Dissertation Report on

Mutual Fund Performance during Recession

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DTU/2K11/MBA/54

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Jan-May 2013

Certificate

This is to certify that the project entitled **“Mutual Fund Performance during Recession”** is the bonafide work carried out by ***Uday Pratap Singh Bhardwaj*** student of MBA**, Delhi School of Management, Delhi Technological University**, during the year 2013, in fulfillment of the requirements for the award of the Degree of Master of Business Administration and that the project has not formed the basis for the award previously of any degree, diploma, associate ship, fellowship or any other similar title.

Signature of the Guide:

Place:

Date:

Declaration

I hereby declare that the project entitled **"Mutual Fund Performance during Recession"** submitted for the MBA Degree is my original work and the project has not formed the basis for the award of any degree, associate ship, fellowship or any other similar titles. It is the result of the project carried out by me under the guidance and supervision of **Dr.**Rajan Yadav

I further declare that I or any other person has not previously submitted this project report to any other institution/university for any other degree/ diploma or any other person.

Signature of the Student:

Place:

Date:

Acknowledgement

Due to the fact that all the knowledge required was not in the literature, it was imperative that the people who guide be very resourceful and knowledgeable. A deep sense of gratitude for the above reason is thus owed to **Dr.Rajan Yadav** for his continuous guidance and motivation and for helping in whatever capacity he could at various stages in the project. I would like to thank for his assistance in all the matters, whenever required. I really appreciate their involvement in the project and their regular advices that helped me refine the project as I went along and also inculcate all the points that help significantly with the growth in my learning..

I am also thankful to all the faculty members of Delhi School of Management, Delhi Technological University, Delhi.

And last but not the least I am heartily thankful to our batch of 2013, my fellow students and batch mates of Delhi School of Management for their support and encouragement throughout my work.

Uday Pratap Singh Bhardwaj

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Chapter-I: Introduction

MUTUAL FUNDS:

Mutual funds, as the name indicates is the fund where in numerous investors come together to invest in various schemes of mutual fund.

Mutual funds are dynamic institution, which plays a crucial role in an economy by mobilizing savings and investing them in the capital market, thus establishing a link between savings and the capital market.

A mutual fund is an institution that invests the pooled funds of public to create a diversified portfolio of securities. Pooling is the key to mutual fund investing. Each mutual fund has a specific investment objective and tries to meet that objective through active portfolio management.

Mutual fund as an investment company combines or collects money of its shareholders and invests those funds in variety of stocks, bonds, and money market instruments. The latter include securities, commercial papers, certificates of deposits, etc. Mutual funds provide the investor with professional management of funds and diversification of investment.

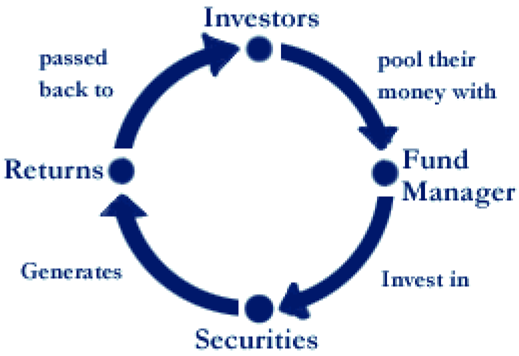
Investors who invest in mutual funds are provided with units to participate in stock markets. These units are investment vehicle that provide a means of participation in the stock market for people who have neither the time, nor the money, nor perhaps the expertise to undertake the direct investment in equities. On the other hand they also provide a route into specialist markets where direct investment often demands both more time and more knowledge than an investor may possess.

The price of units in any mutual fund is governed by the value of underlying securities. The value of an investor's holding in a unit can therefore, like an investment in share, can go down as well as up. Hence it is said that mutual funds are subjected to market risk. Mutual fund cannot guarantee a fixed rate of return. It depends on the market condition. If the particular scheme is performing well then more return can be expected.

It also depends on the fund manager expertise knowledge. It is also seen that people invest in particular funds depending on who the fund manager is.

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is invested by the fund manager in different types of securities depending upon the objective of the scheme. These could range from shares to debentures to money market instruments. The income earned through these investments and the capital appreciations realized by the schemes are shared by its unit holders in proportion to the number of units owned by them.

Mutual Fund Operation Flow Chart



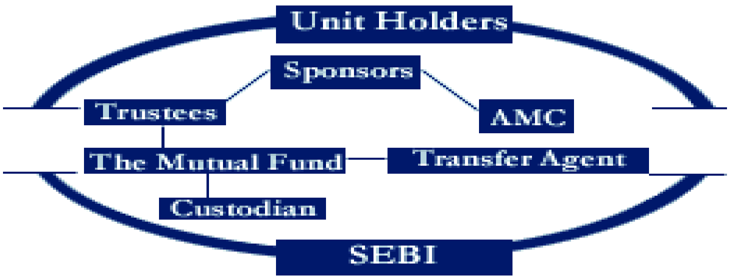
Thus a mutual fund is the most suitable investment for the common person as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.

Since small investors generally do not have adequate time, knowledge, experience & resources for directly accessing the capital market, they have to rely on an intermediary, which undertakes informed investment decisions & provides consequential benefits of professional expertise.

A collected corpus can be used to procure a diversified portfolio indicating greater returns has also create economies of scale through cost reduction. This principle has been effective worldwide as more & more investors are going the mutual fund way. This portfolio diversification ensures risk minimization. The criticality such a measure comes in when you factor in the fluctuations that characterize stock markets. The interest of the investors is protected by the SEBI, which acts as a watchdog. Mutual funds are governed by SEBI (Mutual Funds) regulations, 1996.

ORGANISATION OF A MUTUAL FUND

There are many entities involved and the diagram below illustrates the organizational set up of a mutual fund:



Mutual funds have a unique structure not shared with other entities such as companies of firms. It is important for employees & agents to be aware of the special nature of this structure, because it determines the rights & responsibilities of the fund's constituents viz., sponsors, trustees, custodians, transfer agents & of course, the fund & the Asset Management Company(AMC) the legal structure also drives the inter-relationships between these constituents.

The structure of the mutual fund India is governed by the SEBI (Mutual Funds) regulations, 1996. These regulations make it mandatory for mutual funds to have a structure of sponsor, trustee, AMC, custodian. The sponsor is the promoter of the mutual fund, & appoints the trustees. The trustees are responsible to the investors in the mutual fund, & appoint the AMC for managing the investment portfolio. The AMC is the business face of the mutual fund, as it manages all affairs of the mutual fund. The mutual fund & the AMC have to be registered with SEBI. Custodian, who is also registered with SEBI, holds the securities of various schemes of the fund in its custody.

- **Sponsor:**

The sponsor is the promoter of the mutual fund. The sponsor establishes the Mutual fund & registers the same with SEBI. He appoints the trustees, Custodians & the AMC with prior approval of SEBI, & in accordance with SEBI regulations. He must have at least five year track record of business interest in the financial markets. Sponsor must have been profit making in at least three of the above five years. He must contribute at least 40% of the capital of the AMC.

- **Trustees:**

A Board of Trustees – a body of individuals, or a trust company – a corporate body, may manage the Trust. Board of Trustees manages most of the funds in India. The Trust is created through a document called the Trust Deed that is executed by the Fund Sponsor in favors of the trustees. They are the primary guardian of the unit holder's funds and assets. They ensure that AMC's operations are along professional lines.

Right of Trustees

a) Appoint the AMC with the prior approval of SEBI
b) Approve each of the schemes floated by the AMC
c) Have the right to request any necessary information from the AMC concerning the operations of various schemes managed by the AMC

Obligations of the AMC and its Directors

They must ensure that:

a) Investment of funds is in accordance with SEBI Regulations and the Trust Deed
b) Take responsibility for the act of its employees and others whose services it has procured
c) Do not undertake any other activity conflicting with managing the fund

- **Asset Management Company(AMC):**

The role of an Asset management companies is to act as the investment manager of the trust. They are the ones who manage money of investors. An AMC takes decisions, compensates investors through dividends, maintains proper accounting & information for pricing of units, calculates the NAV, & provides information on listed schemes. It also exercises due diligence on investments & submits quarterly reports to the trustees. AMCs have been set up in various countries internationally as an answer to the global problem of bad loans.

- **Custodian:**

  The custodian is appointed by the Board of Trustees for safekeeping of securities in terms of physical delivery and eventual safe keeping or participating in the clearing system through approved depository companies.

- **Registrars & Transfer Agent(R & T Agent):**

The Registrars & Transfer Agents(R & T Agents) are responsible for the investor servicing function, as they maintain the records of investors in mutual funds. They process investor applications; record details provide by the investors on application forms; send out to investors details regarding their investment in the mutual fund; send out periodical information on the performance of the mutual fund; process dividend payout to investor; incorporate changes in information as communicated by investors; & keep the investor record up-to-date, by recording new investors & removing investors who have withdrawn their funds.

SEBI – Securities and Exchange Board of India:

In 1988 the Securities and Exchange Board of India (SEBI) was established by the Government of India through an executive resolution, and was subsequently upgraded as a fully autonomous body (a statutory Board) in the year 1992 with the passing of the Securities and Exchange Board of India Act (SEBI Act) on 30th January 1992. In place of Government Control, a statutory and autonomous regulatory board with defined responsibilities, to cover both development & regulation of the market, and independent powers have been set up. Paradoxically this is a positive outcome of the Securities Scam of 1990-91.

The basic objectives of the Board were identified as:

- to protect the interests of investors in securities;
- to promote the development of Securities Market;
- to regulate the securities market and
- for matters connected therewith or incidental thereto.

