

**Project Report (17MBAPR407)
ON**

**“A STUDY ON RISK AND RETURN ANALYSIS OF MUTUAL FUND AT
SBI MUTUAL FUNDS, BANGALORE”**

By

**MEGHA GANESH
1AY17MBA27
Submitted to**

VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI



In partial fulfillment of the requirements for the award of the degree of
MASTER OF BUSINESS ADMINISTRATION
Under the guidance of

**INTERNAL GUIDE
Keerthi H K
Assistant Professor
Dept of MBA, AIT**

**EXTERNAL GUIDE
Sahas Prabhakar
Chief Manager
SBI AMC**



**Department of MBA
Acharya Institute of technology, Soldevanahalli,
Hesaragatta Main Road, Bengaluru**

March 2019

Date: 12-04-2019

CERTIFICATE

This is to certify that Ms. Megha Ganesh (USN 1AY17MBA27), of Acharya Institute of Technology studying in Master of Business Administration course, affiliated to Visvesvaraya Technological University, BATCH 2017- 19 has successfully undergone project on "**A Study on risk and Return Analysis of Mutual Fund at SBI Mutual Funds, Bengaluru**" in our organisation from 3rd January 2019 to 16th February 2019

We wish her all the best in his future endeavours

For SBI Funds Management Pvt Ltd



Suhas Prabhakar

Chief Manager, Bangalore



Trustee : SBI Mutual Fund Trustee Company Private Limited (CIN:U65991MH2003PTC138496)

9th Floor, Crescenzo, C-38 & 39, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
Tel. +91 22 61793000 | Fax +91 22 67425687-91 | Website : www.sbimf.com



ACHARYA INSTITUTE OF TECHNOLOGY

(Affiliated to Visvesvaraya Technological University, Belagavi, Approved by AICTE, New Delhi and Accredited by NBA and NAAC)

Date: 04/04/2019

CERTIFICATE

This is to certify that **Ms. Megha Ganesh** bearing USN **1AY17MBA27** is a bonafide student of Master of Business Administration course of the Institute 2017-19 batch, affiliated to Visvesvaraya Technological University, Belgaum. Project report on “**A Study on Risk and Return Analysis of Mutual Fund at State Bank of India, Bengaluru**” is prepared by her under the guidance of **Prof. Keerthi H K**, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belagavi, Karnataka.

Signature of Internal Guide

Signature of HOD

Head of the Department
Department of MBA

Acharya Institute of Technology
Soladevanahalli, Bangalore-560 107.

Signature of Principal/Dean Academics

Dr. Devarajaiah R.M.
Dean-Academics
ACHARYA INSTITUTE OF TECHNOLOGY
Bengaluru-107.

DECLARATION

I, **MEGHA GANESH**, hereby declare that the Project report entitled “**Risk and return analysis of mutual fund**” at **SBI Mutual Funds, Bangalore**, prepared by me under the guidance of **Assistant professor Keerthi H K**, faculty of M.B.A Department, Acharya institute of technology and external assistance by **Mr. Suhas Prabhakar, Chief Manager, SBI Mutual Funds Bangalore**. I also declare that this Project work is towards the partial fulfillment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone a summer project for a period of Twelve weeks. I further declare that this Project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University / Institution.

Place: Bangalore

Date 12/4/2019.



Signature of the student

ACKNOWLEDGEMENT

I wish to express my sincere thanks to our respected Principal, **Dr. Prakash M R**, beloved Dean-Academics, **Dr. Devarajaiah R M**, and deep sense of gratitude to **Dr. M M Bagali**, HOD, Acharya Institute of Technology, Bengaluru for their kind support and encouragement in completion of the Internship Report.

I would like to thank my internal Guide **Keerthi H K**, Asst. Professor, Department of MBA, Acharya Institute of Technology, Bengaluru and external Guide **Mr. Suhas Prabhakar, chief manager**, at SBI Mutual Funds, Bangalore. Who gave me Golden opportunity to do this wonderful Project in the esteemed organization, which helped me to learn various concepts.

Finally, I express my sincere thanks to my Parents, Friends and all the Staff of MBA department of AIT for their valuable suggestions in completing this Project Report.

Place: Bengaluru

Megha Ganesh

Date:

USN:1AY17MBA2

TABLE OF CONTENTS

Chapter	Titles	Page Nos.
	Executive summary	1
1	Introduction	2-15
1.1	Introduction about Internship	8
1.2	Industry profile and company profile	8
1.3	Promoters	8
1.4	Vision, mission and quality policy	9-10
1.5	Product profile	10
1.6	Infrastructure facilities	10
1.7	Competitors information	11
1.8	SWOT analysis	11-12
1.9	Future growth and prospects	12
1.10	Analysis of financial statement	13-15
2	Conceptual background and Literature reviews/awards	16-22
2.1	Theoretical background of the study	16-19
2.2	Literature review	19-22
3	Research design	23-24
3.1	Statement of the problem	23
3.2	Need for the study	23
3.3	Objectives	23
3.4	Scope of the study	23
3.5	Research methodology	23-24
3.6	Limitations	24
4	Analysis and Interpretation	25-46
4.1	Analysis and interpretation of the data	25-46
5	Findings, suggestions and conclusion	47-48
5.1	Findings	47
5.2	Conclusion	47
5.3	Suggestions	48
	Bibliography	

LIST OF TABLES

Table No.	Particulars	Page Nos.
Table – 1.1	Table showing Balance sheet of the company	13-14
Table – 1.2	Table showing statement of profit & loss	15
Table – 4.1	Table showing the schemes analysed in the study	27
Table – 4.2	SBI Magnum Multicap fund	28-29
Table – 4.3	SBI Blue Chip Fund	31-33
Table – 4.4	SBI Magnum Midcap Fund	35-36
Table – 4.5	SBI Small Cap Fund	38-40
Table – 4.6	SBI Dynamic Bond Fund	42-44
Table – 4.7	Table showing the performance of all selected funds	45

LIST OF GRAPHS

Graph No.	Particulars	Page Nos.
Graph - 4.1	Graph showing Risk and return of Magnum Multicap Fund	30
Graph – 4.2	Graph showing Risk and return of SBI Blue Chip Fund	34
Graph – 4.3	Graph showing Risk and return of Magnum Midcap Fund	37
Graph – 4.4	Graph showing SBI Small Cap Fund	41
Graph – 4.5	Graph showing SBI Dynamic Bond Fund	44
Graph – 4.6	Graph showing Risk, Return and Beta of all the selected Mutual Funds	46

EXECUTIVE SUMMARY

Mutual funds have become a tool to ensure a person's financial situation. Mutual funds not only help India's development, but also help families bring success of Indian industry. As awareness increase, more people benefit from investing in mutual funds.

The report will help to examine the past performance of SBI MF scheme. Analytical tool such as **Standard Deviation, covariance and Beta** have been shown the risk and return of the portfolio and correlation between the fund return and market return has been used to show the investment pattern in mutual fund in industry.

This project as a whole can be divided into two parts.

The first parts gives an insight about Mutual Funds and its various knowledge-full aspects, company profile, the industry profile.

The second part of the project includes research methods, risk and SBI mutual fund return analysis, findings, conclusions, recommendations and recommendations. This project covers the topic "**Risk and return Analysis of mutual Funds**". The collected data is well organized and presented. I hope that research and research results and conclusions will be useful.

CHAPTER 1

INTRODUCTION

Internship is an opportunity, students get from the company to have real-time exposure. It helps us to understand the company background, the working behaviour of the company and the practical knowledge what we have studied in our business studies study. The 6 week internship period assigned by VTU helps me to choose a topic for my project and also helps to get a good working experience of work in the company.

1.1 INDUSTRY AND COMPANY PROFILE

INDUSTRY PROFILE

The Indian Mutual Fund Industry

A MF is a trust that brings together the savings of various investors who pursue common financial goals. Money raised is therefore invested in CM products such as equities, bonds and other securities Turnover generated by these investments will be distributed by the shareholders in proportion of number of their shares. Therefore, MFs are the best investment for general public as they offer the opportunity to invest in a basket of differently managed securities at a relatively low cost.

Mutual Fund industry's Average Assets Under Management (AAUM) stood at ₹ 24.25 Lakh Crore (INR 24.25 Trillion) Average Assets Under Management (AAUM) of Indian Mutual Fund Industry for the month of February 2019 stood at ₹ 24,24,932 crore.

Mutual funds offer investors a means to get exposure to equities as well as other capital market asset instruments. The mutual fund industry has grown tremendously. Current assets under management (AUM) are INR 23.6 trillion; this number was just INR 1 trillion in January 2000. Currently INR 7.9 trillion are under management in equity schemes, up from INR 1.8 trillion 5 years back. In January 2000, the AUM of equity funds stood at just 0.26 trillion. SIP inflows in December 2018 were at INR 80 bn.

STRUCTURE OF MF;

The structure of Indian mutual funds is three-tiered. The process involves three different entities: the sponsor (who set up the mutual fund), the trustee, and the asset manager who

oversees fund management. The structure of the mutual fund was born by SEBI (Indian Securities and Exchange Commission) Mutual Fund Regulation, 1996. Under these regulations, mutual funds are established as public trusts.

➤ **THE FUND SPONSOR**

This fund management is done through an associated company that manages the capital investment. The fund promoter is the first layer of the three-tier structure of the Indian MF. SEBI regulations state that, fund sponsor is any individual or any entity that can set up a mutual fund to make money through fund management. Sponsors can be considered as sponsors of affiliates. Sponsors must seek approval from SEBI to establish mutual funds. When SEBI agreed to launch, the Indian Trust Foundation established a public trust fund and established an asset management company under the Companies Act of 1956.

SEBI provides eligibility criteria for fund sponsors:

- Sponsors should have at least five years of financial services experience in addition to the last five years of net assets.
- The sponsor's net assets for the most recent year should be greater than the AMC's contribution.
- Sponsors must show profits within three years of the five-year period (including last year).
- Sponsors must have at least 40% of the asset manager's net worth.

➤ **TRUST AND TRUSTEE**

Trusts and trustees form the second layer of the Indian MF structure. Behavior of the trustee is to monitor the activities of the mutual fund and confirm compliance with the SEBI (mutual fund) regulations. They also monitor the systems, procedures, and overall operations of asset management companies. Without the approval of the trustee, AMC was unable to bring any plans to market. The trustee should report AMC activities to SEBI every six months.

The trust is created by the fund sponsor for the trustee through a document called a trust certificate. The trust is managed by the trustee and the trustee is accountable to the investor. They can be seen as the primary guardian of funds and assets. The trustee can be formed in two ways: the trustee company or the trustee committee.

