

A Comparative Analysis of Returns of Selected Banking Sector Large-Cap Mutual Fund Schemes in India

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Abstract

This study conducts a comparative analysis of selected large-cap mutual fund schemes within the Indian banking and financial services sector. Using secondary data from 2018–2022, the research evaluates performance using Net Asset Value (NAV), Sharpe Ratio, Beta, and Portfolio Turnover Ratio across schemes managed by SBI Mutual Fund, HDFC Mutual Fund, ICICI Prudential Mutual Fund, and Axis Mutual Fund. The findings reveal that SBI Blue Chip Fund, HDFC Flexi Cap Fund, and HDFC Top 100 Fund consistently outperformed peers in return generation, while Axis Blue Chip Fund and ICICI Prudential schemes demonstrated lower volatility. The results affirm the risk–return trade-off principle and provide guidance for investors with varying risk appetites.

Keywords: Mutual Funds, Large-Cap Funds, Banking Sector Funds, Sharpe Ratio, Beta, Portfolio Turnover Ratio, NAV Analysis, Risk-Return Relationship, Asset Management Companies (AMCs)

1. Introduction

Mutual funds have become a critical investment mechanism in India due to professional fund management, diversification, and accessibility. Large-cap mutual funds—investing primarily in the top 100 listed firms by market capitalization—are preferred by investors seeking stability and long-term returns. Banking sector funds have gained popularity due to the sector’s resilience, regulatory oversight, and essential role in economic development.

This paper offers a research-oriented, data-driven evaluation of leading large-cap schemes from four major AMCs, contributing to academic literature by combining descriptive analysis with risk-adjusted performance measures.

2. Literature Review

The performance evaluation of mutual funds has been widely studied. Nakum & Damor (2021) analysed equity funds from 2016–2020 using Sharpe, Beta, and Treynor ratios, concluding that most schemes delivered positive returns. Choksi & Bhatt (2020) evaluated 15 large-cap schemes and emphasized the importance of standard deviation and risk-adjusted metrics in identifying suitable funds for investors. Tripathi & Japee (2020) examined diversified fund categories and concluded that large-cap funds generally perform better under high market volatility compared to small-cap schemes. Priyan &

Mohanty (2018) investigated investment styles, finding that more than 90% of large-cap funds conform to benchmark-driven exposure.

Overall, past studies indicate that fund performance varies widely across AMCs, making comparative evaluations essential for investors and policymakers.

3. Research Methodology

3.1 Objectives

1. To conduct a comparative analysis of large-cap mutual fund schemes from selected AMCs.
2. To examine return patterns and risk-adjusted performance using multiple financial ratios.

3.2 Research Design

A descriptive and quantitative research design is adopted, suitable for analysing secondary numerical data.

3.3 Data Source

Secondary data were collected from:

- AMFI official database
- Mutual fund house websites
- Fact sheets and annual reports
- Peer-reviewed journals and financial research articles

3.4 Sample Selection

Four major AMCs were selected:

- SBI Mutual Fund
- HDFC Mutual Fund
- Axis Mutual Fund
- ICICI Prudential Mutual Fund

3.5 Tools & Techniques Used

- NAV Trend Analysis
- Sharpe Ratio (Risk-Adjusted Return)
- Beta Ratio (Volatility Measure)
- Portfolio Turnover Ratio (Portfolio Activity)

4. Data Analysis & Interpretation

This section provides a detailed, data-driven interpretation of NAV movements, risk metrics, and fund performance across the selected mutual fund schemes. All values are evaluated over a five-year period (2018–2022), incorporating macroeconomic events such as the COVID-19 pandemic, sectoral disruptions, and regulatory changes.

4.1 NAV Analysis — Regular Plan (Growth Option)

Net Asset Value (NAV) reflects the per-unit market value of a mutual fund and serves as the basic indicator of return generation. Net Asset Value represents the market value per share for a particular mutual fund. It is calculated by deducting the liabilities from total asset value divided by the number of shares.

