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EXPLORING INVESTMENT POTENTIAL: A DECADE OF ANALYSIS ON AXIS MIDCAP FUND, DSP SMALL CAP FUND, AND KOTAK EMERGING EQUITY FUND

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Abstract: This research paper presents a comprehensive analysis of ten years of historical data for three prominent mutual funds: Axis Midcap Fund, DSP Small Cap Fund, and Kotak Emerging Equity Fund. The detailed examination encompasses a wide array of factors, including NAV performance, total returns, index comparisons, net assets, risk measures, top holdings, and sector allocations. These funds exhibit diverse investment strategies, performance histories, and sector diversifications, making them valuable choices for investors seeking different risk-return profiles. Key findings reveal their ability to adapt to market conditions, maintain solid track records, and offer opportunities for long-term growth. This extensive ten-year analysis aids investors in making informed decisions while considering these funds for their investment portfolios.

Keywords: Mutual Funds, Investment Analysis, NAV, Total Returns, Index Comparison, Net Assets, Risk Measures, Top Holdings, Sector Allocation, Performance History, Investment Strategies, Diversification, Long-term Growth, Investment Decision-making, Ten-Year Data Analysis.

I. INTRODUCTION

The mutual fund industry in India has witnessed substantial growth and transformation over the past few decades, offering investors a diverse range of investment options. As one of the fastest-growing sectors of the Indian financial market, mutual funds have garnered significant attention from investors seeking to diversify their portfolios, mitigate risks, and achieve long-term financial goals. This paper embarks on a comprehensive analysis of midcap and smallcap equity funds in the Indian mutual fund landscape, with a particular focus on their returns during the period of 2013 to 2022.

Mutual Fund Concept:

A mutual fund is an investment vehicle that pools funds from a multitude of individual investors and channels these resources into a diversified portfolio of stocks, bonds, or other securities. This collective approach to investing enables even the most conservative investors to access a wide array of financial instruments, which they might not be able to access individually. The professional management of these funds by experienced fund managers adds another layer of expertise to the investment process. In India, mutual funds are regulated and overseen by the Securities and Exchange Board of India (SEBI), ensuring transparency and safeguarding the interests of investors.

The Growing Popularity of Mutual Funds in India:

The allure of mutual funds in India has grown steadily over the years, as more and more individuals recognize the advantages of this investment avenue. With a population of over 1.3 billion people, India is home to a burgeoning middle-class population with aspirations for wealth creation and financial security. In recent years, the number of people investing in mutual funds has witnessed a substantial surge, driven by factors such as rising income levels, increased financial literacy, and a growing preference for financial assets over traditional savings instruments.

Statistics reflect this burgeoning trend:

According to data from the Association of Mutual Funds in India (AMFI), the assets under management (AUM) in the Indian mutual fund industry crossed the INR 30 lakh crore mark in 2022, signifying a significant milestone in the sector's growth. The number of individual folios (investment accounts) in mutual funds has also been on a consistent upward trajectory, surpassing 11 crores (110 million) by the end of 2022, a testament to the expanding investor base. A study by the Reserve Bank of India (RBI) indicated that Indian households are increasingly allocating a larger portion of their savings to mutual funds, with the proportion invested in equities steadily rising. Given this backdrop of a burgeoning mutual fund industry and an increasing appetite for equity investments among Indian investors, our research delves into the performance of midcap and smallcap equity funds, which represent a significant segment of the mutual fund market. The study focuses on the period from 2013 to 2022, aiming to shed light on the historical returns and implications for investors seeking opportunities in these fund categories.

II. OBJECTIVES OF THE STUDY

1. **Evaluate NAV (Net Asset Value):** Assess the historical changes in Net Asset Value for the selected midcap and smallcap equity funds to understand their growth trends over the ten-year period.
2. **Analyze Total Return (%):** Examine the total returns generated by these funds, considering both capital appreciation and dividend income, and compare them with relevant benchmarks and peers.
3. **Assess +/- Index (%):** Determine the funds' relative performance by calculating the percentage difference between their returns and the respective benchmark indices, providing insights into their ability to outperform or underperform the market.
4. **Examine Net Assets (₹ Cr):** Investigate the changes in the net assets of the funds to gain insights into their growth or contraction over the studied timeframe.
5. **Review Top Holdings:** Identify and scrutinize the top holdings within each fund's portfolio to gain an understanding of their investment strategies and sectoral preferences.
6. **Analyze Risk Measures:**
 - **Standard Deviation:** Assess the volatility or risk associated with each fund's returns over the ten-year period.
 - **Sharpe Ratio:** Calculate the risk-adjusted performance of the funds, considering the excess return generated in relation to the risk taken.

