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A STUDY ON PERFORMANCE INDICATOR OF MUTUAL FUNDS

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ABSTRACT

There have been many shifts in the last several years in the mutual fund industry, and investors' mindsets and expectations have also evolved. Investors' inclination towards return and risk can fluctuate often. A prudent investor will weigh the potential benefits of a fund against its potential drawbacks. Experts, consultants, and mutual fund scheme distributors can help him with this. Anyone can put their money into a mutual fund and stand to gain from it.

It is crucial for investors to periodically assess the performance of the mutual fund, and there are numerous tools available to help with this task. Potentially more essential than any other consideration when choosing a mutual fund product is the fund's performance history.

Therefore, prior to investing, it is crucial to assess funds. Investors must now pay attention to additional criteria in addition to performance when choosing between mutual funds. Expense savings vs performance record is an important consideration for investors. The popularity and growth rate of mutual funds have skyrocketed during the last several decades. Because they simplify the process of investing in a diverse pool of securities, mutual funds are popular among small investors. Concerns regarding the operations and features of mutual funds have grown in number alongside the development of the sector. Investors learn more about the funds and how well they've performed during the evaluation process.

INTRODUCTION

Investors can gain access to a diverse pool of securities managed by experienced fund managers through mutual funds, which are an essential component of modern investing portfolios. Investors can have access to markets that might be difficult or impossible to manage on their own through these investment vehicles, which pool the money of multiple investors to buy a variety of assets like stocks, bonds, and other securities.

Mutual funds are created to accommodate a wide range of investors, including those who want to generate income, preserve cash, or even just wait for their investment to grow in value. They are appealing to both inexperienced and seasoned investors due to their many benefits, such as expert management, diversification, liquidity, and ease of use.

It is essential for investors to have a good grasp of mutual funds' risk and performance characteristics so they can make well-informed decisions that match their investing goals, risk tolerance, and time horizon. The effectiveness and suitability of mutual fund investments can be assessed using metrics including average returns, variation, risk, and the Sharpe performance ratio.

Investors can find opportunities, reduce risks, and build balanced portfolios that fit their financial goals by comparing and analysing various mutual fund schemes. To help investors make smart investing decisions, we compare and contrast a number of mutual funds' performance measures and offer insightful commentary on each.

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Mutual funds are common tools for people who want to increase their money in the ever-changing world of investing. Investors must have a thorough understanding of the risk characteristics and performance of different mutual fund schemes in order to make well-informed decisions that match their financial objectives and comfort level with risk. Here we take a look at how five different mutual fund schemes fared: Canara Robeco, Mahindra Munulife Aggressive Hybrid, Axis All Seasons Debt, Bandhan, and Groww.

REVIEW OF LITERATURE

Sharma N. and Ravikumar R (2025) "Analysis of the Risk and Return relationship of Equity based Mutual Fund in India" was published in the International Journal of Advancements in Research & Technology, and it mentions their study that used the Capital Asset Pricing Model (CAPM) to analyse the performance of equity-based mutual fund schemes. Both publicly traded and privately held mutual funds have performed admirably in the long run. Private sector funds have outperformed their public sector counterparts during the last fifteen years, according to a comparison of the two kinds of mutual funds. Compared to their public sector equivalents, private sector mutual fund schemes had lower levels of risk and better performance.

Vasantha S. et al (2024) As stated in an article titled "Evaluating the Performance of some selected open ended equity diversified Mutual fund in Indian mutual fund Industry" published in the International Journal of Innovative Research in Science, Engineering, and Technology, an investor's risk appetite plays a crucial role in selecting a mutual fund. Before putting their money into a mutual fund, investors should consider a number of aspects, including the fund's performance history, their investment goals, and the level of market risk.

Jani D and Jain R (2023) The authors of the article "Role of Mutual Funds in Indian Financial System as a Key Resource Mobiliser" from the Abhinav Journal (International Monthly Referred Journal of Research in Management & Technology) have stated, once again, that the Indian economy will have a prosperous next year due to its relatively strong fundamentals. The Indian financial sector will rely heavily on mutual funds to mobilise resources as the economy develops. In the not-too-distant future, the Indian mutual fund industry will see healthy expansion.

