

STUDY OF FUND PERFORMANCE ANALYSIS OF SELECTED EQUITY HYBRID MUTUAL FUNDS IN INDIA

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Abstract

The presented study analyses the financial performance, risk-return analysis, and portfolio analysis of SBI Equity Hybrid Fund and Aditya Birla Sun Life Balanced Advantage Fund in India for 2023–2024 using secondary data. Hybrid funds play a crucial role in portfolio diversification by balancing risk and return through a mix of equity and debt instruments. The research evaluates returns, volatility, and risk-adjusted performance using key financial metrics such as Sharpe Ratio, Standard Deviation, Beta, and Alpha, along with a comparative assessment against benchmark indices. The findings reveal distinct risk-return profiles, with SBI Equity Hybrid Fund demonstrating higher stability and Aditya Birla Sun Life Balanced Advantage Fund offering aggressive growth potential. However, market fluctuations, interest rate movements, and economic factors significantly influence performance. The study concludes that selecting the right hybrid fund depends on an investor's risk appetite and financial goals, emphasizing the need for continuous monitoring and evaluation to align investments with market conditions.

Keywords: Hybrid Funds, SBI Equity Hybrid Fund, Aditya Birla Sun Life Equity Balanced Advantage Fund, Risk-Return Analysis, Portfolio Performance, Financial Markets, Investment Strategies.

Introduction

Financial markets play a pivotal role in economic development by facilitating capital formation and offering diverse investment opportunities (Mishkin, 2021). Hybrid mutual funds have gained traction as they balance risk and return through diversified asset allocation, integrating both equity and debt instruments to provide stability and growth potential (Bodie, 2020). The mutual fund industry in India has witnessed significant expansion, driven by economic growth, increasing retail participation, and regulatory advancements introduced by SEBI (Sarkar, 2022). Given prevailing global economic uncertainties, inflationary pressures, and geopolitical risks, financial markets have experienced heightened volatility, making risk management crucial for investment decision-making (Rajan, 2021).

This study examines the SBI Equity Hybrid Fund and Aditya Birla Sun Life Balanced Advantage Fund, two well-established hybrid mutual funds in India, to analyze their risk-return dynamics, performance efficiency, and regulatory compliance (Chakrabarti, 2021). By assessing their strategic asset allocation models, this research aims to understand how these funds navigate market risks and ensure consistent investor returns (Banerjee, 2020). Furthermore, it evaluates their adherence to SEBI regulations, which enforce stringent classification norms and investor protection policies to enhance transparency and governance in mutual fund investments (SEBI, 2018).

Financial performance is assessed using Sharpe Ratio, Standard Deviation, Beta, and to measure risk-adjusted returns, volatility, market sensitivity, and excess returns (Fama, 2015). Benchmark analysis evaluates stability and effectiveness (Markowitz, 1952). This study links financial theory with real-world mutual fund performance, highlighting macroeconomic impacts, investor behavior, and global trends.

Review of Literature

(Ramanathan, 2023) examined the performance of five Hybrid Equity Mutual Funds and found that market index fluctuations significantly impacted NAV returns, with downturns in 2019–2020 leading to lower returns, while subsequent rebounds improved fund performance. Similarly, (Jesrani, 2023) highlighted variations in equity mutual fund performance in India, reinforcing the need for effective fund management and continuous monitoring to achieve superior risk-adjusted returns.

(Aisharya Ghosh, 2018) assessed hybrid equity mutual funds using financial metrics such as Standard Deviation, Beta, and R-Squared, concluding that market trends, fund management strategies, and expense ratios play a crucial role in return generation. The significance of performance evaluation metrics was further emphasized by (Shivam Tripathi, 2020), who examined 15 key performance indicators and found that Jensen's Alpha, Beta, Standard Deviation, and the Sharpe Ratio were critical in fund evaluation. (Sharma)

conducted a comparative analysis of small-cap, mid-cap, and large-cap funds through SIPs and suggested that investors should align their choices with financial goals and risk tolerance.

Research Problem and Objectives

Investors often find it challenging to choose the right mutual funds due to complex structures, varying risk levels, and unpredictable market conditions. Equity hybrid mutual funds, which combine both equity and debt investments, aim to balance risk and returns. However, they are not as extensively analysed as pure equity or debt funds. The lack of clear benchmarks, complex asset allocation strategies, and limited transparency in fund management make investment decisions even more difficult.

