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## A Comparative Study of Selected Equity Mutual Fund Schemes of SBI and ICICI and Nippon India

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### Abstract

The mutual fund industry has witnessed drastic growth in the past times. An increase within the number of schemes with increased rallying of finances in the past few years give benefits to the Significance of Indian mutual funds assiduity. To satisfy the prospects of numerous retail investors, mutual funds are needed to serve as successful institutional investors. correct assessment of varied fund interpretation and their comparison with other funds helps retail investors for creating investment opinions. This paper compares the performance of equity mutual fund schemes of SBI with the equity mutual fund schemes of ICICI and with the equity mutual funds schemes of Nippon India. It compares the performance based on compound annual growth rate and for the assessment of risk Beta and the standard deviation is used to compare the mutual fund schemes of selected Assets management companies. From the analysis, it is found that one has to invest in the mutual fund for higher returns but to avoid risk, one invests in non-financial assets also.

**Key words:** Mutual funds, CAGR, beta, Standard deviation.

### Introduction

Mutual funds are one of the most famous methods to make investments money in the market. It is an exquisite choice for new and skilled traders alike. Any funding can turn out to be properly funded when the investor is aware of the ins and outs of the offering. Unless the funding goal of the fund coincides with the funding desires of the investor, the funding will by no means be a profitable one. Given the number of mutual funds in the market, it is easy to get swayed closer to a fund because it appears attractive. However, that may additionally be some distance from reality. That is why it is extraordinarily essential for buyers to examine more than a few mutual fund choices earlier than they determine to invest. Comparing funds helps an investor to map the desire for funding to his needs.

The investor has to be sincerely comfortable earlier than making a funding decision. When an investor compares mutual funds, he realizes the special aspects of every offering even though they belong to the equal classification of investment. It additionally approves the investor to track the previous overall performance of the funds, risk-assessment parameters, and the predicted returns. Since returns by myself can't determine which fund is worth investing in, it is critical to examine mutual funds.

This study is an attempt to understand the performance of selected mutual funds and to analyze the correlation of performance of mutual funds between two reputed Asset Management companies. As a part of this study 5 equity mutual funds are compared.

## Review of literature

A lot of research has been achieved in Evaluating the overall performance of mutual funds overseas as well as in India.

1. Bansal, Garg, and Saini, (2012), inspected the exhibition of chosen mutual fund schemes that the hazard profile of the complete mutual fund universe can be exactly thought about by a basic market index that presents comparative month to month liquidity, returns, systematic and unsystematic hazard and entire fund investigation through utilizing the special reference of Sharpe and Treynor's proportion.
2. Sharpe (1966) explains in a present-day portfolio hypothesis placing that the predicted return for an informed portfolio and its associated hazard (unsystematic risk) are at once related. By consolidating one-of-a-kind thoughts he constructed a Sharpe index. In this paper he endeavored to price the presentation primarily based on the best portfolio with the unstable portfolio and a risk-free asset is the one with the excellent reward to inconstancy. The unsystematic hazard is recognized with unique security due to the fact of inefficient management.
3. Gupta and Sehgal (1998) evaluated the execution of eighty mutual fund schemes greater than 4 years (1992-96). The examination tried the advice on figuring out fund diversification, consistency of prosecution, and parameter of prosecution risk-return relationship. The investigation has seen the presence of poor portfolio growth and consistency in execution amongst the pattern schemes.
4. Treynor's (1965) concept that estimating a portfolio's return comparative with its systematic hazard is increasingly more reasonable. In his bid, he'd rated the exhibition of mutual cash on a characteristics line graphically. The lesser terrain-friendly peril or unpredictability a reserve has the redundant unpredictable a fund comes. By incorporating multifariousness of generalities; he created a single line indicator, ascertained to as the Treynor indicator.
5. Roshni Jayam (2002) find out about added that equities had the first-rate opportunity for gratefulness in the future. The professional used to be of the view that, buyers ought to efficiently omit judgment on their funding goal and hazard urge for food choosing plans, different fairness money have been commonly extra impenetrable than others and index money had been the first-class when market actions were no longer sure. The researcher proposed a Systematic Withdrawal Plan (SWP) with improvement alternatives that were once stepped by step fantastic for economic professionals wanting regular money inflows.
6. Dubravo Mihaljek (2008) focused on unique the ramifications of coverage responses. He has diagnosed two considerable issues: i) below estimation of the improvement in credit score chance arising from quick credit score development, ii) Risk of a sharp slowdown or inversion in bank-intermediated capital streams.
7. Fama (1972) created methods to understand discovered return due to the fact of the capability to get the fine securities at a given diploma of hazard from that of expectations of price tendencies in the market. He introduced a multi-period mannequin allowing evaluation on a period-by-period and on a cumulative basis. He concluded that a return on a portfolio establishes of return for security dedication and a return for bearing risk. His commitments joined the thoughts from present-day speculations of portfolio willpower and market equilibrium with step-by-step

conventional thoughts of proper portfolio management.

### Objectives

This study mainly focuses on the performance evaluation of selected equity mutual fund schemes of 3 Assets management companies functioning in India. This research is being done to fulfill these objectives:

- 1 To compare the return from selected mutual funds schemes with the dual benchmark.
- 2 To recognize which company is performing admirably for investment in equity Mutual Funds.
- 3 To measure the risk of selected mutual funds

### Research Methodology

The current study attempted to dissect the performance of the selected mutual fund schemes with the market during the time of the examination. To accomplish the objectives the 5 equity mutual funds of 3 Assets management companies have been taken, and a comparative analysis of these schemes is made with the market based on return with their respective dual benchmark for return and statistical tools Beta and standard deviation are utilized to assess the risk of these mutual fund schemes under the present study. The current investigation depends on auxiliary information which is gathered from different sources like published annual reports of the sponsoring agencies, online bulletins, journal books, magazines, brochures, newspapers, and other distributed and online material.

