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# COMPARATIVE PERFORMANCE ANALYSIS OF SELECTED MULTI CAP MUTUAL FUND SCHEMES IN INDIA

**Dr. Rashmi Chaudhary**

*Assistant Professor, Department of Commerce, Kurukshetra University, Kurukshetra, Haryana, India*

## ABSTRACT

*The Mutual Fund industry has grown exponentially over the last decade. However, opportunities for further growth exist. The demonetization exercise has disrupted the economy in general and the financial sector in particular. Digital payments have been further encouraged on the back of promoting a cashless economy which is one of the key outcomes of demonetization. The rural and semi-urban population is now 'financially included', indicating that there is potential to create specific products to suit their needs. The overall outlook for the mutual fund industry is promising. Mutual funds may offer two schemes - dividend (profits are given to investors from time to time) and growth (profits are ploughed back into the scheme leading to higher NAV). This article is an attempt to evaluate the performance of selected multi cap mutual fund dividend and growth schemes in India for the study period 2003 to 2016. The risk-free rate of return is assumed to be 8 per cent p.a. The risk return analysis reveals that all selected schemes performed better than the benchmark return during the study period. The average performance of sample schemes was also outstanding throughout the study period except in 2008-09. This year is demarcated as "The Year of Economic Slowdown".*

**KEYWORDS:**

*Systematic Risk, Sharpe's Ratio, Treynor Ratio, Jensen's Ratio, Market Index*

## INTRODUCTION

**WEAR THE CAP THAT SUITS THE OCCASION** this saying seems fit for multi cap mutual fund schemes as these funds aims to fit into the right role across market situations. These schemes always remains prepared and agile to invest across diversified large, mid and small cap stocks. Multi cap schemes invest across market capitalizations and sectors. That means the fund manager has the freedom to switch to sectors and stocks belonging to any capitalization based on his/her views or their performances. The investor, thus, may stay free from anxieties regarding chasing the action or missing out on rallies in a particular sphere of the market. Since these funds are invested in multi cap companies, during a bull run they deliver stupendous returns, sometimes even outperforming the pure large or mid cap funds. This happens because, during a bull market, the underlying stocks in the funds are able to unlock their values and tap into the growth opportunities. In this paper an effort has been made to compare the performance of selected multi cap dividend and growth schemes of mutual funds in India on the basis of risk and return analysis models.