➤ ASSET MANAGEMENT COMPANY

The asset management company is the third layer of the mutual fund structure. The asset manager acts as a trust fund manager or investment manager. A small fee will be paid to AMC to manage the funds. AMC is responsible for all fund related activities. It works with them to seek these services along with other elements such as brokers, auditors, bankers, registrars, lawyers, etc. In order to ensure that there are no contradictions between asset management companies, certain restrictions are imposed on the company's business activities.

It launched various plans and launched the same plan. AMC must manage funds and provide services to investors.

➤ OTHER COMPONENTS OF THE MUTUAL FINANCING STRUCTURE
CUSTODIAN

The custodian is responsible for keeping the securities of the mutual fund. They manage mutual fund investment accounts to ensure delivery and transfer of securities. They also collect and track dividends and interest earned on mutual fund investments.

➤ REGISTRAR AND TRANSFER AGENTS (RTAS)

These are entities that provide services to mutual funds. Regional trade agreements are more like the operation of mutual funds. Because all mutual fund companies operate similarly, it is economical for all 44 asset management companies to seek regional trade agreement services in a scale and cost-effective manner. CAMS, karvy, sundaram, principal, Templeton, etc. are some of the famous regional trade agreements in India.

Auditor

The auditor audits and reviews the records and annual reports of the various programs. Each AMC employs an independent auditor to analyze the book to maintain its transparency and integrity.

Brokers

AMC uses broker services to buy and sell securities on the stock market. Asset management companies use many brokers' research reports and recommendations to plan their market trends.

The three-tier structure of mutual funds is in place, bearing in mind the trust nature of mutual funds. This structure of mutual funds is in line with international standards, so the responsibilities and functions of each component of the structure are appropriately separated. It ensures that each element of the system works independently and independently.

Advantages and Disadvantages of mutual fund

Advantages

1. Liquidity

Buying and exiting plans is relatively easy unless you choose a closed mutual fund. Units can be sold at any time. Pay attention to unexpected situations such as export load or fine before export. Keep in mind that MF transactions occur only once a day after the fund company release the net asset value of the day.

2. Diversification

Mutual funds have their own risk because their performance is based on market movements. Therefore, fund managers always invest in more than one asset (stocks, borrowing, money market equipment's, etc.). This is known as diversification. In this way, when an asset class is not implemented, another asset class can be compensated by higher returns to avoid the loss of investors.

3. Professional manager

MF are favoured because it does not require investors to conduct research and asset allocation. The fund manager is responsible for handling everything and deciding how to handle your investment. He/she decides whether to invest in stocks or debts. He/she also decides whether to hold them and how long they last.

The reputation of fund managers in fund management should be an important criterion for your choice of mutual funds. The expense rate (according to SEBI cannot exceed 1.05% of the AUM guidelines) also includes the manager's fee.

4. Less cost for bulk transaction

When you buy any product, you must be aware that the price drops as the quantity increases. For example, if 100 grams of toothpaste's price is RS. 10. You may get a 500g package, such as RS. 40. Similar logic applies to MF units. If multiple units is purchased at a time, processing fees and other commission fees will be reduced compared to purchasing one unit.

5. Invest in small quantities

In stock (or any other asset class) you will gain exposure by investing in a small segment (SIP). This reduces the cost of the average transaction - you can benefit from the high price of the market price. Regular (Monthly or Quarterly) Deposits, once a deposit fund, gives you an average cost of costs.

6. Suit your financial objectives

There are various MF in India that can be used by investors from all walks of life. Regardless of income, must develop the habit of investing some money (regardless of how small). It's easy to find MF which match the income, expenses, investment objectives and risk appetite.

7. Cost efficiency

Can be started as mutual fund and then diversify slowly. Today, it's easier to identify and select the funds that are right for you. Maintenance and adjustment of funds does not require your extra effort. The fund manager will use his team's help to decide when to invest, where to invest and how to invest. Which means, their job is to consistently exceed benchmarks and deliver the greatest return.

8. Tax efficiency

Up to RS1.5 lakh can be invested in tax saving MF mentioned under 80C tax deduction. Eg: ELSS. Although a 10% of a long term capital gains apply to returns of more than 100,000 Swiss francs a year later, in recent years they consistently received higher returns than other FD like tax cuts

9. Automated payments

For any given reason, SIP is usually forgotten or delayed or a one-time investment is prompted. You can choose a fund company or agent for paperless automation. Time-lap-mail and SMS notifications help manage this monitoring.

10. Safety

It is widely believed that mutual funds are not safe as a banking product.

It is myth because fund companies are strictly within purview of statutory government agencies such as SEBI and AMFI. People will be able to easily verify the credentials of fund companies & asset management companies from SEBI. They also have a fair complaint recovery platform to serve the interests of investors.

Disadvantages

1. Cost to manage MF

Wages of market analysts and fund managers are mainly from investors. Money Management Fee is one of the key factors to give thought to, when choosing MF. Higher management fees do not guarantee good funding performance.

2. Locking period

Many MFs have long-term lock-up duration of five to eight years. Prior to the expiry of such a fund may be a cheaper business. Some parts of the fund will always pay to investors who wish to withdraw the funds. This part of the money can not earn interest earners.

3. Dilution

A diversified average can reduce risk of loss, it can also diminish profits. Therefore, should never invest more than 7-9 MFs at one time. If made a wise choice, the benefits and potential of mutual funds will definitely go beyond the disadvantages. However, investors do not have time, knowledge or patience to investigate and analyze various Mutual Funds

COMPANY PROFILE

SBI Mutual Fund

SBI MF has been successfully managing the country's offshore funds since the 1988. SBI Fund Management is one of the first banks to raise offshore funds. The aim of SBIMF is to offer its investors, the opportunity for long-term growth in a diverse array of stock of Indian companies.

The dedicated fund house is known for its enterprising approach to the risk-management backed by highly experienced risk management team and financial experts. The SBI mutual

funds are constructed with the help of extensive investment research to outperform the industry benchmarks.

The Fund House also engages in an active management style to achieve this. The schemes that are offered are as diverse as can be and the blend of the products – large, mid and small cap or sector specific, are designed to leverage the growth opportunities of Indian equities.

The SBI Mutual Fund Trustee Company Private Limited was constituted as a Trust under the provisions of the Indian Trust Act 1882. It is registered with the Securities and Exchange Board of India (SEBI). The Mutual Fund is a joint venture between the National Bank of India and the European asset management company Amundi, a joint venture between the French Agricultural Credit Bank and Societe Generale. The corporate headquarters of the SBI Mutual Fund is India's largest bank-sponsored mutual fund and is headquartered in Mumbai. It is also the first bank-sponsored fund to launch the offshore fund Resurgent India Opportunity Fund.

1.2 PROMOTERS

- Shri Ashwani Bhatia- Managing Director & CEO.
- Mr. Binod Kumar Mishra- COO.
- Nicolas Simon- Deputy CEO.
- Mr. Rahul Mayor- Investors Relations Officer.
- Ms. Vinaya Data- Compliance & Comp. secretary.

1.3 VISION, MISSION & QUALITY POLICY

VISION:

Be the bank of choice for a Transforming India

MISSION:

Committed to providing simple, responsive and innovative Financial Solutions

QUALITY POLICY:

- Sharing partners and employees is fair to all investors.
- Focus on the growth, assets, reputation and capital of corporate stakeholders.

1.4 PRODUCTS/ SERVICES

➤ SBI EQUITY FUNDS

SBI Equity Funds was selected for long-term capital appreciation by investing in widely researched stocks and the highest rated corporate stocks. Funds are selected based on consistency in performance and are designed to generate high returns. These funds are high-risk funds that need to be carefully considered before investing.

Some equity funds are:

- SBI Magnum Midcap Fund
- SBI Magnum Multicap Fund
- SBI Bluechip Fund
- SBI Magnum Equity ESG Fund
- SBI Large & Midcap Fund

➤ SBI DEBT FUNDS

SBI Debt Funds offer a safer investment option to the more risk-averse investor. These funds with comparatively lower return prospects come in various short-term fixed income security options like commercial papers, government bonds, treasury bills and certificates of deposits.

- SBI Magnum Income Fund
- SBI Overnight Fund
- SBI Magnum Medium Duration Fund
- SBI Liquid fund
- SBI Dynamic Bond Fund

➤ SBI HYBRID FUNDS

SBI Hybrid Funds invests in a variety of asset classes, carefully integrating stocks and debt. It offers investors a variety of hybrid funds to choose from.

The SBI Hybrid Fund are:

- SBI Equity Hybrid Fund
- SBI Debt Hybrid Fund
- SBI Multi Asset Allocation Fund
- SBI Arbitrage Opportunities Fund
- SBI Dynamic Asset Allocation Fund

➤ **SBI TAX SAVING FUNDS**

SBI Tax Savings Funds are aimed at encouraging the habit of saving by investing in equity shares that provide tax deductions under Section 80C of the Income-tax Act. These are diversified equity mutual funds that have a lock-in period of 3 years.

Tax saving fund are:

1. SBI Magnum Tax Gain Scheme

1.5 AREA OF OPERATION

Founded in 1987, SBI Mutual Funds operates across India. Its headquarters is located in Mumbai, and other branches are:

1. Ahmedabad
2. Bangalore
3. Chennai
4. Delhi
5. Jaipur
6. Hyderabad
7. Kolkata
8. Noida
9. Nagpur
10. Kochi
11. Mumbai

1.6 INFRASTRUCTURE FACILITY

- The company provides all the basic facilities to its employee welfare:
- Canteen Facilities: it is equipped with a canteen in the bank that supplies tea, snacks and the meal coupons to all the employees and it works all time.
- First Aid: It is subsidized with all medical equipment needed for the First Aid.
- Locker Facility: Individual locker facility is given to the employees in their belonging departments.

1.7 COMPETITORS OF SBI MUTUAL FUND

1. AXIS Mutual fund
2. Aditya Birla Sunlife
3. HDFC Mutual fund
4. ICICI Prudential Mutual fund
5. UTI Mutual fund
6. DSP Blackrock Mutual fund
7. Reliance Mutual fund
8. Motilal Oswal Mutual fund
9. LIC Mutual fund
10. TATA Mutual fund
11. Franklin Templeton Mutual fund
12. IDFC Mutual fund
13. Kotak Mutual fund

1.8 SWOT Analysis

1. Strength:

- SBI is the biggest bank in India with more than 14000 branches.
- State Bank of India has a separate act for itself. Thus, a special privilege for the bank.
- First public sector to move to CBS.
- Nearly 30,000 people are employed in SBI.
- SBI provides services such as consumer banks, corporate banking, and insurance.
- It has good brand recognition and popularity due to extensive marketing.
- SBI has its presence in more than 35 countries with close to 200 offices.

2. Weaknesses:

- Immense competition means limited market share growth for SBI.
- International presence is less as compared to global banks.

