



Comparative Performance Analysis of Private and Public Sector Mutual Funds: Evidence from IIFL Ltd., Hyderabad

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Abstract – Mutual funds have emerged as one of the most accessible and systematically managed investment instruments in India, particularly for retail investors seeking professionally guided market participation. This article examines the comparative performance of three private sector mutual funds — ABSL Frontline Equity Fund, Axis Long Term Equity Fund, and ICICI Prudential Balanced Advantage Fund — against three public sector counterparts: LIC MF Balanced Advantage Fund, SBI Exchange Traded Fund Sensex, and UTI Nifty ETF. Performance evaluation is conducted using six quantitative metrics: standard deviation, alpha, beta, R-squared, Sharpe ratio, and expense ratio. The empirical findings indicate that while SBI ETF Sensex delivered the highest one-year return of 10.72%, ICICI Prudential Balanced Advantage Fund demonstrated the most favourable risk-adjusted profile with the lowest standard deviation (13.86%) and the highest alpha (1.25). The study concludes that neither sector categorically outperforms the other, and investment decisions should be grounded in individual risk tolerance, investment horizon, and return expectations.

Keywords - Mutual Funds, NAV, Sharpe Ratio, Alpha, Beta, Expense Ratio, Public Sector, Private Sector, Risk-Return Analysis.

I. INTRODUCTION

Over the past three decades, the Indian mutual fund industry has undergone a profound transformation — from a single government-sponsored vehicle to a competitive, multi-sector landscape with thousands of schemes catering to diverse investor profiles. At its core, a mutual fund operates as a collective investment mechanism: individual investors pool their capital, which is subsequently deployed across a diversified portfolio of market securities under the stewardship of professional fund managers. The key value proposition lies in the combination of diversification, liquidity, expert management, and regulatory oversight.

The Indian mutual fund ecosystem operates under the dual oversight of the Securities and Exchange Board of India (SEBI) and the Association of Mutual Funds in India (AMFI). SEBI's regulatory framework — introduced formally in 1993 — mandates registration, disclosure, and governance standards, while AMFI coordinates industry-wide standards and investor education. These mechanisms collectively ensure transparency and investor protection within the sector.

A key empirical question within this industry pertains to whether private sector mutual funds, which operate with commercial agility and market-driven incentives, consistently outperform public sector counterparts backed by state-owned financial institutions. This study addresses that question using a sample of six funds tracked through India Infoline Limited (IIFL), a leading financial services platform in Hyderabad, during the study period 2020–2021.

II. EVOLUTION OF THE INDIAN MUTUAL FUND INDUSTRY

The Indian mutual fund industry traces its origins to 1963, when the Unit Trust of India (UTI) was established under a special parliamentary act, with a mandate to channel household savings into productive capital investment. During its first phase (1964–1987), UTI remained the sole player, growing its assets under management to approximately ₹6,700 crores by 1988.

The second phase (1987–1993) introduced public sector banks and insurance companies into the mutual fund space. SBI Mutual Fund became the first non-UTI fund house in June 1987, followed by several public sector banks and the Life Insurance Corporation of India. By the end of this phase, industry assets surpassed ₹47,000 crores, reflecting a fundamental shift in investor confidence.

Private sector participation commenced in 1993, ushering in a new era of product innovation and competitive pricing. SEBI's comprehensive regulatory framework — the Mutual Fund (Regulation) 1993 — was enacted simultaneously, requiring all new fund houses to register and adhere to governance norms. The erstwhile Kothari Pioneer was the first private sector fund registered under the new regime.

The fourth and current phase, beginning in February 2003, followed the bifurcation of UTI into two separate entities. This restructuring, coupled with the surge in digitisation and financial literacy, has enabled the industry to achieve exponential growth in retail participation — a trend that continues to accelerate in the present decade.



III. REVIEW OF LITERATURE

Academic inquiry into mutual fund performance has generated a rich body of empirical evidence. Raju and Rao (2008) evaluated sixty mutual fund schemes using performance measures including the Sharpe, Treynor, and Jensen frameworks. Their five-year analysis (2000–2005) found that income schemes outperformed growth schemes on a risk-adjusted basis, with average diversification levels of only 29.77% — indicating that most funds were insufficiently diversified relative to their mandated objectives.

