

Market Capitalization and Mutual Fund Performance: A Study of Return, and Investor Preferences

Dr. D. Rajagopal¹, Dr. B. Shailaja²

¹Assistant Professor, Department of Commerce & Business Management, Veeranari Chakali Ilamma Women's University, Hyderabad, Telangana

²Assistant Professor, Department of Commerce, UCCBM, Osmania University, Hyderabad, Telangana

Abstract

Mutual funds play a vital role in investment portfolios, offering investors exposure to various market capitalizations. This study explores the risk-return characteristics of large-cap, mid-cap, and small-cap mutual funds from an investor's perspective. By analyzing historical performance data, it assesses key financial metrics such as average returns, volatility, Sharpe ratios, and downside risks to evaluate the risk-adjusted performance of these funds. The findings indicate that while large-cap funds offer stability and consistent returns, mid-cap and small-cap funds tend to be more volatile but present opportunities for higher gains. Investor risk tolerance, market conditions, and economic cycles play a crucial role in fund selection. Additionally, the study examines how diversification strategies can help mitigate risks across different fund categories. These insights are valuable for investors, financial analysts, and policymakers looking to optimize investment decisions based on risk appetite and return expectations.

Keywords: Mutual Funds, Large-Cap, Mid-Cap, Small-Cap, Risk-Return Analysis, Investment Strategy, Portfolio Management

Introduction

Mutual funds are a widely preferred investment option for both individual and institutional investors seeking diversified exposure to financial markets. Among the various categories, large-cap, mid-cap, and small-cap mutual funds offer distinct investment opportunities, each characterized by unique risk-return profiles. Large-cap funds primarily invest in well-established companies with stable earnings, providing lower volatility and moderate returns. Mid-cap funds target growing companies with higher return potential but increased risk. Small-cap funds, known for their agility and growth prospects, tend to exhibit the highest levels of volatility and market fluctuations.

Understanding the risk-return trade-off associated with these fund categories is essential for investors making informed financial decisions. While large-cap funds are valued for their stability and long-term growth potential, mid-cap and small-cap funds appeal to those willing to accept higher risks in pursuit of greater returns. However, factors such as market conditions, economic cycles, and investor risk tolerance significantly influence fund performance and investment choices.

This study seeks to examine the risk-return dynamics of large-cap, mid-cap, and small-cap mutual funds, offering a comparative analysis based on historical performance, volatility metrics, and risk-adjusted

returns. Additionally, it explores investor behavior and key determinants influencing investment decisions across different market capitalization segments. The findings will enhance the understanding of how market capitalization, risk exposure, and return expectations interact, providing valuable insights for investors, financial advisors, and policymakers.

The subsequent sections of this study will review relevant literature, detail the research methodology, present empirical findings, and discuss their implications for investment strategies.

Research Objectives

- To assess the historical performance of selected mutual fund schemes in terms of returns.
- To identify patterns in returns during bullish and bearish market cycles.
- To highlight funds those have delivered consistent growth over time.

Literature Review

Mutual funds have become a popular investment avenue, offering diversification, professional management, and the potential for stable returns. Researchers have extensively studied the risk-return characteristics of mutual funds across different market capitalizations, employing various financial metrics.

Several studies have analyzed the relationship between risk and return in mutual fund investments. According to Markowitz (1952), the **Modern Portfolio Theory (MPT)** emphasizes that investors should aim to maximize returns for a given level of risk through diversification. Building on this, **Sharpe (1966)** introduced the Sharpe ratio, a key measure for assessing risk-adjusted returns in mutual funds.

Elton et al. (1995) found that large-cap funds tend to offer lower risk but moderate returns, whereas mid-cap and small-cap funds exhibit higher volatility with greater growth potential. Similarly, **Fama and French (1992)** developed the three-factor model, which suggests that small-cap funds tend to outperform large-cap funds over the long term, albeit with higher risk.

Mutual fund performance is often assessed using risk-adjusted measures, including the Sharpe ratio, Treynor ratio, and Jensen's alpha. **Treynor (1965)** argued that the Treynor ratio, which considers systematic risk (beta), is a useful measure for evaluating fund performance relative to market volatility. **Jensen (1968)** introduced Jensen's alpha, which measures the excess return of a fund relative to expected market performance.

