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Selected Indian Banking Mutual Funds: Jeopardy & Restoration Analysis

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Abstract: A Mutual fund is an investment vehicle made up of a pool of funds collected from numerous investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets. All the sample schemes ensured positive returns due to stock selection skills of fund managers. The variance explained by the market was high in the case of SBI Magnum Multiplier Plus scheme. The market performance had a significant positive influence on scheme performance in case of all the schemes covered under the study. The main purpose of this article is to learn about mutual funds and how they work. It helps to get detailed information about the early stage, growth and future prospects of the mutual fund industry.

Keywords: Funds, India, Investment, Jeopardy, Mutual Funds, Restoration Analysis

1. Introduction

A Mutual Fund is a pool of money that is managed on behalf of the investors by a professional fund manager. The manager uses the money to buy stocks, bonds and other securities according to specific investment objectives that have been established for the fund. The investments range from shares to debentures to money market instruments. Each mutual fund with different types of scheme is managed by a different asset management company (AMC). An investor can invest his money in one or more schemes depending on his choice. The income earned through these investments and the capital appreciations realized are shared by its unit holders in proportion to the number of units owned by them. Thus, a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. A mutual fund collects the savings from small investors, invests them in government and other corporate securities and earns income through interest and dividends, besides capital gains. The mutual fund industry has grown at a phenomenal rate in the recent past. One can witness a revolution in the mutual fund industry in view of its importance to investors in general and the country's economy at large.

The following are some of the important advantages of mutual funds:

- A mutual fund belongs to those who have contributed to that fund and thus, the ownership of the fund lies in the hands of the investors.
- Since all investors cannot take part in the management of the fund, it is left in the hands of investment professionals who earn a fee for their services.
- The investor's share in the fund is represented by units just like shares in the case of the share capital of a company. The unit value depends upon the value of the portfolio held by the fund. Hence, the value changes almost every day and it is called Net Asset Value.
- Generally, the investment portfolio of the mutual fund is created according to the objective of the fund.

1.1 Structure of Mutual Funds in India

Like other countries, India has a legal framework which, with mutual funds, must be constituted, unlike in the UK. Where two distinct structures, 'trusts' and 'corporate', are allowed with separate regulations, depending on their nature trusts, open end or closed end in India, these funds are constituted along one unique structure as unit trusts. A mutual fund in India is allowed to issue open end and close end schemes under a common legal structure. Therefore, a mutual fund may have several different schemes(open and close end)under it, i.e., under one unit trust , at any point of time .However, like the USA., all the funds and their open and close end schemes are governed by the same regulations and the regulatory body, the SEBI. The structure that is followed by mutual funds in India is laid down under SEBI (mutual funds) regulations, 1996. Mutual funds have been around for a long period of time, to be precise, for 36 yrs, but the year 1999 saw immense future potential and developments in this sector. This year signaled the year of the resurgence of mutual funds and the regaining of investor confidence in MF's.

This time around, all the participants are involved in the revival of the funds: the AMC's, the unit holders, and the other related parties. However, the sole factor that gave lift to the revival of the funds was the Union Budget. The budget brought about a large number of changes in one stroke. An insight into the Union Budget on mutual funds taxation benefits is provided later. There are a lot of investment avenues available today in the financial market for an investor with an investable surplus. He can invest in Bank Deposits, Corporate Debentures, and Bonds where there is low risk but low return. He may invest in the stock of companies where the risk is high and the returns are also proportionately high. The recent trends in the stock market have shown that the average retail investor always lost trends with periodic bearish trends, and people began opting for portfolio managers with expertise in stock markets who would invest on their behalf. Thus, we have wealth management services provided by many institutions. However, they proved too costly for a small investor. These investors have found a good shelter with mutual funds.

1.1.1 Banking Sector Mutual Funds in India

In order to make money for the investor, banking sector mutual funds invest largely in core banks' equity and equity-related securities as well as other financial institutions. It is a sector-based mutual fund that makes investments in core banking firms using a diversified strategy. Incorporating mutual funds into the banking and finance industry is primarily done to increase investment in this area of the economy.

Banking sector mutual funds invest across the following two industries:

Banking industry: The banking industry includes institutions that are solely engaged in fundamental banking activities such as retail banking, current account, savings account, loans, etc.

Financial Industry: The financial sector's principal goal is to provide credit to individuals, institutions, and organisations as a whole. This sector is included in mutual funds for the Banking and Finance Industry since it is similar to the banking sector but does not engage in fundamental banking activities. This sector aids in the mobilisation of liquidity in the money market in order to enable economic growth.

1.1.2 Mutual Fund a Globally Proven Investment Avenue

An investment is a commitment made by funds with certain optimistic return goals. The returns are commensurate with the risk the investor takes when the investment is correctly undertaken. Investors have various investment opportunities, such as securities, bonds, real estate, insurance plans, valuable products, etc. The mutual fund is also a key investment mechanism that provides investors with good investment opportunities. In the financial market for investors there are growing investment opportunities. Investors can invest in bank deposits, bonds and company debentures, postal schemes, etc. Where, with low returns, there is low risk. For small investors who don't have the resources and experience to analyze and invest in stocks,

mutual funds are an option investment and may spend on stocks with a high risk and often returns are proportionately high.
Mutual funds offer the advantages of cheaper exposure to expensive stocks. According to the Securities and Exchange Board of India Regulation, 1996, a mutual fund means “a fund established in the form of trust to raise money through the sale of units to the public or a section of the public under one or more schemes for investing in securities, including money market instruments”. A mutual fund is a pool of money raised by investors and invested in certain investment options. A mutual fund is a trust in which many investors, who share a common financial purpose, pool their savings. When investors combine their assets, a mutual fund is formed. It is thus an investment fund reservoir. The raised money is then placed into instruments of the stock market such as equities, debentures and other securities. In proportion to the number of units owned by the holders, the profits received from this investment and the capital appreciation generated.

1.2 Types of Mutual Funds Schemes

The mutual fund schemes can be classified according to maturity period as well as their investment objective.

Classification According to Maturity Period

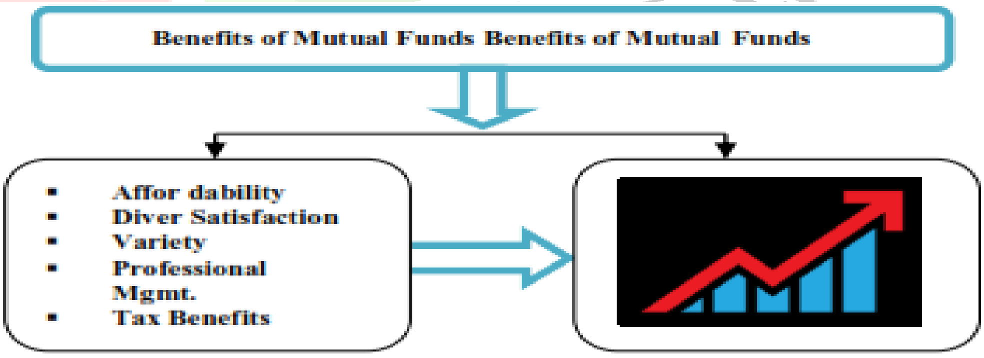
Open ended schemes: An open ended fund or scheme is one that is available for subscription and repurchase on a continuous basis. Open ended schemes do not have a fixed maturity period. Investors can buy or sell units at NAV related prices from and to the mutual fund on any business day. These funds are not generally listed on any exchange. Open ended schemes are proffered for their liquidity. Such funds can issue and redeem units any time during the life of a scheme. Hence, unit capital of open ended funds can fluctuate on a daily basis. The key feature of open end schemes is liquidity.

