



Indian Journal of Commerce, Business & Management (IJCBM)

An International Peer Reviewed, Refereed, Indexed, Quarterly Research journal of Commerce, Business & Management

ISSN : 3108-057X (Online)

3108-1282 (Print)

IIFS Impact Factor : 5.625

Vol.-2; Issue-3 (July-Sept.) 2026

Page No.- 128-140

DOI :-10.71037/ijcbm.v2i3.11

©2026 IJCBM

<https://ijcbm.gyanvidya.com>

Author's :

1. Mrs Prathima A

Vice principal, Sri Ramakrishna college,
Mangalore and Research scholar, Karnatak
University, Dharwad.

2. Dr Hanmanth Mustari

Assistant Professor, Department of PG
Studies in commerce, Karnatak University,
Karwar.

Corresponding Author :

Mrs Prathima A

Vice principal, Sri Ramakrishna college,
Mangalore and Research scholar, Karnatak
University, Dharwad.

A Comparative Analysis of Risk-Adjusted Performance and Long-Term Wealth Creation of Selected Equity Mutual Funds in India

Abstract : This study examines the risk-adjusted performance and wealth creation ability of selected equity mutual funds in India. The objectives are to evaluate and compare the performance of selected funds, assess their capacity to generate long-term wealth, and examine whether funds with superior risk-adjusted performance also create higher wealth for investors. The analysis is based on monthly Net Asset Value data obtained from the Association of Mutual Funds in India, benchmark index data from the National Stock Exchange, and the 91-day Treasury bill yield from the Reserve Bank of India as the proxy for the risk-free rate. The study period covers January 2023 to July 2025. Monthly returns were calculated from NAV data, and risk-adjusted performance was evaluated using the Sharpe ratio, Treynor ratio and Jensen's alpha. Wealth creation was assessed through cumulative return, compound annual growth rate and terminal wealth, assuming an initial investment of ₹1 at the beginning of the study period. The results reveal variation in both risk-adjusted performance and wealth generation among the selected funds. ICICI Mutual Fund shows the highest Sharpe ratio and Jensen's alpha, while SBI Mutual Fund records the highest Treynor ratio. LIC Mutual Fund generates the highest cumulative return, CAGR and terminal wealth. The comparison of rankings indicates that funds with stronger risk-adjusted performance do not always produce the highest wealth outcomes. The findings emphasise the importance of evaluating mutual funds using both performance and wealth indicators.

Keywords: Equity mutual funds, Risk-adjusted performance, Wealth creation, Sharpe ratio, Treynor ratio, Jensen's alpha.

1. Introduction : Over the past two decades the Indian mutual fund industry has undergone steady growth, and

equity mutual funds have become an important investment choice for those interested in wealth creation and capital appreciation (Srivastava, 2022; Zabiulla, 2014). It is imperative to understand the performance of equity mutual funds and the ability to create wealth for the investors as they increase their participation. Mutual fund performance is measured using risk-adjusted performance measures such as the Sharpe Ratio, Treynor Ratio, and Jensen's Alpha in a large body of literature (Arora, 2015; Panda et al., 2015; Singh & Tandon, 2022; Sondhi & Jain, 2006). International studies use similar approaches to assess the effectiveness and risk-return ratios of different markets (Durán Santomil et al., 2024; Tolikas & Callonnec, 2023). These studies imply that there is significant variation in performance of funds across schemes and over time periods. Although some funds do post significant absolute returns, these returns do not necessarily represent better performance when considering risk (Gobbilla & Sanjana, 2025; Rao et al., 2017). As a result, performance evaluation requires a balanced evaluation of risk and return (Kaur, 2018). Another critical aspect of mutual fund evaluation is part of wealth generation. Prior research suggests that equity investments can help build an investor's wealth over time, especially when funds are carefully selected (Ajadi, 2024; Babbar & Sehgal, 2018). The importance of performance comparison can be underlined by the fact that wealth accumulation in equity markets is often dependent on the performance of comparatively superior market participants (Bessembinder et al., 2023). Furthermore, Indian research suggests that the efficacy of mutual funds as investment instruments is better evaluated if performance and wealth outcomes are analysed together (Agarwal & Pradhan, 2019; Elaram & Devi, 2024). Despite the fact that existing research has separately examined wealth creation and performance, there is a lack of research that combines these dimensions to ascertain whether better-performing funds also generate higher wealth among investors. Addressing this issue is important to provide practical understanding in the choice of funds and investment decisions.

Objectives of the Study

1. To evaluate and compare the performance of selected equity mutual funds.
2. To assess the wealth creation ability of selected equity mutual funds.
3. To examine whether better-performing mutual funds also generate higher wealth for investors.

