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A COMPARATIVE STUDY ON SELECTED MUTUAL FUNDS

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ABSTRACT

This research looks at a variety of tax-saving, large-cap, and mid-cap mutual fund schemes, analysing their performance and risk. The purpose of analysing returns, risks, and Sharpe ratios is to help investors make better decisions. Based on the data, the best tax savings fund is HDFC Securities Tax Saver Fund, which has returned 18.04% and has a Sharpe ratio of0.35, indicating good returns after adjusting for risk. The UTI Tax Saving-Equity Long Term Fund stands out as a safe bet for risk-averse investors, boasting a risk level of 22.04%.Returning 17.08% with a Sharpe ratio of 0.26, SBI Blue Chip Fund stands well in the large cap class. On the other hand, ICICI PRU Focused Blue Chip Equity stands out for its reduced risk at 20.19%.Despite carrying a higher level of risk, UTI Mid Cap Fund outperforms other mid cap funds with a return of 24.34%. At 31.86%, HDFC Securities Mid Cap Fund provides a safer alternative.In addition, the study highlights how crucial it is for investors to be knowledgeable about financial products in order to make wise decisions. It highlights the importance of risk-return analysis in reducing investor misinformation.Based on its highest Sharpe ratio of 0.49, which indicates potentially lucrative investment prospects, SBI Magnum Mid size Fund Scheme stands out as the most favourable option among mid size funds, according to the data.

INTRODUCTION

A mutual fund is a pool of capital where many different types of investors pool their money to pursue different investment strategies. By connecting people's savings with investment opportunities in the capital market, mutual funds serve as an important intermediary between the two, which is vital to any economy. The goal of a mutual fund is to provide investors with a diverse portfolio of assets by pooling their money together. Investing in mutual funds is all about pooling. Through the use of active portfolio management, each mutual fund strives to achieve its stated investment objective. As an investing business, a mutual fund pools the capital of its owners and puts it to work buying and selling stocks, bonds, and money market instruments. Securities, commercial papers, deposit certificates, and the like are examples of the second category.

Professional money management and investment diversification are two benefits that mutual funds offer to investors. Those who put their money into mutual funds are given shares that they can use to trade stocks. For those who lack the knowledge, resources, or time to engage directly in stocks, these units offer an alternative investment vehicle that allows them to participate in the stock market. Conversely, they open doors to niche sectors where direct investing typically necessitates more expertise and time than the average investor has. The value of the underlying assets determines the unit price of a mutual fund. Therefore, just like an investment in shares, the value of an investor's stake in a unit might move up and down. Thus, market risk is considered to affect mutual funds. An investor in a mutual fund should not expect a set rate of return. Additional profit is anticipated if the specific plan is operating admirably.

OBJECTIVES OF THE STUDY

- To investigate the several mutual fund schemes available in order to compare and contrast the funds' performance.

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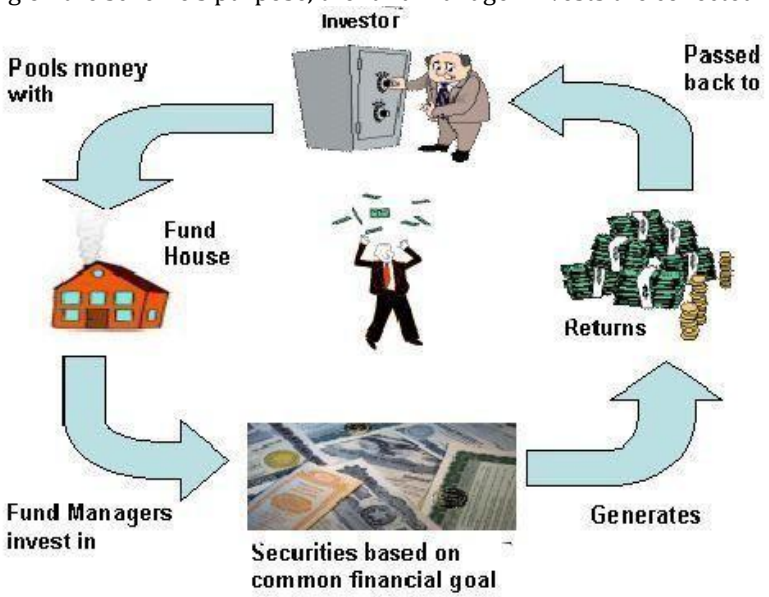
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- To assist investors by analysing the financial performance of various firms' major plans and suggesting the best one.
- To illustrate risk-return analysis through the use of the Sharpe Ratio in evaluating mutual fund performance.

