



## Research Article

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# Performance Analysis of Selected Balanced Mutual Fund Scheme

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## Abstract

Mutual fund is a mechanism for pooling the resources by issuing units to the investors and investing funds in securities in accordance with objectives as disclosed in offer document. Investors need to know how risky individual assets are and what their contribution to the total risk of a portfolio would be. Plenty of Mutual Funds are available where the investors can put their money. Before investing they want to know which fund gives more return, which fund is performing well, which fund is more risky etc. All these can be found out using certain key statistics. With the help of these key statistics an investor can analyze different mutual funds and put his/her money in a fund which suits his/ her risk perception. Mutual fund returns can be compared using Arithmetic, mean & Compounded Annual Growth Rate. Risk can be analyzed by finding out Standard Deviation, Beta while performance analysis is based on Risk-Return adjustment. Key ratios like Sharpe ratio and Treynor ratio are used for Risk- Return analysis. Funds are compared with a benchmark, industry average, and analysis of volatility and return per unit to find out how well they are performing with respect to the market benchmark.

**Keywords:** Financial Securities, Benchmark, Risk>Returns adjustments, Beta, Growth rate.

## Introduction

Mutual Fund is an investment vehicle that pools together funds from investors to purchase stocks, bonds or other securities. An investor can participate in the mutual fund by buying the units of the fund. Each unit is backed by a diversified pool of assets, where the funds have been invested. A closed-end fund has a fixed number of units outstanding. It is open for a specific period. During that period investor can buy it. In the open-end schemes, units are sold and brought continuously. The price of unit is based on the net asset value of the particular. The industry broadly caters to all types of investors depending on their risk return preferences. A mutual fund is the ideal investment vehicle for today's complex and modern financial scenario. Mutual funds offer several advantages over investing in individual stocks, including

diversification and professional management. A mutual fund may hold investments in dozens of stocks, thus reducing the risk associated with owning any particular stock.

Moreover, the transaction costs associated with buying individual stocks are spread around among all the mutual fund shareholders. Additionally, a mutual fund benefits from professional fund managers who can apply their expertise and dedicate time to research investment options. Thus funds play a significant role in financial intermediation development of capital markets and growth of the financial sector as a whole. Indian mutual fund industry has grown significantly in terms of financial assets under their management, range of products and number of investors. Million investors are reposing their

confidence in the abilities of the fund managers in successfully managing their wealth.

## Review of Literature

The conceptual framework of relative measure of performance of equity mutual funds was provided<sup>1, 2</sup>. They used systematic risk<sup>1</sup> and total risk<sup>2</sup> to evaluate the mutual fund portfolio performance higher value of Treynor's index indicates better performance of portfolio and vice versa. The Treynor's measure of portfolio performance is relative measure that ranks the funds in terms of risk and return. The index is also termed as reward to volatility ratio. Higher value of Sharpe's index indicates better performance of portfolio and vice versa. The Sharpe's measure of portfolio performance is also relative measure that ranks the funds in terms of risk and return. The ratio is also termed as reward to variability ratio. The overall portfolio performance has two components first the performance due to stock selection ability of the fund manager and second the performance due to higher portfolio risk assumed by the fund manager<sup>3</sup>. The financial performance of five close ended growth funds for the period February 1991 to August 1993 was studied<sup>4</sup> and concluded that the performance was below average in terms of alpha values all negative and statistically not significant and fund possessed high risk. No reference was provided about the timing parameters in their study.

## Need of the Study

The literature review revealed that performance measures of mutual funds include rate of return, benchmark comparison risk adjusted returns (Treynor and Sharpe's indices) Stock Selectivity abilities and market timing skills of the fund managers. Though many empirical studies linking investment styles and performance of mutual funds were conducted in USA and other developed countries, but till date such an empirical study in the context of Indian mutual funds are yet to be undertaken. Hence, the study is an attempt in this direction to disclose the nature of relationship that exists between investment styles and performance of Indian mutual funds.

