5 Performance Evaluation of Selected Small Cap Mutual Funds: A Decadal Study

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Abstract

Purpose: This study analyses the performance of selected Indian small-cap mutual funds (SCMFs) and check whether they earn higher returns in comparison to their benchmark index (NIFTY Smallcap 250). While small-cap mutual funds have gained significant prominence within the Indian equity market, there are limited studies that have specifically focused on their performance and behaviour during major market events. This reveals an existing gap in the literature which this study addresses by analysing the risk-return performance of small-cap mutual funds, along with examining the impact of major events such as the COVID-19 pandemic, SEBI re-categorization rule and US tariff implementation over the past decade.

Data and Methodology: The study used daily NAV data of select small-cap funds in India as well as the data of benchmark index (Nifty Smallcap 250). Weekly data was obtained by calculating the average of daily data and logarithmic returns were calculated for the period January 2015 to December 2025. An independent t-test was conducted to compare fund returns with the benchmark. A multiple regression model was used to assess the performance and examine the effect of major market shocks/events such as Covid-19, SEBI re-categorization rule and US tariff announcements. Further, risk-adjusted performance was evaluated using Sharpe and Treynor ratios to measure returns per unit of total and systematic risk, providing a better understanding of the funds' true efficiency during the study period.

Findings: The independent t-test results revealed that select small-cap funds performed in line with their benchmark index. According to multiple regression analysis, only Nippon India small-cap fund showed a significant positive alpha, while all funds had beta values less than one, indicating lower systematic risk. Risk-adjusted measures revealed that most funds outperformed the benchmark with Axis, Quant, and Nippon showing relatively better efficiency. The

impact of major events/shocks was found to be limited and fund-specific, with selective positive effects during the Covid-19 period and SEBI re-categorization rule. Overall, the findings suggest that small-cap funds offer better efficiency despite market-aligned returns, providing important insights for investors' decision-making.

Keywords: Small-cap Funds, NIFTY Smallcap 250, Covid-19 Impact, SEBI Recategorization Rule, US Tariff Announcements.

Introduction

Investment activity lays a strong foundation for economic growth through which investors allocate their capital into various assets or financial instruments with the motive of earning future returns, building long-term wealth, financial resilience and hedge against inflationary pressures. At the same time, investments contribute to the overall economic stability at macro level by optimising allocation of savings towards productive economic activities. Over the years, several innovative investment options have been introduced with the development of financial markets along with traditional options like gold, real estate and bank deposits. Investments such as direct investment in equity shares and bonds are preferred by investors as they offer a probability of higher returns. While financial investments have the potential to give higher returns, they also bear higher risk. Retail investors play an important role in Indian financial market but they often lack the time and expertise to actively track the markets, leading them to rely on professionally managed investment avenues such as mutual funds (Suri et al., 2024).

Mutual funds (MF) have emerged as the most significant and convenient solution especially for retail investors who prefer to make investment which provides a well-balance between risk and returns as it is an investment vehicle that mobilises small amounts of money from large number of investors and collectively invest in various schemes offered by MF asset management companies (AMC). These AMCs appoint professional fund managers for different schemes and they in turn manage the pooled funds as per scheme's mandate. Among various types of mutual funds; equity mutual funds are a preferred choice as they invest in stock markets and give higher returns in long term. These equity funds can be further sub-divided the basis of market capitalization such as large-cap, mid-cap and small-cap funds etc. Since the advent of twenty-first century, mutual fund industry has experienced a fast growth due to increasing awareness of investors, digital platforms being advanced, active participation of investors and wider range of products being offered by fund houses (Suri et al., 2024). Professional fund management helps the investors to participate in equity markets with the balance of risk and returns albeit without any guarantee.

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Nonetheless, this makes the evaluation necessary whether the mutual funds are actually earning better returns compared to the market or somehow just follow their relative benchmark index. Several studies in the past have found that MFs do not continuously perform better than market after taking risk in account and moves in line with their relative benchmark (Elton & Gruber, 2020; Tripathi, 2020). It is also observed that high volatility reduces the fund's ability to earn returns and large cap funds (LCF) offer more stable returns whereas SCMFs gives extra returns with greater risk (Deepa et al., 2025; Khang & Miller, 2022). The existing literature (Khang & Miller, 2022; Elton & Gruber, 2020) also suggests that the traditional performance evaluation which based only on returns is not sufficient, so risk-adjusted performance evaluation becomes important to assess true efficiency of funds in the relation of their volatility.