REVIEW OF LITERATURE

THEORETICAL FRAMEWORK

Many people with similar financial objectives can put their money into a single trust called a mutual fund. Depending on the scheme's purpose, the fund manager invests the collected funds in various securities.



Mutual Fund Operation Flow Chart

Therefore, the best investment for the average individual is a mutual fund, which allows them to invest in a diverse and expertly managed basket of assets for a reasonable price. A pooled fund can buy a diverse portfolio, which means higher returns and lower costs because to economies of scale. More and more people throughout the world are opting to invest in mutual funds, which is a testament to the success of this principle. Minimising risk is achieved by this portfolio diversity. In its role as watchdog, the SEBI safeguards investor interests. Rules established in 1996 by SEBI (Mutual Funds) apply to mutual funds.

Investors can pool their resources with those of other people through mutual funds, which then invest those funds in a wide variety of assets, including money market instruments, bonds (both corporate and government), and stock in joint stock corporations. Different investors who do not know each other but who combine their money into one large pot is called a mutual fund. The original intent of mutual funds was to give regular people a way to put their money into the stock market. Most small investors rely on intermediaries because they lack the necessary finances, expertise, time, and knowledge to enter the capital market on their own. Investors can take advantage of economies of scale by combining their resources in a mutual fund.

1.Sheela, S.C. (2025) – A Study on Risk and Return Analysis of Selected

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Mutual Funds

Sheela (2025) looked into the investment performance and risk-return characteristics of a few mutual funds. Market volatility, liquidity risk, asset allocation, and risk management techniques were among the many aspects examined in the study. According to the research, mutual funds that are well-diversified and balanced tend to be more stable when the market is volatile. In order to achieve continuous fund performance, the research highlighted the importance of using adequate risk management approaches.

2. Performance of Mutual Funds in India Using Multivariate Analysis (2025)

Using multivariate and conjoint analysis, this study investigated the elements impacting the choice and performance of mutual funds in India. When assessing mutual funds, investors and financial advisors take into account factors such the fund's size, expense ratio, performance history, and the expertise of the fund management, according to the research. According to the research, past performance is still a major factor that investors consider when choosing a fund.

3. Agarwal, P.K., Pradhan, H.K., & Saxena, K. (2025) – Do Mutual Funds Make Active and Skilled Liquidity Choices in Portfolio Management? Evidence from India

Equity mutual funds in India were the focus of this research on liquidity management. According to the authors, fund managers constantly change the amount of cash on hand and the liquidity of their portfolios in reaction to changes in the market and new investments. Results showed that actively managed funds outperformed their less active counterparts in terms of gross and net returns. Research shows that mutual funds do better and portfolios are more efficient when active liquidity management is in place.

4. Koley, J. (2025) – Performance Analysis of Top Five Equity, Hybrid, and Debt Mutual Funds in India: A Five-Year Study (2020–2025)

The best-performing debt, hybrid, and equity mutual funds were studied over a five-year period by Dr. Jyotirmoy Koley (2025). Using secondary data, the study examined risk, returns, and fund management tactics. Debt funds provided lower returns but were more stable, whereas equity funds produced larger returns but were riskier. A balanced blend of risk and return was offered by hybrid funds. When choosing mutual funds, the research stressed the significance of diversity and the investor's risk tolerance.

5. Taxonomic Evaluation of Indian Mutual Funds' Performance and Its Determinants Post-Pandemic (2024)

The purpose of this research was to use taxonomic evaluation techniques to examine the post-COVID-19 performance of Indian mutual funds. Categories of funds, expenditure ratios, tracking errors, and portfolio diversification were among the factors studied. Among the several types of funds evaluated, tax-saving, sectoral, and equity-diversified funds fared the best. Research found that once the epidemic ended, fund returns were heavily impacted by market recovery and strategic asset allocation.

6. Mohan, A. & Bohra, N.S. (2023) – Academic Research on Indian Mutual Funds: A Systematic Review

An academic literature review on the Indian mutual fund industry was carried out by Mohan and Bohra (2023). Journal articles and PhD dissertations published between 2000 and 2022 were reviewed for the study. One of the most studied aspects of mutual funds, according to the results, is performance review. The evaluation emphasised the increasing significance of studies comparing performance, analyses of investor behaviour, and the efficacy of fund management. In addition, the writers pointed out knowledge gaps about current performance assessment methods and market realities.

