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Case Study NJFPM

Performance Evaluation of Selected ETF Fund At Nj Wealth Jabalpur

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Abstract

Investment vehicle knows as mutual fund combine capital from numerous individual investors and are overseen by qualified fund managers. There are different type of fund available in India, including equities fund, debt fund, liquid fund, balance fund ETF, etc. The investment knows as an ETF uses money from many people to purchase many types of stock. Evaluating the performance of ETF funds is the major goal of this study. The study of active return was investigated. Different sectorial (Banking, FMCG, Gold ETF) have larger returns, According to the data. Therefore, the ETF is doing better on the market. An empirical analysis of the performance of ETFs from 2017-2021 is presented in this report. Additionally, in order to ensure the reliability and robustness of the findings presented in this report, a rigorous methodology was employed to gather the necessary information from a diverse range of secondary sources. These sources include but are not limited to financial reports, market research publications, academic studies, industry analyses, reputable investment analysis platforms, government publications, and regulatory filings. The utilization of secondary sources allows for a comprehensive analysis by drawing from a wide range of information and perspectives. By accessing established and reliable sources, we can leverage the expertise and insights of industry professionals, market analysts, and financial institutions. This diverse pool of information provides a holistic view of the performance of ETFs in India during the specified period of 2017-2021. Moreover, the reliance on secondary sources enhances the credibility and accuracy of the research findings. These sources have been thoroughly vetteto ensure their integrity and adherence to robust research standards.

Keywords: Exchange-traded fund, exchange traded, funds, credibility, stock market

INTRODUCTION

An ETF, or exchange traded fund, is a collection of securities that trade on the stock market and is similar to a stock. Exchange traded funds pool the money of many investors and use it to buy a variety of tradable financial assets, including derivatives, debt securities like bonds, and shares. The Securities and Exchange Board of India (SEBI) is where the majority of ETFs are registered. For individuals with little experience in the stock market, it is a desirable alternative [1–3].

Advantages over corporate investment a variety of different securities By purchasing stock in a firm, you are restricted to that company's performance, which increases your level of risk. On the other hand, investing in exchange traded funds enables you to keep your money distributed across stocks of several companies, greatly reducing your risk. Even if one asset in an ETF's resource pool underperforms, the remarkable growth of other assets may make up for it [4–6].

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RESEARCH OF OBJECTIVE

- To understand the concept of ETF funds
- To analyse returns of selected ETF funds
- To analyse the top 10 holding of selected ETF funds

RESEARCH METHODOLOGY

This study is purely based on secondary data. The study uses these funds were taken as per AUM (asset under management) from 1st April 2017 to 21st December 2022 [3]. The study uses a range of performance and descriptive research to collect preliminary information of Etf funds of share market. Various graphs varying between 1 month to 5-year performance inclusive of various performance parameters need to be observed and evaluated. The performance of each ETF fund is evaluated based on Average Return.

This research covers a sample of 5 years of data spanning from 1st April 2017 to 21st December 2022. The study incorporates a pool of the ETFs funds which includes: [7–9].

1. Kotak Nifty Bank ETF(Banking)
2. SBI Nifty Bank ETF(Banking)
3. Nippon India ETF Nifty India Consumption (FMCG)
4. IDBI Gold Nifty 50 ETF (METAL)
5. Axis Gold ETF(METALS)

Several websites, including AMFI, AMCs Morningstar.com, moneycontrol.com, advisiorkhoj.com clear tax, grow.com, etc. were used to access the study. The performance of several schemes that encompass a sizable amount of time series data has been compared to the BSE 200 TRI Sensex [9–10].

DATA ANALYSIS AND INTERPRETATION

Average Return of Selected ETF Funds

1. Kotak nifty bank ETF(Banking)
2. SBI nifty bank ETF (Banking)
3. Nippon India ETF nifty India consumption (FMCG)
4. IDBI gold ETF(Metal)
5. Axis gold ETF (Metals)

KOTAK NIFTY BANK ETF

Interpretation

Table shows that Kotak Nifty Bank ETF has been giving negative return. Weekly and monthly performance of Kotak nifty bank ETF is negative but quarterly, half yearly and yearly returns are Positive [4]. The fund is performing well throughout the span of 5 year Table 1.

