

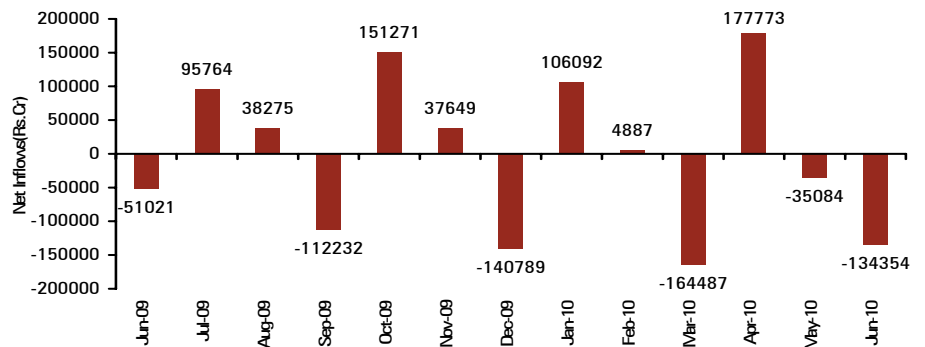
View
Ultra-short term: Positive
Short-term: Neutral
Long-term: Neutral

Income Funds

- Liquidity has dried up particularly on the shorter end of the curve because of the telecom companies borrowing for making 3G payment and advance tax outflows
- Its better to avoid short term debt funds Ultra short term funds may give better returns due to sharp spike in yields in money market instruments
- With global economic concerns emerging and inflationary concerns receding, we do not expect longer duration rates to move up sharply
- Aggressive investors may prefer longer duration income and Gilt funds as yields are not expected to rise as sharply as was earlier anticipated

Income Funds witness heavy redemptions on account of 3G payments and advance tax. ...

Net fund flow (Total purchase – Total sales)



Source: AMFI, ICICIdirect.com Research

Funds have increased the maturity of their holdings . . .

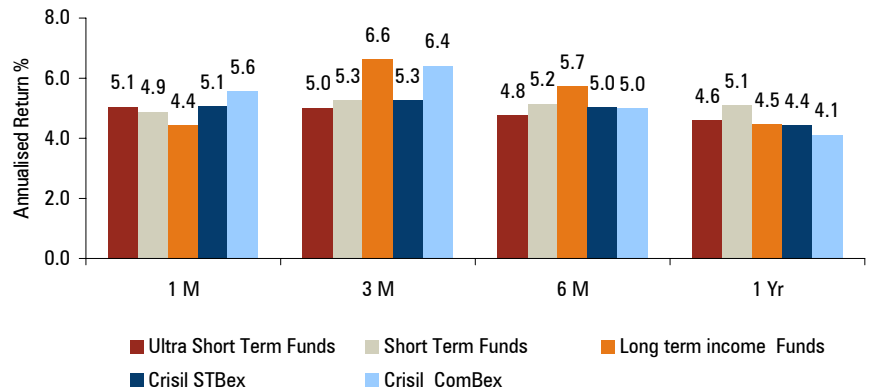
Average maturity profile (February 2010)

Fund Style	Avg. Maturity(in Yrs)
Ultra Short Term Funds	0.02 - 0.55
Short Term Funds	0.23 - 4.24
Long term income Funds	0.04 -10.00

Source: Crisil Fund Analyser, ICICIdirect.com Research

As was recommended last month ultra short term funds yielded good returns with less risk on account of lower maturity...

Income fund average returns



Source: CRISIL Fund Analyser, ICICIdirect.com Research

Note : Annualised Returns (%)as on July 14, 2010

Ultra-short term... can be looked upon for one to three month's horizon...

Top recommended ultra short-term funds

Particulars/Period	1 M	3 M	6 M	1 Yr
Fortis Money Plus Fund - Regular Plan	5.25	4.94	4.76	4.81
HDFC Cash Management Fund - Treasury Advan	5.10	5.03	4.83	4.68
ICICI Prudential Flexible Income Plan Premium	5.04	4.96	4.63	4.39
Reliance Money Manager Fund - Retail	4.81	4.77	4.66	4.53
Tata Floater Fund	5.47	5.40	5.11	4.94
Crisil liquid Fund Index	5.38	5.21	4.22	4.07
Average	5.06	5.02	4.77	4.60

Source: CRISIL Fund Analyser, ICICIdirect.com Research

Note : Annualised Returns(%)as on July 15, 2010

Short-term funds...invest with more than six months horizon...

Top recommended short-term funds

Particulars/Period	1 M	3 M	6 M	1 Yr
Birla Sun Life Dynamic Bond Fund	5.26	5.48	6.52	6.19
HDFC High Interest Fund - Short Term Plan	5.68	5.75	6.37	6.55
ICICI Prudential Short Term Plan	4.57	5.57	5.51	5.01
Reliance Regular Savings Fund	5.00	5.37	5.96	7.08
Templeton India Short Term Income Plan	7.39	6.68	6.86	7.67
Crisil Short Term Bond Fund Index	5.07	5.26	5.04	4.43
Average	4.90	5.28	5.16	5.11

Source: CRISIL Fund Analyser, ICICIdirect.com Research

Note : Annualised Returns(%)as on July 15, 2010

Long-term income funds.... Benefited from declining yields as rate hike pressures cooled off...

Top recommended income long-term funds

Particulars/Period	1 M	3 M	6 M	1 Yr
Canara Robeco Income	6.15	8.76	5.71	4.72
Fortis Flexi Debt Fund - Regular Plan	5.03	6.12	5.64	3.66
HDFC High Interest Fund	7.80	8.52	6.06	4.63
ICICI Prudential Income Plan	3.36	4.99	3.35	3.25
Templeton India Income Fund	1.39	2.55	3.40	3.50
Benchmark - Crisil Composite Bond Fund Index	5.57	6.41	5.01	4.13
Category Average	4.43	6.63	5.73	4.47

Source: CRISIL Fund Analyser, ICICIdirect.com Research

Note : Annualised Returns(%)as on July 15, 2010