Nair R K (2022) The capacity of mutual funds to stabilise the Indian economy is emphasised once again in the essay "Indian Mutual Fund Market - A tool to stabilise Indian Economy" published in the International Journal of Scientific and Research Publications. Investors' dispersed savings can be better channelled towards the country's infrastructure development thanks to the products of mutual funds. Another important player is the country's banking and financial institutions, who are actively boosting mutual fund operations. Balanced and debt funds are the most popular choices, according to Sehdev R. and Ranjan P.'s (2019) "A study on Investor's perception towards mutual fund investment" in the Scholars Journal of Economics, Business and Management. Following that, equity diversified and sector funds are sought after. Benefits and transparency, returns, redemption period, liquidity, and the involvement of institutional investors are the variables that contribute to investors' desire for mutual funds. The internet has surpassed all other media outlets as the go-to source for information regarding mutual funds.

Cici G et al (2021) According to their Discussion Paper titled "Market transparency and the marking precision of bond mutual fund managers," the TRACE system, which enhances transparency, was linked to significant reductions in cross-fund bond mark dispersion. A reduction in bond mark dispersion may have been caused, at least in the pre-TRACE era, by issuer initiations into Markit's CDS (Credit Default Swap) spread database, according to their findings. These findings lend credence to the idea that both individual investors and institutional fund managers are "operating largely in the dark..

Srivastava S and Malhotra S (2020) Equity funds are outperforming debt funds, according to a paper titled "A Paradigm Shift in Risk Measuring Tools of Mutual Fund Industry" published in the International

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Journal of Informative & Futuristic Research. The data shows that risk and return are strongly linearly related. When assessing the potential dangers of various funds, asset managers might use tools like the Calmar and safety first ratios. To spread their bets, investors should put their money into equities and other equity-related assets, since no fund is risk-free.

Research Gap

Although numerous studies have examined the performance of mutual funds in India using traditional measures such as returns, risk, Sharpe Ratio, Treynor Ratio, Jensen's Alpha, and the Capital Asset Pricing Model (CAPM), several research gaps still exist. Most previous research has focused either on equity mutual funds or on investors' perceptions, with limited attention given to a comprehensive evaluation of multiple performance indicators across different categories of mutual funds. Furthermore, many studies have relied on historical data from a limited time period and have not adequately considered the impact of recent market fluctuations, technological advancements in fund management, changing regulatory frameworks, and evolving investor preferences. There is also a lack of comparative analysis of performance indicators across public and private sector mutual funds and among various fund houses. Hence, the present study seeks to bridge these gaps by conducting a comprehensive assessment of mutual fund performance using multiple financial performance indicators, thereby providing investors with a more reliable basis for evaluating and selecting mutual fund schemes.

Conceptual Framework

The conceptual framework for the study is based on the relationship between the various performance indicators of mutual funds and their overall performance. The framework assumes that mutual fund performance is influenced by several key indicators, including return, risk, risk-adjusted return, portfolio diversification, expense ratio, fund manager efficiency, benchmark performance, and market conditions. Performance evaluation tools such as the Sharpe Ratio, Treynor Ratio, Jensen's Alpha, Beta, Standard Deviation, and CAPM are used to measure the effectiveness and efficiency of mutual fund schemes. These indicators collectively determine the ability of a mutual fund to generate superior returns while managing investment risk. The framework proposes that better performance on these indicators leads to improved overall mutual fund performance, enabling investors to make informed investment decisions and assisting fund managers in enhancing portfolio management strategies. Thus, the study examines how these financial and market-related factors influence the performance of mutual funds in the Indian financial market.

Objectives of the Study:

1. One goal is to compare the average returns of several mutual fund schemes.
2. . To assess the potential volatility and dangers of each mutual fund system.
3. for every mutual fund plan to have its Sharpe performance ratio computed.
4. To shed light on the compare performance and return after tax of the mutual fund schemes that were studied.
5. To provide excellent advice and insights to help clients make smart choices when investing in mutual funds..

