

September 2004

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Mutual Fund Debt Monthly

Maintain Allocation In Short Duration Funds

Mutual Funds

Market View

- The reversal of interest rate hike expectations amid improved market sentiment could support lower yields, but only in the short-term. We are now more cautious over the medium term. Uncertainty and comments made by policy makers have contributed to our increased cautiousness.

Recommendations

- **Short-term:** Volatility will likely continue and yields could back up after the recent momentum loses steam. We recommend continuing to focus on short duration funds with no mark-to-market risk, floating rate and liquid funds.
- **Long-term:** We maintain our recommendation of allocating funds to short duration funds, even for the long-term as the interest rate environment remains uncertain. Hold exposures in short-term debt funds, long-term floating rate funds and a marginal exposure to actively managed funds.

Fund Manager Survey

- **Question of the month:** We polled fund managers on whether they expected the RBI to hike the repo rate in FY05. The consensus response favoured a hike of 25bps.

Highlights of August

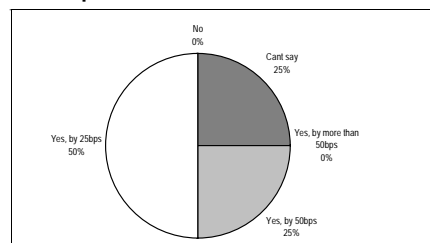
- A combination of events pushed market sentiment to extreme bearishness. The benchmark 10yr gilt yield rose to 6.70% levels before ending at 6.11% on comments and measures by policy makers aimed at controlling the rise in inflation. Yields on the 5yr AAA bond rose to 7.20% before ending the month at around 6.80% levels.
- Fixed income mutual funds witnessed outflows of Rs44.70bn. Floating rate funds were the only category that witnessed inflows of mention. Apart from risk aversion in long duration funds, even liquid funds witnessed outflows likely on equity IPO participation and on account of the tightness in liquidity in the banking system during mid-month.
- Overall, fund managers did not alter allocations significantly. Actively managed funds increased maturities significantly while other long duration funds witnessed a marginal fall in average maturities. Cash levels were largely lower barring long-term gilt funds.
- For a more detailed view on the markets, refer to our *India Fixed Income Monthly*.

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Refer to important disclosures on page 8. Analyst Certification on page 8.

Chart 1: Do You Think The RBI Will Hike The Repo Rate In FY05?

Source: ML Research

Table 1: View on Gilt Markets

1-Month View	Sep-04	Aug-04	Jul-04
Bullish	6%	25%	23%
Stable	38%	17%	38%
Bearish	56%	58%	38%

12-Month View	Sep-04	Aug-04	Jul-04
Bullish	0%	33%	8%
Stable	19%	33%	69%
Bearish	81%	33%	23%

Source: ML Research.

Table 2: View On Spreads

1-Month View	Sep-04	Aug-04	Jul-04
Widening	37%	73%	31%
Stable	63%	27%	54%
Narrowing	0%	0%	15%

12-Month View	Sep-04	Aug-04	Jul-04
Widening	75%	64%	38%
Stable	25%	18%	46%
Narrowing	0%	18%	15%

Source: ML Research.

Table 3: Duration Strategy (1-Month View)

Income	Sep-04	Aug-04	Jul-04
Increase	6%	25%	7%
Stable	38%	33%	50%
Decrease	50%	42%	29%
No Response	6%	0%	14%

Long-term Gilt	Sep-04	Aug-04	Jul-04
Increase	6%	17%	21%
Stable	50%	42%	29%
Decrease	38%	42%	36%
No Response	6%	0%	14%

Source: ML Research.

Fund Manager Survey – September 2004

We surveyed Fund Managers and CIOs in early September for their views on the market and their portfolio strategies. Compiled below are responses from 16-fund managers/CIOs, managing over Rs770bn in assets.

Question of the month

The fixed income markets have been discounting rate hike expectations for a few months now and expectations heightened significantly in August. Though RBI indicated a 'measured' response, we polled fund managers and CIOs on their expectations on the repo rate in FY05. Of the 12 responses we received, 50% expected the repo rate to be hiked 25bps. One-fourth of the respondents expected a 50bp hike and the balance one-fourth chose 'cant say'. There were no respondents favouring 'no hike' or a hike of larger than 50bps.

Markets

A notable feature of the response on the market was the pessimistic long-term outlook. No fund manager was bullish over a 1yr horizon, 81% were bearish and 19% expected gilts to remain stable. Views for the month were however relatively more bullish than the long-term views. 6% of respondents were bullish, 38% expect gilts to be stable but the majority 56% expect gilts to end weaker. There has been a sizeable shift towards bearishness despite the rise in yields.

Credit Spreads

The tightening of credit spreads did not prompt more fund managers to expect spreads to widen. The majority expect spreads to remain stable over the month with over a third expecting spreads to widen. No respondent expects a narrowing of spreads both over a month and over a year. Three-fourths of fund managers expect spreads to widen and 25% expect spreads to remain stable over the year.

Returns

The prevailing uncertainty and expectations of bearishness were clearly evident in the choice of fund category by the respondents. 50% ranked liquid funds as the first choice over a 1-month horizon. Income and long-term gilt funds were the first choice of a fourth of the respondents.

