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Title

A COMPARATIVE STUDY OF PUBLIC (SBI & UTI) & PRIVATE (HDFC & ICICI) ASSET MANAGEMENT COMPANIES FUNDS (BALANCED, GILT (LONG TERM & SHORT TERM) ON THE BASIS OF NAV, FUND AVERAGE RETURN, RISK FROM JAN 2010 TO MARCH 2011

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ABSTRACT:

Indian Mutual fund industry has witnessed a structural transformation during the past many years. Balanced Funds and the GILT-Short term and Long term funds are among the most successful instruments grown at a fairly rapid pace in emerging markets and India is no exception to it. This paper aims at evaluating the performance of these funds in public and private asset management companies respectively from Jan 2010 to March 2011. For this purpose we have used annual returns based on NAV(Net Asset Value). CRISIL has been used as a proxy for benchmark return, while annual yields on 364-day Treasury bill as a surrogate for the Risk free rate of Return. The investment performance has been measured in terms of Sharpe's Ratio, Treynor's Ratio and Jensen Ratio. The Empirical result reported somewhat mixed results. In balance fund ICICI mutual fund was the best. In Long term GILT fund UTI mutual fund performed better than others. On the basis of profitability SBI got first rank from all public sector funds.

Keywords: Asset Management Companies, Benchmark Return, Net Asset Value

INTRODUCTION:

Stock selection is the nucleus of investment decision making as it determines the contour of risk bearing & diversification. Generally, the investors get confused regarding the investment option whether to go for one time or systematic mode of investing and they generally remain in a dilemma of in which plan to invest in to get maximum returns. Hence the decision is to be taken regarding which mode of investment should be adopted. This decision can be taken by comparing the risk & return from each mode of investment. not only this, even when a particular mode of investment is selected there still remains a confusion regarding in which plan the money should be invested as there are a number of plans available with a mode of investment. So in this study the researcher has tried to do a comparative analysis of public and private asset management companies.

LITERATURE REVIEW:

Herman and Vickers (1962) did a systematic study on mutual funds considering 152 funds with data period of 1953 to 1958 and created an index of Standard and Poor's indexes of five securities, with the elements by their representation in the mutual fund sample. **Friends and Vickers (1965)** concluded that mutual funds on the whole have not performed superior to random portfolio. **Friend, Marshal and Crocket (1970)** in their study on mutual funds found that there is a negative correlation between fund performance and management expense measure. **John and Donald (1974)** examined the relationship between the stated fund objectives and their risks-return attributes and concluded that on an average, the fund managers appeared to keep their portfolios within the stated risk. **John and Donald (1974)** examined the relationship between the stated fund objectives and their risks-return attributes and concluded that on an average, the fund managers appeared to keep their portfolios within the stated risk. **Grinblatt, Titman and Wermers (1995)** analyzed the quarterly holding of 155 mutual funds for the period 1975-1984. Using multiple cross-sectional regressions of fund performance on fund characteristics they found that 77 percent of mutual funds tended to be momentum investors. This meant that funds tended to buy past winners and sell past losers. Momentum investing gave funds better returns than contrarian investors and the index. **Sahadevan and Thiripalraju (1997)** attempted to compare the performance of funds using total return, consistency and volatility. They did not attempt to use any CAPM single or multifactor models. Their study covered private and public sector mutual funds for the period 1995-96. The benchmark used was the SSE National Index terms of absolute returns. Out of 32 public sector funds, 11 outperformed the index. In the case of private sector mutual funds time out of the ten studied outperformed the index. The study of course did not intend to go into deeper risk return analysis and compared a host of different types of funds to a Single index.

OBJECTIVES:

The objectives of the study are spelled out as under:

- To Compare the performance of Balanced fund Schemes of Public (UTI&SBI) and

Private(HDFC&ICICI) Asset Management Companies.