Since its inception SEBI has been working targeting the securities and is attending to the fulfillment of its objectives with commendable zeal and dexterity. The improvements in the securities markets like capitalization requirements, margining, establishment of clearing corporations etc. reduced the risk of credit and also reduced the market.

SEBI has introduced the comprehensive regulatory measures, prescribed registration norms, the eligibility criteria, the code of obligations and the code of conduct for different intermediaries like, bankers to issue, merchant bankers, brokers and sub-brokers, registrars, portfolio managers, credit rating agencies, underwriters and others. It has framed bye-laws, risk identification and risk management systems for Clearing houses of stock exchanges, surveillance system etc. which has made dealing in securities both safe and transparent to the end investor.

Another significant event is the approval of trading in stock indices (like S&P CNX Nifty & Sensex) in 2000. A market Index is a convenient and effective product because of the following reasons:

- It acts as a barometer for market behavior;
- It is used to benchmark portfolio performance;
- It is used in derivative instruments like index futures and index options;
- It can be used for passive fund management as in case of Index Funds.

Two broad approaches of SEBI is to integrate the securities market at the national level, and also to diversify the trading products, so that there is an increase in number of traders including banks, financial institutions, insurance companies, mutual funds , primary dealers etc. to transact through the Exchanges. In this context the introduction of derivatives trading through Indian Stock Exchanges permitted by SEBI in 2000 AD is a real landmark.

TYPES OF MUTUAL FUND SCHEMES:

- **By Structure**
  - Open-ended schemes
  - Close-ended schemes
  - Interval schemes
- **By Investment Objective**
  - Growth schemes
  - Income schemes
  - Balance schemes
  - Money Market schemes
- **Other types of schemes**
  - Tax Saving schemes
  - Special schemes
  - Index schemes
  - Sector specific schemes

- **Closed-end funds**: A closed-end mutual fund bears a number of shares which are issued to the public by an initial public offering (IPO).
- **Open-end funds**: Open end funds are managed by mutual fund houses for raising money from shareholders and they invest in a group of assets.
- **Large cap funds**: Large cap funds are those mutual funds, which look for capital appreciation by way of investing in blue chip stocks.
- **Mid-cap funds**: Mid cap funds invest in small/medium sized companies, but with no proper definition of classifying a company.
- **Equity funds**: Equity mutual funds, also known as stock mutual funds invest pooled amounts of money in public company stocks.
- **Balanced funds**: Balanced funds are also known as hybrid fund, buying a combination of common stock, preferred stock, bonds, and short-term bonds.
- **Growth funds**: Growth funds are mutual funds that target at capital appreciation by investing in growth stocks.
- **Exchange traded funds**: Exchange Traded Funds (ETFs) are a basket of securities being traded on an exchange, just similar to that of a stock. They are not like the conventional mutual funds.
- **Sector funds**: These funds are funds that restrict the investments to a specific segment or sector.
- **Index funds**: An index fund aims to replicate the actions of an index of a specific financial market.

<u>The Advantages of investing in a Mutual Fund are</u>:

- Professional Management –

The primary advantage of funds (at least theoretically) is the professional management of your money. Investors purchase funds because they do not have the time or the expertise to manage their own portfolio. A mutual fund is a relatively inexpensive way for a small investor to get a full-time manager to make and monitor investments.

- Diversification –

By owning shares in a mutual fund instead of owning individual stocks or bonds, your risk is spread out. The idea behind diversification is to invest in a large number of assets so that a loss in any particular investment is minimized by gains in others. In other words, the more stocks and bonds you own, the less any one of them can hurt you (think about Enron). Large mutual funds typically own hundreds of different stocks in many different industries. It wouldn't be possible for an investor to build this kind of a portfolio with a small amount of money.

- Economies of Scale –

Because a mutual fund buys and sells large amounts of securities at a time, its transaction costs are lower than you as an individual would pay.

- Convenient Administration–

Investing in a Mutual Fund reduces paperwork and helps you avoid many problems such as bad deliveries, delayed payments and follow up with brokers and companies. Mutual Funds save your time and make investing easy and convenient.

- Return Potential–

Over a medium to long-term, Mutual Funds have the potential to provide a higher return as they invest in a diversified basket of selected securities.

- Low Costs–

Mutual Funds are a relatively less expensive way to invest compared to directly investing in the capital markets because the benefits of scale in brokerage, custodial, Demat costs, depository costs etc and other fees translate into lower costs for investors.

- Liquidity–

In open-end schemes, the investor gets the money back promptly at net asset value related prices from the Mutual Fund. In closed-end schemes, the units can be sold on a stock exchange at the prevailing market price or the investor can avail of the facility of direct repurchase at NAV related prices by the Mutual Fund.

- Transparency–

You get regular information on the value of your investment in addition to disclosure on the specific investments made by your scheme, the proportion invested in each class of assets and the fund manager's investment strategy and outlook.

- Flexibility–

Through features such as regular investment plans, regular withdrawal plans and dividend reinvestment plans, you can systematically invest or withdraw funds according to your needs and convenience.

- Affordability–

Investors individually may lack sufficient funds to invest in high-grade stocks. A mutual fund because of its large corpus allows even a small investor to take the benefit of its investment strategy.

- Choice of Schemes–

Mutual Funds offer a family of schemes to suit your varying needs over a lifetime.

- Well-Regulated–

All Mutual Funds are registered with SEBI and they function within the provisions of strict regulations designed to protect the interests of investors. The operations of Mutual Funds are regularly monitored by SEBI. AMFI is the supervisory body of Mutual Fund Industry.

- Simplicity –

Buying a mutual fund is easy! Pretty well any bank has its own line of mutual funds, and the minimum investment is small. Most companies also have automatic purchase plans whereby as little as $100 can be invested on a monthly basis.

<u>The Disadvantages of Mutual Funds are</u>:

The Disadvantages of investing in a Mutual Fund are:

• Professional Management-

Many investors debate over whether or not the so-called professionals are any better than you or I at picking stocks. Management is by no means infallible, and, even if the fund loses money, the manager still takes his/her cut. We'll talk about this in detail in a later section.

• Costs –

Mutual funds don't exist solely to make your life easier--all funds are in it for a profit. The mutual fund industry is masterful at burying costs under layers of jargon. These costs are so complicated that in this tutorial have devoted an entire section to the subject

.

• Dilution –

It's possible to have too much diversification (this is explained in our article entitled "Are You Over-Diversified?". Because funds have small holdings in so many different companies, high returns from a few investments often don't make much difference on the overall return. Dilution is also the result of a successful fund getting too big. When money pours into funds that have had strong success, the manager often has trouble finding a good investment for all the new money.

• Taxes –

When making decisions about your money, fund managers don't consider your personal tax situation. For example, when a fund manager sells a security, a capital-gain tax is triggered, which affects how profitable the individual is from the sale. It might have been more advantageous for the individual to defer the capital gains liability.

<u>FREQUENTLY USED TERMS</u>

<u>Net Asset Value (NAV)</u>:

Net Asset Value is the market value of the assets of the scheme minus its liabilities. The per unit NAV is the net asset value of the scheme divided by the number of units outstanding on the Valuation Date.

The net asset value (NAV) is the market value of the fund's underlying securities. It is calculated at the end of the trading day. Any open-end funds buy or sell order received on that day is traded based on the net asset value calculated at the end of the day. The NAV per units is such Net Asset Value divided by the number of outstanding units.

$$\text{NAV} = \frac{\text{Market value of the scheme's investments + other current assets + deposits- all liabilities (except unit capital, reserve and profit and loss account)}}{\text{No. of outstanding units}}$$

For instance, if the schemes' assets by the end of a trading day stands at Rs.1,00,000, the liabilities and expenses stand at Rs.20,000 and the number is units outstanding is 4000, then the NAV would be: 20.

$$\frac{1,00,000 - 20,000}{4000} = 20$$ NAV of each unit = **Rs.20**

Sale Price:
Is the price you pay when you invest in a scheme or NAV a unit holder is charged while investing in an open-ended scheme is sale price? Also called Offer Price. It may include a sales load if applicable.

Repurchase Price:
Is the price at which a close-ended scheme repurchases its units and it may include a back-end load? This is also called Bid Price.

Redemption Price:
Is the price at which open-ended schemes repurchase their units and close-ended schemes redeem their units on maturity? Such prices are NAV related.

Sales Load:
Is a charge collected by a scheme when it sells the units. Also called, 'Front-end' load.

No Load:
Schemes that do not charge a load are called 'No Load' schemes. A no-load fund is one that does not charge for entry or exit. It means the investors can enter the fund/scheme at NAV and no additional charges are payable on purchase or sale of units.

WHY TO INVEST IN MUTUAL FUNDS:
A proven principle of sound investment is – "do not put all eggs in one basket". Investment in mutual funds is beneficial due to following reasons.

- They help in pooling of funds and investing in large basket of shares of different companies. Thus by investing in diverse companies, mutual funds can protect against unexpected fall in value of investment.

- An average investor does not have enough time and resources to develop professional attitude towards their investment. Here professional fund managers engaged by mutual funds take desirable investment decision on behalf of investors so as to make better utilization of resources.

- Investment in mutual funds is comparatively more liquid because investor can sell the units in open market or can approach mutual fund to repurchase the units at net asset value depending upon the type of scheme.

- Investors can avail tax rebates by investing in different tax saving schemes floated by these funds, approved by the government.

- Operating cost is minimized per head because of large size of investible funds, there by realizing more net income of investors.

