Mutual Funds

A

Vehicle for Wealth Creation

BSE Seminar - May 10, 2002.

A wealth creator……

- Follows financial and not the stock performance.
- Understands the risk and quantifies it.
- Understands the industry where investing.
- Strives to achieve the scheme objective.
- Does not have a herd mentality.
- Does not clutter the portfolio with too many stocks

A wealth Creator Should ……..

- Should be fleet footed to capture the market cycles which are getting shorter but not a trader.
- Be able to identify the new emerging sectors.
- Have a view on market and interest rate direction.
- Not be affected by of adverse/favorable public glare like some felt during the software boom & bust.
- Neglect money management.
- Neglect the financial performance of the company.

Wealth Creators

Equity Funds

Sensex Return 18.11% Nifty Return 21.53%

Sensex Risk 20.69% Nifty Risk 18.63%

RRR Rank for 1year Apr 01, 2001 to Mar 31, 2002

RRR	General Equity-Open End	Return %)	Risk (%)
1	Pioneer ITI Prima Plus - Growth	53.94	19.66
2	Alliance Equity Fund - Growth	56.28	24.39
3	Pioneer ITI Prima Fund - Growth	49.43	24.06
4	Alliance Basic Industries Fund - Growth	40.65	19.42
5	Zurich India Equity Fund - Growth	36.41	19.28
6	Templeton India Growth Fund	31.80	15.82
7	Zurich India Top 200 Fund - Growth	32.75	17.82
8	Pioneer ITI Bluechip Fund - Growth	33.17	22.07
9	DSP Merrill Lynch Opportunities Fund - Growth	31.84	23.45
10	K 30	27.99	18.49
11	ING Growth Portfolio - Growth	38.14	49.71
12	GIC Fortune - 1994	27.30	19.17
13	DSP Merrill Lynch Equity Fund	22.59	19.48
14	Prudential ICICI Growth Plan - Growth	21.84	19.16
15	Sundaram Growth Fund	21.54	18.89
16	UTI Master Plus 1991	20.17	18.45
17	UTI Master Growth 1993	18.92	21.07
18	IDBI Principal Equity Fund - Growth	17.91	18.71
19	SUN F&C Value Fund - Growth	16.78	22.13
20	Birla Advantage Fund	16.04	17.00
21	LIC Dhanvikas (1)	13.80	19.72
22	IL&FS Growth Value Fund (Growth)	12.37	22.65
23	UTI Grand Master 1993	13.49	18.95
24	Franklin India Growth Fund	11.94	21.95
25	HDFC Growth Fund - Growth	14.78	15.29
26	UTI Mastergain 1992	13.36	17.61
27	Zurich India Capital Builder Fund - Growth	14.20	14.09
28	Canbonus	11.30	19.23
29	SBI Magnum Equity Fund	5.70	20.36
30	Tata Pure Equity Fund - Growth	6.57	18.68
31	UTI PEF Unit Scheme	7.18	15.50
32	UTI Growth Sectors Fund-Brand Value	1.83	18.12
33	SBI Magnum Multiplier Plus Scheme 1993	-29.10	24.74
	Median	18.92	19.23

Equity Funds Risk-Return Matrix 3-Year (31-Mar-02)

Total Asset Size: Rs 31793.67 mn

Sensex Return 10.20% Nifty Return 17.54%

Sensex Risk 26.28% Nifty Risk 24.11%

Risk (%)

25 Funds

RRR Rank for 3-year Apr 01, 1999 to Mar 31, 2002

RRR	General Equity-Open End	Return %)	Risk (%)
1	Zurich India Equity Fund - Growth	38.57	24.12
2	Zurich India Top 200 Fund - Growth	27.45	22.85
3	Alliance Equity Fund - Growth	33.25	34.02
4	Templeton India Growth Fund	24.03	22.86
5	Pioneer ITI Bluechip Fund - Growth	24.35	26.93
6	Prudential ICICI Growth Plan - Growth	23.78	28.58
7	UTI Grand Master 1993	20.40	27.52
8	Sundaram Growth Fund	17.80	23.03
9	Pioneer ITI Prima Fund - Growth	19.17	27.28
10	Pioneer ITI Prima Plus - Growth	18.19	27.57
11	Tata Pure Equity Fund - Growth	12.72	33.63
12	UTI Master Growth 1993	11.71	27.58
13	ING Growth Portfolio - Growth	11.91	48.93
14	DSP Merrill Lynch Equity Fund	3.89	27.38
15	K 30	2.50	27.19
16	Zurich India Capital Builder Fund - Growth	4.61	18.04
17	SBI Magnum Multiplier Plus Scheme 1993	-4.98	34.21
18	UTI PEF Unit Scheme	-0.88	22.44
19	SBI Magnum Equity Fund	-6.73	33.52
20	SUN F&C Value Fund - Growth	-4.06	26.95
21	Birla Advantage Fund	-7.31	28.56
22	LIC Dhanvikas (1)	-4.68	23.90
23	GIC Fortune - 1994	-3.45	21.69
24	IDBI Principal Equity Fund - Growth	-4.93	22.14
25	Canbonus	-9.48	23.44
	MEDIAN	11.71	27.19