Closed ended schemes: Closed ended schemes have fixed maturity periods e.g.5-7years. Investors can buy into these funds during the period when these funds are open in the initial issue. After that such schemes cannot issue new units except in case of bonus or right issue. In order to provide an exit route to the investors, some close ended funds give an option of selling back the units to the mutual fund through periodic re purchase at NAV related prices. SEBI Regulations stipulate that at least one of the two exit routes is provided to the investor i.e. either repurchase facility or through listing on stock exchanges. These mutual fund schemes disclose NAV generally on weekly basis.

Dual funds: it is a special types close end fund which has both income shares and capital shares. The holder of income share receives all the interest and dividends earned on all the shares of the funds and the holder of capital share receives all capital gains earned on all the shares of the funds.

1.3 Benefits of Mutual Funds

Chart-1



The Securities Exchange Board of India (“SEBI”), the mutual funds regulator, has clearly defined rules which govern mutual funds. These rules relate to the formation, administration and management of mutual funds and also prescribe disclosure and accounting requirements. Such a high level of regulation seeks to protect the interests of investors.

1.4 Financial Services in India

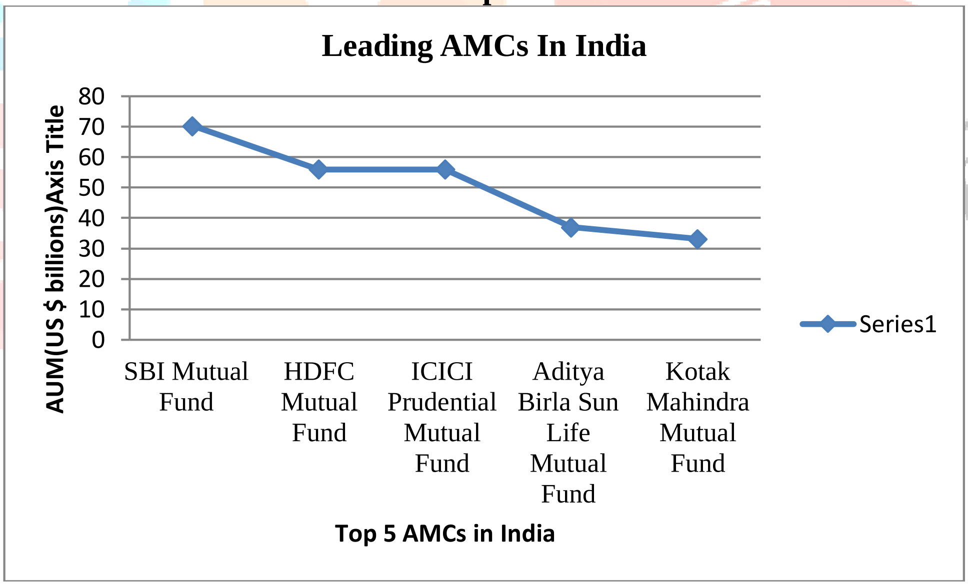
India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payment banks to be created recently, thereby adding to the type of entities operating in the sector. However, the financial sector in India is predominantly a banking sector with commercial banks accounting for more than 64% of the total assets held by the financial system. The Government of India has introduced several reforms to liberalise, regulate and enhance this industry. The Government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for Micro, Small and Medium Enterprises (MSMEs). These measures include launching a Credit Guarantee Fund Scheme for MSMEs, issuing guidelines to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA). With a combined push by the government and the private sector, India is undoubtedly one of the world's most vibrant capital markets.

Chart-2
Market Size

Leading AMCs In India	(as of June 2021)
Top 5 AMCs in India	AUM(US $ billions)
SBI Mutual Fund	70.23
HDFC Mutual Fund	55.97
ICICI Prudential Mutual Fund	55.93
Aditya Birla Sun Life Mutual Fund	36.97
Kotak Mahindra Mutual Fund	33.10

Source: https://www.ibef.org/industry/financial-services-india

Graph 1

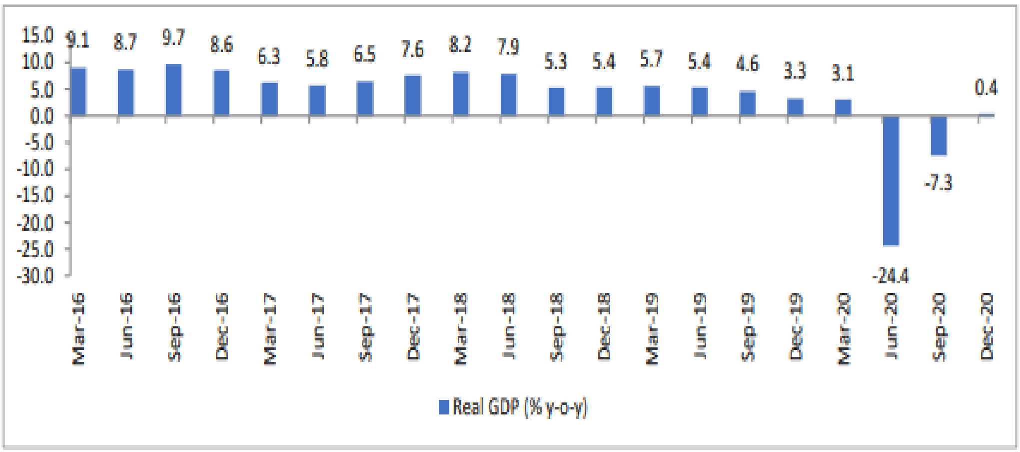


As of January 2022, AUM managed by the mutual funds industry stood at Rs. 38.89 trillion (US$ 518.15 billion) and the total number of accounts stood at 123.1 million.

1.5 Banking Sector Mutual Funds

The Directors of SBI Mutual Fund Trustee Company Private Limited are pleased to present the Audited Accounts in respect of the schemes of SBI Mutual Fund for the year ended March 31, 2021. The scheme-wise financial statements for the year 2020-21 are enclosed with the report of the auditors. The significant accounting policies through which the financial statements of the schemes are drawn and the explanatory notes to accounts of each of the schemes are also attached. The financial statements have been prepared as per the SEBI (Mutual Fund) Regulations 1996, in the manner required and exhibit a true and fair view of the operating results. FY21 saw the Indian economy bounce back from what was the worst year on record. In terms of GDP growth, the Indian economy touched its lowest point when about a quarter of its GDP was wiped out in Q1FY21, in the immediate aftermath of the Covid-19-induced lockdown. But the persistence in the economy triumphed and GDP growth turned positive in Q3FY21, albeit by a mere 0.4%. This growth came as a sigh of relief and, perhaps, as a sign of things to come in the year ahead. On a full financial year basis, real GDP is expected to grow 8% year-on-year with all the levers of demand seeing contraction (barring government spending).

