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INVESTIGATION OF OUTPERFORMANCE AND UNDERPERFORMANCE OF SOME SELECTED DIVERSIFIED EQUITY FUND SCHEMES IN INDIAN MUTUAL FUND INDUSTRY

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ABSTRACT

Uncertainty and instability in the world economy and financial market has been witnessing by the investor community of the entire world for last four years. Being a part of world economy and for the effect of globalisation, the Indian capital market cannot completely ignore the impact of financial recession prevailing in the world economy. In such uncertain period, the making investment in equity market is very risky and hard task for every investor because during such times erosion of wealth is much easier than creation of wealth .Thus to protect capital from erosion investors prefer to invest in mutual fund as safe investment option. Before investing investor want to know which fund will give them more return and which fund is performing well during the period off recession. In this an attempt has been made to study the performance of some ten best and ten worst performing diversified equity mutual funds for the period of last three years (2009 -2012). In this paper of selected diversified equity funds has been analyzed by analyzing their arithmetic mean return, risk can be analyzed by standard deviation , beta measures market sensitivity, alpha measures the risk return relationship and Sharpe ratio measures the risk premium of portfolio. Also the effect of stock selection on return of selected mutual fund can be analyzed by measuring return given by top ten portfolios holding of the selected mutual funds.

KEYWORDS: Beta, alpha, market sensitivity , performance, risk return relationship

INTRODUCTION

Mutual fund is an investment vehicle that collects fund from investors of different classes (different age , different income group, different objectives, different risk taking ability) to purchase stocks, bonds or other securities. An investor can participate in the mutual fund by buying the units of the fund. There are many types of mutual fund available to the Indian investors e.g equity fund, balanced fund, liquid fund, gilt funds, debt fund, commodity fund, real estate fund , exchange traded fund, fund of funds. Different types of fund provide different kind of return under different economic condition.of the country and world as a whole. During the period of recession gold exchange traded fund, debt fund, liquid fund perform well . Because of great exposure to the stock market the divesified equity fund bears equity market risk hence such fund does not perform well during the period of recession. Divesified equity fund provide negative or negligible return to their investors. But when the economy recovers from recession this type of fund provide handsome return to their investors.

II. OBJECTIVES

1.To measure the three years compounded annual growth return and arithmatic mean return given by the selected funds.

2.To measure the risk, risk premium , market sensitivity, risk return relationship of portfolio of the selected mutual funds .

3.To measure the three years return provided by the top ten portfolio holding of the selected mutual fund for analysing the effect of stock selection on the return given by some top ten performing and bottom ten performing diversified equity funds.

III. REVIEW OF LITERATURE

Mishra (2001) evaluated performance over a period Apr'92 to Dec'96. The sample size was 24 public sector sponsored mutual funds. The performance was evaluated in terms of rate of return, Treynor,Sharpe and Jensen's measure of performance. The study also addressed betas instability issues. The study concluded dismal performance of PSU mutual fund in India, in general, durin g the period 1992-96.

Sondhi(2004) studied the financial performance evaluation of equity oriented mutual fund on the basis of type, size and ownership of mutual funds using the measure absolute return rate , comparison with benchmark(BSE-100), and the return on 364 days T-BILLS and risk adjusted performance measure(Sharpe, Treynor, Jensen's alpha and Fama .)

Sathya Swaroop Debashish (2009) measured the performance of the equity based mutual funds in India. 23schemes were studied over a period of April 1996 to March 2009 (13 years). The analysis was done on the basisof mean return, beta risk, coefficient of determination, sharp ratio, Treynor ratio and Jensen alpha. The firstanalysis has been done on the basis of returns, followed by a comparison between market returns and the returnon schemes. It was concluded that UTI mutual fund schemes and Franklin Templeton schemes have performedexcellently in public and private sectors respectively.Further, on the basis of the parameters like Sharpe ratio,Deutsche, Franklin Templeton, Prudential ICICI (in private sector) and SBI and UTI (in public sector) mutualfunds schemes have out-performed the market portfolio with positive values. However, the overall analysisfinds Franklin Templeton and UTI being the best performers, and Birla SunLife , HDFC and LIC mutual fundsshowing poor below-average performance when measured against the risk-return relationship models andmeasures.