## Objectives of the study

The objective of the present study to evaluate the performance of selected Balanced Fund Growth Scheme in comparison to their

Benchmark in terms of the volatility, return per unit, the fund sensitivity to the market function in terms of beta.

## Experimental

### Data Collection

This study is based on primary as well as secondary data. The relevant sources of Secondary Data are books, journals, magazines, newspapers, brochures and websites of selected mutual funds. All the relevant data is being collected from [mutualfundindia.com](http://mutualfundindia.com) as on 31 April, 2010. The present study compares 15 open ended selected balanced funds Growth Schemes launched by public sector, private sector, and foreign mutual fund players in India. The schemes have been selected using deliberate sampling method. The scheme selection criteria are; Corpus size >250 crores, Returns of 5 years and Top 15 schemes ranked on the basis of 5 years compounded annualized returns.

### Tools and techniques of Analysis

For the purpose of analysis, appropriate statistical and financial tools, i.e., arithmetic mean, standard deviation, correlation, Beta, Treynor ratio, Sharpe ratio, Fama, Alpha have been applied.

## Results

The analysis of Table 1 clearly reveals that compounded annualized percentage return since inception ranges between 9.02 percent and 24.58 percent. The highest since inception return of 24.58 is depicted by Birla Sun Life 95 - Growth. It is followed by Escorts Balanced Fund- Growth, SBI Magnum Balanced Fund-Growth, HDFC Prudence Fund-Growth with 22.32 percent, 21.68 percent and 19.90 percent return respectively. ING Balanced Fund - Growth has given the minimum compounded annualized percentage return of 9.02 percent. It is observed that compounded annualized percentage return over the period of last 5 years ranges between 25.32 percent and 15.88 percent. The Highest return of 25.32 percent is registered by HDFC Prudence Fund-Growth. It is followed by Canara Robeco Balance - Growth, DSP Blackrock Balance Fund - Growth and Birla Sun Life 95 - Growth with 24.23 percent, 23.19 percent, 22.78 percent returns respectively. The Table 1 also depicts that the compounded annualized percentage return over the period of last one years ranges between 79.61 percent and 40.58 percent. The

Highest returns of 79.61 percent are given by HDFC Prudence Fund - Growth. It is followed by HDFC Balanced Fund-Growth, Escorts Balanced Fund - Growth and Birla Sun Life 95 - Growth with 63.93 percent, 63.07 percent and 60.65 percent respectively. FT India Balanced Fund - Growth has given the minimum compounded annualized percentage returns of 40.58 percent. Analysis of 6 months returns in the Balance Funds ranges between 17.76 percent and 9.45 percent. The highest return of 17.76 percentages is given by HDFC Prudence Fund - Growth. It is followed by HDFC Balance Fund - Growth, Canara Robeco Balance - Growth and Escorts Balanced Fund - Growth with 17.52 percent 17.28 percent and 16.45 percent respectively. Sundaram BNP Paribas Balanced Fund - Growth has given the minimum returns of 9.45 percent.

All the selected schemes underperformed the Industry Index over the period of 5 years, only 6 schemes i.e. HDFC Prudence Fund-Growth, Canara Robeco Balance - Growth, DSP Blackrock Balance Fund - Growth, Birla Sun Life 95 - Growth, SBI Magnum Balanced Fund - Growth, Tata Balanced Fund - Growth have over performed the Industry Index over the last 5 years rest other schemes have underperformed the Industry Index over the last 5 years.

Table 2 depicts the performance of selected Balanced Fund schemes for the period for the 6 month, 1 year, 3 years, 5 years and since inception. It also depicts the average Industry return and average performance in comparison to the benchmark. The analysis of Table 2 clearly reveals that compounded annualized percentage return since inception ranges between 9.02 percent and 24.58 percent. The highest since inception return of 24.58 is depicted by Birla Sun Life 95 - Growth. It is followed by Escorts Balance Fund- Growth, SBI Magnum Balanced Fund-Growth, HDFC Prudence Fund-Growth with 22.32 percent, 21.68 percent and 19.90 percent return respectively. ING Balanced Fund-Growth has given the minimum compounded annualized percentage return of 9.02 percent. It is observed that compounded annualized percentage return over the period of last 5 years ranges between 25.32 percent and 15.88 percent. The Highest return of 25.32 percent is registered by HDFC Prudence Fund-Growth. It is followed by Canara Robeco Balance- growth, DSP Blackrock Balance Fund - Growth and Birla Sun Life 95 - Growth with 24.23 percent, 23.19 percent, and 22.78 percent returns respectively. ING Balanced Fund - Growth has given minimum compounded annualized percentage returns of 15.88 percent.

