

Evaluating Sectoral Mutual Fund Performance and Investment Allocation: Insights from Top Sectoral Mutual Funds in India

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Abstract

This study evaluates the performance of selected top most performed sectoral mutual funds in India, aiming on their sectoral investment allocation and projected profitability trends. Under this study, analyzed the top six sectoral mutual funds, evaluating their profit returns, growth rates, and sectoral allocation. Study findings directing that funds like IDFC Infrastructure Fund, SBI Consumption Opportunities Fund, and Nippon India Power and Infra Fund are recommended for investment due to their projected increasing trend returns. In other hand funds like Aditya Birla Sun Life Banking and Financial Services Fund, Sundaram Rural and Consumption Fund, and Kotak Infrastructure & Economic Reform Fund are not suggested for investment due to their projected decreasing trend returns. Furthermore, study t-test analysis discloses that four out of six sectoral funds do not show significant performance differences in sector allocation, while two funds parade prominent differences. The study's findings offer valuable insights for investors.

Keywords: Sectoral Mutual Funds, Mutual Fund Performance, Investment Allocation, Projected Profitability Trends and Sectoral Fund Evaluation

1. Introduction

The Indian mutual fund industry has beheld significant growth over the years, offering investors a diverse range of investment options. Among these, sectoral mutual funds have gained popularity due to their focused investment approach, allowing investors to capitalize on specific industry trends and growth opportunities. Sectoral mutual funds invest in companies operating within a particular sector or industry, providing investors with a unique opportunity to benefit from the growth potential of that sector. However, investing in sectoral mutual funds needs careful evaluation and analysis, as their performance can be influenced by various factors such as sector-specific trends, economic conditions, and market volatility. Therefore, it is vital to assess the performance of sectoral mutual funds and identify the factors that contribute to their success or failure. This study aims to evaluate the performance

of top sectoral mutual funds in India, aiming on their sectoral investment allocation and projected profitability trends. By analyzing the performance of these funds, this study look for to provide valuable insights for investors, fund managers, and researchers, empowering them to make informed decisions about sectoral mutual fund investments in India.

2. Background Of The Study

The Indian mutual fund industry has experienced substantial growth over the past few decades, with assets under management (AUM) increasing manifold. This growth can be attributed to the increasing awareness about mutual funds, the variety of schemes offered, and the benefits of investing in mutual funds, such as diversification, professional management, and liquidity. Sectoral mutual funds, in particular, have gained popularity due to their focused investment approach, allowing investors to capitalize on specific industry trends and growth opportunities. Sectoral mutual funds invest in companies operating within a particular sector or industry, providing investors with a unique opportunity to benefit from the growth potential of that sector. These funds are designed to take advantage of the growth prospects of specific sectors, such as technology, healthcare, or infrastructure, and offer investors a way to gain exposure to these sectors in a diversified manner.

3. Significance of Sectoral Mutual Funds in India

Sectoral mutual funds in India offer a unique investment opportunity, permitting investors to capitalize on specific industry trends and growth prospects. These funds provide focused exposure to particular sectors, such as technology, healthcare, energy, or infrastructure, and have the potential to deliver higher returns. The significance of sectoral mutual funds in India lies in their ability to provide targeted exposure to specific sectors, offer potential for higher returns, allow investors to capitalize on industry trends and growth prospects, provide a hedge against inflation in certain sectors, and enable investors to diversify their portfolios. Suitable for investors with a high-risk appetite and a long-term investment horizon, sectoral mutual funds can be a valuable addition to a diversified investment portfolio, offering investors a way to tap into specific growth opportunities and potentially enhance their returns.

4. Review of Existing Research on Sectoral Mutual Fund Performance

The study of sectoral mutual funds in India has garnered significant attention in recent years, with various researchers exploring their performance, investment allocation, and potential benefits for investors. Here's a comprehensive review of the existing literature on sectoral mutual funds in India:

i. Performance Evaluation:

Numerous studies have evaluated the performance of sectoral mutual funds in India, with some focusing on their returns, while others examined their risk-adjusted performance. Research has shown that sectoral mutual funds can offer higher returns than diversified funds, particularly during periods of strong sectoral growth (Prasad, K. V. S. 2022)¹. However, their performance can be volatile, and investors need to carefully evaluate their investment objectives and risk tolerance before investing in these funds (2. Kumar, M. D., & Pushpa, D. T. 2021)².

ii. Investment Allocation:

Sectoral mutual funds invest in specific sectors or industries, providing investors with targeted exposure to these areas. Studies have shown that sectoral mutual funds can be an effective way to capitalize on industry trends and growth prospects (Dr.Ekta Rokade 2021)³. However, investors need to be aware of the potential risks associated with sectoral investing, including sector-specific volatility and regulatory changes (Manjare, S. O. 2021)⁴.

iii. Benefits for Investors:

Sectoral mutual funds can offer several benefits to investors, including diversification, professional management, and liquidity. Research has shown that sectoral mutual funds can be a valuable addition to a diversified investment portfolio, providing investors with exposure to specific sectors or industries (Shohom Pal, 2021)⁵. The relationship between sectoral mutual funds and portfolio diversification is quite significant (Shanmugam, V. P., & Ali, K. A. 2021)⁶. Additionally, sectoral mutual funds can offer investors a way to capitalize on industry trends and growth prospects, potentially enhancing their returns (Margi Choksi & Priyanka Bhatt 2020)⁷.

iv. Challenges and Limitations

Despite the potential benefits of sectoral mutual funds, there are several challenges and limitations that investors need to be aware of. These include sector-specific volatility, regulatory changes, and the potential for significant losses if the sector performs poorly (Prabhakar Ishwarappa & Dr.J.Halder (2020)⁸. Additionally, sectoral mutual funds may not be suitable for all investors, particularly those with a low-risk tolerance or limited investment horizon (Polisetty, A & Manda, V. K. 2020)⁹.

5. Need for the Study

Despite the growing popularity of sectoral mutual funds in India, there is a lack of comprehensive research on their performance. Existing studies have primarily focused on the performance of equity mutual funds or mutual funds as a whole, with limited attention to sectoral mutual funds. Moreover, the performance of sectoral mutual funds can be influenced by various factors, such as sector-specific trends, economic conditions, and market volatility. Therefore, there is a need for a detailed analysis of the

performance of sectoral mutual funds in India to provide valuable insights for investors, fund managers, and researchers. This study aims to fill this research gap by evaluating the performance of top sectoral mutual funds in India, with a focus on their sectoral investment allocation and projected profitability trends.

6. Statement of the Problem

The performance of sectoral mutual funds in India is a crucial aspect of investment analysis, and this study aims to evaluate the top sectoral mutual funds in the country. Specifically, the research focuses on the sectoral investment allocation and projected profitability trends of these funds. The central question guiding this investigation is: How do top sectoral mutual funds in India perform in terms of their sectoral investment allocation and projected profitability trends, and what are the implications for investors and fund managers? By exploring this question, the study seeks to provide valuable insights into the dynamics of sectoral mutual funds and inform investment decisions for both investors and fund managers.

7. Objectives of the Study

Sectoral mutual funds offer investors a unique opportunity to capitalize on specific industry trends and growth prospects. Effective investment decisions in these funds require a thorough understanding of their performance, sectoral allocation, and projected trends. This study aims to bridge this knowledge gap by following objectives

1. To evaluate the performance of top sectoral mutual funds in India based on returns and growth rates.
2. To analyze the sectoral investment allocation of top mutual funds and its impact on performance.
3. To project the profitability trends of top sectoral mutual funds and recommend funds for investment.
4. To offer evidence-based recommendations and actionable insights to investors and fund managers.

