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INVEST guide

October 2014

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INDIA'S GROWTH STORY: PARTICIPATE NOW!

COVER STORY pg 05

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Dear Investors,

ABHINAV ANGIRISH
C.E.O. & MANAGING DIRECTOR

Equity Markets have continued to inch gradually upwards on account of improvement in domestic macro-economic indicators, easing global geopolitical tensions, strong foreign inflows and continued optimism regarding the economic recovery. The key benchmark indices viz. S&P BSE Sensex & CNX Nifty ended June-September quarter on a fairly positive note, with gains of 4.79% and 4.64% respectively during the quarter. Among sectors Healthcare and Auto performed well while Realty and Metals were laggards during the quarter.

India's Retail Inflation as measured by the consumer price index in August came at 7.80%, lower than July's 7.96% but higher than June's 7.46%. Wholesale price index-based inflation also fell in August--to 3.47% near a five-year low, from 5.19% in July. Reserve Bank of India has set a glide path for CPI inflation at 8% by January 15 and 6% by January 2016. In its recent bi-monthly policy on September 30, RBI kept the repo rate unchanged at 8% as part of its continuing battle against inflation. The central bank also kept CRR, SLR unchanged. The reverse repo rate was also maintained at status quo of 7%.

Meanwhile, the index of industrial production (IIP) declined to an abysmal 0.5 per cent in July compared to 3.4 per cent achieved in June and 5 per cent in May. In line with estimates, India's current account deficit (CAD) for this financial year's first quarter, April to June, narrowed sharply to 1.7 per cent of GDP ($7.8 billion) from 4.8 per cent of GDP ($21.8 bn) in the corresponding period of 2013-14. The fall was aided by contraction in the trade deficit, on a rise in export and dip in import. GDP growth for Q1FY15 came in at 5.7%, highest in 10 quarters with a pick-up evident in industrial production to 4.2% (-0.2% in Q4FY14).

The government and central bank jointly appear to be focused on containing inflationary pressures and enhancing capacity creation. Gradual reduction in fiscal deficit, moderation in growth for minimum support prices and control in rural spending may reduce inflationary pressures. In order to improve capacity creation, infrastructure will be the thrust area going ahead. Markets are anticipating a clear policy road map from the government in the November-February parliamentary session and budget presentation, as well as rate cuts in 2015. We expect macroeconomic recovery as well as corporate earnings growth to accelerate due to pick up in industrial growth, GDP and business sentiments. Among risks to the markets are rate hike by the US Fed, disappointment in earnings, rise in oil prices and non-materialization of economic reforms.

As far as equity valuations are concerned we think that they are still reasonable, being close to their long-term average. In our view Equities have material upside in the next three years on the back of lower fiscal deficit, declining inflation trend and therefore potential lowering of interest rates, strong government policy actions and improvement in private investments etc. although this upside is unlikely to be a straight line. We believe that future returns for equity markets are likely to be led more by earnings growth rather than re-rating and hence the current environment is conducive for investment in equities. Considering bright prospects of Indian economy investors can benefit a lot through disciplined equity participation. Therefore, in our view this is a time to increase allocation to equities (for those with a medium to long term view) in a phased manner and to stay invested.

We also take this opportunity to inform you happily that our conviction to create wealth for our customers through SIP has now been recognized even by the Mutual Fund industry. The Award - SIP Champion for Mumbai West for 2013-2014, received by Abchlor is recognition by Mutual Fund Industry and WealthForum e-zine. We wish to thank you, our valued customers, for your faith in us and for your support for enabling Abchlor to win this award on your behalf.

Happy Diwali and Happy Investing!

ABHINAV ANGIRISH

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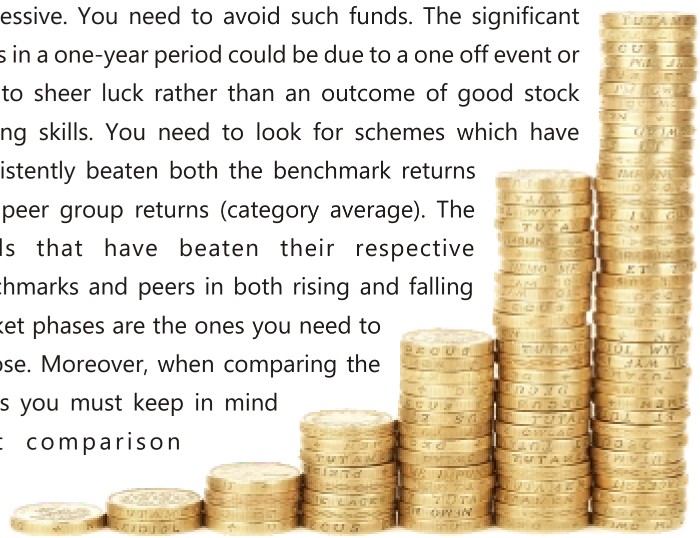
11 Things to keep in mind while selecting Right Equity mutual fund schemes

Mutual funds are considered to be the most suitable investment option for retail investors for diversifying into and hence benefiting from equity markets. But choosing the right schemes is not easy for inexperienced investors with hundreds of schemes available in the market adding to their confusion. Therefore, here we list out a checklist that you can use for investing into equity funds.

Look for consistent returns over different periods:

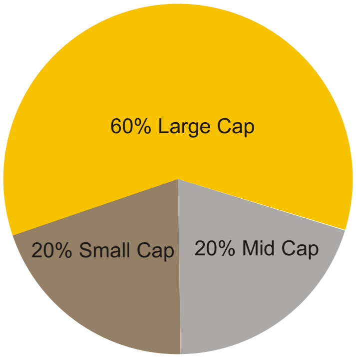
While evaluating equity mutual funds the first thing the investor should look for is consistent returns. Investor should find out how much return has the scheme given over different time periods- over 1 year, 3 years, 5 years and 10 years etc. You will find many funds which have gained significantly in last one year but their long term performance is not impressive. You need to avoid such funds. The significant gains in a one-year period could be due to a one off event or due to sheer luck rather than an outcome of good stock picking skills. You need to look for schemes which have consistently beaten both the benchmark returns and peer group returns (category average). The funds that have beaten their respective benchmarks and peers in both rising and falling market phases are the ones you need to choose. Moreover, when comparing the funds you must keep in mind that comparison



happens only between similar funds. A large cap fund should be compared with another large cap fund and not a mid cap fund. Thus compare apples to apples only.

Check the exposure to different market capitalization:

When you intend to invest into an equity fund, you should also keep an eye on its exposure to different market caps. Market capitalization of a company signifies its market value, which is equal to the total number of shares outstanding multiplied by the current stock price. The market cap



has a role to play in the kind of returns the stock might deliver and also in the riskiness or volatility that one may have to encounter from it. For example, large companies are usually more stable during turbulent periods and mid cap and small cap companies are more vulnerable. Therefore, if you as an investor are not comfortable with high volatility of small and mid cap stocks, you should avoid those schemes which have a high exposure to small and mid market caps.

Assess the level of portfolio diversification:

A very important reason to invest in an equity fund is to derive the benefits of diversification. Ideally the fund should not concentrate too much on a few sectors or on a few stocks. Higher concentration in a particular sector/stock increases the fund's vulnerability to that particular sector/stock. Such funds can be highly volatile and usually see a free-fall in bear markets. Therefore, you need to check that whether the fund is truly diversified? Look out for portfolio concentration like percentage of its assets in top 3 sectors, and top 10 stocks. Ideally, a well diversified fund should hold no more than 40% of its assets in its top 10 stock holdings. Similarly, Avoid sectoral funds unless you have knowledge of the sector. These are not meant for the lay investor, unless you are an employee of the sector and understand it well.

Check the experience and track record of the fund manager:

One of the key reasons for investing in mutual funds is to avail the expertise of professionals to manage your money. Therefore, the fund manager's experience and track record are very important. And that means experience relevant to the fund he is managing. You should look at the fund manager's track record for both his current fund and any previously managed funds. This information can be easily obtained through various websites like valueresearchonline.com, mutualfundsindia.com, etc. It is better to invest in funds which have managers who have mastered their craft in varying types of market conditions. There are many managers out there who may not have any experience of managing money in bear markets. Long tenure of the fund manager with fund house is a good quality as it provides a clear track

record of the fund manager. It also helps to check whether a manager's own style is in line with the fund's.

Evaluate the fund manager's style:

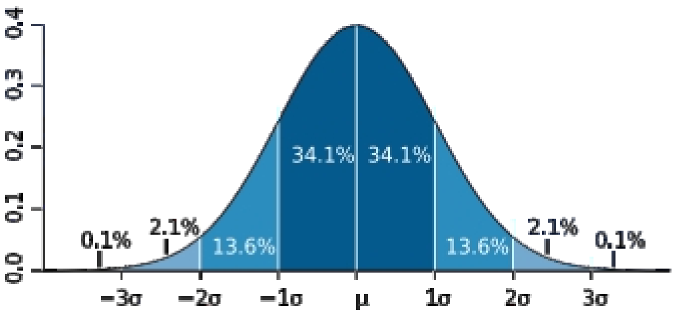
Besides knowing about the fund manager, his experience, his tenure with the current scheme and his track record, another very important thing an investor needs to know before investing is the fund manager's style. Is the fund manager an aggressive investor? Or is he/she a conservative investor? This can be gleaned from the types of company he holds (larger companies or smaller companies, for example. Does he try to time the market? Is the fund manager true to the objective of the fund? These questions will help you gauge the risk inherent in placing your money under the management of the fund manager in question.

Pedigree of the fund house:

The 'DNA' of every fund house is different. It is important to know how it invests and whether it is dependent upon a 'star' fund manager or follows a process. The focus should be on those fund houses that are strong in their systems and processes. Fund houses need to be process-driven and not 'star' fund manager-driven. The reason is the fund manager who is employed with an AMC today, might quit tomorrow; and hence the fund will be unable to deliver its 'star' performance without its 'star' fund manager. Knowing the fund house is very important also because of the reason that in many instances the investment house dictates asset allocation and has particular views which the fund manager is bound to follow. This will naturally have a significant impact on how the fund is managed and how it performs. So remember you are buying the fund house as well as the fund manager.

Evaluate the volatility:

The swing in returns is actually a risk for the investor. The risk in portfolios or mutual funds is measured by the standard deviation. Standard deviation measures the movement of the returns away from the average



return. Higher the deviation more risky the investment is. If a fund gives a return (growth) of Rs 100 and the standard deviation is 15% for a year, this implies that the returns could have varied anywhere between Rs 85 to Rs 115 during the course of the year. From an investor's perspective, evaluating a fund on risk parameters is important because it will help to check whether the fund's risk profile is in line with their risk profile or not. For example, if two funds have delivered similar returns, then a prudent investor will invest in the fund which has taken less risk i.e. the fund that has a lower SD.

Evaluate the risk-adjusted return:

Investing is a risky business. In fact it is the business of managing risk. Always understand that if you're chasing big returns they come at a price. Risk and return is a clear trade-off so make sure you're comfortable with the ratio. Combination of risk and returns gives a very interesting number, which is known as the Sharpe Ratio. It gives the return per unit of risk. The higher the value, the better the risk attached to the scheme is managed. Therefore, the investment that gives the highest return per unit of risk should be considered over others. Let us take the example of Fund X which has appreciated by 40% in a year and has a standard deviation is 22%. Although the returns maybe very good, the not-so-good Sharpe ratio and the possibility that an investment of Rs 100 in the Fund could drop to Rs 78 suggest that it may not be a suitable choice for the investors uncomfortable with high risk.

Look at the corpus size of the fund:

A very small corpus in any scheme is risky as you don't know who the investors are and what quantum of investments they have in this particular scheme. Exit of any big investor out of a mutual fund scheme may impact its overall performance badly and the remaining investors in a scheme will have to bear the impact. In schemes with larger corpus this risk gets minimized. But sometimes a fund can become too big also to manage efficiently. Therefore, it is important to look at the fund size in the context of its nature and investment style. For example, a mid-cap fund where the success depends on how effectively the fund manager does the stock picking, the large size of the fund may force him to make certain compromises in terms of the investment approach.

Check the cash allocation:

When a fund is launched, it mentions the asset allocation it will follow while deploying funds in equity, debt and cash. There are times, especially during bear markets, when a fund tends to go beyond its asset allocation pattern and go overweight on debt/cash to defend its portfolio. Some funds were seen allocating as much as 30-40% in cash and equivalents in crash of 2008. Remember, high cash may save the fund from market crashes but it would equally hurt its performance when markets turn around. Choose the funds which avoid timing the markets and do not switch frequently between equity and cash. Even if it does, it should not be beyond its stated asset allocation.

