

**A COMPARATIVE STUDY OF SBI MUTUAL FUND AND
ICICI PRUDENTIAL MUTUAL FUND**

Submitted in a partial fulfilment
Of the requirement for the degree of
MASTER OF BUSINESS ADMINISTRATION

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UNDER THE ESTEEMED GUIDANCE OF

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ABSTRACT

The mutual fund industry in India underwent a most successful in last ten years. Mutual funds are one of the major instruments of wealth creation and wealth saving, which gives positive results. As there are various investment options available for investors to invest and earn profitable return. Among the other financial products, investment in mutual fund ensures the minimum risks and maximum return to investors. The aim of mutual fund is to increase in domestic savings and improvement in diversification of investments.

As there are various mutual fund schemes offered by various mutual funds companies, always investors will have doubt to select the best mutual fund scheme which gives high returns with low level of risk. Here, the study on comparison of mutual fund schemes provided by SBI mutual fund and ICICI prudential mutual fund makes a comparative on blue chip fund of two the firms.

As a result of, comparative study on SBI mutual funds and ICICI prudential mutual funds .It is observed that ICICI blue chip fund is best mutual fund to invest by having good returns for its schemes and provides high returns by medium level of risk. SBI blue chip fund has less return compared to ICICI blue chip fund which shows that the best fund among the two funds. To accurately compare blue chip funds it is preferable to determine the risk rate using multiple measurements such as the Sharpe ratio and standard deviation.

CHAPTER-1

1.1 INTRODUCTION

A mutual fund is a company registered with the Securities and Exchange Board of India (SEBI) that pools money from individual and corporate investors and invests it on their behalf in equity shares, government securities, bonds, and call money markets, among other things, before distributing the profits. To put it another way, a mutual fund allows an investor to invest in a diversified portfolio of securities.

The returns got through these undertakings and the wealth gratitude perceived is mutual by its unit containers in degree the measure of units owned by them. As such a Mutual Fund is the most reasonable undertaking for the common person as it offers a chance to put resources into an isolated, expertly controlled bushel of protections at an overall insignificant expense.

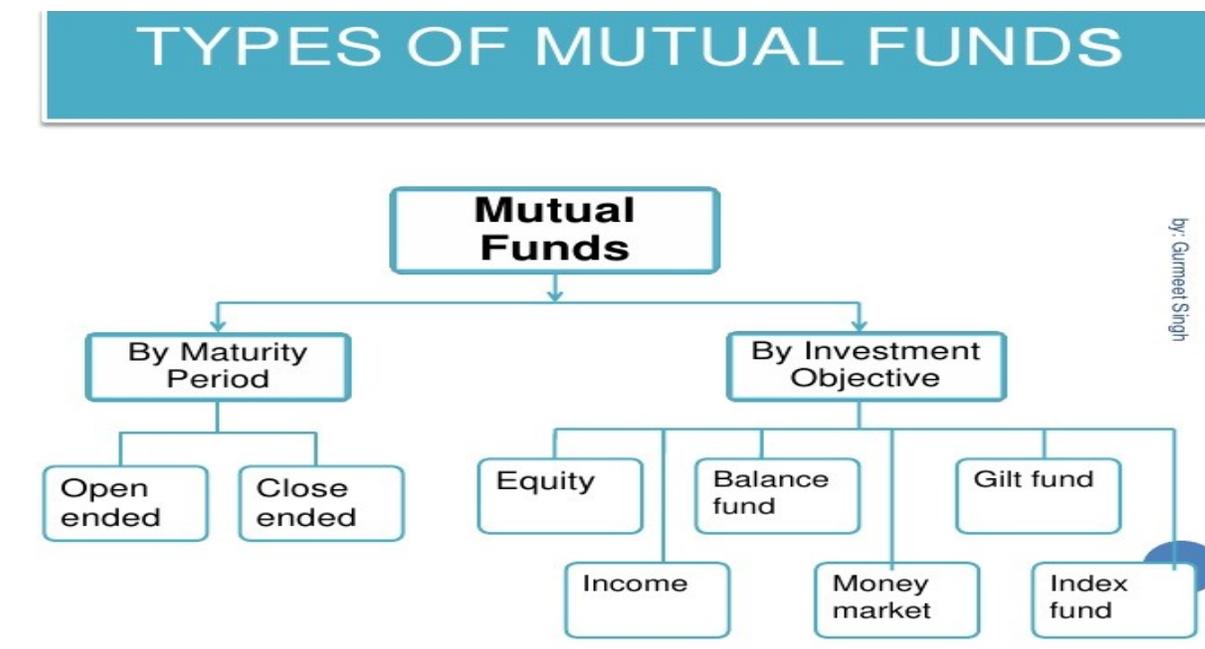
MFs are regulated by SEBI, the Securities and Exchange Board of India. In terms of mutual funds, SEBI has the following broad guidelines:

1. Mutual funds should be set up as trusts under the Indian Trust Act and managed by asset management firms (AMCs).
2. Mutual funds must establish a Board of Trustees and Trustee Companies. They should have a Board of Directors as well.
3. AMCs and Trustees of a Mutual Fund should be different legal organisations.
4. The AMC or any of its subsidiaries are not permitted to operate as fund managers for any other funds.
5. AMCs must have their Articles and Memorandum of Association approved by SEBI.
6. All mutual fund schemes must be registered with the SEBI.
7. Mutual funds shall distribute at least 90% of their income to their investors.
8. There are other rules governing investing strategies.

A mutual fund is a company registered with the Securities and Exchange Board of India (SEBI). That pools money from individual and corporate investors and invests it on their behalf in equity, Shares, government

securities, bonds, and call money markets, among other things, before Distributing the profits. To put it another way, a mutual fund allows an investor to invest in a diversified portfolio of securities.

