

A Study on Portfolio Analysis and Factor Affecting Mutual Fund

Sneha Kashyap

BBA Student, Galgotias university

Abstract

This dissertation is a diagnostic study on factors affecting mutual funds and portfolio analysis. The purpose is to diagnose and compare the various events which cause affects on NAVs of Mutual Funds. Mutual Funds are one of the dominant industries in Indian economy, but due to uncertainty in the market, they are no longer safe. This dissertation focuses on diagnosing the events when NAVs of Mutual Funds fluctuates, finding the reasons of these fluctuation, analyzing and comparing these reasons, and commenting on the steps taken to overcome them.

INTRODUCTION

A mutual fund is a trust that collects the savings of several individuals who invest in the same virtual asset. As a result, the pultocart collected is also invested in assets such as shares, debentures, and other capital market instruments. The capital appreciation and income generated by these assets are shared by the unit holders in proportion to the number of units they own.

The success of mutual funds can be influenced by a variety of factors, including macroeconomic data, investment style, fees, and investor attitude. Bond funds may be negatively impacted by macroeconomic indices like interest rates, inflation, and GDP growth, but equity funds may benefit from a healthy economy. While investor sentiment can cause sell-offs and price decreases, fees can reduce returns. Investors can choose wisely regarding their portfolios by being aware of these variables.

We will examine these and other variables that impact mutual fund performance in this study report. Investors can better manage their investment portfolios and navigate the complicated world of mutual fund investing by being aware of these variables.

The inflow diagram below shows how a mutual fund operates in astronomical detail:



METHODOLOGY

Eight factors, including oil prices, inflation, the subprime mortgage crisis, the state of the global and local markets, foreign institutional investors, war and terrorism, population, and government policies, have been examined and assessed in this diagnostic study. Studies have been done on how they effect mutual funds and the security measures put in place to safeguard their NAVs. I also tried to determine how to examine the portfolio in this diagnostic investigation.

Both primary and secondary sources can be used to gather information for a study. The primary source of data for this diagnostic investigation is secondary. The information was extracted from a variety of secondary sources, including the internet, journals, publications, etc. The references section contains a list of all the sources used for the data and literature.

OBJECTIVE OF THE STUDY

The thesis is being undertaken with the aim of doing a portfolio analysis on basis of logic and objectives of the fund manager when he allocates his fund and factors affecting the performance of mutual funds in India. The main emphasis though will be on how to analyze the portfolio in this slowdown situation of economy and the factors that affects performance of the mutual funds.

- To understand the various reason responsible for fluctuation in the performance of Mutual Funds in the present volatile scenario.
- To understand the tools available for portfolio analysis.
- To analyze the portfolio of the investors and taking measures required in this meltdown situations.

DATA ANALYSIS

Mutual funds were formerly a good place to invest before the recession, but now they are no longer recommended due to the goods of the stock market and real estate. This discussion report anatomized eight main reasons for the change of mutual funds performance.

OIL PRICES

In 2020-21, oil prices reached \$140 barrel, which had a direct impact on other sectors analogous as construction, engineering, brands, and refineries. Top MFs in 2020 had significantly underperformed the standard pointers, with 14 finances that were in the top 40 list ending up at the bottom of the scale. Utmost of these finances invested mainly in engineering, construction, goods, small and mid-cap stocks, which did well during last time's bull run. With commodity prices falling sharply and real estate impacted by the demand retrdation, stocks in these sectors have taken a heavy beating.

SUB PRIME MORTGAGE CRISIS

The stock market suffered a great loss in 2020-21 due to the subprime mortgage extremity. On July 19, 2020, the Dow Jones Industrial Average hit a record high, but on August 15, the Dow dropped below 13,000 and the S&P 500 crossed into negative home for that time. Large diurnal drops came common, with the KOSPI dropping 7% in one day. The BSE fell from its top to 65%, and the NAVs of nearly all mutual finances had lost 20-30% of their values. The biggest clunker was ICICI Pru structure, Reliance Tax Saver, DSP-BR Balanced Fund, Franklin India Tax Shield, and Fidelity Tax Advantage.

FINDING AND ANALYSIS

The factors bandied over can be divided into internal and external causes. External causes, similar as the sub high mortgage extremity, global and original request conditions, war and terrorism, Foreign Institutional Investors and oil prices, are not in control of the Indian frugality. Internal causes, similar as affectation, government programs and population, can be controlled by the Indian frugality. Sub high mortgage extremity has caused an increase in Oil prices, pullout of FII money from Indian market in the last two times, and global and original market volatility. Affectation, government programs and population are the issues of weak Indian Economy system. Low affectation can lead to deflation in the economy. The study conducted above set up that the Indian frugality is largely reliant on other countries, making it less able and a interference in the development of a nation. To reduce this dependence, the Indian government can strain financial and fiscal programs and declare further encouragement bailout packages. Investors should invest only in mutual funds schemes whose objective is capital preservation rather than capital appreciation. Investors should check the once performance of the schemes before investing, and should keep their portfolio diversified in terms of sectors/companies. India is running on the path of success and will soon come a super power due to its strong structure and powerful economy. All investment avenues are performing well, but there are some chances of development which can be possible only through major profitable openions.

CONCLUSION

Mutual funds are becoming increasingly popular as financial markets become more sophisticated and complex. This study aims to understand the factors that influence investments in mutual funds. The fund industry has already overtaken the banking industry, with more funds being under mutual fund management than deposited with banks. Mutual funds are launching a variety of schemes which cater to the requirement of the particular class of investors. Many people have not invested in mutual funds due to lack of awareness, but as the awareness and income is growing, the number of mutual fund investors is also growing.

The stock market has been rising for many years, protecting the money invested in these funds and helping in growing these investments.

REFERENCES

1. Punithavathy Pandian, Security Analysis and portfolio management, Vikas Publising house pvt. Ltd. Page number 5.
2. Punithavathy Pandian, Security Analysis and portfolio management, Vikas Publising house pvt. Ltd. Page number 29.
3. Punithavathy Pandian, Security Analysis and portfolio management, Vikas Publising house pvt. Ltd. Page number 319.
4. <http://www.investorguide.com>, dated 26 January 2009.
5. <http://www.investopedia.com>, dated 14 March 2009
6. <http://www.amfi.com/history>, dated 26 January 2009
7. <http://www.google.com>, dated 27 January 2009
8. <http://www.mutualfundsindia.com>, dated 25 December 2021
9. <http://www.rediff.com/financenews.html> , dated 25 December 2021
10. <http://www.monycontrol.com>, dated 25 February 2009

11. <http://www.wikipedia.com>, dated 25 January 2009
12. "Frequently Asked Questions about Bond Mutual Funds". Investment Company Institute. Retrieved on 2006-04-11, dated 2 January 2009
13. "Frequently Asked Questions about Money Market Mutual Funds". Investment Company Institute. Retrieved on 2006-04-11, dated 1 January 2009
14. <http://www.dalalstreet.com>, dated 2 January 2017
15. <http://www.timesofindia/ewspaper.com> dated 18 February 2018
16. <http://www.ootlookmoney.com>, dated 2 January 2019
17. http://finance.indiamart.com/india_business_information.html, dated 19 March 2020
18. <http://mutualfund/india.com>, dated 10 January 2020
19. <http://www.rbi.com>, dated 19 February 2021