

## PERFORMANCE EVALUATION OF SMALL CAP SCHEMES OF MUTUAL FUNDS

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### ABSTRACT

*In this paper, the Performance of 13 open-ended equity small cap schemes related to private sector mutual funds are evaluated i.e. Aditya Birla Sun Life Mutual fund, Axis Mutual Fund, DSP Mutual fund, HDFC Mutual Fund, ICICI Prudential Mutual Fund, IDBI Mutual Fund, Kotak Mahindra Mutual Fund, L & T Mutual Fund, Nippon India Mutual Fund, Quant Mutual Fund, SBI Mutual Fund, Sundaram Mutual Fund and Union Mutual Fund. The period of the study covers from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2021. To evaluate the performance of the selected mutual fund schemes, monthly returns are compared with Benchmark- S&P BSE SmallCap Index return. Risk Free Rate has been taken as average fixed deposit rate of State bank of India. Further, various statistical tools like average, standard deviation, coefficient of determination, beta and the risk adjusted performance measures suggested by Sharpe (1966), Jensen (1968), and Treynor (1965) are employed to evaluate the performance for the above selected period.*

**KEYWORDS:** S & PBSE Small Cap Index, Private Sector Mutual Funds, Equity Schemes, Open-Ended, Sharpe, Jensen, Treynor.

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### Introduction

A Mutual Fund is an institution in the form of trust that pools the savings of many numbers of investors who share different financial goals to different persons. The money, so collected, is then invested in capital market instruments such as shares, debentures and other securities based on the objective of the mutual fund schemes. The profits or losses are shared by the investors in proportion to their investment in that mutual fund.

### Review of Literature

Mutual fund industry in India began in 1963 with the formation of Unit trust of India (UTI) and the existing of a mutual fund industry in India is for over more than 55 years, there have been only a few studies, which examined the performance of Indian mutual funds using standard methodology for small cap funds. a brief review of these studies is now presented below:

**Vikas Kumar [2010]** Evaluated the performance of 20 mutual funds schemes managed by five mutual funds using monthly NAV for 10 year i.e. 120 months for the period from 1<sup>st</sup> Jan 2000 to 31<sup>st</sup> Dec 2009. **Shanmugham and Zabiulla (2011):** addressed the financial performance of mutual funds in the framework of risk and return dimensions. In order to measure financial performance of selected thirty mutual fund schemes investment performance measures, cluster analysis and correlation analysis are used covering the period of forty-five months that span from April 2006 to December 2009. They

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concluded that Reliance diversified power fund performed better in terms of providing returns to the investors, eight of the sample funds were considered to be more risky as evidenced by their highest estimate of standard deviation and the sample mutual fund schemes are less volatile than the market portfolio. **Joshi (2016)**: tried to identify the important factors which motivate the small investors in Nagpur city of India who invest in Equity and equity linked saving schemes (ELSS) of mutual fund in terms of factors which discriminates between such investors and non-investors using Logistic Regression Model. He concluded that amongst the various factors motivating investors to invest in mutual funds, the returns on investment and lock in period are the two significant factors; amongst the various sources of information for the respondents, the internet and friends/relatives are the two significant factors and amongst the major factors hindering investment in mutual funds, high risk and inefficient investment advisors are the significant factors influencing the decision making of the investors in mutual fund which discriminates between investors and non-investors in mutual fund. **Reepu (2017)**: attempted to know about Mutual Fund, its various schemes and analyse the different risk factors involved. He discussed that diversification and SIP allows investor to manage the risks, moreover, with the investment in mutual fund the investor can avail tax benefits too. Sponsor, trust, trustee, transfer agent, asset management company etc. forms key element of mutual fund structure. **Levi and Garag (2017)**: performed comparative study of thirteen large cap and mid cap regular equity mutual fund, SIP and nifty index returns. The findings showed that mean returns of large cap regular equity mutual fund exceeded nifty index returns and the same thing held good for mid cap funds as well. SIP returns lay somewhere between regular mutual funds and nifty index returns.