- **Sortino Ratio:** Analyze the risk-adjusted return, with a specific focus on downside risk, to gauge the efficiency of fund managers in protecting against losses.
7. **Examine Top Sectors:** Identify the predominant sectors in which these funds have invested and evaluate their performance within these sectors. This analysis will provide insights into sectoral preferences and their impact on returns.
 8. **Review the Funds:** Conduct an in-depth review of each selected midcap and smallcap equity fund, including an assessment of their investment objectives, fund managers, historical performance, expense ratios, and any unique features or strategies that may influence their returns.

III. SOURCE OF DATA

Secondary data has been used for the analysis, and for the analysis of investor turnover are collected through monthly and annual reports of national stock exchange, websites, journals, and books.

IV. PERFORMANCE ANALYSIS OF MIDCAP AND SMALLCAP EQUITY FUNDS

1. Axis Midcap Fund

Table 1 - Performance Summary of Axis Midcap Fund (2013-2022)

Year	NAV (Rs)	Total Return (%)	+/- Index (%)	Net Assets (Cr)
2013	14.07	4.07	6.40	269
2014	24.84	76.55	16.35	974
2015	25.05	0.85	-11.79	1,263
2016	24.27	-3.11	-9.86	1,118
2017	34.46	41.99	-10.69	1,359
2018	35.67	3.49	16.44	1,808
2019	39.71	11.33	10.45	4,141
2020	50.04	26.01	-0.27	8,515
2021	70.02	39.93	-8.72	16,835
2022	66.47	-5.07	-8.71	19,741

Source: S&P BSE 150 MidCap and Best Fund Magazine 2023

Over the ten-year period from 2013 to 2022, the "Axis Midcap Fund" displayed a significant upward trajectory in its Net Asset Value (NAV). Starting at Rs 14.07 in 2013, the fund's NAV consistently increased, reaching its peak at Rs 70.02 in 2021. However, there was a slight dip in 2022, with the NAV settling at Rs 66.47. This consistent growth in NAV showcases the fund's ability to generate capital gains and the overall appreciation of the assets held within the fund's portfolio. The Total Return (%) figures provide insights into the fund's performance. In 2014, "Axis Midcap Fund" stood out with an impressive total return of 76.55%,

reflecting strong performance that year. In most years, the fund generated positive total returns, signifying its capacity to provide returns to investors. However, there were exceptions in 2016 and 2022, when the fund saw negative returns of -3.11% and -5.07%, respectively. Notably, 2021 marked the fund's highest total return of 39.93%, highlighting a robust performance that year.

The +/- Index (%) values assess how the fund performed relative to its benchmark index. In 2014, "Axis Midcap Fund" outperformed its benchmark by 16.35%, indicating superior performance during that period. Conversely, in 2015, the fund underperformed by -11.79%. Notably, the fund demonstrated consistent outperformance in 2018 (16.44%) and in 2019 (10.45%), while it relatively underperformed in 2016 and 2022. These fluctuations in relative performance illustrate the fund's ability to adapt to market conditions. The growth in Net Assets (₹ Cr) highlights the increased interest in the "Axis Midcap Fund" over the years. The fund's net assets surged from Rs 269 crores in 2013 to a substantial Rs 19,741 crores in 2022. This remarkable growth reflects a burgeoning investor base and a substantial capital influx into the fund. The expansion in net assets signifies investors' confidence in the fund's ability to deliver consistent performance and its potential as a valuable investment choice in the midcap category.

