parameters of risk and return like sharp index, Jensen and treynor index for performance of the funds will be accessed. To assess risk associated standard deviation will be accessed.

5.2 RESEARCH METHODOLOGY

Research in common parlance refers to a search for knowledge. Once can also define research as a specific topic. In fact, researcher is an art of scientific investigation. The advanced learner’s dictionary of current. English lays down the meaning of researcher as “a careful investigation or inquiry especially through search for new facts in any branch of knowledge.”

Redman and Mory define research as a ‘systematic efforts to gain new knowledge.” It is actually a voyage of discovery. According to Clifford woody research comprises defining and redefining problems, formulating hypothesis or suggested – solution ; collecting, organizing and evaluating data; making deduction or conclusion to determine wither they fit the formulating hypothesis.

D. Selsinger and M. Stehenson in the Encyclopaedia social science define research as “the manipulation of things, concept or symbols for the knowledge aids in construction of theory or in the practice of an art.”

Research is thus, an original contribution to the existing stock of knowledge making for its advancement.

Research Methodology is a way to systematically solve the research problem. It may understand as a science of studying how research is done scientifically. The scope research methodology is wider than research methodology. Thus research methodology is not only about research method consider logic behind the methods used in the context of research study and explain why research is using particular method or technique and way research are capable of behind evaluated either by research himself or by other.

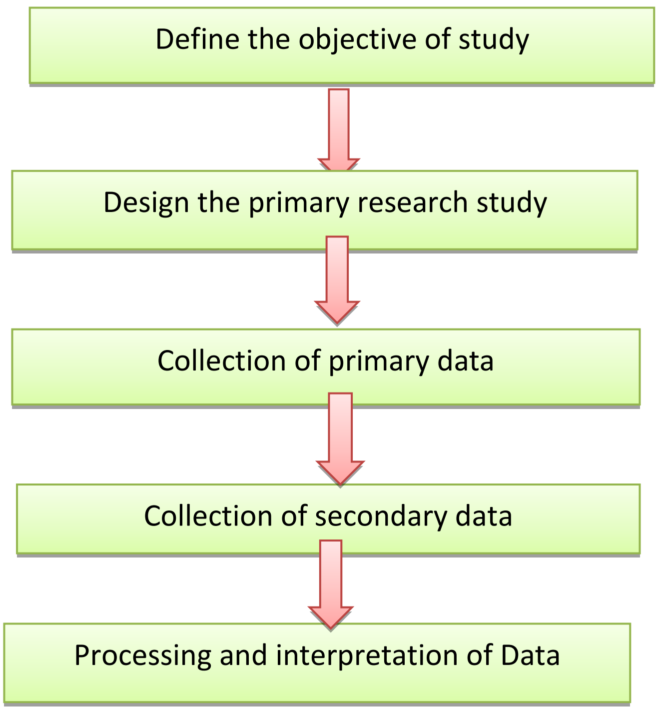
5.3 RESEARCH PROBLEM

The study first tries to understand the composition of the selected funds of ICICI securities which determines the scope of performance for the funds, followed by use of ratios that are relevant in quantifying and understanding the risk and return relationships for each mutual fund scheme under consideration. This study is significant as it looks into the minute details that differentiate the performances of funds.

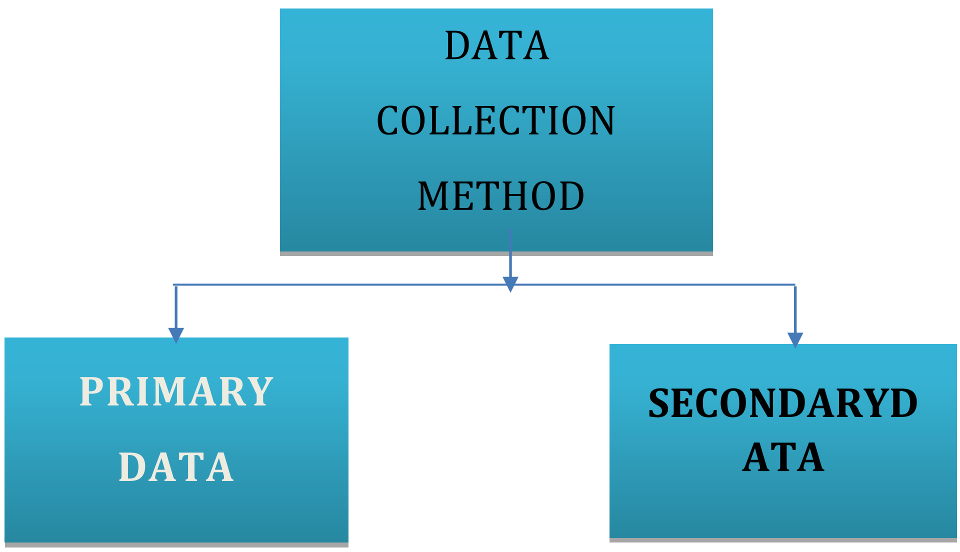
5.4 RESEARCH DESIGN USED IN THE STUDY

The description research design used in this study. Because it will ensure the minimization of bias and maximization of reliability of data collected. Descriptive A Study Of Risk And Return Analysis Of Mutual Fund (With Special Reference Of ICICI Securities) Department of Business Administration and Management, Sant Gadge Baba Amravati University Page 41 study is based on some previous understanding of the topic research has got a very specific objectives and clear cut data requirement. The researcher has to use fact and information already available through literature statements of earlier years and analyze these to make critical evolution of the available material.

5.5 RESEARCH PROCESS



5.6 DATA COLLECTION



1. Through Questionnaires	1. Magazines, Newspaper
2. Interview Method	2. From the company source

Primary Data:-

This is the first hand information collected by the researcher from the field as per the requirement of the study. This research is mainly based on secondary data as it analyses risk and return which is already calculated by the AMCs on the basis of day to day NAVs. Hence, primary data remains no significance here.

This research is mainly based on secondary data as it analyse risk and return which is already calculated by the AMCs on the basis of day to day NAVs. Hence, primary data remains no significance here.

- Interview Method
- Through Questionnaires

This is the data already collected by somebody which will be used by the successors in the same research. This data will be collected by the researcher from the following sources. 1) Web sites of different Asset Management Companies, Different Financial companies and AMFI

2) Different Fact sheet of the fund published by the companies.

3) Different publications, Journals and Reports of Financial Analyst.

- Magazines and Newspaper
- From the company sources

5.7 DATA ANALYSIS AND INTERPRETATION TECHNIQUES

Simple statistical tools and predefined MS Excel tools will be utilized for data analysis.