### Research Gap

In the above literature no studies have made an attempt to make a comparative analysis of Mutual fund returns of smallcap funds using Benchmarks i.e. S&P BSE Small cap Index and also the Risk-free rate taken as average Interest rate of fixed deposit rate of state bank of India during the selected period of this study. In India retail investors hardly understand the performance measures tools like Sharpe, Treynor, Jensen models. Still very few studies have made an attempt to calculate the return on mutual funds which can be easily understandable by the retail investors.

### Objectives of the Study

- To Evaluate the Performance of samplesmall cap schemes.
- To compare schemes', return and risk with benchmark i.e., S&P BSE Small cap Index.
- To appraise the performance of mutual funds with regard to risk-return adjustment, the model suggested by Sharpe, Treynor and Jensen.

### Limitations of the Study

For the purpose of performance evaluation, those schemes have been selected which are in operation during 3 years i.e., 1<sup>st</sup>April 2018 to 31<sup>st</sup>March 2021. Only open-ended, growth option equity small cap schemes of Private Sector Mutual Funds have been considered for this purpose. Performance evaluation of all schemes is not possible due to unavailability of data.

### Scope for Further Research

As evaluating the performance of Mutual Fund is an ongoing process and a never-ending task. This study has taken only open-ended schemes for its consideration and thus, a similar study can be done on Close-ended schemes. As in the present study an attempt has been made to compare the selected small cap schemes with one benchmark i.e., S&P BSE Small cap Index, so same can be made with various other benchmarks and different Risk-free returns which is taken as fixed deposit rate of state bank of India in the present study. The number of sample schemes too can be increased, which might provide some more variations in the result. Also, many private sectors mutual fund exist in the industry, in the present study only thirteen have been taken, many are yet to be evaluated.

### Research Methodology

#### • Risk Free Rate

Risk free rate of return refers to that minimum return on investment that has no risk of losing the amount of investment over which it is earned. In this present study, it has been taken as Deposit rate of banks on the average rate from April-1, 2018 to March-31, 2021 marked as 0.005092 per month.

- **Period of Study**

The growth-oriented schemes, which have been floated by the Private Sector Mutual Funds during the period 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2021 are considered for the purpose of the study. Monthly Net Asset Value (NAV) as declared by the relevant mutual funds during the above period has been used for this purpose.

- **Data**

Study examines thirteen open-ended equity schemes (Direct Scheme) and thirteen open-ended equity schemes (Regular Scheme) with growth option being launched by Private Sector Mutual Funds. These schemes have been selected on the basis of regular data availability during the period of 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2021. Monthly Net Asset Value (NAV) data have been used of the above period. NAV for the study is collected from AMFI (Association of Mutual Funds in India) and selected mutual funds' websites.

- **Statistical Tools**

For the purpose of the performance evaluation various tools are used to measure the performance which are as Average Return, Standard Deviation, Beta, Sharpe, Treynor and Jensen.

- **Direct Scheme**

Direct scheme is a scheme in which money is invested in mutual fund company directly by investors using mutual fund own website or application.

- **Regular Scheme**

Regular scheme is a scheme in which money is invested in mutual fund company through broker.

### Analysis and Interpretation

**Table 1: List of Mutual Funds Schemes Studied**

<b>Name of the Equity Scheme Selected</b>
Aditya Birla Sunlifessmall Capfund
Axis small Capfund
DSP Small Capfund
HDFC Small Cap Fund
ICICI Prudentials small Capfund
IDBI Smallcapfund
Kotak small Cap Fund
L & T Emerging Business Fund
Nippon Indias small Cap Fund
Quants small Cap Fund
SBI Smallcap Fund
Sundaram smallcap Fund
Union Small Cap Fund

Table 2 shows the average return earned by the various schemes.

#### Direct Scheme

In the sample schemes selected for the study, it is observed that Ten out of Thirteen schemes had shown the better return as compared to **S&P BSE Small Cap Index** (0.009434). **Axis Small Cap Fund** (0.018347) has outperformed all the other sample schemes and the benchmarks, followed by **Quant Small cap Fund** (0.017930) and **Kotak Small Cap Fund** (0.017119). **Aditya Birla Sunlife mall cap Fund** (0.006180) has shown the worst performance in the sample schemes.

