

# MORNINGSTAR<sup>®</sup>

## FundInvestor

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## MANAGE YOUR MONEY

### Is Your Mutual Fund Taking Too Much Risk?

*Some key measures can give you a good approximation.*

In 2008, many investors felt like they had nowhere to hide. Investment types that many investors thought might offer shelter during inclement weather for the stock market--such as bond funds and commodities--posted painful losses. Such blowups highlight the facts that investing comes with risks and that some investments are riskier than others. Identifying those risks, in addition to figuring out how much you're willing to tolerate, is one of the most important aspects of long-term investing.

Unfortunately, there's no single definition of risk that works for everybody, but there are some key measures that will usually give you a good approximation. They're not perfect--there are often hidden risks lurking--but they're certainly better than guesswork.

#### 1. Backward-Looking Risk Measures

The world of finance is replete with measures that try to gauge how risky an investment has been in the past. In this context, risk is often equated with volatility, and the most common way to measure the volatility of a mutual fund (or any portfolio) is standard deviation. As Morningstar calculates it, this measures how widely the fund's monthly returns have varied over some period of time, usually three, five, or 10 years. If monthly returns have been very consistent, the standard deviation will be low, while if they have been all over the map, the standard deviation will be high.

One problem with standard deviation is that it doesn't have a lot of meaning without some context. Some types of funds are inherently more volatile than others, so any given fund's standard deviation can only be reasonably compared with those of its peers. Sector funds are more volatile than diversified stock funds, which in turn are more volatile than bond funds, and within each of these broad groups there's a lot of variation.

Another potential problem with standard deviation is that it treats big gains and big losses (in industry parlance, upside and downside volatility) the same. But most investors are a lot more concerned with downside volatility--the possibility that a fund will lose money or greatly underperform its peers. One measure that takes this difference into account is the Morningstar Risk score, which is part of the Morningstar Risk-Adjusted Return that helps determine a fund's Morningstar Rating. The details are rather complicated, but basically this measure uses a "utility function" that penalizes downside variation more than it rewards upside variation. Each fund's Morningstar Ratings & Risk page on Morningstar.com shows its Morningstar Risk relative to its category, ranging from "high" (the riskiest 10%) down to "low" (the least risky 10%).

#### 2. Portfolio Risks

Both standard deviation and Morningstar Risk are backward-looking risk measures--that is, they're based on how a fund has performed in the past. That can certainly be useful, but most investors (and potential investors) are more interested in what a fund is likely to do going forward. Obviously we can't know for sure how a fund will perform in the future, but it's still possible to look at its strategy and current portfolio and get some idea of what kinds of potential risks a fund is likely to face.

One factor to keep an eye on is concentration. Funds that concentrate their assets in relatively few holdings--say, fewer than 30 for stock funds--can suffer in the short term if just one or two of those holdings run into problems. Such concentration risk is separate from standard deviation and Morningstar Risk, and it's often present in funds that we like quite a bit.

A related type of risk arises from sector concentration, especially when these are volatile sectors such as technology. The most obvious example of this is sector funds, which focus on a single sector, but there are also quite a few funds that are nominally diversified but still pile into one or two sectors that can wreak havoc with returns.

Yet another type of risk to watch out for in stock funds is country or geographical concentration, especially concentration in relatively risky areas such as emerging markets. Emerging-markets stocks have been red-hot for the better part of this decade, and funds with a lot of emerging-markets exposure have done very well.

### 3. Operational Risks

Another group of risks worth touching on for mutual fund investors are operational risks, which have to do with how a fund is run. For example, the risk that a manager might leave a fund is certainly something to consider, and that risk is much higher in some cases than in others. The risk of new or higher fees is also worth considering.

#### What You Can Do?

There are a number of ways that you can check the funds in your portfolio (or those you're thinking of buying) for these various types of risk. Look up any fund on Morningstar.in and go to the tabs at the top of the page. As we saw earlier, under the Morningstar Ratings & Risk tab you'll find the fund's Morningstar Risk over the trailing three, five, and 10 years, and the Risk Measures tab will show you its standard deviation, along with some other measures that we haven't discussed here, such as the Sharpe ratio.

For the forward-looking risks, click on the Portfolio tab and scroll down to the sector weightings, where you can see whether the fund is over- or underweight in various sectors relative to its category peers.