7. Analysis of Mutual Fund Performance in India (2022)

This study surveyed previous studies on the topic of mutual fund performance in India and examined the various approaches taken to evaluating such studies. Indicators of market performance, diversity of holdings, efficiency of fund managers, and risk-return analysis were all covered in the article. According to

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the research, economic factors, market volatility, and fund management tactics all have a role in how well mutual funds perform. It highlighted how crucial performance evaluation is for investors to make informed decisions.

8. Chu, N., Dao, B., Pham, N., Nguyen, H., & Tran, H. (2022) – Predicting Mutual Funds' Performance Using Deep Learning and Ensemble Techniques

The authors investigated the feasibility of using LSTM and GRU, two deep learning models, to predict the returns of mutual funds. The research contrasted deep learning techniques with more traditional statistical methods, and it used Sharpe Ratios to quantify success. In order to help investors make better investment decisions, the results showed that ensemble approaches and machine learning provided better risk-adjusted performance forecasting and increased prediction accuracy.

9. Chopra, A. (2020) – A Data Envelopment Analysis Approach to Benchmark the Performance of Mutual Funds in India

Using Data Envelopment Analysis (DEA), Adit Chopra (2020) analysed 139 mutual fund programs in India. Risk, cost, return, and information ratio were the criteria used to assess mutual funds in the study. Although they performed well on more conventional metrics, the funds in question did not always do as well when tested using DEA models. The research concluded that efficiency-based methods yield superior investment insights and stressed the significance of using a variety of performance metrics when assessing mutual funds.

10. Arora, R. (2020) – A Study on Performance Evaluation of Equity Mutual Funds

Using methods for assessing risk and return, R. Arora (2020) examined the efficiency of a number of mutual fund schemes that offered diverse equity holdings. The study used a variety of metrics to evaluate the performance of the funds, including Standard Deviation, Beta, Sharpe Ratio, Treynor Ratio, and Jensen's Alpha. Some equities mutual funds generated better risk-adjusted returns than benchmark indices, according to the results. Professional fund management and diversification are key factors in improving investment performance and creating wealth for investors, according to the report.

11.Gudimetla, A. (2018): The purpose of the research was to find out if thematic mutual fund strategies could consistently produce good returns. The returns of chosen theme funds were evaluated and compared to their respective benchmark indexes using a variety of risk-adjusted performance metrics. The results showed that although some thematic funds did better than the market at different times, it wasn't always the case. Investors in thematic mutual funds can benefit greatly from the study's findings, which indicate that performance in the past is no guarantee of future profits.

12.Gudimetla, A., & Raghunatha Reddy, D. (2018). Examining the potential for sector-specific mutual fund schemes to produce better returns relative to investor risk was the primary objective of the study. Several risk-adjusted performance metrics and comparisons to benchmarks were used to evaluate the sectoral mutual funds' performance. Investors should thoroughly evaluate sectoral risks and market trends before to making investment decisions, since the study found that sector-specific mutual funds may present appealing investment opportunities.

13.Gudimetla, Aruna. (2015). Researchers in India set out to test the market timing and selectivity skills of sector mutual fund managers in the country. We used risk-adjusted return measures and well-established performance measurement methodologies to assess the sector mutual funds' performance. The results showed that different sector funds had differing degrees of success when it came to market timing and stock selection. In order to achieve better investment returns, the study found that management experience is crucial, and that selectivity skills were more important than market timing abilities in determining fund success.

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DATA ANALYSIS AND INTERPRETATION

Secondary data of the following select 4 AMC's is collected from the websites and analysed:

1. UNIT TRUST OF INDIA (UTI)
2. ICICI PRUDENTIAL
3. STATE BANK OF INDIA (SBI)
4. HDFC SECURITIES LIMITED BANK

The funds that were selected for the study were classified into three types: tax-saving funds, large-cap funds, and mid-cap funds. The CRISIL ranking was used to choose the schemes. Secondary sources form the backbone of the analysis.

