

# MORNINGSTAR<sup>®</sup>

## FundInvestor

January 2011

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## MANAGE YOUR MONEY

### Smarten up your tax-planning!

*With tax-planning in the air, there is a dire need to smarten up the tax-planning exercise by making informed choices.*

Indian markets have been taking gigantic strides in recent times, having hit their 33-month highs, all thanks to robust foreign institutional investor inflows and strong global market cues. But, no one can really predict for how long the party will last on Dalal Street? If there is a bull market, then the bear market eventually follows.

We are in the midst of what is popularly referred to as the 'tax-planning' season. If you are a salaried individual, your accounts team has perhaps asked you to furnish details of tax-saving investments for the year. Your investment advisor must have sent you reminders for investing in a plethora of tax-saving instruments. Look around and you will notice that advertisements for everything from tax-saving bonds, insurance products to tax-saving mutual funds (ELSS) have been plastered all over. Clearly, tax-planning is in the air!

As investors, we are spoilt for choices when it comes to avenues for tax-planning and their availability. However, a common mistake made is failing to give tax-planning the due time and thought, it deserves. As a result, we fall prey to the practice of "being conventional" in the tax-planning exercise. Think about it, we rarely consider factors like which tax-saving avenue is most apt for us (in terms of the risk-return trade-off) or even how to allocate monies between different options. Often, we end up making investments in avenues that we have traditionally chosen.

For instance, most of us tend to associate tax-planning investments with small savings schemes like the Public Provident Fund (PPF) and National Savings Certificate (NSC). There's nothing wrong with that. Indeed, the proposition of earning assured returns and safety of capital (thanks to the sovereign guarantee) will appeal to low-risk taking investors. But if you are an investor who can take on high risk in the quest for high returns, then ELSS could well be your calling. Maybe, your tax-planning portfolio should have a higher allocation to tax-saving mutual funds and a lower allocation to small savings schemes.

If your risk profile demands that you largely invest in assured return schemes, there is still a case for making an apt choice. For instance, if you are saving to provide for a long-term need like children's education or building a retirement kitty, then PPF which runs over a 15-year period and requires recurring investments could be more suitable. Conversely, if you prefer to make lump sum investments and have a shorter investment horizon, then NSC or tax-saving fixed deposits from banks may be more suited. Furthermore, it is worth noting that at present, some banks are offering a higher interest rate on their tax-saving fixed deposits as compared to what the NSC offers. This only reinforces the need to make informed choices.

Another casualty of stereotypical tax-planning is insurance. Premium paid on life insurance policies is eligible for tax sops. The trouble starts when tax benefits are given precedence over the 'insurance' aspect. Not only can one end up buying the wrong insurance product, there's also the risk of having an insufficient insurance cover. While the tax sops on insurance are welcome, treat them as secondary benefits. It is important to buy insurance for the right reason i.e. the insurance cover and not treat it like just a tax-saving product.

The tax-planning exercise must be seen as a part of the overall investment strategy. Tax-saving investments can eventually play a significant part in helping you achieve your financial goals. Hence, the dire need to smarten up the tax-planning exercise!

Vicky Mehta  
Senior Research Analyst

## MF INDUSTRY UPDATE

### **Reliance Mutual Fund launches a new Gold Savings Fund**

Reliance Mutual Fund recently launched a new Gold Savings Fund. The scheme would focus on gold, to tap investment opportunities in the gold segment. The new fund, which is different from gold ETFs (Exchange Traded Funds) that require subscribers to have a demat account, will also offer investors the option to invest as little as Rs 100 per month. Currently the fund is in its NFO period, which will close on February 28, 2011.

### **IDFC Mutual Fund launches an infrastructure fund.**

IDFC Mutual Fund recently launched an infrastructure fund. The scheme's investment objective is to generate long-term capital growth through an active diversified portfolio of predominantly equity and equity-related instruments of firm participating in and benefiting from growth in infrastructure and related activities. Currently the fund is in its NFO period, which will close on February 28, 2011.

### **Birla Sun Life Mutual Fund launched two capital protection schemes**

Birla Sun Life Mutual Fund launched two new close ended funds - Birla Sun Life Capital Protection Oriented Fund - Series 3 and Series 4 in January. The NFO period was from January 10, 2011 to January 24, 2011. The schemes have been benchmarked against Crisil Balanced Fund index. The fund is being managed by Mr. Satyabrata Mohanty.

### **Motilal Oswal launched an ETF**

Motilal Oswal Asset Management Company Ltd. launched Motilal Oswal Shares Midcap 100 ETF (MOST Shares M100). MOST shares M100 is an open ended Index Exchange Traded Fund which would be benchmarked against CNX Midcap Index. The fund is being managed by Mr. Rajnish Rastogi.

### **UTI Mutual Fund started its second round of pan-India investor education initiative**

UTI Mutual Fund started its second round of pan-India investor education and financial inclusion initiative from February 2, 2011. The idea is to spread awareness about benefits of investing in mutual funds. As part of the initiative, christened as Swatantra, two UTI knowledge caravans were to travel across Kerala, Karnataka and Tamil Nadu, starting from Thiruvananthapuram, to spread awareness about financial planning.