Check the expense ratios:

The Expense Ratio indicates the cost of investing in a fund. The expense ratio represents the percentage of the fund's assets that go purely towards the expense of running the fund. The expense ratio covers the investment management fee, the administrative costs, and other operating expenses. The expense ratio has to be looked in relation to the returns offered by the fund. If the fund has a higher expense ratio, this needs to be justified by better performance.

Selecting right mutual fund schemes requires a good amount of research. Although the whole point of investing through mutual funds is to delegate the stock selection process, the investors must be careful about selecting right mutual fund schemes. This is actually as important as selecting a stock. Thankfully, the factors that an investor needs to consider before investing are not so difficult to understand in this case.

Do you need guidance on right mutual fund schemes to invest into?

Contact your wealth manager or call us on +91 22 4071 3322

Do you know about calculation of Compound Annual Growth Rate (CAGR)?

Compound Annual Growth Rate is the year-over-year growth rate of an investment over a specified period of time. It is calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered.

This can be written as follows:

$$\text{CAGR} = \left(\frac{\text{Ending Value}}{\text{Beginning Value}}\right)^{\left(\frac{1}{\text{\# of years}}\right)} - 1$$

CAGR isn't the actual return in reality. It's a number that describes the rate at which an investment would have grown if it grew at a steady rate. You can think of CAGR as a way to smooth out the returns.

You need not worry if this concept is still not clear to you - CAGR is one of those terms best defined by example. Suppose you invested Rs.10,000 in a portfolio on Jan 1, 2011. Let's say by Jan 1, 2012, your portfolio had grown to Rs.13,000, then Rs.14,000 by 2013, and finally ended up at Rs.19,500 by Jan 1, 2014.

Your CAGR would be the ratio of your ending value to beginning value (Rs.19,500 / Rs.10,000 = 1.95) raised to the power of 1/3 (since 1/No. of years = 1/3), then subtracting 1 from the resulting number:

1.95 raised to 1/3 power = 1.2493 (This could be written as 1.95^0.3333). Therefore, 1.2493 - 1 = 0.2493.

Another way of writing 0.2493 is 24.93%. Thus, your CAGR for your three-year investment is equal to 24.93%, representing the smoothed annualized gain you earned over your investment time horizon.

Over the last 12 months, the MSCI India index (INDA) which tracks the performance of all large and mid-cap Indian stocks has risen by more than 30%. During the same time period, stocks in China (MCHI) and Brazil (EWZ) — two of the best-performing stock markets, were up between 6.47% and 2.31% respectively.

There are two main reasons for this recent strong performance in Indian stocks. First, inflation in India has declined by about 3% from its peak in December 2013. As inflation declines, stocks and other financial assets become more attractive. Second, investors' optimism grew as it became clear that the reform-minded Bharatiya Janata Party (BJP) would emerge as the winner in the May national elections and it did.

In June, the rally in the Indian stock market was subdued for a while as concerns over a global economic slowdown and a potential escalation of violence in Ukraine and Gaza intensified. The question everyone seemed to ask was: Will the strength of Indian stocks continue, or will equity investors look for returns elsewhere?

We continue to believe there's strong upside in Indian stocks, as long-awaited economic reforms will propel economic growth for years to come. Based on our firm's research, we expect earnings of Indian companies to double over the next three years as economic growth accelerates.

Bearish arguments are outdated

The arguments against buying Indian stocks typically go like this: Despite new Prime Minister Mr. Narendra Modi's reform and economic development mandate, the much-ingrained corruption culture and inherent economic inequality will continue to sap India's economic growth for years to come.

With a highly educated and young labor force, and with an economy one-fifth the size of China's economy, India's economy should be growing at double-digits. And yet, India's gross domestic product (GDP) only grew by 4.6% year-over-year in the first quarter of this year. Meanwhile, the Chinese economy grew by 7.4% year-over-year in the first quarter despite falling real estate prices and a slowdown in manufacturing and exports. India's inflation rate has also been stubbornly high. India's consumer price index (CPI) rose by 7.9% in July year over year, which is one of the highest among Asian countries.

Certainly, India's history of corruption and lack of economic reforms have limited India's economic and corporate profits growth in the past. But research shows that the bears' arguments no longer apply, and that is why we continue to be bullish on Indian stocks over the next several years.

Importantly, the Indian populace had grown weary of the ingrained corruption and economic inequality and cried out for major reforms. Mr. Modi's reform mandate is much more powerful since his party, the BJP, is the first party to hold a parliamentary majority in 30 years all by itself. From warning his cabinet and state ministers against hiring family and relatives to austerity measures outlined for cabinet ministers which include riding in smaller cars with no entourage and police escorts unlike in the recent past. These and other actions suggest that the new government is serious about fighting corruption and also wasteful spending.

The maiden budget by the new government was highly encouraging as well. While it was criticized for being lackluster and similar to the outgoing government's interim budget, there are some important differences. For example, one factor that has sapped India's economic growth has been the relative lack of infrastructure and other fixed asset investments which resulted in a decline in gross capital formation, to just 30% of GDP last year.

This means that for every dollar of economic output, 30 cents is allocated to infrastructure investments and other fixed assets. This is one major reason why China's economic growth has been consistently higher than that of India because this percentage is consistently in the high 40s. The Modi government is thus responding by raising foreign direct investment caps for the defence and insurance industries from 26% to 49%, while offering tax incentives to investors in real estate and infrastructure.

Finally, India's central bank has been adamant about its inflation-fighting stance, reiterating its 6% inflation target by January 2016. Is this achievable? Yes, according to our soft spoken yet charismatic RBI Governor Dr. Raghuram Rajan, as reforms in private sector lending and infrastructure investments should boost India's productivity growth in the foreseeable future.

According to Goldman Sachs, the average valuation of Indian stocks is around 16 times 12-month forward earnings, which is close to its historical average. With expectations for lower inflation and a doubling of earnings growth in India over the next three years, these valuations are attractive. Now, more than ever, is the best time to take advantage of India's new growth spurt.

The equity markets are having a good run after underperforming for more than six years with the Sensex crossing the 27,000 mark for the first time and the NIFTY hovering around 8100. Does it call for a substantial increase in exposure to equities? At all times our advice to investors will be not go overboard and must deploy funds in equities only in a phased manner or better options like Systematic Investment Plans (SIP) or Systematic Transfer Plans (STP).

The markets are on a roll with fresh highs being hit almost on a daily basis. With the economy showing signs of a turnaround, crude prices on a decline and inflation softening, equity markets would remain on a strong footing, say observers. The economy is doing well and the indicators are positive," says one expert. While another adds "Equity markets would do well. Investors should not be under-allocated to equities. However investors may avoid bulk investments and increase exposure through SIPs (systematic investment plans), say advisers. Something Abchlor has always been advocating.

Mid-caps stocks have surged amid hopes of a revival in the investment cycle. The mid and small-cap mutual fund (MF) category has soared a staggering 93.4% on an average in the last one year alone. Again while the investors should not be carried away by the euphoria, cautious and systematic entries should continue to be the way forward. Average investors can limit allocation to mid-caps at 20% – 30% of the portfolio as they are more volatile.

Fixed income schemes may have lost their sheen after the strong run by the equity markets in the past few months. But they still offer decent returns as interest rates are at elevated levels. "Fixed income is still attractive. Investors would not get these rates after six months," advises Mr. Abhinav Angirish – our MD & CEO.

Equity markets may be on the rise but gold has lost much of its glitter. Gold is the worst performer among widely traded assets and the only one to post a decline in the last one year. The outlook is still not bright for the yellow metal, say experts. "Growth is coming back. So, people are investing in riskier assets. Gold will remain subdued and will not give good returns," experts say. "However, investors can have 5%-8% of their portfolio in gold as a hedge against inflation and adverse global developments."

On Science and Technology front, India has made history to become the first country in the world to successfully send an orbiter to the red planet Mars in its very first attempt at less than 1/10th the cost that USA spends. This will open up more doors for India and Indian Space Research Organisation (ISRO) to let other countries use our technology and facilities to launch their communications and or space probe programs. This will further enable India to earn the precious dollars.

Long-term wealth creation and investing

Why continued investments is a good idea:

In a recent interview to one India's leading daily, when asked: One of the reasons for the situation when you took charge was the spillover effect of the US monetary policy. How well prepared are we for a hike in US rates?

Dr. Raghuram Rajan replied: We certainly have done a great deal of preparation and are in a very different position from the summer of 2013. The government is on a fiscal deficit reduction path and some subsidies will disappear including, hopefully, the diesel subsidy. The current account deficit has come down substantially and, of course, our foreign exchange reserves have picked up. People sense that we are serious about inflation, which also adds support to your currency.

Most important, there are signs that growth is just around the corner. My sense is that even when the Fed withdraws, people after an initial bout of withdrawal may consider India a good place to leave their money. We have plenty of reserves, but I see reserves as a second or third line of defence. The primary line of defence is we should be attractive.

Signs of Indian Economy

Industry pushes up 1QFY15 GDP:

The 1Q – FY15 GDP growth of 5.7% is better than expected which was on account of an evident in pick-up in industrial production to 4.2% (-0.2% in 4QFY14). Manufacturing sector growth was 3.5% (-1.4% in 4QFY14) and electricity sector growth was 10.2% (7.2% in 4QFY14). On the services side, growth was muted at 6.8% (6.4% in 4QFY14), symptomatic of continuing poor consumption demand ("Trade, hotel, transport and communication" grew by just 2.8%). The saving grace for services was "Community, social and personal services", which grew at 9.1%.

Stabilization in progress-macro-economic numbers appear better:

The growth trajectory in FY2015 has started on an improved note, providing the sense that the worst may actually be over. First, the external environment appears better and even as global challenges remain, the degree of risk aversion of the previous years is unlikely to repeat. This implies that exogenous shocks, as one mentioned by RBI Governor Dr. Rajan earlier in the article, to the domestic economy will be limited. Besides, with improving global growth, exports growth is in positive territory.

On the domestic front, the formation of a stable political system has led to improvement in business sentiment while the PMI has moved to the +50 zone, depicting expansion. Automobile sales have turned the corner and tourist arrivals have improved. Financial markets have reacted positively to the new government and this is expected to have a positive impact on the real sector.

Challenges remain—growth-inflation dynamics and natural resource availability. Even as inflation has come off significantly from its peak, the pace of likely contraction in core inflation may be limited. The fear is that with inflation being entrenched in the economy, any rise in consumption or investment demand will once again fuel inflationary pressure in the economy. In this context, it is likely that the monetary policy will remain restrictive and could hurt prospects for economic growth in a scenario of likely fiscal contraction. However, this may do more good in the long run than harm in the near term period.

The road ahead likely to be hard, but the outcomes may just be what the country needs:

The Union Budget has taken salutary steps to channelize resources to the productive sectors but the positive implications of these steps can be realized only if followed up with micro-economic measures in areas such as labor laws and skills development. All this is expected to take a lot of time and hence FY 2015 growth may be restricted to 5.6%, and show a modest rise to ~6% in FY2016.

And with Mr. Narendra Modi as PM, the pundits across the world have now begun to chant: It is India's Time in the World.

While we can expect tangible results from Mr. Modi and his government but he will need a bit of luck too. If the India of five years ago made one worry that a country so gifted in software could never do hardware—or infrastructure—well, it's time to rethink that image. The ducks are lining up for India. The world's largest democracy could blow its advantages yet again, but this time even the world believes it will.

While neither Abchlor nor this article wishes to make a political statement we do believe sentiments do play a large part in the growth or decline of any empire or for that economy in the world. And the reason for this changed and buoyed sentiment is Mr. Narendra Modi.

During his stint as the Chief Minister of Gujarat, Modi was instrumental in cutting red-tape and taxes and made the state very investor-friendly. Gujarat now leads India in economic growth and employment. While many may want to jump into a vociferous debate on this, you cannot ignore that Mr. Modi achieved this with one extremely important contributor to a state's exchequer missing – excise revenues on sale of liquor!!!

The question is whether Modi's methods can scale to a country of 1.2 billion from a state with a population of about 60 million. As a true leader should be Mr. Modi has shown a temperament of being strong-willed - A necessary condition for good leadership. And in this, he diverges from India's recent leaders almost all of whom played their part in the rapidly declining moral and financial state of this great nation.