### Assets Management Companies

The study is carried out on the 3 following Assets management companies

1. State Bank Of India Assets Management company (SBI)
2. Industrial Credit and Investment Corporation of India Assets Management company (ICICI)
3. Nipon India Assets Management company

### Sampling

A sample of 3 AMC each from 5 different types of funds are being taken. The types of Funds taken are followed:

1. large and midcap fund
2. blue-chip funds
3. small-cap funds
4. Midcap fund
5. balanced advantage fund

### Statistical tools

An analysis has been done by using the following statistical tools:

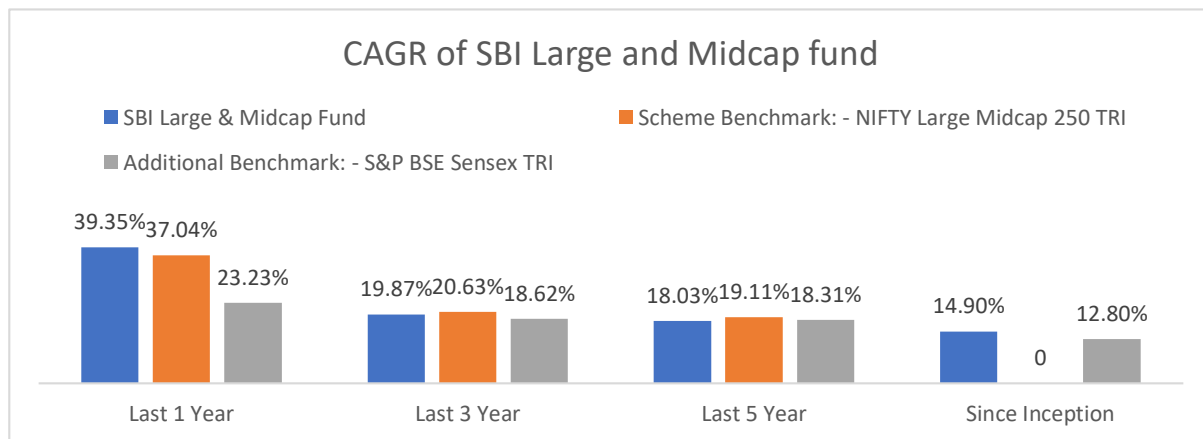
- **Compound Annual Growth Rate (CAGR)** The compound annual growth rate (CAGR) is the rate of return (RoR) that would be needed for an investment to grow from its incipience balance to its ending balance, assuming the gains were reinvested at the end of each period of the investment's life span.
- **Standard deviation** It shows the historical volatility
- **Beta.** The systematic risk of an asset can be measured based on Beta ( $\beta$ ) concerning the market. If the beta of a scheme is higher than One it implies that it's riskier than the market indicator and vice-versa.

**Data Analysis and interpretation**

**large and midcap funds** Mutual funds which diversify investments between large and mid-capitalization agencies are categorized as large and midcap funds. The ratio in which the funding is diversified, between large and mid-cap companies, may vary from fund to fund

**Table 1. CAGR of SBI Large &Midcap fund**

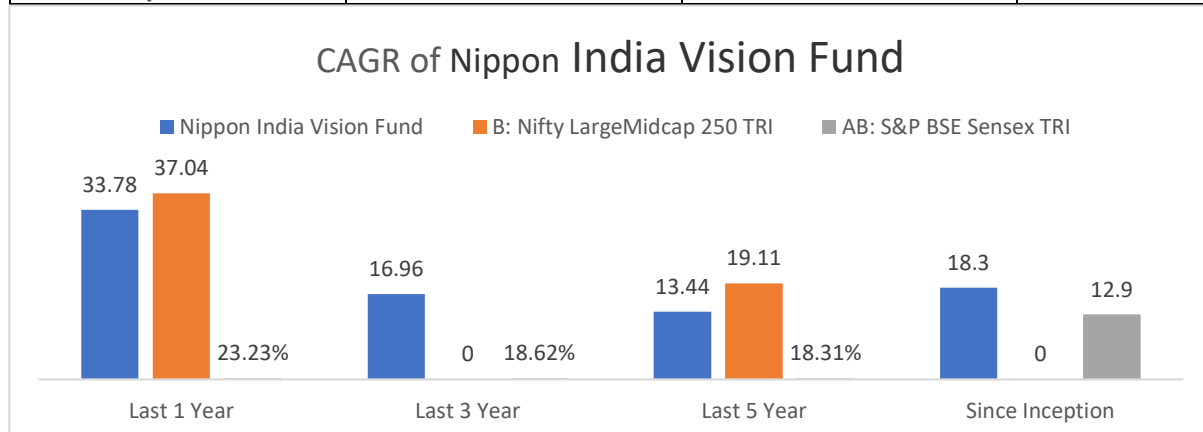
	SBI Large & Midcap Fund	Scheme Benchmark: - NIFTY Large Midcap 250 TRI	Additional Benchmark: - S&P BSE Sensex TRI
Last 1 Year	39.35%	37.04%	23.23%
Last 3 Year	19.87%	20.63%	18.62%
Last 5 Year	18.03%	19.11%	18.31%
Since Inception	14.90%	N.A.	12.80%



From the above comparative analysis of performance section, it is observed that SBI small-cap fund has performed lower than the Benchmark selected by them either scheme Benchmark or additional Benchmark in 3 years, 5 years or since Inception but in Last 1 year this fund has given the return higher than the scheme benchmark but the return is more than additional Benchmark.