In all this, it's important to remember that no fund's risk should be looked at in isolation. A fund that might look very risky all by itself could be a good fit in certain portfolios. For example, a fund with lots of technology holdings could complement a portfolio with heavy value leanings, and an emerging-markets fund could help diversify a portfolio consisting entirely of domestic stocks. The Instant X-ray tool on Morningstar.in can break down a portfolio by sectors and asset classes. You might find that you're taking on risks that you didn't realize, such as a big weighting in technology stocks, or you might find that there's room in your portfolio for more risk. When all is said and done, it's important to remember that even the best fund managers can have streaky short-term performance, so it's best not to get too hung up on consistency.

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## MF INDUSTRY UPDATE

### SEBI AMFI appoints new Chief Executive Officer

Association of Mutual Funds in India (AMFI) has announced a change in its key personnel. It has decided to appoint Mr. H N Sinor as the Chief Executive Officer with immediate effect. Mr. A. P. Kurian – the current Chairman of AMFI has decided to retire from AMFI. Mr. Kurian has however agreed to continue as Chairman till the next annual meeting in September 2010. The term for Mr. H N Sinor will be a period of three years.

### Bank of India and Reliance Mutual Fund enter into strategic alliance

Bank of India has tied up with Reliance Mutual Fund to distribute mutual fund products of Reliance Mutual Fund through its branches across the country. Mr. M Narendra, Executive Director of Bank of India stated that the bank will add one more facility to their customer and meet customer's investment needs in a growing financial market. Reliance Mutual Fund will be benefited by over 3,000 branch network of the bank.

### Peerless Mutual Fund launches its maiden funds

Peerless Mutual Fund has launched two funds - Peerless Liquid Fund and Peerless Ultra Short Term Fund. The new fund offer would remain open from 17th February, 2010 to 18th February 2010. The schemes will be benchmarked against CRISIL Liquid Fund Index and will be managed by Mr. Ganti N Murthy.

### SEBI announces reduction in NFO period and additional mode of payment

Securities Exchange Board of India (SEBI) has announced a reduction in the New Fund Offer (NFO) period and additional mode of payment through Application Supported by Blocked Amount (ASBA) in mutual fund. The NFO period has been reduced to 15 days from 30-45 days to ensure that the investor's money is not blocked for longer period and also to make NFO process efficient. However the NFO period remain unchanged for ELSS schemes. SEBI plans to make this facility available for the investor, for all NFOs launched on or after 01st July, 2010.

### Morningstar India to host its 2<sup>nd</sup> Mutual Fund Awards

Morningstar India will host its 2<sup>nd</sup> Mutual Fund Awards in Mumbai on March 22, 2010. Morningstar will announce the winners of 11 quantitative awards which include nine category and two fund house awards. These awards recognise funds and fund families that have delivered the greatest outperformance, on a risk-adjusted basis, in 2009 and over the longer term. While, the emphasis is on the funds' one-year performance in 2009, these awards take into account their downside risk and risk-adjusted return over the three-year period.

## MARKET ROUNDUP

### Equity Markets

The equity markets continued with the negative tone in the first half of the month owing to weak global cues as Europe's sovereign debt and a decline in commodity prices raised concerns over the global economic recovery. However, with the outcome of better-than-expected industrial growth numbers and positive union budget announcements, the market picked up momentum in the second half of the month. The country's industrial production witnessed the highest growth in the month of December 2009 as it rose by 16.8%, as against 11.7% in the previous month. This was on the back of a 46% increase in consumer durables and a 38.8% jump in capital goods, indicating speeding up of both consumer demand and investments. Investors also shrugged off the lower-than-expected GDP data for October-December quarter, tracking the budget. The GDP growth rate slipped to 6%, as against 7.9% during July-September quarter and is expected to accelerate to 7.5%-8% this year, despite the withdrawal of the government's stimulus measures. After soaring for four consecutive weeks, the food inflation managed to ease off marginally to 17.58% for the week ended February 13, compared with 17.97% in the previous week.

Both the key market indices, the BSE Sensex Index and the S&P CNX Nifty Index ended the month with marginal gains of 0.5% and 0.8%, respectively. Small and mid-cap stocks underperformed their large-cap peers, during the month. The BSE Midcap index was down by 3.5% while the BSE Small Cap Index lost 2.2%.

