

CUES FROM THE PAST

WE EVALUATE THE PERFORMANCE OF FUNDS OVER THE YEARS TO HELP YOU MAKE INFORMED DECISIONS

BY TEENA JAIN KAUSHAL

In 2008, when the stockmarket was down in the dumps, insurance companies went on a buying spree to make the most of the discounted prices. Going by that, the renewal premium paid by you during those choppy times should be reaping in benefits now—as a slump in the market facilitates buying at lower costs. To help you track how your insurance policies performed over the years, we have been tracking the performance of various funds on a regular basis. The endeavour is to evaluate their performance over the long term to help you ascertain which funds are doing well and which aren't.

HOW TO READ

We believe that the Ulip fund with no equity exposure are best used to park cash and should not be used as saving instruments over the long term. We, therefore, limited our analysis to funds that have at least some exposure to equity. On the basis of

equity exposure levels, funds are classified into five categories—slow, medium, balanced, quick and fast. The higher the equity exposure, more is the volatility. When you study any fund, its performance needs to be compared with the benchmark and the category average. To make it simple for you, the category average and the benchmark performance are arranged in descending order along with other funds to help you understand which ones performed above the mark and which failed to make the cut.

Here are some of the findings:

Slow funds. The table shows that only one fund has performed below the benchmark, while four have performed better than their category average.

Medium funds. While the category average is in line with benchmark, the performance swings from 18.75 per cent to 7 per cent.

Balanced funds. The category average is less than the benchmark over a period

HIGHLIGHTS

- ▶ **ONE-YEAR:** Birla Sun Life's Individual Multiplier tops with 128 per cent return
- ▶ **THREE-YEAR:** Bajaj Allianz's Pure Stock is at pole position with 18.22 per cent return. Only eight out of the 21 funds beat the benchmark and category average

SLOW FUNDS (EQUITY UP TO 20%)

Going strong: Of the funds listed below, just one has underperformed the benchmark

FUND OPTIONS	EQUITY EXPOSURE (%)	6-MONTHS	1-YEAR	2-YEAR	3-YEAR	4-YEAR	5-YEAR
Individual Balancer (Birla Sun Life) ▶▶	10-25	7.64	26.37	11.80	14.27	13.15	NA
Individual Builder (Birla Sun Life) ▶▶	10-20	7.46	22.68	10.14	12.33	11.81	11.41
Conservative (Max NewYork Life) ▶▶	0-15	4.28	14.98	8.92	11.26	10.91	10.94
Individual Protector (Birla Sun Life) ▶▶	0-10	4.34	13.78	9.80	10.57	9.69	9.21
Category Average ▶▶		4.71	14.28	7.95	10.11	10.49	9.88
ULIP Balanced (Reliance Life) ▶▶	0-20	*	18.83	5.83	9.64	*	*
Secure Fund (ING Vysya Life) ▶▶	10-20	5.35	15.30	5.65	8.98	9.15	9.25
Moderator (MetLife) ▶▶	0-20	*	16.27	6.18	8.91	*	*
Secure (Aviva Life) ▶▶	0-20	2.39	1.84	6.99	8.29	8.28	8.59
Crisil MIP Blended Index ▶▶		7.10	15.40	6.56	8.22	7.47	8.05
Protector (Aviva Life) ▶▶	0-20	1.53	-1.53	6.28	6.76	NA	NA

Returns as on 31 Dec 2009; Sorted on 3-year basis; NA: Not Applicable; 6-month returns as absolute returns and 1-year or more returns as compound annualised growth rate (%) *Figures not available

MEDIUM FUNDS (EQUITY UP TO 40%)

While the category average is in line with the benchmark performance, the return swings from 7.15% to 18.75%



