

April 2005

Ashish Agrawal
ashish_agrawal@ml.com
91 22 5632 8805

Mutual Fund Debt Monthly

Remain Focussed On Short Duration Funds

Mutual Funds

Market View

- Bearish factors in the recent past have had little effect on yields. While part of this can be attributed to moderating rate hike expectations following lower inflation, bulk of the strength was on account of negligible supply. This is set to change with the start of the borrowing program. We expect this to trigger yields higher.

Recommendations

- **Short-term:** We remain bearish in the short-term and expect yields to rise as supply hits the market. As a result, funds with mark-to-market (MTM) exposure will likely under perform and give negative returns. Recommend investments in cash funds only.
- **Long-term:** There is no change in our recommendations for long-term investors. We maintain our recommendation of concentrating investments in floating rate funds, short-term debt funds and fixed maturity plans.

Fund Manager Survey

- We asked fund managers on what they expect the RBI to do on the Reverse Repo rate in the Annual Policy. 69% of the respondents expect the RBI to keep the repo rate unchanged while the remaining 31% expect a hike in the reverse repo rate.

Highlights of March

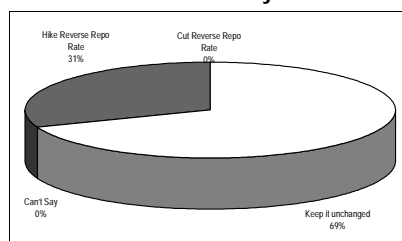
- Gilts traded in a tight range. Many negatives, the higher borrowing program, higher crude prices, higher UST yields, the Fed Funds rate hike and the borrowing calendar announcement pushed the 10yr from 6.55% to 6.69%. GoI officials tried to talk the market up and light-trading positions supported levels despite the spate of negatives. Lower inflation, better liquidity and no fuel price hikes were the only other positives.
- Mutual funds witnessed outflows of Rs99bn as investors paid taxes and positioned for year-end considerations. Apart from investor positioning, there are signs that institutional money is leaving the system. The largest outflow was from floating rate funds followed by cash funds. Surprisingly, income funds witnessed inflows in March.
- Fund managers were bearish, reducing average maturities and increasing cash levels.
- 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 9. Analyst Certification on page 8.

Chart 1: Will RBI Announce A Rate Move In The Annual Policy?

Source: ML Research

Table 1: View on Gilt Markets

1-Month View	Apr-05	Mar-05	Feb-05
Bullish	0%	8%	47%
Stable	15%	33%	27%
Bearish	85%	58%	27%

12-Month View	Apr-05	Mar-05	Feb-05
Bullish	23%	17%	13%
Stable	38%	17%	47%
Bearish	38%	67%	40%

Source: ML Research.

Table 2: View On Spreads

1-Month View	Apr-05	Mar-05	Feb-05
Widening	31%	75%	33%
Stable	38%	25%	60%
Narrowing	31%	0%	7%

12-Month View	Apr-05	Mar-05	Feb-05
Widening	62%	75%	67%
Stable	38%	25%	33%
Narrowing	0%	0%	0%

Source: ML Research.

Table 3: Duration Strategy (1-Month View)

Income	Apr-05	Mar-05	Feb-05
Increase	8%	8%	53%
Stable	62%	50%	20%
Decrease	23%	42%	20%
No Response	8%	0%	7%

Long-term Gilt	Apr-05	Mar-05	Feb-05
Increase	15%	8%	53%
Stable	38%	33%	7%
Decrease	23%	50%	20%
No Response	23%	8%	20%

Source: ML Research.

Fund Manager Survey – April 2005

We surveyed Fund Managers and CIOs in early April for their views on the market and their portfolio strategies. Compiled below are responses from 13-fund managers/CIOs, managing over Rs949bn in assets.

Question for the month

We asked fund managers and CIOs on what they expect the RBI to do on the Reverse Repo rate in the Annual Policy. The options were “Can’t say”, “Cut reverse repo rate”, “Keep it unchanged” and “Hike reverse repo rate”.

Most of the fund managers (9 of 13) comprising almost 70% of the respondents expect the RBI to keep the repo rate unchanged while the remaining 4 fund managers expect a hike in the reverse repo rate. No fund manager expects a cut in the rate while no one expressed any uncertainty.

Markets

Bearish sentiments were further emphasised with 85% of the fund managers expecting the market to be bearish in April. The remaining 15% of the fund managers expect the current levels to persist and no fund manager is bullish in the short term. However, over a one-year horizon, fund managers seem more optimistic with 23% expecting a bullish market. Bearish sentiments receded substantially to 38% from 67%. However, 38% now expect stability in the markets. This likely highlights the changing sentiment over a one –year horizon.

Credit Spreads

In a surprising departure from the increased bearish sentiment expressed by the fund managers, only 31% expect spreads to widen and an equal percentage expect them to narrow. The majority, 38% expect them to remain stable.

In the long term, views were biased towards widening spreads (62%) and remaining stable (38%). No fund manager expects spreads to narrow.

Returns

The outlook on returns remained aligned with the bearish sentiment of fund managers. Floating rate funds once again emerged as the most preferred category over a 1yr horizon followed by long term gilt funds. A quarter now placed short-term debt funds in the premier position. No fund manager assigned any preference to income funds or short term gilt funds.