### **Franklin Templeton Mutual Fund announced changes in equity fund management team**

Franklin Templeton Mutual Fund announced changes in equity fund management team. Accordingly, Mr. K.N. Sivasubramanian was promoted as the Chief Investment Officer – Franklin Equity (India) and will be responsible for overseeing Franklin Equity Team's local India funds. Mr. Anand Vasudevan, Senior Vice President, was appointed as the Fund Manager in Franklin Equity Team. Further, Mr. Murali Krishna Yerram, Assistant Vice President and Mr. Rajat Malhotra, Assistant Vice President was appointed as the dedicated Fund Managers for investment in Foreign Securities for Franklin Equity Team in place of Ms. Roshi Jain.

## MARKET ROUNDUP

### Indian Equity Markets

Equity markets witnessed a tough time in the month of January, after making an upward march in December. This was one of those months when nothing went in favour of the markets, resulting in it falling sharply. Surging inflation, which raised fears of a monetary tightening by RBI, weak economic data, expected rise in crude oil prices due to the political turmoil in Egypt and selling by FIIs, all contributed in the market's downfall. Also, sentiments in the equity markets remained subdued for most part of the month.

Equity markets started the month on a negative note. This was primarily due to fear of further rate hike by RBI (in its third quarter monetary policy review for the FY 2010-11 which was scheduled on January 25, 2011), on the back of soaring inflation. The first half of the month witnessed huge selling pressure because of a series of weak economic data. Rising inflation, selling by foreign institutional investors (FIIs) and a sharp decline in industrial output data (IIP) were the key reasons which hampered the overall market sentiments. The industrial output growth plunged to an 18-month low of 2.7% in November as against 11.3% in October, far lower than the market expectation of 6.6%. The same further fell to 1.6% in December as per the latest data. Headline inflation (as measured by wholesale Price Index – WPI) also shot up to 8.43% in December, from 7.48% in the previous month, as prices of certain food and non-food items continued to rise (as per the data released recently, the WPI for January stood at 8.23%). Moreover, weak outlook by Infosys Technologies also disappointed the markets. The only positive news was the strong collection of direct taxes. The government kitty rose by 19.47% to Rs 2.99 lakh crore during the first nine months of this fiscal from direct taxes on a year-on-year basis. Net direct tax collections during the April-December 2010 period stood at Rs 2,98,958 crore, up from Rs 2,50,232 crore in the same period last fiscal.

While that was first half, the second half of the month was no better. Though food inflation showed some signs of moderation for a brief period, it started to surge again because of a rise in onion and fruit prices. Then, the index for food prices stood at 15.57% for the week ended January 15, 2011, up

marginally from 15.52% in the prior week (as per the latest data, the food inflation index stood at 11.05% for the week ended February 5, 2011). In order to tame prices, RBI hiked repo and reverse repo rates by 25 bps each to 6.50% and 5.50% respectively. Also, selling by foreign institutional investors (FIIs) along with the F&O expiry on expiry on last Thursday of the month dampened the market sentiments.

In addition, political turmoil in Egypt and concern of it spreading in other Middle East countries, alongwith diminishing corporate earnings back home, continued to impact the sentiments negatively. The impact of Egyptian crises could be seen in spiraling crude price, which is hovering over \$100 per barrel. The rise in indirect tax collections by 42.8% to Rs 2.37 lakh crore during April-December this fiscal, compared to corresponding period last fiscal, also failed to lift market sentiments. However, it does indicate an uptick in economic activities.

The BSE Sensex and S&P CNX Nifty lost close to 10.6% and 10.3% respectively to close at 18,328 points and 5,506 points respectively. Midcap and small cap stocks underperformed their large cap counter parts. The BSE Midcap and BSE Small-cap indices declined sharply by 12.0% and 12.3%

### INDIAN INDICES

Index	Market Price (Mo-End)	Monthly Return (%)	Return 1-Yr (%)
S&P Nifty	5,506	-10.2	12.8
BSE SENSEX	18,328	-10.6	12.0
BSE Midcap	6,868	-12.0	5.5
BSE Smallcap	8,478	-12.3	3.0

### SECTORAL INDICES

Index	Market Price (Mo-End)	Monthly Return (%)	Return 1-Yr (%)
BSE Consumer Durables	5,996	-5.7	57.8
BSE IT	6,371	-6.6	28.0
BSE Healthcare	6,237	-7.4	30.9
BSE TECK	3,734	-7.7	18.5
BSE PSU	8,707	-8.0	-8.1
BSE Metal	16,116	-8.4	1.0
BSE FMCG	3,366	-8.6	23.5
BSE BANKEX	12,064	-9.8	25.0
BSE Oil and Gas	9,482	-10.6	-4.6
BSE Capital Goods	13,526	-12.3	3.1
BSE Auto	8,895	-13.1	27.9
BSE Realty	2,229	-22.0	-36.3
BSE Consumer Durables	5,996	-5.7	57.8
BSE IT	6,371	-6.6	28.0
BSE Healthcare	6,237	-7.4	30.9

Data as on January 31, 2011 in Base Currency

Source: Morningstar Direct

respectively to close at 6,868 points and 8,478 points respectively.

On the sectoral front, all the indices ended in red. BSE Consumer Durable Index (down 5.7%) fell the least during the month; followed by BSE IT Index, which was down by 6.6%. On the other hand, BSE Realty Index fell the most by 22.0% during the month. This was mainly on the back of dampened investor sentiments, which have started to feel the pinch of high property prices and interest rates. The BSE Auto Index also shed around 13.1% on concerns that rising interest rates coupled with high vehicle prices could pose a threat to demand for vehicles. In addition to that, auto companies have been feeling the heat of higher commodity prices, which has started to pinch them on the margin side. The fall in index could also be attributed to the profit booking witnessed in the auto stocks on the back of a solid rally last year.