#### Regular Scheme

In the sample schemes selected for the study, it is observed that Eight out of thirteen schemes had shown the better return as compared to **S&P BSE Small Cap Index** (0.009434). **Axis Small Cap Fund** (0.018335) has outperformed all the other sample schemes and the benchmarks, followed by **Quant Small cap Fund** (0.017426) and **Kotak Small Cap Fund** (0.015975). **Aditya Birla Sunlife mall cap Fund** (0.005726) has shown the worst performance in the sample schemes.

**Table 2: Average Monthly Return Earned by the Schemes**

Schemes	Average Return	
	Direct Scheme	Regular Scheme
Aditya Birla Sunlife Small Cap Fund	0.006180	0.005726
Axis Small Cap Fund	0.018347	0.018335
DSP Small Cap Fund	0.010788	0.010125
HDFC Small Cap Fund	0.009551	0.008556
ICICI Prudential Small Cap Fund	0.012525	0.011504
IDBI Small Cap Fund	0.009512	0.008291
Kotak Small Cap Fund	0.017119	0.015975
L & T Emerging Business Fund	0.007730	0.006829
Nippon India Small Cap Fund	0.013309	0.012501
Quant Small Cap Fund	0.017930	0.017426
SBI Small Cap Fund	0.013937	0.013390
Sundaram Small Cap Fund	0.007279	0.006539
Union Small Cap Fund	0.015575	0.011366

Table 3 shows the standard deviation of selected schemes. It is the most common expression to measure risk of the fund return. Higher the value of standard deviation of the fund returns, greater will be the total risk carried by the fund.

**Direct Scheme**

It is observed that the maximum deviation of funds return is shown by **Union Small Cap Fund**(0.122245) followed by **Sundaram Small Cap Fund**(0.090075) and **Aditya Birla Sunlife Small Cap fund** (0.087191) whereas **Axis Small Cap Fund** (0.070735) was least risky scheme with lowest standard deviation on the other hand Standard Deviation of benchmark S&P BSE Small Cap Index is (0.087351). It could be seen here that Eleven out of thirteen schemes selected for study shows less standard deviation than S&P BSE Small Cap Index.

**Regular Scheme**

It is observed that the maximum deviation of funds return is shown by **Sundaram Small Cap Fund**(0.090308) followed by **Aditya Birla Sunlife Small Cap fund** (0.087385)and **Quant Small Cap Fund** (0.086900) whereas **Axis Small Cap Fund** (0.070553) was least risky scheme with lowest standard deviation on the other hand Standard Deviation of benchmark S&P BSE Small Cap Index is (0.087351). It could be seen here that Eleven out of thirteen schemes selected for study shows less standard deviation than S&P BSE Small Cap Index.

**Table 3: Standard Deviation**

Schemes	Standard Deviation	
	Direct Scheme	Regular Scheme
Aditya Birla Sunlife Small Cap Fund	0.087191	0.087385
Axis Small Cap Fund	0.070735	0.070453
DSP Small Cap Fund	0.082913	0.082837
HDFC Small Cap Fund	0.082526	0.082466
ICICI Prudential Small Cap Fund	0.085962	0.085856
IDBI Small Cap Fund	0.075792	0.076413
Kotak Small Cap Fund	0.084062	0.083949
L & T Emerging Business Fund	0.080448	0.080373
Nippon India Small Cap Fund	0.085437	0.085399
Quant Small Cap Fund	0.087100	0.086900
SBI Small Cap Fund	0.075447	0.072982
Sundaram Small Cap Fund	0.090075	0.090308
Union Small Cap Fund	0.122275	0.077611

**Risk - Return Classification of Sample Schemes**

In order to undertake further analysis, sample schemes have been classified into the following four categories on the basis of their return and risk characteristics:

- **High Return and High Risk:** This category includes all those schemes whose returns as well as standard deviations are higher than that of the market.
- **Low return and High Risk:** The final category includes all those schemes whose returns have been found to be lower than that of the market but their standards deviations are higher than that of the market.
- **Categorizations of Schemes** Table 1.4 presents the risk return grid of Mutual Funds schemes

#### Direct Scheme

After classification of the sample schemes into risk return category

**01 scheme** falls in category 1<sup>st</sup> i.e. **High Return High Risk**

Further **10 schemes** fall in 2<sup>nd</sup> category i.e. **High return and low risk**. These 10 schemes fulfill one basic objective of Mutual Fund i.e. High Return and Low Risk compared to the capital market.