FUND OPTIONS	EQUITY EXPOSURE (%)	6-MONTHS	1-YEAR	2-YEAR	3-YEAR	4-YEAR	5-YEAR
Individual Creator (Birla Sun Life) ▶▶	30-50	15.11	52.71	11.33	18.75	18.95	19.12
Balancer II (ICICI Prudential Life) ▶▶	0-40	11.05	29.28	6.34	12.41	13.77	14.19
Individual Enhancer (Birla Sun Life) ▶▶	20-35	9.23	29.09	5.81	11.19	11.72	12.34
Balanced (Max New York Life) ▶▶	10-40	9.00	23.94	3.14	10.92	12.54	13.77
Crisil Debt Hybrid Index ▶▶		9.11	36.51	7.89	10.81	10.08	NA
Category Average ▶▶		9.25	27.90	2.79	10.72	12.57	13.54
Defensive Managed Fund (HDFC Standard Life) ▶▶	15-30	9.04	19.99	6.73	10.53	11.61	12.23
Balancer (MetLife) ▶▶	50-50	*	33.11	1.94	9.70	*	*
Life Stable Growth Fund (Tata AIG Life) ▶▶	30-50	8.25	29.58	-11.45	9.48	NA	NA
ULIP Growth (Reliance Life) ▶▶	0-40	*	29.76	1.45	9.18	*	*
Balanced (Aviva Life) ▶▶	0-45	6.31	16.01	2.81	7.92	10.35	12.82
Balanced Fund (ING Vysya Life) ▶▶	20-40	8.54	22.39	-0.16	7.15	9.02	10.31
Defensive Managed Fund II (HDFC Standard Life) ▶▶	15-30	6.71	20.99	NA	NA	NA	NA

Returns as on 31 Dec 2009. Sorted on 3-year basis; NA: Not Applicable; 6-month returns as absolute returns and 1-year or more returns as compound annualised growth rate (%) *Figures not available

of three years. And there are many funds which performed lower than their category average.

Quick funds: Most have performed better than their benchmark over the period of three years. Only one fund is below the benchmark.

Fast funds: Interestingly, out of 34 fast funds, 21 are now three years old. But only a small percentage has managed

to beat the benchmark. Data shows that out of 21 three-year-old fast funds, only eight have managed to beat the benchmark and the category average. Also, around 33 per cent of Ulip funds have beaten the benchmark. On the other hand, 29 per cent of tax-saving mutual funds have outperformed the bench-



BALANCED FUNDS (EQUITY UP TO 60%)

The category average in this group is less than the benchmark over a period of three years

FUND OPTIONS	EQUITY EXPOSURE (%)	6-MONTHS	1-YEAR	2-YEAR	3-YEAR	4-YEAR	5-YEAR
Balanced (SBI Life) ▶▶	40-60	12.82	39.60	-1.89	11.96	15.31	NA
Balanced Managed Fund (HDFC Standard Life) ▶▶	30-60	16.51	46.00	3.84	11.31	14.32	16.52
Crisil Balanced Fund Index ▶▶		11.33	58.68	6.32	11.09	10.19	14.62
Save'n'Grow Money (Bharti AXA Life) ▶▶	0-60	9.63	32.16	1.24	9.28	NA	NA
Category Average ▶▶		9.93	32.99	0.08	8.68	12.21	14.61
Growth fund (ING Vysya Life) ▶▶	40-60	12.69	35.79	-2.63	8.02	11.24	12.70
Secure Fund (Life Insurance Corp.) ▶▶	15-55	4.15	5.50	5.87	7.40	7.98	NA
Kotak Dynamic Balanced Fund (Kotak Life) ▶▶	30-60	5.70	32.90	-1.30	7.00	NA	NA
Kotak Guaranteed Balanced Fund (Kotak Life) ▶▶	30-60	3.60	20.40	-2.00	5.80	NA	NA
Balanced Managed Fund II (HDFC Standard Life) ▶▶	30-60	14.31	43.32	NA	NA	NA	NA
Ulip High Growth (Reliance Life) ▶▶	40-60	*	41.27	-2.49	NA	NA	NA

Returns as on 31 Dec 2009; Sorted on 3-year basis; NA: Not Applicable; 6-month returns as absolute returns and 1-year or more returns as compound annualised growth rate (%) *Figures not available Jeevan Plus considered

FAST FUNDS (EQUITY UP TO 100%)

Out of the 34 funds mentioned below, 21 are three years old. Only eight have beaten the benchmark