## REVIEW OF LITERATURE

Review of literature is a brief description about mutual funds research work conducted in India as well as in abroad. Some of these studies have been reviewed to identify the research gap and justification for the present study. **Treynor (1965)** developed a methodology for evaluating the performance of mutual fund that is reward to volatility ratio. **Sharpe (1966)** gave a comprehensive measure of performance evaluation in the form of reward to variability ratio. **Jensen (1968)** gave a risk adjusted performance measure named as Jensen Ratio. This ratio measures the differential between actual return earned on a portfolio and the return expected from the portfolio given its level of risk. **Pal and Chandani (2014)** studied the performance of top 10 equity mutual fund schemes in various categories and the best mutual fund house in equity mutual fund category. The period of study was from Oct. 2007 to Oct. 2012 taking BSE 2000 as Benchmark. It was concluded that by comparing 3 year and 5 year CAGR of all equity mutual funds, HDFC Mid Cap. Opportunities (G), Birla Sun Life MNC Fund (G) and Quantum Long Term Equality (G) were the best schemes. But Birla Sun Life MNC fund was having the highest expense ratio whereas Quantum long term equity was having the least expense ratio. But the comparison of standard deviation denoted that HDFC Mid Cap opportunities (G) was having lesser risk. Beta and r-square was found same for both the scheme. Overall, HDFC Mid Cap opportunities (G) was considered the best mutual fund scheme. **Bhatt and Vyas (2014)** studied the performance of selected equity mutual fund in India and evaluated their performance with special reference to Sharpe's and Treynor's model. The study was based on a sample of 6 equity mutual fund schemes launched by different private sector mutual fund house (Jan 2010 to Dec. 2012). S&P CNX NIFTY, S&P CNX 500, BSE 200 and BSE SENSEX were taken as the benchmark. The study concluded that all funds performed well during the study period. **Zafar et al. (2015)** evaluated the performance of equity diversified growth schemes of 13 funds for 2007-2008 and ranked the funds on the basis of Sharpe's, Treynor's and Jenson's ratios. The study revealed that the linear relationship between risk and return does not hold true as there are many funds having high σ & b but low returns and secondly the performance and rank of a fund was different under different indices of performance. It was concluded that none of the indices were conclusive and final criteria for the judgment of performance of the mutual funds. **Bashir et al. (2015)** studied the performance of selected mutual fund schemes in Pakistan based on risk-return relationship and various measures. Five balanced schemes offered by various mutual funds in Pakistan are selected (2010 to 2013). The analysis had been made on the basis of mean return, beta risk, total risk, Sharpe ratio, Treynor ratio, Jensen Alpha and Fama's decomposition measure. The empirical results revealed that average returns of the selected portfolio were below market returns, mix trend of risk in selected schemes and overall defensive beta values. In short, results indicated the underperformance of most of the schemes during the selected span of the study. **Goyal (2015)** evaluated the performance of top 10 mutual funds as per CRISIL September, 2014 ranking and also compared it with the benchmark index i.e. S&P CNX Nifty. Sharpe measure, Treynor measure and Jensen Alpha were being used to compare the performance. The study found that overall all the schemes provided higher and better average return than the market. Franklin India Opportunities Fund was found the best performer with the higher average return and the lower risk which was good for investors who wanted to reap higher returns at a lower risk. **Prasad (2016)** selected 10 top performing schemes of Reliance Mutual Funds to make a comparative study on the risk and return offered by these funds. Daily NAVs of these schemes were collected for the period of five years i.e., August 2009 to July 2014. For benchmarking and comparison purpose BSE-SENSEX and NSE-Nifty was used. To consider risk free return yield i.e. 8.52 per cent on 91-day Treasury bills was accepted. It was concluded that all the selected 10 reliance funds were performing above the selected benchmark return.

## RESEARCH METHODOLOGY

Research methodology explains the path to be followed to peruse the research proposal to attain the objectives of the study. The present paper highlights the comparative performance of multi cap dividend and growth mutual fund schemes in India with the help of published data.

## NEED OF THE STUDY

The literature review indicates that there is a need for undertaking a comprehensive study to evaluate the performance of mutual funds through certain performance measurement models in respect of multi cap schemes launched by various Mutual fund agencies. Mutual funds may offer two schemes - dividend (profits are given to investors from time to time) and growth (profits are ploughed back into the scheme leading to higher NAV). Hence the present study entitled "**COMPARATIVE PERFORMANCE ANALYSIS OF SELECTED MULTI CAP MUTUAL FUND SCHEMES IN INDIA"** is going to target the multi cap mutual fund dividend and growth schemes to fill the gap between past studies and the present economic conditions.

## OBJECTIVES OF THE STUDY

For comparative performance evaluation of multi cap mutual fund schemes in India, the following are the main objectives of the present study:

- To highlight the performance of multi cap dividend mutual funds schemes.
- To study the performance of multi cap growth mutual fund schemes.
- To make a comparative analysis of returns on selected mutual fund schemes as per Sharpe's, Treynor's and Jensen's models.

## DATA SOURCES AND ANALYSIS

Published data for the study variables (mutual funds, stock prices) is obtained from SEBI Data Base, NSE, RBI, BSE Publications and Reports of SEBI. The analysis is carried out with the help of Sharpe's Portfolio Performance Measure, Treynor's Performance Measure and Jensen Portfolio Performance Measure. BSE SENSEX has been taken as the benchmark index. The risk-free rate of return is assumed to be 8 per cent p.a.

## SCOPE OF THE STUDY

The present paper includes 5 Multi Cap Schemes in total. Three schemes belong to dividend and two schemes belong to growth. These are HDFC Capital Builder Fund Multi Cap Dividend Scheme, HDFC Equity Fund Multi Cap Dividend Scheme, ICICI Prudential Multi Cap Dividend Scheme, HDFC Equity Fund Multi Cap Growth Scheme and ICICI Prudential Multi Cap Growth Scheme. The sample is selected for thirteen years from April 2003 to March 2016 based on daily data. The basis for this selection is the availability and consistency of the data during the study period. This is done for bringing out meaningful and comparable results.

