Project Dissertation Report on

Analysis of Top Performing Mutual Funds in India

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2K20/DMBA/101

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CERTIFICATE

This is to certify that Rishab Sengupta, student of Master of Business Administration at Delhi School of Management, DTU has completed the Major Research Project on "Analysis of Top Performing Mutual Funds in India", in Partial Fulfillment of the Requirement for the Degree of Masters of Business Administration under my guidance.

The report has been checked for plagiarism and it is acceptable.

Prof. Mohit Beniwal
Assistant Professor

DECLARATION

This is to validate that I am a student of Master of Business Administration programme of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi 110042.

I am hereby declaring that this project dissertation report titled “Analysis of Top Performing Mutual Funds in India” is an original work and the same has not been made or submitted to any other institution with the purpose of obtaining a different degree.

Rishab Sengupta

(2K20/DMBA/101)

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Rishab Sengupta
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EXECUTIVE SUMMARY

Mutual fund is an investment type where several people come together in order to pool their money towards a overarching financial goal of common interest. This pool of money is then invested in the market, and the return generated along with the investment sum is distributed in accordance with the number of units each individual investor holds. The mutual fund industry in India was incorporated with the UTI Act. This industry grew gradually over a 25 year long time period and provided healthy returns.

Not only is it quite easy to buy and sell mutual funds, they can be bought either from the fund management company or through third party intermediaries.

The study's main goal is to analyze how the selected mutual funds have performed in India as well as take a close look at the risk and return components of these funds in question. The current study is based upon secondary data collected from 5 mutual funds which were operated by private sector companies’ between 2017 to 2022. The study incorporates the NAV and total returns generated along with risk measures such as the beta ratio. To guarantee the mutual fund's returns are healthy, investors should pay attention to the evaluation through statistical parameters. This research will provide them with the understanding into the performance of said mutual funds which in turn will help them gain a better comprehension in terms of allocating their hard earned resources to the most suitable mutual fund schemes.

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CHAPTER – 1

INTRODUCTION

Post the government strategy of liberalization in the industrial and financial industry, various financial instruments arose as a result of the government's industrial and financial sector deregulation agenda. The rising relevance and the people who are interested to invest MFs shall be demonstrated on stipulations of rising capital mobilisation and an expanding number of schemes and investors in the sector. Mutual funds must perform as effective institutional investors in order to meet the expectations of millions of account holders.

Researchers aimed to investigate investors' evolving attitudes regarding mutual fund investments, as well as their demands and expectations from the various types of MFs accessible in the sector of India and the ROI perception associated with mutual fund purchases. Various methodologies were used to identify the key features that Indian investor evaluate when making investment decisions. Today's investors are interested in learning more about MFs and how they may be used as an investment tool.

The Indian financial industry offers investors a variety of options. It has sparked a surge in the mutual fund industry, which now offers reasonable options for ordinary people to invest their money.

1.1 Concept and Meaning of Mutual Fund

An instrument which aggregates the money from a lot of people who want to invest and have similar objectives for making money, infuse it in assets that meet the schemes declared goals. All MFs are handled by fund managers, who employ their investment expertise, abilities through conducting the required analysis, provide a considerably more lucrative gains than any person could get alone.

Fig 1.1 – Concept of MF

Source - http://www.moneywizardfin.com/mwmutfun.html

Basic Terms

- **Asset Management Company**

  A highly regulated corporation that combines money from people willing to invest and creates a portfolio.

- **NAV**

  The MF's present total value in the market. NAV per unit is simply the NAV divided by the number of outstanding units.

- **Exit Load**

  Exit load is a non-refundable cost paid to the AMC when units are redeemed or transferred between mutual fund schemes. At the moment of redemption/transfer, it is subtracted from the NAV (selling price).

- **Return**

  A typical investment's return is made up of two parts. The most fundamental is the investment's periodic cash receipts, which can be in the form of interest/dividends. Another factor is the change in the value of the assets, which is generally referred to as a capital gain or loss.

- **Risk**

  The peril of keeping money in MFs is usually connected with prospect of realising lower returns than planned. The premium that the person gets is the disparity between necessary rate of return on mutual fund investments and the return without any risk. Beta and standard deviations can be used to quantify risk.

1.2 History of Mutual Funds

“In 1822, King William of Netherland established the "Socioete Generale de Belique," the world's first mutual fund. UTI was established by the parliament of India through an act in 1964. 'Why should there be a Mutual Fund?' was the first topic raised. 'It is an attempt to mobilise the savings of small investors,' the rationale was stated. This is the primary goal of the MF industry. Despite this fact that the Indian MF industry has witnessed a six-fold increase in AUM over the last ten years, it continues to be the favoured investment option for ordinary investors in India. In India, there are now 44 AMCs in operation. The AUM of Indian Asset Management Companies (AMCs) reached 10.5 trillion in December 2014, accounting for 0.5 percent of worldwide AUM. (Source: ICRON analysis of ICF 2015 data).”

In July 1993, Theerst was the first registered private sector mutual fund, while Kothari Pioneer was the initial MF in the private sector. While several MNCs were setting up MFs in India, the volume of mutual fund firms has continued to grow, and this sector has seen multiple MnA. Because of the introduction of commercial banks and private companies into the MF business, combined with the accelerated expansion of Indian capital markets in recent years, has concluded in stupendous growth in the number of Mutual Funds.

The Product Life Cycle of Indian MFs is in early stages of development. MF performance is a topic that both practitioners and academics are interested in.

1.3 Evolution of Mutual Funds

UTI was established in 1963 with the purpose of getting small investor’s or retail investor’s to invest in MFs. This was facilitated by the joint venture of GOI and RBI. The evolution of India’s MF sector can be categorized as follows:

Stage 1. Founding and Rise of Unit Trust of India - 1964-87

Initially, UTI had a monopoly in the Indian MF sector. It continued to function under its regulatory authority until 1978, when the two were de-linked and full authority was passed to the IDBI. The Unit Scheme of 1964, UTI's inaugural investment scheme, was introduced in 1964 and drew the biggest highest of investors of any individual scheme during that time.

Stage II. Public Sector Funds Started - 1987-1993

Then in 1987, the Indian MF business saw several public sector companies enter the industry. SBI launched India's first non-UTI MF in 1987. The industry’s AUM had grown 7 times till 1993, while UTI stayed the most dominant player in the market.

Stage III. The beginning of the Private Sector Funds - 1993-96

Private sector funds, including international fund management organisations (often entering through joint ventures with Indian entrepreneurs), were granted permission to come into the MF industry in 1993, providing investors with several options. Innovative products, investing approaches, and investor-servicing technologies were introduced by private funds. Around 11 private sector funds had established their programmes by 1994-95.

Stage IV. The start of SEBI Regulations and Growth of MF Industry - 1996-2004

Post 1996, the MF industry experienced strong expansion but stronger oversight from SEBI. As the general public began to get more interested in MFs, fund mobilisation and volume of firms performing in this field touched new heights.

SEBI protected the interests of investors, while the government granted tax breaks to people who were investing in MFs in order to attract them. SEBI created the Mutual Funds Regulations, 1996, which established similar requirements for all mutual funds in India. During this time, SEBI and AMFI developed a number of Investor Awareness Programs with the goal of educating and informing the general public about MF business.

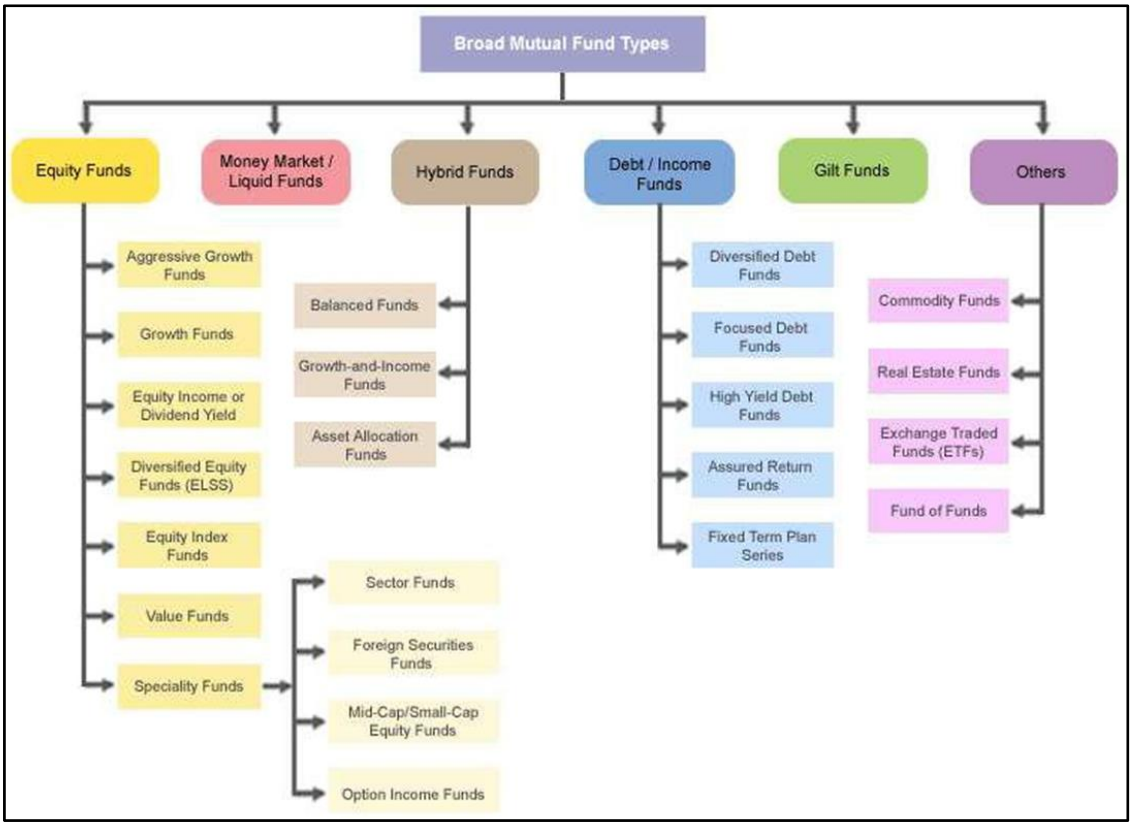
In 1999, there was a considerable increase in the amount of money raised from investors and the amount of money under management.

Stage V. Rise and Unification - 2004 Onwards

The market saw many MnA's from 2004 onwards. International players also entered India around this time. By the end of FY 2006, there were a total of 29 MFs. The industry is still growing, thanks to consolidation and the arrival of new foreign and private sector firms.