TYPES OF MUTUAL FUND SCHEMES:



Mutual funds provide a wide range of investing options. You can select them based on your risk level, financial objectives, and time period. Here's how it's done.

OPEN ENDED FUNDS

Open ended funds allow investors to subscribe to or redeem units at any time based on the current Net Asset Value (NAV). Liquidity and time flexibility are the main benefits of open ended funds.

CLOSE ENDED FUNDS

These funds are listed on the stock exchange and have a set maturity period, such as 3-6 years. At the time of first introduction, investors have the option of subscribing to close ended funds.

FUNDS BASED ON INVESTMENT OBJECTIVES

EQUITY/GROWTH FUNDS

When you invest in equity growth funds, you're actually investing in equities. These funds primary goal is long-term capital growth. Equities and equity-related instruments account for at least 65 percent of the assets of equity funds. These funds may invest in a variety of industries/sectors or specialise in one or more. If you have a higher risk appetite and a long-term financial goal, these funds are a good place to start.

DEBT/INCOME FUNDS

Debt/income funds typically invest 65 percent of their assets in fixed income products such as bonds, corporate debentures, government securities (gilts), and money market instruments using a more straightforward approach. These funds are less prone than equities funds to be volatile.

BALANCE FUNDS

Balanced mutual funds engage in both equities and fixed income assets in order to generate consistent returns and capital growth. These funds typically invest approximately 60% in equities and 40% in financial securities such as bonds and debentures.

GILT FUNDS

Gilt mutual funds are solely invested in government bonds. Credit risk, is the risk that the security's issuer would default, is not included in the Gilt funds. However it comes with an interest rate risk, which is the chance of interest rates to rise or to fall.

TAX SAVING FUNDS

The Income Tax Act, 1961, provides for tax deductions under particular provisions. ELSS mutual funds are designed to promote capital growth by investing primarily equities and are best suited to investors with a higher risk appetite for capital gain. Tax saving funds have a three-year lock-in period and are spread out over the medium to long term.

CHARACTERISTICS OF MUTUAL FUNDS

- A Mutual Fund has a place with the financing which have pooled their assets. The responsibility for Mutual Fund is in the possession of the financing.
- Common assets are trusts or enlisted affiliations oversaw by speculation experts and other specialist organizations who acquire an expense for their administrations from the asset.
- The pool of the assets will keep resources into an arrangement of attractive ventures (Shares and securities) so the worth of portfolio is refreshed each day.
- Shared finances gather cash from small financial supporters and consequently they will give an endorsement in units.
- The financial backer's offer in the asset is indicated by "UNITS". The worth of the unit's changes according to the adjustment of portfolio worth consistently.

ADVANTAGES OF MUTUAL FUND

LIQUIDITY

Unless you choose closed-end mutual funds, buying and selling a mutual fund plan is relatively simple. When the stock market is high, you can profitably sell your open-ended equities mutual fund units. Keep a watch on the mutual fund's exit load and expense ratio.

DIVERSIFICATION

Because their success is predicated on stock market movements, equity mutual funds come with their own set of risks.. Hence, the fund manager spreads your investment across stocks of companies across various industries and different sectors called diversification in this way, when one asset class doesn't perform, the other sectors can compensate to avoid loss for investors.

EXPERT MANAGEMENT

A mutual fund is right for traders who don't have the time or capabilities to do the studies and asset allocation. A fund supervisor looks after all of it and makes choices on what to do together along with your funding. The fund supervisor and the group of researchers determine on the proper securities inclusive of equity, debt or a mixture of each relying at the funding targets of the Fund In addition, the fund manager makes a choice on how long the securities will be held.

SUITS FOR EVERY FINANCIAL GOAL

In India, there are a variety of mutual funds accessible to suit the needs of investors from various walks of life. You must make it a habit to set away some money (however tiny) for investing, regardless of your income. Finding a mutual fund that fits your income, time horizon, investment goals, and risk tolerance is simple.

TAX EFFICIENCY

Under Section 80C of the Income Tax Act, 1961, ELSS is entitled for a tax deduction of up to Rs 1.5 lakh per year. Despite the fact that long-term capital gains (LTCG) over Rs1 lakh are taxed at 10%, they have outperformed other tax-saving strategies in recent years.

1.2 OBJECTIVES

- To study the selected schemes offered by ICICI prudential mutual fund, SBI mutual fund.
- To analyse the performance of selected schemes of SBI mutual funds and ICICI Prudential mutual funds.
- To study the recent trends in mutual funds.

1.3 NEED OF THE STUDY

The main purpose of the study is to know performance of mutual funds of SBI mutual funds and ICICI prudential mutual funds. This helps to know about performance of both the mutual fund companies and various schemes provided by the companies. To study the best investment options provided by the selected companies.

1.4 SCOPE OF THE STUDY

The main focus of the study is to track the performance of two mutual fund schemes they are SBI blue chip fund, SBI technology fund, SBI banking and financial services fund. ICICI blue chip fund, ICICI technology fund, ICICI banking and financial services fund. Mutual fund companies provide various schemes which will gives capital appreciation and growth of fund with comparative risk. The objective of the study is to know the returns of the fund and the risk of selected schemes.

1.5 LIMITATIONS OF THE STUDY

The study is limited to two mutual fund schemes of two mutual funds of few mutual funds only companies. In the study the time period taken is very short of one year. The data used in the study is collected through secondary sources.

1.6 RESEARCH METHODOLOGY

In this study comparison of SBI mutual fund and ICICI prudential mutual fund, the data collected from secondary sources like news papers, websites, and research articles. This study has not been used primary sources like questionnaire.