## TECHNIQUES OF ANALYSIS

**SHARPE RATIO:** The performance measure developed by William Sharpe is referred to as the Sharpe ratio or reward to variability ratio. It is the ratio of reward or risk premium to the variability of return or risk as measured by the standard deviation of return. The formula for calculating Sharpe ratio may be stated as:

$$\text{Sharpe ratio (SR)} = \frac{rp - rf}{\sigma p}$$

Where

rp = Realized return on the portfolio

rf = Risk free rate of return

σp = Standard deviation of portfolio return.

**TREYNOR RATIO:** This performance measure developed by Jack Treynor is referred to as Treynor ratio or reward to volatility ratio. It is the ratio of the reward or risk premium to the volatility of return as measured by the portfolio beta. The formula for calculating Treynor ratio may be stated as:

$$\text{Treynor ratio (TR)} = \frac{rp - rf}{\beta p}$$

Where

rp = realized return on the portfolio

rf = Risk free rate of return

βp = Portfolio beta.

**JENSEN RATIO:** This ratio attempts to measure the differential between the actual return earned on a portfolio and the return expected from the portfolio given its level of risk. It helps in evaluating the ability of the fund manager in identifying the undervalued securities and thereby generating excess returns than the benchmark. Hence, the ability of stock selection can be known with the help of Jensen's Alpha.

Using the CAPM model, the expected return of the portfolio can be calculated as follows:

$$E(R_p) = r_f + \beta_p (r_m - r_f)$$

E (Rp) = Expected Portfolio Return
rf = Risk Free rate of return
rm = Return on market index.
βp = Systematic risk of portfolio

The differential return is calculated as follows:

$$\alpha_p = R_p - E(R_p)$$

Where
αp = Differential return earned.
Rp = Actual return earned on the portfolio
E (Rp) = Expected Portfolio Return

The following abbreviations are used in the analysis tables:

(SRi) = Sharpe's performance measure of security
M (SRm) = Sharpe's performance measure of market index
(TRi) = Treyner's performance measure of security
M (TRm) = Treyner's performance measure of market index
αi = Jensen's differential return of security
P = Performance of security on the basis of performance measure results
O = Outperformed Security
U = Underperformed Security

## PERFORMANCE ANALYSIS OF MULTI CAP DIVIDEND SCHEMES

### HDFC CAPITAL BUILDER DIVIDEND SCHEME

The following table indicates the performance of HDFC Capital Builder Fund Multi Cap Dividend Scheme in comparison to BSE SENSEX Index Return.

**Table 1**
**Performance of HDFC Capital Builder Dividend Scheme**

| Year | (SRi) | M(SRm) | P | (TRi) | M(TRm) | P | αi | P |
|---|---|---|---|---|---|---|---|---|
| 2003-04 | 0.224 | 0.014 | O | 0.208 | 0.004 | O | 0.205 | O |
| 2004-05 | 0.089 | -0.055 | O | 0.094 | -0.046 | O | 0.297 | O |
| 2005-06 | 0.129 | 0.071 | O | 0.111 | 0.062 | O | 0.071 | O |
| 2006-07 | **-0.044** | -0.091 | O | **-0.059** | -0.104 | O | 0.025 | O |
| 2007-08 | 0.052 | -0.116 | O | 0.035 | -0.131 | O | 0.137 | O |
| 2008-09 | **-0.257** | -0.171 | U | **-0.286** | -0.201 | U | **-0.164** | U |
| 2009-10 | 0.530 | 0.176 | O | 0.514 | 0.159 | O | 0.388 | O |
| 2010-11 | 0.200 | -0.234 | O | 0.179 | -0.241 | O | 0.382 | O |
| 2011-12 | **-0.088** | -0.200 | O | **-0.099** | -0.208 | O | 0.060 | O |
| 2012-13 | **-0.039** | -0.067 | O | **-0.046** | -0.065 | O | 0.007 | O |
| 2013-14 | 0.030 | -0.038 | O | **-0.215** | -0.277 | O | 0.028 | O |
| 2014-15 | 0.112 | -0.113 | O | 0.110 | -0.105 | O | 0.221 | O |
| 2015-16 | **-0.072** | -0.183 | O | **-0.077** | -0.180 | O | 0.113 | O |
| Average | 0.041 | -0.079 | O | 0.024 | -0.091 | O | 0.095 | O |