Table 1. Return analysis of Kotak Nifty Bank ETF.

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns
1 Week	20-12-22	9884.40	-1.16%
1 Month	25-11-22	9969.60	-0.30%
3 Month	27-09-22	11166.80	11.67%
6 Month	27-06-2022	12690.50	26.91%
YTD	31-12-2021	12147.20	21.47%
1 Year	31-12-2021	12292.30	22.92%
2 Year	24-12-2020	14189.20	41.89%
3 Year	27-12-2019	13093.60	30.94%
5 Year	27-12-2017	16725.00	67.25%
Since Inception	04-12-2014	23133.40	131.33%

Table 2. Portfolio analysis of top 10 holdings.

Stock Invested in	Sector	Value(Mn)	% of Total Holdings
HDFC Bank Ltd.	Bank	16129.6	26.29%
ICICI Bank Ltd.	Bank	15130.6	24.67%
Axis Bank Ltd.	Bank	7363	12.00%
State Bank Of India	Bank	6765.9	11.03%
Kotak Mahindra Bank Ltd.	Bank	6520	10.63%
Indusind Bank Ltd.	Bank	3334.1	5.44%
Bank Of Baroda.	Bank	1357	2.21%
Au Small Finance Bank Ltd.	Bank	1324.4	2.16%
Federal Bank Ltd.	Bank	1155.4	1.88%
IDFC First Bank Ltd.	Bank	799.1	1.30%

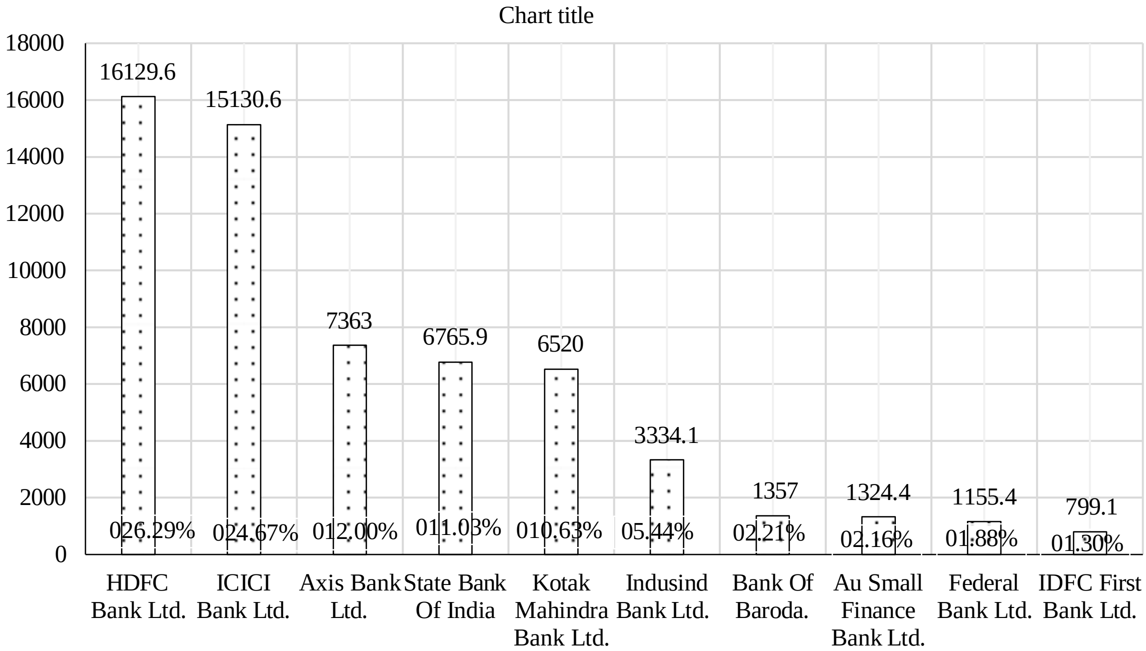

Figure 1. Graphical Interpretation of holdings.