- To Compare the performance of Gilt short term fund Schemes of Public (UTI&SBI) and Private(HDFC&ICICI) Asset Management Companies.
- To Compare the performance of Gilt Long term fund Schemes of Public (UTI&SBI) and Private(HDFC&ICICI) Asset Management Companies.
- To Evaluate all Schemes (Balanced fund, Gilt-Short term & Long term)on the basis of return as per Sharpe, Treynor and Jenson Performance measurement Schemes.

JUSTIFICATION OF THE STUDY:

In view of increasing numbers of schemes and growing competition in Mutual Fund industry, investors are finding it difficult to make a right selection of schemes. By the emergence of both private and public sectors even a single wrong decision may put the investor and his investment in trouble or crises. The proper performance evaluation with expert services removes such confusion and helps the investor in selecting right fund under right sector. It is with this fact in mind that the present study "Performance of Debt schemes - a comparative study of Private and Public sector Mutual Funds" is being undertaken.

RESEARCH DESIGN:

The purpose of this study is descriptive. A descriptive study is undertaken in order to be able to describe the characteristics of variables of interest in a situation. In this type of research the researcher has no control over the variables; he can only report what has happened or what is happening.

Data & other sources

1. The sample

The researcher has used a sample of four Asset management companies namely UTI,SBI,HDFC,ICICI to study their performance. The choice of the sample is largely

based on the availability of necessary data. Monthly return based on NAV (Net Asset Value) have been used for performance evaluation. The data regarding the sample funds used in the study has been taken from the Monthly Factsheet available on the company website.

2. *Period of study*

The study period is the ten years period from January, 2010 to May, 2011. It is during this period that a major structural change has taken place in the Indian Mutual Fund Industry. The period is long enough to draw meaningful inferences.

3. *The Market Proxy*

For evaluating the investment performance, it is necessary to choose a benchmark against which the performance of sample fund is compared .The researcher has used CRISIL as a benchmark as it is widely use index use by both practitioners and researchers.

4. *The Risk Free Proxy*

The study has used the annual yields on 364-day Treasury bill as a surrogate for the Risk free rate of Return.

5. *Beta of the fund*

the Beta of the fund is taken from the Monthly Factsheet of the company.

Methodology:

Performance Evaluation Measures: The researcher have utilized following measures to evaluate performance:-

a) SHARPE RATIO

Sharpe (1966) devised an index of portfolio performance measure, referred to as reward to variability ratio denoted by Sp . It measures the excess return per unit of total risk as measured by standard deviation. The Sharpe ratio for different mutual funds, as well as benchmark portfolios, has been computed by using the following equation:

$$Sp = \text{Risk premium} / \text{Total Risk}$$

$$= \frac{R_p - R_f}{S.D. p}$$

Where,

S_p = Sharpe ratio

R_p = portfolio return

R_f = risk-free return

$S.D.p$ = standard deviation of portfolio

The S_p for benchmark portfolio is $R_m - R_f / S.D.m$, where S.D. is the standard deviation of market returns.

If S_p of the mutual fund scheme is greater than that of the market portfolio, the fund has outperformed the market. Sharpe ratio is considered better as it considers the total risk.

b) **TREYNOR RATIO**

The Treynor reward to volatility ratio measures the excess return per unit of market (systematic) risk. The Treynor ratio for the sample funds has been calculated as follow:-

$$T_p = \frac{\text{risk premium}}{\text{Systematic risk}}$$

$$= R_p - R_f / \beta_p$$

Where,

T_p = Treynor ratio

R_p = return from portfolio

R_f = risk-free return

β_p = Beta coefficient for portfolio

As the market Beta is 1, Treynor index T_p for market portfolio is $(R_m - R_f)$ where R_m is the market return.

If T_p of the mutual fund scheme is greater than $(R_m - R_f)$, then the fund has outperformed the market. The major limitation of the Treynor ratio is that it ignores the reward for unsystematic risk.

c) **JENSEN RATIO**

This ratio attempts to measure the differential between the actual return earned on a portfolio and the return expected from the portfolio given its level of risk.