2. Review of Literature

Sondhi and Jain (2006) examined the performance of equity mutual funds in India using traditional risk adjusted performance measures such as the Sharpe Ratio, Treynor Ratio and Jensen's Alpha. The study found that only a small number of mutual fund schemes were able to outperform benchmark indices on a risk adjusted basis. The findings indicated that although some funds reported higher nominal returns, consistent superior performance after adjusting for risk was limited.

Zabiulla (2014) analysed wealth creation through equity mutual funds using the compound annual growth rate approach. The study emphasised the importance of compounding in long term investment growth and highlighted that sustained investment over longer time horizons significantly improves the potential for wealth accumulation.

Arora (2015) evaluated the performance of equity mutual funds in India and reported considerable variation in returns across different schemes. The study found that only a few funds consistently generated returns higher than benchmark indices when risk adjustments were applied, indicating inconsistency in fund performance.

Panda et al. (2015) assessed mutual fund performance using risk adjusted measures and observed that many schemes produced attractive nominal returns. However, the number of funds

that outperformed benchmarks declined significantly when risk was taken into consideration. The study concluded that relying solely on raw returns may lead to misleading conclusions regarding mutual fund performance.

Sehgal and Babbar (2017) investigated the influence of fund characteristics on mutual fund performance and found that factors such as expense ratio and operational efficiency significantly affect long term returns. The study indicated that funds with lower costs tend to perform better over time.

Rao et al. (2017) emphasised the importance of evaluating mutual fund performance by considering both risk and return simultaneously. The study noted that different mutual fund schemes have different levels of risk exposure and therefore evaluation based only on returns may not provide an accurate assessment of performance.

Nguyen et al. (2018) analysed the relationship between investor confidence, fund flows and mutual fund performance in emerging markets. The study found that investor sentiment significantly influences investment decisions and performance dynamics in mutual funds.

Kaur (2018) highlighted that investors often rely on nominal returns when selecting mutual funds, which can result in distorted investment decisions. The study argued that risk adjusted measures provide a more reliable evaluation of mutual fund performance.

Deb (2019) examined performance persistence in mutual funds and found evidence of short term persistence in fund returns. However, the study concluded that this persistence tends to decline over longer investment periods.

Agarwal and Pradhan (2019) applied multifactor asset pricing models including the Capital Asset Pricing Model, the Fama French three factor model and the Carhart four factor model to evaluate equity mutual funds. The study reported limited evidence of persistent alpha generation and suggested that consistent outperformance is rare.

Sialm and Zhang (2020) analysed the relationship between fund expenses, portfolio turnover and future performance. The study found that higher expense ratios and higher turnover costs are generally associated with lower future performance of mutual funds.

Maheen (2021) examined the influence of macroeconomic conditions on mutual fund performance. The study reported that mutual fund returns vary significantly across different economic cycles and crisis periods.

Cuthbertson et al. (2022) investigated mutual fund performance persistence and found that once risk factors and transaction costs are properly considered, evidence of long term outperformance becomes very limited.

Hosseini et al. (2022) analysed mutual fund performance using downside risk measures and observed that funds with similar Sharpe Ratios may display significantly different downside risk characteristics. The study highlighted the importance of incorporating advanced risk measures in performance evaluation.

Gnabo and Soudant (2022) examined the effect of macro financial shocks on mutual fund performance and found that such shocks influence the ability of funds to generate risk adjusted outperformance.

Broman et al. (2023) investigated downside risk characteristics of mutual funds and found that funds with similar average returns can display different risk profiles during periods of market instability.

Ali et al. (2023) argued that mutual fund performance should be evaluated using multiple risk adjusted measures in order to obtain a more comprehensive assessment of fund effectiveness.

Bessembinder et al. (2023) demonstrated that wealth creation in equity markets is concentrated

among a small number of high performing stocks. The study highlighted the importance of diversified investment vehicles such as mutual funds in enabling investors to benefit from overall market growth.

Mohan and Bohra (2023) emphasised that sustainable wealth creation through mutual funds depends more on return consistency and systematic investment strategies rather than short term performance spikes.

Patel et al. (2023) documented performance variability and style drift in mutual funds, suggesting that fund strategies may change over time and affect return stability.

Tolikas and Callonnec (2023) found that after adjusting for systematic risk factors and transaction costs, the evidence of mutual fund outperformance becomes weaker.

Ajadi (2024) highlighted the role of disciplined investment and diversification through equity mutual funds in generating long term wealth. The study emphasised that consistent equity exposure contributes to sustainable wealth accumulation.

Durán Santomil et al. (2024) demonstrated that mutual fund rankings vary significantly depending on the performance metric used. The findings suggested that conclusions regarding fund performance are highly dependent on the evaluation framework applied.

Veeravel (2024) examined performance persistence in equity mutual funds and found that although some funds display short term persistence, sustained abnormal performance over long periods is uncommon.

Majumdar et al. (2024) suggested that informational advantages such as alumni networks may influence fund performance in certain contexts by providing managers with access to better information.

