



Performance of select equity Mutual Funds in India

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Abstract

The performance of equity savings funds in India is assessed in this study using daily NAV data from AMFI for the period of April 2022 to March 2025. The BSE Sensex served as the market benchmark, and Treynor Ratio, Jensen's Alpha, and Sharpe Ratio were used to evaluate fund performance. The findings demonstrate that all schemes had positive Jensen and Sharpe values, meaning that returns were higher than the risk-free rate. Only six out of ten equity mutual funds, however, displayed positive Treynor Ratios, indicating that only a small number of schemes sufficiently rewarded the market.

Keywords: Capital Market. Equity mutual funds, investment Avenue performance index, Net Asset Value

Introduction

The mutual fund sector in India has advanced significantly since its founding in 1964. Over time, the industry has seen significant structural change. Because there are many players in all kinds of fund schemes, the competition is fierce in the current environment. The industry's size, operations, investor base, and range of schemes have all grown significantly. It is growing even more in response to investor demands and market forces. It is now necessary for mutual fund investors to assess schemes' performance prior to making investment decisions.

Statement of the Problem

Given the increasing number of mutual fund schemes available in India, investors frequently struggle to choose one that successfully strikes a balance between risk and return. There is a dearth of transparent comparative analysis based on reliable performance metrics, despite the availability of numerous schemes, including equity, debt, hybrid, and gilt funds. Based on returns and risk factors from 2022 to 2025, this study assesses the performance of opened equity savings funds from particular mutual fund houses. In order to facilitate logical investment decisions, the goal is to assist investors in determining which category offers superior performance and risk-adjusted returns over time.

Objectives of the study

1. To assess the performance of a particular Indian equity mutual funds.
2. To examine and assess the relationship between risk and returns.
3. To give investors in mutual funds advice on how to select better funds for their investments.

Scope of the study

Using return, beta, and risk-adjusted performance metrics, the study assesses a few Indian equity mutual fund schemes. To find top-performing schemes with the best risk-return balance, funds are ranked according to returns and beta. Its main objective is to assist investors in selecting equity schemes by providing data-driven performance insights. Ten carefully chosen equity mutual fund schemes that were introduced by various private sector fund houses are included in the study.

Limitations of the study

1. The study excludes any sectoral analysis or foreign funds and is restricted to specific equity mutual fund schemes.
2. It may not be able to forecast future returns because it is purely dependent on secondary data and historical performance.
3. The study only looks at three years' worth of market data, and it doesn't fully account for outside market influences.
4. The study does not cover all mutual fund schemes, including gilt, balanced, and other types

Review of Literature

Paramita *et al.* (2025) [3] used the Information Ratio, STJ Ratio, and Value at Risk (var) to assess mutual fund performance. The study emphasizes the necessity of risk-adjusted metrics for a more precise evaluation of fund efficiency. Deeper insights into fund performance can be obtained by combining traditional and advanced indicators, according to their analysis. This method assists investors in reaching more informed decisions.

"The application of financial metrics like beta, Treynor ratio, and Sharpe ratio improves the assessment of risk-adjusted performance," claims Farooq (2024). According to the study, the Treynor ratio is a very good indicator of returns for different kinds of funds. The accuracy of portfolio analysis is improved by these fintech-driven techniques, enabling investors to make better choices. Fintech generally increases mutual fund investment strategies' efficacy, efficiency, and transparency.

A thorough analysis of 30 empirical studies examining the performance of equity-backed mutual funds in India from 2015 to 2020 is presented by Syed Husain Ashraf and Dhanraj Sharma (2022). Utilization of important risk-return indicators, such as Treynor Ratio, Jensen's Alpha, Beta, and Sharpe Ratio, in a variety of mutual fund categories, including large-cap, mid-cap, ELSS, FMCG, and IT sector funds. Their research's main conclusions are that different schemes perform differently.

Sharma and Joshi (2021) used Treynor, Jensen's alpha, standard deviation, beta, and Sharpe to examine 15 mutual fund schemes in India between 2016 and 2020. In comparison to equity and hybrid funds, their research

revealed that debt funds provided higher CRISIL ratings and better risk-adjusted returns. According to their findings, debt funds are better suited for risk-averse investors, whereas equity and hybrid funds are more suitable for long-term, high-risk investors.

Chakrabarti (2019) uses an asset class factor model put forth by William Sharpe and quadratic optimization to assess equity mutual funds in India. They also analyze the funds' relative performance in relation to their style benchmarks. The mutual funds produced positive monthly returns on average between January 2012 and June 2017, according to their research. As far as returns were concerned, the ELSS funds trailed behind the Growth funds or all funds combined.

