

A Study on The Performance of Multi-Cap Mutual Fund Schemes in India

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Abstract—This study focuses on evaluating the performance of selected multi-cap mutual fund schemes in India. Multi-cap funds invest in large-cap, mid-cap, and small-cap companies, which helps in spreading investment across different segments of the market. The main objective of the study is to analyse how these funds have performed in terms of returns and risk over a specific period. The research is based on secondary data collected from reliable sources such as mutual fund factsheets and financial websites. The performance of the schemes is compared with a common benchmark to understand whether they were able to match or outperform the overall market. The study also considers risk along with returns to provide a better understanding of fund performance. Overall, the study provides useful insights for investors who are planning to invest in multi-cap mutual funds.

Index Terms—MULTI-CAP schemes, Equity funds, Open-ended schemes, NIFTY 500, Returns, Beta, Risk adjusted returns, Standard Deviation, Co-efficient of Variation, Benchmark comparison, Behavioural finance.

I. INTRODUCTION:

¹ Mutual funds serve as an important investment avenue by offering diversification, professional management, and access to equity markets. Based on asset allocation, mutual funds are broadly classified into equity, debt, hybrid, and other schemes. The equity mutual funds further categorized into large-cap, mid-cap, small-cap, and multi-cap funds. Multi-cap mutual funds were formally introduced as a distinct

¹ <https://economictimes.indiatimes.com/wealth/invest/multi-cap-funds-a-comprehensive-solution-for-every-investor/articleshow/113818220.cms?from=mdrCutm>

² https://www.sebi.gov.in/sebi_data/commndocs/cirmfd15_h.html?utm

category by the Securities and Exchange Board of India (SEBI) in September 2020 to ensure diversified investment across large, mid, and small-cap stocks.

Multi-Cap mutual funds invest across large-, mid- and small-capitalisation stocks, allowing fund managers flexibility in asset allocation based on market conditions. This diversified structure aims to balance stability and growth potential, making multi-cap funds suitable for investors with a medium- to long-term investment horizon.

² The regulatory framework for multi-cap funds ensures exposure across all market- capitalisation segments, promoting diversification and reducing concentration risk. With the growing number of multi-cap schemes available, evaluating fund performance solely on returns may be insufficient, as schemes differ in volatility and risk profile.

³ Therefore, this study examines the performance of selected multi-cap mutual fund schemes using secondary data from industry sources. The analysis applies risk and risk-adjusted performance measures such as standard deviation, beta, Sharpe ratio, and coefficient of variation to compare schemes and provide meaningful insights for informed investment decision-making.

II. LITERATURE REVIEW

(Hitesh G. Harwani, Dr. Maulik R. Desai, 2019) This study focuses on tax-saving mutual fund schemes and

³ <https://economictimes.indiatimes.com/mf/analysis/explainer-which-ratio-to-look-at-while-buying-a-mutual-fund/articleshow/109834012.cms?from=mdrCutm>

compares their performance using a common benchmark. The schemes are evaluated based on returns and risk-adjusted measures such as standard deviation, beta, and Sharpe ratio to help investors make better investment choices.

(Sarkar, S., & Ghosh, R., 2019) Earlier research shows that choosing the right stocks and entering the market at the right time are key skills for fund managers. However, studies on Indian multi-cap funds found that most fund managers were not able to consistently show these skills. As a result, they did not generate extra returns compared to the market.

(Mathur, P. (2021)) Earlier studies show that mutual funds are popular because they are easy to invest in and are managed by experts. Many researchers have compared multi-cap and large-cap funds with market indices like to check their performance. However, the results are different across studies. Hence, no clear and accurate conclusion has been given in the study.

(Fund, H. E., 2022) Earlier studies highlight the rapid growth of the Indian mutual fund industry and the role of multi-cap funds in providing diversification. Research during the COVID-19 period shows that market volatility reduced returns and increased risk for most funds, though some funds still performed better than the benchmark. Overall, the impact of the pandemic was negative, but fund performance varied based on management strategy and stock selection.

(Das, S. (2022)) Earlier studies point out that a strong financial system and proper regulation help mutual funds grow in a healthy way. Research shows that although the number of multi-cap funds reduced initially, some major funds performed well with higher AUM, lower expenses, and strong returns. Overall, the regulation is seen as supportive rather than harmful for equity multi-cap funds.