Kumar and Singh (2025) analysed performance persistence in mutual funds and reported that although temporary persistence can occur during specific periods, consistent alpha generation over longer time horizons remains statistically insignificant.

Silva et al. (2025) examined the influence of investor sentiment on mutual fund performance and found that behavioural factors affect performance differently in developed and emerging economies.

Despite the large body of research examining mutual fund performance, wealth creation, fund characteristics and behavioural influences, most studies analyse these factors independently. Limited empirical research simultaneously examines mutual fund performance and long term wealth creation within a single framework. Therefore, the present study attempts to address this gap by analysing whether funds with superior performance also contribute to greater wealth creation for investors over time.

3. Data and Methodology

3.1 Data Sources and Sample Period : This research is based on secondary data gathered from official and public sources that are accessible to the public. Monthly Net Asset Value (NAV) statistics for specific equity mutual funds were obtained from the website of the Association of Mutual Funds in India (AMFI) using the feature called NAV history (Association of Mutual Funds in India [AMFI], 2025). NAV data was collected till July 2025. The sample period was limited to July 2025 since the availability of monthly risk-free rate data provided by the Reserve Bank of India (RBI) is only up to this date. The risk-free rate was taken from the Reserve Bank of India website through the Statistics section by going to the Database on Indian Economy (DBIE) portal under Statistics – Government Securities Market (Reserve Bank of India [RBI], 2025). The monthly yield for 91-day Treasury Bills (with 15-91 days of residual maturity) was taken as the proxy for the risk-free rate. The yield on the 91-day Treasury bill is often recognised

in financial literature as a short-term risk-free standard. Benchmark index data of the NIFTY 50 were obtained from the National Stock Exchange (NSE) website through Market Data - Historical Reports - Historical Index Data (National Stock Exchange of India [NSE], 2025). The movement of the NIFTY 50 index during the study period is illustrated in Figure 1. Daily closing index values were retrieved and converted to month-end closing values to provide compatibility for mutual fund NAV data. The final sample is from January 2023 to July 2025 on a monthly basis.

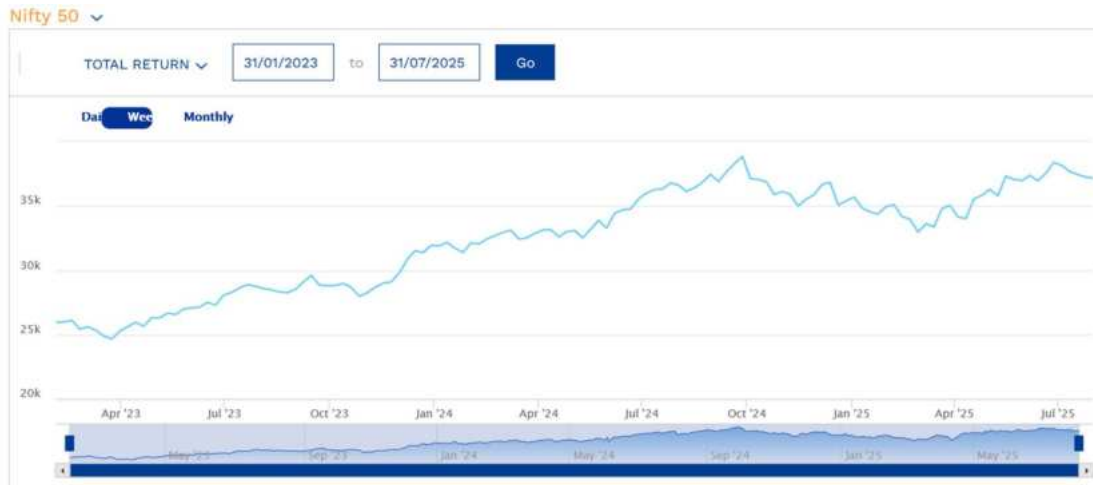


Figure 1: NIFTY 50 Index Trend during the Study Period (Jan 2023 – Jul 2025)

(Source: NSE Historical Index Data)

3.2 Measurement of Fund Performance : Monthly returns for the mutual funds were calculated based on month-end NAV values. The computation of the return follows the traditional percentage return formula generally used in financial analysis (Bodie et al., 2018). Risk-adjusted performance was measured using three recognised measures: Beta necessary for the Treynor Ratio and Jensen's Alpha was determined from a regression analysis of fund returns against market returns. These measurements give a systematic relationship of the mutual fund performance after risk adjustment.

3.3 Measurement of Wealth Creation : Wealth generation was measured in terms of cumulative return and Compound Annual Growth Rate (CAGR). Cumulative return measures the percentage growth in the NAV during the period of the research. CAGR stands for the annualised growth rate of an investment over a period of time and is calculated using the classic compound growth formula (Ross et al., 2019). Terminal wealth was calculated by assuming an initial notional investment of ₹1 at the beginning of the study period and compounding monthly returns until the end of the study period. This approach provides a clear judgement on actual investment expansion between funds.