Amporn Soongswang (2009) studied 138 open ended equity mutual funds managed by 17 asset management companies in Thailand during the period 2002-2007. When the mutual funds were measured using
Treynor ratio, Sharp ratio and Jensen's alpha, showed that performance of Thai open ended mutual funds

Significantly outperform the market. However, by using the Data Envelopment analysis (DEA) technique, the
results suggested that for 3 month time period of investment only, the open ended equity mutual fund
significantly outperform the market.

Sahil Jain and Dr. Aditi Gangopadhyay analyzed (2012) the performance of equity based mutual funds. A total of 45
schemes offered by 2 private sector companies and 2 public sector companies, have been studied over the
period April 1997 to April 2012 (15 years). The analysis has been made using the risk-return relationship and
Capital Asset Pricing Model (CAPM).The overall analysis finds that HDFC and ICICI have been the best performers, UTI an average performer and LIC the worst performer which gave below-expected returns on the risk-return relationship.

IV. RESEARCH METHODOLOGY

i) DATA COLLECTION

This study is based on primary as well as secondary data. The relevant sources of secondary data are books, journals, magazines, newspapers , brouchers and websites of selected mutual funds. All the relevant data is being collected from mutualfundindia.com , valueresearchonline.com as on 4 th Nov,2012. The present study compares the performance of top ten performing and bottom ten performing diversified equity funds for last three years. (2009- 2012)

ii) TOOLS AND TECHNIQUE

Some mathematical and some statistical tools have been taken into consideration for analysis. Here arithmetic mean, percentage, standerd deviation , beta , alpha , sharpe ratio have applied.

iii) ANALYSIS

The follwing table-1 and table-2 are showing three years compounded annual growth return of the selected funds

TABLE-1

THREE YEARS RETURN OF TOP 10 EQUITY DIVERSIFIED MUTUAL FUND SCHEME

Name of the Scheme	3 years return (%)
SBI Magnum Sector Funds Umbrella FMCG	34.50
ICICI Prudential FMCG	27.39
SBI Magnum Sector Funds Umbrella- Emerg Buss Fund	24.07
Reliance Pharma	22.80
SBI Magnum Sector Funds Umbrella Pharma	21.21
Reliance Equity opportunities Fund- Institutional	19.45
Reliance Equity opportunities Fund-Retail	19.23
Religare Mid N Small Cap Fund	18.81
Birla Sunlife MNC Fund	18.64
UTI Pharma & Health Fund	18.55

TABLE-2

THREE YEARS RETURN OF BOTTOM 10 EQUITY DIVERSIFIED MUTUAL FUND SCHEME

Name of the Scheme	3 years return (%)
Escorts Infra Fund	-12.29
Reliance Infra Fund- Retail	-12.20
Reliance Infra Fund- Institutional	-12.10
Escorts Power & Energy Fund	-9.95
Reliance Diversified Power Sector Fund	-7.64
JM Basic Fund	-7.40
JM Core 11 Fund	-6.42
Sundaram Capex Opportunities Reg.-D	-6.00
Sundaram Capex Opportunities Reg-G	-5.34
SBI Infrastructure Fund-series 1	-4.98

It is seen from the above tables that all funds of table 1 are showing positive return and all funds of table2 are showing negative return under same equity market condition. SBI Magnum Sector Funds Umbrella FMCG(34.5) has given very good return and most of the funds in table 1 has given above 20% compounded annual growth return in past three years. In table 2 Escorts Infra Fund (-12.29)and Reliance Infra Fund (-12.2) are worst performing funds.

Mean

The simple mathematical average of a set of two or more numbers. The mean for a given set of numbers can be computed in more than one way including the arithmetic mean method which uses the sum of the numbers in the series .