Among sectoral indices, the BSE Bankex Index gained 2.5% after the budget proposed to provide Rs. 16,500 crores for recapitalisation of state-run banks. The BSE Auto Index grew by 3.6% due to strong auto sales numbers released during the month. Among the top gainers were the BSE Capital Goods Index and the BSE IT Index which surged by 5.5% and 5.3%, respectively. On the other hand, the BSE Realty Index was hard hit as it fell by 6.9% on the back of expectations of interest rate hardening.

Foreign Institutional Investors (FIIs) who were net sellers in the previous month turned buyers to the extent of Rs. 1216.90 crores in equity. On the other hand, domestic institutions remained negative for six consecutive months and were net sellers to the tune of Rs. 697 crores in equities.

### Debt Markets

The union budget remained the key highlight for the month with primary focus on reducing the fiscal deficit, controlling inflation and improving economic growth. The fiscal deficit was estimated at 5.5% with further plans to reduce it to 4.8% and 4.15% in fiscal year 2012 and 2013, respectively.

The bond yields rose on expectations of higher government borrowings for fiscal year 2010-11. The government gross borrowings and net borrowings for the fiscal year 2010-11 has been pegged at Rs 4,57,000 crores and Rs 3,45,000 crores, respectively. The yield on 10-year government bond increased to 7.86% in February, from 7.59% last month. However, yields remained muted in the second half of the month, indicating a lack of consensus over the timing of the rate hike. The credit growth continued to pick pace in the January-February period. The rate of growth in the aggregate credit segment was around 15.1%.

The inflationary pressures continued to reel over market sentiments. The Wholesale Price Index (WPI) based inflation soared to a 15-month high of 8.56% for the month of January, with the data showing that inflation had spread to the manufacturing sector, creating pressure on the central bank to hike rates at the earliest. However, food inflation managed to ease off marginally to 17.58% for the week ended February 13, compared with 17.97% in the previous week.

### INDIAN INDICES

Index	Market Price (Mo-End)	Monthly Return (%)	Total Return YTD (%)
NSE Nifty	4922.3	0.8	-5.4
BSE Sensex	16429.6	0.4	-5.9

### INTERNATIONAL INDICES

Region / Index	Market Price (Mo-End)	Monthly Return (%)	Total Return YTD (%)
<b>America/Canada</b>			
US: DJ Industrial Average	10325.3	2.4	-1.0
US: S&P 500	1104.5	2.7	-1.0
US: NASDAQ 100	1818.7	4.3	-2.2
Can: S&P/TSX Composite	29280.5	6.1	-1.2
Brazil: IBOV	66503.3	5.0	-3.0
<b>Europe</b>			
Italy: FTSE MIB	21068.3	-5.7	-10.4
UK: FTSE 100	5354.5	-2.1	-1.1
France: CAC 40	3708.8	-2.8	-5.8
Germany: DAX	3377.8	-2.1	-6.3
<b>Asia Pacific</b>			
Japan: Nikkei 225	10126.0	1.2	-4.0
South Korea: KOSPI	2509.7	-1.6	-4.7
Singapore: STI	2750.9	-0.1	-5.1
Australia: AS 30	32304.4	2.4	-4.1
Hong Kong: Hang Seng (HSI)	20608.7	2.3	-5.8
China: Shanghai	3051.9	2.0	-6.9

Data as on February 28, 2010 in Base Currency; Source: Morningstar Direct

## FUND ROUNDUP

After witnessing a growth of 14% in the previous month, the total AUM of the mutual fund industry rose marginally by 1.1% during February 2010 primarily due to a dip in the inflows across categories. The net inflows dipped to Rs 6,365 crore in February against inflows of Rs 97,242 crore in the previous month, according to the Association of Mutual Funds in India.

Income funds, which saw its asset base grow by 30% in the previous month, as a huge chunk of funds redeemed by banks and corporate had come back, grew marginally by 1.2% due to absence of such inflows during the month. Though the category continued to attract the highest inflows, as compared to previous month, the inflows went down sharply by 95% to Rs.4,887 crores. On the other hand, the liquid fund category witnessed the highest outflows to the tune of Rs.516 crores. The category has been witnessing outflows post the RBI's move to limit bank investments under this category.