## Global Equity Markets

**US:** Shares in the United States edged higher January, boosted by some strong economic data and quarterly earnings that generally positively surprised the street. In the month, the Dow Jones Industrial Average, Nasdaq 100 and the S&P 500 rose 2.3% to 2.9%.

The U.S. economy was shown increasing 3.2% in the fourth quarter, and most other data pointed to a slow but steady economic recovery. While earnings from big companies such as JP Morgan Chase, Morgan Stanley, Google, GE and Apple all beat analyst forecasts.

In key corporate news, Google announced CEO Eric Schmidt would be replaced by co-founder Larry Page. The stock ended the month 1.1% higher, after suffering a fall soon after the announcement.

**Europe:** Shares in Europe ended mostly higher amid fiscal concerns concerns come down and the several debt-laden nations in the region limp back to normalcy after suffering a financial scare last year.

France's CAC rose 5.3% in January while Germany's DAX added 0.8%. Britain's FTSE, however, fell 0.6%. The London index was led lower by losses in the heavyweight mining stocks: BHP Billiton, Anglo American Xstrata and Antofagasta erased 6.7% to 12.8%.

Earnings remained mixed but deal news continued to flow throughout the month: Drugmaker Sanofi-Aventis extended its offer to buy out U.S. based Genzyme until mid February, a deal which was later went through.

**Asia:** Macro-economic news, corporate earnings from Japan and the United States and rising tension in Egypt dictated market direction and investor sentiment in the month of January. During the month, Japan's Nikkei gained marginally at 0.1%, while Hong Kong's Hang Seng soared 1.8%. Singapore's STI and China's Shanghai Composite slipped 0.3% and 0.6% respectively.

In an effort to rein in consumer prices and tame the red-hot real estate sector, China's central bank raised banks' reserve requirement ratio for the seventh time, sparking a sell-off in Asian markets. Japanese stocks took a hit after rating agency Standard and Poor's downgraded the nation's sovereign credit rating, highlighting that the economy is still reeling under the immense burden of debt despite the macro-economic indicators showing signs of recovery. Oil prices shot up as the turmoil in Egypt escalated, triggering a wave of panic that the unrest might spread to the other oil-rich countries in the Middle East. Frigid temperatures also fanned optimism that inventories will deplete.

### INTERNATIONAL INDICES

Region / Index	Market Price (Mo-End)	Monthly Return (%)	Return 1-Yr (%)
<b>US</b>			
NASDAQ 100	2,282	2.9	31.1
DJ Industrial Avg.	11,892	2.7	18.1
S&P 500	1,286	2.3	19.8
<b>Europe</b>			
France: CAC 40	4,006	5.3	7.1
Germany: DAX	4,136	0.7	22.2
UK: FTSE 100	5,863	-0.6	13.0
<b>Asia Pacific</b>			
HK: Hang Seng	23,447	1.8	16.5
Japan: Nikkei 225	10,238	0.1	0.4
Singapore: STI	3,180	-0.3	15.8
China: Shanghai	2,791	-0.6	-6.6

Data as on January 31, 2011 in Base Currency Source: Morningstar Direct

## Indian Debt Markets

For the investors in the government bond segment, it was not the kind of start that they would have expected to commence the year with. Government bond prices plummeted in the month of January, which was in stark contrast to the previous month when they witnessed a huge surge in prices. During the month, the yield on the 10-Yr benchmark 7.80%, 2020 bond rose by 23 bps as its price fell by Rs 1.45. There were lot of factors that impacted bond prices, both positively and negatively, at different points in time during the month. Though government bonds witnessed a downward trend for most part of the month, they moved marginally up towards the end of the month.

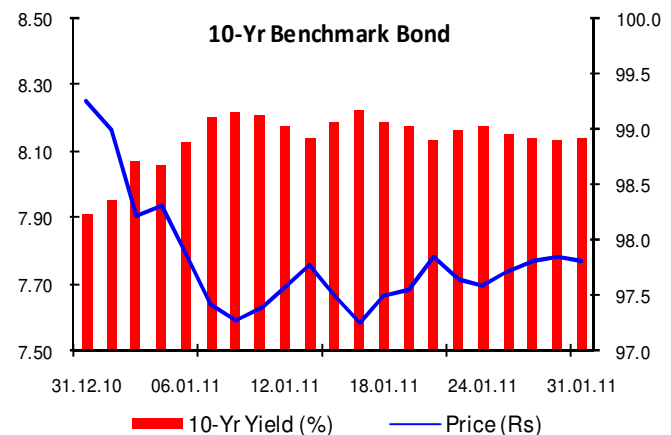
Government bonds witnessed a huge surge in prices in the month of December, especially after the mid-quarter monetary policy review on December 16, 2010. This sharp rise in bond prices provided profit booking opportunity to bond investors. As a result, a huge sell-off was witnessed at the start of January. Infact, the first half of January was relatively bad as compared to the second half. Besides profit booking by market participants at different points in time, persistent rise in food inflation also dampened the sentiments. The steep rise in food inflation, then, stoked concerns that the RBI may hike Repo and Reverse Repo Rates at its third quarter monetary policy review, which was scheduled on January 25, 2011. The 10-Yr benchmark bond also came under pressure at the start of the month itself, on account of rising uncertainty over its longevity as a benchmark bond and liquidity status. But what impacted the 10-Yr benchmark bond most was the government's decision to re-issue the bond in the weekly auction conducted on January 7, 2011. The auction pushed its outstanding to Rs 600 billion, the informal issuance limit on an individual bond. After the auction, RBI devolved the benchmark 7.80%, 2020 bond, resulting in it falling sharply. Government bonds got some support from robust buying by FII as they were supposed to utilize the \$5 billion government debt investment limit allocated to them by January 15, 2011. Also, as per the data released by Central Statistical Organisation, the IIP eased to 2.7% in November from 11.3% in October. However, this failed to impact government bonds as inflation continued to be a larger issue. As per the data released in January, the WPI for the month of December rose to 8.43% against 7.48% in November. The rise in WPI almost sealed the view of a rate hike by RBI, resulting in government bonds to tumble. (As per the data released recently in February, the IIP further fell to 1.6% in December. Also, the WPI for the month of January stood at 8.23%).