Over a one-year horizon, the ranking continued to remain skewed. 38% expect long-term gilt funds to do well while this category was the last choice for 36% of the fund managers. Short-term debt funds were a close second.

Portfolio Strategy

Fund managers plan to decrease duration (50%), decrease bond allocation (75%), decrease gilt allocation (50%) and increase cash levels (69%) further in September in the income fund categories. In the gilt categories, 50% said that they planned to keep duration stable and 44% favoured reducing their gilt allocation.

Economy

56% of fund managers expect economic growth to be strong and 38% expect stable growth. Only 6% expect a weaker economy, the change likely on resumption of monsoons that were a concern in July.

Good news for the inflation watchers, only 6% expect inflation to rise, 25% expect inflation to remain stable while the balance, a majority of 69% expect inflation to ease.

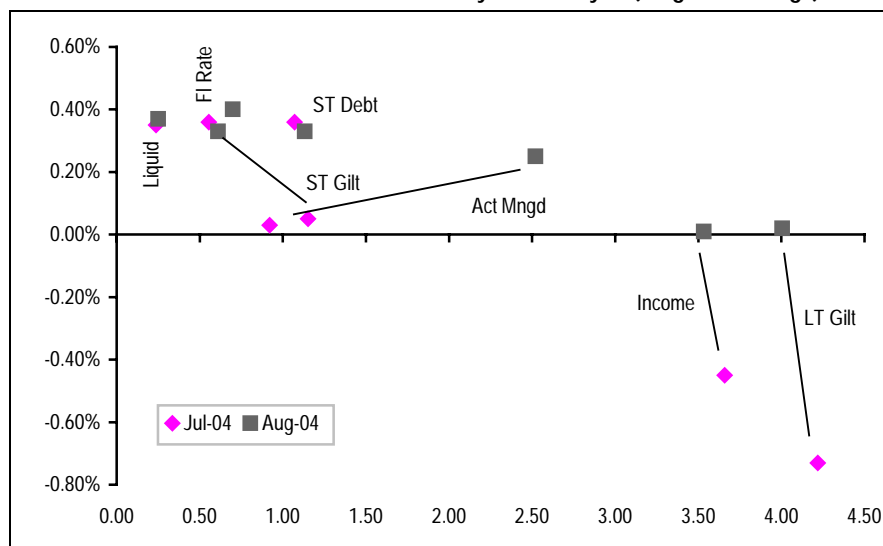
Exchange rate expectations have again reversed. 44% of the fund managers expect the rupee to remain stable, 38% expect the rupee to strengthen and 19% expect the rupee to depreciate against the US Dollar.

Quick View

Returns Performance

A combination of events pushed market sentiment to extreme bearishness. The benchmark 10yr yield rose to 6.70% levels before ending at 6.11%. The limited positives were ignored as players focused on higher inflation, rising crude prices, poor demand for primary supply, tight liquidity and comments by policymakers, which the market interpreted as negative. Sentiment reversed following RBI's comments of a 'measured' response to rising inflation and continued commitment by the GoI to moderate inflation. Gilts rallied after trading in a volatile range. Duration was little changed and average returns were in positive territory.

Chart 2: M-o-M Absolute Returns % and Maturity Profile in yrs. (weighted average)

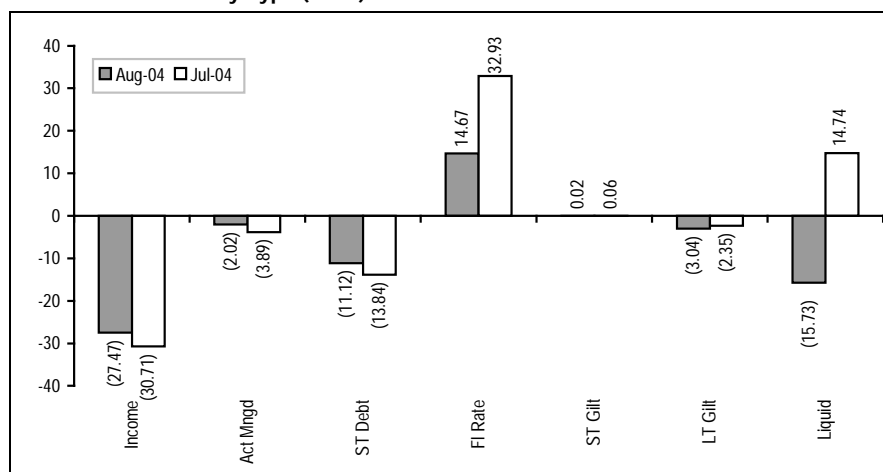


Source: ML Research, Mutual Fund fact sheets

Fund Flows Monitor

The continuing bearishness in the market, participation in equity IPOs and liquidity worries in the banking system likely contributed to the net outflows in August. Investors continue to increase allocation to floating rate funds at the expense of income and even short-term debt funds. There could be further outflows in September on account of advance tax payments.

Chart 3: Fund Flows by Type (Rsbn)



Source: ML Research, Mutual Fund fact sheets.

Yields were largely higher in August.