Portfolio Strategy

In the income fund category, more fund managers now preferred keeping duration stable (62%) and about a fourth (23%) wanted to lower duration. The percentage of fund managers wanting to increase duration remained unchanged from last month (8%). In line with stability in duration, fund managers wanted to keep bond allocation (46%), gilt allocation (46%) and cash allocation (46%) stable. The next choice was to reduce duration and increase cash. Preference for stability showed in gilt funds with 38% wanting to keep duration and 38% gilt allocation stable.

Economy

Views on a strong economy clearly lost its flavour with only 38% (from 83% last month) expecting a stronger economy. The majority (54%) expects the economy to remain stable. While a minor 8% expect a weaker economy (from 0% last month).

Fund managers expect stability in inflation levels (54%) while only 31% (from 58%) now expect a rise and 15% expect a decline.

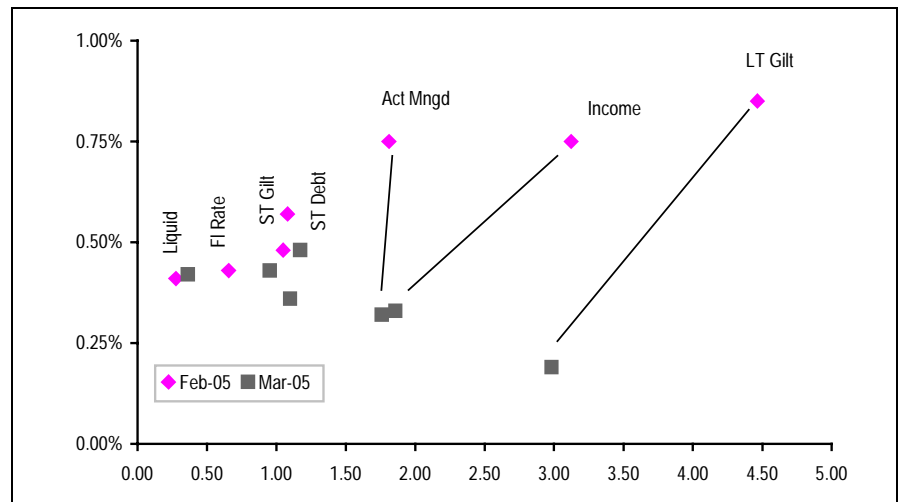
Views on rupee strength showed a turnaround with 54% (from 8%) expecting it to depreciate and 31% expecting it to appreciate. 15% of the fund managers expect rupee stability showing that strong rupee views were declining.

Quick View

Returns Performance

Gilts traded in a tight range during March. Many negatives, the higher borrowing program, higher crude prices, higher UST yields, the Fed Funds rate hike and the borrowing calendar announcement could only push the 10yr higher from 6.55% to 6.69%. GoI officials tried to talk the market up and light-trading positions supported levels despite the spate of negatives. Lower inflation numbers, better than expected liquidity conditions and no fuel price hikes were the only other positives. Credit spreads widened and 5yr bond yields rose around 12bp.

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

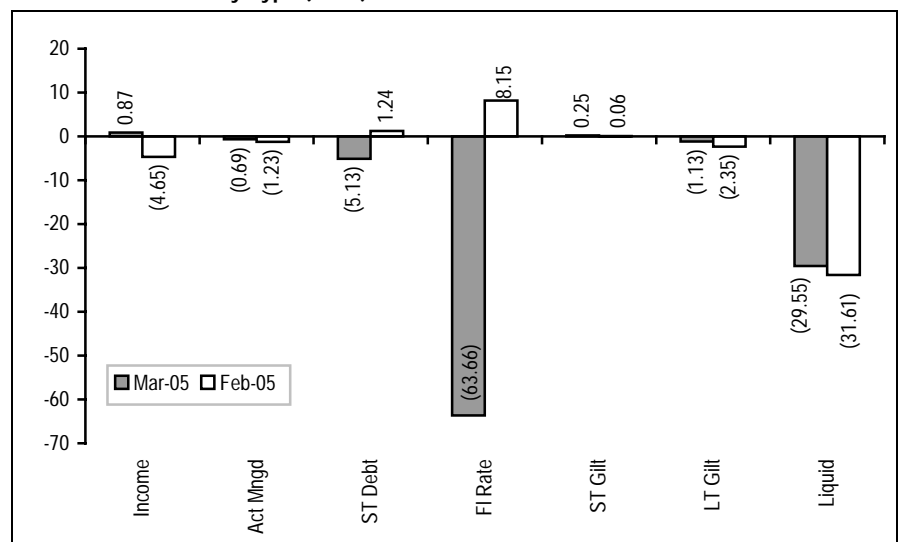


Source: ML Research, Mutual Fund fact sheets

Fund Flows Monitor

Floating Rate funds witnessed the largest ever outflows dragging the net outflows in debt mutual funds to its highest since Mar 04. In a surprising reversal, income funds saw marginal inflows while short-term debt saw substantial outflows. Trends in the other categories remained largely unchanged.

Chart 3: Fund Flows by Type (Rsbn)



Source: ML Research, Mutual Fund fact sheets.

Overall, returns fell with the weakness proportionate to duration. There were capital losses and funds with MTM exposure underperformed cash and floating rate funds. Short-term debt funds yielded the highest absolute returns.

There was a sharp drop in average maturity of long duration funds, likely positioning for bearishness.

