Performance Evaluation of Mutual Funds during COVID 19

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ABSTRACT

COVID-19 and the worldwide lockdown, alongside livelihood struggles and economic crisis has impacted the financial and investment decisions of people around. Among the various investment avenues, this study endeavors to analyse the impact of COVID-19 pandemic on the performance of 'Mutual Fund Industry' in India; hence enabling financial institutions and individuals, get coherent insights of market patterns and behaviour, shaping future investment decisions. With the help of secondary data, this study reveals that at the initial stage of pandemic, after a decline in returns for a brief period of time, the market started reflecting positive returns from May 2020, with all the equity mutual fund schemes taken into consideration, outperforming the index fund. Also, mutual funds offered negative returns, more often in the 'pre-covid' period as compared to the 'during covid' period.

KEYWORDS

Covid-19, Mutual Funds, NIFTY 50, Risk and Return analysis, Risk adjusted Ratios, Net Asset Value

INTRODUCTION

There are many investment avenues available in the market; PPF, equity, debt, fixed deposits, mutual funds, real estate, gold and silver, post office, to name a few but to earn a sufficient amount of return to beat the inflation rate and benchmark return as well, mutual funds will always be considered as the best avenue. Mutual funds mean a pool of money from numerous investors who wish to save or make money. Investing in a mutual fund can be a lot easier than buying and selling stocks and bonds on your own. Investor can sell their shares when they want and can invest small amounts of money in larger pools with divided risks (Jain, 2017). Covid-19 and subsequent lockdowns have impacted the investment market dramatically. It is imperative to ask the question, how the market has performed and how investors perceive this investment avenue before and during the period of extreme uncertainty caused by the pandemic.

Due to the financial crisis pertaining to COVID-19, investors have started reallocating their portfolios. Since the returns on risky assets are not as expected, investors are moving towards a conservative portfolio. However, the case of transition from risky to risk-free assets is not the same in the case of all investors. (Himanshu et al., 2021) Mutual Funds, popularly preferred because of portfolio diversification, cost efficiency and convenience is one of the financial instruments, highly