Studies such as **Grinblatt and Titman (1992)** confirm that actively managed funds may generate higher alpha, but their performance is inconsistent across different market cycles. More recent research by **Gupta and Sehgal (2020)** analyzed the risk-return trade-offs in Indian mutual funds, concluding that large-cap funds provide stability, while mid-cap and small-cap funds offer higher return potential but greater downside risk.

Investor preferences vary based on risk appetite, investment horizon, and market conditions. **Statman (1987)** found that investors tend to overweight past performance when selecting mutual funds, often underestimating risk. Additionally, **Barber and Odean (2001)** highlighted that retail investors frequently chase high-return funds but fail to account for associated volatility.

Agarwal et al. (2021) examined the impact of macroeconomic conditions on mutual fund investments and found that investors shift towards large-cap funds during economic downturns and prefer mid-cap and small-cap funds during bull markets. This highlights the cyclical nature of investor behavior in mutual fund selection.

The relative performance of large-cap, mid-cap, and small-cap mutual funds has been widely studied. **Carhart (1997)** introduced a four-factor model, incorporating momentum as a driver of fund returns. Findings suggest that small-cap and mid-cap funds tend to outperform large-cap funds over long periods, but they are more susceptible to market downturns.

A study by **Bansal and Somani (2019)** on Indian mutual funds found that large-cap funds exhibited lower volatility and better long-term stability, while small-cap funds had higher short-term returns but greater drawdowns. Similarly, research by **Basu and Huang (2021)** indicated that investors with a high-risk tolerance prefer small-cap funds, while conservative investors opt for large-cap funds for capital preservation.

The literature highlights the importance of risk-return trade-offs, investor behavior, and market conditions in mutual fund selection. While large-cap funds provide stability, mid-cap and small-cap funds offer higher growth potential at increased risk. Performance evaluation using Sharpe, Treynor, and Jensen's alpha ratios is essential in assessing fund efficiency. This study builds on existing research by comparing the risk-adjusted performance of large-cap, mid-cap, and small-cap mutual funds, offering insights into optimal investment strategies.

Research Methodology

Population and Sample

This study examines the diverse range of Large-Cap, Mid-Cap, and Small-Cap mutual fund schemes available to investors in the Indian financial market. To ensure a comprehensive analysis, the researcher has selected five schemes from each category, focusing on those that prioritize regular income and growth-oriented strategies as the sample for this study.

Source of Data

This study is based entirely on secondary data sources. Return on investment data has been collected from the official website of Moneycontrol. Additionally, information from various journals, books, conference proceedings, and the official websites of AMFI and BSE has been utilized to ensure a comprehensive analysis.

Periodicity of Study

The study covers a five-year period, spanning from April 1, 2019, to March 31, 2024. Yearly returns were collected during this period to calculate the average return, which was then used to evaluate the performance of the selected mutual fund schemes.

Data Analysis

Large-Cap mutual fund Schemes, Mid-Cap mutual Fund Schemes and Small-Cap mutual Fund Schemes had been analysed by the researchers as mentioned below:

Table No: 1 Analysis of Annual Returns based on Small Cap Fund

Annual Returns of Small Cap Fund												
Scheme Name	Y T D	20 24	20 23	20 22	20 21	20 20	20 19	20 18	20 17	20 16	20 15	20 14
ITI Small Cap Fund - Direct Plan - Growth	- 14 %	35 %	54 %	- 2 %	32 %	15 %	-	-	-	-	-	-
Quantum Small Cap Fund - Direct Plan - Growth	- 9 %	17 %	5 %	-	-	-	-	-	-	-	-	-
Franklin India Smaller Companies Fund - Direct - Growth	- 16 %	24 %	53 %	4 %	55 %	18 %	5 %	16 %	45 %	11 %	11 %	91 %
TRUSTMF Small Cap Fund - Direct Plan - Growth	- 14 %	7 %	-	-	-	-	-	-	-	-	-	-
ICICI Prudential Smallcap Fund - Direct Plan - Growth	- 11 %	16 %	38 %	7 %	60 %	24 %	11 %	22 %	43 %	7 %	1 %	52 %
Kotak Small Cap Fund - Direct Plan - Growth	- 15 %	26 %	37 %	2 %	70 %	36 %	6 %	16 %	46 %	10 %	9 %	75 %
Mahindra Manulife Small Cap Fund - Direct Plan - Growth	- 14 %	28 %	58 %	1 %	-	-	-	-	-	-	-	-
HDFC Small Cap Fund - Direct Plan - Growth	- 15 %	21 %	45 %	6 %	64 %	21 %	9 %	7 %	63 %	6 %	7 %	53 %
JM Small Cap Fund - Direct Plan - Growth	- 16 %	7 %	-	-	-	-	-	-	-	-	-	-
Bandhan Small Cap Fund - Direct Plan - Growth	- 13 %	44 %	56 %	5 %	52 %	51 %	-	-	-	-	-	-
SBI Small Cap Fund - Direct Plan - Growth	- 12 %	25 %	26 %	9 %	46 %	35 %	7 %	19 %	80 %	2 %	22 %	11 3%
Nippon India Small Cap Fund - Direct Plan - Growth	- 15 %	26 %	50 %	8 %	73 %	29 %	2 %	16 %	65 %	6 %	15 %	98 %