1.4 Types of Mutual Funds

Fig 1.2 – Broad Mutual Fund Types



Source - http://www.moneywizardfin.com/mwmutfun.html

1.4.1 Equity Funds

These MFs are deemed to be riskier than other fund kinds, but they also deliver bigger returns. It's recommended that the investor who wishes to put his money in such a fund has to do so for a lengthy period of time. There exist various kinds of such funds which fall in different categories of risk. The following categories of equity funds are listed in order of decreasing risk level:

a) Aggressive Growth Funds – Fund managers in these types of funds aim for the most amount of growth they can achieve by investing in obscure equities. Aggressive Growth Funds become more volatile as a result of these risky investments, and hence are more vulnerable.

b) Growth Funds – Such funds invest with the goal to appreciate their capital, but they put money in firms that are likely to perform better than its peers. Such MFs favour firms that could potentially have stellar performance without being fully speculative.

c) Specialty Funds – These have specific criterion for investment, and their portfolio allocation exclusively includes companies that fit those requirements. Some speciality funds may have criteria for investing in or not investing in specific locations. Because they are concentrated, such MFs are more risky than a diversely allocated fund.

d) Option Income Funds: These MFs have the majority allocation in options, albeit they are not yet available in India. Options can be used effectively to mitigate volatility, otherwise regarded to be a dangerous factor. They infuse money in large firms that pay high dividends and successively trade options as per their position, providing investors with a steady stream of dividends.

e) Diversified Equity Funds – These MFs prefer to infuse money in liquid money market instruments primarily and have no sector focus. These funds are well-diversified among sectors and companies. Equity Linked Savings Schemes are a popular type of diversified equity fund in India (ELSS). According to the mandate, ELSS is mandated to infuse at least 90% of its NAV in stocks at all times.

f) Equity Index Funds – The goal of such MFs is to duplicate any specific index in the market. They infuse money in the firms of a specific sector proportional to the index, thus tracking indices. Indices are riskier since they are less diverse.

g) Value Funds – Value Funds invest in firms with strong fundamentals and undervalued stock prices. These funds' portfolios include stocks with lesser P/E Ratio.

These may invest in firms of variety of industries and are subject to lower risk than growth or specialised funds. Cement, steel, sugar, and other cyclical industries provide value stocks, which are very volatile in the near run. As a result, investing with such funds is recommended only in the long-term since the risk is greatly minimised.

h) Dividend Yield Funds – The aim of such an MF is to felicitate investors with dividend yields on a regular basis on the amount which has been invested in the companies. When compared to other equity funds or Dividend Yield Equity Funds are often the least risky.

1.4.2 Debt Funds

These MFs engage in debt issuances for a medium or long time period which are issued by private corporations, and banks. Debt funds have a low risk profile and aim to provide investors with a fixed current income (rather than capital appreciation). These yield a considerable dividend to people who are invested in them in order to ensure that they get consistent income. These types of MF are vulnerable to credit risk when interest or principal is due. Debt funds with a high return target are riskier.

a) High Yield Debt Funds – Because it is now known that all debt funds face the danger of default, debt funds normally strive to reduce the risk of losing their investment. High Yield Debt Funds, on the other hand, use a different approach and prefer securities issued by companies deemed "below investment grade." The goal of pursuing such a hazardous method is because they can provide investors with better returns.

b) Assured Return Funds – These funds are often debt funds that offer low-risk investing opportunities to participants. The security of investments, on the other hand, is determined by the guarantor's net worth. To protect investors' interests, SEBI only allows programmes if their sponsors have enough money to guarantee future returns.

1.4.3 Hybrid Funds

These are the types of fund which have a portfolio that contains a diversified combination of stocks, bonds, and money market instruments. In their portfolio, such funds have an equivalent allocation of equity and debt. In India, 3 types of these funds are available:

a) Balanced Funds – Such funds have assets such as debt instruments, convertible securities, shares, all of which are held in roughly equal proportions. The goals of these funds are to provide their stakeholders investors with a consistent stream of dividend, balanced growth, and low danger of losses. These are a good choice for cautious people with a lengthy time period.

b) Growth-Income Funds – These incorporate the characteristics of both income and growth MFs. These funds invest in firms that have the potential to grow in value as well as those that pay out significant dividends.

c) Asset Allocation Funds – These can put money in financial securities such as stocks, bonds, and money markets, as well as non-physical assets such as properties and commodities. Such MFs use a volatile approach for allocation of its assets, which facilitates managers to be able to change the class of their assets according to moment based on the market view.

1.5 Advantages of Mutual Fund Investment

1. **Professional Management**: The person investing in mutual fund can rest assured that their funds are being handled by a professional investor.
2. **Diversification:** Mutual funds are a basket which means that the money in the fund has been invested in various companies and industries. They are also diversified in terms of the type of security that it is invested in.
3. **Convenient Administration:** This means that the person investing in MFs does not have to go to the bureaucracy of investment and liquidation process.
4. **Transparency:** The person investing in mutual fund can regularly monitor its performance through online or offline modes.
5. **Flexibility:** The person investing in mutual fund can invest his or her money in lump sum or on a regular basis which is also known as systematic investment plan.
6. **Choice of Schemes:** Several distinct funds are managed by many mutual fund providers, and you can switch between them for little or no cost. This allows you to adjust the balance of your portfolio when your personal requirements, financial ambitions, or market conditions change.
7. **Tax Benefits:** Certain MF schemes provide investors with the benefit of deducting the amount deposited from their taxable income. This lowers their taxable income and, as a result, their tax bill.

1.6 Disadvantages of Mutual Fund Investment

1. **Fluctuating Returns**: Because MFs cannot promise fixed returns, you should always be prepared for the worst-case scenario, which includes depreciation in the mutual fund. To put it another way, mutual funds are subject to a vast range of price changes.
2. **No Control:** Fund managers administer every sort of MFs. In various situations, a team of analysts may aid fund management. As a result, you have no influence over your money as an investor.

However, you can look into certain key factors including an Asset Management Company's transparency policies, corpus, and overall investing strategy (AMC).

3. **Costs:** The value of a MF may fluctuate as market conditions change. Additionally, fees and charges associated with professional MF management, which are not present when purchasing stocks or assets directly from the market. The salaries of market analysts and fund managers are mostly funded by investors.
4. **Dilution:** One of the most frequently touted benefits of a MF is diversification. Over diversification, on the other hand, can raise a fund's running costs, necessitate increased due diligence, and dilute the relative benefits of diversification.
5. **Cash Drag:** To fulfil investor redemptions and retain liquidity for purchases, mutual funds must keep assets in cash. Investors, on the other hand, pay to keep their funds in cash because annual expenses are charged on all fund assets, whether invested or not.

1.7 Objectives of the Study

The primary reasons behind studying this topic are:

- To gain insight and comprehension about MFs.
- To know the performance of MFs relative to the current market.
- To evaluate and compare the performance of top performing mutual fund schemes.
- To compare how the MFs have performed in categories differentiated by their capitalization in market.
- To study change in returns pattern.

CHAPTER – 2

LITERATURE REVIEW

A. Hybrid Mutual Funds were studied by **Dr. Ashok Khurana and Kavita Panjwani (November 2010)**. The Arithmetic Mean and CAGR can be used to compare mutual fund results. Standard Deviation and Beta can be used to assess risk, whereas Risk-Return Adjustment is used to assess performance. For risk-return analysis, Sharpe and Treynor ratios are employed. To determine how well a fund performs in comparison to the market, it is compared to various benchmarking standards, industry average data points and study of volatility and return on a per unit basis. Value at Risk analysis may be used to determine the greatest probable losses in a particular month.

B. A Comparative Study on Evaluation of Selected MFs in India was completed by **Ms. K. Hema Divya (April 2012).** During the latter two decades of the twentieth century, the mutual fund sector grew by leaps and bounds. Proper fund performance evaluation would promote peer comparison among investment managers and assist typical investors in identifying qualified managers. Furthermore, increasing market rivalry drives the managers of such funds to maintain a high standard of performance in order to please management and customers. As a result, frequent mutual fund performance review is critical for both customers and fund managers. The goal of this analysis is to draw a comparison between the return of MFs to BSE Indices on an annual basis.

C. Review and Performance of Select Mutual Funds Operated by Private Sector Banks: Axis Equity and Kotak 50 Funds - Growth Option, **B. Raja Manner and Dr. B. Ramachandra Reddy (Oct 2012).** The funds are statistically evaluated based on their association with the benchmark. CNX S&P Sharpe's Index, Nifty, standard deviation are all examples of ratios.

D. **Rashmi Sharma and N. K. Pandya (2013)** provided an outline of MF investing. The structure of MFs, the comparison of MF investments to other investment, and the computation of NAV are all discussed in this article. The effects of several demographic characteristics on investors' attitudes about MFs are investigated in this research. Drawing pie charts has been used to visualize numerous patterns and evaluating the acquired data in an effective and efficient manner so that proper conclusions can be drawn, as well as for examining the many components responsible for mutual fund investing.

E. The Risk and Return Relationship of Equity Based Mutual Funds in India was studied by **Dr. N. K. Sathya Pal Sharma and Ravikumar, R (2013).** The goal of this article is to examine the performance of equity-based MFs. Between April 1999 and April 2013, an aggregate of 15 programmes provided by two private firms and two public enterprises were investigated (15years). The risk-return connection and CAPM were used in the analysis.

F. Performance Appraisal of Growth Mutual Fund was completed by **J. Rahul Singal, Anuradha Garg, and Dr. Sanjay Singla in May 2013.** The performance of 25 Growth MF Schemes is examined in this article. Between January 2004 and December 2008, the outcomes of this scheme are ranked, and comparisons are performed between the results of other schemes, with the differences usually being small.

G. In **January 2014, Dr. K. Veeraiah and Dr. A. Kishore Kumar** published a study titled Comparative Performance Analysis of Select Indian MF Schemes. This analysis examines and evaluates the performance of mutual funds owned by Indians. The performance of these funds was evaluated utilizing NAVs and portfolio allocation during a five-year period. Mutual funds outperform naive investments. Mutual funds are considered by investors as a viable medium-to-long-term investment alternative.

H. The Mutual Fund Performance Between 2008 and 2010: Comparative Analysis was researched by **Mrs. V. Sasikala and Dr. A. Lakshmi in January 2014.**"Comparative examination of MF performance between 2008 and 2010," according to the publication. The goal of this study was to compare the risks and returns of 2008 top 100 MFs to those of 2010 top 100 MFs reported in Business Today.