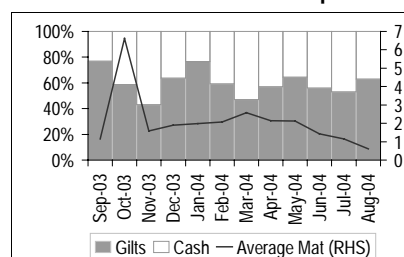
Average returns on all fund categories were positive. Short-duration funds yielded normal returns while long duration funds yielded only marginally positive returns. Actively managed funds appear to have benefited from the volatility to some extent.

Investors remain cautious on the outlook for fixed income markets despite the sharp rise during the first half of August. Positioning favours floating rate funds and all other categories witnessed outflows. Net outflows were Rs44.70bn.

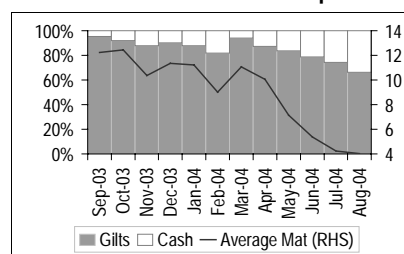
Table 4: Floating Rate Funds

Type of Security	% Allocation
Fixed Rate	28.48%
Floating Rate	61.96%
Cash/Call	9.56%

Source: Mutual fund fact sheets.

Chart 4: ST Gilt - Portfolio Composition

Source: ML Research, Mutual Fund fact sheets. Note: Average Maturity (in yrs.) is weighted average.

Chart 5: LT Gilt - Portfolio Composition

Source: ML Research, Mutual Fund fact sheets. Note: Average Maturity (in yrs.) is weighted average.

Investors positioned conservatively by withdrawing and likely shifting part to floating rate funds.

Fund managers remain cautious, reducing maturity and gilt allocation but dropped cash levels also marginally.

Fund Categories

■ Liquid Funds

Liquid funds witnessed outflows, likely triggered by withdrawals on account of the tightening of liquidity in the banking system around mid-month and on account of heightened participation in an equity IPO during the month.

■ Floating Rate Funds

Floating rate funds were the only category witnessing inflows in August. Investors continue to direct allocations to that category to benefit from the expected rise in interest rates. However, out-performance of this category (Apr-Aug 04) over cash funds has been marginal, likely on account of large inflows.

■ Long-Term Gilt and Short-Term Gilt Funds

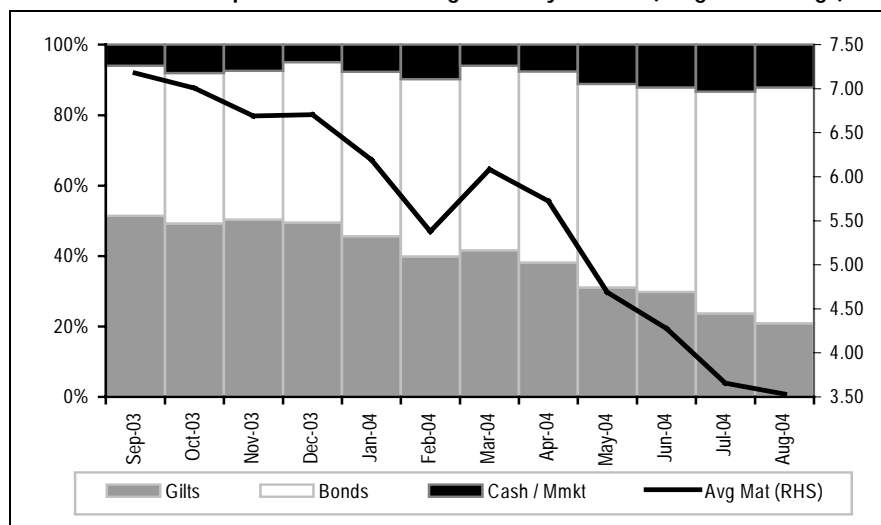
Long term gilt funds (LTGF) witnessed further outflows, Jul-Aug outflows now neutralising the inflows in the Apr-Jun period, as the bearishness continued. There was a marginal drop in average maturities and returns were marginally positive. Short-term gilt funds witnessed a sharp fall in average maturities, fall in cash levels, marginal increase in AUM and an improvement in returns.

■ Actively Managed Funds

Actively managed funds managed to yield positive returns taking advantage of the volatility. They outperformed long duration funds but under performed short duration funds. This underperformance is likely prompting investors to reduce exposure in this category. Performance among funds has been skewed. We expect flows to improve once players expect some stability in yields.

■ Income Funds

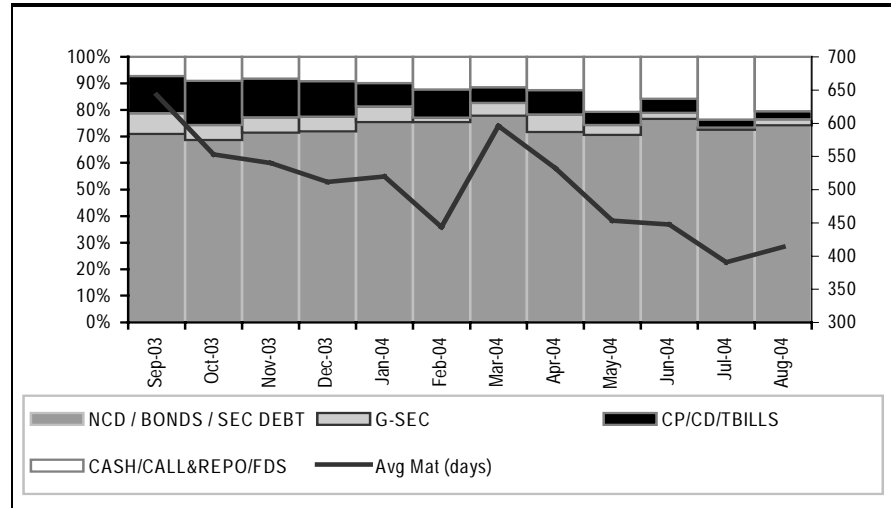
Investors continued to shun income funds, pulling out another Rs27bn in August, consecutive outflows for ten straight months. There was a marginal reduction in average maturities and returns just managed to move into positive territory. The outflows continued to tilt fund allocations further towards bonds. Over two-thirds of the allocation is now to bonds with the balance in gilts and cash. Cash levels were reduced in August.

