"AN ANALYSIS OF PERFORMANCE AND RISK OF SELECTED BALANCED MUTUAL FUND SCHEMES"

[1]JASPAL GIDWANI , [2] DR.RAMESH P.GAN

[1]Assistant Professor, Department of Management Studies, Gurunanak Institute of Engineering & Technology, Nagpur.
[2] Principal, P.W.S. College of Arts, Commerce & Science, Nagpur.

jaspal.gidwani@gmail.com

***ABSTRACT:-**Mutual fund is a method for collecting the money from Investors, issuing units to them and investing funds in securities in accordance with objectives as disclosed in offer document. Ample of Mutual Funds are available where the investors can put their money. Before investing, Investor should inquire 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 figures or data.*

With the help of these key figures an investor can analyze different mutual funds and put his/her money in a fund which suits his/ her risk insight. Mutual fund returns can be evaluated & compared using Annualised Returns. Risk can be analyzed by finding out Standard Deviation, Beta. Whereas, key ratios like Sharpe ratio and Treynor ratio are used for Risk adjusted Return analysis. Funds can be compared with a Benchmark to find out how well they are performing with respect to the Market or Benchmark.

This Paper attempts to help the Investors by investigating some selected Balanced Mutual fund schemes on the basis of their performance in terms of returns, analyses the risk and also examine risk adjusted return carried out by these schemes.

Keywords: - Mutual fund, Return, Risk, Risk adjusted Return.

I. Introduction to Mutual Fund

A Mutual fund is a trust that collects the savings of a number of investors who have a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciations realized are shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual fund is the most appropriate investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.

In other sense, A Mutual fund is just the connecting bridge or a financial intermediary that allows a group of investors to pool their money together with a predetermined investment objective. The Mutual fund will have a fund manager who is responsible for investing the gathered money into specific securities (stocks or bonds). When investor invest in a Mutual fund, they are buying units or portions of the Mutual fund and thus on investing becomes a shareholder or unit holder of the fund.

II. Balanced Mutual Fund –A Notion

Mutual funds are classified by the type of investments they own. Some Mutual funds only own stocks. These are called equity funds. Some Mutual funds only own bonds. These are called Debt funds or fixed income funds. But some Mutual funds own both, and these are called balanced funds or Hybrid funds.

Balanced Mutual funds are one of the types of various Mutual funds available in the market. If Investor are wondering if there is any fund that can combine benefits of income and capital appreciation, look no further, this is it. Balanced Mutual funds make it possible by investing in an assortment of investment instruments such as stocks, money markets and bonds etc. Alternately these are also called as asset allocation funds.

The proportion in which the balanced Mutual funds allocate their assets is usually 60% to 65% in stocks and the balance in bonds. The proportion is not disturbed while managing the fund as it is to remain within the pre set minimum and maximum limits.

III. Objectives of the Study

1) To evaluate the Returns bestowed by selected Balanced Mutual Fund Schemes.
2) To Analyze the Risk Measures associated with selected Balanced Mutual Fund Schemes.
3) To analyze the Performance of selected Balanced Mutual Fund Schemes on the basis of risk adjusted measures like Sharpe's Model, Treynor's Model and Jensen's model.

IV. Purpose of the Study

Most of the people have lot of savings with them & they want to invest their savings. There are lots of investment options available in the market but most of the people consider safety as their primary factor for investment & also consider regular income on their priority list. Capital appreciation or growth in their investment comes later in their gist. Therefore, as a result, Balanced Mutual fund schemes are the better investment options available for the investor in which they can invest & earn better returns with safety of their capital.

So, the main purpose of doing this study was to know about balanced Mutual fund schemes with reference to its performance in terms of return & risk.

V. Review of Literature

Dr. B. Nimalathasan, Mr. R. Kumar Ghandhi (2012) studied the financial performance analysis of Mutual fund schemes (equity diversified schemes and equity mid-cap schemes) of selected banks. The objective of this research work is to analysis the financial performance of selected Mutual fund schemes through the statistical parameters and also carried risk analysis through parameters such as beta, standard deviation etc.