Mutual Fund Industry in India : The Evolution

The formation of Unit Trust of India marked the evolution of the Indian mutual fund industry in the year 1963. The primary objective at that time was to attract the small investors and it was made possible through the collective efforts of the Government of India and the Reserve Bank of India. The history of mutual fund industry in India can be better understood divided into following phases:

Phase 1. Establishment and Growth of Unit Trust of India - 1964-87

Unit Trust of India enjoyed complete monopoly when it was established in the year 1963 by an act of Parliament. UTI was set up by the Reserve Bank of India and it continued to operate under the regulatory control of the RBI until the two were de-linked in 1978 and the entire control was transferred in the hands of Industrial Development Bank of India (IDBI). UTI launched its first scheme in 1964, named as Unit Scheme 1964 (US-64), which attracted the largest number of investors in any single investment scheme over the years.

UTI launched more innovative schemes in 1970s and 80s to suit the needs of different investors. It launched ULIP in 1971, six more schemes between 1981-84, Children's Gift Growth Fund and India Fund (India's first offshore fund) in 1986, Mastershare (India’s first equity diversified scheme) in 1987 and Monthly Income Schemes (offering assured returns) during 1990s. By the end of 1987, UTI's assets under management grew ten times to Rs 6700 Crores.

Phase II. Entry of Public Sector Funds - 1987-1993

The Indian mutual fund industry witnessed a number of public sector players entering the market in the year 1987. In November 1987, SBI Mutual Fund from the State Bank of India became the first non-UTI mutual fund in India. SBI Mutual Fund was later followed by Canbank Mutual Fund, LIC Mutual Fund, Indian Bank Mutual Fund, Bank of India Mutual Fund, GIC Mutual Fund and PNB Mutual Fund. By 1993, the assets under management of the industry increased seven times to Rs. 47,004 Crores. However, UTI remained to be the leader with about 80% market share.

Phase III. Emergence of Private Sector Funds - 1993-96

The permission given to private sector funds including foreign fund management companies (most of them entering through joint ventures with Indian promoters) to enter the mutual fund industry in 1993, provided a wide range of choice to investors and more competition in the industry. Private funds introduced innovative products, investment techniques and investor-servicing technology. By 1994-95, about 11 private sector funds had launched their schemes.

Phase IV. Growth and SEBI Regulation - 1996-2004

The mutual fund industry witnessed robust growth and stricter regulation from the SEBI after the year 1996. The mobilization of funds and the number of players operating in the industry reached new heights as investors started showing more interest in mutual funds.

Investors' interests were safeguarded by SEBI and the Government offered tax benefits to the investors in order to encourage them. SEBI (Mutual Funds) Regulations, 1996 was introduced by SEBI that set uniform standards for all mutual funds in India. The Union Budget in 1999 exempted all dividend incomes in the hands of investors from income tax. Various Investor Awareness Programmes were launched during this phase, both by SEBI and AMFI, with an objective to educate investors and make them informed about the mutual fund industry.

In February 2003, the UTI Act was repealed and UTI was stripped of its Special legal status as a trust formed by an Act of Parliament. The primary objective behind this was to bring all mutual fund players on the same level. UTI was re-organized into two parts: 1. The Specified Undertaking, 2. The UTI Mutual Fund

Presently Unit Trust of India operates under the name of UTI Mutual Fund and its past schemes (like US-64, Assured Return Schemes) are being gradually wound up. However, UTI Mutual Fund is still the largest player in the industry. In 1999, there was a significant growth in mobilization of funds from investors and assets under management which is supported by the following data:

Phase V. Growth and Consolidation - 2004 Onwards

The industry has also witnessed several mergers and simultaneously, more international mutual fund players have entered India like Fidelity, Franklin Templeton Mutual Fund etc. At present there are 44 Mutual Fund Houses in India with Average Assets under Management (AAUM) Rs. 71328123.33 Lakhs..

Risk factors associated with investing in mutual funds:

Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the schemes will be achieved.

As with any investment in securities, the NAV of the units issued under the schemes can rise or fall depending on the factors and forces affecting capital markets. Neither the past performance of the mutual funds managed by the sponsors and their affiliates / associates nor the past performance of the sponsors, asset management companies (AMC) nor fund is necessarily indicative of the future performance of the schemes

Equity Funds are open to market risk i.e. there is a possibility that the price of the stocks in which the Fund has invested may decrease. Of course, the prices may also go up, making it possible for the Fund to earn profits

Debts Funds are open to two main risks - Credit Risk and Interest Rate Risk.

Credit Risk refers to the possibility that the company that has issued the bond or debenture in which the Fund has invested may default on interest or on principal payments. Debt Fund managers take care of this by investing in bonds which have good credit rating

Interest Rate Risk refers to the possibility that the price of the bond in which the Fund has invested may go down because of an increase in the interest rates in the economy. In general, it is useful to remember that this is a "see-saw" relationship - a bond price (and therefore, NAV) goes up when interest rates drop and drops when interest rates rise.

RECESSION IN INDIA

In India, the global financial crisis was striking the stock markets down from their all-time highs formerly 2008. By mid-September, Sensex had fallen back to their November 2005 levels of just above 8,000 points. Recession is substantial decline in activity across the economy, lasting a longer period which is usually more than a few months. The activity across the economy is reflected by various economic data like, industrial production, employment, gross-income and wholesale-retail trade. From a technical point of view, a recession happens when there are two consecutive quarters of negative economic growth as measure by a particular country's Gross Domestic Product (GDP). So stock markets falling relentlessly do not mean that the economy is undergoing a recession. But recession, however, is something that cannot be avoided as it is considered as a part of the business cycle. For obvious reason, it is also the most dreaded and hated part of a business cycle. Investing in stocks is really risky and needs a log of study before a decision to go ahead. But several investors claim that it's worth the risk. On the other hand, Mutual Fund performs as per their ''diversification''. It could be equity oriented funds which are again very risky and lots of fluctuations can be experienced while debts-funds ensure balanced and steady refunds even in recession. There had been lessons learned by business during past slumps in the market. One of these is that investing in stocks during a recession may not be good because we do not know how long the recession would be and investors may end up losing their money. But if we really are brave enough to go ahead with investment despite the market downturn, they reputable companies are our best option for returns. These are the industries that have been successful during the storm and fair weather, but as far as the short run prospects are concerned Mutual Funds are at safer side. The mutual fund industry in India suffered a debilitating blow as a result of the global financial collapse too, with returns plummeting across the board. As Indian markets buckled in synch with the US markets, investors in mutual funds panicked and

redemptions hit the roof -- debt funds, especially short-term funds, were the ones to suffer the worst on account of heavy redemptions (debt funds invest in fixed-income securities like corporate bonds, government bonds, debentures, commercial paper and certificates of deposits). They make up some three-fourths of the total assets of the MF industry, tallying up to Rs 5.5 trillion. Redemptions in equity were nowhere near that. The industry found itself unable to cope with the crisis as it was not able to source enough money to pay back investors. Many funds were threatened with collapse and it was only the line of credit offered by the Government of India that saved them. Among the various steps taken by the MF industry to escape the worst-case scenario was to hoard cash. Another one was that they shunned stocks that could prove to be a noose around their necks and these mostly fell in the small- and mid-cap range and they also moved out of sectors that were showing too big a weakness like realty. Besides there was a mass-scale migration by funds towards safety and that saw FMCG stocks come to the forefront. The save-yourself features also included putting safety of the money at the forefront by the industry as a whole, followed by ensuring there was always copious amount of liquidity available at short notice and only thereafter were fund managers willing to look at returns. While the strategy paid off for the industry in keeping its collective head above the rapidly rising waters, yet it caught them napping too. When markets started virtually levitating starting March 9, 2009, the industry was caught with too much money in cash and less of it invested. As a result, most of the gains that they could have booked early in the rally were lost to them. By the time they reduced their cash holdings, the initial, and the best part, of the rally was already over. Nevertheless, the strategy still paid off

Chapter-II: Company Profile

SBI MUTUAL FUND (SBI MF) is one of the largest mutual funds in the country with an investor base of over 5.8 million. With over 20 years of rich experience in fund management, SBI MF brings forward its expertise in consistently delivering value to its investors.

SBI MF draws its strength from India's Largest Bank, State Bank of India and Société Générale Asset Management, France.

<u>THE STATE BANK OF INDIA</u>

The country's oldest Bank and a premier in terms of balance sheet size, number of branches, market capitalization and profits is today going through a momentous phase of Change and Transformation – the two hundred year old Public sector behemoth is today stirring out of its Public Sector legacy and moving with an agility to give the Private and Foreign Banks a run for their money.

The bank is entering into many new businesses with strategic tie ups – Pension Funds, General Insurance, Custodial Services, Private Equity, Mobile Banking, Point of Sale Merchant Acquisition, Advisory Services, structured products etc – each one of these initiatives having a huge potential for growth.

The Bank is forging ahead with cutting edge technology and innovative new banking models, to expand its Rural Banking base, looking at the vast untapped potential in the hinterland and proposes to cover 100,000 villages in the next two years.

It is also focusing at the top end of the market, on whole sale banking capabilities to provide India's growing mid / large Corporate with a complete array of products and services. It is consolidating its global treasury operations and entering into structured products and derivative instruments. Today, the Bank is the largest provider of infrastructure debt and the largest arranger of external commercial borrowings in the country. It is the only Indian bank to feature in the Fortune 500 list.

The Bank is changing outdated front and back end processes to modern customer friendly processes to help improve the total customer experience. With about 8500 of its own 10000 branches and another 5100 branches of its Associate Banks already networked, today it offers the largest banking network to the Indian customer. The Bank is also in the process of providing complete payment solution to its clientele with its over 8500 ATMs, and other electronic channels such as Internet banking, debit cards, mobile banking, etc.

