

10:50 AM 09 OCT LIVE MARKET STATS ▾	सेन्सेक्स 31,890 ▲ 75.90	निफ्टी 50 10,001 ▲ 21.85	सोने (एमसीएक्स) (₹/१० ... 29,705.00 ▲ 132.00	यू एस डी/भारतीय... 65.30 ▼ -0.07	पोर्टफोलियो निर्माण करा	ई-टी मार्केट्स आप उतरवून घ्या 	CHOOSE LANGUAGE MAR ▾	LIVE
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Is it time to sell your investments in Tata Balanced Fund?

BY SHIVANI BAZAZ, ECONOMICTIMES.COM | UPDATED: OCT 06, 2017, 04.35 PM IST

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Tata Balanced Fund, one of the consistent performers in the equity-oriented hybrid category, has been underperforming for more than a year. The scheme is lagging both its [benchmark](#) and category by a wide margin in the last one year. According to Value Research, an independent [mutual fund](#) tracking firm, Tata Balanced Fund has offered 5.65 per cent in the last year, compared with 11.39 per cent given by its benchmark and 11.34 per cent returned by the balanced fund category. Some mutual fund advisors are asking investors to move away from the scheme. Is it a wise move?

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"The fund has been suffering for almost one and a half years. But the rolling returns of the fund are decent. The main reason for the fund's underperformance was its exposure to certain sectors that didn't play out well. For example, the fund had exposure to PSU banks and pharma sector which has backfired," explains Vishal Dhawan, Founder, Plan Ahead Wealth Advisors. "The fund also has an aggressive debt strategy which has not been paying off lately. The scheme is betting on longer-term bonds to play the interest rates, which has hit the debt side also."

His advice to investors: "do not withdraw money now, wait for six months. However, fresh flows through SIPs should be stopped."

However, Tata Balanced Fund still figures in some of the recommendation lists of mutual fund advisors and websites. Fundsupermart.com still recommends Tata Balanced Fund to its clients looking to invest in hybrid category. "We change the list of our recommended schemes every year in December. There has been a change in the fund management team and we decided to give them some time. We recommend funds based on their long-term performance of five years. But we still discussed Tata Balanced Fund's performance last year and decided to give some more time to the fund," says Renu Pothen, head - research, fundsupermart.com.

[Pradeep Gokhale](#), fund manager, Tata Balanced Fund, says investors who have waited till now, should wait for some more time. He believes the performance of the fund should start improving in three to six months.

"We have actually used the midcap portion and made the fund much more liquid and reduced the tail also. I think the performance of the fund should now start improving in three to six months. We had some higher weightage in pharma where we got hit in the July-August period but we think that the pharma sector has hit the bottom. From the stock movements, also, we can see the there is some bounce happening in pharma," he says. "By March, we believe that the fund will be in a good position. I believe it will be a mistake to get out of the fund or stop investing right now."

ET.com [Mutual Funds](#) interviewed Pradeep Gokhale in July this year. Gokhale at that time said, "during the last 12 to 15 months most of the market returns were from two categories of stocks. One, value [stocks](#) or stocks that were cheap on price to book or P/E basis such as metals, corporate banks, Oil marketing companies etc. Two, high growth, high valuation stocks that had a strong visibility of growth even though valuations were higher relative to history such as some of the auto, consumer durables, NBFCs and new private sector banks. Tata Balanced Fund's portfolio had a lower share of stocks from these two categories relative to competition, which has resulted in underperformance versus the peer group."

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Read the full interview here: [Tata Balanced Fund is underperforming. Should you worry?](#)

Lately, many mutual fund experts have been pointing out that some balanced funds have started taking aggressive calls in both equity and debt parts of the portfolio. Some funds have invested in midcap stocks, while some others have started betting on long-term gilt to benefit from a likely fall in rates. Ironically, this comes at a time when investors are pouring in a lot of money in equity-oriented hybrid funds. In fact, many investment experts have been cashing in on the new found love for balanced funds by wrongly terming them as a very low risk product. Typically, balanced funds are recommended to first-time investors or those with very low risk tolerance.

However, the recent changes in the portfolios of balanced funds have shaken many mutual fund advisors' faith in them. They have started recommending equity savings schemes and balanced advanced funds to first-time investors and those with low risk tolerance.

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