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**“Investment Portfolio Pattern of Selected Equity Schemes -  
An insight into Private Sector Mutual Funds”**

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**Abstract:**

Mutual funds are one of the most favoured investment channels for the medium and small investors across the world. It is a special type of Institution, a Trust or an Investment company which acts as an intermediary and invests the savings of large number of people to the corporate securities in such a way that investors get steady returns and capital appreciation without taking a very high degree of risk. An important principle of Investment in capital market is not to put all the eggs in a single basket i.e. diversification is required. The Mutual Fund managers try to do the sectoral allocation in a way to minimise risk and achieve better returns. Therefore choosing the best Investment Portfolio is crucial for the success of a Mutual Fund scheme. The objective of the present study is to analyse the Portfolio of the selected equity schemes of India which means that the percentage wise sectoral allocation of the Investment of the scheme would be found out for the last 8 years. For this purpose top 7 equity Mutual fund schemes in 2012 are selected. The secondary data that is the Portfolio of the schemes is collected from AMFI and the Companies' websites for 8 years. In the study it would be found out that which sectors are preferred for Mutual fund Investments. It would also lead to conclusions that among the various sectors, which sector is the most preferred sector for Mutual fund scheme Investment and which one is the least preferred sector. Also, the trend would be analysed that which sectors are having consistent Investment Pattern during the study period, which have declining trend and which of them have increasing trend as far as their preference for Investment is concerned.

Key words: Mutual funds, Investment, Portfolio, Sector

# **“Investment Portfolio Pattern of Selected Equity Schemes - An insight into Private Sector Mutual Funds”**

## **Introduction**

The topic **Mutual Funds** is of enormous interest not only to researchers all over the world, but also to investors. Mutual fund is preferred as a suitable medium and long term investment option by investors. However, by virtually taking investment to their doorstep, mutual funds have opened new vistas to millions of small investors. In India, a small investor does not get such kind of information, which provide hedge against inflation and often have positive real returns. Mutual funds have come as a much needed help to these investors. Mutual funds make saving and investing simple, accessible, and affordable. The advantages of mutual funds include professional management, diversification, variety, liquidity, affordability, convenience, and ease of recordkeeping. Moreover, strict government regulations and full disclosure makes the investments more secure. In order to reach more up to investors expectations, mutual fund are offering product as per the preferences of the investors. For example, the aggressive investors are not hesitant in taking risk as they are looking for higher returns, mutual funds offer equity schemes for such investors. In contrast to this, Mutual fund are offering income schemes to the investors who are risk averse and are looking for fixed returns. Similarly there is a specific segment of investors who go for investment in money market and tax saving schemes.

In relation to other options, Mutual funds provide safe returns, professional management and diversification. For all the fund managers, the most important function is the proper allocation of the investment portfolio of the scheme, irrespective of the sector they fall in. With time the fund managers acquire the skills and expertise to properly allocate the funds. In order to be a successful fund manager, he should have in depth understanding of the working of financial markets, business cycle, and spectrum of investments, macro economic performance, stock market conditions, investors; preferences and psychology of the market to ensure maximum possible returns to investors. The effectiveness decision taken by mutual fund managers can only be evaluated only after the returns are seen in future. Therefore it is a very difficult task to identify at present that the decision is right or wrong. Therefore research is the key factor in post decision performance analysis. The mutual fund managers face three kinds of problems while taking the decisions i.e. selecting the right kind of securities, selecting the right industries and appropriate timings of investments. Through this paper we have attempted to analyse the portfolio structure of selected equity schemes.

The investment strategy of mutual fund is dependent upon the objective of investment. According to objectives the mutual fund is classified as Income, growth, balanced, tax saving and money market

funds. Usually investment policy of growth scheme requires 90% of its funds invested in equity and semi equity investments, whereas income scheme may invest 80% of its investment in fixed income yielding securities. In case of balanced schemes 40-60 % of the investment corpus is to be invested in income scheme and around 40 % in equity securities.

To have an insight into the topic the following section is highlighting the relevant studies which are presenting the investment pattern of Investment portfolio. Not much literature was available related to this topic .Therefore; we have also included some of the studies which somehow related to the mentioned topic.

