# MORNINGSTAR® FundInvestor

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# Manage Your Money

## It Pays to Engage an Investment Advisor

*Opting for a direct plan may be cheaper, but not necessarily the right route to take.*

Since January 2013, mutual fund investors have been able to invest in direct plans of mutual funds. In effect, they invest directly with the fund company bypassing the distributor. Investors benefit from direct plans on account of lower expenses charged versus distributor plans. While the introduction of direct plans could potentially change the conventional method of mutual fund investing wherein the distributor has always played a key role, it in no way lessens the importance of investment advice. This in turn underpins the need for a competent and experienced investment advisor.

In this article, let's discuss why it is important to have access to a proficient investment advisor.

Several investors erroneously believe that mutual fund investing is all about filing an application form and signing a cheque. Nothing could be farther from the truth. To begin with, investors must understand that investing in mutual funds is not an 'end' rather it is a 'means to achieve an end'. Simply put, investors should first decide why they are investing in mutual funds i.e. what are the investment objectives that they want to achieve – these could range from accumulating monies for a vacation, providing for children's marriage to creating a retirement corpus. The investment advisor can help in formulating investment objectives.

The next step should be constructing a portfolio comprised of various mutual funds. At this stage, selecting the right funds is the key; this needs expertise which the investment advisor brings to the table. In a portfolio, while some funds will act as core holdings, others will play a supporting role. Also, the portfolio needs to be routinely monitored and modified (if and when required) to ensure that it stays the course and enables investors to achieve their investment objectives. Again, the investment advisor has a key role to play at these stages.

Clearly, not only is mutual fund investing an activity that demands time and effort, but also specialized knowledge. Hence, the need to engage an investment advisor. Furthermore, the advisor's presence ensures that an expert oversees all aspects related to investments, leaving investors free to focus on their respective occupations. The investment advisor's fee may seem like a small price to pay, when one considers that sound and timely advice can be the difference between achieving one's investment goals and failing to do so.

**Getting the right advisor**

It is obvious that the investment advisor must come up to scratch. Investors would do well to thoroughly evaluate the advisor before signing up. Some seemingly elementary but important questions should be a part of the evaluation process. To begin with, investors would do well to seek clarity from the advisor on the terms of engagement: the services that the advisor will provide, number of portfolio reviews, and the time frame for which he will be engaged should be explicitly defined and agreed upon.

Investors must quiz the advisor on the basis for mutual fund recommendations. If the advisor claims to conduct in-house research, he should be questioned about the process. If the advisor relies on external sources, then the latter's credibility should be verified. Figuring out how the advisor forms his recommendations will aid investors in evaluating the quality of service on offer.

If the investment advisor makes use of model portfolios, he should be questioned on their construction, especially if they entail multiple asset classes. Also, investors should ask the advisor to provide a track record of his recommendations over the years. This will help gauge his skill sets. Finally, it will help to ask for references of existing clients, so that the advisor's credentials can be independently verified.

The investment advisor's role in helping investors achieve their investment objectives is undisputed. On their part, investors would do well to engage one after due care and consideration.

# HDFC Mid-Cap Opportunities Fund

## Morningstar Analyst Rating: Gold

**Gold**

## Morningstar Opinion

*The fund is one of the very best at what it does.*

The small/mid-cap segment accentuates the unpredictability inherent in Indian equities and other factors such as constrained liquidity, limited coverage and poor disclosures can make small/mid-cap investing a challenge. Hence, the need for a skilled manager and a solid investment process cannot be overstated. HDFC Mid-Cap Opportunities makes the grade on both counts.

In our opinion, Chirag Setalvad, who has helmed the fund since its June 2007 inception, easily ranks among the best portfolio managers in the Small/Mid-Cap Category. Intensive research is central to his investment approach. Setalvad puts a premium on gaining an in-depth understanding of a business before investing. He seeks companies with proven track records, so he can gauge how they have held up during testing times. The quality bias--in other words, strong management teams and robust business models--that we have to come to associate with the fund company's equity funds is perceptible here. Setalvad combines absolute and relative valuation parameters to select stocks that aren't too expensive relative to their growth prospects.

The manager is a patient investor with a long-term investment horizon, which gels well with the quality bias. Setalvad's adherence to the fund's character is noteworthy; small/mid-caps account for roughly 85% of assets versus 70% for a typical peer.

Given the bias for quality stocks, we expect the fund to underperform the competition in market phases when speculative fare is in favour. In addition, in downturns, the penchant for being fully invested can result in relative underperformance vis-ß-vis peers who take cash calls. Investors must also note that Setalvad's tendency to make contrarian investments can result in a divergent showing versus the category over shorter time periods, Nonetheless, over a market cycle, we believe the fund is equipped to serve investors well.

Our confidence in the fund's performance potential has only grown stronger over time. Hence, we upgrade its rating to our highest--Gold.

*To read the entire report, please visit morningstar.co.in*

# Fund Manager's View – Tata Mutual Fund

**Mr. Ritesh Jain – Chief Investment Officer, Tata AMC**

Ritesh Jain is the Chief Investment Officer at Tata Asset Management Limited since May 2013. He is a well-known figure in the market. During his earlier role as the Head of Investments at Canara Robeco, he won several accolades. Prior to his last assignment he was also the Head of Fixed Income at Kotak AMC and IDBI Bank. Ritesh has completed his Masters in Business Economics from Indore University as well as a Diploma in Capital Markets from ICFAI.

**Given that we are at the fag-end of the calendar year 2013 how would you sum up the journey so far?**

Volatility was the name of the game all through the year 2013 be it equity or debt markets. Uncertainty and fast evolving global and domestic factors kept the markets on tenterhooks. While we had persistent negative news flows and concerns being raised in the markets, there were always opportunities in the market for long term investors. Defensive sectors like FMCG, Pharma and to an extent IT delivered handsome returns to investors. So at a broad level, markets may have remained lackluster, yet individual market segments have delivered.

**Where do you see the equity markets headed in the coming months? Could you also provide a range in which you expect the broad indices to trade in the near future?**

After the recent run up in Indian equities on the back of markets anticipating and then reacting to assembly election results, we expect markets to consolidate over next couple of months. We believe that the equity markets will continue to follow the earnings trajectory and will continue to closely look out for both global as well as domestic cues. Sector rotation may well continue in 2014 as there is no clear outlook till parliamentary election and even after that it will take some time before growth and earnings bounce back.

**Is there anything to your mind which is pointing towards a strong buy signal for equities at this juncture?**

According to us, global and domestic market environment still has lot of uncertainty. Inflation, slowdown in capex, stress in corporate balance sheets due to leverage and looming elections are factors which will play on market sentiment. We are still some time away from a strong buy signal for equities.

**How is the global scenario shaping up with the US Fed stimulus measures being in key focus? Apart from this, what other factors according to you could impact Indian equities?**

There are signs of recovery in US and stability seems emerging from Europe. The Fed bay begin unwinding of the QE anytime in 2014 however it may hold rates to near zero through 2016. FII's being one of the major investor segments in the market; QE taper would have an impact atleast impacting market sentiments. We seen signs of strong resilience in terms of FII holdings and we don't expect large scale redemptions due to QE taper. Fresh flows however may slowdown and in the absence of domestic buying may impact market sentiment.

**What is your assessment of the corporate earnings? How do you expect the earnings to continue in the next two quarters of the FY 2013 - 14? Please elaborate on how you see earnings shaping up for India Inc, and the key risks involved.**

We have seen that earnings are bottoming out for certain corporates. For FY'15, earnings growth is expected in the range of 12-15%. Depreciating currency along with improved outlook for growth in developed markets augurs well for the exporters. On domestic front, a stable government at centre will improve sentiments for businesses and would create environment for pushing reforms and kick starting the investment cycle.

