

Financial Performance of SBI Mutual Funds

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Abstract: -When we talk about mutual funds, putting all our eggs in a single basket is never a wise decision. This is due to the market volatility and the risks involve in it. But one can minimize risk by distributing his investments among various financial instruments, industries and many more options. Here the intent is to maximize returns by investing in diversified areas, where each would react differently to the same event. This not only buffers the impact of a market downturn, but also allows for more potential rewards by offering a broader exposure to various stocks and sectors. A mutual fund is a pool of money from various investors who wish to save or make money. Investing in a mutual fund can be more easier than buying and selling individual stocks and bonds on our own. Investors can sell their shares when they want. The main objective of this paper is to analyze the financial performance of SBI mutual funds.

Keywords: *Mutual Funds, Volatility, Risk, Investment, SBI*

I. INTRODUCTION

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. Mutual funds are operated by money managers, who invest the fund's capital and attempt to produce capital gains and income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives described in its prospectus. A mutual fund is a mediator that brings together a group of people and invests their money in stocks, bonds and other securities. Each investor's own share represent a portion of the holdings of the fund. Thus, a mutual fund is one of the most viable investment options for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.

II. BENEFITS OF INVESTING IN MUTUAL FUNDS

Investing in a mutual fund offers a number of benefits. Some of them are as under:

- **Small investments:** With mutual fund investments, our money can be spread in small bits across varied companies. In this way we can reap the benefits of a diversified portfolio with small investments.
- **Professionally managed:** The pool of money collected by a mutual fund is managed by professionals who possess considerable expertise,

resources and experience. Through analysis of markets and economy, they help us to choose favourable investment opportunities.

- **Spreading risk:** As mutual fund spreads the money in companies across a wide spectrum of industries. So this diversifies the risk and also helps to take benefits of the position it holds.
- **Transparency and interactivity:** Mutual funds clearly present the investment strategy to their investors and regularly provide them with information on the value of their investments. And a complete portfolio, disclosing the investments made by different schemes along with the proportion invested in each asset type is also provided.
- **Liquidity:** Closed ended funds can be bought and sold at their market price as they have their units listed at the stock exchange. In addition to this, units can be directly redeemed to the mutual fund as and when they announce the repurchase.
- **Choice:** A wide range of schemes provide options to the investors to choose those which suit their risk / return profile.
- **Regulations:** As all the mutual funds are registered with SEBI; they function within the provisions of strict regulation created to protect the interests of the investor

III. REVIEW OF LITERATURE

Samar Mondal (2011) has observed that Mutual funds serve as a key financial intermediary to playing a crucial role in converting the investors' savings to capital market, thus establishing a link between savings and the capital market. Small investors are unable to diversity their investment because of their limited funds. Mutual funds offer a way for these investors to diversify their risk. The mutual fund industry in India came into being in 1963 with the setting up of the Unit Trust of India (UTI). The industry registered a major milestone in 1993 when the private sector comes in the mutual fund sector. But every investment has some risk. Here in my project I tried to assess a comparative analysis of risk associated with SBI and ICICI Prudential fund, with the use of Sharpe ratio, Expense ratio, Beta, Treynor Ratio and Standard deviation. Nicolas P. B. Bollen (2005) estimated parameters of standard stock selection and market timing models using

daily mutual fund returns and quarterly measurement periods. We then rank funds quarterly by abnormal return and measure the performance of each decile the following quarter. The average abnormal return of the top decile in the post-ranking quarter is 39 basis points. The post-ranking abnormal return disappears when funds are evaluated over longer periods. These results suggest that superior performance is a short-lived phenomenon that is observable only when funds are evaluated several times a year. A survey conducted by ET Bureau (2015) observed that it is a big relief to mutual fund agents and distributors that they will not have to pay tax on services provided by them and the liability in this regard would entirely be on the fund houses.