Chart 6: Portfolio Composition % And Average Maturity In Years (Weighted Average)

Source: ML Research, Mutual Fund fact sheets.

Short-Term Debt Funds

Chart 7: Portfolio Composition % And Average Maturity In Days (Weighted Average)



Source: ML Research, Mutual Fund fact sheets.

Table 5: Income Funds, Actively Managed And Other Fixed Income Categories

	Corpus (Rsbn)	Ave. Mat. (in yrs)	G-Sec	Bonds / NCDs / CP	Cash / Call / MMkt	Mthly Abso. Returns	1-Year Returns	3-Yr CAGR Returns	5-yr CAGR Returns	Inception Rtn CAGR	Issue Close Date
Alliance Income	1.66	3.32	29%	59%	11%	0.21%	1.63%	9.32%	11.00%	11.56%	3-Mar-97
Birla Bond Index	0.39	4.34	26%	52%	21%	-0.02%	0.39%	-	-	3.29%	9-May-03
Birla Income Plus	8.08	3.57	26%	59%	14%	-0.15%	0.40%	9.28%	10.93%	12.09%	21-Oct-95
Chola Triple Ace	0.65	2.66	21%	43%	35%	0.64%	1.58%	8.72%	10.72%	11.54%	15-Mar-97
Deutsche Premier Bond - Institutional	0.98	3.10	25%	66%	9%	0.32%	3.54%	-	-	6.90%	3-Feb-03
Deutsche Premier Bond - Regular						0.24%	2.68%	-	-	6.06%	3-Feb-03
DSP ML Bond - Retail	2.90	4.30	28%	67%	5%	-0.02%	0.27%	9.08%	10.98%	11.57%	29-Apr-97
HDFC HIF	2.63	3.75	19%	70%	11%	-0.12%	0.68%	9.25%	11.04%	11.59%	11-Apr-97
HDFC Income	12.72	3.71	17%	65%	18%	-0.14%	0.83%	9.72%	-	11.59%	11-Sep-00
HSBC Income - Invt - Reg	2.37	3.75	28%	60%	11%	0.29%	1.45%	-	-	6.23%	10-Dec-02
HSBC Institutional Income - Invt	0.28	2.75	32%	67%	2%	0.48%	2.23%	-	-	7.06%	4-Dec-02
IL&FS Bond	1.41	3.80	21%	60%	19%	-0.42%	-0.01%	9.04%	10.47%	10.63%	12-Jul-99
ING Vysya Income	2.08	2.89	12%	83%	5%	0.24%	1.52%	8.27%	9.70%	9.98%	29-Apr-99
JM Income	2.26	2.52	6%	81%	14%	-0.06%	1.08%	9.92%	11.73%	10.42%	22-Dec-94
Kotak Bond Deposit	2.33	3.41	33%	40%	27%	0.00%	1.29%	9.33%	-	11.15%	25-Nov-99
Kotak Bond Wholesale						0.06%	1.90%	9.90%	-	11.83%	25-Nov-99
LIC Bond	10.00	3.45	14%	78%	8%	-0.04%	1.26%	8.92%	-	11.54%	26-May-99
PNB Debt	0.53	2.63	34%	44%	22%	-0.09%	-3.42%	9.91%	12.77%	12.55%	30-Jun-99
PRINCIPAL Income	2.11	2.60	23%	51%	26%	0.08%	1.78%	9.86%	-	11.75%	25-Oct-00
Prudential ICICI Income	9.87	3.66	34%	63%	3%	0.08%	0.39%	8.94%	10.82%	11.26%	19-Jun-98
Reliance Income - Retail	1.55	1.65	4%	51%	45%	0.58%	2.56%	9.32%	10.72%	11.23%	27-Dec-97
SBI Magnum Income	6.46	4.16	22%	70%	8%	-0.07%	0.11%	8.59%	10.21%	10.64%	30-Nov-98
SC Grindlays SSIF - Invt.	6.48	3.42	13%	75%	12%	0.03%	0.80%	9.17%	-	11.05%	7-Jul-00
SUN F&C Money Value Bond	0.35	2.20	8%	55%	38%	0.03%	1.57%	8.97%	10.71%	11.03%	23-Nov-98
Sundaram Bond Saver	3.42	3.56	32%	41%	27%	0.01%	0.27%	9.11%	11.06%	11.56%	12-Nov-97
Tata Income Plus - HIP	1.33	1.17	14%	32%	54%	0.24%	1.73%	-	-	6.30%	21-Nov-02
Tata Income Plus - RIP						0.24%	1.72%	-	-	6.17%	21-Nov-02
Templeton India IBA - Institutional	1.65	3.15	24%	72%	4%	-0.15%	0.26%	-	-	7.95%	24-Sep-02
Templeton India IBA - B	5.40	3.73	15%	82%	4%	-0.13%	0.67%	9.63%	11.42%	12.25%	24-Jun-97
Templeton India Income	6.47	3.34	12%	82%	6%	-0.11%	0.82%	9.03%	10.91%	11.94%	1-Mar-97
UTI Bond	8.60	4.12	25%	70%	6%	0.26%	1.32%	7.86%	9.66%	10.24%	17-Jun-98
Deutsche Dynamic Plan	0.19	2.05	31%	54%	15%	0.03%	-	-	-	-1.18%	20-Oct-03
Kotak Dynamic Fund	0.38	0.09	1%	38%	61%	-0.34%	-	-	-	1.47%	26-Dec-03
Sundaram Dynamic Asset Plan	0.12	4.54	37%	0%	63%	0.85%	2.41%	-	-	9.61%	04-Sep-02
Prudential ICICI Flexible Income	3.22	3.66	58%	40%	2%	0.42%	1.78%	-	-	9.32%	27-Sep-02
SC Grindlays - Dynamic Bond Fund	8.33	2.17	19%	10%	71%	0.21%	3.43%	-	-	9.06%	25-Jun-02
Sundaram Income Plus	0.42	1.44	0%	88%	12%	0.16%	3.19%	-	-	7.21%	19-Jul-02