### **Review of Literature**

Despite the entry of banks, investment companies and financial institutions in the mutual fund industry in India ,the subject mutual funds failed to receive the amount of attention it deserved till 1991.However ,the articles of few academicians and professionals namely Madan Gopal (1990), Vidyashankar (1990), Batra (1991) , Sarkar (1991) and Aggarwal (1992) appeared during 1991-92.These articles were primarily concerned with the concept, types, performance evaluation, importance of mutual fund and in the development of the capital market. A very few research works has been conducted for review and appraisal of mutual funds. **Following are the review of their studies:**

**K.G.Sahadevan and M.Thiripal Raju (1997)** showed that in the time period between 1990 and 1995 UTI invested nearly 50% of its assets in equity, and remaining in debentures and bonds, term loans and in government securities. In case of private sector, mutual funds, the share of equity is more than 90% and the remaining share is invested in debentures and bonds and government securities. **Umamaheswar (2001)** analyzed that whether the mutual funds managers have been able to time the market or not. It was found that mutual fund managers do not appear to possess any special information about the market direction of the future. The results had shown that mutual fund managers have not able to follow an investment strategy that successfully times the market return of the portfolio during 10 year bull market, which negatively impacts fund, performance. **Ballestaro and Santamaria (2004)** addressed the problem of mutual fund portfolio selection by searching for a portfolio ranking based on properties from statistical information on investor's preferences. They also proposed portfolio ranking in aid of mutual funds which want to locate a number of portfolios on the efficient frontier by accepting the principle of "satisfying" logic. **Anand and Murugaiah (2004)** attempted to examine the components and sources of investment performance in order to attribute it to specific activities of Indian fund managers. The study concluded that the influence of market factor was more severe during negative performance of the funds while the impact selectivity skills of fund

managers was more than the other factors on the fund performance in times of generating positive return by the funds. **Gallagher and Nadarajah (2006)** examined the performance and portfolio characteristics of actively managed equity funds impacted by top management turnover. Utilizing a unique database of monthly portfolio holdings, their study finds that, post-replacement, previously poor performing funds experience improved returns. However, this improved performance is not attributable to superior stock selection skill. They found these new managers decrease the fund's reliance on momentum strategies and decrease the portfolio's concentration, which then leads to a reduced tracking-error volatility. Prior to the replacement event, underperforming investment managers exhibit preferences for larger, growth-oriented stocks, as well as riding momentum strategies and increasing portfolio turnover. **Bodla and Bishnoi (2009)** examined the investment pattern of mutual fund industry in India. The portfolio pattern of selected Mutual fund was downloaded from their websites. The analysis of the portfolio was done for the schemes by using simple percentage method. It was found that oil, gas & petroleum, information technology, software, capital goods, automobiles and banks have remained favourite sectors in mutual funds than others. It was also found that the investment pattern of public and private sector schemes does not differ significantly.

**Rao and Rao (2009)** focused on empirically researching whether fund size affects performance of open end equity/growth mutual funds in the Indian context. The study is probably the first empirical research which tries to ascertain the degree or power of relationship between fund size and performance. The Correlation Coefficients of Return, Risk, Return per Risk and Sharpe Ratio with Fund size are not significant for Equity/Growth Funds implying that the Fund size does not affect fund performance significantly. There is no conclusive evidence that the fund size affects performance of equity/growth funds, be it micro-, small-, medium- and large sized funds. The Covariances of fund size and performance variables show that barring risk the other three parameters (Return, Return/Risk and Sharpe Ratio) move together in the same direction and the values are random and no conclusions may be drawn regarding the fund size and performance of equity/growth funds, be it micro-, small-, medium- and large sized funds.

This review provides a clear picture that this area of mutual fund is not touched upon to a good extent. In the recent year the researchers have not found any specific study. The present research work is an effort to analyse the investment pattern of mutual fund industry.

#### **Objectives of the Study:**

1. To examine the investment portfolio pattern of selected Private sector equity schemes in India.

2. To find out the most favourable sectors/industries which are preferred by various private sector mutual fund schemes
3. To compare the investment pattern of selected private sector mutual fund schemes in India.

### Research Methodology:

To achieve the objective of the paper, 7 equity schemes from private sector mutual funds have been selected. The selected funds are HDFC Mutual fund, HSBC Mutual fund, ICICI Mutual fund, Kotak Mahindra Mutual fund, Reliance Mutual fund, TATA Mutual fund and Templeton Mutual fund. These fund houses are selected on the basis of their amount of AUM in year 2012. The study period is 2007 -2014. The data of the scheme portfolio is collected from the official websites of the respective Mutual funds. The data of portfolio allocation of schemes selected was downloaded from annual audited reports which are available on the websites of respective Mutual fund houses.