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DATA ANALYSIS AND INTERPRETATION

4.1 RESPONSE AND RISK OF CANARA ROBECO MUTUALFUNDS: A TABLE

NAV date	Net Asset Value	RETURN	AVERAGE	DIFFERENCE	D*D
01-Jan-26	26.18	0.0000	0.0865	0.0865	0.0075
02-Jan-26	26.09	-0.3450	0.0865	0.4315	0.1862
03-Jan-26	26.02	-0.2690	0.0865	0.3555	0.1264
04-Jan-26	26.24	0.8384	0.0865	-0.7519	0.5654
05-Jan-26	26.27	0.1142	0.0865	-0.0277	0.0008
08-Jan-26	26.05	-0.8445	0.0865	0.9310	0.8668
09-Jan-26	26.14	0.3443	0.0865	-0.2578	0.0665
10-Jan-26	26.22	0.3051	0.0865	-0.2186	0.0478
11-Jan-26	26.25	0.1143	0.0865	-0.0278	0.0008
12-Jan-26	26.5	0.9434	0.0865	-0.8569	0.7343
15-Jan-26	26.71	0.7862	0.0865	-0.6997	0.4896
16-Jan-26	26.63	-0.3004	0.0865	0.3869	0.1497
17-Jan-26	26.19	-1.6800	0.0865	1.7665	3.1206
18-Jan-26	26.09	-0.3833	0.0865	0.4698	0.2207
19-Jan-26	26.35	0.9867	0.0865	-0.9002	0.8104
23-Jan-26	25.95	-1.5414	0.0865	1.6279	2.6501
24-Jan-26	26.18	0.8785	0.0865	-0.7920	0.6273
25-Jan-2	26.07	-0.4219	0.0865	0.5084	0.2585
29-Jan-26	26.46	1.4739	0.0865	-1.3874	1.9250
30-Jan-26	26.18	-1.0695	0.0865	1.1560	1.3364
31-Jan-26	26.4	0.8333	0.0865	-0.7468	0.5578
01-Feb-26	26.36	-0.1517	0.0865	0.2382	0.0568
02-Feb-26	26.49	0.4908	0.0865	-0.4043	0.1634
05-Feb-26	26.38	-0.4170	0.0865	0.5035	0.2535
06-Feb-26	26.6	0.8271	0.0865	-0.7406	0.5484
07-Feb-26	26.63	0.1127	0.0865	-0.0262	0.0007
08-Feb-26	26.48	-0.5665	0.0865	0.6530	0.4264
09-Feb-26	26.52	0.1508	0.0865	-0.0643	0.0041
12-Feb-26	26.33	-0.7216	0.0865	0.8081	0.6530
13-Feb-26	26.51	0.6790	0.0865	-0.5925	0.3510
14-Feb-26	26.61	0.3758	0.0865	-0.2893	0.0837
15-Feb-26	26.69	0.2997	0.0865	-0.2132	0.0455
16-Feb-26	26.86	0.6329	0.0865	-0.5464	0.2986

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19-Feb-26	26.96	0.3709	0.0865	-0.2844	0.0809
20-Feb-26	27.06	0.3695	0.0865	-0.2831	0.0801
21-Feb-26	26.92	-0.5201	0.0865	0.6066	0.3679
22-Feb-26	27.16	0.8837	0.0865	-0.7972	0.6355
23-Feb-26	27.21	0.1838	0.0865	-0.0973	0.0095
26-Feb-26	27.09	-0.4430	0.0865	0.5295	0.2803
27-Feb-26	27.2	0.4044	0.0865	-0.3179	0.1011
28-Feb-26	26.93	-1.0026	0.0865	1.0891	1.1861
29-Feb-26	27.01	0.2962	0.0865	-0.2097	0.0440
01-Mar-26	27.34	1.2070	0.0865	-1.1205	1.2556
04-Mar-26	27.4	0.2190	0.0865	-0.1325	0.0176
05-Mar-26	27.34	-0.2195	0.0865	0.3060	0.0936
06-Mar-26	27.46	0.4370	0.0865	-0.3505	0.1229
07-Mar-26	27.5	0.1455	0.0865	-0.0590	0.0035
11-Mar-26	27.37	-0.4750	0.0865	0.5615	0.3152
12-Mar-26	27.32	-0.1830	0.0865	0.2695	0.0726
13-Mar-26	26.88	-1.6369	0.0865	1.7234	2.9701
14-Mar-26	27.08	0.7386	0.0865	-0.6521	0.4252
15-Mar-26	26.94	-0.5197	0.0865	0.6062	0.3674
18-Mar-26	26.99	0.1853	0.0865	-0.0988	0.0098
19-Mar-26	26.7	-1.0861	0.0865	1.1726	1.3751
20-Mar-26	26.76	0.2242	0.0865	-0.1377	0.0190
21-Mar-26	27.05	1.0721	0.0865	-0.9856	0.9714
22-Mar-26	27.21	0.5880	0.0865	-0.5015	0.2515
26-Mar-26	27.21	0.0000	0.0865	0.0865	0.0075
27-Mar-26	27.41	0.7297	0.0865	-0.6432	0.4137
28-Mar-26	27.64	0.8321	0.0865	-0.7456	0.5560
31-Mar-26	27.64	0.0000	0.0865	0.0865	0.0075
	27.64	0.0865			29.6738
	25.95				