Source: ML Research, Mutual Fund factsheets, MFI Explorer. Note: 1) *Signifies absolute returns. 2) Cash/ Call and MMkt includes Net Receivables and Payables. 3) Where institutional plans do not have a separate portfolio, we have taken returns of their retail plans.

Table 6: Long-term Gilt Funds

	Corpus (Rsbn)	Average Mat (in yrs)	G-Sec Call/ / MMkt	Cash MMkt	Mthly Absol. Returns	1-Year Returns	3-Yr CAGR Returns	5-Yr CAGR Returns	Inception Retn CAGR	Issue Close Date
Alliance Gilt Long Term	0.09	5.74	77%	23%	-0.18%	0.65%	12.51%	-	13.03%	28-Oct-99
Birla Gilt Plus - PF Plan (B)	1.97	6.65	98%	2%	-0.62%	-0.77%	12.08%	-	13.48%	11-Oct-99
Birla Gilt Plus - Regular (C)	1.37	6.34	94%	6%	-0.51%	-0.59%	14.13%	-	15.73%	11-Oct-99
Chola Gilt Investment	1.96	4.56	51%	50%	1.78%	8.20%	13.37%	-	14.29%	28-Mar-00
DSPML - Longer Duration Plan (A)	0.66	3.40	71%	29%	0.48%	-0.29%	14.34%	-	15.92%	23-Sep-99
HDFC Gilt - Long Term	1.75	6.44	78%	22%	-0.59%	-0.94%	12.91%	-	13.19%	25-Jul-01
HDFC Sovereign - Investment Plan	0.02	4.59	85%	15%	-0.22%	-0.55%	7.18%	-	9.17%	4-Feb-00
HDFC Sovereign - Provident Plan	0.05	7.07	95%	5%	0.42%	-0.06%	11.73%	-	12.11%	4-Feb-00
HSBC Gilt Fund - LTP	0.12	9.35	88%	12%	1.75%	-	-	-	3.27%	8-Dec-03
IL&FS Gilt - Long Term	0.49	3.00	58%	42%	0.06%	0.30%	-	-	11.92%	21-Jan-02
JM G-Sec PF Plan	0.11	0.95	25%	75%	-0.28%	1.78%	12.18%	-	15.07%	29-Sep-99
JM G-Sec PF Plus Plan	0.26	0.82	22%	78%	-0.17%	-	-	-	0.27%	15-Jan-04
JM G-Sec Regular	0.15	0.72	19%	81%	-0.17%	0.70%	11.25%	-	14.09%	25-Sep-99
Kotak K-Gilt Investment	1.99	4.64	71%	29%	-0.13%	0.76%	13.31%	14.42%	15.24%	1-May-99
LIC G-Sec	2.95	1.06	18%	82%	-0.02%	1.26%	11.87%	-	12.32%	29-Nov-99
Principal India Gilt Investment	0.24	4.20	66%	34%	0.02%	0.20%	12.26%	-	12.32%	23-Aug-01
Principal India Gilt Provident	0.78	4.40	79%	21%	0.04%	-	-	-	-2.42%	still to do
Prudential ICICI Gilt Investment	2.55	5.92	96%	4%	0.33%	0.10%	12.59%	14.37%	14.37%	9-Aug-99
Reliance Gilt Fund - LT	0.21	2.01	30%	70%	1.43%	4.29%	-	-	6.93%	4-Jul-03
SBI Gilt - Long Term Dividend	4.25	3.93	84%	16%	-0.29%	-1.88%	10.38%	-	12.10%	10-Jan-01
SBI Gilt - Long Term Growth	5.46	3.96	81%	19%	-0.33%	-1.01%	11.19%	-	12.57%	21-Dec-00
SC Grindlays - Long Term	0.17	2.71	42%	58%	0.15%	1.02%	-	-	8.66%	1-Mar-02
Tata Gilt	4.21	3.20	50%	50%	0.38%	0.60%	15.69%	-	16.31%	3-Aug-99
Templeton India Gilt Fund	4.08	4.13	51%	49%	0.09%	1.13%	14.95%	16.45%	16.45%	21-Jun-99
UTI Gilt	5.64	2.97	59%	41%	-0.01%	-0.05%	10.39%	-	11.76%	4-Sep-99