3.4 Relationship Between Performance and Wealth Creation : To determine whether better-performing funds create more wealth, mutual funds were independently categorised based on risk-adjusted performance measures and wealth generation measures. Comparative ranking analysis and correlation analysis were conducted to assess the relationship between the measures of performance and the measures of wealth. This approach measures whether improved risk-adjusted performance leads to greater wealth accumulation.

3.5 Presentation of Formulae : Figure 2 and Figure 3 display the equations used to calculate return, wealth generation, and risk-adjusted performance measures. Figure 2 shows the calculation of monthly return, cumulative return and Compound Annual Growth Rate (CAGR),

which are crucial in assessing the growth of an investment and total wealth creation. Figure 3 presents the formulas for the Sharpe Ratio, Treynor Ratio and Jensen's Alpha, which are used to measure the performance of mutual funds after they have been adjusted for total and systematic risk. Collectively, these numbers form the basis of the mathematical foundation that supports the comparison of performances and wealth analysis performed in this study.

Monthly Return:
$$R_t = \frac{NAV_{t-1}}{NAV_{t-1}}$$

- R_t = represents return in month t ;
- NAV_t = represents month-end net asset value at time t ;
- NAV_{t-1} represents the net asset value in the previous month.

Cumulative Return:
$$Cumulative\ Return = \frac{Final\ NAV}{Initial\ NAV} - 1$$

- Final NAV denotes final net asset value at the *end of* the study period;
- Initial NAV denotes initial net asset value at the beginning of the study period.

Compound Annual Growth Rate (CAGR):
$$CAGR = \left(\frac{Final\ NAV}{Initial\ NAV} \right)^{\frac{1}{n}} - 1$$

- n represents the number of years in the study period.

Figure 2: Formulas for Return and Wealth Creation

Sharpe Ratio:
$$Sharpe = \frac{R_p - R_f}{\sigma_p}$$

- R_p = represents average portfolio return;
- R_f = represents the risk-free rate;
- σ_p = represents standard deviation of portfolio returns.

Treynor Ratio:
$$Treynor = \frac{R_p - R_f}{\beta}$$

- R_p = represents average portfolio return;
- β_p represents beta, measuring risk of the portfolio relative to market.

Jensen's Alpha:
$$R_p = R_f + \beta (R_m - R_f) + \alpha$$

- α indicates Jensen's Alpha: $\alpha = R_p - [R_f + \beta (R_m - R_f)]$
- β_p represents beta, measuring systematic risk

Figure 3: Risk Adjusted Performance Measures

4. Results : This part outlines the empirical results of the research based on monthly data of the selected equity mutual funds and the benchmark index. The findings emphasise comparative performance, capacity for wealth generation and the correlation between performance efficiency and investor wealth results. The research is designed in stages to provide a holistic evaluation of

return behaviour, risk-adjusted efficiency and growth potential between funds.

4.1 Descriptive Statistics of Monthly Return : This subsection is used to provide the descriptive statistics of the monthly returns of the selected equity mutual funds for the study period of Jan, 2023 to Jul, 2025. Monthly returns were calculated by the percentage difference between the net asset value (NAV) in one month and in the previous month. The descriptive statistics include the number of observations, minimum and maximum monthly returns, average return and standard deviation.

Table 1 : Descriptive Statistics of Monthly Returns of Selected Equity Mutual Funds

Fund	Minimum	Maximum	Mean Return	Std. Deviation
LIC Mutual Fund	-0.0978	0.0960	0.0210	0.0440
Axis Mutual Fund	-0.0750	0.0720	0.0140	0.0341
ICICI Mutual Fund	-0.0599	0.0716	0.0180	0.0334
SBI Mutual Fund	-0.0634	0.0693	0.0150	0.0340
Valid N (listwise): 30				
Note: Monthly return = $(NAV_t - NAV_{t-1}) / NAV_{t-1}$. The sample consists of 30 monthly return observations derived from NAV data covering the period January 2023 to July 2025.				

Source: Authors' calculations

The results indicate that LIC Mutual Fund recorded the highest mean monthly return (0.0210), followed by ICICI Mutual Fund (0.0180) and SBI Mutual Fund (0.0150), while Axis Mutual Fund recorded the lowest mean monthly return (0.0140). LIC Mutual Fund exhibits the highest standard deviation (0.0440), indicating higher variability in returns, whereas ICICI Mutual Fund shows the lowest standard deviation (0.0334). The minimum and maximum values indicate that all funds experienced both positive and negative monthly returns during the study period.

4.2 Risk Adjusted Performance of Mutual Funds : This subsection evaluates the performance of the selected equity mutual funds after adjusting for risk. Three commonly used measures are employed: the Sharpe Ratio, Treynor Ratio and Jensen's Alpha. These measures assess the return generated by the funds relative to the risk undertaken.

