

“Performance Assessment of Large Cap Indian Mutual Funds”

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Abstract

Mutual Funds are the investment puddles that gathers the savings of individual small investors and communally invest that savings into the diverse instruments of Capital market. The current study is an attempt made by the researcher to recital the outcomes of the Equity based Large Cap Funds in India. The data was taken from the website of the AMFI and other Mutual Fund websites. The study has been conducted for a tenure of 3 years. The statistical tools like Standard Deviation, Sharpe Ratio, Beta Value, Jensen Alpha and Treynor's Ratio has been employed in the study. It is determined by the researcher that 4 out of 5 selected mutual funds have been performed well and it does provide better returns to the investors during the time of study.

Keywords

Indian Mutual Fund Performance, Large Cap Funds, Returns, Risks.

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I. Introduction

In the existing era, every person desire to earn virtuous amount of money in the form of passive income. In lieu of which most of the people started making investment in share market but due to lack of knowledge and time availability, it is not probable for everyone to get satisfactory returns. Mutual Fund Schemes provides an answer to this problem by investing the money of small investors in the Capital market.

Mutual Funds are the investment puddles that gathers the savings of individual small investors and communally invest that savings into the diverse instruments of Capital market like shares, bonds, securities, commodities, IPOs etc. According to the amount invested in the market units were allotted to the investors. Allotted units are based on the price per unit of selling and buying of mutual funds. A manager is designated to oversee the funds using their areas of expertise and accomplish the preferences of the investors. A nominal amount is charged in the form of fees and other expenses.

II. Review Of Literature

Chennappa, D., & Ravi, V. (2019), in their study on performance evaluation of Large Cap Funds, carried out research using statistical tools like risk returns-related analysis. The study was carried out for 9 years on each of one type of cap fund. The funds were purposively selected among the 49 cap schemes. The research revealed that all the selected large-cap funds had performed better than the underlying index and exhibited lesser risk than the benchmark index. It was concluded by the researcher that the investors who had invested in ICICI Prudential Top 100 Mutual Fund Scheme had received the highest returns during the time of study.

Saunshi, M. J. S., & Revankar, B. (2019), in their research, evaluated the 5 years performance of 10 equity based large-cap funds. The analysis was conducted using Average Returns, Compounded Annual Growth Rate (CAGR), Standard Deviation, Beta and Sharpe Ratio. The analysis indicates that 9 out of 10 funds have performed well except the DSP Top 100 equity fund. Axis Blue Chip fund is the top performer among the selected large-cap funds during the period of study. The researcher suggests to consider the statistical parameters along with NAV and returns before making any investment decisions.

Choksi, M., & Bhatt, P. (2020)., evaluated the performance analysis of large-cap mutual funds. The evaluation is done on 15 large-cap funds, and the data for the evaluation has been gathered from the websites of mutual fund. The analysis was carried out employing tools like standard deviation, beta, Sharpe ratio, and Treynor ratio. The study was carried out from year 2015 to year 2019. The results reveal that the DSP Equity Fund, ICICI

Prudential Blue-Chip Equity Fund, and LIC Large Cap Equity Fund provided the maximum returns from the above designated mutual funds.

Wachasunder, S. L., & DMSR, G. (2017)., examined the market risk and investment performance of 10 top-performing large-cap funds. BSE-Sensex and NSE-Nifty have been used as the benchmark index. The findings of the examination display that all the selected large-cap funds have performed better than the selected benchmark. The researcher concludes that there are a large number of funds that cater to every investor's needs and one must select the fund according to their needs.

Derbali, A., Elnagar, A. K., Jamel, L., & Ltaifa, M. B. (2020)., tries to compare the behavior capabilities of multi-cap mutual fund schemes and large-cap mutual fund schemes using 10 leading funds from each group from the period 2013 to 2018. The performance was compared with the benchmark indices, BSE 200 and Nifty 500. Parameters like ANOVA have been used to test the performance of 20 selected funds. The findings of the research disclose that all the funds from both the category have been performed well with reasonable risk. Moreover, the findings of the research also highlight no noteworthy variance in the returns of these funds and the returns of benchmark index of Nifty 500 and BSE 200.

