



Performance Evaluation of Focused Mutual Funds in India

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Abstract

In this study, we analyzed selected focused mutual funds in India. Currently, there are 28 focused fund schemes in India, all of which were included in our initial analysis. We compared their one-year returns with their respective benchmarks, such as the NSE 500 TRI and the BSE 500 TRI. Out of these schemes, 13 funds delivered higher returns than their benchmarks and showed better performance. However, reliable and complete data was available for only 11 of these schemes, so we selected them for further detailed analysis. The performance of these funds was evaluated using financial metrics such as standard deviation, beta, Sharpe ratio, and coefficient of variation to assess both risk and return. Based on these measures, the funds were ranked accordingly. The results indicate that some funds, such as the SBI Focused Fund and the HDFC Focused Fund, performed better in terms of risk-adjusted returns. This highlights the importance of evaluating both returns and associated risks when analyzing mutual fund performance.

Keywords:

Focused Fund schemes, Equity funds, Open-ended schemes, NIFTY 500, BSE 500, Returns, Beta, Risk adjusted returns, Standard Deviation, Co-efficient of Variation, Benchmark comparison.



INTRODUCTION:

¹Mutual funds are a popular investment option that allow individuals to invest their money in a professional and organized manner. In a mutual fund, money is collected from many investors and invested in financial instruments such as shares, bonds, and money market securities. These investments are managed by professional fund managers. In India, the mutual fund industry is

regulated by the Securities and Exchange Board of India (SEBI) and monitored by the Association of Mutual Funds in India (AMFI), which ensures transparency, proper regulation, and investor protection.

Equity mutual funds are an important category of mutual funds and are mainly used for long-term wealth creation. These funds invest in shares of companies listed on stock exchanges. Although equity mutual funds involve higher risk due to market fluctuations, they offer the potential for higher returns over the long term. Therefore, they are generally preferred by investors who have a long investment horizon and a higher risk tolerance.

²Focused Mutual Funds are a specialized type of equity mutual funds that invest in a limited number of stocks. As per SEBI guidelines, focused funds can invest in a maximum of **30 stocks**. The main objective of these funds is to generate higher returns by investing in carefully selected, high-quality companies. Because of their concentrated investment strategy, the performance of focused funds depends heavily on the fund manager's stock selection ability.

LITERATURE REVIEW:

(Hitesh G. Harwani, Dr. Maulik R. Desai, 2019) This study focused on tax-saving mutual fund schemes and compares their performance using a common benchmark. The schemes are evaluated based on returns and risk-adjusted measures such as standard deviation, beta, and Sharpe ratio to help investors make better investment choices.

(Tripathi, S., & Japee, D. G. P., 2020) This study analyzes the risk–return performance of selected equity open-ended mutual funds in India using measures such as Jensen's Alpha, Beta, Standard Deviation, and Sharpe Ratio. The findings highlight that most funds performed well in volatile markets and stress the importance of considering risk ratios before investing.

(Murthy J., Anjaneyulu M. S. R., Bhatt H., Kumar D. S., 2022) This paper evaluates the performance of Indian mutual funds using daily NAV data and risk–return measures such as Standard Deviation, Sharpe Index, Treynor Index, and ANOVA, with NSE Nifty as the market benchmark. The findings indicate that most mutual funds generated positive returns during 2019–2022, confirming mutual funds as an effective investment avenue in the capital market.

(Behera, S., & Narender, S., 2023) This study finds that effective performance evaluation systems play a crucial role in aligning employee performance with organizational goals while identifying strengths and development needs. The findings show that well-implemented performance management enhances accountability, motivation, productivity, employee engagement, and talent retention.

¹https://www.sebi.gov.in/legal/circulars/oct-2017/categorization-and-rationalization-of-mutual-fund-schemes_36199.html

² <https://www.amfiindia.com>



(Antony Rohan A. Sivabharath C, Bhavana A, Krishnamoorthy K., 2024) This study compares focused and diversified equity mutual funds in India from 2014–2024 using risk-adjusted performance measures. It finds that focused funds can generate higher medium-term returns but with greater volatility, while diversified funds provide more stable returns suited to conservative, long-term investors, with no clear link between higher expense ratios and superior performance.

OBJECTIVES:

1. To evaluate and compare the performance of selected Focused Fund schemes in India.
2. To measure the efficiency of selected Focused Funds by using Coefficient of Variation to understand which scheme provides better return with lower risk.
3. To analyse and rank the selected schemes based on their return, risk and risk adjusted return performance using the CV to determine which funds carry lower volatility and provide superior risk management for investors.

