

# A Study on Risk, Return, and Performance Analysis of Selected Large-Cap and Mid-Cap Mutual Fund Schemes with Reference to Ricchie Rich Investments

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## ABSTRACT

This study examines the risk, return, and performance of selected large-cap and mid-cap mutual funds in India with the objective of understanding their comparative efficiency and suitability for different types of investors. The research is based on secondary data collected from various sources such as fund reports, financial websites, and published literature. A sample of selected large-cap and mid-cap mutual fund schemes has been analyzed over a specific period. The study employs key financial and statistical tools such as average returns, standard deviation, beta, Sharpe ratio, Treynor ratio, and Jensen's alpha to evaluate both absolute and risk-adjusted performance of the funds. The findings reveal that mid-cap mutual funds generally generate higher returns but are associated with higher volatility and risk, whereas large-cap funds provide relatively stable and consistent returns with lower risk exposure. The analysis also highlights that not all funds outperform their benchmarks consistently, emphasizing the importance of careful fund selection. Furthermore, the study reinforces the significance of diversification, market conditions, and investment horizon in influencing fund performance. It concludes that investors should align their investment decisions with their risk tolerance, financial goals, and market outlook. Overall, the research provides valuable insights into the risk-return trade-off and assists investors in making informed decisions while selecting mutual fund schemes

**Keywords:** Risk, Return, Performance Analysis, Large-Cap Funds, Mid-Cap Funds, Sharpe Ratio, Beta, Diversification

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## 1.0 INTRODUCTION

Investment is a key element of financial planning and wealth creation, with investors seeking options that balance risk and return. Among various instruments, mutual funds have become a popular choice due to their diversification, professional management, liquidity, and affordability. In India, the mutual fund industry has grown rapidly, supported by increased financial awareness, technological advancements, and regulatory initiatives by SEBI. Within equity mutual funds, large-cap and mid-cap funds are widely preferred for their distinct characteristics. Large-cap funds invest in well-established companies, offering stability and lower risk, while mid-cap funds focus on growing companies with higher return potential and greater volatility. Evaluating these funds requires not only return analysis but also risk-adjusted measures such as CAGR, Beta, and Sharpe Ratio. This study compares selected large-cap and mid-cap mutual funds associated with Ricchie Rich Investments to assess their performance and identify suitable investment options for different investor need

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## 2.0 PROBLEM STATEMENT AND RESEARCH OBJECTIVES

### 2.1 PROBLEM STATEMENT

The mutual fund industry in India has witnessed rapid growth, offering a wide range of investment options to investors with varying risk appetites. Among these, large-cap and mid-cap mutual fund schemes have gained significant attention due to their distinct risk-return profiles. However, investors often face difficulty in selecting appropriate schemes due to market volatility, lack of clear performance comparison, and limited understanding of risk-adjusted returns. While large-cap funds provide stability and lower risk, mid-cap funds offer higher growth potential with increased volatility, making investment decisions complex. Furthermore, many investors rely solely on returns without adequately considering risk factors, leading to suboptimal investment choices.

There is a need for a systematic analysis that evaluates both risk and return using appropriate financial tools. Hence, this study aims to analyze and compare the performance of selected large-cap and mid-cap mutual fund schemes associated with Ricchie Rich Investments to assist investors in making informed decisions.

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### 2.2 RESEARCH OBJECTIVES

- To study risk return and performance analysis of selected large and mid cap mutual funds with reference with Ricchie Rich Investments
  - To evaluate and compare the performance of the selected mutual fund schemes relative to their respective benchmark indices
  - To examine the volatility and market sensitivity of the selected mutual funds using statistical measures such as Standard Deviation and Beta
  - To assess the risk-adjusted performance of the mutual fund schemes employing metrics including Sharpe Ratio, Treynor Ratio, and Jensen's Alpha
  - To analyze the consistency of historical returns of the selected mutual funds over a specified period
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## 3.0 REVIEW OF LITERATURE

**Deepa et al. (2025)** This study compared one large-cap and one mid-cap fund across different market phases. It found that large-cap funds provided stability and downside protection, while mid-cap funds delivered higher returns during recovery periods. The study highlights the risk– return trade-off and suggests aligning investments with risk tolerance.

**Gowtham & Padmanabhan (2025)** The study compared growth and value large-cap funds. Growth funds performed better in bullish markets, whereas value funds offered stability during downturns. It concludes that fund selection should depend on market conditions and investor objectives.

**Chawla et al. (2025)** This research analyzed five large-cap funds using return and risk measures. It found that most funds provided steady long-term returns but carried high risk. The study emphasizes differences in performance and the need for careful fund selection.