FUND OPTIONS	EQUITY EXPOSURE (%)	6 MONTHS	1-YEAR	2-YEAR	3-YEAR	4-YEAR	5-YEAR
Individual Multiplier (Birla Sun Life) ▶▶	80-100	40.88	128.02	2.22	NA	NA	NA
Unit Gain Mid Cap Plus (Bajaj Allianz Life) ▶▶	80-100	45.00	110.46	7.81	18.03	NA	NA
Accelerator Mid Cap Fund (Bajaj Allianz Life) ▶▶	80-100	43.96	109.63	-0.02	12.99	NA	NA
Family Gain Pure Equity Fund (Bajaj Allianz Life) ▶▶	80-100	31.40	92.98	10.80	17.97	NA	NA
Equity Growth Fund (IDBI Fortis Life) ▶▶	50-100	28.04	91.40	NA	NA	NA	NA
BSE 200		23.38	88.50	-9.40	9.58	16.40	19.71
Unit Gain Mid Cap (Bajaj Allianz Life) ▶▶	80-100	31.36	88.45	1.12	12.64	NA	NA
Pure Stock Fund (Bajaj Allianz Life) ▶▶	80-100	29.31	88.34	9.50	18.22	NA	NA
Individual Maximiser (Birla Sun Life) ▶▶	80-100	22.82	85.54	-2.95	NA	NA	NA
Equity Optimiser (SBI Life) ▶▶	60-100	21.62	85.45	NA	NA	NA	NA
Kotak Opportunities Fund (Kotak Life) ▶▶	75-100	12.38	84.19	NA	NA	NA	NA
Growth Fund (HDFC Standard Life) ▶▶	95-100	25.18	84.13	-5.16	9.47	17.20	23.31
Equity Elite (SBI Life) ▶▶	60-100	21.67	81.88	NA	NA	NA	NA
Premier Equity Gain (Bajaj Allianz Life) ▶▶	80-100	25.37	80.24	-5.41	8.28	NA	NA
Equity (SBI Life) ▶▶	80-100	23.47	79.94	-9.31	8.96	17.52	NA
Growth Fund II (HDFC Standard Life) ▶▶	95-100	24.45	78.79	NA	NA	NA	NA
Ulup Pure Equity (Reliance Life) ▶▶	100	22.62	78.68	NA	NA	NA	NA
Category Average		22.86	78.36	-4.20	10.18	18.72	20.27
Grow Money (Bharti Axa Life) ▶▶	80-100	21.87	77.35	-7.67	11.47	NA	NA
Unit Gain Plus - Equity Plus (Bajaj Allianz Life) ▶▶	80-100	24.23	76.46	-5.75	8.11	26.20	NA
Enhanced Equity (Aegon Religare Life) ▶▶	75-100	24.56	76.20	NA	NA	NA	NA
Flexi Growth (ICICI Prudential Life) ▶▶	80-100	22.84	74.21	-5.59	NA	NA	NA
Premier Equity Growth Fund (Bajaj Allianz Life) ▶▶	80-100	24.52	73.77	-10.83	3.77	NA	NA
Unit Gain-Equity Gain (Bajaj Allianz Life) ▶▶	80-100	22.90	73.55	-6.17	7.12	25.10	NA
Maximiser II (ICICI Prudential Life) ▶▶	75-100	21.80	72.69	-3.81	11.59	17.58	21.35
Unit Gain-Equity (Bajaj Allianz Life) ▶▶	85-100	20.45	72.62	-9.16	8.16	24.10	NA
Premier Nifty Index (Bajaj Allianz Life) ▶▶	85-100	20.03	72.26	-9.47	7.72	NA	NA
ULIP Equity (Reliance Life) ▶▶	0-100	22.11	72.12	-9.68	8.03	13.16	NA
Maximiser (ICICI Prudential Life) ▶▶	75-100	21.29	71.18	-4.66	10.67	16.60	NA
Life Equity Fund (Tata AIG Life) ▶▶	80-100	18.52	69.94	-16.31	6.30	14.54	19.43
Equity Fund (ING Vysya Life) ▶▶	90-100	22.77	68.77	-8.81	7.67	NA	NA
Kotak Aggressive Growth Fund (Kotak Life) ▶▶	60-100	7.52	68.03	-3.80	8.11	NA	NA
Equity Managed Fund II (HDFC Standard Life) ▶▶	60-100	20.86	67.54	NA	NA	NA	NA
Virtue (MetLife) ▶▶	100	17.25	65.71	NA	NA	NA	NA
Multiplier (MetLife) ▶▶	100	16.80	63.75	-7.73	8.55	15.18	NA