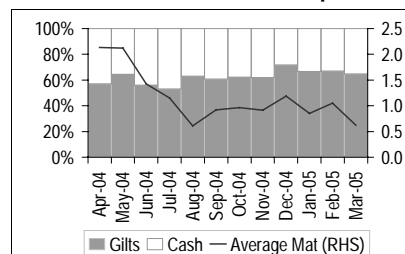
Fixed income funds witnessed outflows of Rs99.05bn, due to advance tax payments and fiscal end accounting reasons.

AUM of floating rate funds witnessed the highest outflows as investors had bulk of their short-term surplus parked in them.

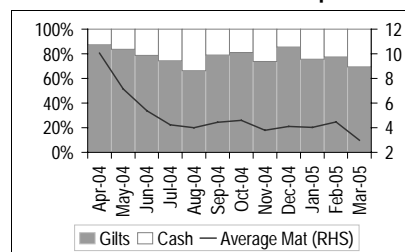
Table 4: Floating Rate Funds

Type of Security	% Allocation
Fixed Rate	41.50%
Floating Rate	51.57%
Cash/Call	6.93%

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 show some increasing risk appetite for this category though fund managers' actions indicate the reverse. We are bearish and expect large flows only after yields approach the old highs of 7.25%.

Fund Categories

■ Liquid Funds

Liquid funds continue to lose AUM on tax outflows and year-end accounting reasons. We are witnessing outflows of corporate surpluses after the large outflows from the banking system as corporates are deploying funds in their own businesses. Returns were largely stable.

■ Floating Rate Funds

Floating rate funds witnessed the largest outflows on account of the same reasons as cash funds. The sharp fall was also because most investors were now using short-term floating rate funds for cash management. The asset allocation changed as fund managers used cash to meet redemptions and the percentage of fixed and floating rate instruments increased. Returns remained unchanged and average maturity increased marginally.

■ Long-Term Gilt and Short-Term Gilt Funds

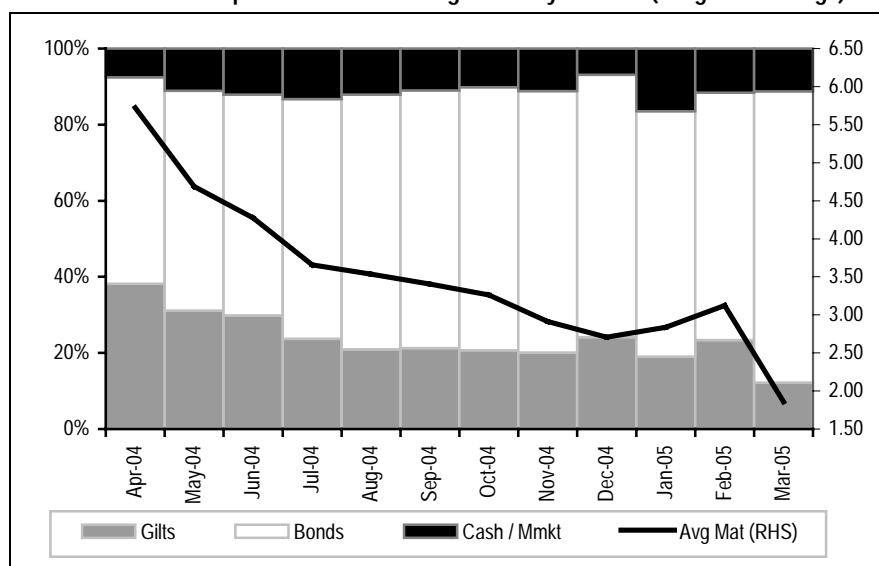
Short-term gilt funds (STGF) and long-term gilt funds (LTGF) continued to witness inflows and outflows, respectively. Fund managers increased cash in both categories, which subsequently resulted in a fall in their average maturities. Both categories saw a fall in the returns on the weakness in the markets in March.

■ Actively Managed Funds

The weakness in the markets was also reflected in performance of actively managed funds. The pace of outflows has eased, this category has lost Rs21bn of AUM since May 04, taking outstanding AUM to Rs3.59bn. This category is losing flavour, as fund managers could not outperform using market volatility though they managed to hedge returns when compared with gilt or income funds.

■ Income Funds

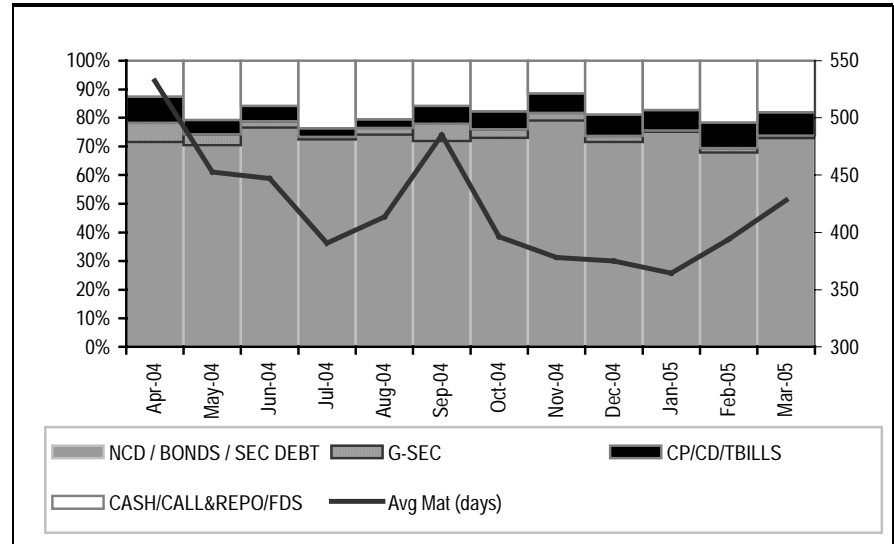
Income funds witnessed marginal inflows for the first time since Oct 03. This category was one of the two categories that got inflows in March. Fund managers altered their portfolios, increasing allocation to bonds by reducing the gilt allocation, likely to maintain accrual while reducing duration. As a result, average maturities declined sharply falling to the lowest in over two years.