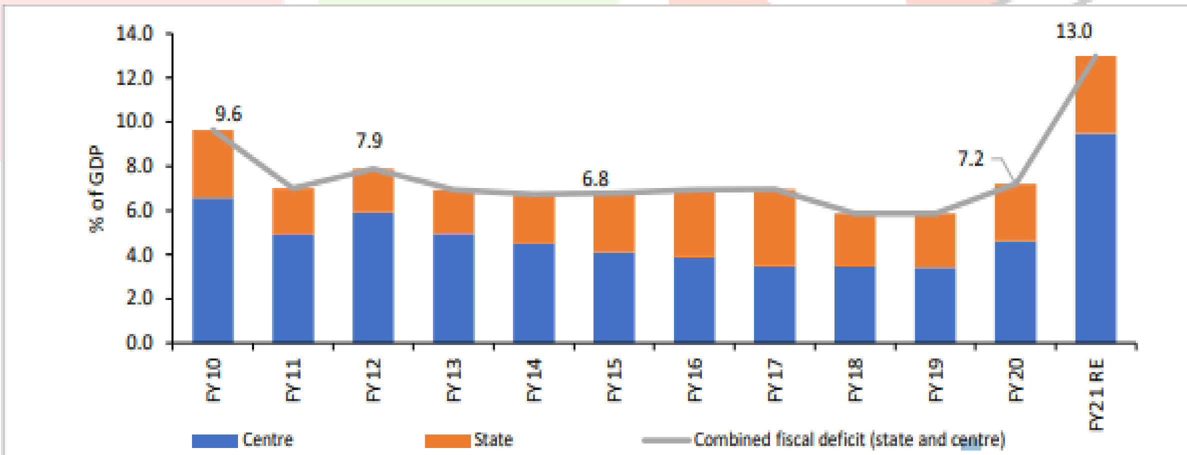
Graph 2

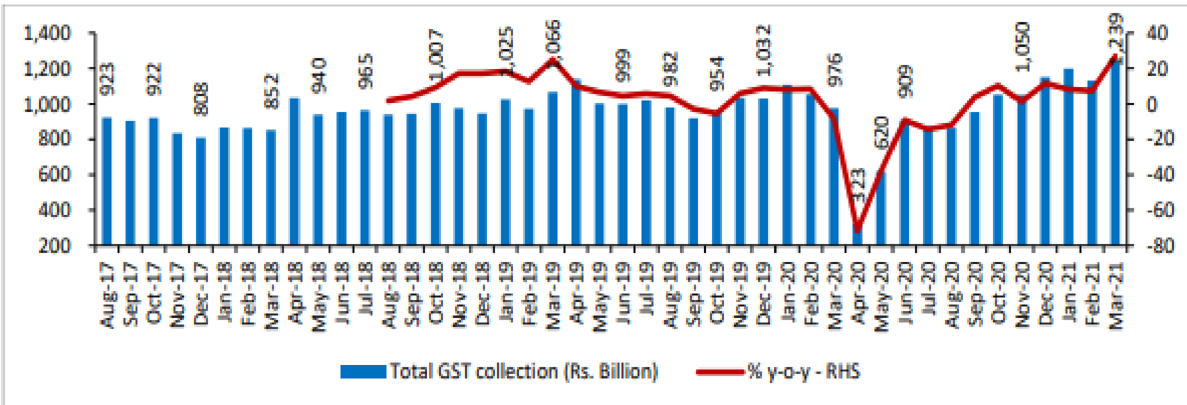


Source: www.sbimf.com

While the pandemic continued to wreak havoc on the economy, the government announced an INR 30trn stimulus package (including RBI measures) between April and October with the aim of boosting consumption and demand in the economy. The grain distribution programme, direct cash transfer, additional emergency working capital funding for farmers, additional pension payments and government guarantees for credit were some of the initiatives announced. The stimulus package will be spread over the coming years, thus not adding to the government's fiscal burden in FY21 alone. Despite this, India's combined fiscal deficit ballooned to 13.9% of GDP in FY21, mainly due to reduced receipts amidst weak economic growth. By the end of the financial year, the government's revenue numbers had started showing signs of improvement, with the GST revenues for March 2021 being the highest ever monthly collection on record at INR 1.23trn.

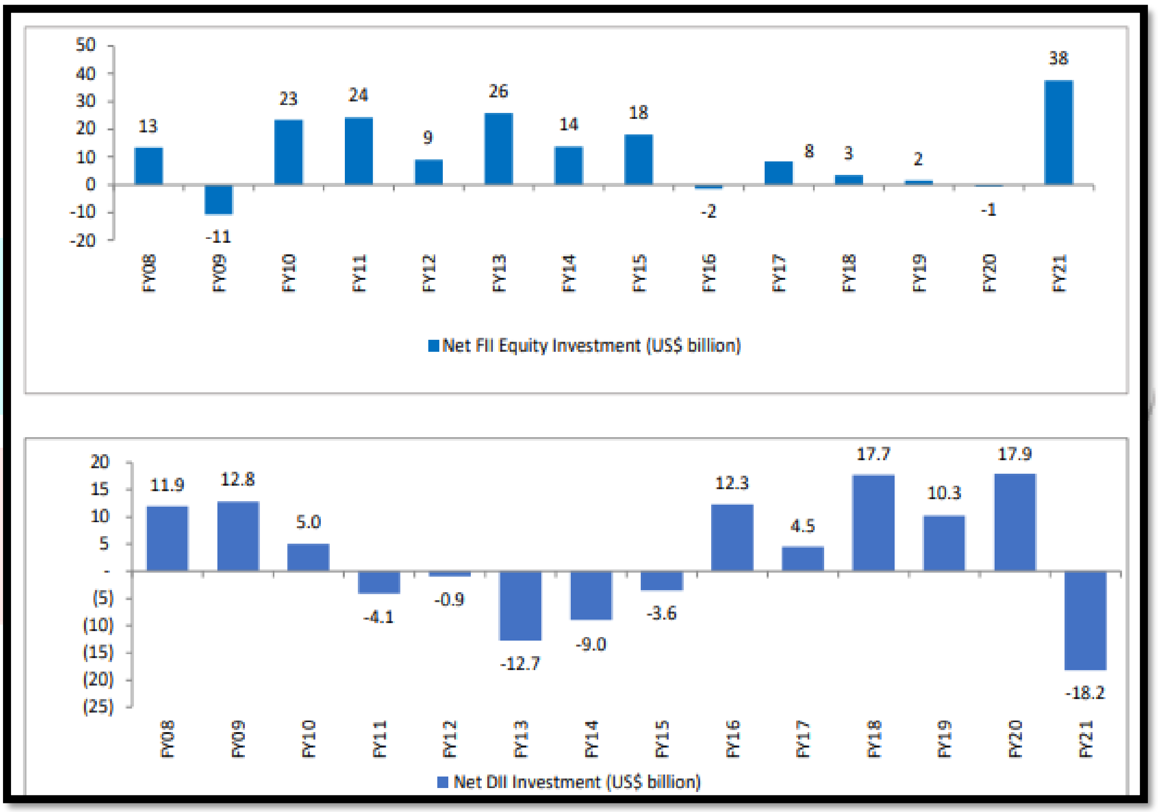
Graph 3





Source: www.sbimf.com

On the bright side, in an otherwise underwhelming year, the rural economy continued to show strength through FY21. One of the main contributors to this was the labour displacement from urban to rural areas that happened as a direct consequence of the economic lockdown. At the same time, the urban economy suffered due to this displacement impacting overall economic growth. The Indian equity markets remained volatile through the financial year. After hitting multi-year lows at the end of last financial year, markets eventually started to look more upbeat as economic activity slowly resumed and our grip on the health crisis strengthened. Much-needed relief and optimism were also affected by the Q3FY21 corporate earnings, which indicated a better-than-expected recovery in earnings as most businesses slowly got back on to their feet and witnessed sales growth on a sequential q-o-q basis. Equity markets touched record highs during Q4FY21 as vaccines were rolled out successfully in different parts of the world. Another factor that supported the market last year was the unabated foreign flows. Foreign portfolio investors (FPIs) were net buyers of equities with inflows of USD 37.6bn. However, domestic institutional investors, both domestic insurance players and mutual funds, were net sellers in the equities market, selling stocks worth USD 16.6 billion and USD 1.6 billion, respectively.Graph 4



