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**REPORT ASSIGNMENT**

*for*

**5 MUTUAL FUNDS ANALYSIS**

*Submitted by*

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***Data Interpreted From The Excel Sheets***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Mutual fund** | **Treynor** | **Sharpe’s ratio** | **Jensen alpha** | **M- square** | **Average return(per day)** | **Beta** | **stddev stk** | **Rank(T,S,J,M)** |
|
| **HDFC Long Term Advantage Fund** | 0.000218286 | 0.022765082 | -0.000018052 | 0.00038358 | 0.000370863 | 0.908509103 | 0.00871136 | 3,3,3,3 |
|
| **Axis Triple Advantage Fund** | 0.000746447 | 0.074187641 | 0.000330484 | 0.00086026 | 0.000659685 | 0.652607282 | 0.00656628 | 1,1,1,1 |
|
| **LIC MF Equity Hybrid Fund** | 0.000635346 | 0.066076425 | 0.000254826 | 0.00078507 | 0.000582111 | 0.644629374 | 0.00619832 | 2,2,2,2 |
|
| **Nippon India Equity Hybrid Fund** | -0.000154859 | -0.014999863 | -0.000326256 | 0.0000335 | 0.000044607 | 0.826172971 | 0.00852945 | 5,5,5,5 |
|
| **ICICI Prudential Equity & Debt Fund** | 0.000027774 | 0.002653997 | -0.000146875 | 0.00019715 | 0.000191766 | 0.691935146 | 0.00724109 | 4,4,4,4 |
|

**TREYNOR’S INTERPRETATION**

**TREYNOR (Ti) = (Rp-Rf)/ βp**

**In our analysis we have given ranks on the basis of higher Treynor’s index. Higher Treynor’s index gets 1st rank. Treynor’s performance index measures (Beta) systematic risk of portfolio. This model does not consider total risk (systematic risk + unsystematic risk).**

**In our analysis we have found out that the Axis Triple Advantage Fund has the highest average return per day i.e. 0.000659 and lower beta i.e. 0.65 while LIC MF Equity Hybrid Fund has lower beta i.e. 0.64. but it also has lower avgerage return, therefore this analysis represents that the Axis Triple Advantage Fund gets higher Treynor’s performance index,while LIC MF Equity Hybrid Fund gets lower Treynor’s performance index.**

**Thus we want to conclude that according to Treynor’s Performance Index, it is not necessary that fund with higher return is always well performing fund and stands on first rank because we also have to consider risk associated with that fund.**

**SHARPE’S INTERPRETATION**

**Sharpe= (Rp-Rf)/ p**

I**n our analysis we have given ranks on the basis of higher Sharpe’s index.**

**Higher Sharpe’s index gets 1st rank. Sharpe’s performance index measures standard deviation of stocks. This model considers total risk i.e. both systematic risk and unsystematic risk.**

**In our analysis we have found out Axis Triple Advantage Fund has the highest average return per day i.e. 0.000659 and lower total risk i.e. 0.0065 while LIC MF Equity Hybrid Fund has lower total risk i.e. 0.0061 but it also has lower average return, therefore this analysis represents that the Axis Triple Advantage Fund gets higher sharpe’s performance index,while LIC MF Equity Hybrid Fund gets lower sharpe’s performance index.**

**Thus at last we want to conclude that according to Sharpe’s Performance**

**Index, it is not necessary that fund with higher return is always well performing**

**fund and stands on first rank because we also have to consider risk**

**associated with that fund. Further return of fund should also be good enough;**

**it should not be so lower.**

**JENSEN’S ALPHA INTERPRETATION**

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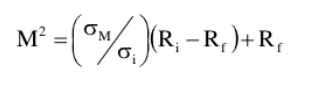
**In our analysis we have given ranks on the basis of higher Jensen’s index.**

**Higher Jensen’s index gets 1st rank. Jensen’s performance index measures alpha of portfolio. This model indicates that higher the value of alpha, higher is the ability of a fund manager to select good fund.**

**We have analyzed that alpha of Axis Triple Advantage Fund is very high i.e. 0.00033 % as compared to four funds and it stands on first rank. This positive value of alpha indicates that fund manager is able to select Axis Triple Advantage Fund as a good fund. We have also analyzed that alpha of Nippon India Equity Hybrid Fund is lower. This may be due to its lower return and also the risk associated with Nippon India Equity Hybrid Fund is also high therefore, its alpha value is lowest and ranked 5.**

**Finally we want to conclude that according to Jensens’s alpha, the value of alpha not only depends on the return of the fund but also on the risk associated with that fund. Value of alpha should be always positive.**

1. **SQUARE INTERPRETATION**

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I**n our analysis we have given ranks on the basis of higher M-square value.**

**We can interpret the measure as the difference between the scaled excess return of our portfolio P and that of the market, where the scaled portfolio has the same volatility as the market.**

**Axis Triple Advantage Fund has the highest M-square value i.e. 0.00086 while Nippon India Equity Hybrid Fund has the lowest M-square value i.e. 0.0000335, therefore this analysis represents that the Axis Triple Advantage Fund gets higher M-square performance index,while Nippon India Equity Hybrid Fund gets lowest M-square performance index.**

**Conclusion**

**In our analysis we have found that the Axis Triple Advantage Fund has the higher all four indices(treynor,sharpe,jensen alpha,m-square) therefore we preferred to choose the Axis Triple Advantage Fund for our mutual fund portfolio.**

**\*\*\*\*\*\*\*\*\*Thank you\*\*\*\*\*\*\*\*\*\*\*\*\***