



An Analytical Study of Asset under Management and Comparison of Eight Selected Mutual Fund Companies

Garima Shrivastava (Researcher)

Dr. Vasudev Mishra

Professor and Principal

Shri Cloth Market Institute of Professional Studies

Dr. Ashish Pathak

Professor

Atal Bihari Vajpayee Govt. Arts and Commerce College

Indore, Madhya Pradesh, India

Introduction

A mutual fund is nothing more than an assembly of stocks and bonds.

A mutual fund as a company brings mutually a group of persons and invests their valuable money in stocks, bonds, and other securities.

Each depositor own shares, which represents a part of holdings of the fund.

Mutual funds are one of the best opportunities for investor's money to increase. Depending on risk desire, it gives the option to choose stability, insistent growth or both.

In simple words, a mutual fund is a intermediates that brings together a group of investors who are normal people; to invest their money in bonds, stocks and other securities available in market. Each investor purchases his shares, which represent a part of holdings of the fund. Hence, a mutual fund is one of the most possible investment options for the common man as it recommends an opportunity to invest in an expanded, professionally managed box of the securities at a comparatively low cost.

Now-a-days, we hear more and more about mutual fund as a means of investment. As we know most of the public, investment their money in Banks in saving account or as fixed deposit when the amount is larger.

Most of the public are interested in their saving in property and gold. Every person has knowledge about bank accounts, property rates, and about gold investment. But not every person knows about the investment in mutual fund. Investing in mutual fund require proper knowledge and time, so to understand the product properly. Mutual fund is a type of investment in which person has to invest only and not giving their time and there is no need to get involved in it. Therefore, mutual fund investment is becoming so much popular.

Meaning of Asset under Management (Aum)

In economics, assets under management (AUM), occasionally called funds under management (FUM), measures the whole market worth of all the monetary assets which a monetary organization such as a mutual fund, venture (risk) capital firm, or brokerage home manages on behalf of its consumers and themselves. Assets under management (AUM) means to the sum of the market price of investments controlled by a mutual fund, hedge fund, money management firm, portfolio manager, or other (financial) monetary services company.

Asset under Management (Aum) An asset under management (AUM) is the total market value of assets that an investment company or financial institution manages on the behalf of investors who invest in it. Assets under management definitions and formulas vary by company to company.



Some financial institutions include bank deposits, mutual funds and cash in their calculations. Others limit it to funds under discretionary management, where the investor assigns responsibility to the company.

Assets under management explain the amount of money investors invest in a company and company's controls over investment. Investments are done in various investment medium including mutual funds investment, exchange-traded funds (ETFs) and hedge funds. These products are managed by a venture capital company, Brokerage Company.

Why AUM monitoring is important ?

Monitoring of AUM by investment policy and investor (product) schemes flow is important for organization in concluding the overall powers and weak points of a firm. It is a very important tool for Investment companies to measure marketing and to attract investors. AUM also helps investors in getting an indication of the size of a company's operations and its competition with other companies.

AUM as a Factor for Investment

AUM may also be an important reflection for fresh fund investors and wealth management services inclusively. Products with higher AUM can usually have higher market trading quantities which positively manipulate the liquidity of a product. In the wealth management industries, some investment managers may have obligations based on AUM, and it may conclude if an investor is capable for some type of investments. An investor's personal AUM can also be an issue in concluding the type of services receiving from a financial advisor, broker or any brokerage company. In some cases, individual assets under management may as well match with an individual's net worth.

For investors, AUM may also be an important notion for fees. A fixed percentage is charged for management fees for investment products of assets under management. Financial advisors too frequently charge clients according to their total assets under management. Thus, it is important for investors to know AUM very well, from both an investment company and own wealth perception, and to know it's calculated.

On the whole, AUM is only one portion used in evaluating a company or investment. It is generally also deemed as conjunction with management performance and management practice. While it is simply one aspect used by investors in investment judgments, generally investors can believe that higher investment inflows and higher AUM indicates as a positive quality.

Review of Literature

Dr. Sandeep Bansal, Deepak Garg and Sanjeev K Saini (2012), have studied Impact of Sharpe Ratio & Treynor's Ratio on some Selected Mutual Fund Schemes. This paper studies the performance of some selected mutual fund schemes that the risk report of the collective mutual fund universe can be exactly evaluate by a simple market index to offers relative monthly liquidity, returns, organized & unsystematic risk.

Dr. K. Veeraiah and Dr. A. Kishore Kumar (Jan 2014), conducted a research on Comparative Performance Analysis of Selected Indian Mutual Fund Schemes. This study investigates the presentation of Indian personal mutual funds and match up to their performance.