ICICI PRUDENTIAL Asset Management Company enjoys the strong parentage of prudential plc, one of UK's largest players in the insurance & fund management sectors and ICICI Bank, a well-known and trusted name in financial services in India. ICICI Prudential Asset Management Company, in a span of just over eight years, has forged a position of pre-eminence in the Indian Mutual Fund industry as one of the largest asset management companies in the country with assets under management of Rs 69,754.78 Crore (as of

September 30, 2010). The Company manages a comprehensive range of schemes to meet the varying investment needs of its investors spread across 68 cities in the country.

ICICI BANK:

ICICI Bank is India's second-largest bank with total assets of about Rs. 3,634 Billion as at March 31, 2010 and profit after tax of Rs. 40.25 Billion for the year ended March 31, 2010. ICICI Bank has a network of about 2,506 branches and 45 extension counters and over 5,808 ATMs. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management.

ICICI Bank set up its international banking group in fiscal 2002 to cater to the cross border needs of clients and leverage on its domestic banking strengths to offer products internationally. ICICI Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in Singapore, Bahrain, Hong Kong, Sri Lanka and Dubai International Finance Centre and representative offices in the United States, United Arab Emirates, China, South Africa and Bangladesh. UK subsidiary of ICICI Bank has established a branch in Belgium. ICICI Bank is the most valuable bank in India in terms of market capitalization. (Source: Overview at www.icicibank.com).

PRUDENTIAL Plc.

Headquartered in London, Prudential Plc is a leading international financial services group, offering a significant portfolio of life insurance and fund management products in the United Kingdom, the United States, Asia and continental Europe.

Prudential Plc is a leading international financial services group providing retail financial products and services and fund management to many millions of customers worldwide. As a group Prudential Plc has, as of 31 Dec 2007, £309 Billion in assets under management and more than 25 Million employees worldwide as of June 31 2010. We are one of the best capitalized insurers in the world with an Insurance Groups Directive (IGD) capital surplus estimated at £3.4 billion.

In the United Kingdom Prudential is a leading life and pension’s provider offering a range of retail financial products. M&G is Prudential’s UK and European fund management business with total assets under management of £178 billion (at 30 June 2010). Jackson National Life, acquired by Prudential in 1986, is a leading provider of long-term savings and retirement products to retail and institutional customers throughout the United States.

Prudential Corporation Asia is part of Prudential Plc (United Kingdom), the 160 year old international retail financial services group headquartered in London. With market-leading life insurance, fund management and consumer finance operations across Asia, Prudential serves 25 million customers and manage £309 billion in assets (as of 30 June 2010).

Within a decade, Prudential Corporation Asia has become the region's leading Europe-based life insurer in terms of market coverage and number of top three market positions, with over 410,000 agents and employees. Our insurance operations span 12 markets - Mainland China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand and Vietnam.

Prudential Corporation Asia's fund management business manages assets on behalf of a wide range of retail and institutional investors, in addition to managing assets for Prudential plc and Prudential Corporation Asia.

Prudential's fund management business in Asia is one of the region's largest by measure of Asia-sourced assets under management, with £46.1 billion in assets under management (as of 30 June 2010). Our fund management operations span 10 markets - Mainland China, Hong Kong, India, Japan, Korea, Malaysia, Singapore, Taiwan, Vietnam and the United Arab Emirates.

RISK RETURN ANALYSIS OF THE SCHEMES

A rational investor before investing his or her money in any stock analyses the risk associated with the particular stock. The actual return he receives from a stock may vary from the expected one and thus an investor is always cautious about the rate of risk associated with the particular stock. Hence it becomes very essential on the part of investors to know the risk as the hard earned money is being invested with the view to earn good return on the investment.

Risk mainly consists of two components

- Systematic risk
- Unsystematic risk

Systematic risk

The systematic risk affects the entire market. The economic conditional, political situations, sociological changes affect the entire market in turn affecting the company and even the stock market. These situations are uncontrollable by the corporate and investor.

Unsystematic risk

The unsystematic risk is unique to industries. It differs from industry to industry. Unsystematic risk stems from managerial inefficiency, technological change in the production process, availability of raw materials, changes in the consumer preference, and labor problems. The nature and magnitude of above mentioned factors differ from industry to industry and company to company.

In a general view, the risk for any investor would be the probable loss for investing money in any mutual fund. But when we look at the technical side of it, we can’t just say that this schemes/fund carry risk without any proof. They are certain set of formulas to say the percentage of risk associated with it.

There are certain tools or formulas used to calculate the risk associated with the schemes. These tools help us to understand the risk associated with the schemes. These schemes are compared with the benchmark BSE 100.

Chapter-III: THE TOOLS USED FOR CALCULATION

The tools for calculation are:

Arithmetic Mean

Standard Deviation

Beta

Alpha

Sharpe ratio

Treynor ratio

Arithmetic Mean

$\sum Y/N$

Where Y- Return of NAV values N- Number of Observation

Average return that can be expected from investment. The arithmetic average return is appropriate as a measure of the central tendency of a number of returns calculated for a particular time i.e. for five years. It shows the

Standard Deviation

$$S.D = \frac{\sqrt{(y-Y)^2}}{N}$$

The standard deviation is a measure of the variables around its mean or it is the square root of the sum of the squared deviations from the mean divided by the number of observations.

S.D is used to measure the variability of return i.e. the variation between the actual and expected return.

BETA

Beta describes the relationship between the stock's return and index returns. There can be direct or indirect relation between stock's return and index return. Indirect relations are very rare.

1) Beta = + 1.0

It indicates that one percent change in market index return causes exactly one percent change in the stock return. It indicates that stock moves along with the market.

2) Beta= + 0.5

One percent changes in the market index return causes 0.5 percent change in the stock return. It indicates that it is less volatile compared to market.

3) Beta= + 2.0

One percent change in the market index return causes 2 percent change in the stock return. The stock return is more volatile. The stocks with more than 1 beta value are considered to be very risky.

4) Negative beta value indicates that the stocks return move in opposite direction to the market return.
5) Beta= N*∑XY- (∑X) (∑Y) / N(∑X) * $(\sum x)^2$

Where

N- No of observation   X- Total of market index value   Y- Total of return to Nav

ALPHA

Alpha = Y- beta(X)

Where

Y- Average return to nav return   X- Average return to market index.

Alpha indicates that the stock return is independent of the market return. A positive value of alpha is a healthy sign. Positive alpha values would yield profitable return.

SHARPE RATIO

$$S_t = \frac{R_p - R_f}{S.D}$$

WHERE

R_p – Avereage Return on Portfolio R_f—Risk Free Rate of Interest   S.D- Standard Deviation

Sharpe's performce index gives a single value to be used for the performance ranking of various funds or portfolios. Sharpe index measures the risk premium of the portfolio relative to the total amount of risk in the portfolio. The risk premium is the difference between the portfolio's average rate of return and the risk less rate of return. The standard deviation of the portfolio indicates the risk.

Higher the value of sharpe ratio better the fund has performed. Sharpe ratio can be used to rank the desirability of funds or portfolios. The fund that has performed well comapred to other will be ranked first then the others.

TREYNOR RATIO

$$T_y = \frac{R_p - R_f}{B}$$

WHERE

R_p- Average Return to Portfolio R_f- Risk Less Rate of Interest. B- Beta Coeffecient

Treynor ratio is based on the concept of characteristic line. Characteristic line gives the relation between a given market return and fund's return. The fund's performance is measured in relation to market performance. The ideal fund's return rises at a faster rate than the market performance when the market is moving upwards and its rate of return declines slowly than the market return, in the decline.

Treynor's risk premium of the portfolio is the difference between the aveage return and the risk less rate of return. The risk premium depends on the systematic risk assumed in a portfoilo.

MAGNUM MULTIPLIER PLUS SCHEME-93 (SBI)

Date	Magnum Multiplier Plus Scheme - 93 -								
	BSE-100			Dividend			Growth		
	Close	X	X^2	NAV	Y	X*Y	NAV	Y	X*Y
28-Nov-08	4600.45			29.79			36.74		
28-Dec-08	4988.04	8.42	70.896	32.38	8.69	73.169	39.92	8.655	72.87
30-Jan-09	4790.32	-3.96	15.681	30.91	-4.53	17.93	38.11	-4.534	17.95
27-Feb-09	4516.38	-5.71	32.60	30.49	-1.35	7.70	37.60	-1.338	7.63
31-Mar-09	4942.51	9.43	88.92	32.64	7.05	66.48	40.25	7.047	66.45
29-Apr-09	5803.97	17.42	303.45	36.82	12.80	222.97	45.40	12.795	222.88
29-May-09	7620.13	31.23	975.31	47.49	28.97	904.73	58.57	29.00	905.67
30-Jun-09	7571.49	9.431	88.94	47.37	-0.25	-2.357	58.42	-0.256	-2.41
31-Jul-09	8176.54	-0.64	0.4096	51.31	8.31	-5.31	63.28	8.319	-5.32
31-Aug-09	8225.50	0.6	0.36	52.77	2.84	1.70	65.08	2.844	1.70
30-Sep-09	8930.31	8.56	73.27	55.41	5.00	42.8	68.34	5.009	42.87
30-Oct-09	8333.18	-6.7	44.9	47.20	-14.81	99.227	66.49	-2.70	18.09
30-Nov-09	8914.77	6.97	48.16	50.89	7.81	54.43	71.68	7.805	54.40
31-Dec-09	9229.71	3.53	12.46	53.15	4.44	15.67	74.86	4.436	15.66
29-Jan-10	8707.82	-5.65	31.92	51.10	-3.85	21.75	71.97	-3.86	21.81
26-Feb-10	8758.51	0.58	0.336	50.52	-1.13	-0.65	71.15	-1.13	-0.65
31-Mar-10	9300.20	6.18	38.192	53.40	5.700	35.22	75.21	5.70	35.22
30-Apr-10	9379.04	0.84	0.705	55.54	4.00	3.36	78.22	4.00	3.36
31-May-10	9041.23	-3.60	12.96	54.84	-1.26	4.53	77.24	-1.25	4.5
30-Jun-10	9442.58	4.44	19.71	57.16	4.23	18.78	80.50	4.22	18.73
30-Jul-10	9556.67	1.21	1.46	58.63	2.57	3.10	82.57	2.57	3.11
31-Aug-10	9627.72	0.743	0.552	59.34	1.21	0.9	83.58	1.223	0.91
30-Sep-10	10627.35	10.4	108.16	63.26	6.60	68.64	89.10	6.60	68.64
29-Oct-10	10639.96	0.12	0.0144	57.74	-8.72	-1.04	91.28	2.44	0.29
TOTAL	191724.4	93.844	1969.37	1160.15	74.32	1653.77	1565.56	97.60	1574.40