8. Limitations of the Study

Every research is conducted under some constraints and this research is not an exception. Limitations of this study are as follow:-

1. The study to carry out the work is based on data that are secondary in nature which are collected by researcher from the various published sources like websites and database.
2. Only top rated mutual fund schemes and funds from Indian Mutual Funds industries are considered as sample for the study period.

9. Research Methodology

The design of the present study is empirical and analytical in nature and covers the period of 10 years from 2015 to 2024. The present research study is analytical in nature. The researcher has tried to measure the sectoral performance of mutual funds. The data which is required for the analysis and that could fulfil our objectives have been collected mainly from Secondary sources. Secondary data sources are published books, research reports, bulletins, journals, magazines, newspapers and newsletters as well as manuals of organisations and annual reports. The secondary data which was available at the department and central libraries of Andhra University, libraries of the other Universities are collected for the study. The study is also based on the secondary data which is collected from sources like audited NSE and BSE Indian market stock audited reports, Association of Mutual Funds in India, Economic Survey of India, Indian Security Market Reviews, Moneycontrol.com, Selected Debt and Equity fund Balance sheet and Profit and Loss accounts, Indian Merchant Bank & Finance company Ltd, Dissertation and Articles on the subject and Previous research studies. Along with the facts, finding and figures in the earlier studies and publications of the Government also used for the collection of secondary data. Editing, coding, classifications, tabulation and analysis of the financial data which are collected from the above mentioned sources have been done as per the requirement of the study. An attempt is made to analyse the sectoral investment allocation performance, to project profitability trends and segment profit analysis of selected top mutual funds in India. It is observed that some sector mutual funds invest only up to 65 per cent of the portfolio in the stated sector. This can dilute investor exposure to a sector and shall not provide the yield as expected by the investor.

10. Results and Analysis

1. Sectoral Mutual Fund Allocation and Performance Analysis

This part of the study used to analyse the performance and sector allocation of top six selected sectoral mutual funds, they are Sundaram Rural and Consumption Fund, IDFC Infrastructure Fund, Aditya Birla Sun Life Banking and Financial Services Fund, Kotak Infrastructure & Economic Reform Fund, SBI Consumption Opportunities Fund and Nippon India Power and Infra Fund. An attempt is made to analyse the performance of sectoral mutual fund. The performance evaluation can be exhibited in the following Tables and Charts.

Table No. 1.1(i) Statement of Sundaram Rural and Consumption Fund

Year	Return (%)	Growth (%)	Year	Trend Return
2015	-0.6	-	2025	$20.16 + (-0.94) (11) = 9.82$
2016	47.4	-8000	2026	$20.16 + (-0.94) (12) = 8.88$
2017	6.3	-86.70	2027	$20.16 + (-0.94) (13) = 7.94$
2018	21.1	234.92	2028	$20.16 + (-0.94) (14) = 7$
2019	38.7	83.41	-	-
2020	-7.8	-120.15	-	-
2021	2.7	-134.61	-	-
2022	13.5	400	-	-
2023	19.3	42.96	-	-
2024	9.3	-51.81	-	-
Average	14.99	-847.99	-	-
Maximum	47.4	400	-	-
Minimum	-7.8	-8000	-	-
CAGR (%)	11.9	-	-	-

Source: Association of mutual funds and Money control in India

Chart 1.1 (i) : Projected trend returns of Sundaram Rural and Consumption Fund

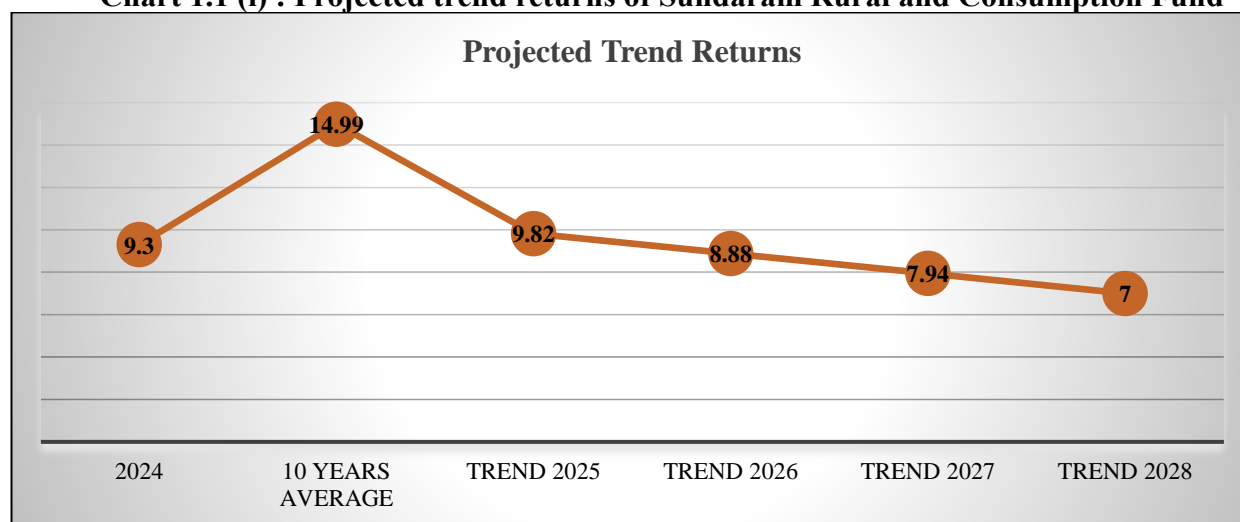


Table 1.1(i) and Figure 1.1(i) presented that the returns performance of Sundaram Rural and Consumption Fund for the past 10 years is as follows; High return 47.4 per cent was seen in the year 2016 and minimum return was -7.8 per cent made in the year 2020. Average return for the past 10 years is 14.99 per cent and its CAGR is 11.9 per cent. Growth rate of return of this fund for the last 10 years maximum positive growth rate which is 400 per cent is seen in the year 2022 and minimum negative growth rate of return is -8,000 per cent is noticed in the years 2016 and average growth rate is -847.99 per cent. Projected

growth rate of this fund has shown decreased trend between the years 2025 to 2028. Projected return of this fund is 9.82 per cent seen in the 2025 and 7.00 per cent made in the year 2028. This fund is not suggestible for future four years for investment.

Table 1.1(ii): Statement of Sector Allocation of Sundaram Rural and Consumption Mutual Fund

S. N0.	Sector	Value (%)	CF Value (%)	Priority (Rank)
1	Consumer Cyclical	39.15	39.15	1
2	Consumer Defensive	34.59	73.74	2
3	Communication Services	10.69	84.43	3
4	Financial Services	6.27	90.7	4
5	Basic Materials	3.19	93.89	5
6	Health Care	2.4	96.29	6
7	Real Estate	2.36	98.65	7
8	Industrials	1.35	100	8
	Total	100	-	-