**Maheswari (2025)** The study evaluated top large-cap funds and found that all outperformed benchmarks in the long run but involved high volatility. It highlights the importance of understanding the risk–return trade-off and portfolio allocation strategies.

**Gaikwad et al. (2025)** Using Value-at-Risk, this study found that post-COVID large-cap funds offered higher returns but also higher downside risk. It concludes that investors should consider increased risk while investing in volatile market conditions

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## 4.0 RESEARCH METHADODOLOGY

### 4.1 RESEARCH DESIGN

This study adopts an analytical research design with descriptive elements to evaluate the performance of selected large-cap and mid-cap mutual fund schemes. The descriptive component involves the systematic collection, classification, and presentation of secondary data relating to the selected funds, enabling a clear understanding of their return patterns and key characteristics over the study period. The analytical component focuses on assessing fund performance using established financial and statistical tools. Measures such as returns, risk indicators, and risk-adjusted performance metrics are employed to examine the relationship between risk and return. Further, the study compares the performance of the selected schemes against their respective benchmarks to determine relative efficiency. By integrating descriptive and analytical approaches, the research design facilitates a comprehensive evaluation of mutual fund performance and enables meaningful comparison between large-cap and mid-cap schemes. This approach aids in identifying superior-performing funds and supports informed investment decision-making.

### 4.2 EMPIRICAL VALIDATION

To achieve the objectives of the study, various statistical and financial tools have been applied to analyze the data and evaluate the performance of selected large-cap and mid-cap mutual fund schemes. The analysis is based on returns calculated from the Net Asset Values (NAV) of the selected funds over the study period. Returns are computed using standard formulas such as annual returns and Compound Annual Growth Rate (CAGR), which help in measuring the growth and consistency of the funds. The mean is used to determine the average return, providing an overall view of fund performance, while standard deviation is used to measure the risk or volatility associated with the returns. A higher standard deviation indicates greater fluctuation and risk, whereas a lower value reflects stability. In addition, Beta is used to measure the sensitivity of the funds to market movements, indicating the level of systematic risk. To evaluate risk-adjusted performance, tools such as Sharpe Ratio, Treynor Ratio, and Jensen's Alpha are applied to assess

how effectively the funds generate returns relative to the risk taken. Further, comparative analysis is carried out to evaluate the performance of large-cap and mid-cap funds against their respective benchmarks. These tools collectively help in analyzing the risk–return relationship and provide a clear understanding of the overall performance of the selected mutual fund schemes.

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## 5.0 DATA ANALYSIS & INTERPRETATION

### 5.1 RISK-ADJUSTED PERFORMANCE ANALYSIS

Table showing Risk Adjusted Performance Of Large And Mid-Cap Mutual Funds

Category	Fund Name	Sharpe	Alpha	Treynor	Sortino
Large Cap	Aditya Birla SL Large Cap	0.55	0.11	0.63	0.95
Large Cap	Bandhan Large Cap	0.66	2.74	0.73	1.20
Large Cap	Baroda BNP Paribas Large Cap	0.63	1.18	0.72	1.09
Large Cap	DSP Large Cap	0.76	3.54	0.85	1.40
Large Cap	HDFC Large Cap	0.57	0.33	0.65	0.97
Large Cap	ICICI Pru Large Cap	0.77	2.73	0.87	1.37
Large Cap	Invesco India Large Cap	0.64	1.51	0.74	1.15
Large Cap	JM Large Cap	0.52	1.17	0.61	0.91
Large Cap	Nippon India Large Cap	0.79	4.29	0.89	1.42
Large Cap	Tata Large Cap	0.54	0.03	0.62	0.95
Mid Cap	Edelweiss Mid Cap Fund	1.01	1.72	1.49	1.87
Mid Cap	HDFC Mid Cap Fund	1.10	2.62	1.59	2.06
Mid Cap	ICICI Pru Midcap Fund	1.03	2.16	1.52	2.01
Mid Cap	Invesco India Midcap Fund	0.99	10.66	1.30	1.78
Mid Cap	Kotak Midcap Fund	0.84	-0.61	1.28	1.51
Mid Cap	Mahindra Manulife Mid Cap Fund	1.01	1.46	1.46	1.88
Mid Cap	Motilal Oswal Midcap Fund	0.70	-2.01	1.16	1.26
Mid Cap	Nippon India Growth Mid Cap Fund	1.05	2.20	1.53	1.99
Mid Cap	Quant Mid Cap Fund	0.52	-4.77	0.85	0.99
Mid Cap	Sundaram Mid Cap Fund	1.03	1.56	1.50	1.85

#### INTERPRETATION:

The analysis indicates that mid-cap mutual funds outperform large-cap funds in terms of risk-adjusted returns. The average Sharpe, Treynor, and Sortino ratios of mid-cap funds are higher than those of large-cap funds, reflecting better returns per unit of risk. Funds such as HDFC Mid Cap Fund and Nippon India Growth Mid Cap Fund show strong performance, while some funds like Quant Mid Cap Fund exhibit negative alpha, indicating underperformance.

