



RESEARCH ARTICLE

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A Study of Investment Policy & Fund Fundamentals of Selected Mutual Fund Schemes

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ABSTRACT

A Mutual Fund is a pool of money, collected from investors, and is invested according to certain investment objectives with a common financial goal. A Mutual Fund is created when investors put their money together. This research paper is attempt by an author to study and analyze Investment Policy of selected Equity scheme of ICICI Dynamic Plan, HDFC Top 200 Plan, IDFC Classic Fund, Reliance Fund, researcher has also try to find out Funds fundamentals , Asset Allocation, And concluded based on the findings of this paper.

Keywords: Mutual Fund, Investment Policy and Asset Allocation, Fund Fundamentals.

Conflict of Interest: None Declared !

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1. OBJECTIVES

- To study the Investments Policy & Asset Allocation of selected schemes.
- To study the sectoral Allocation of selected schemes.
- To Understand Funds fundamental of selected schemes.

2. RESEARCH METHODOLOGY

DATA COLLECTION

Data collection methods:

Secondary data: The research mostly depends on Secondary data. It has been collected from following sources such as:

- Mutual Fund Factsheet
- Key Information Memorandum
- Publications of the company

Research Design:

- a) **Population:** 46 Mutual Fund Companies in India.
- b) **Sampling Method:** Non probability Stratified Random sampling method
- c) **Sample Size:** 4 Assets Management Company's
- d) **Sampling Unit:** 4 Mutual fund Scheme(4 Equity)

Investment Policy-

Scheme No.1

Scheme Name- ICICI Prudential Dynamic Plan

Inception Date- 31/10/2002

Objectives: Medium term investment of funds having potential for capital appreciation by managing cash and equity portfolio

Fund Size - 3885.34 Crores

a) Portfolio as on Apr 30, 2013

Company /Issuer	% to NAV
Auto	1.74%
Auto Ancillaries	1.52%
Banks	19.23%
Cement	1.28%
Construction	1.19
Consumer Durables	0.08%
Ferrous Metals	0.67%
Fertilisers	1.15%
Finance	0.22%
Gas	1.91%
Hotels	0.10%
Industrial Products	0.79%
Media & Entertainment	0.89%
Minerals/Mining	6.99%
Non-Ferrous Metals	2.70%
Oil	10.98%
Pesticides	4.04%
Petroleum Products	3.11
Pharmaceuticals	5.29%
Power	5.05%
Services	2.39%
Software	10.45%
Telecom - Services	6.38%
Textile Products	0.20%

Textile-Cotton	0.75%
Textiles-Synthetic	0.54%
Trading	0.52%
Transportation	1.47%
Index Futures/Options	- 4.37%
CNX Nifty Index-Futures	- 4.37%
Short Term Debt and Other Current Assets	12.55%
Total Net Assets	100.00%

Fund Manager -

Name : Sankaran Naren

(Managing this fund since Feb, 2012 & Overall 22 years of experience Fund Management, Equity Research, Operations etc.)

Name : Mittul Kalawadia

(Managing this fund since Feb, 2012 & Overall 7 years of experience of which 4 years as equity analyst)

Plans: Regular & Growth

Scheme No.2

Scheme Name – HDFC TOP 200 FUNDS

Inception Date – 11th October 1996

Objectives – To generate long term capital appreciation from a portfolio of equity and equity –linked instruments primarily drawn from the companies in BSE 200 index.

Fund Size (Rs in Lacs) – 11,201,685.83

Fund Manager – Prashant Jain

Portfolio Turnover Ratio (Last 1 Year) – 16.48 %

NAV	NAV per (unit Rs)
Growth Option	221.148
Dividend Option	39.436
Direct Plan – Growth Option	221.578
Direct Plan – Dividend Option	39.517

Industry Allocation of Equity Holding (% of Net Assets)

Company	% to NAV	Company	% to NAV
Banks	28.54	Industrial Capital Goods	1.80
Consumer Non Durables	10.07	Non- Ferrous Metals	1.71
Software	9.11	Cement	1.71
Pharmaceuticals	6.19	Media And Entertainment	1.66
Auto	5.77	Minerals / Mining	1.65
Petroleum Products	5.71	Telecom - Services	1.38
Oil	5.69	Gas	1.36
Finance	5.03	Construction	1.22
Construction Project	4.28	Transportation	1.15
Power	3.25	Auto Ancillaries	0.06
Ferrous Metals	2.11		

Scheme No. -3

Scheme Name – IDFC Classic EQUITY FUND

Inception Date – 9 August 2005

Fund Manager – Mr. Ankur Arora (w.e.f.14 Mar, 2012)

Objective – IDFC Classic Equity Fund is a diversified equity fund which invests across the breadth of the market .It is a portfolio that blends the best of our large and midcap ideas.