The compounded annualized returns over the period of last three years range between 17.73 percent and 8.25 percent. The Highest return of 17.73 percent is shown by HDFC Prudence Fund - Growth. It is followed by HDFC Balance Fund - Growth, DSP Blackrock Balanced Fund Growth and Birla Sun Life 95 - Growth with 16.25 percent, 16.19 percent and 16.07 percent returns respectively.

All the selected schemes have out performed the CRISIL Balance Fund Index over the period of last 5 years. Only 3 schemes i.e. ICICI Prudential Balanced - Growth, PRINCIPAL Balanced Fund - Growth and ING Balanced Fund - Growth have underperformed the benchmark indices over the last five years. Out of 15 schemes, 6 schemes, i.e. FT India Balanced Fund- Growth, Kotak Balance, Escorts Balanced Fund - Growth, Sundaram BNP Paribas Balanced Fund-Growth, ICICI Prudential Balanced - Growth, ING Balanced Fund - Growth have underperformed the benchmark Indices over the last three years. All the 15 schemes have out performed the CRISIL Balance Fund Index over the last 1 year. All the 15 schemes have underperformed the CRISIL Balanced Fund index over the last 6 months.

Analysis of Volatility and Return per Unit of Risk: Portfolio performance without reckoning the risk exposure do not provide fair and true picture. Various studies in the past have not only Examined performance in terms of rate of return but also evaluated portfolio performance in terms of risk adjusted rate of return (Treyner and Sharpe's Indices).

### Standard deviation (SD)

Standard deviation is used to measure the variation in individual from the average expected return over a certain period. Standard deviation is used in the concept of risk of portfolio of investments. SD is the deviation of the reading from the mean of the reading, higher SD indicates higher volatility and higher volatility and higher risk of the schemes.

Analysis of Table 3 clearly reveals that Canara Robeco Balanced-Growth scheme has clearly outperformed all the schemes with 4.20 standard deviation. It indicates the relatively high volatility of the scheme and the high return per unit of risk. Escorts Balanced Fund Growth has clearly under performed with 2.90 standard deviation. It indicates the relatively low volatility of the Scheme and the low Return per unit of risk.

**Table 1.** Performance of selected balanced fund in comparison to the industry average of selected similar category fund

| <b>Name of scheme</b>                     | <b>6 month</b> | <b>1 yrs</b> | <b>3 yrs</b> | <b>5 yrs</b> | <b>SI*</b> |
|---|----------------|--------------|--------------|--------------|------------|
| HDFC Prudence Fund-Growth                 | 17.76          | 79.61        | 17.73        | 25.32        | 19.90      |
| Canara Robeco Balance-Growth              | 17.28          | 57.05        | 15.14        | 24.23        | 10.83      |
| DSP Blackrock Balanced Fund-Growth        | 13.28          | 57.76        | 16.19        | 23.19        | 18.03      |
| Birla Sun Life 95-Growth                  | 13.78          | 60.65        | 16.07        | 22.78        | 24.58      |
| SBI Magnum Balanced Fund-Growth           | 12.32          | 51.88        | 11.25        | 21.68        | 21.68      |
| Tata Balanced Fund-Growth                 | 13.10          | 66.20        | 14.36        | 21.38        | 15.54      |
| HDFC Balanced Fund-Growth                 | 17.52          | 63.93        | 16.25        | 19.76        | 17.75      |
| FT India Balanced Fund-Growth             | 11.78          | 40.58        | 10.79        | 19.68        | 15.71      |
| Kotak Balance                             | 11.25          | 45.42        | 10.68        | 19.61        | 14.65      |
| Escorts Balanced Fund-Growth              | 16.45          | 63.07        | 9.4          | 19.30        | 22.32      |
| Sundaram BNP Paribas Balanced Fund-Growth | 9.45           | 55.91        | 10.30        | 17.58        | 16.22      |
| UTI Balanced Fund-Growth                  | 13.83          | 53.99        | 11.28        | 16.68        | 14.79      |
| ICICI Prudential Balanced-Growth          | 12.56          | 44.10        | 6.03         | 16.58        | 14.52      |
| PRINCIPAL Balanced Fund-Growth            | 10.69          | 49.98        | 11.42        | 16.54        | 11.34      |
| ING Balanced Fund-Growth                  | 9.68           | 42.97        | 8.25         | 15.88        | 9.02       |
| Average performance of funds              | 13.38          | 55.54        | 12.34        | 20.01        |            |