Figure 1 It is observed from the table that the funds largely allocates its assets to the financial sector requiring a hefty of percentage in companies like HDFC Bank (26.29), ICICI Bank (24.67), AXIX Bank (12), State Bank (11.03) and so on. This is due to the reason that large cap companies provide stability and consistency needed for constant performance and returns Table.2.

SBI NIFTY BANK ETF

Interpretation

Table shows that SBI Nifty Bank ETF fund has been giving weekly, monthly, quarterly, half yearly and yearly return and so on. Weekly and monthly performance of SBI Nifty Bank ETF is negative return but quarterly, half yearly and yearly return are positive. The fund is performing well throughout the span of the year Table 3.

Table 3. Return Analysis of SBI Nifty Bank ETF

Period Invested for	Period Invested for2	Period Invested for3	Period Invested for4
1 Week	20-12-2022	9884.40	-1.16%
1 Month	25-11-2022	9969.70	-0.30%

3 Month	27-09-2022	11167.70	11.68%
6 Month	27-06-2022	12691.90	26.92%
YTD	31-12-2021	12149.30	21.49%
1 Year	27-12-2021	12295.10	22.95%
2 Year	24-12-2020	14202.30	42.02.%
3 Year	27-12-2019	13125.30	31.25%
5 Year	27-12-2017	16776.40	67.76%
Since Inception	20-03-2015	23438.40	134.38%

Table 4. Portfolio analysis of top 10 holding:

Stock Invested in	Sector	Value(Mn)	% of Total Holdings
HDFC Bank Ltd.	Bank	12601.8	26.29%
ICICI Bank Ltd.	Bank	11821.4	24.67%
Axis Bank Ltd.	Bank	5752.7	12.00%
State Bank Of India	Bank	5286.2	11.03%
Kotak Mahindra Bank Ltd.	Bank	5094.4	10.63%
Indusind Bank Ltd.	Bank	2604.9	5.44%
Bank Of Baroda	Bank	1060.2	2.21%
Au Small Finance Bank Ltd.	Bank	1034.8	2.16%
Federal Bank Ltd.	Bank	902.7	1.88%
IDFC First Bank Ltd.	Bank	624.3	1.30%

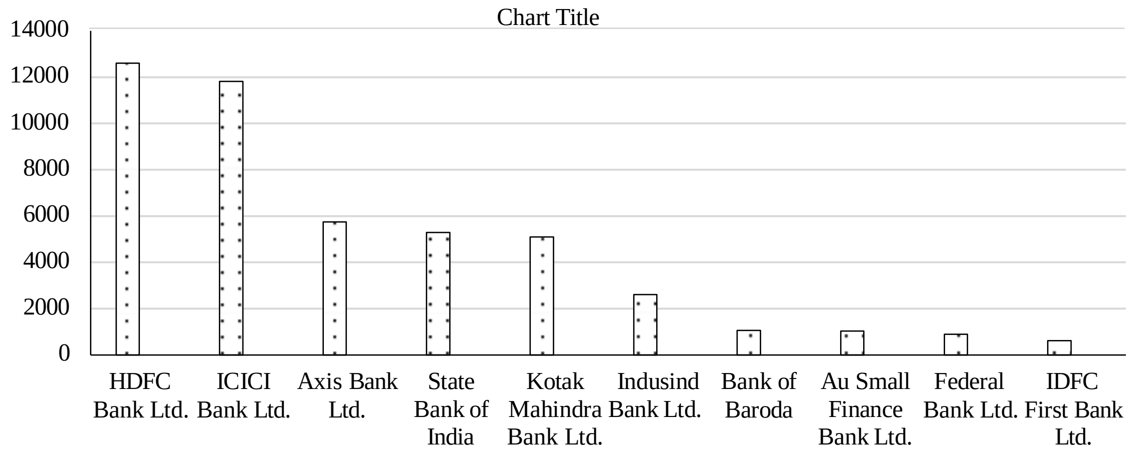

Figure 2. Graphical Interpretation.