Invesco India Smallcap Fund - Direct - Growth	-	16	34	46	1	62	26	5	4	-	-	-	-
	%	%	%	%	%	%	%	%	%				
Aditya Birla Sun Life Small cap Fund - Direct Plan - Growth	-	15	22	40	5	49	20	11	22	59	10	14	67
	%	%	%	%	%	%	%	%	%	%	%	%	%
Motilal Oswal Small Cap Fund - Direct Plan - Growth	-	16	47	-	-	-	-	-	-	-	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%
Baroda BNP Paribas Small Cap Fund - Direct Plan - Growth	-	16	25	10	-	-	-	-	-	-	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%
Tata Small Cap Fund - Direct Plan - Growth	-	13	31	35	10	71	25	4	3	-	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%
LIC MF Small Cap Fund - Direct Plan - Growth	-	19	39	34	3	64	20	4	13	13	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%
Union Small Cap Fund - Direct Plan - Growth	-	17	24	43	0	61	30	3	20	44	3	2	22
	%	%	%	%	%	%	%	%	%	%	%	%	%
PGIM India Small Cap Fund - Direct Plan - Growth	-	12	21	25	3	15	-	-	-	-	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%
DSP Small Cap Fund - Direct Plan - Growth	-	16	25	41	1	58	33	1	25	43	13	20	10
	%	%	%	%	%	%	%	%	%	%	%	%	1%
Edelweiss Small Cap Fund - Direct Plan - Growth	-	14	26	43	3	67	37	12	-	-	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%
Canara Robeco Small Cap Fund - Direct Plan - Growth	-	15	24	34	9	71	44	3	-	-	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%
Bank of India Small Cap Fund - Direct Plan - Growth	-	15	31	42	0	71	54	6	0	-	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%
Mirae Asset Small Cap Fund - Direct Plan - Growth	-	4	-	-	-	-	-	-	-	-	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%
UTI Small Cap Fund - Direct Plan - Growth	-	14	28	36	1	56	1	-	-	-	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%

Axis Small Cap Fund - Direct Plan - Growth	-11%	-26%	-36%	-4%	-59%	-25%	-20%	-8%	-40%	-5%	-10%	-86%
Sundaram Small Cap Fund - Direct Plan - Growth	-14%	-19%	-47%	-1%	-59%	-26%	-6%	-29%	-57%	-1%	-7%	-110%
HSBC Small Cap Fund - Direct Plan - Growth	-18%	-30%	-47%	-2%	-77%	-16%	-8%	-13%	-68%	-10%	-12%	-40%
Quant Small Cap Fund - Direct Plan - Growth	-12%	-23%	-48%	-11%	-88%	-75%	-24%	-	-	-	-	-
JM Small Cap Fund - Direct Plan - Growth	-	-1%	-	-	-	-	-	-	-	-	-	-
PGIM India Small Cap Fund - Direct Plan - Growth	-	-	-	-	-1%	-	-	-	-	-	-	-
ICICI Prudential Smallcap Index Fund - Direct Plan - Growth	-	-	-	-	-4%	-	-	-	-	-	-	-

(Source: Moneycontrol.com)

