

# MUTUAL FUND ANALYSIS

## ASSIGNMENT #4

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Avalon Meta  
Finance Pro League

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## MUTUAL FUNDS

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

Mutual funds give small or individual investors access to professionally managed portfolios of equities, bonds, and other securities. Each shareholder, therefore, participates proportionally in the gains or losses of the fund. Mutual funds invest in a vast number of securities, and performance is usually tracked as the change in the total market cap of the fund—derived by the aggregating performance of the underlying investments.

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## TYPES OF MUTUAL FUNDS

Mutual funds are divided into several kinds of categories, representing the kinds of securities they have targeted for their portfolios and the type of returns they seek. There is a fund for nearly every type of investor or investment approach. Other common types of mutual funds include money market funds, sector funds, alternative funds, smart-beta funds, target-date funds, and even funds of funds, or mutual funds that buy shares of other mutual funds.

For the sake of this Project, we select to focus only on **Equity Funds**

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## EQUITY FUNDS

The largest category of Mutual Funds is that of equity or stock funds. As the name implies, this sort of fund **invests principally in stocks**. Within this group are various subcategories. Some equity funds are named for the size of the companies they invest in: small-, mid-, or large-cap. Others are named by their investment approach: aggressive growth, income-oriented, value, and others.

Equity funds are also categorized by whether they invest in domestic stocks or foreign equities. There are so many different types of equity funds because there are many different types of equities.

Within Equity Funds, **we chose to select Large and Mid-Cap Fund** and made an effort to find the best two funds within it, to invest in. These mutual funds select stocks for investment from the largest 250 stocks listed in the Indian markets (highest market capitalization). Larger stocks are expected to be less risky whereas smaller stocks may have higher potential to grow.

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## EQUITY FUNDS

In reality there is no such thing as best fund and everything depends on

- The investor and their end goal.
- The duration of investment.
- The amount of risk one can take.
- The amount of money one needs to invest.

## WHAT'S NEXT

But one can deduct and understand that people usually invest in Mutual Funds to get higher returns compared to traditional sources and at the same time a sense of security of their funds being managed by a professional Company.

Keeping this in mind, we recommend 2 such funds within **Large and Mid-cap funds** that diversifies the overall portfolio of Mutual Fund and strikes a balance between better returns and ensured security of total invested funds.

**06****MUTUAL FUND #1****MIRAE ASSET EMERGING  
BLUECHIP FUND - DIRECT  
PLAN – GROWTH**

When one invests for 5 years or more, one can expect gains that comfortably beat the inflation rate, as well as returns from fixed income options.

This fund invests in a combination of large and medium-sized companies, providing a reasonable degree of flexibility to the fund management team to invest in companies of different sizes, depending on where it expects maximum gains.

Equity funds are also categorized by whether they invest in domestic stocks or foreign equities. There are so many different types of equity funds because there are many different types of equities.

# 07

## TAXABILITY OF EARNINGS:

### CAPITAL GAINS

- If the mutual fund units are sold after 1 year from the date of investment, gains upto Rs 1 lakh in a financial year are exempt from tax. Gains over Rs 1 lakh are taxed at the rate of 10%.
- If the mutual fund units are sold within 1 year from the date of investment, the entire amount of gain is taxed at the rate of 15%.
- No tax is to be paid as long as you continue to hold the units.

### DIVIDENDS

- Dividends are added to the income of the investors and taxed according to their respective tax slabs.
- Further, if an investor's dividend income exceeds Rs. 5,000 in a financial year, the fund house also deducts a TDS of 10% before distributing the dividend.

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## FUND BASIC FACTS:

- Fund has 99.51% investment in Indian stocks of which 49.54% is in large cap stocks, 29.76% is in mid cap stocks, 8.88% in small cap stocks.
- The Net Asset Value of this scheme is Rs 64.3.
- The Fund size is around Rs 11315.61 Cr, which is around 20% of the total investment in this category. This basically shows that it is the most trusted and invested fund in this category.
- Expense ratio is the annual maintenance charge levied by the Mutual Funds to finance its expenses and is paid by the investor. Expense ratio of this fund is 0.84% which is quite less than the category average of 1.12%
- The Principal involved in this fund will be at Moderately high risk
- Minimum Investment is Rs5000(Lump sum)
- The portfolio turnover rate is 84% compared to the category average of 183.36%.