IV. RESEARCH METHODOLOGY

SBI mutual fund manages over Rs. 17000 Crores of assets. The fund has a network of 100 collection branches, 26 investor service centers, 28 investor service desks and 40 district organizers (www.sbimf.com 2014). Keeping in mind the importance of mutual funds the researcher has undertaken the study.

V. OBJECTIVES OF THE STUDY

The objectives of the present study are as follows:

- To study the performance of selected mutual funds of SBI.
- To find out the Net Assets, Net Asset Value (NAV) of selected schemes of SBI mutual fund.
- To make the ratio analysis of SBI mutual funds.

VI. SCOPE OF THE STUDY

The present study attempts to provide an insight into the performance of various SBI mutual funds. This helps to analyze whether the firm is able to meet its current obligation. It also encompasses the financial analysis of SBI mutual fund with regard to some of its schemes. The study is analytical in nature and information used has been obtained from secondary sources.

(i) Selected Schemes

The schemes which have been selected for doing the analysis are following:-

- SBI Magnum Balanced Fund (MBF)
- SBI Magnum Equity Fund(MEF)
- SBI Magnum Tax Gain Schemes(MTS)
- SBI Magnum Global Fund (MGF)
- SBI Magnum Children Benefit Plan(MCBP)

(ii) Time Period

The time period for which the data have been collected is from 2010 to 2015.

(iii) Selected Parameters

The data collected for this time period of all the schemes is about its:-

- Performance Returns
- Expense Ratio
- NET ASSETS
- NAV
- Turnover Ratio
- Launch Date, Entry & Exit Load, Minimum Investment

VII. SOURCES OF DATA COLLECTION

The main information collected is from the internet viz. moneycontrol.com, valueresearchonline.com, The Economics Times, etc. Some journals, newspapers are also used. Researcher has used websites related to SBI mutual fund and information brochures for secondary data collection.

VIII. DATA ANALYSIS AND INTERPRETATION

This section contains the analysis & interpretation of the data taken regarding the different schemes of SBI mutual fund. These schemes are SBI Magnum Balanced Fund, SBI Magnum Equity Fund, SBI Magnum Tax Gain Schemes, SBI Magnum Global Fund, and SBI Magnum Children Benefit Plan. The Researcher has taken the various data of these schemes for analyzing their financial performance.

Table 1: SBI Magnum Balanced Fund

Performance (%)	Returns Above one year are Annualized						
	1m	3m	6m	1y	2y	3y	5y
Scheme Returns	(0.2)	(1.3)	4.1	23.3	29.4	25.5	14.1
Category Average	(0.8)	(1.8)	1.8	12.9	20.9	14.8	8.8
Category Best	0.8	0.8	7.5	27.5	33.2	25.5	16.6
Category Worst	(3.7)	(6.7)	(13.4)	(5.9)	8.3	9.1	6.7

Sources: www.moneycontrol.com

The figures in brackets shows the negative value

Table 1 depicts the performance return of the SBI magnum balanced fund. It has given significant return in past years. The fund has given above average return in two years, then in three years and then in one year. In five years the return is below the average return compared to one year, two year, and three years. In last six month, it has given above average return as compared to month wise return of other mutual funds of same category. In last one month and three months

the return is negative which not a good sign is but as we move on it becomes positive which shows benefit to investors.

Table 2: SBI Magnum Equity Fund

Performance (%)	Returns above One Year are Annualized						
	1m	3m	6m	1y	2y	3y	5y
Scheme Returns	0.6	(1.5)	4.0	20.1	26.0	20.5	12.7
Category Average	(0.7)	(2.3)	2.5	14.5	23.2	17.3	9.0
Category Best	1.8	1.2	10.3	38.7	39.6	31.3	15.7
Category Worst	(3.2)	(7.0)	(4.3)	1.5	11.5	8.4	5.1

Sources: www.moneycontrol.com

The figures in brackets shows the negative value

SBI magnum equity fund has also given significant return to its investor over the period. It has given above average return during two years. However, it has given above average return in last six month and below average return i.e. negative return in last three month and below average return in one month. It has given above average return in last two years compared to one year and slightly below in last three years and below average return in five years.