Rate of Return

The rate of Return of any security can be calculated as the holding period yield of the security. It is to be calculated with the following formulas-

Where,

$$\boxed{\textbf{Dividend}+(p-Q)/Q}$$

p - Current price of share.

Q - Opening price of share.

Expected rate of return.

The average of rate of return, in securities analysis, it is the expected value or mean, of all likely return of investment. It is also known as expected return.

- **Standard deviation**

Risk is chance that an investments actual return will be different than expected. Technically, this is measure in statistics by standard deviation. Risk means the investment. Standard deviation is the statistical measurement that risk of the securities.

- **Variance**

Variance is the square of standard deviation. In other words, standard deviation is the square of the variance. This relationship shows that they have similar statistical characteristics. There standard deviation and variance are consider equivalent to each other as measure of risk.

5.8 LIMITATIONS OF THE STUDY:

• The time constraint was one of the major problems.

• The study is limited to the different schemes available under the mutual funds selected

. • The study is limited to selected mutual fund schemes

. • The lack of information sources for the analysis part.

CHAPTER – 6

DATA ANALYSIS AND DATA INTERPRETATION

Calculation of Risk factors in the mutual funds when considering a fund's volatility, an investor may find it difficult to decide which fund will provide the optimal risk-reward combination. There are few main indicators of investment risk that apply to the analysis of stocks, bonds and mutual fund portfolios.

They are,

- ✓ Alpha
- ✓ Beta
- ✓ R-Squared
- ✓ Standard Deviation
- ✓ Sharpe Ratio
- ✓ Treynor’s ratio
- ✓ The Bottom Line

These statistical measures are historical predictors of investment isk/volatility and are all major components of **modern portfolio theory (MPT)**. The MPT is a standard financial and academic methodology used for assessing the performance of equity, fixed-income and mutual fund investments by comparing them to market benchmarks. All of these risk measurements are intended to help investors determine the risk- reward parameters of their investments.

Asset Management Companies in India

Asset management companies in India are broadly categorised into three types; bank-sponsored mutual funds, mutual fund institutions, and the private sector mutual funds. There are total 44 asset management companies in India as of today (February 2020). 35 of these AMCs are part of the private sector.

All these AMCs run mutual funds, It is beyond scope of any research to study all the funds of all these 44 AMCs.

ICICI PRUDENTIAL MF current offering of mutual fund schemes includes 110 equity,526 debt and 64 hybrid funds. Using above given indicators we are analyzing the risk and return involved in mutual funds with reference to few schemes of ICICI PRUDENTIAL MUTUAL FUNDS.

ICICI Prudential Mutual Fund (AMC)

Key information

Mutual Fund	ICICI Prudential Mutual Fund
Setup Date	Oct-13-1993
Incorporation Date	Jun-22-1993
Sponsor	Prudential Plc and ICICI Bank Ltd.
Trustee	ICICI Prudential Trust Ltd.
Chairman	Ms. Chanda Kochhar
CEO / MD	Mr. Nimesh Shah
CIO	Mr. S Naren
Compliance Officer	Ms. Supriya Sapre
Investor Service Officer	Mr. Yatin Suvarna
Assets Managed	Rs. 326291.18 crore (Jun-30-2020)

Other Details

Auditors	M/s S. R. Batliboi & Co. LLP
Custodians	Citibank N.A. / Deutsche Bank A.G / HDFC Bank Limited / HSBC
Registrars	Computer Age Management Services Private Limited
Address	One BKC, A-Wing, 13th Floor, Bandra Kurla Complex Mumbai 400051
Telephone Nos.	022-26525000
Fax Nos.	022-26528100

E-mail	enquiry@icicipruamc.com
Source – AMFI	

Regular funds : Regular funds have higher expense ratio and

Direct funds : Direct funds have lower expense ratio.

This difference is because of commission paid to broker/distributor. Lower expense ratio leads to higher returns for investors.

6.1 ICICI PRUDENTIAL CREDIT RISK FUND – GROWTH

Credit Risk Fund: Fund has 89.96% investment in Debt of which 14% in Government securities, 57.89% in funds invested in very low risk securities..

Suitable For: Investors who want to invest money for longer duration but prefer less riskier assets compared to equity funds.

Crisil Rank Chang : Fund Crisil rank was updated from 4 to 3 in the previous quarter.

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualised Returns	Category Avg	Rank within Category
1 Week	24-Mar-21	10026.10	0.26%	-	0.03%	13/21
1 Month	26-Feb-21	10073.70	0.74%	-	0.73%	14/21
3 Month	31-Dec-20	10103.10	1.03%	-	-2.10%	11/22

6 Month	30-Sep-20	10373.90	3.74%	-	0.36%	10/22
YTD	01-Jan-21	10096.10	0.96%	-	-2.07%	11/22
1 Year	31-Mar-20	10847.70	8.48%	8.48%	-1.71%	7/22
2 Year	29-Mar-19	11882.10	18.82%	8.97%	0.98%	4/19
3 Year	28-Mar-18	12707.80	27.08%	8.28%	1.98%	3/18
5 Year	31-Mar-16	14940.90	49.41%	8.36%	4.23%	3/17
10 Year	31-Mar-11	23026.10	130.26%	8.69%	8.18%	4/8
Since Inception	03-Dec-10	23591.40	135.91%	8.66%	5.49%	2/20

Table No.6.1. 1: RETURNS (NAV as on 31st March, 2021)

6.1.2 SIP RETURNS (NAV as on 31st March, 2021)

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualised Returns
1 Year	31-Mar-20	12000	12515.12	4.29 %	8.06 %
2 Year	29-Mar-19	24000	26204.63	9.19 %	8.69 %
3 Year	28-Mar-18	36000	41076.9	14.1 %	8.75 %
5 Year	31-Mar-16	60000	73924.19	23.21 %	8.28 %
10 Year	31-Mar-11	120000	186270.1	55.23 %	8.51 %

PORTFOLIO (Updated on 28th Feb,2021)

Equity : 0%   Debt : 89.96%   Others : 10.04%

No of Debt Holding 91 (Category Avg - 30.26)

Modified Duration 1.38 Years (Category Avg - 1.41)

Yield to Maturity 7.54% (Category Avg - 7.76%)

Type of Holdings

Security Type	% Weight	Category Average
GOI	3.62%	5.59%
CD	0.00%	1.24%
T-Bills	10.38%	1.87%
CP	0.00%	0.82%
NCD & Bonds	74.97%	78.63%
PTC	0.95%	1.48%

Investment / Portfolio Grades

Security Type	**% Weight**	**Category Average**
Government Backed	**14.00%**	**7.46%**
Low Risk	**57.89%**	**51.91%**
Moderate Risk	15.21%	26.05%
High Risk	0.00%	0.00%
Very High Risk	0.00%	0.00%
Others	2.82%	3.75%

Standard Deviation value gives an idea about how volatile fund returns has been in the past 3 years. Lower value indicates more predictable performance. So if you are comparing 2 funds (lets say Fund A and Fund B) in the same category. If Fund A and Fund B has given 9% returns in last 3 years, but Fund A standard deviation value is lower than Fund B. So you can say that there is a higher chance that Fund A will continue giving similar returns in future also whereas Fund B returns may vary.