Next **9schemes** fall in 3<sup>rd</sup> category i.e. **Low Return and Low Risk**, and also,

**No scheme** falls in 4<sup>th</sup> category i.e. **Low Return and High Risk**.

**Table 4 (a): Risk Return Grid of Mutual Funds scheme (Direct Schemes) Compared to S&P BSE Small Cap Index**

<b>Category 1</b> <b>High Return, High Risk</b>  Union Small Cap fund	<b>Category 2</b> <b>High Return, Low Risk</b> Axis Small cap fund DSP Small cap fund HDFC Small cap fund ICICI Prudential Small cap fund IDBI Small cap fund Kotak Small capfund Nippon IndiaSmall capFund Quant Small cap fund SBI Small cap Fund
<b>Category 3</b> <b>Low Return, Low Risk</b> Aditya Birla Sunlife Small cap fund L&T Emerging Business fund	<b>Category 4</b> <b>Low Return, High Risk</b>  Sundaram Small cap fund

#### Regular Scheme

After classification of the sample schemes into risk return category

**01 scheme** falls in category 1<sup>st</sup> i.e. **High Return High Risk**

Further **09 schemes** fall in 2<sup>nd</sup> category i.e. **High return and low risk**. These 09 schemes fulfill one basic objective of Mutual Fund i.e. High Return and Low Risk compared to the capital market.

Next **02 schemes** fall in 3<sup>rd</sup> category i.e. **Low Return and Low Risk**, and also,

**01 scheme** falls in 4<sup>th</sup> category i.e. **Low Return and High Risk**.

**Table 4 (b): Risk Return Grid of Mutual Funds Schemes (Regular scheme) compared to S&P BSE Small Cap Index**

<b>Category 1</b> <b>High Return, High Risk</b>  No Scheme	<b>Category 2</b> <b>High Return, Low Risk</b> Axis Small cap fund DSP Small cap fund ICICI Prudential Small cap fund Kotak Small cap fund Nippon India Small cap Fund Quant Small cap fund SBI Small cap Fund Union Small Cap fund
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<b>Category 3</b> <b>Low Return, Low Risk</b> HDFC Small cap fund IDBI Small cap fund L&T Emerging Business fund	<b>Category 4</b> <b>Low Return, High Risk</b> Aditya Birla Sunlife Small cap fund Sundaram Small cap fund
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**Direct Scheme**

Table 5 presents the systematic risk of the sample schemes. Considered for the purpose of this study all of the schemes have beta less than 1 (i.e. market beta) implying thereby that all these schemes selected for the study hold portfolios that were less risky than the market portfolio. The best beta value was shown by **Axis Small Cap Fund** (0.756926) and the worst was shown by **Sundaram Small Cap Fund** (1.012745).

**Regular Scheme**

Table 5 presents the systematic risk of the sample schemes. Considered for the purpose of this study all of the schemes have beta less than 1 (i.e. market beta) implying thereby that all these schemes selected for the study hold portfolios that were less risky than the market portfolio. The best beta value was shown by **Axis Small Cap Fund** (0.729892) and the worst was shown by **Sundaram Small Cap Fund** (1.015502).