Source: ML Research, Mutual fund factsheets, MFI Explorer. Note: 1) *Signifies absolute returns. 2) Cash/ Call and MMkt includes Net Receivables and Payables.

Table 7: Short-term Debt Funds

	Corpus (Rsbn)	Average Mat (in days)	Bonds / NCDs/ Sec Debt	G-Sec	CP/CD/ T-bills	Cash / Call & Repo/FD	Monthly Absolute Returns	1-Year Returns	3-Yr CAGR Returns	Inception Return CAGR	Issue Close Date
Alliance Short-Term Plan	0.12	69	83%	0%	0%	17%	0.36%	4.51%	-	6.19%	18-Apr-02
Birla Bond Plus	2.36	383	86%	2%	0%	12%	0.37%	4.37%	-	6.66%	26-Nov-01
Chola Freedom Income - Short Term	1.22	296	79%	0%	0%	21%	0.39%	4.33%	7.38%	9.69%	08-Mar-02
Deutsche Short Maturity Fund	2.30	445	92%	1%	2%	5%	0.35%	4.77%	-	5.77%	28-Jan-03
DSP ML Short-term Plan	3.27	419	91%	8%	0%	2%	0.36%	4.49%	-	6.14%	09-Sep-02
HDFC HIF - Short Term Plan	1.49	387	75%	0%	0%	25%	0.33%	4.40%	-	6.81%	06-Feb-02
HDFC Short Term Plan	3.73	361	68%	1%	4%	26%	0.29%	3.83%	-	6.33%	25-Feb-02
HSBC Income - Short-term Plan	1.65	313	95%	0%	0%	5%	0.30%	4.17%	-	5.38%	10-Dec-02
ILFS Bond - Short Term Plan	0.26	428	82%	0%	0%	18%	0.32%	4.38%	-	6.58%	21-Jan-02
ING Short-Term Plan	0.62	431	97%	0%	0%	3%	0.33%	4.93%	-	6.33%	19-Aug-02
JM Short term Bond	1.54	380	75%	0%	6%	19%	0.36%	4.89%	-	6.77%	24-Jun-02
K M K Short-Term Plan	1.92	412	77%	1%	14%	7%	0.33%	4.57%	-	6.45%	25-Apr-02
Principal - Short Term Plan	1.30	438	82%	2%	0%	16%	0.42%	4.81%	-	6.51%	24-Apr-02
Prudential ICICI Short-Term Plan	5.68	449	71%	9%	1%	19%	0.50%	4.49%	-	7.04%	25-Oct-01
Reliance Short-Term Plan	5.44	489	63%	0%	4%	33%	0.36%	5.39%	-	6.38%	23-Dec-02
SBI Short-term Plan	1.19	522	95%	0%	1%	5%	0.17%	4.38%	-	5.80%	24-Sep-02
SC Grindlays Super Saver - Medium Term	2.36	360	54%	2%	4%	39%	-0.12%	3.70%	-	4.48%	08-Jul-03
SC Grindlays Super Saver - Short Term	3.69	201	42%	0%	1%	57%	0.21%	4.12%	6.64%	7.16%	13-Dec-00
Sundaram Short-Term Asset Plan	0.40	263	52%	0%	32%	16%	0.39%	4.73%	-	6.37%	30-Aug-02
Tata Short-Term Fund	0.31	176	16%	3%	70%	11%	0.31%	4.40%	-	6.37%	08-Aug-02
Templeton India Short Term Plan	4.04	631	93%	0%	0%	7%	0.34%	4.42%	-	6.79%	31-Jan-02
UTI Short-term Plan							0.42%	4.27%	-	4.66%	24-Jun-03

Source: ML Research, Mutual Fund fact sheets, MFI Explorer. Note: 1) *Signifies absolute returns. 2) Cash/ Call includes Net Receivables and Payables. 3) Where institutional plans do not have a separate portfolio, we have taken returns of their retail plans.

