

Performance Evaluation of Mutual Funds: A Comparative Study on Selected MidCap and SmallCap Equity Fund Schemes

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Abstract

To generate extra income individuals are investing their savings through different investment mechanisms. During the past few years Mutual Funds have gained popularity as a very important investment mechanism in between the small and medium investors as it generates less risky systematic returns. Mutual funds can be segregated into three main categories namely Equity Mutual Fund, Debt Mutual Fund and Hybrid Mutual Fund. The present study tries to investigate the performance of two types of selected Equity Mutual Funds namely MidCap Equity Mutual and SmallCap Equity Mutual Fund and compare their performances as well. The study evaluates and compares the performances of 8 MidCap and 8 SmallCap Equity funds. The data set covers a period of four years (i.e., 1st January 2018 to 31st December 2021). Different statistical tools are used for the purpose of performance analysis of the selected mutual funds namely alpha, beta, standard deviation, sharpe ratio, treynor ratio and information ratio. The analysis shows that the selected mutual funds performed well over the study period but the SmallCap Equity Funds performed better than the MidCap Equity Funds. During 2021 DSP Small Cap Fund had negative beta which means it did not respond towards the changes in the market in the same way which results a negative treynor ratio during that period. The results may help the investors while making investment decisions in future. Finally, it can be said that the investors must need to consider the above-mentioned statistical tools to analyse the performance of the mutual funds apart from their Net Asset Value (NAV) and total return while making any investment decision.

Keywords: Mutual Fund, MidCap Equity Fund, SmallCap Equity Fund, Net Asset Value (NAV), Return, Risk, Sharpe Ratio, Treynor Ratio, Information Ratio.

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