**Table 2 CAGR of Nippon India Vision fund**

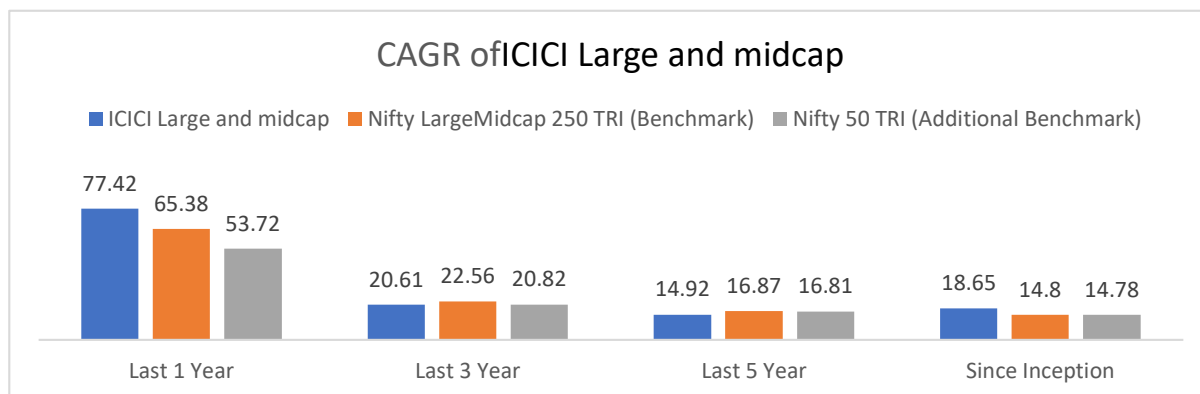
	Nippon India Vision Fund	B: Nifty LargeMidcap 250 TRI	AB: S&P BSE Sensex TRI
Last 1 Year	33.78	37.04	23.23%
Last 3 Year	16.96	20.63	18.62%
Last 5 Year	13.44	19.11	18.31%
Since Inception	18.3	N.A.	12.9



From the above comparative analysis of performance section, it is observed that Nippon India Vision fund has performed higher than the Benchmark selected by them either scheme Benchmark or additional Benchmark in the entire period of Study.

**Table 3. CAGR of ICICI large and midcap fund**

	ICICI Large and midcap	Nifty LargeMidcap 250 TRI (Benchmark)	Nifty 50 TRI (Additional Benchmark)
Last 1 Year	77.42	65.38	53.72
Last 3 Year	20.61	22.56	20.82
Last 5 Year	14.92	16.87	16.81
Since Inception	18.65	14.8	14.78



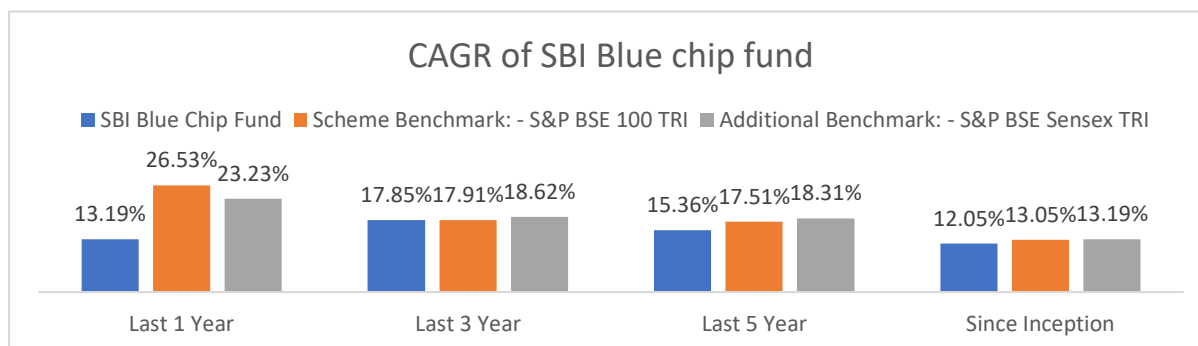
From the above comparative analysis of performance section it is observed that ICICI large and midcap fund has performed lower than the Benchmark selected by them either scheme Benchmark or additional Benchmark in 3 years, 5 years or but in Last 1 year and since Inception this fund has given the return higher than the scheme benchmark and additional Benchmark.

**Blue chip funds**

Blue chip funds are equity mutual money that make investments in shares of groups with massive market capitalisation. These are well-established companies with a tune record of overall performance over some time. However, as per SEBI norms on mutual fund categorisation, you don't have an legitimate class referred to as Blue Chip funds. Blue Chip is usually used as a synonym for giant cap funds.

**Table 4. CAGR of SBI Bluechip fund**

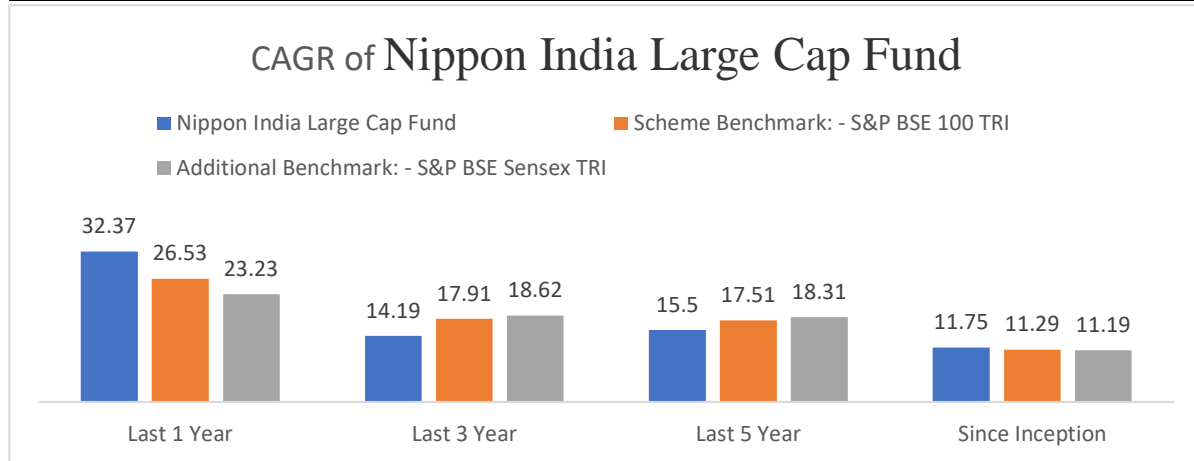
	SBI Blue Chip Fund	Scheme Benchmark: - S&P BSE 100 TRI	Additional Benchmark: - S&P BSE Sensex TRI
Last 1 Year	13.19%	26.53%	23.23%
Last 3 Year	17.85%	17.91%	18.62%
Last 5 Year	15.36%	17.51%	18.31%
Since Inception	12.05%	13.05%	13.19%



From the above comparative analysis of performance section it is observed that SBI Blue chip fund has performed lower than the Benchmark selected by them either scheme Benchmark or additional Benchmark in entire period of study.