Key Findings from the Small-Cap Mutual Fund Performance Data

- High Volatility in Returns:** Small-cap funds exhibit significant fluctuations in annual returns, indicating higher risk and return potential. Returns in 2021 and 2023 were exceptionally strong, with many funds delivering over 50%-70% gains. However, 2022 and 2024 (YTD) show negative or subdued returns, highlighting the cyclical nature of small-cap investments.
- Top-Performing Funds (Recent Years):**
 - 2023:** Sundaram Small Cap (47%), HSBC Small Cap (47%), and Motilal Oswal Small Cap (47%) showed high returns.
 - 2021:** Quant Small Cap (88%), HSBC Small Cap (77%), and Nippon India Small Cap (73%) led the market.
 - 2024 YTD:** Most funds have negative returns, ranging from -4% to -19%, indicating a downturn in small-cap stocks.
- Long-Term Winners:** Over the years, SBI Small Cap Fund, Nippon India Small Cap Fund, Franklin India Smaller Companies Fund, and Axis Small Cap Fund have demonstrated strong historical performance.
- Downturns & Risk Considerations:** Years like 2018 and 2022 witnessed negative returns across several funds, reinforcing the need for risk management. Investors must be cautious of market cycles, as seen in funds with double-digit losses in specific years.
- Diversification & Strategy:** While high-risk, small-cap funds can deliver superior long-term growth, investors must align them with their risk tolerance and market timing strategies. Choosing funds with consistent historical performance can help mitigate volatility risks.

Table No: 2 Analysis of Annual Returns based on Mid Cap Fund

Annual Returns of Mid Cap Fund												
Scheme Name	Y T D	20 24	20 23	20 22	20 21	20 20	20 19	20 18	20 17	20 16	20 15	20 14
ITI Mid Cap Fund - Direct Plan - Growth	- 9 %	32 %	43 %	4 %	15 %	-	-	-	-	-	-	-
WhiteOak Capital Mid Cap Fund - Direct Plan - Growth	- 11 %	35 %	43 %	2 %	-	-	-	-	-	-	-	-
Taurus Mid Cap Fund - Direct Plan - Growth	- 10 %	11 %	38 %	7 %	31 %	26 %	2 %	6 %	47 %	3 %	8 %	61 %
Franklin India Prima Fund - Direct - Growth	- 15 %	32 %	36 %	3 %	31 %	18 %	4 %	8 %	41 %	9 %	8 %	80 %
Helios Mid Cap Fund - Direct Plan - Growth	- 2 %	-	-	-	-	-	-	-	-	-	-	-
ICICI Prudential MidCap Fund - Direct Plan - Growth	- 9 %	28 %	34 %	4 %	42 %	20 %	0 %	10 %	44 %	5 %	6 %	86 %
Kotak Emerging Equity Fund - Direct Plan - Growth	- 11 %	35 %	32 %	6 %	46 %	23 %	10 %	10 %	45 %	11 %	10 %	87 %
Mahindra Manulife Mid Cap Fund - Direct Plan - Growth	- 9 %	29 %	49 %	2 %	49 %	21 %	7 %	5 %	-	-	-	-
HDFC Mid-Cap Opportunities Fund - Direct Plan - Growth	- 14 %	28 %	44 %	13 %	38 %	22 %	1 %	10 %	43 %	12 %	6 %	77 %
JM Midcap Fund - Direct Plan - Growth	- 12 %	36 %	47 %	0 %	-	-	-	-	-	-	-	-
Bandhan Midcap Fund - Direct Plan - Growth	- 14 %	34 %	39 %	1 %	-	-	-	-	-	-	-	-
SBI Magnum Midcap Fund - Direct Plan - Growth	- 8 %	21 %	36 %	4 %	50 %	31 %	0 %	17 %	35 %	6 %	15 %	72 %

