

## SBI FOCUSED EQUITY FUND

### Analysis Report

**Basic Fund & Scheme Details:**

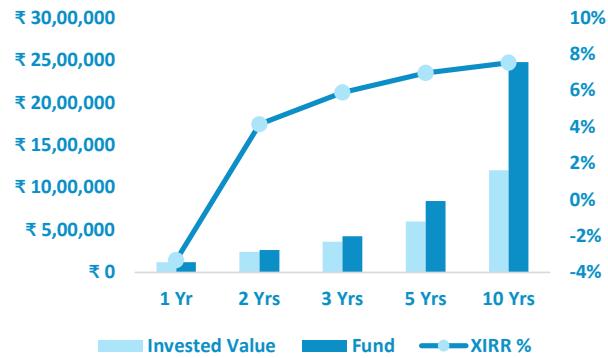
Inception Date:	01/Oct/2004
AUM (in cr.) as on 14th March, 2025:	₹ 32,929.2
Plan Type:	Regular Growth Plan
Asset Class:	Equity
Scheme Type - Market -Cap:	Multi-Cap
Benchmark:	BSE 500 TRI
Expense Ratio:	1.59%
Exit Load:	1.00%
Riskometer	Very High
Fund Manager (s):	R. Srinivasan

**Investment Philosophy:**

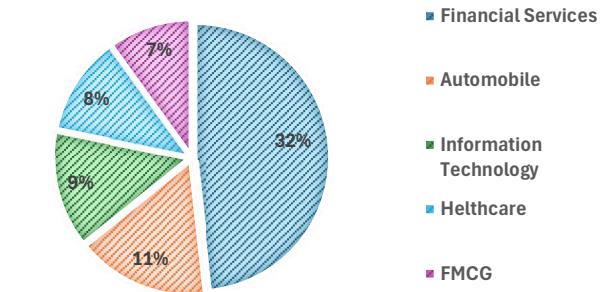
- High-Conviction Portfolio** – Invests in a concentrated set of quality companies with strong growth potential across market capitalizations.
- Bottom-Up Stock Selection** – Focuses on fundamental research to identify businesses with robust financials, competitive advantages, and long-term sustainability.
- Active Management Approach** – Dynamically manages allocations based on market conditions, aiming for superior risk-adjusted returns over the long term.

**SIP Performance Chart:**

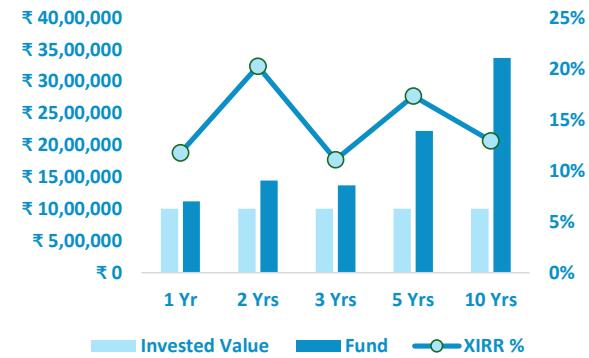
SIP Amount of Rs. 10k Per Month


**Top 10 Stock Holdings by the Fund:**

HDFC Bank Ltd.	7.37%
Bajaj Finance Ltd.	5.44%
Kotak Mahindra Bank Ltd.	5.20%
Alphabet Inc A	4.97%
Bharti Airtel Ltd. - (Rights Issue)	4.74%
Muthoot Finance Ltd.	4.53%
EPAM Systems Inc	4.32%
ICICI Bank Ltd.	4.02%
Lonza Group Ag.	4.02%
State Bank Of India	3.97%

**Top Sector Holdings by the Fund:**

**Lumpsum Performance Chart**

Lumpsum Investment of Rs. 10L at the start


**Brief Overview**
 **Commentary :-**

- The SBI Focused Equity Fund is a multi-cap equity mutual fund that follows a high-conviction investment approach, selecting a concentrated set of quality companies with strong growth potential.
- Launched on October 1, 2004, the fund has an AUM of ₹32,922.2 crore as of March 14, 2025, and is managed by R. Srinivasan.
- It follows a bottom-up stock selection strategy, emphasizing companies with strong financials, competitive advantages, and long-term sustainability.
- The fund actively manages allocations based on market conditions to optimize risk-adjusted returns.
- It has a high-risk rating, an expense ratio of 1.59%, and an exit load of 1%. Its benchmark index is the BSE 500 TRI.