Although this won't be a cake walk for Mr. Modi but one can only hope, pray and even support that he will lead this country like a certain Mr. Lee Kuan Yew and his visions transformed Singapore. Even Mr. Lee was often criticized for using a strong hand that stretched Western notions of democracy.

Mr. Modi will need a bit of luck and a lot of courage. The late arrival of monsoon season which sent shivers down the country and may have led to severe food shortages has revived to a very large extent. However, recent incidences of floods in the state of Jammu & Kashmir and other such natural disasters may work against all the sincere hard work of the government. And this would add to India's all important food price inflation. Angst over high food prices might have figured in Modi's first budget, submitted in July. The cuts to deficits and subsidies were less substantial than many reformers had hoped they'd be. Nevertheless, India's stock market is up nearly 11.42% since Mr. Modi won the mandate on 16th May, 2014.

A recent report by a large American banking group said:

Sensex earnings, markets set to double in 4 years

"Near term, our view is that the Indian equity market would be range bound and may correct around 5% over next 2 months. However, we continue to be bullish on the Indian market and believe that buying on dips is a particularly compelling strategy. Our bullishness is driven by our view that the earnings have turned the corner and we will see earnings doubling over the next 4 years. We think market returns could mirror earnings growth.

We see the decisive political mandate for the BJP leading to an acceleration of the reform process. Faster project clearances and liberalization of FDI will lead to a revival in the investment cycle. A reduction in subsidies will help reduce fiscal deficit. This couple with a lower inflation rate could lead to a fall in interest rates. We see GDP growth reviving from its current lows leading to operational leverage for companies as capacity utilization revives."

"After 5 years of being negative on India's earnings growth, we turned more positive late last year and articulated our view that earnings would double over next 4-5 years. We continue to reinforce our message that earnings are set to double over next 4 years and market returns could mirror earnings growth."

The report further goes on to add:

In the 4 years from FY02-06, earnings more than doubled for the Indian markets and for the six years to FY08 earnings tripled. During the same period markets tripled between FY02-06 and went up 5x between FY02-08. In this cycle, market returns far exceeded earnings growth since we started with a low PE of 7x and hence saw the PE re-rating as well. We are presently at PE levels of 15x already and hence market returns to mirror earnings growth (sic!).

Beginning of revival – The time is ripe to invest:

Anticipating an economic revival with the new government, the Indian stock market is expected to perform better in the coming years. Historical data suggest that when markets bounce back, mid-cap and small-cap indices rise faster than the overall market.

Mid-cap is an abbreviation for the term 'middle capitalization'. Market capitalization is simply calculated by multiplying the number of company's outstanding (free float) shares by its current share price. Based on this, a stock is categorized as large, mid or small cap. The exact definition of these terms can vary among various participants in the equity market. Generally, stocks with an average free float market capitalization ranging from Rs 1,000 crore to Rs 5000 crore are classified as mid-cap stocks. Over the long term, mid-cap stocks have the potential to outperform broader the market and offer more attractive risk returns characteristics.

Are mid-caps really a good option?

A small-cap growth combines with large-cap stability, and thus mid-caps shares provide investors with the best of both worlds. Progressed through the small-cap status, mid-cap companies may have business plans that are sustainable and show promise backed by a more experienced management. Also, smaller in size, these midcaps have high growth potential compared to the large-caps. One may find stocks with smaller market caps at prices which may be undervalued and therefore their potential yet to be discovered. Investors may use the Mutual Fund vehicle to reap the benefits by investing in such funds where the fund manager identifies the stocks that have the potential to become tomorrow's large-caps and invests in them. The mid-cap segment of the stock market is, thus, being increasingly perceived as an attractive investment segment with high growth potential. However, investors should have great patience while investing in midcap funds because the actual growth in such stocks and therefore funds can be expected only in the long run.

Risk associated with midcap stocks:

While these kinds of stocks normally have the potential to grow faster than large-cap stocks they come with some extra risks. High volatility is normally associated with mid-cap stocks and during a slowdown in the economy, small-cap and midcap companies suffer the most due to low margins and poor profitability that reflect in their prices. Exposure to mid-cap stocks may be limited to a maximum of 30% – 40 % of the total equity portfolio. Also, people with an investment horizon below five years should avoid mid-cap stocks in their portfolio.

Why take the mutual fund route?

Mid-cap companies typically receive less analyst coverage than large cap companies and, therefore, it is more important for investors to take help of professionals to pick the right mid-cap stocks. Investors who have expertise, access to research and time to track these stocks can invest directly. However, for an investor with limited knowledge of the equity market, it is better to choose the mutual fund route. Accessing mid-caps through actively managed mutual funds may offer investors the opportunity to leverage the benefits of mid-cap stocks.

For the first time both the DII's and the FIIs showed a positive net buy for the 2 months in a row. This shows the confidence of not only the overseas players in the Indian markets with their precious greenbacks but also participation of domestic retail investors and their growing confidence in the renewed India story.

Now here is the data for flows in the equity markets over the last few months:

Flows In Equity Market

Date	Investment	Purchases (Cr)	Sales (Cr)	Net (Cr)	April 14 Cum. (Cr)
29.04.14	FIIs	3182.80	2427.90	+754.90	+7561.50
28.04.14	MFs	530.70	658.20	-127.50	-2897.79

Flows In Equity Market

Date	Investment	Purchases (Cr)	Sales (Cr)	Net (Cr)	May 14 Cum. (Cr)
30.05.14	FIIs	17371.00	14285.40	+3085.50	+16952.70
29.05.14	MFs	1571.70	1307.20	-264.50	-237.70

Flows In Equity Market

Date	Investment	Purchases (Cr)	Sales (Cr)	Net (Cr)	June 14 Cum. (Cr)
27.06.14	FIIs	3780.70	3553.85	+226.85	+20084.42
26.06.14	MFs	1253.90	942.60	-311.30	-2523.50

While we believe that in the last 4 days the FIIs booked profit and sold approximately Rs. 3000 crores more than they bought, there was still a combined buying of over 19500 crores in June between the FIIs and the MFs taking the total to a whopping Rs. 41,000+ crores of inflow in the 1st quarter of 2014 – 2015 alone.

Flows In Equity Market

Date	Investment	Purchases (Cr)	Sales (Cr)	Net (Cr)	July 14 Cum. (Cr)
30.07.14	FIIs	6102.04	6378.05	-276.01	+15815.55
28.07.14	MFs	953.60	660.50	+293.10	+2719.40

Flows In Equity Market

Date	Investment	Purchases (Cr)	Sales (Cr)	Net (Cr)	August 14 Cum. (Cr)
28.08.14	FIIs	6773.53	7276.93	-503.40	+6452.53
27.08.14	MFs	1180.60	481.10	+699.60	+5846.50

Overall, the first 2 months of Q2FY15 saw an impressive inflow in the secondary markets and taking the total of July – August 2014 to in excess of Rs. 30,833 crores.
September saw FIIs booking some profits while MFs looking for some bargain stocks.

Flows In Equity Market

Date	Investment	Purchases (Cr)	Sales (Cr)	Net (Cr)	September 14 Cum. (Cr)
30.09.14	FIIs	4797.55	4954.68	-157.13	-7006.42
30.09.14	MFs	1163.00	607.60	+555.40	+4171.50

The way ahead:

The idea of investment planning needs to keep all the following points in mind:

a. Contingency fund:
Amongst the foremost, while planning long term goals, one must always bear in mind the need to provide a part for contingency funds. However an even better option would be to invest in a good and large health cover policy and a term cover which usually can aid the "contingencies" that one may face in life. Once this is taken care of, we may concentrate on investing in options that can meet long term goals while giving us the flexibility of the investment being liquid.

b. Health & life cover:
With the rising cost of health care today, one should ideally look at a policy that cover each individual in the family plus gives an additional floater cover that the family can share. Additionally a life cover by way of a term plan for the main bread earner, preferably with Critical Illness (CI) and Permanent Total Disability (PTD) riders shall ensure covering the family in an unfortunate eventuality. Insurance proceeds may not ease the pain but definitely ease the financial burden that a family may need to face should something unfortunate happen to the main bread earner in the family. E.g.: the policy may cover the entire outstanding home loan amount or be enough to sustain the family for some time to come.

c. Besides one may also invest for creating and or buying assets at a later stage in life.

d. Child / children's education & marriage.

e. Retirement planning:
This is one aspect many amongst us either fail to factor in or under plan for. In tandem with the above mentioned goals, we need to at all times create a nest for our own retirement. While expenses related to life style may reduce closer to the retirement age, one still needs to lead a decent retirement and provide for other expenses at later life stages like health related issue with increasing age. Besides, natural human tendency is to pay it forward and so while your children may need to concentrate on spending a major part of their income on their children, we need to ensure that we continue to be self sustaining and financially independent at all times. Disciplined and continuous investments by way of SIPs in various types of equity or even balanced funds over the course of time may prove beneficial to accumulate a very healthy corpus for retirement besides also contributing to PPF regularly. The key is to start early and maintain the discipline.

On a passing note:

There is no doubt that real estate is a good growth-oriented asset class. However, it is illiquid, indivisible and immovable. Creating a portfolio of real estate early on in life many a times jeopardizes overall fund requirements for meeting other financial goals. For example, imagine a family that has a piece of real estate costing over Rs. 1 crore but does not have Rs 25 lakh liquid to fund the son's education, or Rs 10 lakh to support an ageing family member. So, from an investment perspective, be careful and keep liquidity options while creating an overall portfolio.

Asset allocation

- align it with your investment horizon and life's goals

You must have heard this proverb that one should never put all your eggs in one basket. The only difference is that here we are talking about "nest eggs" – your savings. Diversification is the key to protecting your savings and investments. This means that we need to invest our monies in various different assets. This is where the concept of Asset Allocation comes into the picture.

In simple words, asset allocation means allocating your savings into different investment key asset classes such as equity (stocks & equity mutual funds), debt (bonds & debt mutual funds etc.), gold, and real estate prudently. These are the assets that can help you grow your savings over a period of time, but at varying rates of return and different levels of risk. So you need to be very clear where you are allocating your savings.

Why asset allocation is a very important decision?

Asset allocation is the most important factor of portfolio returns. A research study done on pension funds in US have concluded that asset allocation accounts for over 90% of the return variability among the funds (in other words, 90% of the difference in return among two pension funds was due to their asset allocation strategies), with a less than 10% contribution from market timing and actual stock and bond selection.

Several other studies have also shown that a long term portfolio's performance is largely determined by asset allocation and less than by market timing and individual stock or bond selection combined. Why? Because while market timing and selecting a good stock or bond is obviously important, the problem is nobody achieves long-term success in the former (market timing), and almost nobody in the latter (selection of good stocks/bonds).

It would be great to know in advance which among stocks, bonds, gold, or real estate will perform well (and which will fall) over the next few years – but that is impossible. However, when you distribute your savings using some simple asset allocation strategies, you can set yourself up for achieving good and relatively stable returns on your money in the long term. At the same time, asset allocation can protect your wealth from a catastrophic downside.

It is useful to know how different asset classes have evolved historically and what impacts their behaviour going forward. Assets like bonds and cash are dependent on yields, while equities are dependent on earnings and growth. Bond yields could be range bound, while earnings and growth can vary dramatically over time. Historically, the returns of the major asset categories – like stocks, bonds, and gold – have not moved up and down at the same time. So, by investing in more than one asset category, you reduce the risk that you'll lose money and ensure that your portfolio's overall investment returns will have a smoother ride.

The role of asset allocation in investing is to determine the best possible combination of assets which would yield a desired return with minimal risk. Risk minimization may be achieved through diversification. Having said so, adding several asset classes in a portfolio for the sake of diversification does not necessarily mean that portfolio risk is reduced or eliminated. If two or more asset classes have a very high degree of correlation, constructing a portfolio with such asset classes may not reduce the risk. This makes it important to understand the underlying fundamentals of various asset classes before deciding how much to allocate to each within the investor's risk profile.

What are the factors one should consider for asset allocation?

Asset Allocation should be determined on the basis of following factors:

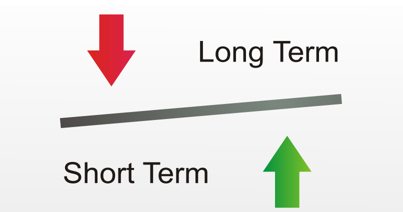
Risk profile:

It includes both risk appetite and risk tolerance of the investor. One needs to understand the difference between the two. Risk Appetite refers to one's willingness to take risk. While risk tolerance implies actual capacity to take risk which is affected by age, income, expenses, dependents, time horizon etc. Thus risk appetite is a natural bent of mind and doesn't change dramatically over a period while risk tolerance may vary, as it is based on circumstances. As an individual you may be a risk taker, and probably would not hesitate to put your money in risky avenues. However, it is imperative to take into consideration your present situation before taking investment decisions. Hence a combination of risk appetite and risk tolerance should be considered before making any financial decisions.