Figure 2 It is observed from the Table 7 that the funds largely allocates its assets to the financial sector requiring a hefty of percentage in companies like HDFC Bank (26.29), ICICI Bank (24.67), AXIX Bank (12.00), Kotak Mahindra Bank (10.63) and so on. This is due to the reason that large cap companies provide stability and consistency needed for constant performance and return Table 4.

NIPPON INDIA ETF NIFTY INDIA CONSUMPTION(FMCG)

Interpretation

Table shows that Nippon India ETF Nifty India Consumption has been weekly, monthly, quarterly, half yearly and yearly return and so on. weekly and monthly, Quarterly performance of Nippon India ETF Nifty India is negative return but half yearly and yearly return is positive. The fund is performing well throughout the span of year Table 5.

Table 5. Return analysis of Nippon India ETF Nifty India:

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns
1 Week	20-12-2022	9768.10	-2.32%
1 Month	25-11-2022	9768.40	-2.32%
3 Month	27-09-2022	9657.90	-3.42%
6 Month	27-06-2022	11219.30	12.19%
YTD	31-12-2021	10835.60	8.36%
1 Year	27-12-2021	11097.50	10.97%
2 Year	24-12-2020	13201.50	32.02%
3 Year	27-12-2019	155637.60	55.64%
5 Year	27-12-2017	15604.50	56.05%
Since Inception	10-04-2014	30841.10	208.41%

Table 6. Portfolio analysis of top 10 holding:

Stock Invested in	Sector	Value(Mn)	% of Total Holdings
ITC Limited	Cigarettes	40.2	9.95%
Bharti Airtel Ltd.	Telecom- Services	40	9.90%
Hindustan Unilever Ltd.	Diversified	39.8	9.87%
Asian Paints (india) Ltd.	Paints	30.4	7.54%
Mahindra & Mahindra Ltd.	Passenger /utility vehicles	26.1	6.48%
Maruti Suzuki India Ltd.	Passenger/utility vehicles	24.4	6.04%
Titan Company Ltd.	Gems, jewellery and watches	23.7	5.87%
Adani Transmission Ltd.	Power-Transmission	15.8	3.91%
Nestle india Ltd.	Consumer foods	15.3	3.78%
Avenue Supermarts Ltd.	retailing	12.7	3.14%