This study examines the performance of equity hybrid mutual funds in India, focusing on their risk-adjusted returns, suitability for different types of investors, and key challenges in assessing their performance. By addressing these issues, the research aims to provide useful insights for investors and fund managers, helping them make informed decisions and improve evaluation

methods for hybrid funds. These are the following objectives are the study:

- 1) To assess the financial performance of selected hybrid equity mutual funds SBI Equity Hybrid Fund and Aditya Birla Sun Life Balanced Advantage Fund in India.
- 2) To analysis the risk-return characteristics of these funds using key financial indicators.
- 3) To examine the portfolio composition of these funds based on important financial metrics.

Research Methodology

This study adopts a descriptive research design to analyze the risk-return profiles, performance trends, and asset allocation strategies of selected hybrid equity mutual funds. It relies on secondary data from official fact sheets, monthly reports, and financial disclosures of SBI Mutual Fund and Aditya Birla Sun Life Mutual Fund (2023–2024). Key financial metrics include Rate of Return, Beta, Standard Deviation, Sharpe Ratio, and Treynor Ratio. The study focuses on mutual funds registered under AMFI India, selecting SBI Equity Hybrid Direct Plan Growth Fund and Aditya Birla Sun Life Balanced Advantage Direct Plan Fund using simple random sampling for the financial year 2023–2024.

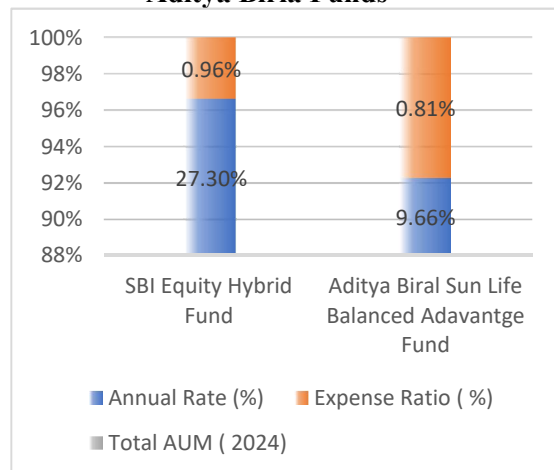
Analysis Data and Interpretation

- 1) The financial performance of the SBI Equity Hybrid Fund – Direct Plan Growth and the Aditya Birla Sun Life Balanced Advantage Fund is analysed for the period 2023-2024.

Table 01: Financial Analysis of SBI and Aditya Birla Funds

Metrics	SBI Equity Hybrid Fund	Aditya Birla Sun Life Balanced Advantage Fund
NAV (2023)	Rs 198.16	Rs 50.32
NAV (2024)	Rs 252.28	Rs. 55.18
Annual Rate (%)	27.30%	9.66%
Expense Ratio (%)	0.96%	0.81%
Total AUM (2024)	Rs. 67,196.19 crores	Rs 11,238.41 crores

Graph 01: Financial Analysis of SBI and Aditya Birla Funds



(Source: Secondary Data)

The financial performance analysis of the SBI Equity Hybrid Fund and Aditya Birla Sun Life Balanced Advantage Fund for 2023-2024 shows that SBI performed better than Aditya Birla in key financial aspects.

SBI's NAV (Net Asset Value) increased from ₹198.16 to ₹252.28, while Aditya Birla's NAV rose from ₹50.32 to ₹55.18. SBI had a 27.30% return, which was much higher than Aditya Birla's 9.66% return. The expense ratio (a fee charged by the fund) for SBI was 0.96%, slightly more than Aditya

Table: 02 Risk-Return Analysis SBI and Aditya Birla Fund

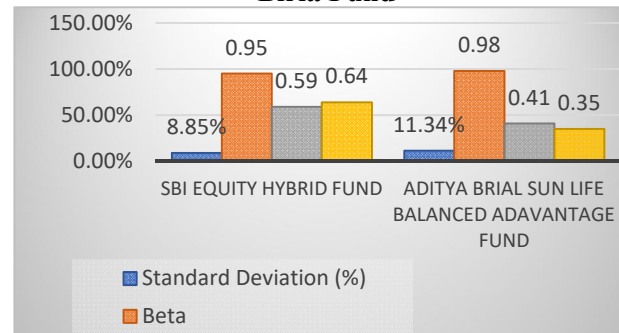
Metrics	SBI Equity Hybrid Fund	Aditya Birla Sun life Balanced Advantage Fund
Standard Deviation (%)	8.85%	11.34%
Beta	0.95	0.98
Sharp Ratio	0.59	0.41
Treynor Ratio	0.64	0.35

The Risk-Return Analysis shows that Aditya Birla Sun Life Balanced Advantage Fund has higher volatility (11.34%) than SBI Equity Hybrid Fund (8.85%), indicating greater risk. Despite similar market sensitivity (Beta: SBI - 0.95, Aditya Birla - 0.98), SBI offers better risk-adjusted returns, with a higher Sharpe Ratio (0.59 vs. 0.41) and Treynor Ratio (0.64 vs. 0.35). This makes SBI more suitable

Birla's 0.81%, which slightly reduced net earnings for investors. SBI's AUM (Assets Under Management) in 2024 was ₹67,196.19 crores, far higher than Aditya Birla's ₹11,238.41 crores, showing that more investors trusted SBI.