Sathy S.D. and BishnupriyaM. (2006) examined the performance of 23 selected growth - oriented and open-ended Mutual funds, from 1996-1997 to 2004-2005. On the basis of returns they found that UTI Mutual fund schemes and Franklin Templeton schemes have performed exceedingly well in public and private domain respectively.

Gupta and Gupta (2004) in their paper evaluated the performance of 57 equity Mutual funds (including 10 tax planning funds) from 1999 to 2003 by applying five measures i.e. Rate of Return, Sharpe's Ratio, Treynor's Ratio, Jensen's Differential return measures and Fama's Component of investment performance. The researchers used weekly Net Asset Values (NAVs) for performance evaluation, S&P CNX Nifty as benchmark and weekly yield on 91 day Treasury bills (T-bills) as a surrogate for risk free rate of return.

RajeevaSinha and Vijay Jog (2003), the authors examine the performance of Canadian Mutual fund managers, and find that their performance is lack lustre when compared with some well-recognized bench marks such as the TSE 300 and the 90-day T-Bill rates. They attribute this to the lack of performance persistence.

Panigrahi (1996) studied the growth of the Mutual fund industry from 1991-92 to1994-95 by using various components like rate of return, standard deviation, coefficient of multiple determination and risk free rate of return and showed that both UTI and other Mutual funds grew enormously during the post liberalization period in terms of investible funds, number of investors and number of schemes. The study showed that non UTI Mutual funds launched many schemes but their growth in terms of investors and number of schemes was not impressive.

Jayadev (1996) evaluated the performance of two growth-oriented Mutual funds namely Master gain and Magnum express by using monthly returns. Jensen, Sharpe and Treynor measures have been applied in the study and the pointed out that according to Jensen and Treynor measure, Master gain have performed better and the performance of Magnum was poor according to all three measures.

VI. Data and Methodology

Scope of the study

The scope of the study is limited to Balanced Mutual Fund schemes in India for the period 1st January 2011 to 31st December 2015. A total of 21 Balanced Mutual Fund schemes have been considered. Out of 21, 10 belong to HDFC Mutual Fund, while the rest belong to the ICICI Prudential Mutual Fund.

Secondary Data: The study has been carried out entirely on the basis secondary source. The major sources of secondary data are as given below:

For calculation of Returns, Risk & Risk adjusted Returns; the closing Net Asset Value (NAV) of the mutual funds along with daily closing price of the benchmark stock index i.e. NIFTY 50 has been used. NAV has been collected from the website of the Association of Mutual Fund of India (AMFI) &Nifty 50 Index values have been drawn from National Stock Exchange website.

Risk free rate of return refers to that minimum return on investment that has no risk of losing the investment over which it is earned. In this study, R_F is taken as the fixed deposit rate in the nationalized banks. For the present study, it has been marked as 6.5% per annum.

Limitations of the Study

For the purpose of performance evaluation, those schemes have been selected which are in operation since last 5 years. These schemes relate to HDFC& ICICI Prudential Mutual Funds just & only open ended schemes have been considered for this purpose. Performance evaluation of all the schemes operated by selected mutual funds was not possible because of non availability of sufficient data.

VII. Data Analysis & Interpretation

1) Return Measures

Investors have to look into the return part before investing in the Mutual funds. Returns are the key indicators of their investment performance and are calculated from the historical NAV's.

In Mutual funds, NAV is the basic element used in calculating the returns because it keeps varying from one point of time to other. Thus, the purchase and sale value of investment is derived by multiplying the units purchased with NAV for respective period i.e. purchase date and sale date. In simple words, Net Asset Value is the market value of the securities held by the scheme. Since market value of securities changes every day, NAV of a scheme also varies on day-to-day basis.

A) Annualized Return

Return is the gain or loss in the value of an asset in a particular period. It is usually quoted as a percentage. The general rule is that the more risk you take, the greater the potential for higher return – and loss.