METHODOLOGY:

The current research paper focuses on analyzing the efficiency of some selected focused mutual fund schemes in India. In order to conduct the research, secondary data will be used. Such reliable sources as Value Research, AMFI (Association of Mutual Funds in India), as well as official AMC fact sheets, will provide information about mutual funds' performance and risks.

In general, there are 28 focused mutual fund schemes to choose from in order to conduct a performance analysis. In order to analyze their efficiency, the one-year return of each scheme should be compared to the return on the benchmarks.

In order to select the schemes that will be analyzed in the study, it is necessary to compare their return with the return on benchmarks. Only those funds that have generated higher returns than the ones in the benchmarks are selected in order to be further analyzed. Accordingly, 13 focused mutual fund schemes were selected.

In order to conduct a more profound analysis, these schemes were evaluated through financial ratios such as Sharpe Ratio, Beta, Standard Deviation, and Coefficient of Variation (CV).

Finally, the funds that have been selected and analyzed with the help of the above mentioned ratios were ranked according to their performance efficiency.

The open-ended schemes with Regular Growth option are taken for calculations. The returns are taken from value research website dated April,2026.

Sr. No.	Focused Fund (Growth option)	1 year Return (%)	Benchmark Index	Benchmark Return (%)
1	360 ONE Focused Fund	-6.07	BSE 500 TRI	-3.11
2	Aditya Birla Sun Life Focused Fund	-1.17	NIFTY 500 TRI	-2.87
3	Axis Focused Fund	-8.05	NIFTY 500 TRI	-2.87



4	Bandhan Focused Fund	-2.59	BSE 500 TRI	-3.11
5	Baroda BNP Paribas Focused Fund	-5.92	NIFTY 500 TRI	-2.87
6	Canara Robeco Focused Fund	-4.09	BSE 500 TRI	-3.11
7	DSP Focused Fund	-6.49	NIFTY 500 TRI	-2.87
8	Edelweiss Focused Fund	-3.15	NIFTY 500 TRI	-2.87
9	Franklin India Focused Equity Fund	-5.01	NIFTY 500	-3.78
10	HDFC Focused Fund	-2.52	NIFTY 500 TRI	-2.87
11	HSBC Focused Fund	0.52	NIFTY 500 TRI	-2.87
12	ICICI Prudential Focused Equity Fund	-0.78	BSE 500 TRI	-3.11
13	Invesco India Focused Fund	-11.86	BSE 500 TRI	-3.11
14	ITI Focused Fund	0.49	NIFTY 500 TRI	-2.87
15	JM Focused Fund	-8.92	BSE 500 TRI	-3.11
16	Kotak Focused Fund	3.62	NIFTY 500 TRI	-2.87
17	LIC MF Focused Fund	-5.59	NIFTY 500 TRI	-2.87
18	Mahindra Manulife Focused Fund	-1.89	NIFTY 500 TRI	-2.87
19	Mirae Asset Focused Fund	-10.57	NIFTY 500 TRI	-2.87
20	Motilal Oswal Focused Fund	3.05	NIFTY 500 TRI	-2.87
21	Nippon India Focused Fund	-2.95	BSE 500 TRI	-3.11
22	Old Bridge Focused Fund - Reg	-0.89	BSE 500 TRI	-3.11
23	Quant Focused Fund	-9.31	NIFTY 500 TRI	-2.87
24	SBI Focused Fund	2.76	BSE 500 TRI	-3.11
25	Sundaram Focused Fund	-5.26	NIFTY 500 TRI	-2.87
26	Tata Focused Fund	-4.56	NIFTY 500 TRI	-2.87
27	Union Focused Fund	-0.38	BSE 500 TRI	-3.11
28	UTI Focused Fund	-5.70	NIFTY 500 TRI	-2.87

Source: www.valueresearchonline.com (Value Research)



FINDINGS:

The table shows the 1-year returns of 28 focused mutual funds and compares them with their benchmark returns like NIFTY 500 TRI and BSE 500 TRI. Most of the funds have given negative returns, which means the market was not performing well during that time. But since the benchmark returns are also negative, it is important to compare which fund did better than the market. Out of 28 funds, 13 funds performed better than their benchmark, while 15 funds performed worse. Also, 19 funds are compared with NIFTY 500 TRI and 9 funds with BSE 500 TRI, showing that NIFTY 500 TRI is used more commonly. Some funds like Kotak, SBI, and Motilal Oswal still gave positive returns even when the market was down. Overall, the results are mixed, so it is better to compare funds with their benchmark instead of just looking at returns.