In the study two mutual fund companies and three mutual fund schemes are selected for comparing their performance and five years data. Statistical tools used in the study are risk, return and Sharpe ratio and quantitative data collected from websites.

$$\text{Sharpe ratio} = \frac{R_p - R_f}{\sigma_p}$$

R_p = the expected return on the investor's portfolio

R_f = the risk-free rate of return

σ_p = the portfolio's standard deviation, a measure of risk

CHAPTER-2

2.1 LITERATURE REVIEW

1. Lubos pastor, M Blair vorsatz(2020)

During the COVID-19 crisis, they examine the performance and flows of active stock mutual funds in the United States. We discover that most active funds underperform passive benchmarks, which contradicts the popular belief that active funds thrive in downturns. This underperformance is especially pronounced when compared to the benchmark. 500 indexes, but it can also be seen when compared to style benchmarks. Funds with greater sustainability and star ratings outperform their peers. Investors choose funds with strong sustainability ratings and funds that use exclusion criteria when reallocating capital. The fact that investors are still focused on sustainability during a huge crisis suggests that they see it as a priority.

2 .Pliar Grau- Carles,Luis Minguel Donecel (2019)

Financial performance measurements are used by market investors to evaluate fund managers investment skills and select the best fund managers for their investments. The Sharpe ratio is the most commonly used financial performance indicator, however it has some flaws. Alternative measurements have been created by scholars and practitioners to compensate for the Sharpe ratio's inadequacies. This study looked into the most commonly used performance measurements. Their findings were assessed by ranking various investments. The results of the study revealed that the method of measurement used has an impact on the ranking of investments. The study introduces a novel method for determining a stable ranking based.

3 .Prabhat kumar Tripathi(2019)

Over the last few years, the mutual fund sector has grown at a breakneck rate, with new products tailored to investors' needs and a slew of new companies joining the market. Mutual funds aggregate the savings of a number of small participants who hope to profit from their investment. The money has been accumulated and is now being invested. In a variety of asset classes such as stock, debt funds, other liquid assets, and so on. The purpose of this research is to examine the numerous SBI mutual funds and ICICI prudential mutual funds debt funds, and to analyse the performance of similar debt funds On the basis of risk and return, SBI Mutual Fund has partnered with ICICI Prudential to create SBI Prudential schemes. The

values of net assets for the purpose of analysing the performance, net asset values from 2011 to 2017 were used. For the time under consideration, the research confirms that the selected debt fund at SBI Mutual Fund performed better than the selected ICICI Prudential mutual funds.

4. Shivnangi agarwal (2017)

Mutual fund investing has grown in popularity in recent years because it provides investors with the best risk-adjusted returns. The Indian market is no different, with mutual funds having grown by a factor of ten over the years. As of 2016, the Indian mutual fund industry was flooded with over 2,000 mutual fund schemes, each offering larger returns than its contemporaries. This makes it difficult for the average investor to choose the best portfolio to invest in, necessitating a thorough examination of the funds' performance. While knowing and analysing mutual fund performance in the past does not guarantee future results, it can provide insight into how the fund is likely to perform in the future.

5. Malcolm Wardlaw(2020)

By exploiting mutual fund outflow-induced price pressure to identify non fundamental price fluctuation, a wide and fast rising literature investigates the influence of misevaluation on business policy. I show that the usual method for calculating outflow-induced price pressure mistakenly yields a measure that is a direct function of a stock's actual realised return during the previous quarter, which calls into question its basic orthogonality. Outflows produce a relatively minor quarterly fall in returns after removing these direct measures of return, with no following reversal, and many established results in this literature no longer hold on to. I make This research is based on a study of mutual funds in India, which is often regarded as one of the most active money markets in the world.

6. Atanu Das (2019)

This research examines a sample of typical schemes from a diverse collection of fund companies. There are well-defined criteria for judging their performance both in absolute and relative terms. This study examines risk-returns factors for a variety of scenarios. The relationship between investors' risk preferences and mutual fund schemes. RAP stands for risk adjusted performance and is based on real-time data. Several tests were conducted. SAP used to assess the performance of mutual funds using well-established criteria those tests and measures recommendations for future analytic projects.

7. Raychaudhuri (2019)

In his paper learned with regards to diligence in shared asset execution in India. It utilized a few tests from the writing to reason that there is constancy in the common asset market. It was discovered that presentation estimates that were developed utilizing enormous slacks of information are better indicators of future execution. Also, the expectations of execution for longer future periods were better than forecasts made for short-run future periods. At last, it was reasoned that auto-relapse tests for tirelessness might come up short in spite of the presence of perseverance.

8 .Mittal and Gupta (2017)

Composed an article on the inclination and example of interest in common assets. The principle destinations of the examination paper was to discover attention to the financial backers about common assets, to concentrate on the components which influence the financial backer's choice to put resources into shared assets and to emphasis on the preference for shared assets when compared to other venture options available. To work on their review they sorted every one of the kinds of shared assets into three classes as follows: Category I: open finished assets, close finished assets and stretch subsidizes Category II: development reserves, pay reserves, adjusted assets and currency market supports Category III: charge saving plans, industry explicit assets, sectored reserves, file plans, load reserves and no - load reserves.

9. Jonath Retuer, Eric Zitzewitz

The amount of scale diseconomies in asset management has a big impact on manager skill tests and the expected level of performance persistence. We employ the fact that tiny differences in returns can induce discrete changes in Morningstar ratings which in turn generate discrete differences in fund size to determine the causal impact of fund size on future profit. We find that ratings raise fund size significantly but that fund size has little effect on fund performance using our regression discontinuity approach. The absence of major fund-level diseconomies of scale according to Berk and Green (2004) shows that the lack of performance persistence stems from a lack of performance stability.