The average returns are 0.0865, and the variance is 0.495456, calculated as the sum of D^b divided by (N-1).

The risk σ is equal to 0.703252, which is the square root of 2 times the variance.

The Sharpe performance ratio is -0.80223, calculated as (ri-rf)/σ, where Rf is the risk-free rate of interest and formulaed as (0.0865-0.625/0.703252)/σ.

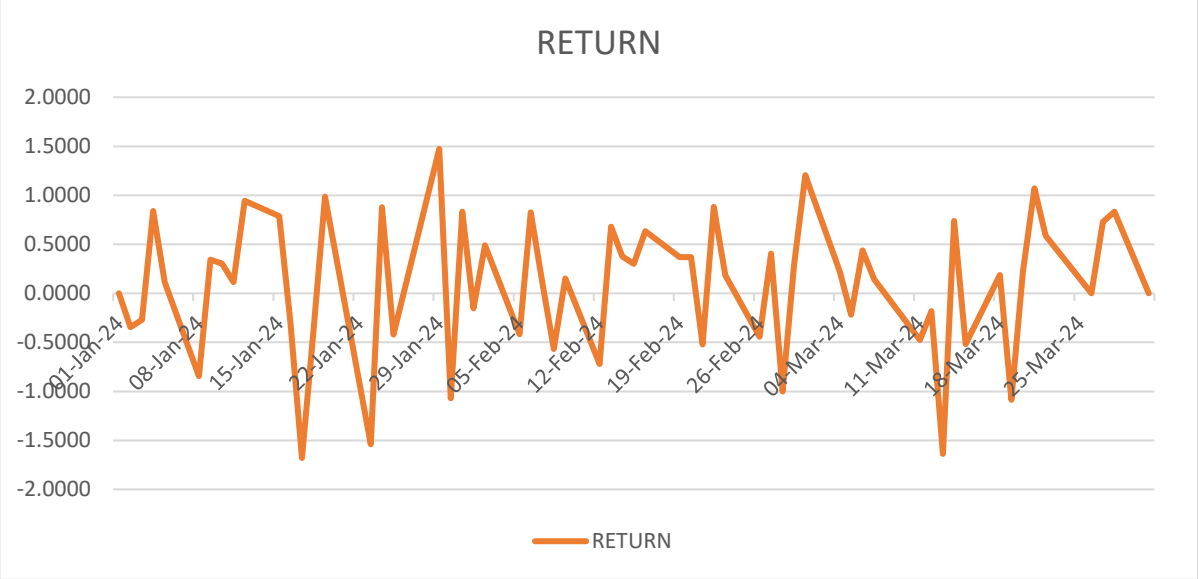
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INTERPRETATION

Results for the three-month period beginning January 1, 2026, and ending March 31, 2026, as shown in the accompanying table and graph, show that the CANARA ROBECO MUTUAL FUNDS had an average return of 0.0865, a variance of 0.494564, a risk of 0.703252, and a Sharpe performance ratio of -0.80223. As

The Canara RobecoNav reached its peak on March 31, 24 at 27.64, and its trough on January 23, 24 at 25.95.