FINANCIAL RATIOS:

Returns alone do not give a complete picture of a mutual fund's performance, as higher returns may involve higher risk. Risk-adjusted return measures help in understanding how well a fund has performed after considering the level of risk taken. Financial ratios such as standard deviation, beta, and the Sharpe ratio are commonly used to measure risk and return together. These ratios make it easier to compare mutual fund schemes and judge the efficiency of fund management.

- **Standard Deviation:** Standard deviation is a statistical measure of the range of an investment's performance. When a mutual fund has a high standard deviation, it means its range of performance is wide, implying greater volatility. Higher standard deviation means higher risk and more fluctuations.
- **Sharpe Ratio:** The Sharpe Ratio is a measure of risk-adjusted returns. It is calculated using standard deviation and excess return to determine reward per unit of risk. It shows how much return a fund generates for the risk taken. A higher Sharpe ratio means better risk-adjusted performance.
- **Beta:** Beta measures how sensitive a fund is to market movements. A beta above 1 means the fund moves more than the market, while a beta below 1 means it moves less.
- **Co-Efficient of Variation (CV):** CV measures the amount of risk taken for each unit of return earned. It is calculated by dividing the standard deviation by the return and multiplying by 100. A lower CV indicates better risk-adjusted performance, while a higher CV shows higher risk for lower returns.

RISK & RISK-ADJUSTED RETURNS:

Sr. No.	Focused Fund(Growth option)	1 year Return (%)	Std. Dev.	Beta	Sharpe	Co Efficient of Variation
1	Aditya Birla Sun Life Focused Fund	-1.17	12.53	0.90	0.86	1071.03
2	Bandhan Focused Fund	-2.59	14.32	0.92	0.90	-553.19
3	HDFC Focused Fund	-2.52	10.23	0.72	1.51	-406.13
4	HSBC Focused Fund	0.52	14.47	0.95	0.73	2762.50



5	ICICI Prudential Focused Equity Fund	-0.78	13.18	0.93	1.19	1694.09
6	Kotak Focused Fund	3.62	12.46	0.90	0.84	343.83
7	Mahindra Manulife Focused Fund	-1.89	13.17	0.90	1.02	-697.53
8	Motilal Oswal Focused Fund	3.05	17.35	1.08	0.16	569.66
9	Nippon India Focused Fund	-2.95	12.93	0.88	0.71	-437.74
10	SBI Focused Fund	2.76	10.84	0.71	0.97	393.37
11	Union Focused Fund	-0.38	12.57	0.86	0.56	3268.33

INTERPRETATION:

The above table shows the performance of 11 selected focused mutual fund schemes based on different financial ratios such as Standard Deviation (risk), Beta (market sensitivity), Sharpe Ratio (risk-adjusted return), and Coefficient of Variation (risk per return). From the analysis, SBI Focused Fund and HDFC Focused Fund appear to be the best-performing schemes overall. HDFC Focused Fund has the lowest standard deviation (10.23) and low beta (0.72), which means it has lower risk and is less affected by market fluctuations. It also has the highest Sharpe ratio (1.51), indicating very good returns compared to the risk taken. Similarly, SBI Focused Fund also shows strong performance with low beta (0.71), relatively low risk, and a good Sharpe ratio (0.97), making it a stable and efficient fund.

On the other hand, Kotak and Motilal Oswal funds have higher returns, but they also carry relatively higher risk, especially Motilal Oswal which has the highest standard deviation (17.35) and beta above 1, showing higher volatility. Some funds like HSBC and ICICI Prudential show moderate performance, while funds like Nippon India and Bandhan have lower efficiency due to weaker risk-return balance.

Overall, based on all parameters (SD, Beta, Sharpe, and CV), HDFC Focused Fund is the best scheme, followed by SBI Focused Fund, because they provide better returns with lower risk and more stability compared to other schemes.