Calculations

Average Return (formula: $\Sigma R/N$)
Standard deviation (formula: $\sqrt{\Sigma d^2/N}$)
Sharpe measure (formula: $Rp-Rf/\sigma p$)

COMPANY	**I.TAX SAVING FUNDS**	**II. LARGE CAP FUNDS**	**III. MID CAP FUNDS**
UTI	1.UTI Tax savingEquity long term fund(G)	5.UTI Equity fund(G)	9.UTI Mid Cap(G)
ICICI PRUDENTIAL	2.ICICI PRU Tax saving- long term equity fund(G)	6.ICICI PRU Focused Blue chip equity(G)	10.ICICI PRU Mid Cap Fund(G)
SBI	3.SBI Magnum Tax gain(G)	7.SBI Blue Chip Fund(G)	11.SBI Magnum Mid Cap fund(G)

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HDFC SECURITIES LIMITED	4. Hdfc sec Tax Saver (G)	8. Hdfc sec Equity fund (G)	12. Hdfc sec Mid cap fund(G)

Schemes of all AMC'S TAX SAVING FUNDS COMPARISION

1. UTI Equity Tax Saving-Equity long term fund (G)

UTI Equity Tax Saving-Equity long term fund (G)

Year	Return(R)%	D	d^2
2021	-23.6	-34.22	1191.0084
2022	26.9	18.28	265.0384
2023	6.6	-4.02	18.1804
2024	40.8	30.20	910.8324
2025	2.4	-8.22	67.5684
ΣR=	53.1	Σd^2=	2430.608

AVG RETURN	ΣR/N=53.1/5	10.62%

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STANDARD DEVIATION(σ)	$\sqrt{\Sigma d^2}/N=2430.608/5$	22.0481 9%
SHARPE RATIO	Rp-Rf/σp=	0.16

With a standard deviation of 22%, UTI equities tax saving-equity long term fund(G) had an average return of 10.62%.
The present risk-free rate of return in India, denoted as Rf value in the table above, is 7.35 percent.

FINDINGS

- The following is a list of the best asset management companies (AMCs) for each type of fund: tax-saving, large-cap, and mid-cap.
- A tax savings account with an 18.04% return is the Hdfc sec Tax Saver (G).
- SBI Blue Chip Fund(G) is a large-cap fund that has returned 17.08%.
- With a return of 24.34%, the UTI Mid Cap(G) fund is a mid-cap.
- The asset management companies that offer the lowest returns across all three types of funds are as follows: tax-saving, large-cap, and mid-cap.
- UTI Tax Saving-Equity Long Term Fund (G) has a yield of 10.62%—a tax savings vehicle.
- • Hdfc sec Tax Saver (G), a large-cap fund with a return of 10.9%
- • A mid-cap fund, ICICI Prudential U.A. Mid-Cap Fund (G), which has returned 20.7 percent
- The tax-saving, large-cap, and mid-cap funds are the three AMC schemes with the highest risk levels.
- • ICICI Prudential Tax Savings Unit, a long-term equity fund (G) with a risk of 26.23 percent
- • A large-cap fund with a risk of 29.65%: SBI Blue Chip Fund(G)
- The risk associated with the ICICI Prudential U.S. Mid Cap Fund (G) is 39.41%.

SUGGESTIONS

Hdfc sec Tax saver (G) is a moderately risky investment option, but it offers a higher return.
A less adventurous investor can consider the ICICI PRU Focused blue chip equity (G) fund.
3. It is important to inform potential investors about mutual fund investments.
Investors should be well-versed in all the financial services and instruments available to them in order to make informed judgements.
It is important to conduct risk-return analyses properly to avoid misleading investors.

CONCLUSION

For each fund type, tax-saving, large-cap, and mid-cap AMC schemes offer the lowest risk.
An investment vehicle with a 22.04% risk profile is the UTI Tax Savings Equity Long Term Fund (G).
There is a 20.19 percent chance of loss in the large-cap fund ICICI PRU Focused Blue Chip Equity (G).

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• Hdfc sec Mid cap fund (G), a mid-size fund with a risk of 31.86%
The Sharpe ratio was used to assess the AMC's scheme performance across all funds, and the scheme with the highest Sharpe ratio was ranked first. The following are the top-ranked AMC schemes within each fund:
• Hdfc sec tax saver fund, which has 0.35
SBI Blue Chip Fund and UTI Equity Fund, both having 0.26 percent each, are large-cap funds.
• A mid-cap fund: the 0.49-percent SBI Magnum fund plan
Sixth, research shows that mid-cap funds, which involve more risk but also higher returns, are the most successful of the various fund kinds.
SBI Magnum Mid Cap Fund Scheme (SBIMF) has the best Sharpe ratio (0.49) and is a good investment option (SBIMF Scheme VII).

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