

The study investigates the performance of closed ended mutual funds in Pakistan as compare to stock market. The sample consists of sixteen closed-ended mutual funds having minimum of 24 months life-span. Karachi Stock Exchange 100 index was used for benchmark and twelve-month Treasury Bills rate was used for risk free rate (RFR). Sharpe, Treynor, Sartino, Jensen's alpha and Appraisal Ratio was used along with diversification and net selectivity for performance measurement. Overall performance of mutual funds was compared with the stock market. Furthermore, the mutual funds were ranked on the basis of risk adjustment according to their respective models. Overall performance of mutual funds was observed better than the market. It was further observed that Asian Stock Fund an PICIC Energy Fund have a positive net selectivity and performed better than other funds in the market. All other funds have a negative net selectivity which means a weaker performance in the market. This weak performance is a result of low stock selection ability of fund manager. The results also show that all funds have positive diversification except Asian Stock Fund which represents the extra return the portfolio is not earning well. It shows that portfolio is not completely diversified, and it contains unsystematic risk.