The second half of the month was a tad better. Though, the sentiments in the government bond segment remained subdued, mainly due to fear of a rate hike, there were few positive cues, which helped government bonds stay afloat. Most market participants expected the central bank to hike repo and reverse repo rates 25 bps each at its policy review. And as expected, RBI, in its monetary policy review, raised repo and reverse repo rates by 25 bps each to 6.5% and 5.5% respectively. The hike was primarily to curb surging inflationary pressure. However, major take-away from the policy review was the calibrated approach adopted by the central bank, which was aimed at anchoring inflationary pressure without hurting the economic growth. This resulted in bond prices to move up. Also, given the government's borrowing program for the current fiscal nearing its end aided government bonds a great deal. Infact, as per the borrowing calendar, the government was scheduled to conduct only two more rounds of gilt auctions, in February, for a total of Rs 200 billion (which got over recently). In addition to that, the government was supposed to borrow another Rs 100 billion, which it postponed in December 2010 primarily due to tight liquidity conditions. There is still uncertainty over whether the government will borrow this amount or not.

Finally, the benchmark 7.80%, 2020 bond ended the month at Rs 97.45 or 8.14% yield, as against the previous month's close of 99.25 or 7.91% yield.

Debt Indicators	January'11	December'10
Call Rate	6.93	6.63
NSE Mibor	8.12	8.54
3 Mn CP	9.73	9.48
10 Year Gilt	8.14	7.91
Reverse Repo	5.50	5.25
Repo	6.50	6.25
Bank Rate	6.00	6.00
CRR	6.00	6.00

Source: Others



## FUND ROUNDUP

The mutual fund industry started the year 2011 with a bang, as it recorded a growth in its asset under management (AUM) in the month of January. Riding on the robust inflows in debt categories, especially in Liquid fund category, the mutual fund industry grew by 10.3% to Rs 691,080 crores. It was in contrast to December 2010, when the industry witnessed almost a 6.0% fall in its assets to Rs 626,314 crores. The growth in the AUM in January came as a much needed respite for the industry, which struggled to garner assets and was marred by outflows for most part of 2010.

All major categories experienced net inflows in January. The only categories that experienced net outflows were Gilt and FoF Overseas. During the month, Liquid fund category turned out to be the biggest beneficiary as it received a net inflow of Rs 72,984 crores. Thanks to this huge inflow, the category saw its AUM grow by a robust 83.2% to Rs 162,437 crores in January from 88,681 crores in the previous month. It should be noted that the liquid fund category was among the worst hit in the month of December, when it witnessed a net outflow of Rs 12,500 crores. The huge growth in assets size this month also pushed the overall contribution of the category to the industry's asset base to 23% from 14% in December.

With an inflow of Rs 10,160 crores, Income fund category was the second biggest beneficiary in the month of January. The category was the worst hit in December, when it witnessed net outflows to the tune of Rs 32,698 crores. Subsequently, the category's asset grew by 3.8% to Rs 309,363 crores in January as compared to Rs 297,937 crores in December. Despite the inflows and growth in AUM, the contribution of Income category to the mutual fund industry's total assets fell to 45% from 48% in the previous month. The primary reason for this could be the sharp rise in the contribution of Liquid fund category. Conventionally, Income fund category has been a significant contributor to the industry's AUM base.

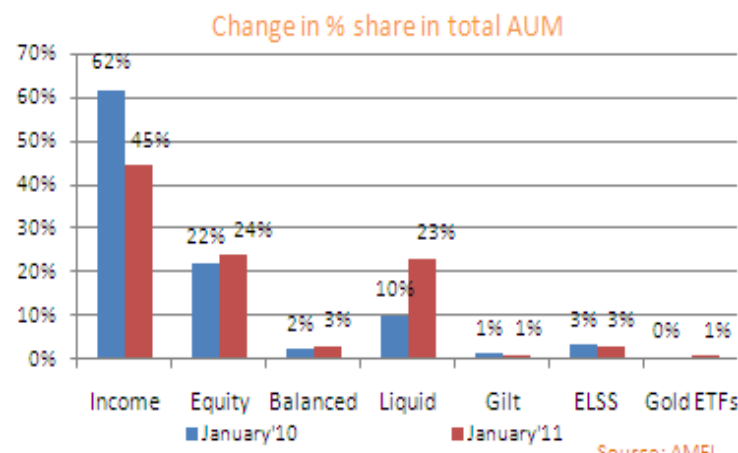
There has been a considerable improvement in the liquidity condition in the recent times, which was in a severe crunch state throughout the second half of 2010. Due to the tightness in liquidity, many corporate and financial institutions were forced to redeem their investments from Income and Liquid fund categories to meet their liquidity requirements. With liquidity coming back to the system, the funds have also made their entry back into these categories.

