

## COMPARATIVE PERFORMANCE ANALYSIS OF SBI MUTUAL FUND IN COMPARISON WITH HDFC MUTUAL FUND

Dr. Ashvin Dave<sup>1</sup>, Divya Harwani<sup>2</sup> and Dr. Ashish. Joshi<sup>3</sup>

<sup>1</sup>Professor and Head, <sup>2</sup>Research Scholar and <sup>3</sup>Associate Professor, Department of Business Administration and Commerce, School of Liberal Studies, Pandit Deendayal Energy University

<sup>1</sup>ashvin\_dave25@yahoo.co.in, <sup>2</sup>divyahaarwani92@gmail.com and <sup>3</sup>ashish.joshi@rediffmail.com

### ABSTRACT

The asset management industry refers to professional fund management industry. Individual or retail investors can be considered part of this industry whenever they pool their resources and allow a professional fund manager to invest them. There are several broad types of pooled investment structures. Mutual funds are the most common and visible type. Mutual funds can assist investors in achieving their financial objectives. Mutual funds collect money from investors and invest it in a variety of assets, including the equity market, debt instruments, gold, government bonds, and similar money market instruments, depending on the type of Scheme. The present study measures the performance of selected public sector and private sector mutual fund companies and their schemes. For this Net Assets Value and their %return has been used. Data used for the study pertains from 2016-2017 to 2020-2021 and has been collected from the mutual fund website and various Journals. The study revealed that HDFC Mutual Fund has better performance as compared to SBI Mutual Fund.

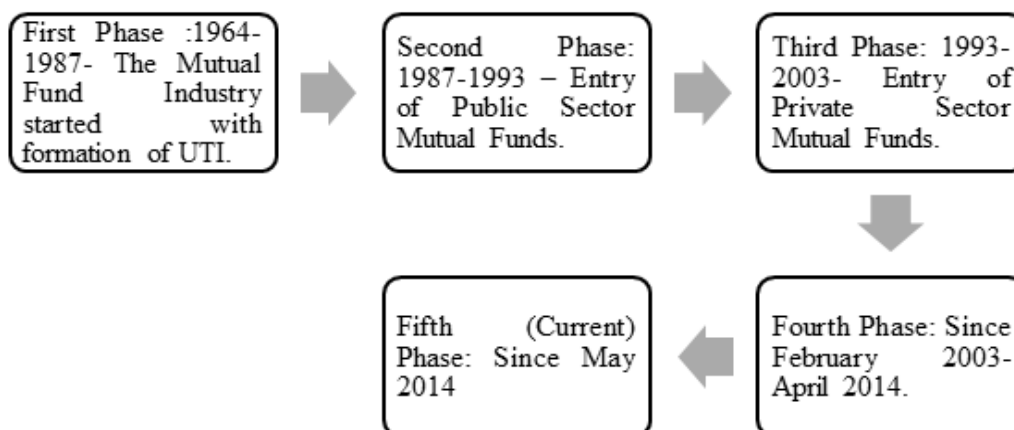
**Keywords:** Investment, Mutual Funds, Public company, Private company, Net Asset Value, Returns.

### INTRODUCTION

A mutual fund is a type of financial vehicle that invests in securities such as stocks, bonds, money market instruments, and other assets by pooling money from multiple investors. Mutual funds are managed by professional money managers who allocate the fund's assets in an attempt to generate capital gains or income for fund investors. The portfolio of a mutual fund is structured and managed to meet the investment objectives stated in the prospectus.

A developed economy requires a strong financial market with broad participation. With this broad goal, India's first mutual fund, Unit Trust of India (UTI), was established in 1963 at the initiative of the Government of India and the Reserve Bank of India "with a view to encouraging saving and investment and participation in the income, profits, and gains accruing to the Corporation from the acquisition, holding, management, and disposal of securities."

Over the past few years, the mutual fund industry has grown significantly. The history of mutual funds in India can be divided into five distinct phases as follows:



*Source:* Association of Mutual Funds in India (AMFI)

There are different types of mutual funds that offer different options to suit investors diverse risk appetites. Broadly, any mutual fund will either invest in equities, debt or a mix of both. Further, they can be open-ended or close-ended mutual fund schemes.