Source: www.sbimf.com

The rally seen in the markets was broad-based with the benchmark indices, the S&P BSE Sensex rallying by 68%, while the S&P BSE Midcap and S&P BSE Small cap indices were up by a whopping 90.9% and 114.9%, respectively. As compared to other emerging markets, India outperformed with MSCI India delivering 69% in FY21 as compared to 55% returns for MSCI EM. The year ended on a rather sombre note with a sudden surge in Covid-19 cases in what looks like the second wave of the pandemic in India. However, with the on-going vaccination drive and the unlikelihood of a nation-wide lockdown, this time around equities may have already priced in any risk on the Covid-19 front. What remains to be seen is the impact on businesses and the economy and the government's response to the crisis. Further, we expect the broad basing of the equity markets to continue in the coming year as well. Debt markets, much like their counterparts in the equities market, faced severe volatility throughout the year. The 10-yr G-Sec yields which were around 6.3% at the start of the pandemic touched a low of 5.75% in the initial part of the financial year and closed the year at 6.17%. To overcome the effects of the lockdown and the ensuing slowdown in the economy, the RBI announced a host of measures to support businesses and economic growth. The RBI's monetary policy support came in the form of rate cuts, liquidity injection measures and regulatory relaxations. The RBI has lowered the repo rate and the reverse repo rate by 115 bps and 155 bps since Mar-20 and ensured massive banking system liquidity surplus through increased OMO purchases (Rs. 3.1 trillion in FY21 vs. Rs. 1.1 trillion in FY20).

Mutual Fund Activities

The net Assets under Management (AUM) of the mutual fund industry rose by ₹ 24.4 per cent to ₹ 37.3 lakh crore at the end of November 2021 from ₹ 30.0 lakh crore at the end of November 2020. Net resource mobilization by mutual funds was ₹ 2.54 lakh crore during April-November 2021, as compared to ₹ 2.73 lakh crore during April-November 2020.

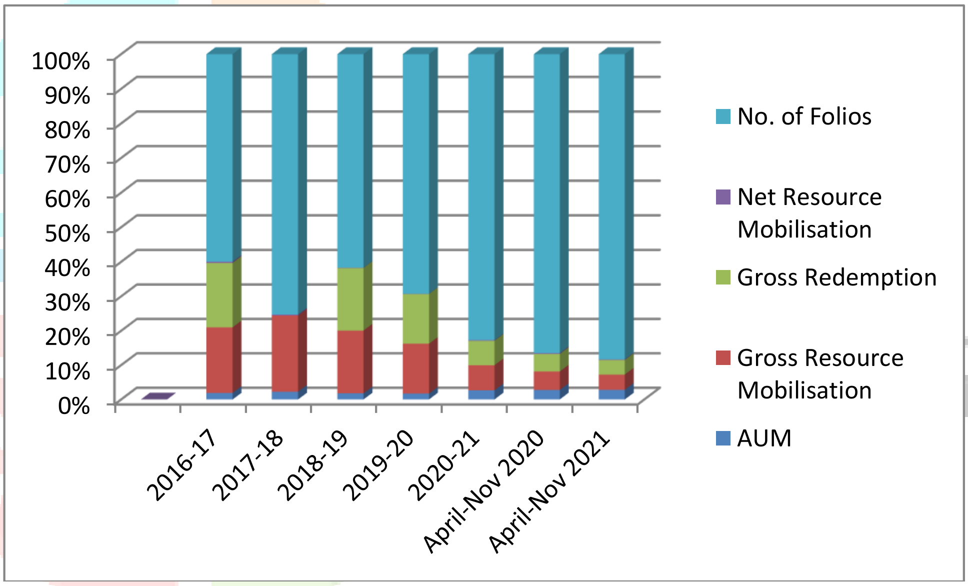
Table 1

Resource Mobilization through Mutual Funds

Year	AUM (Rs. Crore)	Gross Resource Mobilisation (Rs. Crore)	Gross Redemption (Rs. Crore)	Net Resource Mobilisation (Rs. Crore)	No. of Folios
2016-17	17,54,619	1,76,15,549	1,72,72,500	3,43,049	5,53,99,631
2017-18	21,36,036	2,09,98,652	2.07.26,855	2,71,797	7,13,47,301
2018-19	23,79,663	2,43,94,362	2,42,84,661	1,09,701	8,24,56,411
2019-20	22,26,203	1,88,13,458	1,87,26,157	87,301	8,97,46,051
2020-21	31,42,764	86,39,167	84,24,424	2,14,743	9,78,65,529
April-Nov 2020	30,00,904	57,90,831	55,17,814	2,73,017	9,36,79,333
April-Nov 2021	37,33,702	58,64,573	56,10,534	2,54,039	11,69,91,489

Source: SBI (Security Exchange Board of India)

Graph1



2. Review of Literature

- **Treynor (1965)** used the characteristic line for relating expected rate of return of a fund to the rate of return (ROR) of a suitable market average. The researcher even coined the fund performance measure taking investment risk into account. Also, to deal with a portfolio, portfolio possibility line was used to relate expected return to the portfolio owner’s risk preference.
- A composite portfolio evaluation technique regarding the risk-adjusted returns was used by **Jensen (1968).** The researcher evaluated the ability of 115 fund managers in selecting securities during the period 1945-66. Analysis of net returns indicated that, 39 funds had above average returns, while 76 funds yielded abnormally poor returns. Using the gross returns, 48 funds showed above average results and 67 funds below average results. On the basis of the study Jensen concluded that there was very little evidence that funds were able to perform significantly better than expected as fund managers were not able to forecast securities price movements.
- The most prominent study by **Sharpe (1966)** developed a composite measure of return and risk. The researcher evaluated 34 open-end mutual funds for the period 1944-63. The study revealed that the reward to variability ratio for each scheme was significantly less than DJIA and ranged from 0.43 to 0.78. Also, it reveals that expense ratio was inversely related with the fund performance, as correlation coefficient was 0.0505. The results showed that notable performance was linked with the low expense ratio and not with the size. Also, the sample schemes showed consistency in risk measure.

- **M Radhakrishnan (2012)** conducted a study on, "Performance Analysis of Selected Open Ended Mutual Fund in India". Mutual Fund is the ideal investment vehicle for today's complex and modern financial scenario. Mutual fund companies collect the savings of the investors and make a big corpus of these savings and invested in a well diversified portfolio of different companies. Mutual fund makes it easy and less costly for investors to satisfy their need for capital growth and income preservation. It is generally believed that mutual funds are able to diversify the risk. So considering these points this study is an attempt to study the performance evaluation of selected open ended schemes in terms of risk and return relationship. For this rate of return method, Beta, Standard deviation, Sharpe ratio and Treynor ratio has been used. BSE -30 has been used as a benchmark to study the performance of mutual funds in India.
- **Mr. Sunil M Rashinkarand Mrs. Divya U (2014),** conducted a study on Market Risk Analysis of selected Banking Stock in India, the study was limited to five nationalized banks in India. And it includes State Bank of India, Industrial Development Bank of India, Syndicate Bank, Punjab National Bank, Bank of Baroda. And the duration of study was 1 year (1 July 2013- 31 march 2014), and the tool used for analysis was Beta Coefficient. The study reveals that the betas of State Bank of India, Industrial Development Bank of India, & syndicate bank were negative which implies that these stocks are moved against the market and less affected by market risk. On the other hand the betas of Punjab National Bank & Bank of Baroda were more than one. It indicates that these stocks were exposed to high market risk.
- **Singh, B. Kumar (2012)** discusses the structure and operations of mutual funds, the comparison of mutual funds with banks and the effect of diverse demographic factors on investment fund attitudes, in a research paper on the "A study on investors‟ attitude towards mutual funds as an investment option". The study revealed that most respondents were still consumed by the mutual funds and that they did not adopt an investment attitude towards mutual funds. Many respondents were not aware of the various roles of mutual funds. It has been observed. Demographic factors such as gender, income and education have a strong effect

2.1 Objectives

The following objectives are formulated for the present study.