I. **Rao Neelakanteswar Dabbeeru (Aug 2006),** has studied the Investment Styles and Performance of Equity Mutual Funds in India. In India's capital market, the MF industry has evolved as a significant financial intermediary. Investing in a MF scheme has the primary goal of risk diversification.

As a result, returns should be calculated while analysing and comparing the performance of the schemes, taking into consideration the risks involved in reaching the returns. The research aims to evaluate the performance of open-ended equities MFs that fall into two distinct investment styles and to determine whether the performance disparities between the two prominent investment styles' plans are statistically significant. Due to the plethora of mutual fund schemes accessible in India, the average investor is often puzzled while deciding whether or not to invest in them.

J. **Sathya Swaroop Debasish (Mar 2010),** has investigated the Performance of Equity-based Mutual Fund Schemes in Indian Scenario. MFs are one of the most popular investing options for small investors because they provide a low-cost way to infuse in a diversified, professionally managed portfolio. The goal of this analysis was to assess the return variable of chosen MFs utilizing risk-return relationship models and measurements. Before making an investment decision, small investors should examine the return and risk criteria of mutual funds over a longer period of time.

K. **Dr. Vikas Chaudhary and Preeti Sehgal Chawla (Oct 2014),** have studied the Performance Evaluation of MFs: A Study of Selected Diversified Equity MFs in India. A trade-off between risk and reward is at the heart of all investing choice. The study covered a time period of eight years (2005-2013). The research is based on a sample of eight MF schemes that are all equity diversified funds.

The goal of this analysis is to look at the realization of various diversified equity MFs in India. The study has utilized Sharpe Ratio as one of the major analytical tools for performance evaluation.

L. **Bhumi Patel and Dr. Vijay Gondaliya (June 2021)** have studied the Comparative Study between Direct Equity and Mutual Fund – An Empirical Analysis. The current paper is based on a research project that compares and analyses equities on the basis of its behaviour. In addition, the article evaluates and contrasts the risk and return characteristics of MF schemes. The analysis is heavily reliant on secondary data amassed over a 5-year period for the top 10 equities shares and top 10 MFs with the largest market capitalization. The goal of this analysis is to look into the risk and return of equities shares and MFs. Portfolio management also necessitates a great deal of expertise and investigation.

M. **Dr. R. Narayanasamy and V. Rathnamani (Apr 2013),** have studied the Performance Evaluation of Equity Mutual Funds (On Selected Equity Large Cap Funds). MFs are one of the many financial instruments available. Growth and advancements of numerous mutual funds, with minimal risks and maximum returns to investors. The performance of the large cap MFs that were selected and it is obvious that the funds which were analysed performed well over the period of time in which it was conducted. In order to maintain consistent mutual fund performance, investors must be aware of important data points such as alpha and beta ratios in addition to NAV and TOTAL RETURN while investing in mutual funds.

N. **Ms Swati Sharma and Ajay Kumar Patel (Dec 2016)** have studied the A Study on Risk-Return Profile of MFs in India. Mutual funds are categorised based on their primary investments. Funds can be subdivided into various categories based on their investment purpose, investing technique, or specific focus. Secondary data analysis was used in this work, which was experimental in nature.

The goal of this analysis is to assess how the MFs are faring. The paper also analyses whether the difference in mutual fund returns is due to their investment domains or for any other reason.

O. **Ankita Sharma and Deepak Kumar Adhana (Sept 2020**) have studied A Study on Performance Evaluation of Equity Share and Mutual Funds.
Investors are perplexed by the current economic situation, which includes declining and fluctuating stock prices. It is difficult to make an investing decision. This is primarily due to the nature of investment, which requires investors to weigh a variety of aspects before participating in various investment opportunities. The MFs linked to the equity market are examined in this analysis. The goal of this research is to look at the average return and risk of investing in MFs. The current research is focused on a comparison of equity MFs bare risk and return. The study also looks at the average risk and average return of selected Mutual Fund and Equity Share businesses. Finally, the article investigates the risk-return connection between Equity Shares and Mutual Funds.

P. **Prateek Khanna and Mayank Malviya (June 2020)** have studied the Performance of MF Industry in India. The aim of this analysis is to determine the historical performance of various MFs based on their historical Net Asset Values (NAV's) and to use statistical tools to do so. This makes it easier to comprehend the variables of such funds. The findings revealed that investors in large cap funds earn a higher initial return than long-term investors, but the future prospects in large cap funds are not favourable for shorter periods, therefore investors should hold funds for at least three years. This research is critical for investors who choose to infuse in mutual funds rather than individual securities such as equity shares and debentures.

CHAPTER-3

RESEARCH METHODOLOGY

3.1 Title

Analysis of Top Performing Mutual Funds in India

3.2 Title Justification

MFs are a simple, popular and a safe investment choice for people who are willing to invest in funds which have a decent amount of diversification and managed by professionals but at low costs. It is a pool which combines funds from various people who are willing to invest and have common financial goals. Throughout the preceding decade, mutual funds were many investors' preferred long-term investment vehicle.

The expansion and development of diverse MFs products in the capital market of India and have proven to be some of the most lucrative catalysts for significant investment growth. As a consequence of increased domestic savings and better avenues to deploy investments through financial markets, the consumer demand and breath of MF offerings have increased. Due to the importance of MFs in the reconstitution of investment avenues in the Indian economy.

3.3 Research Methodology

It refers to the methods used to collect, organise, and analyse data during the research process. It refers to the tools used in a research endeavour to acquire significant data. Common research methods include surveys, questionnaires, and interviews. Since research is an academic activity, it should be utilised in a technical sense.

It is, after all, a voyage of discovery. When we are confronted with the unexpected, we wonder, and our curiosity drives us to research and get a deep and complete understanding of the unfamiliar. This inquisitiveness is the mother of all knowledge, and exploration is the method by which man gains comprehension of whatever the unknown is.

A research methodology is a way for methodically addressing and researching a research topic. We examine the many stages that a researcher may take to study a research topic, as well as the rationale behind them.

3.4 Research Approach

A research design is a declaration of precise techniques and information analysis needed to answer the problem at hand. It establishes a scientific foundation for doing research. In the research, I adopted a descriptive method, which will assist me in determining the cause-and-effect link. As a result, with my analysis and conclusion, I intend to bring fresh insights to the issue and provide readers with a new viewpoint.

3.5 Data Collection

Primary Data- Not Applicable

Secondary Data- In this study, secondary data is utilized as the foundation for analysis. The top five asset management firms were chosen based on their AUM as of March 2022. The top five small caps, mid-cap and big cap funds are chosen based on performance. Various websites were used to acquire daily data on the day end NAV of selected MFs. The NSE SENSEX, the most prominent and extensively followed index, is regarded as a representative of the market. The data's period of reference ranges from March 2017 to March 2022.

3.6 Data Analysis Tools

Tools used- While making the project various tools has been used. These are:-

- Microsoft Word
- Various analysis tools like Line Graphs, Stock Charts, Tables
- Mutual Fund Beta Ratio
- Annualized and Rolling Returns

CHAPTER – 4
DATA ANALYSIS

4.1 Small Cap Mutual Funds in India

Small-cap mutual funds invest mostly in equities of small businesses with growth prospects. These stocks have the potential to double or triple in value in a few of years, but this also means that the return on these funds is highly volatile. When it comes to selecting equities portfolios, the size of the company is a crucial factor to consider. This is because the portfolio would have its own set of opportunities and dangers, depending on the size of the organisation.

Table 4.1 – Top 5 Small Cap Mutual Funds in India

NAME	TYPE	DATE LAUNCHED	NAV as on Mar 31, 2022 (in Cr)
SBI Small Cap Fund	Growth Plan (Regular)	09-Sep-2009	₹ 102.33
Quant Small Cap Fund	Growth Plan (Regular)	24-Nov-1996	₹ 135.3
HDFC Small Cap Fund	Growth Plan (Regular)	03-Apr-2008	₹ 72.9
Kotak Small Cap Fund	Growth Plan (Regular)	02-Jan-2013	₹ 163.9
ABSL Small Cap Fund	Growth Plan (Regular)	31-May-2007	₹ 52

Source – Own Creation

4.1.1 SBI Small Cap Fund

SCHEME OBJECTIVE

By infusing primarily in a well-diversified basket of small-cap equities firms, investors will be able to benefit from long-term capital growth and the liquidity of an open-ended scheme.

SCHEME DETAILS

- **Fund manager(s)** – R. Srinivasan
- **Expense ratio** – 2.03% (class average is 1.39%)
- **Benchmark** – NIFTY Smallcap 100
- **Type:** Open Ended Fund.

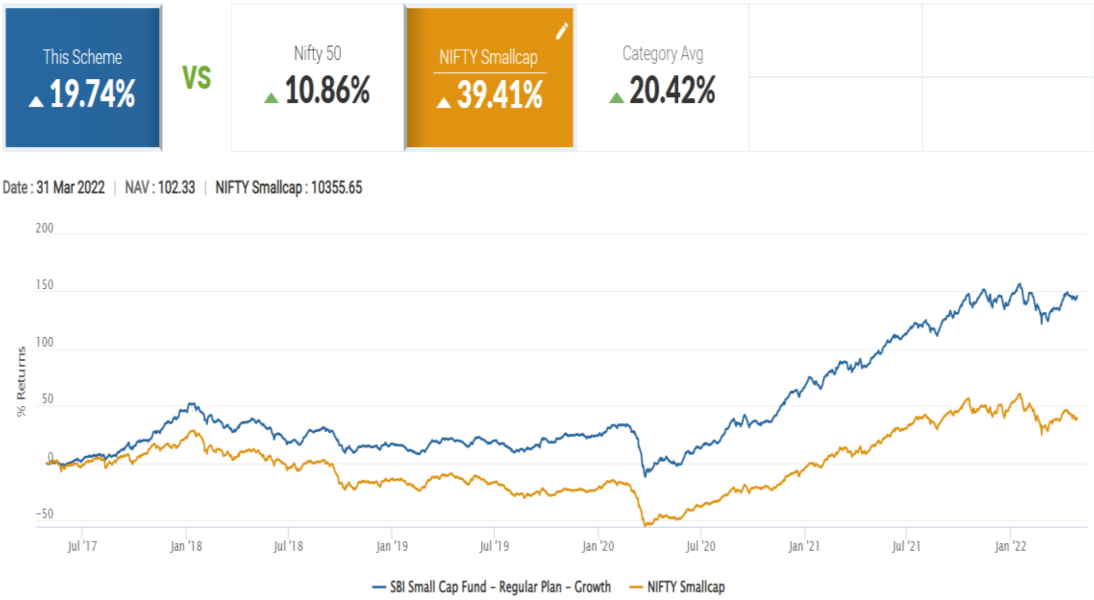
Table 4.2 – 1-5Y Return by SBI Small Cap Fund

Investment Duration	Investment of ₹10000	Current NAV	Absolute Returns	Yearly Returns	Division Average
YTD	31st Mar'22	10027.30	0.27%	---	0.46%
1 Year	31st Mar'21	12844.30	28.44%	28.44%	29.13 %
2 Year	31st Mar'20	23696.60	19.65%	53.94%	54.77 %
3 Year	31st Mar'19	20490.00	104.90%	26.93%	27.65%
5 Year	31st Mar'18	24624.70	146.25%	19.74%	20.42%

Source – Own Creation

The table above gives information on the returns and value of the mutual fund over a period of 5 years as compared to the average returns given by funds in the small cap category.