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.

Short-term debt funds witnessed outflows after a positive run last month.

Thus average maturities increased as a result of higher bond allocation and lower cash levels.

Though returns on short-term funds were the highest among all categories they were lower than the previous month.

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	0.72	2.700	27.70%	46.60%	25.70%	0.39%	0.33%	6.90%	9.78%	10.92%	3-Mar-97
Birla Bond Index	0.06	3.160	30.53%	42.14%	27.33%	0.40%	-0.63%	-	-	3.48%	9-May-03
Birla Income Plus	4.20	1.590	9.94%	70.34%	19.72%	0.30%	-0.67%	6.82%	9.69%	11.49%	21-Oct-95
Chola Triple Ace	0.29	1.380	22.78%	70.74%	6.48%	-0.08%	-0.29%	6.43%	9.15%	10.82%	15-Mar-97
Deutsche Premier Bond - Institutional	0.20	4.82	35.86%	60.26%	3.88%	0.55%	1.72%	-	-	6.13%	3-Feb-03
Deutsche Premier Bond - Regular						0.47%	0.80%	-	-	5.27%	3-Feb-03
DSP ML Bond - Retail	1.43	3.050	19.15%	51.37%	29.48%	0.26%	0.53%	6.79%	10.01%	11.07%	29-Apr-97
HDFC HIF	1.26	2.800	8.67%	87.16%	4.17%	0.37%	-0.07%	7.08%	10.04%	11.04%	11-Apr-97
HDFC Income	5.65	3.540	11.16%	76.08%	12.76%	0.27%	0.36%	7.29%	-	10.58%	11-Sep-00
HSBC Income – Invst- Reg.	0.70	2.138	15.74%	82.67%	1.59%	0.31%	0.80%	-	-	5.67%	10-Dec-02
ING Vysya Income	0.46	2.580	31.88%	65.99%	2.13%	0.28%	0.34%	5.93%	8.75%	9.26%	29-Apr-99
ING Vysya Select Debt Fund	1.11	1.750	1.44%	91.52%	7.04%	0.48%	-	-	-	2.80%	30-Aug-04
JM Income	0.67	0.332	0.00%	51.70%	48.30%	0.23%	0.99%	7.44%	10.81%	10.11%	22-Dec-94
Kotak Bond Deposit	0.77	1.88	25.33%	67.89%	6.78%	0.16%	1.09%	7.20%	9.95%	10.43%	25-Nov-99
Kotak Bond Wholesale						0.21%	1.70%	7.80%	10.60%	11.11%	25-Nov-99
LIC Bond	2.94	1.790	0.00%	90.80%	9.20%	0.27%	0.85%	7.11%	9.78%	10.81%	26-May-99
Principal Income	1.02	1.700	37.48%	50.50%	12.02%	0.34%	0.99%	7.47%	-	10.71%	25-Oct-00
Principal Money Value Bond	0.00	-	-	-	-	0.32%	1.14%	-	9.56%	10.30%	23-Nov-98
PNB Debt	0.01	-	-	-	-	0.26%	-4.44%	6.26%	11.21%	11.58%	30-Jun-99
Prudential ICICI Income	4.41	1.960	36.48%	51.98%	11.54%	0.36%	0.25%	-	9.64%	10.61%	19-Jun-98
Reliance Income - Retail	0.59	1.530	18.29%	43.22%	38.49%	0.45%	2.59%	7.69%	10.01%	10.83%	27-Dec-97
SBI Magnum Income	2.68	3.390	20.19%	61.55%	18.26%	0.31%	-0.60%	6.06%	9.01%	9.92%	30-Nov-98
SC Grindlays SSIF - Invst.	2.35	1.633	2.50%	87.89%	9.61%	0.27%	-1.09%	6.43%	-	9.83%	7-Jul-00
Sahara Income Fund	0.04	1.120	53.38%	36.59%	10.03%	0.14%	0.50%	5.51%	-	5.39%	21-Feb-02
Sundaram Bond Saver	1.77	2.840	27.45%	68.36%	4.19%	0.13%	-0.58%	6.89%	9.67%	10.82%	12-Nov-97
Tata Income Plus - HIP	0.64	0.94	3.59%	49.90%	46.51%	-0.01%	-0.24%	-	-	5.12%	21-Nov-02
Tata Income Plus - RIP						-0.01%	-0.25%	-	-	5.03%	21-Nov-02
Templeton India IBA - B	2.35	2.440	4.86%	89.12%	6.02%	0.49%	-0.34%	7.11%	10.19%	11.55%	24-Jun-97
Templeton India Income	3.28	1.250	6.82%	89.24%	3.94%	0.26%	0.20%	6.89%	9.67%	11.36%	1-Mar-97
UTI Bond	10.24	0.235	0.00%	96.91%	3.09%	0.46%	1.63%	6.50%	8.94%	9.84%	17-Jun-98
IL&FS Bond	0.88	2.860	39.68%	38.66%	21.66%	0.44%	0.37%	7.17%	9.64%	10.06%	12-Jul-99