**Table 5. CAGR of Nippon India Large-Cap Fund**

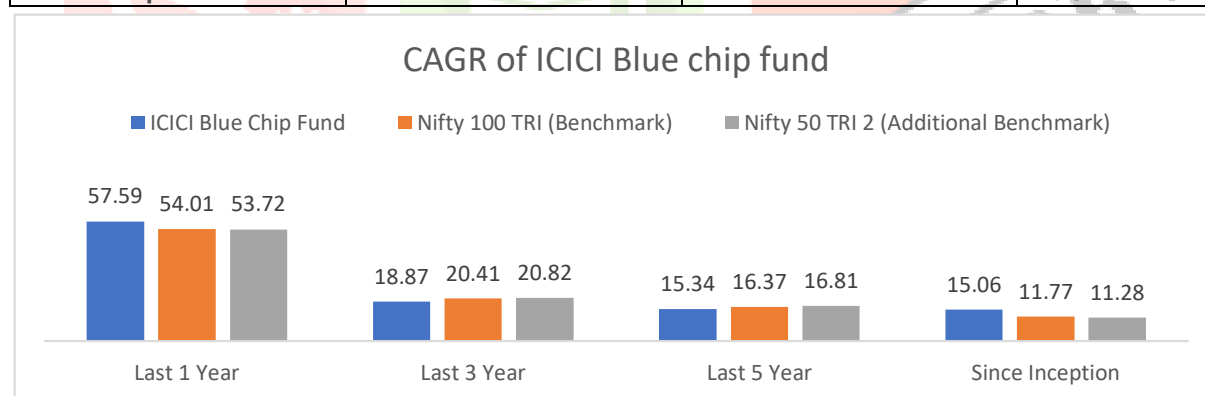
	Nippon India Large Cap Fund	Scheme Benchmark: - S&P BSE 100 TRI	Additional Benchmark: - S&P BSE Sensex TRI
Last 1 Year	32.37	26.53	23.23
Last 3 Year	14.19	17.91	18.62
Last 5 Year	15.5	17.51	18.31
Since Inception	11.75	11.29	11.19



the above comparative analysis of performance section, it is observed that Nippon India Large-cap fund has performed lower than the Benchmark selected by them either scheme Benchmark or additional Benchmark in 3 years, 5 years but in Last 1 year and since Inception this fund has given the return higher than the scheme benchmark but the return is more than additional Benchmark.

**Table 6. CAGR of ICICI Blue Chip fund**

	ICICI Blue Chip Fund	Nifty 100 TRI (Benchmark)	Nifty 50 TRI 2 (Additional Benchmark)
Last 1 Year	57.59	54.01	53.72
Last 3 Year	18.87	20.41	20.82
Last 5 Year	15.34	16.37	16.81
Since Inception	15.06	11.77	11.28

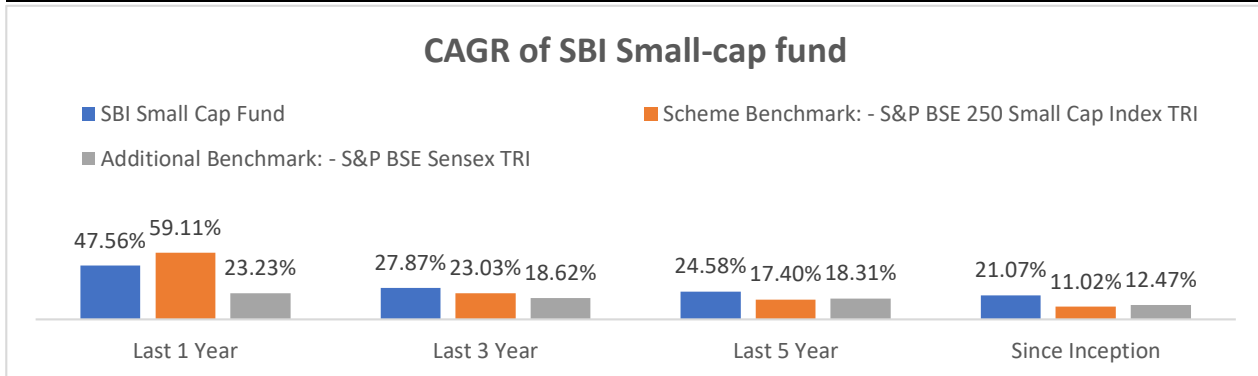


From the above comparative analysis of performance section it is observed that ICICI Bluechip fund has performed lower than the Benchmark selected by them either scheme Benchmark or additional Benchmark in 3 years, 5 years and since Inception but in Last 1 year this fund has given the return higher than the scheme benchmark but the return is more than additional Benchmark.

**small-cap funds** Small-cap funds are the equity funds that make investments predominantly in businesses throughout all market sectors with a market capitalization in the vary of Rs ten crore and Rs five hundred crores. These companies are ranked after 250 in the listing of groups by way of market capitalization

