

# Gaining Momentum

## INDIA LIQUID

The Morningstar India Liquid category includes funds with a residual maturity of up to 91 days. Since these funds invest in very short duration money market and debt instruments, they offer minimal interest rate sensitivity and therefore, low risk and total return potential. During the one-year period ended October, the category generated a 5.7% return. Out of 23 funds considered for analysis, 12 funds outperformed their peers. In terms of Morningstar risk-adjusted return, LIC MF Liquid Fund emerged as the best performer.

Top 5	Group/Investment	Fund size (in Rs crore)	Inception date	Net asset value (Rs)	Total return (%) Oct	Total return (%) 1 year	Total return (%) 3 years	Morningstar rating (3 years)	Morningstar return rating (3 years)	Morningstar risk rating (3 years)	Expense ratio
1	LICMF Liquid (G)	12,445	18 Mar 02	17	0.39	6.69	7.94	★★★★★	High	Below average	0.40
2	Reliance Liquidity (G)	10,404	16 Jun 05	14	0.35	6.37	7.82	★★★★★	High	Below average	0.51
3	UTI Money Market (G)	2,373	23 Apr 97	2,532	0.30	6.32	7.51	★★★★★	Above average	Average	0.20
4	HDFC Cash Mgmt Savings (G)	5,298	19 Nov 99	19	0.37	6.22	7.71	★★★★★	High	Low	0.62
5	Reliance Liquid Trs Plan Retl (G)	595	23 Mar 98	22	0.36	6.22	7.41	★★★★★	Above average	Below average	0.61
	Peer group average	4,452			0.30	5.65	7.20				0.60
	Peer group count	23			23	23	22				23

## INDIA ULTRA SHORT BOND

Ultra short bond funds invest in investment grade debt securities that have residual maturities of less than one year but greater than 91 days. During the one-year period, this category posted a 6.4% return. Out of 22 funds selected, nine funds beat the category average. Fortis Money Plus Fund was the best performing fund in terms of risk-adjusted return. The fund delivered a 7.5% return on an absolute basis.

1	Fortis Money Plus (G)	5,295	24 Oct 05	13	0.38	7.50	8.23	★★★★★	High	Average	0.70
2	LICMF Saving Plus (G)	7,345	9 Jun 03	14	0.42	7.42	6.87	★★★★	Average	High	0.50
3	Reliance Money Mgr Retl (G)	26,391	20 Mar 07	1,223	0.39	6.65	na	na	na	na	0.65
4	JPMorgan India Trs Retl (G)	2,119	17 Sep 08	11	0.37	6.63	na	na	na	na	0.35
5	IDFC Money Mgr Trs B (G)	13,448	3 Apr 03	14	0.38	6.60	6.64	★★★★	Average	Average	0.55
	Peer group average	9,536			0.36	6.39	7.40				0.65
	Peer group count	22			22	22	16				22

## INDIA SHORT-TERM BOND

Funds in the short-term bond fund category invest in corporate and government securities with residual maturities of between one and three years. These funds are fairly conservative in terms of interest rate risk, compared with longer duration debt funds. During the year to October, the short-term bond category posted an 11.5% return. Out of 18 funds considered, 11 funds outperformed their peers. DWS Short Maturity Fund fared the best in terms of risk-adjusted return. The fund posted a 15.1% absolute return.

1	DWS Short Maturity (G)	736	28 Jan 03	16	0.45	15.08	9.67	★★★★★	Above average	Average	0.92
2	ICICI Pru S/T (G)	3,015	31 Oct 01	19	0.44	15.36	10.41	★★★★★	High	Above average	1.70
3	HDFC S/T Plan (G)	2,715	28 Feb 02	18	0.63	14.36	10.23	★★★★★	Above average	Average	1.42
4	Reliance S/T (G)	2,907	23 Dec 02	17	0.56	14.24	10.31	★★★★★	Above average	Average	0.63
5	Templeton India S/T Income (G)	3,000	4 Feb 02	1,786	0.60	13.77	10.17	★★★★★	Above average	Average	0.93
	Peer group average	1,529			0.45	11.48	9.31				1.29
	Peer group count	18			18	18	16				18

## INDIA INTERMEDIATE BOND

Intermediate bond funds invest in corporate and other investment grade debt securities and have average effective maturities between three and seven years. Since these funds have higher durations, they are relatively more sensitive to interest rate risks, compared with short-term bond funds. The category registered a 12.2% return during the one-year period ended October. Out of 19 funds shortlisted, 11 funds outperformed the category average during the year. Canara Robeco Income Fund delivered the best risk-adjusted return.

