

# ***Performance Evaluation of Small-cap and Mid-cap Mutual Funds Based on Management Characteristics, Market Risk and Fund Size Separately***

**BY**

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## **Abstract**

A mutual fund defines as a pool of money raised from many investors which the portfolio managers manage professionally. It is a form of collective investment scheme and fund manager invests in different securities such as stocks, bonds, and instruments on the short-term money market. The fund's success depends on the country's economic condition and the world as a whole and the ability of the fund manager. This study inspects how small and mid-cap fund performance is associated with the fund managers' characteristics (education, experience), market risk, and fund-size. In education, we consider three education qualifications. MBA, CFA, and CA. We find few systematic differences in the performance of a fund that can be attributed to variation in manager characteristics.

In this analysis, an open-ended scheme with the Direct plan growth option in an equity fund is taken as they are considered to be more risky mutual funds in comparison to others. In this study, we examine the fund performance of 19 randomly selected small-cap and mid-cap mutual funds from 2014 to 2019 quarterly. The analysis is done using a panel data fixed-effect model. In this study, we take Net Asset Value (NAV) as a dependent variable to measure fund performance. The regression results show MBAs, CAs, has out-performed for the small-cap fund. Market risk and fund size is a significant variable for both small-cap and mid-cap fund. We have also taken one more explanatory variable which is Demographic. It tells whether the fund manager is Marwari or not. From the regression results it is significant for the small-cap fund but not for the mid-cap fund. Interestingly, CFAs have not out-performed for the small-cap and mid-cap fund.

**Key Words:** *Net Asset Value (NAV), Demographic, education, experience, Market risk, fund size, panel data, fixed effect model*