### Open-Ended Funds

In an open-ended mutual fund, an investor can invest or enter and redeem or exit at any time. It has no fixed maturity period.

### Close-Ended Funds

Close-ended mutual fund has a fixed maturity date. An investor can make investments or enter in these kinds of schemes at some point of the preliminary duration referred as the New Fund Offer or NFO period. His/her funding will automatically be redeemed at the maturity date. They are listed on stock exchange.

## **COMPANY PROFILE**

### **SBI Mutual Fund:**

SBI Mutual Fund is a payment scheme instituted by State Bank of India (SBI) and established in 1 with headquarters in Mumbai, India. SBIFMPL is a joint venture between State Bank of India, an Indian public sector bank, and AMUNDI, a European Asset management company. A shareholder agreement to this effect was signed between SBI and AMUNDI Asset Management on April 13, 2011. Therefore, SBI currently owns 63% of SBI FMPL and 37% of the shares are owned by AMUNDI Asset Management through its wholly owned subsidiary AMUNDI India Holding. SBI and AMUNDI Asset Management have jointly developed the company into an internationally reputed asset management company by adopting global best practices and adhering to international standards.

### **HDFC Mutual Fund**

HDFC Mutual Fund is one of India's largest mutual fund managers with ₹4.4 trillion in assets under management. Founded in 1999, it is a joint venture between Housing Development Finance Corporation Limited ("HDFC") and ABRDN Investment Management Limited (formerly known as Standard Life Investments Limited). During FY18-19 the company carried out an initial public offering, and became a publicly listed company in August 2018. The main shareholders are HDFC and ABRDN Investment Management Limited, which own 52.6% and 16.2%, respectively. HDFC Asset Management Company ("HDFCAMC") is the investment manager for the HDFC Mutual Fund ("HDFCMF") plan.

## **LITERATURE REVIEW**

Dr. Shantanu Mehta and Charmi Shah (2012) examined buying behaviour and preference of investors for Indian Mutual Funds and their performance evaluation. The required data and information for the study were gathered from primary source as well as Secondary source. For primary data study followed convenience sampling method by taking 100 educated investors of Ahmedabad and Baroda city. For secondary data, study adopted judgemental sampling. The statistical tools like Chi square test and Cramer's V are used for the study. The research suggested that it is necessary for investors to understand that NFOs are only marketing devices. There are number of funds have proved and investors should opt for them because of their track record.

G. B. Sabari Rajan and R. Sivashanmugam (2013) conducted research with the purpose to investigate the comparative analysis of three different schemes of TATA Mutual Funds over the period from 1-1-2013 to 30-4-2013. The study undertaken schemes like TATA Guilt Dividend open ended fund (GDOF), TATA Special Fund Open Ended (SFOE), and TATA Liquid Open High Investment Plan. For data analysis they employed Correlation, Standard deviation, Alpha, Beta, and Sharpe Ratio. The required data and information for the study were gathered from the secondary source of data collected from AMFI website. The result of the study revealed that from selected three schemes, TATA Liquid Open High Investment Plan had better performance as compared to other two plans.

Ms. Shilpi Pal and Prof. Arti Chandani (2014) conducted research with the aim to analyses top 10 equity mutual fund schemes for the period from October 2007 to October 2012. The study employed various statistical tools like Standard Deviation, Beta, Sharpe Ratio and R square. The required data and information for the study were gathered from secondary source of data, collected from mutual fund websites. The study found, from all selected schemes HDFC Midcap Opportunities (G) was best fund scheme among all other schemes.

Nirosha, C. (2015) conducted research to investigate the performance evaluation of mutual funds with special reference to selected equity diversified mutual funds from the time period January 2012 to December 2014. The study comprises five mutual fund schemes which were HDFC Top 200, Sahara Tax Gain Fund, Reliance Vision Fund, HDFC Equity Fund, and Kotak opportunities. The data has been obtained from secondary source which included published annual reports of the sponsoring agencies, online bulletins, journal books, magazines, brochures, newspapers and other published and online material. The research employed different statistical tools like standard deviation, Beta, Alpha, R Square and Sharpe Ratio. The study concluded that all the funds have performed well in the high volatile market movement except Reliance Vision Fund.