TABLE-3
MEAN OF TOP 10 EQUITY DIVERSIFIED MUTUAL FUND SCHEME

Name of the Scheme	Mean
SBI Magnum Sector Funds Umbrella FMCG	32.14
ICICI Prudential FMCG	25.52
SBI Magnum Sector Funds Umbrella- Emerg Buss Fund	22.42
Reliance Pharma	21.70
SBI Magnum Sector Funds Umbrella Pharma	20.20
Reliance Equity opportunities Fund- Institutional	19.50
Reliance Equity opportunities Fund-Retail	19.31
Religare Mid N Small Cap Fund	18.61
Birla Sunlife MNC Fund	18.28
UTI Pharma & Health Fund	17.91

TABLE-4

MEAN OF BOTTOM 10 EQUITY DIVERSIFIED MUTUAL FUND SCHEME

Name of the Scheme	Mean
Escorts Infra Fund	-9.95
Reliance Infra Fund- Retail	-10.26
Reliance Infra Fund- Institutional	-10.05
Escorts Power & Energy Fund	-8.16
Reliance Diversified Power Sector Fund	-5.58
JM Basic Fund	-5.05
JM Core 11 Fund	-4.38
Sundaram Capex Opportunities Reg.-D	-4.13
Sundaram Capex Opportunities Reg-G	-3.54
SBI Infrastructure Fund-series 1	-3.77

Table 3 and 4 shows mean return of top ten performing and bottom ten performing diversified equity funds for last three years. (2009- 2012) . It is understood from that all the fund within table3 have mean return of more than 15% and . SBI Magnum Sector Funds Umbrella FMCG(32.14) has given very highest positive mean return and UTI Pharma & Health Fund has given lowest positive return in table 3. In table 4 all funds has given negative mean return. In table 4 Reliance Infra Fund- Retail(-10.26) has given the worst mean return among the funds selected for the study.

STANDERD DEVIATION

Standerd deviation is used to measure the variation in individual from the average expected return over a certain period . Standerd deviation is used in the concept of risk of portfolio of investments. SD is the deviation of the reading from the mean of the reading, higher SD indicates higher volatility and higher volatility and higher risk of the schemes.

TABLE-5

STANDERD DEVIATION OF TOP 10 EQUITY DIVERSIFIED MUTUAL FUND SCHEME

Name of the Scheme	Standerd Deviation
SBI Magnum Sector Funds Umbrella FMCG	24.73
ICICI Prudential FMCG	15.08
SBI Magnum Sector Funds Umbrella- Emerg Buss Fund	26.25
Reliance Pharma	16.79
SBI Magnum Sector Funds Umbrella Pharma	21.67
Reliance Equity opportunities Fund- Institutional	19.85
Reliance Equity opportunities Fund-Retail	19.85
Religare Mid N Small Cap Fund	17.29
Birla Sunlife MNC Fund	15.96
UTI Pharma & Health Fund	14.91

TABLE-6

STANDERD DEVIATION OF BO TTOM 10 EQUITY DIVERSIFIED MUTUAL FUND SCHEME

Name of the Scheme	Standerd Deviation
Escorts Infra Fund	28.17
Reliance Infra Fund- Retail	26.20
Reliance Infra Fund- Institutional	26.21
Escorts Power & Energy Fund	24.24
Reliance Diversified Power Sector Fund	24.26
JM Basic Fund	26.17
JM Core 11 Fund	22.70
Sundaram Capex Opportunities Reg.-D	22.08
Sundaram Capex Opportunities Reg-G	21.61
SBI Infrastructure Fund-series 1	19.25

It is seen from the table5 that only SBI Magnum Sector Funds Umbrella- Emerg Buss Fund (26.25),

SBI Magnum Sector Funds Umbrella FMCG (24.73), SBI Magnum Sector Funds Umbrella Pharma (21.67) funds have standerd more than 20 but all the funds in table 6 have standerd deviation more than 20. All the funds in table 6 are high volatile and high risky than the funds in the table 5. In table5 & 6 Escorts Infra Fund (28.17) is most volatile and risky fund under consideration and it is followed by SBI Magnum Sector Funds Umbrella- Emerg Buss Fund (26.25), Reliance Infra Fund-Retail (26.2)& Institutional (26.21), JM Basic Fund (26.17).