2) Risk-return analysis of (SBI Mutual Fund, Aditya Birla Sun Life Mutual Fund, 2023-2024) using metrics like Beta, Standard Deviation, Sharpe Ratio, and Treynor Ratio, offering insights into their risk-adjusted performances.

Table: 02 Risk-Return Analysis SBI and Aditya Birla Fund



Source: Secondary Data)

for risk-averse investors, while Aditya Birla appeals to those with higher risk tolerance.

These findings align with studies on volatility, risk-adjusted returns, and fund management efficiency, reinforcing SBI's lower risk and superior performance.

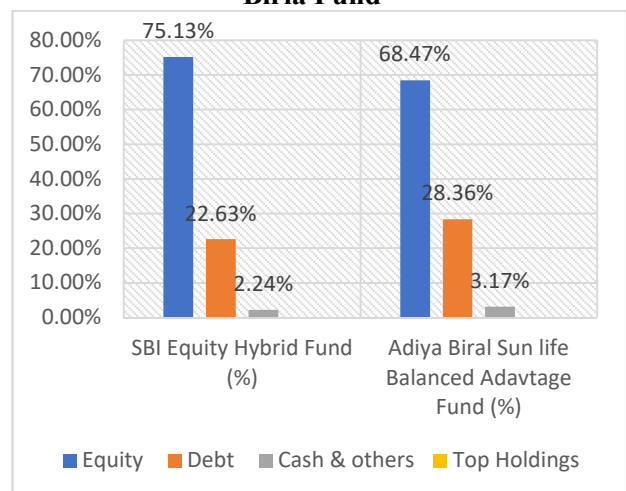
3) Portfolio composition analysis of SBI & Aditya Birla Sun Life Mutual Funds, focusing on asset allocation & diversification strategies.

Table 03: Portfolio Analysis SBI and Aditya Birla Fund

Category of Investment	SBI Equity Hybrid Fund (%)	Aditya Birla Sun life Balanced Advantage Fund (%)
Equity	75.13%	68.47%
Debt	22.63%	28.36%
Cash & others	2.24%	3.17%
Top Holdings	ICICI Bank, Reliance, Bharti Airtel, SBI, HDFC Bank	Infosys, HDFC Bank, Reliance, Bharti Airtel, ICICI Bank

(Source: Secondary Data)

Graph 03: Portfolio Analysis SBI and Aditya Birla Fund



The SBI Equity Hybrid Fund, with 75.13% equity allocation, follows a growth-focused strategy for capital appreciation, while Aditya Birla Sun Life Balanced Advantage Fund takes a conservative approach with 68.47% in equity and 28.36% in debt for balanced risk and return. Both funds hold minimal cash, indicating active management. Despite sharing top holdings like Reliance and HDFC Bank, their asset allocation reflects different risk profile SBI suits growth-focused investors, while Aditya Birla is better for risk-averse investors seeking stability.

Conclusion

The SBI Equity Hybrid Fund, with 75.13% equity allocation, follows a growth-focused strategy for capital appreciation, while Aditya Birla Sun Life Balanced Advantage Fund takes a conservative approach with 68.47% in equity and 28.36% in debt for balanced risk and return. Both funds hold minimal cash, indicating active management. Despite sharing top holdings like Reliance and HDFC Bank, their asset allocation reflects different risk profile SBI suits growth-focused investors, while Aditya Birla is better for risk-averse investors seeking stability.

Suggestion & Recommendation

SBI Equity Hybrid Fund, with a 75.13% equity allocation, is ideal for investors seeking high long-term returns and capital appreciation. Its strong risk-adjusted performance (Sharpe: 0.59, Treynor: 0.64), lower volatility (8.85%), and 27.30% return in 2023-24 make it a well-balanced choice for growth-focused investors. Its large AUM (₹67,196.19 crores) further reflects strong investor confidence.

Aditya Birla Sun Life Balanced Advantage Fund, with a 28.36% debt allocation, is better suited for conservative investors prioritizing stability. Its dynamic asset allocation helps manage risk, though its 9.66% return in 2023-24 and moderate volatility (11.34%) indicate limited upside potential. Overall, SBI Equity Hybrid Fund is recommended for

investors willing to accept moderate risk for higher returns, while Aditya Birla's fund is preferable for those seeking lower volatility and capital protection.

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