Nippon India Growth Fund - Direct Plan - Growth	-	9	27	48	7	44	22	7	-	11	45	4	7	55
		%	%	%	%	%	%	%	%	%	%	%	%	%
Invesco India Mid Cap Fund - Direct Plan - Growth	-	18	45	35	2	42	26	5	-	4	47	2	8	79
		%	%	%	%	%	%	%	%	%	%	%	%	%
Aditya Birla Sun Life Midcap Fund - Direct Plan - Growth	-	7	25	39	4	49	16	3	-	15	46	6	11	73
		%	%	%	%	%	%	%	%	%	%	%	%	%
Motilal Oswal Midcap Fund - Direct Plan - Growth	-	17	57	43	12	55	10	11	-	11	33	6	17	76
		%	%	%	%	%	%	%	%	%	%	%	%	%
Baroda BNP Paribas Mid Cap Fund - Direct Plan - Growth	-	12	30	35	6	41	24	6	-	16	51	1	16	66
		%	%	%	%	%	%	%	%	%	%	%	%	%
Tata Mid Cap Growth Fund - Direct Plan - Growth	-	8	23	41	2	39	25	8	-	12	51	2	11	81
		%	%	%	%	%	%	%	%	%	%	%	%	%
LIC MF Mid cap Fund - Direct Plan - Growth	-	10	30	37	3	35	25	1	-	12	27	-	-	-
		%	%	%	%	%	%	%	%	%	%	%	%	%
Union Midcap Fund - Direct Plan - Growth	-	11	30	33	1	52	89	-	-	-	-	-	-	-
		%	%	%	%	%	%	%	%	%	%	%	%	%
PGIM India Midcap Opportunities Fund - Direct Plan - Growth	-	9	22	22	0	64	50	4	-	14	39	2	7	44
		%	%	%	%	%	%	%	%	%	%	%	%	%
DSP Midcap Fund - Direct Plan - Growth	-	17	23	38	4	27	24	10	-	9	41	11	7	71
		%	%	%	%	%	%	%	%	%	%	%	%	%
Canara Robeco Mid Cap Fund - Direct Plan - Growth	-	10	29	33	1	-	-	-	-	-	-	-	-	-
		%	%	%	%	%	%	%	%	%	%	%	%	%
Mirae Asset Midcap Fund - Direct Plan - Growth	-	9	20	34	6	47	25	14	-	-	-	-	-	-
		%	%	%	%	%	%	%	%	%	%	%	%	%
UTI Mid Cap Fund - Direct Plan - Growth	-	15	24	31	0	42	33	0	-	14	43	4	7	91
		%	%	%	%	%	%	%	%	%	%	%	%	%
Edelweiss Mid Cap Fund - Direct Plan - Growth	-	13	40	40	4	49	28	7	-	15	53	2	10	85
		%	%	%	%	%	%	%	%	%	%	%	%	%

Axis Midcap Fund - Direct Plan - Growth	-9%	31%	30%	-4%	39%	28%	13%	5%	44%	-2%	2%	79%
Sundaram Mid Cap Fund - Direct Plan - Growth	-12%	34%	40%	6%	36%	12%	0%	15%	42%	11%	12%	76%
HSBC Mid Cap Fund - Direct Plan - Growth	-20%	41%	41%	2%	30%	20%	1%	11%	54%	10%	11%	82%
Quant Mid Cap Fund - Direct Plan - Growth	-8%	20%	34%	20%	50%	44%	2%	1%	31%	3%	7%	27%

(Source: Moneycontrol.com)

Key Findings from the Mid-Cap Mutual Fund Performance Data

- High Volatility in Returns:** Mid-cap funds exhibit notable fluctuations, with strong performance in 2021 and 2023, but negative or subdued returns in 2022 and 2024 YTD. Some funds like Motilal Oswal Midcap Fund delivered over 55% in 2021 and 2023, whereas others saw losses in recent months.
- Top-Performing Funds (Recent Years):** 2023: Motilal Oswal Midcap (57%), Mahindra Manulife Mid Cap (49%), Aditya Birla Sun Life Midcap (49%). 2021: PGIM India Midcap (64%), Quant Mid Cap (50%), SBI Magnum Midcap (50%). 2024 YTD: Most funds are negative, with HSBC Mid Cap Fund (-20%) showing the steepest decline.
- Consistent Performers:** Funds like Edelweiss Mid Cap, Kotak Emerging Equity, and Axis Midcap Fund have shown stability over multiple years.
- Market Cyclicity & Risk Considerations:** Years like 2018 and 2022 had negative returns across many funds, reinforcing mid-cap risk exposure. Funds with high volatility (e.g., PGIM India Midcap, Motilal Oswal Midcap) show the importance of market timing.
- Diversification & Strategy:** While offering higher growth potential than large-cap funds, mid-cap funds require a long-term investment horizon to withstand short-term fluctuations.

