INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

editor@ijemss.com

www.ijemss.com

Vol. 01, Issue 2, June 2026, pp : 1129-1137

A STUDY ON PERFORMANCE OF OPEN-ENDED MUTUAL FUNDS

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ABSTRACT

Using Sharpe Performance Ratios as a metric, this research looks at how well different open-ended mutual funds from GROWW did when adjusted for risk. According to the results, out of all the funds that were considered, the GROWW Dynamic Bond Fund has the best risk-return profile, with a Sharpe Performance Ratio of 3.109718. Because of this, investing in this fund could result in better returns compared to other options, given the same amount of risk. Before making any investing decisions, it is important to evaluate your investment objectives, risk tolerance, and time horizon. For individualised advice that takes into account one's unique financial situation and objectives, it is wise to consult with a financial advisor.

INTRODUCTION

Mutual fund

Mutual funds are an investment vehicle that combine the capital of multiple participants to purchase a wide range of assets, including stocks, bonds, money market instruments, and other diverse securities. Expert fund managers make investing decisions for these funds' shareholders. Anyone can engage in the financial markets using mutual funds; you don't need a lot of money or a lot of education. They are among the most popular investment options for both novice and seasoned investors due to their convenience, diversity, liquidity, and expert management.

Capital appreciation, income production, and wealth preservation are some of the investing goals that mutual funds aim to address. Units of the fund are bought by investors, and their value is determined by how well the underlying investments do. The Net Asset Value (NAV) of a mutual fund is its total worth. It is determined by subtracting the value of the fund's liabilities from the total value of its assets and then dividing that result by the number of units that are outstanding. The purpose of mutual fund regulation is to safeguard investor interests and promote transparency in the financial sector.

Open-Ended Mutual Fund

Any time an investor wants to purchase or sell units directly from the fund, they can do it with an open-ended mutual fund. The fund's unit distribution is not predetermined, unlike closed-end funds. Rather, units are continuously created and cancelled by the fund in response to investor investments and redemptions. Every day, the market value of the fund's holdings is used to determine the prevailing Net Asset Value (NAV), which is then used for unit redemptions and purchases.

REVIEW OF LITERATURE

1. **First, in 2025, there was Preeta Verma, Chinmoy Jana, and Soumitra Kumar Mallick.**
   Using multivariate analysis techniques, the study examined the performance of open-ended mutual funds in India. Mutual fund performance and investment decisions are greatly affected by investor confidence, risk-adjusted returns, and diversity, according to the authors.
2. **In 2025, Shashikumar Bhambhani, Ridham Ketankumar, and Gajendra Meena did research.**
3. This study looked at how open-ended mutual funds in India fared when market volatility was high. The results showed that sector-specific schemes do worse than diversified equity funds when the market is uncertain**.**
4. **Two authors, Pankaj K. Agarwal and Konark Saxena (2025)**

The authors found that open-ended mutual funds with good liquidity techniques were better able to keep returns steady and lessen redemption pressure during times of volatility**.**

5. **Thirdly, in 2024, S. Gopi, P. Pathamuthu, and M. Keerthana**

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This study aimed to assess the degree to which growth-oriented open-ended mutual funds maintained a consistent investment strategy. According to the research, the best risk-adjusted returns were achieved by funds that kept their investment patterns consistent.

6. **Researchers in the Field of Financial Analysis: An International Review (2023)**
   Research on fixed-income open-ended mutual funds' performance persistence was the focus of this study. The results demonstrated that debt funds that were managed by experts produced stable returns over the long run.

7.in 2022, Nghia Chu, Binh Dao, and Nga Pham

7. **Raju and Babu's (2021)**
   This research looked at open-ended equities mutual funds in India and how their risk-return profile compares. The findings demonstrated that, despite a moderate level of risk, diversified equities funds produced superior long-term returns.
8. **Karthikeyan, R. (2020)**
   The study looked at how open-ended mutual funds are perceived by investors. Investors favoured mutual funds due to their liquidity, flexibility, and higher returns, according to the report.
9. **In 2019, R. Gupta and P. Jain**

The writers looked at how open-ended mutual funds in the public and private sectors fared. Private sector funds outperformed public sector funds in terms of return on investment (ROI) due to better portfolio management.