Beta value gives idea about how volatile fund performance has been compared to similar funds in the market. Lower beta implies the fund gives more predictable performance compared to similar funds in the market. So if you are comparing 2 funds (lets say Fund A and Fund B) in the same category. If Fund A and Fund B has given 9% returns in last

3 years, but Fund A beta value is lower than Fund B. So you can say that there is a higher chance that Fund A will continue giving similar returns in future also whereas Fund B returns may vary.

Sharpe ratio indicates how much risk was taken to generate the returns. Higher the value means, fund has been able to give better returns for the amount of risk taken. . It is calculated by subtracting the risk-free return, defined as an Indian Government Bond, from the fund's returns, and then dividing by the standard deviation of returns. For example, if fund A and fund B both have 3-year returns of 15%, and fund A has a Sharpe ratio of 1.40 and fund B has a Sharpe ratio of 1.25, you can chooses fund A, as it has given higher risk-adjusted return.

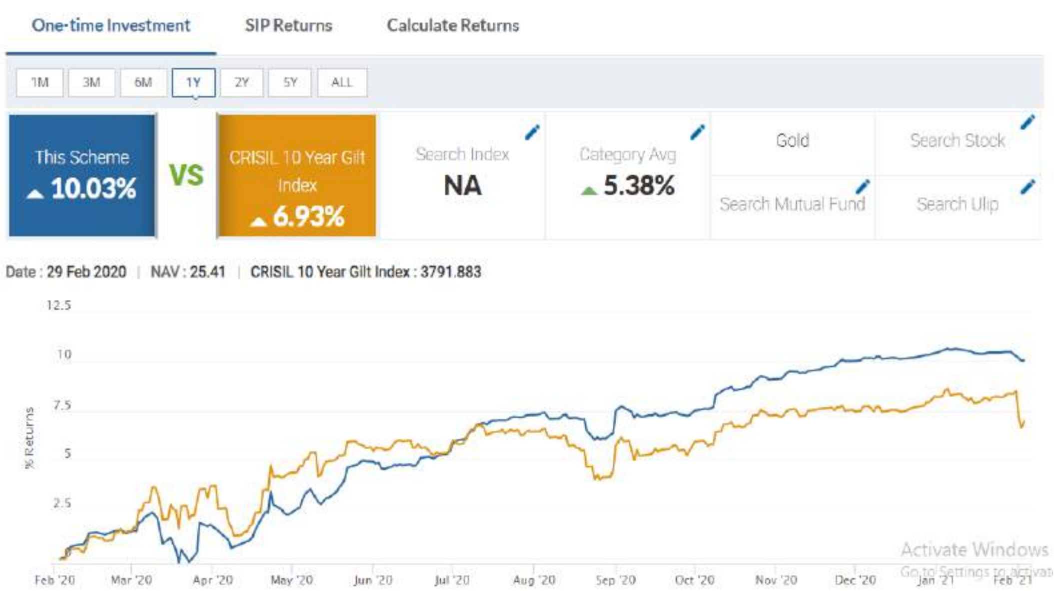
Treynor's ratio indicates how much excess return was generated for each unit of risk taken. Higher the value means, fund has been able to give better returns for the amount of risk taken. It is calculated by subtracting the risk-free return, defined as an Indian Government Bond, from the fund's returns, and then dividing by the beta of returns. For example, if fund A and fund B both have 3-year returns of 15%, and fund A has a Treynor's ratio of 1.40 and fund B has a Treynor's ratio of 1.25, then you can chooses fund A, as it has given higher risk-adjusted return.

Alpha indicates how fund generated additional returns compared to a benchmark. . Let's say if a fund A benchmarks its returns with Nifty50 returns then alpha equal to 1.0 indicates the fund has beaten the nifty returns by 1%, so the higher the alpha, the better.

6.2) ICICI PRUDENTIAL ALL SEASONS BOND FUND - GROWTH

Dynamic Bond Fund : Fund has 79.3% investment in Debt of which 31.17% in Government securities, 48.11% in funds invested in very low risk securities..

Suitable For : Investors who want to invest money for longer duration but prefer less riskier assets compared to equity funds.



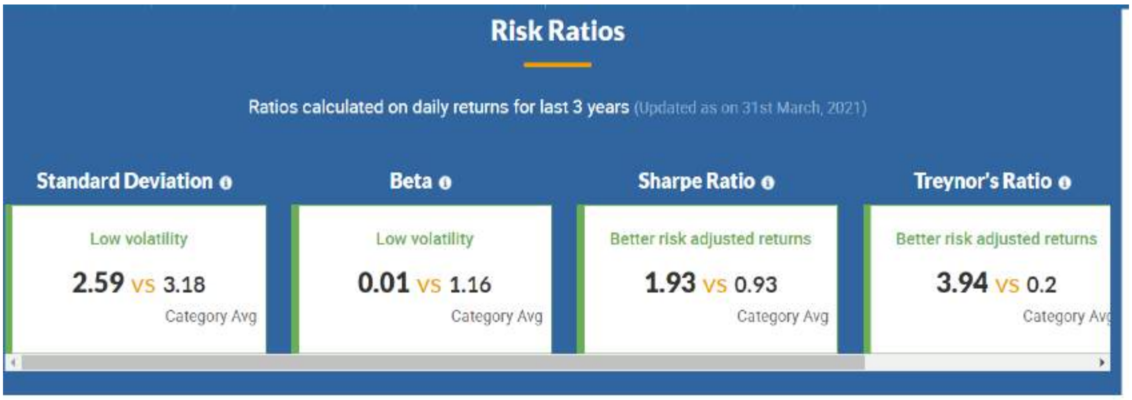
6.2.1 RETURNS (NAV as on 31st March, 2021)

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualised Returns	Category Avg	Rank within Category
1 Week	24-Mar-21	10015.20	0.15%	-	0.07%	12/29
1 Month	26-Feb-21	10072.50	0.73%	-	0.78%	18/29
3 Month	31-Dec-20	10043.20	0.43%	-	-1.16%	5/29
6 Month	30-Sep-20	10323.60	3.24%	-	1.39%	4/29
YTD	01-Jan-21	10040.50	0.40%	-	-1.14%	5/29
1 Year	31-Mar-20	10897.70	8.98%	8.98%	4.98%	1/31
2 Year	29-Mar-19	12094.20	20.94%	9.93%	7.27%	4/28