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# HISTORICAL PERFORMANCE

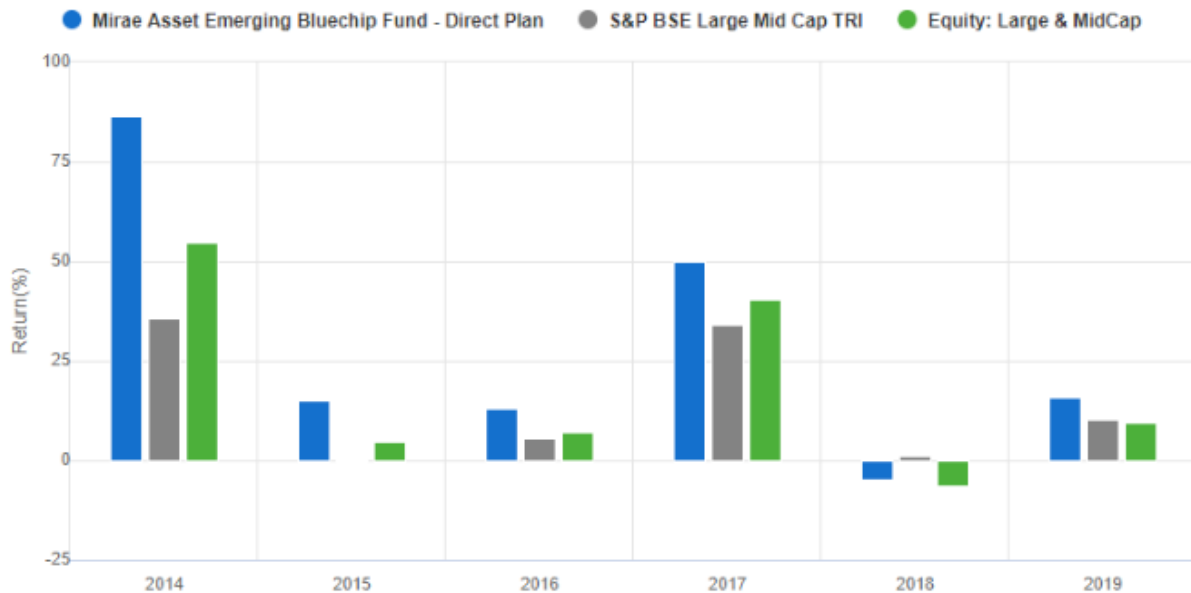
Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualised Returns	Category Avg	Rank within Category
1 Week	01-Oct-20	10228.60	2.29%	-	1.59%	4/28
1 Month	09-Sep-20	10500.70	5.01%	-	4.26%	8/27
3 Month	09-Jul-20	11116.70	11.17%	-	9.62%	9/27
6 Month	09-Apr-20	13368.80	33.69%	-	27.51%	1/27
YTD	01-Jan-20	10433.10	4.33%	-	-0.53%	5/27
1 Year	09-Oct-19	11542.30	15.42%	15.38%	6.28%	1/24
2 Year	09-Oct-18	13479.50	34.80%	16.08%	8.28%	1/22
3 Year	09-Oct-17	12696.70	26.97%	8.28%	3.20%	1/22
5 Year	09-Oct-15	20335.90	103.36%	15.24%	8.75%	1/21
Since Inception	02-Jan-13	45586.70	355.87%	21.55%	11.32%	1/27

- The annualized return from this fund has always remained higher than the category average.
- This Fund has always remained at top rank in case of returns compared to its peers in the same category.
- The Fund has always given double the returns as compared to the category average.
- The Fund has given an annualized return of 21.55% since its inception compared to category average of 11.32%.
- The absolute returns is the best among the peers in this category.
- Thus one can easily establish the fact that this fund has shown the best and most growth comparatively among its peers in the same category