The expected return of the portfolio is calculated as under:-

$$E(R_p) = R_f + \beta_p (R_m - R_f)$$

Where,

$E(R_p)$ = expected portfolio return

R_f = risk-free rate

R_m = return on market index

β_p = systematic risk of the portfolio

the differential return is calculated as follow:-

$$\alpha_p = R_p - E(R_p)$$

Where,

α_p = Differential return earned

R_p = Actual return earned on the portfolio

$E(R_p)$ = Expected return

If α_p has a positive value, it indicates that the superior return has been earned due to superior management skills.

When $\alpha_p = 0$, it indicates neutral performance. It means that the portfolio manager has done just as well as an unmanaged randomly selected portfolio with a buy and hold strategy.

RESULTS & DISCUSSION

Objective 1: To compare the performance of Balanced fund schemes of Public (UTI & SBI) and Private (HDFC & ICICI) Asset Management Companies.

UTI BALANCED FUND					
MONTH	OPENING NAV	CLOSING NAV	FUND RETURN	BENCHMARK INDEX	BENCHMARK RETURN
Jan-10	73.31	70.67	-3.6	3125.25	-3.8
Feb-10	71.28	70.61	-.9	3142.13	.5
March-10	71.59	74.18	3.6	3285.81	4.57
April-10	74.54	76.04	2	3308.02	.67
May-10	75.56	74.00	-2.1	3236.25	-2.170
June-10	72.92	76.64	5.1	3334.85	3.05
July-10	76.20	77.66	1.8	3357.72	.68
Aug-10	78.24	78.46	.3	3375.68	.53
Sept-10	79.33	84.14	6.1	3633.64	7.64
Oct-10	85.36	85.18	-.2	3631.52	-.05
Nov-10	86.19	82.75	-.4	3578.07	-1.47
Dec-10	84.08	84.66	.7	3690.40	3.139
JAN-11	85.01	79.18	-6.9	3440.52	-.0018
Feb-11	76.39	76.30	-.11	3378.69	1.797
March-11	77.97	80.73	3.5	3593.59	6.36

SBI BALANCED FUND					
MONTH	OPENING NAV	CLOSING NAV	FUND RETURN	BENCHMARK INDEX	BENCHMARK RETURN
Jan-10	47.95	46.53	-3	3125.25	-3.8
Feb-10	46.82	46.03	-1.6	3142.13	.5
March-10	46.63	48.46	3.9	3285.81	4.57
April-10	49.23	49.40	.22	3308.02	.67
May-10	49.07	47.58	-3	3236.25	-2.170
June-10	47.00	49.20	4.7	3334.85	3.05
July-10	48.91	50.18	2.6	3357.72	.68
Aug-10	50.63	50.56	-.1	3375.68	.53
Sept-10	51.06	53.75	5.3	3633.64	7.64
Oct-10	54.37	53.99	-.7	3631.52	-.05
Nov-10	54.48	53.01	-2.6	3578.07	-1.47
Dec-10	53.56	53.80	.4	3690.40	3.139
JAN-11	53.91	50.72	-5.9	3440.52	-.0018
Feb-11	49.14	48.11	-2	3378.69	1.797
March-11	49.10	50.64	3.1	3593.59	6.36

HDFC BALANCED FUND					
MONTH	OPENING NAV	CLOSING NAV	FUND RETURN	BENCHMARK INDEX	BENCHMARK RETURN
Jan-10	45.367	45.015	-.8	3125.25	-3.8
Feb-10	45.570	45.079	-1.08	3142.13	.5
March-10	45.645	47.198	3.40	3285.81	4.57
April-10	48.549	48.406	-1.80	3308.02	.67
May-10	48.324	48.549	.46	3236.25	-2.170
June-10	48.268	50.713	5.1	3334.85	3.05
July-10	50.566	52.065	2.9	3357.72	.68
Aug-10	51.993	52.714	1.38	3375.68	.53
Sept-10	53.252	55.564	4.3	3633.64	7.64
Oct-10	56.109	57.091	1.8	3631.52	-.05
Nov-10	57.470	56.051	-2.5	3578.07	-1.47
Dec-10	56.625	56.469	-.3	3690.40	3.139
JAN-11	56.588	52.725	-7.3	3440.52	-.0018
Feb-11	52.226	52.017	-.4	3378.69	1.797
March-11	52.871	54.831	3.7	3593.59	6.36