ABN AMRO Flexi Debt Fund	0.28	0.332	0.00%	109.49%	-9.49%	0.27%	-	-	-	1.90%	02-Sep-04
Birla Dynamic Bond Fund	0.18	0.490	0.00%	93.80%	6.20%	-	-	-	-	1.12%	-
Deutsche Dynamic Plan	0.01	3.120	55.18%	26.07%	18.75%	0.27%	1.83%	-	-	1.78%	-
Sundaram Dynamic Asset Plan	0.03	0.500	0.00%	77.40%	22.60%	0.07%	0.28%	-	-	7.88%	04-Sep-02
Prudential ICICI Flexible Income	1.82	1.847	35.08%	61.39%	3.53%	0.38%	1.91%	-	-	8.14%	27-Sep-02
SC Grindlays - Dynamic Bond Fund	1.12	2.253	0.00%	0.9166	0.0834	0.28%	0.73%	-	-	7.37%	25-Jun-02
Sundaram Income Plus	0.17	1.350	0.00%	93.56%	6.44%	0.42%	3.25%	-	-	6.52%	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 Returns	Mthly Absol. Returns	1-Year Returns	3-Yr CAGR Returns	5-Yr CAGR Returns	Inception Retn CAGR	Issue Close Date
Alliance Gilt Long Term	0.08	4.870	72.80%	27.20%	0.48%	-1.57%	8.75%	11.52%	11.89%	28-Oct-99
Birla Gilt Plus - PF Plan (B)	2.02	4.500	77.37%	22.63%	0.39%	-1.89%	8.44%	12.27%	12.47%	11-Oct-99
Birla Gilt Plus - Regular (C)	1.34	3.510	60.93%	39.07%	0.37%	-1.33%	9.00%	13.97%	14.54%	11-Oct-99
Chola Gilt Investment	0.06	4.200	90.95%	9.05%	0.27%	-0.25%	8.76%	-	12.48%	28-Mar-00
DSPML - Longer Duration Plan (A)	0.48	3.590	57.59%	42.41%	0.33%	-0.11%	-	14.35%	14.70%	23-Sep-99
HDFC Gilt - Long Term	0.99	3.100	42.05%	57.95%	0.28%	-2.48%	7.77%	-	11.49%	25-Jul-01
HDFC Sovereign - Investment Plan	0.01	3.740	89.41%	10.59%	0.52%	-1.80%	4.69%	8.57%	8.38%	4-Feb-00
HDFC Sovereign - Provident Plan	0.04	7.020	96.10%	3.90%	0.79%	-1.42%	6.59%	11.57%	10.98%	4-Feb-00
JM G-Sec PF Plan	0.06	0.005	0.00%	100.00%	0.21%	0.20%	8.19%	13.48%	13.90%	29-Sep-99
JM G-Sec PF Plus Plan	0.24	0.005	0.00%	100.00%	0.24%	0.36%	-	-	1.95%	15-Jan-04
JM G-Sec Regular	0.10	0.005	0.00%	100.00%	0.22%	0.04%	7.51%	12.76%	13.05%	25-Sep-99
Kotak K-Gilt Investment	1.30	1.200	102.56%	-2.56%	-0.14%	0.26%	8.90%	13.32%	13.29%	1-May-99
LIC G-Sec	2.54	5.300	71.36%	28.64%	0.00%	-0.52%	7.06%	10.67%	11.03%	29-Nov-99
Principal India Gilt Investment	1.28	1.500	12.99%	87.01%	0.41%	-0.62%	7.72%	-	11.08%	23-Aug-01
Principal India Gilt Provident	1.28	2.100	74.78%	25.22%	0.20%	-0.73%	-	-	0.05%	still to do
Prudential ICICI Gilt Investment	2.74	2.100	89.51%	10.49%	0.26%	-0.32%	-	12.87%	13.31%	9-Aug-99
Reliance Gilt Fund - LT	1.39	0.520	58.45%	41.55%	0.41%	4.49%	-	-	7.92%	4-Jul-03
SBI Gilt - Long Term Dividend	2.21	3.780	96.56%	3.44%	0.22%	-2.26%	6.23%	-	10.81%	10-Jan-01
SBI Gilt - Long Term Growth	5.69	4.600	84.71%	15.29%	0.16%	-1.91%	6.74%	-	11.27%	21-Dec-00
SC Grindlays - Long Term	0.12	0.808	37.00%	63.00%	0.19%	-1.55%	6.80%	-	7.21%	1-Mar-02
Sahara Gilt Fund	0.59	3.130	91.71%	8.29%	0.00%	-2.27%	4.14%	-	4.27%	21-Feb-02
Tata Gilt	4.66	1.860	37.33%	62.67%	0.09%	-3.90%	8.64%	14.11%	14.46%	3-Aug-99
Templeton India Gilt Fund	0.77	0.800	69.18%	30.82%	0.28%	0.76%	-	-	13.14%	21-Jun-99
UTI Gilt	4.45	2.75	81.56%	18.44%	0.17%	-2.29%	6.71%	10.35%	10.72%	4-Sep-99
IL&FS Gilt - Long Term	0.87	1.900	39.17%	60.83%	0.25%	-0.63%	10.16%	-	10.64%	21-Jan-02