Mittal and Gupta (2008) investigated investor awareness and preference patterns, reporting that mutual funds ranked third among preferred investment instruments — behind insurance and government bonds. Despite this, 85% of surveyed respondents demonstrated awareness of mutual fund products, suggesting a gap between awareness and adoption. SBI Mutual Fund registered the highest brand acceptability score.

Miglani (2010) examined both performance and market-timing abilities of fund managers across public and private sectors from 1999 to 2004. The findings suggested that fund managers generally excelled at security selection but lacked reliable market-timing ability — a conclusion consistent with efficient market theory. Most schemes demonstrated satisfactory performance across multiple evaluation metrics.

Gill and Arshdeep (2012), analysing 97 open-ended equity schemes, found evidence of stock selection skill in a substantial subset of fund managers, while market-timing ability was largely absent. This theme — competent stock picking coupled with limited timing expertise — recurs consistently across the literature and underscores the importance of selecting funds based on systematic risk profiles rather than market-cycle predictions.

IV. RESEARCH METHODOLOGY

This study adopts a descriptive and comparative research design using exclusively secondary data. Primary data

Table no:5.1. Tabular representation of comparison of net asset value of funds Source: Author's Compilation

Fund Name	Latest NAV	Previous NAV	52-Week High NAV	52-Week Low NAV
Aditya Birla Sun Life Frontline Equity Fund - Direct Plan	339.58	331.96	385.97	309.28
Axis Long Term Equity Fund - Direct Plan	67.83	66.29	87.47	65.41
ICICI Prudential Balanced Advantage Fund - Direct Plan	53.47	52.86	54.74	49.15

collection was not undertaken, as the analysis centres on publicly available quantitative information compiled from SEBI publications, AMFI disclosures, and financial data portals including Moneycontrol.com and ValueResearchOnline.com.

1. Sample Selection

Six funds were selected — three from the private sector and three from the public sector:

- Private Sector: ABSL Frontline Equity Fund (Large Cap), Axis Long Term Equity Fund (ELSS), ICICI Prudential Balanced Advantage Fund (Dynamic Asset Allocation)
- Public Sector: LIC MF Balanced Advantage Fund, SBI Exchange Traded Fund Sensex, UTI Nifty ETF

2. Analytical Tools

Six statistical measures were employed to evaluate fund performance:

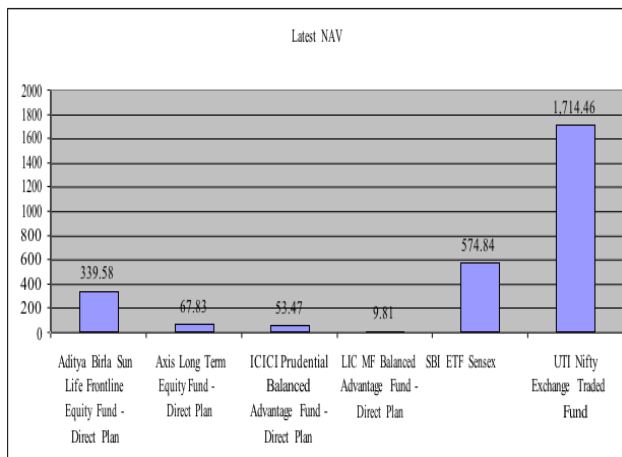
- Standard Deviation — quantifies total volatility of fund returns relative to the mean, providing an absolute measure of risk.
- Beta — measures systematic (market-linked) risk; a beta of 1.0 denotes perfect market correlation, values below 1.0 indicate lower sensitivity, and values above 1.0 signal amplified market exposure.
- Alpha — captures excess return generated above the fund's benchmark, after adjusting for risk. Positive alpha indicates value addition by the fund manager.
- R-Squared — reflects the proportion of a fund's return movements explained by its benchmark index, ranging from 0 to 1.00.
- Sharpe Ratio — measures the excess return earned per unit of total risk, enabling risk-adjusted cross-fund comparison.
- Expense Ratio — the annualised cost of fund operations expressed as a percentage of average net assets, which directly reduces investor returns.