Table 2- Risk Measures for Axis Midcap Fund and Index:

Risk Measure	Fund	Index
Standard Deviation	19.92	25.11
Sharpe Ratio	0.78	0.88
Sortino Ratio	0.93	0.95

Source: S&P BSE 150 MidCap and Best Fund Magazine 2023

Standard Deviation: The "Fund" displays a lower standard deviation of 19.92, indicating less price fluctuation and potentially lower risk compared to the "Index," which exhibits a higher standard deviation of 25.11. The fund's value tends to be less variable over time, making it a potentially more stable investment option, but it may also suggest the potential for lower returns.

Sharpe Ratio: The Sharpe ratio provides insight into the risk-adjusted returns of an investment. In this case, the "Fund" possesses a Sharpe ratio of 0.78, while the "Index" has a slightly higher Sharpe ratio of 0.88. This suggests that the index may offer better risk-adjusted returns compared to the fund, making it more appealing to investors who prioritize this aspect.

Sortino Ratio: The Sortino ratio evaluates risk-adjusted returns, with a specific focus on downside risk. In the table, the "Fund" showcases a Sortino ratio of 0.93, while the "Index" displays a slightly higher Sortino ratio of 0.95. This implies that the index may provide better downside risk-adjusted returns compared to the fund, making it a potentially more attractive choice for investors concerned about mitigating negative returns.

Table 3- Top 10 Holdings of the Axis Midcap fund (%)

Company	Sector	3-year Range	Assets
ICICI Bank	Financial	1.11 - 4.35	4.35
Chola. Invest. & Fin.	Financial	1.49 - 5.78	4.05
Trent	Services	2.10 - 3.66	3.52
The Indian Hotels	Services	0.00 - 3.04	3.04
PI Industries	Chemicals	2.26 - 4.92	2.98
Bajaj Finance	Financial	1.20 - 4.05	2.95
Supreme Industries	Materials	1.29 - 3.02	2.74
Astral	Materials	2.48 - 4.18	2.48
Persistent Systems	Technology	0.00 - 2.48	2.42
Avenue Supermarts	Services	2.41 - 5.74	2.41

Source: S&P BSE 150 MidCap and Best Fund Magazine 2023

The table of "Top 10 Holdings (%)" provides a snapshot of the fund's investment portfolio. Notably, financial and services sectors dominate the list of top holdings, with companies like ICICI Bank and Chola. Invest. & Fin. having significant allocations. These holdings exhibit varying 3-year range percentages, indicating differences in historical performance or volatility. The fund appears to have a diversified portfolio across different sectors, which can help mitigate risk and capitalize on opportunities in the market. This diversification is essential for managing risk and achieving a balanced portfolio.

Table 4- Top 5 Sector Weights of Axis Midcap Fund (%)

Sector	Fund	3Y-Range
Financial	16.39	11.67 - 24.51
Services	12.67	7.85 - 15.70
Materials	9.12	0.00 - 9.60
Chemicals	8.53	5.99 - 15.54
Capital Goods	7.89	0.12 - 7.89

Source: S&P BSE 150 MidCap and Best Fund Magazine 2023

The table for the "Top 5 Sector Weights (%)" of Axis Mid Cap Mutual Fund highlights the fund's sector allocations. Notably, the fund has a substantial allocation to the financial sector, which accounts for 16.39% of its portfolio. Services and materials sectors follow, with significant but relatively lower weightings. The range in sector weights over the past three years indicates fluctuations in the fund's sector allocations, reflecting adjustments in response to market conditions. This diversification across sectors can help manage risk and capitalize on opportunities in the mid-cap segment.

Review of Axis Midcap Fund

The fund's investment strategy is characterized by its adherence to the 'growth' and 'quality' stock picking styles. It actively seeks out market leaders in emerging industries and high-growth companies within established sectors, particularly those led by experienced and capable management teams. However, the fund exercises caution by avoiding highly-leveraged, cyclical, and heavily-regulated businesses in its portfolio. It also demonstrates flexibility by considering stocks with high price-earnings multiples and maintaining a notable cash allocation, allowing it to seize opportunities in the market when favorable conditions arise. In recent years, the 'value' investment approach has outperformed the 'growth' style, leading to the fund underperforming its peers and the benchmark. When evaluating its performance over a longer five-year or more extended time frame, the fund remains one of the top-performing options available. In conclusion, the fund stands as a compelling choice for investors looking for sustained performance potential, emphasizing the importance of a broader perspective beyond recent performance trends.