Source: Association of mutual funds and Money control in India

Chart 1.1 (ii):Sector Allocation of Sundaram Rural and Consumption Mutual Fund

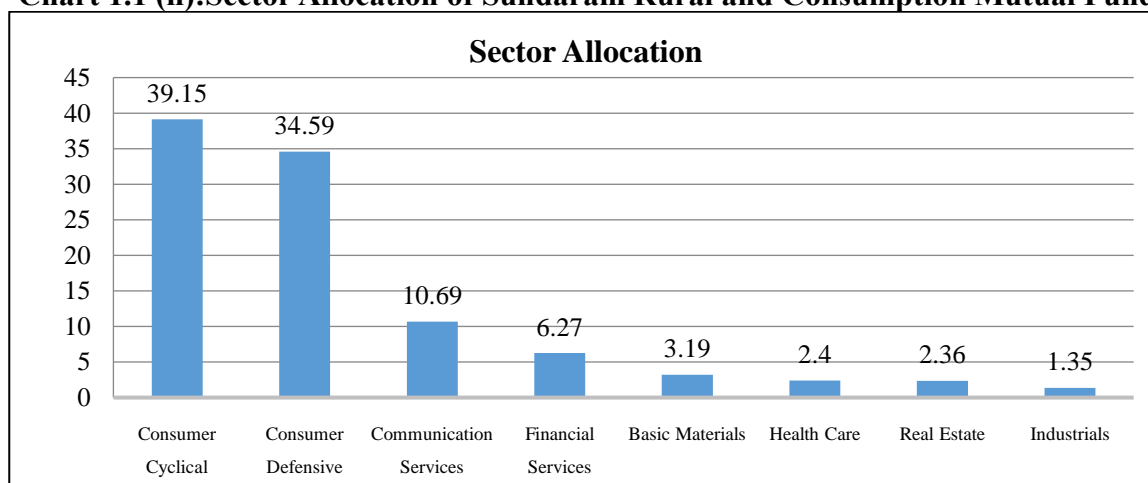


Table 1.1(ii) and Figure 1.1(ii) presents that the sectoral allocation of Sundaram Rural and Consumption Fund. The sector allocation of this fund is as follows: Consumer cyclical is 39.15 per cent (Rank-1), Consumer defensive is 34.58 per cent (Rank-2), Communication services is 10.69 per cent (Rank-3), Financial Services is 6.26 per cent (Rank-4), Basic materials is 3.19 per cent (Rank-5), Health care is 2.4 per cent (Rank- 6), Real estate is 2.36 per cent (Rank-7) and Industrials are 1.35 per cent (Rank-8). It is observed that major allocation of Sundaram Rural and Consumption Fund is consumer cyclical sector and consumer defensive sector.

Table 1.2(i): Statement of IDFC Infrastructure Fund

Year	Return (%)	Growth (%)	Year	Trend Return
2015	-10.8	-	2025	$9.48+0.88(11) = 19.16$
2016	43.2	-500	2026	$9.48+0.88(12) = 18.78$
2017	-0.2	-100.46	2027	$9.48+0.88(13) = 17.9$
2018	10.7	-5450	2028	$9.48+0.88(14) = 17.02$
2019	58.7	448.59	-	-
2020	-25.9	-144.12	-	-
2021	-5.3	-79.54	-	-
2022	6.3	-218.86	-	-
2023	64.8	928.57	-	-
2024	1.7	-97.37	-	-
Average	14.32	-579.24	-	-
Maximum	64.8	928.57	-	-
Minimum	-25.9	-5450	-	-
CAGR (%)	9.1	-	-	-

Source: Association of mutual funds and Money control in India

Chart 1.2 (i): Projected Trend Returns of IDFC Infrastructure Fund

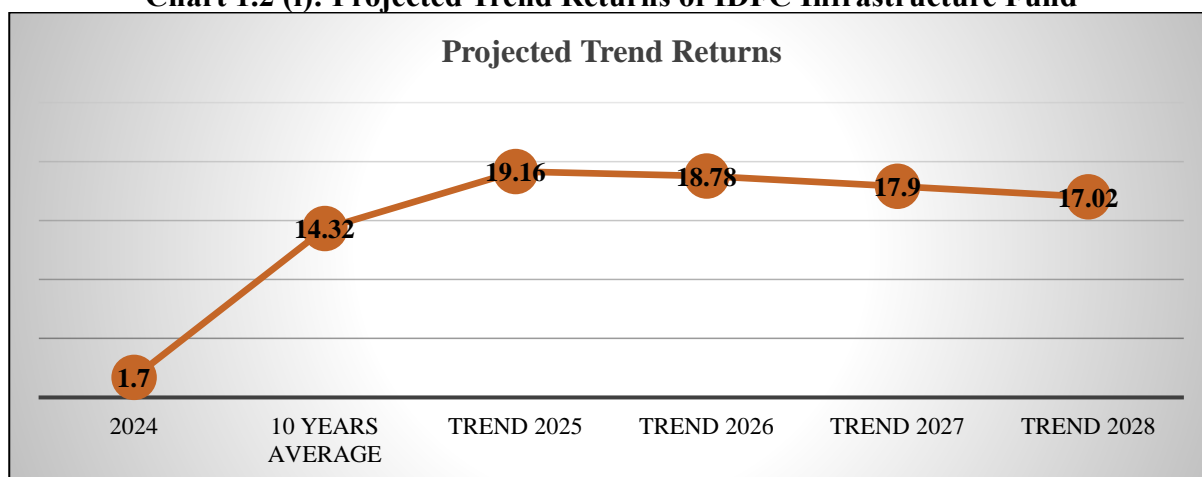


Table 1.2(i) and Chart 1.2(i) Presents that the returns performance of IDFC Infrastructure Fund for the past 10 years is as follows; High return 64.8 per cent was seen in the year 2021 and minimum return was - 25.9 per cent noticed in the year 2018. Average return for the past 10 years is 14.32 per cent and its CAGR is 9.1 percent.

Growth rate of return of this fund for the last 10 years maximum positive growth rate is 928.57 per cent is seen in the year 2021 and minimum negative growth rate of return is -5450 per cent is noticed in the

year 2016 and average growth rate is -579.24 percent. Projected growth rate of this fund has shown increasing trend between the years 2023 to 2026. Projected return of this fund is 19.16 per cent seen in the year 2023 per cent and 17.02 per cent in the year 2026. This IDFC Infrastructure Fund is recommended for future four years for investment.

Table 1.2(ii): Statement of Sector Allocation of IDFC Infrastructure Mutual Fund

S. NO.	Sector	Value (%)	CF Value (%)	Priority (Rank)
1	Industrials	60.69	60.69	1
2	Basic Materials	21.64	82.33	2
3	Utility	8.68	91.01	3
4	Communication Services	5.27	96.28	4
5	Real Estate	1.31	97.59	6
6	Others	1.46	99.05	5
7	Energy	0.95	100	7
	Total	100	-	-