To analyse the data, year wise industry portfolio holdings of schemes are tabulated and the data has been analysed with the help of simple percentage method. Then , ranking of the as per their percentage holding in a particular scheme is given. The sectors having below 1.5 percent of portfolio allocation are not shown separately; they all are shown and consolidated under one single head named as “Miscellaneous”. In order to facilitate the process more, the sectors which are related are merged. Investment in Debt related funds and money market instruments are put under the head “Others”.

### Results and Interpretations

The preceding section is presenting the analysis part with the help of tables numbered 1 to 8. Tables 1 to 7 are related to the Investment Portfolio pattern in terms of percentages to the total Investment. Table 8 is related to Comparative Investment portfolio pattern of selected equity schemes.

Since equity is at the highest rung of risk, equity funds are meant only for those who can keep pace with the fluctuations with stock market. The volatility of the price movements at the market, industry and specific company will be reflected in the NAV of these funds. These schemes are generally called growth schemes, as they tend to superior returns in the long run.

**Table 1: Investment Portfolio Pattern of Templeton Growth fund**

(Data in %age)

S.No.	Sectors/Industry	2007	2008	2009	2010	2011	2012	2013	2014	Avg.	Rank
	Equity and Equity related Investment	98.42	96.42	89.52	89.86	95.45	96.44	100	100	95.76	

1	Banking and Finance	19.59	22.86	20.16	22.25	22.24	25.94	40.3	43.76	27.14	1
2	Oil, Gas And Petroleum Products	27.44	24.83	21.07	12.39	10.91	13.24	14.56	13.24	17.21	2
3	Ferrous, Non Ferrous Metals and Minerals/Mining	14.34	16.58	4.83	21.18	20.6	15.46	7.83	0	12.60	3
4	Auto and Auto Ancillaries	5.44	3.41	2.22	5.86	10.21	8.66	6.95	9.67	6.55	4
5	Software	7.66	10.05	9.01	3.58	3.32	3.12	4.59	8.22	6.19	5
6	Telecom Services and Accessories	11.72	9.57	10.79	4.01	5.44	1.16	0	0	5.34	6
7	Chemicals	0	0	0	0	0	10.82	11.82	12.3	4.37	7
8	Construction and Construction Project and cement	7.16	2.42	3.47	3.58	2.02	4.86	6.64	4.78	4.37	7
9	Pharmaceuticals	0	0.92	5.76	5.1	4.22	3.91	3.66	5.35	3.62	8
10	Fertilisers and Pesticides	0	0	6.56	9.33	8.75	0	0	0.97	3.20	9
11	Consumer Durables And Non Durables	1.59	0	2.23	2.17	1.76	1.85	1.7	0	1.41	10
12	Industrial Capital Goods	0	0	0	0	0	0	0	0	0.00	12
13	Media And Entertainment	0	0	0	0	0	0	0	0	0.00	12
14	Power And Transportation	2.3	3.55	1.77	0	5.98	6.05	0	0	2.46	11
15	Misc.(Hardware, Diversified, Ind, Products Retailing And Engineering, Textile)	5.07	5.78	5.65	2.58	7.74	9.27	3.02	0		
16	Others (Debt And Money Market Instruments)	1.58	3.58	10.48	10.14	4.55	3.56	0	0		
<b>TOTAL</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

*Compiled from annual reports [www.franklintempletonindia.com](http://www.franklintempletonindia.com)*

From table 1, it can easily be observed that Industrial Capital Goods and Media and Entertainment sectors are not at all preferred by Templeton Growth Fund as there is absence of investment in the mentioned sectors. On the other hand sectors like Banking and finance, Oil , Gas and Petroleum

products and Ferrous/ Non ferrous/ Minerals/ Minings are most preferred sectors as 27.14 percent ,17.21 percent and 12.60 percent of the total investment are invested in these sectors respectively. The pattern of investment shows us some very peculiar results such as investment in Chemical Industry was nil between 2007-2011 but have shown a significant investment share (above 10%) in the year 2012, 2013 and 2014 respectively whereas the investment in telecom services reduced to zero in year 2013 whereas in 2007 it was attracting almost 11.72 percent of the total portfolio investment.

