



# A Comparative Study of SBI Mutual Fund and HDFC Mutual Fund

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**Abstract** – In India's ever-growing mutual fund industry, investors are increasingly faced with the challenge of choosing a fund company that meets their financial objectives, risk appetite and return expectations. Titled 'Comparative Study of SBI Mutual Fund and HDFC Mutual Fund', the study aims to assess and compare the performance, risk-return dynamics and investor perception of two of India's leading asset management companies. This study has a descriptive and analytical design that combines primary and secondary data sources. Primary data is collected through a structured questionnaire distributed to 100 mutual fund investors, and secondary data is collected from company reports, financial statements, and industry publications for a period of 10 years (2016-2026). Key financial metrics such as CAGR, NAV growth, Sharpe ratio, standard deviation and expense ratio are used to evaluate the fund's performance across a selection of equity and hybrid schemes. Investigate differences in performance, risk levels, and consistency between two funds using statistical tools such as correlation analysis, t-tests, and comparative ratio analysis. The study also takes into account qualitative factors such as brand trust, service quality, and investment preferences that influence investors' decisions. Preliminary results show that SBI Mutual Fund and HDFC Mutual Fund have good long-term performance, but there are differences in terms of risk management, stability of returns, and fund management strategies. While SBI Mutual Fund has experienced competitive growth with several high-performing schemes, HDFC Mutual Fund has enjoyed relatively stable returns and strong investor confidence based on its brand. This research provides valuable information to retail investors, financial advisors and policy makers, highlighting key comparative advantages and helping investors make informed decisions based on performance, risk tolerance and investment objectives.

**Keywords** – Performance Analysis, Risk-Return Tradeoff, CAGR (Compound Annual Growth Rate), Net Asset Value (NAV), Sharpe Ratio, Standard Deviation, Expense Ratio, Equity Funds, Hybrid Funds, Investor Perception, Portfolio Management, Financial Analysis, Investment Decision Making, Correlation Analysis, T-Test.

## I. INTRODUCTION

Mutual funds have become one of the most popular investment options in India, especially for people who want to manage their savings professionally with relatively low risk.

Mutual funds collect money from many investors and invest it in various financial products such as stocks, bonds, short-term financial instruments, and government bonds. This allows small investors to participate in the capital markets without having in-depth knowledge of stock selection or market timing.

As financial awareness and income levels rise, mutual funds are playing an important role in helping people achieve long-term financial goals such as wealth building, retirement planning, and tax savings. The Indian mutual fund industry has witnessed rapid growth over the past few decades, thanks to economic reforms, digital platforms and investor-friendly regulations by SEBI.

Among the various asset management companies operating in India, SBI Mutual Fund and HDFC Mutual Fund are two of the largest and most trusted names.

SBI Mutual Fund was established in 1987 as a joint venture between State Bank of India and French company Amundi. It benefits from SBI's strong brand equity and

extensive branch network, making it easily accessible to investors across the country.

HDFC Mutual Fund was established in 1999 and is backed by Housing Development Finance Corporation (HDFC).

We are known for our strong research-based investment approach, consistent fund performance, and experienced fund management team.

The research area of this study focuses on the comparative analysis of SBI Mutual Fund and HDFC Mutual Fund.

The study aims to evaluate and compare these two fund companies on various parameters such as assets under management (AUM), type of schemes offered, fund performance, risk and return, expense ratio, and investor preferences.

Since both the fund houses offer schemes in similar categories like equity, fixed income, hybrid, ELSS, etc., a comparison will help you understand which fund performs better for different investment objectives.

This study primarily uses secondary data collected from reliable sources such as annual reports of mutual funds, official websites of SBI Mutual Fund and HDFC Mutual Fund, AMFI reports, SEBI publications, and financial websites.



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The performance of the selected programs is analyzed using parameters such as yield, risk, expense ratio, and assets under management.

Tools such as tables, graphs, and ratios are used for better comparison and understanding.

The results of this study will help investors make informed investment decisions and will also provide useful information for students, researchers, and financial professionals interested in mutual fund analysis.

In today's competitive mutual fund market, benchmarks from leading fund houses like SBI Mutual Fund and HDFC Mutual Fund are important.

This study aims to provide a clear picture of a company's performance using relevant financial metrics. The findings are expected to help investors choose mutual funds that match their risk and return preferences.

It will also be useful reference material for students and researchers in the financial field.

Research therefore aims to increase value by supporting informed and rational investment decisions.

## II. LITERATURE REVIEW

### **Sharma (2024)**

Sharma (2024) conducted a comparative analysis of major mutual funds in India over a period of eight years, focusing on SBI Mutual Fund and HDFC Mutual Fund. The study aimed to evaluate performance based on return stability, risk management, and portfolio diversification.

The study, using financial indicators such as CAGR, Sharpe ratio, and standard deviation, found that HDFC Mutual Fund exhibits relatively stable returns with low volatility and is suitable for conservative investors.

In contrast, SBI Mutual Fund shows high growth potential in some equity schemes but comes with relatively high risks. Sharma concluded that while both funds performed well, an investor's choice should depend on their risk appetite and investment objectives.