Fig 4.1 – Performance of SBI Small Cap Fund for the period of 2017-22



Source – MoneyControl Website

Inference: The graph depicts the performance of SBI Small Cap Fund for the period of 2017-22. This mutual fund has consistently performed over the benchmark index that tracks the performance of companies with small market capitalization since the 1st quarter of 2017 and has garnered returns 0.68% lower than the industry average for regular investment type small cap funds for the investment period of 5 years.

SBI Small Cap Fund Risk Factor

Beta Value = 0.76

Category Average = 0.76

Low Volatility

Here, the Beta value is equal to the category average; this implies that the stock price tends to move with the market. Thus, it will have a systematic risk.

4.1.2 Quant Small Cap Fund

SCHEME OBJECTIVE

The primary goal is to achieve long-term capital appreciation by infusing primarily in small-cap equities and equity-related instruments, with a secondary goal of generating consistent returns by infusing in debt and money market securities.

SCHEME DETAILS

- **Fund manager(s)** – Ankit Pande, Vasav Sahgal, Sanjeev Sharma
- **Expense ratio** – 1.75 % (class average is 1.92%)
- **Benchmark** - Nifty Smallcap 100 TRI
- **Type:** Open Ended Fund.

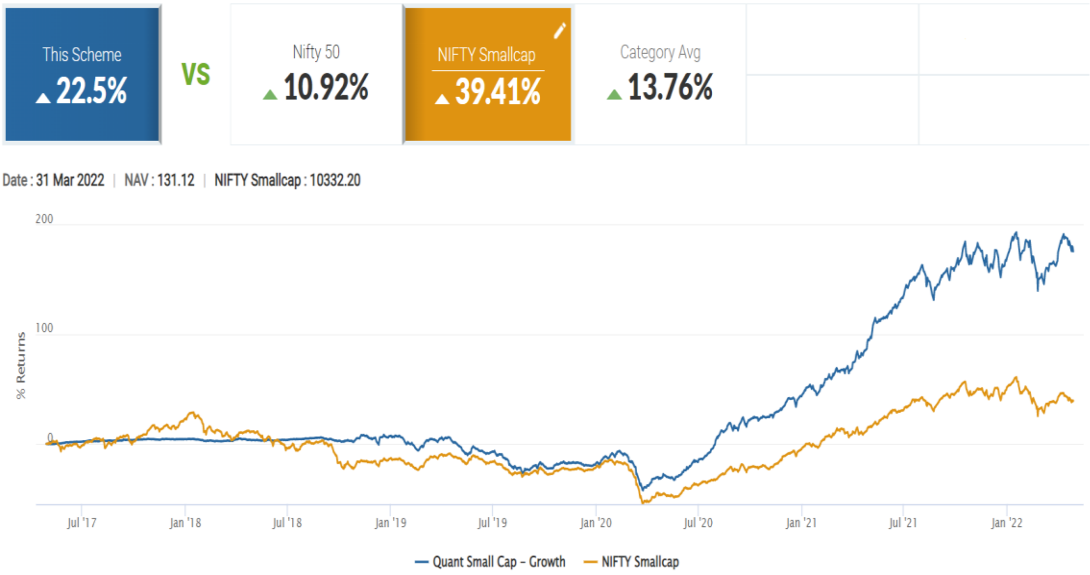
Table 4.3 – 1-5Y Return by Quant Small Cap Fund

Investment Duration	Investment of ₹10000	Current NAV	Absolute Returns	Yearly Returns	Division Average
YTD	31st Mar'22	10027.30	2.27%	---	-1.45%
1 Year	31st Mar'21	14138.10	41.38%	41.38%	37.05%
2 Year	31st Mar'20	39521.10	295.21%	98.80%	62.42%
3 Year	31st Mar'19	27296.90	172.97%	39.63%	24.91%
5 Year	31st Mar'18	27604.90	176.05%	22.50%	13.76%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the small cap category.

Fig 4.2 – Performance of Quant Small Cap Fund for the period of 2017-22



Source – MoneyControl Website

Inference: The graph depicts the performance of Quant Small Cap Fund for the period of 2017-22. This mutual fund has gradually improved its performance since the 1st quarter of 2020 and has garnered returns 8.74% higher than the industry average for direct investment type small cap funds for the investment period of 5 years.

Quant Small Cap Fund Risk Factor

Beta Value = 0.39

Category Average = 0.76

Low Volatility

Here, the Beta value is less than the category average; this implies that the stock is less risky and will likely offer low returns.

4.1.3 HDFC Small Cap Fund

SCHEME OBJECTIVE

To provide long-term capital appreciation /income by infusing predominantly in Small-Cap companies. There is no guarantee that the investment goal of the Scheme will be realized.

SCHEME DETAILS

- **Fund manager(s)** – Chirag Setalvad
- **Expense ratio** – 1.92% (class average is 1.93%)
- **Benchmark** - Nifty Smallcap 100 TRI
- **Type:** Open Ended Fund.

Table 4.4 – 1-5Y Return by HDFC Small Cap Fund

Investment Duration	Investment of ₹10000	Current NAV	Absolute Returns	Yearly Returns	Division Average
YTD	31st Mar’22	9558.10	-4.42%	---	- 1.45%
1 Year	31st Mar’21	13276.70	32.77%	32.77%	37.05%
2 Year	31st Mar’20	25664.10	156.64%	60.20%	62.42%
3 Year	31st Mar’19	16734.50	67.34%	18.67%	24.91%
5 Year	31st Mar’18	20285.20	102.85%	15.19%	13.76%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the small cap category.

Fig 4.3 – Performance of HDFC Small Cap Fund for the period of 2017-22

Source – MoneyControl Website

Inference: The graph depicts the performance of HDFC Small Cap Fund for the period of 2017-22. This mutual fund has consistently performed over the benchmark index that tracks the performance of companies with small market capitalization since the 1st quarter of 2018 and has garnered returns 1.43% lower than the industry average for direct investment type small cap funds for the investment period of 5 years.

HDFC Small Cap Fund Risk Factor

Beta Value = 0.88

Category Average = 0.76

High Volatility

Here, the Beta value is more than the category average; this implies that the stock is riskier and will likely offer high returns.

4.1.4 Kotak Small Cap Fund

SCHEME OBJECTIVE

The investment goal of the scheme is to generate capital appreciation from a diversified portfolio of equity and equity related securities by infusing predominantly in small cap companies. There is no assurance that the investment objective of the Scheme will be achieved.

SCHEME DETAILS

- **Fund manager(s)** – Pankaj Tibrewal
- **Expense ratio** – 1.85% (class average is 1.84%)
- **Benchmark** - Nifty Smallcap 100 TRI
- **Type:** Open Ended Fund.

Table 4.5 – 1-5Y Return by Kotak Small Cap Fund

Investment Duration	**Investment of ₹10000**	**Current NAV**	**Absolute Returns**	**Yearly Returns**	**Division Average**
YTD	31st Mar'22	9789.20	- 2.11%	---	- 1.45%
1 Year	31st Mar'21	13362.90	33.63%	33.63%	37.05%
2 Year	31st Mar'20	28619.50	186.19%	69.17%	62.42%
3 Year	31st Mar'19	23093.20	130.93%	32.08%	24.91%
5 Year	31st Mar'18	22547.70	125.48%	17.65%	13.76%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the small cap category.

Fig 4.4 – Performance of Kotak Small Cap Fund for the period of 2017-22

Source – MoneyControl Website

Inference: The graph depicts the performance of Kotak Small Cap Fund for the period of 2017-22. This mutual fund has gradually improved its performance since the 3rd quarter of 2018 and has garnered returns 3.89% higher than the industry average for direct investment type small cap funds for the investment period of 5 years.

Kotak Small Cap Fund Risk Factor

Beta Value = 0.74

Category Average = 0.76

Low Volatility

Here, the Beta value is less than the category average; this implies that the stock is less risky and will likely offer low returns.

4.1.5 Aditya Birla Sun Life Small Cap Fund

SCHEME OBJECTIVE

The Scheme seeks to generate consistent long-term capital appreciation by infusing predominantly in equity and equity related securities of small cap companies.

SCHEME DETAILS

- **Fund manager(s)** – Jayesh Gandhi
- **Expense ratio** – 1.96% (class average is 1.84%)
- **Benchmark -** Nifty Smallcap 100 TRI
- **Type:** Open Ended Fund.