3 Year	28-Mar-18	12891.50	28.91%	8.80%	7.03%	7/27
5 Year	31-Mar-16	15568.70	55.69%	9.25%	7.23%	1/26
10 Year	31-Mar-11	26268.20	162.68%	10.13%	8.26%	1/19
Since Inception	20-Jan-10	27950.10	179.50%	9.61%	5.81%	1/29

6.2.2 SIP RETURNS (NAV as on 31st March, 2021)

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualised Returns
1 Year	31-Mar-20	12000	12431.79	3.6 %	6.74 %
2 Year	29-Mar-19	24000	26283.61	9.52 %	9 %
3 Year	28-Mar-18	36000	41478.57	15.22 %	9.41 %
5 Year	31-Mar-16	60000	74740.06	24.57 %	8.72 %
10 Year	31-Mar-11	120000	199202.08	66 %	9.78 %



6.3) ICICI PRUDENTIAL BANKING AND FINANCIAL SERVICES FUND - GROWTH

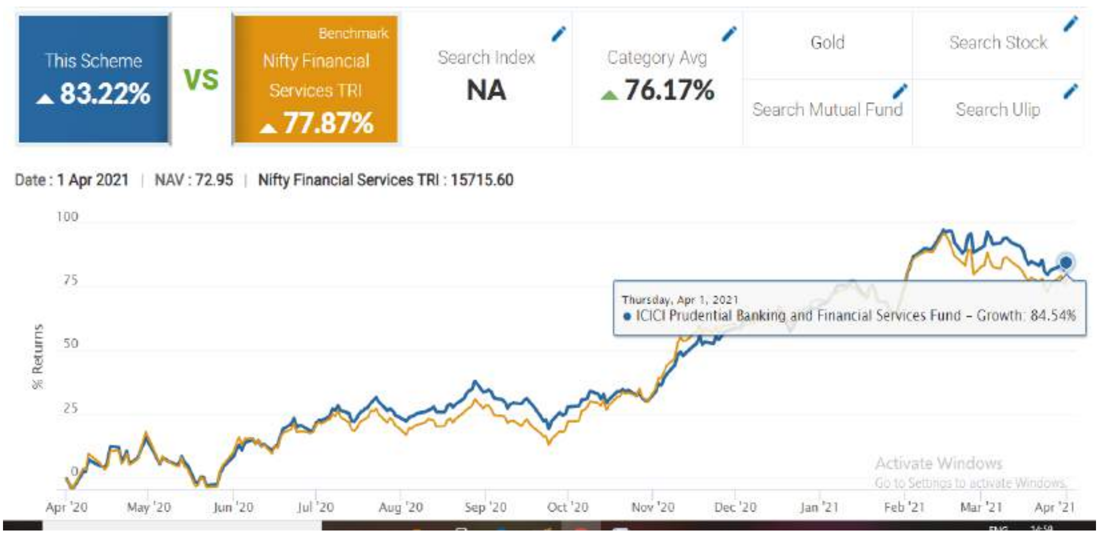
NAV : ₹ 72.95 1.56%`(as on 01st April, 2021)

FUND SIZE : : ₹ 3592.26 Cr (3.68% of Investment in Category)

EXPENSE RATIO : : 2.01% (2.32% Category average

Sectoral/Thematic : Fund has 94.04% investment in indian stocks of which 45.24% is in large cap stocks, 15.02% is in mid cap stocks, 20.59% in small cap stocks.Fund has 0.14% investment in Debt of which 0.14% in Government securities.

Suitable For : Investors who have advanced knowledge of macro trends and prefer to take selective bets for higher returns compared to other Equity funds. At the same time, these investors should also be ready for possibility of moderate to high losses in their investments even though overall market is performing better.



6.3.1 RETURNS (NAV as on 31st March, 2021)

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualised Returns	Category Avg	Rank within Category
1 Week	25-Mar-21	10104.10	1.04%	-	1.33%	102/120
1 Month	01-Mar-21	9544.20	-4.56%	-	-1.74%	107/123
3 Month	01-Jan-21	10832.50	8.33%	-	6.25%	41/122
6 Month	01-Oct-20	14201.30	42.01%	-	29.37%	24/114
YTD	01-Jan-21	10832.50	8.33%	-	6.81%	40/122
1 Year	01-Apr-20	18171.00	81.71%	82.01%	76.17%	37/114
2 Year	01-Apr-19	10909.80	9.10%	4.45%	13.77%	97/104
3 Year	28-Mar-18	12588.50	25.89%	7.95%	10.31%	51/88
5 Year	01-Apr-16	21760.10	117.60%	16.82%	13.20%	16/87
10 Year	01-Apr-11	37765.50	277.66%	14.20%	10.89%	18/69
Since Inception	22-Aug-08	71830.00	618.30%	16.92%	13.14%	28/129

6.3.2 SIP RETURNS (NAV as on 31st March, 2021)

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualised Returns
1 Year	01-Apr-20	12000	16499.89	37.5 %	76.63 %
2 Year	01-Apr-19	24000	29626.44	23.44 %	21.75 %

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualised Returns
3 Year	28-Mar-18	36000	44235.06	22.88 %	13.86 %
5 Year	01-Apr-16	60000	79548.89	32.58 %	11.23 %
10 Year	01-Apr-11	120000	270296.79	125.25 %	15.51 %

PORTFOLIO (Updated on 28th Feb,2021)

Portfolio Turnover Ratio : 57.00%

Category average turnover ratio is 145.48%

Fund manager updated portfolio less frequently than peers in last 1 year. (I.e. fund manager held stocks/bonds in the portfolio for longer duration than peers)

Equity (96.23%) Debt (0.14%) Others (3.63%)

Equity Holding : 94.04% F&O Holdings : 2.19%

Foreign Equity Holdings : 0.00%| Total : 96.23%

No of Stocks : 31 (Category Avg - 34.92) Large Cap Investments : 45.24%

Mid Cap Investments : 15.02% Small Cap Investments : 20.59%

Other : 15.41%

Top 10 Stocks in Portfolio

Stock Invested in	Sector	Value(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
ICICI Bank Ltd.	Banks	5717.6	15.92 %	-0.08 %	16% (Jan 2021)	12.56% (Mar 2020)	95.65 L	0.00
State Bank Of India	Banks	4615.6	12.85 %	2.14 %	12.85% (Feb 2021)	5.33% (Jul 2020)	1.18 Cr	-3.61 L
HDFC Bank Ltd.	Banks	3728	10.38 %	-0.58 %	15.2% (Sep 2020)	10.38% (Feb 2021)	24.30 L	-1.00 L