The net value of an asset = $(\text{Total asset} - \text{total liabilities}) / \text{total outstanding shares}$

Table 1: NAV Trend (2018–2022)

FUND	In Rs.				
	2018	2019	2020	2021	2022
SBI BLUE CHIP FUND	37.1171	41.3176	45.076	59.8	63.6355
SBI FOCUSED EQUITY FUND	128.5872	152.6884	166.5681	253.7477	229.9982
AXIS BLUE CHIP FUND	27.03	32.05	18.41	20.34	17.6
AXIS FOCUSED 25 FUNDS	26.82	30.75	21.09	23.92	18.82
ICICI PRUDENTIAL BLUECHIP FUND	0	22.17	23.32	27.18	26.59
ICICI PRUDENTIAL FOCUSED EQUITY FUND	0	14.43	16.62	20.77	19.95
HDFC FLEXI CAP FUND	629.619	672.613	715.916	974.891	1153.205
HDFC TOP 100 FUNDS	464.448	500.202	529.797	680.945	753.201

Key Observations:

- SBI Blue Chip Fund displayed consistent NAV growth from ₹37.11 (2018) to ₹63.63 (2022), indicating high long-term wealth creation. Its steady rise reflects strong stock selection in banking, finance, and FMCG sectors.
- HDFC Flexi Cap Fund showed the strongest absolute NAV growth among all schemes, rising from ₹629.61 (2018) to ₹1,153.20 (2022). This rapid appreciation demonstrates the fund’s effective blend of large-cap exposure and dynamic sector rotation.
- Axis Blue Chip Fund experienced substantial NAV volatility, especially in 2020 when the NAV dropped to ₹18.41, primarily due to heavy allocation toward IT and consumer sectors during COVID-19.
- ICICI Prudential Blue-chip Fund remained stable with moderate NAV appreciation, reflecting its conservative portfolio positioning.

Interpretation:

Large-cap schemes-maintained resilience during the pandemic, with strong recovery in 2021. Funds with diversified portfolios (e.g., HDFC Flexi Cap) performed better than those heavily concentrated in IT and consumer goods.

4.2 NAV Analysis — Regular Plan (Dividend Option)

Dividend plans distribute periodic income to investors while still reflecting capital growth.

Table: 2 NAV Trend (Dividend option) (2018-2022)

FUND	In Rs.				
	2018	2019	2020	2021	2022
SBI BLUE CHIP FUND	21.1153	23.505	25.6434	34.0198	36.19999
SBI FOCUSED EQUITY FUND	23.5197	27.928	30.4659	46.4125	42.0683
AXIS BLUE CHIP FUND	15.84	17.05	38.37	46.29	43.67
AXIS FOCUSED 25 FUNDS	18.69	19.31	37.21	46.14	39.45
ICICI PRUDENTIAL BLUECHIP FUND	0	43.99	50.49	65.22	69.69
ICICI PRUDENTIAL FOCUSED EQUITY FUND	0	29.3	36.22	49.29	52.25

HDFC FLEXI CAP FUND	53.163	50.819	46.682	57.512	61.402
HDFC TOP 100 FUNDS	51.347	48.706	44.727	51.787	51.248

Key Observations:

- SBI blue-chip fund showing increasing trend of regular plan Dividend from 2018 to 2022. On the other hand, scheme of SBI focused equity fund is showing growing from year of 2018 to 2021 and afterwards showing decline in 2022. It means SBI focused equity and blue-chip fund are giving regular plan dividend to the investors.
- HDFC Flexi Cap Fund recorded the highest dividend-option NAV in 2022 (₹61.40), underscoring its robust profitability and stable dividend policy.
- Axis Blue Chip and Axis Focused 25 Funds peaked in 2021 due to post-COVID market optimism.
- ICICI prudential blue-chip fund of regular plan dividend is Rs.43.99 for year 2018 and after, it shows increases. On the other hand, regular plan dividend for ICICI prudential focused equity fund is showing growing from the year of 2018 to 2022. It means they are providing regular plan dividend in constantly basis to the investors.
- SBI Focused Equity Fund showed dip in 2022 after high 2021 gains, due to reduced exposure to auto and IT sectors.

Interpretation:

Dividend NAV trends closely mirror total-return performance. Funds that maintain diversified, high-quality portfolios demonstrate more stable dividend NAV growth.

4.3 Beta Ratio Analysis (Risk & Volatility Assessment)

Beta measures sensitivity of a fund relative to market ($\beta = 1 =$ market-level risk).