Asset Allocation –

Equity – 89.57 %

Debt – 10.43 %

Benchmark: S&P BSE 200

Entry Load : Nil

Exit Load : 2 % for all investment including SIP/STP of the applicable NAV if redeemed /switched out within 18 months from the date of allotment.

Fund Size – Rs.150.96 Crores

NAV (Rs.) -

Regular Plan	Growth	21.4924
Regular Plan	Dividend	10.4355
Direct Plan	Growth	21.5494
Direct Plan	Dividend	10.9596

Sector Allocation

Banks	28.07%
Consumer Non Durables	11.04%
Software	10.24%
Pharmaceuticals	8.54%
Power	8.47%
Media & Entertainment	5.54%
Petroleum Products	4.64%
Construction project	3.03%
Telecom – Services	2.83%
Auto	2.71%
Oil	2.36%
Minerals/Mining	2.10%

Scheme No. 4

Scheme Name – RELIANCE VISION FUND

Type – Open Ended Equity Growth Scheme

Inception Date – 8-Oct -1995

Fund Size – Rs.1, 769.25 Crores (31/3/2013)

Objective – The primary investment objective of the scheme is to achieve long-term growth of capital by investment in equity and equity related securities through a research based investment approach.

Minimum Investment: Rs. 5000 and in Multiples of Re. 1 thereafter

Fund Manager – *Ashwani Kumar*

Entry Load – Not Applicable

Exit Load – 1% if redeemed or switched out on or before completion of 1 year from the date of allotment of units
Nil if redeemed or switched out after completion of 1 year from the date of allotment of units.

Benchmark – S&P BSE 100 Index

Sector Allocation -

Banks	22.00%
Telecom-Services	0.66%
Power	1.14%
Ferrous Metals	1.62%
Cement	2.72%
Consumer Non Durables	3.19%
Auto Ancillaries	3.22%
Software	3.42%
Oil	3.57%
Construction Project	5.38%
Petroleum Products	8.37%
Pharmaceuticals	9.48%
Industrial Capital Goods	9.96%
Industrial Products	10.71%
Auto	13.66%
Retailing	0.02%

Portfolio Holdings -

Sr.No.	Scheme	Asset Allocation	
		Equity	Debts
1	ICICI Dynamic Plan	87.45%	12.55%
2	HDFC Top 200 Plan	99.45%	0.55%
3	IDFC Classic Fund	89.57%	10.43%
4	Reliance Fund	99.12%	0.88%

Fund Fundamentals -

Scheme	Type of Scheme	Launch Date	Fund Size	Fund Manager	Entry Load	Exit Load
ICICI Dynamic Plan	Equity Scheme	31 st Oct. 2002	3885.34 Crores	Sankaren Naren, Mittul Kalawadia	N.A	< = 365 days – 1 % , > = 365 days - Nil
HDFC Top 200 Plan	Equity Scheme	11 th Oct. 1996	11201686.83 Crores	Prashant Jain	N.A	< = 365 days – 1 % , > = 365 days - Nil
IDFC Classic Fund	Equity Scheme	9 th August 2005	150.96 Crores	Ankur Arora	Nil	2% if redeemed within 18 months
Reliance Fund	Equity Scheme	8 th Oct. 1995	1769.25 Crores	Ashwini Kumar	N.A	< = 365 days – 1 % , > = 365 days - Nil

3. FINDINGS -**On the basis of Investment policy-**

- It has been observed that ICICI Prudential dynamic plan has invested more in Bank Sector (19.23%). It is an Equity Scheme.
- It has been observed that HDFC Top 200 Fund has invested more in Bank Sector (28.54%). It is an Equity Scheme.
- It has been observed that IDFC Classic Equity Fund has invested more in Bank Sector (28.07%). It is an Equity Scheme.
- It has been observed that Reliance Vision Fund has invested more in Bank Sector (22.00%). It is an Equity Scheme.

On the basis of Asset Allocation -

- In ICICI Prudential dynamic plan in Equity they have invested 87.45% and in Debts they have invested 12.55% since it is an Equity Scheme majority of investment in Equity rather than Debt.
- In HDFC Top 200 Fund in Equity they have invested 99.45% and in Debts they have invested 0.55% since it is an Equity Scheme majority of investment in Equity rather than Debt.
- In IDFC Classic Equity Fund they have invested 89.57% and in Debts they have invested 10.43% since it is an Equity Scheme majority of investment in Equity rather than Debt.

4. CONCLUSION:

The current paper by researcher is attempts to find out of mutual fund schemes investment Policy. The study of selected schemes show there is more exposure in banking stocks; selected 04 schemes have nearby 20% investments in banking stocks. The study also finds Assets allocation of which depicts the funds have more allocation in equity which is consider risky.

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