IV. DATA ANALYSIS AND INTERPRETATION

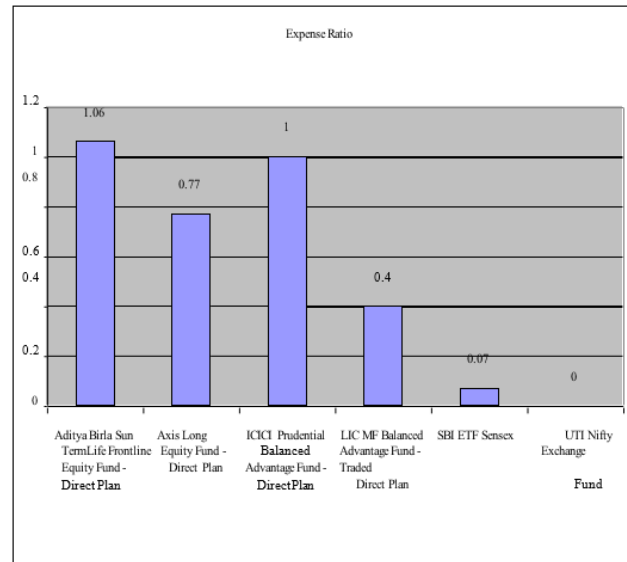
1. NAV Details of mutual fund schemes.



LIC MF Balanced Advantage Fund - Direct Plan	9.81	9.70	10.19	9.64
SBI ETF Sensex	574.84	560.62	650.79	519.02
UTI Nifty Exchange Traded Fund	1,714.464	1,670.536	1,938.374	1,553.379



Graph:5.a.Graphical representation of latest NAV Source: Author's Compilation



Graph :5.b.Graphical representation of expense ratios Source: Author's Compilation

Interpretation

Among the five funds selected, UTI Nifty Fund has the highest NAV of Rs.1714 followed by SBI ETF fund with Rs.574. Aditya Birla Sun Life Frontline Equity fund has a NAV of Rs.339.58 and Axis Long Term Equity Fund has a NAV of Rs.67.83. LIC MF Balanced Advantage Fund has the least NAV of Rs.9.81

2. Comparative Analysis of Expense Ratio

Table no:2 Tabular representation of expense ratios of the funds Source: Author's Compilation

Fund	Expense Ratio
Aditya Birla Sun Life Frontline Equity Fund - Direct Plan	1.06
Axis Long Term Equity Fund - Direct Plan	0.77
ICICI Prudential Balanced Advantage Fund - Direct Plan	1.00
LIC MF Balanced Advantage Fund - Direct Plan	0.40
SBI ETF Sensex	0.07
UTI Nifty Exchange Traded Fund	--

Interpretation

Among the six funds selected, Aditya Birla Sun Life Frontline Equity Fund - Direct Plan has the highest expense ratio of 1.06 % followed by ICICI Prudential fund with 1.00%. Axis Long Term Equity fund has an expense ratio of 0.77% followed by LIC Balanced Advantage Fund with 0.40% and SBI ETF Sensex Fund with 0.07%.

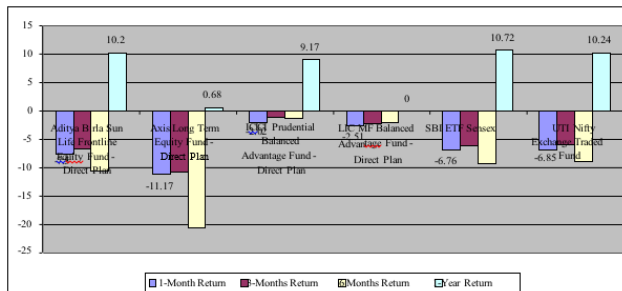
Comparative Analysis of Returns

Table no:3 Tabular representation of comparative analysis of returns Source: Author's Compilation

Fund	1- Month Return	3- Months Return	6 Mon ths Return	1- Year Return
Aditya Birla Sun Life Frontline Equity Fund - Direct Plan	-7.50	-6.60	-10.44	10.20
Axis Long Term Equity Fund - Direct Plan	-11.17	-10.59	-20.56	0.68
ICICI Prudential Balanced Advantage Fund - Direct Plan	-2.02	-0.94	-1.22	9.17
LIC MF Balanced Advantage Fund - Direct Plan	-2.51	-2.31	-1.95	--



SBI ETF Sensex	-6.76	-6.03	-9.19	10.72
UTI Nifty Exchange Traded Fund	-6.85	-5.89	-8.82	10.24



Graph:5.c.Graphical representation of returns obtained from the funds in different periods.