10. Jeffrey A. Busse , Tarun Chordia

We investigate the relationship between transaction costs, portfolio characteristics, and mutual fund performance. Using a new data set of actual mutual fund dealers, we discover that after adjusting for investment strategy, larger funds have lower percentage transaction costs than smaller funds. Larger mutual funds trade less frequently and hold larger equities to avoid incurring greater trading fees. Because of the nature of their assets, larger funds have lower gross returns than smaller funds meaning that diminishing returns to scale could be attributable to fewer investment possibilities due to trading cost limits. Our findings are striking when seen as a whole.

CHAPTER-3

COMPANY PROFILE

The ICICI Prudential Mutual Fund is India's second-largest asset management firm. In 1993, ICICI Prudential Mutual Fund was founded. It is a private mutual fund business with headquarters in Mumbai, India.3.1

Key people

Mr. Nimesh Shah MD & CEO

Mrs. S. Naren CEO

Mr. Rahul Goswami CEO-Fixed income

The products which were offered by ICICI Prudential Mutual fund are

- Portfolio management services
- Advisory services
- Real estate investments and
- Mutual funds

It is a joint venture between ICICI Bank in India and prudential plc, one of the largest players in financial services sector.

Its major competitors are HDFC Mutual Fund, Kotak Mutual fund, Axis Mutual fund, SBI Mutual fund, Birla sun life Mutual fund.

SBI Mutual fund

It is started in the year 1987 with its head office located in Mumbai, India. It is joint venture between State Bank of India, an Indian public sector bank, and AMUNDI a European Asset management company. It is a private company in Mutual fund industry. Its main product is mutual fund.

Key people

Mr. Vinay M. Tonse CEO &MD

Mr. Densys de campagneulles Deputy CEO

D. P. Singh Executive director & chief marketing officer

Vinaya Datar Head Compliance & company secretary

INDUSTRY PROFILE

The Unit Trust of India was established by the Government of India under an Act of Parliament in 1963, and the history of the Mutual Fund Industry in India can be traced back to that year. The RBI was in charge of the regulatory and administrative aspects of UTI's launch. The Reserve Bank of India handed over regulatory and administrative responsibility of UTI to IDBI in 1978. (Industrial Development Bank of India). The Unit Scheme was the first mutual fund scheme offered by UTI in India (1964). By the year end of 1988, UTI secured Rs. 6,700crores in assets under management.

Public sector banks like State Bank of India, Punjab National Bank, Canara Bank, and other non-UTI segments like General Insurance Corporation of India (GIC) and Life Insurance Corporation of India (LIC) entered the market and launched public sector mutual funds in 1987. The mutual fund companies introduced by public sector banks;

- SBI mutual fund
- Canbank mutual fund
- Punjab National Bank mutual fund
- Bank of India mutual fund
- Bank Of Baroda mutual fund

Asset management companies in India

Axis asset Management Company

Birla Sun Life Asset Management Company

HDFC Asset Management Company

ICICI Prudential Asset Management Company

SBI Asset Management Company

UTI Asset Management Company

DSP Mutual Fund

Kotak Mahindra Bank

Reliance Nippon Life Insurance

CHAPTER-4

4.1 DATA ANALYSIS

1.To study the selected schemes of SBI mutual fund and ICICI prudential mutual fund

TABLE- 1

SBI blue chip fund (G)

years	returns	(x-mean)	(x-mean) ²
2015	8	-5.36	28.7296
2016	4.8	-8.56	73.2736
2017	30.2	16.84	283.5856
2018	-4.1	-17.46	304.8516
2019	11.6	-1.76	3.0976
2020	16.3	2.94	8.6436
total	66.8		702.1816

$$\text{Average returns} = \Sigma R/N = 66.8/5$$

$$= 13.36$$

$$\text{Standard deviation} = \sqrt{\Sigma(x-X)^2/N} = \sqrt{702.1816/5}$$

$$= 11.8336$$

$$\text{Sharpe ratio} = R_p - R_f / \sigma_p$$

$$= 13.36 - 7.35 / 11.8336$$

$$= 0.12$$

R_p = the expected return on the investor's portfolio

R_f = the risk-free rate of return

σ_p = the portfolio's standard deviation, a measure of risk

TABLE- 2

SBI technology fund (G)

years	returns	(x-mean)	(x-mean)^2
2015	2.4	-15.3	234.09
2016	-3.3	-21	441
2017	13	-4.7	22.09
2018	17.1	-0.6	0.36
2019	12	-5.7	32.49
2020	47.3	29.6	876.16
total	88.5		1606.19

$$\text{Average returns} = \Sigma R/N = 88.5/5$$

$$= 17.7$$

$$\text{Standard deviation} = \sqrt{\Sigma(x-X)^2/N} = \sqrt{1606.19/5}$$

$$= 17.92$$

$$\text{Sharpe ratio} = R_p - R_f / \sigma_p$$

$$= 17.7 - 7.35 / 17.92$$

$$= 0.17$$

TABLE- 3

SBI financial and banking services fund (G)

years	returns	(x-mean)	(x-mean)^2
2015	15.3	-6.3	39.69
2016	17	-4.6	21.16
2017	40.7	19.1	364.81
2018	9.5	-12.1	146.41
2019	20.7	-0.9	0.81
2020	4.8	-16.8	282.24
total	108		855.12