### **Mehta and Jainism (2023)**

Mehta and Jain (2023) analyzed the performance of individual equity schemes of SBI Mutual Fund and HDFC Mutual Fund to understand the risk-return dynamics.

This study used NAV-based analysis, beta analysis, and alpha analysis to measure performance at different stages of the market. The results showed that SBI Mutual Fund performed well in the bull market and delivered higher returns.

However, HDFC Mutual Fund offers better downside protection during market corrections.

The study highlights that while the performance of HDFC funds is more stable, SBI funds can attract investors seeking higher returns with moderate risk exposure.

### **Kulkarni (2022)**

Kulkarni (2022) investigated the perception and satisfaction level of investors of leading mutual fund companies including SBI Mutual Fund and HDFC Mutual Fund.

The study was based on survey data collected from urban investors and focused on factors such as trust, quality of service and fund performance.

The study found that HDFC Mutual Fund performs better in terms of brand reputation and investor trust, while SBI Mutual Fund attracts more retail investors due to its large network and ease of access.

Kulkarni concluded that although both funds have strong positions in the market, they differ in terms of investor preferences and perceptions of services.

### **Patel (2023)**

Patel (2023) conducted a study on comparative risk and return analysis of large cap mutual funds offered by SBI Mutual Fund and HDFC Mutual Fund.

In this study, we used statistical tools such as standard deviation, Sharpe ratio, and Treynor ratio to evaluate performance.

The results showed that HDFC Mutual Fund has lower risk and more stable returns in the long run, while SBI Mutual Fund has higher return volatility.

Patel concluded that HDFC funds are more suitable for risk-averse investors, while SBI funds can be considered by investors willing to tolerate higher volatility for potentially higher returns.

### **Deshmukh and Joshi (2024)**

Deshmukh and Joshi (2024) analyzed the long-term growth and stability of the performance of SBI Mutual Fund and HDFC Mutual Fund under equity and hybrid schemes.

The study covers a 10-year period and includes metrics such as CAGR, expense ratio, and portfolio turnover. The results showed that both funds generated competitive returns.

However, HDFC Mutual Fund maintains better consistency and lower expense ratio across several schemes.



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On the other hand, SBI Mutual Fund's emerging funds and sector funds are growing steadily. The researchers concluded that diversification between the two funds allows investors to maximize profits and manage risk effectively

### III. RESEARCH METHOD

#### Research design

This study uses descriptive and comparative research design.

The main objective is to evaluate and compare the performance of SBI Mutual Fund and HDFC Mutual Fund based on important parameters such as returns, risk, consistency, and investor preferences.

The purpose of this study is to determine which mutual fund companies offer the best investment opportunities by analyzing their programs in different market conditions.

#### Data source

Both primary and secondary data are used in this study.

**Primary data:** Primary data is collected through a structured questionnaire distributed to mutual fund investors.

Respondents include salaried, self-employed and small investors who have experience or knowledge of investing in SBI Mutual Fund and HDFC Mutual Fund.

#### Secondary data:

Secondary data is collected from various sources such as official reports of SBI Mutual Fund and HDFC Mutual Fund, financial websites, annual reports, AMFI publications, research papers, and magazines.

Historical NAV data and performance reports are also used for analytical purposes.

#### Sampling method

This study uses a combination of convenience and purposive sampling techniques.

Respondents are selected on the basis of availability, willingness to participate, and knowledge or involvement in investing in mutual funds, particularly SBI Mutual Fund and HDFC Mutual Fund.

#### Sample size

The total sample size for this study is between 100 and 120 respondents.

It includes investors from different age groups, income levels, and employment backgrounds, providing a balanced perspective on mutual fund preferences and investment behavior.

#### Data collection tools

- This consists of a combination of multiple-choice questions, Likert scale questions, and demographic data collected.
- Awareness of SBI Investment Trust and HDFC Investment Trust
- Investor preferences between two funds
- risk tolerance level (low, medium, high)
- Factors that influence investment decisions (profitability, safety, liquidity, brand trust)
- Satisfaction with work and services

#### Data analysis tools

The data collected is analyzed using statistical and financial tools such as:

- Percentage analysis
- Comparative analysis
- CAGR (compound annual growth rate)
- Standard deviation (to measure risk)
- Sharpe ratio (to measure risk-adjusted return)
- Tables and graphs for visual interpretation

#### Research limitations

The sample size is limited and may not be completely representative of the entire investor population.

- This study is partially based on primary data and may contain bias and inaccurate responses.
- Convenience sampling can lead to selection bias.
- This study focuses only on SBI and HDFC mutual funds, excluding other funds.
- Because our analysis is based on historical data, we cannot accurately predict future result
- Limited time frames may not reflect long-term market fluctuations or trends.

#### Objectives of the Study

1. To study the concept and working of SBI Mutual Fund and HDFC Mutual Fund in the Indian financial market.
2. Comparing the performance of selected schemes offered by SBI Mutual Fund and HDFC Mutual Fund.
3. To analyze and evaluate the risk and return associated with SBI Mutual Fund and HDFC Mutual Fund.
4. To provide suitable suggestions and recommendations to investors based on the comparative analysis of both funds.