On the equity front, the Sensex remained flat and so did the equity asset base which grew by mere 0.3%. However the rise in the investors' confidence level in equity markets during recent times has helped the equity fund category garner net inflows to the tune of Rs.1,514 crores, for the second consecutive month. In case of balanced funds, net inflows were to the tune of Rs.88 crore, whereas ELSS funds saw inflows of Rs 335 crore, a rise of Rs 67 crore as compared to previous month. Gold funds witnessed a robust growth of 11% in its asset base on back of rising gold prices.

Category	Return (%) 1 Month	Return (%) 3 Month	Return (%) 6 Month	Return (%) 1 Year
<b>Equity</b>				
FMCG	-0.5	-1.9	11.6	65.6
Technology	1.3	5.6	15.7	133.6
Health	2.4	7.3	29.2	113.6
Banking & Financial Services	0.6	-3.2	13.9	107.2
Small/Mid Cap	-0.8	1.3	11.3	110.5
ELSS (Tax Savings)	-0.1	-0.3	9.1	92.8
Power	-1.0	-0.8	5.9	90.9
Large Cap	0.0	-1.5	6.8	82.0
<b>Asset Allocation</b>				
Conservative Allocation	-0.1	0.1	2.7	14.6
Moderate Allocation	-0.1	0.3	6.9	54.5
<b>Fixed Income</b>				
Long-Term Bond	-0.2	0.5	3.2	5.2
Intermediate Bond	-0.1	0.2	1.8	3.0
Long Government	-0.4	-0.5	1.4	0.0
Short Government	0.1	0.6	1.3	2.2
Short-term Bond	0.1	0.7	2.2	5.0
Intermediate Government	-0.4	-0.4	1.6	0.9
Ultrashort Bond	0.3	0.8	1.6	3.8
Liquid	0.3	0.7	1.3	3.1

Data as on February 28, 2010

Source: Morningstar Direct

Category Assets (Increase/Decrease)			
Category	Feb'10	Jan'10	% Change
Income	476,384	470,688	1.2
Other ETFs	1,342	1,262	6.3
Gold ETFs	1,583	1,425	11.1
Balanced	17,141	17,132	0.1
ELSS	22,664	22,425	1.1
Equity	168,672	168,117	0.3
Gilt	3,171	3,361	-5.7
Overseas FOFs	2,882	2,800	2.9
Liquid	73,030	71,502	2.1
<b>Total AUM</b>	<b>766,869</b>	<b>758,712</b>	<b>1.1</b>

Amount in INR(Crores)

Source: AMFI

Top 10 MF Assets (Increase/Decrease)			
Fund Company	Feb'10	Jan'10	% Change
Axis Mutual Fund	3,754	2,641	42.1
Taurus Mutual Fund	2,429	1,912	27.0
Shinsei Mutual Fund	459	400	14.7
Fortis Mutual Fund	9,108	7,960	14.4
Benchmark Mutual Fund	2,312	2,074	11.5
Baroda Pioneer Mutual Fund	4,083	3,694	10.5
Kotak Mahindra Mutual Fund	40,359	36,781	9.7
Canara Robeco Mutual Fund	10,017	9,200	8.9
JPMorgan Mutual Fund	4,640	4,315	7.5
Religare Mutual Fund	14,841	13,823	7.4
<b>Total AUM</b>	<b>92,003</b>	<b>82,801</b>	<b>11.1</b>

Amount in INR(Crores)

Source: AMFI

### How fund houses measured up

Of the 38 Fund houses, nearly 24 witnessed a growth in their AUM's. Reliance Mutual fund, remained at the top position, however it witnessed a decline of 1.3% in its asset base which stood at Rs.1,15,753 crores as on Feb 2010. Among the other top players, UTI mutual fund witnessed a growth of 6.4% in its asset base which was followed by ICICI mutual fund and HDFC Mutual fund which grew by 2.7% and 0.3% respectively. Axis mutual fund, Taurus mutual fund, Shinsei mutual fund and Fortis mutual fund, which saw their AUM's grow by 42%, 27%, 14.6% and 14.4% respectively, were among the top gainers. On the other hand, AIG Global Investment Group Mutual Fund and Bharti AXA mutual fund were the top losers.

### Morningstar Categories

The equity funds performance remained more or less muted on the back of marginal gains in the equity market. Among equity categories, the Morningstar India Health Category gained 2.4% and was the top performer. On the other hand, power sector focused funds were among the top losers followed by Small and Mid cap category funds.