\* SI = Since Inception

**Table 2.** Performance of selected balanced fund in comparison to benchmark

| <b>Name of Scheme</b>                       | <b>6 mnt</b> | <b>1 Yr</b> | <b>3 Yr</b> | <b>5 Yr</b> | <b>SI</b> |
|---|--------------|-------------|-------------|-------------|-----------|
| HDFC Prudence Fund - Growth                 | 17.76        | 79.61       | 17.73       | 25.32       | 19.90     |
| Canara Robeco Balance - Growth              | 17.28        | 57.05       | 15.14       | 24.23       | 10.83     |
| DSP Blackrock Balanced Fund – Growth        | 13.28        | 57.76       | 16.19       | 23.19       | 18.03     |
| Birla Sun Life 95 - Growth                  | 13.78        | 60.65       | 16.07       | 22.78       | 24.58     |
| SBI Magnum Balanced Fund – Growth           | 12.32        | 51.88       | 11.25       | 21.68       | 21.68     |
| Tata Balanced Fund - Growth                 | 13.1         | 66.2        | 14.36       | 21.38       | 15.54     |
| HDFC Balanced Fund - Growth                 | 17.52        | 63.93       | 16.25       | 19.76       | 17.75     |
| FT India Balanced Fund - Growth             | 11.78        | 40.58       | 10.79       | 19.68       | 15.71     |
| Kotak Balance                               | 11.25        | 45.42       | 10.68       | 19.61       | 14.65     |
| Escorts Balanced Fund - Growth              | 16.45        | 63.07       | 9.4         | 19.30       | 22.32     |
| Sundaram BNP Paribas Balanced Fund – Growth | 9.45         | 55.91       | 10.3        | 17.58       | 16.22     |
| UTI Balanced Fund - Growth                  | 13.83        | 53.99       | 11.28       | 16.68       | 14.79     |
| ICICI Prudential Balanced – Growth          | 12.56        | 44.1        | 6.03        | 16.58       | 14.52     |
| PRINCIPAL Balanced Fund – Growth            | 10.69        | 49.98       | 11.42       | 16.54       | 11.34     |
| ING Balanced Fund - Growth                  | 9.68         | 42.97       | 8.25        | 15.88       | 9.02      |
| CRISIL Balance Fund Index                   | 44.03        | 25.75       | 11.70       | 16.60       |           |

### Sharpe Measure

Sharpe index measures risk premium of a portfolio, relative to the total amount of risk in the portfolio. Sharpe index summarizes the risk and

return of a portfolio in a single measure that categorizes the performance of Funds on the risk-adjusted basis. The large the Sharpe Index, the portfolio over performance the market and vice versa.