Investment objective and financial goals:

Investment objective refers to the purpose for which one is investing. Setting an investment objective simply means ascertaining why you would like to invest – e.g. for preserving capital, for regular income or for wealth creation etc. Also one needs to give clarity to the financial goals to be achieved over a defined time period. We need returns on our investment for different reasons. Some invest in equities to secure their life after retirement. For others, equities are meant to be used for their child's education or marriage. For some others it may just mean funds for planning a world tour a few years down the line while for some it may be combination of all these goals. Setting financial goals makes it easy for you to ascertain how much amount you need to fulfill them. This in turn helps you choose suitable investment instruments for your portfolio.

Investment horizon:



This is one of the most important factors to consider for asset allocation as your risk tolerance heavily depends on your investment horizon. Your investment horizon is the expected number of months, years, or decades you will be investing to achieve a particular financial goal. An investor with a longer time horizon can be more comfortable taking on a riskier, or more volatile, investment because he or she can wait out slow economic cycles and the inevitable ups and downs of our markets. Thus longer your time horizon, greater will be your risk taking capability.

What are 3 thumb rules of Asset Allocation based on one's investment horizon?

Money you need within 1 year should be in cash / liquid funds:

This is simple. All money you need in the next one year – maybe for a loan repayment or for incurring a large expense – must be saved as cash. This cash could mean a fixed deposit or a liquid mutual fund. The reason you need to keep this money ultra-safe is because stock market can move anywhere in a one year period and in case they move downwards, you may end up compromising on your financial goal.

Money needed in 3 years should also be kept safe in debt funds etc.:

There may be some goals that you may want to meet over the next 2-3 years – like your child's school/college admission fee, or for a family holiday. You must invest this money in safe, income-producing instruments like debt funds, MIPs Fixed deposits, or recurring deposits.

Money you can keep aside for five years and more should be invested in the equities:

Equities have been great long term performers over the past many years. In fact, if you were to go back into the history of Indian stock markets, over every rolling five-year periods starting 1979, equities have outperformed bonds almost 65% of times. Further, for every 10-year rolling periods, they have outperformed bonds almost 80% of times. So the longer you have your money invested in stocks (or equity funds), the greater is the chance that you will make more returns than on bonds

What are various types of models to achieve asset allocation?

There are various standard asset allocation models you should know. Some of the most commonly used methods are - Strategic Asset Allocation, Tactical Asset Allocation, Dynamic Asset Allocation.

Strategic Asset Allocation:

This is a long-term strategy where the allocation to each asset class in the portfolio is fixed at the start of any investment. The composition of the portfolio depends upon investor's time horizon and risk appetite. In such a case, over the defined investment horizon, the portfolio is re-balanced periodically to ensure that the portfolio weight of each asset class remains fixed as per the original allocation. The idea is to maintain the balance. The allocation that has been decided, for example 60% equity and 40% debt, should be rebalanced once a year. However, the breakup between asset classes is not written in stone and it is possible to change the strategic asset allocation to suit any changes in the investor's financial situation.

Let's take an example. Shyam has been saving Rs 5,000 a month for his retirement, which is 30 years away, from 1 January 2014. His investment policy states that his risk-taking capacity is moderate and that for the next 15 years he will keep 70% funds in equity, 20% in income funds and 10% in gold. And, he will rebalance the portfolio on January 1 of each subsequent year.

The drawback with this strategy is that it does not take dynamic market conditions into consideration. It re-balances the portfolio as per original allocation. Thus, in periods when an asset class remains depressed over the medium term, this strategy could underperform. However, over the long term, due to reversion to mean, it should hold steady and deliver the desired results.

Tactical Asset Allocation:

Tactical asset allocation is based on market factors. The weights given to each asset are decided on the basis of the market situation. It takes market timing into consideration and changes allocation to various asset classes depending on the view of the investor/portfolio manager for each asset class. This strategy aims at adding value through enhanced performance by actively changing allocation among various asset classes in the short and long term. The returns, too, are volatile, and success depends on getting many factors right most of the time. The costs are also more due to the higher churn. Taking active calls based on investor/portfolio manager views may be a risky proposition as there could always be situations where the views don't play out as expected. This makes it critical to choose experienced portfolio managers to ensure that the desired objectives are achieved in the defined time horizon.

Dynamic asset allocation:

Dynamic asset allocation combines both, strategic and tactical asset allocation, such that although the allocation to each asset class is not fixed, there are bands within which the allocations to different asset classes may vary. Unlike taking an active call by an investor/portfolio manager depending on his/her view of the market, dynamic asset allocation is based on mathematical or trigger based models. This strategy may re-balance the portfolio periodically or depend on the happening of a trigger event. There may be a need to review these models at regular intervals to ensure that if there are changes in the underlying variables the same should be incorporated in the models. Various mutual fund schemes adopting dynamic asset allocation strategy also follow such formula-based process to determine their bets on equity, debt and money market instruments.

How you can determine your asset allocation?

Your asset mix should match your risk profile, investment objective, age and time horizon. It should also be dynamic – as your goals and needs change; you need to alter your asset mix over time. For instance, when you are just starting out in your career, you have more time to reach your financial goals and can also take on more risk with your investments since you do not require the funds anytime soon. At this stage, your asset mix should be tilted more towards equities, as this is the asset class that has the power to generate huge returns over time. Even though your savings are on the lower side, putting even a little amount of money in equities regularly in these early stages of life goes a long way in helping achieve key financial goals later on in life. At this stage, you can start off by investing across a mix of diversified equity funds including mid-and small-cap oriented funds besides large-cap funds.

Then, as you move into the middle stages of your life, you will be earning a lot more. At this stage, however, your goals might have changed. Having settled down with your partner, you may be paying off your housing loans and saving for your children's education. You should move away slightly from high risk investments and take a more balanced approach at this stage. This means investing a slightly higher portion of your money in debt instruments. However, you should not move out from high-return equity investments yet as these will provide the kick you need to achieve your goals on time. Apart from your existing diversified equity funds, you may opt for debt-oriented balanced funds that invest a chunk of the corpus in debt instruments and the rest in equities.

Once you move into the later stages of your life and retirement looms closer, you should start shifting into low risk investments. At this stage, your priority should be to protect your existing savings and wealth. Since you have little time to build further assets, you cannot risk exposing your accumulated savings to the vagaries of the stock markets. So you need to make a gradual move from high risk investments into low risk alternatives that will help preserve your capital. This means switching away from your equity funds to safer options like short term debt funds. You may also want to look into investments that create a steady stream of income such as monthly income plans. Throughout these stages of your life, review your financial position and investment strategy on a regular basis. Maintaining a correct approach to your savings will make you comfortably placed to achieve your financial goals.

Therefore, for a sound asset allocation you should link investments to your goals and select schemes according to your risk profile and time horizon. Aligning your asset mix with your risk profile and investment horizon brings you investment discipline too. You should understand that asset allocation is not about chasing highest returns but about creating investment discipline through optimal diversification which helps you achieve your objectives. It always helps to keep a balance between risk and return of any particular asset class. As different assets do well over different periods. Therefore the best way to ensure portfolio stability is investing in different assets depending upon your goals, time horizon and risk appetite.

MARKET UPDATES

BEST PERFORMERS OF 2014

'A' GROUP					'B1' GROUP				
Sr.No.	Company Name	CMP 30-Sep-14	Price On 1-Jul-14	% Change	Sr.No.	Company Name	CMP 30-Sep-14	Price On 1-Jun-14	% Change
1	Eicher Motors	12000.00	8030.00	49.44	1	Orient Beverages	95.35	19.75	382.78
2	Cipla	625.95	437.20	43.17	2	Hydro S&S Inds.	198.95	50.95	290.48
3	MRF	32747.00	23649.00	38.47	3	High Ground	304.90	81.10	275.96
4	Wockhardt	797.00	588.80	35.36	4	Ybrant Digital	64.90	19.00	241.58
5	Bajaj Fin.	2711.00	2009.00	34.94	5	Mold-Tek Technol	144.00	42.45	239.22
6	Emami	693.00	514.80	34.62	6	JBM Auto	1084.80	328.50	230.23
7	Britannia Inds.	1355.00	1020.00	32.84	7	Mold-Tek Pack.	189.00	60.00	215.00
8	Lupin	1393.30	1050.60	32.62	8	Kirl.Bros.Inv.	3760.00	1215.00	209.47
9	Aurobindo Pharma	969.50	731.75	32.49	9	Suchak Trading	114.90	37.90	203.17
10	Castrol India	434.00	330.60	31.28	10	Waterbase Ltd	78.30	27.00	190.00

WORST PERFORMERS OF 2014

'A' GROUP					'B1' GROUP				
Sr.No.	Company Name	CMP 30-Sep-14	Price On 1-Jan-14	% Change	Sr.No.	Company Name	CMP 30-Sep-14	Price On 1-Jun-14	% Change
1	Bhushan Steel	117.60	397.00	-70.38	1	C Mahendra Exp	20.15	208.00	-90.31
2	JP Associates	26.65	76.50	-65.16	2	Naisargik Agri	20.15	152.50	-86.79
3	Suzlon Energy	12.90	27.65	-53.35	3	Luminaire Tech.	6.25	26.35	-76.28
4	GMR Infra.	17.65	34.60	-48.99	4	ACE Edu.	10.05	40.00	-74.88
5	JP Power Ven.	12.55	23.75	-47.16	5	Aptus Indust.	8.85	33.05	-73.22
6	Jindal Steel	174.10	327.05	-46.77	6	Pawansut Holding	42.30	157.90	-73.21
7	Unitech	18.80	34.90	-46.13	7	Indian Infotech	1.55	5.38	-71.19
8	IDBI Bank	60.80	107.55	-43.47	8	KBS India	3.74	12.92	-71.05
9	Pipavav Defence	38.50	67.50	-42.96	9	Emed.com Techno	65.05	220.25	-70.47
10	Syndicate Bank	109.25	172.55	-36.69	10	Blazon Marbles Ltd	5.40	17.80	-69.66

IPO'S IN 2014 (As on 30th September, 2014)

Sr. No	Company	List Date	Offer Price	List Price	Open	High	Low	Last Price	Gain/Loss
1	Sharda Crop	23-Sep-14	156.00	146.00	254.00	274.00	225.00	260.80	104.80
2	Snowman Logist	12-Sep-14	47.00	37.00	75.00	79.00	75.00	88.15	41.15
3	Oasis Tradelink	14-Jul-14	30.00	20.00	29.3	29.40	29.30	33.50	3.50

INDICES PERFORMANCE (1st Jul 2014 - 30th Sept 2014)

Sr.No.	Index	Close 30-Sep-14	Pre-Close 1-Jul-14	% Change
1	BSE Auto	17746.90	15742.92	12.73
2	BSE Metal	11409.40	13365.89	-14.64
3	BSE Midcap	9530.35	9433.74	1.02
4	BSE Oil & Gas	10728.88	11090.12	-3.26
5	BSE SmallCap	10681.46	10321.63	3.49
6	BSE Bankex	17615.46	14400.70	22.32
7	BSE_CDS	9850.75	8957.16	9.98
8	BSE_CGS	14267.74	16406.42	-13.04
9	BSE_FMCG	7630.97	6699.13	13.91
10	BSE_HCI	14352.30	11418.12	25.70
11	BSE_IT	10687.59	9258.78	15.43
12	BSE_PSU	7782.50	8628.91	-9.81
13	BSE200	3251.84	3137.64	3.64
14	BSE500	10173.26	9836.17	3.43
15	BSETeck	5918.68	5237.22	13.01
16	BSE Realty	1581.27	2098.57	-24.65
17	BSE Power	2318.72	2324.95	-0.27
18	CNX 100	7905.70	7599.30	4.03
19	CNX IT	11302.70	9802.85	15.30
20	CNX500	6415.70	6199.90	3.48
21	CNX MIDCAP	11418.30	11168.00	2.24