4.2.1 Sharpe Ratio : The Sharpe Ratio measures excess return per unit of total risk and is calculated as the difference between the average fund return and the risk-free rate divided by the standard deviation of returns.

Table 2 : Sharpe Ratio of Selected Equity Mutual Funds

Fund	Mean Return	Std. Deviation	Sharpe Ratio
LIC Mutual Fund	0.0210	0.0440	0.355
Axis Mutual Fund	0.0140	0.0341	0.252
ICICI Mutual Fund	0.0180	0.0334	0.378
SBI Mutual Fund	0.0150	0.0340	0.280
Note: Sharpe Ratio = $(R_p - R_f) / \sigma_p$, where R_p is the mean fund return, R_f is the mean risk-free rate and σ_p is the standard deviation of fund returns.			

Source: Authors' calculations

The results indicate that ICICI Mutual Fund recorded the highest Sharpe Ratio, followed by LIC and SBI, while Axis Mutual Fund shows the lowest Sharpe Ratio among the selected funds.

4.2.2 Treynor Ratio : The Treynor Ratio evaluates fund performance based on systematic risk by relating excess return to the beta of the fund.

Table 3 : Treynor Ratio of Selected Equity Mutual Funds

Fund	Beta	Treynor Ratio
LIC Mutual Fund	1.058	0.0147
Axis Mutual Fund	-0.033	-0.2642
ICICI Mutual Fund	0.082	0.1544
SBI Mutual Fund	0.006	1.5762
Note: Treynor Ratio = $(R_p - R_f) / \beta$, where β represents the systematic risk estimated through regression of fund returns on market returns.		

Source: Authors' calculations

The Treynor Ratio values show variation across the funds depending on their systematic risk exposure.

4.2.3 Jensen's Alpha : Jensen's Alpha measures abnormal return relative to the return predicted by the Capital Asset Pricing Model (CAPM).

Table 4 : Jensen's Alpha of Selected Equity Mutual Funds

Fund	Beta	Jensen Alpha
LIC Mutual Fund	1.058	0.0073
Axis Mutual Fund	-0.033	0.0088
ICICI Mutual Fund	0.082	0.0120
SBI Mutual Fund	0.006	0.0095
Note: Jensen's Alpha = $R_p - [R_f + \beta (R_m - R_f)]$, where R_p is the fund return, R_f is the risk-free rate, R_m is the market return and β represents systematic risk.		

Source: Authors' calculations

The alpha values indicate the extent to which the selected mutual funds generated returns above the expected market-adjusted performance.

4.3 Wealth Creation Analysis : This subsection evaluates the wealth creation ability of the selected equity mutual funds over the study period from January 2023 to July 2025. Wealth creation is assessed using cumulative return, compound annual growth rate (CAGR) and terminal wealth. These measures provide an indication of the overall investment growth generated by each fund during the sample period.

4.3.1 Cumulative Return : Cumulative return measures the total percentage increase in investment value over the study period. It is calculated using the initial and final net asset values (NAVs) of the mutual funds.

Table 5 : Cumulative Return of Selected Equity Mutual Funds

Fund	Initial NAV	Final NAV	Cumulative Return
LIC Mutual Fund	25.8305	45.6301	0.7665
Axis Mutual Fund	47.21	69.16	0.4649
ICICI Mutual Fund	74.19	120.57	0.6252
SBI Mutual Fund	68.3001	102.1782	0.4959
Note: Cumulative Return = $(\text{Final NAV} - \text{Initial NAV}) / \text{Initial NAV}$.			

Source: Authors' calculations

The cumulative return values indicate the overall increase in fund value during the study period.

4.3.2 Compound Annual Growth Rate (CAGR) : CAGR represents the annualised growth rate of investment over the study period. It reflects the average yearly return assuming the investment grows at a constant rate.

Table 6 : Compound Annual Growth Rate (CAGR) of Selected Equity Mutual Funds

Fund	Initial NAV	Final NAV	CAGR
LIC Mutual Fund	25.8305	45.6301	0.258
Axis Mutual Fund	47.21	69.16	0.172
ICICI Mutual Fund	74.19	120.57	0.217
SBI Mutual Fund	68.3001	102.1782	0.183
Note: CAGR = $(\text{Final NAV} / \text{Initial NAV})^{(1/n)} - 1$ where n represents the number of years in the study period (January 2023 to July 2025).			

Source: Authors' calculations

4.3.3 Terminal Wealth : Terminal wealth represents the final value of an investment at the end of the study period assuming an initial investment of ₹1. This measure illustrates the growth of investment across the funds over time.

Table 7 : Terminal Wealth of Selected Equity Mutual Funds

Fund	Initial Investment (₹)	Terminal Wealth (₹)
LIC Mutual Fund	1	1.7665
Axis Mutual Fund	1	1.4649
ICICI Mutual Fund	1	1.6252
SBI Mutual Fund	1	1.4959
Note: Terminal Wealth = Final NAV / Initial NAV, assuming an initial investment of ₹1.		