**Table 2: Investment Portfolio Pattern of HDFC Equity Scheme**

(Data in %age)

S.No.	Industry/Year	2007	2008	2009	2010	2011	2012	2013	2014	Avg.	Rank
Equity and Equity related Investment		<b>97.64</b>	<b>99.31</b>	<b>92.63</b>	<b>97.97</b>	<b>96.85</b>	<b>98.87</b>	<b>96.75</b>	<b>99.63</b>	<b>97.45</b>	
1	Banking and Finance	5.3	17.39	24.47	25.69	24.18	24.26	27.68	30.37	22.42	1
2	Oil, Gas And Petroleum Products	14.7	5.91	9.47	10.94	15.14	12.56	11.29	14.14	11.77	2
3	Ferrous, Non Ferrous Metals and Minerals/Mining	1.33	4.01	1.65	2.31	8.1	7.10	3.72	2.40	3.83	10
4	Auto and Auto Ancillaries	7.84	8.43	6.57	6.32	6.03	7.07	7	8.96	7.28	6
5	Software	14.07	1	5.95	4.01	9.06	10.65	12.97	15.57	9.16	4
6	Telecom Services and Accessories	1.67	2.58	0	0	2.3	3.60	0.99	0	1.39	12
7	Chemicals	0.98	0.55	0.41	1.29	0.48	0	1.49	0	0.65	14
8	Cement, Construction and Construction Project	4.51	2.49	1.1	6.71	1.89	3	5.98	7.15	4.14	9
9	Pharmaceuticals	6.36	16.02	12.33	10.88	7.25	4.11	5.51	5.50	8.50	5
10	Fertilisers and Pesticides	3.34	2.97	3.24	0	0	0	0.54	0.49	1.32	13
11	Consumer Durables And Non Durables	7.83	9.77	11.46	13.55	9.59	11.25	8.98	5.86	9.79	3
12	Industrial Capital Goods	11.63	16.04	5.49	3.48	3.89	4.84	3.25	3.39	6.50	7
13	Media And Entertainment	7.05	8.92	6.97	6.05	3.44	3.87	2.15	0.03	4.81	8
14	Power And Transportation	0	0	1.36	3.88	2.06	3.63	4.01	4.50	2.43	11
15	Misc. (Hardware, Diversified, Industrial Products, Retailing And Engineering, Textile)	11.03	3.23	2.16	2.86	3.44	3	1.19	1.27		



16	Others (Debt And Money Market Instruments)	2.36	0.69	7.37	2.03	3.15	1.13	3.25	0.37		
TOTAL		100	100	100	100	100	100	100	100		

Compiled from annual reports [www.hdfcmf.com](http://www.hdfcmf.com)

From the table 2 it can be observed that HDFC equity scheme is a fairly diversified equity scheme with its investment portfolio. Thus, there are many sectors with small investment share like Telecom and telecom services , Chemicals , fertilisers and pesticides but the main attractions for the said scheme has been found out to be Banking and finance ,Oil ,Gas and petroleum, Consumer Durables and non durables and software .There are not many unexpected surprises but some small changes in preference can easily be observed with positive inclination in Ferrous and non ferrous ,Minerals/Minings ,Pharmaceuticals and Power and Transportation where an increasing trend of investment is observed .At the same time negative inclination of interest in Fertilisers and pesticides, Industrial Capital goods and Media and Entertainment.

**Table 3: Investment portfolio pattern of HSBC equity Scheme**

(Data in % age)

S. No.	Industry/Year	2007	2008	2009	2010	2011	2012	2013	2014	Avg.	Rank
<b>Equity and Equity related Investment</b>		<b>94.31</b>	<b>62.6</b>	<b>93.92</b>	<b>91.14</b>	<b>88.36</b>	<b>94.13</b>	<b>94.72</b>	<b>91.79</b>	<b>86.37</b>	
1	Banking and Finance	11.48	3.82	12.79	22.79	24.84	24.12	29.05	26.74	22.23	1
2	Oil, Gas And Petroleum Products	12.87	17.26	15.49	13.81	14.22	13.12	13.55	9.62	15.71	2
3	Ferrous, Non Ferrous Metals and Minerals/Mining	7.19	6.32	1.18	1.99	6.4	8.03	5.57	8.48	6.45	6
4	Auto and Auto Ancillaries	5.87	0	22.38	3.57	2.4	8.42	8.02	7.66	8.33	5
5	Software	13.14	5.87	3.93	9.48	10.36	9.83	12.46	14.75	11.40	3
6	Telecom Services and Accessories	6.18	8.08	6.17	3.5	0	0	1.9	0	3.69	10
7	Chemicals	0	0	0	0	0	0		0		13
8	Cement, Construction and Construction Project	2.32	0	4.43	7.62	5.08	8.14	7.75	7.07	6.06	7