SOME RECENTLY ANNOUNCED BONUS

Sr.No.	Company Name	Bonus Ratio	Year - 2014 - DATE - Announcement	Record	Ex-Bonus
1	Sudarshan Chem	01:01	09-Aug-14	01-Oct-14	30-Sep-14
2	Jupiter Infomed	01:01	18-Aug-14	30-Sep-14	29-Sep-14
3	Lypsa Gems	01:02	11-Aug-14	30-Sep-14	29-Sep-14
4	Narmada Gelatin	01:02	06-Aug-14	-	26-Sep-14
5	Transcorp Intl	01:04	19-Jul-14	-	25-Sep-14
6	Parshwanath	01:05	6-May-13	-	18-Sep-14
7	Samruddhi Real	01:05	30-Jul-14	19-Sep-14	18-Sep-14
8	Shilpi Cable	01.01	2-Aug-14	17-Sep-14	16-Sep-14
9	JMT Auto	05:02	10-Jun-14	31-Jul-14	30-Jul-14
10	Lakhotia Poly	18:10	13-Jun-14	28-Jul-14	25-Jul-14
11	Captain Poly	1:05	30-May-14	26-Jul-14	24-Jul-14
12	Sangam Advisors	57:100	28-May-14	22-Jul-14	21-Jul-14
13	kavita Fabrics	2:01	27-May-14	21-Jul-14	18-Jul-14
14	Shrenuj and Co	1:01	23-May-14	-	15-Jul-14
15	Adi Finechem	1:10	19-May-14	10-Jul-14	09-Jul-14
16	LG Balakrishnan	1:01	15-May-14	-	04-Jul-14

THE QUARTER THAT WAS :

Indices	30-Sep-14	1-Jun-14	Difference Points
SENSEX	26630.51	25516.35	1114.16
NIFTY	7964.8	7634.7	330.10
NIFTY JUNIOR	17,003.85	16,610.70	393.15
CNX MIDCAP	11418.30	11168.00	250.30
BSESMLCAP	10681.46	10321.63	359.83

SOME RECENTLY ANNOUNCED DIVIDENDS

Sr. No.	Company	- DIVIDEND -		- DATE -			Sr. No.	Company	- DIVIDEND -		- DATE -		
		Type	%	Announcement	Record	Ex-Dividend			Type	%	Announcement	Record	Ex-Dividend
1	Singer India	Final	15	27-Aug-14	-	30-Oct-14	56	Mack Trading	Final	10	2-Jun-14	-	18-Sep-14
2	Fedders Lloyd	Final	10	27-Aug-14	-	21-Oct-14	57	Polyplex Corp	Final	20	2-Jun-14	-	18-Sep-14
3	JagsonpalPharma	Final	10	24-Sep-14	-	25-Sep-14	58	Pee Cee Cosma	Final	12	2-Jun-14	-	18-Sep-14
4	Lincoln Pharma	Final	6	2-Jun-14	-	25-Sep-14	59	Raisaheb Mills	Final	0.5	2-Jun-14	-	18-Sep-14
5	Shalibhadra Fin	Final	10	3-Jun-14	-	25-Sep-14	60	Sreeleathers	Final	2.5	2-Jun-14	-	18-Sep-14
6	Vipul Dyechem	Final	8	2-Jun-14	-	25-Sep-14	61	Sri Adhikari	Final	6	2-Jun-14	-	18-Sep-14
7	BS Limited	Final	10	2-Jun-14	-	24-Sep-14	62	Syncom Formula	Final	2	2-Jun-14	-	18-Sep-14
8	D & H India	Final	5	2-Jun-14	-	24-Sep-14	63	Sika Interplant	Final	8	2-Jun-14	-	18-Sep-14
9	Zodiac Ventures	Final	4	2-Jun-14	-	24-Sep-14	64	Swan Energy	Final	15	2-Jun-14	-	18-Sep-14
10	GRM Overseas	Final	20	4-Jun-14	-	24-Sep-14	65	Titan Bio-Tech	Final	7.5	4-Jun-14	-	18-Sep-14
11	Inani Marbles	Final	10	2-Jun-14	-	24-Sep-14	66	Financial Tech	Final	100	2-Jun-14	-	18-Sep-14
12	India Tourism D	Final	5	14-Aug-14	-	24-Sep-14	67	High Ground Ent	Final	7	2-Sep-14	-	18-Sep-14
13	Panchsheel Org	Final	5	13-Jun-14	-	24-Sep-14	68	Amrutanjan Heal	Final	110	2-Jun-14	-	17-Sep-14
14	Rajesh Exports	Final	100	2-Jun-14	-	24-Sep-14	69	Assam Petrochem	Final	12.5	5-Aug-14	-	17-Sep-14
15	Arnold Holdings	Final	5	2-Jun-14	-	23-Sep-14	70	Veritas	Final	5	2-Jun-14	-	17-Sep-14
16	Akar Tools	Final	6	2-Jun-14	-	23-Sep-14	71	Dutron Polymers	Final	14	16-Sep-14	-	17-Sep-14
17	Comfort Fincap	Final	2	2-Jun-14	-	23-Sep-14	72	Kriti Nutrients	Final	10	4-Jun-14	-	17-Sep-14
18	Inter Globe Fin	Final	2.5	8-Sep-14	-	23-Sep-14	73	Mac Charles	Final	60	5-Aug-14	-	17-Sep-14
19	Prithvi Softech	Final	5	4-Jun-14	-	23-Sep-14	74	Skipper	Final	15	12-Sep-14	-	17-Sep-14
20	IndiaNivesh	Final	10	3-Jun-14	-	23-Sep-14	75	Supreme Petro	Final	15	18-Jul-14	-	17-Sep-14
21	SMS Pharma	Final	20	2-Jun-14	-	23-Sep-14	76	Trigyn Tech	Final	5	11-Aug-14	-	16-Sep-14
22	Tinna Overseas	Final	10	4-Jun-14	-	23-Sep-14	77	Modern Home	Final	10	2-Jun-14	-	16-Sep-14
23	Binani Ind	Final	30	24-Jun-14	-	22-Sep-14	78	Remi Process	Final	6	2-Jun-14	-	16-Sep-14
24	Suraj Products	Final	6	9-Jun-14	-	22-Sep-14	79	Aarti Ind	Final	30	2-Jun-14	-	15-Sep-14
25	Neo Corp	Final	2	3-Jun-14	-	22-Sep-14	80	Astec Life	Final	10	2-Jun-14	-	15-Sep-14
26	Paramount Cosme	Final	6	2-Jun-14	-	22-Sep-14	81	Gujarat Apollo	Final	25	2-Jun-14	-	15-Sep-14
27	Ruchinfra	Final	6	2-Jun-14	-	22-Sep-14	82	Simplex Casting	Final	5	2-Jun-14	-	15-Sep-14
28	Ruchi Soya	Final	8	2-Jun-14	-	22-Sep-14	83	JVL Agro Ind	Final	20	2-Jun-14	-	12-Sep-14
29	Intellvisions	Final	5	17-Sep-14	-	19-Sep-14	84	Orissa Minerals	Final	104	2-Jun-14	-	12-Sep-14
30	Agarwal Ind	Final	14	2-Jun-14	-	19-Sep-14	85	Bannariamman	Final	125	2-Jun-14	-	11-Sep-14
31	Country Club	Final	5	19-Aug-14	-	19-Sep-14	86	DHP	Final	15	18-Jul-14	-	11-Sep-14
32	Chaman Lal Seti	Final	15	27-Aug-14	-	19-Sep-14	87	Donear Ind	Final	10	2-Jun-14	-	11-Sep-14
33	Ganon Trading	Final	0.4	9-Jul-14	-	19-Sep-14	88	Gillette India	Final	150	12-Aug-14	-	11-Sep-14
34	Intec Capital	Final	5	7-Aug-14	-	19-Sep-14	89	Jindal PolyFilm	Final	10	2-Jun-14	-	11-Sep-14
35	Monnet Ispat	Final	10	12-Jun-14	-	19-Sep-14	90	Accelya Kale	Final	220	6-Aug-14	-	11-Sep-14
36	Madhucon Proj	Final	20	2-Jun-14	-	19-Sep-14	91	MCX India	Final	30	2-Jun-14	-	11-Sep-14
37	Som Distillerie	Final	15	2-Sep-14	-	19-Sep-14	92	NHPC	Final	3	7-Jul-14	-	11-Sep-14
38	Sarla Performan	Final	75	2-Jun-14	-	19-Sep-14	93	Prima Plastics	Final	10	2-Jun-14	-	11-Sep-14
39	SP Capital Fin	Final	2	11-Aug-14	-	19-Sep-14	94	Symphony	Final	550	31-Jul-14	-	11-Sep-14
40	Valecha Engg	Final	7.5	2-Jun-14	-	19-Sep-14	95	Sun Pharma	Final	150	13-Aug-14	-	11-Sep-14
41	Ad Manum Fin	Final	10	2-Jun-14	-	18-Sep-14	96	Freshtrop Fruit	Final	10	2-Jun-14	-	10-Sep-14
42	Bharat Rasayan	Final	10	2-Jun-14	-	18-Sep-14	97	Jindal Worldwid	Final	5	2-Jun-14	-	10-Sep-14
43	Binayaka Tex	Final	20	15-Sep-14	-	18-Sep-14	98	Transpek	Final	25	2-Jun-14	-	9-Sep-14
44	CCL International	Final	2.5	8-Sep-14	-	18-Sep-14	99	Zodiac JRD-MKJ	Final	5	19-Aug-14	-	9-Sep-14
45	Gufic Bio	Final	5	17-Sep-14	-	18-Sep-14	100	Camex	Final	5	3-Jun-14	-	8-Sep-14
46	Eldeco Housing	Final	20	2-Jun-14	-	18-Sep-14	101	P and G	Final	275	13-Aug-14	-	8-Sep-14
47	Satra Prop	Final	5	2-Jun-14	-	18-Sep-14	102	Supreme Ind	Final	300	21-Jul-14	-	8-Sep-14
48	Fineotex Chem	Final	5	2-Jun-14	-	18-Sep-14	103	Maris Spin	Final	10	3-Jun-14	-	4-Sep-14
49	SJ Corporation	Final	10	2-Jun-14	-	18-Sep-14	104	Suditi Ind	Final	5	2-Jun-14	-	4-Sep-14
50	Hind Industries	Final	3	2-Jun-14	-	18-Sep-14	105	Acknit Knitting	Final	15	2-Jun-14	-	3-Sep-14
51	Hester Bio	Final	20	2-Jun-14	-	18-Sep-14	106	Jay Ushin	Final	25	2-Jun-14	-	3-Sep-14
52	Indo Borax	Final	15	2-Jun-14	-	18-Sep-14	107	Super Crop Safe	Final	5	2-Sep-14	-	3-Sep-14
53	Intl Conveyor	Final	25	2-Jun-14	-	18-Sep-14	108	Supreme Infra	Final	15	2-Jun-14	-	3-Sep-14
54	SW Investments	Final	5	2-Jun-14	-	18-Sep-14	109	Rupa and Comp	Final	250	2-Jun-14	-	2-Sep-14
55	Man Industries	Final	20	2-Jun-14	-	18-Sep-14	110	Gallantt Ispat	Final	5	2-Jun-14	-	1-Sep-14

Net Inflows / Outflows

Sep- 14	Equity Rs. in Crores			Debt Rs. in Crores		
	Gross Purchase	Gross Sale	Net Purchase/ Sale	Gross Purchase	Gross Sale	Net Purchase/ Sale
FII INVESTMENTS	2,56,649.15	2,35,250.81	21,398.34	1,07,007.46	52,162.89	54,844.57
MUTUAL FUND INVESTMENTS	57,728.10	42,479.00	15,249.10	4,16,503.60	2,99,417.50	1,17,086.10

MF INDUSTRY UPDATE

SEBI: use investor protection fund if defaulter has no money

To help aggrieved investors, market regulator SEBI on Monday reviewed norms related to compensation from the investor protection fund (IPF) in case of defaults by brokers. In a circular, SEBI said "in case any eligible claim arises within three years from the date of expiry of the specified period, such claim shall be considered eligible for compensation from IPF or CPF (customer protection fund) in case where the defaulter member's funds are inadequate."

MFs' exposure to software stocks hits all-time high

The mutual fund (MF) industry is betting big on software companies as its equity exposure to the sector climbed to an all-time high of Rs 29,688 crore at the end of August. This also marks the third consecutive rise in MF industry's exposure to software stocks. MF is an investment vehicle that is made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets. Funds' investment in software stocks account for 10.53 per cent of their total equity assets under management (AUM) of Rs 2.81 lakh crore, according to data with the Securities and Exchange Board of India (Sebi).