BETA

Beta measures the systematic risk and shows how prices of securities respond to the market forces. Beta is used in the capital asset pricing model (CAPM) a model that calculates the expected return of an asset based on its beta and expected market returns. systematic risk is measured in terms of beta which indicates the sensitivity of a schemes return in relation to market return. If a schemes beta is less than 1, it is considered to be defensive if a schemes beta is more than 1 it is considered to be aggressive.

TABLE-7

BETA OF TOP 10 EQUITY DIVERSIFIED MUTUAL FUND SCHEME

Name of the Scheme	Beta
SBI Magnum Sector Funds Umbrella FMCG fund	0.80
ICICI Prudential FMCG fund	0.89
SBI Magnum Sector Funds Umbrella- Emerg Buss Fund	1.17
Reliance Pharma fund	0.98
SBI Magnum Sector Funds Umbrella Pharma fund	1.10
Reliance Equity opportunities Fund- Institutional	0.95
Reliance Equity opportunities Fund-Retail	0.95
Religare Mid N Small Cap Fund	0.72
Birla Sunlife MNC Fund	0.70
UTI Pharma & Health Fund	0.93

TABLE-8

BETA OF BOTTOM 10 EQUITY DIVERSIFIED MUTUAL FUND SCHEME

Name of the Scheme	Beta
Escorts Infra Fund	1.21
Reliance Infra Fund- Retail	1.22
Reliance Infra Fund- Institutional	1.22
Escorts Power & Energy Fund	1.07
Reliance Diversified Power Sector Fund	1.14
JM Basic Fund	1.19
JM Core 11 Fund	1.03
Sundaram Capex Opportunities Reg.-D	0.98
Sundaram Capex Opportunities Reg-G	0.96
SBI Infrastructure Fund-series 1	0.90

In table 8 all the funds are high beta funds as their beta values are more than 1 or equal to 1 but in table7 only SBI Magnum Sector Funds Umbrella- Emerg Buss Fund ,SBI Magnum Sector Funds Umbrella Pharma, Reliance Pharma fund and Reliance Equity opportunities Fund have beta values more than or equal to 1 and other funds in the table are low beta funds as their beta values less than 1.

ALPHA

The size of the alpha shows the stock's unsystematic returns and its average return independence of market return if the fund produces the expected return at the level of risk assumed the fund would have an alpha equal to zero. A positive alpha indicates that the manager produced return greater than expected for the risk taken. Alpha is calculated by comparing the fund's actual performance with the risk adjusted expected return.

TABLE-9
ALPHA OF TOP 10 EQUITY DIVERSIFIED MUTUAL FUND SCHEME

Name of the Scheme	Alpha
SBI Magnum Sector Funds Umbrella FMCG	9.45
ICICI Prudential FMCG	2.87
SBI Magnum Sector Funds Umbrella- Emerg Buss Fund	9.35
Reliance Pharma	2.18
SBI Magnum Sector Funds Umbrella Pharma	1.29
Reliance Equity opportunities Fund- Institutional	11.87
Reliance Equity opportunities Fund-Retail	11.69
Religare Mid N Small Cap Fund	11.51
Birla Sunlife MNC Fund	11.25
UTI Pharma & Health Fund	-0.86

TABLE-10
ALPHA OF BOTTOM 10 EQUITY DIVERSIFIED MUTUAL FUND SCHEME

Name of the Scheme	Alpha
Escorts Infra Fund	-18.21
Reliance Infra Fund- Retail	-18.43
Reliance Infra Fund- Institutional	-18.32
Escorts Power & Energy Fund	-16.07
Reliance Diversified Power Sector Fund	-13.66
JM Basic Fund	-13.24
JM Core 11 Fund	-11.49
Sundaram Capex Opportunities Reg.-D	-11.83
Sundaram Capex Opportunities Reg-G	-11.21
SBI Infrastructure Fund-series 1	-11.29

In the table 9 all funds have positive alpha except UTI Pharma & Health Fund (-0.86) so their expected returns are greater than risks taken and all the funds in table 10 have negative alpha values which signifies that risk taken for all the mutual fund in the table 10 are greater than the expected return from the funds. It can be said that all funds of table 9 has investment friendly alpha values.

