

"Performance of Portfolios offered by Pakistani Mutual Funds"



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Abstract

Mutual fund is a financial instrument which is made by the collection of funds from different potential investors. Then these mutual funds are invested in investment securities such as stocks, bond, money market instruments and fixed bank deposits. In Pakistan mutual funds industry is developing but mutual funds hold huge investments in the global world. In Pakistan mostly people are risk averse and they are not aware of the investment world, so mutual funds can play a massive role in Pakistan economy where inflation is increasing day by day, per capita income is very low and investments are also very less.

The basic reason of thesis work is to analyze the performance of portfolios offered by Pakistani mutual funds and the stress on the execution of mutual funds relation to the hidden risk. This research work endeavor to assess the evaluation of Pakistani mutual funds using three models named as Sharpe model, Jensen Alpha and Treynor model. With a specific end goal to evaluate the performance of mutual funds, the two most important variables are return and risk. The sample of 15 mutual funds is taken for the analysis of Pakistani mutual funds portfolio during the period of 2010 - 2015. This study is based on the various quantitative analyses of Pakistani mutual funds and will provide the guidelines to the mutual funds manager. This study also benefits the potential small investor by figuring out some key variables for influencing the Pakistani investors of mutual funds.

The findings of this study depicts that the mutual funds are performing averagely well in sample period of 2010-2015, most of the mutual funds in a sample are almost peer performing to the CAPM(capital asset pricing method) model and some of the mutual funds manager in a selected sample able to diversify their funds appropriately. The mutual funds industry is still in a developing phase and this study also depicts that the investment in this industry is growing on yearly basis. Besides these findings, this study also draws attention to the opportunities,

positives and future recommendation for the Pakistani mutual fund companies, their managers and potential investors

Keywords: Mutual funds, Portfolio, Investment, Performance Evaluation, Sharpe Model, Treynor Model, Jensen Alpha

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