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## COMPARING THE PERFORMANCE OF THE FUND

Category	1 D	1 M	3 M	6 M	YTD	1 Y	2 Y	3 Y	5 Y
This Fund	0.62%	5.01%	11.17%	33.69%	4.60%	15.38%	16.08%	8.28%	15.24%
Nifty 50	0.67%	5.64%	10.18%	30.75%	-2.09%	5.30%	7.53%	6.05%	7.78%
Benchmark: Nifty 50	0.16%	4.27%	10.72%	33.07%	1.22%	9.51%	8.15%	3.94%	9.24%
Category Average	0.21%	4.26%	9.62%	27.51%	-0.53%	6.28%	8.28%	3.20%	8.75%
Category Rank	3/28	8/27	9/27	1/27	5/27	1/24	1/22	1/22	1/21
Best in Category	0.92%	7.39%	13.67%	33.69%	8.45%	15.38%	16.08%	8.28%	15.24%
Worst in Category	-0.79%	0.83%	2.39%	18.37%	-7.50%	-1.94%	2.03%	-2.05%	4.17%



Going by the above figures, this Fund has continuously performed better than the Nifty50 benchmarks and the category averages at all instances throughout the time since its inception. Moreover it has remained the best in category in long terms

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## FUND MANAGER # 1

### > ANKIT JAIN

- Been managing the fund since 31st Jan 2019.
- Is a B.Tech (ICT) and MBA (Finance).

#### **Experience:**

Prior to joining Mirae Asset Mutual Fund (Sep. 7, 2015) as a Research Analyst he was associated with Equirius Securities Pvt Ltd. and Infosys Ltd. He has more than 5 years of professional experience and his primary responsibility includes Investment Analysis and Fund Management.

#### **Funds Managed:**

Mirae Asset Great Consumer Fund - Regular Plan  
- since Oct 2016

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## FUND MANAGER #2

### > NEELESH SURANA

- Been managing the fund since its inception.
- Did his B.E.(Mechanical) and is a MBA in Finance
- Prior to joining Mirae AMC, he has worked with ASK Investment Managers Pvt Ltd.

### **Funds Managed:**

- Mirae Asset Hybrid Equity Fund - Regular Plan - since Jul 2015
- Mirae Asset Tax Saver Fund - Regular Plan - since Nov 2015

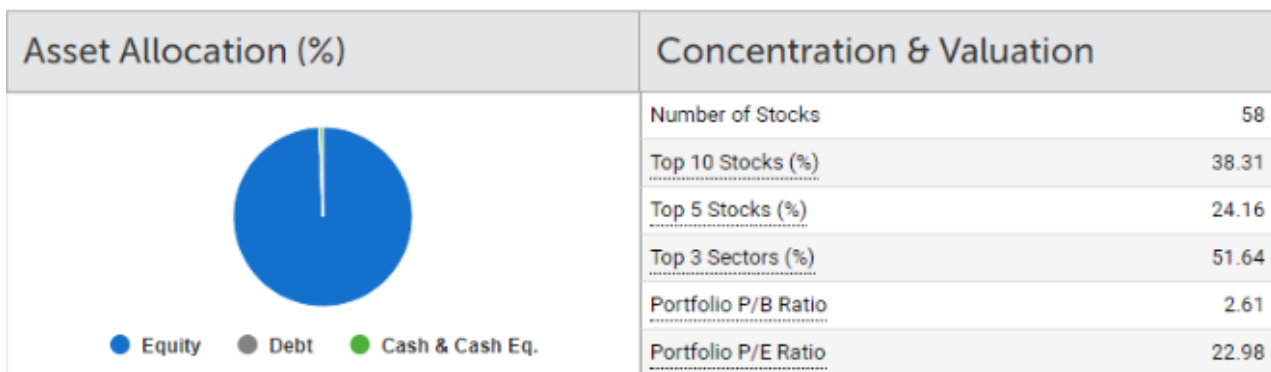
Most of the growth in this fund has been achieved during the tenure of Mr. Neelesh Surana. He has managed it for a long term.