Dr. M. JegadeesHwaran and Mahesh Kumar. T (2017) studied growth and performance of mutual funds in India. The research was based on secondary data, collected from websites of SEBI, AMFI, BSE from the time period 2006-2207 to 2015-2016. For analysis the study employed various statistical tools which included, descriptive statistics, Compound Annual Growth Rate, One sample T-test, ANOVA and Regression. The study found that the performance in the Mutual Funds of Assets Under Management attaining positive growth.

M.Guruprasad, Lokender Singh and Ajita Gupta (2019) conducted research with aim to access the financial performance of selected Mutual Fund Products as well as to understand the evolution of Mutual Fund industry in India. The study consisted four mutual fund schemes. The study has based on primary as well as secondary data. For primary

data, individual investors of Uttar Pradesh and Maharashtra were considered as sample units whereas for secondary data various sources like books, reports, magazines, websites, newspapers, journals and corporate data were used. For analysis, research used various tests like Risk-Return analysis, Coefficient of variation, Treynor's Ratio, Sharpe's Ratio, Jensen's Measure, Fama's Measure and Regression analysis were used for the period of six months. The research found that from all the schemes, growth schemes were most popular among other schemes.

Shivam Tripathi and Dr.Gurudutta P. Japee (2020) studied performance evaluation of selected equity mutual funds in India for the period from January 2015 to December 2019. The study comprises 15 Equity Mutual Fund Schemes launched by different Asset Management Companies (AMC). The required data and information for the study were gathered from secondary source data. The study employed various statistical tools like Jensen's Alpha, Beta, Standard Deviation, Sharpe Ratio. The study found that all the funds have performed well in high volatile market movement except SBI Bluechip Fund, Nippon India Large cap Fund, Nippon India Growth Fund, Nippon India Small Cap Fund and DSP Small cap Fund.

### RESEARCH OBJECTIVE

- To analysis and compare the performance of selected public sector and private sector mutual fund companies.
- To study the returns of the selected scheme of mutual fund companies.

### RESEARCH METHODOLOGY

The research is mainly concerned with the performance analysis of mutual fund schemes of public and private sector companies. The secondary data of selected mutual fund schemes have been collected from the mutual fund website called Association of Mutual Funds in India (AMFI) and various journals. The time horizon covered by the study is of five financial years from 2016-2017 to 2020-2021. The study is undertaken to analyse the performance of selected sampled public sector and private sector mutual funds schemes by using Net Asset Value (NAV = Total Market Value of the Fund / No. of Units Outstanding) and their %Returns which is derived by following formula.

$$\text{Return} = \frac{\text{Beginning Net Assets value} - \text{Ending Net Assets Value}}{\text{Beginning Net Assets value}} * 100$$