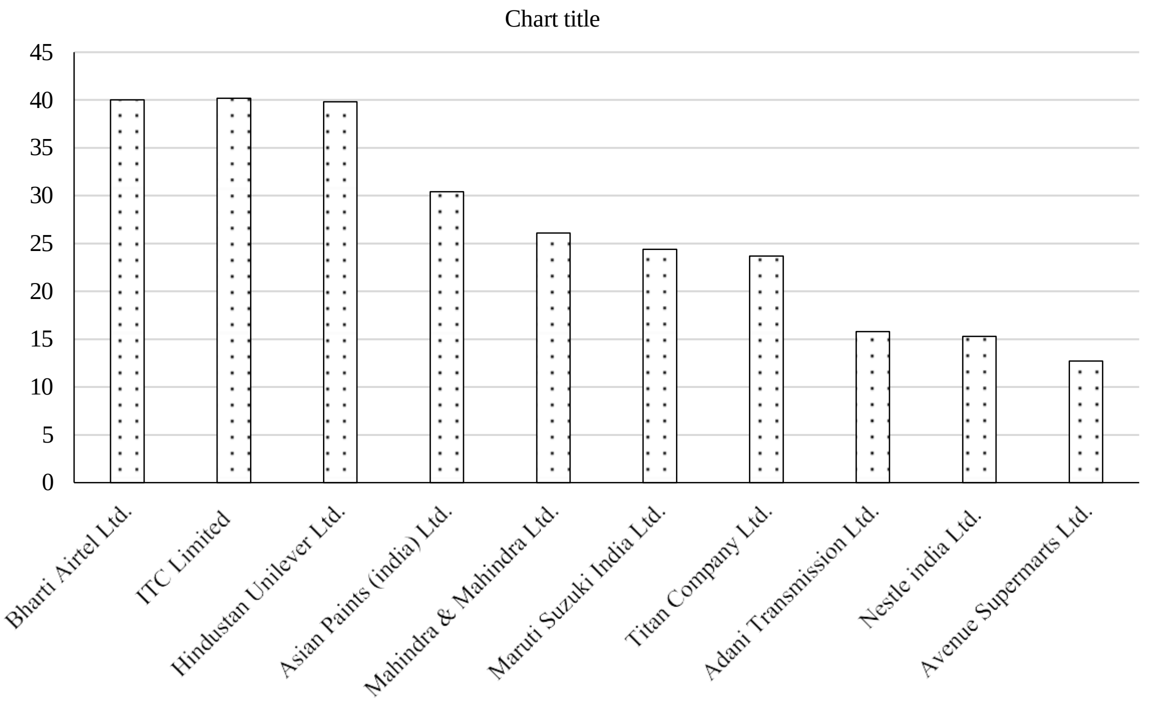

Figure 3. Graphical Interpretation of stock values.

Figure 3 It is observed from the Table 8 that the funds largely allocates its assets to the requiring a hefty of percentage in companies like Bharti Airtel Ltd (service sector) (10.57), ITC Ltd (consumer staples sector) (10.03), Hindustan Unilever Ltd (health care sector) (9.9), Asian Paints Ltd (chemical sector) (7.28) and so on. This is due to the reason that large cap companies provide stability and consistency needed for constant performance and returns Table 6.

IDBI GOLD NIFTY 50 ETF

Interpretation

Table show that IDBI Gold Nifty 50 ETF has been weekly, monthly, quarterly, half yearly and yearly return and so on. Weekly performance are negative return but monthly, quarterly, half yearly and yearly performance of IDBI Gold ETF are positive return. The fund is performing well throughout the span of year Table 7.

Table 7. Return analysis of IDBI gold nifty 50 ETF.

Period Invested for	10000 Invested on	Latest Value	Absolute Returns
1 Week	04-Jan-23	9998.7	-0.01%
1 Month	09-Dec-22	10451.6	4.52%
3 Month	11-Oct-22	11196.2	11.96%
6 Month	11-Jul-22	11037.5	10.38%
YTD	30-Dec-22	10230.4	2.30%
1 Year	11-Jan-22	11871.5	18,71%
2 Year	11-Jan-21	11406.4	14.06%
3 Year	10-Jan-20	13960.1	39.60%
5 Year	11-Jan-18	18475.9	84.76%
10 Year	11-Jan-13	17159.1	71.59%
Since Inception	09-Nov-11	17948.6	79.49%

Table 8. Portfolio analysis of top holding:

Equity (0%)	Debt (0%)	Others (100%)		
Name			Type of Instrument	Weight ( )
TREPS			Gold	99 90%
Net Receivables			TREPS	0.69%
			Net Receivables	-0.59%