ICICI BALANCED FUND					
MONTH	OPENING NAV	CLOSING NAV	FUND RETURN	BENCHMARK INDEX	BENCHMARK RETURN
Jan-10	40.280	39.20	-2.7	3125.25	-3.8
Feb-10	39.410	39.40	-0	3142.13	.5
March-10	40.010	41.45	3.6	3285.81	4.57
April-10	41.600	41.50	-.2	3308.02	.67
May-10	41.300	41.05	-.60	3236.25	-2.170
June-10	40.500	42.44	4.8	3334.85	3.05
July-10	42.210	43.190	2.3	3357.72	.68
Aug-10	43.480	43.48	0	3375.68	.53
Sept-10	43.860	46.330	5.6	3633.64	7.64
Oct-10	46.970	47.250	.6	3631.52	-.05
Nov-10	47.640	46.670	-2	3578.07	-1.47
Dec-10	47.150	47.490	.7	3690.40	3.139
JAN-11	47.57	44.63	-6.2	3440.52	-.0018
Feb-11	44.28	43.67	-1.4	3378.69	1.797
March-11	44.510	46.49	4.4	3593.59	6.36

INTERPRETATION

BALANCED SCHEME				
AMC	SYSTEMATIC RISK(β)	UNSYSTEMATIC RISK σ	FUND RETURN	MARKET RETURN
UTI	.83	3.348	.59	1.43
SBI	.82	3.109	.088	1.43
HDFC	.59	3.197	.59	1.43
ICICI	.79	3.158	.593	1.43

1. The average return of the AMC's fund (R'A) is lower than that of the average market return (R'M) which indicates that the fund is not performing well as compared to the market. ICICI shows better performance than other AMC's.

2. The Standard Deviation of AMC's indicates the amount of risk involved in investing in the fund. Here UTI shows high unsystematic risk as compared to other & SBI shows low unsystematic risk. This shows that SBI in balanced scheme which is Hybrid scheme (highly diversified) efficiently hedge the risk by the way of diversification. UTI unable to hedge the risk through the diversification.

3. The fund's beta of HDFC is lower than the others comparison and ICICI shows high beta that's mean investing in HDFC BALANCED SCHEME is less risky as compared to ICICI BALANCED SCHEME & others.

Objective 2: To compare the performance of GILT Short term fund schemes of Public (UTI & SBI) and Private (HDFC & ICICI) Asset Management Companies.

UTI GILT SHORT TERM (DIVIDEND)					
MONTH	OPENING NAV	CLOSING NAV	FUND RETURN	BENCHMARK INDEX	BENCHMARK RETURN
Jan-10	10.979	11.034	.5	6347.17	.16
Feb-10	11.030	11.049	.2	6322.18	-.4
March-10	11.054	10.951	-.9	6411.08	1.40
April-10	10.951	11.025	.7	6410.13	-.014
May-10	11.031	11.050	.2	6555.80	2.27
June-10	11.058	11.093	.3	6570.11	.22
July-10	11.097	11.053	-.4	6573.97	.05
Aug-10	11.040	11.070	.3	6541.11	-.5
Sept-10	11.065	11.099	.3	6628.76	1.34
Oct-10	10.998	11.025	.25	6585.89	-.65
Nov-10	11.033	11.059	.2	6655.88	1.06
Dec-10	11.059	11.124	.6	6736.43	1.2
JAN-11	11.114	11.170	.5	6697.74	-.57
Feb-11	11.171	11.235	.6	6774.08	1.14
March-11	11.233	11.110	-1.1	6886.13	1.65