**What is your outlook on the fixed income markets? Are there any key concerns that come to your mind?**

We believe that the year 2014 will be an even more volatile period for investment in debt than the year 2013. There are number of local plays (elections) & global factors (Start of QE Tapering by US Fed) which might change the attractiveness of a particular asset class. In case of debt we believe that this volatility should be used to add duration (long term bond funds) as yield move higher. However we recommend such duration exposure through dynamic bond fund as compared to regular bond funds because in dynamic bond fund the fund manager has flexibility to tactically manage duration to benefit from volatility. If investors have a short term investment horizon, they should look at short term funds and Fixed Maturity Plans. In case investors have medium to long term investment horizon; they can start investing in long term funds towards end of first quarter of 2014.

**After sliding to 4.6% levels in May 2013, the WPI index has resumed its upward journey with food inflation being the main factor. Where do you think inflation is headed in the coming months and how do you see it impacting bond yields?**

Inflation remains a concern. CPI has gained significance as the Central Bank has indicated that it is looking closely at CPI for its inflation assessment. Supply constraints are impacting food inflation and there is little that monetary policy can do to contain it. On the other hand, handouts and sops in the run up to election may make matters worse for inflation expectations. Long bond yields are expected to see upward pressure on inflation concerns. Banking system has to respond by increasing deposit rates to bring more savings to financial assets.

**The Rupee has seen a significant depreciation versus the dollar. Do you expect the slide to continue or a recovery to set in the coming 6 months? To your mind what are the key factors that are putting downward pressure on the Rupee?**

We do not think that Rupee's decline against USD is over in any way. While it is true that it has stabilized to an extent and trading in the 61.50 to 63.50 for some time, yet the pressure on remain remains. Curb on gold imports had an impact on stabilizing the demand for rupee. Strong mobilization in FCNR deposit also helped. Concerns over current account deficit have ebbed for now. Global Investment flows being redirected to US and other developed nations will be a factor to watch for currency movements.

**While the markets are cheering the fall in crude prices, the rupee depreciation is putting pressure on the fiscal deficit. Do you see the government meeting its fiscal deficit target for the financial year in these circumstances?**

While it is true that rupee depreciation had put pressure on fiscal deficit due to higher landed cost of crude oil prices and resultant subsidy burden. There is however no cheer in terms of crude oil prices as well. Crude basket relevant to India; Brent Crude has traded in the 110 to 120 USD band. While the finance minister has re-affirmed that the government is on track towards meeting fiscal deficit target; in the absence of lackluster direct tax collections, the government will have to resort to expenditure cuts and postponement of some necessary expenditure towards next year which will severly impact GDP growth.

**What would you advise an investor at this point of time with regards to their allocation to equity and debt?**

Allocation to equity & debt should ideally be done after due financial planning; factoring in investors risk appetite, investment horizon, cash flow needs and other parameters. However, we believe that investors should definitely increase exposure to equity, preferably through Systematic Investment Plans.

# MARKET ROUNDUP

## Indian Equity Markets

Equity markets took a pause after having rallied for two consecutive months. The decline could be primarily attributed to uncertainty hovering around the US stimulus measures which for long now have dictated trends across the globe. Back home too factors like lower-than-expected growth in key economic releases played an equal role in pulling the markets lower. However markets did witness some in between recovery which in turn helped cap the downside.

Shedding away the festive cheers, the month started off on a disappointing note with mainly the disappointing services activity to be blamed for. The services activity data grew slower than expected. It rose to 47.1 last month from 44.6 in September. Comments by rating agency Standard & Poor's that it would consider lowering Indian's rating from investment grade to speculative grade if the elected government after general elections does not provide a plan to reverse the low economic growth situation of the country also dampened sentiments. To add to this, FDI data released indicated that the FDI into the country's services sector declined by 47.5% to $1.19 billion during the April-August period of 2013 as compared to $ 2.28 billion in the same period last year. Rupee too depreciated against the dollar. The constant volatility in the rupee despite drastic measures taken by the RBI has made investors jittery.

Key indices rose temporarily on the back of the IIP data released which indicated an improvement as compared to the previous month. However the markets resumed their fall as the numbers were below the market expectations. Inflation number released back home also weren't quite encouraging. Wholesale inflation was reported at an eight month high of 7% for the month of October.

**INDIAN INDICES**

| Index | Market Price (Mo-End) | Monthly Return (%) | Return 1-Yr (%) |
|---|---|---|---|
| S&P BSE Smallcap | 6,325.58 | 3.57 | -8.35 |
| S&P BSE Midcap | 6,099.52 | 3.45 | -16.17 |
| S&P BSE 100 | 6,177.75 | -1.48 | 4.55 |
| S&P BSE SENSEX | 20,791.93 | -1.76 | 7.51 |
| IISL CNX Nifty | 6,176.10 | -1.95 | 5.04 |

**SECTORAL INDICES**

| Index | Market Price (Mo-End) | Monthly Return (%) | Return 1-Yr (%) |
|---|---|---|---|
| S&P BSE Capital Goods | 9,816.81 | 7.26 | -11.40 |
| S&P BSE Metal | 9,410.91 | 2.56 | -9.12 |
| S&P BSE Auto | 12,321.76 | 2.04 | 13.94 |
| S&P BSE Power | 1,631.74 | 1.71 | -17.60 |
| S&P BSE Realty | 1,355.92 | 0.93 | -32.15 |
| S&P BSE PSU | 5,809.31 | 0.09 | -19.06 |
| S&P BSE IT | 8,414.25 | -0.75 | 42.89 |
| S&P BSE Healthcare | 9,500.86 | -1.13 | 19.56 |
| S&P BSE TECK | 4,738.53 | -1.58 | 34.32 |
| S&P BSE BANKEX | 12,730.30 | -2.73 | -8.76 |
| S&P BSE Oil and Gas | 8,650.68 | -3.19 | 4.83 |
| S&P BSE FMCG | 6,562.03 | -3.70 | 8.68 |
| S&P BSE Consumer Durables | 5,745.19 | -8.90 | -28.46 |

Data as on November 30, 2013 in Base Currency Source: Morningstar Direct

On the global front, speculations' regarding US Federal Reserve's decision to slow down its bond buying program has caused discomfort among the investors especially after the release of better than expected jobs and service data in US. Statements by Federal Reserve chairman nominee Janet Yellen signaling that the stimulus. will be maintained until the US economy improve did bring in some respite. However this optimism was short lived post the release of Fed's latest policy meeting that showed the apex bank is still considering winding down stimulus measures. Central bank policy makers "generally expected that the data would prove consistent with the committee's outlook for ongoing improvement in labor-market conditions and would thus warrant trimming the pace of purchases in coming months," according to minutes of the Federal Open Market Committee's Oct. 29-30 meeting. This proved to be big blow to the markets. Asian markets too fell after the much awaited meeting of China's government official's yielded little, disappointing investors who had hoped for much greater clarity on business and economic policies for the next decade. European markets were lower ahead of a batch of data from the euro-zone, including the November inflation report. It was only towards the end of the month that saw markets reviving helping them wipe out some of its losses. What helped the markets was the fall in global crude prices after Iran struck a nuclear deal with world powers, lessening political risk, thereby boosting sentiments. This also helped ease concerns regarding India's fiscal deficit which would benefit from the falling crude prices.

Buying by foreign investors also continued to boost sentiments. Further expectations of good GDP data to be released also kept the momentum high.