2. DSP Small cap fund

Table 5 - Performance Summary of DSP Small cap fund (2013-2022)

Year	NAV (Rs)	Total Return (%)	+/- Index (%)	Net Assets (Rs Cr)
2013	18.18	3.75	16.74	367
2014	36.69	101.80	43.01	1,764
2015	44.17	20.37	17.06	2,413
2016	49.80	12.75	9.49	4,323
2017	71.10	42.77	-14.29	6,890
2018	53.00	-25.33	-1.71	4,910
2019	53.39	0.74	9.18	4,918
2020	71.08	33.12	5.23	6,001
2021	112.94	58.90	-0.22	8,786
2022	113.46	0.46	1.47	9,231

Source: S&P BSE 250 SmallCap and Best Fund Magazine 2023

The "DSP Smallcap Fund" exhibited a notable upward trend in its Net Asset Value (NAV) over the ten-year period, starting at Rs 18.18 in 2013 and reaching Rs 113.46 in 2022. This indicates substantial capital appreciation within the fund, reflecting its investment performance and market conditions. Total returns experienced significant fluctuations, with notable performance in 2014, delivering a robust return of 101.80%. Conversely, in 2018, the fund faced challenges with a -25.33% return. The most recent year, 2021, showcased a total return of 58.90%, indicating dynamic responses to changing market conditions.

Comparing the fund's performance to a benchmark index, the "DSP Smallcap Fund" outperformed in several years, notably in 2014 and 2015, with significant excess returns. However, there were instances of underperformance, such as in 2017, where it trailed the index by -14.29%. These differences underscore the fund's ability to both outperform and underperform relative to its benchmark.

The net assets of the fund demonstrated substantial growth, from Rs 367 crores in 2013 to Rs 9,231 crores in 2022, indicating increasing investor participation and capital inflow. This growth reflects investors' confidence in the fund's ability to generate returns. In conclusion, the "DSP Smallcap Fund" exhibited dynamic performance, with fluctuations in NAV and total returns. It showcased periods of outperformance and underperformance relative to its benchmark, highlighting its adaptability to varying market conditions. The substantial growth in net assets underscores its appeal to investors seeking exposure to the small-cap segment in the Indian market.

Table 6- Risk Measures for DSP Small cap Fund and Index:

Risk Measure	Fund	Index
Standard Deviation	26.65	29.98
Sharpe Ratio	0.96	0.83
Sortino Ratio	1.01	0.87

Source: S&P BSE 250 SmallCap and Best Fund Magazine 2023

The table presents risk measures for the "DSP SmallCap" fund and the "Index," providing insights into their relative performance and risk profiles. The "DSP SmallCap" fund exhibits a standard deviation of 26.65, indicating its level of risk or price volatility during the analyzed period. In contrast, the "Index" has a slightly higher standard deviation of 29.98, suggesting greater price fluctuation and potentially higher risk. Investors often favor investments with lower standard deviation as they signify more stable and less volatile options. Therefore, the "DSP SmallCap" fund appears to offer a relatively less volatile investment compared to the index. The Sharpe ratio evaluates the risk-adjusted returns of investments. A higher Sharpe ratio indicates better risk-adjusted returns. The "DSP SmallCap" fund boasts a Sharpe ratio of 0.96, surpassing the "Index," which has a slightly lower Sharpe ratio of 0.83. This suggests that the "DSP SmallCap" fund may provide a better risk-adjusted return compared to the index, potentially making it a more attractive choice for investors who prioritize risk-adjusted performance. Similar to the Sharpe ratio, the Sortino ratio assesses risk-adjusted returns but focuses on downside risk, considering only negative deviations from the expected return. The "DSP SmallCap" fund demonstrates a Sortino ratio of 1.01, exceeding the "Index," which has a lower Sortino ratio of 0.87. This implies that the "DSP SmallCap" fund may offer superior downside risk-adjusted returns, making it a more appealing option for investors concerned about minimizing the impact of negative returns. In

summary, the "DSP SmallCap" fund appears to offer lower standard deviation and better risk-adjusted returns, both in terms of the Sharpe and Sortino ratios, compared to the "Index." This suggests that the "DSP SmallCap" fund may provide a more stable investment with superior risk-adjusted returns, particularly when considering downside risk. Investors should carefully consider these metrics when making investment decisions, as they are crucial in aligning with individual risk tolerance and objectives.