SBI GILT SHORT TERM (DIVIDEND)

MONTH	OPENING NAV	CLOSING NAV	FUND RETURN	BENCHMARK INDEX	BENCHMARK RETURN
Jan-10	10.813	10.857	.4	6347.17	.16
Feb-10	10.816	10.817	0	6322.18	-.4
March-10	10.769	10.880	1	6411.08	1.40
April-10	10.884	10.913	.26	6410.13	-.014
May-10	10.875	10.902	.2	6555.80	2.27
June-10	10.861	10.961	.9	6570.11	.22
July-10	10.879	10.833	-.4	6573.97	.05
Aug-10	10.796	10.896	.9	6541.11	-.5
Sept-10	10.854	10.900	.42	6628.76	1.34
Oct-10	10.849	10.871	.2	6585.89	-.65
Nov-10	10.841	10.881	.4	6655.88	1.06
Dec-10	10.840	10.922	.75	6736.43	1.2
JAN-11	10.884	10.944	.6	6697.74	-.57
Feb-11	10.901	10.959	.5	6774.08	1.14
March-11	10.923	10.943	.2	6886.13	1.65

HDFC GILT SHORT TERM (DIVIDEND)

MONTH	OPENING NAV	CLOSING NAV	FUND RETURN	BENCHMARK INDEX	BENCHMARK RETURN
Jan-10	10.566	10.657	.9	6347.17	.16
Feb-10	10.657	10.657	0	6322.18	-.4
March-10	10.662	10.609	1.2	6411.08	1.40
April-10	10.610	10.710	.9	6410.13	-.014
May-10	10.702	10.765	.6	6555.80	2.27
June-10	10.757	10.652	.976	6570.11	.22
July-10	10.657	10.615	-.4	6573.97	.05
Aug-10	10.592	10.653	.6	6541.11	-.5
Sept-10	10.652	10.652	0	6628.76	1.34
Oct-10	10.642	10.677	.3	6585.89	-.65
Nov-10	10.685	10.713	.3	6655.88	1.06
Dec-10	10.710	10.776	.6	6736.43	1.2
JAN-11	10.766	10.750	-.1	6697.74	-.57
Feb-11	10.748	10.846	.9	6774.08	1.14
March-11	10.851	10.789	-.6	6886.13	1.65

ICICI GILT SHORT TERM (DIVIDEND)					
MONTH	OPENING NAV	CLOSING NAV	FUND RETURN	BENCHMARK INDEX	BENCHMARK RETURN
Jan-10	11.773	11.828	.5	6347.17	.16
Feb-10	11.828	11.853	.2	6322.18	-.4
March-10	11.719	11.765	.4	6411.08	1.40
April-10	11.776	11.835	.5	6410.13	-.014
May-10	11.840	11.897	.5	6555.80	2.27
June-10	11.753	11.780	.23	6570.11	.22
July-10	11.781	11.710	-.6	6573.97	.05
Aug-10	11.713	11.773	.5	6541.11	-.5
Sept-10	11.647	11.690	.4	6628.76	1.34
Oct-10	11.687	11.699	.1	6585.89	-.65
Nov-10	11.703	11.611	-.8	6655.88	1.06
Dec-10	11.610	11.656	.4	6736.43	1.2
JAN-11	11.662	11.725	.5	6697.74	-.57
Feb-11	11.724	11.678	-.4	6774.08	1.14
March-11	11.675	11.740	.6	6886.13	1.65

INTERPRETATION

GILT SHORT TERM SCHEME				
AMC	SYSTEMATIC RISK(β)	UNSYSTEMATIC RISK σ	FUND RETURN	MARKET RETURN
UTI	-.18	.535	.15	.56
SBI	.036	.374	.422	.56
HDFC	.046	.539	.4117	.56
ICICI	.0104	.442	.202	.56

1. The average return of the AMC's fund ($R'A$) is lower than that of the average market return ($R'M$) which indicates that the fund is not performing well as compared to the market. SBI shows better performance than other AMC's.