*Source: Compiled from BSE data and scheme data*

The table depicts that as per Sharpe's and Treynor's ratio the fund offered highest return i.e.0.530 and 0.514 respectively in the year 2009-10. The performance of the scheme has been negative during 5 years (Sharpe ratio) and as per Treynor's ratio negative performance remained during 6 years. The benchmark returns were negative for ten years out of total thirteen years of the study period indicating poor performance of stock market. As per application of Sharpe's and Treynor's ratio for measuring the performance of HDFC Capital Builder Multi Cap Dividend Scheme as compared to benchmark return, the scheme has offered higher returns in all years of the study period except 2008-09. These results are reinforced by Jensen's ratio where the differential return of security shows positive value over the years except 2008-09. In this year, the negative value of alpha indicates the inferior performance of security thus it can be concluded that the return of the scheme has been high as compared to index return throughout the study period except 2008-09.

### HDFC EQUITY FUND DIVIDEND SCHEME

The table given below depicts the performance of HDFC Equity Fund Multi Cap Dividend Scheme in comparison to BSE SENSEX Index Return.

**Table 2**
**Performance of HDFC Equity Fund Dividend Scheme**

| Year | (SRi) | M(SRm) | P | (TRi) | M(TRm) | P | αi | P |
|---|---|---|---|---|---|---|---|---|
| 2003-04 | 0.207 | 0.014 | O | 0.197 | 0.004 | O | 0.187 | O |
| 2004-05 | 0.052 | -0.055 | O | 0.043 | -0.046 | O | 0.104 | O |
| 2005-06 | 0.204 | 0.071 | O | 0.196 | 0.062 | O | 0.134 | O |
| 2006-07 | **-0.004** | -0.091 | O | **-0.018** | -0.104 | O | 0.068 | O |
| 2007-08 | 0.017 | -0.116 | O | 0.002 | -0.131 | O | 0.109 | O |
| 2008-09 | **-0.212** | -0.171 | U | **-0.234** | -0.201 | U | **-0.095** | U |
| 2009-10 | 0.589 | 0.176 | O | 0.575 | 0.159 | O | 0.423 | O |
| 2010-11 | 0.275 | -0.234 | O | 0.254 | -0.241 | O | 0.463 | O |
| 2011-12 | **-0.083** | -0.200 | O | **-0.091** | -0.208 | O | 0.093 | O |
| 2012-13 | **-0.042** | -0.067 | O | **-0.045** | -0.065 | O | 0.015 | O |
| 2013-14 | 0.043 | -0.038 | O | 0.036 | -0.277 | O | 0.071 | O |
| 2014-15 | 0.111 | -0.113 | O | 0.109 | -0.105 | O | 0.233 | O |
| 2015-16 | **-0.099** | -0.183 | O | **-0.103** | -0.180 | O | 0.105 | O |
| Average | 0.051 | -0.079 | O | 0.038 | -0.091 | O | 0.115 | O |

*Source: Compiled from BSE data and scheme data*

The analysis reveals that according to Sharpe's and Treynor's ratio the fund achieved positive returns for eight years and negative returns for five years. The benchmark market index return was quite poor during the study period (11 years of negative returns). By administering Jensen ratio on HDFC Equity Fund Multi Cap Dividend Scheme the positive value over twelve year period out of thirteen years have been observed. As per Sharpe's ratio and Treynor's ratio the Fund performed better than the market returns. Overall the performance of security was outstanding during the study period but in the year 2008-09 the fund underperformed as per Sharpe's, Treynor's and Jensen's ratio.

## ICICI PRUDENTIAL DIVIDEND SCHEME

The following table reveals the performance of ICICI Prudential Multi Cap Dividend Scheme in comparison to BSE SENSEX Index Return.