The S&P BSE Sensex ended the month lower by 1.8% to close at 20,791 points shedding the 21K mark. During the month it touched a high of 21,196 and a low of 21,194. The Nifty too dropped close to 2% to end at 6,176. The mid cap and small cap stocks bucked the trend as they rose thereby outperforming their large cap counterparts. The S&P BSE Mid-cap and S&P BSE Small-cap indices grew by 3.6% and 3.5% respectively.

The S&P BSE sectoral space also witnessed a mixed performance. The S&P BSE Consumer Durable emerged as the highest loser which fell close to 9% during the month. Within this space, the index heavyweight Titan Company fell about 14%. This was followed by Rajesh Exports which too dropped 7.7%.

This was followed by the S&P BSE FMCG and the S&P BSE Oil & Gas indices which dropped 3.7% and 3.2% respectively.

On the other hand, the S&P BSE Capital Goods index emerged as the top gainer which grew by 7.3%. The S&P BSE Metal, S&P BSE Auto and S&P BSE Power indices also followed next which each grew by 7.3%, 2.6% and 2% respectively.

As per the data released by SEBI, foreign institutional investors (FIIs) turned huge buyers in equity making this the third consecutive month of buying. They net bought equities worth Rs 8,115 crores in November as compared to Rs 15,706 crores in October. Year-to-date they remain net buyers in equities to the extent of Rs 97,051 crores. However they have been net sellers in debt segment to the tune of Rs 55,838 crores in November.

## Global Equity Markets

**US:** US markets continued their northward movement during the month of November, due to robust economic indicators and monetary stimulus provided by the Fed. The S&P 500 Index hit a new record high during the month. The US government shutdown seems to have a little impact on the economy as economic data releases were stronger than expected and the economy expanded by 3.6% in the three months to September – the strongest quarter of growth this year. The stronger data and continued communication from Fed committee members suggest that the tapering of asset purchases could begin as soon as December. However, the market drew comfort from the Congressional testimony of Janet Yellen, the Fed's chairman elect, that the central bank still has more to do to help an 'underperforming' labour market. Markets were further bolstered by strong economic indicators. The manufacturing activity represented by the PMI number from the Institute for Supply Management was up again in October, making five months of continuous rises. Employment data was also generally positive. October's non-farm payroll figures of 204,000 were surprisingly healthy, even if the unemployment rate ticked up slightly to 7.3%. The consumer-sentiment gauge rose to 75.1 in November from 73.2 in October. Meanwhile the gauge of consumers' expectations rose to 66.8 in November from 62.5 in October. The consumer-confidence index fell to 70.4 in November from 71.2.

**INTERNATIONAL INDICES**

| Region / Index | Country | Market Price (Mo-End) | Monthly Return (%) | Total Return 1 year (%) |
|---|---|---|---|---|
| **US** | | | | |
| DJ Industrial Average | US | 16,086.41 | 3.48 | 23.50 |
| NASDAQ 100 | US | 3,487.82 | 3.26 | 30.25 |
| S&P 500 | US | 1,805.81 | 2.80 | 27.51 |
| **Europe** | | | | |
| FSE DAX | Germany | 9,405.30 | 4.11 | 27.00 |
| Euronext Paris CAC 40 | France | 4,295.21 | -0.11 | 20.74 |
| FTSE 100 | UK | 6,650.57 | -1.20 | 13.36 |
| **Asia Pacific** | | | | |
| Nikkei 225 Average | Japan | 15,661.87 | 9.31 | 65.80 |
| Shanghai SE Composite | China | 2,220.50 | 3.68 | 12.14 |
| Hang Seng | Hong Kong | 23,881.29 | 2.91 | 8.40 |
| KSE KOSPI Korea | South Korea | 2,044.87 | 0.73 | 5.79 |
| FTSE Bursa Malaysia | Malaysia | 1,812.72 | 0.32 | 12.53 |
| TSEC 50 | Taiwan | 5,746.49 | -0.64 | 7.31 |
| FTSE/SGX STI | Singapore | 3,176.35 | -1.07 | 3.47 |
| S&P BSE SENSEX | India | 20,791.93 | -1.76 | 7.51 |
| S&P/ASX 200 | Australia | 5,320.05 | -1.94 | 18.06 |
| SET 50 PR | Thailand | 935.22 | -5.25 | 4.05 |
| JSX Composite | Indonesia | 4,256.44 | -5.64 | -0.46 |
| **Other Emerging markets** | | | | |
| BOVESPA Ibovespa | Brazil | 52,482.49 | -3.27 | -8.69 |
| RTS RTSI | Russia | 1,402.93 | -5.23 | -2.34 |

Data as on November 30, 2013 in Base Currency Source: Morningstar Direct

**Europe:** The European markets had a mixed November month; with only Germany's market index DAX closing positively. The pace of growth for Eurozone nations has slowed down somewhat over the last couple of months. The single currency bloc expanded by a marginal 0.4% on an annualised basis in the third quarter, of which most of the growth was driven by Germany as the French and Italian economies contracted. During the month S&P cut the France's credit rating to AA, based on a lack of economic reform. However the situation in the periphery continues to improve, with the Spanish economy returning to growth and S&P upgrading its outlook for the country to stable. On the economy front, the Eurozone witnessed some mixed news. Inflation was at 0.9% in November, a slight improvement on the October figure but still far from the ECB's 2% target. The result of this caused cut in interest rates to a new historic low of 0.25% from 0.5%. Meanwhile, unemployment edged lower to 12.1% in October from 12.2% in September. Germany's Ifo business climate index for November reached 109.3, the highest level since May 2012.

**Asia:** A lot of Asian markets were hit by fears that the US Fed could soon begin tapering its asset purchases, however Japan and China were least affected by this news and delivered strong performance for the month based on their internal positive developments. On the regional turf, Bank of Japan hinted that it may create additional stimulus during the next year if the inflation outlook does not improve and to offset the planned increase in consumption tax. Japan's interim results season was generally positive. Although a few companies produced negative surprises, the bulk of results were well-received by investors. Economic data released during the month was slightly mixed. While domestic auto sales were strong, overall retail sales were weaker, but all consumption data were clearly impacted by several large typhoons which hit Japan in October. Another market that posted large gains was China, The much awaited Third Plenum of the country's leaders saw a bundle of reforms and policies which would probably open up the Chinese economy. The announced reforms - from easing the one-child policy to pledging to give markets a 'decisive role' in resource allocation, boosted sentiment for Chinese markets. On the economic front, October manufacturing PMI was at 51.4, 18-month high number. October exports were up 5.6% y-o-y, well above expectations, and rebounding from September's slight contraction of 0.3%.

## Indian Debt Markets

| Debt Indicators | Nov - 2013 | Oct - 2013 |
|---|---|---|
| Call Rate | 7.61 | 8.70 |
| 1 Mn NSE Mibor | 9.03 | 8.98 |
| 3 Mn CP | 9.33 | 9.14 |
| 10-Yr benchmark bond | 8.74 | 8.62 |
| Reverse Repo | 6.75 | 6.75 |
| Repo | 7.75 | 7.75 |
| CRR | 8.75 | 8.75 |
| Bank Rate | 4.00 | 4.00 |

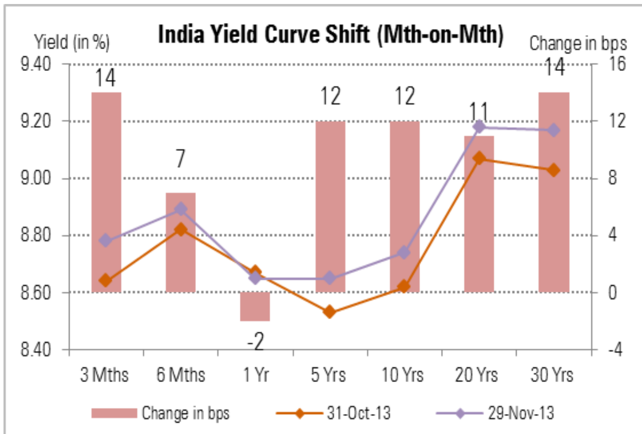
Source: Morningstar, RBI, CCIL

Government bond yields rose across tenors under review in November as a large supply of gilts, absence of OMOs by the RBI, fall in the Indian rupee against the US dollar and a rise in US treasury yields put significant upward pressure on Indian bond yields. The maximum rise in yields was seen in the 3-month and 30-year segment (14 bps each), while the 1-year period saw marginal fall of 2 bps.

