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A STUDY ON ANALYSIS OF GOLD EXCHANGE TRADED FUNDS

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Abstract

An exchange-traded fund ETF is a collection of securities such as stocks that tracks an underlying index. ETFs can contain many types of investments, including stocks, commodities, bonds, or a mixture of investment types. An exchange-traded fund is a marketable security, meaning it has an associated price that allows it to be easily bought and sold. Exchange-traded funds are one of the most important and valuable products created for individual investors in recent years. ETFs offer many benefits and, if used wisely, are an excellent vehicle to achieve an investors investment goal. Briefly, an ETF is a basket of securities that you can buy or sell through a brokerage firm on a stock exchange. ETFs are offered on virtually every conceivable asset class from traditional investments to so called alternative assets like commodities or currencies. In addition, innovative ETF structures allow investors to short markets, to gain leverage, and to avoid short-term capital gains taxes.

Introduction :- After a couple of false starts, ETFs began in earnest in 1993 with the product commonly known by its ticker symbol, SPY or "Spiders," which became the highest volume ETF in history. There are now estimated to be over 1 trillion invested in ETFs and nearly 1,000 ETF products traded on U.S. stock exchanges. An ETF however isn't a mutual fund it trades just like any other company on a stock exchange. Unlike a mutual fund that has its net asset value calculated at the end of each trading day, an ETF's price changes throughout the day, fluctuating with supply and demand. It is important to remember that while ETFs attempt to replicate the return on indexes, there is no guarantee that they will do so exactly. It is not uncommon to see a 1% or more difference between the actual index's year-end return and that of an ETF.

Types of ETFs: There's an ETF for nearly every purpose. Here are some of the most common types:

Long ETFs:
These take a "long position" on their underlying indexes. They typically own shares of companies in a specific index. If the index rises, so do share prices in long ETFs, by about the same amount, minus any expenses and trading costs.

Inverse ETFs:
The opposite of long ETFs. They take "short positions" on the underlying index. Share prices move in the opposite direction to ETF shares. If the index loses money, you win.

Gold ETFs: These ETFs invest in a representative sample of gold stocks, or they hold claims on actual gold bullion, held in trust by a custodian. Shares in gold ETFs typically move in rough tandem with gold prices. You can also buy ETFs that focus on precious metals more generally.

Industry ETFs.
These ETFs own a portfolio of stocks representing an industry, such as energy and oil, technology, mining, transportation, health care, and so on.

Country ETFs
These investments buy shares in companies that represent a cross-section of industry in a given country. For instance, they may own shares of the largest 50 publicly traded stocks in a specific country as measured by market capitalization. You can also buy regional ETFs as well, which focus on entire continents.

Leveraged ETFs: These funds use borrowed money to "gear up" their portfolios, magnifying returns. They also magnify risks as well. For instance, a leveraged S&P 500 ETF will seek to roughly double the returns of the index, minus interest and expenses. But they will also double the size of losses as well. You can also buy leveraged inverse ETFs – these are very risky.

Currency ETFs. These securities seek to capture the returns of foreign currencies.

Bond ETFs. These are just like stock ETFs, except they own bonds instead of stock.

Objectives Of The Study

1. To understand the concept of KOTAK gold exchange traded funds
2. To measure the risk in AXIS, IDBI, KOTAK gold exchange traded fund

3. To evaluate the performance of AXIS, IDBI, KOTAK ETFs
4. To analyse the list of companies taken for calculation of gold exchange traded funds
5. Based on study to give findings and suggestions

Scope of The Study

As duration of the project 5 weeks due to which only 3 GOLD ETFs in NSE and 5 years data of each stock was taken for the study

	Annual Change %			Standard Deviation			Sharpe Ratio		
Year	IDBI	KOTAK	AXIS	IDBI	KOTAK	AXIS	IDBI	KOTAK	AXIS
2015	-15.81	16.42	3.32	5.26	5.40	5.45	-16.95	17.53	4.41
2016	-4.17	-90.42	6.36	4.30	26.13	3.55	-5.55	-90.65	4.67
2017	13.02	12.15	9.39	5.16	4.87	5.42	11.86	10.95	8.28
2018	0.38	-1.19	3.19	3.45	2.53	2.35	-1.35	-3.56	5.74
2019	5.15	6.34	6.31	2.61	3.12	2.42	2.86	4.42	3.83
2021	4.95	5.12	4.59	3.25	2.73	2.84	3.10	2.93	2.48