Source: Association of mutual funds and Money control in India

Chart 1.2 (ii): Sector Allocation of IDFC Infrastructure Mutual Fund

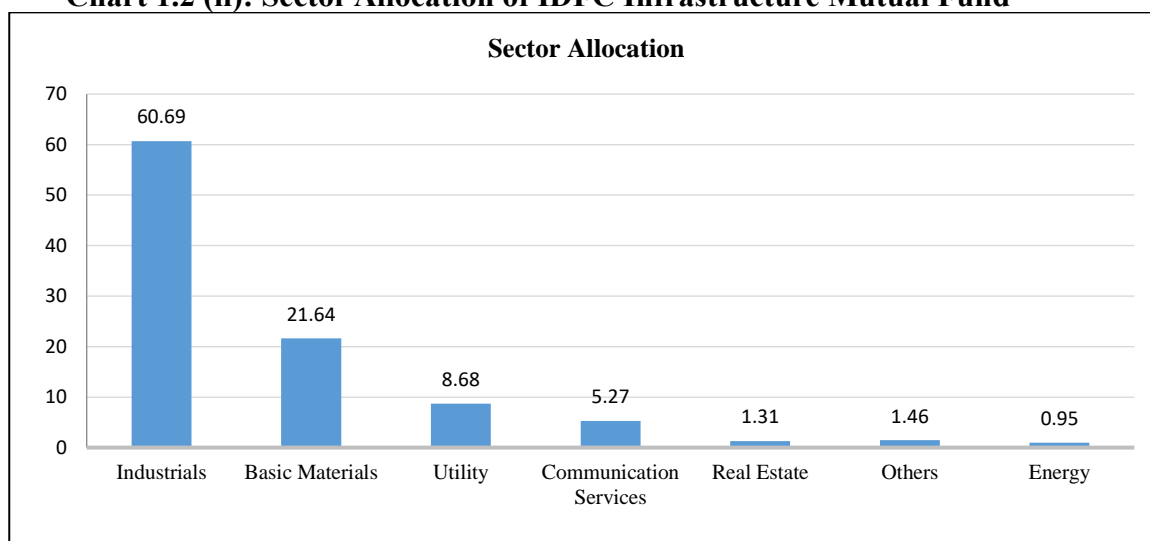


Table 1.2 (ii) and Chart 1.2(ii) presents the sectoral allocation of IDFC Infrastructure Mutual Fund. The sector allocation of this fund is as follows: Industrial sector is 60.69 per cent (Rank-1), Basic material is 21.64 per cent (Rank-2), Utility services are 8.68 per cent (Rank-3), Communication services are 5.27 per cent (Rank-4), Real estate is 1.31 per cent (Rank-5), Energy is 0.95 per cent (Rank- 7) and others are 1.46 per cent (Rank-6). It is observed that major allocation of IDFC Infrastructure Mutual Fund is Industrial sector and basic material.

Table 1.3(i): Statement of Aditya Birla Sun Life Banking and Financial Services Fund

Year	Return (%)	Growth (%)	Year	Trend Return
2015	-6.8	-	2025	$22.97 + (-1.2) (11) = 9.77$
2016	65.8	-1067.64	2026	$22.97 + (-1.2) (12) = 8.57$
2017	-0.5	-100.75	2027	$22.97 + (-1.2) (13) = 7.37$
2018	15.7	-3240	2028	$22.97 + (-1.2) (14) = 6.17$
2019	47.6	203.18	-	-
2020	-2.4	-105.04	-	-
2021	14.9	-720.83	-	-
2022	1.1	-92.61	-	-
2023	16.8	1427.27	-	-
2024	11.5	-31.54	-	-
Average	16.37	-414.22	-	-
Maximum	65.8	1427.27	-	-
Minimum	-6.8	-3240	-	-
CAGR (%)	17.1	-	-	-

Source: Association of mutual funds and Money control in India

Chart 1.3 (i): Projected Trend Returns of Aditya Birla Sun Life Banking and Financial Services Fund

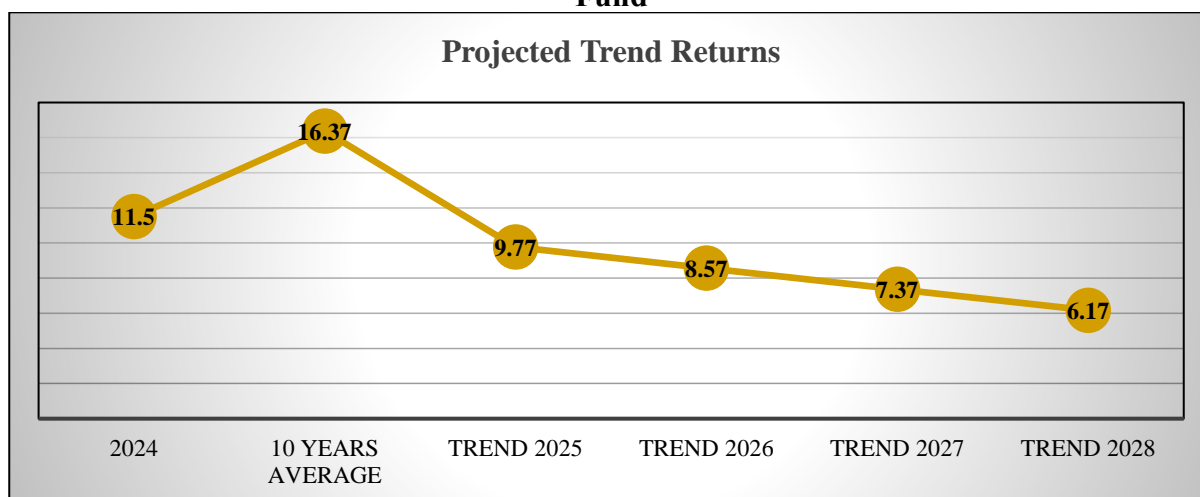


Table 1.3(i) and Chart 1.3(i) presents the returns performance of Aditya Birla Sun Life Banking and Financial Services Fund for the past 10 years is as follows; High return 65.8 per cent was seen in the year 2016 and minimum return was -6.8 per cent noticed in the year 2015. Average return for the past 10 years is 16.37 per cent and its CAGR is 17.1 per cent.

Growth rate of return of this fund for the last 10 years maximum positive growth rate is 1427.27 per cent is seen in the year 2023 and minimum negative growth rate of return is -3240 per cent is noticed in the years 2018 and average growth rate is -414 per cent. Projected growth rate of this fund has shown decreasing movement between the years 2025 to 2028. Projected return of this fund is 9.77 per cent seen in the year 2025 and 6.17 per cent in the year 2028. This Aditya Birla Sun Life Banking and Financial Services Fund is not suggested for future four years for investment.

Table 1.3(ii): Statement of Sector Allocation of Aditya Birla Sun Life Banking and Financial Services Mutual Fund

S. NO.	Sector	Value (%)	CF Value (%)	Priority (Rank)
1	Others	4.95	4.95	2
2	Financial Services	94.53	99.48	1
3	Technology	0.52	100	3
	Total	100	-	-

Source: Association of mutual funds and Money control in India

Chart 1.3 (ii): Sector Allocation of Aditya Birla Sun Life Banking and Financial Services Mutual Fund

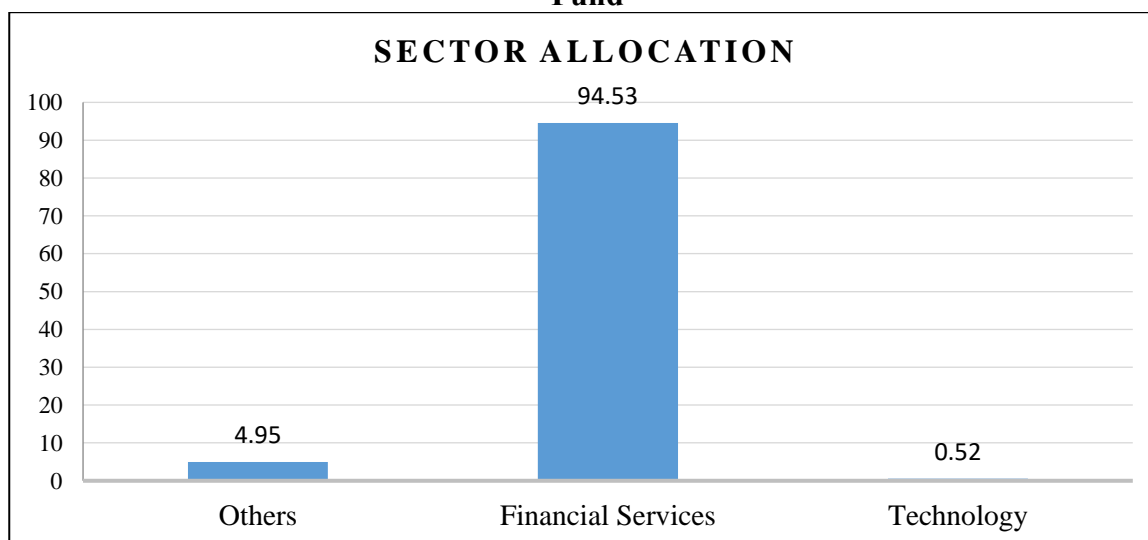


Table 1.3 (ii) and Chart 1.3(ii) presents the sectoral allocation of Aditya Birla Sun Life Banking and Financial Services Fund. The sector allocation of this fund is as follows: Financial sector is 94.53 per cent (Rank-1), other sectors are 4.95 per cent (Rank-2), and Technology sector is 0.52 per cent (Rank-3). It is observed that major allocation of Aditya Birla Sun Life Banking and Financial services Fund is financial sector.