A major market mover for gilts was the decision to issue a new 10-year benchmark bond. The 10-year benchmark gilt was hit due to the lack of room for further re-issuances of the paper; its outstanding had already reached Rs 77,000 cr in the month. Due to this reason, the yield on the 7.16%, 2023 paper continued an almost uniform, rise and reached a month-high level of 9.10% on November 22. Looking at this situation, the RBI made a major announcement of launching a fresh 10-year paper, which it auctioned on November 22 and set the cut-off at 8.83%. This paper was lapped up by market participants given its more acceptable yield level.

A major change in the benchmark was made by FIMMDA where it made the yield on the newly launched 8.83%, 2023 paper as the nodal point, replacing the 7.16%, 2023 bond. The 7.16%, 2023 bond ended at 9.04% yield on November 29 as compared to 8.62% yield on October 31, 2013. Meanwhile, the 8.83%, 2023 paper ended at 8.74% yield on November 29.

Intra-month, yields had fallen ahead of the CPI-based retail inflation data. The data release showed that CPI (Combined) inflation rate rose to 10.09% in October, a seven month high, from 9.84% in September, thus giving rise to hopes that the RBI will again hike its repo rate.



Source: FIMMDA

Post this release; there was much hype on the wholesale price index-based inflation, which showed a rise on expected lines. But the dampener was the August reading which was significantly revised upwards. The headline inflation rose to 7.00% in October from 6.46% in September. Meanwhile, the WPI inflation rate for August was revised upwards to 6.99% from 6.10%.

Domestic bonds also tracked the rise in US bond yields along with the strengthening dollar due to better-than-expected US jobs data, which raised hopes that the Federal Reserve may begin its tapering earlier than expected.

But gilt prices recovered somewhat as data showed that India's trade deficit narrowed to $10.56 bn in October from $20.21 bn a year ago. Some rise in prices was seen also as the RBI Governor said that the central bank was conscious of the need to supply adequate liquidity into the banking system. And though the Economic Affairs Secretary said that said that the inclusion of domestic gilts in global debt indices was not an urgent matter, he also said that the RBI would give proposals on the inclusion of gilts in the JPMorgan bond index. He added that the RBI was examining pros and cons of easing the debt investment limit for FIIs, a prerequisite for the proposed inclusion.

Further to the matter of inclusion in bond indices, a finance ministry official said that officials of the government, the RBI and the SEBI will meet on December 6 to study the feasibility of India's entry into a global bond index.

In other major releases, India's gross domestic product increased 4.8% on-year, following the 4.4% growth in the June quarter, which was recorded as the slowest growth in four years. The trade deficit narrowed to $10.56 bn in October from $20.21 bn a year ago. Ratings major S&P reaffirmed its 'BBB-' rating on India and retained the negative outlook.

# MUTUAL FUND UPDATE

## Fund Flows & Asset Trends

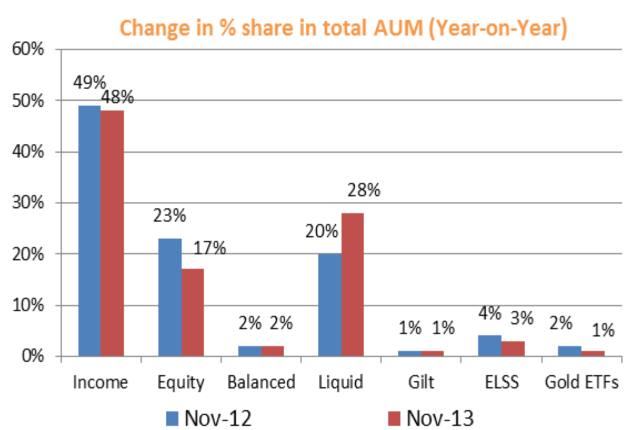
| Mutual Fund Categories - Net Flows and AUM Growth Trend | | | | | | |
|---|---|---|---|---|---|---|
| **Mutual Fund Categories** | **Net Flows for Month ended October 2013 (Rs in Cr.)** | **Net Flows for Month ended November 2013 (Rs in Cr.)** | **AUM in November 2013 (Rs in Cr.)** | **AUM in October 2013 (Rs in Cr.)** | **% Change in AUM (MoM)** | **% Change in AUM (YoY)** |
| Liquid/Money Market | 67515.0 | 51436.0 | 246401.0 | 189149.0 | 30.3 | 39.2 |
| Gilt | (44.0) | 530.0 | 7996.0 | 7497.0 | 6.7 | 47.4 |
| FOF Overseas | 28.0 | 71.0 | 2480.0 | 2421.0 | 2.4 | 8.1 |
| Equity | (3225.0) | 927.0 | 151574.0 | 149832.0 | 1.2 | -8.2 |
| Other ETFs | (26.0) | 5.0 | 1437.0 | 1436.0 | 0.1 | -12.2 |
| Balanced | (440.0) | (270.0) | 16135.0 | 16141.0 | (0.0) | -7.1 |
| ELSS | (317.0) | (228.0) | 23554.0 | 23621.0 | (0.3) | -5.9 |
| Income | 3123.0 | (3333.0) | 431050.0 | 433970.0 | (0.7) | 11.3 |
| Gold ETFs | (288.0) | (131.0) | 9325.0 | 9894.0 | (5.8) | -21.8 |
| **Total** | **66,326** | **49,007** | **889,952** | **833,961** | **6.7** | **12.2** |
| *Source: AMFI, Morningstar Compilations; Data sorted based on % change in AUM (MoM)* | | | | | | |

It was for the second consecutive month that the mutual fund assets surged primarily on the back of sustained inflows. The growth did seem to look like it has lost momentum as compared to the previous month but it was mainly the significant inflows (return of banks and financial institutions) witnessed in the month of October that swelled the mutual fund kitty in that month. A scenario witnessed every quarter end. The previous quarter inflow numbers had been further boosted by inflows coming in after the decision taken by the Reserve Bank of India (RBI) on easing liquidity which it had curbed earlier to fight rupee volatility. The total asset under management still holding strong above the Rs 800,000 crore mark, registered a growth of close to 7% to Rs 889,952 crores as compared to rs 833,961 crores in the month of October. Once again the majority of the inflows came in from the debt funds. For long now equity fund flows have remained a cause of concern however the month of November did see inflows within this space.

Barring the Income fund category, both the Gilt and Liquid funds witnessed strong inflows for the month. It was the rising interest rate scenario which hurt the income fund space which recorded a net outflow of Rs 3,333 crores with a marginal drop of 0.7% in its AUM. On the other hand, the liquid fund category saw healthy inflows for the second month in a row, due to improved liquidity in the system. The category witnessed inflows of Rs 51,436 crores in November as compared to Rs 67,515 crores in the October. The category also topped the charts in AUM growth as it recorded a growth of over 30% in its asset base during the month. As a result the category witnessed a jump in its market share from 22% in October to 28% in November.