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	0.05	99	46.50%	0.00%	20.20%	33.30%	0.57%	4.68%	-	5.95%	18-Apr-02
Birla Bond Plus	1.33	256	78.31%	0.00%	9.69%	12.00%	0.44%	4.66%	6.22%	6.42%	26-Nov-01
Chola Freedom Income - Short Term	0.53	234	70.25%	0.00%	15.46%	14.29%	0.21%	3.68%	5.54%	0.80%	08-Mar-02
Deutsche Short Maturity Fund	1.07	610	71.75%	5.03%	18.63%	4.59%	0.47%	4.63%	-	5.64%	28-Jan-03
DSP ML Short-term Plan	1.09	471	65.42%	9.29%	0.00%	25.29%	0.45%	4.19%	-	5.84%	09-Sep-02
HDFC HIF - Short Term Plan	0.58	299	61.72%	0.00%	0.00%	38.28%	0.42%	3.83%	6.20%	6.33%	06-Feb-02
HDFC Short Term Plan	0.92	449	78.93%	0.00%	6.80%	14.27%	0.45%	3.80%	5.91%	6.00%	25-Feb-02
HSBC Income - Short-term Plan	0.54	330.9	57.00%	0.00%	41.00%	2.00%	0.41%	4.10%	-	5.18%	10-Dec-02
ING Short-Term Plan	0.05	285	40.27%	0.00%	28.68%	31.05%	0.54%	4.95%	-	6.12%	19-Aug-02
JM Short term Bond	0.42	375	79.59%	0.00%	0.00%	20.41%	0.42%	4.67%	-	6.43%	24-Jun-02
K M K Short-Term Plan	0.40	256	72.77%	3.03%	11.86%	12.34%	0.47%	4.61%	-	6.19%	25-Apr-02
Principal - Short Term Plan	0.86	438	79.13%	0.00%	5.50%	15.37%	0.50%	4.90%	-	6.29%	24-Apr-02
Prudential ICICI Short-Term Plan	5.18	495	77.50%	0.00%	0.00%	22.50%	0.58%	5.31%	6.57%	6.91%	25-Oct-01
Reliance Short-Term Plan	0.53	120	26.05%	0.00%	18.32%	55.63%	0.53%	5.36%	-	6.28%	23-Dec-02
SBI Short-term Plan	0.08	1	1.83%	0.00%	0.00%	98.17%	0.51%	4.28%	-	5.51%	24-Sep-02
SC Grindlays Super Saver - Medium Term	0.22	472.2	57.10%	0.00%	38.57%	4.33%	0.37%	1.59%	-	3.53%	08-Jul-03
SC Grindlays Super Saver - Short Term	0.78	388.2	63.44%	0.00%	29.11%	7.45%	0.40%	3.71%	5.98%	6.77%	13-Dec-00
Sahara Short Term Plan	0.03	7	35.40%	0.00%	51.62%	12.98%	0.26%	4.49%	-	6.22%	11-Sep-02
Sundaram Short-Term Asset Plan	0.06	252	51.82%	0.00%	31.33%	16.85%	0.41%	4.76%	-	5.97%	30-Aug-02
Tata Short-Term Fund	0.14	79	46.24%	0.00%	0.00%	53.76%	0.42%	5.02%	-	6.20%	08-Aug-02
Templeton India Short Term Plan	1.36	613	93.61%	0.00%	0.00%	6.39%	0.49%	4.36%	6.39%	6.44%	31-Jan-02
UTI Liquid Fund - STP - Growth	0.60	402	78.31%	0.00%	16.66%	5.03%	0.47%	4.61%	-	4.90%	21-Jan-02
UTI Bond Advantage Short-term Plan	0.01	164	92.42%	0.00%	0.00%	7.58%	0.33%	4.32%	6.14%	6.24%	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
ABN AMRO Cash Fund	3.79	126.00	46.13%	51.30%	2.57%	0.44%	-	-	-	2.87%	02-Sep-04
Alliance Cash Manager	4.56	64.00	63.10%	27.30%	9.60%	0.41%	4.63%	5.51%	6.73%	7.38%	14-May-98
Birla Cash Plus	35.21	80.75	39.12%	27.75%	33.13%	0.42%	4.57%	5.35%	6.67%	7.72%	16-Jun-97
Chola Liquid	7.16	95.00	47.35%	16.85%	35.80%	0.44%	4.73%	5.40%	-	6.72%	09-Oct-00
Deutsche Insta Cash Plan	9.66	259.15	59.17%	31.99%	8.84%	0.42%	4.74%	-	-	4.99%	22-Jan-03
DSP ML Liquidity	12.13	275.00	27.28%	51.04%	21.68%	0.44%	4.81%	5.49%	6.50%	7.08%	09-Mar-98
HDFC CM - Call Plan	0.20	4.00	0.00%	0.00%	100.00%	0.35%	4.15%	4.44%	-	4.53%	06-Feb-02
HDFC CM - Savings Plan	19.57	137.00	19.58%	44.99%	35.43%	0.44%	4.80%	5.56%	6.38%	6.16%	19-Nov-99
HDFC Liquid	20.04	122.00	26.27%	35.51%	38.22%	0.43%	4.57%	5.28%	-	6.36%	17-Oct-00
HSBC Cash Fund	22.49	94.80	54.00%	38.00%	8.00%	0.42%	4.67%	-	-	4.99%	10-Dec-02
Principal India CM - Liquid Option	25.45	117.00	28.04%	42.82%	29.14%	0.42%	4.56%	5.36%	-	6.25%	21-Oct-00
Principal India CM - Money at Call	0.07	1.00	0.00%	0.00%	100.00%	0.35%	4.35%	4.93%	-	5.69%	25-Oct-00
ING Vysya Liquid	4.52	120.45	14.65%	35.10%	50.25%	0.43%	4.68%	5.62%	6.62%	6.78%	06-Jan-00
JM High Liquidity	17.42	127.39	23.28%	34.67%	42.05%	0.39%	4.37%	5.37%	6.77%	8.72%	05-Feb-98
K M K - Liquid	29.50	105.85	36.25%	32.12%	31.63%	0.40%	4.33%	5.28%	-	6.42%	06-Oct-00
LIC Liquid Fund	8.05	213.90	76.54%	6.44%	17.02%	0.45%	5.02%	5.93%	-	6.00%	13-Mar-02
Prudential ICICI Liquid	56.84	150.84	38.29%	26.74%	34.97%	0.42%	4.60%	5.35%	6.71%	7.48%	19-Jun-98
Reliance Liquid Cash Plan	2.19	1.00	11.86%	0.00%	88.14%	0.38%	4.21%	4.71%	-	4.86%	04-Dec-01
Reliance Liquid Treasury Plan	20.09	153.30	27.88%	51.28%	20.84%	0.42%	4.51%	5.54%	6.66%	7.01%	18-Mar-98
SBI Insta Cash - Cash Plan	1.63	95.00	27.87%	40.94%	31.19%	0.42%	4.56%	5.36%	6.55%	7.01%	19-May-99
SBI Inst. Income Savings	18.70	185.00	53.34%	43.83%	2.83%	0.45%	4.89%	-	-	4.79%	21-Nov-03
SC Grindlays Cash Fund	23.68	144.00	31.03%	61.91%	7.06%	0.40%	4.51%	5.31%	-	5.73%	02-Jul-01
Sahara Liquid Fund	1.39	58.00	66.73%	20.26%	13.01%	0.44%	4.87%	5.70%	-	5.76%	19-Feb-02
Sundaram Money	5.00	135.05	22.02%	59.48%	18.50%	0.43%	4.81%	5.49%	6.75%	6.78%	06-Mar-00
Tata Liquid	23.17	108.00	72.28%	0.00%	27.72%	0.39%	4.49%	5.39%	6.22%	6.74%	29-Aug-98
Templeton India TMA	23.48	138.70	18.61%	48.52%	32.87%	0.44%	4.77%	5.62%	6.96%	7.56%	29-Apr-97
UTI Money Market	0.78	105.70	0.00%	67.74%	32.26%	0.50%	4.74%	5.37%	6.80%	8.12%	23-Apr-97
UTI Liquid Fund - Cash Plan	25.73	99.94	45.92%	44.17%	9.91%	0.44%	4.77%	-	-	4.73%	24-Jun-03
UTI Liquid Advantage - Growth	0.19	18.00	23.81%	73.76%	2.43%	0.44%	4.70%	5.44%	-	5.85%	23-Jul-01