Dr. Yogesh Kumar Mehta (Feb 2012), has studied Emerging Scenario of Mutual Funds in India: An Analytical Study of Tax Funds. The present study is based on selected equity funds of public sector and private sector mutual fund. It is also found that MFs did not choose debt segment.

Dr Surender Kumar Gupta and Dr. Sandeep Bansal (Jul 2012), have done a Comparative Study on Debt Scheme of Mutual Fund of Reliance and Birla Sun life. This study gives an outline of the performance of debt scheme of mutual fund of Reliance, and Birla Sun life with the help of Sharpe Index after calculating Net Asset Values and Standard Deviation.



Prof. V. Vanaja and Dr. R. Karrupasamy (2013) have done a Study on the Performance of selected Indian Private Sector Balanced Category Mutual Fund Schemes. The purpose of the study is to evaluate the performance of selected Private sector balanced schemes on the basis of returns and comparison with their bench marks and also to evaluate the performance of different categories of funds.

E. Priyadarshini and Dr. A. Chandra Babu (2011) have done forecast of the Net Asset Values of Indian Mutual Funds Using Auto- Regressive Integrated Moving Average (Arima). In this paper, some of the mutual funds in India had been modeled using Box-Jenkins auto regressive integrated moving average (ARIMA) methodology.

Dr. Ranjit Singh, Dr. Anurag Singh and Dr. H. Ramananda Singh (August 2011), have done research on Positioning of Mutual Funds among Small Town and Sub-Urban Investors. In the recent past the significant proportion of the investment of the urban investor is being attracted by the mutual funds.

C.Srinivas Yadav and Hemanth N C (Feb 2014), have studied Performance of Selected Equity Growth Mutual Funds in India: An experiential Study during 1st June 2010 to 31st May 2013. The study estimates performance of selected growth equity funds in India, carried out using portfolio performance valuation techniques such as Sharpe and Treynor measure.

Objectives of The Study

The objective of study is to analysis and to compare the AUM of eight selected companies. Companies for analysis taken in this paper are BSL, HDFC, ICICI, LIC, SBI, UTI, IDBI, and RELIANCE. The main objectives are:-

1. To know the meaning of AUM.
2. To know calculation of AUM of Mutual Fund.
3. To know AUM of eight selected companies.
4. To compare AUM of eight selected companies.
5. To analyses the compared data.

Hypothesis of The Study

1. Ho: Investors know AUM very well.
Ha: Investors did not know AUM very well.
2. Ho: Investors invests according to AUM of MF Company.
Ha: Investors did not invest according to AUM of MF company.
3. Ho: Investors compare AUM of different MF companies.
Ha: Investors compare AUM of different MF companies.

Research Methodology

While deciding about the method of data collection to be used for the study, the researcher should keep in mind two types of data, primary and secondary.

Primary data: The primary data are those which are collected afresh or for the first time, and thus happen to be original in character. The primary data were collected through distribution of questionnaire, surveys, observation, personal interviews, through schedules.

Secondary data: Those data which have already been collected by someone else and which have already been passed through the statistical process. This data may be published or unpublished data. The secondary data may be collected through journals, books, magazines, and newspapers. Through public record, reports and publications, historical document etc.

Period of study- The research period is taken from 2010 to 2017 for study and all the data collected for AUM is taken from AMFI.

Data source- The data sources for the present research work were the Different Government reports in respect of financial sector of India, Records and Data published by AMFI, Annual reports of leading Mutual Funds companies of India.



Data collection procedure- The present study is based on secondary data. A thorough search of the published records and reports of Government as well as organizations associated with finance sector of India was made to collect the information regarding the growth of Mutual Funds industry in last 7 years.

Calculating AUM

Methods of calculating assets under management differ among companies. Total firm assets under management will increase when investment performance increases or when new investors and new assets are obtained. Factors cause's decreases in AUM also decreased market value from investment performance losses, fund closures and client redemptions.

AUM generally changes according to the flow of money into and out of a particular fund or company. It also fluctuates based on changes in the value of a fund or company's underlying investments.

Comparison Table of Asset Under Management of Eight Companies

AUM of eight selected companies is given below and comparison between them is also done. Analysis and graph is also presented below for explanation.

Years	Bsl	Hdfc	Icici	Lic	Sbi	Uti	Idbi	Reliance
2010-11	63696	86282	73466	11196	41672	67189	3528	101577
2011-12	61143	89879	68719	5799	42042	58922	5482	78112
2012-13	77043	101720	87835	7185	54905	69450	6249	94580
2013-14	89051	112963	106822	10584	65499	74233	5929	103542
2014-15	119752	161634	148559	9313	74942	92751	7344	137124
2015-16	136,503	192,776	193,296	13,040	119,878	112,169	6,719	167,009
2016-17	195,049	252,044	260,225	22,514	168,816	145,340	7,296	222,964

ANALYSIS

This analysis has been done from above figures that in the year:

2010-11, the highest AUM is noted in ICICI MF Company and lowest is noted in IDBI MF Company.