The Current Fund Manager has also shown quite satisfactory growth and has continued the trend.

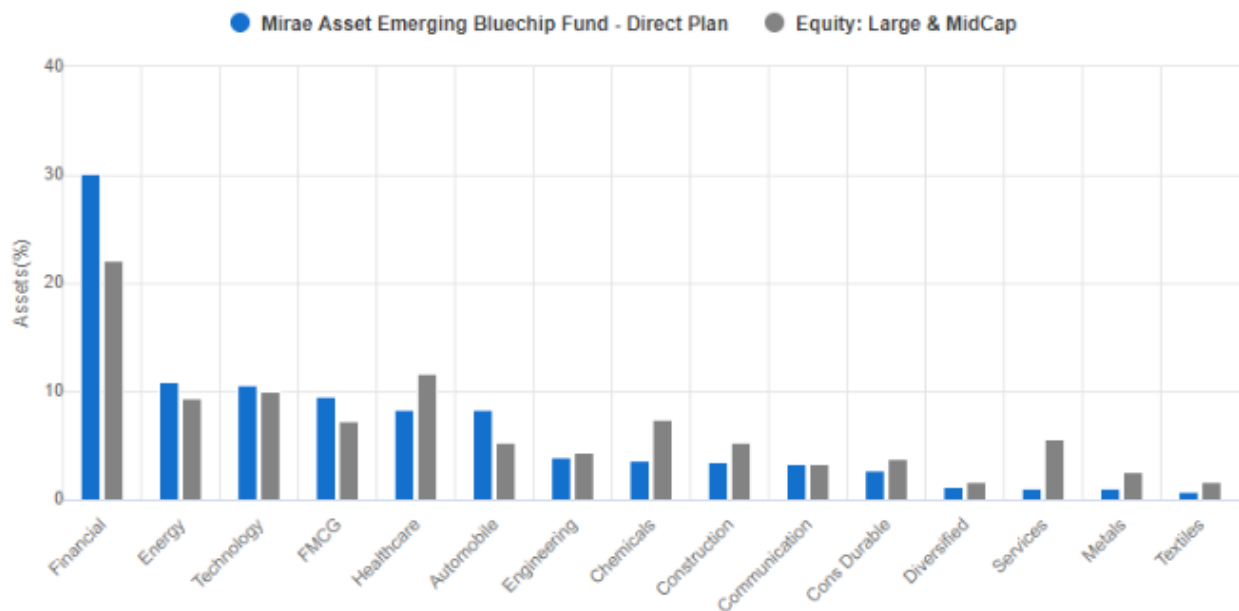
Moreover one can also take in note that there is no frequent change in Fund Managers which is good for the fund overall.

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## PORTFOLIO ALLOCATION



### Sector Allocation vis-à-vis Category



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## 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
# HDFC Bank Ltd.	Banks	7750.3	6.76%	0.00%	7.22% (Apr 2020)	6.29% (Jul 2020)	71.86 L	0.00
# ICICI Bank Ltd.	Banks	5981.9	5.22%	0.00%	6.23% (Sep 2019)	4.09% (Jun 2020)	1.69 Cr	9.75 L
# Infosys Ltd.	Computers - software	5857.5	5.11%	0.00%	4.52% (Jul 2020)	2.12% (Sep 2019)	58.10 L	6.97 L
# Axis Bank Ltd.	Banks	4357	3.80%	0.00%	4.54% (Feb 2020)	3.23% (Nov 2019)	1.03 Cr	7.73 L
# Bharti Airtel Ltd.	Telecom - services	3754.5	3.27%	0.00%	3.37% (Aug 2020)	0% (Sep 2019)	89.19 L	14.85 L
# Reliance Industries Ltd.	Refineries/marketing	3539.7	3.09%	0.00%	5.59% (Mar 2020)	3.54% (Dec 2019)	15.84 L	-4.80 L
# Tata Consultancy Services Ltd.	Computers - software	3489.2	3.04%	0.00%	3.14% (Jul 2020)	2.3% (Sep 2019)	14.00 L	-0.58 L
# Max Financial Services Ltd.	Nbfc	3251.6	2.84%	0.00%	3.02% (Jun 2020)	2.17% (Oct 2019)	53.11 L	0.00
# Voltas Limited	Engineering, designing, construction	3118.9	2.72%	0.00%	3.24% (Sep 2019)	1.81% (May 2020)	45.84 L	-0.50 L
# Mindtree Ltd.	Computers - software	2821.8	2.46%	0.00%	2.47% (Jul 2020)	1.46% (Sep 2019)	21.08 L	-3.05 L

