

**FINANCIAL PERFORMANCE EVALUATION OF MUTUAL FUNDS  
IN NEPAL**

**A Thesis  
Submitted**

**By**

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## CERTIFICATION OF AUTHORSHIP

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as a part of requirements for a degree except as fully acknowledge within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the reference section of the thesis.

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Date:

## **RECOMMENDATION LETTER**

It is certified that thesis entitled **PERFORMANCE EVALUATION OF SELECTED MUTUAL FUNDS IN NEPAL** submitted by Yashu Thapa is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgment. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

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## **APPROVAL SHEET**

We, the undersigned, have examined the thesis entitled **PERFORMANCE EVALUATION OF SELECTED MUTUAL FUNDS IN NEPAL** presented by **Yashu Thapa**, a candidate for the degree of **Master of Business Studies (MBS-Semester)** and conducted the viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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Yashu Thapa

Reseacher

## TABLE OF CONTENTS

	<b>Page No.:</b>
<i>Certificate of Authorship</i>	<i>II</i>
<i>Recommendation Letter</i>	<i>III</i>
<i>Approval Sheet</i>	<i>IV</i>
<i>Acknowledgements</i>	<i>V</i>
<i>Table of Contents</i>	<i>VI</i>
<i>List of Table</i>	<i>IX</i>
<i>List of Figures</i>	<i>X</i>
<i>Abbreviations</i>	<i>XI</i>
<i>Abstract</i>	<i>XII</i>
<b>CHAPTER-I            INTRODUCTION</b>	<b>1-7</b>
1.1 Background of the Study	1
1.2 Problem Statement and Research Questions	3
1.3 Purpose of the Study	4
1.4 Significance of the Study	5
1.5 Limitation of the Study	6
1.6 Chapter Plan	6
<b>CHAPTER-II            LITERATURE REVIEW</b>	<b>8-30</b>
2.1 Conceptual Review	8
2.1.1 History of Mutual Funds in Nepal	10
2.1.2 Types of Mutual Funds	12
2.1.3 Structure of Mutual Fund in Nepal	13

2.1.4 Current Mutual Fund Scheme in Nepal	15
2.2 Review of Journals and Articles	16
2.3 Review of Previous Thesis	21
2.4 Research Gap	30
<b>CHAPTER-III      METHODOLOGY</b>	<b>31-37</b>
3.1 Research Design	31
3.2 Population and Sample	31
3.3 Sources of Data	31
3.4 Data Collection and Procedure	32
3.5 Data Processing Procedure	32
3.6 Data Analysis Tools and Techniques	33
<b>CHAPTER-IV      RESULTS</b>	<b>38-50</b>
4.1 Data Presentation and Analysis	38
4.1.1 Comparative Statement of NAV for Selected Mutual Funds	38
4.1.2 Comparative Analysis between Monthly Return on Price and NEPSE Index Return	39
4.1.3 Performance Analysis based on Mean Return, Standard Deviation and Beta of Selected Mutual Funds	42
4.1.4 Performance Analysis based on Sharpe Ratio	44
4.1.5 Performance Analysis based on Treynor Ratio	46
4.1.6 Performance Analysis based on Jensen Ratio	47
4.2 Major Findings	49

<b>CHAPTER-V</b>	<b>CONCLUSIONS</b>	<b>51-55</b>
5.1 Discussion		51
5.2 Conclusion		52
5.3 Implications		54
5.3.1 General implication		54
5.3.2 2 Implication for future researchers		54
<b>REFERENCES</b>		<b>56-58</b>
<b>APPENDIX</b>		<b>59-69</b>



## LIST OF TABLES

<b>Table No.</b>	<b>Title</b>	<b>Page no.</b>
Table 2.1	Current Mutual Fund Schemes in Nepal	16
Table 2.2	Summary of Empirical Review	25
Table 4.1	Mean Return, Standard Deviation and Beta of Selected Mutual Funds	43
Table 4.2	Sharpe Ratio of Selected Mutual Funds	45
Table 4.3	Treynor Ratio of Selected Mutual Funds	46
Table 4.4	Jensen Ratio of Selected Mutual Funds	48

## LIST OF FIGURES

<b>Figure No.</b>	<b>Title</b>	<b>Page No.</b>
Figure 2.1	Mutual Fund Structure in Nepal	14
Figure 4.1	NAV of Selected Mutual Funds	39
Figure 4.2	GIMES-1 Monthly Return on Price & Index Return	40
Figure 4.3	LVF-1 Monthly Return on Price & Index Return	40
Figure 4.4	NMBSF-1 Monthly Return on Price & Index Return	41
Figure 4.5	NIBLSF-1 Monthly Return on Price & Index Return	41
Figure 4.6	SEOS Monthly Return on Price & Index Return	42
Figure 4.7	Mean Return, Standard Deviation, Beta of Selected Mutual Funds	43
Figure 4.8	Sharpe Ratio of Selected Mutual Funds	45
Figure 4.9	Treynor Ratio of Selected Mutual Funds	47
Figure 4.10	Jensen Ratio of Selected Mutual Funds	48

**LIST OF ABBREVIATIONS**

CAPM	=	Capital Asset Pricing Model
CIT	=	Citizen Investment Trust
CUS	=	Citizen Unit Scheme
GIMES-1	=	Global IME Samunnat Scheme-1
HPR	=	Holding Period Return
LVF-1	=	Laxmi Value Fund-1
NAV	=	Net Assets Value
NCM	=	Nepal Capital Market
NEPSE	=	Nepal Stock Exchange
NIBSF-1	=	NIBL Samriddhi Fund-1
NIDC	=	Nepal Industrial Development Corporation
NMBSF-1	=	NMB Sulav Investment-1
SEBON	=	Securities Board of Nepal
SEOS	=	Siddhartha Equity Oriented Scheme

## ABSTRACT

*A mutual fund is an investment vehicle made up of money collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instrument and other assets. Mutual Fund is one of the most effective instruments for the small & medium investors for investment and offers opportunity to them to participate in capital market with low level of risk. It also provides the facility of diversification i.e. investors can invest across different types of schemes. Mutual funds are operated by professional money managers, who allocate the fund's investments and attempt to produce capital gains and income for the fund's investors.*

*The development of the mutual fund industry is the greatest investment success story of the twentieth century in United States and this industry also emerged as the most dynamic segment of the Indian financial system on that time. But the history of mutual fund in Nepal started only with the establishment of "NCM Mutual Fund 2050" in 1993. Currently there are thirteen mutual fund schemes listed and traded in Nepal Stock Exchange that provide investment opportunities for investors in mutual funds market whereas only five mutual funds are taken into the consideration for this study.*

*In this context, the purpose of this paper is to evaluate the performance of the selected mutual fund schemes in Nepal from May 2016 to November 2018. This study is based on secondary data. Different statistical and financial tools have been used for data analysis. Moreover various absolute and relative performance measures like Sharpe measure, Treynor measure, Jensen Alpha is being used to evaluate the performance. The study finds that overall all the schemes provide higher and better average return than market except GIMES-1 whereas NIBSF-1 performance is low with high risk among all the selected mutual funds. Laxmi Value Fund-1 is found to be good performer among the selected mutual funds by having highest value of Sharpe, Treynor and Jensen measure. This research report may be useful to investor to make their investment decisions and suggest to fund managers to adopt such strategies that could provide maximum benefit to the investors. This report may also provide a mechanism for identifying strengths and weakness of fund managers which help them to take corrective actions.*