**Table 5: BETA**

Schemes	BETA	
	Direct Scheme	Regular Scheme
Aditya Birla Sunlife Small Cap Fund	0.976183	0.979835
Axis Small Cap Fund	0.756926	0.729892
DSP Small Cap Fund	0.936365	0.935566
HDFC Small Cap Fund	0.924813	0.924343
ICICI Prudential Small Cap Fund	0.950345	0.949302
IDBI Small Cap Fund	0.849052	0.855149
Kotak Small Cap Fund	0.944802	0.943530
L & T Emerging Business Fund	0.907384	0.906409
Nippon India Small Cap Fund	0.966741	0.968194
Quant Small Cap Fund	0.834974	0.833120
SBI Small Cap Fund	0.847071	0.852516
Sundaram Small Cap Fund	1.012745	1.015502
Union Small Cap Fund	0.790189	0.861012

**Direct Scheme**

Table 6 depicts value of Sharpe's reward to variability ratio. It is an excess return earned over risk free return per unit of risk involved, i.e. per unit of standard deviation. Positive value of the index shows good performance it could be seen that 10 sample schemes have recorded better Sharpe index and 03 sample schemes have recorded lower Sharpe index than the S&P BSE Small Cap Index (0.049707). **Aditya Birla Sunlife Small Cap Fund** have shown the worst sharp ratio (0.012477) and **Axis Small Cap Fund** (0.187388) have shown the best Sharpe ratio among the selected schemes. This indicates Nearly 77 percent schemes have outperformed the S&P BSE SmallCap index. This implies that the funds decision for diversified portfolio in a falling market has proved successful to some extent in earning higher excess returns per unit of risk as compared to the market.

**Regular Scheme**

Table 6 depicts value of Sharpe's reward to variability ratio. It is an excess return earned over risk free return per unit of risk involved, i.e. per unit of standard deviation. Positive value of the index shows good performance it could be seen that 07 sample schemes have recorded better Sharpe index and 06 sample schemes have recorded lower Sharpe index than the S&P BSE Small Cap Index (0.049707). **Kotak Small Cap Fund** have shown the worst sharp ratio (0.005092) and **Axis Cap Fund** (0.187974) have shown the best Sharpe ratio among the selected schemes. This indicates Nearly 54 percent schemes have outperformed the S&P BSE Small Cap index. This implies that the funds decision

for diversified portfolio in a falling market has proved successful to some extent in earning higher excess returns per unit of risk as compared to the market. The Sharpe index is important from small investor point of view who seek diversification through mutual funds, i.e. mutual funds are supposed to protect small investors against vagaries of stock markets and the fund managers of these schemes has done well to protect them.

**Table 6: Sharpe of the Schemes**

Schemes	Sharpe	
	Direct Scheme	Regular Scheme
Aditya Birla Sunlife Small Cap Fund	0.012477	0.007262
Axis Small Cap Fund	0.187388	0.187974
DSP Small Cap Fund	0.068700	0.060766
HDFC Small Cap Fund	0.054030	0.042012
ICICI Prudential Small Cap Fund	0.086473	0.074684
IDBI Small Cap Fund	0.058317	0.041873
Kotak Small Cap Fund	0.143080	0.005092
L & T Emerging Business Fund	0.032834	0.021616
Nippon India Small Cap Fund	0.096186	0.086759
Quant Small Cap Fund	0.147394	0.141934
SBI Small Cap Fund	0.117234	0.109214
Sundaram Small Cap Fund	0.024284	0.016029
Union Small Cap Fund	0.085720	0.080839

#### Direct Scheme

Table 7 shows Treynor of the scheme, it is the excess return over risk free return per unit of systematic risk i.e. beta. Here, all the schemes recorded positive value indicating thereby that the schemes provided adequate returns as against the level of risk involved in the investment. **Axis Small Cap Fund** shows the best Treynor ratio among all the selected schemes followed by **Quant Small Cap Fund** and **Union Small Cap Fund** whereas **Aditya Birla Sunlife Small Cap Fund** has shown the worst performance. A higher Treynor Index as compared to market indicates that investor who invested in mutual fund to form well diversified portfolio did receive adequate return per unit of systematic risk undertaken.

