



Performance analysis of selected Small, Mid and Large cap schemes of equity category mutual funds

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Abstract: This study is intended to evaluate the performance of small, mid, and large cap equity category schemes to identify differences in the returns, risk and performance of this class of investment. The analysis of schemes based on return-risk and risk-adjusted measures. For the purpose of the study 10 mutual fund AMCs are selected and from that total 30 Schemes are selected. *The study period is 1st April 2018 to 31st March 2023.* It is found that Equity Small cap funds are performing better than large cap and midcap. The Small cap schemes beat large cap and midcap in all selected criteria of performance evaluation. The study found that 22 schemes are performing better than its benchmark in terms of average return.

Keywords: Mutual funds performance, Small cap, Midcap, Large cap, R-square, Sharpe, Treynor, Jensen's Alpha,

Introduction: Mutual Funds are fundamentally a type of investment option where Asset Management Companies invest the money of investors with a mutual investment goal in various sectors. In comparison to other financial products, mutual funds guarantee investors the lowest risks and highest returns. The mutual fund industry in India is now most attractive industry as its recorded highest growth rate. The investor of various financial needs can invest in the many categories and funds which are offered by mutual fund as well as mutual fund satisfying needs of every class of investors by investing their valued funds into diversified securities with professional management at relatively low cost.

Literature Review

Dr. Rai, R. et.al (2014) in their paper title “Comparing return between Large and Mid & Small Cap Equity Mutual Funds in India” evaluated 40 equity open ended mutual fund schemes for the 1, 3 and 5 years duration. The study concludes that mid cap & Small cap schemes are better performing comparing to large cap funds for the all 3 selected periods. It is also observed that the average annualised returns in both of the specified categories are likewise found to be significantly higher than their respective benchmark indices for all three time periods.

Soni. M. et.al (2018), undertook a comparative analysis between large cap and mid cap returns. The study compared returns on the absolute base of large cap and mid cap mutual funds of diversified equity funds on the various time dimensions. For this study researchers have collected 59 large cap and 40 mid cap funds of different financial institutions. The analysis of the data done by using F-Test and T-Test. The results show that when the time period is shorter than a year, the returns from the Mid Cap funds are higher than the returns from the Large-Cap funds, but when it comes to long-term returns, the Large-Cap funds are taken into consideration for investing purposes.

Mrs. Sridevi (2018), in her study evaluated performance of mid cap and small cap funds. This study tries to compare the performance of balanced mutual funds schemes of mid cap and small cap on the basis of risk-return. The researcher has selected 3 funds for small cap and 3 funds for mid cap for the 1 year duration. The study's findings revealed that both the midcap and small cap fund schemes had signs of surpassing the benchmark return. Not all of the funds have shown gains in value. While the performance of the HSBC Balanced fund is seen as preferable in the small cap fund, that of the Axis Balanced fund is relatively negligible in the mid cap fund.

Daita. N (2020), in her article titled “A Study on Performance Evaluation of Select Large Cap Mutual Fund Growth Schemes in India” evaluated large cap growth schemes of 10 AMCs. The evaluation of performance is based on Sharpe, Treynor, Jensen, and statistical tools such as standard deviation, covariance and correlation for the period of 2010-11 to 2017-18. The study found that Baroda Large Cap Fund had relatively the lowest average returns due to the most exposure and Aditya Birla Sun Life Equity Advantage Fund, on the other hand, produced the best returns by taking the least amount of risk. The SBI Bluechip growth fund was determined to be a stronger performer with remarkable risk-adjusted returns, according to the results of Sharpe and Treynor's metrics, whereas Baroda Large-cap Fund was found to be the worst performer among the rest.

Prof. Bantwa, A. and Dholakiya, A. (2021), in his paper titled “A Comparative Study on Performance Evaluation of Selected Large Cap and Mid Cap Mutual funds Schemes in India”, evaluated the performance of 5 large cap and 5 Mid cap mutual funds during the period of 2015 to 2020. The result shows that all sample schemes except one have better performance than benchmark performance. The study concludes that overall performance of mid cap mutual funds are better than the large cap mutual fund schemes.

Research Objectives

1. To Compare the performance of Selected Small, Mid and Large Cap Equity (Open-ended, Growth) Schemes of Top 10 Mutual Fund AMCs.(Last 5 Year: 2018-19 to 2022-23)
2. To study the Risk and return analysis of Small, Mid and Large cap mutual fund schemes.