### Return Analysis

Paticulars	CAGR %				
	Since Inception	1 Year	3 Year	5 Year	10 Year
SBI Focused Equity Fund	18.33%	10.12%	11.04%	18.14%	12.81%
Equity: Focused	13.70%	5.17%	13.19%	18.78%	11.71%
NIFTY 500 TRI	12.15%	3.69%	13.41%	21.08%	12.25%

Value of 100000 Invested - Lumpsum	Amount in Lakhs				
	1 Year	2 Year	3 Year	5 Year	10 Year
SBI Focused Equity Fund	₹ 11.18	₹ 14.46	₹ 13.70	₹ 22.23	₹ 33.70
Equity: Focused	₹ 10.37	₹ 14.23	₹ 14.60	₹ 26.03	₹ 31.77
NIFTY 500 TRI	₹ 13.27	₹ 15.29	₹ 16.61	₹ 21.11	₹ 33.78

Value of 100000 Invested - Lumpsum	Amount in Lakhs				
	1 Year	2 Year	3 Year	5 Year	10 Year
SBI Focused Equity Fund	₹ 1.16	₹ 2.60	₹ 4.27	₹ 8.40	₹ 24.78
Equity: Focused	₹ 1.10	₹ 2.52	₹ 4.20	₹ 8.59	₹ 24.89
NIFTY 500 TRI	₹ 1.28	₹ 3.01	₹ 4.99	₹ 9.31	₹ 26.56

### PEER COMPARISON

Fund Name	Return (%)	1 Year	2 Year	3 Year	4 Year	5 Year
		Return (%)				
SBI Focused Equity Fund – Regular Plan -Growth	01/10/04	10.12%	19.50%	11.04%	18.14%	12.81%
Invesco India Focused Fund - Growth	08/09/20	15.75%	32.82%	18.52%	0.00%	0.00%
DSP Focus Fund - Regular Plan - Growth	10/06/10	13.09%	23.73%	15.39%	17.56%	10.57%
Old Bridge Focused Equity Fund - Regular Growth	24/01/24	12.45%	0.00%	0.00%	0.00%	0.00%
HDFC Focused 30 Fund - GROWTH PLAN	05/09/04	12.15%	25.14%	22.65%	27.15%	13.25%

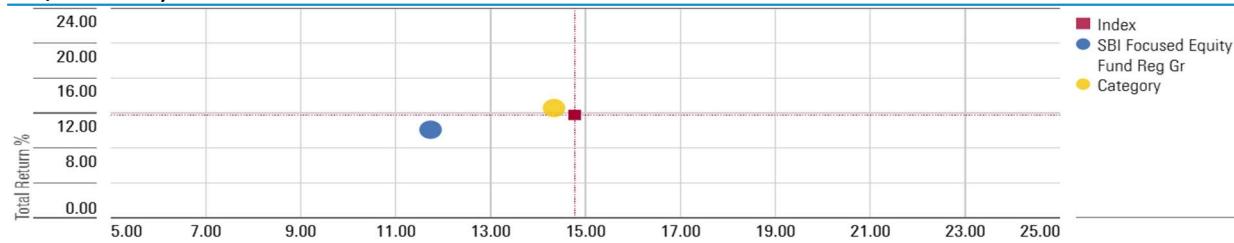
### □ Summary :-

- SBI Focused Equity Fund Performance:** The fund has delivered a CAGR of 18.33% since inception, with 10.12% in 1 year and 12.81% over 10 years, outperforming the NIFTY 500 TRI in shorter durations but slightly lagging over 5-10 years.
- Investment Growth:** A ₹1 lakh investment in SBI Focused Equity Fund grew to ₹11.18 lakh in 1 year and ₹33.70 lakh in 10 years, closely matching NIFTY 500 TRI's ₹33.78 lakh, but underperforming it in mid-term periods.
- Peer Comparison:** SBI Focused Equity Fund's 5-year return of 12.81% lags HDFC Focused 30 Fund's 13.25% and DSP Focus Fund's 10.57%, but outperformed by Invesco India Focused Fund's 18.52% (3-year), making fund selection dependent on investment goals.