PERFORMANCE RANKING OF SELECTED SCHEMES:

Sr. No.	Focused Fund(Growth option)	Return	Std. Dev.	Beta	Sharpe	CV	Sum of Rank
1	Aditya Birla Sun Life Focused Fund	7	4	5	6	3	25
2	Bandhan Focused Fund	10	9	8	5	5	37
3	HDFC Focused Fund	9	1	2	1	7	20
4	HSBC Focused Fund	4	10	10	8	11	43



5	ICICI Prudential Focused Equity Fund	6	8	9	2	2	27
6	Kotak Focused Fund	1	3	5	7	8	24
7	Mahindra Manulife Focused Fund	8	7	5	3	4	27
8	Motilal Oswal Focused Fund	2	11	11	11	10	45
9	Nippon India Focused Fund	11	6	4	9	6	36
10	SBI Focused Fund	3	2	1	4	9	19
11	Union Focused Fund	5	5	3	10	1	24

INTERPRETATION:

The above table shows the ranking of 11 selected focused mutual fund schemes based on different factors like return, risk (standard deviation), beta, Sharpe ratio, and coefficient of variation. Each fund is given a rank for every parameter, and then all ranks are added to get the "Sum of Rank." A lower total rank means better overall performance.

From the table, SBI Focused Fund has the lowest total rank (19), so it is the best-performing scheme among all 11 funds. It performs well in most parameters, especially in low beta and low risk, which makes it more stable and efficient. The next best fund is HDFC Focused Fund with a total rank of 20, showing strong performance with very good risk-adjusted returns and low volatility. Funds like Kotak Focused Fund and Union Focused Fund also perform well with a total rank of 24, indicating balanced performance. On the other hand, Motilal Oswal Focused Fund has the highest total rank (45), which means it is the weakest performer among the selected schemes due to high risk and poor risk-adjusted returns.

Overall, the ranking method helps to clearly identify that SBI Focused Fund is the best scheme, followed by HDFC Focused Fund, because they provide a better balance of return and risk compared to other funds.

COMPOSITE RANKING:

Sr. No.	Focused Fund (Growth option)	Sum of Rank	Final Rank
1	Aditya Birla Sun Life Focused Fund	25	5
2	Bandhan Focused Fund	37	9
3	HDFC Focused Fund	20	2
4	HSBC Focused Fund	43	10



5	ICICI Prudential Focused Equity Fund	27	6
6	Kotak Focused Fund	24	3
7	Mahindra Manulife Focused Fund	27	6
8	Motilal Oswal Focused Fund	45	11
9	Nippon India Focused Fund	36	8
10	SBI Focused Fund	19	1
11	Union Focused Fund	24	3

FINDINGS:

The composite ranking table shows the overall performance of the 11 selected focused mutual fund schemes based on the total of all ranking parameters. It is clearly observed that SBI Focused Fund has secured the 1st rank with the lowest sum of ranks (19), making it the best-performing scheme among all. It is followed by HDFC Focused Fund at 2nd rank (20), which also shows strong and consistent performance across risk and return measures.

Funds like Kotak Focused Fund and Union Focused Fund share the 3rd rank, indicating balanced performance. On the other hand, Motilal Oswal Focused Fund is ranked last (11th) with the highest sum of ranks (45), showing weaker performance due to higher risk and lower efficiency. Overall, the findings indicate that funds with lower risk and better risk-adjusted returns perform better, and SBI Focused Fund emerges as the most efficient scheme among the selected funds.

LIMITAION OF THE STUDY:

- This study only limited to 28 focused fund schemes and uses only 1 year return data for comparison, which may not show long term performance.
- The study excludes 2 schemes due to insufficient data availability and another two schemes as they have not completed a full one-year period.
- This analysis report is on the based on secondary data so it depends on the accuracy of other source like value research, AMFI, and AMC fund factsheet etc.
- In this study only few financial measures are considered like such as Sharpe ratio, Beta, Standard Deviation, and Coefficient of Variation, and other important factors like expense ratio, portfolio composition, and fund manager strategy are not considered.
- Funds that performed better than their benchmark were analysed in detailed. due to this other fund may have been left out.



SCOPE OF FURTHER STUDY:

Future studies can be expanded by comparing both Regular and Direct plans to examine performance differences over longer periods like 3-year, 5-year, or 10-year returns for better understanding. It can also include other factors such as expense ratio, fund manager strategy, portfolio diversification and additional risk adjusted measures such as Alpha, Treynor Ratio, and Sortino Ratio for deeper analysis. Comparison with multiple benchmarks like NIFTY 500 and BSE 500 together can give a broader view. Further research can also compare focused funds with other types of funds like diversified or sectoral funds to provide deeper insights for investors.

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