Absolute return or Point to Point Returns: Absolute return is the increase or decrease that an investment achieves over a given period of time expressed in percentage terms. It's calculated as follows:

Absolute returns = 100* (Selling Price – Cost Price)/ (Cost Price)

This measurement of return is the simplest and it does not consider time period. Most times it produces a large number so people are impressed!

Simple Annualized Return: The increase in value of an investment, expressed as a percentage per year.

Simple Annualized Return= Absolute Returns/Time period.

Average Annual Return (AAR)

Average annual return (AAR) is the arithmetic mean of a series of rates of return. The formula for AAR is:

AAR = (Return in Period 1 + Return in Period 2 + Return in Period 3 + …Return in Period N) / Number of Periods or N

Table 1 exhibit Performance in terms of Annualized Return of Past 5 years & its Average of Balanced Mutual fund schemes:-

SN	Mutual Fund Schemes	2011	2012	2013	2014	2015	Average Annualised Returns	Rank
1.	HDFC Arbitrage Fund - Retail Plan	7.46	8.73	8.18	7.78	7.43	7.916	21
2.	HDFC Arbitrage Fund - Wholesale Plan	7.70	9.03	8.30	7.94	7.60	8.114	20
3.	HDFC Balanced Fund	-10.57	26.56	8.78	51.47	3.01	15.85	1
4.	HDFC Children's Gift Fund - Investment Plan	-7.49	27.32	12.96	43.10	2.44	15.666	3
5.	HDFC Children's Gift Fund - Savings Plan	4.98	12.60	5.53	24.68	5.45	10.648	8
6.	HDFC Equity Savings Fund	5.64	12.39	6.76	15.72	2.04	8.51	17
7.	HDFC MF Monthly Income Plan - Short Term Plan	1.72	12.41	5.61	18.24	3.30	8.256	18
8.	HDFC MF Monthly Income Plan - Long Term Plan	-0.79	15.59	3.57	24.87	3.84	9.416	11
9.	HDFC Multiple Yield Fund - Plan 2005	6.11	11.84	6.65	20.43	4.67	9.94	10
10.	HDFC Prudence Fund	-15.83	30.08	2.06	51.76	0.29	13.672	7
11.	ICICI Prudential Advisor Series - Cautious Plan	2.72	11.94	1.19	22.02	2.99	8.172	19
12.	ICICI Prudential Advisor Series - Long Term Savings Plan	-5.44	21.20	0.27	29.60	1.23	9.372	12
13.	ICICI Prudential Advisor Series - Moderate Plan	-3.65	19.63	2.34	25.50	2.26	9.216	14
14.	ICICI Prudential Balanced Advantage Fund	-8.77	33.33	10.93	29.04	6.70	14.246	6
15.	ICICI Prudential Balanced Fund	-9.33	29.38	11.18	45.56	2.10	15.778	2
16.	ICICI Prudential Child Care Plan - Gift Plan	-26.10	42.34	2.87	54.26	0.23	14.72	4
17.	ICICI Prudential Child Care Plan - Study Plan	0.33	18.00	11.11	32.39	9.91	14.348	5
18.	ICICI Prudential Equity Arbitrage Fund	7.63	10.11	9.80	8.58	7.56	8.736	16

19.	ICICI Prudential Equity Arbitrage Fund - Institutional Plan	7.95	10.42	9.76	8.49	7.59	8.842	15
20.	ICICI Prudential MIP 25	-0.55	17.27	5.85	22.52	6.42	10.302	9
21.	ICICI Prudential Monthly Income Plan	1.83	13.63	5.40	21.03	4.75	9.328	13

Source: - Own Calculation

Interpretation: - Table 1 depicts Performance in terms of Average Annualized returns of last 5 years i.e. from 2011 to 2015 of 21 Balanced Mutual fund schemes & ranked them.

On analyzing schemes, it has been found that all the schemes generate positive average returns, none of them show negative return which is a good sign for the Industry as it increases investors confidence in Mutual fund investment especially it boost the investment in Balanced Mutual fund schemes. Schemes that occupy top positions are HDFC Balanced Fund, ICICI Prudential Balanced Fund, HDFC Children's Gift Fund - Investment Plan, etc.