In the fixed income segment, the Ultrashort Bond and Liquid fund category (up 0.3%) emerged as the best performer. With a growth of 0.1%, the second position was jointly occupied by the Short-term Bond and Short Government fund categories.

## TOP FUNDS OVER 3 YRS

Top Large Cap Funds												
Scheme Name	Fund Size* (in Cr.)	Equity Style Box	Morningstar Overall Rating**	Total Return (Annualized) in %			Historical Risk Ratios 3 Yrs					
				1 Yr	3 Yr	5 Yr	Std Dev (%)	Sharpe Ratio	Beta	R- Square	Information Ratio	
Birla Sun Life Frontline Equity	1723.1		★★★★★	96.42	16.83	25.6	33.6	0.4	1.1	30.5	0.8	
DSP BlackRock Top 100 Equity	2449.4		★★★★★	75.64	16.66	25.6	30.4	0.5	1.0	33.3	0.8	
Franklin India Bluechip	2673.0		★★★★★	95.43	14.30	22.7	31.5	0.4	1.1	37.5	0.7	
HDFC Top 200	6086.6		★★★★★	105.75	18.90	26.7	33.4	0.5	1.2	36.7	0.9	
ICICI Prudential Dynamic	1890.0		★★★★★	92.93	12.81	27.2	30.0	0.3	1.1	40.7	0.7	

Data as of February 28, 2010; \*Data as of January 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

Top Small/Mid Cap Funds												
Scheme Name	Fund Size* (in Cr.)	Equity Style Box	Morningstar Overall Rating**	Total Return (Annualized) in %			Historical Risk Ratios 3 Yrs					
				1 Yr	3 Yr	5 Yr	Std Dev (%)	Sharpe Ratio	Beta	R- Square	Information Ratio	
IDFC Premier Equity	1227.9		★★★★★	120.65	25.37	na	35.9	0.6	1.2	31.4	1.0	
Reliance Growth	6765.8		★★★★★	112.90	16.60	28.1	37.0	0.4	1.2	30.4	0.7	
Birla Sun Life Mid Cap	1304.4		★★★★	139.92	16.99	25.1	42.0	0.4	1.3	28.0	0.6	
DSP BlackRock Small Midcap	745.9		★★★★	138.54	13.26	na	38.3	0.3	1.2	27.3	0.5	
HDFC Capital Builder	604.5		★★★★	108.51	13.84	20.0	34.1	0.4	1.2	33.7	0.6	

Data as of February 28, 2010; \*Data as of January 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

Top ELSS(Tax Savings) Funds												
Scheme Name	Fund Size* (in Cr.)	Equity Style Box	Morningstar Overall Rating**	Total Return (Annualized) in %			Historical Risk Ratios 3 Yrs					
				1 Yr	3 Yr	5 Yr	Std Dev (%)	Sharpe Ratio	Beta	R- Square	Information Ratio	
Franklin India Taxshield	717.9		★★★★★	92.67	13.49	20.2	31.9	0.4	1.1	36.5	0.7	
DSP BlackRock Tax Saver	739.3		★★★★	97.27	15.15	na	35.9	0.4	1.2	30.2	0.6	
Fidelity Tax Advantage	1095.0		★★★★	93.07	13.92	na	31.3	0.4	1.1	34.9	0.7	
HDFC TaxSaver	2124.7		★★★★	116.71	12.78	23.6	34.1	0.3	1.2	36.8	0.6	
ICICI Prudential Taxplan	1050.6		★★★★	132.66	12.34	20.4	37.1	0.3	1.3	36.4	0.6	

Data as of February 28, 2010; \*Data as of January 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

### Top Moderate Allocation Funds

Scheme Name	Fund Size* (in Cr.)	Equity Style Box	Morningstar Overall Rating**	Total Return (Annualized) in %			Historical Risk Ratios 3 Yrs				
				1 Yr	3 Yr	5 Yr	Std Dev (%)	Sharpe Ratio	Beta	R- Square	Information Ratio
HDFC Prudence	3494.5		★★★★★	104.87	15.93	23.7	29.2	0.4	1.0	35.1	0.9
Birla Sun Life 95	252.1		★★★★★	78.93	15.09	21.1	28.1	0.4	0.9	30.3	0.8
DSP BlackRock Balanced	659.3		★★★★★	64.58	15.54	20.3	25.3	0.5	0.8	30.9	0.9
Tata Balanced	258.6		★★★★★	78.98	14.83	19.9	27.6	0.4	0.9	28.7	0.8
FT India Balanced	296.8		★★★★	58.76	10.86	17.6	23.5	0.3	0.8	35.9	0.8