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SHARPE

Sharpe index measures risk premium of a portfolio, relative to the total amount of risk in the portfolio. Sharpe index summarizes the risk and return of a portfolio in a single measure that categorizes the performance of Funds on the risk-adjusted basis. The large the Sharpe index the portfolio over the market and vice versa.

TABLE-11
SHARPE OF TOP 10 EQUITY DIVERSIFIED MUTUAL FUND SCHEME

Name of the Scheme	Sharpe
SBI Magnum Sector Funds Umbrella FMCG	0.69
ICICI Prudential FMCG	1.34
SBI Magnum Sector Funds Umbrella- Emerg Buss Fund	0.01
Reliance Pharma	0.97
SBI Magnum Sector Funds Umbrella Pharma	0.32
Reliance Equity opportunities Fund- Institutional	0.71
Reliance Equity opportunities Fund-Retail	0.70
Religare Mid N Small Cap Fund	0.76
Birla Sunlife MNC Fund	0.81
UTI Pharma & Health Fund	0.84

TABLE-12
SHARPE OF BOTTOM 10 EQUITY DIVERSIFIED MUTUAL FUND SCHEME

Name of the Scheme	Sharpe
Escorts Infra Fund	-0.54
Reliance Infra Fund- Retail	-0.59
Reliance Infra Fund- Institutional	-0.59
Escorts Power & Energy Fund	-0.56
Reliance Diversified Power Sector Fund	-0.45
JM Basic Fund	-0.40
JM Core 11 Fund	-0.35
Sundaram Capex Opportunities Reg.-D	-0.43
Sundaram Capex Opportunities Reg-G	-0.41
SBI Infrastructure Fund-series 1	-0.48

All the funds in table 12 have negative sharpe values so their risk premium is high . All the funds in table 12 has given less return per unit risk are less efficiently and effectively managed schemes. In the table 11 all funds are well managed as they have positive Sharpe values. ICICI Prudential FMCG (1.34) is the most efficiently and effectively managed fund and Reliance Infra Fund-(-.059) is most inefficiently and ineffectively managed funds.

In the next part of study we will measure the three years return provided by the top ten portfolio holding of the selected mutual funds for analyzing the effect of stock selection on the return given by some top ten performing and bottom ten performing diversified equity funds.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF SBI MAGNUM SECTOR UMBRELLA FUND FMCG SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
ITC LTD.	123
GLAXO CONSUMER HEALTHCARE INDUSTRIES	165
P&G HYGIENE	72
NESTLE(I)	84
ZYDUS WELLNESS	143
UNITED BREWERIES LTD.	456
AKZO NOBEL INDIA LTD.	73
HINDUSTAN UNILEVER LTD.	100
JHS SVENGAARD LAB. LTD.	-14
NAVNEET PUBLICATIONS	53

SBI Magnum Sector Funds Umbrella FMCG(34.5) fund is the best performing diversified equity fund and all the scripts except JHS Svengaard Lab Ltd. in the fund has given very healthy return in past three years. Out of which United Breweries Ltd has given 456% return in past three years(2009-2012).