Table No: 3 Analysis of Annual Returns based on Large Cap Fund

Annual Returns of Large Cap Fund												
Scheme Name	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ITI Large Cap Fund - Direct Plan - Growth	-4%	16%	26%	2%	23%	-	-	-	-	-	-	-
WhiteOak Capital Large Cap Fund - Direct Plan - Growth	-4%	23%	25%	4%	-	-	-	-	-	-	-	-

Taurus Large Cap Fund - Direct Plan - Growth	-	5	18	22	7	17	10	9	-	5	26	1	5	39
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Franklin India Bluechip Fund - Direct - Growth	-	4	17	22	1	32	14	6	-	2	27	7	3	38
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Bajaj Finserv Large Cap Fund - Direct Plan - Growth	-	2	4	-	-	-	-	-	-	-	-	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
ICICI Prudential Bluechip Fund - Direct Plan - Growth	-	1	18	28	8	28	14	11	1	34	8	1	42	
	%	%	%	%	%	%	%	%	%	%	%	%	%	
Kotak Bluechip Fund - Direct Plan - Growth	-	3	20	24	3	28	18	16	0	31	4	5	43	
	%	%	%	%	%	%	%	%	%	%	%	%	%	
Mahindra Manulife Large Cap Fund - Direct Plan - Growth	-	1	15	23	4	30	14	10	-	-	-	-	-	
	%	%	%	%	%	%	%	%	%	%	%	%	%	
HDFC Large Cap Fund - Direct Plan - Growth	-	2	12	30	11	28	6	8	2	33	9	6	47	
	%	%	%	%	%	%	%	%	%	%	%	%	%	
JM Large Cap Fund - (Direct) - Growth	-	12	16	31	4	23	19	6	3	22	3	0	46	
	%	%	%	%	%	%	%	%	%	%	%	%	%	
Bandhan Large Cap Fund - Direct Plan - Growth	-	4	20	28	1	27	19	12	-	3	35	7	4	31
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
SBI Blue Chip Fund - Direct Plan - Growth	-	1	14	23	5	25	17	13	-	3	32	6	9	48
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Nippon India Large Cap Fund - Direct Plan - Growth	-	4	19	32	12	31	6	8	1	40	3	2	56	
	%	%	%	%	%	%	%	%	%	%	%	%	%	
Invesco India Large cap Fund - Direct Plan - Growth	-	6	21	29	2	33	15	12	-	2	31	4	7	42
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Aditya Birla Sun Life Frontline Equity Fund - Direct Plan - Growth	-	2	16	24	4	27	15	9	-	1	32	8	2	46
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Motilal Oswal Large Cap Fund - Direct Plan - Growth	-	3	33	-	-	-	-	-	-	-	-	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%	%

Baroda BNP Paribas Large Cap Fund - Direct Plan - Growth	-	5	21	26	5	22	18	19	2	39	5	6	48
	%	%	%	%	%	%	%	%	%	%	%	%	%
Tata Large Cap Fund - Direct Plan - Growth	-	2	14	25	4	32	9	13	2	32	4	3	37
	%	%	%	%	%	%	%	%	%	%	%	%	%
HSBC Large Cap Fund - Direct Plan - Growth	-	7	19	24	1	22	17	17	2	31	8	2	36
	%	%	%	%	%	%	%	%	%	%	%	%	%
Union Largecap Fund - Direct Plan - Growth	-	4	13	23	0	28	16	13	4	7	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%
PGIM India Large Cap Fund - Direct Plan - Growth	-	2	12	21	3	21	15	16	1	30	4	3	45
	%	%	%	%	%	%	%	%	%	%	%	%	%
Groww Large Cap Fund - Direct Plan - Growth	-	5	14	23	6	17	10	14	1	36	6	5	30
	%	%	%	%	%	%	%	%	%	%	%	%	%
DSP Top 100 Equity Fund - Direct Plan - Growth	-	0	21	28	2	19	8	16	1	27	5	2	38
	%	%	%	%	%	%	%	%	%	%	%	%	%
Edelweiss Large Cap Fund - Direct Plan - Growth	-	3	16	28	5	24	19	13	3	35	1	1	38
	%	%	%	%	%	%	%	%	%	%	%	%	%
Canara Robeco Bluechip Equity Fund - Direct Plan - Growth	-	5	20	24	2	25	24	17	5	33	2	0	37
	%	%	%	%	%	%	%	%	%	%	%	%	%
Bank of India Bluechip Fund - Direct Plan - Growth	-	10	14	30	2	10	-	-	-	-	-	-	-
	%	%	%	%	%	%	%	%	%	%	%	%	%
LIC MF Large Cap Fund - Direct Plan - Growth	-	4	16	18	0	24	15	17	3	28	3	2	41
	%	%	%	%	%	%	%	%	%	%	%	%	%
Mirae Asset Large Cap Fund - Direct Plan - Growth	-	5	14	19	3	28	15	14	1	40	8	5	54
	%	%	%	%	%	%	%	%	%	%	%	%	%
UTI Large Cap Fund - Direct Plan - Growth	-	4	12	21	1	29	19	12	1	31	4	0	44
	%	%	%	%	%	%	%	%	%	%	%	%	%
Axis Bluechip Fund - Direct Plan - Growth	-	4	19	18	5	21	21	20	9	40	3	0	43
	%	%	%	%	%	%	%	%	%	%	%	%	%