10. **Gudimetla, A. (2018):** The focus of the study was to determine if theme mutual fund schemes could consistently produce satisfactory 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. This study shed light on the topic of thematic mutual funds and came to the conclusion that historical performance is not a good indicator of future results.
11. **In 2018, Gudimetla and Raghunatha Reddy published article number 10.**
    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.

12. S. Banerjee (2017)

After financial reforms in India, the study looked at how mutual funds there have grown and changed. The author discovered that the advantages of liquidity and flexibility led to open-ended schemes becoming more popular.

13. P. Singh and R. Chander (2016)

Balanced and diversified funds provide steady returns with reduced investment risk, according to the study's analysis of chosen open-ended mutual fund schemes.

14. M. Tripathi (2015)

The purpose of this research was to examine the level of knowledge and happiness among investors in open-ended mutual funds. The findings demonstrated that mutual fund membership was higher among those who used systematic investing plans.

15. Article by Aruna Gudimetla (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.

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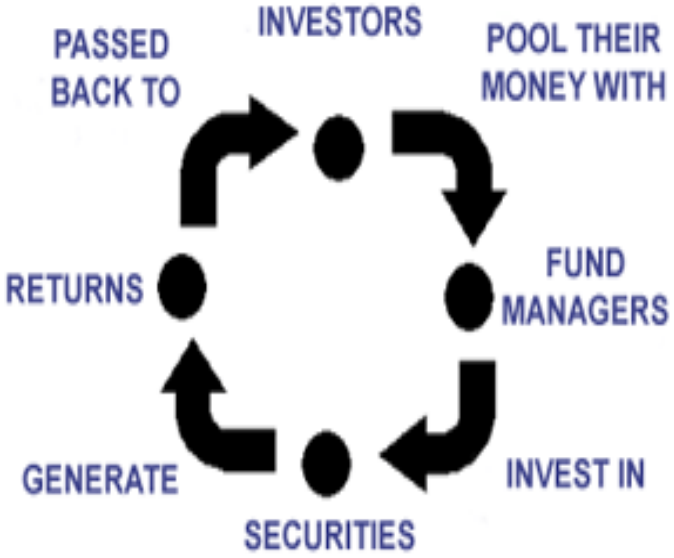
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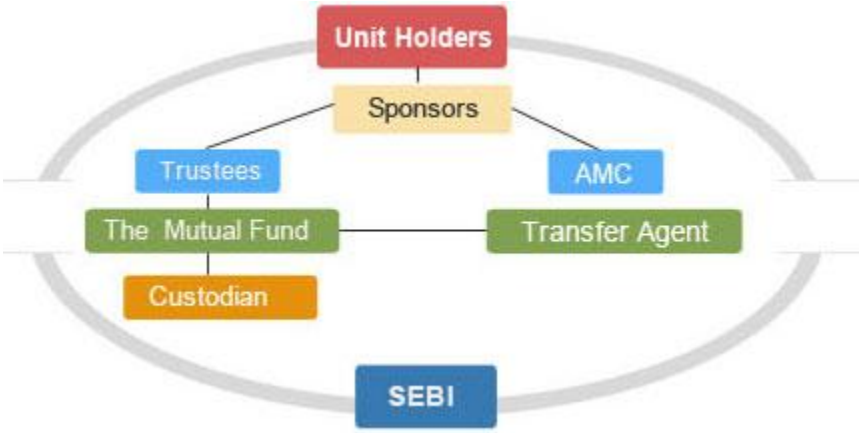
The results showed that different sector funds had differing degrees of success when it came to market timing and stock selection. Managerial competence is crucial for outperforming the market, and the study found that selectivity skills were more important to fund success than market timing ability.