**Table 7. CAGR of SBI Small-Cap fund**

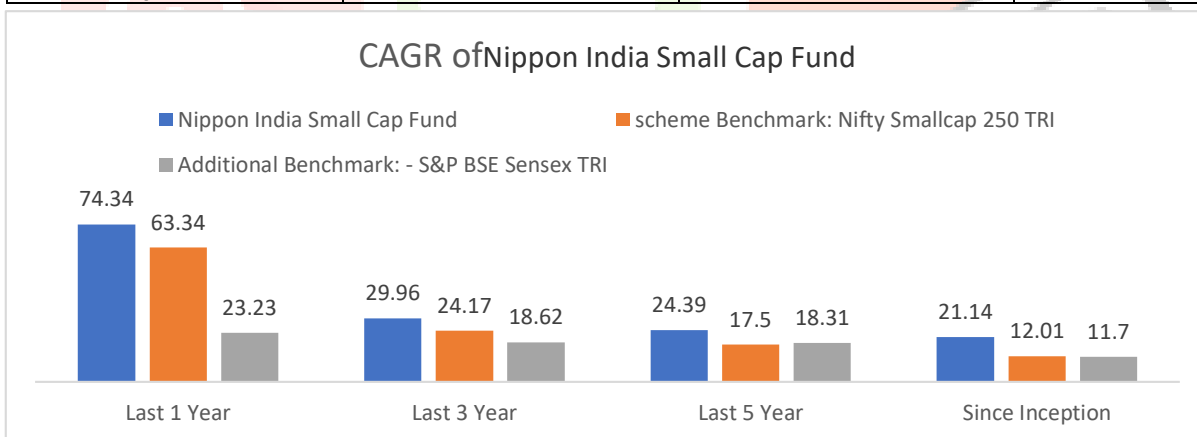
	SBI Small Cap Fund	Scheme Benchmark: - S&P BSE 250 Small Cap Index TRI	Additional Benchmark: - S&P BSE Sensex TRI
Last 1 Year	47.56%	59.11%	23.23%
Last 3 Year	27.87%	23.03%	18.62%
Last 5 Year	24.58%	17.40%	18.31%
Since Inception	21.07%	11.02%	12.47%



From the above comparative analysis of performance section, it is observed that SBI small-cap fund has performed higher than the Benchmark selected by them either scheme Benchmark or additional Benchmark in 3 years, 5 years or since Inception but in Last 1 year this fund has given the return less than the scheme benchmark but the return is more than additional Benchmark.

**Table 8. CAGR of Nippon India Small-cap fund**

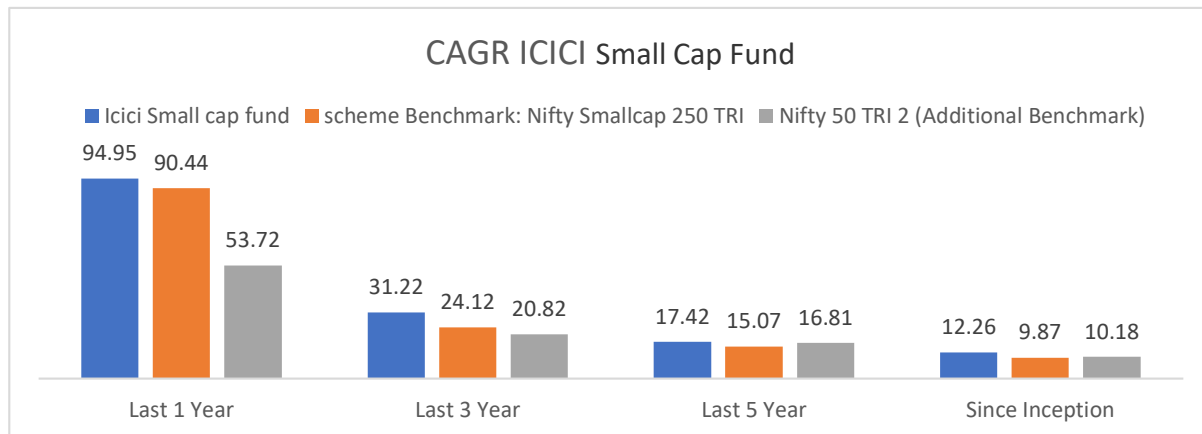
	Nippon India Small Cap Fund	scheme Benchmark: Nifty Smallcap 250 TRI	Additional Benchmark: - S&P BSE Sensex TRI
Last 1 Year	74.34	63.34	23.23
Last 3 Year	29.96	24.17	18.62
Last 5 Year	24.39	17.5	18.31
Since Inception	21.14	12.01	11.70



From the above comparative analysis of performance section it is observed that Nippon India small-Cap fund has performed higher than the Benchmark selected by them either scheme or additional Benchmark in entire period of study.

**Table 9. CAGR of ICICI Small-Cap fund**

	ICICI Small-cap fund	scheme Benchmark: Nifty Smallcap 250 TRI	Nifty 50 TRI 2 (Additional Benchmark)
Last 1 Year	94.95	90.44	53.72
Last 3 Year	31.22	24.12	20.82
Last 5 Year	17.42	15.07	16.81
Since Inception	12.26	9.87	10.18



From the above comparative analysis of performance section, it is observed that ICICI small-cap fund has performed higher than the Benchmark selected by them either scheme Benchmark or additional Benchmark in the entire period of study.

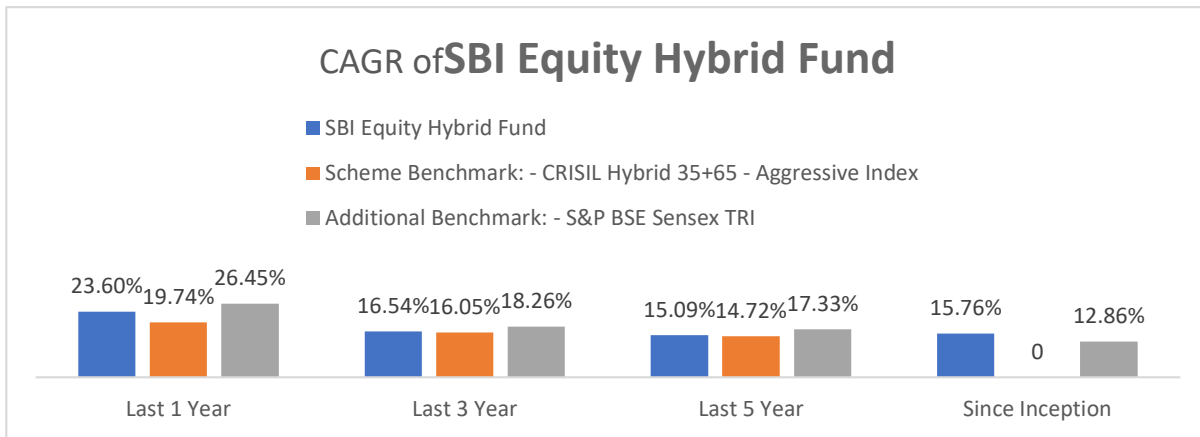
### balanced advantage fund

Balanced Advantage Funds, additionally regarded as Dynamic Asset Allocation Funds, are a class of Hybrid Mutual Fund Schemes as distinctive with the aid of SEBI that make investments in asset lessons like Equity and Debt and preserve enhancing their asset allocation based totally on the market valuations.