Table 8: Liquid Funds

	Corpus (Rsbn)	Average Mat (in days)	Bonds / NCDs / Sec Debt	CP/CD/T- bills	Cash / Call & Repo/FD	Monthly Absolute Returns	1-Year Returns	3-Year CAGR Returns	5-Year CAGR Returns	Inception Return CAGR	Issue Close Date
Alliance Cash Manager	10.35	88	54%	28%	18%	0.36%	4.67%	6.03%	7.34%	7.62%	14-May-98
Birla Cash Plus	37.61	121	46%	9%	45%	0.38%	4.33%	5.90%	7.21%	7.96%	16-Jun-97
Chola Liquid	7.35	96	45%	25%	30%	0.36%	4.51%	5.93%	-	6.99%	09-Oct-00
Deutsche Insta Cash Plan	13.83	80	41%	37%	22%	0.39%	4.60%	-	-	5.02%	22-Jan-03
DSP ML Liquidity	20.98	83	21%	34%	45%	0.38%	4.68%	5.97%	6.96%	7.27%	09-Mar-98
HDFC CM - Call Plan	0.06	1	0%	0%	100%	0.33%	3.76%	-	-	4.55%	06-Feb-02
HDFC CM - Investment Plan (D)	0.00	1	0%	0%	100%	0.29%	3.61%	5.46%	-	6.69%	19-Nov-99
HDFC CM - Savings Plan	23.96	113	18%	30%	52%	0.39%	4.64%	6.07%	-	6.31%	19-Nov-99
HDFC Liquid	27.69	126	33%	20%	47%	0.35%	4.28%	5.81%	-	6.59%	17-Oct-00
HSBC Cash Fund	27.49	65	42%	23%	35%	0.38%	4.59%	-	-	5.04%	10-Dec-02
Principal India CM - Liquid Option	25.67	91	27%	16%	58%	0.35%	4.38%	5.88%	-	6.47%	21-Oct-00
Principal India CM - Money at Call	0.09	7	0%	0%	100%	0.37%	4.18%	5.40%	-	5.88%	25-Oct-00
ILFS Liquidity	6.41	129	14%	37%	49%	0.37%	4.58%	5.97%	-	6.04%	23-Jul-01
ING Vysya Liquid	7.50	91	15%	35%	50%	0.37%	4.63%	6.18%	-	7.02%	06-Jan-00
JM High Liquidity	21.98	142	26%	15%	59%	0.35%	4.32%	6.00%	7.74%	9.09%	05-Feb-98
K M K - Liquid	32.63	139	36%	28%	36%	0.35%	4.25%	5.87%	-	6.70%	06-Oct-00
LIC Liquid Fund	15.13	117	NA	NA	NA	0.40%	5.14%	-	-	6.20%	13-Mar-02
Prudential ICICI Liquid	71.55	78	19%	23%	58%	0.38%	4.31%	5.83%	7.28%	7.73%	19-Jun-98
Reliance Liquid Cash Plan	0.14	1	0%	0%	100%	0.33%	4.45%	-	-	4.92%	04-Dec-01
Reliance Liquid Super Cash	0.30	1	0%	0%	100%	0.37%	4.39%	-	-	5.18%	17-Sep-02
Reliance Liquid Treasury Plan	60.17	110	26%	20%	55%	0.37%	4.56%	6.10%	7.05%	7.22%	18-Mar-98
SBI Insta Cash - Cash Plan	4.07	95	54%	32%	14%	0.36%	4.58%	5.90%	7.05%	7.27%	19-May-99
SBI Insta Cash - Dividend	2.42	135	30%	45%	25%	0.32%	4.08%	6.25%	5.02%	7.10%	19-May-99
SBI Inst Income Savings	13.51	95	40%	44%	16%	0.35%	-	-	-	0.25%	21-Nov-03
SC Grindlays Cash Fund	43.60	63	23%	24%	53%	0.38%	4.34%	5.86%	-	5.93%	02-Jul-01
Sundaram Money	8.03	124	37%	49%	14%	0.38%	4.63%	5.91%	-	7.02%	06-Mar-00
Tata Liquid	34.46	104	29%	26%	45%	0.36%	4.49%	6.11%	6.35%	6.95%	29-Aug-98
Templeton India Liquid	3.27	69	21%	24%	55%	0.36%	4.31%	5.88%	7.33%	7.84%	17-Jun-98
Templeton India TMA	47.38	84	11%	39%	50%	0.40%	4.70%	6.17%	7.63%	7.82%	29-Apr-98
UTI Money Market	1.86	19	8%	10%	82%	0.37%	4.46%	-	-	4.58%	23-Apr-97
UTI Liquid Fund - Cash Plan	19.76	182	21%	23%	56%	0.35%	4.20%	5.82%	7.35%	8.36%	24-Jun-03

Source: ML Research, Mutual Fund fact sheets, MFI Explorer. Note: 1) * Signifies absolute returns. 2) Cash/ Call includes Net Receivables and Payables. 3) Where institutional plans do not have a separate portfolio, we have taken returns of their retail plans. 3) **Signifies Modified Duration.

