
ABSTRACT

Public sector mutual funds dominated the industry in the early years. However, the enabling of legal framework paved the way for increased competition and entry of private sector funds in the market while also enhancing the quality of fund management. With so many new entrants into the market, the issue is which mutual fund to choose. The risk and return associated with a fund varies between private and public sectors. This study is about analyzing and comparing the performance of private and public sector mutual funds in Pakistan. This study attempted to assess whether public and private sector mutual funds have similar risk and return characteristics in order to help retail investors make better decisions. A total of 26 mutual fund schemes offered by two public and two private asset management companies over the period 2017 to 2021 have been selected as sample for the study. The categories of schemes covered in this study include Equity, Income, Money Market, Balanced, Asset Allocation and Shariah Compliant schemes. The average excess return of schemes was calculated using secondary data obtained from fund manager's reports. The risk adjusted performance was measured through standard deviation, Sharpe ratio, beta and Jensen's alpha. The results of all measures indicate that private sector mutual funds performed comparatively better than public sector mutual funds.

Keywords: Mutual Funds, Asset Management Company, Performance, Risk