Table 1.4 (i): Statement of Kotak Infrastructure & Economic Reform Fund

Year	Return (%)	Growth (%)	Year	Trend Return
2015	-6.7	-	2025	19.63+(-14) (11) = 18.09
2016	80.7	-1304.47	2026	19.63+(-14) (12) = 17.95
2017	-0.2	-100.24	2027	19.63+(-14) (13) = 17.81
2018	9.2	-4700	2028	19.63+(-14) (14) = 17.67
2019	45.3	392.39	-	-
2020	-19.6	-143.26	-	-
2021	3.6	-118.36	-	-
2022	3.4	-5.55	-	-
2023	57.3	1585.29	-	-
2024	15.6	-72.77	-	-
Average	18.86	-496.33	-	-
Maximum	80.7	1585.29	-	-
Minimum	-19.6	-4700	-	-
CAGR (%)	10	-	-	-

Source: Association of mutual funds and Money control in India

Chart 1.4 (i): Projected Trend Returns of Kotak Infrastructure & Economic Reform Fund

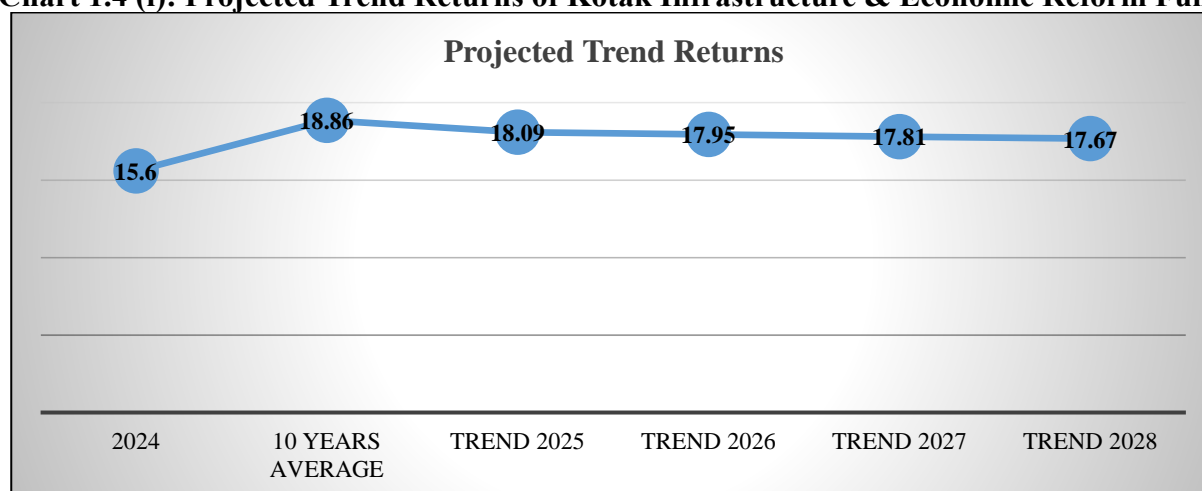


Table 1.4(i) and Chart 1.4 (i) depicts the returns performance of Kotak Infrastructure and Economic Reform Fund for the past 10 years is as follows; High return 80.7 per cent was seen in the year 2016 and minimum return was -19.6 per cent noticed in the year 2020. Average return for the past 10 years is 18.86 per cent and its CAGR is 10 per cent. Growth rate of return of this fund for the last 10 years maximum positive growth rate is 1585.24 per cent is seen in the year 2023 and minimum negative growth rate of return is -4700 per cent is noticed in the year 2016 and average growth rate is -496.33 per cent. Projected

growth rate of this fund has shown decreasing movement between the years 2025 to 2028. Projected return of this fund is 18.09 per cent seen in the year 2025 and 17.67 per cent in the year 2028. This Kotak Infrastructure and Economic Reform Fund is not suggested for future four years for investment.

Table 1.4(ii): Statement of Sector Allocation of Kotak Infrastructure & Economic Reform Mutual Fund

S. N0.	Sector	Value (%)	CF Value (%)	Priority (Rank)
1	Industrials	45.18	45.18	1
2	Basic Materials	14.66	59.84	2
3	Consumer Cycle	13.34	73.18	3
4	Utility	9.84	83.02	4
5	Energy	5.53	88.55	5
6	Communication Services	4.96	93.81	6
7	Others	3.63	97.44	7
8	Real Estate	2.86	100	8
	Total	100	-	-

Source: Association of mutual funds and Money control in India

Chart 1.4 (ii): Sector Allocation of Kotak Infrastructure & Economic Reform Mutual Fund

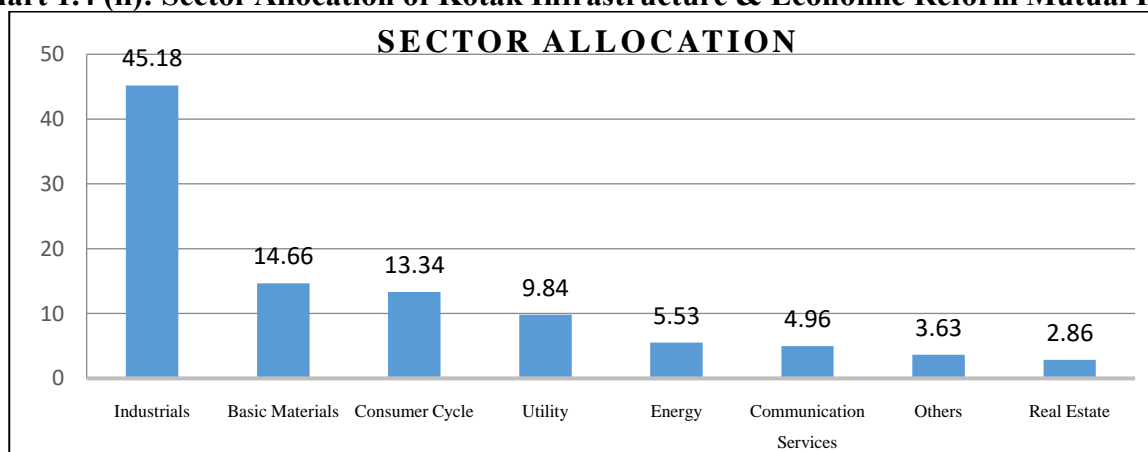


Table 1.4 (ii) and Chart 1.4 (ii) presents the sectoral allocation of Kotak Infrastructure & Economic Reform Fund. The sector allocation of this fund is as follows: Industrial sector is 45.38 per cent (Rank-1), Basic material is 14.66 per cent (Rank-2), Consumer Cycle is 13.34 per cent (Rank-3), Utility services are 9.84 per cent (Rank-4), Energy services are 5.53 per cent (Rank-5), Communication services are 4.96 per cent (Rank-6), other services are 3.63 per cent (Rank- 7) and Real estate is 2.86 per cent (Rank-8). It is observed that major allocation of Kotak Infrastructure & Economic Reform Fund is Industrial sector and Basic materials.