Stock Invested in	Sector	Value(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
Axis Bank Ltd.	Banks	3706.4	10.32 %	-0.24 %	10.56% (Jan 2021)	6.97% (Jun 2020)	51.14 L	0.00
- LIC Housing Finance Ltd.	Housing finance	1961.8	5.46%	0.00 %	5.46% (Feb 2021)	1.29% (Jul 2020)	45.68 L	1.40 L
Cholamandalam Financial Holdings Ltd.	Other financial services	1719.3	4.79%	0.41 %	4.79% (Feb 2021)	2.66% (May 2020)	28.66 L	57.51 k
SBI Life Insurance Co Ltd.	Insurance	1221.3	3.40%	-0.39 %	4.07% (May 2020)	3.02% (Mar 2020)	14.09 L	0.00
Federal Bank Ltd.	Banks	1205.3	3.36%	0.11 %	3.36% (Feb 2021)	2.46% (Mar 2020)	1.44 Cr	0.00
Max Financial Services Ltd.	Nbfc	1198.7	3.34%	0.39 %	3.34% (Feb 2021)	1.8% (Mar 2020)	13.84 L	0.00
Motilal Oswal Financial Services Ltd.	Stockbroking and allied	1128.1	3.14%	-0.45 %	4.97% (Jul 2020)	3.07% (Mar 2020)	18.69 L	0.00

- indicates change in weight in the portfolio. # indicates a new entry.

6.4)ICICI PRUDENTIAL CHILD CARE FUND - GIFT PLAN

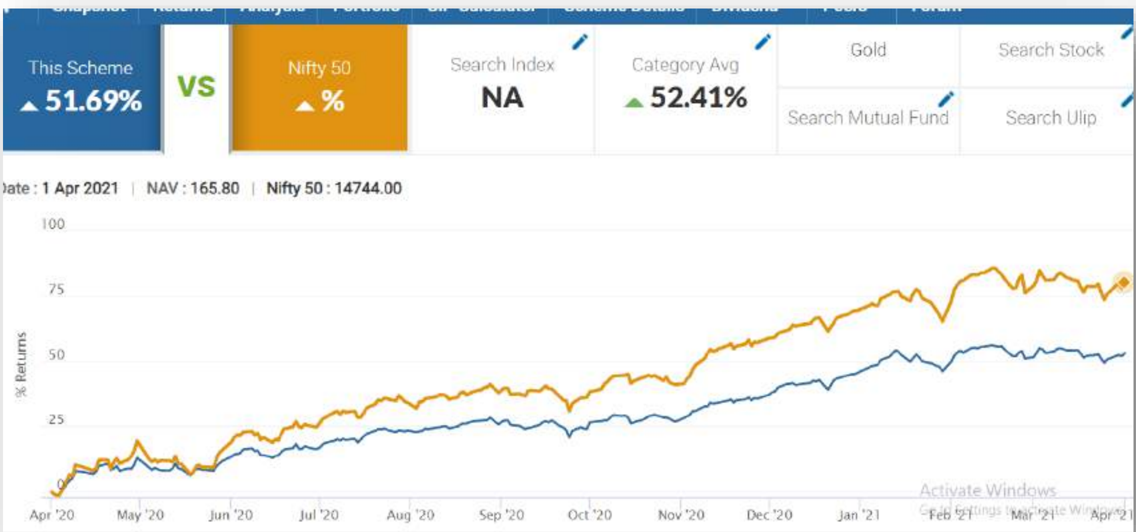
Category: Childrens Fund

NAV : ₹ 166.6 0.75% (as on 01st April, 2021)

FUND SIZE: ₹ 736.97 CR (6.54% OF INVESTMENT IN CATEGORY)

EXPENSE RATIO: 2.45% (2.3% CATEGORY AVERAGE

Childrens Fund: Fund has 68.24% investment in indian stocks of which 54.11% is in large cap stocks, 5.58% is in mid cap stocks, 7.24% in small cap stocks.Fund has 14.94% investment in Debt of which 1.29% in Government securities, 13.66% in funds invested in very low risk securities..



6.4.1 RETURNS (NAV as on 01st April, 2021)

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualised Returns	Category Avg	Rank within Category
1 Week	25-Mar-21	10244.10	2.44%	-	1.03%	9/11
1 Month	01-Mar-21	10099.40	0.99%	-	-0.21%	6/11
3 Month	01-Jan-21	10477.30	4.77%	-	3.28%	5/11
6 Month	01-Oct-20	12083.00	20.83%	-	21.74%	7/11
YTD	01-Jan-21	10477.30	4.77%	-	3.54%	5/11
1 Year	01-Apr-20	15305.50	53.05%	53.05%	52.41%	5/10
2 Year	01-Apr-19	11730.70	17.31%	8.30%	10.85%	8/10
3 Year	28-Mar-18	12576.40	25.76%	7.90%	8.76%	7/9
5 Year	01-Apr-16	17036.50	70.36%	11.24%	10.82%	6/9
10 Year	01-Apr-11	30501.60	205.02%	11.79%	10.66%	2/7
Since Inception	31-Aug-01	166600.00	1566.00%	15.44%	13.89%	3/11

6.4.2 SIP RETURNS (NAV as on 01st April, 2021)

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualised Returns
1 Year	01-Apr-20	12000	14635.86	21.97 %	43.12 %

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualised Returns
2 Year	01-Apr-19	24000	28816.35	20.07 %	18.67 %
3 Year	28-Mar-18	36000	43680.9	21.34 %	12.96 %
5 Year	01-Apr-16	60000	77245.92	28.74 %	10.04 %
10 Year	01-Apr-11	120000	223795.86	86.5 %	11.98 %

PORTFOLIO (Updated on 28th Feb,2021)
Portfolio Turnover Ratio : 51.00%   Category average turnover ratio is 35.45%

Fund manager updated portfolio more frequently than peers in last 1 year. (I.e. fund manager held stocks/bonds in the portfolio for shorter duration than peers)

Equity (68.24%)   Debt (14.94%)   Others (16.82%)

Equity Holding : 68.24%   **F&O Holdings :** 0.00%

Foreign Equity Holdings : 0.00%   **Total :** 68.24%

No of Stocks : 25 (Category Avg - 45.50)   **Large Cap Investments :** 54.11%

Mid Cap Investments : 5.58%   **Small Cap Investments** : 7.24%

Other : 1.34%

Top 10 Stocks in Portfolio

Stock Invested in	Sector	Value(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
Infosys Ltd.	Computers - software	760.3	10.32 %	-0.19 %	11.62% (Dec 2020)	8.2% (May 2020)	6.07 L	0.00
Bharti Airtel Ltd.	Telecom - services	758.6	10.29 %	-0.25 %	10.55% (Jan 2021)	6.04% (Jun 2020)	13.64 L	0.00