Small MFs specialize to beat bigger peers

Now that sponsors of all asset management companies (AMCs) have to maintain a minimum networth of Rs.50 crore in their own mutual fund (MF) houses, the question of whether small fund houses are serious or not has been resolved. Or so it seems, at least from the regulator's end. But the debate is much wider: Can small MFs survive in the competitive industry? Last week, PineBridge Asset Management Co. Ltd exited the Indian MF business; Kotak Mahindra Asset Management Co. Ltd bought its schemes.

Equity MF folio count expands by over 1 lakh in August

Equity mutual funds witnessed an addition of a staggering over one lakh investor accounts or folios in August helped mainly by a sharp rise in stock market. This also marks the third consecutive monthly rise in investor accounts. Folios are numbers designated to individual investor accounts, though one investor can have multiple folios. According to the Securities and Exchange Board of India data on total investor accounts with 45 fund houses, the number of equity folios rose to 2,94,41,948 at the end of August from 2,93,13,290 in the preceding month, a gain of 1,28,658.

25% of equity fund assets concentrated on just 10 stocks

A fourth of the assets under management (AUM) of equity mutual funds (MFs) are concentrated in only 10 top stocks such as those of ICICI Bank and HDFC Bank. As on July, equity MF assets were Rs 2.6 lakh crore, of which Rs 65,200 crore or 25 per cent were invested in 10 frontline blue-chip stocks. ICICI Bank was the most preferred bet with MF investment of Rs 12,500 crore, followed by another private sector lender, HDFC Bank, with investment of about Rs 8,000 crore from fund houses. The other top bets of equity MFs include technology firm Infosys, State Bank of India (SBI), Larsen & Toubro (L&T), Reliance Industries, Tata Consultancy Services, Maruti Suzuki, ITC and Axis Bank.

Concentration risk may grow in MF sector

Consolidation in the mutual fund (MF) sector could see a few fund houses getting disproportionately higher assets and thereby raise the concentration risk, say experts. The sector has seen exit of three fund houses —Morgan Stanley, ING and PineBridge Investments — in nine months. Daiwa and Fidelity also have existed in recent years. The tightening of regulations and lack of profitability forced several fund houses to close. The top 10 MF houses managed 80 per cent of the sector's assets as on June-end and more entities could be exiting, say experts.

MFs plan more equity NFOs to cash in on rally

Enthused by the ongoing rally in the stock markets, mutual fund houses are bullish about industry growth driven by equity-oriented funds. It may be noted that the Sensex has been the best performing index so far this fiscal, rallying by over 32 per cent in dollar terms year-to-date. Despite concerns over "tapering", FIIs have been pumping money into domestic equities, which have crossed $ 13 billion, making India one of the largest recipients amongst emerging markets. MF Players like ICICI Asset Management Company and Union KBC Asset Management Company plan to launch more equity-oriented funds to cash in on the boom.

Close-ended NFOs gain popularity among investors

New fund offers (NFOs) of three-year close-ended equity funds are attracting investors' interest these days. As markets are climbing to dizzying heights and retail investors are returning to the equity market, mutual funds are offering three-year close ended products to investors."Such products come with a focused long-term view that capitalizes on certain themes and sections of the market. These themes may not necessarily be available through the roster of products on tap in the market or may come in varied forms," says Nimesh Shah, CEO, ICICI Prudential Mutual Fund.

NFOs get 'smart' look to woo debt investors with tax pain

Mutual funds are smartly structuring their new fund offers (NFOs) to woo back debt investors who have been hit by the new taxation rules, post the Budget. NFOs of Kotak Equity Savings Fund and JP Morgan Equity Savings Funds, which are open for subscription, will invest in a mix of arbitrage, equities and debt. The portfolio will be built in such a way that the corpus set aside for investing in stocks and arbitrage remains above 65%. This will help it get classified as an equity mutual fund for taxation purposes. As per the current tax laws, if an investor redeems equity mutual funds post one year, he pays zero long-term capital gains tax. If he redeems before a year, he pays 15% short-term capital gains tax. Compared to this, investors in debt funds are taxed at marginal rates for redemption before 36 months while longterm capital gains tax of 20% with indexation or 10% without indexation will be levied post 36 months.

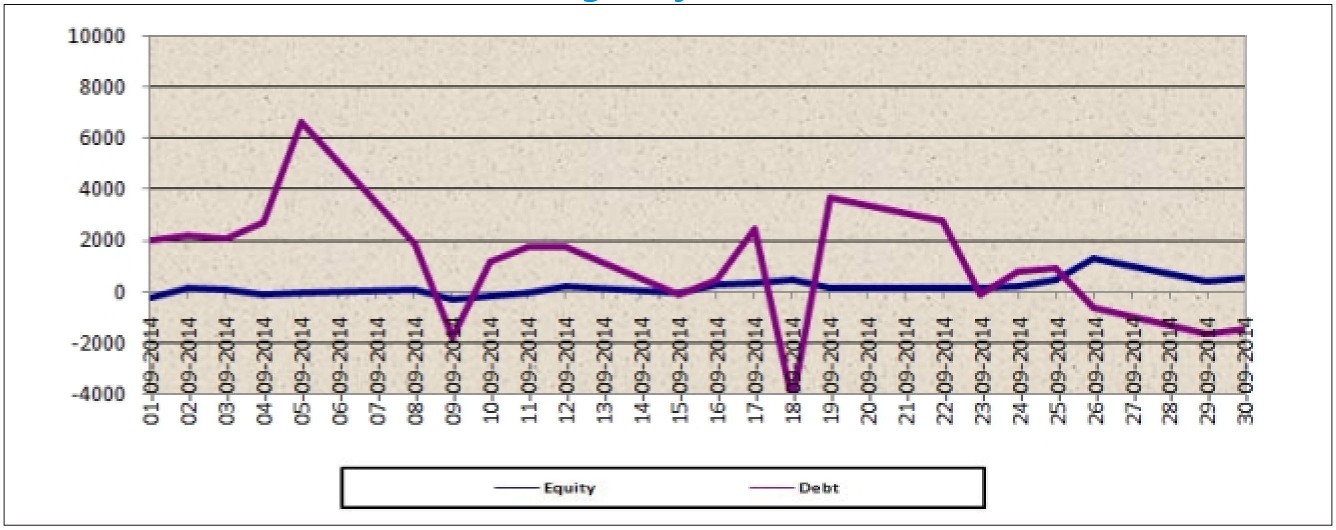
Higher threshold limits to stay for mutual funds: Sebi

Emphasising that higher threshold levels for mutual funds is in the interest of investors, Sebi chief U K Sinha has said minimum Rs 50-crore net worth for mutual funds is necessary to keep away non-serious players and to ensure stability of the financial system. The Securities and Exchange Board of India (Sebi) Chairman also cautioned that collapse of even a small player could be as fatal as that of a larger peer for entire system. Earlier this year, the capital markets regulator hiked the minimum net worth requirement for mutual funds to Rs 50 crore from Rs 10 crore. The move elicited concerns from some quarters who feared that it would adversely impact the small players present in Rs 10-lakh crore mutual fund space.

MFs buy on dips in September

This month, equity mutual fund managers stuck to a 'buy on dips' strategy. During the first half of the month, when benchmark indices rose to new highs, these managers took some money off the table; they returned as strong buyers when the market entered a correction mode, during a meeting of the US Federal reserve and after the Supreme Court's verdict on coal block allocations. In the large-cap space, stocks such as State Bank of India, Bank of Baroda, ICICI, L&T, Tata Steel, Coal India and Hindalco witnessed sharp corrections after the apex court cancelled the allocation of 214 coal blocks. Fund managers said the correction presented a good buying opportunity in certain value stocks.

Trends in Transactions on Stock Exchanges by Mutual Funds



The above chart is prepared on the basis of reports submitted to SEBI by custodians on 30/09/2014 and constitutes trades conducted by Mutual Funds on and upto the previous trading day.

Favourite stock picks in the portfolios of mutual funds.

An analysis has been undertaken indicating the favourite picks of fund managers as per latest data available:

Stocks	Market Value (Rs. cr)
Ipca Laboratories	12,742.72
FAG Bearings India	11,993.17
ICICI Bank	11,605.22
SRF	9,886.42
Bosch	9,474.00
HDFC Bank	8,503.77
WABCO India	8,420.11
Larsen and Toubro	8,039.54
Infosys	7,878.75
State Bank of India	7,743.17

Bulk deals in September 2014

BSE	30-Sep-14	Gammon Infra	ICICI PRUDENTIAL MUTUAL FUND	Buy	5305499	12.75	14.19
NSE	30-Sep-14	Gammon Infra	ICICI PRUDENTIAL MUTUAL FUND	Buy	5300413	12.75	14.2
NSE	30-Sep-14	Patel Integrate	AJAY ASSET MANAGEMENT PRIVATE LIMITED	Buy	74134	65.11	65.15
NSE	30-Sep-14	Patel Integrate	AJAY ASSET MANAGEMENT PRIVATE LIMITED	Sell	76733	64.98	65.15
NSE	26-Sep-14	Mayur Uniquoter	DSP BLACKROCK MUTUAL FUND	Buy	1277723	399.98	411.7
BSE	26-Sep-14	Petronet LNG	HDFC EQUITY FUND	Buy	4670000	183.2	185.5
BSE	26-Sep-14	Petronet LNG	HDFC TOP 200 FUND	Buy	3775000	183.2	185.5
NSE	25-Sep-14	Sharda Crop	HDFC MF PRUDENCE FD	Buy	855000	262.18	261.6
NSE	24-Sep-14	Sharda Crop	HDFC MF PRUDENCE FD	Buy	970000	241.64	253.25
BSE	17-Sep-14	8K Miles Soft	SUNDARAM BNP PARIBAS MUTUAL FUND	Buy	175000	331.95	353.85
NSE	15-Sep-14	Autoline Ind	AJAY ASSET MANAGEMENT PRIVATE LIMITED	Sell	64620	110.19	107.75
NSE	15-Sep-14	Autoline Ind	AJAY ASSET MANAGEMENT PRIVATE LIMITED	Buy	64620	110.57	107.75
NSE	12-Sep-14	Snowman Logist	RELIANCE MF A/C TAX SAVER (ELSS) FUND	Buy	1600000	79.8	79.8
NSE	12-Sep-14	Snowman Logist	RELIANCE MUTUAL FUND	Buy	2000000	79.04	79.8
BSE	09-Sep-14	BL Kashyap	HDFC MUTUAL FUND	Buy	1420807	9.2	10.8
NSE	09-Sep-14	Sanghi Ind	RELIANCE MUTUAL FUND A/C LONG TERM EQUITY FUND	Buy	3265642	44.5	46.65
BSE	03-Sep-14	Cigniti Tech	IDFC MUTUAL FUND	Buy	352701	365	397.95
NSE	02-Sep-14	Automotive Axle	UTI MUTUAL FUND	Buy	76639	655	657.85
NSE	02-Sep-14	Carborundum	HDFC MUTUAL FUND A/C HDFC MIDCAP OPPORTUNITIES FUND	Buy	1000000	188	189.15
BSE	01-Sep-14	Astra Microwave	AXIS MUTUAL FUND	Buy	1540000	129.75	130.4
BSE	01-Sep-14	Astra Microwave	AXIS MUTUAL FUND	Sell	1540000	129.75	130.4

Performance of Select Mutual Fund Schemes as on 30th September, 2014 (Returns up to one year are absolute and returns for more than one year are compounded annualized)

Equity Diversified – Pure Large Cap	3mth	6mth	1yr	2yr	3yr	5yr
ICICI PRU - TOP 100 FUND REG (G)	4.80	24.03	48.25	24.79	23.69	14.21
ICICI PRU - FOCUSED BLUECHIP EQUITY FUND REG (G)	6.37	24.56	46.48	23.58	21.14	15.65
RELIANCE - TOP 200 FUND RET (G)	6.19	30.84	61.88	24.11	22.94	12.78
HDFC - TOP 200 FUND - (G)	2.99	27.85	60.04	22.82	19.90	13.48
FRANKLIN - INDIA BLUECHIP FUND (G)	5.39	20.86	41.41	18.56	16.42	12.57

Equity Diversified - Large & Mid Cap	3mth	6mth	1yr	2yr	3yr	5yr
MIRAE - ASSET INDIA OPP FUND REG (G)	8.93	31.63	64.63	28.04	24.59	17.70
ICICI PRU - DYNAMIC PLAN REG (G)	4.35	22.89	50.04	25.83	22.58	16.05
BIRLA SL - FRONTLINE EQUITY FUND REG (G)	5.45	25.26	50.00	25.57	22.77	14.26
KOTAK - SELECT FOCUS FUND (G)	9.49	32.07	58.04	26.75	23.20	14.06
UTI - OPP FUND (G)	8.50	27.16	47.38	22.00	20.55	14.95