Table 3: SBI Magnum Tax Gain Fund

Performance (%)	Returns above one year are annualized						
	1m	3m	6m	1y	2y	3y	5y
Scheme Returns	3.3	(0.6)	6.9	21.3	34.3	25.3	14.5
Category Average	2.4	(2.0)	3.0	18.3	28.0	19.8	10.7
Category Best	5.1	2.5	12.3	39.1	45.8	34.1	22.3
Category Worst	0.1	(5.5)	(3.1)	0.1	12.0	10.8	4.0

Sources: www.moneycontrol.com

The figures in brackets shows the negative value

SBI magnum tax gain fund is the fund in which investor invest to save tax and earn. The fund has given above average return in last two years as compared to one year and below average return in three year and then in five years. It has given above average return in last six months and below average return in one month and has given negative return in three months.

Table 4 : SBI Magnum Global Fund

Performance (%)	Returns above one year are annualized						
	1m	3m	6m	1y	2y	3y	5y
Scheme Returns	2.3	(2.2)	6.0	34.7	43.7	32.7	20.4
Category Average	2.6	(1.4)	4.4	26.4	33.5	22.3	11.6
Category Best	5.4	4.3	16.2	54.2	64.4	41.2	24.7
Category Worst	0.3	(4.8)	(7.8)	(10.0)	29.3	14.3	6.9

Sources: Moneycontrol.com

The figures in brackets shows the negative value

SBI magnum global fund has given significant return over the period. The fund has given above average return in last two years as compared to one year and below average return in three year and then in five years. It has given above average return in last six months and below average return in one month and has given negative return in three month.

Table 5: SBI Magnum Children Benefit Plan

Performance (%)	Returns above one year are annualized						
	1m	3m	6m	1y	2y	3y	5y
Scheme Returns	0.2	(1.6)	0.9	9.4	17.7	12.7	11.2
Category Average	0.3	0.3	3.0	8.3	9.2	7.5	3.4
Category Best	1.3	6.0	25.6	38.3	25.2	19.7	14.3
Category Worst	(1.2)	(1.7)	(0.2)	0.3	3.5	2.7	5.6

Sources: www.moneycontrol.com

The figures in brackets shows the negative value

SBI magnum children benefit plan is unique plan for benefit of children. The fund has given above average return in last two years as compared to one year and below average return in three year and then in five years. It has given above average return in last six months and below average return in one month and has given negative return in three months.

Table 6: Expense Ratio of Selected SBI Mutual Fund Schemes (in %)

Year/Schemes	Magnum Balanced Fund	Magnum Children Benefit Plan	Magnum Equity Fund	Magnum Global Fund	Magnum Tax Gain Schemes
2010	2.20	1.54	2.26	1.96	1.78
2011	2.29	1.55	2.28	2.06	1.81
2012	2.32	1.54	2.15	2.08	1.82
2013	2.85	2.61	2.54	2.55	2.21
2014	2.77	2.65	2.67	2.58	2.28

Sources: www.valueresearch.com

Table 6 depicts the Expense Ratio for years 2010-14. In the segment of the expense ratio related to magnum balanced fund the scheme shows an increasing trend from 2010 to 2013 and thereafter in 2014 it decreases from 2.85 in 2013 to 2.77 in 2014. In relation to magnum children plan it shows a varying trend till 2012 and thereafter it start increasing from. Coming to magnum equity fund again shows a varying trend till 2012 and thereafter it starts increasing. In relation to magnum global fund it shows an increasing trend from 2010-14 i.e. increase of ratio from 1.96 to 2.58. In relation to magnum tax gain scheme expense ratio shows an increasing trend from 2010-14 i.e. from 1.78 to 2.28.

