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Systematic Investment Plan (The Better Way to Invest in Mutual Fund)

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ABSTRACT: Systematic Investment Plan (SIP) enthroned in the other end of alternative investment plan as route for earning higher returns without commensurate higher risk and spread way with installment based investment for even a huge number of investors. The study is to know the motivative factor for investment of systematic investment plan, and the problem in this scheme. Secondary Data Images to from SOURCE ONLINEdoctroeoconcparenndoeodrom The data that were collected were analyzed by different statistical methods. The study results showed that investor is motivated to invest in SIPP for higher risk-adjusted return while knowledge and operational platform are the main constraints that investors face in structural scheme.

KEYWORDS: Systematic Investment Plan, Investor, High Return, Risk, Investment.

I. INTRODUCTION

Stock markets around world experiences high volatility as clear from the history. Explain: investors generally become involved in a stock market with some intention. In this process, the thing an investor continuously thinks of is — Is this the right time to invest? Despite that, a lot of people wait for markets to move down (or even crash) and very often it does indeed move down and yet again it turns in the opposite way thereby giving a situation for such people to park their funds in FDs or enter the market at even higher levels.

II. CONCEPT OF SYSTEMATIC INVESTMENT PLAN (SIP)

Fair like banks and Post office offers repeating store plans, common stores offer an Taste choice. Speculators picking for an Taste option commit contributing a pre-specified whole of cash at customary interims (by and large each month) in a specific common support scheme. Each intermittent venture entitles speculators to receive units of that shared support plot, which is subject to its NAV winning at that time. SIP choice is accessible for all sorts of reserves. This emerges the require for financial specialists to do a small homework in arrange to get the maximum returns out of their speculation

DETERMINING THE INVESTMENT SURPLUS: Investors should estimate the amount that they can afford to invest on a periodical basis. Investors should be conservative while making this estimate as an over estimated periodical investment amount may turn out to be a burden for investors.

MATCHING PERIODICITY TO FUND FLOWS: SIPs are available in monthly and quarterly options. Investors should opt for an option that is in tandem with the periodicity of cash inflows.

SELECTING AN APPROPRIATE SCHEME CATEGORY: Before investing investors should take the risk- return profile of a scheme into consideration. Investors should choose a scheme that suits their investment objective. For example: Equity funds are recommended to investors who have a high risk taking capacity, debt funds for risk- averse investors and balanced funds for investors with moderate risk taking capacity.

PERIODICAL REVIEW OF INVESTMENTS: After selecting an appropriate scheme and making investment in it, investors should continuously monitor the performance of similar schemes to the one in which the investment is done. This enables investors to compare the performance of their scheme with corresponding schemes and make necessary adjustments, if required.



III. OBJECTIVES OF THE STUDY

- To understand the concept of investment plan in mutual fund.
- To study the benefits of SIP.
- To find out the preference of the investors for Asset Management Company.
- To know the preference of portfolios.
- To know why one has invested or not invested in mutual fund.

IV. RESEARCH METHODOLOGY

SECONDARY DATA: The secondary data was collected from already published sources such as previous journals, reference books and websites.

B). TOOLS AND TECHNIQUES:

Return, Risk, Sharpe and Treynor ratio.

V. LITERATURE REVIEW

Y Prabhavathi and N T Krishna Kishore, “Investor’s preferences towards Mutual Fund and Future Investments: A Case study of India”, international journal of scientific and research publications, volume 3, issue 11, page no 2250-3153. The advent of Mutual Funds changed the way the world invested their money. The start of Mutual Funds gave an opportunity to the common man to hope of high returns from their investments when compared to other traditional sources of investment. The focus of the study is to understand the attitude, awareness, and preferences of mutual fund investors.

Debalina Roy and Koushik Ghosh, “The Scenario of Investment in Systematic Investment Plan (SIP) among the Retail Customers”, global journal of finance and economic management, volume 1, issue 1, page no 49-62. In the present work they have studied how the investment in mutual funds through Systematic Investment Plan (SIP) can gain momentum and increase percentage of income. Investigations are also performed to find out what percentage of bank customers invest in mutual funds especially through SIP with specific reference to HDFC Bank, Shyam bazar Branch, and Kolkata, India. Sample study also suggests that young investors are tending towards mutual fund investments and preferring SIPs more than the aged investors.

Rishab Telukunta (2017), in the research article entitled “Mutual Funds and Systematic Investment plans with their best performing funds” the research shows the concept of mutual funds and the different types of the fund. The study found that various mutual funds that are performing well in the India are discussed. The mutual fund industry of India has seen major changes and the changes are needed to be evaluated, the past developments and combining it with the current trends it can be concluded that the future of Mutual Funds in India has lot of positive things to offer to its investors. The mutual funds industry has done well in the past and is still doing great. The basic rule of mutual fund is needed to be kept in mind that we should invest regularly, Invest for a long time and start from an early stage

Poonam Gautam (2016), in the paper “The Development of Mutual Fund Industry in India” the research present the attributes of mutual fund industry in India and growth aspects of the mutual fund industry along with some guidelines that would result in safe investment and reasonable return. The study found that mutual fund industry in India is expected a tremendous growth in a few years. In India, still the mutual funds are not recognized as preferable investment in investor’s communities and the mutual fund industry has to make efforts towards the stable growth and sustained profit rather than short term growth.

