COMPARATIVE PERFORMANCE OF BALANCED MUTUAL FUND SCHEMES OF HDFC ASSET MANAGEMENT

E. ASHWINI[1], KUMMARI VARA LAXMI[2]

Student[1], Guide[2]

GLOBAL INSTITUTE OF ENGINEERING AND TECHNOLOGY AN AUTONOMOUS INSTITUTION

Chilkur (v). Moinabad (M). RR. District. Telangana

ABSTRACT

This project titled *"Comparative Performance of Balanced Mutual Fund Schemes of HDFC AMC at ECS Financial Company" aims to evaluate and compare the performance of selected balanced (hybrid) mutual fund schemes managed by HDFC Asset Management Company (HDFC AMC). Balanced mutual funds invest in a combination of equity and debt instruments to provide capital appreciation along with stability and income generation, making them suitable for moderate-risk investors.

The study is conducted in association with ECS Financial Company to understand how these balanced schemes are recommended to clients based on their financial goals, risk appetite, and investment horizon. The project analyzes the performance of selected HDFC balanced funds over a specific period using key financial indicators such as CAGR, annualized returns, standard deviation, beta, Sharpe ratio, and alpha. The schemes are also compared with relevant benchmark indices and peer group funds to assess consistency, volatility, and risk-adjusted returns.

I. INTRODUCTION

The introduction explains the background of the study. It discusses the importance of investments and how mutual funds have become a popular investment option in India. Balanced mutual funds are designed to provide both capital appreciation and regular income by investing in equity and debt instruments. This chapter also explains why comparing different schemes is important for investors.

II. NEED OF THE STUDY

The need for this study arises from the growing popularity of balanced mutual fund schemes among investors seeking a combination of capital appreciation and stable income with moderate risk. HDFC Asset Management offers several balanced mutual fund schemes with different investment strategies and performance outcomes. Comparing these schemes helps investors understand their risk-return characteristics, consistency, and fund management efficiency. The study also assists in identifying the most suitable scheme based on financial performance and investment objectives. Furthermore, it provides valuable insights for researchers, financial advisors, and policymakers while supporting informed investment decisions in an increasingly competitive mutual fund industry.

III. Objectives Of The Study

- To evaluate the performance of selected balanced mutual fund schemes
- To compare returns generated by different schemes
- To analyse risk and return relationship
- To study portfolio allocation patterns
- To examine consistency in fund performance

IV. Scope Of The Study

The scope defines the boundaries of the research. This study is limited to selected balanced mutual fund schemes of HDFC AMC. The analysis is based on historical performance, risk-return analysis, NAV movement, and portfolio allocation during a specific period. The study helps investors understand the effectiveness of balanced funds.

V. Research Methodology

This chapter explains how the research was conducted. The study mainly uses secondary data collected from annual reports, mutual fund websites, AMFI reports, and financial journals. Analytical tools such as CAGR, Sharpe Ratio, Beta, and Standard Deviation are used to evaluate the performance of schemes. The methodology also explains the sampling technique and limitations of the study.

VI. Review Of Literature

Concept of Literature Review

A literature review refers to the systematic study and analysis of previously published research related to a specific topic. It helps researchers:

- Understand earlier studies
- Identify important theories and concepts
- Compare research findings
- Identify research gaps
- Develop research objectives and methodology

In the field of finance and mutual funds, literature reviews are useful in understanding investment patterns, risk-return relationships, and performance evaluation methods.

Review of Studies Related to Mutual Funds

Several researchers and financial experts have conducted studies on mutual fund performance, investment behaviour, and portfolio management. The following are important studies related to the current research topic.

Study 1: Mutual Funds as Investment Tools

Many researchers concluded that mutual funds are one of the most effective investment options for retail investors because they provide:

- Professional fund management
- Diversification
- Liquidity
- Risk reduction

- The studies revealed that mutual funds encourage disciplined investment habits and help investors participate in capital markets without requiring extensive financial knowledge.
- Researchers also found that Systematic Investment Plans (SIPs) increased retail investor participation in India.

Study 2: Performance Evaluation of Mutual Funds

Several studies analyzed the performance of mutual fund schemes using statistical and financial tools such as:

- Standard Deviation
- Sharpe Ratio
- Beta
- Alpha
- CAGR

These studies emphasized that evaluating both risk and return is important while measuring mutual fund performance. Researchers observed that funds with higher returns may also involve higher risk.
Performance evaluation studies showed that fund manager expertise and market conditions significantly affect mutual fund returns.

VII. DATA ANALYSIS & INTERPRETATION

Return Analysis

Scheme	1-Year Return	3-Year Return	5-Year Return
HDFC Balanced Advantage Fund	Moderate	Good	Stable
HDFC Hybrid Equity Fund	High	Very Good	High
HDFC Multi-Asset Fund	Moderate	Stable	Good
HDFC Children's Gift Fund	Moderate	Good	Moderate

Interpretation:

- HDFC Hybrid Equity Fund generated comparatively higher returns due to greater equity exposure.
- HDFC Balanced Advantage Fund provided stable and consistent returns with lower volatility.
- Multi-Asset Fund showed balanced performance because of diversified asset allocation.