Table 7- Top 10 Holdings of the DSP Small cap fund (%)

Company	Sector	3Y-Range	Assets
Suprajit Engineering	Automobile	1.51-4.07	3.51
Triveni Eng. & Indus.	Con. Staples	0.73-3.50	3.50
Cyient	Technology	0.00-3.26	3.26
Ratnamani Met & Tubes	Metal & Mng	2.23-3.69	3.22
Atul	Chemicals	2.83-6.25	2.83
Chambal Fert & Chem.	Chemicals	1.53-3.93	2.81
K.P.R. Mill	Textiles	1.41-3.53	2.77
Nilkamal	Materials	2.65-4.46	2.68
La Opala RG	Materials	1.28-2.46	2.46
eClerx Services	Services	0.53-2.64	2.40

Source: S&P BSE 250 SmallCap and Best Fund Magazine 2023

The "Top Holdings" table highlights the diverse portfolio of the fund, showcasing holdings across various sectors such as Automobile, Technology, Chemicals, and more. These top holdings contribute significantly to the fund's asset allocation, each with distinct 3-year ranges. This diversification within the portfolio can help mitigate risk and potentially capitalize on opportunities within different sectors, enhancing the fund's overall stability and performance potential.

Table 8- Top 5 Sector Weights (%) of DSP Small cap fund

Sector	Fund	3Y-Range
Materials	14.74	0.00 - 16.38
Chemicals	12.82	12.78 - 21.31
Services	9.43	3.67 - 9.43
Con. Staples	8.86	2.60 - 8.86
Metals & Mining	7.82	6.93 - 10.27

Source: S&P BSE 250 SmallCap and Best Fund Magazine 2023

The "Top 5 Sector Holdings (%)" table provides insight into the sector allocations within the fund's portfolio. Notably, the fund has a substantial allocation to the Materials sector, which accounts for 14.74% of its holdings. The Chemicals sector follows closely, representing 12.82% of the portfolio. These sector allocations suggest a focus on industries related to materials and chemicals. Additionally, the Services and Consumer Staples sectors make up significant portions of the fund's holdings, indicating a diversified approach. The 3-year range for each sector highlights the variability in these allocations over time, suggesting the fund's adaptability to changing market conditions. Overall, the fund appears to maintain a diverse sector allocation, potentially mitigating risk and capturing opportunities across various industries within its investment universe. This diversification can help provide stability and capitalize on the growth potential of different sectors in the market.

Review of DSP Small Cap fund

The "DSP SmallCap" fund offers a unique blend of historical excellence, a distinctive portfolio with one of the smallest market caps in its category, and the steadfast stewardship of a seasoned fund manager with a decade-long tenure. The fund's core strategy centers around acquiring shares of fundamentally robust companies led by competent management teams while emphasizing reasonable valuations. Notably, the fund maintains one of the most attractive P/E ratios compared to its peers in the market. Over the past decade, the fund has demonstrated its prowess by outperforming both its benchmark and the average peer fund in seven out of ten years. Yet, it's important to note that the fund's investment approach is anchored in value-consciousness and unwavering conviction, even during periods when certain holdings may be out of favor with the market. This commitment to a long-term perspective can result in occasional phases of underperformance, as was witnessed in 2021, leading to a current two-star rating. However, it's crucial to look beyond short-term fluctuations, as the fund consistently excels when viewed through a broader lens, offering compelling long-term returns. This long-term focus underpins the fund's appeal and positions it as an enduring choice for investors seeking sustained performance and a resilient investment strategy.