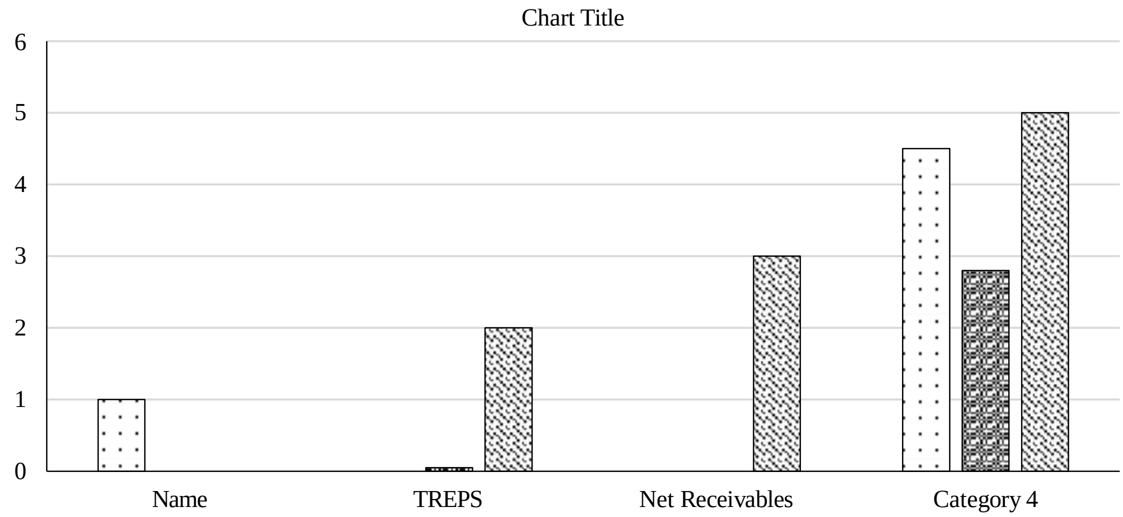

Figure 4. Graphical Interpretation of Instrument types.

Figure 4 It observed that from the Table 7 that the funds largely allocation its asset to the requiring a hefty of percentage of Gold(90.90)and TREPS(0.69). This is because businesses offer the consistency and stability necessary for consistent performance and return Table 8.

AXIS GOLD ETF(METALS)

Interpretation

Table show that Axis Gold ETF has been weekly, monthly, quarterly, half yearly and yearly return and so on. Weekly performance are negative return but monthly, quarterly, half yearly and yearly performance of Axis Gold ETF are positive return. The fund is performing well throughout the span of year. Table 9.

Table 9. Return Analysis of Axis Gold ETF.

Period Invested for	10000 Invested on	Latest Value	Absolute Returns
1 Week	21-Dec-22	9962.90	-0.37%
1 Month	28-Nov-22	10338.60	3.39%
3 Month	28-Sep-22	11183.80	11.84%
6 Month	28-Jun-22	10761.70	7.62%
YTD	31-Dec-21	11377.40	13.77%
1 Year	28-Dec-21	11492.70	14.93%
2 Year	28-Dec-20	10939.70	9.40%
3 Year	27-Dec-19	13882.00	38.82%
5 Year	28-Dec-17	18201.30	82.01%
10 Year	28-Dec-12	16006.40	60.06%
Since Inception	10-Nov-10	23399.40	133.99%

Table 10. Portfolio analysis of top 10 holding**:**

Equity (0%)	Debt (0%)	Others (99.99 %)	
Name		Type of Instrument	Weight ( )
		Gold	97.97 %
Net Receivables		Net Receivables	1.95 %
TREPS		TREPS	0.07 %