Bhuva, K. K., & Bantwa, A. (2020)., persistence in the performance of large-cap and mid-cap funds during 2007 and 2011. The performance was evaluated using average returns, beta and standard deviation while some statistical parameters such as Jensen’s Alpha Measure, Sharpe ratio, Treynor ratio, and FAMA’s selectivity model were deployed. The results of the evaluation conclude that all the selected funds have performed well except two funds. It also demonstrates the relationship between high-risk and high returns. It further concludes that the funds which provides better returns are riskier. The t-test indicate results indicates that in year 2008 and 2011 large cap funds had underperformed while large cap and mid cap do not have any significant difference during the study period.

RESEARCH GAP

A large number of researches has been conducted on the grounds of the performance of the several Mutual Fund Schemes in India. While conducting the review of literature the researcher found that there is a wider scope of study in area of Large Cap Mutual Funds. So, in the existing study an attempt is made by researcher to gauge the performance of the selected mutual fund schemes.

III. Research Methodology

The daily NAV of the funds has been used for the assessment of the performance that was collected from the official website of the AMFI.com. The study was conducted for 3 years during March 2022 to February 2025.

OBJECTIVES

1. To compare the outcomes of the 5 Indian Large Cap Funds.
2. To examine the risk and reward component of the selected mutual fund schemes.
3. To gather detailed information about the functioning of the selected large cap funds.

SOURCES OF DATA

The existing research is purely grounded on data accumulated through the official websites of the Asset Management Companies and the official website of AMFI.

SCOPE OF STUDY

The present studied is been carried out on the 5 Indian Large Cap Funds during March 2023 to February 2025 for the tenure of three years.

Sr. No	Name of Mutual Fund Scheme
1.	Edelweiss Large Cap Fund
2.	HDFC Large Cap Fund
3.	Bandhan Large Cap Fund
4.	Invesco Large Cap Fund
5.	JM Large Cap Fund

STATISTICAL TOOLS

Sr. No.	Statistical Tool	Usage	Formula
1.	Standard Deviation	To show the deviation of the fund from its average (mean).	$\sqrt{\sum(R - R)^2 / N}$
2.	Beta	To show the volatility of the fund from its benchmark index.	Covariance/ $\sigma_m \times \sigma_m$

3.	Sharpe’s Ratio	To show the risk-free returns of the fund.	[(Return from the fund- risk free rate of return)/total risk of the fund]
4.	Treynor’s Ration	To calculate the excess of returns per unit against the risk taken per unit.	[(Return from the fund- risk free rate of return)/ Beta]
5.	Jensen Alpha	To compare the actual performance of the fund with the expected returns of the fund.	Portfolio return-[risk free rate+ portfolio beta*(market return-risk free rate)]

INTERPRETATION AND ANALYSIS

Table 1.
NAV and Returns of the selected Mutual Fund Schemes

Sr. No	Fund Name	NAV (2023)	Returns (2023)	NAV (2024)	Returns (2024)	NAV (2025)	Returns (2025)
1.	Edelweiss Large Cap Fund	60.78	7.14	82.32	35.44	84.29	2.39
2.	HDFC Large Cap Fund	781.04	10.53	1083.27	38.70	1096.80	1.25
3.	Bandhan Large Cap Fund	53.16	-0.37	73.35	38.62	75.65	2.68
4.	Invesco Large Cap Fund	48.97	-0.06	68.28	39.43	70.01	2.53
5.	JM Large Cap Fund	110.07	6.46	159.90	45.27	152.75	-4.47