#### Regular Scheme

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**Table 7: Treynor of the Schemes**

Schemes	Treynor	
	Direct Scheme	Regular Scheme
Aditya Birla Sunlife Small Cap Fund	0.001114	0.000648
Axis Small Cap Fund	0.017512	0.018144
DSP Small Cap Fund	0.006083	0.005380
HDFC Small Cap Fund	0.004821	0.003748
ICICI Prudential Small Cap Fund	0.007822	0.006754
IDBI Small Cap Fund	0.005206	0.003742
Kotak Small Cap Fund	0.012730	0.011535
L & T Emerging Business Fund	0.002911	0.001917
Nippon India Small Cap Fund	0.008483	0.007653
Quant Small Cap Fund	0.015375	0.014805
SBI Small Cap Fund	0.0110442	0.009734
Sundaram Small Cap Fund	0.002160	0.001425
Union Small Cap Fund	0.013267	0.007287

### Direct Scheme

Table 8 shows the Jensen's measures. It is the regression of excess return of the schemes with excess return of the market, acting as dependent and independent variables respectively. Higher positive value of alpha posted by the schemes indicates its better performance. The analysis of the table reveals that 10 schemes have positive Jensen's Measures and 03 schemes have negative value. Highest value of Jensen's Measure is shown in **Axis SmallCap Fund** followed by **Quant Small Cap Fund** and **Kotak Small Cap Fund**. Lowest Jensen's measure found in the case of **Aditya Birla SunlifeSmallCap Fund**. Higher value of Jensen's measures indicates good market timing ability of fund managers as regard investment in the securities.

### Regular Scheme

Table 8 shows the Jensen's measures. It is the regression of excess return of the schemes with excess return of the market, acting as dependent and independent variables respectively. Higher positive value of alpha posted by the schemes indicates its better performance. The analysis of the table reveals that 08 schemes have positive Jensen's Measures and 05 schemes have negative value. Highest value of Jensen's Measure is shown in **Axis SmallCap Fund** followed by **Quant Small Cap Fund** and **Kotak Small Cap Fund**. Lowest Jensen's measure found again in the case of **Aditya Birla Sunlife Small Cap Fund**. Higher value of Jensen's measures indicates good market timing ability of fund managers as regard investment in the securities.

**Table 8: Jensen of the Schemes**

Schemes	Jenson	
	Direct Scheme	Regular Scheme
Aditya Birla Sunlife Small Cap Fund	-0.003151	-0.003620
Axis Small Cap Fund	0.009968	0.010074
DSP Small Cap Fund	0.001630	0.000972
HDFC Small Cap Fund	0.000443	-0.000549
ICICI Prudential Small Cap Fund	0.003307	0.002290
IDBI Small Cap Fund	0.000733	-0.000513
Kotak Small Cap Fund	0.007925	0.006786
L & T Emerging Business Fund	-0.001298	-0.002198
Nippon India Small Cap Fund	0.004012	0.003205
Quant Small Cap Fund	0.009213	0.008717
SBI Small Cap Fund	0.005167	0.004597
Sundaram Small Cap Fund	-0.002210	-0.002962
Union Small Cap Fund	0.007052	0.002536

Table 9 shows the ranking of the scheme according to Average Return and Standard Deviation where the scheme with the highest value is ranked 1 in Average Return and rank 1 in Standard Deviation with the lowest value.

**Table 9: Ranking of the Schemes according to Average Return (AR) and Standard Deviation (SD)**

Schemes	Direct Scheme		Regular Scheme	
	AR	SD	AR	SD
Aditya Birla Sunlife Small Cap Fund	13	11	13	12
Axis Small Cap Fund	01	01	01	01
DSP Small Cap Fund	08	06	08	07
HDFC Small Cap Fund	09	05	09	06
ICICI Prudential Small Cap Fund	07	09	06	10
IDBI Small Cap Fund	10	03	10	03
Kotak Small Cap Fund	03	07	03	08
L & T Emerging Business Fund	11	04	11	05
Nippon India Small Cap Fund	06	08	05	09
Quant Small Cap Fund	02	10	02	11
SBI Small Cap Fund	05	02	04	02
Sundaram Small Cap Fund	12	12	12	13
Union Small Cap Fund	04	13	07	04



Table 10 shows the ranking of the scheme according to Sharpe, Treynor and Jensen Measures, where the scheme with the highest value is ranked 1 in all the measures.