Debt Funds

Debt Funds Risk Return Matrix 1 year
(31-Mar-02)
25
12
1
3
Return (%)
Risk (%)
Out Performer
Rs 52555.32 mn-22.37%
3 Funds
Rs 89916.96 mn-38.28%
Active
9 Funds
Rs 68183.44 mn-29.03%
3 Funds
Rs 17919.50 mn-7.63%
Under Performer
Passive
9 Funds
Total Asset Size: Rs 234886.17 mn
Median Return 18.84%
Median Risk 1.97%
25 Funds

RRR Rank for 1year Apr 01, 2001 to Mar 31, 2002

RRR	General Debt-Open End	Return %)	Risk (%)
1	Chola Triple Ace - Cumulative	18.25	1.68
2	Reliance Income Fund - Growth	18.25	1.73
3	HDFC Income Fund - Growth	19.98	1.91
4	Chola Freedom Income - Cumulative	14.53	1.42
5	Prudential ICICI Income Plan - Growth	20.62	2.05
6	Grindlays Super Saver Income Fund - Growth	21.05	2.12
7	Zurich India High Interest Fund - Growth	19.13	1.93
8	Birla Income Plus Plan B - Growth	18.82	1.95
9	Kotak Mahindra K Bond Deposit - Growth	19.91	2.06
10	Templeton India Income Fund - Growth	18.96	1.97
11	DSP Merrill Lynch Bond Fund - Growth	21.05	2.19
12	LIC Mutual Bond Fund - Growth	17.14	1.79
13	JM Income Fund - Growth	21.47	2.25
14	Sundaram Bond Saver - Growth	18.84	1.97
15	IL&FS Bond Fund - Growth	19.80	2.13
16	Alliance Income Fund - Growth	17.77	1.94
17	SBI Magnum Liquibond Income - Growth	18.35	2.01
18	IDBI Principal Income Fund - Growth	17.80	1.98
19	SUN F&C Money Value Fund - Bond - Growth	19.39	2.16
20	Pioneer ITI Income Builder Account (IBA) Plan A - Growth	19.69	2.24
21	Jardine Fleming India Bond Fund - Growth	15.14	1.77
22	Tata Income Fund - Appreciation	13.73	1.72
23	ING Income Portfolio - Growth	17.80	2.36
24	PNB Debt Fund - Growth	22.31	3.05
25	UTI Bond Fund - Growth	13.91	1.97
	Median	18.84	1.97

Debt Funds Risk-Return Matrix 3-year (31-mar-02)

Total Asset Size: Rs 193178.88 mn

Median Return 13.54%

Median Risk 1.42%

Risk (%)

22 Funds

RRR Rank for 3-year Apr 01, 1999 to Mar 31, 2002

RRR	General Debt-Open End	Return %)	Risk (%)
1	Reliance Income Fund - Growth	13.40	1.03
2	Chola Triple Ace - Cumulative	12.95	1.05
3	Chola Freedom Income - Cumulative	12.03	0.98
4	Birla Income Plus Plan B - Growth	13.24	1.16
5	JM Income Fund - Growth	15.60	1.38
6	Sundaram Bond Saver - Growth	15.28	1.40
7	Zurich India High Interest Fund - Growth	13.52	1.28
8	Templeton India Income Fund - Growth	15.20	1.46
9	Prudential ICICI Income Plan - Growth	13.91	1.37
10	Jardine Fleming India Bond Fund - Growth	13.03	1.30
11	Alliance Income Fund - Growth	13.56	1.37
12	DSP Merrill Lynch Bond Fund - Growth	14.55	1.49
13	SUN F&C Money Value Fund - Bond - Growth	13.64	1.42
14	ING Income Portfolio - Growth	12.60	1.42
15	IL&FS Bond Fund - Growth	13.63	1.54
16	Pioneer ITI Income Builder Account (IBA) Plan A - Gr	12.63	1.49
17	SBI Magnum Liquibond Income - Growth	15.23	1.95
18	Tata Income Fund - Appreciation	11.85	1.67
19	UTI Bond Fund - Growth	12.51	1.87
20	LIC Mutual Bond Fund - Growth	12.92	2.39
21	PNB Debt Fund - Growth	15.80	3.02
22	Alliance Monthly Income - Growth	15.75	3.91
	MEDIAN	13.54	1.42