**Table 3.** Analysis of volatility and return per unit of risk based on standard deviation (SD)

| Name of Scheme                            | SD   |
|---|------|
| HDFC Prudence Fund - Growth               | 3.80 |
| Canara Robeco Balance - Growth            | 4.20 |
| DSP Blackrock Balanced Fund - Growth      | 2.92 |
| Birla Sun Life 95 - Growth                | 3.54 |
| SBI Magnum Balanced Fund - Growth         | 4.08 |
| Tata Balanced Fund - Growth               | 3.73 |
| HDFC Balanced Fund - Growth               | 3.68 |
| FT India Balanced Fund - Growth           | 3.74 |
| Kotak Balance                             | 3.45 |
| Escorts Balanced Fund - Growth            | 2.90 |
| Sundaram BNP Paribas Balanced Fund-Growth | 4.05 |
| UTI Balanced Fund - Growth                | 3.61 |
| ICICI Prudential Balanced - Growth        | 4.01 |
| PRINCIPAL Balanced Fund - Growth          | 4.09 |
| ING Balanced Fund - Growth                | 4.10 |

**Table 4.** Analysis of volatility and return per unit of risk based on sharpe

| Name of Scheme                            | Sharpe Measure |
|---|----------------|
| HDFC Prudence Fund - Growth               | -0.11          |
| Canara Robeco Balance - Growth            | -0.08          |
| DSP Blackrock Balanced Fund - Growth      | -0.15          |
| Birla Sun Life 95 - Growth                | -0.09          |
| SBI Magnum Balanced Fund - Growth         | -0.11          |
| Tata Balanced Fund - Growth               | -0.13          |
| HDFC Balanced Fund - Growth               | -0.10          |
| FT India Balanced Fund - Growth           | -0.09          |
| Kotak Balance                             | -0.14          |
| Escorts Balanced Fund - Growth            | -0.26          |
| Sundaram BNP Paribas Balanced Fund-Growth | -0.13          |
| UTI Balanced Fund - Growth                | -0.12          |
| ICICI Prudential Balanced - Growth        | -0.11          |
| PRINCIPAL Balanced Fund - Growth          | -0.11          |
| ING Balanced Fund - Growth                | -0.12          |

Analysis of Table 4 clearly reveals that Canara Robeco Balanced -Growth scheme has clearly out performed all the schemes with -0.08 Sharpe. It indicates the relatively high returns per unit risk are more efficiently and effectively managed schemes. Canara Robeco Balanced -Growth have out performed the market. Escort Balanced Fund Growth has clearly underperformed all the schemes with -0.26 Sharpe ratio. It indicates the relatively less Return per unit risk are less efficiently and effectively managed schemes.

## Beta

Beta measures the systematic risk and shows how prices of securities respond to the market forces. Beta is used in the capital asset pricing model (CAPM) a model that calculates the expected return of an asset based on its beta and expected market returns. Systematic risk is measured in term of beta which indicates the sensitivity of a schemes return in relation to market return. If a schemes beta is less than 1, it is considered to be defensive if the scheme beta is more than 1 it is considered as aggressive.

**Table 5.** Analysis of volatility and return per unit of risk based on beta

| Name of Scheme                           | Beta |
|--|------|
| HDFC Prudence Fund - Growth              | 0.94 |
| Canara Robeco Balance - Growth           | 1.06 |
| DSP Blackrock Balanced Fund - Growth     | 0.72 |
| Birla Sun Life 95 - Growth               | 0.83 |
| SBI Magnum Balanced Fund - Growth        | 1.05 |
| Tata Balanced Fund - Growth              | 0.94 |
| HDFC Balanced Fund - Growth              | 0.91 |
| FT India Balanced Fund - Growth          | 0.93 |
| Kotak Balance                            | 0.86 |
| Escorts Balanced Fund - Growth           | 0.47 |
| Sundaram BNP Paribas Balanced Fun-Growth | 1.03 |
| UTI Balanced Fund - Growth               | 0.91 |
| ICICI Prudential Balanced - Growth       | 0.96 |
| PRINCIPAL Balanced Fund - Growth         | 1.02 |
| ING Balanced Fund - Growth               | 1.04 |

The Table 5 reveals that Canara Robeco Balanced - Growth has the highest Beta with 1.06. It indicates the sensitivity of a schemes return in relation to market return, here the beta is more than 1, it is considered to be aggressive but Escorts Balanced Fund - Growth has the lowest Beta with 0.47, here the beta is less than 1, it is considered to be defensive.