**Table 10 (a): Ranking of the Schemes according to Sharpe, Treynor and Jensen Measures**

Schemes	Direct Scheme		
	Sharpe	Treynor	Jenson
Aditya Birla Sunlife Small Cap Fund	13	13	13
Axis Small Cap Fund	01	01	01
DSP Small Cap Fund	08	08	08
HDFC Small Cap Fund	10	10	10
ICICI Prudential Small Cap Fund	06	07	07
IDBI Small Cap Fund	09	09	09
Kotak Small Cap Fund	03	04	03
L & T Emerging Business Fund	11	11	11
Nippon India Small Cap Fund	05	06	06
Quant Small Cap Fund	02	02	02
SBI Small Cap Fund	04	05	05
Sundaram Small Cap Fund	12	12	12
Union Small Cap Fund	07	03	04

**Table 10 (b): Ranking of the Schemes according to Sharpe, Treynor and Jensen Measures**

Schemes	Regular Scheme		
	Sharpe	Treynor	Jenson
Aditya Birla Sunlife Small Cap Fund	12	13	13
Axis Small Cap Fund	01	01	01
DSP Small Cap Fund	07	08	08
HDFC Small Cap Fund	08	09	10
ICICI Prudential Small Cap Fund	06	07	07
IDBI Small Cap Fund	09	10	09
Kotak Small Cap Fund	13	03	03
L & T Emerging Business Fund	10	11	11
Nippon India Small Cap Fund	04	05	05
Quant Small Cap Fund	02	02	02
SBI Small Cap Fund	03	04	04
Sundaram Small Cap Fund	11	12	12
Union Small Cap Fund	05	06	06

Table 11 shows the Overall Performance Ranking of the mutual funds is evaluated under different methods in terms of S&P BSE Small cap Index, it cannot be expressed that a single scheme will outperform others under all methods. When some schemes perform better under some methods and some other schemes perform better under some other methods, selecting a single scheme as the best scheme will become difficult. To overcome this, the overall performance ranking of the schemes that include Average Return, Standard Deviation, Sharpe, Treynor and Jensen. Schemes are ranked according to their performance, as the scheme with highest value is given Rank 1, except in Standard Deviation. Finally, the scheme with the lowest average rank becomes the best scheme.

**Table 12(a): Overall Performance Ranking (Direct Scheme)**

Schemes	Overall Performance Ranking
Aditya Birla Sunlife Small Cap Fund	13
Axis Small Cap Fund	01
DSP Small Cap Fund	07
HDFC Small Cap Fund	11
ICICI Prudential Small Cap Fund	06
IDBI Small Cap Fund	09
Kotak Small Cap Fund	03

L & T Emerging Business Fund	12
Nippon India Small Cap Fund	04
Quant Small Cap Fund	02
SBI Small Cap Fund	08
Sundaram Small Cap Fund	10
Union Small Cap Fund	05

**Table 12(b): Overall Performance Ranking (Regular Scheme)**

Schemes	Overall Performance Ranking
Aditya Birla Sunlife Small Cap Fund	13
Axis Small Cap Fund	01
DSP Small Cap Fund	08
HDFC Small Cap Fund	11
ICICI Prudential Small Cap Fund	06
IDBI Small Cap Fund	09
Kotak Small Cap Fund	05
L & T Emerging Business Fund	12
Nippon India Small Cap Fund	03
Quant Small Cap Fund	02
SBI Small Cap Fund	07
Sundaram Small Cap Fund	10
Union Small Cap Fund	04

### Conclusion

Out of the total schemes studied, ten schemes in direct schemes category and eight schemes in regular scheme category showed an average return higher than in comparison to the market return. **Axis Small Cap Fund** had shown the best average return whereas **Aditya Birla Sunlife Small Cap Fund** showed the worst performance in both direct and regular scheme. Based on benchmarks **Axis Small Cap Fund** was the least risky and **Union Small Cap Fund** was the riskiest fund in direct scheme and **Axis Small Cap Fund** was the least risky and **Sundaram Small Cap Fund** was the riskiest fund in regular scheme. Based on the overall performance ranking of the schemes it can be seen that **Axis Small Cap Fund** has shown the best performance and has outperformed in all the other schemes and the benchmark taken for the study.

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