3. Opportunities:

- Bringing together talents to replace senior management for the next generation

- NBI can make effective use of CRM, technology and online space.
- Expanding to rural places will also promote its business
- With the cashless focus on India, banks can dominate the market with their broad range of businesses.

4. Threats:

- Mergers between private banks can reduce SBI's market share.
- RBI's new bank license may affect operations.
- Foreign banks with complex products.
- The operation of the SBI is often interrupted by slow government decisions and red tapism.

1.9 FUTURE GROWTH AND PROSPECTS

During last days of competition, the company aims to satisfy the satisfaction of its customers. It continues its efforts to offer their customers diversified, specified and customized products and services.

In this leading and developing economy, financial specialists must examine their background of familiarity and find their origin in these surprising places.

Faced with growing demands and needs of customers and increased awareness of financial products, financial specialists must seize and exploit the tremendous opportunities they have direct and reference modules to add number of customers and satisfy existing customers. Due to the benefits of investing in mutual funds, SBI has gained popularity in the growing Indian market.

1.10 ANALYSIS OF FINANCIAL STATEMENTS

Table 1.1 Balance Sheet (in lacks)

Years	2017	2018
Equity and Liabilities		
Shareholder's funds		
a)Share Capital	5000.00	5,000.00
b)Reserves and Surplus	72097.84	96,880.39
	77.097.84	1,01,880.39
Non-current liabilities		
a)Deferred tax liabilities	41.46	-
b)Other long term liabilities	8.44	-
c)Long term provisions	956.66	3,662.70
	1006.56	3,662.70
CL		
a)Bills payables	6967.71	9,891.28
b)Other CL	161.27	344.78
c)ST provisions	13271.16	13,317.06
	20400.14	23,553.12
Total	98504.54	1,29,096.21
Assets		
Non-current assets		

a)Fixed assets	17876.85	17732.07
b)Non- current investments	24827.05	27597.78
c)Deferred tax assets	-	738.32
d)Long term loans and advances	6757.36	11331.83
e)Other non-current assets	574.73	293.87
	50035.99	57693.87
CA		
a)CI	24873.82	33450.00
b)Bills receivables	2338.54	9982.86
c)Cash & bank bal.	8570.07	7390.99
d)ST loans & advances	12577.15	20253.15
e)Other CL	108.97	325.34
	48468.55	71402.34
Total	98504.54	129096.21

Table 1.2 Statement of Profit and Loss

Particulars	2017	2018
Revenue from operations	73634.17	123672.64
Other income	4153.29	3529.58
Total revenue	77787.46	127202.22
Expenses		
Employee benefits expense	13328.12	15984.94
Depreciation and amortization expense	1260.74	1503.19
Other expenses	30209.01	59391.68
Total expenses	44797.87	76879.81
Profit before tax	32989.59	50322.41
Tax expense		
Current tax	10575.00	18250.00
Deferred tax	(1111.62)	(779.78)
Adjustment of tax relating to earlier periods	1094.35	(251.12)
Net profit after tax	22431.86	33103.31

CHAPTER- 2

CONCEPTUAL BACKGROUND AND LITERATURE

2.1 Theoretical Background of the study

In mutual funds, many investors have contributed to the formation of a common pool of funds. The pool of funds for this single investor, invested according to stated purpose. Therefore, ownership of funds is common and funds belongs to all investors. Ownership of the fund is same as amount paid by fund and total fund.

Mutual funds use funds gathered through investors to purchase assets that are permitted by their specified investment objectives. Therefore, GF will mainly purchase equity assets - common stock, preferred stock and warrants. Income funds primarily buy bond equipment's like, bonds & bonds. The fund assets and proportions owned by investors are the same as their contribution to the total contribution of all investors.

When someone purchases a "share" of JS Company, purchase makes investor a part of comp. and its assets. Similarly, when an investor subscribes to mutual fund, the investment company constitutes the IC and the investor "buys fund", which means that he buys shares of fund. In India, MF constitute a trust fund, and the "unit" of the plan initiated by the investor subscription fund is the unit trust source. However, whether an investor obtains a fund share or unit is only a legal difference. In any event, mutual fund shareholders or unit holders are part of the fund's assets.

Investors only purchase shares from comp. when comp. issues shares. At other times, if the stock is listed, it can be bought from other investor through Stk Exg. Only when company announces a "share buyback" can the SH sell shares to company. During other times, he is allowed to sell shares to some other investor through a Stk Excg. Price observed on a stk Excg is a reasonable calculation of fair value of stock.

In this regard, open mutual funds are completely different. In open mutual funds, investors shall buy units from fund and continue to sell units to fund. Stck exchange is not in picture. To make sure of fairness, sales & purchases must be made at fair value. Which means, each share or unit held by investor, needs to be assigned some value. Since unit held by the investor proves ownership of fund's assets, value of total assets of fund is divided by total number of units issued by MF to give value of one unit. It is often referred to as net asset

value (NAV) of a unit or a share. Therefore, total value of partial ownership of one investor is determined by multiplying net asset value by the number of units held.

HISTORY OF INDIAN MUTUAL FUND

The Government of India and the Reserve Bank of India initiated the Mutual Fund Industry in 1963 with the formation of Unit Trust of India. The history of India's mutual funds can be divided into four different phases.

I Phase- 1964-87: Growth of the Unit Trust of India

In 1963, the Unit Trust India established by the Parliament of law. Because it is only entity in India which provides mutual fund, it has monopoly position. In operation, the Unit Trust of India was established by RBI but later, departed from RBI. Ist option was the largest one initiated by UTI, the unitary plan of 1964.

In the 70s and the late 80s, the UTI began to innovate and offer different solutions to meet needs of various categories of investors. The ULIP was launched in 1971. The 1st Indian offshore fund, the Indian fund, launched in August 1986. The UTI investment fund company had approximately RS 600, in 1984. For 1987-1988, asset UTI Management (AUM) grown ten times to rupees 6700Cr.

II Phase 1987-93: Entry of public sector funds

Access to Public Sector Mutual Funds was held in 1987. With the opening of the economy, public sector banks and institutions have been allowed to set up mutual funds. In November 1987, National Bank of India established SBI Mutual Fund for UTI Mutual Fund.

This were followed by Canbank Mutual Fund, the LIC Mutual Fund, the Indian Bank MF, the GIC MF and the PNB MF. From 1987-1988 to 1992-1993, AUM raised from ₹46700crs to ₹47,004crs, nearly 7 times. During this period, investors showed great interest in MF, all of which were allocated to fund investments.

3rd PHASE 1993-1996: Appearance of Private Funds

The new era of the MF industry was started in 1993. Private sector allowed access to funds. It gives Indian investors a vast "fund family" option and raising competition for Indian public

sector funds. Foreign fund management comp. have been let to handle MF. Almost all enter India through JV with Indian promoter.

Private funds bring product innovation, investment management technology and investor service technology. During the 1993-94 period, 5 private sector fund companies launched their plans in 1994-95, followed by six others.

4th PHASE 1996-1999: Extension and SEBI Regulation

Since 1996, MF industry has reached new peaks to increase the number of players. In India, excluding regulation and economic liberalization have motivated the competition and added to the growth of industry.

The SEBI (Multi Funds) Regulation of 1996 saw a thorough review of all the mutual funds in India. These regulations raises the uniform standard of all funds. Prior to UBI's new guidelines, SEBI's guidelines were developed. Similarly, 1999 federal government budget took a huge step in sparing investors from whole MF dividends. At this stage, SEBI and the Indian Mutual Fund Association (AMFI) launched an investor awareness program to educate investors to invest through MF.

5TH PHASE 1999-2004: Appearance of a big and even industry:

History of common industry in India from the beginning of the new phase to the early 1999s influenced the influence of investors from the presence of investors. In February 2003, the UTI did not have a unique status as a trust under the Parliamentary Act. Rather, the same structure is similar to other Indian - trusts, AMCs.

UTI Mutual Fund is the current Indian Unit Trust (UTI). Unit Trust India Though previously operated below a special Indian Parliament law, UI MF are now like SEBI's (Common Fund) regulations, like other Mutual Funds in India

In the same structure, activities and control, the unity of the united industry makes it easy for the suppliers to manage any fund company. The industry's average value has doubled between 1999 and 2005. 68,000 crores from 100 million to five crore.

6th Phase (2004 onwards): Merger & growth:

Lately the industry launched a series of M & As. Most recent is the acquisition of Allianz Mutual fund plan by Birla Sun Life and the acquisition of a PNB investment trust by

Principal. At the same time, more international participants, including Fidelity, one of the world's largest funds, continue to enter India.

2.2 LITERATURE REVIEW

1. Gupta & Sehgal (1998) assessed the performance of 80 mutual fund schemes over four years (1992-96). In this study, we noticed the existence of inadequate portfolio diversification and performance consistency among the sample schemes
2. Treynor (1965) presents a new way to view performance results. He tried to graphically evaluate the performance of mutual funds on characteristic lines. The steeper the line, the more systematic risk or volatility the fund holds. By incorporating various concepts, he developed a single-row index T_n called the Treynor index.
3. Verma's book (1997) *Investment Portfolio Guide for Investment Trusts and Indian Investment Trusts*.
4. Bansal's book (1996) "Mutual Fund Management and Management" included descriptive research such as the concept of mutual funds, management of mutual funds, accounting and disclosure standards, and mutual fund schemes.
5. S. Anand & V Murugaiah (2003) show that most of the schemes performed poorly compared to riskless returns.
6. Cochran (2001) examined the "predictability" of the price-earnings ratio. They suggested that the price-earnings ratio is predictable. The degree of predictability increases with time. The author used the international stock market data from 18 countries to validate the predictability of price-earnings ratio. Their results show that you can predict the price-earnings ratio and the level of predictability as dividend yields increase returns from one month to 48 months.
7. Dr. Sandeep Bansal, Dr. Deepak Garg and Dr. Sanjeev K Saini (2012) assessed impact of the Sharp and Treynors ratios on specific MF programs. This paper observed performance of selected MF programs, provides risks profiles for entire mutual fund sector, and provides monthly liquidity, returns, systemic and non-systematic risks, as well as complete analysis of funds using special analysis. Compare market indices completely and simply. Sharp angle ratio and Treynor ratio

8. Dr. K. Veeraiah and Dr. A. Kishore Kumar (Jan. 2014) conducted a survey on comparative performance analysis of selected investment trust schemes in India. Study analyzes performance of MF owned by India & compares their performance. Performance of selected funds were analysed taking 5 years NAV & portfolio allocation. Survey results show that the mutual fund has invested a lot of money. As an appropriate investment option, Investor Trust is the first choice for investors as a medium-term and long-term investment option.
9. Dr. Yogesh Kumar Mehta (February 2012) studied tax fund analysis, a new scenario for investment trusts in India. This survey is grounded on specific equity funds in publ. sector & pvt. Sector MF. Companies & institutions that make up not more than 1.16% of total investor account in the mutual fund industry are generating large amounts of rupees. This is 56.55% of TA of the MF industry. He also found that the MF didn't like the dbt. component.
10. Dr. Surender Kumar Gupta and Dr. Sandeep Bansal (July 2012) conducted a comparative study of MTF & Birla Sunlife's debt plan. In this study, after calculating net asset value and standard deviation, we use Sharp Index to calculate the performance of mutual trust fund and Birla Sunlife's debt plan. According to the survey, debt planning income is near to standard income and risk-free income: 6percent (avg. adjustment over the past five years).
11. Professor V. Vanaja and Dr. R. R. Karrupasamy (2013) conducted survey of performance of specific categories of the pvt sector balanced category MF scheme in India. This performance assessment survey helps investors choose the best possible solution, helps AUM build better portfolios and solve unprofitable solutions. The purpose of this survey is for assessing performance of specific pvt. sector bal. plans based on returns and benchmark comparisons, and various risk adjustments recommended by Sharp, Treino and Jensen to assess fund performance. The indicator is to use.
12. E. Priyadarshini and A. A. Chandra Babu (2011) used the autoregressive integral moving average to predict the net asset value of the Indian mutual fund. In paper, few of the Indian MF are modeled with help of Box-Jenkins' autoregressive integrated moving avg. (ARIMA) method. The effectiveness of model is examined taking standard statistical methods to predict the time ahead equity of the MF.