## Treynor Measure

Treynor have provided the conceptual framework of relative measure of performance of mutual Funds. While Treynor used systematic risk, Sharpe used total risk to evaluate the mutual fund portfolio performance highest value of Treynor's index indicates better performance of portfolio and vice versa. The Treynor's measure of portfolio measure that ranks the Funds in terms of risk and return. The index is also termed as reward to volatility ratio.

**Table 6.** Analysis of volatility and return per unit of risk based on treynor

| Name of Scheme                            | Treynor |
|---|---------|
| HDFC Prudence Fund - Growth               | 0.02    |
| Canara Robeco Balance - Growth            | -0.10   |
| DSP Blackrock Balanced Fund - Growth      | -0.10   |
| Birla Sun Life 95 - Growth                | -0.05   |
| SBI Magnum Balanced Fund - Growth         | 0.28    |
| Tata Balanced Fund - Growth               | -0.03   |
| HDFC Balanced Fund - Growth               | 0.31    |
| FT India Balanced Fund - Growth           | 0.03    |
| Kotak Balance                             | 0.00    |
| Escorts Balanced Fund - Growth            | -0.00   |
| Sundaram BNP Paribas Balanced Fund-Growth | -0.04   |
| UTI Balanced Fund - Growth                | -0.09   |
| ICICI Prudential Balanced - Growth        | -0.09   |
| PRINCIPAL Balanced Fund - Growth          | -0.00   |
| ING Balanced Fund - Growth                | 0.02    |

Analysis of Table 6 clearly reveals that Canara Robeco Balance - Growth has given highest treynor ratio of -0.30. It indicates the better performance of fund and Escorts Balance Fund Growth has given lowest treynor ratio of -1.60. It indicates the lowest performance of fund.

### Eugene Fama

Eugene Fama advocated yet another measure of portfolio performance. Fama suggested that overall portfolio performance due to stock selection ability (realized return minus expected portfolio return) of the fund manager and second the performance (Expected portfolio return risk free return) due to higher portfolio risk assumed by the fund manager. Fama further broke selectivity into two finer components i.e. net selectivity and diversification higher portfolio return may be consequence of higher portfolio risk resulting from low diversification of equity mutual fund.

Analysis of Table 7 the Canara Robeco Balance - Growth has given the highest Fama ratio of 0.15. It indicates higher risk with higher return and Escorts Balance Fund - Growth indicates lowest Fama ratio of 0.44. It indicates the low risk with low return.

**Table 7.** Analysis of volatility and return per unit of risk based on fama

| Name of Scheme                            | Fama  |
|---|-------|
| HDFC Prudence Fund - Growth               | -0.00 |
| Canara Robeco Balance - Growth            | 0.15  |
| DSP Blackrock Balanced Fund - Growth      | -0.12 |
| Birla Sun Life 95 - Growth                | 0.07  |
| SBI Magnum Balanced Fund - Growth         | 0.01  |
| Tata Balanced Fund - Growth               | -0.08 |
| HDFC Balanced Fund - Growth               | 0.04  |
| FT India Balanced Fund - Growth           | 0.07  |
| Kotak Balance                             | -0.10 |
| Escorts Balanced Fund - Growth            | -0.44 |
| Sundaram BNP Paribas Balanced Fund-Growth | -0.07 |
| UTI Balanced Fund - Growth                | -0.05 |
| ICICI Prudential Balanced - Growth        | -0.02 |
| PRINCIPAL Balanced Fund - Growth          | -0.01 |
| ING Balanced Fund - Growth                | -0.03 |

### Correlation

A statistical measure of how two securities move in relation to each other. Correlation are used in advance portfolio management correlation is computed into what is known as the correlation coefficient, which ranges between -1 and +1. Perfect positive correlation (a correlation co-efficient of +1) implies that as one security moves, either up or down, the other security will move in lock step in the same direction. Alternative, perfect negative correlation means that if one security move in either direction the security that is perfectly negatively correlated will move by an equal amount in the opposite direction, if the correlation is 0, the movement of the securities are said to have no correlation, they are completely random.

