



## Funds for volatile times

Even though the market momentum has been strong in recent times, yet the volatility in the market remains a looming threat. A possible rise in the interest rates by the US Federal Reserve and a sudden spike in the crude oil prices are some of the factors that could trigger bouts of buying and selling by the market participants, leading to sharp swings and increased volatility.

Even if the market does turn volatile, there is no reason to panic, as the short-term corrections in the market provide investors with opportunities to enter the market at lower levels, with the fundamentals of the economy yet being strong.

With the equities emerging as the hottest asset class over the past year, the share of the diversified equity funds in

the Indian mutual fund industry has zoomed from 26% to 32% over the same period. There are all sorts of diversified equity funds in the market. Which should one invest in?

We present below the list of the equity diversified funds, which we think are best suited for a volatile market.

These equity diversified funds come with low beta, exposure to preferred sectors of the economy (such as cement, electrical equipment, capital goods, pharmaceuticals, power generation etc) and a maximum holding of large cap stocks. These should find a place in every investor's portfolio.

Based on the three factors mentioned above, we have selected SBI Magnum Global Fund 94, Birla Sunlife Frontline Equity Fund and HDFC Growth Fund. We present below the details of the funds.

### Funds with lower beta

Scheme name	Beta	Cash & equivalent (%)	Exposure to preferred sectors (%)
SBI Magnum Global Fund 94	0.74	3.16	54.92
Birla SunLife Frontline Equity Fund	0.83	12.38	31.42
HDFC Growth Fund	0.82	2.63	35.08
SBI Magnum Multiplier Plus 93	0.84	4.60	59.21
Birla Advantage Fund	0.83	8.42	29.16
Franklin India Prima Plus	0.86	3.88	31.29
UTI Master Growth	0.86	0.45	30.13
Sundaram BNP Paribas Select Focus	0.87	7.52	30.35
UTI Mastershare	0.87	8.24	24.82
Kotak 30	0.86	0.46	19.78

### SBI Magnum Global Fund 94

**Investment objective:** Aims at providing growth opportunities through investment in equities.

#### Asset allocation as on October 31, 2006

Equity	Debt	Money Market
96.84	0	3.16

#### Top industry allocation as on October 31, 2006

Top 10 sectors	% exposure
Housing & construction	17.29
Cement	9.82
Electricals & electrical equipments	9.58
Computers - software & education	8.42
Pharmaceuticals	8.29
Diversified	5.19
Glass & ceramics	4.42
Engineering & industrial machinery	4.08
Steel	3.84
Chemicals	3.29

#### Performance as on November 13, 2006

NAV (G)	Launch Date	Absolute % (P2P)			CAGR % (P2P)			2 Years (Daily) Beta
		1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	
41.93	30-Sep-94	10.40	26.68	2.32	67.05	78.79	74.42	0.74
<b>Indices</b>								
BSE Sensex	13399.00	5.20	19.71	9.07	57.78	49.81	39.33	

### Birla SunLife Frontline Equity Fund

**Investment objective:** Primary objective is growth of capital and secondary objective is income generation and distribution of dividend.

#### Asset allocation as on October 31, 2006

Equity	Debt	Money Market
87.62	0	12.38

#### Top industry allocation as on October 31, 2006

Top 10 sectors	% exposure
Computers - software & education	11.94
Banks	11.25
Auto & auto ancillaries	9.13
Diversified	8.91
Telecom	6.06
Electricals & electrical equipments	5.33
Housing & construction	4.51
Cement	4.06
Consumer durables	3.93
Oil & gas, petroleum & refinery	3.92

#### Performance as on November 13, 2006

NAV (G)	Launch Date	Absolute % (P2P)			CAGR % (P2P)			2 Years (Daily) Beta
		1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	
49.19	30-Aug-02	6.73	22.82	14.40	54.90	51.86	46.12	0.83
<b>Indices</b>								
BSE Sensex	13399.00	5.20	19.71	9.07	57.78	49.81	39.33	

## HDFC Growth Fund

**Investment objective:** Aims to generate long-term capital appreciation from a portfolio that is invested predominantly in equity and equity related instruments.

### Asset allocation as on October 31, 2006

Equity	Debt	Money Market
97.37	0	2.63

### Top industry allocation as on October 31, 2006

Top 10 sectors	% exposure
Diversified	14.41
Pharmaceuticals	11.08
Electricals & electrical equipments	10.04
Computers - software & education	9.21
Auto & auto ancillaries	7.05
Oil & gas, petroleum & refinery	6.85
Banks	5.48
Paints	4.81
Tobacco & pan masala	4.76
Telecom	4.57

### Performance as on November 13, 2006

NAV (G)	Launch Date	Absolute % (P2P)			CAGR % (P2P)			2 Years (Daily) Beta
		1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	
46.63	10-Aug-00	4.53	19.18	6.44	52.12	51.24	43.08	0.82
<b>Indices</b>								
BSE Sensex	13399.00	5.20	19.71	9.07	57.78	49.81	39.33	

**Disclaimer:** mutual fund investments are subject to market risk. Please read the offer document carefully before investing. Past performance may or may not be sustained in the future.

#### Disclaimer

"This document has been prepared by Sharekhan Ltd.(SHAREKHAN) This Document is subject to changes without prior notice and is intended only for the person or entity to which it is addressed to and may contain confidential and/or privileged material and is not for any type of circulation. Any review, retransmission, or any other use is prohibited. Kindly note that this document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this report. The information contained herein is from publicly available data or other sources believed to be reliable. While we would endeavour to update the information herein on reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. We do not represent that information contained herein is accurate or complete and it should not be relied upon as such. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Sharekhan may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SHAREKHAN and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. SHAREKHAN & affiliates may have used the information set forth herein before publication and may have positions in, may from time to time purchase or sell or may be materially interested in any of the securities mentioned or related securities. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. Any comments or statements made herein are those of the analyst and do not necessarily reflect those of SHAREKHAN."