Risk Analysis

Risk analysis helps measure the level of uncertainty involved in mutual fund

investments. Standard Deviation Comparison

Scheme	Risk Level
HDFC Balanced Advantage Fund	Low to Moderate
HDFC Hybrid Equity Fund	Moderate to High
HDFC Multi-Asset Fund	Moderate
HDFC Children's Gift Fund	Moderate

Interpretation:

- Hybrid Equity Fund carried higher market risk due to larger equity allocation.
- Balanced Advantage Fund showed better stability.

Sharpe Ratio Analysis

Scheme	Sharpe Ratio
HDFC Balanced Advantage Fund	High
HDFC Hybrid Equity Fund	Moderate
HDFC Multi-Asset Fund	Good
HDFC Children's Gift Fund	Moderate

Interpretation:

- Balanced Advantage Fund delivered better risk-adjusted returns.
- Multi-Asset Fund also showed efficient portfolio management.

Portfolio Allocation Analysis

Balanced mutual funds allocate investments between equity and debt instruments.

Example Allocation Pattern

Scheme	Equity	Debt	Other Assets
Balanced Advantage Fund	65%	35%	—
Hybrid Equity Fund	75%	25%	—
Multi-Asset Fund	60%	25%	15%
Children's Gift Fund	70%	30%	—

Interpretation:

- Higher equity allocation increases return potential.
- Debt allocation provides stability during market volatility.

Comparison Based on Investment Objective

Scheme	Investment Objective
HDFC Balanced Advantage Fund	Balance between growth and stability
HDFC Hybrid Equity Fund	Long-term capital appreciation
HDFC Multi-Asset Fund	Diversification across multiple assets
HDFC Children's Gift Fund	Long-term savings for children

Interpretation:

- Balanced Advantage Fund focuses on stable growth.

- Hybrid Equity Fund aims for higher long-term returns.
- Multi-Asset Fund emphasizes diversification.

FINDINGS

1. Balanced Mutual Funds Provide Diversified Investment Opportunities

The study found that balanced mutual funds invest in both equity and debt instruments, which helps in reducing overall investment risk through diversification. The combination of equity and debt creates a balanced portfolio suitable for moderate-risk investors.

2. HDFC Hybrid Equity Fund Generated Higher Returns

Among the selected schemes, HDFC Hybrid Equity Fund showed comparatively higher returns because of its larger allocation towards equity investments.

3. HDFC Balanced Advantage Fund Provided Better Stability

The analysis revealed that HDFC Balanced Advantage Fund delivered more stable and consistent returns compared to other schemes.

4.HDFC Multi-Asset Fund Offered Better Diversification

The study found that HDFC Multi-Asset Fund provided better diversification because it invested in multiple asset classes

VIII. SUGGESTIONS

Based on the analysis and findings of the study titled *"Comparative Performance of Balanced Mutual Fund Schemes of* HDFC Asset Management Company,*"* the following suggestions and recommendations are provided for investors, fund managers, and financial advisors.

These recommendations aim to improve investment decisions, portfolio management, and overall investor satisfaction.
Suggestions for Investors

1. Investors Should Assess Their Risk Profile Before Investing

Before investing in balanced mutual funds, investors should clearly understand their:

- Risk tolerance
- Financial goals
- Income level

2. Long-Term Investment Should Be Preferred

Balanced mutual funds perform better over the long term because equity investments require time to generate substantial returns.

IX. CONCLUSION

The present study titled "Comparative Performance of Balanced Mutual Fund Schemes of HDFC Asset Management Company" was conducted to analyse and compare the performance of selected balanced mutual fund schemes based on risk, return, portfolio allocation, and investment stability.

The study highlighted the importance of mutual funds as effective investment instruments for wealth creation and financial planning. Balanced mutual funds, in particular, were found to be suitable for investors seeking a combination of capital appreciation and stable income with moderate risk exposure.

The analysis revealed that balanced mutual funds provide diversification benefits by investing in both equity and debt instruments. Equity investments contribute to long-term growth, while debt investments help reduce portfolio volatility and provide stability during market fluctuations. This balanced allocation makes hybrid funds more suitable for moderate-risk investors compared to pure equity funds.

Among the selected schemes, HDFC Hybrid Equity Fund showed comparatively higher return potential due to its greater equity exposure. However, the scheme also involved relatively higher market risk. On the other hand, HDFC Balanced Advantage Fund demonstrated more stable performance and better risk-adjusted returns because of effective asset allocation and portfolio management strategies.

X. REFERENCES

This section lists all the sources referred to in the project such as:

- Books

  1) Value Research Mutual Fund Insight ,
  2) Wealth Insight,

- **Research papers**

  1) Mutual Fund Performance - William F. Sharpe
  2) Evaluating Mutual Fund Performance - Jerold Warner
  3) A Comparative Study of Mutual Fund Performance in India - Bhosale and Adhikary

- **Websites**

  1) https://www.amfiindia.com
  2) https://www.morningstar.in/default.aspx
  3) https://www.valueresearchonline.com/

- **Annual reports & Journals**

  1) Association of Mutual Funds In India – Annual Reports
  2) Securities And Exchanges Board Of India – Mutual Fund Reports
  3) Economies Times – Articles On Mutual Funds & Market Volatility