1. The main objective of the study is to give investors a basic idea of investing in mutual funds and encourage them to invest in those areas where they can maximize return on their capital.
2. To evaluate the performance of different SBI mutual fund schemes on the basis of risk-return parameters.
3. To appraise the performance of mutual funds on risk-adjusted measures as suggested by Sharpe and Treynor.

2.2 Need for the Study

The impressive growth of mutual funds in India has attracted the attention of Indian researchers, individuals and institutional investors during the past ten years. The Indian mutual fund industry is currently in the phase of the consolidation and growth stage of the product life cycle. The competition will intensify in the coming years as has happened in other industries. Hence, it is appropriate, relevant and topical to focus our attention on how the Indian mutual coming few years to ascertain what kind of products (mutual fund schemes) will be able to win the investors' confidence and survive in the market place. An investor can select any mutual funds scheme based on its own risk and return. Risk is the key factor considered in the selection of schemes that schemes its objectives. This fund provides the highest return for a given unit of risk taken. It is expected from the mutual funds to provide a better return than the market. It is important to evaluate the performance models.

3. **Database:** The present study is based on a field survey method. The study is purely empirical and analytical. Designing a suitable methodology and selecting the analytical tools are important for meaningful analysis of any research problem. It includes sample design, period of study, and collection of data tools for analysis.

Primary Data: primary data is collected through detailed personal interaction with managers and departments from the help of other departments of the company.

Secondary Data: the secondary data relating to the study was collected from books, journals, research articles, magazines, reports, newspapers, websites relating to mutual funds, and websites.

4. Data Analysis and Interpretation

Terminology

- **Net Asset Value (NAV):** The performance of a particular scheme of a mutual fund is denoted by Net Asset Value (NAV). Mutual funds invest the money collected from investors in securities markets. In simple words, Net Asset Value is the market value of the securities held by the scheme.
- **Load or No Load Fund:** A load fund is one that charges a percentage of NAV for entry or exit. That is, each time one buys or sells units in the fund, a charge will be payable. That is, each time one buys or sells units in the fund, a charge will be payable. A no- load fund is one that does not charge for entry or exit. It means the investors can enter the fund/scheme at NAV and no additional charges are payable on the purchase or sale of units.
- **Sale or Repurchase/ Redemption Price:** The price or NAV a unit holder is charged while investing in an open-ended scheme is called sales price. It may include sales load, if applicable. Repurchase or redemption price is the price or NAV at which an open-ended scheme purchases or redeems its units from the unit holders. It may include an exit load, if applicable.

Comparative Study to Know Performance

Table 4.1

SBI Magnum Equity Vs Tata Pure Equity

Annual Returns

	SBI Magnum Equity			TATA Pure Equity		
Years	**Returns**	**Deviations**	**Deviations^2**	**Returns**	**Deviations**	**Deviations^2**
2020-21	17.6	90.6	8208.36	17.5	126.2	15926.44
2019-20	84.1	24	580.81	74.3	69.4	4816.36
2018-19	-56.3	164.5	27060.25	-49.5	193.2	37326.24
2017-18	69.5	38.7	1497.69	59	84.7	7174.09
2016-17	-6.7	114.9	13202.01	42.4	101.3	10261.69
Total	**108.2**		**50549.21**	**143.47**		**75504.82**

Source: www.mutualfundindia.com

Magnum Equity fund $= \sum x_1/N = 108.2/5 = 21.64$

TATA pure fund $= \sum x_2/N = 143.47/5 = 28.69$

Standard Deviation

Magnum Equity fund$= \sqrt{\sum(x_1-\bar{x_1})^2/N} = \sqrt{504549.21/5} = 44.96$

TATA Pure Fund $= \sqrt{\sum(x_2-\bar{x_2})^2/N} = \sqrt{75504.82/5} = 54.95$

Sharpe Ratio

$S_i = R_i - R_f / S_i$

R_i = Average rate of return

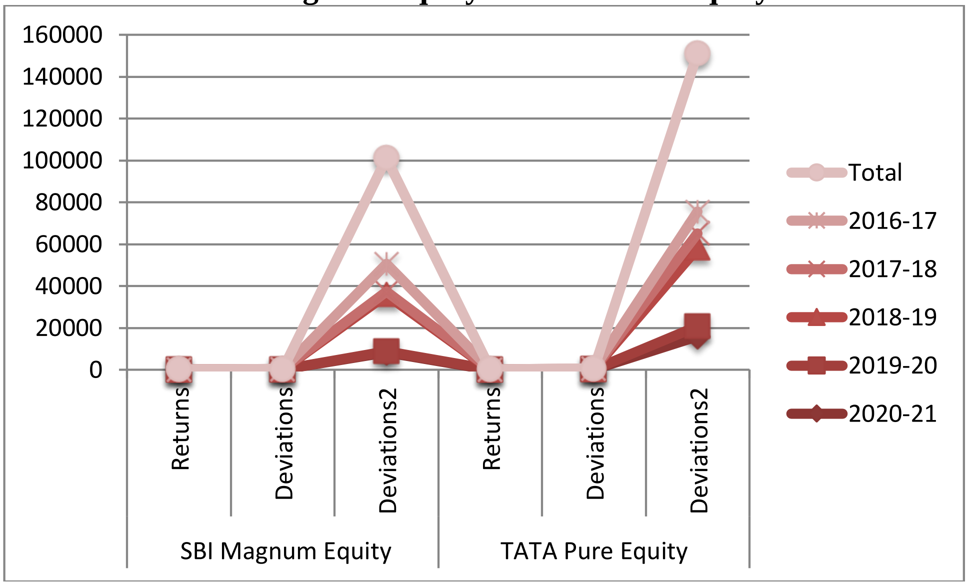
R_f = Risk free rate of return =7%

S_i = Standard deviation

Magnum Equity= $S_i = 21.64-7/44.96 = 0.32$

TATA pure fund= $Si = 28.69-7/54.95 = 0.39$

Graph 4.1
SBI Magnum Equity Vs Tata Pure Equity



Source: www.mutualfundindia.com

Inference: From the above table 4.1 it clearly shows that the Investment in SBI Magnum Equity Fund is low because the mean (21.64%) is less than the TATA Pure Equity (28.69%). But the standard deviation of SBI Magnum Equity Fund is less than the TATA Pure Equity. Finally, the performance of SBI is lower than the TATA Pure Equity.