$$\text{Average returns} = \Sigma R/N = 108/5$$

$$= 21.6$$

$$\text{Standard deviation} = \sqrt{\Sigma(x-X)^2/N} = \sqrt{855.12^2/5}$$

$$= 13.0776$$

$$\text{Sharpe ratio} = R_p - R_f / \sigma_p$$

$$= 21.6 - 7.35 / 13.0776$$

$$= 0.21$$

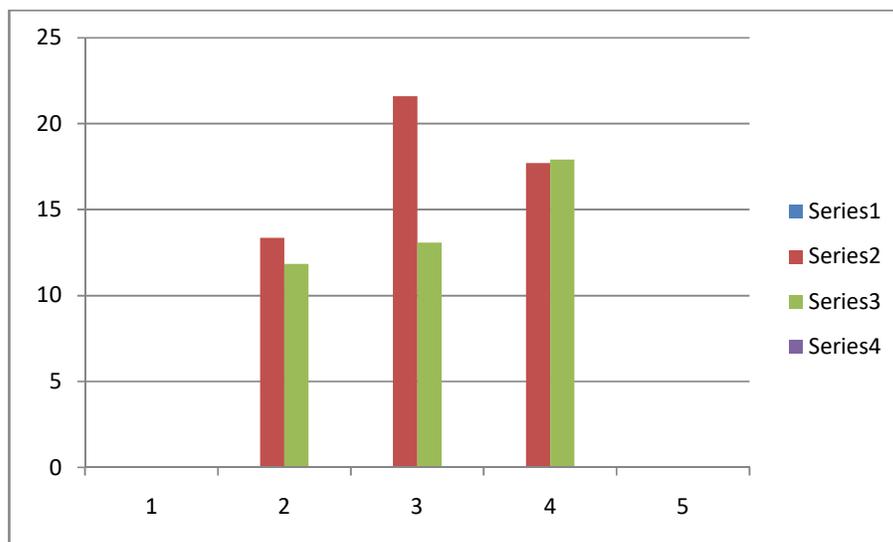
TABLE- 4

Average returns and risk of SBI selected schemes

schemes	average returns	risk
SBI blue chip fund	13.36	11.8336
SBI finance and banking services fund	21.6	13.0776
SBI technology fund	17.7	17.92

GRAPH- 1

Return and risk of SBI selected schemes



Interpretation

From the above graph and table it is observed that SBI banking and financial services fund has higher returns of 21.6, with risk of 13.0776. SBI technology fund is having returns of 17.7 with risk of 17.92 and SBI blue chip fund is having the returns of 13.36 with risk 11.8336

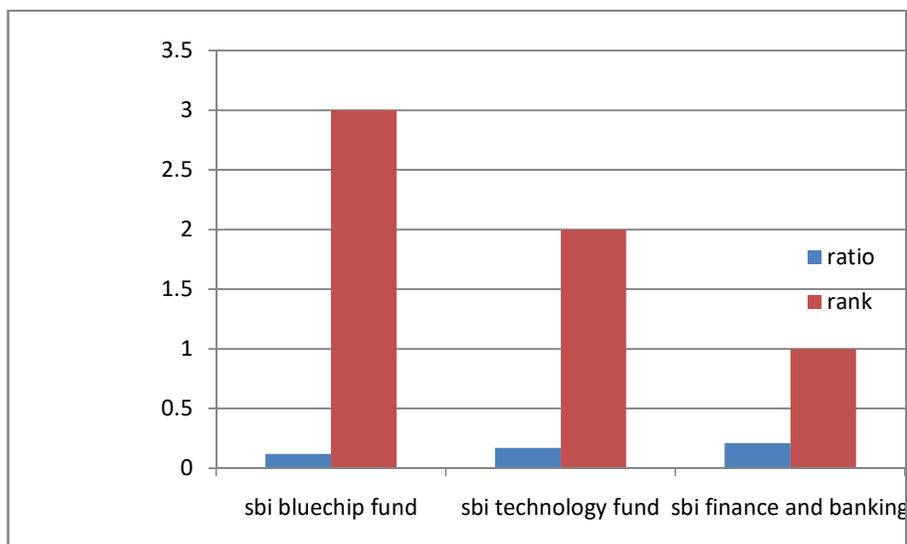
TABLE- 5

Sharpe ratio analysis of three schemes of SBI mutual funds

schemes	ratio	rank
SBI blue chip fund	0.12	3
SBI finance and banking fund	0.21	1
SBI technology fund	0.17	2

GRAPH- 2

Return and risk of SBI selected schemes



Interpretation

From the above table and graph it is observed that SBI finance and banking services fund is performing well with Sharpe ratio of 0.21 with highest Sharpe ratio, SBI technology fund stands 2nd rank with 0.17 Sharpe ratios. And 3rd position is to SBI blue chip fund with Sharpe ratio of 0.12.

TABLE- 6

ICICI blue chip fund

years	returns	(x-mean)	(x-mean)^2
2015	-0.2	-12.74	162.3076
2016	7.7	-4.84	23.4256
2017	32.7	20.16	406.4256
2018	-0.8	-13.34	177.9556
2019	9.8	-2.74	7.5076
2020	13.5	0.96	0.9216
total	62.7		778.5436

$$\text{Average returns} = \Sigma R/N = 62.7/5$$

$$= 12.54$$

$$\text{Standard deviation} = \sqrt{\Sigma(x-X)^2/N} = \sqrt{778.5436/5}$$

$$= 12.2783$$

$$\text{Sharpe ratio} = R_p - R_f / \sigma_p$$

$$= 12.54 - 7.35 / 12.2783$$

$$= 0.11$$

R_p = the expected return on the investor's portfolio

R_f = the risk-free rate of return

σ_p = the portfolio's standard deviation, a measure of risk

TABLE-7

ICICI banking and financial services fund

years	returns	(x-mean)	(x-mean)^2
2015	-7.2	-20.72	429.3184
2016	21.1	7.58	57.4564
2017	45.1	31.58	997.2964
2018	-0.4	-13.92	193.7664
2019	14.5	0.98	0.9604
2020	-5.5	-19.02	361.7604
total	67.6		2040.558

