



Funds for volatile times

Even though the market momentum has been strong in recent times, yet the volatility in the markets 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 off spouts 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 18% to 29% 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	9.18	49.58
Birla SunLife Frontline Equity Fund	0.83	10.32	31.32
HDFC Growth Fund	0.82	2.72	36.98
SBI Magnum Multiplier Plus 93	0.85	5.84	58.25
Birla Advantage Fund	0.83	9.02	26.97
Kotak 30	0.85	4.97	24.28
UTI Master Growth	0.85	2.24	34.00
Franklin India Prima Plus	0.86	5.38	28.51
UTI Mastershare	0.87	5.67	25.46
DSP ML Equity Fund	0.89	6.37	23.55

SBI Magnum Global Fund 94

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

Asset allocation as on August 31, 2006

Equity	Debt	Money Market
90.82	0	9.18

Top industry allocation as on August 31, 2006

Top 10 sectors	% exposure
Housing & construction	13.45
Electricals & electrical equipments	9.5
Computers - software & education	9.26
Pharmaceuticals	9.02
Cement	7.37
Glass & ceramics	4.57
Engineering & industrial machinery	4.39
Steel	3.28
Chemicals	3.11
Diversified	3.05

Performance as on September 11, 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	
34.22	30-Sep-94	3.38	13.73	-1.89	37.69	73.18	73.81	0.74
Indices								
BSE Sensex	11550.69	3.20	17.74	7.30	43.03	46.58	37.98	

Birla SunLife Frontline Equity Fund

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

Asset allocation as on August 31, 2006

Equity	Debt	Money Market
89.68	0	10.32

Top industry allocation as on August 31, 2006

Top 10 sectors	% exposure
Banks	15.42
Computers - software & education	13.01
Diversified	8.24
Housing & construction	6.8
Auto & auto ancillaries	5.82
Electricals & electrical equipments	5.35
Pharmaceuticals	5.29
Breweries & distilleries	4.86
Oil & gas, petroleum & refinery	3.93
Telecom	3.41

Performance as on September 11, 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	
41.87	30-Aug-02	4.54	20.01	7.17	38.72	47.67	40.51	0.83
Indices								
BSE Sensex	11550.69	3.20	17.74	7.30	43.03	46.58	37.98	

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 August 31, 2006

Equity	Debt	Money Market
97.28	0	2.72

Top industry allocation as on August 31, 2006

Top 10 sectors	% exposure
Diversified	15.75
Electricals & electrical equipments	11.53
Pharmaceuticals	10.08
Computers - software & education	9.30
Auto & auto ancillaries	9.15
Oil & gas, petroleum & refinery	6.02
Banks	5.35
Paints	4.90
Rubber & tyres	4.65
Tobacco & pan masala	4.28

Performance as on September 11, 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	
40.72	10-Aug-00	4.07	20.93	4.32	36.72	47.15	44.04	0.82
Indices								
BSE Sensex	11550.69	3.20	17.74	7.30	43.03	46.58	37.98	

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.

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