III. OBJECTIVES OF THE STUDY:

1. To analyse schemes performing better in year 1 as compared to benchmark return of that year.

⁴ <https://portal.amfiindia.com/AddressOfAmcBranches.aspx?utm>

2. To evaluate and compare the performance of selected multi-cap mutual fund schemes using key risk-return indicators and to identify the best performing schemes through a multi-factor ranking method.
3. To aid the investors while making investment decision based on the analysis and ranks allocated to the best performing schemes based on returns, risks and risk-adjusted returns.

IV. METHODOLOGY:

This study is based on data collected from secondary sources, especially from all the past factsheets of the mutual fund companies and AMFI (Association of Mutual Funds in India).⁴ There are in total 48 mutual fund AMC's (Assets Management Companies) out of which only 32 AMC's are relevant for the study.

⁵SEBI, through its circular dated 11th September 2020, revised the investment norms for multi-cap mutual fund schemes to ensure true-to-label classification. The regulation mandates diversified exposure across large-, mid- and small-cap stocks, making broad-market indices more appropriate for performance comparison. Accordingly, most asset management companies aligned their multi-cap schemes to benchmarks such as the NIFTY 500 or S&P BSE 500. Hence, current fact sheets uniformly reflect these benchmarks, indicating regulatory compliance rather than benchmark uniformity by choice.

These 32 multi-cap mutual fund schemes were chosen to make the study easy to compare. These funds were selected because they showed relatively better and more consistent returns with manageable risk. Focusing on well-performing schemes helps in clearer analysis and more meaningful results. An attempt is being made to compare the returns and financial ratios of schemes having benchmark as NIFTY 500. A Composite Rank Calculation Method is used in this study to measure the significance of the selected multi-cap mutual fund schemes.

The open-ended schemes with Regular Growth option are taken for calculations. The returns are taken from value research website dated 30th January, 2026.

⁵ https://www.sebi.gov.in/legal/circulars/sep-2020/circular-on-asset-allocation-of-multi-cap-funds_47542.html

Sr. No.	NAME OF SCHEMES	Year 1 Return (%)	Year 1 Benchmark Return (%)
1	Aditya Birla SL Multi-Cap Fund	8.13	8.35
2	Axis Multicap Fund	7.14	8.35
3	Bajaj Finserv Multi Cap Fund	0.00	8.35
4	Bandhan Multi Cap Fund	7.09	8.35
5	Bank Of India Multi Cap Fund	10.82	8.35
6	Baroda BNP Paribas Multi Cap Fund	2.74	8.35
7	Canara Rob Multi Cap Fund	8.79	8.35
8	DSP Multicap Fund	4.24	8.35
9	Edelweiss Multi Cap Fund	9.21	8.35
10	Franklin India Multi Cap Fund	9.73	8.35
11	Groww Multicap Fund	11.71	8.35
12	HDFC Multi Cap Fund	5.92	8.35
13	HSBC Multi Cap Fund	8.10	8.35
14	ICICI Prudential Life Multi Cap Growth Fund	6.18	8.35
15	Invesco India Multicap Fund	-2.47	8.35
16	ITI Multi-Cap Fund	7.56	8.35
17	Kotak Multicap Fund	9.62	8.35
18	LIC MF Multi Cap Fund	5.67	8.35
19	Mahindra Manulife Multi Cap Fund	11.02	8.35
20	Mirae Asset Multicap Fund	11.77	8.35
21	Motilal Oswal Multi Cap Fund	3.28	8.35
22	Nippon India Multi Cap Fund	7.78	8.35

23	PGIM India Multi Cap Fund	6.37	8.35
24	Quant Multi Cap Fund	-4.32	8.35
25	Samco Multi Cap Fund	-6.30	8.35
26	SBI Multicap Fund	3.99	8.35
27	Sundaram Multi Cap Fund	7.08	8.35
28	Tata Multicap Fund	10.44	8.35
29	TRUSTMF Multi Cap Fund	0.00	8.35
30	Union Multicap Fund	8.90	8.35
31	UTI Multi Cap Fund	0.00	8.35
32	WhiteOak Capital Multi Cap Fund	10.34	8.35

Source: www.valueresearchonline.com (Value Research)

⁶The NIFTY 500 Total Return Index (TRI) is used as the benchmark for this study, as it represents the overall equity market and is suitable for multi-cap funds. During the study period, the index generated moderate to strong returns, which helps in comparing the performance of selected multi-cap mutual fund schemes against overall market performance. Based on historical index performance, the NIFTY 500 TRI delivered strong returns during the study period. The benchmark returns of the NIFTY 500 Multi-cap 50:25:25 TRI for 1 year is 8.35%, while the NIFTY 50 TRI gave a higher return of 10.22%.

V. FINDINGS:

In the one-year period, not all the selected multi-cap schemes have given returns lower than the benchmark, which shows that most funds did perform well in the short term.