TOOLS FOR CALCULATION

ARITHMETIC MEAN:

ARITHMETIC MEAN	DIVIDEND OPTION	GROWTH OPTION
$X = \frac{\sum Y}{N}$	$\frac{74.32}{24} = 3.09$	$\frac{97.60}{24} = 4.06$

CALCULATION FOR STANDARD DEVIATION:

Magnum Multiplier Plus Scheme – 93 -								
Date	**Dividend**				**Growth**			
	NAV	**Y**	**Z**	**$(Z)^2$**	**NAV**	**Y**	**Z**	**$(Z)^2$**
28-Nov-08	29.79	0	0	0	36.74	0	0	0
28-Dec-08	32.38	8.69	5.6	31.36	39.92	8.655	4.595	21.11
30-Jan-09	30.91	-4.53	-7.62	58.06	38.11	-4.534	-8.594	73.85
27-Feb-09	30.49	-1.35	4.44	19.71	37.60	-1.338	-5.398	29.13
31-Mar-09	32.64	7.05	3.96	15.68	40.25	7.047	2.987	8.92
29-Apr-09	36.82	12.80	9.71	94.28	45.40	12.795	8.735	76.30
29-May-09	47.49	28.97	25.88	669.77	58.57	29.00	24.94	622.00
30-Jun-09	47.37	-0.25	-3.34	11.155	58.42	-0.256	-4.316	18.62
31-Jul-09	51.31	8.31	5.22	27.24	63.28	8.319	4.259	18.13
31-Aug-09	52.77	2.84	-0.25	0.0625	65.08	2.844	-1.216	1.48
30-Sep-09	55.41	5.00	1.91	3.65	68.34	5.009	0.949	0.90
30-Oct-09	47.20	-14.81	-17.9	320.41	66.49	-2.70	-6.76	45.7
30-Nov-09	50.89	7.81	4.72	22.27	71.68	7.805	3.745	14.02
31-Dec-09	53.15	4.44	1.35	1.822	74.86	4.436	0.376	0.14
29-Jan-10	51.10	-3.85	-6.94	48.16	71.97	-3.86	-7.92	62.72
26-Feb-10	50.52	-1.13	-4.22	17.808	71.15	-1.13	-5.19	26.93
31-Mar-10	53.40	5.700	2.61	6.81	75.21	5.70	1.64	2.69
30-Apr-10	55.54	4.00	0.91	0.89	78.22	4.00	-0.06	0.0036
31-May-10	54.84	-1.26	-4.35	18.95	77.24	-1.25	-5.31	28.19
30-Jun-10	57.16	4.23	1.14	1.3	80.50	4.22	0.16	0.025
30-Jul-10	58.63	2.57	-0.52	0.270	82.57	2.57	-1.49	2.22
31-Aug-10	59.34	1.21	-1.88	3.53	83.58	1.223	-2.837	8.048
30-Sep-10	63.26	6.60	3.51	12.32	89.10	6.60	2.54	6.45
29-Oct-10	57.74	-8.72	-11.81	139.47	91.28	2.44	-1.62	2.62
TOTAL	1160.15	74.32	12.13	1524.98	1565.56	97.60	4.215	1070.26

STANDARD DEVIATION:

S.D	DIVIDEND	GROWTH
S.D= $\frac{\sqrt{(Z)^2}}{\sqrt{(N)}}$	$\frac{\sqrt{(1524.98)}}{\sqrt{24}}$ = 7.98	$\frac{\sqrt{(1070.268)}}{\sqrt{24}}$ =6.68

BETA:

BETA	DIVIDEND	GROWTH
= $\frac{N*\sum XY - (\sum X)(\sum Y)}{N* \sum(X)^2 - (\sum X)^2}$	= $\frac{24(1653.774)-(93.844)(74.32)}{24(1969.372) - (93.844)^2}$ = 0.8506	$\frac{24(1574.404)-(93.844)(97.6)}{24(1969.372) - (93.844)^2}$ = 0.744

ALPHA:

ALPHA	DIVIDEND	GROWTH
= Y-B(X)	= 3.09-0.850(3.910) = - 0.2335	= 4.06-0.744(3.910) = 1.15

SHARPE RATIO: (R_f is assumed to be 8 %)

Sharpe ratio	Dividend	Growth
$\frac{Rp-Rf}{S.D}$	$= \frac{3.09 - 0.08}{7.98} = 0.377$	$= \frac{4.06 - 0.08}{6.68} = 0.595$

TREYNOR RATIO: (R_f is assumed to be 8 %)

TREYNOR RATIO	DIVIDEND	GROWTH
$\frac{Rp-Rf}{B}$	$= \frac{3.09 - 0.08}{0.8506} = 3.53$	$\frac{4.06 - 0.08}{0.744} = 5.34$

POWER PLAN (ICICI PRUDENTIAL):

Date	POWER PLAN								
	S&P CNX NIFTY			Dividend			Growth		
	Close	X	X^2	NAV	Y	X*Y	NAV	Y	X*Y
28-Nov-08	2755.10			9.20			50.51		
28-Dec-08	2959.15	7.40	54.85	9.8	6.52	48.24	54.69	8.27	61.20
30-Jan-09	2874.80	-2.85	8.12	9.54	-2.65	7.55	53.26	-2.61	7.43
27-Feb-09	2763.65	-3.86	14.95	9.15	-4.08	15.74	51.08	-4.093	15.80
31-Mar-09	3020.95	9.31	86.68	9.92	8.415	78.34	55.36	8.38	78.01
29-Apr-09	3473.95	14.99	224.85	11.33	14.21	213.00	63.23	14.21	213.00
29-May-09	4448.95	28.06	787.70	14.04	23.92	671.19	78.34	23.89	670.35
30-Jun-09	4291.10	-3.54	12.58	13.25	-5.62	19.89	79.48	1.45	-5.13
31-Jul-09	4636.45	8.04	64.77	14.27	7.69	61.82	85.64	7.75	62.31
31-Aug-09	4732.35	2.06	4.27	14.58	2.17	4.47	87.47	2.13	4.38
30-Sep-09	5083.95	7.42	55.20	15.81	8.43	62.55	94.83	8.41	62.40
30-Oct-09	4711.70	-7.32	53.61	15.08	-4.61	33.74	90.45	-4.61	33.74
30-Nov-09	5032.70	6.81	46.41	16.27	7.89	53.73	97.62	7.92	53.93
31-Dec-09	5201.05	3.34	11.18	15.79	-2.95	-9.85	100.79	3.24	10.82
29-Jan-10	4882.05	-6.13	37.61	15.03	-4.81	29.48	95.96	-4.79	29.36
26-Feb-10	4922.30	0.82	0.67	15.12	0.60	0.492	96.53	0.59	0.48
31-Mar-10	5249.10	6.63	44.078	16.12	6.61	43.82	102.94	6.64	44.02
30-Apr-10	5278.00	0.55	0.303	16.56	2.73	1.50	105.75	2.75	1.51
31-May-10	5086.30	-3.63	13.19	15.9	-3.99	14.48	101.5	-4.01	14.55
30-Jun-10	5312.50	4.44	19.77	16.64	4.65	20.64	106.25	4.68	20.78
30-Jul-10	5367.60	1.03	1.075	17.09	2.70	2.781	109.11	2.69	2.77
31-Aug-10	5402.40	0.64	0.42	17.26	0.99	0.633	110.18	0.98	0.62
30-Sep-10	6029.95	11.61	134.93	19.06	10.42	120.97	121.69	10.44	121.20
29-Oct-10	6017.70	-0.20	0.041	19.14	0.41	-0.082	122.18	0.40	-0.08
TOTAL	109533.8	85.69	1677.34	345.95	79.67	1495.20	2114.84	94.72	1503.52

TOOLS FOR CALCULATION:

ARITHMETIC MEAN	DIVIDEND OPTION	GROWTH OPTION
$X = \frac{\sum Y}{N}$	$\frac{79.67}{24} = 3.32$	$\frac{94.72}{24} = 3.94$

CALCULATION FOR STANDARD DEVIATION:

POWER PLAN								
	Dividend				**Growth**			
Date	**NAV**	**Y**	**Z**	**$(Z)^2$**	**NAV**	**Y**	**Z**	**$(Z)^2$**
28-Nov-08	9.20	0.00			50.51	0.00		
28-Dec-08	9.8	6.52	3.2	10.24	54.69	8.27	4.33	18.74
30-Jan-09	9.54	-2.65	-5.97	35.6409	53.26	-2.61	-6.55	42.90
27-Feb-09	9.15	-4.08	-7.4	54.76	51.08	-4.093	-8.033	64.53
31-Mar-09	9.92	8.415	5.095	25.95903	55.36	8.38	4.44	19.71
29-Apr-09	11.33	14.21	10.89	118.5921	63.23	14.21	10.27	105.47
29-May-09	14.04	23.92	20.6	424.36	78.34	23.89	19.95	398.00
30-Jun-09	13.25	-5.62	-8.94	79.9236	79.48	1.45	-2.49	6.20
31-Jul-09	14.27	7.69	4.37	19.0969	85.64	7.75	3.81	14.51
31-Aug-09	14.58	2.17	-1.15	1.3225	87.47	2.13	-1.81	3.27
30-Sep-09	15.81	8.43	5.11	26.1121	94.83	8.41	4.47	19.98
30-Oct-09	15.08	-4.61	-7.93	62.8849	90.45	-4.61	-8.55	73.10
30-Nov-09	16.27	7.89	4.57	20.8849	97.62	7.92	3.98	15.84
31-Dec-09	15.79	-2.95	-6.27	39.3129	100.79	3.24	-0.7	0.49
29-Jan-10	15.03	-4.81	-8.13	66.0969	95.96	-4.79	-8.73	76.21
26-Feb-10	15.12	0.60	-2.72	7.3984	96.53	0.59	-3.35	11.22
31-Mar-10	16.12	6.61	3.29	10.8241	102.94	6.64	2.7	7.29
30-Apr-10	16.56	2.73	-0.59	0.3481	105.75	2.75	-1.19	1.41
31-May-10	15.9	-3.99	-7.31	53.4361	101.5	-4.01	-7.95	63.20
30-Jun-10	16.64	4.65	1.33	1.7689	106.25	4.68	0.74	0.54
30-Jul-10	17.09	2.70	-0.62	0.3844	109.11	2.69	-1.25	1.56
31-Aug-10	17.26	0.99	-2.33	5.4289	110.18	0.98	-2.96	8.76
30-Sep-10	19.06	10.42	7.1	50.41	121.69	10.44	6.5	42.25
29-Oct-10	19.14	0.41	-2.91	8.4681	122.18	0.40	-3.54	12.53
TOTAL	345.95	79.67	3.285	1123.653	2114.84	94.72	4.087	1007.773

STANDARD DEVIATION:

S.D	DIVIDEND	GROWTH
$S.D = \frac{\sqrt{(Z)^2}}{\sqrt{(N)}}$	$= \frac{\sqrt{(1123.653)}}{\sqrt{24}} = 6.85$	$\frac{\sqrt{(1007.773)}}{\sqrt{24}} = 6.49$

BETA:

BETA	DIVIDEND	GROWTH
$= \frac{N^* \sum XY - (\sum X)(\sum Y)}{N^* \sum(X)^2 - (\sum X)^2}$	$= \frac{24(1495.20)-(85.69)(79.67)}{24(1677.34) - (85.69)^2}$ =0.882	$\frac{24(1503.528)-(85.69)(79.67)}{24(1677.34) - (85.69)^2}$ = 0.888

ALPHA:

ALPHA	DIVIDEND	GROWTH
= Y-B(X)	= 3.32-0.882(3.57) = 0.171	= 3.94-0.888(3.57) = 0.77

SHARPE RATIO **:**(R_f is assumed to be 8%)

Sharpe ratio	Dividend	Growth
$\frac{Rp-Rf}{S.D}$	$= \frac{3.32-0.08}{6.85} = 0.472$	$= \frac{3.94-0.08}{6.49} = 0.594$

TREYNOR RATIO :(R_f is assumed to be 8%)

TREYNOR RATIO	DIVIDEND	GROWTH
$\frac{Rp-Rf}{B}$	$= \frac{3.32-0.08}{0.882} = 3.67$	$\frac{3.94-0.08}{0.888} = 4.34$

The Comparison:

	MAGNUM MULTIPLIER 1993 PLUS (SBI)		**POWER PLAN (ICICI PRUDENTIAL)**	
	Dividend	**Growth**	**Dividend**	**Growth**
Average Return	7.98	4.06	3.32	3.94
Beta	0.8506	0.744	0.882	0.888
S D	7.98	6.68	6.85	6.49
Alpha	-0.2335	1.15	0.171	0.77

Sharpe ratio	0.377	0.595	0.472	0.595
Treynor ratio	3.53	5.34	3.67	4.34

ANALYSIS & INTERPRETATION:

- The SBI **Magnum Multiplier plus1993** Dividend option & Growth option has given high returns compared to ICICI Prudential **Power Plan.**
- The larger the **Sharpe ratio**, better the fund is performing. So, the SBI **Magnum Multiplier plus 1993** fund has a **lesser** Sharpe ratio compared to ICICI PRUDENTIAL **Power Plan**, all options show the positive value, this means funds are performing well.
- Since the market has risen up, this has resulted in funds positive return.
- Since the funds objective is to invest in Diversified portfolios the benchmarks index has performed very good, which has resulted in good performance of the fund.
- As per the **Treynor index**, the SBI **Magnum Multiplier 1993** has given higher returns in Growth option compared to ICICI PRUDENTIAL **Power Plan** due to which the risk is also high. But in case of SBI **Magnum Multiplier 1993** the returns are low and the risk is high in Dividend option compared to ICICI PRUDENTIAL **Power Plan.**
- As per Beta for dividend option and growth option of ICICI PRUDENTIAL **POWER PLAN** has got the highest risk. When market is 1 it moves at 0.882 in dividends & 0.888 in Growth compared to SBI **Magnum Multiplier 1993**.
- Overall, all the options are performing well.

Date	EMERGING BUSINESS FUND SBI								
	BSE-500			**Dividend**			**Growth**		
	Close	**X**	**X^2**	**NAV**	**Y**	**X*Y**	**NAV**	**Y**	**X*Y**
28-Nov-08	3295.60	0.000	0.000	29.79	0	0	36.74	0	0
28-Dec-08	3596.85	9.14	83.55	32.38	8.69	79.42	39.92	8.65	79.06
30-Jan-09	3426.76	-4.72	22.36	30.91	-4.53	21.38	38.11	-4.53	21.38
27-Feb-09	3232.11	-5.68	32.26	30.49	-1.35	7.66	37.60	-1.33	7.55
31-Mar-09	3523.53	9.01	81.29	32.64	7.05	63.52	39.44	4.90	44.15
29-Apr-09	4140.42	17.50	306.52	36.82	12.80	224	45.40	15.11	264.42
29-May-09	5520.25	33.32	1110.6	47.49	28.97	965.28	58.57	29.00	966.28
30-Jun-09	5492.03	-0.51	0.26	47.37	-0.25	0.12	58.42	-0.25	0.12
31-Jul-09	5940.38	8.16	66.64	50.75	7.13	58.18	63.28	8.31	67.80
31-Aug-09	6044.61	1.75	3.07	52.77	3.98	6.96	65.08	2.84	4.97
30-Sep-09	6552.75	8.40	70.66	55.41	5.00	42	68.34	5.00	42
30-Oct-09	6142.43	-6.26	39.21	47.20	-14.81	92.71	66.49	-2.70	16.90
30-Nov-09	6584.98	7.20	51.90	50.89	7.81	56.23	71.68	7.80	56.16
31-Dec-09	6842.25	3.90	15.26	53.15	4.44	17.31	74.35	3.72	14.50
29-Jan-10	6509.90	-4.85	23.59	51.10	-3.85	18.67	71.97	-3.20	15.52
26-Feb-10	6518.38	0.13	0.01	50.52	-1.13	-0.14	71.15	-1.14	-0.14
31-Mar-10	6919.55	6.15	37.87	53.40	5.700	35.05	75.21	5.70	35.05
30-Apr-10	7042.68	1.77	3.16	55.54	4.007	7.09	78.22	4.00	7.08
31-May-10	6782.37	-3.69	13.66	54.84	-1.26	4.65	77.24	-1.25	4.61
30-Jun-10	7092.20	4.56	20.86	57.16	4.23	19.3	80.50	4.22	19.24
30-Jul-10	7205.22	1.6	2.53	58.63	2.57	4.11	82.57	2.57	4.11
31-Aug-10	7289.74	1.17	1.37	59.67	1.77	2.07	83.58	1.22	1.42
30-Sep-10	7984.45	9.52	90.82	63.26	6.016	57.27	89.1	6.60	62.83
29-Oct-10	8036.88	0.65	0.43	57.74	-8.72	0.26	91.28	2.44	1.586
TOTAL	141716.3	98.27	2078.00	1159.9	74.26	1783.13	1564.24	97.71	1736.65

EMERGING BUSINESS FUND SBI:

TOOLS FOR CALCULATION

ARITHMETIC MEAN	DIVIDEND OPTION	GROWTH OPTION
$X = \frac{\sum Y}{N}$	$= \frac{74.26}{24} = 3.10$	$= \frac{97.71}{24} = 4.07$

CALCULATION FOR STANDARD DEVIATION:

EMERGING BUSINESS PLAN SBI								
	Dividend				**Growth**			
Date	**NAV**	**Y**	**Z**	**$(Z)^2$**	**NAV**	**Y**	**Z**	**$(Z)^2$**
28-Nov-08	29.79	0.00	0.000	0.000	36.74	0	0	0
28-Dec-08	32.38	8.69	5.59	31.24	39.92	8.65	4.58	20.97
30-Jan-09	30.91	-4.53	-7.63	58.21	38.11	-4.53	-8.6	73.96
27-Feb-09	30.49	-1.35	-4.45	19.80	37.60	-1.33	-5.4	29.16
31-Mar-09	32.64	7.05	3.95	15.60	39.44	4.90	0.83	0.70
29-Apr-09	36.82	12.80	9.7	94.09	45.40	15.11	11.04	121.88
29-May-09	47.49	28.97	25.87	669.25	58.57	29.00	24.93	621.50
30-Jun-09	47.37	-0.25	-3.35	11.22	58.42	-0.25	-4.32	18.66
31-Jul-09	50.75	7.13	4.03	16.24	63.28	8.31	4.24	17.97
31-Aug-09	52.77	3.98	0.88	0.77	65.08	2.84	-1.23	1.51
30-Sep-09	55.41	5.00	1.9	3.61	68.34	5.00	0.93	0.86
30-Oct-09	47.20	-14.81	-17.91	320.76	66.49	-2.70	-6.77	45.83
30-Nov-09	50.89	7.81	4.71	22.18	71.68	7.80	3.73	13.91
31-Dec-09	53.15	4.44	1.34	1.79	74.35	3.72	-0.35	0.12
29-Jan-10	51.10	-3.85	-6.95	48.30	71.97	-3.20	-7.27	52.85
26-Feb-10	50.52	-1.13	-4.23	17.89	71.15	-1.14	-5.21	27.14
31-Mar-10	53.40	5.700	2.6	6.76	75.21	5.70	1.63	2.65
30-Apr-10	55.54	4.007	0.907	0.822	78.22	4.00	-0.07	0.0049
31-May-10	54.84	-1.26	-4.36	19.00	77.24	-1.25	-5.32	28.30
30-Jun-10	57.16	4.23	1.13	1.27	80.50	4.22	0.15	0.022
30-Jul-10	58.63	2.57	-0.53	0.28	82.57	2.57	-1.5	2.25
31-Aug-10	59.67	1.77	-1.33	1.76	83.58	1.22	-2.85	8.12
30-Sep-10	63.26	6.016	2.916	8.50	89.1	6.60	2.53	6.40
29-Oct-10	57.74	-8.72	-11.82	139.71	91.28	2.44	-1.63	2.65
TOTAL	1159.9	74.26	2.963	1509.142	1564.24	97.71	4.07	1097.472

STANDARD DEVIATION:

S.D	DIVIDEND	GROWTH
S.D= $\frac{\sqrt{(Z)^2}}{\sqrt{(N)}}$	$= \frac{\sqrt{(1509.142)}}{\sqrt{24}} = 7.94$	$\frac{\sqrt{(1097.472)}}{\sqrt{24}} = 6.774$

BETA:

BETA	DIVIDEND	GROWTH
$\frac{N*\sum XY - (\sum X)(\sum Y)}{N*\sum(X)^2 - (\sum X)^2}$	$\frac{24(1783.13)-(98.27)(74.26)}{24(2078) - (98.27)^2}$ = 0.882	$\frac{24(1783.13)-(98.27)(97.71)}{24(2078) - (98.27)^2}$ = 0.825

ALPHA:

ALPHA	DIVIDEND	GROWTH
= Y-B(X)	= 3.10-0.882(4.09) = -0.507	= 4.07-0.867(4.09) = 0.523

SHARPE RATIO :(R_f is assumed to be 8%)

Sharpe ratio	Dividend	Growth
$\frac{R_p - R_f}{S.D}$	= $\frac{3.10 - 0.08}{7.94}$ = 0.380	= $\frac{4.07 - 0.08}{6.774}$ = 0.589

TREYNOR RATIO :(R_f is assumed to be 8%)

TREYNOR RATIO	DIVIDEND	GROWTH
$\frac{R_p - R_f}{B}$	= $\frac{3.10 - 0.08}{0.882}$ = 3.42	$\frac{4.07 - 0.08}{0.825}$ = 4.836

EMERGING STAR FUND ICICI PRUDENTIAL:

Date	EMERGING STAR FUND ICICI PRUDENTIAL								
	BSE -500			Dividend			Growth		
	Close	X	X^2	NAV	Y	X*Y	NAV	Y	X*Y
28-Nov-08	3295.60	0.000	0.000	7.30	0	0	13.36	0	0
28-Dec-08	3596.85	9.14	83.55	8.11	11.09	101.41	14.85	11.15	101.93
30-Jan-09	3426.76	-4.72	22.36	7.36	-9.24	43.65	13.34	-10.16	48.00
27-Feb-09	3232.11	-5.68	32.26	6.94	-5.70	32.41	12.72	-4.64	26.4
31-Mar-09	3523.53	9.01	81.29	7.43	7.06	63.61	13.34	4.87	43.91
29-Apr-09	4140.42	17.50	306.52	8.45	13.72	240.24	15.48	16.04	280.73
29-May-09	5520.25	33.32	1110.6	11.70	38.46	1281.54	21.42	38.37	1278.5
30-Jun-09	5492.03	-0.51	0.26	11.76	0.51	-0.26	21.53	0.51	-0.26
31-Jul-09	5940.38	8.16	66.64	12.79	8.75	71.47	23.41	8.73	71.25
31-Aug-09	6044.61	1.75	3.07	13.72	7.27	12.72	25.11	7.26	12.70
30-Sep-09	6552.75	8.40	70.66	14.46	5.40	45.30	26.19	4.30	36.13
30-Oct-09	6142.43	-6.26	39.21	14.38	-0.55	3.46	26.31	0.45	-2.86
30-Nov-09	6584.98	7.20	51.90	15.41	7.16	51.57	28.19	7.14	51.44
31-Dec-09	6842.25	3.90	15.26	16.29	5.71	22.27	29.81	5.74	22.41
29-Jan-10	6509.90	-4.85	23.59	14.78	-9.27	44.95	29.69	-0.40	1.952
26-Feb-10	6518.38	0.13	0.01	14.94	1.08	0.14	30.00	1.04	0.135
31-Mar-10	6919.55	6.15	37.87	16.00	7.09	43.63	32.14	7.13	43.87
30-Apr-10	7042.68	1.77	3.16	16.87	5.43	9.624	33.88	5.41	9.58
31-May-10	6782.37	-3.69	13.66	16.09	-4.62	17.06	32.31	-4.63	17.099
30-Jun-10	7092.20	4.56	20.86	16.73	3.97	18.13	33.61	4.02	18.34
30-Jul-10	7205.22	1.6	2.53	17.17	2.63	4.208	34.57	2.85	4.570
31-Aug-10	7289.74	1.17	1.37	17.51	1.98	2.31	35.32	2.16	2.538
30-Sep-10	7984.45	9.52	90.82	18.61	6.28	59.80	37.37	5.80	55.25
29-Oct-10	8036.88	0.65	0.43	18.39	-1.18	-0.76	36.94	-1.15	-0.74
TOTAL	141716.3	98.27	2078.00	323.19	103.06	2168.54	620.89	112.04	2122.96

TOOLS FOR CALCULATION

ARITHMETIC MEAN	DIVIDEND OPTION	GROWTH OPTION
$X = \frac{\sum Y}{N}$	$\frac{103.06}{24} = 4.31$	$\frac{112.04}{24} = 4.66$

CALCULATION FOR STANDARD DEVIATION:

EMERGING STAR FUND(ICICI)								
	DIVIDEND				**GROWTH**			
DATE	**NAV**	**Y**	**Z**	**$(Z)^2$**	**NAV**	**Y**	**Z**	**$(Z)^2$**
28-Nov-08	7.30	0	0.000	0.000	13.36	0	0	0
28-Dec-08	8.11	11.09	6.78	45.96	14.85	11.15	6.49	42.12
30-Jan-09	7.36	-9.24	-13.55	183.60	13.34	-10.16	-14.82	219.63
27-Feb-09	6.94	-5.70	-10.01	100.20	12.72	-4.64	-9.3	86.49
31-Mar-09	7.43	7.06	2.75	7.56	13.34	4.87	0.21	0.044
29-Apr-09	8.45	13.72	9.41	88.54	15.48	16.04	11.38	129.50
29-May-09	11.70	38.46	34.15	1166.22	21.42	38.37	33.71	1136.36
30-Jun-09	11.76	0.51	-3.8	14.44	21.53	0.51	-4.15	17.22
31-Jul-09	12.79	8.75	4.44	19.71	23.41	8.73	4.07	16.56
31-Aug-09	13.72	7.27	2.96	8.76	25.11	7.26	2.6	6.76
30-Sep-09	14.46	5.40	1.09	1.18	26.19	4.30	-0.36	0.12
30-Oct-09	14.38	-0.55	-4.86	23.61	26.31	0.45	-4.21	17.72
30-Nov-09	15.41	7.16	2.85	8.12	28.19	7.14	2.48	6.15
31-Dec-09	16.29	5.71	1.4	1.96	29.81	5.74	1.08	1.16
29-Jan-10	14.78	-9.27	-13.58	184.41	29.69	-0.40	-5.06	25.60
26-Feb-10	14.94	1.08	-3.23	10.43	30.00	1.04	-3.62	13.10
31-Mar-10	16.00	7.09	2.78	7.72	32.14	7.13	2.47	6.10
30-Apr-10	16.87	5.43	1.12	1.25	33.88	5.41	0.75	0.56
31-May-10	16.09	-4.62	-8.93	79.74	32.31	-4.63	-9.29	86.30
30-Jun-10	16.73	3.97	-0.34	0.11	33.61	4.02	-0.64	0.40
30-Jul-10	17.17	2.63	-1.68	2.82	34.57	2.85	-1.81	3.27
31-Aug-10	17.51	1.98	-2.33	5.42	35.32	2.16	-2.5	6.25
30-Sep-10	18.61	6.28	1.97	3.88	37.37	5.80	1.14	1.30
29-Oct-10	18.39	-1.18	-5.49	30.14	36.94	-1.15	-5.81	33.75
TOTAL	323.19	103.06	3.9	1995.874	620.89	112.04	4.81	1856.54

STANDARD DEVIATION:

S.D	DIVIDEND	GROWTH
S.D= $\dfrac{\sqrt{(Z)^2}}{\sqrt{(N)}}$	= $\dfrac{\sqrt{(1995.874)}}{\sqrt{24}}$ = 9.13	$\dfrac{\sqrt{(1856.54)}}{\sqrt{24}}$ =8.81

BETA:

BETA	DIVIDEND	GROWTH
$= \frac{N*\sum XY - (\sum X)(\sum Y)}{N* \sum(X)^2 - (\sum X)^2}$	$\frac{24(2168.538)-(98.27)(103.06)}{24\ (2078) - (98.27)^2}$ = 1.042	$\frac{24(2168.538)-(98.27)(112.04)}{24\ (2078) - (98.27)^2}$ = 1.020

ALPHA:

ALPHA	DIVIDEND	GROWTH
= Y-B(X)	= 4.29-1.042(4.31) -0.19	= 4.66-1.020(4.31) 0.26

SHARPE RATIO :(R_f is assumed to be 8%.)