THEORITICAL FRAMEWORK

Many people with similar financial objectives can put their money into a single trust called a mutual fund. The funds gathered are subsequently put into securities like stocks, bonds, and other assets that are traded on the capital market. Unitholders get distributions from the investment income and capital appreciation according to the number of units they possess. Therefore, a mutual fund is the best investment for the average person since it allows them to invest in a diverse and expertly managed portfolio of assets at a cheap cost. This flow diagram provides a high-level overview of how a mutual fund operates:



STRUCTURE OF MUTUAL FUNDS



There will be four levels to the M.F. operations structure in India, including:
Who is the Sponsor?
The Trustee Body
Those in charge

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Asset Management Companies (AMC)

The Sponsor: The term "sponsor" is used to describe any business entity that starts a mutual fund.

The sponsor must be competent in their field, financially stable, and have a solid reputation for being honest and fair in business dealings in order to meet SEBI standards. The sponsor's minimum investment must equal 40% of the Asset Management Company's net worth. Sponsors are responsible for appointing custodians, trustees, and an asset management firm in accordance with applicable laws and regulations.

OBJECTIVES OF THE STUDY:

- - Through the use of measures like the Sharpe Performance Ratio, assess the risk-adjusted returns of open-ended mutual funds.
- In order to determine how various fund attributes, such as expense ratios, turnover ratios, and fund size, influence the performance of mutual funds.
- The objective is to determine which mutual funds consistently outperform and which ones consistently underperform across various time horizons.
- Examining the correlation between market conditions (such as interest rate fluctuations, market ups and downs, and economic indicators) and fund performance.

DATA ANALYSIS AND INTERPRETATION

Table 4.1: An accounting of the potential gains and losses for the Groww Liquid Fund (formerly Indiabulls Liquid) Direct Plan-Growth Option

NAV date	Net Asset Value	Returns	Avg Returns	Difference	Diff*Diff
01-Jan-25	2296.8741				
02-Jan-25	2297.438	0.0255	0.0253	-0.0008	0.0000
03-Jan-25	2297.9058	0.0204	0.0253	-0.0050	0.0000
04-Jan-25	2298.4116	0.0220	0.0253	-0.0033	0.0000
05-Jan-25	2298.8758	0.0202	0.0253	-0.0051	0.0000
07-Jan-25	2299.7869	0.0396	0.0253	0.0143	0.0002
08-Jan-25	2300.2858	0.0217	0.0253	-0.0036	0.0000
09-Jan-25	2300.8405	0.0251	0.0253	-0.0012	0.0000
10-Jan-25	2301.2797	0.0191	0.0253	-0.0062	0.0000
11-Jan-25	2301.7221	0.0192	0.0253	-0.0061	0.0000
12-Jan-25	2302.2508	0.0230	0.0253	-0.0025	0.0000
14-Jan-25	2303.1269	0.0380	0.0253	0.0127	0.0002
15-Jan-25	2303.5361	0.0178	0.0253	-0.0076	0.0001
16-Jan-25	2303.9509	0.0180	0.0253	-0.0073	0.0001
17-Jan-25	2304.3426	0.0170	0.0253	-0.0083	0.0001
18-Jan-25	2304.7598	0.0181	0.0253	-0.0072	0.0001
19-Jan-25	2305.1874	0.0185	0.0253	-0.0068	0.0000
22-Jan-25	2306.5113	0.0574	0.0253	0.0321	0.0010
23-Jan-25	2306.8781	0.0159	0.0253	-0.0094	0.0001