Dr. R. Narayanasamy and V. Rathnamani (2013) assess the risk-return relationship between a few chosen equity large-cap mutual fund schemes. The five equity funds that were chosen for the performance analysis are large-cap funds.

Methodology

This essay aims to investigate and evaluate the performance of eight mutual funds that invest in Indian stocks. The study's foundation is secondary data gathered from a variety of sources, including websites, journals, magazines, and more. The mutual funds were examined in-depth between April 2022 and March 2025. It is necessary to use various statistical and financial tools to assess the performance of these mutual fund schemes. Sharp and Treynor Measur are the instruments and methods. The AMFI, BSE, and NSE provide secondary data for this study. Equity Savings Funds

are the sole focus of the study. These funds were chosen from the top six mutual fund houses in India based on their Assets under Management (AUM). Six mutual fund companies were selected from a total of forty-four, at random using the convenience sampling technique. Six equity growth mutual fund schemes are included in the sample based on their highest yearly average returns from 2022 to 2025.

Hypothesis

Ho: During the study period, the performance of the chosen mutual fund scheme as determined by the Sharpe ratio would not differ significantly.

H1: The Treynor ratio calculation during the study period would not reveal any appreciable variation in the performance of the chosen mutual fund scheme

Statistical Tools used for analysis

The following statistical tools were used in this study to evaluate the mutual fund schemes' performance:

The Sharpe Ratio + (Average Return - Risk - Free Rate) ÷ Standard Deviation

The Treynor Ratio is calculated as follows:

Treynor Ratio = (Average Return - Risk - Failure Rate) ÷ Beta

Standard Deviation: This measure shows how volatile a fund's returns have historically been. It shows the degree to which the fund's returns diverge from the mean return.

$$S. D = \sqrt{\sum (R_x - R_x^-)^2 / N}$$

Table 1: Equity Fund Schemes: 2022-23

Sl No,	Scheme	Average Return (%)	SD	Sharpre Index	Treynor Ratio
01	Aditya Birla sun Life top 100 fund	0.07	0.90	-0.015	1.379
02	Invesco India Dynamic Equity Fund	0.06	0.73	-0.046	1.851
03	Kotak Select Focus Fund	0.07	0.89	-0.016	4.013
04	Aditya Birla Sun Life Frontline Equity Fund	0.06	0.89	-0.026	1.486
05	ICICI Prudential Focused Bluechip Equity Fund	0.06	0.88	-0.027	1.342
06	ICICI Prudential Top 100 Fund	0.06	0.87	-0.029	1.565
07	Reliance Top 200 Fund	0.07	0.96	-0.018	1.904
08	SBI Blue Chip Fund	0.07	0.84	-0.027	-1.483
09	BNP Paribas Equity Fund	0.06	0.85	-0.030	2.079
10	DSP blackrock Focus 25 Fund	0.06	0.96	-0.028	1.451

Source: Author's Compilation

Table 1 shows the Return, Standard Deviation, Sharpe, and Treynor Index for the top 10 equity schemes for 2022–23. Schemes for equity are typically designed for investors who are willing to take risks. Analyzed from the above table,

Kotak Select Focus Fund and Kotak Select Focus Fund outperforms all equity funds, with the highest Treynor Index and Sharpe Index of 4.013 and -0.15 while the SBI Blue Chip Fund performs the worst.

Table 2: Equity Fund Schemes: 2023-24

Sl No,	Scheme	Average Return (%)	SD	Sharpre Index	Treynor Ratio
01	Aditya Birla sun Life top 100 fund	0.0734	0.90	-0.015	1.379
02	Invesco India Dynamic Equity Fund	0.0635	0.73	-0.046	1.851
03	Kotak Select Focus Fund	0.0739	0.89	-0.016	4.013
04	Aditya Birla Sun Life Frontline Equity Fund	0.0644	0.89	-0.026	1.486
05	ICICI Prudential Focused Bluechip Equity Fund	0.0635	0.88	-0.027	1.342
06	ICICI Prudential Top 100 Fund	0.0628	0.87	-0.029	1.565
07	Reliance Top 200 Fund	0.0656	0.96	-0.018	1.904
08	SBI Blue Chip Fund	0.0679	0.84	-0.027	-1.483
09	BNP Paribas Equity Fund	0.0635	0.85	-0.030	2.079
10	DSP blackrock Focus 25 Fund	0.0557	0.96	--0.028	1.451

Source: Author's Compilation

Table 2 shows the return, standard deviation, sharpe, and Treynor index for the top ten equity schemes for 2023–24. Typically, equity schemes are designed with risk-taking investors in mind. With the highest Sharpe Index of -0.015

among all equity funds, the Aditya Birla sun Life top 100 fund outperforms the others with the highest Treynor Index and Sharpe while the group's worst performers is SBI Blue Chip Fund as shown in the above table.