Sharpe ratio	Dividend	Growth
$= \frac{Rp-Rf}{S.D}$	$= \frac{4.31 - 0.08}{9.13}$ = 0.463	$= \frac{4.66 - 0.08}{8.81}$ = 0.456

TREYNOR RATIO :(R_f is assumed to be 8%.)

TREYNOR RATIO	DIVIDEND	GROWTH
$\frac{Rp-Rf}{B}$	$= \frac{4.31 - 0.08}{1.042}$ = 4.06	$\frac{4.66 - 0.08}{1.020}$ = 4.5

The Comparison:

	EMERGING BUSINESS FUND (SBI)		**EMERGING STAR FUND (ICICI PRUDENTIAL)**	
	Dividend	**Growth**	**Dividend**	**Growth**
Average return	3.10	4.07	4.31	4.66
Beta	0.882	0.825	1.042	1.020
S D	7.94	6.774	9.13	8.81
Alpha	-0.507	0.523	-0.20	0.26
Sharpe Ratio	0.380	0.589	0.463	0.456

Treynor Ratio	3.42	4.836	4.06	4.5

ANALYSIS & INTERPRETATION:

- The ICICI **EMERGING STAR FUND** Dividend option has given high returns compared to SBI **EMERGING BUSINESS FUND**. Also in growth option ICICI Prudential **EMERGING STAR FUND** has given high returns compared to SBI **EMERGING BUSINESS FUND.**
- The larger the Sharpe ratio, better the fund is performing. So, the SBI **EMERGING BUSINESS FUND** has a greater Sharpe ratio compared to ICICI PRUDENTIAL **EMERGING STAR FUND in Growth option**. But in case of **Dividend** option ICICI PRUDENTIAL **EMERGING STAR FUND** is better performing fund compared to SBI **EMERGING BUSINESS FUND**, all options show the positive value, and this means funds are performing well.
- Since the market has risen up, this has resulted in funds positive return.
- Since the funds objective is to generate capital appreciation by actively investing in diversified mid cap stocks. The benchmarks index has performed very well, which has resulted in good performance of the fund.
- The negative value of Alpha incase of SBI **EMERGING BUSINESS FUND,** which has resulted in low returns compared to ICICI PRUDENTIAL **EMERGING STAR FUND** in Dividend Option**.**
- As per the Treynor index, the ICICI PRUDENTIAL **EMERGING STAR FUND** has given higher returns compared to SBI **EMERGING BUSINESS FUND,** in Dividend option due to which the risk is also high. But in case of ICICI PRUDENTIAL **EMERGING STAR FUND,** in Growth option the returns are low and the risk is high.
- The Beta for dividend option and growth option of SBI **EMERGING BUSINESS FUND** is 0.882 which indicates that one percent change in market index return has caused 0.882 percent change in the stock return. This shows that the stock is less volatile compared to the market. Incase of ICICI PRUDENTIAL **EMERGING STAR FUND** beta for dividend option is 1.042 which indicates that one percent change in market index return has caused 1.042 per cent change in the stock return. This shows that the stock moves in tandem with the market.

Chapter V: The Findings and Recommendations

The Findings:

- It is very difficult for an investor to just select schemes for investments in any fund. Before investing, the investor should go for a detailed study of the fund, which includes portfolio analysis, type of fund and its return for last one year, three year, and since inception. & the risk involved in each fund, which is mentioned in the Fact Sheet.

- The Beta of SBI **MAGNUM MULTIPLIER 1993 PLUS** is 0.8506 for dividend option which indicates that one percent change in market index return has caused 0.8506 percent change in the stock return., for growth option it is 0.744 which indicates that one percent change in market index return has caused 0.744 percent change in the stock return. This shows that the stock is volatile compared to the market. In case of ICICI PRUDENTIAL **POWER PLAN** beta for dividend option is 0.882 which indicates that one percent change in market index return has caused 0.882 per cent change in the stock return, for growth option it is 0.888 which indicates that one percent change in market index return has caused 0.888 per cent change in the stock return. This shows that the stock is less volatile compared to the market.

- The Beta for dividend option of SBI **EMERGING BUSINESS FUND** is 0.882 which indicates that one percent change in market index return has caused 0.882 percent change in the stock return. This shows that the stock is less volatile compared to the market. In case of ICICI PRUDENTIAL **EMERGING STAR FUND** beta for dividend option is 1.042 which indicates that one percent change in market index return has caused 1.042 per cent change in the stock return. This shows that the stock moves in tandem with the market.

- The negative value of Alpha incase of ICICI PRUDENTIAL **EMERGING STAR FUND** dividend option which has resulted in better returns compared to SBI **EMERGING BUSINESS FUND.**

- The larger the Sharpe ratio, better the fund is performing. So, the ICICI PRUDENTIAL **POWER PLAN** fund has a greater Sharpe ratio compared to SBI **MAGNUM MULTIPLIER 1993 PLUS** in Dividend Option, all options show the positive value, this means funds are performing well.

- Treynor ratio is similar to Sharpe ratio. It also speaks about the risk premium associated with the fund. Higher the ratio better the fund has performed. The only difference between these two schemes is that the Sharpe ratio takes in to account both systematic and unsystematic risk where as Treynor ratio takes in to consideration only systematic risk.

The Recommendations:

- The financial advisory is recommended that they should first analyze the needs of the investors and recommend that fund which fulfills the requirements of the investor. The risk taking ability of the investor should also be analyzed by looking into his income, nature of work, age of the investor, and time period of the investment.
- As Treynor ratio speaks about the risk premium associated with the fund. Higher the ratio better the fund has performed. Compared to the two funds of **SBI & ICICI PRUDENTIAL** the **EMERGING BUSINESS FUND** of **SBI** has a higher Treynor ratio in Growth Fund and dividend fund of **ICICI PRUDENTIAL** which relates to excess return over risk free rate so I would recommend that the advisor should concentrate on these fund & recommend the investors the same.
- If the investor is recommended any of the SBI fund then he should be recommended to invest in **SBI EMERGING BUSINESS FUND** with a growth option, which would give a very good return, and redeem it in between if there is down fall in the market since it is a Sectorial fund.
- For a long term investment in diversified equity fund, **Growth option** in **MAGNUM MULTIPLIER 1993 PLUS of SBI** and **Dividend Option** in **POWER PLAN of ICICI PRUDENTIAL** is good; taking risk into consideration and its past performance has been good.
- Complete information should be provided regularly to the advisors as well as to the investors to keep them updated about developments. As the customers are not aware, the company should see how best it advises the investors and also provide the entire information about the Mutual Fund.

Chapter VI: The Conclusion

CONCLUSION:

The Global market is fast growing in investment business. Countries like US, whole of Europe spread their investment in different investment alternatives with the help of advisory services to recommend investor.

In Indian scenario the investments are spread over Bank Deposits, Savings Certificate, Post Office, Equity Markets and the latest Mutual Fund. Since Mutual Funds are subject to market risk the investor take help of advisory services for financial planning which helps the investor to take calculated risk.

It was in 1995, the scenario got changed when depository act was passed and PAN card details and Demat account was made compulsory for all those investor who are investing a heavy amount. So as to protect the interest of the investors. From July 2 of 2007 it has been made mandatory to have PAN card details, this will enhance the faith of investors in stock market and many investor would come forward to invest in mutual fund .

No doubt, watching the value of investments go down day after day can be pretty tough. However, the pain becomes more bearable if one follows a proper investment plan and invests for the long term. Having a well diversified portfolio as well as a plan to rebalance it from time to time also helps a great deal. No wonder, Mutual fund is considered to be the best way to invest in the stock market.

The mutual fund industry has gained a higher growth in the recent years. There are around 34 Asset Management Companies which are currently operating and the numbers of Mutual funds are over 630 funds, so it is difficult to analyze each and every fund in order to known their riskiness and return. Some tools are used to find risk and return of the fund, which helps an investor to find out their risk.

The schemes taken for study proved to be a good investment avenue for all the investors as the risk associated with these schemes are low and they are yielding a very good return.

The volatility in the market might have affected the ratios but definitely not the performance of the schemes. The schemes have been the one of the best schemes of **SBI MF & ICICI PRUDENTIAL**.

LIMITATIONS:

- ✓ The analysis is done on the basis of past performance of the funds. But the past performance may not be an indicator of future performance.
- ✓ Performance of mutual funds is largely affected by environmental factors, which are beyond the control of investors.
- ✓ I have done the performance evaluation only for Two years (Nov 08-Oct 10); from this data we cannot get the results accurately.
- ✓ I have compared two funds of SBI & ICICI, which may not represent the entire Mutual Fund industry.
- ✓ I have chosen only two mutual fund schemes, whereas there are numerous mutual funds available.
- ✓ I was given a time period of Thirty Days Only, which may not suffice the required tenure to study the MF industry.

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