

# Multi-cap funds return more bang for bucks

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**Coimbatore:** While mutual funds (MFs) focused on mid-cap stocks have brought huge returns for investors in the past year, multi-cap funds or funds that aren't biased towards any specific sector have left more money in their hands in the long run.

Top performing multi-cap funds have beaten leading large-cap, mid-cap and tax-saver funds in three-year and five-year returns, analysis shows. Leading large-cap mutual funds have given 13.6% to 15.7% returns in three years while multi-cap funds have come up on top with 17.6% to 18.5% growth during the same period. Many best performing funds focused on the mid-cap space gained 12.6% to 17.5% in three years.

**"A carefully chosen basket of large and mid-cap stocks would outperform other categories in the long run,"** says Ved Prakash Chaturvedi, managing director, Tata MF. **Multi-cap funds also come with the twin benefit of liquidity offered by large-cap stocks and potential outper-**

## Divided Attention

▶ **Top large-cap mutual funds** have given **13.6-15.7% returns** in 3 years while **multi-cap funds** have come up with **17.6-18.5%** growth

▶ **In all, four out of five top** multi-cap funds have yielded over **Rs 1 lakh** for investors who had started a SIP of Rs 1000 per month 5 years ago

**forming opportunity offered by mid-caps, he says.**

"Multi-cap funds offer the best (investing) opportunity for average investors," reckons Sankaran Naren, CIO, equity, ICICI Prudential MF. "In multi-cap funds the investor doesn't need to focus much on timing the market (for exit) and the fund manager gets flexibility (to change portfolio)," he says.

These funds attract much stable inflows than other categories as they are less volatile, say industry officials. With these MFs, fund managers would be in a position to buy stocks in categories such as mid-caps when it underper-

forms significantly and sell during times when they outperform, officials say. Fund managers would also be able to choose well-tracked companies with good earnings visibility and quality management.

In all, four out of five top multi-cap funds have yielded a kitty of over Rs 1 lakh for investors who had started a systematic investment plan (SIP) of Rs 1000 per month five years ago. Only two leading funds each from the large-cap and mid-cap space brought Rs 1 lakh for investor through a similar SIP, data compiled by domestic brokerage firm Sharekhan shows.

Multi-cap funds led the performance chart in the five year period as well giving 25.5% to 28.7% returns. Large-cap funds moved up by 23.9% to 27.8% whereas mid-cap funds gave 19.4% to 27.9% returns, data shows. Sensex had an annualised growth of 15.4% and 14.8% in three and five years respectively while the broader BSE-500 index, the underlying index for several multi-cap funds, gave 18.9% and 16% returns during the same period.