13. Ranjit Singh, Anurag Singh, and H O. Ramananda Singh (August 2011) studied the positioning of MF between compact and semi-industrial investors. Recently, majority of urban investors' investments have been attracted by MF. This has led to drenching of urban market. In order to expand investor base, MF companies are looking for chance in minor towns & suburbs. However, in order to promote mutual funds in these areas, it is necessary to put the goods in the mind of the investors in various ways. Products must be acceptable to investors, investors must be affordable, should be offered to them, and investors should be aware. This article addresses all these issues. It measures the acceptance, affordability, ease of use, and awareness of investment decisions in small and suburban investors.
14. Professor Kalpesh P Prajapati & Professor Mahesh K Patel (July 2012) are conducting comparative research on performance evaluation of investment trust schemes for Indian companies. In the paper, we evaluated performance of investment trusts in India using relative performance indicators, risk reward analysis, Treynor ratio, Sharpe ratio, Sharp measurement, Jensen measurement and Fama measurement. The data used is the daily net asset value of the closing price. The data source is the website of the Investment Investment Trust (AMFI) in India. The survey period is from January 1, 2007 to December 31, 2011. Performance indicators show that most mutual funds received positive returns between 2007 and 2011.
15. C. Srinivas Yadav and Hemanth NC (February 2014) investigated the performance of certain stock growth MF in India. . S & P CNX NIFTY was adopted as a benchmark. From the first 10 asset managers (based on asset managers) of 1 June 2010 to 31 May 2013 (3 years), 15 equity growth plans (NAV) were selected for investigation The
16. Rashmi Sharma and N. K. Pandya (2013) provide an overview of investment mutual funds. This article examines the structure of mutual funds, the comparison of mutual fund investments with other investment options, and the calculation of net asset value. This article examines the effects of various demographic factors on the investor's mutual fund attitude. A pie chart is drawn to analyse various factors involved in mutual fund investment in order to measure various phenomena effectively and efficiently, analyse the collected data effectively and draw conclusions. Is used.
17. Rahul Singal, Anuradha Garg and Dr. Sanjay Singal(may 2013) assessed the performance of the GMF. This article explores performance of 25 growing MF programs. Three techniques were used for this purpose: 1)Beta 2) Sharpe ratio.

Grades are based on the results obtained through this schemes and difference is usually small.

18. Dr. Dhimen Jain & Dr. Rajeev Jain(Dec 2013) assessed the function of MF as the main source of funding in the Indian financial system. The purpose of the paper is for clarifying the relationship between AUM mobilised by MF comp. & Indias growth domestic product correlation. In order 2 apply the Kendall taub & spearman related vessels, the data range chosen between 1998-1999 & 2009-2010.
19. Dr. R. Narayanasamy and Dr. V. Rathnamani (April 2013) assesses the performance of the mutual fund funds (for certain stock market funds). The study is primarily related to mutual fund funds invested by various funds in India. The study focused on the performance of certain equity-based equity fund programs with regard to venture relations. The main purpose of this study was to examine the financial results of chosen fund programs by statistical parameters such as α , β , standard deviation, r square and sharp relationship.
20. Dr. N. K. Sathya Pal Sharma and Ravikumar. R (2013), has conducted the analysis of Risk and Return Conditions in the Equity-based investment fund in India. This paper, attempts have been made to examine the results of share-based investment funds. A total of 15 schemes provided by 2 pvt comp. and 2 publ. comp. have been examined in April. 1999 to April 2013 (15 years). The analysis was made using the risk value ratio and the CAPM (Capital Asset Pricing Model).

CHAPTER 3

RESEARCH DESIGN

3.1 STATEMENT OF THE PROBLEM

In general, investors prefer to invest in debt funds as they are sure of interest payments. As return from equity funds are risky to some extent investors hesitate to invest. This uncertainty affects the performance of mutual funds to a greater extent. Hence this study has been undertaken to find out if there funds yield returns par with the risk.

3.2 NEED FOR THE STUDY

- To study whether the Mutual fund's investments will have more advantages when compared with other investments.
- By comparing SBI mutual funds in the area of risk and returns. Based on which investors will make decisions easily.

3.3 OBJECTIVES OF THE STUDY

- To study risk and return of selected scheme of SBI Mutual fund.
- To find volatility of selected mutual funds.

3.4 SCOPE OF THE STUDY

- Selected equity funds of these organizations were used for research.
- Research is based on different investment and savings plans, so there are many opportunities to choose investment plans that benefit investors and market companies.
- Choosing the right research technology can lead to better profit and investment decisions.

3.5 RESEARCH METHODOLOGY

- The data set used was gathered from database of Association of Mutual Funds of India (AMFI) for Net Asset Value (NAV). It also provides risk-free interest rates for the Nifty National Stock Exchange (NSE) and the Reserve Bank of India.
- Fund returns are calculated based on daily net asset value rather than monthly net asset value.
- Net asset value has more display power than lower frequency data.

- In addition, the daily returns thus obtained are geometrically averaged to obtain an annual average return on capital. In addition, Nifty is used as a substitute for market mix/return and benchmark variation.

3.6 LIMITATIONS

- The study is limited only to the analysis of different schemes and its suitability to different investors and according to their risk taking capacity to different investors.
- This study is based on a monthly fact sheet, a second data provided by the website and other books, because the main reason is that data is not available.
- The study was limited by detailed studies of the five SBI MF. Many investors are price recipients.
- The study does not include the entry and exit loads of mutual funds.

3.7 CHAPTER SCHEME

Chapter 1- Presentations on subject, organisation profile, org. promoters, vision, mission, quality arrangements, org. items & mgt. competitors, SWOT investigation, prospects for future growth & financial explanation.

Chapter 2- It consists of Theoretical background of study and literature review

Chapter 3- Part three comprise of explanation of problem, requirement for examination, matter of investigation, stretch of examination, look into system & constraint.

Chapter 4- Part four consists of data analysis and interpretation on the topics I used variety of tools like avg. return, SD, Beta which helped to give a understandable view about analysis done.

Chapter 5- Part 5 consists of Findings, Conclusion & suggestion of study which is carried on by researcher.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 Data Analysis and interpretation

NET ASSET VALUE:

The value of a share of the MF, known as Net Asset Value per share (NAV). It is estimated daily basis on total value of fund divided by no. of shares currently issued and outstanding. It denotes performance of particular scheme of a mutual fund. In simple terms, Market value of the shares is known as NAV.

Formula for calculating NAV:

$$\text{Net Asset Value} = \frac{\text{Market Value of Investments}}{\text{No. of units}}$$

RISK-RETURN TRADE-OFF:

Required rate of returns:

Required rate of returns plays an important role in the valuation of assets and at the time of decision making. The required rate of return on securities can be defined as the minimum expected rate of return required to induce investors to purchase securities, taking into account their risks.

$$\text{Required Rate of Return} = \text{Risk free rate of returns} + \text{Risk Premium}$$

Risk:

Risk refers to the difference between actual returns and expected returns. Risk refers to the variability. If the returns of the assets have no variability, then that asset is riskless asset. The risk of the asset is measured by various methods. The following are the most commonly used measures of risk:

- Standard Deviation
- Beta

STANDARD DEVIATION:

The most suitable method for analysing the variability is the Standard Deviation and Variance. Risk arises out of Variability. Standard Deviation is connected to the yearly rate of profits of a speculation to quantify the venture unpredictability.

Standard Deviation shows how much is the deviation of returns from the expected return.

Formula for calculating Standard Deviation:

$$SD = \sigma = \sqrt{\text{Variance}}$$

$$\text{Variance} = \sigma^2 = \frac{\Sigma(R-R')^2}{N-1}$$

Where,

σ^2 : Variance of returns σ :

Standard Deviation R :

Returns of Stock

R' : Arithmetic returns

N : Number of periods

BETA:

Beta is utilized to portray the relationship between the stock's profits and market record returns. Beta might be certain or negative. It is referred to as methodical risk to the business sector. It is better utilized as a measure of risk in the examination of portfolio.