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF ICICI PRUDENTIAL FMCG SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
ITC LTD.	123
HINDUSTAN UNILEVER LTD.	100
MARICO INDUSTRIES LTD.	120
VST INDUSTRIES LTD.	286
TATA GLOBAL BEVERAGE	100
GLAXO CONSUMER HEALTHCARE INDUSTRIES	165
NESTLE (I)	84
PIDILITE INDUSTRIES LTD.	35
DABUR (I)	85
BRITANNIA	63

ICICI Prudential FMCG fund (27.39) is the second best performing diversified equity fund and all the scripts of the fund has given very healthy and positive return over past three years. Six script out of the top ten portfolio holding has rewarded their shareholders with more or equal to 100% return in three years. VST Industries has given 286% in three years.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF SBI MAGNUM EMERGING BUSINESS FUND SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
PAGE INDUSTRIES LTD.	500
MANAPPURAM GEN. FIN. & LEASE	-57
DHANLAXMI BANK	-63
MOTHERSON SUMI	172
EICHERS MOTORS	335
BLUE DART EXPRESS	217
GAMMON INFRA	-23
HAWKINGS COOKER	304
GOODYEAR	74
JUBILANT FOODWORKS	552

In SBI Magnum Sector Funds Umbrella- Emerg Buss Fund**,** Jubilant foodworks and page industries has given more than 500% return in last three years. Eicher motors and Hawkings cooker has given more than 300% return in the three years.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF RELIANCE PHARMA FUND SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
DIVIS LABORATORIES	100
CIPLA	33
SANOFI INDIA	120
RANBAXY	29
Dr. REDDY LABORATORIES	81
SUN PHARMA	150
IPCA LABORATORIES	12
ABOTT INDIA	124
INDOCO REMEDIES	53
CADILA HEALTHCARE	65

Reliance Pharma fund is a pharma sector fund and all scripts has given positive return . Divis lab, Sanofi , Sun Pharma, Abott India has given more than 100% return in three years.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF SBI MAGNUM SECTOR UMBRELLA FUND PHARMA SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
Dr. REDDY LABORATORIES	81
SUN PHARMA	150
UNICHEM LABORATORIES	-30
LUPIN	148
CIPLA	33
IPCA LABORATORIES	12
CADILA HEALTHCARE	65
WYETH	33
AVENTIS PHARMA	120
NOVARTIS (I)	31

SBI Magnum Sector Funds Umbrella Pharma is a pharma sector fund and all scripts except Unichem Lab. has given positive return . Sun Pharma , Lupin , Aventis Pharma has given more than 100% return.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF RELIANCE EQUITY OPPORTUNITIES INSTITUTIONAL -D SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
TRENT	77
HATHWAY CABLE	100
SHOPPER STOP	93
DIVIS LABORATORIES	100
STATE BANK OF INDIA	5
HDFC LTD	37
ICICI BANK	12
INFOSYS TECHNOLOGIES	7
MARUTI SUZUKI INDIA LTD.	-14
CUMMINS (I)	43

Reliance Equity opportunities Fund- Institutional is large and midcap fund and all the scripts has given positive return excpt Maruti suzuki India Ltd.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF RELIANCE EQUITY OPPORTUNITIES RETAIL -G SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
TRENT	77
HATHWAY CABLE	100
SHOPPER STOP	93
DIVIS LABORATORIES	100
STATE BANK OF INDIA	5
HDFC LTD	37
ICICI BANK	12
INFOSYS TECHNOLOGIES	7
MARUTI SUZUKI INDIA LTD.	-14
CUMMINS (I)	43

Reliance Equity opportunities Fund- Retail is large and midcap fund and all the scripts has given positive return excpt Maruti suzuki India Ltd.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF RELIGARE MID N SMALL CAP FUND SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
BRITANNIA	63
MARUTI SUZUKI INDIA LTD.	-14
ING VYSYA BANK	76
J&K BANK	72
MCX	12
PIDILITE INDUSTRIES LTD.	33
TORRENT PHARMA	127
JAGRAN PRAKASHAN	-7
SUNDARAM FINANCE	171
REDINGTON	-69

Religare Mid N Small Cap Fund has given 18.81% compounded annual growth return in the three years. Excepting Maruti suzuki India Ltd , Jagran prakashan, Redington , all the other script has given positive return. Sundaram finance and Torrent P harma has given more than 100% return.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF BIRLA SUNLIFE MNC FUND