VI. SBI MAGNUM EQUITY FUND PERFORMANCE

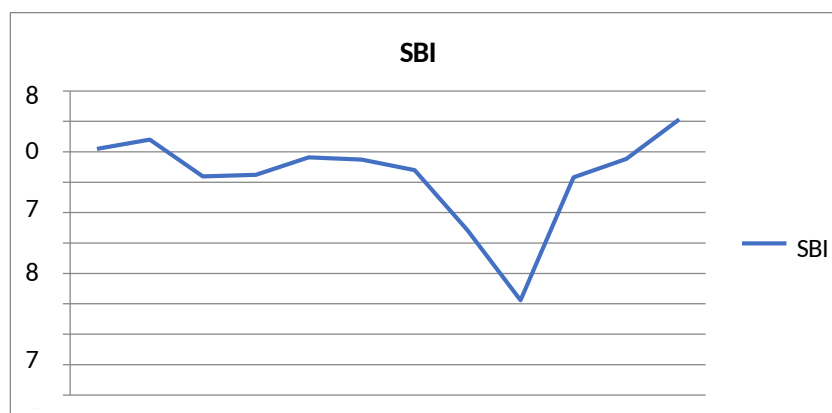
Date	SBI Return	Average	Difference	D*D
30-Jun-23				
30-Jul-23	0.79	0.34	0.45	0.20
30-Aug-23	-3.14	0.34	-3.48	12.13
30-Sep-23	0.14	0.34	-0.20	0.04
30-Oct-23	1.53	0.34	1.19	1.41
30-Nov-23	-0.18	0.34	-0.52	0.27
30-Dec-23	-0.93	0.34	-1.27	1.61



29-Jan-24	-5.27	0.34	-5.61	31.49
29-Feb-24	-6.51	0.34	-6.85	46.88
31-Mar-24	12.20	0.34	11.86	140.65
29-Apr-24	1.63	0.34	1.29	1.65
30-May-24	3.45	0.34	3.11	9.70
	3.70			246.03

Average return= -0.34
 Risk= $\sqrt{\sum D^2 / (n-1)}$ = 4.73
 Annualized standard deviation=18.38 Sharpe ratio=-0.05 Beta= 1.01
 Treynor ratio= 0.25

FIG NO 1SBI MAGNUM EQUITY FUND PERFORMANCE:



INTERPRETATION

The above graph SBI MAGNUM EQUITY FUND shows one year NAV trend started in the month of 01 June 2023 and it gives the lot fluctuations in till 31 May 2024

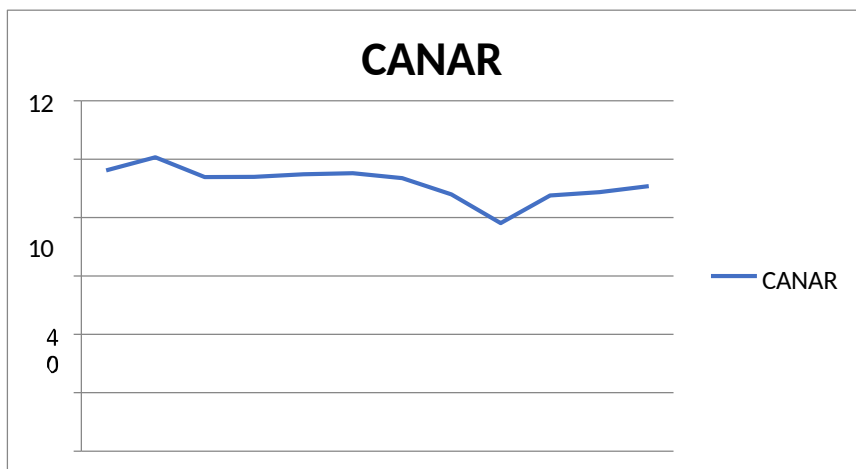
CANARA ROBECO EQUITY DIVERSIFIED FUND

Date	Canara Return	Average	Difference	D*D
30-Jun-23				
30-Jul-23	4.64	-0.35	4.99	24.86
30-Aug-23	-6.78	-0.35	-6.43	41.40
30-Sep-23	0.18	-0.35	0.53	0.28
30-Oct-23	0.86	-0.35	1.21	1.47
30-Nov-23	0.38	-0.35	0.73	0.53
30-Dec-23	-1.73	-0.35	-1.38	1.91
29-Jan-24	-5.92	-0.35	-5.57	31.06
29-Feb-24	-11.22	-0.35	-10.87	118.10
31-Mar-24	12.18	-0.35	12.51	176.52
29-Apr-24	1.34	-0.35	1.69	2.84
30-May-24	2.21	-0.35	2.56	6.54
	-3.90			385.51