Source: Authors' calculations

The terminal wealth values represent the final investment value generated by each mutual fund over the study period.

4.4 Relationship Between Risk-Adjusted Performance and Wealth Creation : This subsection examines whether mutual funds that demonstrate superior risk-adjusted performance also generate higher wealth for investors. To evaluate this relationship, the rankings of the selected mutual funds based on risk-adjusted performance measures (Sharpe Ratio, Treynor Ratio and Jensen's Alpha) are compared with the rankings obtained from wealth creation indicators (cumulative return, CAGR and terminal wealth).

Table 8 : Comparison of Risk-Adjusted Performance and Wealth Creation Rankings

Fund	Sharpe Ratio Rank	Treynor Ratio Rank	Jensen Alpha Rank	Wealth Creation Rank
LIC Mutual Fund	2	3	3	1
Axis Mutual Fund	4	4	4	4
ICICI Mutual Fund	1	2	1	2
SBI Mutual Fund	3	1	2	3
Note: Risk-adjusted performance rankings are based on Sharpe Ratio, Treynor Ratio and Jensen's Alpha calculated in Section 4.2. Wealth creation ranking is based on cumulative return, CAGR and terminal wealth calculated in Section 4.3.				

Source: Authors' calculations

The analysis shows disparities in results of performance efficiency and wealth generation in the mutual funds selected for the analysis. Although several funds have a strong performance according to risk-adjusted metrics, their wealth creation rankings do not always follow this trend. The results indicate that there are discrepancies between risk-adjusted performance measures and wealth creation results over the duration of the research. This analysis provides a summary of the correlation between the performance of the funds and investment growth, emphasising the discrepancies in ranking positions between the selected funds.

5. Implications : This study's results have many practical implications that can help individual investors make better choices when choosing equity mutual funds. Risk-adjusted performance metrics, rather than solely relying on absolute returns, should be used to evaluate mutual funds by investors. Metrics such as the Sharpe Ratio, Treynor Ratio and Jensen's Alpha explain whether or not a mutual fund generates adequate returns relative to the risk taken. Evaluating these signatures can help investors to identify funds which help reduce risk better. Another consequence of this is that investors should look for long-term performance instead of focusing on variations in short-term returns. The results of the study prove that the wealth generation through equity mutual funds has a correlation with certain returns that are consistent and the compounding effect over time. Investors can therefore benefit from holding investments over long periods of time rather than constantly moving money in and out of investments based on short-term market changes. The research highlights the importance of analysing a large number of performance metrics when evaluating mutual funds. As the ranking of funds may change according to the performance metric used, investors would like to look at multiple indications before making investing choices. An integrated analysis of risk-adjusted measures of performance and wealth generation can provide a more comprehensive understanding of mutual fund efficacy. Furthermore, the findings show that wealth-building through diversification through mutual funds can improve wealth-building over time. By investing in professionally managed mutual fund portfolios, individual investors can obtain access to a variety of equity investments without having to be knowledgeable in investing. This strategy may reduce unsystematic risk and improve the chances for the accumulation of wealth over the long run.

6. Conclusion : This study evaluated the performance of certain equity mutual funds in order to assess their risk-adjusted performance and ability to create wealth for the investors. The analysis used monthly return data that was collected from the net asset values of the selected mutual funds. Risk-adjusted performance was assessed through the Sharpe Ratio, Treynor Ratio and Jensen's Alpha, and wealth creation was assessed through metrics such as cumulative return, compound annual growth rate and terminal wealth. The results show that the selected mutual funds are showing discrepancies in risk-adjusted performance and wealth generation results. Certain funds have comparatively better performance when risk-adjusted measures are considered, while others generate higher investment growth over the study duration. The analysis shows that the ranking of funds when risk-adjusted performance is compared to the ranking using the wealth creation metrics does not seem to be consistent. The findings highlight the importance of evaluating mutual funds using a variety of performance metrics to get a more comprehensive understanding of the efficacy of investment funds. Risk-adjusted performance metrics help explain the correlation between return and risk, while wealth creation metrics are an indicator of the long-term growth potential of assets. The combination of these methodologies is more comprehensive in to provide a more comprehensive assessment of equity mutual funds as investment vehicles.

7. Limitations and Future Research Directions : This study provides valuable insights into the performance and wealth generation potential of specific equity mutual funds; however, the study has some notable limitations which need to be recognised. The investigation is based on a limited sample of mutual fund schemes, and therefore the results of the investigation are limited in their applicability to the mutual fund sector on a wider scale. Incorporating a higher number of mutual funds from a number of different asset management firms may provide a more holistic view of performance trends. The analysis is based on data obtained on the net asset values for a certain period; hence, the results are the performance of the selected funds alone within the period only.