9	Pharmaceuticals	0	1.16	1.89	5.12	2.78	4.05	4.63	8.34	4.00	9
10	Fertilisers and Pesticides	0	0	0	0	0	0		0		13
11	Consumer Durables And Non Durables	0	9.88	13.69	7.25	7.69	9.62	6.91	7.01	8.86	4
12	Industrial Capital Goods	11.04	3.67	6.98	5.29	4.8	2.26	0.99	0	5.00	8
13	Media And Entertainment	3.1	1.49	0	2.51	1.39	1.08	0	1.06	1.52	12
14	Power And Transportation	0	2.26	3.33	5.57	0	1.51	1.85	1.06	2.23	11
15	Misc. (Hardware, Diversified, Industrial Products, Retailing And Engineering, Textile)	1.12	2.79	1.36	2.64	8.4	3.95	2.04	0		
16	Others (Debt And Money Market Instruments)	25.69	37.4	6.08	8.86	11.64	5.87	5.28	8.21		

*Compiled from annual reports www.hsbcmf.com*

In HSBC equity fund, sectors like Chemicals, Media and Entertainment, Power and Transportation, Construction, Services, pesticide featured in the least preferred sectors for investment whereas Banking and Finance, Software, Auto and Auto ancillaries , Oil, Gas and Petroleum, and Consumer Durables and non durables were the preferred sectors of investment. An increasing trend of investment share is observed in Construction , construction project and cement, Pharmaceuticals and power and transportation whereas sectors like Industrial Capital Goods , Media and entertainment and telecom and telecom services lost its shine for the investment managers as the investments in these sectors dipped in last few years. Chemicals and fertilisers were found in a state of absence in all the years.

**Table 4: Investment Portfolio Pattern of ICICI Dynamic Plan**

(Data in %age)

S.No.	Industry/Year	2007	2008	2009	2010	2011	2012	2013	2014	Avg	Rank
<b>Equity and Equity related Investment</b>		<b>81.2</b>	<b>78</b>	<b>91.46</b>	<b>78.5</b>	<b>87.8</b>	<b>81.5</b>	<b>90.16</b>	<b>78.9</b>	<b>83.44</b>	
1	Banking and Finance	14.8	7.63	18.6	14.7	21.1	14.5	17.39	18.31	18.14	1
2	Oil, Gas And Petroleum Products	10.9	13	3.04	11.9	14.1	13.6	15.37	.07	12.72	2
3	Ferrous, Non Ferrous	3.27	4.3	5.39	3.81	7.9	7.81	11.38	3.01	6.70	4

	Metals and Minerals/Mining										
4	Auto and Auto Ancillaries	5.59	1.36	2.58	0	6.47	6.94	2.16	2.67	3.97	9
5	Software	16.1	6.87	6.3	13	10	11.8	11.46	13.45	12.72	2
6	Telecom Services and Accessories	2.64	3.73	7.93	4.95	1.27	0.81	6.72	2.04	4.30	7
7	Chemicals	0	0	0.72	0	0	0	0.00	0.00	0.10	13
8	Cement, Construction and Construction Project	1.63	2.98	3.87	1.45	3.56	1.08	2.33	6.15	3.29	10
9	Pharmaceuticals	3.32	4.11	10.5	9.49	9.82	11.8	5.85	5.54	8.63	3
10	Fertilisers and Pesticides	0.81	3.9	2.56	2.92	1.28	3.2	4.77	1.61	3.01	11
11	Consumer Durables And Non Durables	5.71	8.11	10.5	1.27	3.59	0.08	.070	0.00	4.18	8
12	Industrial Capital Goods	2.8	4.17	11.6	6.4	4.58	1.64	0.94	0.90	4.71	6
13	Media And Entertainment	6.04	8.24	0.86	0	0.83	0.61	0.92	0.70	2.60	12
14	Power And Transportation	2.17	0	3.17	5.32	2.65	5.11	7.40	14.86	5.81	5
15	Misc. (Hardware, Diversified, Industrial Products, Retailing And Engineering, Textile)	5.43	9.59	3.91	3.28	0.55	2.57	2.77	2.60		
16	Others (Debt And Money Market Instruments)	18.8	22	8.54	21.5	12.2	18.5	9.84	21.10		
Total		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100.00</b>	<b>100</b>		

Compiled from annual reports [www.icicipruamc.com](http://www.icicipruamc.com)

In table 4 it can be seen that ICICI Dynamic Plan reduced its investment by a considerable amount majorly in Media and Entertainment, Auto and Auto Ancillaries and Software whereas over the same period between '2007–2014 it increased its investments in Ferrous, non ferrous and minerals/Mining, Telecom and telecom Equipment, Fertilisers and pesticides, Pharmaceuticals and Power and

transportation.. The sectors like Banking and finance, Oil, gas and petroleum products, Pharmaceuticals, Ferrous and non ferrous, Minerals/mining and Power and transportation were the most preferred sectors for this scheme over the years whereas sectors like chemicals, Media and entertainment and Fertilisers and pesticides were the least attractive sectors as per their average investment.

