



The Business World Value-Research Best Mutual Funds

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India's Top 20 Asset Management Companies

Rank	Fund house	*	**	***	****	*****	No. of rated funds	No. of top-rated funds	% in top rated	AAUM (Rs crore)
1	HDFC Mutual Fund	1	3	8	15	7	34	22	64.71	87,883.09
2	Franklin Templeton Mutual Fund	1	5	9	8	8	31	16	51.61	39,442.61
3	Birla Sun Life Mutual Fund	-	8	11	7	9	35	16	45.71	57,689.47
4	UTI Mutual Fund	1	1	13	8	4	27	12	44.44	65,387.24
4	Reliance Mutual Fund	1	1	12	9	2	25	11	44.00	1,02,066.22
6	Fidelity Mutual Fund	1	3	3	3	2	12	5	41.67	9,039.67
7	ICICI Prudential Mutual Fund	-	18	10	14	4	46	18	39.13	65,840.88
8	Canara Robeco Mutual Fund	-	1	10	5	1	17	6	35.29	7,392.41
9	Deutsche Mutual Fund	2	4	5	5	1	17	6	35.29	6,285.42
10	IDFC Mutual Fund	5	6	5	5	3	24	8	33.33	17,347.54
11	Religare Mutual Fund	3	-	6	4	-	13	4	30.77	10,410.76
12	DSP BlackRock Mutual Fund	-	7	7	6	-	20	6	30.00	27,667.79
13	BNP Paribas Mutual Fund	4	3	5	2	3	17	5	29.41	5,020.63
13	JPMorgan Mutual Fund	-	2	3	1	1	7	2	28.57	5,195.51
15	L&T Mutual Fund	2	1	8	4	-	15	4	26.67	3,192.77
16	Tata Mutual Fund	2	5	13	6	1	27	7	25.93	20,854.85
16	LIC Mutual Fund	3	7	2	3	1	16	4	25.00	18,694.79
18	JM Financial Mutual Fund	8	1	4	2	1	16	3	18.75	6,454.31
19	Sundaram Mutual Fund	3	7	5	3	-	18	3	16.67	14,528.53
20	Kotak Mahindra Mutual Fund	1	10	5	1	2	19	3	15.79	27,565.37

All figures as on 31 December 2010; AAUM: average assets under management

HYBRID: MONTHLY INCOME

1	Reliance Monthly Income Plan	10.00	*****	8.74	13.65	13.02	0.81	0.99	21.72	8,321.99
2	Birla Sun Life MIP II Savings 5	9.72	*****	6.01	6.54	11.45	0.80	0.47	17.33	1,224.27
3	HDFC Multiple Yield Plan 2005	8.60	*****	9.72	13.93	9.27	0.94	0.63	16.10	67.15
4	DWS Money Plus Advantage Regular	8.51	*****	6.94	6.07	8.26	1.40	0.17	12.90	117.57
5	HDFC MIP Long-term	8.49	*****	10.79	14.04	9.95	0.54	1.34	22.98	9,862.95
6	HDFC Multiple Yield	8.48	****	10.52	12.66	9.07	0.78	0.70	17.68	45.46
7	HDFC Children's Gift-Savings	8.39	****	12.43	15.66	9.16	0.70	0.89	22.33	63.48
8	L&T MIP	8.29	****	5.56	7.64	8.57	0.71	0.67	19.71	112.43

As on 31 December 2010; AAUM: quarterly average assets under management; NAV: net asset value; Sharpe ratio=(average return-risk free return)/standard deviation Source: Value Research

Past Performance may or may not be sustained in future and is no guarantee of future results.

Ranking methodology given below.



Ranking Methodology

The Business World Value-Research Best Mutual Funds ranking is based on risk adjusted returns

THERE ARE 11 FUND CATEGORIES. FIVE EQUITY: large cap, large and mid-cap, mid and small-cap, multi-cap and tax-savings; two hybrid: equity-oriented and monthly income; and four debt categories: income funds, short-term income funds, ultra short-term income funds and liquid funds. For equity and hybrid funds, data for the past three years were considered, and for debt categories, past 18 months.

For equity, diversified funds with average three-year allocation to large cap stocks more than or equal to 80 per cent of portfolio were classified as large-cap funds; 60-80 per cent as large- and mid-cap funds, 40-60 per cent as multi-cap funds, and less than 40 per cent as mid-and small-cap funds. For equity tax-savings, all funds compliant with Section 80C of the Income Tax Act were included.

Funds with average equity allocation of 60 per cent and above in the past three years were classified as hybrid: equity-oriented funds; those with an allocation up to 25 per cent came under hybrid: monthly income. For debt, income funds were classified as per their stated objectives, and liquid funds based on the dividend distribution tax they charge. Other debt funds were classified as ultra short-term funds, with maturity of less than a year, and those with average maturity of 1-4.5 years were classified as short-term funds. The top 10 (in few cases eight) were picked as per the scores.

The methodology used to rank them was based on risk-adjusted returns, but widened to take a composite measure of the returns a fund generates and the risk it takes.