2. The Standard Deviation of AMC's indicates the amount of risk involved in investing in the fund. Here HDFC shows high unsystematic risk as compared to other & SBI shows low unsystematic risk. This shows that SBI in Gilt scheme which is Hybrid scheme (highly diversified) efficiently hedge the risk by the way of diversification. HDFC unable to hedge the risk through the diversification.

3. The fund's beta of UTI's is lower than the others comparison and HDFC's shows high beta that's mean investing in UTI Gilt SCHEME is less risky as compared to HDFC Gilt SCHEME

Objective 3: To compare the performance of GILT Long term fund schemes of Public (UTI & SBI) and Private (HDFC & ICICI) Asset Management Companies.

UTI GILT LONGTERM (DIVIDEND)					
MONTH	OPENING NAV	CLOSING NAV	FUND RETURN	BENCHMARK INDEX	BENCHMARK RETURN
Jan-10	11.805	11.808	0	6347.17	.16
Feb-10	11.801	11.789	-.10	6322.18	-.4
March-10	11.793	11.861	.6	6411.08	1.40
April-10	11.867	11.925	.5	6410.13	-.014
May-10	11.929	12.069	1.2	6555.80	2.27
June-10	12.070	12.037	-.33	6570.11	.22
July-10	12.035	12.009	-.2	6573.97	.05
Aug-10	12.006	12.038	.3	6541.11	-.5
Sept-10	12.037	12.114	.6	6628.76	1.34
Oct-10	12.100	12.135	.3	6585.89	-.65
Nov-10	12.144	12.210	.5	6655.88	1.06
Dec-10	12.200	12.345	1.2	6736.43	1.2
JAN-11	12.345	12.394	.4	6697.74	-.57
Feb-11	12.389	12.468	.6	6774.08	1.14
March-11	12.470	12.546	.61	6886.13	1.65

SBI GILT LONGTERM (DIVIDEND)					
MONTH	OPENING NAV	CLOSING NAV	FUND RETURN	BENCHMARK INDEX	BENCHMARK RETURN
Jan-10	11.741	11.751	.085	6347.17	.16
Feb-10	11.744	11.742	.017	6322.18	-.4
March-10	11.735	11.653	-.7	6411.08	1.40
April-10	11.659	11.717	.5	6410.13	-.014
May-10	11.720	11.858	1.2	6555.80	2.27
June-10	11.859	11.826	-.3	6570.11	.22
July-10	10.825	11.799	-.2	6573.97	.05
Aug-10	11.795	11.827	.3	6541.11	-.5
Sept-10	11.825	11.901	.6	6628.76	1.34
Oct-10	11.787	11.819	.3	6585.89	-.65
Nov-10	11.831	11.895	.5	6655.88	1.06
Dec-10	11.886	12.028	1.2	6736.43	1.2
JAN-11	12.027	12.074	.4	6697.74	-.57
Feb-11	12.070	12.147	.6	6774.08	1.14
March-11	12.149	11.922	-1.9	6886.13	1.65

HDFC GILT LONGTERM (DIVIDEND)					
MONTH	OPENING NAV	CLOSING NAV	FUND RETURN	BENCHMARK INDEX	BENCHMARK RETURN
Jan-10	10.399	10.443	.4	6347.17	.16

Feb-10	10.440	10.412	-.3	6322.18	-.4
March-10	10.410	10.394	-.2	6411.08	1.40
April-10	10.405	10.473	.7	6410.13	-.014
May-10	10.471	10.584	1	6555.80	2.27
June-10	10.591	10.512	-.7	6570.11	.22
July-10	10.512	10.447	-.6	6573.97	.05
Aug-10	10.427	10.495	.7	6541.11	-.5
Sept-10	10.491	10.552	.6	6628.76	1.34
Oct-10	10.525	10.515	-.1	6585.89	-.65
Nov-10	10.527	10.582	.5	6655.88	1.06
Dec-10	10.569	10.646	.7	6736.43	1.2
JAN-11	10.637	10.605	-.3	6697.74	-.57
Feb-11	10.603	10.700	.9	6774.08	1.14
March-11	10.708	10.674	-.3	6886.13	1.65