**Table 5: Investment Portfolio Pattern of Kotak Opportunity Scheme**

(Data in %age)

S.No.	Industry/Year	2007	2008	2009	2010	2011	2012	2013	2014	Avg.	Rank
	Equity and Equity related Investment	100	100	100	100	100	100	100	93.86		
1	Banking and Finance	10.7	17.73	17.53	17.9	21.5	20.7	30	29.17	20.65	1
2	Oil, Gas And Petroleum Products	6.67	9.27	13.94	9.07	9.39	9.62	9.06	8.88	9.49	3
3	Ferrous, Non Ferrous Metals and Minerals/Mining	4.83	13.15	2.88	7.51	5.16	4.32	5.38	0	5.40	8
4	Auto and Auto Ancillaries	4.07	0	5	6.08	5.08	1.03	11.6	15.58	6.05	7
5	Software	14.05	5.38	7.03	10.9	12.4	8.29	9.08	14.71	10.23	2
6	Telecom Services and Accessories	8.04	8.39	6.16	0	2.61	2.36	4.28	0	3.98	9
7	Chemicals	0	0	0	0	0	0	0	0	0.00	14
8	Cement, Construction and Construction Project	6.46	12.44	4.69	7.47	4.91	8.08	5.53	7.34	7.12	4
9	Pharmaceuticals	4.87	2.01	3.27	9.78	7.56	8.06	9.02	4.92	6.19	8
10	Fertilisers and Pesticides	1.61	1.67	0.24	1.7	1.34	2.15	0.46	0	1.15	13
11	Consumer Durables And Non Durables	3.75	1.74	6.24	7.27	9.8	12.4	4.74	8.07	6.75	5
12	Industrial Capital Goods	8.6	9.55	5.3	2.72	2.15	0	0	0.62	3.62	11
13	Media And Entertainment	7.91	0.9	0.53	3.11	0.89	3.27	4.29	4.84	3.22	12
14	Power And Transportation	1.1	8.73	6.18	5.32	2.29	3.92	0.52	1.13	3.65	10
15	Misc. (Hardware, Diversified, Industrial Products, Retailing)	9.93	1.44	2.23	1.39	5.62	3.03	0.1	0.2		

	And Engineering, Textile)										
16	Others (Debt And Money Market Instruments)	0	0	0	0	0	0	0	6.14		
<b>Table</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Compiled from annual reports [www.kotakmutual.com](http://www.kotakmutual.com)

In table 5 it can be seen that in Kotak Opportunity scheme the least preferred sectors were Media and entertainment, Chemicals , fertilisers and pesticides whereas sectors like Banking and finance, Software, Oil, gas and Petroleum Products, Construction, construction project and cement were the most preferred sectors for this scheme. While there were not very big gainers or losers in terms of investment share in the portfolio, still sectors like Media and Entertainment, Industrial capital goods and Telecom and telecom equipments lost their flavour with the Investment managers and consumer durables and non durables increased the share by a considerable amount over the years.

**Table 6: Investment Portfolio Pattern of Reliance Equity Fund**

(Data in %age)

S. No	Industry/Year	2007	2008	2009	2010	2011	2012	2013	2014	Avg.	Rank
Equity and Equity related Investment		<b>83.1</b>	<b>79.55</b>	<b>67.56</b>	<b>88.31</b>	<b>94.31</b>	<b>93.87</b>	<b>97.21</b>	<b>79.96</b>	<b>85.78</b>	
1	Banking and Finance	7.37	11.31	10.8	14.74	15.16	17.49	29.53	12.28	14.84	1
2	Oil, Gas And Petroleum Products	12	12.47	6.82	14.5	14.82	12.17	4	4.55	10.16	3
3	Ferrous, Non Ferrous Metals and Minerals/Mining	3.17	0	3.05	2.76	0.97	4.52	5.57	6.27	3.29	9
4	Auto and Auto Ancillaries	6.46	3.17	3.78	4.67	7.3	6.04	6.57	2.61	5.08	7
5	Software	9.54	4.1	7.83	17.21	22.16	21.29	17.87	14.2	14.28	2
6	Telecom Services and Accessories	10.4	9.56	7.9	2.79	2.24	1.93	2.06	11.38	6.03	6
7	Chemicals	2.58	0	0	0	0	0	0	3.6	0.77	13
8	Cement, Construction and Construction Project	9.26	18.67	4.61	2.17	5.6	3.45	7.64	9.21	7.58	5