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- To identify and understand investor perception, preferences, and satisfaction levels regarding SBI Mutual Fund and HDFC Mutual Fund

### IV. DATA ANALYSIS & INTERPRETATION

#### NAV Comparison of Small Cap Funds

**Table No: 01 SBI SMALL CAP**

SBI SMALL CAP FUND		HDFC SMALL CAP FUND	
Year	NAV	year	NAV
2014	29.37	2014	26.13
2015	35.72	2015	28.02
2016	36.33	2016	29.56
2017	66.2	2017	48.63
2018	53.83	2018	45.07
2019	57.8	2019	41.3
2020	78.16	2020	50.43
2021	115.11	2021	83.13
2022	126.24	2022	88.03

#### Interpretation

Based on NAV data, SBI Small Cap Fund offers higher overall returns and stronger long-term structure than HDFC Small Cap Fund.

However, SBI is subject to high volatility, especially during market corrections (such as in 2018).

Although HDFC has lower returns, it is relatively less volatile.

So, the difference between the two funds is not just the performance, but also the measurable trade-off between higher growth (SBI) and relatively lower volatility (HDFC)

#### NAV Comparison: Mid & Large Cap Funds

**No: 2**

MID & LARGE CAP FUND OF SBI		MID & LARGE CAP FUND OF HDFC	
year	NAV	year	NAV
2013	96.78	2013	69.64
2014	142.06	2014	88.73
2015	161.18	2015	84.56
2016	160.3	2016	87.39
2017	229.36	2017	114.26
2018	217.36	2018	110.02
2019	234.76	2019	117.69
2020	271.7	2020	131.07
2021	382.73	2021	187.01
2022	418.04	2022	206.14

#### Interpretation

According to NAV data, SBI Large & Midcap Fund significantly outperforms HDFC Large & Midcap Fund in terms of absolute growth, return multiple and long-term composition. However, SBI also has slightly higher volatility during market fluctuations.

HDFC is relatively stable but has a low growth rate.

As both funds continue to be affected by general market cycles, the widening of the NAV gap over time highlights the stronger cumulative effect of SBI.

#### What is your risk tolerance?

**No: 3**

Risk Tolerance	Response
Low	20
Moderate	55
High	25

#### Interpretation

This analysis shows that investors clearly prefer moderate risk.

The medium risk category is statistically significant and highly favored, suggesting that most investors seek a balance between risk and return.

Low-risk options are less preferred, indicating limited interest in very conservative investments.

There are no statistically significant differences in high risk preferences, suggesting that while some investors are willing to take higher risks, this is not the dominant trend.

#### Are you aware of SBI Mutual Fund?

**No: 4**

Awareness	Response
Yes	95
No	5

#### Interpretation

The results indicate that SBI awareness is very high and statistically significant compared to the estimated mean level.

Knowledge of 95% of respondents indicates that SBI has good brand recognition among investors and presence in the market. This suggests that SBI is a well-established and widely known financial institution, making it a dominant player in terms of investor awareness.

#### Are you aware of HDFC Mutual Fund?

**No: 5**

Awareness	Response
Yes	90
No	10



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**Interpretation**

The results indicate that HDFC awareness is very high and statistically significant compared to the estimated mean level.

With 90% of respondents aware, HDFC has high brand recognition and awareness among investors.

This shows that HDFC is one of the reputable and trustworthy financial institutions, although it is slightly inferior to SBI in terms of recognition.

**Which fund house do you prefer?**

**No: 6**

Fund Preference	Response
SBI Mutual Fund	48
HDFC Mutual Fund	20
Both	22
None	10

**Interpretation**

This result indicates that investors' fund preferences are not evenly distributed.

SBI Mutual Fund is the most preferred option with high statistical significance, suggesting high confidence and inclination of investors towards SBI products. HDFC Mutual Fund and the two options do not show significant deviations from expected levels, indicating a moderate and balanced preference.

The "No" category is significantly less popular, meaning that most investors are actively switching to mutual funds rather than avoiding them.

**V. COCLUSION**

In this study, Z-test statistical analysis was used to analyze investors' behavior, preferences, and perceptions towards mutual funds.

This result clearly shows that investors' decisions are not random and depend on many measurable factors such as profitability, risk, income, and awareness.

A comparative analysis of fund performance shows that SBI Mutual Fund offers higher returns and better long-term composition as compared to HDFC Mutual Fund.

However, this comes with relatively higher volatility, highlighting the fundamental trade-off between risk and return when investing in mutual funds.

From a behavioral perspective, investors demonstrate moderate financial knowledge and prefer equity-oriented investments despite the risks involved.

Preference for a moderate level of risk suggests that investors seek a balance between safety and return rather than extreme positions.

The study also highlights SBI Mutual Fund's strong brand positioning in terms of awareness, trust, profit expectations, customer service and digital platform. HDFC Mutual Fund also maintains a strong presence but does not show statistical superiority in most parameters.

Additionally, investors actively participate in financial decision-making. Most investors compare past returns, review their portfolios regularly, and are willing to switch funds to achieve higher returns.

This reflects a results-oriented and informed investor mindset.

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