$$\text{Average returns} = \Sigma R/N = 67.6/5$$

$$= 13.52$$

$$\text{Standard deviation} = \sqrt{\Sigma(x-X)^2/N} = \sqrt{2040.558/5}$$

$$= 20.2018$$

$$\text{Sharpe ratio} = R_p - R_f / \sigma_p$$

$$= 13.52 - 7.35 / 20.2018$$

$$= 0.13$$

TABLE- 8

ICICI technology fund

years	returns	(x-mean)	(x-mean) ²
2015	3.9	-18.44	340.0336
2016	-4	-26.34	693.7956
2017	19.8	-2.54	6.451
2018	19.1	-3.24	10.4976
2019	2.3	-20.04	401.6016
2020	70.6	48.26	2329.02
total	111.7		3781.399

$$\text{Average returns} = \Sigma R/N = 111.7 / 5$$

$$= 22.34$$

$$\text{Standard deviation} = \sqrt{\Sigma(x-X)^2/N} = \sqrt{3781.399/5}$$

$$= 7.5627$$

$$\text{Sharpe ratio} = R_p - R_f / \sigma_p$$

$$= 22.34 - 7.35 / 7.5627$$

$$= 0.21$$

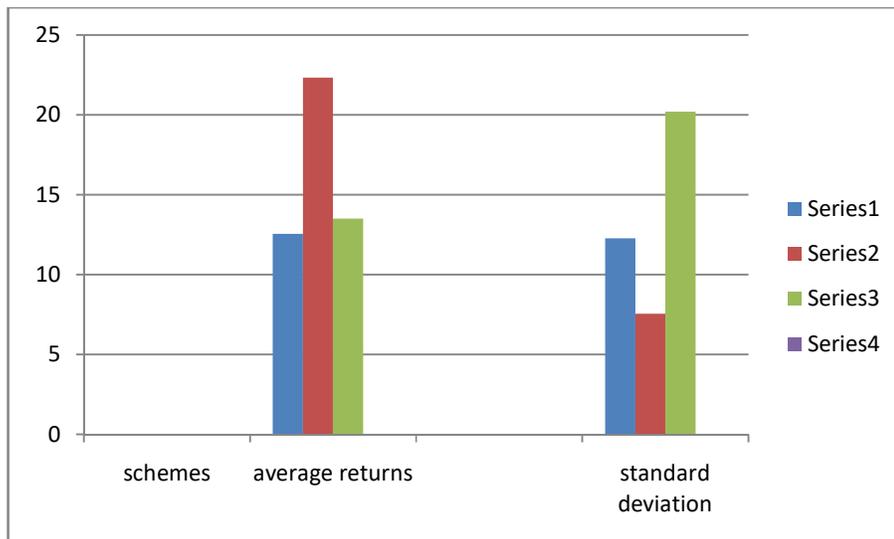
TABLE- 9

Average returns and standard deviation of ICICI prudential mutual funds selected schemes

Schemes	Average returns	Risk
ICICI blue chip fund	12.54	12.27833
ICICI technology fund	22.34	7.5627
ICICI banking and financial services fund	13.52	20.2018

GRAPH- 3

Return and risk of ICICI selected schemes



Interpretation

From the above table and graph it is observed that ICICI blue chip fund schemes have higher returns of 12.54 with 12.2783 rate of risk. The ICICI technology funds have 22.34 returns with the risk of 7.5627 and the last scheme ICICI banking and financial services fund have the returns of 13.52 and with risk of 20.2018. ICICI technology fund is performing well with comparing other schemes.

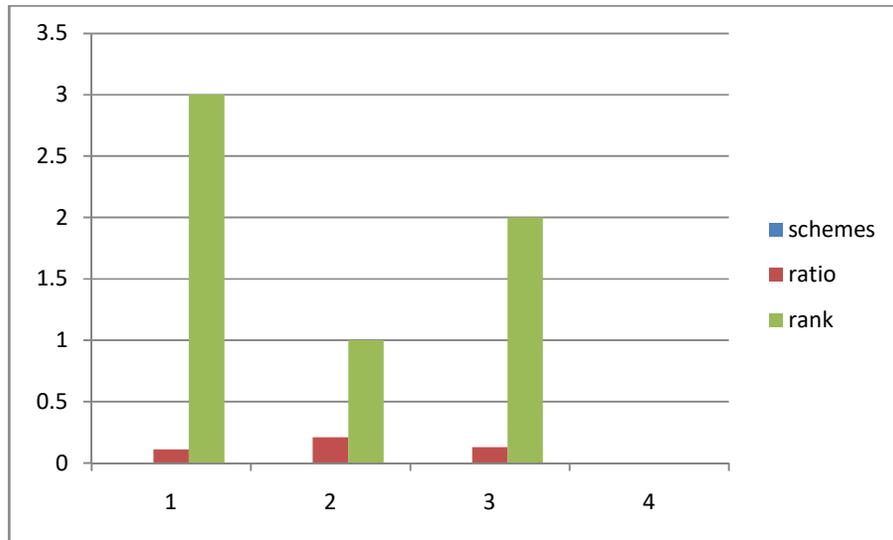
TABLE- 10

Sharpe ratio of selected mutual fund schemes of ICICI prudential mutual fund

schemes	ratio	rank
ICICI blue chip fund	0.11	3
ICICI technology fund	0.21	1
ICICI banking and financial services	0.13	2

GRAPH- 4

Sharpe ratio of ICICI selected schemes



Interpretation

From the above table and graph it is observed that ICICI technology fund is performing well with Sharpe ratio of 0.21 with highest Sharpe ratio, ICICI banking and financial services fund stands 2nd rank with 0.13 Sharpe ratios. And 3rd position is to ICICI technology fund.