FINDINGS

- The average return for the Canara Robeco Mutual Fund is 0.0865, while the variance is 0.494564. The Sharpe performance ratio is -0.80223, and the risk is 0.703252.
- The Mahamudra Munulilife Aggressive Hybrid Fund has a Sharpe performance ratio of -1.26517, an average return of 0.0727, a variance of 0.436541, and a risk of 0.660713.
- The Sharpe performance ratio for the AXIS ALL SEASONS DEBT FUND is -3.07313, with an average return of -0.0124, a variance of 0.446476, and a risk of -3.12293.
- The Bandhan Mutual Funds have a Sharpe performance ratio of -0.9455, an average return of -0.0009, a variance of 0.066198, and a risk of 0.257291 per annum.
- There is a Sharpe performance ratio of -1.15102, an average return of -0.011963, a variance of 0.243629, and a risk of 0.493588 in the GROWW MUTUAL FUND.

SUGESTIONS

Here are a few recommendations for each mutual fund based on the data that has been provided:

CANARA ROBECO MUTUAL FUND:

Investors looking for a middle ground between returns and risk may find this fund appealing, thanks to its moderate risk and positive average returns. A negative Sharpe ratio, however, suggests room for

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improvement in risk-adjusted performance. Improving risk-adjusted returns may necessitate reevaluating the fund's investment strategy and portfolio composition.

MAHINDRA MUNULIFE AGGRESSIVE HYBRID FUND:

This fund has a high level of risk, as shown by the risk and variance indicators, even though it has positive average returns. When looking at risk-adjusted performance, a negative Sharpe ratio indicates poor results. Investors should consider their investing goals and risk tolerance to determine if the increased risk is acceptable. Possible approaches to risk management include rebalancing or diversification.

AXIS ALL SEASONS DEBT FUND:

The fund's negative Sharpe ratio is a result of its extremely high risk and negative average returns. Reasons for the negative returns and substantial risk should be carefully considered by investors. It can be wise to have a look at the fund's investment approach, the state of the portfolio, and the economic variables influencing the debt markets before making any moves.

BANDHAN MUTUAL FUNDS:

This fund is quite low risk compared to others on the list, although it does have slightly negative average returns. Poor risk-adjusted performance is indicated by a negative Sharpe ratio. Adjustments to asset allocation or the pursuit of other investment options within the same risk category could provide investors with possibilities to enhance returns while effectively controlling risk.

GROWW MUTUAL FUND:

There is less risk and somewhat negative average returns, much like the last fund. There is room for improvement in risk-adjusted performance, as indicated by the negative Sharpe ratio. To enhance risk-adjusted returns, investors should think about diversifying their holdings or reevaluating the fund's investing strategy.

Based on this comparative analysis:

With its moderate risk and greatest average returns, Canara Robeco Mutual Fund seems like a good bet.

The worst performing Axis All Seasons Debt Fund has the biggest risk and the smallest returns.

The lowest variance is shown in Bandhan Mutual Funds, which indicates that their returns are reasonably consistent.

Negative returns and moderate to high risk indicate that Mahindra Munulife Aggressive Hybrid Fund and Groww Mutual Fund are struggling.

CONCLUSION

Lastly, the Sharpe performance ratio, average returns, variation, and risk are all important considerations when assessing mutual funds. There are advantages and disadvantages to each of the funds listed; whether one is best for a given investor will depend on their personal situation and long-term financial objectives.

There is opportunity for improvement in risk-adjusted performance with Canara Robeco Mutual Fund, as it offers positive average returns with modest risk. However, the fund's Sharpe ratio is negative.

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The negative Sharpe ratio is a result of the increased risk associated with the good returns provided by the Mahindra Munulife Aggressive Hybrid Fund. Before investing, one must determine if the level of risk is acceptable in relation to their goals.

Negative average returns and extremely high risk are signs of major difficulties for Axis All Seasons Debt Fund. Economic considerations and its investment strategy necessitate more investigation.

Bandhan Mutual Funds have lower risk than others, yet they produce slightly negative returns. Possible opportunities to enhance risk-adjusted performance could arise from rebalancing the portfolio.

Potential for improved risk-adjusted performance via diversification or strategic adjustments is suggested by Groww Mutual Fund's slightly negative returns with substantially lower risk.

In order to make well-informed decisions that are in line with their financial goals, investors should do their homework, think about their risk tolerance and investment objectives, and get professional guidance if necessary.

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