Additionally, the recent years witnessed various key events/market shocks such as Covid-19 pandemic increased volatility and showed a sudden decline in market returns which changed market capitalization and affected the performance of mutual funds negatively (Kumar & Kumara, 2021). Also, (Malar & Jose, 2019) revealed that regulatory changes like SEBI re-categorization brought changes in the structure of funds for providing transparency but had an effect on the performance and investment strategies. Further, global trade conflicts such as US tariff announcements created fluctuation in returns as it affected multiple industries and thereby companies. These economic events caused uncertainty and impacted the performance of different fund categories in the long term, especially of small-cap funds as they are more sensitive to market changes due to their higher volatility.

With the growth and rising importance of small cap mutual funds (SCMFs) in India, there arises a need to evaluate the performance of these funds in comparison of their benchmark index, along with the understanding of risk adjusted performance and impact of major economic shocks/events.

Therefore, the present study addresses this gap through following objectives:

- To assess the performance of select SCMFs against benchmark index.
- To examine the systematic risk (beta) of SCMFs against their benchmark index.
- To measure the efficiency of selected SCMFs through risk-adjusted measures.
- To analyse the impact of key events/economic shocks including COVID-19, SEBI recategorization, and US tariff announcements on the performance of small-cap funds.

Literature Review

Over the past decades, many researchers have studied the performance of MFs with respect to the relationship between returns, systematic risk, and risk-

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adjusted performance, along with the impact of economic shocks. Several international studies like (Elton & Gruber, 2020) examined the overall performance of MFs and found that they do not earn extra returns over their benchmark on a consistent basis after adjusting for risk. The further highlights that the performance often influenced by factors beyond market movements and using of risk-adjusted measures is important to know the true efficiency of the funds. According to (Jordan et al., 2015), higher volatility lowers the returns and makes it difficult for funds to consistently earn extra returns during market fluctuations. Mutual fund performance depends on various components of returns and influenced by multiple factors such as asset allocation and market movements, rather than consistently generating excess returns above the benchmark (Khang & Miller, 2022). This explains that the mutual fund's performance can vary and depend on various underlying factors affecting returns and overall market conditions.

In the Indian context, studies like (Choudhary & Chawla, 2014) focused on equity MFs and highlighted that seven out of eight diversified equity MFs earned good returns for the risk taken and performed well based on risk-adjusted measures like Sharpe and Treynor ratios showing favourable outcomes for investors. However, (Sharma & Tripathi, 2023; Venkatesh et al., 2020) concluded that comparing returns with market is more useful than just focusing on returns as various MFs in India move along their relative benchmark index. Most of the existing studies compared select actively managed fund performance grouped by market capitalization such as large-cap, mid-cap and small-cap against their benchmark index by calculating risk and returns. (Suri et al., 2024) conducted a study of 11 actively managed LCFs against Nifty 100 by using independent t-test and multiple regression analysis to reveal that most of the funds performed similar to the benchmark and are less risky to the market whereas (K Bhuva & R. Bantwa, 2020) found that some of the selected LCFs and mid cap funds outperformed the benchmark and mid cap funds involved higher risk with higher returns when various measures like Jensen's alpha, Sharpe and Treynor ratio are applied to evaluate performance. (Shreekant et al., 2020) analysed the performance of selected 25 managed and 22 index funds in India and evaluated their returns relative to benchmark index through risk and risk-adjusted measures. They found that selected funds do not always outperform the benchmark and usually performed similar to the market indexed funds. Further, (Deepa et al., 2025; Madhavi Latha & Sreedevi, 2024) compared LCFs, midcap funds and SCMFs and found that LCFs have more stability in the comparison of mid and SCMF s which are riskier but earn extra returns.

Furthermore, some studies highlight volatility in different fund categories, and not all the funds performed equally in terms of risk adjusted returns. (Tripathi, 2020) analysed equity MFs and found that 10 out of 15 outperformed in volatile market conditions compared to other categories, SCMFs are more volatile during the study

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period. (Oraon, 2020) also compared large and small-cap funds using various risk adjusted measures and revealed that LCFs provide less risk and stable returns as compared to SCMFs which have high volatility in the market. (Selemela et al., 2021) investigated the mid-cap fund performance in uncertain market conditions by using time series data to reveal that mid-cap showed unstable returns and higher volatility during market movements. (Pathak Harshraj et al., 2021; Malar & Jose, 2019) concluded that the re-categorization rule changed funds structure through which influenced investor behaviour and indirectly affected returns.

