



A Study On Performance Analysis In Mutual Fund In Phoenix Capital, Chennai

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Abstract: This analysis explores the performance and strategic role of large-cap, mid-cap, and small-cap mutual funds, alongside long-term equity and gold trends, to guide effective investment planning. Notable funds such as Nippon India Large Cap, Motilal Oswal Midcap, and Nippon India Small Cap exhibit strong risk-adjusted returns, as indicated by high Sharpe ratios and alpha values. Cost-efficiency, demonstrated by lower expense ratios in funds like ICICI Prudential Bluechip and HDFC Midcap Opportunities, further enhances investor gains. While large-cap funds provide stability, mid and small-cap funds offer higher growth potential, albeit with increased volatility—necessitating alignment with individual risk profiles. Diversification, including a 10–15% allocation to gold, adds portfolio resilience due to gold's historical performance during economic crises. A disciplined strategy involving Systematic Investment Plans (SIPs), regular portfolio rebalancing, and goal-aligned investing supports sustainable wealth creation over the long term.

Key words: Mutual Funds, Risk-adjusted Return, Sharpe Ratio, Alpha, Diversification

I. INTRODUCTION

Mutual funds have revolutionized the investment landscape, offering a diversified portfolio and professional management, making them a popular investment option for individuals and institutions alike. With thousands of schemes available in the market, selecting the right mutual fund can be a daunting task, requiring a thorough analysis of various factors, including historical performance, risk profile, investment strategy, and fees. Evaluating the performance of mutual funds is crucial for making informed investment decisions, as it enables investors to assess the fund's strengths and weaknesses, identify areas for improvement, and optimize their portfolio performance. With so many options available, selecting the right mutual fund can be a daunting task, requiring a thorough analysis of various factors, including historical performance, risk profile, investment strategy, and fees.

II. REVIEW OF LITERATURE

The review of literature presents insights into mutual fund performance from various global perspectives. Dahlquist (2000) identified better performance in small, low-fee Swedish equity funds. Ayaluru (2016) analyzed Reliance Mutual Funds, noting varying risk-return profiles. Virparia (2022) highlighted the complexity of choosing between large-cap, mid-cap, and small- cap schemes in India. Jain and Gangopadhyay (2012) found private mutual funds outperform public ones using CAPM analysis. Dhume and Ramesh (2011) applied Sharpe, Treynor, and Jensen measures across sector-based funds. Jaksic (2018) and Kiymaz (2015) found limited fund manager skills in emerging markets like Serbia and China. Azam (2022) and Bangash (2023) emphasized the impact of fund attributes like cash holding on returns. Camilleri (2018) showed that AIF and UCITS performance varied over time. Most studies agreed that metrics like alpha, beta, and standard deviation are key to performance evaluation. These findings aid investors in making informed, risk-aware investment decisions.

III. OBJECTIVES OF THE STUDY

Primary Objective:

To create financial awareness about mutual fund investment, especially in rural areas and globally.

Secondary Objectives:

- To analyses the performance of mutual fund schemes on the basis of their large cap, mid cap, and small cap funds
- To understand the performance of mutual schemes in terms of both risk as well as returns
- To examine the performance of selected schemes by using performance evaluation models namely Sharpe, standard deviation, beta, alpha.

IV. RESEARCH METHODOLOGY

Research is a systematic and scientific process of collecting, analyzing, and interpreting data to answer questions or solve problems. It helps generate new knowledge, test theories, and guide decision-making. Research can be qualitative, quantitative, or mixed- methods and is essential across all academic and professional fields.

Area of Study

The research was conducted at PHOENIX CAPITAL, CHENNAI, from January to may 2025.

Sample:

- Mutual fund schemes from large-cap, mid-cap, and small-cap categories.
- Data for 1-year, 3-year, and 5-year periods

Tools Used:

- **Sharpe Ratio:** Measures risk-adjusted return.
- **Standard Deviation:** Indicates volatility.

- **Beta:** Reflects systematic risk.
- **Alpha:** Shows excess return over benchmark.

Data Source:

- Journals
- Financial websites like Money control
- Fund house reports

V. ANALYSIS AND INTERPRETATION:

The data analysis focuses on selected mutual fund schemes:

Large-Cap Funds:

- **ICICI Prudential Bluechip Fund:** Moderate risk with good Alpha (3.94), Sharpe ratio of 0.68, and TER of 1.41%.
- **Nippon India Large Cap Fund:** Higher Sharpe ratio (0.77) and Alpha (5.38), but slightly higher TER (1.56%).

Mid-Cap Funds:

- **Motilal Oswal Midcap Fund**
- **HDFC Midcap Opportunities Fund**
- **Edelweiss Midcap Fund**

These funds showed better long-term returns but with higher standard deviation and beta, indicating higher risk and volatility.

Small-Cap Funds:

- **Nippon India Small Cap Fund**
- **Quant Small Cap Fund**
- **HSBC Small Cap Fund**

High returns, high volatility, suitable for aggressive investors. Metrics indicated favorable Sharpe and Alpha values, but elevated standard deviation and Beta.

Gold vs Sensex:

The analysis included a comparison of gold prices and Sensex performance. Gold showed a tendency to outperform during periods of economic uncertainty, supporting its role as a hedge in a diversified portfolio.

VI. FINDINGS

- **Large-cap funds** offer more stable returns with lower volatility; ideal for conservative investors.

- **Mid-cap and small-cap funds** provide higher returns but come with higher risk; suitable for aggressive investors.
- **Sharpe ratios and Alpha values** indicate that selected schemes have provided good risk-adjusted returns.
- **Lower expense ratios** (TER) enhance net returns for investors.
- **Gold allocation** (10–15%) improves portfolio resilience during downturns.
- SIPs and regular rebalancing contribute to disciplined and long-term wealth creation.

VII. SUGGESTION

- Investors seeking strong performance with efficient risk management should consider the Nippon India Large Cap Fund, given its high Sharpe ratio and alpha, indicating consistent outperformance with balanced risk.
- For investors who prefer moderate returns with lower costs and volatility, the ICICI Prudential Bluechip Fund is a suitable option due to its low beta and the lowest Total Expense Ratio among the three.
- To manage risk effectively, investors should balance equity exposure with gold, as gold has historically acted as a hedge during economic downturns and market corrections.

VIII. CONCLUSION

The study concludes that performance evaluation of mutual funds using both return and risk metrics is essential for investment decisions. Diversified portfolios with an optimal mix of large-, mid-, and small-cap funds, along with gold and fixed income assets, can align with varying investor goals and risk appetites. Mutual funds, when selected based on performance metrics and managed through SIPs and rebalancing strategies, offer a powerful vehicle for long-term financial planning and wealth accumulation. While large-cap funds offer more stability, mid and small-cap funds carry higher volatility but greater return potential, making it important to match fund choice with an investor's risk tolerance. Diversifying investments, particularly by allocating 10–15% to gold, helps cushion against market downturns as gold historically performs well during crises. Staying invested through SIPs, regularly rebalancing the portfolio, and aligning investments with long-term goals ensure a disciplined and sustainable approach to wealth creation.

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