Assets of gilt funds were also seen rising by almost 7% for the month to Rs 7,497 crores. The category also saw net inflows of Rs 530 crores as against net outflows seen in the last two months.

Performance of equity funds remained sluggish with falling equity markets to be blamed for. Speculations' regarding US Federal Reserve's decision to slow down its bond buying program caused discomfort among the investors thereby resulting in markets ending lower for the month. However with markets having corrected investors seem to have taken this as an opportunity to buy which was clear from the inflows seen in the category for the month. The overall equity space witnessed net inflows of Rs 429 crores.



Source: AMFI; Morningstar Compilations

The equity fund category saw inflows of Rs 927 crores as compared to net outflows of Rs 3,225 crores in the previous month. At the same time the AUM rose by 1.2%. The balanced fund AUM's remained more or less unchanged as compared to the previous month. Meanwhile the category did see outflows of Rs 270 crores as compared to outflows of Rs 440 crores in the previous month. Similarly the ELSS category recorded outflows of Rs 228 crores this month as against Rs 317 crores in the month ago. The AUM base of this category fell marginally by 0.3%.

Gold has completely fallen out of favour among investors largely due to the weakening gold prices globally. The Gold ETF category not only witnessed outflows but also saw the sharpest fall in its asset base among other categories during the month. The Gold ETF category net outflow was Rs 131 crores as compared to outflows of Rs 288 crores.

## Fund Category Performance

Diversified equity funds saw some profit booking in the month of November. This was largely due to the nearly two year high returns delivered by these funds in the preceding month of October. Large-cap equity funds returned an average of -0.55% this month compared to 9.4% delivered in October. Despite the poor returns, the large cap space managed to outperform the S&P BSE 100 index, which delivered -1.48%. Small/Mid-cap equity fared better than their larger counterparts, delivering an average return of 2.92%, outperforming the CNX Midcap index by a percentage point.

Energy and Healthcare funds managed to outperform their peers in the month of November. Energy funds returned an average of 3.5% this month, building on the 9% return delivered in October. However, these funds are down by an average of 12% so far this year. Healthcare funds followed closely as average returns stood at 3.4%. Average year to date return for these funds stands at an even more impressive 17.7%.

Financial services funds, which returned an average of 17.6% in October, sunk to the bottom of the performance table in November over familiar concerns. RBI's decision to further hike repo rate at the end of October added to the volatility in interest rate environment and saw bond yields harden further. This pulled down average return to a disappointing -2.12% for the month, and -14% so far this year. Despite a volatile performance, especially in the second half of 2013, the sector continues to be the top holding of diversified equity funds with an average exposure of 23.4% in the month of October.

On the fixed income front, liquid funds were top performers as they returned an average of 0.7% in November. Ultra-short and short term bonds also reported similar returns as yields on the shorter end of the curve rose in November. On the other end of the spectrum, duration products were at the bottom of the table, largely due to the interest rate volatility seen throughout the month. RBI raised repo rate by 25 basis points at the end of October, putting upward pressure on bond yields. The 10 year benchmark (7.16%, 2023) rose to 9.1% or Rs. 87.85, prior to RBI's decision to change the 10 year nodal point to the 8.83%, 2023 paper starting 25th November. The rupee depreciation also added to the hardening of bond yields. The long term and intermediate government bond funds delivered an average return of -0.76% and -0.82%, respectively, in the month of November.

Gold ETFs fell by an average of 5.17% in November over speculations related to the impending rollback of quantitative easing by the US Federal Reserve. Golf ETFs are down by 10.17% so far this year.

### CATEGORY AVERAGES

| Morningstar Category | Return (%) 1 Month | Return (%) 6 months | Return (%) 1-Year | Return (%) 3-Year |
|---|---|---|---|---|
| **Equity** | | | | |
| Sector - Energy | 3.5 | 0.3 | -10.7 | -11.5 |
| Sector - Healthcare | 3.4 | 11.7 | 19.9 | 13.3 |
| Small/Mid-Cap | 2.9 | 5.2 | 0.2 | 0.8 |
| Global - Other | 0.4 | 10.8 | 16.7 | 6.5 |
| ELSS (Tax Savings) | 0.2 | 4.9 | 3.9 | 1.5 |
| Sector - Technology | 0.0 | 36.2 | 37.9 | 9.7 |
| Large-Cap | -0.6 | 3.1 | 1.8 | 0.1 |
| Sector - FMCG | -2.1 | -1.6 | 6.1 | 20.9 |
| Sector - Financial Services | -2.1 | -10.1 | -10.6 | -3.2 |
| **Asset Allocation** | | | | |
| Conservative Allocation | 0.03 | 0.79 | 4.75 | 6.39 |
| Moderate Allocation | 0.01 | 2.96 | 3.93 | 3.63 |
| **Fixed Income** | | | | |
| Liquid | 0.72 | 4.54 | 9.03 | 9.03 |
| Short-Term Government Bond | 0.66 | 4.50 | 9.62 | 7.95 |
| Ultrashort Bond | 0.61 | 4.01 | 8.82 | 8.88 |
| Short-Term Bond | 0.40 | 1.98 | 7.60 | 8.75 |
| Intermediate Bond | -0.24 | -2.13 | 5.62 | 7.76 |
| Long-Term Government Bond | -0.76 | -5.96 | 3.64 | 6.48 |
| Intermediate Government Bond | -0.82 | -4.60 | 4.16 | 6.89 |
| **Others** | | | | |
| ETF Precious Metals | -5.17 | 1.53 | -13.14 | 9.13 |

Data as on November 30, 2013 Source: Morningstar Direct

## Portfolio Analysis of Diversified Equity Funds*

| Monthly Sector Exposure of Equity Funds (in %) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Month | Basic Materials | Communication Services | Consumer Cyclical | Consumer Defensive | Energy | Financial Services | Healthcare | Industrials | Real Estate | Technology | Utilities |
| May-13 | 9.1 | 3.4 | 13.1 | 7.3 | 9.3 | 25.7 | 7.5 | 9.2 | 0.6 | 10.8 | 3.9 |
| Jun-13 | 8.7 | 3.5 | 12.4 | 7.4 | 9.7 | 25.3 | 7.8 | 9.3 | 0.6 | 11.7 | 3.8 |
| Jul-13 | 8.2 | 4.4 | 12.8 | 7.5 | 9.8 | 22.0 | 8.2 | 8.7 | 0.5 | 14.5 | 3.4 |
| Aug-13 | 8.7 | 4.5 | 12.4 | 7.5 | 9.8 | 20.4 | 8.5 | 8.2 | 0.5 | 16.0 | 3.3 |
| Sep-13 | 9.1 | 4.8 | 12.7 | 7.8 | 9.3 | 20.3 | 8.4 | 8.4 | 0.5 | 15.4 | 3.3 |
| Oct-13 | 8.7 | 4.9 | 12.8 | 7.1 | 8.9 | 22.3 | 7.6 | 8.8 | 0.5 | 15.2 | 3.1 |

Source: Morningstar Direct,

To read more on the change in Morningstar Sector classification please click here

******Diversified equity funds are those funds belonging to Morningstar India Large Cap and Small/Mid Cap categories. We have taken the average exposure of all funds within these categories.*