Although there is consistent academic interest at international and national level in this domain, most of them focus on overall funds categories and compare the performance of large, mid and small-cap funds. Some studies also examined a specific fund category especially LCF or midcap fund performance relative to their benchmark, while SCMFs provide higher returns and are more volatile in the market, there is limited research specifically focusing on the evaluation of small-cap mutual fund's performance in India. Moreover, recent years have experienced the impact of major economic shocks. The Covid-19 pandemic caused variations in returns and increased volatility in SCMFs (Srinivas et al., 2020). (Jacob et al., 2024) found that SCMFs were affected the most but showed adaptation in certain conditions. Similarly, global tariff conflicts such as US tariff announcements have affected the market sentiments and perception of investors across funds and regulatory changes such as SEBI re-categorization rule which promoted transparency by changing the classification of funds provided benefits to some funds and show an impact on fund's performance. While these studies individually examined the impact of each major events/shocks, a research gap arises due to the lack of comprehensive study that examines the combined impact of multiple events such as the Covid-19 pandemic, US tariff announcements, and SEBI re-categorization on the performance of small-cap MFs. Given that small-cap funds are more volatile and sensitive to market changes, this study aims to evaluate their risk, return, and risk-adjusted performance over the long term while simultaneously analyzing the impact of these major events.

Research Methodology

This study used a quantitative research design with secondary data collected to evaluate the performance of SCMFs in India. The data for SCMFs were collected from the official website of the Association of MFs in India (AMFI). This study covered the period from January 2015 to December 2025 to capture the different market phases including volatility, growth and major events. Among all the SCMFs, the selection of small-cap funds was based on their relative benchmark index and included funds consistent presence and data availability throughout the study period for meaningful comparison. However, HSBC SCMF was excluded due to the significant structural changes following the acquisition of L&T Mutual Fund by HSBC in 2022 to maintain uniformity in the dataset. Therefore, the sample consisted of

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seven active SCMFs which shows the availability of continuous and consistent data are as follows:

- Franklin India SCMF
- ICICI Prudential SCMF
- Kotak SCMF
- Nippon India SCMF
- Quant SCMF
- Sundaram SCMF
- Axis SCMF

The benchmark index data for the NIFTY Smallcap 250 (TRI) was collected from the National Stock Exchange (NSE) while the yield of 91-days Treasury Bill has been taken as a proxy for risk-free rate used in the study. The relevant data for the same has been downloaded from the official website of Reserve Bank of India (RBI).

The daily NAV data of select SCMFs and index values of benchmark, NIFTY Small cap 250 was converted into weekly data by taking averages and logarithmic returns were then calculated for both the funds and benchmark index to maintain consistency with treasury bill data.

To examine whether the mean returns of the select SCMFs performed differently from the benchmark returns, an independent t-test was conducted to compare the average returns of the funds with the average returns of the benchmark as follows:

$$t = \frac{(\overline{x}_i - \overline{x}_m) - (\mu_i - \mu_m)}{\sqrt{\frac{s_i^2}{n_1} + \frac{s_m^2}{n_2}}}$$

Where $\overline{x}_i$ shows the returns of each selected mutual fund and $\overline{x}_m$ shows the returns of the benchmark index (NIFTY Smallcap 250). μ_i and μ_m are the population mean returns of the fund and the benchmark. s_i and s_m denote the standard deviation of selected fund and benchmark while n_1 and n_2 are the number of observations for the fund and the benchmark respectively.

Furthermore, to evaluate both returns and systematic risk of the selected funds relative to the benchmark index, the Capital Asset Pricing Model (CAPM) was applied using regression analysis. Based on (Jensen, 1968), this model helps to estimate abnormal returns by separating the portion of returns explained by market movements from the portion that is independent of the market. In this framework, alpha (α), also known as Jensen's alpha, represents the excess return earned by a fund beyond the return predicted by its exposure to market risk. A positive and statistically significant alpha indicates superior performance, whereas a negative alpha reflects underperformance relative to the benchmark. The beta coefficient (β)

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measures the sensitivity of fund returns to market movements and represents systematic risk.

To examine the impact of specific economic events/shocks on fund performance, dummy variables were incorporated into the regression equation. The value of these variables was taken as 1 during the period of the event and 0 otherwise, to capture the effect on fund's performance.