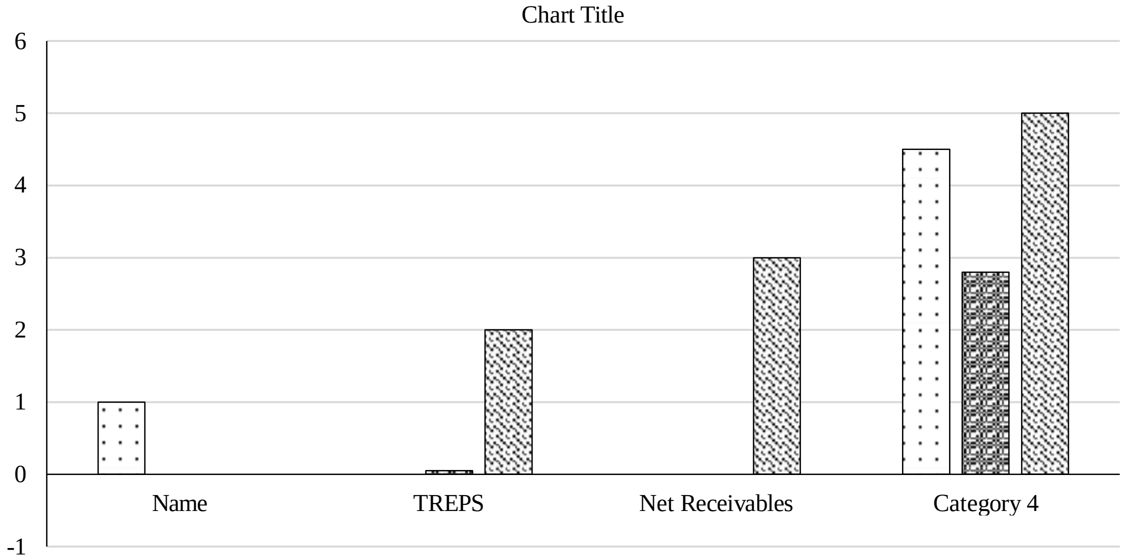

Figure 5. Graphical Interpretation of other types of instruments.

Figure 5 It is observed from the table that the funds largely allocates its assets to the requiring a hefty of percentage in companies like Other and other companies (97.97) and so on. This is due to the reason that large cap companies provide stability and consistency needed for constant performance and return. Table 10.

Findings

- Kotak Nifty Bank ETF fund has indicated the positive return based on 1 year, Hence the fund manager should make and attempt to improve their strategy.
- IDBI Gold Nifty 50 Etf fund has given the good return of over the 5 years.
- SBI Nifty Bank Etf fund has indicated the positive return based on 1 year, Hence the manager should make and investment strategy.
- Axis Gold Etf fund has given a 2nd best return comparison of other funds this fund during the starting of the period 3.39% and in the end it has given a 82.01%.
- IDBI Gold Nifty 50 Etf fund has given a high return comparison to all the funds. It has given 84.76% return in the end of the year.

CONCLUSION

ETF Funds are one of the best investment ever made because they are cost effective and easy to invest the funds. In this study, NAV of different points to evaluate the returns from the fund. The highest performance of selected funds was evaluated on the basis on the return. IDBI gold ETF fund better than all other funds. It provide good return. And the 2nd best fund is Axis gold ETF is also provide good return. Kotak nifty bank ETF fund has given the good return of over the 5 years. SBI nifty bank ETF fund has indicate the negative return based on 1 month, Hence the manager should make and investment strategy. Kotak nifty bank ETF fund has indicate the negative return based on 1 month, Hence the fund manager should make and attempt to improve their strategy.

Investors who intend to invest in ETF Funds should make sure to conduct appropriate research on these types of funds and think about choosing ones that have a successful track record in the past. So the investors are advised to go other funds for investment option in the ETF funds category. hence it is important that fund manager should focus on the performance of the fund for short as well as long term. Sometimes the investors do not continue in having a interest to remain invested for long run, if the return is not good during short term. It is worth noting that investors often prioritize short-term returns, which may lead to a lack of interest in remaining invested for the long run if the returns are not satisfactory. Therefore, fund managers should aim to consistently deliver competitive returns to attract and retain investors' interest. In conclusion, ETF funds are a well-liked investment option because they have a number of benefits. Investors must do extensive study and take into account funds with a strong track record, nevertheless. Fund managers should remain attentive to the fund's performance and work towards improving their strategies to meet investors' expectations. They can arouse and maintain investor confidence and interest in ETF funds by doing this.

Suggestions

- AS the Nippon India ETF Consumption fund has not performed well in the long run as well, as compare to other ETF funds taken for study. So the investors are advised to go other funds for investment option in the ETF funds category.
- The Nippon India ETF Consumption fund, has indicated a negative performance based on absolute return of 3 months. Hence, the fund manager should have be more focused on returns of short term also.
- Nippon India ETF Consumption fund has indicated a low return during 1 year period and also its YTD is quite low, hence it is important that fund manager should focus on the performance of the fund for short as well as long term.
- Axis Gold Etf fund has shown low return during the period of 1 year as compared to long term that is 2,3,5 years. Sometimes the investors do not continue in having a interest to remain invested for long run, if the return is not good during short term.

- Kotak Nifty Bank ETF fund has indicated that the performance of the fund has lower returns during a period of 3 year as compared to 2 years, long term returns should have been a focused area of the fund manager.

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