Table 1.5(i): Statement of SBI Consumption Opportunities Fund

Year	Return (%)	Growth (%)	Year	Trend Return
2015	5.3	-	2025	13.15+0.49 (11) = 18.54
2016	30.9	483.02	2026	13.15+0.49 (12) = 19.03
2017	5.3	-82.85	2027	13.15+0.49 (13) = 19.52
2018	2.4	-54.72	2028	13.15+0.49 (14) = 20.01
2019	53.1	2112.5	-	-
2020	-2	-103.76	-	-
2021	0.1	-105	-	-
2022	13.9	13800	-	-
2023	35.6	156.11	-	-
2024	13.9	-60.95	-	-
Average	15.85	1793.81	-	-
Maximum	53.1	13800	-	-
Minimum	-2	-105	-	-
CAGR (%)	15.5	-	-	-

Source: Association of mutual funds and Money control in India

Chart 1.5 (i): Projected Trend Returns of SBI Consumption Opportunities Fund



Table 1.5 (i) and Chart 1.5 (i) Presents the returns performance of SBI Consumption Opportunities Fund for the past 10 years is as follows; High return 53.1 per cent was seen in the year 2019 and minimum return was -2.00 per cent noticed in the year 2020. Average return for the past 10 years is 15.85 per cent and its CAGR is 15.5 per cent.

Growth rate of return of this fund for the last 10 years maximum positive growth rate is 13800 per cent is seen in the year 2022 and minimum negative growth rate of return is -105 per cent is noticed in the year 2021 and average growth rate is 1793.81 per cent. Projected growth rate of this fund has shown increasing movement between the years 2025 to 2028. Projected return of this fund is 18.54 per cent seen in the year 2025 and 20.01 per cent in the year 2028. This SBI Consumption Opportunities Fund is recommended for the next four years for investment.

Table 1.5(ii): Statement of Sector Allocation of SBI Consumption Opportunities Mutual Fund

S. N0.	Sector	Value (%)	CF Value (%)	Priority (Rank)
1	Consumer Defensive	43.23	43.23	1
2	Consumer Cyclical	41.18	84.41	2
3	Communication Services.	7.06	91.47	3
4	Industrial	4.18	95.65	4
5	Technology	1.22	96.87	6
6	Health care	0.14	97.01	7
7	Utility	0.02	97.03	8
8	Financial Services	0.01	97.04	9
9	Energy	0.01	97.05	10
10	Real Estate	0.01	97.06	11
11	Others	2.92	100	5
	Total	100	-	-

Source: Association of mutual funds and Money control in India

Chart 1.5 (ii): Sector Allocation of SBI Consumption Opportunities Mutual Fund

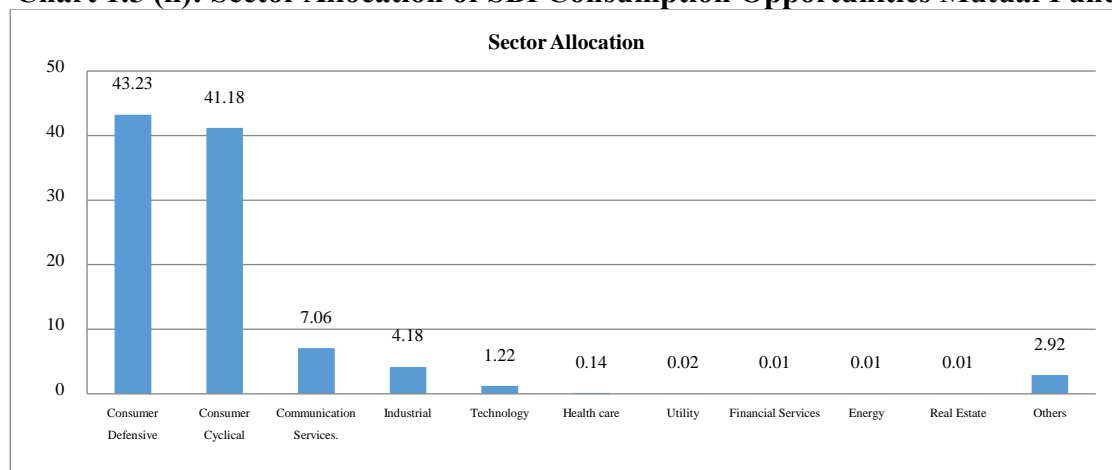


Table 1.5(ii) and Chart 1.5(ii) depicts the sectoral allocation of SBI Consumption Opportunities Fund. The sector allocation of this fund is as follows: Consumer Defensive is 43.23 per cent (Rank-1), Consumer Cyclical services are 41.38 per cent (Rank-2), Communication Services are 7.06 per cent (Rank-3), Industrial sector is 4.18 per cent (Rank-4), Technology is 1.22 per cent (Rank-6), Health care is 0.14 per cent (Rank -7), Utility is 0.02 per cent (Rank-8), Financial Services are 0.01(Rank-9), Energy is 0.01per cent (Rank-10), Real estate is 0.01 per cent (Rank-11) and Others are 2.92 per cent (Rank-5). It is observed that major allocation of SBI Consumption Opportunities Fund is Consumer Defensive sector and Consumer cyclical sector.

Table 1.6(i): Statement of Nippon India Power and Infra Fund

Year	Return (%)	Growth (%)	Year	Trend Return
2015	-14.6	-	2025	9.21+0.96 (11) = 19.77
2016	50.8	-447.94	2026	9.21+0.96 (12) = 20.73
2017	0.3	-99.41	2027	9.21+0.96 (13) = 21.69
2018	0.1	-66.66	2028	9.21+0.96 (14) = 22.65
2019	61.7	61600	-	-
2020	-21.1	-134.19	-	-
2021	-2.9	-86.25	-	-
2022	10.8	-472.41	-	-
2023	48.9	352.77	-	-
2024	10.9	-77.71	-	-
Average	14.49	6729.79	-	-
Maximum	61.7	61600	-	-
Minimum	-21.1	-472.41	-	-
CAGR (%)	17	-	-	-

Source: Association of mutual funds and Money control in India

Chart 1.6 (i): Projected Trend Returns of Nippon India Power and Infra Fund

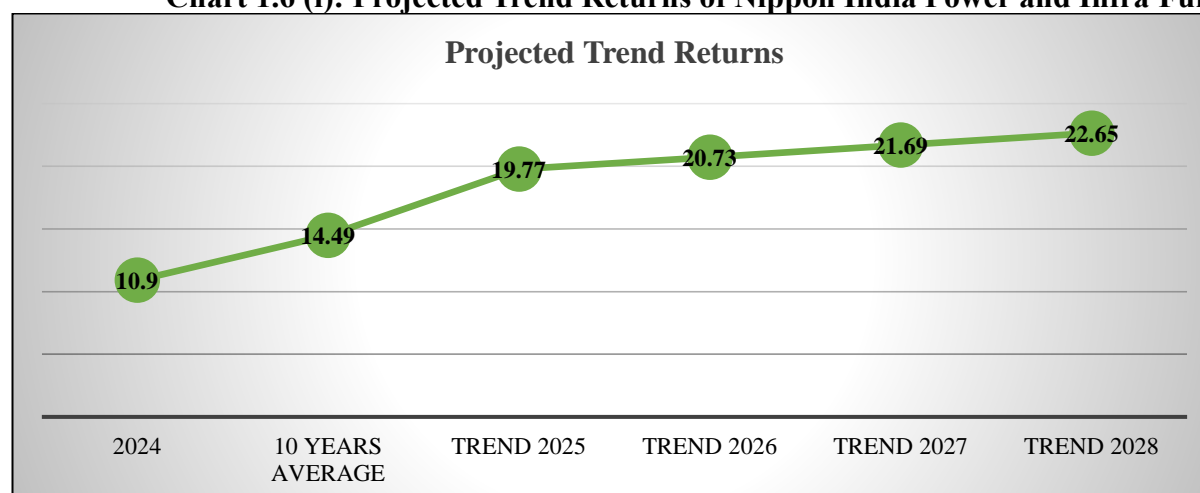


Table 1.6 (i) and Chart 1.6 (i) Presents the returns performance of Nippon India Power and Infra Fund for the past 10 years is as follows; High return 61.7 per cent was seen in the year 2019 and minimum return was -21.1 per cent noticed in the year 2020. Average return for the past 10 years is 14.49 per cent and its CAGR is 17 per cent.