### Risk Analysis

	Mean Return	Std Dev	Sharp	Sortino	Beta	Alpha
SBI Focused Equity Dir	11.23%	11.75%	0.44%	0.75%	0.72%	0.21%
BSE 500 TRI	12.98%	14.48%	0.48%	0.77%	NA	NA
Equity: Flexi Cap Info	13.63%	14.11%	0.54%	0.91%	0.92%	1.20%
Rank within category	55	3	48	45	2	42
Number of funds in category	70	70	70	70	70	70

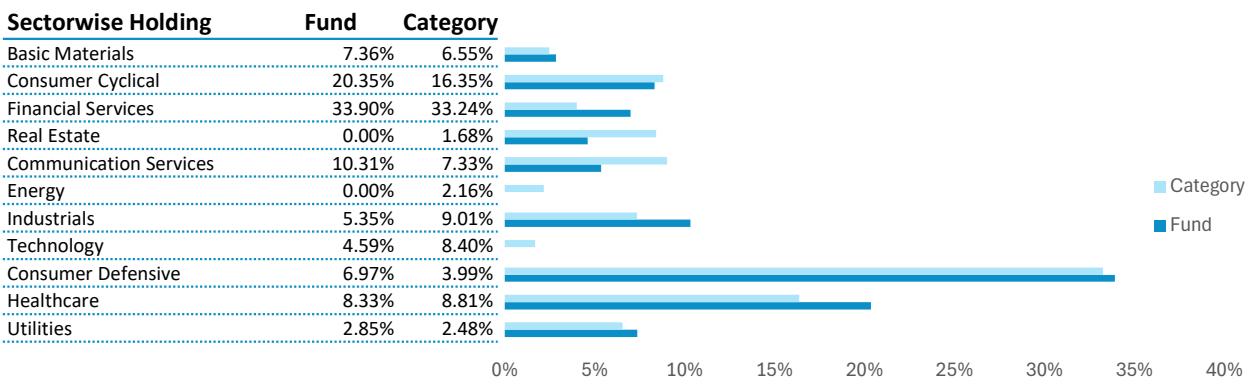
#### Risk/Return Analysis



Source: morningstar.in

## Portfolio Analysis

Metrics	Fund	Category	Index
Price/Earning	20.7x	20.7x	17.4x
Price/Book	2.6x	2.9x	2.1x
Price/Sales	3.8x	2.9x	2.1x
Price/Cash Flow	21.5x	20.2x	10.1x
Dividend Yield %	0.92%	101.00%	1.40%
Long-Term Earnings %	13.44%	20.76%	24.70%
Historical Earnings %	18.87%	20.94%	18.90%
Sales Growth %	153.37%	45.78%	11.60%
Cash-Flow Growth %	991.55%	268.63%	3.23%
Book-Value %	20.60%	18.97%	15.54%



Major Portfolio Movement in last 3 Quarters	Addition	Deletion
HDFC Bank Ltd.	98.78%	-
Bajaj Finance Ltd.	81.00%	-
Kotak Mahindra Bank Ltd.	58.62%	-
Alphabet Inc.	28.57%	-
Bharti Airtel Ltd.	21.43%	-
Muthoot Finance Ltd.	21.05%	-
Epam Systems Inc	17.39%	-
ICICI Bank Ltd.	16.75%	-
Lonza Group	12.82%	-
State Bank of India	8.33%	-
HDFC Bank Ltd.	-	-100.00%
Bajaj Finance Ltd.	-	-100.00%
Kotak Mahindra Bank Ltd.	-	-72.19%
Alphabet Inc.	-	-39.15%
Bharti Airtel Ltd.	-	-38.55%
Muthoot Finance Ltd.	-	-35.71%
Epam Systems Inc	-	-12.22%
ICICI Bank Ltd.	-	-5.91%