Average return=-0.35 Standard deviation=5.92 Annualized standard deviation=20.51 Sharpe ratio= -0.07 Beta=0.69
 Treynor ratio=-0.63



FIG NO 2 CANARA ROBECO EQUITY DIVERSIFIED FUND:



INTERPRETATION

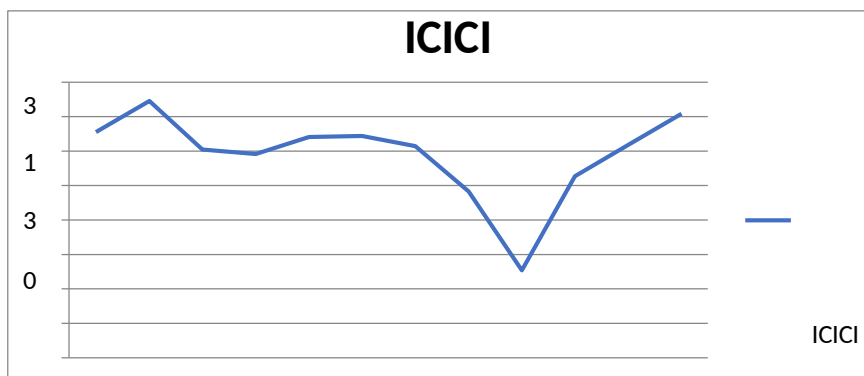
The above graph CANARA EQUITY FUND shows one year NAV trend started in the month of 01 June 2023 and it gives the lot fluctuations in till 31 May 2024

ICICI PRUDENTIAL FOCUSED BLUE CHIP EQUITY FUND

Date	ICICI Return	Average	Difference	D*D
30-Jun-23				
30-Jul-23	3.04	0.28	2.76	7.64
30-Aug-23	-4.63	0.28	-4.91	24.10
30-Sep-23	-0.45	0.28	-0.73	0.53
30-Oct-23	1.73	0.28	1.45	2.10
30-Nov-23	0.10	0.28	-0.18	0.03
30-Dec-23	-1.02	0.28	-1.30	1.69
29-Jan-24	-4.49	0.28	-4.77	22.79
29-Feb-24	-8.23	0.28	-8.51	72.34
31-Mar-24	10.68	0.28	10.40	108.26
29-Apr-24	3.22	0.28	2.94	8.63
30-May-24	3.08	0.28	2.80	7.86
	3.05			255.98

Average return=0.28 Standard deviation=4.28 Annualized standard deviation=18.71 Sharpe ratio=-0.04 Beta= 0.88 Treynor ratio=0.22

FIG NO 3 ICICI PRUDENTIAL FOCUSED BLUE CHIP EQUITY FUND





INTERPRETATION

The above graph ICICI BLUE CHIP EQUITY FUND shows one year NAV trend started in the month of 01 June 2019 and it gives the lot fluctuations in till 01 May 2023.

RISK, RETURN AND PERFORMANCE ANALYSIS OF ALL THREE SELECTED EQUITY FUNDS

		NIFTY	SBI	Canara	ICICI
Total Returns		-3.60%	1.71%	-11.80%	-0.24%
Out Performance			-5.31%	8.21%	-3.36%
Std(Daily)		1.06%	1.03%	1.27%	1.03%
Std(annualized)		12.70%	12.30%	17.20%	12.30%
Risk Free Return	8.50%				
beta			0.5	0.6	0.51
Std of O/p Daily			0.24%	0.19%	0.17%
Std of O/p Annualized			18.40%	22.86%	14.63%
Sharpe Ratio			1.66462	-9.2939	-0.23
Treynor Ratio			-0.1357	-0.1967	-0.0046

VII. FINDINGS

- RANK 1:** SBI MAGNUM FUND: Has given the Maximum Positive returns for the period.
- RANK 2:** ICICI BLUE CHIP FUND (ICICI fund has given negative returns with - 0.24% for the given period.
- RANK 3:** CANARA FUND has given maximum negative returns.

VIII. SUGGESTIONS

The returns generated by the equity funds are negative where in the returns generated by Debt funds are only 6% to 8%. So I can suggest the investor to invest to DEBT mutual funds they are safe and secure.

IX. CONCLUSION

Though the risk is higher for investing in Equity Mutual Funds, they can only provide excellent returns when compare to debt market mutual Funds. The investors who are willing to take higher risk for higher returns can choose Equity funds, where as risk averse investors would prefer to choose debt market funds.

- In case of Bull Market, Equity Funds offer great returns.
- In case of bad phase of the economy, Debt funds offer stable returns with capital protection.

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