Formula for calculation of Beta:

$$\text{Beta } (\beta) = \frac{\text{Covariance of } (R_A, R_M)}{\sigma^2 M}$$

$$\text{Covariance} = \frac{\sum (R_A - R'_A) (R_M - R'_M)}{N - 1}$$

$$\sigma^2 M = \frac{\sum (R_M - R'_M)^2}{N - 1}$$

Where,

R_A: Returns of portfolio

R'_A: Average rate of returns of portfolio
R_M: Returns of market

R'_M: Average rate of market

Table 4.1: The following are the Schemes analysed in this study:

Si. No.	SBI Mutual funds- Open ended funds
1	Magnum MultiCap Fund
2	SBI Blue Chip Fund
3	Magnum MidCap Fund
4	SBI Small Cap Fund
5	Dynamic Bond Fund

Table 4.2: SBI- Magnum MultiCap Fund

MAGNUM MULTICAP FUND									
DATE	NAV	RETURN	R- R1	(R- R1) ²	NIFTY 50	Rm	(Rm- R \bar{m})	(Rm- R \bar{m}) ²	(Rm- R \bar{m}) ² (R-R1)
01-01-2014	19.47	-	-	-	6301.65	-	-	-	-
01-04-2014	20.93	7.40	2.2 7	7.40	6721.05	6.6 6	3.56	12.67	18.12
01-07-2014	25.58	22.22	17. 54	307. 65	7634.70	13. 59	10.49	110.04	238.37
01-10-2014	28.00	9.46	4.7 8	22.8 5	7945.55	4.0 7	0.97	0.94	19.45
05-01-2015	31.32	11.86	7.1 8	51.5 5	8284.00	4.2 6	1.16	1.35	30.59
01-04-2015	33.02	5.43	0.7 5	0.56	8586.25	3.6 5	0.55	0.30	2.74
01-07-2015	33.05	0.09	- 4.5 9	21.0 7	8453.05	- 1.5 5	-4.65	21.62	7.11
01-10-2015	32.90	-0.45	- 5.1 3	26.3 2	7950.90	- 5.9 4	-9.04	81.72	30.47
04-01-2016	33.92	3.10	- 1.5 8	2.50	7963.20	0.1 5	-2.95	8.70	-0.24
01-04-2016	33.23	-2.03	- 6.7 1	45.0 2	7713.05	- 3.1 4	-6.24	38.93	21.07
01-07-2016	36.48	3.25	- 1.4 3	2.04	8328.35	7.8 9	4.88	23.81	-11.41
03-10-2016	39.30	7.73	3.0	9.30	8738.10	4.9	1.82	3.31	15.01

			5			2			
03-01-2017	36.95	-5.98	-10.66	113.64	8179.50	-6.39	-9.49	90.06	68.12
01-04-2017	41.88	13.34	8.66	75	9237.85	12.94	9.84	96.83	112.06
01-07-2017	44.06	5.20	0.52	0.27	9615.00	4.08	0.98	0.96	2.12
01-10-2017	46.57	5.70	1.02	1.04	9859.50	2.54	-0.56	0.31	2.59
01-01-2018	50.45	8.33	3.65	13.32	10435.5	5.84	2.74	7.51	21.32
01-04-2018	48.48	-3.90	-8.58	73.62	10211.8	-2.14	-5.24	27.46	18.36
01-07-2018	47.93	-1.13	-5.81	33.76	10657.3	4.36	1.26	1.59	-25.33
01-10-2018	47.55	-0.79	-5.47	29.92	11008.3	3.29	0.19	0.04	-18
Total return		88.83				58.87		528.15	552.52
Average return		44.04				3.10			
variance				44.04				27.80	
SD				6.64				5.27	
Covariance									29.08
Beta									1.05

Calculation of Variance, Standard Deviation, Covariance and Beta:

$$\sigma^2 = \frac{\sum(R-R1)^2}{N-1} = \frac{836.83}{20-1} = 44.04$$

$$SD = \sqrt{\sigma} = \sqrt{44.04} = 6.64$$

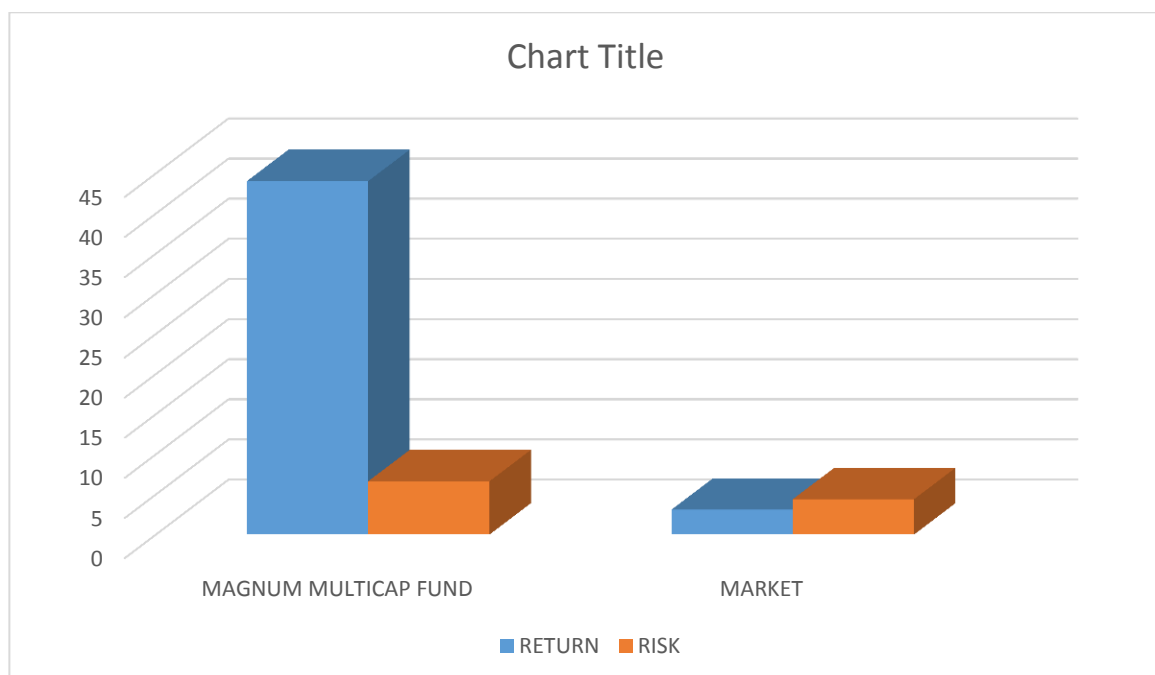
$$\sigma^2 M = \frac{\sum(Rm-R\bar{m})^2}{N-1} = \frac{528.15}{20-1} = 27.80$$

$$SD = \sigma M = \sqrt{27.80} = 5.27$$

$$\text{Covariance} = \frac{\sum(R-R1)(Rm-R\bar{m})}{N-1} = \frac{552.52}{20-1} = 29.08$$

$$\text{Beta} = \frac{\text{covariance}}{\sigma^2 M} = \frac{29.08}{27.80} = 1.05$$

Graph 4.1. Showing Return and Risk of Magnum Multicap fund and market



Analysis:

The mean returns of the scheme is 44.04% which is more than the market returns of 3.10%

The risk of scheme is more than market risk of about 1.37of Standard deviation

(i.e., 6.64% - 5.27%)

Interpretation:

The scheme risk and returns is measured by using its Mean rate of returns, Standard deviation. By the analysis, we can identify that, both risk and returns of the scheme is more than the market risk and returns. Thus, the scheme is performing better in the market. The risk is less than the return in the scheme so it is the best performing fund in the market.

Table 4.3: SBI Blue Chip Fund

SBI BLUECHIP FUND									
DATE	NAV	RETURN	R-R1	(R-R1) ²	NIFTY 50	Rm	(Rm-R \bar{m})	(Rm-R \bar{m}) ²	(Rm-R \bar{m}) ² (R-R1)
01-01-2014	13.97	-	-	-	6301.65	-	-	-	-
01-04-2014	15.06	7.80	4.41	19.45	6721.05	6.66	3.56	12.67	29.37
01-07-2014	17.91	18.92	15.53	241.18	7634.70	13.59	10.49	110.04	211.05
01-10-2014	19.42	8.43	5.04	25.40	7945.55	4.07	0.97	0.94	20.51
05-01-2015	20.98	8.03	4.64	21.53	8284.00	4.26	1.16	1.35	19.77
01-04-2015	22.76	8.48	5.09	25.91	8586.25	3.65	0.55	0.30	18.58
01-07-2015	22.83	0.31	-3.08	9.49	8453.05	-1.5	-4.65	21.62	4.77

						5			
01-10-2015	19.41	-14.99	18.38	337.8 2	7950.90	- 5.9 4	-9.04	81.72	- 109.18
04-01-2016	19.60	0.98	-2.41	5.81	7963.20	0.1 5	-2.95	8.70	-0.36
01-04-2016	19.52	-0.41	-3.8	14.44	7713.05	- 3.1 4	-6.24	38.93	11.93
01-07-2016	21.37	9.48	6.09	37.09	8328.35	7.8 9	4.88	23.81	48.60
03-10-2016	21.89	2.43	-0.96	0.92	8738.10	4.9 2	1.82	3.31	-4.72
03-01-2017	21.15	-3.38	-6.77	45.83	8179.50	- 6.3 9	-9.49	90.06	43.26
01-04-2017	22.68	7.23	3.84	14.75	9237.85	12. 94	9.84	96.83	49.69
01-07-2017	23.76	4.76	1.37	1.88	9615.00	4.0 8	0.98	0.96	7.67
01-10-2017	24.43	2.82	-0.57	0.32	9859.50	2.5 4	-0.56	0.31	-1.45
01-01-2018	26.19	7.20	3.81	14.52	10435.5 5	5.8 4	2.74	7.51	22.25
01-04-2018	25.65	-2.06	-5.45	29.70	10211.8 0	- 2.1 4	-5.24	27.46	-63.56
01-07-2018	25.44	-0.82	-4.21	17.72	10657.3 0	4.3 6	1.26	1.59	77.26
01-10-2018	25.18	-1.02	-4.41	19.45	11008.3 0	3.2 9	0.19	0.04	64
Total returns		64.19		883.2		58.		528.15	449.44

				1		87			
Average returns		3.39				3.10			
Variance				46.48			27.50		
SD				6.82			5.27		
Covariance									23.65
beta									0.85