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
ING VYSYA BANK	76
ICRA	68
HONEYWELL AUTOMATION	61
BAYER CROPSCIENCE	165
HINDUSTAN UNILEVER LTD.	100
MARUTI SUZUKI INDIA LTD.	-14
BOSCH	109
ORACLE FINANCIAL	70
CUMMINS (I)	43
CRISIL	128

All the scripts excpt Maruti suzuki India Ltd Birla Sunlife MNC Fund has given very healthy and positive return over past three years. Bayer cropscience has given 165% and Crisil has given 128% return in last three years.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF UTI PHARMA & HEALTH FUND SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
LUPIN	148
WYETH	33
GLAXO PHARMA	33
GLENNMARK PHARMA	72
RANBAXY	29
Dr. REDDY LABORATORIES	81
DIVIS LABORATORIES	100
CADILA HEALTHCARE	65
SUN PHARMA	150
CIPLA	33

UTI Pharma & Health Fund is Pharma sector fund and all the scripts has given positive return in last three years. Sun Pharma , Lupin , Divis Lab. has given more than 100% return in last three years.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF ESCORTS INFRA FUND SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
SPIC	24
KSK ENERGY	-67
PATEL ENGG	-82
MARG LTD.	-46
SUZLON ENERGY	-80
IDFC	2
IRB INFRA	-32
TORRENT POWER	-42
Mc. NALLY BHARAT ENGG.	-29
L&T	-5

In Escorts Infra Fund, eight out of ten portfolio holding has given negative return in last three years. As a result of this Escorts Infra Fund has given (-12.29%) negative return in three years . Suzlon Energy, Ksk Energy, Patel Engg. has wiped out more 60% wealth of the investment value in three years.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF RELIANCE INFRASTRUCTURE FUND SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
L&T	-5
ICICI BANK	12
IDFC	2
JP ASSOCIATES	-63
KSB PUMPS	-42
NTPC	-18
JINDAL SAW	-20
IRB INFRASTRUCTURE	-32
RELIANCE INFRASTRUCTURE	-60
MBL INFRASTRUCTURE	-25

Reliance Infra Fund- Retail and Reliance Infra Fund-institutional has eroded 12.2% and 12.10% wealth of investors in the last three years because excepting Icici Bank and IDFC all the script included in the top ten portfolio holding has given negative return or eroded the wealth of the investors.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF ESCORTS POWER & ENERGY FUND SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
HAVELL (I)	100
CASTROL(I)	-37
GODAWARI POWER & ISPAT LTD.	-28
TORRENT POWER	-42
GMR INFRASTRUCTURE	-63
CROMPTON GREAVES	-57
NAGRJUNA CONSTRUCTION	-66
HPCL	-19
KEC INTERNATIONAL	-87
SUZLON ENERGY	-80

Escorts Power & Energy Fund has also eroded the wealth of the investors as excepting Havells all the scripts has given negative return in last three years. Kec International and Suzlon Energy has wiped out more than 80% wealth of the investors in the period 2009-2012.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF RELIANCE DIVERSIFIED POWER SECTOR FUND SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
CUMMINS(I)	43
ICICI BANK	12
PTC	-21
NTPC	-18
JP ASSOCIATES	-63
TORRENT POWER	-42
RELIANCE INFRASTRUCTURE	-60
L&T	-5
GMDC	81
JINDAL STAINLESS	-40

Reliance Diversified Power Sector Fund has also failed to keep investors faith by wiping out their wealth. Though GMDC(81%), Cummins (43%), ICICI Bank (12%) has given positive return but their effect on the net asset value has been marred by the negative return given by the other seven script of the top ten portfolio holding of the fund.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF JM BASIC FUND SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
ICICI BANK	12
L&T	-5
HDFC LTD.	37
ACC	80
MARUTI SUZUKI INDIA LTD.	-14
TATA MOTORS	143
M&M	-5
HDFC BANK	86
RELIANCE INDUSTRIES LTD.	-25
STATE BANK OF INDIA	5