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

Looking by the current allocations of this fund, the future Prospects looks quite promising. The investment in Financial, Energy, Technology, FMCG sectors respectively are essential and will have positive outcomes comparatively in this time of pandemic and even after that. The investment in Healthcare sector is comparatively low which could be increased.

Investment in the Automobile sector could be little decreased and shift to Healthcare sectors then could be altered between both depending on the market response after the pandemic.

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## RISK RATIOS

	This Fund	Category Average
Standard deviation	20.21	14.81
Beta	1.01	0.65
Sharpe ratio	0.26	0.01
Treynor's ratio	0.05	0.01
Jenson's alpha	3.28	-1.02

Looking by the standard deviation and beta, which is way higher than category average, one can easily establish that this fund is comparatively volatile than its peers in same category but if you analyze specially jenson's alpha, which is too high than the category average speaks of that it can better adjust itself for the risk it per-takes and allows assured returns.

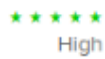
Moreover sharpe's ratio and Treynor's ratio is high above category average which is good for the fund

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## FUND ANALYSIS

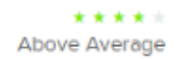
### Returns Performance

Indicates the ability of the fund to generate superior returns



### Downside Protection

Indicates the ability of the fund to prevent losses



Fund's Consistency in generating returns



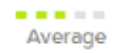
Fund's Ability to protect losses during market downtime



Fund's Capability to generate risk-adjusted returns



Fund's Immunity to Excessive Fluctuations in Returns





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## MUTUAL FUND #2

# INVESCO INDIA GROWTH OPPORTUNITIES FUND-DIRECT PLAN-GROWTH

### Basic Details

- Fund has 97.78% investment in Indian stocks of which 45.38% is in large cap stocks, 31.09% is in mid cap stocks, 6.23% in small cap stocks
- The Net Asset Value of this scheme is Rs 40.12
- The Fund size is around Rs 2960.38 Cr, which is around 18.77% of the total investment in this category.
- This basically shows that it is the most trusted and invested fund in this category
- Expense ratio is the annual maintenance charge levied by the Mutual Funds to finance its expenses and is paid by the investor. Expense ratio of this fund is 0.69% which is almost half of the category average of 1.12%. The lesser the expense ratio, the better it is
- The Principal involved in this fund will be at Moderately high risk
- Minimum Investment is Rs 1000 (Lumpsum) and Rs100 (SIP)
- The portfolio turnover rate is 57% compared to the category average of 183.36% and is even lesser than the previous mentioned fund here

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## HISTORICAL PERFORMANCE

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualised Returns	Category Avg	Rank within Category
1 Week	01-Oct-20	10195.70	1.96%	-	1.59%	9/28
1 Month	09-Sep-20	10625.00	6.25%	-	4.26%	2/27
3 Month	09-Jul-20	11135.20	11.35%	-	9.62%	6/27
6 Month	09-Apr-20	12580.70	25.81%	-	27.51%	19/27
YTD	01-Jan-20	10005.00	0.05%	-	-0.53%	12/27
1 Year	09-Oct-19	10658.90	6.59%	6.57%	6.28%	11/24
2 Year	09-Oct-18	12124.50	21.25%	10.10%	8.28%	8/22
3 Year	09-Oct-17	12287.90	22.88%	7.10%	3.20%	2/22
5 Year	09-Oct-15	16730.60	67.31%	10.83%	8.75%	5/21
Since Inception	02-Jan-13	29009.40	190.09%	14.69%	11.32%	4/27