Methodology

The study is based on secondary data. Necessary data have been collected from the website of AMFI, SEBI, RBI and respective websites of the selected mutual funds. For the purpose of performance evaluation of sample schemes, Net Asset Value (NAV) data during 2018-19 to 2022-23 collected from websites of AMFI. This study is based on three categories of Equity funds viz. Small, Mid, and Large Cap. Selection of funds from the specific sector is based on three parameters viz. (i) Schemes in Operation for study period (2018-19 to 2022-23), (ii) Schemes which having Above 1000cr.+ Net assets, and (iii) Only Regular Growth option is considered.

Risk-Free Rate of Return: The risk-free rate of return is selected on the basis of 5 years government bond rate (2018 to 2023). The G-Sec bond average rate is 6.18 considered as risk-free rate of return.

Data Analysis

Table: 1 Annual Return & Average Return with Rank in respective group and Overall Rank

	Large Cap Schemes	Category	Annualized Return					Average Return (Ri)	Rank Within Group	Overall Rank
			2018-19	2019-20	2020-21	2021-22	2022-23			
1	ABSL Frontline Equity Fund- D (G)	Eq- LC	8.45	-26.74	71.37	20.93	0.93	14.99	7	24
2	Axis Bluechip Fund- D (G)	Eq- LC	14.32	-6.97	50.71	17.07	-6.47	13.73	9	28
3	DSP TOP 100 Equity Fund- D (G)	Eq- LC	5.92	-24.51	64.97	11.16	3.11	12.13	10	30
4	Franklin India Bluechip Fund- D (G)	Eq- LC	8.65	-27.97	78.27	15.46	-0.78	14.73	8	26
5	HDFC Top100 Fund- D (G)	Eq- LC	17.27	-31.04	67.53	21.56	6.82	16.43	3	19
6	ICICI Pru. Bluechip Fund- D (G)	Eq- LC	9.52	-24.23	69.83	23.02	3.62	16.35	4	20
7	Kotak Bluechip Fund- D (G)	Eq- LC	9.55	-20.76	73.05	18.78	2.07	16.54	2	18
8	Nippon India Largecap Fund- D (G)	Eq- LC	14.34	-31.26	69.08	26.11	7.45	17.14	1	17
9	SBI Bluechip Fund- D (G)	Eq- LC	4.98	-23.54	75.39	17.02	3.4	15.45	5	22
10	TATA Largecap Fund- D (G)	Eq- LC	10.32	-24.55	68.16	21.37	0.74	15.21	6	23
11	ABSL Midcap Fund- D (G)	Eq-MC	-4.08	-33.03	82.9	31.89	-4.81	14.57	9	27
12	Axis Midcap Fund- D (G)	Eq-MC	8.74	-9.36	70.03	25.03	-3.35	18.22	6	14
13	DSP Midcap Fund- D (G)	Eq-MC	-0.09	-18.3	73.22	14.11	-3.58	13.07	10	29
14	Franklin India Prima Fund- D (G)	Eq-MC	1.38	-28.4	82.81	14.63	4.39	14.96	8	25
15	HDFC Midcap Opportunities Fund- D (G)	Eq-MC	0.52	-30.23	89.46	24.54	10.65	18.99	4	12
16	ICICI Pru. Midcap Fund- D (G)	Eq-MC	-2.74	-32.54	98.69	25.98	0.28	17.93	7	15
17	Kotak Emerging Equity Fund- D (G)	Eq-MC	-0.59	-23.1	96.74	26	5.32	20.87	2	8
18	Nippon India growth Fund- D (G)	Eq-MC	2.73	-25.11	88.66	30.14	4.07	20.10	3	10
19	SBI Magnum Midcap Fund- D (G)	Eq-MC	-5.79	-29.48	107.68	27.67	5.66	21.15	1	7
20	TATA Midcap Growth Fund- D (G)	Eq-MC	4.44	-22.25	84.12	24.36	1.19	18.37	5	13
21	ABSL Smallcap Fund- D (G)	Eq-SC	-11.2	-42.65	112.4	22.47	-3.05	15.59	10	21
22	Axis Smallcap Fund- D (G)	Eq-SC	0.72	-11.15	84.03	42.41	1.85	23.57	4	4
23	DSP Smallcap Fund- D (G)	Eq-SC	-11.29	-29.88	104.2	40.44	-0.68	20.56	7	9
24	Franklin India Smaller Companies Fund- D (G)	Eq-SC	-6.82	-38.08	101.7	32.47	9.56	19.77	8	11
25	HDFC Small Cap Fund- D (G)	Eq-SC	0.8	-41.15	105.35	35.68	13.29	22.79	6	6