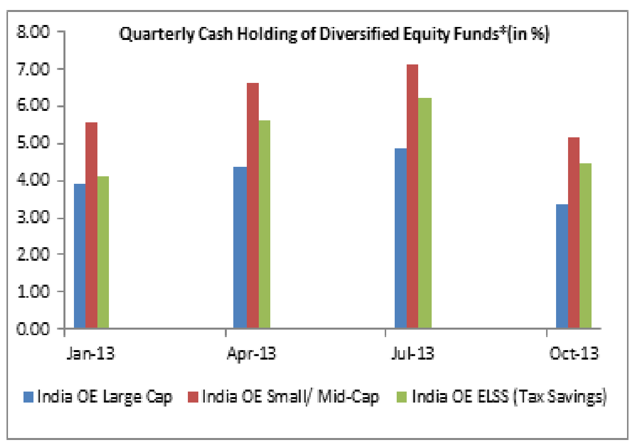
## Quarterly Market Cap Allocation of Diversified Equity Funds* (in %)

| | India OE Large-Cap (%) | | | |
|---|---|---|---|---|
| | Jan-13 | Apr-13 | Jul-13 | Oct-13 |
| Large Cap exposure | 75.73 | 77.95 | 79.00 | 80.19 |
| Small cap exposure | 6.47 | 5.72 | 6.66 | 5.70 |
| Mid cap exposure | 17.80 | 16.33 | 14.34 | 14.12 |

| | India OE Small/ Mid-Cap (%) | | | |
|---|---|---|---|---|
| | Jan-13 | Apr-13 | Jul-13 | Oct-13 |
| Large Cap exposure | 23.14 | 27.24 | 28.53 | 28.92 |
| Small cap exposure | 32,01 | 42.98 | 38.29 | 39.85 |
| Mid cap exposure | 44.85 | 29.78 | 33.18 | 31.23 |

| | India OE ELSS (Tax Savings) (%) | | | |
|---|---|---|---|---|
| | Jan-13 | Apr-13 | Jul-13 | Oct-13 |
| Large Cap exposure | 65.17 | 69.35 | 69.93 | 68.66 |
| Small cap exposure | 9.63 | 8.54 | 10.23 | 9.95 |
| Mid cap exposure | 25.20 | 22.11 | 19.83 | 21.39 |

- Diversified Equity funds increased exposure to financial services sector. After continuous 5 months of drop in exposure, the sector finally gained traction.
- Cash exposure by diversified equity funds has come down significantly. This shows fund managers increasing confidence in equities as they choose to have maximum equity exposure.



## Mutual Fund News

### SBI MF appointed new CEO

SBI Mutual Fund appointed Dinesh Kumar Khara as the new MD and CEO of the AMC. Khara replaces Deepak Chatterjee who would now be an Advisor to the fund house.

### SBI MF renamed Daiwa's acquired schemes

SBI Mutual Fund, after having acquired Daiwa Mutual Fund, has renamed the acquired schemes from November 16, 2013. Daiwa Industrial Leaders Fund has been renamed to SBI Small & Midcap Fund and will be managed by R Srinivasan. Daiwa Treasury Advantage Fund has been renamed to SBI Treasury Advantage Fund and will be managed by Rajeev Radhakrishnan. Daiwa Government Securities Fund- Short Term Plan has been renamed to SBI Benchmark G Sec Fund and will be managed by Dinesh Ahuja. And Daiwa Liquid Fund has been merged into SBI Magnum Instacash Fund- Liquid Floater Plan.

### Axis MF launched Axis Small Cap Fund

Axis Mutual Fund launched Axis Small Cap Fund, a five-year close ended equity scheme with automatic conversion into an open ended equity scheme on completion of 5 years. The investment objective is to generate long-term capital appreciation from a diversified portfolio of predominantly equity and equity related instruments of small-cap companies. The scheme's performance is benchmarked against CNX Small-cap Index and will be managed by Pankaj Murarka.

### PineBridge Mutual Fund launched new scheme

PineBridge Mutual Fund launched PineBridge India - US Equity Fund, an open ended Fund of Funds scheme. The scheme will invest 95-100% of its asset in PineBridge US Large Cap Research Enhanced Fund and/or other similar overseas mutual fund scheme(s). The NFO period is from November 29 till December 13, 2013. S&P's 500 Total Return Net Index in USD will be the benchmark of the underlying scheme. The same converted into INR using RBI reference rate will be the benchmark for the scheme. Vikrant Mehta will be managing this offering.

### HSBC MF reshuffled some schemes

HSBC Mutual Fund has informed that its Chief Investment Officer Tushar Pradhan will cease to act as the fund manager of a few schemes of the fund house. Neelotpal Sahai will manage HSBC Equity Fund, HSBC India Opportunities Fund and HSBC Dynamic Fund (along with Sanjay Shah.)

### ICICI Prudential MF renamed schemes

ICICI Prudential Mutual Fund changed the name of ICICI Prudential Advisor Series - Aggressive Plan from December 6, 2013 to ICICI Prudential Advisor Series - Long Term Savings Plan.

It has also changed the name of ICICI Prudential Floating Rate Plan to ICICI Prudential Savings Fund from the same date.

# MORNINGSTAR TOP RATED FUNDS OVER 3 YEARS

## Large Cap Funds

| | | | Morningstar 3yr Rating** | Total Return (Annualized) in % | | | Historical Risk Ratios 3 Yrs | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scheme Name | Fund Size (in Cr.) | Fund Size Date | Rating | 1 Yr | 3 Yr | 5 Yr | Std Dev (%) | Sharpe Ratio | Information Ratio | Morningstar Ret Rating 3 Yr | Morningstar Risk Rating 3 Yr | Net Expense Ratio |
| ICICI Pru Exports and Other Srvs | 191.7 | Nov-13 | ★★★★★ | 35.9 | 12.4 | 25.4 | 19.2 | 0.5 | -1.0 | High | Above Avg | 2.4 |
| ICICI Pru Indo Asia Equity | 131.1 | Nov-13 | ★★★★★ | 8.9 | 6.0 | 22.0 | 14.8 | 0.0 | -1.5 | High | Low | 2.2 |
| BNP Paribas Equity | 148.8 | Oct-13 | ★★★★★ | 8.1 | 6.4 | 17.2 | 17.1 | 0.0 | -1.4 | High | Below Avg | 2.5 |
| Canara Robeco Large Cap+ | 102.6 | Nov-13 | ★★★★★ | 3.9 | 6.0 | N.A | 17.0 | 0.0 | -1.4 | High | Low | 2.4 |
| UTI India Lifestyle | 301.6 | Nov-13 | ★★★★★ | 4.2 | 6.0 | 19.5 | 18.1 | 0.0 | -1.4 | High | Below Avg | 1.9 |

Data as of November 30, 2013; Only Growth Options considered for analysis; Source: Morningstar Direct

## Small/Mid Cap Funds

| | | | Morningstar 3yr Rating** | Total Return (Annualized) in % | | | Historical Risk Ratios 3 Yrs | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scheme Name | Fund Size (in Cr.) | Fund Size Date | Rating | 1 Yr | 3 Yr | 5 Yr | Std Dev (%) | Sharpe Ratio | Information Ratio | Morningstar Ret Rating 3 Yr | Morningstar Risk Rating 3 Yr | Net Expense Ratio |
| UTI MNC | 280.4 | Nov-13 | ★★★★★ | 7.4 | 9.7 | 25.7 | 12.7 | 0.3 | -1.3 | High | Low | 1.9 |
| Birla Sun Life MNC | 422.8 | Nov-13 | ★★★★★ | 9.0 | 9.5 | 29.1 | 13.6 | 0.3 | -1.3 | High | Low | 2.4 |
| Birla Sun Life India GenNext | 178.5 | Nov-13 | ★★★★★ | 6.2 | 9.5 | 22.4 | 18.1 | 0.3 | -1.2 | High | Average | 2.5 |
| SBI Emerging Businesses | 1,238.2 | Nov-13 | ★★★★★ | -6.4 | 9.4 | 32.0 | 18.0 | 0.3 | -1.2 | High | Above Avg | 2.3 |
| Mirae Asset Emerging Bluechip | 160.3 | Nov-13 | ★★★★★ | 6.3 | 8.6 | N.A | 17.4 | 0.2 | -1.3 | High | Below Avg | 2.5 |