Table 3: Beta Trend (2018–2022)

In terms of Ratio					
FUND	2018	2019	2020	2021	2022
SBI BLUE CHIP FUND	0.89	0.94	1	1.01	0.99
SBI FOCUSED EQUITY FUND	0.84	0.89	0.89	0.87	0.84
AXIS BLUE CHIP FUND	0.91	0.83	0.75	0.75	0.85
AXIS FOCUSED 25 FUND	1.07	0.96	0.93	0.9	0.93
ICICI PRUDENTIAL BLUECHIP FUND	0	0.88	0.95	0.96	0.95
ICICI PRUDENTIAL FOCUSED EQUITY FUND	0	0.7	0.76	0.81	0.83
HDFC FLEXI CAP FUND	1.129	1.084	1.046	1.081	1.036
HDFC TOP 100 FUNDS	1.071	1.059	1.02	1.048	1.008

Key Observations:

- Any beta less than 1 denotes lower volatility and higher than 1 denotes more volatility compared to the benchmark index.
- The beta of SBI blue-chip fund is 0.89 and 0.94 for the year of 2018 and 2019 which means the fund is low volatile. On the other hand, the beta for 2021 is 1.01 which means it has high risky compared to other years. The scheme of SBI focused equity fund shows that all five years from the period 2018 to 2022 beta’s sensitivity was less volatile.

- Axis Blue Chip Fund consistently maintained Beta < 1 (0.75–0.91), making it one of the least volatile among peers.
- ICICI Prudential Blue-chip & Focused Funds also maintained low Beta throughout the period, indicating stable, defensive portfolio structures.
- HDFC Flexi Cap Fund reported Beta > 1 in most years, reflecting aggressive stock selection and higher exposure to cyclical sectors.
- Axis blue-chip fund, ICICI prudential blue-chip fund and ICICI prudential focused equity funds are best scheme because of the less volatility that means there are less risky compared to other schemes.

Interpretation:

Funds with Beta < 1 are ideal for risk-averse investors. Axis and ICICI funds provide stability, while HDFC and SBI funds offer aggressive growth potential.

4.4 Sharpe Ratio Analysis (Risk-Adjusted Returns)

Sharpe Ratio highlights how efficiently a fund converts risk into returns. Sharpe ratio considers the inherent risk in an investment, i.e., the standard deviation. Therefore, the Sharpe ratio helps understand the return yielding capacity of a fund for every unit of risk it takes. The Sharpe ratio is calculated by dividing the average investment return minus the risk-free rate of return by the standard deviation of the investment’s returns.

Sharpe Ratio = (Mutual Fund Returns – Risk Free Rate) / Standard Deviation

Usually, any Sharpe ratio greater than 1.0 is considered acceptable to good by investors.

- A ratio higher than 2.0 is rated as very good.
- A ratio of 3.0 or higher is considered excellent.
- A ratio under 1.0 is considered sub-optimal.

Table 4: Sharpe Ratio Trend (2018–2022)

In terms of Ratio					
FUND	2018	2019	2020	2021	2022
SBI BLUE CHIP FUND	0.26	0.46	0.23	0.68	0.46
SBI FOCUSED EQUITY FUND	0.39	0.71	0.32	1.06	0.44
AXIS BLUE CHIP FUND	0.4	1.33	0.66	0.92	0.26
AXIS FOCUSED 25 FUNDS	0.51	0.96	0.45	0.79	0.11
ICICI PRUDENTIAL BLUECHIP FUND	0	0.62	0.28	0.7	0.51
ICICI PRUDENTIAL FOCUSED EQUITY FUND	0	0.14	0.26	0.85	0.76
HDFC FLEXI CAP FUND	0.087	0.139	0.032	0.165	0.17
HDFC TOP 100 FUNDS	0.098	0.153	0.045	0.149	0.123

Key Observations:

- SBI Focused Equity Fund achieved exceptionally high Sharpe Ratio in 2021 (1.06), indicating excellent risk-adjusted performance.
- Axis Blue Chip Fund displayed a Sharpe Ratio of 1.33 in 2019 — the highest across all schemes during the study period.

- ICICI Prudential Funds improved steadily across years, particularly in 2021–2022 due to strong IT and energy sector performance.
- HDFC funds showed moderate Sharpe ratios, reflecting steady but not outsized risk-adjusted returns.

Interpretation:

Consistent positive Sharpe Ratios indicate that the selected schemes successfully generated returns above risk-free rates. Axis and SBI schemes particularly outperformed in risk-adjusted terms.