The Regression Equation:

$$(R_i - R_f) = \alpha + \beta(R_m - R_f) + \gamma_1 D_1 + \gamma_2 D_2 + \gamma_3 D_3 + \epsilon$$

$(R_i - R_f)$: The extra return which the fund earns above the risk-free rate.

α (Jensen's alpha): The intercept, represents the abnormal return relative to the return predicted by CAPM.

β: The slope, which measures systematic risk of selected SCMFs.

D_1, D_2, D_3: Dummy variables representing the Covid-19 pandemic, SEBI re-categorization rule and US tariffs implementations respectively.

$$Covid = \begin{cases} 1 \; if \; t \in January\; 2020 - May\; 2023 \\ 0 \; otherwise \end{cases}$$

$$Recategorization\; rule = \begin{cases} 1 \; if \; t \in July\; 2018 - December\; 2025 \\ 0 \; otherwise \end{cases}$$

$$US\; tariffs = \begin{cases} 1 \; if \; t \in August\; 2025 - December\; 2025 \\ 0 \; otherwise \end{cases}$$

Risk-adjusted measures are necessary because returns alone are not sufficient to show true performance. Jensen's alpha indicates whether a fund outperforms the market based on systematic risk therefore, additional measures such as Sharpe and Treynor ratio are used to evaluate performance in relation to different dimensions of risk.

Sharpe Ratio captures the excess return earned per unit of total risk (represented by standard deviation of fund returns). It indicates how efficiently a fund generates returns relative to its overall volatility.

$$Sharpe\; Ratio \; = \frac{R_i - R_f}{\sigma_i}$$

R_i is the return of the selected mutual fund, R_f is the risk-free rate.

σ_i denotes the standard deviation of each selected fund returns, representing the total risk.

Treynor Ratio captures the excess return earned per unit of systematic risk (represented by beta β). It indicates how efficiently a fund generates returns relative to its exposure to market risk.

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$$Treynor\ Ratio\ = \frac{R_i - R_f}{\beta_i}$$

R_i is the return of the selected mutual fund, R_f is the risk-free rate.

β_i is the systematic risk of each selected small-cap fund.

These measures help in better performance evaluation by analysing different perspectives of risk and return, providing a comprehensive assessment. Since time series data often faced autocorrelation and heteroskedasticity issues HAC (Heteroskedasticity and Autocorrelation Consistent) standard errors were used to obtain more reliable and robust estimates.

The following hypotheses were tested:

H_1: There is no significant difference between the returns of selected SCMFs and the benchmark index.

H_2: There is less systematic risk associated with SCMFs than the benchmark index.

H_3: There is no significant difference in the risk-adjusted performance of selected funds compared to the benchmark index.

H_4: Major key events/economic shocks such as Covid-19 pandemic, SEBI re-categorization rule and US tariff announcements had no significant impact on the performance of selected SCMFs.

Results and Discussion

The findings of the study are presented and discussed in this section. The results of an independent t-test were as follows:

Table 1: Results of independent t-test

Fund Name	Fund Mean Return	Benchmark Mean	t-value	p-value
Franklin	0.0027	0.0025	0.16	0.87
ICICI Prudential	0.0027	0.0025	0.12	0.90
Kotak	0.0030	0.0025	0.33	0.73
Nippon	0.0035	0.0025	0.63	0.52
Quant	0.0033	0.0025	0.51	0.60
Sundaram	0.0024	0.0025	-0.04	0.96
Axis	0.0032	0.0025	0.47	0.63

The first hypothesis (H1), which checked whether the average returns of the selected SCMFs differ significantly from the benchmark index is presented in Table 1. The results show that except for the Sundaram SCMF, all other funds earned slightly higher returns than the benchmark. However, the p-value indicate that these differences are not statistically significant, which means that the selected funds did not outperform the benchmark during the study period. Therefore, we fail to reject the null hypothesis (for H1) and the finding lends support to Efficient Market Hypothesis

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(EMH), which suggests that market prices already reflect all available information, making it difficult for funds to consistently earn returns above the benchmark.