**Table 3**
**Performance of ICICI Prudential Dividend Scheme**

| Year | (SRi) | M(SRm) | P | (TRi) | M(TRm) | P | αi | P |
|---|---|---|---|---|---|---|---|---|
| 2003-04 | 0.062 | 0.014 | O | 0.045 | 0.004 | O | 0.043 | O |
| 2004-05 | 0.031 | -0.055 | O | 0.018 | -0.046 | O | 0.075 | O |
| 2005-06 | 0.205 | 0.071 | O | 0.196 | 0.062 | O | 0.146 | O |
| 2006-07 | **-0.034** | -0.091 | O | **-0.047** | -0.104 | O | 0.040 | O |
| 2007-08 | **-0.019** | -0.116 | O | **-0.035** | -0.131 | O | 0.075 | O |
| 2008-09 | **-0.212** | -0.171 | U | **-0.231** | -0.201 | U | **-0.080** | U |
| 2009-10 | 0.399 | 0.176 | O | 0.360 | 0.159 | O | 0.313 | O |
| 2010-11 | 0.195 | -0.234 | O | 0.180 | -0.241 | O | 0.417 | O |
| 2011-12 | **-0.047** | -0.200 | O | **-0.057** | -0.208 | O | 0.115 | O |
| 2012-13 | **-0.034** | -0.067 | O | **-0.040** | -0.065 | O | 0.013 | O |
| 2013-14 | 0.059 | -0.038 | O | 0.050 | -0.277 | O | 0.084 | O |
| 2014-15 | 0.113 | -0.113 | O | 0.109 | -0.105 | O | 0.208 | O |
| 2015-16 | **-0.058** | -0.183 | O | **-0.065** | -0.180 | O | 0.096 | O |
| Average | 0.029 | -0.079 | O | 0.014 | -0.091 | O | 0.087 | O |

*Source: Compiled from BSE data and scheme data*

From the above table it is amply clear that as per Sharpe's and Treynor's ratio the fund achieved negative returns consecutively for three years i.e. from 2006 to 2009; then again for two years i.e. 2011-12 to 2013-14 and in the year 2015-16. But, an overall observation of the table point out that the fund was still in better position as compared to the benchmark with regard to performance. The performance of security was outstanding during the study period except 2008-09 and as per Jensen ratio security also outperformed except in 2008-09. Negative value of alpha in the year 2008-09 reveals that the performance of security was poor.

## PERFORMANCE ANALYSIS OF MULTI CAP GROWTH SCHEMES

### ICICI PRUDENTIAL GROWTH SCHEME

The table 4 highlights the performance of ICICI Prudential Multi Cap Growth Scheme in comparison to BSE SENSEX Index Return.

**Table 4**

**Performance of ICICI Prudential Growth Scheme**

| Year | (SRi) | M(SRm) | P | (TRi) | M(TRm) | P | αi | P |
|---|---|---|---|---|---|---|---|---|
| 2003-04 | 0.311 | 0.023 | O | 0.303 | 0.018 | O | 0.284 | O |
| 2004-05 | 0.098 | -0.057 | O | 0.089 | -0.066 | O | 0.148 | O |
| 2005-06 | 0.248 | 0.069 | O | 0.244 | 0.067 | O | 0.185 | O |
| 2006-07 | 0.046 | -0.091 | O | 0.035 | -0.101 | O | 0.126 | O |
| 2007-08 | 0.059 | -0.116 | O | 0.047 | -0.125 | O | 0.166 | O |
| 2008-09 | **-0.176** | -0.160 | U | **-0.195** | -0.179 | U | **-0.055** | U |
| 2009-10 | 0.258 | 0.054 | O | 0.242 | 0.039 | O | 0.216 | O |
| 2010-11 | 0.032 | -0.063 | O | 0.030 | -0.065 | O | 0.092 | O |
| 2011-12 | **-0.050** | -0.202 | O | **-0.056** | -0.206 | O | 0.131 | O |
| 2012-13 | 0.004 | -0.070 | O | 0.006 | -0.065 | O | 0.065 | O |
| 2013-14 | 0.086 | -0.037 | O | 0.079 | -0.040 | O | 0.113 | O |
| 2014-15 | 0.148 | -0.121 | O | 0.782 | 0.519 | O | 0.145 | O |
| 2015-16 | **-0.026** | -0.188 | O | **-0.030** | -0.189 | O | 0.140 | O |
| Average | 0.084 | -0.069 | O | 0.071 | -0.080 | O | 0.135 | O |

