

Volatility and Return Dynamics in Indian Mutual Funds: A Sector-Wise Analysis

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Abstract: *This study investigates the volatility and return dynamics of Indian mutual funds through a sector-wise lens, focusing on equity, debt, hybrid, and sectoral fund categories over the period 2019 to 2023. Using descriptive statistics, risk-adjusted performance metrics, ANOVA, and post hoc analyses, the study reveals significant differences in performance across fund categories. Sectoral funds delivered the highest returns but also exhibited the highest volatility and market sensitivity. In contrast, debt funds provided more stable but lower returns. Equity and hybrid funds displayed moderate risk-return profiles. The analysis further highlights the role of macroeconomic events, such as interest rate changes and fiscal announcements, in influencing mutual fund volatility and return trends. The findings offer critical insights for investors and fund managers, emphasizing the need for sector-specific risk assessment and diversification strategies in mutual fund portfolio construction.*

Keywords: Mutual Funds, Volatility, Return Dynamics, Sectoral Funds, Risk-Adjusted Performance, Equity Funds, Debt Funds, Hybrid Funds, Indian Financial Markets, ANOVA, Sharpe Ratio, Investment Strategies