Calculation of Variance, Standard Deviation, Covariance and Beta:

$$\sigma^2 = \frac{\sum(R-R1)^2}{N-1} = \frac{883.21}{20-1} = 46.48$$

$$SD = \sqrt{\sigma} = \sqrt{46.48} = 6.82$$

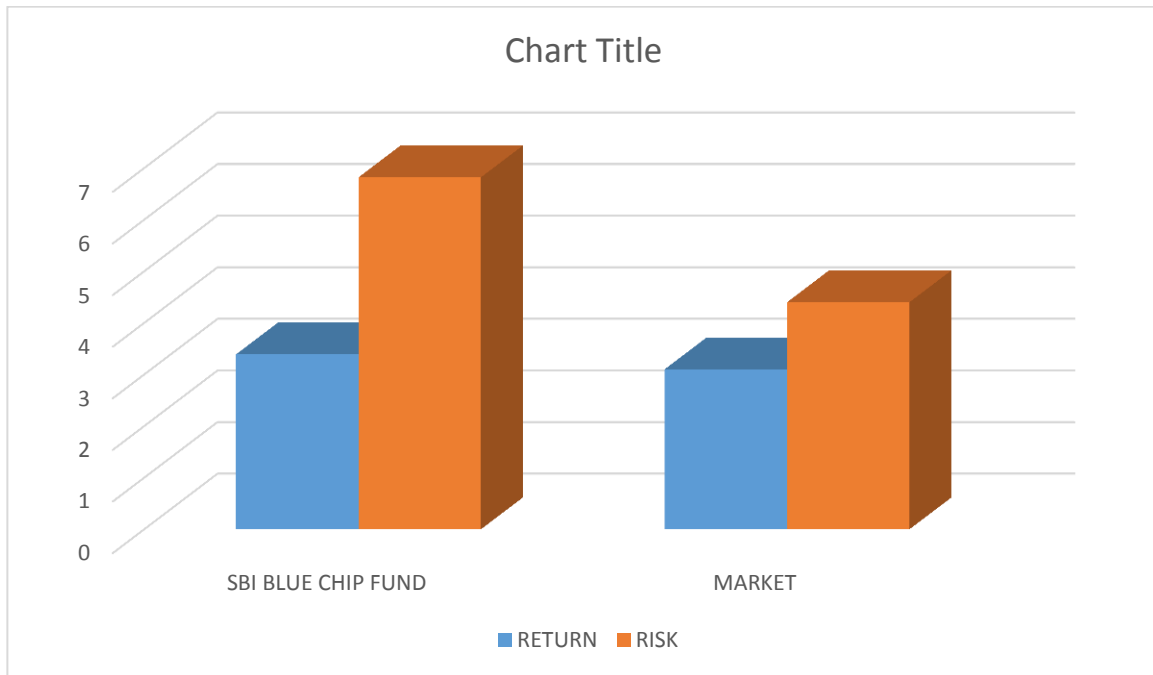
$$\sigma^2 M = \frac{\sum(Rm-R\bar{m})^2}{N-1} = \frac{528.15}{20-1} = 27.80$$

$$SD = \sigma M = \sqrt{27.80} = 5.27$$

$$\text{Covariance} = \frac{\sum(R-R1)(Rm-R\bar{m})}{N-1} = \frac{449.44}{20-1} = 23.65$$

$$\text{Beta} = \frac{\text{covariance}}{\sigma^2 M} = \frac{23.65}{27.80} = 0.85$$

Graph 4.2. Showing Return and risk of SBI Blue chip fund and market



Analysis:

The mean returns of the scheme is 3.39% which is more than the market returns of 3.10%

The risk of scheme is more than market risk of about 1.06% of Standard deviation

(i.e., 6.82% - 5.76%)

Interpretation:

The scheme risk and returns is measured by using its Mean rate of returns, Standard deviation. By the analysis, we can identify that, both risk and returns of the scheme is more than the market risk and returns. Thus, the scheme is performing better in the market.

Table 4.4: SBI-Magnum MidCap Fund

MAGNUM MIDCAP FUND									
DATE	NAV	RETURN	R- R1	(R- R1) ²	NIFTY 50	Rm	(Rm- R \bar{m})	(Rm- R \bar{m}) ²	(Rm- R \bar{m}) ² (R-R1)
01-01-2014	31.39	-	-	-	6301.65	-	-	-	-
01-04-2014	34.80	10.86	5.92	35.05	6721.05	6.6 6	3.56	12.67	39.43
01-07-2014	42.51	22.16	17.2 2	296.5 3	7634.70	13. 59	10.49	110.04	234.02
01-10-2014	48.02	12.96	8.02	64.32	7945.55	4.0 7	0.97	0.94	32.64
05-01-2015	55.05	14.64	9.7	94.09	8284.00	4.2 6	1.16	1.35	41.32
01-04-2015	58.95	7.08	2.14	4.58	8586.25	3.6 5	0.55	0.30	7.81
01-07-2015	60.61	3.58	- 1.36	1.85	8453.05	- 1.5 5	-4.65	21.62	2.11
01-10-2015	60.03	-0.96	-5.9	34.81	7950.90	- 5.9 4	-9.04	81.72	35.05
04-01-2016	62.53	4.16	- 0.78	0.61	7963.20	0.1 5	-2.95	8.70	-0.12
01-04-2016	59.66	-4.59	- 9.53	90.82	7713.05	- 3.1 4	-6.24	38.93	29.92
01-07-2016	68.20	14.32	9.38	87.98	8328.35	7.8 9	4.88	23.81	74.85
03-10-2016	73.90	8.36	3.42	11.70	8738.10	4.9 2	1.82	3.31	16.83
03-01-2017	68.06	-7.90	-	164.8	8179.50	-	-9.49	90.06	82.05

			12.8 4	7		6.3 9			
01-04-2017	77.09	13.27	8.33	69.39	9237.85	12. 94	9.84	96.83	107.80
01-07-2017	80.39	4.28	- 0.66	0.44	9615.00	4.0 8	0.98	0.96	-2.70
01-10-2017	79.73	-0.82	- 5.76	33.18	9859.50	2.5 4	-0.56	0.31	-14.63
01-01-2018	90.81	13.90	8.96	80.28	10435.5 5	5.8 4	2.74	7.51	52.33
01-04-2018	84.25	-7.22	- 12.1 6	147.8 7	10211.8 0	- 2.1 4	-5.24	27.46	26.02
01-07-2018	75.83	-9.99	- 14.9 3	222.9 0	10657.3 0	4.3 6	1.26	1.59	-65.09
01-10-2018	72.67	-4.17	- 9.11	82.99	11008.3 0	3.2 9	0.19	0.04	-29.97
Total Returns		93.92		1524. 26		58. 87		528.15	669.97
Average returns		4.94				3.1 0			
variance				80.22				27.80	
SD				8.96				5.27	
Covariance									35.26
Beta									1.27

Calculation of Variance, Standard Deviation, Covariance and Beta:

$$\sigma^2 = \frac{\sum(R-R1)^2}{N-1} = \frac{1524.26}{20-1} = 80.22$$

$$SD = \sqrt{\sigma} = \sqrt{80.22} = 8.96$$

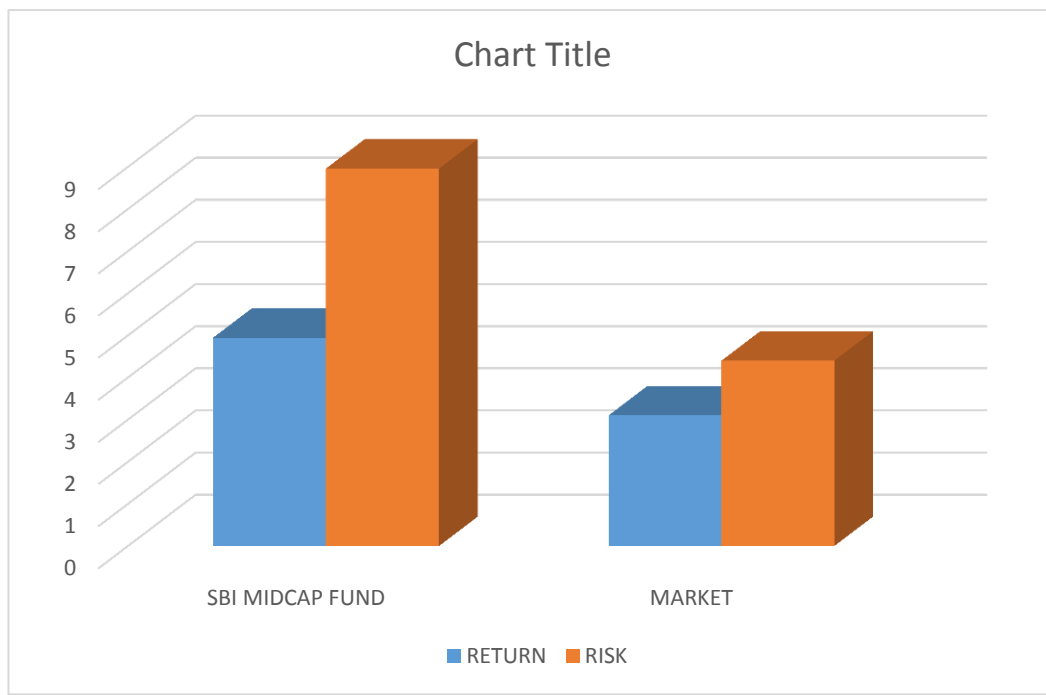
$$\sigma^2 M = \frac{\sum(Rm-R\bar{m})^2}{N-1} = \frac{528.15}{20-1} = 27.80$$

$$SD = \sigma M = \sqrt{27.80} = 5.27$$

$$\text{Covariance} = \frac{\sum (R-R1)(Rm-R\bar{m})}{N-1} = \frac{669.97}{20-1} = 35.26$$

$$\text{Beta} = \frac{\text{covariance}}{\sigma^2 M} = \frac{35.26}{27.80} = 1.27$$

Graph 4.3. Showing return and risk of Magnum Midcap fund and market



Analysis:

The mean returns of the scheme is 4.94% which is more than the market returns of 3.10%

The risk of scheme is more than market risk of about 3.69% of Standard deviation

(i.e., 8.96% - 5.27%)

Interpretation:

The scheme risk and returns is measured by using its Mean rate of returns, Standard deviation. By the analysis, we can identify that, both risk and returns of the scheme is more than the market risk and returns. Thus, the scheme is performing better in the market.

Table 4.5: SBI- Small Cap Fund

SBI SMALLCAP FUND									
DATE	NAV	RETURN	R- R1	(R- R1) ²	NIFTY 50	Rm	(Rm- R \bar{m})	(Rm- R \bar{m}) ²	(Rm- R \bar{m}) ² (R-R1)
01-01-2014	13.87	-	-	-	6301.65	-	-	-	-
01-04-2014	15.35	10.67	4.4 2	19.54	6721.05	6.6 6	3.56	12.67	29.44
01-07-2014	20.26	31.99	25. 14	662.5 5	7634.70	13. 59	10.49	110.04	349.81
01-10-2014	24.21	19.50	13. 25	175.5 6	7945.55	4.0 7	0.97	0.94	53.93
05-01-2015	29.37	21.31	15. 06	226.8 0	8284.00	4.2 6	1.16	1.35	64.16
01-04-2015	29.87	1.70	- 4.5 5	20.70	8586.25	3.6 5	0.55	0.30	-16.61
01-07-2015	31.53	5.56	- 0.6 9	0.48	8453.05	- 1.5 5	-4.65	21.62	5.07
01-10-2015	27.82	-11.76	- 18. 01	324.3 6	7950.90	- 5.9 4	-9.04	81.72	106.98
04-01-2016	31.04	11.57	5.3 2	28.30	7963.20	0.1 5	-2.95	8.70	0.80
01-04-2016	28.32	-8.76	- 15.	225.3 0	7713.05	- 3.1	-6.24	38.93	47.13