In JM Basic Fund five script has given positive return out of which Tata Motors (143%), HDFC Bank (86%), ACC (80%) has given handsome return. Though their impact on the net asset values has been set off by the underperformance of the other script included in the portfolio.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF JM 11 FUND SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
YES BANK	100
TATA STEEL	-20
INFOSYS TECHNOLOGIES	7
BAJAJ AUTO	20
PFC	-14
L&T	-5
ICICI BANK	12
MARUTI SUZUKI INDIA LTD.	-14
IDFC	2
TATA MOTORS	143

In JM 11 Fund six script has given positive return but their impact on the net asset values has been set off by the underperformance of the other script included in the portfolio.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF SUNDARAM CAPEX OPPORTUNITY REGULAR-D AND SUNDARAM CAPEX OPPORTUNITY REGULAR-G

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
L&T	-5
HONEYWELL AUTOMATION	61
KEC INTERNATIONAL	-87
ALSTOM T&D	10
CUMMINS(I)	43
ALSTOM INDIA	10
THERMAX (I)	5
Mc. NALLY BHARAT ENGG.	-29
SIEMENS	29
GUJRAT GAS	50

In Sundaram Capex Opportunities Reg.-D and Sundaram Capex Opportunities Reg-G funds only L&T, KEC International, Mc. Nally Bharat Engg have given negative return but other seven scripts has given positive return.

THREE YEARS RETURN OF TOP 10 PORTFOLIO HOLDING OF SBI INFRASTRUCTURE FUND SERIES-1 SCHEME

NAME OF THE SCRIPTS	3 YEARS RETURN (%)
COAL INDIA LTD.	50
OIL NATURAL GAS COMMISSON	10
ALL CARGO GLOBAL LOGISTICS LIMITED	-20
L&T	-5
STATE BANK OF INDIA	5
HDFC BANK	86
BHARAT HEAVY ELECTRICALS LIMITED	-53
BHARTI AIRTEL LTD.	-21
BPCL	-39
USHA MARTIN LIMITED	-58

In SBI Infrastructure Fund Series-1 only four script has given positive return but other six has given negative return. Bharat Heavy Electrical Limited and Usha Martin have wiped out more than 50% wealth of the investors of the fund.

V. CONCLUSION

It may be concluded from above study that Diversified Equity Fund seeks to invest only in equities, except for a very small portion in liquid money market securities, but is not focused on any one or few sectors or shares. While exposed to all equity price risks, Diversified Equity Fund seek to reduce the sector or stock specific risks through diversification .They have exposure to the equity market risk. SBI Magnum Sector Funds Umbrella FMCG(34.5) fund, ICICI Prudential FMCG(27.39), SBI Magnum Sector Funds Umbrella- Emerg Buss Fund (24.7), Reliance Pharma(22.08) , SBI Magnum Sector Funds Umbrella Pharma (21.21), Reliance Equity opportunities Fund- Institutional(19.45) , Reliance Equity opportunities Fund(19.23), Religare Mid N Small Cap Fund(18.81), Birla Sunlife MNC Fund(18.64) and UTI Pharma & Health Fund (18.55) are best equity fund for investment during the period of last three years. Because their mean return , standerd deviation , beta , alpha and Sharpe ratio are favorable for investment. Also the handsome return during last three years of the ten portfolio holding of these funds is also responsible for the handsome given by these mutual funds. Whereas Escorts Infra Fund, Reliance Infra Fund- Retail ,Reliance Infra Fund- Institutional, Escorts Power & Energy Fund, Reliance Diversified Power Sector Fund, JM Basic Fund , JM Core 11 Fund, Sundaram Capex Opportunities Reg.-D Sundaram Capex Opportunities Reg-G SBI Infrastructure Fund-series 1 are avoidable mutual funds at the present moment. Because their compounded annual growth return, mean return , standerd deviation , beta , alpha and Sharpe ratio are unfavorable for investment. . Also the negative return during last three years of the ten portfolio holding of these funds is also responsible for the unerperformance of these mutual funds.

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