Equity Diversified - Large & Mid Cap	3mth	6mth	1yr	2yr	3yr	5yr
MIRAE - ASSET INDIA OPP FUND REG (G)	8.93	31.63	64.63	28.04	24.59	17.70
ICICI PRU - DYNAMIC PLAN REG (G)	4.35	22.89	50.04	25.83	22.58	16.05
BIRLA SL - FRONTLINE EQUITY FUND REG (G)	5.45	25.26	50.00	25.57	22.77	14.26
KOTAK - SELECT FOCUS FUND (G)	9.49	32.07	58.04	26.75	23.20	14.06
UTI - OPP FUND (G)	8.50	27.16	47.38	22.00	20.55	14.95

Equity Diversified – Multicap	3mth	6mth	1yr	2yr	3yr	5yr
SBI - M MULTIPLIER PLUS SCHEME 93 REG (G)	7.98	29.62	60.40	26.25	22.64	14.30
BIRLA SL - EQUITY FUND REG (G)	3.01	33.35	67.83	28.29	23.57	12.94
BIRLA SL - INDIA GEN NEXT FUND REG (G)	9.77	27.08	43.42	24.07	23.38	18.41
KOTAK - OPPT FUND (G)	8.84	28.99	49.86	22.45	20.00	12.22
HDFC - EQUITY FUND (G)	4.58	33.66	73.17	26.57	21.76	15.90

Equity Diversified – Mid F Small Cap	3mth	6mth	1yr	2yr	3yr	5yr
ICICI PRU - VALUE DISCOVERY REG (G)	10.30	44.82	88.96	36.66	32.36	21.86
RELIANCE - SMALL CAP FUND (G)	14.72	65.90	142.30	46.20	35.24	-
SBI - M GLOBAL FUND REG (G)	14.88	39.32	77.70	34.67	27.26	21.01
HDFC - MID CAP OPPORTUNITIES FUND (G)	9.07	42.47	91.44	33.93	28.22	23.50
RELIANCE - LONG TERM EQUITY FUND (G)	11.55	55.08	100.50	33.31	26.92	18.10

Equity Tax Saving	3mth	6mth	1yr	2yr	3yr	5yr
SBI - M TAX GAIN REG (G)	8.29	31.48	60.91	25.84	23.17	13.39
ICICI PRU - TAX PLAN REG (G)	6.69	33.97	67.65	30.24	25.30	18.25
DSP BLACKROCK - TAX SAVER REG FUND (G)	8.19	34.05	60.06	28.02	24.34	15.22
RELIANCE - TAX SAVER (G)	9.46	49.79	104.10	34.66	29.67	20.53
BIRLA SL - TAX RELIEF 96 FUND ELSS REG (G)	8.91	31.47	60.14	26.95	22.35	11.85

Balanced Funds	3mth	6mth	1yr	2yr	3yr	5yr
SBI - M BALANCED FUND REG (G)	9.01	27.33	51.08	26.60	23.03	12.71
ICICI PRU - BALANCED REG PLAN (G)	7.00	25.98	50.38	25.72	22.67	16.94
RELIANCE - REG SAVINGS BALANCED (G)	6.89	28.13	55.23	21.10	20.89	14.64
BIRLA SL - 95 FUND REG (G)	5.92	26.06	47.25	22.39	18.76	13.81
HDFC - PRUDENCE FUND (G)	3.80	32.79	68.22	23.89	20.10	16.84

Monthly Income Plan	3mth	6mth	1yr	2yr	3yr	5yr
CAN ROBECO - MIP REG (G)	3.21	10.40	19.97	12.04	11.32	9.38
DSP BLACKROCK - MIP REG (G)	3.08	9.96	16.50	10.45	11.43	8.89
ICICI PRU - MIP 25 REG (G)	3.64	11.71	21.44	12.46	12.11	9.43
RELIANCE - MIP (G)	3.72	11.87	21.31	11.18	11.47	9.73
KOTAK - MONTHLY INCOME PLAN (G)	3.59	10.34	19.47	11.04	11.03	8.68

Debt - Gilt Funds	1week	1mth	3mth	6mth	1yr	3yr
SBI - M GILT FUND LONG TERM REG (G)	-0.03	1.10	2.72	7.23	11.60	9.94
IDFC - G SEC INV PLAN REG (G)	-0.19	0.94	2.06	4.89	9.07	10.13
RELIANCE - GILT SEC FUND (G)	-0.18	1.08	2.33	6.59	11.48	8.94
HDFC - GILT FUND LONG TERM (G)	-0.16	1.33	2.48	6.53	11.98	7.73
ICICI PRU - LONG TERM GILT FUND REG (G)	-0.18	1.30	2.22	6.68	11.03	7.56

Debt - Income Funds	1week	1mth	3mth	6mth	1yr	3yr
BIRLA SL - MEDIUM TERM PLAN REG (G)	0.24	0.96	2.19	5.50	11.61	10.70
BIRLA SL - ST OPPORTUNITIES FUND REG (G)	0.24	1.05	2.13	5.15	10.85	10.47
RELIANCE - REG SAVINGS DEBT PLAN (G)	0.21	0.99	2.24	5.20	10.31	9.28
ICICI PRU - REGULAR SAVINGS FUND REG (G)	0.16	0.96	2.19	4.99	10.79	9.03
KOTAK - INCOME OPPORTUNITIES FUND (G)	0.22	0.98	2.29	5.29	10.62	9.14

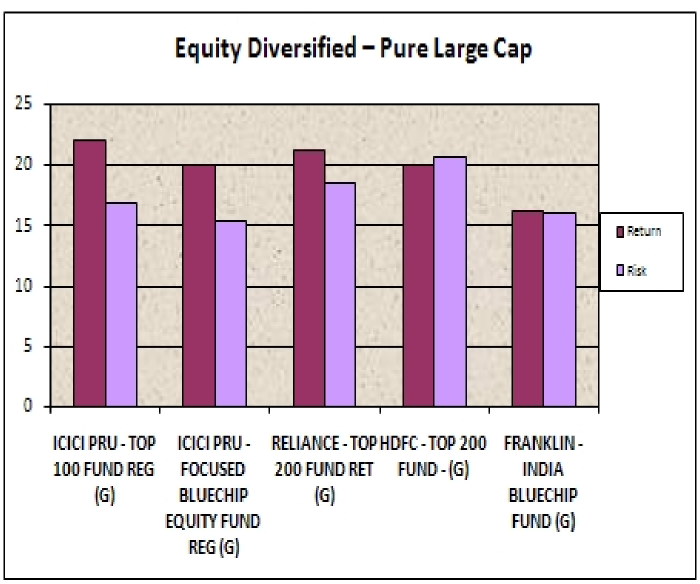
Debt - Short Term Funds	1week	1mth	3mth	6mth	1yr	3yr
BIRLA SL - ST FUND REG (G)	0.18	0.95	2.12	5.06	10.34	9.66
FRANKLIN - INDIA ST INCOME PLAN RET (G)	0.22	1.09	2.44	5.37	11.13	9.78
IDFC - SSIF ST PLAN REG (G)	0.19	0.95	2.06	4.70	9.69	8.84
RELIANCE - STF (G)	0.16	0.93	2.01	4.95	10.13	9.15
ICICI PRU - STP REG (G)	0.14	1.04	2.07	5.43	10.56	9.01

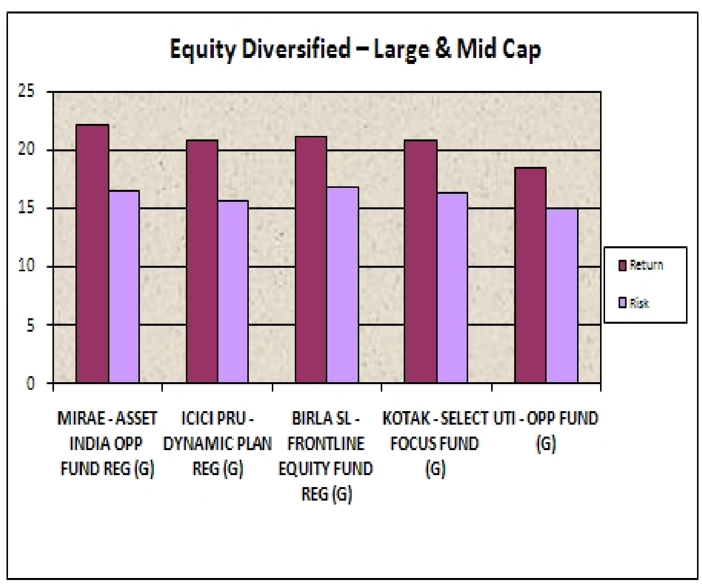
Ultra Short Term (Liquid Plus) Funds	1week	1mth	3mth	6mth	1yr	3yr
UTI - TREASURY ADV FUND INS (G)	0.19	0.83	2.15	4.51	9.45	9.54
RELIANCE - MONEY MANAGER FUND (G)	0.18	0.78	2.08	4.43	9.38	9.45
BIRLA SL - SAVINGS FUND REG (G)	0.14	0.77	2.18	4.67	9.85	9.62
ICICI PRU - SAVINGS FUND REG (G)	0.20	0.80	2.05	4.46	9.30	9.37
KOTAK - BANKING & PSU DEBT FUND (G)	0.17	0.78	2.15	4.63	9.84	9.18

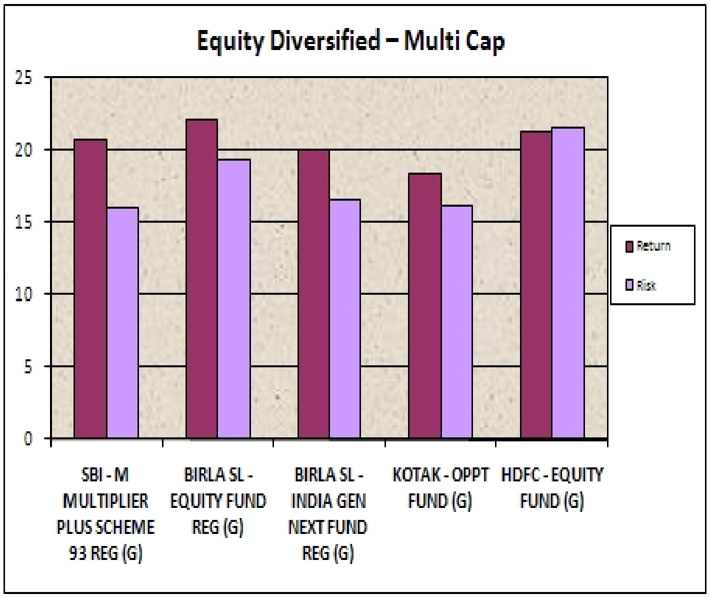
Liquid Funds	1week	1mth	3mth	6mth	1yr	3yr
SBI - M INSTA CASH FUND REG (G)	0.17	0.73	2.15	4.43	9.29	9.26
ICICI PRU - LIQUID PLAN REG (G)	0.17	0.78	2.17	4.53	9.37	9.40
BIRLA SL - CASH PLUS REG (G)	0.14	0.75	2.14	4.55	9.42	9.44
RELIANCE - LIQUID FUND TP (G)	0.18	0.80	2.17	4.55	9.38	9.41
KOTAK - LIQUID PLAN A-(G)	0.16	0.79	2.17	4.51	9.35	9.39