- The annualized return from this fund has always remained higher than the category average
- The Fund has given an annualized return of 14.69% since its inception compared to category average of 11.32%
- The absolute returns is the one of the best among the peers in this category
- Thus one can easily establish the fact that this fund has shown more than average growth comparatively among its peers in the same category

## 19

# COMPARING THE PERFORMANCE OF THE FUND

Category	1 D	1 M	3 M	6 M	YTD	1 Y	2 Y	3 Y	5 Y
This Fund	0.15%	6.25%	11.35%	25.81%	-0.05%	6.57%	10.10%	7.10%	10.83%
Nifty 50	0.67%	5.64%	10.18%	30.75%	-2.09%	5.30%	7.53%	6.05%	7.78%
Benchmark: Nifty 50	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Category Average	0.21%	4.26%	9.62%	27.51%	-0.53%	6.28%	8.28%	3.20%	8.75%
Category Rank	18/28	2/27	6/27	19/27	12/27	11/24	8/22	2/22	5/21
Best in Category	0.92%	7.39%	13.67%	33.69%	8.45%	15.38%	16.08%	8.28%	15.24%
Worst in Category	-0.79%	0.83%	2.39%	18.37%	-7.50%	-1.94%	2.03%	-2.05%	4.17%

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## FUND MANAGER #1

### > PRANAV GOKHALE

- Recently appointed on 19th May 2020.
- Is a Chartered Accountant and holds M.Com degree

#### **Experience:**

Prior to joining Invesco Mutual Fund, he has worked with IL&FS, ICICI Direct, Rosy Blue Securities Pvt. Ltd., and International Ship Repair LLC Fujairiah. Is a B.Tech (ICT) and MBA (Finance).

#### **Funds Managed:**

Invesco India Mid Cap Fund - since Mar 2018

Invesco India Multicap Fund - since Mar 2018

Invesco India Dynamic Equity Fund - since Jun 2018

Invesco India Smallcap Fund - Regular Plan - since Mar 2019

Invesco India Equity & Bond Fund - Regular Plan - since May 2020

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## FUND MANAGER #2

### > TAHER BADSHAH

- Been managing the fund since 13th January 2017.
- Is a B.E (Electronics) and MMS (Finance) from University of Mumbai.

### **Experience:**

Prior to joining Invesco Asset Management Pvt. Ltd. he has worked with Motilal Oswal Asset Management Company Ltd., Aditya Birla Sun Life Mutual Fund, Kotak Mahindra and ICICI Prudential AMC.

### **Funds Managed:**

Invesco India Contra Fund - since Jan 2017

Invesco India Dynamic Equity Fund - since Jan 2017

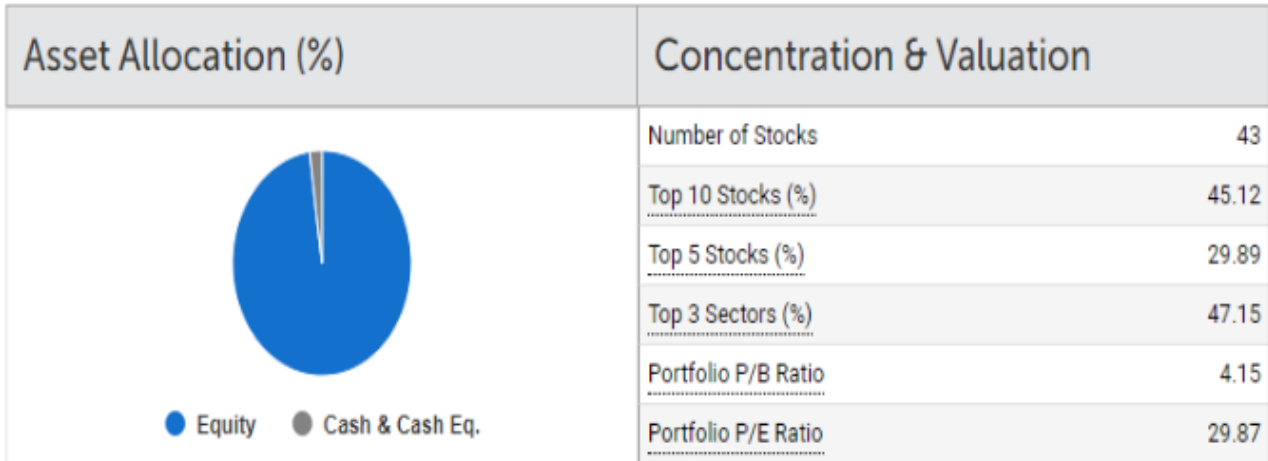
Invesco India Equity & Bond Fund - Regular Plan - since Jun 2018