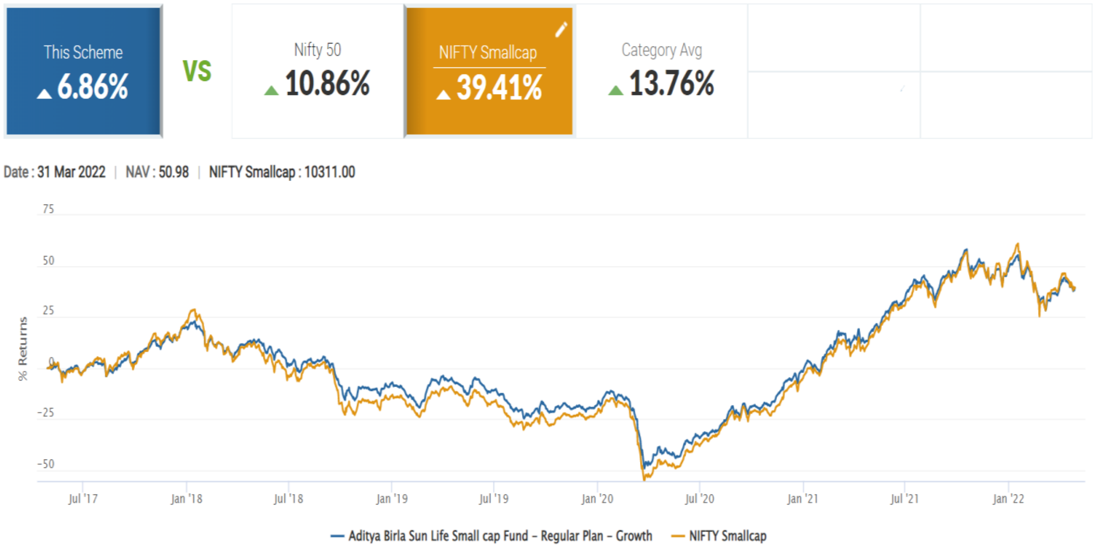
Table 4.6 – 1-5Y Return by Aditya Birla Sun Life Small Cap Fund

Investment Duration	Investment of ₹10000	Current NAV	Absolute Returns	Yearly Returns	Division Average
YTD	31st Mar'22	9357.40	- 6.43%	---	-1.45%
1 Year	31st Mar'21	11933.70	19.34%	19.34%	37.05%
2 Year	31st Mar'20	23434.50	134.24%	53.08%	62.42%
3 Year	31st Mar'19	15009.90	50.10%	14.45%	24.91%
5 Year	31st Mar'18	13936.20	39.36%	6.86%	13.76%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the small cap category.

Fig 4.5 – Performance of ABSL Small Cap Fund for the period of 2017-22



Source – MoneyControl Website

Inference: The graph depicts the performance of ABSL Small Cap Fund for the period of 2017-22. This mutual fund has experienced both an upward and downward trend and thus, has performed similarly to the benchmark index. It has garnered returns 6.9% lower than the industry average for direct investment type small cap funds for the investment period of 5 years.

ABSL Small Cap Fund Risk Factor

Beta Value = 0.88

Category Average = 0.76

High Volatility

Here, the Beta value is more than the category average; this implies that the stock is riskier and will likely offer high returns.

What kind of investors are these funds suitable for?

This is a fund that makes investments in small businesses. When the market starts to fall, this fund's returns will be severely eroded. As a result, you must stay invested for the long term in order for the fund to achieve the profits you want. You can expect gains that easily outperform inflation as well as returns from fixed income choices if you invest for seven years or more. Thus, we can say that these funds are an excellent investment option for individuals who are willing to take on greater risk and seek more aggressive development. So, while you might expect larger long-term returns, you can also expect more severe ups and downs along the way.

4.2 Mid-Cap Mutual Funds

Mid cap MF schemes invest in stocks of mid-sized companies or equities with medium market capitalizations, as their names suggest. The term 'cap' refers to the market capitalization or size of the listed corporation in this context. The market capitalisation of mid-cap companies ranges from Rs.500 crore to Rs.10000 crore.

Table 4.7 – Top 5 Mid-Cap Mutual Funds in India

NAME	TYPE	DATE LAUNCHED	NAV as on Mar 31, 2022 (in Cr)
Invesco India Mid Cap Fund	Growth Plan (Regular)	19-Apr-2007	85.57
Axis Mid-Cap Fund	Growth Plan (Regular)	18-Feb-2011	67.39
DSP Mid-Cap Fund	Growth Plan (Regular)	14-Nov-2006	86.20
HDFC Mid-Cap Opportunities Fund	Growth Plan (Regular)	25-Jun-2007	90.78
UTI Mid-Cap Fund	Growth Plan (Regular)	01-Aug-2005	180.98

Source – Own Creation

4.2.1 Invesco India Mid Cap Fund

SCHEME OBJECTIVE

To generate capital appreciation by infusing in primarily in Midcap Stocks.

SCHEME DETAILS

- **Fund manager(s)** – Pranav Gokhale and Neelesh Dhamnaskar
- **Expense ratio** – 2.2% (class average is 2.06%)
- **Benchmark -** Nifty Midcap 100 TRI
- **Type:** Open Ended Fund.

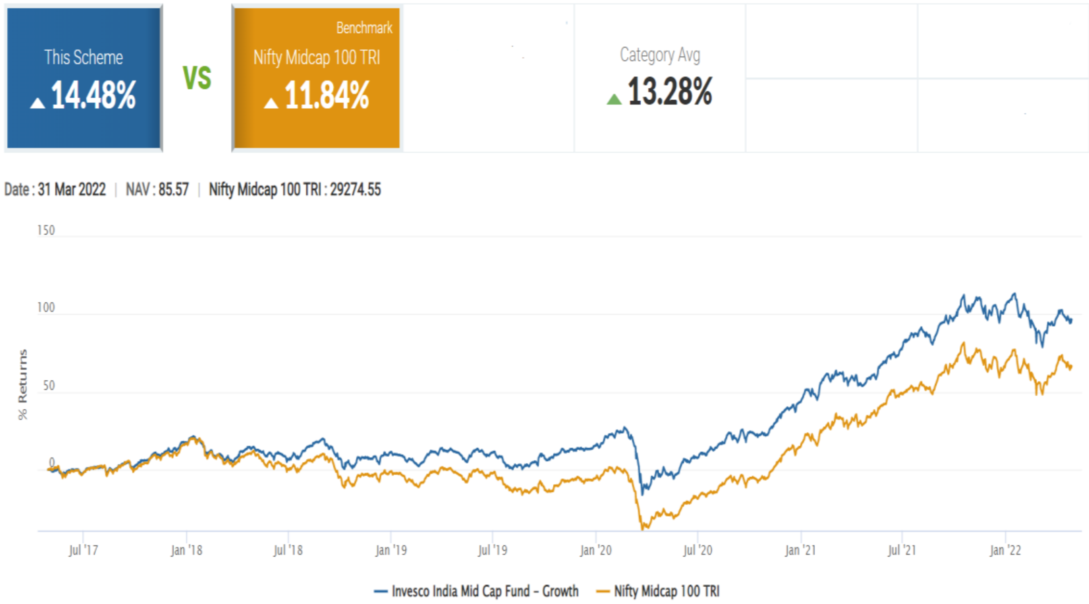
Table 4.8 – 1-5Y Return by Invesco India Mid Cap Fund

Investment Duration	**Investment of ₹10000**	**Current NAV**	**Absolute Returns**	**Yearly Returns**	**Division Average**
YTD	31st Mar’22	9555.90	-4.44%	---	-1.79%
1 Year	31st Mar’21	12404.90	24.05%	24.05%	23.34%
2 Year	31st Mar’20	20079.90	100.80%	41.70%	46.79%
3 Year	31st Mar’19	17678.00	76.78%	20.85%	21.25%
5 Year	31st Mar’18	19668.40	96.69%	14.48%	13.28%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the mid-cap category.

Fig 4.6 – Performance of Invesco India Mid Cap Fund for the period of 2017-22



Source – MoneyControl Website

Inference: The graph depicts the performance of Invesco India Mid Cap Fund for the period of 2017-22. This mutual fund has experienced both an upward and downward trend and thus, has performed similarly to the benchmark index. It has garnered returns 1.2% higher than the industry average for direct investment type mid cap funds for the investment period of 5 years.

Invesco India Mid Cap Fund Risk Factor

Beta Value = 0.82

Category Average = 0.81

High Volatility

Here, the Beta value is more than the category average; this implies that the stock is riskier and will likely offer high returns.

4.2.2 Axis Mid-Cap Fund

SCHEME OBJECTIVE

To achieve long-term capital appreciation by infusing primarily in Mid Cap stock and equity-related products.

SCHEME DETAILS

- **Fund manager(s)** – Shreyash Devalkar
- **Expense ratio** – 1.63% (class average is 2.06%)
- **Benchmark** - Nifty Midcap 100 TRI
- **Type:** Open Ended Fund.

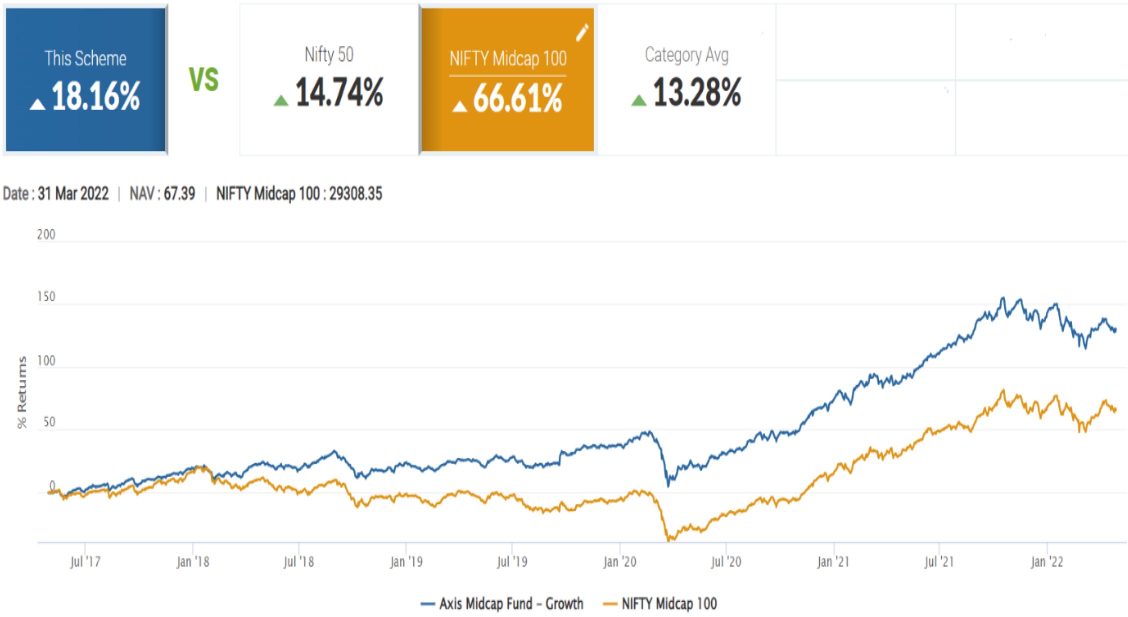
Table 4.9 1-5Y Return by Axis Mid Cap Fund

Investment Duration	Investment of ₹10000	Current NAV	Absolute Returns	Yearly Returns	Division Average
YTD	31st Mar'22	9463.00	-5.37%	---	-1.79%
1 Year	31st Mar'21	11932.30	19.32%	19.32%	23.34%
2 Year	31st Mar'20	18807.80	88.08%	37.14%	46.79%
3 Year	31st Mar'19	18359.70	83.60%	22.38%	21.25%
5 Year	31st Mar'18	23038.90	130.39%	18.16%	13.28%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the mid-cap category.