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/ Cash / MMkt	Mthly Absol. Returns	1-Year Returns	3-Yr CAGR Returns	5-Yr CAGR Returns	Inception Return CAGR	Issue Close Date
Alliance Gilt Short Term	0.00	1.850	52.60%	47.40%	0.32%	-0.63%	3.82%	6.56%	7.01%	28-Oct-99
Birla Gilt Plus - Liquid (A)	0.24	0.166	44.40%	55.60%	0.40%	4.62%	6.17%	8.75%	9.32%	11-Oct-99
DSPML - Short Duration Plan (B)	0.16	0.150	89.23%	10.77%	0.36%	3.38%	-	7.64%	7.92%	23-Sep-99
HDFC Gilt - Short Term	0.11	0.658	36.74%	63.26%	0.30%	3.27%	4.91%	-	6.45%	25-Jul-01
HDFC Sovereign - Savings Gilt	0.00	0.112	28.69%	71.31%	0.22%	2.17%	3.70%	5.61%	5.61%	04-Feb-00
HSBC Gilt Fund - STP	0.01	0.010	0.00%	100.00%	0.27%	1.84%	-	-	2.18%	08-Dec-03
Kotak K-Gilt Savings	0.27	2.790	90.67%	9.33%	0.31%	5.04%	5.53%	7.54%	8.19%	21-Dec-98
Prudential ICICI Gilt Treasury	0.39	0.522	78.78%	21.22%	0.36%	3.65%	-	8.45%	9.06%	09-Aug-99
Reliance Gilt Fund - ST	0.07	0.003	0.00%	100.00%	0.25%	1.02%	-	-	3.68%	04-Jul-03
SBI Gilt - Short Term Growth	0.05	1.810	79.44%	20.56%	0.34%	2.22%	5.39%	-	7.51%	21-Dec-00
SC Grindlays - Gilt Short Term	0.01	0.343	80.04%	19.96%	0.31%	-0.04%	5.06%	-	5.07%	01-Mar-02
Sundaram Gilt	0.02	0.500	0.00%	100.00%	0.14%	1.51%	4.20%	-	5.69%	30-Apr-01
Tata Gilt Short Maturity Fund	0.17	0.003	0.00%	100.00%	0.25%	2.56%	-	-	4.48%	10-Jan-03
Templeton India Treasury	0.47	2.230	88.08%	11.92%	0.46%	4.06%	7.84%	-	7.82%	11-Feb-02
UTI Gilt - Short Term	0.08	0.11	26.34%	73.66%	0.39%	3.33%	-	-	3.64%	16-Dec-03
IL&FS Gilt Short-Term	0.01	0.030	26.00%	74.00%	0.34%	2.40%	9.20%	-	9.41%	21-Jan-02