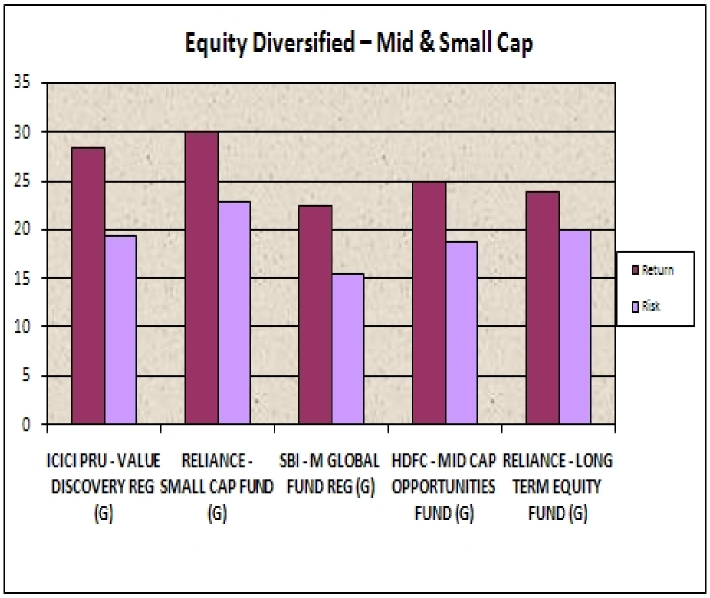
Risk-Return Analysis

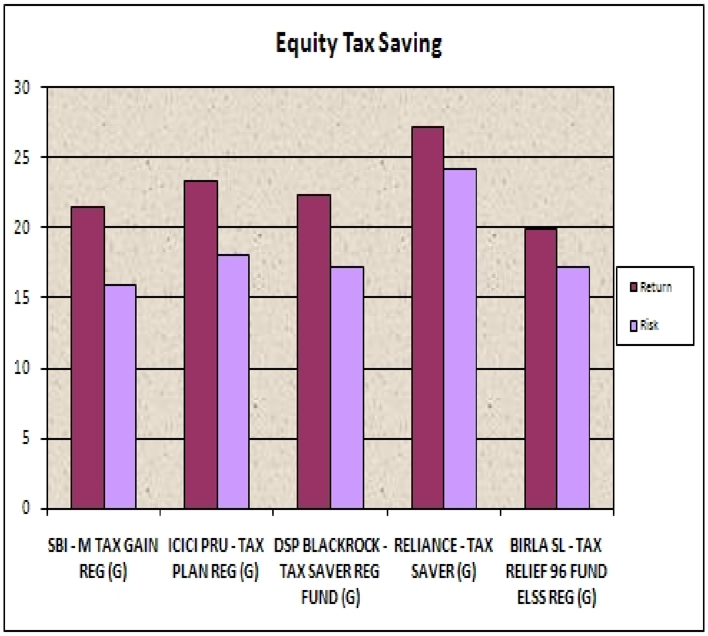
The following charts give you a snapshot of how the mutual funds have performed on the risk-return parameters in the past. The risk is measured by standard deviation, which measures the average deviation of the returns generated by a scheme from its mean returns, while returns are measured as one year average rolling returns.

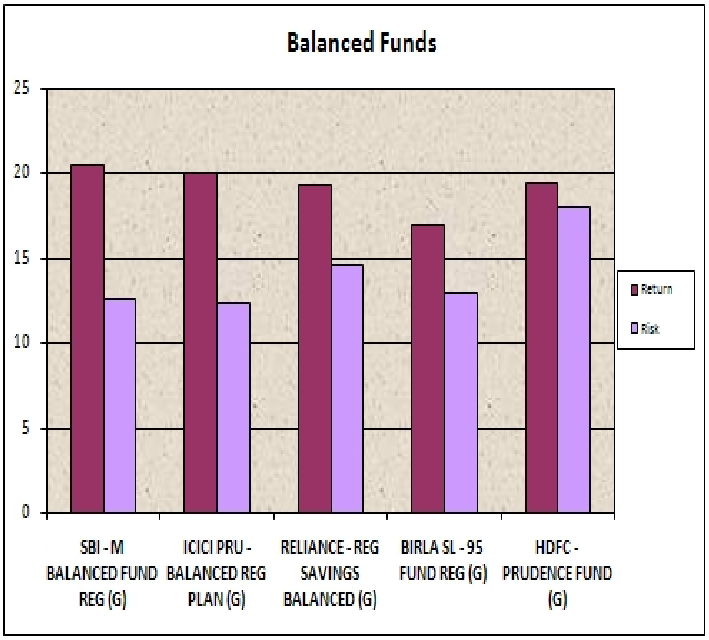


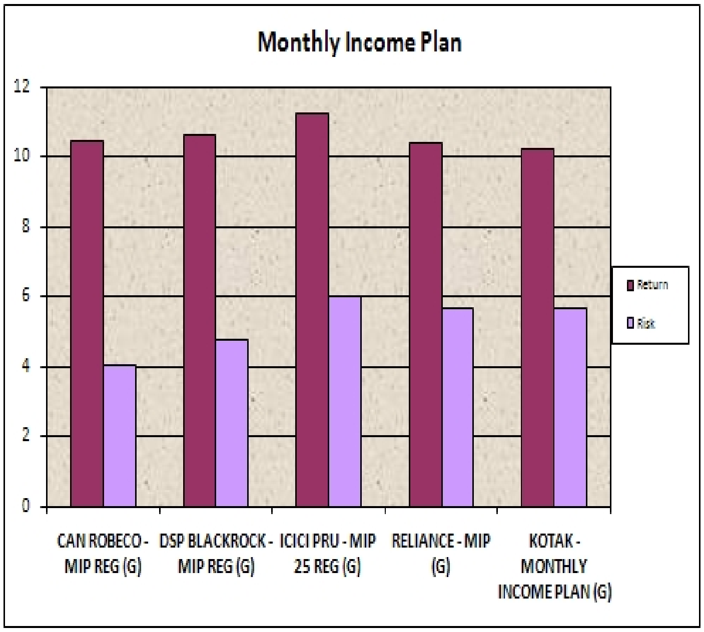


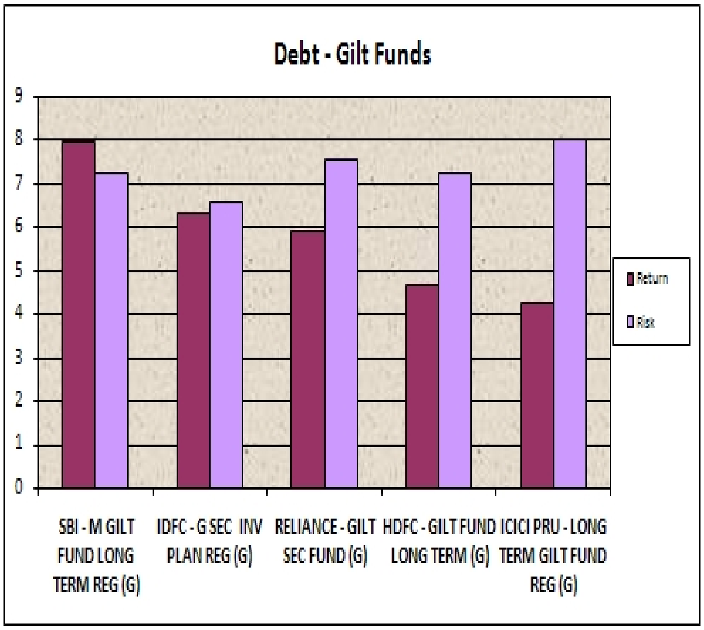

Equity Diversified – Multi Cap
25
20
15
10
5
0
SBI - M MULTIPLIER PLUS SCHEME 93 REG (G)
BIRLA SL - EQUITY FUND REG (G)
BIRLA SL - INDIA GEN NEXT FUND REG (G)
KOTAK - OPPT FUND (G)
HDFC - EQUITY FUND (G)
Return
Risk


Equity Diversified – Mid & Small Cap
35
30
25
20
15
10
5
0
ICICI PRU - VALUE DISCOVERY REG (G)
RELIANCE - SMALL CAP FUND (G)
SBI - M GLOBAL FUND REG (G)
HDFC - MID CAP OPPORTUNITIES FUND (G)
RELIANCE - LONG TERM EQUITY FUND (G)
Return
Risk


Equity Tax Saving
30
25
20
15
10
5
0
SBI - M TAX GAIN REG (G)
ICICI PRU - TAX PLAN REG (G)
DSP BLACKROCK - TAX SAVER REG FUND (G)
RELIANCE - TAX SAVER (G)
BIRLA SL - TAX RELIEF 96 FUND ELSS REG (G)
Return
Risk


Balanced Funds
25
20
15
10
5
0
SBI - M BALANCED FUND REG (G)
ICICI PRU - BALANCED REG PLAN (G)
RELIANCE - REG SAVINGS BALANCED (G)
BIRLA SL - 95 FUND REG (G)
HDFC - PRUDENCE FUND (G)
Return
Risk


Monthly Income Plan
12
10
8
6
4
2
0
CAN ROBECO - MIP REG (G)
DSP BLACKROCK - MIP REG (G)
ICICI PRU - MIP 25 REG (G)
RELIANCE - MIP (G)
KOTAK - MONTHLY INCOME PLAN (G)
Return
Risk


Debt - Gilt Funds
9
8
7
6
5
4
3
2
1
0
SBI - M GILT FUND LONG TERM REG (G)
IDFC - G SEC INV PLAN REG (G)
RELIANCE - GILT SEC FUND (G)
HDFC - GILT FUND LONG TERM (G)
ICICI PRU - LONG TERM GILT FUND REG (G)
Return
Risk

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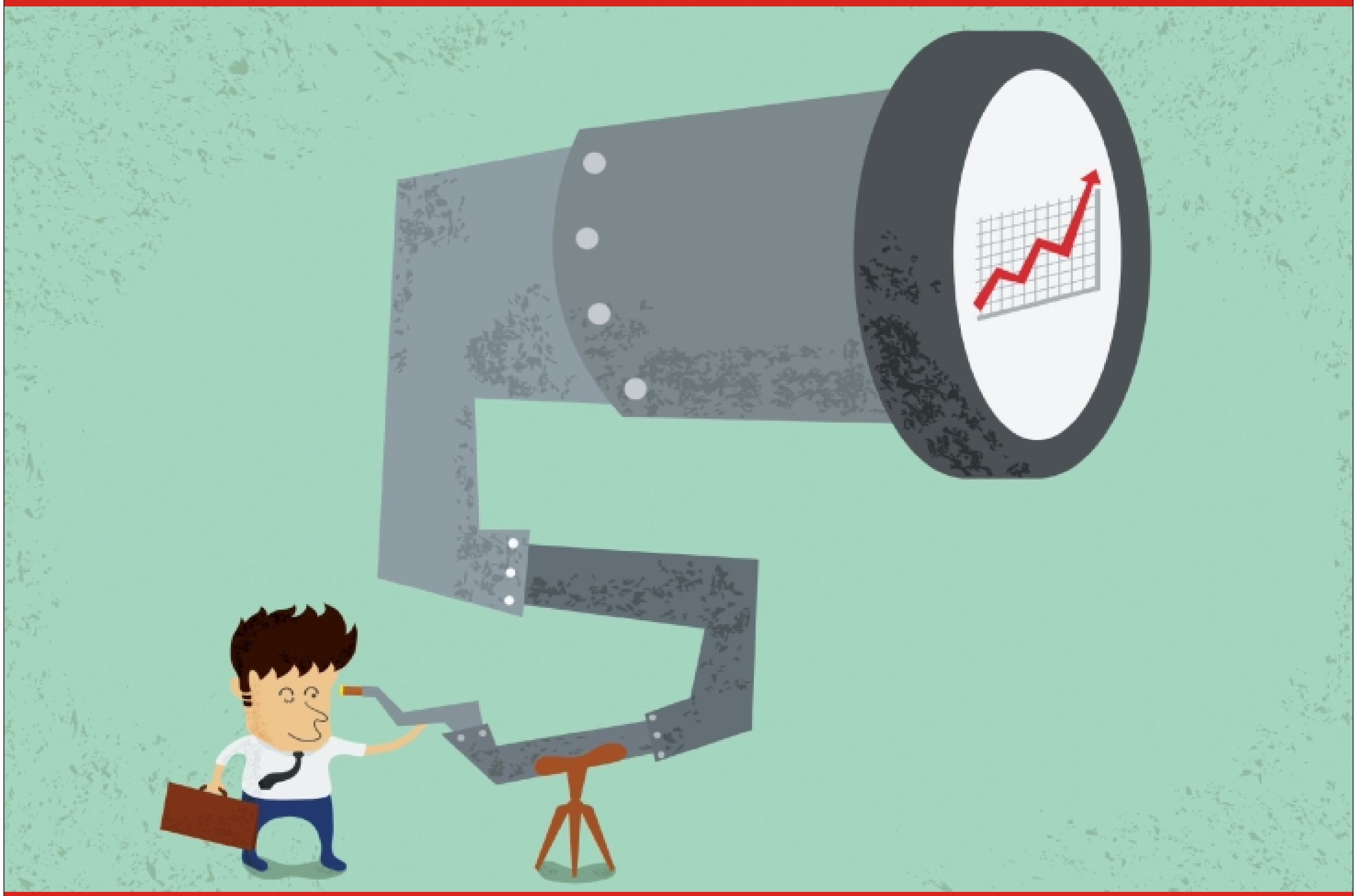

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