B) Benchmark:-

Mutual fund schemes invest in the market for the benefit of unit holders. How well did a scheme perform this job? An approach to assess the performance is to pre-define a comparable - a Benchmark - against which the scheme can be compared.

To put it very simply, a benchmark gives a layman an opportunity to compare the performance of his/her investments with that of the broader market. At the same time, a fund house can also set target returns and strive to perform better than the benchmark index.

Table 2 display Performance Comparison of Return of Balanced Mutual fund schemes with its Benchmark i.e. Nifty 50:-

SN	Mutual Fund Schemes	Average Annualised Returns(R_P)	Benchmark Average Returns (Nifty 50)	Difference (R_M-R_P)	Rank
1	HDFC Arbitrage Fund - Retail Plan	7.916	7.064	0.852	21
2	HDFC Arbitrage Fund - Wholesale Plan	8.114	7.064	1.05	20
3	HDFC Balanced Fund	15.85	7.064	8.786	1
4	HDFC Children's Gift Fund - Investment Plan	15.666	7.064	8.602	3
5	HDFC Children's Gift Fund - Savings Plan	10.648	7.064	3.584	8
6	HDFC Equity Savings Fund	8.51	7.064	1.446	17
7	HDFC MF Monthly Income Plan - Short Term Plan	8.256	7.064	1.192	18
8	HDFC MF Monthly Income Plan - Long Term Plan	9.416	7.064	2.352	11
9	HDFC Multiple Yield Fund - Plan 2005	9.94	7.064	2.876	10
10	HDFC Prudence Fund	13.672	7.064	6.608	7
11	ICICI Prudential Advisor Series - Cautious Plan	8.172	7.064	1.108	19
12	ICICI Prudential Advisor Series - Long Term Savings Plan	9.372	7.064	2.308	12
13	ICICI Prudential Advisor Series - Moderate Plan	9.216	7.064	2.152	14
14	ICICI Prudential Balanced Advantage Fund	14.246	7.064	7.182	6
15	ICICI Prudential Balanced Fund	15.778	7.064	8.714	2
16	ICICI Prudential Child Care Plan - Gift Plan	14.72	7.064	7.656	4
17	ICICI Prudential Child Care Plan - Study Plan	14.348	7.064	7.284	5
18	ICICI Prudential Equity Arbitrage Fund	8.736	7.064	1.672	16
19	ICICI Pru Equity Arbitrage Fund - Institutional Plan	8.842	7.064	1.778	15
20	ICICI Prudential MIP 25	10.302	7.064	3.238	9
21	ICICI Prudential Monthly Income Plan	9.328	7.064	2.264	13

Source: - Own Calculation

Interpretation:-It has been observed that all schemes generate higher returns than the benchmark returns. Out of all, some schemes have better or enhanced values for example HDFC Balanced Fund, ICICI Prudential Balanced Fund, HDFC Children's Gift Fund - Investment Plan occupies top three positions respectively on comparison with Nifty 50.

These schemes were those which had out-performed the market index. Thus, the investors of these schemes have been rewarded well on their invested money.

2) Risk Measures

Return alone should not be considered as the basis of measurement of the performance of a Mutual fund scheme, it should also include the risk taken by the Fund Manager because different funds will have different levels of risk attached to them.

Risk then, refers to the volatility - the up and down activity in the markets that occur constantly over a period of time. This volatility can be caused by a number of factors - interest rate changes, inflation or general economic conditions. The main indicators of investment risk that apply to the analysis of stocks, bonds and Mutual fund portfolios are Standard deviation and Beta.

A) Standard deviation

The Standard deviation of a fund measures the risk by measuring the degree to which the fund fluctuates in relation to its average return of a fund over a period of time. It is a measure of the consistency of a Mutual fund's returns. A higher Standard deviation number indicates that the Net Asset Value (NAV) of the Mutual fund is more volatile and, it is riskier than a fund with a lower Standard deviation.

B) Beta

Another measure of fund's risk is Beta coefficient. Beta relates a fund's return with a market index and measures the sensitivity of the fund's return s to changes in the market index. In other words, Beta determines the volatility of a fund in comparison to that of its index or benchmark.