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25-Jan-25	2307.2544	0.0159	0.0253	-0.0094	0.0001
25-Jan-25	2307.6435	0.0173	0.0253	-0.0080	0.0001
28-Jan-25	2309.0043	0.0589	0.0253	0.0336	0.0011
29-Jan-25	2309.4526	0.0194	0.0253	-0.0059	0.0000
30-Jan-25	2309.8836	0.0187	0.0253	-0.0067	0.0000
31-Jan-25	2310.3327	0.0194	0.0253	-0.0059	0.0000
01-Feb-25	2310.8191	0.0210	0.0253	-0.0043	0.0000
02-Feb-25	2311.252	0.0183	0.0253	-0.0070	0.0000
04-Feb-25	2312.2006	0.0415	0.0253	0.0161	0.0003
05-Feb-25	2312.6645	0.0201	0.0253	-0.0053	0.0000
06-Feb-25	2313.0794	0.0179	0.0253	-0.0074	0.0001
07-Feb-25	2313.5466	0.0202	0.0253	-0.0051	0.0000
08-Feb-25	2313.9821	0.0188	0.0253	-0.0065	0.0000
09-Feb-25	2314.3786	0.0171	0.0253	-0.0082	0.0001
11-Feb-25	2315.3479	0.0419	0.0253	0.0165	0.0003
12-Feb-25	2315.7883	0.0190	0.0253	-0.0063	0.0000
13-Feb-25	2316.2589	0.0199	0.0253	-0.0054	0.0000
14-Feb-25	2316.713	0.0200	0.0253	-0.0053	0.0000
15-Feb-25	2317.2635	0.0238	0.0253	-0.0016	0.0000
16-Feb-25	2317.7488	0.0209	0.0253	-0.0044	0.0000
19-Feb-25	2319.1299	0.0596	0.0253	0.0342	0.0012
20-Feb-25	2319.6419	0.0221	0.0253	-0.0032	0.0000
21-Feb-25	2320.1315	0.0211	0.0253	-0.0042	0.0000
22-Feb-25	2320.7221	0.0254	0.0253	0.0001	0.0000
23-Feb-25	2321.1706	0.0193	0.0253	-0.0060	0.0000
25-Feb-25	2322.0916	0.0397	0.0253	0.0143	0.0002
26-Feb-25	2322.607	0.0222	0.0253	-0.0031	0.0000
27-Feb-25	2323.107	0.0215	0.0253	-0.0038	0.0000
28-Feb-25	2323.5848	0.0206	0.0253	-0.0048	0.0000
29-Feb-25	2325.1646	0.0259	0.0253	-0.0004	0.0000
01-Mar-25	2325.623	0.0197	0.0253	-0.0056	0.0000
03-Mar-25	2325.5631	0.0404	0.0253	0.0151	0.0002
04-Mar-25	2326.0515	0.0210	0.0253	-0.0043	0.0000
05-Mar-25	2326.538	0.0209	0.0253	-0.0044	0.0000