### ❖ Portfolio Analysis Summary:-

#### ❑ Key Metrics

- Valuation:** The fund has a Price/Earnings ratio of 20.7x, matching the category (20.7x) but higher than the index (17.4x), indicating a slightly premium valuation.
- Growth & Earnings:** The fund's sales growth (153.37%) and cash-flow growth (991.55%) significantly outperform the category (45.78% and 268.63%, respectively) and index (18.80% and 3.23%).
- Dividend Yield:** The fund offers a 0.92% dividend yield, lower than the index (1.40%) but nearly equal to the category (1.01%).
- Sector Allocation**
- Overweight Sectors:** The fund has higher allocations in Consumer Cyclical (20.35%), Financial Services (33.90%), and Health Care (8.33%) compared to the category.
- Underweight Sectors:** The fund has lower allocations in Industrials (5.35%) and Technology (4.59%) compared to the category.

#### ❑ Major Portfolio Movements (Last 3 Quarters)

- New Additions:** Significant investments in HDFC Bank Ltd. (+98.78%), Bajaj Finance Ltd. (+81.00%), Kotak Mahindra Bank Ltd. (+58.62%), and Alphabet Inc. (+28.57%).
- Major Exits:** Major reductions in HDFC Bank Ltd. (-100.00%), Bajaj Finance Ltd. (-100.00%), Kotak Mahindra Bank Ltd. (-72.19%), and Alphabet Inc. (-38.53%).

## DETAILED SUMMARY - SBI FOCUSED EQUITY FUND

### ❖ Conclusion:-

- The SBI Focused Equity Fund is a high-conviction, actively managed equity mutual fund that invests in a concentrated portfolio of quality companies with strong growth potential. By following a bottom-up stock selection strategy, it aims to deliver long-term capital appreciation. Since its inception in 2004, the fund has maintained a disciplined approach, focusing on financially robust businesses with a competitive edge.
- A key characteristic of this fund is its heavy allocation to the financial services sector, which makes up nearly 40% of its total assets. While this sector has been a strong performer historically, it also introduces concentration risk. Other major allocations include consumer cyclicals (20%), technology (15%), and healthcare (10%), which contribute to portfolio diversification but may not be enough to offset financial sector volatility.
- Performance-wise, the fund has delivered an impressive CAGR of 18.33% since inception. However, its medium-term performance (5-10 years) has lagged behind the NIFTY 500 TRI benchmark, indicating that it may not be the best choice for investors looking for consistent outperformance in shorter durations. In the past year, though, it has recovered well, delivering a 13.70% return, showcasing its ability to navigate market fluctuations.
- Risk-adjusted returns indicate moderate volatility, with a beta of 0.94, meaning it is slightly less volatile than its category peers. However, the Sharpe ratio of 0.45 and an Alpha of -2.04% suggest that its risk-adjusted returns have not been exceptional. Investors should be mindful that this is a high-risk, high-reward fund and should align their investment goals accordingly.
- The fund's valuation metrics, including a Price-to-Earnings (P/E) ratio of 27.7 and a Price-to-Book (P/B) ratio of 3.8, indicate that it invests in premium stocks, which could impact future return potential if valuations contract. Recent portfolio movements also reflect a shift towards banking and financial stocks, with increased holdings in HDFC Bank, Bajaj Finance, and Kotak Mahindra Bank, while cutting exposure to IT giants like TCS and Infosys.
- Overall, SBI Focused Equity Fund is suitable for investors with a long-term investment horizon and a high-risk tolerance. Its concentrated portfolio, financial sector bias, and premium valuations make it a strong bet for those looking to capitalize on high-growth companies. However, investors should actively monitor performance and be prepared for potential short-term underperformance due to market cycles.

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