January also proved to be a good month, in terms of net flows, for equity-oriented categories such as Equity, Balanced and ELSS. While Equity fund category received a net inflow of Rs 881 crores; Balanced and ELSS categories received net inflows of Rs 251 crores and Rs 245 crores respectively. However, falling equity markets took a toll on the AUM of these categories. On the back of almost 10% fall in equity markets (BSE Sensex considered here) in the month of January, the AUM of both Equity and ELSS categories fell by 9.0% each. Balanced fund category was a tad better as its AUM fell by 7.1%.

Among other mutual fund categories – Gilt witnessed an outflow of Rs 358 crores, primarily due to the increasing interest rate scenario. In January, RBI again hiked key policy rates by 25 bps to curb surging inflation. Given inflation still continues to be beyond the central bank's comfort zone, the chances of further rate hike cannot be ruled out. The Gilt fund category also witnessed a net outflow of Rs 369 crores in December. On the other hand, Other ETFs (a segment comprised largely of ETFs that track various benchmark indices) witnessed net inflows of Rs 218 crores. In December, the category witnessed net outflows of Rs 162 crores.

Category	Category Assets (Increase/Decrease)		In INR(Crores)
	Jan'11	Dec'11	% Change
Liquid/Money Market	162,437	88,681	83.2
Other ETFs	1,830	1,730	5.8
Income	309,363	297,937	3.8
Gold ETFs	3,581	3,516	1.8
FOF Overseas	2,465	2,626	-6.1
Balanced	18,104	19,486	-7.1
Equity	165,002	181,224	-9.0
ELSS	24,571	27,011	-9.0
Gilt	3,727	4,103	-9.2
<b>Total AUM</b>	<b>691,080</b>	<b>626,314</b>	<b>10.3</b>

Source: AMFI



Gold ETFs continue to draw investor attention. The category received net inflow of Rs 125 crores in January. Subsequently, its AUM grew by 1.8% during the month. The category was the biggest beneficiary in 2010 when its AUM grew by a phenomenal 160% largely on the back of robust inflows and spiraling gold prices.

## Morningstar Categories

- The month of January saw both BSE Sensex and S&P Nifty shed more than 10% each. Similarly, the BSE Mid-cap and BSE Small-cap indices declined sharply by 12.0% and 12.3% respectively. The impact of the same was evident in the performance of various Morningstar Equity Fund categories, as all of them closed in red on a month-on-month basis.
- Morningstar India Health category fell the least by 5.86% to emerge as the best performer. Within the category, Franklin Pharma (-4.5%) was the best performer, while Reliance Pharma (-6.6%) was the worst. The category turned out to be the best performer over one year period as well.
- On the other hand, Morningstar India Small/Mid Cap category shed 10.62% to end the month at the bottom of the table. Within the category, Sundaram Entertainment Opportunity (-6.2%) was the best performer, whereas, JM Emerging Leaders (-16.2%) was the worst.
- On the fixed income side, categories with short maturity profile performed well during the month. This was primarily on the back of improving liquidity condition in the market. Also, increasing interest rates scenario took a toll on categories having higher maturity profile.
- Morningstar India Ultrashort Bond and Liquid categories, both with an average return of 0.49%, emerged as the performer. On the other hand, Morningstar India Long-Term Bond category (-0.08%) was the worst performer.

### CATEGORY AVERAGES

Morningstar Category	Return (%)	Return (%)	Return (%)	Return (%)
	1 Month	3 Month	6 Month	1 Year
<b>Equity</b>				
Health	-5.86	-1.82	6.59	29.18
Technology	-7.08	1.56	9.23	18.91
FMCG	-8.31	-8.72	-1.49	25.57
Banking & Financial Services	-9.59	-16.37	2.38	26.40
Large Cap	-9.67	-10.35	-0.53	10.05
ELSS	-9.90	-11.30	-1.17	11.94
Power	-10.06	-13.85	-8.08	0.46
Small/Mid Cap	-10.62	-13.83	-4.61	8.98
<b>Asset Allocation</b>				
Conservative Allocation	-1.62	-1.18	1.21	4.53
Moderate Allocation	-5.95	-6.39	0.32	9.10
<b>Fixed Income</b>				
Ultrashort Bond	0.49	1.41	2.53	4.48
Liquid	0.49	1.37	2.50	4.44
Short-term Bond	0.36	1.06	2.12	4.18
Short Government	0.29	1.20	2.14	3.79
Intermediate Government	0.06	1.47	2.18	3.06
Intermediate Bond	0.05	1.17	2.19	4.14
Long Government	0.04	1.40	1.96	4.32
Long-Term Bond	-0.08	0.74	1.73	3.41