Risk: To calculate risk, monthly/weekly returns were compared with monthly risk-free returns for equity and hybrid funds, and weekly risk-free returns for debt funds. For all practical purposes, State Bank of India's 46-90 days term-deposit rate, which is 5.5 per cent now, was taken as a proxy for risk-free returns. For months/weeks the fund had underperformed

the risk-free return, the magnitude was added. This was divided by the category average to get a risk score, which was ranked with similar funds and a relative risk score assigned.

Returns: The monthly/weekly returns of each fund (adjusted for dividend, bonus or rights) were compared with the risk-free return to get the fund's total returns in excess of the risk-free return. The monthly average risk-adjusted return was divided by the average category return for return score. In case of a negative category average, the risk-free return was used as the benchmark. The returns were ranked with similar funds and a relative return score assigned. All return estimations assumed reinvestment of dividend and were adjusted for bonus or rights. Trailing returns for over one year were annualised.

Finally, a composite risk-return score was obtained by subtracting the risk score from the returns score. This score was used to select the top 100 funds and to rank them. To facilitate comparison, the composite score of each category was normalised to a scale of 1 to 10. All data is as of 31 December 2010.

Other Awards

Best equity fund manager: The equity fund manager who gave the maximum risk-adjusted performance over the past three years, among the diversified equity funds across all market capitalisation groups.

Best debt fund manager: The fixed-income fund manager who gave the maximum risk-adjusted performance over the past three years, among the medium-term income funds.

Long-term leader: Ranking is based on the highest five-year SIP return.

Smartest fund manager: Funds were ranked on the basis of their three-year alpha.

Best asset management company: Based on funds rated either 4-star or 5-star by Value Research as a percentage of the total number of rated funds. AMCs with less than Rs 3,000 crore of average assets under management as of December 2010 were not included.

Terminology

Sharpe ratio: A measure of the fund's risk-adjusted return per unit of risk.

Asset size: Total assets being managed by the fund as of 31 December 2010.

SIP: Systematic investment plan is a method of investing a fixed sum, on a regular basis, in a mutual fund scheme.

NAV: Net asset value is the current price of each unit of a fund scheme.



Statutory Details & Disclaimers

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Statutory Details: L&T Mutual Fund has been established as a trust under the Indian Trust Act, 1882 by L&T Finance Limited, Sponsor/ Settlor (liability restricted to the seed corpus of Rs. 1 lakh) with L&T Mutual Fund Trustee Limited as the Trustee Company and L&T Investment Management Limited as the Investment Manager.

Risk Factors: All investments in mutual funds and securities are subject to market risks and the NAV of the Schemes of the Fund may go up or down depending upon the factors and forces affecting the securities market. Investment in mutual fund units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Schemes. The Sponsor is not responsible or liable for any loss resulting from the operation of the Schemes beyond the initial contribution of Rs. 1 lakh made by it towards setting up the Fund. The names of the Schemes/Plans/Mutual Fund do not in any manner indicate either the quality of the Schemes or its future prospects and returns; and are only the names of the Schemes/Plans. There can be no assurance that the objectives of the Schemes/Plans/Mutual Fund will be achieved. Schemes specific risk factors: Investment in the Schemes shall be subject to various risks including but not limited to risk associated with: Investment in Equity and Equity related Instruments & Fixed Income Securities such as Performance Risk, Credit Risk, Reinvestment Risk, Interest Rate Risk, Investment in Derivatives, Securitised Debt, etc. Please read the Scheme Information Document and Statement of Additional Information carefully before investing.

L&T Monthly Income Plan (an open ended income scheme with no assured returns): the primary investment objective is to generate monthly income through investments in a range of Debt, Equity and Money Market Instruments. Income will be distributed only if the same is earned by the scheme and there can be no assurance that the objective of the scheme will be realized. **Load Structure:** Entry Load – Nil. Exit Load - 1% if redeemed ≤ 1 year; Nil - if redeemed > 1 year. **Terms of Issue:** Units of the Schemes are being offered at NAV based prices, subject to the prevailing loads. The AMC calculates and publishes NAVs and offers for sale, redemption and switch outs, units of the Schemes on all Business Days, at the Applicable NAV of the Schemes

Scheme Information Document, Statement of Additional Information, Key Information Memorandum and Application Forms are available at Mutual Fund Branches / Mutual Fund website at www.lntmf.com or at Investor Service Centres/ Distributors.

L&T Finance Holdings Limited (indirect Holding Company of L&T Investment Management Limited) is proposing, subject to market conditions and other considerations, to make a public issue of securities and has filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI). The DRHP is available on the website of SEBI at www.sebi.gov.in and the respective websites of the Book Running Lead Managers at www.jmfinancial.in, <http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm>, <http://www.hsbc.co.in/1/2/corporate/equities-global-investment-banking>, <http://www.barclayswealth.com/india-offerdocuments.htm>, <http://www.credit-suisse.com/in/ipo/> and www.equirus.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see 'Risk Factors' in the aforementioned DRHP.