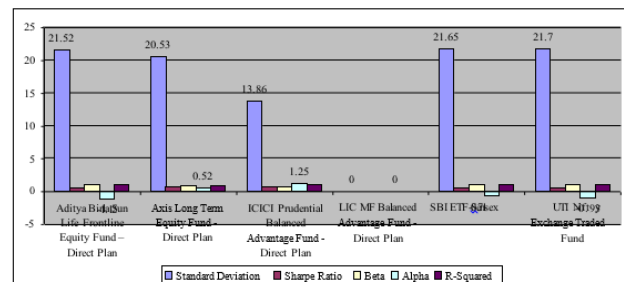
Interpretation

All the five funds have been in losses in the last 9 months due to the sudden crash of stock markets. Over the last one year, SBI ETF Fund has given the maximum return of 10.72% followed by Aditya Birla Sunlife and UTI Nifty ETF with around 10.2% return. ICICI Prudential has given

Comparative Analysis of Risk

Table no: 4 Tabular representation of comparative analysis of risk using various parameters.

Fund	Standard Deviation	Sharpe Ratio	Beta	Alpha	R-Squared
Aditya Birla Sun Life Frontline Equity Fund – Direct Plan	21.52	0.56	1.00	-1.12	0.99
Axis Long Term Equity Fund - Direct Plan	20.53	0.65	0.88	0.52	0.88
ICICI Prudential Balanced Advantage Fund - Direct Plan	13.86	0.66	0.74	1.25	0.92
LIC MF Balanced Advantage Fund - Direct Plan	--	--	--	--	--
SBI ETF Sensex	21.65	0.58	1.01	-0.71	0.99
UTI Nifty Exchange Traded Fund	21.70	0.58	1.01	-0.93	1.00



Graph:5.d.Graphical representation of various parameters of funds. Source: Author's Compilation

Interpretation

All the selected funds have a Standard Deviation of around 20% to 21% except for ICICI Prudential Fund with a standard deviation of 13.86%.

Axis and ICICI Prudential funds have the higher Sharpe Ratio of around 0.65 while the remaining funds including Aditya Birla, SBI and UTI have a Sharpe ratio of around 0.58.

SBI ETF and UTI Nifty Funds have a beta of 1.01 while Aditya Birla Sun Life Fund has a Beta of exactly 1. ICICI Prudential has a beta of 1.25 each while Axis Long Term Equity Fund has a beta of 0.52

ICICI Prudential has the highest Alpha of 1.25 followed by Axis Long Term Equity Fund with 0.52. Aditya Birla fund has a negative Alpha of -1.12 and SBI ETF Fund has Alpha of -0.71 and UTI Nifty fund has an Alpha of -0.93

UTI Nifty fund has the highest R-Squared of 1.00 followed by Aditya Birla Sun Life and SBI ETF with 0.99. ICICI Prudential has an R-Squared ratios of 0.92 each while Axis Long Term Equity fund stands at the last with R-Squared of 0.88

Key Take Aways from Data Analysis:

The mutual fund's changes in NAV, its income distribution and capital gains distribution, which, as a whole, are the true test of fund's return on investment. All the five funds have been in losses in the last 9 months due to the sudden crash of stock markets. Over the last one year, SBI ETF Fund has given the maximum return of

Findings

Net Asset Value Comparison

Among the six funds, UTI Nifty ETF reported the highest Net Asset Value (NAV) at ₹1,714.46, followed by SBI ETF Sensex at ₹574.84. The ABSL Frontline Equity Fund registered a NAV of ₹339.58, while Axis Long Term Equity Fund stood at ₹67.83. LIC MF Balanced Advantage Fund recorded the lowest NAV of ₹9.81, reflecting its relatively recent launch in November 2021. It is important to note that NAV alone is not a reliable performance metric; it reflects the cumulative price appreciation of units from the fund's inception and is better contextualised alongside return and risk measures.



Returns Across Time Periods

All six funds recorded negative returns over the one-month, three-month, and six-month periods under review, attributable to the broader equity market downturn observed during the study period. However, on a one-year basis, SBI ETF Sensex delivered the highest return of 10.72%, closely trailed by UTI Nifty ETF at 10.24% and ABSL Frontline Equity Fund at 10.20%. ICICI Prudential Balanced Advantage Fund generated a 9.17% return over the same period, while Axis Long Term Equity Fund posted the lowest annual return of 0.68%, reflecting the underperformance of its concentrated large and mid-cap equity portfolio. LIC MF Balanced Advantage Fund did not have a complete year of data available for comparison.