Data as on January 31, 2011

Source: Morningstar Direct

## TOP FUNDS OVER MORNINGSTAR 3 YEAR RATING

### Top Large Cap Funds

Scheme Name	Fund Size* (in Cr.)	Morningstar 3yr Rating**	Total Return (Annualized) in %			Historical Risk Ratios 3 Yrs					Morningstar Ret Rating 3 Yr	Morningstar Risk Rating 3 Yr
		Rating	1 Yr	3 Yr	5 Yr	Std Dev (%)	Sharpe Ratio	Beta	R- Square	Information Ratio		
DSP BlackRock Equity	2,494.6	★★★★★	14.2	9.3	-	28.4	0.3	0.1	1.6	0.2	High	Below Avg
DSP BlackRock Top 100 Equity	2,906.0	★★★★★	14.3	8.1	18.8	30.1	0.2	0.1	2.3	0.1	Above Avg	Low
HDFC Equity	8,709.9	★★★★★	23.8	13.3	19.4	33.5	0.5	0.2	2.6	0.3	High	Above Avg
HDFC Top 200	9,903.6	★★★★★	19.8	11.7	19.5	34.1	0.4	0.2	2.9	0.2	High	Average
ICICI Pru Dynamic	2,785.4	★★★★★	16.6	9.3	18.7	28.5	0.3	0.1	2.2	0.2	High	Below Avg

Data as of January 31, 2011; \*Data as of December 31, 2010; Only Growth Options considered for analysis; Source: Morningstar Direct

### Top Small/Mid Cap Funds

Scheme Name	Fund Size* (in Cr.)	Morningstar 3yr Rating**	Total Return (Annualized) in %			Historical Risk Ratios 3 Yrs					Morningstar Ret Rating 3 Yr	Morningstar Risk Rating 3 Yr
		Rating	1 Yr	3 Yr	5 Yr	Std Dev (%)	Sharpe Ratio	Beta	R- Square	Information Ratio		
Birla Sun Life Dividend Yield Plus	723.2	★★★★★	20.9	16.4	15.6	25.3	0.7	0.1	1.0	0.4	High	Below Avg
ICICI Pru Discovery	1,582.7	★★★★★	17.1	15.6	16.6	30.1	0.6	0.1	1.5	0.4	High	Average
DSP BlackRock Small Midcap	1,229.2	★★★★	16.1	7.8	-	29.3	0.2	0.1	0.8	0.1	Above Avg	Average
Fidelity India Special Situations	952.0	★★★★	15.3	4.2	-	34.0	0.1	0.1	2.3	0.0	Above Avg	Average
HDFC Mid-Cap Opportunities	1,221.2	★★★★	21.4	8.7	-	27.8	0.3	0.1	1.4	0.1	Above Avg	Below Avg

Data as of January 31, 2011; \*Data as of December 31, 2010; Only Growth Options considered for analysis; Source: Morningstar Direct

### Top ELSS(Tax Savings) Funds

Scheme Name	Fund Size* (in Cr.)	Morningstar 3yr Rating**	Total Return (Annualized) in %			Historical Risk Ratios 3 Yrs					Morningstar Ret Rating 3 Yr	Morningstar Risk Rating 3 Yr
		Rating	1 Yr	3 Yr	5 Yr	Std Dev (%)	Sharpe Ratio	Beta	R- Square	Information Ratio		
HDFC TaxSaver	2,969.8	★★★★★	18.4	9.5	14.3	31.0	0.3	0.1	2.3	0.2	High	Average
Fidelity Tax Advantage	1,252.0	★★★★★	21.6	8.7		31.0	0.3	0.1	2.3	0.1	High	Below Avg
Reliance Tax Saver	2,393.0	★★★★	13.5	6.7	11.5	29.9	0.2	0.1	2.0	0.1	Above Avg	Below Avg
ICICI Pru Tax Plan	1,336.5	★★★★	15.5	8.1	12.5	30.8	0.2	0.1	1.9	0.1	Above Avg	Above Avg
HDFC L/T Advantage	1,024.0	★★★★	19.5	6.0	11.3	30.3	0.2	0.1	2.0	0.0	Above Avg	Average

Data as of January 31, 2011; \*Data as of December 31, 2010; Only Growth Options considered for analysis; Source: Morningstar Direct

### Top Moderate Allocation Funds

Scheme Name	Fund Size* (in Cr.)	Morningstar 3yr Rating**	Total Return (Annualized) in %			Historical Risk Ratios 3 Yrs					Morningstar Ret Rating 3 Yr	Morningstar Risk Rating 3 Yr
		Rating	1 Yr	3 Yr	5 Yr	Std Dev (%)	Sharpe Ratio	Beta	R- Square	Information Ratio		
DSP BlackRock Balanced	799.8	★★★★	11.7	8.6	16.1	21.1	0.3	0.1	1.6	0.1	Above Avg	Average
HDFC Prudence	5,964.6	★★★★	20.9	12.6	18.7	23.3	0.5	0.1	2.3	0.3	High	High
Reliance Regular Savings - Balanced	806.0	★★★★	16.9	13.2	16.6	26.3	0.5	0.1	2.6	0.3	High	Above Avg
UTI Balanced	1,055.9	★★★	12.1	5.5	11.5	25.4	0.1	0.1	2.1	0.0	Average	Average
SBI Magnum Balanced	522.9	★★	6.9	3.3	12.2	26.0	0.0	0.1	2.1	-0.1	Average	Above Avg