Table 3 reveals Standard deviation & Beta of Balanced Mutual fund schemes:-

SN	Mutual Fund Schemes	Standard Deviation of Portfolio(σ_P)	Beta(β)
1	HDFC Arbitrage Fund - Retail Plan	2.5685	0.0154
2	HDFC Arbitrage Fund - Wholesale Plan	2.5754	0.0124
3	HDFC Balanced Fund	20.3304	0.7729
4	HDFC Children's Gift Fund - Investment Plan	18.8954	0.6676
5	HDFC Children's Gift Fund - Savings Plan	11.1293	0.2316
6	HDFC Equity Savings Fund	9.1214	0.1555
7	HDFC MF Monthly Income Plan - Short Term Plan	10.8633	0.2206
8	HDFC MF Monthly Income Plan - Long Term Plan	13.3382	0.3327
9	HDFC Multiple Yield Fund - Plan 2005	9.7316	0.1771
10	HDFC Prudence Fund	21.6795	0.8789
11	ICICI Prudential Advisor Series - Cautious Plan	11.3676	0.2416
12	ICICI Prudential Advisor Series - Long Term Savings Plan	16.1083	0.4852
13	ICICI Prudential Advisor Series - Moderate Plan	14.8108	0.4102
14	ICICI Prudential Balanced Advantage Fund	17.7001	0.5858
15	ICICI Prudential Balanced Fund	19.7494	0.7294
16	ICICI Prudential Child Care Plan - Gift Plan	24.4462	1.1175
17	ICICI Prudential Child Care Plan - Study Plan	14.2014	0.3771
18	ICICI Prudential Equity Arbitrage Fund	3.7851	0.0267
19	ICICI Prudential Equity Arbitrage Fund - Institutional Plan	3.6095	0.0243
20	ICICI Prudential MIP 25	12.8771	0.3101
21	ICICI Prudential Monthly Income Plan	11.5074	0.2476

Interpretation: - Higher the value of deviation of scheme's return, greater will be the total risk carried by the scheme. It is observed that the maximum deviation in scheme's return is shown by ICICI Prudential Childcare-Gift Plan followed by HDFC Prudence Fund that show Standard deviation of 21.6795 then HDFC Balanced Fund have Standard deviation of 20.33 .

Higher the value of Beta of the schemes, greater will be the systematic risk carried by the fund. It is observed that out of all, only one scheme were found to be more risky (*beta* > 1.0) than the market namely, ICICI Prudential Childcare-Gift Plan with Beta of 1.1175.

Whereas schemes such as HDFC Prudence Fund, HDFC Balanced Fund, ICICI Prudential Balanced Fund schemes also show higher beta that means carries higher systematic risk.

Schemes with minimum Standard deviation and beta are HDFC Arbitrage Fund - Retail Plan, HDFC Arbitrage Fund - Wholesale Plan, ICICI Prudential Equity Arbitrage Fund - Institutional Plan etc.

3) Risk-adjusted Return Measures:-

An alternative approach to evaluate the performance of the Fund Manager is through the risk reward relationship. The underlying principle is that return ought to be commensurate with the risk taken. A Fund Manager, who has taken higher risk, ought to earn a better return to justify the risk taken. A Fund Manager who has earned a lower return may be able to justify it through the lower risk taken. Such evaluations are conducted through *Risk-adjusted Returns*. There are various measures of risk-adjusted returns. Some of which commonly used in the market are:-

A) Sharpe Ratio
B) Treynor Ratio
C) Jensen Alpha

A) Sharpe Model/Ratio

Sharpe ratio compute the risk premium of a fund as difference between the fund's Average return and the return of a risk –free Government security or Treasury bill over a given period. Sharpe ratio divides the risk premium by the fund's total risk i.e. Standard deviation. The formula of Sharpe ratio is:-

Sharpe ratio $= (\mathbf{R_P - R_F})/\boldsymbol{\sigma_P}$ Where, $\boldsymbol{\sigma_P}$ is Standard deviation of the fund.