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
ABN AMRO Floating Rate Fund	2.85	86.00	47.40%	51.00%	1.60%	0.44%	-	2.82%	02-Sep-04
Birla Floating Rate Fund - ST	7.74	224.17	12.16%	79.94%	7.90%	0.43%	5.03%	5.12%	04-Jun-03
Birla Floating Rate Fund - LT	4.26	186.36	25.28%	62.60%	12.12%	0.42%	4.91%	4.89%	04-Jun-03
DSPML Floating Rate Fund	22.43	700.00	69.75%	27.64%	2.61%	0.42%	5.15%	5.08%	12-May-03
Deutsche Floater	4.59	335.80	18.78%	80.00%	1.22%	0.45%	4.95%	4.84%	20-Oct-03
HDFC Floating Rate - ST	16.97	247.00	26.19%	70.00%	3.81%	0.44%	4.86%	4.97%	16-Jan-03
HDFC Floating Rate - LT	3.30	686.20	40.67%	55.00%	4.33%	0.41%	4.60%	4.59%	16-Jan-03
HSBC Floating Rate - ST	8.81	108.00	15.73%	77.39%	6.88%	0.44%	-	2.10%	09-Nov-04
HSBC Floating Rate - LT	6.48	144.90	20.71%	76.19%	3.10%	0.45%	-	2.19%	09-Nov-04
JM Floater - ST	3.47	287.99	73.91%	24.44%	1.65%	0.45%	5.02%	5.05%	25-Jun-03
JM Floater - LT	1.57	287.99	81.19%	15.96%	2.85%	0.43%	4.07%	3.87%	25-Jun-03
Kotak Floater - ST	9.59	189.80	61.05%	40.00%	-1.05%	0.46%	4.90%	5.01%	14-Jul-03
Kotak Floater - LT	5.77	233.60	24.99%	46.00%	29.01%	0.44%	-	3.34%	09-Aug-04
SC Grindlays Floating Rate - ST	13.49	123.62	23.33%	75.00%	1.67%	0.42%	4.67%	4.91%	18-Feb-03
SC Grindlays Floating Rate - LT	9.86	216.53	30.17%	67.00%	2.83%	0.44%	-	3.39%	30-Jul-04
Principal Floating rate Fund- SMP	5.20	255.50	69.12%	28.94%	1.94%	0.44%	-	2.87%	07-Sep-04
Principal Floating rate Fund- FMP	5.20	547.50	50.30%	43.10%	6.60%	0.46%	-	3.01%	07-Sep-04
Prudential ICICI Floating Rate - ST	28.78	203.31	61.88%	41.92%	-3.80%	0.44%	4.92%	4.95%	30-Mar-03
Prudential ICICI Floating Rate - LT	6.68	386.90	57.49%	34.78%	7.73%	0.47%	-	2.92%	06-Sep-04
Reliance Floating Rate Fund	9.58	726.35	16.79%	67.50%	15.71%	0.44%	-	2.96%	30-Aug-04
SBI Magnum Income - FRP - LT	2.20	248.20	23.45%	53.97%	22.58%	0.34%	-	3.36%	19-Jul-04
SBI Magnum Income - FRP - ST	0.39	58.40	0.00%	77.45%	22.55%	0.37%	-	3.44%	19-Jul-04
Sundaram FRF - LTIP - Growth	1.29	105.85	68.60%	20.00%	11.40%	0.39%	-	1.22%	30-Dec-04
Sundaram FRF - STIP - Growth	0.16	218.27	82.83%	12.00%	5.17%	0.43%	-	1.37%	30-Dec-04
Tata FRF - LT	0.12	-	-	-	-	0.28%	3.78%	3.83%	28-Dec-03
Tata FRF - ST	6.73	141.26	49.74%	50.00%	0.26%	0.45%	-	3.01%	28-Dec-03
Templeton Floating Rate Long-Term	12.89	489.10	-	-	7.02%	0.41%	4.91%	5.97%	02-Feb-02
Templeton Floating Rate Short-Term	23.22	394.20	-	-	17.81%	0.43%	4.89%	5.89%	02-Feb-02
UTI Floating Rate Short Term	5.51	1124.20	27.39%	63.00%	9.61%	0.45%	4.99%	4.93%	29-Aug-03

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

Footnote:

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