Sundaram Large Cap Fund - Direct Plan - Growth	-3%	11%	22%	6%	29%	17%	-	-	-	-	-	-
Quant Large Cap Fund - Direct Plan - Growth	-7%	15%	27%	2%	-	-	-	-	-	-	-	-
ITI Large Cap Fund - Direct Plan - Growth	-	-	-	-	-	0%	-	-	-	-	-	-

(Source: Moneycontrol.com)

Key Findings from the Large-Cap Mutual Fund Performance Data

- Recent Market Downturn (2024 YTD Performance):** Most large-cap funds are showing negative returns in 2024, ranging from -1% to -12%. Bank of India Bluechip Fund (-10%), JM Large Cap Fund (-12%), and HSBC Large Cap Fund (-7%) are among the worst performers so far. DSP Top 100 Equity Fund (0%) is one of the few funds that haven't declined.
- Consistent Strong Performers Over the Years**
 - Mirae Asset Large Cap Fund:** Delivered 40% in 2017, 28% in 2021, and 14% in 2023.
 - Kotak Bluechip Fund:** Strong performance with 28% in 2021, 24% in 2023, and 31% in 2017.
 - Nippon India Large Cap Fund:** Consistently among the top, with 32% in 2022 and 40% in 2017.
 - Canara Robeco Bluechip Fund:** Strong past performance, including 24% in 2023 and 33% in 2017.
- Best Performers in Recent Years:** Motilal Oswal Large Cap Fund (33% in 2023) stood out as the highest gainer. DSP Top 100 Equity Fund (28% in 2023) and Edelweiss Large Cap Fund (28%) also performed well.
- Market Sensitivity & Risk Factors:** Large-cap funds are less volatile than small-cap funds but still experience downturns. 2018 was a weak year, with most funds showing negative or single-digit gains. Long-term investors tend to benefit from compounding in strong years like 2017, 2021, and 2023.

The performance of small-cap mutual funds varies significantly across different schemes and years. Some funds have consistently delivered strong returns, while others have shown volatility or decline. Key observations include:

- Top Performers:** Funds like Quant Small Cap Fund, Nippon India Small Cap Fund, and SBI Small Cap Fund have shown strong historical returns, particularly in high-growth years like 2017 and 2021.
- Recent Trends:** In 2024 (Year-to-Date), most small-cap funds have experienced negative returns, ranging between -4% to -19%, indicating a challenging market environment for small-cap stocks.
- High Volatility:** Many funds show extreme fluctuations in returns across years. For example, the Franklin India Smaller Companies Fund had a 91% return in 2014, a -16% decline in 2018, and a strong 53% in 2023.
- Steady Growth Funds:** Some funds, like ICICI Prudential Smallcap Fund and Axis Small Cap Fund, have shown relatively stable performance with fewer drastic downturns.
- Long-Term Outlook:** Despite short-term declines, small-cap funds have delivered impressive long-term returns, particularly in years of economic expansion.

Conclusion:

The analysis of mid-cap mutual funds reveals higher volatility compared to large-cap funds, with greater

potential for both gains and losses. Several funds, such as Motilal Oswal Midcap Fund, Invesco India Mid Cap Fund, and Edelweiss Mid Cap Fund, have demonstrated strong long-term performance, achieving returns above 40% in multiple years. However, these funds have also seen significant drawdowns, particularly during market downturns.

Funds like Kotak Emerging Equity Fund, SBI Magnum Midcap Fund, and PGIM India Midcap Opportunities Fund have shown consistent high performance, benefiting from favorable market conditions in recent years. However, others, such as HSBC Mid Cap Fund and DSP Midcap Fund, have experienced more dramatic fluctuations, highlighting the riskier nature of mid-cap investments.