Fig 4.7 – Performance of Axis Mid Cap Fund for the period of 2017-22



Source – MoneyControl Website

Inference: The graph depicts the performance of Axis Mid Cap Fund for the period of 2017-22. This mutual fund has consistently performed over the benchmark index that tracks the performance of companies with medium market capitalization since the 1st quarter of 2018 and has garnered returns 4.88% higher than the industry average for direct investment type mid cap funds for the investment period of 5 years.

<u>Axis Mid Cap Fund Risk Factor</u>

Beta Value = 0.77

Category Average = 0.81

Low Volatility

Here, the Beta value is less than the category average; this implies that the stock is less risky and will likely offer low returns.

4.2.3 DSP Midcap Fund

SCHEME OBJECTIVE

To achieve long-term capital appreciation from a portfolio that is primarily made up of equities and equity-related assets that aren't among the top 100 stocks in terms of market capitalization. It will also invest in other equities and equity-related assets to achieve optimal portfolio building, and it may infuse a portion of its corpus in debt and money market instruments to address liquidity needs as needed.

SCHEME DETAILS

- **Fund manager(s**) – Resham Jain, Vinit Sambre, Jay Kothar
- **Expense ratio** – 1.79% (class average is 2.06%)
- **Benchmark -** Nifty Midcap 100 TRI
- **Type:** Open Ended Fund.

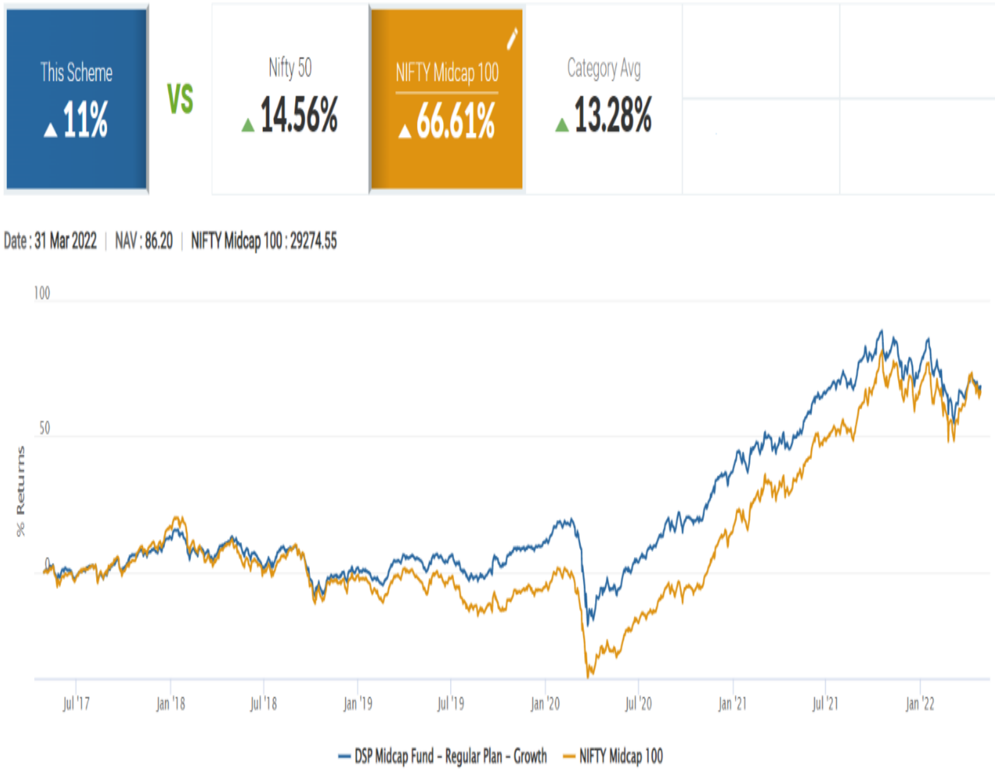
Table 4.10 1-5Y Return by DSP Mid Cap Fund

Investment Duration	**Investment of ₹10000**	**Current NAV**	**Absolute Returns**	**Yearly Returns**	**Division Average**
YTD	31st Mar'22	9564.70	-4.35%	---	-1.79%
1 Year	31st Mar'21	11207.10	12.07%	12.07%	23.34%
2 Year	31st Mar'20	17639.40	76.39%	32.81%	46.79%
3 Year	31st Mar'19	16024.90	60.25%	16.97%	21.25%
5 Year	31st Mar'18	16852.40	68.53%	11.00%	13.28%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the mid-cap category.

Fig 4.8 – Performance of DSP Mid Cap Fund for the period of 2017-22



Source – MoneyControl Website

Inference: The graph depicts the performance of DSP Mid Cap Fund for the period of 2017-22. This mutual fund has gradually improved its performance since the 1st quarter of 2020 and has garnered returns 2.28% lower than the industry average for direct investment type small cap funds for the investment period of 5 years.

DSP Mid Cap Fund Risk Factor

Beta Value = 0.78

Category Average = 0.81

Low Volatility

Here, the Beta value is less than the category average; this implies that the stock is less risky and will likely offer low returns.

4.2.4 HDFC Mid-Cap Opportunities

SCHEME OBJECTIVE

To generate long-term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities of Small and Mid-Cap companies.

SCHEME DETAILS

- **Fund manager(s**) – Chirag Setalvad
- **Expense ratio** – 1.65% (class average is 2.09%)
- **Benchmark** - Nifty Midcap 100 TRI
- **Type:** Open Ended Fund.

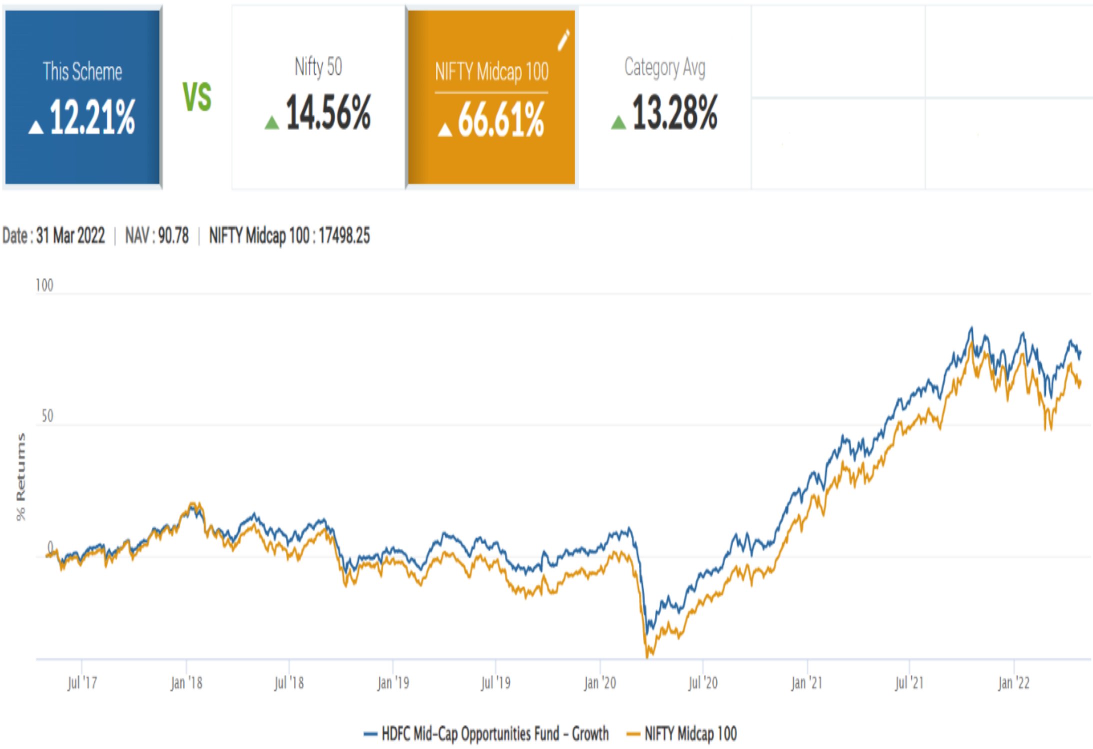
Table 4.11 – 1-5Y Return by HDFC Mid Cap Opportunities Fund

Investment Duration	**Investment of ₹10000**	**Current NAV**	**Absolute Returns**	**Yearly Returns**	**Division Average**
YTD	31st Mar’22	10109.20	1.09%	---	-1.79%
1 Year	31st Mar’21	12298.10	22.98%	22.98%	23.34%
2 Year	31st Mar’20	21545.40	115.45%	46.78%	46.79%
3 Year	31st Mar’19	16832.80	68.33%	18.90%	21.25%
5 Year	31st Mar’18	17791.30	77.91%	12.21%	13.28%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the mid-cap category.

Fig 4.9 – Performance of HDFC Mid Cap Opportunities Fund for the period of 2017-22



Source – MoneyControl Website

Inference: The graph depicts the performance of HDFC Mid Cap Opportunities Fund for the period of 2017-22. This mutual fund has gradually improved its performance since the 4th quarter of 2019 and has garnered returns 1.07% lower than the industry average for direct investment type mid cap funds for the investment period of 5 years.

HDFC Mid Cap Fund Risk Factor

Beta Value = 0.84

Category Average = 0.81

High Volatility

Here, the Beta value is more than the category average; this implies that the stock is riskier and will likely offer high returns.

4.2.5 UTI Mid-Cap Fund

SCHEME OBJECTIVE

An open-ended equity fund with the aim to provide capital appreciation by infusing primarily in mid cap stocks.

SCHEME DETAILS

- **Fund manager(s)** – Lalit Nambiar
- **Expense ratio** – 2.14% (class average is 2.06%)
- **Benchmark** - Nifty Midcap 100 TRI
- **Type:** Open Ended Fund.