Invesco India Smallcap Fund - Regular Plan - since Oct 2018

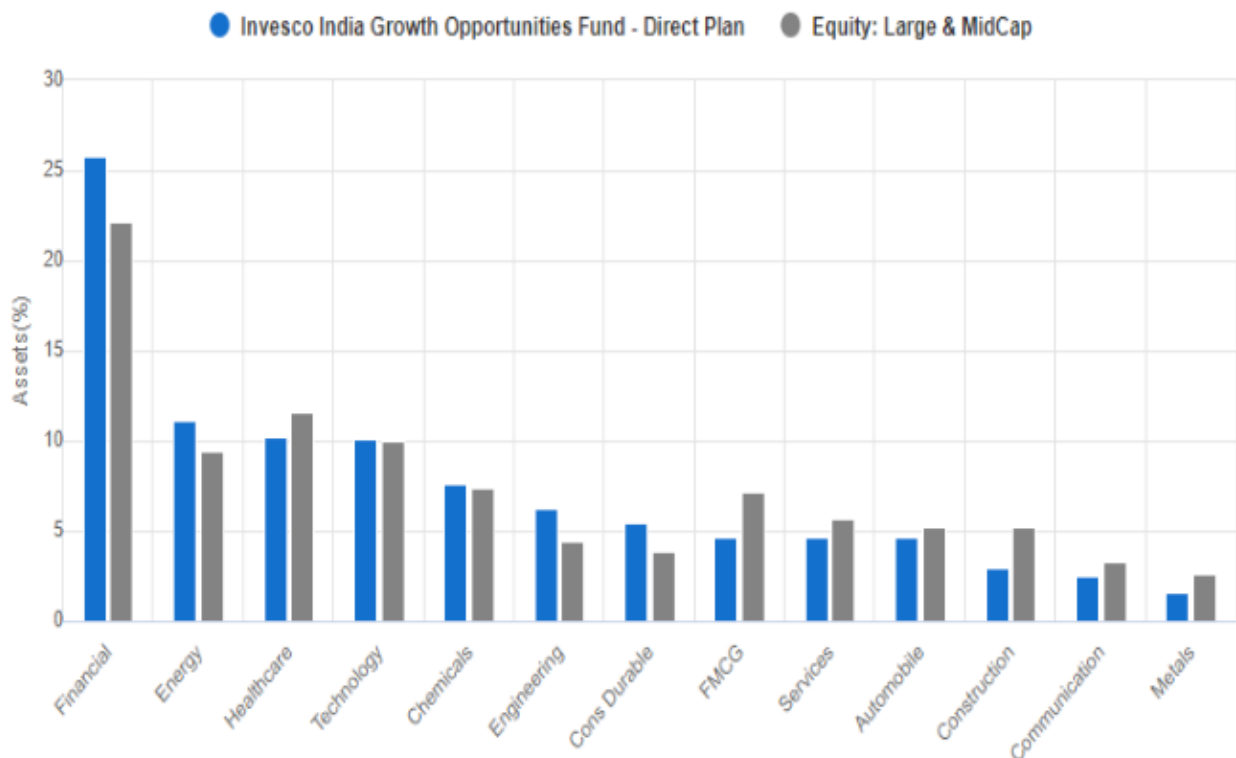
Invesco India Focused 20 Equity Fund - Regular Plan - since Sep 2020