Table 3: Equity fund schemes: 2024-25

SI No.	Scheme	Average Return (%)	SD	Sharpre Index	Treynor Ratio
01	Aditya Birla sun Life top 100 fund	0.07	0.90	3.25	1.379
02	Invesco India Dynamic Equity Fund	0.06	0.73	2.67	1.851
03	Kotak Select Focus Fund	0.07	0.89	3.79	4.013
04	Aditya Birla Sun Life Frontline Equity Fund	0.06	0.89	5.72	1.486
05	ICICI Prudential Focused Bluechip Equity Fund	0.06	0.88	3.28	1.342
06	ICICI Prudential Top 100 Fund	0.06	0.87	3.22	1.565
07	Reliance Top 200 Fund	0.07	0.96	3.15	1.904
08	SBI Blue Chip Fund	0.07	0.84	2.88	-1.483
09	BNP Paribas Equity Fund	0.06	0.85	2.55	2.079
10	DSP blackrock Focus 25 Fund	0.06	0.96	2.73	1.451

Source: Author’s Compilation

Table 3 shows the return, standard deviation, Treynor index, and Sharpe for the top ten equity schemes for 2024–2025. Equity plans are designed for investors who are willing to take on risk. It is evident from the above table

that, out of all equity funds, Aditya Birla Sun Life Frontline Equity Fund and Kotak Select Focus Fund perform the best. SBI Blue Chip Fund is the group's worst performers.,

Table 4: Anova – Sharpe Index

Model	Sum of Squares	Degrees of Freedom	Mean Square	F	Significance
Regression	1445.889	5	207.723	16.4	0.000
Residual	2104.023	59	11.163		
Total	3549.912	64			

Source: Author’s Compilation

Therefore, it has been determined that samples were taken from a population with a variety of variances. Therefore, each scheme has a different macroeconomic impact. As a result, scheme performance is not unique and has some

variation in the scheme's performance in relation to the extra risk assumed for that. Table 4 above leads the researcher to the conclusion that the null hypothesis is rejected because the critical value is less than the calculation value.

Table 5: Anova –Treynor Index

Model	Sum of Squares	Degrees of Freedom	Mean Square	F	Significance
Regression	2611.273	5	1101.55	14.476	0.000
Residual	1114.855	59	22.53		
Total	3726.05	64			

Source: Author’s Compilation

Thus, samples were taken from populations with varying variances, it has been concluded. Therefore, the macroeconomic impact of each scheme varies. The performance of the scheme is therefore not individualized and varies somewhat from that of additional risk taken for that. Table 5 above leads the researcher to the conclusion that the null hypothesis is rejected because the critical value is less than the calculation value.

Findings.

It is clear from the performance analysis of the Ten chosen equity funds above that each fund did well over the course of the study. According to the final analysis, the majority of the funds have done well in the extremely erratic market. It is determined after examining the various mutual fund schemes that the risk and return component is the most crucial factor to take into account when choosing an investment, followed by safety and liquidity. Investors should aim for a higher Treynor measure rank if they wish to choose a fund with lower risk. A higher rank in the Sharpe measure is what investors who wish to diversify

their holdings and increase their rate of return should aim for.

Conclusion

Mutual fund investments are best suited for investors with a moderate level of expertise. Consequently, it is essential that investors and potential investors take into account metrics like the Sharpe and Treynor ratios in addition to beta and standard deviation for a particular performance assessment. From a variety of angles rather than merely taking NAV and total return into account directly to ensure consistent mutual fund performance in India.

Scope for Further Research

The researchers could look into the following areas For additional study

A comparison of actively managed equity funds and passively managed equity funds, such as index funds, can be made.

Research may include a thorough examination of how investors view mutual funds.

A comparative analysis of the mutual fund performance of direct plans and regular plans can be carried out
Research could compare the performance of multi-cap equity funds to that of other equity funds, such as large-cap, mid-cap, small-cap, etc.

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