Table 4.12 – 1-5Y Return by UTI Mid Cap Fund

Investment Duration	Investment of ₹10000	Current NAV	Absolute Returns	Yearly Returns	Division Average
YTD	31st Mar'22	9612.80	-3.87%	---	- 1.79%
1 Year	31st Mar'21	12314.70	23.15%	23.15%	23.34%
2 Year	31st Mar'20	22005.60	120.06%	48.34%	46.79%
3 Year	31st Mar'19	18620.90	86.21%	22.96%	21.25%
5 Year	31st Mar'18	18307.80	83.08%	12.85%	13.28%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the mid-cap category.

Fig 4.10 – Performance of UTI Mid Cap Fund for the period of 2017-22

Source – MoneyControl Website

Inference: The graph depicts the performance of UTI Mid Cap Fund for the period of 2017-22. This mutual fund showed unsatisfactory performance in the initial years and improved performance over the benchmark index that tracks the performance of companies with medium market capitalization since 1st quarter of 2020. It has garnered returns 0.43% lower than the industry average for direct investment type mid cap funds for the investment period of 5 years.

UTI Mid Cap Fund Risk Factor

Beta Value = 0.92

Category Average = 0.81

High Volatility

Here, the Beta value is more than the category average; this implies that the stock is riskier and will likely offer high returns.

What kind of investors are these funds suitable for?

Mid-cap funds, as you may be aware, suffer when markets become turbulent. Investors frequently dump hazardous bets in their search for safety. When the market rebounds, however, these schemes always bounce back, and everything is back to normal. However, you should ensure that you are OK with a high level of volatility and that you have the patience to wait for the best returns.

These businesses have the potential to be tomorrow's leaders. That's why they're such good bets. If these companies deliver on their promises, investors will be rewarded handsomely.

4.3 Large Cap Mutual Funds

Large Cap Mutual Funds infuse a larger percentage of their assets in firms with a high market capitalization. These are well-known for providing steady returns throughout time. Large size funds' companies are usually market leaders in their fields; therefore, they tend to stay more stable amid market turbulence than smaller or mid-cap companies. Large-cap firms are more likely to have a lot of market experience and a great track record of performance backed by sound corporate governance.

Table 4.13 – Top 5 Large Cap Mutual Funds in India

NAME	TYPE	DATE LAUNCHED	NAV as on Mar 31, 2022 (in Cr)
Mirae Asset India Equity Fund	Growth Plan (Direct)	01-Feb-2013	54.40
Kotak Bluechip Fund	Growth Plan (Direct)	03-Feb-2006	37.56
Invesco India Large Cap	Growth Plan (Direct)	21-Aug-2009	31.81
ICICI Prudential Bluechip Fund	Growth Plan (Direct)	23-May-2008	45.07
Edelweiss Large Cap Fund	Growth Plan (Direct)	07-Jan-2013	39.99

Source – Own Creation

4.3.1 Mirae Asset India Equity Fund

SCHEME OBJECTIVE

To achieve long-term capital appreciation by primarily infusing in equities and equity-related assets and capitalising on prospective investment opportunities. Returns are not guaranteed under the system.

SCHEME DETAILS

- **Fund manager(s)** – Gaurav Misra , Neelesh Surana , Harshad Borawake
- **Expense ratio** – 0.96% (class average is 2.16%)
- **Benchmark** - S&P BSE 200 TRI
- **Type:** Open Ended Fund.

Table 4.14 – 1-5Y Return by Mirae Asset India Equity Fund

Investment Duration	Investment of ₹10000	Current NAV	Absolute Returns	Yearly Returns	Division Average
YTD	31st Mar'22	9832.7	-1.67%	-	-1.76%
1 Year	31st Mar'21	11392.2	13.92%	13.92%	14.54%
2 Year	31st Mar'20	16225.1	62.25%	27.38%	29.54%
3 Year	31st Mar'19	14618.9	46.19%	13.45%	13.43%
5 Year	31st Mar'18	17800.1	78.00%	12.22%	10.61%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the large cap category.

Fig 4.11 – Performance of Mirae Asset India Equity Fund for the period of 2017-22

Source – MoneyControl Website

Inference: The graph depicts the performance of Mirae Asset India Equity Fund for the period of 2017-22. This mutual fund has experienced both an upward and downward trend and thus, has performed similarly to the benchmark index. It has garnered returns 1.61% higher than the industry average for regular investment type large cap funds for the investment period of 5 years.

Mirae Asset India Equity Fund Risk Factor

Beta Value = 1.15

Category Average = 1.13

High Volatility

Here, the Beta value is more than the category average; this implies that the stock is riskier and will likely offer high returns.

4.3.2 Kotak Bluechip Fund

SCHEME OBJECTIVE

The scheme's principal investment goal is to achieve long-term capital appreciation by investing primarily in large-cap firms' equity and equity-related securities. The secondary goal is to invest in debt, money market securities, REITs, and InvITs in order to achieve steady returns. However, there is no guarantee that the Scheme's investment objective will be met.

SCHEME DETAILS

- **Fund manager(s)** – Mr. Harish Krishnan
- **Expense ratio** – 1.99% (class average is 2.16%)
- **Benchmark** - S&P BSE 200 TRI
- **Type:** Open Ended Fund.

Table 4.15 – 1-5Y Return by Kotak Bluechip Fund

Investment Duration	Investment of ₹10000	Current NAV	Absolute Returns	Yearly Returns	Division Average
YTD	31st Mar'22	9708.6	-2.91%	-	-2.66%
1 Year	31st Mar'21	11524.4	15.24%	15.24%	15.32%
2 Year	31st Mar'20	18311.4	83.11%	35.32%	32.72%
3 Year	31st Mar'19	15476.1	54.76%	15.62%	13.78%
5 Year	31st Mar'18	18056.1	80.56%	12.54%	11.63%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the large cap category.

Fig 4.12 – Performance of Kotak Bluechip Fund for the period of 2017-22

Source – MoneyControl Website

Inference: The graph depicts the performance of Kotak Bluechip Fund for the period of 2017-22. This mutual fund has experienced both an upward and downward trend and thus, has performed similarly to the benchmark index. It has garnered returns 0.91% higher than the industry average for regular investment type large cap funds for the investment period of 5 years.

Kotak Bluechip Fund Risk Factor

Beta Value = 0.93

Category Average = 0.86

High Volatility

Here, the Beta value is more than the category average; this implies that the stock is riskier and will likely offer high returns.

4.3.3 Invesco India Large Cap

SCHEME OBJECTIVE

To increase the value of your money by investing mostly in large-cap firms.

SCHEME DETAILS

- **Fund manager(s)** – Nitin Gosar , Amit Ganatra
- **Expense ratio** – 2.39% (class average is 2.16%)
- **Benchmark** - S&P BSE 200 TRI
- **Type:** Open Ended Fund.

Table 4.16 – 1-5Y Return by Invesco India Large Cap Fund

Investment Duration	Investment of ₹10000	Current NAV	Absolute Returns	Yearly Returns	Division Average
YTD	31st Mar'22	9482.1	-5.18%	-	-2.66%
1 Year	31st Mar'21	11893.4	18.93%	18.93%	15.32%
2 Year	31st Mar'20	17528.6	75.29%	32.40%	32.72%
3 Year	31st Mar'19	14885.3	48.85%	14.14%	13.78%
5 Year	31st Mar'18	17932.2	79.32%	12.38%	11.63%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the large cap category.

Fig 4.13 – Performance of Invesco India Large Cap Fund for the period of 2017-22

Source – MoneyControl Website

Inference: The graph depicts the performance of Invesco India Large Cap Fund for the period of 2017-22. This mutual fund has experienced both an upward and downward trend and thus, has performed similarly to the benchmark index. It has garnered returns 0.75% higher than the industry average for regular investment type large cap funds for the investment period of 5 years.

Invesco India Large Cap Fund Risk Factor

Beta Value = 0.92

Category Average = 0.86

High Volatility

Here, the Beta value is more than the category average; this implies that the stock is riskier and will likely offer high returns.

4.3.4 ICICI Prudential Bluechip Fund

SCHEME OBJECTIVE

To provide long-term capital appreciation and income distribution to investors through a portfolio that is primarily comprised of large-cap equity and equity-related securities. However, there can be no assurance or guarantee that the Scheme's investment goal will be met.

SCHEME DETAILS

- **Fund manager(s)** – Anish Tawakley , Rajat Chandak
- **Expense ratio** – 1.77% (class average is 2.16%)
- **Benchmark** - S&P BSE 200 TRI
- **Type:** Open Ended Fund.

Table 4.17 – 1-5Y Return by ICICI Prudential Bluechip Fund

Investment Duration	Investment of ₹10000	Current NAV	Absolute Returns	Yearly Returns	Division Average
YTD	31st Mar'22	9978.5	-0.21%	-	-2.66%
1 Year	31st Mar'21	11965.4	19.65%	19.65%	15.32%
2 Year	31st Mar'20	18841.9	88.42%	37.27%	32.72%
3 Year	31st Mar'19	15305.7	53.06%	15.20%	13.78%
5 Year	31st Mar'18	18557.2	85.57%	13.15%	11.63%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the large cap category.

Fig 4.14 – Performance of ICICI Prudential Bluechip Fund for the period of 2017-22

Source – MoneyControl Website

Inference: The graph depicts the performance of ICICI Prudential Bluechip Fund for the period of 2017-22. This mutual fund has experienced both an upward and downward trend and thus, has performed similarly to the benchmark index. It has improved performance since the 1st quarter of 2020 and has garnered returns 1.52% higher than the industry average for regular investment type large cap funds for the investment period of 5 years.

ICICI Prudential Bluechip Fund Risk Factor

Beta Value = 0.92

Category Average = 0.86

High Volatility

Here, the Beta value is more than the category average; this implies that the stock is riskier and will likely offer high returns.

4.3.5 Edelweiss Large Cap Fund

SCHEME OBJECTIVE

The investment aim is to seek to generate long-term capital appreciation from a portfolio predominantly comprising of equity and equity-related securities of the 100 largest corporates by market capitalisation listed in India.

SCHEME DETAILS

- **Fund manager(s)** – Bharat Lahoti
- **Expense ratio** – 0.82% (class average is 1.13%)
- **Benchmark** - S&P BSE 200 TRI
- **Type:** Open Ended Fund.