Risk Assessment (Standard Deviation and Beta)

ICICI Prudential Balanced Advantage Fund demonstrated notably lower price volatility, with a standard deviation of 13.86%, compared to the 20–22% range observed across all other funds. This is consistent with its dynamic asset allocation mandate, which adjusts equity and debt exposure based on market valuations, thereby moderating drawdown risk. SBI ETF Sensex and UTI Nifty ETF recorded the highest standard deviations at 21.65% and 21.70% respectively, reflecting their passive, fully-equity tracking nature. From a systematic risk perspective, SBI and UTI ETFs carry a beta of 1.01, indicating near-perfect correlation with the market. ICICI Prudential's beta of 0.74 confirms its reduced market sensitivity, making it a more suitable instrument for risk-conscious investors.

Alpha — Excess Return Generation

Alpha serves as the definitive test of active fund management value. ICICI Prudential Balanced Advantage Fund generated the highest alpha of 1.25, signifying consistent benchmark outperformance on a risk-adjusted basis. Axis Long Term Equity Fund followed with a positive alpha of 0.52. In contrast, ABSL Frontline Equity Fund (alpha: -1.12), UTI Nifty ETF (alpha: -0.93), and SBI ETF Sensex (alpha: -0.71) all recorded negative alphas, indicating underperformance relative to their benchmarks once systematic risk is accounted for. The negative alphas of the index funds are expected by construction, as these vehicles incur operating expenses while tracking — but not exceeding — their benchmark indices.

Sharpe Ratio — Risk-Adjusted Performance

Axis Long Term Equity Fund and ICICI Prudential Balanced Advantage Fund recorded the highest Sharpe ratios of 0.65 and 0.66 respectively, indicating superior excess returns per unit of total risk. The remaining funds — ABSL Frontline Equity, SBI ETF Sensex, and UTI Nifty ETF — reported Sharpe ratios in the 0.56–0.58 range, reflecting adequate but less distinguished risk-reward profiles. The Sharpe ratio favours funds that manage downside volatility effectively without sacrificing competitive returns.

Expense Ratio — Cost Efficiency

The cost differential between active and passive funds is strikingly apparent in the expense ratio data. SBI ETF Sensex carries the lowest expense ratio of 0.07%, representing near-zero management overhead. LIC MF Balanced Advantage Fund follows at 0.40%. Among actively managed funds, ABSL Frontline Equity Fund is the most expensive at 1.06%, followed closely by ICICI Prudential Balanced Advantage Fund at 1.00% and Axis Long Term Equity Fund at 0.77%. For long-term investors, the compounding impact of higher expense ratios on net returns cannot be overstated; even a 1% annual cost differential can erode wealth creation substantially over multi-decade investment horizons.

Suggestions

After the study on mutual funds, there is no much difference in the functioning, risk and returns of Public Sector and Private Sector mutual funds. But there are some suggestions which every potential investor should take of before investing in mutual funds. The recommendations for the potential investors include:

- Investors should check letter of offer or fund's prospectus to understand all the particulars of the funds in detail.
- Investors should ensure that the funds track record is the same as that of the current management
- Investors should avoid Mutual Funds that charge higher exit fees at the back-end door (fees charged by MF from the unit holders at the time to redemption of the units.)
- Investors should prefer to buy the funds with no hidden costs.
- Investors should keep a track on the fund's performance at all times.
- Investors should prefer mutual funds that give better returns with minimum risk.

V. CONCLUSION

This article presents a systematic comparison of private and public sector mutual fund performance in India, using evidence sourced through IIFL Ltd., Hyderabad. The analysis across six funds and six performance parameters reveals that no single fund excels uniformly across all dimensions. SBI ETF Sensex leads on annual returns; ICICI Prudential Balanced Advantage Fund dominates on risk-adjusted metrics; and SBI and UTI ETFs offer the most cost-efficient exposure to the Indian equity market.

Mutual fund investment decisions should be grounded in a clear understanding of personal financial goals, risk appetite, and investment time horizon. Investors are advised to scrutinise prospectus documents, monitor expense ratios, and periodically review fund performance against stated benchmarks. As the Indian financial market continues to mature, both private and public sector fund houses are expected to deliver increasingly competitive



and transparent products — widening the opportunity set for individual wealth creation.

Future research could extend the study period to five or more years, incorporate additional schemes across fund categories, and introduce further performance metrics such as the Treynor ratio, Jensen's alpha, and Fama's decomposition model to provide a richer comparative framework.

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