26	ICICI Pru. Smallcap Fund- D (G)	Eq-SC	-10.44	-27.35	107.36	41.69	4.61	23.17	5	5
27	Kotak Small Fund- D (G)	Eq-SC	-7.05	-26.05	131.09	38.45	-2.49	26.79	2	2
28	Nippon India Smallcap Fund- D (G)	Eq-SC	-8.11	-31.93	119.35	45.39	7.64	26.47	3	3
29	SBI Smallcap Fund- D (G)	Eq-SC	-6.75	-0.65	58.18	29.63	7.34	17.55	9	16
30	TATA Smallcap Fund- D (G)	Eq-SC	7.01	-25.58	100.07	36.42	16.94	26.97	1	1
	Nifty 50 Benchmark		13.83	-26.03	70.87	18.88	-0.6	15.39		

Inferences:

The Analysis of above data based on last 5 years clearly reveals that annual average returns of Equity Small Cap Schemes are higher than Mid Cap and Large Cap Schemes. The Highest return amongst the categories found in the case of TATA Small Cap fund- D (G) (26.97), where as lowest return amongst categories found in the case of DSP Top100 Equity Fund-D (G) (12.13). Highest return as per Large Cap, Mid Cap and Small Cap category found in the case of Nippon India Large Cap fund- D (G) (17.14), SBI Magnum Midcap fund- D (G) (21.15) and TATA Small Cap Fund- D(G) (26.97) respectively. The Nifty50 (Benchmark) return is 15.39 which indicate that out of total 30 schemes 22 schemes (73.33%) are getting above average return than its benchmark return. It is also found that all Small cap categories funds are able to generate more return than the benchmark return.

Table: 2 Performance Analyses of Schemes.

	Mutual Fund Schemes	Category	S.D	Beta	R-Squared	Sharpe	Rank	Treynor	Rank	Jensen's Alfa	Rank
1	ABSL Frontline Equity Fund- D (G)	Eq- LC	36.04	0.81	0.99	0.24	23	10.91	23	1.37	24
2	Axis Bluechip Fund- D (G)	Eq- LC	23.53	0.51	0.94	0.32	8	14.74	8	2.83	20
3	DSP TOP 100 Equity Fund- D (G)	Eq- LC	32.62	0.73	0.98	0.18	29	8.19	29	-0.74	29
4	Franklin India Bluechip Fund- D (G)	Eq- LC	39.17	0.88	0.99	0.22	25	9.74	25	0.47	25
5	HDFC Top100 Fund- D (G)	Eq- LC	35.30	0.79	0.98	0.29	16	13.05	18	3.01	19
6	ICICI Pru. Bluechip Fund- D (G)	Eq- LC	34.50	0.77	0.99	0.29	15	13.18	16	3.06	18
7	Kotak Bluechip Fund- D (G)	Eq- LC	34.81	0.78	0.99	0.30	14	13.30	14	3.18	16
8	Nippon India Largecap Fund- D (G)	Eq- LC	36.13	0.80	0.97	0.30	12	13.67	12	3.58	15
9	SBI Bluechip Fund- D (G)	Eq- LC	36.64	0.81	0.98	0.25	22	11.38	22	1.77	22
10	TATA Largecap Fund- D (G)	Eq- LC	34.12	0.77	1.00	0.26	20	11.79	21	1.98	21
11	ABSL Midcap Fund- D (G)	Eq-MC	44.60	0.97	0.94	0.19	28	8.62	28	-0.57	28
12	Axis Midcap Fund- D (G)	Eq-MC	31.81	0.70	0.94	0.38	4	17.32	4	5.64	8
13	DSP Midcap Fund- D (G)	Eq-MC	35.54	0.78	0.95	0.19	27	8.85	27	-0.28	27
14	Franklin India Prima Fund- D (G)	Eq-MC	41.17	0.91	0.96	0.21	26	9.67	26	0.42	26
15	HDFC Midcap Opportunities Fund- D (G)	Eq-MC	44.24	0.97	0.95	0.29	17	13.23	15	3.89	14
16	ICICI Pru. Midcap Fund- D (G)	Eq-MC	49.68	1.09	0.96	0.24	24	10.76	24	1.69	23
17	Kotak Emerging Equity Fund- D (G)	Eq-MC	45.88	1.00	0.94	0.32	9	14.69	10	5.48	9
18	Nippon India growth Fund- D (G)	Eq-MC	43.02	0.95	0.96	0.32	7	14.70	9	5.20	10
19	SBI Magnum Midcap Fund- D (G)	Eq-MC	52.58	1.14	0.93	0.28	18	13.14	17	4.48	11
20	TATA Midcap Growth Fund- D (G)	Eq-MC	40.31	0.89	0.97	0.30	13	13.66	13	3.97	12
21	ABSL Smallcap Fund- D (G)	Eq-SC	58.90	1.29	0.94	0.16	30	7.31	30	-2.44	30
22	Axis Smallcap Fund- D (G)	Eq-SC	39.40	0.83	0.87	0.44	2	21.01	2	9.77	2
23	DSP Smallcap Fund- D (G)	Eq-SC	53.39	1.14	0.90	0.27	19	12.66	19	3.92	13
24	Franklin India Smaller Companies Fund- D (G)	Eq-SC	52.52	1.14	0.93	0.26	21	11.96	20	3.12	17
25	HDFC Small Cap Fund- D (G)	Eq-SC	53.95	1.18	0.94	0.31	11	14.10	11	5.76	7
26	ICICI Pru. Smallcap Fund- D (G)	Eq-SC	53.52	1.13	0.89	0.32	10	14.99	7	6.55	6
27	Kotak Small Fund- D (G)	Eq-SC	62.87	1.35	0.91	0.33	6	15.28	6	8.19	4