Stock Invested in	Sector	Value(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
ICICI Bank Ltd.	Banks	487.6	6.62%	0.50 %	6.62% (Feb 2021)	2.93% (Mar 2020)	8.16 L	0.00
Tech Mahindra Ltd.	Software - telecom	405.4	5.50%	1.68 %	5.5% (Feb 2021)	0% (Mar 2020)	4.41 L	1.57 L
State Bank Of India	Banks	310.7	4.22%	1.08 %	4.22% (Feb 2021)	2.3% (May 2020)	7.96 L	0.00
SBI Life Insurance Co Ltd.	Insurance	286.8	3.89%	-0.10 %	4.34% (Sep 2020)	1.31% (Mar 2020)	3.31 L	0.00
National Thermal Power Corporation Ltd.	Power	216.5	2.94%	0.43 %	6.63% (Mar 2020)	2.51% (Jan 2021)	20.17 L	0.00
HCL Technologies Limited	Computers - software	209.1	2.84%	-0.10 %	4.4% (Apr 2020)	2.84% (Feb 2021)	2.30 L	0.00
Axis Bank Ltd.	Banks	190.8	2.59%	0.15 %	3.71% (Apr 2020)	1.81% (Sep 2020)	2.63 L	0.00
Kotak Mahindra Bank Ltd.	Banks	143.6	1.95%	0.02 %	1.95% (Feb 2021)	0% (Mar 2020)	80.65 k	0.00

6.5) ICICI Prudential Asset Allocator Fund (FOF) - Direct Plan – Growth

Fund of Funds : These funds create a portfolio of other mutual funds. Investment in other funds is done to take exposure in international market or theme based funds

- **NAV : ₹ 73.0697 -0.15% (as on 31st March, 2021)**
- **Fund Size** : ₹ 9859.85 Cr (33.64% of Investment in Category)
- **Expense Ratio : 0.11% (0.67% Category average)**

6.5.1 RETURNS **(NAV as on 31st March, 2021)**

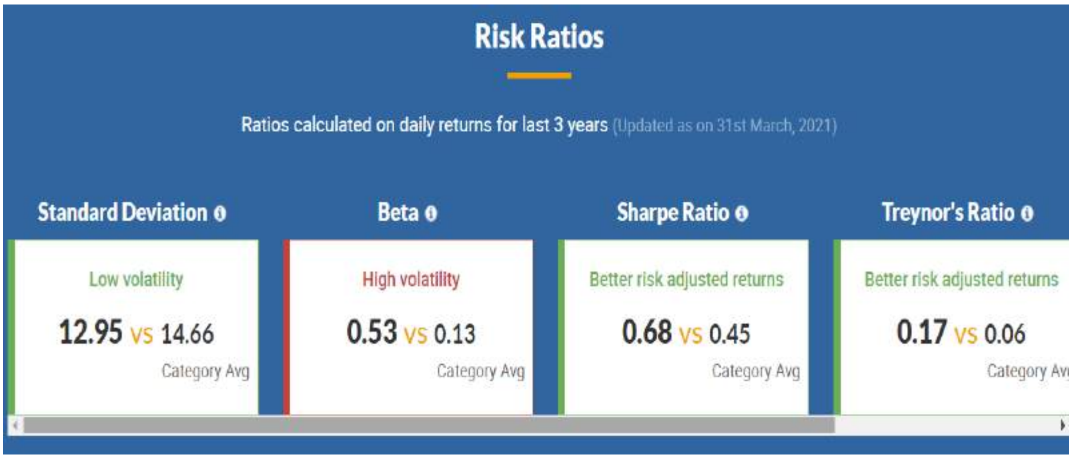
Period Invested for	**₹10000 Invested on**	**Latest Value**	**Absolute Returns**	**Annualised Returns**	**Category Avg**	**Rank within Category**
1 Week	24-Mar-21	10040.90	0.41%	-	0.36%	19/46

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualised Returns	Category Avg	Rank within Category
1 Month	26-Feb-21	10014.80	0.15%	-	-2.14%	27/75
3 Month	31-Dec-20	10433.10	4.33%	-	0.53%	25/74
6 Month	30-Sep-20	11881.60	18.82%	-	12.93%	29/72
YTD	01-Jan-21	10404.80	4.05%	-	0.70%	25/74
1 Year	31-Mar-20	14768.40	47.68%	47.68%	37.31%	27/71
2 Year	29-Mar-19	12928.50	29.29%	13.64%	13.18%	36/68
3 Year	28-Mar-18	14510.10	45.10%	13.16%	10.30%	14/65
5 Year	31-Mar-16	18729.70	87.30%	13.36%	10.49%	13/65
Since Inception	10-Jan-13	24976.60	149.77%	11.77%	8.57%	13/74

6.5.2 RETURNS **(NAV as on 31st March, 2021)**

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualised Returns	Category Avg	Rank within Category
1 Week	24-Mar-21	10040.90	0.41%	-	0.36%	19/46
1 Month	26-Feb-21	10014.80	0.15%	-	-2.14%	27/75
3 Month	31-Dec-20	10433.10	4.33%	-	0.53%	25/74
6 Month	30-Sep-20	11881.60	18.82%	-	12.93%	29/72

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualised Returns	Category Avg	Rank within Category
YTD	01-Jan-21	10404.80	4.05%	-	0.70%	25/74
1 Year	31-Mar-20	14768.40	47.68%	47.68%	37.31%	27/71
2 Year	29-Mar-19	12928.50	29.29%	13.64%	13.18%	36/68
3 Year	28-Mar-18	14510.10	45.10%	13.16%	10.30%	14/65
5 Year	31-Mar-16	18729.70	87.30%	13.36%	10.49%	13/65
Since Inception	10-Jan-13	24976.60	149.77%	11.77%	8.57%	13/74