Table 4.2
SBI Mutual Fund Vs LIC Mutual Fund

Annual Returns

Years	**SBI Magnum Equity**	**LIC Pure Equity**				
	Returns	**Deviations**	**Deviations^2**	**Returns**	**Deviations**	**Deviations^2**
2021-22	17.6	90.6	8208.36	28.5	83.5	6972.25
2020-21	84.1	24.0	580.81	.60.7	51.3	2831.69
2019-20	-56.3	164.5	27060.25	-57.4	169.4	28696.36
2018-19	69.5	38.7	1497.69	65.4	46.8	2180.88
2017-18	-6.7	114.9	13202.01	14.8	97.2	9447.84
Total	**108.2**		**50549.21**	**112.0**		**50129.02**

Source: www.mutualfundindia.com

Arithmetic Mean

Magnum Equity fund $= \sum x_1/N = 108.2/5 = 21.64$

LIC Pure Equity $= \sum x^2/N = 22.4$

Standard Deviation

Magnum Equity fund $= \sqrt{\sum (x_1 - x_1^{-})^2/N} = \sqrt{50549.21/5} = 44.96$

LIC Pure Equity $= \sqrt{\sum (x_2 - x_2^{-})^2/N} = \sqrt{50129.02/5} = 44.68$

Sharpe Ratio

$S_i = R_i - R_f / S_i$

R_i = Average rate of return

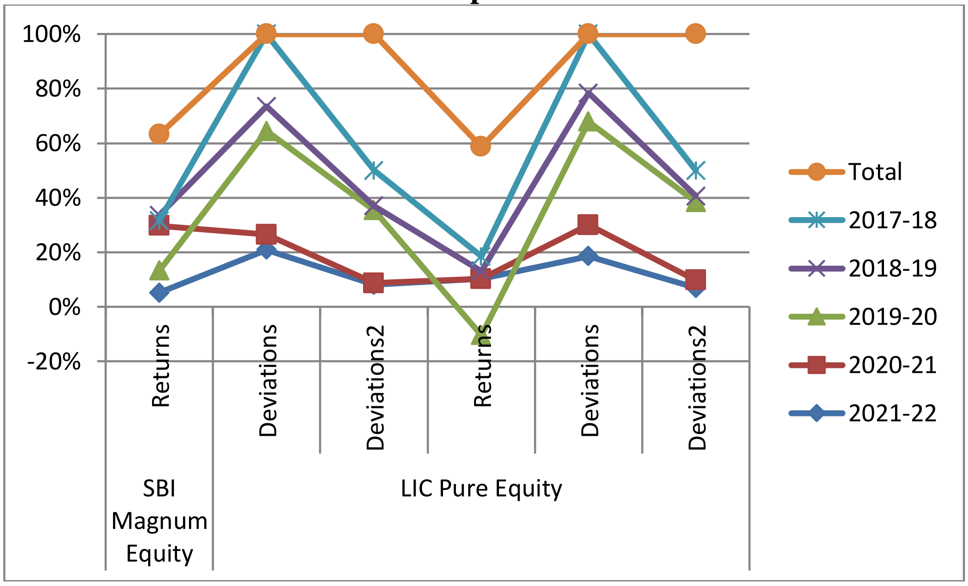
R_f = Risk free rate of return =7%

S_i = Standard deviation

Magnum Equity = Si =21.64-7/44.96 = 0.32

LIC Pure Equity = Si = 22.4-7/44.77= 0.34

Graph 4.2



Inference: From table 4.2, it clearly shows that investment in the SBI Magnum Equity Fund is better because the mean (21.64%) is less than the LIC Pure Equity (22.4%). But the standard deviation of the SBI Magnum Equity Fund is less than the LIC Pure Equity. Finally, the performance of SBI is better than the LIC Pure Equity.

Table 4.3
SBI Mutual Fund Vs UTI Mutual Fun

Annual Returns

	SBI Magnum Equity			UTI Pure Equity		
Years	Returns	Deviations	Deviations^2	Returns	Deviations	Deviations^2
2021-22	17.6	90.6	8208.36	19.3	106.3	11299.69
2020-21	84.1	24	580.81	82.9	42.7	1283.29
2019-20	-56.3	164.5	27060.25	-45.6	71.2	29849.44
2018-19	69.5	38.7	1497.69	46.1	79.5	6320.25
2017-18	-6.7	114.9	13202.01	22.9	102.7	10547.29
Total	108.2		50549.21	125.6		59299.96

Source: www.mutualfundindia.com

Arithmetic Mean

Magnum Equity Fund $= \sum x_1/N = 108.2/5 = 21.64$

UTI Pure Equity $= \sum x_2/N = 125.6/5 = 25.12$

Standard Deviation

Magnum Equity fund $= \sqrt{\sum(x_1-x_1^{-})^2/N} = \sqrt{50549.21/5} = 44.96$

Equity$= \sqrt{\sum(x_2-x_2^{-})^2/N} = \sqrt{59299/5} = 48.70$

Sharpe Ratio

$S_i = R_i - R_f / S_i$

R_i = Average rate of return

R_f = Risk free rate of return

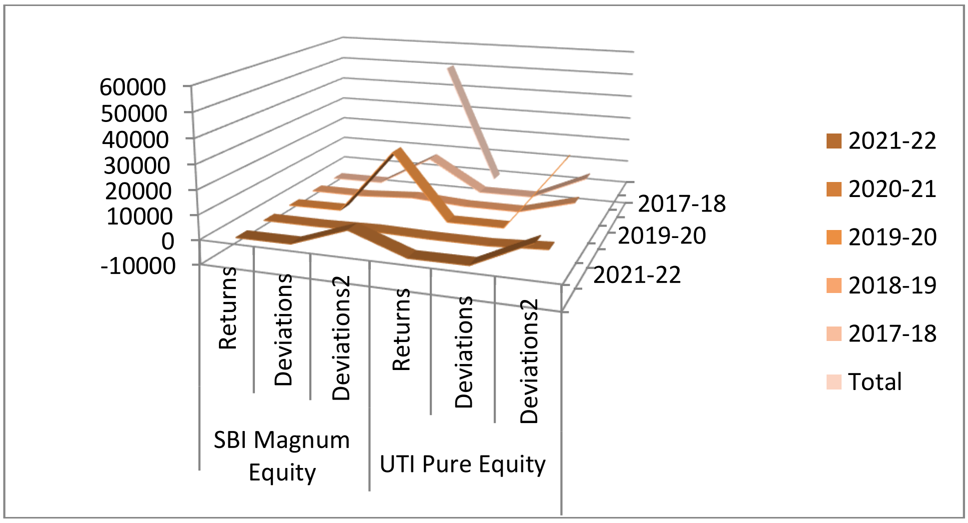
S_i = Standard deviation

UTI Pure Equity $= S_i = 21.64-7/44.96 = 0.32$

Magnum Equity $= S_i = 25.12-7/48.70 = 0.37$

Graph 4.3

SBI Mutual Fund Vs UTI Mutual Fun



Inference: From the above table 4.3, it clearly shows that investment in the SBI Magnum Equity Fund is better because the mean (21.64%) is less than the UTI Pure Equity (25.12%). But the standard deviation of the SBI Magnum Equity Fund is less than the UTI Pure Equity. Finally, the performance of SBI is better than UTI Pure Equity.

Table 4.4

SBI Mutual Fund Vs JM Mutual Fund

Annual Returns

	SBI Magnum Equity			JM mutual fund		
Years	**Returns**	**Deviations**	**Deviations^2**	**Returns**	**Deviations**	**Deviations^2**
2021-22	17.6	90.6	8208.36	25.7	62	3844
2020-21	84.1	24	580.81	68.2	19.5	380.25
2019-20	-56.3	164.5	27060.25	-55.6	143.3	20534.89
2018-19	69.5	38.7	1497.69	38.3	38.3	1466.89
Total	**114.9**		**37347.11**	**76.6**		**26226.03**

Source: www.mutualfundindia.com

Arithmetic Mean

Magnum Equity fund $= \sum x_1/N = 114.9/4 = 28.73$

JM Equity Fund $= \sum x_2/N = 76.6/4 = 15.32$

Standard Deviation

Magnum Equity fund $= \sqrt{\sum(x_1-x_1^{-})^2/Nass} = \sqrt{37347.11/4} = 48.31$