**Table 10. CAGR of SBI Equity Hybrid Fund**

	SBI Equity Hybrid Fund	Scheme Benchmark: - CRISIL Hybrid 35+65 - Aggressive Index	Additional Benchmark: - S&P BSE Sensex TRI
Last 1 Year	23.60%	19.74%	26.45%
Last 3 Year	16.54%	16.05%	18.26%
Last 5 Year	15.09%	14.72%	17.33%
Since Inception	15.76%	N.A.	12.86%

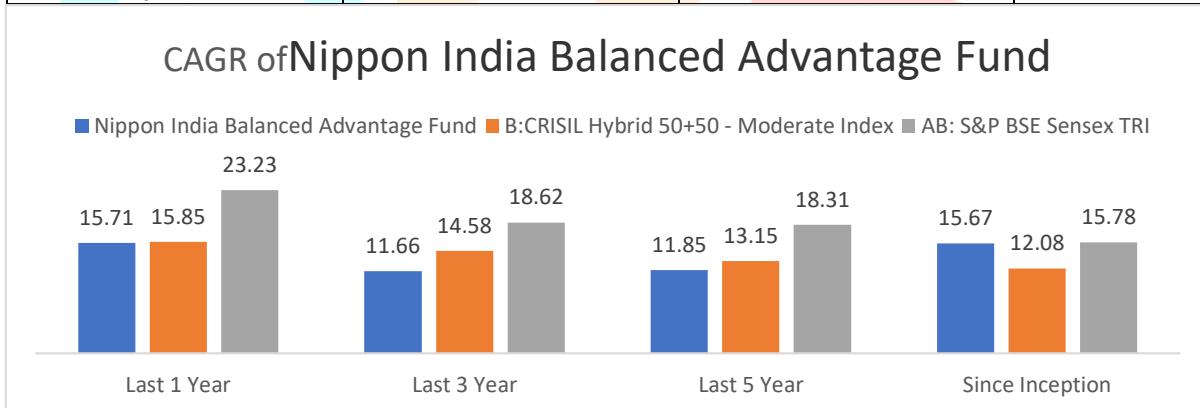




From the above comparative analysis of performance section, it is observed that SBI small-cap fund has performed higher than the Benchmark selected by them either scheme Benchmark or additional Benchmark in 3 years, 5 years or since Inception but in Last 1 year this fund has given the return less than the scheme benchmark but the return is more than additional Benchmark.

**Table 11. CAGR of Nippon India Balanced Advantage Fund**

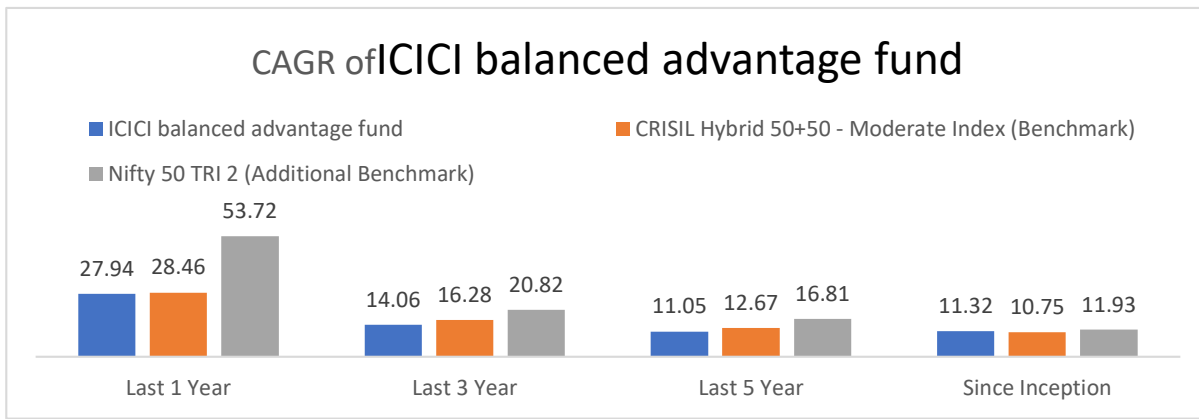
	Nippon India Balanced Advantage Fund	B:CRISIL Hybrid 50+50 - Moderate Index	AB: S&P BSE Sensex TRI
Last 1 Year	15.71	15.85	23.23
Last 3 Year	11.66	14.58	18.62
Last 5 Year	11.85	13.15	18.31
Since Inception	15.67	12.08	15.78



From the above comparative analysis of performance section, it is observed that Nippon India Balanced Advantage fund has performed lower than the Benchmark selected by them either scheme Benchmark or additional Benchmark in 1 year, 3 years, 5 years but since Inception this fund has given the return higher than the scheme benchmark and additional Benchmark.

**Table 12 CAGR of ICICI Balanced Advantage Fund**

	ICICI balanced advantage fund	CRISIL Hybrid 50+50 - Moderate (Benchmark) Index	Nifty 50 TRI 2 (Additional Benchmark)
Last 1 Year	27.94	28.46	53.72
Last 3 Year	14.06	16.28	20.82
Last 5 Year	11.05	12.67	16.81
Since Inception	11.32	10.75	11.93