Table 7 : Net Assets of Selected Schemes of SBI Mutual Funds (Rs. Cr.)

Years/scheme s	Magnu m Balance d Fund	Magnu m Childre n Plan	Magnu m Equity Fund	Magnu m Global Fund	Magnu m Tax Gain Scheme
2010	531.23	23.19	466.01	1141.30	6059.90
2011	376.65	22.97	452.34	898.63	4632.73
2012	359.27	25.07	1083.87	944.42	4788.61
2013	420.88	23.38	1052.84	863.57	4074.92
2014	1070.03	28.67	1250.92	1578.28	5002.53

Sources: www.valueresearchonline.com

Table 7 shows the Net Assets of these schemes. In the case of magnum balanced fund in 2010it was Rs.531.23Croreand thereafter it starts decreases till 2012 and thereafter it shows an increasing trend from 2013 onwards till now i.e. Rs.1070.03 Crore in 2014.moving to magnum children benefit plan its shows a varying trend from 2010-2014 i.e. from Rs.23.19 Crore to Rs.28.67 Crore In relation to magnum equity fund there is an increasing trend from year 2010-14 i.e. from Rs.466.01 Crore to Rs.1250.92 Crore in relation to magnum global fund net asset is Rs.1141.30 Crore in 2010 and thereafter it shows a varying trend till 2014. For magnum tax gain scheme net asset in year 2010 was Rs.6059.90 Crore and thereafter it shows an decreasing trend till 2014 when it was Rs.5002.53 Crore.

Table 8: Net Assets Value (NAV) of Selected Schemes of SBI Mutual Funds (in Rs.)

Years/ Schemes	Magnum Balanced Fund	Magnum Children Plan	Magnum Equity Fund	Magnum Global Fund	Magnum Tax Gain scheme
2010	53.70	22.80	45.92	58.34	65.27
2011	41.76	22.84	36.87	50.05	49.93

2012	56.39	27.18	47.89	68.06	67.05
2013	63.08	27.16	50.54	74.67	71.77
2014	90.35	35.61	72.10	124.36	107.04
2015	95.46	36.02	75.74	133.88	115.92

Sources: www.valueresearchonline.com

Table 8 shows the NAV of these schemes. In 2010 it was Rs.53.70 of magnum balanced fund, Rs.22.80 of magnum children benefit plan, Rs.58.34 of magnum global fund, Rs.45.92 of magnum equity fund, Rs.65.27 magnum tax gain fund. In 2011 it adopted the decreasing trend i.e. Rs.41.76 in magnum balanced fund, Rs.22.84 in magnum children benefit plan fund, Rs.50.05 in magnum global fund, Rs.36.87 in magnum equity fund, Rs.49.93 in magnum tax gain scheme. After that all the five schemes adopted the increasing trend till now. Only magnum children benefit plan in Year 2013 shows a slight decreasing trend from Rs.27.18 in 2012 to Rs.27.16 in 2013 and thereafter it also shows the increasing trend till now.

Table 9: Turnover Ratio (in percentage)

Years/ Schemes	Magnum Balanced Fund	Magnum Children Plan	Magnum Equity Fund	Magnum Global Fund	Magnum Tax Gain Scheme
2010	133	459	158	147	35
2011	64	-	187	80	38
2012	326	326	146	117	102
2013	213	367	110	75	40
2014	95	435	53	63	37