Data as of November 30, 2013; Only Growth Options considered for analysis; Source: Morningstar Direct

## ELSS(Tax Savings) Funds

| | | | Morningstar 3yr Rating** | Total Return (Annualized) in % | | | Historical Risk Ratios 3 Yrs | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scheme Name | Fund Size (in Cr.) | Fund Size Date | Rating | 1 Yr | 3 Yr | 5 Yr | Std Dev (%) | Sharpe Ratio | Information Ratio | Morningstar Ret Rating 3 Yr | Morningstar Risk Rating 3 Yr | Net Expense Ratio |
| Axis L/T Equity | 738.2 | Oct-13 | ★★★★★ | 13.3 | 10.0 | N.A | 17.7 | 0.3 | -1.2 | High | Below Avg | 2.4 |
| BNP Paribas Tax Advantage | 144.6 | Oct-13 | ★★★★★ | 6.5 | 6.9 | 19.7 | 16.6 | 0.1 | -1.4 | High | Below Avg | 2.5 |
| Franklin India Taxshield | 976.3 | Nov-13 | ★★★★★ | 4.5 | 4.9 | 21.3 | 17.1 | -0.1 | -1.5 | Above Avg | Low | 2.1 |
| ICICI Pru Tax Plan | 1,541.8 | Nov-13 | ★★★★★ | 8.8 | 4.9 | 27.0 | 18.0 | -0.1 | -1.5 | High | Above Avg | 2.0 |
| Canara Robeco Equity Taxsaver | 608.3 | Nov-13 | ★★★★ | 2.3 | 3.8 | N.A | 17.0 | -0.2 | -1.5 | Above Avg | Low | 2.3 |

Data as of November 30, 2013; Only Growth Options considered for analysis; Source: Morningstar Direct

## Moderate Allocation Funds

| | | | Morningstar 3yr Rating** | Total Return (Annualized) in % | | | Historical Risk Ratios 3 Yrs | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scheme Name | Fund Size (in Cr.) | Fund Size Date | Rating | 1 Yr | 3 Yr | 5 Yr | Std Dev (%) | Sharpe Ratio | Information Ratio | Morningstar Ret Rating 3 Yr | Morningstar Risk Rating 3 Yr | Net Expense Ratio |
| ICICI Pru Balanced Adv Reg | 737.6 | Nov-13 | ★★★★★ | 9.9 | 10.0 | 19.1 | 11.8 | 0.4 | -1.3 | High | Average | 2.4 |
| HDFC Childrens Gift Investment | 417.4 | Nov-13 | ★★★★★ | 11.4 | 8.9 | 24.5 | 13.0 | 0.3 | -1.4 | High | Average | 2.1 |
| ICICI Pru Balanced | 599.9 | Nov-13 | ★★★★★ | 9.4 | 8.5 | 19.6 | 12.9 | 0.2 | -1.4 | High | Average | 2.3 |
| Templeton India Pension Plan | 245.7 | Nov-13 | ★★★★★ | 4.5 | 6.3 | 11.6 | 8.5 | -0.1 | -1.7 | High | Low | 2.1 |
| Edelweiss Absolute Return | 47.3 | Nov-13 | ★★★★ | 5.8 | 5.0 | N.A | 7.9 | -0.3 | -1.8 | Above Avg | Low | 2.5 |

Data as of November 30, 2013; Only Growth Options considered for analysis; Source: Morningstar Direct

## Conservative Allocation Funds

| | | | Morningstar 3yr Rating** | Total Return (Annualized) in % | | | Historical Risk Ratios 3 Yrs | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scheme Name | Fund Size (in Cr.) | Fund Size Date | Rating | 1 Yr | 3 Yr | 5 Yr | Std Dev (%) | Sharpe Ratio | Information Ratio | Morningstar Ret Rating 3 Yr | Morningstar Risk Rating 3 Yr | Net Expense Ratio |
| ICICI Pru Child Care Study Plan | 36.9 | Nov-13 | ★★★★★ | 10.7 | 9.0 | 13.1 | 4.5 | 0.6 | -1.6 | High | Above Avg | 1.5 |
| Canara Robeco InDiGo | 277.3 | Nov-13 | ★★★★★ | 1.0 | 8.3 | N.A | 5.7 | 0.3 | -1.6 | High | Above Avg | 1.9 |
| Birla Sun Life MIP Savings 5 Reg | 257.5 | Nov-13 | ★★★★★ | 5.9 | 8.0 | 8.5 | 3.8 | 0.4 | -1.7 | High | Low | 1.3 |
| BNP Paribas MIP Reg | 36.9 | Oct-13 | ★★★★★ | 6.8 | 8.0 | 6.9 | 3.5 | 0.3 | -1.7 | High | Below Avg | 2.3 |
| Peerless Income Pls | 80.5 | Nov-13 | ★★★★★ | 7.9 | 7.8 | N.A | 2.8 | 0.3 | -1.7 | Above Avg | Low | 2.1 |

Data as of November 30, 2013; Only Growth Options considered for analysis; Source: Morningstar Direct

## Ultrashort Bond Funds

| | | | Morningstar 3yr Rating** | Total Return (Annualized) in % | | | | Historical Risk Ratios 3 Yr | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scheme Name | Fund Size (in Cr.) | Fund Size Date | Rating | 3 Mon | 6 Mon | 1 Yr | 3 Yr | Std Dev | Sharpe Ratio | Morningstar Ret Rating 3 Yr | Morningstar Risk Rating 3 Yr | Expense Ratio |
| Birla Sun Life S/T Opp Reg | 1,743.2 | Nov-13 | ★★★★★ | 3.9 | 4.1 | 10.0 | 10.2 | 1.8 | 2.0 | High | Below Avg | 0.1 |
| Taurus S/T Income | 129.6 | Nov-13 | ★★★★★ | 2.7 | 5.0 | 10.1 | 10.1 | 0.5 | 1.9 | High | Average | 0.5 |
| Templeton India Low Duration | 1,792.3 | Nov-13 | ★★★★★ | 3.0 | 4.4 | 9.4 | 9.8 | 0.8 | 1.9 | High | Below Avg | 0.7 |
| HDFC FRF Income L/T | 1,595.8 | Nov-13 | ★★★★★ | 3.6 | 3.7 | 8.6 | 9.7 | 1.4 | 2.0 | High | Low | 0.0 |
| IDFC US/T Reg | 1,486.6 | Nov-13 | ★★★★★ | 3.1 | 4.5 | 9.3 | 9.7 | 0.7 | 1.8 | High | Below Avg | 0.2 |

Data as of November 30 2013; Only Growth Options considered for analysis Source: Morningstar Direct