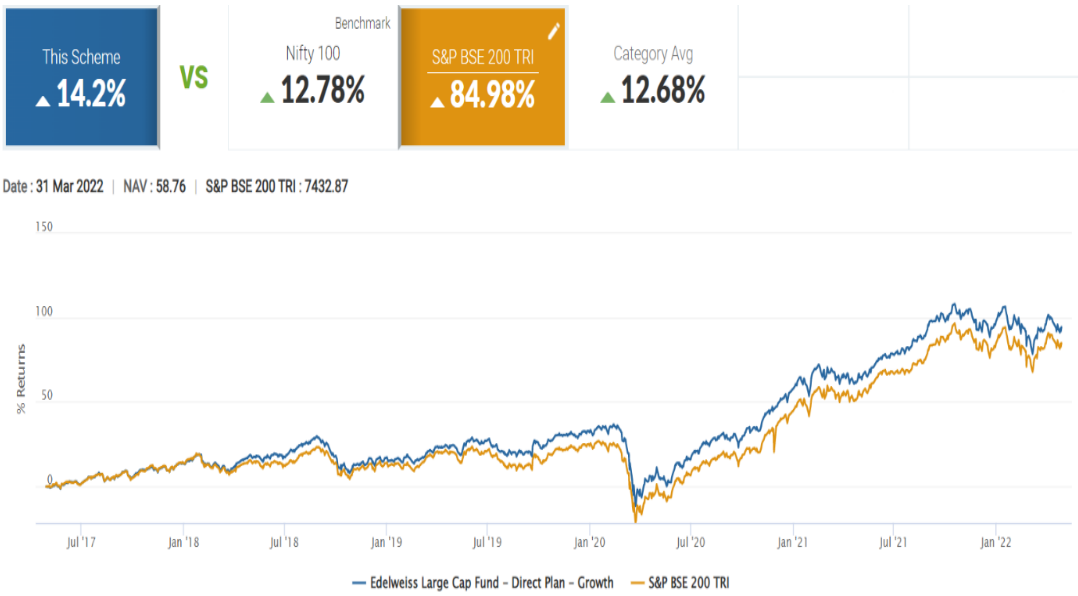
Table 4.18 – 1-5Y Return by Edelweiss Large Cap Fund

Investment Duration	Investment of ₹10000	Current NAV	Absolute Returns	Yearly Returns	Division Average
YTD	31st Mar’22	9839.6	-1.60%	-	-2.50%
1 Year	31st Mar’21	11665.3	16.65%	16.65%	16.44%
2 Year	31st Mar’20	18144.5	81.45%	34.70%	33.86%
3 Year	31st Mar’19	15637.2	56.37%	16.02%	14.91%
5 Year	31st Mar’18	19433.1	94.33%	14.20%	12.68%

Source – Own Creation

The table above gives information on the returns and value of the MF over a period of 5 years as compared to the average returns given by funds in the large cap category.

Fig 4.15 – Performance Edelweiss Large Cap Fund for the period of 2017-22



Source – MoneyControl Website

Inference: The graph depicts the performance of Edelweiss Large Cap Fund for the period of 2017-22. This mutual fund has gradually improved its performance since the 1st quarter of 2020 and has garnered returns 1.52% higher than the industry average for regular investment type large cap funds for the investment period of 5 years.

Edelweiss Large Cap Fund Risk Factor

Beta Value = 0.90

Category Average = 0.86

High Volatility

Here, the Beta value is more than the category average; this implies that the stock is more risky and will likely offer high returns.

What kind of investors are these funds suitable for?

Large-cap equities funds are the greatest alternative for risk-averse investors who want to reap the benefits of equity investments. These funds can withstand a market downturn because they invest in financially strong large-cap corporations. Typically, the fund underperforms during market downturns; nevertheless, the volatility in the value of NAV is predicted to be lower than that of small- and mid-cap mutual funds.

CHAPTER 5

FINDINGS

Various kinds of MFs have varying levels of reaction to outside forces or the price it can eventually achieve, and the funds with highest risk of getting devalued are the ones which provide you with best long-term profits. Thus, there are two sides of risk: it can make your investments' values vary, yet larger returns are earned where more risk is.

The diversity in various caps: traditionally defined as the fund's market capitalization and the risk involved. Volatility, or the ups and downs in the price of such assets as well as particular obstacles that come up on a regular basis over time, is what risk refers to. Interest rate changes, inflation, and general economic conditions can all contribute to this volatility. Investors are concerned because of the volatility, unpredictability, and risk of loss. We all fear that a stock we own may lose a significant amount of value. But it is precisely because of this volatility that these investments earn larger long-term returns than a savings account.

5.1 Small Cap Funds

Small-cap funds offer a great potential for profit. These funds have a higher chance of outperforming the benchmark during market highs. When the market is in a depression, however, the fund's NAV can change dramatically. These funds may be of interest to risk-seeking investors looking to increase their portfolio returns. Small cap funds, even if only a small component of your portfolio, can help you build long-term wealth.

Small cap mutual funds have a history of providing exponential growth and return when they invest in the appropriate stocks. Because these stocks are less examined and traded by major investors, there is a significant probability that small-cap funds will find some inexpensive stocks among small-cap companies.

Over the course of 5 years, 2017-22, we can see that the top 5 performing mutual funds have maintained a similar trend in performance in the SC category. The Quant SCF is best performing fund among all of them, notably outperforming its peers since 2017, with SBI Small Cap Fund following behind.

It has also shown notable growth in performance since 2017 and maintained a similar pattern to that of the Quant Small Cap Mutual Fund. After that is Kotak Small Cap Fund which falls short in performance by a considerable margin compared to the second-place holder. Following Kotak SCF is the HDFC SCF which has performed better and better over time. Closely behind it is the ABSL Small Cap Fund which has performed worse since 2017 than before.

The SCF with most elite performance have different NAVs according to market right now, however their performance trends have been consistent with market trends and have typically given returns higher than that of the industry average.

5.2 Mid-Cap Funds

When compared to large size funds, these mutual funds have a faster growth rate but also a higher risk. Mid-sized corporations have faster profitability and higher growth rates than larger companies, but they are more volatile on the stock market. Midcap funds are a great choice for investors who are willing to put up with the volatility of these equities in exchange for exciting profits.

Because the underlying shares have lower market capitalizations and little liquidity, these funds are prone to boom-and-bust cycles. This is based on the general mirroring of stock indices.

We can see that the top 5 performing mutual funds in the mid-cap category have maintained a similar pattern in performance over the last 5 years, from 2017 to 22. The Axis Mid Cap Fund has outperformed the others, with the Invesco India Mid Cap Fund coming in second. Following that, UTI MCF, HDFC MCOF, and DSP MCF all have remarkable success.

In the current market, the top performing mid-cap funds have varied NAVs, but their performance trends have been consistent with market trends and have provided returns that are greater than the industry average.

5.3 Large Cap Funds

A very momentous advantage of such funds is steadiness they provide. These firms with a proven track record also pay out consistent dividends. This compensates for the fact that large cap funds do not have a high return potential. Investors may access their profitability and financial data for a period of time to examine their performance before making any judgments because they have been in the market for many years. When viewed alongside the company's history and current business activities, this financial research data can aid in the accurate determination of the valuation.

The underlying firms have a long history of consistent performance during market highs and lows. Even in times of favourable market circumstances, these funds' returns may not be extremely great, but they will be less volatile.

Over the span of 5 years, 2017-22, the top five performing mutual funds in the big cap category have maintained a consistent pattern in performance. Edelweiss Large Cap Fund outperforms the others, with ICICI Prudential Bluechip Fund trailing closely behind. Following that, Kotak Bluechip Fund has a significant success, followed by Invesco India Large Cap and Mirae Asset India Equity Fund, which have fairly similar growth rates. It is also worth noting that all of the top-performing funds in this category are Regular Plans.

In the present market, the best performing big cap funds have varied NAVs, but their performance trends have been consistent with market trends and have provided returns that are greater than the industry average.

5.4 Limitations of Study

Every research endeavour should always aim to arrive at the most exact findings possible based on the information available. It is, however, carried out with certain limitations in mind. I did my best to employ useful study information, however I also discovered the following limitations:

- The first concern is that the results are skewed due to survivorship bias, as the study only included funds that had reported monthly returns and had survived the study period. The survivorship bias arises from the truncation of the data set as a result of the fund's departure from the sample.

Only looking at funds that have survived could lead to an exaggeration of measured performance. This common occurrence in the fund business leads to an overestimation of mutual fund performance since long ago.

- The MF market is a fast-paced sector, where hundreds of new funds being established each year and hundreds more being phased out. This is done to better align mutual funds with market developments and investor preferences.

CHAPTER- 6

CONCLUSION

Fixed income mutual funds have seen a significant surge in interest (particularly among high-net-worth people), indicating that the category is becoming more well-known. Corporate bond funds with high coupons have received substantial flows in the previous year or so. Investors have been flocking to long bond funds with comparatively longer maturities in recent months, hoping to profit from the predicted drop-in interest rates.

For most people, mutual funds are now the most suited investing option. Investors want a go-between who can provide necessary information and technical competence for lucrative investment since financial markets become more sophisticated and complicated. Mutual funds meet the needs of investors who want to maximise profits while minimising risk. They do so by offering attractive rewards while posing a low risk. The MF industry has already surpassed the banking industry in terms of assets under management, with mutual funds managing more assets than banks. Due to the increased rivalry in the industry, MFs companies are offering various kinds of plans to appeal to the investors tastes. So stock market has been increasing for more than three years, which has helped to not only safeguard but also grow the money deposited in mutual funds.

In comparison to ELSS or large size equity-oriented funds, small-cap funds are extremely hazardous and volatile. Small-cap investments are not an appropriate choice for rookies entering the market due to the high risk aspect, but they are great for seasoned investors or those with a high-risk appetite. Dividends are especially difficult to come by in small-cap funds because, unlike bigger firms, smaller companies prefer to reinvest any gains in building their business.

When compared to large cap funds, midcap funds are under-followed on the stock market. This gives investors a great opportunity to get a lot of money out of their assets by employing these funds. Mid-sized companies, on the other hand, produce quicker profitability and rapid growth while also being more volatile on the stock market. Midcap funds are a great choice for investors who are willing to put up with the volatility of these equities in exchange for exciting profits.

When looking at the long-term performance of MFs, we can see that midcap funds have routinely performed better than big funds. Indeed, an established according characteristic of fund, this propensity is unlikely to alter very soon.

Large cap mutual funds are great for investors who wish to gain profits while avoiding market volatility. Small-cap schemes may be avoided by the less aggressive investor in favour of large-cap mutual funds. These types of MFs are relatively less risky than their small and mid-cap equivalents, but the funds' downside might be that the growth potential of the underlying equities is restricted. Furthermore, the returns generated are smaller than those obtained from small size or mid-market funds. These funds have been described as a suitable option for novice investors or those who risk averse investments.

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