As compared to the benchmark return of NIFTY 500 there are total 10 schemes which out performed in year 1 (1st February, 2025 to 30th January, 2026) having more returns as compared the benchmarked return of 8.35%.

⁶ <https://www.niftyindices.com>

The findings show that some of the selected multi-cap schemes gave higher returns than the benchmark return of 8.35% in the one-year period namely,

1. Bank Of India Multi Cap Fund (10.82 %)
2. Canara Rob Multi Cap Fund (8.79 %)
3. Edelweiss Multi Cap Fund (9.21 %)
4. Franklin India Multi Cap Fund (9.73%)
5. Groww Multicap Fund (11.71 %)
6. Kotak Multicap Fund (9.62 %)
7. Mahindra Manulife Multi Cap Fund (11.02 %)
8. Mirae Asset Multicap Fund (11.77 %)
9. Tata Multicap Fund (10.44 %)
10. Union Multicap Fund (8.90 %)
11. WhiteOak Capital Multi Cap Fund (10.34 %)

This means these funds gave better returns compared to the overall market in the defined period. Therefore, it can be said that these schemes showed good performance in the one-year period. As for Canara Rob Multi Cap Fund, required data is not available hence not considered further in the study.

VI. FINANCIAL RATIOS:

Returns alone do not give a complete picture of a mutual fund's performance, as higher returns may involve higher risk. Risk-adjusted return measures help in understanding how well a fund has performed after considering the level of risk taken. Financial ratios such as standard deviation, beta, and the Sharpe ratio are commonly used to measure risk and return together. These ratios make it easier to compare

mutual fund schemes and judge the efficiency of fund management.

➤ Standard Deviation:

Standard deviation is a statistical measure used to evaluate the Total risk/ Volatility of a scheme. When a mutual fund has a high standard deviation, it means its range of performance is wide, implying greater volatility. Higher standard deviation means higher risk and more fluctuations.

➤ Beta:

Beta is also a statistical measure that evaluates the systematic risk of a mutual fund in relation to the overall market or benchmark indices. A beta above 1 means the fund moves more than the market, while a beta below 1 means it moves less.

➤ Sharpe Ratio:

The Sharpe Ratio is a measure of risk-adjusted returns. It is calculated using standard deviation and excess return to determine reward per unit of risk. It shows how much return a fund generates for the risk taken. A higher Sharpe ratio means better risk-adjusted performance.

➤ Co-Efficient of Variation (CV):

CV measures the amount of risk taken for each unit of return earned. It is calculated by dividing the standard deviation by the return and multiplying by 100. A lower CV indicates better risk-adjusted performance, while a higher CV shows higher risk for lower returns.

RISK & RISK-ADJUSTED RETURNS

Sr. No.	SCHEME NAME	Year 1	Standard Deviation	Beta	Sharpe Ratio	Co- Efficient of Variation
1	Bank Of India Multi Cap Fund	10.82 %	14.97	0.99	0.10	138.36 %
2	Edelweiss Multi Cap Fund	9.21 %	16.37	1.05	0.07	177.74 %
3	Franklin India Multi Cap Fund	9.73 %	15.11	0.94	-0.03	155.29 %
4	Groww Multicap Fund	11.71 %	17.38	1.04	-0.01	148.42 %
5	Kotak Multicap Fund	9.62 %	15.31	1.02	0.09	159.15 %
6	Mahindra Manulife Multi Cap Fund	11.02 %	14.56	0.97	0.09	132.12 %
7	Mirae Asset Multicap Fund	11.77 %	14.54	0.97	0.06	123.55 %
8	Tata Multicap Fund	10.44 %	13.80	0.92	0.05	132.18 %

9	Union Multicap Fund	8.90 %	14.11	0.94	0.08	158.54 %
10	WhiteOak Capital Multi Cap Fund	10.34 %	14.43	0.93	0.07	139.55 %

(Data captured from different factsheets)

benchmark return of year 1, considering returns, risks and risk-adjusted returns. Further, a composite ranking method is applied to select a multi-cap mutual fund scheme providing significant results.