6.6) ICICI Prudential Bluechip Fund - Growth

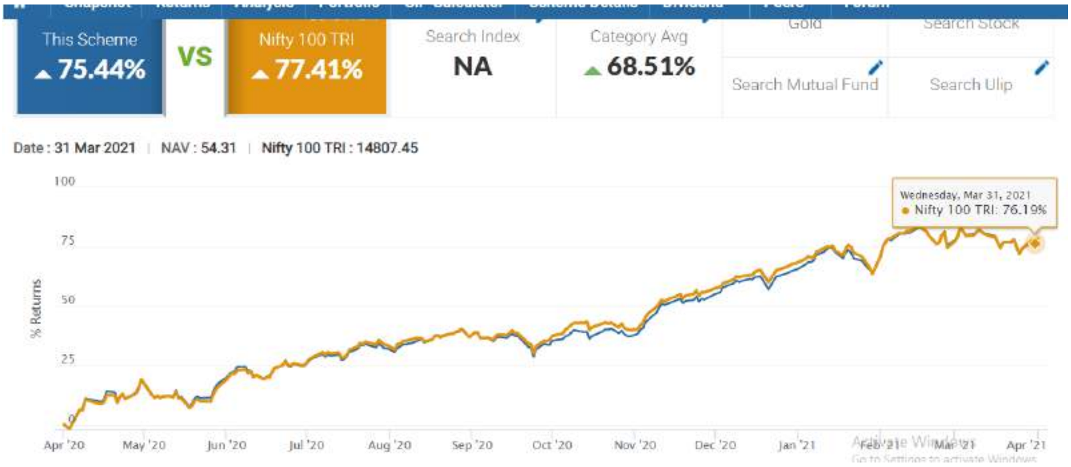
NAV : ₹ 54.31 1.27% (as on 01st April, 2021)

Fund Size : ₹ 27032.68 Cr (15.21% of Investment in Category)

Expense Ratio : 1.72% (2.25% Category average)

Large Cap Fund : Fund has 95.79% investment in indian stocks of which 80.31% is in large cap stocks, 4.69% is in mid cap stocks, 0.64% in small cap stocks.Fund has 0.23% investment in Debt of which 0.23% in Government securities.

Suitable For : Investors who are looking to invest money for at least 3-4 years and looking for high returns. At the same time, these investors should also be ready for possibility of moderate losses in their investments.



6.6.1 RETURNS (NAV as on 01st April, 2021)

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualised Returns	Category Avg	Rank within Category
1 Week	25-Mar-21	10346.70	3.47%	-	1.19%	19/34
1 Month	01-Mar-21	10000.00	-	-	-2.02%	23/34
3 Month	01-Jan-21	10737.40	7.37%	-	3.63%	7/34
6 Month	01-Oct-20	13131.00	31.31%	-	25.88%	7/32
YTD	01-Jan-21	10737.40	7.37%	-	3.93%	8/34

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualised Returns	Category Avg	Rank within Category
1 Year	01-Apr-20	17765.80	77.66%	77.66%	68.51%	6/31
2 Year	01-Apr-19	12809.00	28.09%	13.16%	11.90%	16/31
3 Year	28-Mar-18	14055.40	40.55%	11.96%	11.16%	14/30
5 Year	01-Apr-16	19749.10	97.49%	14.57%	12.79%	5/29
10 Year	01-Apr-11	32231.50	222.31%	12.41%	10.87%	7/26
Since Inception	23-May-08	54310.00	443.10%	14.06%	14.28%	16/33

6.6.2 SIP RETURNS (NAV as on 01st April, 2021)

Period Invested for	₹1000 SIP Started on	Investments	Latest Value	Absolute Returns	Annualised Returns
1 Year	01-Apr-20	12000	15761.7	31.35 %	62.85 %
2 Year	01-Apr-19	24000	31135.11	29.73 %	27.25 %
3 Year	28-Mar-18	36000	47314.81	31.43 %	18.57 %
5 Year	01-Apr-16	60000	85596.82	42.66 %	14.18 %
10 Year	01-Apr-11	120000	247103.29	105.92 %	13.83 %

PORTFOLIO (Updated on 28th Feb,2021)

Portfolio Turnover Ratio : 24.00%

Category average turnover ratio is 198.44%

Fund manager updated portfolio less frequently than peers in last 1 year. (I.e. fund manager held stocks/bonds in the portfolio for longer duration than peers)

Equity (94.08%) Debt (0.23%) Others (5.69%)

Equity Holding : 95.79%

F&O Holdings : -1.71%

Foreign Equity Holdings : 0.00%

Total : 94.08% No of Stocks : 64 (Category Avg - 44.44)

Large Cap Investments : 80.31% Mid Cap Investments : 4.69%

Small Cap Investments : 0.64% Other : 8.39%

Top 10 Stocks in Portfolio

Stock Invested in	**Sector**	**Value(Mn)**	**% of Total Holdings**	**1M Change**	**1Y Highest Holding**	**1Y Lowest Holding**	**Quantity**	**1M Change in Qty**
ICICI Bank Ltd.	Banks	23794.7	8.80%	0.42 %	8.8% (Feb 2021)	5.38% (Jul 2020)	3.98 Cr	0.00
HDFC Bank Ltd.	Banks	23732.2	8.78%	0.35 %	9.66% (Nov 2020)	7.82% (Sep 2020)	1.55 Cr	0.00
Infosys Ltd.	Computers - software	21838.9	8.08%	-0.38 %	9.37% (Oct 2020)	7.11% (May 2020)	1.74 Cr	0.00
Reliance Industries Ltd.	Refineries/marketing	16693.8	6.18%	0.36 %	7.65% (Sep 2020)	5.17% (Mar 2020)	80.04 L	-0.55 L
Axis Bank Ltd.	Banks	15632.3	5.78%	0.12 %	5.78% (Feb 2021)	2.97% (Jun 2020)	2.16 Cr	-2.13 L
Bharti Airtel Ltd.	Telecom - services	13868.2	5.13%	-0.50 %	6.07% (May 2020)	4.73% (Sep 2020)	2.49 Cr	-0.10 Cr

Stock Invested in	Sector	Value(Mn)	% of Total Holdings	1M Change	1Y Highest Holding	1Y Lowest Holding	Quantity	1M Change in Qty
Housing Development Finance Corporation Ltd.	Housing finance	11789.2	4.36%	0.03 %	4.6% (Dec 2020)	2.68% (Jul 2020)	46.43 L	0.00
Larsen & Toubro Ltd.	Engineering, designing, construction	11325.1	4.19%	0.43 %	4.19% (Feb 2021)	2.08% (Sep 2020)	78.51 L	6.72 L
Avenue Supermarts Ltd.	Retailing	6437.3	2.38%	0.10 %	2.58% (Dec 2020)	1.72% (Jul 2020)	21.50 L	-0.45 L
TVS Motor Company Ltd.	Motor cycles/scooters	6415	2.37%	-0.03 %	2.4% (Jan 2021)	1.7% (Apr 2020)	1.08 Cr	-1.39 L

CHAPTER 7

CONCLUSION AND SUGGESTION

1) This one rule of investment is followed by virtually all investors. If you desire better return you will have to bear more risk. However, it is not so simple when it comes to implementing it in financial plan. While it is universal fact that equity investments are riskier than debt investments, there has to be a way to find out if the returns are worth the risk. This is calculated by risk return ratio.