*Source: Compiled from BSE data and scheme data*

According to Sharpe's and Treynor's ratio the fund yielded highest return i.e. 0.311 and 0.303 in the year 2003-04 respectively. 3 years (2008-09, 2011-12 and 2015-16) showed negative returns. Though the fund showed fluctuating pattern of return during the study period; but the matter of relief for the investors was that the returns from the fund was positive for ten years as compared to benchmark returns, which was negative for ten years during the study period. The fund performed better than market index and as per Sharpe's and Treynor's ratio the performance of security was outstanding during the study period except 2008-09. As per Jensen's ratio also, the differential return of security shows positive value over the years except 2008-09 when the negative value of alpha reflected inferior performance of security i.e. underperformed.

## HDFC EQUITY FUND GROWTH SCHEME

The following table summarizes the risk and return analysis of HDFC Equity Fund Multi Cap Growth Scheme in comparison to BSE SENSEX Index Return.

**Table 5**

**Performance of HDFC Equity Fund Growth Scheme**

| Year | (SRi) | M(SRm) | P | (TRi) | M(TRm) | P | αi | P |
|---|---|---|---|---|---|---|---|---|
| 2003-04 | 0.334 | 0.023 | O | 0.326 | 0.018 | O | 0.307 | O |
| 2004-05 | 0.104 | -0.057 | O | 0.096 | -0.066 | O | 0.159 | O |
| 2005-06 | 0.248 | 0.069 | O | 0.245 | 0.067 | O | 0.183 | O |
| 2006-07 | 0.046 | -0.091 | O | 0.036 | -0.101 | O | 0.127 | O |
| 2007-08 | 0.065 | -0.116 | O | 0.052 | -0.125 | O | 0.162 | O |
| 2008-09 | **-0.162** | -0.160 | U | **-0.183** | -0.179 | U | **-0.051** | U |
| 2009-10 | 0.327 | 0.054 | O | 0.310 | 0.039 | O | 0.283 | O |
| 2010-11 | 0.051 | -0.063 | O | 0.046 | -0.065 | O | 0.102 | O |
| 2011-12 | **-0.046** | -0.202 | O | **-0.053** | -0.206 | O | 0.124 | O |
| 2012-13 | **-0.002** | -0.070 | O | **-0.001** | -0.065 | O | 0.062 | O |
| 2013-14 | 0.084 | -0.037 | O | 0.079 | -0.040 | O | 0.113 | O |
| 2014-15 | 0.152 | -0.121 | O | 0.586 | 0.519 | O | 0.143 | O |
| 2015-16 | **-0.058** | -0.188 | O | **-0.060** | -0.189 | O | 0.164 | O |
| Average | 0.091 | -0.069 | O | 0.069 | -0.080 | O | 0.128 | O |

*Source: Compiled from BSE data and scheme data*

The analysis reveals that as per Sharpe's and Treynor's ratio the fund yielded positive returns for nine years and negative returns for four years. The benchmark market index return was quite poor during the study period (10 years of negative return). By administering Jensen ratio to identify differential return of HDFC Equity Fund Multi Cap Growth Scheme the positive value over twelve year period out of thirteen years have been observed. As per Sharpe's ratio and Treynor's ratio the Fund performed better as compared to the market returns. The performance of security was outstanding during the study period. But in the year 2008-09 the fund underperformed, it may be because of prevailing economic conditions during that time.

## COMPARATIVE PERFORMANCE EVALUATION OF MULTI CAP DIVIDEND SCHEMES

The table given below indicates the performance of Multi Cap Dividend Scheme in comparison to BSE SENSEX Index Return.