In contrast, large-cap funds display lower but more consistent performance. Nippon India Large Cap Fund, ICICI Prudential Large Cap Fund, and DSP Large Cap Fund emerge as top performers within this category. Overall, mid-cap funds show higher returns with greater variability, whereas large-cap funds provide stable returns.

## DISCUSSION

The findings highlight the fundamental risk–return trade-off between large-cap and mid-cap funds. Mid-cap funds, due to their growth-oriented nature, generate higher returns but are more volatile and sensitive to market fluctuations. This is evident from the higher ratios as well as the presence of negative alpha in some cases. On the other hand, large-cap funds invest in well-established companies, resulting in lower volatility and more consistent performance across different market conditions. The relatively stable risk-adjusted measures indicate better downside protection. Therefore, the choice between large-cap and mid-cap funds should depend on investor risk tolerance, investment horizon, and market outlook, with a balanced portfolio potentially offering optimal results.

### 5.2 CAGR-BASED PERFORMANCE ANALYSIS

Table Showing Comparative Cagr (3y & 5y) Of Large Mid -Cap Mutual Fund Schemes

Category	Fund Name	3 Years (%)	5 Years (%)
Large Cap	Nippon India Large Cap Fund	15.46	15.10
Large Cap	ICICI Pru Large Cap Fund	14.43	13.25
Large Cap	HDFC Large Cap Fund	11.84	12.13
Large Cap	Invesco India Large Cap Fund	13.98	11.80
Large Cap	Baroda BNP Paribas Large Cap Fund	14.39	10.85
Large Cap	DSP Large Cap Fund	13.92	11.05
Large Cap	Bandhan Large Cap Fund	12.70	11.09
Large Cap	Aditya Birla SL Large Cap Fund	12.15	10.76
Large Cap	JM Large Cap Fund	12.01	10.81
Large Cap	Tata Large Cap Fund	11.91	10.70
Mid Cap	Motilal Oswal Midcap Fund	19.01	20.45
Mid Cap	HDFC Mid Cap Fund	22.38	19.71
Mid Cap	Nippon India Growth Mid Cap Fund	23.04	19.65
Mid Cap	Edelweiss Mid Cap Fund	23.96	20.28
Mid Cap	Mahindra Manulife Mid Cap Fund	21.77	17.95
Mid Cap	ICICI Pru Midcap Fund	22.82	17.87
Mid Cap	Invesco India Midcap Fund	13.09	11.83
Mid Cap	Sundaram Mid Cap Fund	21.89	17.35
Mid Cap	Quant Mid Cap Fund	14.52	17.17
Mid Cap	Kotak Midcap Fund	18.65	16.47

## INTERPRETATION

The analysis of 3-year and 5-year returns shows that mid-cap funds generally generate higher returns compared to large-cap funds. Mid-cap funds record returns mostly between 18%–24% for 3 years and 16%–20% for 5 years, while large-cap funds deliver returns in the range of 11%–15%. Edelweiss Mid Cap Fund and Nippon India Growth

Mid Cap Fund are among the top performers in the mid-cap category, whereas Nippon India Large Cap Fund performs best among large-cap funds. However, some mid-cap funds like Invesco India Midcap Fund show comparatively lower returns, indicating variability.

**DISCUSSION**

The findings indicate that mid-cap funds offer higher return potential due to their focus on growing companies, but they also involve greater risk and fluctuations. In contrast, large-cap funds provide more stable and consistent returns as they invest in well-established companies. This reflects the risk–return trade-off, where higher returns are associated with higher risk.

Therefore, investors should choose between large-cap and mid-cap funds based on their risk tolerance and investment objectives, while a balanced portfolio may help in achieving better overall performance.