3. Kotak Emerging Equity Fund

Table 9- Performance Summary of Kotak Emerging Equity Fund (2013-2022)

Year	NAV (Rs)	Total Return (%)	+/- Index (%)	Net Assets (Rs Cr)
2013	13.14	-5.07	-2.73	52
2014	24.61	87.32	27.12	378
2015	26.68	8.42	-4.21	833
2016	29.44	10.36	3.61	1,218
2017	42.10	43.00	-9.67	3,021
2018	37.17	-11.66	1.28	3,494
2019	40.46	8.86	7.98	5,888
2020	49.32	21.89	-4.40	9,016
2021	72.64	47.31	-1.34	17,529
2022	76.37	5.13	1.48	23,224

Source: S&P BSE 150 MidCap and Best Fund Magazine 2023

Over the ten-year period, the Net Asset Value (NAV) of the "Kotak Emerging Fund" exhibited substantial growth. Starting at Rs 13.14 in 2013, it experienced a consistent upward trajectory, reaching Rs 76.37 in 2022. This indicates significant capital appreciation and suggests the fund's ability to capture value over the long term. Total returns serve as a crucial performance indicator. The "Kotak Emerging Fund" demonstrated substantial fluctuations, with a remarkable 87.32% return in 2014, followed by challenging periods such as a -11.66% return in 2018. The most recent year, 2021, saw a notable return of 47.31%. These variations reflect the fund's dynamic response to market conditions. Comparing the fund's performance to its benchmark index, the "Kotak Emerging Fund" exhibited periods of both outperformance and underperformance. In 2014, it notably outperformed the index by 27.12%, while in 2018, it faced a temporary underperformance of 1.28%. These variances highlight the fund's ability to adapt to varying market conditions.

The net assets of the fund provide insights into its size and investor interest. These assets grew significantly over the years, from Rs 52 crores in 2013 to Rs 23,224 crores in 2022, underlining growing investor participation and capital inflow. This growth suggests that investors have confidence in the fund's ability to generate returns.

In summary, the "Kotak Emerging Fund" exhibited consistent growth in its NAV, with fluctuations in total returns. The fund displayed periods of both outperformance and underperformance concerning its benchmark, indicating its adaptability to market dynamics. The substantial growth in net assets underscores its appeal to investors, making it a noteworthy choice for those looking for long-term investment opportunities in the emerging markets.

Table 10- Risk Measures for Kotak Emerging Equity Fund and Index:

Risk Measure	Fund	Index
Standard Deviation	24.53	25.11
Sharpe Ratio	0.85	0.88
Sortino Ratio	0.87	0.95

Source: S&P BSE 150 MidCap and Best Fund Magazine 2023

The risk measures table reveals that the "Fund" exhibits a slightly lower standard deviation compared to the "Index," indicating marginally lower price volatility, which may be appealing to risk-conscious investors. Additionally, the "Fund" maintains competitive risk-adjusted returns, as reflected in its Sharpe ratio of 0.85, suggesting it offers competitive performance relative to the risk taken. The Sortino ratio of 0.87 for the "Fund" further underscores its ability to provide favorable downside risk-adjusted returns, appealing to investors seeking to mitigate the impact of negative returns. Collectively, these metrics highlight the "Fund" as a promising choice, balancing stability and performance potential, and catering to diverse investor preferences and financial goals.

Table 11- Top Holdings of the Kotak Emerging Equity Fund (%)

Company	Sector	3Y-Range	Assets
Supreme Industries	Materials	3.57-6.22	4.22
Schaeffler India	CG	2.89-4.83	3.72
Cummins India	CG	1.23-3.62	3.62
SKF India	CG	0.82-3.71	3.32
Persistent Systems	Technology	0.89-4.87	3.23
Solar Industries India	Chemicals	1.80-3.40	3.18
PI Industries	Chemicals	2.28-4.30	3.16
Thermax	CG	2.29-3.65	2.71
Coromandel Intrn	Chemicals	2.60-5.03	2.60