Data as of February 28,2010; \*Data as of January 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

### Top Moderate Allocation Funds

Scheme Name	Fund Size* (in Cr.)	Equity Style Box	Morningstar Overall Rating**	Total Return (Annualized) in %			Historical Risk Ratios 3 Yrs				
				1 Yr	3 Yr	5 Yr	Std Dev (%)	Sharpe Ratio	Beta	R- Square	Information Ratio
HDFC MIP Long Term	4207.1		★★★★★	33.36	11.98	12.9	10.6	0.5	0.4	32.9	1.2
Reliance Monthly Income Plan	3050.8		★★★★★	27.55	13.36	13.3	10.5	0.7	0.2	15.3	1.1
Birla Sun Life MIP Savings 5	1681.8		★★★★★	10.54	12.38	9.6	8.8	0.7	0.1	3.5	0.9
Templeton Monthly Income Plan Equity	486.5		★★★★★	18.15	8.57	8.5	6.4	0.3	0.2	26.3	0.9
UTI Charitable and Religious Trusts	386.4		★★★★★	28.76	12.67	8.7	10.3	0.6	0.3	22.6	1.1

Data as of February 28,2010; \*Data as of January 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

### Top Liquid Funds

Scheme Name	Fund Size* (in Cr.)	Morningstar Overall Rating**	Total Return (Annualized) in %				Historical Risk Ratios 3 Yr		Avg. Maturity * (in Yrs.)	Expense Ratio
			3 Mon	6 Mon	1 Yr	3 Yr	Std Dev	Sharpe Ratio		
LICMF Liquid	6018.9	★★★★★	1.02	2.21	5.16	7.53	0.6	2.9	0.2	0.4
Birla Sun Life Cash Plus	6726.4	★★★★★	0.80	1.70	4.11	6.84	0.6	1.5	0.1	0.4
HDFC Cash Mgmt Savings	2878.8	★★★★★	0.99	2.10	4.90	7.31	0.5	2.8	0.1	0.6
HDFC Liquid	7970.0	★★★★★	0.91	1.95	4.66	7.16	0.6	2.3	0.1	0.8
ICICI Prudential Liquid	11000.0	★★★★★	0.76	1.58	3.94	6.79	0.6	1.2	0.1	1.0

Data as of February 28,2010; \*Data as of January 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

Top Ultrashort Bond Funds										
Scheme Name	Fund Size* (in Cr.)	Morningstar Overall Rating**	Total Return (Annualized) in %				Historical Risk Ratios 3 Yr		Avg. Maturity * (in Yrs.)	Expense Ratio
			3 Mon	6 Mon	1 Yr	3 Yr	Std Dev	Sharpe Ratio		
Fortis Money Plus	6681.8	★★★★★	1.09	2.26	5.48	7.83	0.6	2.7	0.4	0.7
Birla Sun Life Savings	26700.0	★★★★★	0.97	2.03	4.77	7.36	0.6	2.5	0.3	0.6
HDFC Cash Mgmt Trs Adv	32400.0	★★★★★	1.04	2.17	4.92	7.26	0.5	2.7	0.3	1.0
Kotak Flex Debt	10300.0	★★★★★	0.94	1.91	4.46	7.32	0.6	2.5	0.5	0.6
Religare Ultra Short Term	8130.3	★★★★★	0.90	1.87	4.40	7.13	0.6	1.9		0.4

Data as of February 28,2010; \*Data as of January 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

Top Short-Term Bond Funds										
Scheme Name	Fund Size* (in Cr.)	Morningstar Overall Rating**	Total Return (Annualized) in %				Historical Risk Ratios 3 Yr		Avg. Maturity * (in Yrs.)	Expense Ratio
			3 Mon	6 Mon	1 Yr	3 Yr	Std Dev	Sharpe Ratio		
Birla Sun Life Dynamic Bond	6397.8	★★★★★	1.08	3.12	7.47	10.56	2.7	1.4	1.0	1.6
HDFC High Interest Short Term	2080.6	★★★★★	0.88	3.62	8.20	10.50	2.4	1.5	1.5	1.4
HDFC Short Term Plan	2719.3	★★★★★	0.87	3.18	7.20	10.32	3.2	1.1	1.1	1.4
ICICI Prudential Short Term	2776.2	★★★★★	0.42	2.76	6.21	10.24	4.5	0.8	1.2	1.7
Templeton India Short Term Income	5050.5	★★★★★	1.16	3.93	10.59	10.62	2.2	1.7	1.3	0.9