**5.3 VOLATILITY ANALYSIS& MARKET SENSITIVITY ANALYSIS**

Table showing Volatility & Market Sensitivity Of Selected Large-Cap Funds & Mid -Cap Funds

Category	Fund Name	Std Dev (%)	Beta	Risk Level
Large Cap	Aditya Birla SL Large Cap Fund	12.28	0.98	Moderate
Large Cap	Bandhan Large Cap Fund	13.26	1.08	High
Large Cap	Baroda BNP Paribas Large Cap Fund	12.23	0.95	Moderate
Large Cap	DSP Large Cap Fund	11.40	0.91	Low
Large Cap	HDFC Large Cap Fund	11.94	0.94	Moderate
Large Cap	ICICI Pru Large Cap Fund	11.65	0.92	Low
Large Cap	Invesco India Large Cap Fund	13.80	1.07	High
Large Cap	JM Large Cap Fund	13.62	1.05	High
Large Cap	Nippon India Large Cap Fund	12.53	0.99	Moderate
Large Cap	Tata Large Cap Fund	12.48	0.99	Moderate
Mid Cap	Edelweiss Mid Cap Fund	16.28	0.98	High
Mid Cap	HDFC Mid Cap Fund	14.61	0.89	Moderate
Mid Cap	ICICI Pru Midcap Fund	16.36	0.97	High
Mid Cap	Invesco India Midcap Fund	17.44	1.17	Very High
Mid Cap	Kotak Midcap Fund	15.53	0.90	Moderate

Mid Cap	Mahindra Manulife Mid Cap Fund	15.54	0.94	Moderate
Mid Cap	Motilal Oswal Midcap Fund	18.83	1.01	Very High
Mid Cap	Nippon India Growth Mid Cap Fund	15.89	0.97	Moderate
Mid Cap	Quant Mid Cap Fund	15.94	0.87	Moderate
Mid Cap	Sundaram Mid Cap Fund	15.34	0.94	Moderate

## INTERPRETATION

The analysis shows that large-cap funds have lower risk levels, with standard deviation ranging from about 11.40% to 13.80% and beta values close to 1, indicating moderate volatility and near-market movement. Most large-cap funds fall under moderate to low risk, with a few aggressive funds like Bandhan, Invesco, and JM. In contrast, mid-cap funds exhibit higher risk, with standard deviation ranging from about 14.61% to 18.83%. Some funds such as Invesco India Midcap Fund and Motilal Oswal Midcap Fund fall under very high risk with higher beta values, indicating strong market sensitivity. Overall, mid-cap funds show greater volatility compared to large-cap funds.

## DISCUSSION

The findings highlight that mid-cap funds are more volatile due to their exposure to growing companies, leading to higher risk and sensitivity to market movements. This is evident from their higher standard deviation and presence of very high-risk categories. On the other hand, large-cap funds invest in established companies, resulting in lower volatility and more stable performance. Their beta values close to 1 indicate alignment with market movements, while defensive funds provide better downside protection. Therefore, large-cap funds are suitable for risk-averse investors, whereas mid-cap funds are more appropriate for investors willing to take higher risk for potential growth.

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## 6.0 IMPLICATION OF FUTURE RESEARCH

Future research can extend the scope of this study by including a larger sample of mutual fund schemes across various categories such as small-cap, multi-cap, and sectoral funds to enable a more comprehensive comparative analysis. Expanding the study period to cover different market cycles, including periods of financial crises and economic recovery, would enhance the robustness and generalizability of the findings. Further studies may incorporate additional performance indicators such as portfolio diversification, expense ratios, and fund manager efficiency to provide deeper insights into fund performance. The application of advanced econometric techniques and multi-factor models can further improve the precision of risk-return evaluation. Moreover, future research can examine the influence of macroeconomic variables, including inflation, interest rates, and market volatility, on mutual fund performance. Comparative analysis between active and passive investment strategies, along with the study of investor behavior and preferences, can contribute to more effective and informed investment decision-making.

## 7.0 CONCLUSION

The study reveals that mutual fund performance differs significantly between large-cap and mid-cap categories in terms of return, risk, and consistency. Large-cap funds exhibit greater stability, lower volatility, and consistent long-term performance, making them suitable for risk-averse investors. In contrast, mid-cap funds demonstrate higher return potential but are associated with increased volatility, making them more appropriate for investors with a higher risk tolerance and longer investment horizon. The findings also indicate that consistent outperformance relative to benchmarks is limited, with only a few schemes delivering superior results across multiple performance measures. This emphasizes the importance of evaluating funds using risk-adjusted indicators rather than relying solely on absolute returns. Overall, effective mutual fund investment depends on appropriate fund selection,

diversification, and alignment with investor objectives. A balanced portfolio combining large-cap and mid-cap funds can help optimize returns while managing risk efficiently.

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