2) When you look and mutual fund’s performance, you would normally find comparison with some benchmark. In 2012 SEBI mandated all mutual fund houses to declare some bench mark index, which must be independent of any of the fund and must be based on investment objectives. It helps prospective investors to anticipate performance and return involved in the scheme. Some commonly used benchmarks are sensex, nifty etc.

3) It is examined that Indian Mutual Funds in terms of performance measure, some funds show conformity with the linear relationship of return and risk. But some funds don’t demonstrate this relationship.

4) It is of paramount importance that investors do not make a rash decision simply by looking at the return figures generated by an individual fund, they should compare funds based on the risk and return analysis and find out which fund is giving better returns commensurate to the risk taken.

5) Statistical analysis helps investors make a wise decision looking at facts based on numbers instead of just going by their gut feeling. Also compared to the traditional options, mutual diversification.

6) Risk arises in mutual funds owing to the reason that mutual funds invest in a variety of financial instruments such as equities debt, corporate bonds, government securities and many more. The price of these instruments keeps fluctuating owing to a lot of factors which may result in losses. Hence, it is essential to identify the risk profile and invest in the most appropriate fund

7) Types of risks associated with mutual funds

a. Market Risk b. Concentration Risk c. Interest Rate Risk

d. Liquidity Risk e. Credit Risk.

8) High-risk mutual funds refer to funds that have excellent potential and the ability to provide high returns. However, these funds are very volatile in nature and come with high risks. When you take such a high-risk mutual fund, you will be required to actively and thoroughly review the performance of these funds from time to time. This will help you be aware of how your fund is doing in the market.

These high-risk mutual funds typically provide great dividends to an investor. If you are someone who is willing to take a high risk in order to receive good returns, then you can choose such a fund.

9) There are five main indicators of investment risk that apply to the analysis of stocks, bonds, and mutual fund portfolios. They are alpha, beta, r-squared, standard deviation and the Sharpe ratio. These statistical measures are historical predictors of investment risk/volatility and they are all major components of modern portfolio theory (MPT).

MPT is a standard financial and academic methodology used to assess the performance of equity, fixed-income, and mutual fund investments by comparing them to market benchmarks.

SUGGESTIONS

1) While a benchmark declared as a standard which a fund’s performance can be gauged blindly following the comparative performance can be counter productive. For all practical purposes, investors are better advised to look at this comparison alone with recent and historical performance of the fund during the bullish and bearish cycles of the market. A historic view of the performance of the fund can help investors take informed decisions.

2) It is a proverb,” Never Test Depth of River with both feet in”. Before investing most of the investors spend their time in assessing their investment goals, time horizon , risk preference this helps them to understand the amount of risk they can sustain.

Even if risk taken is high diversification can hedge the risk to greater extent. Before investment investors must find well diversified portfolio of the fund they are investing in.

3) Buy and Sell decision is a big mess for all investors, usually it is based on hunch, or emotions and not on solid analysis. The market is highly volatile place, people look at different sentiments like social, cultural, economic, controlled and uncontrolled events. Looking at this they try to predict market mood. This adds risk to investments. Investors must safeguard their investments from the following things which triggers them

   Value Driven Trigger: Units are redeemed when value reaches some threshold.

   NAV Driven Trigger : Units are redeemed when NAV reaches certain value or changes by certain percentage specified by an investor.

   Date Driven Trigger : Units are redeemed at certain specified date.

   Capital Gains Driven Trigger : Units are redeemed when capital gain reached certain amount or percentage.

   Index Driven Trigger : Units are redeemed when index reaches of falls to certain pre specified points.

4) Take the beta ratios of various funds and suggest wither the fund is volatile or not.

5) Use correlations and suggest whether the benchmark taken by the company for judging the performance is good enough or not.

6) Use treynor’s ratio and tell wither the fund of the company is giving returns justifying the market risk to which all the similar funds are subject to.

7) In terms of investment period, investors who want to park their funds for a longer term they should invest in equity oriented funds which provide good returns over 5-years. But in case of short term needs, it is Better to invest in Debt funds.

8) Returns are not the only criteria to be looked at while selecting an appropriate fund; they don’t showcase the overall performance. Hence an investor should look at the various statistical tools like standard deviation, Sharpe ratio, beta and alpha values.

9) Investors should avoid funds displaying negative Sharpe ratio and alpha values. They can instead park their capital in other categories of funds with better ratios or risk-free assets.

10) An investor should avoid investing the entire amount in one type of mutual fund. They can further diversify their portfolio by investing in different categories of mutual funds.

11) For an investor with very high risk appetite, sector specific funds seem appropriate, for moderate and high risk takers Equity Large-Cap funds and Equity Mid-Cap are suggested respectively. For investors who are old and want steady income and safety of investment, debt funds are the most appropriate choice.

12) The general perception of the stock market is such that investors liquidate their holding in times of market turmoil, but the beneficial strategy to be followed is to invest when the markets are down so that when it bounces back, the investors are left with very high returns.

13) It is very important to invest when the NAV values are low, since it would give more no. of units to the investors and thus the dividend will also be more. Or the next best option is to take the SIP (Systematic Investment Plan) route which equalizes the volatility of the market to a certain extent.

14) Apart from risk and return, it is necessary to look at the expense ratio charged by the funds. Investors

15) should make sure that in case of debt funds the expense ratios are less than 1% and in case of equity they should avoid funds which charge extremely high as it will reduce their net earnings.

16) Also they should look at the P/E ratios, if it well above that of the benchmark then it faces greater possible losses in a correction or bear market.

17) It is imperative that the investors look at the break-up of the holdings of a fund in terms of sector and capitalization. This would give them a picture about how aggressive a fund’s strategy is; one should look out for funds with high P/B ratios.

18) Finally, an investor should not choose a fund based on the AMC but rather on the past performance and the credibility of the fund manager. It is the fund managers who run the funds not the AMC.

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ANNEXTURE :

QUESTIONNAIRE FOR INTERVIEW

I Prachi Pramod Kadu the student of MBA IInd year of Department of Business Administration and Management , Savitribai Phule Pune University, (2020-2022) intend to carry out Project as a part of curriculum on the concern topic A Study of Risk and Return Analysis of Mutual Fund (With Special Reference of ICICI Securities) you are requested to answer the questionnaire.

I assure you that the information given by you will be used for academic purpose only.

Thanking you.

Prachi Kadu

Q.1 What factors one must consider while investing in mutual funds?

Q.2 How one can make mutual fund portfolio?

Q.3 What types of risk are associated with mutual funds?

Q.4 How can we analyse the risk associated with mutual fund?

Q.5 What makes mutual fund special from other investments?

Q.6 What are different returns associated with mutual funds?

Q.7 How we can redeem our investment in mutual funds?