Table 2: Regression results of selected small-cap funds with benchmark, Nifty Smallcap 250

Fund Name	Alpha	Standard error	Beta	Standard error	R-sqaure
Franklin	0.00080*	0.0004	0.789***	0.0221	0.920
ICICI Prudential	-0.00036	0.0006	0.753***	0.0332	0.872
Kotak	0.00061	0.0004	0.777***	0.0218	0.917
Nippon	0.00124**	0.0005	0.885***	0.0112	0.953
Quant	-0.00046	0.0013	0.642***	0.0624	0.600
Sundaram	-0.00028	0.0005	0.901***	0.0139	0.940
Axis	0.00037	0.0004	0.699***	0.0228	0.885

*Note: Statistical significance is indicated as *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

The results presented in Table 2 reveal that only Nippon India SCMF has positive and significant alpha value which means it was able to outperform the market. The Franklin SCMF also has a positive alpha that is significant at the 10% level, indicating limited evidence of outperformance compared to Nippon India SCMF. Although some other funds show positive alpha values, but their p-values are higher than 0.05, reflecting that their performance is not statistically significant and we fail to reject null hypothesis for the remaining funds. While the findings largely extend support to EMH, Nippon India fund is a strong exception while Franklin India SCMF provide limited evidence of superior risk adjusted performance. For the second hypothesis if the slope coefficient (beta) is less than 1, it reflects that funds are safer than the benchmark. All funds had beta values less than one in the calculated results, proving them safe and less volatile during the study period due to which we fail to reject H2. Further, a high R^2 provide strong evidence to above results suggesting market returns explain a significant portion of returns variability.

Table 3: Results of risk-adjusted measures

Fund Name	Sharpe Ratio	Rank	Treynor Ratio	Rank
Franklin	0.547	5	0.111	5
ICICI Prudential	0.536	6	0.112	6
Kotak	0.637	4	0.130	4
Nippon	0.709	2	0.142	3
Quant	0.700	3	0.179	1
Sundaram	0.395	7	0.079	7
Axis	0.757	1	0.157	2
Nifty Smallcap 250	0.387	Benchmark	0.075	Benchmark

The results presented in Table 3 show that the Axis SCMF had the highest Sharpe ratio, followed by Quant and Nippon SCMF, which indicate they managed

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overall risk better. In terms of Treynor ratio, Quant SCMF had the highest value, followed by Nippon and Axis SCMF showing that they handled systematic risk more efficiently. On the other hand, Sundaram SCMF shows relatively lower values in both ratios, which reflected weaker performance compared to other funds. Overall, compared to the benchmark (Nifty Smallcap 250), all selected funds show higher Sharpe and Treynor ratios indicating that they generate higher returns per unit of total risk (Sharpe ratio) as well as per unit of systematic risk (Treynor ratio). This suggests that the selected funds are more efficient in converting risk into returns compared to the benchmark index. Therefore, we fail to reject H3.

Table 4: Results of major events during the study period

Covid-19 pandemic							
Fund Name	**Franklin**	**ICICI Prudential**	**Kotak**	**Nippon**	**Quant**	**Sundaram**	**Axis**
Coefficient	0.0008	0.0008	0.0012	0.0012	0.0049	0.00095	-0.0002
Std. Error	0.0007	0.0010	0.0009	0.0005	0.0018	0.0006	0.0008
t value	1.08	0.82	1.35	2.34	2.64	1.39	-0.28
p-value	0.27	0.41	0.17	0.01**	0.00***	0.16	0.77
SEBI re-categorization rule							
Coefficient	-0.0007	0.009	-0.0001	-0.0007	0.0002	-1.6107	0.0012
Std. Error	0.0006	0.0008	0.0007	0.0006	0.0016	0.0006	0.0007
t value	-1.17	1.16	-0.24	-1.08	0.16	-0.02	1.76
p-value	0.24	0.24	0.80	0.27	0.86	0.98	0.07*
US tariffs							
Coefficient	-0.0010	-0.0010	-0.0016	-0.0004	0.0004	0.0019	-0.0015
Std. Error	0.0011	0.0010	0.0008	0.0007	0.0014	0.0010	0.0009
t value	-0.85	-0.95	-1.93	-0.58	0.28	1.82	-1.60
p-value	0.39	0.33	0.05*	0.55	0.77	0.06*	0.10

*Note: Statistical significance is indicated as *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

The results shown in Table 4 reveal that Nippon and Quant SCMF were positively and statistically significantly affected during the Covid-19 pandemic. Similarly, regulatory event such as SEBI re-categorization rule showed a marginally significant positive impact on the performance of Axis SCMF, whereas US tariffs implementation had a negative and significant impact on Kotak and marginally significant positive effect on Sundaram SCMF's performance. However, the other funds do not show any significant impact from these events, so we fail to reject H4 for the remaining funds.