2011-12, the highest AUM is noted in HDFC MF Company and lowest is noted in IDBI MF Company.

2012-13, the highest AUM is noted in HDFC MF Company and lowest is noted in IDBI MF Company.

2013-14, the highest AUM is noted in HDFC MF Company and lowest is noted in IDBI MF Company.

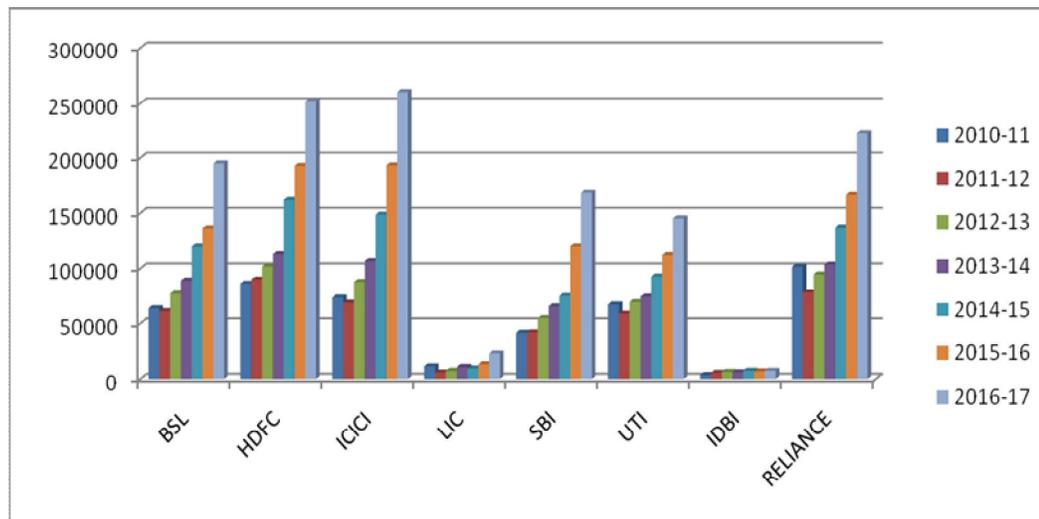
2014-15, the highest AUM is noted in HDFC MF Company and lowest is noted in IDBI MF Company.

2015-16, the highest AUM is noted in ICICI MF Company and lowest is noted in IDBI MF Company.

2016-17, the highest AUM is noted in ICICI MF Company and lowest is noted in IDBI MF Company.

This comparison of AUM shows that HDFC, ICICI and Reliance have a continuous and highest growth in MF. BSL, SBI and UTI have an average AUM, but LIC and IDBI have lowest.

Graph of Comparison Aum of Eight Companies



Recommendations

1. The term AUM should be easier to be understood.
2. Financial advisor, brokers, agents have sufficient knowledge, so to explain investors.
3. It is very easy to compare and invest in Companies with their AUM for investors, so it should be very clear.
4. Comparison gives ranking to Companies and helps in better investment.
5. Past performance is also seen through AUM of Company.
6. In every annual report of Company AUM of past three years have been mentioned, it should be increased by five years. It also helps investors in their investments.

Conclusion

This study shows that AUM of Mutual Fund Companies is very important for investors for their investment decision. It shows the actual financial condition of a company. It shows the actual reports of past years. It shows the actual status of the companies which are performing in the market. AUM is like a mirror of the companies that shows the up and down of the companies. Companies their selves also come to with comparing data of past years for their actual position. The one thing concluded in comparison of eight companies is that comparison between companies is done with the help of AUM data and comparison within companies of 7 years has also been done. For example, IDBI MF Company noted lowest AUM in all seven years, but even though if comparison is done in Company itself, it recorded a continuous growth except in year 2015-16. AUM should be more clear and actual to understand by investors.

References

1. Mutual fund of Industry, Mutual Fund India, 2015, New Delhi.
2. A comparative study of performance of top five mutual fund of India, 2014.
- 3 One fund Asset Management Companies (AMCs)
4. Mutual fund of India, Wikipedia.

Books and newspapers

India today
 Economic times
 Dainik bhaskar Daily News paper
 Raj express Daily News paper
 Times of India Daily News paper
 Hindustan times Daily News paper
 India today magazine



Financial express magazine

Economic times magazine

Times magazine

Websites

www.investmentnetwork.in

www.investindia.gov.in

www.investorwords.com

www.theguardian.com

www.rediff.com

www.investopedia.com

en.wikipedia.org/wiki

www.investinganswers.com