			01			4			
01-07-2016	30.74	8.55	- 0.7	0.49	8328.35	7.8 9	4.88	23.81	-5.59
03-10-2016	34.25	11.42	5.1 7	26.73	8738.10	4.9 2	1.82	3.31	25.44
03-01-2017	32.38	-5.46	- 11. 71	137.7 2	8179.50	- 6.3 9	-9.49	90.06	74.83
01-04-2017	37.60	16.12	9.8 7	97.42	9237.85	12. 94	9.84	96.83	127.72
01-07-2017	40.90	8.78	2.5 3	6.40	9615.00	4.0 8	0.98	0.96	10.32
01-10-2017	45.45	11.12	4.8 7	23.72	9859.50	2.5 4	-0.56	0.31	12.37
01-01-2018	58.25	28.16	21. 91	480.0 5	10435.5 5	5.8 4	2.74	7.51	127.95
01-04-2018	40. 74	-30.06	- 36. 31	1318. 42	10211.8 0	- 2.1 4	-5.24	27.46	77.70
01-07-2018	36.79	-9.70	- 15. 95	254.4 0	10657.3 0	4.3 6	1.26	1.59	-69.54
01-10-2018	36.09	-1.90	- 8.1 5	66.42	11008.3 0	3.2 9	0.19	0.04	-26.81
Total returns		118.81		4094. 76		58. 87		528.15	99.11
Average returns		6.25				3.1 0			
Variance				215.5 1				27.80	
SD				14.68				5.27	

Covariance									5.22
Beta									0.19

Calculation of Variance, Standard Deviation, Covariance and Beta:

$$\sigma^2 = \frac{\sum(R-R1)^2}{N-1} = \frac{4094.76}{20-1} = 215.51$$

$$SD = \sqrt{\sigma} = \sqrt{215.51} = 14.68$$

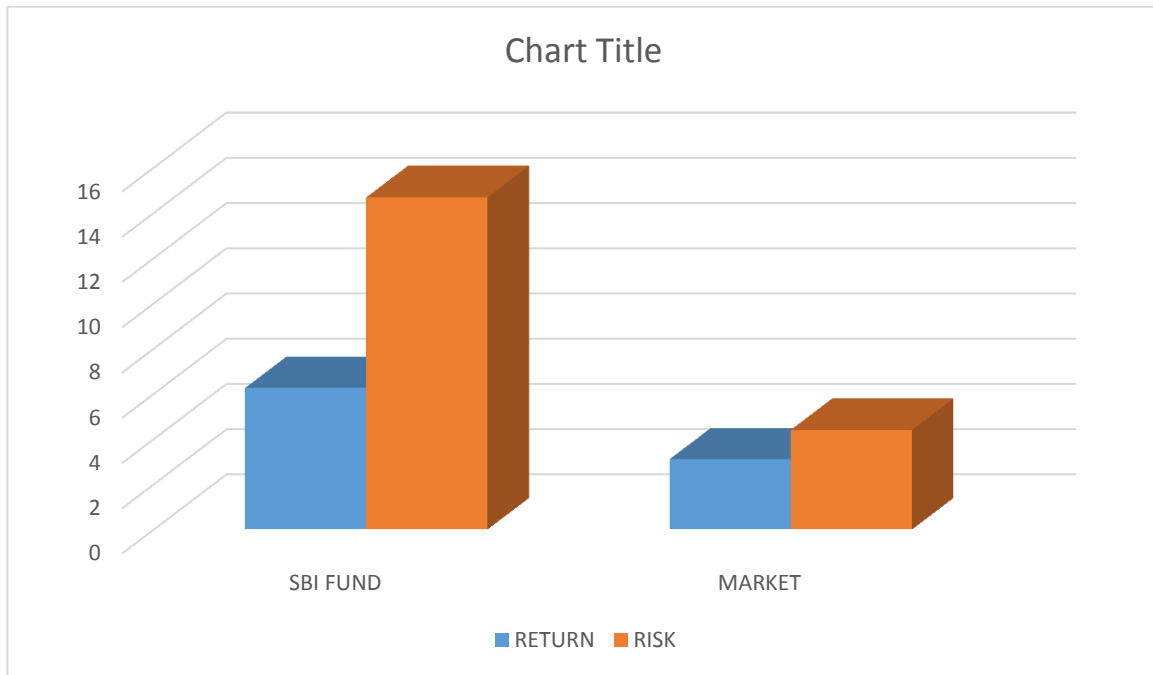
$$\sigma^2 M = \frac{\sum(Rm-R\bar{m})^2}{N-1} = \frac{528.15}{20-1} = 27.80$$

$$SD = \sigma M = \sqrt{27.80} = 5.27$$

$$\text{Covariance} = \frac{\sum (R-R1)(Rm-R\bar{m})}{N-1} = \frac{99.11}{20-1} = 5.22$$

$$\text{Beta} = \frac{\text{covariance}}{\sigma^2 M} = \frac{5.22}{27.80} = 0.19$$

Graph 4.4. Showing return and risk of SBI Small cap fund and market



Analysis:

The mean returns of the scheme is 6.25% which is more than the market returns of 3.10%

The risk of scheme is more than market risk of about 9.41 % of Standard deviation

(i.e., 14.68% - 5.27%)

Interpretation:

The scheme risk and returns is measured by using its Mean rate of returns, Standard deviation. By the analysis, we can identify that, both risk and returns of the scheme is more than the market risk and returns. Thus, the scheme is not performing better in the market because risk of the scheme is more than the return.

Table 4.6: SBI- Dynamic Bond Fund

SBI DYNAMIC BOND FUND									
DATE	NAV	RETURN	R- R1	(R- R1) ²	NIFTY 50	Rm	(Rm- R \bar{m})	(Rm- R \bar{m}) ²	(Rm- R \bar{m}) ² (R-R1)
01-01-2014	11.75	-	-	-	6301.65	-	-	-	-
01-04-2014	11.84	0.77	0.0 3	0.000 9	6721.05	6.6 6	3.56	12.67	0.20
01-07-2014	11.84	0	- 0.7 4	0.55	7634.70	13. 59	10.49	110.04	-10.06
01-10-2014	11.88	0.34	- 0.4	0.16	7945.55	4.0 7	0.97	0.94	-1.63
05-01-2015	12.41	4.46	3.7 2	13.84	8284.00	4.2 6	1.16	1.35	15.85
01-04-2015	12.60	1.53	0.7 9	0.62	8586.25	3.6 5	0.55	0.30	2.88
01-07-2015	12.37	-1.83	- 2.5 7	6.60	8453.05	- 1.5 5	-4.65	21.62	3.98
01-10-2015	12.71	2.75	2.0 1	4.04	7950.90	- 5.9 4	-9.04	81.72	-11.94
04-01-2016	12.51	-1.57	- 2.3 1	5.34	7963.20	0.1 5	-2.95	8.70	-0.35
01-04-2016	12.71	1.60	0.8 6	0.74	7713.05	- 3.1 4	-6.24	38.93	-2.70
01-07-2016	12.96	1.97	1.2 3	1.51	8328.35	7.8 9	4.88	23.81	9.82
03-10-2016	13.41	3.47	2.7	7.45	8738.10	4.9	1.82	3.31	13.43

			3			2			
03-01-2017	13.75	2.54	1.8	3.24	8179.50	-	-9.49	90.06	-11.50
						6.3			
						9			
01-04-2017	13.71	-0.29	-	1.06	9237.85	12.	9.84	96.83	-13.33
			1.0			94			
			3						
01-07-2017	13.89	1.31	0.5	0.32	9615.00	4.0	0.98	0.96	2.33
			7			8			
01-10-2017	13.89	0	-	0.55	9859.50	2.5	-0.56	0.31	-1.88
			0.7			4			
			4						
01-01-2018	13.56	-2.38	-	9.73	10435.5	5.8	2.74	7.51	-18.22
			3.1		5	4			
			2						
01-04-2018	13.45	-0.81	-	2.40	10211.8	-	-5.24	27.46	3.32
			1.5		0	2.1			
			5			4			
01-07-2018	13.49	0.29	-	0.20	10657.3	4.3	1.26	1.59	-1.96
			0.4		0	6			
			5						
01-10-2018	13.48	-0.07	-	0.66	11008.3	3.2	0.19	0.04	-2.66
			0.8		0	9			
			1						
Total returns		14.08		59.01		58.		528.15	-24.42
						87			
Average returns		0.74				3.1			
						0			
Variance				3.11				27.80	
SD				1.76				5.27	
Covariance									-1.29
Beta									-0.046

Calculation of Variance, Standard Deviation, Covariance and Beta:

$$\sigma^2 = \frac{\sum(R-R1)^2}{N-1} = \frac{59.01}{20-1} = 3.11$$

$$SD = \sqrt{\sigma} = \sqrt{3.11} = 1.76$$

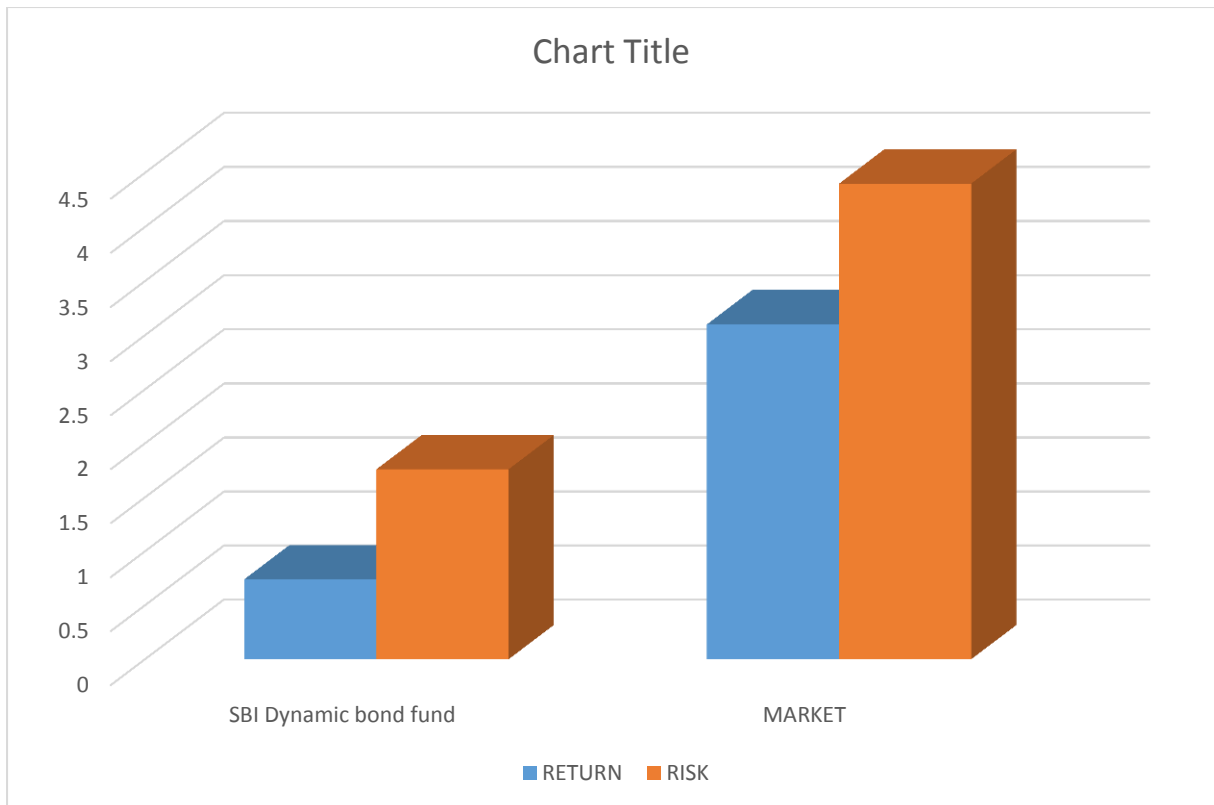
$$\sigma^2 M = \frac{\sum(Rm-\overline{Rm})^2}{N-1} = \frac{528.15}{20-1} = 27.80$$

$$SD = \sigma M = \sqrt{27.80} = 5.27$$

$$\text{Covariance} = \frac{\sum(R-R1)(Rm-\overline{Rm})}{N-1} = \frac{-24.42}{20-1} = -1.29$$

$$\text{Beta} = \frac{\text{covariance}}{\sigma^2 M} = \frac{-1.29}{27.80} = -0.046$$