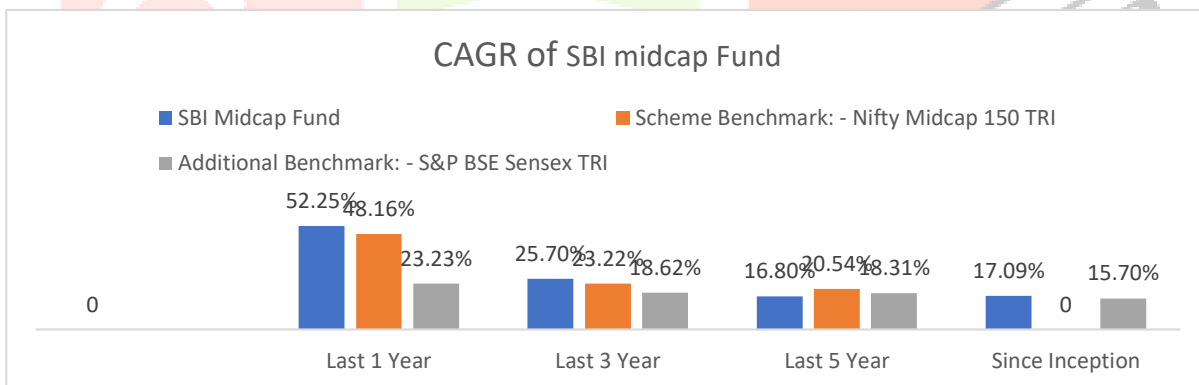


From the above comparative analysis of performance section, it is observed that ICICI Balanced Advantage fund has performed lower than the additional Benchmark in the entire period of study but in comparison with scheme Benchmark this fund has performed lower in the entire period except since Inception.

**Mid-cap fund** Mid-cap funds are a type of equity mutual fund that invests in the securities of mid-sized companies. According to the ethics, companies that are ranked from 101 onwards to 250 based on their market capitalization, are classified as midcap companies.

**Table 13 . CAGR of SBI Midcap Fund**

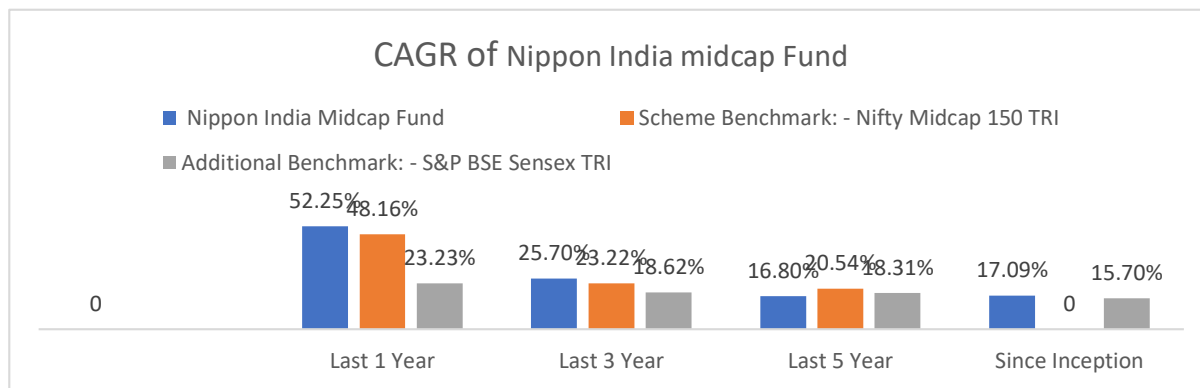
	SBI Midcap Fund	Scheme Benchmark: - Nifty Midcap 150 TRI	Additional Benchmark: - S&P BSE Sensex TRI
Last 1 Year	52.25%	48.16%	23.23%
Last 3 Year	25.70%	23.22%	18.62%
Last 5 Year	16.80%	20.54%	18.31%
Since Inception	17.09%	N.A.	15.70%



From the above comparative analysis of performance section, it is observed that SBI Magnum midcap fund has performed higher than the Benchmark selected by them either scheme Benchmark or additional Benchmark in 1 year, 3 years or since Inception but in Last 5year this fund has given the return less than the scheme benchmark or additional Benchmark

**Table 14. CAGR of Nippon India Growth Fund**

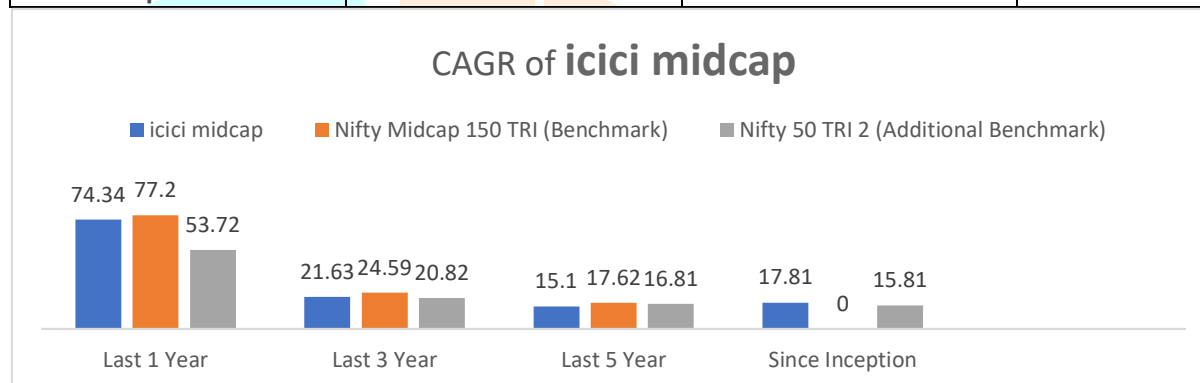
	Nippon India Growth Fund	B: S&P BSE MidCap TRI	AB: S&P BSE Sensex TRI
Last 1 Year	50.75	47.06	30.28
Last 3 Year	24.04	19.24	19.24
Last 5 Year	18.36	15.83	17.8
Since Inception	22.43	N.A.	12.85



From the above comparative analysis of performance section, it is observed that Nippon India growth fund has performed higher than the Benchmark selected by them either scheme Benchmark or additional Benchmark in the entire period of study .

**Table 15 . CAGR of ICICI Midcap Fund**

	ICICI midcap	Nifty Midcap 150 TRI (Benchmark)	Nifty 50 TRI 2 (Additional Benchmark)
Last 1 Year	74.34	77.2	53.72
Last 3 Year	21.63	24.59	20.82
Last 5 Year	15.1	17.62	16.81
Since Inception	17.81	0	15.81



From the above comparative analysis of performance section, it is observed that the ICICI midcap fund has performed lower than the additional Benchmark in the entire period of study except since inception but in comparison with scheme Benchmark this fund has performed lower in the entire period of study.