MONTH	OPENING NAV	CLOSING NAV	FUND RETURN	BENCHMARK INDEX	BENCHMARK RETURN
Jan-10	12.293	12.357	.5	6347.17	.16
Feb-10	12.334	12.248	-.7	6322.18	-.4
March-10	12.258	12.296	.3	6411.08	1.40
April-10	12.304	12.341	.3	6410.13	-.014
May-10	12.346	12.483	1.1	6555.80	2.27
June-10	12.190	12.265	.6	6570.11	.22
July-10	12.270	12.220	-.5	6573.97	.05
Aug-10	12.214	12.319	.9	6541.11	-.5
Sept-10	12.324	12.374	.4	6628.76	1.34
Oct-10	12.351	12.371	.2	6585.89	-.65
Nov-10	12.380	12.162	-1.8	6655.88	1.06
Dec-10	12.146	12.321	1.44	6736.43	1.2
JAN-11	12.317	12.310	-.1	6697.74	-.57
Feb-11	12.306	12.402	.8	6774.08	1.14
March-11	12.406	12.484	.6	6886.13	1.65

INTERPRETATION

GILT LONG TERM SCHEME				
AMC	SYSTEMATIC	UNSYSTEMATIC	FUND	MARKET

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	RISK(β)	RISK σ	RETURN	RETURN
UTI	.326	.437	.4177	.56
SBI	.0011	.766	.1712	.56
HDFC	.240	.240	.20	.56
ICICI	.238	.452	.26	.56

1. The average return of the AMC's fund ($R'A$) is lower than that of the average market return ($R'M$) which indicates that the fund is not performing well as compared to the market. UTI shows better performance than other AMC's.

2. The Standard Deviation of AMC's indicates the amount of risk involved in investing in the fund. Here SBI shows high unsystematic risk as compared to other & HDFC shows low unsystematic risk. This shows that HDFC in Gilt scheme which is Hybrid scheme (highly diversified) efficiently hedge the risk by the way of diversification. SBI unable to hedge the risk through the diversification.

3. The fund's beta of SBI's is lower than the others comparison and UTI shows high beta that's mean investing in SBI Gilt SCHEME is less risky as compared to UTI Gilt SCHEME and others.

Objective 4: To Evaluate all Schemes (Balanced fund, Gilt-Long Term and Short Term) on the basis of return.

TREYNOR'S INDEX (BALANCED FUND SCHEME)		
AMC'S	INDEX VALUE	RANKING
UTI	.84	I
SBI	-.023	IV
HDFC	.81	II
ICICI	.61	III

- **Interpretation:** According to treynor's model, In the balanced we preferred to invest in UTI.

TREYNOR'S INDEX (SHORT TERM GILT (div.) SCHEME)		
AMC'S	INDEX VALUE	RANKING
UTI	-.215	IV
SBI	8.75	II
HDFC	6.624	III
ICICI	9.135	I

Interpretation: According to treynor's model, In the short term gilt we preferred to invest in ICICI.

TREYNOR'S INDEX (GILT LONG TERM (div) SCHEME)		
AMC'S	INDEX VALUE	RANKING

UTI	.95	II
SBI	5.83	I
HDFC	.3875	IV
ICICI	.68	III

Interpretation: According to treynor's model ,In the Gilt long term we preferred to invest in SBI.

TREYNOR'S INDEX (INDEX FUND SCHEME)		
AMC'S	INDEX VALUE	RANKING
UTI	.178	II
SBI	1.137	I
HDFC	.144	III
ICICI	.22	IV

Interpretation: According to treynor's model ,In the Index fund we preferred to invest in SBI.