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06-Mar-25	2326.9917	0.0195	0.0253	-0.0058	0.0000
07-Mar-25	2327.4436	0.0194	0.0253	-0.0059	0.0000
10-Mar-25	2328.8256	0.0593	0.0253	0.0340	0.0012
11-Mar-25	2329.3237	0.0214	0.0253	-0.0039	0.0000
12-Mar-25	2329.8725	0.0236	0.0253	-0.0018	0.0000
13-Mar-25	2330.3907	0.0222	0.0253	-0.0031	0.0000
14-Mar-25	2330.7818	0.0168	0.0253	-0.0085	0.0001
15-Mar-25	2331.1751	0.0169	0.0253	-0.0084	0.0001
17-Mar-25	2332.1147	0.0403	0.0253	0.0150	0.0002
18-Mar-25	2332.5916	0.0204	0.0253	-0.0049	0.0000
19-Mar-25	2333.0757	0.0207	0.0253	-0.0046	0.0000
20-Mar-25	2333.4742	0.0171	0.0253	-0.0082	0.0001
21-Mar-25	2333.8295	0.0152	0.0253	-0.0101	0.0001
22-Mar-25	2334.1372	0.0132	0.0253	-0.0121	0.0001
25-Mar-25	2335.5506	0.0605	0.0253	0.0352	0.0012
26-Mar-25	2335.7993	0.0106	0.0253	-0.0147	0.0002
27-Mar-25	2336.2984	0.0214	0.0253	-0.0040	0.0000
28-Mar-25	2337.6174	0.0564	0.0253	0.0311	0.0010
31-Mar-25	2339.1441	0.0653	0.0253	0.0399	0.0016
01-Apr-25	2339.6505	0.0216	0.0253	-0.0037	0.0000
02-Apr-25	2341.0589	0.0602	0.0253	0.0348	0.0012
03-Apr-25	2341.4878	0.0183	0.0253	-0.0070	0.0000
04-Apr-25	2342.074	0.0250	0.0253	-0.0003	0.0000
05-Apr-25	2342.6382	0.0251	0.0253	-0.0012	0.0000
07-Apr-25	2343.534	0.0382	0.0253	0.0129	0.0002
08-Apr-25	2344.3393	0.0344	0.0253	0.0090	0.0001
09-Apr-25	2344.7815	0.0189	0.0253	-0.0065	0.0000
10-Apr-25	2345.5892	0.0344	0.0253	0.0091	0.0001
11-Apr-25	2346.0262	0.0186	0.0253	-0.0067	0.0000
12-Apr-25	2346.4553	0.0183	0.0253	-0.0070	0.0000
14-Apr-25	2347.3291	0.0372	0.0253	0.0119	0.0001
15-Apr-25	2347.8823	0.0236	0.0253	-0.0018	0.0000
16-Apr-25	2348.3839	0.0214	0.0253	-0.0040	0.0000
17-Apr-25	2348.8173	0.0185	0.0253	-0.0069	0.0000

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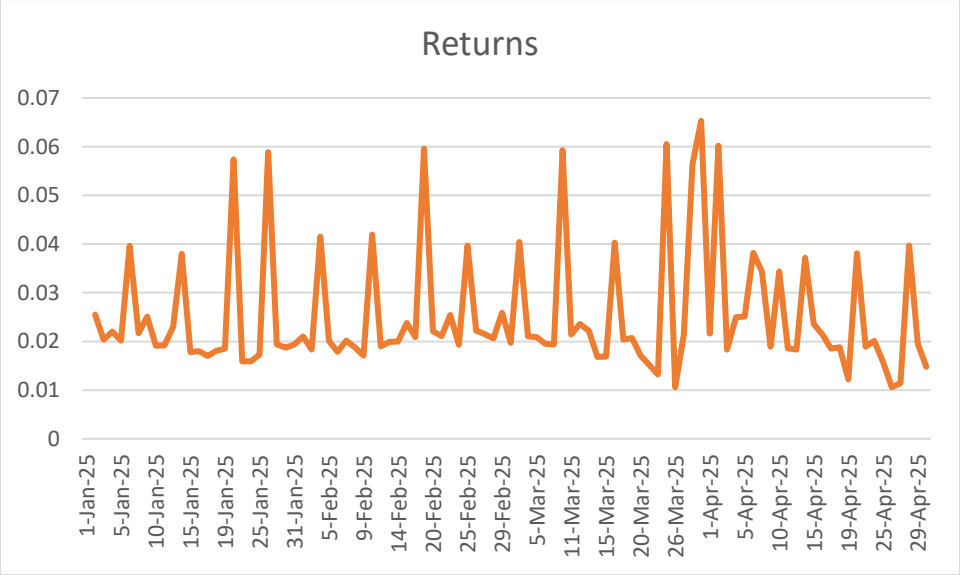
18-Apr-25	2349.2587	0.0188	0.0253	-0.0065	0.0000
19-Apr-25	2349.5462	0.0122	0.0253	-0.0131	0.0002
21-Apr-25	2350.4416	0.0381	0.0253	0.0128	0.0002
22-Apr-25	2350.8861	0.0189	0.0253	-0.0064	0.0000
23-Apr-25	2351.3591	0.0201	0.0253	-0.0052	0.0000
25-Apr-25	2351.7285	0.0157	0.0253	-0.0096	0.0001
25-Apr-25	2351.9772	0.0106	0.0253	-0.0147	0.0002
26-Apr-25	2352.2551	0.0114	0.0253	-0.0139	0.0002
28-Apr-25	2353.1783	0.0397	0.0253	0.0143	0.0002
29-Apr-25	2353.6392	0.0196	0.0253	-0.0057	0.0000
30-Apr-25	2353.9882	0.0148	0.0253	-0.0105	0.0001
		0.0253			0.0153

The mean return (ri) is 0.0253.