Policy implications and areas for future research

- **Managerial Implications**

The findings of the present study provide useful implications for mutual fund managers and asset management companies. The results showed that most selected small-cap funds generate returns similar to the benchmark index, indicating that consistently outperforming the market remains difficult. Therefore, fund

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managers may focus more on efficient portfolio construction, stock selection, and cost management rather than only targeting higher returns. The superior Sharpe and Treynor ratios of funds such as Axis, Quant, and Nippon India showed relatively better management of total risk and systematic risk, suggesting that effective risk management strategies can improve returns per unit of risk. This indicates that fund managers may benefit from adopting stronger risk management practices and disciplined investment strategies especially in the volatile small-cap segment. In addition, the selective positive impact of market events/shocks suggests that timely strategic adjustments and adaptive portfolio management can improve resilience during uncertain market conditions.

- **Policy Implications**

The study also provides implications for government and regulatory authorities such as SEBI, AMFI, and other policy makers. Since most small-cap funds moved closely with the benchmark index, there is a need to improve transparency in reporting of mutual fund performance. Regulators may encourage fund houses to clearly disclose whether returns are mainly due to market movements or other factors. The findings also show that many small-cap funds performed better than the benchmark on a risk-adjusted basis. Therefore, policymakers may support investor education initiatives that help retail investors to understand risk-adjusted performance rather than focusing only on high returns. This would enable investors to compare funds more effectively and make better-informed investment decisions. The mixed impact of market events/shocks highlights the importance of continuous monitoring of policy changes and their effect on fund categories such as the limited but positive impact of SEBI's re-categorization rule suggests that clearer fund classification can improve transparency and help investors for decision making. Regulators may continue reviewing and refining fund categories to maintain consistency and investor confidence. Small-cap funds contribute to productive economic activities by providing capital to smaller companies, policies that encourage stable and long-term retail investment in this segment may improve overall market depth and support economic growth.

- **Areas for Future Research**

The present study provides scope for further research in several ways. Since the study covered a ten-year period and included only those funds that had continuous data availability throughout the sample period which may lead to survivorship bias. Future studies may include a larger sample size to provide broader and more comprehensive results. It may also include qualitative factors such as fund manager experience, expense ratio, portfolio turnover, investor behaviour and market sentiment to better understand the reasons behind fund performance. There can be a larger comparative drawn between different categories to understand category-wise

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differences in risk and return. Future research may also extend the study period and include additional market events and macroeconomic factors to provide deeper insights into mutual fund performance.

Conclusion

The present study evaluated the performance of seven selected SCMFs relative to the benchmark, Nifty Smallcap 250 over the period January 2015 to December 2025 with the objective to know whether selected funds earned different returns from the market or simply followed the market. The independent t-test results showed that the returns of selected MFs were similar to the benchmark. However, the Nippon India SCMF showed statistically significant outperformance at 5% level while the Franklin India SCMF showed statistical significance at 10% level during the study period, indicating that selected fund generated slightly higher returns in the short-term and almost the same market-level returns in the long-term period. Regression analysis revealed all the funds were less volatile than the market with beta value less than 1, suggesting lowered systematic risk. When risk was taken into account, Sharpe and Treynor ratios indicated superior risk-adjusted performance relative to the benchmark. Funds such as Axis, Quant, and Nippon India SCMFs showed relatively higher risk-adjusted performance while Sundaram remained closer to the benchmark, suggested that risk-adjusted performance provides additional insight beyond raw returns while making investment decisions. The analysis of major events/shocks like Covid-19 pandemic, SEBI re-categorization rule and US tariffs implementation reflected a mixed but limited impact on overall performance of selected funds. During the Covid -19 period, Quant and Nippon India SCMF performed relatively better. The SEBI re-categorization rule positively impacted Axis SCMF while Kotak SCMF was negatively affected and Sundaram SCMF showed positively impact during the US tariffs implementation period. Overall, the study addressed the research gap identified in the literature by concluding that SCMF's performance in India showed almost similar returns to benchmark with average risk, better risk-adjusted performance and had limited impact of economic events.

Limitations of the Study

Despite providing useful insights, the present study has certain limitations. The study was restricted to seven selected SCMFs with continuous data availability during the period from 2015 to 2025. Therefore, the findings can be extended to avoid survivorship bias as the discontinued, merged funds or those lacking complete data were excluded. The analysis mainly focused on quantitative measures while qualitative factors such as fund manager decisions, portfolio strategy, investor behaviour and market sentiment are beyond the scope of this study. These limitations provide scope for further research in the future.

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