2. To compare selected schemes of SBI mutual fund and ICICI prudential mutual fund

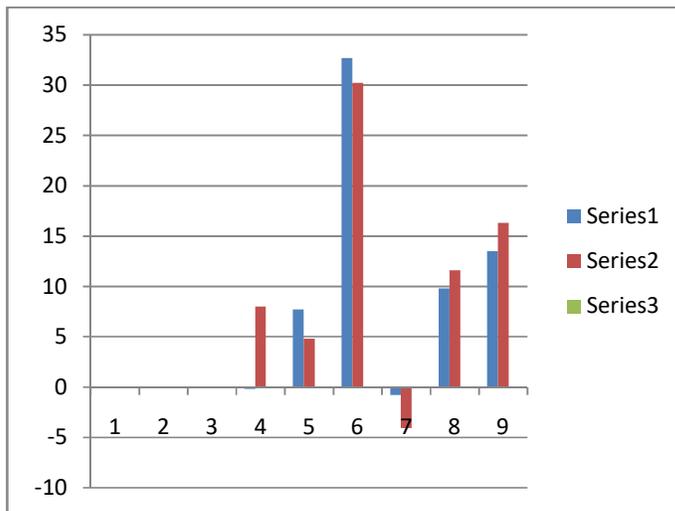
TABLE- 11

ICICI and SBI blue chip fund returns

years	ICICI	SBI
2015	-0.2	8
2016	7.7	4.8
2017	32.7	30.2
2018	-0.8	-4.1
2019	9.8	11.6
2020	13.5	16.3

GRAPH- 5

Returns of ICICI and SBI blue chip fund



Interpretation

From the above graph and table it is observed that ICICI and SBI blue chip fund performed well in the year 2017 with 32.7, 30.2 returns and in 2020 with 13.5 and 16.3 returns. Both the mutual funds performed low with -0.8, -4.1 returns in the year 2018.

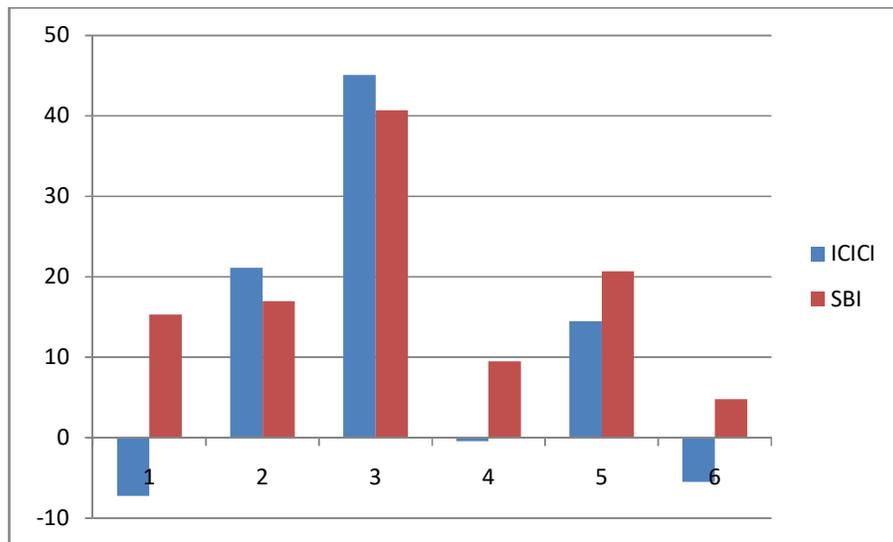
TABLE- 12

ICICI and SBI finance and banking services fund

years	ICICI	SBI
2015	-7.2	15.3
2016	21.1	17
2017	45.1	40.7
2018	-0.4	9.5
2019	14.5	20.7
2020	-5.5	4.8

GRAPH -6

Returns of ICICI and SBI finance and banking services



Interpretation

From the above graph and table it is observed that ICICI and SBI finance and banking services fund performed well in the year 2017 with 45.1, 40.7 returns and in 2016 with 21.1 and 17 returns. ICICI finance and banking services fund performed low with -7.2 in the year 2015.

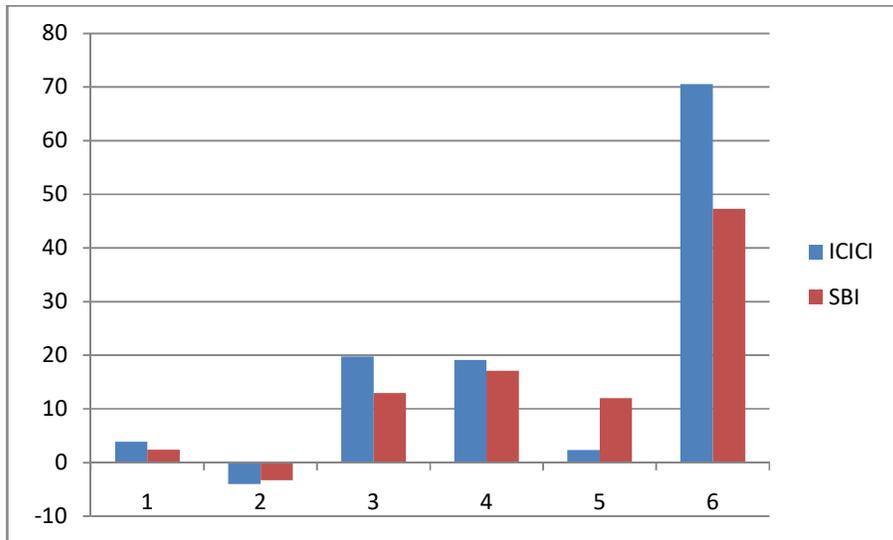
TABLE- 13

ICICI and SBI technology fund returns

years	ICICI	SBI
2015	3.9	2.4
2016	-4	-3.3
2017	19.8	13
2018	19.1	17.1
2019	2.3	12
2020	70.6	47.3

GRAPH- 7

Returns of ICICI and SBI technology fund



Interpretation

From the above graph and table it is observed that ICICI and SBI technology fund performed well in the year 2020 with 70.6, 47.3 returns. Both the mutual fund schemes performed low in the year 2016 -4, -3.3 returns.