Variance=(∑▒d^2)/(n-1) =0.000158 Risk(σ)=√(2&variance) =0.012564

The sharpe performance ratio is 1.516237, which is calculated as (ri-rf)/σ, where Rf is the risk-free return and ri is the return on investment. The annualised rate of return is 7.5%, and the formula is (0.0253-0.00625)/0.012564.

Graphical 4.1: Risk and Returns of GROWW liquid funds



Interpretation:

For the four months beginning on January 1, 2025, and ending on April 30, 2025, the GROWW liquid fund had an average value of 0.0253, a variance of 0.012564, and risk-free returns of 7.5% per annum, or 1.516237, according to the data presented in the table above.

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FINDINGS:

- - The GROWW liquid fund has an average value of 0.0253, a variance of 0.000158, a risk of 0.012564, and a Sharpe Performance ratio of 1.516237.
- - The GROWW banking & financial services fund has an average value of 0.0933, a variance of 0.4025, a risk of 0.6344, and a Sharpe Performance ratio of -0.48726.
- - The GROWW dynamic bond fund has an average value of 0.0280, a variance of 0.0077, a risk of 0.087812, and a Sharpe Performance ratio of 3.109718.The GROWW large cap fund has an average value of 0.1079, a variance of 0.5376, risk of 0.733228, and a Sharpe Performance ratio of 0.58602. Its risk-free returns are 7.5% per annum.With an average value of 0.0281, a variance of 0.0016, risk of 0.04052, and a Sharpe Performance ratio of 0.655204, the GROWW short-term fund offers risk-free returns of 7.5% per annum..

SUGGESTIONS

Investors may choose to consider the GROWW Dynamic Bond Fund as their top pick based on the data presented here and the Sharpe Performance Ratio, which compares the funds' risk-adjusted returns.
A quick look at the funds' Sharpe Performance Ratios reveals the following:
Ratio of Sharpe Performance for GROWW Liquid Fund = 1.516237
-0.48726 is the Sharpe Performance Ratio for the GROWW Banking & Financial Services Fund.
The Sharpe Performance Ratio for the GROWW Dynamic Bond Fund is 3.109718.
Gross Value-Added Fund (GROWW): Sharpe Ratio = 0.58602.
The Sharpe Performance Ratio for the GROWW Short Term Fund is 0.655204.
When adjusting for risk, a greater Sharpe Performance Ratio indicates a superior return. Among the listed funds, the GROWW Dynamic Bond Fund provides the best risk-adjusted return, as indicated by its highest Sharpe Performance Ratio.
Thus, the GROWW Dynamic Bond Fund may be a good choice for investors seeking a moderate level of risk with a potential reward. Nevertheless, before to making any investment choices, it is crucial to think about things like investment time horizon, risk tolerance, and financial objectives. Getting advice from a financial advisor who is familiar with each client's unique situation is another option.

CONCLUSION

Data analysis of GROWW's open-ended mutual funds reveals that their Dynamic Bond Fund is the best recommendation for those looking for a balanced risk-reward portfolio. When compared to other funds on the list, the Dynamic Bond Fund shows greater risk-adjusted returns with a Sharpe Performance Ratio of 3.109718. This shows that the return on investment (ROI) for this fund could be higher than the risk involved. Before making any investing selections, investors must carefully evaluate their own investment goals, risk tolerance, and time horizon. In order to personalise investment advice to one's unique financial objectives and situation, it is wise to consult with a financial counsellor..

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