Following are the stocks for the study:

1. Axis Gold
2. Kotak Gold
3. Idbi Gold

Hypothesis

By owning an ETF, you get the diversification of a mutual fund plus the flexibility of a stock. Because ETFs trade like stocks, you can short sell them, buy them on margin and purchase as little as one share. Another advantage is that the expense ratios of most ETFs are lower than that of the average mutual fund

ETFs are passively managed funds linked with a specific share, raw material, industry or other type of index. The biggest difference compared to a regular fund is passivity, while regular funds are active in portfolio management.

ETFs attempt to rigorously follow a certain index while a regular fund attempts by active portfolio management to outperform its index. ETF, then, cannot overproduce. ETF prices are quoted continuously during trading hours. **GOLD EXCHANGE TRADED Funds.**

Findings :- From the data analysis of **"A Study On Analysis Of Gold Exchange Traded Funds.**

The following points were find out.

For the study in 2015: It was find out that among all 3 schemes the highest return were in kotak gold . Were as the least returns were in axis gold. It was also find out the risk among all 3 schemes the highest risk in IDBI GOLD. The least risk AXIS GOLD. But only on basis of risk and return performance can be evaluated. And was find out that among all 3 schemes. The best performance schemes is **kotak gold** .

For the study in 2016: It was find out that among all 3 schemes the highest return were in axis gold. Were as the least returns were in kotak gold. It was also find out the risk among all schemes the highest risk in axis gold. The least risk in kotak gold. But only on basis of risk and return performance can be evaluated. And was findout that among all 3 schemes. The best performance schemes is **axis gold**.

Tools Used For The Study

1. Mean
2. Variance
3. Standard deviation
4. Sharpe ratio

For the study in 2017: It was find out that among all 3 schemes the highest return were in IDBI GOLD. Were as the least returns were in AXIS GOLD. It was also find out the risk
among all 3 schemes the highest risk in kotak GOLD. The least risk in AXIS GOLD.

But only on basis of risk and return performance can be evaluated. And was findout that among all 3 schemes. The best performance schemes is **IDBI**.

For the study in 2018: It was find out that among all 3 schemes the highest return were in AXIS GOLD. Were as the least returns were in KOTAK GOLD. It was also find out the risk among all 3 schemes the highest risk in AXIS GOLD. The least risk in IDBI GOLD. But only on basis of risk and return performance can be evaluated. And was findout that among all 4 schemes. The best performance schemes is **AXIS GOLD**.

For the study in 2019: It was find out that among all 3 schemes the highest return were in KOTAK GOLD. Were as the least returns were in IDBI GOLD. It was also find out the risk among all 3 schemes the highest risk in AXIS GOLD. The least risk in KOTAK GOLD.

But only on basis of risk and return performance can be evaluated. And was findout that among all 3 schemes. The best performance schemes is **KOTAK GOLD**

For the study in 2021: It was find out that among all 3 schemes the highest return were in KOTAK GOLD. Were as the least returns were in AXIS GOLD. It was also find out the risk among all 3 schemes the highest risk in KOTAK GOLD. The least risk in IDBI GOLD.

But only on basis of risk and return performance can be evaluated. And was findout that among all 4 schemes. The best performance schemes is **IDBI GOLD**

Suggestions

1. After careful observation of data analysis the investments in etfs are very profitable
2. All the gold exchange traded funds are very good but fluctuations in stock markets are common. Hence, fluctuations in gold etfs are also common.
3. Investing in gold etfs for long run is more profitable.
4. For an investor "the past presentation should not be the only consideration"
5. Basing on analysis investing in axisgold very profitable, because this scheme gives 6 years positive returns out of 6 years.
6. So my suggestion to investors is invest in axis gold for good profitable returns.
7. An gold etfs also invests in stock market one can eliminate the diversifiable risk but non diversifiable risk is intact in gold etfs

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