28	Nippon India Smallcap Fund- D (G)	Eq-SC	59.05	1.26	0.90	0.34	5	16.07	5	8.66	3
29	SBI Smallcap Fund- D (G)	Eq-SC	26.56	0.51	0.74	0.43	3	22.14	1	6.64	5
30	TATA Smallcap Fund- D (G)	Eq-SC	46.62	1.02	0.95	0.45	1	20.38	3	11.40	1
	Nifty 50 Benchmark		35.58	0.80							

Inferences:

- The above table indicates fund risk, beta, r-square, Sharpe, Treynor, Jensen's Ratio.
- **Fund Risk:** As per above analysis Kotak Small cap Fund-D (G) (62.87) having higher standard deviation (All Category), and as per Largecap, Midcap and Smallcap categories SBI Bluechip Fund- D (G) (36.64), SBI Magnum Midcap Fund- D (G) (52.58) and Kotak Small Fund- D (G) (62.87) having highest standard deviation respectively.
- **Beta:** It is observed that beta of out of total 30 schemes 11 schemes having higher beta than 1 which indicates that schemes are more volatile than its market. It is observed that all 11 schemes are belong to the Equity Midcap and Small cap. The highest Beta value found in the case of Kotak Small cap Fund- D (G) (1.35).
- **R-square:** R-Square (Coefficient of Determination) measures the relationship between the MF return and the benchmark return. It is observed that almost all schemes (All Category) having R-value between 0.80-1.00 which indicates that schemes are almost behaving same like its benchmark.
- **Sharpe Ratio:** As per Sharpe ratio 1st rank given to Tata Small cap Fund-D (G) in Equity Small cap category.
- **Treynor Ratio:** As per Treynor's ratio 1st rank given to SBI Small cap Fund-D (G) in Equity Small cap category.
- **Jensen's Ratio:** As per Jensen's ratio 1st rank given to Tata Small cap Fund-D (G) in Equity Small cap category.

- **Conclusion**
- The objective of the study is to compare the Equity Large cap, Midcap and Small cap schemes so it can help investors to choose the fund. It is generally observed that if investors want higher return than they have to choose Equity Large cap schemes but this study brings major large cap, midcap, and small cap schemes to measures the performance between all these three categories. It is found that Equity Small cap funds are performing better than large cap and midcap. The Small cap schemes beat large cap and midcap in all selected criteria of performance evaluation.
- The study observed that Equity Small cap schemes are more risky than Large cap and mid cap funds, and higher volatility also found in the Equity small cap schemes. Further, study also found that almost all schemes having R-value between 0.80-1.00 which indicates that schemes are almost behaving same like its benchmark. The study finds that as per Sharpe, Treynor and Jensen measures the TATA Small cap fund and AXIS small cap fund, are good option for investors.

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