JM Equity Fund $= \sqrt{\sum(x_2-x_2^{-})^2/N} = \sqrt{26226.03/4} = 40.48$

Sharpe Ratio

$S_i = R_i-R_f/S_i$

R_i = Average rate of return

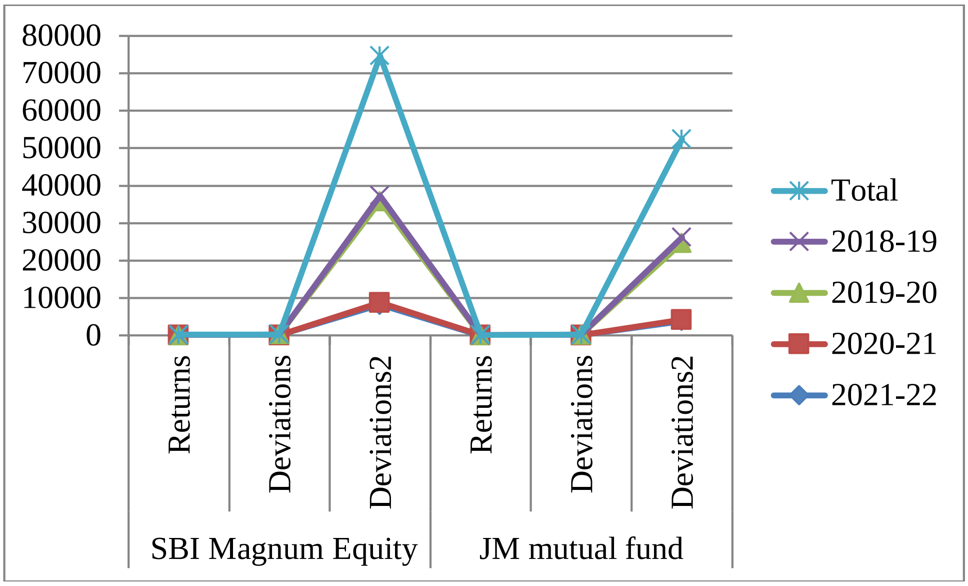
R_f = Risk free rate of return =7%

S_i = Standard deviation

Magnum Equity Fund = Si = 28.73-7/48.31= 0.44

JM Equity Fund = Si =19.15-7/40.48 = 0.30

Graph 4.4
SBI Mutual Fund Vs JM Mutual Fund



Inference: From the above table 4.4, it clearly shows that investment in the SBI Magnum Equity Fund is better because the mean (28.73%) is greater than the JM Equity Fund (15.32%). But the standard deviation of the SBI Magnum Equity Fund is less than that of the JM Equity Fund. Finally, the performance of SBI is also better than the JM Equity Fund.

Table 4.5
SBI Mutual Fund Vs Religare Mutual Fund

Annual Returns

	SBI Magnum Equity			Religare Equity Fund		
Years	**Returns**	**Deviations**	**Deviations^2**	**Returns**	**Deviations**	**Deviations^2**
2020-21	17.6	83.45	6963.9	17	44.1	1944.81
2019-20	84.1	16.95	287.3	68.3	7.2	51.84
2018-19	-56.3	157.35	24759.02	-49.6	110.7	12254.49
2017-18	69.5	31.55	995.4	25.4	35.7	1274.49
Total	**114.9**		**33055.62**	**61.1**		**15525.63**

Source: www.mutualfundindia.com

Arithmetic Mean

Magnum Equity fund $= \sum x_1/N = 114.9/4 = 28.72$

Religare Equity Fund $= \sum x_2/N = 61.1/4 = 15.27$

Standard Deviation

Magnum Equity fund $= \sqrt{\sum(x_1-\bar{x}_1)^2/N} = \sqrt{33055.62/4} = 48.31$

Religare Equity Fund $= \sqrt{\sum(x_2-\bar{x}_2)^2/N} = \sqrt{15525.63/4} = 31.15$

Sharpe Ratio

$S_i = R_i - R_f / S_i$

R_i = Average rate of return

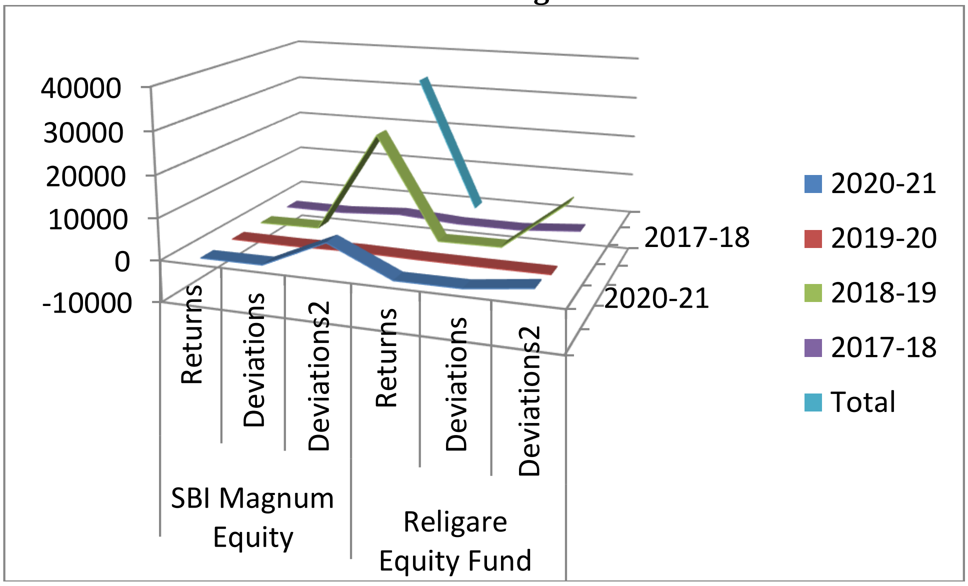
R_f = Risk free rate of return =7%

S_i = Standard deviation

Magnum Equity = Si =28.72-7/48.31 = 0.44

Religare Equity Fund = Si = 15.27-7/31.15 =0.26

Graph 4.5
SBI Mutual Fund Vs Religare Mutual Fund

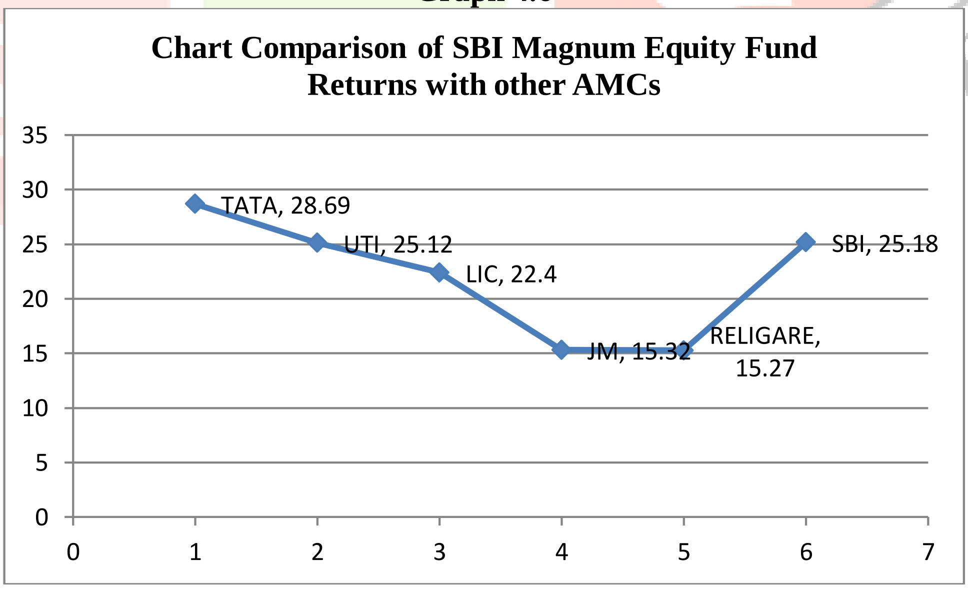


Inference: From the above table 4.5, it clearly shows that investment in the SBI Magnum Equity Fund is better because the mean (28.72%) is more than the Religare Equity Fund (15.27%). But the standard deviation of SBI Magnum Equity Fund is less than the Religare Equity Fund. Finally, the performance of SBI is also better than the Reliance Equity Fund.