Gilt Funds

Gilt Funds Risk Return Matrix 1 Year (31-Mar-02)
35
10
1
6
Return (%)
Risk (%)
Out Performer
Rs 350.42 mn 1.21%
1 Fund
Rs 8986.78 mn 30.95%
7 Funds
Passive
Active
Rs 18430.03 mn 63.48%
7 Funds
1 Fund
Rs 1266.59 mn 4.36%
Under Performer
Total Asset Size: Rs 29033.82 mn
Median Return 24.58%
Median Risk 4.25%
16 Funds
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16

RRR Rank for 1year Apr 01, 2001 to Mar 31, 2002

RRR	Gilt Funds	Return %)	Risk (%)
1	DSP Merrill Lynch Govt Sec Fund (Plan B) - Growth	13.14	1.12
2	Prudential ICICI Gilt - Treasury - Growth	13.16	1.25
3	K Gilt - Savings - Growth	11.21	1.07
4	Alliance Govt Securities Long term Plan - Growth	25.61	3.19
5	DSP Merrill Lynch Govt Sec Fund (Plan A) - Growth	29.53	4.42
6	Birla Gilt Plus Plan B (Investment) - Growth	22.56	3.47
7	SBI Magnum Gilt Fund - Long Term - Growth	24.14	3.86
8	K Gilt - Investment - Growth	27.58	4.45
9	Tata Gilt Securities Fund - Appreciation	31.28	5.10
10	Prudential ICICI Gilt - Investment - Growth	28.14	4.65
11	UTI G-Sec Fund-Growth	20.66	3.54
12	Templeton India G-Sec Fund - Growth	30.52	5.25
13	Birla Gilt Plus Plan C (Long) - Growth	26.37	4.68
14	JM Govt Securities Regular Plan - Growth	25.02	4.67
15	Chola Gilt Investment - Cumulative	19.41	4.09
16	LIC Govt. Sec. Fund - Growth	20.95	4.51
	Median	24.58	4.25

Case Study

Equity Funds: Sectoral Bets

1-year analysis (ending March 31, 2002)

Sectoral Weights

•The sectoral returns for the select schemes are substantially different from the index.

- No correlation in Return and Risk across various sectors.

Style Analysis Summary-Year ending March 2002

Style analysis	Nifty	Zurich India Equity Fund - Growth	Pioneer ITI Bluechip Fund - Growth	Templeton India Growth Fund
Allocation Effect	-	5.3%	-0.6%	8.7%
Selection / Timing Effect	-	41.5%	18.0%	18.4%
InteractiveEffect	-	-31.9%	-5.8%	-16.9%
EROB		14.9%	11.6%	10.3%
Average Scheme Return	21.53%	36.4%	33.2%	31.8%

- Conventionally,the returns come from allocation
- But the funds created investor wealth by good stock picking.

Case Study

Debt Funds

1-year analysis (ending March 31, 2002)

- The funds anticipate fall in yields and increase the average portfolio maturity.
- As the yields fall the fund return increase.
- .The funds are lowering the average maturity as the band tightens indicating flattening of the yield curve.

- The return peaked as average maturity increased and yields fell.
- More recently, the returns have been improving as funds lowered the average portfolio maturity and yields have tended to improve at the longer end.

CRISIL CPR

Crisil's Composite Performance Ranking

- Unique ranking methodology to suit Indian Markets
- A totally objective exercise.
- Has gained wide acceptability in the Fund Industry.
- The methodology while capturing the past performance is forward looking.

Crisil's CPR methodology - Parameters

- Superior Return Score.
- Concentration - Company & Industry.
- Liquidity - Internal & External.
- Asset Quality.
- Fund size.