The performance of mutual funds may vary in different market conditions and economic cycles. A further drawback is that the study uses conventional performance metrics that are risk-adjusted, such as the Sharpe Ratio, Treynor Ratio, and Jensen's Alpha. While such measures are often used in measuring the performance of mutual funds, they tend to focus solely on the correlation between the return and risk and may not take into account other dimensions of investment performance, such as downside risk or the proficiency of the timing of the market. Future research may build on the current work in other ways. Researchers should analyse a wider range of mutual funds from various categories, including big cap, mid-size and sector-specific funds, to get more thorough insights on mutual fund performance. Subsequent research may examine longer time frames to determine the stability of performance and wealth generation over several market cycles. Moreover, using advanced performance evaluation techniques or different measures of risk could provide a deeper understanding of the effectiveness and long-term investing potential of equity mutual funds.

Reference :

1. Agarwal, P. K., & Pradhan, H. K. (2019). Mutual fund performance in changing economic conditions: Evidence from an emerging economy. *Cogent Economics and Finance*, 7(1). <https://doi.org/10.1080/23322039.2019.1687072>
2. Ajadi, A. (2024). Can equity mutual funds outperform the benchmark and simple passive portfolios? *Business Performance Review*, 2(1), 8–15. <https://doi.org/10.22495/bprv2i1p1>
3. Ali, M. S., Ammer, M. A., & Elshaer, I. A. (2023). Born to Be Green: Antecedents of Green Entrepreneurship Intentions among Higher Education Students. *Sustainability (Switzerland)*, 15(8). <https://doi.org/10.3390/su15086668>
4. Arora, K. (2015). Risk-adjusted Performance Evaluation of Indian Mutual Fund Schemes. *Paradigm: A Management Research Journal*, 19(1), 79–94. <https://doi.org/10.1177/0971890715585203>
5. Babbar, S., & Sehgal, S. (2018). Mutual Fund Characteristics and Investment Performance in India. *Management and Labour Studies*, 43(1–2), 1–30. <https://doi.org/10.1177/0258042X17745183>
6. Bessembinder, H., Cooper, M. J., & Zhang, F. (2023). Mutual fund performance at long horizons. *Journal of Financial Economics*, 147(1), 132–158. <https://doi.org/10.1016/j.jfineco.2022.10.006>
7. Broman, M., Densmore, M., & Nolan, P. S. (2023). The geography of subadvisors, managerial structure, and the performance of international equity mutual funds. *Review of Asset Pricing Studies*, 13(2), 343–374. <https://doi.org/10.1093/rapstu/raac017>
8. Carhart, M. M. (1997). On persistence in mutual fund performance. *Journal of Finance*, 52(1), 57–82. <https://doi.org/10.1111/j.1540-6261.1997.tb03808.x>
9. Cuthbertson, K., Nitzsche, D., & O'Sullivan, N. (2022). Mutual fund performance persistence: Factor models and portfolio size. *International Review of Financial Analysis*, 81. <https://doi.org/10.1016/j.irfa.2022.102133>
10. Deb, S. G. (2019). Persistence in performance of actively managed equity mutual funds: New Indian evidence. *IIMB Management Review*, 31(2), 145–156. <https://doi.org/10.1016/j.imb.2019.03.014>
11. Durán Santomil, P., Lombardero Fernández, P. C., & Otero González, L. (2024). Do performance measures matter for stock mutual funds? An international analysis. *International Journal of Emerging Markets*, 19(7), 1860–1878. <https://doi.org/10.1108/IJOEM-04-2022-0584>