**Table 6**
**Comparative Performance of Multi Cap Dividend Schemes**

| Sr. No | Scheme name | (SRi) | M(SRm) | P | (TRi) | M(TRm) | P | αi | P |
|---|---|---|---|---|---|---|---|---|---|
| 1 | HDFC Capital Builder Fund Dividend Scheme | 0.041 | -0.079 | O | 0.024 | -0.091 | O | 0.095 | O |
| 2 | HDFC Equity Fund Dividend Scheme | 0.051 | -0.079 | O | 0.038 | -0.091 | O | 0.115 | O |
| 3 | ICICI Prudential Fund Dividend Scheme | 0.029 | -0.079 | O | 0.014 | -0.091 | O | 0.087 | O |

*Source: Compiled from BSE data and scheme data*

It is evident from the table 6 that there are only three schemes under the category of multi cap dividend scheme and all three schemes are outperformer. Throughout the study period performance of the market index was negative under this category. Topping the list is HDFC Equity Fund Multi Cap Dividend Scheme followed by HDFC Capital BuilderFund and ICICI Prudential Dividend Scheme respectively as per Sharpe's, Treynor's and Jensen's ratios.

## COMPARATIVE PERFORMANCE EVALUATION OF MULTI CAP GROWTH SCHEMES

The following table summarizes the performance of Multi Cap Growth Schemes in comparison to BSE SENSEX Index Return.

**Table 7**
**Comparative Performance of Multi Cap Growth Schemes**

| Sr. No | Scheme name | (SRi) | M(SRm) | P | (TRi) | M(TRm) | P | αi | P |
|---|---|---|---|---|---|---|---|---|---|
| 1 | ICICI Prudential Growth Scheme | 0.084 | -0.069 | O | 0.071 | -0.080 | O | 0.135 | O |
| 2 | HDFC Equity Fund Growth Scheme | 0.091 | -0.069 | O | 0.069 | -0.080 | O | 0.128 | O |

*Source: Compiled from BSE data and scheme data*

The above table indicates that there are only two schemes under multi cap growth schemes. Benchmark index yielded negative return but scheme outperformed during the study period. However, the performance of these schemes as measured by performance evaluation ratio differs in their results. The result of Sharpe's ratio mark HDFC Equity Fund Multi Cap Growth Scheme as top performer while the Treynor's and Jensen's ratios identify ICICI Prudential Multi Cap Fund Growth Scheme as better performer between two schemes.

## FINDINGS AND CONCLUSIONS

### Multi Cap Dividend Schemes

Performance evaluation of multi cap dividend scheme makes it clear that there are only three schemes i.e. HDFC capital builder, HDFC equity and ICICI Prudential schemes and performances of all the schemes are outstanding except 2008-2009. Topping the list is HDFC equity fund multi cap followed by HDFC capital builder fund and ICICI prudential dividend scheme. The performance of the market index was negative throughout the study period.

### Multi Cap Growth Schemes

There were two schemes under this category i.e. ICICI Prudential and HDFC equity scheme and their performance were outstanding during the study period as per the Sharpe, Treynor and Jensen's Ratio but these schemes underperformed as compared to the benchmark index in the year 2008-09. However, overall performance of these schemes as measured by performance evaluation ratio differs in their results. The result of Sharpe's ratio mark HDFC equity fund as top performer while Treynor and Jensen's ratios identify ICICI Prudential multi cap fund growth scheme is better performer.

## COMPARATIVE STATUS OF MULTI CAP DIVIDEND AND GROWTH SCHEMES

As per the Sharpe, Treynor and Jensen's Ratio it was observed that the performance of Multi Cap schemes i.e. HDFC capital builder dividend scheme, HDFC equity dividend scheme, ICICI Prudential dividend scheme, ICICI Prudential growth scheme and HDFC equity growth scheme was outstanding during the study period except 2008-09 and 2010-11. Overall the growth schemes performed better than the dividend schemes during the study period.

From a risk-return perspective, multi-cap funds are apt at balancing the risk and volatility very well when it comes to blending the small caps and mid caps in a single portfolio. At the same time, the investor may expect the stability that they would receive from a large-cap fund. During the market rally, small-caps perform well and when it is a slump, the well-established companies tend to take a hold of erosion of returns. Those who have a moderate risk appetite may think of investing in multi-cap funds.

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