SHARPE INDEX (BALANCED FUND SCHEME)		
AMC'S	INDEX VALUE	RANKING
UTI	.144	III
SBI	-.006	IV
HDFC	.151	II
ICICI	.154	I

Interpretation: According to sharpe's model ,In the balanced fund we preferred to invest in ICICI.

SHARPE INDEX (GILT SHORT TERM SCHEME)		
AMC'S	INDEX VALUE	RANKING
UTI	.08	IV
SBI	.84	III
HDFC	.565	I
ICICI	.215	II

Interpretation: According to sharpe's model ,In the we gilt short term we preferred to invest in HDFC.

SHARPE'S INDEX (GILT LONG TERMSCHEME)		
AMC'S	INDEX VALUE	RANKING
UTI	.71	I
SBI	.083	IV
HDFC	.162	III
ICICI	.404	II

Interpretation: According to sharpe's model ,In the gilt long term we preferred to invest in UTI.

SHARPE ' S (INDEX FUND SCHEME)		
AMC'S	INDEX VALUE	RANKING
UTI	.031	III

SBI	.111	I
HDFC	.024	II
ICICI	.034	IV

Interpretation: According to sharpe's model ,In the index fund we preferred to invest in SBI.

JENSON ' S (BALANCED FUND SCHEME)		
AMC'S	INDEX VALUE	RANKING
UTI	-.61	III
SBI	-1.103	IV
HDFC	-.588	II
ICICI	-.566	I

Interpretation: According to jenson's model ,In the balanced fund we preferred to invest in ICICI.

JENSON ' S (GILT SHORT TERM SCHEME)		
AMC'S	INDEX VALUE	RANKING
UTI	-.1664	IV
SBI	.2987	I
HDFC	.2838	II
ICICI	.090	III

Interpretation: According to sharpe's model ,In the short term gilt we preferred to invest in SBI.

JENSON ' S (GILT LONG TERM SCHEME)		
AMC'S	INDEX VALUE	RANKING
UTI	.1630	I
SBI	.063	II
HDFC	.0157	IV
ICICI	.054	III

Interpretation: According to Jenson's model ,In the long term gilt we preferred to invest in UTI.

JENSON ' S (INDEX FUND SCHEME)		
AMC'S	INDEX VALUE	RANKING
UTI	-.645	III
SBI	.14	I
HDFC	-.67	IV
ICICI	-.54	II

Interpretation: According to jenson's model ,In the index fund we preferred to invest in SBI.

FINDING & SUGESSTIONS:

- In the Balanced (Hybrid scheme) Scheme, ICICI is having higher return ,HDFC having low systematic risk and high return whereas SBI is having lower return but succeed to hedge the unsystematic risk through diversification.& UTI is risky to invest due to higher systematic & unsystematic risk
- In the short term SBI & HDFC gives higher return & UTI & ICICI gives lower return whereas In the long term opposite situation arises ,UTI & ICICI perform outstanding & gives higher return ,on the other side SBI & HDFC performance falls down, they give less return .
- By using models , the researcher come to know that there is a majority of Sharpe & Jenson model advised to invest in ICICI according to allotting it I rank.
- In short term gilt fund (div) all different model having different AMC's to invest .such as Treynor's model suggested to invest in ICICI ,Sharpe suggested to invest in HDFC & Jenson in UTI.
- In long term gilt scheme Treynor suggested to invest in SBI, whereas Sharpe & Jenson advised to invest in UTI.

CONCLUSION:

In mutual fund industry there is number of option to deal with risk in investment .mutual fund companies adopting the different strategies to attract the customer and diversification of the business. Due to more diversification strategies SBI mutual fund create pressure on profitability. Short term profitability strategies provide loss for long term, it means short term hedging strategies cannot implement in long term. In balance fund ICICI mutual fund was the best by the ranking given by Sharpe and Jenson. Long term GILT fund support to UTI mutual fund by given ranking by Shape and Jenson. In index fund everyone was supported to SBI mutual fund. On the basis of profitability SBI got first rank from all public sector funds.

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