



Funds for volatile times

Even though the Sensex and the Nifty seem to be comfortably over the 14000 and 4000 levels respectively, volatility still remains the key characteristic of the last few trading sessions. In last week's trading, the BSE's benchmark index, the Sensex, had lost close to 650 points, while the Nifty had tumbled by over 100 points. Even though the markets have regained most of the lost ground in the past two trading sessions, such drastic market swings tend to be unnerving for the investors. However we believe there is no reason to panic. The market has only gone into a correction mode and corrections are healthy, as these provide the investor opportunities to enter the market at lower levels, with the fundamentals of the economy yet being strong.

But if you don't have an appetite for the volatility in the equity markets and yet want to participate in the ongoing rally, allow us to make a small suggestion. Invest in equity-diversified mutual funds. With 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 Advantage 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 - Growth	0.74	13.29	41.96
SBI Magnum Multiplier Plus 93 - Growth	0.84	4.76	49.23
Birla Advantage Fund - Growth	0.84	9.89	26.78
HDFC Growth Fund - Growth	0.82	2.98	25.03
UTI Master Growth - Growth	0.85	0.99	29.28
Franklin India Prima Plus - Growth	0.86	4.44	33.98
Sundaram BNP Paribas Select Focus - Growth	0.87	7.50	28.51
UTI Mastershare - Growth	0.86	2.18	26.38
Kotak 30 - Growth	0.86	-3.00	17.29
Prudential ICICI Power - Growth	0.88	-1.88	30.06

SBI Magnum Global Fund 94

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

Asset allocation as on December 29, 2006

Equity	Debt	Money Market
86.71	0	13.29

Top industry allocation as on December 29, 2006

Top 10 sectors	% exposure
Housing & construction	15.55
Cement	9.07
Pharmaceuticals	8.66
Electricals & electrical equipments	8.65
Computers - software & education	8.47
Diversified	4.29
Engineering & industrial machinery	3.73
Steel	3.49
Glass & ceramics	3.38
Chemicals	2.81

Performance as on January 13, 2007

NAV (G)	Launch Date	Absolute % (P2P)			CAGR % (P2P)			2 Years (Daily) Beta
		1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	
45.80	30-Sep-94	9.26	20.59	45.35	56.45	75.28	67.50	0.74
Indices								
BSE Sensex	14,056.53	6.64	10.36	29.45	50.12	50.40	31.85	

Birla Advantage Fund

Investment objective: Aims to achieve long-term growth of capital at relatively moderate levels of risk through a diversified research-based investment approach.

Asset allocation as on December 29, 2006

Equity	Debt	Money Market
90.11	0	9.89

Top industry allocation as on December 29, 2006

Top 10 sectors	% exposure
Banks	20.43
Computers - software & education	10.95
Diversified	10.36
Telecom	7.83
Cement	6.65
Auto & auto ancillaries	6.03
Pharmaceuticals	5.59
Oil & gas, petroleum & refinery	4.87
Electricals & electrical equipments	4.81
Chemicals	4.13

Performance as on January 13, 2007

NAV (G)	Launch Date	Absolute % (P2P)			CAGR % (P2P)			2 Years (Daily) Beta
		1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	
126.58	24-Feb-95	5.91	10.40	31.28	34.70	43.89	33.37	0.84
Indices								
BSE Sensex	14056.53	6.64	10.36	29.45	50.12	50.40	31.85	

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 December 29, 2006

Equity	Debt	Money Market
97.02	0	2.98

Top industry allocation as on December 29, 2006

Top 10 sectors	% exposure
Diversified	14.23
Pharmaceuticals	11.34
Computers - software & education	11.03
Electricals & electrical equipments	10.25
Auto & auto ancillaries	7.93
Oil & gas, petroleum & refinery	6.92
Telecom	5.15
Tobacco & pan masala	4.65
Rubber & tyres	4.36
Engineering & industrial machinery	4.28

Performance as on January 13, 2007

NAV (G)	Launch Date	Absolute % (P2P)			CAGR % (P2P)			2 Years (Daily) Beta
		1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	
49.17	10-Aug-00	7.15	10.22	34.69	43.38	46.98	35.28	0.82
Indices								
BSE Sensex	14056.53	6.64	10.36	29.45	50.12	50.40	31.85	

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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