9	Pharmaceuticals	4.8	8.66	11.63	7.58	10.58	11.94	7.2	5.61	8.50	4
10	Fertilisers and Pesticides	0.95	0	0	0	0	0	0	0	0.12	14
11	Consumer Durables And Non Durables	2.74	0	4.88	4.48	1.78	2.61	6.64	0	2.89	10
12	Industrial Capital Goods	1.05	0	0	3.41	4.3	4.4	0	0	1.65	12
13	Media And Entertainment	5.39	3.51	2.26	3.47	0	0	2.18	0	2.10	11
14	Power And Transportation	1.98	5.33	2.78	5.3	4.79	3.34	6.35	2.56	4.05	8
15	Misc. (Hardware, Diversified, Industrial Products, Retailing And Engineering, Textile)	5.44	2.77	1.22	5.23	4.61	4.69	1.6	4.37		
16	Others (Debt And Money Market Instruments)	16.9	20.45	32.44	11.69	5.69	6.13	2.79	20.04		
<b>Total</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>			

Compiled from annual reports [www.reliancemutual.com](http://www.reliancemutual.com)

It can be seen by looking into the Table 7 that Reliance Equity Fund invested around 50 % of its total portfolio in Banking and finance, Oil, Gas and Petroleum, Software and Pharmaceuticals sector from a total sectors/areas it invested in. Other sectors formed very small percentage of their investments other than Construction and Construction project, Auto and Auto Ancillaries , Telecom and Pharmaceuticals .Chemicals and fertilisers and pesticides were the sectors attracting near to zero average investment. There is no significant change in the investment pattern in the years.

**Table 7: Investment Portfolio Pattern of Tata Pure Equity Fund**

		(Data in % age)									
S No	Industry/Year	2007	2008	2009	2010	2011	2012	2013	2014	Avg.	Rank
	Equity and Equity related Investment	<b>98.29</b>	<b>80.9</b>	<b>73.7</b>	<b>97.59</b>	<b>95.28</b>	<b>95.27</b>	<b>96.31</b>	<b>100</b>	<b>92.16</b>	
1	Banking and Finance	7.68	10.1	9.92	20.2	22.7	22.7	30.8	26.2	18.79	1
2	Oil, Gas And Petroleum Products	8.71	8.31	14.6	11.2	15.46	15.5	14.4	10.2	12.30	2

3	Ferrous, Non Ferrous Metals and Minerals/Mining	3.97	8.1	1.93	5.32	1.35	1.35	1.46	2.35	3.23	11
4	Auto and Auto Ancillaries	8.91	2.84	3.86	8.37	10.04	10	5.27	8.95	7.29	5
5	Software	17.5	0	1.28	11.3	12.24	12.2	15.8	17.9	11.03	3
6	Telecom Services and Accessories	12.1	2.78	4.93	1.4	2.29	2.29	1.53	0	3.42	10
7	Chemicals	0	0	0	0	0	0	0	0	0.00	13
8	Cement, Construction and Construction Project	0.99	8.26	3.58	10.4	5.21	5.21	5.08	6.25	5.62	6
9	Pharmaceuticals	0.43	1.38	5.95	6.36	7.37	7.37	5.66	7.8	5.29	8
10	Fertilisers and Pesticides	0	0	0	0	0	0	0	0	0.00	13
11	Consumer Durables And Non Durables	1.52	5.94	10.8	4.27	11.87	11.9	6.58	6.12	7.37	4
12	Industrial Capital Goods	15.3	14.7	6.74	5.84	0	0	0	0	5.32	7
13	Media And Entertainment	3.44	2.42	2.3	3.67	1.1	1.1	3.66	4.09	2.72	12
14	Power And Transportation	7.27	7.73	6.34	3.27	3.01	3.01	4.55	1.89	4.63	9
15	Misc. (Hardware, Diversified, Industrial Products, Retailing And Engineering, Textile)	10.5	8.29	1.53	5.94	2.64	2.64	1.47	0.83		
16	Others (Debt And Money Market Instruments)	1.71	19.1	26.3	2.41	4.72	4.73	3.69	0		
Total		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Compiled from annual reports [www.tatamutualfund.com](http://www.tatamutualfund.com)

Table 7 shows that Tata Pure Equity Fund reduced its investment in Industrial Capital Goods as its share going down from 15.26 % in 2007 to 5.32% in 2014 while Banking and finance sector more than doubled its investment share in the portfolio from 7.68% to 26.2%. Telecom and telecom equipments and Power and Transportation were also the sectors where a significant amount of reduction in share of investment is observed. The most preferred sectors in the Tata Pure Equity Fund were Banking and finance, Software, Oil ,Gas and Petroleum Products and Consumer Durables and

non Durables whereas Chemicals, Fertilisers and Pesticides and Media and entertainment were the least preferred sectors of the scheme.