Growth rate of return of this fund for the last 10 years maximum positive growth rate is 61600 per cent is seen in the year 2019 and minimum negative growth rate of return is -472.41 per cent is noticed in the year 2022 and average growth rate is 6729.79 per cent. Projected growth rate of this fund has projected increasing movement between the years 2025 to 2028. Projected return of this fund is 19.77 per cent seen in the year 2025 and 22.65 per cent in the years 2028. This Nippon India Power and Infra Fund is recommended for the next four years for investment.

Table 1.6 (ii): Statement of Sector Allocation of Nippon India Power and Infra Fund

S. N0.	Sector	Value (%)	CF Value (%)	Priority (Rank)
1	Sector Value Industrials	42.14	42.14	1
2	Utility	16.16	58.3	2
3	Basic Materials	10.65	68.95	3
4	Energy	6.58	75.53	4
5	Communication Services	5.46	80.99	5
6	Real Estate	5.3	86.29	6
7	Consumer Cyclical	4.82	91.11	7
8	Technology	3.42	94.53	9
9	Health Care	1.87	96.4	10
10	Others	3.6	100	8
	Total	100	-	-

Source: Association of mutual funds and Money control in India

Chart 1.6 (ii): Sector Allocation of Nippon India Power and Infra Fund

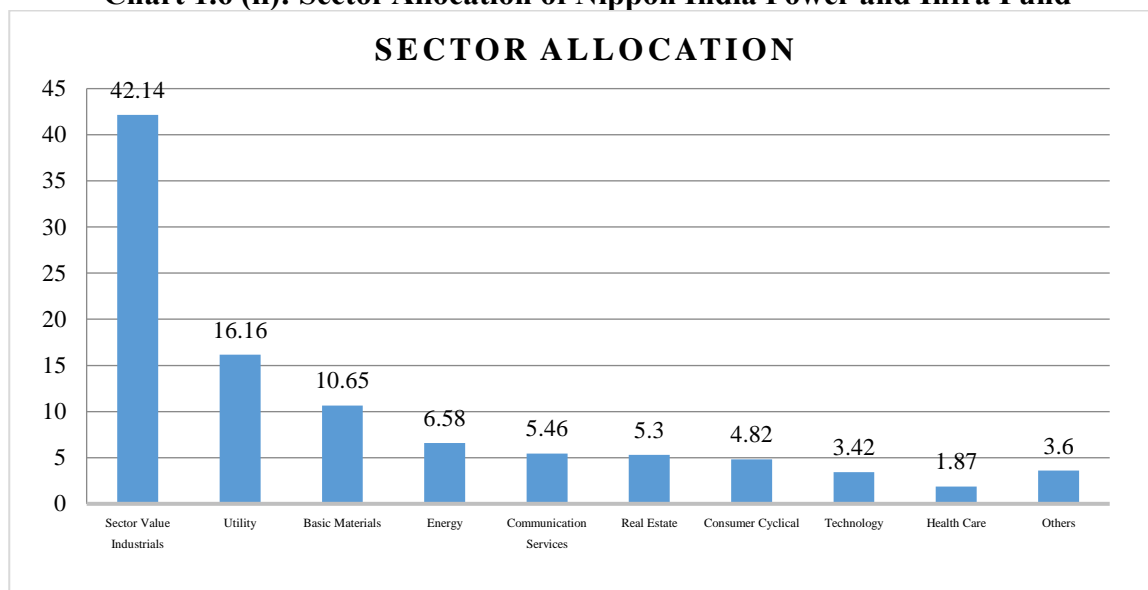


Table 1.6 (ii) and Chart 1.6 (ii) shows the sectoral allocation of Nippon India Power and Infra Fund. The sector allocation of this fund is as follows: in Sector value industries are 42.14 per cent (Rank-1), in Utility services are 16.16 per cent (Rank-2), in Basic Material; is 10.65 per cent (Rank-3), in Energy sector is 6.58 per cent (Rank-4), in Communication services are 5.46 per cent (Rank-5), in Real Estate services are 5.3 per cent (Rank- 6), in Consumer cyclical sector is 4.82 per cent (Rank-7), in Technology sector is 3.42 per cent (Rank -9), in Health care is 1.87 per cent (Rank-10) and in Other sector is 3.6 per cent (Rank- 8). It is observed that major allocation of Nippon India Power and Infra Fund is Service value Industries and Utility services.

11. HYPOTHESES OF THE STUDY

The study tests the Mutual Funds performance of selected sectors and schemes of Indian Capital Market. It has been used financial tools and indicators for measuring its profitability performance of mutual funds. On the basis of above tools these specific hypotheses are tested at appropriate time while analysing and interpreting the results. The following is hypothesis has been taken to put on test.

H₀₁= There is no difference in performance among top ten select sectoral mutual funds in India

12. T-TEST ANALYSIS

T-test is a hypothesis-testing technique. It is testing the significance of two or more groups and determining the important differences between these groups. It's a variation of inferential statistic. In hypothesis testing, the t-value is a type of test statistic that is derived from the sample, allowing the researcher to compare sample with a null hypothesis, or a hypothesis where there is no strong distinction between selected populations. T-test depending on what data is available and the kind of analysis needed, and there are specific data values required to accurately calculate a t-test. Particularly, this test

used to study the performance difference among top ten selected sectoral mutual funds in India. The hypothesis includes six sub-hypotheses relating to six selected sectors consisting of 1. Sundaram Rural and Consumption Fund, 2. IDFC Infrastructure Fund, 3. Aditya Birla Sun Life Banking and Financial Services Fund, 4. Kotak Infrastructure & Economic Reform Fund, 5. SBI Consumption Opportunities Fund, and 6. Nippon India Power and Infra Fund. These sub hypotheses are tested by using the correlation co-efficient of sectoral performance among top six selected mutual funds in India to know the uniqueness among the variables and the t-test used to test the hypothesis for the result. The hypothesis is re-stated as follows:

Table: 2: Performance among Top Six Sectoral Mutual Funds: Sub-Hypotheses

Specific Factors	Magnitude and Direction of Hypotheses
Sub-Hypothesis S1	Sector allocation of mutual funds has no difference in performance at Sundaram Rural and Consumption Fund issued in India.
Sub-Hypothesis S2	Sector allocation of mutual funds has no difference in performance at IDFC Infrastructure Fund issued in India.
Sub-Hypothesis S3	Sector allocation of mutual funds has no difference in performance at Aditya Birla Sun Life Banking and Financial Services Fund issued in India.
Sub-Hypothesis S4	Sector allocation of mutual funds has no difference in performance at Kotak Infrastructure & Economic Reform Fund issued in India.
Sub-Hypothesis S5	Sector allocation of mutual funds has no difference in performance at SBI Consumption Opportunities Fund issued in India.
Sub-Hypothesis S6	Sector allocation of mutual funds has no difference in performance at Nippon India Power and Infra Fund issued in India.