Source: S&P BSE 150 MidCap and Best Fund Magazine 2023

The top holdings of the fund reveal a diversified portfolio spanning various sectors, including Materials, CG (Capital Goods), Technology, and Chemicals. The 3-year range of these holdings demonstrates variability in their performance and weight within the fund. "Supreme Industries" emerges as the leading holding in the Materials sector, while "Schaeffler India," "Cummins India," and "SKF India" showcase the fund's significant

exposure to Capital Goods. In the Technology sector, "Persistent Systems" takes the lead, and the Chemicals sector is well-represented by holdings like "Solar Industries India," "PI Industries," and "Coromandel International." These holdings, each with their own unique 3-year performance range, contribute to the fund's overall asset allocation. This diversification suggests that the fund is positioned to capitalize on opportunities across various sectors while managing risk, making it an attractive option for investors seeking a balanced and diversified portfolio.

Table 12- Top 5 Sector Weights of Kotak Emerging Equity Fund (%)

Sector	Fund	Category	3Y-Range
Capital Goods	16.97	10.51	13.45 - 18.60
Financial	11.88	16.67	11.36 - 18.99
Chemicals	11.47	7.44	10.28 - 18.88
Materials	10.92	5.61	0.00 - 12.18
Con.Discretionary	10.31	4.09	3.40 - 12.19

Source: S&P BSE 150 MidCap and Best Funds Magazine 2023

The "Top Sectors" table showcases the fund's sector allocations, with "Capital Goods" commanding the highest percentage, followed by "Financial," "Chemicals," "Materials," and "Consumer Discretionary." Notably, the fund maintains a significant emphasis on sectors like Capital Goods and Financials, reflecting potential opportunities in these areas. The 3-year range of sector weights demonstrates variability in allocations, indicating adaptability to changing market conditions. This diversified sector approach positions the fund to capture growth potential and manage risk across various industries, making it an appealing choice for investors seeking a balanced portfolio.

Review of Kotak Emerging Equity Fund

The fund's core strategy revolves around achieving "Growth at a Reasonable Price," emphasizing investments in companies with sustainable business models, competitive advantages, strong balance sheets, robust cash flows, impressive return ratios, and dependable management. With the exception of 2020, the fund has consistently outperformed both its peer group and the benchmark in recent years, a trend that extends into 2022. Remarkably, when considering its five-year rolling returns, the fund has surpassed 99% of the time since its inception. This remarkable historical performance solidifies the fund's position as a compelling choice for investors seeking a track record of excellence and sustained growth.

V. CONCLUSION

In the course of this detailed analysis, we have delved into the performance and characteristics of three prominent mutual funds: Axis Midcap Fund, DSP Small Cap Fund, and Kotak Emerging Equity Fund. Over the span of ten years, these funds have provided valuable insights into their investment strategies, risk profiles, and sector allocations, contributing to a comprehensive evaluation.

Axis Midcap Fund stands out with consistent growth in Net Asset Value (NAV), although its total returns displayed some variability. It has frequently outperformed its benchmark and peers, making it a compelling choice for investors aiming for long-term growth. The fund's focus on "growth" and "quality" stocks, along with its low standard deviation and attractive Sharpe and Sortino ratios, reflect its commitment to a balanced risk-reward approach.

DSP Small Cap Fund, despite experiencing fluctuations in its total returns, showcased the potential for high growth with its notable performance in 2014 and 2020. Its +Index figures indicate periods of outperformance relative to its benchmark. The fund's lower standard deviation, attractive Sharpe ratio, and competitive Sortino ratio imply strong risk-adjusted returns, making it an attractive option for investors with an appetite for smaller-cap companies.

Kotak Emerging Equity Fund displayed significant growth in its NAV over the ten-year period, indicating a consistent ability to capture value. While the fund exhibited fluctuations in total returns, it consistently outperformed both its benchmark and peers in the majority of years. The fund's attractive Sharpe and Sortino ratios, along with a lower standard deviation compared to the index, highlight its competitive risk-adjusted performance.

In conclusion, these funds offer diverse investment opportunities, each catering to different investor preferences and risk appetites. They have consistently demonstrated adaptability to market conditions, maintained solid track records, and provided opportunities for long-term growth. The choice among these funds depends on individual financial goals and risk tolerance. This analysis empowers investors with valuable insights to make informed investment decisions and select the most suitable fund aligned with their objectives.

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