**Table 8: Average Sectoral Allocation of Selected Private Equity Schemes in India (2007-2014)**

(Data in % age)

S.No	Sector/Industry	Templet on Growth Fund	HDFC Equity	HSBC Equity Fund	ICICI Dynamic	Kotak Opportunity	Reliance Equity	TATA Pure Equity
1	Banking and Finance	27.14	22.42	22.23	18.14	20.65	14.84	18.79
2	Oil, Gas and Petroleum Products	17.21	11.77	15.71	12.72	9.49	10.16	12.30
3	Ferrous ,Non Ferrous and Minerals/ Minings	12.60	3.83	6.45	6.70	5.40	3.29	3.23
4	Auto and Auto Ancilliaries	6.55	7.28	8.33	3.97	6.05	5.08	7.29
5	Software	6.19	9.16	11.40	12.72	10.23	14.28	11.03
6	Telecom Services and Equipments	5.34	1.39	3.69	4.30	3.98	6.03	3.42
7	Chemicals	4.37	0.65	0.00	0.10	0.00	0.77	0.00
8	Construction, Construction Project and Cement	4.37	4.14	6.06	3.29	7.12	7.58	5.62
9	Pharmaceuticals	3.62	8.50	4.00	8.63	6.19	8.50	5.29
10	Fertilisers and Pesticides	3.20	1.32	0.00	3.01	1.15	0.12	0.00
11	Consumer Durables and Non Durables	1.41	9.79	8.86	4.18	6.75	2.89	7.37
12	Industrial Capital Goods	0.00	6.50	5.00	4.71	3.62	1.65	5.32
13	Media and Entertainment	0.00	4.81	1.52	2.60	3.22	2.10	2.72
14	Power and Transportation	2.46	2.43	2.23	5.81	0.00	4.05	4.63

(Compiled from the averages of the table 1 to table 7)

Table 8 shows the average percentage of portfolio allocation of selected Indian private Mutual fund schemes for a period of 8 years (i.e. 2007-2014).It can be viewed from above that Banking and finance followed by oil, software, gas and petroleum have maintained the foremost preference sectors in terms of investment by the schemes. Whereas Fertilisers, Media and Entertainment ,Engineering services, healthcare services, trading, hotels and chemicals have taken the last most preference in attraction of investment by the schemes. Pharmaceuticals and Consumer non durables are also a



preference sector. It can also be inferred from the above table that Ferrous and non ferrous metals, Industrial Capital goods, Power and Telecom Industry are few sectors which are amongst the top investment attracting avenues for few Mutual Fund houses and among the least for others.

## **Conclusion, Implication and Future Research Directions**

From the description provided in the above section, it is depicted that the investment pattern of Mutual fund Industry in India in the last eight years is following a fluctuating pattern as with return and stock market. In most of the years Banking, Software, Consumer Durables, Pharmaceuticals and Finance sectors have been the most favourite investment avenue for the Industry, conversely it is also analysed that Construction, Cement, Hardware and Media and Entertainment sectors have not been able to attract mutual fund investments. There are only a few sectors where there is a noticeable difference found in the portfolio allocation by different schemes.

The present study is a descriptive study of the investment avenues selected by the selected Indian private sector mutual fund schemes for a number of years. The findings of the study would be useful for the investors and the Mutual fund houses. The study would give an understanding to the mutual fund investors that where their money is invested and which are the most preferred and least preferred sectors. The investors can also use the information if they are going for a direct investment. The mutual fund houses would be benefitted by the data to have an insight into the Investment pattern which their competitors are following in comparison to their own investment portfolio. This would also help the Mutual fund houses to find the sectors where the successful mutual fund schemes have invested their money so that they can also produce better returns by investing in the same sectors. The further scope of research of the present study is that it can be found that the individual mutual fund schemes keep on revising their portfolio from time to time. What is the reason for the portfolio revision? What are the determinants of Investment by the Mutual fund schemes under different market sentiments?

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