Data as of January 31, 2011; \*Data as of December 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

### Top Conservative Allocation Funds

Scheme Name	Fund Size* (in Cr.)	Morningstar 3yr Rating**	Total Return (Annualized) in %			Historical Risk Ratios 3 Yrs					Morningstar Ret Rating 3 Yr	Morningstar Risk Rating 3 Yr
		Rating	1 Yr	3 Yr	5 Yr	Std Dev (%)	Sharpe Ratio	Beta	R- Square	Information Ratio		
Birla Sun Life MIP Savings	1,224.2	★★★★★	5.7	11.1	9.7	7.4	1.0	0.0	0.3	0.3	High	Above Avg
HDFC MIP Long Term	10,282.9	★★★★★	9.4	10.5	11.3	8.4	0.8	0.0	2.1	0.2	High	High
Reliance MIP	8,322.0	★★★★★	6.9	13.5	11.5	8.0	1.3	0.0	1.3	0.4	High	Above Avg
Birla Sun Life Monthly Income	692.7	★★★★	6.7	8.0	9.7	6.0	0.5	0.0	0.5	0.1	Above Avg	Average
HSBC MIP Savings	766.6	★★★★	4.5	7.0	9.7	7.3	0.2	0.0	0.8	0.1	Above Avg	Above Avg

Data as of January 31, 2011; \*Data as of December 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

### Top Liquid Funds

Scheme Name	Fund Size* (in Cr.)	Morningstar 3yr Rating**	Total Return (Annualized) in %				Historical Risk Ratios 3 Yr		Morningstar Ret Rating 3 Yr	Morningstar Risk Rating 3 Yr	Avg. Maturity * (in Yrs.)	Expense Ratio (%)
		Rating	3 Mon	6 Mon	1 Yr	3 Yr	Std Dev	Sharpe Ratio				
LICMF Liquid	5,209.0	★★★★★	1.8	3.3	5.7	6.8	0.2	0.5	High	Average	0.2	0.5
Reliance Liquidity	7,827.0	★★★★★	1.8	3.4	5.8	6.7	0.2	0.4	High	Below Avg	0.1	0.5
Baroda Pioneer Liquid	1,540.2	★★★★	1.8	3.4	5.9	5.9	0.2	-0.1	Above Avg	Average	0.2	0.3
Birla Sun Life Cash Manager	3,560.0	★★★★	1.8	3.3	5.5	6.3	0.2	0.2	Above Avg	Below Avg	0.2	0.6
Birla Sun Life Cash Plus Retail	7,165.0	★★★★	1.7	3.1	5.1	6.0	0.2	0.0	Above Avg	Below Avg	0.2	1.1

Data as of January 31, 2011; \*Data as of December 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

### Top Ultrashort Bond Funds

Scheme Name	Fund Size* (in Cr.)	Morningstar 3yr Rating**	Total Return (Annualized) in %				Historical Risk Ratios 3 Yr		Morningstar Ret Rating 3 Yr	Morningstar Risk Rating 3 Yr	Avg. Maturity * (in Yrs.)	Expense Ratio (%)
		Rating	3 Mon	6 Mon	1 Yr	3 Yr	Std Dev	Sharpe Ratio				
BNP Paribas Money Plus	1,453.1	★★★★★	1.9	3.3	5.9	7.1	0.4	0.7	High	Average	0.3	0.5
LICMF Income Plus	4,202.2	★★★★★	1.6	3.0	5.7	7.0	0.4	0.7	High	Below Avg	0.1	0.5
Templeton Ultrashort Term Bond	2,657.0	★★★★★	1.9	3.4	5.9	6.8	0.4	0.6	High	Below Avg	0.1	0.8
Birla Sun Life Sav Retail	7,606.2	★★★★	1.8	3.3	5.6	6.5	0.4	0.3	Above Avg	Low	0.3	1.1
Birla Sun Life Ultrashort Term	1,543.0	★★★★	1.9	3.3	5.8	6.4	0.4	0.3	Above Avg	Below Avg	0.2	1.0

Data as of January 31, 2011; \*Data as of December 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

### Top Short-Term Bond Funds

Scheme Name	Fund Size* (in Cr.)	Morningstar 3yr Rating**	Total Return (Annualized) in %				Historical Risk Ratios 3 Yr		Morningstar Ret Rating 3 Yr	Morningstar Risk Rating 3 Yr	Avg. Maturity * (in Yrs.)	Expense Ratio (%)
		Rating	3 Mon	6 Mon	1 Yr	3 Yr	Std Dev	Sharpe Ratio				
Birla Sun Life Dynamic Bond Retail	5,305.4	★★★★★	1.2	2.4	5.4	8.9	2.0	1.4	High	Average	1.1	1.2
HDFC High Interest Short Term	1,938.1	★★★★	0.7	1.8	4.7	8.6	1.5	1.5	Above Avg	Average	1.6	0.7
HDFC Short Term Plan	1,175.6	★★★★	1.0	2.1	4.8	8.8	1.8	1.4	Above Avg	Average	1.2	0.7
ICICI Pru Short Term	1,333.8	★★★★	0.9	1.9	4.3	8.5	2.6	1.1	Above Avg	Above Avg	1.2	1.5
Reliance Short Term	4,117.0	★★★★	1.2	2.2	4.7	8.4	1.6	1.3	Above Avg	Average	2.4	0.6