### ANALYSIS AND INTERPRETATION

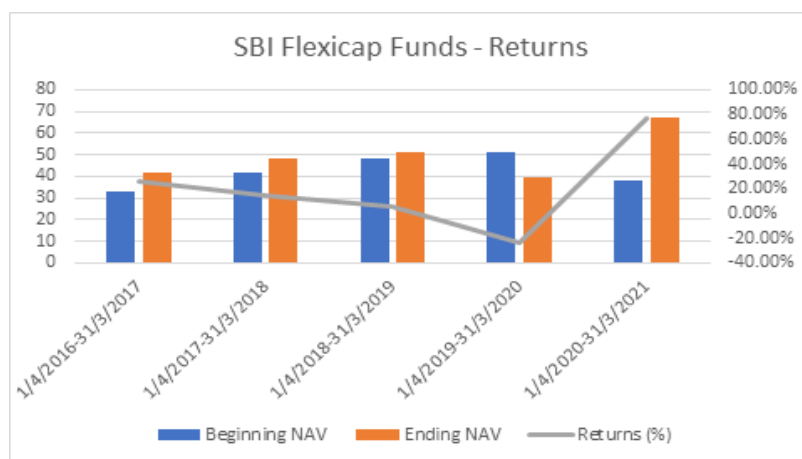
SBI Flexicap Fund- Growth Option

**Table 1:** Performance of SBI Flexicap Fund

Years	Beginning NAV	Ending NAV	Returns (%)
1/4/2016-31/3/2017	33.2783	41.8198	25.67%
1/4/2017-31/3/2018	41.8895	47.9876	14.56%
1/4/2018-31/3/2019	48.4827	51.3741	5.96%
1/4/2019-31/3/2020	51.5162	39.4506	-23.42%
1/4/2020-31/3/2021	38.242	67.5264	76.58%

Average Rate of Return = 19.87%

Covid Adjusted Average Rate of Return = 30.69



**Figure 1:** Graphical representation of SBI Flexicap Fund

### INTERPRETATION

The above table 1 and graphical representation shows Net Assets Value for the period of five years from 2016-2017 to 2020-2021 of SBI Flexicap Fund under the category of Large Cap Funds. This table and representation help us to understand the position of NAV at beginning and ending of each year of selected five years of SBI Mutual Funds. The table and graph also represent the %return of each year which is directly indicating the performance in capital value of the fund.

The return of the fund in the above representation shows continuous decline from 2016-2017 to 2018-2019 which is 25.67% to 5.96% and even goes negative in 2019-2020 i.e., -23.42% but in last year i.e., 2020-2021 with 76.58% it showed positive return which resulted in profiting the investors by fetching more returns on SBI mutual funds.

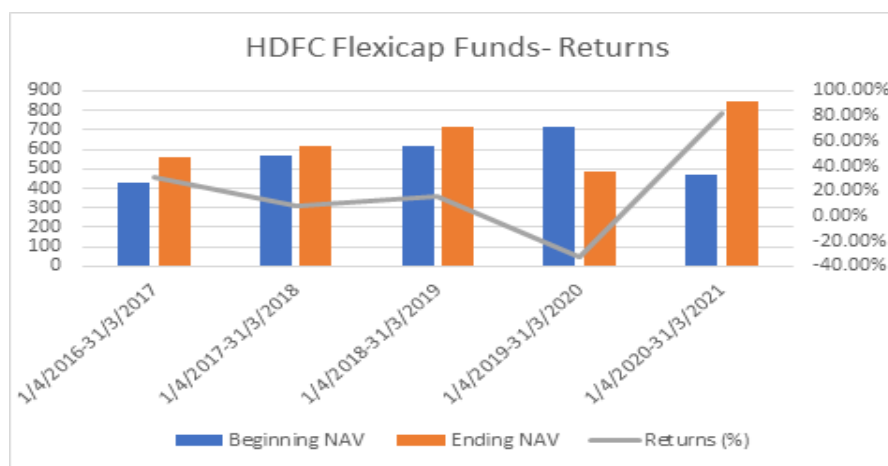
### HDFC Flexicap Fund- Growth Option

**Table 2:** Performance of HDFC Flexicap Fund

Years	Beginning NAV	Ending NAV	Returns (%)
1/4/2016-31/3/2017	426.764	561.617	31.60%
1/4/2017-31/3/2018	568.596	616.414	8.41%
1/4/2018-31/3/2019	620.086	716.073	15.48%
1/4/2019-31/3/2020	718.698	483.779	-32.69%
1/4/2020-31/3/2021	466.775	847.7	81.61%