3 .Recent trends in mutual funds

Everyone, including the mutual fund industry, the year 2020 was a roller-coaster ride. The sector has seen several changes due to a variety of factors. The Securities and Exchange Board of India, the country's market regulator, has implemented a host of new rules and regulations aimed at making mutual funds more transparent and investor-friendly.

Change in the mandate of multi cap funds

SEBI released a circular in September 2020 that changed the portfolio mandate of multi cap fund schemes. From January 2021, multicap funds will be required to invest a minimum of 25% in big cap, small cap, and mid cap equities, according to the new law. With no market cap limits, this will increase the overall equity exposure of these schemes to 75 percent, up from the present minimum equity exposure of 65 percent.

This initiative attempts to make multi-cap funds more "true to label" and to ensure that they have a well-diversified portfolio. Most multi-cap funds favoured large-cap equities, with little or no exposure to small-cap stocks. To escape the new rule, many fund houses discussed transforming their existing multi-cap schemes to ESG or Focused funds.

Introduction to flexi cap category

Many large fund companies were unhappy with the change in mandate for multi-cap plans. Many senior fund managers and chief investment officers have spoken out against the proposal, claiming that it will make the category riskier for investors. The adjustment had a key flaw: it required a necessary 25% exposure to small-cap stocks. SEBI intervened on November 6th, issuing a circular proposing the launch of a new mutual fund category called Flexi Cap Funds, which are a market diversified category Flexi Cap Funds are a type of mutual fund that invests in a variety Flexi cap funds are the new name for multi cap funds, which are market cap agnostic and need a minimum equity commitment of 65 percent.

Change in NAV calculation

This year, the SEBI modified the procedures for calculating NAV in mutual funds. Investors will receive the buy NAV on the day that their money reaches the asset management company (AMC) under the new guidelines, regardless of the size of their investments. This rule will take effect on February 1, 2021, although it will not apply to liquid or overnight funds.

Inter-scheme transfer norms have been strengthened

Following the Covid-19 pandemic's liquidity problem, many fund houses attempted to retain liquidity in some short-term loan schemes by moving bad credit to either balanced funds or longer-term debt schemes. The Securities and Exchange Commission (SEBI) has issued new guidelines to protect investors' funds from being harmed by this process.

Inter-scheme transfers in closed-ended funds can only be made within three business days of the scheme's units being allotted to investors as of January 1, 2021. . SEBI also took notice of the movement of bad credit from one scheme to another, ordering that fund houses not transfer debt papers to another scheme if there is any negative market news or rumour about a security in the media, or if an alert is generated about a security for its risk levels in the preceding four months.

Separation of advisor distributors

This year, the Securities and Exchange Commission (SEBI) required the long-awaited separation of consultants and distributors. This was done primarily to address the issue of retail investor mis-selling and overpricing of services. A corporation with both advisory and distribution arms can either provide financial advice or sell products to its clients, according to the new rule. Individual planners and distributors must also select one of the roles and register with AMFI accordingly.

A new risk-zero meter label

SEBI added a new category to the risk-o-meter to help investors make better decisions about their investments in high-risk mutual funds. Aside from the existing five danger categories, the risk-o-meter tool will also display the 'Very high' risk category. SEBI also ordered fund firms to disclose and assess risk based on the portfolio of a specific scheme rather than a category. Fund houses will be forced to make monthly risk-o-meters and portfolios public beginning January 1, 2021.

Dividend options renamed

In mutual funds, mis-selling in the pretext of regular payouts is a long-standing practise. SEBI, finally took action to increase transparency in mutual fund dividend payouts, directing fund houses to clearly state that dividends may be paid from their capital. As a result, beginning in April 2021, dividend options in existing and future schemes will be renamed to reflect a cleaner, more transparent nomenclature. Income distribution cum capital with will be the new term for the dividend payout option.

Norms to bring more transparency in debt securities transaction

This year, the SEBI changed the disclosure rules for debt mutual funds to help investors better understand the risk levels in the portfolios. Fund houses will have to report the yields of the scheme's underlying instruments, as well as the portfolio, on a fortnightly basis under the new rules. Prior to the new requirement, portfolio disclosure was done on a monthly basis. Previously, fund houses simply disclosed the portfolio's indicative yield, not the precise yields of the securities. The benefits of ventures will be conveyed to the unit holders. The unit holders can sell their units in the open market at 'Net Asset esteem (NAV).

CHAPTER-5

FINDINGS

1. The following mutual fund scheme has highest returns

- SBI blue chip is performing well by generating 13.36 returns comparing to ICICI blue chip fund.
- ICICI technology fund is performing better than SBI technology fund by generating 22.34 returns.
- SBI banking and financial services fund is performing better by generating 21.6 returns.

2. The following mutual fund schemes are compared using highest risk

- ICICI blue chip has high rate of risk with 12.2783
- ICICI technology fund has high risk 22.34
- SBI banking and financial services fund has high risk 13.0776

3. The performance of the mutual fund schemes are evaluated with the help of Sharpe ratio and ranks are given according to their performance

- ICICI technology fund with 0.21
- SBI blue chip fund with 0.12
- SBI banking and financial services fund with 0.21

SUGGESTIONS

The following mutual fund scheme has highest returns

- SBI blue chip is performing well by generating 13.36 returns comparing to ICICI blue chip fund.

- ICICI technology fund is performing better than SBI technology fund by generating 22.34 returns.
- SBI banking and financial services fund is performing better by generating 21.6 returns.

CONCLUSION

The performance of SBI and ICICI mutual funds' blue chip, technology, banking, and financial services funds was compared in this study. It is observed that ICICI technology fund is performing well with high returns. It is also observed that with the highest Sharpe ratio 0.21 ICICI technology fund and SBI banking and financial services fund will give higher returns

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