Data as of January 31, 2011; \*Data as of December 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

### Top Intermediate Bond Funds

Scheme Name	Fund Size* (in Cr.)	Morningstar 3yr Rating**	Total Return (Annualized) in %				Historical Risk Ratios 3 Yr		Morningstar Ret Rating 3 Yr	Morningstar Risk Rating 3 Yr	Avg. Maturity * (in Yrs.)	Expense Ratio (%)
		Rating	3 Mon	6 Mon	1 Yr	3 Yr	Std Dev	Sharpe Ratio				
BNP Paribas Flexi Debt	255.0	★★★★★	0.4	1.1	3.1	9.3	8.2	0.6	High	Average	3.5	2.0
Canara Robeco Income	247.7	★★★★★	1.6	2.6	4.8	13.3	4.1	2.1	High	Below Avg	6.9	1.9
Birla Sun Life Income Plus	486.2	★★★★	1.7	2.0	3.5	7.1	7.4	0.2	Above Avg	High	1.1	1.7
HDFC High Interest	186.2	★★★★	1.1	2.2	4.7	6.9	6.1	0.2	Above Avg	Above Avg	9.2	2.0
HDFC Income	615.5	★★★★	1.2	2.3	4.7	6.9	5.9	0.2	Above Avg	Average	0.0	1.8

Data as of January 31, 2011; \*Data as of December 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

### Top Short Government Funds

Scheme Name	Fund Size* (in Cr.)	Morningstar 3yr Rating**	Total Return (Annualized) in %				Historical Risk Ratios 3 Yr		Morningstar Ret Rating 3 Yr	Morningstar Risk Rating 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	28.3	★★★★★	1.7	3.1	4.8	5.8	4.1	0.0	High	Above Avg		0.9
Tata Gilt Short Maturity	169.1	★★★★★	1.2	2.0	3.5	5.8	4.2	0.0	High	Above Avg	4.6	1.5
Templeton India Gov Sec	122.3	★★★★	1.3	2.1	3.3	4.4	0.8	-1.1	Above Avg	Low	1.9	1.2
UTI Gov Sec Short Term	71.9	★★★★	1.3	2.0	3.6	4.6	2.3	-0.6	Above Avg	Above Avg	2.0	0.8

Data as of January 31, 2011; \*Data as of December 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

### Top Intermediate Government Funds

Scheme Name	Fund Size* (in Cr.)	Morningstar 3yr Rating**	Total Return (Annualized) in %				Historical Risk Ratios 3 Yr		Morningstar Ret Rating 3 Yr	Morningstar Risk Rating 3 Yr	Avg. Maturity * (in Yrs.)	Expense Ratio (%)
			3 Mon	6 Mon	1 Yr	3 Yr	Std Dev	Sharpe Ratio				
Birla Sun Life Gov Sec Long Term	532.7	★★★★★	1.8	2.6	9.1	10.8	6.4	1.1	High	Below Avg	0.9	1.5
DSP BlackRock Gov Sec	144.0	★★★★	1.2	1.5	4.5	9.5	7.9	0.6	Above Avg	Above Avg	11.6	1.2
ICICI Pru Gilt	151.3	★★★★	1.4	2.4	3.9	9.0	3.8	1.0	Above Avg	Low	1.3	1.9
Birla Sun Life Gilt Plus Reg	345.8	★★★	1.6	2.9	3.2	5.7	8.7	0.0	Average	Average	4.9	2.1
Templeton India Govt Sec Composite	105.2	★★★	1.9	1.8	1.4	7.7	5.2	0.4	Average	Below Avg	8.4	1.5

Data as of January 31, 2011; \*Data as of December 31, 2010; Only Growth Options considered for analysis;

Source: Morningstar Direct

### Top Long Government Funds

Scheme Name	Fund Size* (in Cr.)	Morningstar 3yr Rating**	Total Return (Annualized) in %				Historical Risk Ratios 3 Yr		Morningstar Ret Rating 3 Yr	Morningstar Risk Rating 3 Yr	Avg. Maturity * (in Yrs.)	Expense Ratio (%)
			3 Mon	6 Mon	1 Yr	3 Yr	Std Dev	Sharpe Ratio				
ICICI Pru Gilt Inv Gr	377.1	★★★★★	2.0	3.2	4.5	9.2	10.0	0.5	High	Above Avg	5.7	1.9
UTI Gilt Advantage L/T PF Gr	153.5	★★★★	2.2	3.2	5.0	6.5	9.0	0.1	Average	Above Avg	1.8	1.5
HDFC Gilt L/T Gr	414.1	★★★	1.4	2.6	4.9	4.2	8.1	-0.3	Average	Average	9.6	0.7
Principal Gov Sec Inv Gr	173.7	★★★	1.2	1.9	3.5	3.8	8.4	-0.3	Average	Average	4.9	1.9
UTI Gilt Advantage L/T Gr	153.5	★★★	2.2	3.2	5.0	6.5	9.0	0.1	Average	Above Avg	1.8	1.5

Data as of January 31, 2011; \*Data as of December 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 December, 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 3 year Rating\* as on January, 2011.

**\*\*Morningstar 3 year Rating** is based on fund's risk-adjusted performance. For the purpose of the rating, 100% weight is given to the three-year return.