Data as of February 28,2010; \*Data as of January 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

Top Intermediate Bond Funds										
Scheme Name	Fund Size* (in Cr.)	Morningstar Overall Rating**	Total Return (Annualized) in %				Historical Risk Ratios 3 Yr		Avg. Maturity * (in Yrs.)	Expense Ratio
			3 Mon	6 Mon	1 Yr	3 Yr	Std Dev	Sharpe Ratio		
Birla Sun Life Income Plus	1118.7	★★★★★	-0.49	2.54	4.28	11.28	10.8	0.5	2.7	1.7
Canara Robeco Income	233.0	★★★★★	-0.14	1.50	5.77	13.52	5.8	1.2	6.5	2.1
Fortis Flex Debt	456.1	★★★★★	1.22	2.32	7.96	11.25	7.6	0.6	2.7	1.8
IDFC Dynamic Bond	204.2	★★★★★	-0.97	0.80	1.84	10.22	9.2	0.4	0.4	2.0
Kotak Bond	257.3	★★★★★	0.20	2.60	4.60	10.09	9.8	0.4	3.2	2.0

Data as of February 28,2010; \*Data as of January 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

Top Short Government Funds										
Scheme Name	Fund Size* (in Cr.)	Morningstar Overall Rating**	Total Return (Annualized) in %				Historical Risk Ratios 3 Yr		Avg. Maturity * (in Yrs.)	Expense Ratio
			3 Mon	6 Mon	1 Yr	3 Yr	Std Dev	Sharpe Ratio		
SBI Magnum Gilt Short Term	86.3	★★★★★	0.78	1.88	0.53	7.59	5.7	0.2	2.2	0.9
Tata Gilt Short Maturity	278.3	★★★★	0.44	1.48	0.98	6.94	5.1	0.1	1.4	0.9
Templeton India Gov Sec Trs	134.9	★★★★	0.70	1.63	3.00	5.45	1.0	-0.9	1.2	0.9
UTI Gov Sec Short Term	71.7	★★★★	0.78	2.11	1.18	5.51	2.6	-0.3	2.2	0.8

Data as of February 28,2010; \*Data as of January 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

Top Intermediate Government Funds										
Scheme Name	Fund Size* (in Cr.)	Morningstar Overall Rating**	Total Return (Annualized) in %				Historical Risk Ratios 3 Yr		Avg. Maturity * (in Yrs.)	Expense Ratio
			3 Mon	6 Mon	1 Yr	3 Yr	Std Dev	Sharpe Ratio		
Templeton India Govt Sec Composite	124.7	★★★★★	-0.27	2.41	0.51	10.35	7.5	0.5	9.5	1.3
Birla Sun Life Gilt Plus	123.0	★★★★	-1.07	1.16	0.34	9.55	10.6	0.3	3.0	2.0
DSP BlackRock Gov Sec	71.2	★★★★	0.12	2.59	0.18	11.28	10.6	0.5	2.4	1.2
ICICI Pru Gilt Trs	250.3	★★★★	0.70	2.28	3.96	10.83	5.6	0.8	2.0	1.7
Tata Gilt High Investment	251.5	★★★	0.01	1.74	-1.05	5.19	9.6	-0.1	4.9	1.6

Data as of February 28,2010; \*Data as of January 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

**Selection Criteria:** For the purpose of top funds analysis, only funds that constitute the top 80% of the category average AUM (assets under management) as on January 2010, have been considered. Also, only growth options have been considered. Funds that make the grade on the aforementioned parameters have been ranked on the Morningstar Overall Rating\* as on February, 2010.

**\*\*Morningstar Overall Rating** is based on fund's risk-adjusted performance. For the purpose of overall rating, the 10-year return is given 50% weight; the five-year return gets 30% weight and the three-year return gets 20% weight. In case of funds with only five-year performance history, the five-year return gets 60% weight and the three-year return gets 40% weight. In case of funds with only three-year performance history, 100% weight is given to the three-year return.