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## PORTFOLIO ALLOCATION



### Sector Allocation vis-à-vis Category



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## 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
# Reliance Industries Ltd.	Refineries/marketing	2485.6	8.40%	0.00%	8.13% (Jul 2020)	5.62% (Sep 2019)	11.12 L	48.92 k
# HDFC Bank Ltd.	Banks	2095.4	7.08%	0.00%	8.42% (Jun 2020)	6.79% (Jan 2020)	19.43 L	0.00
# Tata Consultancy Services Ltd.	Computers - software	1701.5	5.75%	0.00%	4.95% (May 2020)	3% (Nov 2019)	6.83 L	1.41 L
# IICI Bank Ltd.	Banks	1472.8	4.98%	0.00%	5.95% (Nov 2019)	4.12% (Jul 2020)	41.52 L	0.00
# Apollo Hospitals Enterprises Ltd.	Hospital	1090.7	3.68%	0.00%	3.15% (Jul 2020)	2.24% (Sep 2019)	5.08 L	0.00
# Hindustan Unilever Ltd.	Diversified	1047.5	3.54%	0.00%	4.03% (Jun 2020)	2.5% (Sep 2019)	5.06 L	44.99 k
# SBI Cards and Payment Services Ltd.	Nbfc	1047.3	3.54%	0.00%	3.94% (Aug 2020)	0% (Sep 2019)	12.36 L	-1.45 L
# Voltas Limited	Engineering, designing, construction	864.7	2.92%	0.00%	2.7% (Aug 2020)	1.7% (Mar 2020)	12.71 L	66.20 k
# HCL Technologies Limited	Computers - software	797.8	2.69%	0.00%	2.1% (Jul 2020)	0% (Sep 2019)	9.83 L	1.77 L
# Dr. Reddys Laboratories Ltd.	Pharmaceuticals	753	2.54%	2.54%	0% (Oct 2020)	0% (Oct 2020)	1.45 L	1.45 L

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

If we closely analyse how the portfolio is allocated, then we can find a very similar approach with respect to our previously mentioned Fund. Although one can find a big difference in terms of few sectors and quite a change in the percentage of allocations. The way Financials, Technology, Healthcare, Energy is allocated, the future prospects of the fund looks promising. Engineering, Chemicals and cons Durable sectors are allocated more than the category average which may show a good return expecting a rise in demand after the pandemic. Service sector is a bit affected throughout this pandemic and may take time to recover, so it would have been better if its allocation is little reduced and instead utilized for increasing in the FMCG sector which is lower than the category average.

Rest all seems fine and the future prospects looks good with an expected return more than the category averages

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## RISK RATIOS

	This Fund	Category Average
Standard deviation	19.09	14.81
Beta	1.01	0.65
Sharpe ratio	0.17	0.01
Treynor's ratio	0.13	0.01
Jenson's alpha	1.71	-1.02

The fund is volatile as well with respect to the category average but the sharpe's ratio, treynor's ratio and alpha is better than the category average which is good for the fund. The risk ascertained in this fund is quite less than the previous fund and has more than average growth opportunities.

Risk adjusted returns could be even better as there are funds in this category with much better numbers but the overall aspect in this fund is quite appreciable and consistent to invest



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## FUND ANALYSIS

### Returns Performance

Indicates the ability of the fund to generate superior returns

★★★★☆  
Above Average

### Downside Protection

Indicates the ability of the fund to prevent losses

★★★★★  
High

Fund's Consistency in generating returns

★★★★  
High

Fund's Ability to protect losses during market downtime

★★★★  
High

Fund's Capability to generate risk-adjusted returns

★★★★  
High

Fund's Immunity to Excessive Fluctuations in Returns

★★★★  
Above Average



**THANK  
YOU!**

TEAM #ALPHA-ALPHA

Prepared by: Team #alpha-alpha

Avalon Meta  
Finance Pro League