The higher a fund's Sharpe ratio, the better a fund's returns and have been relative to the volatility the fund has experienced (as measured by standard deviation). Investors can then assess whether a fund's return justifies the risk or not.

B) Treynor's Model

Like Sharpe measure, Treynor ratio also compute the risk premium of a fund as difference between the fund's Average return and the return of a risk-free Government security or Treasury bill over a given period but with reference to systematic risk instead of total risk.

Table 4 display Risk Adjusted Returns i.e. Sharpe Ratio & Treynor ratio of Balanced Mutual fund schemes with its Ranking

SN	Mutual Fund Schemes	Sharpe Ratio	Rank	Treynor Ratio	Rank
1	HDFC Arbitrage Fund - Retail Plan	0.5513	5	91.9481	3
2	HDFC Arbitrage Fund - Wholesale Plan	0.6267	2	130.161	1
3	HDFC Balanced Fund	0.4599	8	12.0973	13
4	HDFC Children's Gift Fund - Investment Plan	0.4851	6	13.7298	8
5	HDFC Children's Gift Fund - Savings Plan	0.3727	10	17.9102	7
6	HDFC Equity Savings Fund	0.2204	16	12.926	10
7	HDFC MF Monthly Income Plan - Short Term Plan	0.1616	20	7.96011	17
8	HDFC MF Monthly Income Plan - Long Term Plan	0.2186	17	8.76465	15
9	HDFC Multiple Yield Fund - Plan 2005	0.3535	11	19.4241	6
10	HDFC Prudence Fund	0.3308	13	8.1602	16
11	ICICI Prudential Advisor Series - Cautious Plan	0.1471	21	6.92053	19
12	ICICI Prudential Advisor Series - Long Term Savings Plan	0.1783	19	5.91921	21
13	ICICI Prudential Advisor Series - Moderate Plan	0.1834	18	6.62116	20

14	ICICI Prudential Balanced Advantage Fund	0.4376	9	13.2229	9
15	ICICI Prudential Balanced Fund	0.4698	7	12.72	11
16	ICICI Prudential Child Care Plan - Gift Plan	0.3362	12	7.3557	18
17	ICICI Prudential Child Care Plan - Study Plan	0.5526	4	20.8115	5
18	ICICI Prudential Equity Arbitrage Fund	0.5907	3	83.7453	4
19	ICICI Pru Equity Arbitrage Fund - Institutional Plan	0.6488	1	96.3786	2
20	ICICI Prudential MIP 25	0.2953	14	12.2606	12
21	ICICI Prudential Monthly Income Plan	0.2458	15	11.4216	14

Source: - Own Calculation

Interpretation: - It could be seen that all schemes have recorded positive Sharpe & Treynor Ratio. Out of these schemes, some schemes have enhanced Sharpe ratio as well as better Treynor ratio such as ICICI Prudential Equity Arbitrage Fund - Institutional Plan, HDFC Arbitrage Fund - Wholesale Plan, ICICI Prudential Equity Arbitrage Fund etc. occupies Top Position. Thus, the investors of these schemes have been rewarded well on their invested money. Schemes that hold bottom positions are ICICI Prudential Advisor Series - Long Term Savings Plan, HDFC MF Monthly Income Plan - Short Term Plan, ICICI Prudential Advisor Series - Moderate Plan.

C) Jensen Model

In simple sense, Jensen model is yet another risk-adjusted performance measure. This measure is developed by Michael Jensen and sometimes referred as the differential return method. This measure involves evaluation of the returns that the fund has generated vis-à-vis the return actually expected of the fund given the level of its systematic risk. Required return of a fund at a given level of risk can be calculated as:

Jensen's alpha = Portfolio Return – [Risk Free Rate + Portfolio Beta * (Market Return – Risk Free Rate)]

The difference between a scheme's actual return and its optimal or expected return is its *Alpha*- a measure of the Fund Manager's performance. Positive alpha is indicative of out-performance by the Fund Manager; negative alpha might indicate underperformance.