Returns as on 31 Dec 2009; Sorted on 3-year basis; NA: Not Applicable; 6-month returns as absolute returns and 1-year or more returns as compound annualised growth rate (%)

QUICK FUNDS (EQUITY UP TO 80%)

These funds have performed better than their benchmark over a period of three years

FUND OPTIONS	EQUITY EXPOSURE (%)	6-MONTHS	1-YEAR	2-YEAR	3-YEAR	4-YEAR	5-YEAR
Growth (Max NewYork Life) >>	20-70	12.84	44.87	-0.18	13.85	17.27	20.07
Growth Fund (LIC) >>	40-80	15.70	42.09	4.97	12.50	18.08	NA
Individual Magnifier (Birla Sun Life) >>	50-90	22.38	72.76	-6.26	10.85	14.70	17.94
Life Aggressive Growth Fund (Tata AIG Life) >>	50-80	14.08	46.85	-4.22	10.33	NA	NA
Category Average		12.72	44.73	-1.81	9.81	14.50	18.90
Accelerator (MetLife) >>	20-80	*	52.62	-3.56	9.45	*	*
Balanced Fund (Life Insurance Corp.) >>	30-70	6.01	14.42	4.89	8.66	8.80	NA
Growth (Aviva Life) >>	30-85	12.56	46.09	-3.99	8.03	13.66	18.70
Benchmark Index**		*	1.00	4.10	5.70	6.40	6.80
Kotak Dynamic Growth Fund (Kotak Life) >>	40-80	5.50	38.10	-6.10	4.80	NA	NA

Returns as on 31 Dec 2009. Sorted on 3-year basis; NA: Not Applicable. 6-month returns as absolute returns and 1-year or more returns as compound annualised growth rate (%) *Figures not available ** Benchmark return has been computed by applying benchmark weightage on Crisil Gilt Index, Crisil AAA Index, Crisil Liquid Fund Index and Nifty.

ULIP EQUITY FUNDS

We take a look at the performance of Ulip equity funds with longer track record

FUND OPTIONS	3-YR RETURN (%)
Family Gain Pure Equity Fund (Bajaj Allianz Life) >>	17.97
Grow Money (Bharti AXA Life) >>	11.47
Maximiser (ICICI Prudential Life) >>	10.67
Growth Fund (HDFC Standard Life) >>	9.47
Equity (SBI Life) >>	8.96
Multiplier (MetLife) >>	8.55
Kotak Aggressive Growth Fund (Kotak Life) >>	8.11
Equity Fund (ING Vysya Life) >>	7.67
Life Equity Fund (Tata AIG Life) >>	6.3

TOPPERTALK

VIKRAM KOTAK

CIO, BIRLA SUN LIFE

Select funds based on your risk appetite and investment objective. Within a category, compare the risk adjusted performance, return consistency and portfolio quality



TOPPERTALK

SASHI KRISHNAN

CIO, BAJAJ ALLIANZ LIFE

Four funds (of 11) under-performed. Two were index funds—Premier Nifty Index & Unit Gain Equity. The other two—Premier Equity Growth Fund & Equity Gain Fund—are more conservatively managed



mark in three years. Just goes to show that you need to be careful about the instruments you choose, whether they are Ulips or mutual funds

HOW TO USE

Select Ulips that come at a low cost in terms of net yield, and which will help you meet your long-term needs. Then compare their fund performances. There can be a lot of variation among different funds of the same plan. Remember, that even within equity funds, there are different categories of funds, such as large-cap and mid-cap funds, among others. For instance, during the 2009 meltdown, mid-cap stocks fell more than large-cap stocks. With the subsequent recovery in market sentiments, these stocks saw big buying interest and outperformed large-cap stocks. In the last one year, BSE Midcap Index has given 38 per cent higher returns than BSE 100. Make the choice according to your risk profile. These tables are not exhaustive as companies keep launching new funds. We'll keep you updated. ||

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