12. Elaram, M. F., & Devi, E. B. (2024). Equity Mutual Fund Performance Dynamics: Analyzing Volatility, Sensitivity, and RiskAdjusted Returns Before, During and After COVID-19 Pandemic. *Journal of Mountain Research*, 19(1). <https://doi.org/10.51220/jmr.v19-i1.55>
13. Gnabo, J. Y., & Soudant, J. (2022). Monetary policy and portfolio rebalancing: Evidence from European equity mutual funds. *Journal of Financial Stability*, 63. <https://doi.org/10.1016/j.jfs.2022.101059>
14. Gobbilla, U., & Sanjana, C. (2025). A study on analysing the impact of demographic factors on purchasing decisions of consumers at Bajaj electronics. *International Journal of Advanced Engineering, Management and Science*, 11(4), 212–225. <https://doi.org/10.22161/ijaems.114.22>
15. Hosseini, M., Khodaei Valahzagh, M., & Saeedi, A. (2022). Manipulation and performance persistence: an examination of Iranian equity mutual fund performance. *International Journal of Islamic and Middle Eastern Finance and Management*, 15(3), 586–601. <https://doi.org/10.1108/IMEFM-07-2020-0376>
16. Kaur, I. (2018). Effect of mutual funds characteristics on their performance and trading strategy: A dynamic panel approach. *Cogent Economics and Finance*, 6(1), 1–17. <https://doi.org/10.1080/23322039.2018.1493019>
17. Krishnamurthy, S., Pelletier, D., & Warr, R. S. (2018). Inflation and equity mutual fund flows. *Journal of Financial Markets*, 37, 52–69. <https://doi.org/10.1016/j.finmar.2017.12.001>
18. Kumar, S., & Singh, M. (2025). Risk factors-adjusted performance and persistence during the post-subprime crisis period: evidence from Indian mutual fund industry. *Journal of Advances in Management Research*, 22(2), 301–322. <https://doi.org/10.1108/JAMR-07-2022-0138>
19. Maheen, M. S. (2021). Impact of COVID-19 on the performance of emerging market mutual funds: evidence from India. *Future Business Journal*, 7(1). <https://doi.org/10.1186/s43093-021-00081-w>
20. Majumdar, S., Kundu, S., Bose, S., & Chandra, A. (2024). Network Nexus: Exploring the Impact of Alumni Connections of Managers on Mutual Fund Performance in India. *Asia-Pacific Financial Markets*, 31(4), 889–923. <https://doi.org/10.1007/s10690-023-09435-6>
21. Mohan, A., & Bohra, N. S. (2023). Academic Research on Indian Mutual Funds: A Systematic Review. *Indian Journal of Finance*, 17(5), 53–65. <https://doi.org/10.17010/ijf/2023/v17i5/170161>
22. Nguyen, A. N., Shahid, M. S., & Kernohan, D. (2018). Investor confidence and mutual fund performance in emerging markets: Insights from India and Pakistan. *Journal of Economic Studies*, 45(6), 1288–1310. <https://doi.org/10.1108/JES-07-2017-0175>
23. Panda, B., Mahapatra, R. P., & Moharana, S. (2015). Myth of Equity Mutual Fund Performance. *Vision*, 19(3), 200–209. <https://doi.org/10.1177/0972262915593658>
24. Patel, M., Madhavan, V., Gupta, S. Das, & Kumar, S. (2023). Performance persistence and style consistency of Indian fixed income mutual funds – A longitudinal study. *International Review of Financial Analysis*, 86. <https://doi.org/10.1016/j.irfa.2023.102535>
25. Rao, Z. U. R., Tauni, M. Z., Iqbal, A., & Umar, M. (2017). Emerging market mutual fund performance: evidence for China. *Journal of Asia Business Studies*, 11(2), 167–187. <https://doi.org/10.1108/JABS-10-2015-0176>
26. Sehgal, S., & Babbar, S. (2017). Evaluating alternative performance benchmarks for Indian mutual fund industry. *Journal of Advances in Management Research*, 14(2), 222–250. <https://doi.org/10.1108/JAMR-04-2016-0028>

27. Sialm, C., & Zhang, H. (2020). Tax-Efficient Asset Management: Evidence from Equity Mutual Funds. *Journal of Finance*, 75(2), 735–777. <https://doi.org/10.1111/jofi.12843>
28. Silva, S. E. da, Fonseca, S. E., Roma, C. M. da S., Han, S. H., & Iquiapaza, R. A. (2025). Investor sentiment and equity mutual fund performance in Brazil. *Journal of Economics, Finance and Administrative Science*. <https://doi.org/10.1108/JEFAS-12-2023-0280>
29. Singh, A. B., & Tandon, P. (2022). Association between fund attributes and fund's performance: a panel data approach. *Benchmarking*, 29(1), 285–304. <https://doi.org/10.1108/BIJ-10-2020-0545>
30. Sondhi, H. J., & Jain, P. K. (2006). Are equity investments well-timed? a study of timing parameters of equity mutual funds in India. *Journal of Advances in Management Research*, 3(1), 17–25. <https://doi.org/10.1108/97279810680001236>
31. Srivastava, P. (2022). “Indian Mutual Fund Industry: An Analysis of Pre Covid-Scenario.” *Journal on Banking Financial Services & Insurance Research*, 12. www.skirec.org
32. Suvarna, A. (2022). Timing and Selectivity Performance of Mutual Fund Managers: Application of Conditional Models to Indian Equity Diversified Mutual funds. *Jindal Journal of Business Research*, 11(1), 81–98. <https://doi.org/10.1177/22786821221084937>
33. Tolikas, K., & Callonnec, M. (2023). Managerial characteristics and performance of eurozone mutual funds. *Journal of Financial Research*, 46(4), 925–947. <https://doi.org/10.1111/jfir.12343>
34. Veeravel, V. (2024). Short-term Persistence Performance of Equity Mutual Fund Returns: Evidence from India. *Copernican Journal of Finance & Accounting*, 12(3), 79–92. <https://doi.org/10.12775/cjfa.2023.017>
35. Zabiulla. (2014). Portfolio strategies of fund managers in the Indian capital market. *IIMB Management Review*, 26(1), 28–58. <https://doi.org/10.1016/j.iimb.2013.12.003>

•