

Infrastructure thrust in the budget makes Taurus Infrastructure Fund among the best option in the category

Source: The Economic Times, Edition:Hyderabad/Pune/Delhi/Ahmedabad/Bangalore/Chennai/Kolkata/Mumbai, Date: March 17, 2012

Nothing Special for Mutual Funds in the Budget

Infrastructure thrust and refinancing of public sector banks could benefit funds largely invested in these sectors

EQUITY FUNDS



All the seven funds selected are highly-rated and provide a well-represented selection across the different fund categories within the universe of diversified equity funds. An overall positive growth environment will have a cascading effect on the fortunes of the category that represents some of the biggest listed companies.

HDFC Equity is one of the biggest equity funds and well represented by stocks across the economy.

TOP 7 FUNDS	Fund size (₹ cr)		Returns (%)						
	3 Months	1 year	3 year	5 year	3 Months	1 year	3 year	5 year	
HDFC Equity It has a long track-record of outstanding performance but can underperform in an overheated market	9178.82		18.31	0.32	40.68	14.5			
ICICI Pru Focussed Bluechip Equity Retail Ideal for low risk takers, this fund is a consistent performer with a tightly-managed quality portfolio	3532.16		12.15	4.5	34.94	-			
UTI Opportunities It has been a consistent performer over various market cycles. Suitable for low-risk investors	2385.16		13.35	11.36	35.79	18.24			
DSPBR Top 100 Equity Reg A regular top quartile performer, this fund is suited for investors looking for low risks	3051.44		17.24	5.5	28.57	14.2			
Magnum Emerging Businesses Suitable for risk takers. This fund surges during market rallies, but can fall steeply during downturns	455.79		9.02	17.58	54.49	10.54			
IDFC Premier Equity A low-risk fund that is ideal for systematic investments over 3 to 5 years	3051.44		17.24	5.5	28.57	14.2			
Franklin India Bluechip This fund has consistently outperformed the Sensex over long term but can miss out on short-term rallies	4261.76		13.96	4.28	33.31	13.14			

OUTLOOK

Corporate earnings will not be impacted as FM has not tinkered with tax laws. The ambiguity over investments in ELSS funds continues because of lack of clarity on DTC.

INFRASTRUCTURE FUNDS

The several positive announcements in the budget will provide boost to the infrastructure sector, benefitting investors in these funds.

The selected infrastructure funds have a long history and are on a recovery path after a bad year.

TOP 3 FUNDS	Fund size (₹ cr)		Returns (%)						
	3 Months	1 year	3 year	5 year	3 Months	1 year	3 year	5 year	
Taurus Infrastructure If you can stomach the risk, this mid-cap oriented infrastructure fund is the one to ride the sector	13.58		19.17	-5.85	35.38	-			
AIG Infra and Economic Reform Reg This mid-cap oriented infrastructure fund has been a consistent performer in the category	101.68		14.68	3.55	30.61	-			
Canara Robeco Infrastructure A highly-rated consistent performing fund in the category, it is suitable if you are looking for low risk	119.65		17.18	4.39	31.67	12.29			

OUTLOOK

Boost to infrastructure will be reflected in the performance of the companies in this sector, thereby improving the performance of funds in this category that have been languishing for lack of policy thrust.

How the Funds Were Selected...

The funds have been selected by Value Research to provide investment options to all types of investor. Some will appeal to investors who are willing to take high risk in search of higher returns, others to those looking for stability.

BANKING FUNDS

A positive economic environment will benefit the banking sector, which will see a bigger role for itself as the economy grows.

The selected funds span three different categories of funds within the banking sector. The Kotak PSU Bank fund is likely to gain the most.

TOP 3 FUNDS	Fund size (₹ cr)		Returns (%)						
	3 Months	1 year	3 year	5 year	3 Months	1 year	3 year	5 year	
UTI Banking Sector Reg A consistent fund that is suitable for investors looking for exposure to this sector	318.24		27.95	1.09	42.38	17.77			
Kotak PSU Bank ETF Capital support to PSBs in the Budget will strengthen their capital base and the prospect of this fund	14.39		26.85	-9.30	41.13	-			
Goldman Sachs Banking BeES The fund is suitable for investors seeking to replicate the banking index	52.68		26.13	-0.33	44.7	17.42			

OUTLOOK

The ₹15,888 crore capitalisation plan for PSU banks and RRBs will have a direct bearing on the banking sector and the obvious gainer will be the PSU bank funds.

Returns as on Mar 14, 2012. AUM as on Dec 31, 2011

OTHER SECTOR FUNDS



Both Infotech and pharma sectors have a significant role in the overall market movements.

With no unpleasant proposals on the two sectors, the funds should not be impacted.

TOP 2 FUNDS	Fund size (₹ cr)		Returns (%)						
	3 Months	1 year	3 year	5 year	3 Months	1 year	3 year	5 year	
Franklin Infotech A steady performing large-cap-oriented fund for investors looking for exposure in the technology sector	117.83		4.63	-1.77	41.29	4.58			
Reliance Pharma A mid-cap-oriented fund that is ideal to ride the pharma and healthcare sector cycle	573.43		7.13	7.99	48.35	23.60			

OUTLOOK

By being impartial to overall sectors, the Budget has left some room for funds across sectors to perform depending on their potential rather than being favoured for any reasons.

DEBT FUNDS

With interest rates likely to be volatile going forward, investors should consider investing in dynamic bond funds.

The selected funds are highly-rated with the ability to increase the duration of the bond when the interest rates fall.

TOP 3 FUNDS	Fund size (₹ cr)		Returns (%)						
	3 Months	1 year	3 year	5 year	3 Months	1 year	3 year	5 year	
Birla Sun Life Dynamic Bond Ret A steady top-quartile actively-managed debt fund that is yet to witness a declining rate cycle	3593.43		2.26	10.06	7.92	9.43			
Templeton India Income Opportunities Suitable for investors looking for reasonable return and regular income with adequate liquidity and safety	3704.84		1.75	9.33	-	-			
SBI Dynamic Bond A top quartile performer, this dynamically-managed fund plays the changing interest rate scenario	70.33		2.52	12.47	7.62	4.19			

OUTLOOK

No change in interest rates means debt funds are not impacted. But the uncertainty over when the rates will be cut means investors need to track their debt fund investments closely.

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