Table 5 display Risk Adjusted Measure of Performance i.e. Jensen Alpha of Balanced Mutual fund schemes with its Ranking

SN	Mutual Fund Schemes	Average Annualised Returns(R_P)	Jensen Alpha	Rank
1	HDFC Arbitrage Fund - Retail Plan	7.916	1.4073	21
2	HDFC Arbitrage Fund - Wholesale Plan	8.114	1.607	19
3	HDFC Balanced Fund	15.85	8.9141	1
4	HDFC Children’s Gift Fund - Investment Plan	15.666	8.7895	3
5	HDFC Children’s Gift Fund - Savings Plan	10.648	4.0174	8
6	HDFC Equity Savings Fund	8.51	1.9223	17
7	HDFC MF Monthly Income Plan - Short Term Plan	8.256	1.6316	18
8	HDFC MF Monthly Income Plan - Long Term Plan	9.416	2.7284	11
9	HDFC Multiple Yield Fund - Plan 2005	9.94	3.3401	10
10	HDFC Prudence Fund	13.672	6.6763	7
11	ICICI Prudential Advisor Series - Cautious Plan	8.172	1.5357	20
12	ICICI Prudential Advisor Series - Long Term Savings Plan	9.372	2.5983	13
13	ICICI Prudential Advisor Series - Moderate Plan	9.216	2.4846	14
14	ICICI Prudential Balanced Advantage Fund	14.246	7.4156	6
15	ICICI Prudential Balanced Fund	15.778	8.8666	2
16	ICICI Prudential Child Care Plan - Gift Plan	14.72	7.5897	5

17	ICICI Prudential Child Care Plan - Study Plan	14.348	7.6353	4
18	ICICI Prudential Equity Arbitrage Fund	8.736	2.2209	16
19	ICICI Prudential Equity Arbitrage Fund - Institutional Plan	8.842	2.3283	15
20	ICICI Prudential MIP 25	10.302	3.6271	9
21	ICICI Prudential Monthly Income Plan	9.328	2.6884	12

Source: - Own Calculation

Interpretation: -

Highest Value of Jensen's Measure are Found in HDFC Balanced Fund, ICICI Prudential Balanced Fund, HDFC Children's Gift Fund - Investment Plan etc. Higher Positive value of Jensen's measures indicates good market timing ability of Fund Managers as regard investment in securities.

These Schemes earned high rate of return even more than average market rate of return at the same time they manage to place beta into lower side both together result into better and positive Jensen measure. Whereas, Lowest Jensen's measure found in HDFC Arbitrage Fund - Retail Plan , ICICI Prudential Advisor Series - Cautious Plan , HDFC Arbitrage Fund - Wholesale Plan .

VIII. Conclusion

From above Performance and Risk analysis of the selected Balanced Mutual fund schemes, it's clear that all the funds have performed well during the study period except HDFC Arbitrage Fund - Retail Plan & Wholesale Plan. The fall in the Nifty 50 during the year 2011 has impacted the performance of all the selected funds. Beside this, all funds beat the Market or Benchmark i.e. generating higher returns than the Market. It can be also said that the market timing ability of fund managers is also admirable. In the ultimate analysis it may be concluded that all the funds have performed well in the high risky or volatile market movement and market timing ability of Fund managers is also worthy.

IX. References

- Modigliani, F., and L. Modigliani, 1997, *"Risk-Adjusted Performance,"* Journal of Portfolio Management 23 (2), 45-54.
- Chang, E., and W. Levellen, "Market Timing and Mutual Fund Investment Performance", Journal of Business (January 1984).
- Donald E. Fischer, Ronald J. Jordon "Security Analysis and Portfolio Management", 6th edition, PHI.
- Prasanna Chandra "Investment Analysis and Portfolio Management", CFM-TMH Professional Series in Finance, 2nd edition.
- Gupta Shivani (2011) "Indian Mutual Fund Industry: Current state and Future outlook" Indian Journal of Finance, Vol.5, Issue 4, PP.38.
- www.amfiindia.com
- www.valueresearchonline.com
- www.nseindia.com
- www.mutualfundsnavindia.com