1	Canara Robeco Income (G)	252	24 Sep 02	19	0.33	15.35	11.91	★★★★★	High	Below average	2.05
2	HDFC Income (G)	929	20 Sep 00	21	0.17	17.07	8.07	★★★★	Average	Average	1.98
3	Birla Sun Life Income Plus (G)	1,331	10 Nov 95	41	0.27	17.92	11.15	★★★★★	High	High	1.66
4	Kotak Bond Reg (G)	349	29 Nov 99	26	0.51	16.44	10.11	★★★★★	Above average	Above average	1.96
5	Fortis Flex Debt (G)	406	27 Sep 04	16	0.01	16.21	11.57	★★★★★	High	Average	1.80
	Peer group average	490			0.22	12.22	8.73				1.81
	Peer group count	19			19	19	16				19

## INDIA SHORT GOVERNMENT

Short government funds invest in government securities with one and three year maturities. For the period under review, the category delivered a 4.2% return. Out of eight funds considered, three funds outperformed the category peers. In terms of risk-adjusted performance, Tata Gilt Short Maturity Fund posted the highest return. On an absolute basis, the fund registered a 6.5% return.

1	Tata Gilt Short Maturity (G)	329	7 Apr 03	15	-0.14	6.53	7.31	★★★★★	Above average	Above average	0.92
2	SBI Magnum Gilt S/T (G)	84	10 Jan 01	18	-0.23	6.63	7.80	★★★★★	High	Above average	0.90
3	Templeton India Gov Sec Trs (G)	137	11 Feb 02	16	0.28	4.27	5.72	★★★★★	Above average	Low	0.90
4	Birla Sun Life Gilt Plus Liquid (G)	14	11 Oct 99	21	0.20	4.11	5.18	★★★★	Average	Low	0.47
5	Kotak Gilt Savings Plan (G)	19	23 Dec 98	21	0.22	3.29	5.51	★★★★	Average		1.62
	Peer group average	87			0.06	4.22	5.69				1.02
	Peer group count	8			8	8	8				8

## INDIA INTERMEDIATE GOVERNMENT

The intermediate government bond category includes funds with residual maturities between three and seven years and generated 7.9% return, during the one-year period. Out of 12 funds shortlisted for analysis, six funds beat their category peers. The best performer in this category was ICICI Pru Gilt Treasury Fund. The fund posted 15.3% return on an absolute basis.

1	ICICI Pru Gilt Trs (G)	259	19 Aug 99	24	0.28	15.30	10.38	★★★★★	Above average	Low	1.65
2	JM Gov Sec Reg (G)	21	7 Oct 99	29	0.40	16.24	11.87	★★★★★	High	Average	2.05
3	Templeton India Govt Sec Composite (G)	132	21 Jun 99	32	-0.34	12.78	10.44	★★★★★	Above average	Below average	1.28
4	DSP BlackRock Gov Sec (G)	120	30 Sep 99	31	-0.06	13.14	10.76	★★★★★	Above average	Above average	1.22
5	Birla Sun Life Gilt Plus Reg (G)	170	14 Oct 99	30	0.50	8.27	9.87	★★★★	Above average	Above average	1.98
	Peer group average	149			0.85	7.87	8.60				1.56
	Peer group count	12			12	12	10				12

## INDIA LONG GOVERNMENT

Long government funds invest in government securities with average maturities of more than seven years. This category generated a 6.7% return during the one-year period. Out of eight funds considered, only three funds outperformed their peers. Templeton India Government Securities Long Term Fund fared the best in terms of risk-adjusted performance. On an absolute basis, the fund delivered 13.4% return.

1	Templeton India Gov Sec L/T (G)	121	24 Dec 01	22	-0.31	13.35	11.33	★★★★★	Above average	Low	1.28
2	Kotak Gilt Investment Reg (G)	84	23 Dec 98	30	0.70	11.26	8.83	★★★★★	Above average	Above average	2.09
3	ICICI Pru Gilt Inv (G)	530	19 Aug 99	31	-0.15	10.97	12.51	★★★★★	High	Above average	1.59
4	HDFC Gilt L/T (G)	58	25 Jul 01	18	-0.21	5.76	5.64	★★★★	Average	Average	0.65
5	UTI Gilt Advantage L/T (G)	241	28 Jan 02	19	0.07	4.38	7.69	★★★★★	Above average	Above average	1.48
	Peer group average	171			-0.15	6.69	7.84				1.40
	Peer group count	8			8	8	8				8