Table 9: Short-term Gilt Funds

	Corpus (Rsbn)	Average Mat (in years)	G-Sec	Call/ / MMkt	Cash	Mthly Absol. Returns	1-Year Returns	3-Yr CAGR Returns	5-Yr CAGR Returns	Inception Return CAGR	Issue Close Date
Alliance Gilt Short Term	0.01	3.480	76%	24%	-0.22%	0.40%	5.26%	-	-	7.65%	28-Oct-99
Birla Gilt Plus - Liquid (A)	0.18	0.343	11%	89%	0.34%	3.59%	7.64%	-	-	9.76%	11-Oct-99
DSPML - Short Duration Plan (B)	0.08	0.670	63%	37%	0.42%	3.63%	6.31%	-	-	8.35%	23-Sep-99
HDFC Gilt - Short Term	0.08	0.553	59%	41%	0.27%	3.32%	6.66%	-	-	6.99%	25-Jul-01
HDFC Sovereign - Savings Gilt	0.01	0.773	81%	19%	0.05%	2.89%	4.23%	-	-	6.01%	04-Feb-00
HSBC Gilt Fund - STP	0.01	0.003	0%	100%	0.26%	-	-	-	-	0.70%	08-Dec-03
IL&FS Gilt Short-Term	0.03	0.506	72%	28%	0.09%	4.46%	-	-	-	10.46%	21-Jan-02
Kotak K-Gilt Savings	0.23	0.200	47%	53%	0.33%	3.76%	6.11%	8.12%	-	8.44%	21-Dec-98
Prudential ICICI Gilt Treasury	0.31	0.592	61%	39%	0.14%	4.38%	7.30%	9.51%	-	9.56%	09-Aug-99
Reliance Gilt Fund - ST	1.11	0.960	68%	32%	-0.05%	2.40%	-	-	-	3.72%	04-Jul-03
SBI Gilt - Short Term Dividend	0.16	0.680	93%	7%	0.41%	1.27%	5.89%	-	-	7.19%	21-Dec-00
SBI Gilt - Short Term Growth	0.13	0.650	95%	5%	0.30%	1.99%	6.76%	-	-	8.04%	21-Dec-00
SC Grindlays - Gilt Short Term	0.02	0.003	0%	100%	0.01%	1.25%	-	-	-	5.95%	01-Mar-02
Sundaram Gilt	0.03	4.310	92%	8%	0.29%	3.55%	5.57%	-	-	6.60%	30-Apr-01
Tata Gilt Short Maturity Fund	0.08	1.000	0%	100%	0.20%	3.35%	-	-	-	4.89%	10-Jan-03
Templeton India Treasury	0.33	0.070	94%	7%	0.30%	3.98%	-	-	-	8.51%	11-Feb-02
UTI Gilt - Short Term	0.71	0.281	55%	45%	0.05%	-	-	-	-	1.90%	NA

Source: ML Research, Mutual Fund fact sheets, MFI Explorer. Note: 1) * Signifies absolute returns. 2) Cash/ Call includes Net Receivables and Payables. 3) Where institutional plans do not have a separate portfolio, we have taken returns of their retail plans.

Table 10: Floating Rate Funds

	Corpus (Rsbn)	Average Mat (in days)	Fixed Rate	Floating Rate	Cash/Call/Repo	Monthly Absolute Returns	1-Year Returns	Inception Return CAGR	Issue Close Date
Birla Floating Rate Fund - ST	5.38	162	5%	50%	45%	0.39%	4.71%	4.76%	04-Jun-03
Birla Floating Rate Fund - LT	2.33	227	1%	61%	38%	0.39%	4.76%	5.02%	04-Jun-03
DSPML Floating Rate Fund	13.37	730	32%	51%	18%	0.41%	4.80%	4.90%	12-May-03
Deutsche Floater	6.31	248	16%	73%	11%	0.39%	-	3.98%	20-Oct-03
HDFC Floating Rate - ST	12.49	263	73%	21%	6%	0.39%	4.60%	4.94%	16-Jan-03
HDFC Floating Rate - LT	2.99	380	73%	24%	3%	0.39%	4.20%	4.51%	16-Jan-03
JM Floater - ST	4.18	270	52%	43%	6%	0.40%	5.02%	4.94%	25-Jun-03
JM Floater - LT	0.05	33	22%	0%	78%	0.26%	3.30%	3.34%	25-Jun-03
Kotak Floater - ST	6.73	343	53%	41%	6%	0.39%	4.83%	4.91%	14-Jul-03
Kotak Floater - LT	2.67	405	66%	25%	9%	-	-	0.28%	09-Aug-04
SC Grindlays Floating Rate - ST	20.54	92	28%	65%	7%	0.39%	4.58%	4.91%	18-Feb-03
SC Grindlays Floating Rate - LT	9.33	138	20%	60%	20%	-	-	0.40%	30-Jul-04
Prudential ICICI Floating Rate	20.80	113	27%	65%	8%	0.40%	4.77%	4.88%	30-Mar-03
SBI Magnum Income - FRP - LT	0.47	73	4%	89%	7%	0.32%	-	0.48%	19-Jul-04
SBI Magnum Income - FRP - ST	3.87	175	35%	62%	3%	0.38%	-	0.59%	19-Jul-04
Tata FRF - LT	0.04	1	0%	0%	100%	0.31%	-	2.56%	28-Dec-03
Tata FRF - ST	3.70	79	2%	75%	23%	0.39%	-	3.16%	28-Dec-03
Templeton Floating Rate Long-Term	10.57	405	12%	85%	3%	0.38%	4.82%	6.18%	02-Feb-02
Templeton Floating Rate Short-Term	29.45	241	13%	85%	2%	0.43%	4.74%	6.08%	02-Feb-02

Source: ML Research, Mutual Fund fact sheets, MFI Explorer. Note: 1) *Signifies absolute returns. 2) Cash/ Call includes Net Receivables and Payables.

Footnote:

Past performance may or may not be sustained in the future.

30-day returns are absolute returns. 365-day Returns are annualized returns. 3-year, 5-year, and Inception Returns are calculated on a compounded annualized basis. Since Inception returns for funds that have not been in existence for one year are absolute returns.

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