Sources: www.morningstar.com

Table 9 shows the turnover ratio of these schemes. Magnum balanced fund has turnover ratio of 133 in 2010, 64 in 2011, 326 in 2012, 213 in 2013 and 95 in 2014 i.e. it shows an varying trend. In relation to magnum children benefit plan turnover ratio is 459 in 2010, for year 2011 turnover ratio is not available, 326 in 2012, 367 in 2013, 435 in 2014 i.e. it shows an increase in year 2014. In regard to magnum equity fund turnover ratio is 158 in 2010, 187 in 2011, 146 in 2012, 110 in 2013, 53 in 2014i.e. it shows a huge decrease in 2014.Moving on to magnum global fund turnover ratio is 147 in 2010, 80 in 2011, 117 in 2012, 75 in 2013, 63 in 2014 i.e. it shows a huge decrease in turnover ratio from 2010 to 2014.coming on to magnum tax gain scheme turnover ratio is 35 in 2010, 38 in 2011, 102 in 2012, 40 in 2013, 37 in 2014 i.e. it shows a huge increase in 2012 and thereafter it starts decreasing till 2014.

Table 10 Comparative Analysis of Various Features of Selected Schemes of SBI Mutual Funds

Features	Magnum Balanced Fund	Magnum Children Plan	Magnum Equity Fund	Magnum Global Fund	Magnum Tax Gain Scheme
Launch date	Oct 09,1995	Feb 20,2002	Jan 01,1991	Sep 22,1994	Mar 31,1993
Fund Type	Open-Ended	Open-Ended	Open-Ended	Open-Ended	Open-Ended
Benchmark	CRISIL Balanced Fund	CRISIL MIP Blended Fund	CNX NIFTY	S&P BSE MIDCAP	S&P BSE 100
Fund Manager	R.Srinivasan/ Dinesh Ahuja	Rajeev Radhakrishnan	R.Srinivasan	R.Srinivasan	Jayesh Shroff
Face value	10/-	10/-	10/-	10/-	10/-
Entry load	N.A	N.A	N.A	N.A	N.A
Exit load	1.00percent	3.00percent	1.00percent	1.00percent	0.00percent
Minimum investment	Rs.5000	Rs.5000	Rs.5000	Rs.5000	Rs.500
Net assets	1325.17 Crore	29.49Crore	1214.96Crore	1789.46Crore	5212.24Crore
Last Dividend (percent)	N.A	N.A	N.A	2.40(Nov-19- 2004)	N.A

Sources: www.moneycontrol.com

Table 10 shows the various features of these schemes. The launch date of magnum balanced fund is Oct 09, 1995, Feb 20,2002 of magnum children plan , Jan 01,1991of magnum equity fund, Sep 22,1994 of magnum global fund, Mar 31,1993 of magnum tax gain schemes. The face value of all the schemes is 10 Rs. The entry load is N.A of all schemes & exit load is 1 percent except in magnum tax gain schemes where there is 0.00 percent and in magnum children benefit plan where it is 3.00 percent. Minimum investment is 5000 Rs. In all schemes except in magnum tax gain scheme where it is only Rs. 500. The net assets of balanced fund is Rs.1325.17 Crore children plan's Rs.29.49 Crore equity funds Rs.1214.96 Crore, global fund's Rs.1789.46 Crore and the tax gain schemes' Rs.5212.24 Crore. Dividend is the N.A in all schemes except in magnum Global Fund where it was recorded 2.40 in November 19, 2004. All the schemes are open -ended fund. Fund Manger is R.Srinivasan/Dinesh Ahuja of magnum balanced fund, Rajeev Radhakrishnan of magnum children benefit plan, R.Srinivasan of magnum equity fund, R.Srinivasan of magnum global fund, Jayesh Shroff of magnum tax gain scheme.

IX. CONCLUSION AND SUGGESTIONS

Investors should not invest blindly in the investments before going through the fact sheets; annual reports etc. of the company since, according to the guidelines of the SEBI, the AMCs are bound to disclose all the relevant data that is necessary for the investment purpose by the investor. Companies should set up separate customer care divisions where the customers can any time pose their query, regarding

the scheme or the current NAV etc. These customer care units can work out in accordance with the requirements of the customer and facilitate him to choose the scheme that suits his financial requirements. Companies should conduct seminars or programs on about mutual funds where each and every minute information about the product is outlined including the risk factor associated with the different classes of assets.

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