4.5 Graph Showing return and risk of SBI Dynamic bond fund



Analysis:

The mean returns of the scheme is 0.74% which is less than the market returns of 3.10%

The risk of scheme is less than market risk of about 3.51% of Standard deviation

(i.e., 1.76, % - 5.76%).

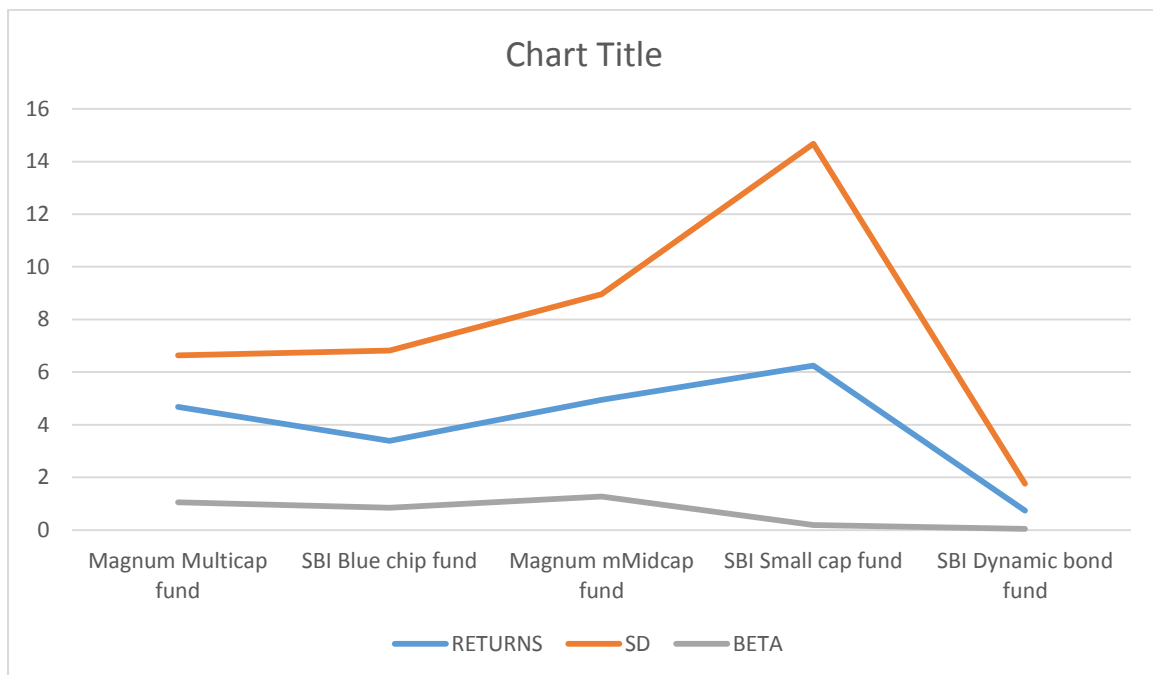
Interpretation:

The scheme risk and returns is measured by using its Mean rate of returns, Standard deviation. By the analysis, we can identify that, both risk and returns of the scheme is more than the market risk and returns. Thus, the scheme is performing better in the market.

Table 4.7 Showing the Performance of all selected fund

Types of SBI- mutual funds	Average returns	Standard deviation	Covariance	Beta
Magnum multiCap fund	4.68	6.64	29.08	1.05
Blue chip fund	3.39	6.82	23.65	0.85
Magnum midcap fund	4.94	8.96	35.26	1.27
Small Cap fund	6.25	14.68	5.22	0.19
Dynamic bond fund	0.74	1.76	1.29	0.046

4.6 Graph Showing risk, returns and beta of all the 5 MF



CHAPTER 5

FINDINGS, CONCLUSION AND SUGGESTIONS

5.1 FINDING

While investing in mutual fund, investors should consider both return and risk involved in the schemes. Risk and return of the schemes are co-related. Market keeps fluctuating. Therefore, while investing, investors should carefully evaluate and analyse the market and other factors.

- Based on the study, it is analysed that the investors can invest in SBI mutual funds based on their ability to invest.
- Investors are investing on those schemes which will provide higher returns with less risk compared to market risk and returns and also compare to any other schemes risk & returns.
- Investors invest, more portion of their corpus on funds which have large market capitalization is known as large cap funds. If investment made on those funds which have less or medium market capitalization are known as Small & Mid cap funds.
- Investor's first choice to invest in is diversified Equity and Tax saving schemes.
- Investment on Equity Mutual Funds is provided with different schemes such as large cap schemes, Small & Mid cap schemes & so on.

5.2 RECOMMENDATIONS AND SUGGESTIONS:

- One of the best ways for investors to invest is in mutual funds.
- Risk takers can go for SBI small cap fund which is yielding high average returns
- Risk averages can go for SBI Magnum midcap fund because its performance is high and average return is also moderate.
- The investor has to think before investing in their investment objectives and to take high risk for getting returns
- For success of the investment, selection of good portfolio is important. Portfolio should include mutual fund schemes which provide investors high returns with less risk.

5.3 CONCLUSION:

Mutual funds offer more opportunities to invest in a transformed basket of securities which are professionally managed at a low cost. Therefore, these are most preferable investment for average man.

Equity mutual funds are performed better than other sector funds in the past previous years. Financial advisors can make use of any of measures such as Sharpe's, Treynor's and Jensen's to analyse and assist the investors to provide them the best equity diversified funds to gain risk adjusted returns. Investment made on Equity Mutual Funds provides investors a long term capital gain and safety of their funds with some portion of ownership in the organization.

It had been a great opportunity for me to get an experience about the mutual fund.

BIBLIOGRAPHY

Books:

1. Nalini Prava Tripathy- “Mutual Funds in India”, Excel publisher, 2007.
2. Punithavathy Pandian- “Security Analysis and Portfolio Management”, Vikas Publishing house Pvt Ltd, second edition, 2014.
3. Preethi Singh – “Investment Management”, Himalaya Publishing house, 19th edition, 2015.

Reference:

- Gupta, M., Kapoor, A. C., & Khetarpaul, N. (2003). Development, acceptability and nutrient composition of traditional supplementary foods consumed by lactating women in India. *Nutrition and health*, 17(2), 147-155.
- Treynor, J. L. (1965). How to rate mutual fund performance. *Harvard Business Review*, 43, 63-75.
- Bansal, A., Li, X., Lauermaun, I., Lewis, N. S., Yi, S. I., & Weinberg, W. H. (1996). Alkylation of Si surfaces using a two-step halogenation/Grignard route. *Journal of the American Chemical Society*, 118(30), 7225-7226.
- Ananda, S., & Murugaiah, V. (2003). New Marketing Dimension for Financial Services Industries. *Indian Journal of Marketing*, 35, 34-38.
- Bansal, S., Garg, D., & Saini, S. K. (2012). Impact of Sharpe ratio & Treynor's ratio on selected mutual fund schemes. *International Journal of Applied Engineering Research*, 7(11), 2012.
- DESAI, P. D. (2014). *Growth of mutual funds in india And its impact on national income* (Doctoral dissertation, Shri Jagdishprasad Jhabarmal Tibrewala University).
- Vanaja, V., & Karrupasamy, R. A Study on the Performance of select Private Sector Balanced Category Mutual Fund Schemes in India Author's Details.
- Priyadarshini, E., & Babu, A. C. (2011). Prediction of the net asset values of Indian mutual funds using auto-regressive integrated moving average (ARIMA). *Journal of Computer Application Research and development*, 1.
- Prajapati, K. P., & Patel, M. K. (2012). Comparative study on performance evaluation of mutual fund schemes of Indian companies. *Researchers World*, 3(3), 47.

- C. Srinivas Yadav & Hemanth NC. (2014). *Growth of mutual funds in india And its impact on national income* (Doctoral dissertation, Shri Jagdishprasad Jhabarmal Tibrewala University).
- Narayanasamy, R., & Rathnamani, V. (2013). Performance evaluation of equity mutual funds (on selected equity large cap funds). *International journal of business and management invention*, 2(4), 18-24.

Webliography:

1. <http://www.amfiindia.com/new-to-mutual-funds>
2. <http://www.bseindia.com/SensexView.aspx>
3. <http://www.moneycontrol.com/mutualfundindia/>



ACHARYA INSTITUTE OF TECHNOLOGY

DEPARTMENT OF MBA

PROJECT (17MBAPR407) -WEEKLY REPORT

NAME OF THE STUDENT: MEGHA GANESH

INTERNAL GUIDE: Prof. KEERTHI H K

USN: 1AY17MBA27

COMPANY NAME: SBI MUTUAL FUNDS, BANGALORE

WEEK	WORK UNDERTAKEN	EXTERNAL GUIDE SIGNATURE	INTERNAL GUIDE SIGNATURE
3 rd Jan 2019 – 9 th Jan 2019	Industry Profile and Company Profile		
10 th Jan 2019 – 17 th Jan 2019	Preparation of Research instrument for data collection		
18 th Jan 2019 – 25 th Jan 2019	Data collection		
26 th Jan 2019 – 2 nd Feb 2019	Analysis and finalization of report		
3 rd Feb 2019 – 9 th Feb 2019	Findings and Suggestions		
10 th Feb 2019 – 16 th Feb 2019	Conclusion and Final Report		



College Seal

HOD Signature

Head of the Department
Department of MBA
Acharya Institute of Technology
Chowvanahalli, Bangalore-560 107