Average Rate of Returns = 20.88%

Covid Adjusted Average Rate of Returns = 34.28%



**Figure 2:** Graphical representation of HDFC Flexicap Fund

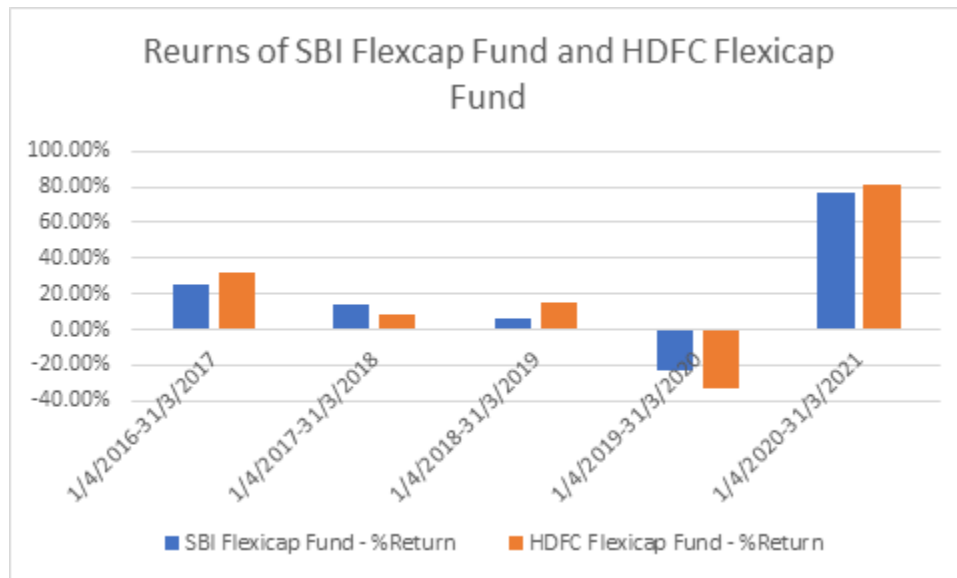
### INTERPRETATION

The above table 2 and graphical representation depicts the Net Assets Value of HDFC Flexicap Fund under the category of Large Cap Funds for the period of five years from 2016-2017 to 2020-2021. This representation helps us to understand the position of NAV at beginning and ending of each year of past five years of HDFC Flexicap Fund. The above stated table and graph also represent the %return of each year which is directly indicating the performance in capital value of the HDFC Mutual fund.

As mentioned in above table, the return of the fund decreases in 2017-2018 with 8.41% but it increases in 2018-2019 by 7.07% and goes negative in 2019-2020 with -32.69%, but in last year i.e., 2020-2021 with 81.61%, showing positive result which helped the investors of HDFC mutual fund fetching more returns on their investment.

**Table 3:** Comparison of Performance between SBI and HDFC Mutual Fund.

Years	SBI Flexicap Fund - %Return	HDFC Flexicap Fund - %Return
1/4/2016-31/3/2017	25.67%	31.60%
1/4/2017-31/3/2018	14.56%	8.41%
1/4/2018-31/3/2019	5.96%	15.48%
1/4/2019-31/3/2020	-23.42%	-32.69%
1/4/2020-31/3/2021	76.58%	81.61%



**Figure 3:** Graphical representation of SBI Flexicap Fund and HDFC Flexicap Fund

### INTERPRETATION

The performance of two selected mutual fund scheme under the study on the basis of NAV and %return shown in table 3, of last five financial years i.e.,2016-17 to 2020-21, depicts that return of SBI as well as HDFC mutual fund scheme fluctuates from 2016-17 to 2018-2019 but both decreases and goes negative in 2019-2020. The above table represents that performance of HDFC Mutual Fund decline more as compared to SBI Mutual Fund in 2019-2020.

The table also indicates that in 2020-2021 both the Mutual Fund Schemes are fetching good amount of profit to their respective investors but HDFC Mutual Funds has better performance and provides good growth as compared to SBI Mutual Fund.

### CONCLUSION

From the foregoing performance analysis of the selected two mutual fund schemes, the study explains that SBI as well as HDFC mutual fund scheme fluctuates from 2016-17 to 2018-2019 but both decreases and goes negative in 2019-2020. The table also indicates that in 2020-2021 both Mutual Fund Schemes are providing good return on investment to their respective investors. However, looking at the average return on investment and covid adjusted average return on investment of both the schemes, it can assert that HDFC Mutual Fund has higher average return on investment (20.88%) and higher Covid Adjusted Average Rate of Returns (34.28%) in comparison of SBI Mutual fund scheme. Therefore, the study concluded that HDFC Mutual Fund has significantly better performance than SBI Mutual Fund scheme.

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