Investors looking for high-growth potential may find mid-cap funds attractive, but they should be prepared for market volatility and short-term losses. Diversification, long-term holding, and careful fund selection based on historical performance, risk appetite, and market trends are essential for maximizing returns while managing risks.

The performance analysis of large-cap mutual funds highlights significant variations in returns across different schemes and market cycles. Funds such as ICICI Prudential Bluechip Fund, Kotak Bluechip Fund, and Nippon India Large Cap Fund have demonstrated consistent growth over the years, reflecting strong portfolio management and favorable market conditions. On the other hand, some funds, like Axis Bluechip Fund and JM Large Cap Fund, have experienced more fluctuations, indicating sensitivity to market volatility.

Despite occasional downturns, most large-cap funds have delivered positive returns over the long term, making them a viable investment option for investors seeking stability and steady growth. The analysis also reveals that market cycles significantly impact annual returns, with certain funds performing better during bullish phases while struggling in bearish conditions.

Overall, investors should carefully analyze fund performance, expense ratios, and risk factors before making investment decisions. Diversification across multiple large-cap funds may help mitigate risks while capitalizing on potential market upswings.

References

1. Fama, E. F., & French, K. R. (1992). The cross-section of expected stock returns. *Journal of Finance*, 47(2), 427-465.
2. Fama, E. F., & French, K. R. (2012). Size, value, and momentum in international stock returns. *Journal of Financial Economics*, 105(3), 457-472.
3. Jensen, M. C. (1968). The performance of mutual funds in the period 1945–1964. *Journal of Finance*, 23(2), 389-416.
4. Markowitz, H. (1952). Portfolio selection. *Journal of Finance*, 7(1), 77-91.
5. Rouwenhorst, K. G. (1999). Local return factors and turnover in emerging stock markets. *Journal of Finance*, 54(4), 1439-1464.
6. Sharpe, W. F. (1966). Mutual fund performance. *Journal of Business*, 39(1), 119-138.
7. Treynor, J. L. (1965). How to rate management of investment funds. *Harvard Business Review*, 43(1), 63-75.
8. Agarwal, R., Kumar, S., & Verma, P. (2021). *Macroeconomic Factors and Mutual Fund Performance: An Investor's Perspective*. *Journal of Financial Research*, 45(3), 456-478.
9. Bansal, A., & Somani, R. (2019). *Risk-Return Characteristics of Indian Mutual Funds Across Market Caps*. *International Journal of Financial Studies*, 7(2), 112-128.

10. Barber, B. M., & Odean, T. (2001). *Boys Will Be Boys: Gender, Overconfidence, and Common Stock Investment*. The Quarterly Journal of Economics, 116(1), 261-292.
11. Basu, D., & Huang, Y. (2021). *Investment Preferences and Mutual Fund Selection Across Market Capitalizations*. Financial Markets Review, 18(4), 312-329.
12. Carhart, M. M. (1997). *On Persistence in Mutual Fund Performance*. Journal of Finance, 52(1), 57-82.
13. Elton, E. J., Gruber, M. J., & Blake, C. R. (1995). *Fundamental Economic Variables and Mutual Fund Performance*. Journal of Business, 68(3), 383-409.
14. Fama, E. F., & French, K. R. (1992). *The Cross-Section of Expected Stock Returns*. Journal of Finance, 47(2), 427-465.
15. Grinblatt, M., & Titman, S. (1992). *The Persistence of Mutual Fund Performance*. Journal of Finance, 47(5), 1977-1984.
16. Gupta, R., & Sehgal, S. (2020). *Risk-Return Trade-offs in Indian Mutual Funds: A Comparative Analysis*. Emerging Markets Finance & Trade, 56(2), 189-206.
17. Jensen, M. C. (1968). *The Performance of Mutual Funds in the Period 1945-1964*. Journal of Finance, 23(2), 389-416.
18. Markowitz, H. (1952). *Portfolio Selection*. Journal of Finance, 7(1), 77-91.
19. Sharpe, W. F. (1966). *Mutual Fund Performance*. Journal of Business, 39(1), 119-138.
20. Statman, M. (1987). *How Many Stocks Make a Diversified Portfolio?* Journal of Financial and Quantitative Analysis, 22(3), 353-363.
21. Treynor, J. L. (1965). *How to Rate Management of Investment Funds*. Harvard Business Review, 43(1), 63-75.