Source: Authors Compilation

Table 3: Testing of Hypotheses Concerning to Sectoral performance among top six selected mutual funds in India

T- TEST ANALYSIS

Specific Factor	Sub Hypothesis	t- Test	Critical Value (t_{α})	P-Value	Hypothesis Result
S1	Sector allocation of mutual funds has no difference in performance at Sundaram Rural and	2.30	2.365	0.0550	Accepted

	Consumption Fund issued in India.				
S2	Sector allocation of mutual funds has no difference in performance at IDFC Infrastructure Fund issued in India.	1.74	2.447	0.0132	Accepted
S3	Sector allocation of mutual funds has no difference in performance at Aditya Birla Sun Life Banking and Financial Services Fund issued in India.	1.09	4.308	0.3900	Accepted
S4	Sector allocation of mutual funds has no difference in performance at Kotak Infrastructure & Economic Reform Fund issued in India.	2.54	2.365	0.0390	Rejected
S5	Sector allocation of mutual funds has no difference in performance at SBI Consumption Opportunities Fund issued in India.	1.82	2.228	0.0980	Accepted
S6	Sector allocation of mutual funds has no difference in performance at Nippon India Power and Infra Fund issued in India.	2.63	2.262	0.0270	Rejected

** Significant at 5% level, the result is not significant at $p < 0.05$.*

Source: Computed

Table 2 reveals that the t-test results of Sectoral mutual fund performance among top six selected mutual funds in India. The top ten selected sectors mutual funds are 1. Rural and Consumption Fund, 2 IDFC Infrastructure Fund 3. Aditya Birla Sun Life Banking and Financial Services Fund 4. Kotak Infrastructure & Economic Reform Fund, 5. SBI Consumption Opportunities Fund and 6. Nippon India Power and Infra Fund. All these funds sub-hypotheses are tested with t-test and revealed the output results. It is clear that out of six sub-hypotheses, four sub hypotheses are accepted and two are rejected. It is resulting that out of six sectoral funds, four sectoral funds have not shown performance difference and

remaining two has shown difference in performance at allocation. The Sundaram Rural and Consumption Fund, IDFC Infrastructure Fund, Aditya Birla Sun Life Banking and Financial Services Fund and SBI Consumption Opportunities Fund sub-hypotheses are accepted, where computed values are less than t-critical value at 5% level of significance and the remaining two funds, they are Kotak Infrastructure & Economic Reform Fund and Nippon India Power and Infra Fund, these funds sub-hypotheses are rejected, where the calculated t-value is higher than the t-critical value at 5 % level of significance.

Therefore, it is observed Sector allocation of mutual funds' performance difference have not shown in the four sectors they are Sundaram Rural and Consumption Fund, IDFC Infrastructure Fund, Aditya Birla Sun Life Banking and Financial Services Fund, and SBI Consumption Opportunities Fund. It also observed that there is Sector allocation of mutual funds' performance difference in Kotak Infrastructure & Economic Reform Fund and Nippon India Power and Infra Fund.

13. Findings of the Study

The key findings of this study on sectoral mutual fund performance and investment allocation in India are summarized as follows:

- Out of six select sectoral mutual funds projected trend profits have been observed in favour of three funds in coming four years. The prospective funds are IDFC Infrastructure Fund, SBI Consumption Opportunities Fund and Nippon India Power and Infra Fund.
- It is observed that 15 per cent above Compound Annual Growth Rate is good at Aditya Birla Sun Life Banking and Financial Services Fund, Kotak Infrastructure & Economic Reform Fund, SBI Consumption Opportunities Fund, and Nippon India Power and Infra Fund during the study period.
- Sundaram Rural and Consumption Fund average return for the past 10 years is 14.99 per cent and its CAGR is 11.9 per cent. Projected return of this fund up to 2025 is 9.82 per cent and up to 2028 is 7.0 per cent. Major sector allocation of this fund is consumer cyclical sector (39.15 Per cent, Ranked 1) and basic material (34.59 per cent, Ranked 2).
- IDFC Infrastructure Fund average return for the past 10 years is 14.32 per cent and its CAGR is 12.4 per cent. Projected return of this fund up to 2025 is 19.16 per cent and up to 2028 is 17.02 per cent. Major sector allocation of this fund is industrial (60.69 Per cent, Ranked 1) and basic material (21.64 per cent, Ranked 2).
- Aditya Birla Sun Life Banking and Financial Services Fund average return for the past 10 years is 11.5 per cent and its CAGR is 17.1 per cent. Projected return of this fund up to 2025 is 9.77 per cent and up to 2028 is 6.17 per cent. Major sector allocation of this fund is financial services (94.53 Per cent, Ranked 1) and basic material (4.95 per cent, Ranked 2).

- Kotak Infrastructure & Economic Reform Fund average return for the past 10 years is 18.86 per cent and its CAGR is 10 per cent. Projected return of this fund up to 2025 is 18.09 per cent and up to 2028 is 17.67 per cent. Major sector allocation of this fund is industrial sector (45.18 Per cent, Ranked 1) and basic material (14.66 per cent, Ranked 2).
- SBI Consumption Opportunities Fund average return for the past 10 years is 14.99 per cent and its CAGR is 11.9 per cent. Projected return of this fund up to 2025 is 18.54 per cent and up to 2028 is 20.01 per cent. Major sector allocation of this fund is consumer defensive (43.23 Per cent, Ranked1) and consumer cycle (41.18 per cent, Ranked 2).
- Nippon India Power and Infra Fund average return for the past 10 years is 14.49 per cent and its CAGR is 17 per cent. Projected return of this fund up to 2025 is 18.54 per cent and up to 2028 is 20.01 per cent. Major sector allocation of this fund is sector value industrial (42.14 Per cent, Ranked 1) and utility (16.16 per cent, Ranked 2).

14. Recommendations

Based on the study's findings, the following recommendations are proposed for investors and fund managers:

1. **Investment in Sectoral Mutual Funds:** Based on the findings, investors can consider investing in sectoral mutual funds like IDFC Infrastructure Fund, SBI Consumption Opportunities Fund, and Nippon India Power and Infra Fund, which have shown projected increasing trend returns.
2. **Diversification:** Investors should diversify their portfolio by investing in different sectoral mutual funds to minimize risk and maximize returns.
3. **Performance Evaluation:** Investors should regularly evaluate the performance of sectoral mutual funds and rebalance their portfolio accordingly.
4. **Sectoral Allocation:** Fund managers should carefully evaluate the sectoral allocation of mutual funds to ensure that it aligns with the investment objectives and risk tolerance of investors.

15. Future Research Directions

Future research can significantly contribute to the existing literature on sectoral mutual funds in India by exploring several key areas. Firstly, evaluating the performance of sectoral mutual funds during different market conditions and economic cycles would provide valuable insights into their resilience and potential. Secondly, examining the impact of regulatory changes on the performance of these funds would help investors and fund managers navigate the evolving landscape. Thirdly, investigating the potential benefits and risks of sectoral mutual funds for different types of investors would enable more informed investment decisions. Lastly, developing more sophisticated investment strategies, including the use of derivatives and other financial instruments, would enhance the potential of sectoral mutual

funds. By exploring these areas, researchers can provide a more comprehensive understanding of sectoral mutual funds and their role in a diversified investment portfolio.

16. Conclusion

This study offers insightful analysis on the performance of India's top sectoral mutual funds, underscoring the need for thorough evaluation and research for both investors and fund managers. It assesses sectoral investment distribution and forecasts profit trends, providing investment guidance and future research paths. Key findings indicate that IDFC Infrastructure Fund, SBI Consumption Opportunities Fund, and Nippon India Power and Infra Fund show promise due to their upward trend projections, while Sundaram Rural and Consumption Fund, Aditya Birla Sun Life Banking and Financial Services Fund, and Kotak Infrastructure & Economic Reform Fund may not be as favourable due to projected declines. The research enhances the understanding of sectoral mutual funds in India and lays groundwork for further studies. It also highlights the potential value of these funds in diversified portfolios, emphasizing the importance of aligning investments with individual risk tolerance and goals amidst varying market conditions.

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