Table 2.
Risk Ratios of the selected Mutual Fund Schemes

Sr. No	Name of the Fund	Standard Deviation	Beta	Sharpe Ratio	Treynor’s Ratio	Jensen’s Alpha
1.	Edelweiss Large Cap Fund	13.38	0.93	0.52	0.07	1.33
2.	HDFC Large Cap Fund	13.49	0.69	0.65	0.13	-0.79
3.	Bandhan Large Cap Fund	13.68	0.93	0.41	0.06	0.07
4.	Invesco Large Cap Fund	13.91	0.95	0.42	0.06	0.21
5.	JM Large Cap Fund	14.69	0.99	0.52	0.08	1.65

IV. Findings Of the Study

Table 1. exhibits the NAV and Returns of the carefully chosen Large Cap Mutual Funds in India from the 1 March 2023 to the February 2025. At the end of February 2023 NAV and Total returns for selected Schemes (Edelweiss Large cap Fund 60.78 & 7.14, HDFC Large Cap Fund 781.04 & 10.53, Bandhan Large Cap Fund 53.16 & (-0.37), Invesco Large Cap Fund 48.97 & (-0.06), JM Large Cap Fund 110.07 & 6.46). At the end of February 2024 NAV and Total returns for selected Schemes (Edelweiss Large cap Fund 82.32 & 35.44, HDFC Large Cap Fund 1083.27 & 38.70, Bandhan Large Cap Fund 73.35 & 38.62, Invesco Large Cap Fund 68.28 & 39.43, JM Large Cap Fund 159.90 & 45.27). At the end of February 2025 NAV and Total returns for selected Schemes (Edelweiss Large cap Fund 84.29 & 2.39, HDFC Large Cap Fund 1096.80 & 1.25, Bandhan Large Cap Fund 75.65 & 2.68, Invesco Large Cap Fund 70.01 & 2.53, JM Large Cap Fund 152.75 & (-4.47)).

Table 2. exhibits the outcomes of particular mutual fund schemes using the statistical parameters. Edelweiss Large Cap Fund has Standard Deviation of 13.38 that exhibits the low volatility of the fund while Beta value is 0.93 that indicates the high volatility of the fund. Sharpe ratio of the fund is 0.52, Treynor’s Ratio is 0.07 and Jensen’s Alpha is 1.33 which states that the fund is better risk-adjusted return for the selected period of the study. HDFC Large Cap Fund has Standard Deviation of 13.49 and the Beta value is 0.69 which indicates that the fund is low volatility of the selected mutual fund scheme while the Sharpe ratio of the fund is 0.65 and Treynor’s Ratio is 0.13 that shows that the selected fund scheme is better risk adjusted while the Jensen’s Alpha is of the scheme is (-0.79) which exhibits the poor risk- adjusted returns of the fund for the selected period of the study. Bandhan Large Cap Fund has Standard Deviation of 13.68, Beta value is 0.93 that indicates that the fund is highly volatile whereas the Sharpe ratio is 0.41, Treynor’s Ratio is 0.06 and Jensen’s Alpha of the selected fund is 0.07 which shows that the fund is poor risk-adjusted returns for the selected period of the study. Invesco Large Cap Fund has Standard Deviation of 13.91, Beta value is 0.95 that indicates that the fund is high volatile whereas as the Sharpe ratio is 0.42 and Treynor’s Ratio is 0.06 that means that the fund is poor risk adjusted for the selected period of the study and Jensen’s Alpha is 0.21 that somehow shows that the fund is better risk adjusted returns for the selected period of the study. JM Large Cap Fund has Standard Deviation of 14.69 and the Beta value is 0.99 that shows that the fund is highly volatile whereas the Sharpe ratio of the fund is 0.52, Treynor’s Ratio is 0.08 and Jensen’s Alpha is 1.65 that means that the fund is poor risk adjusted for the selected period of the study.

V. Conclusion

From the overhead breakdown it is observed that 4 out of 5 selected Large Cap Funds have outperformed while studying. They had also provided the higher returns to the investors. While the JM Large Cap Fund had not performed well comparatively even though it had also provided good returns to the investors. The researcher

further concludes that it is quite essential to consider other factors related to mutual funds other than the financial ratios.

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