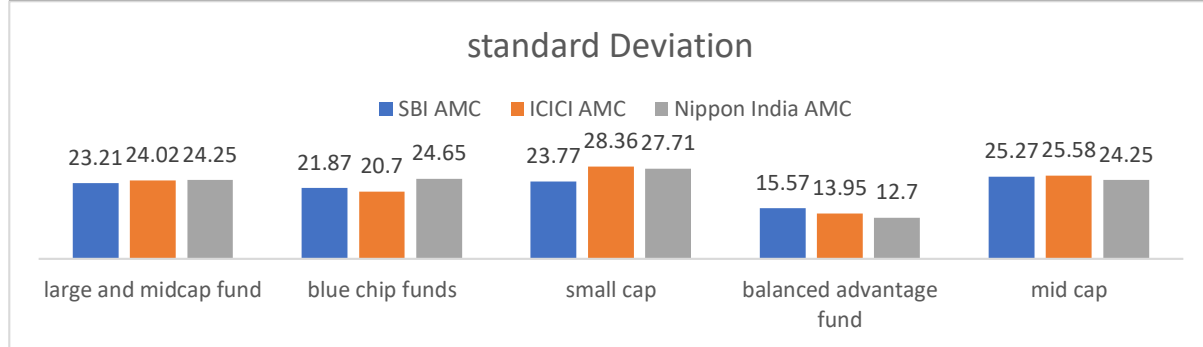
**Analysis of risk based on standard deviation**

. In finance, the standard deviation is applied to the periodic rate of return of an investment to measure its volatility ( risk). An inconsistent stock would have a high standard deviation. With mutual funds, the standard deviation tells us how important the return on a fund is swinging from the anticipated returns based on its historical performance.

In finance, the standard deviation is applied to the annual rate of return of an investment to measure its volatility (risk). A volatile stock would have a high standard deviation. With mutual funds, the standard deviation tells us how much the return on a fund is deviating from the expected returns based on its historical performance.

**Table No 16 Standard Deviation**

fund's Name	SBI AMC	ICICI AMC	Nippon India AMC
large and midcap fund	23.21	24.02	24.25
blue chip funds	21.87	20.70	24.65
small cap	23.77	28.36	27.71
balanced advantage fund	15.57	13.95	12.7
mid cap	25.27	25.58	24.25

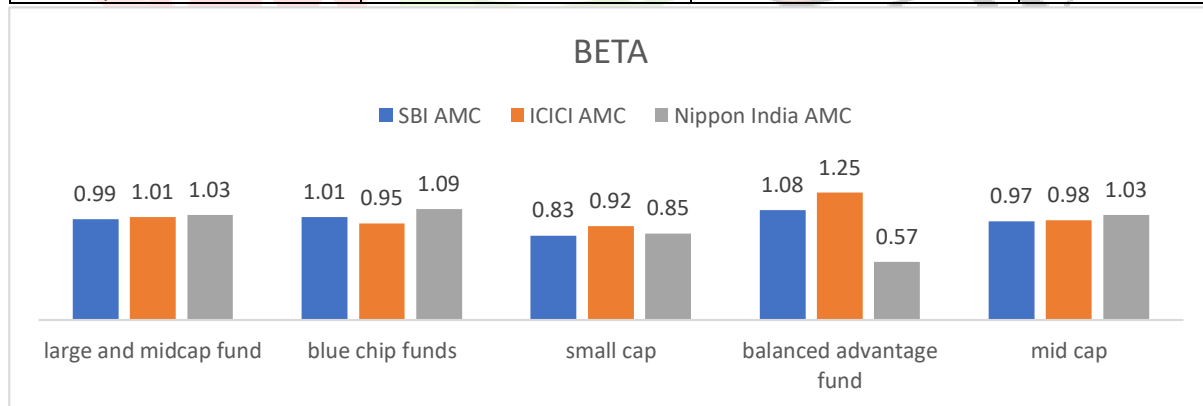


The above table reveals that except balanced advantage fund all the funds have a standard deviation higher than 20%. It means balanced advantage funds are less risky. If one wants to invest in mutual funds then start from a balanced advantage fund to maintain the balance between risk and return.

**Analysis of Beta**

**Table No 17 Beta**

fund's Name	SBI AMC	ICICI AMC	Nippon India AMC
large and midcap fund	0.99	1.01	1.03
blue chip funds	1.01	0.95	1.09
small cap	0.83	0.92	0.85
balanced advantage fund	1.08	1.25	0.57
mid cap	0.97	0.98	1.03



In the above table, a comparative analysis of Beta is done. The systematic risk of assets can be measured based on Beta ( $\beta$ ) concerning the market. If the beta of a scheme is higher than One it implies that it's riskier than the market indicator and vice-versa. For analysis, the values of beta given in the above table, are compared with one and it reveals that all the selected funds have beta values nearer to one or greater than one. It means one has to invest in mutual funds only if one can bear the risk.

### Limitations

- Sample size is a limiting factor, 5 funds of 3 Assets management companies are taken
- Future returns can't be guaranteed by past performance
- Secondary data is taken for analysis

### Conclusion

Mutual funds are one of the best investment alternatives available for Indian small investors to invest if completely assessed they may give big returns with little savings. The above performance ratios are veritably much helpful for the annotator to assess the fund's performance. As the investment in Mutual Fund is subject to market conditions, thus for the risk antipathetic investors, there are so numerous other investment choices. available Piecemeal from the mutual funds, similar to investment in other Financial Means ( stock market, debentures, bonds, Treasury bills, etc) and other Non-Financial Assets (post office instruments, fixed deposits, Pension schemes of various insurance companies, Real estate) to avoid risk. If one can take risks then SIP(systematic investment plan)and STP (systematic transfer plan) should be the means of investment. You should diversify the fund, 60 to 70 percent should be invested in large-cap, Flexi cap, mid-cap funds, etc.

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