Table 4. 6
Comparison of SBI Magnum Equity Fund Returns with other AMCs

TATA	UTI	LIC	JM	RELIGARE	SBI
28.69	25.12	22.4	15.32	15.27	25.18

Graph 4.6

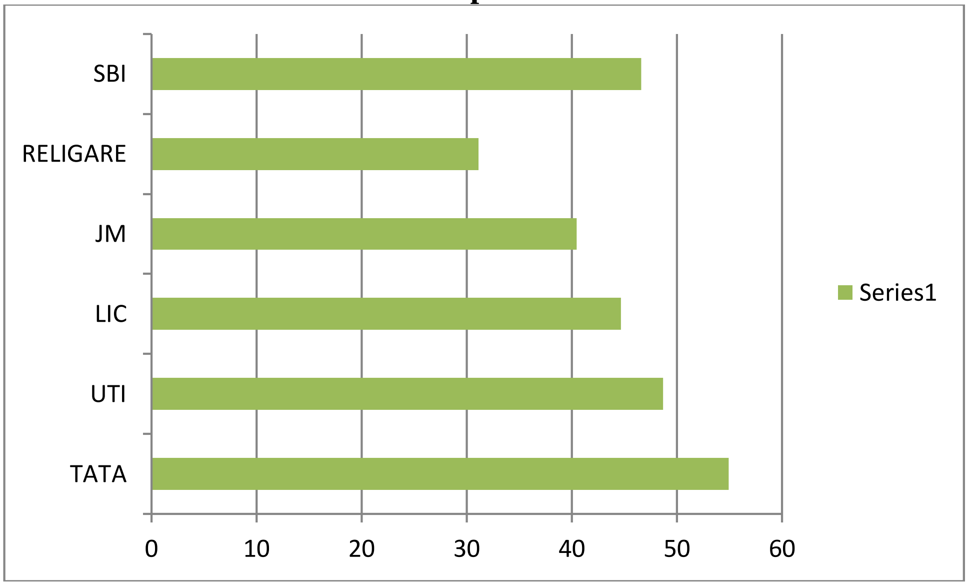


Inference: From table 4.6, it clearly shows that investment in the SBI Magnum equity fund has moderate returns when compared to other AMCs.

Table 4.7
Comparison of SBI Magnum Equity Fund Risk (SD) with other AMCs

TATA	UTI	LIC	JM	RELIGARE	SBI
54.95	48.70	44.68	40.48	31.15	46.63

Graph 4.7

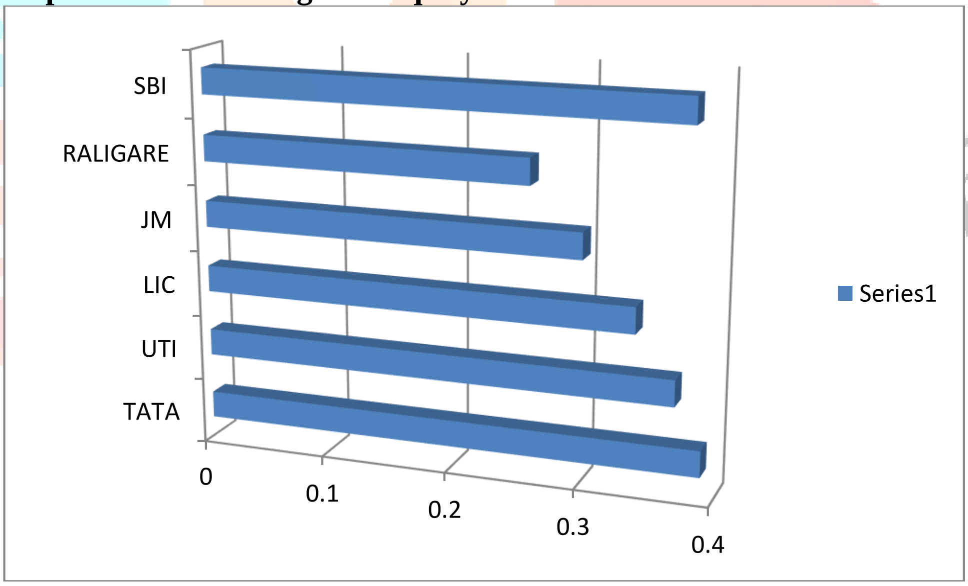


Inference: From table 4.7, it clearly shows that investment in a Magnum equity fund has low risk when compared to other AMCs.

Table 4.8
Comparison of SBI Magnum Equity Fund Performance with other AMCs

TATA	UTI	LIC	JM	RALIGARE	SBI
0.39	0.37	0.34	0.30	0.26	0.38

Graph 4.8
Comparison of SBI Magnum Equity Fund Performance with other AMCs



Inference: From table 4.8, it clearly shows that investment in SBI Magnum equity fund performance is good when compared to other AMCs.

5. Findings

- In the SBI, funds are managed by experienced managers.
- The holdings of stocks are put in major companies. The total stock holding is 59.9%
- By calculating the arithmetic mean (return), SBI Magnum Equity Fund has moderate returns when compared to other AMCs.
- Based on standard deviation (risk), SBI Magnum Equity Fund has low risk.
- The Sharpe ratio (Performance) of SBI Magnum Equity Fund also includes more average performance than other AMC’s.
- Overall, the SBI Magnum Equity fund's performance is better than the other AMC’s.
- The SBI Mutual Fund returns can always fluctuations are there.
- SBI Mutual Fund is inferred compared with low risk (Standard deviation) compared with other AMC

6. Suggestions

1. The fund manager should take the necessary steps to control the risk.
2. The fund manager should actively participate in the investment situations and can get growth returns.
3. The performance of SBI mutual funds should take the essential steps to increasing growth of performance.

7. Conclusion

A mutual fund is a common pool of money in which investors place their contribution that is to be invested in accordance with the stated objective. The fund belongs to all the investors depending on the proportion of their contribution to the fund." Mutual funds in India are governed by the SEBI (mutual fund) regulations of 1996 as amended from time to time. Banking sector mutual funds are professionally managed funds that invest in stocks of the banking industry. The fund managers are only allowed to invest in banking and financial sector stocks. These funds are appropriate for investors with a high-risk tolerance level. Since these are pure equity schemes, they are highly risky. At the same time, they can generate substantial returns in favourable market situations. On the other hand, if the banking sector witnesses a downturn, the stocks will lose value.

Therefore, invest in banking sector funds only if you understand the sector dynamics and are an experienced investor. Furthermore, even if you are well aware of the market and its dynamics, a more than 10% portfolio exposure in banking sector funds is not advisable. Mutual funds are an alternative investment instrument for small savings holders in the stock market. Mutual Funds have a significant role to play in the financial development of a developing economy like India. Mutual funds have emerged as one of the best investment options in terms of variety, flexibility, diversification, and liquidity, as well as tax benefits. Mutual funds as an option have displayed tremendous growth potential when the markets are optimistic and when wise choices are made. They have performed much better than traditional investment options in the long term and thus help investors beat inflation to some extent. The sample scheme studied, the SBI Magnum Multiplier plus Scheme scheme, topped the list in all the three portfolio performance models. From the study it is known that most AMCs yield high returns but also have high risk. Usually, high risk AMCs are not preferred to risk avoiders. It can be concluded that SBI Magnum Equity Fund has good returns, low risk and has average performance over the period of five years.

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