Equity Schemes

	Dec '01	Sep '01	June'01	March'01	Dec'00	Sep'00	June'00
Templeton India Growth Fund	1	1	1	1	3	4	5
Zurich India Equity Fund - Growth	1	1	2	2	2	2	1
Zurich India Top 200 Fund - Growth	1	2	4	4	4	4	4
Pioneer ITI Prima Plus - Growth	2	2	3	3	2	3	3
Sundaram Growth Fund	2	2	3	3	3	3	3
UTI Grand Master 1993	2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
UTI Master Growth 1993	2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
UTI Master Plus 1991	2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Alliance Equity Fund - Growth	3	3	2	2	1	1	N.A.
IDBI Principal Equity Fund - Growth	3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
ING Growth Portfolio - Growth	3	4	4	N.A.	N.A.	N.A.	N.A.
Pioneer ITI Bluechip Fund - Growth	3	3	1	1	1	2	2
Pioneer ITI Prima Fund - Growth	3	4	3	4	4	3	3
Prudential ICICI Growth Plan - Growth	3	2	2	2	3	3	2
Sun F&C Value Fund - Growth	3	3	3	4	3	3	4
Tata Pure Equity Fund - Growth	3	3	2	2	2	2	3
UTI Mastergain 1992	3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Zurich India Capital Builder Fund -	3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Canbonus	4	4	5	N.A.	N.A.	N.A.	N.A.
DSP Merrill Lynch Equity Fund	4	3	4	4	4	4	4
IL&FS Growth Value Fund (Growth)	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
JM Equity Fund - Growth	4	3	5	5	5	5	5
K 30	4	3	3	3	3	N.A.	N.A.
Birla Advantage Fund	5	4	3	3	2	1	1
SBI Magnum Equity Fund	5	5	3	3	3	3	3
SBI Magnum Multiplier Plus Scheme 1	5	5	4	3	4	3	2
LIC Dhanvikas Fund	N.A.	N.A.	N.A.	5	N.A.	N.A.	N.A.

Debt Schemes

	Dec '01	Sep-01	June'01	March'01	Dec'00	Sep'00	June'00
DSP Merrill Lynch Bond Fund - Growth	1	2	4	3	3	3	5
JM Income Fund - Growth	1	2	1	1	1	1	2
Birla Income Plus Plan B - Growth	2	2	3	3	3	3	3
Pioneer ITI Income Builder Account (IBA) Plan A -	2	1	3	3	4	4	4
Prudential ICICI Income Plan - Growth	2	2	3	3	2	2	3
Zurich India High Interest Fund - Growth	2	3	3	3	3	5	4
Alliance Income Fund - Growth	3	3	3	3	3	3	3
Chola Triple Ace - Cumulative	3	3	1	2	3	4	5
IL&FS Bond Fund - Growth	3	4	N.A.	N.A.	N.A.	N.A.	N.A.
SBI Magnum Liquibond Income - Growth	3	4	4	5	5	N.A.	N.A.
Sun F&C Money Value Fund - Bond - Growth	3	3	3	4	4	N.A.	N.A.
Sundaram Bond Saver - Growth	3	1	2	1	1	1	1
Templeton India Income Fund - Growth	3	3	2	2	2	2	2
Jardine Fleming India Bond Fund - Growth	4	5	5	4	3	3	1
Reliance Income Fund - Growth	4	4	3	2	2	2	3
Tata Income Fund - Appreciation	4	4	5	5	5	4	3
UTI Bond Fund	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chola Freedom Income - Cumulative	5	N.A.	2	3	4	5	4
ING Income Portfolio - Growth	5	5	4	N.A.	N.A.	N.A.	N.A.
LIC Mutual Bond Fund - Growth	N.A.	3	N.A.	N.A.	N.A.	N.A.	N.A.

GILT FUNDS Long-Term

	Dec '01	Sep '01
Templeton India G-Sec Fund - Growth	1	1
Tata Gilt Securities Fund - Appreciation	2	2
Birla Gilt Plus Plan C (Long) - Growth	2	N/A
DSP Merrill Lynch Govt Sec Fund (Plan A) - Growth	3	3
K Gilt - Investment - Growth	3	5
Prudential ICICI Gilt - Investment - Growth	3	3
JM Govt Securities Regular Plan - Growth	3	N/A
Birla Gilt Plus Plan B (Investment) - Growth	4	4
UTI G-Sec Fund-Growth	4	N/A
Alliance Govt Securities Long term Plan - Growth	5	N/A

Thank You