## Short-Term Bond Funds

| | | | Morningstar 3yr Rating** | Total Return (Annualized) in % | | | | Historical Risk Ratios 3 Yr | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scheme Name | Fund Size (in Cr.) | Fund Size Date | Rating | 3 Mon | 6 Mon | 1 Yr | 3 Yr | Std Dev | Sharpe Ratio | Morningstar Ret Rating 3 Yr | Morningstar Risk Rating 3 Yr | Expense Ratio |
| Sundaram Sel Debt S/T Asset | 1,448.3 | Oct-13 | ★★★★★ | 3.7 | 3.2 | 10.1 | 11.0 | 2.3 | 2.0 | High | Above Avg | 0.2 |
| Peerless S/T | 181.2 | Nov-13 | ★★★★★ | 2.1 | 3.9 | 8.9 | 10.7 | 2.2 | 1.6 | High | Above Avg | 0.3 |
| Birla Sun Life M/T Reg | 1,817.7 | Nov-13 | ★★★★★ | 4.1 | 3.8 | 10.1 | 10.2 | 2.0 | 1.9 | High | Average | 0.1 |
| UTI S/T Income | 2,567.6 | Nov-13 | ★★★★★ | 3.8 | 2.8 | 9.1 | 9.7 | 1.8 | 1.7 | High | Average | 0.7 |
| IDFC SS Inc S/T D | 2,754.0 | Nov-13 | ★★★★★ | 4.0 | 3.3 | 8.3 | 9.2 | 1.5 | 1.6 | High | Below Avg | 0.7 |

Data as of November 30 2013; Only Growth Options considered for analysis
Source: Morningstar Direct

## Intermediate Bond Funds

| | | | Morningstar 3yr Rating** | Total Return (Annualized) in % | | | | Historical Risk Ratios 3 Yr | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scheme Name | Fund Size (in Cr.) | Fund Size Date | Rating | 3 Mon | 6 Mon | 1 Yr | 3 Yr | Std Dev | Sharpe Ratio | Morningstar Ret Rating 3 Yr | Morningstar Risk Rating 3 Yr | Expense Ratio |
| Templeton India Inc Builder A | 1,841.6 | Nov-13 | ★★★★★ | 3.9 | -0.3 | 8.0 | 9.7 | 4.6 | 0.8 | High | Average | 1.5 |
| IDFC Dynamic Bond Reg | 6,319.8 | Nov-13 | ★★★★★ | 2.1 | -2.5 | 6.5 | 9.4 | 5.0 | 0.7 | High | Average | 1.1 |
| UTI Dynamic Bond | 693.9 | Nov-13 | ★★★★★ | 3.2 | 1.6 | 8.3 | 9.3 | 2.8 | 1.0 | High | Low | |
| SBI Dynamic Bond | 5,484.6 | Nov-13 | ★★★★★ | 1.2 | -4.4 | 5.0 | 9.0 | 5.5 | 0.5 | High | Average | 1.7 |
| IDFC Dynamic Bond A | 6,319.8 | Nov-13 | ★★★★★ | 2.0 | -2.7 | 6.1 | 9.0 | 5.0 | 0.5 | High | Average | 1.4 |

Data as of November 30 2013; Only Growth Options considered for analysis
Source: Morningstar Direct

## Short Government Funds

| | | | Morningstar 3yr Rating** | Total Return (Annualized) in % | | | | Historical Risk Ratios 3 Yr | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scheme Name | Fund Size (in Cr.) | Fund Size Date | Rating | 3 Mon | 6 Mon | 1 Yr | 3 Yr | Std Dev | Sharpe Ratio | Morningstar Ret Rating 3 Yr | Morningstar Risk Rating 3 Yr | Expense Ratio |
| Sundaram Gilt | 13.5 | Oct-13 | ★★★★★ | 3.7 | 8.7 | 19.1 | 10.2 | 1.8 | 1.5 | High | Above Avg | 1.1 |
| Religare Invesco Gilt S/T | 207.1 | Nov-13 | ★★★★ | 2.3 | 5.2 | 14.8 | 9.1 | 3.4 | 0.7 | Above Avg | Above Avg | 1.2 |
| SBI Magnum Gilt S/T | 86.2 | Nov-13 | ★★★★ | 3.7 | 3.3 | 9.0 | 8.8 | 2.2 | 0.9 | Above Avg | Low | 0.9 |
| UTI Gov Sec S/T | 41.9 | Nov-13 | ★★★★ | 2.6 | 4.2 | 9.0 | 8.2 | 0.9 | 0.6 | Above Avg | Low | 0.8 |
| DSP BlackRock Trs Bill Reg | 867.0 | Nov-13 | ★★★★ | 2.5 | 5.8 | 9.9 | 8.2 | 1.4 | 0.6 | Above Avg | Average | 0.5 |

Data as of November 30 2013; Only Growth Options considered for analysis
Source: Morningstar Direct

## Intermediate Government Funds

| Scheme Name | Fund Size (in Cr.) | Fund Size Date | Morningstar 3yr Rating** Rating | Total Return (Annualized) in % 3 Mon | 6 Mon | 1 Yr | 3 Yr | Historical Risk Ratios 3 Yr Std Dev | Sharpe Ratio | Morningstar Ret Rating 3 Yr | Morningstar Risk Rating 3 Yr | Expense Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| IDFC Gov Sec Inv A | 493.4 | Nov-13 | ★★★★★ | 2.0 | -2.2 | 7.7 | 9.7 | 6.1 | 0.6 | High | Average | 1.4 |
| Baroda Pioneer Gilt | 21.7 | Nov-13 | ★★★★★ | 1.6 | -1.3 | 5.4 | 9.4 | 5.4 | 0.6 | High | Below Avg | 0.0 |
| L&T Gilt | 42.4 | Oct-13 | ★★★★ | 2.8 | 0.1 | 10.2 | 9.3 | 5.6 | 0.6 | Above Avg | Below Avg | 1.0 |
| Birla Sun Life Gilt Plus PF Reg | 32.4 | Nov-13 | ★★★★ | 1.6 | -6.1 | 4.9 | 8.2 | 6.4 | 0.3 | Above Avg | Above Avg | 1.1 |
| SBI Magnum Gilt L/T | 229.7 | Nov-13 | ★★★★ | 1.7 | -3.6 | 7.8 | 8.0 | 7.1 | 0.2 | Above Avg | Average | 1.1 |

Data as of November 30 2013; Only Growth Options considered for analysis — Source: Morningstar Direct

## Long Government Funds

| Scheme Name | Fund Size (in Cr.) | Fund Size Date | Morningstar 3yr Rating** Rating | Total Return (Annualized) in % 3 Mon | 6 Mon | 1 Yr | 3 Yr | Historical Risk Ratios 3 Yr Std Dev | Sharpe Ratio | Morningstar Ret Rating 3 Yr | Morningstar Risk Rating 3 Yr | Expense Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Tata Gilt Mid Term | 43.5 | Nov-13 | ★★★★★ | 3.2 | -0.4 | 9.3 | 8.1 | 5.6 | 0.3 | High | Below Avg | 1.6 |
| Kotak Gilt Investment Reg | 705.6 | Nov-13 | ★★★★ | 1.6 | -8.2 | 1.7 | 7.5 | 7.6 | 0.1 | Above Avg | High | 2.0 |
| Reliance Gilt Sec | 393.5 | Nov-13 | ★★★★ | 2.8 | -5.9 | 4.8 | 7.2 | 7.0 | 0.0 | Above Avg | Average | 1.5 |
| Tata Gilt Securities A | 107.8 | Nov-13 | ★★★★ | 3.3 | -4.2 | 6.5 | 6.9 | 6.6 | 0.0 | Above Avg | Average | 1.6 |

Data as of November 30 2013; Only Growth Options considered for analysis — Source: Morningstar Direct

**Selection Criteria:** For the purpose of top funds analysis, funds whose AUM is less than 10% of the category average AUM (assets under management), have been excluded. 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 of November 30, 2013.

****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.