**Table 8.** Analysis of volatility and return per unit of risk based on correlation

| Name of Scheme                            | Correlation |
|---|-------------|
| HDFC Prudence Fund - Growth               | 0.94        |
| Canara Robeco Balance - Growth            | 1.08        |
| DSP Blackrock Balanced Fund - Growth      | 0.74        |
| Birla Sun Life 95 - Growth                | 0.85        |
| SBI Magnum Balanced Fund - Growth         | 1.06        |
| Tata Balanced Fund - Growth               | 0.95        |
| HDFC Balanced Fund - Growth               | 0.92        |
| FT India Balanced Fund - Growth           | 0.96        |
| Kotak Balance                             | 0.88        |
| Escorts Balanced Fund - Growth            | 0.49        |
| Sundaram BNP Paribas Balanced Fund-Growth | 1.04        |
| UTI Balanced Fund - Growth                | 0.93        |
| ICICI Prudential Balanced - Growth        | 0.98        |
| PRINCIPAL Balanced Fund - Growth          | 1.05        |
| ING Balanced Fund - Growth                | 1.06        |

Analysis of Table 8 clearly reveals that Canara Robeco Balanced-Growth is highest degree of correlation 1.08 and Escort Balance Fund- Growth is lowest degree of correlation 0.49.

### Jensen Alpha

The size of the alpha exhibits the stock's unsystematic returns and its average return independence of market return if the fund produces the expected return at the level of risk assumed, the fund would have an alpha equal to zero. A positive alpha indicates that the manager produced return greater than expected for the risk taken. Alpha is calculated by comparing the fund's actual performance with the risk-adjusted expected return.

**Table 9.** Analysis of volatility and return per unit of risk based on jensen alpha

| Name of Scheme                            | Alpha |
|---|-------|
| HDFC Prudence Fund - Growth               | 9.01  |
| Canara Robeco Balance - Growth            | 6.50  |
| DSP Blackrock Balanced Fund - Growth      | 7.52  |
| Birla Sun Life 95 - Growth                | 7.67  |
| SBI Magnum Balanced Fund - Growth         | 3.01  |
| Tata Balanced Fund - Growth               | 5.84  |
| HDFC Balanced Fund - Growth               | 7.66  |
| FT India Balanced Fund - Growth           | 2.62  |
| Kotak Balance                             | 1.07  |
| Escorts Balanced Fund - Growth            | 2.27  |
| Sundaram BNP Paribas Balanced Fund-Growth | 2.20  |
| UTI Balanced Fund - Growth                | 2.98  |
| ICICI Prudential Balanced - Growth        | -1.77 |
| PRINCIPAL Balanced Fund - Growth          | -6.03 |
| ING Balanced Fund - Growth                | 0.22  |

Analysis of Table 9 clearly reveals that all the funds has outperformed its benchmark index by 1%. Only two schemes ICICI Prudential Balanced- Growth, PRINCIPAL Balanced Fund-Growth has clearly underperformed with -1.77 and -6.03 alpha ratio. A positive Alpha indicates that the manager produced return greater than expected for the risk taken.

### Conclusion

In the contemporary world, many fast mushrooming financial institutions are, offering new products and services to the investors. A proper evaluation measure will get rid of the confusion and

help investors to decide the relatively better investment in various mutual fund schemes. This study observed that HDFC Prudence Fund-Growth, Canara Robeco Balance - Growth, DSP Blackrock Balance Fund – Growth; are the top three funds on the basis of CAGR for the last five years.

These funds have also outperformed the CRISIL Balance Fund Index over the period of last 5 years. Canara Robeco Balanced Growth Scheme is relatively more volatile with highest standard deviation, Beta as well as Treynor ratio. The study observed that Canara Robeco Balance Growth is the most aggressive hybrid mutual fund whereas Escort Balance Fund - Growth is relatively least a more defensive fund.

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