4.5 Portfolio Turnover Ratio Analysis (Trading Activity Efficiency)

Portfolio Turnover Ratio indicates how frequently fund managers buy or sell holdings. The portfolio turnover ratio is the rate of which assets in a fund are bought and sold by the portfolio managers.

Portfolio Turnover Ratio = Minimum securities bought or sold / Average AUM of the fund.

If portfolio turnover ratio is low, it is better because there is a lower transaction cost and the fund manager is confident about stock purchases.

Table 5: Portfolio Turnover Ratio (2018–2022)

In terms of Times					
FUND	2018	2019	2020	2021	2022
SBI BLUE CHIP FUND	0.81	0.3	0.23	0.09	0.1
SBI FOCUSED EQUITY FUND	0.59	1.07	0.85	0.46	0.28
AXIS BLUE CHIP FUND	1.71	0.84	0.67	0.49	0.36
AXIS FOCUSED 25 FUNDS	1.24	0.97	1.46	1.34	1.58
ICICI PRUDENTIAL BLUECHIP FUND	0	1.31	0.29	0.21	0.26
ICICI PRUDENTIAL FOCUSED EQUITY FUND	0	0.63	0.2	0.59	0.66
HDFC FLEXI CAP FUND	0.25	0.21	0.34	0.25	0.39
HDFC TOP 100 FUNDS	0.24	0.12	0.37	0.17	0.14

Key observations:

- SBI Blue Chip Fund had one of the lowest turnover ratios (0.09 in 2021), indicating stable, long-term investment strategy.
- Axis Focused 25 Fund recorded high turnover (1.58 in 2022), reflecting an aggressive, high-churn strategy.
- HDFC Flexi Cap & HDFC Top 100 Funds maintained low turnover ratios (0.12–0.39), aligning with long-term wealth creation.
- ICICI Funds demonstrated moderate turnover patterns, signalling active management but not excessive churn.

Interpretation:

Low turnover reduces transaction costs and enhances returns. SBI and HDFC schemes score better in this regard, whereas Axis Focused Fund incurs higher trading costs.

4.6 Integrated Comparative Assessment

Combining NAV growth, risk indicators, and turnover ratios:

1. Best overall performer (returns): HDFC Flexi Cap Fund

2. Most stable (low volatility): Axis Blue Chip Fund
3. Best risk-adjusted return: SBI Focused Equity Fund
4. Most cost-efficient (low turnover): SBI Blue Chip Fund
5. Best balanced performer: ICICI Prudential Blue-chip Fund

The analysis confirms that no single fund leads in all parameters, reinforcing the importance of goal-based fund selection.

5. Results & Findings

1. SBI and HDFC schemes delivered superior long-term returns.
2. Axis and ICICI schemes showed lower risk (Beta), suitable for conservative investors.
3. The COVID-19 period caused temporary NAV volatility, but resilient recovery followed.
4. Sectoral allocation (Finance, IT, Energy) strongly influenced performance.
5. Risk-return alignment was clearly visible—higher Sharpe ratios corresponded with higher risk exposures.

6. Conclusion

For the Calculation purpose the study uses data for the 5 years' time period which is 2018- 2022. For the Specific years we have taken the last month of years figures for every mutual fund Scheme.

As per the regular plan growth the SBI Blue chip fund, HDFC flexi cap fund and HDFC top 100 funds are best yielding return schemes. As per the regular plan divided the SBI blue chip fund, HDFC flexi cap fund and HDFC top 100 funds are best yielding return schemes. As per the Beta ratio, Axis blue-chip fund, ICICI prudential blue-chip fund and ICICI prudential focused equity funds are less risky that is less volatility shown schemes. As per the Sharpe Ratio, SBI focused equity fund, Axis blue-chip fund and Axis focused 25 funds are showing higher ration which means worth investing schemes with better risk adjusted return performance. As per the Portfolio turnover ratio, SBI blue chip fund, SBI focused equity fund, HDFC flexi cap fund and HDFC top 100 funds are reflecting low turnover cost compared to others scheme.

Thus, the comparative analysis reveals clear distinctions across selected mutual fund schemes. SBI Blue Chip Fund and HDFC Flexi Cap Fund emerge as the strongest performers in return generation, whereas ICICI and Axis funds demonstrate superior risk management and lower volatility. The study reinforces the classical investment principle: higher returns require higher risk exposure. The findings provide practical insights for both aggressive and conservative investors seeking exposure to large-cap Indian equity markets.

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