INTERPRETATION:

The table presents analysis of 10 selected multi-cap mutual fund schemes, who have surpassed the

RANKS FOR SELECTED SCHEMES:

Sr. No.	SCHEME NAME	Ranks as per Year 1 Return	Ranks as per S.D.	Ranks as per Beta	Ranks as per Sharpe Ratio	Ranks as per C.V.	TOTAL RANK
1	Bank Of India Multi Cap Fund	4	6	7	1	4	22
2	Edelweiss Multi Cap Fund	9	9	10	5	10	43
3	Franklin India Multi- Cap Fund	7	7	3	10	7	34
4	Groww Multicap Fund	2	10	9	9	6	36
5	Kotak Multicap Fund	8	8	8	2	9	35
6	Mahindra Manulife Multi Cap Fund	3	5	5	2	2	17
7	Mirae Asset Multicap Fund	1	4	5	7	1	18
8	Tata Multicap Fund	5	1	1	8	3	18
9	Union Multicap Fund	10	2	3	4	8	27
10	WhiteOak Capital Multi Cap Fund	6	3	2	5	5	21

(Research findings)

score was considered to have the best overall performance and was assigned the first rank. Subsequent ranks were allocated in increasing order of the total scores.

INTERPRETATION:

The composite ranking of the selected multi-cap mutual fund schemes has been determined based on their total scores obtained from various evaluation parameters. Each scheme was assigned a cumulative score (Total Rank) reflecting its overall performance. Composite Score (TOTAL RANK) = R Return + R SD + R Beta + R Sharpe Ratio + R CV

The ranks in the above table are given based on return, risk, and risk-adjusted return in a simple manner. For Return and Sharpe ratio, higher values are considered better, so the scheme with the highest value is given Rank 1 and the lowest is given the last rank (higher to lower).

VII. COMPOSITE RANK METHOD:

The schemes were then arranged in alphabetically ascending order. The scheme with the lowest total

For risk measures like Standard Deviation, Beta, and Coefficient of Variation, lower values are preferred, so the scheme with the lowest risk is given Rank 1 and higher values get lower ranks (lower to higher).

After assigning ranks for each factor, the total rank is calculated by adding all the ranks, where a lower total rank indicates better overall performance in a balanced way.

Sr. No.	SCHEME NAME	TOTAL RANK	FINAL RANK
1	Bank Of India Multi Cap Fund	22	5
2	Edelweiss Multi Cap Fund	43	10
3	Franklin India Multi Cap Fund	34	7
4	Groww Multicap Fund	36	9
5	Kotak Multicap Fund	35	8
6	Mahindra Manulife Multi Cap Fund	17	1
7	Mirae Asset Multicap Fund	18	2
8	Tata Multicap Fund	18	2
9	Union Multicap Fund	27	6
10	White Oak Capital Multi Cap Fund	21	4

INTERPRETATION: (As per 1st February, 2025 to 30th January, 2026)

In cases where two or more schemes obtained the same total score, they were assigned the same rank. This method follows the competition ranking approach, where the next rank is skipped accordingly. For instance, both Mirae Asset Multicap Fund and Tata Multicap Fund secured the same total score of 18 and were jointly ranked second, and the next rank assigned was fourth.

Based on this methodology, Mahindra Manulife Multi Cap Fund secured the first rank with the lowest total score of 17, indicating the best overall performance among the selected schemes. Conversely, Edelweiss Multi Cap Fund, having the highest total score of 43, was assigned the lowest rank, indicating comparatively lower performance.

Thus, the composite ranking provides a consolidated and comparative evaluation of all selected schemes,

facilitating better analysis and interpretation of their overall performance.

VIII. IMPLICATIONS FOR INVESTORS:

The composite ranking helps investors easily identify the best and worst performing funds. Top-ranked funds (like Mahindra Manulife, Mirae Asset, and Tata) are better choices as they show strong overall performance. Mid-ranked funds offer average returns and can be considered for balanced investment. Lower-ranked funds should be chosen carefully after further analysis.

Hence, investors should use this ranking as a guide but also consider their risk level, goals, and investment time before investing.

IX. LIMITATION OF THE STUDY:

The study is based on secondary data, which may have limitations in terms of accuracy and availability. Many of the selected multi-cap mutual fund schemes are recently introduced and do not have sufficient past data, which restricts long-term comparison.

The analysis is based only on one-year data, which may not reflect the consistent performance of the funds over a longer period. Due to lack of sufficient data, average values of the selected schemes could not be calculated, which may affect the overall evaluation. Additionally, the study considers limited performance parameters, and other important factors affecting fund performance may not have been included.

X. SCOPE OF FURTHER STUDY:

Future studies can evaluate the performance of multi-cap mutual fund schemes after sufficient long-term data becomes available, particularly for recently launched funds.

The research may also be extended by using additional risk-adjusted measures (Treynor Ratio, Jensen's Alpha and Sortino Ratio) and comparing multi-cap funds with other equity fund categories to gain deeper insights. Same type of evaluation can be applied to other categories of mutual fund schemes also.

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